



ODFJELL

First Quarter Presentation

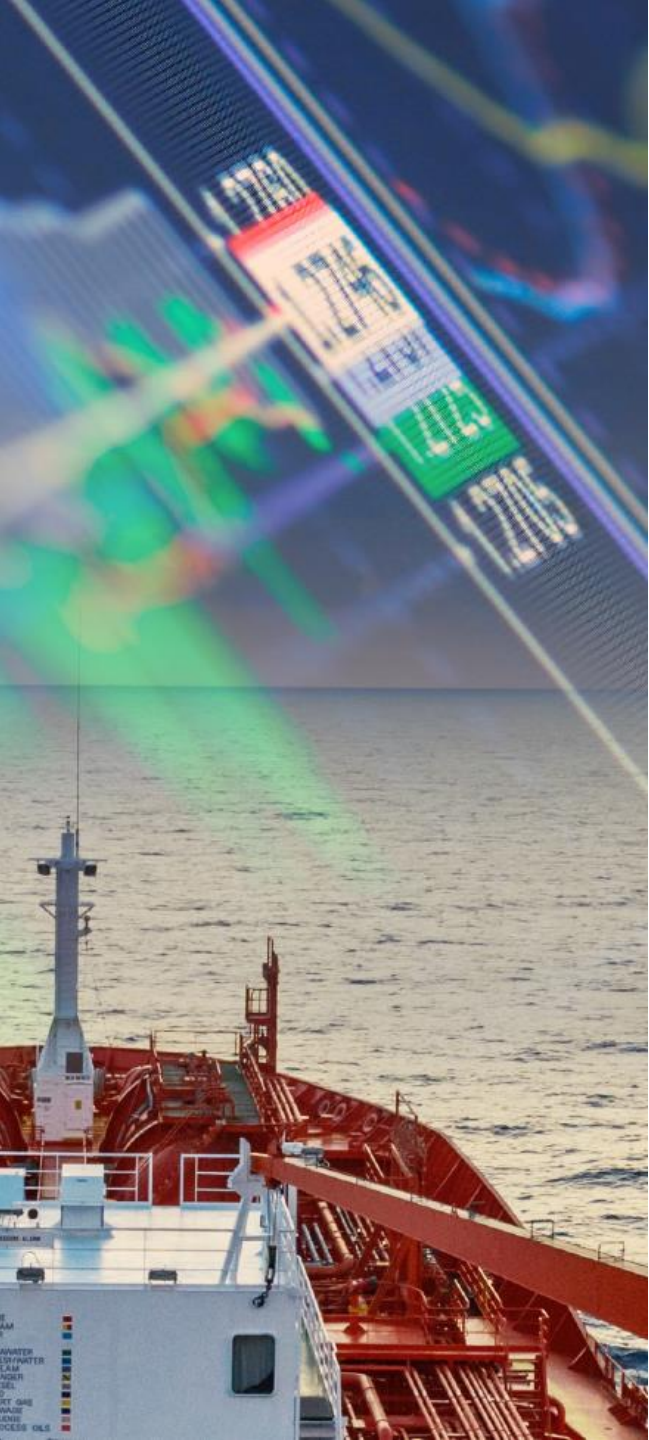
2017



TRAIL PRESSURE ALARM

CARGO LINES - 8" PHOS. PIPE	FWP
MANHOLE 8" SW	FOAM
PRESSURE TESTED 24 BARS	AR
DATE: 01.08.15	NS
CARGO HOSES	DEAURTER
PRESSURE TESTED 24 BARS	FRESHWATER
DATE: 08.01.15	BT LAM
CERTIFICATED	DANGER
-20°C to +80°C	CELEL
-30°C to +100°C	HEU
VAPOUR BOARDS	WUOT OMS
PRESSURE TESTED	ROMARK
DATE: 25.04.15	SLUDGE
	PROCESS OLS

11 May 2017



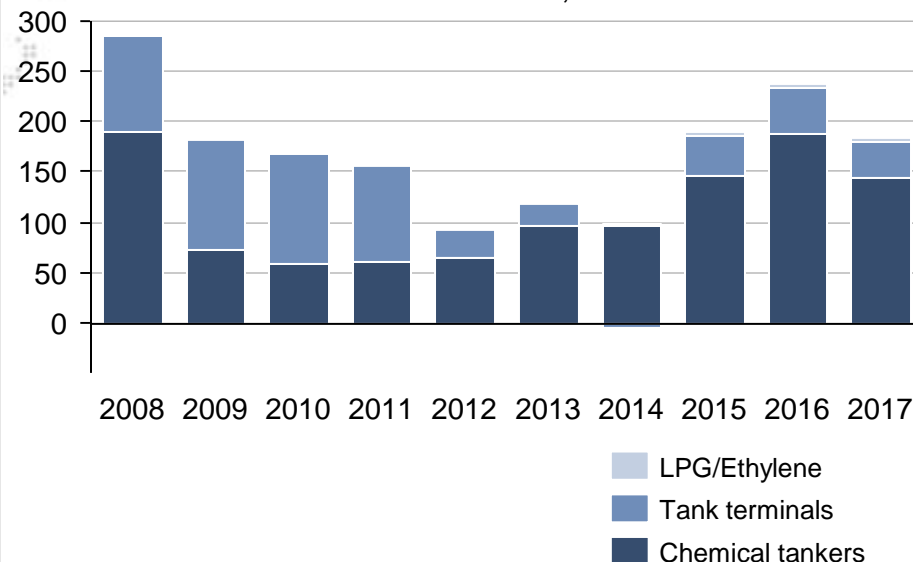
Agenda

- **Highlights**
- **Financials**
- **Operational review**
- **Market update and prospects**

Highlights

- Stable underlying operational performance in first quarter, despite a challenging and depressed market
- EBITDA of USD 46 mill, compared with USD 48 mill in fourth quarter last year
- Odfjell chemical freight index (ODFIX) up 1.3% compared with previous quarter. Clarkson Platou Spot market index is up 1.9%
- Chemical Tankers EBITDA in first quarter was USD 36 mill which is identical to fourth quarter 2016
- Stable results from Odfjell Terminals
- Fleet renewal programme for large stainless steel chemical tankers nearly completed

Annualised EBITDA¹, USD mill



«Our the past two quarters we have taken crucial steps in renewing our core fleet. We have secured ten large and advanced stainless steel chemical tankers at a very low point of the price cycle, and we have secured favourable financing for most of these vessels»

