Odfjell SE - Investor presentation

June 2020

Today's agenda

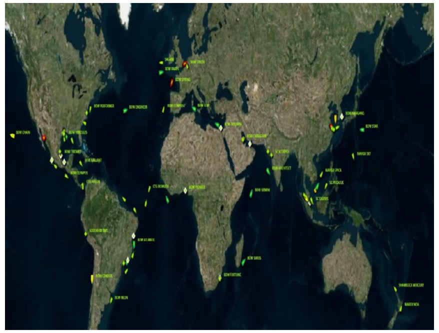
Timer	Topic	Representative
09:00 – 09:30	Strategy update	Kristian Mørch, CEO Odfjell SE
09:30 – 09:50	Finance strategy	Terje Iversen, CFO Odfjell SE
09:50 – 10:10	Market update	Bjørn Kristian Røed, Research Odfjell SE
10:10 – 10:15	Final remarks	Kristian Mørch, CEO Odfjell SE
10:15 – 10:30	Q&A	

Key highlights and operational update

Results	Good start to the year. Based on the development so far, we expect 2Q20 results to be better than the 1Q20 results
The market	Spot market slightly softer, but activity remains good. CPP has helped us in 1Q/2Q
COA coverage	COA rates continue to be renewed at higher rates, and our COA coverage remains at about 50%. Overall structure of our COA portfolio has strengthened
Our performance	We continue to operate safely, with high utilisation of our ships and terminals and we have not yet detected slips in quality of service due to Covid-19
Our focus	Recent cost cutting and efficiency gains mean we have a very competitive platform which can now focus on OPERATIONS without distractions
Finance	We have taken precautionary measures to build liquidity reserves due to the uncertain outlook driven by Covid-19
Our platform	Our performance during these unprecedented times has shown the resilience and the competitive advantage of our operational platform

Covid-19 has been a disruptive factor testing the strength of our platform – We have so far been largely unaffected by challenges created by covid-19

1 Global platform

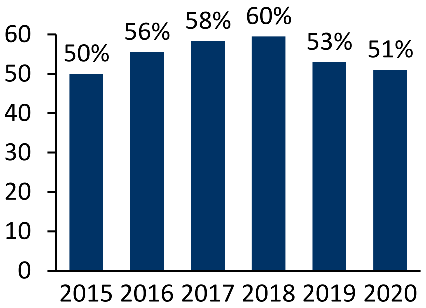


- Global operations with vessels in all main ports at all times
- Local knowledge from 15 offices worldwide

2 Ship Management

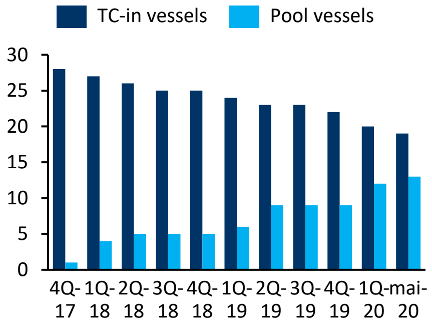
- In-house ship management for part of our fleet
- Deep knowledge of our vessels that can be monitored remotely

3 COA coverage



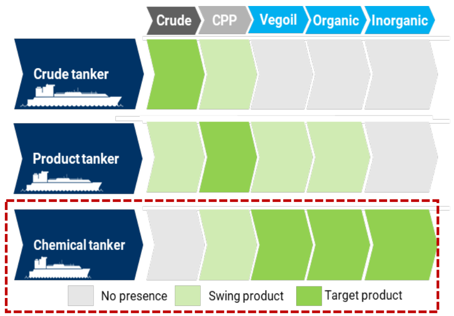
- High enough to give protection from weaker markets…
- …Low enough to target cargoes with best returns

4 Adaptable TC fleet



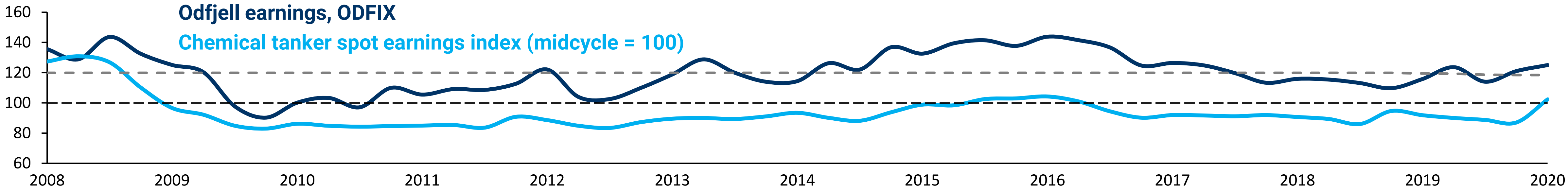
- TC vessels switched by pools and further TCs can be redelivered
- Pool vessels gives Odfjell zero downside and exposure to upside

5 Cargo flexibility



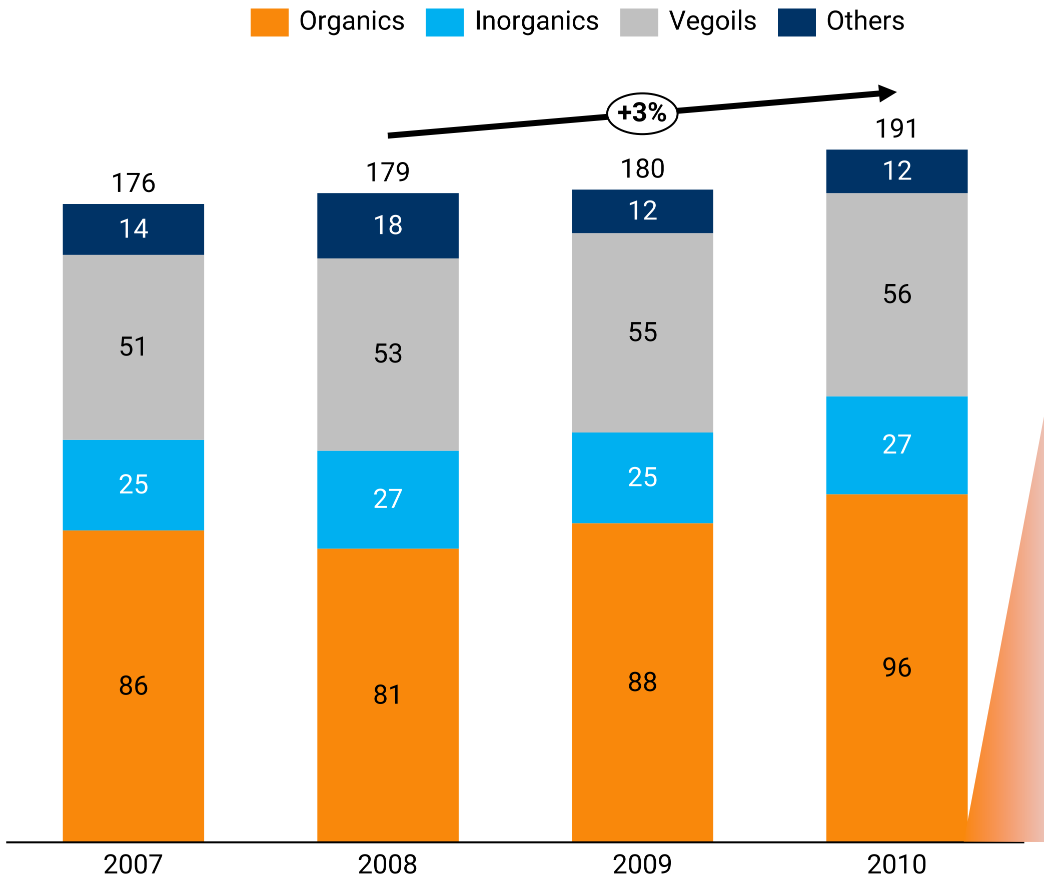
- Carries 600 different products per year…
- Can swing into various products if economics are stronger

Odfjell relative performance:



The economic downturn in 2008-09 showed resilient demand for chemical tankers, Fundamentals looks likely to support our markets in the event of a new downturn

Chemical tanker demand during 2008-2009 economic recession



Chemical tanker demand development post Covid-19 pandemic

Outbreak timing

- Pandemic struck Asia that accounts for 49% of seaborne imports of chemicals first
- Recovery well underway in Asia supporting seaborne trade of chemicals
- Regional differences are in general seen as supportive to seaborne trade

GDP recovery

- 2008/09 economic crisis was structural, 2020 crisis due to "self-imposed" lockdowns
- 2008/09 recovery was quicker in Asia than in the western hemisphere
- IMF forecast 2021 GDP growth of 5.8% driven by eased lockdowns and stimulus

Supply growth

- The weak chemical tanker market post 2008/09 was supply driven, not demand driven
- Fleet growth in 2008 and 2009 was 15.4% and 14.9%, respectively
- Fleet growth in 2020 and 2021 is estimated to 1.4% and 0.4%, respectively

Source: ICIS, Odfjell

Despite uncertain times, our long term strategy remains intact but we are adapting our short term priorities

High level and long term targets

Safety performance	*Zero accidents*
Revenue / Top-line	*Average revenue growth of 10% per year (over time)*
Profitability	*Industry leading EBITDA margins* *Attractive returns for our shareholders*
Tankers	*Benefit from scale advantages. Towards our customers by offering better service (cost, efficiency and predictability) and internally through efficiency gains and reduced unit cost*
Terminals	*Have a meaningful network of terminals, where we either have operational synergies with Odfjell Tankers or another clear angle for value creation. Terminals should ideally represent a third of our total balance sheet*

Key focus areas driven by Covid-19 uncertainties

QHSE
- Keep everyone safe and healthy
- Keep scheduled maintenance to minimum

OPERATIONS
- Keep entire fleet and terminals operational
- Keep delivering to our customers
- Fill the ships and collect our freight

DE-RISK
- Accelerate refinancing
- Increase liquidity to eliminate bond refinancing risk
- Reduce capex and spending

FOCUS
- Keep distractions to a minimum
- Keep engagement levels high

ESG has always been a focus in Odfjell and we have consistently delivered improvements. ESG will continue to be a vital part of our strategy

Strategy

- Sustainability is included as an integral part of the Odfjell Strategy, with a clear statement of «Our Impact» together with Vision, Mission and Commitment
- Our first sustainability report was released in 2018 and we have since then increased reporting on key ESG related topics based on high demand and growing attention
- ESG has always been a core focus area for Odfjell. The higher attention on these factors from the finance community is welcomed

