First Quarter presentation 2020

May 7 2020

ODFJELL

Agenda

- Highlights
- Financials
- Operational review/Strategy
- Prospects and Market update

Highlights

- Improved results driven by increased earnings in the chemical tanker tanker markets
- EBITDA of USD 66 mill, compared with USD 58 mill in 4Q19
- EBITDA of USD 58 mill from Odfjell Tankers compared with USD 50 mill 4Q19
- EBITDA of USD 8 mill from Odfjell Terminals compared to USD 8 mill 4Q19
- Net result of USD -4 mill compared to USD -10 mill last quarter
- Adjusted for non-recurring items, net results were USD 1 mill in 1Q20 compared to adjusted net results of USD -7 mill last quarter
- Spot rates on main tradelanes improved by 6% compared to 4Q19, and our COA rate renewals were up 5% in 1Q20
- Attractive refinancing secured for Odfjell Terminals USA, positioning the Houston terminal for accretive growth
- We did not have any operational disturbance or unexpected cost from the IMO 2020 transition
- We are so far not experiencing significant disruptions in our operations from the Covid-19 virus, but we do expect that demand will be negatively affected by a global economic impact that will follow the Pandemic

Key figures, USD mill

(USD mill, unaudited)	**2Q19**	**3Q19**	**4Q19**	**1Q20**	**1Q19**	**FY19**	**FY18**
Odfjell Tankers	223.1	214.2	215.6	**240.2**	218.3	871.3	850.8
Odfjell Terminals	17.9	16.4	18.0	**17.5**	17.6	69.8	91.0
Revenues*	**243.2**	**232.7**	**235.3**	**259.3**	**238.3**	**949.5**	**950.5**
Odfjell Tankers	49.9	44.7	50.1	**57.8**	39.7	184.4	108.7
Odfjell Terminals	6.2	6.0	7.8	**8.1**	6.7	26.7	24.0
EBITDA*	**56.8**	**51.4**	**58.0**	**66.2**	**47.2**	**213.4**	**135.3**
EBIT	14.4	25.9	11.7	**24.3**	7.0	59.0	(76.4)
Net result	(10.2)	(1.1)	(10.0)	**(4.4)**	(15.4)	(36.6)	(210.8)
EPS**	**–**	**(0.01)**	**(0.13)**	**(0.06)**	**(0.20)**	**(0.47)**	**(2.68)**
ROE***	(6.1%)	(7.6%)	(5.6 %)	**(0.5%)**	(10.5 %)	(6.4 %)	(29.8%)
ROCE***	2.8%	2.7%	2.8 %	**5.1 %**	1.4 %	2.8 %	(8.1%)

**Includes figures from Odfjell Gas*
*** Based on 78.6 million outstanding shares*
**** Ratios are annualized*

"1Q20 showed continued improvement in our underlying results, but the emergence of the Covid-19 pandemic is beginning to impact COA volumes and creates uncertainty for future market developments, and we are taking precautionary measures for the company. We are expecting to report slightly weaker results in 2Q20. We are pleased to have reached an important milestone by refinancing our terminals in USA which enables the terminals to be self-funded, and capable of executing our growth plans at the Houston terminal".

Kristian Mørch, CEO Odfjell SE

1. Proportional consolidation method

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Income statement[1] – Odfjell Group by division

USD mill	Tankers		Terminals		Total*	
	4Q19	**1Q20**	**4Q19**	**1Q20**	**4Q19**	**1Q20**
Gross revenue	216.7	240.3	18.0	17.5	235.3	259.3
Voyage expenses	(85.9)	(102.4)	–	–	(86.7)	(103.2)
Pool distribution	(13.5)	(16.1)	–	–	(13.5)	(16.1)
Timecharter Earnings	**117.3**	**121.8**	**18.0**	**17.5**	**135.1**	**140.0**
TC expenses	(8.8)	(8.4)	–	–	(8.8)	(8.4)
Operating expenses	(34.8)	(34.6)	(6.8)	(6.6)	(42.4)	(41.8)
Operating expenses - IFRS 16 adjustments	(5.6)	(5.6)	–	–	(5.6)	(5.6)
G&A	(16.9)	(15.1)	(3.4)	(2.7)	(20.2)	(17.8)
EBITDA	**50.1**	**57.8**	**7.8**	**8.1**	**58.0**	**66.2**
Depreciation	(24.2)	(22.4)	(5.3)	(5.3)	(29.9)	(28.1)
Depreciation - IFRS 16 adjustments	(13.0)	(13.7)	(0.1)	(0.1)	(13.2)	(13.8)
Impairment	(2.4)	–	(0.7)	–	(3.1)	–
Capital gain/loss	–	–	(0.2)	(0.1)	(0.1)	–
EBIT	**10.5**	**21.8**	**1.4**	**2.7**	**11.7**	**24.3**
Net interest expenses	(19.9)	(21.1)	(1.3)	(1.2)	(21.3)	(22.2)
Other financial items	0.1	(5.0)	–	(0.2)	0.1	(5.2)
Net finance	(19.9)	(26.0)	(1.2)	(1.3)	(21.2)	(27.4)
Taxes	(0.1)	(1.0)	(0.4)	(0.3)	(0.5)	(1.3)
Net results	**(9.4)**	**(5.2)**	**(0.2)**	**1.0**	**(10.0)**	**(4.4)**
EPS	(0.12)	(0.07)	(0.00)	0.01	(0.13)	(0.06)
Voyage days	6,216	6,234	–		6,216	6,234

1. Proportional consolidation method *Total Includes contribution from Gas Carriers

Key quarterly deviations:

- Gross revenues increased due to stronger freight rates and higher bunker costs
- Voyage expenses increased due to transition to new IMO 2020 compliant fuel
- Rate increases led to improved TCE compared to 4Q19
- Part of lower G&A due to favorable development in USD/NOK during the quarter
- Higher interest expenses related to tap issues on two outstanding bonds in February.
- Negative M-t-M value of derivatives portfolio of USD 5 mill
- Reduced revenues in Odfjell Terminals more than compensated from lower costs led to a positive net profit during the quarter
- Adjusted for non-recurring items related to the M-t-M valuation of derivatives, adjusted net results for 1Q20 was USD 1 mill compared to adjusted net results of USD -6 mill previous quarter

Balance sheet 31.03.2020[1] – Odfjell Group

Assets, USD mill	4Q19	1Q20
Ships and newbuilding contracts	1,403.0	1,428.1
Right of use assets	207.9	247.5
Investment in associates and JVs	161.6	161.0
Other non-current assets/receivables	23.0	20.6
Total non-current assets	**1,795.5**	**1,857.3**
Cash and cash equivalent	100.8	121.1
Other current assets	122.0	115.8
Total current assets	222.8	236.9
Total assets	**2,018.3**	**2,094.2**

Equity and liabilities, USD mill	4Q19	1Q20
Total equity	**551.2**	**513.3**
Non-current liabilities and derivatives	26.8	59.7
Non-current interest bearing debt	973.5	920.4
Non-current debt, right of use assets	167.3	206.8
Total non-current liabilities	**1,167.6**	**1,186.9**
Current portion of interest bearing debt	158.7	220.3
Current debt, right of use assets	46.3	48.0
Other current liabilities and derivatives	94.5	125.7
Total current liabilities	**299.5**	**393.9**
Total equity and liabilities	**2,018.3**	**2,094.2**

- Cash position improved following tap issues on bonds concluded in January
- Short-term interesting bearing debt increased as bond maturity in January 2021 classified as short-term debt
- Increased deriviatives portfolio as we hedged part of our currency and interest rate exposure during the quarter
- 1Q20 equity ratio of 27.9% excluding debt related to right of use assets

