
2019
Annual Report
ODFJELL

ANNUAL REPORT 2019

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Our people

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Financial calendar 2020

1st quarter report	May 7, 2020
2nd quarter report	August 20, 2020
3rd quarter report	November 5, 2020
4th quarter report	February 13, 2021

The Annual General Meeting will be held May 6, 2020.

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Our impact

Odfjell's chemical tankers and tank terminals handle chemicals that are essential to daily life, building blocks for industries, agriculture and markets. We are proud of the fact that every day, most people on the planet use products that contain elements of the commodities we ship and store. This is what gives us our purpose.

The demand for Odfjell's services is growing faster than the number of vessels available, and will continue to do so in the coming years. The fundamentals strongly suggest that 2019 marked the end of a decade with historically rough markets, but the emergence of unforseen events like the COVID-19 and its potential effects on the world economy could have significant impact on the demand picture for a period of time.

Coupled with all the initiatives we implemented over the last few years, we now operate from a competitive and robust platform, prepared to meet current and future demands. The medicine is beginning to work.

2019 also marked a year of improved results, and our focus is now set on becoming profitable again. We have improved our performance, stabilized our setup, and are now delivering solid results on safety, operational performance, vetting, and efficiency.

The demand for chemicals is expected to grow by 30% this decade. We expect to see an acceleration of structural changes in the chemical industry that will affect chemical tankers. The demand prospects look fundamentally healthy, and slower supply growth should ensure a continued recovery of our markets. However, we are currently witnessing a pandemic which has the potential to seriously affect the global economy, and we will not be unaffected by such effect.

Odfjell has more than 100 years of history, and we understand that we will only endure for as long as we keep sustainability at the core of the company. To this end, the next decade will see us continuing to build on the substantial work already accomplished. As an example, we have improved the energy efficiency of our fleet by 30%. We aim to be an industry front-runner in minimizing our environmental footprint, and to contribute to reaching the United Nations' Sustainable Development Goals. We have an undeniable responsibility to keep our people safe, to protect the oceans, and to work holistically with communities where we operate.

One pillar in reducing our environmental footprint is fleet renewal. The first two of the world's largest stainless steel chemical tankers entered our fleet in 2019, and two sister vessels will follow in the first half of 2020. These four vessels mark a milestone in Odfjell's history, and are flagships in our renewed fleet. As of today, these ships are the most environmentally-friendly in the market. All of the 30 new vessels that enter our fleet between 2017 and 2020 utilize innovative technology and contribute to a more sustainable and more efficient fleet. Bow Orion winning the 2019 'Tanker Ship of the Year' award is a testament to this.

On the tank terminal side, we continue the work to strengthen our core terminal activities. Our ambitions are high, and the outlook for terminals in the chemical hubs is positive. By streamlining the portfolio and the organization, we now have a healthier footprint from which we are well-equipped to take on the new decade and can start growing again.

Through all our operations, new projects and initiatives, the long-term planning and the everyday tasks – whether on board the ships, at the terminals, in the offices – there is one key consideration that is always at the very heart of what we do: safety. At the end of the day, this is all that matters; that everyone goes to work safe and comes home safe. It is easy to talk about safety, but putting it into practice every day, as we do, is quite another. Odfjell does not compromise on safety.

So in short – Odfjell SE is today a significantly more competitive company, with the most modern and energy-efficient fleet in the industry and a restructured, reinvigorated tank terminal portfolio. We believe the fundamentals of our markets have changed, that we will return to profitability and generate returns for our shareholders. We are, however, not immune to a correction in the global economy. We do what we can to be as prepared as possible.

Stay safe,
Kristian Mørch, CEO

Key figures
2019

2019 was a year in which our financial performance turned after several years of decline. Underlying net results improved by USD 33 million compared to 2018, as we started to reap the benefits of a renewed and more efficient chemical tanker fleet, a restructured tank terminal portfolio, and improving chemical tanker markets. 2019 was also the year in which we took a clear stance on contract renewals to ensure that we did not commit to rates at unsustainable levels. These actions, together with a continued focus on cost control and financial initiatives to reduce our cash break-even levels, have ensured that Odfjell is well prepared for the future.

ODFJELL GROUP (equity method)

Gross revenue	USD	872 million
EBITDA	USD	196 million
Operating result (EBIT)	USD	50 million
Net result	USD	-37 million

Energy Efficiency Operational Indicator (EEOI)

All time low: 16.07 gram CO_2 per tonne cargo transported one nautical mile.

20.9% less than benchmark year 2009

Odfjell Tankers & Ship Management

2019 was another year of continued fleet renewal as we worked towards our goal of operating the world's most energy-efficient and competitive fleet of chemical tankers. Delivery of our newbuildings commenced with the launch of state-of-the-art supersegregators, and we redelivered older and inefficient tonnage. We are now in a good position to take advantage of further improvements in 2020 with a modern, highly advanced fleet.

Sustainability

We recognize that Odfjell has an impact on the environment, people and societies. We are committed to operating a sustainable business and to continuously seek improvements. In 2019, we reduced the amount of emitted CO_2 with 9% and EEOI was reduced with 7,7% to 16.07. We reduced the emitted SO_2 with 11%.

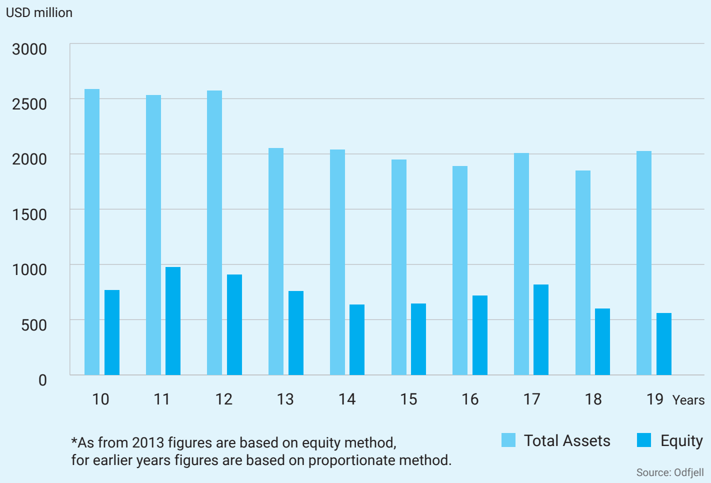
Odfjell joined the Getting to Zero Coalition, with the ambition to have commercially viable, zero-emission vessels operating along deep-sea trade routes by 2030.

We have also signed up to the UN Global Compact Sustainable Ocean Principles. As a signatory to these principles, Odfjell recognizes the urgency and global importance of a healthy ocean, and will take action to promote the well-being of the ocean for current and future generations.

Odfjell Terminals

For Odfjell Terminals, 2019 was characterized by important changes to our organization and portfolio as we continued the restructuring of our terminal division. The result is a leaner setup, more efficient governance and a terminal platform better aligned with our strategy to focus on opportunities in core markets.

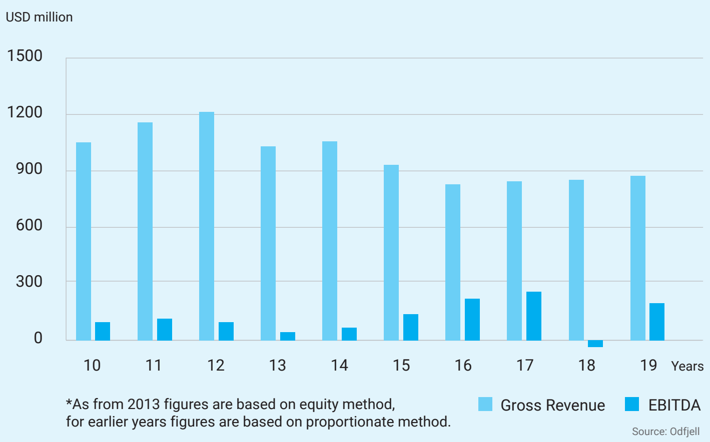
Assets / Equity per year*



*As from 2013 figures are based on equity method, for earlier years figures are based on proportionate method.

Source: Odfjell

Gross revenue / EBIDTA per year*



*As from 2013 figures are based on equity method, for earlier years figures are based on proportionate method.

Source: Odfjell

2 383
Employees

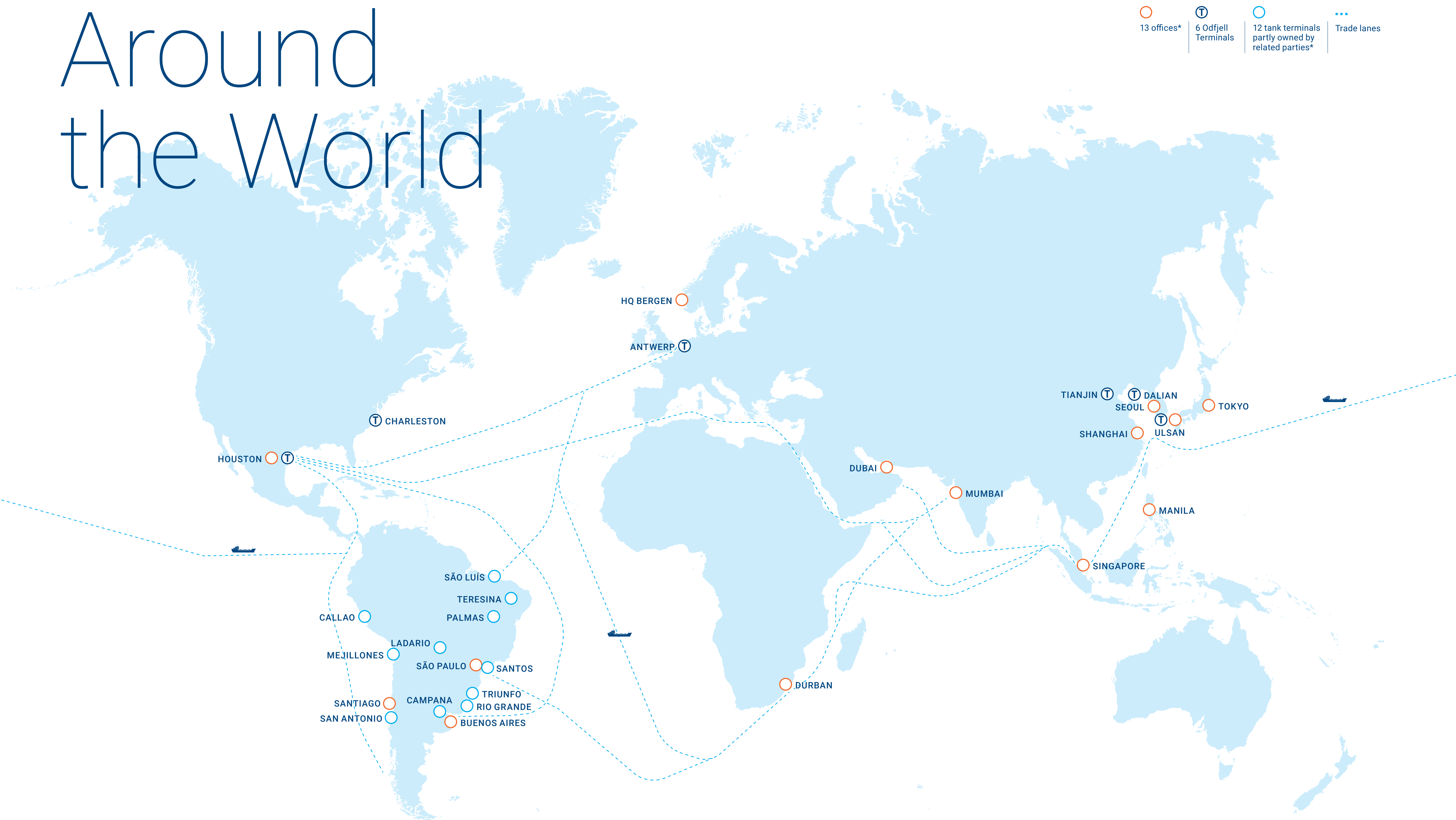
13
Offices

14
million tonnes shipped,
600 different types of chemicals

75
Chemical tankers
2.49 million dwt

6
Terminals
Tank storage capacity:
1.41 million cbm

Around the World



*Offices in Argentina, India and Chile are manned by authorized representatives.
*Two terminals in Sáo Luis

Highlights 2019

January
- Bow Performer is delivered to Odfjell on time charter
- Stellar Wisteria is redelivered to owners

February
- Bow Riyad and Bow Mekka are redelivered to owners
- Odfjell announces new joint venture partner for terminals in the US and a new governance model for Odfjell Terminals

March
- Bow Fuji is redelivered to owners
- Bow Querida is delivered to new owner

May
- Odfjell Terminals appoints new CEO for US activities
- Bow Singapore is redelivered to owners

June
- Northleaf Capital Partner is confirmed as new JV partner for Odfjell Terminals US
- Bow Asia and Bow Jubail are redelivered to owners

July
- Naming ceremony, Bow Orion and Bow Olympus
- Odfjell sells ownership share of terminal in Jiangyin, China

August
- Bow Orion, the world's largest and most energy efficient stainless steel chemical tanker, enters the fleet
- Odfjell appoints Global Head of Odfjell Terminals

September
- Naming ceremony, Bow Prosper
- Odfjell joins the Getting to Zero Coalition
- Bow Tone is redelivered to owners
- Matured bond with NOK 500 million is repaid

November
- Bow Orion wins the Tanker Ship of the Year award
- Bow Olympus enters the fleet
- Naming ceremony, Bow Optima and Bow Odyssey

December
- Odfjell endorses UN's Sustainable Ocean Principles
- Odfjell expands stainless steel chemical tanker pool in a new partnership with Navig8 Chemical Tankers Inc.

Key Figures/Financial Ratios

ODFJELL GROUP	Figures in	2019	2018	2017	2016	2015	2014	2013**)	2012**)	2011**)	2010**)
From Profit and Loss Statement											
Gross revenue	USD mill.	872	851	843	825	929	1 053	1 027	1 212	1 154	1 048
EBITDA 1)	USD mill.	196	(31)	255	218	137	66	41	93	113	94
Depreciation and impairment	USD mill.	(96)	(100)	(111)	(101)	(109)	(94)	(89)	(132)	(122)	(124)
Capital gain (loss) on non-current assets	USD mill.	-	-	-	13	-	7	(9)	(4)	31	(6)
EBIT 2)	USD mill.	50	(131)	144	130	28	(22)	(57)	(43)	21	(36)
Net financial items	USD mill.	(84)	(75)	(51)	(23)	(58)	(53)	(46)	(68)	(35)	(30)
Net result from discontinued operation	USD mill.	-	-	-	-	-	-	-	-	288	33
Net result allocated to shareholders' equity before extraordinary items *)	USD mill.	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269	(79)
Net result allocated to shareholders' equity	USD mill.	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269	(79)
Net result	USD mill.	(37)	(211)	91	100	(36)	(75)	(108)	(111)	269	(79)
Dividend	USD mill.	-	-	14	14	-	-	-	-	14	-
From Balance Sheet											
Total non-current assets	USD mill.	1 796	1 556	1 674	1 589	1 679	1 761	1 791	1 993	2 140	2 195
Current assets	USD mill.	223	286	326	293	264	271	258	576	388	385
Shareholders' equity	USD mill.	551	601	816	719	645	638	759	908	973	766
Minority interests	USD mill.	-	-	-	-	-	-	-	7	6	6
Total non-current liabilities	USD mill.	1 173	928	855	878	1 095	880	1 055	1 141	1 244	1 356
Current liabilities	USD mill.	294	313	329	286	203	514	235	514	305	451
Total assets	USD mill.	2 018	1 842	2 000	1 883	1 943	2 032	2 049	2 569	2 528	2 580
Profitability											
Earnings per share - basic/diluted - before extraordinary items 3)	USD	(0.47)	(2.68)	1.15	1.27	(0.41)	(0.95)	(1.35)	(1.37)	3.43	(0.46)
Earnings per share - basic/diluted 4)	USD	(0.47)	(2.68)	1.15	1.27	(0.41)	(0.95)	(1.35)	(1.37)	3.43	(0.99)
Return on total assets - before extraordinary items *) 5)	%	2.5	(7.1)	7.8	7.9	0.4	(1.6)	(3.6)	(2.3)	12.4	0.4
Return on total assets 6)	%	2.5	(7.1)	7.8	7.9	0.4	(1.6)	(3.6)	(2.3)	12.4	(1.2)
Return on equity - before extraordinary items *) 7)	%	(8.0)	(29.8)	11.8	14.6	(5.6)	(10.8)	(12.8)	(11.6)	30.6	(4.2)
Return on equity 8)	%	(6.4)	(29.8)	11.8	14.6	(5.6)	(10.8)	(12.8)	(11.6)	30.6	(9.4)
Return on capital employed 9)	%	2.8	(8.1)	8.8	7.9	1.7	(0.9)	(6.4)	(2)	2.5	0.8
Financial Ratios											
Average number of shares	mill.	78.63	78.70	78.61	78.69	86.77	78.74	79.39	80.60	78.56	79.29
Basic/diluted equity per share 10)	USD	7.01	7.63	10.38	9.15	7.44	7.35	9.67	10.46	12.71	9.75
Share price per A-share	USD	3.02	3.39	3.87	3.39	3.22	3.88	6.74	4.29	5.99	9.23
Interest bearing debt	USD mill.	1 132	1 123	1 084	1 042	1 168	1 163	1 136	1 221	1 246	1 527
Bank deposits and securities 11)	USD mill.	101	168	207	174	126	105	94	170	205	142
Debt repayment capability 12)	Years	-	N/A	4.4	4.6	14.3	124.8	15.7	45.1	2.8	11.4
Current ratio 13)		0.8	0.9	1.0	1.0	1.3	0.5	1.1	1.1	1.3	0.9
Equity ratio 14)	%	27	33	41	38	33	31	37	36	39	30
Other											
USD/NOK rate at year-end		8.78	8.69	8.24	8.65	8.8	7.43	6.08	5.59	6.01	5.85
Employees at year-end		2 383	2 530	2 693	2 890	3 034	3 311	3 352	3 540	3 761	3 796

*) Extraordinary items are retroactive tax in 2010.
**) As from 2013, figures are presented based on equity method, for earlier years figures are based on proportionate method. Profit and loss figures have been adjusted for discontinued operation earlier than year 2011. Balance sheet 2012 and 2011 have been adjusted for pension corridor.

1) Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA).
2) Operating result.
3) Net result allocated to shareholders' equity before extraordinary items divided by the average number of shares.
4) Net result allocated to shareholders' equity divided by the average number of shares.
5) Net result plus interest expenses and extraordinary items divided by average total assets.
6) Net result plus interest expenses divided by average total assets.
7) Net result plus extraordinary items divided by average total equity.
8) Net result divided by average total equity.
9) Operating result divided by average total equity plus net interest bearing debt.
10) Shareholders' equity divided by number of shares per 31.12.
11) Bank deposits and securities includes cash and cash equivalents and available-for-sale investments.
12) Interest bearing debt less bank deposits and securities, divided by cash flow before capital gain (loss) on non-current assets.
13) Current assets divided by current liabilities.
14) Total equity as percentage of total assets.

Navigating by the Odfjell Compass

Since 2017, the Odfjell Compass strategy has guided our strategic direction. A compass sets direction while still allowing for new routes if conditions change along the way, and our strategic work is in continuous progress.

Our ambitious strategy sets specific targets for our operational excellence in all parts of the organization. In 2019, we strengthened the Odfjell Compass by incorporating our commitment to operate in the most sustainable way. Our long-term targets set the course.

Our mission

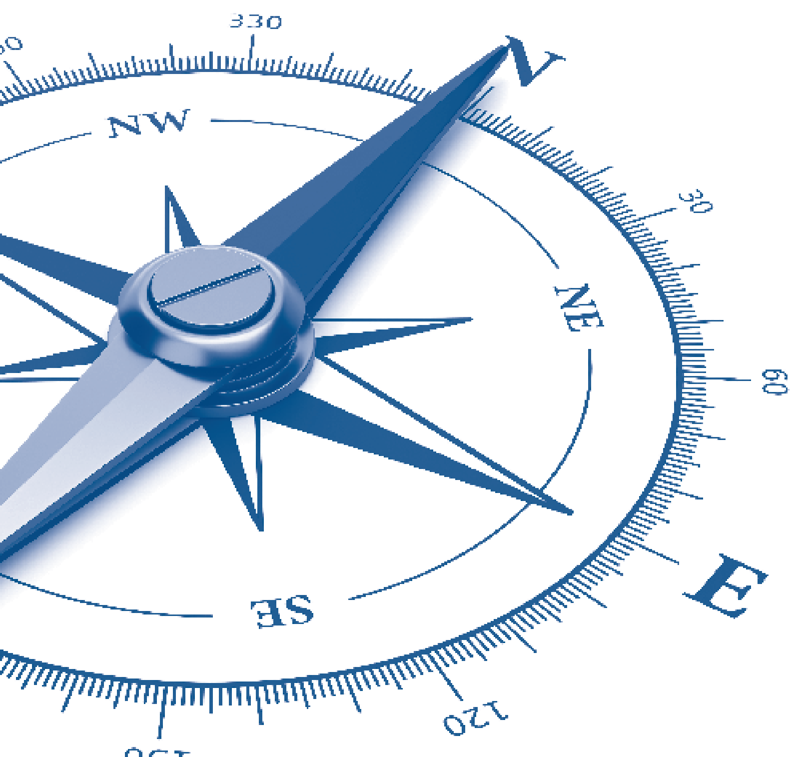
Our core business is handling hazardous liquids – safely, sustainably and more efficiently than anyone else in the industry.

Our vision

We shall be a world class and preferred global provider of transportation and storage of specialty bulk liquids.

Our impact

At Odfjell, we recognize that our company has an impact on the environment, people and societies. We are committed to operating a sustainable business, to continuously seek improvements and to actively support the achievement of relevant UN Sustainable Development Goals.



Our customer commitment

We are committed to generating value for our customers, by offering safe and reliable transportation and storage of their products, at a competitive cost.

Our goal is to deliver on-spec, on-time and adapt our services to cater to the needs of our customers.

Odfjell is committed to:

- Never compromise on safety
- Always care, have integrity and be reliable
- Be accessible and responsive
- Offer competitive services and products

Guiding Principles

Safe
We do not compromise on safety

World class
We have world class ambitions in everything we do, every day

Core business
Chemical tankers and Terminals are our core business

Long term goals

Safety
Zero incidents

Tankers scale
Target an operated fleet of about 100 vessels, to benefit from scale advantages

Terminals
Have a network of terminals where we either have operational synergies with Odfjell Tankers or another clear angle for value creation

Top-line
Average revenue growth of 10% per year

Profitability
Industry-leading EBITDA margin
Attractive returns for our shareholders

OUR VALUES

Professional
Skilled, dedicated and compliant
Show the right behavior and attitude

Proactive
Assess risk and give highest priority to safety
Take proper precautions and share knowledge

Sustainable
Aim for long-term success
Provide safe and enduring solutions

Innovative
Embrace change
Look for new and improved solutions

ODFJELL

Our operations

Odfjell offers safe, efficient and competitively priced handling, storage and transportation of our customers' products, worldwide.
While Odfjell Tankers operates and owns chemical tankers, Odfjell Terminals services customers' storage requirements.
This makes us a fully integrated logistics provider for chemical producers, oil majors and traders.

Odfjell Tankers and Ship Management

2019 was another year of continued fleet renewal as we worked towards our goal of operating the world's most energy-efficient and competitive fleet of chemical tankers. Delivery of our newbuildings commenced with the launch of two state-of-the-art supersegregators, and we redelivered older and inefficient tonnage. The chemical tanker market continued its gradual recovery which began in late 2018. We are now well positioned to take advantage of further improvements in 2020 with a larger, more efficient fleet and a leaner, stronger organization.

75
ships

14 million
tonnes shipped

600
different chemicals

Key steps in 2019

- We took delivery of two newbuildings from our six-ship newbuilding program at the Hudong-Zhonghua shipyard in China. These are highly sophisticated vessels, designed to keep pace with the evolution of the specialized super-segregator trade
- We contributed to further consolidation of the chemical tanker market by welcoming four Navig8 Chemical Tankers vessels to our pool of 25,000 dwt stainless steel tankers, the Chempool 25
- Time charter expenses reduced by 17% in 2019 relative to 2018, driven by renegotiations concluded at more attractive terms, redeliveries of expensive time charters and substituting time charters with pool vessels*
- Many efficiency gains achieved through enhanced use of digital solutions and leaner work processes
- Safe operations are always on top of our agenda, and in 2019 we saw positive developments in our main safety KPIs
- We continue our focus on reducing costs and optimizing the organization

The 2019 chemical tanker market

2019 continued with the gradual turnaround of the chemical tanker market that began in late 2018, with tonne-mile demand surpassing net fleet growth. The market was still considered challenging and recovering from weak levels, which – coupled with an influx of swing tonnage – slowed the pace of recovery.

The impact of slower global economic growth on chemical tankers was, in part, mitigated by the underlying structural shifts in our markets – an effect that became evident throughout 2019. Tonne-mile demand growth in 2019 was up 8% compared to 6% in 2018, of which volume growth grew by 5% and average miles increased by 3%. Global GDP growth was up 3.2% which means chemical tanker demand grew by a factor of 2.4x GDP compared to a factor of 1.8x in 2018 (6.2% tonne-mile demand growth). This marks 2019 as a year in which chemical tanker demand grew faster than historical trends, driven by new, export-oriented organic chemical production capacity coming on-stream and a strong demand for vegetable oils.

Our markets interlink with crude tankers and product tankers. This factor also came into play during 2019. Stronger fundamentals for the larger tankers during the first half of the year contributed to a tightening market balance for chemical tankers as less swing tonnage reduced effective supply. The trend was then reversed during the summer months, as increased swing tonnage lifted effective supply in our markets above fundamental demand growth. The stronger crude and product tanker markets again had a positive effect on our markets towards the end of the year.

*2019 adjusted for IFRS 16

Net fleet growth for the chemical tanker fleet increased by 3.6% during 2019 on a stand-alone basis, while effective supply growth increased by 6%, when the influx of swing tonnage is taken into account.

> Odfjell's in-house research team forecasts that tonne-mile demand will continue to grow faster than supply growth in 2020.

Safety

Safety is our number one priority, and we always keep safety at the heart of everything we do. In 2019, our LTIF* was 0.89, slightly above our target, although we saw improvement throughout the year. Our ambition of realizing zero fatalities and zero injuries remains the same.

> We have redoubled our efforts to reach our targets through safety campaigns, risk identification, and mitigation on board our vessels and onshore.

In October, a chemical tanker exploded in Korea while one of our ships was moored alongside. The ensuing fire also impacted our vessel. The crew on board reacted in a timely and correct manner, following all safety procedures. This professional reaction mitigated the potential consequences to the crew, the vessel, and the surrounding environment. While the incident ended well, this was a stark reminder that accidents happen in our industry, underlining the importance of implementing robust processes and conducting drills to prepare for critical situations.

> We do not compromise on safety. We must run our business and our operations with the deepest respect for the oceans as an essential global resource. The oceans are our workplace. We transport some of the most hazardous chemicals through some of the world's most fragile areas, in all weather conditions. These facts demand that we think and act safely and sustainably across all our operations, 24/7/365.

Read more about our sustainability efforts on page 26.

The way forward

In 2020, we remain committed to improving our core activities and to the following key targets:

- Safe and efficient operations
- Profitability and further growth
- Improved digital solutions for our customers

The renewal of our fleet continues into 2020. We will take delivery of another four newbuildings from Hudong-Zhonghua shipyard, and two newbuildings on long-term bareboat charters will enter our fleet. These vessels will all contribute to the expansion of our core fleet of supersegregators.

> "Shipping is cyclical, therefore timing is of essence. Our newbuildings were ordered at a very favorable period in the cycle. For that reason, we and our customers are now benefitting from some of the most cost-effective and environmentally friendly stainless steel chemical tankers in our industry."
>
> Harald Fotland, COO

The chemical tanker market outlook is promising, but we uphold our focus on continuous improvement to ensure that we meet our financial targets – all the while maintaining safe, efficient operations and utilizing our global chemical tanker platform.

Chemical tanker outlook

The trade pattern for chemical tankers has in recent years experienced significant structural shifts due to growing chemical production centers in the US, Middle East, and China. These shifts have disconnected the seaborne chemicals trade from its traditional link to GDP growth, a trend that continued in 2019 and is expected to continue in the near term, as well as the long-term.

2019 was a year marked by a peak in new, export-oriented liquid chemical production facilities coming on-stream in the US and Middle East. There will be more new capacity added in 2020 before slowing down in 2021 and 2022. This is expected to normalize the chemical tanker demand in the medium-term.

The chemical industry is facing a squeeze on margins, driven by high supply growth together with a slowdown in overall demand. The weaker markets are expected to put pressure on high-cost chemical producers and stimulate market share gains for US and Middle Eastern low-cost producers overseas. This dynamic is expected to increase the share of liquid chemical production which is seaborne traded from its historical ratio of 15%, and supports a scenario where shipping demand continues to outpace end-user demand growth.

Despite the expectation of demand growth normalizing over the next three years, the supply-demand fundamentals are forecast to improve at a similar pace as the two preceding years. This is driven by fleet growth declining to below 2% on average over the next three years, which will lead to demand outpacing supply growth by 3% on average.

Odfjell, therefore, believes that the fundamentals in our markets are strong, and this should bolster the continued recovery of the chemical tanker markets over the next few years.

However: At the time of writing, the COVID-19 outbreak continues to spread, causing large uncertainty about the global economic outlook. Should the development continue, this could negatively impact the chemical tanker market.

*LTIF = Lost time injury frequency. The frequency of lost time injuries per 1 million exposure hours. A 'lost time injury' is a fatality, permanent total or partial disability, or a lost workday case.

Odfjell Tankers

- Odfjell's chartering and operations organization, in charge of sales, customer relationships, contract management and commercial operations worldwide.
- Works closely with our subsidiary Flumar, which covers the intra-regional South American markets.
- Operates a total fleet of 75 vessels as of December 31, 2019.
- 13 strategically located marketing offices worldwide.
- 154 employees.
- Headquartered in Bergen, Norway.

Odfjell Ship Management

- One of Europe's largest and most complete teams for ship management.
- Technical operator of 34 Odfjell vessels as of December 31, 2019.
- Ensures safe and efficient operations of the vessels, in compliance with governing rules and regulations.
- Monitors the services of external ship managers, who oversee the technical management of 11 vessels.
- Subsidiary Flumar has technical management of 5 vessels.
- 149 employees.
- Headquartered in Bergen, Norway.

The Odfjell fleet

Per December 31, 2019

- 28 supersegregators
- 8 large stainless steel
- 20 medium stainless steel
- 8 coated
- 11 regional
- 6 newbuildings on order

Fleet distribution

- 33 owned
- 16 time charter
- 13 leased
- 5 bareboat
- 8 pool

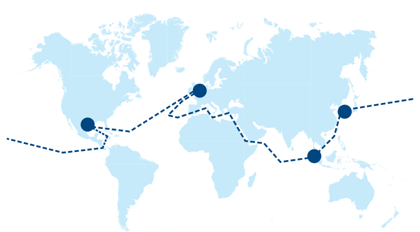
For more information about Odfjell Tankers and Ship Management, visit Odfjell.com/tankers/

Trade lanes

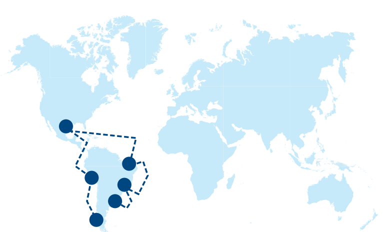
Middle East

Asia

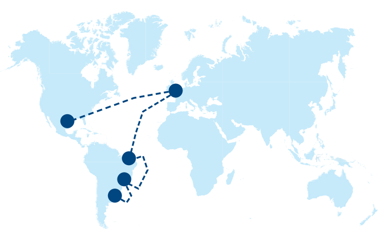
Round the world



South America



Transatlantic



Raising the bar with the Hudong class

Between 2017 to 2020, we welcomed 30 brand new ships to the Odfjell fleet. Our fleet renewal is spearheaded by four newbuildings, currently the largest stainless steel chemical tankers in the world, from the Chinese Hudong-Zhongua shipyard.

The four newbuilds take us to a new level, and are tailor-made for our round-the-world trade. With 33 cargo tanks in duplex stainless steel, a cargo capacity of approximately 55,000 cubic meters, engines that run at 75 rpm and consume 14% less fuel compared to the older vessels in the fleet, these sophisticated supersegregators are among the world's most efficient and eco-friendly.

On the heels of the four 49,000 dwt newbuilds, are two 38,000 dwt chemical tankers to be delivered in the second half of 2020. With the same advanced features, these vessels will further optimize the fleet composition and quality of Odfjell's global operations.

> "Our renewal initiatives and investments ensure that we have an optimal fleet composition, equipped to meet our customers' needs in coming years – safely and efficiently. We are very excited about this design, which significantly lowers our unit cost while at the same time reducing our environmental footprint".
>
> CEO Kristian Mørch

The newbuilt vessels add highly sophisticated and technically advanced tonnage to our fleet. When all renewal initiatives are implemented, Odfjell will have one of the world's most eco-friendly and modern fleets, equipped to solve our customers' present, and future, requirements.

Bow Orion and Bow Olympus entered the fleet in 2019, Bow Odyssey in January and Bow Optima will enter in March/April 2020.

The innovative design and performance set a new benchmark, as recognized when Bow Orion received the 'Tanker Ship of the Year' award for 2019. The ships raise the bar for modern chemical tanker shipping.

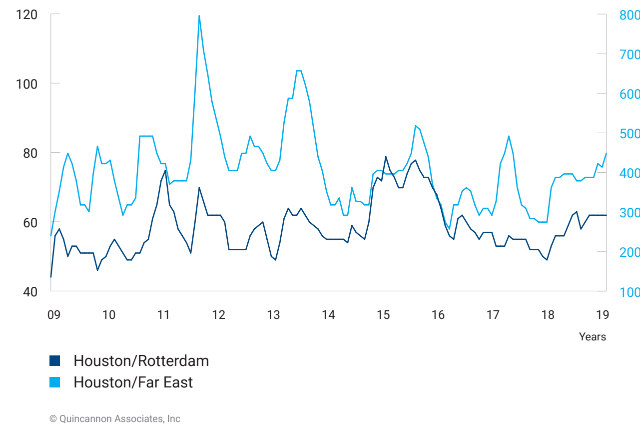
Selected features:

- 4 x 49,000 dwt stainless steel chemical tankers
- 33 segregated stainless steel cargo tanks of Duplex 2205 material
- Total cargo volume about 55,000 cbm

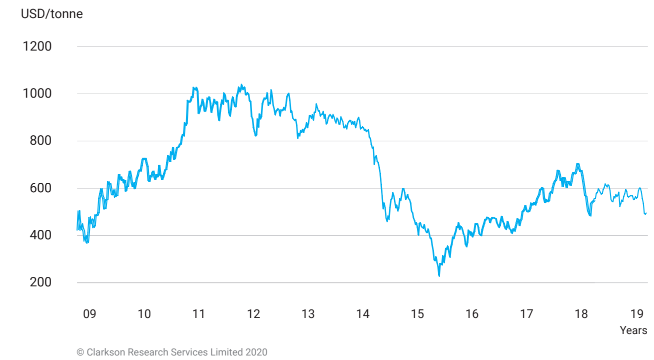
- 2 x 36,000 dwt stainless steel chemical tankers
- 28 segregated stainless steel cargo tanks of Duplex 2205 material
- Total cargo volume about 45,000 cbm

- OCIMF compliant manifold arrangement and separate chemical manifold
- Consumption 21.5 MT/day at 14 knots at scantling condition
- Maximum cargo discharge rate is 3,600 cbm/hr
- Nitrogen capacity 4,500 nm3/hour
- Main Propulsion 7,820 kW
- Main engine type MAN B&W 6550ME-C9.5
- Tier III NOx emission standard
- Arranged with winching platform for pilots
- Fully enclosed bridge
- Scrubber and LNG ready design
- Favorable hull form with large propeller
- High-efficiency rudder with twisted leading edge and rudder bulb
- Built by Hudong-Zhonghua Shipbuilding Co. Ltd Shanghai, China

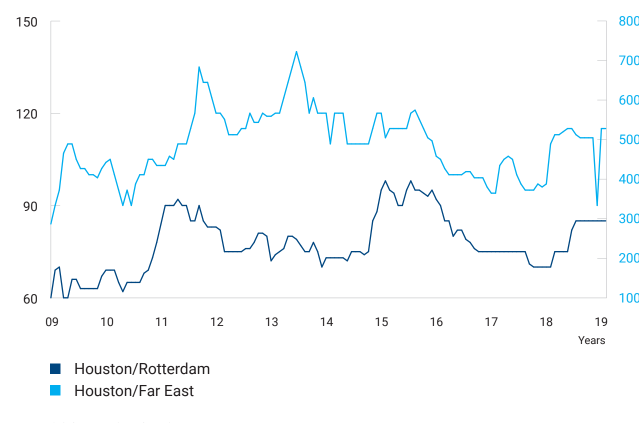
Freight rates 3,000 mts easy grade chemicals (USD/tonne)



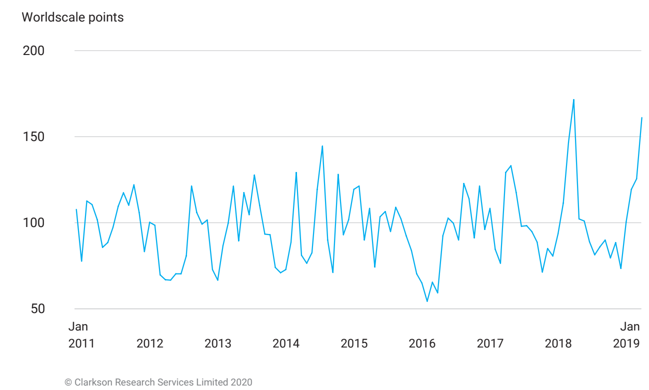
MGO Bunker Prices Rotterdam



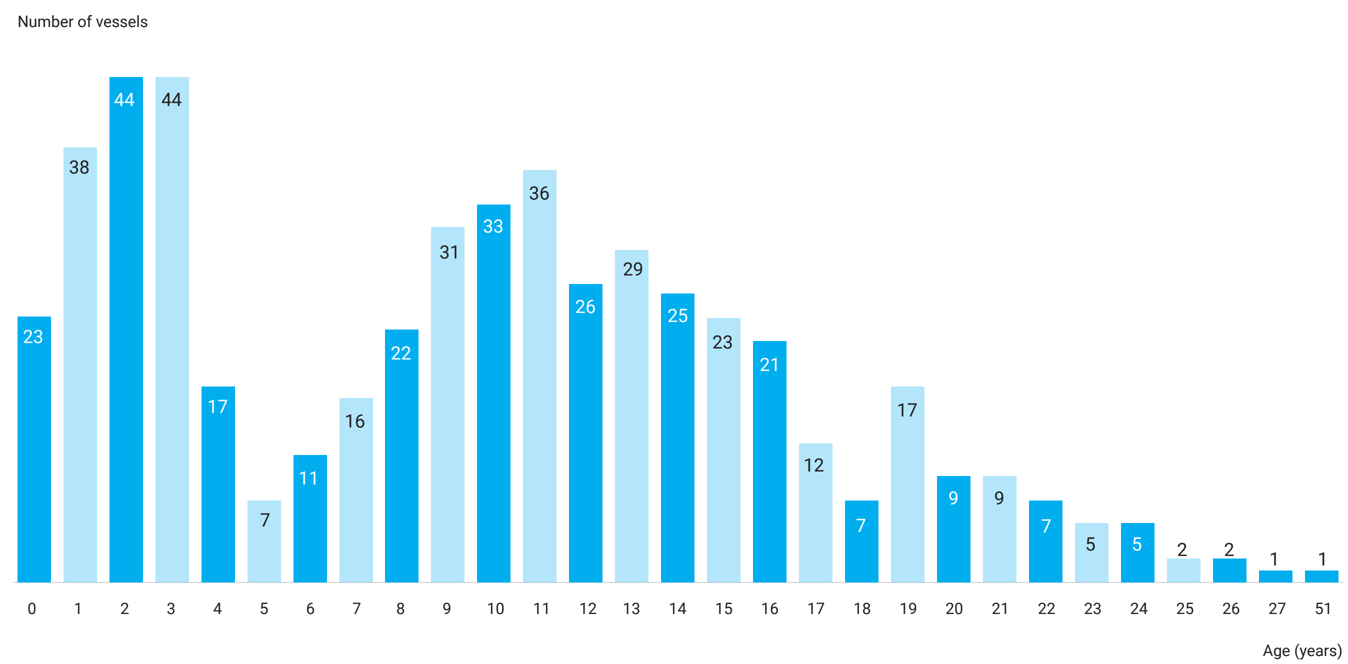
Freight rates 1,000 mts stainless steel grade chemicals (USD/tonne)



MR 47 (Clean Petroleum Product Tanker)



Distribution of vessels by age in total deep-sea chemical tanker market (chemical tankers with at least 50% stainless steel capacity from 18,000 to 55,000 dwt)



CHEMICAL TANKERS*	Figures in	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross revenue	USD mill.	871	851	843	832	940	1 042	1 028	1 066	1 056	999
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	184	109	125	188	147	97	98	65	61	59
Operating result (EBIT)	USD mill.	39	8	14	98	37	3	3	(35)	(9)	(8)
Total assets	USD mill.	1 851	1 664	1 643	1 544	1 586	1 654	1 625	1 749	1 439	1 593
Volume shipped	1 000 tonnes	14 400	15 126	13 648	13 510	13 630	15 440	18 215	19 546	18 500	19 303
Number of ships per December 31		75	83	79	73	74	77	81	96	98	86
Total deadweight per December 31	1 000 tonnes	2 519	2 628	2 408	2 217	2 187	2 236	2 273	2 684	2 717	2 352

*This table also includes "corporate".

