

# Second Quarter 2013 Results

*Oslo – 23 August 2013*



# Agenda

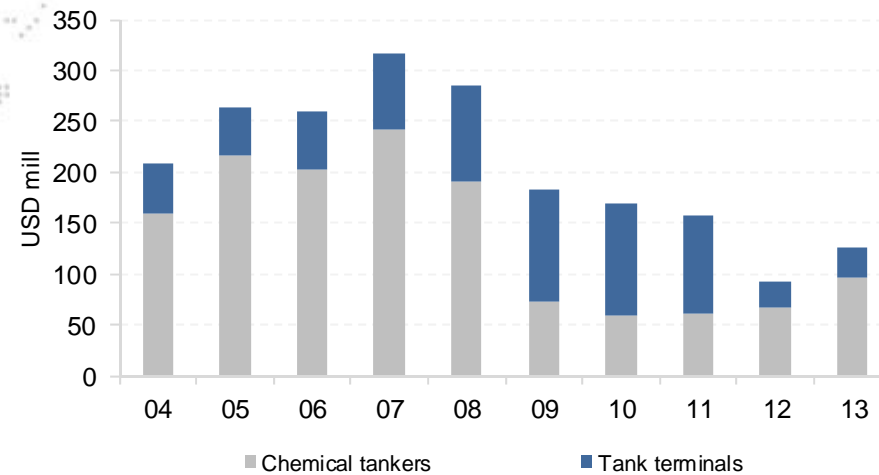
- Highlights
- Financials
- Operational review
- Market update and prospects
- Summary
- Q&A session



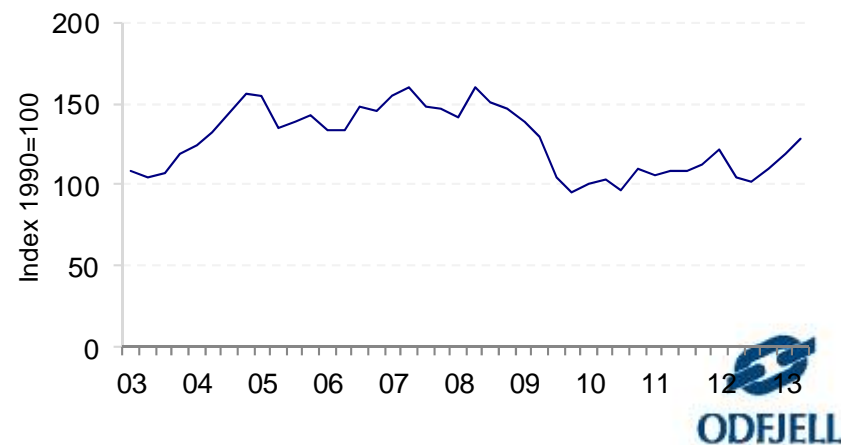
# Highlights

- EBITDA of USD 36 million compared to USD 27 million in first quarter
- Improvement reflects a better utilization of our chemical tanker fleet and a somewhat better market
- Time-charter results up 8% compared with last quarter
- Best quarter for chemical tankers since third quarter 2008
- Delivery of Bow Pioneer, the world's largest chemical tanker

Annual EBITDA – actual ownership



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# Highlights

- Finalization of agreements with Lindsay Goldberg to expand our existing partnership to include substantially all tank terminal assets
- New tank terminal projects in China, USA and Europe

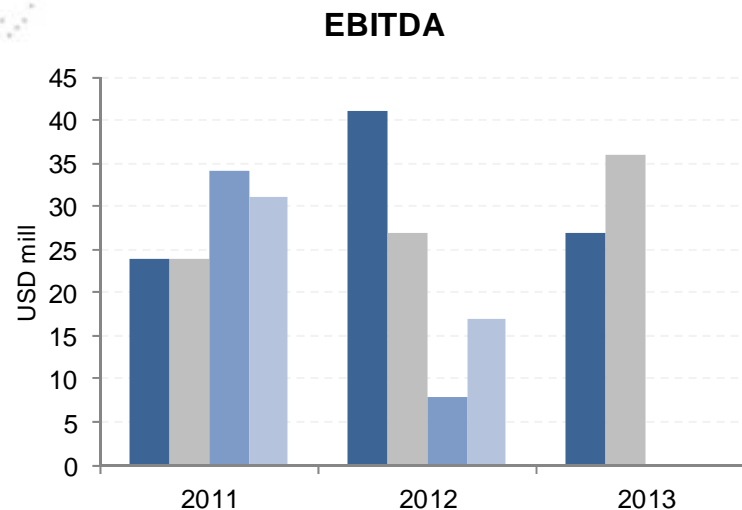
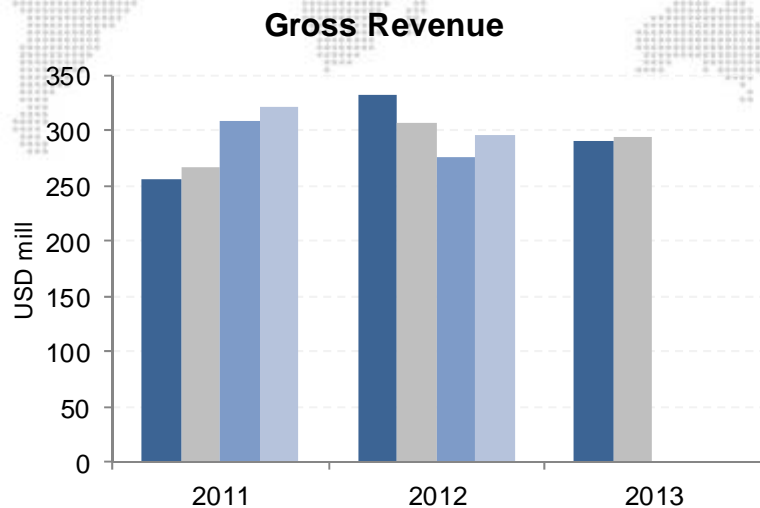


