



# Odfjell SE – Investor presentation

8 January 2021



ODFJELL



## Agenda

- Odfjell at a glance
- Odfjell Tankers
- Odfjell Terminals
- Capital Allocation
- Summary
- Risk factors
- Appendix 1 – ESG & Decarbonization journey
- Appendix 2 – Financials & Covid-19 impact



# ODFJELL

## World leading chemical tanker & storage company



- A global platform with a fleet of 91 sophisticated chemical tankers
- Our vessels can carry “anything liquid”
- Mix of CoA and spot exposure with average contract coverage of 50-60 %



- Five tank terminals in key petrochemical hubs worldwide
- Storage and handling of high-margin petrochemicals on long-term contracts
- High margins and stable returns supported by long term contracts

### Key figures



USD mill  
**279**

Annual

EBITDA



USD bn  
**2.2**

Total

Balance sheet



USD mill  
**25**

+/- for every 1k/d

change in rates



NIBD/EBITDA  
**4.2x**

2020

Annualized



USD mill  
**0**

Odfjell Tankers Capex

Beyond 2020



# The company has been transformed during the past few years and is today standing on a solid platform ahead of an expected cyclical upturn in our markets

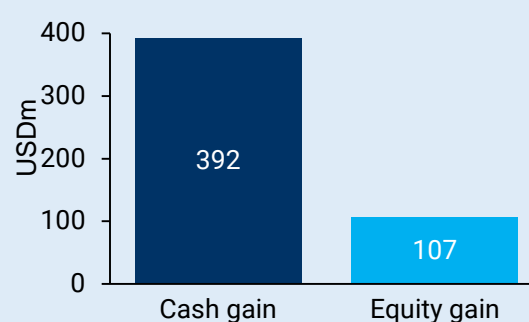
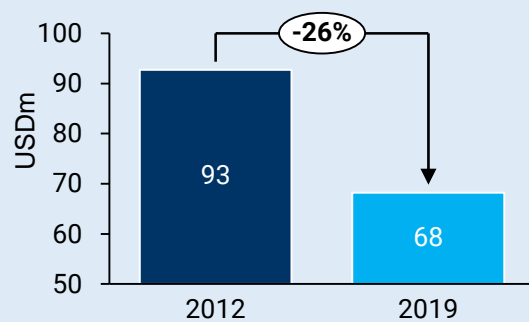
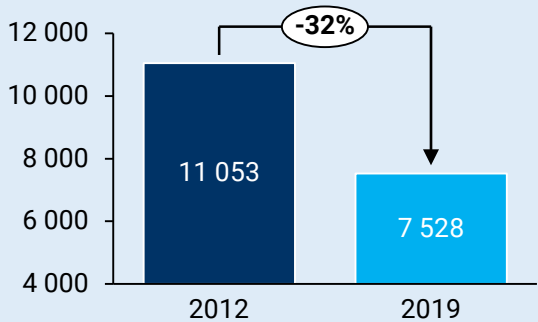
## Sample of company specific achievements the last years...

...which has been important achievements in a 10-year low cycle

✔ Significantly reduced our opex/day

✔ Reduced our G&A

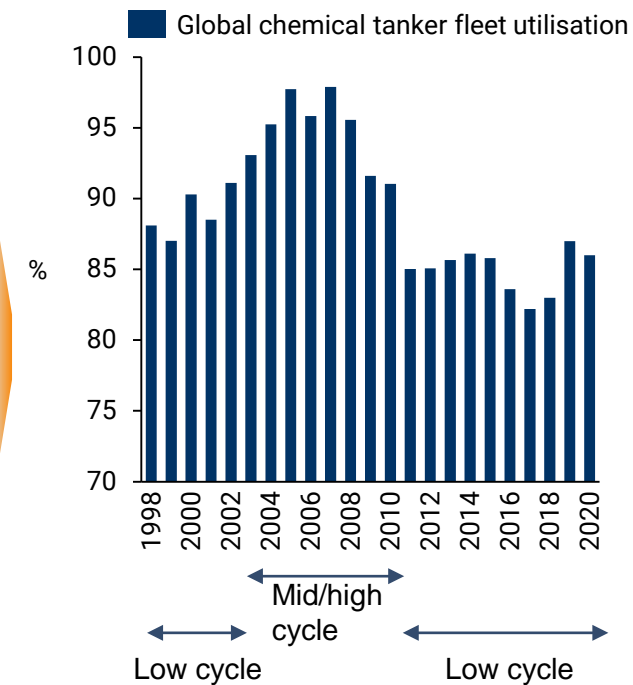
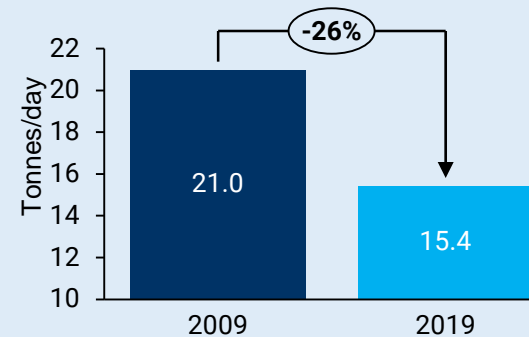
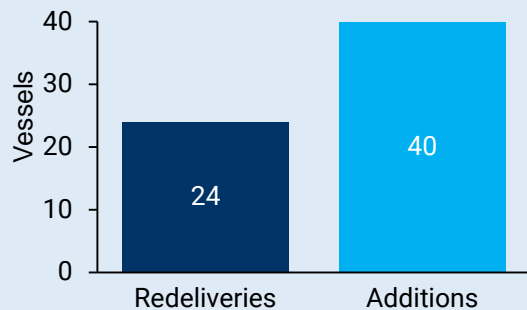
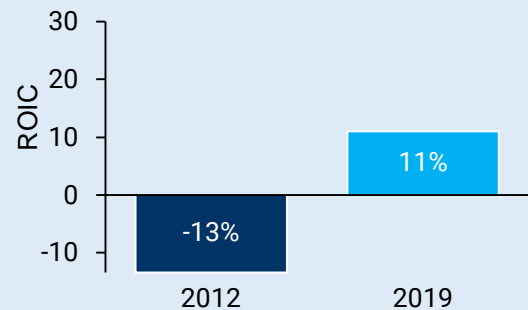
✔ Sold non-strategic terminals with healthy gains



✔ Brought Odfjell Terminals back to profit

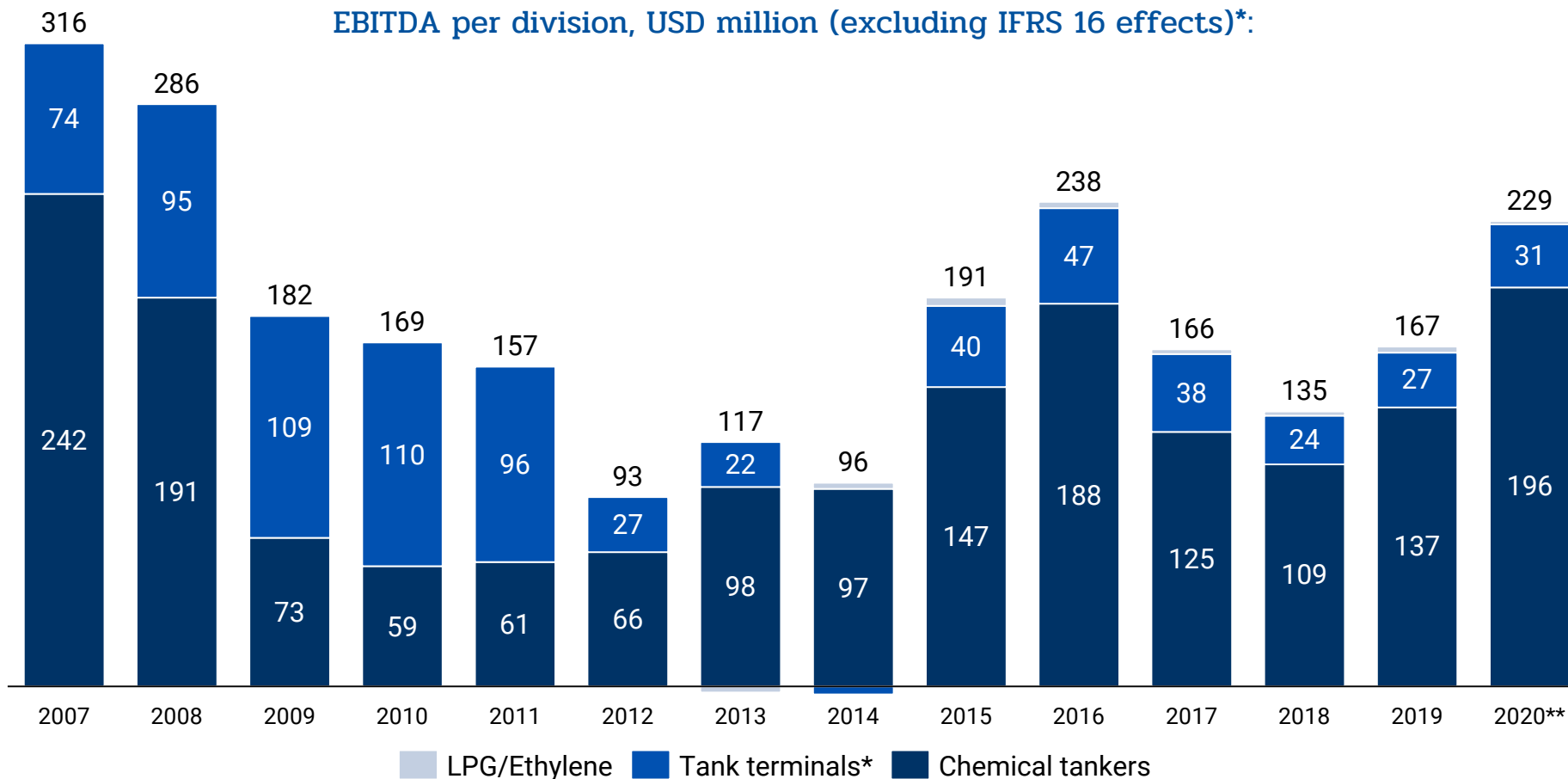
✔ Concluded the largest fleet renewal in the Odfjell's history

✔ Significantly improved the efficiency of our fleet



Our results have therefore improved as we can start to measure the effects of our increased competitiveness

EBITDA per division, USD million (excluding IFRS 16 effects)\*:



Recent years achievements:



Major changes in our cost base and the Odfjell Tankers fleet



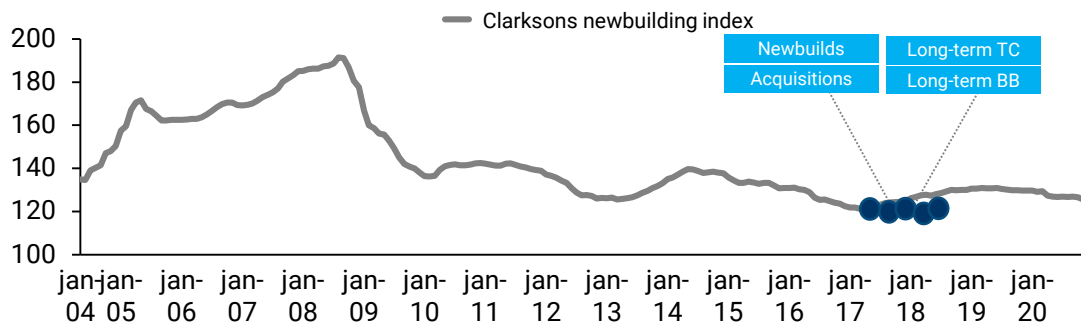
Restructured Odfjell Terminals

Source: Odfjell

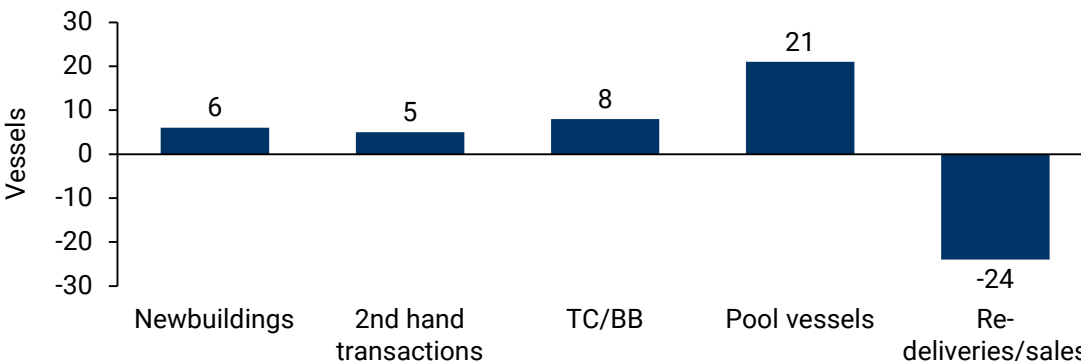
\* 2017 and 2018 EBITDA reduced by USD 8 mill and USD 10 mill, respectively due to sale of Oman and Singapore. Figures excludes IFRS16 effects for FY2019 and FY2020 and 2020 EBITDA is annualized

# Our fleet renewal program has been completed at an attractive time, and our growth is now mostly capital light which reduces risk

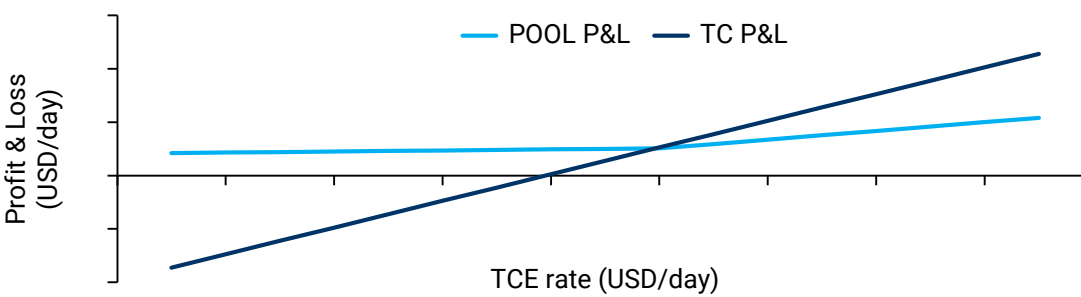
**1**  
Acquisition concluded at bottom of the asset cycle



**2**  
Older inefficient vessels replaced by mix of newbuilds, acquisitions, pools & long-term charters



**3**  
Established 4 pools with new and efficient specialised tonnage

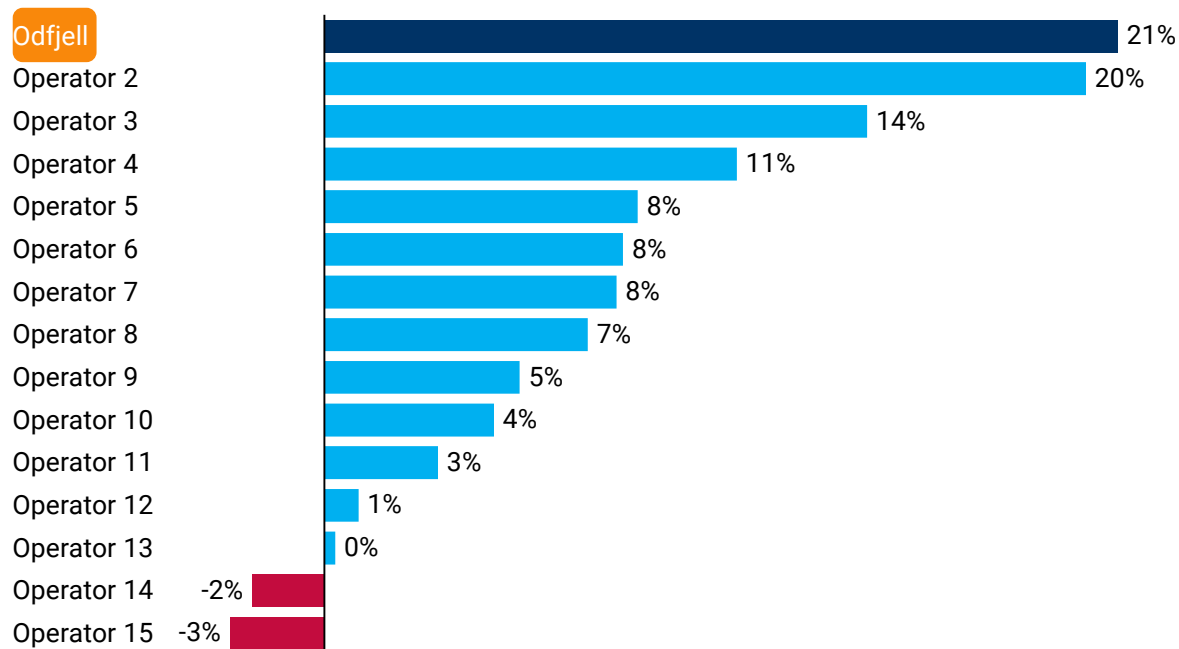


## Our various fleet initiatives will impact Odfjell positively through:

- Low investment cost to ensure attractive returns even in low cycles
- Lower unit costs through lower bunker consumption and more cargo space
- Modern tonnage adapted to the evolution of the super-segregator trade
- Lowered our timecharter/bareboat expenses by more than 20% due to timing
- Lower bunker consumption through redelivery of older less efficient tonnage
- Timechartered fleet is reduced but still offer flexibility for cyclical swings
- Pool establishments has offered growth in a capital efficient way
- No economic downside, but upside through profit splits plus fixed fees
- Consolidation and secured Odfjell control of modern and efficient tonnage

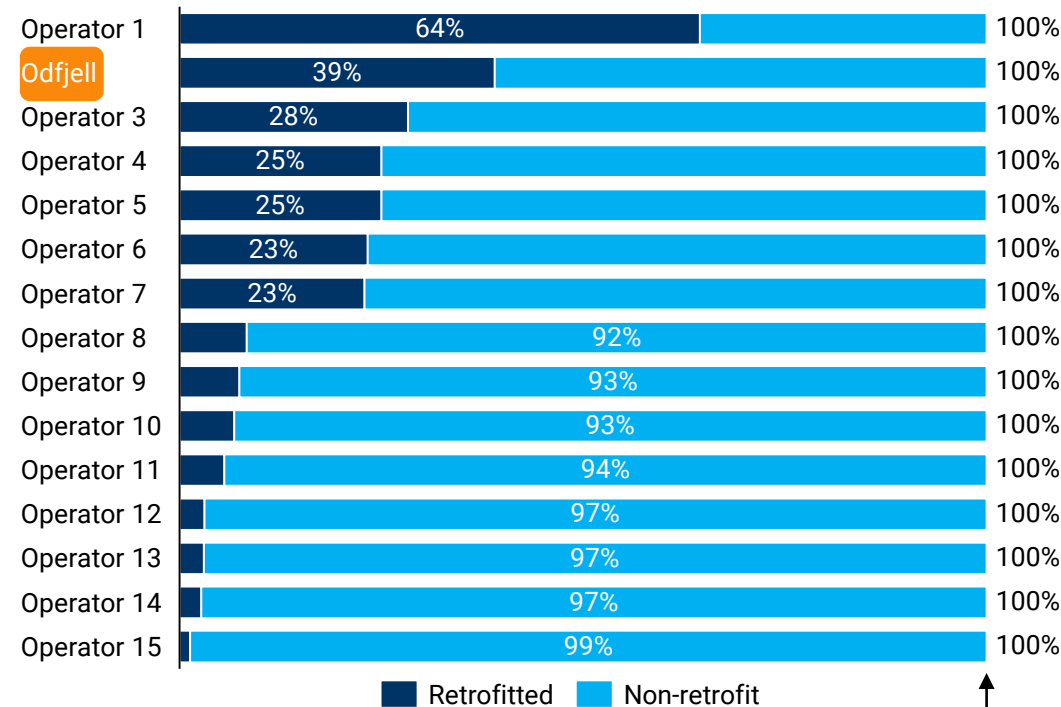
# Our Fleet initiatives means the environmental footprint of our fleet is among the lowest in the industry – 3<sup>rd</sup> party sources gives us top ranking among our chemical and product tanker peers

