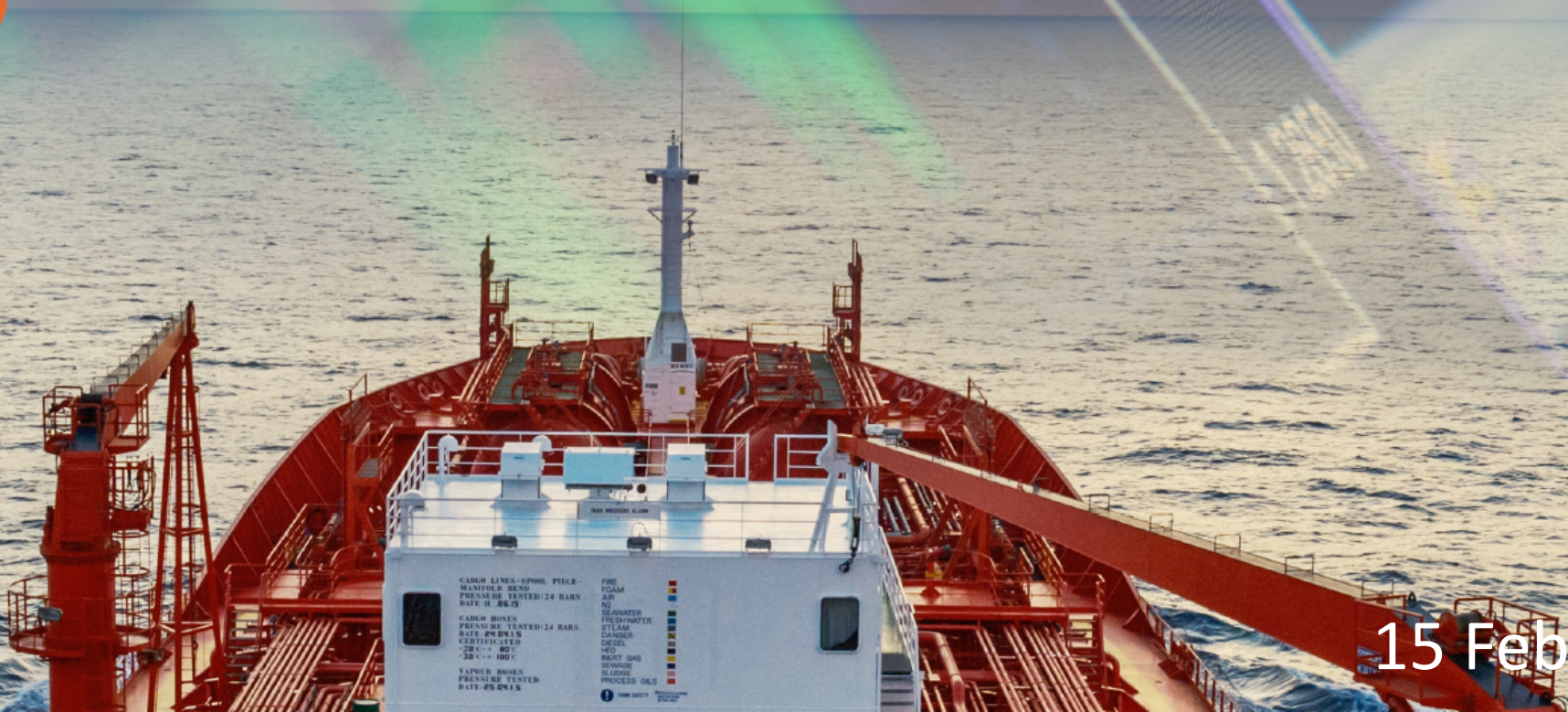




ODFJELL

# Preliminary fourth quarter/Full year report

# 2017



15 February 2018

# Preliminary fourth quarter/Full year report 2017

## Highlights – Fourth quarter 2017

- The chemical tanker market remained challenging in 4Q, despite some seasonal improvements. The market for terminals was slightly improved compared to 3Q
- EBITDA of USD 41 mill, compared with USD 37 mill previous quarter 2017
- Net results of USD 96 mill compared to -USD 11 mill previous quarter 2017
- Net results included capital gain of USD 136 mill and impairments of negative USD 43 mill
- We concluded the sale of our Singapore terminal which contributed with USD 150 mill in cash, of which USD 117 mill of cash proceeds have been transferred to Odfjell SE
- We signed a framework agreement with Sinochem for the establishment of a pool of sophisticated chemical tankers, managed by Odfjell SE
- The Board proposes a dividend of NOK 1.50 per share for 2017 to reflect the gain on the sale of our Singapore terminal

*“Our markets have remained challenging in 4Q, but Odfjell continues to make good progress. We have recently achieved our growth ambitions for renewing our fleet and by participating in market consolidation in a capital efficient way. At the same time we have strengthened our balance sheet through disposal of non-operated assets”*

## Highlights – Full year 2017

- Achieved our growth ambitions in chemical tankers through newbuilding orders, purchases, long term charters and in consolidation of CTG and Sinochem fleets
- Sale of Singapore terminal in December resulted in a capital gain of USD 136 mill
- Substantially strengthened balance sheet and cash position
- Effects from efficiency programs continue to increase competitiveness
- Full year EBITDA was USD 166 mill compared to USD 238 mill in 2016 as a result of the challenging market

### Key figures, USD mill

| (USD mill, unaudited) | 1Q17         | 2Q17          | 3Q17          | 4Q17         | 4Q16         | FY17         | FY16         |
|-----------------------|--------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Odfjell Tankers       | 212.8        | 208.9         | 207.6         | <b>213.2</b> | 204.3        | 842.5        | 832.4        |
| Odfjell Terminals     | 27.8         | 27.5          | 27.0          | <b>27.8</b>  | 30.7         | 110.1        | 122.7        |
| <b>Revenues*</b>      | <b>243.0</b> | <b>238.5</b>  | <b>236.7</b>  | <b>242.9</b> | <b>237.6</b> | <b>961.1</b> | <b>967.2</b> |
| Odfjell Tankers       | 36.0         | 30.5          | 28.0          | <b>30.6</b>  | 36.3         | 125.0        | 187.7        |
| Odfjell Terminals     | 9.5          | 10.3          | 8.7           | <b>9.8</b>   | 10.8         | 38.3         | 46.5         |
| <b>EBITDA*</b>        | <b>46.2</b>  | <b>41.4</b>   | <b>37.3</b>   | <b>40.7</b>  | <b>48.0</b>  | <b>165.7</b> | <b>237.6</b> |
| EBIT                  | 17.7         | 14.2          | 3.6           | <b>98.5</b>  | 45.3         | 134.0        | 144.6        |
| Net profit            | 1.5          | (4.7)         | (10.5)        | <b>96.4</b>  | 43.5         | 82.7         | 100.0        |
| <b>EPS**</b>          | <b>0.02</b>  | <b>(0.06)</b> | <b>(0.13)</b> | <b>1.23</b>  | <b>0.55</b>  | <b>1.05</b>  | <b>1.27</b>  |
| ROE***                | 0.6%         | (1.2%)        | (7.0%)        | <b>11.8%</b> | 4.1%         | 10.8%        | 14.6%        |
| ROCE***               | 3.8%         | 3.1%          | 0.5%          | <b>7.9%</b>  | 4.2%         | 7.4%         | 7.9%         |

\*Includes figures from Odfjell Gas

\*\* Based on 78.6 million outstanding shares

\*\*\* Ratios are annualised

## Prospects

- We expect 1Q18 timecharter results to be marginally better than 4Q17
- We expect the challenging markets to continue into 2018, but we also expect that 2018 will be a turning point due to improving fundamentals
- We expect Odfjell Terminals 2018 results to be in line with results in 2017, however without the contribution from the divested Singapore terminal

## Key Financial figures

### Odfjell Group

| (USD mill, unaudited)    | 2Q17          | 3Q17          | 4Q17          | 4Q16         | FY17          | FY16          |
|--------------------------|---------------|---------------|---------------|--------------|---------------|---------------|
| <b>Total revenue</b>     | <b>238.5</b>  | <b>236.7</b>  | <b>242.9</b>  | <b>237.6</b> | <b>961.1</b>  | <b>967.2</b>  |
| Chemical Tankers         | 208.9         | 207.6         | 213.2         | 204.3        | 842.5         | 832.4         |
| Tank Terminals           | 27.5          | 27.0          | 27.8          | 30.7         | 110.1         | 122.7         |
| Gas Carriers             | 2.1           | 2.1           | 1.9           | 2.7          | 8.4           | 12.3          |
| Eliminations             | -             | -             | -             | -            | -             | (0.3)         |
| <b>EBITDA</b>            | <b>41.4</b>   | <b>37.3</b>   | <b>40.7</b>   | <b>48.0</b>  | <b>165.7</b>  | <b>237.6</b>  |
| Chemical Tankers         | 30.5          | 28.0          | 30.6          | 36.3         | 125.0         | 187.7         |
| Tank Terminals           | 10.3          | 8.7           | 9.8           | 10.8         | 38.3          | 46.5          |
| Gas Carriers             | 0.6           | 0.6           | 0.3           | 0.9          | 2.3           | 3.3           |
| <b>EBIT***</b>           | <b>14.2</b>   | <b>3.6</b>    | <b>98.5</b>   | <b>45.3</b>  | <b>134.0</b>  | <b>144.6</b>  |
| Chemical Tankers*        | 12.5          | 3.6           | (18.3)        | 7.8          | 14.0          | 98.1          |
| Tank Terminals**         | 1.5           | (0.3)         | 116.7         | 41.6         | 119.0         | 52.6          |
| Gas Carriers             | 0.2           | 0.2           | (0.2)         | (5.6)        | 0.7           | (7.0)         |
| Elimination              | -             | -             | 0.3           | -            | 0.3           | 0.9           |
| <b>Net finance</b>       | <b>(18.3)</b> | <b>(13.4)</b> | <b>(11.3)</b> | <b>(1.2)</b> | <b>(58.3)</b> | <b>(38.3)</b> |
| <b>Net result (loss)</b> | <b>(4.7)</b>  | <b>(10.5)</b> | <b>96.4</b>   | <b>43.5</b>  | <b>82.7</b>   | <b>100.0</b>  |
| Chemical Tankers         | (4.5)         | (8.5)         | (28.5)        | 11.7         | (38.9)        | 68.2          |
| Tank Terminals           | (0.1)         | (2.0)         | 125.0         | 36.8         | 121.9         | 38.7          |
| Gas Carriers             | 0.1           | 0.1           | (0.3)         | (5.7)        | 0.1           | (7.6)         |
| Eliminations             | (0.2)         | -             | -             | 0.7          | (0.5)         | 0.2           |

