

A red offshore supply vessel is visible on the horizon of the ocean under a sunset sky with pink and blue hues.

Second quarter/First half 2020 report

August 20, 2020



ODFJELL

Second quarter and First Half year 2020 report

Highlights – 2Q20

- Good performance in 2Q20 which was mainly due to increased chemical tanker earnings
- EBITDA of USD 82 mill, compared with USD 66 mill 1Q20
- EBITDA of USD 74 mill from Odfjell Tankers, compared to USD 58 mill 1Q20
- EBITDA of USD 8 mill from Odfjell Terminals, same as 1Q20
- Net result was USD 31 mill compared to USD -4 mill last quarter
- Adjusted for non-recurring items, net results were USD 17 mill in 2Q20 compared to adjusted net results of USD 1 mill last quarter
- COA rate renewals were up 6% in 2Q20
- COA coverage dropped to 35% during the quarter, which enabled us to take advantage of a strong spot market. COA coverage increased towards the end of the quarter and has continued to do so into the third quarter where we expect it to stay within a range of 45% - 55%
- We have so far only experienced limited financial negative effects from Covid-19, but we are taking precautionary measures if the slowdown in the global economy should accelerate
- Crew changes continues to be extremely difficult despite many governments having signed statement to define seafarers as essential workers

Key figures, USD mill

(USD mill, unaudited)	3Q19	4Q19	1Q20	2Q20	2Q19	FY19
Odfjell Tankers	214.2	215.6	240.2	234.6	223.1	871.3
Odfjell Terminals	16.4	18.0	17.5	16.0	17.9	69.8
Revenues*	232.7	235.3	259.3	252.4	243.2	949.5
Odfjell Tankers	44.7	50.1	57.9	73.9	49.9	184.4
Odfjell Terminals	6.0	7.8	8.1	7.6	6.2	26.7
EBITDA*	51.4	58.0	66.3	81.9	56.8	213.4
EBIT	25.9	11.7	24.3	49.7	14.4	59.0
Net result	(1.1)	(10.0)	(4.4)	30.9	(10.2)	(36.6)
EPS**	(0.13)	(0.01)	(0.06)	0.39	(0.13)	(0.47)
ROE***	(6.1%)	(7.6%)	(0.5 %)	13.6 %	(6.1 %)	(6.4 %)
ROCE***	2.8%	2.7%	5.1 %	8.2 %	2.8 %	2.8 %

*Includes figures from Odfjell Gas

** Based on 78.8 million outstanding shares

*** Ratios are annualised

"2Q20 was a good quarter for Odfjell, due to a continued firming chemical tanker market and a firm spot market. We are happy to report positive figures in light of the unprecedented times of the global economy. This shows the agility and resilience of our global platform and business model. Covid-19 continues to cast high uncertainty about the future, but we are so far not experiencing any major negative impact overall in our markets. We expect 3Q20 to be impacted by usual seasonality and we therefore anticipate to report weaker, but still positive, results in the next quarter".

Kristian Mørch, CEO Odfjell SE

Key Financial figures

Odfjell Group

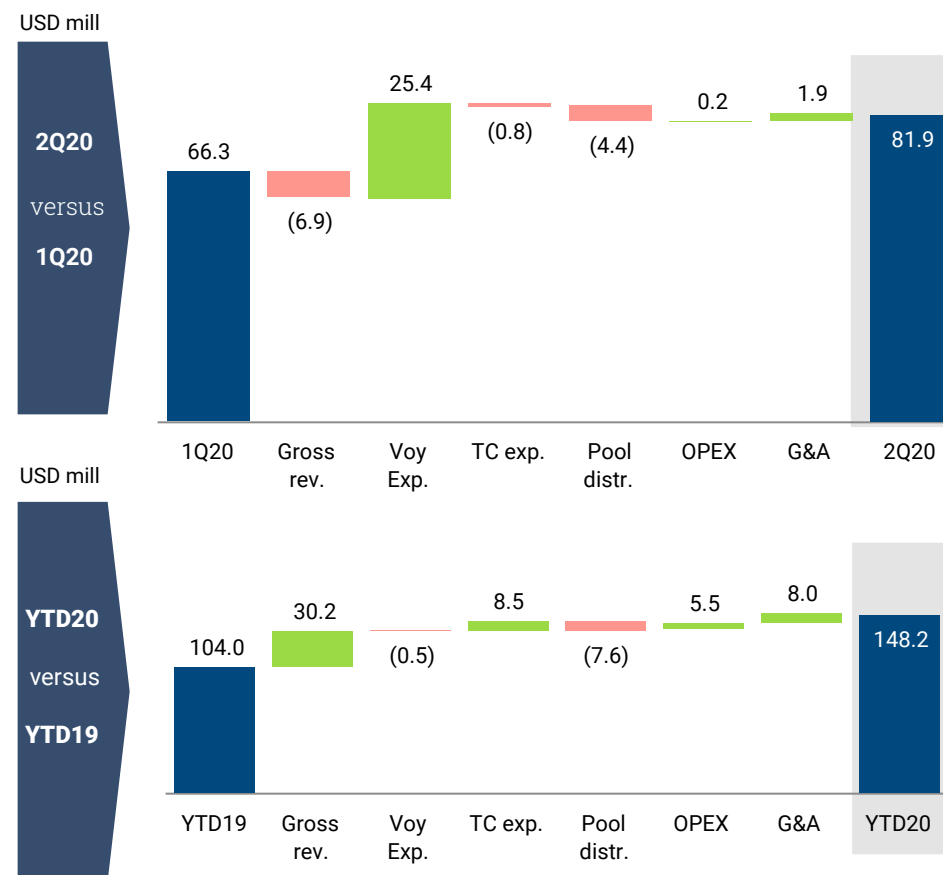
(USD mill, unaudited)	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Total revenue	259.3	252.4	243.2	511.7	481.5	949.5
Chemical Tankers	240.2	234.6	223.1	474.8	441.4	871.3
Tank Terminals	17.5	16.0	17.9	33.4	35.5	69.8
Gas Carriers	1.7	1.8	2.2	3.5	4.6	8.4
Eliminations	—	—	—	—	—	—
EBITDA	66.3	81.9	56.8	148.2	104.0	213.4
Chemical Tankers	57.9	73.9	49.9	131.8	89.6	184.4
Tank Terminals	8.1	7.6	6.2	15.7	12.9	26.7
Gas Carriers	0.3	0.5	0.7	0.8	1.5	2.3
EBIT	24.3	49.7	14.4	74.1	21.4	59.0
Chemical Tankers	21.8	37.1	14.4	58.9	19.8	39.0
Tank Terminals	2.7	12.5	(0.7)	15.2	0.1	18.1
Gas Carriers	(0.2)	0.1	0.7	(0.1)	1.5	1.9
Elimination	—	—	—	—	—	—
Net finance	(27.4)	(17.6)	(23.0)	(45.0)	(43.9)	(89.9)
Net result (loss)	(4.4)	30.9	(10.2)	26.5	(25.6)	(36.6)
Chemical Tankers	(5.2)	19.3	(8.0)	14.1	(23.2)	(47.4)
Tank Terminals	1.0	11.6	(2.7)	12.6	(3.7)	9.3
Gas Carriers	(0.2)	0.0	0.6	(0.2)	1.3	1.5
Eliminations	—	—	—	—	—	0.0

Proportionate method

While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed information and thus, a more representative picture of the Group's operations.

- Figures include various non-recurring items related to the changes made in our tank terminal portfolio and others

EBITDA variance - Odfjell Group



2Q 2020 versus 1Q 2020

- Gross revenues down 3%
- Voyage expenses down 25%
- TC expenses up 10%
- Ship days unchanged
- OPEX unchanged
- G&A down 11%

YTD20 versus YTD19

- Gross revenues up 6%
- Voyage expenses unchanged
- TC expenses down 33%
- Ship days down 5%
- OPEX down 6%
- G&A down 19%

Chemical Tankers

Odfjell Tankers EBITDA increased to USD 74 mill in 2Q20 compared to an EBITDA of USD 58 mill in 1Q20.

The improved results are primarily driven by stronger spot rates during the quarter. COA coverage was 35% which enabled us to optimize the utilisation of our fleet and take advantage of a strong spot market across the tanker industry. A migration of swing tonnage towards the CPP market led to a reduction in competition for vegoil and chemical cargoes. The commercial impact from Covid-19 in 2Q20, was limited to reduced nomination under our COAs and larger variations in activity levels across trade lanes that ultimately led to high trading activity and ample availability of spot volumes to mitigate reduced contract volumes.

The initial drop in COA volumes was largely caused by customers trying to manage their global inventory levels, but the COA volumes increased towards the end of the quarter and into 3Q20. The main impact from Covid-19 relates to operational challenges such as port closures and crew change restrictions.

