



**PRELIMINARY FULL
YEAR &
FOURTH QUARTER
2016 RESULTS**

16 February 2017



Agenda

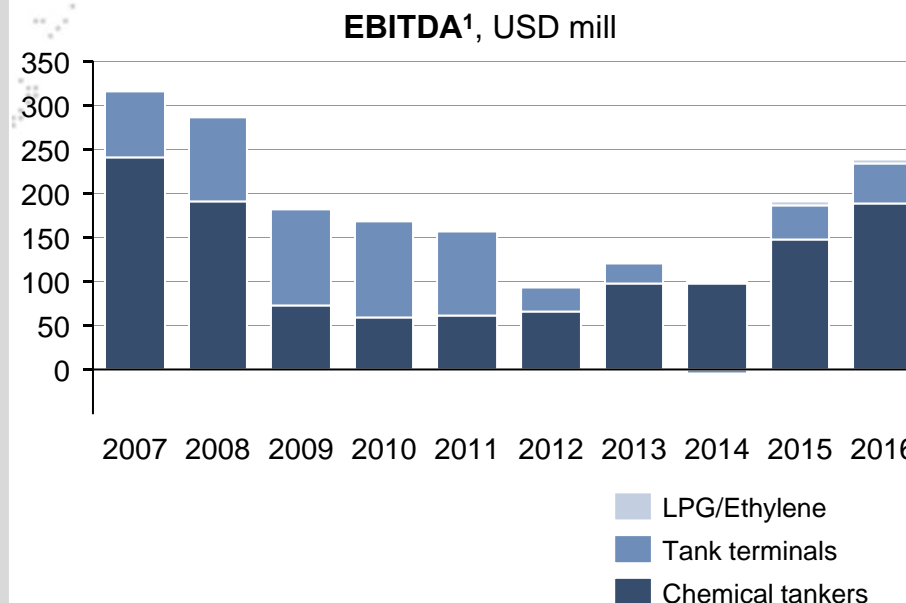
- **Highlights**
- **Financials**
- **Operational review**
- **Market update and prospects**
- **The Odfjell Compass**
- **Q&A**



Highlights

Full Year 2016

- Significant improvement in financial performance in spite of challenging markets. Net result of USD 100 mill, compared with net result of USD - 36 mill in 2015
- Improved full year EBITDA to USD 238 mill from USD 190 mill in 2015
- Sale of Oman terminal in December resulted in capital gain of USD 44 mill
- Effects from Project Felix and Project Moneyball continues to increase competitiveness
- Substantially strengthened balance sheet and cash position
- Initiated fleet renewal programme for stainless steel chemical tankers



«Our markets remained challenging, but Odfjell continues to build both financial and operational strength. Based on our strengthened position we are now launching our new strategy – the «Odfjell Compass» which will be leading the company into the future»

Kristian Mørch, CEO Odfjell SE

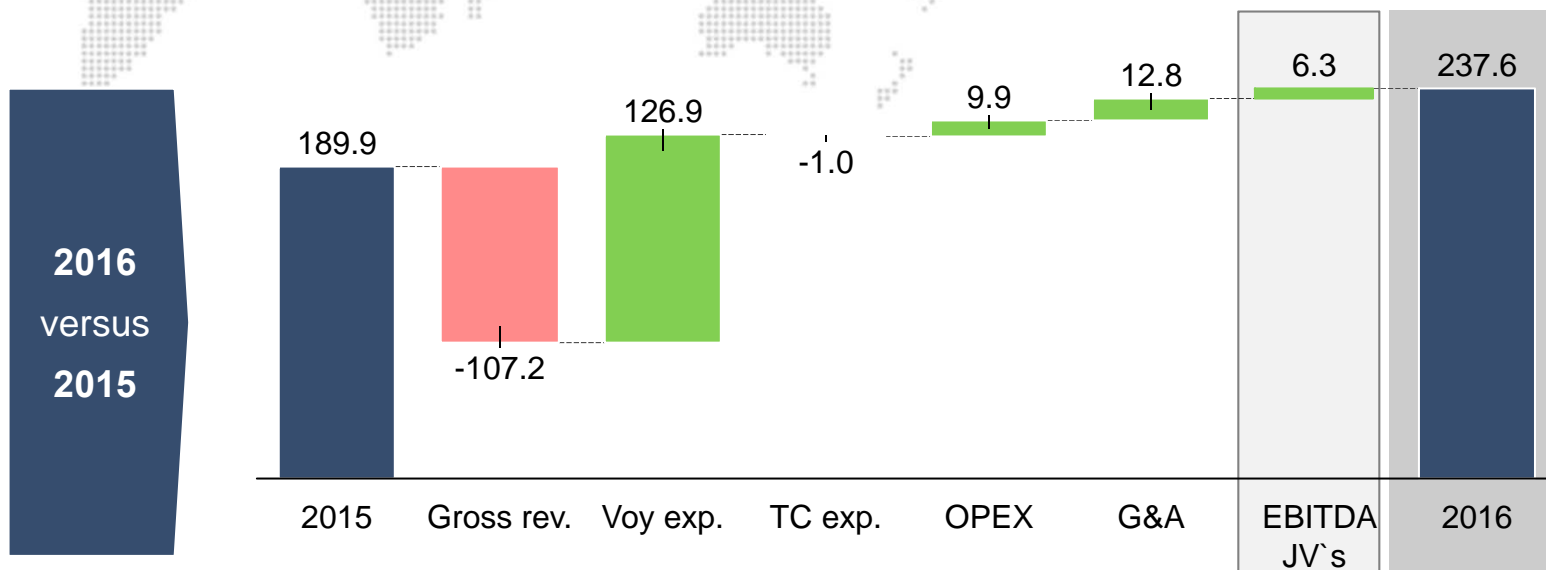
Income statement¹ - Preliminary full year 2016 Odfjell Group

USD millions	2016	2015
Gross revenue	967	1 068
Voyage expenses	(282)	(409)
TC expenses	(165)	(167)
Operating expenses	(189)	(200)
General and administrative expenses	(94)	(102)
Operating result before depr. (EBITDA)	238	190
Depreciation	(125)	(124)
Impairment	(25)	(24)
Capital gain (loss) on non-current assets	57	(0)
Operating result (EBIT)	145	43
Net finance	(38)	(74)
Taxes	(6)	(4)
Net result	100	(36)

¹ Proportional consolidation method

EBITDA variance¹ – Odfjell Group

YTD EBITDA, USD millions



**2016
versus
2015**

- Gross revenue down 11%
- Voyage expenses reduced 32%, mainly due to loss on derivatives in 2015 and reduced bunker cost in 2016
- OPEX reduced 7%
- G&A reduced 15%
- EBITDA JV's improved 15%
- EBITDA improved 25%