### Proportionate method

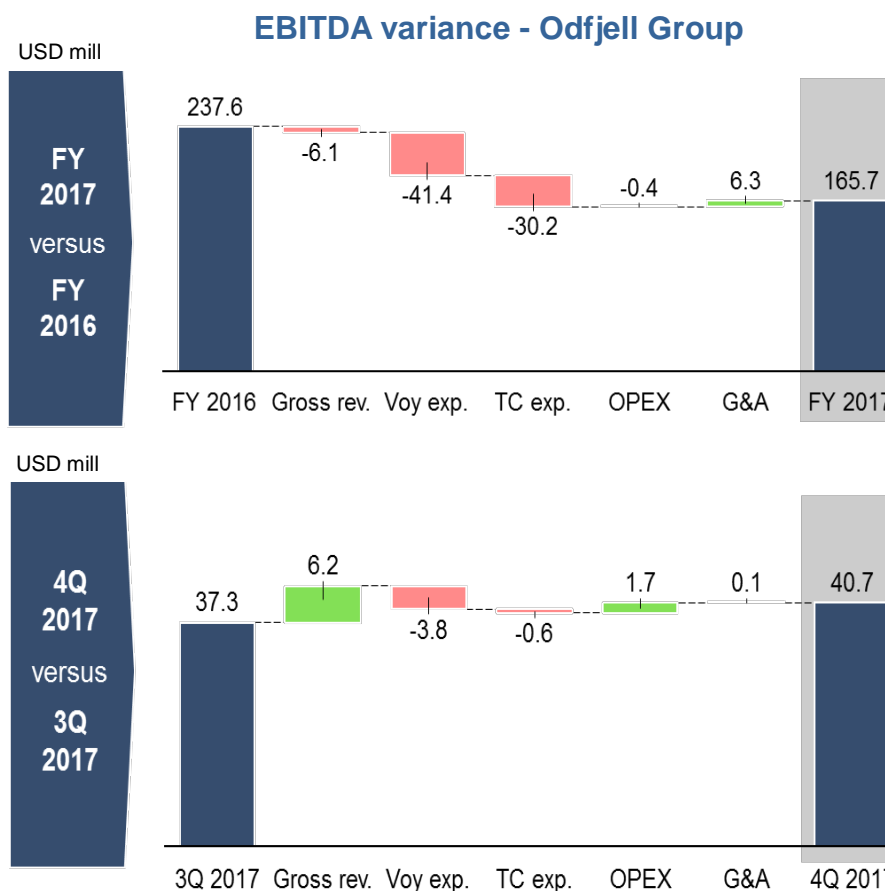
While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A large part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed 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 136 mill for the sale of the Singapore terminal in 4Q 17

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

\*\*\* Includes USD 41 mill of impairments and USD 9 mill of tax gain in 4Q 17



#### FY 2017 versus FY 2016

- Gross revenue down 3%
- Voyage expenses up 15%
- TC expenses up 18%
- Ship days up 7%
- OPEX unchanged
- G&A down 7%

## Chemical Tankers

Odfjell Tankers EBITDA improved slightly during 4Q17 relative to 3Q17 despite a continued challenging market. This development was driven by increased gross revenue due to increased trading days and stronger contributions from our regional fleets. This was partly offset by increased voyage expenses and time-charter costs. CoA levels were stable during 4Q and we have managed to renew and grow our CoA portfolio for 2018.

ODFIX was down 5.3% in 4Q17. This was mainly caused by lower revenues on the largest deep sea chemical tankers on top of some spill-over effect from Hurricane Harvey negatively affecting TCE rates on vessels loading in the US Gulf region.

Odfjell Tankers will take delivery of 12 modern and eco-friendly vessels during 1Q 2018 and this is expected to contribute positively to our results in the coming quarters.

| Chemical Tankers (USD mill)              | 2Q17  | 3Q17  | 4Q17   | 4Q16  | FY17  | FY16  |
|--|-------|-------|--------|-------|-------|-------|
| Revenues                                 | 208.9 | 207.6 | 213.2  | 204.2 | 842.5 | 832.4 |
| Gross Result                             | 47.5  | 45.3  | 47.1   | 54.8  | 193.1 | 259.6 |
| EBITDA                                   | 30.5  | 28.0  | 30.6   | 36.3  | 125.0 | 187.7 |
| EBIT                                     | 12.5  | 3.6   | (18.3) | 8.4   | 14.0  | 98.1  |
| Bunker cost per tonne (USD) <sup>3</sup> | 377   | 383   | 398    | 342   | 387   | 350   |

| Indices                       | 30.09.17 | 31.12.17 | 31.12.16 |
|-------------------------------|----------|----------|----------|
| Odfix (1990=100) <sup>1</sup> | 120      | 113      | 125      |
| Opex (2002=100) <sup>2</sup>  | 122      | 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

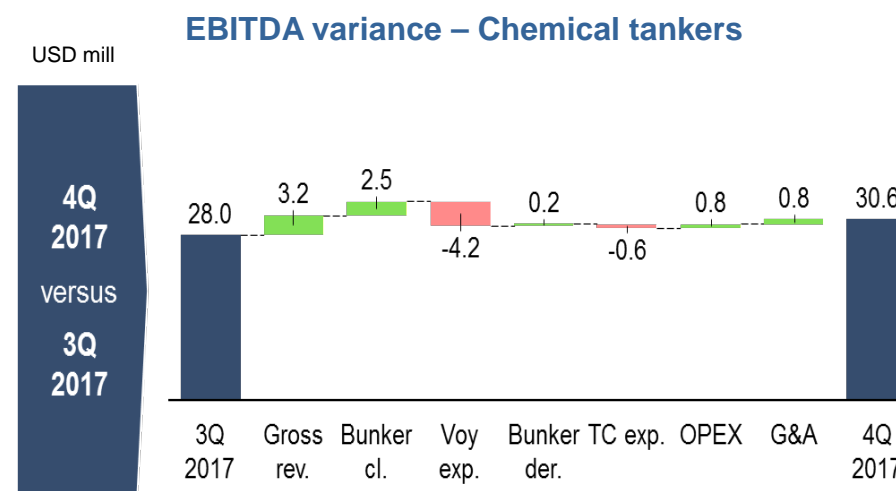
<sup>3</sup> Including effect from bunker adjustment clauses

Average bunker prices paid were USD 347 per tonne in fourth quarter, up from USD 334 per tonne the previous quarter.

We have 64% of our bunker exposure covered through bunker adjustment clauses and we do not have any remaining financial hedging for bunkers

### Outlook 1Q18

We expect 1Q18 timecharter results to be marginally better than 4Q17.



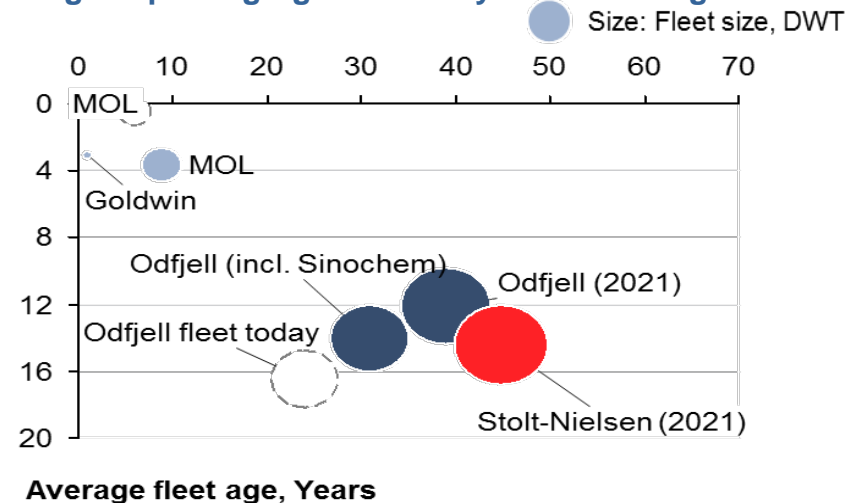
### Framework agreement with Sinochem

Odfjell SE signed a framework agreement with Sinochem Shipping in November whereby Odfjell will take 4 x 40,900 dwt chemical tankers on long-term bareboat charters. Odfjell holds purchase options for the vessels. These vessels will together with Sinochem's own 4x 40,900 dwt vessels form a pool of 8 x 40,900 dwt sophisticated chemical tankers managed exclusively by Odfjell SE.

These vessels will replace a large part of our maturing chartered-in fleet with modern and more efficient tonnage, which is expected to contribute positively to Odfjell results due to lower bunker consumption and lower timecharter-in cost for Odfjell SE.

The transaction is subject to satisfactory completion of competition law assessment and customary closing conditions.

### Large super segregator fleet by owner and age



### Odfjell SE volume and voyage days

Odfjell SE carried 2.9 million tonnes during 4Q which was largely in line with 3Q volumes. Volume development into 4Q was slightly impacted by Hurricane Harvey with repositioning and fixture activity in end-3Q having a spill-over effect into 4Q. Total voyage days in 4Q was 6,961 days of which 149 off-hire days, this was an increase from 6,788 days from the previous quarter with 154 off-hire days.

### Fleet growth programme

Odfjell SE did not take delivery of any new vessels associated with the newbuilding programme in 4Q. Three vessels on timecharter were redelivered to its owners.

The four vessels on bareboat charters from Sinochem are expected to be delivered during 2018 once the transaction is completed. In the meantime the vessels will be on commercial management with Odfjell SE.

| Yard         | Tanks     | DWT    | 2017     | 2018     | 2019     | 2020     |
|--------------|-----------|--------|----------|----------|----------|----------|
| Hudong       | Stainless | 49,000 | -        | -        | 3        | 3        |
| AVIC         | Stainless | 25,000 | 2        | 3        | -        | -        |
| Shin-Kurush  | Stainless | 35,500 | -        | 1        | 1        | -        |
| Undisclosed  | Stainless | 36,000 | -        | -        | 1        | 1        |
| Sinochem*    |           |        | -        | 4        | -        | -        |
| <b>Total</b> |           |        | <b>2</b> | <b>8</b> | <b>5</b> | <b>4</b> |

\* Subject to satisfactory completion of competition law assessment and customary closing conditions

**Market development**

The chemical tanker market improved in the second half of 4Q driven by seasonally stronger demand for chemicals and also a Benzene arbitrage contributing to a tighter market on traditional back-haul routes from Asia to US and Europe. A somewhat stronger product tanker market driven by increased refinery utilisation from Hurricane Harvey also eased competition for cargoes.