Chemical tankers: Fleet average EVDI rating vs 2008 baseline (% above/below)



- The 2030 and 2050 targets are 40% and 70% improvement vs. The 2008 baseline
- The above highlights the share of the operators fleet average that is above/below the 2008 baseline

Chemical/product tankers: Share of fleet w/EEDI improvement



- The above measures how actively operators are retrofitting vessels within the product/chemical tanker peer group

# We have recently launched new and ambitious climate targets which goes further than IMO targets – this is the foundation for our SL Framework

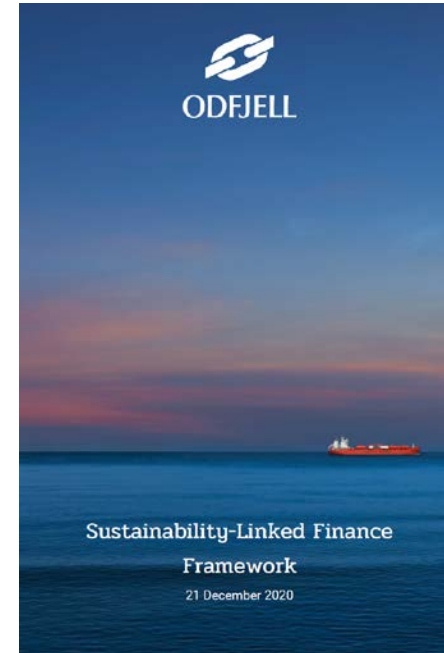
**1** Odfjell will cut greenhouse gas emission by 50% by 2030 compared to 2008\*

**2** Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030

**3** Odfjell will have a climate neutral fleet from 2050

**4** Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero emission for our industry

***“At Odfjell, we build for the future, and act today for a better tomorrow”***



#### Odfjell's climate targets

Efficiency, fuel consumption, and emissions go hand in hand. To improve fuel efficiency and reduce fuel consumption and emissions, Odfjell has a constant focus on improving our fleet. This includes investing in new ships, applying retrofit programs, investing in new technology and optimizing the way we operate. Since 2008, Odfjell has run several environmental programs,

resulting in a 27.3% reduction in our carbon intensity by 2020. This means that we have already taken several big steps. Further reduction poses even bigger challenges, but we commit to continue improving and have as of September 2020 set ambitious climate targets, which go beyond the targets of the IMO strategy.

**Target 1** Odfjell will cut the carbon intensity of our fleet by 50% by 2030 compared to 2008.

**Target 2** Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030.

**Target 3** Odfjell will have a climate neutral fleet from 2050.

**Target 4** Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions, and support international regulation to drive zero emission for our industry.

Today, there are no commercially viable alternatives to a combustion engine when transporting large volumes over great distances. The shipping industry needs to find solutions to reduce emissions and develop commercially available zero emission ships to be operational from 2030. That is why Odfjell has joined the *Getting to Zero Coalition* as an active partner, collaborating with the maritime industry, the energy sector, the financial sector, governments and international governmental organizations to find solutions for a climate neutral fleet in 2050. The Coalition is a partnership between the Global Maritime Forum, the Friends of Ocean Action, and the World Economic Forum, as well as other industry initiatives.

We have also joined forces with industry partners to develop a new and flexible fuel cell technology that can reduce emissions from shipping by 40 to 100%. Partners from shipping, R&D and oil and gas are now conducting a pilot that can use different types of fuel. The system will first be tested at the Sustainable Energy catalyst center in Norway before installation onboard an Odfjell ship. The unique project was presented on October 1, 2020.

In 2019, Odfjell took a position on the use of scrubbers, stating that scrubbers would not support the ambition to reduce sulphur emissions. Using scrubbers would also increase energy consumption and hence increase CO<sub>2</sub> emissions. Since 2020, Odfjell has run the fleet on VLSFO (Vero Low Sulphur Fuel Oil), sulphur under 0.5%, and MGO (Marine Gas Oil, sulphur 0.1%).

To achieve the ambitious target of cutting transport work emissions by 50%, Odfjell has prepared a fleet transition plan on a ship basis (the "Fleet Transition Plan"). The Fleet Transition Plan includes detailed actions, specific to all our ships in our controlled fleet, to further improve energy efficiency and cut emissions by implementing a set of technical, operational, and digital measures available today. The Fleet Transition Plan also includes a plan for fleet composition development, and an action plan for preparing the next generation fleet for zero emissions solutions.

The Fleet Transition Plan demonstrates that achieving the targets is possible, and we also believe that this plan can be accelerated as technology develops and prices come down. The complete plan will not be made public but will be reviewed by DNV GL during the Second Party Opinion process.

Our work on climate supports the UN Sustainable Development Goals (SDGs) 7, 12, 13 and 14.

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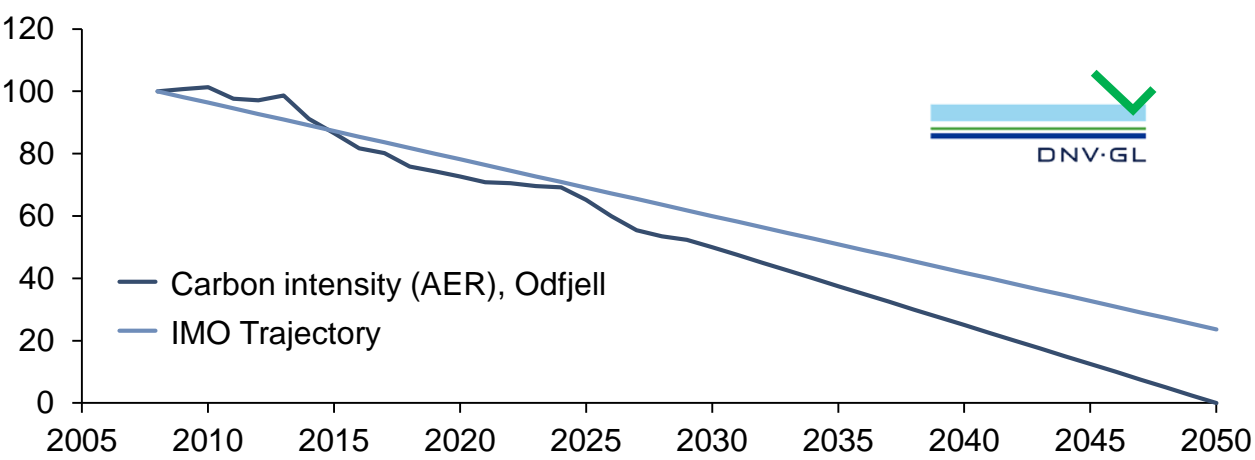
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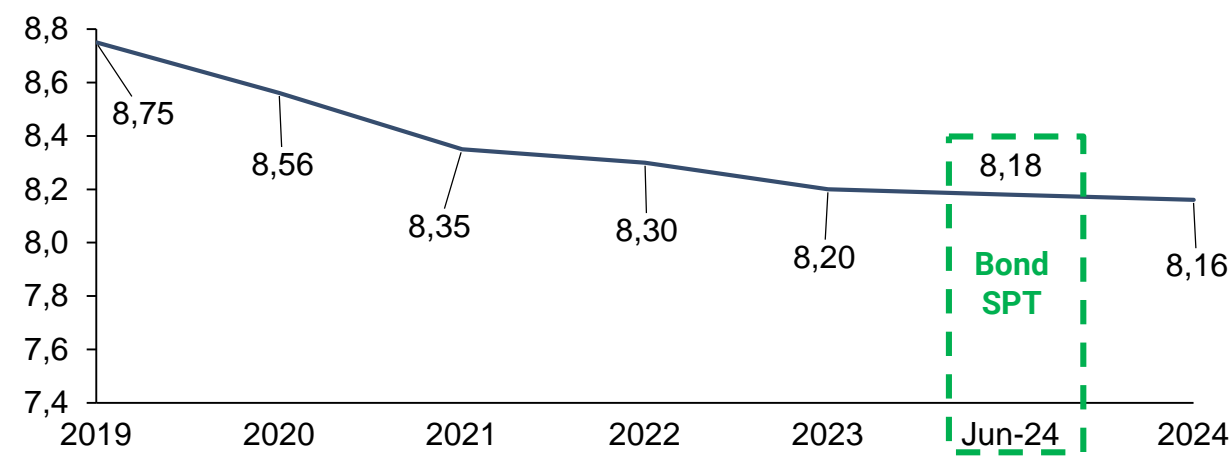


# We have implemented a comprehensive Fleet Transition Plan demonstrating how we will reduce our carbon intensity by 50% by 2030 and carbon neutral by 2050

Historical and projected AER trajectory, indexed



Projected AER trajectory, 2019-2024



**2019: 26% reduction**

- As per 2019, we have reduced our intensity-based emissions by 26% relative to 2008
- The reduction is a result of significant investments in energy saving devices on existing vessels, as well as a fleet renewal program that was finalized in 2020

**2024: 31% reduction**

- No significant changes are expected to our fleet composition through 2024, partly due to uncertainty regarding choice of technology
- We are however committed to further reduce our carbon intensity in the period by executing more than 100 investments in energy saving devices across our existing fleet

**2030: 50% reduction**

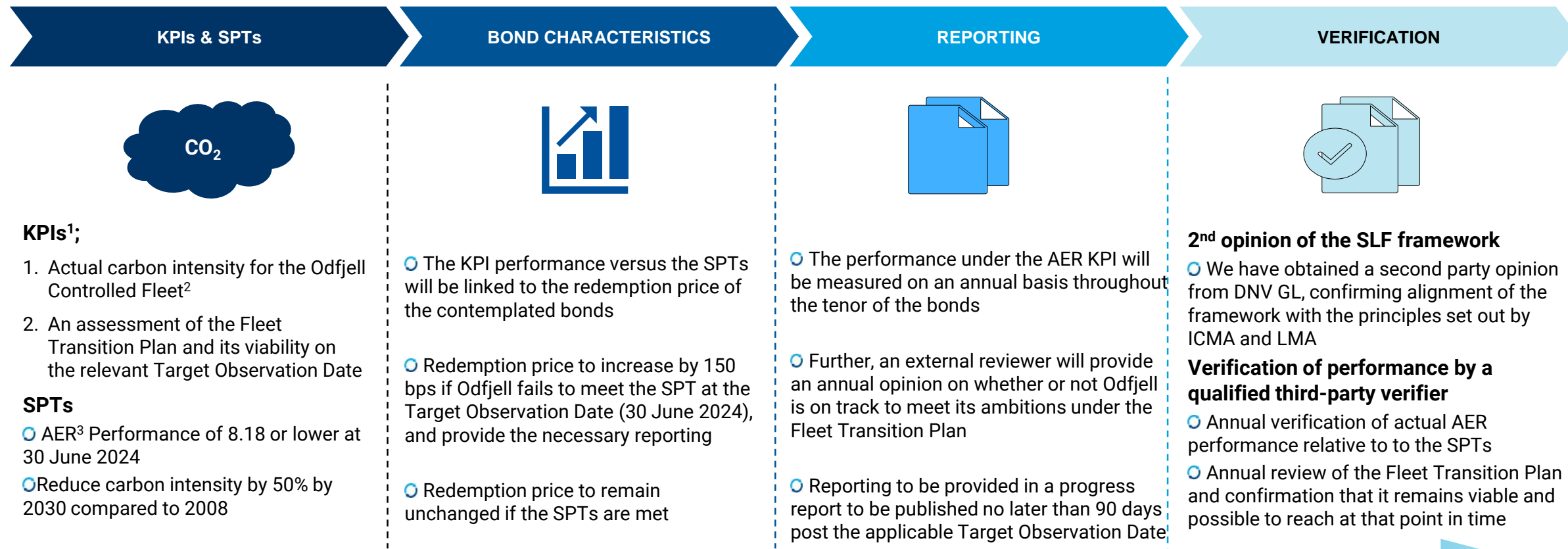
- By 2030, we are committed to reduce our carbon intensity by 50% relative to 2008
- To be achieved through a combination of retrofitting of existing vessels, phasing out of old vessels and inclusion of new and more efficient vessels

**2050: Carbon Neutrality**

- Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030
- Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero emission for our industry

The Fleet Transition Plan has been verified by DNV GL, who will also conduct an annual assessment as to whether the plan continues to be viable

# Odfjell's sustainability-linked finance framework is testament to our commitment to deliver on the ambitions set out in the Fleet Transition Plan

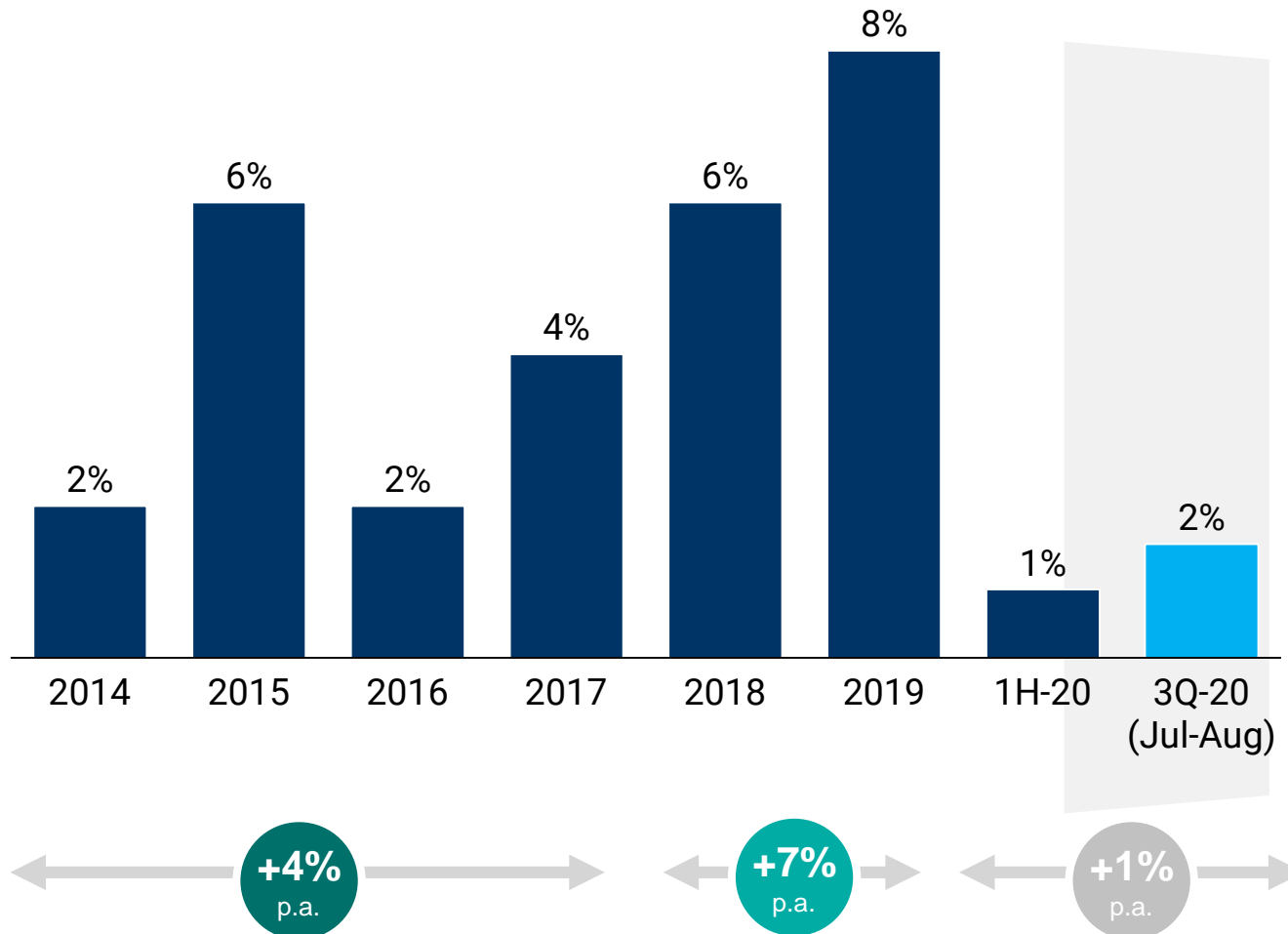


## The 2<sup>nd</sup> party opinion from DNV GL confirms alignment with the ICMA principles and the credibility of Odfjell's strategy to achieve the SPTs

- The definition of the KPI and SPT in the Framework is limited to the AER Performance at the Target Observation Date. For illustrative purposes, we have included the assessment of the Fleet Transition Plan and its viability in the above table as both targets must be met in order for the redemption price to remain unchanged at par. Please refer to the Sustainability-Linked Finance Framework and Bond Term Sheet for further details
- The Odfjell Controlled Fleet consists of owned and bareboat chartered tonnage (financial and operational leased)
- Average Efficiency Ratio will be applied as the measure on Carbon intensity. AER has become the industry standard on carbon intensity, and the metric is recognized as consistent with the policies and regulations of IMO-DCS.

Demand growth has been strong in the years, and has been resilient despite the pandemic – outlook continues to be promising...

