



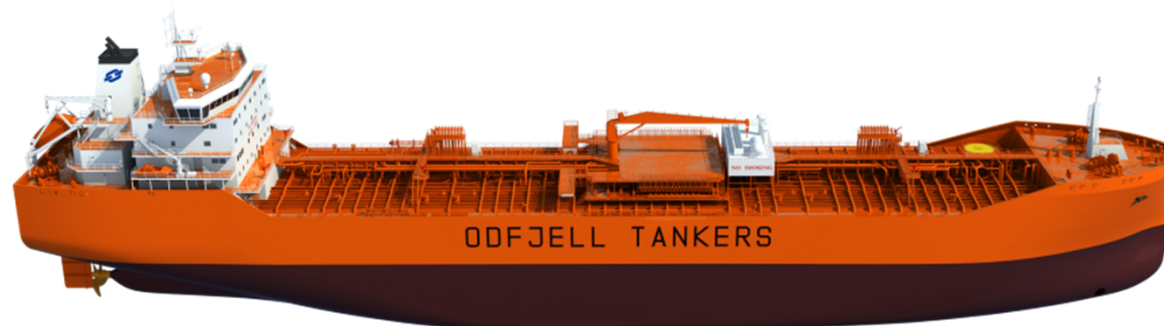
**THIRD QUARTER
2016
PRESENTATION**

10 November 2016



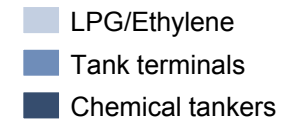
Agenda

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

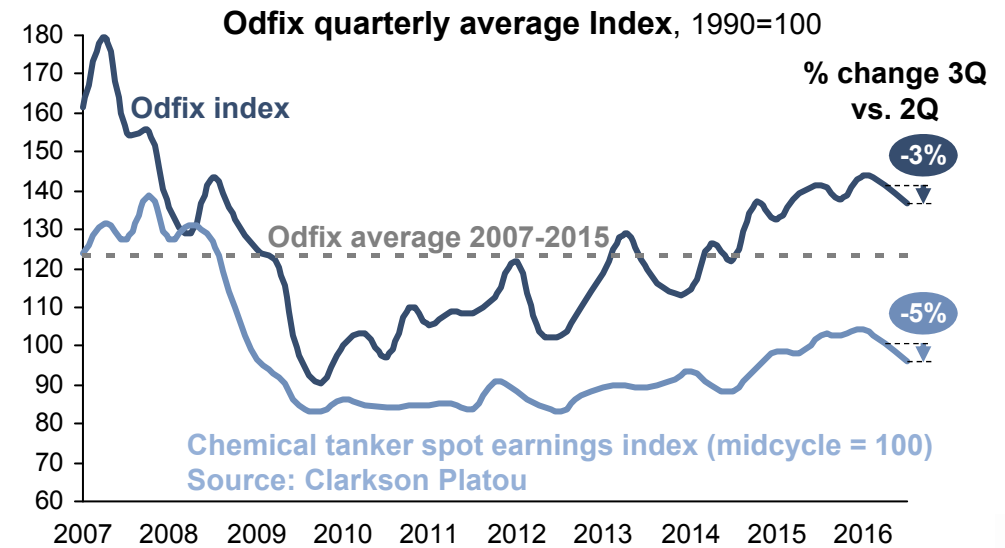
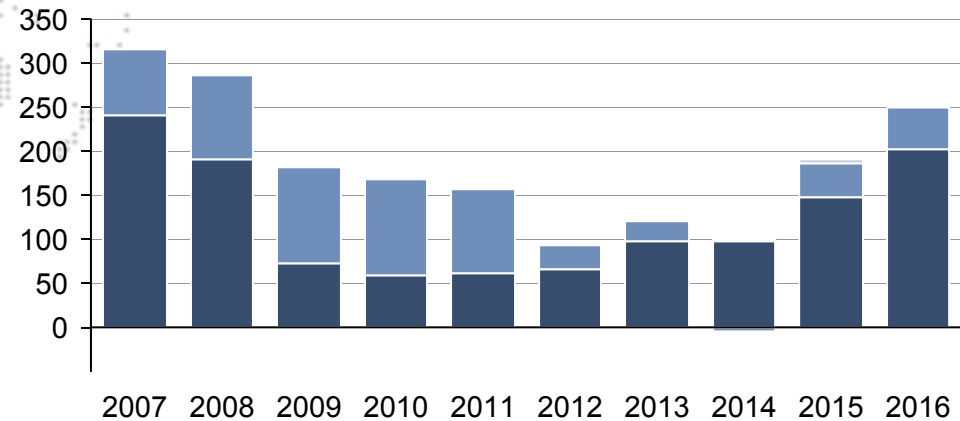


Highlights

- Net result 3Q16 of USD 16 mill (same as 2Q16), and EBITDA of USD 60 mill (2Q16 of USD 61 mill)
- Continued softer chemical tanker spot market, however, our utilization remained high due to contract nominations
- Balance sheet continues to strengthen
- Stable results from Odfjell Terminals
- Signed agreement to sell our share in Oman tank terminal, with a gain of USD 46 mill
- Signed final agreement for construction of 4+2+2 stainless steel chemical tankers, the largest and most efficient stainless steel chemical tankers ever built



Annualised EBITDA¹, USD mill



1. Proportional consolidation method according to actual historical ownership share

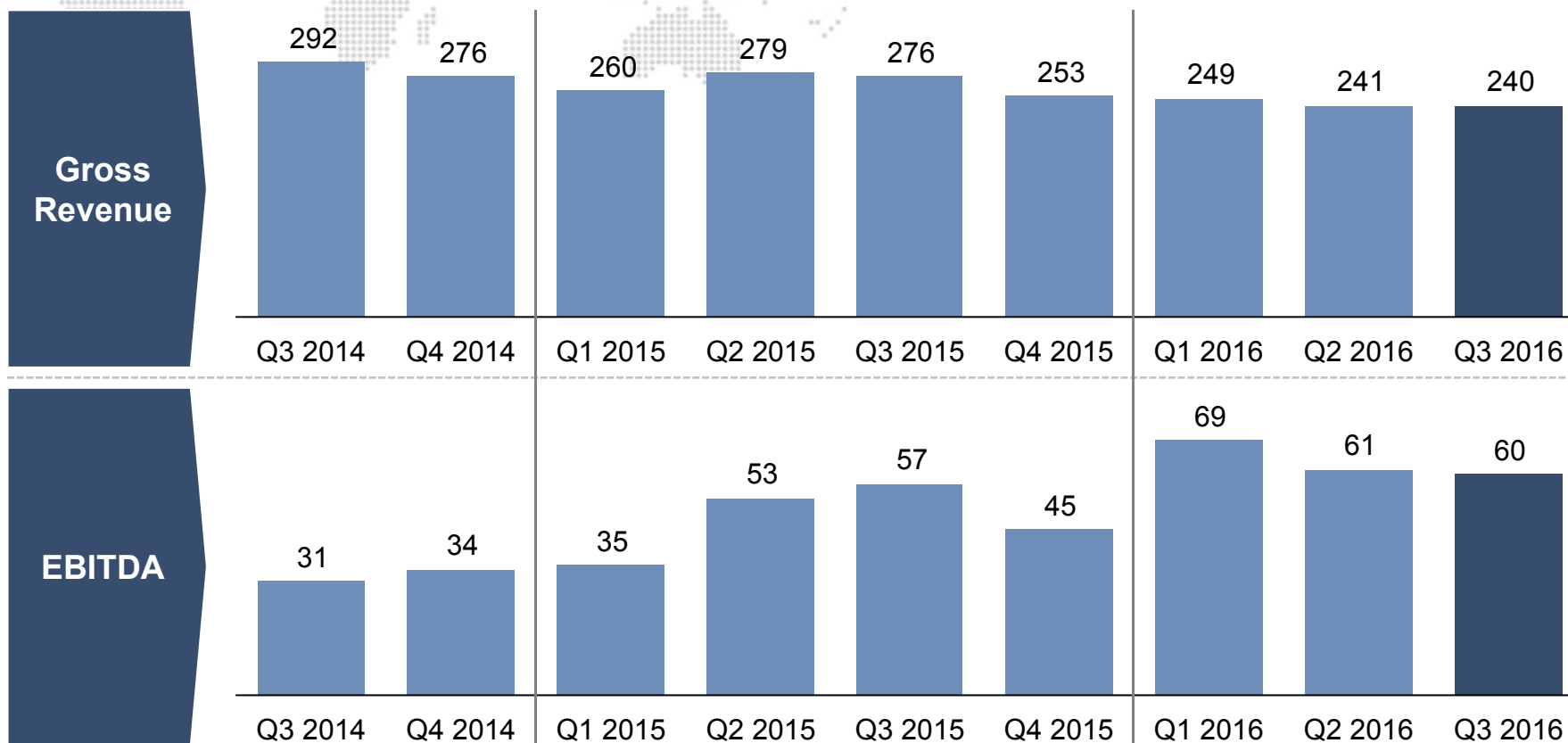
Income statement¹ – Third quarter 2016 Odfjell Group