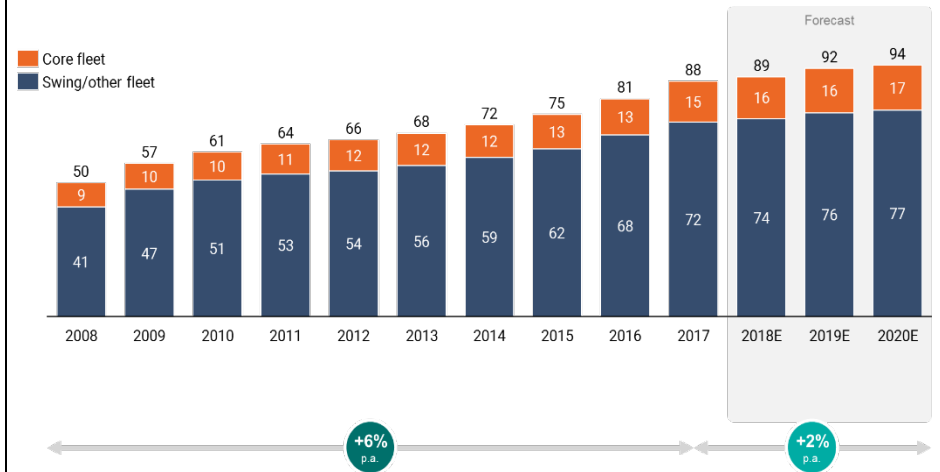
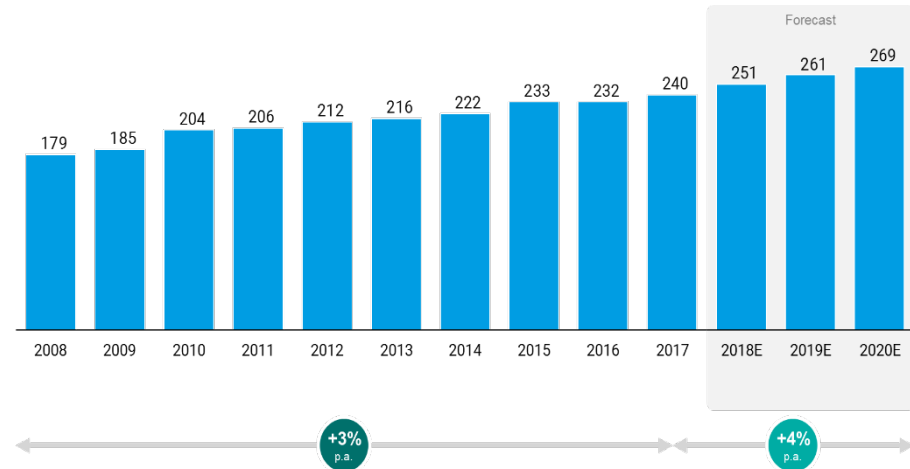
The global deep-sea fleet based on vessels larger than 18,000 dwt grew by 22 vessels in 4Q as 29 vessels were delivered and 7 vessels were scrapped. The slippage of deliveries into 2018 also helped contribute to slightly less competition than expected during the quarter.

**Market outlook**

The chemical tanker market is expected to remain challenging in the coming quarters before gradually picking up towards the end of 2018. Volume demand is expected to outpace supply growth in 2018 before an expected recovery could gain pace from 2019. We further believe that tonne-mile demand will outgrow fundamental volume demand.

Key drivers expected to support demand is large expansions of export oriented chemical plants in the US and Middle East for various liquid chemicals starting from 2018 and peaking in 2019. Further support to seaborne chemical tanker trade is expected to be driven by shutdown of small, inefficient and pollutive chemical plants in China, as a part of its environmental policies, and expected strong global GDP growth.

**Chemical tanker demand and supply outlook**



Source: Odfjell SE

## TANK TERMINALS

| Tank Terminals (USD mill) Odfjell share | 2Q17 | 3Q17  | 4Q17  | 4Q16 | FY17  | FY16  |
|---|------|-------|-------|------|-------|-------|
| Revenues                                | 27.5 | 27.0  | 27.8  | 30.7 | 110.1 | 122.7 |
| Gross Result                            | 14.8 | 13.6  | 15.4  | 16.6 | 58.3  | 69.0  |
| EBITDA                                  | 10.3 | 8.7   | 9.8   | 10.8 | 38.3  | 46.5  |
| EBIT                                    | 1.5  | (0.3) | 116.7 | 41.6 | 119.0 | 52.6  |

| EBITDA by geographical segment | 2Q17 | 3Q17 | 4Q17 | 4Q16 | FY17 | FY16 |
|--------------------------------|------|------|------|------|------|------|
| Europe                         | 2.1  | 1.8  | 2.2  | 1.7  | 7.5  | 7.0  |
| North America                  | 5.0  | 4.3  | 4.8  | 4.4  | 18.9 | 19.5 |
| Asia                           | 3.2  | 2.7  | 3.0  | 2.9  | 11.9 | 12.5 |
| Middle East                    | 0.0  | -    | -    | 1.9  | 0.0  | 7.5  |
| Total                          | 10.3 | 8.7  | 9.8  | 10.8 | 38.3 | 46.5 |

Odfjell Terminals delivered an EBITDA of USD 9.8 mill in 4Q vs. USD 8.7 mill in the previous quarter. The increase is mainly due to higher storage revenues in Houston as the result of higher occupancy and other services. 3Q was also negatively impacted by Hurricane Harvey interruption in Houston at the end of August.

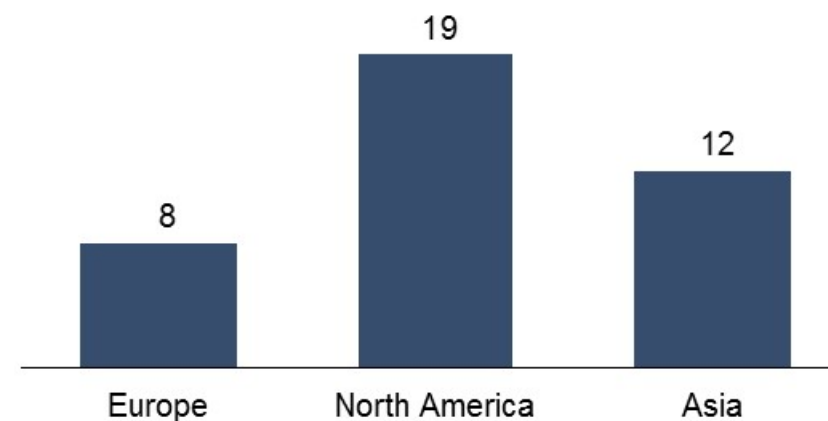
The average occupancy rate of commercially available capacity was 87%, compared to 86% last quarter. The total average available capacity amounted to 2,895,000 cbm, an increase of 81,000 cbm versus last quarter thanks to return to service of tanks in Rotterdam after completion of outfitting upgrades and maintenance.

The distillation activities (PID) at our Rotterdam terminal continues to report stable results and counters the negative market effects for conventional storage at the terminal. 2H 17

revenues for the PID reached EUR 15 mill compared to EUR 12 mill in 1H 17 and the PID capacity was 60% utilized. Tank storage at the terminal dropped to EUR 14 mill from EUR 18 mill in the same period. Upcoming low sulphur emission regulations for the shipping industry from January 2020 puts our Rotterdam PID and terminal in a unique position to produce and supply compliant fuel to the industry.

In December we closed the sale of Odfjell Terminal's 50% stake in the Singapore terminal to a fund managed by Macquarie Infrastructure and Real Assets (MIRA) for a price of around USD 300 mill (153 mill Odfjell SE share). The transaction resulted in a net gain of approximately USD 136 mill for Odfjell SE. This sale is in line with our previously announced strategy to focus on the terminals where we have managerial control of the assets and to further invest in growth opportunities in our core markets.

**Tank Terminals EBITDA FY 2017**





### Gas Carriers

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

| <b>Gas Carriers (USD mill) Odfjell share</b> | <b>2Q17</b> | <b>3Q17</b> | <b>4Q17</b> | <b>4Q16</b> | <b>FY17</b> | <b>FY16</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues                                     | 2.1         | 2.1         | 1.9         | 2.7         | 8.4         | 12.3        |
| Gross Result                                 | 0.6         | 0.7         | 1.0         | 1.1         | 4.7         | 3.6         |
| EBITDA                                       | 0.6         | 0.6         | 0.3         | 0.9         | 2.3         | 3.3         |
| EBIT   | 0.2         | 0.2         | (0.2)       | (5.6)       | 0.7         | (7.0)       |

## Finance

| Key figures (USD mill)*                   | 30.06.17 | 30.09.17 | 31.12.17 | 31.12.16 |
|---|----------|----------|----------|----------|
| Cash and available-for - sale investments | 189.7    | 111.7    | 206.6    | 174.4    |
| Interest bearing debt                     | 1,094.4  | 1,124.4  | 1,083.8  | 1,041.8  |
| Net interest bearing debt                 | 904.7    | 1,012.7  | 877.2    | 867.5    |
| Available drawing facilities              | 0.0      | 0.0      | -        | 0.0      |
| Total equity                              | 718.0    | 711.7    | 808.1    | 718.8    |
| Equity ratio                              | 37.6%    | 37.0%    | 40.6%    | 38.2%    |

\*According to equity method

Odfjell's balance sheet improved further during the quarter, and cash and cash equivalents end 4Q amounted to USD 207 mill compared with USD 112 mill end 3Q. Main changes in the cash position are related to the sale of our ownership share in the tank terminal in Singapore, instalments on newbuilds of USD 6 mill and ordinary repayment of debt.

The announced sale of our terminal in Singapore resulted in a book value gain of USD 136 mill and a cash proceed of about USD 150 mill (Odfjell share), of which USD 117 mill was transferred to Odfjell SE in December.

In 4Q, Odfjell booked a USD 22 mill impairment on our regional Asia fleet which is now considered as a separate cash generating unit (CGU) under IFRS rules. The remainder of the fleet still has good value support compared to book values. We also had a non-recurring USD 3 mill impairment related to equipment that is classified under depreciations for the quarter.

Odfjell Terminals figures were also affected by non-recurring items during the quarter. We made a USD 20 mill (our share) impairment on our Charleston terminal while we booked a USD 9 mill tax gain (our share) related to our US operations.

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 2017 and one in January 2018. Two Hudong newbuildings are financed through traditional mortgage financing. The remaining nine newbuildings are financed through long term financial leases. Our remaining capex equity required for the entire newbuilding program at year-end 2017 is limited to USD 24 mill in total.

We have USD 84 mill outstanding on our bond maturing in December 2018 and we will consider refinancing as soon as we feel the market conditions are right for Odfjell.

Based on the company's profit from the sale of the Singapore terminal, the Board proposes a dividend of NOK 1.50 per share. The dividend is subject to shareholders approval and will be voted on at the Company's Annual General Meeting, scheduled for 8 May 2018.

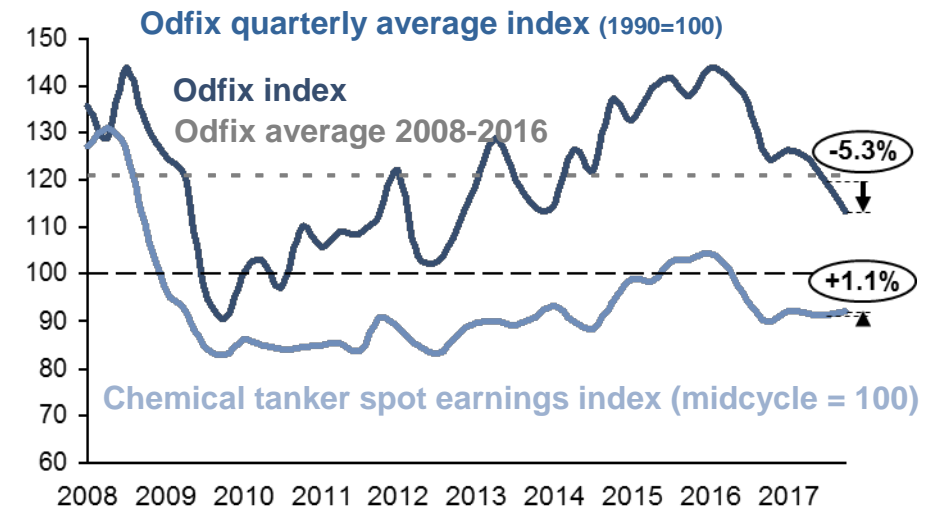
### Shareholder information

By end of December, Odfjell A and B shares were trading at NOK 31.90 and NOK 30.80 respectively, against NOK 26.70 and NOK 26.40 respectively at the close of previous quarter. In the same period the Oslo Stock Exchange Benchmark Index rose 4.0% and the Transportation Index rose 3.4%.

