

Fourth Quarter / Preliminary 2015 Results

10 February 2016



Agenda

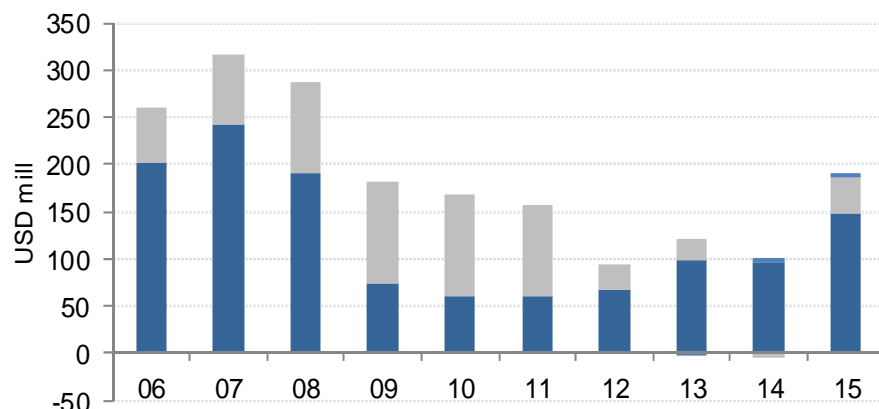
- Highlights
- Financials
- Operational review
- Project Felix
- Market update and prospects
- Q&A



Highlights – Full year 2015

- Significant improvement in underlying performance. Net result of negative USD 36 mill, including negative effect from bunker derivatives of USD 64 mill, compared with net result of negative USD 75 mill in 2014
- Improved full year EBITDA to USD 190 mill from USD 96 mill last year
- OPEX reduced by USD 53 mill compared with 2014
- Project Felix (cost-cutting and efficiency programme) successfully completed, ahead of target of more than USD 100 mill in annual savings
- Fuel efficiency initiatives continue to be implemented. Average fuel savings for converted ships is above 20%

EBITDA¹



■ Chemical tankers ■ Tank terminals ■ LPG/Ethylene

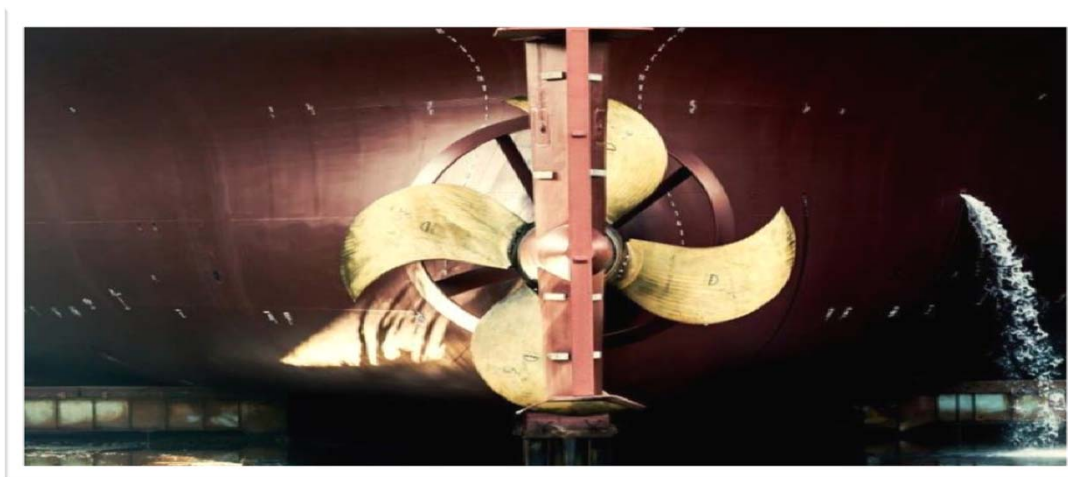
¹ Proportional consolidation method according to actual historical ownership share

ODFIX



Highlights – 4Q 2015

- Stable underlying operational performance in fourth quarter, but softer markets towards the end of quarter
- Quarterly net result of negative USD 18 mill on one-offs and negative results from bunker hedging
- Chemical Tankers EBITDA in fourth quarter was USD 33 mill compared with USD 46 mill in third quarter. EBITDA includes negative effects from bunker derivatives of USD 20.5 mill
- Odfjell chemical freight index (ODFIX) down 4.4% compared with previous quarter
- Stable results from Odfjell Terminals in fourth quarter, but USD 2.5 mill write-off of greenfield project in China
- Odfjell Terminals (Rotterdam) has commitments for new contracts that will ramp up during the first half of 2016 and utilise the majority of the distillation (PID) capacity for 2016



Income statement¹ - Fourth quarter 2015 Odfjell Group

<i>USD mill</i>	4Q15	3Q15
Gross revenue	253	276
Voyage expenses	(95)	(106)
TC expenses	(40)	(42)
Operating expenses	(47)	(48)
General and administrative expenses	(25)	(23)
Operating result before depr. (EBITDA)	45	57
Depreciation	(32)	(30)
Impairment	(13)	(0)
Operating result (EBIT)	(0)	26
Net finance	(15)	(18)
Taxes	(2)	(1)
Net result	(17)	7

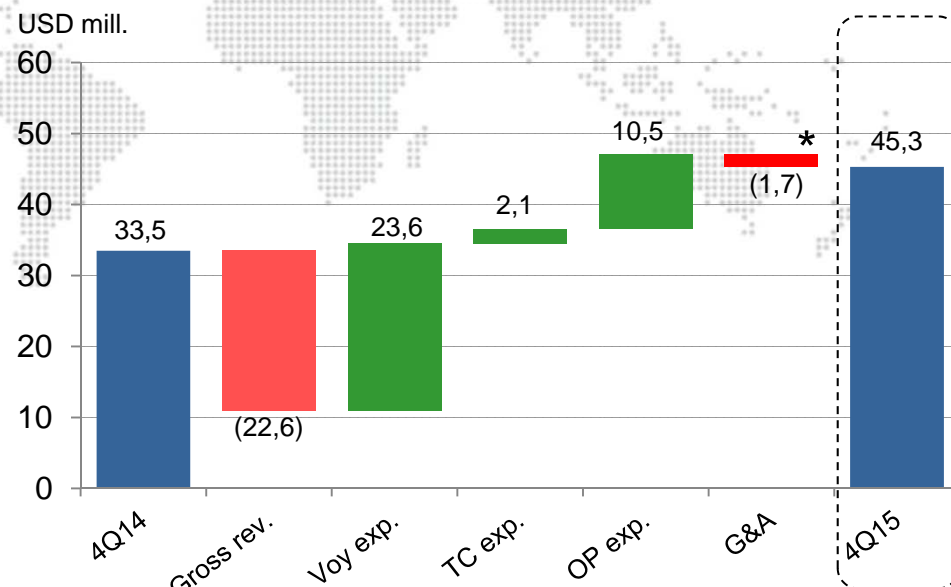
¹ Proportional consolidation method

Income statement¹ - Preliminary full year 2015 Odfjell Group

<i>USD mill</i>	2015	2014
Gross revenue	1 068	1 160
Voyage expenses	(409)	(501)
TC expenses	(167)	(192)
Operating expenses	(200)	(253)
General and administrative expenses	(102)	(118)
Operating result before depr. (EBITDA)	190	96
Depreciation	(124)	(124)
Impairment	(24)	0
Capital gain/loss on fixed assets	(0)	7
Operating result (EBIT)	43	(20)
Net finance	(74)	(71)
Taxes	(4)	16
Net result	(36)	(75)