USD millions	3Q 2016	2Q 2016
Gross revenue	240	241
Voyage expenses	(70)	(67)
TC expenses	(41)	(40)
Operating expenses	(46)	(49)
General and administrative expenses	(22)	(24)
Operating result before depr. (EBITDA)	60	61
Depreciation	(32)	(31)
Impairment	0	(0)
Capital gain (loss) on non-current assets	0	(0)
Operating result (EBIT)	28	30
Net finance	(12)	(13)
Taxes	(0)	(1)
Net result	16	16

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Quarterly Gross Revenue and EBITDA, USD millions



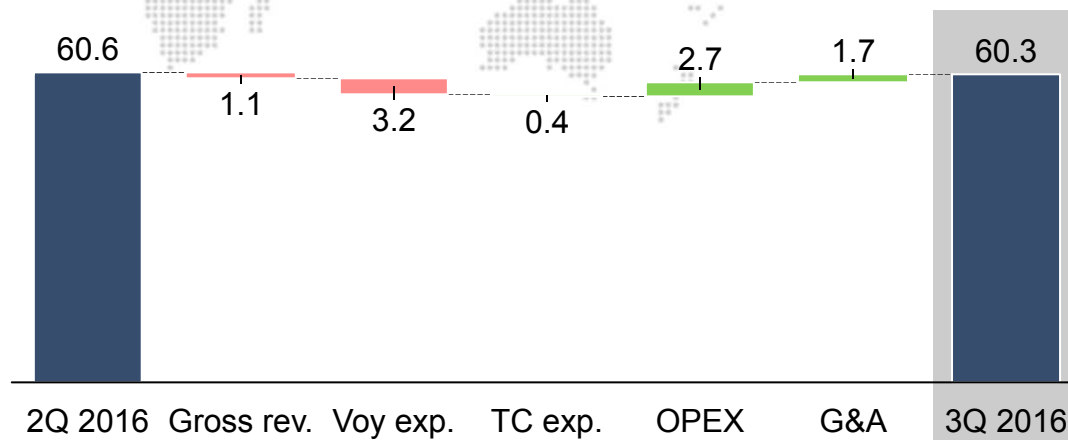
Stable revenue and EBITDA despite softer markets

1. Proportional consolidation method

EBITDA variance¹ – Odfjell Group

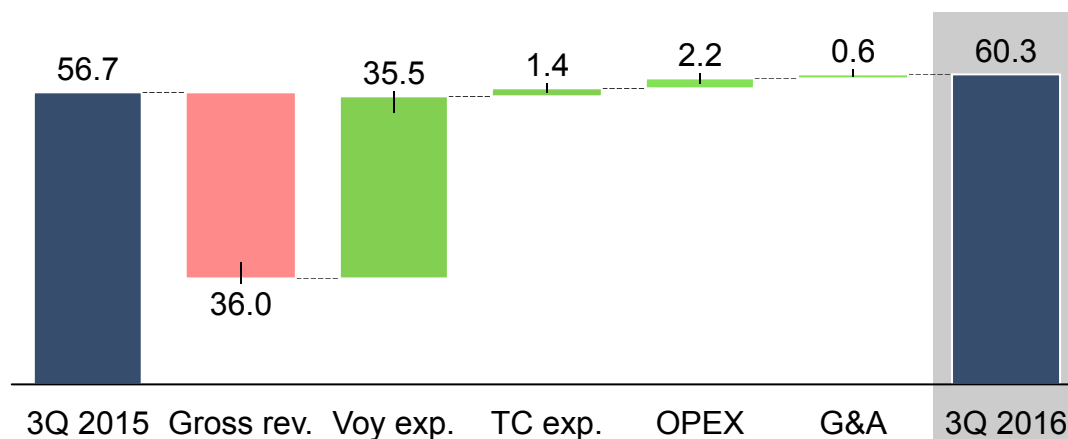
Quarterly EBITDA, USD millions

**3Q
2016**
versus
**2Q
2016**



- Gross revenue unchanged
- Voyage expenses up 5%
- OPEX reduced 6%
- EBITDA unchanged

