
ODFJELL

Second Quarter/First half 2018 Report

August 23 2018

Second quarter and First Half Year 2018 report

Highlights – Second quarter 2018

- The chemical tanker market softened during the quarter but our TCE performance remained stable due to strong COA nominations. Results from Odfjell Terminals improved compared to previous quarter
- EBITDA of USD 37 mill, compared with USD 34 mill in 1Q18.
- EBITDA of USD 28 mill from Odfjell Tankers compared to USD 27 mill in 1Q 18.
- EBITDA of USD 9 mill from Odfjell Terminals compared to USD 6 mill in 1Q18.
- USD 58 mill of impairments and tax losses of USD 43 mill related to the sale of the Rotterdam terminal. The transaction is expected to have a positive cash contribution of about USD 100 mill
- Net result of USD -120 mill compared to USD -12 mill in last quarter.

Subsequent events

- Odfjell Terminals entered into an agreement with Koole Terminals B.V. of the Netherlands (Koole) to sell its 100% ownership of Odfjell Terminals Rotterdam (OTR)
- Odfjell has agreed to acquire LG's indirect shareholding in the Antwerp terminal for USD 27 mill subject to certain conditions related to LG's exit

Key figures, USD mill

(USD mill, unaudited)	3Q17	4Q17	1Q18	2Q18	2Q17	FY17	FY16
Odfjell Tankers	207.6	213.2	211.6	209.0	208.9	842.5	832.4
Odfjell Terminals	27.0	28.4	25.2	25.9	27.5	110.8	122.7
Revenues*	236.7	243.5	238.9	236.7	238.5	961.7	967.2
Odfjell Tankers	28.0	30.6	26.9	28.0	30.5	125.0	187.7
Odfjell Terminals	8.7	9.9	6.3	8.9	10.3	38.4	46.5
EBITDA*	37.3	40.8	33.9	37.2	41.4	165.8	237.6
EBIT	3.6	97.3	2.9	(52.9)	14.2	132.8	144.6
Net result	(10.5)	104.3	(12.2)	(120.0)	(4.7)	90.6	100.0
EPS**	(0.13)	1.33	(0.15)	(1.53)	(0.06)	1.15	1.27
ROE***	(7.0%)	16.4%	(6.3%)	(22.3%)	(1.2%)	11.8%	14.6%
ROCE***	0.5%	10.9%	0.6%	(5.4%)	3.1%	8.8%	7.9%

*Includes figures from Odfjell Gas

** Based on 78.6 million outstanding shares

*** Ratios are annualised

“The sale of our Rotterdam terminal will further strengthen Odfjell SE as a company. The planned increase in our shareholding in our j/v terminal in Antwerp will ensure a foothold in Europe, with Antwerp being the most important port for chemicals in the EU. Chemical tanker spot rates weakened further during the quarter, but we continued to outperform the market indexes due to strong contract coverage”

Kristian Mørch, CEO Odfjell SE

Key Financial figures

Odfjell Group

(USD mill, unaudited)	1Q18	2Q18	2Q17	YTD 18	YTD 17	FY17
Total revenue	238.9	236.7	238.5	475.6	481.5	961.7
Chemical Tankers	211.6	209.0	208.9	420.6	421.7	842.5
Tank Terminals	25.2	25.9	27.5	51.1	55.3	110.8
Gas Carriers	2.1	1.7	2.1	3.8	4.4	8.4
Eliminations	-	-	-	-	-	-
EBITDA	33.9	37.2	41.4	71.1	87.7	165.8
Chemical Tankers	26.9	28.0	30.5	54.9	66.5	125.0
Tank Terminals	6.3	8.9	10.3	15.2	19.8	38.4
Gas Carriers	0.6	0.4	0.6	1.0	1.4	2.3
EBIT**	2.9	(52.9)	14.2	(49.9)	32.0	132.8
Chemical Tankers	4.4	3.9	12.5	8.3	28.7	14.0
Tank Terminals*	(2.1)	(57.1)	1.5	(59.2)	2.6	117.9
Gas Carriers	0.6	0.4	0.2	1.0	0.6	1.0
Elimination	-	-	-	-	-	-
Net finance	(15.8)	(23.5)	(18.3)	(39.2)	(33.6)	(58.3)
Net result (loss)	(12.2)	(120.0)	(4.7)	(132.1)	(3.2)	90.6
Chemical Tankers	(10.4)	(16.2)	(4.5)	(26.6)	(2.0)	(38.9)
Tank Terminals***	(2.1)	(104.0)	(0.1)	(106.1)	(1.2)	129.8
Gas Carriers	0.5	0.2	0.1	0.7	0.1	0.4
Eliminations	-	-	(0.2)	-	-	(0.8)

Proportionate method

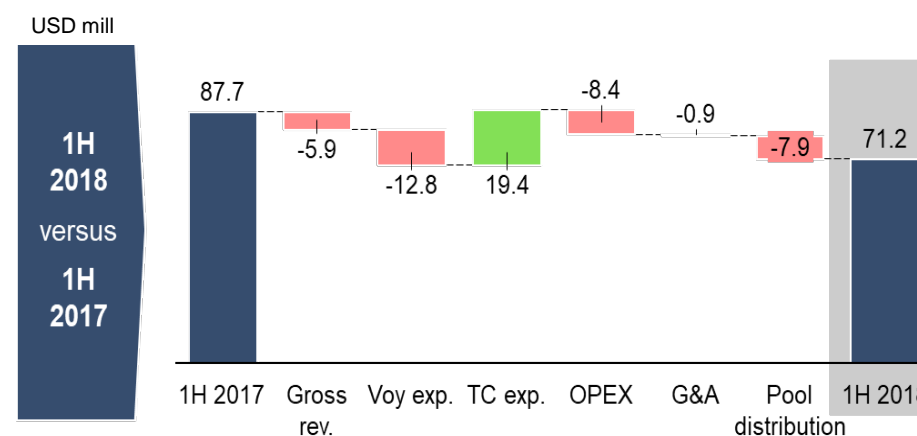
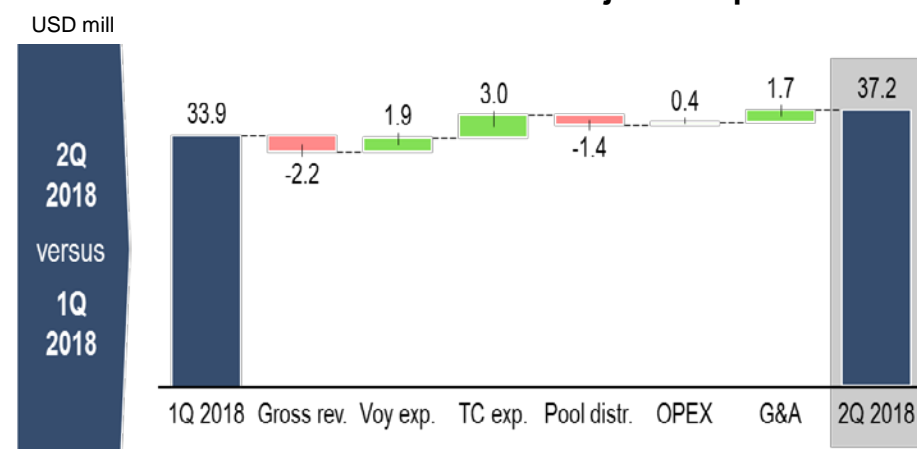
While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A large part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed information and thus, a more representative picture of the Group's operations.

* Includes capital gain of USD 135 mill for the sale of the Singapore terminal in 4Q17

** Includes USD 41 mill of impairments in 4Q17

*** Includes USD 14 mill of tax gain in 4Q17

EBITDA variance - Odfjell Group



2Q 2018 versus 1Q 2018

- Gross revenues down 1%
- Voyage expenses down 2%
- TC expenses down 7%
- Ship days down 1%
- OPEX down 1%
- G&A down 7%

1H 2018 versus 1H 2017

- Gross revenues down 1%
- Voyage expenses up 8%
- TC expenses down 20%
- Ship days down 1%
- OPEX up 9%
- G&A up 2%

Chemical Tankers

Odfjell Tankers EBITDA improved during 2Q18 relative to 1Q18. As expected, our timecharter results remained flat during the quarter.

The ODFIX index was largely unchanged compared to previous quarter at 115.4 versus 115.9 in previous quarter. Higher contract nominations and stronger volumes, paired with continued improvements in our cost base, contributed to our results outperforming the market measured against the Clarksons Platou index.

During 2Q18 Odfjell Tankers took delivery of 3 vessels while 2 timechartered vessels were redelivered.

Average bunker cost was USD 410 per tonne in second quarter, up from USD 406 per tonne the previous quarter.

