



ODFJELL

Third Quarter Report

2017



CARGO LINES - 57000L PELLE
MANIFOLD REIN
PRESSURE TESTED: 24 BARS
DATE: 01.06.15

CARGO BOWS
PRESSURE TESTED: 24 BARS
DATE: 01.06.15
CERTIFIED STEEL
-20°C - BEV
-30°C - 100°C

VAPOUR BOWS
PRESSURE TESTED
DATE: 05.01.15

FW
FOAM
AP
NO
SEAWATER
FRESHWATER
STEAM
DANGER
DIESEL
HEV
WARTY OMS
SLUDGE
PROCESS OILS

Third Quarter 2017 Report

Highlights – Third quarter 2017

- The challenging market for chemical tankers continued into 3Q as we had expected. The market for terminals was under pressure from falling forward prices of oil/products.
- EBITDA of USD 37 mill, compared with USD 41 mill previous quarter 2017
- Net results of -USD 11 mill compared to -USD 5 mill previous quarter 2017
- Odfjell chemical freight index (ODFIX) down 4.1 % compared with previous quarter
- Chemical Tankers EBITDA was USD 28 mill in 3Q, compared with USD 31 mill previous quarter
- Odfjell Terminals EBITDA of USD 9 mill in 3Q, compared to USD 10 mill previous quarter
- We continue to pursue an exit from Gas, where the two existing LPG carriers are assets held for sale

“3Q was a challenging quarter for our tanker and terminal divisions. Our balance sheet remains robust and our competitiveness continues to increase, so we are positioned to benefit once our markets recover. The sale of our Singapore terminal in line with our strategy will result in a significant gain. We expect 4Q 2017 to be in line with 3Q 2017”

Kristian Mørch, CEO Odfjell SE

Subsequent events

- We announced the sale of Odfjell Terminals 50% ownership share in our Singapore terminal, with an expected book gain of USD 135 mill and with net proceeds of around USD 150 mill likely to close in 4Q

Key figures, USD mill

(USD mill, unaudited)	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16
Odfjell Tankers	212.8	208.9	207.6	206.9	629.3	628.2
Odfjell Terminals	27.8	27.5	27.0	30.1	82.4	92.1
Revenues*	243.0	238.5	236.7	239.7	718.2	729.5
Odfjell Tankers	36.0	30.5	28.0	48.1	94.5	151.5
Odfjell Terminals	9.5	10.3	8.7	11.6	28.5	35.8
EBITDA*	46.2	41.4	37.3	60.2	125.0	189.6
EBIT	17.7	14.2	3.6	28.4	35.5	99.4
Net profit	1.5	(4.7)	(10.5)	16.5	(13.7)	56.5
EPS**	0.02	(0.06)	(0.13)	0.21	(0.17)	0.72
ROE***	0.6%	(1.2%)	(7.0%)	8.4%	(2.5%)	10.8%
ROCE***	3.8%	3.1%	0.5%	6.2%	2.4%	7.1%

*Includes figures from Odfjell Gas

** Based on 78.6 million outstanding shares

*** Ratios are annualised

Key Financial figures

Odfjell Group

(USD mill, unaudited)	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Total revenue	238.5	236.7	239.7	718.2	729.5	967.2
Chemical Tankers	208.9	207.6	206.9	629.3	628.2	832.4
Tank Terminals	27.5	27.0	30.1	82.4	92.1	122.7
Gas Carriers	2.1	2.1	2.8	6.5	9.6	12.3
Eliminations	-	-	-	-	(0.3)	(0.3)
EBITDA	41.4	37.3	60.2	125.0	189.6	237.6
Chemical Tankers	30.5	28.0	48.1	94.5	151.5	187.7
Tank Terminals	10.3	8.7	11.6	28.5	35.8	46.5
Gas Carriers	0.6	0.6	0.6	2.0	2.4	3.3
EBIT	14.2	3.6	28.4	35.5	99.4	144.6
Chemical Tankers*	12.5	3.6	25.1	32.3	89.7	97.5
Tank Terminals**	1.5	(0.3)	3.1	2.3	11.1	52.6
Gas Carriers	0.2	0.2	0.3	0.9	(1.4)	(7.0)
Net finance	(18.3)	(13.4)	(11.6)	(47.2)	(37.1)	(38.3)
Net result (loss)	(4.7)	(10.5)	16.5	(13.7)	56.5	100.0
Chemical Tankers	(4.5)	(8.5)	16.1	(10.4)	57.1	68.2
Tank Terminals	(0.1)	(2.0)	0.6	(3.1)	1.9	38.7
Gas Carriers	0.1	0.1	0.1	0.5	(1.9)	(7.6)
Eliminations	(0.2)	-	-	(0.6)	(0.6)	0.2

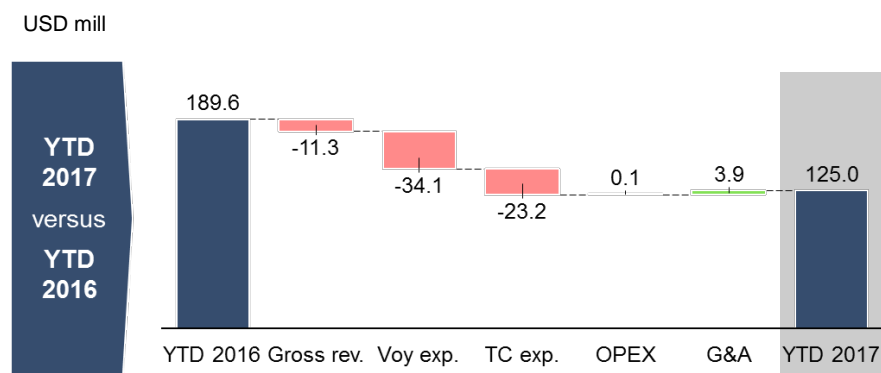
Proportionate method

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



YTD 2017 versus YTD2016

- Voyage expenses up 17%
- TC expenses up 19%
- OPEX unchanged
- EBITDA reduced 34%

Chemical Tankers

Our 3Q17 results ended below the results for 2Q17, which was in line with expectations. Spot rates continued to drop in 3Q, but both COA and spot volumes were higher throughout the quarter mitigating some of the weakness in freight rates.

The utilisation of part of our fleet was negatively impacted by Hurricane Harvey, which together with delivery of new tonnage are the main reasons why ODFIX drops more than the market index during this quarter.

Our strong focus on cost efficiency, port effectivity and implementation of new technologies remains in focus and will continue into 2018.

Average bunker prices paid were USD 334 per tonne in second quarter, up from USD 329 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 230 per tonne.

Outlook 4Q17

We expect 4Q17 to develop in line with 3Q17.