Chemical Tankers (USD mill)	4Q19	1Q20	2Q20	2Q19	FY19
Revenues	215.6	240.2	234.6	223.1	871.3
Gross Result	66.9	73.0	87.7	65.3	250.1
EBITDA	50.1	57.9	73.9	49.9	184.4
EBIT	10.5	21.8	37.1	14.4	39.0
Bunker cost per tonne (USD) ³	451	536	369	442	438

Indices	31.03.20	30.06.20	30.06.19
Odfix (1990=100) ¹	125	136	124
Opex (2002=100) ²	113	112	120

¹ The Odfix index is a weighted time-charter earnings index for a selection of vessels

² The Opex index includes owned and bareboat chartered vessels

³ Including effect from bunker adjustment clauses

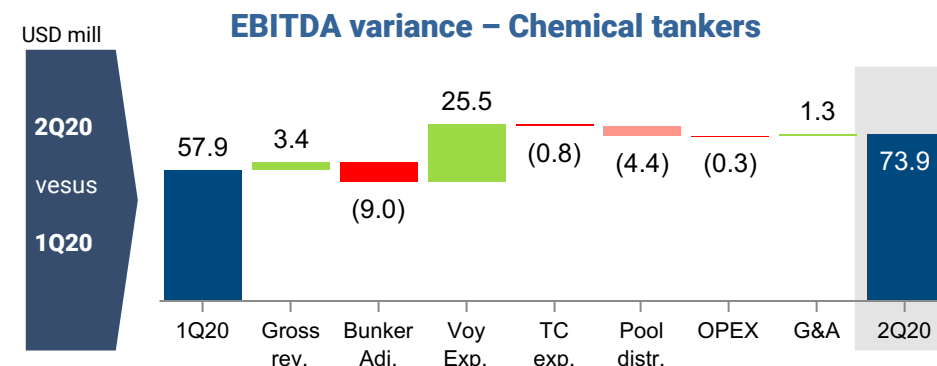
Net Bunker costs for Odfjell Tankers decreased to USD 36 mill from USD 50 mill in the previous quarter. The strong market and a higher share of spot exposure with no bunker adjustment clauses attached, ensured that we gained the benefit of lower bunker costs in full for the spot volumes lifted during the quarter.

ODFIX improved with 9% from 1Q20 to 2Q20 and outperformed Clarkson's spot market index that declined by 3% during the quarter.

COA renewals was up 5.8% during the quarter which we believe highlights a joint view among customers and competitors of tightening fundamentals in our markets going forward, beyond the immediate uncertainty from Covid-19.

Outlook 3Q20

We expect 3Q20 to be impacted by usual seasonality and we therefore anticipate to report weaker, but still positive, results in the next quarter.



2Q20 versus 1Q20

- Gross revenues down 3.3% incl. bunker adjustments
- Gross Voyage expenses down 25%
- TC expenses up 10%
- OPEX up 1%
- G&A down 9%

Volume and voyage days

We carried 3.2 mill tonnes during 2Q20 which was in line with 1Q20. The main change from the previous quarter was therefore the composition of the volumes, with more spot volumes replacing contract volumes. Including vessels on pools, we carried 3.8 mill tonnes.

Total revenue days for Odfjell SE in 2Q20 was 6,184 days including 178 off-hire days, this was largely in line with 6,234 days in the previous quarter with 228 off-hire days. Off-hire in 2Q20 relates to regular drydockings and we did not experience any unscheduled off-hire as a consequence of Covid-19.

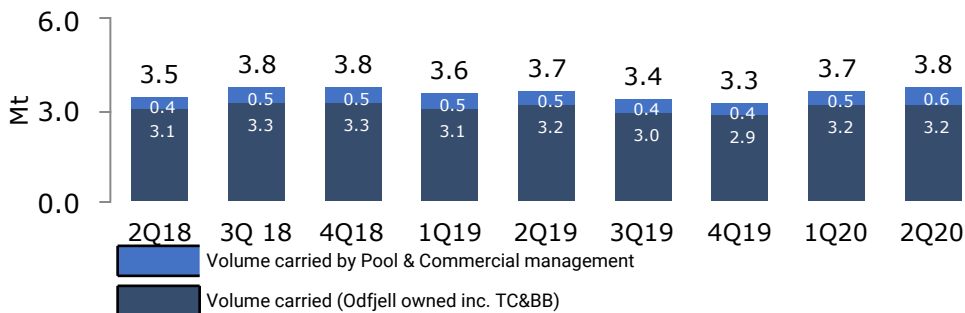
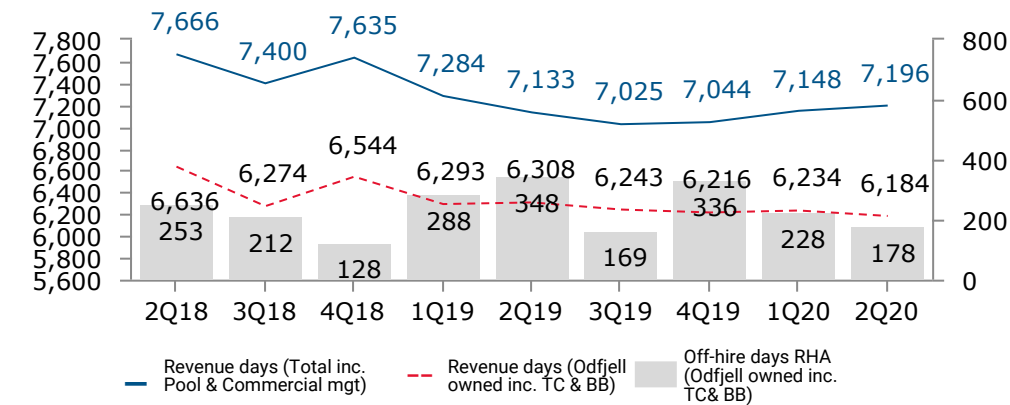
Fleet update

We took delivery of the fourth super-segregator newbuilding during the quarter and one super-segregator entered our fleet on long-term Bareboat charter. The fourth and final 25,000 dwt stainless steel vessel from Navig8 entered our pool and we redelivered two regional vessels previously on timecharter during the quarter.

We took delivery of one super-segregator newbuilding in August and the delivery of our last newbuilding from Hudong is scheduled for delivery during the fourth quarter.

Remaining ship deliveries

Yard	Tanks	DWT	3Q-20	4Q-20	2022
Hudong	Stainless	38,000	1	1	-
Asakawa (TC vessels)	Stainless	25,700	-	-	2
Total			1	1	2

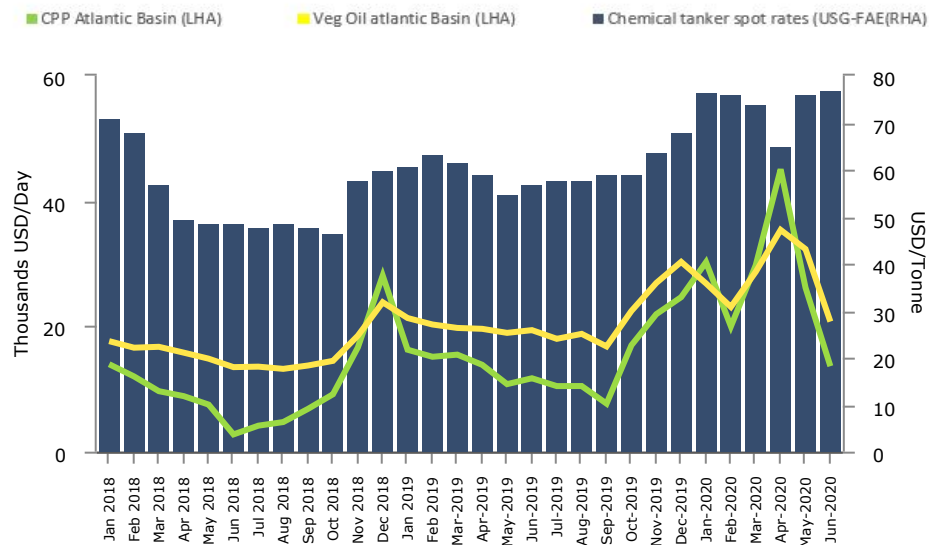


Market development

The chemical tanker market improved considerably in the second quarter driven by reduced supply as a consequence of a strong CPP market reducing competition from swing tonnage and chemical tanker operators also employing capacity in the CPP market. The reduction in supply exceeded what has thus far been a marginal drop in demand, mostly from the automotive and construction sectors.

The global chemical tanker orderbook stands at 4.1% of the current fleet. The global deep-sea fleet based on vessels larger than 18,000 dwt grew by 11 vessels in 2Q20 as 13 vessels were delivered, and two vessels was recycled. There were zero new orders for core chemical tankers concluded during the quarter.

Rate development



Source: Clarksons Platou

Market outlook

Covid-19 is having an adverse impact on global economic activity and IMF is projecting global GDP to decline 4.9% in 2020 before growing 5.4% in 2021. We forecast a scenario where Chemical tanker demand will continue its current disconnect from global GDP growth driven by the wide variety of cargoes transported and the majority of end-use applications being relatively resilient to an economic downturn of this type. The outbreak and its severity is at different stages across the globe, with Asia Pacific currently leading the global demand recovery, which looks to support tonne-mile demand. Any change to the current trend of the pandemic, will naturally have the potential to change the impact on our markets.

