

Second Quarter 2015 Results

27 August 2015



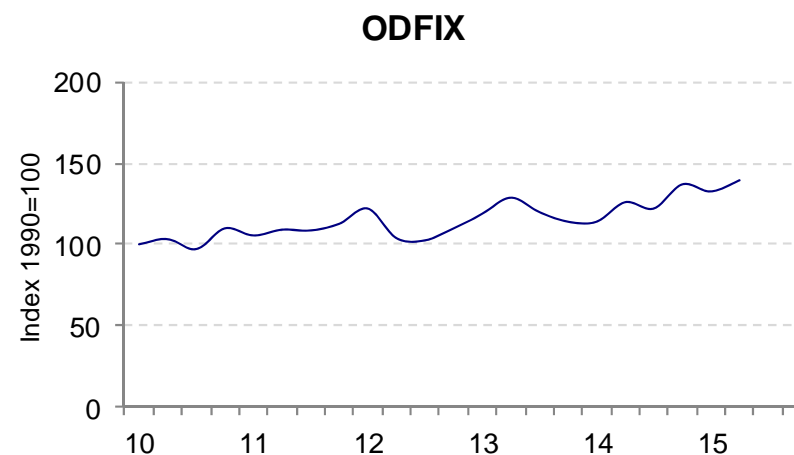
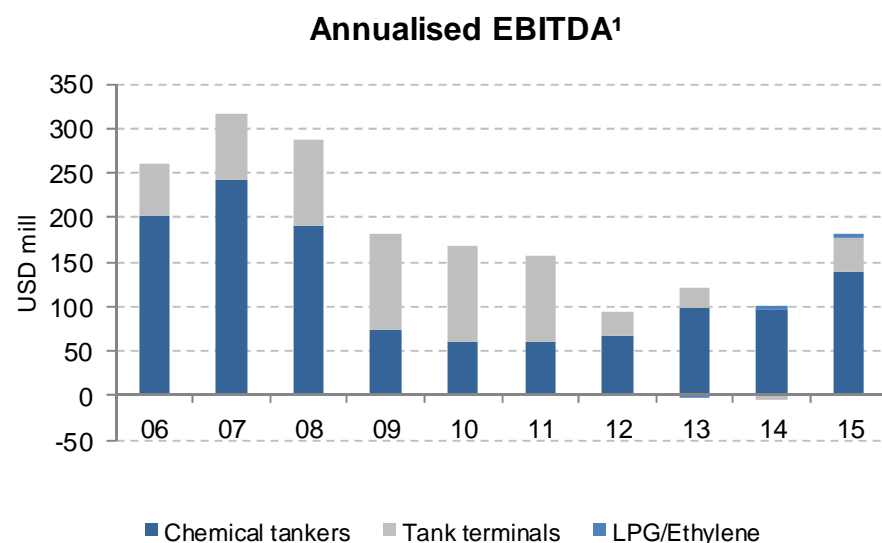
Agenda

- Highlights
- Financials
- Operational review
- Project Felix
- Market update and prospects
- Q&A



Highlights

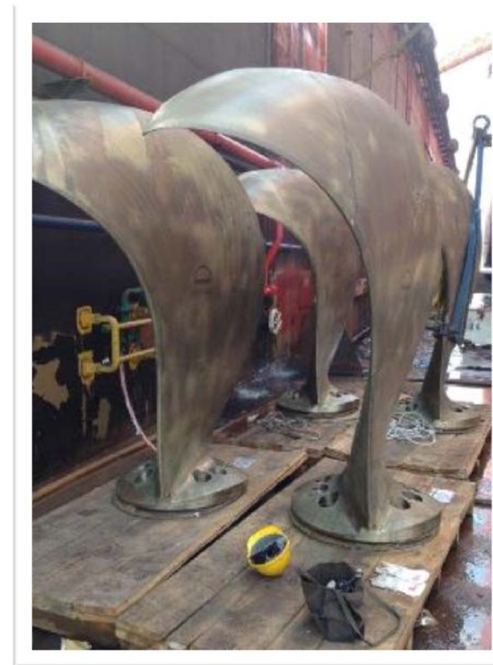
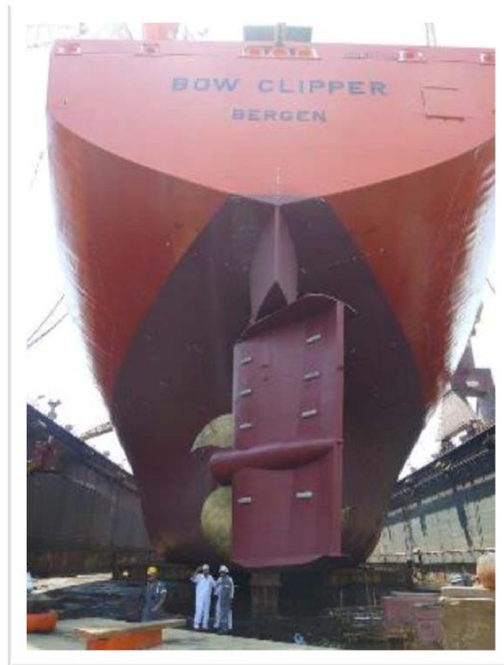
- Best quarterly operational performance since 3Q 2008, net result of USD 7 mill.
- Chemical Tankers EBITDA was USD 42 mill compared with USD 26 mill in first quarter. EBITDA includes negative effects from bunker derivatives of USD 12 mill.
- Odfjell chemical freight index (ODFIX) result up 5% compared with the previous quarter.



¹ Proportional consolidation method according to actual historical ownership share

Highlights

- Impairment of USD 10 mill related to sale of vessels.
- The cost-cutting and efficiency programme is progressing as planned.
- Continued improved results from Odfjell Terminals, EBITDA of USD 18 mill first half 2015 compared with negative USD 10 mill same period last year.

