

Second quarter/First half 2019 report

August 21, 2019



ODFJELL

Second quarter and First half year 2019 report

Highlights – 2Q19

- The chemical tanker market continued to improve in the second quarter
- EBITDA of USD 57 mill, compared with USD 47 mill 1Q19
- EBITDA of USD 50 mill from Odfjell Tankers compared with USD 40 mill 1Q19. Excluding the effect from IFRS 16, Odfjell Tankers EBITDA improved to USD 37 mill 2Q19 vs USD 27 mill 1Q19
- EBITDA of USD 6 mill from Odfjell Terminals compared to USD 7 mill 1Q19
- Net result of USD -10 mill compared to USD -15 mill last quarter
- Spot rates on main tradelanes improved by 7% compared to 1Q19, and our COA rates (renewals) are up 6% YTD 2019

Subsequent events

- We completed the sale of our ownership in Odfjell Terminals Jiangyin in July 2019. The sale will result in an equity gain of USD 14 mill and net cash gain of USD 21 mill 3Q19 for Odfjell
- Odfjell Tankers to take delivery of the first super-segregator newbuilding from Hudong Shipyard in August
- Attractive financing secured to redeem USD 61 mill bond maturing in September 2019

Key figures, USD mill

(USD mill, unaudited)	3Q18	4Q18	1Q19	2Q19	2Q18	FY18	FY17
Odfjell Tankers	208.8	221.3	218.3	223.1	209.0	850.8	842.5
Odfjell Terminals	22.6	17.2	17.6	17.9	25.9	91.0	110.8
Revenues*	233.7	241.1	238.3	243.2	236.7	950.5	961.7
Odfjell Tankers	26.8	27.0	39.7	49.9	28.0	108.7	125.0
Odfjell Terminals	3.9	4.8	6.7	6.2	8.9	24.0	38.4
EBITDA*	31.5	32.7	47.2	56.8	37.2	135.3	165.8
EBIT	(13.5)	(13.0)	7.0	14.4	(52.9)	(76.4)	132.8
Net result	(31.2)	(47.6)	(15.4)	(10.1)	(120.0)	(210.8)	90.6
EPS**	(0.40)	(0.60)	(0.20)	(0.13)	(1.53)	(2.68)	1.15
ROE***	(13.8%)	(17.6%)	(10.5%)	(6.1%)	(22.3%)	(29.8)%	(11.8)%
ROCE***	(1.5%)	(1.1%)	1.4%	2.8%	(5.4)%	(8.1)%	(8.8)%

1) Historical figures not adjusted for IFRS16

*Includes figures from Odfjell Gas

** Based on 78.7 million outstanding shares

*** Ratios are annualised

"We are pleased to report continued improvements in our results for the second quarter. The improvement in both spot and COA rates are still modest, but we continue to believe that we are in the early stage in the recovery of the chemical tanker market. We expect next quarter to be slightly affected by the seasonal slowdown in the chemical tanker market, but we still expect to report figures in line with the second quarter".

Kristian Mørch, CEO Odfjell SE

Key Financial figures

Odfjell Group

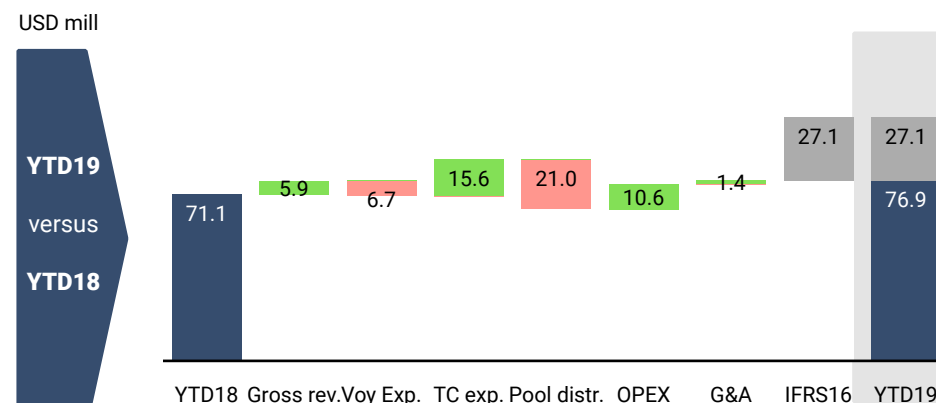
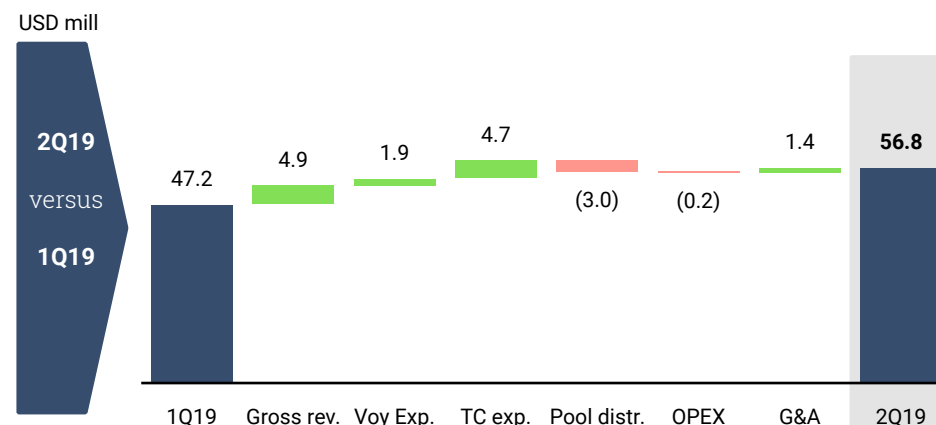
(USD mill, unaudited)	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Total revenue	238.3	243.2	236.7	481.5	475.6	950.5
Chemical Tankers	218.3	223.1	209.0	441.5	420.6	850.8
Tank Terminals	17.6	17.9	25.9	35.4	51.1	91.0
Gas Carriers	2.4	2.2	1.7	4.6	3.9	8.8
Eliminations	—	—	—	—	—	—
EBITDA	47.2	56.8	37.2	104.0	71.1	135.3
Chemical Tankers	39.7	49.9	28.0	89.6	54.9	108.7
Tank Terminals	6.7	6.2	8.9	12.9	15.2	24.0
Gas Carriers	0.8	0.7	0.4	1.5	1.0	2.6
EBIT	7.0	14.4	(52.9)	21.4	(49.9)	(76.4)
Chemical Tankers	5.4	14.4	3.9	19.8	8.2	8.1
Tank Terminals	0.8	(0.7)	(57.1)	0.1	(59.2)	(83.7)
Gas Carriers	0.8	0.7	0.4	1.5	1.0	(0.7)
Elimination	—	—	—	—	—	—
Net finance	(20.9)	(23.0)	(23.5)	(44.0)	(39.2)	(85.3)
Net result (loss)	(15.4)	(10.1)	(120.0)	(25.6)	(132.1)	(210.8)
Chemical Tankers	(15.2)	(8.0)	(16.1)	(23.2)	(26.5)	(71.4)
Tank Terminals	(1.0)	(2.7)	(104.0)	(3.7)	(106.2)	(138.0)
Gas Carriers	0.7	0.6	0.2	1.3	0.7	(1.3)
Eliminations	—	—	—	—	—	(0.1)

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.

- Figures include various non-recurring items related to the changes made in our tank terminal portfolio and others
- 2018 figures not adjusted for IFRS16, so figures not fully comparable, see waterfall chart

EBITDA variance - Odfjell Group



2Q 2019 versus 1Q 2019

- Gross revenues up 2%
- Voyage expenses down 2%
- TC expenses down 31%
- Ship days down 2%
- OPEX unchanged
- G&A down 7%

YTD19 versus YTD18

- Gross revenues up 1%
- Voyage expenses up 4%
- TC expenses down 20%
- Ship days down 5%
- OPEX down 11%
- G&A down 3%

Chemical Tankers

Odfjell Tankers EBITDA improved to USD 50 mill 2Q19 compared to an EBITDA of USD 40 mill in 1Q19.

The stronger result was driven by improved spot rates on main tradelanes and lower bunker costs. Several vessels on timecharters redelivered during 1Q19 and 2Q19 were replaced by vessels at more favorable terms, also contributed to the improved EBITDA this quarter.

Our contract coverage was 55% in 2Q19 compared to 50% 1Q19. During the first half of 2019, we have renewed a large share of our existing contract portfolio with rates renewed 6% higher than last year.

During the quarter, we redelivered 3 vessels. We took delivery of two vessels in the period; one super-segregator and one coated MR.

