

Third Quarter 2018 Report

November 9 2018

Third quarter 2018 report

Highlights – Third quarter 2018

- The chemical tanker market remained largely unchanged from previous quarter, and also on terminals the markets remained unchanged
- EBITDA of USD 32 mill, compared with USD 37 mill in 2Q18, which was impacted by the sale of the Rotterdam terminal
- EBITDA of USD 27 mill from Odfjell Tankers compared to USD 28 mill in 2Q18
- EBITDA of USD 4 mill from Odfjell Terminals compared to USD 9 mill in 2Q18. Adjusting for the Rotterdam terminal, results were unchanged compared to 2Q18
- Net result of USD -31 mill compared to USD -120 mill in last quarter before adjusting for non-recurring items
- Completion of Sinochem transaction with four vessels to be delivered on bareboat charter
- Successful placement of unsecured bond of NOK 500 mill in September
- Concluded the sale of our Rotterdam terminal in September

Key figures, USD mill

(USD mill, unaudited)	4Q17	1Q18	2Q18	3Q18	3Q17	FY17	FY16
Odfjell Tankers	213.2	211.6	209.0	208.8	207.6	842.5	832.4
Odfjell Terminals	28.4	25.2	25.9	22.6	27.0	110.8	122.7
Revenues*	243.5	238.9	236.7	233.7	236.7	961.7	967.2
Odfjell Tankers	30.6	26.9	28.0	26.8	28.0	125.0	187.7
Odfjell Terminals	9.9	6.3	8.9	3.9	8.7	38.4	46.5
EBITDA*	40.8	33.9	37.2	31.5	37.3	165.8	237.6
EBIT	97.3	3.0	(52.9)	(13.5)	3.6	132.8	144.6
Net result	104.3	(12.1)	(120.0)	(31.2)	(10.5)	90.6	100.0
EPS**	1.33	(0.15)	(1.53)	(0.40)	(0.13)	1.15	1.27
ROE***	16.4%	(6.3%)	(22.3%)	(13.8%)	(7.0%)	11.8%	14.6%
ROCE***	10.9%	0.6%	(5.4%)	(1.5%)	0.5%	8.8%	7.9%

*Includes figures from Odfjell Gas

** Based on 78.6 million outstanding shares

*** Ratios are annualised

“The chemical tanker market remained depressed during the quarter, but we continue to believe that 2018 is the turning point for the chemical tanker markets. Adjusting for the Rotterdam terminal, our terminal division delivered stable results. We have positioned ourselves well for the future, both within tankers and terminals, with one of the most energy efficient fleets in the world”

Kristian Mørch, CEO Odfjell SE

Key Financial figures

Odfjell Group

(USD mill, unaudited)	2Q18	3Q18	3Q17	YTD 18	YTD 17	FY17
Total revenue	236.7	233.7	236.7	709.3	718.2	961.7
Chemical Tankers	209.0	208.8	207.6	629.4	629.2	842.5
Tank Terminals	25.9	22.6	27.0	73.7	82.4	110.8
Gas Carriers	1.7	2.3	2.1	6.2	6.5	8.4
Eliminations	-	-	-	-	-	-
EBITDA	37.2	31.5	37.3	102.6	125.0	165.8
Chemical Tankers	28.0	26.8	28.0	81.7	94.5	125.0
Tank Terminals	8.9	3.9	8.7	19.2	28.5	38.4
Gas Carriers	0.4	0.7	0.6	1.7	2.0	2.3
EBIT	(52.9)	(13.5)	3.6	(63.4)	35.5	132.8
Chemical Tankers	3.9	1.9	3.6	10.2	32.3	14.0
Tank Terminals	(57.1)	(16.1)	(0.3)	(75.3)	2.3	117.9
Gas Carriers	0.4	0.7	0.2	1.7	0.9	1.0
Elimination	-	-	-	-	-	-
Net finance	(23.5)	(15.6)	(13.4)	(54.8)	(47.2)	(58.3)
Net result (loss)*	(120.0)	(31.2)	(10.5)	(163.3)	(13.7)	90.6
Chemical Tankers	(16.2)	(12.0)	(8.5)	(38.5)	(10.4)	(38.9)
Tank Terminals	(104.0)	(19.8)	(2.0)	(125.9)	(3.1)	129.8
Gas Carriers	0.2	0.6	0.1	1.3	0.5	0.4
Eliminations	-	-	-	(0.1)	(0.6)	(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.

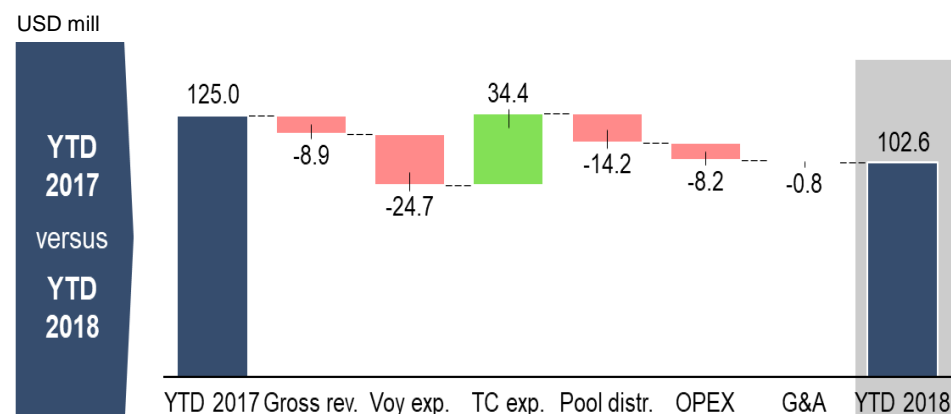
* Includes capital gain of USD 135 mill for the sale of the Singapore terminal in 4Q17

* Includes USD 41 mill of impairments in 4Q17

* Includes USD 14 mill of tax gain in 4Q17

* Includes USD 101 mill of impairment in 2Q18 and additional loss of USD16 mill in 3Q18 related to the sale of Odfjell Terminals Rotterdam (the loss in 3Q18 is mostly related to currency translation differences previously recognised directly towards equity)

EBITDA variance - Odfjell Group



3Q 2018 versus 2Q 2018

- Gross revenues down 1%
- Voyage expenses up 6%
- TC expenses down 11%
- Ship days down 5%
- OPEX unchanged
- G&A up 2%

YTD 2018 versus YTD 2017

- Gross revenues down 1%
- Voyage expenses up 10%
- TC expenses down 24%
- Ship days down 5%
- OPEX up 6%
- G&A up 1%

Chemical Tankers

Odfjell Tankers EBITDA in 3Q18 was marginally weaker relative to 2Q18. The ODFIX index, which is reflecting our deep-sea trading activities, was down 2% Q-o-Q mainly as a result of higher bunker cost.

We maintained high contract nominations also in 3Q18. The spot market continued to be weak.

During 3Q18 Odfjell Tankers redelivered four timecharter vessels whilst one vessel entered the fleet. In addition, Odfjell has commenced taking our half of the Sinochem vessels on bareboat charters.

Odfjell Tankers bunker costs, net of bunker adjustment clauses, was USD 42.9 mill in 3Q18. This compares to USD 39.8 mill in 2Q18.