As of 29 December 2017, Odfjell SE had a market capitalisation of NOK 2,481 mill, which was equivalent to around USD 309 mill, including our 8.1 mill treasury shares, the market capitalisation was USD 341 mill.

## Prospects

- We continue to believe that chemical tanker markets will improve towards the end of 2018 as tonne-mile demand is expected to outgrow net fleet growth. Any significant improvement is not expected until 2019
- We expect storage demand for oil minerals to remain challenging while we expect stable demand and results for chemical storage
- We expect 1Q 2018 timecharter results to be marginally better than 4Q 2017



Bergen, 14 February 2018  
THE BOARD OF DIRECTORS OF ODFJELL SE

# ODFJELL GROUP

 (figures based on equity method)

| CONSOLIDATED INCOME STATEMENT (USD mill)   | Note | 1Q17          | 2Q17          | 3Q17          | 4Q17          | 4Q16        | FY17          | FY16          |
|--|------|---------------|---------------|---------------|---------------|-------------|---------------|---------------|
| Gross revenue  |      | 212.8         | 208.9         | 207.6         | 213.2         | 203.9       | 842.5         | 824.9         |
| Voyage expenses  |      | (80.6)        | (78.5)        | (78.0)        | (82.0)        | (74.3)      | (319.2)       | (273.0)       |
| Time-charter expenses  |      | (48.0)        | (49.6)        | (48.3)        | (48.9)        | (42.0)      | (194.8)       | (164.1)       |
| Operating expenses   |      | (31.1)        | (33.2)        | (36.0)        | (35.2)        | (32.9)      | (135.5)       | (130.8)       |
| <b>Gross Result</b>  |      | <b>53.2</b>   | <b>47.5</b>   | <b>45.3</b>   | <b>47.1</b>   | <b>54.7</b> | <b>193.1</b>  | <b>257.0</b>  |
| Share of net result from associates and JVs  | 2,7  | (0.8)         | 0.0           | (2.2)         | 125.0         | 31.1        | 122.1         | 32.2          |
| General and administrative expenses  |      | (17.2)        | (17.0)        | (17.3)        | (16.5)        | (18.5)      | (68.0)        | (71.5)        |
| <b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b> |      | <b>35.2</b>   | <b>30.5</b>   | <b>25.8</b>   | <b>155.6</b>  | <b>67.3</b> | <b>247.1</b>  | <b>217.7</b>  |
| Depreciation   | 5    | (19.9)        | (18.2)        | (23.9)        | (27.1)        | (22.5)      | (89.0)        | (88.8)        |
| Impairment   | 5    | -             | -             | -             | (21.9)        | (5.1)       | (21.9)        | (11.8)        |
| Capital gain (loss) on non-current assets  | 4    | -             | 0.2           | (0.2)         | 0.2           | 0.6         | 0.2           | 12.7          |
| <b>Operating result (EBIT)</b>   |      | <b>15.4</b>   | <b>12.5</b>   | <b>1.7</b>    | <b>106.7</b>  | <b>40.3</b> | <b>136.4</b>  | <b>129.8</b>  |
| Interest income  |      | 1.2           | 1.3           | 1.2           | 1.0           | 1.2         | 4.7           | 4.4           |
| Interest expenses  |      | (14.6)        | (14.6)        | (15.2)        | (16.0)        | (13.5)      | (60.5)        | (50.2)        |
| Other financial items  | 8    | 0.6           | (3.6)         | 2.8           | 4.7           | 17.1        | 4.4           | 22.9          |
| <b>Net financial items</b>   |      | <b>(12.8)</b> | <b>(16.9)</b> | <b>(11.3)</b> | <b>(10.4)</b> | <b>4.9</b>  | <b>(51.4)</b> | <b>(22.8)</b> |
| <b>Result before taxes</b>   |      | <b>2.6</b>    | <b>(4.3)</b>  | <b>(9.5)</b>  | <b>96.3</b>   | <b>45.2</b> | <b>85.0</b>   | <b>106.9</b>  |
| Taxes  |      | (1.0)         | (0.4)         | (1.0)         | 0.1           | (1.7)       | (2.3)         | (6.9)         |
| <b>Net Result</b>  |      | <b>1.5</b>    | <b>(4.7)</b>  | <b>(10.5)</b> | <b>96.4</b>   | <b>43.5</b> | <b>82.7</b>   | <b>100.0</b>  |

| <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>   | <b>1Q17</b> | <b>2Q17</b> | <b>3Q17</b>  | <b>4Q17</b> | <b>4Q16</b>  | <b>FY17</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  | 0.7         | 0.6         | 0.6          | (1.6)       | 1.4          | 0.3          | 3.9          |
| Cash-flow hedges transferred to profit and loss statement   | (0.6)       | (0.3)       | (1.0)        | (0.8)       | 0.2          | (2.7)        | 1.4          |
| Net unrealised gain/(loss) on available-for-sale-investments  | -           | 0.1         | -            | (0.8)       | -            | (0.7)        | 1.3          |
| Share of comprehensive income on investments accounted for using equity method                        | 2.7         | 12.2        | 5.0          | 3.2         | (5.4)        | 23.1         | (6.1)        |
| <b>Net other comprehensive income not being reclassified to profit or loss in subsequent periods:</b> |             |             |              |             |              |              |              |
| Net actuarial gain/(loss) on defined benefit plans  | -           | -           | -            | 0.3         | (0.3)        | 0.3          | (0.3)        |
| <b>Other comprehensive income</b>   | <b>2.8</b>  | <b>12.6</b> | <b>4.6</b>   | <b>0.3</b>  | <b>(4.1)</b> | <b>20.3</b>  | <b>0.2</b>   |
| <b>Total comprehensive income</b>   | <b>4.3</b>  | <b>7.9</b>  | <b>(5.9)</b> | <b>96.7</b> | <b>39.4</b>  | <b>103.0</b> | <b>100.2</b> |
| Earnings per share (USD) – basic/diluted  | 0.02        | (0.06)      | (0.13)       | 1.23        | 0.55         | 1.05         | 1.27         |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4Q17 Odfjell Group