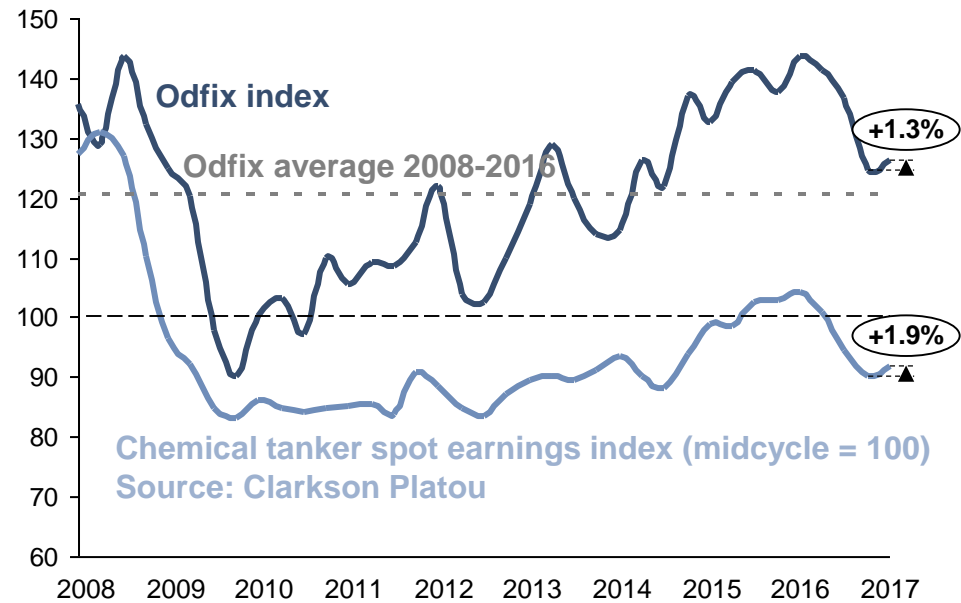
Kristian Mørch, CEO Odfjell SE

1. Proportional consolidation method according to actual historical ownership share

Highlights

- Odfjell Terminals continues the development of the first dedicated ethylene export terminal in the US at our Houston facility in Texas. Final investment decision is not taken
- Odfjell Terminals has initiated a process to explore the potential sale of our share of Odfjell Terminals Singapore
- The Board of Directors has recommended a dividend of NOK 1.50 per share, to be approved at the Company's Annual General Meeting 11 May

Odfix quarterly average Index, 1990=100



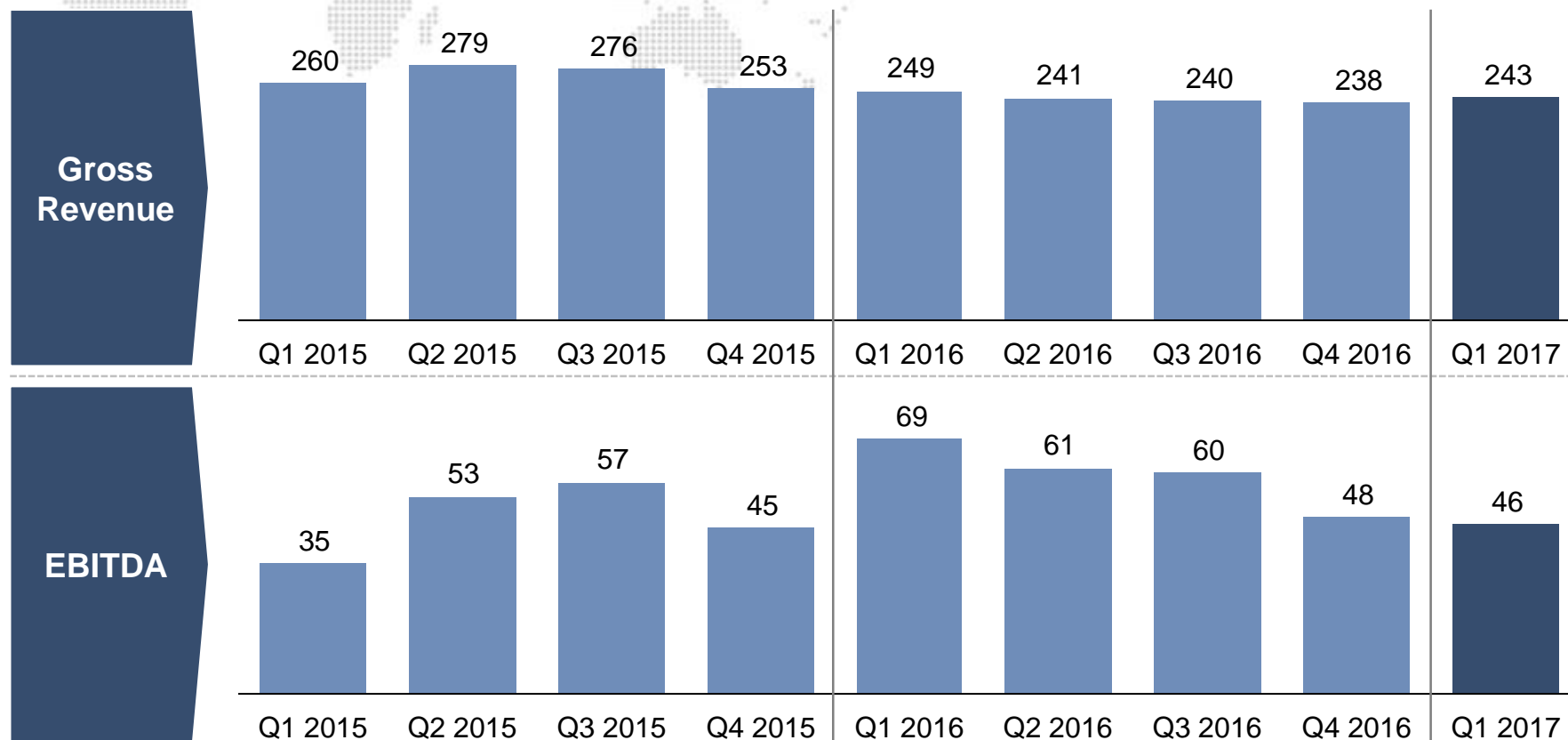
Income statement¹ - Odfjell Group

USD millions	1Q 2017	4Q 2016
Gross revenue	243	238
Voyage expenses	(82)	(76)
TC expenses	(48)	(42)
Operating expenses	(45)	(48)
General and administrative expenses	(22)	(24)
Operating result before depr. (EBITDA)	46	48
Depreciation	(29)	(32)
Impairment	-	(16)
Capital gain (loss) on non-current assets	0	45
Operating result (EBIT)	18	45
Net finance	(15)	(1)
Taxes	(1)	(1)
Net result	2	43

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Quarterly Gross Revenue and EBITDA, USD millions