ODFIX improved 6.6% this quarter compared to a 2.1% drop in the general market index this quarter. The outperformance this quarter is a combination of higher spot and contract rates and a more efficient fleet.

Chemical Tankers (USD mill)	4Q18	1Q19	2Q19	2Q18	FY18
Revenues	221.3	218.3	223.1	209.0	850.8
Gross Result	45.2	57.3	65.3	45.7	178.3
EBITDA	27.0	39.7	49.9	28.0	108.7
EBIT	(2.1)	5.4	14.4	3.9	8.1
Bunker cost per tonne (USD) ³	461	430	436	410	432
Indices	31.03.19	30.06.19	30.06.18	31.12.18	
Odfix (1990=100) ¹	116	124	115	110	
Opex (2002=100) ²	118	120	123	118	

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

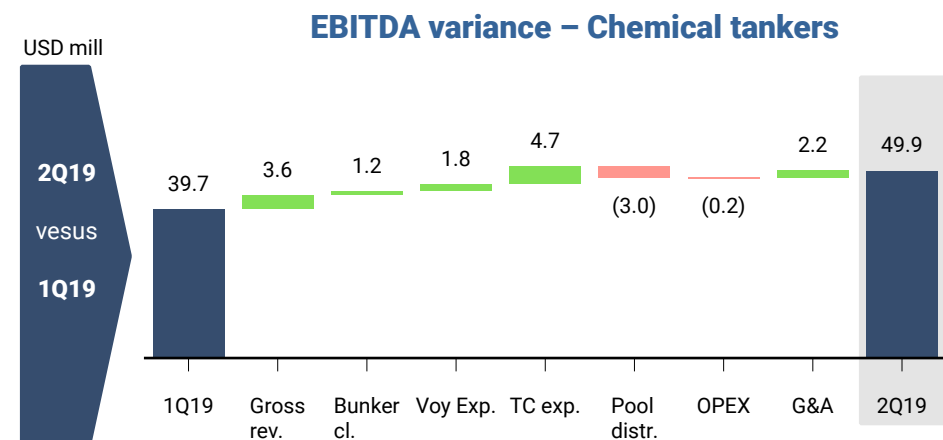
³ Including effect from bunker adjustment clauses

Odfjell Tankers bunker costs, net of bunker adjustment clauses, was USD 39 mill in 2Q19, compared with USD 41 mill in 1Q19.

Our preparations for the new 2020 sulfur requirements are progressing according to plan. Renewed contracts are including new bunker adjustment clauses taking IMO 2020 into account. Some contracts also include clauses where there is optionality to exit from the contract if an agreement on reference price can not be reached.

Outlook 3Q19

We expect next quarter to be slightly affected by the seasonal slowdown in the chemical tanker market, but we expect to report figures in line with the second quarter.



*1Q19 EBITDA of USD 27 mill included a USD 4 mill non-recurring gain associated with legal claims

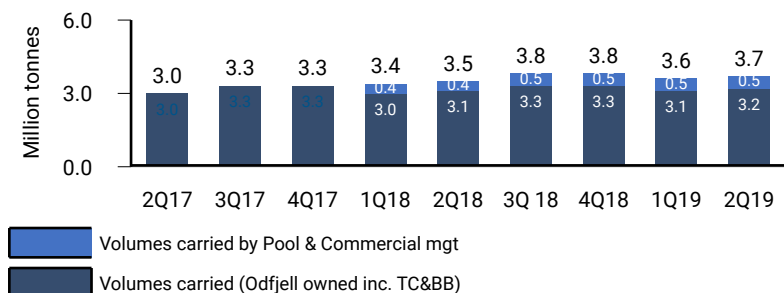
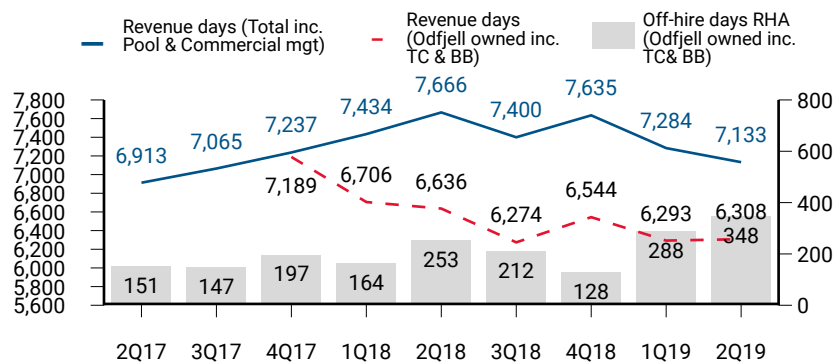
2Q19 versus 1Q19

- Gross revenues up 2%
- Bunkering compensation up 118%
- Voyage expenses down 2%
- TC expenses down 31%
- OPEX up 1%
- G&A down 13%

Volume and voyage days

We carried 3.2 mill tonnes during 2Q which is slightly above 1Q volumes. Increased volumes mainly relate to seasonally lower COA utilization in the previous quarter. Including vessels on commercial management and pools, our volumes was 3.7 mill tonnes.

Total revenue days in 2Q was 6,308 days of which 348 off-hire days, this was an increase from 6,293 days from the previous quarter with 288 off-hire days. This relates mainly to an increase in scheduled dockings and change of management on vessels.



Fleet growth programme

During 2Q19 we took delivery of one super-segregator on long-term bareboat that was previously on commercial management to Odfjell Tankers.

We will take delivery of the first super-segregator newbuilding (49,000 dwt) from Hudong in August and the vessel is scheduled to load its first cargo towards the end of August. The second newbuilding is scheduled for delivery in October 2019 and the third newbuilding is set for delivery in January 2020.

The two vessels from Fukuoka Shipbuilding is scheduled to be delivered in 1H20 on long-term bareboat contracts.

Remaining ship deliveries

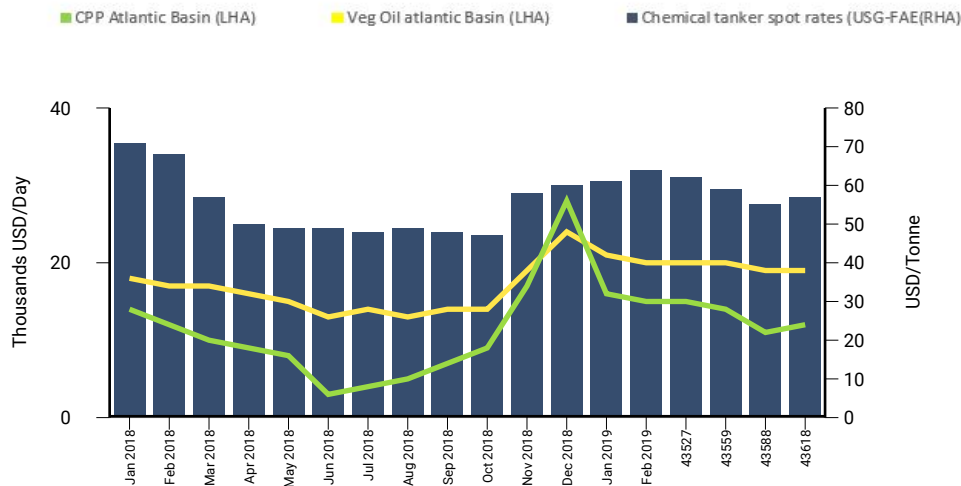
Yard	Tanks	DWT	2019	2020
Hudong	Stainless	38,000/49,000	2	4
Fukuoka shipbuilding	Stainless	36,000	-	2
Total			2	6

Market development

The recovery of the chemical tanker market continued into the second quarter. Main drivers were strong US exports and healthy volume development throughout the quarter on main trades. The CPP market weakened which led to a net increase of 20 coated MR's trading chemical/vegoils during the quarter, hereby increasing supply pressure for chemical tankers towards the end of the quarter.

The global chemical tanker orderbook stands at 6.6% of the current fleet. The global deep-sea fleet based on vessels larger than 18,000 dwt grew by net 6 vessels in 2Q19 as 8 vessels were delivered, and 2 vessels were scrapped. There were eight new orders for core chemical tankers concluded during the quarter, which are the first new orders since July 2018.

Rate development



Source: Clarksons Platou

Market outlook

In its latest world economic outlook, IMF projects GDP growth of 3.2% and 3.5% in 2019 and 2020, respectively. IMF highlights downside risk to the forecast, as further trade tensions could dent sentiment and slow investments further. Chemical end-user demand is closely related to GDP growth, and a global recession is considered a main risk that could affect the chemical tanker market recovery.

The start-up and increased utilization of new liquid chemical facilities is progressing as forecasted and the pace of new volumes coming on stream are expected to accelerate from the end of the third quarter and towards June 2020 and improve the utilization of the chemical tanker fleet.