## Income statement - Second quarter 2013

<i>USD mill</i>	2Q13	1Q13
Gross revenue	294	291
Voyage expenses	(116)	(122)
TC expenses	(39)	(44)
Operating expenses	(69)	(68)
General and administrative expenses	(34)	(32)
Operating result before depr. (EBITDA)	36	27
Depreciation	(31)	(31)
Capital gain/loss on fixed assets	3	(1)
Operating result (EBIT)	8	(6)
Net finance	(10)	(6)
Taxes	(0)	(2)
Net result	(2)	(13)

# Quarterly figures - *from continued operation*

USD mill



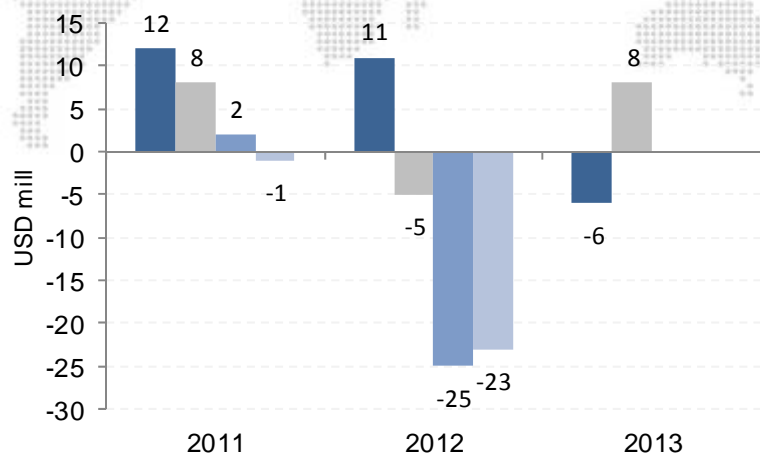
- Increase in EBITDA of USD 9 million compared to last quarter reflecting better utilization of the chemical tanker fleet



# Quarterly figures - from continued operation

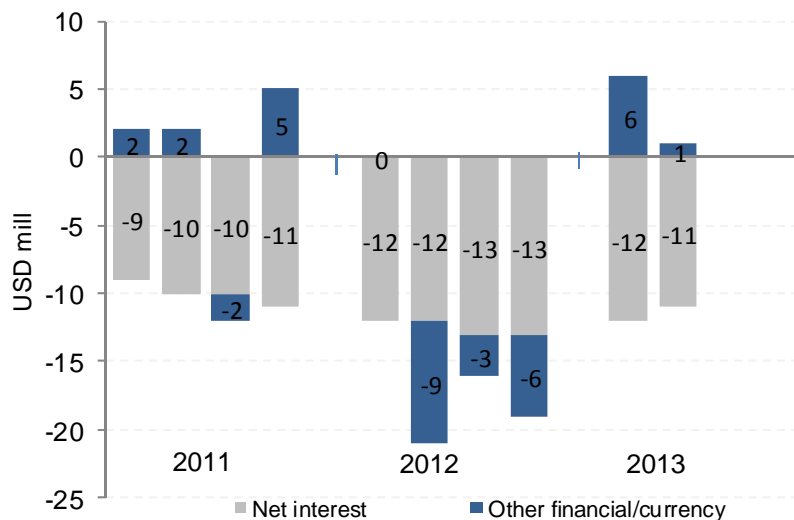
USD mill

Operating Result (EBIT)

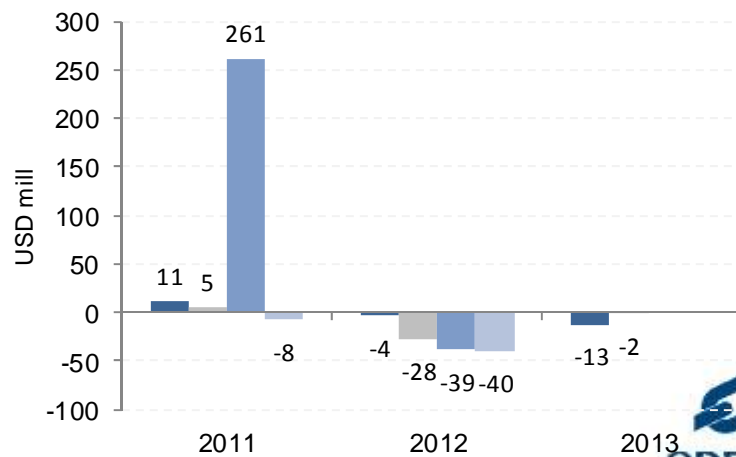


- Increase in EBIT of USD 14 million compared to last quarter
- Stable net interest
- Capital gain of USD 5.4 million following the LG transaction this quarter
- Capital loss of USD 2.6 million on vessel sale