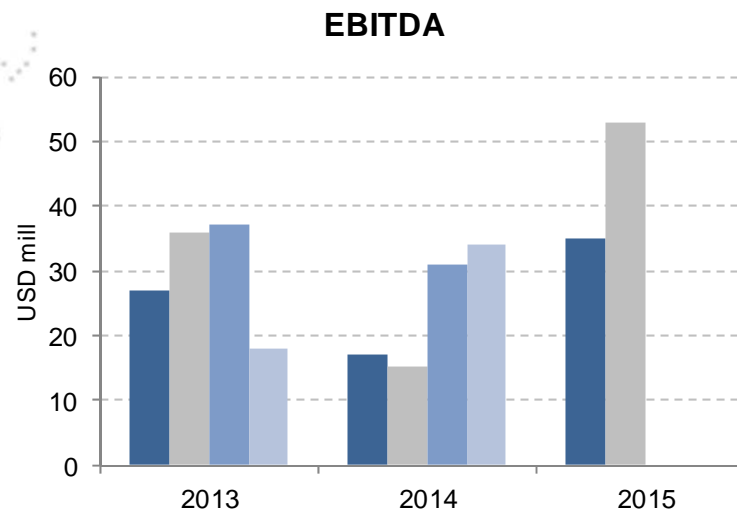
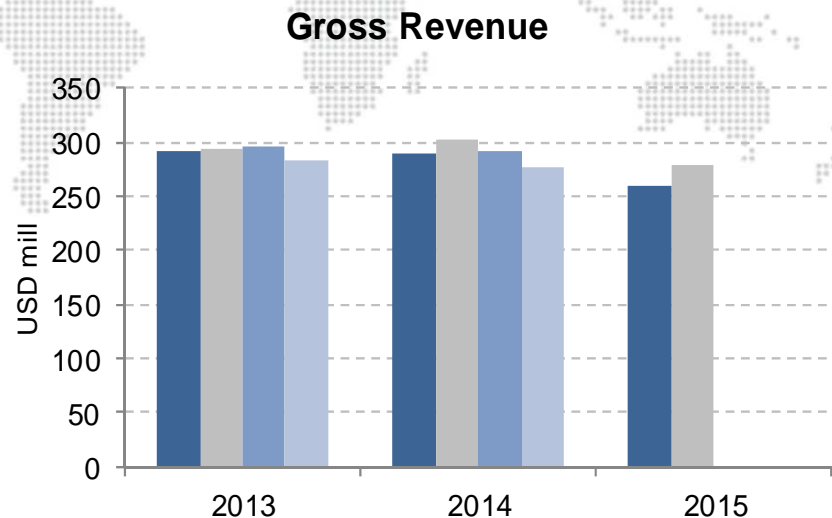


Income statement¹ - Second quarter 2015

<i>USD mill</i>	2Q15	1Q15
Gross revenue	279	260
Voyage expenses	(104)	(106)
TC expenses	(45)	(40)
Operating expenses	(50)	(53)
General and administrative expenses	(27)	(26)
Operating result before depr. (EBITDA)	53	35
Depreciation	(31)	(30)
Impairment	(10)	-
Operating result (EBIT)	12	5
Net finance	(5)	(37)
Taxes	(0)	(0)
Net result	7	(32)

¹ Proportional consolidation method

Quarterly figures¹



EBITDA adjusted for one-off items:

4Q14: USD 28 million (USD 34 million unadjusted)

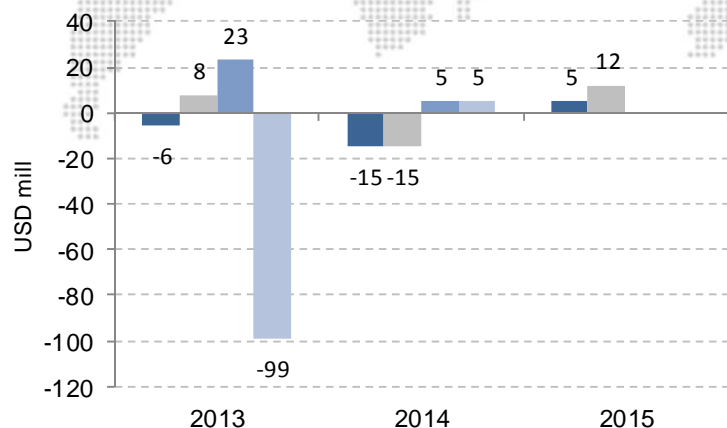
1Q15: USD 37 million (USD 35 million unadjusted)

2Q15: USD 55 million (USD 53 million unadjusted)

¹ Proportional consolidation method

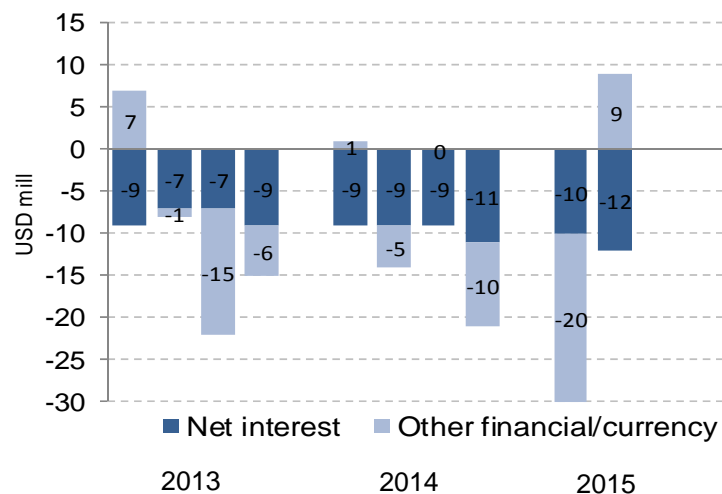
Quarterly figures

Operating Result (EBIT)¹

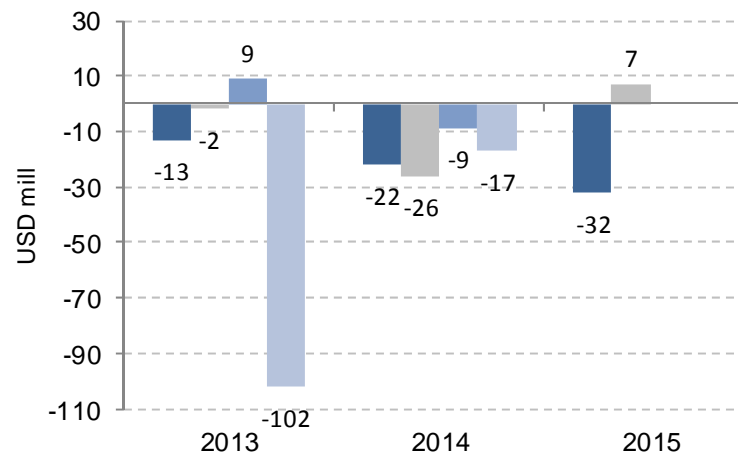


- EBIT 2Q includes:
 - Impairment of USD 10 million related to sale of vessels.
 - Negative effect of bunkers hedging of USD 12.1 million.
- Unrealized value on derivatives USD 11.3 million posted other financial items in 2Q, compared with negative USD 21.2 million in 1Q.

