



ODFJELL

# Second Quarter / First Half Year Report

## 2017



CARGO LINES - 8 PHOS. PILE  
MANHOLE 8/8  
PRESSURE TESTED 24 BARS  
DATE: 01.08.17

CARGO HOSES  
PRESSURE TESTED 24 BARS  
DATE: 01.08.17  
CERTIFICATED  
-20°C to +80°C  
-30°C to +100°C

VAPOUR BOARDS  
PRESSURE TESTED  
DATE: 05.08.17

FWW  
FOAM  
AIR  
NS  
DEAURATED  
FRESHWATER  
BT/LAM  
DANGER  
GASOL  
HEU  
WASTY GAS  
SEWAGE  
SLUDGE  
PROCESS OILS

# Second Quarter and First Half Year 2017 Report

## Highlights – Second quarter 2017

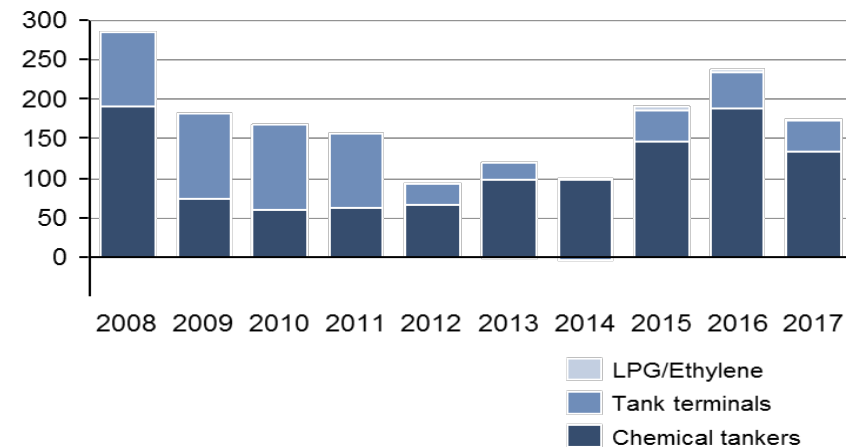
- Second quarter was slightly weaker than first quarter and in line with guidance from the previous quarter
- EBITDA of USD 41 mill, compared with USD 46 mill in first quarter 2017.
- Net results of -USD 5 mill compared to USD 2 mill in the previous quarter
- Odfjell chemical freight index (ODFIX) down 1.3 % compared with previous quarter
- Chemical Tankers EBITDA was USD 31 mill second quarter, compared with USD 36 mill first quarter 2017
- Odfjell Terminals EBITDA of USD 10 mill second quarter, which is slightly better than first quarter 2017
- Acquisition of 5 vessels from Chemical Transportation Group (CTG) and establishment of pool is completed and we are close to our target of operating 100 vessels. Attractive financing is also 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*

- The potential sale of our share in Oiltanking Odfjell Terminals Singapore has received high interest from numerous potential buyers
- Final refund from cancellation of eight gas carriers in Odfjell Gas was received in July
- Odfjell SE sold its 35% indirect ownership share in the Exir Chemical Terminal (ECT). Generating USD 6 mill in cash
- Successful placement of unsecured bond of NOK 500 mill in June

Development EBITDA, USD mill



\*2Q17 annualised

# Prospects

- We reiterate our view that our markets for both chemical tankers and terminals will remain challenging in 2017
- In the medium term, we believe the current oversupply of tonnage in chemical tankers to gradually be absorbed by stronger tonne-mile demand
- We expect 2H 2017 results to be largely in line with 1H 2017

Odfix quarterly average index (1990=100)



## Key Financial figures

### Odfjell Group

(USD mill, unaudited)	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
<b>Total revenue</b>	<b>243</b>	<b>238</b>	<b>241</b>	<b>481</b>	<b>490</b>	<b>967</b>
Chemical Tankers	213	209	207	422	421	832
Tank Terminals	28	28	31	55	62	123
Gas Carriers	2	2	3	4	7	12
Eliminations	-	-	-	-	(0)	(0)
<b>EBITDA</b>	<b>46</b>	<b>41</b>	<b>61</b>	<b>88</b>	<b>129</b>	<b>238</b>
Chemical Tankers	36	31	48	66	103	188
Tank Terminals	9	10	12	20	24	47
Gas Carriers	1	1	1	1	2	3
<b>EBIT</b>	<b>18</b>	<b>14</b>	<b>30</b>	<b>32</b>	<b>71</b>	<b>145</b>
Chemical Tankers*	16	13	25	29	65	98
Tank Terminals**	1	1	4	3	8	53
Gas Carriers	0	0	0	1	(2)	(7)
<b>Net finance</b>	<b>(15)</b>	<b>(18)</b>	<b>(13)</b>	<b>(34)</b>	<b>(26)</b>	<b>(38)</b>
<b>Net result (loss)</b>	<b>2</b>	<b>(5)</b>	<b>16</b>	<b>(3)</b>	<b>40</b>	<b>100</b>
Chemical Tankers	3	(5)	16	(2)	41	68
Tank Terminals	(1)	(0)	0	(1)	1	39
Gas Carriers	0	0	0	0	(2)	(8)
Eliminations	(0)	(0)	(0)	(0)	(0)	0

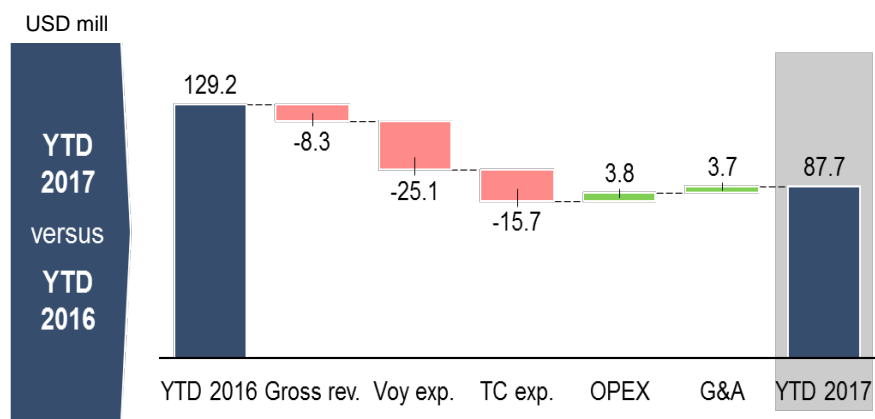
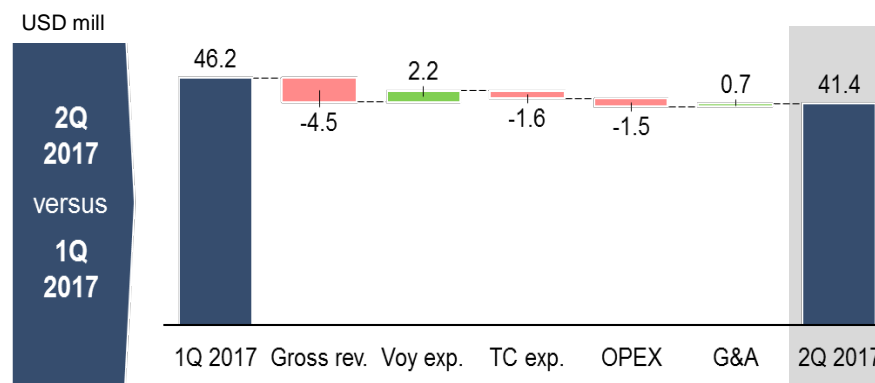
### Proportionate method

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.

\*Includes capital gains of USD 12 mill for the sale of the head office building in 1Q 2016

\*\* Includes capital gain of USD 44 mill for the sale of the Oman terminal in 4Q 2016

### EBITDA variance - Odfjell Group



### 1H 2017 versus 1H 2016

- Gross revenue down 2%
- Voyage expenses increased 18%
- OPEX reduced by 4%
- G&A reduced by 8%
- EBITDA reduced by 32%



## Chemical Tankers

The 2Q17 results ended slightly below the results for 1Q17. The main reasons were continued challenging spot rates as well as lower spot volumes relative to 1Q.