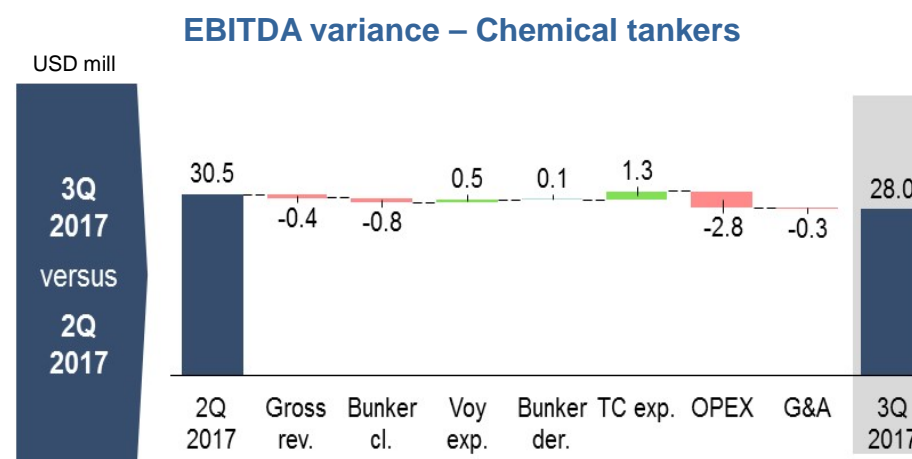
Chemical Tankers (USD mill)	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Revenues	208.9	207.6	206.9	629.3	628.2	832.4
Gross Result	47.5	45.3	64.9	146.0	204.8	259.6
EBITDA	30.5	28.0	48.1	94.5	151.5	187.7
EBIT	12.5	3.6	25.1	32.3	89.7	97.5
Bunker cost per tonne (USD) ³	377	383	365	383	353	350

Indices	30.06.17	30.09.17	30.09.16	31.12.16
Odfix (1990=100) ¹	125	120	137	125
Opex (2002=100) ²	121	122	121	123

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

³ Including effect from bunker adjustment clauses



Hurricane Harvey

Hurricane Harvey affected chemical production in the US Gulf in early September, causing force majeure across a large part of the chemical value chain and shut down of the Port of Houston. The storm did not cause any damage to our vessels, but had a negative effect on volumes in the region. The direct financial impact for Odfjell Tankers was limited in 3Q, but utilization of the fleet dropped, and is expected to also to have a limited spill-over effect into 4Q due to repositioning of vessels.

Odfjell SE volume and voyage days

Odfjell SE carried 3 million tonnes during 3Q, a 9.7% growth compared to 2Q. Volumes carried was a positive development compared to the volume decline experienced in 1H 17 and volumes carried year-to-date is now down 1.7% compared to the corresponding first nine months of 2016. Total voyage days in 3Q was 6,577 days, this was an increase from 6,433 days from the previous quarter. The increased voyage days this quarter mainly reflects delivery of two additional vessels to our fleet from CTG.

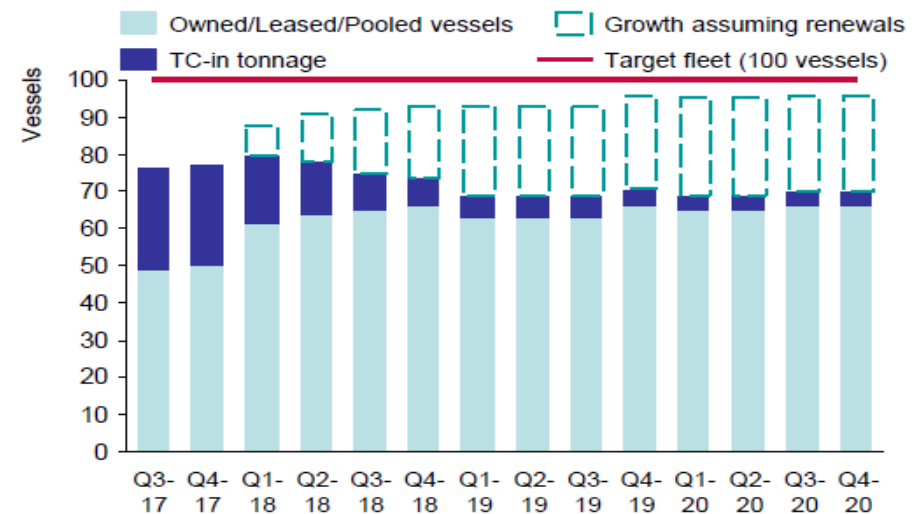
Fleet growth programme

Odfjell SE took delivery of two newbuilding's during 3Q, Bow Neon and Bow Palladium, as the first deliveries related to the CTG transaction.

Yard	Tanks	DWT	2017	2018	2019	2020
Hudong	Stainless	49,000	-	-	3	3
AVIC	Stainless	25,000	1	2	-	-
Shin-Kurush	Stainless	35,500	-	1	1	-
Undisclosed	Stainless	36,000	-	-	1	1
Total			1	3	5	4

Future fleet composition

Odfjell Tankers operated 77 vessels end 3Q. The fleet was split between 48 owned, lease and bareboat vessels and 29 vessels on t/c. We have 27 t/c vessels up for renewal/redelivery in 2018 and 2019. This comes at a time of the cycle we consider attractive for t/c renewal and offers the company flexibility and optionality towards changes in freight markets.



Tank Terminals

Tank Terminals (USD mill) Odfjell share	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Revenues	27.5	27.0	30.1	82.4	92.1	122.7
Gross Result	14.8	13.6	17.2	42.9	52.4	69.0
EBITDA	10.3	8.7	11.6	28.5	35.8	46.5
EBIT	1.5	(0.3)	3.1	2.3	11.1	52.6

EBITDA by geo-graphical segment	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Europe	2.1	1.8	2.4	5.3	5.4	7.0
North America	5.0	4.3	4.6	14.2	15.1	19.5
Asia	3.2	2.7	2.8	8.9	9.7	12.5
Middle East	0.0	-	1.9	0.1	5.6	7.5
Total	10.3	8.7	11.6	28.5	35.8	46.5

Odfjell Terminals delivered an EBITDA of USD 8.7 mill in 3Q vs. USD 10.3 mill previous quarter. The reduction is due to lower storage revenues primarily in Rotterdam as the result of the departure of “contango customers” (traders benefitting from high forward prices) and the impact of the hurricane Harvey interruption in Houston at the end of August. Distillation revenues in Rotterdam increased in 3Q.

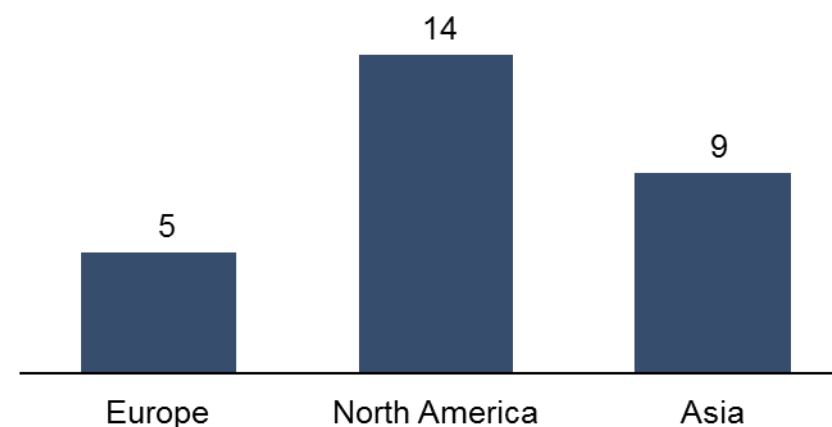
The average occupancy rate of commercially available capacity was 86%, compared to 92% last quarter, driven by the above mentioned contango effect in Rotterdam. The total average available capacity amounted to 2,815,000 cbm, a decrease of 56,000 cbm versus last quarter.

The company has finalized the basic engineering and has all the required permits in place at our Houston terminal for the first independent ethylene export facility in the U.S. A potential Final

Investment Decision based on satisfactory customer commitment and financing is expected in 1Q18.

In October we entered into an agreement with a fund managed by Macquarie Infrastructure and Real Assets (MIRA) to sell our stake in the Singapore terminal for a price of around USD 150 mill (Odfjell SE share). The transaction will result in a net gain of approximately USD 135 mill and closing is expected during 4Q17. This sale is in line with our previously announced strategy to focus on the terminals where we have managerial control over the assets and to further invest in growth opportunities in our core markets.

