



Fourth quarter presentation 2021

By CEO Kristian Mørch & CFO Terje Iversen | February 9, 2022



ODFJELL

Agenda

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

Highlights

Encouraging finish to a difficult year driven by improving Chemical tanker markets in the West and continued strong markets in the East

- Timecharter earnings in Odfjell Tankers of USD 136 mill, up USD 11 mill compared to USD 125 mill 3Q21
- Net result contribution from Odfjell Terminals of USD 3 mill, compared to USD 1 mill 3Q21
- EBIT of USD 35 mill, up USD 42 mill compared to USD -7 mill 3Q21
- Net result of USD 15 mill, up USD 40 mill compared to USD -25 mill 3Q21
- Adjusted for one-offs, the 4Q21 net result of USD 10 mill, up USD 14 mill compared to adjusted net result of USD -4 mill previous quarter
- During the COA renewal season, we renewed a large part of our portfolio, with average rate increases of 2%. Average increases throughout 2021 was 2%
- Final investment decision taken on Bay-13 at Odfjell Terminals Houston, which will increase our capacity by 32,000 cbm to total 411,758 cbm

Highlights – FY 2021

- Disappointing Net result of USD -33 mill mainly due to weak chemical tanker markets in the West impacting results from Odfjell Tankers, yet another year of improved results from operations in Odfjell Terminals
- Concluded an exit from the short-sea trade in Asia, and also the planned exit from Gas (via the sale of our two Ethylene LPG carriers)
- Continued to operate well with strong safety performance despite another challenging year

KEY FIGURES, USD MILLION

(USD mill, unaudited)	1Q21	2Q21	3Q21	4Q21	4Q20	FY21
Timecharter earnings	120.4	123.4	125.0	135.9	124.9	504.8
Total opex, TC, G&A	(67.9)	(67.3)	(68.1)	(67.4)	(65.7)	(270.9)
Net result from JV's	0.8	0.5	1.1	2.6	0.0	5.1
EBITDA	53.2	56.6	58.2	77.3	59.3	245.2
EBIT	7.8	11.1	(6.8)	35.3	17.8	47.4
Net financial items	(22.1)	(18.3)	(17.6)	(19.3)	(20.1)	(77.2)
Net result	(15.6)	(7.8)	(25.3)	15.4	(2.6)	(33.2)
EPS*	(0.20)	(0.10)	(0.32)	0.20	(0.03)	(0.42)
ROE**	(9.9%)	(6.4%)	(7.7%)	8.5%	(2.0%)	(5.9%)
ROCE**	1.5%	2.1%	1.6%	6.2%	3.6%	2.4%

* Based on 78.8 million outstanding shares

** Ratios are annualised

“2021 was another challenging and unpredictable year for Odfjell impacted by the Covid-19 pandemic and a weak CPP market. We continue to operate well despite the challenging environment, and we are also ahead of our ambitious plan to reduce emissions. While we are not satisfied reporting negative results, we are encouraged by the quick recovery seen in our markets during the fourth quarter which is an indicator of the underlying strong fundamentals in our markets. In line with seasonality, the chemical tanker market has seen slightly reduced activity at the start of 2022, we therefore expect to report slightly lower results in 1Q22”

Kristian Mørch, CEO Odfjell SE

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Income statement – Odfjell Group

KEY QUARTERLY DEVIATIONS:

- A. TCE of USD 136 mill, improved from USD 125 mill in 3Q21
- Higher COA volumes and stronger spot rates across all tradelanes
- B. Improved contribution from Odfjell Terminals driven by insurance proceeds related to fire at OTH and Texas freeze
- C. Lower G&A expenses related to reversal of provisions
- D. EBIT of USD 35 mill compared to USD -7 mill in 3Q21
- In addition to improved timecharter revenues and reduced G&A, this reflects USD 6 mill in distribution from Den Norske Krigsforsikring for Skip (other operating income)
- E. Net result improved from USD -25 mill to USD 15 mill in 4Q21. Excluding one-offs and extraordinary items, net result was USD 10 mill compared to USD -4 mill in the previous quarter.

USD MILLION			
	2Q21	3Q21	4Q21
Net Timecharter Earnings (TCE)	123.4	125.0	135.9
TC expenses	(4.1)	(5.3)	(7.5)
Operating expenses	(49.0)	(46.8)	(47.7)
Share of net result from associates and JV	0.5	1.1	2.6
General and administrative expenses	(14.2)	(16.0)	(12.2)
Other operating income	-	-	6.2
EBITDA	56.6	58.2	77.3
Depreciation	(45.8)	(45.1)	(43.6)
Impairment of ships, property, plant and equipment	-	(21.0)	(0.1)
Capital gain (loss)	0.4	1.2	1.7
EBIT	11.1	(6.8)	35.3
Net interest expenses	(19.6)	(17.8)	(17.3)
Other financial items	1.4	0.2	(2.0)
Taxes	(0.6)	(0.9)	(0.6)
Net results	(7.8)	(25.3)	15.4
EPS	(0.10)	(0.32)	0.20
Commercial revenue days (exc. external pool vsls)	6,126	6,348	6,506
Off-hire days	579	519	356

Balance sheet per December 31, 2021 – Odfjell Group

- A. Cash balance plus undrawn commitments on long-term bank facilities of USD 109 mill
- B. IFRS 16 adjusted equity ratio of 30% as of 4Q21
- C. In November we completed a NOK 269 mill conditional buy-back of the bonds maturing in June 2022 and a subsequent tap issue of NOK 275 mill in the bonds maturing in September 2023

ASSETS, USD MILL	2021	3Q21	4Q21
Ships and newbuilding contracts	1509.8	1413.2	1392.8
Right of use assets	247.3	232.1	219.9
Investment in associates and JVs	179.8	177.6	179.5
Other non-current assets/receivables	15.7	15.0	14.2
Total non-current assets	1952.7	1837.8	1806.4
Cash and cash equivalent	56.9	54.6	73.5
Other current assets	163.9	213.7	193.3
Total current assets	220.9	268.4	266.7
Total assets	2173.6	2106.2	2073.1

EQUITY AND LIABILITIES, USD MILL	2021	3Q21	4Q21
Total equity	562.5	531.9	548.6
Non-current liabilities and derivatives	27.5	27.4	23.7
Non-current interest bearing debt	1,005.2	981.2	967.5
Non-current debt, right of use assets	201.9	187.2	172.6
Total non-current liabilities	1234.6	1195.8	1163.8
Current portion of interest bearing debt	193.5	189.8	170.6
Current debt, right of use assets	57.8	57.7	60.7
Other current liabilities and derivatives	125.2	131.1	129.5
Total current liabilities	376.5	378.5	360.8
Total equity and liabilities	2173.6	2106.2	2073.1