Chemical Tankers (USD mill)	1Q18	2Q18	3Q18	3Q17	FY17	FY16
Revenues	211.6	209.0	208.8	207.6	842.5	832.4
Gross Result	44.7	45.7	42.7	45.3	193.1	259.6
EBITDA	26.9	28.0	26.8	28.0	125.0	187.7
EBIT	4.4	3.9	1.9	3.6	14.0	98.1
Bunker cost per tonne (USD) ³	406	410	446	383	377	350

Indices	31.03.18	30.06.18	30.09.18	30.09.17
Odfix (1990=100) ¹	116	115	113	120
Opex (2002=100) ²	125	123	121	122

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

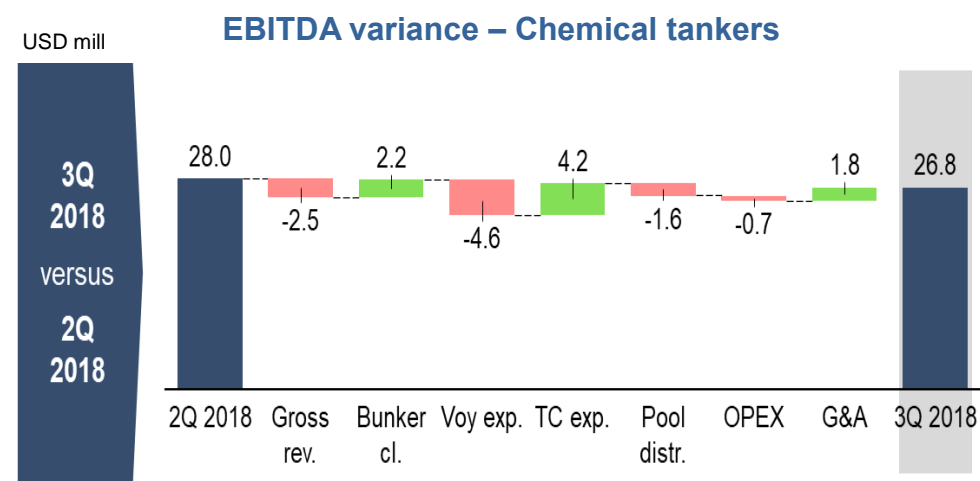
³ Including effect from bunker adjustment clauses

Average bunker cost was USD 446 per tonne in third quarter, up from USD 410 per tonne the previous quarter.

The strong contract nominations in 3Q18 contributed to more than 70% of our bunker exposure covered through the bunker adjustment clauses in our contracts. We currently do not have any financial hedging for bunkers.

Outlook 4Q18

We expect chemical tanker market to remain challenging but continue to believe 2018 will be the turning point in the market.



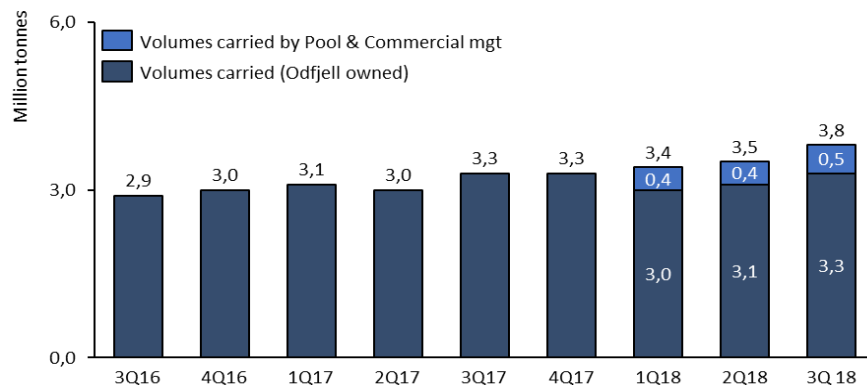
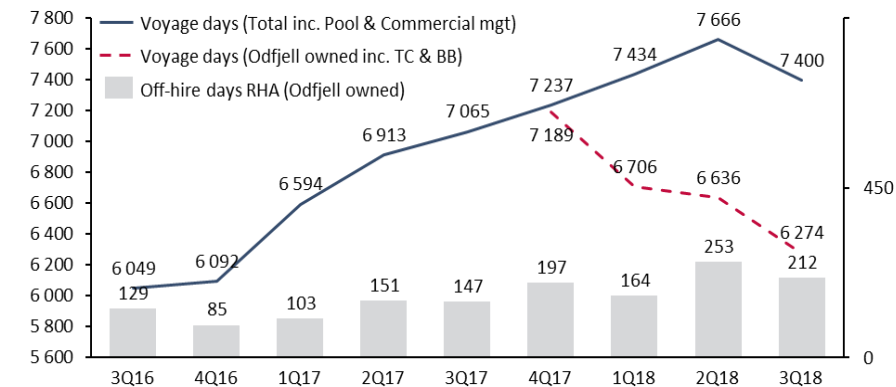
3Q 2018 versus 2Q 2018

- Gross revenue down 1%
- Voyage expenses up 5%
- TC expenses down 11%
- OPEX up 2%
- G&A down 10%

Odfjell SE volume and voyage days

Odfjell SE carried 3.3 mill tonnes during 3Q which is higher than 2Q volumes. Including vessels on commercial management and pools, our volumes increased to 3.8 mill tonnes. Total voyage days in 3Q was 7,400 days of which 212 off-hire days, this was a decrease from 7,666 days from the previous quarter with 253 off-hire days.

Off-hire days in 2018 has been high due to high share of dockings completed in the period. The impact from dockings is expected to be lower in 2019.



Fleet growth programme

During 3Q18 we took delivery of the first vessel from Sinochem on a bareboat contract. The remaining three vessels on bareboat from Sinochem will be delivered during 4Q18. Another four vessels owned by Sinochem will enter into the pool operated by Odfjell, where Odfjell receives a management fee plus profit splits.

Odfjell has taken delivery of one newbuilding (Bow Precision) on long-term TC from Shin-Kurushima shipyard in October and does not have any further newbuilding deliveries in 2018.

Remaining ship deliveries

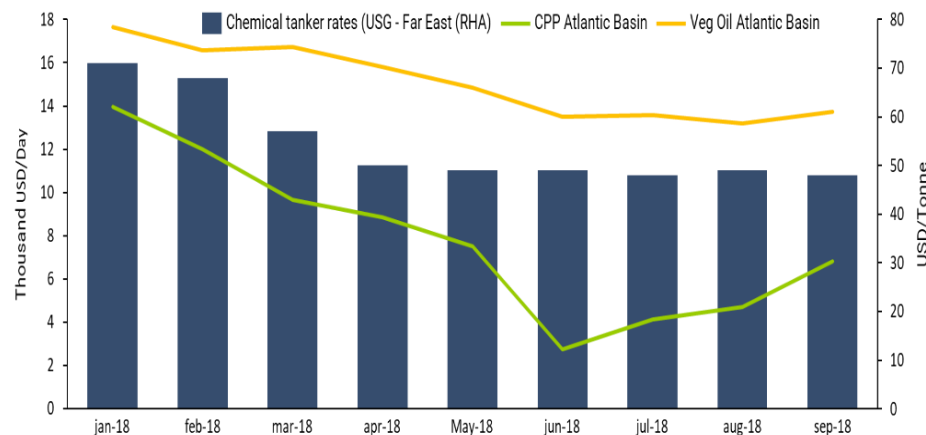
Yard	Tanks	DWT	2018	2019	2020
Hudong	Stainless	49,000	-	3	3
Shin-Kurushima	Stainless	35,500	-	1	-
Undisclosed	Stainless	36,000	-	1	1
Sinochem			3	-	-
Total			3	5	4

Market development

The chemical tanker market remained challenging, but stable compared to previous quarter. General demand and COA nominations remained high during the quarter but the spot rates continued to soften slightly due to the continued supply pressure from “swing tonnage” from other tanker segments, due to the depressed CPP market.

The global core chemical tanker orderbook stands at 8% of the current fleet. The global deep-sea fleet based on vessels larger than 18,000 dwt grew by 9 vessels in 3Q as 11 vessels were delivered, and 2 vessels were scrapped. Two new orders of 19,000 dwt chemical tankers were concluded during the quarter.

Rate development YTD 2018



Source: Clarksons Platou

Market outlook

Higher crude oil prices impact trade, investments and production of chemicals. During the quarter crude oil prices reached its highest levels since late 2014. This has further improved the competitiveness for US based chemical producers relative to its Asian peers to levels that stimulated larger US chemical investments before the 2014 oil price drop. Natural Gas price spreads between the US and Asia have also widened as a consequence of US natural gas being priced on gas-to-gas contracts. In comparison, Asian natural gas contracts are mainly linked to oil price. We forecast this development to stimulate increased deep-sea shipments as regional price arbitrages of liquid chemical derivatives follows suit.

The main drivers behind growing US exports developed further during the quarter, with OCI Beaumont’s 1.8 million tonnes per annum (mtpa) Methanol plant ramping up exports together with more than 1 mtpa of Ethylene Glycol volumes being tendered to the market for exports destined for Asia in 2019.