Chemical Tankers (USD mill)	4Q17	1Q18	2Q18	2Q17	FY17	FY16
Revenues	213.2	211.6	209.0	208.9	842.5	832.4
Gross Result	47.1	44.7	45.7	47.5	193.1	259.6
EBITDA	30.6	26.9	28.0	30.5	125.0	187.7
EBIT	(18.3)	4.4	3.9	12.5	14.0	98.1
Bunker cost per tonne (USD) ³	381	406	410	377	377	350

Indices	31.03.18	30.06.18	30.06.17
Odfix (1990=100) ¹	116	115	125
Opex (2002=100) ²	125	123	121

¹ The Odfix index is a weighted time-charter earnings index for a selection of vessels

² The Opex index includes owned and bareboat chartered vessels

³ Including effect from bunker adjustment clauses

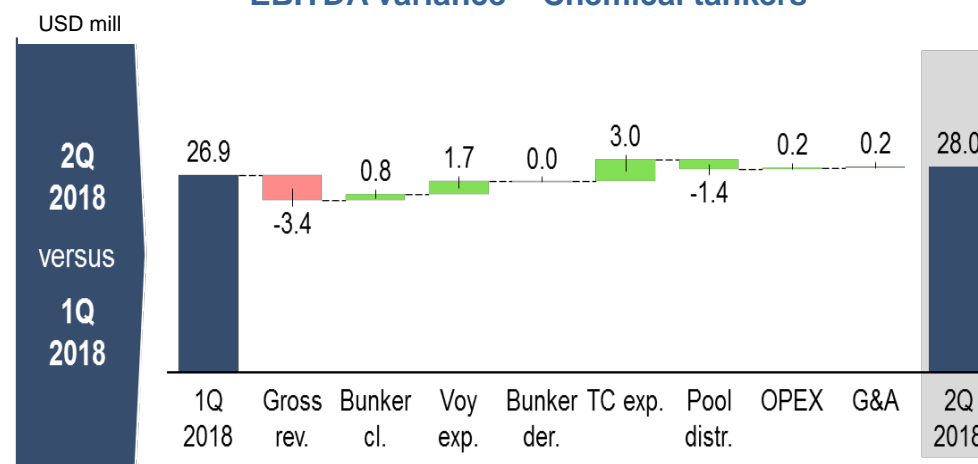
We have 62% of our bunker exposure covered through bunker adjustment clauses and we currently do not have any financial hedging for bunkers.

One vessel accidentally ruptured the hull when assigned for loading in Rotterdam. We have worked closely together with Dutch authorities and our insurance company to mitigate consequences of the oil spill.

Outlook 2H18

We expect the challenging market to continue in the coming quarter and therefore we expect 3Q18 to be in line with 2Q18. We continue to believe that we will see a gradual improvement for chemical tankers towards the end of the year.

EBITDA variance – Chemical tankers



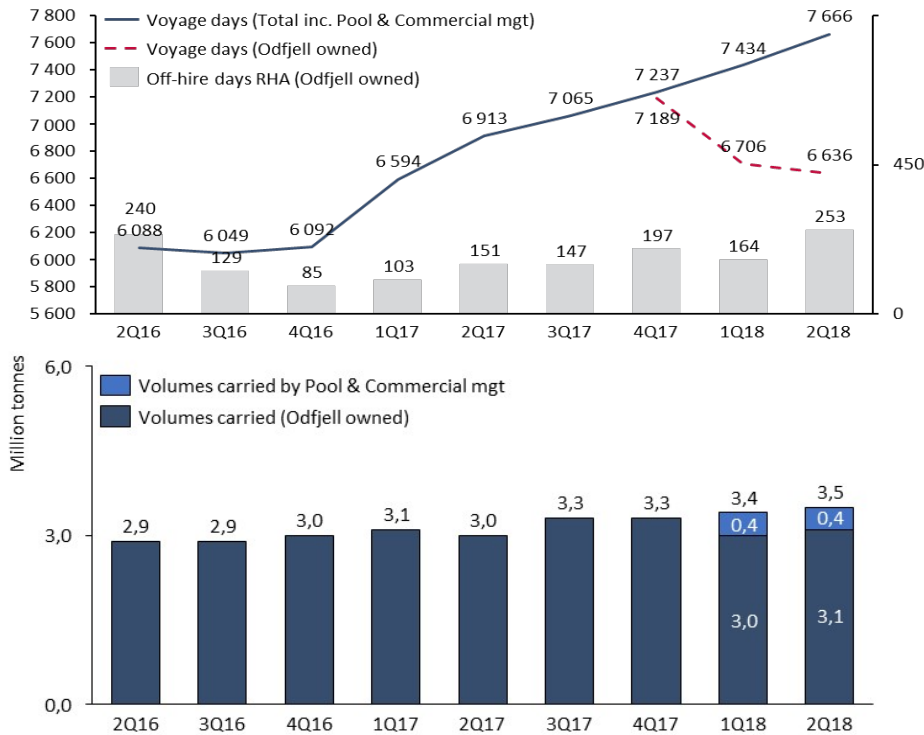
2Q 2018 versus 1Q 2018

- Gross revenue down 1%
- Voyage expenses down 2%
- TC expenses down 7%
- OPEX unchanged
- G&A down 1%

Odfjell SE volume and voyage days

Odfjell SE carried 3.1 million tonnes during 2Q which is higher than 1Q volumes. Including vessels on commercial management and pools, our volumes increased to 3.5 million tonnes. Total voyage days in 2Q was 7,666 days of which 253 off-hire days, this was an increase from 7,434 days from the previous quarter with 164 off-hire days.

Off-hire days in 1H18 has been high due to high share of dockings completed in the period. This is expected to slow down in 2H18.



Fleet growth programme

During 2Q18, Odfjell SE took delivery of the last vessel from CTG on a financial lease. Odfjell has now taken delivery of all vessels from CTG and the pool of 15 x 25,000 dwt stainless steel tankers is fully operational.

The pool of super-segregators from the Sinochem transaction is expected to become fully operational during 2H18. In the meantime, the vessels are on commercial management with Odfjell SE against a management fee to Odfjell SE.

Remaining ship deliveries

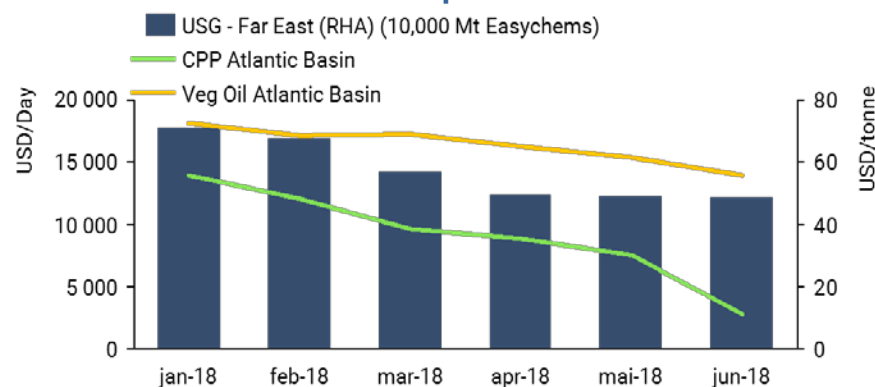
Yard	Tanks	DWT	2018	2019	2020
Hudong	Stainless	49,000	-	3	3
AVIC	Stainless	25,000	-	-	-
Shin-Kurushima	Stainless	35,500	1	1	-
Undisclosed	Stainless	36,000	-	1	1
Sinochem			4	-	-
Total			5	5	4

Market development

The challenging chemical tanker market continued into the second quarter. Our COA nominations remained high during the quarter but we experienced further downward pressure on spot rates. Vessel supply was also negatively influenced by the weak CPP market, and influx of “swing tonnage”.

The global chemical tanker orderbook was further reduced during the quarter and now stands at 8% of the current fleet. The global deep-sea fleet based on vessels larger than 18,000 dwt grew by 15 vessels in 2Q as 20 vessels were delivered, and 5 vessels were scrapped. New orders concluded was limited to 18 swing/other vessels above 50,000 dwt and zero core chemical tankers. One newbuilding order was cancelled during the quarter.

Rate development YTD 2018



Source: Clarksons Platou

Market outlook

The ongoing trade dispute between China and the US intensified during the summer with tariffs imposed from both sides. This includes various chemicals of which a minority are shipped as liquids. Initial Chinese tariffs on US EDC, Lube Oils and Acrylonitrile is not expected to have a significant impact on chemical tanker demand. Initial trade patterns are also showing that chemical tanker demand for EDC is increasing, with increased US exports to the Far East and increased imports to China from other Asian suppliers materialising. As of late, however, China's tariffs have moved from involving products imported in minor volumes to key growth products like Methanol and Ethylene glycol which may have a stronger impact.

China has several alternatives to replace US Methanol volumes, which could also include transhipped volumes ex the US. Other potential sources includes Trinidad with 900,000 tonnes of new capacity ready for exports in 1Q 19. Venezuela and Iran also have meaningful spare capacity to replace US volumes. We therefore currently do not expect any major negative impact on volumes shipped, and perhaps it may even increase demand for regional distribution in some trades. We also need to consider that the tariffs imposed on US Methanol and Ethylene Glycol still makes US producers profitable based on its cash costs. We forecast 4% average volume growth by 2020 with tonne-mile demand set to grow between 4.4% and 6.4% in the corresponding period. This is well above the expected growth in supply.