Net Finance²



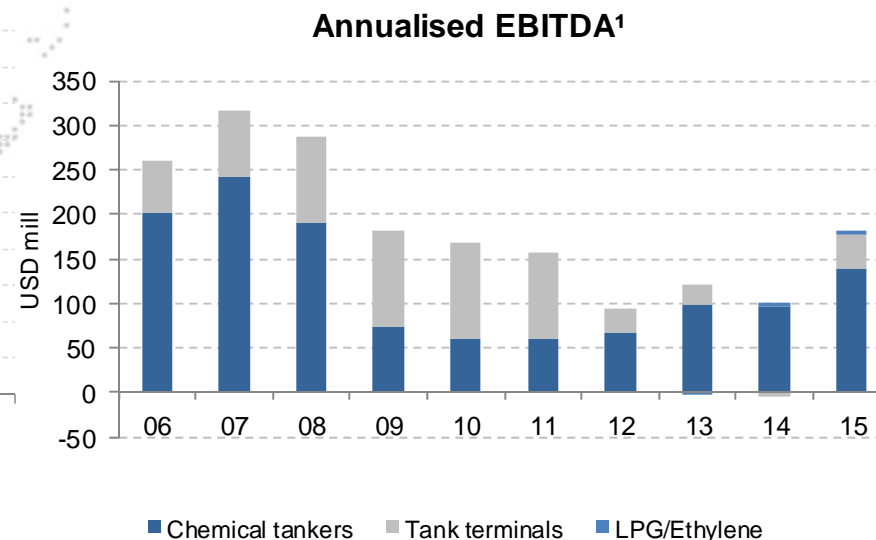
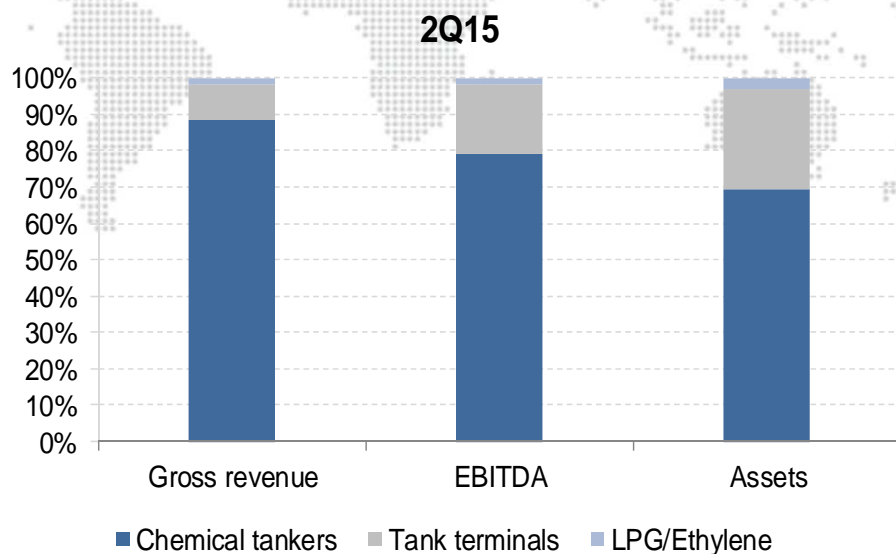
Net Result



¹ Proportional consolidation method

² Equity method

Results per segment¹



<i>USD mill</i>	2Q15			1Q15		
	Chemical tankers	Tank terminals	LPG/Ethylene	Chemical tankers	Tank terminals	LPG/Ethylene
Gross revenue	247	28	5	229	27	4
EBITDA	42	10	1	26	9	1
EBIT	10	2	1	4	1	1

¹ Proportional consolidation method

Income statement¹ – 2Q15 chemical tankers

<i>USD mill</i>	2Q15	1Q15
Gross revenue	247	229
Voyage expenses	(102)	(104)
TC expenses	(44)	(38)
Operating expenses	(36)	(39)
General and administrative expenses ²	(23)	(22)
Operating result before depr. (EBITDA)	42	26
Depreciation	(23)	(22)
Impairment	(10)	-
Operating result (EBIT)	10	4

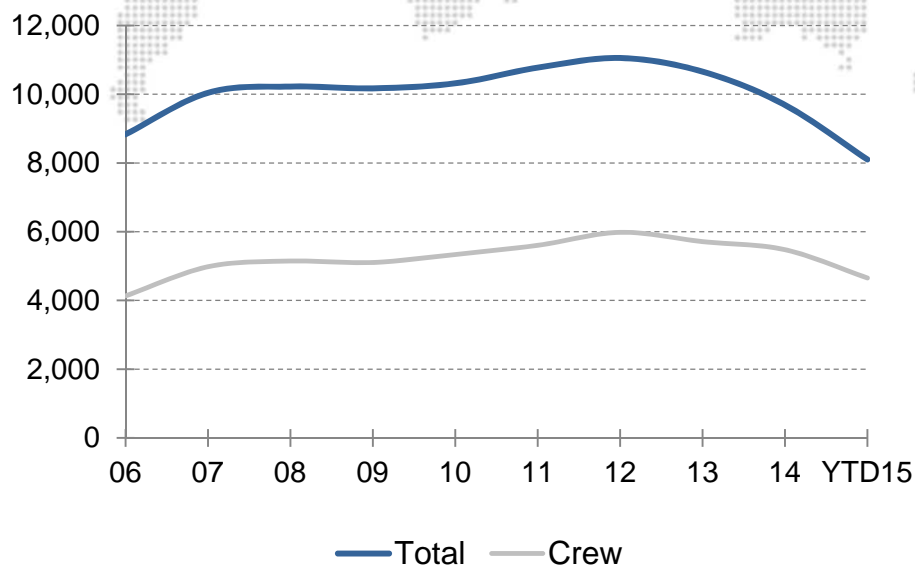
- *Stable, but slightly improved gross revenue.*
- *Bunker adjustment clauses impacted the gross revenue negatively by USD 7 million (USD 10 million in 1Q).*
- *EBITDA includes negative effects from bunker hedging derivatives of USD 12.1 million (USD 15 million in 1Q).*
- *G&A includes one -offs of USD 1.9 million.*