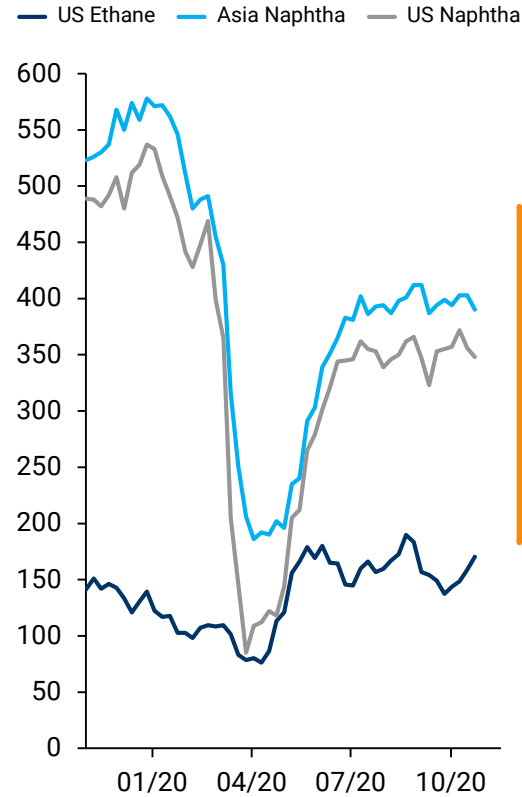
### Chemical tanker tonne-mile demand development



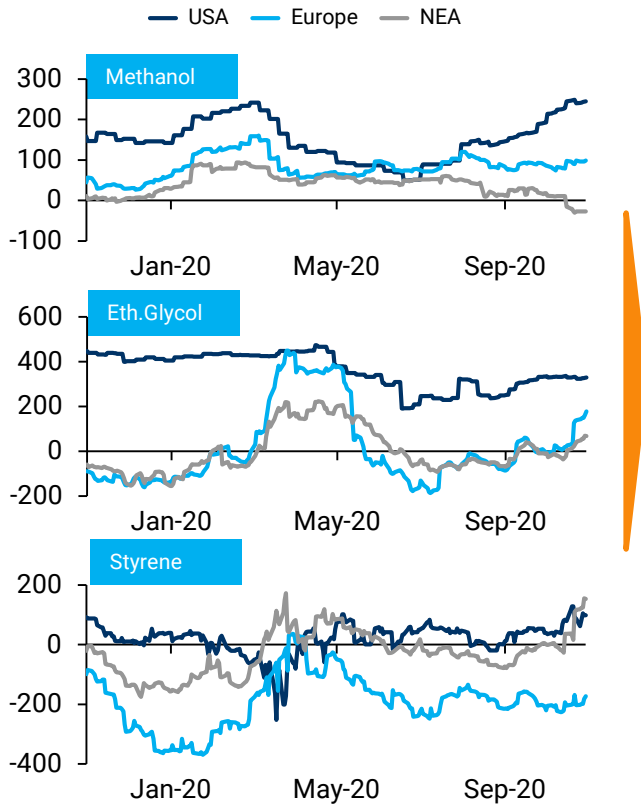
- Chemical tanker demand has remained in positive territory through 2020 except for the month of March and May
- The third quarter has reflected a recovery in demand in the Atlantic hemisphere and a slowdown in the eastern hemisphere
- The trend has been less volumes trading over materially longer distances as a consequence of regional differences stimulating long-haul shipments

# ...as low-cost producers keeps gaining market share which stimulates tonne-mile demand

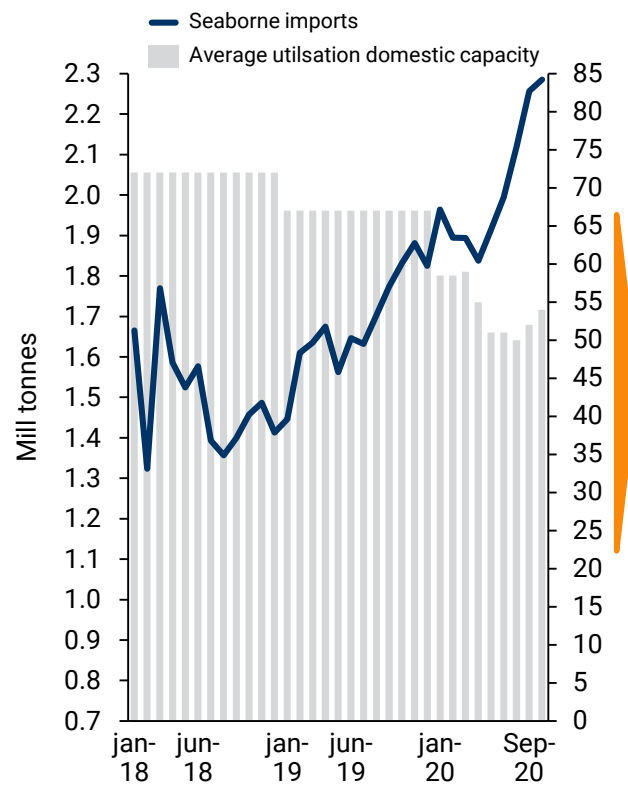
## Feedstock prices...



## ...Has ensured US producers have the most competitive producer margins



## ...Chinese Imports replacing Domestic production

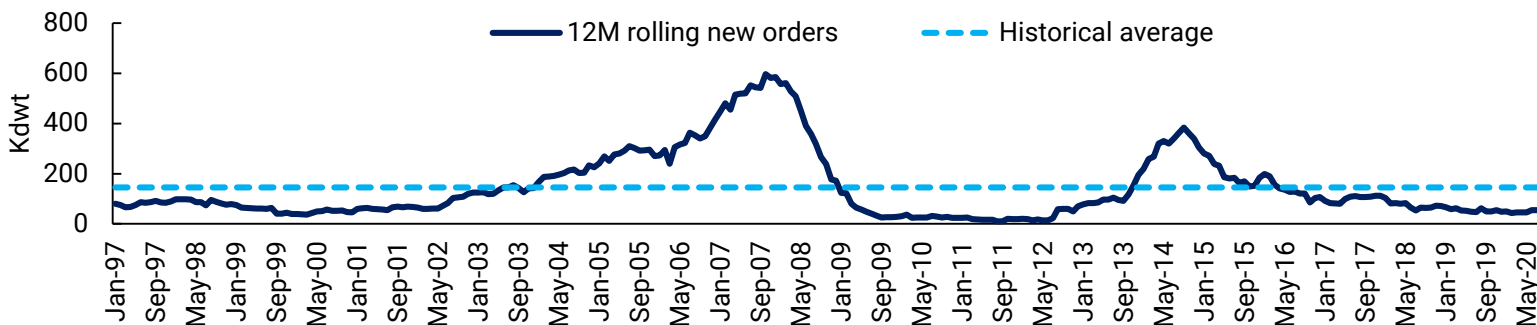


## Observations

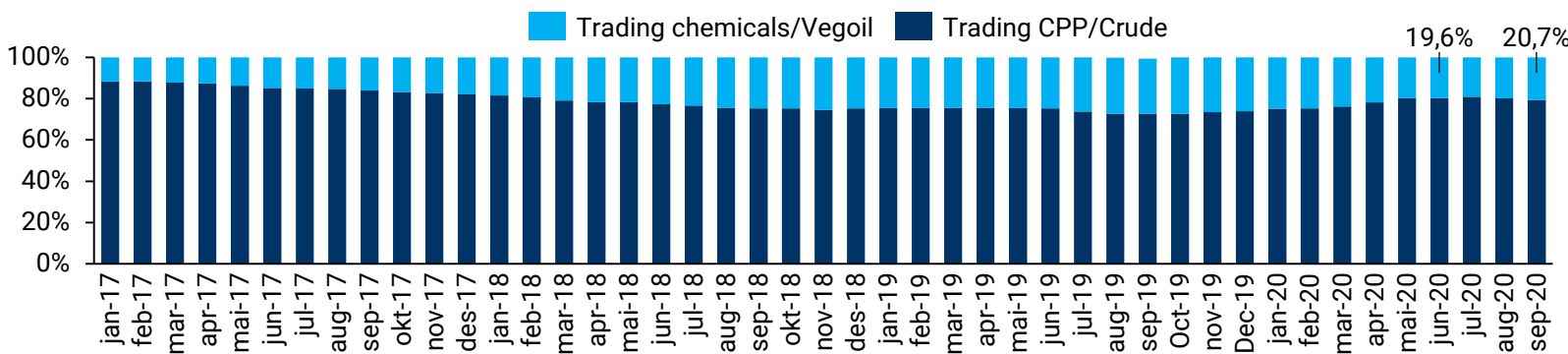
*Less US & AG export capacity coming online going forward. However, last years new capacity to gain market share from high cost domestic producers is estimated to support continued higher shipping demand relative to end-user demand both in a tonne and a tonne-mile perspective*

# The supply side continues to look strong, with reduced swing tonnage, a limited orderbook and generally a low appetite for new orders

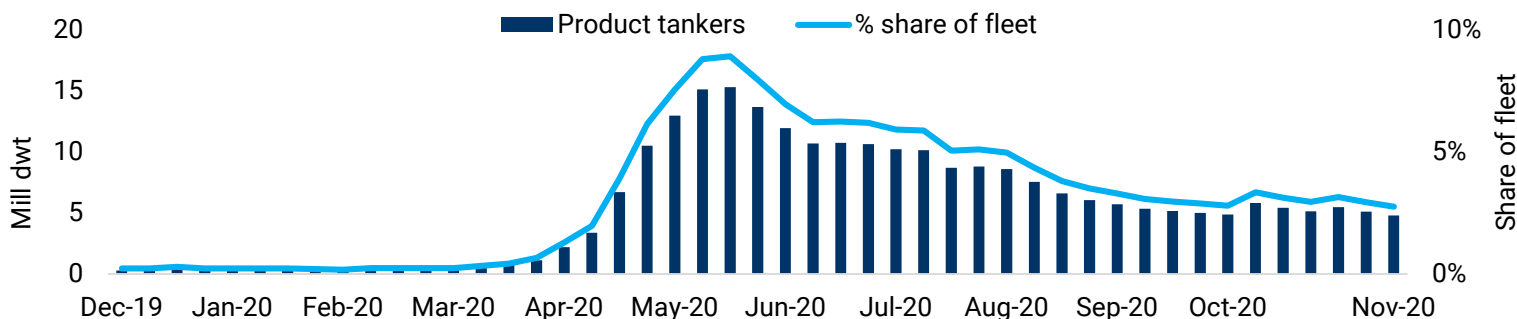
1 Orderbook to fleet ratio



2 Swing tonnage



3 Floating storage



## Comments

- The orderbook to fleet ratio for chemical tankers remains close to all-time low of 5.6%
- Uncertainty surrounding new future propulsion system and environmental regulations keeps reducing the orderbook...
- Low supply growth the next years is encouraging

- Swing tonnage players has reduced its exposure in the chemical/Vegoil market so far in 2020
- We are experiencing increased competition from swing players in the Middle East especially
- We therefore expect some increased swing tonnage into our markets, but not to the same extent as seen in 2018/19

- The CPP market is currently weak and adds risk for increased swing tonnage going forward
- The vast majority of floating storage of CPP has been unwinded...
- ... A recovery in demand to improve utilisation of the product tanker fleet is key to avoid accelerated competition in chemicals/vegoils

# Future market balance looks favourable, but short term depends on how the “restart” of the global economy will develop post covid-19

Market drivers

Covid-19

Demand has continued to grow despite Covid19, albeit at a lower rate. Recovery in volumes are depending on duration of the ongoing pandemic

GDP

GDP growth expected to be weak but to recover in 2H20 and to rebound in 2021 by 5.2% (IMF)

Swing tonnage

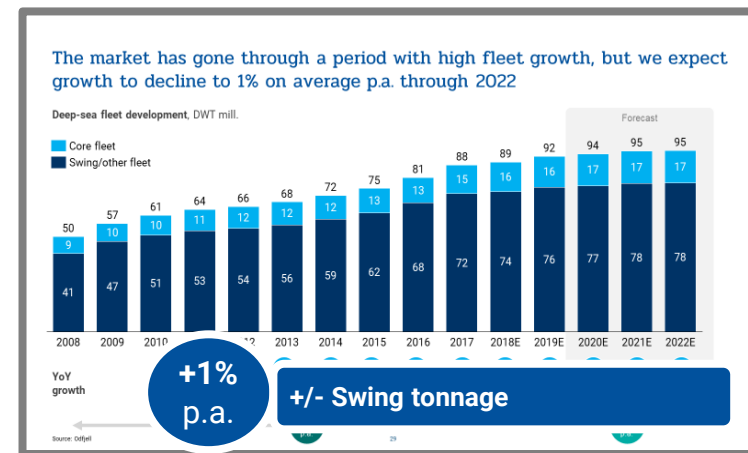
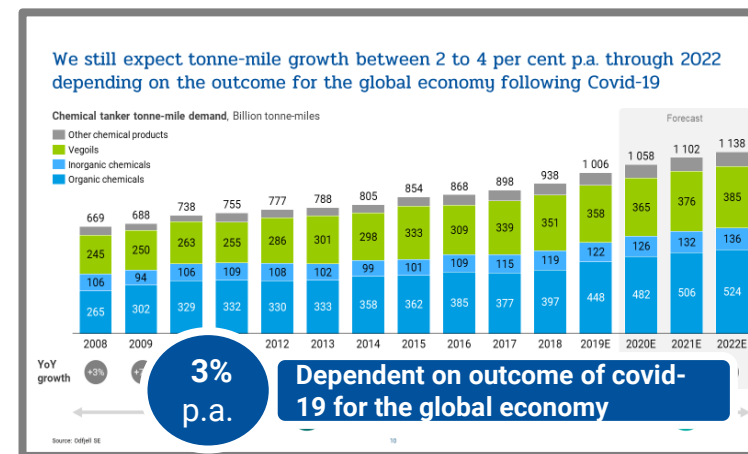
Some influx of swing tonnage re-emerging on selected routes, but is not expected to reach previous peaks

Reduced fleet growth

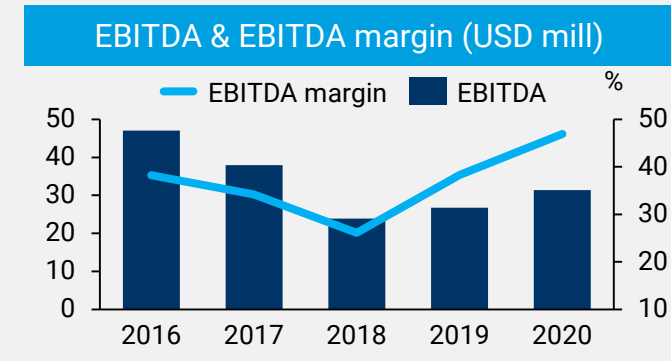
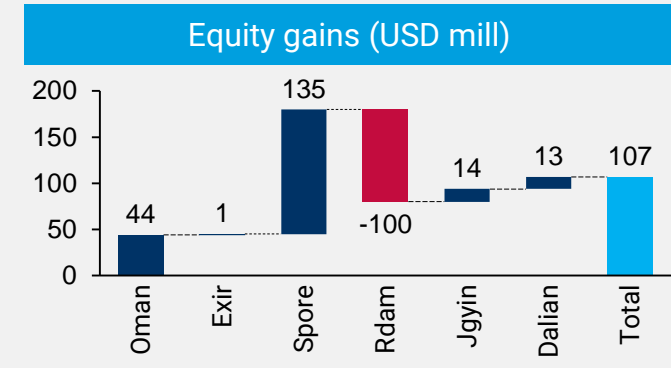
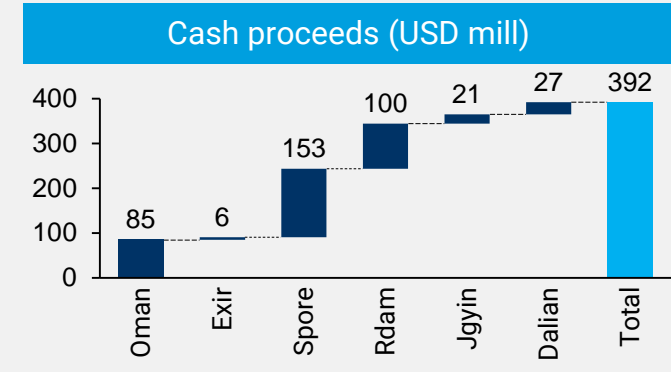
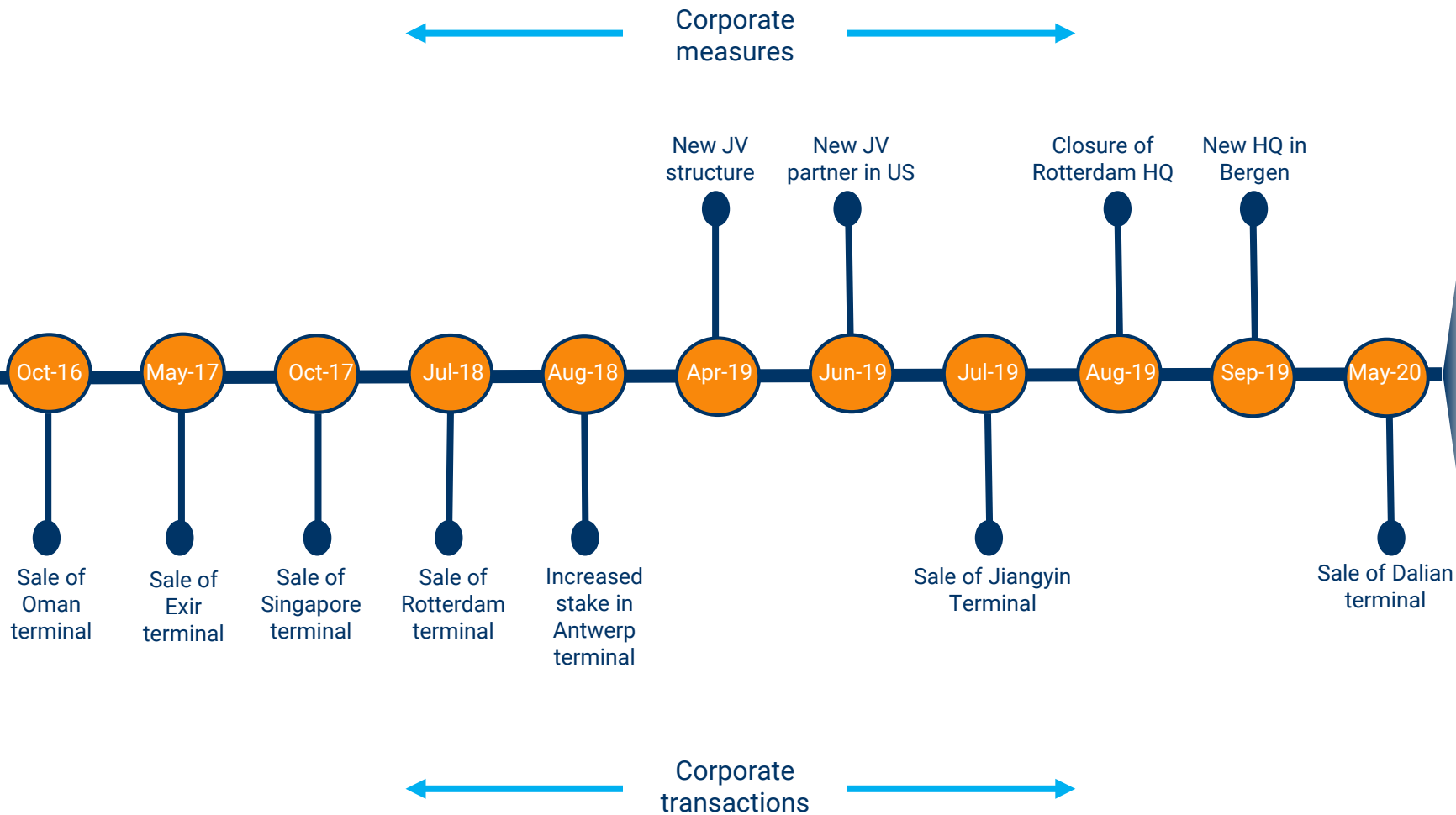
Very limited growth in supply with an orderbook of only 5.6% which means a likely quick recovery when demand normalize

Risk factors

Prolonged global economic slowdown – More influx of swing tonnage



# Our terminal division has become smaller but healthier and we got clear strategic priorities for the future...



...Where a key focus would be to optimize and grow our current footprint after the conclusion of the Lindsay Goldberg exit...



### Long-term target

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 activity**



## Strategic objectives



### Odfjell Terminals portfolio overview\*

Terminal	EBITDA	ROIC	Capacity (cbm)
Houston	USD 19.5m	14%	379,658
Charleston	USD 2.5m	6%	79,400
Antwerp	USD 5.0m	15%	382,061
Korea	USD 2.2m	5%	313,700
<b>Total</b>	<b>USD 30m</b>	<b>11%</b>	<b>1,154,819</b>



### Expansion

1. Conclude Lindsay Goldberg exit
2. Optimize current footprint
3. Prepare for future growth
4. Expand within current footprint
5. Expand outside current footprint (2<sup>nd</sup> priority)



# Following our various cost and operational achievements – We have clear capital allocation priorities for the future...