Cash Flow statement – Odfjell Group

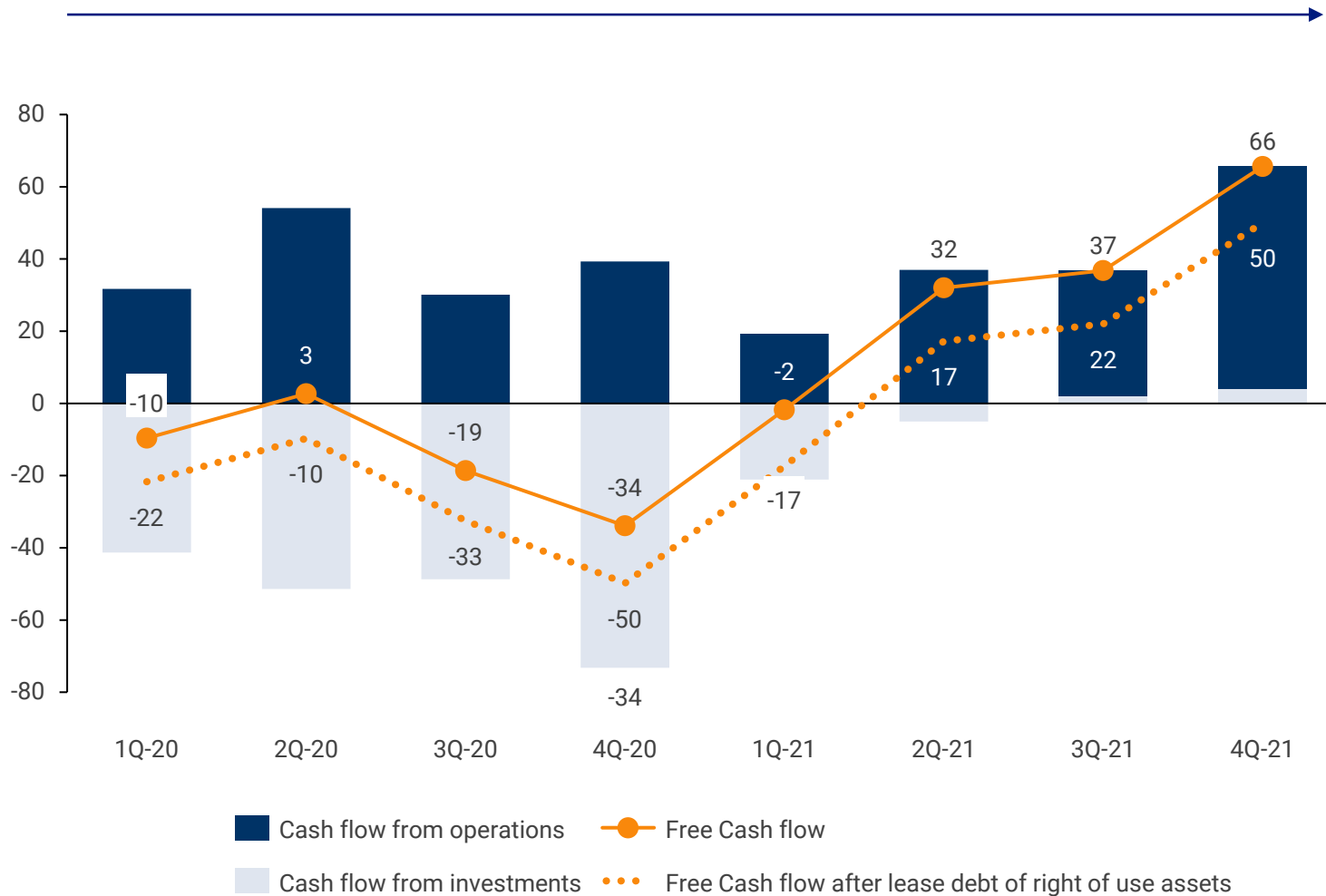
- A. Operating cash flow increased from USD 35 mill in 3Q21 to USD 62 mill in 4Q21 primarily driven by improved net profit and change in net working capital
- B. USD 10 mill related to the sale of the last gas vessel
- C. New interest-bearing debt relates to the conditional buyback and subsequent tap issue in our two of our bonds. The transaction was cash neutral as USD 32 mill was moved further out on the curve

Cash flow, USD mill	2Q21	3Q21	4Q21
Net profit	(8.0)	(25.2)	15.3
Adjustments	45.8	61.0	44.2
Change in working capital	7.7	(3.6)	5.5
Other	(8.5)	2.8	(3.5)
Cash flow from operating activities	37.0	34.8	61.7
Sale of ships, property, plant and equipment	-	10.1	10.3
Investments in non-current assets	(8.4)	(8.7)	(7.1)
Dividend/other from investments in Associates and JV	2.9	-	-
Other	0.5	0.6	0.6
Cash flow from investing activities	(5.0)	2.0	3.9
New interest bearing debt	69.1	-	31.8
Repayment of interest bearing debt	(101.8)	(33.8)	(62.7)
Payment of operational lease debt	(14.8)	(14.8)	(15.6)
Dividends	-	-	-
Repayment of drawing facilities	-	10.1	-
Cash flow from financing activities	(47.5)	(38.5)	(46.5)
Net cash flow*	(15.0)	(2.3)	18.8
Opening cash and cash equivalents	71.9	56.9	54.6
Closing cash and cash equivalents	56.9	54.6	73.5

* Including FX effects

The stronger markets led to another quarter of improved free cash flow

Odfjell Free Cash flow per quarter (USD mill)