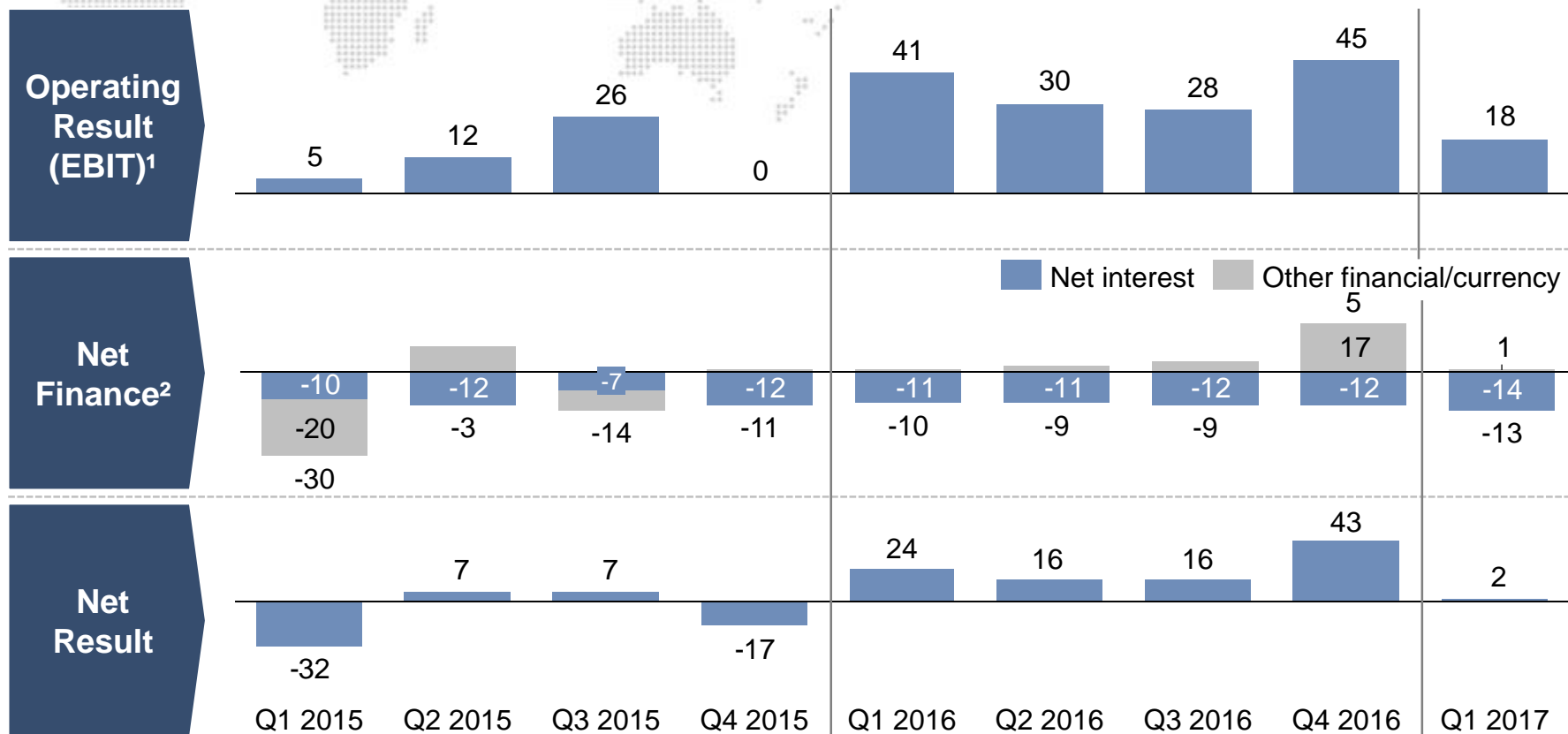


Slightly increased revenue but reduced EBITDA due to increased voyage expenses and divestment of the Oman terminal in December 2016

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

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



- Positive EBIT in nine consecutive quarters
- Net finance: New bond in January 2017 and increased USD interest rates

1. Proportional consolidation method
 2. Equity method

Income statement¹ – Chemical tankers

USD millions	1Q 2017	4Q 2016
Gross revenue	213	204
Voyage expenses	(81)	(74)
TC expenses	(48)	(42)
Operating expenses	(31)	(33)
General and administrative expenses ²	(17)	(19)
Operating result before depr. (EBITDA)	36	36
Depreciation	(20)	(23)
Impairment	-	(7)
Capital gain/loss on fixed assets	0	1
Operating result (EBIT)	16	8

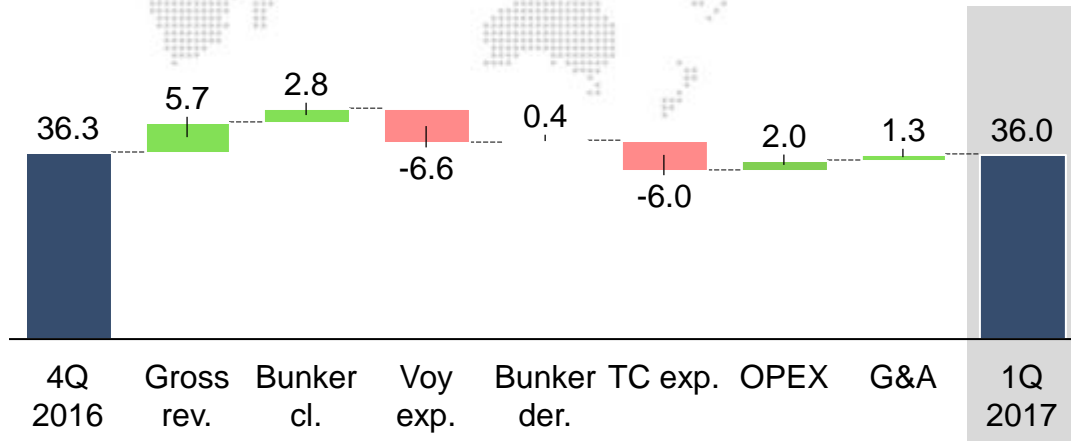
- Increase in gross revenue
- Increase in voyage expenses primarily due to higher bunker prices

1. Proportional consolidation method
 2. Including corporate functions

EBITDA variance – Chemical tankers

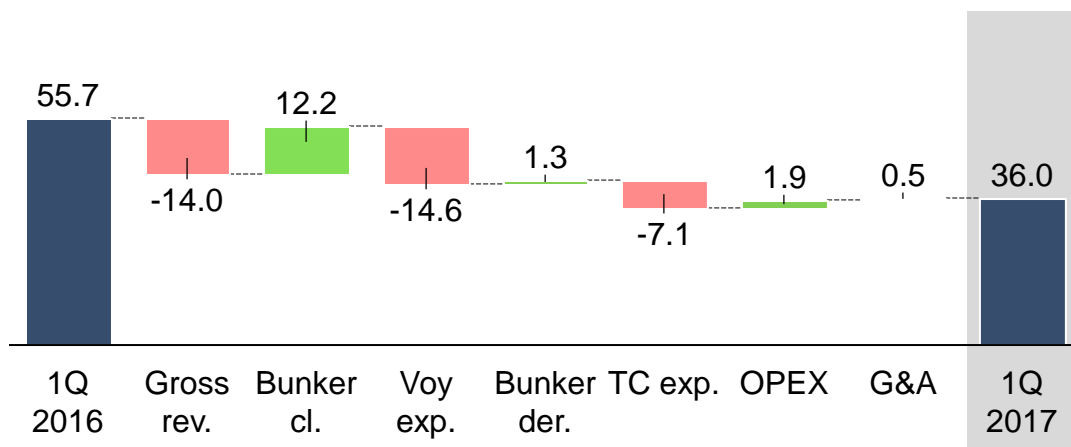
Quarterly EBITDA, USD millions

1Q 2017
versus
4Q 2016



- Net gross revenue up 4%
- Net voyage expenses increased 8%
- TC expenses increased 14%