Geopolitical tensions increased in the Middle East, a major export area for liquid chemicals. Heightened uncertainty has led to less spot cargoes quoted in the market, while COA volumes remains stable. It's still too early to conclude on the outcome of the tensions, but we expect activity to pick up towards the end of the third quarter.

The CPP market weakened through the quarter due to an extended refinery maintenance season. This led to increased competition from swing tonnage during the quarter. It's expected that supply growth from swing tonnage will be reduced again when IMO 2020 preparations ramp up in 4Q19.

Net fleet growth for the chemical tanker orderbook (core & swing) is projected to 1.4% for 2020 before adjusting for potential impact from reduced swing tonnage and slippage.

We forecast chemical tanker supply growth of 2% and chemical tanker demand of 5% on average per year through 2021.

Tank Terminals

Tank Terminals (USD mill) Odfjell share	4Q18	1Q19	2Q19	2Q18	FY18
Revenues	17.2	17.6	17.9	25.9	91.0
Gross Result	10.4	10.7	11.0	12.7	44.8
EBITDA	4.8	6.7	6.2	8.9	24.0
EBIT	(8.5)	0.8	(0.7)	(57.1)	(83.7)
Net result	(12.1)	(1.0)	(2.7)	(104.0)	(138.0)

EBITDA by geo-graphical segment	4Q18	1Q19	2Q19	2Q18	FY18
Europe	0.4	1.4	1.3	3.5	3.5
North America	4.3	4.3	4.4	4.5	18.1
Asia	0.1	1.0	0.5	0.9	2.5
Total	4.8	6.7	6.2	8.9	24.0

Our share of Odfjell Terminals amounted to an EBITDA of USD 6 mill in 2Q19 versus USD 7 mill in previous quarter.

Main changes in net results compared to 1Q19 were driven by a USD 1.6 mill impairment related to the Ethylene project in Houston, after this project did not materialize.

Total average occupancy rate of commercially available capacity remained at a stable level of 93%. The total average available capacity decreased slightly by 3,342 cbm to 1,487,055 cbm.

Odfjell Terminals US reported stable EBITDA with slightly reduced results from the Charleston terminal being offset by continued strong results from the Houston terminal. Utilization at the Houston terminal was 100% for the quarter and the terminal continues to benefit from a strong storage market with high throughput activity.

In July 2019, Odfjell Terminals sold its 55% ownership in Odfjell Terminals Jiangyin for a price of USD 46 mill. The transaction will result in a capital gain of USD 14 mill and net cash proceeds of USD 21 mill for Odfjell SE. This will be booked in our 3Q19 results.

Total approved capital expenditure (Odfjell SE share) is USD 7 mill for 2019-2021, of which USD 4 mill is for maintenance and USD 3 mill is for expansion. Our capital expenditure programme for the US will be updated when a new strategy has been concluded together with our new JV partner at the US terminals.

Odfjell's share of Odfjell Terminals' book value of equity stood at USD 155 mill as of 2Q19. Odfjell's share of net debt amounts to USD 120 mill.

Lindsay Goldberg exit process

LG's exit from Odfjell Terminals Asia is ongoing. We expect the process to be concluded in 2H19 or early 1H20.

Gas Carriers

We have launched a process to sell our remaining gas carriers.

Gas Carriers (USD mill) Odfjell share	4Q18	1Q19	2Q19	2Q18	FY18
Revenues	2.6	2.4	2.2	1.7	8.8
Gross Result	0.9	0.8	0.7	0.4	2.7
EBITDA	0.9	0.8	0.7	0.4	2.6
EBIT	(2.4)	0.8	0.7	0.4	(0.7)
Net result	(2.6)	0.7	0.6	0.2	(1.3)

Finance

Key figures (USD mill)	31.12.18	31.03.19	30.06.19	30.06.18
Cash and available-for-sale investments	167.8	138.6	104.6	192.9
Interest bearing debt	1,122.6	1,110.8	1,090.1	1,185.7
Debt, right of use assets	–	218.5	234.7	–
Net debt	954.8	1,190.7	1,220.1	992.8
Available drawing facilities	–	–	–	–
Total equity	600.6	583.5	564.2	665.2
Equity ratio	32.6%	28.7%	28.0%	33.9%

Odfjell's cash balance end 2Q19 amounts to USD 105 mill, compared with USD 139 mill end 1Q19. Scheduled debt and new build installments explain the main part of the quarterly change, however there has also been a temporary increase in working capital and outstanding freight.

Installments and capital repayments on mortgage loans and financial leases totaled USD 25 mill during the quarter and no new interest bearing debt was drawn. One vessel previously on commercial management was fixed on a bareboat hire during the quarter, increasing debt related to right of use of assets by USD 27 mill. 2Q19 capital repayments of debt related to right of use of assets was USD 11 mill.

In July 2019, we concluded the sale- leaseback of one vessel and entered into agreement to sell our ownership share of the Jiangyin terminal in China. Net cash proceeds to Odfjell from the two transactions is approximately USD 37 mill. We have also signed term sheets for the refinancing of two vessel loan facilities due to mature in 4Q19, and for a revolving credit facility secured by six vessels otherwise due to be refinanced in 2020-21. These transactions will improve our financial flexibility, strengthen our cash balance and lower break-even on the vessels involved.

The newbuilding program is fully financed with mortgage and lease financing, and remaining equity contributions as of 2Q19 is approximately USD 6 mill. There is limited refinancing needs in Odfjell Tankers going forward.

The ODF07 bond maturing in September 2019 of USD 61 mill (NOK 500 mill) will be redeemed with cash on balance secured from other financing sources.

Odfjell's net debt, including debt related to right of use of assets (IFRS 16) end 2Q19 was USD 1,220 mill, compared with USD 1,191 mill end 1Q19. The equity ratio is 28% end 2Q19.

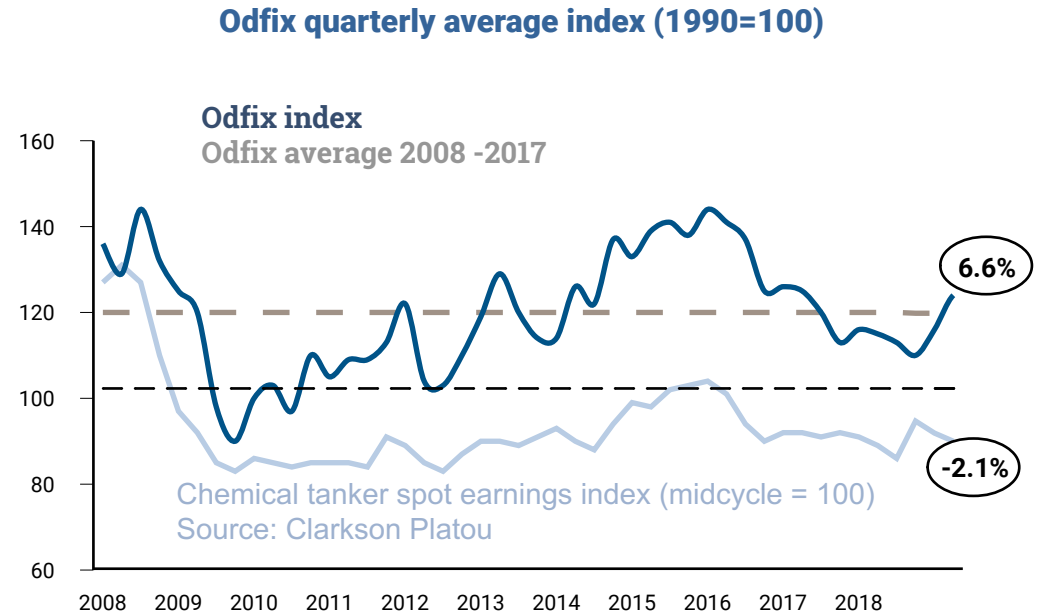
Shareholder information

By end of 2Q19, Odfjell's A and B shares were trading at NOK 25.70 and NOK 25.20 respectively, compared with NOK 31.00 and NOK 30.00 at the close of the previous quarter. The market capitalization was NOK 2,013 mill (USD 237 mill) excluding treasury shares and NOK 2,219 mill (USD 261 mill) including treasury shares.

Prospects

We expect next quarter to be slightly affected by the seasonal slowdown in the chemical tanker market, but expect to report figures in line with the second quarter. We continue to believe that the chemical tanker market is on a firming trend.

We expect results from Odfjell Terminals to be stable for the remainder of 2019.



