



ODFJELL

THIRD QUARTER REPORT 2015

INNOVATIVE

SUSTAINABLE

PRO-ACTIVE

PROFESSIONAL

Third Quarter Report 2015
Odfjell SE - Consolidated

Highlights

- *Continued improved operational performance, net result of USD 7 mill.*
- *Chemical Tankers EBITDA was USD 46 mill compared with USD 42 mill in second quarter. EBITDA includes negative effects from bunker derivatives of USD 17 mill.*
- *Odfjell chemical freight index (ODFIX) up 1% compared with previous quarter.*
- *Cost-cutting and efficiency programme is on schedule.*
- *Stable and slightly improved results from Odfjell Terminals.*
- *Harald Fotland appointed new Head of Odfjell Tankers.*

Key financial figures

Proportionate method¹

(USD mill, unaudited)	2Q15	3Q15	3Q14	YTD15	YTD14	FY14
Total revenue	279	276	292	815	885	1 160
Chemical Tankers	247	244	263	720	795	1 042
Tank Terminals	28	28	23	82	70	94
Gas Carriers	5	4	7	13	20	25
EBITDA	53	57	31	145	63	96
Chemical Tankers	42	46	26	114	67	97
Tank Terminals	10	10	4	28	(6)	(4)
Gas Carriers	1	1	1	3	2	3
EBIT	12	26	5	43	(25)	(20)
Chemical Tankers	10	24	3	37	(2)	3
Tank Terminals	2	2	(5)	4	(29)	(31)
Gas Carriers	1	0	7	2	7	8
Net finance	(5)	(18)	(16)	(60)	(45)	(71)
Net result (loss)	7	7	(9)	(18)	(57)	(75)
Chemical Tankers	7	8	(5)	(14)	(34)	(48)
Tank Terminals	(0)	(1)	(9)	(5)	(27)	(33)
Gas Carriers	1	0	5	1	4	6

¹ While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A large part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed information and thus, a more representative picture of the Group's operations.

Business segments

Chemical Tankers

Chemical Tankers (USD mill)	2Q15	3Q15	3Q14	YTD15	YTD14	FY14
Revenues	247	244	263	720	795	1,042
Gross Result	64	65	51	177	141	190
EBITDA	42	46	26	114	67	97
EBIT	10	24	3	37	(2)	3
Bunker price per tonne (USD) before hedging	436	445	565	452	563	567

Earnings in the third quarter have developed in line with second quarter. The CPP market remained firm during most of the quarter and continued to attract swing tonnage, which contributed to tighter supply/demand balance for chemical carriers. Port congestion continues to be a challenge. There has not been any significant disruption to the operation of our vessels during the period.

On average, fuel prices were USD 313.20 per tonne in third quarter, down from USD 385.50 per tonne the previous quarter.

The OPEX for the average fleet during third quarter has continued to decrease, and has so far in 2015 been reduced by 18% compared with average OPEX in 2014.

The CPP market appears to be softening, which in addition to lower earnings for our CPP activities may entice some of the swing tonnage to move over to easy chemicals and thus, tightening the competition in this segment. Earnings in fourth quarter are therefore expected to be lower than in the two previous quarters.

Indices	30.06.15	30.09.15	30.09.14	31.12.14
Odfix (1990 = 100) ¹	140	141	122	137
Opex (2002 = 100) ²	127	125	156	152

¹ The Odfix index is a weighted time-charter earnings index for a selection of vessels.

² The Opex index includes owned and bareboat chartered vessels.

Fleet changes

In November we sold for recycling Bow Victor, a 33,000 dwt stainless steel chemical tanker built in 1986. Odfjell has no chemical tankers on order.

Fleet additions (last 12 months)		DWT	Built	Tanks	Transaction
May 2015	Horin Trader	19,856	2015	Stainless	Medium-term TC
April 2015	Marex Noa	12,478	2015	Stainless	Long-term TC
March 2015	Gion Trader	19,883	2015	Stainless	Medium-term TC
January 2015	Bow Triumph	49,600	2015	Coated	Owned
October 2014	Bow Trident	49,600	2014	Coated	Owned

Short-term: Up to one year
 Medium-term: 1-3 years
 Long-term: 4-10 years

Fleet disposals, owned, (last 12 months)		DWT	Built	Tanks	Transaction
November 2015	Bow Victor	33,000	1986	Stainless	Sale
August 2015	Bow Bracaria	5,846	1997	Stainless	Sale
July 2015	Bow Brasilia	5,800	1997	Stainless	Sale
July 2015	Bow Balearia	5,846	1998	Stainless	Sale

Gas Carriers

In the third quarter, activity in all main gas carrier markets slowed down more than expected, which negatively affected the result for Odfjell Gas AS by more idle time for the pool vessels. Improvements are expected for the fourth quarter, in line with the results for 1st half of the year.