Our port efficiency project continues to contribute positively to our margins and at the same time position ourselves to better meet our customers' scheduling demands.

Average bunker prices paid were USD 329 per tonne in second quarter, down from USD 346 per tonne the previous quarter.

We have 64% of our bunker exposure covered through bunker adjustment clauses and financial hedging, of which financial hedging has been done at USD 228 per tonne

Chemical Tankers (USD mill)	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Revenues	213	209	207	422	421	832
Gross Result	53	48	66	101	140	260
EBITDA	36	31	48	66	103	188
EBIT	16	13	25	29	65	98
Bunker cost per tonne (USD) <sup>3</sup>	391	377	324	384	347	350

Indices	31.03.17	30.06.17	30.06.16	31.12.16
Odfix (1990=100) <sup>1</sup>	126	125	141	125
Opex (2002=100) <sup>2</sup>	120	121	123	123

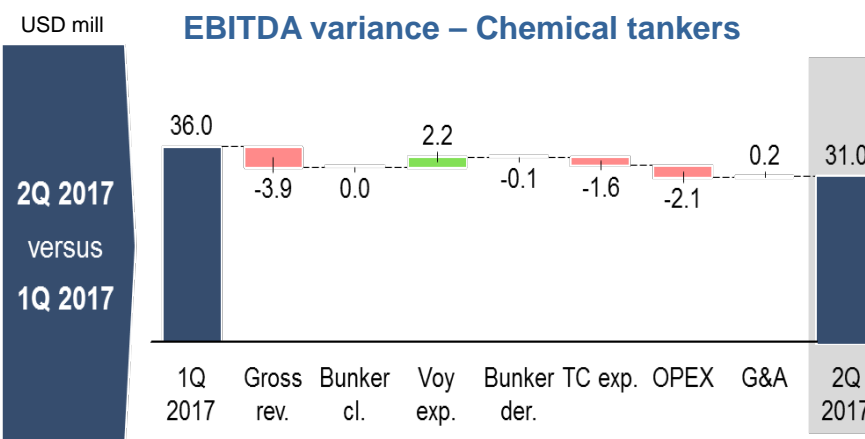
<sup>1</sup> The Odfix index is a weighted time-charter earnings index for a selection of vessels

<sup>2</sup> The Opex index includes owned and bareboat chartered vessels

<sup>3</sup> Including effect from bunker adjustment clauses

### Outlook 3Q17

The summer months are challenging for chemical tanker operations. Due to this seasonal variation, we expect slightly lower results in third quarter 2017 relative to second quarter 2017.



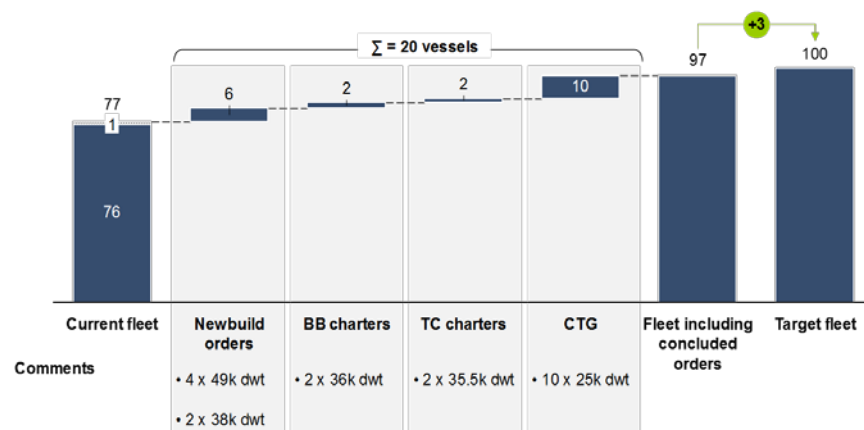
### CTG transaction and fleet growth programme

Odfjell SE announced in June that it signed a term sheet with Chemical Transportation Group, Inc (CTG), whereby Odfjell SE will acquire the last five of a total newbuilding order of ten 25,000 dwt stainless steel tankers from Chinese ship builder AVIC Dingheng. Final agreement was signed in July 2017.

CTG will continue to own 5 vessels which will be placed in a pool commercially managed by Odfjell Tankers AS. The vessels will – together with Odfjell’s current fleet of 5 x 25,000 dwt vessels and the 5 vessels acquired by Odfjell – form a pool for 15 x 25,000 dwt chemical tankers.

Odfjell took delivery of the first vessel in mid July 2017 and the remaining 4 newbuildings will be delivered in intervals up until May 2018. The purchase price per vessel is USD 40 mill and will be paid upon delivery from the yard. The vessels that remain under CTG ownership will enter the pool when existing commitments expire in the coming 6-12 months.

### Odfjell SE future tonnage growth\*



\*Assumes extension of existing timecharters

The CTG transaction will complete most of our current tonnage ambitions. It will, together with other recent tonnage initiatives, ensure that Odfjell can continue to offer competitive and efficient service to our customers. At the same time, we are pleased to take part in the consolidation of the chemical tanker industry.

Odfjell did not declare the options for further newbuilds at Hudong and have no further options.

We expect the growth in Odfjell through the CTG transaction and the formation of the pool to have a positive contribution on Odfjell SE’s returns. This will continue to strengthen our position and competitiveness in the chemical tanker market.

Newbuilding portfolio	DWT	Delivery	Tanks	Relation
Hudong H1860	49,000	08 – 2019	Stainless	Owned
Hudong H1861	49,000	09 – 2019	Stainless	Finance lease
Hudong H1862	49,000	11 – 2019	Stainless	Owned
Hudong H1863	49,000	02 – 2020	Stainless	Finance lease
Hudong H1868	38,000	06 – 2020	Stainless	Finance lease
Hudong H1869	38,000	09 – 2020	Stainless	Finance lease
AVIC AD0051	25,000	08 – 2017	Stainless	Finance lease
AVIC AD0052	25,000	11 – 2017	Stainless	Finance lease
AVIC AD0053	25,000	03 – 2018	Stainless	Finance lease
AVIC AD0054	25,000	05 – 2018	Stainless	Finance lease
Shin-Kurush.	35,500	4q – 2018	Stainless	Long TC
Shin-Kurush.	35,500	1q – 2019	Stainless	Long TC
Undisclosed	36,000	4q – 2019	Stainless	Long BB
Undisclosed	36,000	2q – 2020	Stainless	Long BB

# Tank Terminals

Tank Terminals (USD mill) Odfjell share	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Revenues	28	28	31	55	62	123
Gross Result	14	15	17	29	35	69
EBITDA	9	10	12	20	24	47
EBIT	1	1	4	3	8	53

EBITDA by geographical segment	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Europe	1	2	2	4	3	7
North America	5	5	5	10	10	20
Asia	3	3	3	6	7	13
Middle East	0	(0)	2	0	4	7
Total	9	10	12	20	24	47

Odfjell Terminals (our share) delivered an EBITDA of USD 10.4 mill in 2Q vs. USD 9.4 mill in the previous quarter. EBITDA in 2Q saw some negative effects from the end of the contango for middle distillates mostly affecting OTR. This is expected to continue, whereas the long-term contracts for most of our distillation services capacity (PID) at the terminal, will provide a stable source of income.

The occupancy rate of commercially available capacity was 92%, compared to 93% last quarter. The available capacity amounted to 2,871,000 cbm, a decrease of 27,000 cbm versus last quarter as a result of taking tanks out of service in Rotterdam for functional improvements in 2Q.