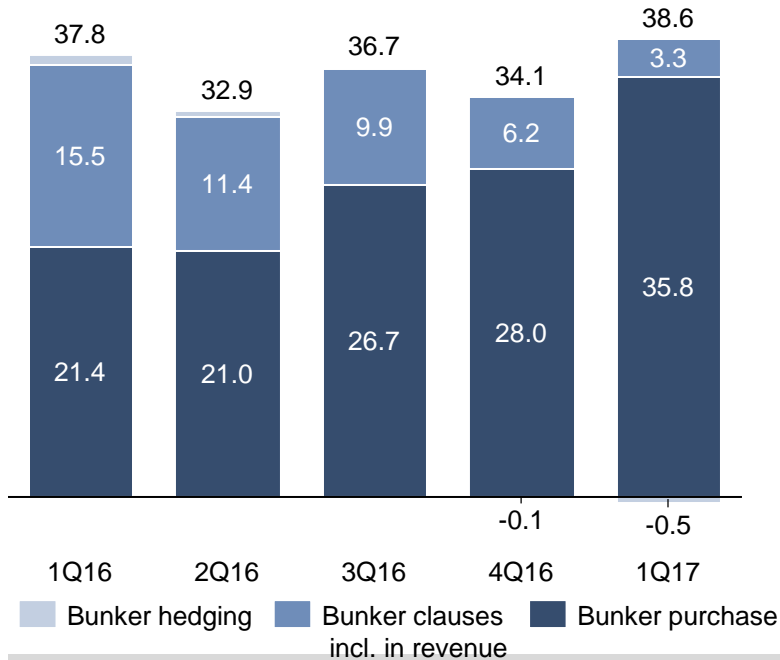
1Q 2017
versus
1Q 2016



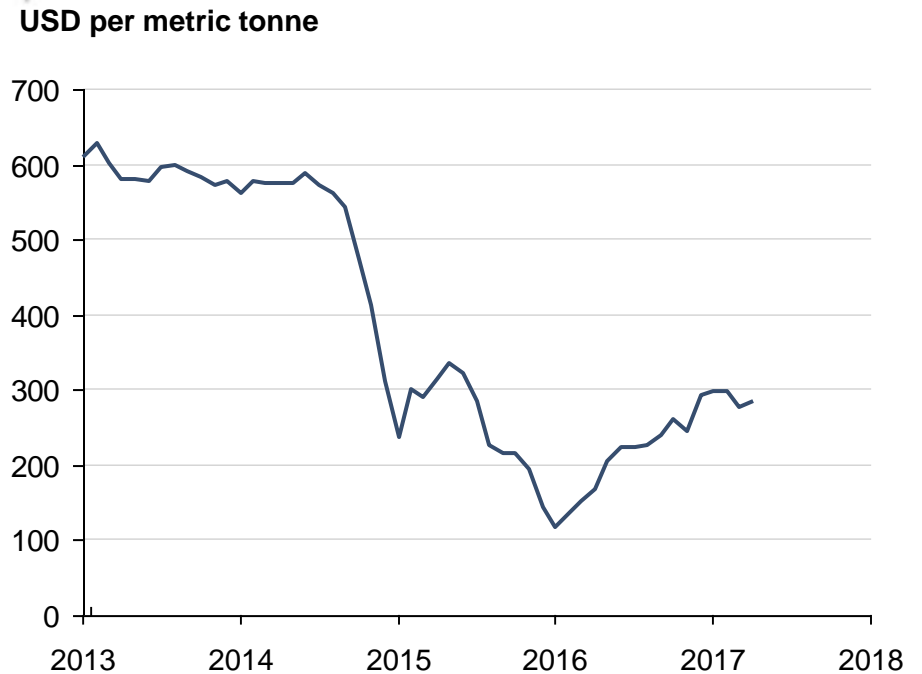
- Net gross revenue down 1%
- Net voyage expenses increased 20%
- TC expenses increased 18%

Bunker development

Quarterly net bunker cost
USD millions 1Q 2016 - 1Q 2017



Platts 3.5% FOB Rotterdam
January 2013 - April 2017



- Net bunker cost in 1Q USD 391 per tonne before hedging vs. USD 342 in 4Q
- Bunker clauses in CoAs cover about 60% of the exposure
- 6% of 2017 exposure is hedged at USD 224 per tonne

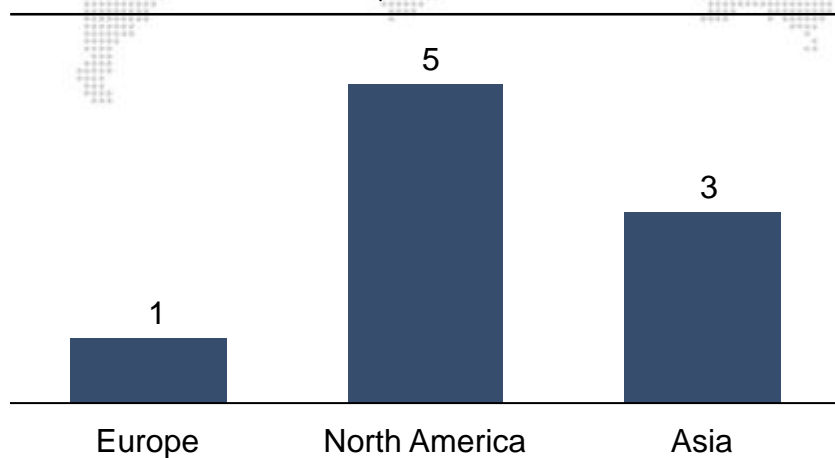
Income statement¹ – Tank terminals

USD millions	1Q 2017	4Q 2016
Gross revenue	28	31
Operating expenses	(13)	(14)
General and administrative expenses	(5)	(6)
Operating result before depr. (EBITDA)	9	11
Depreciation	(8)	(10)
Impairment	-	(4)
Capital gain/loss on fixed assets	-	44
Operating result (EBIT)	1	42