Tank Terminals

Tank Terminals (USD mill) Odfjell share	4Q17	1Q18	2Q18	2Q17	FY17	FY16
Revenues	28.4	25.2	25.9	27.5	110.8	122.7
Gross Result	15.6	11.7	12.7	14.8	58.5	69.0
EBITDA	9.9	6.3	8.9	10.3	38.4	46.5
EBIT	115.5	(2.1)	(57.1)	1.5	117.9	52.6

EBITDA by geo-graphical segment	4Q17	1Q18	2Q18	2Q17	FY17	FY16
Europe	2.2	0.7	3.5	2.1	7.5	7.0
North America	4.8	4.8	4.5	5.0	18.9	19.5
Asia	3.0	0.9	0.9	3.2	11.9	12.5
Middle East	-	-	-	0.0	0.0	7.5
Total	9.9	6.3	8.9	10.3	38.4	46.5

Odfjell Terminals delivered an EBITDA of USD 8.9 mill in 2Q18 versus USD 6.3 mill in the previous quarter.

The increase was driven by better results in Rotterdam as 1Q18 was impacted by a one-month shutdown of PID unit 2 due to a heat exchanger replacement. In addition, historic costs related to the ongoing sale of OTR has been reversed this quarter by USD 1 mill. The EBITDA in 2Q18 for Odfjell Terminals excluding Rotterdam stayed flat at USD 6.0 mill as the US and Asian terminals showed stable results.

Based on strong market demand and high activity levels from its customers, the terminal in Houston performed well.

The total average occupancy rate of commercially available capacity improved to 86%, from 85% last quarter. The total average available capacity increased with 72,000 cbm to 2,517,000 cbm. Excluding Rotterdam the total average occupancy rate of commercially available capacity was 94%, compared to 90% last quarter driven by strong demand in Houston.

Total planned capital expenditure (Odfjell SE share) is USD 26 mill excluding Rotterdam, of which USD 19 mill is maintenance capex and USD 7 mill is expansions.

Odfjell's share of Odfjell Terminals' book value stood at USD 228 mill as of 2Q18 where Rotterdam now is classified as asset held for sale. Odfjell's share of net debt amounts to USD 123 mill including Rotterdam and USD 105 mill excluding Rotterdam.

Odfjell Terminals Rotterdam

Odfjell Terminals has entered into an agreement for the sale of the 100% stake in Odfjell Terminals Rotterdam (OTR) to Koole Terminals B.V. The enterprise value for Odfjell's share of OTR is USD 118 mill and adjusted for debt will result in a positive liquidity effect of around USD 100 mill at closing for Odfjell SE. Competition authorities has approved the transaction and we expect to complete the transaction during 2H18.

Purchase of share in Noord Natie terminal

Odfjell SE has agreed to acquire LG's indirect shareholding in Noord Natie Terminals N.V. (NNOT) based on certain conditions relating to the closing of OTR and the remaining LG exit. Odfjell would thereby increase its ownership from 12.75% to 25%. The purchase price is agreed at USD 27 mill and based on 2017 EBITDA, this will add approximately USD 2.5 mill of incremental annual EBITDA to Odfjell Terminals EBITDA from 2019. Antwerp is the most important hub for chemical shipments in Europe.

Changes in Odfjell Terminals holding structure

As a part of LG's exit and new partners in Odfjell Terminals, we plan to convert OTBV (Odfjell Terminals) to a holding company that is 100% controlled by Odfjell SE. The holding company will control 51% of our US and Asian terminals together with new partners in each respective region. The 25% stake in Noord Natie will be fully owned by the holding company.

Changes in Odfjell Terminals portfolio

As a part of our strategy to focus on terminals where we have operational control and can realize synergies with the rest of the Odfjell Group, we have now sold four tank terminals since 2016. This has generated USD 344 mill in cash and USD 80 mill of book value gains. The sale of Rotterdam and purchase of LG's shareholding in Noord Natie in Antwerp completes the planned changes in our tank terminal portfolio.

We remain fully committed to our tank terminal business and our focus going forward will be on growth and optimizing of our existing portfolio.

Gas Carriers

We have launched a process to sell our remaining gas carriers and the vessels are classified as assets held for sale.

Gas Carriers (USD mill) Odfjell share	4Q17	1Q18	2Q18	2Q17	FY17	FY16
Revenues	1.9	2.1	1.7	2.1	8.4	12.3
Gross Result	1.0	0.7	0.4	0.6	4.7	3.6
EBITDA	0.3	0.6	0.4	0.6	2.3	3.3
EBIT	(0.2)	0.6	0.4	0.2	1.0	(7.0)

Finance

Key figures (USD mill)*	31.12.17	31.03.18	30.06.18	30.06.17
Cash and available-for-sale investments	206.6	181.4	192.9	189.7
Interest bearing debt	1,083.8	1,147.8	1,185.7	1,094.4
Net interest bearing debt	877.2	966.4	992.8	904.7
Available drawing facilities	-	-	-	-
Total equity	815.9	815.1	665.2	718.0
Equity ratio	40.8%	39.7%	33.9%	37.6%

*According to equity method

Odfjell's cash balance increased during the quarter, and cash and cash equivalents end 2Q18 amounted to USD 193 mill, compared with USD 181 mill end 1Q17. Main changes in the cash position are related to sale-lease back financing for two vessels during the quarter that generated USD 30 mill of additional liquidity. Sales were concluded above book values and at an attractive IRR for the company.

The agreement to sell OTR has resulted in the terminal being re-classified as assets held for sale. This results in a USD 58 mill impairment and a USD 42 mill loss on taxes for the quarter, but will have a positive liquidity effect of about USD 100 mill for Odfjell SE.

Net results in Odfjell Terminals was negatively impacted by a USD 2 mill currency loss during the quarter.

Odfjell paid USD 36 mill upon delivery of our last newbuilding from AVIC Dingheng shipyard during the quarter. Final instalment was paid by debt financing. We paid USD 6 mill of equity instalment related to one newbuilding in 2Q.

We have also secured attractive financing terms for all our remaining newbuilding portfolio, consisting of six vessels from Hudong Shipyard in China. Odfjell will take delivery of one new vessel in 2018 on long-term timecharter from Shin Kurushima shipyard.

Our remaining equity required for the entire newbuilding program at end 2Q18 is limited to USD 18 mill.

We have USD 84 mill outstanding on our bond maturing in December 2018. We will consider refinancing as soon as we feel the market conditions are right for Odfjell, or alternatively redeem the bond with cash.

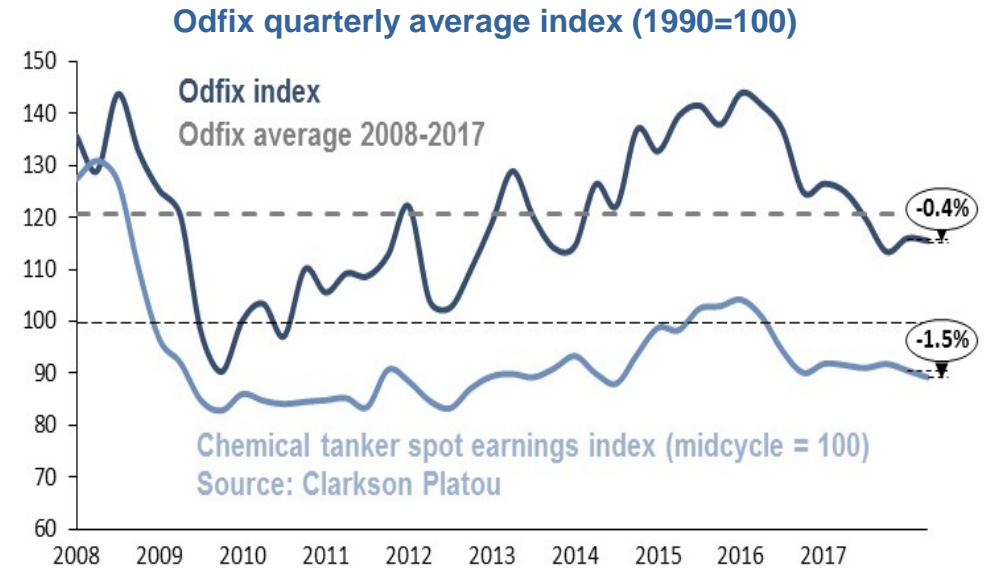
Shareholder information

By end of June, Odfjell A and B shares were trading at NOK 33.60 and NOK 32.00 respectively, against NOK 31.80 and NOK 30.00 respectively at the close of previous quarter. In the same period the Oslo Stock Exchange Benchmark Index rose 9.2% and the Shipping Index fell 3.3%.

As of 29 June 2018, Odfjell SE had a market capitalisation of NOK 2,882 mill, which was equivalent to around USD 353 mill, including our 8.1 mill treasury shares, the market capitalisation was USD 386 mill.

Prospects

- The chemical tanker market continues to be challenging, but we continue to expect the market to improve towards the end of 2018.
- The weak market continues to affect our results, but we expect 3Q18 timecharter results to be largely in line with 2Q18.
- We expect Odfjell Terminals results to be stable throughout 2018.
- We expect the Rotterdam transaction to be completed during 2H18.