Net Finance



Net Result



## Balance sheet – 30.06.2013

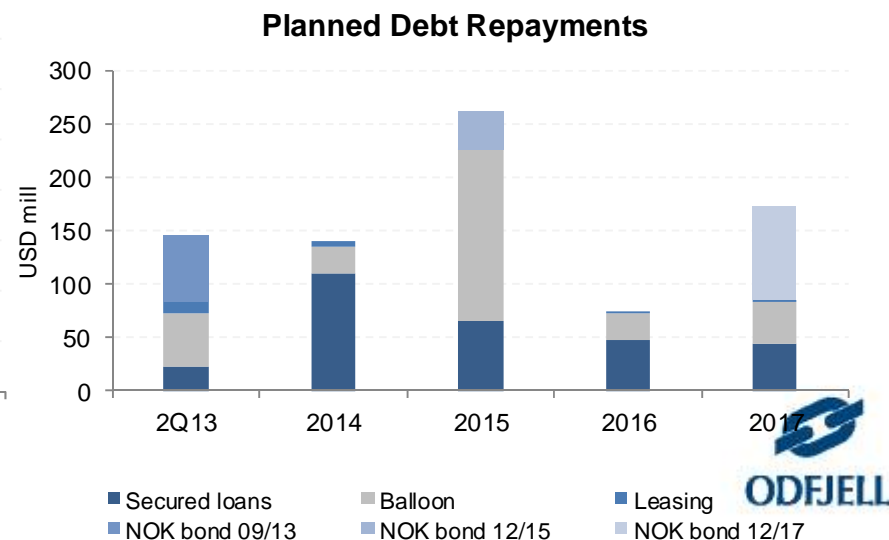
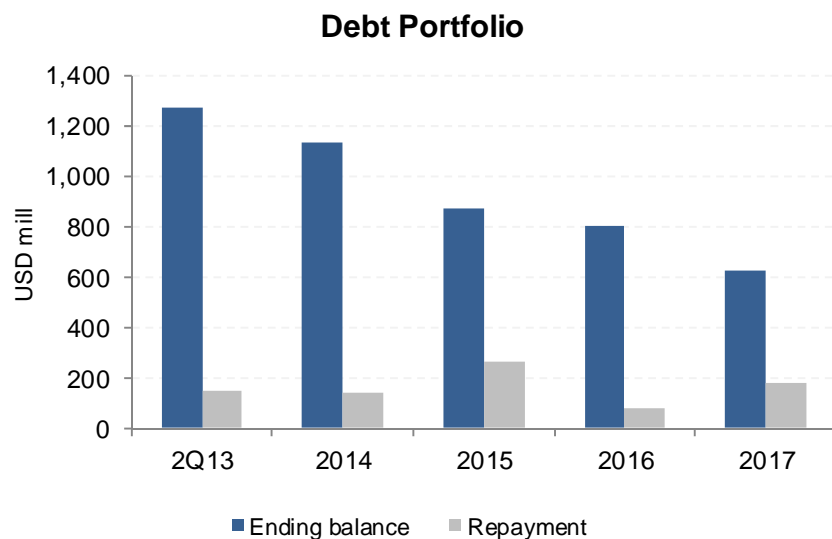
<i>USD mill - Assets</i>		<i>Equity and liabilities</i>	
Ships and newbuilding contracts	1 312	Total equity	832
Tank terminals and intangible assets	561	Non-current liabilities and derivatives	138
Other non-current assets/receivables	171	Non-current interest bearing debt	1 095
<b>Total non-current assets</b>	<b>2 044</b>	<b>Total non-current liabilities</b>	<b>1 233</b>
Available-for-sale investments and cash	235	Current portion of interest bearing debt	244
Other current assets	188	Other current liabilities and derivatives	162
<b>Total current assets</b>	<b>423</b>	<b>Total current liabilities</b>	<b>406</b>
Assets held for sale	173	Liabilities held for sale	171
<b>Total assets</b>	<b>2 641</b>	<b>Total equity and liabilities</b>	<b>2 641</b>

- Cash balance of USD 235 million + USD 11 million cash in «held for sale assets»
- 9.8% of own shares held as treasury shares
- Equity ratio 31.5%



# Debt development

- Secured refinancing of three second hand vessels in the total amount of USD 75 million
- Refinancing of loan balloons expected to be finalized in third quarter
- Financing of newbuilding program in Korea expected to be completed in third quarter
- Evaluating refinancing of bond maturing in December, NOK 350 million



## Capital expenditure programme – Odfjell's share

<i>In USD mill</i>	Per 2Q13	2014	2015	2016	2017
Hyundai Mipo, 4 x 46,000 DWT	8	110			
Docking	14	27	27	27	27
Terminals <sup>1)</sup>	78	51	39	20	20
<b>Total</b>	<b>100</b>	<b>188</b>	<b>66</b>	<b>47</b>	<b>47</b>

<sup>1)</sup> Planned not committed – Odfjell's share post Lindsay Goldberg global partnership agreement