- Stable results but reduced EBITDA due to divestment of Oman terminal in December 2016
- The occupancy rate at 93% in 1Q based on available commercial capacity

EBITDA Tank terminals

EBITDA, USD millions YTD



EBITDA Tank Terminals

EBITDA Tank Terminals	1Q 2017	4Q 2016
Europe	1	2
North America	5	4
Asia	3	3
Middle East	0	2
Total EBITDA	9	11



- Stable results in all areas
- Odfjell Terminals Singapore EBITDA USD 2 million in 1Q17

Balance sheet¹ 31.03.2017 – Odfjell Group

Assets, USD millions	
Ships and newbuilding contracts	1 212
Other non-current assets/receivables	23
Investment in associates and JV's	341
Total non-current assets	1 576
Cash and cash equivalent	212
Other current assets	116
Total current assets	328
Assets held for sale	5
Total assets	1 909

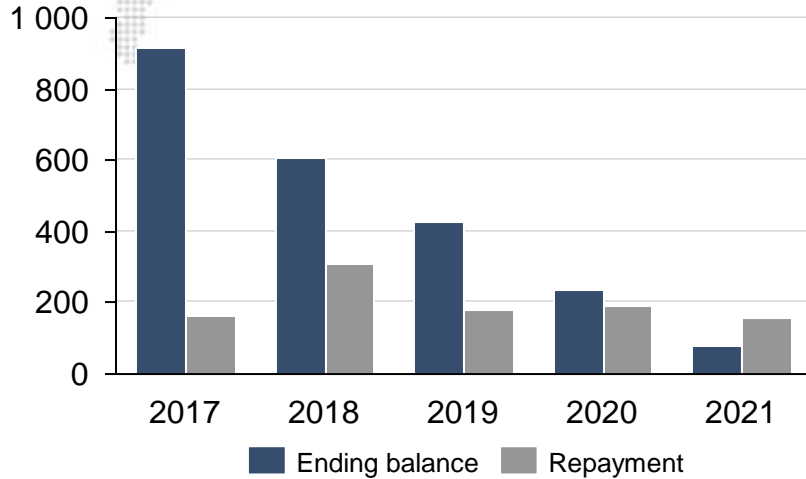
Equity and liabilities, USD millions	
Total equity	723
Non-current liabilities and derivatives	44
Non-current interest bearing debt	883
Total non-current liabilities	927
Current portion of interest bearing debt	192
Other current liabilities and derivatives	67
Total current liabilities	259
Liabilities held for sale	-
Total equity and liabilities	1 909

- Cash balance of USD 212 mill - excluding JV's cash, but before USD 60 mill bond repayment in April 2017
- Net investment in tank terminals JV's USD 312 mill
- Equity ratio 37.9%, compared with 34.0% in 1Q16

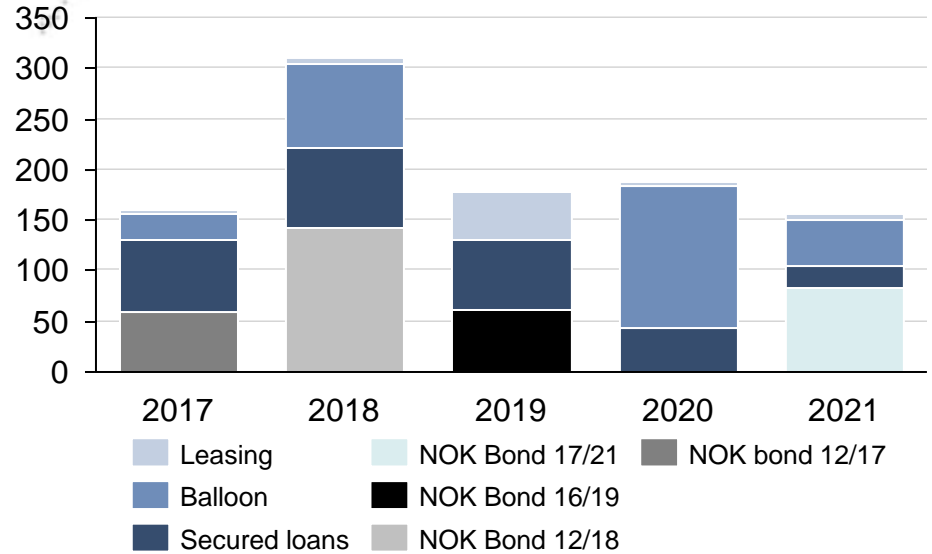
Debt development – corporate and chemical tankers

31.03.2017

Debt Portfolio, USD millions



Debt Repayments, USD millions

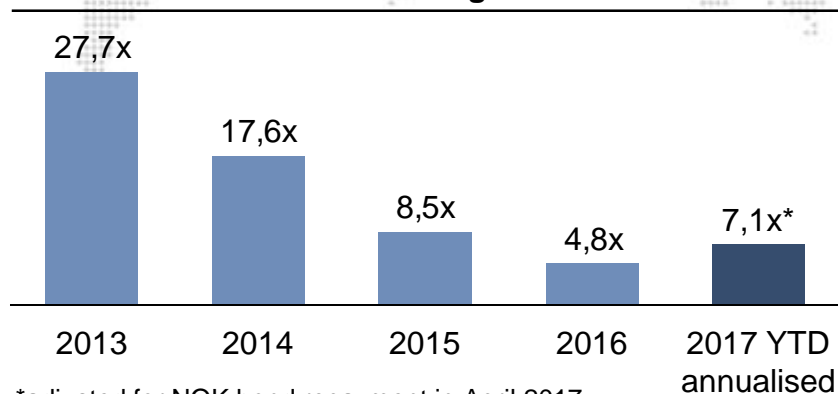


- We have secured financing of the first four vessels ordered at the Hudong Yard in China
- NOK bond maturing in December 2018 of USD 142 million