**3Q
2016**
versus
**3Q
2015**

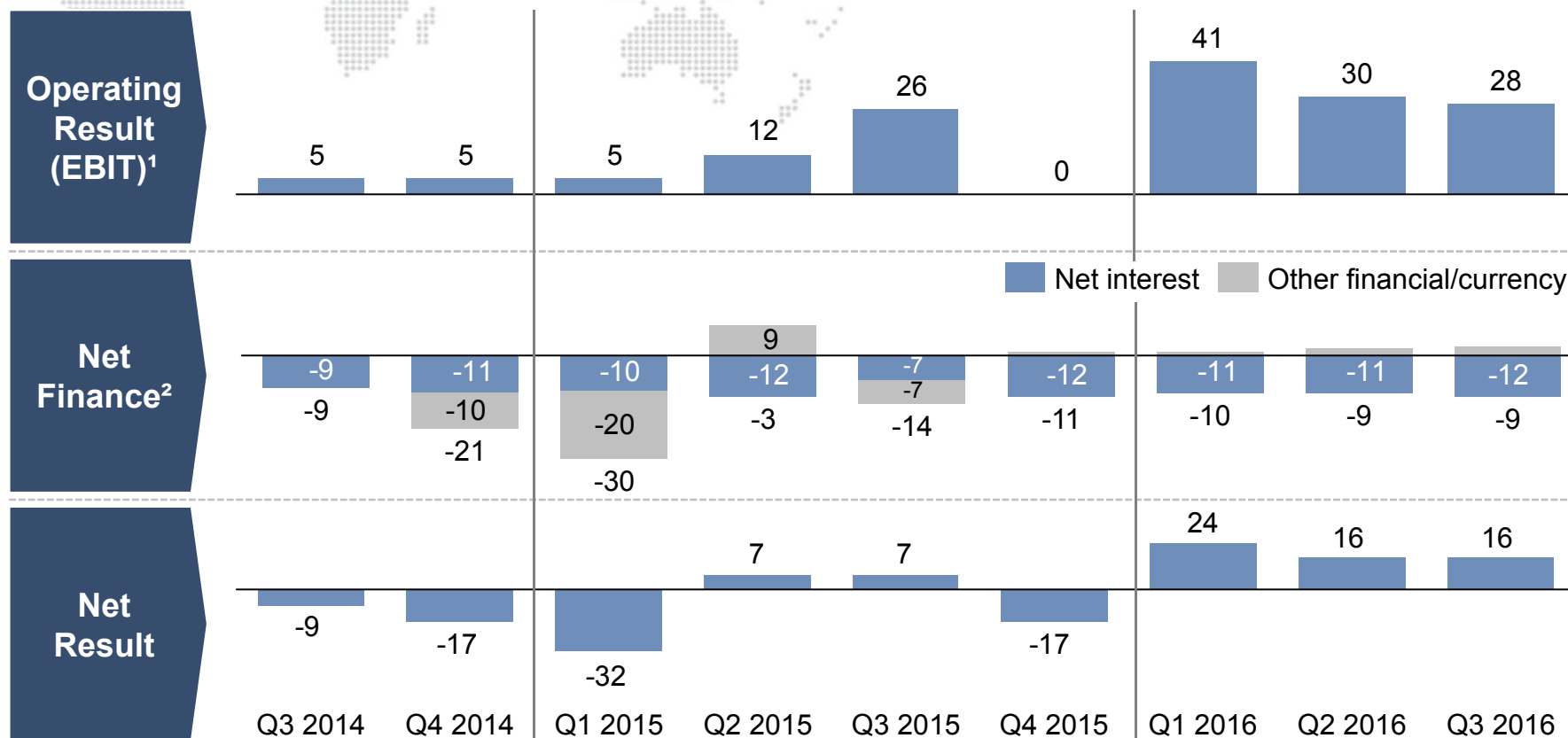


- Gross revenue down 13%
- Voyage expenses reduced 34%
- OPEX reduced 5%
- EBITDA improved 7%

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

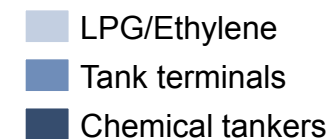
Operating Result (EBIT)¹, Net Finance² and Net Result, USD millions



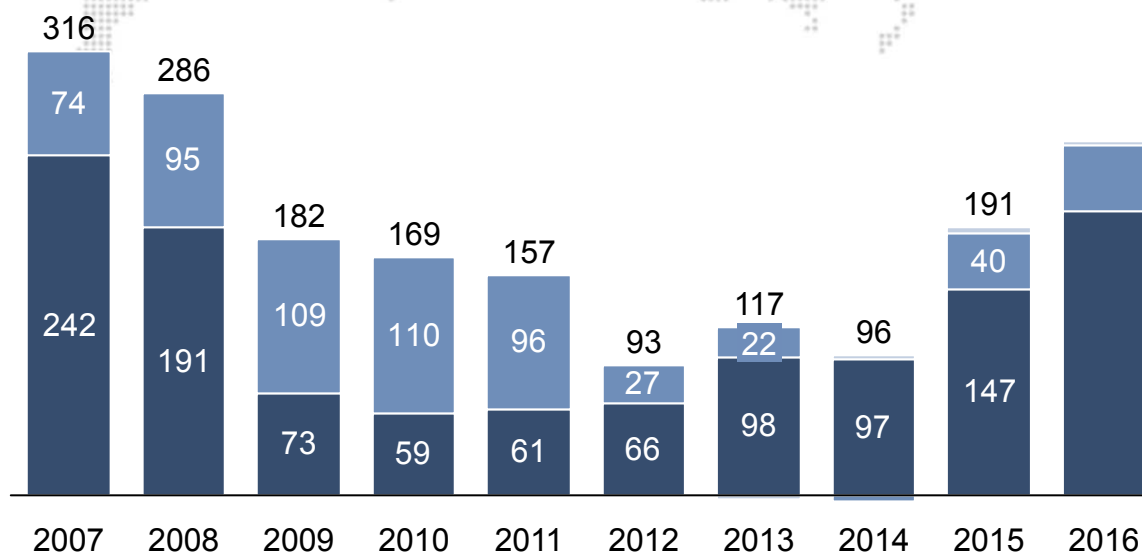
- Net interest remains stable
- ROCE YTD annualised 7.1%
- Return on equity YTD annualised 10.8%

1. Proportional consolidation method
 2. Equity method

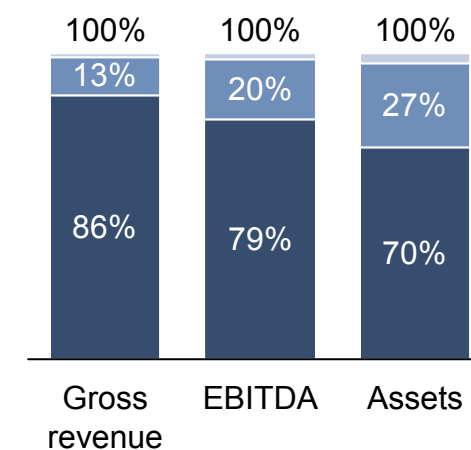
Results per segment¹



Annualised EBITDA¹, USD millions



Segment details, 3Q 2016



USD millions	3Q 2016			2Q 2016		
	Chemical tankers	Tank terminals	LPG/Ethylene	Chemical tankers	Tank terminals	LPG/Ethylene
Gross revenue	207	30	3	207	31	3
EBITDA	48	12	1	48	12	1
EBIT	25	3	0	25	4	0

1. Proportional consolidation method according to actual historical ownership share

Income statement¹ – 3Q16 chemical tankers

USD millions	3Q 2016	2Q 2016
Gross revenue	207	207
Voyage expenses	(68)	(65)
TC expenses	(41)	(41)
Operating expenses	(33)	(34)
General and administrative expenses ²	(17)	(19)
Operating result before depr. (EBITDA)	48	48
Depreciation	(23)	(22)
Impairment	0	(0)
Capital gain/loss on fixed assets	0	0
Operating result (EBIT)	25	25

