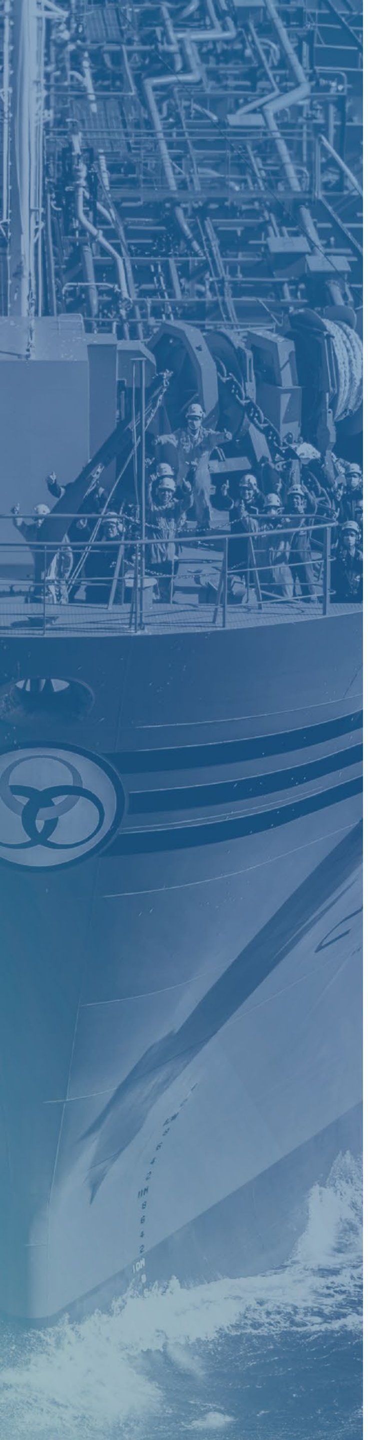
Second quarter presentation 2021

By CEO Kristian Mørch & CFO Terje Iversen | August 19, 2021

ODFJELL



Agenda

- Highlights
- Financials
- Operational review & Strategy
- Prospects & Market update

Highlights

Slightly improved results driven by operational improvements as the chemical tanker market remained challenging.

- Timecharter earnings in Odfjell Tankers of USD 123 mill compared to USD 120 mill 1Q21
- Net result contribution from Odfjell Terminals of USD 1 mill, in line with previous quarter
- EBIT of USD 11 mill compared to USD 8 mill 1Q21
- Net result of USD -8 mill compared to USD -16 mill 1Q21
- A minor part of our COA portfolio was renewed since last reporting with rate renewals up 5%

Subsequent events

- Entered into a sales agreement for our two Ethylene/LPG carriers to BW EPIC Kosan Ltd with proceeds received partly in cash and partly in freely transferable shares

KEY FIGURES, USD MILLION

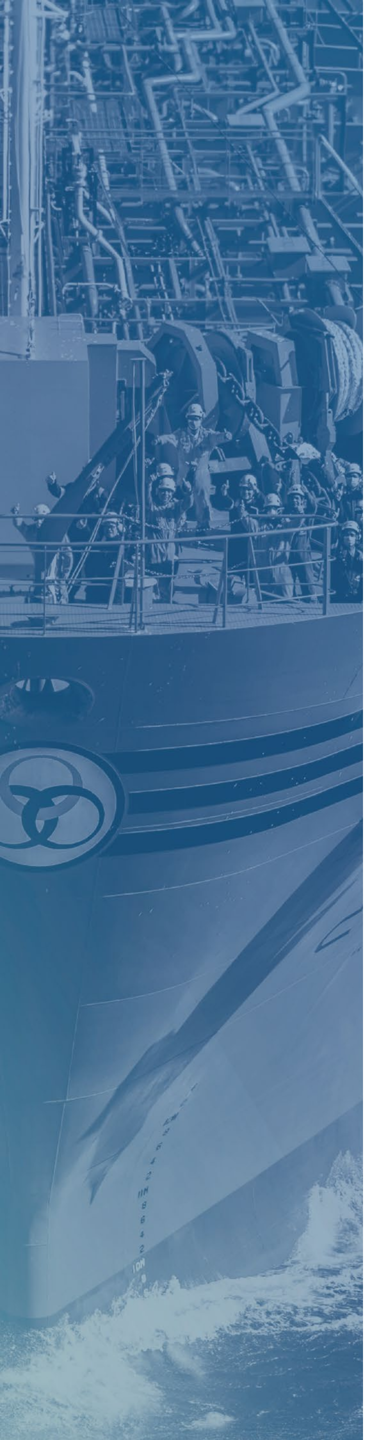
(USD mill, unaudited)	3Q20	4Q20	1Q21	2Q21	2Q20	FY20
Timecharter earnings	128.4	125.0	120.4	123.4	137.4	512.6
Total opex, TC,G&A	(64.5)	(65.9)	(67.9)	(67.3)	(63.7)	(258.0)
Net result from JV's	0.9	0.0	0.8	0.5	11.7	13.4
EBITDA	64.9	59.0	53.2	56.6	85.5	268.0
EBIT	26.1	17.6	7.8	11.1	48.7	115.0
Net financial items	(21.1)	(19.9)	(22.1)	(18.3)	(16.8)	(83.7)
Net result	**3.9**	**(2.6)**	**(15.6)**	**(7.8)**	**30.9**	**27.8**
EPS*	0.05	(0.03)	(0.20)	(0.10)	0.39	0.35
ROE**	3.5 %	(2.0 %)	(9.9 %)	(6.4%)	13.6%	4.9 %
ROCE**	5.4 %	3.6 %	1.5 %	2.1%	8.2 %	6.1 %

- Figures based on equity method
** Based on 78.8 million outstanding shares*
*** Ratios are annualised*

"We continue to operate well, but the near-term market remains unpredictable due to Covid-19 and the weak CPP markets. We maintain our fundamentally positive view on the chemical tanker markets and the markets in the key hubs for our terminals, but the third quarter is usually a seasonally slow quarter, which together with a continued challenging CPP market may result in a slightly weaker 3Q21 compared to 2Q21."