¹ Proportional consolidation method

EBITDA variance¹ - Odfjell Group

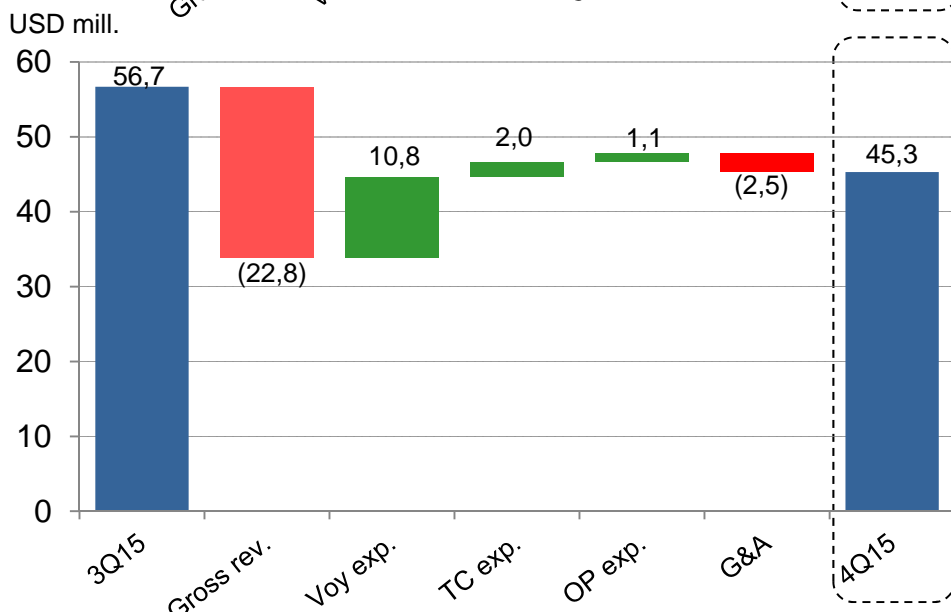


4Q15 vs 4Q14:

EBITDA increased by 35%

OPEX down 18%

* Net income of USD 5.8 mill in 4Q14 related to Project Felix



4Q15 vs 3Q15:

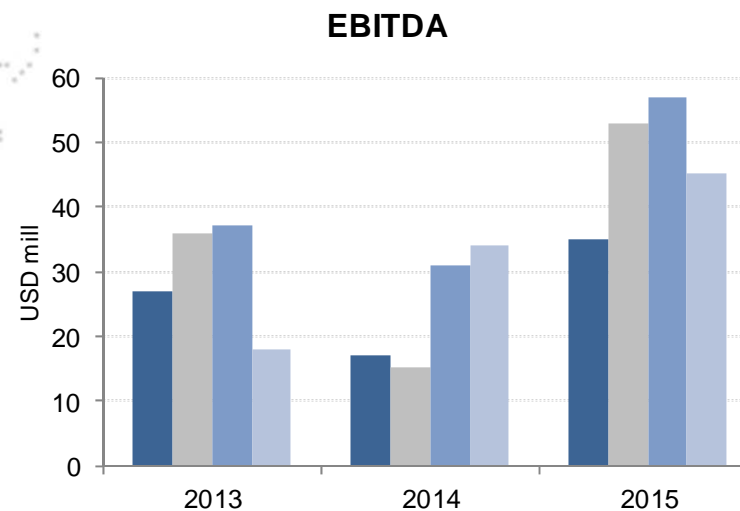
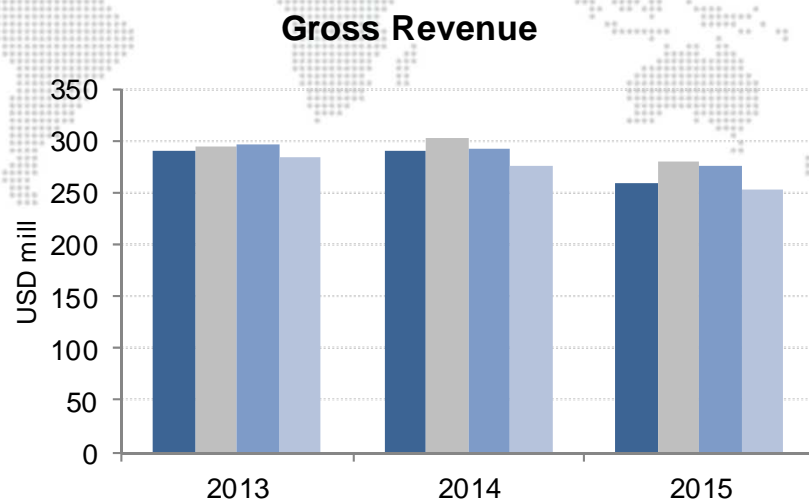
EBITDA decreased by 20%

OPEX down 2%

¹ Proportional consolidation method



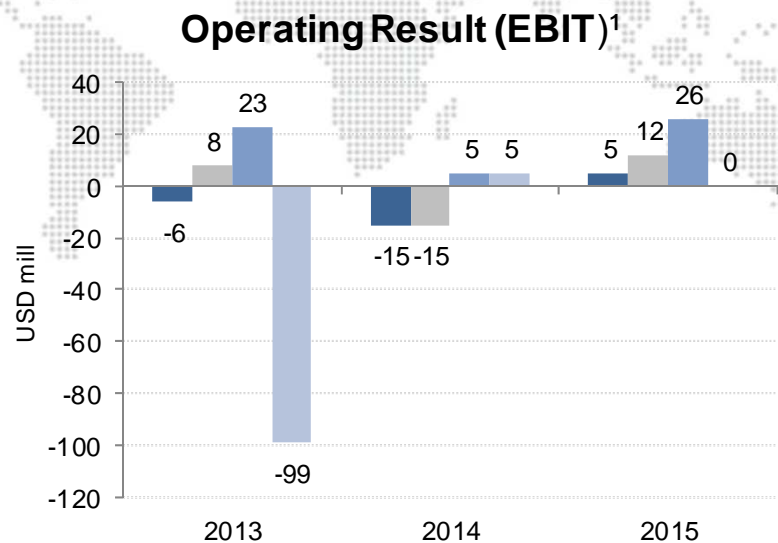
Quarterly figures¹ - Odfjell Group



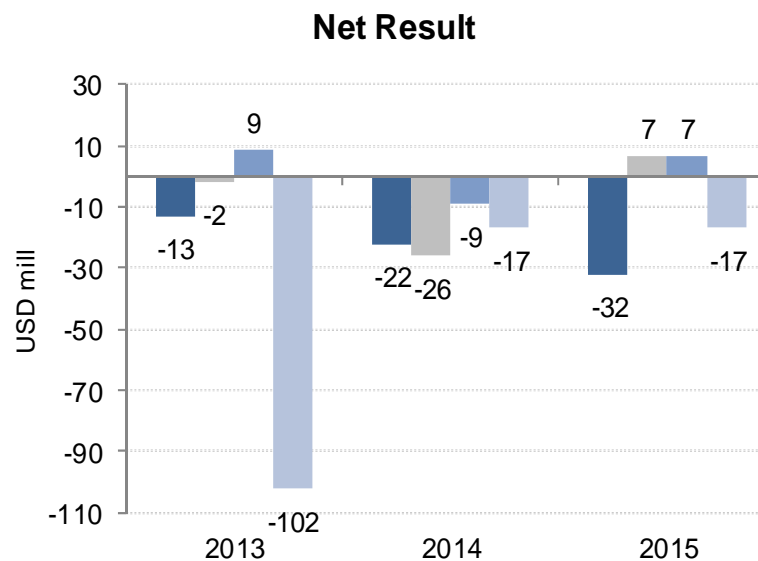
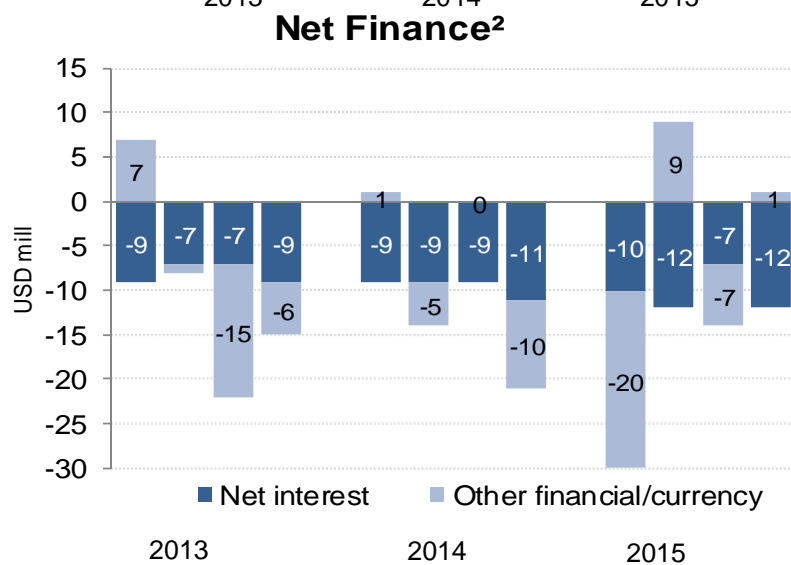
- *Reduced revenue due to bunker surcharge clauses*
- *Strong increase in 2015 EBITDA despite negative effect from bunker derivatives*