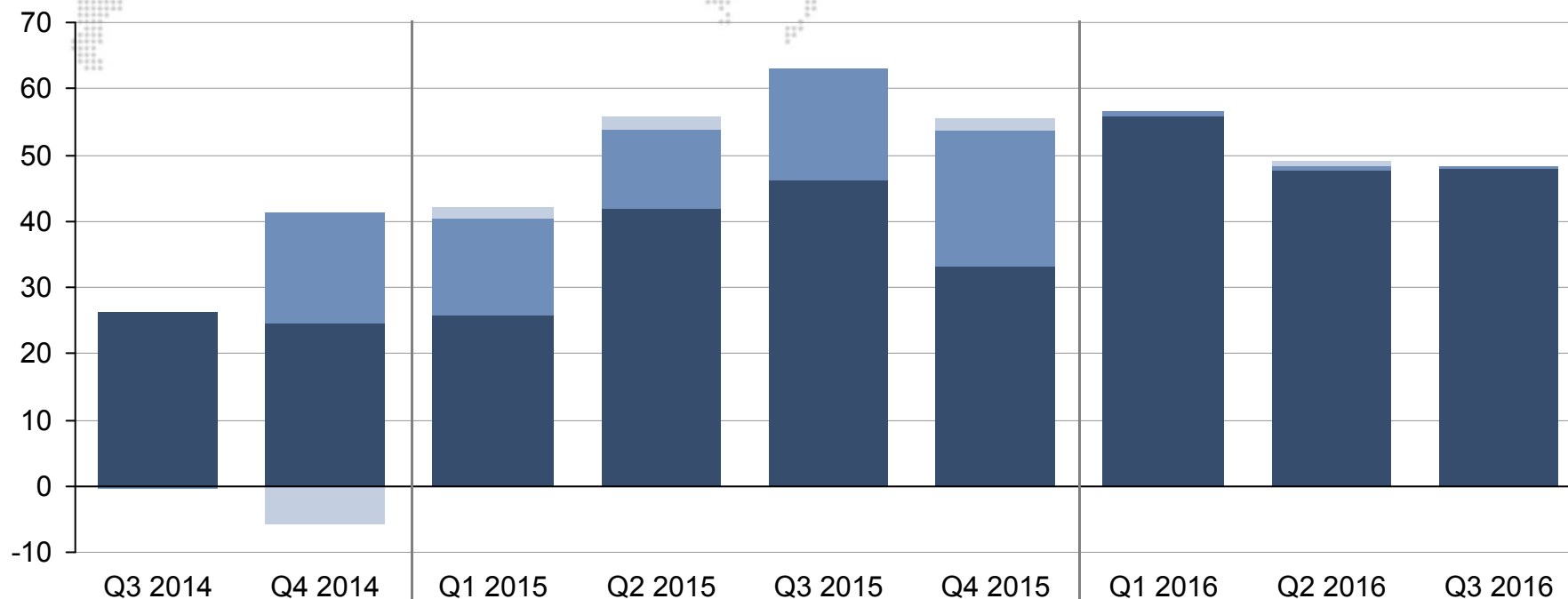
Stable EBITDA margin last two quarters

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

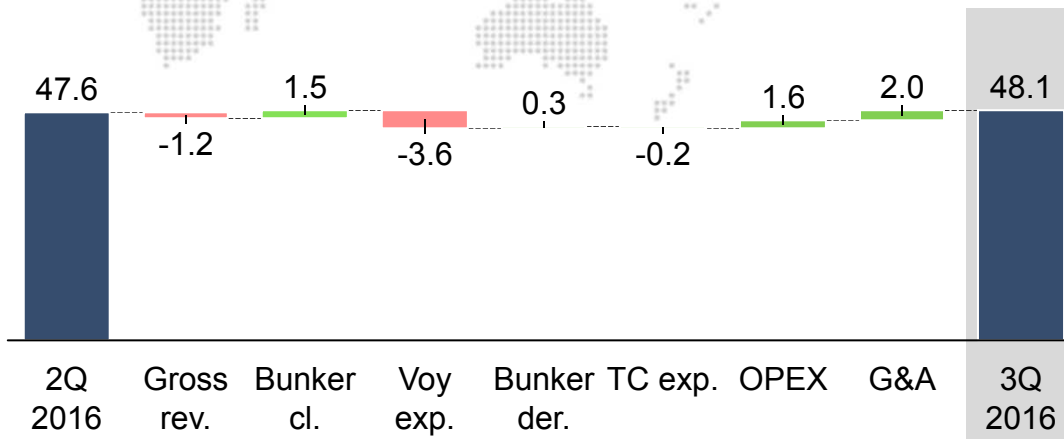


Eight consecutive quarters with EBITDA > USD 40 million when adjusting for provisions and bunker derivatives in 2014 and 2015

EBITDA variance – Chemical tankers

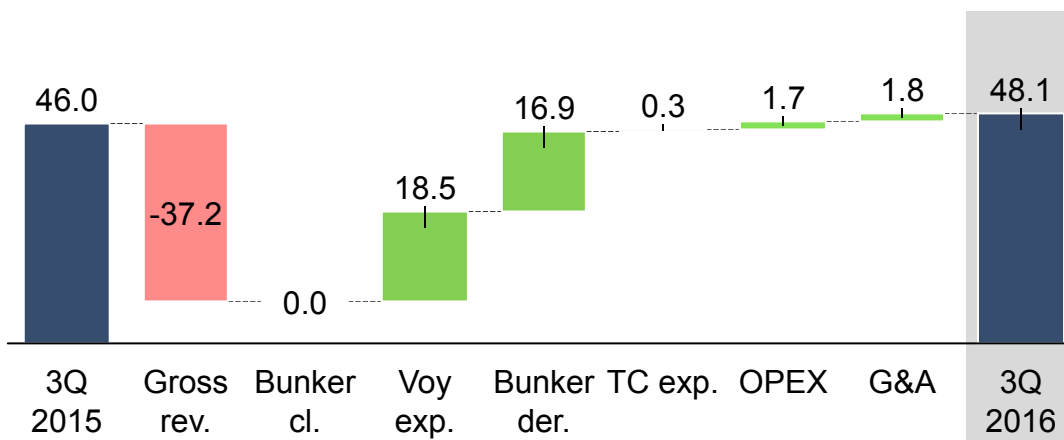
Quarterly EBITDA, USD millions

**3Q 2016
versus
2Q 2016**



- Net gross revenue unchanged
- OPEX reduced 5%
- EBITDA unchanged

**3Q 2016
versus
3Q 2015**



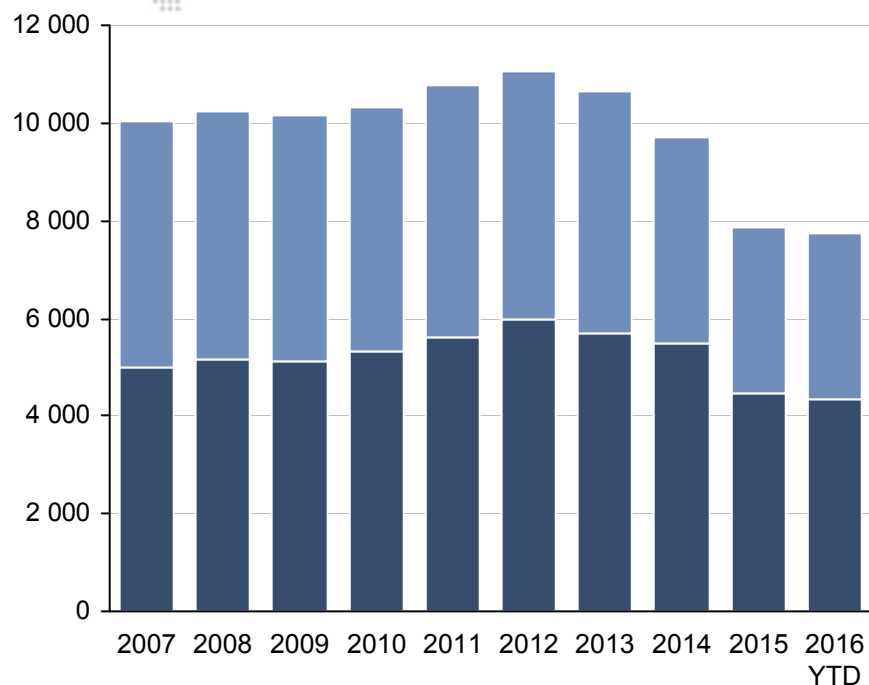
- Net gross revenue down 15%
- Net voyage expenses reduced 34%
- EBITDA improved 5%