Tank Terminals

For Odfjell Terminals, 2019 was characterized by significant changes to our organization and portfolio as we continued the restructuring of our terminal division. The result is a leaner organization, more efficient, a terminal platform that is better aligned with Odfjell Terminals' strategy to focus on serving core markets, where operational synergies with our tanker business also exist. Odfjell SE remains committed to operating terminals for the long term, and we are excited about the prospects moving forward.

6
terminals

1.41 million cbm
storage capacity

543
storage tanks

Odfjell Terminals is a global provider of independent tank storage solutions for the chemical industry, with a track record in developing, owning and operating tank terminals for more than five decades. We currently own, in partnerships, six operational tank terminals; two terminals in the US, one in Belgium, one in South Korea and two in China. Odfjell Terminals also has a cooperation agreement with 12 tank terminals in South America, which are partly owned by related parties.

We experience a steady increase in demand for cargo consolidation as a result of the industry's ongoing pursuit of efficiency improvements along the entire supply chain. Our tank terminals offer cargo consolidation programs designed to reduce time and fuel consumption in port for our ships.

In combination with our shipping division, Odfjell Terminals makes Odfjell one of the world leaders in the combined transportation and storage of bulk liquids.

Changes to the terminal platform

In 2018, Lindsay Goldberg (LG) announced it was considering the sale of its 49% shareholding in Odfjell Terminals. As a result of this, Odfjell SE embarked on a restructuring of the terminal division. This process was largely completed in 2019, with substantial changes made both to Odfjell Terminals' organization and to the platform.

From an organizational perspective, Odfjell Terminals substantially downsized and moved its corporate functions from Rotterdam and Singapore to Bergen, where it now is colocated with Odfjell Tankers and Ship Management. Beyond cost efficiencies and more effective governance, we believe that moving the terminal division to Bergen will further build collaboration across our two divisions, chemical tankers and chemical storage.

In June 2019, LG concluded the sale of its 49% shareholding in Odfjell Terminals US (Houston and Charleston) to funds managed by Northleaf Capital Partners (NL). As a long-term specialist infrastructure investor, NL is an attractive joint venture partner for Odfjell and we are now well positioned to further develop our US terminal portfolio.

In July 2019, Odfjell Terminals Asia sold its 55% ownership stake in Odfjell Terminals Jiangyin for USD 46 million. The transaction resulted in a capital gain of USD 14 million and net cash proceeds of USD 21 million for Odfjell SE.

LG's process to exit its shareholdings in the remaining Asia terminals is still ongoing. This process is expected to be concluded during the first half of 2020. Odfjell may consider tagging along in a sale of its shareholding in the two terminals in China.

Business performance

Odfjell Terminals Houston (OTH) experienced continued strong storage demand in 2019, resulting in a financial performance in line with expectations. Demand for new storage remains strong and our outlook for 2020 is positive. **Odfjell Terminals Charleston (OTC)** was impacted in 2019 by one of its tanks coming off lease and remaining vacant for several months. As of year-end, OTC was again operating at 100% occupancy rate. Projects in the US remain under evaluation, with the first order of business being the capacity expansion of OTH within its current perimeter.

Odfjell Terminals Dalian (OTD) recorded another solid year with occupancy rates near 100%, and increasing throughput driving revenue growth. With additional paraxylene capacity coming onstream in the region, outlook for 2020 is positive.

Our joint venture in China with Tianjin Economic-Technological Development Area – Odfjell Nangang Terminals Tianjin (ONTT) – recorded improved results in 2019, but is still lagging behind its potential. Odfjell's investment in ONTT was written down to zero in 2018.

Odfjell Terminals Korea (OTK) in Ulsan is starting to feel the effects of a challenging market for its domestic petrochemical industry, and it remains to be seen how the structural shifts occurring at an international level will impact the demand for tank storage in Korea. In 2019, OTK delivered a financial performance largely in line with previous years, but was impacted by lower occupancy rates in 4Q. Outlook for 2020 is stable. From a business development perspective, OTK completed the construction of three underground pipelines connecting the terminal with the Ulsan Petrochemical Complex.

Noord Natie Odfjell Antwerp Terminals (NNOAT) in Antwerp recorded another year of strong performance on the back of healthy storage demand for ethylene glycols and base oils. In 2019, NNOAT broke ground in the construction of a new, fully automated tank pit that will add an additional 12,700 cbm of stainless steel storage capacity. This is expected to be completed and enter commercial operation in 2Q 2020.

Chemical storage outlook

In the US, the storage market for chemicals is tight, especially in key areas like Houston. The outlook remains strong in key locations, driven by additional production coming on stream, or in advanced phases of construction, together with a lack of storage capacity. The competitive feedstock advantage in the US is expected to continue to drive demand longer term, and consequently it is expected that chemical storage demand will continue to grow.

Northwestern Europe witnessed growth in the liquid chemicals trade, with Antwerp liquid chemicals trade growing 9.1% to 15.2 million tonnes in 2019. The chemicals trade group in the EU (CEFIC) expects chemicals output to grow by 0.4% in 2020, year on year. In 2019, there still was a shortage of specialty chemical tanks in Antwerp. This trend continues, even as new, additional storage capacity comes into operation and affirms Antwerp as a key and integrated European chemical cluster.

The chemical storage demand outlook in Asia is more mixed. In key locations, demand is expected to grow while in others, oversupply in storage capacity, caused by delayed investments in production plants in certain areas in China, is likely to depress demand.

In 2019, Korea's petrochemical exports of key aromatics like paraxylene, styrene and benzene dropped 10% compared to 2018. This was partly caused by China's domestic capacity growth, lost market share to producers in the Middle East and South East Asia and partly because of China's anti-dumping duties on South Korea's styrene coming into effect for the full year. In the longer-term, chemical production in the Ulsan regions is still expected to show modest growth.

At the time of writing, the COVID-19 outbreak continues to spread, causing large uncertainty about the global economic outlook. Should the development continue, this could negatively impact the chemical storage market.

TANK TERMINALS*	Figures in	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross revenue	USD mill.	70	91	111	123	112	94	129	145	227	245
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	USD mill.	27	24	38	47	40	(4)	21	27	96	110
Operating result (EBIT)	USD mill.	18	(84)	118	53	4	(31)	(73)	(8)	62	75
Total assets	USD mill.	353	351	584	578	629	650	685	1 062	1 092	987
Tank capacity (100% of the terminal)	1 000 cbm	1 412	1 512	3 101	3 539	4 672	4 643	4 658	4 551	4 221	3 732

*Reflection of actual historical Odfjell ownership share.

Odfjell Terminals Houston (OTH), USA

- Houston
- 379 981 cbm total storage capacity
- 113 180 cbm stainless steel storage capacity
- 119 tanks
- 4 berths for barges
- 2 docks for deep-sea ships
- Operational since 1983
- Odfjell shares: 51%

Houston is a major international hub for the import and export of chemicals to and from the USA, and the hub for Odfjell's global and regional trades to and from the US Gulf.

Noord Natie Odfjell Antwerp Terminals (NNOAT), Belgium

- Port of Antwerp
- 382 028 cbm total storage capacity
- 37 980 cbm stainless steel storage capacity
- 253 tanks
- Odfjell shares: 25%

NNOAT offers a unique combination of storage and related value-added services for several types of liquids. The terminal is strategically located with easy access to the sea, inland waterways, roads and railways. A new Block Train loading facility is being commissioned in March 2020 and an additional 12,700 cbm of stainless steel capacity will come onstream in Q2 2020.

Odfjell Terminals Charleston (OTC), USA

- Charleston
- 79 243 cbm total storage capacity
- 9 tanks
- 1 deep-sea berth
- Operational since 2013
- Commercially operated by Odfjell Terminals Houston (OTH)
- Odfjell shares: 51%

OTC is located near the major shipping lanes on the US East Coast and started operations in late 2013. The port is one of the best-maintained in this region.

Odfjell Terminals Dalian (OTD), China

- Dalian New Port, Xingang
- 119 750 cbm total storage capacity
- 18 350 cbm stainless steel capacity
- 51 tanks
- 4 berths
- Operational since 1998, relocated to Dalian in 2007
- Odfjell shares: 25.5%

Strategically located in Dalian, OTD is well connected by rail to the vast hinterland of Northeast China. The terminal can handle up to 120 rail wagons concurrently while accommodating sea-going tankers with up to 50,000 dwt capacity.

Odfjell Terminals Korea (OTK), Korea

- Ulsan
- 313 710 cbm total storage capacity
- 15 860 cbm stainless steel capacity
- 85 tanks
- 4 operational berths
- Operational in 2002
- Odfjell shares: 25.5%

OTK is strategically located in Ulsan, the central petrochemical distribution and transshipment hub in Northeast Asia. It is one of the most sophisticated terminals in Ulsan.

Odfjell Nangang Terminals Tianjin (ONTT) China

- Tianjin Port, Bohai Bay, Nangang Industrial Zone
- 137 800 cbm total storage capacity
- 7 000 cbm stainless steel storage capacity
- 26 tanks
- 3 ship docks
- Odfjell shares: 25%

ONTT is located in the nearest port to Beijing, close to the production areas of the north and northwestern China hinterlands and link to middle and west Asia.

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES

South America

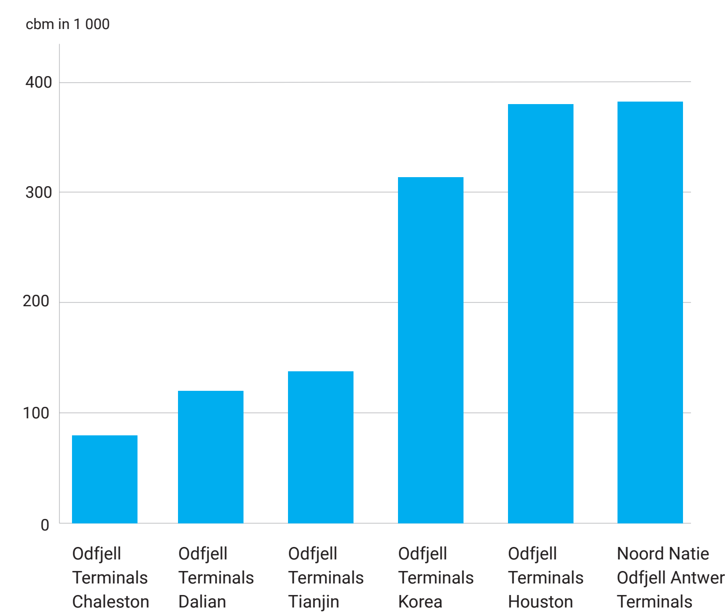
- Argentina, Brazil, Chile, Peru
- 455 020 cbm total storage capacity
- 356 tanks

The terminals are partly owned by related parties and have their operational headquarters in São Paulo, Brazil. The first terminal became operational in Buenos Aires in 1969. Today, the South American terminal network consists of 12 terminals spread along the coasts of Argentina, Brazil, Chile, and Peru, with a strong market position for storage of chemicals and clean petroleum products in the region. Some expansions and projects are planned.

These extensive terminal activities in South America provide an excellent complement to Odfjell's frequent and traditionally strong shipping activities within the region.

For more information about the terminals, visit Odfjell.com/terminals/

Tank terminals capacity (100%)



Our responsibility

Throughout our more than 100-year history, Odfjell has a long-term perspective on how we do business – sustainability is deeply rooted in our DNA.

Sustainable operations answer to current demands without compromising the health and safety of future generations. No matter where we are on our journey, at sea or onshore, we can make sustainable decisions that drive global change. Every day, for the long term.

Our business

Day-to-day, we are surrounded by a multitude of products, an endless array of everyday items – electronics, paint and building materials, medicines, fertilizers, toys, the clothes we wear. As diverse as they seem, they have one thing in common: all are developed from chemicals.

Chemicals are crucial to our daily lives and the economy, but can also pose a serious risk to our health and the environment if not handled properly. Chemicals are often produced far from where they eventually end up for processing, which makes the storage and transportation of chemicals vital to the global supply chain. Our business is to connect producers and developers by storing and transporting these chemicals, safely and efficiently.

Our arena

The oceans cover 71% of our planet's surface, but we have explored only 5%. Oceans are the new economic frontier and a key to solving some of our biggest challenges, today and in the future. The oceans produce more than half of the world's oxygen and store 50 times more CO_2 than our atmosphere. The majority of the world's population live off, and close to, the oceans, and coastal communities are critical hubs for shipping.

Odfjell handles some of the world's most hazardous liquids, and we transport them through some of the world's most vital and fragile environments: the oceans. Our terminals store products close to people's homes and local communities. Emissions, soil contamination, or water pollution can all have the potential to adversely impact people and ecosystems. It is imperative, for the sake of people and businesses, that we take care of the environment in which we operate. Climate risk affects all businesses – but it also creates many opportunities.

Shipping and Terminals

Shipping is by far the world's most efficient form of transportation; about 90% of the world's traded goods travel by sea. At present, shipping is still the most environmentally friendly way of transporting cargo over large distances. Terminals are an integral part of the logistic chain, and critical for efficient storage and distribution of products from sea to land.

A sustainable history

What started out as a Norwegian family business with just one vessel more than a hundred years ago, is now a publicly listed company and a world-leading logistics service provider for chemicals and other specialty bulk liquids. Since 1914, we have done business in every corner of the world. We have been through crises and wars, booming markets and recessions. Through all this, we have remained viable and sustainable. We are very proud of this legacy, and our ambition is to continue evolving and developing the business responsibly and sustainably. This goal, however, is only possible in a society that works, and we must do our part to secure a sustainable global development.

Our strategy and integration of Environmental, Social, and Governance (ESG) matters

Throughout Odfjell's history, we have taken steps to operate safely and efficiently, be profitable, ensure that we comply with regulations, and minimize our impact on the environment. A good example would be the extensive measures we have taken to improve the efficiency of our vessels, thereby saving fuel, costs, and cutting emissions. Another good example is the tank design we use at our terminals, which significantly reduces vapor emissions.

In 2018, we presented our approach and sustainability strategy in the document "Global Operations – Our Responsibility". We have an impact on society and the environment, and are committed to doing our part to minimize this impact, and to reaching the UN's Sustainable Development Goals. Sustainability is an integral part of our business going forward, and intrinsic to our strategy.

Sustainability and climate risk

Climate change poses a severe threat to healthy market dynamics. Failing to live up to expectations, failing to comply with regulations, and failing to operate in a sustainable way present significant risks to trade, locally and globally. Any business is dependent on a well-functioning society and sound economic growth. That is why Odfjell makes climate risk assessment intrinsic to the work of management and the Board of Directors.

When conducting climate risk assessment, we follow the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). We assess both transition risk and physical risk, and the direct, indirect and financial impact for the company. The work on climate risk assessment started in late 2019, and will be further enhanced in 2020.

Our approach and focus areas

We believe that even small changes can make a big difference – for people and for the planet. But we also realize that we cannot do everything. Our efforts and actions directly affect our business, so we focus on areas where we can have a real impact.

Our focus areas

1. The safety of our people
2. A profitable and sustainable business
3. Good governance and compliance
4. Local communities
5. The environment

The UN Sustainable Development Goals (SDGs) were launched in 2015. To achieve the goals by 2030, we now move into a decade of action. Our Sustainability Strategy builds on the United Nations Global Compact's ten principles. In 2019, Odfjell also endorsed the UN Global Compact Sustainable Ocean Principles. We will do what we can to contribute to the achievement of the SDGs, and report our actions and initiatives within the international framework and standards.

Sustainability reporting

Sustainability is rooted in our strategy and risk assessment, and so too in our reporting. In this annual report, we include a more extensive breakdown of sustainability metrics, with reference to a set of global standards (pages 30-36).

Sustainability is important to Odfjell and to our stakeholders. That is why we have expanded the analysis, and integrated it in the annual report. We believe that managing Environmental, Social and Governance (ESG) matters at the company level is key to the sustainability of our industry, and of Odfjell.

Our reporting also follows the Norwegian Shipowners' Association's (NSA) Guidelines for ESG reporting and Euronext's guidance on ESG reporting of January 2020.

Materiality assessment

In our document 'Global Operations – Our responsibility', we presented our strategy and focus areas, and we are in frequent dialogue with our stakeholders on ESG matters. For 2020, we plan to conduct a materiality assessment as a part of our ESG-strategy. We will enhance the climate risk strategy process and prioritize actions based on the materiality assessment.

"Climate change poses a severe threat to healthy market dynamics. Failing to live up to expectations, failing to comply with regulations, and failing to operate in a sustainable way present significant risks to trade, locally and globally.

Any business is dependent on a well-functioning society and sound economic growth. But climate change also creates opportunities. That is why Odfjell makes climate risk assessment intrinsic to the work of management and the Board of Directors"

Øistein Jensen, Chief of Staff

ENVIRONMENT

TOPIC	ACCOUNTING METRIC	UNIT	REF
Climate risk and climate footprint	Scope 1 GHG emissions Gross global Scope 1 GHG emissions to the atmosphere are reported in line with the GHG Protocol. In 2019, Odfjell reduced the amount of CO_2 by 9.1% compared to 2018. Odfjell reports CO_2 emissions to the Carbon Disclosure Project (CDP), the source for metrics used for banks, in accordance with the Poseidon Principles.	1,299,479 metric tonnes CO_2.	SASB TR-MT-110a.1 GRI 305-1 Poseidon Principles SDG 13 CDP C6-C8 IMO strategy on reduction of GHG emissions 2030-2050
	Scope 2 GHG emissions Odfjell converts purchased electricity to metric tonnes of CO_2 equivalents location-based. These numbers are reported in the Carbon Disclosure Project (CDP). The numbers are from 2018, as 2019 numbers are not yet available due to the CDP's reporting cycle. Scope 2 emissions represent less than 2% of Scope 1.	24,198 metric tonnes (2018).	GRI 305-2 SDG 13 CDP C6-C8
	GHG emission intensity Odfjell uses the Energy Efficiency Operational Indicator (EEOI) to monitor fleet efficiency performance over time. The EEOI enables us to measure the fuel efficiency of the fleet and to gauge the effect of any improvement initiatives. In 2019, Odfjell reduced its EEOI by 7.7% to 16.07, compared to 2018 (17.4). EEOI in 2017 was 17.8. See table om page 36.	EEOI 16.07 in gram CO_2 per tonne-mile. 7.7% reduction compared to 2018.	GRI 305-4 SDG 13
	GHG emission management Odfjell supports the Paris Agreement ambition and the IMO strategy of a 40% reduction in GHG by 2030 and to reduce emissions by more than 50% in 2050. Odfjell has a goal of reducing CO_2 emissions by more than 1.5% a year, and to reduce emissions in line with the IMO strategy. Odfjell will also contribute to the achievement of SDG 13, to combat climate change and its impacts, by reducing GHG emissions. Today, there are no real alternatives to combustion engines to transport large volumes over large distances. Odfjell has, since 2008, improved the energy efficiency of its managed fleet by more than 30%. To achieve the IMO goals of a 50% reduction, we, and the industry, will need to find a new energy source and propulsion system. To date, we have joined several industry initiatives (e.g.the Getting to Zero Coalition) and R&D projects (e.g. fuel cell technology) to find a solution for zero-emission tankers in the future, and to accelerate the reduction of emissions.	1.5% CO_2 emission reduction target for managed ships per year. Target reached in 2019.	SASB TR-MT-110a.2 GRI-DMA 305-1 GRI 305-5 SDG 13
	Climate risk reporting As of 2020, Odfjell has included climate risk as a part of our enterprise risk management process and system. We intend to develop this risk assessment further, and report on climate-related risks and opportunities in line with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and the Euronext guidance. Climate risk poses a threat but it also creates new opportunities, as our industry will need to transform to a zero-carbon business. That is why climate risk is integrated into our strategy and fleet transition planning.	Climate risk assessment is initiated. We will communicate this in 2020.	TCFD GRI 201-2 SDG 13 CDP C1-C4
	Energy mix 2019 was a year of transition, as Odfjell made preparations to comply with the new IMO regulation on sulphur emissions. Fuel consumption in 2019 was as follows: · 80% HFO · 17% MGO · 3% VLSFO 0% of the energy consumed is renewable/ low-carbon energy. From 2020, HFO will be replaced by VLSFO/Compliant fuel, as a part of the sulphur cap regulation. Total energy consumption for 2019 is not yet available due to the CDP reporting cycle (May 2020).	Total energy consumption 19,242,058 GJ (2018).	SASB TR-MT-110a.3 GRI 302-1 SDG 13 CDP C8

TOPIC	ACCOUNTING METRIC	UNIT	REF
Air pollution	Other air emissions Odfjell has established an advanced bunkers monitoring system through which we track deliveries, providers, volumes, and chemical content of all fuel. We are not able to monitor SO_2 emissions directly, but we can calculate a weighted average based on all bunker delivery notes for purchase in 2019; sulphur in % is multiplied with delivery quantity (mt) to get the sulphur in MT. We expect a significant drop in SO_2 emissions in 2020 as we will use VLSFO instead of HFO as a part of the IMO Global Sulphur Cap 2020. None of Odfjell's ships are fitted with open or closed loop scrubbers. At Odfjell Terminals, our storage tanks are sealed and pressurized. This reduces emissions more than regular atmospheric storage tanks for chemicals.	Odfjell vessels emitted on average 0.10 grams of SO_2 per million tonnes cargo transported one nautical mile. For 2018, this number was 0.12. Total SO_2 emissions was 16,757 tonnes, down from 18,922 in 2018. Sulphur emission based on total fuel consumption was 8,319 tonnes, down from 11% from 9,464 tonnes in 2018.	SASB TR-MT-120a.1 GRI 305-7 SDG 3 IMO Global Sulphur Cap 2020
Sea and land pollution	The Odfjell fleet is, or will be, fitted with ballast water treatment systems to prevent the spread of harmful aquatic organisms from one region to another, thus complying with the Ballast Water Management (BWM) regulation. Odfjell has 35 vessels which falls within the scope of the requirements. The fleet is fitted with compliant and class approved systems to handle effluent water, wastewater, and oily water. This is registered and subject to inspections by authorities. Throughout our organization, we continue to strive to reduce our waste. By modifying the processes for correctly segregating waste, we can further recycle the waste generated or dispose of it properly. For our terminals, we have wastewater treatment systems for effluent management. The remaining waste for our Houston Terminal is treated off-site by the Houston terminal Gulf Coast Waste Disposal Authority (GCWDA), to which we are connected by pipeline for wastewater. Our storage tanks are designed to reduce hazardous waste. The sloped design of the tank bottoms limits residual product in tanks, making cleaning easier and better. We use infrared inspection techniques to detect heat leaks through damaged insulation which is then repaired, reducing heat losses and thereby reducing energy consumption. We are also employing acoustic inspection techniques for the nitrogen and compressed air systems to eliminate small leaks and reduce energy consumption.	In 2019, 37% of our fleet was fitted with BWT. All ships will be fitted by March 2023.	International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM)
Ship recycling	Responsible ship recycling Odfjell supports and follows the recommendations given by the Norwegian Shipowners' Association and IMO. Responsible and compliant ship recycling is a notable part of the circular economy, keeping resources in use for as long as possible, and minimizing waste. Ship recycling is an important industry for sustainable production and it supports the developing economies of several countries. We are an active participant in the Recycling Forum of the Norwegian Ship-owners' Association, and have dedicated personnel to follow up on recycling issues. We encourage ratification of the IMO Hong Kong convention, to have a mandatory international regulation for ship recycling. Odfjell has not sent a vessel for recycling since 2016. Should an Odfjell-owned vessel be earmarked for recycling, we would be required to use certified yards, compliant with the Hong Kong Convention and the EU Ship Recycling Regulation. This regulation closely follows the Hong Kong Convention. The Regulation sets out a number of requirements for European ships, ship owners, and recycling facilities.	Zero vessels recycled, No recycling planned for the next 1-3 years.	EU Ship Recycling Regulation (EU 1257/2013) FOR-2018-12-06-1813 Hong Kong Convention Responsible Ship Recycling Standard SDG 8, 12, 14

TOPIC	ACCOUNTING METRIC	UNIT	REF
Ecological Impacts	**Shipping duration in marine protected areas and areas of protected conservation status** We do not currently track time and operations in areas of protected conservation status in accordance with UNEP WCMC. Emission Control Areas (ECAs), or Sulphur Emission Control Areas (SECAs), are sea areas in which stricter controls are established to minimize airborne emissions from ships, as defined by the MARPOL Protocol.	Of total days, the Odfjell fleet operated 5,489 days in ECA areas (including days in port), representing 20.2% of total days (including days in port).	SASB TR-MT-160a.1 SDG 14 Annex VI[1] of the 1997 MARPOL Protocol GRI 304-2 UNEP World Conservation Monitoring Centre (UNEP WCMC)
	Number and aggregate volume of spills and releases to the environment For our fleet, all spills of any substance – harmful or not – are registered and handled as a spill. We also register whether the spill has been contained on board beyond. At our Terminals, we strive to further reduce the number of spills through better inspections and additional operational training. All spills in 2019 were contained within the secondary containment. One of the spills had to be reported to the authorities. Terminals are complying with the regulations of their permits.	LOPC (number of spills outside primary containment for ships) is 40. Terminals - number of spills > 5 liters is 33. Managed ships - 25 spills contained on board and two pollutions of the environment in 2019: - 2 L of cleaning chemicals spilled to a jetty - 20 L VLSFO to sea	SASB TR-MT-160a.3 SDG 14 GRI 306-3

SOCIAL

TOPIC	ACCOUNTING METRIC	UNIT	REF
Accidents, safety, and labor rights	**Lost Time Injury Frequency (LTIF)** At Odfjell, we have a goal of zero accidents and incidents. We monitor and track all Lost Time Injuries (LTIs), Restricted Work Cases (RWC), Medical Treatment cases (MTC) and First Aid Cases (FAC). Management and organization have incentive KPIs related to LTIF. LTIF for the fleet is calculated as lost time incidents* 1,000,000 / number of Exposure Hours. For terminals, LTIF is calculated using 200,000 as multiplier.	For 2019, LTIF for managed vessels is 0.89. LTIF Terminals consolidated is 0.51.	SASB TR-MT-320a.1 GRI 403-9 IMO ISM Code SDG 8
	Safety Safety is more than a priority to Odfjell. It is a core value and part of our license to operate. We are relentless about ensuring the safety of our employees and surrounding communities by improving the way we operate as a company. We continually review which personal protective equipment is best for our employees, so that they can safely perform the tasks expected of them. We strive to ensure our employees do things the right way, and only the right way. We do not compromise on safety. For all operations, we conduct safety hazard identification and safety risk assessment to ensure that all risks are mitigated, and to ensure the safety of our people and the environment. Odfjell has dedicated emergency preparedness policy procedures and systems, dedicated contingency/operations room, and we conduct regular training and exercises with the Emergency Response Management Team (ERMT). The safety management system is certified according to the ISM Code. Odfjell has implemented safety standards in accordance with requirements of the flag state of vessels.	Total Recordable Case Frequency (TRCF) was 1.68 in 2019, up from 1.49 in 2018. All incidents in 2019 happened in 1H. A new action plan was initiated, and in 2H there were no incidents.	ISM Code
	Diversity Odfjell promotes diversity, inclusion, and equal opportunities for our employees. We believe it is of value to the business to have diversity in our organization, and it is also important for us to attract talent from a wide population. In 2019, we implemented a policy to actively improve gender diversity in Odfjell which is now showing effect. We have also taken steps to collaborate with industry networks to put diversity on the agenda, as we believe that diversity is a missed opportunity in the industry today. We support offshore career initiatives and recruiting initiatives attract female candidates. We have a goal to increase the ratio of women in leadership positions.	At our headquarters in Bergen, Norway, the employees are 71% men and 29% women. Corresponding global figures are 67% and 33%. At our headquarters, 50% of our new hires in 2019 were women. 50% of Directors of the Board of Odfjell SE are women. All four members of the Executive Management are men.	GRI 405-1 SDG 5, SDG 10
	Labor rights Odfjell is a signatory to the UN Global Compact and supports all the ten principles, where numbers 3 to 6 concern labor rights. Odfjell supports freedom of association and, in line with local norms and regulations, adheres to various collective bargaining agreements for elements of our workforce. Odfjell has established work councils with employee representatives and local management.	Maritime Labor Convention (MLC) certification on all managed vessels.	GRI 102-41 SDG 8

TOPIC	ACCOUNTING METRIC	UNIT	REF
Human Rights and Child Labor	Human Rights and Child Labor Human rights are reflected in several of Odfjell's policies and reporting i.e. on Communication of Progress (COP). We also expect the same from our suppliers that must sign our Suppliers principles. Odfjell expects suppliers to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses or child labour. Human rights and child labor are a part of the integrity risk assessments, and we implement mitigating actions where we see that we are exposed, in line with the UN Guiding Principles of Human rights and the ILO conventions on child labor.	In our reviews and risk assessment we score the risk of direct non-compliance with regulation on human rights and child labor as low. In 2019, we introduced new integrity terms in our contracts with agents, and that all yards and suppliers will sign the supplier principles.	GRI 412 GRI 408 SDG 8 SDG 4 SDG 16
	Port State Control **Port State Control (PSC)** is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment comply with the requirements of international regulations, and that the ship is manned and operated in compliance with these rules. A deficiency is defined as a condition found not to comply with such regulations (see reference). Serious findings would lead to detention. Management and organization in Odfjell have incentives with KPIs related to Port State Control (PSC) findings.	In 2019, Odfjell had 0.77 findings pr PSC inspection and zero detentions.	SASB TR-MT-540a.3 SDG 8, 14
	Marine casualties Odfjell defines a marine casualty in accordance with UN IMO's Code of International Standards and Recommended Practices for a Safety Investigation into a Marine Casualty or Marine Incident Resolution MSC 255(84).	In 2019, we had zero marine casualties.	SASB TR-MT-540a.1 SDG 8

GOVERNANCE

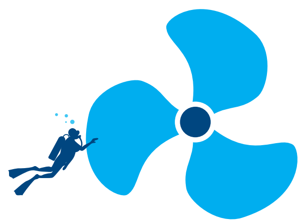
TOPIC	ACCOUNTING METRIC	UNIT	REF
Business ethics	Anti-corruption and integrity framework Odfjell has a clearly stated zero-tolerance policy on corruption. We have an anti-corruption and integrity framework based on the UK Bribery Act Guidance and Norwegian anti-corruption regulation. We conduct an annual risk assessment as a basis for a company action plan on anti-corruption work. We do annual mandatory training and signing of Code of Conduct and anti-corruption policies for all of our employees, and have included relevant integrity clauses in all our contracts. Odfjell is a member of the Maritime Anti-Corruption Network, and we have implemented and supported the MACN 'Say No' campaign on all our vessels. We also track requests for facilitation globally. We have established a reporting hotline, available internally and externally, for the reporting of any compliance-related matters. Odfjell has an Integrity Council that coordinates all actions under the framework from all areas of our business.		UK Bribery act
	Corruption risk Number of calls at ports or net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	Two port calls to Nicaragua in 2019.	SASB TR-MT-510a.1 SDG 16
	Facilitation payments The number of incidents where facilitation or bribes have been requested.	17 incidents where facilitation/gifts have been requested according to 'Say No' statistic.	SDG 16
	Fines The total monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with laws and/or regulations.	Zero.	GRI 419-1 SASB TR-MT-510a.2 SDG 16
ESG governance	Policies and targets Main policies: Code of Conduct, HSE Policy, Sustainability Policy, Corporate Governance Policy, Anti-corruption Policy, Environmental Policy of Ship Management, Supplier Code of Conduct Principles, Supplier Audits incl. ESG, Audits of Yards, Sanctions Policy, Antitrust/Competition Compliance Policy, among many others. Our document 'Global Operations – Our Responsibility' describes our ESG strategy and actions.		GRI Disclosure of Management Approach
Standards	International standardization International standardization continues to be a focus across the terminal organization. All terminals are compliant with the international standards ISO 9001, ISO 14001, and Chemical Distribution Institute-Terminals (CDI-T), and are audited by a third party to ensure compliance with these standards. The focus on standardization allows the terminals to have consistent management processes and common systems.		ISO 9001 ISO 14001 CDT-I
Whistle-blowing	Reporting hotline Odfjell has a whistleblowing policy and procedure including an anonymous reporting hotline, available both internally and externally.	Total 20 reports in 2019. None regarded as material.	

Weather routing effects 2019

Route optimization for vessels has significant effect on safety and efficiency:

929	→	66	=	1 775	=	5 557
voyages routed		days saved		tonnes fuel		tonnes reduced CO_2

Average wave height reduced from 3.7 meters in 2009 to 1.9 meters in 2019



85 hull grooming and propeller polishing operations performed in 2019.

Depending on the vessel, this can equal savings of up to three tonnes bunkers and 9.3 tonnes reduced CO_2 emissions per day.

Odfjell Tankers'

operated fleet* consumed 415,070 tonnes marine fuels, of which 68,658 tonnes are marine distillates.

CO_2 emissions*

Total emission of CO_2 in 2019 amounted to 16,757 tonnes, around 9% down from 2018.

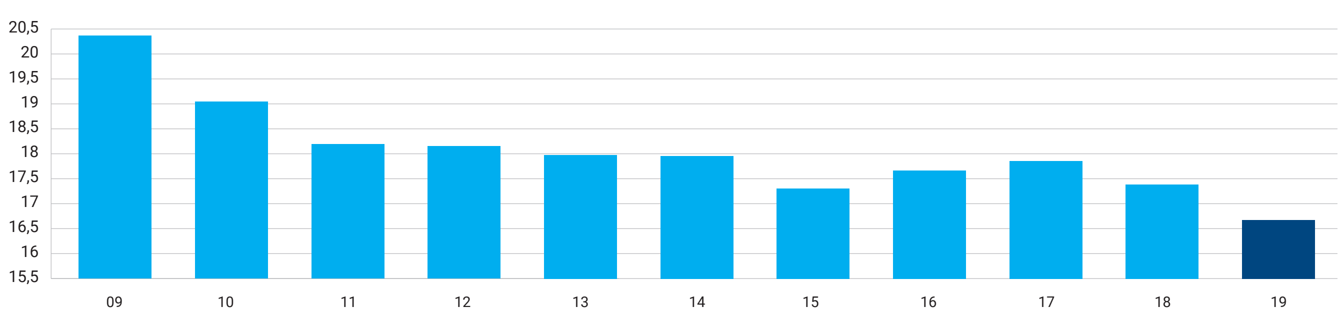
SO_2 emissions*

Based on all consumption in 2019 (in port and at sea), Odfjell' s vessels emitted on average 0.10 grams SO_2 per tonnes cargo transported one nautical mile.

*Ships included: All vessels operated by Odfjell Tankers, Odfjell Asia and Flumar.

EEOI trend for the Odfjell fleet*

Gram CO_2 per tonne cargo transported one nautical mile



* Based on latest available data. Figures include all chemical tonnage operated by Odfjell Tankers, Odfjell Asia and Flumar, and exclude tonnage on long-term charter to external operators/pools, where fuel/cargo is purchased/nominated by third parties.

Source: Odfjell

Ten years of weather routing

2019 marked the tenth anniversary for Odfjell's weather routing service. Weather routing was introduced to assist the Captains in choosing the safest and most efficient sailing route. After ten years, the service can show an impressive track record.

Odfjell ships have around 4,000 ports calls every year. As a global, long-term operator handling hazardous cargo, we depend on safe and predictable solutions. By using digital programs and professional weather forecast services supplied from StormGeo, routes are optimized and Odfjell's Fleet Performance Analyst can supervise the entire voyage – securing the safest, most efficient sailing route.

VP Technology Erik Hjortland was Fleet Performance Analyst and initiative-maker in 2009 when the project was introduced:

"By the time we designed our route optimization concept, we had carefully analyzed the fleet's movements for more than one year, and could document that there was a potential to give better decision support to our Captains in strategic route planning. At this stage, the technology had come to a level where this was possible. But the technology is only an enabler. In the end, it is about getting experts together to ensure that we consider all aspects of route planning: our Captains, supported by a team of oceanographers and meteorologists, all followed up by a dedicated Odfjell team onshore who also liaise with the ship manager and ship operator."

It is estimated that the weather service alone has saved 48,605 tonnes in emissions and about USD 18 million over these ten years.