Tank Terminals EBITDA YTD 2017



Gas Carriers

Odfjell Gas successfully reached a cancellation agreement for the last two of the 22,000 cbm vessels in 2Q, and all instalments have now been refunded.

We have launched a process to sell our remaining gas carriers and the vessels are classified as assets held for sale

Gas Carriers (USD mill) Odfjell share	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Revenues	2.1	2.1	2.8	6.5	9.6	12.3
Gross Result	0.6	0.7	0.7	2.1	2.6	3.6
EBITDA	0.6	0.6	0.6	2.0	2.4	3.3
EBIT	0.2	0.2	0.3	0.9	(1.4)	(7.0)

Finance

Key figures (USD mill)*	30.06.17	30.09.17	30.09.16	31.12.16
Cash and available-for-sale investments	189.7	111.7	190.2	174.4
Interest bearing debt	1,094.4	1,124.4	1,132.6	1,041.8
Net interest bearing debt	904.7	1,012.7	942.4	867.5
Available drawing facilities	0.0	0.0	0.0	0.0
Total equity	718.0	711.7	682.8	718.8
Equity ratio	37.6%	37.0%	35.1%	38.2%

*According to equity method

Odfjell's balance sheet remains robust, and cash and cash equivalents end 3Q amounted to USD 112 mill compared with USD 190 mill end 2Q. Main changes in the cash position are related to planned repayment of a bridge facility of USD 25 mill, instalments on newbuilds of USD 20 mill and in addition repayment of debt.

The announced sale of our terminal in Singapore will substantially improve our balance sheet with an estimated gain of approximately USD 135 mill and with net proceeds of around USD 150 mill (Odfjell share).

Our newbuilding portfolio consists of six vessels from Hudong shipyard in China and five vessels from AVIC Dingheng shipyard in China, of which two were delivered in 3Q. Two Hudong newbuildings are financed through traditional mortgage financing. The remaining nine newbuildings are financed through long term financial leases. Our remaining equity for the entire newbuilding program is therefore limited to USD 30 mill for 2018 and 2019.

For the remaining part of 2017, and for 2018, Odfjell only has a limited number of mortgage debt maturities. We have USD 84 mill outstanding on our bond maturing in December 2018. Starting from the 3Q17, we changed the expected economic lifetime of our Asian fleet in our accounts to 25 years, from 30 years previously. This will impact our depreciation figures with USD 5 mill for the 2H17.

Shareholder information

By end of September, Odfjell A and B shares were trading at NOK 26.70 and NOK 26.40 respectively, against NOK 31.00 and NOK 30.00 respectively at the close of previous quarter. In the same period the Oslo Stock Exchange Benchmark Index rose 12.2% and the Transportation Index rose 1.3%.

As of 29 September 2017, Odfjell SE had a market capitalisation of NOK 2,094 mill, which was equivalent to around USD 263 mill, including our 8.1 mill treasury shares the market capitalisation was USD 290 mill.

Prospects

- We are in the middle of peak delivery of new vessel supply, which impacts the market short term. We continue to believe that chemical tanker markets will gradually improve through 2018 as tonne-mile demand is expected to outgrow net fleet growth
- We expect storage demand for oil minerals to remain challenging while we expect stable demand and results for chemical storage
- We expect 4Q 2017 results to be in line with 3Q 2017

Odfix quarterly average index (1990=100)



*ODFIX negatively impacted in 3Q by Hurricane Harvey and delivery of new tonnage

Bergen, 8 November 2017
THE BOARD OF DIRECTORS OF ODFJELL SE

ODFJELL GROUP

 (figures based on equity method)

CONSOLIDATED INCOME STATEMENT (USD mill)	Note	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Gross revenue		212.8	208.9	207.6	204.5	629.3	621.0	824.9
Voyage expenses		(80.6)	(78.5)	(78.0)	(67.7)	(237.2)	(198.7)	(273.0)
Time-charter expenses		(48.0)	(49.6)	(48.3)	(40.8)	(145.9)	(122.2)	(164.1)
Operating expenses		(31.1)	(33.2)	(36.0)	(32.0)	(100.3)	(97.9)	(130.8)
Gross Result		53.2	47.5	45.3	64.0	146.0	202.3	257.0
Share of net result from associates and JVs	2,7	(0.8)	0.0	(2.2)	1.0	(2.9)	1.0	32.2
General and administrative expenses		(17.2)	(17.0)	(17.3)	(16.7)	(51.5)	(52.9)	(71.5)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)		35.2	30.5	25.8	48.5	91.6	150.4	217.7
Depreciation	5	(19.9)	(18.2)	(23.9)	(22.8)	(61.9)	(66.3)	(88.8)
Impairment		-	-	-	-	-	(6.8)	(11.8)
Capital gain (loss) on non-current assets	4	-	0.2	(0.2)	0.1	0.1	12.1	12.7
Operating result (EBIT)		15.4	12.5	1.7	25.7	29.7	89.4	129.8
Interest income		1.2	1.3	1.2	1.2	3.7	3.1	4.4
Interest expenses		(14.6)	(14.6)	(15.2)	(12.6)	(44.5)	(36.7)	(50.2)
Other financial items	8	0.6	(3.6)	2.8	3.0	(0.2)	5.9	22.9
Net financial items		(12.8)	(16.9)	(11.3)	(8.5)	(41.0)	(27.7)	(22.8)
Result before taxes		2.6	(4.3)	(9.5)	17.2	(11.3)	61.7	106.9
Taxes		(1.0)	(0.0)	(1.0)	(0.7)	(2.4)	(5.2)	(6.9)
Net Result		1.5	(4.7)	(10.5)	16.5	(13.7)	56.5	100.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Cash-flow hedges changes in fair value	0.7	0.6	0.6	1.4	1.9	3.9	3.9
Cash-flow hedges transferred to profit and loss statement	(0.6)	(0.3)	(1.0)	0.3	(1.9)	1.4	1.4
Net unrealised gain/(loss) on available-for-sale-investments	-	0.1	-	(0.1)	0.1	1.1	1.3
Share of comprehensive income on investments accounted for using equity method	2.7	12.2	5.0	1.6	19.9	(0.3)	(6.1)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans	-	-	-	-	-	-	(0.3)
Other comprehensive income	2.8	12.6	4.6	3.2	20.0	6.1	0.2
Total comprehensive income	4.3	7.9	(5.9)	19.7	6.3	62.6	100.2
Earnings per share (USD) – basic/diluted	0.02	(0.06)	(0.13)	0.21	(0.17)	0.72	1.27

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets - USD mill	Note	31.03.17	30.06.17	30.09.17	30.09.16	31.12.16
Ships	5	1,211.6	1,250.3	1,329.0	1,203.5	1,227.8
Other non-current assets	5	11.2	10.5	9.6	32.2	11.9
Investments in associates and JVs	7	340.8	335.2	339.9	359.2	337.6
Loan to associates and JVs		1.8	-	-	2.3	1.8
Non-current receivables		10.5	12.2	11.1	4.4	10.2
Total non-current assets		1,576.0	1,608.2	1,689.7	1,601.7	1,589.2
Current receivables		85.9	80.6	88.4	81.6	81.1
Bunkers and other inventories		15.2	18.5	19.2	9.5	17.9
Derivative financial instruments	6	1.0	0.8	0.5	1.5	1.8
Available-for-sale investments		10.0	10.0	10.0	9.7	9.9
Loan to associates and JVs		13.9	13.9	13.9	28.3	13.6
Cash and cash equivalents		202.3	179.7	101.7	180.5	164.5
Total current assets		328.2	303.6	233.8	311.1	288.9
Assets held for sale		4.6	-	-	16.0	4.6
Total assets		1,908.8	1,911.9	1,923.4	1,928.8	1,882.7
Equity and liabilities – USD mill	Note	31.03.17	30.06.17	30.09.17	30.06.16	31.12.16
Paid in equity		199.0	199.0	199.0	199.0	199.0
Other equity		524.3	518.9	512.7	483.8	519.8
Total equity		723.4	718.0	711.7	682.8	718.8
Non-current liabilities		12.1	11.9	11.8	9.2	11.3
Derivatives financial instruments	6	31.0	23.1	8.0	22.1	29.4
Non-current interest bearing debt	3	883.5	907.0	995.3	936.0	837.6
Total non-current liabilities		926.6	942.1	1,015.1	967.4	878.2
Current portion interest bearing debt	3	191.7	162.4	129.1	196.5	204.2
Current interest bearing debt	3	-	25.0	-	-	-
Derivative financial instruments	6	10.9	5.4	4.9	15.6	12.9
Current liabilities		56.3	59.0	62.7	65.5	68.5
Total current liabilities		258.9	251.8	196.6	278.6	285.6
Total equity and liabilities		1,908.8	1,911.9	1,923.4	1,928.8	1,882.7