¹ Proportional consolidation method

Quarterly figures – Odfjell Group



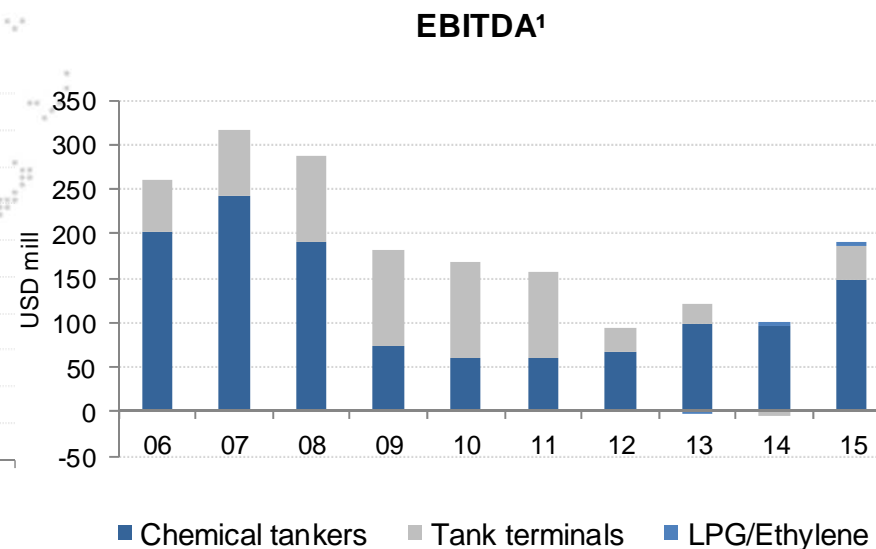
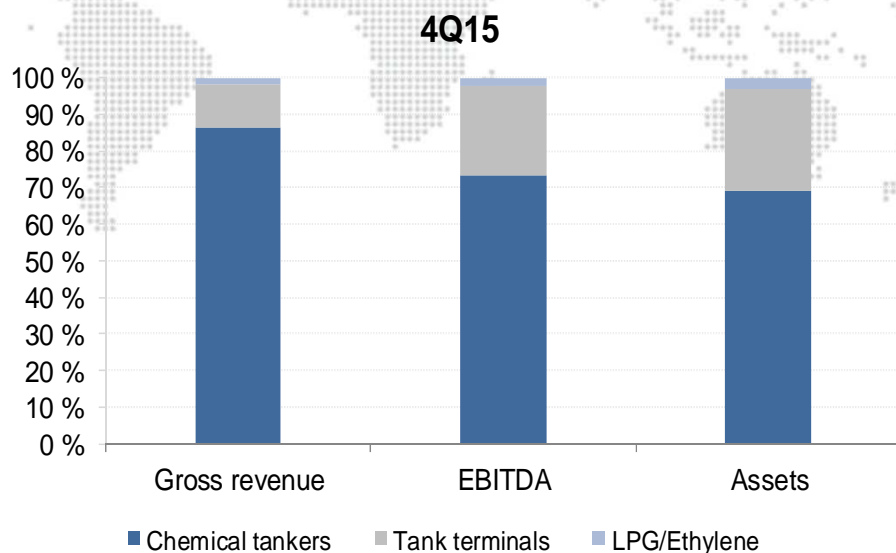
- EBIT 4Q includes negative effect of bunkers hedging USD 20.5 mill and impairment of USD 13 mill



¹ Proportional consolidation method

² Equity method

Results per segment¹



<i>USD mill</i>	4Q15			3Q15		
	Chemical tankers	Tank terminals	LPG/Ethylene	Chemical tankers	Tank terminals	LPG/Ethylene
Gross revenue	219	29	5	244	28	4
EBITDA	33	11	1	46	10	1
EBIT	0	(1)	1	24	2	0

¹ Proportional consolidation method



Income statement¹ – 4Q15 chemical tankers

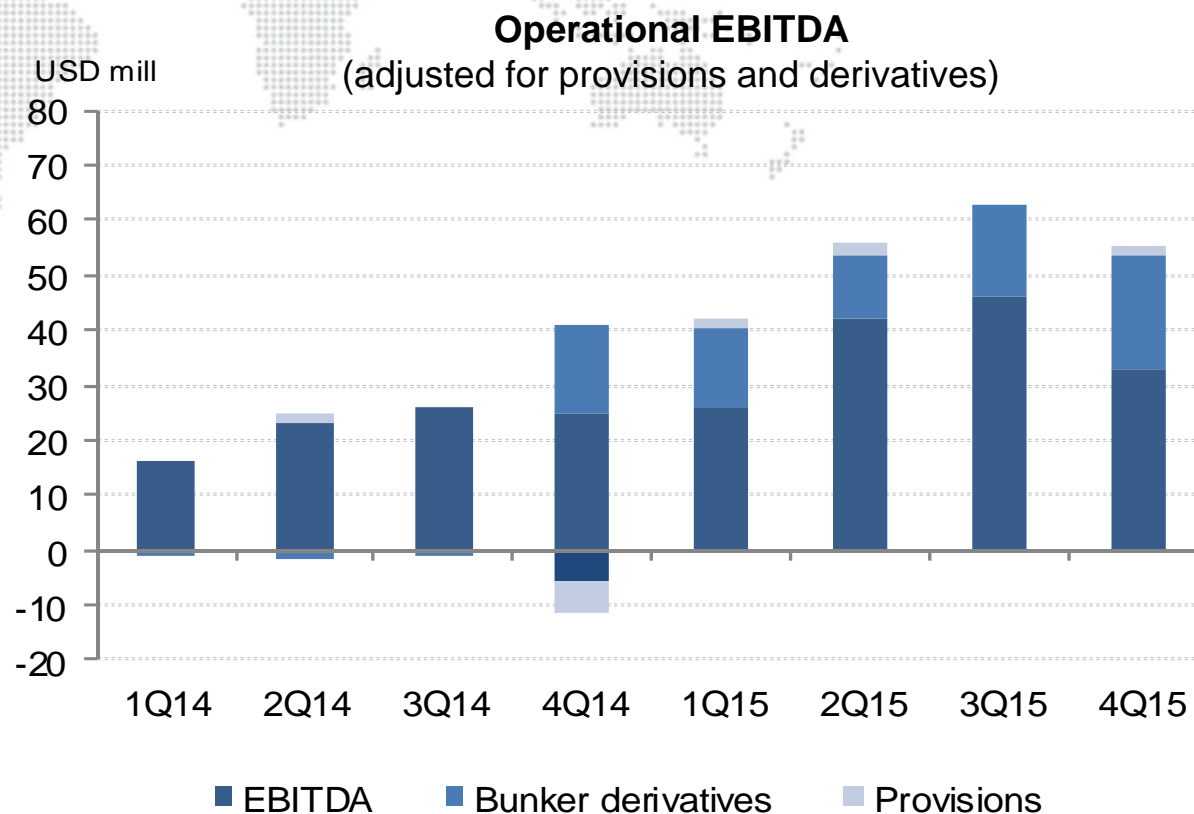
<i>USD mill</i>	4Q15	3Q15
Gross revenue	219	244
Voyage expenses	(93)	(104)
TC expenses	(39)	(41)
Operating expenses	(33)	(34)
General and administrative expenses ²	(21)	(19)
Operating result before depr. (EBITDA)	33	46
Depreciation	(23)	(22)
Impairment	(11)	(0)
Operating result (EBIT)	(0)	24