Statement of Responsibility

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2018, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Bergen, 23 August 2018

THE BOARD OF DIRECTORS OF ODFJELL SE



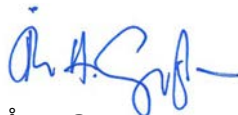
Laurence Ward Odfjell



Jannicke Nilsson



Christine Rødsæther



Åke Gregertsen



Hans Smits



Åse Aulie Michelet



Kristian V. Mørch
CEO

Interim financial information – ODFJELL GROUP

CONSOLIDATED INCOME STATEMENT

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
Gross revenue	1	211.6	209.0	208.9	420.6	421.7	842.6
Voyage expenses	1	(87.0)	(85.2)	(78.5)	(172.2)	(159.2)	(319.2)
Time-charter expenses		(40.5)	(37.6)	(49.6)	(78.2)	(97.6)	(194.9)
Pool distribution		(3.3)	(4.6)	-	(7.9)	-	-
Operating expenses		(36.0)	(35.9)	(33.2)	(71.9)	(64.3)	(135.5)
Gross Result		44.7	45.7	47.5	90.4	100.7	193.1
Share of net result from associates and joint ventures	5	(1.7)	(103.8)	-	(105.5)	(0.7)	130.0
General and administrative expenses		(17.9)	(17.7)	(17.0)	(35.6)	(34.2)	(68.0)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		25.2	(75.8)	30.5	(50.6)	65.7	255.0
Depreciation and amortization	4	(22.6)	(24.3)	(18.2)	(46.9)	(38.0)	(89.0)
Impairment of ships, property, plant and equipment	4	-	-	-	-	-	(21.9)
Capital gain (loss) from ships, property, plant and equipment	4	0.1	0.2	0.2	0.3	0.3	0.2
Operating result (EBIT)		2.7	(99.9)	12.5	(97.2)	28.0	144.3
Interest income		1.3	1.5	1.3	2.8	2.5	4.7
Interest expenses		(16.2)	(18.0)	(14.6)	(34.2)	(29.3)	(60.5)
Other financial items	6	0.8	(2.3)	(3.6)	(1.5)	(3.0)	4.4
Net financial items		(14.1)	(18.8)	(16.9)	(32.9)	(29.7)	(51.4)
Result before taxes		(11.4)	(118.7)	(4.3)	(130.1)	(1.8)	92.9
Income tax expense		(0.7)	(1.2)	(0.4)	(2.0)	(1.4)	(2.3)
Net Result		(12.1)	(120.0)	(4.7)	(132.1)	(3.2)	90.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Cash-flow hedges changes in fair value		2.6	(2.3)	0.6	0.3	1.4	(0.4)
Cash-flow hedges transferred to profit and loss statement		(0.1)	0.1	(0.3)	0.0	(1.0)	(2.7)
Net unrealised gain/(loss) on available-for-sale-investments		-	-	0.1	-	-	(0.7)
Share of comprehensive income on investments accounted for using equity method		6.9	(13.4)	12.2	(6.5)	14.8	23.1
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans		-	-	-	-	-	0.3
Other comprehensive income		9.4	(15.5)	12.6	(6.1)	15.2	19.5
Total comprehensive income		(2.7)	(135.5)	7.9	(138.2)	12.0	110.1
Earnings per share (USD) – basic/diluted		(0.15)	(1.53)	(0.06)	(1.68)	(0.04)	1.15

Net result and total comprehensive income is allocated 100% to the owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures based on equity method

(USD mill)	Note	31.03.2018	30.06.2018	30.06.2017	31.12.2017
Ships	4	1 354.6	1 379.1	1 250.3	1 293.5
Property, plant and equipment	4	8.1	7.8	10.5	8.4
Investments in associates and joint ventures	5	362.0	245.1	335.2	357.3
Derivative financial instruments		14.8	3.8	-	3.3
Non-current receivables		14.3	14.6	12.2	12.0
Total non-current assets		1 753.8	1 650.3	1 608.2	1 674.5
Current receivables		87.1	83.8	80.6	83.4
Bunkers and other inventories		15.6	23.5	18.5	20.9
Derivative financial instruments		0.5	-	0.8	-
Available-for-sale investment		-	-	10.0	-
Loan to associates and joint ventures		14.8	10.9	13.9	14.8
Cash and cash equivalents		181.4	192.9	179.7	206.6
Total current assets		299.4	311.1	303.6	325.6
Total assets		2 053.2	1 961.4	1 911.9	2 000.1
Equity		815.1	665.2	718.0	815.9
Non-current interest bearing debt	3	905.4	975.1	907.0	845.3
Derivatives financial instruments		-	-	23.1	-
Other non-current liabilities		9.5	8.3	11.9	9.6
Total non-current liabilities		914.8	983.4	942.1	855.0
Current portion interest bearing debt	3	242.4	210.6	187.4	238.5
Derivative financial instruments		18.3	20.9	5.4	23.8
Other current liabilities		62.6	81.3	59.0	66.8
Total current liabilities		323.3	312.8	251.8	329.2
Total equity and liabilities		2 053.2	1 961.4	1 911.9	2 000.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures based on equity method

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Available for sale reserve	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as at January 1, 2017	199.0	-	0.4	0.7	1.1	(19.1)	536.7	519.8	718.8
Other comprehensive income	-	-	(3.1)	(0.7)	0.3	23.1	-	19.5	19.5
Net result	-	-	-	-	-	-	90.6	90.6	90.6
Dividend payment	-	-	-	-	-	-	(13.6)	(13.6)	(13.6)
Sale of treasury shares ¹⁾	-	-	-	-	-	-	0.2	0.2	0.2
Other adjustments	-	-	0.7	-	-	-	(0.4)	0.3	0.3
Equity as at December 31, 2017	199.0	-	(2.0)	-	1.4	4.0	613.5	616.9	815.9
Equity as per January 1, 2018	199.0	-	(2.0)	-	1.4	4.0	613.5	616.9	815.9
Other comprehensive income	-	-	0.3	-	-	(6.5)	-	(6.1)	(6.1)
Net result	-	-	-	-	-	-	(132.1)	(132.1)	(132.1)
Dividend payment	-	-	-	-	-	-	(14.6)	(14.6)	(14.6)
Sale of treasury shares ¹⁾	-	-	-	-	-	-	0.1	0.1	0.1
Other adjustments	-	-	-	-	-	-	2.0	2.0	2.0
Equity as at June 30, 2018	199.0	-	(1.7)	-	1.4	(2.5)	468.9	466.2	665.2

1) Sale of treasury shares in accordance with Long Term Incentive program for senior management, expensed with NOK 1.4 million in the first quarter 2018 and NOK 5.3 million in the first quarter 2017. The net amount, reduced with withholding tax, has been used to buy Treasury shares.

KEY FIGURES

Figures based on equity method

	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
PROFITABILITY						
Earnings per share (USD) – basic/diluted	(0.15)	(1.53)	(0.06)	(1.68)	(0.04)	1.15
Return on total assets ¹⁾	0.7 %	(4.9%)	2.6 %	(4.7%)	2.3 %	7.8 %
Return on equity ¹⁾	(6.3 %)	(22.3%)	(1.2 %)	(21.2%)	(0.5 %)	11.8 %
Return on capital employed ¹⁾	0.6 %	(5.4%)	3.1 %	(5.3%)	3.5 %	8.8 %
FINANCIAL RATIOS						
Average number of outstanding shares (mill) ²⁾	78.6	78.6	78.6	78.6	78.6	78.6
Basic/diluted equity per share (USD)	10.36	8.46	9.13	8.46	9.13	10.38
Share price per A-share (USD)	4.10	3.99	3.70	3.99	3.70	3.87
Current ratio	0.9	1.0	1.2	1.0	1.2	1.0
Equity ratio	39.7 %	33.9 %	37.6 %	33.9 %	37.6 %	40.8 %
USD/NOK rate at period end	7.75	8.15	8.38	8.15	8.40	8.24

1) Return ratios are based on annualised results, except for non-recurring items that are included in the relevant period.

2) Per end June 2018 Odfjell holds 5,796,078 Class A shares and 2,322,482 Class B shares.

CONSOLIDATED CASH FLOW STATEMENT

Figures based on equity method

(USD mill)	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
Profit before income taxes	(11.4)	(118.7)	(4.3)	(130.1)	(1.7)	92.9
Taxes paid in the period	(1.1)	(1.2)	(1.0)	(2.3)	(1.8)	(1.3)
Depreciation and impairment	22.6	24.3	18.0	46.9	37.8	111.0
Capital (gain) loss on non-current assets	(0.1)	(0.2)	-	(0.3)	-	(0.2)
Change in inventory, trade debtors and creditors (increase) decrease	2.8	(2.4)	4.4	0.5	0.9	5.5
Share of net result from associates and JVs	1.7	103.8	(0.0)	105.5	0.7	(130.0)
Unrealised changes in derivatives	(15.1)	12.0	(13.3)	(3.1)	(12.8)	(22.2)
Net interest expenses	14.9	16.5	13.3	31.3	26.7	55.8
Interest received	0.3	1.4	1.3	1.7	2.0	3.6
Interest paid	(16.1)	(16.8)	(16.3)	(32.9)	(30.4)	(61.0)
Effect of exchange differences	14.7	(12.6)	(1.9)	2.1	(3.7)	11.4
Change in other current accruals	(2.7)	13.7	7.0	11.1	(4.5)	(12.0)
Net cash-flow from operating activities	10.5	19.9	7.1	30.4	13.3	53.5
Sale of ships, property, plant and equipment	-	-	-	-	-	4.0
Investment in ships, property, plant and equipment	(83.4)	(48.5)	(56.2)	(131.9)	(59.2)	(173.2)
Dividend/other from investments in associates and JV's	-	-	13.6	-	13.6	130.8
Other non-current receivables and investments	(0.9)	4.8	0.2	3.9	(0.6)	12.8
Net cash-flow from investing activities	(84.2)	(43.8)	(42.4)	(128.0)	(46.2)	(25.5)
New interest bearing debt (net of fees paid)	76.6	119.8	187.4	196.4	271.1	337.4
Repayment of interest bearing debt	(28.8)	(69.8)	(161.2)	(98.6)	(209.9)	(310.4)
Dividend payment	-	(14.6)	(13.9)	(14.6)	(13.9)	(13.9)
Net cash-flow from financing activities	47.8	35.4	12.2	83.2	47.3	13.1
Effect on cash balance from currency exchange rate fluctuations	0.7	-	0.5	0.7	0.8	1.0
Net change in cash and cash equivalents	(25.2)	11.5	(22.6)	(13.7)	15.2	42.1
Opening cash and cash equivalents	206.6	181.4	202.3	206.6	164.5	164.5
Closing cash and cash equivalents	181.4	192.9	179.7	192.9	179.7	206.6

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrs veg 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements ended 30 June 2018 for the Odfjell Group and have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2017. The interim financial statements are unaudited.