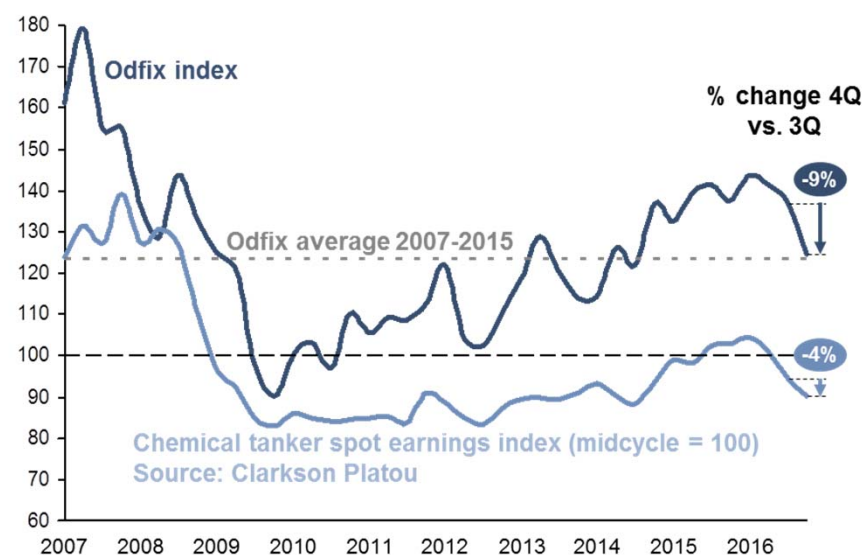
1. Proportional consolidation method

Highlights

Fourth Quarter 2016

- Stable underlying operational performance in fourth quarter, but softer markets
- Quarterly net result of USD 43 mill (including gain from sale of Oman terminal of USD 44 mill, impairments of USD 16 mill and other financial gains of USD 16 mill)
- Chemical Tankers EBITDA in fourth quarter was USD 36 mill compared with USD 48 mill in third quarter
- Odfjell chemical freight index (ODFIX) down 8.8% compared with previous quarter
- Stable results from Odfjell Terminals in fourth quarter
- Distillation volumes in Rotterdam continue to increase
- In January 2017 Odfjell successfully completed a new unsecured bond issue of NOK 700 mill

Odfix quarterly average Index, 1990=100



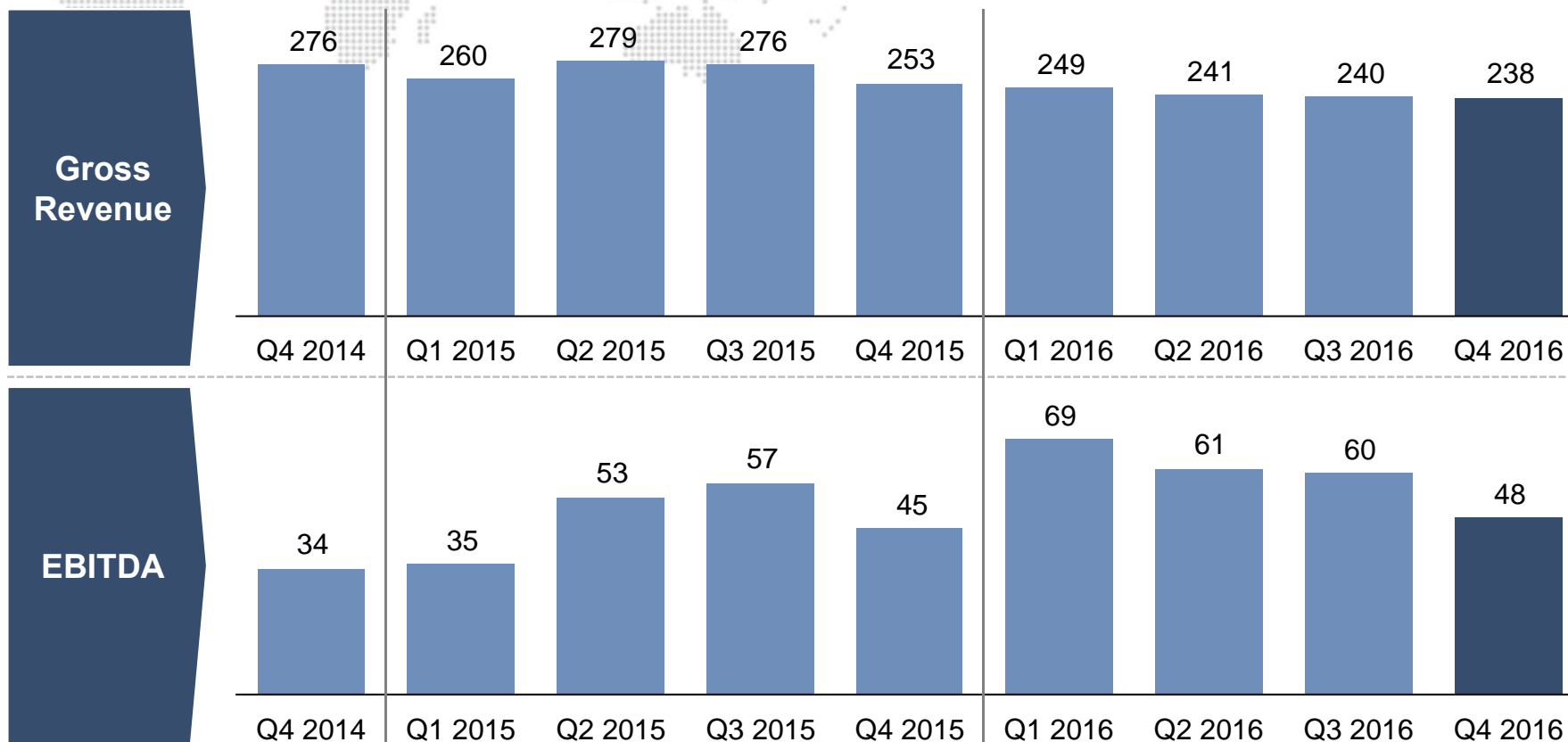
Income statement¹ - Fourth quarter 2016 Odfjell Group

USD millions	4Q 2016	3Q 2016
Gross revenue	238	240
Voyage expenses	(76)	(70)
TC expenses	(42)	(41)
Operating expenses	(48)	(46)
General and administrative expenses	(24)	(22)
Operating result before depr. (EBITDA)	48	60
Depreciation	(32)	(32)
Impairment	(16)	0
Capital gain (loss) on non-current assets	45	0
Operating result (EBIT)	45	28
Net finance	(1)	(12)
Taxes	(1)	(0)
Net result	43	16

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Quarterly Gross Revenue and EBITDA, USD millions