A gradual economic recovery is noted across most industries and geographies that is pivotal for chemical tanker demand. We expect to see continued demand growth from packaging, food related industries, home care and pharma, health and hygiene and electronics and various other consumer goods. This is expected to mitigate negative demand growth from the automotive and construction industries, with the latter being highly sensitive to policy stimuli, a key component in IMF's expectations of a revival in global GDP growth in 2021.

Competition from swing tonnage has been reduced and is not expected to reach similar levels as previous years in the near future. This is driven by a natural delay before these vessels return to chemicals, the recovery of global oil demand and production paired with limited fleet growth within our neighboring segments. A prolonged destocking cycle due to a changing trend of the pandemic is a key risk to this scenario.

We forecast demand growth of 2-4% on average until 2022 depending on the outcome of the pandemic. This compares to a supply growth of 1% on average in the corresponding period.

Tank Terminals

Tank Terminals (USD mill) Odfjell share	4Q19	1Q20	2Q20	2Q19	FY19
Revenues	18.0	17.5	16.0	17.9	69.8
Gross Result	11.2	10.9	9.8	11.0	42.4
EBITDA	7.8	8.1	7.6	6.2	26.7
EBIT	1.4	2.7	12.5	(0.7)	18.1
Net result	(0.2)	1.0	11.6	(2.7)	9.3

EBITDA by geo-graphical segment	4Q19	1Q20	2Q20	2Q19	FY19
Europe	1.3	1.1	0.7	1.3	5.5
North America	5.6	5.5	5.6	4.4	19.1
Asia	0.9	1.6	1.3	0.5	2.0
Total	7.8	8.1	7.6	6.2	26.7

For Odfjell Terminals, 2Q20 was marked by oil price contango, Covid-19 and the sale by Odfjell and LG of their joint and indirect 50% stake in Odfjell Terminals (Dalian), China (OTD).

Odfjell Terminals generated EBITDA of USD 7.6 mill in 2Q20, compared to USD 8.1 mill in previous quarter. The quarter-on-quarter decline in EBITDA reflects the sale of our shareholding in OTD, which results were excluded as of May. Net result for the quarter was USD 11.6 mill, and adjusted for depreciation of excess values net of deferred tax, net result was USD 13.3 mill.

With respect to Covid-19, our terminals were early in adopting necessary preventive measures, allowing us to ensure safe and uninterrupted operations throughout the crisis.

The sale of OTD represents another milestone in the restructuring of our terminal portfolio and is in line with our strategy to focus on chemical terminals where we can harvest synergies with Odfjell Tankers or have another angle for further value creation. The transaction resulted in a net cash gain of USD 27 mill and an equity gain of USD 12 mill.

The underlying demand for storage continues to be strong, further accentuated in 2Q by the oil price contango and our terminals reached an average commercial occupancy rate of 97%. In 2Q, we also saw a notable drop in handlings at our terminals in the US and Antwerp. This was in part result of preventive Covid-19 measures, as well as weaker downstream demand in sectors such as automotive and construction. While lower activity does impact throughput- and service fees, a substantial share of Odfjell Terminal's revenues are rented capacity based on (take-or-pay) or otherwise uncorrelated with throughput. In this respect, 2Q stands as a testament to the resilience of Odfjell's terminal platform.

Odfjell's share of Odfjell Terminals' book value of equity stood at USD 161 mill as of 2Q20. Odfjell's share of net debt amounts to USD 91 mill.

Lindsay Goldberg exit process

As a part of LG's exit from Asia, Odfjell SE may consider tagging along on a sale of its remaining asset in China. We expect this process to be concluded in the coming quarters.

Gas Carriers

We continue to pursue a sale of our gas carriers.

Gas Carriers (USD mill) Odfjell share	4Q19	1Q20	2Q20	2Q19	FY19
Revenues	1.7	1.7	1.8	2.2	8.4
Gross Result	0.2	0.3	0.4	0.7	2.3
EBITDA	0.2	0.3	0.5	0.7	2.3
EBIT	(0.3)	(0.2)	0.1	0.7	1.9
Net result	(0.4)	(0.2)	0.0	0.6	1.5

Finance

Key figures (USD mill)	31.12.19	31.03.20	30.06.20	30.06.19
Cash and available-for-sale investments	100.8	121.1	148.4	104.6
Interest bearing debt	1,132.3	1,140.7	1,192.2	1,090.1
Debt, right of use assets	213.6	254.8	285.0	234.7
Net debt	1,245.0	1,274.4	1,328.9	1,220.1
Available drawing facilities	–	–	–	–
Total equity	551.2	513.3	549.6	564.2
Equity ratio	27.3 %	24.5 %	25.1 %	28.0 %
Equity ratio in covenants (IFRS 16 Adj.)	30.5 %	27.9 %	28.8 %	31.7 %

Odfjell's cash balance end 2Q20 amounts to USD 148 mill, compared with USD 121 mill end 1Q20. This excludes cash from JVs. Cash from operations and proceeds from refinancing of vessels explain the main cash movements. Our equity ratio improved in 2Q due to positive net results and positive developments in the market to market value of financial derivatives that were negatively impacted in 1Q due to volatility caused by Covid-19.

Instalments and capital repayments on mortgaged loans and financial leases totaled USD 24 mill during the quarter, and we drew down USD 48 mill related to delivery of a newbuilding and USD 15 mill from the refinancing of two chemical tankers. We took delivery of one vessel on a long term bareboat contract, increasing debt related to right of use of assets by USD 42 mill. Capital repayments of debt related to right of use of assets was USD 12 mill during the quarter.

Net interest bearing debt end 2Q20 was USD 1,044 mill, compared to USD 1,020 mill end 1Q20. Net total debt, including debt related to right of use of assets, end 2Q20 was USD 1,329 mill, compared with USD 1,274 mill end 1Q20.

We continue to see strong interest from existing and new financing lenders. Upcoming- and other early refinancing projects are progressing as planned and we are building liquidity reserves to strengthen our balance and increase flexibility in our capital structure. As examples of the latter, we repaid USD 50 mill on our revolving credit facility in July and have signed term sheet for a USD 50 mill short-term liquidity facility earmarked the Jan-21 bond maturity, in case we decide to not refinance the bond at maturity.

Term sheets have been signed for the refinancing of a bank loan facility due to mature in September covering four vessels. Except for our Jan-21 bond maturity, we do not have any maturing balloons before 2Q22.

Last six months cash break-even end 2Q20 was USD 20,226 per day, compared with TCE net of pool distributions of USD 21,038 per day for the same period and USD 22,186 per day in 2Q20. Projected cash break-even is expected to be higher due to increased drydockings for 2H20. Projected break-even is USD 21,400 per day for 2021.

Shareholder information

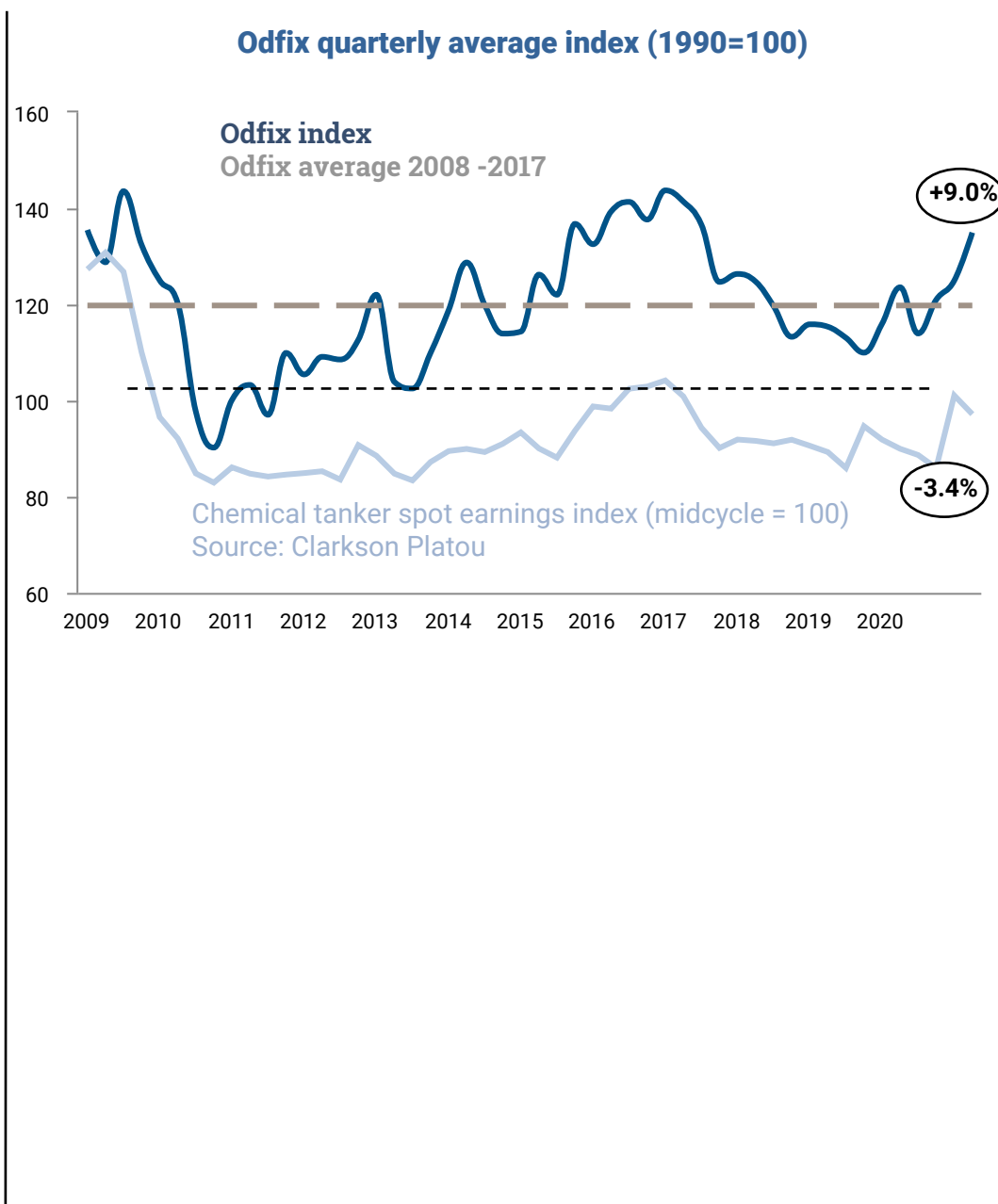
By end of 2Q20, Odfjell's A and B shares were trading at NOK 21.70 and NOK 21.00 respectively, compared with NOK 19.95 and NOK 20.20 at the close of the previous quarter. The market capitalization was NOK 1,696 mill (USD 174 mill) excluding treasury shares and NOK 1,868 mill (USD 192 mill) including treasury shares.