Financial ratios – Odfjell Group

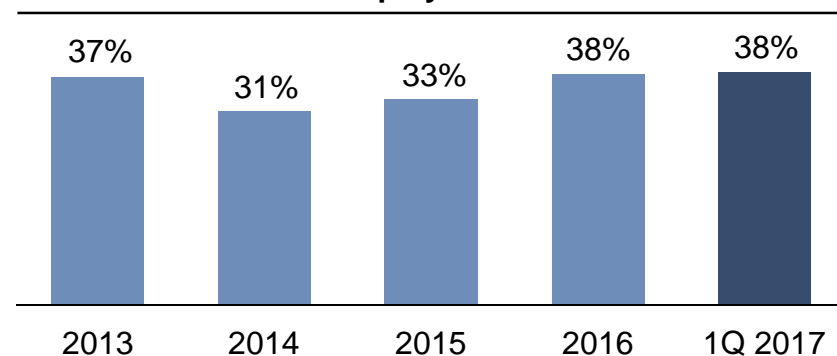
Equity method method

Gross interest bearing debt / EBITDA

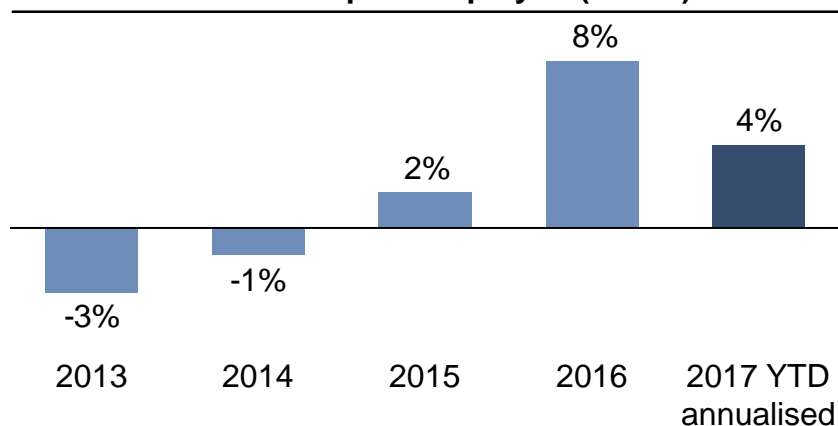


*adjusted for NOK bond repayment in April 2017

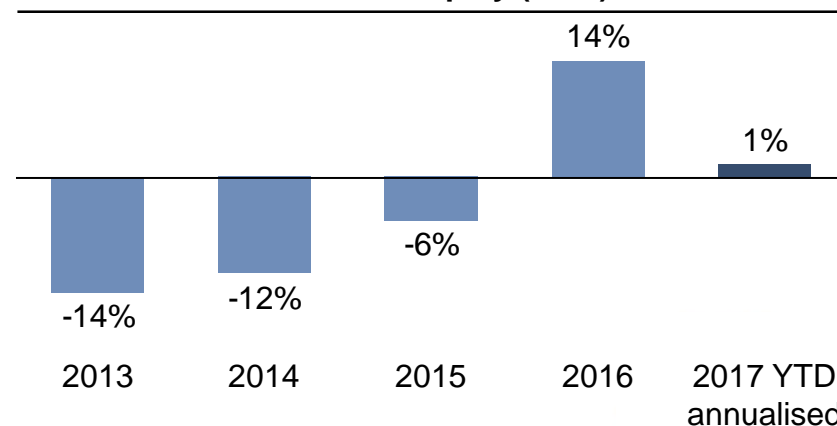
Equity ratio



Return on capital employed (ROCE)¹



Return on equity (ROE)



Note figures are by the equity method, year-end (or annualised) 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 – 31.03.2017

USD millions	Remaining 2017	2018	2019	2020	2021
Chemical Tankers					
Newbuildings 4 x 49,000 dwt ¹	6	24	144	42	-
Newbuildings 2 x 38,000 dwt ¹	12	6	12	87	-
Docking	9	12	12	12	12
Other investments *	6	7	7	7	-
Total	33	49	175	148	12

Odfjell Gas, 100%²

Sinopacific, 2 x 22,000 cbm TBD

Tank Terminals, 100%

Planned capex	53	57	39	29	-
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¹ Construction cost USD 60/58 mill per vessel, payment terms 3 x 10 +70, delivery June 2019 - 2020

² The construction of gas newbuildings is substantially delayed and we expect to cancel the two remaining vessel

* Includes propeller upgrade and ballast water treatment systems

Fleet development – 1Q17

<i>Fleet additions</i>		<i>DWT</i>	<i>Built</i>	<i>Tanks</i>	<i>Transaction</i>
May 2017	<i>Celsius Mexico</i>	20 088	2005	Stainless	Short TC
April 2017	<i>Sun Triton</i>	12 670	2017	Stainless	Long TC
March 2017	<i>Southern Quokka</i>	26 077	2017	Stainless	Long TC
February 2017	<i>Stellar Orchid</i>	12 571	2011	Stainless	Short TC
February 2017	<i>Houyoshi Park</i>	19 950	2016	Stainless	Short TC
January 2017	<i>Stellar Wisteria</i>	12 601	2011	Stainless	Short TC
January 2017	<i>Argent Eyebright</i>	33 609	2009	Stainless	Short TC

<i>Fleet disposals</i>		<i>DWT</i>	<i>Built</i>	<i>Tanks</i>	<i>Transaction</i>
May 2017	<i>Bow Aratu</i>	13 843	1997	Stainless	Sale
April 2017	<i>Houyoshi Park</i>	19 950	2016	Stainless	Redelivered
April 2017	<i>Chembulk Sydney</i>	14 271	2005	Stainless	Redelivered
Feb 2017	<i>Chembulk Wellington</i>	14 312	2004	Stainless	Redelivered

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

Fleet renewal programme for large stainless steel chemical tankers nearly completed

Chemical Tankers	Structure	# vessels	DWT	CBM	Tanks	Delivery
Hudong, China	Owned	4	49,000	56,600	33	2019/2020
Japan	Time Charter	2	35,500	37,000	28	2018/2019
Japan	Bareboat Charter	2	36,000	40,000	28	2019/2020
Hudong, China	Owned	2 + options	38,000	45,000	40	2020
Bow Architect (2005)	Owned		30,000	36,300	28	2017

The Super Segregators on order will at delivery enter into trades currently covered by the Kværner fleet and are an important part of the core fleet renewal and the Odfjell Compass

Financing of the first four Hudong vessels concluded. Favorable payment terms in the newbuilding contracts

The charter agreements are a capital efficient way to achieve part of our replacement and growth targets