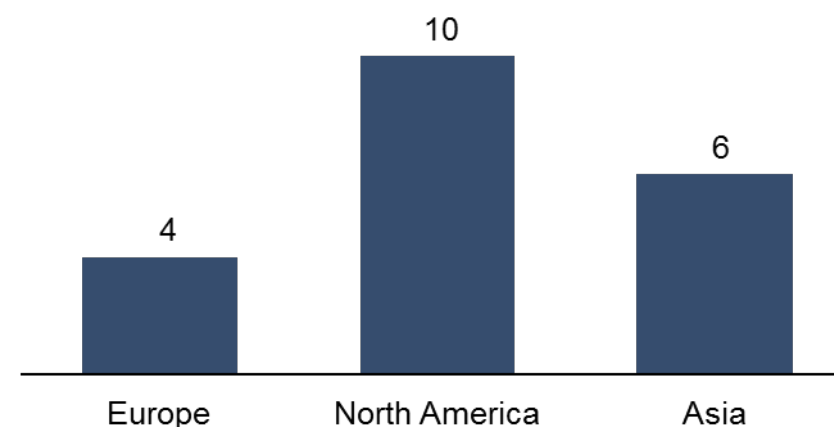
Last quarter, the Company announced the start-up to construct the first independent ethylene export facility in the US. We have finalised the basic engineering, have all the required permits in

place and 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.

Potential Final Investment Decision based on satisfactory customer commitment and financing is expected in 2H 2017.

As part of our strategy to focus on growing our operated terminals, we initiated a process to explore a possible sale of our shares in the Singapore terminal, a joint venture between Oiltanking and Odfjell Terminals. We have received high interest from numerous potential buyers. Further on this strategy, Odfjell SE completed the sale of its 35% indirect ownership share in the Exir Tank Terminal (ECT) in Iran. Total cash received by Odfjell SE in connection with this transaction was about USD 6 mill, with a marginal positive effect booked in our P&L in 2Q.

Tank Terminals EBITDA YTD 2017



### Gas Carriers

Odfjell Gas have now successfully reached a cancellation agreement for the last two of the 22,000 cbm vessels, and all instalments have now been refunded. Odfjell SE has in total received USD 38 mill in refunds including interests which has been allocated for our commitments in fleet renewal in our core chemical tankers business.

Our activity in Odfjell Gas is now limited to the two existing 9,000 cbm gas vessels.

<b>Gas Carriers (USD mill) Odfjell share</b>	<b>1Q17</b>	<b>2Q17</b>	<b>2Q16</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FY16</b>
Revenues	2	2	3	4	7	12
Gross Result	1	1	1	2	2	4
EBITDA	1	1	1	1	2	3
EBIT	0	0	0	1	(2)	(7)



## Finance

Key figures (USD mill)*	31.03.17	30.06.17	30.06.16	31.12.16
Cash and available-for-sale investments	212	190	148	174
Interest bearing debt	1,075	1,094	1,124	1,042
Net interest bearing debt	863	904	977	868
Available drawing facilities	0	0	0	0
Total equity	723	718	663	719
Equity ratio	37.9%	37.6%	34.6%	38.2%

\*According to equity method

Odfjell's balance sheet remains robust, and cash and cash equivalents end 2Q amounted to USD 190 mill compared with USD 212 mill end of 1Q17.

In July Odfjell signed the agreement with Chemical Transportation Group, Inc ("CTG") whereby Odfjell will acquire 5 of an order of 10 x 25,000 dwt vessels with 24 stainless steel cargo tanks from the Chinese builder AVIC Dingheng. The price per vessel is USD 40 mill. The first vessel, Bow Neon, was delivered to Odfjell in July and the four remaining vessels will be delivered August 2017 - May 2018. Odfjell have secured financing for the 5 vessels by long term financial leases with a leverage of 90%.

In June, we issued a new unsecured bond of NOK 500 million. The bond has a coupon of 3-month NIBOR + 5.25% and matures June 2022. In conjunction with the issuance Odfjell bought back NOK 327 million of the bond maturing in December 2018. The repurchase of bonds had a negative effect of USD 3 mill on our 2Q 2017 results.

In June Odfjell bought the vessel Argent Eyebright, a 33,600 dwt chemical tanker with stainless steel cargo tanks, built in

2009. The vessel has been renamed Bow Compass. The vessel was financed with traditional mortgage lending.

In connection with our newbuilding program at the Hudong shipyard in China, we secured financial leases for the fifth and sixth vessel in July. All 6 vessels of this order are now fully financed.

At the end of June, we entered into long term sale/lease back structures for Bow Architect and Bow Engineer at favorable terms. The nine and ten years' structures gave USD 28 mill in additional liquidity.

In connection with the acquisition of Bow Neon, we entered into a short term USD 25 million bridge financing with a relationship bank. This facility will be repaid in 3Q 2017.

Starting from the third quarter 2017, we will change the economic lifetime of our Asian built fleet to 25 years, from 30 years previously. This will impact our future depreciation figures.

### Shareholder information

By end of June, Odfjell A and B shares were trading at NOK 31.00 and NOK 30.00 respectively, against NOK 33.60 and NOK 31.50 respectively at the close of the previous quarter. In the same period the Oslo Stock Exchange Benchmark Index rose 1.2% and the Transportation Index dropped 2.6%.

As of 30 June 2017, Odfjell SE had a market capitalisation of NOK 2,689 mill, which was equivalent to around USD 321 mill, including our 8.1 mill treasury shares the market capitalisation was USD 351 mill.

# Prospects

We reiterate our view that both chemical tankers and terminals markets will remain challenging in 2017.

In the medium term, we believe the current oversupply of tonnage will gradually be absorbed by stronger tonne-mile demand. The relative performance of larger entities highlights the importance of economies of scale in the very competitive chemical tanker market. We believe this will lead to further consolidation.

Our portfolio of storage and distillation contracts is improving, and this counterweighs a challenging overall terminal market.

We expect 3Q17 results to be marginally lower than 2Q17, but 2H 17 to be in line with 1H 17.

Odfix quarterly average index (1990=100)



## Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2017, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Bergen, 23 August 2017  
THE BOARD OF DIRECTORS OF ODFJELL SE



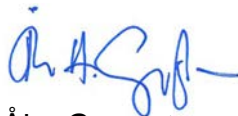
Laurence Ward Odfjell



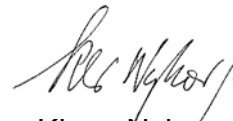
Jannicke Nilsson



Christine Rødsæther



Åke Gregertsen



Klaus Nybørg



Åse Aulie Michelet



Hans Smits



Kristian V. Mørch  
CEO

# ODFJELL GROUP

 (figures based on equity method)

CONSOLIDATED INCOME STATEMENT (USD mill)	Note	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Gross revenue		213	209	205	422	417	825
Voyage expenses		(81)	(79)	(65)	(159)	(131)	(273)
Time-charter expenses		(48)	(50)	(41)	(98)	(81)	(164)
Operating expenses		(31)	(33)	(34)	(64)	(66)	(131)
<b>Gross Result</b>		<b>53</b>	<b>48</b>	<b>66</b>	<b>101</b>	<b>138</b>	<b>257</b>
Share of net result from associates and JVs	2,7	(1)	0	1	(1)	(0)	32
General and administrative expenses		(17)	(17)	(19)	(34)	(36)	(71)
<b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b>		<b>35</b>	<b>31</b>	<b>48</b>	<b>66</b>	<b>102</b>	<b>218</b>
Depreciation	5	(20)	(18)	(22)	(38)	(43)	(89)
Impairment		-	-	-	-	(7)	(12)
Capital gain (loss) on non-current assets	4	-	0	-	0	12	13
<b>Operating result (EBIT)</b>		<b>15</b>	<b>13</b>	<b>26</b>	<b>28</b>	<b>64</b>	<b>130</b>
Interest income		1	1	1	3	2	4
Interest expenses		(15)	(15)	(12)	(29)	(24)	(50)
Other financial items	8	1	(4)	2	(3)	3	23
<b>Net financial items</b>		<b>(13)</b>	<b>(17)</b>	<b>(9)</b>	<b>(30)</b>	<b>(19)</b>	<b>(23)</b>
<b>Result before taxes</b>		<b>3</b>	<b>(4)</b>	<b>17</b>	<b>(2)</b>	<b>45</b>	<b>107</b>
Taxes		(1)	(0)	(1)	(1)	(4)	(7)
<b>Net Result</b>		<b>2</b>	<b>(5)</b>	<b>16</b>	<b>(3)</b>	<b>40</b>	<b>100</b>