The weather may not change from year to year, but the average wave height is reduced from 3.7 meters in 2009 to a mere 1.2 meters in 2019 – a reduction showing in clean numbers that our ships sail calmer, safer routes.

"It is all about safety, with the bonus of more efficient, time-saving and eco-friendly voyages – a winning combination for our crew, our ships, our customers and the environment," said Christopher Stene, Fleet Performance Analyst.

There are other factors than the weather that need to be taken into account when planning the sailing route. Some local areas are crowded with local fishing boats, making it difficult for a ship to maneuver. Other areas are not recommended by authorities to sail due to piracy threats or local conflicts.

"It is vital to have a close collaboration with the Captains on board, who know the seas as the palm of their hand. The well-funded cooperation between ship and shore makes all the difference. We have world class seafarers, Captains and Officers, and our chemical tankers are solid ships that can hold the fort in challenging situations. But weather conditions can change quickly, and it is important to make decisions fast. The weather routing service provides an extra layer of safety for our crew and ships in all trade lanes," said Kristoffer Ramstad, Manager Fleet Performance.

Our people

Every day, around the world, our employees work together and put all their effort into delivering exceptional services to our customers. In our offices, on our ships, at our terminals – we are thankful for, and proud of, our workforce.

The Captain and crew on Bow Olympus

Attracting, nurturing and retaining talent is critical for our success, and the expertise of our people onboard and ashore is our primary competitive advantage.

We are proud to have one of the largest and most competent talent pools for chemical tankers in the world, and we want to ensure we keep it that way. To this end, we have an ongoing recruitment strategy for onshore positions as well as for new cadets on our vessels.

> "We promote a safe, non-discriminating, and inclusive working environment where everyone is valued for their qualifications and contributions. We work systematically to build a diverse workforce; we recruit, train, and retain people from many different backgrounds, throughout the organization"
>
> Ingjerd Nettestad, VP Corporate HR

LTIF Ships

managed by Odfjell

Target	2017	2018	2019
0.30	0.23	0.40	0.89

TRCF Ships

managed by Odfjell

Target	2017	2018	2019
1.5	2.42	1.75	1.68

LTIF Terminals

operated and managed by Odfjell

Target	2017	2018	2019
0.30	0.10	0.19	0.51

LTIF for ships is calculated as lost time injuries * 1,000,000 / number of exposure hours. For terminals, LTIF is calculated using 200,000 as multiplier. A 'lost time injury' is a fatality, permanent total or partial disability, or a lost workday case. The Total Recordable Case Frequency (TRCF) also includes restricted work cases and medical treatment cases.

We aspire to build a trusting, thriving, and knowledgeable culture, to cultivate leaders who inspire to action, and to have engaged employees who understand how they contribute to the company's purpose and strategic direction.

Safety, for people and the environment, always comes first. Over the past year, we have implemented a series of measures that continue to strengthen our safety culture.

> Every employee has both the responsibility, and the mandate, to stop unsafe work – and thereby further improve safety practices.

We have prevention measures in place which include regular health checks, and provide employees with quality health coverage and continuous health awareness. Our low turnover rate and below industry absence rate indicate that the working environment onshore and at sea can be considered healthy.

The mobility of personnel is essential for our business, and increasing digitalization allows for greater flexibility in terms of workplace and working hours. Odfjell offers a variety of exciting jobs that provide opportunities for learning and development around the world. We aim to be an attractive and engaging place to work for our current, as well as our future, workforce.

8 038

training days
for mariners in 2019

2 383
Employees
28 nationalities

1 630
seafarers

392
terminal employees

361
shipping employees on shore

The Odfjell team

Odfjell Executive Management

Harald Fotland
COO

Harald Fotland (1964) was appointed Chief Operating Officer (COO) in January 2018. He joined Odfjell in 2010 as Chief of Staff, and was appointed Senior Vice President (SVP) of Odfjell Tankers in 2015. Since January 2017, he also held the position of SVP of Odfjell's Ship Management. Previous roles include Vice President of Gard AS, and various positions within the Royal Norwegian Navy. He currently serves as board member of the Norwegian Shipowners' Mutual War Risk Insurance Association and as deputy board member of the Norwegian Shipowners' Association. Norwegian citizen. Owns 27,555 A-shares, 4,000 B-shares, no options.

Kristian Mørch
CEO

Kristian Mørch (1967) joined Odfjell as Chief Executive Officer (CEO) in 2015. Previously he was a Partner and Group CEO at Clipper Group, and before that he worked at A.P.Moller-Maersk, where his last position was COO of Maersk Tankers. He served as a member of the Odfjell Board of Directors from May 7, 2014, until his appointment as CEO on August 1, 2015. He currently serves as non-executive director in Maersk Broker and J. Lauritzen. Danish citizen. Owns 179,622 A-shares (including related parties), 3,500 B-shares, no options.

Øistein Jensen
COS

Øistein Jensen (1972) joined Odfjell as Chief of Staff (COS) in February 2016. He was previously a Director at PWC, and before that he held various managerial positions in the Royal Norwegian Navy. Norwegian citizen. Owns 31,320 A-shares (including related parties), no options.

Terje Iversen
CFO

Terje Iversen (1969) joined Odfjell as Chief Financial Officer (CFO) in 2011. Previous positions include CFO of Bergen Group, and various managerial positions with Odfjell Drilling and PWC. Norwegian citizen. Owns 31,744 A-shares, no options.

From left: Harald Fotland, Kristian Mørch, Øistein Jensen, and Terje Iversen.

Our organization

ODFJELL SE
The ultimate parent company of the Odfjell Group. Public limited company traded on the Oslo Stock Exchange.

ODFJELL GROUP
Includes Odfjell SE, subsidiaries incorporated in several countries, and the share of investments in joint ventures.

BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT

CORPORATE FUNCTIONS AND FINANCE

ODFJELL TANKERS
- Chartering and operations organization. In charge of sales, customer relations contract management and commercial operations worldwide.
- Controls and operates a fleet of around 75 ships, including owned, time- and bareboat chartered vessels, and newbuildings on order.
- Operates globally and regionally with tonnage ranging from 5,000 dwt to 75,000 dwt. The majority of the tonnage is owned and managed by Odfjell.

Locations* & Teams
Bergen, Norway
- Asia
- Asia Pacific
- Middle East, India & Africa
- Transatlantic / South America
- US / South America
- Fleet Scheduling / CPP

Houston, USA
Singapore
São Paulo, Brazil
- Flumar
- Odfjell Brazil

Dubai, UAE
Durban, South Africa
Mumbai, India
Buenos Aires, Argentina
Ulsan, Korea
Seoul, Korea
Shanghai, China
Tokyo, Japan
Santiago, Chile

*Offices in Argentina, India and Chile are manned by authorized representatives.

SHIP MANAGEMENT
- Offers complete in-house services.
- Provides direct support to ships operating in regional trades, and ships in the deep-sea fleet, as well as professional crew management.
- Monitors the services of external ship managers.

Locations & Teams
Bergen, Norway
- Fleet Management
- Maritime Personnel
- Procurement and logistics SM
- Technology
- Risk Management
- Project/Newbuilding

Manila, Philippines
- Crewing
- Shared services

São Paulo
- Flumar Ship Management

ODFJELL TERMINALS
- Operates five tank terminals at strategic locations in USA, Korea and China.
- Offers a total 1.41 million cbm of storage space in 543 tanks.
- Non-operating partner in the Noord Natie Odfjell Antwerp Terminal in Belgium.
- Includes joint venture partners.
- Cooperation with another 12 terminals in South America, partly owned by related parties.

Locations
Antwerp, Belgium
Charleston, USA
Houston, USA
Ulsan, Korea
Dalian, China
Nangang, China

Associated terminals, South America:
- Two in Argentina
- Seven in Brazil
- Two in Chile
- One in Peru

Board of Directors' Report 2019

"Odfjell strives to provide safe, efficient and cost-effective chemical tanker and tank terminal services to our customers worldwide. The company is emerging from a lengthy turnaround and is today a stronger and leaner company. We take an active role in various industry Environmental, Social and Governance (ESG) related initiatives and continuously seek improvements to remain at the forefront of our industry. We will continue to strive to be best in class on safety and quality performance within all our existing activities – and we must further improve our performance to ensure sustainable profitable levels.

Our mission is clear: Our core business is handling hazardous liquids, safely, sustainably and more efficiently than anyone else in the industry"

Board of Directors






Board of Directors

Laurence Ward Odfjell
Chair of the Board since May 4, 2010

Laurence Ward Odfjell (1965) is a member of the founding family of the company and former President of Odfjell Terminals BV. He previously served as a board member from 2004 to 2007 after working for the Odfjell family's private terminals in South America. Norwegian citizen. Owns 463,012 B-Shares and controls 25,966,492 A-shares and 7,668, 450 B-shares (including related parties). No options.

Christine Rødsæther
Board member since May 4, 2010

As a partner in Simonsen Vogt Wiig law firm, Christine Rødsæther's (1964) practice areas are international shipping and offshore related transactions, restructurings, banking and finance. Previously, she was a partner in Andersen Legal ANS and a lawyer at Wikborg, Rein & Co. Rødsæther has extensive board experience, and also serves on the board of Norwegian Finans Holding ASA/Bank Norwegian AS. Norwegian citizen. Owns no shares or options.

Jannicke Nilsson
Board member since May 9, 2012

Jannicke Nilsson (1965) is Chief Operating Officer in Equinor. She has previously held different management positions within Equinor, and central management positions in the upstream oil and gas industry. Norwegian citizen. Owns no shares or options.

Åke Gregertsen
Board member since May 6, 2013

Åke Gregertsen (1955) has held several positions in Odfjell, including President of Odfjell Terminals Houston from 1996 to 2001, and SVP at Odfjell Terminals from 2001 to 2002. Previously a consultant for Odfjell Terminals BV, of which he was also interim President in 2012. CEO of Star Shipping from 2002 to 2008 and Jebsen Management AS from 2009 to 2011. Norwegian citizen. Owns 3,000 A-shares and 28,332 B-shares. No options.

Åse Aulie Michelet
Board member since May 11, 2017

Åse A. Michelet (1952) has extensive experience as a board member of major Norwegian listed corporations. She is currently Chair of Inven2 AS, Spin Chip Diagnostics AS, and BI Norwegian Business School, and a board member of Terveystalo Plc. She is a member of DNV Council and the Control Committee. Previously, Michelet was CEO of the leading seafood producer Marine Harvest ASA (now Mowi), and has held several CEO and managerial positions at international medical companies. Norwegian citizen. Owns no shares or options.

Nils Petter Dyvik
Board member since January 20, 2020

Nils P. Dyvik (1953) has served in various capabilities for the global maritime group Wilh. Wilhelmsen. He was appointed Deputy CEO of Wilhelmsen Lines AS in 1996, followed by a period as Deputy CEO of Wilh. Wilhelmsen, CEO of Wallenius Wilhelmsen, and finally as Group CFO from 2007 to 2016. Previously, he held several managerial positions at various industry and financial companies. He has extensive board experience, lately of TGS Nopec Geophysical Co. AS, and currently at NorSea Group AS, NorSea Wind AS and the Norwegian Society for Sea Rescue. Norwegian citizen. Owns no shares or options.

Board of Directors' Report 2019

The consolidated 2019 net result for the Odfjell Group amounted to a loss of USD 37 million, compared with a net result loss of USD 211 million in 2018. Total assets by year-end amounted to USD 2,018 million, up from USD 1,842 million at the end of 2018. The cash flow from operations was USD 99 million in 2019, compared with USD 43 million in 2018. Cash and cash equivalents were USD 101 million at the end of 2019, excluding joint venture companies. Total equity at the end of 2019 amounted to USD 551 million compared to USD 601 million at the end of 2018, and the equity ratio decreased to 27.3%, from 32.6% during the year.

The operating result (EBIT) was positive, with USD 50 million in 2019 compared to a loss of USD 131 million in 2018, impacted by impairments in Odfjell Terminals in 2018. The Company showed improved financial results in 2019, but the year ended with a negative result of USD 37 million. The chemical tanker markets improved compared to 2018, but the recovery was gradual and still at low levels.

The Board is not satisfied with the financial results. However, given the continued challenging markets, the Board is pleased with the Company's continued progress to increase competitiveness. We now operate the world's most efficient stainless steel deep-sea fleet. We have invested at what appears to be the bottom of the cycle to create a commercial and operational platform, which we believe is second-to-none in the industry.

Sustainability is an integral part of our business strategy. We take an active role in various industry Environmental, Social and Governance (ESG) related initiatives and continuously seek improvements to remain at the forefront of our industry. One pillar in reducing our environmental footprint is fleet renewal. The first two of the world's largest stainless steel chemical tankers entered our fleet in 2019, and two sister vessels will follow in the first half of 2020. These four vessels mark a milestone in Odfjell's history and are the pride of our renewed fleet. All of the 30 new ships to enter our fleet between 2017 and 2020 utilize innovative technology and contribute to a more sustainable and more efficient fleet. Bow Orion winning the 2019 'Tanker Ship of the Year' award is a testament to this. And according to third-party sources our fleet initiatives mean that we are ranked as number one among our chemical tanker peers when measuring fleet average EVDI rating (Existing Vessel Design Index) vs 2008 baseline. In 2019 we also successfully transitioned to using IMO 2020 compliant fuel.

In 2019 we concluded the reorganization of Odfjell Terminals, as well as divested our terminal in Jiangyin, China at an attractive price. The terminals' corporate functions have been substantially reduced and moved to the Group's headquarters in Bergen, to strengthen the cooperation with our tanker business further. The focus for our terminal division will be to identify accretive growth opportunities at our terminal in Houston, and also to facilitate our partner's exit from the Asian terminals. Odfjell may consider tagging along with our partners in any sale of ownership in terminals in China. Odfjell has an uncompromising stance on matters of Health, Safety, and Environment. Through all our operations, new projects and initiatives, the long-term planning and the everyday tasks – whether onboard the ships, at the terminals, in the offices – we always maintain focus on safety. In 2019, we saw continued improvements in our safety performance, with no work-related injuries resulting in any permanent disability.

Odfjell embraces an investor-friendly dividend policy and in 2017, and then again in 2018, paid a dividend of NOK 1.50 per share. Gains from divestments of terminals supported these payments. Going forward, the Company continues to target regular dividend payments, and is now turning its attention from fleet renewal towards deleveraging and dividends, when earnings allow. However, based on the financial losses of 2019, the Board will not propose a dividend for FY 2019 at the 2020 Annual General Meeting.

Our balance sheet has weakened over the last few years due to negative results, but it is still considered healthy with a well-diversified debt structure and access to a wide range of funding sources and structures. During 2019, Odfjell drew down USD 376 million on existing and new credit facilities, and repaid USD 360 million on existing loan facilities, including our September 2019 bond of NOK 500 million, repaid with cash from the balance sheet. The newbuilding program remains fully financed, and there are limited refinancing needs in Odfjell going forward. In January 2020, Odfjell SE raised USD 32 million from taps in the 2022/2023 bonds, which was done at attractive levels.

Odfjell continues to make strategic progress, and we have to a large extent achieved our ambition of renewing and growing our fleet such that we now operate the world's most efficient and competitive stainless steel fleets. In 2019, spot rates improved throughout the year on main tradelanes (up 25%), and Contract of Affreightment (CoA) rates followed suit, increasing 6.5% for the year. Future tonne-mile demand outlook appears robust, and slower supply growth should in principle ensure continued recovery of our markets. The main current risk is however a global economic slowdown driven by the Coronavirus (COVID-19) and the impact on the chemical tanker market, and we, as a company, need to implement measures required to minimize the adverse impact on our staff, operations and financial results.

Chemical spot freight rates on main trade lanes improved, compared to 2018, with the most significant improvement occurring in the last quarter. Countering this development was a continued challenging rate environment on back-haul trade lanes. Total volumes carried in 2019 were 14.4 million tonnes compared to 15.1 million tonnes in 2018. This includes external pool vessels and vessels on commercial management. This constitutes approximately a 5% decrease in volumes. The number of trading days declined by around 7% or 1,800 days. The decrease was related to agreed redelivery of time charter tonnage.

Nominations under our CoA were slightly lower than the levels in 2018. The contract coverage for the year decreased to 54% of the total volume shipped against 61% in 2018. The main reason for the decrease in CoA coverage was our decision to increase spot exposure in the Middle East and our Transatlantic trade lanes, as we were not willing to renew any CoAs at unprofitable terms. With a higher share of our fleet trading in the spot market, our exposure to fluctuating spot rates increases. Based on the underlying fundamentals in our markets, we believe this strategy should be beneficial in 2020.

Average bunker fuel prices increased in the first three quarters of the year, and then dropped in the last quarter as suppliers closed out inventories in preparation for IMO 2020. CoA bunker price exposure is hedged through Bunker Adjustment Clauses (BACs) in our CoAs.

The majority of our fleet changes occurred in 2018 and 2019, but we will take delivery of another four newbuilds in 2020, together with two newbuildings on long-term time charters. All vessels will be instrumental in improving our efficiencies and unit costs through lower bunker consumption and additional cargo space. In sum, this will continue to improve our unit costs significantly. Timing is essential due to the cyclical nature of the shipping industry, and we are confident that we timed our investments right in this cyclical downturn. The establishment of two separate pools was finalized in 2019, in partnership with Chemical Transportation Group (CTG) and Shanghai Junzheng Logistics (formerly Sinochem). Odfjell has been designated Pool Manager for both pools. In early 2020, we welcomed Navig8 into the pool, alongside CTG, with four additional vessels. These pools have given Odfjell access to new, fuel-efficient vessels, in a capital-efficient way, just as a consolidation of the market for stainless steel chemical tankers is taking place. As a pool operator, Odfjell gets paid management fees from our pool partners, including profit splits. This limits Odfjell's exposure, but equally, it reduces our potential returns on these vessels.

2019 was the year in which Odfjell tackled the transition to new, sulphur-compliant fuel in line with the IMO's new regulations. Odfjell made extensive preparations, researching and understanding the implications of the new regulations. We are therefore pleased to report that the transition to new fuels was seamless, and that as of January 1, 2020, our entire fleet was consuming new, compliant fuel. We also successfully managed to renew and enter into contracts that include BACs modified to take account of the new compliant fuel. The biggest risks – escalating bunker costs and a high spread towards potential competitors with scrubbers installed – have also played out as expected: New compliant fuel is priced within a similar range as the bunker fuel previously consumed, and with a price spread that would not have made a scrubber investment economical for Odfjell.

Our tank terminal division improved its results in 2019. The US market continued to remain strong with high activity, while Europe and Asia experienced stable activity. 2019 was a year in which we continued to streamline our tank terminal portfolio, and we also restructured the holding structure, so Odfjell SE now controls 100% of the Odfjell Terminals holding company. Odfjell Terminals holds a 51% stake in three separate JV's – Odfjell Terminals US, Odfjell Terminals Asia, and 25% of the terminal in Antwerp. We also closed down the terminal headquarters in Rotterdam and moved the responsibilities to our headquarters in Bergen, Norway. These measures have further reduced our costs, and the EBITDA margin in the fourth quarter was the highest we have seen for several years at Odfjell Terminals. We sold our ownership share in the Jiangyin terminal in China at an attractive price.

At the end of 2019, our total chemical tanker fleet comprised 75 vessels, including 33 owned, five bareboat chartered, 16 time chartered vessels, 13 leased, and eight pool vessels. We are predominantly a deep-sea operator, with 64 of the 75 vessels being more than 12,000 dwt. We are still targeting a sale of our two gas vessels, but timing will depend on acceptable second-hand prices for these assets. We expect to close the Odfjell Gas joint venture following the sales.

Since May 7, 2019, the Board has comprised Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson, and Hans Smits. On January 20, 2020, Hans N.J. Smits retired from the Board and was replaced by Nils Petter Dyvik. The Audit Committee has consisted of Åke Gregertsen (Chair), Jannicke Nilsson, and Hans Smits. The Nomination Committee has comprised of Christine Rødsæther, Laurence Ward Odfjell and (Chair) Bjørg Ekornrud. The Board also has a separate Remuneration Committee, which has consisted of Laurence Ward Odfjell (Chair), Åse Aulie Michelet, and Åke Gregertsen.

Sustainability

In 2018 we launched our sustainability strategy, 'Global Operations - Our responsibility.' This document outlines our motivation, approach, priorities, and actions to minimize our environmental footprint, and our ambition to continue being a responsible company working for a sustainable future. In 2019, we continued our efforts supporting the realization of the UN Global Compact Sustainable Development Goals, as outlined in this document. The document is available on our website.

Sustainability has been an integral part of Odfjell throughout our 105-year history. We have taken continuous steps to operate safely and efficiently, be profitable, ensure that we comply with regulations, and minimize our impact on the environment. 2019 saw a massive rise in concern for sustainability among the general populace and among our stakeholders. That is why, in our annual report for 2019, we include a lot more information and data, highlighting our actions and performance on ESG matters. Our report follows the newly published Norwegian Shipowner Association's (NSA's) Guidelines for ESG reporting and Euronext's guidance on ESG reporting of January 2020.

Odfjell is a signatory to the UN Global Compact (UNGC) program. We submit 'Communication on Progress' to the UNGC Secretariat annually, including current and new goals for the coming period. In 2019 we also signed up to the UN Global Compact Sustainable Ocean Principles. As a signatory to these principles, Odfjell recognizes the urgency and global importance of a healthy ocean, and will take action to promote the well-being of the ocean for current and future generations.

Climate change poses a severe threat to healthy market dynamics. Failing to live up to expectations, failing to comply with regulations, and failing to operate in a sustainable way present significant risks to trade, locally and globally. Climate risk assessments are important for Odfjell, our fleet strategy, and operations. To contribute to achieving the targets set out in the Paris Agreement, Odfjell is acting to reduce emissions of greenhouse gases (GHG) from our ships and terminals in line, or faster than, the IMO strategy for reduction of GHG emissions. In 2019 we reduced our CO_2 emissions by 9% from 2018 levels. The board will continue to monitor climate risk and its impact on the business.

In 2019 Odfjell also joined the Getting to Zero Coalition. The coalition is a powerful alliance of more than 90 companies within the maritime, energy, infrastructure, and finance sectors, supported by key governments and IGOs. The ambition is to have commercially viable, zero-emission vessels operating along deep-sea trade routes by 2030.

Odfjell promotes diversity, inclusion, and equal opportunities for our employees. We believe it is of value to the business to have diversity in our organization, and it is also essential for us to attract talent from a broad population. In 2019, we implemented a policy to improve gender diversity in Odfjell actively, with positive results.

Odfjell is part of the Maritime Anti-Corruption Network (MACN), and the organization is growing. Odfjell takes an active role in this network to fight global corruption and facilitation payments. Since joining the MACN 'Say No' campaign, we have seen a reduction in facilitation payment requests.

Quality, Health, Safety, Security and Environment (QHSSE)

Our shipping-related Lost Time Injury Frequency (LTIF) indicator was 0.89 in 2019. This was an increase from 2018. The injuries were not serious but still classified as LTIF. All incidents happened in 1H19. The increase was taken seriously, and we implemented new measures. These actions yielded results, and in 2H19, there were no LTIs. The LTIF of the terminals operated and managed by Odfjell rose to 0.51 in 2019, compared with 0.19 in 2018. The Board was concerned about the increase in the first half of 2019 and pleased to see that the second half of 2019 was without any LTIs. The goal is zero incidents and injuries. The organization has LTIF as a KPI in the incentive system.

There have been no security incidents on Odfjell ships in 2019, although piracy and armed robberies continue to be a concern. Privately contracted security personnel are still being used to protect some transits.

Fuel efficiency measures, and subsequent reduction in emissions, continue to be a priority. Status and progress are monitored through the Annual Report and the Communication on Progress to UN Global Compact, along with participation in the Carbon Disclosure Project (CDP).

The total emissions of CO_2 (Carbon dioxide) in 2019 amounted to 1.29 million tonnes, against an overall fuel consumption of 415,070 tonnes. This is a reduction of 9.1% in CO_2. The numbers for 2018 were 1.43 million tonnes of CO_2 and 457,177 tonnes of fuel.

Based on total consumption for 2019 (both in port and at sea), Odfjell's vessels emitted, on average, 0.10 grams of SO2 per tonnes cargo transported one nautical mile (0.12 in 2018). Total SO2 emission was 16,757 tonnes down from 18,922 tonnes in 2018. Sulphur content of the fuel consumed was 8,391 tonnes, down from 9,464 tonnes in 2018. Energy Efficiency Operational Indicator (EEOI) for the Odfjell fleet was 16.07 grams of CO_2 per tonnes of cargo transported one nautical mile (g/ton-mile) compared to 17.42 in 2018. Calculations of emissions are based on the latest available data. Odfjell has not sold any ships for recycling in 2019.

Corporate Governance

The framework for our corporate governance is the Norwegian Code of Practice for Corporate Governance of October 17, 2018. Odfjell is committed to ethical business practices, honesty, fair dealing and compliance with all laws affecting our business. This includes adherence to high standards of corporate governance. The Board's statement regarding corporate governance is part of the Group's Annual Report. Our Corporate Social Responsibility Policy also focuses on quality, health, safety and care for the environment, as well as human rights, non-discrimination and anti-corruption. The Company has its Code of Conduct that addresses several of these matters. All Odfjell employees are obliged to comply with the Code of Conduct the same as our main suppliers which have to adhere to our Supplier Code of Conduct.

Business summary

We remain committed to our long-term strategy of consolidating our position as a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other special products.

By focusing on the safe and efficient operation of a versatile, sophisticated and flexible fleet of global and regional chemical tankers with cargo consolidation at our tank terminals, we seek to enhance the product stewardship we provide to our customers. The fleet is operated in complex and extensive trading patterns, meeting our customers' demand for safety, quality and the highest standards of service. Our fleet has a critical mass that enables efficient trading patterns and optimal fleet utilization. The industry, in general, continues to suffer from congestion in port due to lagging investment in port infrastructure. Comments to segment figures below are by the proportionate consolidation method.

Chemical Tankers

Gross revenues from our chemical tanker activities amounted to USD 871 million in 2019, an increase from USD 851 million in 2018. EBITDA came in at USD 184 million and EBIT at USD 39 million, compared with USD 109 million and USD 8 million respectively in 2018. EBITDA for 2019 was positively affected by a change in accounting for leases of USD 56 million and EBIT for 2019 was positively impacted with USD 6 million. Impairments of USD 2.4 million negatively impacted EBIT in 2019 (USD 5 million in 2018). Corporate costs related to Odfjell SE are included in the general and administrative expenses for chemical tankers. Total assets at year-end stood at USD 1,851 million.

The operation of chemical tankers is complex. During 2019, our ships loaded more than 600 different products comprising close to 6,000 individual parcels. Unlike vessels in most other shipping segments, our vessels may call at several berths in each port, both for loading and discharge. This is a time-consuming and costly process. During 2019, the focus was on increasing efficiency in port, which contributed to saved time and increased utilization of our fleet. We also focused on more reliable scheduling and improved customer service, in addition to launching several voyage cost-saving initiatives.

In 2019, we prepared for IMO 2020, which required us to have compliant low sulphur fuel on board all operated vessels by December 31, 2019. The transition was managed without any operational consequences. An important issue for contract renewals in 2019 was updating the bunker adjustment clauses to include the new IMO 2020 compliant fuel. We managed to renew all contracts with revised wording, which neutralizes the effects of higher bunker cost due to the transition to Very Low Sulphur Fuel Oil.

In the fourth quarter, Navig8 Chemical Tankers Inc. entered four 25,000 dwt stainless chemical tankers into Chempool 25. The vessels will be delivered in the first quarter of 2020.

In combination with, and as an extension of, our worldwide deep-sea service, our regional shipping activities encompass two distinct geographical regions; the Far East and the South America East Coast. In 2018, we merged the regional trade activity in Asia into a new trade team, and we are now further developing the regional trades in Asia for Odfjell's medium stainless steel fleet. This implies that we will be less dependent on smaller time charter vessels. Added scale through 19,000 dwt to 25,000 dwt is expected to increase economies of scale and reduce unit costs.

In South America, five vessels are managed and operated by our wholly-owned Brazilian subsidiary, Flumar. One vessel is directly owned by Flumar, while the other vessels are on internal charter parties from other Odfjell companies. The fleet is supplemented by our deep-sea vessels trading in South America. Odfjell also owns and operates two smaller chemical tankers, which primarily trade on the West Coast of South America.

We have, in 2019, closed our offices in Australia and Argentina, which will further reduce our administrative costs.

Tank Terminals

Odfjell SE owns its tank terminal business through Odfjell Terminals BV (OTBV). Lindsay Goldberg (LG) has been Odfjell's joint venture partner in OTBV's US and European terminals since 2011. In 2013, the partnership was expanded to include OTBV's global terminal operations. Following LG's decision to sell its 49% shareholding in OTBV, Odfjell has been working on restructuring its terminal business.

The objective of such restructuring is to achieve a more focused portfolio, built around terminals in key chemical hubs where we can capitalize on synergies with Odfjell Tankers and add value for our customers. We have also moved our terminal organization to Bergen and closed OTBV's former headquarters in Rotterdam and regional headquarters in Singapore.

By leveraging on Odfjell's corporate functions and strengthening the local management teams, we will serve our terminal portfolio with a lighter structure and reduced overhead costs. OTBV has become a 100% owned Odfjell entity, while LG became a direct 49% partner in the US JV company, as well as the two holding companies owning the Chinese and the Korean terminals respectively. As part of this process, Odfjell acquired LG's indirect 12.25% stake in the Noord Natie terminal in Antwerp (NNOAT) and in June 2019, LG concluded the sale of its 49% shareholding in the US JV company to funds managed by Northleaf Capital Partners.

After completing the sale of its shareholdings in the US and European terminals, LG is now in the process of selling its shareholding in the Asian terminals. Connected to this, and in line with our strategy for the terminal portfolio, Odfjell decided to tag along on LG's sale of its indirect shareholding in Odfjell Terminals (Jiangyin). The transaction closed in July 2019, and we believe the purchase price is a strong reflection of, and testimony to, the quality of the investments made in Jiangyin over the last decade. LG's sale process relating to the remaining Asian terminals is ongoing, and Odfjell may consider divesting its share of Chinese terminals.

Odfjell's existing tank terminals are located in Houston and Charleston (USA), Dalian and Tianjin (China), Ulsan (Korea), and in Antwerp (Belgium). Additionally, we have a cooperation agreement with a related party that partly owns 12 tank terminals in South America.

All terminals delivered stable earnings in 2019. Gross revenues from our share of the tank terminal activities came in at USD 70 million, compared with USD 91 million in 2018, while our share of EBITDA for 2019 amounted to USD 27 million, up from USD 24 million in 2018. Our share of EBIT for 2019 amounted to USD 18 million, compared with an EBIT of negative 84 million in the previous year. Included in the 2019 EBIT is the gain of USD 14 million from the sale of the Jiangyin terminal, whereas the 2018 EBIT reflects the loss of USD 72 million from the sale of the Rotterdam terminal. At year-end 2019, the book value of our share of tank terminal assets was USD 353 million, compared with USD 351 million at the end of 2018.

Odfjell Terminals Houston (OTH) benefited from strong storage demand in 2019 and delivered a solid financial performance for the year. The average occupancy during the year was 99.5%, while the throughput declined by 8.6% compared to 2018 due to the ongoing trade war between the US and China that reduced US export volumes. Odfjell Terminals Charleston (OTC) had an average occupancy rate of 92.9% in 2019, with a 24.3% throughput growth. We are very satisfied that Northleaf has become our new partner in our US terminals, which puts us in an excellent position to further develop our US business. Together with a new local management team, the shareholders are implementing a comprehensive efficiency and improvement program for our US terminals, and are developing plans for further expansion of OTH.

In Asia, Odfjell Terminals Dalian in China (OTD) posted another year of strong results with revenues in line with 2018 and an EBITDA margin of 66%. The joint venture in China with the Nangang Industrial Zone Port Company, Odfjell Nangang Terminals Tianjin (ONTT) continues to be negatively impacted as the development of the surrounding industrial zone has not materialized as expected. In 2018, we made a USD 10 million impairment on this terminal due to the weaker market outlook, and the investment is now entirely written off.

NNOAT in Antwerp posted a year-on-year increase in both revenues and EBITDA, mainly driven by the full-year impact of an additional 33,562 cbm of stainless steel storage capacity that came into commercial operation during the second half of 2018. The Antwerp market remains strong, and NNOAT is experiencing high demand for storage capacity. NNOAT is currently constructing another 12,700 cbm of capacity, which will come onstream in 2020 while assessing the potential for further expansion on its existing landbank.

The average occupancy of commercially available tanks of the current business, excluding divested terminals, was 93% in 2019 versus 94% in 2018.

Gas Carriers

Odfjell re-entered the LPG market in 2012 by acquiring two LPG/Ethylene carriers. In 2014, the joint venture, Odfjell Gas, ordered a total of eight vessels for agreed delivery between 2016 and 2017. Due to substantial delays, all eight vessels were canceled. The two remaining vessels are marketed for sale, and Odfjell Gas is expected to close down once an attractive price for the vessels is secured. Gross revenues, from our share in gas carrier activities in 2019, came in at USD 8 million, compared with USD 9 million in 2018. EBITDA ended at USD 2 million in 2019 versus USD 3 million in 2018. EBIT for 2019 improved to positive USD 2 million, compared with negative USD 1 million in 2018 which was impacted by an impairment.

Profit & loss for the year - consolidated

The Group's accounts have been prepared following IFRS. Gross revenues for the Odfjell Group came in at USD 872 million, up 2.5% from the preceding year. The consolidated result before taxes in 2019 was negative USD 34 million, compared with negative USD 206 million in 2018. The tax in 2019 amounted to an expense of USD 3 million, compared with an expense of USD 5 million in 2018.

EBITDA for 2019 totaled a positive USD 196 million, compared with negative USD 31 million the preceding year. In 2019 EBITDA was positively affected by a change in accounting for leases of USD 56 million and significant improvements in results from associates and joint ventures. EBIT was positive USD 50 million in 2019, compared with negative USD 131 million in 2018. Changes in accounting for leases had a positive impact on the 2019 EBIT with USD 7 million. The net result for 2019 amounted to negative USD 37 million, compared with negative USD 211 million in 2018. In 2019, we recognized an impairment of USD 3 million related to one ship and minor office equipment. Net results from associates and joint ventures increased from negative USD 139 million in 2018 to positive USD 13 million in 2019. The net result for 2019 includes Odfjell's share of the gain, from the sale of Odfjell Terminals Jiangyin, of USD 14 million. In 2018, we recognized a total loss of USD 128 million related to the sale of Odfjell Terminals Rotterdam, impairment of the investment in Odfjell Nangang Tank Terminals and impairment of gas vessels. The investment in Odfjell Nangang Tank Terminals was impaired in its entirety in 2018. The share of net results from this terminal, recognized in 2018, was a USD -2 million. No share of results from this terminal is recognized in 2019.

Net financial expenses for 2019 totaled USD 84 million, compared with USD 75 million in 2018, the increase driven by changes in accounting for leases in 2019, which increased net finance with USD 13 million. The average USD/NOK exchange rate in 2019 was 8.79 compared to 8.13 in 2018. The NOK weakened against the USD to 8.78 by December 31, 2019, from 8.69 at year-end 2018.

The cash flow from operations was USD 99 million in 2019, compared with USD 43 million in 2018. Change in accounting for leases in 2019 increased the cash flow from operations, with USD 45 million as part of lease payments in 2019 classified as financing activities. The net cash flow from investments was negative USD 123 million, related to investment in non-current assets. The cash flow from financing activities in 2019 was negative USD 42 million. The changes in lease accounting impacted the reported cash flow from financing activities negatively with USD 45 million.

The parent company (Odfjell SE) delivered a net result for the year of negative USD 21 million compared to negative USD 172 million in 2018. The 2018 result was highly influenced by impairment in investments of a total of USD 170 million. The net loss for 2019 will be allocated to other Equity. As of December 31, 2019, total equity amounted to USD 786 million.

The Annual General Meeting will be held in May 2020 at the Company's headquarters in Bergen, Norway.

According to §3.3 of the Norwegian Accounting Act, we confirm that the financial statements have been prepared on the going concern assumption.

Shares and shareholders

The Company is a SE (Societas Europaea) company subject to Act No 14 of April 1, 2005, relating to European companies. The Company's registered office is in the city of Bergen, Norway.

The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related to that.

Total shares, as of the end of December, were 86,768,948 shares, with 65,690,244 A-shares and 21,078,704 B-shares. The total shares include Odfjell SE treasury shares of 5,669,954 A-shares and 2,322 482 B-shares.

By the end of December 2019, Odfjell A- and B-shares were trading at NOK 26.50 and NOK 26.20 respectively, against NOK 29.50 and NOK 28.40 respectively at the close of 2018. In the same period, the Oslo Stock Exchange Shipping Index was positive, with 28% and the Transportation Index negative with 10%.

Key figures

The return on equity for 2019 was negative 6% and return on total assets was positive 2%. The corresponding figures for 2018 were negative 30%, and the return on total assets was negative 7%. The return on capital employed (ROCE) was 3% in 2019. Earnings per share in 2019 amounted to negative USD 0.47 (NOK 4.12), compared with USD 2.68 (NOK 21.79) in 2018.

Financial risk and strategy

With the global market as our arena, Odfjell is exposed to several risk factors. Our financial strategy is to be sufficiently prepared to withstand prolonged adverse conditions, including long-term downturns in our markets or challenging conditions in the financial markets.

Odfjell adopts an active approach to managing risk in the financial markets. This is achieved through funding from diversified sources, maintaining liquidity or credit reserves, and through systematic monitoring and management of financial risks related to currencies, interest rates, and bunkers. Hedging instruments are used to reduce the Company's exposure to fluctuations in the above-mentioned financial risks. At the same time, it may limit Odfjell's upside potential from favorable movements in these same risk factors. We carefully monitor the risk related to the market valuation of the hedging instruments, and the effect this may have on the equity ratio.

The largest single cost component affecting time charter earnings is bunkers. In 2019, this amounted to USD 187 million, equivalent to 53% of total voyage expenses, ignoring the effect of the bunker adjustment clauses. For owned and leased vessels, the bunker expenses adjusted for Bunker Adjustment Clauses (BACs) are USD 167 million. A change in the average bunker price of USD 50 per tonne equals about USD 19 million per year (or USD 764 per day) difference in time charter earnings (excluding the effect of bunker adjustment clauses). A certain portion of our bunker exposure is hedged through BACs in the freight contracts, Contracts of Affreightment (CoA). The bunker clauses in CoAs covered over 50% of the bunker exposure this year. Odfjell has zero financial bunker hedges in place for 2020 and onwards, as of December 31, 2019.

All interest bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the US, is denominated in USD. Interest rates are generally based on USD LIBOR rates. We have estimated that a 1% increase in the interest rate would reduce the result for 2019, before taxes, by around USD 10 million, ignoring the effect of any interest rate hedging in place. With our current interest rate hedging in place, about 41% of our loans were at fixed interest rates at year-end.