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	201.8	(3.0)	(4.9)	(0.6)	17.3	(13.0)	447.8	443.5	645.3
Other comprehensive income	-	-	5.3	1.3	(0.3)	(6.1)	-	0.2	0.2
Net result	-	-	-	-	-	-	100.0	100.0	100.0
Repurchase treasury shares	(2.8)	-	-	-	-	-	(22.4)	(22.4)	(25.1)
Other adjustments	-	3.0	-	-	(15.9)	-	11.2	(1.6)	(1.6)
Equity as at 31.12.2016	199.0	-	0.4	0.7	1.1	(19.1)	536.7	519.8	718.8
Equity as per 1.1.2017	199.0	-	0.4	0.7	1.1	(19.1)	536.7	519.8	718.8
Other comprehensive income	-	-	0.0	0.1	-	19.9	-	20.0	20.0
Net result	-	-	-	-	-	-	(13.7)	(13.7)	(13.7)
Dividend payment	-	-	-	-	-	-	(13.6)	(13.6)	(13.6)
Sale of treasury shares ¹⁾	-	-	-	-	-	-	0.2	0.2	0.2
Equity as at 30.09.2017	199.0	-	0.4	0.8	1.1	0.8	510.8	512.7	711.7

- 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	3Q17	3Q16	YTD17	YTD16	FY16
Earnings per share (USD) – basic/diluted	0.02	(0.06)	(0.13)	0.21	(0.17)	0.72	1.27
Return on total assets ¹⁾	3.3%	2.6%	0.7%	5.0%	2.2%	6.2%	7.9%
Return on equity ¹⁾	0.6%	(1.2)%	(7.0%)	8.4%	(2.5%)	10.8%	14.6%
Return on capital employed ¹⁾	3.8%	3.1%	0.5%	6.2%	2.4%	7.1%	7.9%
FINANCIAL RATIOS							
Average number of outstanding shares (mill) ²⁾	78.6	78.6	78.6	78.7	78.6	78.7	78.7
Basic/diluted equity per share (USD)	9.20	9.13	9.05	8.62	9.05	8.62	9.14
Share price per A-share (USD)	3.92	3.70	3.36	3.37	3.36	3.37	3.39
Debt repayment capability (years) ¹⁾	10.3	11.6	21.6	6.9	15.7	6.1	4.5
Current ratio	1.3	1.2	1.2	1.2	1.2	1.2	1.0
Equity ratio	37.9%	37.6%	37.0%	35.4%	37.0%	35.4%	38.2%
USD/NOK rate at period end	8.58	8.38	7.95	8.06	7.95	8.06	8.65

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

²⁾ 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	3Q17	3Q16	YTD17	YTD16	FY16
CASH-FLOW FROM OPERATING ACTIVITIES							
Profit before income taxes	2.6	(4.3)	(9.5)	17.2	(11.3)	61.7	106.9
Taxes paid in the period	(0.8)	(1.0)	(0.4)	(0.7)	(2.2)	(2.0)	(4.2)
Depreciation and impairment	19.9	18.2	23.9	22.5	61.9	72.7	101.2
Capital (gain) loss on non-current assets	-	(0.2)	(0.4)	(0.1)	(0.7)	(12.1)	(12.7)
Capital (gain) loss on financial leases	-	-	-	-	-	-	(21.4)
Inventory (increase) decrease	2.8	(3.3)	(0.7)	(2.2)	(1.3)	3.5	(4.9)
Trade debtors (increase) decrease	(5.8)	6.0	(11.1)	(1.2)	(10.9)	4.8	12.6
Trade creditors (increase) decrease	(0.4)	1.7	(2.8)	(1.5)	(1.5)	3.8	(2.2)
Share of net result from associates and JVs	0.8	(0.0)	2.2	(1.1)	2.9	(1.0)	(32.2)
Unrealised changes in derivatives	0.5	(13.3)	(15.4)	(6.7)	(28.2)	(6.6)	(2.4)
Net interest expenses	13.4	13.3	14.0	11.5	40.8	33.6	45.8
Interest received	0.7	1.3	0.2	1.2	2.3	3.1	4.2
Interest paid	(14.1)	(16.3)	(14.7)	(12.9)	(45.1)	(34.4)	(47.7)
Effect of exchange differences	(1.7)	(1.9)	23.6	3.3	20.0	4.8	(1.4)
Change in other current accruals	(11.4)	7.0	6.8	(7.4)	2.3	(21.1)	(19.6)
Net cash-flow from operating activities	6.2	7.1	15.7	21.8	29.0	111.0	121.9
CASH-FLOW FROM INVESTING ACTIVITIES							
Sale of non-current assets	-	-	4.0	5.3	4.0	27.7	52.7
Investment in non-current assets	(3.0)	(56.2)	(101.7)	(4.0)	(160.8)	(21.1)	(52.7)
Dividend/other from investments in associates and JV's	-	13.6	-	15.0	13.6	15.0	51.0
Changes in non-current receivables	(0.7)	0.2	1.0	(1.3)	0.5	(3.7)	5.7
Net cash-flow from investing activities	(3.7)	(42.4)	(96.6)	15.1	(142.7)	17.9	56.9

USD mill	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
CASH-FLOW FROM FINANCING ACTIVITIES							
New interest bearing debt	83.7	187.4	72.0	60.6	343.1	92.1	214.8
Repayment of interest bearing debt	(48.7)	(161.2)	(69.7)	(54.9)	(279.6)	(133.2)	(320.7)
Dividend payment	-	(13.9)	-	-	(13.9)	-	-
Sale/purchase of treasury shares	-	-	-	-	-	(25.1)	(25.1)
Net cash-flow from financing activities	35.1	12.2	2.3	5.7	49.6	(66.3)	(131.0)
Effect on cash balance from currency exchange rate fluctuations	0.4	0.5	0.6	0.2	1.4	0.5	(0.8)
Net change in cash and cash equivalents	37.8	(22.6)	(78.1)	42.8	(62.8)	63.0	46.9
Opening cash and cash equivalents	164.5	202.3	179.7	137.8	164.5	117.5	117.5
Closing cash and cash equivalents	202.3	179.7	101.7	180.5	101.7	180.5	164.5

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 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 recognize 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 periods, 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.

The estimated impact of IFRS 16 as if implemented 30 September 2017 is illustrated below.

The Odfjell Group has a number of operating leases, mainly vessels under time charter contracts, which will be recognised “on balance sheet” when IFRS 16 is implemented. Over the lease term the net impact of IFRS 16 Leases on the income statement is nil, however expenses will be higher under IFRS 16 in the beginning of the lease term and lower later in the lease term as the carrying amount of right of use assets under IFRS 16 will be depreciated on a linear basis, while the interest expense related to the unwinding of lease liability will be higher in the beginning of the lease period.