- *Bunker adjustment clauses impacted the gross revenue negatively USD 12.5 mill (USD 9.9 mill in 3Q)*
- *EBITDA includes negative effects from bunker hedging derivatives USD 20.5 mill (USD 17.0 mill in 3Q)*
- *G&A includes USD 1.9 mill in one off items related to bonus awarded for Project Felix results*

¹ Proportional consolidation method

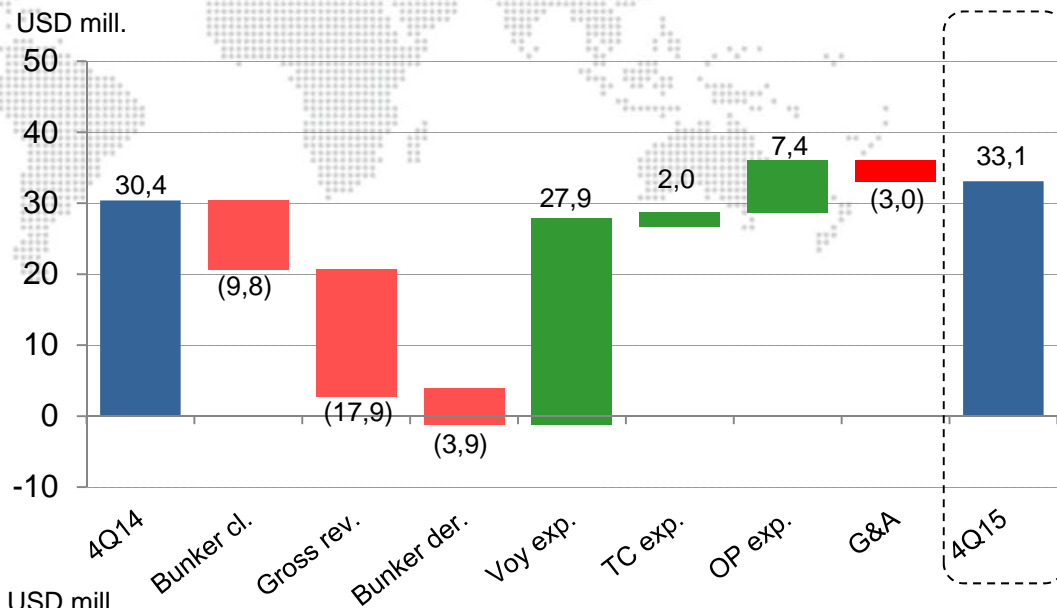
² Including corporate functions

Quarterly figures - Chemical tankers EBITDA adjusted for non-recurring items

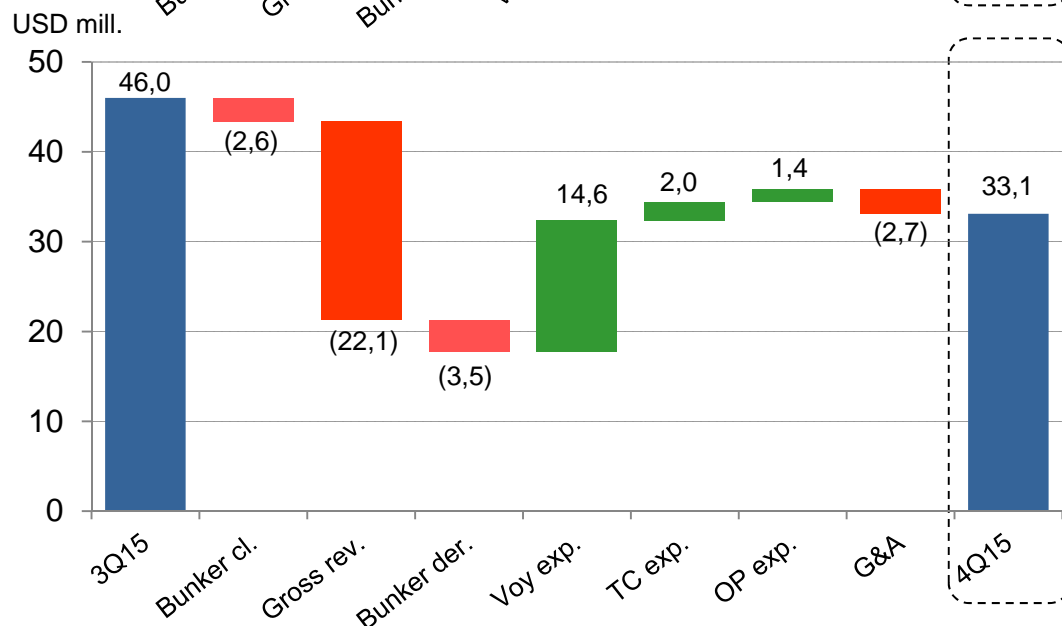


- *In total USD 64.3 mill booked as voyage cost related to bunker derivatives in 2015, compared to USD 15.2 mill in 2014*
- *EBITDA includes BACs with an effect of negative USD 39.2 mill in 2015 and USD 8.6 mill in 2014*
- *Total provisions/one-offs of USD 5.5 mill in 2015*