Stable revenue and reduced EBITDA due to softer markets

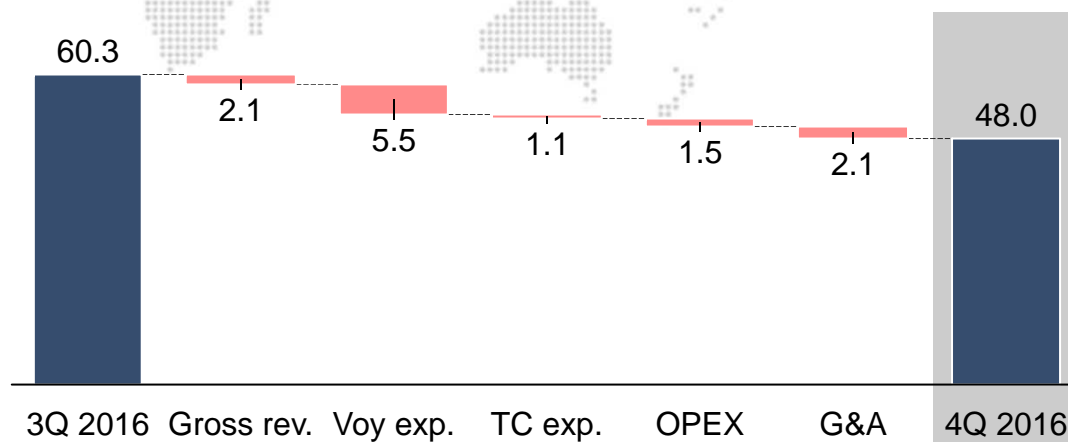
1. Proportional consolidation method



EBITDA variance¹ – Odfjell Group

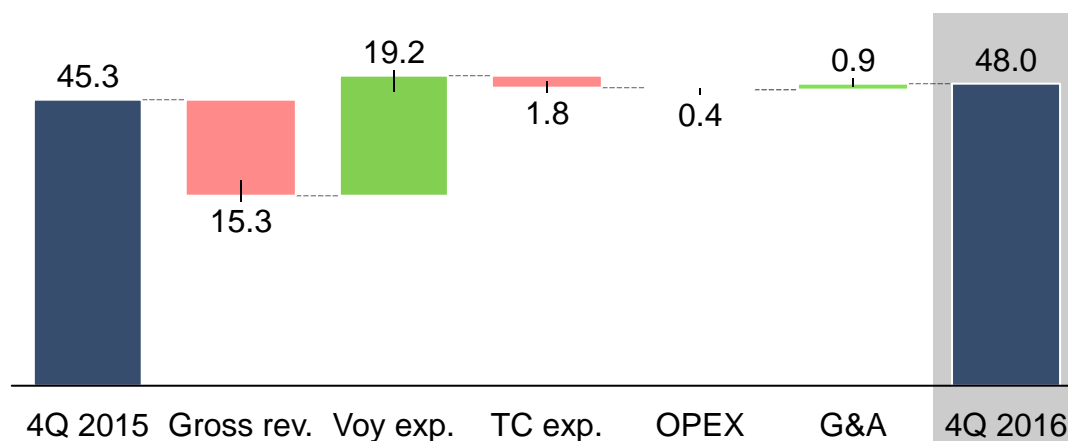
Quarterly EBITDA, USD millions

**4Q
2016**
versus
**3Q
2016**



- Gross revenue down 1%
- Voyage expenses up 8%
- OPEX up 3%
- G&A up 9%
- EBITDA reduced 20%

**4Q
2016**
versus
**4Q
2015**

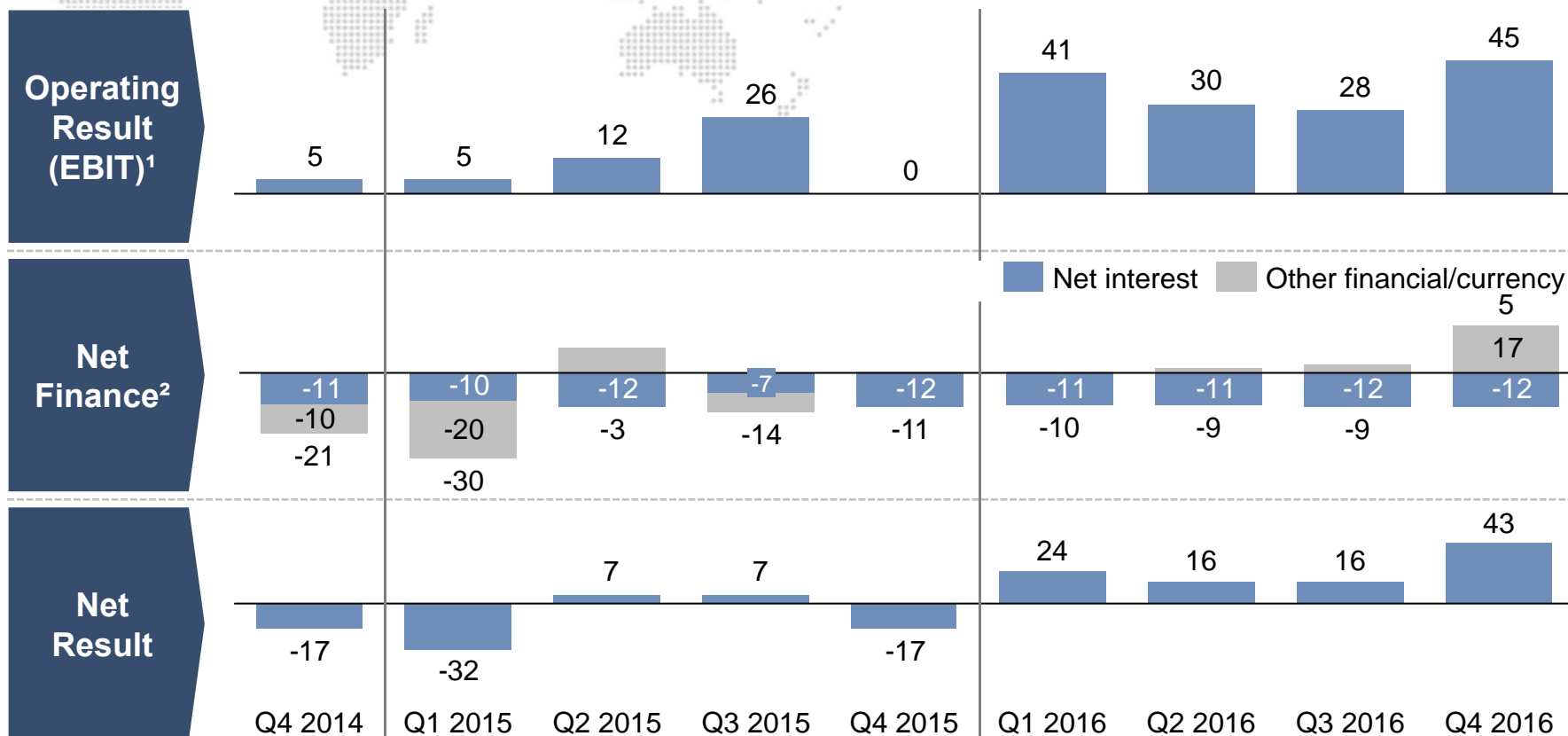


- Gross revenue down 6%
- Voyage expenses reduced 20% due to loss on derivatives in 4Q15
- OPEX unchanged
- G&A reduced 4%
- EBITDA improved 6%

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Operating Result (EBIT)¹, Net Finance² and Net Result, USD millions



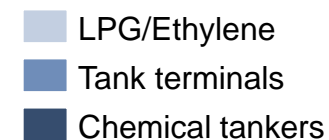
4Q16:

- Capital gain sale of Oman terminal USD 44 mill
- Impairments USD 16 mill
- Financial lease termination gain USD 21 mill
- Net interest remains stable

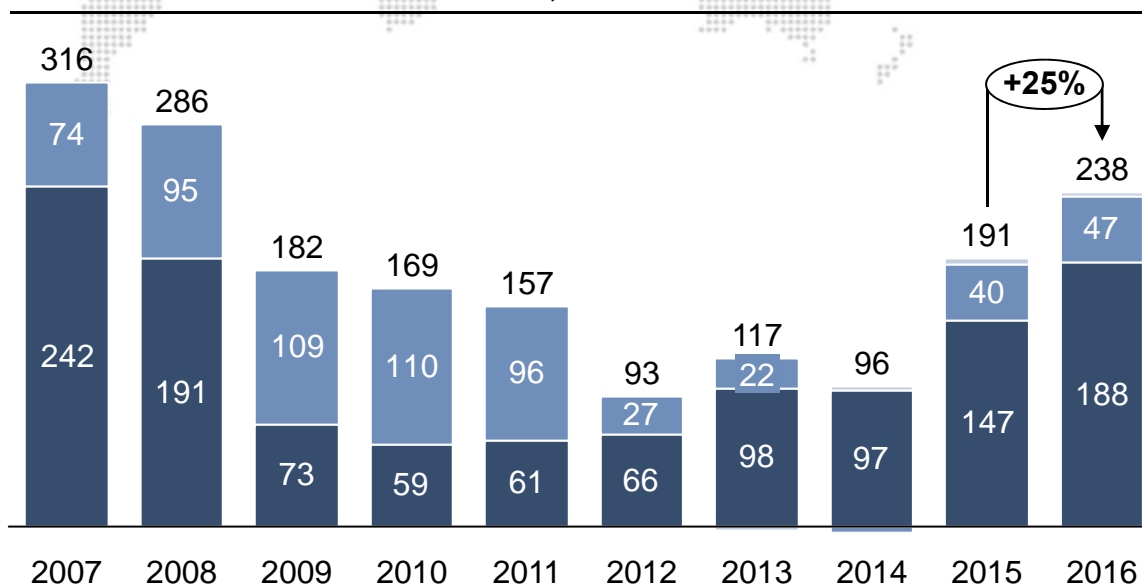
1. Proportional consolidation method
 2. Equity method