Gas Carriers (USD mill, Odfjell share)	2Q15	3Q15	3Q14	YTD15	YTD14	FY14
Revenues	5	4	7	13	20	25
Gross Result	1	1	1	3	4	5
EBITDA	1	1	1	3	2	3
EBIT	1	0	7	2	7	8

Fleet changes

Odfjell Gas has eight LPG/Ethylene vessels on order. The construction of 4 x 17,000 cbm and 4 x 22,000 cbm is significantly delayed and we are in discussions with the yard.

Tank Terminals

Odfjell's shareholding in the tank terminals business delivered an EBITDA of USD 9.9 mill in the third quarter, up from USD 9.6 mill in the previous quarter. Performance was driven in part by revenues at our PID distillation unit in Rotterdam and continued high demand for spot and mid-term storage due to contango in the oil market.

Additional available capacity at our terminals in Houston and Charleston contributed to a slight increase in the EBITDA of our North American terminals. Odfjell Terminals (Rotterdam)'s PID business and the reorganization strategy implemented last year have improved the results further, and the EBITDA was improved further to negative USD 0.76 mill compared with negative USD 1.6 mill in the previous quarter. Furthermore, the cash flow at all terminals improved due to the cost saving plans implemented last year.

The occupancy rate for commercially available space of the Tank Terminal Group as a whole stands at 94%, up from 92% last quarter, also with a slight increase in the available capacity in the period. Our terminal in Tianjin, located in a new industrial development area, was not directly affected by the explosion in the Tianjin old harbour in July this year. However, the event will most likely delay the process of obtaining the necessary operational permits for our new terminal.



Odfjell Terminal (Rotterdam)'s commercially available occupancy as per end of third quarter was 95.5%, up from 93% by end of last quarter. Additional commercial tank capacity has become available ahead of schedule. In the third quarter additional capacity has been added, with a total of 939,000 cbm being commercially available by end of September compared with 860,000 cbm as of end previous quarter. With the current market activity, we expect to have added further capacity by year end. The terminal delivered a slightly positive EBITDA in September, with all four distillation columns operational since the end of the second quarter. The largest distillation column will however go offline in the fourth quarter to increase the capacity of the unit. This will negatively affect OTR results in fourth quarter.

Tank Terminals (USD mill, Odfjell share)	2Q15	3Q15	3Q14	YTD15	YTD14	FY14
Revenues	28	28	23	82	70	94
Gross result	15	15	9	42	13	20
EBITDA	10	10	4	28	(6)	(4)
EBIT	2	2	(5)	4	(29)	(31)

EBITDA by geographical segment	2Q15	3Q15	3Q14	YTD15	YTD14	FY14
Europe	(1)	(0)	(6)	(4)	(34)	(41)
North America	5	5	3	15	10	14
Asia	4	3	4	11	11	14
Middle East	2	2	2	6	7	9
Total	10	10	4	28	(6)	(4)

Finance

In the third quarter we completed all scheduled vessel refinancing for 2015. In all, this refinancing secured USD 72 mill in new liquidity. Our bond maturing in December 2015 will be redeemed by drawing on our cash balance. We have initiated additional cash generating measures to further increase our financial flexibility.

In our 50% owned gas carrier joint venture, Odfjell SE are committed to contribute up to USD 50 mill in equity for the building of eight LPG/Ethylene vessels in the 2015 – 2017 period. Due to the uncertainties related to the deliveries, we have chosen not to enter into any long term financing for these vessels yet.

Besides regular docking expenditures, Odfjell has no further capital expenditure commitments for chemical tankers beyond equipment upgrade to increase the energy efficiency on our vessels; USD 17 mill in total over the period 2015 – 2017.

In December 2014 we entered into a total return swap (TRS) for 5,891,166 Class A shares and 2,322,482 Class B shares. In October the TRS was extended to 5 January 2016 at an agreed strike price of NOK 24.79 and NOK 23.75 respectively.

To lock in the benefit of lower bunker prices in 2016, we have entered into bunker hedging contracts for 2016 for 7% of our exposure at an average price of USD 255 per tonne.

Lower bunker prices and weaker NOK continues to significantly impact the market value of our existing bunker hedging positions and derivatives related to our bonds issued in NOK.