Vessel operating expenses – Chemical tankers

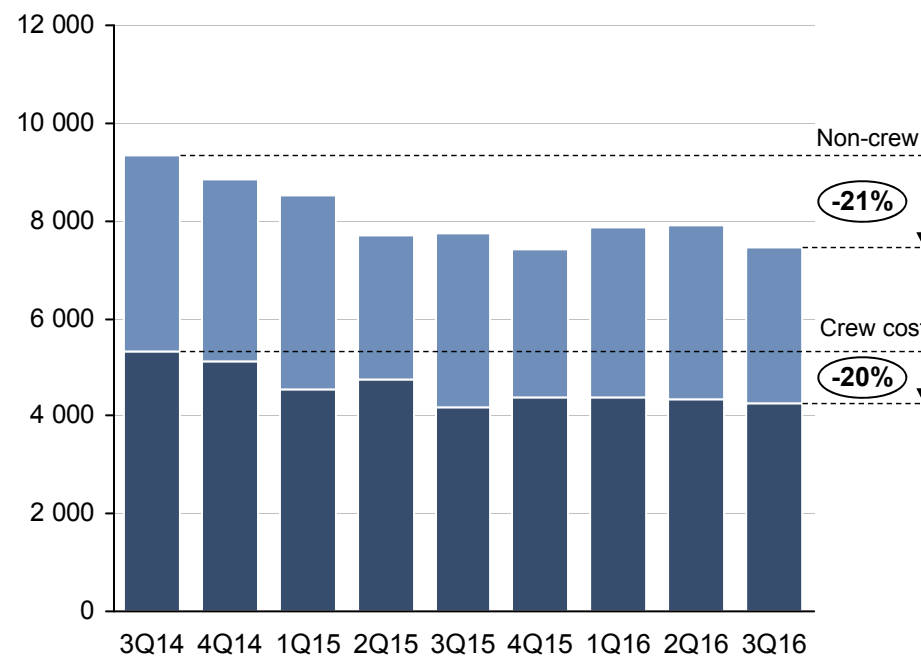
Vessel operating expenses (OPEX), USD/day

■ Non-crew OPEX
■ Crew cost

Yearly development, 2007 - 2016 YTD



Quarterly development, 3Q 2014 - 3Q 2016

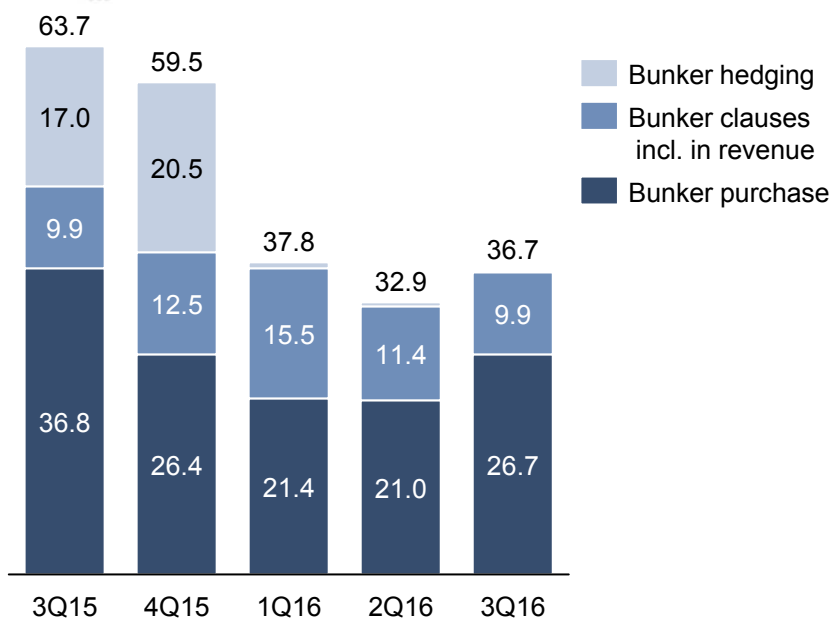


- OPEX remains competitive at stable level
- 20% reduction in both non-crew and crew OPEX



Bunker development

Quarterly net bunker cost
USD millions 3Q 2015 - 3Q 2016



Platts 3.5% FOB Rotterdam
January 2012 - October 2016

USD per metric tonne



- Net bunker cost in 3Q USD 365 per tonne before hedging vs. USD 324 in 2Q
- Bunker clauses in CoAs cover about 60% of the exposure
- 8% of remaining 2016 exposure is hedged at average USD 257 per tonne and 6% of 2017 exposure is hedged at USD 224 per tonne

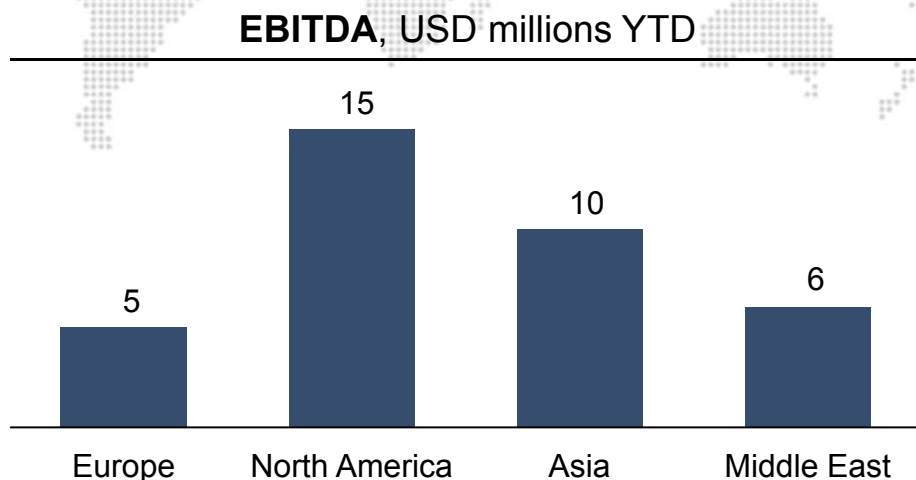
Income statement¹ – 3Q16 tank terminals

USD millions	3Q 2016	2Q 2016
Gross revenue	30	31
Operating expenses	(13)	(14)
General and administrative expenses	(6)	(5)
Operating result before depr. (EBITDA)	12	12
Depreciation	(9)	(8)
Operating result (EBIT)	3	4

- Stable revenue and earnings
- The occupancy rate at 96% in 3Q based on available commercial capacity

1. Proportional consolidation method

Tank terminals EBITDA – By geographical segment



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

- Stable results in all areas
- Continued potential upside in Odfjell Terminals (Rotterdam)
- Sale of Oman terminal (Middle East segment) expected to be finalized in Q416

Balance sheet¹ – 30.09.2016

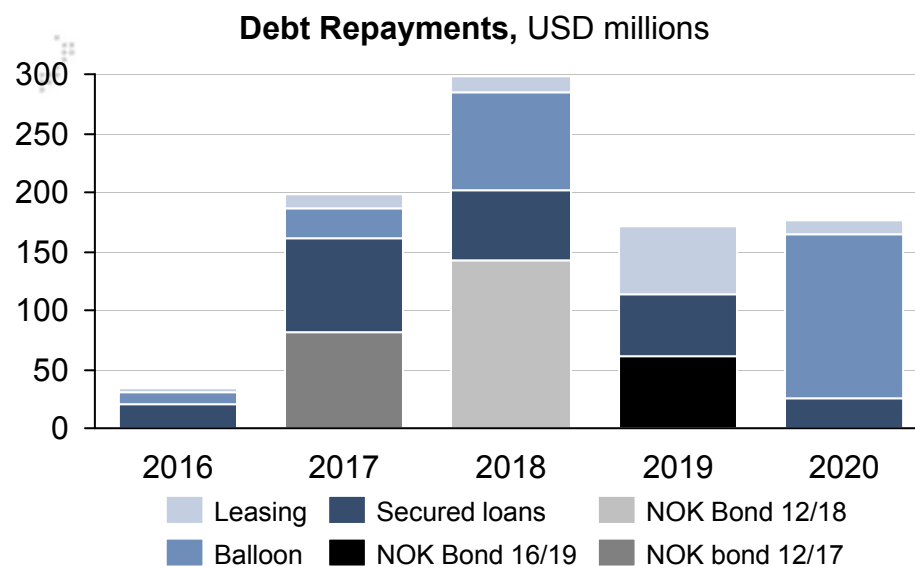
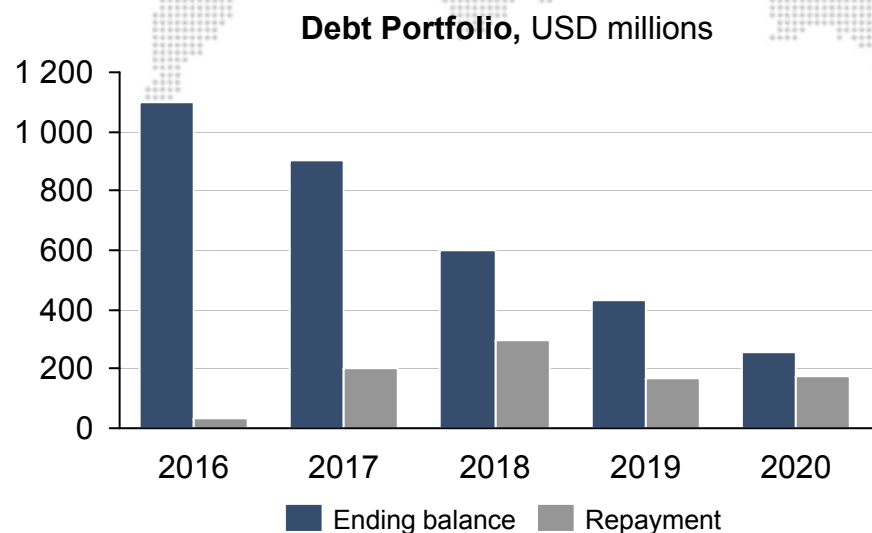
Assets, USD millions	
Ships and newbuilding contracts	1 204
Other non-current assets/receivables	38
Investment in associates and JV's	359
Total non-current assets	1 602
Cash and cash equivalent	191
Other current assets	121
Total current assets	311
Assets held for sale	16
Total assets	1 928