EBITDA variance – Chemical tankers



4Q15 vs 4Q14:
 EBITDA increased by 9%
 OPEX down 18%

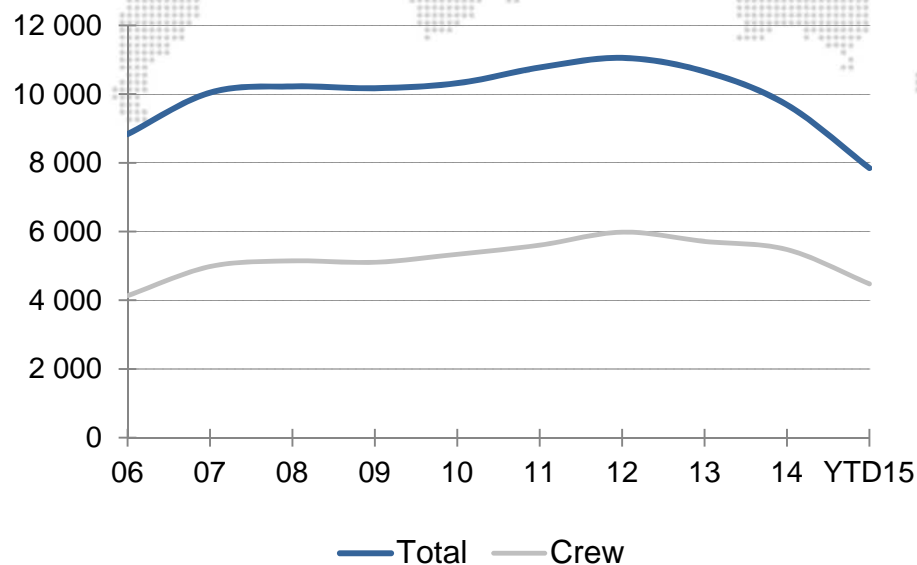


4Q15 vs 3Q15:
 EBITDA decreased by 28%
 OPEX down 4%

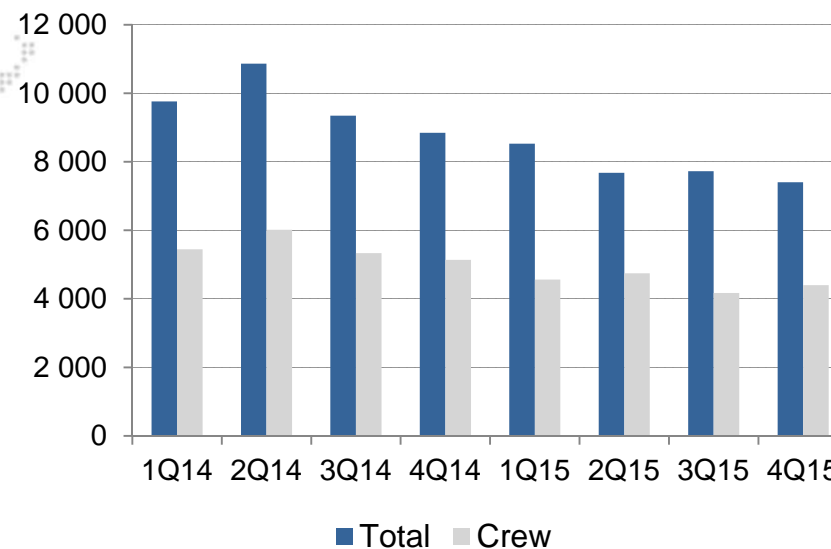


Vessel operating expenses – Chemical tankers

Development USD / day per year



Quarterly USD / day

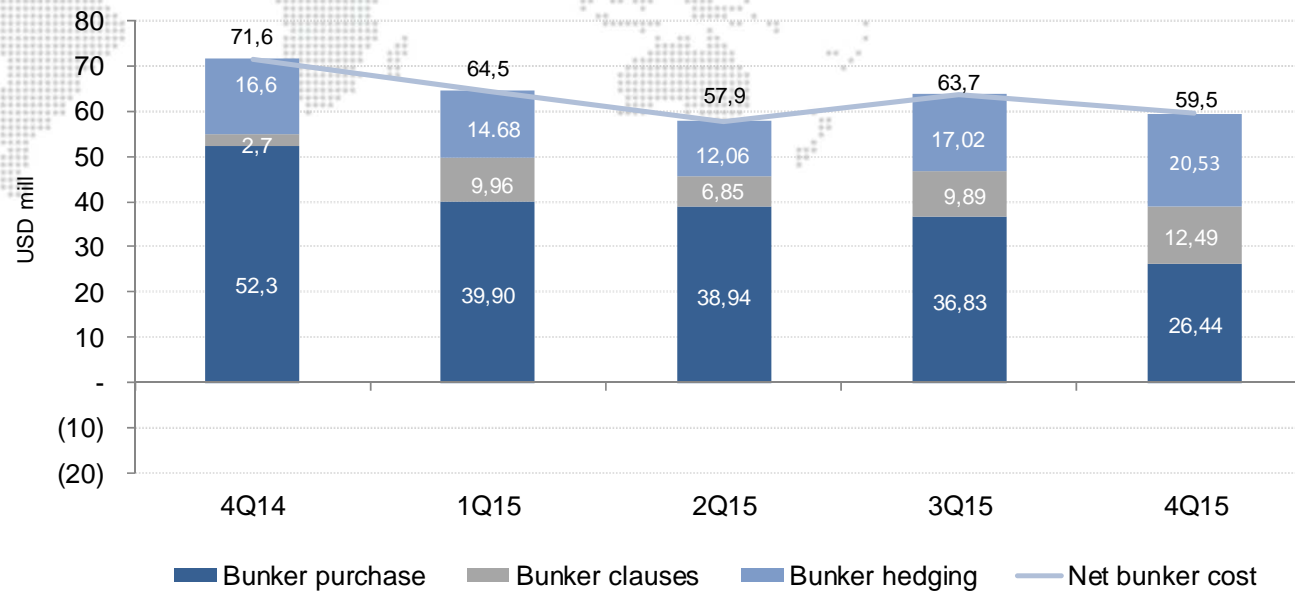


- *Project Felix initiatives give significant positive results*
- *OPEX (USD / day) reduced by 19% in 2015 compared to 2014*
- *Expect OPEX at stable levels going forward*

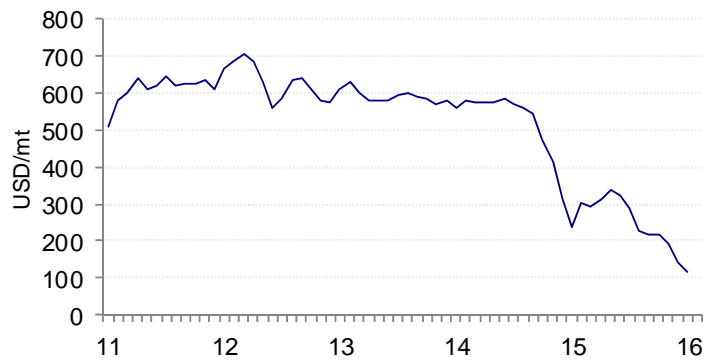


Bunker development

Net Bunker Cost



Platts 3.5% FOB Rotterdam



- Net bunker cost in 4Q USD 371 per tonne before hedging vs. USD 445 in 3Q
- Bunker clauses in CoAs cover about 50% of the exposure
- 7% of 2016 exposure is hedged at average USD 255 per tonne

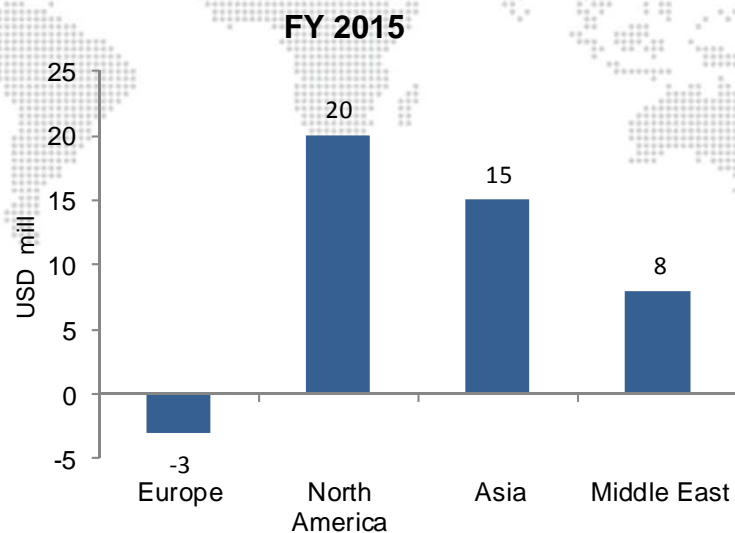
Income statement¹ – 4Q15 tank terminals

<i>USD mill</i>	4Q15	3Q15
Gross revenue	29	28
Operating expenses	(14)	(13)
General and administrative expenses	(4)	(5)
Operating result before depr. (EBITDA)	11	10
Depreciation	(9)	(8)
Impairment	(3)	-
Operating result (EBIT)	(1)	2

- *Slight increase in tank terminal results*
- *The occupancy rate at 94%*
- *Impairment of green field project in China of USD 2.5 mill*
- *EBITDA 2015 USD 39.6 mill compared to negative USD 4.0 mill in 2014*

¹ Proportional consolidation method

Tank terminals EBITDA – By geographical segment



- *Stable results in all areas*
- *Slightly positive EBITDA at OTR in 4Q*
- *Expect substantially increase in Odfjell Terminlas Rotterdam EBITDA in 2016*