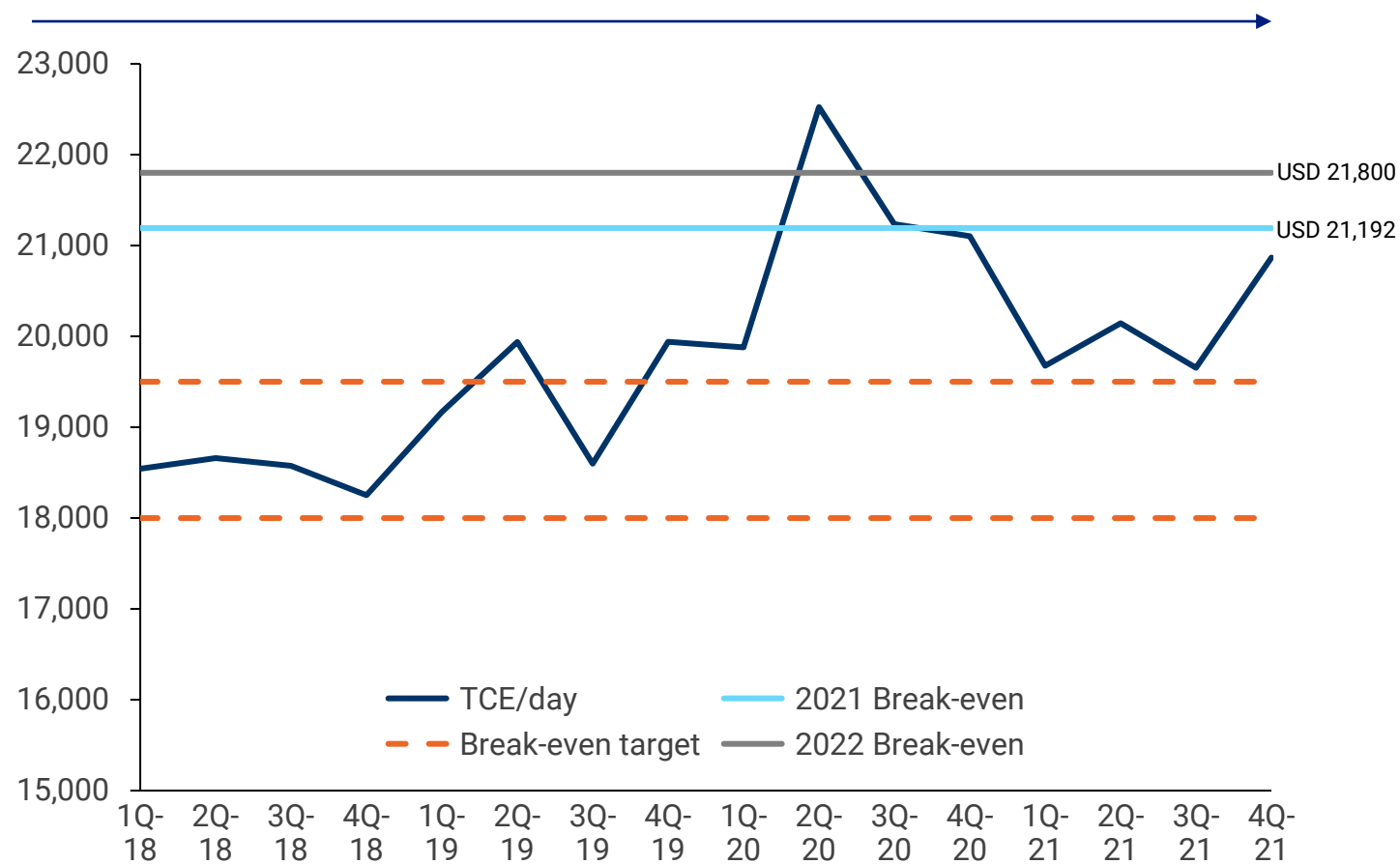


- Odfjell generated free cash flow of USD 66 mill in 4Q21 and free cash flow of USD 50 mill after debt repayments related to right of use assets
- In line with our financial strategy, free cash flow will be allocated for deleveraging to ensure we can generate positive cash flow throughout the cycle in the long term
- This will position Odfjell to establish a predictable and sustainable dividend policy

* Free cash flow equals cash flow from operations less cash flow from investments and less debt repayments related to right of use assets (IFRS-16 debt)

Our TCE per day increased during the quarter

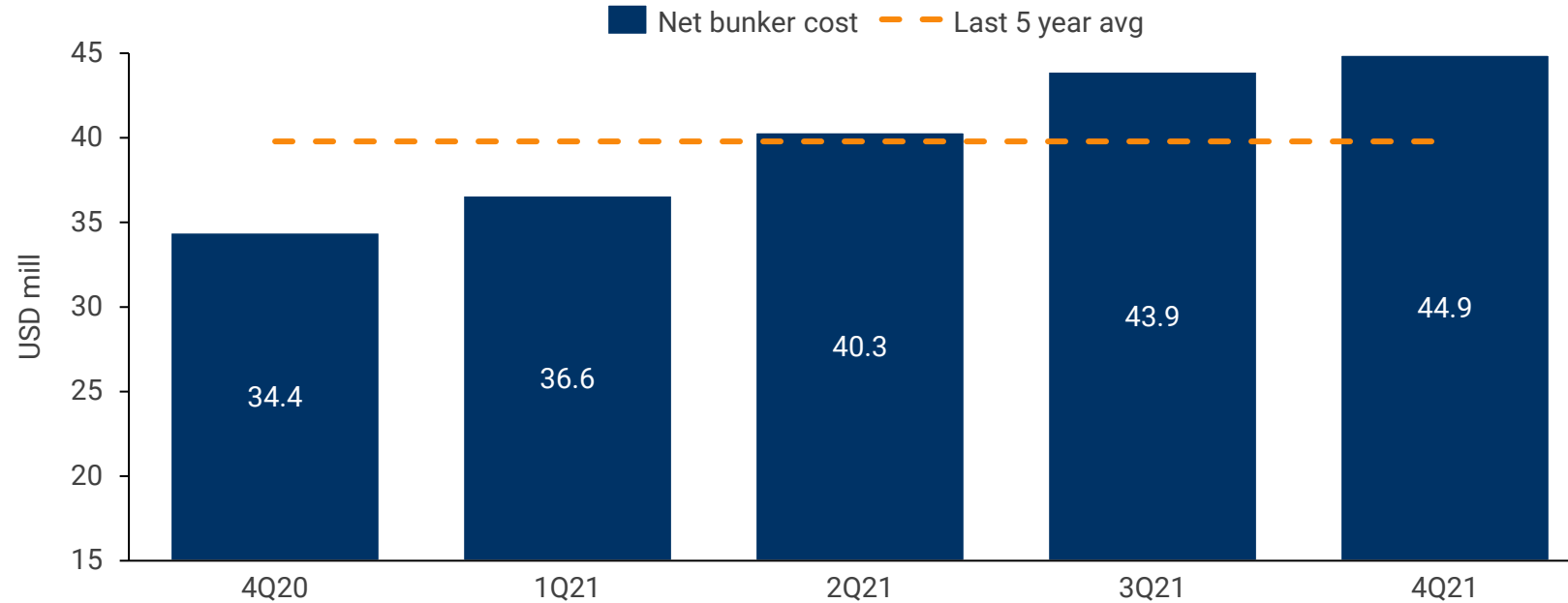
ODFJELL TANKERS BREAK-EVEN PER DAY VS TCE PER DAY (USD)



- Our TCE/day increased to USD 20 868 in 4Q21 from USD 19 654 in 3Q21. This is slightly below the break-even for 2021 of USD 21 192/day
- Due to a decrease in trading days following the sale of short-sea vessels, the full-year 2022 cash break-even is expected to be around USD 21,800 per day. Countering this, is the average fleet size increasing which will lead to a higher generated TCE/day
- Our longer-term target is to bring our break-even levels down to USD18 000-USD19 500 per day through various debt reduction and optimization efforts

Bunker expenses per 4Q21 – Odfjell Tankers

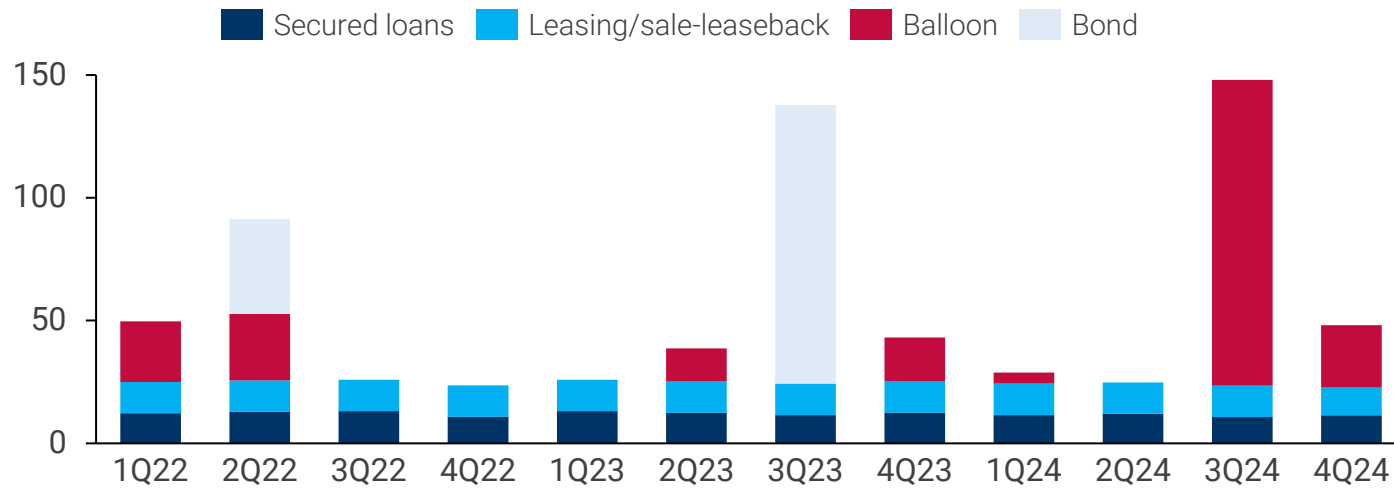
Bunker costs were USD 44.9 mill in 4Q21, above the historical average.