The unrealised market value of derivatives accounted for as hedging is booked in the equity section of the balance sheet. Per end September 2015 this amounted to negative USD 23.0 mill, compared with negative USD 28.6 mill by end June. The change in unrealized market value of derivatives not accounted for as hedging is booked in the profit and loss statement under “Other financial items”. In the third quarter this amounted to a loss of USD 3.8 mill, compared with a gain of USD 11.3 mill in the second quarter. A material portion of this will, however, have no cash effect and will be reversed over time.

Restructuring of a financial lease gave USD 4.2 mill in interest income in third quarter.

Key figures (USD mill.)	30.06.15	30.09.15	30.09.14	31.12.14
Cash and available-for-sale investments	108	177	123	105
Interest bearing debt	1,152	1,223	1,198	1,165
Net interest bearing debt	1,044	1,046	1,075	1,060
Available drawing facilities	0	0	0	0
Total equity	636	647	681	638
Equity ratio	32.5%	31.7%	33.4%	31.4%

Shareholder information

By end of September, Odfjell A and B shares were trading at NOK 28.30 and NOK 26.40 respectively, against NOK 22.60 and NOK 22.10 respectively at the close of the previous quarter. In the same period the Oslo Stock Exchange Benchmark Index decreased by 8% and the Transportation Index gained 9%.

As of 30 September 2015, Odfjell SE had a market capitalisation of around NOK 2,416 mill, which was equivalent to around USD 284 mill.

Reducing cost and improving efficiency

The cost-cutting and efficiency programme is progressing as planned. End 3Q run-rate is 72%, which is on target. All cost reduction initiatives are on schedule. The retrofitting of the first Kvaerner vessel with new propulsion has exceeded our expectations, with fuel savings of 20%. As a result, the vessel has received A+ rating by Rightship.

Prospects

The global growth remains modest at 3% - 3.5%. China has cut its benchmark rate for the sixth time this year in an effort to inflate an economy growing below its 7% target, and the China Communist party is working on their 13th five-year plan to map out and balance growth and social targets. The European Central Bank is expected to increase its monetary stimulus to counter a slow pace of recovery. The Fed is balancing the positive factors in the US economy versus the negative effect of a stronger dollar, e.g. lower exports.

The continued fall in bunker prices is reducing our voyage expenses, although bunker hedging contracts for 2015 entered into in 2014 are to a certain extent offsetting this positive effect. The last of these contracts will mature in December 2015.



We expect fourth quarter 2015 to be weaker than the third quarter for our chemical tankers on a slightly softer market. With regard to our terminals, we expect the fourth quarter to be in line with third quarter.

Bergen, 11 November 2015

THE BOARD OF DIRECTORS OF ODFJELL SE

ODFJELL GROUP

(figures based on equity method)