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017, except for the implementation of IFRS 15 Revenue from contracts with customers which is adopted 1 January 2018. Some new standards and amendments to standard and interpretations are not yet effective and have not yet been applied in preparing consolidated financial statements. The Group's assessment of the impacts on these new standards is set out below.

IFRS 15 Revenue from Contracts with Customers – Implemented January 1, 2018

The Odfjell Group has adopted IFRS 15 Revenues from Contracts with Customers for reporting periods beginning on and after January 1, 2018. IFRS 15 has replaced IAS 18 Revenues and IAS 11 Construction Contracts.

Under IAS 18 / IAS 11 Odfjell recognised revenue from all customer contracts for one voyage over the estimated duration of the voyage, from first load port to the last discharge port of the voyage. Variable considerations, including estimated demurrage, was included in revenue. The number of voyage days sailed compared to total estimated days for the voyage was used as a measure for recognizing revenue over time.

IFRS 15 requires Odfjell to recognize revenue from each freight service (performance obligation) in customer contracts over the period from load port to discharge port. Compared to previous accounting principle of Odfjell, this implies that a voyage is separated into many performance obligations with separate timing of revenues. Revenue includes variable considerations, including demurrage. Freight services are performed over time as the customer benefits from and controls the service received as it is being performed. Number of days sailed from load port compared to total estimated days until discharge port for each performance obligation is used as a measure for recognizing revenue over time.

Under IAS 18 /IAS 11 voyage costs was estimated and recognized over the estimated duration of the voyage, using the same pattern as for revenue. From 1 January 2018, under IFRS 15, Odfjell recognizes voyage costs as they incur from load to discharge. In the event of ballast journeys between discharge and next load, cost would be capitalized and expensed over the next voyage.

Odfjell operates pools of ships delivering freight services to customers and external ships may participate in the pools. Under IFRS 15 Odfjell acts as a principal, not an agent, for those external ships in the pool since the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement. Under the past accounting practice under IAS 18, Odfjell may have been considered as an agent for the external ships participating in the pools, recognizing only pool fee as revenue. However, the pools have commenced operations as IFRS 15 is being implemented and there is no transition impact related to principal versus agent from implementing the new standard.

The new standard has been implemented in Odfjell using the modified retrospective approach as transition method, which requires the recognition of the cumulative effect of initially applying IFRS 15 to the opening balance of equity as at January 1, 2018, and not restate prior years. Odfjell has not identified a significant impact to the Group's financial statements as a result of implementing the new standard. As a result, no cumulative adjustment to equity as at January 1, 2018 is made and the revenues and voyage expenses presented year to date 2018 would have been the same if reported under the past accounting policy.

IFRS 16 Leases – effective from 1 January 2019

Under 'IFRS 16 leases' lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognises a lease liability reflecting future lease payments and a 'right-of-use' asset. The new model is based on the rationale that economically a lease contract is equal to acquiring the right to use an asset with the purchase price paid in instalments. The only exceptions are short-term and low-value leases.

Lessees recognize interest expense on the lease liability and a depreciation charge on the 'right-of-use' asset. Compared to the accounting for operating leases under IAS 17, this does not only change the presentation within the income statement (under IAS 17 lease payments are presented as a single amount within operating expenses) but also the total amount of expenses recognised in each period. Straight-line depreciation of the right-of-use asset and application of the effective interest rate method to the lease liability will result in a higher total charge to profit or loss in the initial periods and decreasing expenses during the latter part of the lease term.

The new IFRS 16 is mandatory from 1 January 2019. Applying the IFRS 16 will have an impact on the Financial Statements for lessee arrangements which exists on 1 January 2019. The estimated impact of IFRS 16 is illustrated in note 7.

Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by senior management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method. The Group has three reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation.

Tank Terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through the joint venture Odfjell Terminals BV.

Gas Carriers: The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas ordered in 2014 in total eight vessels in addition for agreed delivery between 2016 and 2017. Due to substantially delays, all eight vessels have been cancelled. The Group continue to pursue an exit from gas, and the two existing vessels are assets held for sale. The segment is operated through the joint venture Odfjell Gas AS.