¹ Proportional consolidation method

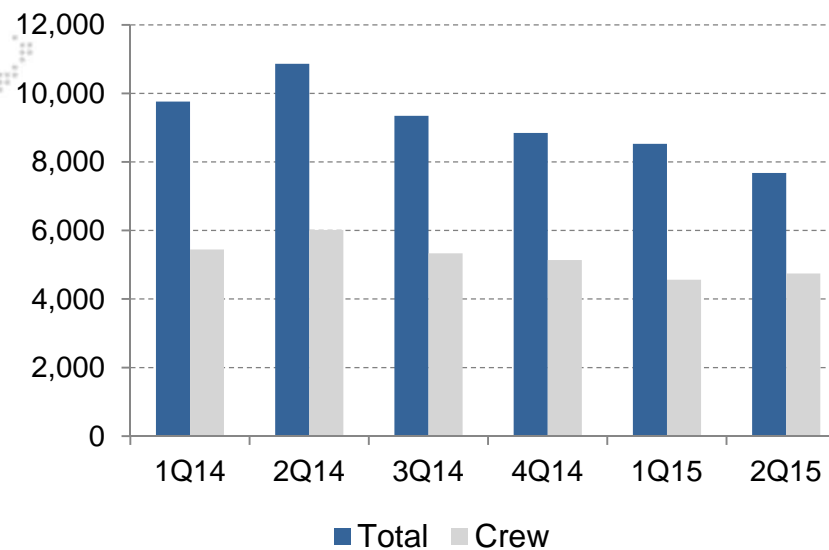
² Including corporate functions

Vessel operating expenses – chemical tankers

Development USD / day per year



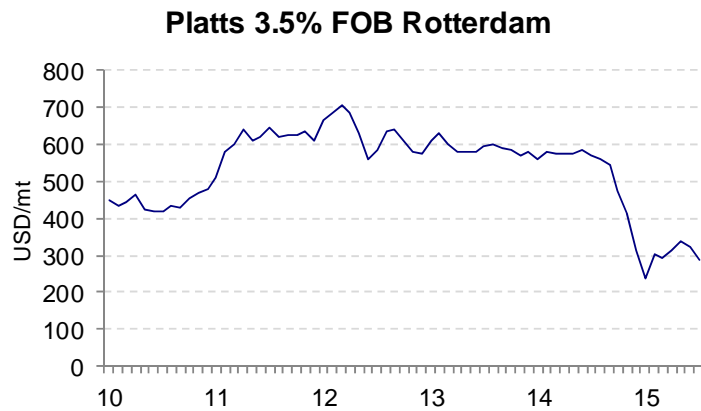
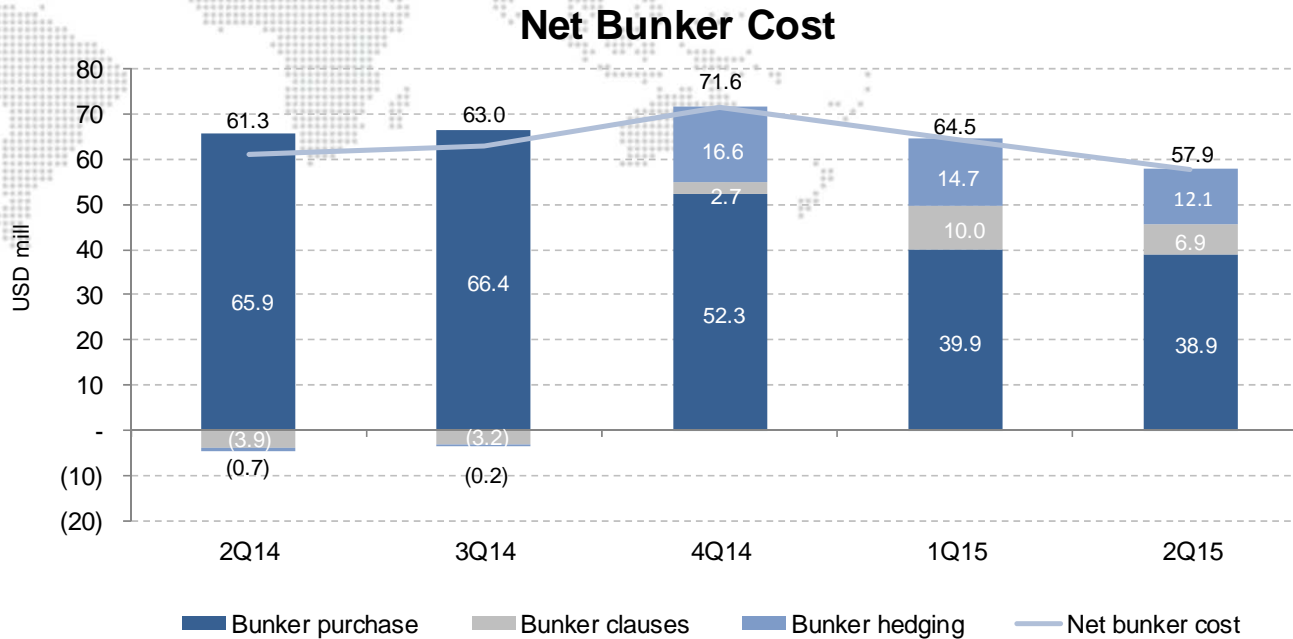
Quarterly USD / day



- *Project Felix initiatives give significant positive results.*
- *Operating expenses (USD / day) reduced by 16% YTD compared to FY2014*
- *Expect stabilizing opex at competitive levels.*



Bunker development



- Net bunker cost in 2Q15 was USD 436 per tonne before hedging vs. USD 475 last quarter.
- About 50% of the remaining 2015 exposure is hedged at an average of USD 527 per tonne.
- No bunker hedging in place beyond 2015.
- Bunker clauses in CoAs cover about 50% of the exposure.