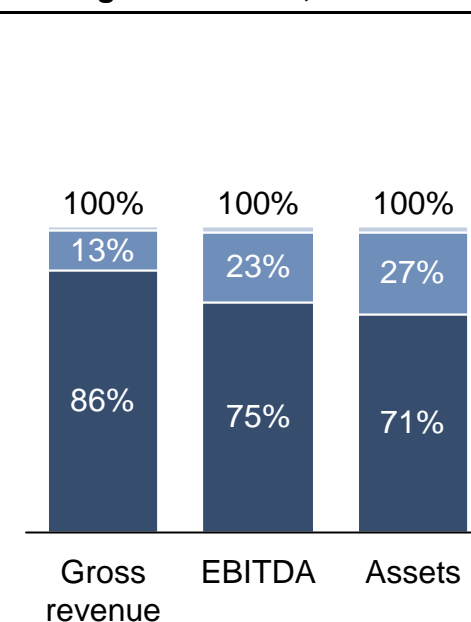
Results per segment¹



EBITDA¹, USD millions



Segment details, 4Q 2016



USD millions	4Q 2016			3Q 2016		
	Chemical tankers	Tank terminals	LPG/Ethylene	Chemical tankers	Tank terminals	LPG/Ethylene
Gross revenue	204	31	3	207	30	3
EBITDA	36	11	1	48	12	1
EBIT	8	42	(6)	25	3	0

1. Proportional consolidation method according to actual historical ownership share

Income statement¹ – 4Q16 chemical tankers

USD millions	4Q 2016	3Q 2016
Gross revenue	204	207
Voyage expenses	(74)	(68)
TC expenses	(42)	(41)
Operating expenses	(33)	(33)
General and administrative expenses ²	(19)	(17)
Operating result before depr. (EBITDA)	36	48
Depreciation	(23)	(23)
Impairment	(7)	0
Capital gain/loss on fixed assets	1	0
Operating result (EBIT)	8	25

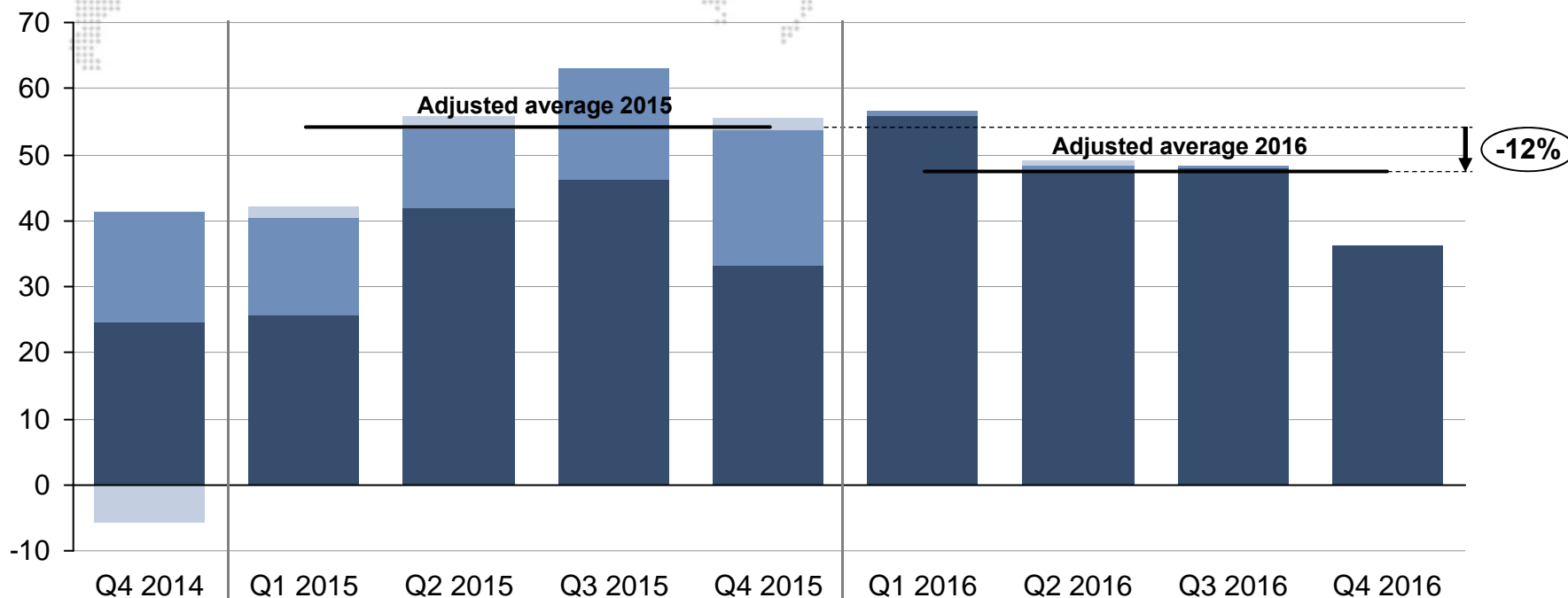
- Stable gross revenue
- Increase in voyage expenses
- Stable OPEX and G&A
- Impairment Bow Aratu

1. Proportional consolidation method
2. Including corporate functions

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

Quarterly Operational EBITDA (adjusted for provisions and derivatives)
USD millions

- Provisions
- Bunker derivatives
- EBITDA



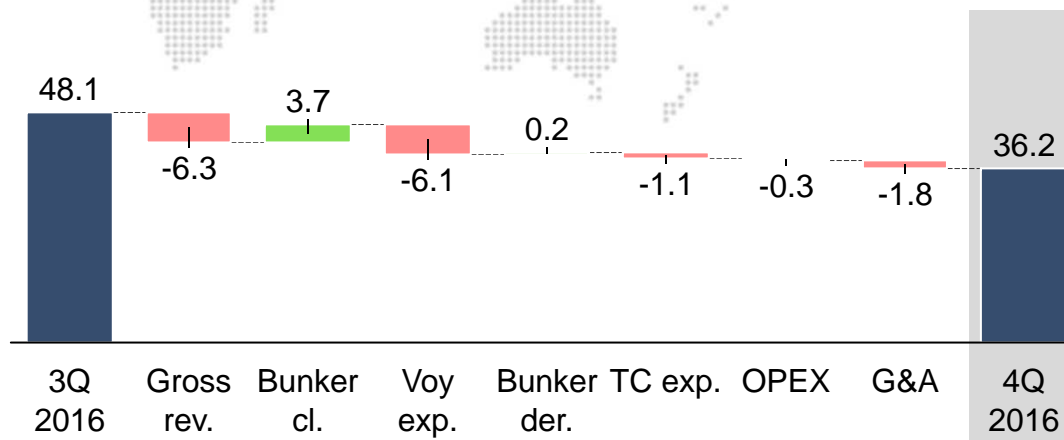
2016 EBITDA 12% below adjusted 2015 EBITDA figures