The Group's revenues are primarily denominated in USD. Our currency exposure relates to the net result and cash flow from voyage-related expenses, ship-operating expenses, and general and administrative expenses denominated in non-USD currencies, primarily NOK. We have estimated that a 10% decrease of the USD against the NOK would reduce the result for 2019, before taxes, by around USD 5 million, ignoring the effect of any currency hedging in place. Tank terminals outside the US generate income in non-USD currencies. Our currency hedging at the end of 2019, under which we sold USD and purchased NOK, covered about 70% of Odfjell's estimated 2020 NOK exposure. Future hedging periods may vary depending on changes in market conditions. The average USD/NOK exchange rate for open hedging positions on December 31, 2019, for 2020 was 8.77.

Liquidity and financing

Total nominal interest bearing debt as of December 31, 2019, was USD 1,144 million, compared with USD 1,131 million at the start of the year. Total debt, including debts related to rights of use of assets (IFRS16 leases), was USD 1,358 million, and cash and cash equivalents totaled USD 101 million as of December 31, 2019. The equity ratio was 27.3% compared to 32.6% as of December 31, 2018.

Odfjell's balance sheet has weakened over the last few years due to negative results, but it is still considered healthy with a well-diversified debt structure and access to a wide range of funding sources and structures. During 2019, Odfjell drew down USD 360 million on existing and new credit facilities. USD 367 million was repaid, including our September 2019 bond of NOK 500 million, which was repaid with cash from the balance sheet.

The newbuilding program remains fully financed, and there is a limited refinancing need in Odfjell in 2020. However, we continue to seek refinancing opportunities within our current capital structure to lower cash break-even on vessels and reduce our overall cost of capital.

The average maturity of the Group's total interest bearing debt is 5.3 years (4.8 years in 2018). Average maturity on mortgaged loans from financial institutions is 3.8 years (3.2 years in 2018), financial leases mature on average in 7.7 years (7.7 years in 2018), and unsecured bonds mature on average in 2.3 years (2.7 years in 2018).

Organization, working environment, and job opportunities

In 2019 we did not have any serious incidents with our personnel. We do not compromise on safety and have implemented a series of measures in 2019 as part of the ongoing safety culture initiative "It is all about attitude." Attitude triggers behavior, and with stop-work authority, our employees have both the responsibility and the mandate to raise issues promptly.

Odfjell offers a variety of exciting job opportunities around the world and aims to be an attractive and engaging place to work for our current and future workforce. We recruit and retain experienced and educated people both ashore and at sea to ensure organizational sustainability. Our target to minimize our environmental footprint requires a lot from our talent; diversity of thought, ability to come up with new solutions, and teamwork. Safety, however, is our number one priority. In addition to feedback on safety, we strive for an inclusive organizational culture that is open to general feedback from our employees.

As a company, we are taking steps to develop leadership and to create a good and constructive ship-shore interaction. In 2019, we introduced a new leadership program for senior officers and superintendents. This 5-day training program is designed to improve leadership, mental health, and communication on board. We have continued and expanded our program for improved health care for seafarers. In addition to exercise and a healthy diet on board, mental health was added to the program in 2019. We support freedom of association and, in line with local norms and regulations, adhere to various collective bargaining agreements for elements of our workforce.

The recorded absence rate at headquarters in 2019 was 1.99%. For our own pool of Odfjell and Flumar seafarers, the 2019 absence was 1.23%. As indicated by our high retention rates and below-industry absence rates, we consider the working environment onshore and at sea as healthy.

Shared purpose and direction are key elements of an engaging working environment. In recent years, we have introduced new processes and systems that allow our onshore organization to cascade goals throughout the business, to collect feedback, and to discuss performance and development regularly.

We promote diversity, inclusion, and equal opportunities for our employees. Of about 162 employees at the headquarters in Bergen, 71% are men and 29% women, while the corresponding global figures (about 547 employees in our fully-owned onshore operations) are 67% and 33% respectively. At our headquarters, 50% of our new hires in 2019 were women. Three of the seven Directors of the Board of Odfjell SE are women. Odfjell intends to follow up the requirements of Equality and Anti-Discrimination Act §26 with analysis, actions and reporting in 2020.

Remuneration of the Executive Management group

The Remuneration Committee handles the salary and other remuneration for the Executive Management Group and makes its recommendations to the Board. A description of the remuneration of the Executive Management Group and the Group's remuneration policy, including the scope and organization of bonus and share-price-related programs, is given in the Board of Directors' statement of guidelines for the remuneration of the Executive Management Group. A ceiling has been set for performance-related remuneration. The Board of Directors' statement of guidelines is considered by the General Meeting and made available to shareholders together with the Notice of the Annual General Meeting. See Note 21 in the Odfjell Group accounts for details about the remuneration of the Management in 2019.

Market development

2019 was a year in which the chemical tanker market recovered from the cyclical trough that appeared during the summer of 2018. Chemical tanker demand grew faster than supply growth for the second consecutive year, and increased competition from swing tonnage stagnated. The market was still considered weak, as it is recovering from low levels.

Global GDP growth slowed down in 2019, in line with most predictions, driven by increased trade protectionism between the US and China especially. These two nations are two of the most important markets for liquid chemicals. Although the direct impact on reduced trade of liquid chemicals has been limited, the indirect impact from slower GDP growth will impact end-user demand for chemicals. Despite slower end-user demand for chemicals, chemical shipping demand measured in tonne-miles was the strongest we have seen in many years. This has been supported by a large growth of new, export-oriented chemical production plants in the US and Middle East, which has driven shipping demand much higher than end-user demand.

The US is our single most important hub for exports and imports. We do depend on economic development in the United States, and differences in growth rate in the US and other economies, facilitating trading opportunities and arbitrage. The US GDP growth expanded through 2019 by 2.3%, a decline from 2.9% in 2018, and was before the outbreak of COVID-19 expected to grow by 2.0% in 2020 by the IMF.

All other relevant regions for us experienced modest economic growth. Brazil, which is a key area in our trades, has modestly recovered from a deep depression which also affected Odfjell. South American imports and exports have, therefore, been weak. Brazil's economy expanded by 1.2% in 2019 and is expected by the IMF to expand by 2.2% in 2020. A continued turnaround, in light of an improved economic outlook, could benefit Odfjell.

The key growth region for chemical tanker demand going forward is Asia, and China in particular. The region still has strong GDP growth supporting end-user demand for chemicals. While GDP growth rates in China have slowed down, growth rates and absolute volume demand grow materially each year. This demand will, in part, be met by significant export-oriented investments in the US and the Middle East. This will gain global market share due to its low feedstock costs, making them more competitive than high-cost producers in other regions of the world. It will lead to a structural shift, where volumes are shipped over longer distances than before and so absorb a larger portion of the chemical tanker fleet per tonne shipped. The Asia region is, therefore, a key driver in supporting continued strong chemical tanker demand going forward.

As for the tanker markets in general, 2019 improved compared to 2018, driven by slower fleet growth and preparations for new IMO 2020 regulations, with vessels being unavailable for the market due to the installation of exhaust gas cleaning systems (scrubbers). The large crude oil tankers experienced a material increase in spot earnings towards the end of the year, driven by geopolitical tensions in the Middle East and sanctions on a larger fleet, which reduced supply. This led to a supply-chain reaction, whereby the larger vessels in the clean market (LR1 + LR2) shifted into the crude trade, which led to improved spot earnings in this segment and ultimately for chemical tankers, as more MR tonnage shifted into the clean trade.

We note that most market observers expect the general tanker markets to continue to improve in 2020 and 2021, driven by a slowdown in supply growth and a structural shift, with increasing US crude exports supporting demand for the larger part of the tanker fleet. For the general market, we report an increase in the tonne-mile demand of 7.7% in our sector, so fundamentally demand is still growing. Tonne-mile demand is forecasted to grow slower in 2020 by Odfjell's research department and lead to average tonne-mile demand growth of 5% per year until 2022.

Company strategy and prospects

Odfjell strives to provide safe, efficient, and cost-effective chemical tanker and tank terminal services to our customers worldwide. Close cooperation between our shipping activities and our tank terminals offers operational and commercial benefits. In addition, the tank terminals themselves have generally proven a stabilizing factor in our overall financial performance over time, as earnings from this area are less volatile compared to earnings from our shipping activities. Even though the global economy experienced increased economic growth in 2019 and we saw increasing market rates, the market has continued to prove challenging, particularly for our chemical tankers. Main negative drivers have been continued increased fleet, in addition to increased swing tonnage from the product tanker fleet. Ordering of new chemical tankers has, however, been drastically reduced the last few years, and the chemical tanker order book is now at 6.6% of current fleet, which is considered low from a historical perspective. Consequently, we expect the supply/demand imbalance to continue to improve in the near-term.

New environmental regulations seem to trigger a need for new propulsion systems and designs, which may caution the shipping industry against making large orders for vessels running on fossil fuels into 2020. These regulations, coupled with financial institutions continuing to reduce their exposure to the shipping industry, could result in another speculative wave of orders being avoided.

World GDP growth, one of the main factors affecting overall chemical tanker demand, has until recently been expected to continue to strengthen, with sustained growth in the advanced economies, as well as increased growth in the emerging economies. Risks that could stifle a recovery would be more influx of swing tonnage and a material global economic slowdown. The outbreak of COVID-19 will have impact on the world GDP and is expected to have an adverse effect on the Group's operations, liquidity and financial results this year, but the extent and duration of these conditions over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. Odfjell is closely monitoring the impact of the ongoing virus outbreak and will implement measures required to minimize the adverse impact on our staff, operations and financial results.

Other risks relate to continuing competitive markets in 2020, fuel costs, and growing protectionism on intercontinental trade and cooperation. A prolonged and intensified trade war between US and China could potentially compound the risk to all shipping segments, including chemical tankers. However, longer-term, we believe that the chemical tanker market is fairly healthy and we still believe that 2018 was the turning point for our markets, while we realize that the longer-term consequences of the COVID-19 is highly uncertain for the time being.

Going forward, the shipping business in general and for the chemical tankers, will continue to face new challenges and opportunities. In 2018, the IMO defined their initial 2050 strategy to reduce overall emissions from shipping by 50%. Odfjell is well prepared to meet stricter regulations, but we need to act both in the short- and long-term to ensure that we stay ahead. As an integrated company, Odfjell has a history of being at the forefront of the industry, and we intend to continue to take an active part in shaping our industry and being ahead of the curve.

Odfjell is emerging from a lengthy turnaround and is today, a stronger and leaner company. Delivery of new, fuel-efficient vessels to our fleet continues in 2020. We are on track to complete our fleet renewal and tonnage ambitions at what appears to be the bottom of the cycle. Our newbuilding program is fully financed and in 2020 we will continue to build financial strength with an aim to deleverage and reduce our cash break-even level.

While taking delivery and operating new tonnage, we need to continue to strive to be best in class on safety and quality performance within all of our existing activities – and we must further improve our performance to ensure profitable levels.

Our mission is clear. Our core business is handling hazardous liquids, safely, sustainably, and more efficiently than anyone else in the industry.

Corporate Governance

Odfjell SE (Odfjell or the Company), which is the parent company in the Odfjell Group of companies (the Group), is established and registered in Norway and is governed by Norwegian law, including laws and regulations pertaining to companies and securities. The Group aims to comply with all relevant laws and regulations in all jurisdictions it operates in, as well as the Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Board (NUES) on October 17, 2018 (the Code of Practice or the Code).

The Company's Board of Directors has on February 10, 2020, approved the Corporate Governance Policy as the Company's policy for sound corporate governance in accordance with the Code of Practice. This statement is in compliance with the Corporate Governance Policy approved by the Board of Directors.

Background and applicable regulations

The Company is an SE company (Societas Europaea), subject to the Norwegian Act no. 14 of April 1, 2005 relating to European companies, as well as the Norwegian Public Limited Liability Companies Act. The Company is listed on the Oslo Stock Exchange, and thus subject to Norwegian securities legislation and stock exchange regulations.

The Norwegian Public Limited Liability Companies Act section 5-6 (4), requires that the Annual General Meeting approves the statement of Corporate Governance. Consequently, this report will be presented to the Annual General Meeting.

In accordance with the Norwegian Accounting Act section 3-3 b, Odfjell is required to give a statement on our corporate governance. The information required by the Accounting Act is included below:

1. "An overview of the recommendations and regulations concerning corporate governance that the enterprise is subject to or otherwise chooses to comply with" is included in section 1 below.

2. "Information on where the recommendations and regulations mentioned in no. 1 are available to the public" is included in section 1 below.

3. "Reasons for any non-conformance with the recommendations mentioned in no. 1" is covered under sections 4 and 7 below.

4. "A description of the main elements in the enterprises, and for entities that prepare consolidated financial statements, also the Group's (if relevant) internal control and risk management system linked to the financial reporting process" is covered under section 10 below.

5. "Articles of Association which entirely or partly expand or depart from provisions of Chapter 5 of the Public Limited Liability Companies Act" is covered under section 6 below.

6. "The composition of the Board of Directors, the Corporate Assembly, the Committee of Shareholders' Representatives and the Control Committee and any working committees related to these bodies, as well as a description of the main instructions and guidelines that apply to the work of the bodies and any committees" is covered under sections 8 and 9 below.

7. "Articles of Association governing the appointment and replacement of Directors" is covered under section 8 below.

8. "Articles of Association and authorizations empowering the Board of Directors to decide that the enterprise is to buy back or issue its own shares or equity certificates" is described in section 3 below.

1

Implementation and reporting on Corporate Governance

The framework for corporate governance, the Norwegian Code of Practice for Corporate Governance, was last updated October 17, 2018. The code can be found at Nues.no. The Code is based on a principle of 'comply or explain', implying that eventual deviations from the Code shall be explained.

Odfjell is committed to ethical business practices, honesty, fair trading and compliance with all laws and regulations affecting our business. This includes adherence to high standards of corporate governance. The Board of Directors reviews, on an annual basis, the Company's Corporate Governance Policy.

In addition to the Company's Corporate Governance Policy, Odfjell has a Corporate Social Responsibility Policy which emphasizes quality, health, safety and care for the environment, as well as human rights, non-discrimination and anti-corruption. The Company's Corporate Code of Conduct also addresses several of these issues. All Odfjell employees are obliged to comply with the Corporate Code of Conduct. The Company's Corporate Governance Policy, Corporate Social Responsibility Policy and Corporate Code of Conduct can all be found on the Company's website.

The statement below describes Odfjell's compliance with respect to each of the elements of the Norwegian Code of Practice for Corporate Governance, including explanations of any deviations.

Deviations from the Code: None.

2

Business

Odfjell is a leading company in the global market for the transportation and storage of bulk liquid chemicals, acids, edible oils and other specialized products. Odfjell owns and operates chemical tankers in global and regional trades, as well as a joint venture network of tank terminals.

Article 3 of Odfjell's Articles of Association states: The object of the Company is to engage in shipping, ship agency, tank terminals, real estate, finance and trading activities, including the transportation of freight in the Company's own vessels or chartered vessels, the conclusion of freight contracts, co-ownership agreements and cooperation agreements, ownership and operation of tank terminals, as well as investment and participation in other enterprises with a similar object and other activities related thereto.

The Article of Association can be found on the Company's website under the heading 'Corporate Governance'. The Company's Mission Statement and strategy can be found on pages 12-13 of this Annual Report.

The Company's strategy is to maintain its position as a leading logistics service provider for customers across the world through the safe, sustainable and efficient operation of deep-sea and regional chemical tankers and tank terminals worldwide.

Deviations from the Code: None.

3

Equity and dividends

Equity

Odfjell shall maintain an equity base deemed sufficient to support the Company's objectives and strategy, and to be able to withstand a prolonged period of adverse market conditions. The normal target is that the equity ratio for the Group shall remain between 30% and 40% of total assets. The Group had book equity of USD 551 million as of December 31, 2019, corresponding to an equity ratio of 27.3% using the equity consolidation method.

Subscription rights

There are currently no outstanding subscription rights as of December 31, 2019. The issuance of subscription rights must be approved by the General Meeting.

Dividend policy

Odfjell aims to provide competitive, long-term returns on the investments for its shareholders. The Company embraces an investor-friendly dividend policy and seeks to make regular dividend payments at a sustainable level.

The Board of Directors may be authorized by the General Meeting to pay dividends based on the annual accounts.

Mandates granted to the Board of Directors

According to the Norwegian Code of Practice for Corporate Governance, mandates granted to the Board of Directors to increase the Company's share capital, or purchase own shares, should be intended for a defined purpose. Mandates granted to the Board shall be limited in time to no later than the date of the next Annual General Meeting.

Power of Attorney to the Board of Directors to increase the share capital

The Board has not been assigned authority to issue new shares. Any such mandate must be approved by the General Meeting and shall be limited in time until the next Annual General Meeting.

Power of Attorney to acquire own shares

The Annual General Meeting on May 7, 2019 re-authorized the Board of Directors to acquire treasury shares limited to 17,353,788 shares with a total nominal value of NOK 43,384,474. However, the Company may not at any time own more than 10% own shares. The minimum and maximum price that is payable for the shares is respectively NOK 2.50 and NOK 250.

Within this mandate, the Board decides if, and in what way, the own shares shall be acquired and sold. New own shares can be acquired as compensation for own shares that are sold. Both the Company and its subsidiaries can acquire shares in the Company.

The present authorization is valid until the next ordinary General Meeting, but at any rate not longer than until June 30, 2020.

Deviations from the Code: None.

4

Equal treatment of shareholders and transactions with close associates

Transactions in own shares

Any transactions carried out by the Company in own shares shall be conducted over the Oslo Stock Exchange, or at prevailing arm's length prices if carried out in any other way. Such transactions will be reported to the Oslo Stock Exchange and to the wider market through immediate stock exchange releases and press releases.

Transactions with close associates

Any not immaterial transaction between the Company and any shareholder, Board Member, member of Management or any related party of these shall be reviewed by an external third party before being concluded. Material agreements shall be approved by the General Meeting according to the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be obtained in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board of Directors and Management shall notify the Board in advance if they have any material interest, direct or indirect, in any transaction entered into by the Company. In such cases they are deemed biased and not eligible to participate in the discussions or decisions.

The Board has established a policy in respect of share trading. The policy is in line with the Guidelines for Insiders issued by the Oslo Stock Exchange and applies to all employees who, in connection with their work, may gain access to price sensitive, non-public information.

Deviations from the Code: None.

5

Shares and negotiability

Class of shares

The Company's share capital is NOK 216,922,370, divided between 65 690,244 class A-shares, each with a nominal value of NOK 2.50, and 21,078,704 class B-shares, each with a nominal value of NOK 2.50.

The Company's shares shall be registered with the Norwegian Central Securities Depository (VPS).

Only holders of class A-shares shall have voting rights at Annual and Extraordinary General Meetings. In all other respects, the two classes of shares are equal, and have the same rights to dividends. In the event of issuance of bonus shares, holders of class A-shares shall be entitled to new class A-shares, and holders of class B-shares shall be entitled to new class B-shares, unless otherwise decided by the General Meeting.

The existence of two classes of shares is due to historical reasons. This is no longer a common practice on the Oslo Stock Exchange.

The Company's shares are listed on the Oslo Stock Exchange and are freely negotiable. There is no form of restriction or preemptive rights affecting negotiability included in the Company's Articles of Association. The Board is not aware of any agreements that may secure any shareholder beneficial rights to own or trade shares at the expense of other shareholders. The shares are registered in the Norwegian Central Securities Depository (VPS).

Odfjell has a self-declared trade prohibition period for Primary Insiders, starting on the day the reporting period ends (March 31, June 30, September 30 and December 31) and lasting to the public release of the periodic report. This means that, during this trade prohibition period, Primary Insiders are prohibited from trading in financial instruments issued by and/or relevant to Odfjell, or by companies in the same group.

Deviation from the Code: Odfjell has two classes of shares due to historical reasons.

6

The General Meetings of shareholders

Articles 7 and 8 of the Company's Articles of Association regulates the agenda of the Annual General Meeting, notice period and attendance.

The Board is responsible for convening both Annual and Extraordinary General Meetings. The Company shall arrange for the Annual General Meeting to be held within six months of the end of each financial year. Extraordinary General Meetings may be called in accordance with the provision of the Norwegian Limited Liability Companies Act.

The General Meeting shall elect the Chair of the Meeting.

The Chair of the Board, representatives of the Board, the Nomination Committee, the Company's auditor and representatives from the Management shall participate in the Annual General Meeting.

The Annual General Meeting represents an important venue for the Board to meet and discuss with shareholders face-to-face, and to decide on important issues such as dividend payments, election and re-election of Board Members and the appointment of the auditor.

The notice convening the meeting, and other documents regarding the General Meeting, shall be available on the Company's website no later than 21 days before the date of the General Meeting. The notice shall provide sufficient information on all resolutions to be considered by the General Meeting, voting instructions and how to vote by proxy.

When documents concerning matters that are to be considered by the General Meeting have been made available to the shareholders on the Company's website, the requirement of the Norwegian Public Limited Liability Companies Act, that the documents shall be sent to shareholders, does not apply. This also applies to documents that are required by law to be included in, or enclosed with, the notice of the General Meeting. A shareholder may nonetheless ask to have documents sent that concern matters to be considered by the General Meeting. Shareholders who wish to attend the General Meeting must notify the Company no later than five days before the General Meeting. It is possible to register for the Annual General Meeting by mail or email.

Matters discussed at the General Meeting are restricted to those set forth in the agenda. The following matters shall be the business of the Annual General Meeting:

1. Adoption of the annual accounts and the Board of Directors' report

2. Application of any profit for the year, or coverage of any loss for the year, in accordance with the adopted balance sheet, and the declaration of dividend

3. Election of members of the Board of Directors

4. Adoption of the remuneration of the Board of Directors

5. Any other matters that by law or pursuant to the Company's Articles of Association or as stated in the notice of the Annual General Meeting

The Board, and the person that chairs the General Meeting, shall organize the election of Board Members in such a manner that the shareholders can vote on each of the proposed candidates separately. Proposals that shareholders wish the General Meeting to consider must be submitted in writing, to the Board of Directors, in sufficient time to be included in the notice of the General Meeting.

Deviations from the Code: None.

7

Nomination Committee

The Company has a Nomination Committee regulated by Article 9 of the Articles of Association. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chair and members of the nomination committee, and determine the committee's remuneration.

According to Article 9, the Nomination Committee shall consist of three members, of which at least one member shall be independent of the Board and the Company's senior management. According to the Code, the majority of the Nomination Committee shall be independent of the Board and Management. The Nomination Committee should be composed in a manner to safeguard the common interests of all the shareholders. The Nomination Committee shall propose candidates to the Board and also propose the remuneration to the Board Members. The Nomination Committee must justify its recommendations. The Nomination Committee shall aim to achieve a Board composition that acknowledges the objective of generating shareholder results, independence and experience in the relevant sectors of the Group's business activities.

The Nomination Committee currently consists of Christine Rødsæther, Laurence Ward Odfjell and (Chair) Bjørg Ekornrud.

In its work of suggesting new Board Members, the Nomination Committee should have contact with shareholders, members of the Board and the Company's Management.

Deviation from the Code: None.

8

Board of Directors – composition and independence

The Board of Directors is regulated by Article 5 of the Company's Articles of Association. The Company's Management is organized in accordance with a single-tier system and it shall have an administrative body (Board of Directors).

The Company's Board of Directors shall consist of between five and seven members.

The Annual General Meeting shall elect the Board. According to Article 5 of the Articles of Association, the Chair of the Board is elected by the Annual General Meeting for one year at a time. Board Members shall be elected for two years at a time.

The Company has no Corporate Assembly. The interests of the employees are safeguarded through an agreement between the employees and Odfjell, ensuring the involvement of employees. The employees have established a permanent Employee Representative Body. The Employee Representative Body consists of up to six representatives, from the main office in Bergen and the maritime Officers' Council.

Employee involvement at corporate level, and in most subsidiaries abroad, is also secured by various committees and councils in which Management and employee representatives - both onshore personnel and seafarers - meet to discuss relevant issues.

The Board shall be composed in a manner to safeguard the joint interests of the shareholders while taking into account the Company's need for expertise, capacity and diversity. It must be taken into consideration that the Board is able to function like a collegiate body.

The Board shall also be composed such that it can act independently of special interests. The majority of the Board Members shall be independent of the Management and important business connections, and no member of Management shall be a Board Member. In addition, at least two of the Board Members shall be independent of the Company's principal shareholders, i.e. shareholders owning more than 10% of the Company's shares or votes.

Since May 7, 2019, the Board has comprised of Laurence Ward Odfjell (Chair), Christine Rødsæther, Åke Gregertsen, Åse Aulie Michelet, Jannicke Nilsson and Hans Smits. On January 20, 2020, Hans N.J. Smits retired from the Board and was replaced by Nils Petter Dyvik. Laurence Ward Odfjell and related parties control a significant shareholding in Odfjell SE. Åke Gregertsen, Christine Rødsæther, Åse Aulie Michelet, Jannicke Nilsson and Nils Petter Dyvik are all independent Board Members. The Company believes that the Board is well positioned to act independently of the Company's Management and exercise proper supervision of the Management and its operations.

The annual report and the Company's home page contain a presentation of the Board of Directors and details of the shareholdings of all Directors, as well as information on the experience, expertise and capacity of the Board Members.

Three of the existing board members, Laurence Ward Odfjell, Christine Rødsæther and Jannicke Nilsson, are up for election at the 2020 Annual General Meeting.

The proportionate representation of gender of the Board is within the legislated target.

Deviations from the Code: None.

9

The work of the Board of Directors

The Company shall be led by an effective Board with collective responsibility for the success of the Company. The Board represents, and is responsible to, the Company's shareholders.

The Board of Directors should ensure that members of the Board of Directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the Board of Directors.

The Board's obligations include strategic management of the Company, effective monitoring of the Management, control and monitoring of the Company's financial situation, and the Company's responsibility to, and communication with, the shareholders. The Board is ultimately responsible for determining the Company's objectives, and for ensuring that the necessary means for achieving them are in place. The Board of Directors determines the Company's strategic direction and decides on matters of significance in relation to the Company's overall activities. Such matters include strategic guidelines, approval of the budgets as well as decisions on major investments and divestments. Furthermore, the Board ensures a correct capital structure and defines the dividend policy. The Board also appoints the CEO and determines his/her remuneration.

The Board shall ensure that the Company is well organized and that activities are managed in accordance with relevant laws and regulations, the Company's objectives pursuant to the Articles of Association and the applicable guidelines set by the shareholders through the General Meeting.

It is the responsibility of the Board to ensure that the Company, its management and employees operate in a safe, legal, ethical and socially responsible manner. To emphasize the importance of these issues, a company-specific Corporate Social Responsibility Policy and a Corporate Code of Conduct have been decided and implemented and apply to all throughout the organization. The Corporate Code of Conduct focuses on aspects of ethical behavior in day-to-day business activities. The Company also adheres to the UN Global Compact and reports its Corporate Social Responsibility performance accordingly. The Board shall perform such reviews which it deems necessary to fulfill its tasks. The Board shall also perform reviews requested by one or more Board Members.

Members of the Board of Directors shall notify the Board, in advance, if they have any direct or indirect not immaterial interest in any transaction planned to be entered into by the Company. In this case they are biased and not eligible to participate in the discussions. A deputy Chair shall be elected to function as Chair of the Board when the Chair of the Board for such or other reasons cannot, or should not, lead the Board's work.

The Board shall plan its work, as well as the work of the Management, according to a cycle of setting objectives, performance reviews, risk reviews, periodic reporting, regular reviews of short- and long-term strategy formulation and implementation. The roles of the Board and the CEO are separate, and the allocation of responsibilities shall be specified in writing through existing chart of authorities and job descriptions.

Each year the Board shall evaluate its performance over the previous year. The Board shall evaluate its own efforts, the performance of the Committees and the individual Board members. In order for the evaluation to be effective, the Board shall set objectives at both the collective and individual levels, against which the performances shall be measured. The results from the evaluation will not be made public but shall be available to the Nomination Committee.

The Board held eight ordinary meetings and one extraordinary meeting in 2019, with 90% Director attendance. The Board carried out a self-assessment of its work.

Audit Committee

The Audit Committee is elected by the Board and consists of minimum two Board Members; currently Åke Gregertsen (Chair) and Jannicke Nilsson. The Audit Committee reports to, and acts as a preparatory and advisory working committee for the Board. The Audit Committee acts according to an audit charter. The Company's auditor, CFO, VP Financial Control, Chief of Staff and Head of Group Controlling usually attend the committee's meetings.

The establishment of the Committee does not alter the Board's legal responsibilities or tasks.

Deviations from the Code: None.

10

Risk management and internal control

The Board shall ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems should also encompass the Company's corporate values and ethical guidelines.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements. The risk management process and the system of internal control of Odfjell shall be sufficient to ensure safe, controlled, legal and ethical business conduct and operations in all its activities around the world.

Business strategies are prepared at executive level and approved by the Board. In addition, the Board reviews annual budgeting and strategic planning processes. Financial forecasts are prepared every quarter. Actual performance is compared to budget, latest forecast and prior year on a monthly basis. Significant variances are investigated and explained through normal monthly reporting channels.

The Company has established an organizational structure supporting clear lines of communication and accountability, and rules for delegation of authority that specify responsibility.

The Company focuses on regular and relevant management reporting of both operational and financial matters, both in order to ensure adequate information for decision making and to quickly respond to changing conditions. Evaluation and approval procedures for major capital expenditure and significant treasury transactions are established.

The Board receives monthly reports on the Company's financial performance and status reports on the Group's key individual projects. Financial performance is also reported on a quarterly basis to the Board and to the Oslo Stock Exchange.

The Company's Board is kept updated on Management and Company activities through monthly reports and board updates. A safety (QHSE) update is normally the first item on the agenda of all ordinary meetings of the Board of Directors.

Odfjell's Compliance Officer ensures that the Company, and its employees, act in accordance with applicable laws and regulations, the Company's Code of Conduct, and that the Company acts in an ethical and socially responsible way. Particular attention is paid to competition law compliance, environmental licenses to operate and anti-corruption measures. Regular updates on new rules and regulations are issued to all relevant personnel in order to ensure continuous compliance. The Compliance Officer reports directly to the CEO.

The Company also regularly conducts internal audits of individual units' adherence to systems and procedures. The internal audit function provides additional assurance to the Board and the Audit Committee that key controls are operating as intended. The Company is also subject to external control functions, including auditors, ship classification societies, customer vettings, port and flag state control, and other regulatory bodies including the IMO.

Deviations from the Code: None.

11

Board members' remuneration

The remuneration of the Board shall reflect the Board's responsibilities, expertise, time commitment and the complexity of the Company's activities.

Remuneration to Board members shall be determined by the shareholders at the General Meeting. The Nomination Committee shall provide recommendations and give its reasons thereof to the General Meeting for annual remuneration to all Board Members.

Board Members are encouraged to own shares in the Company and can be paid part of their remuneration in shares.

Members of the Board do not take part in any incentive or share option schemes. The remuneration of the Board of Directors is not linked to the Company's performance. Board members should not take on assignments for the Company.

Information regarding all remuneration to the individual Board members shall be provided in the annual report. If remuneration has been paid in addition to normal directors' fees, this shall be specifically identified.

Deviations from the Code: None.

12

Management remuneration

Pursuant to Section 6-16 a) of the Norwegian Public Limited Companies Act, the Board of Directors has issued a statement regarding the determination of salaries and other remuneration for the Management. The statement is disclosed in note 21 of the annual accounts and as a separate document presented to the Annual General Meeting.

Management shall be offered competitive terms of employment in order to ensure continuity in the Management and to enable the Company to recruit suitably qualified personnel. The remuneration shall not be of such a nature or magnitude that it may impair the Company's interest or reputation.

A basic, fixed salary is the main component of the remuneration. However, in addition to the basic salary, other supplementary benefits may be provided, including, but not limited to, payments in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

Deviations from the Code: None.

13

Information and communication

Through its Corporate Governance Policy, the Board has implemented guidelines for disclosure of Company information. Reporting of financial and other information shall be based on openness and equal treatment of all interested parties. The Company provides shareholders, and the market as a whole, with information about the Company. Such information takes the form of annual reports, quarterly reports, stock exchange bulletins, press releases, information on the Company website and investor presentations, when appropriate. The Company seeks to treat all shareholders equally, in line with applicable regulations. Information distributed through the Oslo Stock Exchange, or otherwise in press releases, is published simultaneously on the Company's website, Odfjell.com. The Company aims to hold regular presentations. The financial calendar is available through stock exchange announcements and on the Company's website.

Open investor presentations are held at least twice a year in connection with Odfjell's quarterly reports. The CEO reviews and makes comments on results, market developments and prospects. Odfjell's CFO also participates in these presentations.

The presentations of the annual and quarterly reports are published via the Oslo Stock Exchange and posted on the corporate website at the same time as presented. The annual and mid-year results are presented via a live presentation, whereas reports following publication of first and third quarter results are made available through webcasts. Odfjell also maintains an ongoing dialogue with, and makes presentations to, selected analysts and investors. Care is taken to secure impartial distribution of information when dealing with shareholders, investors and analysts.

The Board shall ensure that the Company's quarterly and annual financial statements provide a correct and complete picture of the Group's financial and business position, including the extent to which operational and strategic goals have been achieved.

The Chair of the Board shall ensure that valid and relevant views of the shareholders are communicated to the entire Board.

Deviations from the Code: None.

14

Takeovers

During the course of any take-over process, the Board and Management shall do their best to ensure that all the shareholders of the Company are treated equally. The Board shall also do its best to ensure that sufficient information to assess the takeover bid is provided to the shareholders.

In the event of a take-over bid for the shares in the Company, the Board shall not seek to prevent or obstruct take-over bids for the Company's activities or shares, unless there are particular reasons for such actions. The Board shall not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the General Meeting following the announcement of the bid. In particular, the Board shall not, in such circumstances, without the prior approval of the General Meeting (i) issue shares or any other equity instruments in the Company, (ii) resolve to merge the Company with any other entity, (iii) resolve on any transaction that has a material effect on the Company's activities, or (iv) purchase or sell any shares in the Company.

If an offer is made for the shares in the Company, the Board shall issue a statement evaluating the offer and make a recommendation as to whether the shareholders should accept the offer. If the Board finds itself unable to provide such a recommendation, it shall explain and state the reasons why. The Board's statement on a take-over bid shall state whether the Board's view is unanimous, and if not, the statement shall explain the basis on which members of the Board have a deviating view. The Board shall consider whether to engage financial advisors in this respect and whether to have a valuation from an independent expert. If any member of the Board or the Management, or close associates of such persons, or anyone who has recently held such a position, is either the bidder or has a similar particular interest in the bid, the Board shall in any case arrange an independent valuation. This shall also apply if the bidder is a major shareholder in the Company. Any such valuation should be either attached to the Board's statement, be reproduced in the statement or be referred to in the statement.

Deviations from the Code: None.

15

Auditor

The Company emphasizes keeping a close and open relationship with the Company's auditor. The auditor participates in Board meetings for approval of the annual accounts. The Company's auditor shall present an annual plan for its audit work to the Audit Committee. In addition, the auditor shall review and report on the Company's internal control procedures, including identifying weaknesses and proposing improvements. The Board shall meet at least once a year with the auditor and without the Management's presence. The auditor's fees for auditing and other services are presented to the Annual General Meeting and are included in the notes to the annual accounts. The Board continuously evaluates the need for written guidelines concerning the employment of the auditor for services other than auditing. The Board believes that the auditor's independence of the Company's Management is assured. The auditor shall issue a written annual declaration confirming the auditor's independence.

In order to secure consistency in control and audits of the Group, Odfjell generally uses the same audit firm for all its subsidiaries worldwide, and currently engages EY as the Company's independent auditor.

Deviation from the Code: None.

Shareholder information

Odfjell SE shares have been listed on the Oslo Stock Exchange since 1986. We have two share classes split into A- and B-shares, where B-shares do not include voting rights.

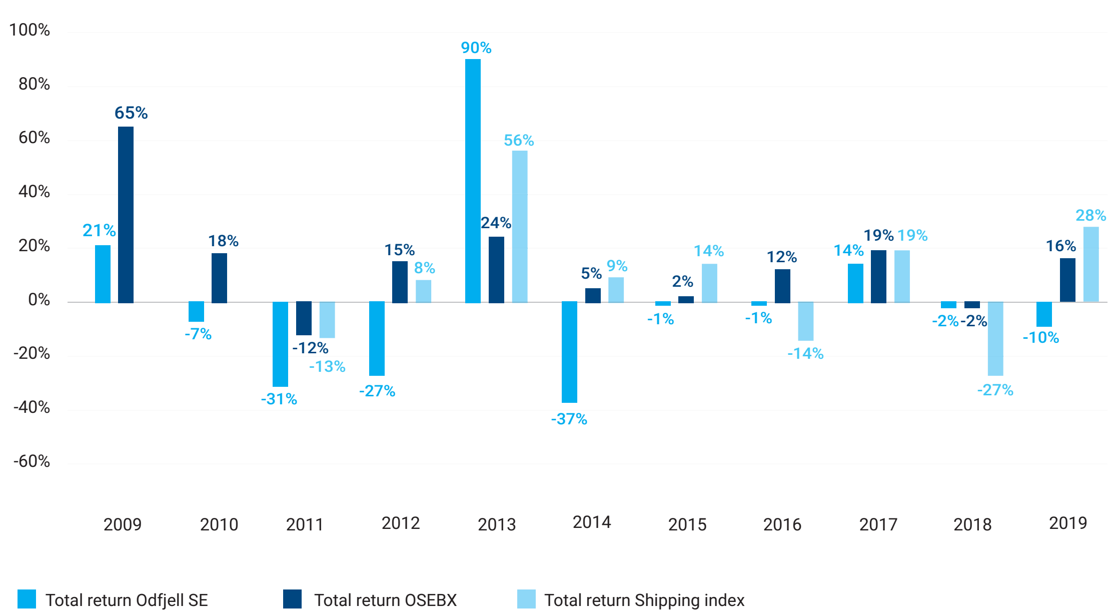
At year-end, Odfjell A- and B-shares were trading at NOK 26.50 and NOK 26.20 respectively, with a market capitalization of NOK 2,293 including treasury shares. Total return for Odfjell SE shareholders in 2019 was negative 10.2%. Over the same period, the Oslo Stock Exchange Benchmark index increased by 16.5% and the Shipping Index increased by 28.2%.

Dividend information

Odfjell paid dividends in 2016 and again in 2017, with a dividend of NOK 1.50 per share. Both of these dividend payments were supported by gains from the divestment of terminals. Based on the financial loss for FY 2019 and to ensure we maintain a strong balance sheet, the Board will not propose a dividend for fiscal year 2019 at the 2020 Annual General Meeting.

We embrace an investor-friendly dividend policy and aim for regular dividend payments at sustainable levels that reflect the company's current and future cash flow generation. We regularly review our investment needs and debt targets, but have a long-term objective to reduce outstanding debt. By reducing debt, we enable the company to generate attractive dividends alongside investments and debt repayments, through all shipping cycles.