Note 2 – Segment information continued

USD mill	Chemical Tankers *)				Tank Terminals				Gas Carriers				Eliminations				Total			
	1Q18	2Q18	2Q17	FY17	1Q18	2Q18	2Q17	FY17	1Q18	2Q18	2Q17	FY17	1Q18	2Q18	2Q17	FY17	1Q18	2Q18	2Q17	FY17
Gross revenue	211.6	209.0	208.9	842.5	25.2	25.9	27.5	110.8	2.1	1.7	2.1	8.4	-	-	-	-	238.9	236.7	238.5	961.7
Voyage expenses	(87.0)	(85.2)	(78.5)	(319.2)	-	-	-	-	(0.9)	(0.8)	(0.9)	(3.7)	-	-	-	-	(87.9)	(86.0)	(79.5)	(322.9)
TC expenses	(40.5)	(37.6)	(49.6)	(194.9)	-	-	-	-	-	-	-	-	-	-	-	-	(40.5)	(37.6)	(49.6)	(194.9)
Pool distribution	(3.3)	(4.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.3)	(4.6)	-	-
Operating expenses	(36.0)	(35.9)	(33.2)	(135.5)	(13.5)	(13.2)	(12.7)	(52.3)	(0.5)	(0.6)	(0.5)	(2.2)	-	-	-	-	(50.1)	(49.7)	(46.4)	(189.9)
General and administrative expenses	(17.9)	(17.7)	(17.0)	(68.0)	(5.3)	(3.8)	(4.5)	(20.0)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-	-	(23.2)	(21.5)	(21.5)	(88.2)
Operating result before depreciation (EBITDA)	26.9	28.0	30.5	125.0	6.3	8.9	10.3	38.4	0.6	0.4	0.6	2.3	-	-	-	-	33.8	37.2	41.4	165.8
Depreciation	(22.6)	(24.3)	(18.2)	(89.0)	(8.4)	(8.0)	(8.5)	(34.4)	(0.0)	(0.0)	(0.4)	(1.3)	-	-	-	-	(31.0)	(32.3)	(27.0)	(124.7)
Impairment	-	-	-	(21.9)	-	(58.1)	-	(20.7)	-	-	-	-	-	-	-	-	-	(58.1)	-	(42.6)
Capital gain/loss on fixed assets/sale of business	0.1	0.2	0.2	(0.1)	-	0.0	(0.4)	134.5	-	-	-	(0.1)	-	-	-	-	0.1	0.2	(0.3)	134.4
Operating result (EBIT)	4.4	3.9	12.5	14.0	(2.1)	(57.1)	1.5	117.9	0.6	0.4	0.2	1.0	-	-	-	-	3.0	(52.9)	14.2	132.8
Net finance	(14.1)	(18.8)	(16.7)	(50.6)	(1.5)	(4.5)	(1.3)	(6.3)	(0.2)	(0.1)	(0.1)	(0.5)	(0.0)	(0.0)	(0.2)	(0.8)	(15.8)	(23.5)	(18.3)	(58.3)
Taxes	(0.7)	(1.2)	(0.4)	(2.3)	1.4	(42.4)	(0.3)	18.3	-	-	-	-	-	-	-	-	0.7	(43.6)	(0.6)	16.0
Net result	(10.4)	(16.2)	(4.5)	(38.9)	(2.1)	(104.0)	(0.1)	129.8	0.5	0.2	0.1	0.4	-	-	(0.2)	(0.8)	(12.1)	(120.0)	(4.7)	90.6
Non current assets	1 376.9	1 402.0	1 272.3	1 317.7	526.4	300.4	526.0	502.3	-	-	27.4	0.0	5.0	8.1	6.0	4.4	1 908.2	1 710.6	1 831.7	1 824.4
Current assets	314.3	312.5	306.4	325.3	65.2	40.9	59.5	81.7	3.7	3.0	2.7	3.7	(10.0)	(11.4)	(13.0)	(9.6)	373.1	345.0	355.7	401.1
Assets held for sale	-	-	-	-	-	124.6	-	-	21.4	21.8	-	21.3	-	-	-	-	21.4	146.4	-	21.3
Total asset	1 691.1	1 714.5	1 578.7	1 643.0	591.6	465.9	585.5	584.1	25.0	24.8	30.1	25.0	(5.1)	(3.3)	(7.0)	(5.2)	2 302.7	2 202.0	2 187.4	2 246.8
Equity	453.1	420.1	382.1	459.2	345.7	228.5	320.4	341.5	16.3	16.5	15.5	15.8	-	-	-	(0.5)	815.2	665.2	718.0	815.9
Non current liabilities	914.8	983.4	942.0	890.0	182.7	170.4	192.1	165.7	0.0	0.0	0.0	-	(0.0)	-	-	-	1 097.5	1 153.8	1 134.1	1 055.7
Current liabilities	323.2	311.1	254.5	293.8	63.2	24.5	73.1	76.9	8.7	8.3	14.6	9.2	(5.1)	(3.3)	(7.0)	(4.8)	390.1	340.5	335.3	375.1
Liabilities held for sale	-	-	-	-	-	42.6	-	-	-	-	-	-	-	-	-	-	-	42.6	-	-
Total equity and liabilities	1 691.1	1 714.5	1 578.7	1 643.0	591.6	465.9	585.5	584.1	25.0	24.8	30.1	25.0	(5.1)	(3.3)	(7.0)	(5.2)	2 302.7	2 202.0	2 187.4	2 246.8
Reconciliation of revenue:																				
Total segment revenue	211.6	209.0	208.9	842.5	25.2	25.9	27.5	110.8	2.1	1.7	2.1	8.4	-	-	-	-	238.9	236.7	238.5	961.7
Segment revenue from associates and JV's - Tank Terminals**	-	-	-	-	(25.2)	(25.9)	(27.5)	(110.8)	-	-	-	-	-	-	-	-	(25.2)	(25.9)	(27.5)	(110.8)
Segment revenue from associates and JV's - Chemical Tankers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment revenue from associates and JV's - Gas Carriers**	-	-	-	-	-	-	-	-	(2.1)	(1.7)	(2.1)	(8.4)	-	-	-	-	(2.1)	(1.7)	(2.1)	(8.4)
Consolidated revenue in income statement	211.6	209.0	208.9	842.5	-	-	-	-	-	-	-	-	-	-	-	-	211.6	209.0	208.9	842.5
Reconciliation of result:																				
Total segment EBIT	4.4	3.9	12.5	14.0	(2.1)	(57.1)	1.5	117.9	0.6	0.4	0.2	1.0	-	-	-	-	3.0	(52.9)	14.2	132.8
Segment EBIT from associates and JV's - Tank Terminals**	-	-	-	-	2.1	57.1	(1.5)	(117.9)	-	-	-	-	-	-	-	-	2.1	57.1	(1.5)	(117.9)
Segment EBIT from associates and JV's - Chemical Tankers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment EBIT from associates and JV's - Gas Carriers**	-	-	-	-	-	-	-	-	(0.6)	(0.4)	(0.2)	(1.0)	-	-	-	-	(0.6)	(0.4)	(0.2)	(1.0)
Share of net result from associates and JV's***	-	-	-	-	(2.1)	(104.0)	(0.1)	129.8	0.5	0.2	0.1	0.4	-	-	-	-	(1.7)	(103.8)	(0.0)	130.3
Consolidated EBIT in income statement	4.4	3.9	12.5	14.0	(2.1)	(104.0)	(0.1)	129.8	0.5	0.2	0.1	0.4	-	-	-	-	2.7	(99.9)	12.5	144.3
Reconciliation of assets and liabilities**																				
Total segment asset	1 691.1	1 714.5	1 578.7	1 643.0	591.6	465.9	585.5	584.1	25.0	24.8	30.1	25.0	(5.1)	(3.3)	(7.0)	(5.2)	2 302.7	2 202.0	2 187.4	2 246.9
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	-	-	(591.6)	(465.9)	(585.5)	(584.1)	(25.0)	(24.8)	(30.1)	(25.0)	5.1	5.1	5.0	4.8	(611.5)	(485.7)	(610.7)	(604.3)
Investment in JV's***	-	-	-	-	345.7	228.5	320.4	341.5	16.3	16.5	15.5	15.8	-	-	(0.7)	-	362.0	245.1	335.2	357.3
Total consolidated assets in statement of financial position	1 691.1	1 714.5	1 578.7	1 643.0	345.7	228.5	320.4	341.5	16.3	16.5	15.5	15.8	0.0	1.8	(2.7)	(0.4)	2 053.2	1 961.4	1 911.9	2 000.1
Total segment liabilities	1 238.0	1 294.4	1 196.4	1 183.8	245.9	194.9	265.2	242.6	8.7	8.3	14.6	9.2	(5.1)	(3.3)	(6.9)	(4.8)	1 487.6	1 494.2	1 469.3	1 430.8
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	-	-	(245.9)	(194.9)	(265.2)	(242.6)	(8.7)	(8.3)	(14.6)	(9.2)	-	5.1	5.0	5.1	(254.6)	(198.0)	(274.8)	(246.7)
Total consolidated liabilities in statement of financial position	1 238.0	1 294.4	1 196.4	1 183.8	-	-	-	-	-	-	-	-	(5.1)	1.8	(1.9)	0.3	1 232.9	1 296.2	1 194.5	1 184.2

*This segment also includes «corporate».

**Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

***Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.

Note 2 – Segment information continued

Tank Terminals: The segment table above includes discontinued and held for sale operations which is specified below.

- Odfjell Terminals Rotterdam held for sale: Odfjell Terminals has agreed to sell the terminal in Rotterdam (OTR) to Koole terminals B.V. and the assets and liabilities are classified as held for sale as per June 30, 2018. An impairment loss of USD 58.1 mill related to fixed asset and a write down of tax losses of USD 43.1 mill related to OTR are recognized in 2Q 2018.

In addition, negative accumulated currency translation differences related to the entity being sold will be reclassified from other comprehensive income to the income statement when the transaction is closed. This amount will be classified as a loss in the income statement in the relevant future period but will not have an impact on total comprehensive income or equity.

- Oiltanking Odfjell Tank Terminals Singapore was sold in 4Q 2017 and a gain of USD 135.2 mill was recognized in the same quarter.

Discontinued operations included in Tank Terminals segment ¹⁾

(USD mill)	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
Gross revenue	9.2	10.3	12.9	19.6	25.8	51.3
Operating expenses	(7.0)	(6.7)	(7.3)	(13.7)	(14.6)	(29.1)
General and administrative expenses	(3.0)	(0.7)	(2.0)	(3.7)	(3.8)	(7.8)
Operating result before depreciation (EBITDA)	(0.8)	2.9	3.7	2.1	7.4	14.4
Depreciation	(3.6)	(3.4)	(3.8)	(7.0)	(7.6)	(15.7)
Impairment	-	(58.1)	-	(58.1)	-	-
Capital gain/loss on fixed assets/sale of business	-	-	(0.4)	-	(0.4)	134.8
Operating result (EBIT)	(4.4)	(58.5)	(0.5)	(63.0)	(0.6)	133.5
Net finance	0.1	(2.2)	1.5	(2.1)	0.6	(0.2)
Taxes	0.8	(42.0)	0.0	(41.2)	0.4	1.3
Net result	(3.6)	(102.7)	1.0	(106.3)	0.4	134.5

1) Oiltanking Odfjell Tank Terminals Singapore is included in all periods until year end 2017, while Odfjell Terminals Rotterdam is included in all periods until end of second quarter 2018.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.2018	30.06.2018	30.06.2017	31.12.2017
Loans from financial institutions – floating interest rate	366.0	370.9	447.5	388.1
Financial leases and sale-leaseback	327.4	404.0	196.5	257.9
Bonds - unsecured	219.4	208.7	269.3	206.3
Current portion interest bearing debt ¹⁾	242.4	210.6	187.4	238.5
Debt transaction fees	(7.4)	(8.5)	(6.4)	(6.8)
Total interest bearing debt	1 147.8	1 185.7	1 094.4	1 083.8
Cash and cash equivalent	181.4	192.9	179.7	206.6
Available for sale investments	-	-	10.0	-
Net interest bearing debt	966.4	992.8	904.7	877.2

1) Including bonds with less than twelve months maturity.

(USD mill)	1Q18	2Q18	YTD 17	FY17
Interest bearing debt, beginning of period	1 083.8	1 147.8	1 041.8	1 041.8
New interest bearing debt	78.0	121.5	271.1	343.1
Repayment of interest bearing debt	(28.8)	(69.8)	(226.6)	(310.4)
Debt transaction fees, net paid and amortized	(0.6)	(1.2)	(0.3)	(2.5)
Currency translation differences	15.4	(12.6)	8.4	11.8
Interest bearing debt, end of period	1 147.8	1 185.7	1 094.4	1 083.8

Note 4 – Ships, property, plant and equipment

(USD mill)	1Q18	2Q18	YTD 17	FY17
Net carrying amount, beginning of period	1 301.9	1 362.7	1 239.7	1 239.7
Investments in ships, property, plant and equipment	83.4	48.5	59.2	173.2
Depreciation	(22.6)	(24.3)	(38.0)	(89.0)
Impairment	-	-	-	(21.9)
Net carrying amount, end of period	1 362.7	1 386.8	1 260.8	1 301.9

Total impairment of USD 21.9 million in 2017 is related to write-down of ship values (regional fleet).