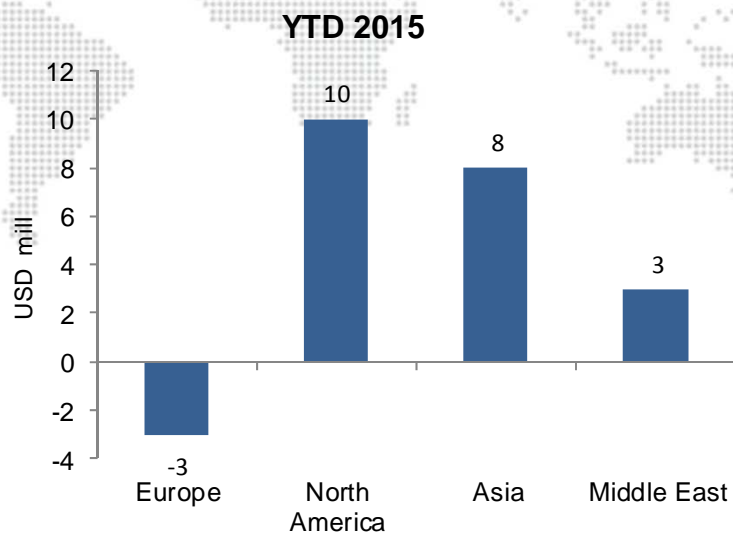
Income statement¹ – 2Q15 tank terminals

<i>USD mill</i>	2Q15	1Q15
Gross revenue	28	27
Operating expenses	(14)	(14)
General and administrative expenses	(5)	(4)
Operating result before depr. (EBITDA)	10	9
Depreciation	(8)	(8)
Operating result (EBIT)	2	1

- *The tank terminal segment continue the improvements and delivers a positive operating result.*
- *The occupancy rate improved to 92% versus 91% last quarter .*

¹ Proportional consolidation method

Tank terminals EBITDA – by geographical segment



• Stable results in all areas.

EBITDA Tank Terminals by geographical segment	2Q15	1Q15
Europe	(1)	(2)
North America	5	5
Asia	4	4
Middle East	2	2
Total EBITDA	10	9



Balance sheet¹ – 30.06.2015

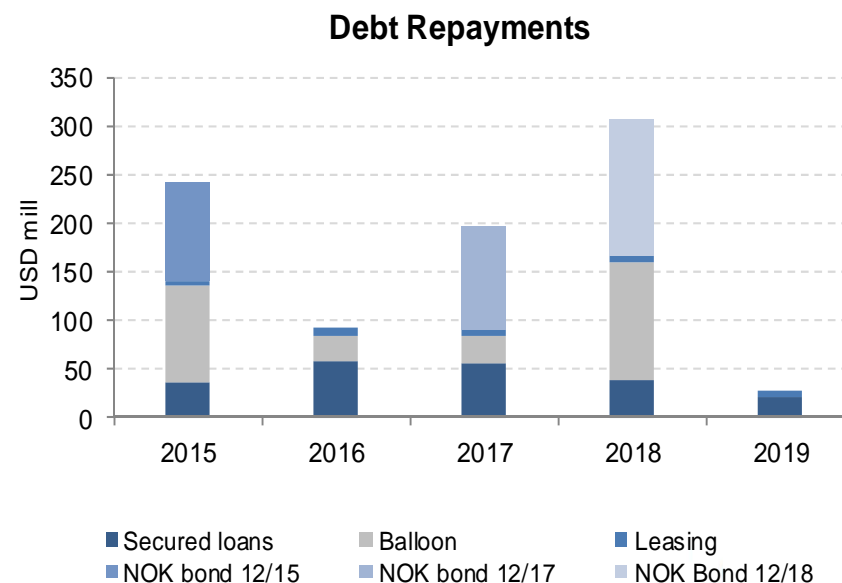
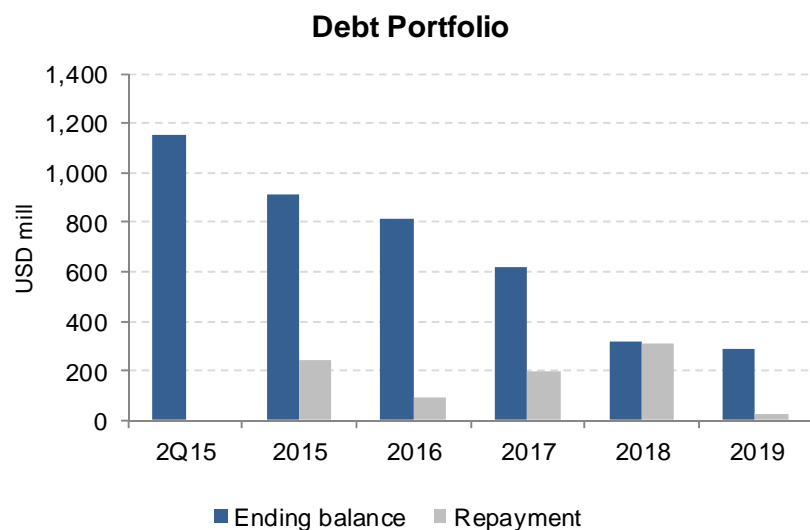
<i>USD mill - Assets</i>	
Ships and newbuilding contracts	1 254
Other non-current assets/receivables	67
Investment in associates and JV's	380
Total non-current assets	1 701
Available-for-sale investments and cash	108
Other current assets	133
Total current assets	241
Assets held for sale	16
Total assets	1 958

<i>Equity and liabilities</i>	
Total equity	636
Non-current liabilities and derivatives	43
Non-current interest bearing debt	876
Total non-current liabilities	919
Current portion of interest bearing debt	276
Other current liabilities and derivatives	127
Total current liabilities	403
Liabilities held for sale	-
Total equity and liabilities	1 958

- *Cash balance of USD 108 million - excluding JV's cash.*
- *Net investment in tank terminals JV's USD 317 million.*
- *Unrealised negative value on hedging derivatives with negative equity effect of USD 28.6 million end June, compared to USD 49.3 million end March.*
- *Equity ratio 32.5% (30.5% end March).*

Debt development – 30.06.2015

- About to secure firm commitments for all scheduled vessel refinancing in 2015 with expected completion shortly.
- Restructured financial leases for three vessels, giving new liquidity of USD 15 million.
- In total the 2015 refinancing will secure USD 65 million in new liquidity.
- NOK 600 million bond matures in December 2015.



Capital expenditure programme

<i>In USD mill – per 30.06.2015</i>	Remaining 2015	2016	2017	2018	2019
<i>Chemical Tankers, Odfjell share</i>					
Docking	10	18	17	17	17
Other investments (vessel retrofitting)	5	7	5		
<i>Odfjell Gas, 100%¹⁾</i>					
Sinopacific, 4 x 17,000 cbm	18	131			
Sinopacific, 4 x 22,000 cbm	5	30	144		
<i>Tank Terminals, 100%</i>					
Planned capex	45	58	34	10	8

¹⁾ Odfjell SE (50% owner) is committed to inject up to USD 50 million in equity in 2015 - 2017. Due to delays at the yard the capital injections will most likely be pushed to later.