	4Q20	1Q21	2Q21	3Q21	4Q21
Gross bunker cost	39.4	50.7	58.2	63.4	70.5
Financial hedging	0.3	(1.8)	(2.3)	(2.6)	(3.2)
Adj. Clauses	1.8	(2.1)	(4.3)	(6.0)	(9.4)
3rd party vessels	(7.1)	(10.3)	(11.4)	(10.9)	(13.0)
Net bunker cost	34.4	36.6	40.3	43.9	44.9

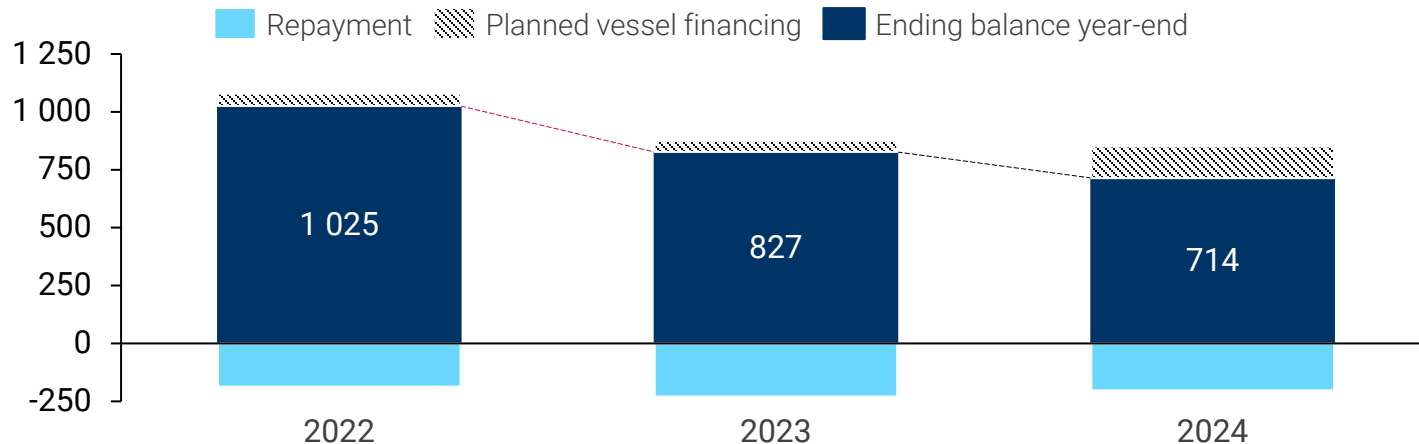
Debt development – corporate & chemical tankers

SCHEDULED REPAYMENTS & PLANNED REFINANCING, USD MILLION



- Installments on secured loans include reduction of undrawn commitments, USD 4m per quarter
- 1Q22 balloon payments includes the repayment of loans for three vessels sold
- Jun 2022 bond maturity has been reduced to USD 39m following buyback and tap issue in Nov 2021

GROSS INTEREST-BEARING DEBT ENDING BALANCE, USD MILLION*



- Scheduled installments on loans and leases reduce gross interest-bearing debt by approx. USD 101m p.a. (of which USD 16m is a reduction of undrawn commitments)
- We have used conservative LTV assumptions in planned vessel refinancing transactions

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

Agenda

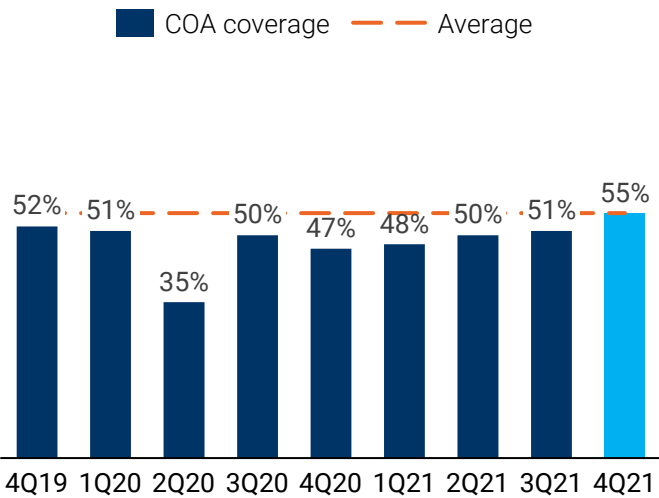
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COA and volume development

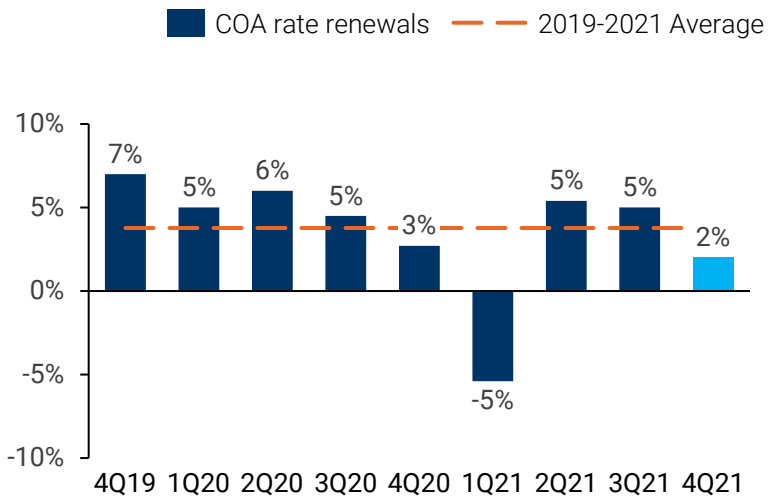
Total volumes increased during the quarter, which was driven by higher COA nominations, whereas the spot market in the west continued to be influenced by weak US exports, albeit some improvement occurred compared to the previous quarters

- COA nominations improved across our COA portfolio as the market improved and charterers utilized more of their COA space
- In 4Q21 our COA coverage reached 55% compared with 51% in the previous quarter
- COA rate renewals increased by 2% after the peak contract renewal season

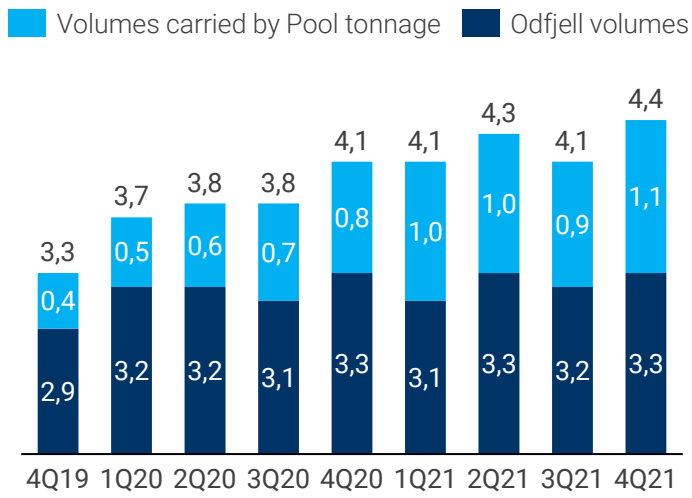
ODFJELL COA COVERAGE (%)