CEO Kristian Mørch

Agenda



- Highlights
- Financials
- Operational review & Strategy
- Prospects & Market update

Income statement – Odfjell Group

KEY QUARTERLY DEVIATIONS:

A. TCE of USD 123 mill, improved from USD 120 mill due to operational improvements
   - Impact from loss making voyages driven by Texas freeze eased during the quarter
   - Higher off-hire driven by pool vessels with no financial impact on Odfjell

B. Operating expenses higher due to insurance claims and full effect from increased no of vessels in 1Q

C. G&A lower driven by 1Q21 levels including some cost items not included in 2Q21

D. EBIT improved by USD 3 mill and in line with improvement in TCE

E. Decreasing interest expenses due to refinancing and lowered margins. USD 1.6 mill in capital gain related to refinancing in 2Q

F. Net result improved from USD -16 mill to USD -8 mill and we were positively impacted by other financials and lower taxes. Adjusted for other financial items, net profit was USD -10 mill compared to USD -14 mill in 1Q21

USD MILLION		1Q21	2Q21
Net Timecharter Earnings (TCE)	A	120.4	123.4
TC expenses		(3.6)	(4.1)
Operating expenses	B	(47.4)	(49.0)
Share of net result from associates and JV		0.8	0.5
General and administrative expenses	C	(16.9)	(14.2)
EBITDA		53.2	56.6
Depreciation		(45.4)	(45.8)
Capital gain (loss)		-	0.4
EBIT	D	7.8	11.1
Net interest expenses	E	(20.2)	(19.6)
Other financial items		(1.9)	1.4
Taxes		(1.3)	(0.6)
Net results	F	(15.6)	(7.8)
EPS		(0.20)	(0.10)
Commercial revenue days (exc. external pool vsls)		6,119	6,126
Off-hire days		343	579

Balance sheet per June 30, 2021 – Odfjell Group

A. Cash position plus undrawn commitments on long-term bank facilities of USD 111 mill

B. Equity ratio of 29.4% excluding IFRS 16 related debt

C. Bond maturity in 2022 now classified as short-term. We reduced interest bearing debt by an additional USD 10 mill through the refinancing of four vessels with reduced LTV, in line with our financial strategy

ASSETS, USD MILL	1Q21	2Q21
Ships and newbuilding contracts	1531.1	1509.8
Right of use assets	266.9	247.3
Investment in associates and JVs	181.2	179.8
Other non-current assets/receivables	16.1	15.7
Total non-current assets	1995.2	1952.7
Cash and cash equivalent (A)	71.9	56.9
Other current assets	164.4	163.9
Total current assets	236.3	220.9
Total assets	2231.4	2173.6

EQUITY AND LIABILITIES, USD MILL	1Q21	2Q21
Total equity (B)	569.1	562.5
Non-current liabilities and derivatives	29.0	27.5
Non-current interest bearing debt (C)	1132.1	1005.2
Non-current debt, right of use assets	220.6	201.9
Total non-current liabilities	1381.7	1234.6
Current portion of interest bearing debt (C)	99.8	193.5
Current debt, right of use assets	57.7	57.8
Other current liabilities and derivatives	123.1	125.2
Total current liabilities	280.6	376.5
Total equity and liabilities	2231.4	2173.6

Cash Flow statement – Odfjell Group

A. Operating cash flow of USD 37 mill improved compared to 1Q21 driven by change in working capital. An improvement, but working capital still considered on the high side

B. Includes drydocking expenses and investments in energy efficiency devices

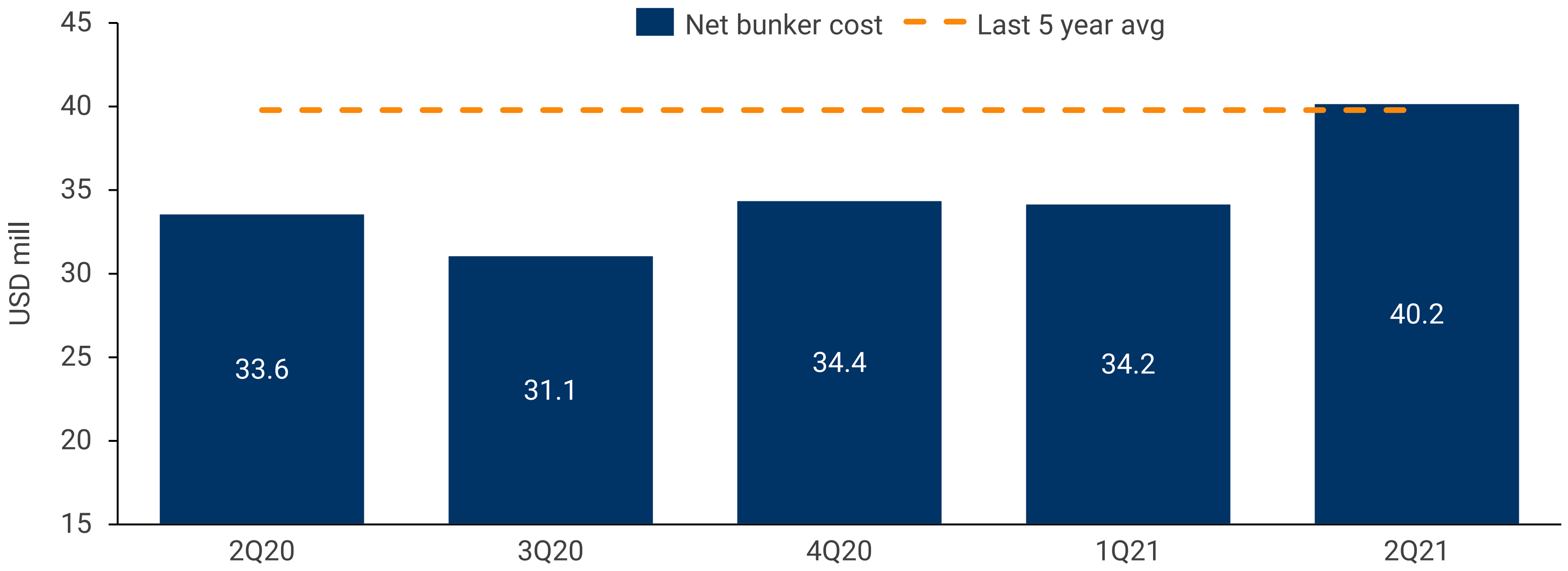
C. Dividend received from terminals in Korea and Antwerp