Keel laying of two of the newbuildings at Hyundai Mipo



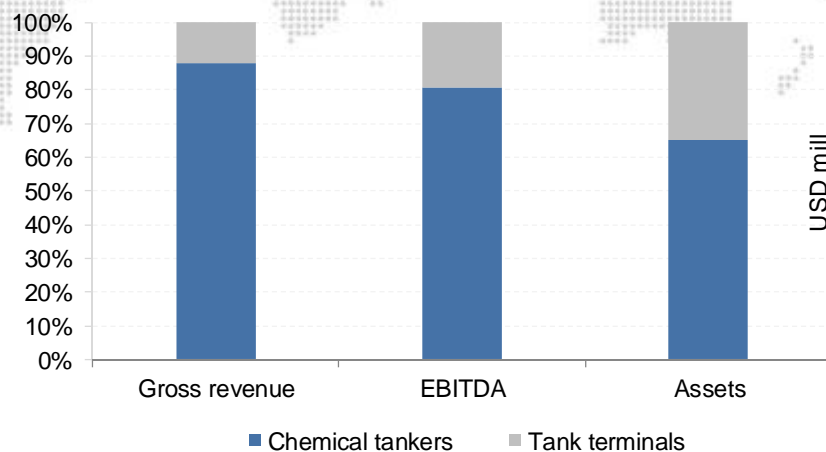
## Income statement – 2Q13 chemical tankers and LPG/Ethylene

<i>USD mill</i>	2Q13	1Q13
Gross revenue	258	257
Voyage expenses	(116)	(122)
TC expenses	(39)	(44)
Operating expenses	(48)	(49)
General and administrative expenses	(26)	(25)
Operating result before depr. (EBITDA)	29	18
Depreciation	(23)	(22)
Capital gain/loss on fixed assets	(3)	(1)
Operating result (EBIT)	4	(5)
Net finance	(16)	(7)
Taxes	(1)	(3)
Net result	(13)	(16)

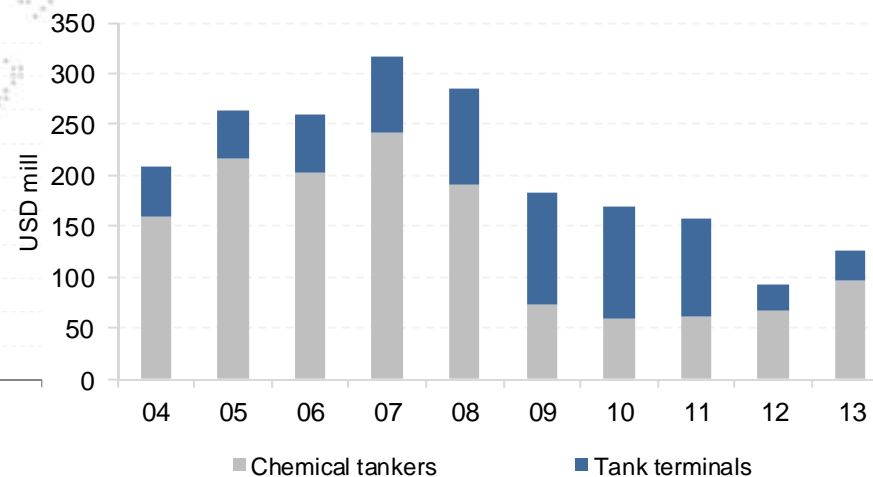
## Income statement – 2Q13 tank terminals

<i>USD mill</i>	2Q13	1Q13
Gross revenue	36	35
Operating expenses	(21)	(19)
General and administrative expenses	(9)	(7)
Operating result before depr. (EBITDA)	7	9
Depreciation	(8)	(9)
Capital gain/(loss)	5	-
Operating result (EBIT)	3	(1)
Net finance	7	2
Taxes	1	2
Net result	10	3

# Results per segment



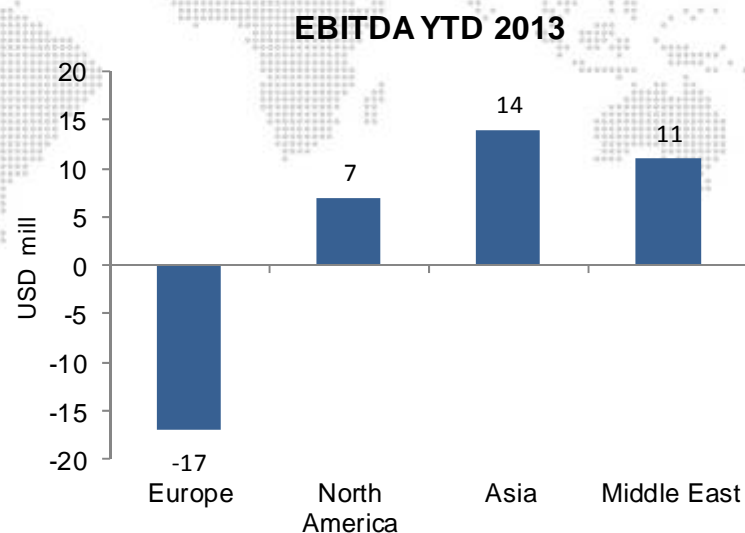
Annual EBITDA – actual ownership



USD mill	2Q13		1Q13	
	Chemical tankers/LPG	Tank terminals	Chemical tankers/LPG	Tank terminals
Gross revenue	258	36	257	35
EBITDA	29	7	18	9
EBIT	4	3	(5)	(1)