Statement of Responsibility

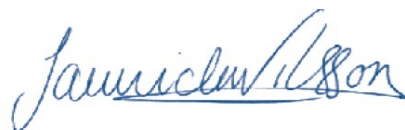
We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2019, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position 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, 21 August 2019

THE BOARD OF DIRECTORS OF ODFJELL SE



Laurence Ward Odfjell



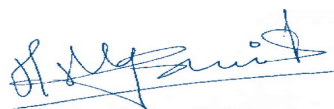
Jannicke Nilsson



Christine Rødsæther



Åke Gregertsen



Hans Smits



Åse Aulie Michelet



Kristian V. Mørch
CEO

Interim financial information – ODFJELL GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures based on equity method (IFRS 16 implemented as from January 1, 2019, historical figures are not adjusted).

(USD mill)	Note	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Gross revenue	1	218.3	223.2	209.0	441.5	420.6	850.8
Voyage expenses	1	(90.2)	(88.4)	(85.2)	(178.6)	(172.2)	(356.6)
Pool distribution		(13.0)	(16.0)	(4.6)	(28.9)	(7.9)	(23.9)
Time-charter earnings		115.1	118.8	119.1	234.0	240.5	470.3
Time-charter expenses		(15.4)	(10.7)	(37.5)	(26.1)	(78.2)	(146.4)
Operating expenses		(37.2)	(37.1)	(35.9)	(74.3)	(71.9)	(145.4)
Operating expenses - IFRS 16 adjustments	7	(5.3)	(5.6)	–	(10.8)	–	–
Gross result		57.2	65.4	45.8	122.7	90.4	178.4
Share of net result from associates and joint ventures	5	0.9	(0.7)	(103.8)	0.2	(105.5)	(139.3)
General and administrative expenses		(18.2)	(17.0)	(17.7)	(35.1)	(35.6)	(69.7)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		39.9	47.8	(75.8)	87.7	(50.6)	(30.7)
Depreciation and amortization	4	(22.8)	(22.8)	(24.3)	(45.6)	(46.9)	(95.3)
Depreciation - IFRS 16 adjustments	7	(11.4)	(12.8)	–	(24.2)	–	–
Impairment of ships, property, plant and equipment	4	–	–	–	–	–	(5.0)
Capital gain (loss)	4	(0.6)	0.2	0.2	(0.4)	0.3	(0.3)
Operating result (EBIT)		5.2	12.4	(99.9)	17.6	(97.2)	(131.3)
Interest income		1.2	1.1	1.5	2.4	2.9	6.4
Interest expenses		(18.4)	(18.7)	(18.0)	(37.1)	(34.2)	(73.8)
Interest expenses - IFRS 16 adjustments	7	(2.9)	(3.3)	–	(6.2)	–	–
Other financial items	6	0.6	(0.5)	(2.3)	0.1	(1.5)	(7.3)
Net financial items		(19.4)	(21.4)	(18.8)	(40.8)	(32.9)	(74.8)
Result before taxes		(14.2)	(9.0)	(118.7)	(23.2)	(130.1)	(206.0)
Income tax expense		(1.2)	(1.1)	(1.2)	(2.4)	(2.0)	(4.8)
Net Result		(15.4)	(10.1)	(120.0)	(25.6)	(132.1)	(210.8)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures based on equity method

(USD mill)	Note	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Net changes in cash-flow hedges		(1.7)	(8.7)	(2.2)	(10.4)	0.3	(1.6)
Translation differences on investments of foreign operations		–	0.1	–	0.1	–	0.1
Share of comprehensive income on investments accounted for using equity method		0.5	(1.0)	(13.4)	(0.5)	(6.5)	0.7
Share of other comprehensive income reclassified to income statement on disposal		–	–	–	–	–	9.8
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans		–	–	–	–	–	0.1
Other comprehensive income		(1.2)	(9.7)	(15.5)	(10.9)	(6.1)	9.0
Total comprehensive income		(16.6)	(19.8)	(135.5)	(36.5)	(138.2)	(201.8)
Earnings per share (USD) –basic/diluted		(0.20)	(0.13)	(1.53)	(0.33)	(1.68)	(2.68)

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	31.03.19	30.06.19	30.06.18	31.12.18
Ships	4	1,354.0	1,345.0	1,379.1	1,359.9
Property, plant and equipment	4	8.9	9.3	7.8	8.4
Right of use assets	7	216.8	231.3	–	–
Investments in associates and joint ventures	5	172.1	169.8	245.1	170.9
Derivative financial instruments		–	–	3.8	–
Non-current receivables		17.8	16.3	14.6	16.1
Total non-current assets		1,769.8	1,772.0	1,650.3	1,555.6
Current receivables		99.3	110.1	83.8	87.5
Bunkers and other inventories		20.8	24.4	23.5	27.9
Derivative financial instruments		1.9	0.6	–	–
Loan to associates and joint ventures		0.7	0.8	10.9	0.7
Cash and cash equivalents		138.6	104.6	192.9	167.8
Assets classified as held for sale		–	–	–	2.5
Total current assets		261.3	240.6	311.1	286.4
Total assets		2,031.1	2,012.6	1,961.4	1,841.9
Equity		583.5	564.2	665.2	600.6
Non-current interest bearing debt	3	891.9	865.4	975.1	909.7
Non-current debt, right of use assets	7	175.2	188.1	–	–
Derivatives financial instruments		14.3	19.2	–	10.0
Other non-current liabilities		9.0	9.0	8.3	8.7
Total non-current liabilities		1,090.3	1,081.8	983.4	928.4
Current portion interest bearing debt	3	218.9	224.6	210.6	212.9
Current debt, right of use assets		43.3	46.6	–	–
Derivative financial instruments		10.1	9.5	20.9	13.6
Other current liabilities		84.9	85.9	81.3	86.5
Total current liabilities		357.3	366.6	312.8	313.0
Total equity and liabilities		2,031.1	2,012.6	1,961.4	1,841.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures based on equity method

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as at January 1, 2018	199.0	—	(2.0)	1.4	4.0	613.5	616.9	815.9
Other comprehensive income	—	0.1	(1.6)	0.1	10.4	—	9.0	9.0
Net result	—	—	—	—	—	(210.8)	(210.8)	(210.8)
Dividend payment	—	—	—	—	—	(14.6)	(14.6)	(14.6)
Sale of treasury shares 1)	0.2	—	—	—	—	0.1	0.1	0.3
Other adjustments	—	—	—	(1.9)	(8.4)	11.1	0.8	0.8
Equity as at December 31, 2018	199.2	0.1	(3.6)	(0.5)	6.1	399.2	401.4	600.6
Equity as per January 1, 2019	199.2	0.1	(3.6)	(0.5)	6.1	399.2	401.4	600.6
Other comprehensive income	—	0.1	(10.4)	—	(0.5)	—	(10.9)	(10.9)
Net result	—	—	—	—	—	(25.6)	(25.6)	(25.6)
Sale of treasury shares (1)	—	—	—	—	—	0.2	0.2	0.2
Other adjustments	—	—	—	—	—	(0.1)	(0.1)	(0.1)
Equity as at June 30, 2019	199.2	0.2	(14.1)	(0.5)	5.5	373.8	365.0	564.2

(1) In fourth quarter 2018, senior management received a transaction bonus from Odfjell SE's joint venture partner in Odfjell Terminals B.V. in relation to its ongoing exit/sales process, which was used to purchase 55,840 Class A shares at a total value of NOK 1.7 mill. In the second quarter 2019, senior management received a second transaction bonus in relation to this exit/sales process, which was used to purchase 58,488 class A shares at a total value of NOK 1.7 million.

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. The net amount, reduced with withholding tax, has been used to buy Treasury shares.

KEY FIGURES

Figures based on equity method

	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
PROFITABILITY						
Earnings per share (USD) –basic/diluted	(0.20)	(0.13)	(1.53)	(0.33)	(1.68)	(2.68)
Return on equity ¹⁾	(10.5 %)	(6.1 %)	(22.3 %)	(8.5 %)	(21.2 %)	(29.8 %)
Adjusted return on equity ³⁾	–	–	–	–	–	(9.9 %)
Return on capital employed ¹⁾	1.4 %	2.8 %	(5.4 %)	2.0 %	(5.3 %)	(8.1 %)
Adjusted return on capital employed ³⁾	–	–	–	–	–	0.1 %
FINANCIAL RATIOS						
Average number of outstanding shares (mill) ²⁾	78.7	78.7	78.6	78.7	78.6	78.7
Basic/diluted equity per share (USD)	7.41	7.16	8.46	7.16	8.46	7.63
Share price per A-share (USD)	3.6	3.0	4.0	3.0	4.0	3.4
Current ratio	0.7	0.7	1.0	0.7	1.0	0.9
Equity ratio	28.7 %	28.0%	33.9%	28.0%	33.9%	32.6%
USD/NOK rate at period end	8.63	8.51	8.15	8.51	8.15	8.69

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

²⁾ Per end June 2019 Odfjell holds 5,681,750 Class A shares and 2,322,482 Class B shares.