Prospects

Covid-19 continues to cast high uncertainty about the future, but we are so far not experiencing any major negative impact overall in our markets. We expect 3Q20 to be impacted by usual seasonality and we therefore anticipate to report weaker, but still positive, results in the next quarter.

A key focus for Odfjell is to continue to protect our balance sheet and we have adopted precautionary measures to ensure the Company can withstand a long-term weakness in our markets.

For Odfjell Terminals, we expect stable results for the remainder of 2020.



Bergen, 19. August 2020

THE BOARD OF DIRECTORS OF ODFJELL SE

Statement of Responsibility

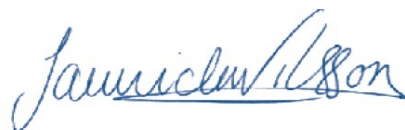
We confirm that, to the best of our knowledge, the condensed set of financial statements for the first six months of 2019, which have been prepared in accordance with IAS 34 Interim Financial Statements, gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Bergen, 19 August 2020

THE BOARD OF DIRECTORS OF ODFJELL SE



Laurence Ward Odfjell



Jannicke Nilsson



Christine Rødsæther



Åke Gregertsen



Nils Petter Dyvik



Åse Aulie Michelet



Kristian V. Mørch
CEO

Interim financial information – ODFJELL GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Figures based on equity method

(USD mill)	Note	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Gross revenue	1, 9	240.3	234.8	223.2	475.1	441.5	872.3
Voyage expenses	1	(102.4)	(76.9)	(88.4)	(179.4)	(178.6)	(352.7)
Pool distribution		(16.1)	(20.5)	(16.0)	(36.6)	(28.9)	(55.5)
Time-charter earnings		121.8	137.4	118.8	259.1	234.0	464.1
Time-charter expenses		(8.4)	(9.2)	(10.7)	(17.6)	(26.1)	(45.5)
Operating expenses		(34.5)	(35.1)	(37.1)	(69.6)	(74.3)	(145.4)
Operating expenses - right of use assets	7	(5.6)	(5.3)	(5.6)	(11.0)	(10.8)	(22.1)
Gross result		73.2	87.8	65.4	161.0	122.7	251.1
Share of net result from associates and joint ventures	5	0.9	11.7	(0.7)	12.6	0.2	13.3
General and administrative expenses		(15.3)	(14.1)	(17.0)	(29.4)	(35.1)	(68.2)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		58.7	85.5	47.8	144.2	87.7	196.2
Depreciation and amortization	4	(22.4)	(22.9)	(22.8)	(45.3)	(45.6)	(93.1)
Depreciation - right of use assets	7	(13.7)	(14.0)	(12.8)	(27.7)	(24.2)	(50.0)
Impairment of ships, property, plant and equipment	4	–	–	–	–	–	(2.7)
Capital gain (loss)	4	–	0.1	0.2	0.1	(0.4)	(0.3)
Operating result (EBIT)		22.6	48.7	12.4	71.3	17.6	50.0
Interest income		0.6	0.1	1.1	0.7	2.4	4.3
Interest expenses		(18.3)	(17.7)	(18.7)	(36.0)	(37.1)	(74.2)
Interest expenses - right of use assets	7	(3.3)	(3.4)	(3.3)	(6.7)	(6.2)	(12.7)
Other financial items	6	(5.0)	4.2	(0.5)	(0.8)	0.1	(1.1)
Net financial items		(26.0)	(16.8)	(21.4)	(42.8)	(40.8)	(83.7)
Result before taxes		(3.4)	31.9	(9.0)	28.5	(23.2)	(33.7)
Income tax expense		(1.0)	(1.1)	(1.1)	(2.1)	(2.4)	(3.0)
Net Result		(4.4)	30.9	(10.1)	26.5	(25.6)	(36.6)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures based on equity method

(USD mill)	Note	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Net changes in cash-flow hedges		(31.7)	6.3	(8.7)	(25.4)	(10.4)	(10.1)
Translation differences on investments of foreign operations		(0.1)	–	0.1	(0.1)	0.1	0.1
Share of comprehensive income on investments accounted for using equity method		(1.6)	(0.2)	(1.0)	(1.8)	(0.5)	(1.4)
Share of other comprehensive income reclassified to income statement on disposal		–	–	–	–	–	–
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans		–	–	–	–	–	(0.8)
Other comprehensive income		(33.4)	6.1	(9.7)	(27.2)	(10.9)	(12.1)
Total comprehensive income		(37.8)	37.0	(19.7)	(0.7)	(36.5)	(48.7)
Earnings per share (USD) – basic/diluted		(0.06)	0.39	(0.13)	0.34	(0.33)	(0.47)

Net result and total comprehensive income is allocated 100% to the owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Figures based on equity method)

(USD mill)	Note	31.03.20	30.06.20	30.06.19	31.12.19
Deferred tax assets		0.6	0.5	0.3	0.7
Ships	4	1,428.1	1,459.4	1,345.0	1,403.0
Property, plant and equipment	4	9.3	9.4	9.3	9.0
Right of use assets	7	247.5	276.2	231.3	207.9
Investments in associates and joint ventures	5	161.0	171.8	169.8	161.6
Non-current receivables		10.8	9.2	16.3	13.3
Total non-current assets		1,857.3	1,926.6	1,772.0	1,795.5
Current receivables		97.7	99.7	110.1	89.2
Bunkers and other inventories		17.5	17.3	24.4	28.6
Derivative financial instruments		0.7	–	0.6	–
Loan to associates and joint ventures		–	–	0.8	–
Cash and cash equivalents	3	121.1	148.4	104.6	100.8
Assets classified as held for sale		–	–	–	4.1
Total current assets		236.9	265.4	240.6	222.8
Total assets		2,094.2	2,192.0	2,012.6	2,018.3
Equity		513.3	549.6	564.2	551.2
Non-current interest bearing debt	3	920.4	972.8	865.4	973.5
Non-current debt, right of use assets	7	206.8	234.2	188.1	167.3
Derivatives financial instruments		53.8	43.0	19.2	20.4
Other non-current liabilities		5.9	5.6	9.0	6.4
Total non-current liabilities		1,186.9	1,255.7	1,081.8	1,167.6
Current portion interest bearing debt	3	220.3	219.4	224.6	158.7
Current debt, right of use assets	7	48.0	50.8	46.6	46.3
Derivative financial instruments		47.9	32.3	9.5	10.8
Other current liabilities		77.7	84.2	85.9	83.8
Total current liabilities		393.9	386.7	366.6	299.5
Total equity and liabilities		2,094.2	2,192.0	2,012.6	2,018.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures based on equity method

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as per January 1, 2019	199.2	0.1	(3.6)	(0.5)	6.1	399.2	401.4	600.6
Other comprehensive income	—	0.1	(10.1)	(0.8)	(1.4)	—	(12.1)	(12.1)
Net result	—	—	—	—	—	(36.6)	(36.6)	(36.6)
Dividend payment	—	—	—	—	—	—	—	—
Sale of treasury shares 1)	—	—	—	—	—	0.2	0.2	0.2
Other adjustments	—	—	—	—	—	(0.9)	(0.9)	(0.9)
Equity as at December 31, 2019	199.2	0.3	(13.7)	(1.2)	4.7	361.9	351.9	551.2
Equity as per January 1, 2020	199.2	0.3	(13.7)	(1.2)	4.7	361.9	351.9	551.2
Other comprehensive income	—	(0.1)	(25.4)	—	(1.8)	—	(27.2)	(27.2)
Net result	—	—	—	—	—	26.5	26.5	26.5
Sale of treasury shares 1)	—	—	—	—	—	—	—	—
Other adjustments	—	—	—	(0.2)	—	(0.6)	(0.8)	(0.8)
Equity as at June 30, 2020	199.2	0.2	(39.1)	(1.4)	2.9	387.8	350.4	549.6

(1) In the second quarter 2019, senior management received a second transaction bonus in relation to this exit/sales process, which was used to purchase 58,488 class A shares at a total value of NOK 1.7 million. In the third quarter 2019, senior management received their third transaction bonus which was used to purchase 11,796 class A shares at a total value of NOK 0.3 million. a has now been finalized. Actuarial gains/losses have been transferred to retained equity.