1. Equity method

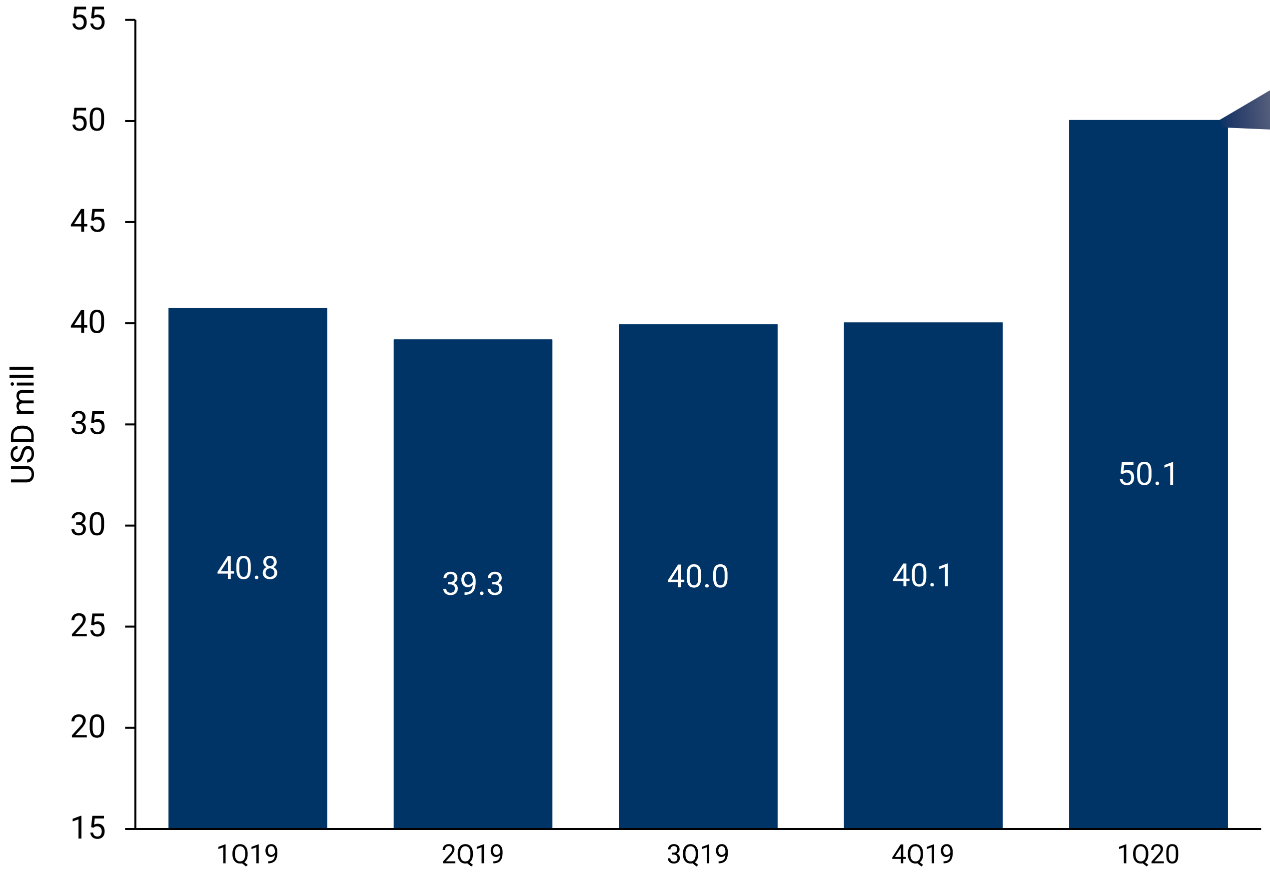
Cash flow – 31.03.2020[1] – Odfjell Group

Cash flow, USD mill	4Q19	1Q20	FY19	FY18
Net profit	(9.8)	(4.5)	(35.9)	(209.3)
Adjustments	38.9	41.9	147.5	104.6
Change in working capital	(8.5)	(1.5)	(7.3)	(20.6)
Other	4.2	(4.2)	(5.6)	167.9
Cash flow from operating activities	**24.8**	**31.7**	**98.7**	**42.6**
Sale of ships, property, plant and equipment	–	4.1	2.0	–
Investments in non-current assets	(57.4)	(47.6)	(146.8)	(193.9)
Dividend/ other from investments in Associates and JV's	–	–	–	81.1
Other	–	2.3	(1.0)	14.0
Cash flow from investing activities	**(57.4)**	**(41.2)**	**(123.1)**	**(98.8)**
New interest bearing debt	101.5	71.1	370.0	301.3
Repayment of interest bearing debt	(67.6)	(27.4)	(367.1)	(267.8)
Payment of operational lease debt	(12.1)	(12.1)	(45.0)	
Dividends	–	–	–	(14.6)
Other	–	–	–	(1.2)
Cash flow from financing activities	**21.8**	**31.6**	**(42.1)**	**17.7**
Net cash flow*	**(10.7)**	**20.4**	**(66.6)**	**(39.0)**

- Improved underlying operating cash flow driven by stronger rates
- Took delivery of one newbuilding during the quarter which was financed in full by new debt
- Cash position improved to USD 121 mill from USD 102 mill following tap issues concluded in January

1. Equity method
2. * After FX effects

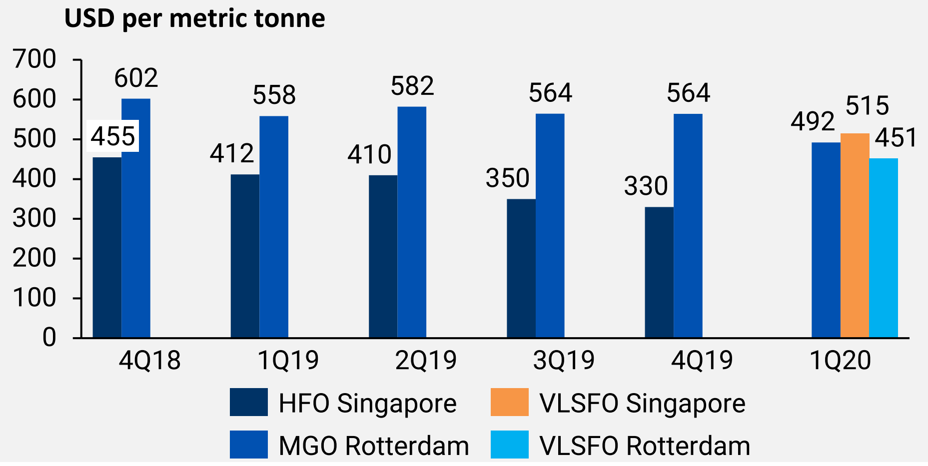
Bunker expenses – 31.03.2020 – Odfjell Tankers



	1Q19	2Q19	3Q19	4Q19	1Q20
Gross bunker cost	47.4	46.9	47.0	46.0	60.3
Financial hedging	(0.4)	(0.6)	(0.1)	0.1	–
Adj. Clauses	(1.2)	(1.8)	(1.7)	(1.3)	(4.9)
3rd party vessels	(5.1)	(5.3)	(5.1)	(4.7)	(5.4)
Net bunker cost	40.8	39.3	39.8	40.1	50.1

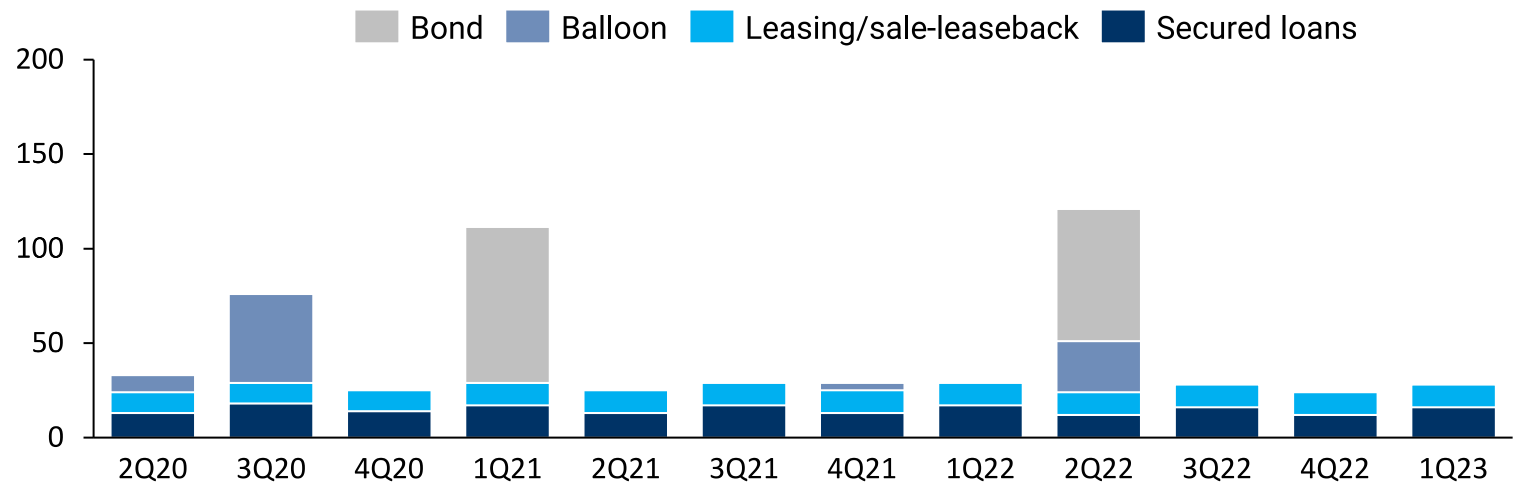
- Bunker costs after bunker adjustment clauses was USD 50 mill, an increase from the previous quarter driven by the transition to VLSFO. This was more than compensated for by higher freight rates
- Bunker adjustment clauses hedged 51% of our total volumes during the quarter
- Bunker costs dropped quickly in February and will lead to lower bunker costs in 2Q20
- We have hedged 25% of our uncovered bunker exposure (about 12.5% total volumes) at an average price of USD 345 per tonne for VLSFO and USD 442 per tonne for MGO