## Tank terminals EBITDA – by geographical segment



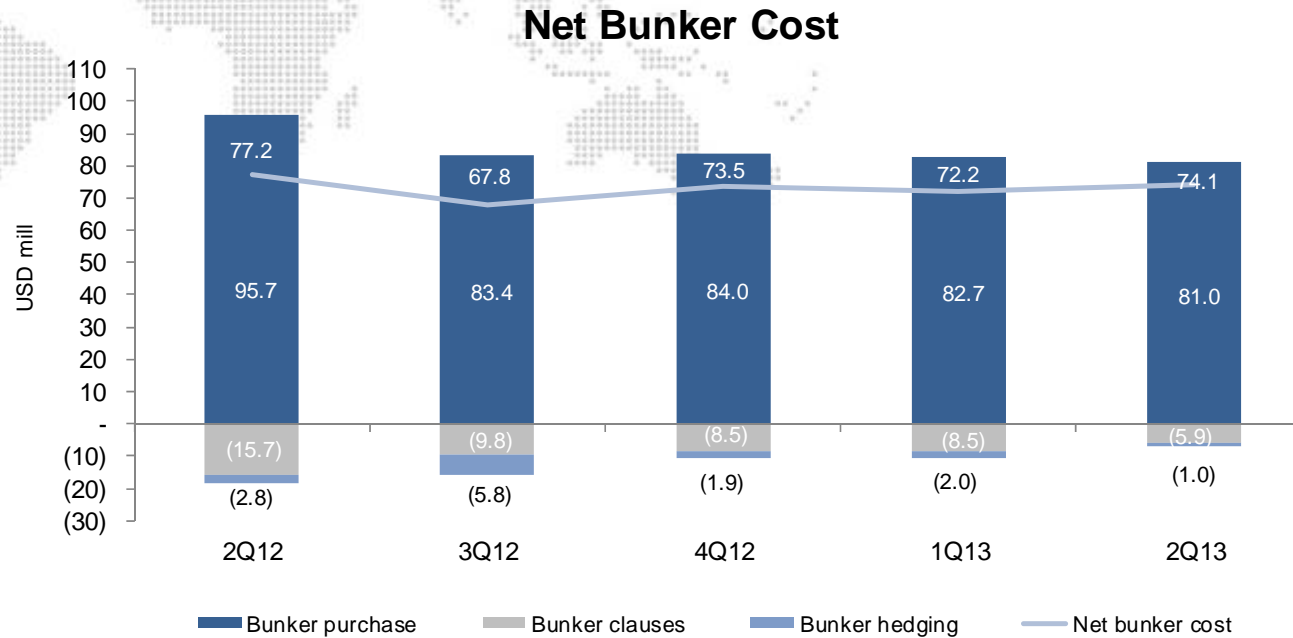
- Recovery of Rotterdam terminal behind schedule, negative EBITDA 2Q13 USD 8.4 million
- Minor seasonal variances on the other terminals

EBITDA Tank Terminals by geographical segment*	2Q13	1Q13
Europe	(9)	(8)
North America	3	4
Asia	7	8
Middle East	5	5
<b>Total EBITDA</b>	<b>7</b>	<b>9</b>

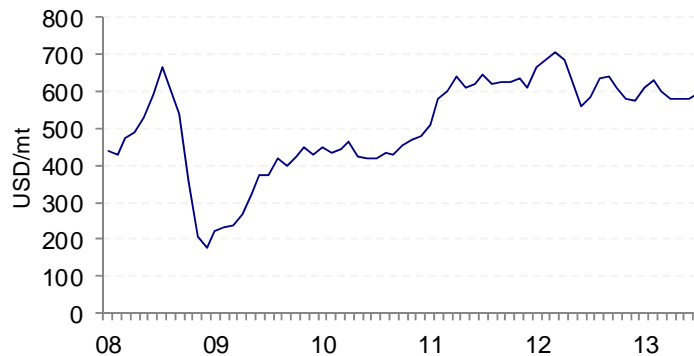
\*Figures includes tank terminal overhead cost. Pre Lindsay Goldberg transaction.



# Bunker development



### Platts 3.5% FOB Rotterdam



- Net bunker cost per tonne in the second quarter was USD 542
- About 30% of the remaining bunker exposure in 2013 and about 20% of the 2014 exposure is hedged
- Bunker clauses in CoAs cover about 50% of the exposure



## Fleet development - *last 12 months*

Fleet additions		DWT	Built	Tanks	Transaction
July 2013	Celsius Mayfair	20,000	2007	Stainless	2 year TC
June 2013	Bow Pioneer	75,000	2013	Coated	New delivery
May 2013	Bow Engineer	30,086	2006	Coated	Purchase
March 2013	UACC Messila	45,352	2012	Coated	1 year TC
March 2013	Bow Nangang	9,000	2013	Stainless	New delivery
March 2013	Chembulk Sydney	14,271	2005	Stainless	1-2 years TC
January 2013	Chembulk Wellington	14,312	2004	Stainless	1-2 years TC
November 2012	Bow Dalian	9,000	2012	Stainless	New delivery
October 2012	Chemroad Hope	33,552	2011	Stainless	1 year TC
September 2012	UACC Masafi	45,352	2012	Coated	1 year TC
September 2012	Bow Guardian	9,000CBM	2008	LPG	Purchase
August 2012	Bow Gallant	9,000CBM	2008	LPG	Purchase