Historical total return Odfjell vs Oslo Stock Exchange & Shipping index



"Our newbuilding program is fully financed and in 2020 we will continue to build financial strength with an aim to deleverage and reduce our cash break-even level"

Terje Iversen, CFO

Shareholders

At the end of 2019 there were 1,210 holders of Odfjell A-shares and 502 holders of Odfjell B-shares. The total number of shareholders was 1,427, reflecting that some shareholders own shares in both classes.

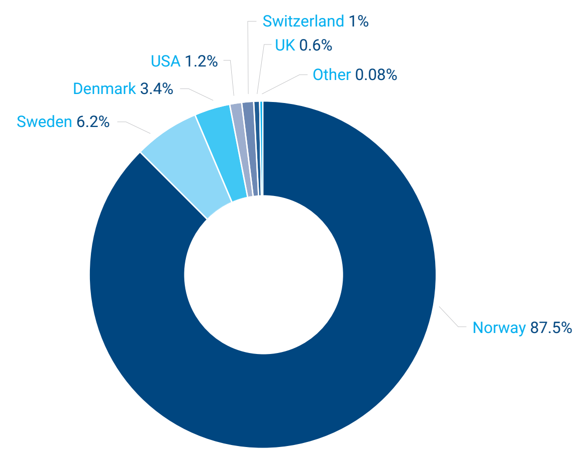
20 largest shareholders as per December 31, 2019 (based on shareholders analysis)

Name	A-shares	B-shares	Total	Percent of votes	Percent of shares
Laurence Ward Odfjell [1]	25 966 492	8 131 462	34 097 954	43.31 %	39.30%
Odfjell SE	5 669 955	2 322 482	7 992 437	[2]	9.21%
Odfjell Shipping Bermuda	3 050 000	715 760	3 765 760	5.09%	4.34%
Rederiet Odfjell AS	3 497 472	-	3 497 472	5.83%	4.03%
Pareto Asset Management	2 060 844	1 382 962	3 443 806	3.44%	3.97%
Nordea Asset Management	2 885 243	303 493	3 188 736	4.81%	3.67%
J O Invest AS	2 878 400	-	2 878 400	4.80%	3.32%
Holmen Fund Management	2 000 000	-	2 000 000	3.34%	2.30%
Private holdings less than 10k shares	1 527 114	433 724	1 960 838	2.55%	2.26%
EGD Shipholding AS	1 600 704	-	1 600 704	2.67%	1.84%
BO Steen Shipping AS	230 000	879 000	1 109 000	0.38%	1.28%
Anna Axelsson	-	1 010 000	1 010 000	-	1.16%
Credit Suisse Private Banking	549 600	288 500	838 100	0.92%	0.97%
Forsvarets Personellservice	783 300	-	783 300	1.31%	0.90%
AS SS Mathilda	600 000	150 000	750 000	1.00%	0.86%
Meteva AS	-	700 000	700 000	-	0.81%
Bergen Kommunale Pensjonskasse	200 000	460 000	660 000	0.33%	0.76%
Dimensional Fund Advisors	527 213	-	527 213	0.88%	0.61%
Ingeborg Berger	-	425 280	425 280	-	0.49%
Jakob Hatteland Holding AS	375 500	-	375 500	0.63%	0.43%
Total 20 largest shareholders	54 401 837	17 202 663	71 604 500	81.29%	82.52%
Other shareholders	11 288 407	3 876 041	15 164 448	18.71%	17.48%
Total	65 690 244	21 078 704	86 768 948	100.00%	100.00%

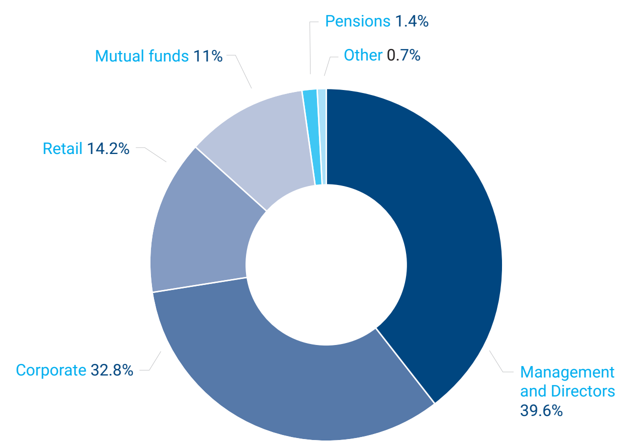
[1] Shares owned/controlled by and includes related parties
[2] No voting rights for own shares ref. Public Limited Companies Act § 5 -4

Source: VPS, RDIR

Shareholders: Geographical overview

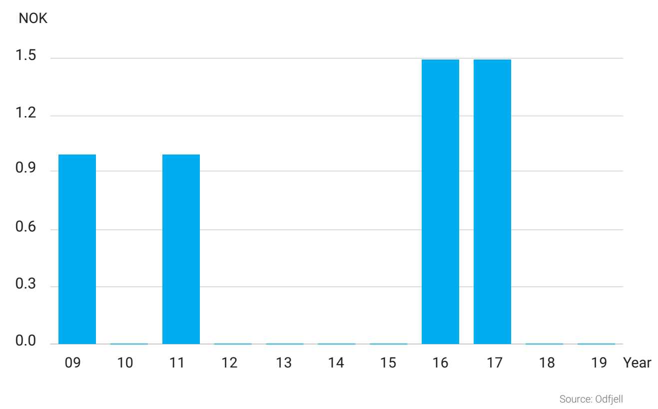


Investors by type

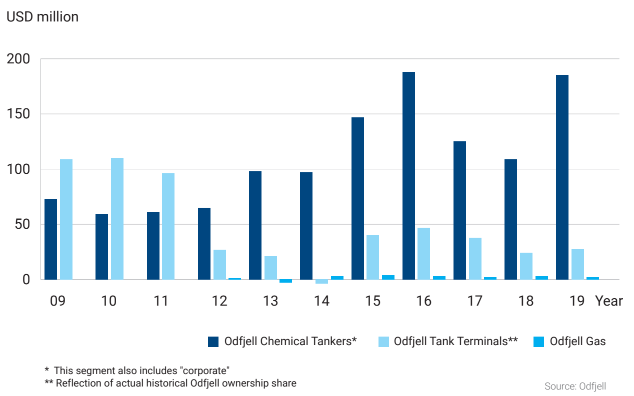


Development Odfjell shares 2019

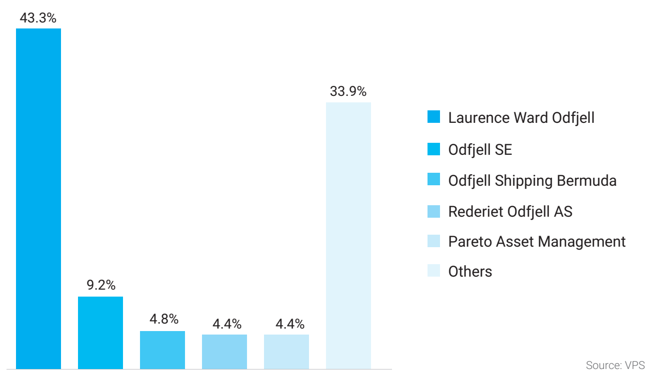
Dividends per share



EBITDA per segment (Proportionate consolidation method)



Shareholder structure (A- and B-shares)



Financial Risk Management & Sensitivities

With the global market as our arena, Odfjell is exposed to a number of risks. Our financial strategy is designed to be sufficiently robust to withstand prolonged adverse financial conditions, including long-term downturns in our markets or disruptive financial markets.

Odfjell adopts an active approach to managing financial risk. This is achieved through ensuring funding from diversified structures and sources, maintaining adequate liquidity or credit reserves at all times, and through the systematic monitoring and management of risks related to currencies, interest rates, and bunkers.

Financial derivatives are used to reduce unwanted fluctuations in the Company's net result and cash flows caused by movements in currencies, interest rates and bunker prices to which Odfjell is exposed. Similarly, financial derivatives may be used to lock-in a target return on an investment, financing, project or contract. This may also limit Odfjell's upside potential from favourable movements in the same financial risks.

Earnings

Earnings within the chemical tanker markets are less volatile than in many other shipping segments, as the universe of cargo products we transport is diversified, and our customers are industrial companies with stable logistics needs, unlike comparable tanker segments, where traders play a larger part in the overall demand drivers.

The portfolio of trade lanes and the products we transport, have historically provided a partial hedge against the negative impact of a general slowdown in demand for chemical tanker freight. Our time charter earnings are influenced by external factors such as global economic growth, the general ship-freight market, bunker prices and factors such as cargo type and cargo volume, trading pattern required by our customers, contract and spot rates, and operational efficiency. Time is of the essence, and optimal utilization of the fleet and an expedient composition of cargoes with minimal time in port, are vital to maximize our time charter earnings.

The largest single cost component affecting time charter earnings is bunker, and Odfjell makes physical purchases of bunker worldwide. In 2019, this amounted to USD 187 million, equivalent to 53% of voyage costs. A substantial part of the Group's exposure is hedged through bunker adjustment clauses in contracts of affreightments. Bunker consumption from contracts without bunker adjustment clauses and spot volumes are considered for financial hedges. Odfjell did not have any financial derivatives in place for bunker hedging as of December 31, 2019.

Sensitivity analyses show that a change in time charter earnings of 5% for our chemical tankers in freight rates after voyage costs, will impact the pre-tax net result by approximately USD 25 million. Odfjell is not engaged in the derivative market for forwarding freight agreements.

Our tank terminal activities have historically shown more stable earnings than our shipping activities. A substantial part of the tank terminal costs is fixed, and the main drivers for earnings within a tank terminal are the general market conditions, occupancy rate, the volume of cargoes handled through, and by, the terminal and operational efficiency.

Interest rates

All interest bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. The majority of these loans are floating rate with USD LIBOR as a benchmark. We use financial interest rate derivatives, mainly interest rate swaps, to reduce the variability of interest expenses on loans that arises because of changes in the USD LIBOR. As of December 31, 2019, interest rate payments corresponding to USD 350 million of loans have been swapped from floating to fixed rates.

As of December 31, 2019, Odfjell's nominal interest bearing debt was USD 1,144 million, of which approximately 41% is fixed.

Currency

The Group's revenues are primarily denominated in USD. Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR. Our NOK and EUR exposure is relatively long-term, visible and stable, and we hedge expected cash flow from these currencies for a period of up to two years, primarily through the use of forward exchange contracts. As of December 31, 2019, approximately 70% of the estimated recurring NOK exposure, and approximately 45% of the estimated EUR exposure, were hedged.

Financing and liquidity

Odfjell has a diversified debt structure and has access to a wide range of funding sources and structures from top-tier banks, export credit agencies, leasing houses and from the bond markets.

Although funding is available to Odfjell from a wide range of funding sources, shipping debt markets have changed. Several Western banks have pulled out of, or reduced their exposure to, shipping and leasing structures, primarily from China, and the private equity and project finance markets have gained significant market share. We have adapted to remain competitive and this is reflected in our current capital structure. Bank loans cover the core part of our fleet, but financial leases, time charter and bareboat agreements have financed much of our recent tonnage renewal and growth initiatives. We are also a frequent issuer of bonds and a household name in the Norwegian high yield market. Furthermore, sustainable finance and ESG have become increasingly important when it comes to access to financing and access to capital. This is a welcome trend that we expect to take advantage of, given our strong track record and active role in various ESG initiatives.

As of December 31, 2019, Odfjell's total nominal debt was USD 1,358 million, of which approximately one third was bank loans, one third was financial leases, one sixth was unsecured bonds, and one sixth was debt related to time charter and bareboat agreements (IFRS 16 leases). The average maturity of the Group's total interest bearing debt is 5.3 years.

Surplus liquidity is placed in deposits, money market funds or bonds with a high credit rating. The Group also has a USD 180 million revolving credit facility, which at year-end 2019 is fully drawn.

Cash break-even

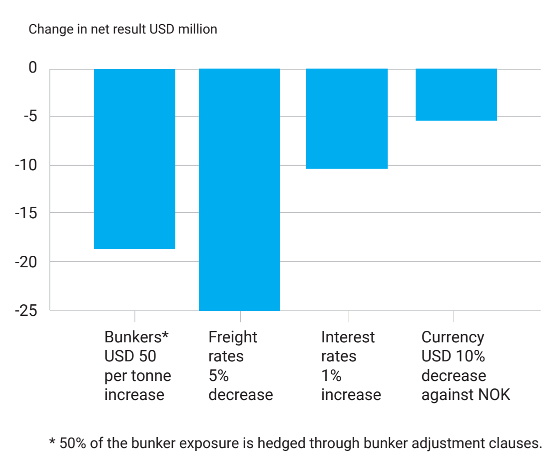
Odfjell is exposed to the natural cyclicality of the shipping industry and it is important that we have a sustainable cash flow generation across cycles to secure flexibility on capital allocation. A strategic focus is therefore to reduce our cash break-even levels by deleveraging, and extend amortization profiles to better match our vessels' trading strategy and economic life.

Our target is to reach a cash break-even level of USD 18,000 to USD 19,500 per day, which will ensure that we can generate positive cash flows throughout cycles, which again will reduce the overall market risk for Odfjell. Reduced cash break-even was achieved in all major refinancing transactions in 2019.

Tax

The Odfjell Group operates within a number of jurisdictions and tax regimes, including the Norwegian tonnage tax system and the Approved International Shipping system in Singapore. In addition, we operate under the local tax systems in Brazil. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located.

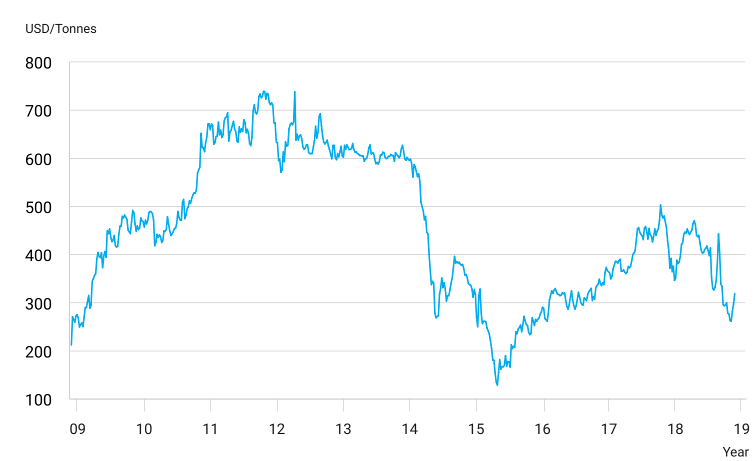
Sensitivity (excluding derivatives and bunker adjustment clauses)



* 50% of the bunker exposure is hedged through bunker adjustment clauses.

Source: Odfjell

Bunkers (3.5% barges Rotterdam)



Source: Bloomberg

Financial Statements & Notes

Odfjell Group

Odfjell SE

ODFJELL GROUP

Financial Statements
Odfjell Group

Consolidated statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2019	2018
Consolidated statement of profit or loss			
Gross revenue	4, 25, 26	872 299	850 837
Voyage expenses	18	(352 682)	(356 624)
Pool distribution	3	(55 482)	(23 926)
Time charter earnings		**464 135**	**470 287**
Time charter expenses	12	(45 453)	(146 448)
Operating expenses	19	(145 442)	(145 438)
Operating expenses, service element of leases	12	(22 096)	–
Gross result		**251 143**	**178 400**
Share of net result from associates and joint ventures	28	13 267	(139 308)
General and administrative expenses	20, 21	(68 196)	(69 742)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		**196 214**	**(30 651)**
Depreciation and amortization	11	(93 137)	(95 334)
Depreciation, IFRS 16	12	(49 986)	–
Impairment of property, plant and equipment	13	(2 727)	(5 000)
Capital gain (loss) on property, plant and equipment	11	(320)	(276)
Operating result (EBIT)		**50 044**	**(131 261)**
Interest income		4 292	6 350
Interest expenses	8	(74 217)	(73 796)
Interest expenses IFRS 16	12	(12 670)	–
Other financial items	22, 23	(1 114)	(7 313)
Net financial items		**(83 709)**	**(74 759)**
Result before taxes		**(33 665)**	**(206 020)**
Income tax expense	9	(2 979)	(4 814)
Net result		**(36 644)**	**(210 834)**
Other comprehensive income			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges changes in fair value	6	(19 522)	(3 894)
Cash flow hedges reclassified to profit or loss on realization	6	9 464	2 247
Translation differences on investments of foreign operations		109	129
Share of comprehensive income on investments accounted for using equity method	28	(1 388)	665
Share of other comprehensive income reclassified to profit or loss on disposal	28	–	9 777
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:			
Net actuarial gain/(loss) on defined benefit plans		(765)	64
Other comprehensive income		**(12 102)**	**8 988**
Total comprehensive income		**(48 746)**	**(201 846)**
Total comprehensive income allocated to:			
Non-controlling interests		–	–
Equity holders of Odfjell SE		(48 746)	(201 846)
Earnings per share (USD) - basic/diluted	14	(0.47)	(2.68)

Consolidated statement of financial position

Assets as per December 31 (USD 1 000)	Note	2019	2018
Non-current assets			
Deferred tax assets	9	673	306
Real estate	11	1 712	1 493
Ships	3, 11, 13	1 328 644	1 284 541
Newbuilding contracts	11	74 395	75 314
Right of use assets	12	207 904	–
Office equipment and cars	11	7 309	6 867
Investments in associates and joint ventures	28	161 592	170 927
Derivative financial instruments	6	–	–
Net defined pension assets	10	1 778	1 735
Non-current receivables		11 497	14 349
Total non-current assets		**1 795 504**	**1 555 563**
Current assets			
Current receivables	24	89 202	87 681
Bunkers and other inventories		28 628	27 949
Loan to associates and joint ventures	28	–	497
Cash and cash equivalents	17	100 802	167 802
Assets classified as held for sale	29	4 116	2 456
Total current assets		**222 769**	**286 384**
Total assets		**2 018 273**	**1 841 948**

Equity and liabilities as per December 31 (USD 1 000)	Note	2019	2018
Equity			
Share capital	26	29 425	29 425
Treasury shares		(2 546)	(2 566)
Share premium	26	172 388	172 388
Other equity		351 888	401 338
Total equity		**551 156**	**600 586**
Non-current liabilities			
Deferred tax liabilities	9	308	36
Pension liabilities	10	5 713	4 687
Derivative financial instruments	6	20 358	9 988
Non-current interest bearing debt	8	978 838	909 743
Lease liability, IFRS 16	8, 12	167 302	–
Other non-current liabilities		391	3 725
Total non-current liabilities		**1 172 909**	**928 180**
Current liabilities			
Current portion of interest bearing debt	8	153 428	212 880
Lease liability, IFRS 16	8, 12	46 263	–
Taxes payable	9	246	624
Derivative financial instruments	6	10 756	13 555
Other current liabilities	25	83 514	86 124
Total current liabilities		**294 207**	**313 182**
Total liabilities		**1 467 117**	**1 241 362**
Total equity and liabilities		**2 018 273**	**1 841 948**
Guarantees	16	11 732	20 577

The Board of Directors of Odfjell SE

Bergen, March 18, 2020

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Kristian Mørch
CEO

ODFJELL GROUP

Consolidated statement of cash flow

(USD 1,000)	Note	2019	2018
Cash flow from operating activities			
Result before taxes		(33 665)	(206 020)
Taxes paid in the period		(2 403)	(3 201)
Depreciation, impairment and capital (gain) loss fixed assets	11, 12, 13	146 443	100 610
Change in inventory, trade debtors and creditors (increase) decrease		(7 346)	(20 549)
Share of net result from associates and joint ventures	28	(13 267)	139 334
Unrealized changes in derivatives		(2 488)	17 959
Net interest expenses		82 595	67 446
Interest received		4 242	6 010
Interest paid		(88 745)	(73 731)
Effect of translation differences		3 546	(13 341)
Other current accruals		9 670	28 196
Net cash flow from operating activities		**98 583**	**42 714**
Cash flow from investing activities			
Sale of ships, property, plant and equipment	11	2 048	917
Investment in ships, property, plant and equipment	11	(146 807)	(169 996)
Dividend received / share capital reduction in joint ventures	28	20 735	81 128
Investment in shares		–	(24 833)
Changes in non-current receivables		760	14 026
Net cash flow from investing activities		**(123 265)**	**(98 758)**
Cash flow financing activities			
New interest bearing debt (net of fees paid)	8	369 891	299 861
Repayment of interest bearing debt	8	(367 169)	(267 847)
Repayment of lease debt	8	(44 930)	–
Re-purchase / sale of treasury shares	26	–	198
Payment of dividend		–	(14 583)
Net cash flow from financing activities		**(42 208)**	**17 629**
Effect on cash balance from currency exchange rate fluctuations		(111)	(369)
Net change in cash and cash equivalents		**(67 000)**	**(38 783)**
Cash and cash equivalents as per January 1		167 802	206 585
Cash and cash equivalents as per December 31	17	**100 802**	**167 802**

Consolidated statement of changes in equity

(USD 1 000)	Share capital	Treasury shares	Share premium	Translation differences	Cash flow hedge reserve	Pension remea-surement	OCI associates and joint ventures	Retained earnings	Total other equity	Total equity
Equity January 1, 2018	29 425	(2 764)	172 388	–	(1 994)	1 368	3 965	613 546	**616 885**	**815 934**
Other comprehensive income	–	–	–	129	(1 647)	64	10 442	–	**8 988**	**8 988**
Net result	–	–	–	–	–	–	–	(210 834)	**(210 834)**	**(210 834)**
Dividend payment	–	–	–	–	–	–	–	(14 583)	**(14 583)**	**(14 583)**
Sale of treasury shares	–	198	–	–	–	–	–	85	**85**	**283**
Other adjustments	–	–	–	30	–	(1 927)	(8 359)	11 054	**798**	**798**
Equity as at Equity December 31, 2018	**29 425**	**(2 566)**	**172 388**	**159**	**(3 641)**	**(495)**	**6 048**	**399 268**	**401 338**	**600 586**
Equity January 1, 2019	29 425	(2 566)	172 388	159	(3 641)	(495)	6 048	399 268	**401 339**	**600 586**
Other comprehensive income	–	–	–	109	(10 058)	(765)	(1 388)	–	**(12 102)**	**(12 102)**
Net result	–	–	–	–	–	–	–	(36 643)	**(36 643)**	**(36 643)**
Dividend payment	–	–	–	–	–	–	–	–	**–**	**–**
Sale of treasury shares	–	20	–	–	–	–	–	190	**190**	**210**
Other adjustments	–	–	–	–	–	–	–	(896)	**(896)**	**(896)**
Equity December 31, 2019	**29 425**	**(2 546)**	**172 388**	**268**	**(13 699)**	**(1 260)**	**4 660**	**361 919**	**351 888**	**551 156**

Notes to the Financial Statement

Note 1
Corporate information

Odfjell SE, Conrad Mohrs veg 29, Bergen, Norway, is the ultimate parent company of the Odfjell Group. Odfjell SE is a public limited company traded on the Oslo Stock Exchange with the tickers ODF and ODFB. The consolidated financial statement of Odfjell for the year ended December 31, 2019 was authorized for issue in accordance with a resolution of the Board of Directors on March 18, 2020. The Odfjell Group includes Odfjell SE, subsidiaries incorporated in several countries (see note 27 for an overview of consolidated companies), and our share of investments in joint ventures (see note 28).

Odfjell is a leading company in the global market for transportation and storage of bulk liquid chemicals, acids, edible oils and other specialty products. Through its various subsidiaries and joint ventures Odfjell owns and operates chemical tankers, gas carriers and tank terminals. The principal activities of the Group are described in note 4.

Unless otherwise specified, the 'Company', 'Group', 'Odfjell' and 'we' refer to Odfjell SE and its consolidated companies.

Note 2
Summary of significant accounting principles

2.1 Basis for preparation

The Odfjell Group has prepared its consolidated financial statements according to International Financial Reporting Standards (IFRS) approved by the EU. The consolidated financial statements have been prepared on a historical cost basis, except for defined pension obligations and derivatives which are measured at fair value.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Changes in accounting principles

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to IFRS, which have been implemented by the Group during the current financial year, first time adaption of IFRS 16 Leases, and the addition of the alternative performance measure 'Time charter earnings'.

Time charter earnings consists of gross revenue, less voyage expenses and pool distribution. The subtotal has been added in order to improve the user's understanding of the Group's financial performance. The change has no impact on any line items, net result or equity.

In addition to IFRS 16 Leases and the aforementioned alternative performance measure, the Group has applied the following standards and amendments for the first time for the reporting period commencing January 1, 2019:

- Amendment to IFRS 9; Prepayment with negative compensation–Amendment to IAS 28; Long term interest in Associates and joint ventures
- Amendment to IAS 19; Plan amendment, curtailment or Settlement
- IFRIC 23; uncertainty over income tax treatments
- Amendment to IAS 23; borrowing costs
- Except from IFRS 16 Leases, the application of the other amendments and interpretations did not have any significant impact on the financials statements for the Group.

The following amendments are effective from January 1, 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7 due to the IBOR reform

The amendments effective from January 1, 2020 provide companies with temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

For the hedging relationships where the reliefs are applied, companies are required to disclose additional qualitative and quantitative information. However, the amendments also provide an exemption from the disclosure requirements in IAS 8.28 F) related to the adjustment amounts in the current and prior period.

IFRS 16 Leases
As indicated above, the Group has adopted IFRS 16 Leases applying the modified retrospective method from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019, was 5.7%.

In periods before adoption of IFRS 16, Odfjell has entered into sale and leaseback transactions accounted for in accordance with SIC-27. Under SIC-27, the proceeds from the sale of the assets were accounted for as a financial liability and the carrying amount of the assets were kept unchanged. In our balance sheet, these assets are classified as 'ships' and not reclassified as right of use of assets. Refer to IFRS 16 C3 b).

In applying IFRS 16 for the first time, the Group has elected to account for operating leases with a remaining lease term of 12 months as at January 1, 2019 as short-term leases. Short-term leases are instead charged to the income statement as an expense. Further, we have used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The effect on the balance sheet as of January 1, 2019 is shown in Note 12. The new accounting principles for leases are disclosed in section 2.6 Leases.

2.3 Revenues from contract with customers

Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Freight revenue from transportation of liquids by sea
The Group recognizes revenue from rendering of transportation services over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognizes freight revenue over time from load port to discharge port by measuring the progress towards complete satisfaction of the services. Number of days sailed from load port compared to total estimated days until discharge port is used as a measure of progress. The method applied is the one that most faithfully depicts our progress towards complete satisfaction of the performance obligation.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception or when changes in circumstances occur and is recognized as revenue if it is highly probable that there will not be a significant reversal of revenue in a future period. The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated laytime. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from the delay occur to the discharge port).

Contract balances
Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.
Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional.

Contract liabilities: A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfills the performance obligation(s) under the contract.

Cost to obtain a contract
The Group has elected to apply the optional practical expedient for costs to obtain a contract, e.g. broker commissions, which allows the Group to immediately expense such costs when the related revenue is expected to be recognized within one year.

External pool vessels
Odfjell operates pools of ships delivering freight services to customers and external ships participate in the pools. Under IFRS 15, Odfjell acts as a principal for the 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.

2.4 Segments

Operating segments are reported in the manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board and Executive Management which makes the strategic decisions. In the internal reporting, the proportionate consolidation method is used for the Group's share of investments in joint ventures and associates. The proportionate consolidation method means that we include the Group's share of revenue and expenses in addition to our share of assets and liabilities. In the consolidated financial statements, investments in joint ventures and associates are accounted for according to the equity method. Transactions between the individual business areas are priced at market terms and are proportionately eliminated in the consolidated accounts.

2.5 Property, plant and equipment

Property, plant and equipment – including ships, newbuilding contracts, real estate, office equipment and cars – are measured at historical cost, which includes purchase price, capitalized interest and other expenses directly related to the assets. The carrying value of property, plant and equipment represents the cost less accumulated depreciation and any impairment charges. Newbuilding contracts include payments made under the contracts, capitalized interest and other costs directly associated with the newbuilding and are not depreciated until the asset is available for use.

The investment is depreciated over the remaining useful life of the asset. We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life. To assess the residual value of ships we use the current estimated recycling value. The residual value for ships is estimated by distributing the total lightweight of the ships in a stainless steel part and a carbon steel part. Steel are estimated to the market value of steel at year-end. Stainless steel is valued at 10% of the quoted nickel price at London Metal Exchange at the balance sheet date. The residual values are measured on a yearly basis and any changes have an effect on future depreciations.

Each component of property, plant and equipment that is significant to the total cost of the item is depreciated separately. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component over their useful lives. The carrying amount of ships is split into two components, ships and periodic maintenance.

Day-to-day repairs and maintenance costs are charged to the income statement during in which they are incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance, and this component is depreciated over the period until the next periodic maintenance.

Expected useful lives of property, plant and equipment are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly. Changes are valid as from the dates of estimate changes.

Capital gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the operating result. When the carrying amount of a property, plant and equipment will be recovered principally through a sale transaction rather than through continued use, they are reported at the lower of the carrying amount and the fair value less selling costs.

Property, plant and equipment are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Impairment of property, plant and equipment
The carrying amount of the Group's tangible assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Assets held for sale are excluded from the cash generating units and are assessed separately for impairment.

The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and value in use. The value in use is the net present value of future estimated cash flow from the employment of the asset. The net present value is calculated using the weighted average cost of capital as discount rate. If the recoverable amount is lower than the book value, impairment has occurred and the asset shall be revalued. Impairment losses are recognized in income statement.

Impairment losses recognized in the income statement for previous periods are reversed when there is information that the basis for the impairment loss no longer exists. This reversal is classified in the income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

2.6 Leasing

To a large extent, the Group leasing activity relates to ships where Odfjell is the lessee. The leasing contract are either bareboat or time charter parties. They are typically made for fixed periods of one year to ten years. Lease payments are normally fixed for the whole lease period.The Group also leases offices in various areas. Most charter contracts entitles the Group to either extend the lease period and / or to purchase the asset after a certain period.

The Group regularly enters into sale-leaseback transactions related to ships. For these transactions, the Group evaluates whether the transfer of the asset satisfies the requirements of IFRS 15 to account for the transfer as a sale. For transactions where the Group retains control of the asset, and obtains substantially all of the remaining benefits based on the length of the lease and/or rights to purchase the asset through options, the transaction is accounted for as a financial arrangement in accordance with IFRS 9.

For transactions which meet the criteria as a sale, the asset is derecognized and the Group recognizes a right-of-use asset equal to a proportion of the previous carrying amount consistent with the right of use retained in the transaction.

Bareboat lease contracts relates to the lease of a specific ship, while time charter contracts include the lease of the specific ship and in addition a non-lease components (crew and maintenance; operating expense). We have separated the non-lease component by estimating the operating expense based on internal sources for ships of similar classes as ships on time charter contracts. Therefore, only payments for the bareboat element are included when estimating the lease liability.

The existence of extension options and option to purchase the ships are used to maximize operational flexibility and to reduce residual value risks associated with legal ownership. The extension and purchase options are exercisable only by Odfjell. Consideration payable for extension or purchasing the underlying ship are included when estimating the lease term and lease payments only to the extent it is reasonable certain that Odfjell will exercise its options. A significant part of the leased assets relates to ships where the minimum lease term are up to eight-ten years. The likelihood of exercising options is made at commencement date, the date when the underlying asset is made available to Odfjell.

If circumstances changes as a consequence of events within the control of the Group, the likelihood of exercising the options is reassessed. Such event could be that one or more of the leased ships are needed to fulfill the Group's contracts obligations towards customers. Refer to note 3 for further information on the assessment of lease terms and options.

From January 1, 2019, leases are recognized as a right of use of assets and a corresponding liability at the date which the leased asset is available for use by Odfjell. Assets and liabilities are measured on a present value basis. The discount rate used is the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Lease liabilities include the net present value of the bareboat element.

The Odfjell Group is acting as pool manager for two pools with external pool participants. The lease payments to external pool participants are entirely variable and therefore not included when calculating the lease liability. The variable lease payment, less management fee, is charged to income statement as 'pool distributions'.

Right of use assets are measured at cost comprising the amount initial measurement of the lease liability, direct external cost associated with negotiation of the lease contract and an estimated amount of restoration cost. The latter is an estimate of mandatory dry-docking over the lease term for bareboat vessels. Right of use assets are depreciated over the lease term and depreciation is charged to the income statement as an expense.

The non-lease element, deducted from nominal lease payments when calculating the net present value of the lease liability, is charged to the income statement classified as 'operating expenses, service element of leases'.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period producing a constant periodic rate of interest on the remaining balance of the liability each period.

Payments associated with short-term leases of ships, other equipment and all leases of low value assets are recognized on a straight line basis as an expense in the income statement. Assets regarded as low value assets are equipment which need electricity to operate (e.g. copy machine, coffee machine). Short-term leases of ships are classified as 'time charter expenses' in the Group's income statement. Other short-term leases and leases of low value assets are classified as 'General and administrative expenses'.

For 2018 and prior periods, the Group applied IAS 17 Leases. According to IAS 17, leases were either accounted for as operating leases or finance leases. Leases were classified as a finance lease if it transferred substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases. Classification was made at the inception of the lease. For operating leases, the lease payments were recognized as an expense in the income statement over the lease term on a straight line basis. At the commencement of a financial lease, an asset and a liability were recognized a the lower of the fair value and the net present value of the minimum lease payment, discounted at the interest rate implicit in the lease). The lease payments were apportioned between an interest expense and reduction of the outstanding lease liability. The depreciation policy for assets held under finance leases were consistent with that for owned assets. If there were no reasonable certainty that the lessee would obtain ownership at the end of the lease, the asset was be depreciated over the shorter of the lease term or the life of the asset.

Sale and leaseback transactions that involved the legal form of a lease, but where the Odfjell Group retained all the risk and reward incident to ownership of the asset, the transaction was accounted for as a finance transaction. This implies that the asset formally sold was retained without reassessing the carrying amount and the consideration received is recognized as a liability.

2.7 Consolidation

The consolidated statements consist of Odfjell SE and its subsidiaries as at December 31 each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control, but the Group considers all facts and circumstances when assessing whether it has power over the investee.

Identified excess values have been allocated to those assets and liabilities to which the value relates. Fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the balance sheet date. Excess values are depreciated over the estimated useful lives for the relevant asset and liabilities.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2.8 Investment in joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control have the right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in joint ventures and associates are accounted for by using the equity method. Under this method, the investment is initially recognized at cost. Goodwill relating the associate or joint venture is included in the carrying amount of the investment and not tested for impairment individually.

The income statement reflects the Group's share of the net result after tax of the associate or joint venture. Any depreciation or amortization of the Group's excess values are included in the net result from the joint ventures.

Any change in other comprehensive income of the associate or joint venture is presented separately in the Group's other comprehensive income.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting principles in line with those of the Group.

Impairment of joint ventures and associates
The Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures or associates. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investments are tested for impairment as one single asset.

2.9 Currency

The consolidated financial statements are presented in USD as the Group operates in zan international market where the functional currency is mainly USD. The functional currency of the parent company is USD.

Transactions in non-USD currency are recorded at the exchange rate on the date of the transaction. Receivables and liabilities in non-USD currencies are translated at the exchange rate on the balance sheet date. All exchange rate differences are taken to the Income statement.

The balance sheet of foreign subsidiaries with functional currency other than USD is translated at the rate applicable on the balance sheet date, while the income statement is translated using the monthly average exchange rate for the accounting period. Exchange rate differences that arise as a result of this are included as exchange rate differences in other comprehensive income. When a foreign subsidiary is sold, the accumulated translation adjustment related to that subsidiary is taken to the income statement.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition
Financial assets and liabilities are recognized in the statement of financial position at the date the Group becomes a party to the contractual provisions of the financial instruments. Financial instruments are recognized at fair value, which normally equals their transaction price. Transaction costs are recognized in profit or loss, with the exception of transaction costs related to financial instruments measured at amortized cost or fair value through OCI where transaction costs adjust the instruments' carrying amount and are amortized over the expected life of the instruments.

A financial asset is derecognized when the right to receive and retain cash flows from the asset has expired, or when the rights to receive the cash flows from the financial asset and substantially all the risks and rewards from ownership of the financial asset has been transferred. A financial liability is derecognized when it is extinguished, i.e. when the financial liability is discharged, canceled or expires.

Classification and measurement
Financial assets are measured at amortized cost if their contractual cash flows are solely payment of principal and interest on the principal amount outstanding, and they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. All financial assets of the Group that are not derivatives or equity instruments meet these conditions and are measured

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at amortized cost. Derivatives and equity instruments are measured at fair value through profit or loss, with the exception of derivative instruments that are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial assets; loan to associates and joint ventures, trade receivables (included in current receivables), derivative financial instruments and cash and cash equivalents.

Financial liabilities are accounted for at amortized cost, unless they are held for trading, designated at fair value through profit or loss or are derivatives. Financial liabilities of the Group are measured at amortized cost, with the exception of derives which are either measured at fair value through profit or loss or are designated as hedging instruments in qualifying hedging relationships.

The Odfjell Group has the following financial liabilities; Long and short-term interest bearing debt, trade and other payables (included in 'other current liabilities' in the statement of financial position) and derivative financial instruments.

Impairment
Impairments are recognized based on a three-step model, where assets are classified in step 1 at initial recognition and in subsequent periods if the credit risk of the assets has not increased significantly after initial recognition. Impairment losses for assets classified in step 1 is measured as the 12-months expected credit loss. If the credit risk has increased significantly after initial recognition the financial assets shall be classified in step 2 or 3, and expected credit loss is measured at lifetime expected credit loss. When estimating expected credit loss, the Group takes into consideration historical loss experience, information about current conditions and expectations for future developments.

A simplified impairment model applies for trade receivables, where impairment losses are measured at lifetime expected credit loss irrespective of whether credit risk has increased significantly or not.

Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments to hedge foreign currency risk and commodity price risk (bunkers). Derivative financial instruments are forward currency contracts and forward commodity contracts. Such derivative financial instruments are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. Derivatives are recognized as assets if the fair value is positive and as a liability when the fair value is negative.

For the purpose of hedge accounting, the derivatives are classified as cash flow hedges and hedges highly probable future cash flows. Forward currency contracts hedges future highly probable cash outflows in NOK and forward commodity contracts hedges highly probable future purchase of bunkers nominated in USD. Interest rate swaps hedges future interest payments.

At the inception of the hedging relationship, the Group formally designates and documents the hedge relationship aligned with the risk management objective and hedging strategy.

Until the highly probable future transaction occurs, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve. Any ineffective portion is recognized in the income statement immediately as other financial items. The amount accumulated in the cash flow reserve is reclassified to profit and loss as an adjustment in the same period as the hedged cash flow affects profit and loss. In the income statement, adjustments related to forward commodity contracts are included in the line voyage expense. The adjustments related to forward currency contracts are recognized in operating expenses and general and administrative expenses. Adjustments associated with interest rate swaps are included as interest expense.

Derivative financial contracts used as hedging instruments are classified as current assets or current liabilities if they mature within 12 months after the balance sheet date. Derivative financial contracts maturing more than 12 months after the balance sheet date are classified as non-current assets or non-current liabilities.