EBITDA variance – Chemical tankers

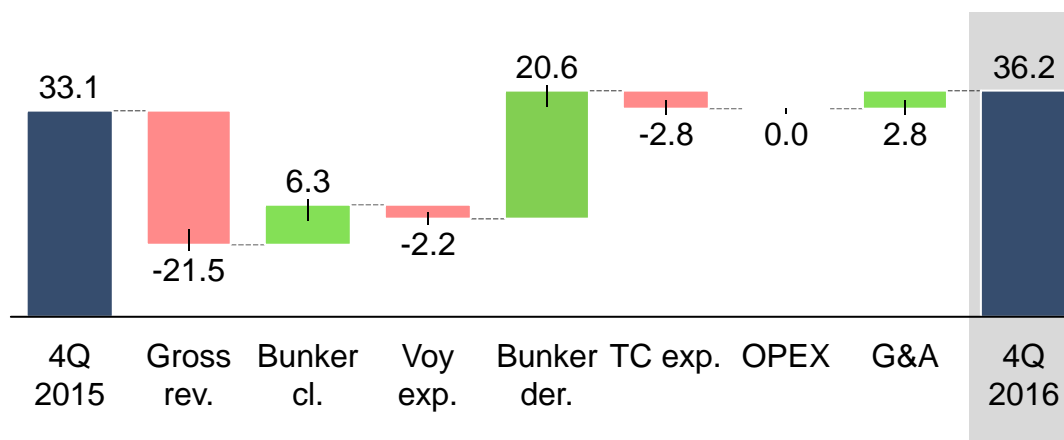
Quarterly EBITDA, USD millions

4Q 2016
versus
3Q 2016



- Net gross revenue unchanged
- Net voyage expenses up 9%
- EBITDA reduced 25%

4Q 2016
versus
4Q 2015



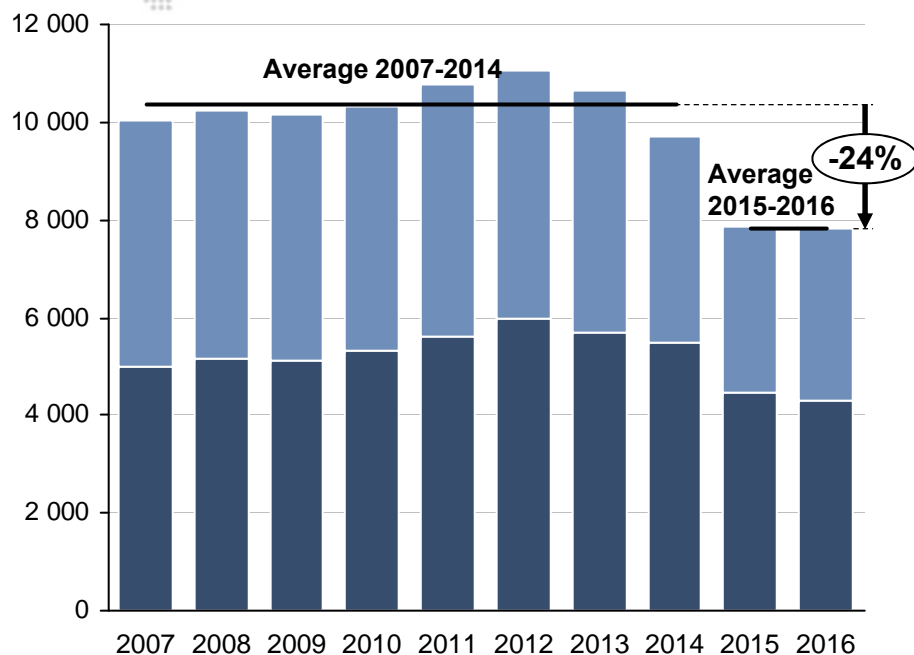
- Net gross revenue down 7%
- Net voyage expenses reduced 20%, due to loss on derivatives in 4Q15
- EBITDA improved 9%

Vessel operating expenses – Chemical tankers

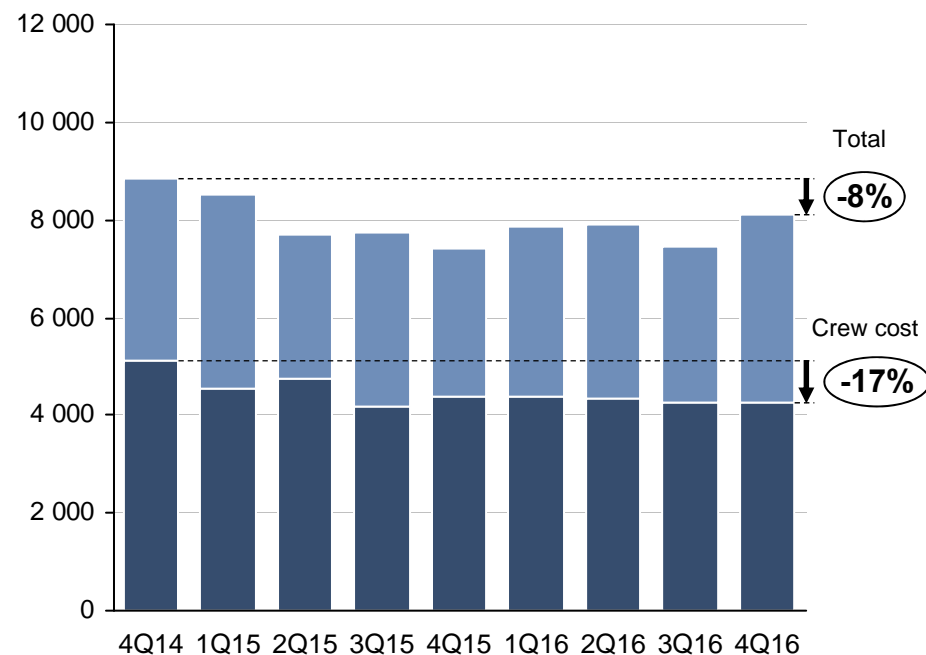
Vessel operating expenses (OPEX), USD/day

■ Non-crew OPEX
■ Crew cost

Yearly development, 2007 - 2016



Quarterly development, 4Q 2014 - 4Q 2016

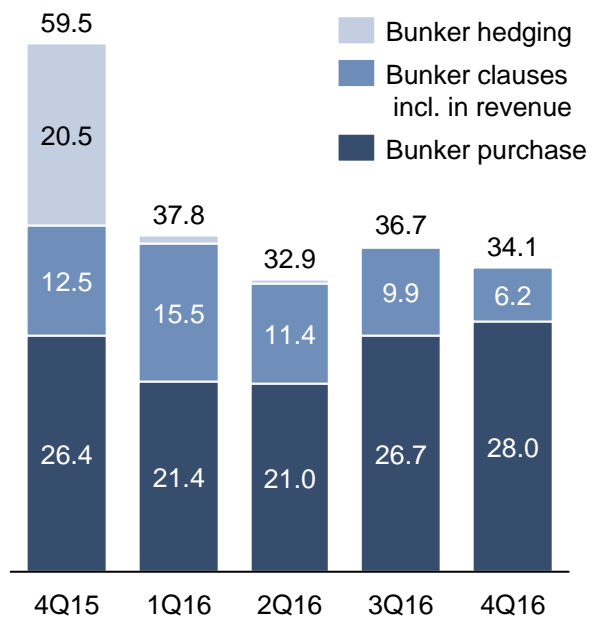


- OPEX remains competitive at stable level
- 8% reduction in total OPEX



Bunker development

Quarterly net bunker cost
USD millions 4Q 2015 - 4Q 2016



Platts 3.5% FOB Rotterdam
January 2012 - January 2017

USD per metric tonne



- Net bunker cost in 4Q USD 342 per tonne before hedging vs. USD 365 in 3Q
- Bunker clauses in CoAs cover about 60% of the exposure
- 6% of 2017 exposure is hedged at USD 224 per tonne