COA RATE RENEWALS (%)



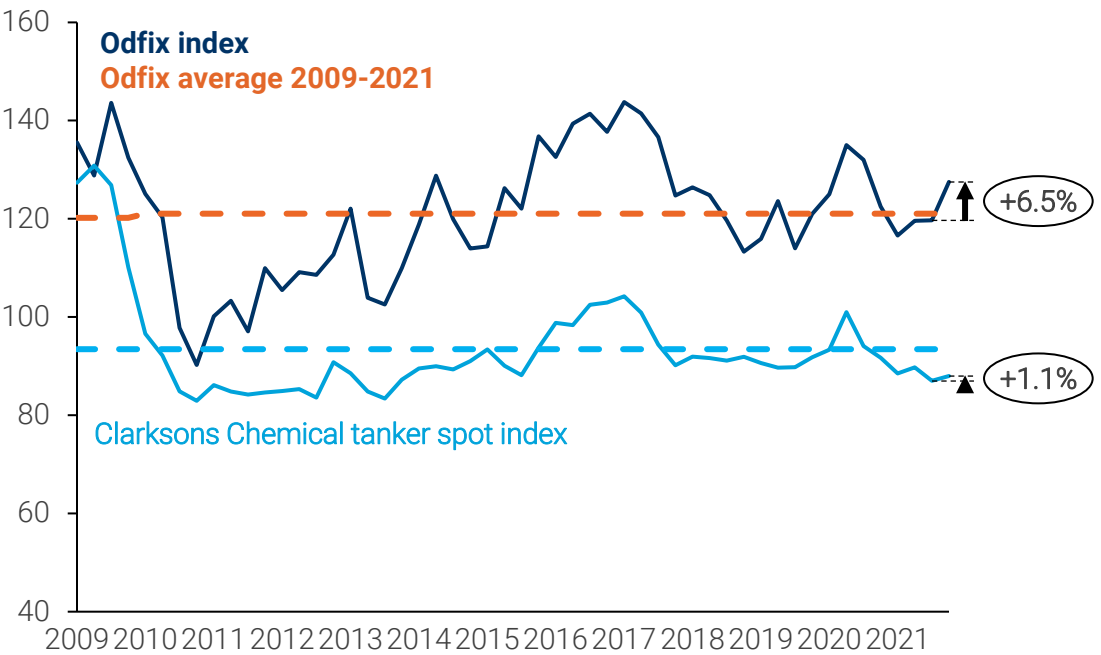
VOLUME DEVELOPMENT (MILL TONNES)



Rates and cargo mix development

The ongoing normalization of chemical markets increased the share of chemicals shipped in 4Q21, whereas our presence in vegoils decreased and CPP remained low. The depressed CPP markets also continues to be a negative factor in our segment

ODFIX VERSUS CLARKSONS CHEMICAL TANKER SPOT INDEX



SPECIALITIES

Both COA and spot volumes remained stable

EASY CHEMICALS

Volumes increased on the back of increased COA nominations

VEGOILS

Volumes decreased in 4Q21, following several months of above average activity due to repositioning and delivery of coated tonnage

CPP

Our presence in the CPP market reduced to a minimum following a period of higher presence due to repositioning and delivery of coated tonnage

Tank Terminals



- 4Q21 EBITDA of USD 10 mill compared to USD 8 mill in 3Q21. The improved results mainly reflects insurance proceeds from the OTH fire incident and the Texas freeze
- Average commercial occupancy rate was 96.1% in 4Q21, an improvement from 93.9% in 3Q21 driven by our terminal in Houston and in Antwerp



- The US terminals had another good quarter with a strong uplift in commercial occupancy and healthy activity levels
- In Europe, the positive trend continued with occupancy rates at 100% and high activity levels
- In Asia, our terminal in Ulsan had a moderate increase in commercial occupancy, but a significant uplift in activity levels



- We expect a general positive development in 2022 with high demand for storage and the increased activity levels to continue



Odfjell is expanding storage capacity at Odfjell Terminals Houston

The new tank bay is set to begin construction in the first quarter of 2022 and is expected to commence operations by the end of 2023.



Odfjell is expanding its terminals platform with the addition of a new, modern, automated tank bay. Bay 13 at Odfjell Terminals Houston (OTH) will increase local capacity by approximately 9% to 413,400 cubic meters. Bay 13's nine new tanks will be comprised of a mix of stainless steel and carbon-steel.



The project is consistent with OTH's strategy of positioning itself for healthy demand growth in the specialty/ petrochemical industry in the US Gulf Coast region, where OTH has been operating at or near full capacity for years.



The investment will be funded by an existing credit facility at the terminal.

The tank bay will be highly automated, requiring less manual intervention, and will benefit from the ongoing Digital Transformation Program, which includes an advanced ERP system and automated control systems.



Even in the context of high material prices impacting investment costs, we anticipate the project to generate attractive returns