CONSOLIDATED INCOME STATEMENT	1Q15	2Q15	3Q15	3Q14	YTD 2015	YTD 2014	FY2014
(USD mill)							
Gross revenue	227	244	241	267	713	807	1 053
Voyage expenses	(103)	(102)	(103)	(123)	(307)	(380)	(496)
Time-charter expenses	(39)	(44)	(41)	(47)	(124)	(150)	(191)
Operating expenses	(38)	(36)	(34)	(44)	(108)	(136)	(175)
Gross result	48	63	63	51	174	142	191
Share of net result from associates and joint ventures	(4)	1	(1)	(8)	(4)	(27)	(32)
General and administrative expenses	(21)	(22)	(18)	(24)	(62)	(75)	(93)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	22	42	45	19	109	41	66
Depreciation	(22)	(22)	(22)	(24)	(66)	(70)	(90)
Impairment	-	(10)	-	-	(10)	-	(4)
Capital gain (loss) on non-current assets	-	-	-	7	-	7	7
Operating result (EBIT)	0	10	23	1	33	(22)	(22)
Interest income	1	0	1	1	2	3	3
Interest expenses	(11)	(12)	(8)	(10)	(32)	(30)	(42)
Other financial items	(20)	9	(7)	0	(18)	(4)	(14)
Net financial items	(31)	(2)	(15)	(9)	(48)	(32)	(53)
Result before taxes	(31)	8	8	(8)	(15)	(54)	(75)
Taxes	(1)	(1)	(1)	(1)	(3)	(3)	0
Net result	(32)	7	7	(9)	(18)	(57)	(75)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Cash-flow hedges changes in fair value	29	(25)	(13)	(6)	(9)	(6)	(78)
Cash-flow hedges transferred to profit and loss statement	(16)	45	19	(2)	48	(3)	15
Net unrealised gain/(loss) on available-for-sale-investments	(0)	(0)	-	-	-	-	1
Share of comprehensive income on investments accounted for using equity method	(14)	4	(2)	(7)	(13)	(13)	(12)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans	-	(0)	(0)	-	(1)	-	3
Other comprehensive income	(1)	24	3	(15)	26	(22)	(71)
Total comprehensive income	(33)	31	10	(24)	8	(78)	(146)
Net result allocated to:							
Owner of parent	(32)	7	7	(9)	(18)	(57)	(75)
Total comprehensive income allocated to:							
Owner of parent	(33)	31	10	(24)	8	(78)	(146)
Earnings per share (USD) – basic/diluted	(0.37)	0.08	0.08	(0.10)	(0.21)	(0.66)	(0.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1Q15	2Q15	3Q15	3Q14	FY2014
(USD mill)					
Ships	1 294	1 254	1 299	1 256	1 269
Newbuilding contracts	-	-	-	29	15
Other non-current assets	50	47	46	53	55
Investments in associates and joint ventures	376	380	377	397	393
Loan to associates and joint ventures	10	4	4	9	10
Non-current receivables	17	16	11	19	19
Total non-current assets	1 745	1 701	1 737	1 762	1 761
Current receivables	105	102	92	132	130
Bunkers and other inventories	14	14	9	23	23
Derivative financial instruments	-	-	3	-	5
Available-for-sale investments	10	10	10	10	10
Loan to associates and joint ventures	3	17	21	-	1
Cash and cash equivalents	102	98	167	113	95
Total current assets	234	241	302	278	265
Assets held for sale	-	16	-	-	7
Total assets	1 980	1 958	2 040	2 040	2 032
Paid in equity	202	202	202	199	202
Other equity	403	434	445	482	436
Total equity	604	636	647	681	638
Non-current liabilities	8	8	9	24	10
Derivatives financial instruments	39	35	40	14	32
Non-current interest bearing debt	879	876	1 042	1 064	837
Total non-current liabilities	926	919	1 091	1 102	880
Current portion of interest bearing debt	296	276	181	134	326
Derivative financial instruments	83	56	52	21	87
Loan from associates and joint ventures	1	-	-	-	-
Current liabilities	68	71	69	101	101
Total current liabilities	449	403	302	256	514
Liabilities held for sale	-	-	-	-	-
Total equity and liabilities	1 980	1 958	2 040	2 040	2 032

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Available for sale reserve	Pension remeasure- ment	OCI associates and joint ventures	Retained equity	Total other equity	Total equity
Equity as at 1.1.2014	199	(3)	1	0	13	16	531	560	759
Comprehensive income	-	-	(9)	0	-	(13)	(57)	(78)	(78)
Equity as at 30.09.2014	199	(3)	(8)	1	13	3	474	482	681
Equity as per 1.1.2015	202	(3)	(62)	1	16	4	479	436	638
Comprehensive income	-	(1)	39	-	0	(13)	(18)	8	8
Other adjustments	-	-	-	-	-	-	2	2	2
Equity as at 30.09.2015	202	(4)	(23)	1	16	(8)	463	445	647

	1Q15	2Q15	3Q15	3Q14	YTD 2015	YTD 2014	FY2014
PROFITABILITY							
Earnings per share (USD) - basic/diluted	(0.37)	0.08	0.08	(0.10)	(0.21)	(0.66)	(0.95)
Return on total assets ¹⁾	(4.1%)	11.3%	7.4%	(1.4%)	1.2%	(1.9%)	(1.6%)
Return on equity ¹⁾	(20.5%)	10.0%	6.5%	(8.1%)	(2.9%)	(10.9%)	(10.8%)
Return on capital employed ¹⁾	0.1%	4.4%	5.2%	(0.9%)	2.4%	(1.6%)	(0.9%)
FINANCIAL RATIOS							
Average number of shares (mill.) ²⁾	86.8	86.8	86.8	86.8	86.8	86.8	78.7
Basic/diluted equity per share (USD)	6.97	7.33	7.45	7.8	7.45	7.8	7.4
Share price per A-share (USD)	2.67	2.86	3.33	4.1	3.33	4.1	3.9
Debt repayment capability (Years) ¹⁾	NA	6.2	8.1	32.0	13.3	132.6	125.0
Current ratio	0.5	0.6	1.0	1.1	1.0	1.1	0.5
Equity ratio	30.5%	32.5%	31.7%	33.4%	31.7%	33.4%	31.4%
USD/NOK rate at period end	8.05	7.9	7.9	6.43	8.5	6.43	7.43

¹⁾ Return ratios are based on annualised results, except for non-recurring items that are included in the relevant period.