EBITDA Tank Terminals by geographical segment	4Q15	3Q15
Europe	1	(0)
North America	5	5
Asia	3	3
Middle East	2	2
Total EBITDA	11	10

Balance sheet¹ – 31.12.2015

<i>USD mill - Assets</i>	
Ships and newbuilding contracts	1 259
Other non-current assets/receivables	47
Investment in associates and JV's	373
Total non-current assets	1 679
Cash and cash equivalent	127
Other current assets	117
Total current assets	243
Assets held for sale	21
Total assets	1 943

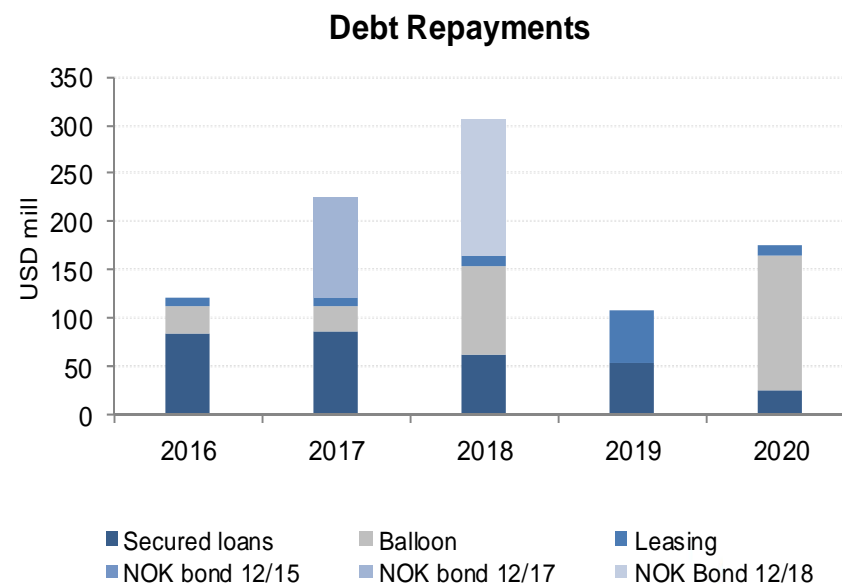
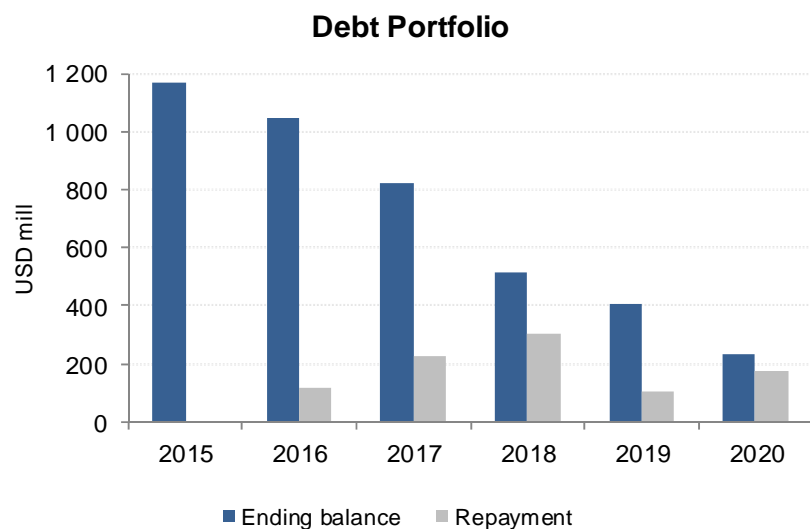
<i>Equity and liabilities</i>	
Total equity	645
Non-current liabilities and derivatives	47
Non-current interest bearing debt	1 048
Total non-current liabilities	1 095
Current portion of interest bearing debt	103
Current interest bearing debt	17
Other current liabilities and derivatives	83
Total current liabilities	203
Liabilities held for sale	-
Total equity and liabilities	1 943

- *Cash balance of USD 127 mill - excluding JV's cash*
- *Net investment in tank terminals JV's USD 306 mill*
- *Equity ratio 33.2% (31.7% end September)*
- *Asset held for sale consists of planned vessel and office building sales*

¹ Equity method

Debt development – 31.12.2015

- USD 100 mill NOK bond matured in December 2015. Redeemed with cash
- New short term bridge loan facility of NOK 147 mill (USD 16.7 mill) related to sale of office building
- Scheduled 2016 debt refinancing limited to an USD 10 mill facility
- The total return swap entered into December 2014 was redeemed at maturity in January 2016



Capital expenditure programme

<i>In USD mill – per 31.12.2015</i>	2016	2017	2018	2019	2020
Chemical Tankers					
Docking	14	14	14	14	14
Other investments (vessel retrofiting)	8	7			
Odfjell Gas, 100%¹⁾					
Sinopacific, 4 x 17,000 cbm	140				
Sinopacific, 4 x 22,000 cbm	30	139			
Tank Terminals, 100%					
Planned capex	71	46	40	9	8

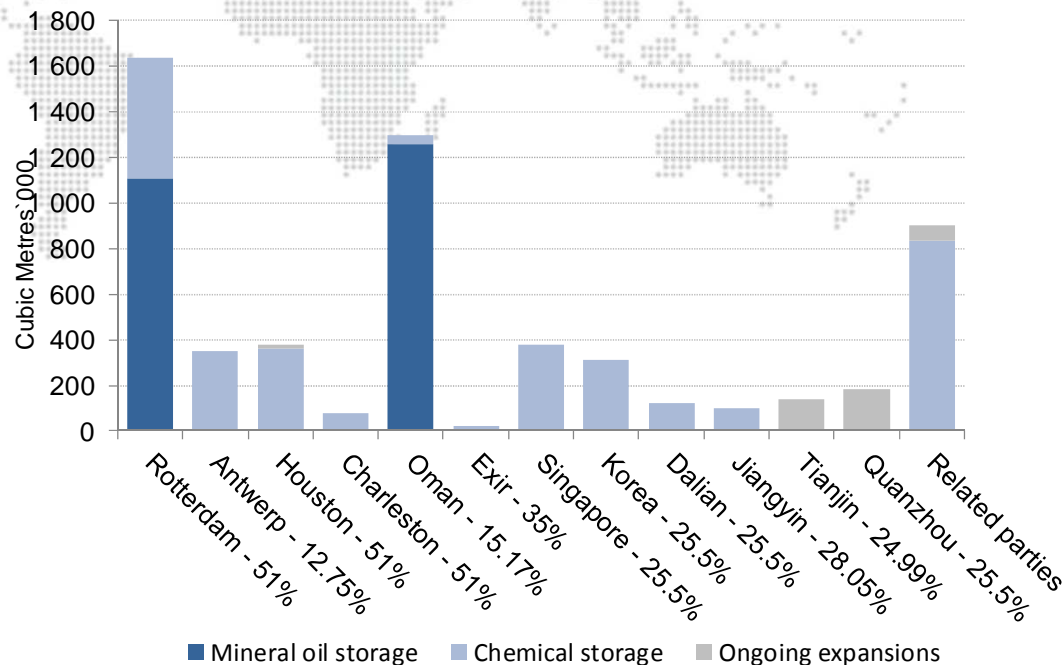
¹⁾ Odfjell SE (50% owner) is committed to inject up to USD 45 mill in equity in 2016 - 2017. Due to delays at the yard the capital injections will most likely be pushed to later than originally scheduled

Terminal projects and expansions

- Our new terminal in Tianjin is ready for operation, but the explosion in the Tianjin old harbour in 2015 is continuing to further delay the process of obtaining the necessary operational permits
- Expansions in Rotterdam are on track
- A one-off charge of USD 2.5 million related to the valuation of the greenfield project at Odfjell Terminal Quanzhou (Fujian)