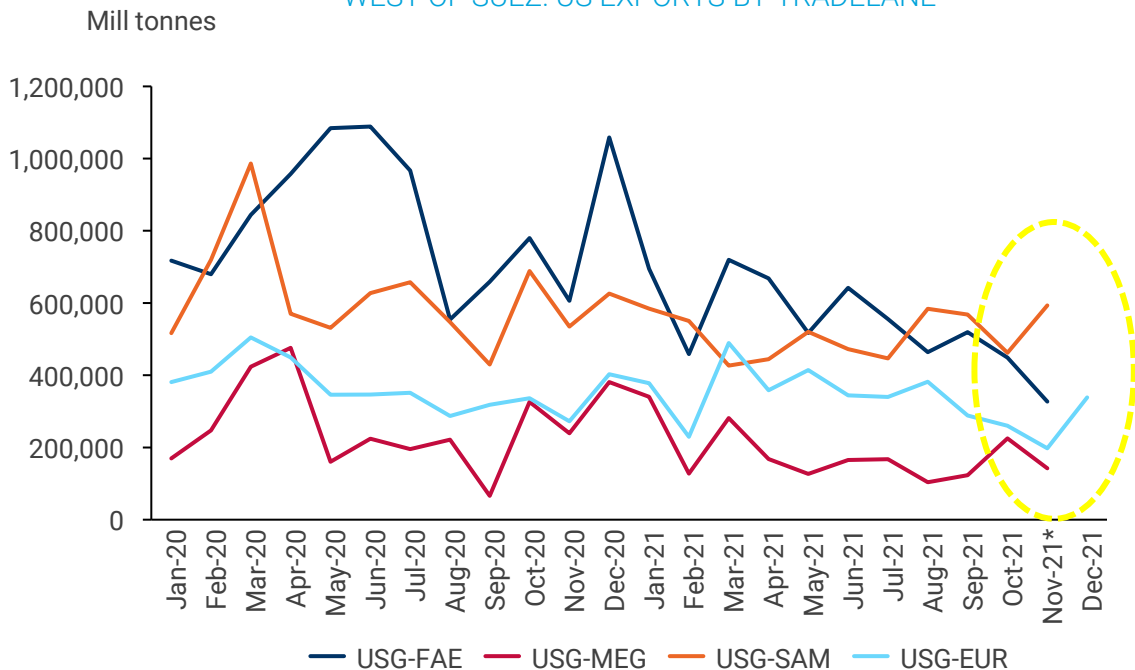


Agenda

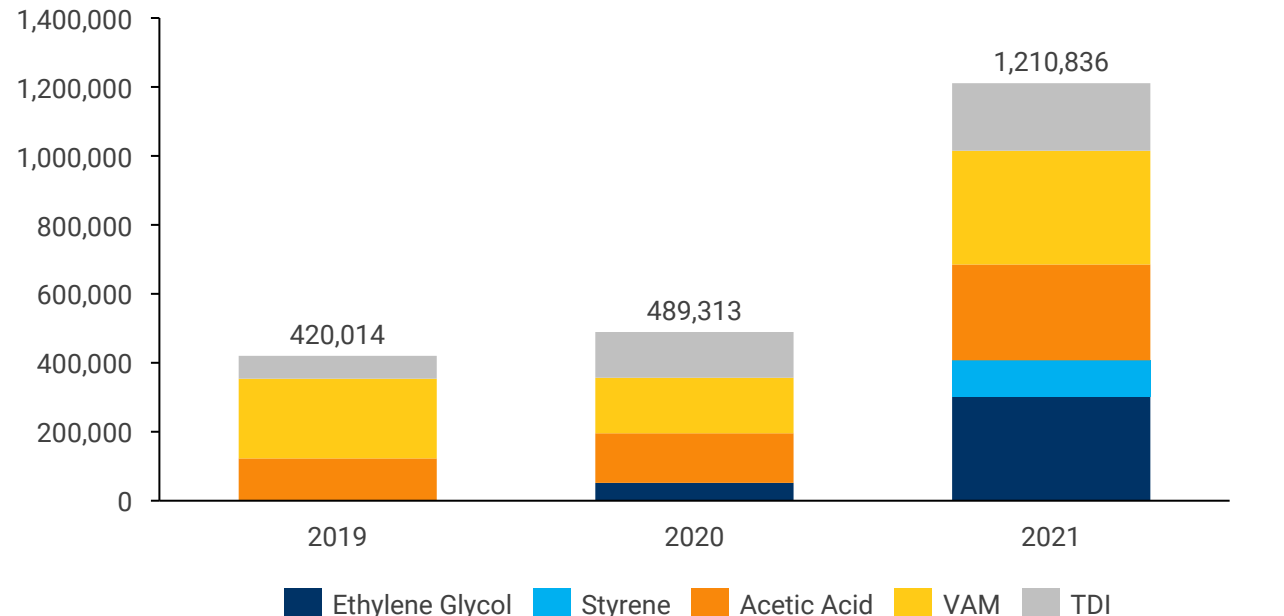
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Market still driven by soft US exports and strong Asian exports to the West, although US exports improved towards the end of the year

WEST OF SUEZ: US EXPORTS BY TRADELANE



EAST OF SUEZ: REPLACING LOST OUTPUT FROM THE US EXPORTING TO USG AND EUROPE

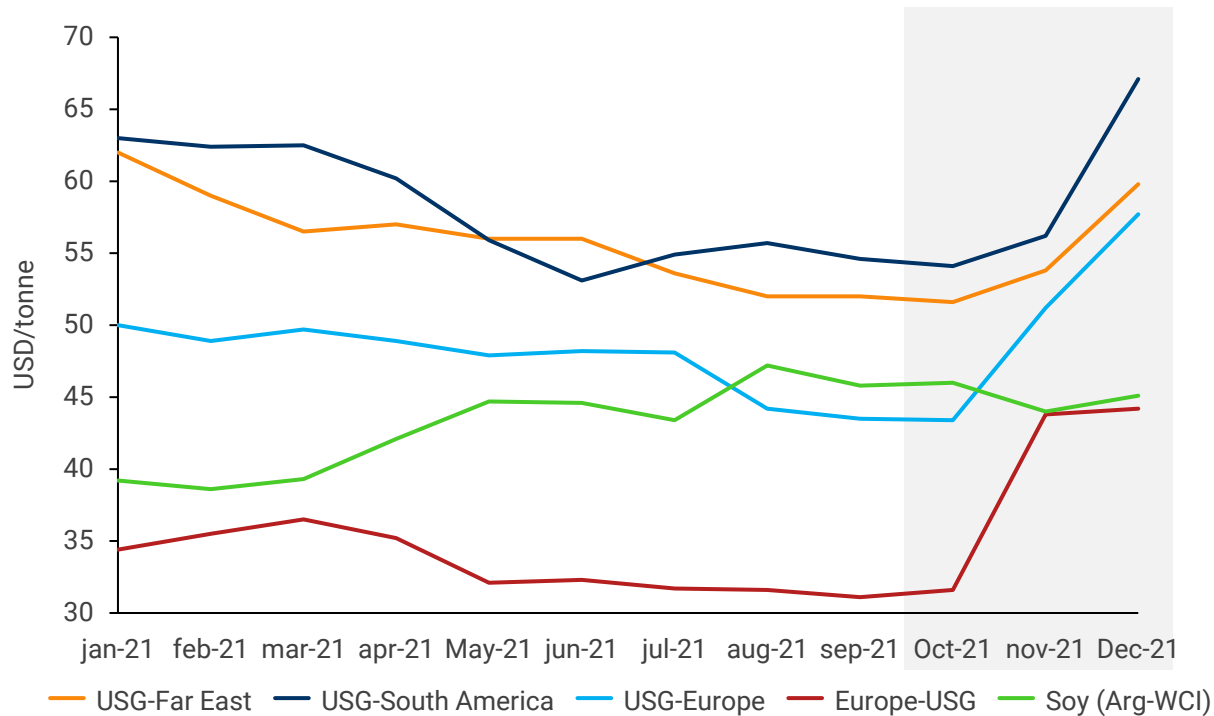


- Lower US chemical prices has stimulated increased exports on some routes
 - Supply chain challenges easing and production finally increasing
 - New capacity ramping up in December (Methanol and Glycols)
- Reduced chemical tanker supply in the Atlantic basin improved market balance
- Positive trend US ex Europe, Middle East and South America...
- ...The biggest laggard therefore remains exports to Asia
- All in all, positive signals, but US exports still have a way to go to reach levels seen in 2019 and 2020