The Product Tanker segment impacts the chemical tanker market through influx of swing tonnage if its core segment is soft. Fundamentals continue to point towards an expected recovery in the Product Tanker segment with tonne-mile demand growing by 4.3% per year versus supply growth of 2.4% per year by 2020. This should positively impact chemical tankers by reduced swing tonnage and easing supply pressure.

Chemical tanker demand is expected to grow by 5% to 7% on average per year by 2020 compared to a vessel supply growth of 2% on average per year in the corresponding period.

Tank Terminals

Tank Terminals (USD mill) Odfjell share	1Q18	2Q18	3Q18	3Q17	FY17	FY16
Revenues	25.2	25.9	22.6	27.0	110.8	122.7
Gross Result	11.7	12.7	10.1	13.6	58.5	69.0
EBITDA	6.3	8.9	3.9	8.7	38.4	46.5
EBIT	(2.1)	(57.1)	(16.1)	(0.3)	117.9	52.6

EBITDA by geo-graphical segment	1Q18	2Q18	3Q18	3Q17	FY17	FY16
Europe	0.7	3.5	(1.1)	1.8	7.5	7.0
North America	4.8	4.5	4.4	4.3	18.9	19.5
Asia	0.9	0.9	0.6	2.7	11.9	12.5
Middle East	-	-	-	-	0.0	7.5
Total	6.3	8.9	3.9	8.7	38.4	46.5

Odfjell Terminals delivered an EBITDA of USD 3.9 mill in 3Q18 versus USD 8.9 mill in previous quarter.

The decrease was impacted by the fuel oil spill in the Rotterdam harbor, interrupting storage and distillation business due to the closure of the port. The sale of the Rotterdam terminal also led to fewer days of income contribution for the terminal. The result was also impacted by higher G&A related to the restructuring of the Odfjell Terminals organization.

Our US terminals showed a stable EBITDA of USD 4.4 mill compared to previous quarter. The strong market demand and high activity continues in the US.

The total average occupancy rate of commercially available capacity dropped to 81%, from 86% last quarter. The total average available capacity decreased by 18,120 cbm to 2,517,000 cbm. Excluding Rotterdam, the total average

occupancy rate of commercially available capacity was 94%, similar to last quarter.

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 expansion.

Odfjell's share of Odfjell Terminals' book value stood at USD 226 mill as of 3Q18. Odfjell's share of net debt amounts to USD 34 mill.

Sale of Rotterdam terminal and increase stake in NNOT

Odfjell Terminals signed the final agreement for the sale of its 100% stake in Odfjell Terminals Rotterdam (OTR) to Koole Terminals B.V. The sale will result in a positive net liquidity effect of around USD 88 mill for Odfjell SE in the balance sheet for the fourth quarter. The acquisition by Odfjell for LG's 12.5% shareholding in the Antwerp is expected to be concluded following LG's sale of its share in the Houston terminal in 4Q18/1Q19.

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	1Q18	2Q18	3Q18	3Q17	FY17	FY16
Revenues	2.1	1.7	2.3	2.1	8.4	12.3
Gross Result	0.7	0.4	0.7	0.7	4.7	3.6
EBITDA	0.6	0.4	0.7	0.6	2.3	3.3
EBIT	0.6	0.4	0.7	0.2	1.0	(7.0)

Finance

Key figures (USD mill)*	31.03.18	30.06.18	30.09.18	30.09.17
Cash and available-for-sale investments	181.4	192.9	206.8	111.7
Interest bearing debt	1,147.8	1,185.7	1,217.9	1,124.4
Net interest bearing debt	966.4	992.8	1,011.1	1,012.7
Available drawing facilities	-	-	-	-
Total equity	815.1	665.2	652.0	711.7
Equity ratio	39.7%	33.9%	32.9%	37.0%

*According to equity method

Odfjell's cash balance increased during the quarter, and cash and cash equivalents end 3Q18 amounted to USD 207 mill, compared with USD 193 mill end 2Q18. Main changes in the cash position is related to the issue of a new unsecured bond of USD 60 mill and repayment of debt.

Odfjell successfully issued a NOK 500 mill senior unsecured bond in September. The bond carries a coupon of NIBOR +5.50% in NOK and has been swapped to USD.

The sale of the Rotterdam terminal was concluded in September. This led to a USD 9 mill loss on currency translation differences and USD 7 mill of transaction costs and impairment of tax assets recorded during the quarter. The currency translation differences have previously been recognized directly towards the equity.

Net sales proceeds of USD 88 mill for the Rotterdam terminal is recorded in the balance sheet of Odfjell Terminals (Note 8). Net sales proceeds will be transferred to Odfjell SE in 4Q18.

The acquisition by Odfjell of LG's 12.5% shareholding in the Antwerp terminal is expected to be concluded following LG's

sale of its share in the Houston terminal in 4Q18/1Q19. The transaction with Sinochem, where Odfjell will take 4 super-segregators on long-term bareboat charters and form a pool was concluded during the quarter. 1 vessel was delivered before end 3Q18. This will lead to the remaining 3 vessels being recorded as chartered vessels from the delivery date during 4Q18.

Remaining equity instalments required for the entire newbuilding program at end 3Q18 is limited to USD 18 mill.

We have USD 77 mill outstanding on our bond maturing in December 2018. The bond will be redeemed at maturity using USD 60 mill from the new bond and existing cash.

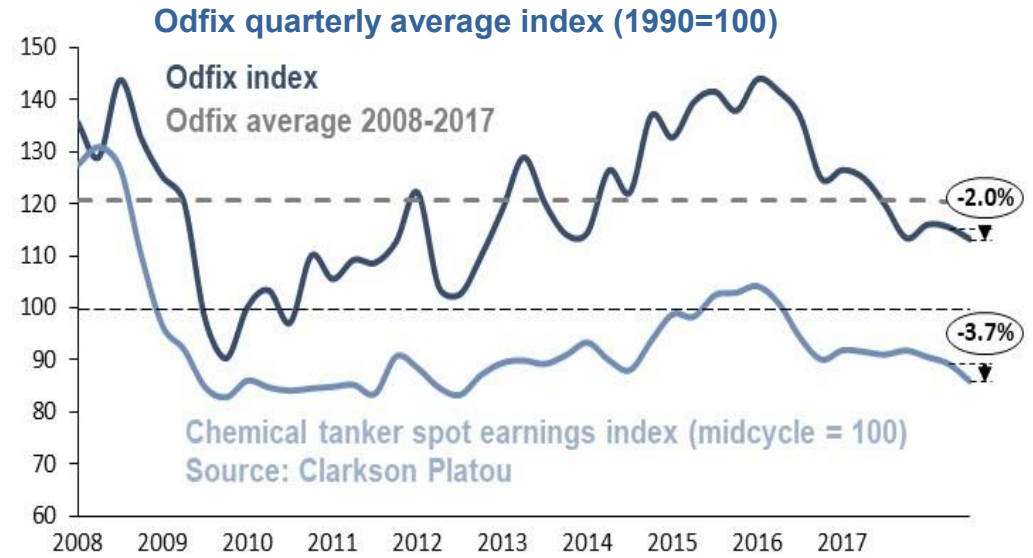
Shareholder information

By end of September, Odfjell A and B shares were trading at NOK 30.90 and NOK 30.20 respectively, against NOK 33.60 and NOK 32.00 respectively at the close of previous quarter. In the same period the Oslo Stock Exchange Benchmark Index rose 6.7% and the Shipping Index fell 2.1%.

As of 28 September 2018, Odfjell SE had a market capitalisation of NOK 2,430 mill, which was equivalent to around USD 298 mill, including our 8.1 mill treasury shares, the market capitalisation was USD 329 mill.