Consolidated Statement of Financial Position (USD mill)	30.09.17 Actuals	IFRS 16 impact	30.09.17 Revised
ASSETS:			
Ships	1,329.0	-	1,329.0
Right of Use assets, ships	a) -	162.6	162.6
Other non-current assets	9.6	-	9.6
Right of Use assets, other	b) -	24.3	24.3
Investments in associates and JVs	339.9	-	339.9
Non-current receivables	11.1	-	11.1
Total non-current assets	1,689.6	186.9	1,876.5
Total current assets	233.7	-	233.7
Total assets	1,923.4	186.9	2,110.3
EQUITY AND LIABILITIES:			
Paid in equity	199.0	-	199.0
Other equity	512.7	-5.1	507.6
Total equity	711.7	-5.1	706.6
Total non-current liabilities	c) 1,015.1	100.0	1,115.1
Total current liabilities	c) 196.6	92.0	288.7
Total equity and liabilities	1,923.4	186.9	2,110.3

Off balance sheet commitments:

Nominal value of future estimated operating expenses arising from time charter			
	d)	101.3	101.3

- a) **Right of Use assets – vessel bare boat and time charter contracts:** At the end of 3Q17, the net present value of future lease payments less operating expenses for vessels currently operating for Odfjell is estimated to USD 162.6 million.
- b) **Right of Use asset – other lease contracts:** The estimated net present value of future lease payments of office premises is USD 24.3 million.
- c) The total **lease liability** represents USD 192 million and represent the net present value of the lease payments not paid at the end of 3Q17. USD 92 million shall be paid within 12 months.
- d) **Off balance sheet commitments:** The estimated service element in the time charter contracts not paid for at the end of 3Q17 is USD 101.3 million. This represent services to be received over the remaining lease period by the Odfjell Group.

Consolidated income statement (USD mill)		YTD 2017 Actuals	IFRS 16 impact	YTD 2017 Revised
Gross revenue		629.3	0.0	629.3
Voyage expenses		(237.2)	0.0	(237.2)
Time-charter expenses	e)	(145.9)	140.1	(5.8)
Operating expenses	f)	(100.3)	(51.6)	(151.9)
Gross result		146.0	88.5	234.4
Share of net result from JV		(2.9)	0.0	(2.9)
General and administrative	g)	(51.5)	1.9	(49.6)
EBITDA		91.6	90.4	181.9
Depreciation, capital gain/loss	h)	(61.8)	(86.4)	(148.2)
Net financial items	i)	(41.0)	(9.1)	(50.1)
Taxes		(2.4)	0.0	(2.4)
Net result		(13.7)	(5.1)	(18.8)

Consolidated cash flow statement (USD mill)		YTD 2017 Actuals	IFRS 16 impact	YTD 2017 Revised
Net cash flow from operations	j)	29.0	81.3	110.3
Net cash flow from investments	k)	(142.7)	0.0	(142.7)
Net cash flow from financing	l)	49.6	(81.3)	(31.7)
Effect on cash balance from FX		1.4	0.0	1.4
Net change in cash and cash equivalents		(62.8)	0.0	(62.8)
Opening Cash and cash equivalents		164.5	0.0	164.5
Closing Cash and cash equivalents		101.7	0.0	101.7

- e) **Reclassify the lease expense:** Total operating lease expense during the period is USD 145.9 million, of which USD 5.8 million is short term lease, i.e. less than 12 months from commencement date. Remaining USD 140.1 million represent time charter and bareboat expense included in calculation of right of use of assets and hence reclassified under IFRS 16.
- f) **Service element of time charters:** IFRS 16 only applies to the bareboat element of time charters. The service element for time charter ships are estimated to USD 6.500 per day and classified as operating expense.
- g) The Odfjell Group leases office premises in different areas. The lease of these premises exceeds 12 months and capitalized as right of use of assets and thus USD 1.9 million is removed from General and administrative expenses.
- h) **Depreciation of the right-of-use assets:** The lease of assets is subject for a straight-line depreciation over the lease term. The lease term ('useful life') is the non-cancellable period including option to extend the lease period if the option is reasonable certain to be exercised.
- i) **Interest expense on the lease liability:** The lease liabilities are discounted with 5%.
- j) **Net cash flow from operations** increases with USD 81.3 million which is the negative net result before tax of USD 5.1 million and added back depreciation of USD 86.4 million.
- k) **Net cash flow from investments:** During the year four new time charter ships are contracted, where the net present value of future bareboat element is calculated at USD 32.4 million. There is no cash outflow, hence no impact on the cash flow statement.
- l) **Net cash flow from financing** of USD 81.3 million represents the repayment of the lease liability. The net impact on the cash flow statement is nil.

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.