²⁾ On 19 December 2014 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices. The TRS expires 5 January 2016, with agreed strike prices of NOK 24.79 and NOK 23.75 respectively. Changes in market values related to the TRS are accounted for through the profit and loss statement.

CONSOLIDATED CASH-FLOW STATEMENT

(USD mill)	1Q15	2Q15	3Q15	3Q14	YTD 2015	YTD 2014	FY2014
CASH-FLOW FROM OPERATING ACTIVITIES							
Profit before income taxes	(32)	9	8	(8)	(15)	(54)	(75)
Taxes paid in the period	(1)	(1)	(0)	(0)	(1)	(3)	(3)
Depreciation and impairment	22	32	22	24	76	70	95
Capital (gain) loss on non-current assets	-	-	-	(7)	-	(7)	(7)
Inventory (increase) decrease	9	(0)	5	(1)	14	12	12
Trade debtors (increase) decrease	11	3	(11)	(18)	3	(12)	(52)
Trade creditors increase (decrease)	6	(5)	12	23	13	7	3
Difference in pension cost and pension premium paid	0	0	0	0	0	0	0
Share of net result from associates and joint ventures	4	(1)	1	8	4	27	32
Unrealised changes in derivatives	21	(11)	4	(5)	14	(12)	32
Effect of exchange differences	(8)	4	(8)	0	(13)	0	(26)
Change in other current accruals	(27)	2	(10)	(8)	(33)	5	32
Net cash-flow from operating activities	7	32	22	8	61	34	44
CASH-FLOW FROM INVESTING ACTIVITIES							
Sale of non-current assets	7	-	16	-	22	-	-
Investment in non-current assets	(30)	(6)	(8)	(8)	(43)	(115)	(143)
Available-for-sale investments	0	0	0	(0)	0	(0)	(0)
Changes in non-current receivables	6	(6)	17	(3)	17	4	-
Net cash-flow from investing activities	(17)	(12)	25	(10)	(4)	(111)	(144)

	1Q15	2Q15	3Q15	3Q14	YTD 2015	YTD 2014	FY2014
CASH-FLOW FROM FINANCING ACTIVITIES							
New interest bearing debt	83	18	194	27	295	197	215
Repayment of interest bearing debt	(63)	(43)	(169)	(30)	(275)	(90)	(128)
Sale/Purchase of treasury shares	-	-	-	-	-	-	26
Net cash-flow from financing activities	20	(26)	25	(3)	19	107	113
Effect on cash balances from currency exchange rate fluctuations	(3)	1	(3)	(0)	(5)	(0)	(2)
Net change in cash and cash equivalents	7	(4)	69	(6)	72	29	12
Opening cash and cash equivalents	95	102	98	120	95	84	84
Closing cash and cash equivalents	102	98	167	113	167	113	95

Notes to the consolidated financial statements

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrsv. 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements ended 30 September 2015 for Odfjell Group have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

The interim financial statements are unaudited.

New standards, interpretations and amendments adopted by the Group

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014.

A number of new standards and amendments to standard and interpretations are not yet effective, and have not yet been applied in preparing consolidated financial statements. None of these is expected to have significant impact of the Group, the most important standards are:

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).



Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by senior management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method. The Group has three reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation.

Tank terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through the joint venture Odfjell Terminals BV.

Gas Carriers: The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas has today eight vessels on order for delivery between 2016 and 2017. The segment is operated through the joint venture Odfjell Gas AS.

Note 3 - Net interest bearing liabilities

(USD mill)	3Q15	3Q14	FY2014
Loans from financial institutions – floating interest rate	523	474	364
Financial leases	301	260	249
Bonds	223	336	230
Current portion interest bearing debt	181	134	326
Transaction costs	(5)	(6)	(6)
Subtotal interest bearing debt	1 223	1 198	1 163
Held for sale	-	-	-
Total interest bearing debt	1 223	1 198	1 163
Cash and cash equivalent	(167)	(113)	(95)
Available for sale investments	(10)	(10)	(10)
Held for sale	-	-	-
Net interest bearing liabilities	1 046	1 075	1 060

(USD mill)	3Q15	3Q14	FY2014
New interest bearing debt	252	27	215
Disposal of interest bearing debt	-	(15)	(15)
Payment of interest bearing debt	(169)	(30)	(128)

Restructuring of operational lease on Bow Sky to a financial lease resulted in an increase in interest bearing debt of USD 45.5 million.