## Odfjell Tankers

- Zero capex outstanding and any growth needs to be capital light

## Odfjell Terminals

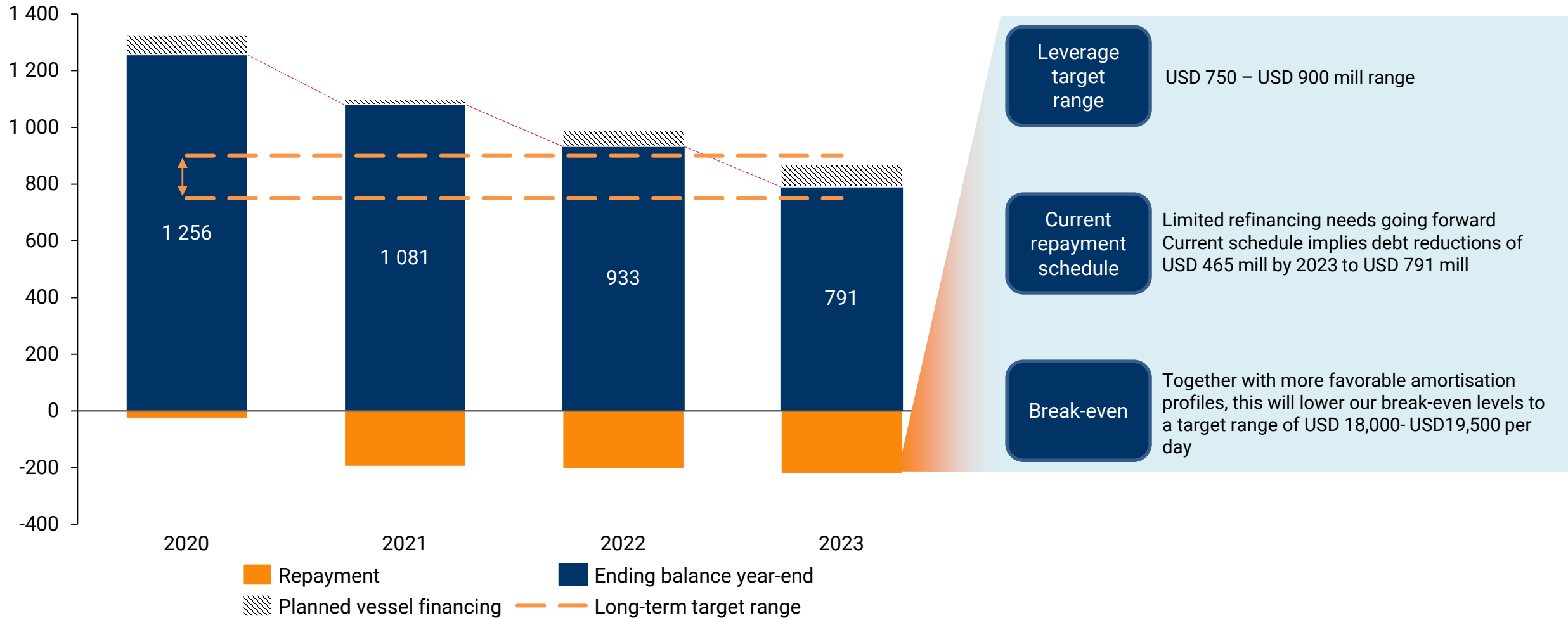
- Ongoing expansion and efficiency improvements at the terminal in Houston
- All capex is funded locally in the JV and no equity injections are needed from Odfjell SE

## Odfjell SE

- De-leveraging
- Establish a sustainable and predictable dividend policy

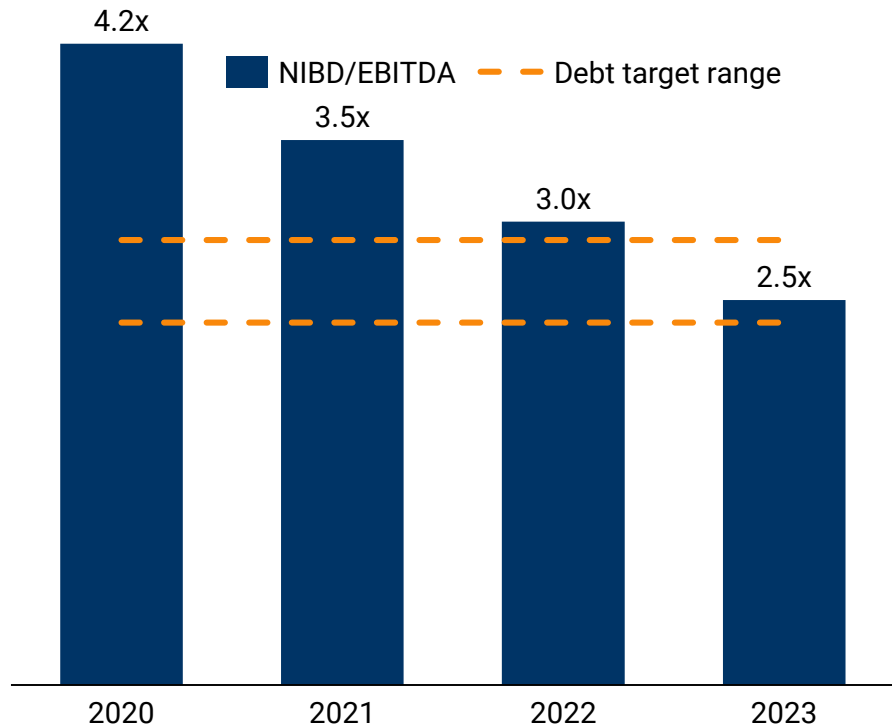


...Where a key target is to de-lever our balance sheet and reduce our daily break-even levels to ensure a positive cash flow in any market cycle...

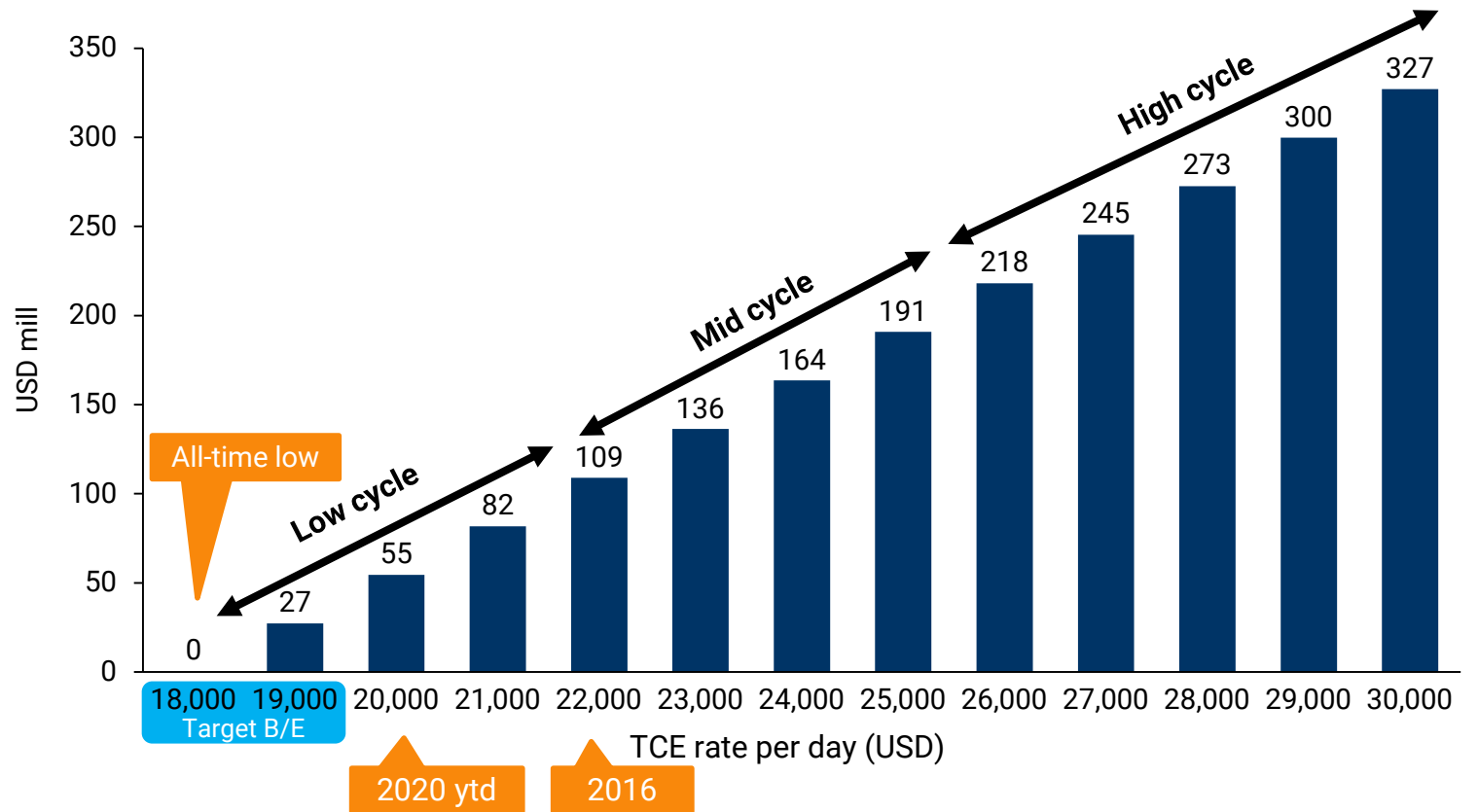


# ...And ensure we have a strong balance sheet at all times and strong cash flow generating capabilities

NIBD/EBITDA development based on annualized 2020 EBITDA and current debt repayment schedule



Free cash flow to equity after debt and interest cost in various TCE and cycle scenarios



We believe this strategy will make us succeed in reducing our cost of debt and cost of equity and improve our competitiveness

# Summary

## Our results

Our results has continued to improve throughout 2020 driven by company specific improvements and stronger markets

## Capital Allocation

Focus on de-leveraging to ensure we can establish a sustainable and predictable dividend policy and reduce our cost of capital

## Odfjell Tankers

Concluded the largest fleet renewal programme in the company's history and we are positioned to benefit from strong underlying fundamentals post covid-19

## Odfjell Terminals

Restructuring is close to completed with focus turning to growing and optimizing our terminal footprint

## ESG & Sustainability Linked Bond

Our dedicated work on ESG related matters has positioned us to set ambitious environmental targets exceeding upcoming regulations by IMO  
Why an SLB? We want to contribute to further development of the key role that debt markets can play to encourage companies that contribute to sustainability

# Risk factors – 1.1 General and Industry specific risks

## 1.1.1 General

Investing in bonds issued by Odfjell SE involves inherent risks, and an investment in the bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. Prospective investors should consider, among other things, the risk factors set out herein. These risks and uncertainties are risks of which Odfjell SE considers to be most material (in each category) to our business. If any of these risks were to occur, the Company's business, financial position, operating results or cash flows could be materially adversely affected, and the Company could be unable to pay interest, principal or other amounts on or in connection with the bonds.

## 1.1.2 Industry and market risks of the Group

Odfjell's operations may be adversely affected by downturns in the general economic and market conditions in the countries and regions to and from which the Group transports cargoes or operates terminals. For example, any significant and extended downturns in the U.S. or in the Asia Pacific region could result in less demand for chemicals being consumed or used in productions, and thus less demand for the transportation of bulk chemicals of which a vast majority is seaborne transportation. This would have a negative effect on the Group's business, financial condition and results of operations. Unforeseen events such as the COVID-19 pandemic could have a significant effect on the world economy and thus also adversely impact the demand for the Group's services for a period, which again would adversely impact the Group's financial position, operating results and cash flows. Odfjell is at the time of this document publication experiencing limited operational impact from COVID-19. The pandemic has hit Asia, Europe and US at different times and soft demand has been met by increased exports from especially China and Europe. The sharp reduction in oil prices has also kept chemical production high as Asian producers has taken advantage of lower feedstock costs and increased their utilization. Nevertheless, the situation is dynamic and could change quickly, particularly with regards to crew and logistical challenges. Uncertainty is high, and a further escalation or prolonged lockdowns of important ports and markets will eventually adversely impact the Group's earnings. Changes in the trading patterns of customers can also have a negative impact on results if not anticipated.

## 1.1.3 Cyclical nature of the shipping industry

Odfjell is exposed to the natural cyclicity of the shipping industry, which may lead to reductions and volatility in freight rates, volumes shipped and ship values. Prolonged down cycles may materially adversely affect the Group's financial condition. Fluctuations in the rates that Odfjell can charge results from changes in the supply of and demand for ship capacity and changes in the supply of and demand for the products carried, particularly the bulk liquids, chemicals, edible oils, acids and other specialty liquids that constitute the majority of the products carried by the Group. Sensitivity analyses show that a change in spot time charter earnings of 5% for the Group's chemical tankers in freight rates after voyage costs, will impact pre-tax net result by approximately USD 18 million. Factors influencing demand include among others supply of products shipped, industrial production, economic growth, environmental developments and the distances that products are moved by sea. Factors influencing supply include among others the number of new ships being built, the number of old ships being recycled, changes in regulations and availability of shipyards.

## 1.1.3 Political and geopolitical risk

The Group has international operations, and its business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where the Group's ships are employed. The Group is also exposed to geopolitical risks where territorial and other disputes between countries could lead to the outbreak of war or the existence of international hostilities that could damage the world economy, adversely affect the availability of and demand for petroleum and chemical products and adversely affect the Group's ability to operate ships. The increased tension in the Straits of Hormuz in 2019 lead to an increase in risk and higher costs associated with port calls in the Arabian Gulf.

# Risk factors – 1.2 Risks related to the Group’s business

## 1.2.1 Safety risk

The operations of parcel tankers, gas carriers and storage facilities carry an inherent risk of personal injury or death, damage to or loss of property and business interruptions. These risks can arise from among others; marine disasters, such as collisions or other problems involving the ships or other equipment, pollution caused by leaks or spills of oils, chemicals or other products transported by the parcel tankers or stored at the terminals, injuries, death or property damage caused by mechanical failures involving equipment or human error involving employees, terrorism, war or other hostilities affecting operations, piracy or hijackings involving ships, explosions and fires involving the chemical or other liquid products that are transported or stored at the terminals or involving equipment, and other similar circumstances or events.

These risks are exacerbated because a significant portion of the cargo transported and stored involves hazardous chemicals. All the products carried must be handled with extreme care and require significant expertise. Customary levels of insurance for liability arising from operations have been obtained, including loss of or damage to third party property, death or injury to employees or third parties and statutory workers’ compensation protection. There can be no assurance, however, that the amount of insurance carried is sufficient to protect the companies in the Group fully in all events and that any claim will be paid or that adequate insurance coverage at commercially reasonable rates can be procured in the future. A successful liability claims for which the Group is underinsured or uninsured could have a material adverse effect. Litigation arising from any such event may result in any of the Group companies being named a defendant in lawsuits asserting large claims. Any such event may result in loss of revenue, increased costs or future increased insurance costs. While the Group's ships are currently insured against property loss due to a catastrophic marine disaster, mechanical failure or collision, the loss of any ship because of such an event could result in a substantial loss of revenues, increased costs and other liabilities in excess of available insurance and could have a material adverse effect on the Group’s operating performance.

## 1.2.2 Environmental risk

The Group’s operations involve the use, storage and disposal of chemicals and other hazardous materials and wastes, all of which could pose a potential threat to the environment if not handled properly. There are many rules and regulations surrounding shipping and the handling of hazardous materials, which are all aimed at ensuring safer operations and better preparedness in the event of spills and accidents. Even so, there could be incidents not caused by the Group where the Group could be involved in environmental damage in the form of spills, damage to marine life or animal habitat. The consequence of such environmental damage could be significant costs related to the clean-up of spills, salvage costs and fines, as well as costs related to reputational damage. Although the Group carries insurance against such eventualities, the full cost could exceed the coverage afforded by the insurance.

## Risk factors – 1.2 Risks related to the Group’s business (cont’d)

### **1.2.4 Sea staff availability and retention risk**

The Group is dependent upon attracting and retaining key personnel and management personnel in its various business areas. There is a shortage of qualified and trained ship officers. Ship officer selection, training, competitive remuneration package and promotions are considered essential for Odfjell’s future success. Moreover, there is always a risk that key employees may decide to leave the Group. The loss of the services of some of the seafaring personnel or the inability to successfully attract and retain qualified personnel in general, including ships’ officers, in the future could have a material adverse effect on the Group’s business, financial condition and operating results.

### **1.2.5 Contracts of affreightment risk**

Contracts of affreightment tend to be less volatile than spot business in terms of both rates and volumes, and Odfjell maintains a relatively high percentage of contract business. However, this can result in lower revenues when spot rates are rising.

### **1.2.6 Emerging market risk**

Each of the Issuer and members of the Group has operations in emerging market countries, including China, Brazil, Chile and South Africa. Economic instability in these countries could have a negative effect on the financial condition or results of operations of the Issuer or the Group. Changes in laws, such as the imposition of restrictions on foreign ownership or repatriation of earnings, could also have a negative effect on the ability of the Issuer or members of the Group to continue operations in these countries or to earn a profit from its operations in these countries. In addition, political unrest in these countries could restrict the ability of the Issuer or members of the Group to carry on operations.

# Risk factors – 1.3 Financial risks

## 1.3.1 Credit risk

Credit risk includes the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables in the form of gross freight and demurrage (waiting time paid for by the charterer/customer), and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. At the time of this registration document, the Group has seen a build-up of outstanding amounts on demurrage, many of which are explained by COVID-19 implemented port restrictions and the sharp reduction in oil prices causing charterers/customers wanting to delay discharge.

## 1.3.2 Funding availability risk

Due to the capital-intensive nature of the industries in which the Group operates, it is dependent on steady access to funding. Part of this funding comes from its ongoing cash from operations. However, as operating cash flow fluctuates with the markets in which the Group operates, and the investments in fixed assets often happen in stages rather than being evenly spread, the Group is also dependent on external funding from the financial debt markets. Per 30 September 2020, the Group had total nominal interest-bearing debt of USD 1,213 million with a weighted average maturity of 4.6 years. The Group will need to refinance some or all of its indebtedness, and may also incur additional debt, in the future. To a great extent, access to external financing is dependent on the Group's overall financial performance including its cash flow, balance sheet, expected future return on investments, and the risk perception of the industries in which the Group operates at any given time. Global economic and political factors could impact the availability of funding and the Group's ability to finance its investments and ongoing operations. External financing is often secured by collateral assets, whose values fluctuate in line with the volatility in the markets in which the Group operates. During periods of market weakness, when the assets have a lower market value, the Group will be restricted in the amount of funding that can be obtained. This could lead to lower liquidity for the Group. No assurances can be made that the Group will always be able to secure additional funding on satisfactory terms, and the Group's activities may be adversely affected if it's unable to secure external financing.

## 1.3.3 Interest rate risk

All interest-bearing debt, except bonds in the Norwegian bond market and debt borne by tank terminals outside the USA, is denominated in USD. Most of these loans are floating rate with USD LIBOR as a benchmark. The USD LIBOR has the past 10 years varied extensively and can affect the financial results for the Group significantly. As a best estimate example, a 1% increase in USD LIBOR will reduce the Group's net result by approximately USD 11 million.