Environmental

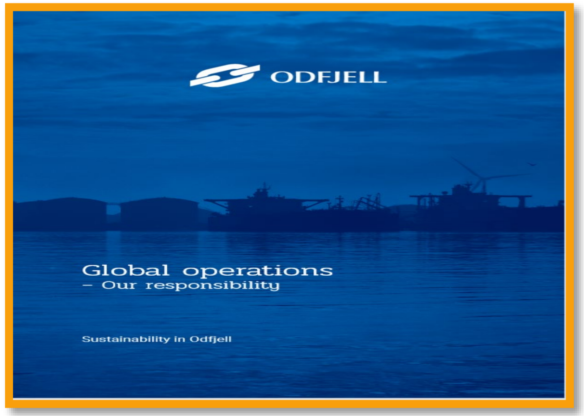
- Energy efficency of our fleet has improved more than 30% since 2009
- EEOI reduced by more than 20% since 2008
- Ranked number 1 among chemical tankers operators on fleet average EVDI rating since vs 2008 baseline
- Ranked number 2 among chemical and product tankers operators on owners with a share of fleet with EEDI improvement
- Fuel-cell project to be piloted on an Odfjell ship in 2021. This is the first of its kind

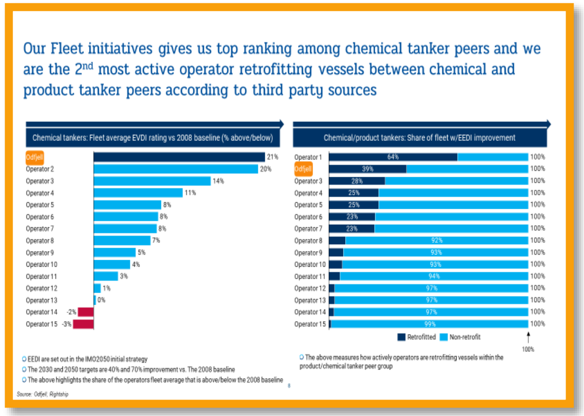
Social

- Odfjell do not compromise on safety
- Our last LTI was in August 2019
- All vendors have signed our corporate conduct principles where we have clear demands on issues like safety, ethics, human rights, discrimination and others
- Odfjell has a gender diversity programme
- Odfjell is a signatory to the UN Global Compact and supports all the ten principles, where number 3 to 6 concerns labor rights

Governance

- Odfjell have a clear policy on anti-corruption and integrity framework based on the UK Bribery act
- Mandatory training and signing of Code of Conduct and anti-corruption policies for all our employees
- Odfjell is a member of the Maritime Anti-Corruption Network and the "Say-no" campaign is implemented on all our vessels
- Odfjell supports and follow the recommendation on ship recycling





Odfjell Terminals US has secured a refinancing of its debt facility that enables the terminal to execute on its growth potential

Odfjell Terminals Houston

- Current capacity: 380k cbm, 119 tanks
- Built: 1983
- Capacity growth potential: 180k – 200k cbm
- 2019 EBITDA (Odfjell SE share): USD 19 mill

Phase 1: Bay 17

- Capex plan: Bring three tanks back into service
- Construction period: 2019-2020
- Capex projection range (Odfjell SE share): USD 1.8 – USD 2.5 mill
- Estimated EBITDA (Odfjell SE share): USD 0.4 – USD 0.5 mill

Phase 2: Bay 13

- Capex plan: New speciality chemical tanks servicing truck, rail, ship and barge modalities
- Planned new capacity: 30k – 35k cbm
- FID to be concluded shortly
- Construction period: 2021-2022
- Capex projection range (Odfjell SE share): USD 23 – USD 25 mill
- Estimated EBITDA range (Odfjell SE share): USD 2.8 – USD 4.3 mill

Phase 3: The Point (partly financed)

- Plan: New speciality chemical tanks servicing truck, rail, ship, barge and pipeline modalities
- Planned capacity: 150k – 165k cbm
- Two deep water docks
- FID to be taken when anchor customer signed and attractive returns secured
- Construction period: 2022 – 2026
- Capex projection (Odfjell SE share): USD 88 – USD 113 mill

Capital Allocation priorities

Odfjell Tankers

Newbuildings fully funded and zero capex or investments plans beyond 2020. Any growth needs to be capital light and have limited effect on our balance sheet

Odfjell Terminals

To remain self-funded after successful refinancing. Growth is focused on our Houston terminal and any further accretive growth plans to be considered on a case by case basis

De-leveraging

Reduce our debt levels and ensure we reach our target of low break-even levels (Market dependent)

Dividends

Establish a fixed and sustainable dividend policy and return cash flow to shareholders (Market dependent)

Agenda

- Strategy update
- Finance strategy
- Market update
- Final remarks

Finance strategy

Efficient capital structure...	...And meet relevant financial targets...	...That enables us to:
Reduce debt	Improved Equity ratio	
Optimise debt structure	Lower daily break-even	
Flexible debt structure	Optimise debt structure according to collateral Lower cost of capital	
Lower cost of equity	Returns through improved ROIC Improved free cash flow to equity	

...That enables us to:

- Have attractive capital resources
- Manage risk
- Accommodate operational strategy
- Have a competitive cost of capital
- Secure growth and flexibility
- Secure attractive returns to shareholders

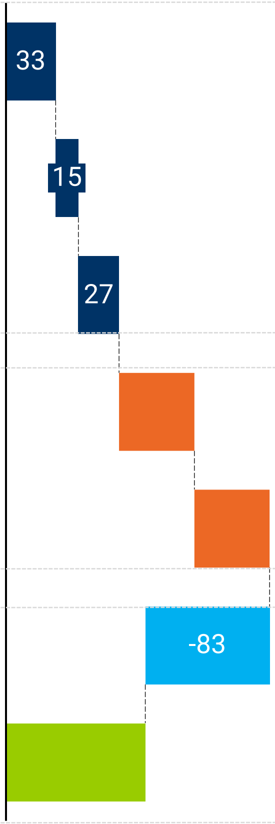
Having an efficient capital structure is key to ensure we succeed on our finance strategy

Reducing debt and reduce our daily cash break-even remains a priority

Description	Today, USD mill	Target range, USD mill	USD/day effect:	Last 12 months achievements:
• Secured and amortized debt	962	550 – 650	Reduction: USD 850/day	Newbuilding deliveries drives debt development in the short run
• Non-amortising debt	234	200 – 250	Reduction: USD 0-250/day	USD 62 mill bond and replaced with USD 32 mill tap issue w/lower margins Net reduction of USD 30 mill together with lower margins reduced break-even by USD150/day
• Extend average amortization profile (in years to pay down debt to zero)	8,5	12	Reduction: USD 2,075/day	11 of 14 amort. Profiles extended USD2,500/day reduction on 9 vessels USD340/day redcuction for entire fleet
• Unencumbered assets, including undrawn revolvers	15	75	Reduction: USD 200/day	Refinanced unencumbered assets to build liquidity reserves
• Total debt	1,196	750 – 900	Reduction: USD 3,375/day	Refinancing measurements has contributed to lower our fleet's break-even by USD 290/day the last 12 months

** Excludes right of use assets (operational leases)*

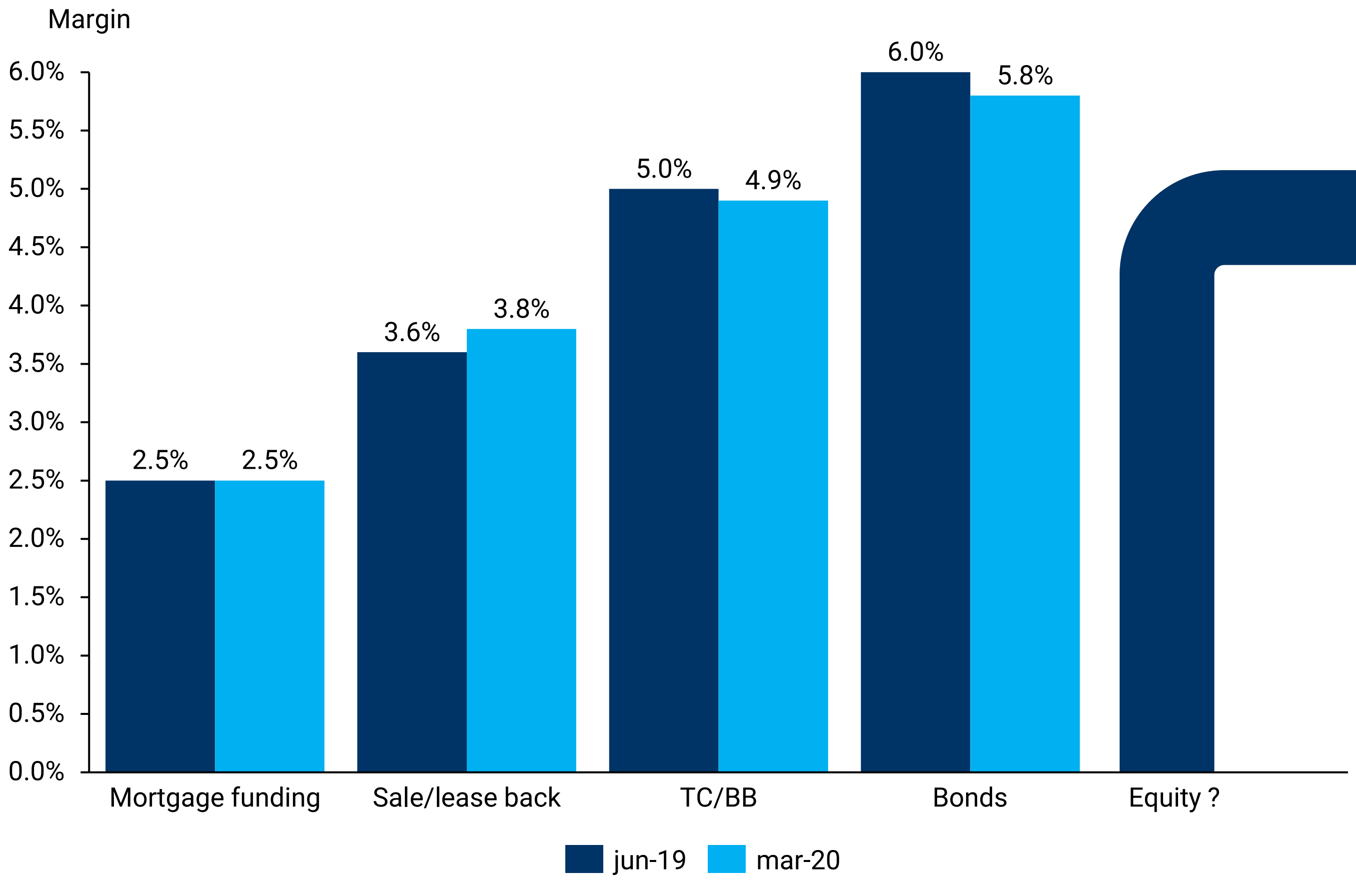
Efficient capital structure means having access to various capital sources to secure flexibility and competitive cost of capital