Equity and liabilities, USD millions	
Total equity	683
Non-current liabilities and derivatives	31
Non-current interest bearing debt	936
Total non-current liabilities	967
Current portion of interest bearing debt	197
Other current liabilities and derivatives	83
Total current liabilities	279
Liabilities held for sale	-
Total equity and liabilities	1 928

- Cash balance of USD 191 mill - excluding JV's cash
- Net investment in tank terminals JV's USD 310 mill
- Equity ratio 35.4% (34.6% end 2Q)
- Asset held for sale consist of planned vessel

1. Equity method

Debt development – 30.09.2016



- In September Odfjell completed a new bond issue of NOK 500 million with maturity in 2019
- In conjunction with the bond issue the company purchased NOK 134.5 million of the outstanding bond ODF04 at a price of 101.50
- NOK bond maturing in April 2017 USD 81 million

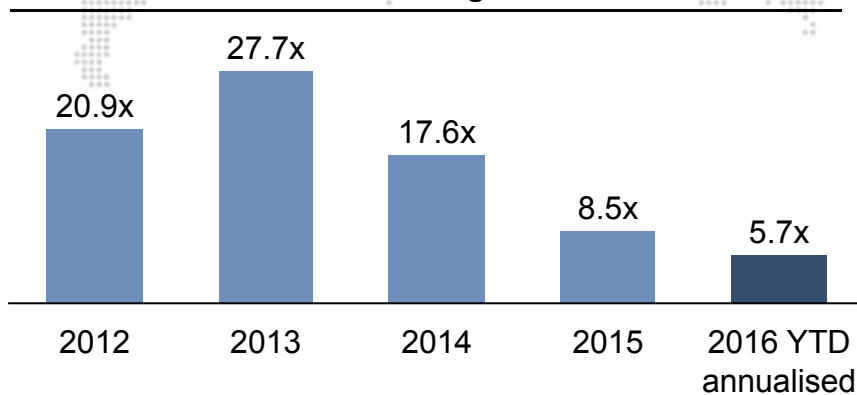


Re-financing of two vessels on financial lease

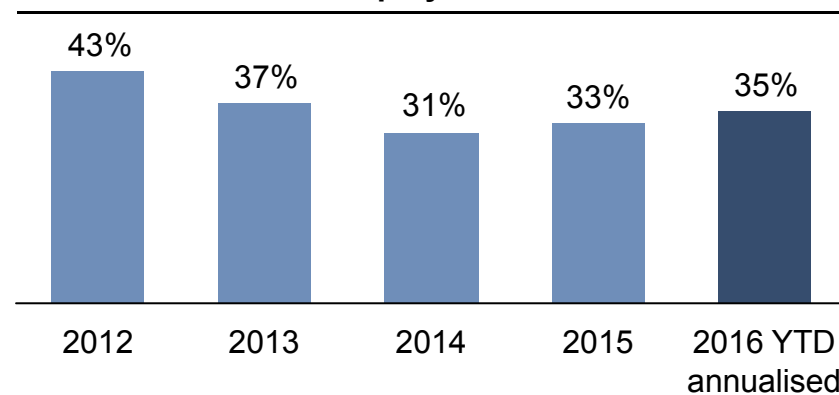
- In November 2016 we terminated a long-term financial lease arrangement and refinanced two vessels with a traditional mortgage loan
- The transaction will result in an about USD 22 mill debt write-down/capital gain to be recognised in 4Q16
- The leverage reduction will have a negative liquidity effect of USD 59 mill in 4Q16
- The transaction will strengthen our balance sheet with a debt reduction of USD 81 mill and increased equity with USD 22 mill

Financial ratios

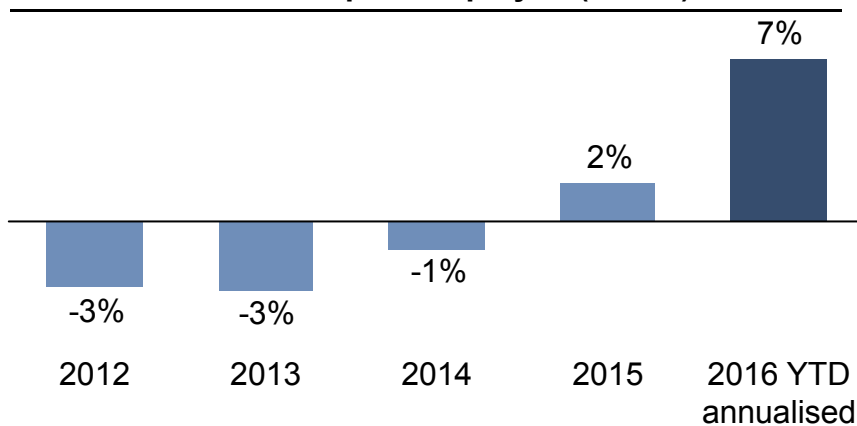
Gross interest bearing debt / EBITDA



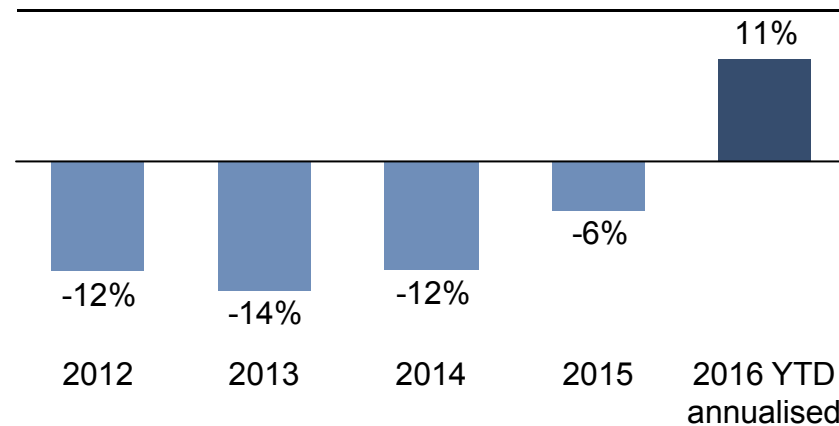
Equity ratio



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

Capital expenditure programme – 30.09.2016

USD millions	Remaining 2016	2017	2018	2019	2020
Chemical Tankers					
Newbuildings 4 x 49,000 dwt ¹	24	6	24	144	42
Docking	4	12	12	12	12
Other investments *	2	8	7	7	7
Odfjell Gas, 100%²					
Sinopacific, 1 x 17,000 cbm	TBD				
Sinopacific, 4 x 22,000 cbm	TBD	TBD			
Tank Terminals, 100%					
Planned capex	27	60	40	9	8