³⁾ Adjusted for non-recurring items

CONSOLIDATED CASH FLOW STATEMENT

Figures based on equity method

(USD mill)	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Profit before income taxes	(14.2)	(9.0)	(118.7)	(23.2)	(130.1)	(206.0)
Taxes paid in the period	(0.7)	(0.5)	(1.2)	(1.2)	(2.3)	(3.2)
Depreciation, impairment and capital (gain) loss fixed assets	34.7	35.4	24.1	70.2	46.9	99.8
Change in inventory, trade debtors and creditors (increase) decrease	(5.8)	(14.8)	(2.4)	(20.6)	0.2	(20.5)
Share of net result from associates and JV's	(0.9)	0.7	103.8	(0.2)	105.5	139.3
Unrealized changes in derivatives	(2.8)	(3.1)	12.0	(5.9)	(3.1)	18.0
Net interest expenses	20.0	20.9	16.5	40.9	31.1	67.8
Interest received	1.7	0.8	1.4	2.4	1.7	6.0
Interest paid	(22.0)	(21.4)	(16.8)	(43.4)	(32.9)	(73.7)
Effect of exchange differences	1.9	3.5	(12.6)	5.4	2.1	(13.3)
Change in other current accruals	(0.7)	4.7	13.7	4.0	11.1	28.7
Net cash-flow from operating activities	11.2	17.1	19.9	28.4	30.4	42.7
Sale of ships, property, plant and equipment	2.0	–	–	2.0	–	–
Investment in ships, property, plant and equipment	(17.4)	(14.3)	(48.5)	(31.7)	(131.9)	(169.1)
Dividend/other from investments in associates and JV' s	–	–	–	–	–	81.1
Investment in shares	–	–	–	–	–	(24.8)
Other non-current receivables and investments	0.1	(0.1)	4.8	–	3.9	14.0
Net cash-flow from investing activities	(15.3)	(14.4)	(43.8)	(29.7)	(128.0)	(98.8)
New interest bearing debt (net of fees paid)	20.5	(0.6)	119.8	19.9	196.4	299.9
Repayment of interest bearing debt	(35.8)	(24.8)	(69.8)	(60.6)	(98.6)	(267.8)
Repayment of lease debt related to right of use assets	(9.9)	(11.3)	–	(21.2)	–	–
Dividend payment	–	–	(14.6)	–	(14.6)	(14.6)
Sale/purchase of treasury shares	–	–	–	–	–	0.2
Net cash-flow from financing activities	(25.2)	(36.7)	35.4	(61.9)	83.2	17.7
Effect on cash balance from currency exchange rate fluctuations	–	0.1	–	0.1	0.7	(0.4)
Net change in cash and cash equivalents	(29.2)	(34.0)	11.5	(63.2)	(13.7)	(38.7)
Opening cash and cash equivalents	167.8	138.6	181.4	167.8	206.6	206.6
Closing cash and cash equivalents	138.6	104.6	192.9	104.6	192.9	167.8

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 June 30, 2019 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, 2018. 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, 2018, except for the implementation of 'IFRS 16 Leases' which is adopted January 1, 2019. 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. From January 1, 2019, the Group has also applied hedge accounting for its interest rate swaps.

IFRS 16 Leases – implementation effect January 1, 2019

The Odfjell Group has adopted 'IFRS 16 Leases' for reporting periods beginning on and after January 1, 2019. The IFRS 16 supersedes IAS 17, IFRIC 4, SIC 15 and SIC 27.

The Odfjell Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 at the date of application. The Group also elected to use the recognition exemptions for lease contracts that, at January 1, 2019, have a lease term of 12 months or less and for low value assets. Low value assets are non strategic assets and comprises coffee machines, copy machines and smaller equipments.

The effect of adoption of IFRS 16 as per January 1, 2019 is as follows: Right of use of assets increases with USD 187.8 million and lease liability increases with similar amount, distributed between current lease liability of USD 47.8 million and non-current lease liability of USD 140 million. The lease liabilities, and the corresponding right of use of assets, represent the present value of the remaining lease payments, discounted using the incremental borrowing rate estimated at January 1, 2019. The discount rate varies from 5.3% to 5.8%. Some of these vessel lease contracts relates to time charter vessels. The Odfjell Group has elected to separate the service element (operating expenses implicit in the time charter hire) and only to capitalize the estimated bareboat element of the lease. Doing so, the Group has applied judgment and estimated the service element to USD 6,500 per day. Estimated expenses to carry out periodic maintenance (docking) for bareboat vessels are capitalized as part of the vessels. Docking are depreciated over the period to when the periodic maintenance is estimated to be done.

The Odfjell Group has in previous years negotiated and concluded several sale and leaseback agreements. These contracts were accounted as finance transactions (new borrowings) without changing the carrying amount of the vessels. These vessels are therefore retained as 'Ships' in the statement of financial position on January 1, 2019.

IFRS 16 Leases - summary of accounting policies

From the date of application of IFRS 16, the Odfjell Group recognizes right of use of assets at the commencement date of the lease. The commencement date is the date the underlying asset is made available

Right of use of assets are measured at cost, less any accumulated depreciation and impairment. The cost of right of use of assets include the amount of lease liabilities recognized, initial direct costs incurred and prepaid leases made at on before the commencement date. Unless the Group is reasonable certain to obtain ownership to the leased asset at the end of the lease term, the right of use of assets are depreciated on a straight line basis over the lease term. Right of use of assets are are subject to impairment.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. For payment of time charter leases, the service element is estimated and deducted from the payment. As a result, the Odfjell Group only recognizes the estimated bareboat element implicit in the time charter contracts. The service element is estimated based on internal sources of operating expenses for vessels of similar classes as vessels on time charter contracts. Lease payments includes the exercise price of a purchase option if it is reasonable certain that the option will be exercised by the Group.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers payment occurs. Variable lease payments are classified as time charter expense or pool distributions (for external pool vessels).

In calculating the net present value, the Group uses the incremental borrowing rate at the lease commencement date. The nominal lease payments, less the service element, are distributed between interest expense and lease debt repayment. The service element is recognized as an operating expense over the lease term.

The Group applies the short term recognition exemption to its short term leases. Short term leases are leases with lease term of 12 months or less from the commencement date and do not contain purchase options reasonable certain to be exercised. Leases of non strategic assets (minor office equipments) are not capitalized.

The Group determines the lease term as the non cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised on the prevailing terms.

IFRS 9 - hedge accounting for interest rate swaps

Applying hedge accounting for interest rate swaps have no impact on the balance sheet as of January 1, 2019. Interest rate swaps are used to hedge interest rate risk arising on variable interest payable on bank loans and financial leasing. Realized gain or loss on interest rate swaps are recognized as part of interest expense. Interest rate swaps are accounted for at fair value in the balance sheet, while changes in fair value prior to maturity is recognized in other comprehensive income. At January 1, 2019, the Group has formally designated and documented the hedge relationship with the risk management objective and hedging policy.

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 joint ventures owned by the subsidiary 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 - continue