D. Refinancing of four vessels and USD 10 mill of extraordinary downpayment of debt

Cash flow, USD mill	1Q21	2Q21
Net profit	(15.8)	(8.0)
Adjustments	47.2	45.8
Change in working capital	(20.2)	A 7.7
Other	8.1	(8.5)
Cash flow from operating activities	19.3	37.0
Sale of ships, property, plant and equipment	-	-
Investments in non-current assets	(10.5)	B (8.4)
Dividend/ other from from investments in Associates and JV	(10.6)	C 2.9
Other	1.1	0.5
Cash flow from investing activities	(21.1)	(5.0)
New interest bearing debt	121.2	D 69.1
Repayment of interest bearing debt	(114.3)	(101.8)
Payment of operational lease debt	(15.6)	(14.8)
Dividends	-	-
Repayment of drawing facilities	(20.0)	-
Other	-	-
Cash flow from financing activities	(28.6)	(47.5)
Net cash flow*	(31.2)	(15.0)
Opening cash and cash equivalents	103.1	71.9
Closing cash and cash equivalents	71.9	56.9

Bunker expenses per 2Q21 – Odfjell Tankers

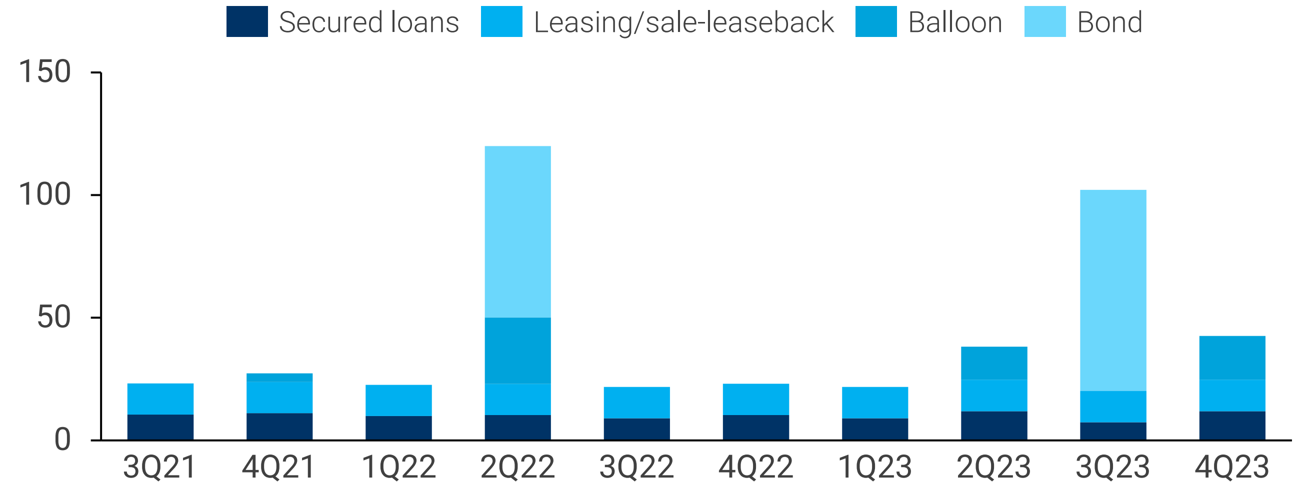
Bunker costs were USD 40 mill in 2Q21, in line with the historical average.



	2Q20	3Q20	4Q20	1Q21	2Q21
Gross bunker cost	35.1	34.4	39.4	48.3	58.2
Financial hedging	1.4	0.6	0.3	(1.8)	(2.3)
Adj. Clauses	2.4	2.1	1.8	(2.1)	(4.3)
3rd party vessels	(5.3)	(6.0)	(7.1)	(10.3)	(11.4)
Net bunker cost	33.6	31.1	34.4	34.2	40.2

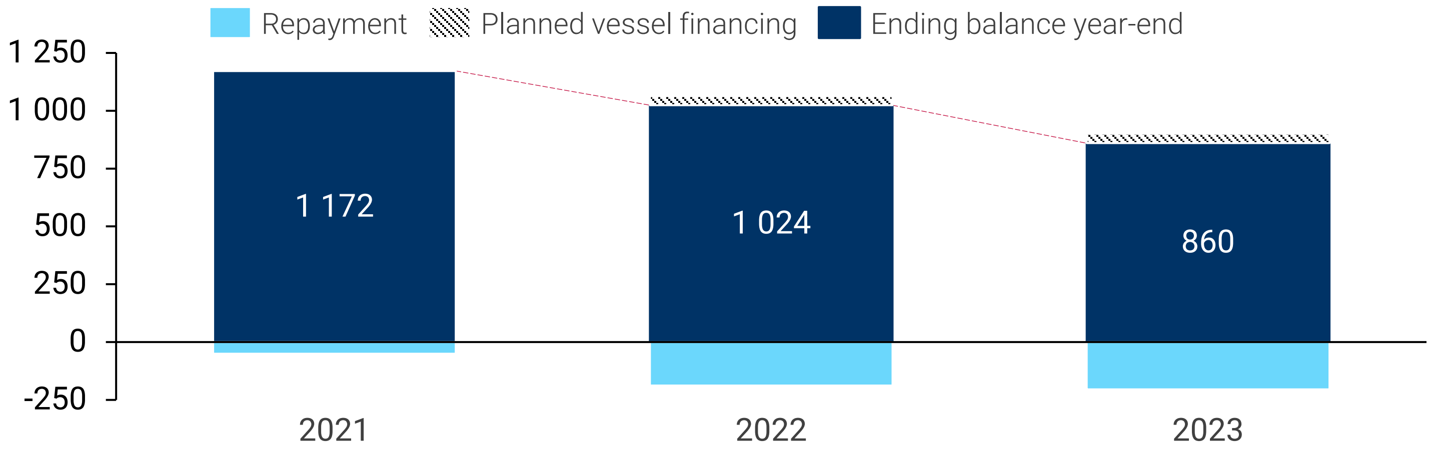
Debt development – corporate & chemical tankers

SCHEDULED REPAYMENTS & PLANNED REFINANCING, USD MILLION



- 2Q22 bond maturity considered to be refinanced or alternatively redeemed by less expensive mortgage/lease debt or paid back in full. The latter will be market dependent