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	3Q17	3Q16	YTD17	YTD16	FY16	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16	
Gross revenue	212.8	208.9	207.6	206.9	629.3	628.2	832.4	27.8	27.5	27.0	30.1	82.4	92.1	122.7	2.3	2.1	2.1	2.8	6.5	9.6	12.3	-	-	-	0.0	-	(0.3)	(0.3)	243.0	238.5	236.7	239.7	718.2	729.5	967.2	
Voyage expenses	(80.6)	(78.5)	(78.0)	(68.5)	(237.2)	(201.2)	(275.6)	-	-	-	-	-	-	-	(1.0)	(0.9)	(0.9)	(1.5)	(2.9)	(4.8)	(5.9)	-	-	-	-	-	-	-	(81.6)	(79.5)	(79.0)	(70.0)	(240.1)	(206.2)	(281.5)	
TC expenses	(48.0)	(49.6)	(48.3)	(40.8)	(145.9)	(122.2)	(164.1)	-	-	-	-	-	-	-	-	-	-	0.0	-	(0.5)	(0.5)	-	-	-	-	-	-	-	(48.0)	(49.6)	(48.3)	(40.8)	(145.9)	(122.2)	(164.6)	
Operating expenses	(31.1)	(33.2)	(36.0)	(32.8)	(100.3)	(100.1)	(133.1)	(13.4)	(12.7)	(13.4)	(12.9)	(39.5)	(39.7)	(53.7)	(0.5)	(0.5)	(0.5)	(0.6)	(1.5)	(1.7)	(2.2)	-	-	-	-	-	-	-	(44.9)	(46.4)	(49.9)	(46.3)	(141.3)	(141.4)	(189.1)	
General and administrative expenses	(17.2)	(17.0)	(17.3)	(16.8)	(51.5)	(53.3)	(71.8)	(5.0)	(4.5)	(4.9)	(5.5)	(14.3)	(16.7)	(22.5)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	(0.3)	-	-	-	(0.0)	-	0.3	0.3	(22.2)	(21.5)	(22.2)	(22.5)	(66.0)	(69.9)	(94.4)	
Operating result before depreciation (EBITDA)	36.0	30.5	28.0	48.1	94.5	151.5	187.7	9.5	10.3	8.7	11.6	28.5	35.8	46.5	0.8	0.6	0.6	0.6	2.0	2.4	3.3	-	-	-	-	-	-	-	46.2	41.4	37.3	60.2	125.0	189.6	237.6	
Depreciation	(19.9)	(18.2)	(23.9)	(23.0)	(61.9)	(67.0)	(89.6)	(8.4)	(8.5)	(8.7)	(8.5)	(25.5)	(24.6)	(34.1)	(0.4)	(0.4)	(0.4)	(0.3)	(1.1)	(1.0)	(1.4)	-	-	-	-	-	-	-	(28.6)	(27.0)	(32.9)	(31.9)	(88.5)	(92.6)	(125.1)	
Impairment	-	-	-	0.0	-	(6.8)	(13.3)	-	-	-	-	-	-	(3.8)	-	-	-	0.0	-	(2.8)	(8.9)	-	-	-	-	-	-	-	-	0.1	-	0.1	-	(9.5)	(25.1)	
Capital gain/loss on fixed assets/discontinued operation	0.1	0.2	(0.5)	0.1	(0.2)	12.1	12.7	-	(0.4)	(0.3)	(0.0)	(0.7)	(0.1)	44.0	-	-	-	(0.1)	-	(0.1)	-	-	-	-	-	-	-	-	0.1	(0.3)	(0.8)	0.1	(1.0)	12.0		
Operating result (EBIT)	16.2	12.5	3.6	25.1	32.3	89.7	97.5	1.1	1.5	(0.3)	3.1	2.3	11.1	52.6	0.4	0.2	0.2	0.3	0.9	(1.4)	(7.0)	-	-	-	-	-	-	-	0.9	17.7	14.2	3.6	28.4	35.5	99.4	144.6
Net finance	(12.6)	(16.7)	(11.1)	(8.3)	(40.4)	(27.3)	(22.2)	(2.3)	(1.3)	(2.2)	(3.0)	(5.8)	(8.8)	(14.7)	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)	(0.5)	(0.6)	(0.2)	(0.2)	(0.2)	(0.6)	(0.6)	(0.7)	(15.3)	(18.3)	(13.4)	(11.6)	(47.2)	(37.1)	(38.3)		
Taxes	(1.0)	(0.4)	(1.0)	(0.8)	(2.4)	(5.4)	(7.1)	0.1	(0.3)	0.5	0.5	0.4	(0.4)	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.9)	(0.6)	(0.5)	(0.3)	(2.0)	(5.8)	(6.4)	
Net result	2.5	(4.5)	(8.5)	16.1	(10.4)	57.1	68.2	(1.1)	(0.1)	(2.0)	0.6	(3.1)	1.9	38.7	0.3	0.1	0.1	0.1	0.5	(1.9)	(7.6)	(0.2)	(0.2)	-	-	(0.6)	(0.6)	0.2	1.5	(4.7)	(10.5)	16.5	(13.7)	56.5	100.0	
Non current assets	1,234.4	1,272.3	1,350.2	1,250.6	1,350.2	1,250.6	1,250.8	518.7	526.0	490.7	574	490.7	574.2	516.2	38.7	27.4	0.0	53.0	0.0	53.1	40.8	4.9	6.0	4.5	6.0	4.5	8.0	6.0	1,796.7	1,831.7	1,845.4	1,885.8	1,845.4	1,885.8	1,813.5	
Current assets	330.6	306.4	231.9	323.7	231.9	323.7	289.5	61.3	59.5	47.5	51	47.5	51.4	61.8	5.4	2.7	8.5	1.7	8.5	1.7	2.8	(12.4)	(13.0)	(8.2)	(11.0)	(8.2)	(22.0)	(11.0)	385.0	355.7	279.7	354.8	279.7	354.8	343.0	
Assets held for sale	4.6	-	-	14.0	-	14.0	4.0	-	-	43.4	-	43.4	-	-	-	-	21.5	-	21.5	-	-	-	-	-	-	-	-	-	4.6	-	-	64.9	14.0	64.9	14.0	
Total	1,569.6	1,578.7	1,582.1	1,588.3	1,582.1	1,588.3	1,544.3	580.0	585.5	581.5	625.6	581.5	625.6	577.9	44.1	30.1	30.0	54.7	30.0	54.7	43.6	(7.5)	(7.0)	(3.7)	(5.0)	(3.7)	(14.0)	(5.0)	2,186.2	2,187.4	2,190.0	2,254.5	2,190.0	2,255.1	2,160.1	
Equity	381.8	382.1	372.3	333.1	372.3	333.1	379.8	312.4	320.4	324.0	310.3	324.0	310.3	309.3	29.2	15.5	15.9	39.3	15.9	39.4	28.3	-	-	(0.5)	-	(0.5)	-	-	723.4	718.0	711.7	682.8	711.7	682.8	718.8	
Non current liabilities	926.5	942.0	1,014.7	969.8	1,014.7	969.8	878.2	217.5	192.1	159.6	249.8	159.6	249.8	107.1	-	0.0	0.0	9.5	0.0	9.5	0.0	-	-	-	-	-	-	-	1,144.0	1,134.1	1,174.3	1,229.1	1,174.3	1,229.1	985.3	
Current liabilities	261.3	254.5	195.2	285.3	195.2	285.3	286.2	50.2	73.1	69.3	65.5	69.3	65.5	161.6	14.9	14.6	14.2	5.8	14.2	5.8	15.3	(7.5)	(6.9)	(3.2)	(5.4)	(3.2)	(14.0)	(5.4)	318.8	335.3	275.4	342.6	275.4	343.2	456.9	
Liabilities held for sale	-	-	-	-	-	-	-	-	-	28.6	-	28.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.6	-	28.6	-	
Total	1,569.6	1,578.7	1,582.1	1,588.3	1,582.1	1,588.3	1,544.3	580.0	585.5	581.5	625.6	581.5	625.6	577.9	44.1	30.1	30.0	54.7	30.0	54.8	43.6	(7.5)	(6.9)	(3.7)	(5.4)	(3.7)	(14.0)	(5.4)	2,186.2	2,187.4	2,190.0	2,254.5	2,190.0	2,255.1	2,161.1	
Reconciliation of revenue:																																				
Total segment revenue	212.8	208.9	207.6	206.9	629.3	628.2	832.4	27.8	27.5	27.0	30.1	82.4	92.1	122.7	2.3	2.1	2.1	2.8	6.5	9.6	12.3	-	-	-	-	-	(0.3)	(0.3)	243.0	238.5	236.7	239.7	718.2	729.5	967.2	
Segment revenue from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(27.8)	(27.5)	(27.0)	(30.1)	(82.4)	(92.1)	(122.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27.8)	(27.5)	(27.0)	(30.1)	(82.4)	(92.1)	(122.7)	
Segment revenue from associates and joint ventures - Chemical Tankers**	-	-	-	(2.5)	-	(6.9)	(7.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.5)	-	(6.9)	(7.3)	
Segment revenue from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2.3)	(2.1)	(2.1)	(2.8)	(6.5)	(9.6)	(12.3)	-	-	-	-	-	-	-	(2.3)	(2.1)	(2.1)	(2.8)	(6.5)	(9.6)	(12.3)	
Consolidated revenue in income statement	212.8	208.9	207.6	204.5	629.3	621.3	825.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.3)	(0.3)	212.8	208.9	207.6	204.5	629.3	621.0	824.9	
Reconciliation of result:																																				
Total segment EBIT	16.2	12.5	3.6	25.1	32.3	89.7	97.5	1.1	1.5	(0.3)	3.1	2.3	11.1	52.6	0.4	0.2	0.2	0.3	0.9	(1.4)	(7.0)	-	-	-	-	-	-	0.9	17.7	14.2	3.6	28.5	35.5	99.4	144.6	
Segment EBIT from associates and joint ventures - Tank Terminals**	-	-	-	-	-	-	-	(1.1)	(1.5)	0.3	(3.1)	(2.3)	(11.1)	(52.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.1)	(1.5)	0.3	(3.1)	(2.3)	(11.1)	(52.6)	
Segment EBIT from associates and joint ventures - Chemical Tankers**	-	-	-	-	-	-	(1.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.3)	
Segment EBIT from associates and joint ventures - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.4)	(0.2)	(0.2)	(0.3)	(0.9)	1.4	7.0	-	-	-	-	-	-	-	(0.4)	(0.2)	(0.2)	(0.3)	(0.9)	1.4	7.0	
Share of net result from associates and joint ventures***	-	-	-	0.4	-	1.0	1.1	(1.1)	(0.1)	(2.0)	0.6	(3.1)	1.9	38.7	0.3	0.1	0.1	0.1	0.5	(1.9)	(7.6)	-	-	-	-	-	-	-	(0.8)	(0.0)	(1.9)	1.0	(2.6)	1.0	32.2	
Consolidated EBIT in income statement	16.2	12.5	3.6	25.5	32.3	90.7	97.3	(1.1)	(0.1)	(2.0)	0.6	(3.1)	1.9	38.7	0.3	0.1	0.1	0.1	0.5	(1.9)	(7.6)	-	-	-	-	-	-	0.9	15.4	12.5	1.7	25.7	29.7	89.4	129.8	
Reconciliation of assets and liabilities**																																				
Total segment asset	1,569.6	1,578.7	1,582.1	1,588.3	1,582.1	1,588.3	1,544.3	580.0	585.5	581.5	625.6	581.5	625.6	577.9	44.1	30.1	30.0	54.7	30.0	54.7	43.6	(7.5)	(7.0)	(3.7)	(5.0)	(3.7)	(14.0)	(5.0)	2,186.2	2,187.4	2,190.0	2,254.5	2,190.0	2,255.1	2,160.8	
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	-	(14.7)	-	(14.7)	-	(580.0)	(585.5)	(581.5)	(625.6)	(581.5)	(625.6)	(577.9)	(44.1)	(30.1)	(30.0)	(54.7)	(30.0)	(54.7)	(43.6)	5.9	5.0	4.9	6.0	4.9	10.0	6.0	(618.2)	(610.7)	(606.6)	(685.0)	(606.6)	(685.0)	(615.5)	
Investment in joint ventures***	-	-	-	10.0	-	10.0	-	312.4	320.4	324.0	310.3	324.0	310.3	309.3	28.5	15.5	15.9	39.3	15.9	39.4	28.3	-	(0.7)	-	-	-	-	-	340.8	335.2	339.9	359.2	339.9	359.2	337.6	
Total consolidated assets in statement of financial position	1,569.6	1,578.7	1,582.1	1,583.6	1,582.1	1,583.6	1,544.3	312.4	320.4	324.0	309.3	324.0	310.3	309.3	28.5	15.5	15.9	39																		