USD mill	Chemical Tankers (2)				Tank Terminals				Gas Carriers				Eliminations				Total (1)			
	1Q19	2Q19	2Q18	FY18	1Q19	2Q19	2Q18	FY18	1Q19	2Q19	2Q18	FY18	1Q19	2Q19	2Q18	FY18	1Q19	2Q19	2Q18	FY18
Gross revenue	218.3	223.1	209.0	850.8	17.6	17.9	25.9	91.0	2.4	2.2	1.7	8.8	—	—	—	—	238.3	243.2	236.7	950.5
Voyage expenses	(90.2)	(88.4)	(85.2)	(356.6)	—	—	—	—	(1.0)	(0.9)	(0.8)	(3.9)	—	—	—	—	(91.2)	(89.3)	(86.0)	(360.5)
Pool distribution	(13.0)	(16.0)	(4.6)	(23.9)	—	—	—	—	—	—	—	—	—	—	—	—	(13.0)	(16.0)	(4.6)	(23.9)
TC earnings	115.2	118.7	119.2	470.2	17.6	17.9	25.9	91.0	1.4	1.3	1.0	4.9	—	—	—	—	134.1	137.9	146.1	566.1
TC expenses	(15.4)	(10.7)	(37.6)	(146.4)	—	—	—	—	—	—	—	—	—	—	—	—	(15.4)	(10.7)	(37.6)	(146.4)
Operating expenses	(37.2)	(37.1)	(35.9)	(145.4)	(6.9)	(6.9)	(13.2)	(46.1)	(0.5)	(0.6)	(0.6)	(2.2)	—	—	—	—	(44.6)	(44.5)	(49.7)	(193.8)
Operating expenses -IFRS 16 adjustments	(5.3)	(5.6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5.3)	(5.6)	—	—
General and administrative expenses	(17.6)	(15.4)	(17.7)	(69.7)	(4.0)	(4.8)	(3.8)	(20.8)	—	—	—	(0.1)	—	—	—	—	(21.6)	(20.2)	(21.5)	(90.6)
EBITDA	39.7	49.9	28.0	108.7	6.7	6.2	8.9	24.0	0.8	0.7	0.4	2.6	—	—	—	—	47.2	56.8	37.2	135.3
Depreciation	(22.7)	(22.8)	(24.3)	(95.3)	(5.4)	(5.3)	(8.0)	(29.1)	—	—	—	—	—	—	—	—	(28.1)	(28.1)	(32.3)	(124.5)
Depreciation - IFRS 16 adjustments	(11.4)	(12.8)	—	—	(0.1)	(0.1)	—	—	—	—	—	—	—	—	—	—	(11.5)	(12.9)	—	—
Impairment	—	—	(5.0)	—	—	(1.6)	(58.1)	(68.1)	—	—	—	(3.3)	—	—	—	—	—	(1.6)	(58.1)	(76.4)
Capital gain/loss	(0.2)	0.1	0.2	(0.3)	(0.4)	0.1	—	(10.6)	—	—	—	—	—	—	—	—	(0.6)	0.2	0.2	(10.8)
Operating result (EBIT)	5.4	14.4	3.9	8.1	0.8	(0.7)	(57.1)	(83.7)	0.8	0.7	0.4	(0.7)	—	—	—	—	7.0	14.4	(52.9)	(76.4)
Net finance	(19.4)	(21.3)	(18.8)	(74.6)	(1.4)	(1.6)	(4.5)	(10.0)	(0.1)	(0.1)	(0.1)	(0.6)	—	—	—	(0.1)	(20.9)	(23.0)	(23.5)	(85.3)
Taxes	(1.2)	(1.1)	(1.2)	(4.8)	(0.3)	(0.4)	(42.4)	(44.3)	—	—	—	—	—	—	—	—	(1.5)	(1.5)	(43.6)	(49.1)
Net result	(15.2)	(8.0)	(16.1)	(71.4)	(1.0)	(2.7)	(104.0)	(138.0)	0.7	0.6	0.2	(1.3)	—	—	—	(0.1)	(15.4)	(10.1)	(120.0)	(210.8)
Non current assets	1,596.1	1,602.4	1,402.0	1,385.1	324.1	308.4	300.4	324.6	—	—	—	—	1.2	(0.7)	8.1	(0.5)	1,921.4	1,910.1	1,710.5	1,709.3
Current assets	249.9	226.6	312.5	276.3	28.2	32.2	40.9	26.9	3.1	3.2	3.0	2.8	3.9	4.1	(11.4)	2.0	285.1	266.2	345.0	307.9
Assets held for sale	—	—	—	2.5	—	11.6	124.6	—	19.0	19.0	21.8	19.0	—	—	—	—	19.0	30.6	146.4	21.4
Total asset	1,846.0	1,829.1	1,714.5	1,663.9	352.4	352.2	465.9	351.5	22.0	22.2	24.8	21.8	5.1	3.4	(3.3)	1.5	2,225.5	2,206.8	2,202.0	2,038.7
Equity	411.1	394.3	420.1	428.2	157.9	154.8	228.5	158.5	15.3	15.8	16.5	14.6	(0.7)	(0.8)	—	(0.7)	583.5	564.2	665.2	600.6
Non current liabilities	1,087.9	1,081.4	983.4	928.4	174.4	66.9	170.4	170.8	—	—	—	—	—	—	—	—	1,262.4	1,148.3	1,153.8	1,099.1
Current liabilities	347.0	353.4	311.1	307.3	20.1	125.1	24.5	22.2	6.8	6.4	8.3	7.2	5.9	4.2	(3.3)	2.2	379.7	489.0	340.5	338.9
Liabilities held for sale	—	—	—	—	—	5.4	42.6	—	—	—	—	—	—	—	—	—	—	5.4	42.6	—
Total equity and liabilities	1,846.0	1,829.1	1,714.5	1,663.9	352.4	352.2	465.9	351.5	22.0	22.2	24.8	21.8	5.1	3.4	(3.3)	1.5	2,225.5	2,206.8	2,202.0	2,038.7
Reconciliations:																				
Total segment revenue	218.3	223.1	209.0	850.8	17.6	17.9	25.9	91.0	2.4	2.2	1.7	8.8	—	—	—	—	238.3	243.2	236.7	950.5
Segment revenue JV's	—	—	—	—	(17.6)	(17.9)	(25.9)	(91.0)	(2.4)	(2.2)	(1.7)	(8.8)	—	—	—	—	(20.0)	(20.1)	(27.7)	(99.7)
Consolidated revenue in income statement	218.3	223.1	209.0	850.8	—	—	—	—	—	—	—	—	—	—	—	—	218.3	223.2	209.0	850.8
Total segment EBIT	5.4	14.4	3.9	8.1	0.8	(0.7)	(57.1)	(83.7)	0.8	0.7	0.4	(0.7)	—	—	—	—	7.0	14.4	(52.9)	(76.4)
Segment EBIT JV's	—	—	—	—	(1.8)	(0.7)	57.1	83.7	(0.8)	(0.7)	(0.4)	0.7	—	—	—	—	(2.6)	(1.4)	56.8	84.5
Share of net result JV's (4)	—	—	—	—	0.2	(1.3)	(104.0)	(138.0)	0.7	0.6	0.2	(1.3)	—	—	—	—	0.9	(0.7)	(103.8)	(139.3)
Consolidated EBIT in income statement	5.4	14.4	3.9	8.1	(0.8)	(2.7)	(104.0)	(138.0)	0.7	0.6	0.2	(1.3)	—	—	—	—	5.2	12.4	(99.9)	(131.3)
Total segment asset	1,846.0	1,829.1	1,714.5	1,663.9	352.4	352.2	465.9	351.5	22.0	22.2	24.8	21.8	5.1	3.4	(3.3)	1.5	2,225.5	2,206.8	2,202.0	2,038.7
Segment asset (3)	—	—	—	—	(348.5)	(342.9)	(465.9)	(346.7)	(22.0)	(22.2)	(24.8)	(21.8)	4.0	1.1	5.1	0.8	(366.5)	(364.0)	(485.6)	(367.7)
Investment in JV's (4)	—	—	—	—	156.9	153.9	228.5	156.3	15.3	15.8	16.5	14.6	—	—	—	—	172.1	169.8	245.1	170.9
Total consolidated assets in statement of financial position	1,846.0	1,829.1	1,714.5	1,663.9	160.8	163.2	228.5	161.1	15.3	15.8	16.5	14.6	9.1	4.5	1.8	2.3	2,031.1	2,012.6	1,961.4	1,841.9
Total segment liabilities	1,434.9	1,434.8	1,294.4	1,235.7	194.5	192.0	194.9	193.0	6.7	6.4	8.3	7.2	5.9	4.2	(3.3)	2.2	1,642.1	1,637.3	1,494.3	1,438.1
Segment liability (3)	—	—	—	—	(191.1)	(183.8)	(194.9)	(190.4)	(6.7)	(6.4)	(8.3)	(7.2)	3.2	1.2	5.1	0.9	(194.6)	(189.0)	(198.1)	(196.7)
Total consolidated liabilities in statement of financial position	1,434.9	1,434.8	1,294.4	1,235.7	3.4	8.1	—	2.6	—	—	—	—	9.1	5.4	1.8	3.1	1,447.4	1,448.3	1,296.2	1,241.4

(1) The table is shown without eliminations, therefore Total doesn't equal sum of Chemical Tankers, Tank Terminals and Gas Carriers.

(2) This segment also includes «corporate».

(3) Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

(4) 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.