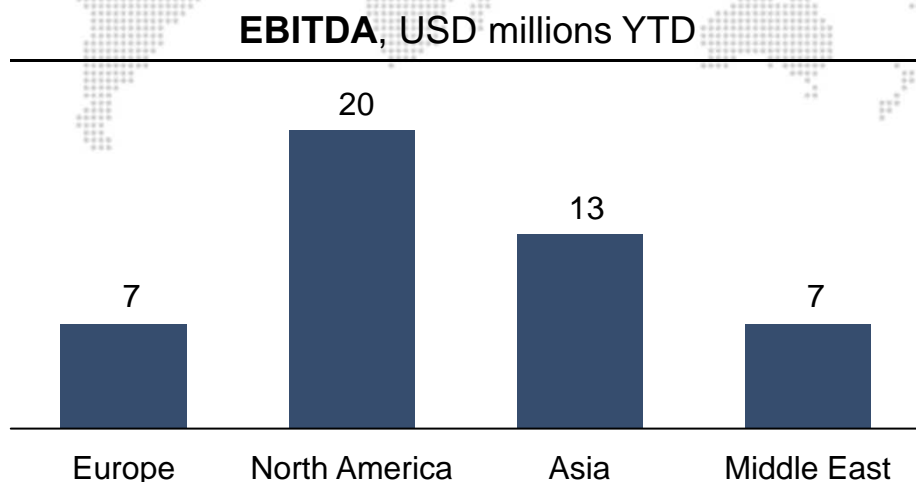
Income statement¹ – 4Q16 tank terminals

USD millions	4Q 2016	3Q 2016
Gross revenue	31	30
Operating expenses	(14)	(13)
General and administrative expenses	(6)	(6)
Operating result before depr. (EBITDA)	11	12
Depreciation	(10)	(9)
Impairment	(4)	-
Capital gain/loss on fixed assets	44	(0)
Operating result (EBIT)	42	3

- The occupancy rate at 95% in 4Q based on available commercial capacity
- Stable results but slightly reduced EBITDA due to increased maintenance and operating costs
- Impairment greenfield project China USD 4 mill
- Profit sale of Oman terminal USD 44 mill

1. Proportional consolidation method

Tank terminals EBITDA – By geographical segment



EBITDA Tank Terminals	4Q 2016	3Q 2016
Europe	2	2
North America	4	5
Asia	3	3
Middle East	2	2
Total EBITDA	11	12

- Stable results in all areas
- Continued potential upside in Odfjell Terminals (Rotterdam)
- Sale of Oman terminal (Middle East segment) closed in December total proceeds USD 130 mill of which OSE has received USD 55 mill

Balance sheet¹ – 31.12.2016

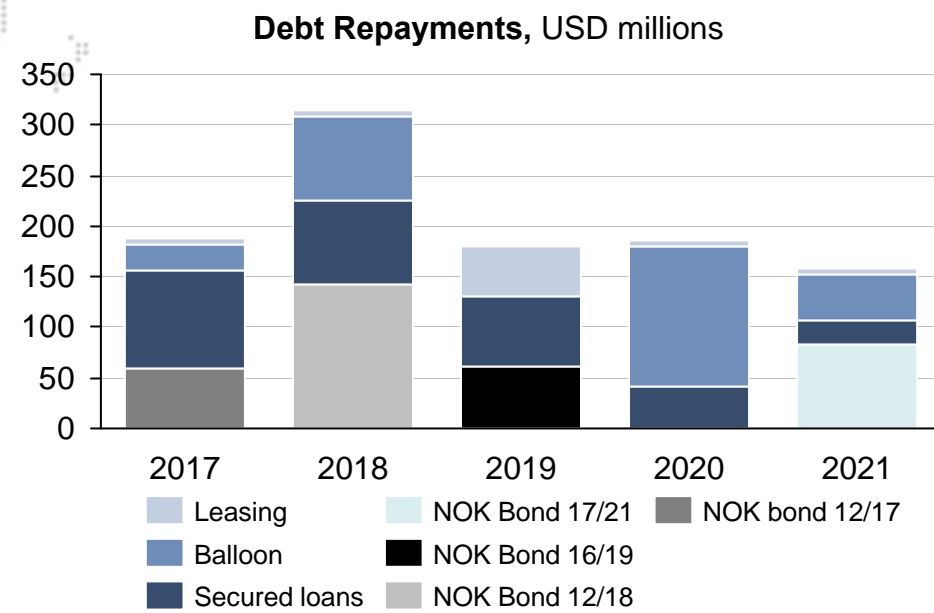
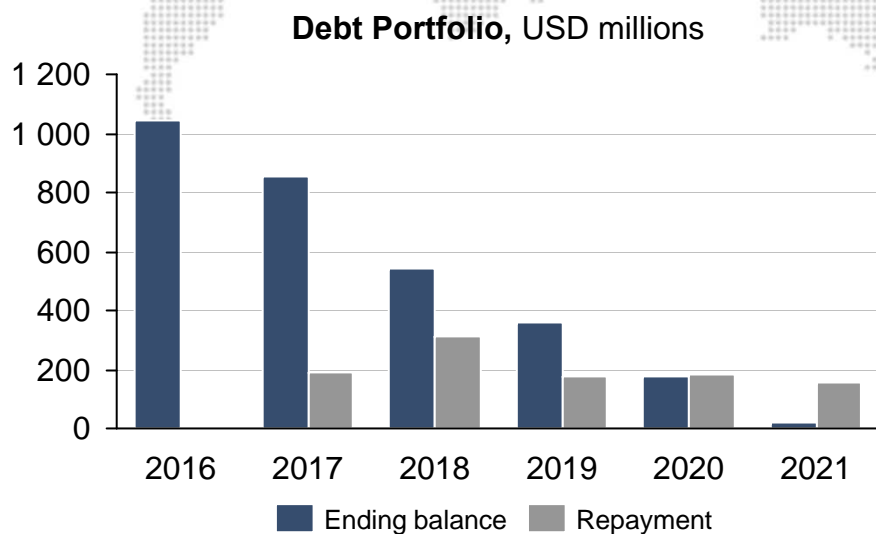
Assets, USD millions	
Ships and newbuilding contracts	1 203
Other non-current assets/receivables	49
Investment in associates and JV's	337
Total non-current assets	1 589
Cash and cash equivalent	174
Other current assets	115
Total current assets	289
Assets held for sale	4
Total assets	1 882

Equity and liabilities, USD millions	
Total equity	718
Non-current liabilities and derivatives	40
Non-current interest bearing debt	838
Total non-current liabilities	878
Current portion of interest bearing debt	204
Other current liabilities and derivatives	82
Total current liabilities	286
Liabilities held for sale	-
Total equity and liabilities	1 882

- Cash balance of USD 174 mill - excluding JV's cash
- Net investment in tank terminals JV's USD 309 mill
- Equity ratio 38.1% (33.2% end 4Q15)

1. Equity method

Debt development – 31.12.2016



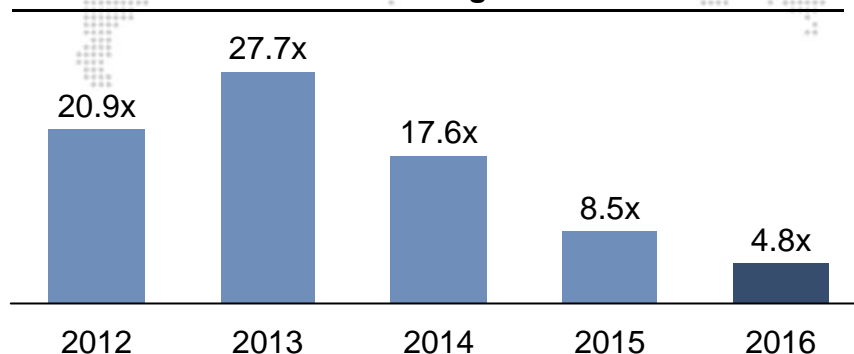
- In January 2017 Odfjell completed a new bond issue of NOK 700 million with maturity in 2021, significant price improvement since last issuance
- In conjunction with the bond issue we repurchased NOK 120 million of the bond maturing an April 2017
- NOK bond maturing in April 2017 with USD 60 mill