Prospects

- We expect chemical tanker market to remain challenging but continue to believe 2018 will be the turning point in the market.
- We expect Odfjell Terminals results to improve in 4Q18



Interim financial information – ODFJELL GROUP

CONSOLIDATED INCOME STATEMENT

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	3Q18	3Q17	YTD18	YTD17	FY17
Gross revenue	1	211.6	209.0	208.8	207.6	629.4	629.3	842.6
Voyage expenses	1	(87.0)	(85.2)	(89.9)	(78.0)	(262.1)	(237.2)	(319.2)
Time-charter expenses		(40.5)	(37.6)	(33.3)	(48.3)	(111.5)	(145.9)	(194.9)
Pool distribution		(3.3)	(4.6)	(6.3)	-	(14.2)	-	-
Operating expenses		(36.0)	(35.9)	(36.6)	(36.0)	(108.5)	(100.3)	(135.5)
Gross Result		44.7	45.7	42.7	45.3	133.2	146.0	193.1
Share of net result from associates and joint ventures	5	(1.7)	(103.8)	(19.2)	(2.2)	(124.7)	(2.9)	130.0
General and administrative expenses		(17.9)	(17.7)	(15.9)	(17.3)	(51.5)	(51.5)	(68.0)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		25.2	(75.8)	7.7	25.8	(43.0)	91.6	255.0
Depreciation and amortization	4	(22.6)	(24.3)	(24.4)	(23.9)	(71.3)	(61.9)	(89.0)
Impairment of ships, property, plant and equipment	4	-	-	-	-	-	-	(21.9)
Capital gain (loss)	4	0.1	0.2	(0.6)	(0.2)	(0.2)	0.1	0.2
Operating result (EBIT)		2.7	(99.9)	(17.3)	1.7	(114.5)	29.7	144.3
Interest income		1.3	1.5	1.6	1.2	4.5	3.7	4.7
Interest expenses		(16.2)	(18.0)	(19.4)	(15.2)	(53.6)	(44.5)	(60.5)
Other financial items	6	0.8	(2.3)	4.4	2.8	2.8	(0.2)	4.4
Net financial items		(14.1)	(18.8)	(13.4)	(11.3)	(46.3)	(41.0)	(51.4)
Result before taxes		(11.4)	(118.7)	(30.7)	(9.5)	(160.8)	(11.3)	92.9
Income tax expense		(0.7)	(1.2)	(0.5)	(1.0)	(2.5)	(2.4)	(2.3)
Net Result		(12.1)	(120.0)	(31.2)	(10.5)	(163.3)	(13.7)	90.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	3Q18	3Q17	YTD18	YTD17	FY17
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:								
Net changes in cash-flow hedges		2.5	(2.2)	0.8	(1.0)	1.1	(1.9)	(2.7)
Net unrealised gain/(loss) on available-for-sale-investments		-	-	-	-	-	0.1	(0.7)
Translation differences on investments of foreign operations		-	-	(0.1)	-	(0.1)	-	-
Share of comprehensive income on investments accounted for using equity method		6.9	(13.4)	6.4	5.0	(0.1)	19.9	23.1
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:								
Share of other comprehensive income reclassified to income statement on disposal		-	-	9.8	-	9.8	-	-
Net actuarial gain/(loss) on defined benefit plans		-	-	-	-	-	-	0.3
Other comprehensive income		9.4	(15.5)	16.8	4.0	10.7	18.1	19.9
Total comprehensive income		(2.7)	(135.5)	(14.4)	(6.5)	(152.6)	4.4	110.5
Earnings per share (USD) – basic/diluted		(0.15)	(1.53)	(0.40)	(0.13)	(2.08)	(0.17)	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	30.09.2018	30.09.2017	31.12.2017
Ships	4	1,354.6	1,379.1	1,373.4	1,329.0	1,293.5
Property, plant and equipment	4	8.1	7.8	7.4	9.6	8.4
Investments in associates and joint ventures	5	362.0	245.1	243.1	339.9	357.3
Derivative financial instruments		14.8	3.8	5.3	-	3.3
Non-current receivables		14.3	14.6	15.2	11.1	12.0
Total non-current assets		1,753.8	1,650.3	1,644.4	1,689.7	1,674.5
Current receivables		87.1	83.8	92.3	88.4	83.4
Bunkers and other inventories		15.6	23.5	27.0	19.2	20.9
Derivative financial instruments		0.5	-	1.5	0.5	-
Available-for-sale investment		-	-	-	10.0	-
Loan to associates and joint ventures		14.8	10.9	11.8	13.9	14.8
Cash and cash equivalents		181.4	192.9	206.8	101.7	206.6
Total current assets		299.4	311.1	339.5	233.8	325.6
Total assets		2,053.2	1,961.4	1,983.9	1,923.4	2,000.1
Equity		815.1	665.2	652.0	711.7	815.9
Non-current interest bearing debt	3	905.4	975.1	907.2	995.3	845.3
Derivatives financial instruments		-	-	-	8.0	-
Other non-current liabilities		9.5	8.3	8.3	11.8	9.6
Total non-current liabilities		914.8	983.4	915.5	1,015.1	855.0
Current portion interest bearing debt	3	242.4	210.6	310.6	129.1	238.5
Derivative financial instruments		18.3	20.9	16.3	4.9	23.8
Other current liabilities		62.6	81.3	89.4	62.7	66.8
Total current liabilities		323.3	312.8	416.4	196.6	329.2
Total equity and liabilities		2,053.2	1,961.4	1,983.9	1,923.4	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	-	(0.1)	1.1	-	-	9.7	-	10.7	10.7
Net result	-	-	-	-	-	-	(163.3)	(163.3)	(163.3)
Dividend payment	-	-	-	-	-	-	(14.6)	(14.6)	(14.6)
Sale of treasury shares ¹⁾	-	-	-	-	-	-	0.1	0.1	0.1
Other adjustments	-	-	-	-	-	-	3.2	3.2	3.2
Equity as at September 30, 2018	199.0	(0.1)	(0.9)	-	1.4	13.7	438.9	453.0	652.0