GROSS INTEREST-BEARING DEBT ENDING BALANCE, USD MILLION*

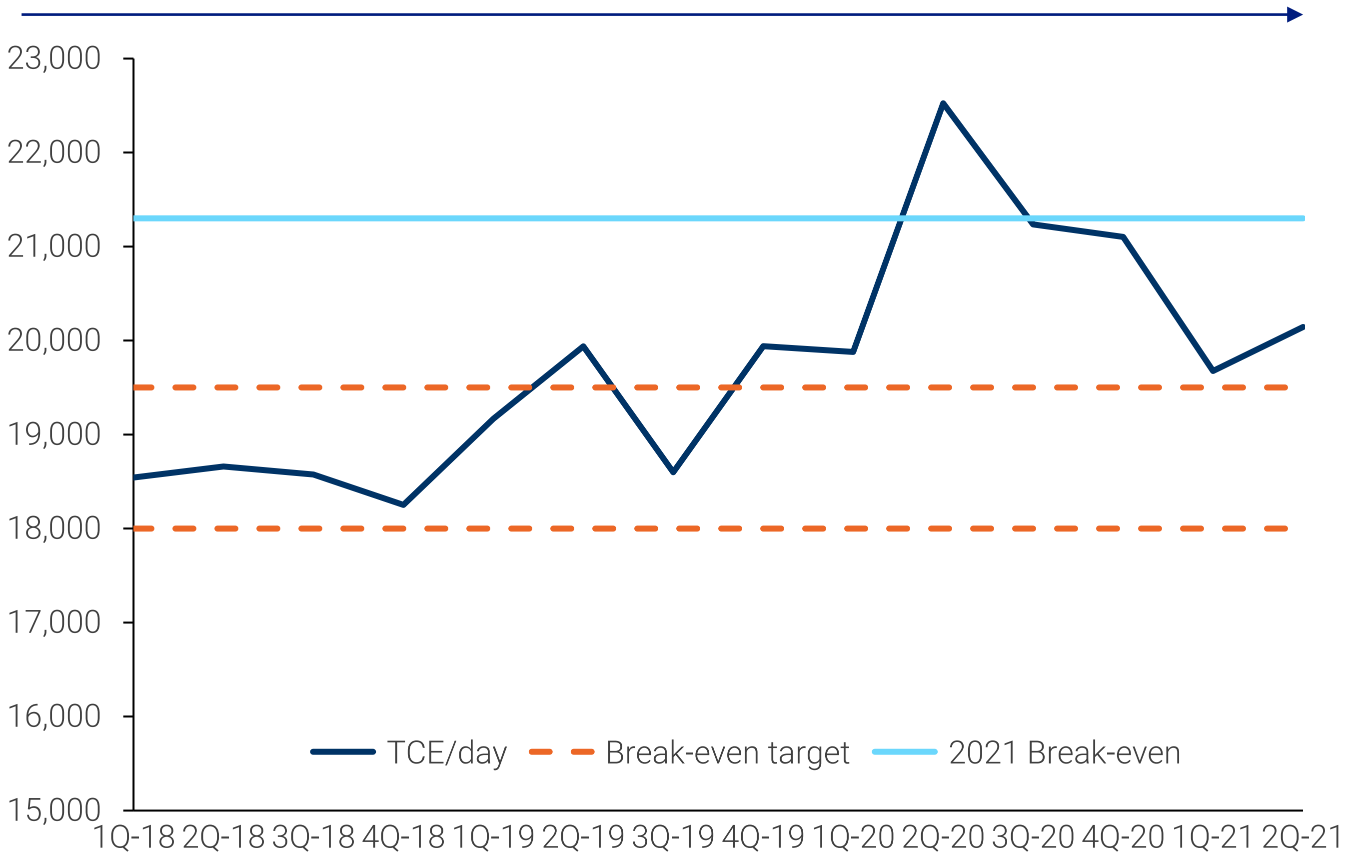


- With zero capex commitments, debt levels should be reduced in the years to come
- If market allows, we should be within our target total debt of USD 750 – USD 900 mill by 2023

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

Our TCE per day increased during the quarter

ODFJELL TANKERS BREAK-EVEN PER DAY VS TCE PER DAY (USD)



- Estimated break-even for 2021 is USD 21,300. TCE/day reached USD 20,143/day in 2Q21
- Our target is to bring our break-even levels down to USD 18,000 – USD 19,500 through various debt reduction and optimization efforts

Odfjell completes exit from gas carrier segment

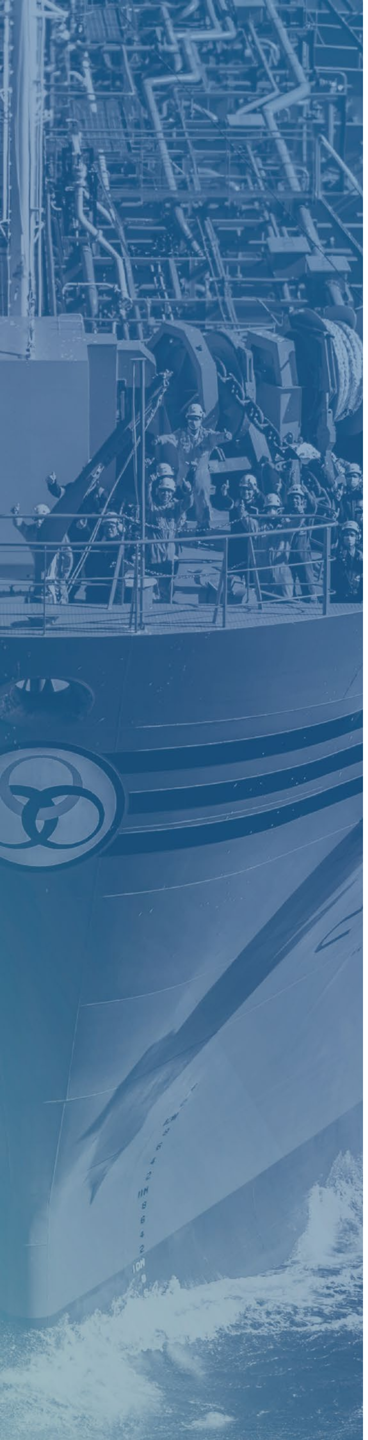
- Signed an agreement to sell our two LPG/Ethylene carriers

The sale will have a limited positive impact on our P&L and balance sheet in 4Q21 and this concludes our exit from the Chemical Gas segment.