	Financial initiatives being taken	Comments
1 Concluded	Jan-20 tap issues	Bond tap issues concluded in Jan-20 generating proceeds of USD 33 mill
	Unencumbered vessels	Refinanced two mature unencumbered vessels in May
	OTD sales proceeds	Sale of OTD (unrelated to financial market turbulence)
2 To be Concluded	Early refi of low LTV vessels	In processes of refinancing some vessels with a low LTV
	Liquidity facility	In a process to secure a new liquidity facility
3 Strategy	ODF08	The above initiatives to profice liquidity to redeem Jan-21 bond at maturity if needed
	RCF	Possibility to repay our revolver to keep LTV and interest rate expenses at sustainable/unchanged levels

Our shares are trading at significant discount to underlying values, which means our cost of capital remains to high despite attractive cost of debt

Funding sources

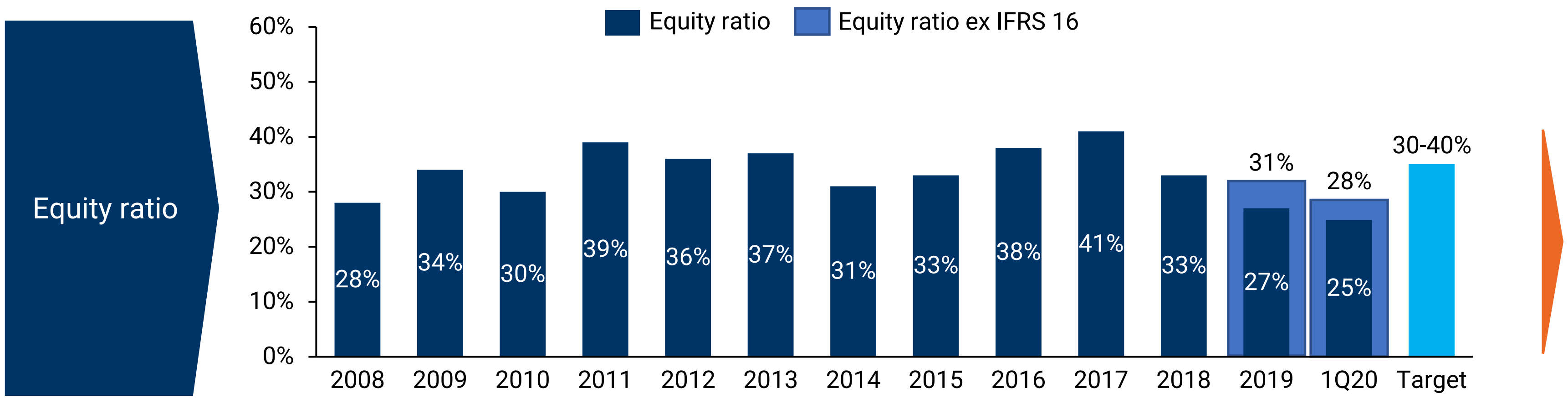


Equity

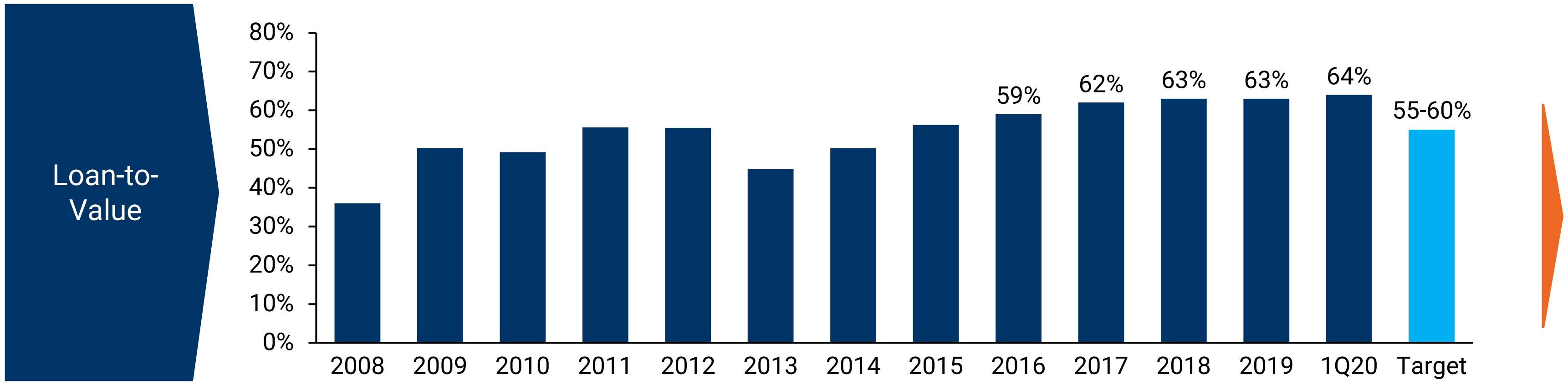
Odfjell Tankers external fleet valuation Mar-20 (USD mill) (excludes TC/BB vessels)	
Market value fleet	1,448
Equity instalments NB	18
Excess market value NB	47
Total	**1,513**
Odfjell Tankers vessel debt	962
Net fleet value	**551**
Odfjell JVs equity book value Mar-20 (USD mill)	
Odfjell Terminals book equity value	147
Odfjell Gas book equity value	16

*Source: Odfjell, estimated broker values, * Valuation only accounts for Odfjell Tankers on-balance sheet vessels and their associated debt (i.e. no corporate or JV factors included)*

We are below our target on LTV and equity ratio



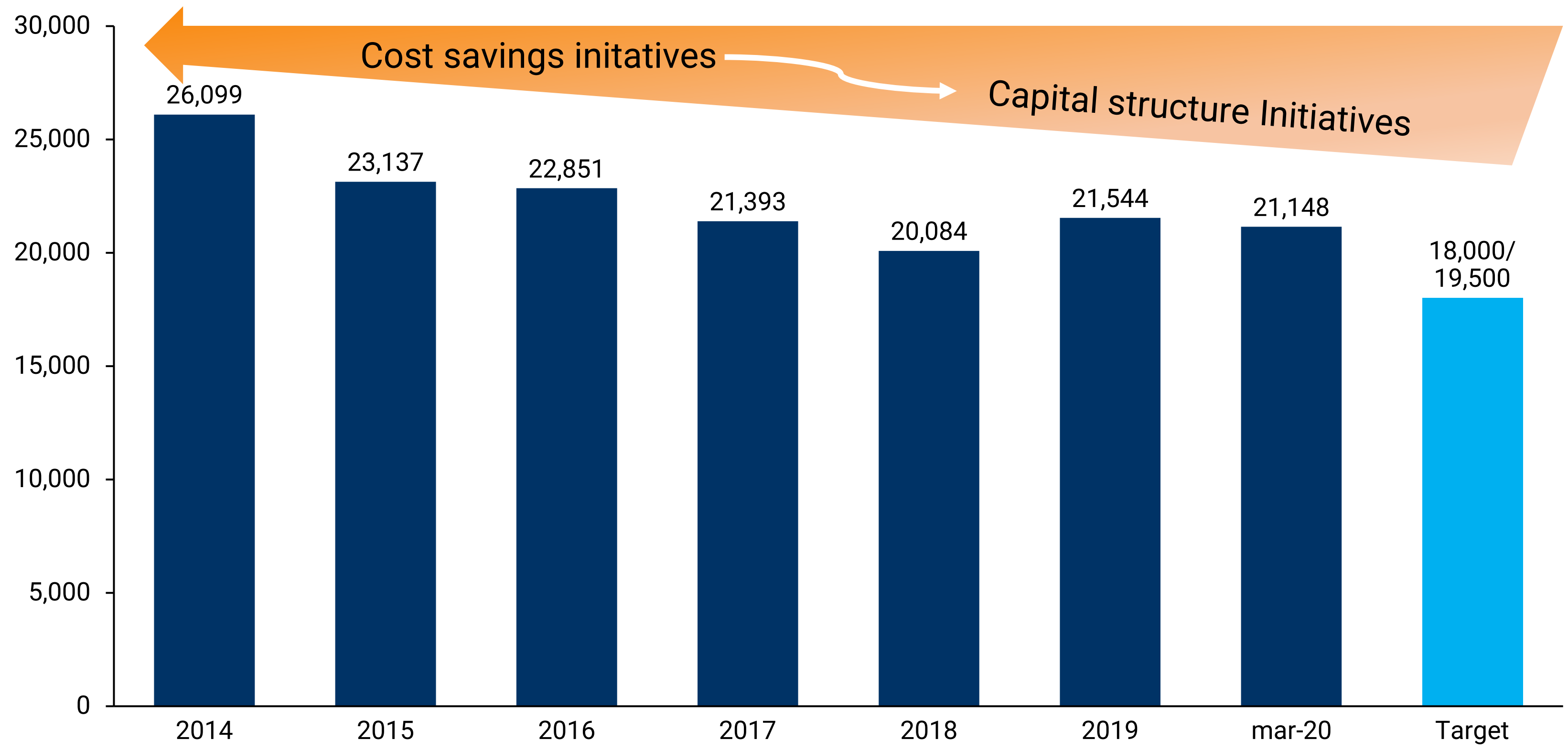
- We got a self-imposed target of having an equity ratio of 30-40 per cent
- We are currently below our target at 27%
- This underlines our strategy to focus on de-leveraging our balance sheet going forward



- Weak markets has made us refinance vessels with low LTVs
- We still got some headroom to add leverage if needed…
- …but our focus is to reduce our LTV going forward when the market development allows for this