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

Our new orders will be the most efficient in the industry

PRINCIPAL DIMENSIONS

Length over all	182.88 m
Length between perpendiculars	179.50 m
Breadth, moulded	32.20 m
Depth, moulded	19.80 m
Draught design	11.00 m
Draught scantling	13.20 m
Number of cargo tanks	33

CAPACITIES

Deadweight at design draft	Abt. 37.500 mt
Deadweight at summer draft	Abt. 49.000 mt
Cargo tank volume	Abt. 54.600 m ³

SPEED

Service speed (at design draft)	14.0 knots
Consumption main engine	Abt. 21.5 mt

MACHINERY

Main engine	MAN-B&W 6G50ME-C9.5 (Tier III) with HP SCR & EGB
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GOOD FOR:

THE ENVIRONMENT

- Vessels built to modern standards with fuel efficient hull design and engines
- Innovative design – best in class emission per ton carried

OUR CUSTOMERS

- Largest stainless steel super segregators in the world
- Providing superior flexibility

OUR INVESTORS

- Ships ordered at very favourable terms giving Odfjell the largest stainless steel fleet in the market and unmatched efficiency



**THE NEXT
GENERATION
STAINLESS
STEEL
CHEMICAL
TANKERS**



Fleet development – Last 12 months

Fleet additions		DWT	Built	Tanks	Transaction
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
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
November 2015	Bow Victor	33 000	1986	Stainless	Recycling

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

In October we announced that we had become 100% shareholder in Odfjell Y Vapores, meaning that we had bought out our Chilean joint venture partner CSAV and acquired 100% ownership in the two vessels Bow Andes and Bow Condor, both built in 2000 and 16,000 dwt fully stainless steel vessels. Cash outlay in connection with the transaction was USD 6.5 mill.

Terminal projects and expansions

- **Tianjin terminal received all permits**
- Our brand new terminal in Tianjin has finally obtained its operating approval both for the jetty and the tank farm and will shortly start the operation
- Expect gradually ramp up in revenue and EBITDA



- In 2012 Odfjell entered into a joint venture to develop a terminal and marine facilities for bulk liquid chemicals, petroleum products and gases in the Nangang Industrial Zone (Tianjin) in China
- Odfjell Terminals holds 49% ownership and the operational management
- The terminal consists of three deep sea berths and have a total storage capacity of about 140,000 cubic meters
- Total investment in the terminal (100%) is about USD 160 million
- In 2015 there was a disastrous explosion in the old port Tianjin which delayed the permits substantially

Sale of Oman terminal

- Odfjell Terminals has entered into an agreement to sell its 29.75% indirect ownership in Oiltanking Odfjell Terminals & Co. LLC in Oman for around USD 130 million (equity value/cash)
- The transaction will result in a net gain of USD 90 million for Odfjell Terminals
- Most of the liquidity will be distributed to Odfjell Terminals' shareholders



Frank Erkelens, CEO Odfjell Terminals:

"This divestment is in line with our 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, such as Houston and Rotterdam."

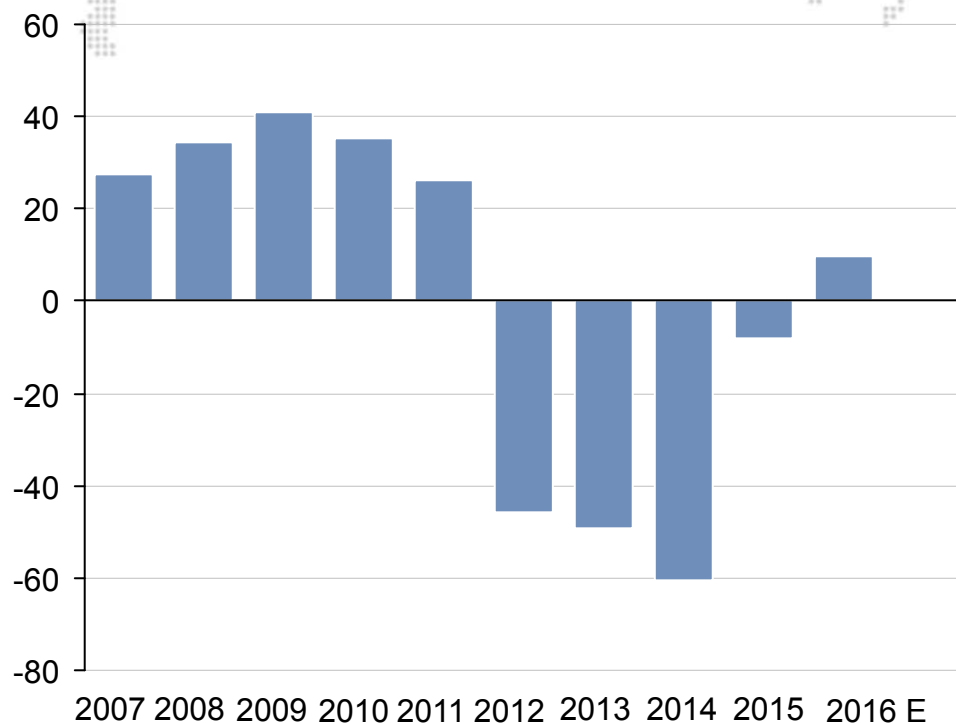
Odfjell SE share

- First investment in Oman in 2005
- Additional eight rounds of add-on investments from 2006 – 2009
- Total equity investment: USD 32 mill
- Total dividends received / proceeds from partial sale in 2013: USD 40 mill
- Proceeds from exit in 2016: USD 66 mill
- Estimated equity IRR > 20%

Odfjell Terminals Rotterdam – current status

Annualised EBITDA for Odfjell Terminals (Rotterdam) (100%)

EUR millions



- The terminal has now delivered positive EBITDA for four consecutive quarters
- The distillation (PID) volumes in Rotterdam continued to increase in 3Q
- We expect stable performance also for 4Q 2016
- The terminal is working with a «Value Creation Programme» to increase the top line and profit from the ongoing operations