Signed an agreement to sell our two LPG/Ethylene carriers to BW Epic Kosan

The purchase price will be settled partly in cash and partly in freely transferable shares in BWEK. Odfjell SE will control 4.3% of outstanding shares in BWEK

- Our shareholding in BWEK will be considered as a non-strategic financial investment by Odfjell
- Pro-forma balance sheet effect as of June 30 is a reduction of total debt of USD 20 mill and the transaction will have limited positive effect on our P&L in 4Q21
- The transaction is expected to close in 4Q21



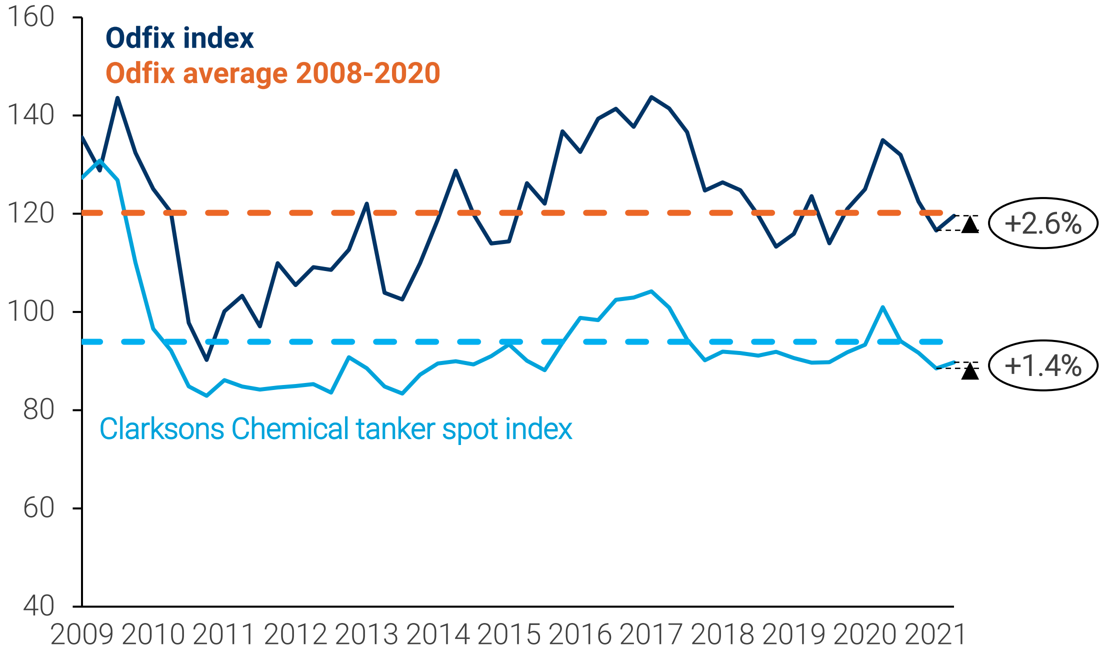
Agenda

- Highlights
- Financials
- Operational review & Strategy
- Prospects & Market update

Rates and cargo mix development

Underlying chemical demand is strong and speciality chemical continued to recover through the quarter adjusted for weather related disruptions. Operational challenges led to Odfjell being forced to carry more low-margin easy chemical, vegoils and CPP during the quarter.

ODFIX VERSUS CLARKSONS CHEMICAL TANKER SPOT INDEX



SPECIALITIES

Improved demand and nominations on COAs

EASY CHEMICALS

Soft development and less nominations on COAs. Increased swing tonnage competition

VEGOILS

Improved demand and trade during the quarter. Rates improved towards the end of the quarter

CPP

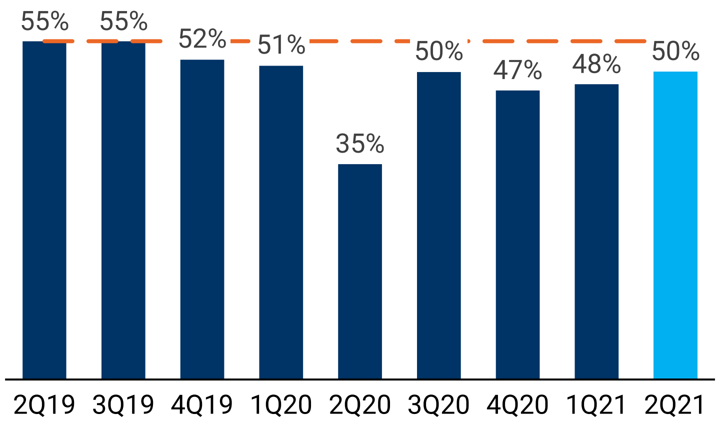
Historically weak markets. CPP only lifted in special situation where other cargoes are not available

COA and volume development

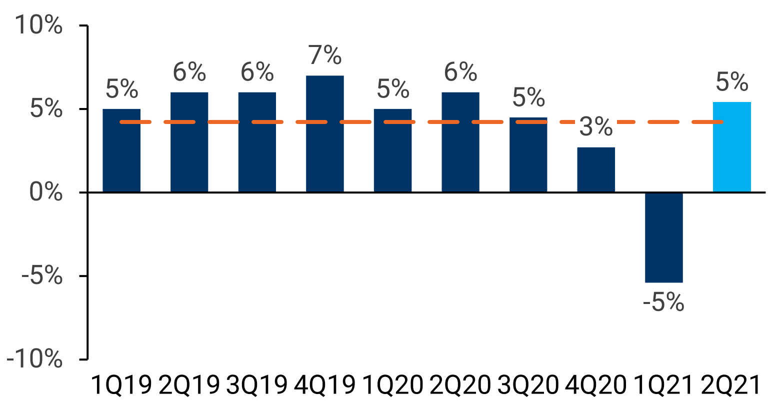
Limited COA renewals during the quarter. Volumes improved but remain below what should be normalized levels post Covid-19.

- Follow-on effects from Texas Freeze and sudden Covid-19 related lockdowns kept affecting volumes in the second quarter
- A minor part of our COA portfolio was renewed since last reporting with rate renewals up 5%. Average COA rate renewal is up 4% since 2019 and optimization of portfolio continues
- Volumes recovered towards the end of the quarter but remain below what is expected to be normalized levels post Covid-19

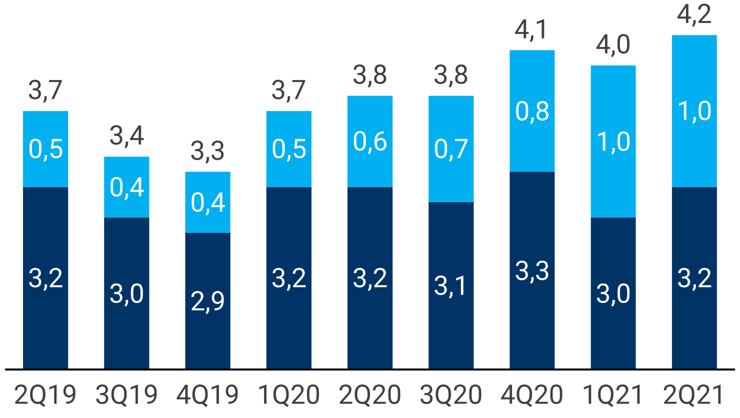
ODFJELL COA COVERAGE (%)