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>1Q17</b>	<b>2Q17</b>	<b>2Q16</b>	<b>YTD17</b>	<b>YTD16</b>	<b>FY16</b>
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>						
Cash-flow hedges changes in fair value	1	0	1	1	2	5
Cash-flow hedges transferred to profit and loss statement	(1)	0	0	(1)	1	1
Net unrealised gain/(loss) on available-for-sale-investments	-	0	0	0	1	1
Share of comprehensive income on investments accounted for using equity method	3	11	(4)	15	(2)	(5)
<b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods:</b>						
Net actuarial gain/(loss) on defined benefit plans	-	-	-	-	-	(0)
<b>Other comprehensive income</b>	<b>3</b>	<b>12</b>	<b>(3)</b>	<b>15</b>	<b>2</b>	<b>1</b>
<b>Total comprehensive income</b>	<b>5</b>	<b>7</b>	<b>13</b>	<b>12</b>	<b>42</b>	<b>100</b>
Earnings per share (USD) – basic/diluted	0.02	(0.06)	0.21	(0.04)	0.51	1.27

Net result and total comprehensive income is allocated 100% to the owners of the parent.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>Assets - USD mill</b>	<b>Note</b>	<b>31.03.17</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
Ships	5	1,212	1,249	1,221	1,228
Other non-current assets	5	11	11	33	12
Investments in associates and JVs	7	341	335	372	338
Loan to associates and JVs		2	-	3	2
Non-current receivables		11	12	3	10
<b>Total non-current assets</b>		<b>1,576</b>	<b>1,608</b>	<b>1,632</b>	<b>1,589</b>
Current receivables		86	81	80	81
Bunkers and other inventories		15	18	7	18
Derivative financial instruments	6	1	1	0	2
Available-for-sale investments		10	10	10	10
Loan to associates and JVs		14	14	28	14
Cash and cash equivalents		202	180	138	164
<b>Total current assets</b>		<b>328</b>	<b>304</b>	<b>263</b>	<b>289</b>
Assets held for sale		5	-	22	5
<b>Total assets</b>		<b>1,909</b>	<b>1,912</b>	<b>1,916</b>	<b>1,883</b>
<b>Equity and liabilities – USD mill</b>					
	<b>Note</b>	<b>31.03.17</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
Paid in equity		199	199	199	199
Other equity		524	519	465	520
<b>Total equity</b>		<b>723</b>	<b>718</b>	<b>663</b>	<b>719</b>
Non-current liabilities		12	12	9	11
Derivatives financial instruments	6	31	23	25	29
Non-current interest bearing debt	3	883	907	903	838
<b>Total non-current liabilities</b>		<b>927</b>	<b>942</b>	<b>937</b>	<b>878</b>
Current portion interest bearing debt	3	192	162	221	204
Current interest bearing debt	3	-	25	-	-
Derivative financial instruments	6	11	5	19	13
Current liabilities		56	59	76	69
<b>Total current liabilities</b>		<b>259</b>	<b>252</b>	<b>316</b>	<b>286</b>
<b>Total equity and liabilities</b>		<b>1,909</b>	<b>1,912</b>	<b>1,916</b>	<b>1,883</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Available for sale reserve	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as at 1.1.2016	202	(3)	(5)	1	17	(12)	446	444	645
Other comprehensive income	-	-	6	1	(0)	(5)	-	1	1
Net result	-	-	-	-	-	-	100	100	100
Repurchase treasury shares	(3)	-	-	-	-	-	(22)	(22)	(25)
Other adjustments	-	3	-	-	(17)	-	12	(2)	(2)
<b>Equity as at 31.12.2016</b>	<b>199</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(0)</b>	<b>(17)</b>	<b>536</b>	<b>519</b>	<b>719</b>
Equity as per 1.1.2017	199	-	1	1	(0)	(17)	536	519	719
Other comprehensive income	-	-	0	0	-	15	-	15	15
Net result	-	-	-	-	-	-	(3)	(3)	(3)
Dividend payment	-	-	-	-	-	-	(13)	(13)	(13)
Sale of treasury shares <sup>1)</sup>	0	-	-	-	-	-	0	0	0
<b>Equity as at 30.06.2017</b>	<b>199</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(0)</b>	<b>(2)</b>	<b>520</b>	<b>519</b>	<b>718</b>

- 1) Sale of treasury shares in accordance with Long Term Incentive program for senior management, expensed with NOK 5.3 million in 1Q2017. The net amount, reduced with withholding tax, has been used to buy Treasury shares.

## KEY FIGURES

PROFITABILITY	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Earnings per share (USD) – basic/diluted	0.02	(0.06)	0.21	(0.04)	0.51	1.27
Return on total assets <sup>1)</sup>	3.5%	0.5%	5.9%	2.3%	6.4%	7.9%
Return on equity <sup>1)</sup>	0.6%	(1.2)%	9.3%	(0.5)%	11.1%	14.6%
Return on capital employed <sup>1)</sup>	3.8%	3.1%	6.2%	3.5%	7.3%	7.9%
<b>FINANCIAL RATIOS</b>						
Average number of outstanding shares (mill) <sup>2)</sup>	78.6	78.6	78.6	78.6	78.8	78.7
Basic/diluted equity per share (USD)	9.20	9.13	8.44	9.13	8.44	9.14
Share price per A-share (USD)	3.92	3.70	3.16	3.70	3.16	3.39
Debt repayment capability (years) <sup>1)</sup>	10	NA	6.4	21.8	6.4	4.5
Current ratio	1.3	1.2	0.9	1.2	0.9	1.0
Equity ratio	37.9%	37.6%	34.6%	37.6%	34.6%	38.2%
USD/NOK rate at period end	8.58	8.4	8.4	8.4	8.4	8.65

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

<sup>2)</sup> Per end June 2017 Odfjell holds 5,819,093 Class A shares and 2,322,482 Class B shares.

## CONSOLIDATED CASH-FLOW STATEMENT

USD mill	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
<b>CASH-FLOW FROM OPERATING ACTIVITIES</b>						
Profit before income taxes	3	(4)	17	(2)	45	107
Taxes paid in the period	(1)	(1)	(0)	(2)	(1)	(4)
Depreciation and impairment	20	18	22	38	50	101
Capital (gain) loss on non-current assets	(0)	(0)	-	(0)	(12)	(13)
Capital (gain) loss on financial leases	-	-	-	-	-	(21)
Inventory (increase) decrease	3	(3)	(1)	(1)	6	(5)
Trade debtors (increase) decrease	(6)	6	9	0	6	13
Trade creditors (increase) decrease	(0)	2	6	1	5	(2)
Difference in pension cost and pension premium paid	-	-	-	-	-	0
Share of net result from associates and JVs	1	(0)	(1)	1	0	(32)
Unrealised changes in derivatives	1	(13)	(0)	(13)	0	(2)
Net interest expenses	13	13	11	27	22	46
Interest received	1	1	1	2	2	4
Interest paid	(14)	(16)	(13)	(30)	(22)	(48)
Effect of exchange differences	(2)	(2)	(0)	(4)	2	(1)
Change in other current accruals	(11)	7	2	(4)	(15)	(19)
<b>Net cash-flow from operating activities</b>	<b>6</b>	<b>7</b>	<b>53</b>	<b>13</b>	<b>89</b>	<b>122</b>
<b>CASH-FLOW FROM INVESTING ACTIVITIES</b>						
Sale of non-current assets	-	-	-	-	22	53
Investment in non-current assets	(3)	(56)	(11)	(59)	(17)	(53)
Dividend/other from investments in associates and JV's	-	14	-	14	-	51
Available-for-sale investments	-	0	1	0	0	0
Changes in non-current receivables	(1)	(1)	1	(1)	(2)	6
<b>Net cash-flow from investing activities</b>	<b>(4)</b>	<b>(42)</b>	<b>(10)</b>	<b>(46)</b>	<b>3</b>	<b>57</b>

USD mill	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
<b>CASH-FLOW FROM FINANCING ACTIVITIES</b>						
New interest bearing debt	84	187	32	271	32	215
Repayment of interest bearing debt	(49)	(161)	(36)	(210)	(78)	(321)
Dividend payment	-	(14)	-	(14)	-	-
Sale/purchase of treasury shares	-	-	-	-	(25)	(25)
<b>Net cash-flow from financing activities</b>	<b>35</b>	<b>12</b>	<b>(5)</b>	<b>47</b>	<b>(72)</b>	<b>(131)</b>
Effect on cash balance from currency exchange rate fluctuations	0	0	(0)	1	0	(1)
<b>Net change in cash and cash equivalents</b>	<b>38</b>	<b>(23)</b>	<b>39</b>	<b>15</b>	<b>20</b>	<b>47</b>
Opening cash and cash equivalents	164	202	99	164	118	118
<b>Closing cash and cash equivalents</b>	<b>202</b>	<b>180</b>	<b>138</b>	<b>180</b>	<b>138</b>	<b>164</b>



# 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 June 2017 for the Odfjell Group and 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 2016. 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 2016. 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. The Group's assessment of the impacts on these new standards is set out below.