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	3Q18	3Q17	YTD18	YTD17	FY17
PROFITABILITY							
Earnings per share (USD) – basic/diluted	(0.15)	(1.53)	(0.40)	(0.13)	(2.08)	(0.17)	1.15
Return on total assets ¹⁾	0.7 %	(4.9 %)	(1.2%)	0.7 %	(5.5%)	2.2 %	7.8 %
Return on equity ¹⁾	(6.3 %)	(22.3 %)	(13.8%)	(7.0 %)	(24.5%)	(2.5 %)	11.8 %
Return on capital employed ¹⁾	0.6 %	(5.4 %)	(1.5%)	0.5 %	(6.8%)	2.4 %	8.8 %
FINANCIAL RATIOS							
Average number of outstanding shares (mill) ²⁾	78.6	78.6	78.7	78.6	78.6	78.6	78.6
Basic/diluted equity per share (USD)	10.36	8.46	8.29	9.05	8.29	9.05	10.38
Share price per A-share (USD)	4.10	3.99	3.83	3.36	3.83	3.36	3.87
Current ratio	0.9	1.0	0.8	1.2	0.8	1.2	1.0
Equity ratio	39.7 %	33.9 %	32.9 %	37.0 %	32.9 %	37.0 %	40.8 %
USD/NOK rate at period end	7.75	8.15	8.16	7.95	8.16	7.95	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 September 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	3Q18	3Q17	YTD18	YTD17	FY17
Profit before income taxes	(11,4)	(118,7)	(30,7)	(9,5)	(160,8)	(11,3)	92,9
Taxes paid in the period	(1,1)	(1,2)	(0,2)	(0,4)	(2,5)	(2,2)	(1,3)
Depreciation and impairment	22,6	24,3	24,4	23,9	71,3	61,9	111,0
Capital (gain) loss on non-current assets	(0,1)	(0,2)	(0,1)	(0,4)	(0,4)	(0,7)	(0,2)
Change in inventory, trade debtors and creditors (increase) decrease	2,8	(2,4)	(16,9)	(14,6)	(16,4)	(13,8)	5,5
Share of net result from associates and JVs	1,7	103,8	19,2	2,2	124,7	2,9	(130,0)
Unrealised changes in derivatives	(15,1)	12,0	(6,9)	(15,4)	(10,0)	(28,2)	(22,2)
Net interest expenses	14,9	16,5	17,8	14,0	49,1	40,8	55,8
Interest received	0,3	1,4	2,5	0,2	4,2	2,3	3,6
Interest paid	(16,1)	(16,8)	(20,5)	(14,7)	(53,4)	(45,1)	(61,0)
Effect of exchange differences	14,7	(12,6)	0,9	23,6	3,0	20,0	11,4
Change in other current accruals	(2,7)	13,7	14,6	6,8	25,7	2,3	(12,0)
Net cash-flow from operating activities	10,5	19,9	4,1	15,7	34,5	29,0	53,5
Sale of ships, property, plant and equipment	-	-	-	4,0	-	4,0	4,0
Investment in ships, property, plant and equipment	(83,4)	(48,5)	(18,3)	(101,7)	(150,2)	(160,9)	(173,2)
Dividend/other from investments in associates and JVs	-	-	-	-	-	13,6	130,8
Other non-current receivables and investments	(0,9)	4,8	(1,0)	1,0	2,9	0,5	12,8
Net cash-flow from investing activities	(84,2)	(43,8)	(19,3)	(96,6)	(147,3)	(142,7)	(25,5)
New interest bearing debt (net of fees paid)	76,6	119,8	64,7	72,0	261,1	343,1	337,4
Repayment of interest bearing debt	(28,8)	(69,8)	(34,4)	(69,7)	(133,0)	(279,6)	(310,4)
Dividend payment	-	(14,6)	-	-	(14,6)	(13,9)	(13,9)
Net cash-flow from financing activities	47,8	35,4	30,3	2,3	113,6	49,6	13,1
Effect on cash balance from currency exchange rate fluctuations	0,7	-	(1,2)	0,6	(0,5)	1,4	1,0
Net change in cash and cash equivalents	(25,2)	11,5	13,9	(78,1)	0,2	(62,8)	42,1
Opening cash and cash equivalents	206,6	181,4	192,9	179,8	206,6	164,5	164,5
Closing cash and cash equivalents	181,4	192,9	206,8	101,7	206,8	101,7	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 September 30, 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 December 31, 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 December 31, 2017, except for the implementation of 'IFRS 15 Revenue from contracts with customers' which is adopted January 1, 2018. Some new standards and amendments to standard and interpretations are not yet effective and have not yet been applied in preparing the 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 January 1, 2019. Applying the IFRS 16 will have an impact on the Financial Statements for lessee arrangements which exists on January 1, 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 executive 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 continues 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	3Q18	3Q17	FY17	1Q18	2Q18	3Q18	3Q17	FY17	1Q18	2Q18	3Q18	3Q17	FY17	1Q18	2Q18	3Q18	3Q17	FY17	1Q18	2Q18	3Q18	3Q17	FY17
Gross revenue	211.6	209.0	208.8	207.6	842.5	25.2	25.9	22.6	27.0	110.8	2.1	1.7	2.3	2.1	8.4	-	-	-	-	-	238.9	236.7	233.7	236.7	961.7
Voyage expenses	(87.0)	(85.2)	(89.9)	(78.0)	(319.2)	-	-	-	-	-	(0.9)	(0.8)	(1.0)	(0.9)	(3.7)	-	-	-	-	-	(87.9)	(86.0)	(90.9)	(79.0)	(322.9)
TC expenses	(40.5)	(37.6)	(33.3)	(48.3)	(194.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40.5)	(37.6)	(33.3)	(48.3)	(194.9)
Pool distribution	(3.3)	(4.6)	(6.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.3)	(4.6)	(6.3)	-	-
Operating expenses	(36.0)	(35.9)	(36.6)	(36.0)	(135.5)	(13.5)	(13.2)	(12.5)	(13.4)	(52.3)	(0.5)	(0.6)	(0.6)	(0.5)	(2.2)	-	-	-	-	-	(50.1)	(49.7)	(49.7)	(49.9)	(189.9)
General and administrative expenses	(17.9)	(17.7)	(15.9)	(17.3)	(68.0)	(5.3)	(3.8)	(6.1)	(4.9)	(20.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-	-	-	(23.2)	(21.5)	(22.1)	(22.2)	(88.2)
Operating result before depreciation (EBITDA)	26.9	28.0	26.8	28.0	125.0	6.3	8.9	3.9	8.7	38.4	0.6	0.4	0.7	0.6	2.3	-	-	-	-	-	33.8	37.2	31.5	37.3	165.8
Depreciation	(22.6)	(24.3)	(24.4)	(23.9)	(89.0)	(8.4)	(8.0)	(7.4)	(8.7)	(34.4)	(0.0)	(0.0)	-	(0.4)	(1.3)	-	-	-	-	-	(31.0)	(32.3)	(31.8)	(32.9)	(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	(0.6)	(0.5)	(0.1)	-	0.0	(12.5)	(0.3)	134.5	-	-	-	(0.1)	(0.1)	-	-	-	-	-	0.1	0.2	(13.1)	(0.8)	134.4
Operating result (EBIT)	4.4	3.9	1.9	3.6	14.0	(2.1)	(57.1)	(16.1)	(0.3)	117.9	0.6	0.4	0.7	0.2	1.0	-	-	-	-	-	3.0	(52.9)	(13.5)	3.6	132.8
Net finance	(14.1)	(18.8)	(13.4)	(11.1)	(50.6)	(1.5)	(4.5)	(2.0)	(2.2)	(6.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.5)	(0.0)	(0.0)	(0.0)	-	(0.8)	(15.8)	(23.5)	(15.6)	(13.4)	(58.3)
Taxes	(0.7)	(1.2)	(0.5)	(1.0)	(2.3)	1.4	(42.4)	(1.7)	0.5	18.3	-	-	-	-	-	-	-	-	-	-	0.7	(43.6)	(2.2)	(0.5)	16.0
Net result	(10.4)	(16.2)	(12.0)	(8.5)	(38.9)	(2.1)	(104.0)	(19.8)	(2.0)	129.8	0.5	0.2	0.6	0.1	0.4	-	-	-	-	(0.8)	(12.1)	(120.0)	(31.2)	(10.5)	90.6
Non current assets	1,376.9	1,402.0	1,401.8	1,350.2	1,317.7	526.4	300.4	295.3	490.7	502.3	-	-	-	0.0	0.0	5.0	8.1	(0.6)	4.5	4.4	1,908.2	1,710.6	1,696.6	1,845.4	1,824.4
Current assets	314.3	312.5	333.9	231.9	325.3	65.2	40.9	131.9	47.5	81.7	3.7	3.0	2.6	8.5	3.7	(10.0)	(11.4)	(6.3)	(8.2)	(9.6)	373.1	345.0	462.1	279.7	401.1
Assets held for sale	-	-	-	-	-	-	124.6	-	43	-	21.4	21.8	22.2	21.5	21.3	-	-	-	-	-	21.4	146.4	22.2	64.9	21.3
Total asset	1,691.1	1,714.5	1,735.7	1,582.1	1,643.0	591.6	465.9	427.2	581.5	584.1	25.0	24.8	24.8	30.0	25.0	(5.1)	(3.3)	(6.8)	(3.7)	(5.2)	2,302.7	2,202.0	2,181.0	2,189.9	2,246.8
Equity	453.1	420.1	409.6	372.3	459.2	345.7	228.5	226.0	324.0	341.5	16.3	16.5	17.1	15.9	15.8	-	-	(0.7)	(0.5)	(0.5)	815.2	665.2	652.0	711.7	815.9
Non current liabilities	914.8	983.4	915.5	1,014.7	890.0	182.7	170.4	168.9	159.6	165.7	0.0	0.0	-	0.0	-	(0.0)	-	0.1	-	-	1,097.5	1,153.8	1,084.5	1,174.3	1,055.7
Current liabilities	323.2	311.1	410.7	195.2	293.8	63.2	24.5	32.3	69.3	76.9	8.7	8.3	7.7	14.2	9.2	(5.1)	(3.3)	(6.3)	(3.2)	(4.8)	390.1	340.5	444.5	275.4	375.1
Liabilities held for sale	-	-	-	-	-	-	42.6	-	28.6	-	-	-	-	-	-	-	-	-	-	-	-	42.6	-	-	28.6
Total equity and liabilities	1,691.1	1,714.5	1,735.7	1,582.1	1,643.0	591.6	465.9	427.2	581.5	584.1	25.0	24.8	24.8	30.0	25.0	(5.1)	(3.3)	(6.8)	(3.7)	(5.2)	2,302.7	2,202.0	2,181.0	2,189.9	2,246.8
Reconciliation of revenue:																									
Total segment revenue	211.6	209.0	208.8	207.6	842.5	25.2	25.9	22.6	27.0	110.8	2.1	1.7	2.3	2.1	8.4	-	-	-	-	-	238.9	236.7	233.7	236.7	961.7
Segment revenue from associates and JV's - Tank Terminals**	-	-	-	-	-	(25.2)	(25.9)	(22.6)	(27.0)	(110.8)	-	-	-	-	-	-	-	-	-	-	(25.2)	(25.9)	(22.6)	(27.0)	(110.8)
Segment revenue from associates and JV's - Chemical Tankers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment revenue from associates and JV's - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	(2.1)	(1.7)	(2.3)	(2.1)	(8.4)	-	-	-	-	-	(2.1)	(1.7)	(2.3)	(2.1)	(8.4)
Consolidated revenue in income statement	211.6	209.0	208.8	207.6	842.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	211.6	209.0	208.8	207.6	842.5
Reconciliation of result:																									
Total segment EBIT	4.4	3.9	1.9	3.6	14.0	(2.1)	(57.1)	(16.1)	(0.3)	117.9	0.6	0.4	0.7	0.2	1.0	-	-	-	-	-	3.0	(52.9)	(13.5)	3.6	132.8
Segment EBIT from associates and JV's - Tank Terminals**	-	-	-	-	-	2.1	57.1	16.1	0.3	(117.9)	-	-	-	-	-	-	-	-	-	-	2.1	57.1	16.1	0.3	(117.9)
Segment EBIT from associates and JV's - Chemical Tankers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment EBIT from associates and JV's - Gas Carriers**	-	-	-	-	-	-	-	-	-	-	(0.6)	(0.4)	(0.7)	(0.2)	(1.0)	-	-	-	-	-	(0.6)	(0.4)	(0.7)	(0.2)	(1.0)
Share of net result from associates and JV's***	-	-	-	-	-	(2.1)	(104.0)	(19.8)	(2.0)	129.8	0.5	0.2	0.6	0.1	0.4	-	-	-	-	-	(1.7)	(103.8)	(19.2)	(1.9)	130.3
Consolidated EBIT in income statement	4.4	3.9	1.9	3.6	14.0	(2.1)	(104.0)	(19.8)	(2.0)	129.8	0.5	0.2	0.6	0.1	0.4	-	-	-	-	-	2.7	(99.9)	(17.3)	1.7	144.3
Reconciliation of assets and liabilities**																									
Total segment asset	1,691.1	1,714.5	1,735.7	1,582.1	1,643.0	591.6	465.9	427.2	581.5	584.1	25.0	24.8	24.8	30.0	25.0	(5.1)	(3.3)	(6.8)	(3.7)	(5.2)	2,302.7	2,202.0	2,181.0	2,190.0	2,246.9
Segment asset from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	-	-	-	(591.6)	(465.9)	(427.2)	(581.5)	(584.1)	(25.0)	(24.8)	(24.8)	(30.0)	(25.0)	5.1	5.1	11.9	4.9	4.8	(611.5)	(485.7)	(440.2)	(606.6)	(604.3)
Investment in JV's***	-	-	-	-	-	345.7	228.5	226.0	324.0	341.5	16.3	16.5	17.1	15.9	15.8	-	-	-	-	-	362.0	245.1	243.1	339.9	357.3
Total consolidated assets in statement of financial position	1,691.1	1,714.5	1,735.7	1,582.1	1,643.0	345.7	228.5	226.0	324.0	341.5	16.3	16.5	17.1	15.9	15.8	0.0	1.8	5.0	1.2	(0.4)	2,053.2	1,961.4	1,983.9	1,923.4	2,000.1
Total segment liabilities	1,238.0	1,294.4	1,326.2	1,209.8	1,183.8	245.9	194.9	201.2	246.1	242.6	8.7	8.3	7.7	14.2	9.2	(5.1)	(3.3)	(6.2)	(3.2)	(4.8)	1,487.6	1,494.2	1,528.9	1,466.9	1,430.8
Segment liability from Tank Terminals, Chemical Tankers and Gas Carriers**	-	-	-	-	-	(245.9)	(194.9)	(201.2)	(246.1)	(242.6)	(8.7)	(8.3)	(7.7)	(14.2)	(9.2)	-	5.1	11.9	5.1	5.1	(254.6)	(198.0)	(197.1)	(255.2)	(246.7)
Total consolidated liabilities in statement of financial position	1,238.0	1,294.4	1,326.2	1,209.8	1,183.8	-	-	-	-	-	-	-	-	-	-	(5.1)	1.8	5.7	1.9	0.3	1,232.9	1,296.2	1,331.9	1,211.7	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 operations which is specified below.