Note 5 – Investments in associates and joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognised based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity:

(USD mill)	YTD18			YTD17		
	Tank Terminals	Gas Carriers	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	51.1	3.9	55.0	55.4	4.4	59.8
EBITDA	15.2	1.0	16.2	19.8	1.4	21.2
EBIT	(59.2)	1.0	(58.2)	2.6	0.7	3.3
Net result	(106.2)	0.7	(105.5)	(1.1)	0.4	(0.7)
Non-current assets	300.4	0.0	300.4	526.0	26.7	552.7
Current assets	40.9	3.0	43.9	59.5	2.7	62.3
Assets held for sale	124.6	21.8	146.4	-	-	-
Total assets	465.9	24.8	490.7	585.5	29.4	615.0
Total equity closing balance	228.5	16.5	245.1	320.4	14.8	335.2
Non-current liabilities	170.4	0.0	170.4	192.1	-	192.1
Current liabilities	24.5	8.3	32.7	73.1	14.6	87.7
Liabilities held for sale	42.6	-	42.6	-	-	-
Total equity and liabilities	465.9	24.8	490.7	585.5	29.4	615.0

Note 6 – Other financial items

(USD mill)	1Q18	2Q18	2Q17	YTD18	YTD17	FY17
Changes in fair value in derivatives	15.1	(12.0)	12.8	3.1	12.8	22.2
Currency gains (losses)	(15.3)	10.2	(13.2)	(5.0)	(12.2)	(14.6)
Other	1.0	(0.5)	(3.2)	0.4	(3.6)	(3.2)
Total other financial items	0.8	(2.3)	(3.6)	(1.5)	(3.0)	4.4

In June 2017 Odfjell SE completed a new unsecured bond issue of NOK 500 million with maturity date in June 2022. In conjunction with the issuance Odfjell bought back NOK 327 million of the outstanding bonds maturing in December 2018. The repurchase of bonds had a negative effect of USD 2.5 million in 2Q 2017.

Note 7 - IFRS 16 Leases – effective from 1 January 2019

The estimated impact of the new accounting standard IFRS 16 Leases as if implemented June 30, 2018 is illustrated below.

The Odfjell Group has a number of operating leases, mainly vessels under time charter and bare boat contracts, which will be recognised “on balance sheet” when IFRS 16 is implemented. Over the lease term the net impact of IFRS 16 Leases on the income statement is nil, however operating expenses will be higher under IFRS 16 in the beginning of the lease term and lower later in the lease term as the carrying amount of right of use assets under IFRS 16 will be depreciated on a linear basis, while the interest expense related to the unwinding of lease liability will be higher in the beginning of the lease period.

See note 31 in the Annual report 2017 for further information.

Consolidated income statement (USD mill)	YTD18 Actuals	IFRS 16 impact	YTD18 Revised
Gross revenue	420.6	-	420.6
Voyage expenses	(172.2)	-	(172.2)
Time-charter expenses	(78.2)	78.1	(0.1)
Pool distribution	(7.9)	-	(7.9)
Operating expenses	(71.9)	(27.0)	(98.9)
Gross result	90.4	51.1	141.5
Share of net result from associates and joint ventures	(105.5)	-	(105.5)
General and administrative expenses	(35.6)	1.4	(34.2)
EBITDA	(50.6)	52.5	1.8
Depreciation	(46.9)	(49.7)	(96.6)
Impairment and gains/losses	0.3	-	0.3
Net financial items	(32.9)	(4.2)	(37.1)
Taxes	(2.0)	-	(2.0)
Net result	(132.1)	(1.4)	(133.5)
Consolidated cash flow statement (USD mill)	YTD18 Actuals	IFRS 16 impact	YTD18 Revised
Net cash flow from operations	30.4	48.3	78.6
Net cash flow from investments	(128.0)	-	(128.0)
Net cash flow from financing	83.2	(48.3)	35.0
Net change in cash and cash equivalents	(13.7)	0.0	(13.7)

Note 7 - IFRS 16 Leases – effective from 1 January 2019 – continued

The estimated impact of the new accounting standard IFRS 16 Leases as if implemented June 30, 2018 is illustrated below.

Consolidated Statement of Financial Position (USD mill)	30.06.2018 Actuals	IFRS 16 impact	30.06.18 Revised
Total non-current assets	1 650.3	136.6	1 786.9
Total current assets	311.1	-	311.1
Total assets	1 961.4	136.6	2 098.0
Total equity	665.2	(1.4)	663.8
Total non-current liabilities	983.4	82.9	1 066.3
Total current liabilities	312.8	55.1	367.9
Total equity and liabilities	1 961.4	136.6	2 098.0

Off balance sheet commitments:

Nominal value of future estimated operating expenses arising from time charter agreements	39.2
Present value of lease not yet commenced	309.4

The table below illustrates how the right of use assets and lease liabilities is estimated to change during 2018, for leases currently commenced:

(USD mill)	1Q18	2Q18	3Q18	4Q18
Right of use assets:				
Total assets - IFRS 16 implementation impact beginning of period	167.1	161.0	136.6	115.5
Additions	19.1	-	-	-
Depreciation	(25.2)	(24.4)	(21.0)	(17.8)
Total assets - IFRS 16 implementation impact end of period	161.0	136.6	115.5	97.8
Lease liabilities:				
Total liabilities - IFRS 16 implementation impact beginning of period	167.1	161.8	138.0	117.3
Additions	19.1	-	-	-
Instalments	(24.4)	(23.9)	(20.7)	(17.6)
Total liabilities - IFRS 16 implementation impact end of period	161.8	138.0	117.3	99.7

Note 8 – Figures presented based on Proportionate method

CONSOLIDATED INCOME STATEMENT

(USD mill)	YTD18	YTD17
Gross revenue	475.6	481.5
Voyage expenses	(173.9)	(161.1)
Time-charter expenses	(78.2)	(97.6)
Pool distribution	(7.9)	-
Operating expenses	(99.8)	(91.4)
Gross result	115.8	131.4
General and administrative expenses	(44.7)	(43.8)
EBITDA	71.1	87.7
Depreciation	(63.3)	(55.6)
Impairment of ships, property, plant and equipment	(58.1)	-
Capital gain (loss) on property, plant and equipment	0.3	(0.2)
Gain /loss from discontinued operations	-	-
Operating result (EBIT)	(49.9)	32.0
Interest income	2.4	2.2
Interest expenses	(38.5)	(33.9)
Other financial items	(3.1)	(1.8)
Net financial items	(39.2)	(33.6)
Result before taxes	(89.2)	(1.6)
Taxes	(42.9)	(1.6)
Net result	(132.1)	(3.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD mill)	30.06.2018	30.06.2017
Intangible assets	49.5	54.2
Ships	1 379.1	1 264.8
Tank terminals assets	222.9	428.2
Other property, plant and equipment	29.2	49.9
Receivables and derivatives	29.9	33.5
Total non-current assets	1 710.6	1 830.7
Current receivables	98.7	102.4
Bunkers and other inventories	23.8	19.4
Derivative financial instruments	-	0.8
Available-for-sale investments	-	10.0
Cash and cash equivalent	222.4	223.2
Assets held for sale	146.4	-
Total current assets	491.4	355.9
Total assets	2 202.0	2 186.6
Total equity	665.2	718.0
Non-current interest bearing debt	1 121.4	1 077.6
Derivative financial instruments	0.1	23.7
Other non-current liabilities	32.3	32.9
Total non-current liabilities	1 153.8	1 134.2
Current portion of interest bearing debt	222.9	212.5
Derivative financial instruments	20.9	5.4
Other current liabilities	96.7	116.5
Liabilities held for sale	42.6	-
Total current liabilities	383.0	334.4
Total equity and liabilities	2 202.0	2 186.6

Note 9 Subsequent events

Odfjell Terminals entered in July 2018 into an agreement with Koole Terminals B.V. of the Netherlands to sell its 100% ownership of Odfjell Terminals Rotterdam (OTR). The related assets and liabilities are classified as held for sale as per June 30, 2018. See note 2.

Odfjell SE has in August 2018 agreed to acquire LG's indirect shareholding in the Antwerp terminal for USD 27 mill following the closing of the OTR transaction, subject to certain conditions. Currently Odfjell Terminals owns 25 % of the shares in the Antwerp terminal of which 12.75 % is consolidated in the Odfjell Group according to the proportionate method.