Terminal projects and expansions

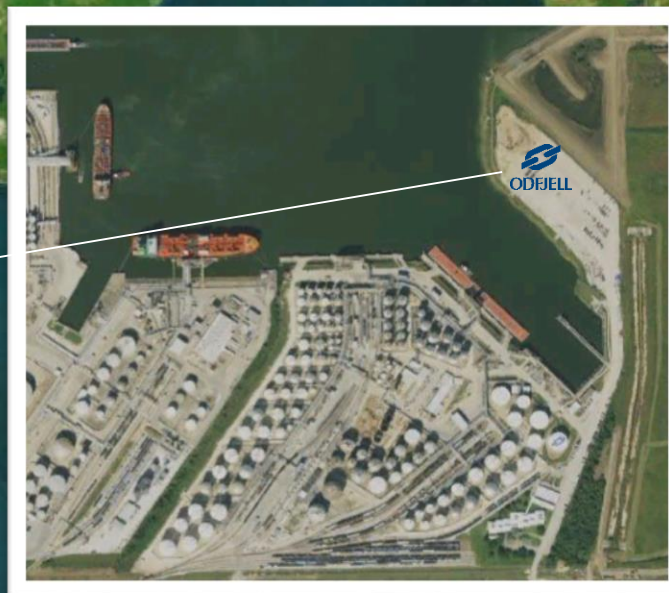
- **Possible Ethylene project Houston**

- Odfjell Terminals is developing a possible ethylene export terminal at its Houston facility in Texas
- Fully supports Odfjell Terminals strategy to grow the core, focus on Houston and Rotterdam and unlock the value of existing land at OTH
- Well supported by the industry, as the US market will have a surplus of ethylene by 2019
- Estimated Capex based on full EPC around USD 250 – 300 mill (100% Odfjell Terminals)
- Project will be based on long-term take-or-pay contracts and we expect to significantly increase earnings at OTH
- Unique expansion opportunity for OTH; main environmental permit (air) already obtained
- Location and know-how make OTH the preferred partner: ship channel entrance, proximity of ethylene pipelines, and experience in LPG export
- First mover advantage: high entry barriers for future competition.
- Monetizes US Shale expansions in the petrochemical sector
- Final investment decision based on satisfactory customer commitments and financing to be made in Q2/Q3

The ethylene project - an attractive way to utilize the Point, which today is a greenfield property owned by OTH

World-class Ethylene Export Facility Expected in 2019

- > Access to competitive feedstock
- > Full-service export capability
- > Efficient ship turnaround
- > Excellent geographic location

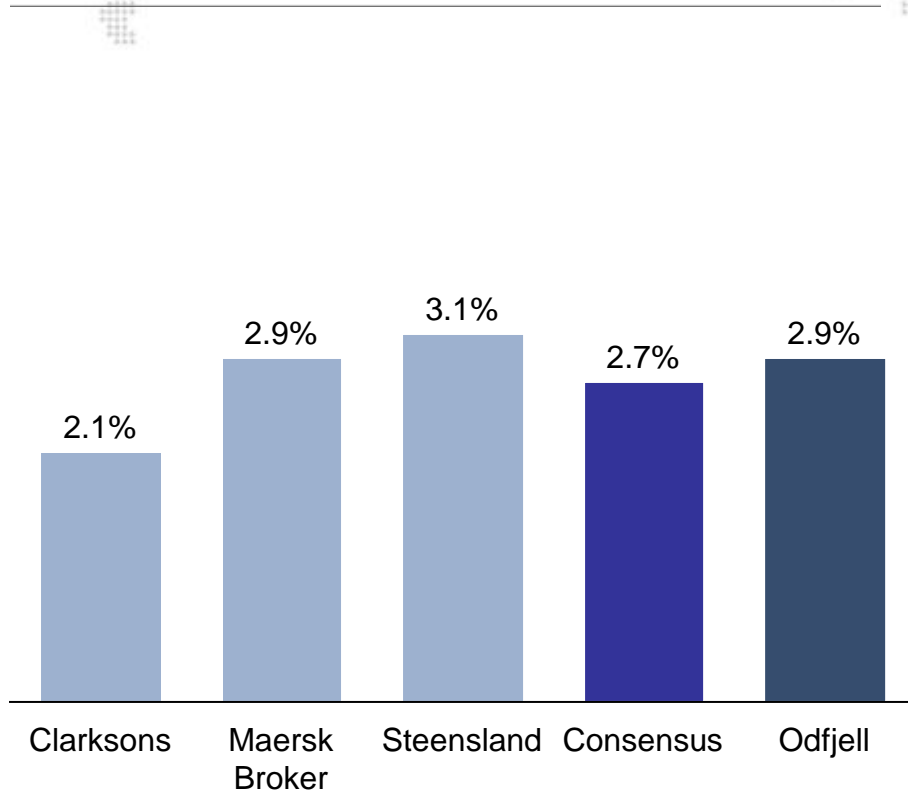


Other terminal projects and expansions

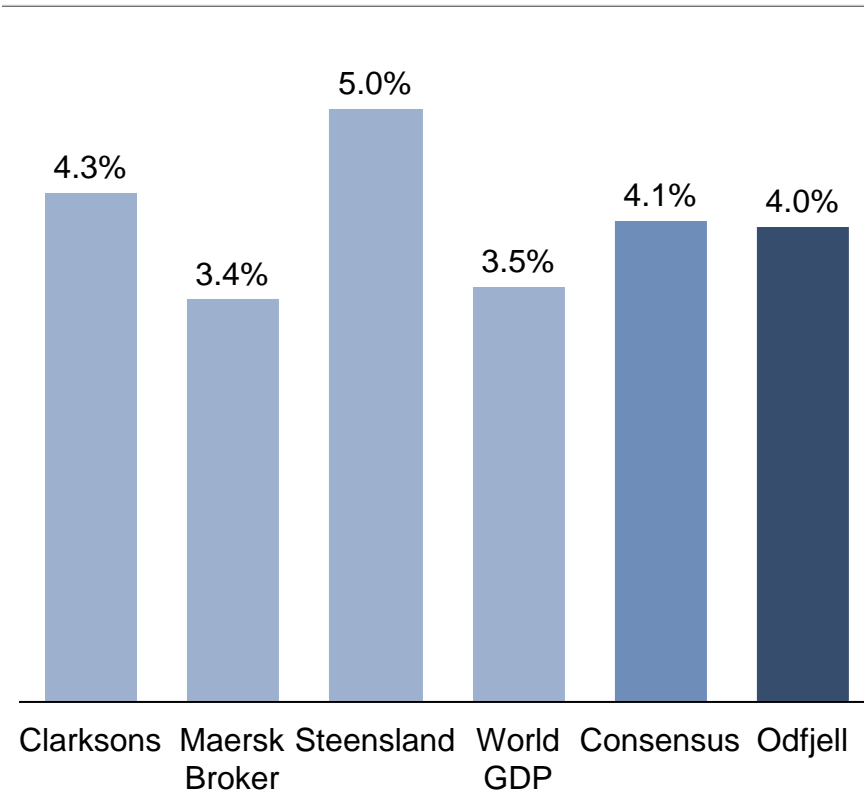
- **Possible divestment of Singapore terminal**
 - As part of our strategy and the Value Creation Program, Odfjell Terminals is focused on growing its operated terminals. To finance major investment projects like the Ethylene project in Houston, we will consider divesting non-operated terminals
 - We have initiated a process to explore a possible sale of our shares in the Singapore terminal, which is a joint venture between Oiltanking and Odfjell Terminals. In 2016 the Singapore terminal delivered an EBITDA of around USD 10 mill (Odfjell share) and had a net debt of USD 18 mill (Odfjell share) end of last year
- **Rotterdam terminal**
 - Service level at OTR is improving as result of the Value Creation Programme
 - End of contango for middle distillates will probably negatively impact the utilization of conventional storage at OTR in the coming quarters, however, our strategy includes initiatives to reduce dependency on forward curve of oil/products
 - During 1Q17 we signed long term contracts for the majority of our distillation services capacity (PID)