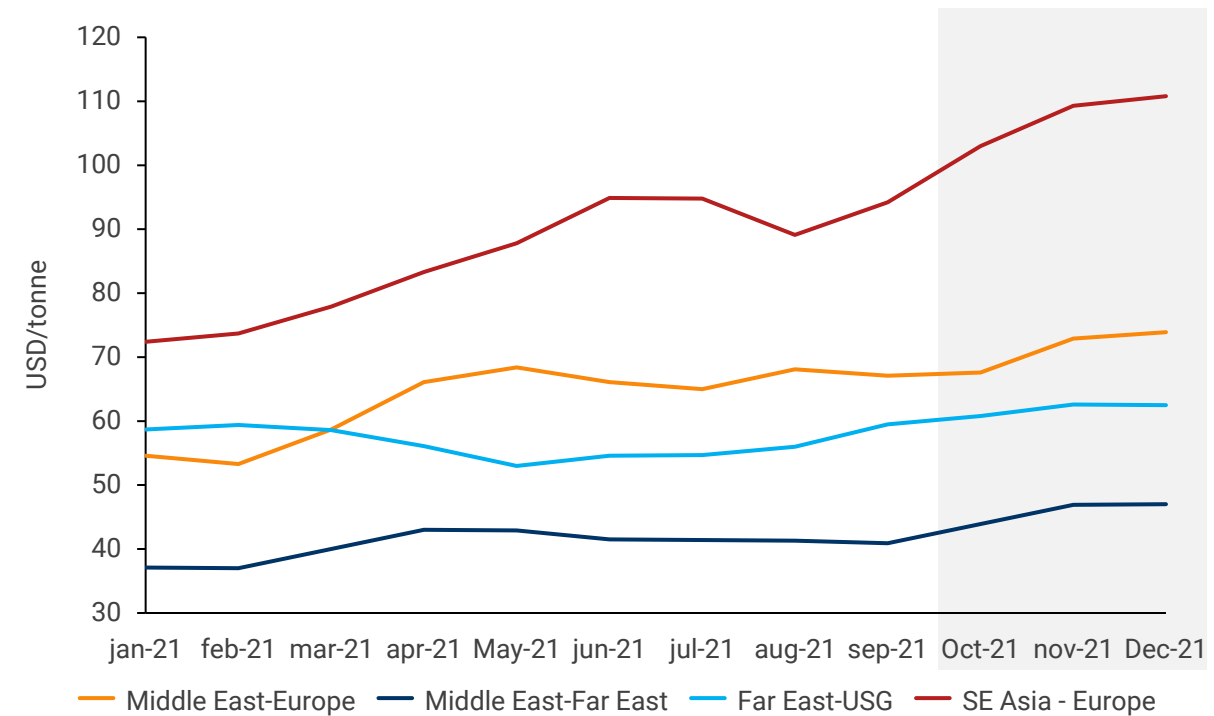
- Asian exports replacing US exports continued in 4Q 21
- Prices in Europe, US and surrounding areas significantly higher than in Asia
- More than 400k tonnes of Ethylene Glycol and Styrene exported from the region to the Atlantic from close to zero in earlier years
- This has led to a constructive supply situation in the region, further exacerbated by port congestions in China
- Exports has not shown meaningful signs of slowing down despite signs of normalisation in the Atlantic (this is expected).

Chemical tanker rates decoupled from the CPP market and improved during the quarter, mainly driven by normalized US exports

FREIGHT RATES EXPORTS WEST OF SUEZ QUOTED BY CLARKSONS



FREIGHT RATES EXPORTS EAST OF SUEZ QUOTED BY CLARKSONS



- Chemical tanker rates improved across all routes as there was a lack of supply
- Vegoil rates from South America remained weak in line with CPP rates
- Despite soft USG to Far East exports, but spot rates improved due to improved market balance

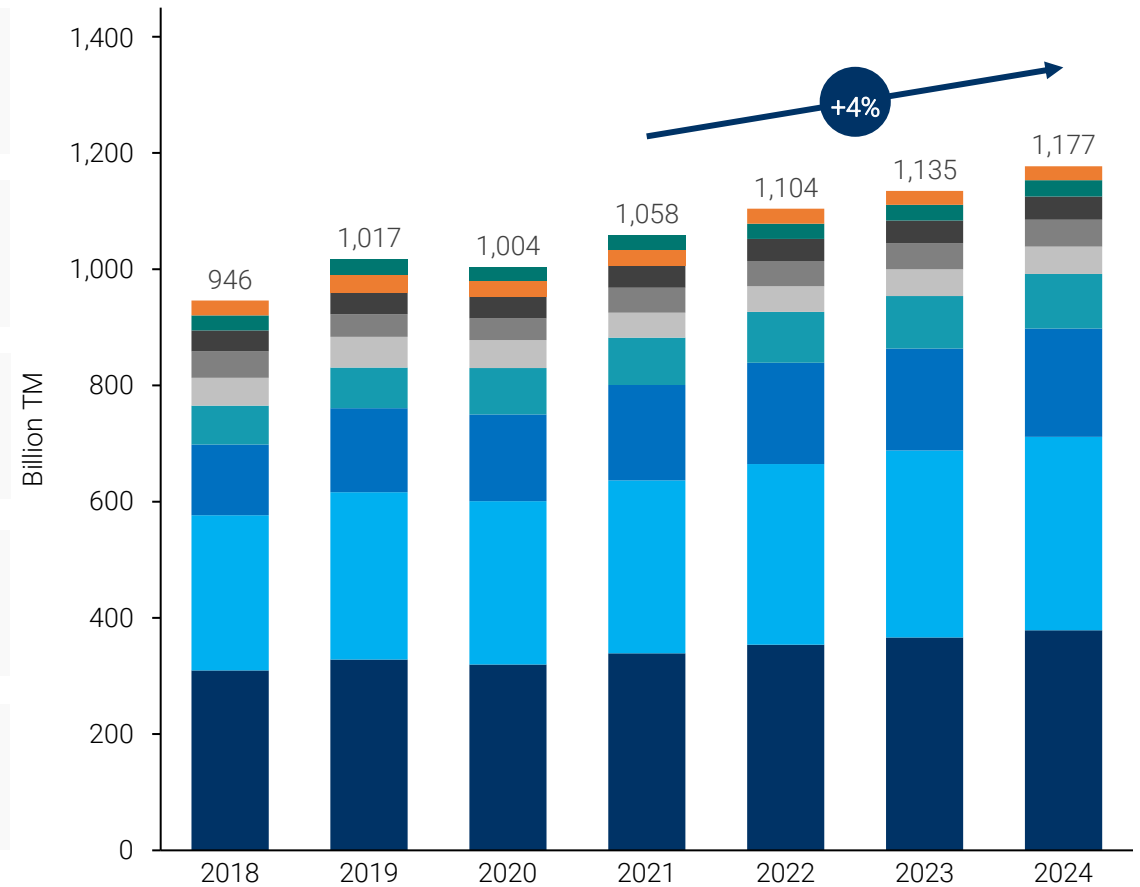
- Continued strength across all routes in line with 2021 as a whole
- Asia to Europe spot rates at historical highs in 4Q21 and into 2022
- Small parcels previously carried onboard tank containers marketed towards tankers

Strong underlying demand growth for liquid chemicals and structural shifts with production centers shifting to areas further away from demand growth

CHEMICAL TANKER DEMAND DRIVERS

GDP	Projections of strong GDP growth post pandemic
New capacity	New low cost capacity ramping up in USG & AG boosting miles travelled
Record margins	Producers are in general enjoying high margins and strong profits, due to good demand and high prices
China rationalisation	China rationalising capacity due to environmental regulations
Fuel blends	Vegoils and Ethanol playing a role in increased demand for biofuels