COA RATE RENEWALS (%)



VOLUME DEVELOPMENT (MILL TONNES)



Tank Terminals

Financial performance

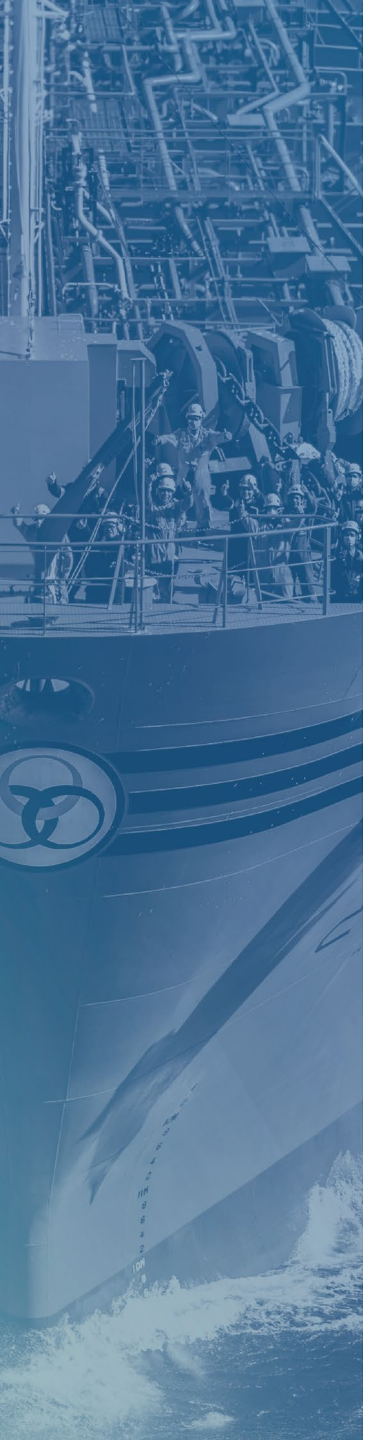
- In spite of challenging circumstances due to Covid-19, all terminals managed by Odfjell continued to maintain safe and efficient operations
- 2Q21 EBITDA of USD 8 mill compared to USD 7 mill 1Q21. Improvements in US and Antwerp outweighed reduced results in Asia

Market development

- US markets are still being impacted by low inventory levels and an unbalanced value chain but experienced an increase in enquiries for storage at the end of 2Q21
- Antwerp noted another strong quarter with the highest activity levels since the outbreak of Covid-19. Korea experienced a modest reduction in activity in 2Q21

Outlook

- We expect to see continued recovery in US and Korean storage demand in 2H21
- The construction of 35k cbm in Antwerp on track to operate from 2Q21. The evens in 4Q20 and 1Q21 at Houston meant delays in engineering for Bay-13 (FID dependent)

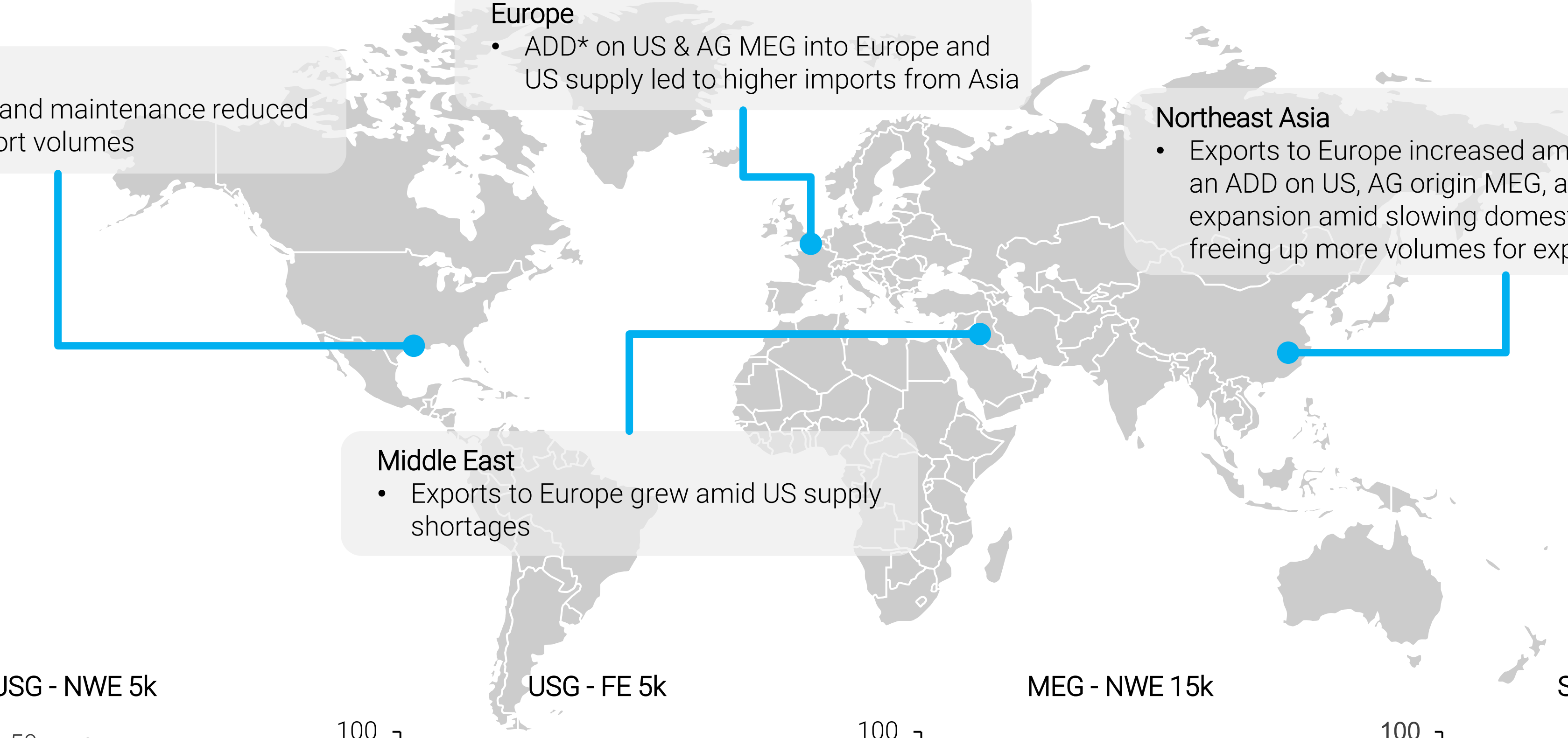


Agenda

- Highlights
- Financials
- Operational review & Strategy
- Prospects & Market update

US supply shortages led to a challenging market in the west while volumes were replaced from Asia and led to a tightening market in the East

Regional variations driven by Texas Freeze led to a weak Atlantic Market and tighter markets in the Far East during 2Q.