Discontinued operations included in Tank Terminals segment 1)

(USD mill)	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Gross revenue	–	–	10.3	–	19.6	27.2
Operating expenses	–	–	(6.7)	–	(13.7)	(19.7)
General and administrative expenses	–	–	(0.7)	–	(3.7)	(5.0)
Operating result before depreciation (EBITDA)	–	–	2.9	–	2.1	2.5
Depreciation	–	–	(3.4)	–	(7.0)	(9.9)
Impairment	–	–	(58.1)	–	(58.1)	(58.1)
Capital gain/loss on fixed assets/sale of business	–	–	–	–	–	(12.5)
Operating result (EBIT)	–	–	(58.5)	–	(63.0)	(78.0)
Net finance	–	–	(2.2)	–	(2.1)	(2.7)
Taxes	–	–	(42.0)	–	(41.2)	(44.5)
Net result	–	–	(102.7)	–	(106.3)	(125.2)

¹⁾ Odfjell Terminals Rotterdam is included in all periods until September 20, 2018.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.19	30.06.19	30.06.18	31.12.18
Loans from financial institutions, floating interest rate	433.8	410.8	484.8	447.2
Financial leases and sale-leaseback	429.9	427.9	433.3	430.6
Bonds, unsecured	255.0	258.5	276.2	253.1
Debt, right of use assets	218.5	234.7	–	–
Subtotal debt	1,337.1	1,331.9	1,194.2	1,130.9
Debt transaction fees	(7.8)	(7.2)	(8.5)	(8.3)
Total debt	1,329.3	1,324.8	1,185.7	1,122.6
Cash and cash equivalent	138.6	104.6	192.9	167.8
Net debt	1,190.7	1,220.1	992.8	954.8

(USD mill)	1Q19	2Q19	YTD18	FY18
Total debt, beginning of period	1,122.6	1,329.3	1,083.8	1,083.8
New loans and financial leases	20.9	–	199.5	306.2
Repayment of loans and financial leases	(35.8)	(24.8)	(98.6)	(251.4)
Change in debt, right of use assets	218.5	16.2	–	–
Debt transaction fees, net paid and amortized	0.5	0.7	(1.8)	(1.6)
Currency translation differences	1.9	3.5	2.8	(14.4)
Total debt, end of period	1,329.3	1,324.8	1,185.7	1,122.6

For debt related to right of use assets see note 7.

Note 4 – Ships, property, plant and equipment

(USD mill)	1Q19	2Q19	2Q18	FY18
Net carrying amount, beginning of period	1,368.2	1,362.8	1,362.7	1,301.9
Investments in ships, property, plant and equipment	17.4	14.3	48.5	169.1
Depreciation	(22.8)	(22.8)	(24.3)	(95.3)
Impairment	–	–	–	(5.0)
Assets classified as held for sale	–	–	–	(2.5)
Net carrying amount, end of period	1,362.8	1,354.3	1,386.8	1,368.2

Impairment of USD 5.0 million in 2018 is related to write-down of vessels.

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)	YTD19			YTD18		
	Tank Terminals	Gas Carriers	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	39.3	4.6	43.9	51.1	3.9	55.0
EBITDA	15.0	1.5	16.5	15.2	1.0	16.2
EBIT	2.6	1.5	4.1	(59.2)	1.0	(58.2)
Net result	(1.1)	1.3	0.2	(106.2)	0.7	(105.5)
Non-current assets	308.4	–	308.4	300.4	–	300.4
Current assets	23.2	3.2	26.4	40.9	3.0	43.9
Assets held for sale	11.6	19.0	30.6	124.6	21.8	146.4
Total assets	343.1	22.2	365.3	465.9	24.8	490.7
Total equity closing balance	153.9	15.8	169.8	228.5	16.5	245.1
Non-current liabilities	66.9	–	66.9	170.4	–	170.4
Current liabilities	116.9	6.4	123.3	24.5	8.3	32.8
Liabilities held for sale	5.4	–	5.4	42.6	–	42.6
Total equity and liabilities	343.1	22.2	365.3	465.9	24.8	490.8

Note 6 – Other financial items

(USD mill)	1Q19	2Q19	2Q18	YTD19	YTD18	FY18
Changes in fair value in derivatives	2.8	3.1	(12.0)	5.9	3.1	(1.3)
Currency gains (losses)	(1.9)	(3.5)	10.2	(5.4)	(5.0)	(5.7)
Other	(0.3)	(0.1)	(0.5)	(0.4)	0.4	(0.3)
Total other financial items	0.6	(0.5)	(2.3)	0.1	(1.5)	(7.3)

In December 2018 NOK bond ODF06 matured and outstanding amount of NOK 436 million was repaid in full. The settlement of the bonds had a negative impact of USD 1.4 million in 4Q 2018.

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.

Note 7 - IFRS 16 Leases

The Odfjell Group has a number of operating leases, mainly vessels under time charter and bare boat contracts, which are recognized as right of use assets as from January 1, 2019.

(USD mill)	1Q19	2Q19
Net carrying amount, beginning of period	187.8	216.8
New right of use assets	40.4	27.3
Depreciation	(11.4)	(12.8)
Net carrying amount, end of period	216.8	231.3

(USD mill)	31.03.19	30.06.19
Non current debt, right of use assets	175.2	188.1
Current debt, right of use assets	43.3	46.6
Total	218.5	234.7

The table below explains the reconciliation between operating lease commitments as of December 31, 2018, and lease liabilities as at January 1, 2019.

(USD mill)	
Operating lease commitments as at December 31, 2018, nominal amounts	304.2
Less leases with remaining duration < 12 months	(24.1)
Less estimated service element for leases with duration > 12 months	(59.9)
Subtotal	220.2
Interest element, interest rate 5.3%-5.8%	(32.4)
Lease liabilities as at January 1, 2019	187.8

Note 8 – Figures presented based on Proportionate method**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(USD mill)	YTD19	YTD18
Gross revenue	481.5	475.6
Voyage expenses	(180.6)	(173.9)
Pool distribution	(28.9)	(7.9)
Time-charter earnings	272.0	293.8
Time-charter expenses	(26.1)	(78.2)
Operating expenses	(89.2)	(99.8)
Operating expenses - IFRS 16 adjustments	(10.8)	–
Gross result	145.9	115.8
General and administrative expenses	(41.9)	(44.7)
EBITDA	104.0	71.1
Depreciation	(56.2)	(63.3)
Depreciation - IFRS 16 adjustments	(24.4)	–
Impairment of ships, property, plant and equipment	(1.6)	(58.1)
Capital gain (loss) on property, plant and equipment	(0.4)	0.3
Operating result (EBIT)	21.4	(49.9)
Interest income	2.5	2.4
Interest expenses	(40.1)	(38.5)
Interest expenses - IFRS 16 adjustments	(6.3)	–
Other financial items	(0.1)	(3.1)
Net financial items	(44.0)	(39.2)
Result before taxes	(22.6)	(89.2)
Taxes	(3.0)	(42.9)
Net result	(25.6)	(132.1)

Note 8 – Figures presented based on Proportionate method - continued**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(USD mill)	30.06.19	30.06.18
Intangible assets	60.0	52.3
Ships	1,345.0	1,379.1
Tank terminals assets	226.2	222.9
Other property, plant and equipment	30.4	29.2
Right of use assets	232.1	–
Receivables and derivatives	248.4	23.3
Total non-current assets	1,910.1	1,706.8
Current receivables	120.5	98.7
Bunkers and other inventories	24.7	23.8
Derivative financial instruments	0.6	3.8
Available-for-sale investments	–	–
Cash and cash equivalent	120.3	222.4
Assets held for sale	30.6	146.4
Total current assets	296.7	495.2
Total assets	2,206.8	2,202.0
Total equity	564.2	665.2
Non-current interest bearing debt	903.1	1,121.4
Non-current debt, right of use assets	188.5	–
Derivative financial instruments	19.3	0.1
Other non-current liabilities	37.3	32.3
Total non-current liabilities	1,148.3	1,153.8
Current portion of interest bearing debt	333.2	222.9
Current debt, right of use assets	46.9	–
Derivative financial instruments	9.5	20.9
Other current liabilities	99.3	96.7
Liabilities held for sale	5.4	42.6
Total current liabilities	494.2	383.0
Total equity and liabilities	2,206.8	2,202.0

Note 9 - Subsequent event

In July Odfjell announced that Odfjell Terminals Asia Holding Pte. Ltd. finalized the sale of its indirect 55% equity interest in Odfjell Terminals (Jiangyin) Co., Ltd. to Yangzijiang Shipbuilding (Holdings) Ltd. for a price of approximately USD 46 million. For The Odfjell Group, the transaction will result in a capital gain expected to be booked in 3Q of USD 14 million. Net cash proceed to Odfjell Group is estimated to USD 21 million.