Note 4 – Transactions with related parties

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. Odfjell considers these arrangements to be on reasonable market terms.

Note 5 – Non-current assets

(USD mill)	3Q15	3Q14	FY2014
Net carrying amount beginning	1 335	1 369	1 370
Investments in non-current assets	101	115	143
Sale of non-current assets	(16)	(77)	(77)
Depreciation and impairment	(76)	(70)	(95)
Assets held for sale	-	-	(7)
Net carrying amount end	1 345	1 338	1 335

Note 6 – Fair value and financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date, and level 2 are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. For some non-derivative financial assets and liabilities we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

During 2015 there have been no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

(USD mill)	3Q15 Level 1	3Q15 Level 2	3Q14 Level 1	3Q14 Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments – non hedging	-	3	-	-
Derivatives instruments - hedging	-	-	-	-
Financial liabilities at fair value:				
Derivatives instruments – non hedging	-	23	-	26
Derivatives instruments - hedging	-	69	-	9
Available-for-sale-investments	10	-	10	-

Note 7 – Investments in associates and joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognised based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity:

(USD mill)	YTD 2015				YTD 2014			
	Chemical Tankers	Tank Terminals	Gas Carriers ¹⁾	Total	Chemical Tankers	Tank Terminals	Gas carriers ¹⁾	Total
Gross revenue	6	82	13	101	7	70	-	77
EBITDA	1	28	3	32	(1)	(6)	-	(7)
EBIT	0	4	2	6	(1)	(29)	-	(30)
Net result	(0)	(5)	1	(4)	(0)	(27)	-	(27)
Non-current assets	9	583	67	659	9	588	53	650
Current assets	4	50	4	58	8	65	16	89
Total assets	14	632	72	718	17	653	69	739
Total equity closing balance	9	314	55	378	10	333	54	397
Non-current liabilities	4	250	11	265	3	256	13	272
Current liabilities	1	69	5	75	4	64	2	70
Total liabilities	5	319	17	341	7	320	15	343

- 1) Up to 30 September 2014, Odfjell consolidated Odfjell Gas AS 100%. Upon loss of control at 30 September 2014, Odfjell recognised its retained investment (50%) in Odfjell Gas AS at its fair value. The gain on re-measurement of about USD 6 mill is recognised in the income statement. From 30 September 2014, the remaining investment in Odfjell Gas AS was recognised according to the equity method.

Note 8 – Other financial items

(USD mill)	1Q15	2Q15	3Q15	3Q14	YTD 2015	YTD 2014	FY2014
Changes in fair value in derivatives	(21)	11	(4)	(5)	(14)	(12)	(32)
Currency gains (losses)	2	0	(1)	6	1	14	31
Other	(1)	(2)	(2)	(0)	(5)	(6)	(13)
Total other financial items	(20)	9	(7)	0	(18)	(4)	(14)



Note 9 – Figures presented based on Proportionate method

With the effect from 1 January 2014 Odfjell changed from Proportionate method to equity method. Below figures are presented based on Proportionate method for comparison purposes.

CONSOLIDATED INCOME STATEMENT	YTD15	YTD14
(USD mill)		
Gross revenue	815	885
Voyage expenses	(315)	(383)
Time-charter expenses	(127)	(150)
Operating expenses	(152)	(195)
Gross result	221	157
Share of net result from associates and joint ventures	-	0
General and administrative expenses	(76)	(94)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	145	63
Depreciation	(91)	(94)
Impairment	(10)	-
Capital gain (loss) on non-current assets	-	7
Operating result (EBIT)	43	(24)
Interest income	2	2
Interest expenses	(39)	(37)
Other financial items	(22)	(10)
Net financial items	(60)	(45)
Result before taxes	(16)	(69)
Taxes	(2)	12
Net result	(18)	(57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3Q15	3Q14
Intangible assets	55	43
Ships	1 336	1 295
Newbuilding contracts	39	50
Tank terminals	492	498
Other non-current assets	81	83
Investments in associates and joint ventures	-	21
Non-current receivables	33	26
Total non-current assets	2 035	2 016
Current receivables	121	161
Bunkers and other inventories	10	24
Derivative financial instruments	3	-
Available-for-sale investments	10	10
Cash and cash equivalents	200	172
Assets held for sale	-	-
Total current assets	344	367
Total assets	2 380	2 383
Paid in equity	202	199
Other equity	445	482
Total equity	647	681
Non-current liabilities	36	51
Derivatives financial instruments	43	17
Non-current interest bearing debt	1 276	1 306
Total non-current liabilities	1 355	1 375
Current portion of interest bearing debt	208	155
Derivative financial instruments	52	21
Current liabilities	117	151
Liabilities held for sale	-	-
Total current liabilities	378	327
Total equity and liabilities	2 380	2 383