- The sale of Odfjell Terminals Rotterdam to Koole terminals B.V. was finalized on September 20, 2018 and a capital loss of USD 12.5 mill was recognized. Included in the capital loss is a negative accumulated currency translation differences of USD 9.8 mill related to the entities that has been sold. This amount has been recognized as other comprehensive income in earlier periods and is in 3Q reclassified to the income statement upon sale of the entities and does not have an impact on total comprehensive income or equity.

In addition to the capital loss the sale of Odfjell Terminals Rotterdam also triggered an impairment loss in 2Q 2018 of USD 58.1 mill related to fixed asset and a write down of tax assets of USD 43.1 mill in 2Q 2018 and USD 2.7 mill in 3Q 2018.

- 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	3Q18	3Q17	YTD18	YTD17	FY17
Gross revenue	9.2	10.9	7.1	13.0	27.2	25.8	51.3
Operating expenses	(7.0)	(6.7)	(5.9)	(7.6)	(19.7)	(14.6)	(29.1)
General and administrative expenses	(3.0)	(0.7)	(1.4)	(2.1)	(5.0)	(3.8)	(7.8)
Operating result before depreciation (EBITDA)	(0.8)	2.9	(0.2)	3.2	2.5	7.4	14.4
Depreciation	(3.6)	(3.4)	(2.9)	(4.0)	(9.9)	(7.6)	(15.7)
Impairment	-	(58.1)	-	-	(58.1)	-	-
Capital gain/loss on fixed assets/sale of business	-	-	(12.5)	0.0	(12.5)	(0.4)	134.8
Operating result (EBIT)	(4.4)	(58.5)	(15.6)	(0.8)	(78.0)	(0.6)	133.5
Net finance	0.1	(2.2)	(0.5)	(0.4)	(2.7)	0.6	(0.2)
Taxes	0.8	(42.0)	(3.3)	0.4	(44.5)	0.4	1.3
Net result	(3.6)	(102.7)	(19.4)	(0.7)	(125.2)	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 September 20, 2018.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.2018	30.06.2018	30.09.2018	30.09.2017	31.12.2017
Loans from financial institutions – floating interest rate	366.0	370.9	350.1	459.3	388.1
Financial leases and sale-leaseback	327.4	404.0	357.5	260.8	257.9
Bonds - unsecured	219.4	208.7	208.4	282.3	206.3
Current portion interest bearing debt ¹⁾	242.4	210.6	310.6	129.1	238.5
Debt transaction fees	(7.4)	(8.5)	(8.8)	(7.1)	(6.8)
Total interest bearing debt	1 147.8	1 185.7	1 217.9	1 124.4	1 083.8
Cash and cash equivalent	181.4	192.9	206.8	101.7	206.6
Available for sale investments	-	-	-	10.0	-
Net interest bearing debt	966.4	992.8	1 011.1	1 012.7	877.2

¹⁾ Including bonds with less than twelve months maturity.