Note 3 – Net interest bearing liabilities

USD mill	31.03.17	30.06.17	30.09.17	30.09.16	31.12.16
Loans from financial institutions – floating interest rate	425.7	447.5	459.3	434.2	515.2
Financial leases	145.9	196.5	260.8	318.7	147.2
Bonds	318.2	269.3	282.3	187.8	181.1
Current portion interest bearing debt	191.7	162.4	129.1	196.5	204.2
Transaction costs	(6.3)	(6.4)	(7.1)	(4.5)	(6.0)
Subtotal interest bearing debt	1,075.1	1,069.4	1,124.4	1,132.6	1,041.8
Current interest bearing debt	-	25.0	-	-	-
Total interest bearing debt	1,075.1	1,094.4	1,124.4	1,132.6	1,041.8
Cash and cash equivalent	(202.3)	(179.7)	(101.7)	(180.5)	(164.5)
Available for sale investments	(10.0)	(10.0)	(10.0)	(9.7)	(9.9)
Net interest bearing debt	862.8	904.7	1,012.7	942.4	867.5

USD mill	1Q17	2Q17	3Q17	3Q16	FY16
New interest bearing debt	83.7	187.4	72.0	60.6	214.8
Repayment of interest bearing debt	(48.7)	(161.2)	(69.7)	(54.9)	(320.7)

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

USD mill*	31.03.17	30.06.17	30.09.17	30.09.16	FY16
Net carrying amount beginning	1,239.7	1,239.7	1,239.7	1,294.1	1,294.1
Investments in non-current assets	3.0	59.2	160.9	25.8	71.7
Sale of other non-current assets	-	-	-	-	(19.9)
Depreciation and impairment	(19.9)	(38.0)	(61.9)	(72.7)	(94.7)
Reclassified to assets held for sale	-	-	-	(11.4)	(11.4)
Net carrying amount end	1,222.8	1,260.8	1,338.6	1,235.8	1,239.7

*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	30.09.17 Level 1	30.09.17 Level 2	30.09.16 Level 1	30.09.16 Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Available-for-sale investments	10.0	-	9.7	-
Derivative instruments – non hedging	-	-	-	0.3
Derivative instruments – hedging	-	0.5	-	1.2
Financial liabilities at fair value:				
Derivative instruments – non hedging	-	12.7	-	37.0
Derivative instruments – hedging	-	0.2	-	0.7

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	-	82.4	6.5	88.9	6.9	92.1	9.6	108.5
EBITDA	-	28.5	2.0	30.5	2.1	35.8	2.4	40.2
EBIT	-	2.3	0.6	2.9	1.3	11.1	(1.4)	11.0
Net result	-	(3.1)	0.2	(2.9)	1.0	1.9	(1.9)	1.0
Non-current assets	-	490.7	0.0	490.7	8.4	574.2	53.1	635.7
Current assets	-	47.5	8.5	56	5.6	51.4	1.7	58.7
Assets held for sale	-	43.4	21.5	64.9	-	-	-	-
Total assets	-	581.5	30.0	611.5	14.0	625.6	54.7	694.3
Total equity closing balance	-	324.0	15.9	339.9	9.4	310.3	39.4	359.2
Non-current liabilities	-	159.6	0.0	159.6	2.7	249.8	9.5	262.0
Current liabilities	-	69.3	14.2	83.5	1.9	65.5	5.8	73.2
Liabilities held for sale	-	28.6	-	28.6	-	-	-	-
Total liabilities	-	257.5	14.2	271.7	4.6	315.2	15.3	335.2

In December 2016 we divested our shares in Oiltanking Odfjell Terminals & Co. LLC. This transaction resulted in a capital gain of USD 44 mill.

Note 8 – Other financial items

USD mill	1Q17	2Q17	3Q17	3Q16	YTD17	YTD16	FY16
Changes in fair value in derivatives	(0.5)	12.8	15.9	6.6	28.2	6.6	2.4
Currency gains (losses)	1.0	(13.2)	(13.1)	(3.2)	(25.3)	(2.8)	4.0
Other	0.1	(3.2)	0.0	(0.4)	(3.1)	2.1	16.5
Total other financial items	0.6	(3.6)	2.8	3.0	(0.2)	5.9	22.9

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 issuance Odfjell bought back NOK 327 million of the outstanding bonds maturing in December 2018. The repurchase of bonds had a negative effect of USD 2.5 million in 2Q 2017.