We continue to focus on reducing our cash break-even in order to generate positive cash flows in any market cycle

Odfjell Tankers historical Break-even (USD/day)



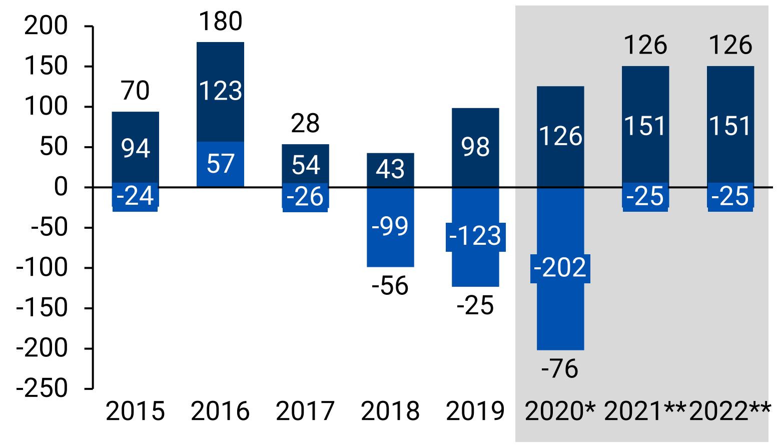
Break-even comments

- We target to lower our cash break-even to USD18,000 – USD19,500 per day
- This positions us to generate positive cash flow in every cycle
- We believe this will lower our cost of capital and improve our competitiveness in the future
- This is to ensure we can deliver on our financial strategy
- Break-even levels increased in 2019 driven by increased debt and reduced number of operating days of our owned fleet
- Timing to successfully reach these levels are market dependent…
- … But we expect to reach this level by 2022 should the current earnings environment continue through 2020 and 2021

Free cash flow should improve in 2021 after completion of newbuilding deliveries – Lower debt repayments are a key to increase free cash flow to equity

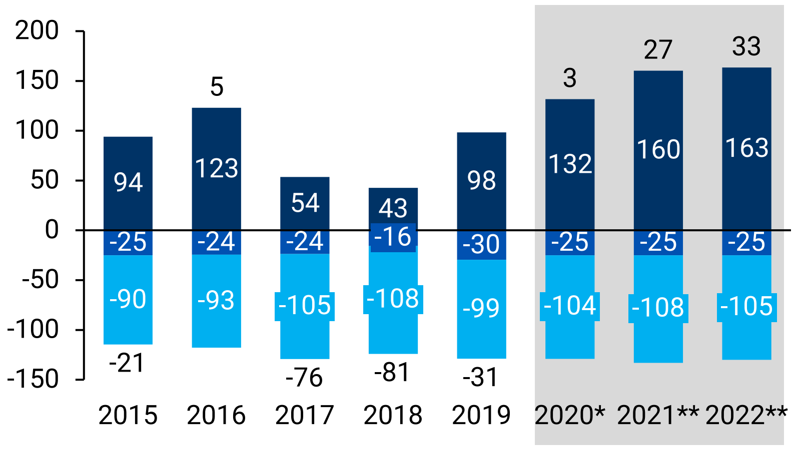
Annual free cash flow

Cash flow from operations | Cash flow from investments

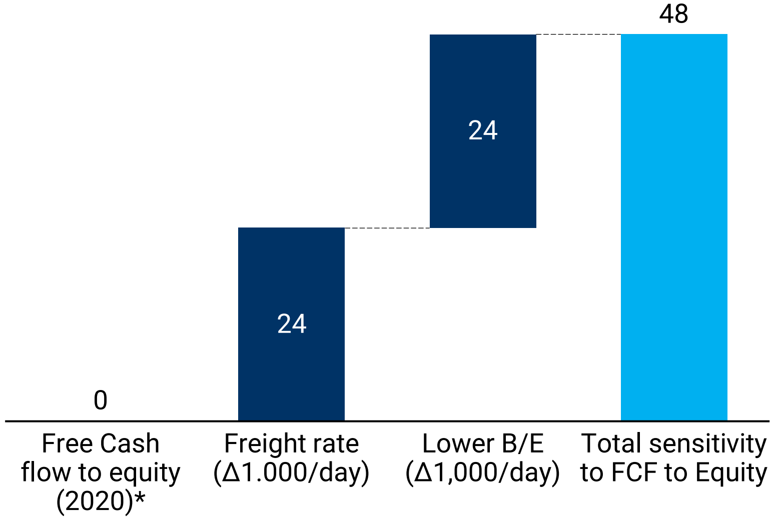


Annual free cash flow to equity***

Cash flow operations | Debt amortisations
Adj. CF from investments



Free cash flow to equity to changes in freight rates and debt structure



- Free cash flow in recent years impacted by newbuilding deliveries
- Zero capex from 2021 and onwards to improve free cash flow generation

- Our debt amortisation makes free cash flow after debt repayments a more relevant parameter
- The lower capex is set to improve our free cash flow to equity in the years to come
- Assuming TCE rates reaches last 5-year average, Free Cash flow to equity reaches USD 27 – USD 33 mill in 2021/22

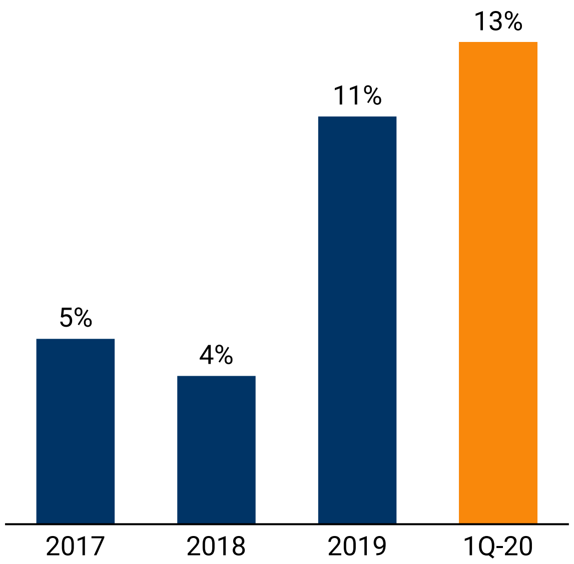
- And our free cash flow to equity is highly sensitive to improved freight rates lower break-even
- USD 48 mill of free cash flow to equity to be generated for every USD1,000/day higher freight rates and every USD1,000/day lower break-even costs

** Includes annualised 1Q20 operating cash flow less 2020 newbuilding capex and annual docking/other capex of USD 25 mill per year*
*** Cash flow from operations reflecting average TCE rates 5 years*
**** Free cash flow to equity calculated by operating cash flow less investment cash flow less debt amortisations . Investment capex adjusted for non-recurring items like sales gains received from JVs and newbuilding instalments*

Our terminal restructuring and fleet renewals will increase returns going forward

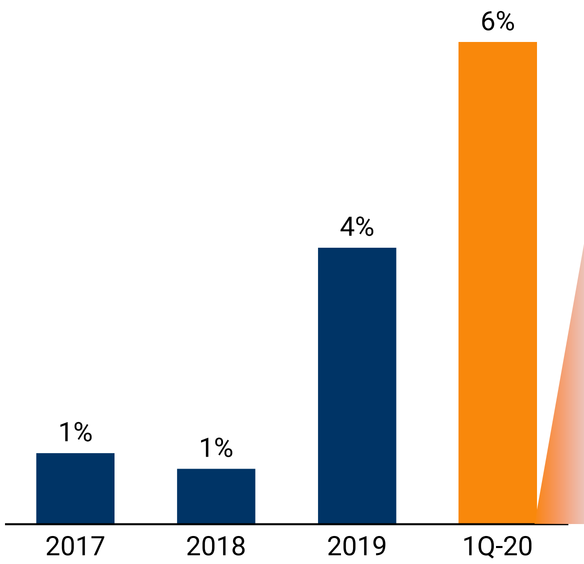
Terminal restructuring & Fleet renewals

Odfjell Terminals ROIC



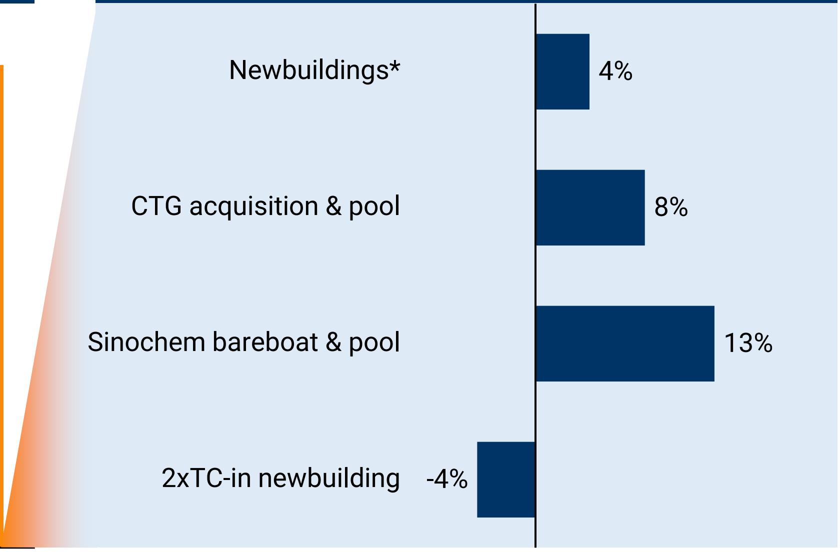
- A stronger portfolio after sale of terminals
- Reorganisation and new JV structure
- A leaner and more cost-effective company

Odfjell Tankers ROIC



- 28 vessel transactions last two years
- Replacing expensive & inefficient charters
- Added capital effective pool structures

Odfjell Tankers fleet renewals ROIC (1Q20)