Fleet list as per June 30, 2018

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS		VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS	
						STEEL, CBM	TANKS							STEEL, CBM	TANKS
Super-segregator	Bow Sea	49,592	2006	Owned	52,107	52,107	40	Coated	Bow Pioneer	75,000	2013	Owned	86,000	0	30
Super-segregator	Bow Summer	49,592	2005	Owned	52,128	52,128	40	Coated	Flumar Brasil	51,188	2010	Owned	55,452	0	14
Super-segregator	Bow Saga	49,559	2007	Owned	52,126	52,126	40	Coated	Bow Triumph	49,622	2014	Owned	53,188	0	22
Super-segregator	Bow Sirius	49,539	2006	Owned	52,155	52,155	40	Coated	Bow Trident	49,622	2014	Owned	53,188	0	22
Super-segregator	Bow Star	49,487	2004	Owned	52,127	52,127	40	Coated	Bow Tribute	49,622	2014	Leased	53,188	0	22
Super-segregator	Bow Sky	49,479	2005	Leased	52,126	52,126	40	Coated	Bow Trajectory	49,622	2014	Leased	53,188	0	22
Super-segregator	Bow Spring	49,429	2004	Owned	52,127	52,127	40	Coated	Bow Elm	46,098	2011	Owned	48,698	0	29
Super-segregator	Bow Sun	42,459	2003	Owned	52,127	52,127	40	Coated	Bow Lind	46,047	2011	Owned	48,698	0	29
Super-segregator	Bow Chain	37,518	2002	Owned	40,621	40,621	47								
Super-segregator	Bow Jubail	37,499	1996	Bareboat	41,488	34,209	52	Regional	Bow Oceanic	17,460	1997	Owned	19,616	19,616	24
Super-segregator	Bow Faith	37,479	1997	Owned	41,487	34,208	52	Regional	Bow Atlantic	17,460	1995	Owned	19,588	19,588	24
Super-segregator	Bow Cedar	37,455	1996	Owned	41,488	41,488	52	Regional	Bow Condor	16,121	2000	Owned	17,622	17,622	30
Super-segregator	Bow Cardinal	37,446	1997	Owned	41,487	34,208	52	Regional	Bow Andes	16,020	2000	Owned	17,120	17,120	22
Super-segregator	Bow Firda	37,427	2003	Owned	40,645	40,645	47	Regional	SG Pegasus	13,086	2011	Time charter	14,523	14,523	16
Super-segregator	Bow Fortune	37,395	1999	Leased	40,619	40,619	47	Regional	Sun Triton	12,670	2017	Time charter	13,228	13,228	16
Super-segregator	Bow Fagus	37,375	1995	Owned	41,608	34,329	52	Regional	Stellar Wisteria	12,601	2011	Time charter	14,715	14,715	18
Super-segregator	Bow Flora	37,369	1998	Leased	40,515	33,236	47	Regional	Stellar Orchid	12,571	2011	Time charter	14,713	14,713	18
Super-segregator	Bow Cecil	37,369	1998	Owned	40,515	33,236	47	Regional	Marex Noa	12,478	2015	Time charter	14,067	14,067	16
Super-segregator	Bow Mekka	37,272	1995	Bareboat	41,606	34,257	52	Regional	Bow Querida	10,106	1996	Owned	11,181	11,181	18
Super-segregator	Bow Clipper	37,221	1995	Owned	41,596	34,328	52	Regional	Bow Asia	9,901	2004	Bareboat	11,088	11,088	20
Super-segregator	Bow Riyad	37,221	1995	Bareboat	41,492	34,213	52	Regional	Bow Singapore	9,888	2004	Bareboat	11,089	11,089	20
Super-segregator	Bow Flower	37,221	1994	Owned	41,492	34,213	52	Regional	Bow Nangang	9,156	2013	Owned	10,523	10,523	14
								Regional	Bow Dalian	9,156	2012	Owned	10,523	10,523	14
								Regional	Bow Fuling	9,156	2012	Owned	10,523	10,523	14
								Total Chemical Tankers:		2,234,792	73		2,450,060	1,924,844	2,113
								3rd party*							
								VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS	
													STEEL, CBM	TANKS	
								Super-segregator	SC Taurus	40,964	2017	Commercial Management	42,793	42,793	30
								Super-segregator	SC Scorpio	40,964	2017	Commercial Management	42,786	42,786	30
								Super-segregator	SC Draco	40,924	2016	Commercial Management	42,827	42,827	30
								Super-segregator	SC Aquarius	40,901	2016	Commercial Management	42,813	42,813	30
								Super-segregator	SC Hercules	40,900	2017	Commercial Management	42,832	42,832	30
								Super-segregator	SC Gemini	40,895	2017	Commercial Management	42,832	42,832	30
								Super-segregator	SC Virgo	40,870	2017	Commercial Management	42,832	42,832	30
								Super-segregator	SC Capricorn	40,929	2016	Commercial Management	43,552	43,552	30
								Medium Stainless steel	CTG Mercury	25,000	2018	Pool	28,078	28,078	24
								Medium Stainless steel	CTG Cobalt	25,000	2018	Pool	28,078	28,078	24
								Medium Stainless steel	CTG Argon	24,761	2017	Pool	27,067	27,067	24
								Medium Stainless steel	CTG Bismuth	24,755	2016	Pool	27,654	27,654	24
								Total 3rd party:		426,863	12		454,144	454,144	336
								* Pool participation and commercial management							
								SUMMARIZED			NUMBER	DWT	CBM	STAINLESS	
								Owned			33	1,171,961	1,279,307	890,420	1,099
								Time charter			22	489,722	533,803	533,037	448
								Leased			13	441,328	490,186	376,531	370
								Bareboat			5	131,781	146,764	124,857	196
								Pool			4	99,516	110,877	110,877	96
								Commercial Management			8	327,347	343,267	343,267	240
								Total Chemical Tankers:			85	2,661,655	2,904,204	2,378,988	2,449

NEWBUILDINGS ON ORDER:							
CHEMICAL TANKERS	NUMBER	DWT	CBM	STEEL, CBM	TANKS	STAINLESS DELIVERY	OWNERSHIP
China Shipbuilding Trading Co., Ltd/	4	49,000	54,600	54,600	33	2019 - 2020	Owned/leased
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd	2	38,000	45,000	45,000	40	2020	Leased
Shin-Kurushima	2	35,500	37,300	37,300	28	2018-2019	Time charter
Undisclosed	2	36,000	40,000	40,000	28	2019-2020	Bareboat
Total newbuildings:	10	415,000	463,000	463,000	324		

GAS CARRIERS	BUILT	DWT	CBM	TYPE	TANKS	OWNERSHIP
Bow Gallant	2008	10,282	8,922	LPG/Ethylene	2	Pool
Bow Guardian	2008	10,282	8,922	LPG/Ethylene	2	Pool
Total Gas Carriers:	2	20,564	17,844		4	

FLEET CHANGES SINCE LAST QUARTER:							
CHEMICAL TANKERS	BUILT	DWT	CBM	STEEL, CBM	TANKS	OWNERSHIP	MONTH
Fleet additions:							
SC Capricorn	2016	40,929	43,552	43,552	30	Commercial Management	April
CTG Bismuth	2016	24,755	27,654	27,654	24	Pool	May
Bow Tungsten	2018	24,764	28,067	28,067	24	Leased	May

TANK TERMINALS	LOCATION	OWNERSHIP¹	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS	
Odfjell Terminals (Rotterdam) B.V.	Rotterdam, NL	51%	1,636,135	32,550	281	
Odfjell Terminals Maritiem B.V.	Rotterdam, NL	51%	0	0	0	jetty services
Odfjell Terminals (Houston) Inc.	Houston, USA	51%	379,982	113,180	119	
Odfjell Terminals (Charleston) LLC	Charleston, USA	51%	79,243	0	9	
Odfjell Terminals (Jiangyin) Co. Ltd	Jiangyin, China	28%	99,800	30,000	22	
Odfjell Terminals (Dalian) Co. Ltd	Dalian, China	25.50%	119,750	18,350	51	
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	25.50%	313,710	15,860	85	
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137,800	7,000	26	
Noord Natie Terminals NV	Antwerp, Belgium	12.75%	348,499	37,980	241	
Total terminals	8 terminals		3,114,919	254,920	834	

PROJECTS AND EXPANSIONS	LOCATION	OWNERSHIP¹	CBM	STAINLESS STEEL, CBM	ESTIMATED COMPLETION
Odfjell Changxing Terminals (Dalian) Co.Ltd	Changxing, China	20.4%			TBD
Total expansion terminals			0	0	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	66,230	1,600	55
Granel Quimica Ltda	Santos I, Brazil	97,720	19,880	99
Granel Quimica Ltda	Rio Grande, Brazil	61,150	2,900	32
Granel Quimica Ltda	Sao Luis I, Brazil	75,710	0	35
Granel Quimica Ltda	Sao Luis II, Brazil	49,680	0	14
Granel Quimica Ltda	Ladario, Brazil	8,050	0	6
Granel Quimica Ltda	Triunfo, Brazil	12,030	0	2
Granel Quimica Ltda	Teresina, Brazil	7,640	0	6
Granel Quimica Ltda	Palmas, Brazil	16,710	0	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38,720	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68,670	10,190	102
Terquim S.A.	San Antonio, Chile	33,590	0	25
Terquim S.A.	Mejillones, Chile	16,840	0	7
Total tank terminals partly owned by related parties	13 terminals	552,740	35,100	455

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	STAINLESS STEEL, CBM	ESTIMATED COMPLETION
Granel Quimica Ltda	Santos II, Brazil	51,910	0	Q2 2019
Total expansion tank terminals partly owned by related parties		51,910	0	
Grand total (incl. related tank terminals partly owned by related parties)	21 existing terminals	3,667,659	290,020	

¹Odfjell SE's indirect ownership share

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