FLEET & TERMINAL OVERVIEW as per 11 November 2015

CHEMICAL TANKERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Triumph	2014	49 622	53 188	-	22
Bow Trident	2014	49 622	53 188	-	22
Bow Pioneer	2013	75 000	86 000	-	30
Bow Nangang	2013	9 156	10 523	10 523	14
Bow Dalian	2012	9 156	10 523	10 523	14
Bow Fuling	2012	9 156	10 523	10 523	14
Bow Lind	2011	46 047	48 698	-	29
Bow Elm	2011	46 098	48 698	-	29
Flumar Brasil	2010	51 188	55 452	-	14
Bow Harmony	2008	33 619	38 052	38 052	16
Bow Saga ¹	2007	49 559	52 126	52 126	40
Bow Sirius ¹	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 592	52 107	52 107	40
Bow Engineer	2006	30 086	36 274	36 274	28
Flumar Maceio	2006	19 975	21 713	21 713	22
Bow Summer	2005	49 592	52 128	52 128	40
Bow Spring	2004	49 429	52 127	52 127	40
Bow Star	2004	49 487	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	42 459	52 127	52 127	40
Bow Firda	2003	37 427	40 645	40 645	47
Bow Chain	2002	37 518	40 621	40 621	47
Bow Andes	2000	16 020	17 120	17 120	22
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	47
Bow Master	1999	6 046	7 018	7 018	14
Bow Sailor	1999	6 008	7 011	7 011	14
Bow Cecil ¹	1998	37 369	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Oceanic	1997	17 460	19 616	19 616	24
Bow Cardinal ¹	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Bow Aratu	1997	13 843	15 834	15 834	29
Bow Querida	1996	10 106	11 181	11 181	18
Bow Cedar	1996	37 455	41 488	41 488	52
Bow Atlantic	1995	17 460	19 588	19 588	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 221	41 596	34 328	52
Bow Flower	1994	37 221	41 492	34 213	52
Number of ships owned	39	1 302 718	1 426 636	1 030 470	1 278

TIME CHARTERED/POOL:

Horin Trader	2015	19 856	22 129	22 129	18
Marex Noa	2015	12 478	14 067	14 067	16
Gion Trader	2015	19 833	22 130	22 130	18
Bow Tribute ⁴	2014	49 622	53 188	-	22
Bow Trajectory ⁴	2014	49 622	53 188	-	22
Chemroad Hope	2011	33 552	37 161	37 161	18
RT Star	2011	26 199	27 912	27 912	18
SG Pegasus	2011	13 086	14 523	14 523	16
Southern Koala	2010	21 290	20 008	20 008	20
Bow Tone	2009	33 625	37 974	37 974	16
Bow Hector	2009	33 694	37 384	37 384	16
Southern Ibis	2009	19 905	22 158	22 158	20
Southern Jaguar	2009	19 997	22 157	22 157	20
Bow Sagami	2008	33 641	38 000	38 000	16
Bow Kiso	2008	33 641	37 974	37 974	16
Bow Heron	2008	33 707	37 365	37 365	16
Celsius Mayfair	2007	19 999	21 714	21 714	20
Bow Fuji	2006	19 805	22 140	22 140	22
Celsius Manhattan	2006	19 807	22 143	22 143	22
Moyra	2005	19 806	22 838	22 838	18
Bow Sky1	2005	49 479	52 126	52 126	40
Bow Architect	2005	30 058	36 290	36 290	28
Celsius Monaco	2005	19 999	21 851	21 851	22
Celsius Mumbai	2005	19 993	22 186	22 186	22
Celsius Miami	2005	19 991	22 192	22 192	22
Chembulk Sydney	2005	14 271	16 571	16 571	20
Golden Top	2004	12 705	13 388	13 388	22
Chembulk Wellington	2004	14 312	15 591	15 591	20
Bow Asia ²	2004	9 901	11 088	11 088	20
Bow Singapore ²	2004	9 888	11 089	11 089	20
SG Friendship	2003	19 773	21 651	21 651	26
Bow Jubail ²	1996	37 499	41 488	34 209	52
Bow Mekka ²	1995	37 272	41 606	34 257	52
Bow Riyad ²	1995	37 221	41 492	34 213	52
Kristin Knutsen	1998	19 152	19 409	19 409	34
Number of ships on TC/Pool:	35	884 679	974 173	845 890	822
Number of ships:	74	2 187 397	2 400 809	1 876 360	2 100

¹ Vessel beneficially owned through financial lease.