2.11 Inventories

Bunkers, spare parts and consumables are accounted for at purchase price, on a first-in, first-out basis.

Inventories are measured at the lower of cost and net realizable value. If inventory is written down to net realizable value, the write down is charged to the income statement.

2.12 Cash and cash equivalents

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand and in bank, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

The amount of cash and cash equivalents in the cash flow statement does not include available credit facilities.

2.13 Equity

Paid in equity
(i) Share capital
Ordinary shares (A- and B-shares) are classified as equity. The paid in equity equals the nominal value per share.

(ii) Treasury shares
Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are canceled or reissued.

When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(iii) Share premium
The excess value of the total paid-in-capital not reflected in the nominal value of the shares. Transaction costs of an equity transaction are accounted for as a deduction in share premium, net of any related income tax benefit.

Other equity
(i) Translation differences
Translation differences arise in connection with currency differences when foreign entities, joint ventures and associates are consolidated. When a foreign operation is sold, the accumulated translation differences linked to the entity are reversed and recognized in profit or loss in the same period as the gain or loss on the sale is recognized.

(ii) Cash flow hedge reserve
The cash flow hedge reserve includes the total net unrealized change in the fair value of the cash flow hedge derivatives. When the hedged cash flow matures or is no longer expected to occur, the net change in fair value is transferred to the income statement.

(iii) Retained earnings
The net result attributable to and available for distribution to the shareholders. Dividends are recorded as a deduction to other equity in the period in which they are approved by the shareholders.

(iv) Pension remeasurement
The Group holds some minor defined benefit plans. Remeasurement of these defined pension obligations as a consequence of changes in assumptions, are recognized directly in equity.

(v) Other comprehensive income from associates and joint ventures

Our share of items charged directly to equity in associates and joint ventures are charged directly to Odfjell's equity as classified into this sub-item of the equity.

2.14 Taxes

The shipping activities are operated in several countries and under different tax schemes, including the ordinary tax system in Norway, the Norwegian shipping tax system and the Approved International Shipping system in Singapore. In addition, we operate under local tax systems, most importantly in Brazil.

The Group's taxes include taxes of Group companies based on taxable profit for the relevant financial period, together with tax adjustments for previous periods and any change in deferred taxes. Withholding tax on dividend received is classified as income tax. Tax credits arising from subsidiaries' distribution of dividends are deducted from tax expenses.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset the temporary differences. We recognize formerly unrecognized deferred tax assets to the extent that it has become probable that we can utilize the deferred tax asset. Similarly, the Company will reduce its deferred tax assets to the extent that it no longer can utilize these.

Deferred tax and deferred tax assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the relevant tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax and deferred tax assets are recognized irrespective of when the differences will be reversed. Deferred tax and deferred tax assets are recognized at their nominal value and are classified as non-current liabilities (non-current assets) in the balance sheet.

Companies taxed under special shipping tax systems will generally not be taxed on the basis of their net operating profit. A portion of net financial income and other non-shipping activities are normally taxed at the ordinary applicable tax rate. Taxation under shipping tax regimes requires compliance with certain requirements, and breach of such re-quirements may lead to a forced exit of the regime.

Tax payable and deferred taxes are recognized directly in equity to the extent that they relate to factors that are recognized directly in equity.

2.15 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are based on best estimates. Provisions are reviewed on each balance sheet date and reflect the best estimate of the liability. If the effect of the time value of money is material, normally more than twelve months, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is re-cognized as a finance cost.

2.17 Pension cost and liabilities

The Group operates a number of pension plans in accordance with the local conditions and practices in the countries in which it operates. Such pension plans are defined benefit plans or contribution plans according to the customary pension plans prevailing in the country concerned.

Defined benefit pension plans are pension plans with retirement, disability and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary with the Company. Generally, the schemes are funded through payments to insurance companies. The liability in respect of defined benefit pension plans is the present value of the accumulated defined benefit obligation at the balance sheet date less the fair value of plan assets. The net pension liability is calculated based on assumptions with regards to interest rates, future salary adjustments etc. These assumptions are based on historical experience and current market conditions. The cost of providing pensions is charged to income statement so as to spread the regular cost over the vesting period of the employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income.

For defined contribution plans, contributions are paid to pension insurance plans. Once the contributions have been paid, there are no further payment obligations. Contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

2.18 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

2.19 Comparatives

Comparative figures have been reclassified to conform to changes in presentation in the current year when there are changes in accounting principles, corrections of errors or operations defined as discontinued. However, Odfjell applied IFRS 16 Leases from January 1, 2019 without changing the comparable figures for 2018.

2.20 Related parties

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. The Company considers these arrangements to be on reasonable market terms.

2.21 Classification in the financial statement

Odfjell has used a classification based on a combination of nature and function in the income statement.

2.22 Alternative performance measures

From 2019, the Group has added the alternative performance measure 'Time charter earnings' to the income statement.

The subtotal consists of the line items gross revenue, less voyage expenses and pool distribution. The subtotal has been added in order to better inform the user about the Group's financial performance, and may be used in conjunction with other information to provide a better understanding of the Group's TCE/day.

Reconciliation of gross result to time charter earnings	2019	2018
Gross result	**251 143**	**178 400**
Operating expenses, service element of leases	22 096	–
Operating expenses	145 442	145 438
Time charter expenses	45 453	146 448
Time charter earnings	**464 135**	**470 287**

Note 3
Critical accounting judgment and key sources of estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree and judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Revenue from contract with customers
The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Timing of freight revenue
The Group generates its revenue from contract with customers from the transportation of liquids by sea. After commencement of a sea voyage, estimated revenue is recognized and prorated over time from a cargo is loaded to the estimated time of discharge. Estimated revenue and time from load to discharge is being updated as the voyage processes to include most recent data, and changes in estimates will impact revenue and contract balances. See note 24 and note 25 for information about contract balances.

(ii) Variable consideration - demurrage
The Group is estimating demurrage revenue as a variable consideration when delays occur and the vessel is prevented from loading or discharging cargo within the stipulated laytime. The variable consideration based on contracted price terms and estimated excess time taken to discharge or load are being recognized as part of the freight service revenue over time for the remaining voyage (from the delay occur to the discharge port). Changes in estimates related to demurrage will impact revenue and contract balances.

(iii) Principal versus agent considerations
Odfjell operates pools of ships delivering freight services to customers and external ships may participate in the pools. The Group determined that it does act as a principal, not an agent, for those external ships in the pool since the operations of the external vessels and 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.

During 2018 some vessels have been on commercial management with Odfjell (prior to entering into pool participation agreements). The Group determined that it does act as an agent, not a principal, for the ships on commercial management since Odfjell does not have the risk or ability to direct and control the freight services provided by these ships. Revenues generated by ships on commercial management are therefore not recognized as gross revenue in the income statement.

Depreciation and residual value of ships
Ships are recognized at historical cost less accumulated depreciation and any impairment charges. The cost of the ships includes the contract price, expenses related to site team and pre-delivery

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borrowings incurred. The cost less residual value is depreciated on a straight-line basis over the ships' estimated useful life.

The cost of the ships is divided into separate components for depreciation purposes. Estimated cost of first time dry-docking is deducted from the cost of the ship and depreciated separately over a period until the next dry-docking. The residual value of these the dry-docking components is zero.

Residual value is estimated based upon the latest available steel-price/stainless steel price and the lightweight of the ships. Stainless steel part of the lightweight of the ships is separately assessed and valued as part of the total residual value. Residual values are updated once a year.

Estimated useful life of the ships is 25-30 years. Estimated cost of dry-docking is depreciated over an estimated period of 5 years for ships not older than 15 years. Capitalized dry-docking for ships older than 15 years are depreciated over 2.5 years. If actual useful life of the ships differs from estimated useful life, an impairment loss could occur.

If residual value is incorrect, the future depreciation would be affected, either as a reduction if residual value is understated or as an increase in deprecation if residual value is overstated.

Determination of the lease term for right of use assets
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Extension options and/or purchase options for ships are not included in the lease liability because the group could replace the ships without significant cost or business disruption. Further, future technological development increases the likelihood of not exercising the options to extend and not to exercise purchase options. The nominal amount of lease payments not included in the lease liability is included in Note 12.

Impairment test chemical tanker vessels
The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

In determining fair value less cost of disposal we use indicative broker values from independent ship brokers. In assessing value in use, the estimated future cash flows are discounted to their present value using an average weighted cost of capital that reflects current market assessments.

CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows form other assets or group of assets. The Group has identified two CGUs within the chemical tanker segment, the deep-sea trade together with the regional South America trade, and the regional Asia trade. The Groups right-of-use assets in the Ships category are included in the deep-sea CGU.

As the Odfjell vessels within each CGU are interchangeable through a logistical system/fleet scheduling cash inflows are therefore dependent of this scheduling and chemical tankers vessels are seen together as a portfolio of vessels. In addition, the pool of officers and crew are used throughout the fleet. Odfjell has a strategy of a total crew composition and how the crew is dedicated to the individual vessels varies. Changing the crew between two vessels can change the net present value per vessel without any effect for the Group. Vessels will only be impaired if the total recoverable amount of the vessels within each CGU is lower than the carrying amount related to that CGU.

If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable since the last impairment loss was recognized. Any reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognized for the asset in prior years.

Factors that indicate impairment which trigger impairment testing may be significant decline in chemical tanker freight rates, significant decline in market values of vessels, significant under-performance compared to projected operating results, change in strategy for the business, significant negative industry or economic trends, significant loss of market share, significant unfavorable regulatory decisions. In addition, market capitalization below the book value of equity would be an indicator of impairment.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 13.

Impairment test of investments in joint ventures
After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investments in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and the carrying amount of the investment. Any impairment loss is recognized in the Income Statement as 'share of profit or loss from joint venture and associates'.

The recoverable amount is the higher of value in use and fair value less cost to sell. The entire carrying amount of the investment is tested for impairment as one single asset/one cash generating unit. If the joint venture is a group itself (a joint venture sub-group), we estimate our share of the recoverable amount of the total investment in the joint venture by adding up estimated share of the fair value less cost to sell or value in use for each underlying cash generating unit in the joint venture sub-group.

We test the investment in the Tank Terminals joint ventures for impairment. We estimate the fair value less cost to sell or value in use for the investment based on adding up Odfjell's share of the estimated values for each tank terminal which represents underlying CGUs in the joint ventures.

Note 4
Segment information and disaggregation of revenues

The operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has three reportable operating segments: Chemical Tankers, Tank Terminals and Gas Carriers.

The Chemical Tankers involve a 'round the world' service, servicing ports in Europe, North and South America, the Middle East and Asia, Australia and Africa. Our fleet composition enables us to offer both global and regional transportation.

The Tank Terminals segment offers storage of various chemical and petroleum products and is operated through joint ventures with our share owned by the subsidiary Odfjell Terminals BV. In addition, this segment plays an important operational role in our cargo-consolidation program so as to reduce the time our vessels spend in ports, reduce thereby emission in port, and enable us to be one of the world leaders in combined shipping and storage services.

The Gas Carriers segment is a joint venture who operates two LPG/Ethylene carriers. Odfjell Gas AS ordered in 2014 eight vessels for agreed delivery in 2016 and 2017, however due to substantially delays, all eight vessels have been canceled. Odfjell Gas AS is seeking to sell the two existing vessels and the assets are classified as assets held for sale in the balance sheet for the Gas Carriers segment below.

Pricing of services and transactions between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transactions between operating gross segments. These transactions are proportionately eliminated in below operating segment data.

The Group provides geographical data for revenue and total assets, as the reliability measurement criteria cannot be met for other items. The Group's activities are mainly divided among the following regions: Europe, North and South America, the Middle East and Asia, Australia and Africa. Vessels and newbuilding contracts are not allocated to specific geographical areas as they generally trade worldwide.

Operating segment data (according to the proportionate consolidation method):

	Chemical Tankers [(1)]		Tank Terminals		Gas Garriers		Eliminations		Total	
(USD million)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Gross revenue	871	851	70	91	8	9	–	–	**950**	**951**
Voyage expenses	(353)	(357)	–	–	(4)	(4)	–	–	**(356)**	**(361)**
Pool distribution	(56)	(24)	–	–	–	–	–	–	**(56)**	**(24)**
Time charter expenses	(46)	(146)	–	–	–	–	–	–	**(46)**	**(146)**
Operating expenses	(168)	(145)	(27)	(46)	(2)	(2)	–	–	**(197)**	**(194)**
General and administrative expenses	(66)	(70)	(16)	(21)	–	–	–	–	**(82)**	**(91)**
Operating result before depreciation (EBITDA)	**184**	**109**	**27**	**24**	**2**	**3**	**–**	**–**	**213**	**135**
Depreciation	(93)	(95)	(21)	(29)	(1)	–	–	–	**(115)**	**(125)**
Depreciation, IFRS 16	(50)	–	–	–	–	–	–	–	**(50)**	**–**
Impairment	(2)	(5)	(2)	(68)	–	(3)	–	–	**(5)**	**(76)**
Capital gain/loss on fixed assets/sale of business	–	–	15	(11)	–	2	–	(2)	**15**	**(11)**
Operating result (EBIT)	**39**	**8**	**18**	**(84)**	**2**	**1**	**–**	**(2)**	**59**	**(76)**
Net finance	(84)	(75)	(6)	(10)	–	(1)	–	–	**(90)**	**(85)**
Income taxes	(3)	(5)	(3)	(44)	–	–	–		**(6)**	**(49)**
Net result	**(47)**	**(71)**	**9**	**(138)**	**2**	**1**	**–**	**(2)**	**(37)**	**(211)**
Non-current assets	1 633	1 385	306	325	19	–	1	(1)	**1 959**	**1 709**
Current assets	214	276	47	27	3	3	(18)	2	**246**	**308**
Assets held for sale	4	2	–	–	–	19	–	–	**4**	**21**
Total assets	**1 851**	**1 664**	**353**	**351**	**21**	**22**	**(16)**	**2**	**2 209**	**2 039**
Equity	389	428	147	159	16	15	(1)	(1)	**551**	**601**
Non-current liabilities	1 168	928	64	171	–	–	2	–	**1 234**	**1 099**
Current liabilities	294	307	142	22	5	7	(18)	2	**424**	**339**
Liabilities held for sale	–	–	–	–	–	–	–	–	**–**	**–**
Total equity and liabilities	**1 851**	**1 664**	**353**	**351**	**21**	**22**	**(16)**	**2**	**2 209**	**2 039**
Reconciliations:										
Total segment revenue	871	851	70	91	8	9	–	–	**950**	**951**
Segment revenue from joint ventures [2)]	–	–	(69)	(91)	(8)	(9)	–	–	**(77)**	**(100)**
Consolidated revenue in income statement	**871**	**851**	**1**	**–**	**–**	**–**	**–**	**–**	**872**	**851**
Total segment EBIT	39	8	18	(84)	2	1	–	(2)	**59**	**(76)**
Segment EBIT from joint ventures [2)]	–	–	(20)	84	(2)	(1)	–	2	**(22)**	**84**
Share of net result from joint ventures [3)]	–	–	12	(138)	2	1	–	(2)	**13**	**(139)**
Consolidated EBIT in income statement	**39**	**8**	**10**	**(138)**	**2**	**1**	**–**	**(2)**	**50**	**(131)**
Total segment asset	1 851	1 664	353	351	21	22	(17)	2	**2 208**	**2 039**
Segment asset [2)]	–	–	(346)	(347)	(21)	(22)	15	1	**(352)**	**(368)**
Investment in joint ventures [3)]	–	–	146	156	16	15		–	**162**	**171**
Total consolidated assets in statement of financial position	**1 851**	**1 664**	**152**	**161**	**16**	**15**	**(2)**	**2**	**2 018**	**1 842**
Total segment liabilities	1 462	1 236	206	193	5	7	(15)	2	**1 658**	**1 438**
Segment liability [2)]	–	–	(200)	(190)	(5)	(7)	17	1	**(188)**	**(197)**
Total consolidated liabilities in statement of financial position	**1 462**	**1 236**	**6**	**3**	**–**	**–**	**2**	**3**	**1 470**	**1 241**
Capital expenditure	**(147)**	**(169)**	**(13)**	**(10)**	**–**	**–**	**–**	**–**	**(160)**	**(179)**

[1)] This segment also includes "corporate".
[2)] Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.
[3)] Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet. Reported figures in the segment note are based on recognition criteria according to IFRS.

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Gross revenue and assets per geographical area (according to the equity method)

Shipping revenue is allocated on the basis of the area in which the cargo is loaded. Total assets are allocated to the area where the respective assets are located while ships and newbuilding contracts are not allocated to a certain area as the ships sail on a worldwide basis.

	Gross revenue		Assets	
(USD 1 000)	2019	2018	2019	2018
North America	249 549	206 916	4 113	2 373
South America	188 714	214 248	18 352	22 571
Norway	409	—	199 620	258 370
The Netherlands	47 493	74 711	—	—
Other Europe	65 464	41 611	—	—
Middle East and Asia	259 957	268 254	18 776	23 788
Africa	53 705	31 860	2 323	1 607
Australasia	7 008	13 237	16	—
Investment in associates and joint ventures	—	—	161 592	170 927
Unallocated ships and newbuilding contracts	—	—	1 613 483	1 362 310
Total	**872 299**	**850 837**	**2 018 273**	**1 841 948**

Disaggregation of revenue (according to the equity method)

The Group's gross revenue (Chemical Tankers segment only) has been disaggregated and presented in the tables below:

(USD 1 000)	2019	2018
Revenue from contract with customers	862 861	836 424
Other revenue	9 438	14 413
Gross revenue	**872 299**	**850 837**
Revenue from contract with customers disaggregated by type of contract:		
Charter of Affreightment contracts	469 277	513 579
Spot contracts	393 584	322 845
Revenue from contract with customers	**862 861**	**836 424**

Note 5
Financial Risk Management

Financial risk management is carried out by the Group's treasury function. The Group has an active approach to managing financial risk, through systematic monitoring and management of risks related to currencies, interest rates and bunkers. Financial derivatives are used to reduce unwanted fluctuations in net result and cash flows caused by movements in currencies, interest rates and bunkers to which the Group is exposed to. Similarly, financial derivatives may be used to lock-in a target return on an investment, financing, project or contract. This may also limit the Group's upside potential from favorable movements in the same financial risks.

Derivatives may not be used for speculative arbitrage or investment purposes, and may not be leveraged.

Financial hedging instruments used are presented in note 6.

The below table shows sensitivities to the Group's net result before taxes and equity, due to changes in major cost components on an annual basis (calculation are based on best estimates):

(USD million)	2019		2018	
Cost component	Net Result [1]	Equity [2]	Net Result [1]	Equity [2]
Bunkers, USD 50 per tonne increase[3]	(18.7)	—	(20.5)	1.4
Interest rates, 1% increase	(10.4)	3.5	(11.3)	—
Currency, USD 10% decrease vs NOK	(5.4)	3.7	(5.5)	4.0

[1] Effect on net result, excluding derivatives and bunker adjustments clauses
[2] Change in mark to market value on existing derivatives accounted for as cash flow hedge
[3] The main part of the bunker price exposure is hedged through bunker adjustment clauses

Credit risk

Credit risk includes the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by assessing the credit quality of all customers. Outstanding customer receivables and contract balances are regularly monitored, and an impairment analysis is performed at each reporting date on outstanding trade receivables and demurrage claims. The Group considers the concentration of risk with respect to trade receivables as low.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury function in accordance with the Group's policy for financial risk management, deposits and placements. The Group maintains a low risk profile in its placement of surplus funds, and considers the concentration of risk with respect to financial derivatives and placements as low.

Maximum credit risk exposure is the carrying amount of derivatives and financial assets at amortized cost. See note 6 for details.

Liquidity risk

The Group's strategy is to ensure sufficient liquidity is available at all times to withstand prolonged adverse conditions in the markets where we operate. Surplus liquidity is placed in deposits, money market funds or bonds with a high credit rating. The Group also has a revolving credit facility.

Total interest bearing debt (excluding IFRS 16 leases) as of December 31, 2019 was USD 1 144.3 million, while cash and cash equivalents amounted to USD 100.8 million, both figures exclude joint venture companies not consolidated in the Group's accounts. The equity ratio was 27.3% compared to 32.6% per December 31, 2018.

During 2019, Odfjell drew down USD 376 million on existing and new credit facilities. The existing facilities are related to the Group's newbuilding program.

See note 8 for information about interest bearing debt maturities.

Currency risk

Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR.

Per December 31, 2019, approximately 70% of the estimated recurring NOK exposure and approximately 45% of the estimated recurring EUR exposure was hedged using forward exchange contracts. For further information on currency exposure, see notes 6 and 23.

Bunker risk

Bunker is the single largest component of voyage related expenses, and the Group makes physical purchases of bunker worldwide. A substantial part of the Group's exposure is hedged through bunker adjustment clauses in contracts of affreightments. Bunkers consumption from contracts without bunker adjustment clauses and spot volumes are considered for financial hedges. The Group did not have any financial derivatives in place for bunker hedging per December 31, 2019.

Interest rate risk

The Group uses financial interest rate derivatives, mainly interest rate swaps, to reduce the variability of interest expenses on loans that arises because of changes in the USD LIBOR. Per December 31, 2019, interest rate payments corresponding to USD 350 million of loans have been swapped from floating to fixed rate.

Note 6
Financial assets and financial liabilities

Assets and liabilities are classified in the Statement of Financial position sheet as follows:

Classification of assets and liabilities as at December 31, 2019:

(USD 1 000)	Held for sale	Derivatives held as hedge instrument [1]	Derivatives at fair value through profit and loss[1]	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2019
Assets							
Cash and cash equivalents	—	—	—	100 802	—	—	**100 802**
Derivative financial instruments	—	—	20	—	—	—	**20**
Current receivables	—	—	—	83 899	—	5 304	**89 202**
Non-current receivables	—	—	—	13 276	—	—	**13 276**
Loan to associates and joint ventures	—	—	—	—	—	—	**—**
Other non-financial assets	—	—	—	—	—	1 810 857	**1 810 857**
Assets held for sale	4 116	—	—	—	—	—	**4 116**
Total assets	**4 116**	**—**	**20**	**197 976**	**—**	**1 816 161**	**2 018 273**
Liabilities							
Other current liabilities	—	—	—	—	40 163	43 352	**83 514**
Derivative financial instruments	—	19 371	11 743	—	—	—	**31 114**
Interest bearing debt	—	—	—	—	1 345 832	—	**1 345 832**
Other non-current liabilities	—	—	—	—	391	—	**391**
Other non-financial liabilities	—	—	—	—	—	6 266	**6 266**
Total liabilities	**—**	**19 371**	**11 743**	**—**	**1 386 385**	**49 618**	**1 467 117**

[1] Items measured at fair value.

Classification of assets and liabilities as at December 31, 2018:

(USD 1 000)	Held for sale	Derivatives held as hedge instrument [1]	Derivatives at fair value through profit and loss [1]	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2018
Assets							
Cash and cash equivalents	–	–	–	167 802	–	–	**167 802**
Derivative financial instruments	–	–	–	–	–	–	**–**
Current receivables	–	–	–	84 555	–	3 126	**87 681**
Non-current receivables	–	–	–	14 381	–	–	**14 381**
Loan to associates and joint ventures	–	–	–	497	–	–	**497**
Other non-financial assets	–	–	–	–	–	1 569 131	**1 569 131**
Assets held for sale	2 456	–	–	–	–	–	**2 456**
Total assets	**2 456**	**–**	**–**	**267 235**	**–**	**1 572 257**	**1 841 948**
Liabilities							
Other current liabilities	–	–	–	–	29 285	56 839	**86 124**
Derivative financial instruments	–	3 642	19 901	–	–	–	**23 543**
Interest bearing debt	–	–	–	–	1 122 623	–	**1 122 623**
Other non-current liabilities	–	–	–	–	3 725	–	**3 725**
Other non-financial liabilities	–	–	–	–	–	5 346	**5 346**
Total liabilities	**–**	**3 642**	**19 901**	**–**	**1 155 634**	**62 185**	**1 241 362**

[1] Items measured at fair value.

Fair value of financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity access at the measurement date, and level 2 is input other than quoted prices that are observable for the asset or liability, either directly or indirectly. For some non-derivative financial assets and liabilities, we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. interest bearing debt except bond loans, current receivables and payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments are recognized in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets. For cash and cash equivalents and current liabilities, the carrying amount is considered to be a reasonable estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be a reasonable estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on quoted market prices.

Bond debt had a market value of USD 197 million as per December 31, 2019 compared to carrying amount of USD 194 million. Correspondingly, market value was USD 254 million as per December 31, 2018 compared to carrying amount of USD 253 million.

	2019		2018	
(USD 1000)	Level 1	Level 2	Level 1	Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	–	20	–	–
Financial liabilities at fair value:				
Derivatives instruments - non hedging	–	11 743	–	19 901
Derivatives instruments - hedging	–	19 371	–	3 642

Cash flow hedging

The Group's currency, interest and bunkers exposure is long-term, visible and relatively stable. Derivatives used to hedge these expenses is usually classified as cash flow hedges and accounted for at fair value. Changes in fair value prior to maturity is accounted for under assets or liabilities and other comprehensive income. At maturity, the result of the hedging transactions is accounted for in the account to the underlying exposure e.g. voyage-, operating-, general and administrative-, or financial expenses.

Currency
Future expenses in the major non-USD currencies are estimated based on actual periodic expenses, adjusted for anticipated changes. Expected cash flows are hedged in accordance with the Group's guidelines, primarily by the use of forward exchange contracts for a period of up to two years.

Significant non-recurring exposures relating to e.g. dividends, investments or sales, can be hedged as the obligation is fixed and definite, but would typically not qualify for hedge accounting and thus be classified as non-hedging.

Bunkers
A substantial part of the Group's bunker exposure is covered through bunkers adjustment clauses in contracts of affreightments. Bunker consumption from contracts without bunker adjustment clauses and spot volumes are considered for financial hedges using forward purchase contracts and options for a period of up to two years. Bunker adjustment clauses in new contracts for larger volumes or longer contract periods can be tightened in the financial markets on a case-by-case basis.

Interest rates
The Group uses financial interest rate derivatives, mainly interest rate swaps for a period of up to ten years, to reduce the variability of interest expenses that arises because of changes in the USD LIBOR on mortgaged loans, financial leases and unsecured bonds.

Fair value hedging

From time to time, the Group will issue non-USD denominated debt instruments and swap interest payments and principal back to USD if the combined cost of the debt instrument and swap is deemed lower than issuing the same in USD. These cross-currency derivatives are classified as fair value hedges and measured at market value with a corresponding offsetting change in market value of the underlying debt instrument.

Per December 31, 2019, unsecured NOK bonds total NOK 1 700 million has been hedged to USD 202 million.

Non hedging

Changes in market value prior to maturity for derivatives that do not qualify for hedge accounting, and the result of the derivative transaction at maturity, are accounted for under Other financial items in the Group's net result.

The below overview reflects status of hedging and non-hedging exposure December 31, 2019 (figures in 1 000):

					Time to maturity – USD amounts			
Currency	Sold	Bought	Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD 41 065	NOK 360 000	8.77	(83)	41 065	–	–	41 065
	USD 13 748	EUR 12 000	1.15	(122)	13 748	–	–	13 748

					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD 350 000		2.98%	(19 166)	–	100 000	250 000	350 000
Non hedge, index swap [2]	USD 3 000		1.96%	20	3 000	–	–	3 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	Sold		Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge[3]	USD 201 802	From NOK to USD	5.92%	(11 743)	–	201 802	–	201 802

[1] Mark to market valuation
[2] All non hedge interest rate swaps are classified as current assets/liabilities
[3] Related to NOK bonds issued by Odfjell SE

The below overview reflects status of hedging and non-hedging exposure December 31, 2018 (figures in 1 000):

					Time to maturity – USD amounts			
Currency	Sold	Bought	Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	USD 46 720	NOK 381 000	8.15	(2 481)	46 720	–	–	46 720

					Time to maturity – USD amounts			
Interest rates			Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Non hedge, interest rate swaps[2]	USD 350 000		2.98%	(5 671)	–	100 000	250 000	350 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps			Avg. rate	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge[3]	USD 263 227	From NOK to USD	6.06%	(14 230)	61 425	201 802	–	263 227

					Time to maturity – USD amounts			
Bunker			Avg. Price	MTM[1]	<1 year	1 – 5 years	> 5 years	Total
Cash flow hedging	27 600 tonnes		505.05	(1 161)	27 600	–	–	27 600

[1] Mark to market valuation
[2] All non hedge interest rate swaps are classified as current assets/liabilities
[3] Related to NOK bonds issued by Odfjell SE

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Negative value MTM of the cross currency swaps related to the three outstanding bond loans of in total USD 193.6 million (USD 253.1 million in 2018), amounts to USD 11.7 million (USD 14.2 million in 2018) per December 31, 2019. Accumulated currency gain recognized related to the same bond loans amounts to USD 10.6 million as of December 31, 2019 (USD 14.5 million as of December 31, 2018).

Derivative financial instruments recognized as assets/liabilities on the balance sheet:

(USD 1000)	2019	2018
Bunkers	–	(1 161)
Currency	(205)	(2 481)
Basis swaps (interest and currency)	(30 889)	(19 901)
Derivative financial instruments	**(31 094)**	**(23 543)**

Hedging reserve recognized in statement of other comprehensive income

The table below shows fluctuations in the hedging reserve in the statement of other comprehensive income from cash flow hedges (see Statement of other comprehensive income) divided between the different types of hedging contracts:

(USD 1 000)	Interest rate swaps	Currency exchange contracts	Bunker contracts	Total hedging reserve
Balance sheet as at Balance sheet as at 1 January, 2018	**–**	**(1 994)**	**–**	**(1 994)**
Fluctuations during the period:			–	
-Gains/losses due to changes in fair value	–	(2 734)	(1 161)	(3 894)
-Transfer to income statement	–	2 247	–	2 247
-Transfers to investment	–	–	–	–
Balance sheet as at Balance sheet as at 31 December, 2018	**–**	**(2 481)**	**(1 161)**	**(3 641)**
Fluctuations during the period:				
-Gains/losses due to changes in fair value	(20 367)	(1 293)	2 139	(19 522)
-Transfer to income statement	6 872	3 570	(978)	9 464
Balance sheet as at Balance sheet as at 31 December, 2019	**(13 495)**	**(204)**	**–**	**(13 699)**

Note 7
Capital management

The main objective of the Group's capital management policy is to maintain healthy capital ratios and ensure sufficient availability of liquidity to support the general business and take advantage of investment opportunities. Another objective is to ensure the Group has a robust capital structure that is able to withstand prolonged adverse conditions in significant risk factors, such as long-term down-cycles in our markets and unfavorable conditions in the financial markets.

The Group manages the capital structure and makes adjustments to maintain a structure adapted to current economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments, buy treasury shares, redeem shares or issue new shares.

The Group monitors its capital using the book equity ratio and available liquidity, being the sum of cash and cash equivalents and available drawing facilities, as the primary measurements. The Group's policy is to maintain an equity ratio between 30% and 40% and available liquidity of USD 150 - 200 million throughout market cycles.

(USD 1 000)	2019	2018
Equity	551 156	600 586
Total assets	2 018 273	1 841 948
Assets held for sale	4 116	2 456
Equity ratio (equity method)	27.3%	32.6%
Current ratio	0.7	0.9
Cash and cash equivalents	100 802	167 802
Total available liquidity	**100 802**	**167 802**

For liquidity risk see note 6.

Note 8
Total debt

Total debt includes Interest bearing debt and Debt related to rights of use of assets. Interest bearing debt includes mortgage loans from financial institutions, unsecured bonds and other financial liabilities. Interest rates are generally floating rate. Debts related to Rights of use of assets are fixed rate.

(USD 1 000)	Interest rate year-end 1)	2019	2018
Mortgaged loans from finance institutions	4.26%	448 516	447 205
Other financial liabilities 2)	5.48%	502 172	430 550
Unsecured bonds	7.84%	193 615	253 133
Lease liability, IFRS 16	5.67%	213 565	–
Subtotal debt	**5.45%**	**1 357 868**	**1 130 888**
Debt transaction fees 3)		(12 035)	(8 265)
Total debt		**1 345 832**	**1 122 623**
Current portion of Interest bearing debt		(153 428)	(212 880)
Current portion Debts related to rights of use of assets		(46 263)	–
Non-current total debt		**1 146 140**	**909 743**

1) Interest rate is the weighted average of interest rates (margin plus benchmark), excluding hedges, as per end of 2019
2) Includes debt related to sale-leaseback transactions
3) Amortized and included in interest expense

During 2019, the Group refinanced and drew down on mortgaged loans from financial institutions total USD 229 million, of which USD 40 million was related to newbuilds. Interest rates on new loans range from LIBOR + 2.3% to 2.5% and the maturity is five years. Balloon installments totalled USD 161 million for the year.

The Group also drew down on debt related to sale-leaseback transactions total USD 146 million, of which USD 66 million was related to newbuilds. Interest rates on new sale-leaseback transactions range from LIBOR + 3.2% to 3.4%, and the maturities range from five to twelve years. All sale-leaseback transactions have embedded purchase options to the Group.

In September 2019, the Group repaid its unsecured bond ODF07 at maturity total NOK 500 million. In February 2020, the Group completed tap issues in two of its outstanding unsecured bonds maturing in June 2022 and September 2023 for total NOK 300 million. Proceeds were swapped to USD 33 million with a weighted average interest rate of LIBOR + 5.2%.

The lease liability after IFRS 16 is mainly related to vessels under time charter- and bareboat agreements with tenors longer than 12 months from delivery. From January 1, 2019, the liability is recognized as part of Total debt in the Group's balance sheet. During the year, one vessel on a bareboat charter was added to this fleet, adding USD 27 million to the liability.

Transaction expenses from financing transactions are charged to net result over the life of the underlying debt facility using the effective interest rate method. During 2019, transaction expenses charged to the net result totaled USD 4 million (USD 2 million in 2018).

Summary of changes in total debt during the year:

(USD 1 000)	2019	2018
Interest bearing debt as per January 1	1 122 623	1 083 827
Debts related to rights of use of assets	187 828	–
Repayment of debt:		
Mortgaged loans from finance institutions	(228 846)	(157 194)
Other financial liabilities	(75 276)	(26 748)
Unsecured bonds	(55 744)	(67 428)
Lease liability, IFRS 16	(44 325)	–
Total repayments	**(404 191)**	**(251 371)**
New debt:		
Mortgaged loans from finance institutions	229 100	63 300
Other financial liabilities	146 429	181 611
Unsecured bonds	–	61 318
Lease liability, IFRS 16	70 062	–
Total new debt	**445 591**	**306 229**
Amortization transaction fees	(2 247)	(1 638)
Currency gain/loss	(3 773)	(14 424)
Total debt as per December 31	**1 345 832**	**1 122 623**

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Reconciliation of total repayments and new debt to the cash flow statement:

(USD 1000)	2019
Repayment of debt	
Total repayments from summary of changes in total debt	(404 191)
Settlement of NOK bond derivatives	(7 908)
Total	**(412 099)**
Cash flow - Repayment of interest bearing debt	(367 169)
Cash flow - Repayment of lease debt	(44 930)
Total	**(412 099)**
New debt	
Total new debt from summary of changes in total debt	445 591
Lease liability, IFRS 16 [1]	(70 062)
Fees paid	(5 638)
Total	**369 891**
Cash flow - New interest bearing debt (net of fees paid)	369 891

[1] New lease agreements and resulting liabilities do not produce any cash inflows to the Group and is therefore excluded from the cash flow statement under new interest bearing debt

Debt agreements do not contain restrictions on the Group's dividend policy. Financial covenants are aligned across all debt agreements. The Group shall at all times maintain free liquid assets of the minimum the higher of USD 50 million and 6% of interest bearing debt (excluding debts related to rights of use of assets). The Group's leverage shall not at any time exceed 75% (excluding debts related to rights of use of assets).

The Group was in compliance with its financial covenants throughout 2019 and 2018.

Maturity of total debt as at December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Mortgaged loans from financial institutions	114 212	53 615	56 538	63 368	150 283	10 500	**448 516**
Other financial liabilities	39 217	50 371	49 821	47 378	128 427	186 958	**502 172**
Unsecured bonds[1]	—	79 724	56 946	56 946	—	—	**193 615**
Lease liability, IFRS 16	46 263	40 376	32 172	28 626	29 461	36 667	**213 565**
Subtotal debt	**199 691**	**224 086**	**195 477**	**196 317**	**308 170**	**234 126**	**1 357 868**
Estimated interest payable	69 659	57 655	50 226	41 704	27 101	59 489	**305 833**
Total debt	**269 350**	**281 741**	**245 703**	**238 021**	**335 271**	**293 614**	**1 663 701**

Maturity of interest bearing debt as at December 31, 2018:

(USD 1 000)	2019	2020	2021	2022	2023	2024+	Total
Mortgaged loans from financial institutions	82 188	186 494	82 945	36 792	43 621	15 167	**447 205**
Other financial liabilities	73 162	36 000	38 675	30 686	29 813	222 216	**430 550**
Unsecured bonds[1]	57 530	—	80 542	57 530	57 530	—	**253 133**
Subtotal interest bearing debt	**212 880**	**222 493**	**202 162**	**125 007**	**130 964**	**237 382**	**1 130 888**
Estimated interest payable	64 416	53 619	41 626	32 278	25 281	61 325	**278 546**
Total interest bearing debt	**277 296**	**276 112**	**243 788**	**157 286**	**156 245**	**298 707**	**1 409 434**

[1] Values excluding hedging effects from interest and currency swaps which is recognized as derivative financial instruments in the statement of financial position

The average maturity of the Group's total interest bearing debt is 5.3 years (4.8 years in 2018). Average maturity on mortgaged loans from financial institutions is 3.8 years (3.2 years in 2018), other financial liabilities mature on average in 7.7 years (7.7 years in 2018) and unsecured bonds mature on average in 2.3 years (2.7 years in 2018).

Security for mortgaged loans from financial institutions is made through first priority vessel mortgage; Group guarantees and assignments of earnings and insurances from the relevant vessels. Other financial liabilities are secured by Group guarantees and assignment of earnings and insurances from the relevant vessels. Debts related to rights of use of assets are generally unsecured.

The table below provides an overview of the carrying amount of vessel financing and related assets.

(USD 1 000)	2019	2018
Mortgaged loans from financial institutions	448 516	447 205
Other financial liabilities	502 172	430 550
Lease liability, IFRS 16	213 565	—
Carrying amount preferred vessel financing	**1 164 253**	**877 755**
Carrying amount of assets under mortgaged loans	796 001	813 510
Carrying amount of assets under other financial liabilities	555 809	455 767
Carrying amount of rights of use of assets	207 904	—
Total carrying amount of assets financed	**1 559 714**	**1 269 277**

The Group's sale-leaseback transactions, presented under "other financial liabilities" above, vary from four years to 12 years from inception. In addition to the payment of hire, the Group has obligations relating to the insurance and maintenance of the relevant vessels, similar to owning the vessels. All sale-leasebacks have embedded purchase options to the Group.