### **IFRS 9 Financial Instruments**

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. Preliminary assessment indicates that we do not expect any material impact on the Group's financial assets and liabilities.

### **IFRS 15 Revenue from contracts with customers**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Based on initial assessment, the Group does not expect there to be a material impact on its consolidated financial statements from this standard. The standard is applicable for financial years commencing on or after 1 January 2018.

### **IFRS 16 Leases**

Under 'IFRS 16 leases' lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognises a lease liability reflecting future lease payments and a 'right-of-use' asset. The new model is based on the rationale that economically a lease contract is equal to acquiring the right to use an asset with the purchase price paid in instalments. The only exceptions are short-term and low-value leases.

Lessees recognise interest expense on the lease liability and a depreciation charge on the 'right-of-use' asset. Compared to the accounting for operating leases under IAS 17, this does not only change the presentation within the income statement (under IAS 17 lease payments are presented as a single amount within operating expenses) but also the total amount of expenses recognised in each period. Straight-line depreciation of the right-of-use asset and application of the effective interest rate method to the lease liability will result in a higher total charge to profit or loss in the initial years, and decreasing expenses during the latter part of the lease term.

The new IFRS 16 is mandatory from 1 January 2019. Applying the IFRS 16 will have a material impact on the Financial Statements for lessee arrangements which exists on 1 January 2019. See annual financial statement per 31 December 2016 for further comments.

## Notes to the consolidated financial statements

### 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. In December 2016 we divested our shares in Oiltanking Odfjell Terminals & Co. LLC.

**Gas Carriers:** The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas ordered in 2014 in total eight vessels in addition for agreed delivery between 2016 and 2017. Due to substantially delays, all eight vessels have now been cancelled. The segment is operated through the joint venture Odfjell Gas AS.