Average Platts bunker cost by fuel type



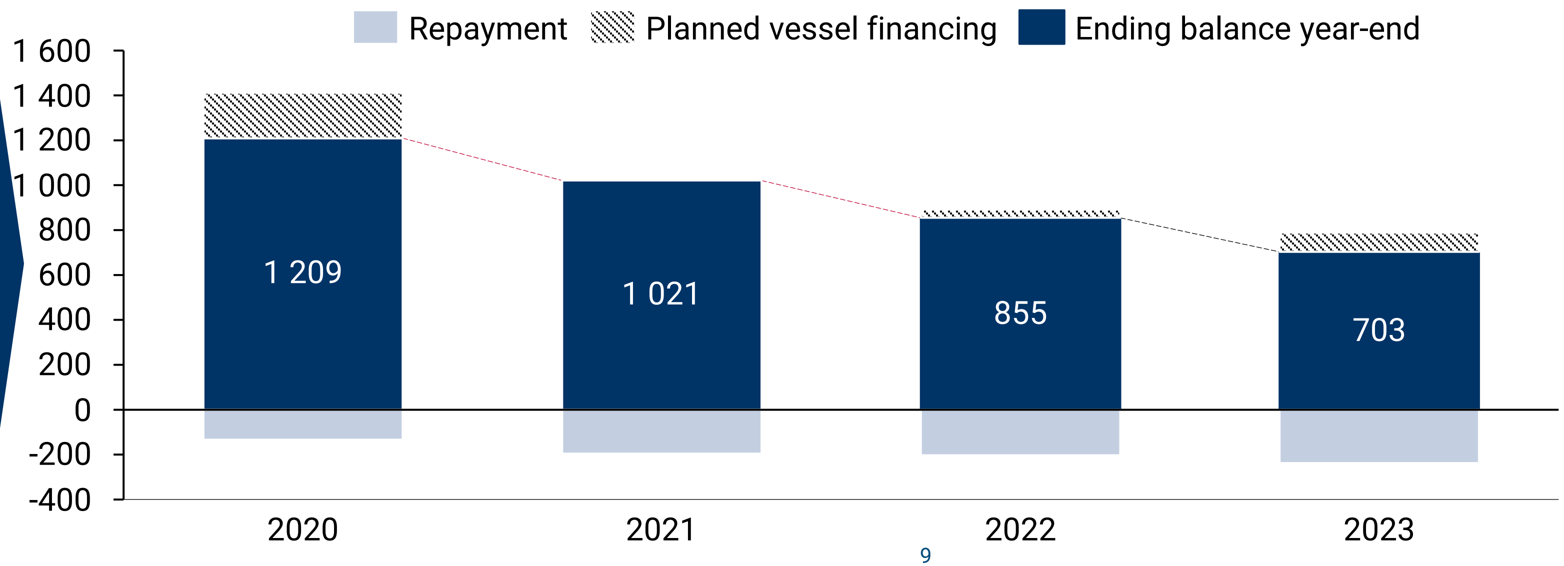
Debt development – Corporate and chemical tankers

Scheduled repayments and planned refinancing, USD mill



- Successful tap issue in ODF09 and ODF10 of NOK 300 mill in January 2020
- We are actively working on alternatives to refinance NOK bond Jan-21 maturity
- We expect to refinance 2Q20 and 3Q20 balloons on similar terms as today
- Refinanced the USD 200 mill debt maturity in Odfjell Terminals USA JV with a USD 250 mill revolving facility and USD 65 mill accordion option

Gross debt ending balance, USD mill



- Debt to increase in 2020 due to delivery of four newbuildings during the year
- Focus remain on reducing debt to lower our break-even levels…
- Timing of reaching our targets are market dependent

Capital expenditure programme – 31.03.2020

USD mill	2020	2021	2022
Chemical Tanker newbuildings			
Hudong 1 x 49,00 dwt (USD 60 mill)	42	–	–
Hudong 2 x 38,000 dwt (USD 58 mill)	87	–	–
Total	129	–	–
Instalment structure - Newbuildings			
Debt installment	129	–	–
Equity installment	–	–	–
Tank Terminals (Odfjell share)*			
Planned expansion capex	8	16	8

Planned expansion capex is fully financed through new debt facility plus operating cash flow

- We have secured financing for all chemical tanker newbuildings and no equity instalments remains
- The third newbuilding was delivered in January and the sixth and last newbuilding is scheduled for delivery in October 2020
- We have no capital commitments for chemical tankers beyond 2020
- Other chemical tanker investments for the next three years amounts to about USD 11 mill, mainly related to installation of ballast water treatment systems.
- We expect the average annual docking capitalization to be about USD 15 million in the years ahead
- Planned expansion capex for Odfjell Terminals is USD 32 mill of which the majority relates to our Houston terminal. Planned maintenance capex amounts to USD 32 mill, but this also includes maintenance that will improve efficiencies and operations at our terminals.

* Tank Terminals to be self-funded meaning no cash flow from Odfjell SE to meet guided capital expenditures – Tank terminal Capex listed in table is expansions that will impact our P&L

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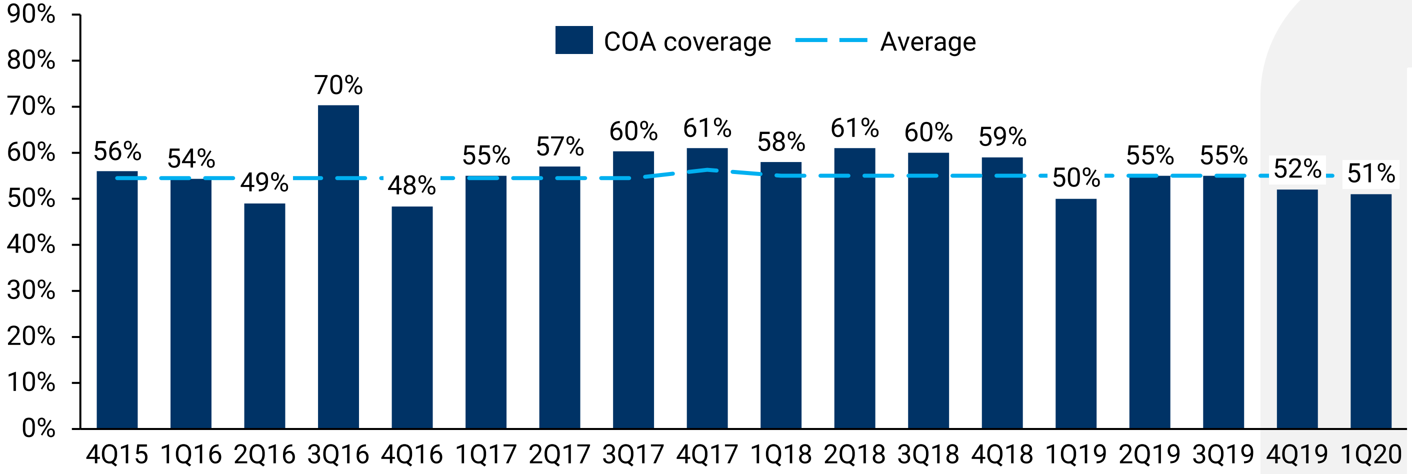
COA rates and spot rates improved on main tradelanes this quarter. Our stance to not pursue low COA rates in present market remains intact

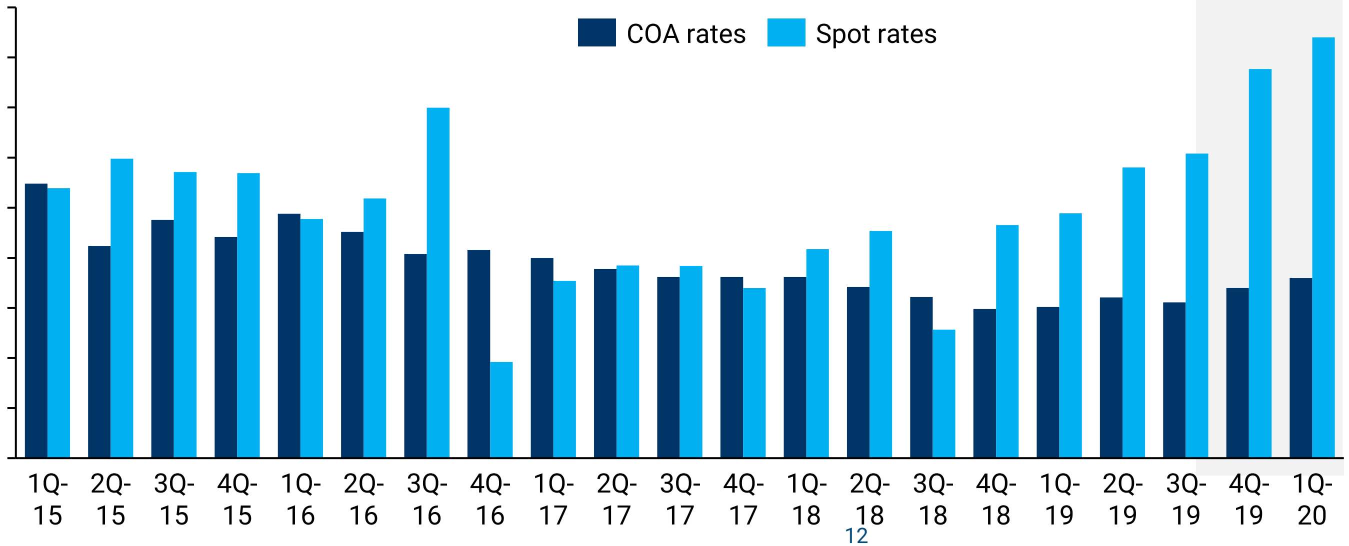
Contract coverage



Comments:

- Contract coverage reduced during the quarter
- We have taken a clear stance to not renew COA rates at unsustainable levels in 2020…
- Average COA rate renewals in 1Q20 was up 5%
- Our current COA ratio enables Odfjell to take advantage of opportunities in the spot market

COA rates vs spot rate development in main tradelanes



- Spot rates on main tradelanes increased by 6% during the quarter driven by stronger rates ex Europe to US and US to Far East
- Rates ex US to Europe and ex US to South America dropped compared to previous quarter
- Rates excludes CPP cargoes

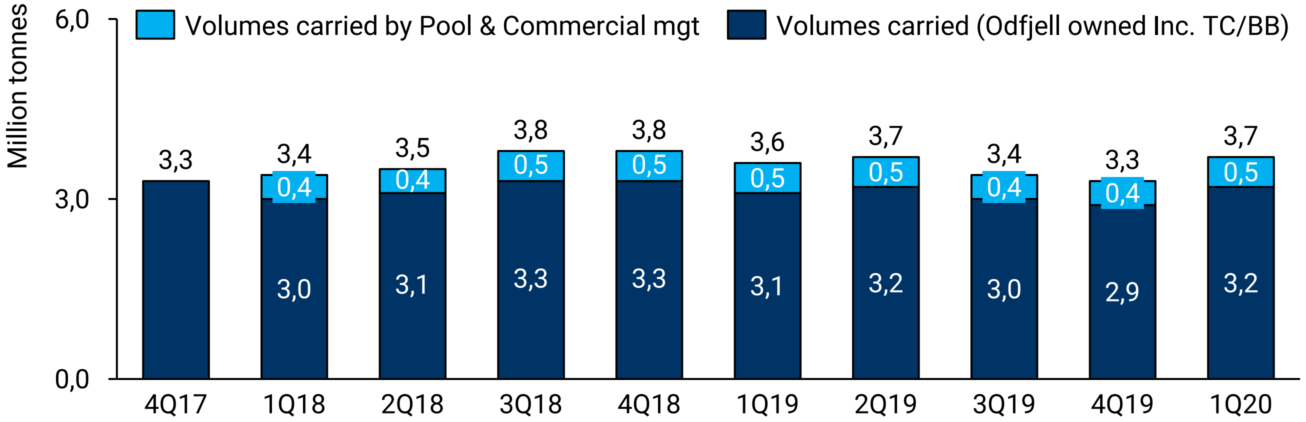
* Main tradelanes includes US Gulf to Far East, Europe and South America, Europe to US Gulf and Middle East to Asia

Tankers: Volumes normalised in 1Q20 and we experienced larger variations in freight rates per tradelane this quarter

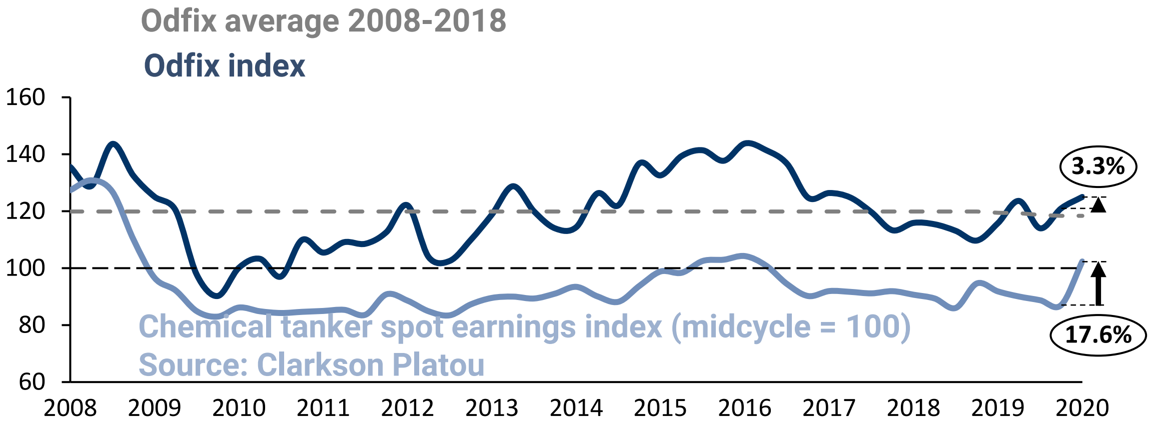
Observations

- ODFIX underperformed the general market index this quarter. This is driven by:
  - Slower rate developments in tradelanes not reflected in market index
  - Market index not accurately reflecting higher spot rates relative to bunker costs in 4Q19. This is updated in 1Q20.
- Volumes normalised due to:
  - 3Q19 and 4Q19 volumes were artificially lower driven by geopolitical events
  - Higher volumes on back-hauls compared to 4Q19, as several voyages involved vessels sailing empty on the back-hauls due to strong front haul rates

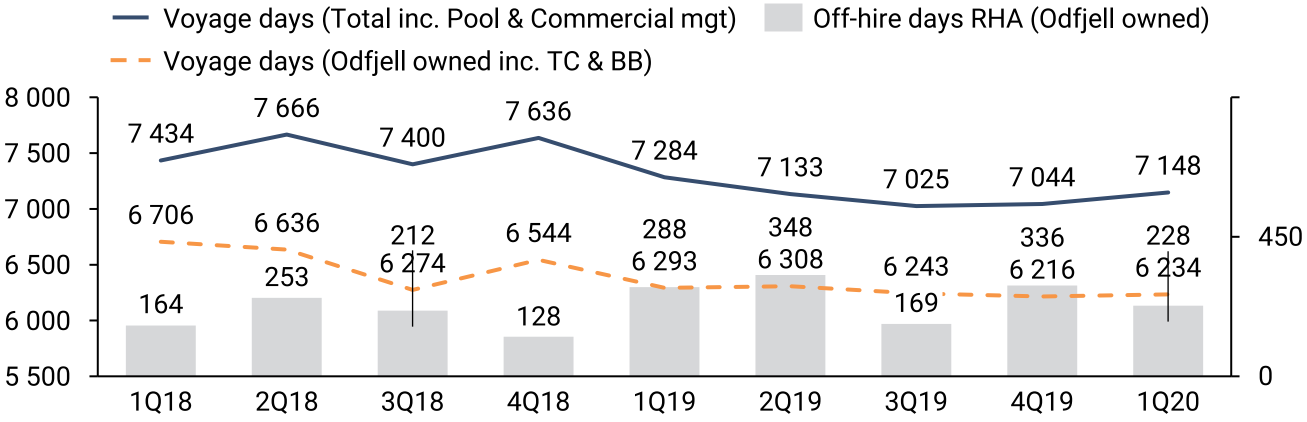
Odfjell Tankers volume development



ODFIX versus chemical tanker spot rates



Odfjell Tankers voyage days development

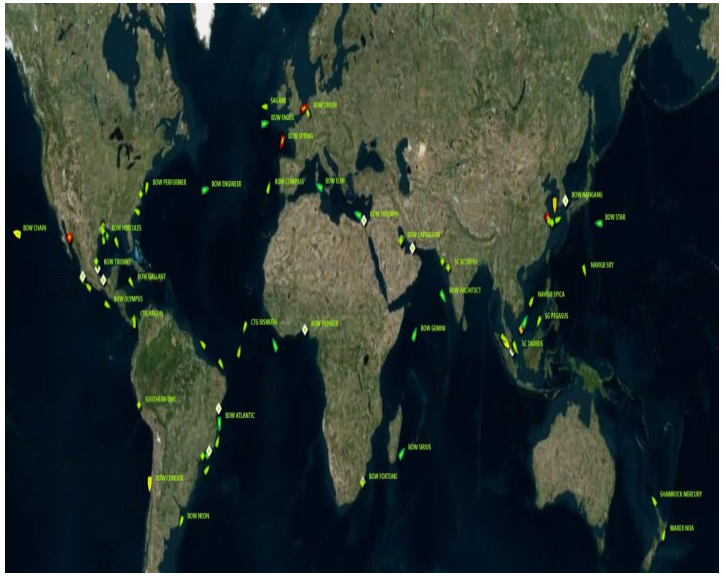


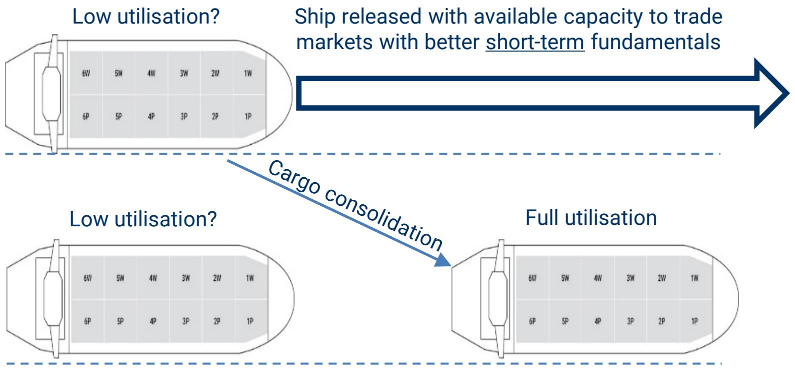
Covid-19 has caused some operational challenges, but our performance remains intact. Shore staff working remotely has not impacted efficiency of our operations