Tank terminal capacity and commercial occupancy

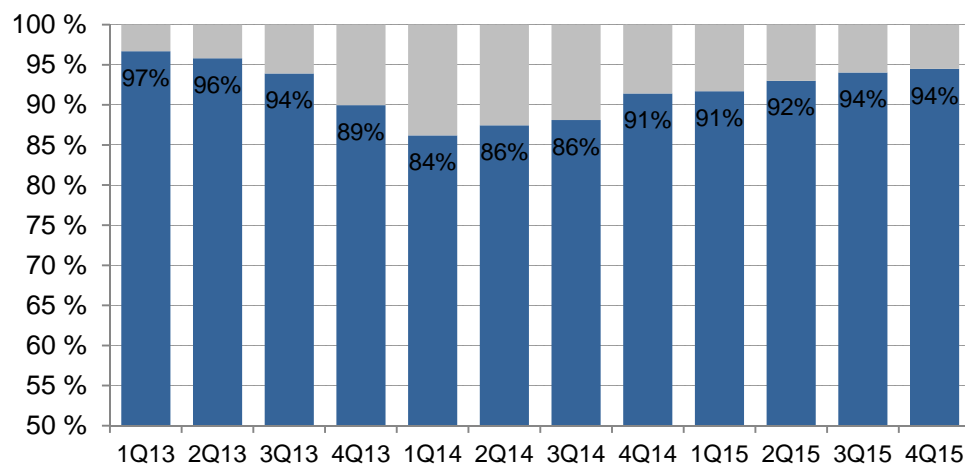


Current capacity 5,504,966 cbm

Ongoing expansions 391,650 cbm

Available capacity in Rotterdam at 60% of gross capacity

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

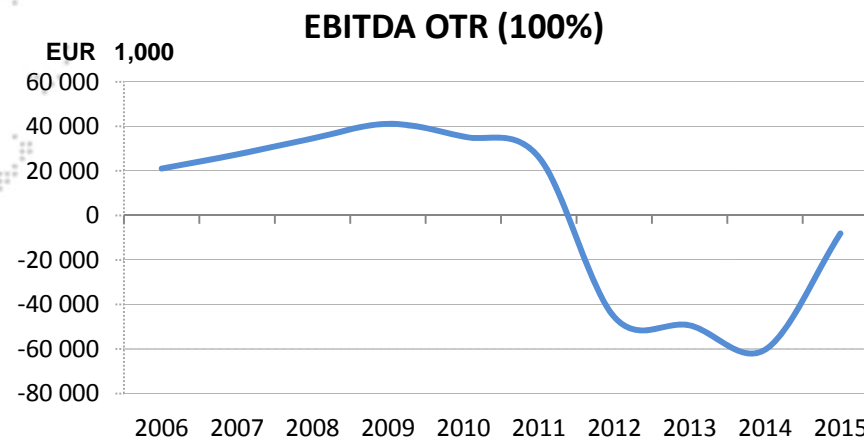


The occupancy rate was at 94% in 4Q15.



Odfjell Terminals (Rotterdam) – Current status

- EBITDA USD 0.3 mill in 4Q15 (Odfjell share), compared to negative USD 0.8 mill last quarter
- The terminal has delivered a slightly positive EBITDA in four consecutive months
- Total commercial capacity end December 964,000 cbm, compared to 939,000 cbm end September, commercial capacity (96.9%) fully utilised
- OTR has in 2015 expanded its PID distillation capacity from 700,000 tonnes to 1,500,000 tonnes per year
- The terminal has commitments for new contracts that will ramp up during the first half of 2016 and utilise the majority of the distillation (PID) capacity for 2016. This will contribute positively for the financials



Odfjell Gas Carriers

- In general more activity in most markets
- Expectations for the first quarter are that the present scenario will continue with a shortage of Ethylene in the Far East
- The construction of 4 x 17,000 cbm and 4 x 22,000 cbm is significantly delayed, and we are still in discussions with the yard on how to resolve this
- According to the latest production schedule from the yard, the first of the four 17,000 cbm vessels is expected to be delivered in September 2016 compared to original expected deliveries October 2015 – May 2016

<i>USD mill</i>	4Q15	3Q15
Gross revenue	5	4
EBITDA	1	1
EBIT	1	0

Fleet development - Last 12 months

Fleet additions		DWT	Built	Tanks	Transaction
February 2016	Southern Owl	26 057	2016	Stainless	Long-term TC
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

Fleet disposals, owned		DWT	Built	Tanks	Transaction
November 2015	Bow Victor	33 000	1986	Stainless	Recycling
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

Project Felix

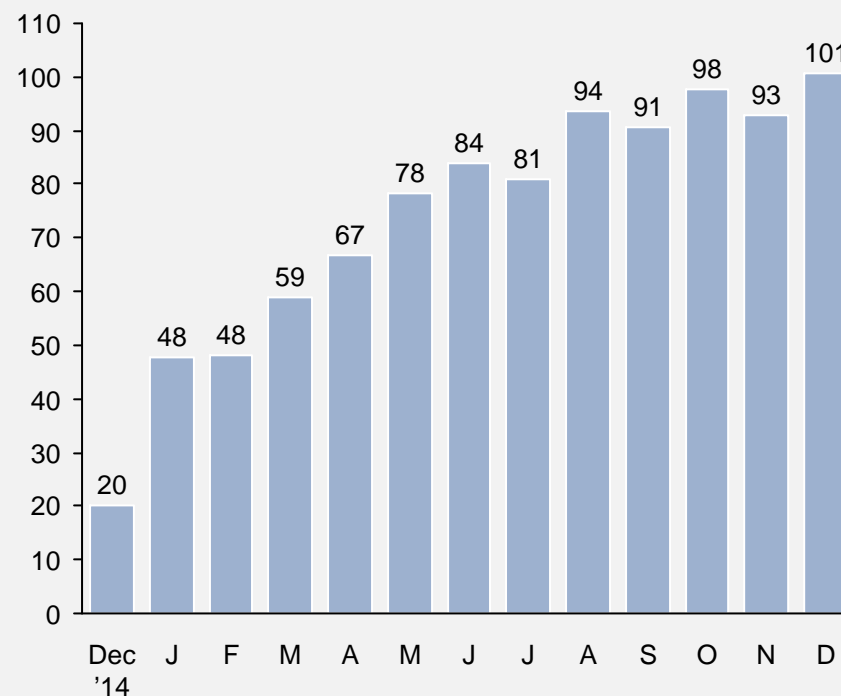
We successfully reached our USD 100 million ambition by end of December 2015

Project Felix, status update

- Our ambition to save minimum USD 100 million was reached in 2015
- Measurable effect in 4Q15 at approx. USD 20 million
- Full financial impact in 2016, one year ahead of schedule
- Odfjell has a continuous focus on improving operations
- We have launched new initiatives targeting our operational performance that will improve our strategic position and results
- Odfjell will stop reporting on Project Felix, remaining initiatives to be completed by line management
- USD 1.9 mill related to bonus awarded for Project Felix results