## Note 2 – Segment information, continued

USD mill	Chemical Tankers*)						Tank Terminals						Gas Carriers						Eliminations						Total										
	1Q17	2Q17	2Q16	YTD17	YTD16	FY16	1Q17	2Q17	2Q16	YTD17	YTD16	FY16	1Q17	2Q17	2Q16	YTD17	YTD16	FY16	1Q17	2Q17	2Q16	YTD17	YTD16	FY16	1Q17	2Q17	2Q16	YTD17	YTD16	FY16	1Q17	2Q17	2Q16	YTD17	YTD16
Gross revenue	213	209	207	422	421	832	28	28	31	55	62	123	2	2	3	4	7	12	-	-	(0)	-	(0)	(0)	243	238	241	481	490	967					
Voyage expenses	(81)	(79)	(65)	(159)	(133)	(276)	-	-	-	-	-	-	(1)	(1)	(2)	(2)	(3)	(6)	-	-	-	-	-	(82)	(79)	(67)	(161)	(136)	(282)						
TC expenses	(48)	(50)	(41)	(98)	(81)	(164)	-	-	-	-	-	-	-	-	0	-	(1)	(0)	-	-	-	-	-	(48)	(50)	(40)	(98)	(82)	(165)						
Operating expenses	(31)	(33)	(34)	(64)	(67)	(133)	(13)	(13)	(14)	(26)	(27)	(54)	(0)	(1)	(1)	(1)	(1)	(2)	-	-	-	-	-	(45)	(46)	(49)	(91)	(95)	(189)						
General and administrative expenses	(17)	(17)	(19)	(34)	(37)	(72)	(5)	(4)	(5)	(9)	(11)	(22)	(0)	(0)	(0)	(0)	(0)	(0)	-	-	0	-	0	(22)	(22)	(24)	(44)	(47)	(94)						
<b>Operating result before depreciation (EBITDA)</b>	<b>36</b>	<b>31</b>	<b>48</b>	<b>66</b>	<b>103</b>	<b>188</b>	<b>9</b>	<b>10</b>	<b>12</b>	<b>20</b>	<b>24</b>	<b>47</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>	<b>41</b>	<b>61</b>	<b>88</b>	<b>129</b>	<b>238</b>						
Depreciation	(20)	(18)	(22)	(38)	(44)	(90)	(8)	(8)	(8)	(17)	(16)	(34)	(0)	(0)	(0)	(1)	(1)	(1)	-	-	-	-	-	(29)	(27)	(31)	(56)	(61)	(125)						
Impairment	-	-	(0)	-	(7)	(13)	-	-	-	-	-	(4)	-	-	(0)	-	(3)	(9)	-	-	-	-	-	-	-	(0)	-	(10)	(25)						
Capital gain/loss on fixed assets/discontinued operation	0	0	0	0	12	13	-	(0)	0	(0)	0	44	-	-	-	-	-	-	-	-	-	-	-	0	(0)	0	(0)	12	57						
<b>Operating result (EBIT)</b>	<b>16</b>	<b>13</b>	<b>25</b>	<b>29</b>	<b>65</b>	<b>98</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>8</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(2)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>14</b>	<b>30</b>	<b>32</b>	<b>71</b>	<b>145</b>						
Net finance	(13)	(17)	(9)	(29)	(19)	(22)	(2)	(1)	(4)	(4)	(6)	(15)	(0)	(0)	(0)	(0)	(0)	(1)	(0)	(0)	(0)	(0)	(0)	(1)	(15)	(18)	(13)	(34)	(26)	(38)					
Taxes	(1)	(0)	(1)	(1)	(5)	(7)	0	(0)	(0)	(0)	(1)	1	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(2)	(6)	(6)					
<b>Net result</b>	<b>3</b>	<b>(5)</b>	<b>16</b>	<b>(2)</b>	<b>41</b>	<b>68</b>	<b>(1)</b>	<b>(0)</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>(8)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>2</b>	<b>(5)</b>	<b>16</b>	<b>(3)</b>	<b>40</b>	<b>100</b>						
Non current assets	1,234	1,272	1,270	1,272	1,270	1,251	519	526	575	526	575	516	38	27	54	27	54	41	6	6	8	6	8	6	1,797	1,831	1,907	1,831	1,907	1,814					
Current assets	331	306	273	306	273	290	61	60	53	60	53	62	5	3	15	3	15	3	(12)	(13)	(22)	(13)	(22)	(11)	385	356	320	356	320	343					
Assets held for sale	5	-	22	-	22	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5	-	22	-	22	4						
<b>Total</b>	<b>1,570</b>	<b>1,579</b>	<b>1,565</b>	<b>1,579</b>	<b>1,565</b>	<b>1,544</b>	<b>580</b>	<b>586</b>	<b>628</b>	<b>586</b>	<b>628</b>	<b>578</b>	<b>43</b>	<b>29</b>	<b>70</b>	<b>29</b>	<b>70</b>	<b>44</b>	<b>(7)</b>	<b>(7)</b>	<b>(14)</b>	<b>(7)</b>	<b>(14)</b>	<b>(5)</b>	<b>2,186</b>	<b>2,187</b>	<b>2,249</b>	<b>2,187</b>	<b>2,249</b>	<b>2,161</b>					
Equity	382	382	301	382	301	380	312	320	308	320	308	309	28	15	54	15	54	28	-	-	-	-	-	-	723	718	663	718	663	719					
Non current liabilities	927	942	940	942	940	878	217	192	256	192	256	107	-	0	10	0	10	0	-	-	-	-	-	-	1,144	1,134	1,206	1,134	1,206	985					
Current liabilities	261	254	323	254	323	286	50	73	64	73	64	162	15	15	6	15	6	15	(7)	(7)	(14)	(7)	(14)	(5)	319	334	380	334	380	457					
<b>Total</b>	<b>1,570</b>	<b>1,579</b>	<b>1,565</b>	<b>1,579</b>	<b>1,565</b>	<b>1,544</b>	<b>580</b>	<b>586</b>	<b>628</b>	<b>586</b>	<b>628</b>	<b>578</b>	<b>43</b>	<b>29</b>	<b>70</b>	<b>29</b>	<b>70</b>	<b>44</b>	<b>(7)</b>	<b>(7)</b>	<b>(14)</b>	<b>(7)</b>	<b>(14)</b>	<b>(5)</b>	<b>2,186</b>	<b>2,187</b>	<b>2,249</b>	<b>2,187</b>	<b>2,249</b>	<b>2,161</b>					
<b>Reconciliation of revenue:</b>																																			
Total segment revenue	213	209	207	422	421	832	28	28	31	55	62	123	2	2	3	4	7	12	-	-	(0)	-	(0)	(0)	243	238	241	481	490	967					
Segment revenue from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	(28)	(28)	(31)	(55)	(62)	(123)	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)	(31)	(55)	(62)	(123)					
Segment revenue from associates and joint ventures - Chemical Tankers**	-	-	(2)	-	(4)	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-	(4)	(7)					
Segment revenue from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)	(3)	(4)	(7)	(12)	-	-	-	-	-	-	(2)	(2)	(3)	(4)	(7)	(12)					
<b>Consolidated revenue in income statement</b>	<b>213</b>	<b>209</b>	<b>205</b>	<b>422</b>	<b>417</b>	<b>825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>213</b>	<b>209</b>	<b>205</b>	<b>422</b>	<b>417</b>	<b>825</b>					
<b>Reconciliation of result:</b>																																			
Total segment EBIT	16	13	25	29	65	98	1	1	4	3	8	53	0	0	0	1	(2)	(7)	-	-	-	-	-	1	18	14	30	32	71	144					
Segment EBIT from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	(1)	(1)	(4)	(3)	(8)	(53)	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	(4)	(3)	(8)	(53)					
Segment EBIT from associates and joint ventures - Chemical Tankers**	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)					
Segment EBIT from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	(0)	(1)	2	7	-	-	-	-	-	-	(0)	(0)	(0)	(1)	2	7					
Share of net result from associates and joint ventures***	-	-	0	-	1	1	(1)	(0)	0	(1)	1	39	0	0	0	0	(2)	(8)	-	-	-	-	-	-	(1)	0	1	(1)	(0)	32					
<b>Consolidated EBIT in income statement</b>	<b>16</b>	<b>13</b>	<b>26</b>	<b>29</b>	<b>65</b>	<b>97</b>	<b>(1)</b>	<b>(0)</b>	<b>0</b>	<b>(1)</b>	<b>1</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>15</b>	<b>13</b>	<b>26</b>	<b>28</b>	<b>64</b>	<b>129</b>					
<b>Reconciliation of assets and liabilities**</b>																																			
Total segment asset	1,570	1,579	1,565	1,579	1,565	1,544	580	586	628	586	628	578	43	29	70	29	70	44	(7)	(7)	(14)	(7)	(14)	(5)	2,186	2,187	2,249	2,187	2,249	2,161					
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	(15)	-	(15)	-	(580)	(586)	(628)	(586)	(628)	(578)	(43)	(29)	(70)	(29)	(70)	(44)	5	5	8	5	8	6	(618)	(610)	(705)	(610)	(705)	(616)					
Investment in joint ventures***	-	-	9	-	9	-	312	320	308	320	308	309	28	15	54	15	54	28	-	-	-	-	-	-	341	335	371	335	371	338					
<b>Total consolidated assets in statement of financial position</b>	<b>1,570</b>	<b>1,579</b>	<b>1,559</b>	<b>1,579</b>	<b>1,559</b>	<b>1,544</b>	<b>312</b>	<b>320</b>	<b>308</b>	<b>320</b>	<b>308</b>	<b>309</b>	<b>28</b>	<b>15</b>	<b>54</b>	<b>15</b>	<b>54</b>	<b>28</b>	<b>(1)</b>	<b>(2)</b>	<b>(6)</b>	<b>(2)</b>	<b>(6)</b>	<b>1</b>	<b>1,909</b>	<b>1,912</b>	<b>1,916</b>	<b>1,912</b>	<b>1,916</b>	<b>1,883</b>					
Total segment liabilities	1,188	1,196	1,263	1,196	1,263	1,164	288	265	320	265	320	269	15	15	16	15	16	15	(7)	(7)	(14)	(7)	(14)	(5)	1,464	1,469	1,586	1,469	1,586	1,442					
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	(6)	-	(6)	-	(288)	(265)	(320)	(265)	(320)	(269)	(15)	(15)	(16)	(15)	(16)	(15)	6	5	8	5	8	6	(277)	(275)	(333)	(275)	(333)	(278)					
<b>Total consolidated liabilities in statement of financial position</b>	<b>1,188</b>	<b>1,196</b>	<b>1,258</b>	<b>1,196</b>	<b>1,258</b>	<b>1,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>	<b>(6)</b>	<b>(2)</b>	<b>(6)</b>	<b>0</b>	<b>1,187</b>	<b>1,194</b>	<b>1,253</b>	<b>1,194</b>	<b>1,253</b>	<b>1,164</b>					

\*This segment also includes «corporate».

\*\*Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

\*\*\*Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.

**Note 3 – Net interest bearing liabilities**

<b>USD mill</b>	<b>31.03.17</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>31.12.16</b>
Loans from financial institutions – floating interest rate	426	448	491	515
Financial leases	146	197	294	147
Bonds	318	269	123	181
Current portion interest bearing debt	192	162	221	204
Transaction costs	(6)	(6)	(5)	(6)
<b>Subtotal interest bearing debt</b>	<b>1,075</b>	<b>1,069</b>	<b>1,124</b>	<b>1,042</b>
Current interest bearing debt	-	25	-	-
<b>Total interest bearing debt</b>	<b>1,075</b>	<b>1,094</b>	<b>1,124</b>	<b>1,042</b>
Cash and cash equivalent	(202)	(180)	(138)	(164)
Available for sale investments	(10)	(10)	(10)	(10)
<b>Net interest bearing debt</b>	<b>863</b>	<b>905</b>	<b>977</b>	<b>868</b>

<b>USD mill</b>	<b>1Q17</b>	<b>2Q17</b>	<b>2Q16</b>	<b>FY16</b>
New interest bearing debt	84	187	32	216
Repayment of interest bearing debt	(49)	(161)	(36)	(321)

In January 2017 Odfjell SE completed a new unsecured bond issue of NOK 700 million with maturity date in January 2021. In conjunction with the bond issue the company has purchased NOK 119 million of the outstanding bonds maturing in April 2017.

In June 2017 Odfjell SE completed a new unsecured bond issue of NOK 500 million with maturity date in June 2022. In conjunction with the bond issue the company has purchased NOK 327 million of the outstanding bonds maturing in December 2018.

**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.

The Odfjell SE head office in Bergen was sold and delivered to new owners in 1Q 2016. The sale generated a capital gain of USD 12 mill.