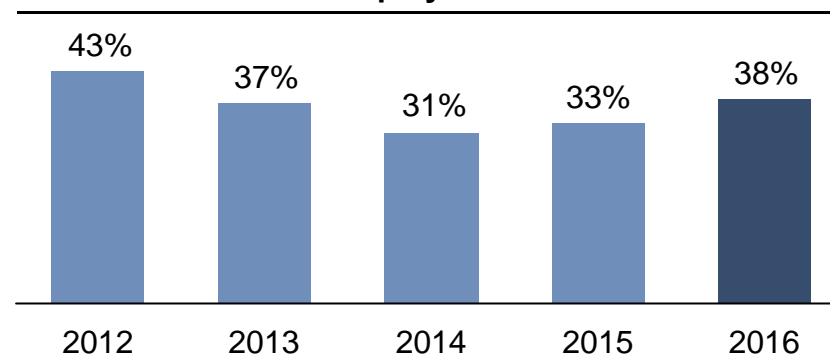
Financial ratios

Equity method method

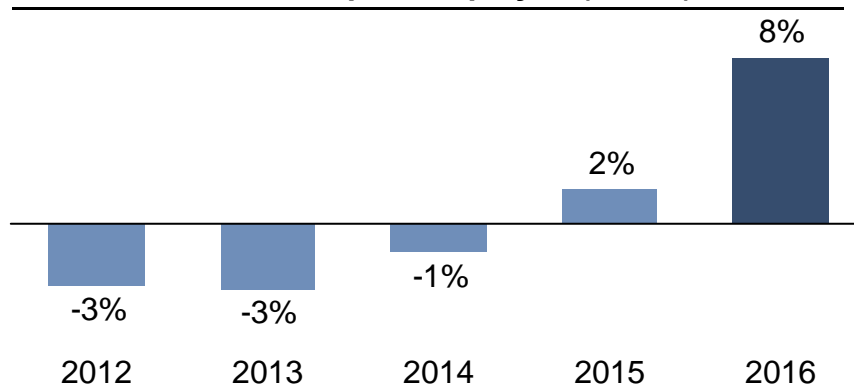
Gross interest bearing debt / EBITDA



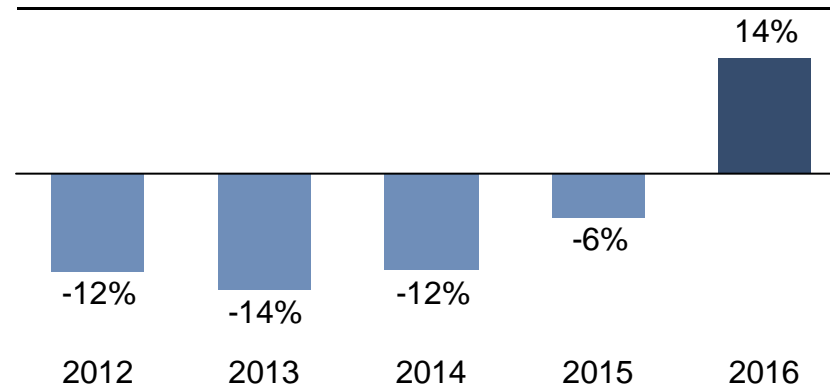
Equity ratio



Return on capital employed (ROCE)¹



Return on equity (ROE)



Note figures are by the equity method, year-end and not adjusted for extraordinary items such as impairments, capital gains, etc.

1. EBIT divided by end of period total equity plus net interest-bearing debt



Capital expenditure programme – 31.12.2016

USD millions	2017	2018	2019	2020	2021
Chemical Tankers					
Newbuildings 4 x 49,000 dwt ¹	6	24	144	42	-
Docking	12	12	12	12	12
Other investments *	8	7	7	7	7
Odfjell Gas, 100%²					
Sinopacific, 4 x 22,000 cbm	TBD				
Tank Terminals, 100%					
Planned capex	58	59	40	29	29

¹ Construction cost USD 60 mill per vessel, payment terms 3 x 10 +70, delivery June 2019 - 2020

² The construction of gas newbuildings is substantially delayed

* Includes propeller upgrade and Ballast Water Treatment

Fleet development – Last 12 months

Fleet additions		DWT	Built	Tanks	Transaction
December 2016	Southern Puma	26 071	2016	Stainless	Long TC
November 2016	MT Gwen	19 702	2008	Stainless	Medium TC
November 2016	Diamond Orchid	19 702	2008	Stainless	Medium TC
July 2016	Bristol Trader	35 863	2016	Stainless	Long-term TC
June 2016	Bow Harmony	33 619	2008	Stainless	Sale/lease back
February 2016	Southern Owl	26 057	2016	Stainless	Long-term TC

Fleet disposals, owned		DWT	Built	Tanks	Transaction
2Q17	Bow Aratu	13 843	1997	Stainless	Sale
November 2016	Bow Master	6 046	1999	Stainless	Sale/bareboat
June 2016	Bow Sailor	6 008	1999	Stainless	Sale
June 2016	Bow Harmony	33 619	2008	Stainless	Sale/lease back

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

Odfjell Gas Carriers

- Still facing substantial delays to the Gas vessels ordered in China. Per end December we have cancelled the four first 17,000 cbm gas carriers
- All instalments including accrued interest for the cancelled vessels have been refunded from the guarantor
- We will most likely cancel the remaining four orders when we are in a cancelling position
- The remaining orders are secured by refund guarantees from reputable financing institutions

USD millions	4Q 2016	3Q 2016
Gross revenue	3	3
EBITDA	1	1
EBIT	(6)	0

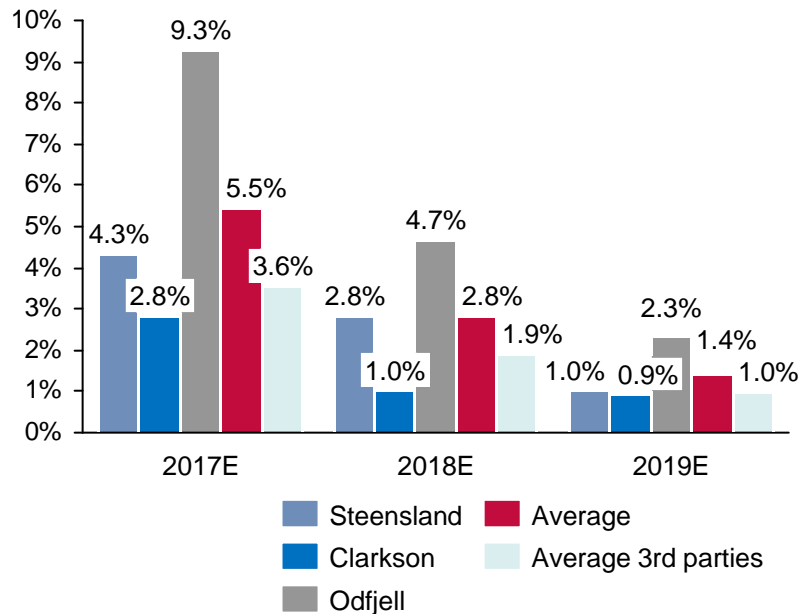
The consensus is that supply and demand is fairly well balanced, which is also our view