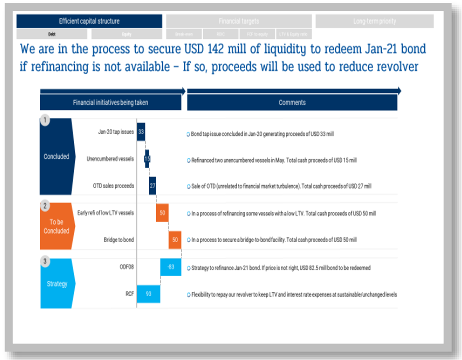


- New vessels are positively contributing to our returns

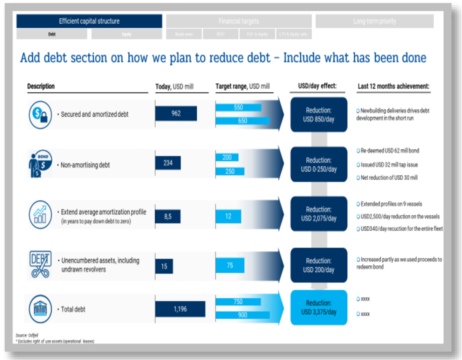
** ROIC from newbuildings reflects Jan-April performance and reflects maiden voyages and delivery costs. Performance after maiden voyage reflects the positive contribution to our returns from our newbuilding programme*
*** Odfjell Tankers ROIC reflects underlying results and does not take corporate G&A into account*

Optimise our capital structure by lower debt and reduce our break-even remains a priority – We are about to secure liquidity to meet upcoming debt maturities

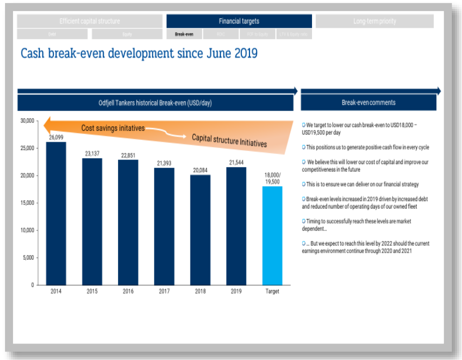
Debt maturities under control



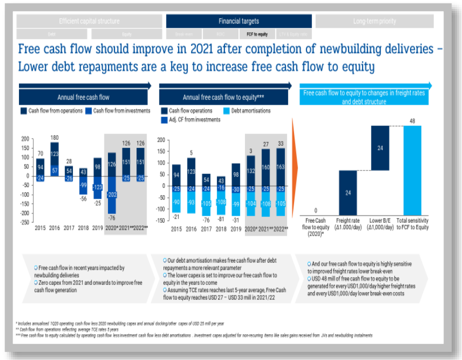
Reduce debt a key focus



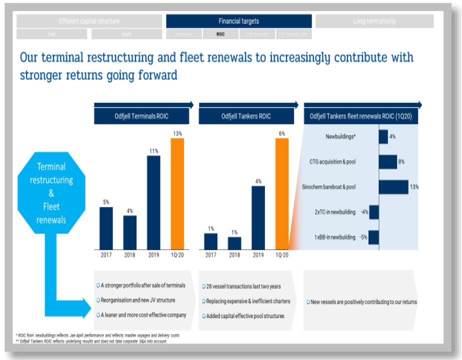
Lower our break-even levels



Improve FCF to equity



Fleet renewals with accretive returns

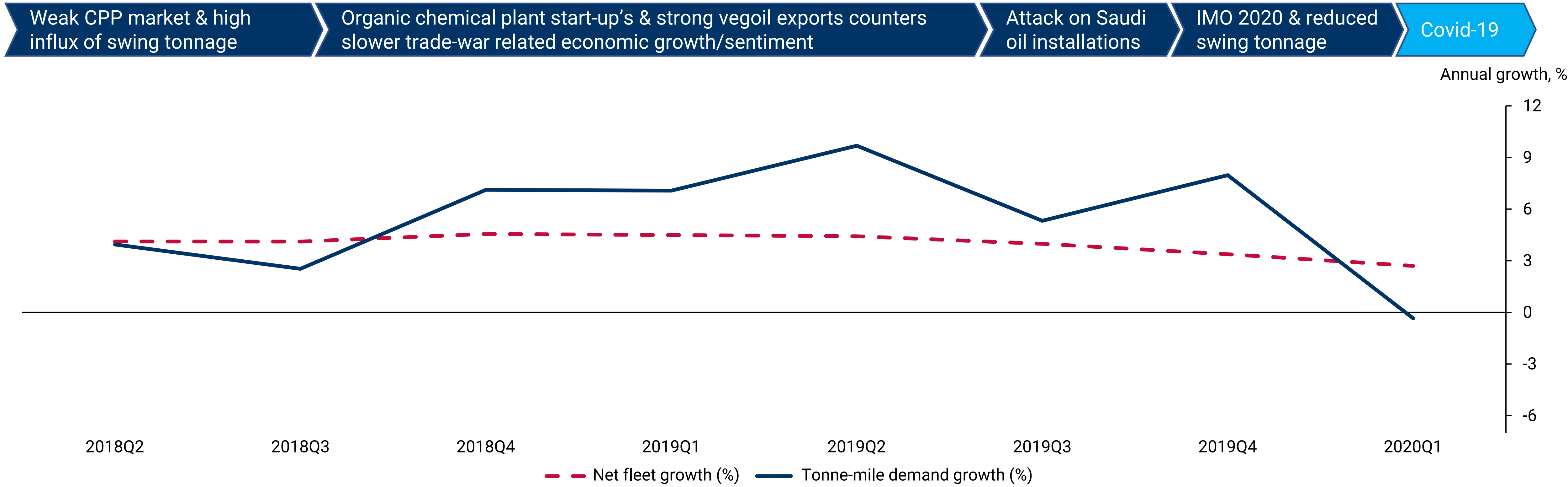


- Have attractive capital resources
- Manage risk
- Accommodate operational strategy
- Have a competitive cost of capital
- Secure growth and flexibility
- Secure attractive returns to shareholders

Agenda

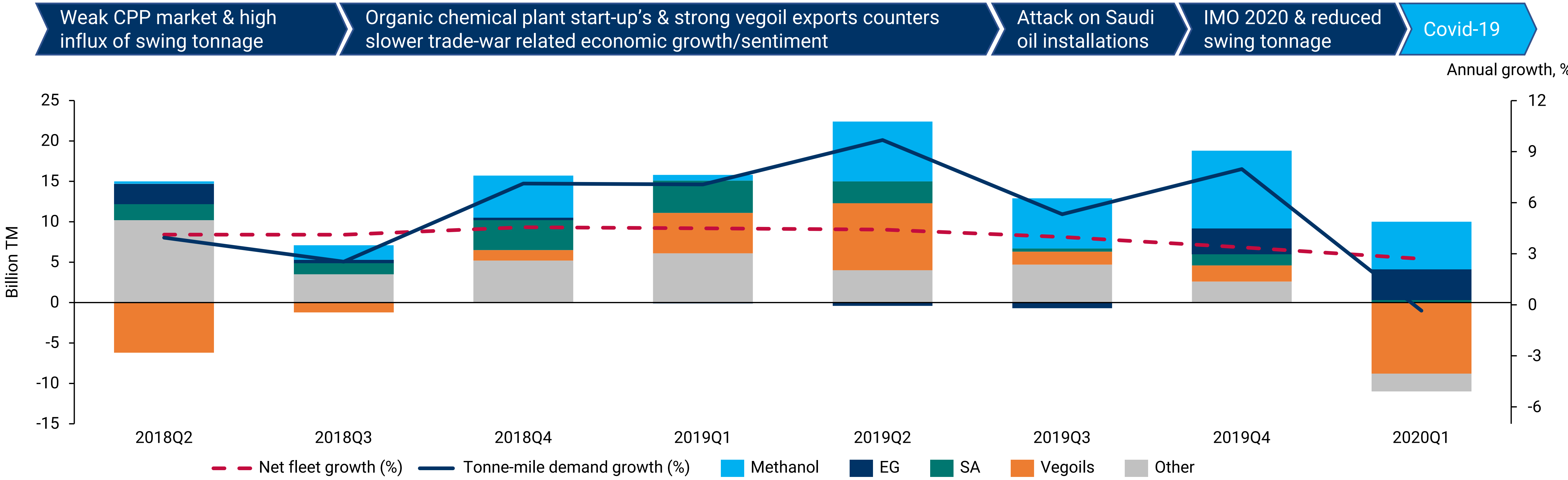
- Strategy update
- Finance strategy
- Market update
- Final remarks

Our markets was tightening ahead of Covid-19 with demand surpassing fleet growth for two years despite various negative factors impacting our markets



- Tonne-mile demand has surpassed net fleet growth for chemical tankers since the second quarter of 2018
- Swing tonnage driven by a weak CPP market has been a key dampening effect on the speed of the recovery of our markets through 2018 and first half of 2019
- The stronger markets we experienced before Covid-19 plays a role in why the impact from the pandemic has not been as severe as initially feared as fleet utilisation was improving

Organic & inorcanic chemicals continued with strong demand in 1Q20 while Vegoil shipments were initially negatively affected by Covid-19



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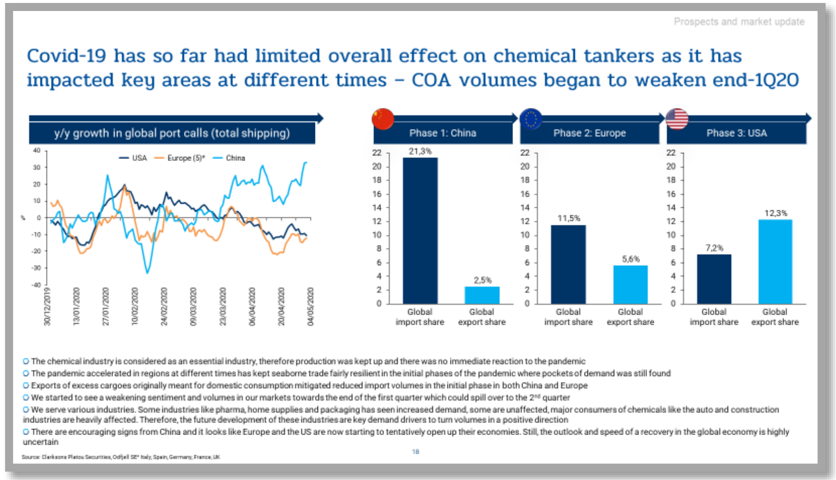
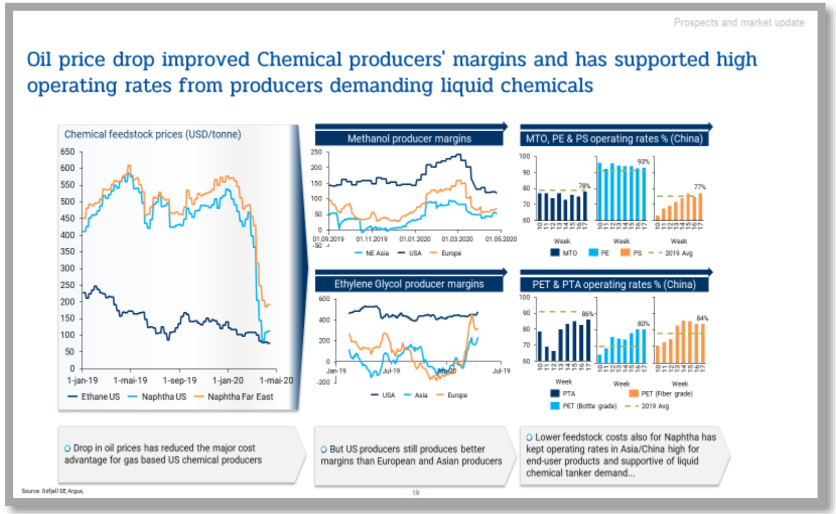
The chemical industry is considered an essential industry in most countries – Timing of outbreak and oil price collapse has neutralized the effect so far…