Covid-19	Port closure and restrictions - Increased waiting due to ullage constraints – Changed trading patterns
Crew	Crew changes virtually impossible – Crew supplying countries in lockdown – Airline capacity reduced by 90%
Newbuilds	Only minor delays expected for newbuilds – Fourth newbuilding delivered, but full crew expected within May
Odfjell	Corona measures in place on vessels since mid-January – Home office solutions implemented since February
Status 6 May	No Odfjell crew infected by the virus No LTIs (Lost Time Injury) since August 2019 The Odfjell fleet is 100% operational No increase in unscheduled off-hire All operational KPI's are stable Corona clauses implemented in all COAs and spot fixtures

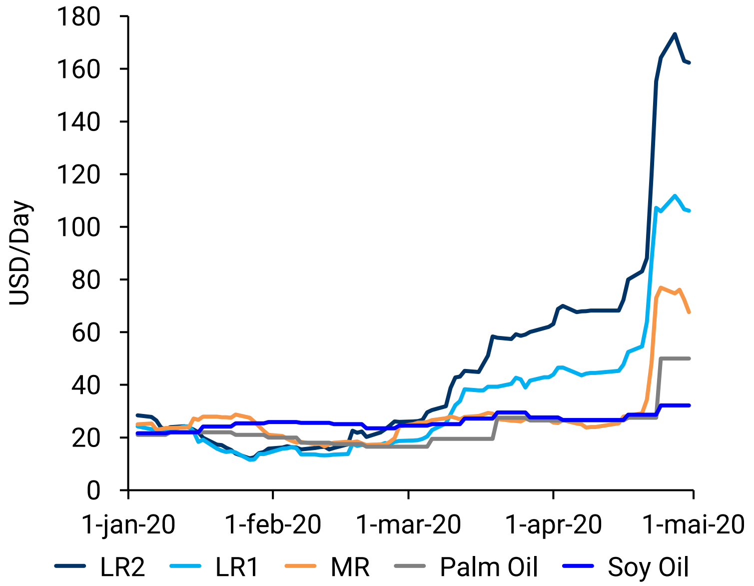
Our major presence in key hubs enables us to consolidate cargoes to optimise utilisation and free up short-term capacity to trade stronger CPP & Vegoil markets

Position list Odfjell Tankers 1 May 2020





Crude, CPP and Vegoil rates development



- Floating storage for crude and product tankers has reduced supply across the tanker segments
- CPP has remained fairly resilient driven by trader demand taking advantage of arbitrages
- Chemical crackers sourcing attractively priced naphtha feedstocks contributing with end-user demand

Odfjell Tankers CPP suited tonnage

Vessel	Dwt	Vessel	Dwt
Bow Sea	49 592	Bow Pioneer	75 000
Bow Summer	49 492	Flumar Brazil	55 452
Bow Saga	49 559	Bow Triumph	53 188
Bow Sirius	49 539	Bow Trident	53 188
Bow Star	49 487	Bow Tribute	53 188
Bow Sky	49 479	Bow Trajectory	53 188
Bow Spring	49 429	Bow Elm	46 098
Bow Orion	49 000	Bow Lind	46 047
Bow Olympus	49 000		
Bow Odyssey	49 000		
Bow Optima	49 000		

- We have increased our participation in the CPP market in 2Q20
- Odfjell operates 7 coated MR tankers and one LR1 tanker that is employed in the Straits Tankers pool
- 8 Poland class super-segregators and 4 MR sized newbuilds from Hudong are fit to trade CPP
- Our versatile stainless steel Handysize chemical tankers adds flexibility to swing between segments

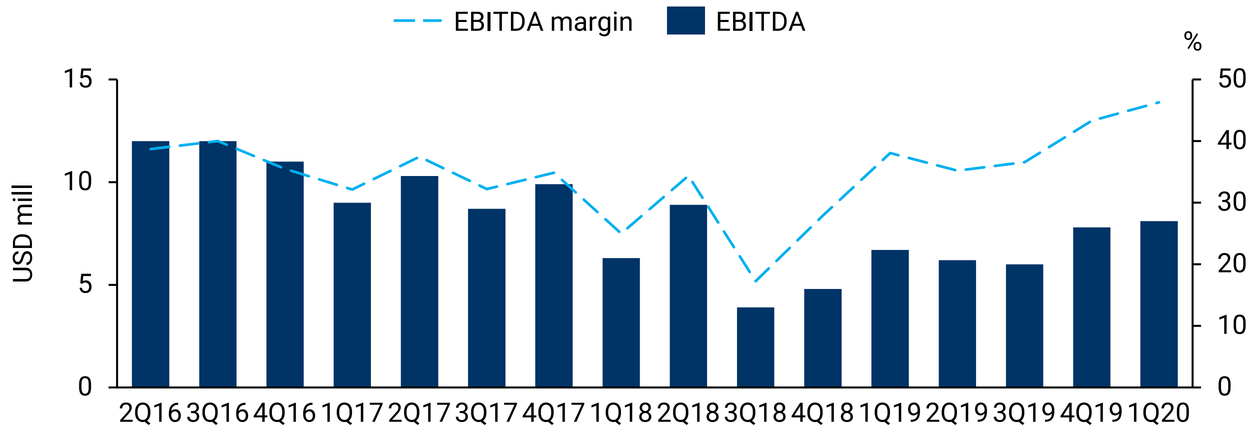
Source: Odfjell SE, Clarksons Platou

Terminals: Continued improvement in margins following reorganisation of Odfjell Terminals – Higher storage occupancy countered by lower throughput

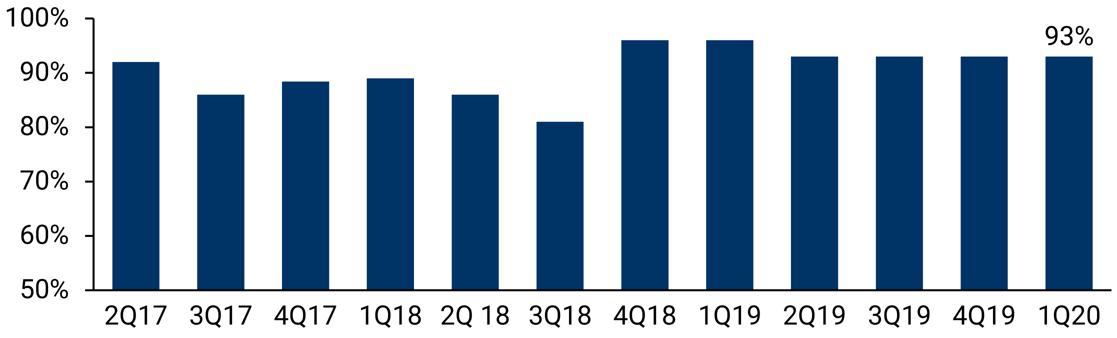
Comments

- EBITDA margins improved further driven by effects from improved operations and continued strong storage demand countering declining throughput
- Together with our JV partner, plans and growth plans are now in place in Houston, where both investments to increase utilisation of available land and improve efficiency and operations will commence in 2020 and throughout 2022
- LG's exit from Asia is ongoing and three terminals remains. Odfjell SE may consider to tag along on a sale of its ownership in the terminals in China