| <b>Assets - USD mill</b>                 | <b>Note</b> | <b>31.03.17</b> | <b>30.06.17</b> | <b>30.09.17</b> | <b>31.12.17</b> | <b>31.12.16</b> |
|--|-------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Ships                                    | 5           | 1,211.6         | 1,250.3         | 1,329.0         | 1,293.5         | 1,227.8         |
| Other non-current assets                 | 5           | 11.2            | 10.5            | 9.6             | 8.4             | 11.9            |
| Investments in associates and JVs        | 7           | 340.8           | 335.2           | 339.9           | 349.5           | 337.6           |
| Loan to associates and JVs               |             | 1.8             | -               | -               | -               | 1.8             |
| Derivative financial instruments         | 6           | -               | -               | -               | 3.3             | -               |
| Non-current receivables                  |             | 10.5            | 12.2            | 11.1            | 12.0            | 10.2            |
| <b>Total non-current assets</b>          |             | <b>1,576.0</b>  | <b>1,608.2</b>  | <b>1,689.7</b>  | <b>1,666.6</b>  | <b>1,589.2</b>  |
| Current receivables                      |             | 85.9            | 80.6            | 88.4            | 83.4            | 81.1            |
| Bunkers and other inventories            |             | 15.2            | 18.5            | 19.2            | 20.9            | 17.9            |
| Derivative financial instruments         | 6           | 1.0             | 0.8             | 0.5             | -               | 1.8             |
| Available-for-sale investments           |             | 10.0            | 10.0            | 10.0            | -               | 9.9             |
| Loan to associates and JVs               |             | 13.9            | 13.9            | 13.9            | 14.8            | 13.6            |
| Cash and cash equivalents                |             | 202.3           | 179.7           | 101.7           | 206.6           | 164.5           |
| <b>Total current assets</b>              |             | <b>328.2</b>    | <b>303.6</b>    | <b>233.8</b>    | <b>325.6</b>    | <b>288.9</b>    |
| Assets held for sale                     |             | 4.6             | -               | -               | -               | 4.6             |
| <b>Total assets</b>                      |             | <b>1,908.8</b>  | <b>1,911.9</b>  | <b>1,923.4</b>  | <b>1,992.2</b>  | <b>1,882.7</b>  |
| <b>Equity and liabilities – USD mill</b> | <b>Note</b> | <b>31.03.17</b> | <b>30.06.17</b> | <b>30.09.17</b> | <b>31.12.17</b> | <b>31.12.16</b> |
| Paid in equity                           |             | 199.0           | 199.0           | 199.0           | 199.0           | 199.0           |
| Other equity                             |             | 524.3           | 518.9           | 512.7           | 609.0           | 519.8           |
| <b>Total equity</b>                      |             | <b>723.4</b>    | <b>718.0</b>    | <b>711.7</b>    | <b>808.1</b>    | <b>718.8</b>    |
| Non-current liabilities                  |             | 12.1            | 11.9            | 11.8            | 9.6             | 11.3            |
| Derivatives financial instruments        | 6           | 31.0            | 23.1            | 8.0             | -               | 29.4            |
| Non-current interest bearing debt        | 3           | 883.5           | 907.0           | 995.3           | 845.3           | 837.6           |
| <b>Total non-current liabilities</b>     |             | <b>926.6</b>    | <b>942.1</b>    | <b>1,015.1</b>  | <b>855.0</b>    | <b>878.2</b>    |
| Current portion interest bearing debt    | 3           | 191.7           | 162.4           | 129.1           | 238.5           | 204.2           |
| Current interest bearing debt            | 3           | -               | 25.0            | -               | -               | -               |
| Derivative financial instruments         | 6           | 10.9            | 5.4             | 4.9             | 23.8            | 12.9            |
| Current liabilities                      |             | 56.3            | 59.0            | 62.7            | 66.8            | 68.5            |
| <b>Total current liabilities</b>         |             | <b>258.9</b>    | <b>251.8</b>    | <b>196.6</b>    | <b>329.2</b>    | <b>285.6</b>    |
| <b>Total equity and liabilities</b>      |             | <b>1,908.8</b>  | <b>1,911.9</b>  | <b>1,923.4</b>  | <b>1,992.2</b>  | <b>1,882.7</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                 | 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)        |
| <b>Equity as at 31.12.2016</b>        | <b>199.0</b>   | <b>-</b>                  | <b>0.4</b>               | <b>0.7</b>                 | <b>1.1</b>            | <b>(19.1)</b>          | <b>536.7</b>    | <b>519.8</b>       | <b>718.8</b> |
| 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            | -              | -                         | (2.4)                    | (0.7)                      | 0.3                   | 23.1                   | -               | 20.3               | 20.3         |
| Net result                            | -              | -                         | -                        | -                          | -                     | -                      | 82.7            | 82.7               | 82.7         |
| Dividend payment                      | -              | -                         | -                        | -                          | -                     | -                      | (13.6)          | (13.6)             | (13.6)       |
| Sale of treasury shares <sup>1)</sup> | -              | -                         | -                        | -                          | -                     | -                      | 0.2             | 0.2                | 0.2          |
| Other adjustments                     | -              | -                         | -                        | -                          | -                     | -                      | (0.3)           | (0.3)              | (0.3)        |
| <b>Equity as at 31.12.2017</b>        | <b>199.0</b>   | <b>-</b>                  | <b>(2.0)</b>             | <b>-</b>                   | <b>1.4</b>            | <b>4.0</b>             | <b>605.7</b>    | <b>609.1</b>       | <b>808.1</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   | 3Q17   | 4Q17  | 4Q16  | FY17  | FY16  |
|---|-------|--------|--------|-------|-------|-------|-------|
| Earnings per share (USD) – basic/diluted                  | 0.02  | (0.06) | (0.13) | 1.23  | 0.55  | 1.05  | 1.27  |
| Return on total assets <sup>1)</sup>                      | 3.3%  | 2.6%   | 0.7%   | 1.2%  | 8.5%  | 7.4%  | 7.9%  |
| Return on equity <sup>1)</sup>                            | 0.6%  | (1.2)% | (7.0)% | 11.8% | 4.1%  | 10.8% | 14.6% |
| Return on capital employed <sup>1)</sup>                  | 3.8%  | 3.1%   | 0.5%   | 7.9%  | 4.2%  | 7.4%  | 7.9%  |
| <b>FINANCIAL RATIOS</b>                                   |       |        |        |       |       |       |       |
| Average number of outstanding shares (mill) <sup>2)</sup> | 78.6  | 78.6   | 78.6   | 78.6  | 78.6  | 78.6  | 78.7  |
| Basic/diluted equity per share (USD)                      | 9.20  | 9.13   | 9.05   | 10.28 | 9.14  | 10.28 | 9.14  |
| Share price per A-share (USD)                             | 3.92  | 3.70   | 3.36   | 3.87  | 3.39  | 3.87  | 3.39  |
| Debt repayment capability (years) <sup>1)</sup>           | 10.3  | 11.6   | 21.6   | 5.6   | 3.9   | 4.5   | 4.5   |
| Current ratio   | 1.3   | 1.2    | 1.2    | 1.1   | 1.0   | 1.1   | 1.0   |
| Equity ratio  | 37.9% | 37.6%  | 37.0%  | 40.6% | 38.2% | 40.6% | 38.2% |
| USD/NOK rate at period end                                | 8.58  | 8.38   | 7.95   | 8.24  | 8.65  | 8.24  | 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 December 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          | 4Q17         | 4Q16        | FY17          | FY16         |
|--|--------------|---------------|---------------|--------------|-------------|---------------|--------------|
| <b>CASH-FLOW FROM OPERATING ACTIVITIES</b>             |              |               |               |              |             |               |              |
| Profit before income taxes                             | 2.6          | (4.3)         | (9.5)         | 96.3         | 45.2        | 85.0          | 106.9        |
| Taxes paid in the period                               | (0.8)        | (1.0)         | (0.4)         | 0.9          | (2.2)       | (1.3)         | (4.2)        |
| Depreciation and impairment                            | 19.9         | 18.2          | 23.9          | 49.0         | 28.5        | 111.0         | 101.2        |
| Capital (gain) loss on non-current assets              | -            | (0.2)         | (0.4)         | 0.4          | (0.6)       | (0.2)         | (12.7)       |
| Capital (gain) loss on financial leases                | -            | -             | -             | -            | (21.4)      | -             | (21.4)       |
| Inventory (increase) decrease                          | 2.8          | (3.3)         | (0.7)         | (1.7)        | (8.4)       | (3.0)         | (4.9)        |
| Trade debtors (increase) decrease                      | (5.8)        | 6.0           | (11.1)        | 13.6         | 7.8         | 2.6           | 12.6         |
| Trade creditors (increase) decrease                    | (0.4)        | 1.7           | (2.8)         | 7.4          | (6.0)       | 5.9           | (2.2)        |
| Share of net result from associates and JVs            | 0.8          | (0.0)         | 2.2           | (125.0)      | (31.1)      | (122.1)       | (32.2)       |
| Unrealised changes in derivatives                      | 0.5          | (13.3)        | (15.4)        | 6.0          | 4.1         | (22.2)        | (2.4)        |
| Net interest expenses                                  | 13.4         | 13.3          | 14.0          | 15.0         | 12.2        | 55.8          | 45.8         |
| Interest received                                      | 0.7          | 1.3           | 0.2           | 1.4          | 1.0         | 3.6           | 4.2          |
| Interest paid  | (14.1)       | (16.3)        | (14.7)        | (15.9)       | (13.3)      | (61.0)        | (47.7)       |
| Effect of exchange differences                         | (1.7)        | (1.9)         | 23.6          | (8.6)        | (6.2)       | 11.4          | (1.4)        |
| Change in other current accruals                       | (11.4)       | 7.0           | 6.8           | (14.3)       | 1.4         | (12.0)        | (19.6)       |
| <b>Net cash-flow from operating activities</b>         | <b>6.2</b>   | <b>7.1</b>    | <b>15.7</b>   | <b>24.6</b>  | <b>10.9</b> | <b>53.5</b>   | <b>121.9</b> |
| <b>CASH-FLOW FROM INVESTING ACTIVITIES</b>             |              |               |               |              |             |               |              |
| Sale of non-current assets                             | -            | -             | 4.0           | -            | 25.1        | 4.0           | 52.7         |
| Investment in non-current assets                       | (3.0)        | (56.2)        | (101.7)       | (12.3)       | (31.6)      | (173.2)       | (52.7)       |
| Dividend/other from investments in associates and JV's | -            | 13.6          | -             | 117.1        | 36.0        | 130.8         | 51.0         |
| Changes in non-current receivables                     | (0.7)        | 0.2           | 1.0           | 2.3          | 9.4         | 2.8           | 5.7          |
| Change in available-for-sale-investment                | -            | -             | -             | 10.0         | -           | 10.0          | -            |
| <b>Net cash-flow from investing activities</b>         | <b>(3.7)</b> | <b>(42.4)</b> | <b>(96.6)</b> | <b>117.2</b> | <b>38.9</b> | <b>(25.5)</b> | <b>56.9</b>  |

| USD mill  | 1Q17         | 2Q17          | 3Q17          | 4Q17          | 4Q16          | FY17         | FY16           |
|---|--------------|---------------|---------------|---------------|---------------|--------------|----------------|
| <b>CASH-FLOW FROM FINANCING ACTIVITIES</b>                      |              |               |               |               |               |              |                |
| New interest bearing debt                                       | 83.7         | 187.4         | 72.0          | -             | 122.8         | 343.1        | 214.8          |
| Repayment of interest bearing debt                              | (48.7)       | (161.2)       | (69.7)        | (30.8)        | (187.5)       | (310.4)      | (320.7)        |
| Other financing items   | -            | -             | -             | (5.7)         | -             | (5.7)        | -              |
| Dividend payment  | -            | (13.9)        | -             | -             | -             | (13.9)       | -              |
| Sale/purchase of treasury shares                                | -            | -             | -             | -             | -             | -            | (25.1)         |
| <b>Net cash-flow from financing activities</b>                  | <b>35.1</b>  | <b>12.2</b>   | <b>2.3</b>    | <b>(36.5)</b> | <b>(64.7)</b> | <b>13.1</b>  | <b>(131.0)</b> |
| Effect on cash balance from currency exchange rate fluctuations | 0.4          | 0.5           | 0.6           | (0.4)         | (1.3)         | 1.0          | (0.8)          |
| <b>Net change in cash and cash equivalents</b>                  | <b>37.8</b>  | <b>(22.6)</b> | <b>(78.1)</b> | <b>104.9</b>  | <b>(16.1)</b> | <b>42.1</b>  | <b>46.9</b>    |
| Opening cash and cash equivalents                               | 164.5        | 202.3         | 179.7         | 101.7         | 180.5         | 164.5        | 117.5          |
| <b>Closing cash and cash equivalents</b>                        | <b>202.3</b> | <b>179.7</b>  | <b>101.7</b>  | <b>206.6</b>  | <b>164.5</b>  | <b>206.6</b> | <b>164.5</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 31 December 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 new revenue standard 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 impact analysis performed, 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 an impact on the Financial Statements for lessee arrangements which exists on 1 January 2019 as estimated per tables below.

The estimated impact of IFRS 16 as if implemented 31 December 2017 is illustrated below. Right of use of assets and the corresponding lease liability is calculated assuming the lease commencement date is 1 January 2017 (modified retrospective approach).

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)                        | 31.12.17 Actuals | IFRS 16 impact | 31.12.17 Revised |
|--|------------------|----------------|------------------|
| <b>ASSETS:</b>   |                  |                |                  |
| Ships  | 1,293.5          | -              | 1,293.5          |
| Right of Use assets, ships   | a) 8.4           | 143.1          | 143.1            |
| Other non-current assets   | 8.4              | -              | 8.4              |
| Right of Use assets, other   | b) 349.5         | 24.5           | 24.5             |
| Investments in associates and JVs  | 349.5            | -              | 349.5            |
| Derivative and financial instruments   | 3.3              | -              | 3.3              |
| Non-current receivables  | 12.0             | -              | 12.0             |
| <b>Total non-current assets</b>  | <b>1,666.6</b>   | <b>167.6</b>   | <b>1,834.2</b>   |
| <b>Total current assets</b>  | <b>325.6</b>     | <b>-</b>       | <b>325.6</b>     |
| <b>Total assets</b>  | <b>1,992.2</b>   | <b>167.6</b>   | <b>2,159.7</b>   |
| <b>EQUITY AND LIABILITIES:</b>   |                  |                |                  |
| Paid in equity   | 199.0            | -              | 199.0            |
| Other equity   | 609.0            | -4.3           | 604.7            |
| <b>Total equity</b>  | <b>808.1</b>     | <b>-4.3</b>    | <b>803.7</b>     |
| <b>Total non-current liabilities</b>   | c) <b>890.0</b>  | <b>88.5</b>    | <b>978.5</b>     |
| <b>Total current liabilities</b>   | c) <b>294.1</b>  | <b>83.4</b>    | <b>377.5</b>     |
| <b>Total equity and liabilities</b>  | <b>1,992.2</b>   | <b>167.6</b>   | <b>2,159.7</b>   |
| <b>Off balance sheet commitments:</b>  |                  |                |                  |
| Nominal value of future estimated operating expenses arising from time charter |                  |                |                  |
|  | d)               |                | <b>86.2</b>      |
| Present value of lease not yet commenced                                       |                  |                | <b>312.0</b>     |

- a) **Right of Use assets – vessel bare-boat and time-charter contracts:** At the end of 4Q17, the net present value of future lease payments less

operating expenses for vessels currently operating for Odfjell is estimated to USD 143.1 million.