The chemical industry

- The chemical industry has been considered an essential industry in most countries
- Operations has therefore continued throughout the Covid-19 outbreak
- Some plant shut downs, reduced operating rates and deferred start-up reported

Regional outbreaks

- China impact limited by Lunar holiday, export rebates and heavy port congestion
- Europe impact limited by strong exports and a strong CPP market
- US impact has been fairly muted except exports to US and South America being weak

Feedstock dynamic

- Lower oil prices led to lower naphtha prices, the main feedstock for chemical production
- This led to strong demand for liquid chemical intermediates into production of solids
- Asian producers were main drivers which supported deep-sea shipments

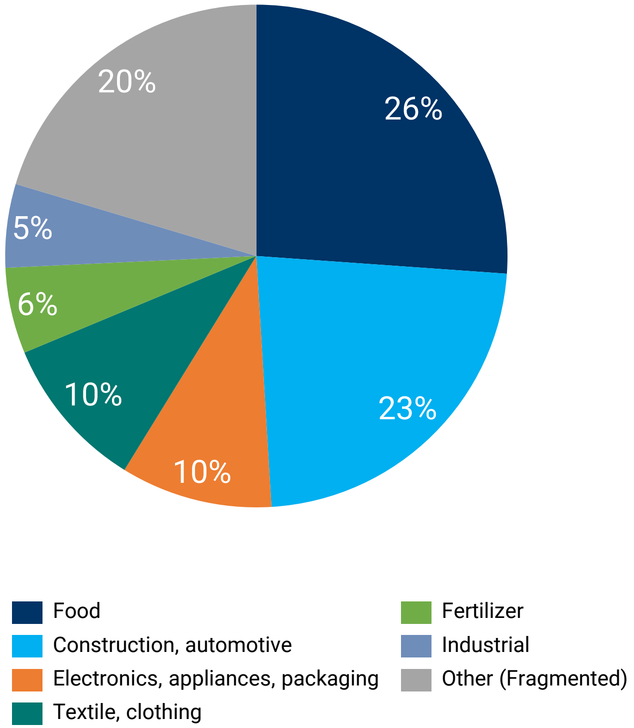
Industry diversification

- The chemical industry serves a wide range of products in our “everyday” needs
- This has supported chemical tanker demand before and looks to do so again
- There are, and will be, both winners and loosers on a product specific basis from Covid-19

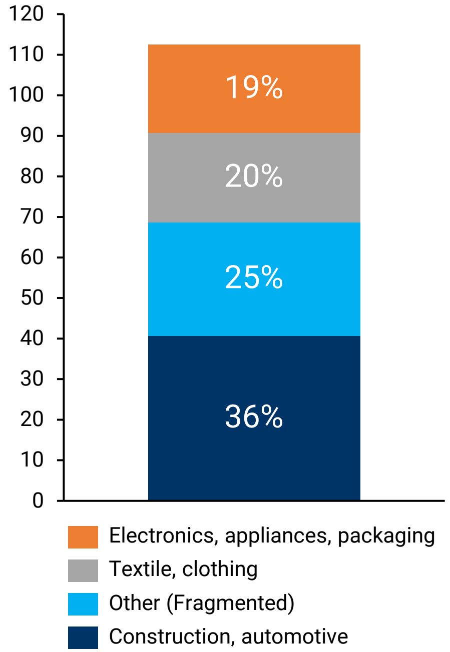
Source: Odfjell 1Q20 presentation

… And our end-user demand and cargo mix is highly diversified – The food industry followed by the construction and automobile sector are key drivers

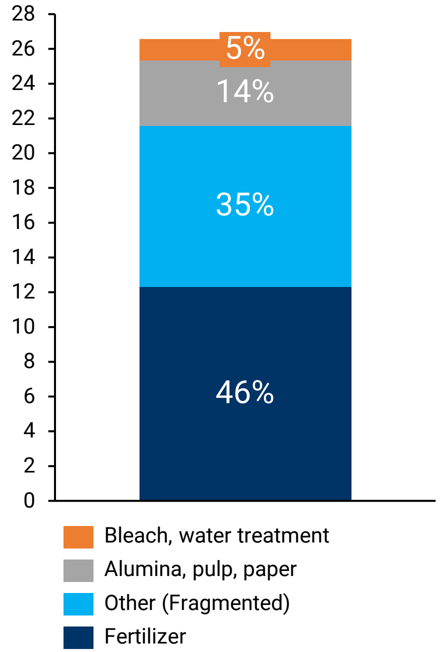
Total seaborne import demand by end-user market



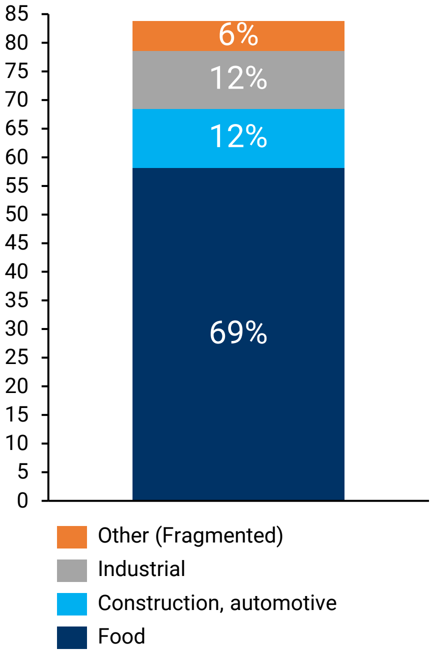
Organic chemicals (MMT)



Inorganic chemicals (MMT)*



Vegoils & molasses (MMT)*

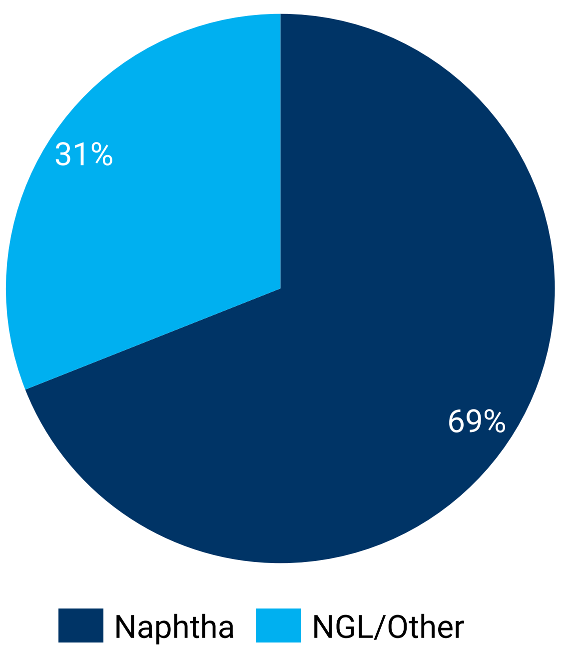


- We consider 28% of seaborne trade of liquid chemicals to have a negative effect from lengthened Covid-19 effects on the global economy
- This is mainly related to organic chemicals with exposure to the global construction and automotive industry (auto parts and also fuel consumption through blends)
- A recovery in Construction and automotive is therefore a key to reduce the risk of a low growth scenario for chemical tanker demand
- Demand from the construction industry could recover quickly through policy support as highlighted by IMF and the same goes for the automotive industry when it comes to fuel consumption from easing lockdowns. While demand from the automotive industry when it comes to production stand at a risk of having a more prolonged negative effects for demand
- Still, we find 50% of products in our market to have a neutral/neutral to positive effect from Covid-19 driven by food/agricultural industry, packaging, pharma and the remaining 22% to have a mixed demand picture based on regional differences and diversified end-user applications

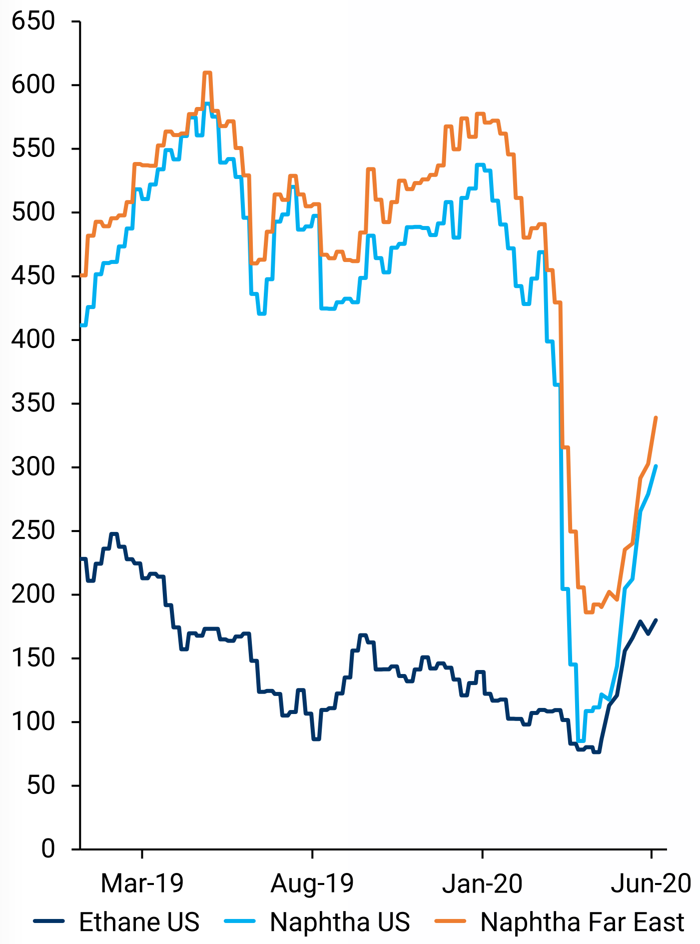
Source: Odfjell

The feedstock situation has changed – US and Middle Eastern competitiveness remains superior, but majority of crackers still reliant on Naphtha