Terminal projects and expansions

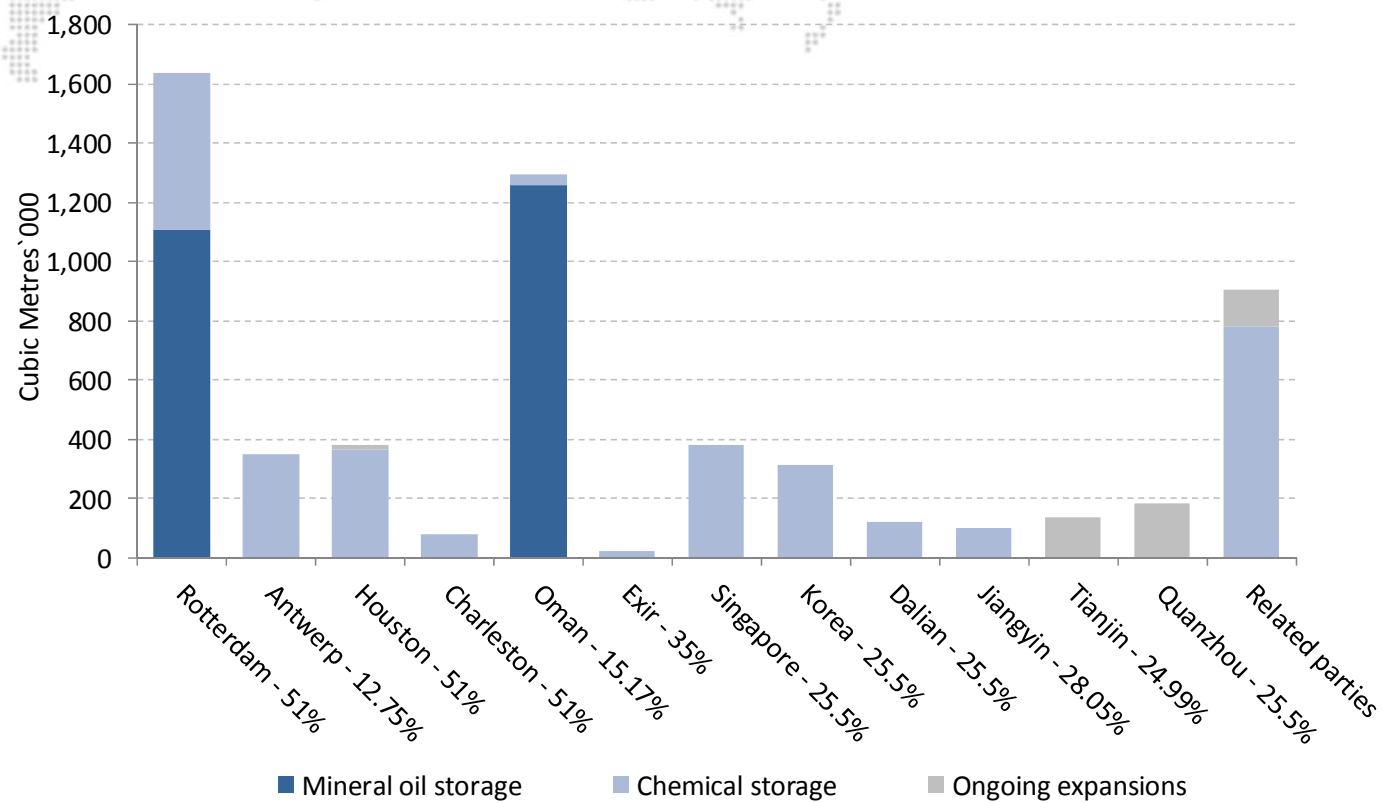
- In Houston, the new 17,150 cbm tank pit (Bay 10) is under construction with an expected completion date in the fourth quarter 2015 .
- Our terminal in Tianjin, located in a new industrial development area, was not directly affected by the explosion in the Tianjin old harbour earlier this month.
- The event will most likely delay action on permits and we now expect that the operations will commence in October..



Tank terminal capacity

Total capacity in CBM (incl. related parties):

Current capacity	5,431,790
Ongoing expansions	467,542

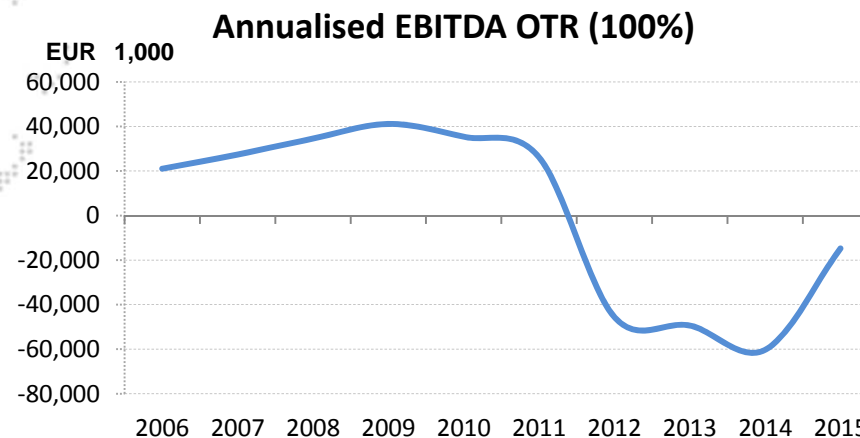


* Odfjell's ownership share in the respective tank terminals is shown in percentage



Odfjell Terminals (Rotterdam) – *current status*

- EBITDA negative USD 1.6 million in 2Q15 (Odfjell share), compared to negative USD 2 million last quarter.
- Distillation (PID) business and re-organization strategy implemented last year has improved the results further.
- Per end of 2Q15 the commercially available occupancy was at 93%, last quarter it was at 87%.
- The distillation columns are fully operational.
- Total commercial capacity end June 860,000 cbm, compared to 820,000 cbm end March.
- With the current market we expect to bring in additional capacity during second half of 2015.



Odfjell Gas Carriers

- Gross revenue up in 2Q15 from previous quarter.
- Positive contribution from continued long-haul activity.
- The construction of 4 x 17,000 cbm and 4 x 22,000 cbm is delayed.
- We are in discussions with the yard on new delivery dates.