The table below summarizes total debt by currency:

(USD 1 000)	2019	2018
USD	1 164 252	877 756
NOK[1]	193 615	253 133
Debt transaction fees	(12 035)	(8 265)
Total debt	**1 345 832**	**1 122 623**

[1] Unsecured bonds, nominal amounts. Swapped to USD 202 million (USD 263 million in 2018)

Note 9
Taxes

(USD 1 000)	2019	2018
Change in deferred tax, Norway – ordinary tax	—	—
Change in deferred tax, other jurisdictions	(954)	(653)
Taxes payable, other jurisdictions	(2 025)	(4 161)
Total tax income (expenses)	**(2 979)**	**(4 814)**

(USD 1 000)	2019	2018
Result before taxes	(33 665)	(206 005)
Tax calculated at Odfjell's statutory income tax rate 22% (2018: 23%)	7 406	47 381
Tax effect of:	—	—
Income and expenses not subject to tax	(6 973)	(9 157)
Share of result from joint ventures and associates	2 919	(32 041)
Withholding tax	(170)	(244)
Non deductible expenses for tax purposes - impairment	(525)	(1 150)
Differences in tax rates	(538)	(2 732)
Deferred tax asset not recognized	(5 098)	(6 871)
Tax income (expenses)	**(2 979)**	**(4 814)**
Effective tax rate	(8.85%)	(2.34%)

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Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2019	Change in temporary differences	2018
Pensions	564	(1 440)	2 004
Financial instruments/finance items	14 055	(2 523)	16 578
Provisions	3 737	2 960	777
Loss carried forward	219 552	903	218 649
Non-deductible interest carried forward	32 913	32 913	–
Total negative temporary differences	**256 955**	**18 948**	**238 007**
Differences related to depreciation of non-current assets	5 463	245	5 218
Deferred gain related to sale of non-current assets	4 037	(1 061)	5 098
Differences related to long-term debt	2 666	1 157	1 509
Total positive temporary differences	**12 166**	**341**	**11 825**
Net temporary differences	**244 789**	**18 607**	**226 182**
Temporary differences not accounted for[1]	243 130	18 122	225 008
Temporary differences – basis for calculation of deferred tax	**(1 659)**	**(485)**	**(1 174)**
Deferred tax liability (asset) in statement of financial position[2]	**(365)**		**(270)**
Tax rate	17% - 34%		17% - 34%

[1] This applies to temporary differences for companies with losses where deferred tax assets are not recognized.
[2] For 2019 and 2018 this is classified as a deferred tax asset and deferred tax liability

The Group's Norwegian companies have a total loss carried forward of USD 220 million at December 31, 2019 (2018: USD 219 million), that is available indefinitely to offset against future taxable profits of the companies in which the losses arose. Tax Group contributions are also available within the same country and within the same tax regime.

Deferred tax assets are not recognized for companies where there is uncertainty regarding the future utilization of temporary differences.

Any distribution of dividend to the Odfjell SE's shareholders does not affect the Company's payable or deferred tax.

Note 10
Pension liabilities

The Group operates different types of pension schemes for the employees.

Defined benefit plan expenses

(USD 1 000)	2019	2018
Defined benefit plan cost - Norway	485	568
Defined benefit plan cost - Overseas offices	1 068	979
Total	**1 553**	**1 547**

The Group operates defined benefit plan in Norway for crew. The defined benefit plan is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for the period 60 – 67 years. At the end of 2019 the book amount of the accrued defined benefit was USD 0.6 million (2018: USD 0.4 million).

Defined contribution plan expenses

(USD 1 000)	2019	2018
Defined contribution cost - Norway	1 663	1 734
Defined contribution cost – overseas offices	1 089	1 301
Total contribution	**2 752**	**3 035**
Number of employees	453	468

In the Norwegian companies all employees are included in a defined contribution plan. The Odfjell Group pays a fixed percentage of the salary as contribution to the plan limited to 12 times the base amount (G). In addition, Executive Management are entitled to additional annual contribution limited to 18G. Several of the Group foreign subsidiaries have defined contribution plans in accordance with local legislation.

Pension liabilities

(USD 1 000)	2019	2018
Crew - Norway	564	391
Executive Management - Norway	356	249
Other - Norway	1 339	1 423
Overseas offices	3 454	2 624
Total	**5 713**	**4 687**

Some of the Group's Norwegian subsidiaries are bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme. The Group's pension scheme meets the requirements of this Act.

The pension liability for crew employed in Norway is a defined benefit plan. Other pension liabilities for employees in Norway relates to defined contribution (12G-18G) not paid, and 'other Norway' relates to fully vested contribution for former employee.

Regarding net defined pension assets in the balance sheet total USD 0.3 million is prepaid premium related to defined contribution plan. In addition, total USD 1.4 million is paid into a secured bank account for one former employee, expats and the additional pension scheme for the Executive Management, ref. note 21.

Note 11
Property, plant and equipment

(USD 1 000)	Real estate	Ships and newbuilding contracts	Periodic maintenance	Office equipment and cars	Total
Net carrying amount January 1, 2018	2 181	1 274 007	19 538	6 180	**1 301 907**
Investment	243	152 135	14 542	3 076	**169 996**
Sale at book value	(834)	–	–	(66)	**(899)**
Depreciation 2018	(98)	(74 966)	(17 946)	(2 324)	**(95 334)**
Impairment 2018	–	(5 000)	–	–	**(5 000)**
Reclassified to assets held for sale (book value)	–	(2 456)	–	–	**(2 456)**
Net carrying amount December 31, 2018	**1 493**	**1 343 721**	**16 134**	**6 867**	**1 368 215**
Investment	367	133 449	10 188	2 802	**146 807**
Sale at book value	–	–	–	–	**–**
Reclassification	–	(2 981)	–	–	**(2 981)**
Depreciation 2019	(148)	(74 662)	(16 309)	(2 018)	**(93 137)**
Impairment 2019	–	(2 385)	–	(342)	**(2 727)**
Net carrying amount Reclassified to assets held for sale (book value)	–	(4 116)	–	–	**(4 116)**
Net carrying amount December 31, 2019	**1 712**	**1 393 026**	**10 013**	**7 309**	**1 412 060**
Net carrying amount					
Cost	4 863	2 389 433	34 905	27 405	**2 456 606**
Accumulated depreciation	(2 682)	(1 115 426)	(15 367)	(21 224)	**(1 154 699)**
Net carrying amount January 1, 2018	**2 181**	**1 274 007**	**19 538**	**6 180**	**1 301 907**
Cost	4 273	2 541 568	34 080	30 415	**2 610 337**
Accumulated depreciation	(2 780)	(1 190 392)	(17 946)	(23 548)	**(1 234 666)**
Impairment	–	(5 000)	–	–	**(5 000)**
Reclassified to assets held for sale	–	(2 456)	–	–	**(2 456)**
Net carrying amount December 31, 2018	**1 493**	**1 343 721**	**16 134**	**6 867**	**1 368 215**
Cost	4 640	2 664 581	26 322	33 218	**2 728 761**
Accumulated depreciation	(2 928)	(1 265 054)	(16 309)	(25 566)	**(1 309 857)**
Impairment	–	(2 385)	–	(342)	**(2 727)**
Reclassified to assets held for sale (book value)	–	(4 116)	–	–	**(4 116)**
Net carrying amount December 31, 2019	**1 712**	**1 393 026**	**10 013**	**7 309**	**1 412 060**

Depreciation periods

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows (in years):

Real estate	up to 50
Ships	25 - 30
Periodic maintenance of ships	2.5 - 5
Office equipment and cars	3- 5

Assets financed under finance leases and sale-leaseback

The carrying amount of ships financed under finance leases and sale-leaseback were USD 555.8 million and USD 455.8 million at December 31, 2019 and December 31, 2018 respectively. See note 8 for future financial lease and sale-leaseback obligations.

Note 12
Leases

(USD 1 000)	Real estate	Ships	Periodic maintenance	Total
Capitalized right of use assets January 1, 2019	12 164	173 414	2 250	187 828
Additions	1 500	67 812	750	70 062
Depreciation	(2 598)	(46 402)	(986)	(49 986)
Carrying amount right of use assets December 31, 2019	**11 066**	**194 824**	**2 014**	**207 904**

Information about variable lease payments made during 2019

Variable lease payments made in 2019 are related to pool distributions to external participants in the pools. The total amount distributed in 2019 equals USD 55.5 million (including non-lease component).

(USD 1 000)	
Information about lease payments made during 2019	
Total nominal lease payments (including short term, long-term and variable leases) made in 2019	179 670
Of which short term lease expenses in 2019 (including non-lease component)	45 453
Information about commitments for commenced leases (not included in lease liability)	
Lease commitments associated with short term leases (undiscounted)	36 410
Non-lease component (OPEX) right of use assets, not included in lease liability (undiscounted)	56 290

The non-lease component refers to time charter contracts including a service element. Refer to note 2.6 for a description of the Groups accounting policies related to said contracts.

(USD 1 000)	
Extension options (undiscounted) not included in lease liability, bareboat element	86 890
Extension options (undiscounted) not included in lease liability, OPEX element	38 487
Total extension options (undiscounted) not included in lease liability	**125 377**
Information about leases not yet commenced but where the Group is Committed	
Nominal amount of future lease payments for time charter and bareboat leases where lease term exceeds 12 months	102 256

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Maturity of debt related to right-of-use assets as per December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Nominal lease liability, IFRS 16	56 958	48 650	38 417	33 151	32 331	38 275	**247 782**

Interest element of payments amounts to USD 34.2 million

Maturity of non-cancellable lease commitments applying IAS 17 as per December 31, 2018:

(USD 1 000)	2019	2020	2021	2022	2023	2024+	Total
Lease commitments	94 695	62 386	48 821	32 438	23 978	41 882	**304 200**

Sale-leasebacks

The Group has entered into three sale-leaseback agreements during 2019 which are considered financial agreements and accounted for in accordance with IFRS 9. Refer to note 8 for further details.

Adjustments made in the balance sheet on January 1, 2019

The changes in accounting principles, from IAS 17 to IFRS 16, affected the following items in the balance sheet on January 1, 2019:

(USD 1000)	
Non-cancellable lease commitments December 31, 2018	304 200
Leases with remaining duration < 12 months	(24 100)
Estimated non-lease component (OPEX) for leases with duration > 12 months	(59 900)
Subtotal	**220 200**
Effect of discounting applying the incremental borrowing rate	(32 372)
Lease liability as of January 1, 2019	**187 828**
Of which short term lease liability	47 800
Lease liability as of January 1, 2019	**187 828**

The implementation of IFRS 16 did not have any impact on the equity as per January 1, 2019. Refer to note 8 for an analysis of the maturity of total debt.

Note 13
Impairment of non-current assets

As of December 31, 2019, the market capitalization for the Group was below the book value of its equity. Management has therefore tested assets and cash generating units for impairment.

In 2019 an impairment of USD 2.7 million was recognized. This impairment relates to one vessel held for sale (USD 2.4 million) and the remaining to office equipment (USD 0.3 million). The vessel is valued separately and is not part of the CGU and the recoverable amount is the estimated sales price less cost of disposal.

When calculating the value in use at the balance sheet date for the deep-sea/regional South America CGU, the following key assumptions are applied. This CGU also contains the Group's right of use assets in the Ships category.

Key assumptions	2019	2018
Weighted average cost of capital	7.7%	7.9%
Average annual growth in time charter earnings the first four years after the balance sheet date	5.4%	5.5%
Estimated useful life of vessels	25-30 years	25-30 years

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For the remaining useful life of the vessels, an average annual growth of 2% in time charter earnings is applied. Operating expenses and general and administrative expenses are assumed to increase with 2% in the entire remaining useful life of the vessels.

Applying the above assumptions, the value in use calculation did not reveal any need for impairment.

The Group has also performed a sensitivity analysis on the discount rate, with an increase in the range 0-0.5%. The analysis did not indicate any impairment in the specified range.

A similar analysis was performed on annual growth in time charter earnings with a decrease in the range 0-2%. A reduction of time charter earnings in the specified range for the first four years did not result in any impairment of the vessels in the deep-sea/regional South-America CGU.

The recoverable amount of the regional Asia trade is determined by reference to indicative broker values. The book value of these vessels is USD 47 million (2018: USD 50 million). Any decline in the indicative brokers value would result in an impairment. See note 3 for further information about impairment testing.

Note 14
Earnings per share

The basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as the Company has no convertible bond loan or stock option plan.

(USD 1 000/1 000 shares)	2019	2018
Profit/(loss) and diluted profit for the year due to the holders of ordinary shares	(36 644)	(210 834)
Weighted average number of ordinary shares for basic earnings per share/diluted average number of shares outstanding[1)]	78 630	78 700
Basic/diluted earnings per share	**(0.47)**	**(2.68)**

[1)] The weighted average number of shares are adjusted for the weighted average effect of changes in treasury shares during the year. See note 26.

Note 15
Transactions with related parties

The Group has carried out various transactions with related parties. All transactions have been carried out as part of the ordinary operations, based on the arm-length principle. Transactions with related parties are settled on a regular basis and the balances as per December 31, 2019 were immaterial.

The Odfjell Group shares offices in Brazil with a local terminal company related to Chair of the Board, Laurence Ward Odfjell. The Chairman's family also has ownership interest in a company, which acts as Brazilian port agent for Odfjell. In addition to reimbursement of actual expenses and expenditures incurred, Odfjell Tankers AS and Flumar Transportes de Quimicos e Gases Ltda paid these companies USD 1.5 million in agency fees in 2019 (USD 1.3 million in 2018), while Flumar Transportes de Quimicos e Gases Ltda and Odfjell Brasil – Representacoes Ltds paid USD 0.4 million for administrative services in 2019 (USD 0.4 million in 2018).

Odfjell Management AS rents offices in Norway from a company related to Chair of the Board, Laurence Ward Odfjell. The annual lease for 2019 was USD 1.6 million.

Note 16
Commitments, guarantees and contingencies

Capital commitment

Odfjell has signed shipbuilding contracts for the construction of six chemical tankers with stainless steel cargo tanks with China Shipbuilding Trading CO., Ltd and Hudong-Zhonghua Shipbuilding (Group) CO., Ltd. The first two vessels were delivered in August and November 2019. A third vessel was delivered in January 2020, and the final three vessels are scheduled to be delivered in April, July and October 2020. Remaining capital commitments and related debt and equity installment structure as per December 31, 2019 are as follows:

(USD 1 000)	Total
Chemical Tanker newbuilding	
Hudong 2 x 49,000 dwt (USD 60 mill)	83 895
Hudong 2 x 38,000 dwt (USD 58 mill)	87 393
Total newbuilding	**171 288**
Committed debt installment structure	169 341
Equity installment	1 948

Guarantees

(USD 1 000)	2019	2018
100% owned subsidiaries (third party guarantees)	182	6 177
Joint ventures (credit facilities)	11 550	14 400
Total guarantees	**11 732**	**20 577**

Odfjell guarantees for a credit facility in the joint venture Gas Carriers.

Contingencies

The Group maintains insurance coverage for its activities consistent with industry practice. The Group is involved in claims typical to the Chemical Tanker, Gas Carriers and Tank Terminal industry, but none of these claims have resulted in material losses for the Group since such claims have been covered by insurance or have been settled.

Note 17
Cash and cash equivalents

Cash at banks earn interest at floating rates based on bank time deposit rates. Short-term deposits and other liquid investments are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term rates. Restricted cash consists of USD 1.5 million (USD 1.4 million in 2018) in funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS.

(USD 1 000)	2019	2018
Cash at banks and in hand	46 492	49 097
Short-term deposits	54 310	118 706
Total cash and cash equivalents	**100 802**	**167 803**

Note 18
Voyage expenses

Voyage expenses are expenses directly related to the ship voyage.

(USD 1 000)	2019	2018
Port expenses	92 377	89 282
Canal expenses	19 703	19 886
Bunkers expenses	187 244	192 123
Transshipment expenses	14 411	16 563
Commission expenses	28 222	22 202
Other voyage related expenses	10 725	16 568
Total voyage expenses	**352 682**	**356 624**

Note 19
Operating expenses

Operating expenses consist of expenses for operating ships (for example wages and remunerations for crew and operational personnel, and materials and equipment for ships).

(USD 1 000)	2019	2018
Crew expenses	74 996	74 210
Other ship management expenses	68 928	70 125
Currency hedging	1 265	927
Other	253	176
Total operating expenses	**145 442**	**145 438**

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Note 20
General and administrative expenses

General and administrative expenses consist of expenses for headquarter activities and activities internationally for brokerage and agency.

(USD 1 000)	2019	2018
Salary expenses	44 567	50 547
Other expenses	21 651	18 197
Currency hedging	1 978	998
Total general and administrative expenses	**68 196**	**69 742**

Including in the above is auditor's remuneration for (exclusive of VAT):

(USD 1 000)	2019	2018
Statutory auditing	436	405
Other assurance services	69	65
Tax advisory services	63	105
Other non-audit services	75	141
Total remuneration	**642**	**717**

Note 21
Salary expenses, number of employees and benefits to Board of Directors and management

Salary expenses are included in ship operating expenses and general and administrative expenses according to the activity.

(USD 1 000)	2019	2018
Salaries	102 706	106 739
Social expenses	11 860	12 763
Pension expenses defined benefit plans (note 10)	1 553	1 547
Pension expenses defined contribution plans (note 10)	2 752	3 035
Other benefits	691	673
Total salary expenses	**119 563**	**124 757**

Average man-years of employees including crew:

(USD 1 000)	2019	2018
Europe	279	275
North America	23	24
Southeast Asia	1 531	1 562
South America	167	176
Other	18	20
Total average man-years of employees	**2 016**	**2 057**

At the end of 2019 the Board of Directors consists of six members. Compensation and benefits to the Board of Directors:

(USD 1 000)	2019	2018
BoD Remuneration	414	486

For more specification – see Odfjell SE note 11.

Compensation and benefits to the Management Group:

(USD 1 000)	Salary	Bonus[1]	Pension cost	Other benefits	Total
CEO, Kristian V. Mørch	762	306	25	30	**1 124**
COO, Harald Fotland	320	10	25	25	**380**
CFO, Terje Iversen	269	8	24	24	**326**
COS, Øistein H. Jensen	207	6	25	23	**262**
Total	**1 559**	**331**	**99**	**103**	**2 092**

[1] The bonus relates to expensed amount in 2019 for both short- and long-term incentive scheme.

The KPIs in the long-term incentive program were not met and no shares were issued to the executive management in 2019.

The Management Group together with key executive management in Odfjell Terminals also participate in a Transaction Bonus Plan financed by Odfjell SE's joint venture partner Lindsay Goldberg (LG) in connection with LG's ongoing exit from Odfjell Terminals. During 2019, the Management Group received a transaction bonus from LG in relation to the ongoing exit/sales process, where 50% net of tax was used to purchase 70,283 Odfjell Class A-shares at a total value of NOK 2.0 million and the remainder 50% were paid in cash. The acquired shares are restricted shares and can only be realized after the second and third anniversary after the transaction(s). The transaction bonus is not included in the table above.

The Board of Directors' declaration of determination of salary and other remuneration to the President/CEO and other management employees

Regarding the Public Limited Liability Companies Act § 6-16a The Board of Directors shall prepare a separate declaration for determination of salary and other remuneration to the CEO and other Management employees. Additionally, is followed of The Public Limited Liability Companies Act § 5-6 (3) that the ordinary General Meeting shall also deal with the Board's declaration regarding the determination of salary and other remuneration to management employees. An advisory vote is to be held on the Board's guidelines for determining the managers' salaries for the coming year (See (2)).

Performance-based remuneration of the Management Group in the form of share options, bonus programs or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, shall provide an incentive to perform and be based on quantifiable factors which the employee in question can influence. The guidelines for share-based programs and remuneration linked to shares and other developments in the price of the Company's shares are to be approved by the General Meeting. Ref. § 6-16 (subsection 1 no 3.)

(1) Salary and other remuneration to Management employees are listed in the table above.

(2) Guidelines for determining salary and other remuneration for management employees.

When it comes to guidelines for determination of salary and other remuneration for the coming fiscal year, the Board will present the following guidelines for advisory vote at the General Meeting 2020:
The CEO and managers reporting directly to him are included in the Company's defined contribution plan, see note 10. For the Executive Management the Company has an additional pension scheme covering salary over 12G, capped to 18G. This implies that 16% of the salary basis between 12G and 18G is covered in this additional scheme. The scheme is secured by payments to a secured bank account.

The Executive Management shall be offered competitive terms of employment in order to ensure continuity in the Management Group and to enable the Company to recruit qualified personnel. The remuneration should be composed so that it promotes the creation of value in the Company. The remuneration shall not be of such a kind, or of such a magnitude, that it may impair the public reputation of the Company.

Salary and other remuneration to the CEO shall be determined by the Board. A basic, straight salary is the main component of the remuneration. However, in addition to a basic salary there may also be other supplementary benefits, hereunder but not limited to payment in kind, incentive/recognition pay, termination payments and pension and insurance schemes.

The Company does not run any share option schemes, nor other benefit programs as mentioned in the Public Limited Companies Act, section 6-16 subsection 1 no. 3. The Annual General Meeting on May 9, 2016, approved a new long-term Incentive Plan (LTI)/Performance Restricted Share Plan for the CEO and the Executive Management, effective from January 1, 2016, as follows:

- The total number of Restricted Shares (RS) available for awards to the Executive Management under the Plan shall annually be distributed to the Executive Management of the Company with a three-year restriction period in accordance with the rules of the Plan. The Executive Management will receive a cash amount up to 50% of annual base salary for the CEO and up to 33% of annual base salary for the other members of the Executive Management, where the net amount less withholding tax shall be used to purchase RS in Odfjell.
- The number of awarded RS depends on the achievement of certain Key Performance Indicators (KPIs). These KPIs have been derived from strategic goals and consist of Share Price development, Return on Capital Employed (ROCE) and a discretionary element to be assessed by the Board at year-end.

The Board has implemented a short-term performance-related incentive scheme for all onshore employees which is linked to the Company's earnings performance and defined operational goals over time and contains a cap of maximum six months' salary. If the performance-related incentive scheme does not meet trigger points for payments, the Board may on a discretionary basis grant recognition payments for certain employees including Management.

Besides the CEO, no member of the Executive Management has defined agreements with regards to severance payments. In case the Company terminates the employment during the first three years after the commencement date, the CEO is, in addition to payment of salary and other remuneration during the notice period, also entitled to 12 months' base salary and annual short-term incentives earned but not paid prior to such termination.

Remuneration to Management in 2019 was in compliance with the above guidelines.

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Note 22
Other financial items

(USD 1 000)	2019	2018
Financial assets and liabilities at fair value through profit or loss statement	2 381	(3 347)
Currency gains (losses) – see note 23	(2 009)	(5 678)
Other financial income	2 191	3 179
Other financial expenses	(3 677)	(1 466)
Total other financial items	**(1 114)**	**(7 313)**

See note 6 for overview of hedging exposure, and note 23 for specification of currency gains (losses).

Note 23
Currency gains and losses

(USD 1 000)	2019	2018
Currency gains (losses) on non-current receivables and liabilities	3 653	(5 800)
Currency gains (losses) on cash and cash equivalents	(267)	(358)
Currency gains (losses) on other current assets and current liabilities	(5 396)	480
Total currency gains (losses)	**(2 009)**	**(5 678)**

See note 6 for overview of currency hedging exposure.

Note 24
Current receivables

(USD 1000)	2019	2018
Trade receivables from contract with customers	59 244	52 304
Other receivables	13 851	18 151
Contract asset (accrued revenues)	12 563	15 460
Prepaid costs	5 304	3 126
Allowance for expected credit losses	(1 759)	(1 360)
Total current receivables	**89 202**	**87 681**

Trade receivables are for a major part related to revenue from contract with customers with payment terms shortly after bill of lading to upon delivery. Allowance for expected credit losses relates to trade receivables; see note 5 for information on credit risk management.

Contract assets are recognized revenue for freight services partly satisfied from voyages that have commenced but are not completed and invoices have not been issued as per December 31. Contract assets are reclassified to receivables from contracts with customers once the freight service is being invoiced to the customer, at the latest when the voyage is completed (at the latest a few months after it commences). Contract assets include variable consideration only when it is highly probable there will be no significant reversal at a later date when the uncertainty related to the variable payment is resolved.

As the voyages and related contracts have a duration of less than a year, the Group does not disclose separately the transaction price related to partially unfulfilled contracts at the reporting date, refer to IFRS 15.121.

As at December 31, the aging analysis of trade receivables, contract assets and other current receivables are as follows:

				Days past due			
(USD 1000)	Total [1]	Contract asset	Current	<30 days	30-60 days	60-90 days	>90 days
2019	85 658	12 563	24 149	22 539	5 168	3 485	17 754
2018	85 914	15 460	19 315	24 531	10 140	3 096	13 372

[1] Not including prepaid cost and allowance for expected credit losses

The table below summarizes total current receivables into different currencies:

(USD 1000)	2019	2018
USD	85 325	83 394
EUR	—	2 569
SGD	130	255
Other currencies	3 747	1 463
Total current receivables	**89 202**	**87 681**

Note 25
Other current liabilities

(USD 1000)	2019	2018
Trade payables	29 536	28 686
Accrued voyage expenses	16 080	16 177
Accrued expenses Ship Management	6 022	8 012
Accrued dry-docking expenses related to ships on bar-boat hire	752	2 270
Accrued interest expenses	5 133	4 462
Other accrued expenses	4 472	7 809
Employee taxes payable	7 950	5 361
Contract liabilities (prepaid revenue from customer contracts)	—	446
Working capital liabilities to pool partners	3 358	7 922
Other current liabilities	10 311	4 979
Total other current liabilities	**83 514**	**86 124**

Contract liabilities are being recognized as revenue from contracts with customers within the completion of the voyage (at the latest a few months after the prepayment).

As per December 31, 2019 the Group has the following remaining performance obligations (amounts not disclosed):

- For voyages in progress, revenues related to the remaining freight services will be recognized as the voyage progress. All voyages in progress will be completed within a few months.
- In addition, the Group has freight commitments related to contracts of affreightment entered into for future shipments.

The table below summarizes the maturity profile of the Group's other current liabilities:

(USD 1000)	Total	On demand	< 3 months	3-6 months	6-9 months	> 9 months
2019	83 514	70 487	10 476	782	105	1 663
2018	86 124	65 777	12 998	4 263	—	3 087

The table below summarizes other current liabilities into different currencies:

(USD 1 000)	2019	2018
USD	59 769	74 220
EUR	—	93
SGD	641	374
Other currencies	23 105	11 437
Total current liabilities	**83 514**	**86 124**

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Note 26
Share capital and premium

	Number of shares (1 000)		Share capital (USD 1 000)		Share premium (USD 1 000)	
	2019	2018	2019	2018	2019	2018
A-shares	65 690	65 690	22 277	22 277	130 511	130 511
B-shares	21 079	21 079	7 148	7 148	41 877	41 877
Total	**86 769**	**86 769**	**29 425**	**29 425**	**172 388**	**172 388**

Per December 31, 2019, Odfjell SE holds 5,669,954 A-shares and 2,322,482 B-shares.

The shares are all authorized, issued and fully paid. Nominal value is NOK 2.50, equivalent to USD 0.28 as per December 31, 2019. All the shares have the same rights in the Company, except for B-shares which have no voting rights.

Shares owned/controlled by members of the Board of Directors, CEO and other members of the Executive Management (including related parties) are:

	2019		2018	
	A-shares	B-shares	A-shares	B-shares
Chair of the Board of Directors, Laurence Ward Odfjell	25 966 492	8 131 462	25 966 492	5 999 393
Director, Åke Gregertsen	3 000	28 332	3 000	28 332
CEO, Kristian Mørch	179 622	3 500	136 661	3 500
CFO, Terje Iversen	31 744	—	22 465	—
COO, Harald Fotland	27 555	4 000	18 791	4 000
COS, Øistein Jensen	31 320	—	21 011	—

Note 27
List of subsidiaries

The following subsidiaries are fully consolidated in the financial statements as per December 31, 2019:

Company	Country of registration	Ownership share	Voting share
Odfjell Argentina SA	Argentina	100%	100%
Odfjell Australia Pty Ltd	Australia	100%	100%
Odfjell Chemical Tankers Ltd	Bermuda	100%	100%
Flumar Transportes de Quimicos e Gases Ltda	Brazil	100%	100%
Odfjell Brasil Ltda	Brazil	100%	100%
Odfjell Chile Ltd	Chile	100%	100%
Odfjell Japan Ltd	Japan	100%	100%
Odfjell Korea Ltd	Korea	100%	100%
Odfjell Terminals BV	Netherlands	100%	100%
Odfjell Terminals Management BV	Netherlands	100%	100%
Norfra Shipping AS	Norway	100%	100%
Odfjell Chemical Tankers AS	Norway	100%	100%
Odfjell Insurance & Properties AS	Norway	100%	100%
Odfjell Management AS	Norway	100%	100%
Odfjell Maritime Services AS	Norway	100%	100%
Odfjell Tankers AS	Norway	100%	100%
Odfjell Terminals II AS	Norway	100%	100%
Odfjell Peru S.A.C.	Peru	100%	100%
Odfjell Ship Management (Phils) Inc	Philippines	100%	100%
Odfjell Asia II Pte Ltd	Singapore	100%	100%
Odfjell Singapore Pte Ltd	Singapore	100%	100%
Odfjell Terminals Asia Management Pte Ltd	Singapore	100%	100%
Odfjell Durban South Africa Pty Ltd	South Africa	100%	100%
Odfjell Mazibuko SA Pty Ltd	South Africa	55%	55%
Odfjell Middle East DMCC	United Arab Emirates	100%	100%
Odfjell USA (Houston) Inc	United States	100%	100%
Odfjell Terminals Management Inc	United States	100%	100%

Note 28
Investments in joint ventures and associates

The legal structure associated with the investment in terminals was changed during 2018 and 2019. In previous years, the Odfjell Group held its investments in terminals through the joint venture Odfjell Terminals BV with an ownership of 51%. Through a shareholder agreement requiring unanimous consent from both parties about relevant activities, Odfjell and the joint venture partner Lindsay Goldberg was sharing the control of Odfjell Terminals BV.

During 2018 and 2019 the terminal structure went through an internal reorganization with unchanged ownership. The Odfjell Group now owns 51% of three joint ventures. There is one joint venture for the US terminals and two for the Asia Terminals.

The holding company in USA is Topco LLC. This holding company owns the terminals in USA (Houston and Charleston) 100%. Northleaf owns the remaining 49% of the shares in Topco LLC.

The holding companies for the Asia terminals are Odfjell Terminals Asia Holding Pte Ltd and Odfjell Terminals AS, which owns the terminals in China and Korea. Odfjell Terminals Asia Holding Pte Ltd ownership in the Asia terminals varies from 40%-50%. Odfjell Terminals AS owns 50% of the terminal in Korea. Lindsay Goldberg owns the remaining 49% of the two joint ventures.

Odfjell and its joint venture partner continue to share control over the investments, thus the investments in the terminal holding companies are accounted for as investments in joint ventures, applying the equity method.

The Odfjell Group increased its ownership in the terminal in Belgium, Noord Natie Odfjell Antwerp Terminals NV in 2018. Odfjell Terminals BV now holds 25% of the shares in this terminal. The investment in Noord Natie Odfjell Antwerp Terminals NV is accounted for as an investment in associated company, applying the equity method.

The legal restructuring of the terminals came as a consequence of Lindsay Goldberg deciding to exit its shares in the terminals investments.

Odfjell has also established a joint venture with Breakwater Capital and Oak Hill Advisors, L.P. to include Odfjell's Gas Carriers business. This investment is done through the holding company Odfjell Gas AS (ref. note 4).

See note 16 for further information about guarantees issued on behalf of joint ventures.

The investment in joint ventures and associates includes the following companies accounted for according to the equity consolidation method during 2019:

Joint ventures and associates	Country of registration	Business segment	Ownership share
Gas Carriers:			
Odfjell Gas AS	Norway	Gas Carriers	50.0%
Odfjell Gas Shipowning AS	Norway	Gas Carriers	50.0%
Odfjell Gas Carriers AS	Norway	Gas Carriers	50.0%
Odfjell Gas Denmark AS	Denmark	Gas Carriers	50.0%
Tank Terminals:			
Tank Terminals Europe			
Noord Natie Odfjell Antwerp Terminals NV	Belgium	Tank Terminals	25.0%
Tank Terminals USA			
Topco LLC	United States	Tank Terminals	51.0%
Odfjell Holdings (USA) Inc	United States	Tank Terminals	51.0%
Odfjell Terminals (Charleston) LLC	United States	Tank Terminals	51.0%
Odfjell Terminals (Houston) Inc	United States	Tank Terminals	51.0%
Odfjell USA Inc	United States	Tank Terminals	51.0%
Tank Terminals Asia			
Odfjell Management Consultancy (Shanghai) Co Ltd - sold in 2019	China	Tank Terminals	51.0%
Odfjell Terminals (Jiangyin) Co Ltd - sold in 2019	China	Tank Terminals	28.1%
Odfjell Terminals (Dalian) Co Ltd	China	Tank Terminals	25.5%
Odfjell Nangang Terminals (Tianjin) Co Ltd	China	Tank Terminals	25.0%
Odfjell Dalian Port Consulting Co. Ltd.	China	Tank Terminals	25.5%
Odfjell Changxing Terminals (Dalian) Co Ltd	China	Tank Terminals	20.4%
Odfjell Terminals (Korea) Co Ltd	South Korea	Tank Terminals	25.5%
Odfjell Terminals AS	Norway	Tank Terminals	51.0%
Odfjell Terminals Asia Pte Ltd	Singapore	Tank Terminals	51.0%
Odfjell Terminals (China) Pte Ltd	Singapore	Tank Terminals	51.0%
Odfjell Terminals Asia Holding Pte Ltd	Singapore	Tank Terminals	51.0%

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The share of result and balance sheet items for investments in joint ventures and associates are recognized based on equity method:

(USD 1 000)	2019 Tank Terminals Europe	2019 Tank Terminals USA	2019 Tank Terminals Asia	2019 Total Tank Terminals	2019 Gas Carriers	2019 Total	2018 Tank Terminals Europe	2018 Tank Terminals USA	2018 Tank Terminals Asia	2018 Total Tank Terminals	2018 Gas Carriers	2018 Total
Gross revenue	46 417	91 740	21 150	159 307	16 730	**176 037**	11 239	88 200	25 789	125 228	17 543	**142 771**
EBITDA	22 373	40 436	3 695	66 503	4 639	**71 143**	5 338	37 052	6 628	49 018	5 181	**54 199**
EBIT	11 035	21 752	34 384	67 171	3 729	**71**	2 750	24 473	(18 838)	8 386	(1 440)	**6 946**
Net result	**7 329**	**8 135**	**28 787**	**44 251**	**2 916**	**47 168**	**1 838**	**10 988**	**(24 738)**	**(11 913)**	**(2 593)**	**(14 506)**
Discontinued operations	–	–	(1 695)	(1 695)	–	**(1 695)**	(248 274)	–	–	(248 274)	–	**(248 274)**
Other comprehensive income	–	–	(363)	(363)	–	**(363)**	10 442	–	–	10 442	–	**10 442**
Total comprehensive income	**7 329**	**8 135**	**26 728**	**42 193**	**2 916**	**45 109**	**(235 994)**	**10 988**	**(24 738)**	**(249 745)**	**(2 593)**	**(252 338)**
Odfjell owner interest	1 832	4 149	14 682	20 664	1 458	**22 122**	(125 055)	5 604	(12 617)	(132 068)	(1 297)	**(133 364)**
Depreciation excess values net of deferred tax	(1 666)	(5 100)	(31)	(6 797)	–	**(6 797)**	(781)	(5 101)	(62)	(5 944)	–	**(5 944)**
Group's share of profit for the year	**166**	**(951)**	**12 593**	**11 809**	**1 458**	**13 267**	**(125 836)**	**503**	**(12 679)**	**(138 012)**	**(1 297)**	**(139 308)**
Non-current assets	85 730	229 419	147 377	462 526	37 397	**499 923**	79 906	230 312	183 611	493 829	–	**493 829**
Current assets	11 952	30 388	22 012	64 352	5 375	**69 727**	14 948	20 988	19 249	55 185	43 607	**98 792**
Total assets	**97 683**	**259 807**	**169 390**	**526 880**	**42 772**	**569 652**	**94 854**	**251 300**	**202 860**	**549 014**	**43 608**	**592 621**
Non-current liabilities	41 839	28 074	70 235	140 148	–	**140 148**	41 425	222 276	83 483	347 184	–	**347 184**
Current liabilities	14 818	210 528	25 201	250 547	10 741	**261 288**	13 597	15 573	22 022	51 192	14 496	**65 688**
Total liabilities	**56 657**	**238 602**	**95 437**	**390 696**	**10 741**	**401 437**	**55 022**	**237 849**	**105 505**	**398 375**	**14 496**	**412 872**
Total equity closing balance	**41 026**	**21 205**	**73 953**	**136 184**	**32 031**	**168 214**	**39 833**	**13 451**	**97 355**	**150 638**	**29 111**	**179 749**
Odfjell owner interest	10 256	10 815	37 716	58 787	16 015	**74 802**	8 615	6 860	49 651	65 126	14 556	**79 682**
Minority/adjustment	–	–	–	–	–	–	–	–	–	–	–	**–**
Excess values	33 519	53 270	–	86 789	–	**86 789**	35 184	55 008	1 054	91 246	–	**91 246**
Carrying amount	**43 776**	**64 085**	**37 716**	**145 576**	**16 015**	**161 592**	**43 799**	**61 868**	**50 705**	**156 372**	**14 556**	**170 927**
Capital expenditure, Odfjell share	(4 289)	(7 507)	(1 690)	(13 486)	–	**(13 486)**	–	(8 285)	(1 418)	(9 703)	–	**(9 703)**

The table above illustrates that Odfjell now owns its terminal investments through separate joint ventures. Tank Terminals Europe includes summarized financial information for the Noord Natie Odfjell Antwerp Terminals NV and the investment in Odfjell Terminals Rotterdam BV for 2018. The Rotterdam terminal was sold in 2018, and the net earnings and loss on disposal is classified as discontinued operations. So for 2019, Tank Terminals Europe only contains figures for Noord Natie Odfjell Antwerp Terminals NV. Tank Terminals USA represents the summarized financial information from the consolidated US Holdings Inc for the whole year. Similarly, Tank Terminals Asia represents the summarized financial information from the consolidated Odfjell Terminals Asia Holding Pte Ltd for the whole year.

Included in the 2019 total comprehensive income for Tank Terminals is a capital gain of USD 14 mill (Odfjell share) related to the sale of Odfjell Terminal (Jiangyin) Co Ltd.

Included in the 2018 total comprehensive income for Tank Terminals is a capital loss of USD 225 million (Odfjell share USD 114.8 million) related to the sale of Odfjell Terminals (Rotterdam) BV.

Tank Terminals recognized in 2019 an impairment loss of the equity in Odfjell Changxing Terminals (Dalian) Co Ltd of USD 0.4 million.