KEY FIGURES

Figures based on equity method

	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
PROFITABILITY						
Earnings per share (USD) – basic/diluted	(0.06)	0.39	(0.13)	0.34	(0.33)	(0.47)
Return on equity ¹⁾	(0.5 %)	13.6 %	(6.1 %)	7.4 %	(8.5 %)	(6.4 %)
Adjusted return on equity ³⁾	0.5 %	10.4 %	(5.7 %)	5.2 %	-8.1 %	(8.0 %)
Return on capital employed ¹⁾	5.1 %	8.2 %	2.8 %	6.9 %	2.0 %	2.8 %
Adjusted return on capital employed ³⁾	5.3 %	7.6 %	2.9 %	6.2 %	2.1 %	2.3 %
FINANCIAL RATIOS						
Average number of outstanding shares (mill) ²⁾	78.8	78.8	78.7	78.8	78.7	78.7
Basic/diluted equity per share (USD)	6.52	6.98	7.16	6.98	7.16	7.00
Share price per A-share (USD)	1.9	2.2	3.0	2.2	3.0	3.0
Current ratio	0.6	0.7	0.7	0.7	0.7	0.7
Equity ratio	24.5 %	25.1 %	28.0 %	25.1 %	28.0 %	27.3 %
USD/NOK rate at period end	10.51	9.75	8.51	9.75	8.51	8.78

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

²⁾ Per end of June 2020 Odfjell holds 5,669,954 Class A shares and 2,322,482 Class B shares.

³⁾ Adjusted for non-recurring items.

CONSOLIDATED CASH FLOW STATEMENT

Figures based on equity method

(USD mill)	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Profit before income taxes	(3.4)	31.9	(9.0)	28.5	(23.2)	(33.7)
Taxes paid in the period	(1.1)	(0.8)	(0.5)	(1.9)	(1.2)	(2.4)
Depreciation, impairment and capital (gain) loss fixed assets	36.1	36.9	35.4	73.0	70.2	146.4
Change in inventory, trade debtors and creditors (increase) decrease	(1.5)	3.1	(14.8)	1.6	(20.6)	(7.3)
Share of net result from associates and JV's	(0.9)	(11.7)	0.7	(10.8)	(0.2)	(13.3)
Net interest expenses	21.0	20.9	20.9	42.0	40.9	82.6
Interest received	0.7	0.1	0.8	0.8	2.4	4.2
Interest paid	(22.0)	(21.0)	(21.4)	(43.0)	(43.4)	(88.7)
Effect of exchange differences and changes in unrealized derivatives	5.8	(4.0)	0.4	1.7	(0.5)	1.0
Change in other current accruals	(3.0)	(1.3)	4.7	(6.1)	4.0	9.7
Net cash-flow from operating activities	31.7	54.1	17.1	85.8	28.4	98.6
Sale of ships, property, plant and equipment	4.1	–	–	4.1	2.0	2.0
Investment in ships, property, plant and equipment	(47.6)	(54.4)	(14.3)	(102.0)	(31.7)	(146.8)
Dividend/other from investments in associates and JV's	–	1.4	–	1.4	–	20.7
Investment in shares	–	–	–	–	–	–
Other non-current receivables and investments	2.3	1.6	(0.1)	3.9	–	0.8
Net cash-flow from investing activities	(41.3)	(51.4)	(14.4)	(92.6)	(29.7)	(123.3)
New interest bearing debt (net of fees paid)	71.1	61.4	(0.6)	132.5	19.9	369.9
Repayment of interest bearing debt	(27.4)	(24.3)	(24.8)	(51.7)	(60.6)	(367.2)
Repayment of lease debt related to right of use assets	(12.1)	(12.4)	(11.3)	(24.5)	(21.2)	(44.9)
Dividend payment	–	–	–	–	–	–
Sale/purchase of treasury shares	–	–	–	–	–	–
Net cash-flow from financing activities	31.6	24.7	(36.7)	56.4	(61.9)	(42.2)
Effect on cash balance from currency exchange rate fluctuations	(1.7)	(0.2)	0.1	(2.0)	0.1	(0.1)
Net change in cash and cash equivalents	20.3	27.3	(34.0)	47.6	(63.2)	(67.0)
Opening cash and cash equivalents	100.8	121.1	138.6	100.8	167.8	167.8
Closing cash and cash equivalents	121.1	148.4	104.6	148.4	104.6	100.8

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrs veg 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements ended June 30, 2020 for the Odfjell Group and have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2019. The interim financial statements are unaudited.

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2019.

Impairment assessment

The Group last performed an impairment test at the end of first quarter 2020. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at June 30, 2020, the market capitalization of the Group was below the book value of its equity. As a result, the Group performed an impairment test at the end of second quarter 2020 for the deep sea and regional cash generating units.

Deep sea

The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. Cash flows are estimated through the useful life of the owned ships and over the lease term for right of use assets, consistent with previous years impairment tests.

The outbreak of the coronavirus (COVID-19) and the significant fall in oil prices in the last months have so far not had any adverse effects on the Group's operations and financial results this year, but the impact over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. The recognized earnings in the first half year of 2020 was slightly above our expectations made late 2019. For the remaining of 2020 we have updated our estimates based on current market expectations, including impact by Covid-19 the coming quarters and cash flows are adjusted accordingly.

Performing impairment test, the Group has conducted three scenarios. The key uncertainties in all scenarios are the duration of the lock down because of COVID-19 and recovery. Base-case scenario assumes that impact from COVID-19 fade out during late 2020 and that time-charter earnings in subsequent periods recover. Estimated time-charter earnings are aligned with our view of the long-term fundamental supply and demand of tonnage.

Assumptions in our high-case include are the same as the base-case, but growth assumptions are more favorable than in the base-case.

Our low-case scenario includes the assumption that effect from COVID-19 is more resistant and that recovery take place late 2021 with more moderate growth assumption in subsequent periods compared to base-case.

For all scenarios, the weighted average cost of capital is used as discount rate. The discount rate used is the same as per end of 2019 (7.7%) but expected long term inflation is adjusted downward to 1%. During first half year of 2020, all of our vessels have operated without material disruptions. This is also an assumption when performing impairment assessment.

The book value of the cash generating unit is USD 1,642 million. The impairment test did not reveal any need for impairment.

Regional

The book value of this cash generating unit is 45 million. Updated value estimates at the end of second quarter 2020 did not reveal any need for impairment.

Investment in terminals

The estimated cash flows used when performing impairment test at the end of 2019 is updated and do not reveal any need for impairment at the end of the second quarter, even if some lower excess through-put has occurred. Occupancy rate for tanks are stable and support earnings forecast in our impairment test.

Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by executive management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method. The Group has three reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation.

Tank Terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through joint ventures owned by the subsidiary Odfjell Terminals BV.

Gas Carriers: The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas ordered in 2014 in total eight vessels in addition for agreed delivery between 2016 and 2017. Due to substantial delays, all eight vessels have been canceled. The Group continues to pursue an exit from gas, and the two existing vessels are assets held for sale. The segment is operated through the joint venture Odfjell Gas AS.