## Fleet development – *last 12 months*

Fleet disposals, owned		DWT	Built	Tanks	Transaction
May 2013	Bow Cheetah	40,257	1988	Coated	Recycling
January 2013	Bow Leopard	39,512	1988	Coated	Recycling
November	Bow Fraternity	45,507	1987	Coated	Recycling
October 2012	Bow Lion	39,423	1988	Coated	Recycling

## Bow Pioneer – the world's largest chemical tanker

- 75,000 dwt
- 30 tanks with a total cargo capacity of 86,000 cbm
- Entering pool in November – with sister vessel owned by NCC

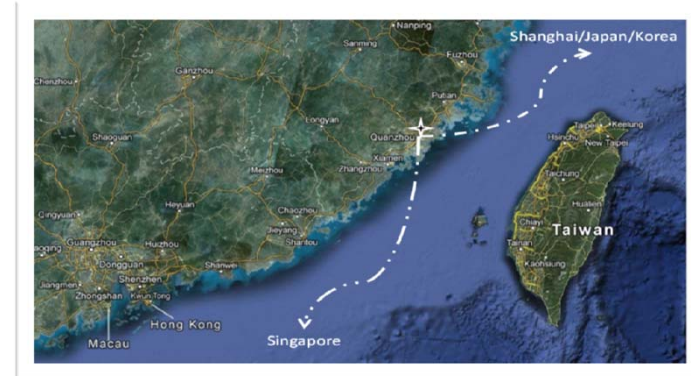


## Finalizing transaction with Lindsay Goldberg

- The previous announced transaction has now been closed
- Lindsay Goldberg acquires 49% interest in Odfjell Terminals AS (OTAS), the holding company for substantially all of Odfjell's tank terminal activities
- Capital increase of USD 219 million in OTAS
- All tank terminal assets will be owned by OTAS
- Odfjell will realize a total gain of USD 27 million of which USD 5.4 million has been booked in second quarter
- Our tank terminal division is now poised for a strong growth in the years to come

## New joint venture agreement in China

- Odfjell Terminals has signed an agreement to enter into a joint venture with the Founder Group
- Will acquire a 50% equity share in the existing Fujian Fangtong Terminals Co Ltd., including the land and an existing jetty at a price of USD 21 million
- The new terminal is to be located in the Quangang Industrial Zone at the mainland side of the Taiwan Strait
- The future Odfjell Terminals Fujian (Quanzhou) Co. Ltd has 14.8 hectares of available land, making possible the construction of 184,000 cbm of total storage capacity, supported by two jetties
- The planned total investment in the terminal is USD 137 million



## Entered into a letter of intent to purchase Chem-Marine Corporation

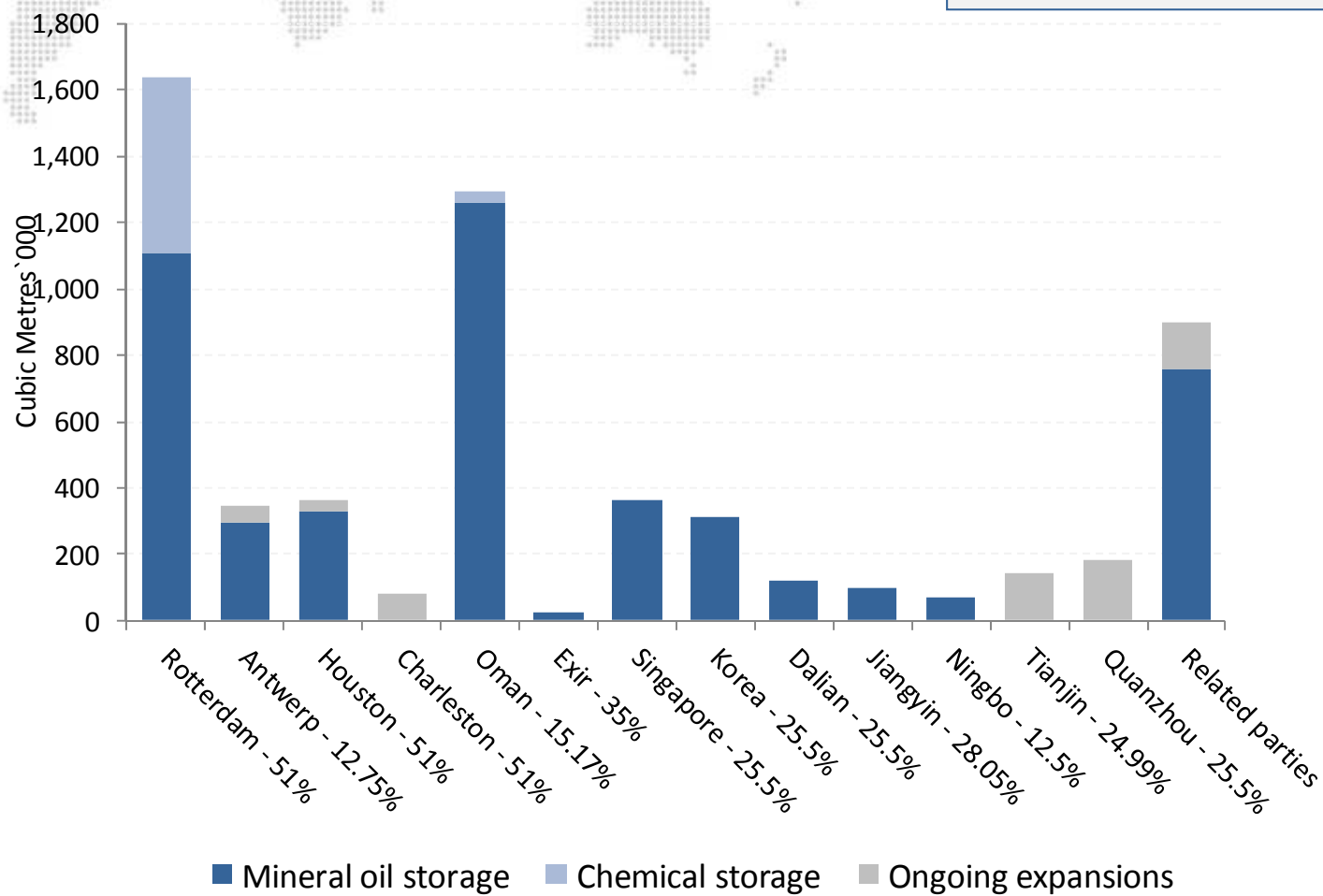
- Odfjell Terminals has entered into a Letter of Intent to purchase Chem-Marine Corporation of South Carolina
- Located adjacent to Odfjell's tank terminal in North Charleston, South Carolina, USA
- This acquisition has an estimated value below USD 10 million