**Note 5 – Non-current assets**

<b>USD mill*</b>	<b>31.03.17</b>	<b>30.06.17</b>	<b>30.06.16</b>	<b>FY16</b>
Net carrying amount beginning	1,240	1,240	1,294	1,294
Investments in non-current assets	3	59	22	72
Sale of other non-current assets	-	-	-	(20)
Depreciation and impairment	(20)	(38)	(50)	(95)
Reclassified to assets held for sale	-	-	(11)	(11)
<b>Net carrying amount end</b>	<b>1,223</b>	<b>1,260</b>	<b>1,254</b>	<b>1,240</b>

\*Ships, newbuilding contracts and other non-current assets



### 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 an access 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 2017 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 Statement of Financial Position and their level of the fair value hierarchy were as follows:

USD mill	30.06.17 Level 1	30.06.17 Level 2	30.06.16 Level 1	30.06.16 Level 2
<b>Recurring fair value measurement</b>				
Financial assets at fair value:				
Available-for-sale investments	10	-	10	-
Derivative instruments – non hedging	-	-	-	-
Derivative instruments – hedging	-	1	-	-
Financial liabilities at fair value:				
Derivative instruments – non hedging	-	29	-	43
Derivative instruments – hedging	-	-	-	1

**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	YTD2017				YTD2016			
	Chemical Tankers	Tank Terminals	Gas Carriers	Total	Chemical Tankers	Tank Terminals	Gas Carriers	Total
Gross revenue	-	55	4	<b>58</b>	4	62	7	<b>73</b>
EBITDA	-	20	1	<b>21</b>	1	24	2	<b>27</b>
EBIT	-	3	1	<b>3</b>	1	8	(2)	<b>7</b>
Net result	-	(1)	0	<b>(1)</b>	1	1	(2)	<b>(0)</b>
Non-current assets	-	526	27	<b>552</b>	9	575	54	<b>638</b>
Current assets	-	60	3	<b>63</b>	6	53	15	<b>74</b>
<b>Total assets</b>	-	<b>586</b>	<b>29</b>	<b>615</b>	<b>15</b>	<b>628</b>	<b>70</b>	<b>712</b>
<b>Total equity closing balance</b>	-	<b>320</b>	<b>15</b>	<b>335</b>	<b>9</b>	<b>308</b>	<b>54</b>	<b>372</b>
Non-current liabilities	-	192	0	<b>192</b>	3	256	10	<b>269</b>
Current liabilities	-	73	15	<b>88</b>	3	64	6	<b>73</b>
<b>Total liabilities</b>	-	<b>266</b>	<b>15</b>	<b>280</b>	<b>6</b>	<b>320</b>	<b>16</b>	<b>342</b>

**Note 8 – Other financial items**

USD mill	1Q17	2Q17	2Q16	YTD17	YTD16	FY16
Changes in fair value in derivatives	(1)	12	(0)	12	0	2
Currency gains (losses)	1	(13)	1	(12)	(1)	4
Other	0	(3)	1	(3)	4	17
<b>Total other financial items</b>	<b>1</b>	<b>(4)</b>	<b>2</b>	<b>(3)</b>	<b>3</b>	<b>23</b>

In November 2016 we terminated a long-term financial lease arrangement and refinanced two vessels with a traditional mortgage loan. The transaction resulted in about USD 22 mill debt write-down/capital gain recognised in 4Q16, this is included in “other”. In addition we expensed USD 5 mill related to indemnities from a previous transaction.

## Note 9 – Figures presented based on Proportionate method

CONSOLIDATED INCOME STATEMENT (USD mill)	YTD17	YTD16
Gross revenue	481	490
Voyage expenses	(161)	(136)
Time-charter expenses	(98)	(82)
Operating expenses	(91)	(95)
<b>Gross result</b>	<b>131</b>	<b>177</b>
General and administrative expenses	(44)	(48)
<b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b>	<b>88</b>	<b>129</b>
Depreciation	(56)	(61)
Impairment	-	(10)
Capital gain (loss) on non-current assets	(0)	12
<b>Operating result (EBIT)</b>	<b>32</b>	<b>71</b>
Interest income	2	1
Interest expenses	(34)	(29)
Other financial items	(2)	2
<b>Net financial items</b>	<b>(34)</b>	<b>(26)</b>
<b>Result before taxes</b>	<b>(2)</b>	<b>45</b>
Taxes	(2)	(5)
<b>Net result</b>	<b>(3)</b>	<b>40</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (USD mill)	30.06.17	30.06.16
Intangible assets	54	55
Ships	1,235	1,257
Newbuilding contracts	42	27
Tank Terminals	428	487
Other non-current assets	50	63
Non-current receivables	22	19
<b>Total non-current assets</b>	<b>1,831</b>	<b>1,907</b>
Current receivables	102	132
Bunkers and other inventories	19	9
Derivative financial instruments	1	0
Available-for-sale investments	10	10
Cash and cash equivalent	223	169
Assets held for sale	-	22
<b>Total current assets</b>	<b>356</b>	<b>342</b>
<b>Total assets</b>	<b>2,187</b>	<b>2,249</b>
Paid in equity	199	199
Other equity	519	464
<b>Total equity</b>	<b>718</b>	<b>663</b>
Non-current liabilities	33	37
Derivative financial instruments	24	28
Non-current interest bearing debt	1,078	1,141
<b>Total non-current liabilities</b>	<b>1,134</b>	<b>1,206</b>
Current portion of interest bearing debt	212	245
Current interest bearing debt	25	-
Derivative financial instruments	5	19
Current liabilities	91	116
<b>Total current liabilities</b>	<b>334</b>	<b>380</b>
<b>Total equity and liabilities</b>	<b>2,187</b>	<b>2,249</b>

## Fleet list as per 15 August 2017

CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS			OWNERSHIP	CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS			OWNERSHIP
				STEEL, CBM	TANKS	TANKS						STEEL, CBM	TANKS	TANKS	
Bow Neon	2017	25 000	27 100	27 100	24	Owned									
Bow Firda	2003	37 427	40 645	40 645	47	Owned	Southern Koala	2010	21 290	20 008	20 008	20	Time charter		
Bow Chain	2002	37 518	40 621	40 621	47	Owned	Southern Jaguar	2009	19 997	22 157	22 157	20	Time charter		
Bow Fortune	1999	37 395	40 619	40 619	47	Owned	Southern Ibis	2009	19 905	22 158	22 158	20	Time charter		
Bow Flora	1998	37 369	40 515	33 236	47	Owned	Celsius Mayfair	2007	19 999	21 714	21 714	20	Time charter		
Bow Cecil	1998	37 369	40 515	33 236	47	Owned	Flumar Maceio	2006	19 975	21 713	21 713	22	Owned		
Bow Faith	1997	37 479	41 487	34 208	52	Owned	Celsius Manhattan	2006	19 807	22 143	22 143	22	Time charter		
Bow Cardinal	1997	37 446	41 487	34 208	52	Owned	Bow Fuji	2006	19 805	22 140	22 140	22	Time charter		
Bow Jubail	1996	37 499	41 488	34 209	52	Bareboat	Celsius Monaco	2005	19 999	21 851	21 851	22	Time charter		
Bow Cedar	1996	37 455	41 488	41 488	52	Owned	Chem Bulldog	2010	21 306	22 112	22 112	20	Time charter		
Bow Fagus	1995	37 375	41 608	34 329	52	Owned	Celsius Mumbai	2005	19 993	22 186	22 186	22	Time charter		
Bow Mekka	1995	37 272	41 606	34 257	52	Bareboat	Celsius Miami	2005	19 991	22 192	22 192	22	Time charter		
Bow Clipper	1995	37 221	41 596	34 328	52	Owned	Moyra	2005	19 806	22 838	22 838	18	Time charter		
Bow Riyad	1995	37 221	41 492	34 213	52	Bareboat	Bow Santos	2004	19 997	21 846	21 846	22	Owned		
Bow Flower	1994	37 221	41 492	34 213	52	Owned	Kristin Knutsen	1998	19 152	19 409	19 409	34	Time charter		
							Gwen	2008	19 702	21 651	21 651	26	Time charter		
Bow Saga	2007	49 559	52 126	52 126	40	Owned	Bow Triumph	2014	49 622	53 188	0	22	Owned		
Bow Sea	2006	49 592	52 107	52 107	40	Owned	Bow Trident	2014	49 622	53 188	0	22	Owned		
Bow Sirius	2006	49 539	52 155	52 155	40	Owned	Bow Tribute	2014	49 622	53 188	0	22	Leased		
Bow Summer	2005	49 592	52 128	52 128	40	Owned	Bow Trajectory	2014	49 622	53 188	0	22	Leased		
Bow Sky	2005	49 479	52 126	52 126	40	Leased	Bow Elm	2011	46 098	48 698	0	29	Owned		
Bow Star	2004	49 487	52 127	52 127	40	Owned	Bow Lind	2011	46 047	48 698	0	29	Owned		
Bow Spring	2004	49 429	52 127	52 127	40	Owned	Flumar Brasil	2010	51 188	55 452	0	14	Owned		
Bow Sun	2003	42 459	52 127	52 127	40	Owned									
							Bow Pioneer	2013	75 000	86 000	0	30	Owned		
Bristol Trader	2016	35 863	38 315	37 549	18	Time charter									
Bow Hector	2009	33 694	37 384	37 384	16	Time charter	Bow Oceanic	1997	17 460	19 616	19 616	24	Owned		
Bow Tone	2009	33 625	37 974	37 974	16	Time charter	Bow Atlantic	1995	17 460	19 588	19 588	24	Owned		
Bow Compass	2009	33 609	37 994	37 994	16	Owned	Bow Condor	2000	16 121	17 622	17 622	30	Owned		
Bow Heron	2008	33 707	37 365	37 365	16	Time charter	Bow Andes	2000	16 020	17 120	17 120	22	Owned		
Bow Sagami	2008	33 641	38 000	38 000	16	Time charter	SG Pegasus	2011	13 086	14 523	14 523	16	Time charter		
Bow Kiso	2008	33 641	37 974	37 974	16	Time charter	Stellar Wisteria	2011	12 601	14 715	14 715	18	Time charter		
Bow Harmony	2008	33 619	38 052	38 052	16	Leased	Stellar Orchid	2011	12 571	14 713	14 713	18	Time charter		
Bow Engineer	2006	30 086	36 274	36 274	28	Leased	Marex Noa	2015	12 478	14 067	14 067	16	Time charter		
Bow Architect	2005	30 058	36 290	36 290	28	Leased	Bow Querida	1996	10 106	11 181	11 181	18	Owned		
Southern Owl	2016	26 057	27 656	27 656	26	Time charter	Bow Asia	2004	9 901	11 088	11 088	20	Bareboat		
Southern Puma	2016	26 057	27 079	27 079	24	Time charter	Bow Singapore	2004	9 888	11 089	11 089	20	Bareboat		
RT Star	2011	26 199	27 912	27 912	18	Time charter	Bow Nangang	2013	9 156	10 523	10 523	14	Owned		
Southern Quokka	2017	26 077	29 049	29 049	24	Time charter	Bow Dalian	2012	9 156	10 523	10 523	14	Owned		
							Bow Fuling	2012	9 156	10 523	10 523	14	Owned		
Horin Trader	2015	19 856	22 129	22 129	18	Time charter	Sun Triton	2017	12 670	13 228	13 228	16	Time charter		
Gion Trader	2015	19 833	22 130	22 130	18	Time charter									
								<b>Total Chemical Tankers:</b>	<b>77</b>	<b>2 318 400</b>	<b>2 540 196</b>	<b>2 014 981</b>	<b>2 167</b>		