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	718.2	729.5
Voyage expenses	(240.1)	(206.2)
Time-charter expenses	(145.9)	(122.7)
Operating expenses	(141.3)	(141.4)
Gross result	191.0	259.5
General and administrative expenses	(66.0)	(69.9)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	125.0	189.6
Depreciation	(88.5)	(92.6)
Impairment	-	(9.5)
Capital gain (loss) on non-current assets	(1.0)	12.0
Operating result (EBIT)	35.5	99.4
Interest income	3.1	2.2
Interest expenses	(51.6)	(44.4)
Other financial items	1.2	5.2
Net financial items	(47.2)	(37.1)
Result before taxes	(11.7)	62.3
Taxes	(2.0)	(5.8)
Net result	(13.7)	56.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (USD mill)	30.09.17	30.09.16
Intangible assets	51.6	54.6
Ships	1,279.8	1,238.8
Newbuilding contracts	49.2	26.0
Tank Terminals	395.6	486.0
Other non-current assets	49.0	62.0
Non-current receivables	20.2	18.6
Total non-current assets	1,845.4	1,885.9
Current receivables	110.6	117.8
Bunkers and other inventories	20.2	10.9
Derivative financial instruments	0.5	1.6
Available-for-sale investments	10.0	9.7
Cash and cash equivalent	138.3	213.3
Assets held for sale	64.9	15.8
Total current assets	344.6	369.2
Total assets	2,190.0	2,255.1
Paid in equity	199.0	199.0
Other equity	512.6	483.8
Total equity	711.7	682.8
Non-current liabilities	21.9	35.4
Derivative financial instruments	8.2	23.9
Non-current interest bearing debt	1,144.2	1,169.8
Total non-current liabilities	1,174.3	1,229.1
Current portion of interest bearing debt	174.5	220.1
Derivative financial instruments	4.9	15.6
Current liabilities	96.1	107.5
Liabilities held for sale	28.6	-
Total current liabilities	304.0	343.2
Total equity and liabilities	2,190.0	2,255.1

Note 10 – Subsequent events

On October 19th Odfjell announced that Odfjell Terminals B.V., has entered into an agreement with a fund managed by Macquarie Infrastructure and Real Assets to sell its 50% ownership in Oiltanking Odfjell Terminal Singapore Pte Ltd for a price around USD 300 million. Odfjell Terminals B.V. is a joint venture where Odfjell SE owns 51%. The transaction will result in a net gain for Odfjell SE of approximately USD 135 million (Odfjell SE's share). Closing of the transaction is subject to customary regulatory approval and is expected during the fourth quarter of 2017.

Fleet list as per 30 September 2017

CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS			OWNERSHIP	CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS			OWNERSHIP
				STEEL, CBM	TANKS							STEEL, CBM	TANKS		
Bow Neon	2017	24,786	28,644	28,644	24		Leased	Horin Trader	2015	19,856	22,129	22,129	18		Time charter
Bow Palladium	2017	24,764	29,041	29,041	24		Leased	Gion Trader	2015	19,833	22,130	22,130	18		Time charter
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	Celsius Mumbai	2005	19,993	22,186	22,186	22		Time charter
Bow Fagus	1995	37,375	41,608	34,329	52		Owned	Celsius Miami	2005	19,991	22,192	22,192	22		Time charter
Bow Mekka	1995	37,272	41,606	34,257	52		Bareboat	Moyra	2005	19,806	22,838	22,838	18		Time charter
Bow Clipper	1995	37,221	41,596	34,328	52		Owned	Bow Santos	2004	19,997	21,846	21,846	22		Owned
Bow Riyad	1995	37,221	41,492	34,213	52		Bareboat	Kristin Knutsen	1998	19,152	19,409	19,409	34		Time charter
Bow Flower	1994	37,221	41,492	34,213	52		Owned	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 Oceanic	1997	17,460	19,616	19,616	24		Owned
Bow Hector	2009	33,694	37,384	37,384	16		Time charter	Bow Atlantic	1995	17,460	19,588	19,588	24		Owned
Bow Tone	2009	33,625	37,974	37,974	16		Time charter	Bow Condor	2000	16,121	17,622	17,622	30		Owned
Bow Compass	2009	33,609	37,994	37,994	16		Owned	Bow Andes	2000	16,020	17,120	17,120	22		Owned
Bow Heron	2008	33,707	37,365	37,365	16		Time charter	SG Pegasus	2011	13,086	14,523	14,523	16		Time charter
Bow Sagami	2008	33,641	38,000	38,000	16		Time charter	Stellar Wisteria	2011	12,601	14,715	14,715	18		Time charter
Bow Kiso	2008	33,641	37,974	37,974	16		Time charter	Stellar Orchid	2011	12,571	14,713	14,713	18		Time charter
Bow Harmony	2008	33,619	38,052	38,052	16		Leased	Marex Noa	2015	12,478	14,067	14,067	16		Time charter
Bow Engineer	2006	30,086	36,274	36,274	28		Leased	Bow Querida	1996	10,106	11,181	11,181	18		Owned
Bow Architect	2005	30,058	36,290	36,290	28		Leased	Bow Asia	2004	9,901	11,088	11,088	20		Bareboat
Southern Owl	2016	26,057	27,656	27,656	26		Time charter	Bow Singapore	2004	9,888	11,089	11,089	20		Bareboat
Southern Puma	2016	26,057	27,079	27,079	24		Time charter	Bow Nangang	2013	9,156	10,523	10,523	14		Owned
RT Star	2011	26,199	27,912	27,912	18		Time charter	Bow Dalian	2012	9,156	10,523	10,523	14		Owned
Southern Quokka	2017	26,077	29,049	29,049	24		Time charter	Bow Fuling	2012	9,156	10,523	10,523	14		Owned
								Sun Triton	2017	12,670	13,228	13,228	16		Time charter
Total Chemical Tankers:								77	2,321,644	2,548,669	2,023,454	2,171			

SUMMARIZED	NUMBER	DWT	CBM	STAINLESS	
				STEEL, CBM	TANKS
Owned	35	1,246,725	1,360,441	964,275	1,193
Time charter	29	651,102	714,662	713,895	578
Leased	8	292,036	326,803	220,427	204
Bareboat	5	131,781	146,764	124,857	196
Total Chemical Tankers:	77	2,321,644	2,548,669	2,023,454	2,171

NEWBUILDINGS ON ORDER:

CHEMICAL TANKERS	NUMBER	DWT	STAINLESS		TANKS	DELIVERY	OWNERSHIP
			CBM	STEEL, CBM			
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*	3	25,000	27,100	27,100	24	2017-2018	Leased
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
Total newbuildings:	14	516,057	571,956	571,956	422		

*In addition Chemical Transportation Group, Inc (CTG) continue to own 5 sister vessels which will be placed in a pool managed by Odfjell Tankers

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

FLEET CHANGES SINCE LAST QUARTER:

	BUILT	DWT	STAINLESS		TANKS	TRANSACTION	MONTH
			CBM	STEEL, CBM			
Fleet additions;							
Bow Neon	2017	24,786	28,644	28,644	24	Leased	July
Chem Bulldog	2010	21,306	22,112	22,112	20	Short time charter	August
Bow Palladium	2017	24,764	29,041	29,041	24	Leased	August
Fleet disposals;							
Chem Bulldog	2010	21,306	22,112	22,112	20	Short time charter	September

FLEET CHANGES AFTER 30 SEPTEMBER 2017:

	BUILT	DWT	STAINLESS		TANKS	TRANSACTION	MONTH
			CBM	STEEL, CBM			
Fleet additions;							
Ardmore Seaventure	2013	49,998	52,083	0	14	Short time charter	October
Fleet disposals;							

TANK TERMINALS	LOCATION	OWNERSHIP¹	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
Total terminals	9 terminals		3,516,919	261,014	920

jetty services

PROJECTS AND EXPANSIONS	LOCATION	OWNERSHIP¹	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
Total expansion terminals			184,000	0	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES²	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
Total tank terminals partly owned by related parties	14 terminals	553,060	35,100	455

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES²	LOCATION	CBM	STAINLESS STEEL, CBM	ESTIMATED COMPLETION
Granel Quimica Ltda	Santos II, Brazil	52,000	0	Q4 2018
Total expansion tank terminals partly owned by related parties		52,000	0	

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

¹Odfjell SE's indirect ownership share

²Tank terminals and projects partly owned by Odfjell family

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