Fleet list as per June 30, 2019

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	STAINLESS			VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	STAINLESS		
					CBM	STEEL_CBM	TANKS						CBM	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	—	30
Super-segregator	Bow Summer	49 592	2005	Owned	52 128	52 128	40	Coated	Flumar Brasil	51 188	2010	Owned	55 452	—	14
Super-segregator	Bow Saga	49 559	2007	Owned	52 126	52 126	40	Coated	Bow Triumph	49 622	2014	Owned	53 188	—	22
Super-segregator	Bow Sirius	49 539	2006	Owned	52 155	52 155	40	Coated	Bow Trident	49 622	2014	Owned	53 188	—	22
Super-segregator	Bow Star	49 487	2004	Owned	52 127	52 127	40	Coated	Bow Tribute	49 622	2014	Leased	53 188	—	22
Super-segregator	Bow Sky	49 479	2005	Leased	52 126	52 126	40	Coated	Bow Trajectory	49 622	2014	Leased	53 188	—	22
Super-segregator	Bow Spring	49 429	2004	Owned	52 127	52 127	40	Coated	Bow Elm	46 098	2011	Owned	48 698	—	29
Super-segregator	Bow Sun	42 459	2003	Owned	52 127	52 127	40	Coated	Bow Lind	46 047	2011	Owned	48 698	—	29
Super-segregator	Bow Chain	37 518	2002	Owned	40 621	40 621	47	Coated	Gulf Miridif	46 021	2011	Time charter	48 698	—	29
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	Regional	Bow Oceanic	17 460	1997	Owned	19 616	19 616	24
Super-segregator	Bow Cardinal	37 446	1997	Owned	41 487	34 208	52	Regional	Bow Atlantic	17 460	1995	Owned	19 588	19 588	24
Super-segregator	Bow Firda	37 427	2003	Owned	40 645	40 645	47	Regional	Bow Condor	16 121	2000	Owned	17 622	17 622	30
Super-segregator	Bow Fortune	37 395	1999	Leased	40 619	40 619	47	Regional	Bow Andes	16 020	2000	Owned	17 120	17 120	22
Super-segregator	Bow Fagus	37 375	1995	Owned	41 608	34 329	52	Regional	SG Pegasus	13 086	2011	Time charter	14 523	14 523	16
Super-segregator	Bow Flora	37 369	1998	Leased	40 515	33 236	47	Regional	Sun Triton	12 670	2017	Time charter	13 228	13 228	16
Super-segregator	Bow Cecil	37 369	1998	Owned	40 515	33 236	47	Regional	Stellar Orchid	12 571	2011	Time charter	14 713	14 713	18
Super-segregator	Bow Clipper	37 221	1995	Owned	41 596	34 328	52	Regional	Marex Noa	12 478	2015	Time charter	14 067	14 713	18
Super-segregator	Bow Flower	37 221	1994	Owned	41 492	34 213	52	Regional	Bow Querida	10 106	1996	Owned	11 181	14 067	16
Super-segregator	Bow Hercules	40 900	2017	Bareboat	42 832	42 832	30	Regional	Bow Nangang	9 156	2013	Owned	10 523	11 089	20
Super-segregator	Bow Gemini	40 895	2017	Bareboat	42 832	42 832	30	Regional	Bow Dalian	9 156	2012	Owned	10 523	10 523	14
Super-segregator	Bow Aquarius	40 901	2016	Bareboat	42 813	42 813	30	Regional	Bow Fuling	9 156	2012	Owned	10 523	10 523	14
Super-segregator	Bow Precision	35 155	2018	Time charter	36 668	36 668	28								
Super-segregator	Bow Capricorn	40 929	2016	Bareboat	43 552	43 552	30								
Total Chemical Tankers:										2 221 765	68		2,422,603	1,874,697	1972
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	VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STEEL_CBM	TANKS
Large Stainless steel	Bow Tone	33 625	2009	Time charter	37 974	37 974	16	Super-segregator	SC Taurus	40 964	2017	Pool	42 793	42 793	30
Large Stainless steel	Bow Harmony	33 619	2008	Leased	38 052	38 052	16	Super-segregator	SC Scorpio	40 964	2017	Pool	42 786	42 786	30
Large Stainless steel	Bow Compass	33 609	2009	Owned	37 994	37 994	16	Super-segregator	SC Draco	40 924	2016	Pool	42 827	42 827	30
Large Stainless steel	Bow Engineer	30 086	2006	Leased	36 274	36 274	28	Super-segregator	SC Virgo	40 870	2017	Pool	42 832	42 832	30
Large Stainless steel	Bow Architect	30 058	2005	Leased	36 290	36 290	28	Medium Stainless steel	CTG Mercury	25 000	2018	Pool	28 078	28 078	24
Medium Stainless steel	RT Star	26 199	2011	Time charter	27 912	27 912	18	Medium Stainless steel	CTG Cobalt	25 000	2018	Pool	28 078	28 078	24
Medium Stainless steel	Southern Owl	26 057	2016	Time charter	27 656	27 656	26	Medium Stainless steel	CTG Argon	24 761	2017	Pool	27 067	27 067	24
Medium Stainless steel	Southern Puma	26 057	2016	Time charter	27 079	27 079	24	Medium Stainless steel	CTG Bismuth	24 755	2016	Pool	27 654	27 654	24
Medium Stainless steel	Southern Shark	25 500	2018	Time charter	27 112	27 112	26	Medium Stainless steel	CTG Magnesium	25 000	2017	Pool	28 078	28 078	24
Medium Stainless steel	Bow Platinum	25 000	2017	Leased	27 091	27 091	24	Total 3rd party:		288 238	9		310,193	240	
Medium Stainless steel	Bow Neon	24 786	2017	Leased	28 644	28 644	24	SUMMARIZED	NUMBER	DWT	CBM	STEEL_CBM	TANKS		
Medium Stainless steel	Bow Titanium	24 764	2018	Leased	27 091	27 091	24	Owned	33	1,171,961	1,293,376	1,235,646	1,103		
Medium Stainless steel	Bow Palladium	24 764	2017	Leased	29 041	29 041	24	Time charter	18	444,851	481,079	432,263	379		
Medium Stainless steel	Bow Tungsten	24 764	2018	Leased	28 067	28 067	24	Leased	13	441,328	490,186	376,531	370		
Medium Stainless steel	Southern Koala	21 290	2010	Time charter	20 008	20 008	20	Bareboat	4	163,625	172,029	172,029	120		
Medium Stainless steel	Bow Santos	19 997	2004	Owned	21 846	21 846	22	Pool	9	288,238	310,193	310,193	240		
Medium Stainless steel	Flumar Maceio	19 975	2006	Owned	21 713	21 713	22	Total Chemical Tankers:	77	2,546,319	2,773,250	2,262,663	2,212		
Medium Stainless steel	Moyra	19 806	2005	Time charter	22 838	22 838	18								
Medium Stainless steel	Gwen	19 702	2008	Time charter	21 651	21 651	26								
Medium Stainless steel	Shamrock Mercury	19 000	2010	Time charter	22 204	22 204	22								

NEWBUILDINGS ON ORDER:							
CHEMICAL TANKERS	NUMBER	DWT	CBM	STAINLESS STEEL, CBM	TANKS	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	—	Leased
Fukuoka Shipbuilding	2	36 000	40 000	40 000	28	2019-2020	Bareboat
Total newbuildings:	8	344 000	388 400	388 400	268		

ODFJELL GAS	BUILT	DWT	CBM	VESSEL 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	DELIVERED/RE-DELIVERED
Fleet additions:							
Bow Capricorn	2016	40 929	43 552	43 552	—	BB	April
Gulf Mirdif	2011	46 021	48 698	0	29	Timecharter	June
Fleet redeliveries:							
Bow Asia	2004	9 901	11 088	11 181	18	BB	May
Bow Singapore	2004	9 888	11 089	11 088	20	BB	June
Bow Jubail	1996	37 499	41 488	34 209	—	BB	May
Bow Capricorn	2016	40 929	43 552	43 552	30	Commercial management	April

TANK TERMINALS	LOCATION	OWNERSHIP ¹	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	28,05 %	99 800	30 000	22
Odfjell Terminals (Dalian) Co. Ltd	Dalian, China	25,5%	119 750	18 350	51
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	25,5%	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	25,00 %	382 061	71 542	253
Total terminals	7 terminals		1 512 179	255 932	565

PROJECTS AND EXPANSIONS	LOCATION	OWNERSHIP ¹	CBM	STAINLESS STEEL, CBM	ESTIMATED
Odfjell Changxing Terminals (Dalian) Co.Ltd	Changxing, China	20,4%	—	—	TBD
Total expansion terminals			—	—	

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	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	12 terminals	455 020	530	356

PROJECTS AND EXPANSIONS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	ESTIMATED
Granel Quimica Ltda	Santos II, Brazil	51 910	Q4 2019
Total expansion tank terminals partly owned by related parties		51 910	—
Grand total (incl. related tank terminals partly owned by related parties)	19 existing terminals	1 967 199	271 152

¹Odfjell SE's indirect ownership share



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