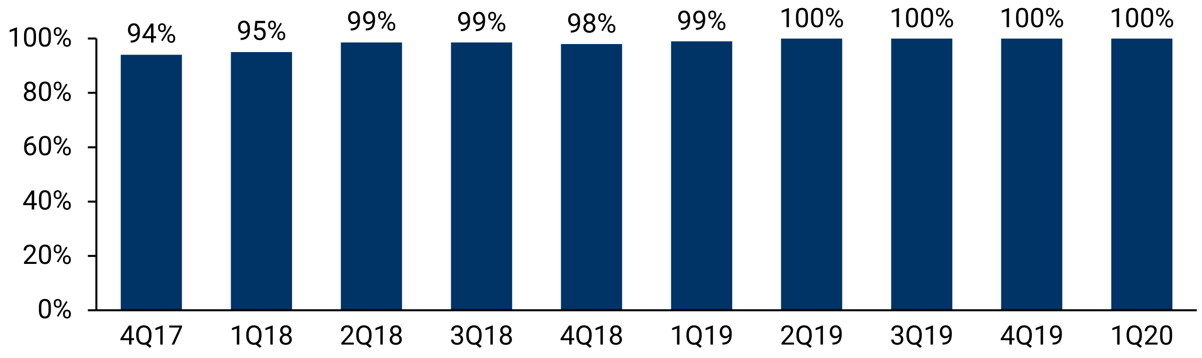
Odfjell Terminals: EBITDA and margin development



Odfjell Terminals: Utilisation development



Odfjell Terminals Houston quarterly utilisation



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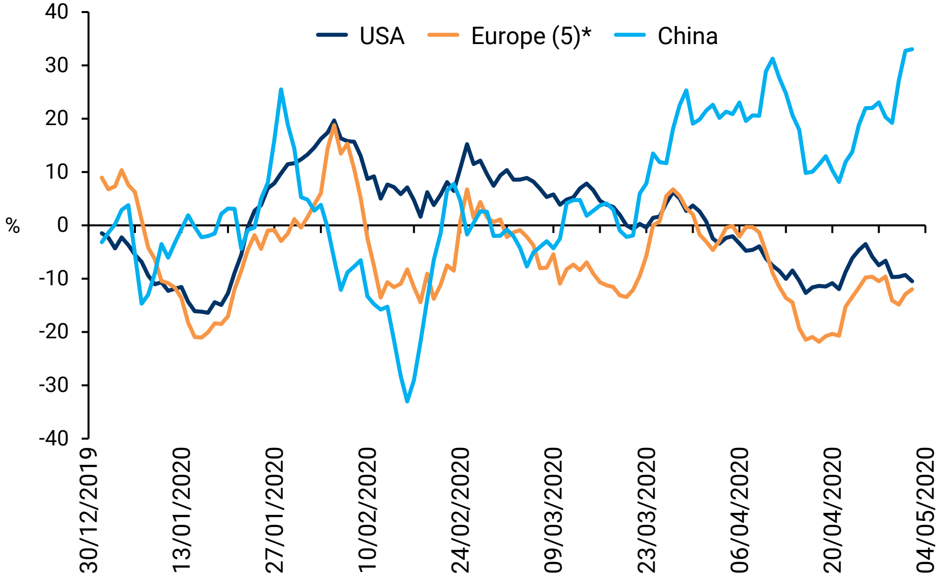
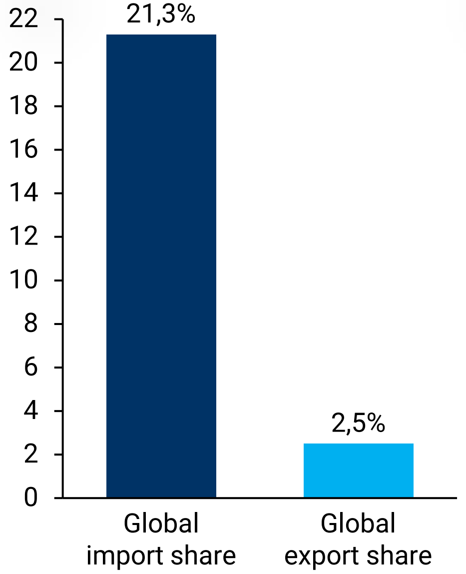
Covid-19 has so far had limited overall effect on chemical tankers as it has impacted key areas at different times – COA volumes began to weaken end-1Q20

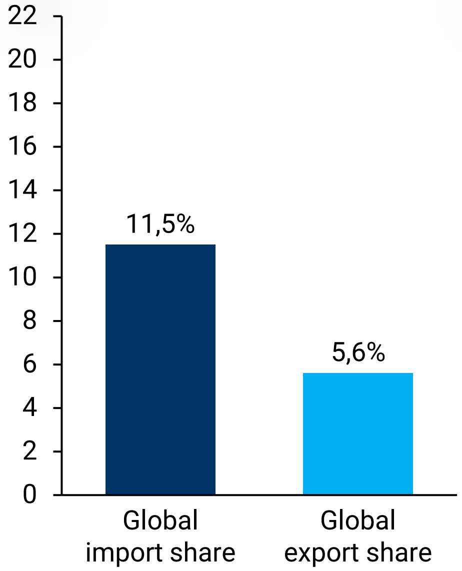
y/y growth in global port calls (total shipping)