Note 2 – Segment information - continued

USD mill	Chemical Tankers				Tank Terminals				Gas Carriers				Total			
	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20
Gross revenue	240.2	234.6	223.1	474.8	17.5	16.0	17.9	33.4	1.7	1.8	2.2	3.5	259.3	252.4	243.2	511.7
Voyage expenses	(102.4)	(76.9)	(88.4)	(179.4)	—	—	—	—	(0.8)	(0.8)	(0.9)	(1.6)	(103.2)	(77.8)	(89.3)	(181.0)
Pool distribution	(16.1)	(20.5)	(16.0)	(36.6)	—	—	—	—	—	—	—	—	(16.1)	(20.5)	(16.0)	(36.6)
TC earnings	121.7	137.2	118.7	258.8	17.5	16.0	17.9	33.4	0.9	1.0	1.3	1.9	140.0	154.1	137.9	294.1
TC expenses	(8.4)	(9.2)	(10.7)	(17.6)	—	—	—	—	—	—	—	—	(8.4)	(9.2)	(10.7)	(17.6)
Operating expenses	(34.5)	(35.1)	(37.1)	(69.6)	(6.6)	(6.2)	(6.9)	(12.8)	(0.6)	(0.6)	(0.6)	(1.1)	(41.7)	(41.8)	(44.5)	(83.5)
Operating expenses - right of use assets	(5.6)	(5.3)	(5.6)	(11.0)	—	—	—	—	—	—	—	—	(5.6)	(5.3)	(5.6)	(11.0)
General and administrative expenses	(15.1)	(13.8)	(15.4)	(28.9)	(2.7)	(2.2)	(4.8)	(5.0)	—	—	—	—	(17.8)	(15.9)	(20.2)	(33.8)
EBITDA	57.9	73.9	49.9	131.8	8.1	7.6	6.2	15.7	0.3	0.5	0.7	0.8	66.3	81.9	56.8	148.2
Depreciation	(22.4)	(22.9)	(22.8)	(45.3)	(5.3)	(5.2)	(5.3)	(10.5)	(0.4)	(0.5)	—	(0.9)	(28.1)	(28.6)	(28.1)	(56.7)
Depreciation - right of use assets	(13.7)	(14.0)	(12.8)	(27.7)	(0.1)	(0.1)	(0.1)	(0.2)	—	—	—	—	(13.8)	(14.1)	(12.9)	(27.9)
Impairment	—	—	—	—	—	—	(1.6)	—	—	0.1	—	0.1	—	0.1	(1.6)	0.1
Capital gain/loss	—	0.1	0.1	0.1	(0.1)	10.3	0.1	10.2	—	—	—	—	(0.1)	10.4	0.2	10.4
Operating result (EBIT)	21.8	37.1	14.4	58.9	2.7	12.5	(0.7)	15.2	(0.2)	0.1	0.7	(0.1)	24.3	49.7	14.4	74.1
Net interest expense	(17.8)	(17.5)	(17.6)	(35.3)	(1.2)	(0.7)	(1.3)	(1.8)	(0.1)	(0.1)	(0.1)	(0.1)	(18.9)	(18.2)	(19.0)	(37.1)
Interest expense - right of use assets	(3.3)	(3.4)	(3.3)	(6.7)	—	—	—	—	—	—	—	—	(3.3)	(3.4)	(3.3)	(6.7)
Other financial items	(4.9)	4.1	(0.4)	(0.8)	(0.1)	—	(0.3)	(0.2)	—	—	—	—	(5.2)	4.0	(0.7)	(1.2)
Taxes	(1.0)	(1.1)	(1.1)	(2.1)	(0.3)	(0.2)	(0.4)	(0.5)	—	—	—	—	(1.3)	(1.3)	(1.5)	(2.6)
Net result	(5.2)	19.3	(8.0)	14.1	1.0	11.6	(2.7)	12.6	(0.2)	—	0.6	(0.2)	(4.4)	30.9	(10.2)	26.5
Non current assets	1,695.4	1,753.8	1,602.4	1,753.8	302.5	290.7	308.4	290.7	18.4	17.9	—	17.9	2,017.6	2,061.8	1,910.2	2,061.8
Cash and cash equivalents	119.1	143.0	97.5	143.0	14.1	45.4	20.5	45.4	1.7	1.6	2.4	1.6	134.9	190.0	120.3	190.0
Other current assets	114.9	116.3	129.2	116.3	32.7	32.7	23.3	32.7	0.7	0.6	19.8	0.6	130.3	129.6	177.2	129.6
Total assets	1,929.4	2,013.0	1,829.1	2,013.0	349.3	368.9	352.2	368.9	20.8	20.2	22.2	20.2	2,282.7	2,381.3	2,207.7	2,381.3
Equity	351.8	373.8	394.3	373.8	146.5	160.7	154.8	160.7	15.8	15.8	15.8	15.8	513.3	549.6	564.2	549.6
Long-term debt	920.4	972.8	865.4	972.8	132.4	132.1	37.7	132.1	—	—	—	—	1,052.8	1,104.9	903.1	1,104.9
Non-current debt, right of use assets	206.8	234.2	188.1	234.2	0.6	0.6	0.4	0.6	—	—	—	—	207.4	234.8	188.5	234.8
Other non-current liabilities	59.8	48.7	27.9	48.7	29.1	27.6	28.8	27.6	—	—	—	—	90.9	76.3	56.7	76.3
Short-term debt	220.3	219.4	224.6	219.4	4.5	4.1	102.3	4.1	4.8	4.4	6.3	4.4	229.6	227.8	333.2	227.8
Current debt, right of use assets	48.0	50.8	46.6	50.8	0.4	0.3	0.4	0.3	—	—	—	—	48.4	51.1	47.0	51.1
Other current liabilities	122.4	113.4	82.2	113.4	35.8	43.4	27.8	43.4	0.1	—	0.1	—	140.3	136.7	115.0	136.7
Total equity and liabilities	1,929.4	2,013.0	1,829.1	2,013.0	349.3	368.9	352.2	368.9	20.8	20.2	22.2	20.2	2,282.7	2,381.3	2,207.7	2,381.3
Cashflow from operating activities	31.1	52.0	14.4	83.1	(2.2)	16.8	5.6	14.6	0.2	0.4	0.7	0.6	29.0	69.2	20.7	98.3
Cashflow from investment activities	(41.3)	(52.8)	(14.4)	(94.1)	(2.2)	16.7	8.9	14.5	—	—	—	—	(43.5)	(36.0)	(5.5)	(79.6)
Cashflow from financing activities	31.6	24.7	(36.7)	56.3	2.9	(2.2)	(9.4)	0.6	(0.5)	(0.5)	(0.5)	(0.9)	34.0	22.0	(46.6)	56.0
Net change in cash and cash equivalents	21.4	23.9	(36.7)	45.3	(1.6)	31.4	5.1	29.7	(0.3)	(0.1)	0.2	(0.3)	19.5	55.2	(31.4)	74.7

Note 2 – Segment information - reconciliation of segment reporting to group figures

The following table reconciles reported revenue, EBIT, assets and liabilities in our segments to the income statement and statement of financial position.

USD mill	Chemical Tankers (2)				Tank Terminals				Gas Carriers				Total (1)			
	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20	1Q20	2Q20	2Q19	YTD20
Total segment revenue	240.2	234.6	223.1	474.8	17.5	16.0	17.9	33.4	1.7	1.8	2.2	3.5	259.4	252.4	243.2	511.7
Segment revenue JV's	—	—	—	—	(17.5)	(16.0)	(17.9)	(33.4)	(1.7)	(1.8)	(2.2)	(3.5)	(19.1)	(17.6)	(20.0)	(36.6)
Consolidated revenue in income statement	240.2	234.6	223.1	474.8	—	—	—	—	—	—	—	—	240.3	234.8	223.2	475.1
Total segment EBIT	21.8	37.1	14.4	58.9	2.7	12.5	(0.7)	15.2	(0.2)	0.1	0.7	(0.1)	24.3	49.7	14.4	74.0
Segment EBIT JV's	—	—	—	—	(2.7)	(12.5)	(0.7)	(15.2)	0.2	(0.1)	(0.7)	0.1	(2.5)	(12.7)	(1.3)	(15.2)
Share of net result JV's (4)	—	—	—	—	1.0	11.7	(1.3)	12.7	(0.2)	—	0.6	(0.2)	0.8	11.7	(0.7)	12.5
Consolidated EBIT in income statement	21.8	37.1	14.4	58.9	1.0	11.7	(2.7)	12.7	(0.2)	—	0.6	(0.2)	22.6	48.7	12.4	71.3
Total segment asset	1,929.4	2,013.0	1,829.1	2,013.0	349.3	368.9	352.2	368.9	20.8	20.2	22.2	20.2	2,282.7	2,381.3	2,207.7	2,384.4
Segment asset (3)	—	—	—	—	(346.7)	(360.6)	(342.9)	(360.6)	(20.8)	(20.2)	(22.2)	(20.2)	(349.6)	(361.1)	(364.9)	(364.2)
Investment in JV's (4)	—	—	—	—	145.2	156.0	153.9	156.0	15.8	15.8	15.8	15.8	161.0	171.8	169.8	171.8
Total consolidated assets in statement of financial position	1,929.4	2,013.0	1,829.1	2,013.0	147.8	164.3	163.2	164.3	15.8	15.8	15.8	15.8	2,094.1	2,192.0	2,012.6	2,192.0
Total segment liabilities	1,577.7	1,639.3	1,434.7	1,639.3	202.8	208.1	197.4	208.1	4.9	4.4	6.4	4.4	1,769.4	1,831.6	1,643.4	1,834.7
Segment liability (3)	—	—	—	—	(201.5)	(203.9)	(189.2)	(203.9)	(4.9)	(4.4)	(6.4)	(4.4)	(188.6)	(189.2)	(195.1)	(192.3)
Total consolidated liabilities in statement of financial position	1,577.7	1,639.3	1,434.7	1,639.3	1.3	4.2	8.2	4.2	—	—	—	—	1,580.8	1,642.4	1,448.3	1,642.4

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

⁽²⁾ This segment also includes «corporate».