- b) **Right of Use asset – other lease contracts:** The estimated net present value of future lease payments of office premises is USD 24.5 million.
- c) The total **lease liability** represents USD 171.9 million and represent the net present value of the lease payments not paid at the end of 4Q17. USD 83.4 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 4Q17 is USD 86.2 million. This represent services to be received over the remaining lease period by the Odfjell Group.

In addition to the calculated lease liabilities, the Group has entered into several long term bare-boat and time-charter agreements commencing in 2018 and through 2020. At the end of 2017 the net present value of the bare-boat element is calculated to USD 274 million and the nominal value of the service element is estimated to USD 38 million, total USD 312.0 million.

| Consolidated income statement<br>(USD mill) |    | 2017<br>Actuals | IFRS 16<br>impact | 2017<br>Revised |
|---|----|-----------------|-------------------|-----------------|
| Gross revenue                               |    | 842.5           | 0.0               | 842.5           |
| Voyage expenses                             |    | (319.2)         | 0.0               | (319.2)         |
| Time-charter expenses                       | e) | (194.8)         | 189.2             | (5.6)           |
| Operating expenses                          | f) | (135.5)         | (75.2)            | (210.7)         |
| <b>Gross result</b>                         |    | <b>193.1</b>    | <b>114.0</b>      | <b>307.1</b>    |
| Share of net result from JV                 |    | 122.1           | 0.0               | 122.1           |
| General and administrative                  | g) | (68.0)          | 2.6               | (65.4)          |
| <b>EBITDA</b>                               |    | <b>247.1</b>    | <b>116.6</b>      | <b>363.8</b>    |
| Capital gain / loss                         |    | 0.2             | 0.0               | 0.2             |
| Depreciation, capital gain/loss             | h) | (110.8)         | (109.4)           | (220.2)         |
| Net financial items                         | i) | (51.4)          | (11.4)            | (62.8)          |
| Taxes                                       |    | (2.3)           | 0.0               | (2.3)           |
| <b>Net result</b>                           |    | <b>82.7</b>     | <b>(4.3)</b>      | <b>78.4</b>     |

| Consolidated cash flow statement<br>(USD mill) |    | 2017<br>Actuals | IFRS 16<br>impact | 2017<br>Revised |
|--|----|-----------------|-------------------|-----------------|
| <b>Net cash flow from operations</b>           | j) | 51.9            | 105.1             | 157.0           |
| <b>Net cash flow from investments</b>          | k) | (29.6)          | 0.0               | (29.6)          |
| <b>Net cash flow from financing</b>            | l) | 18.8            | (105.1)           | (86.3)          |
| Effect on cash balance from FX                 |    | 1.0             | 0.0               | 1.0             |
| <b>Net change in cash and cash equivalents</b> |    | 42.1            | 0.0               | 42.1            |
| Opening Cash and cash equivalents              |    | 164.5           | 0.0               | 164.5           |
| <b>Closing Cash and cash equivalents</b>       |    | <b>206.6</b>    | <b>0.0</b>        | <b>206.6</b>    |

- e) **Reclassify the lease expense:** Total operating lease expense during the period is USD 194.8 million, of which USD 5.6 million is short term lease, i.e. less than 12 months from commencement date. Remaining USD 189.2 million represent time-charter and bare-boat 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 bare-boat 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 2.6 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 105.1 million which is the negative net result before tax of USD 4.3 million and added back depreciation of USD 109.4 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 105.1 million represents the repayment of the lease liability. The net impact on the cash flow statement is nil.

The table below illustrate how the right of use of assets and lease liability is estimated to change during 2018:

| Estimated changes assets | 1Q18         | 2Q18         | 3Q18        | 4Q18        |
|--------------------------|--------------|--------------|-------------|-------------|
| Opening balance          | 167.6        | 142.0        | 118.8       | 99.0        |
| Depreciation             | 25.6         | 23.2         | 19.8        | 16.6        |
| <b>Closing balance</b>   | <b>142.0</b> | <b>118.8</b> | <b>99.0</b> | <b>82.4</b> |

| Estimated changes liabilities | 1Q18         | 2Q18         | 3Q18         | 4Q18        |
|-------------------------------|--------------|--------------|--------------|-------------|
| Opening balance               | 171.9        | 147.1        | 124.4        | 104.9       |
| Instalments                   | 24.8         | 22.7         | 19.5         | 16.4        |
| <b>Closing balance</b>        | <b>147.1</b> | <b>124.4</b> | <b>104.9</b> | <b>88.5</b> |

## 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 been cancelled. The Group continue to pursue an exit from gas, and the two existing vessels are assets held for sale. The segment is operated through the joint venture Odfjell Gas AS.



**Note 3 – Net interest bearing liabilities**

| <b>USD mill</b>  | <b>31.03.17</b> | <b>30.06.17</b> | <b>30.09.17</b> | <b>31.12.17</b> | <b>31.12.16</b> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Loans from financial institutions – floating interest rate | 425.7           | 447.5           | 459.3           | 388.1           | 515.2           |
| Financial leases   | 145.9           | 196.5           | 260.8           | 257.9           | 147.2           |
| Bonds  | 318.2           | 269.3           | 282.3           | 206.3           | 181.1           |
| Current portion interest bearing debt                      | 191.7           | 162.4           | 129.1           | 238.5           | 204.2           |
| Debt transaction fees                                      | (6.3)           | (6.4)           | (7.1)           | (6.8)           | (6.0)           |
| <b>Subtotal interest bearing debt</b>                      | <b>1,075.1</b>  | <b>1,069.4</b>  | <b>1,124.4</b>  | <b>1,083.8</b>  | <b>1,041.8</b>  |
| Current interest bearing debt                              | -               | 25.0            | -               | -               | -               |
| <b>Total interest bearing debt</b>                         | <b>1,075.1</b>  | <b>1,094.4</b>  | <b>1,124.4</b>  | <b>1,083.8</b>  | <b>1,041.8</b>  |
| Cash and cash equivalent                                   | (202.3)         | (179.7)         | (101.7)         | (206.6)         | (164.5)         |
| Available for sale investments                             | (10.0)          | (10.0)          | (10.0)          | -               | (9.9)           |
| <b>Net interest bearing debt</b>                           | <b>862.8</b>    | <b>904.7</b>    | <b>1,012.7</b>  | <b>877.2</b>    | <b>867.5</b>    |
| <b>USD mill</b>  | <b>1Q17</b>     | <b>2Q17</b>     | <b>3Q17</b>     | <b>4Q17</b>     | <b>FY16</b>     |
| New interest bearing debt                                  | 83.7            | 187.4           | 72.0            | -               | 214.8           |
| Repayment of interest bearing debt                         | (48.7)          | (161.2)         | (69.7)          | (30.8)          | (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.

**Note 5 – Non-current assets**

| <b>USD mill</b>                      | <b>31.03.17</b> | <b>30.06.17</b> | <b>30.09.17</b> | <b>31.12.17</b> | <b>FY16</b>    |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Net carrying amount beginning *      | 1,239.7         | 1,239.7         | 1,239.7         | 1,239.7         | 1,294.1        |
| Investments in non-current assets    | 3.0             | 59.2            | 160.9           | 173.2           | 71.7           |
| Sale of other non-current assets     | -               | -               | -               | -               | (19.9)         |
| Depreciation and impairment          | (19.9)          | (38.0)          | (61.9)          | (111.0)         | (94.7)         |
| Reclassified to assets held for sale | -               | -               | -               | -               | (11.4)         |
| <b>Net carrying amount end</b>       | <b>1,222.8</b>  | <b>1,260.8</b>  | <b>1,338.6</b>  | <b>1,301.9</b>  | <b>1,239.7</b> |

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

Total impairment is USD 21.9 million in 2017 which is related to write-down of ship values (regional fleet). Depreciation include one-off expenses of total USD 2.3 million. In addition changes in depreciation period for some of our ships has increased depreciation in 2017 with USD 5 million.

### 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                                | 31.12.17<br>Level 1 | 31.12.17<br>Level 2 | 31.12.16<br>Level 1 | 31.12.16<br>Level 2 |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Recurring fair value measurement</b> |                     |                     |                     |                     |
| Financial assets at fair value:         |                     |                     |                     |                     |
| Available-for-sale investments          | -                   | -                   | 9.9                 | -                   |
| Derivative instruments – non hedging    | -                   | 3.3                 | -                   | 1.8                 |
| Financial liabilities at fair value:    |                     |                     |                     |                     |
| Derivative instruments – non hedging    | -                   | 21.9                | -                   | 40.8                |
| Derivative instruments – hedging        | -                   | 2.0                 | -                   | 1.5                 |

### 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                            | FY17             |                |              |              | FY16             |                |              |              |
|-------------------------------------|------------------|----------------|--------------|--------------|------------------|----------------|--------------|--------------|
|                                     | Chemical Tankers | Tank Terminals | Gas Carriers | Total        | Chemical Tankers | Tank Terminals | Gas Carriers | Total        |
| Gross revenue                       | -                | 110.1          | 8.4          | <b>118.5</b> | 7.3              | 122.7          | 12.3         | <b>142.3</b> |
| EBITDA                              | -                | 38.3           | 2.3          | <b>40.6</b>  | 2.2              | 46.6           | 2.8          | <b>51.6</b>  |
| EBIT                                | -                | 119.0          | 0.7          | <b>119.7</b> | 1.4              | 52.6           | (7.5)        | <b>46.5</b>  |
| Net result                          | -                | 121.9          | 0.1          | <b>122.1</b> | 1.1              | 38.7           | (8.1)        | <b>31.7</b>  |
| Non-current assets                  | -                | 498.0          | -            | <b>498.0</b> | -                | 516.2          | 40.8         | <b>557.0</b> |
| Current assets                      | -                | 81.7           | 3.7          | <b>85.4</b>  | -                | 61.8           | 2.7          | <b>64.5</b>  |
| Assets held for sale                | -                | -              | 21.3         | <b>21.3</b>  | -                | -              | -            | <b>-</b>     |
| <b>Total assets</b>                 | <b>-</b>         | <b>579.7</b>   | <b>25.0</b>  | <b>604.7</b> | <b>-</b>         | <b>578.0</b>   | <b>43.5</b>  | <b>621.5</b> |
| <b>Total equity closing balance</b> | <b>-</b>         | <b>333.6</b>   | <b>15.8</b>  | <b>349.5</b> | <b>-</b>         | <b>309.2</b>   | <b>28.3</b>  | <b>337.5</b> |
| Non-current liabilities             | -                | 170.3          | -            | <b>170.3</b> | -                | 107.1          | -            | <b>107.1</b> |
| Current liabilities                 | -                | 75.7           | 9.2          | <b>84.9</b>  | -                | 161.6          | 15.2         | <b>176.8</b> |
| Liabilities held for sale           | -                | -              | -            | <b>-</b>     | -                | -              | -            | <b>-</b>     |
| <b>Total liabilities</b>            | <b>-</b>         | <b>246.1</b>   | <b>9.2</b>   | <b>255.2</b> | <b>-</b>         | <b>268.7</b>   | <b>15.2</b>  | <b>283.9</b> |

In December 2017 we divested our shares in Oiltanking Odfjell Terminal Singapore Pte Ltd. This transaction resulted in a capital gain of USD 136.4 million for the Odfjell share. In December Odfjell SE received USD 117.1 million in dividend from Odfjell Terminals BV. In 4Q17 we recognized an impairment of USD 20.6 million related to the terminal in Charleston.