Our overall view on market fundamentals is in line with consensus, indicating demand will outgrow supply

Supply CAGR 2016 – 2019E



Demand CAGR 2016 – 2019E

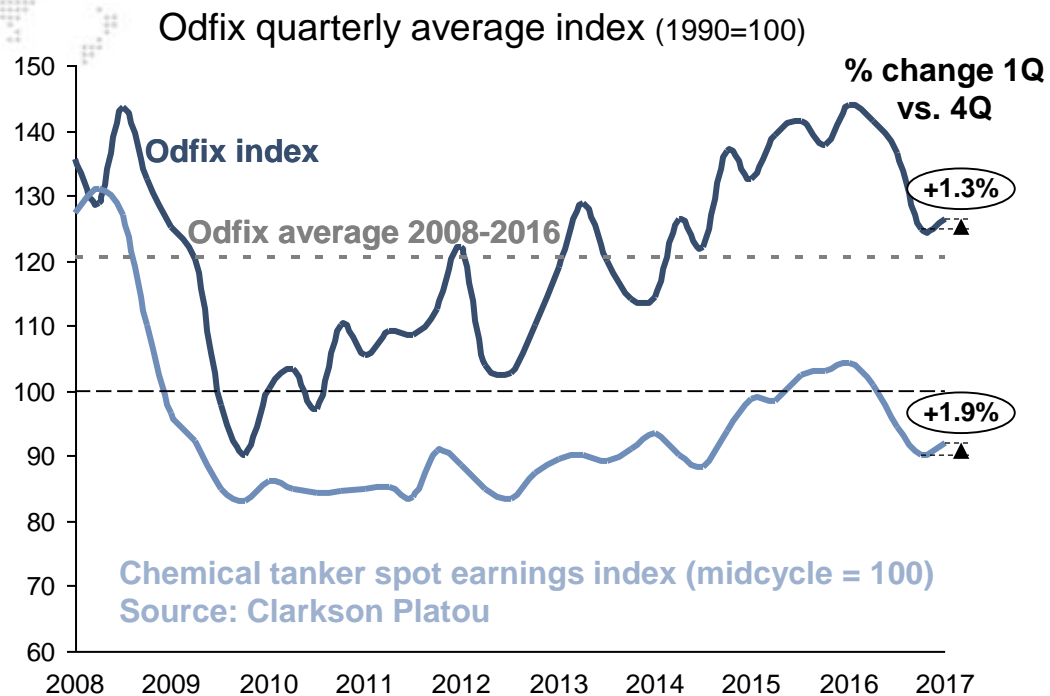


Source: Odfjell, various brokers

Note there are different definitions of core fleet between sources

Market update – Chemical tankers

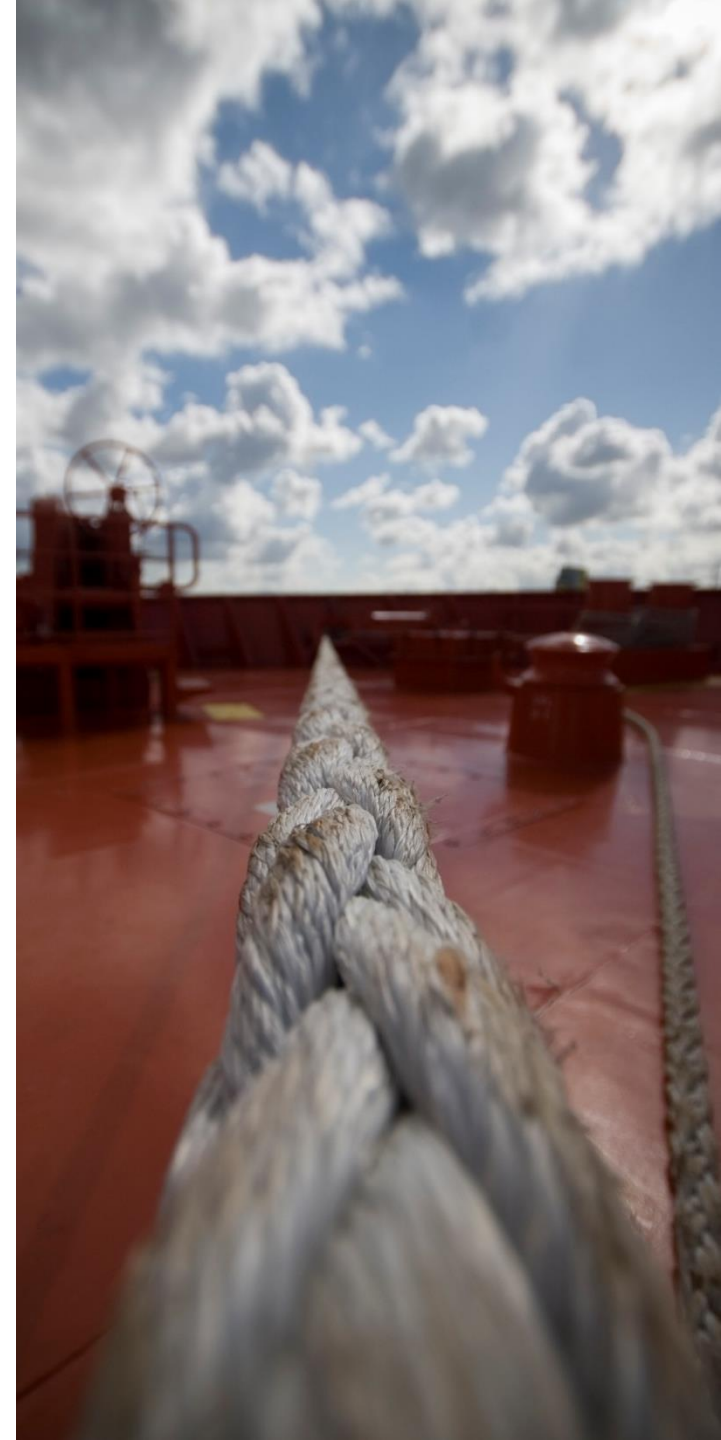
- Stable underlying operational performance in first quarter, despite a challenging and depressed market
- Odfjell chemical freight index (ODFIX) up 1.3% compared with previous quarter. Clarkson Platou Spot market index is up 1.9%
- We expect 2Q17 timecharter results to be marginally lower than 1Q17



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

Prospects

- We expect our markets to remain challenging in 2017
- In a longer perspective we believe the market is fairly balanced, so we gradually expect markets to improve
- We expect 2Q17 timecharter results to be marginally lower than 1Q17





*Welcome to Bergen and the
Odfjell Capital Markets Day 22 May 2017*

Please register to gina.anonli@odfjell.com within 12 May

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