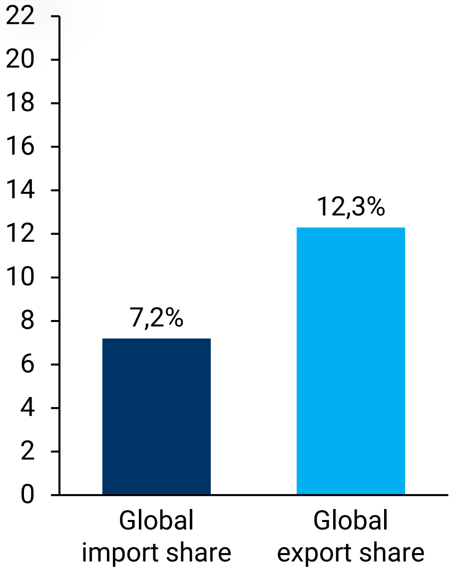
Phase 1: China



Phase 2: Europe



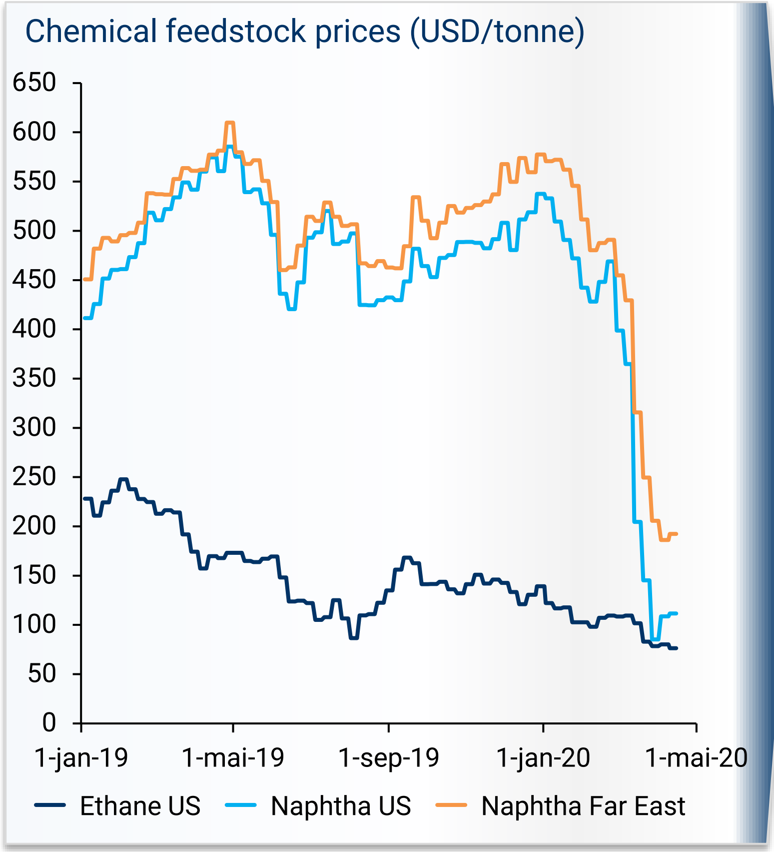
Phase 3: USA

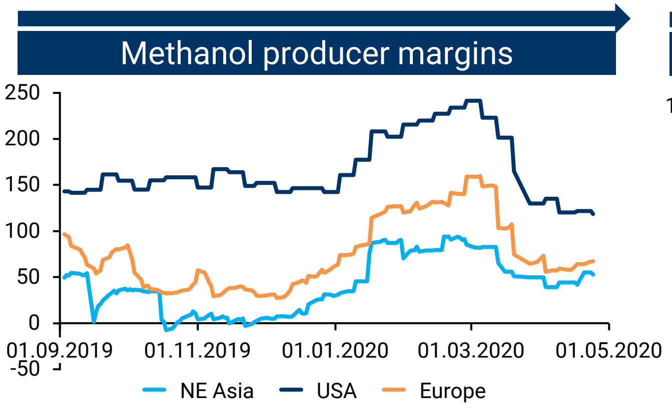


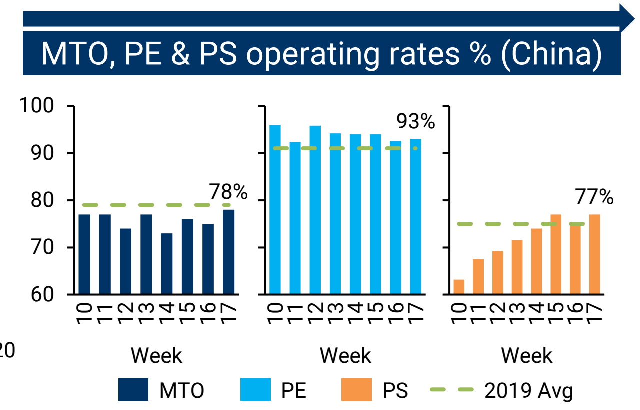
- The chemical industry is considered as an essential industry, therefore production was kept up and there was no immediate reaction to the pandemic
- The pandemic accelerated in regions at different times has kept seaborne trade fairly resilient in the initial phases of the pandemic where pockets of demand was still found
- Exports of excess cargoes originally meant for domestic consumption mitigated reduced import volumes in the initial phase in both China and Europe
- We started to see a weakening sentiment and volumes in our markets towards the end of the first quarter which could spill over to the 2nd quarter
- We serve various industries. Some industries like pharma, home supplies and packaging has seen increased demand, some are unaffected, major consumers of chemicals like the auto and construction industries are heavily affected. Therefore, the future development of these industries are key demand drivers to turn volumes in a positive direction
- There are encouraging signs from China and it looks like Europe and the US are now starting to tentatively open up their economies. Still, the outlook and speed of a recovery in the global economy is highly uncertain

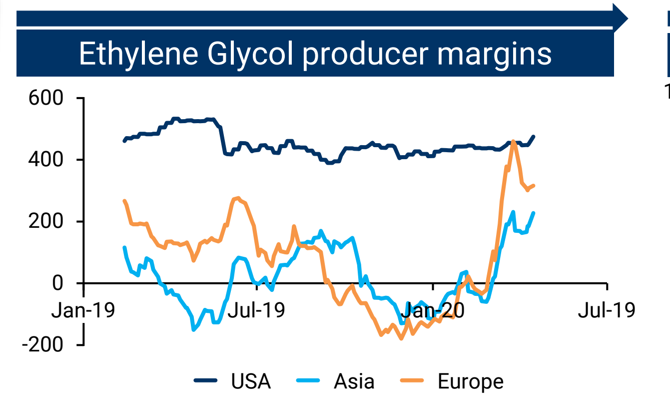
Source: Clarksons Platou Securities, Odfjell SE* Italy, Spain, Germany, France, UK

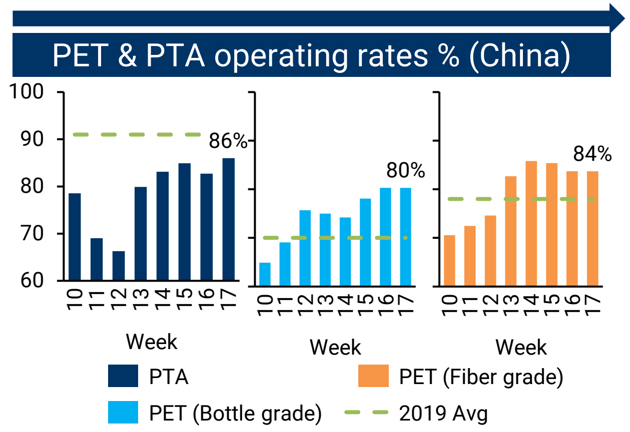
Oil price drop improved Chemical producers' margins and has supported high operating rates from producers demanding liquid chemicals









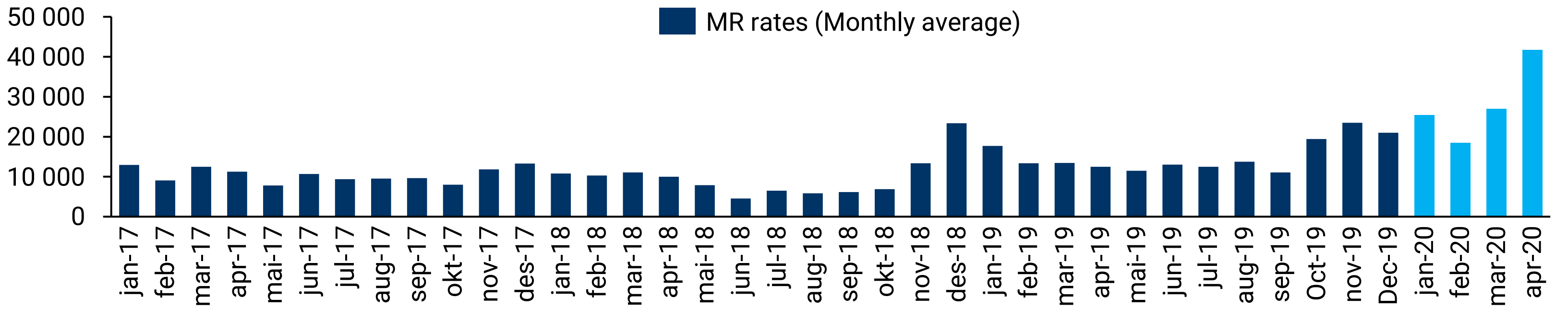


- Drop in oil prices has reduced the major cost advantage for gas based US chemical producers
- But US producers still produces better margins than European and Asian producers
- Lower feedstock costs also for Naphtha has kept operating rates in Asia/China high for end-user products and supportive of liquid chemical tanker demand...

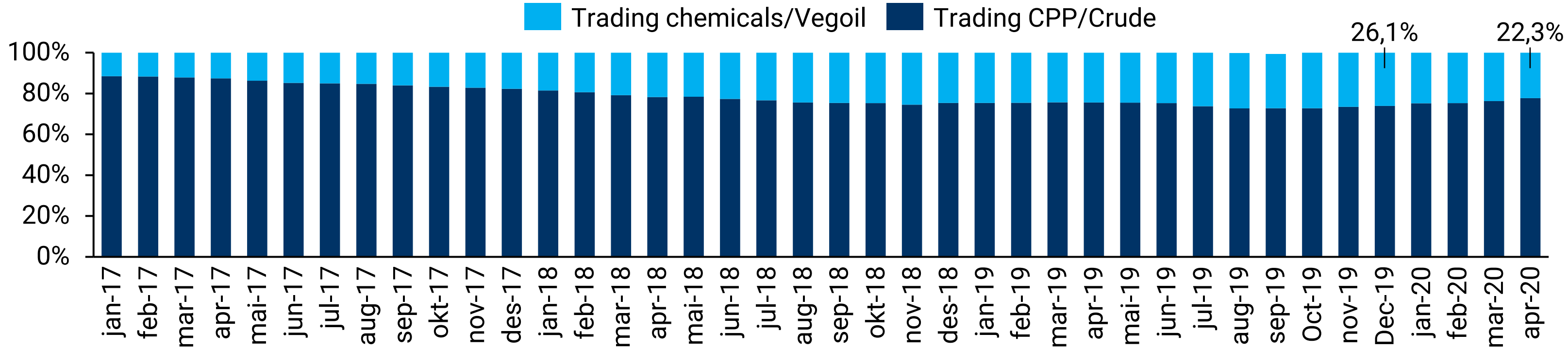
Source: Odfjell SE, Argus,

The positive development on the supply side continues with reduced swing tonnage and a limited orderbook