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

⁽⁴⁾ Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.20	30.06.20	30.06.19	31.12.19
Mortgaged loans from financial institutions	470.8	472.2	410.8	448.5
Financial leases and sale-lease back	492.5	529.5	427.9	502.2
Unsecured bonds	190.7	205.0	258.5	193.6
Lease liability, right of use assets	254.8	285.0	234.7	213.6
Subtotal debt	1,408.8	1,491.8	1,331.9	1,357.9
Debt transaction fees	(13.3)	(14.6)	(7.2)	(12.0)
Total debt	1,395.5	1,477.2	1,324.8	1,345.8
Cash and cash equivalent ¹⁾	121.1	148.4	104.6	100.8
Net debt	1,274.4	1,328.9	1,220.1	1,245.0

1) Of USD 148.4 million, a total of USD 6.9 million is restricted cash. Restricted cash consists of USD 6.1 million in collateral for unsettled derivatives, and USD 0.8 million in funds for withholding taxes relating to employees in Odfjell Management AS and Odfjell Maritime Services AS.

(USD mill)	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Total debt, beginning of period	1,345.8	1,395.5	1,329.3	1,345.8	1,310.5	1,310.5
New loans, financial leases and bonds	72.4	62.7	–	135.1	20.9	375.5
Repayment of loans, financial leases and bonds	(27.4)	(24.3)	(24.8)	(51.7)	(60.6)	(359.9)
Change in debt, lease liability right of use assets	41.3	30.2	16.2	71.5	46.8	25.7
Debt transaction fees, net paid and amortized	(1.3)	(1.3)	0.7	(2.5)	1.3	(2.2)
Currency translation differences	(35.3)	14.4	3.5	(20.9)	5.4	(3.8)
Total debt, end of period	1,395.5	1,477.2	1,324.8	1,477.2	1,324.8	1,345.8

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

Note 4 – Ships, property, plant and equipment

(USD mill)	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Net carrying amount, beginning of period	1,412.1	1,437.3	1,362.8	1,412.1	1,368.2	1,368.2
Investments in ships, property, plant and equipment	47.6	54.4	14.3	102.0	31.7	146.8
Depreciation	(22.4)	(22.9)	(22.8)	(45.3)	(45.6)	(93.1)
Impairment	–	–	–	–	–	(2.7)
Reclassification	–	–	–	–	–	(3.0)
Assets classified as held for sale	–	–	–	–	–	(4.1)
Net carrying amount, end of period	1,437.3	1,468.8	1,354.3	1,468.8	1,354.3	1,412.1

Impairment of USD 2.7 million in 2019 is related to write-down of vessels and other assets with USD 2.4 million and USD 0.3 million respectively.

The reclassification in 2019 relates to USD 3.0 million in deferred gain from a sale and leaseback transaction concluded in 2017. The reclassification has no effect on the income statement. Other non-current liabilities was adjusted with a similar amount.

Note 5 – Investments joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognized based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity. See note 2 for further details about joint ventures.

(USD mill)	YTD20			YTD19		
	Tank Terminals	Gas Carriers	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	33.6	3.5	37.1	39.4	4.6	44.0
EBITDA	15.9	0.8	16.7	15.0	1.5	16.6
EBIT	15.4	(0.1)	15.3	2.6	1.5	4.1
Net result	12.8	(0.2)	12.6	(1.1)	1.3	0.2
Depreciation of excess values net of deferred tax						
USA	(2.6)	–	(2.6)	(2.6)	–	(2.6)
Europe	(0.8)	–	(0.8)	(0.8)	–	(0.8)
Total	(3.4)	–	(3.4)	(3.4)	–	(3.4)
Non current assets	290.7	17.9	308.6	308.4	–	308.4
Cash and cash equivalents	40.0	1.6	41.6	20.5	2.4	22.9
Other current assets	31.9	0.6	32.5	14.2	19.9	34.1
Total assets	362.7	20.2	382.9	343.1	22.2	365.3
Total equity closing balance	156.0	15.8	171.8	153.9	15.8	169.8
Long-term debt	132.1	–	132.1	37.7	–	37.7
Other non-current liabilities	27.6	–	27.6	28.8	–	28.8
Short-term debt	4.2	4.4	8.6	102.2	6.3	108.5
Other current liabilities	41.9	–	41.9	19.7	0.1	19.7
Total equity and liabilities	361.9	20.2	382.1	342.3	22.2	364.5

Note 6 – Other financial items

(USD mill)	1Q20	2Q20	2Q19	YTD20	YTD19	FY19
Changes in fair value in derivatives	(39.3)	18.6	3.1	(20.7)	5.9	2.5
Currency gains (losses)	34.8	(15.5)	(3.5)	19.3	(5.4)	(2.0)
Other	(0.5)	1.1	(0.1)	0.5	(0.4)	(1.6)
Total other financial items	(5.0)	4.2	(0.5)	(0.8)	0.1	(1.1)

Note 7 - Right of use assets

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

(USD mill)	1Q20	2Q20	2Q19	FY19
Net carrying amount, beginning of period	207.9	247.5	216.8	187.8
New right of use assets	53.3	42.7	27.3	70.2
Depreciation	(13.7)	(14.0)	(12.8)	(50.1)
Net carrying amount, end of period	247.5	276.2	231.3	207.9

(USD mill)	31.03.20	30.06.20	30.06.19	31.12.19
Non current debt, right of use assets	206.8	234.2	188.1	167.3
Current debt, right of use assets	48.0	50.8	46.6	46.3
Total	254.8	285.0	234.7	213.6

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

(USD mill)	YTD20	YTD19
Gross revenue	511.7	481.5
Voyage expenses	(181.0)	(180.5)
Pool distribution	(36.6)	(29.0)
Time-charter earnings	294.1	272.0
Time-charter expenses	(17.6)	(26.1)
Operating expenses	(83.5)	(89.1)
Operating expenses - right of use assets	(11.0)	(10.9)
Gross result	182.0	145.8
General and administrative expenses	(33.8)	(41.8)
EBITDA	148.2	104.0
Depreciation	(56.7)	(56.2)
Depreciation - right of use assets	(27.9)	(24.4)
Impairment of ships, property, plant and equipment	0.1	(1.6)
Capital gain (loss) on property, plant and equipment	(0.3)	(0.4)
Operating result (EBIT)	74.1	21.4
Interest income	0.8	2.5
Interest expenses	(37.9)	(40.1)
Interest expenses - right of use assets	(6.7)	(6.2)
Other financial items	(1.1)	(0.1)
Net financial items	(45.0)	(43.9)
Result before taxes	29.1	(22.5)
Taxes	(2.6)	(3.0)
Net result	26.5	(25.6)

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

(USD mill)	30.06.20	30.06.19
Intangible assets	58.8	60.0
Ships	1,477.3	1,345.0
Tank terminals assets	213.4	226.2
Other property, plant and equipment	26.0	30.4
Right of use assets	277.0	232.1
Receivables and derivatives	9.2	16.3
Total non-current assets	2,061.8	1,910.1
Current receivables	112.2	120.5
Bunkers and other inventories	17.4	24.7
Derivative financial instruments	–	0.6
Cash and cash equivalent	190.0	120.3
Assets held for sale	–	30.6
Total current assets	319.6	296.7
Total assets	2,381.3	2,206.8
Total equity	549.6	564.2
Non-current interest bearing debt	1,104.9	903.1
Non-current debt, right of use assets	234.8	188.5
Derivative financial instruments	43.8	19.3
Other non-current liabilities	32.5	37.3
Total non-current liabilities	1,416.0	1,148.3
Current portion of interest bearing debt	227.8	333.2
Current debt, right of use assets	51.1	46.9
Derivative financial instruments	32.3	9.5
Other current liabilities	104.5	99.3
Total current liabilities	415.7	494.2
Total equity and liabilities	2,381.3	2,206.8

Note 9 – Other income

In the second quarter of 2020, Odfjell received USD 2.2 million in a final settlement from disputes stemming from assets in the terminal segment, which is no longer owned by Odfjell.