## 1.3.4 Currency risk

The Group's revenues are primarily denominated in USD. Currency risk relates mainly to the net result and cash flow from voyage related expenses, ship operating expenses, general and administrative expenses and financial expenses denominated in non-USD currencies, mainly NOK and EUR. For the annualized year 2020, the Group's total recurring NOK and EUR exposure is approximately NOK 570 million and EUR 28 million. Where there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency may decrease the Group's profits. As a best estimate example, a 10% decrease in the USD versus the NOK will reduce the Group's net result by approximately USD 5.4 million.



## Risk factors – 1.3 Financial risks (cont'd)

### 1.3.5 Bunker risk

Bunker is the single largest component of voyage related expenses, and the Group makes physical purchases of bunker worldwide. A certain part of the Group's exposure is hedged in some form through bunker adjustment clauses in contracts of affreightments. Bunker adjustment clauses are typically structured as caps and floors where there is a surcharge on the freight if the bunkers price is higher than the cap and vice versa if the bunkers price is lower than the floor. Bunker adjustment clauses are not perfect or 100% efficient hedges due to the difference between actual and projected consumption per metric ton, wide price ranges and the timing of determining the strike price. For the budgeted year 2021, total bunker consumption in compliant fuel equivalent is approximately 400 thousand metric tons, of which approximately 50% is hedged through bunker adjustment clauses. The price of bunker fuel has the past 10 years varied extensively and can affect the financial results for the Group significantly.

As a best estimate example, an increase of USD 50 per ton will increase the Group's voyage expenses by approximately USD 20 million, before adjusting for bunker adjustment clauses in freight contracts.

### 1.3.6 Tax risk

The Odfjell Group operates within a number of jurisdictions and tax regimes, including the Norwegian tonnage tax system and the Approved International Shipping system in Singapore. In addition, we operate under the local tax systems in Brazil. Changes in any of these tax regimes could have a material adverse impact on the Issuer's business by amongst other things increased costs. Our tank terminal activities are generally subject to the ordinary corporate tax rates within the country in which the activity is located.

# Risk factors – 1.4 Risk factors related to the Securities

## 1.4.1 General

All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are four main risk factors that sum up the investors' total risk exposure when investing in interest bearing securities with a floating interest rate: liquidity risk, interest rate risk, settlement risk and market risk (both in general and issuer specific).

## 1.4.2 Market risk

There is no existing market for the Bonds, and although the intention is to apply for a listing of the Bonds on the Oslo Stock Exchange, there can be no assurance given regarding the future development of a trading market for the Bonds. It may be difficult or even impossible to trade and sell the Bonds in the secondary market due to a limited market for the Bonds as well as the market for the Bonds may also have limited liquidity. As the Bonds are not rated this may also have a negative effect on the market for the Bonds as they may be considered an unsecure investment.

## 1.4.3 Ranking of the Bonds

The Bonds constitute senior unsecured obligations of the Issuer. As such, the Bonds are effectively subordinated to the secured debt of the Issuer and any debt of the Issuer's subsidiaries outstanding from time to time. The Bonds rank equally in right of payment with the Issuer's senior unsecured debt outstanding from time to time and senior in right of payment to the Issuer's subordinated debt (if any) outstanding from time to time. The secured creditors of the Issuer will have priority over the assets securing their debt. In the event that such secured debt becomes due or a secured lender proceeds against the assets that secure the debt, the assets would be available to satisfy obligations under the secured debt before any payment would be made on the Bonds. Any assets remaining after repayment of its secured debt may not be sufficient to repay all amounts owing under the Bonds.

## 1.4.4 Price risk

The Bonds are floating rate. The coupon payments depend on NIBOR interest rate and the Margin and will vary in accordance with the variability of the NIBOR interest rate. The primary price risk for the Bonds is ultimately related to the market view of the correct trading level for the credit spread related to the Bonds at a certain time during the tenor, compared with the credit margin the Bonds are carrying. General changes in the market conditions and/or Issuer specific circumstances may increase the credit spread trading level relative to the coupon defined credit margin of the Bonds.



Thank you



# Appendix 1

## ESG & Decarbonization journey



# Shipping is a global industry and a backbone for global economic activity and prosperity – While being the most environmental form of trade, the industry needs to play an active role to reduce its share of global emissions



The global shipping fleet performs 80% of global trade



Shipping is the most environmentally friendly transportation method to carry goods



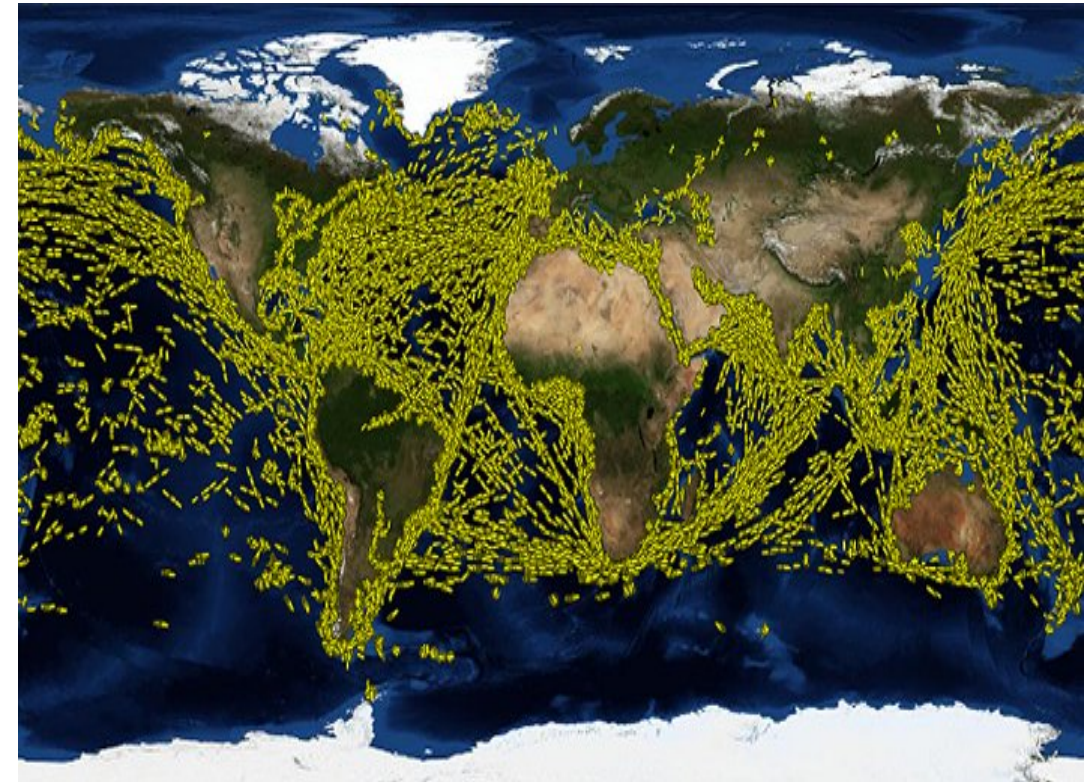
The shipping industry has played and will play a key role in global economic prosperity



The shipping industry carries cargoes that in large is essential in everyday life across the globe

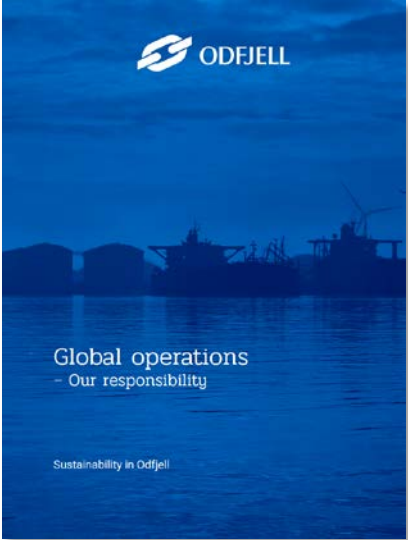


The shipping industry emits 2.6% of global CO<sub>2</sub> surpassing Germany if treated as a country. In a status quo scenario, share of CO<sub>2</sub> emissions would rise to 17% by 2050...



# 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

- Our 106-year history show a focus on long term perspective on the way we do business. Sustainability is rooted in our DNA
- In 2018, we launched our sustainability strategy, "Global Operations - Our responsibility". This is the first time Odfjell has presented a separate document on sustainability.
- Our Sustainability strategy is based on the United Nations Global Compact’s ten principles and activities to achieve the UN Sustainable Development Goals.
- Odfjell is also a signatory to the UN Sustainable Ocean Principles.
- Sustainability in Odfjell encompasses the way we do business, how we handle our people and external stakeholders, the environment and local communities, our anti-corruption work, and our work to comply with regulations
- In 2020, Odfjell appointed its first Chief Sustainability Officer, as part of Executive Management

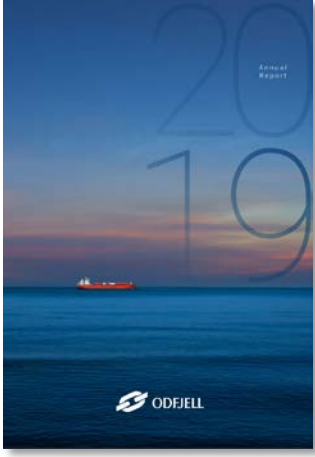


Available on <https://www.odfjell.com/sustainability/>



# In 2020 was Sustainability included in our strategy, we significantly increased our ESG reporting and will continue to do so going forward

- From 2020, was Sustainability included as an integral part of the Odfjell Strategy, with a clear statement of «Our Impact» together with Vision, Mission and Commitment
- Our reporting for 2019 followed the new guidelines from Norwegian Shipowner Association and also in line with the new Euronext guidance for ESG Reporting
- Our annual report was rated\* A- of ESG reporting among top 100 listed companies in Norway
- The reporting is aligned with relevant frameworks like SDGs, GRI, TCFD, SASB etc.
- Odfjell continue reporting to Global Compact, CDP, EcoVadis, MACN and various other reporting initiatives on ESG and are in dialogue with rating agencies like Sustainalytics, ISS and others
- Odfjell report emission data through DNV to EU and IMO in accordance with MRV and DCS Framework
- Odfjell Rated B on latest CDP scoring (Dec 2020)



\* Rated by The Governance Group and the framework used in "ESG 100 – The Oslo Stock Exchange" 2020

# Social and Governance – integrated part of our business

## Social

- **Odfjell does not compromise on safety – with a target of zero incidents**
- All vendors to Odfjell, including yards, have signed our corporate supplier conduct principles where we have clear expectancies to vendors on safety, ethics, human rights etc.
- Odfjell initiated a gender diversity program in 2019 – with good results
- **Odfjell has now set a clear diversity target of 30% females on all levels by 2030**
- Odfjell is implementing a framework and principles for Human Rights in collaboration with IHBR, Rafto Foundation and Danish Institute for Human Rights
- All ships carry certificate of compliance with Maritime Labour Convention (MLC)



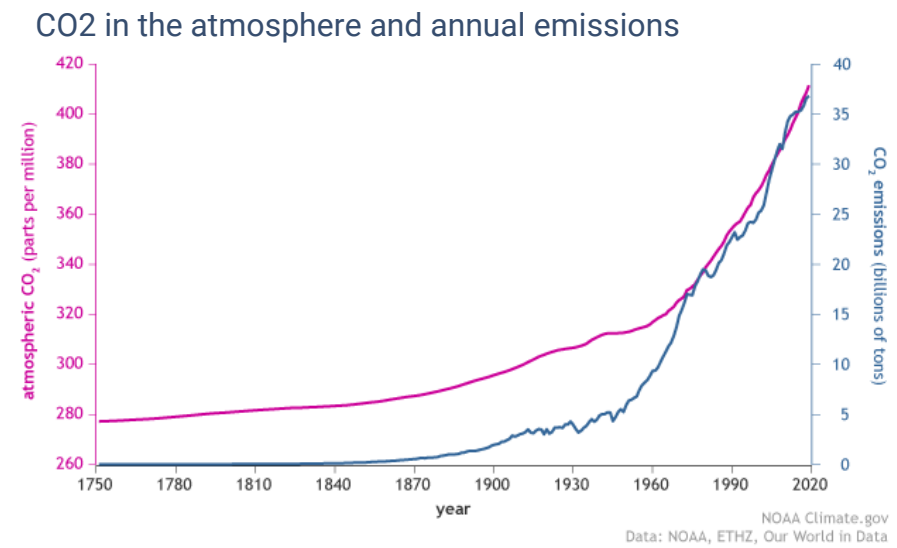
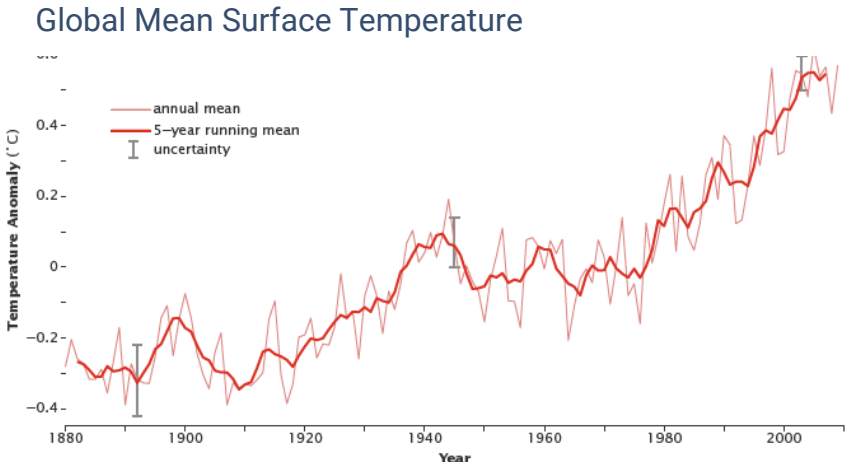
## Governance

- Odfjell has a clear policy on Anti-corruption, and an anti-corruption program with framework, training and reporting built on UK Bribery Act
- We track and monitor all requests to all our vessels. In 2019, we had 17 requests for facilitation on our vessels. Odfjell is an active participant in Maritime Anti-Corruption Network
- Odfjell is rated nr 1 of 98 in the industry on Business Ethics by Sustainalytics





# Why focus on climate and decarbonization?



*COP PARIS The Paris Agreement was adopted by all 196 Parties to the United Nations Framework Convention on Climate Change at COP21 in Paris on 12 December 2015.*



*The initial GHG strategy was adopted by IMO's Marine Environment Protection Committee (MEPC), during its 72nd session at IMO Headquarters in London 2018. The meeting was attended by more than 100 IMO Member States.*

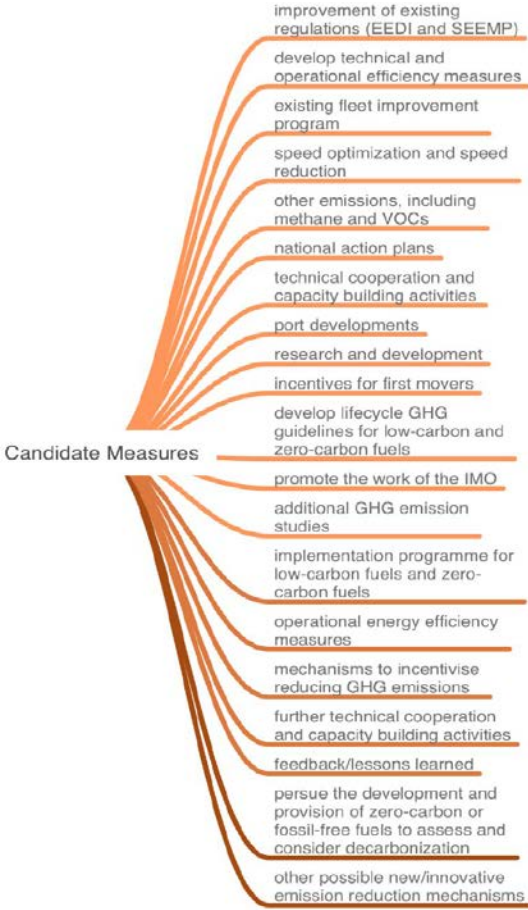
# IMO Vision and GHG measures

IMO is committed to reducing GHG emissions from international shipping and, as a matter of urgency, aims to phase them out as soon as possible in this century

Levels of ambition	
3.1	Subject to amendment depending on the Initial Strategy identifies levels of ambition for technological innovation and the global introduction for international shipping will be integral to achieve the overall ambition. The reviews should take into account updated emission estimates, emissions reduction options for international shipping, and the reports of the Intergovernmental Panel on Climate Change (IPCC), as relevant. Levels of ambition directing the Initial Strategy are as follows:
.1	<p><b>carbon intensity of the ship to decline through implementation of further phases of the energy efficiency design index (EEDI) for new ships</b></p> <p>to review with the aim to strengthen the energy efficiency design requirements for ships with the percentage improvement for each phase to be determined for each ship type, as appropriate;</p>
.2	<p><b>carbon intensity of international shipping to decline</b></p> <p>to reduce CO<sub>2</sub> emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008; and</p>
.3	<p><b>GHG emissions from international shipping to peak and then decline</b></p> <p>to peak GHG emissions from international shipping as soon as possible and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008 whilst pursuing efforts towards phasing them out as called for in the Vision as a point on a pathway of CO<sub>2</sub> emissions reduction consistent with the Paris Agreement temperature goals.</p>

The Initial GHG Strategy contains a list of “candidate GHG measures” with the following timelines for finalization and agreement:

- Short-term measures -between 2018 and 2023
- Mid-term measures -between 2023 and 2030
- Long-term measures -beyond 2030

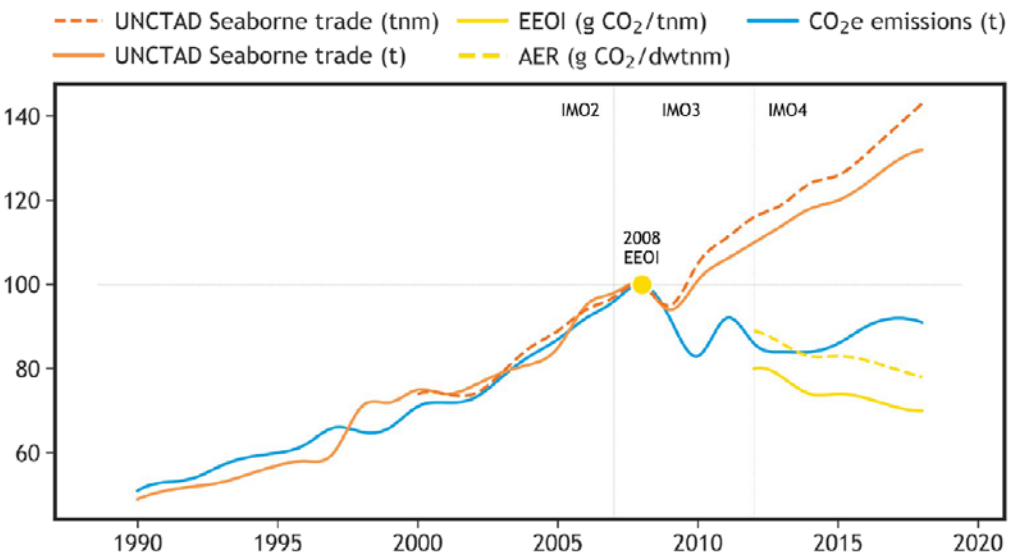


# Successfully realizing IMO's long-term strategy requires the adoption of low-carbon and eventually zero-carbon propulsion technology and fuels