Odfjell Gas Carriers

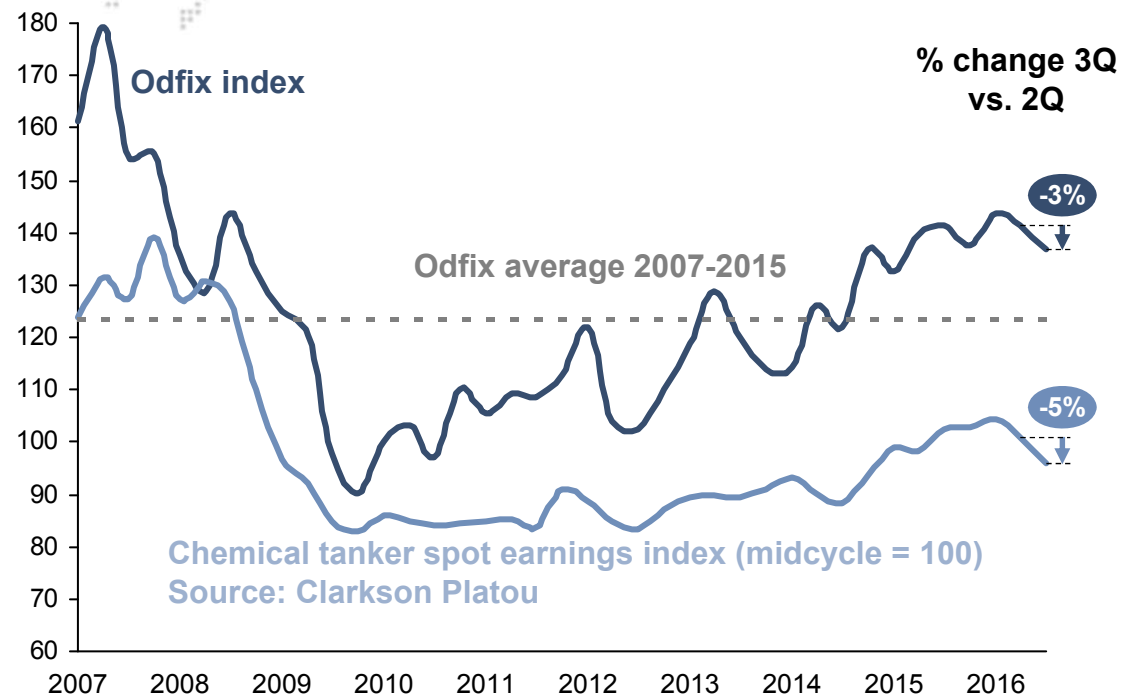
- Due to delayed construction of our LPG/Ethylene vessels on order, we have per end September cancelled the three first 17,000 cbm gas carriers
- All instalments including accrued interest for the cancelled vessels have been refunded from the guarantor
- We will most likely cancel the remaining five orders when we are in a cancelling position
- The remaining orders are secured by refund guarantees from reputable financing institutions

USD millions	3Q 2016	2Q 2016
Gross revenue	3	3
EBITDA	1	1
EBIT	0	0

Market update – Chemical tankers

- Odfix index down by 3% compared to 2Q
- Reduced spot rates in 3Q in most markets compared to 2Q
- Over supplied CPP market drives swing tonnage into the chemical tanker segment
- Contract nominations and efficient allocation of our fleet offsets some of the negative freight development
- Continued struggling spot and CPP market, therefore we expect 4Q results to be below 3Q

Odfix quarterly average index (1990=100)



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

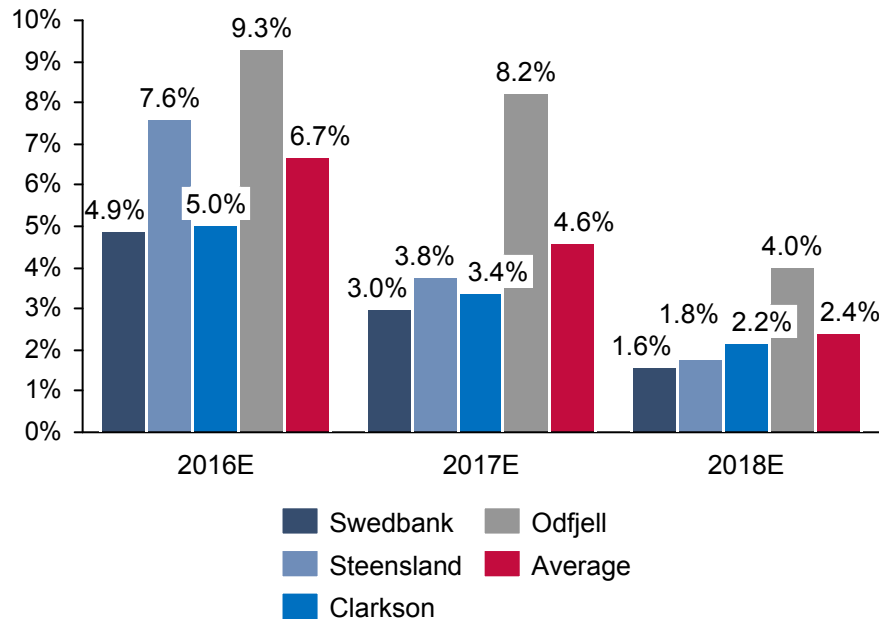
The consensus is that supply and demand is fairly well balanced, which is also our view

Chemical tanker supply and demand forecast, 2016-2018E

Growth in supply¹

Year-on-year percentage growth

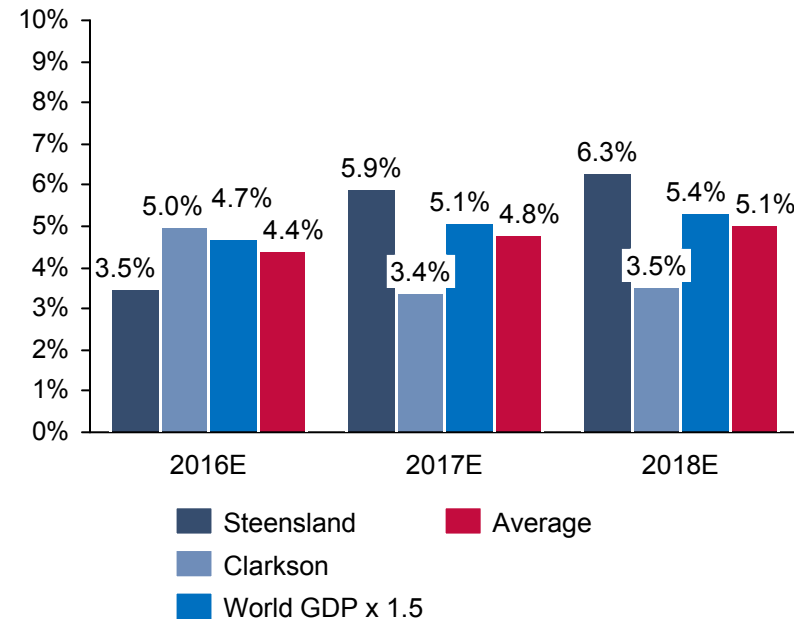
Average compound annual growth rate (2016-2018): 4.6%



Growth in demand

Year-on-year percentage growth

Average compound annual growth rate (2016-2018): 4.6%



Source: Odfjell FleetBase, IMF, various external sources

1. Differences between sources due to different fleet definitions. Stricter definition and thus, more limited fleet basis

Prospects

- The spot chemical market is under pressure and rates are still softening
- The CPP market continues to be depressed, attracting swing tonnage to the chemical tanker segment
- Our forecast for 4Q is a weaker timecharter result as the markets are generally softer
- The financial performance for our Tank Terminal business for the last quarter of 2016 is expected to be stable





Executive Management - Priorities

2015/2016 “Transformation phase”

- Odfjell has been through a transformation phase, with multiple and significant changes to the company, the organization and to the way that we do business
- Project Felix was a success with ~ USD 110m in cost savings
- Our competitiveness has increased, our balance sheet is stronger and our liquidity position has improved
- We are now in the implementation phase of Project Moneyball which is focused on operational excellence and reduce time spent in port

2016 “Building strength”

- Key focus continues to be on:
 - Operational improvements and quality of service
 - Initiatives that improve cash and balance sheet
 - A balance sheet that gives room for growth within our core business
- Top line improvement initiatives ongoing
- Fleet renewal programme for the advanced chemical tankers
- Strategic review of our terminal business
- Reduce our commitments in Odfjell Gas

2017+ “Build for the future”

- Focus on building competitive strength in our markets
- Group strategy review
- Focus on growth



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2016



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