In December 2016 we divested our shares in Oiltanking Odfjell Terminals & Co. LLC. This transaction resulted in a capital gain of USD 44.0 mill.

### Note 8 – Other financial items

| USD mill                             | 1Q17       | 2Q17         | 3Q17       | 4Q17       | 4Q16        | FY17       | FY16        |
|--------------------------------------|------------|--------------|------------|------------|-------------|------------|-------------|
| Changes in fair value in derivatives | (0.5)      | 12.8         | 15.9       | (6.0)      | (4.1)       | 22.2       | 2.4         |
| Currency gains (losses)              | 1.0        | (13.2)       | (13.1)     | 10.8       | 6.9         | (14.6)     | 4.0         |
| Other                                | 0.1        | (3.2)        | 0.0        | (0.1)      | 14.3        | (3.2)      | 16.5        |
| <b>Total other financial items</b>   | <b>0.6</b> | <b>(3.6)</b> | <b>2.8</b> | <b>4.7</b> | <b>17.1</b> | <b>4.4</b> | <b>22.9</b> |

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**

| <b>CONSOLIDATED INCOME STATEMENT (USD mill)</b>  | <b>FY17</b>   | <b>FY16</b>   |
|--|---------------|---------------|
| Gross revenue  | 961.1         | 967.2         |
| Voyage expenses  | (322.9)       | (281.5)       |
| Time-charter expenses  | (194.8)       | (164.6)       |
| Operating expenses   | (189.5)       | (189.1)       |
| <b>Gross result</b>  | <b>253.8</b>  | <b>332.0</b>  |
| General and administrative expenses  | (88.1)        | (94.4)        |
| <b>Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)</b> | <b>165.7</b>  | <b>237.6</b>  |
| Depreciation   | 2 (124.7)     | (125.1)       |
| Impairment   | 1 (42.6)      | (24.7)        |
| Capital gain (loss) on non-current assets/sale of business   | 135.5         | 56.9          |
| <b>Operating result (EBIT)</b>   | <b>134.0</b>  | <b>144.6</b>  |
| Interest income  | 4.0           | 3.0           |
| Interest expenses  | (69.7)        | (60.5)        |
| Other financial items  | 7.4           | 19.1          |
| <b>Net financial items</b>   | <b>(58.3)</b> | <b>(38.3)</b> |
| <b>Result before taxes</b>   | <b>75.7</b>   | <b>106.4</b>  |
| Taxes  | 3 7.0         | (6.4)         |
| <b>Net result</b>  | <b>82.7</b>   | <b>100.0</b>  |

- 1) Impairment is related to write-down of ships (see note 5) and terminals.
- 2) Depreciation influenced by changes in depreciation period, and one-off expenses, see note 5.
- 3) Reduced deferred tax liability decreased due to changes in tax rate in USA.

| <b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (USD mill)</b> | <b>31.12.17</b> | <b>31.12.16</b> |
|--|-----------------|-----------------|
| Intangible assets  | 51.4            | 53.6            |
| Ships  | 1,237.8         | 1,225.4         |
| Newbuilding contracts  | 55.8            | 43.3            |
| Tank terminals assets  | 383.8           | 420.1           |
| Other non-current assets                                       | 44.7            | 50.5            |
| Non-current receivables  | 46.7            | 20.7            |
| <b>Total non-current assets</b>                                | <b>1,820.1</b>  | <b>1,813.5</b>  |
| Current receivables  | 112.6           | 105.7           |
| Bunkers and other inventories                                  | 21.7            | 18.8            |
| Derivative financial instruments                               | -               | 1.8             |
| Available-for-sale investments                                 | -               | 9.9             |
| Cash and cash equivalent                                       | 266.7           | 206.7           |
| Assets held for sale   | 21.3            | 4.6             |
| <b>Total current assets</b>                                    | <b>422.3</b>    | <b>347.5</b>    |
| <b>Total assets</b>  | <b>2,242.4</b>  | <b>2,161.0</b>  |
| Paid in equity   | 199.0           | 199.0           |
| Other equity   | 609.0           | 519.8           |
| <b>Total equity</b>  | <b>808.1</b>    | <b>718.8</b>    |
| Non-current liabilities  | 31.9            | 35.9            |
| Derivative financial instruments                               | 0.1             | 29.9            |
| Non-current interest bearing debt                              | 993.4           | 919.5           |
| <b>Total non-current liabilities</b>                           | <b>1,025.3</b>  | <b>985.3</b>    |
| Current portion of interest bearing debt                       | 281.5           | 344.0           |
| Derivative financial instruments                               | 23.9            | 12.9            |
| Current liabilities  | 103.6           | 99.9            |
| Liabilities held for sale                                      | -               | 0.0             |
| <b>Total current liabilities</b>                               | <b>409.0</b>    | <b>456.9</b>    |
| <b>Total equity and liabilities</b>                            | <b>2,242.4</b>  | <b>2,161.0</b>  |

Fleet list as per 31 December 2017

| CHEMICAL TANKERS | BUILT | DWT    | STAINLESS  |        | TANKS | OWNERSHIP    |
|------------------|-------|--------|------------|--------|-------|--------------|
|                  |       |        | STEEL, CBM | CBM    |       |              |
| Bow Neon         | 2017  | 24 786 | 28 644     | 28 644 | 24    | Leased       |
| Bow Palladium    | 2017  | 24 764 | 29 041     | 29 041 | 24    | Leased       |
| Bow Firda        | 2003  | 37 427 | 40 645     | 40 645 | 47    | Owned        |
| Bow Chain        | 2002  | 37 518 | 40 621     | 40 621 | 47    | Owned        |
| Bow Fortune      | 1999  | 37 395 | 40 619     | 40 619 | 47    | Owned        |
| Bow Flora        | 1998  | 37 369 | 40 515     | 33 236 | 47    | Owned        |
| Bow Cecil        | 1998  | 37 369 | 40 515     | 33 236 | 47    | Owned        |
| Bow Faith        | 1997  | 37 479 | 41 487     | 34 208 | 52    | Owned        |
| Bow Cardinal     | 1997  | 37 446 | 41 487     | 34 208 | 52    | Owned        |
| Bow Jubail       | 1996  | 37 499 | 41 488     | 34 209 | 52    | Bareboat     |
| Bow Cedar        | 1996  | 37 455 | 41 488     | 41 488 | 52    | Owned        |
| Bow Fagus        | 1995  | 37 375 | 41 608     | 34 329 | 52    | Owned        |
| Bow Mekka        | 1995  | 37 272 | 41 606     | 34 257 | 52    | Bareboat     |
| Bow Clipper      | 1995  | 37 221 | 41 596     | 34 328 | 52    | Owned        |
| Bow Riyad        | 1995  | 37 221 | 41 492     | 34 213 | 52    | Bareboat     |
| Bow Flower       | 1994  | 37 221 | 41 492     | 34 213 | 52    | Owned        |
| Bow Saga         | 2007  | 49 559 | 52 126     | 52 126 | 40    | Owned        |
| Bow Sea          | 2006  | 49 592 | 52 107     | 52 107 | 40    | Owned        |
| Bow Sirius       | 2006  | 49 539 | 52 155     | 52 155 | 40    | Owned        |
| Bow Summer       | 2005  | 49 592 | 52 128     | 52 128 | 40    | Owned        |
| Bow Sky          | 2005  | 49 479 | 52 126     | 52 126 | 40    | Leased       |
| Bow Star         | 2004  | 49 487 | 52 127     | 52 127 | 40    | Owned        |
| Bow Spring       | 2004  | 49 429 | 52 127     | 52 127 | 40    | Owned        |
| Bow Sun          | 2003  | 42 459 | 52 127     | 52 127 | 40    | 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 Tone         | 2009  | 33 625 | 37 974     | 37 974 | 16    | Time charter |
| Bow Compass      | 2009  | 33 609 | 37 994     | 37 994 | 16    | Owned        |
| Bow Heron        | 2008  | 33 707 | 37 365     | 37 365 | 16    | Time charter |
| Bow Sagami       | 2008  | 33 641 | 38 000     | 38 000 | 16    | Time charter |
| Bow Kiso         | 2008  | 33 641 | 37 974     | 37 974 | 16    | Time charter |
| Bow Harmony      | 2008  | 33 619 | 38 052     | 38 052 | 16    | Leased       |
| Bow Engineer     | 2006  | 30 086 | 36 274     | 36 274 | 28    | Leased       |
| Bow Architect    | 2005  | 30 058 | 36 290     | 36 290 | 28    | Leased       |
| Southern Owl     | 2016  | 26 057 | 27 656     | 27 656 | 26    | Time charter |
| Southern Puma    | 2016  | 26 057 | 27 079     | 27 079 | 24    | Time charter |
| RT Star          | 2011  | 26 199 | 27 912     | 27 912 | 18    | Time charter |
| Southern Quokka  | 2017  | 26 077 | 29 049     | 29 049 | 24    | Time charter |

| CHEMICAL TANKERS               | BUILT     | DWT              | STAINLESS        |                  | TANKS        | OWNERSHIP    |
|--------------------------------|-----------|------------------|------------------|------------------|--------------|--------------|
|                                |           |                  | STEEL, CBM       | CBM              |              |              |
| Horn Trader                    | 2015      | 19 856           | 22 129           | 22 129           | 18           | Time charter |
| Gion Trader                    | 2015      | 19 833           | 22 130           | 22 130           | 18           | Time charter |
| Southern Koala                 | 2010      | 21 290           | 20 008           | 20 008           | 20           | Time charter |
| Southern Jaguar                | 2009      | 19 997           | 22 157           | 22 157           | 20           | Time charter |
| Southern Ibis                  | 2009      | 19 905           | 22 158           | 22 158           | 20           | Time charter |
| Celsius Mayfair                | 2007      | 19 999           | 21 714           | 21 714           | 20           | Time charter |
| Flumar Maceio                  | 2006      | 19 975           | 21 713           | 21 713           | 22           | Owned        |
| Celsius Manhattan              | 2006      | 19 807           | 22 143           | 22 143           | 22           | Time charter |
| Bow Fuji                       | 2006      | 19 805           | 22 140           | 22 140           | 22           | Time charter |
| Celsius Monaco                 | 2004      | 19 999           | 11 986           | 11 986           | 20           | Time charter |
| Celsius Mumbai                 | 2005      | 19 993           | 22 186           | 22 186           | 22           | Time charter |
| Moyra                          | 2005      | 19 806           | 22 838           | 22 838           | 18           | Time charter |
| Bow Santos                     | 2004      | 19 997           | 21 846           | 21 846           | 22           | 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 Triumph                    | 2014      | 49 622           | 53 188           | 0                | 22           | Owned        |
| Bow Trident                    | 2014      | 49 622           | 53 188           | 0                | 22           | Owned        |
| Bow Tribute                    | 2014      | 49 622           | 53 188           | 0                | 22           | Leased       |
| Bow Trajectory                 | 2014      | 49 622           | 53 188           | 0                | 22           | Leased       |
| Bow Elm                        | 2011      | 46 098           | 48 698           | 0                | 29           | Owned        |
| Bow Lind                       | 2011      | 46 047           | 48 698           | 0                | 29           | Owned        |
| Flumar Brasil                  | 2010      | 51 188           | 55 452           | 0                | 14           | Owned        |
| Bow Pioneer                    | 2013      | 75 000           | 86 000           | 0                | 30           | Owned        |
| Bow Oceanic                    | 1997      | 17 460           | 19 616           | 19 616           | 24           | Owned        |
| Bow Atlantic                   | 1995      | 17 460           | 19 588           | 19 588           | 24           | Owned        |
| Bow Condor                     | 2000      | 16 121           | 17 622           | 17 622           | 30           | Owned        |
| Bow Andes                      | 2000      | 16 020           | 17 120           | 17 120           | 22           | Owned        |
| SG Pegasus                     | 2011      | 13 086           | 14 523           | 14 523           | 16           | Time charter |
| Stellar Wisteria               | 2011      | 12 601           | 14 715           | 14 715           | 18           | Time charter |
| Stellar Orchid                 | 2011      | 12 571           | 14 713           | 14 713           | 18           | Time charter |
| Marex Noa                      | 2015      | 12 478           | 14 067           | 14 067           | 16           | Time charter |
| Bow Querida                    | 1996      | 10 106           | 11 181           | 11 181           | 18           | Owned        |
| Bow Asia                       | 2004      | 9 901            | 11 088           | 11 088           | 20           | Bareboat     |
| Bow Singapore                  | 2004      | 9 888            | 11 089           | 11 089           | 20           | Bareboat     |
| Bow Nangang                    | 2013      | 9 156            | 10 523           | 10 523           | 14           | Owned        |
| Bow Dalian                     | 2012      | 9 156            | 10 523           | 10 523           | 14           | Owned        |
| Bow Fuling                     | 2012      | 9 156            | 10 523           | 10 523           | 14           | Owned        |
| Sun Triton                     | 2017      | 12 670           | 13 228           | 13 228           | 16           | Time charter |
| <b>Total Chemical Tankers:</b> | <b>76</b> | <b>2 301 653</b> | <b>2 516 612</b> | <b>1 991 397</b> | <b>2 147</b> |              |