- In a business-as-usual scenario, emissions from international shipping are set to double by 2050 driven by continued trade growth.
- Achieving the targets is a huge industry challenge that will require both transition fuel and new technology that is not commercially available

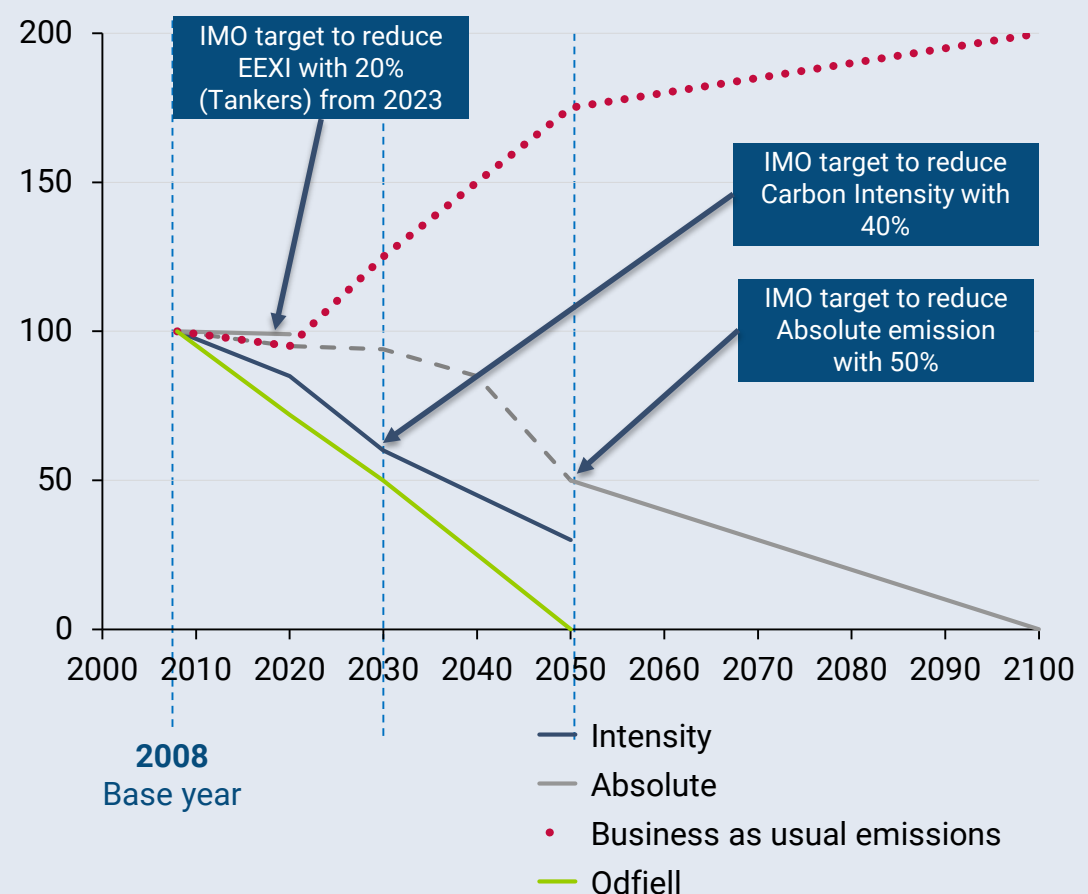
### The Fourth IMO GHG Study 2020:

- GHG emission inventories for the period 2012-2018
- Total emissions in 2018 were up 9.6% from 2012
- Shipping's share of global emissions in 2018: 2.89 % ( 2.76 %in 2012)



International shipping emissions and trade metrics, indexed in 2008, for the period 1990-2018, according to the voyage-based allocation of international emissions

### Emissions from shipping Indexed



# We have recently launched new and ambitious climate targets which goes further than IMO targets – this is the foundation for our SL Framework

- 1 Odfjell will cut greenhouse gas emission by 50% by 2030 compared to 2008\*
- 2 Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030
- 3 Odfjell will have a climate neutral fleet from 2050
- 4 Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero emission for our industry

*“At Odfjell, we build for the future, and act today for a better tomorrow”*



**Odfjell's climate targets**

Efficiency, fuel consumption, and emissions go hand in hand. To improve fuel efficiency and reduce fuel consumption and emissions, Odfjell has a constant focus on improving our fleet. This includes investing in new ships, applying retrofit programs, investing in new technology and optimizing the way we operate. Since 2008, Odfjell has run several environmental programs, resulting in a 27.3% reduction in our carbon intensity by 2020. This means that we have already taken several big steps. Further reduction poses even bigger challenges, but we commit to continue improving and have as of September 2020 set ambitious climate targets, which go beyond the targets of the IMO strategy.

<p><b>Target 1</b> Odfjell will cut the carbon intensity of our fleet by 50% by 2030 compared to 2008.</p>	<p><b>Target 3</b> Odfjell will have a climate neutral fleet from 2050.</p>
<p><b>Target 2</b> Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030.</p>	<p><b>Target 4</b> Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions, and support international regulation to drive zero emission for our industry.</p>

Today, there are no commercially viable alternatives to a combustion engine when transporting large volumes over great distances. The shipping industry needs to find solutions to reduce emissions and develop commercially available zero emission ships to be operational from 2030. That is why Odfjell has joined the Getting to Zero Coalition as an active partner, collaborating with the maritime industry, the energy sector, the financial sector, governments and international governmental organizations to find solutions for a climate neutral fleet in 2050. The Coalition is a partnership between the Global Maritime Forum, the Friends of Ocean Action, and the World Economic Forum, as well as other industry initiatives.

We have also joined forces with industry partners to develop a new and flexible fuel cell technology that can reduce emissions from shipping by up to 100%. Partners from shipping, R&D and oil and gas are now conducting a pilot that can use different types of fuel. The system will first be tested at the Sustainable Energy catalyst center in Norway before installation onboard an Odfjell ship. The unique project was presented on October 1, 2020.

In 2019, Odfjell took a position on the use of scrubbers, stating that scrubbers would not support the ambition to reduce sulphur emissions. Using scrubbers would also increase energy consumption and hence increase CO<sub>2</sub> emissions. Since 2020, Odfjell has run the fleet on VLSFO (Vero Low Sulphur Fuel Oil), sulphur under 0.5%, and MGO (Marine Gas Oil, sulphur 0.1%).

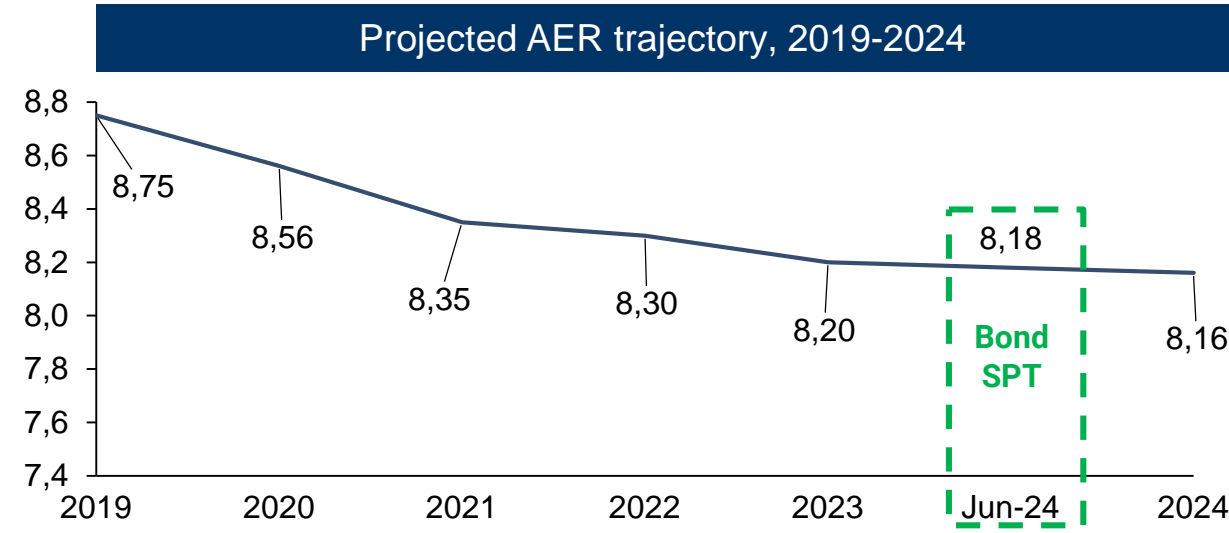
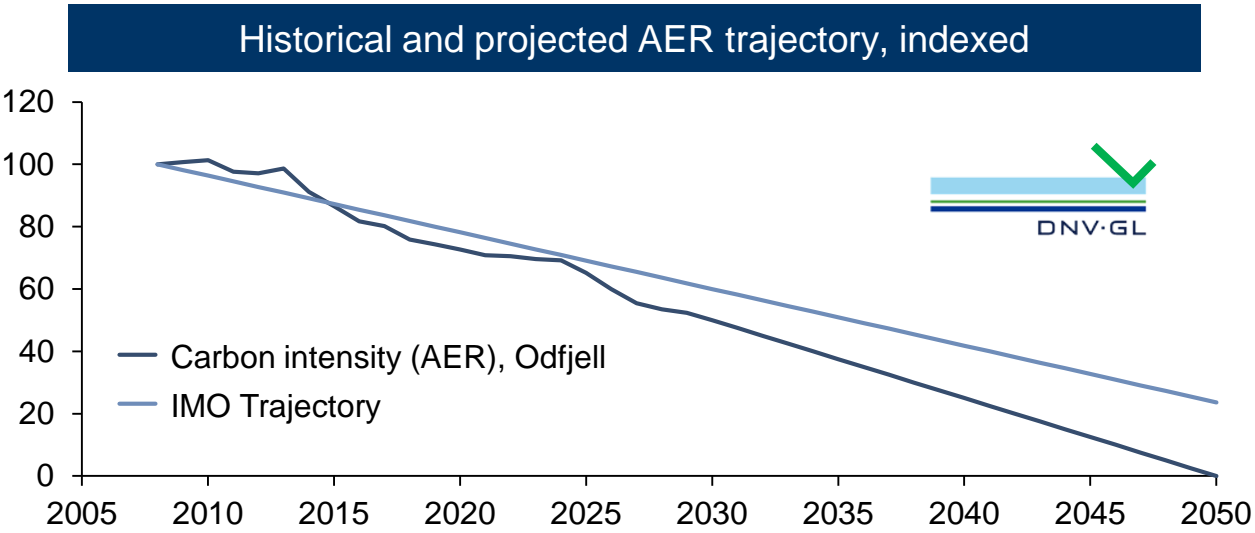
To achieve the ambitious target of cutting transport work emissions by 50%, Odfjell has prepared a fleet transition plan on a ship basis (the "Fleet Transition Plan"). The Fleet Transition Plan includes detailed actions, specific to all our ships in our controlled fleet, to further improve energy efficiency and cut emissions by implementing a set of technical, operational, and digital measures available today. The Fleet Transition Plan also includes a plan for fleet composition development, and an action plan for preparing the next generation fleet for zero emissions solutions.

The Fleet Transition Plan demonstrates that achieving the targets is possible, and we also believe that this plan can be accelerated as technology develops and prices come down. The complete plan will not be made public but will be reviewed by DNV GL during the Second Party Opinion process.

Our work on climate supports the UN Sustainable Development Goals (SDGs) 7, 12, 13 and 14.

\* Emissions based on transport work and Annual Efficiency Ratio (AER)

# We have implemented a comprehensive Fleet Transition Plan where we commit to reduce our carbon intensity by 50% by 2030, and become carbon neutral by 2050



**2019: 26% reduction**

**2024: 31% reduction**

- As per 2019, we have reduced our intensity-based emissions by 26% relative to 2008
- The reduction is a result of significant investments in energy saving devices on existing vessels, as well as a fleet renewal program that was finalized in 2020

- No significant changes are expected to our fleet composition through 2024, partly due to uncertainty regarding choice of technology
- We are however committed to further reduce our carbon intensity in the period by executing more than 100 investments in energy saving devices across our existing fleet

**2030: 50% reduction**

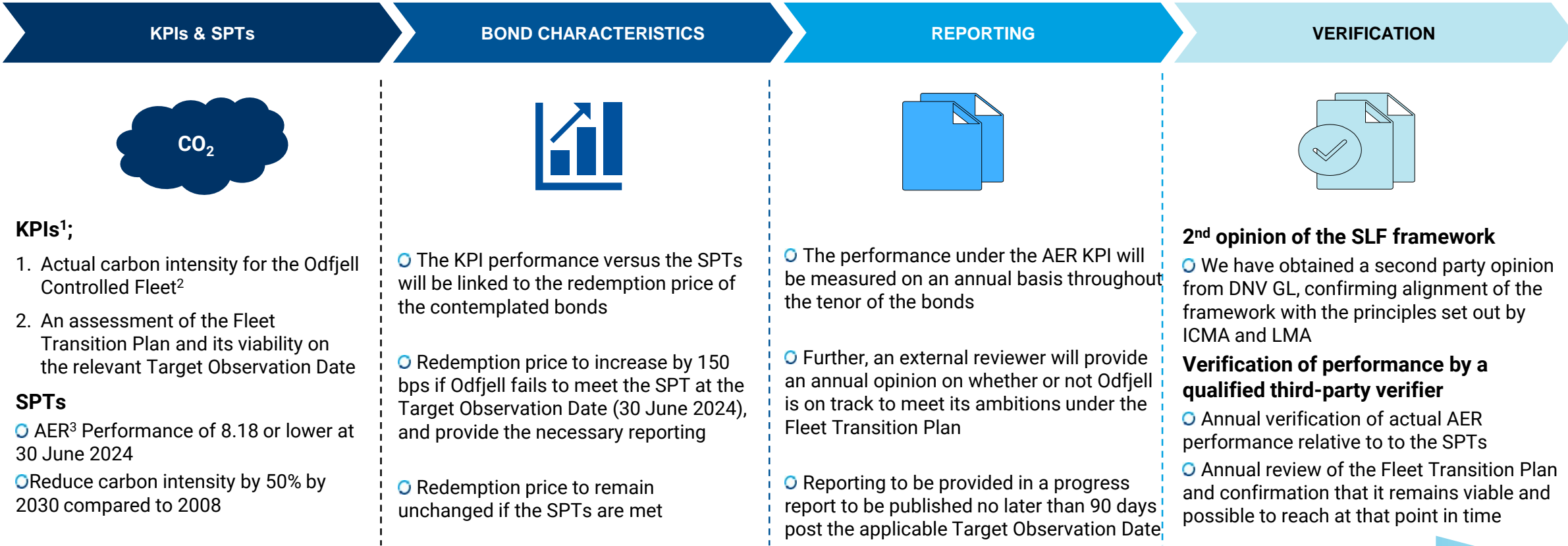
**2050: Carbon Neutrality**

- By 2030, we are committed to reduce our carbon intensity by 50% relative to 2008
- To be achieved through a combination of retrofitting of existing vessels, phasing out of old vessels and inclusion of new and more efficient vessels

- Odfjell is dedicated to pursuing a zero-emission strategy and will only order vessels with zero-emission technology from 2030
- Odfjell will actively support initiatives to develop technology and infrastructure for zero emissions and support international regulation to drive zero emission for our industry

The Fleet Transition Plan has been verified by DNV GL, who will also conduct an annual assessment as to whether the plan continues to be viable

# Odfjell's sustainability-linked finance framework is testament to our commitment to deliver on the ambitions set out in the Fleet Transition Plan



## The 2<sup>nd</sup> party opinion from DNV GL confirms alignment with the ICMA principles and the credibility of Odfjell's strategy to achieve the SPTs

1) The definition of the KPI and SPT in the Framework is limited to the AER Performance at the Target Observation Date. For illustrative purposes, we have included the assessment of the Fleet Transition Plan and its viability in the above table as both targets must be met in order for the redemption price to remain unchanged at par. Please refer to the Sustainability-Linked Finance Framework and Bond Term Sheet for further details

2) The Odfjell Controlled Fleet consists of owned and bareboat chartered tonnage (financial and operational leased)

3) Average Efficiency Ratio will be applied as the measure on Carbon intensity. AER has become the industry standard on carbon intensity, and the metric is recognized as consistent with the policies and regulations of IMO-DCS.

# How to achieve the targets?

2023

## Regulation

Existing ships will need to reduce consumption per transport work by 20% compared to 2008

## Odfjell Target

Compliant

## How

- Technical



2030

## Regulation

Shipping sector to reduce emissions per transport work by 40% compared to 2008

## Odfjell Target

Reduce with 50%

## How

- Technical
- Operational
- Fleet renewal



2050

## Regulation

Shipping sector to reduce total emissions by 50% compared to 2008. Carbon intensity therefore need to improve around 70-90% = zero emission

## Odfjell Target

Reduce total emissions by 100% compared to 2008.