Chemical tanker supply and demand forecast, 2017E-2019E

Growth in supply¹

Year-on-year percentage growth

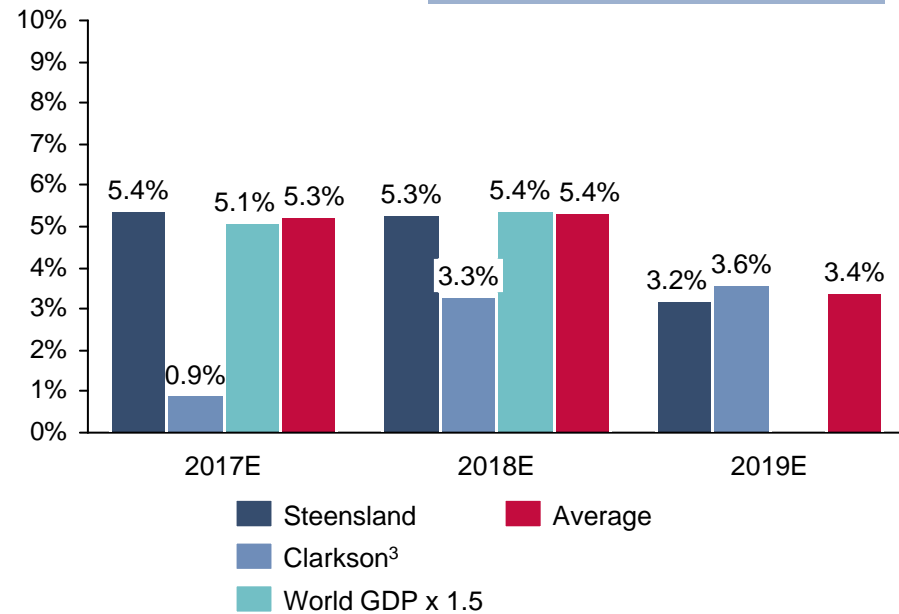
Average compound annual growth rate (2017-2019): 3.2%



Growth in demand

Year-on-year percentage growth

Average compound annual growth rate (2017-2019): 3.6%



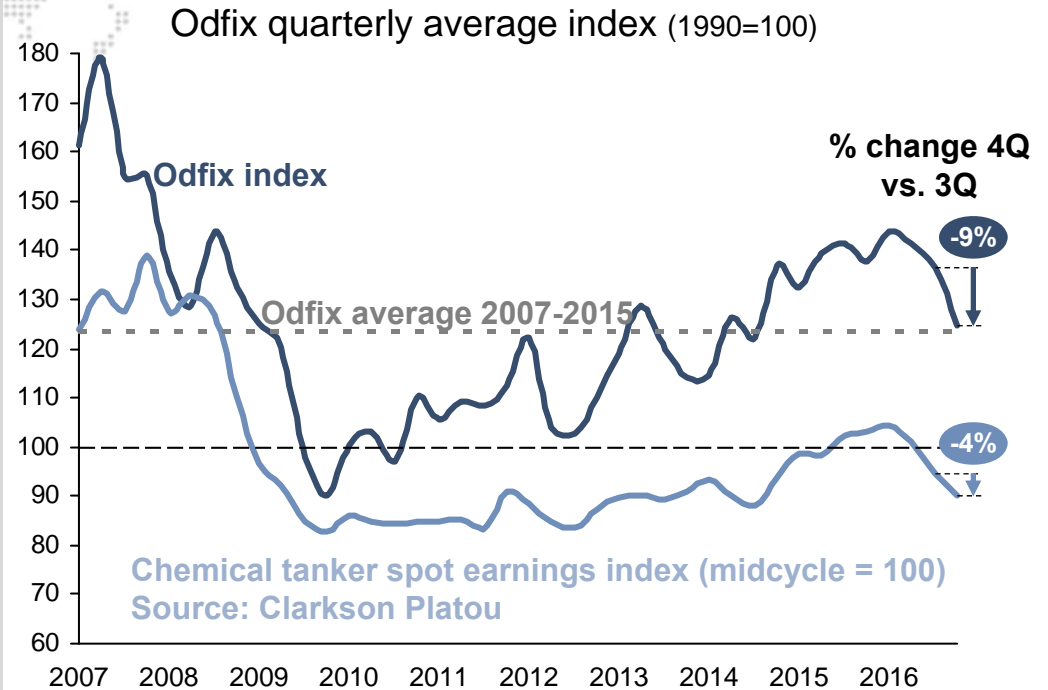
Source: Odfjell data, IMF, various external sources

1. Differences between sources due to different fleet definitions. Stricter definition and thus, more limited fleet basis
2. Clarkson separates out demand growth that will be absorbed by product tanker switching to chemicals. Figure must be interpreted as demand growth for chemical tankers



Market update – Chemical tankers

- Odfix index down by 8.8 % compared to 3Q, driven down by lower spot market
- USG to Far East trade continues with good activity, whereas the return trade is under pressure
- Odfix dropping faster than benchmark, as COA nominations in 4Q was back to normal, after being higher than usual in 2Q+3Q
- FY16 average Odfix index relative to benchmark index is +39 compared to a 2005-2015 average of +25
- Continued oversupply in CPP market drives swing tonnage into the chemical tanker segment
- Our preliminary expectation for 1Q17 is in line with, or slightly above 4Q16



1. Odfix Index (1Q 1990 = 100)
 2. Chemical tanker spot earnings index (midcycle = 100)
 Source: Clarkson Platou

Prospects

- In a longer perspective market is fairly balanced, but rates are expected to be under pressure in 2017
- We expect that 1Q17 timecharter results will be in line with or marginally better than 4Q16
- We expect Odfjell Terminals 2017 results to be improved on continued improvements at Odfjell Terminals (Rotterdam)



We have recently launched our new strategy for 2017 and beyond

 ODFJELL
The Odfjell Compass
Strategy for 2017 and beyond



Our values define our Mission and Vision



Our core business is handling hazardous liquids – safely and more efficiently than anyone else in the industry



We shall be a leading, preferred, environmental friendly and profitable global provider of transportation and storage of bulk liquid chemicals, acids, edible oils and other special products



Our guiding principles

The guiding principles for our strategy

- 1 We do not compromise on **safety**
- 2 **Chemical Tankers and Terminals** are our **core business**
- 3 In order to be world class, we need to have **world class ambitions in everything we do. Every day!**

Our long term ambition level and targets



**Safety
performance**

Zero incidents



Size

Target an operated fleet of 100 vessels



**Revenue /
Top-line**

Average long-term revenue growth of 10% per year



Profitability

Industry leading EBITDA margin

Key focus areas going forward



Growth

- Tonnage renewal / fleet growth
- Ideally take part in consolidation



High quality service

- Safety, predictability and reliability



Operational excellence

- Tankers: Project “Moneyball” and strong focus on utilization
- Terminals: Implementation of the «value creation program»



Financial strength

- Solid balance sheet
- Competitive cost of capital



Terminals – back to meaningful profitability levels

- Focus on improving and growing our core terminals
- Fund growth via portfolio optimisation (capex to be self funded)



We are applying our lessons from Felix and Moneyball in the “Value Creation Program” for Odfjell Terminals

1

Improve and grow the Core

- Focus on key terminals in Rotterdam and Houston
- Improve service levels and operational performance
- Strengthen business intelligence
- Implement OTR master-plan to get Rotterdam capacity back on line
- Focus on landbank in Houston and spare capacity in Rotterdam
- Capex to be funded via portfolio management, ensuring focus on operated terminals vs non-operated terminals
- Cultivate potential in China

2

Grow outside the Core

- Develop a strategy for new business outside our current footprint, but low priority until “improve the core” is completed



The Odfjell Terminals Rotterdam (OTR) masterplan

**Bring OTR back
to healthy and
competitive
profitability**

Key building blocks:

- ✓ Improve operational service levels to customers
- ✓ Bring available capacity back on-line
- ✓ Increase PID production and focus on long term contracts
- ✓ Review commercial strategy. Focus on fewer customers and specific commodities
- ✓ «Right product in right tanks»
- ✓ Growth projects will be developed when justified by the market

Capital Markets Day 2017

Odfjell SE will host a capital markets day
22 May 2017 to present the financial
position of the Odfjell Group.

The CMD will be held at the HQ in Bergen.





Company representatives

Kristian V. Mørch | CEO, Odfjell SE

Email: Kristian.Morch@odfjell.com

Phone: +47 55 27 00 00

Terje Iversen | CFO, Odfjell SE

Email: Terje.Iversen@odfjell.com

Phone: +47 932 40 359

IR – contact

Tom A. Haugen | VP Finance, Odfjell SE

Email: Tom.Haugen@odfjell.com

Phone: +47 905 96 944