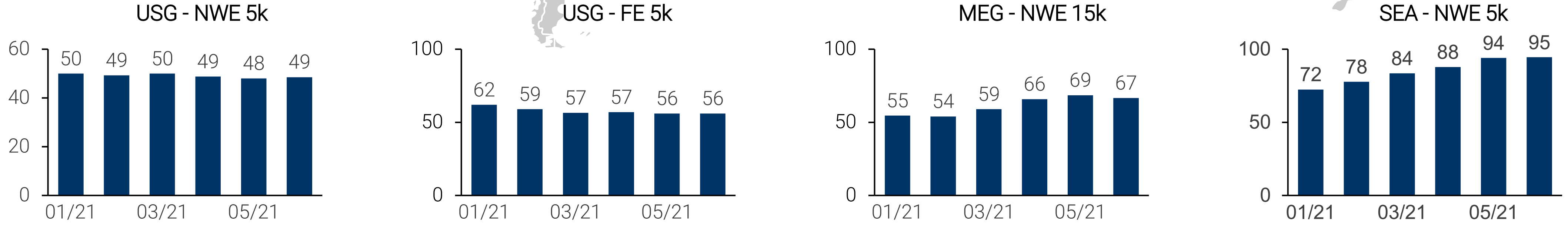


North America
- Texas freeze and maintenance reduced available export volumes

Europe
- ADD* on US & AG MEG into Europe and US supply led to higher imports from Asia

Northeast Asia
- Exports to Europe increased amid US supply disruptions, an ADD on US, AG origin MEG, and domestic capacity expansion amid slowing domestic demand, which is freeing up more volumes for export

Middle East
- Exports to Europe grew amid US supply shortages



CHEMICAL SPOT RATE DEVELOPMENT (USD/MT)

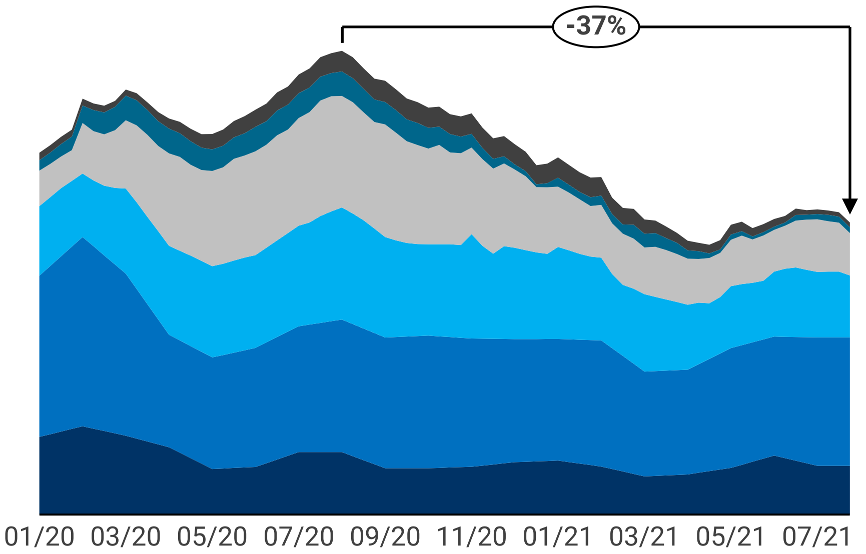
*Anti dumping duties

Inventories remain low while underlying demand continues to improve

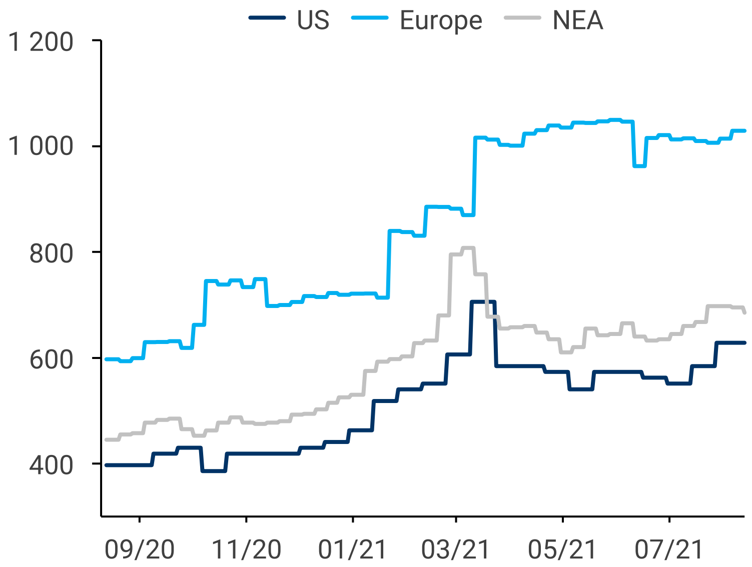
Inventory drawdown has continued to limit a meaningful growth in chemical volumes and ADD/Import taxes influenced the market during the quarter.

- Inventories have marginally increased since April, but remain below average levels, which is expected to turn as the peak manufacturing season commences
- While chemical prices remain elevated, feedstock prices have increased considerably in recent months, leading to a downward trend in producer margins in high-cost regions
- Due to high feedstock costs, producers in the US and Middle East are becoming increasingly competitive in the environment with higher oil prices
- Anti-dumping duties on US and Middle East Ethylene Glycol have hiked prices in Europe and led to increased US/AG exports to the Far East, while Far East has increased exports to Europe. Boosting tonne-mile demand