<b>GAS CARRIERS</b>	<b>BUILT</b>	<b>DWT</b>	<b>CBM</b>	<b>TYPE</b>	<b>TANKS</b>	<b>OWNERSHIP</b>
Bow Gallant	2 008	10 282	8 922	LPG/Ethylene	2	Pool
Bow Guardian	2 008	10 282	8 922	LPG/Ethylene	2	Pool
<b>Total Gas Carriers:</b>	<b>2</b>	<b>20 564</b>	<b>17 844</b>		<b>4</b>	

**NEWBUILDINGS ON ORDER:**

<b>Chemical Tankers</b>	<b>NUMBER</b>	<b>DWT</b>	<b>CBM</b>	<b>STAINLESS</b>		<b>DELIVERY</b>	<b>OWNERSHIP</b>
				<b>STEEL, CBM</b>	<b>TANKS</b>		
China Shipbuilding Trading Co., Ltd/	4	49 000	54 600	54 600	33	2019 - 2020	Owned/leased
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd	2	38 000	45 000	45 000	40	2020	Leased
AVIC Dingheng / CTG	9	25 000	27 100	27 100	24	2017-2018	Leased/pool
Shin-Kurushima	2	35 500	37 300	37 300	28	2018-2019	Time charter
Asakawa	1	26 057	27 656	27 656	26	2018	Time charter
Undisclosed	2	36 000	40 000	40 000	28	2019-2020	Bareboat
<b>Total newbuildings:</b>	<b>20</b>	<b>666 057</b>	<b>734 556</b>	<b>734 556</b>	<b>566</b>		

**FLEET CHANGES SINCE LAST QUARTER:**

	<b>MONTH</b>	<b>BUILT</b>	<b>DWT</b>	<b>TANKS</b>	<b>TRANSACTION</b>
<b>Fleet additions;</b>					
Chem Bulldog	August	2010	21 306	Stainless	Short TC
Bow Neon	July 2017	2017	25 000	Stainless	Purchase
<b>Fleet disposals;</b>					
Celsius Mexico	June 2017	2008	20 088	Stainless	Redelivered
Bow Aratu	May 2017	1997	13 843	Stainless	Sale

TANK TERMINALS	LOCATION	OWNERSHIP <sup>1</sup>	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Rotterdam) B.V.	Rotterdam, NL	51 %	1 636 135	32 550	284
Odfjell Terminals Maritiem B.V.	Rotterdam, NL	51 %	0	0	0
Odfjell Terminals (Houston) Inc.	Houston, USA	51 %	379 982	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 243	0	9
Odfjell Terminals (Jiangyin) Co. Ltd	Jiangyin, China	28 %	99 800	30 000	22
Odfjell Terminals (Dalian) Co. Ltd	Dalian, China	25,50 %	119 750	18 350	51
Odfjell Terminals (Korea) Co. Ltd	Onsan, Korea	25,50 %	313 710	15 860	85
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24,99 %	137 800	7 000	28
Oiltanking Odfjell Terminal (Singapore) Ltd	Singapore	25,50 %	402 000	6 094	82
Noord Natie Terminals NV	Antwerp, Belgium	12,75 %	348 499	37 980	240
<b>Total terminals</b>	<b>9 terminals</b>		<b>3 516 919</b>	<b>261 014</b>	<b>920</b>

jetty services

PROJECTS AND EXPANSIONS	LOCATION	OWNERSHIP <sup>1</sup>	CBM	STAINLESS STEEL, CBM	ESTIMATED COMPLETION
Odfjell Terminals Fujian (Quanzhou) Co. Ltd	Quanzhou, China	25,50 %	184 000	0	TBD
Odfjell Changxing Terminals (Dalian) Co.Ltd	Changxing, China	20,40 %			TBD
<b>Total expansion terminals</b>			<b>184 000</b>	<b>0</b>	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES <sup>2</sup>	LOCATION	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	52 980	1 600	43
Depositos Quimicos Mineros S.A.	Callao II, Peru	13 250	0	12
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	75 700	0	35
Granel Quimica Ltda	Sao Luis II, Brazil	50 000	0	14
Granel Quimica Ltda	Ladario, Brazil	8 050	0	6
Granel Quimica Ltda	Triunfo, Brazil	12 030	0	2
Granel Quimica Ltda	Teresina, Brazil	7 640	0	6
Granel Quimica Ltda	Palmas, Brazil	16 710	0	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 700	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 700	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	0	25
Terquim S.A.	Mejillones, Chile	16 840	0	7
<b>Total tank terminals partly owned by related parties</b>	<b>14 terminals</b>	<b>553 060</b>	<b>35 100</b>	<b>455</b>

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES <sup>2</sup>	LOCATION	CBM	ESTIMATED COMPLETION
Granel Quimica Ltda	Santos II, Brazil	52 000	Q4 2018
<b>Total expansion tank terminals partly owned by related parties</b>		<b>52 000</b>	<b>0</b>

**Grand total (incl. related tank terminals partly owned by related parties) 23 existing terminals 4 069 979 296 114**

<sup>1</sup>Odfjell SE's indirect ownership share

<sup>2</sup>Tank terminals and projects partly owned by Odfjell family

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