Tank Terminals recognized in 2018 an impairment loss of the non-current assets in Odfjell Nangang Terminal (Tianjin) Co. Ltd. The Odfjell Group's share of this impairment is USD 10.0 million, of which USD 5.8 million was a receivable and USD 4.2 million was equity investment. After recognizing the impairment, the book value of the investment in the Odfjell Nangang Terminal (Tianjin) is zero. A subsidiary of Odfjell Terminals Asia Holding Pte Ltd has issued a guarantee for its share of the interest bearing debt in the Odfjell Nangang Terminal (Tianjin). At the end of 2019, the Odfjell share of this debt was USD 23.0 million. Accumulated net loss of USD 2.4 million related to Odfjell Nangang Terminal (Tianjin) is not recognized in 2019.

Odfjell Gas recognized in 2018 an impairment loss of USD 3.3 million (Odfjell share) related to vessels. The impairment losses in joint ventures are included in the share of net result from associates and joint ventures in the Income Statement and in investments in associates and joint ventures in the Statement of Financial Position. See note 3 for more information about impairment testing in joint ventures.

(USD 1000)	2019	2018
Loan to associates and joint ventures	–	497

All transactions are considered being at commercial reasonable market terms.

Note 29
Held for sale

As per December 31, 2019, the ship Bow Andes, 16 020 dwt and built in year 2000, is classified as held for sale. An impairment loss of USD 2.4 million was recognized to adjust carrying amount to fair value of USD 4.1 million, see note 13.

Note 30
Contingent liabilities

In the ordinary course of business, the Group is party to certain disputes etc. of various scopes. The resolution of these disputes etc. is associated with uncertainty, as they depend on legal proceedings, such as negotiations between the parties affected. At the end of 2019, the parent company nor its consolidated subsidiaries were not involved in disputes etc. where the likely outcome is material for the Group.

Note 31
Subsequent events

Subsequent events are those events that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

On January 10, 2020, Odfjell agreed on financial definitions in bond terms which exclude lease liability arising from adoption of IFRS 16 when calculating the equity ratio. Similar terms are agreed with other lenders and loan agreements are being updated accordingly.

On January 14, 2020, one of Odfjell's ships made contact with a fishing boat in Galveston Bay entrance. The ship was inbound under pilotage as first ship in a convoy. The accident resulted in the death of three crew members of the fishing boat.The cause of the collision is under investigation, and Odfjell is fully supporting and contributing to the efforts of the United States Coast Guard and National Transportation Safety Board to establish the course of events that led to this tragic incident.

Incidents such as described above are part of the Odfjell Group's insurance coverage.

The outbreak of the Coronavirus (COVID-19) will have impact on the world GDP and is expected to have an adverse effects on the Group's operations, liquidity and financial results this year, but the extent and duration of these conditions over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. Odfjell is closely monitoring the impact of the ongoing virus outbreak and will implement measures required to minimize the adverse impact on our staff, operations and financial results.

Note 32
Exchange rates of the Group's major currencies against USD

	Norwegian kroner (NOK)		Euro (EUR)		Singapore dollar (SGD)	
	Average	Year-end	Average	Year-end	Average	Year-end
2019	8.79	8.78	1.12	1.12	1.36	1.35
2018	8.13	8.69	1.18	1.14	1.35	1.36

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Statement of profit or loss and other comprehensive income

(USD 1 000)	Note	2019	2018
Statement of profit or loss			
Operating revenue (expenses)		–	–
Gross revenue		414	–
General and administrative expenses	6, 11	(7 770)	(6 314)
Operating result (EBIT)		(7 356)	(6 314)
Financial income (expenses)			
Impairment shares	12	–	(169 800)
Income on investment in subsidiaries and joint ventures	8	20 736	29 886
Interest income	8	9 978	19 449
Interest expenses	8	(34 147)	(39 750)
Other financial items	8	(6 967)	(2 448)
Currency gains (losses)	9	(2 945)	(4 790)
Net financial items		**(13 346)**	**(167 453)**
Result before taxes		**(20 701)**	**(173 767)**
Income taxes	4	–	1 400
Net result		**(20 701)**	**(172 367)**
Other comprehensive income			
Cash flow hedges transferred to statement of comprehensive income		–	–
Net gain/(loss) on available-for-sale investments		–	–
Other comprehensive income		–	–
Total comprehensive income		**(20 701)**	**(172 367)**

Statement of financial position

Assets as per December 31 (USD 1 000)	Note	2019	2018
Non-current assets			
Shares in subsidiaries	12	1 007 689	1 007 689
Shares in joint ventures	12	15 068	15 068
Loans to Group companies and joint ventures	10	6 997	171 577
Derivative financial instruments	2	–	–
Total non-current assets		**1 029 754**	**1 194 334**
Current assets			
Current receivables		126	104
Receivables from Group companies and joint ventures		4 120	15 870
Cash and bank deposits		58 272	129 514
Total current assets		**62 518**	**145 488**
Total assets		**1 092 272**	**1 339 823**

Equity and liabilities as per December 31	Note	2019	2018
Equity			
Share capital	5,13	29 425	29 425
Treasury shares	5,13	(2 546)	(2 566)
Share premium	5	172 388	172 388
Other equity	5	586 802	607 293
Total shareholders' equity	**5**	**786 069**	**806 539**
Non-current liabilities			
Derivatives financial instruments	2	20 358	9 988
Loans from subsidiaries	3	6 065	6 048
Long-term interest bearing debt	3	234 498	390 751
Total non-current liabilities		**260 921**	**406 787**
Current liabilities			
Proposed dividend	7	–	–
Derivative financial instruments	2	10 551	9 913
Current portion of long-term interest bearing debt	3	22 160	109 052
Other current liabilities		2 841	5 889
Loans from Group Companies		9 731	1 642
Total current liabilities		**45 283**	**126 496**
Total liabilities		**306 204**	**533 283**
Total equity and liabilities		**1 092 272**	**1 339 823**
Guarantees	14	865 558	653 681

The Board of Directors of Odfjell SE

Bergen, March 18, 2020

Laurence Ward Odfjell
Chair

Christine Rødsæther

Åke Gregertsen

Jannicke Nilsson

Åse Aulie Michelet

Nils Petter Dyvik

Kristian Mørch
CEO

ODFJELL SE

Statement of cash flow

(USD 1 000)	2019	2018
Cash flow from operating activities		
Result before taxes	(20 701)	(173 767)
Taxes paid	–	–
Impairment shares	–	169 800
Effect of currency loss/(gain)	939	(17 058)
Unrealized changes in derivatives	13 495	16 088
Dividends and (gain)/loss from sale of shares	–	(29 886)
Other short-term accruals	(5 558)	(3 273)
Net cash flow from operating activities	**(11 825)**	**(38 096)**
Cash flow from investing activities		
Investment in joint ventures	–	(27 000)
Dividend received/share capital reduction in joint ventures	–	104 110
Change in available-for-sale investments	–	–
Loans to/from subsidiaries	184 436	38 011
Net cash flow from investing activities	**184 436**	**115 120**
Cash flow from financing activities		
New interest bearing debt	–	91 018
Repayment of interest bearing debt	(243 211)	(178 350)
Dividend payment	–	(14 583)
Repurchase/sale of treasury shares	230	–
Net cash flow from financing activities	**(242 981)**	**(101 915)**
Effect on cash balances from currency exchange rate fluctuations	(873)	(1 067)
Net change in cash balances	**(71 243)**	**(25 957)**
Cash balances as per January 1	129 514	155 471
Cash balances as per December 31	**58 272**	**129 514**

Note 1
Accounting principles

The parent's separate financial statements have been prepared in accordance with the simplified IFRS. The functional and presentation currency of the company is USD. The accounting principles are based on the same accounting principles as the Group financial statement with the following exceptions:

Investments in subsidiaries and joint ventures

Subsidiaries and investments in joint ventures are presented according to the cost method. Group relief received is presented as dividend from subsidiaries. Group contribution and dividends from subsidiaries are recognized in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its shares holdings.

Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Accordingly, a reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Derivative financial instruments

The Company, on behalf of subsidiaries, enters into derivative financial instruments to reduce currency and bunkers exposure in subsidiaries. Fair value and changes in fair value of these financial instruments are charged to the respective subsidiary and therefore not recognized in the balance sheet nor net result.

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates and interest rates. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current.

Changes in fair value of derivatives are recognized in the income statement together with changes in the fair value of the hedged item. This also applies to derivatives that qualify for hedge accounting in the Group financial statements.

See note 5 to the Group Financial Statements for more details regarding risk management.

Income taxes

Deferred tax is calculated using the liability method on all temporary differences arising between the tax base of the assets and liabilities and their carrying amount in the financial statements.

Deferred tax is determined using the tax rate and laws which have been enacted on the balance sheet date. Deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available. Deferred tax asset/deferred tax is not calculated on temporary differences arising on investments in subsidiaries, joint ventures and associates.

Note 2
Financial assets and financial liabilities

Classification of financial assets and liabilities as at December 31, 2019:

(USD 1000)	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/liabilities	Carrying amount 2019
Assets					
Cash and cash equivalents	–	58 272	–	–	58 272
Current receivables	–	4 246	–	–	4 246
Non-current receivables	–	–	–	–	–
Loan to Group companies	–	6 997	–	–	6 997
Other non-financial assets	–	–	–	1 022 757	1 022 757
Total assets	**–**	**69 515**	**–**	**1 022 757**	**1 092 272**
Liabilities					
Proposed dividend	–	–	–	–	–
Other current liabilities	–	–	12 571	–	12 571
Loan from subsidiaries	–	–	6 065	–	6 065
Derivative financial instruments	30 909	–	–	–	30 909
Interest bearing debt	–	–	256 659	–	256 659
Total liabilities	**30 909**	**–**	**275 295**	**–**	**306 204**

Classification of financial assets and liabilities as at December 31, 2018:

(USD 1000)	Derivatives at fair value through profit and loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Non-financial assets/ liabilities	Carrying amount 2018
Assets					
Cash and cash equivalents	–	129 514	–	–	**129 514**
Derivative financial instruments	–	–	–	–	**–**
Current receivables	–	15 974	–	–	**15 974**
Loan to Group companies	–	171 577	–	–	**171 577**
Other non-financial assets	–	–	–	1 022 757	**1 022 757**
Total assets	**–**	**317 066**	**–**	**1 022 757**	**1 339 823**
Liabilities					
Proposed dividend	–	–	–	–	**–**
Other current liabilities	–	–	7 531	–	**7 531**
Loan from subsidiaries	–	–	6 048	–	**6 048**
Derivative financial instruments	19 901	–	–	–	**19 901**
Interest bearing debt	–	–	499 803	–	**499 803**
Total liabilities	**19 901**	**–**	**513 382**	**–**	**533 283**

Fair value of financial instruments

Odfjell SE classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date, and level 2 are inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly. For some non-derivative financial assets and liabilities, we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Derivative financial instruments and available-for-sale-investments are recognized in the balance sheet at the fair value at the balance sheet date. The fair value is obtained from active markets or based on third party quotes. For cash and cash equivalents and current liabilities, the carrying amount is considered to be the best estimate of fair value of these instruments due to the short maturity date. Receivables are measured at nominal value reduced by any impairment. Carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. For dividend payable, the carrying amount is considered to be best estimate of fair value due to short maturity date and valid terms. Fair value of bonds is calculated based on market values on the bonds.

Bond debt has a market value of USD 197 million per December 31, 2019 compared to carrying amount of USD 194 million. Correspondingly market value was USD 254 million as per December 31, 2018 compared to carrying amount of USD 253 million.

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(USD 1 000)	2019 Level 1	2019 Level 2	2018 Level 1	2018 Level 2
Recurring fair value measurement				
Financial assets at fair value:				
Derivatives instruments - non hedging	–	–	–	–
Available-for-sale investments	–	–	–	–
Financial liabilities at fair value:				
Derivatives instruments - non hedging	–	30 909	–	19 901
Derivatives instruments - hedging	–	–	–	–

Hedging

The Company uses various derivative financial instruments to reduce fluctuations in earnings and cash flow caused by volatility in foreign exchange rates, interest rates and bunker prices. Derivatives are classified as current asset/liability if payments occur within 12 months after the balance sheet date. Derivatives where payment takes place more than 12 months after the balance sheet date are classified as non-current asset/liability.

See note 5 to the Group Financial Statements for more details regarding risk management.

Below overview shows status of hedging exposure per December 31, 2019 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Non hedge, interest rate swaps[2]	USD 350 000		2.98%	(19 166)	–	100 000	250 000	350 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	Sold		Avg. rate	MTM1)	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge[3]	USD 201 802	From NOK to USD	5.92%	(11 743)	–	201 802	–	201 802

1) Mark to market valuations

2) All non hedge IRS are classified as current assets/liabilities

3) Related to NOK bonds issued by Odfjell SE

Below overview shows status of hedging exposure per December 31, 2018 (figures in 1 000):

(USD 1 000)					Time to maturity – USD amounts			
Interest rates	Sold		Avg. rate	MTM [1]	<1 year	1 – 5 years	> 5 years	Total
Non hedge, interest rate swaps[2]	USD 350 000		2.98%	(5 671)	–	100 000	250 000	350 000

					Time to maturity – USD amounts			
Cross currency interest rate swaps	Sold		Avg. rate	MTM1)	<1 year	1 – 5 years	> 5 years	Total
Fair value/Non hedge[3]	USD 263 227	From NOK to USD	6.06%	(14 230)	61 425	201 802	–	263 227

1) Mark to market valuation

2) All non hedge IRS´are classified as assets/liabilities

3) Related to NOK bonds issued by Odfjell SE

Negative value MTM of the cross currency swaps related to the three outstanding bond loans of in total USD 194 million (USD 253 million in 2018), amounts to USD 11.7 million per December 31, 2019 (USD 14.2 million in 2018). Positive accumulated currency gain booked related to the same bond loans per December 31, 2019 amounts to USD 10.6 million (USD 14.5 million in 2018).

In addition to the derivatives above, Odfjell SE held currency forwards to reduce exposure in subsidiaries. The result of these contracts is transferred to the respective subsidiary at maturity and therefore not recognized in Odfjell SE's separate financial statement. Fair values of these contracts are:

(USD 1 000)	2019	2018
Bunkers	–	(773)
Currency	(205)	(2 481)
Total derivative financial instruments	**(205)**	**(3 254)**

Note 3
Interest bearing debt

The long-term debt is a combination of debt guaranteed by subsidiaries and bonds in the Norwegian bond market. Interest rates are generally based on floating LIBOR-rates on less than 12-months. See note 8 to the Group Financial Statements for more information about interest bearing debt and covenants.

(USD 1 000)	Interest rate year-end[1]	2019	2018
Mortgage loans from finance institutions	4.47%	64 804	250 506
Bonds – unsecured	7.84%	193 615	253 133
Subtotal interest bearing debt	6.99%	258 419	503 638
Debt transaction fees		(1 760)	(3 835)
Total interest bearing debt		**256 659**	**499 803**
Current portion of long-term interest bearing debt		(22 160)	(109 052)
Total non-current interest bearing debt		**234 498**	**390 751**

[1] Average interest rate is the weighted average of interest rates, excluding hedging, as per end of 2019.

Maturity of interest bearing debt as per December 31, 2019:

(USD 1 000)	2020	2021	2022	2023	2024	2025+	Total
Mortgage loans from financial institutions	22 160	12 955	14 614	15 075	–	–	64 804
Bonds – unsecured	–	79 724	56 946	56 946	–	–	193 615
Sub total interest bearing debt	22 160	92 679	71 559	72 021	–	–	258 419
Estimated interest payable	18 235	17 717	10 780	5 414	–	–	52 146
Total interest bearing debt	40 395	110 396	82 339	77 435	–	–	310 565

Maturity of interest bearing debt as per December 31, 2018:

(USD 1 000)	2019	2020	2021	2022	2023	2024+	Total
Mortgage loans from financial institutions	51 521	110 259	59 036	14 614	15 075	–	250 506
Bonds – unsecured	57 530	–	80 542	57 530	57 530	–	253 133
Sub total interest bearing debt	109 052	110 259	139 579	72 144	72 605	–	503 638
Estimated interest payable	33 191	25 807	16 781	9 635	4 711	–	90 126
Total interest bearing debt	142 243	136 067	156 359	81 779	77 316	–	593 764

The average maturity of the Company's total interest bearing debt is about 2.3 years (2.6 years in 2018). Average maturity of loans from financial institutions is 2.5 years (2.5 years in 2018), while average maturity of bonds is 2.3 years (2.7 years in 2018).

Long-term loans from subsidiaries:

	Currency	Average interest rate	2019	2018
Loans from group companies	USD	7.15%	6 065	6 048

Loans from Group companies generally have no fixed repayment schedule. Repayment is based on available liquidity. Loans to and from Group companies are priced on an arm-length basis.

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Note 4
Taxes

(USD 1 000)	2019	2018
Taxes payable related to withholding tax on received dividend	–	–
Prior years adjustments	–	(1 400)
Total tax expenses (income)	–	(1 400)
Effective tax rate	N/A	N/A

Taxes payable:

(USD 1 000)	2019	2018
Result before taxes	(7 206)	(173 767)
Permanent differences	(18 608)	123 003
Changes temporary differences	(1 304)	17 864
Basis taxes payable	**(27 117)**	**(32 900)**
Group contribution with tax effect (received)	–	–
Utilization of carried forward losses	–	–
Losses brought forward	27 117	32 900
Basis taxes payable after Group contribution	**–**	**–**

Specification of deferred taxes (deferred tax assets):

(USD 1 000)	2019	2018
Non-current assets	1 311	1 471
Other long-term temporary differences	2 739	3 459
Financial instruments/finance expenses	(14 055)	(16 578)
Tax-loss carried forward	(177 390)	(159 300)
Non-deductible interest	(9 988)	–
Net temporary differences	**(197 383)**	**(170 947)**
Tax rate	22%	22%
Total deferred tax (deferred tax assets)	(43 424)	(37 608)
Total deferred tax not recognized	43 424	37 608
Deferred tax assets	**–**	**–**

Deferred tax asset is not accounted for due to uncertainty of future utilization of temporary differences. Temporary differences are translated to USD from NOK at closing rate. Basis for calculating taxes payable is average exchange rate, while deferred tax/deferred tax assets are calculated using end exchange rate.

Note 5
Shareholders' equity

	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Shareholders' equity as per December 31, 2017	**29 425**	**(2 764)**	**172 388**	**779 845**	**978 895**
Comprehensive income	–	–	–	–	–
Purchase of Treasury shares	–	198	–	86	284
Proposed dividend	–	–	–	–	–
Net result	–	–	–	(172 367)	(172 367)
Shareholders' equity as per December 31, 2018	**29 425**	**(2 566)**	**172 388**	**607 293**	**806 539**
Comprehensive income	–	–	–	–	–
Purchase of Treasury shares	–	20	–	211	231
Proposed dividend	–	–	–	–	–
Net result	–	–	–	(20 701)	(20 701)
Other adjustments	–	–	–	–	–
Shareholders' equity as per December 31, 2019	**29 425**	**(2 546)**	**172 388**	**586 802**	**786 069**

Note 6
Related parties

In the normal course of the conduct of its business, Odfjell enters into a number of transactions with related parties. The Company considers these arrangements to be according to arm-length principles and on commercially reasonable market terms, and there were no material outstanding balances as per December 31, 2019.

Odfjell SE also has service fee agreements and several financial transactions with Group companies, all considered being at commercial reasonable market terms. Management fee from wholly owned subsidiaries is charged with USD 6.4 million (USD 4.7 million in 2018).

Note 7
Subsequent Events

No significant events after the balance sheet date was identified for Odfjell SE. Refer to note 31 in the Group financial statements for subsequent events for the Group as a whole.

Note 8
Financial income and expenses

(USD 1 000)	2019	2018
Dividend/Sale of shares/Group contribution	20 736	29 886
Impairment of shares in subsidiaries (ref. note 12)	–	(169 800)
Inter-company interest income	7 451	16 160
Other interest income bank deposit	2 527	3 289
Total interest income	**9 978**	**19 449**
Inter-company interest expenses	(431)	(354)
Interest expenses, loans	(33 716)	(39 396)
Total interest expenses	**(34 147)**	**(39 750)**
Other financial income	8 530	6 746
Other financial expenses	(17 877)	(5 847)
Financial assets and liabilities at fair value through net result	2 381	(3 347)
Sum other financial income/expenses	**(6 967)**	**(2 448)**
Net currency gains (losses) - see note 9	(2 945)	(4 790)
Net financial items	**(13 346)**	**(167 453)**

Note 9
Currency gains (losses)

(USD 1 000)	2019	2018
Non-current receivables and debt	3 773	(3 528)
Cash and cash equivalents	(873)	(1 067)
Other current assets and current liabilities	(5 845)	(196)
Total currency gains (losses)	**(2 945)**	**(4 790)**

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Note 10
Loans to Group Companies and joint ventures

(USD 1 000)	Currency	2019	2018
Odfjell Asia II Pte Ltd	USD	–	111 000
Odfjell Chemical Tankers AS	USD	6 997	60 577
Sub total loans to Group companies		**6 997**	**171 577**
Sub total loans to Joint Ventures		**–**	**–**
Total loans to Group companies and joint ventures		**6 997**	**171 577**

Note 11
Salaries, number of employees, benefits to Board of Directors, CEO, other members of the Management Group and auditor's remuneration

For 2019 the Company has no employees and the Company is not bound to have mandatory occupational pension scheme pursuant to the Norwegian law of Occupational pension scheme.

Compensation and benefits to Board of Directors in 2019:

(USD 1 000)	Compensation [1]	Other benefits	Total
Laurence Ward Odfjell (Chair)	132	–	**132**
Åke Gregertsen	72	–	**72**
Christine Rødsæther	49	–	**49**
Jannicke Nilsson	49	–	**49**
Åse Aulie Michelet	49	–	**49**
Hans Smits	46	–	**46**
Klaus Nyborg	18	–	**18**
Total	**414**	–	**414**

[1] Including compensation to some of the Directors for involvement in joint venture boards

Auditor's remuneration 2019 (exclusive of VAT):

(USD 1 000)	2019	2018
Statutory auditing	101	106
Other assurance services	18	56
Tax advisory services	16	43
Non-audit services	39	45
Total remuneration	**174**	**250**

Note 12
Shares in subsidiaries and joint ventures

Subsidiaries and activities under joint control are included in the parent company financial statement based on historical cost.

Subsidiaries

	Registered office	Share/voting rights	Book value	Result 2019	Equity 2019
Odfjell Argentina SA [1]	Argentina	90%	129	194	195
Odfjell Chemical Tankers Ltd	Bermuda	100%	319 862	383	326 040
Odfjell Brasil - Representacoes Ltda	Brazil	100%	983	(24)	1 292
Odfjell Terminals BV [2]	Netherlands	100%	199 172	9 296	146 798
Norfra Shipping AS	Norway	100%	444 848	9 546	461 710
Odfjell Insurance & Properties AS	Norway	100%	843	(20)	657
Odfjell Management AS	Norway	100%	21 858	3 150	24 364
Odfjell Maritime Services AS	Norway	100%	1 929	(57)	1 102
Odfjell Tankers AS	Norway	100%	9 858	(227)	10 408
Odfjell Terminals II AS	Norway	100%	5 248	166	6 457
Odfjell Peru	Peru	100%	195	–	70
Odfjell Ship Management (Phils) Inc	Philippines	100%	200	19	(352)
Odfjell Singapore Pte Ltd	Singapore	100%	13	758	2 703
Odfjell Korea Ltd	South Korea	100%	43	80	117
Odfjell Middle East DMCC	United Arab Emirates, Dubai	100%	2 509	123	1 264
Odfjell USA (Houston) Inc	USA	100%	–	813	3 026
Total			**1 007 689**		

[1] The company Odfjell Argentina SA is directly and indirectly 99% owned by Odfjell SE.

[2] Odfjell Terminals BV became a subsidiary in December 2018. Odfjell's terminal activity is operated through joint ventures owned by Odfjell Terminals BV. The result and equity presented are consolidated figures for the terminal segment (see note 4 to the Group Financial Statements).

Shares in joint ventures

	Registered office	Share/voting rights	Book value [1]	Result 2019 [2]	Equity 2019 [3]
Odfjell Gas AS	Norway	50%	15 068	1 458	16 016
Total shares in joint ventures			**15 068**		

1) Book value of shares based on historical cost

2) Consolidated Net result in the joint venture, Odfjell share (see note 4 to the Group Financial Statements)

3) Consolidated Equity in the joint venture, Odfjell share (see note 4 to the Group Financial Statements)

The Company has tested investments for impairment in accordance with requirements in IAS 36. No impairment has been recognized for 2019.

Note 13
Share capital and information about shareholders

	Number of shares	Nominal value (NOK)	(NOK 1 000) 2019	(NOK 1 000) 2018
A-shares	65 690 244	2.50	**164 226**	164 226
B-shares	21 078 704	2.50	**52 697**	52 697
Total	**86 768 948**		**216 922**	**216 922**

All shares have the same rights in the Company, except that B-shares have no voting rights.

20 largest shareholders as per December 31, 2019 according to VPS:

Name	A shares	B shares	Total	Percent of votes	Percent of shares
1. Norchem A/S	25 966 492	7 668 450	33 634 942	43.26%	38.76%
2. Odfjell SE	5 669 955	2 322 482	7 992 437	2)	9.21%
3. Svenska Handelsbanken AB	3 226 705	2 080 480	5 307 185	5.38%	6.12%
4. Rederiet Odfjell AS	3 497 472	–	3 497 472	5.83%	4.03%
5. Rederiet Jacob Christensen AS	2 880 516	572 546	3 453 062	4.80%	3.98%
6. Pareto Aksje Norge Verdipapirfond	2 041 844	1 382 962	3 424 806	3.40%	3.95%
7. J. O. Invest AS	2 878 400	–	2 878 400	4.80%	3.32%
8. Holmen Spesialfond	2 000 000	–	2 000 000	3.33%	2.30%
9. EGD Shipholding AS	1 600 704	–	1 600 704	2.67%	1.84%
10. Verdipapirfondet Nordea Norge Verd	1 157 369	286 799	1 444 168	1.93%	1.66%
11. B.O. Steen Shipping AS	230 000	879 000	1 109 000	0.38%	1.28%
12. Credit Suisse (Switzerland) Ltd.	549 600	288 500	838 100	0.92%	0.97%
13. Forsvarets Personellservice	783 300	–	783 300	1.31%	0.90%
14. AS SS Mathilda	600 000	150 000	750 000	1.00%	0.86%
15. Meteva AS	–	700 000	700 000	0.00%	0.81%
16. Verdipapirfondet Nordea Kapital	687 355	–	687 355	1.15%	0.79%
17. The Bank of New York Mellon[1]	179 113	463 012	642 125	0.30%	0.74%
18. Verdipapirfondet Nordea Avkastning	484 349	–	484 349	0.81%	0.56%
19. Bergen Kommunale Pensjonskasse	–	460 000	460 000	0.00%	0.53%
20. Jakob Hatteland Holding AS	375 500	–	375 500	0.63%	0.43%
Total 20 largest shareholders	**54 808 674**	**17 254 231**	**72 062 905**	**81.87%**	**83.05%**
Other shareholders	10 881 570	3 824 473	14 706 043	18.13%	16.95%
Total	**65 690 244**	**21 078 704**	**86 768 948**	**100.00%**	**100.00%**
International shareholders	33 302 369	11 795 553	45 097 922	55.49%	51.97%
Treasury shares[2]	5 669 955	2 322 482	7 992 437	–	9.21%
Cost price treasury shares (USD 1 000)	1 926	788	2 714		

[1] Nominee account

[2] No voting rights for own shares ref. Public Limited Companies Act §5 -4

Source: Norwegian Central Securities Depository (VPS).

For an analysis of the 20 largest shareholders of December 31, 2019, see text in section Shareholder Information. See note 26 in the Group Financial Statements for details regarding shares owned by members of the Board and Executive Management (including related parties).

Note 14
Guarantees

(USD 1 000)	2019	2018
100% owned subsidiaries (credit facilities)	851 008	622 288
Joint ventures (credit facilities)	11 550	14 400
100% owned subsidiaries (third party guarantees)	3 000	16 993
Total guarantees	**865 558**	**653 681**

Odfjell SE issues guarantees on behalf of subsidiaries as part of our day-to-day business, and to joint ventures on a case-by-case basis.

The Company has issued guarantees on behalf of 100% owned subsidiaries for bunkers purchases and credit facilities totaling USD 854 million. Odfjell SE has also guaranteed for credit facilities on behalf of JVs amounting to USD 11.6 million (USD 14.4 million in 2018).

Guarantees to and from Group companies are entered into on arm-length basis.

Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period January 1 to December 31, 2019, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the Group and Company's consolidated assets, liabilities, financial position and results of operations, and that the Report from the Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with description of the principal risks and uncertainties facing the Company and the Group.

THE BOARD OF DIRECTORS OF ODFJELL SE

Bergen, March 18, 2020

Laurence Ward Odfjell
Chair

Christine Rødsæther

Jannicke Nilsson

Åke Gregertsen

Nils Petter Dyvik

Åse Aulie Michelet

Kristian Mørch
CEO

Auditor's Report

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Odfjell SE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Odfjell SE comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment evaluation of vessels

Due to continuing difficult market conditions and price/book ratio below 1, management identified impairment indicators and tested recoverable amounts of the Group's vessels and right of use assets (vessels). Management measured the recoverable amounts of vessels or cash generating units ("CGUs") by comparing its carrying amount to the highest of fair value less cost to sell and value in use. The Group's vessels operate within trades (the deep-sea and regional South America trade and the regional Asia trade) and as last year these

trades defined separate cash generating units. Right of use assets (vessels) were part of the deep-sea and regional South America trade. As per 31 December 2019 the Group also has a vessel held for sale, being a separate CGU.

As per 31 December 2019 book value of the Group's vessels including right of use assets (vessels) amounted to USD 1 599,9 million, representing 79,3 % of Group's total assets. The Group recognized an impairment charge of USD 2,7 million in 2019, of which USD 2,4 million were related to one vessel held for sale. No impairment charge was recognized on the rest of the vessels and right of use assets (vessels).

The recoverable amount of the deep-sea and regional South America trade was determined based on value in use calculations. Key assumptions for the value in use calculation were forecasted time-charter earnings, operating expenses, docking expenses, administration expenses, economic life of vessels, residual values and discount rate. The recoverable amount of the regional Asia trade and vessel held for sale were determined based on fair value less cost of disposal. Management obtained external broker valuation as evidence of fair value less cost to sell.

Considering the extent of estimates and assumptions applied in the impairment evaluation, and management's involvement and significant judgement in establishing them, we assess impairment evaluation of vessels and right of use assets (vessels) as a key audit matter.

We evaluated the appropriateness of management's identification of the Group's CGUs.
For the value in use calculation, we compared estimated time charter earnings to the Group's historical data and external long-term expectations for the chemical tanker market. We compared expenses to approved budget, historical data and external long-term expectations. We performed an assessment of the reliability of management's forecast through a review of actual performance against previous forecasts and the consistency of valuation methodology applied. We involved a specialist in testing of the mathematical accuracy of the value in use calculation, and in the assessment of the discount rate applied. Furthermore, we performed sensitivity analysis of management's assumptions.

For fair value less cost of disposal, we obtained external broker valuation from management. We performed inquires of the broker and compared the valuation to external observable transactions of similar vessels and newbuilding contracts. Furthermore, we compared the broker valuation to management's value in use calculation, including the assumptions applied and performed sensitivity analysis.

We refer to note 2.5, 3 and 13 of the consolidated financial statements.

Adoption of IFRS 16 Leases

The Odfjell Group adopted IFRS 16 Leases from 1st January 2019 using the modified retrospective method. The adoption of IFRS 16 had significant impact on the Group's consolidated financial position. As at 01.01.2019 USD 187,8 million were recognized as right of use assets and corresponding lease liabilities providing an increase of total assets and total equity and liabilities of 10 %. As per 31.12.2019 the lease liability recognized amounted to USD 213 million. IFRS 16 also affected consolidated statement of profit or loss and consolidated statement of cash flows. Part of lease costs previously presented as operating costs were classified as depreciation and interest expenses in consolidated statement of profit or loss, and as part of cash flows from financing activities instead of operating activities in consolidated statement of cash flows. Odfjell' s lease contracts were mainly related to rent of vessels on time charter- and bareboat agreements. Furthermore, the Group had lease contracts for rent of office spaces. No material contracts defining Odfjell as a lessor was identified by management.

Management assessed which contracts contained a lease and separated the lease contracts into groups of leases of low-value assets, short term and long-term lease contracts. Lease liabilities were calculated for long term lease contracts. Key assumptions applied were estimates of non-lease components, discount rates and lease terms including options to extend lease period and/or purchase the asset after a certain period.

Considering the judgement and assessments made by management related to the lease contracts and the impacts on consolidated financial position, the change in classification of costs in consolidated statement of profit or loss and other comprehensive income, and the extent of new disclosure requirements we assessed adoption of IFRS 16 to be a key audit matter.

We performed audit procedures on data as per 01.01.2019 and 31.12.2019. We tested completeness by comparing management's list of vessel lease contracts to fleet overview and summary of revenue recognized per vessel. For office leases we investigated general and administrative expenses for a sample of subsidiaries within the Group. Furthermore, we inspected a sample of lease contracts. We assessed accounting policies applied including the use of practical expedients. We evaluated managements' classification of leases of low-value assets, short term and long-term leases including management's assessment of options. As part of the evaluation of options, we inquired management within operating department to understand economic incentives and elements within control of the lessee.

We tested accuracy of the calculation of lease liabilities by reconciling inputs in the calculation to lease agreements for a sample of lease contracts. We compared amounts for non-lease components to estimate of operating expenses for similar classes of vessels and its consistency to amounts used in budget and impairment assessment. For selected contracts we evaluated incremental borrowing rate by comparing to borrowing rates obtained by Odfjell for funding of vessels on comparable terms.

Further we tested the mathematical accuracy of the calculation. We evaluated classification of non-current and current portion of lease liabilities as well as the presentation of lease costs in consolidated statement of profit or loss and consolidated statement of cash flows. We assessed the group's disclosures regarding IFRS 16 and its compliance with disclosure requirements.

We refer to note 2.6, 3 and 12 of the consolidated financial statements.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 18 March 2020
ERNST & YOUNG AS

Jørn Knutsen
State Authorised Public Accountant (Norway)

Fleet overview

as per December 31, 2019

Vessel type	Chemical Tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Supersegregator	Bow Sea	49 592	2006	Owned	52 107	52 107	40
Supersegregator	Bow Summer	49 592	2005	Owned	52 128	52 128	40
Supersegregator	Bow Saga	49 559	2007	Owned	52 126	52 126	40
Supersegregator	Bow Sirius	49 539	2006	Owned	52 155	52 155	40
Supersegregator	Bow Star	49 487	2004	Owned	52 127	52 127	40
Supersegregator	Bow Sky	49 479	2005	Leased	52 126	52 126	40
Supersegregator	Bow Spring	49 429	2004	Owned	52 127	52 127	40
Supersegregator	Bow Sun	42 459	2003	Owned	52 127	52 127	40
Supersegregator	Bow Chain	37 518	2002	Owned	40 621	40 621	47
Supersegregator	Bow Faith	37 479	1997	Owned	41 487	34 208	52
Supersegregator	Bow Cedar	37 455	1996	Owned	41 488	41 488	52
Supersegregator	Bow Cardinal	37 446	1997	Owned	41 487	34 208	52
Supersegregator	Bow Firda	37 427	2003	Owned	40 645	40 645	47
Supersegregator	Bow Fortune	37 395	1999	Leased	40 619	40 619	47
Supersegregator	Bow Fagus	37 375	1995	Owned	41 608	34 329	52
Supersegregator	Bow Flora	37 369	1998	Leased	40 515	33 236	47
Supersegregator	Bow Cecil	37 369	1998	Bareboat	40 515	33 236	47
Supersegregator	Bow Clipper	37 221	1995	Owned	41 596	34 328	52
Supersegregator	Bow Flower	37 221	1994	Owned	41 492	34 213	52
Supersegregator	Bow Hercules	40 900	2017	Bareboat	42 832	42 832	30
Supersegregator	Bow Gemini	40 895	2017	Bareboat	42 832	42 832	30
Supersegregator	Bow Aquarius	40 901	2016	Bareboat	42 813	42 813	30
Supersegregator	Bow Capricorn	40 929	2016	Bareboat	43 552	43 552	30
Supersegregator	Bow Orion	49 000	2019	Owned	55 000	55 000	33
Supersegregator	Bow Olympus	49 000	2019	Owned	55 000	55 000	33
Large Stainless steel	Bow Performer	35 155	2018	Time charter	36 668	36 668	28
Large Stainless steel	Bristol Trader	35 863	2016	Time charter	38 315	37 549	18
Large Stainless steel	Bow Precision	35 155	2018	Time charter	36 668	36 668	28
Large Stainless steel	Bow Hector	33 694	2009	Time charter	37 384	37 384	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	Shamrock Mercury	19 000	2010	Time charter	22 204	22 204	22
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
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 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 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		2 183 888	67		2 363 766	1 946 457	1 941

Newbuildings on order: Chemical Tankers	Number	dwt	cbm	Stainless steel, cbm	Tanks	Delivery	Ownership
China Shipbuilding Trading Co., Ltd./	2	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
Undisclosed	2	36 000	40 000	40 000	28	2019-2020	Bareboat
Total newbuildings:	6	246 000	279 200	279 200	202		

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	

3rd party * vessel type	Chemical Tankers	dwt	Built	Ownership	cbm	Stainless steel, cbm	Tanks
Supersegregator	SC Taurus	40 964	2017	Pool	42 793	42 793	30
Supersegregator	SC Scorpio	40 964	2017	Pool	42 786	42 786	30
Supersegregator	SC Virgo	40 870	2017	Pool	42 832	42 832	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:		260 298	8		267 366	267 366	210

* Pool participation and commercial management

Summarized	Number	dwt	cbm	Stainless steel, cbm	Tanks
Owned	33	1 222 486	1 337 611	956 003	1 100
Time charter	16	380 658	409 424	408 658	334
Leased	13	441 328	490 186	376 531	178
Bareboat	5	200 994	212 544	205 265	167
Pool	8	247 314	267 366	267 366	186
Total Chemical Tankers	75	2 519 186	2 717 132	2 213 823	1 965

Terminals overview

as per December 31, 2019

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 (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 Odfjell Antwerp Terminals NV	Antwerp, Belgium	25.00%	382 061	71 542	253
Total terminals	6 terminals		1 412 379	225 932	543

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	2900	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	15 220	356

Projects and expansions tank terminals partly owned by related parties	Location	cbm		Estimated completion
Granel Quimica Ltda	Santos II, Brazil	51 910	0	1Q 2020
Granel Quimica Ltda	Rio Grande, Brazil	9 000	0	3Q 2020
Grand total (incl. related tank terminals partly owned by related parties)	20 existing terminals	1 928 309	241 152	

[1] Odfjell SE's indirect ownership share

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