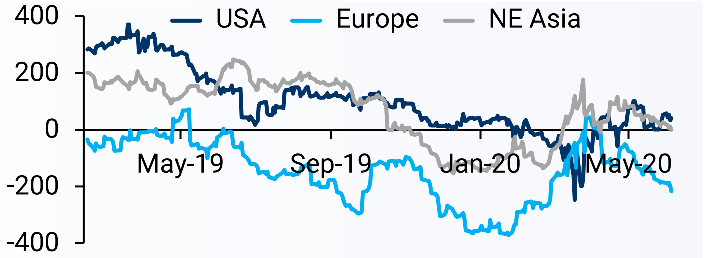
Global cracker capacity by feedstock type



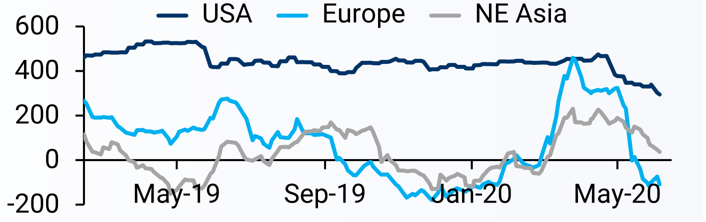
Chemical feedstock prices (USD/tonne)



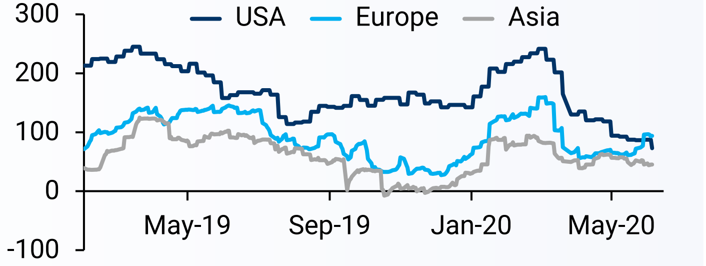
Styrene producer margins (USD/tonne)



Ethylene Glycol producer margins (USD/tonne)

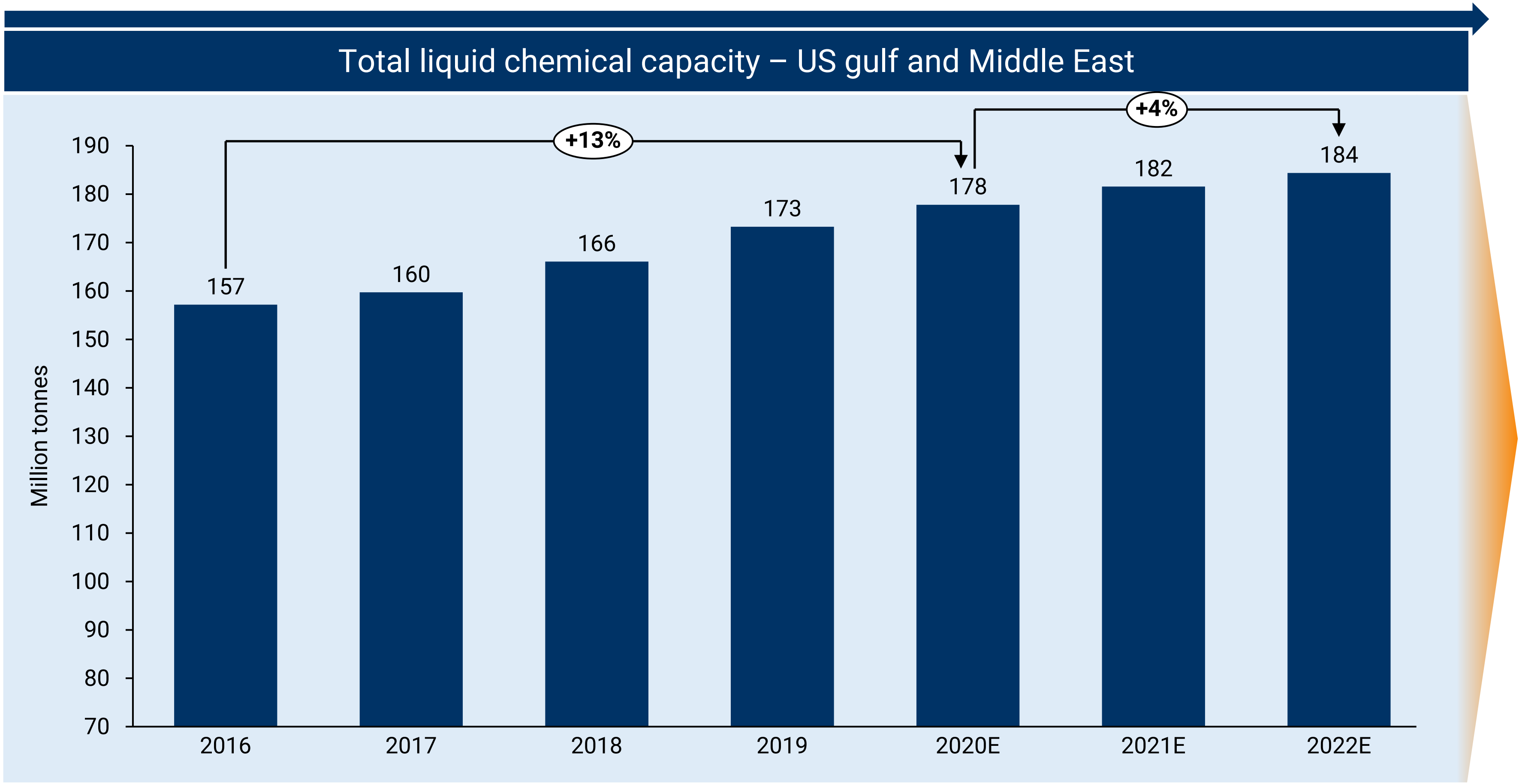


Methanol producer margins (USD/tonne)



Source: Odfjell, Argus

The peak growth of new capacity is now behind us and we expect this to normalize demand growth between 2020 and 2022 compared to 2018 and 2019



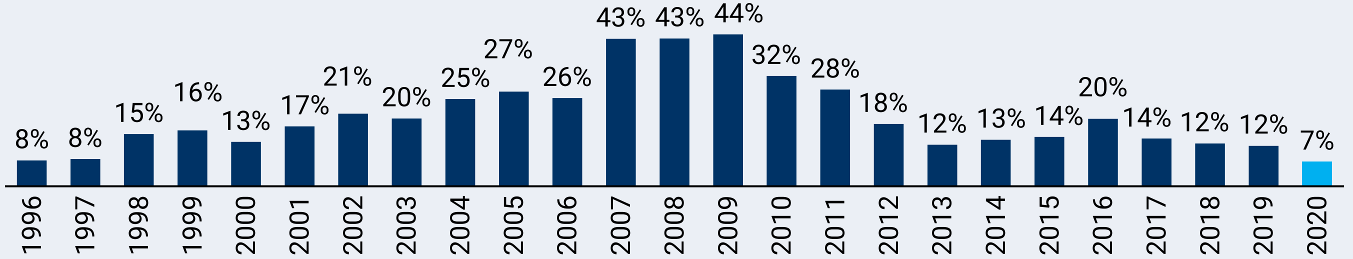
- Growth in new export oriented liquid chemical plants in the US and Middle East has been key contributors to the strong tonne-mile demand in 2018 and 2019
- The chemical industry is now faced with margin pressure driven by the large supply growth caused by major investments in previous years
- Economic uncertainty through 2019 has also kept a lid on investment appetite which is expected to be further kept low driven by Covid-19 and low prices
- We are therefore seeing limited growth in new export oriented capacity in 2021 and 2022
- This is expected to "normalize" tonne-mile demand growth going forward

Source: Odfjell, ICIS

With normalized demand growth the next three years, the deviation versus supply growth is expected to remain at similar levels due to slower supply growth

1

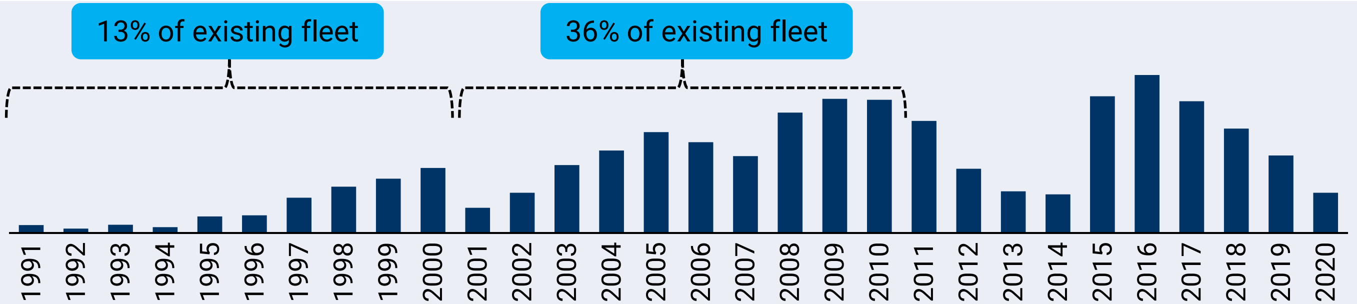
Orderbook share of total tanker fleet



- Crude tanker orderbook share: 7.6 %
- Product tanker orderbook share: 7.4%
- Chemical tanker orderbook share: 4.5%