## How

- Carbon Neutral
- Zero Emission



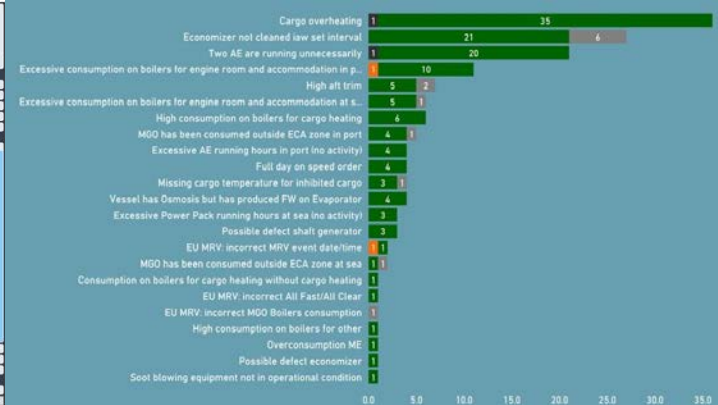
# Where do we come from: 2007-2020

We have targeted energy efficiency and emission reductions since 2007, and we have established several teams that handle this from both an operational and technical point of view

Daily Log (2007/2014)



Automatic over-consumption/energy inefficiency alarms system (2014)



Business Intelligence tools on all data (2015)



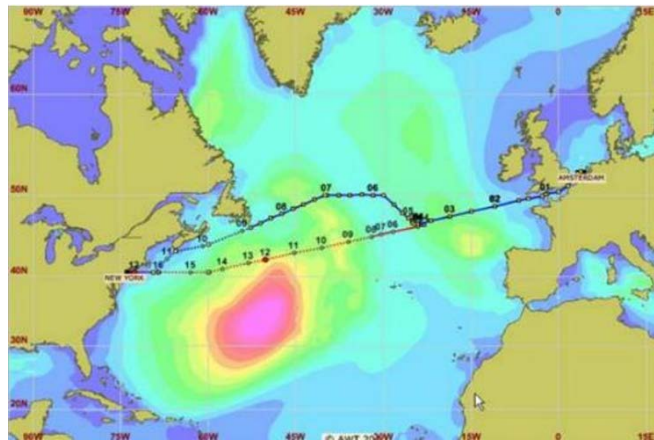
Mewis Duct (2010-) 26 installations so far



PBCF (2020-) 10 installations so far



Weather routing (2009). 800 voyages per year



Intermediate Hull/propeller polishing/grooming (2014)



Reversed Osmosis (2013-) >30 installations so far



Propulsion Project (2014-2018) 19 ships







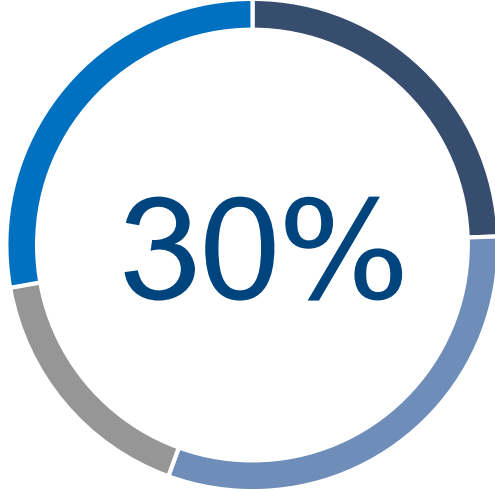
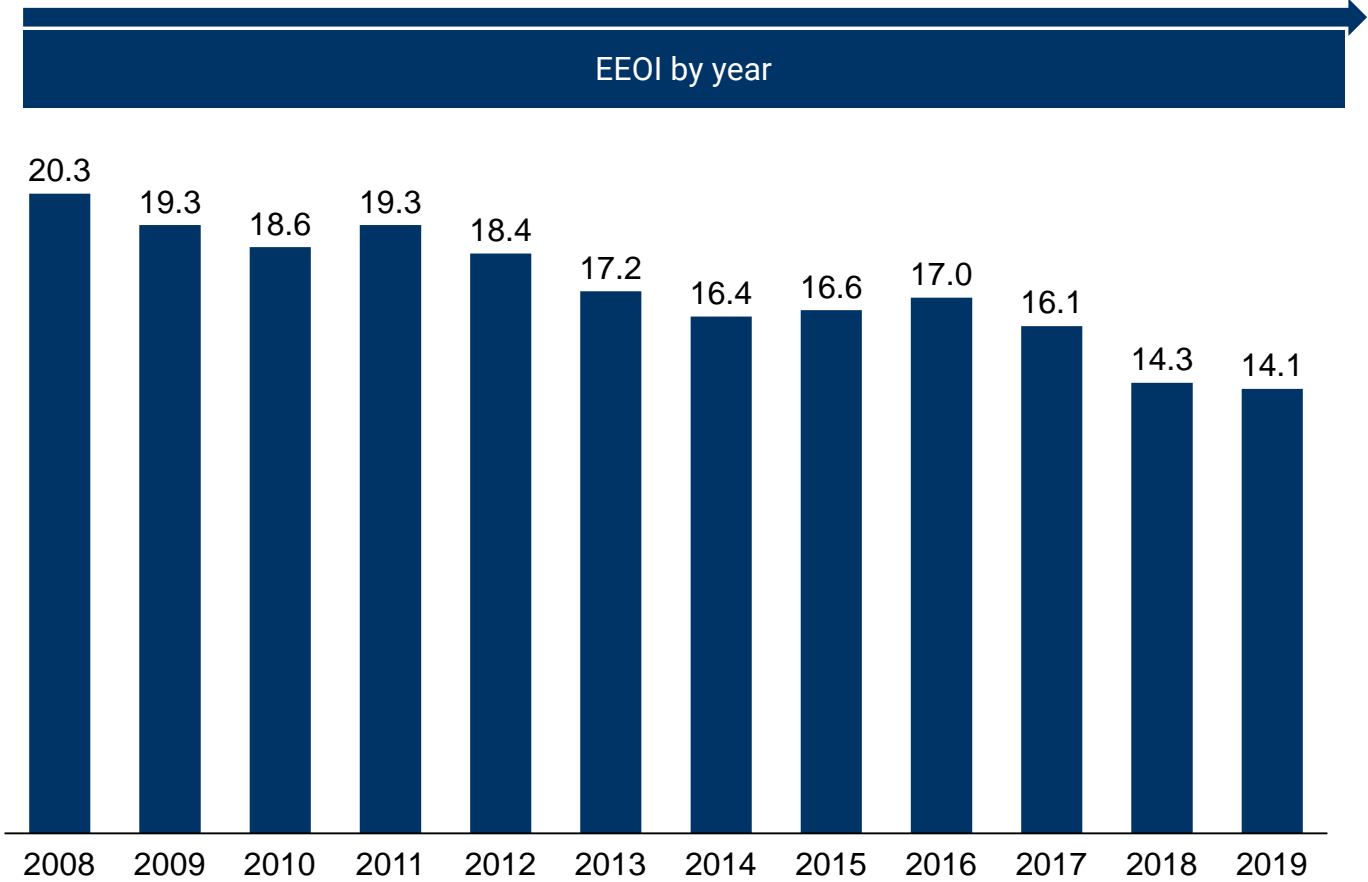
A+ VOFELL

- B
- C
- D
- E
- F



# Results from our energy efficiency program

Energy Efficiency Operational Indicator (EEOI: gram CO<sup>2</sup> emitted per tonne cargo transported one nautical mile) for the Odfjell managed fleet last 10 years



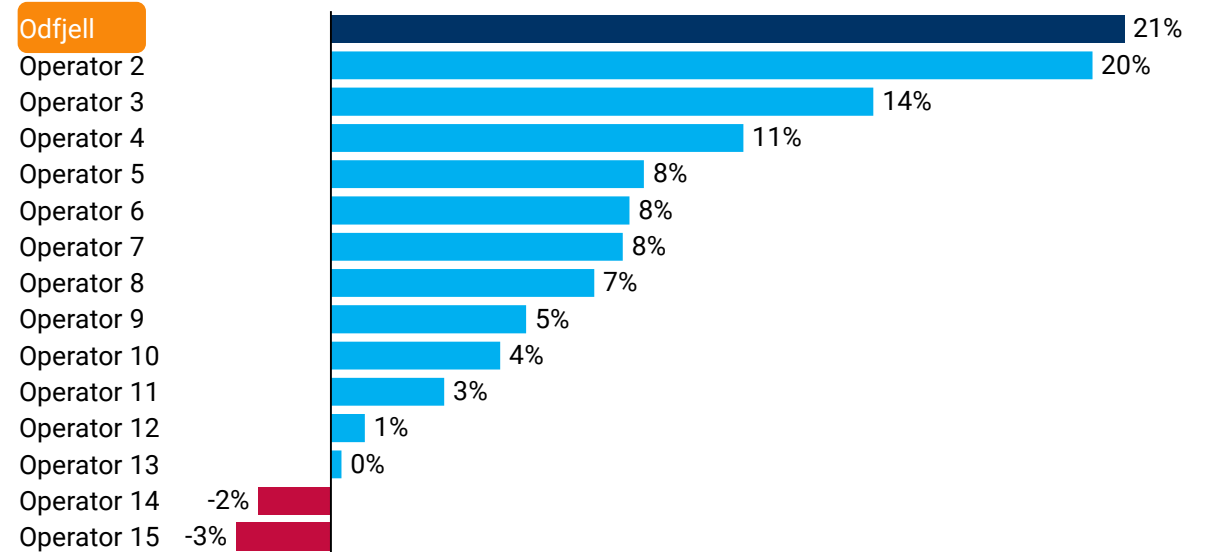
Our energy efficiency has improved **30%** since 2009

# Odfjell versus our competitors

Analyzing 3.500 chemical and product tankers emissions per ton mile shows that Odfjell controls the most fuel-efficient chemical tanker fleet in the world

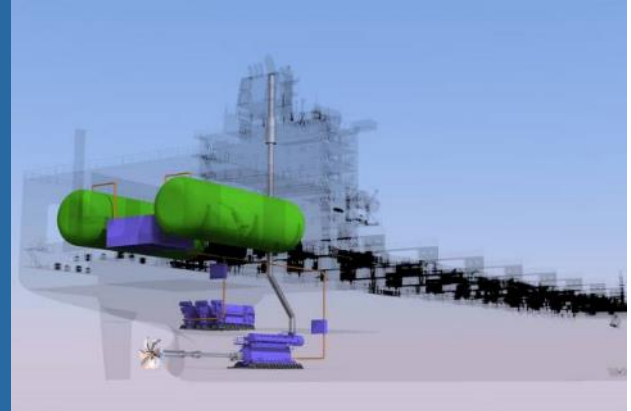
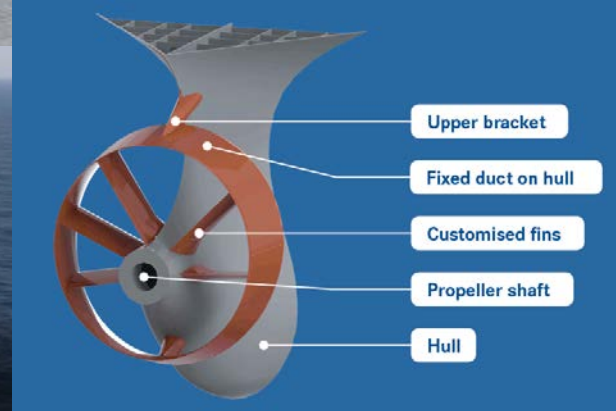


- Odfjell has reduced our fuel consumption by 30% through continued focus on improving the efficiencies of our fleet
- This has led to Odfjell today controlling the most fuel efficient chemical tanker fleet in the world
- We are confident that we will meet and exceed IMO 2030 regulations on 40% reduction in carbon intensity through various initiatives



## 40% reduction is possible for most of our ships

- Possible with existing technologies, but it will require significant investments and work from the organization.
- Some of them we have experience with, give quick and high ROI, others we should wait as long as possible with (such as LNG retrofit or wind technologies).
- We have made plans for each ship, and know the decision gates per ship.
- First and foremost we must also wait for the final reduction requirement per vessel per segment before capital-intensive retrofits are decided upon.



2030

Currently there is great uncertainty to which alternative fuel will see the highest adoption in the longer term

Betting the future on a specific fuel for tomorrow's vessels would be a high-risk strategy for Odfjell



# Fuel Cell Project

Significant emission reductions at sea, with zero emission capability. Patented solution currently under construction, with Odfjell represented in the project group as the only ship owner. The fuel cell will be installed and piloted on an Odfjell ship after 2022.

## Features & Mechanisms

- CHEOP/CMP: Clean, highly efficient offshore power
- Solide oxide fuel cell (SFOC), with fuel-flex capability
- FC to be installed as a 1200 kW aux engine onboard one of the newest vessels over the next years.

## Conservative Emission Reductions (on LNG):

35 % fuel oil consumption

45 % CO2 emissions

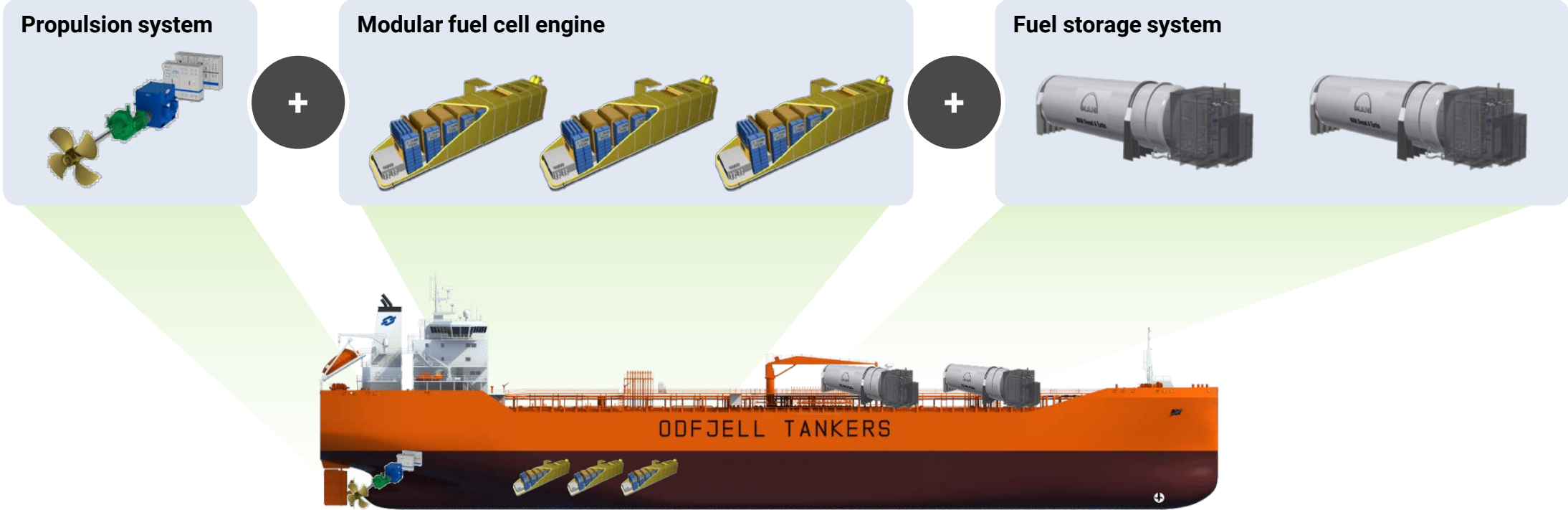
90 % Sox emissions

80 % NOx emissions

**On Ammonia, CO2 emissions will be zero**



A fuel flexible system could consist of building blocks, and potentially also enable us to change other structures in our vessels



With fuel tanks on deck and a less complex engine structure, we could potentially move cargo holds towards rear to increase vessel cargo capacities

# Solution – picking engine, not fuel type (combustion engine)

Engine technology / Dual Fuel matrix

FUEL / ENGINE TECH	Combustion Technology				Fuel Cell Technology	
	Conventional Diesel Cycle	Gas Injection HP Diesel Cycle	Gas Injection LP Otto Cycle	Multifuel engine	SOFC (Solid Oxide Fuel Cell)	PEM (Proton Exchange Membrane)
HFO (Heavy Fuel Oil)	Green	Green	Green	Blue/Red Triangle	Green	Red
LSFO (Low Sulphur Fuel Oil)	Green	Green	Green	Blue/Red Triangle	Green	Red
LGO (Light Gas Oil)	Green	Green	Green	Blue/Red Triangle	Green	Red
LPG (Liquified Petroleum Gas)	Red	Red	Red	Green	Green	Red
Methanol	Red	Red	Red	Green	Green	Red
Ethanol	Red	Red	Red	Green	Green	Red
DME (Dimethyl Ether)	Red	Red	Red	Green	Green	Red
LNG (Liquified Natural Gas)	Red	Green	Green	Blue/Red Triangle	Green	Red
Ammonia NH <sub>3</sub> (Liquid)	Red	Red	Red	Green <sup>1)</sup>	Green	Red
Hydrogen H <sub>2</sub> (Liquid)	Red	Red	Red	Red	Green	Green



# Climate Risk & Opportunities

- We focus on matters that are material for Odfjell and stakeholders
- Setting ambitious targets and plans is risk mitigating and good for business
- Strategy, standards and transparency is not driven only by compliance
- We have high standards for ESG reporting because we know our stakeholders want to know how we mitigate risk
- Our commitment will be even clearer, when also linking targets it to financing
- We believe responsibility and commitment to Sustainability would also make Odfjell more attractive to customers, investors and finance-market.



## Summary – decarbonization journey

- Difficult to see what the future fuel will be
- Zero emissions is not about technology, but zero emission fuel infrastructure/logistics – this is out of our control
- Challenge: Need to make new-build decisions before the picture is clearer
- Our next vessel will sail into 2050, and must therefore be zero-emission capable in order to meet the 2050 regulation
- Deep sea differs greatly in complexity compared to short sea (ref hydrogen and battery)
- Fuel flexibility is key here, and will leave most doors open
- Our fuel flex fuel cell project answers directly to this
- Fuel-flex combustion engine also answers to this



# Appendix 2

## Financials and Covid-19 impact



# Income statement<sup>1</sup> – Odfjell Group by division

USD mill	Tankers					Terminals					Total*				
	1Q20	2Q20	3Q20	YTD20	2019	1Q20	2Q20	3Q20	YTD20	2019	1Q20	2Q20	3Q20	YTD20	2019
Timecharter earnings	137.8	157.7	149.1	444.6	518.6	17.5	16.0	16.3	49.8	69.8	156.1	174.7	166.4	497.2	593.2
Pool distribution	(16.1)	(20.5)	(21.1)	(57.7)	(55.5)	–	–	–	–	–	(16.1)	(20.5)	(21.1)	(57.7)	(55.5)
<b>Net Timecharter Earnings (TCE)</b>	<b>121.7</b>	<b>137.2</b>	<b>128.0</b>	<b>386.9</b>	<b>574.1</b>	<b>17.5</b>	<b>16.0</b>	<b>16.3</b>	<b>49.8</b>	<b>69.8</b>	<b>140.0</b>	<b>154.1</b>	<b>145.3</b>	<b>439.4</b>	<b>537.7</b>
TC expenses	(8.4)	(9.2)	(8.1)	(25.7)	(45.5)	–	–	–	–	–	(8.4)	(9.2)	(8.1)	(25.7)	(45.5)
Operating expenses**	(40.1)	(40.4)	(42.0)	(123.5)	(167.5)	(6.6)	(6.2)	(6.1)	(18.9)	(27.4)	(47.3)	(47.1)	(48.8)	(143.2)	(197.3)
General and administrative expenses	(15.1)	(13.8)	(14.4)	(43.3)	(65.8)	(2.7)	(2.2)	(2.4)	(7.3)	(15.7)	(17.8)	(15.9)	(16.8)	(50.5)	(81.5)
<b>EBITDA</b>	<b>57.9</b>	<b>73.9</b>	<b>63.6</b>	<b>195.4</b>	<b>184.4</b>	<b>8.1</b>	<b>7.6</b>	<b>7.8</b>	<b>23.5</b>	<b>26.7</b>	<b>66.3</b>	<b>81.9</b>	<b>71.7</b>	<b>219.9</b>	<b>213.4</b>
Depreciation**	(36.1)	(36.9)	(38.6)	(111.6)	(143.0)	(5.4)	(5.3)	(5.4)	(16.1)	(21.7)	(41.9)	(42.7)	(44.5)	(129.9)	(165.1)
Impairment	–	–	–	–	(2.4)	–	–	–	–	(2.3)	–	0.1	–	0.1	(4.7)
Capital gain/loss	–	0.1	–	0.1	–	(0.1)	10.3	(0.1)	10.1	15.4	(0.1)	10.4	(0.1)	10.2	15.4
<b>EBIT</b>	<b>21.8</b>	<b>37.1</b>	<b>25.0</b>	<b>83.9</b>	<b>39.0</b>	<b>2.7</b>	<b>12.5</b>	<b>2.2</b>	<b>17.4</b>	<b>18.1</b>	<b>24.3</b>	<b>49.7</b>	<b>27.1</b>	<b>101.1</b>	<b>59.0</b>
Net interest expenses**	(21.1)	(20.9)	(19.9)	(61.9)	(82.4)	(1.2)	(0.7)	(0.6)	(2.5)	(5.9)	(22.2)	(21.6)	(20.7)	(64.5)	(88.3)
Other financial items	(4.9)	4.1	(1.3)	0.5	(1.1)	(0.1)	–	0.1	–	–	(5.2)	4.1	(1.5)	(2.6)	(1.1)
Taxes	(1.0)	(1.1)	(1.1)	(3.2)	(2.9)	(0.3)	(0.2)	(0.3)	(0.8)	(2.9)	(1.3)	(1.3)	(1.4)	(4.0)	(5.8)
<b>Net results</b>	<b>(5.2)</b>	<b>19.3</b>	<b>2.6</b>	<b>16.7</b>	<b>(47.4)</b>	<b>1.0</b>	<b>11.6</b>	<b>1.5</b>	<b>14.1</b>	<b>9.3</b>	<b>(4.4)</b>	<b>30.9</b>	<b>3.9</b>	<b>30.4</b>	<b>(36.6)</b>