# Tank terminal capacity

Total capacity in CBM (incl. related parties):

Current capacity	5,310,291
Ongoing expansions	489,291



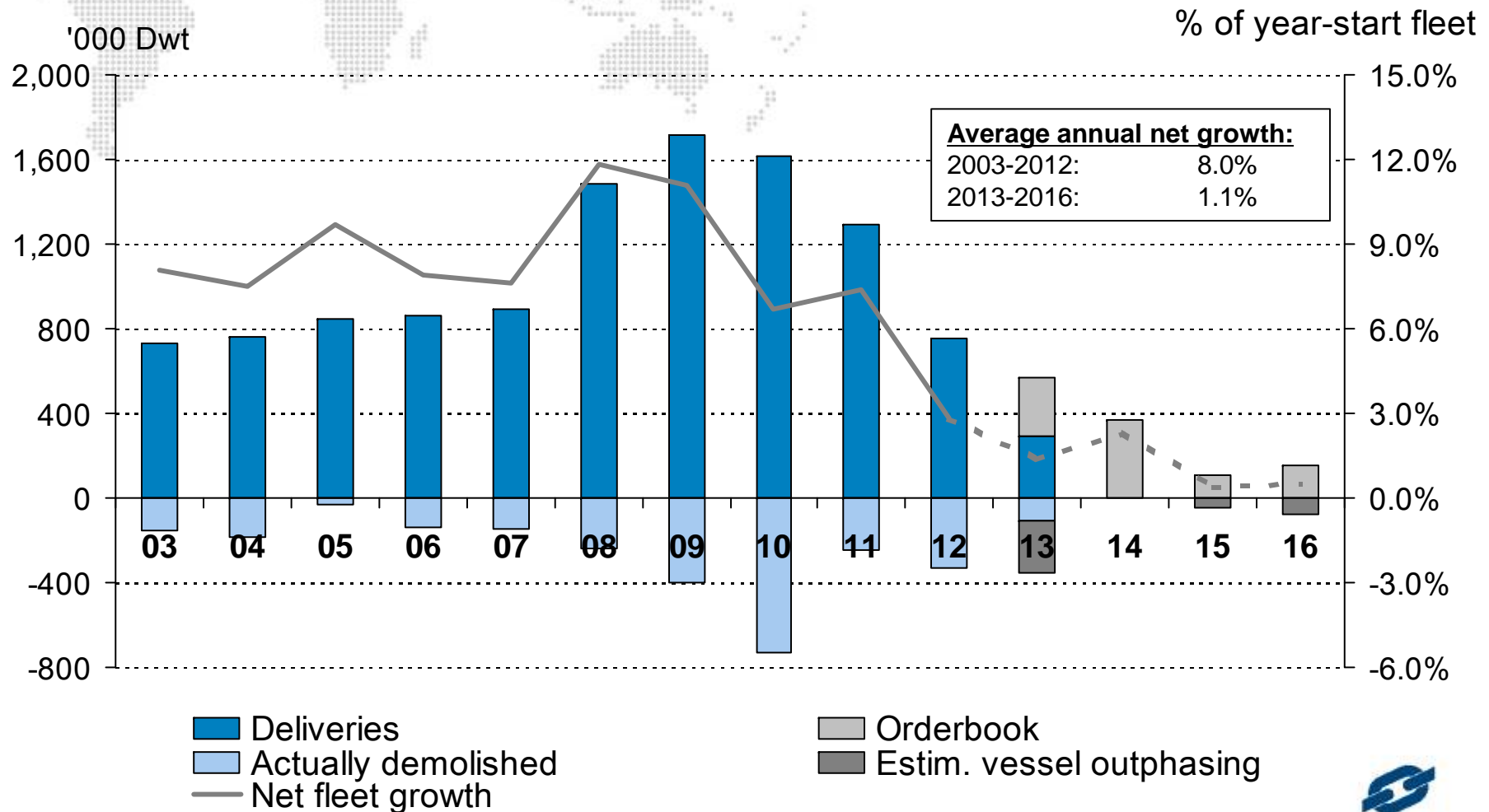
\* Odfjell's ownership share in the respective tank terminals is shown in percentage