² Vessel on bare-boat charter.

³ Vessel on variable time-charter/pool.

⁴ Vessel on bare-boat charter booked as financial lease.

LPG/ETHYLENE CARRIERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	TYPE	NUMBER OF TANKS
Bow Gallant ³	2 008	10 282	8 922	LPG/Ethylene	2
Bow Guardian ³	2 008	10 282	8 922	LPG/Ethylene	2
Number of ships:	3	47 340	52 844		7

TIME CHARTERED:

Berlian Ekuator	2 004	26 776	35 000	LPG/Ammonia	3
Number of ships:	3	47 340	52 844		7

ON ORDER

LPG/ETHYLENE CARRIERS:

YARD	DELIVERY	CBM	OWNER	COMMENT
Nantong Sinopacific Offshore & Engineering Co., Ltd	2016	17 000	Odfjell Gas	50/50 JV
"	2016	17 000	Odfjell Gas	"
"	2016	17 000	Odfjell Gas	"
"	2016	17 000	Odfjell Gas	"
"	2016	22 000	Odfjell Gas	"
"	2016	22 000	Odfjell Gas	"
"	2017	22 000	Odfjell Gas	"
"	2017	22 000	Odfjell Gas	"
Number of newbuildings:	8	156 000		

TANK TERMINALS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	TANKS
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	51%	1 636 100	32 550	281
Odfjell Terminals (Houston) Inc	Houston, USA	51%	379 629	112 833	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51%	79 206	-	9
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	28.05 %	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	25.5 %	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	25.5 %	313 710	15 860	85
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	25.5 %	377 051	13 520	82
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	15.17 %	1 294 780	-	66
Noord Natie Terminals	Antwerp, Belgium	12.75%	350 000	50 800	241
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
Total terminals	10 terminals		4 672 026	274 913	974

PROJECTS AND EXPANSIONS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	COMPLETION
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	Q2 2016
Odfjell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	TBD
Total expansion terminals			321 800	7 000	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	CBM	STAINLESS STEEL, CBM	TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	52 980	1 600	43
Granel Quimica Ltda	Santos I, Brazil	97 720	19 880	99
Granel Quimica Ltda	Rio Grande, Brazil	61 150	2 900	32
Granel Quimica Ltda	Sao Luis I, Brazil	75 710	-	35
Granel Quimica Ltda	Ladario, Brazil	8 060	-	6
Granel Quimica Ltda	Triunfo, Brazil	12 430	-	3
Granel Quimica Ltda	Teresina, Brazil	7 640	-	6
Granel Quimica Ltda	Palmas, Brazil	11 000	-	8
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 826	530	56
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 580	10 190	102
Terquim S.A.	San Antonio, Chile	32 840	-	25
Terquim S.A.	Mejillones, Chile	16 840	-	7
IMTT-Quebec	Quebec, Canada	293 130	5 500	53
Total tank terminals partly owned by related parties	13 terminals	776 906	40 600	475

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES**)	LOCATION	CBM	COMPLETION
Depositos Quimicos Mineros S.A.	Callao II, Peru	17 850	- ready Q4 2015
Granel Quimica Ltda	Santos II, Brazil	52 000	- ready Q4 2016
Granel Quimica Ltda	Sao Luis II, Brazil	52 750	- ready 2015
Granel Quimica Ltda	Palmas, Brazil	6 000	- ready 2015
Total expansion tank terminals partly owned by related parties		128 600	

Grand total (incl. related tank terminals partly owned by related parties 23 existing terminals) 5 448 932 315 513

*) Tank terminals and projects partly owned by Odfjell family.

**) Odfjell SE's indirect ownership share



ODFJELL

ODFJELL SE

Conrad Mohrs veg 29,
P.O. Box 6101 Postterminalen,
5892 Bergen, Norway
Tel: +47 5527 0000
Fax: +47 5528 4741
E-mail: ir@odfjell.com
Org. no: 930 192 503

Investor Relations contact
Tom A. Haugen
Phone: + 47 55 27 46 69
Mobile: + 47 90 59 69 44
tom.haugen@odfjell.com

Media contact
Margrethe Gudbrandsen
Phone: + 47 55 27 45 48
Mobile: + 47 48 07 47 47
margrethe.gudbrandsen@odfjell.com

www.odfjell.com