## Balance sheet 30.09.2020<sup>1</sup> – Odfjell Group

Assets, USD mill	2Q20	3Q20
Ships and newbuilding contracts	1,459.4	1,483.5
Right of use assets	276.2	261.4
Investment in associates and JVs	171.8	174.4
Other non-current assets/receivables	19.2	20.1
<b>Total non-current assets</b>	<b>1,926.6</b>	<b>1,939.5</b>
Cash and cash equivalent	148.4	92.4
Other current assets	117.0	123.1
Total current assets	265.4	215.4
<b>Total assets</b>	<b>2,192.0</b>	<b>2,154.9</b>

Equity and liabilities, USD mill	2Q20	3Q20
<b>Total equity</b>	<b>549.6</b>	<b>560.1</b>
Non-current liabilities and derivatives	48.6	43.0
Non-current interest bearing debt	972.8	1,006.7
Non-current debt, right of use assets	234.2	222.3
<b>Total non-current liabilities</b>	<b>1,255.7</b>	<b>1,271.9</b>
Current portion of interest bearing debt	219.4	167.8
Current debt, right of use assets	50.8	49.2
Other current liabilities and derivatives	116.5	105.9
<b>Total current liabilities</b>	<b>386.7</b>	<b>322.9</b>
<b>Total equity and liabilities</b>	<b>2,192.0</b>	<b>2,154.9</b>

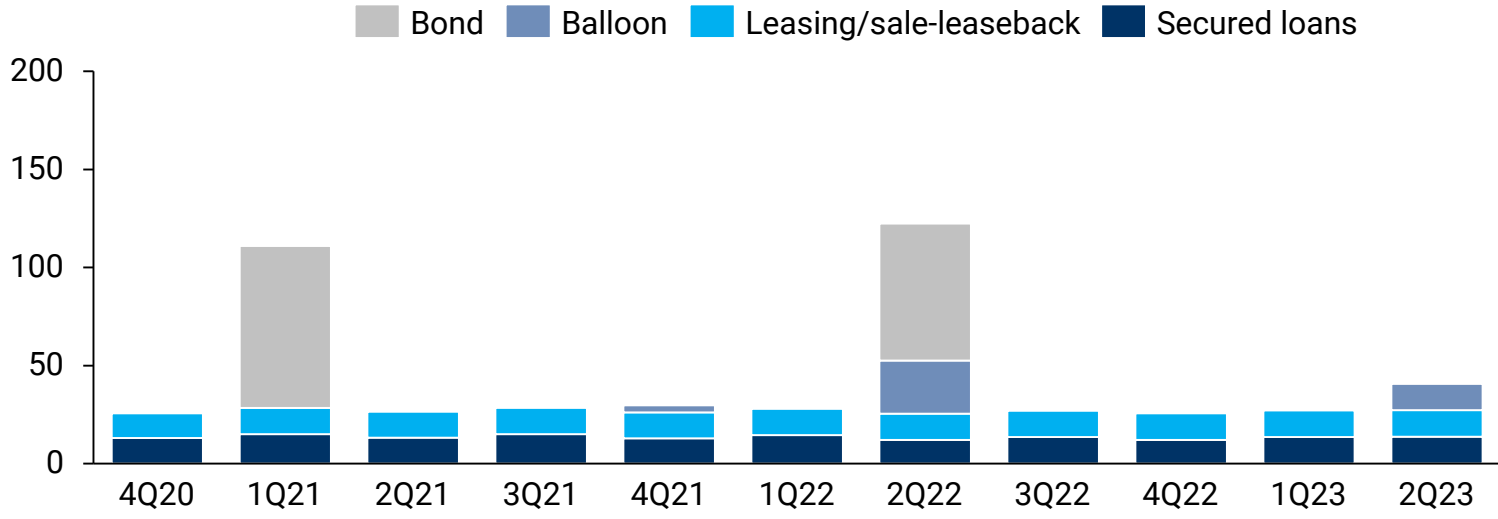
## Cash flow – 30.09.2020<sup>1</sup> – Odfjell Group

Cash flow, USD mill	1Q20	2Q20	3Q20	YTD20	FY19
Net profit	(4.5)	31.1	3.7	30.3	(35.9)
Adjustments	41.9	32.9	38.2	113.0	147.5
Change in working capital	(1.5)	3.1	(10.1)	(8.5)	(7.3)
Other	(4.2)	(13.0)	(1.7)	(18.9)	(5.6)
<b>Cash flow from operating activities</b>	<b>31.7</b>	<b>54.1</b>	<b>30.1</b>	<b>115.9</b>	<b>98.7</b>
Sale of ships, property, plant and equipment	4.1	–	–	4.1	2.0
Investments in non-current assets	(47.6)	(54.4)	(48.2)	(150.2)	(146.8)
Dividend/ other from investments in Associates and JV's	–	1.4	–	1.4	20.7
Other	2.3	1.6	(0.5)	3.4	0.8
<b>Cash flow from investing activities</b>	<b>(41.2)</b>	<b>(51.4)</b>	<b>(48.7)</b>	<b>(141.3)</b>	<b>(123.1)</b>
New interest bearing debt	71.1	61.4	127.9	260.4	369.9
Repayment of interest bearing debt	(27.4)	(24.3)	(101.7)	(153.4)	(367.2)
Payment of operational lease debt	(12.1)	(12.4)	(13.5)	(38.0)	(44.9)
Dividends	–	–	–	–	–
Repayment of drawing facilities	–	–	(50.0)	(50.0)	–
<b>Cash flow from financing activities</b>	<b>31.6</b>	<b>24.7</b>	<b>(37.3)</b>	<b>19.0</b>	<b>(42.2)</b>
<b>Net cash flow*</b>	<b>20.4</b>	<b>27.3</b>	<b>(55.9)</b>	<b>(8.2)</b>	<b>(67.0)</b>
Opening cash and cash equivalents	100.8	121.1	148.4	100.8	167.8
<b>Closing cash and cash equivalents</b>	<b>121.1</b>	<b>148.4</b>	<b>92.4</b>	<b>92.4</b>	<b>100.8</b>

\* Equity method and after FX effects

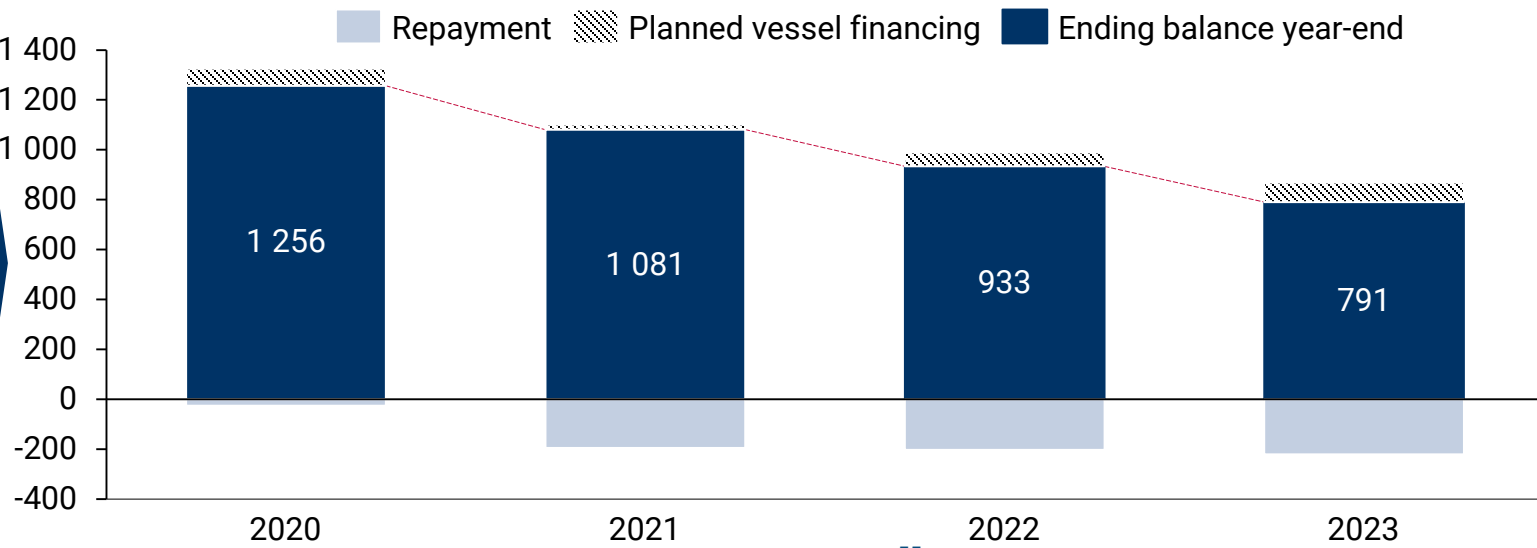
# Debt development

Scheduled repayments and planned refinancing, USD mill



- USD 50 mill liquidity facility is secured and will be used to redeem Jan-21 bond...
- ...We might consider to refinance the bond if the price is right for Odfjell
- Except for the Jan-21 bond maturity, we do not have any maturing balloons before 2Q22

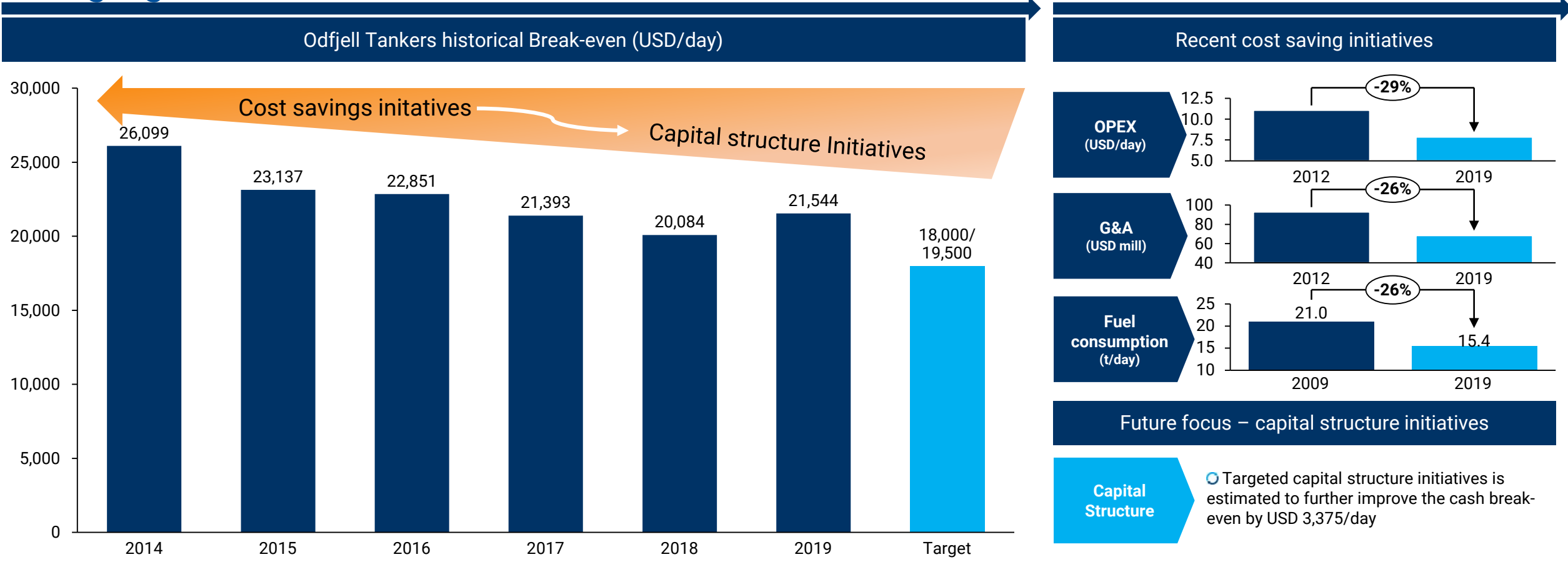
Gross interest bearing debt ending balance, USD mill\*



- Last newbuilding delivery and new debt concluded in October 2020
- Scheduled amortisations through 2023 will bring us in the lower end of our target total debt range of USD 750 - USD 900 mill...
- ...Timing is however, contingent on the market development

\* Nominal bank, lease and bond debt. Bond debt swapped to USD

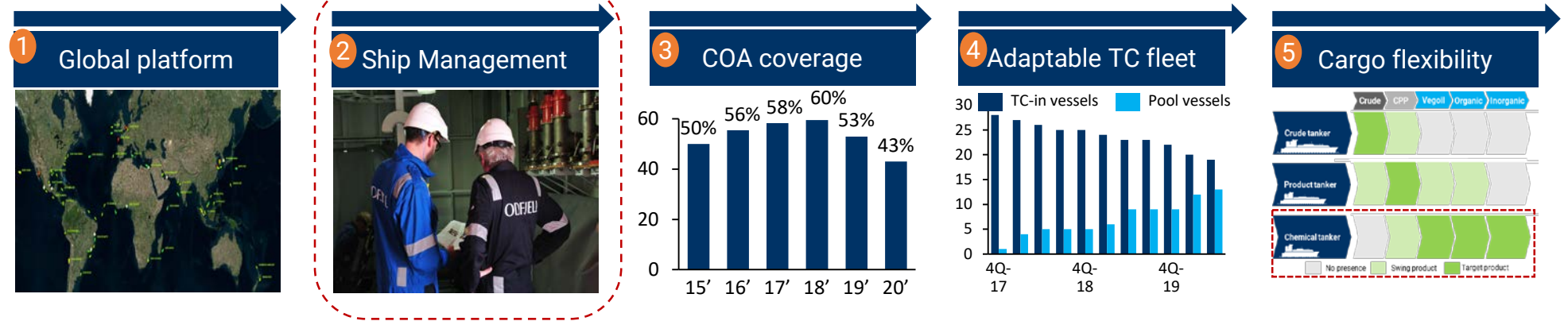
# Our long-term target is to reach a cash break-even level between USD 18,000/day and USD 19,500/day, which will ensure free cash flow generation in every cycle



- Break-even levels increased in 2019 driven by increased debt and reduced number of operating days of our owned fleet
- Timing to successfully reach the target is market dependent but we expect to reach this level by 2022 should the current earnings environment continue through 2020 and 2021

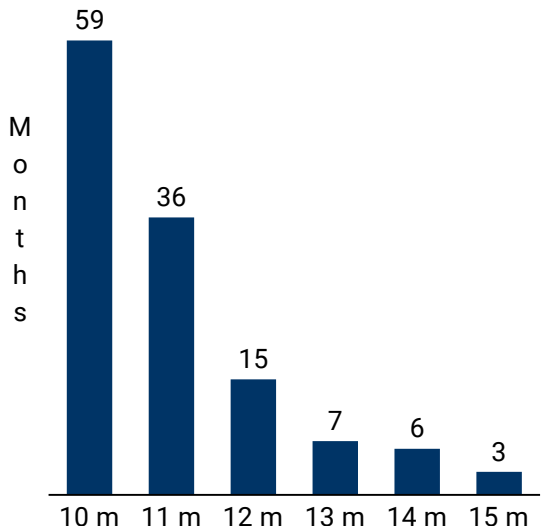


# Our activities may appear unaffected by the ongoing pandemic but in reality, this has been the ultimate test of the strength of our platform and our crew



## Key challenges under the pandemic from a ship management perspective:

### Onboard crew reached 10 months and up



### Key obstacles needed to be tackled:

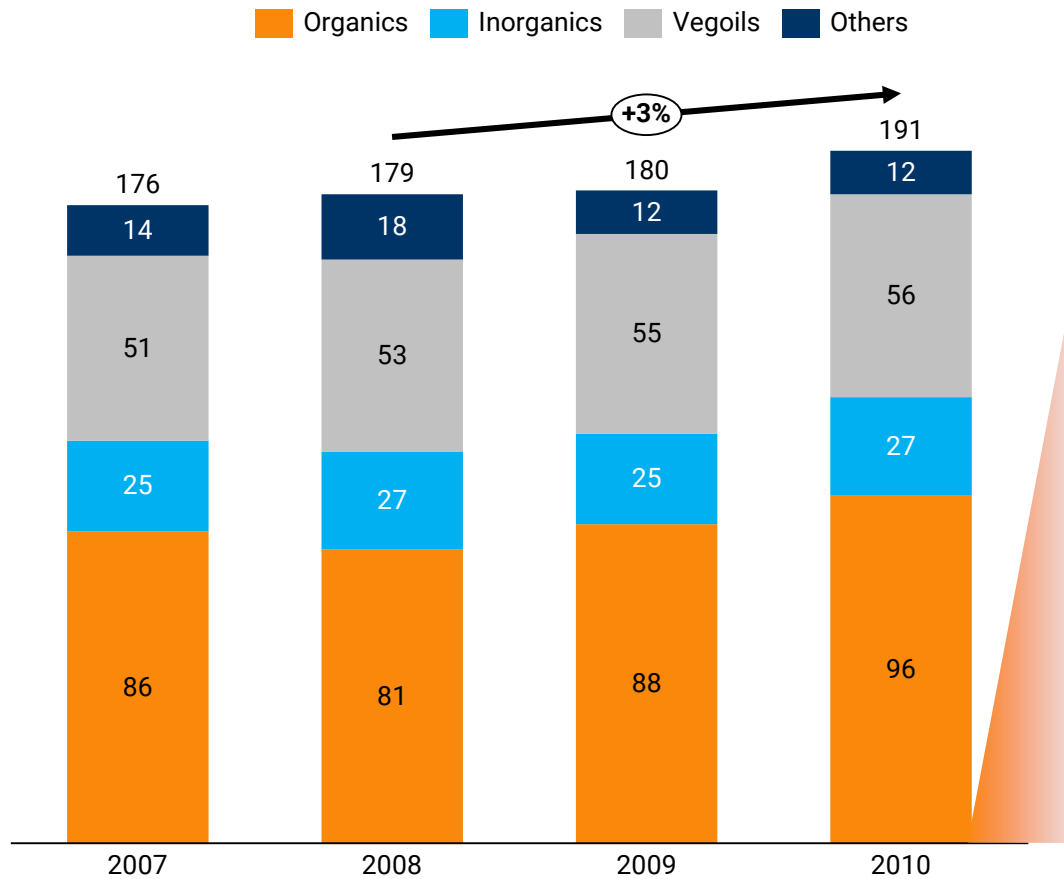
- 1/3 of our crew is currently overdue and 126 has served 10 months or more
- Maritime personnel has worked from home since March with poor internet connectivity, closed embassies for visa applications, unreasonable port states across the globe, severe lack of flights, community lockdowns by governments, heavily increased response time from relevant authorities, extensive quarantine arrangements, covid testing of crew before onboarding among others
- Ships needed to be diverted to non-planned ports for crew changes impacting costs and customers. We have performed 13 dockings, however with severe challenges bringing in spare parts and service personnel to supervise dockings
- Onboard repairs increasingly conducted by our experienced crew, with remote shore support. We benefit from a loyal crew pool with many being with us of Odfjell for more than 25 years

### Despite these challenges, we are:

- Record low on accidents with no LTI's since Aug-19
- All-time high vetting performance
- Our predictably KPI to customers remains strong despite the many challenges

# 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