## **Market update** - *chemical tankers*

- Chemical tanker market improved
- Contract coverage increased to 56%
- Time charter results up by 8% compared with quarter
- Improved spot rates
- Vessel demand is expected to outgrow vessel supply

# Core Chemical Deep-sea Fleet 2003-2016 - Orderbook and estimated demolition per August 16th, 2013



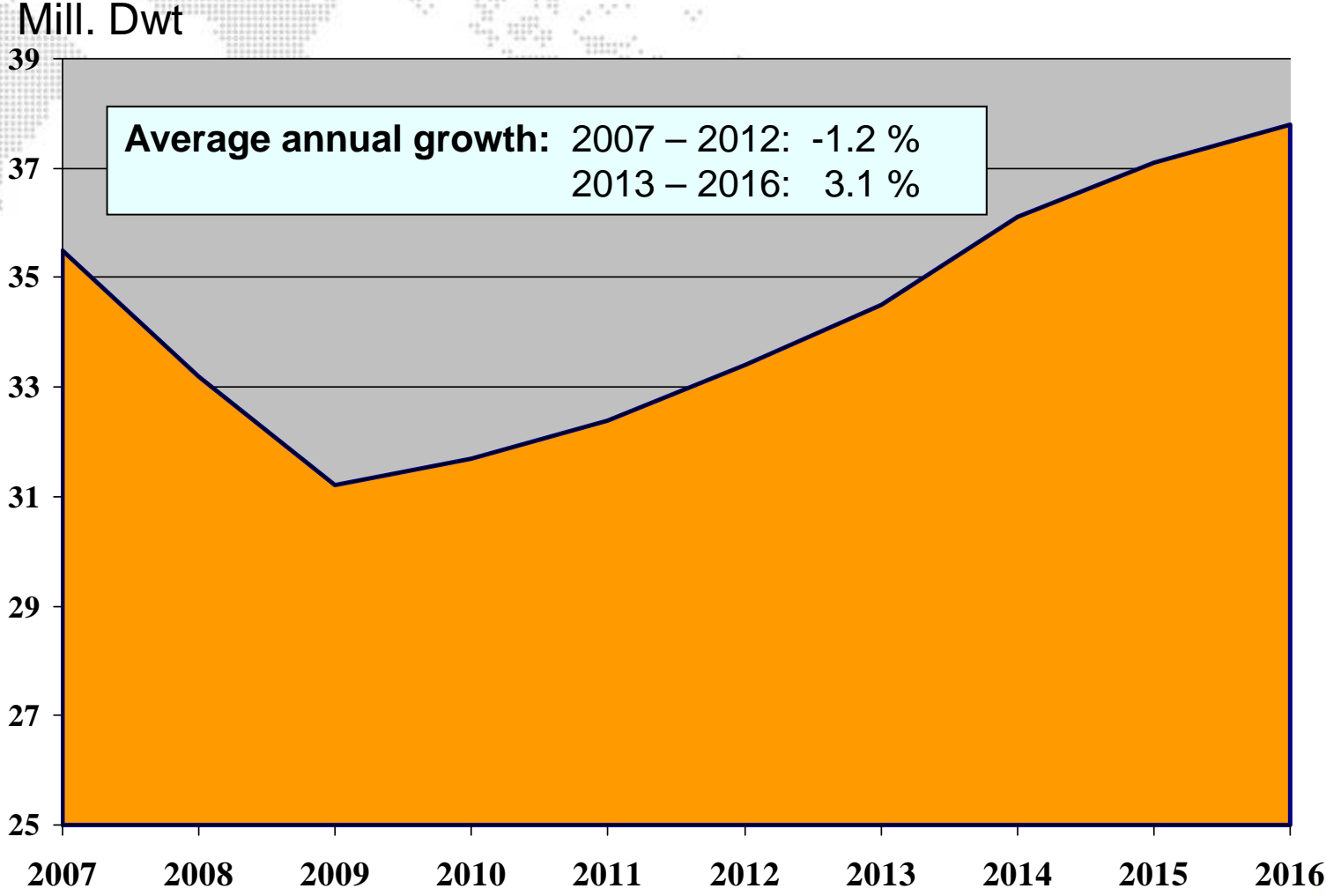
Source: Odfjell FLEETBASE

\* Outphasing 30 years (Europe built) and 25 years (Asian built)





# Chemical Tanker Demand 2007 - 2016



Source: Drewry Shipping Consultants, 2013Q1



## Prospects

- World economy remains uncertain
- Freight markets remain in line with second quarter
- No material changes in the supply/demand balance – still favourable outlook
- Fluctuations in bunker prices have a major impact on our results
- Expecting second half to be moderately better than first half of 2013

## Summary

- Slightly better chemical tanker market and stable terminal earnings
- Final agreement signed with Lindsay Goldberg
- Positioned for growth in both the tanker and tank terminal sector

## Company representatives

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**Thank you**



For more information please visit our webpage at [www.odfjell.com](http://www.odfjell.com)