(USD mill)	1Q18	2Q18	3Q18	YTD 17	FY17
Interest bearing debt, beginning of period	1 083.8	1 147.8	1 185.7	1 041.8	1 041.8
New interest bearing debt	78.0	121.5	67.3	343.1	343.1
Repayment of interest bearing debt	(28.8)	(69.8)	(34.4)	(279.6)	(310.4)
Debt transaction fees, net paid and amortized	(0.6)	(1.2)	(0.3)	(1.1)	(2.5)
Currency translation differences	15.4	(12.6)	(0.5)	20.2	11.8
Interest bearing debt, end of period	1 147.8	1 185.7	1 217.9	1 124.4	1 083.8

Note 4 – Ships, property, plant and equipment

(USD mill)	1Q18	2Q18	3Q18	YTD 17	FY17
Net carrying amount, beginning of period	1,301.9	1,362.7	1,386.8	1,239.7	1,239.7
Investments in ships, property, plant and equipment	83.4	48.5	18.3	160.9	173.2
Depreciation	(22.6)	(24.3)	(24.4)	(61.9)	(89.0)
Impairment	-	-	-	-	(21.9)
Net carrying amount, end of period	1,362.7	1,386.8	1,380.8	1,338.6	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 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. See note 2 for further details about joint ventures.

(USD mill)	YTD18			YTD17		
	Tank Terminals	Gas Carriers	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	73.7	6.2	79.9	82.4	6.5	88.9
EBITDA	19.2	1.7	20.9	28.5	2.0	30.5
EBIT	(75.3)	1.7	(73.5)	2.3	0.6	2.9
Net result	(125.9)	1.3	(124.7)	(3.1)	0.2	(2.9)
Non-current assets	295.3	-	295.3	490.7	-	490.7
Current assets	131.9	2.6	134.5	47.5	8.5	56.0
Assets held for sale	-	22.2	22.2	43.4	21.5	64.9
Total assets	427.2	24.8	452.1	581.5	30.0	611.5
Total equity closing balance	226.0	17.1	243.1	324.0	15.9	339.9
Non-current liabilities	168.9	-	168.9	159.6	-	159.6
Current liabilities	32.3	7.7	40.1	69.3	14.2	83.5
Liabilities held for sale	-	-	-	28.6	-	28.6
Total equity and liabilities	427.2	24.8	452.1	581.5	30.0	611.5

Note 6 – Other financial items

(USD mill)	1Q18	2Q18	3Q18	3Q17	YTD18	YTD17	FY17
Changes in fair value in derivatives	15.1	(12.0)	6.9	15.9	10.0	28.2	22.2
Currency gains (losses)	(15.3)	10.2	(1.6)	(13.1)	(6.7)	(25.3)	(14.6)
Other	1.0	(0.5)	(0.9)	-	(0.5)	(3.1)	(3.2)
Total other financial items	0.8	(2.3)	4.4	2.8	2.8	(0.2)	4.4

In September 2018 Odfjell SE completed a new unsecured bond issue of NOK 500 million with maturity date in September 2023. In conjunction with the issuance Odfjell bought back NOK 37 million of the outstanding bonds maturing in December 2018. The repurchase of bonds had a negative impact of USD 0.1 million in 3Q 2018.

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 impact of USD 2.5 million in 2Q 2017.

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

The estimated impact of the new accounting standard IFRS 16 Leases as if implemented September 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	629.4	-	629.4
Voyage expenses	(262.1)	-	(262.1)
Time-charter expenses	(111.5)	111.1	(0.4)
Pool distribution	(14.2)	-	(14.2)
Operating expenses	(108.5)	(38.9)	(147.4)
Gross result	133.2	72.2	205.4
Share of net result from associates and joint ventures	(124.7)	-	(124.7)
General and administrative expenses	(51.5)	2.1	(49.4)
EBITDA	(43.0)	74.3	31.3
Depreciation	(71.3)	(70.1)	(141.4)
Capital gain (loss)	(0.2)	-	(0.2)
Net financial items	(46.3)	(5.9)	(52.2)
Taxes	(2.5)	-	(2.5)
Net result	(163.3)	(1.7)	(165.0)

Consolidated cash flow statement (USD mill)	YTD18 Actuals	IFRS 16 impact	YTD18 Revised
Net cash flow from operations	34.5	68.4	102.9
Net cash flow from investments	(147.3)	-	(147.3)
Net cash flow from financing	113.6	(68.4)	45.2
Net change in cash and cash equivalents	0.2	0.0	0.2

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

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

Consolidated Statement of Financial Position (USD mill)	30.09.2018 Actuals	IFRS 16 impact	30.09.18 Revised
Total non-current assets	1,644.4	146.0	1,790.4
Total current assets	339.5	-	339.5
Total assets	1,983.9	146.0	2,129.9
Total equity	652.0	(1.7)	650.3
Total non-current liabilities	915.5	106.1	1,021.6
Total current liabilities	416.4	41.6	458.0
Total equity and liabilities	1,983.9	146.0	2,129.9

Off balance sheet commitments:

Nominal value of future estimated operating expenses arising from time charter agreements	39.2
Present value of leases not yet commenced	279.5

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	146.0
Additions	19.1	-	29.9	0.0
Depreciation	(25.2)	(24.4)	(20.5)	(17.8)
Total assets - IFRS 16 implementation impact end of period	161.0	136.6	146.0	128.2
Lease liabilities:				
Total liabilities - IFRS 16 implementation impact beginning of period	167.1	161.8	138.0	147.7
Additions	19.1	-	29.9	0.0
Instalments	(24.4)	(23.9)	(20.2)	(17.6)
Total liabilities - IFRS 16 implementation impact end of period	161.8	138.0	147.7	130.1

Note 8 – Figures presented based on Proportionate method

CONSOLIDATED INCOME STATEMENT

(USD mill)	YTD18	YTD17
Gross revenue	709.3	718.2
Voyage expenses	(264.8)	(240.1)
Time-charter expenses	(111.5)	(145.9)
Pool distribution	(14.2)	-
Operating expenses	(149.5)	(141.3)
Gross result	169.4	191.0
General and administrative expenses	(66.8)	(66.0)
EBITDA	102.6	125.0
Depreciation	(95.1)	(88.5)
Impairment of ships, property, plant and equipment	(58.1)	-
Capital gain (loss) on property, plant and equipment	0.4	(1.0)
Gain (loss) from discontinued operations	(13.2)	-
Operating result (EBIT)	(63.4)	35.5
Interest income	3.7	3.1
Interest expenses	(60.1)	(51.6)
Other financial items	1.7	1.2
Net financial items	(54.8)	(47.2)
Result before taxes	(118.2)	(11.7)
Taxes	(45.1)	(2.0)
Net result	(163.3)	(13.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(USD mill)	30.09.2018	30.09.2017
Intangible assets	49.4	51.6
Ships	1,373.4	1,329.0
Tank terminals assets	221.4	395.6
Other property, plant and equipment	28.2	49.0
Receivables and derivatives	24.2	20.2
Total non-current assets	1,696.6	1,845.4
Current receivables	109.4	110.6
Bunkers and other inventories	27.3	20.2
Derivative financial instruments	1.5	0.5
Available-for-sale investments	-	10.0
Cash and cash equivalent	323.9	138.3
Assets held for sale	22.2	64.9
Total current assets	484.4	344.6
Total assets	2,181.0	2,190.0
Total equity	652.0	711.7
Non-current interest bearing debt	1,052.7	1,144.2
Derivative financial instruments	0.0	8.2
Other non-current liabilities	31.6	21.9
Total non-current liabilities	1,084.4	1,174.3
Current portion of interest bearing debt	323.4	174.5
Derivative financial instruments	16.3	4.9
Other current liabilities	104.8	96.1
Liabilities held for sale	-	28.6
Total current liabilities	444.6	304.0
Total equity and liabilities	2,181.0	2,190.0