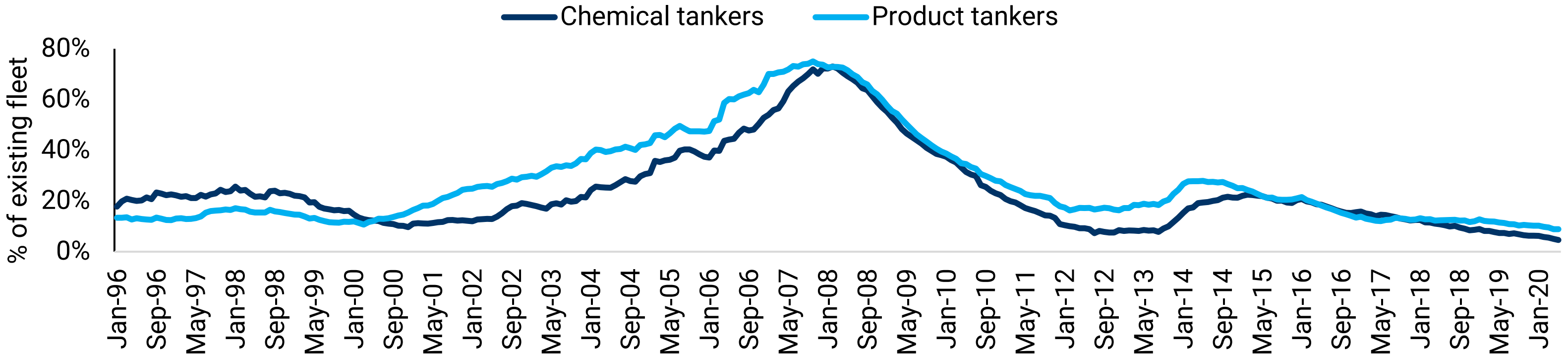
1 MR/CPP rates



2 Swing tonnage



3 Orderbook to fleet ratios (Chems & MR)



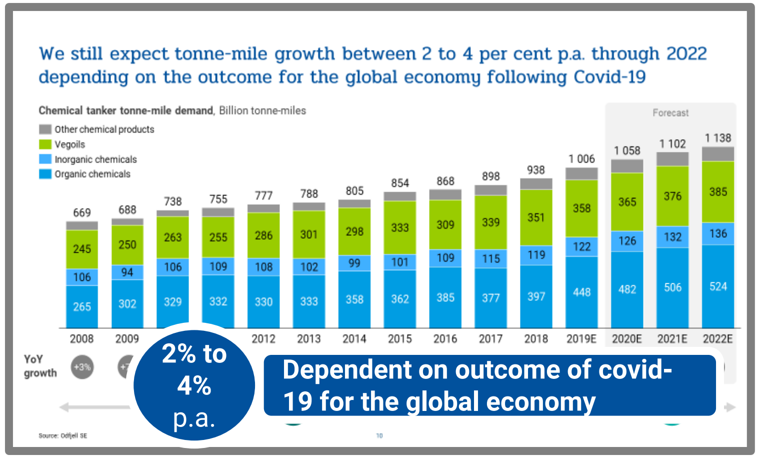
Comments

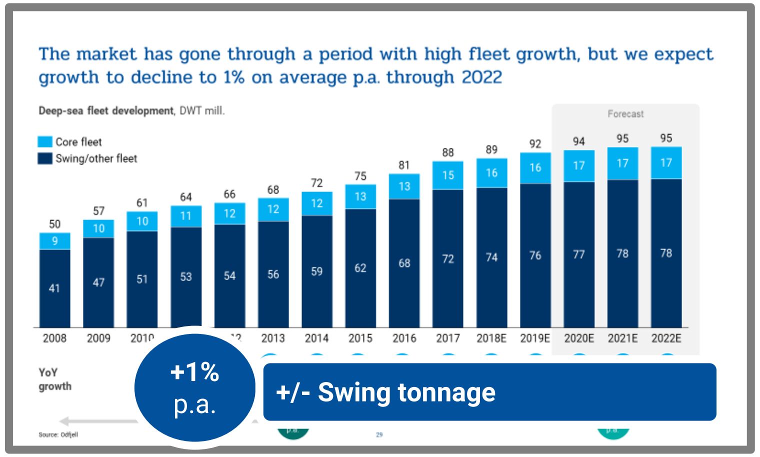
- Volatile MR rates during 1Q20 but was maintained at relatively high levels. Rates accelerated towards the end of April due to floating storage demand. Strong CPP rates has also affected spot rates for chemicals on some trades positively as chemical owners are opting to trade available vessels in the CPP market
- CPP rates has now been higher for a sustainable period which has stimulated high share of swing tonnage moving out of the chemical/Vegoil trade. This has had a positive effect on supply in our markets and has contributed to dampen the initial phase of slowdown in demand
- The orderbook to fleet ratio for chemical tankers has declined below 5%, the lowest number on record. The orderbook for product tankers also reached low levels. We continue to see limited appetite for newbuilds. The low orderbooks could dampen the effect and duration of an upcoming destocking cycle in the tanker segment, and not making them as severe as seen in 2010 and 2016

Future market developments are highly dependent on how the "restart" of the global economy will develop post covid-19

Market drivers

Driver	
Covid-19	Risk of further slowdown in volumes should impact be prolonged
GDP	GDP growth expected to be weak in 2H20 and to rebound in 2021 by 5.8% (IMF)
Swing tonnage	Strong product tanker markets will continue to reduce impact from swing tonnage
Reduced fleet growth	Orderbook of 4.9% gives possibilities for a quick recovery when demand normalize
Risk factors	Prolonged global economic slowdown – More influx of swing tonnage





Summary and Prospects

- Another quarter of improved results for Odfjell with adjusted net profits being in positive territory. But Covid-19 pandemic is beginning to impact volumes and creates uncertainty for future market developments

- Odfjell is adopting precautionary measures to ensure the company can withstand a long-term weakness in our markets by limiting capex and evaluating alternatives to refinance January 2021 bond maturity

- Odfjell has in recent years succeeded with major changes in our company and we now have a lean and competitive organization, which operate the most competitive chemical tanker platform in the world. We are therefore in position to whether potential challenging times ahead

- The strong CPP market is reducing supply in the chemical tanker market and has supported our markets so far

- We are expecting a slightly weaker result in 2Q20

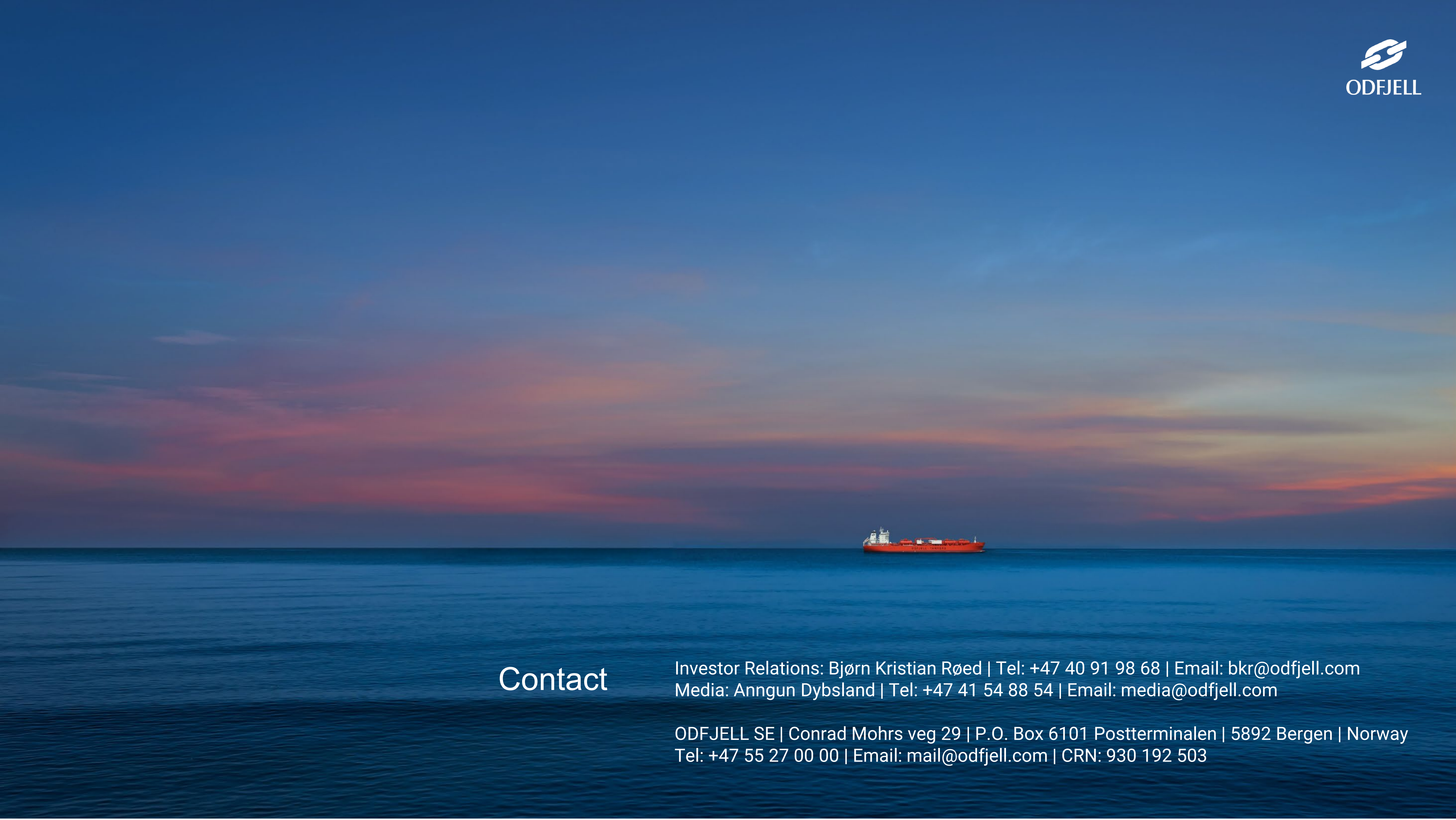
Invitation to investor presentation

Due to the Covid-19 outbreak, Odfjell will replace our CMD scheduled 9 June 2020 with an online investor presentation at the same date.

Topics will include:

- Our strategy going forward
- Financial update
- Covid-19 impact on our operations and markets
- Odfjell and ESG
- Q&A

Separate invitation will follow



ODFJELL

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