Fleet list as per June 30, 2020

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS	
						STEEL, CBM	TANKS
Super-segregator	Bow Sea	49 592	2006	Owned	52 244	52 244	40
Super-segregator	Bow Summer	49 592	2005	Owned	52 252	52 252	40
Super-segregator	Bow Saga	49 559	2007	Owned	52 243	52 243	40
Super-segregator	Bow Sirius	49 539	2006	Owned	52 242	52 242	40
Super-segregator	Bow Star	49 487	2004	Owned	52 222	52 222	40
Super-segregator	Bow Sky	49 479	2005	Leased	52 222	52 222	40
Super-segregator	Bow Spring	49 429	2004	Owned	52 252	52 252	40
Super-segregator	Bow Sun	42 459	2003	Owned	52 222	52 222	40
Super-segregator	Bow Chain	37 518	2002	Owned	40 966	40 966	47
Super-segregator	Bow Faith	37 479	1997	Leased	41 960	34 681	52
Super-segregator	Bow Cedar	37 455	1996	Owned	41 947	41 947	52
Super-segregator	Bow Cardinal	37 446	1997	Owned	41 953	34 674	52
Super-segregator	Bow Firda	37 427	2003	Owned	40 994	40 994	47
Super-segregator	Bow Fortune	37 395	1999	Leased	41 000	41 000	47
Super-segregator	Bow Fagus	37 375	1995	Owned	41 952	34 673	52
Super-segregator	Bow Flora	37 369	1998	Leased	41 000	33 721	47
Super-segregator	Bow Cecil	37 369	1998	Bareboat	41 000	33 721	47
Super-segregator	Bow Clipper	37 221	1995	Owned	40 775	33 496	52
Super-segregator	Bow Flower	37 221	1994	Owned	41 492	34 673	52
Super-segregator	Bow Hercules	40 847	2017	Bareboat	44 085	44 085	30
Super-segregator	Bow Gemini	40 895	2017	Bareboat	44 205	44 205	30
Super-segregator	Bow Aquarius	40 901	2016	Bareboat	44 403	44 403	30
Super-segregator	Bow Capricorn	40 929	2016	Bareboat	44 184	44 184	30
Super-segregator	Bow Orion	49 042	2019	Owned	55 186	55 186	33
Super-segregator	Bow Olympus	49 000	2019	Leased	55 186	55 186	33
Super-segregator	Bow Odyssey	49 000	2020	Owned	54 175	54 175	33
Super-segregator	Bow Optima	49 042	2020	Leased	55 186	55 186	33
Large Stainless steel	Bow Persistent	36 225	2020	Bareboat	39 221	39 221	28
Large Stainless steel	Bow Performer	35 118	2018	Time charter	37 987	37 987	28
Large Stainless steel	Bow Prosper	36 221	2020	Bareboat	39 234	39 234	28
Large Stainless steel	Bristol Trader	35 863	2016	Time charter	39 828	39 828	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	36 639	36 639	16
Large Stainless steel	Bow Harmony	33 619	2008	Leased	39 758	39 758	16
Large Stainless steel	Bow Compass	33 609	2009	Owned	38 685	38 685	16
Large Stainless steel	Bow Engineer	30 086	2006	Leased	36 970	36 970	28
Large Stainless steel	Bow Architect	30 058	2005	Leased	36 956	36 956	28
Large Stainless steel	Sagami	33 615	2008	Time charter	37 238	37 238	16
Medium Stainless steel	RT Star	26 199	2011	Time charter	30 391	30 391	18
Medium Stainless steel	Southern Quokka	26 077	2017	Time charter	29 049	29 049	26
Medium Stainless steel	Southern Owl	26 057	2016	Time charter	29 048	29 048	26
Medium Stainless steel	Southern Puma	26 071	2016	Time charter	29 055	29 055	26
Medium Stainless steel	Southern Shark	26 051	2018	Time charter	27 112	27 112	26
Medium Stainless steel	Bow Platinum	27 500	2017	Leased	28 059	28 059	24
Medium Stainless steel	Bow Neon	27 500	2017	Leased	29 041	29 041	24
Medium Stainless steel	Bow Titanium	27 500	2018	Leased	29 006	29 006	24
Medium Stainless steel	Bow Palladium	27 500	2017	Leased	28 051	28 051	24
Medium Stainless steel	Bow Tungsten	27 500	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	22 626	22 626	22
Medium Stainless steel	Flumar Maceio	19 975	2006	Owned	21 713	21 713	22
Medium Stainless steel	Moyra	19 806	2005	Time charter	23 707	23 707	18
Medium Stainless steel	Shamrock Mercury	19 998	2010	Time charter	23 556	23 556	20

VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STAINLESS	
						STEEL, CBM	TANKS
Coated	Bow Pioneer	75 000	2013	Owned	87 330	0	31
Coated	Flumar Brasil	51 188	2010	Owned	54 344	0	12
Coated	Bow Triumph	49 622	2014	Owned	54 595	0	22
Coated	Bow Trident	49 622	2014	Owned	54 595	0	22
Coated	Bow Tribute	49 622	2014	Leased	54 595	0	22
Coated	Bow Trajectory	49 622	2014	Leased	54 595	0	22
Coated	Bow Elm	46 098	2011	Owned	49 996	0	29
Coated	Bow Lind	46 047	2011	Owned	49 996	0	29
Regional	Bow Oceanic	17 460	1997	Owned	19 224	19 224	24
Regional	Bow Atlantic	17 460	1995	Owned	19 848	19 848	24
Regional	Bow Condor	16 121	2000	Owned	16 642	16 642	30
Regional	SG Pegasus	13 086	2011	Time charter	13 826	13 826	16
Regional	ASL Orchid	12 571	2011	Time charter	14 419	14 419	16
Regional	Bow Nangang	9 124	2013	Owned	11 074	11 074	14
Regional	Bow Dalian	9 156	2012	Owned	11 094	11 094	14
Regional	Bow Fuling	9 156	2012	Owned	11 080	11 080	14
Total Chemical Tankers:		2 423 306	69		2 664 474	2 153 935	2 054

3rd party*						STAINLESS	
VESSEL TYPE	CHEMICAL TANKERS	DWT	BUILT	OWNERSHIP	CBM	STEEL, CBM	TANKS
Super-segregator	SC Taurus	40 963	2017	Pool	44 156	44 156	30
Super-segregator	SC Scorpio	40 964	2017	Pool	44 150	44 150	30
Super-segregator	SC Virgo	40 870	2017	Pool	42 787	42 787	30
Medium Stainless steel	CTG Mercury	27 500	2018	Pool	28 039	28 039	24
Medium Stainless steel	CTG Cobalt	27 500	2018	Pool	28 036	28 036	24
Medium Stainless steel	CTG Argon	27 500	2017	Pool	28 036	28 036	24
Medium Stainless steel	CTG Bismuth	27 500	2016	Pool	28 039	28 039	24
Medium Stainless steel	CTG Magnesium	27 500	2017	Pool	28 036	28 036	24
Medium Stainless steel	Navig8 Stellar	25 193	2016	Pool	29 709	29 709	18
Medium Stainless steel	Navig8 Spark	25 197	2016	Pool	29 718	29 718	18
Medium Stainless steel	Navig8 Spica	25 269	2017	Pool	28 570	28 570	18
Medium Stainless steel	Navig8 Sky	25 193	2016	Pool	29 710	29 710	18
Total 3rd party:		361 149	12		388 986	388 986	282

* Pool participation

SUMMARIZED	NUMBER	DWT	CBM	STAINLESS		
				STEEL, CBM	TANKS	
Owned	31	1 168 997	1 287 959	908 447	1 025	
Time charter	15	390 651	428 531	428 531	318	
Leased	16	590 271	651 652	527 904	488	
Bareboat	7	273 387	296 332	289 053	223	
Pool	12	361 149	388 986	388 986	282	
Total Chemical Tankers:		81	2 784 455	3 053 460	2 542 921	2 336

NEWBUILDINGS ON ORDER:							STAINLESS	
CHEMICAL TANKERS	NUMBER	DWT	CBM	STEEL, CBM	TANKS	DELIVERY	OWNERSHIP	
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd	2	38 000	45 000	45 000	40	2020	Leased	
Total newbuildings:	2	76 000	90 000	90 000	80			

GAS CARRIERS	BUILT	DWT	CBM	TYPE	TANKS	OWNERSHIP
Bow Gallant	2008	10 282	8 922	LPG/Ethylene	2	Pool
Bow Guardian	2008	10 282	8 922	LPG/Ethylene	2	Pool
Total Gas Carriers:	2	20 564	17 844		4	

FLEET CHANGES SINCE LAST QUARTER:							
CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS	TANKS	OWNERSHIP	MONTH
BUILT							
Fleet additions:							
Bow Optima	2020	49 000	55 000	55 000	33	Owned	apr. 20
Navig8 Sky	2016	25 537	29 164	29 164	18	Pool	apr. 20
Bow Persistent	2020	36 744	39 377	39 377	28	Bareboat	jun. 20
Fleet redeliveries:							
Marex Noa	2015	12 478	14 067	14 067	16	Time charter	may.20
Sun Triton	2017	12 670	13 228	13 228	16	Time charter	apr. 20

TANK TERMINALS	LOCATION	OWNERSHIP¹	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Houston) Inc.	Houston, USA	51 %	379 658	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 400	0	9
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	25.50%	313 710	15 860	85
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	26
Noord Natie Terminals NV	Antwerp, Belgium	25,00 %	382 061	71 542	253
Total terminals	5 terminals		1 292 629	207 582	492

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	66 230	1 600	55
Granel Quimica Ltda	Rio Grande, Brazil	61 150	2 900	32
Granel Quimica Ltda	Sao Luis I, Brazil	125 390	0	49
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
Granel Quimica Ltda	Santos, Brazil	51 190	0	17
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	506 210	15 220	373

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	ESTIMATED COMPLETION
Granel Quimica Ltda	Rio Grande, Brazil	9 000	3Q 2020
Total expansion tank terminals partly owned by related parties		9 000	0

Grand total (incl. related tank terminals partly owned by related parties)	17 existing terminals	1 798 839	222 802
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¹Odfjell SE's indirect ownership share