<i>USD mill</i>	2Q15	1Q15
Gross revenue	5	4
EBITDA	1	1
EBIT	1	1

Fleet development - last 12 months

Fleet additions		DWT	Built	Tanks	Transaction
May 2015	Horin Trader	19 856	2015	Stainless	Medium-term TC
April 2015	Marex Noa	12 478	2015	Stainless	Long-term TC
March 2015	Gion Trader	19 883	2015	Stainless	Medium-term TC
January 2015	Bow Triumph	49 600	2015	Coated	Owned
October 2014	Bow Trident	46 600	2014	Coated	Owned
August 2014	Kristin Knutsen	19 152	1998	Stainless	Short-term TC

Fleet disposals, owned		DWT	Built	Tanks	Transaction
August 2015	Bow Bracaria	5 846	1997	Stainless	Sale
July 2015	Bow Brasilia	5 800	1997	Stainless	Sale
July 2015	Bow Balearia	5 846	1998	Stainless	Sale

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

Odfjell has no further chemical tankers on order, but has medium term time-charter contracts for newbuildings on order by third parties

Project Felix: Reducing cost and improving efficiency

- End June, run-rate was at 67% which is in line with target.
- FTE reductions are on track for all improvement areas. 63% of redundant employees (excluding early retirement) have new employment or confirmed future plans.
- Cost reduction initiatives are on schedule. Target still to improve net result on a yearly basis with USD 100 million when fully implemented.
- 3 vessels sold in 2Q as part of the programme, which includes exiting from unprofitable trades.
- Focus for next two quarters will be on profitability improvement initiatives and energy efficiency projects.

Felix initiative - retrofitting

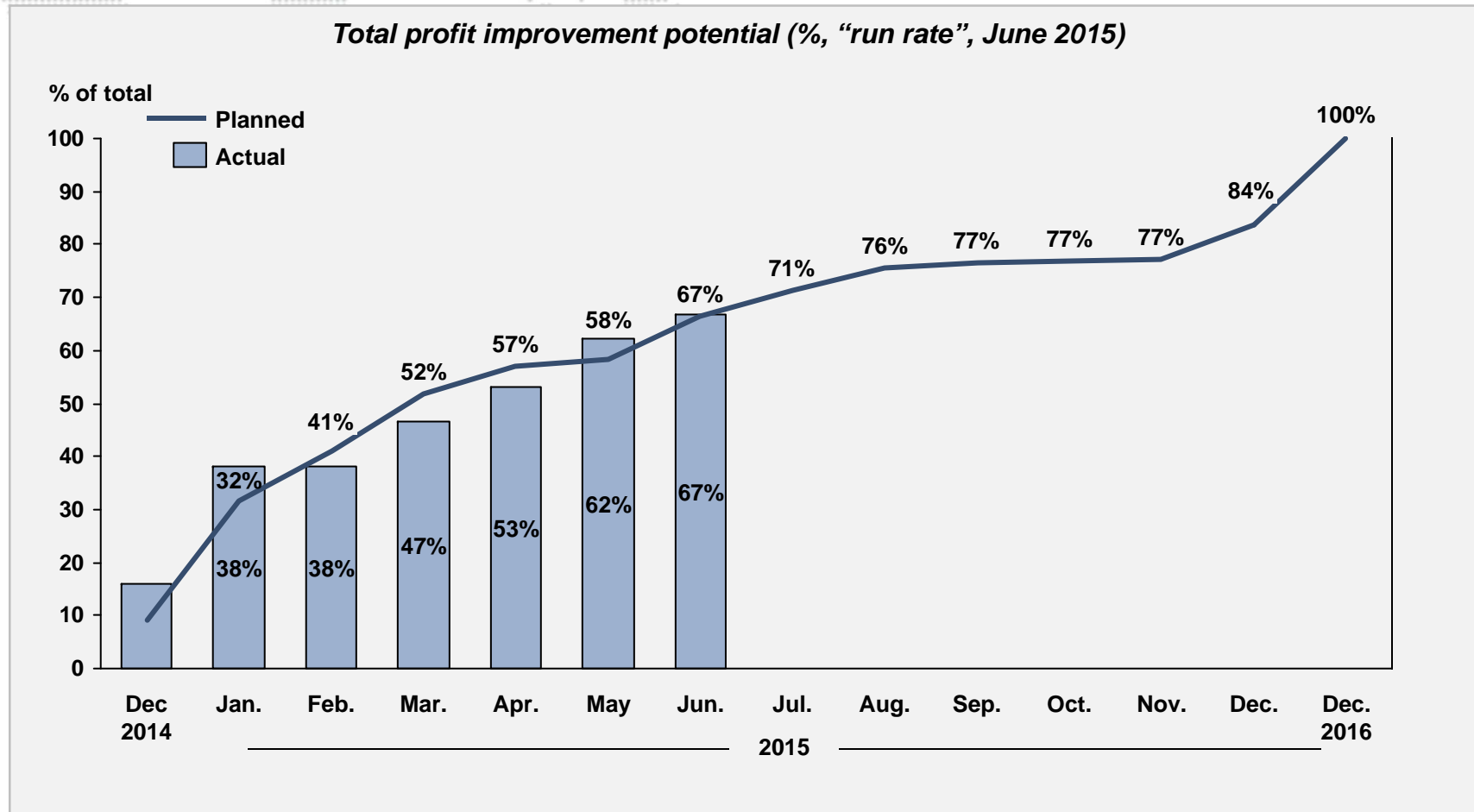


Bow Clipper – 19.08.2015

- First vessel to have propeller, rudder and gear retrofitted/modified.
- Alfa propeller blades for best possible propulsive efficiency.
- Rudder bulb system to reduce energy loss caused by the turbulence behind the propeller.
- Mewis duct straightens and accelerates the hull wake into the propeller (a pre-Felix project).
- A greener profile to gain the lowest possible energy efficiency design index (EEDI).
- Efficiency testing to be concluded during September.