Fleet list as per September 30, 2018

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS		TANKS
						STEEL	CBM	
Super-segregator	Bow Sea	49 592	2006	Owned	52 107	52 107		40
Super-segregator	Bow Summer	49 592	2005	Owned	52 128	52 128		40
Super-segregator	Bow Saga	49 559	2007	Owned	52 126	52 126		40
Super-segregator	Bow Sirius	49 539	2006	Owned	52 155	52 155		40
Super-segregator	Bow Star	49 487	2004	Owned	52 127	52 127		40
Super-segregator	Bow Sky	49 479	2005	Leased	52 126	52 126		40
Super-segregator	Bow Spring	49 429	2004	Owned	52 127	52 127		40
Super-segregator	Bow Sun	42 459	2003	Owned	52 127	52 127		40
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
Super-segregator	Bow Faith	37 479	1997	Owned	41 487	34 208		52
Super-segregator	Bow Cedar	37 455	1996	Owned	41 488	41 488		52
Super-segregator	Bow Cardinal	37 446	1997	Owned	41 487	34 208		52
Super-segregator	Bow Firda	37 427	2003	Owned	40 645	40 645		47
Super-segregator	Bow Fortune	37 395	1999	Leased	40 619	40 619		47
Super-segregator	Bow Fagus	37 375	1995	Owned	41 608	34 329		52
Super-segregator	Bow Flora	37 369	1998	Leased	40 515	33 236		47
Super-segregator	Bow Cecil	37 369	1998	Owned	40 515	33 236		47
Super-segregator	Bow Mekka	37 272	1995	Bareboat	41 606	34 257		52
Super-segregator	Bow Clipper	37 221	1995	Owned	41 596	34 328		52
Super-segregator	Bow Riyad	37 221	1995	Bareboat	41 492	34 213		52
Super-segregator	Bow Flower	37 221	1994	Owned	41 492	34 213		52
Super-segregator	Bow Hercules	40 900	2017	Bareboat	42 832	42 832		30
Large Stainless steel	Bristol Trader	35 863	2016	Time charter	38 315	37 549		18
Large Stainless steel	Bow Hector	33 694	2009	Time charter	37 384	37 384		16
Large Stainless steel	Bow Sagami	33 641	2008	Time charter	38 000	38 000		16
Large Stainless steel	Bow Tone	33 625	2009	Time charter	37 974	37 974		16
Large Stainless steel	Bow Harmony	33 619	2008	Leased	38 052	38 052		16
Large Stainless steel	Bow Compass	33 609	2009	Owned	37 994	37 994		16
Large Stainless steel	Bow Engineer	30 086	2006	Leased	36 274	36 274		28
Large Stainless steel	Bow Architect	30 058	2005	Leased	36 290	36 290		28
Medium Stainless steel	RT Star	26 199	2011	Time charter	27 912	27 912		18
Medium Stainless steel	Southern Quokka	26 077	2017	Time charter	29 049	29 049		24
Medium Stainless steel	Southern Owl	26 057	2016	Time charter	27 656	27 656		26
Medium Stainless steel	Southern Puma	26 057	2016	Time charter	27 079	27 079		24
Medium Stainless steel	Southern Shark	25 500	2018	Time charter	27 112	27 112		26
Medium Stainless steel	Bow Platinum	25 000	2017	Leased	27 091	27 091		24
Medium Stainless steel	Bow Neon	24 786	2017	Leased	28 644	28 644		24
Medium Stainless steel	Bow Titanium	24 764	2018	Leased	27 091	27 091		24
Medium Stainless steel	Bow Palladium	24 764	2017	Leased	29 041	29 041		24
Medium Stainless steel	Bow Tungsten	24 764	2018	Leased	28 067	28 067		24
Medium Stainless steel	Southern Koala	21 290	2010	Time charter	20 008	20 008		20
Medium Stainless steel	Bow Santos	19 997	2004	Owned	21 846	21 846		22
Medium Stainless steel	Flumar Maceio	19 975	2006	Owned	21 713	21 713		22
Medium Stainless steel	Moyra	19 806	2005	Time charter	22 838	22 838		18
Medium Stainless steel	Bow Fuji	19 805	2006	Time charter	22 140	22 140		22
Medium Stainless steel	Gwen	19 702	2008	Time charter	21 651	21 651		26
Coated	Bow Pioneer	75 000	2013	Owned	86 000	0		30
Coated	Flumar Brasil	51 188	2010	Owned	55 452	0		14
Coated	Bow Triumph	49 622	2014	Owned	53 188	0		22

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS		TANKS
						STEEL	CBM	
Coated	Bow Trident	49 622	2014	Owned	53 188	0		22
Coated	Bow Tribute	49 622	2014	Leased	53 188	0		22
Coated	Bow Trajectory	49 622	2014	Leased	53 188	0		22
Coated	Bow Elm	46 098	2011	Owned	48 698	0		29
Coated	Bow Lind	46 047	2011	Owned	48 698	0		29
Regional	Bow Oceanic	17 460	1997	Owned	19 616	19 616		24
Regional	Bow Atlantic	17 460	1995	Owned	19 588	19 588		24
Regional	Bow Condor	16 121	2000	Owned	17 622	17 622		30
Regional	Bow Andes	16 020	2000	Owned	17 120	17 120		22
Regional	SG Pegasus	13 086	2011	Time charter	14 523	14 523		16
Regional	Sun Triton	12 670	2017	Time charter	13 228	13 228		16
Regional	Stellar Wisteria	12 601	2011	Time charter	14 715	14 715		18
Regional	Stellar Orchid	12 571	2011	Time charter	14 713	14 713		18
Regional	Marex Noa	12 478	2015	Time charter	14 067	14 067		16
Regional	Bow Querida	10 106	1996	Owned	11 181	11 181		18
Regional	Bow Asia	9 901	2004	Bareboat	11 088	11 088		20
Regional	Bow Singapore	9 888	2004	Bareboat	11 089	11 089		20
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:		2 196 692	70		2 407 454	1 882 238		2 049

3rd party*								STAINLESS	
VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	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 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	
Medium Stainless steel	CTG Magnesium	25 000	2017	Pool	28 078	28 078		24	
Total 3rd party:		410 963	12		439 390	439 390		330	

* Pool participation and commercial management

SUMMARIZED	NUMBER	DWT	CBM	STAINLESS	
				STEEL	TANKS
Owned	33	1 171 961	1 279 307	890 420	1 099
Time charter	18	410 722	448 365	447 599	354
Leased	13	441 328	490 186	376 531	370
Bareboat	6	172 681	189 596	167 689	226
Pool	5	124 516	138 955	138 955	120
Commercial Management	7	286 447	300 435	300 435	210
Total Chemical Tankers:		82	2 607 655	2 846 844	2 321 628

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	STAINLESS STEEL, CBM	TANKS	OWNERSHIP	MONTH
Fleet additions:							
CTG Magnesium	25 000	2017	28 078	28 078	24	Pool	September
Fleet redeliveries:							
Celsius Mayfair	19 999	2007	21 714	21 714	20	Time charter	July
Horin Trader	19 856	2015	22 129	22 129	18	Time charter	July
Kristin Knutsen	19 152	1998	19 409	19 409	34	Time charter	August
Celsius Mumbai	19 993	2005	22 186	22 186	22	Time charter	September

TANK TERMINALS	LOCATION	OWNERSHIP¹	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Houston) Inc.	Houston, USA	51 %	379 658	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 400	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%	382 061	71 542	253
Total terminals	7 terminals		1 512 179	255 932	565

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	ESTIMATED COMPLETION
Granel Quimica Ltda	Santos II, Brazil	51 910	0
Total expansion tank terminals partly owned by related parties		51 910	0

Grand total (incl. related tank terminals partly owned by related parties)	20 existing terminals	2 064 919	291 032
---	------------------------------	------------------	----------------

¹Odfjell SE's indirect ownership share

Contact

Investor Relations: Bjørn Kristian Røed | Tel: +47 55 27 47 33 | Email: bkr@odfjell.com

Media: Anngun Dybsland | Tel: + 41 54 88 54 | Email: anngun.dybsland@odfjell.com



ODFJELL

ODFJELL SE | Conrad Mohrs veg 29 | P.O. Box 6101 Postterminalen | 5892 Bergen, Norway

Tel: +47 55 27 00 00 | Email: ir@odfjell.com | Org. no: 930 192 503

Odfjell.com