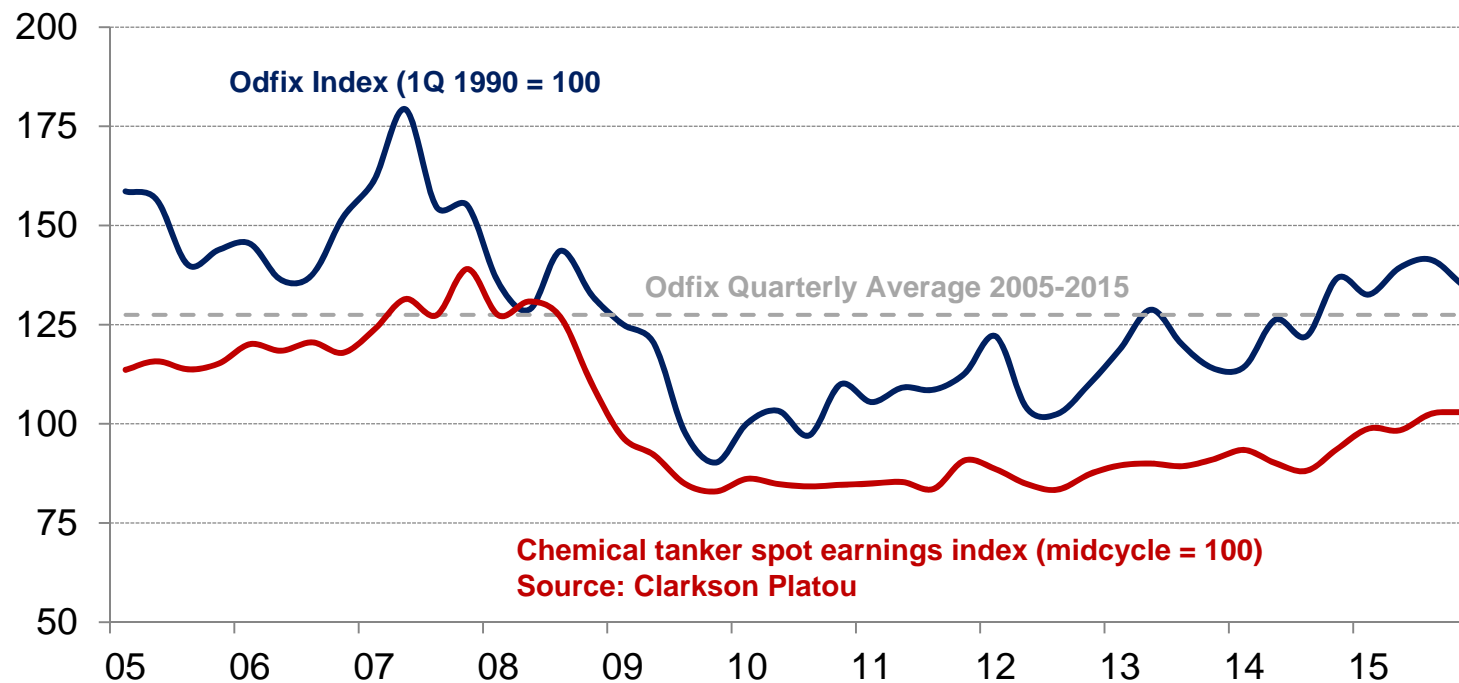
“Run-rate” per month 2015

Figures in USD million



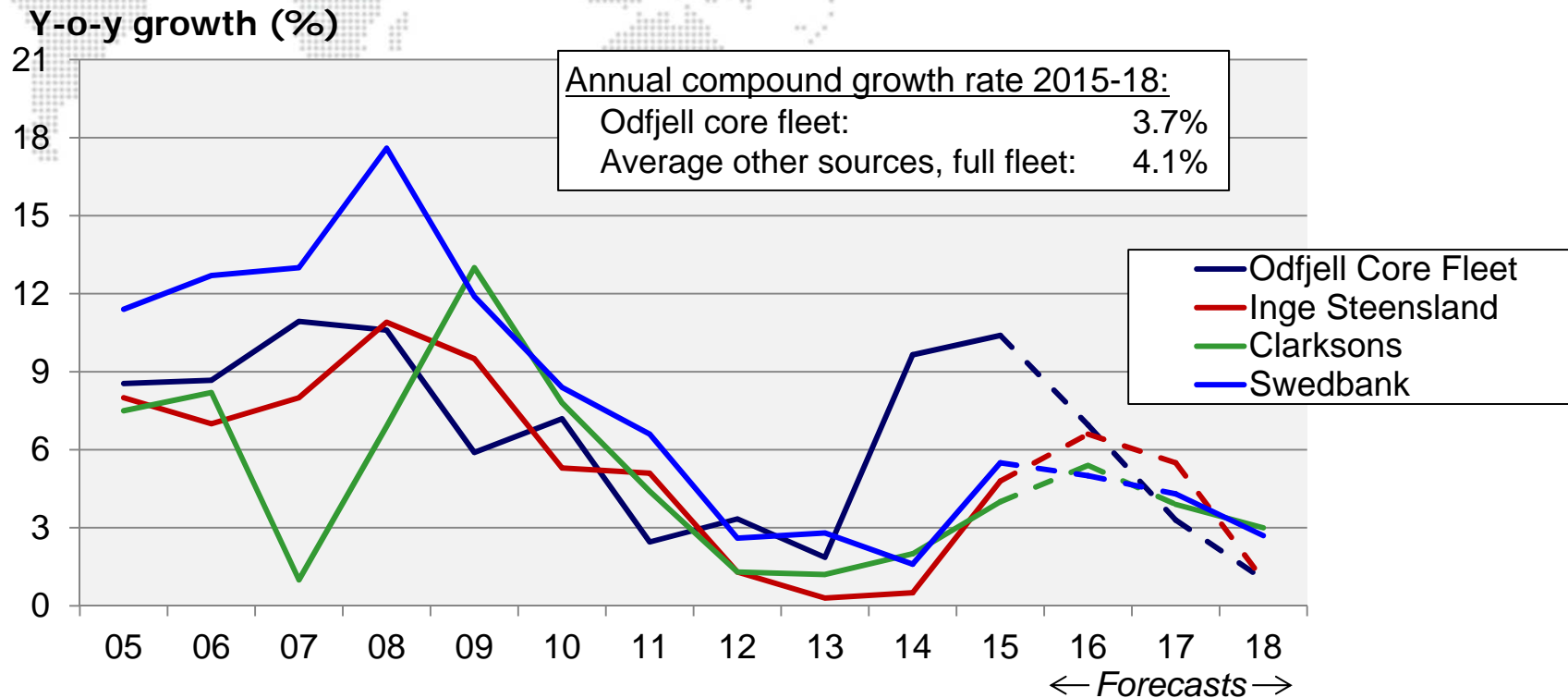
Market update – Chemical tankers

- Relatively weaker chemicals spot market in the fourth quarter
- CPP market softening
- Port congestion continues to be a challenge
- No material disruption to the operation of our vessels during the period



Chemical tanker market

Chemical tanker year-on-year net fleet growth



- Differences between sources due to different fleet definitions
 - Odfjell: IMO 2 tonnage \geq 13,000 dwt, predominantly trading in chemicals. Assuming current orderbook and outphasing at 30 years (Europe built) or 25 years (Asia built).
- Stricter definition and thus, more limited fleet basis



Prospects

- The 2016 global growth prospect is uncertain
- Increased benefit from lower bunker prices, as our expensive bunker hedging expired in December 2015, but we continue to have some negative effect from bunker adjustment clauses in our COA's
- Increased benefit from Project Felix as all initiatives crystalize
- For the next quarter we expect the market to be in line with second half of 2015 for Chemical Tankers
- Despite a somewhat uncertain market outlook, we expect 2016 results for Chemical Tankers to improve based on a more competitive cost structure and expiry of loss-making bunker hedges
- We expect Odfjell Terminals 2016 results to be improved on strong PID distillation activity and better storage results at Odfjell Terminals (Rotterdam) and stable result for the other terminals

Executive Management - *Priorities during 1st half 2016*

- Key focus continue to be on “building strength”
 - Focus on initiatives that improve cash and balance sheet
 - Strong focus on operational improvements, and quality of service
- Top line improvement initiatives ongoing
- Solve the future of Odfjell Gas
- Fleet renewal programme for the advanced chemical tankers

Capital market day

Odfjell SE will host a capital market day 10 May 2016 to present the financial position of the Odfjell Group.

The presentation will be held at the terminal in Rotterdam.





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Thank you



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