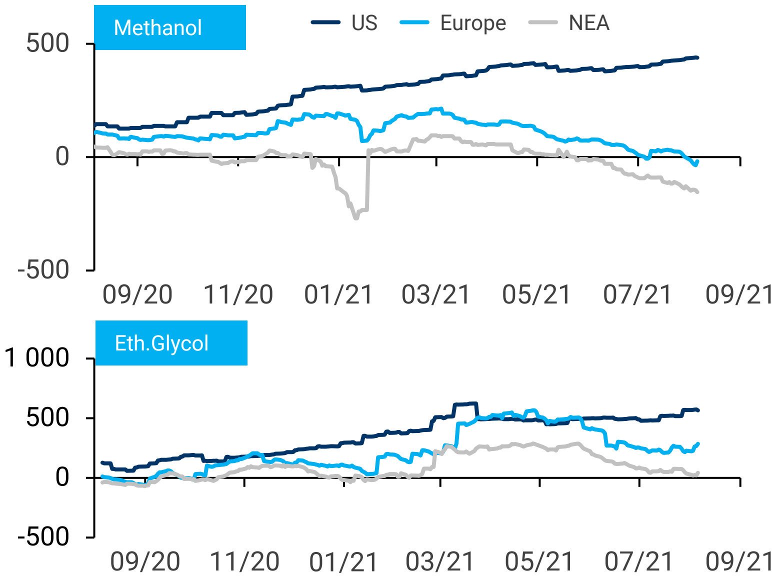
KEY PRODUCT INVENTORIES ASIAN IMPORTERS (MILL TONNES)



ETHYLENE GLYCOL PRICES (USD/MT)

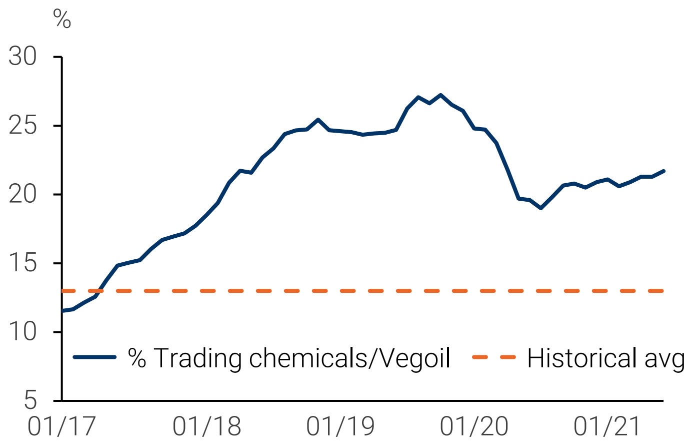


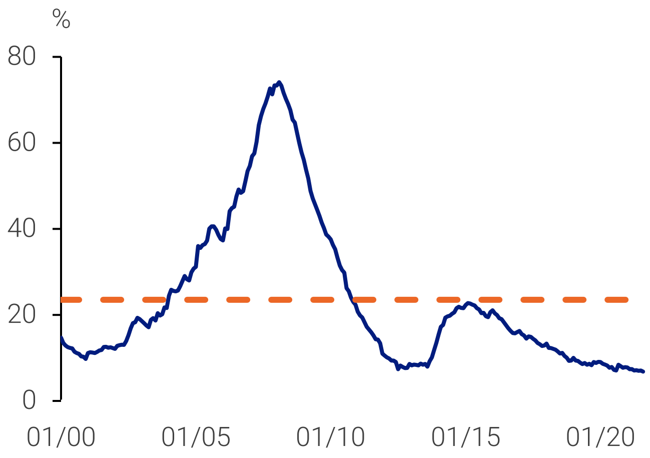
PRODUCER MARGINS DEVELOPMENT KEY CHEMICALS

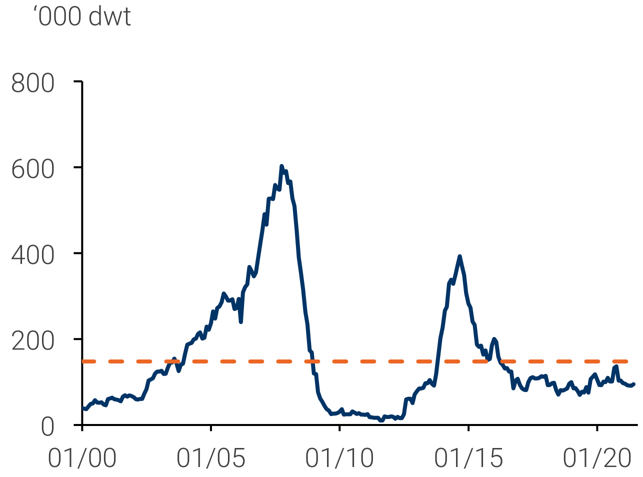


Supply dynamics

Supply remains under control with a historically low orderbook while swing tonnage competition is expected to reverse in the years to come.







SWING TONNAGE (%)

Swing tonnage has increased the last quarter, but looks to have peaked. We expect a reversal of swing tonnage and more chemical tonnage swinging into CPP in the years to come due to stronger CPP markets

ORDERBOOK SIZE (%)

Orderbook to fleet ratio stands at 6.8% and although we have seen some orders lately, the supply growth the next years is under control

ORDER ACTIVITY (kDWT)

Order activity remains below historical averages, driven by uncertainty of future propulsion and challenging markets

Market conclusion

Drivers	• Easing lockdowns across the globe improving economic activity and demand for seaborne trade of chemicals • Healthy supply/demand fundamentals for crude and product trade beyond Covid-19 to ease supply pressure in our core trades • Lack of order activity and aging fleet limiting supply growth the next 2-3 years
Supply outlook	• Supply growth limited to 1% p.a. between 2021 and 2023
Demand outlook	• Demand growth of 4% p.a. between 2021 and 2023
Short-term uncertainty	• Covid-19 related disruptions

Summary

Our results	• Slightly improved results driven by operational improvements as the market remained challenging
Odfjell Tankers	• Core markets are performing relatively well, but a recovery in Crude and CPP is needed to pave the way for a recovery
Odfjell Terminals	• Stable results and we maintain safe and efficient operations despite challenging circumstances due to Covid-19
Market outlook	• Strong underlying fundamentals with limited supply growth and healty demand fundamentals. Short term uncertainty
Guiding	• The third quarter is usually a seasonally slow quarter, which together with a continued challenging CPP market may result in a slightly weaker 3Q21 compared to 2Q21

Contact

Investor Relations: Bjørn Kristian Røed | Tel: +47 40 91 98 68 | Email: bkr@odfjell.com
Media: Anngun Dybsland | Tel: +47 41 54 88 54 | Email: media@odfjell.com

ODFJELL SE | Conrad Mohrs veg 29 | P.O. Box 6101 Postterminalen | 5892 Bergen | Norway
Tel: +47 55 27 00 00 | Email: mail@odfjell.com | CRN: 930 192 503