2

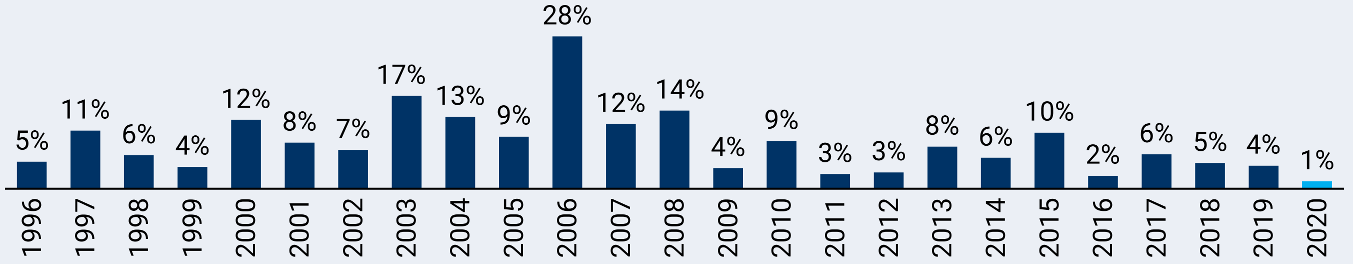
Age distribution current chemical tanker fleet (Mdwt)



- A larger share of the chemical tanker fleet to become less competitive and less compliant with future regulations in the coming years

3

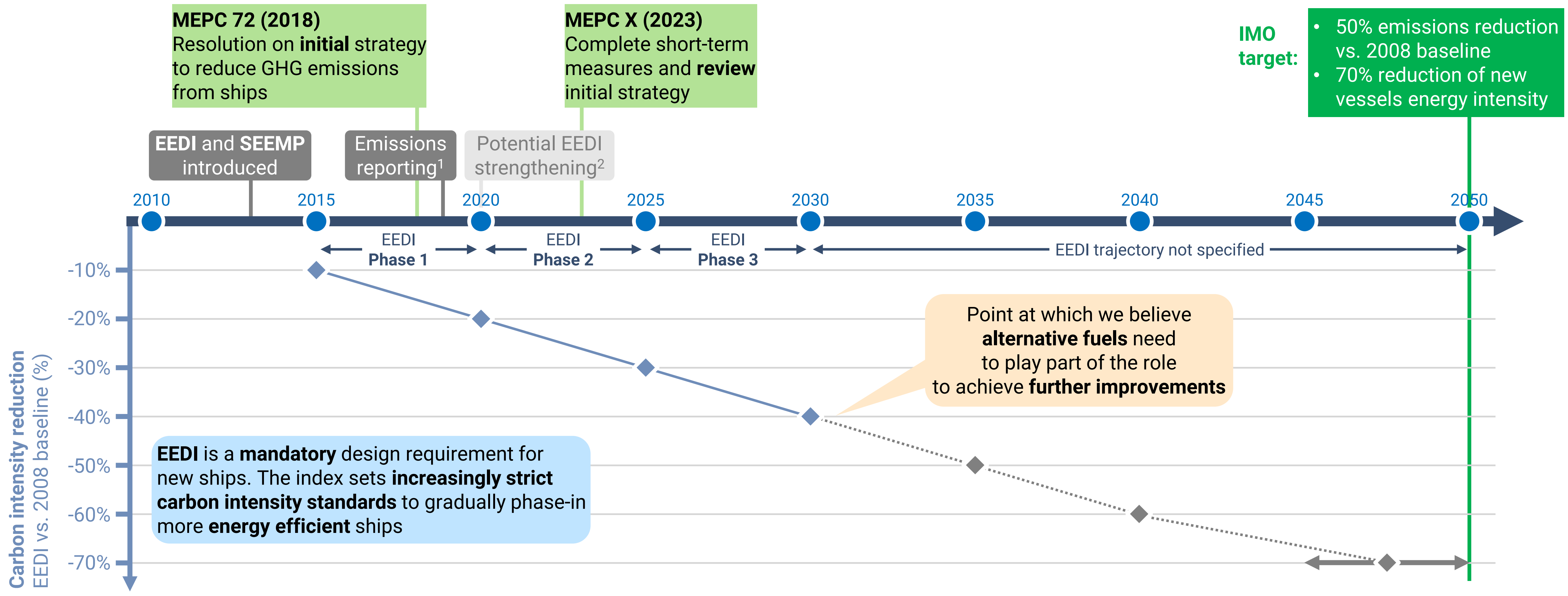
Newbuilding orders as a share of existing fleet



- Newbuilding orders remains non-existent for chemical tankers
- Newbuilding activity for crude and product tanker also muted
- New regulations a likely hurdle to avoid larger newbuilding orders in the near-term…

In 2018, IMO defined their initial 2050 strategy to reduce overall emissions from shipping by 50%

Overall timeline for IMO GHG reduction



1. Mandatory IMO data collection system: All vessels >5 000 GT required to collect and report fuel oil consumption data 2. IMO considering to change EEDI basis from payload (cargo) to DWT ("EEXI")

Source: Source: IMO

Future choice of propulsion is a dilemma if ordering vessels today – Alternatives are not compliant with regulations, technically feasible or readily available

Non-attractive | Attractive | Challenges

Better suited as energy carrier than as a fuel

Summary of characteristics of alternative fuels
Relative to HFO

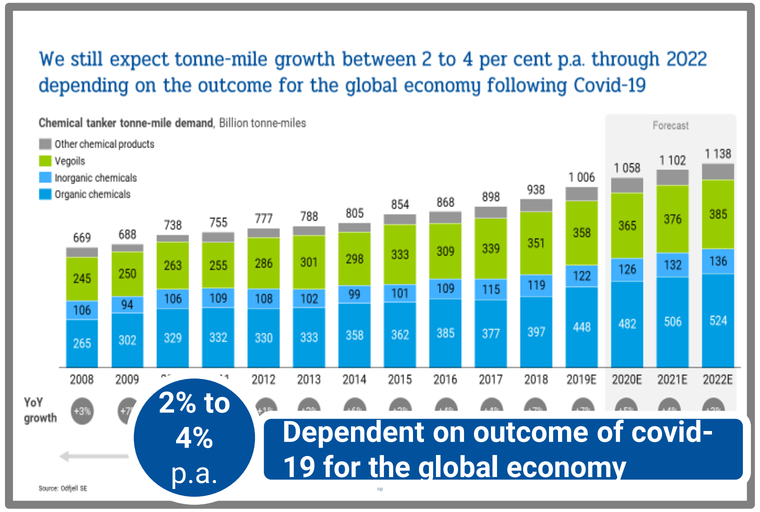
	LPG ?	Methanol ?	DME ?	LNG ?	Battery ?	Thorium ?	Hydrogen ? Compr.	Hydrogen Liquid	Ammonia ? Compr.	Ammonia Liquid
1 **Emissions** CO_2 per transport work	-8%	-2%	-38%	-28%	-100%	-100%	-100%	-100%	-100%	-100%
2 **Specific density** DWT requirement	-4%	+125%	+2%	-17%	+13866%	-99.9%	-71%	-71%	+115%	+115%
3 **Energy density** Tank volume requirement	+40%	+148%	+32%	+60%	-99%	+2637090%	+979%	+252%	+202%	+176%
4 **Carrying temperature** Celsius, given state	-42˚C	Ambient	-24˚C	-163˚C	Ambient	Ambient	Ambient	-253˚C	Ambient	-33˚C
= **Summary**	Moderate reduction, but potential interm. step	Not offering enough emissions reduction	Potential intermediate step	Potential intermediate step	Extensive volume requirement	Radioactive & political resistance.	Extensive volume requirement	Temperature and volume density questionable	Realistic long-term alternative, but still immature	Realistic long-term alternative, but still immature

No propulsion solutions points out as an obvious alternative in the short-term to solve medium to long-term targets – This should keep a lid on speculative new orders

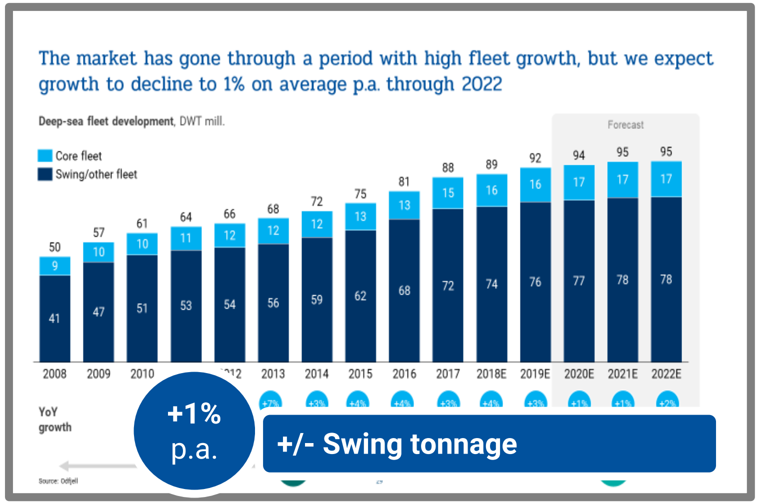
Source: Odfjell

Summary – Covid-19 creates high uncertainties for future demand, but demand still looks likely to continue surpassing net fleet growth in the years to come

Covid-19	○ Relatively resilient to Covid-19 impact so far – Essential Products & wide product mix are key ○ Regional outbreaks and a reduction in fleet supply has given a short-term boost to our markets
New capacity	○ New organic capacity led to strong demand growth of 6 and 8 percent in 2018 and 2019 ○ A slowdown in new capacity is expected to normalise demand growth rates between 2020 and 2022
Demand growth	○ Tonne-mile demand forecasted to grow between 2 to 4 percent on average between 2020 and 2022 ○ A slow recovery post Covid-19 to result in low growth (2%) and 2021 recovery in high growth (4%)



Regulations	○ Regulations to positively impact fleet growth until 2022 and maybe also beyond ○ A large share of the tanker fleet needs replacement by 2025 – But propulsion dilemma a positive hurdle
Swing tonnage	○ Low orderbook also the case neighbouring crude and product tanker segments ○ A positive development in competition from swing tonnage could therefore be expected
Fleet growth	○ Current orderbook to fleet ratio for chemical tankers is 4.9%, an all-time low ○ Fleet growth estimated to be 1% on average per year between 2020 and 2022



Agenda

- Strategy update
- Finance strategy
- Market update
- Final remarks

Final remarks

Performance	Good start to the year and we are benefitting from our strong operational platform.
Strategy update	Our strategy remains intact but we are adapting to the terrain
Finance strategy	De-leveraging and focus on improved cash flow generation going forward with limited capex commitments to ensure we succeed on our financial strategy
Market outlook	Covid-19 creates great uncertainties on the future, but the chemical tanker industry should be fairly resilient and is helped by limited fleet growth going forward

Thank you