67 % of Felix improvements are implemented

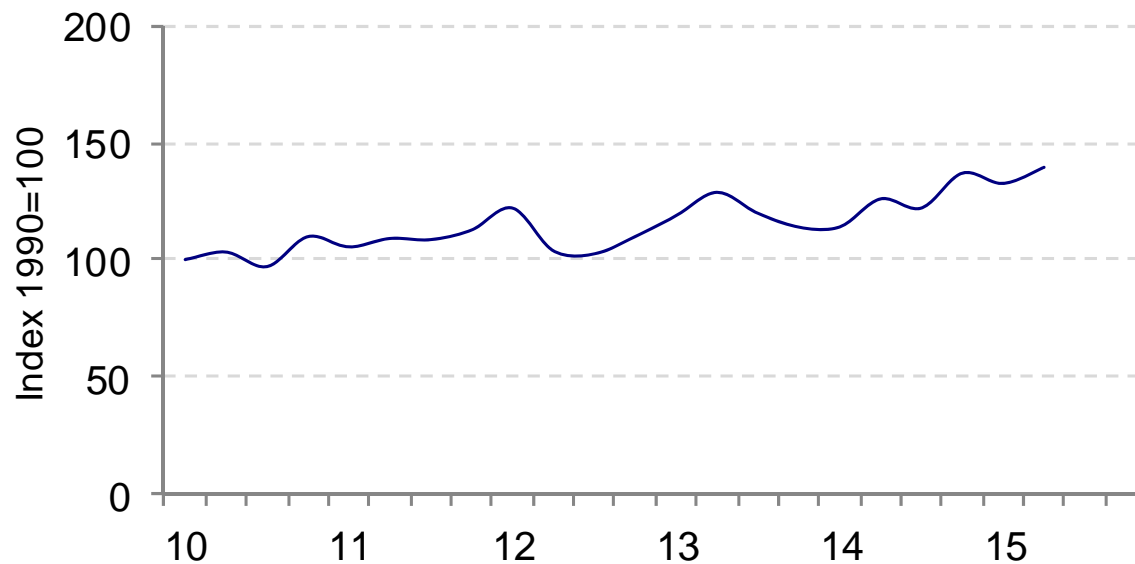
In line with plan



Market update – *chemical tankers*

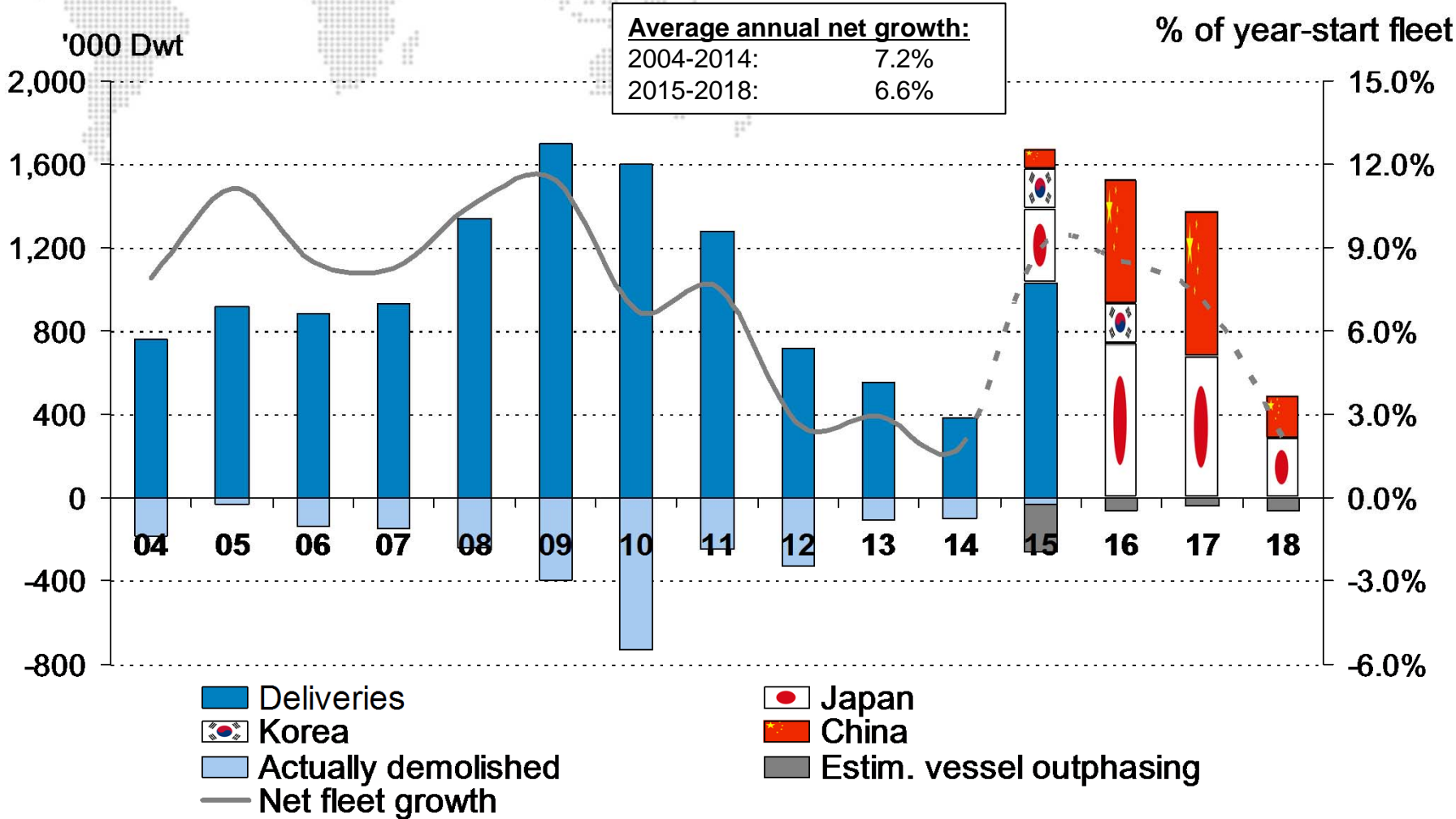
- Positive sentiment in the market in second quarter.
- A strong clean petroleum market (CPP market).
- No material disruption to the operation of our vessels in the period.
- Contracts renewed at roll-over terms.

ODFIX



Core Chemical Deep-sea Fleet 2004-2018

Orderbook and estimated demolition per 13 August, 2015



Source: Odfjell FLEETBASE

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

Prospects

- US household consumption is expected to support economic growth in the second half of the year.
- The pace of the Euro area's recovery remains moderate and gradual.
- Continued uncertainty about China.
- Increasing benefits from lower bunker price.
- We expect third quarter to be similar to second quarter for the Chemical Tankers segment.
- We expect stable to increased earnings at the Odfjell Terminals due to capacity expansions and continued positive development at Odfjell Terminals (Rotterdam).

Executive Management - *priorities during 2nd half 2015*

- Key focus is to build strength.
- Familiarization with the global Odfjell organization and other key stakeholders.
- Keep momentum in project Felix – also beyond initial targets.
- Bond refinance.
- Review operational and financial strategies in all segments.



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Thank you



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