| 3rd party*              | BUILT    | DWT            | STAINLESS     |               | TANKS     | OWNERSHIP             |
|-------------------------|----------|----------------|---------------|---------------|-----------|-----------------------|
|                         |          |                | STEEL, CBM    | CBM           |           |                       |
| CTG Argon               | 2017     | 24 761         | 17 139        | 17 139        | 24        | Pool                  |
| SC Taurus               | 2017     | 40 964         | 26 364        | 26 364        | 30        | Commercial Management |
| SC Scorpio              | 2017     | 40 964         | 26 364        | 26 364        | 30        | Commercial Management |
| <b>Total 3rd party:</b> | <b>3</b> | <b>106 689</b> | <b>69 867</b> | <b>69 867</b> | <b>84</b> |                       |

\* Pool participation and commercial management

| SUMMARIZED                     | NUMBER    | DWT              | STAINLESS        |                  | TANKS        |
|--------------------------------|-----------|------------------|------------------|------------------|--------------|
|                                |           |                  | STEEL, CBM       | CBM              |              |
| Owned                          | 35        | 1 246 725        | 1 360 441        | 964 275          | 1 193        |
| Time charter                   | 28        | 631 111          | 682 605          | 681 838          | 554          |
| Leased                         | 8         | 292 036          | 326 803          | 220 427          | 204          |
| Bareboat                       | 5         | 131 781          | 146 764          | 124 857          | 196          |
| Pool                           | 1         | 24 761           | 17 139           | 17 139           | 24           |
| Commercial Management          | 2         | 81 928           | 52 728           | 52 728           | 60           |
| <b>Total Chemical Tankers:</b> | <b>79</b> | <b>2 408 342</b> | <b>2 586 479</b> | <b>2 061 264</b> | <b>2 231</b> |

**NEWBUILDINGS ON ORDER:**

| CHEMICAL TANKERS                              | NUMBER    | DWT            | STAINLESS      |                | TANKS      | DELIVERY    | OWNERSHIP    |
|---|-----------|----------------|----------------|----------------|------------|-------------|--------------|
|   |           |                | STEEL, CBM     | 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     |
| <b>Total newbuildings:</b>                    | <b>14</b> | <b>516 057</b> | <b>571 956</b> | <b>571 956</b> | <b>422</b> |             |              |

\*In addition Chemical Transportation Group, Inc (CTG) continue to own 4 sister vessels which will be placed in a pool managed by Odjfell 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      |
| <b>Total Gas Carriers:</b> | <b>2</b> | <b>20 564</b> | <b>17 844</b> |              | <b>4</b> |           |

**FLEET CHANGES SINCE LAST QUARTER:**

|                         | BUILT | DWT    | STAINLESS  |        | OWNERSHIP | MONTH                 |
|-------------------------|-------|--------|------------|--------|-----------|-----------------------|
|                         |       |        | STEEL, CBM | TANKS  |           |                       |
| <b>Fleet additions;</b> |       |        |            |        |           |                       |
| SC Taurus               | 2017  | 40 964 | 26 364     | 26 364 | 30        | Commercial Management |
| SC Scorpio              | 2017  | 40 964 | 26 364     | 26 364 | 30        | Commercial Management |
| CTG Argon               | 2017  | 24 761 | 17 139     | 17 139 | 24        | Pool                  |
| <b>Fleet disposals;</b> |       |        |            |        |           |                       |
| Celsius Miami           | 2005  | 19 991 | 22 192     | 22 192 | 22        | Time charter          |

**FLEET CHANGES AFTER 31 DECEMBER 2017:**

|                         | BUILT | DWT    | STAINLESS  |        | OWNERSHIP | MONTH                 |
|-------------------------|-------|--------|------------|--------|-----------|-----------------------|
|                         |       |        | STEEL, CBM | TANKS  |           |                       |
| <b>Fleet additions;</b> |       |        |            |        |           |                       |
| SC Aquarius             | 2016  | 40 901 | 26 364     | 26 364 | 30        | Commercial Management |
| Bow Platinum            | 2017  | 25 000 | 16 000     | 16 000 | 24        | Leased                |
| SC Virgo                | 2017  | 40 870 | 26 568     | 26 568 | 30        | Commercial Management |
| Southern shark          | 2018  | 25 500 | 14 965     | 14 965 | 26        | Time charter          |
| SC Hercules             | 2017  | 40 900 | 26 364     | 26 364 | 30        | Bareboat              |
| SC Gemini               | 2017  | 40 895 | 26 364     | 26 364 | 30        | Pool                  |
| SC Draco                | 2016  | 40 924 | 26 364     | 26 364 | 30        | Pool                  |
| CTG Cobalt              | 2018  | 25 000 | 17 139     | 17 139 | 24        | Pool                  |
| CTG Mercury             | 2019  | 25 000 | 17 139     | 17 139 | 24        | Pool                  |
| <b>Fleet disposals;</b> |       |        |            |        |           |                       |
| Celsius Monaco          | 2004  | 19 999 | 11 986     | 11 986 | 20        | Time charter          |
| Bow Heron               | 2008  | 33 707 | 38 000     | 38 000 | 16        | Time charter          |
| Southern Ibis           | 2009  | 19 905 | 22 158     | 22 158 | 20        | Time charter          |
| Southern Jaguar         | 2009  | 19 997 | 11 757     | 11 757 | 20        | Time charter          |

| <b>TANK TERMINALS</b>                       | <b>LOCATION</b>    | <b>OWNERSHIP<sup>1</sup></b> | <b>CBM</b>       | <b>STAINLESS STEEL, CBM</b> | <b>NUMBER OF TANKS</b> |                |
|---|--------------------|------------------------------|------------------|-----------------------------|------------------------|----------------|
| Odfjell Terminals (Rotterdam) B.V.          | Rotterdam, NL      | 51%                          | 1,636,135        | 32,550                      | 281                    |                |
| Odfjell Terminals Maritiem B.V.             | Rotterdam, NL      | 51%                          | 0                | 0                           | 0                      | jetty services |
| 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           | Ulsan, Korea       | 25.50%                       | 313,710          | 15,860                      | 85                     |                |
| Odfjell Nangang Terminals (Tianjin) Co.,Ltd | Tianjin, China     | 24.99%                       | 137,800          | 7,000                       | 26                     |                |
| Noord Natie Terminals NV                    | Antwerp, Belgium   | 12.75%                       | 348,499          | 37,980                      | 241                    |                |
| <b>Total terminals</b>                      | <b>8 terminals</b> |                              | <b>3,114,919</b> | <b>254,920</b>              | <b>834</b>             |                |

| <b>PROJECTS AND EXPANSIONS</b>              | <b>LOCATION</b>  | <b>OWNERSHIP<sup>1</sup></b> | <b>CBM</b> | <b>STAINLESS STEEL, CBM</b> | <b>ESTIMATED COMPLETION</b> |
|---|------------------|------------------------------|------------|-----------------------------|-----------------------------|
| Odfjell Changxing Terminals (Dalian) Co.Ltd | Changxing, China | 20.4%                        |            |                             | TBD                         |
| <b>Total expansion terminals</b>            |                  |                              | <b>0</b>   | <b>0</b>                    |                             |

| <b>TANK TERMINALS PARTLY OWNED BY RELATED PARTIES</b>       | <b>LOCATION</b>         | <b>CBM</b>     | <b>STAINLESS STEEL, CBM</b> | <b>NUMBER OF TANKS</b> |
|---|-------------------------|----------------|-----------------------------|------------------------|
| Depositos Quimicos Mineros S.A.                             | Callao, Peru            | 66,230         | 1,600                       | 55                     |
| Granel Quimica Ltda   | Santos I, Brazil        | 97,720         | 19,880                      | 99                     |
| Granel Quimica Ltda   | Rio Grande, Brazil      | 61,150         | 2,900                       | 32                     |
| Granel Quimica Ltda   | Sao Luis I, Brazil      | 75,710         | 0                           | 35                     |
| Granel Quimica Ltda   | Sao Luis II, Brazil     | 49,680         | 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 | 38,720         | 530                         | 60                     |
| Odfjell Terminals Tagsa S.A.                                | Campana, Argentina      | 68,670         | 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>13 terminals</b>     | <b>552,740</b> | <b>35,100</b>               | <b>455</b>             |

| <b>PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES</b> | <b>LOCATION</b>   | <b>CBM</b>    | <b>STAINLESS STEEL, CBM</b> | <b>ESTIMATED COMPLETION</b> |
|---|-------------------|---------------|-----------------------------|-----------------------------|
| Granel Quimica Ltda   | Santos II, Brazil | 51,910        | 0                           | Q2 2019                     |
| <b>Total expansion tank terminals partly owned by related parties</b>         |                   | <b>51,910</b> | <b>0</b>                    |                             |

|   |                              |                  |                |  |
|---|------------------------------|------------------|----------------|--|
| <b>Grand total (incl. related tank terminals partly owned by related parties)</b> | <b>21 existing terminals</b> | <b>3,667,659</b> | <b>290,020</b> |  |
|---|------------------------------|------------------|----------------|--|

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



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