CHEMICAL TANKER TONNE-MILE DEMAND GROWTH

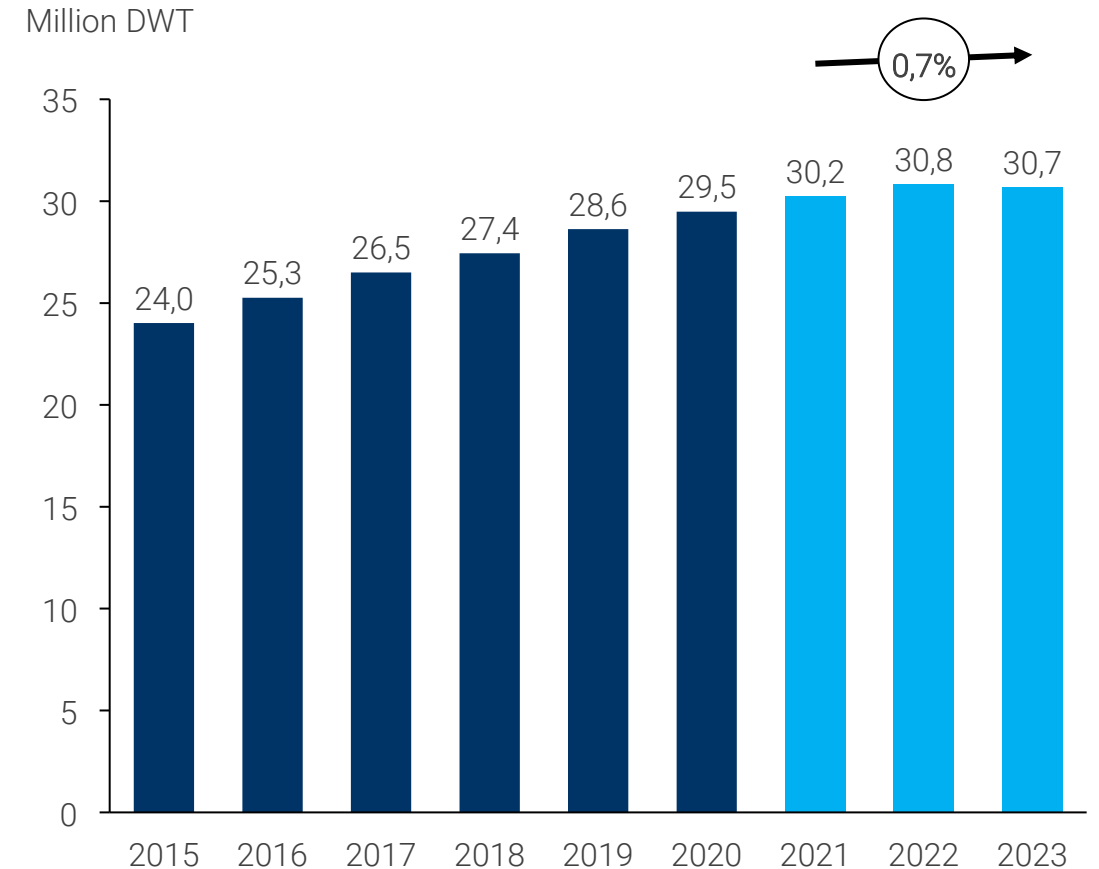


Fleet growth projected to be flat and turn negative in 2023

CHEMICAL TANKER SUPPLY DRIVERS

Low orderbooks	Orderbook at historical low's of 6.7% of current fleet
Ageing fleet	Ageing fleet with 15% of fleet becoming recycling candidates next two years
Lack of orders	Owners hesitant to order newbuilds due to future fuel uncertainties
Less swing tonnage	Improved fundamentals in crude and product tankers to reduces swing supply
Reduced speeds	EEXI regulations to trigger slowsteaming for uncompetitive tonnage from 2023

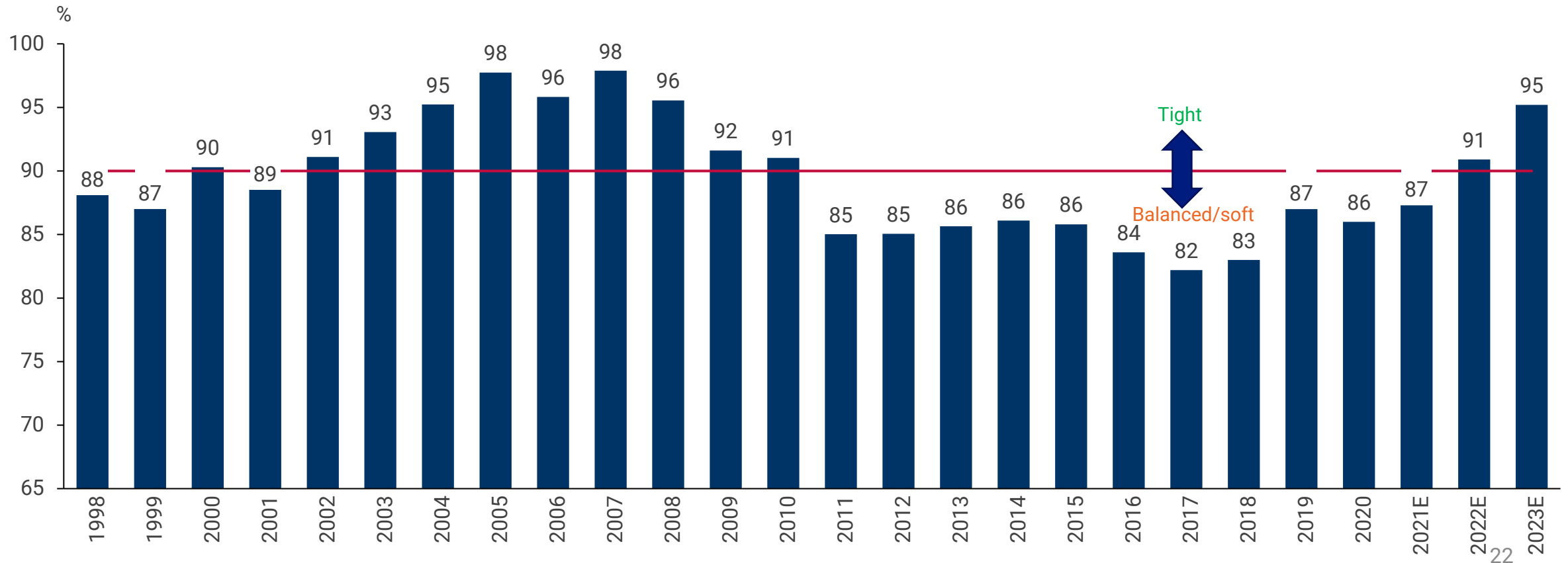
CHEMICAL TANKER NET FLEET GROWTH



Market balance and utilization

MARKET BALANCE TO CLIMB NORTH OF 90% in 2022 INDICATING A TIGHT MARKET WITH INCREASED VOLATILITY

- Tightening fundamentals driven by significant drop in fleet growth
- Not unlikely that the market balance could reach similar levels as the 2003-2008 super cycle



Shipping costs constitute a relatively minor share of downstream derivative and finished product prices

BULKERS

CONTAINERSHIPS

CHEMICAL TANKERS

Product transported

Iron ore

Shoes

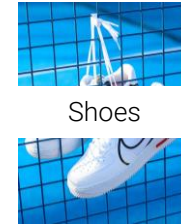
Monoethylene glycol

Derivative

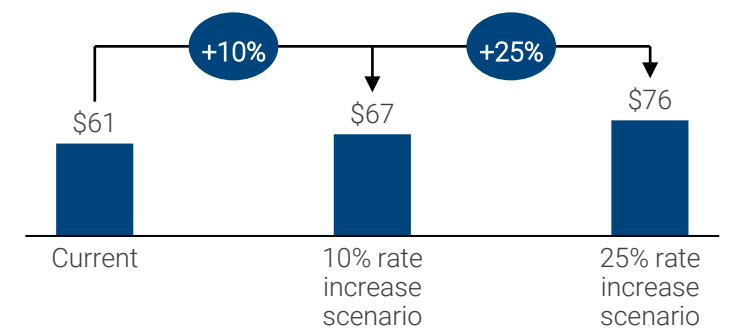
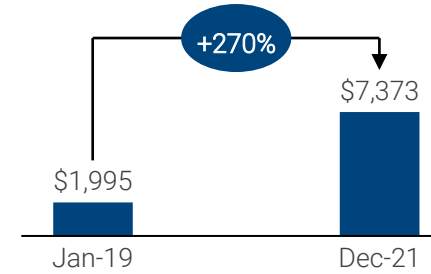
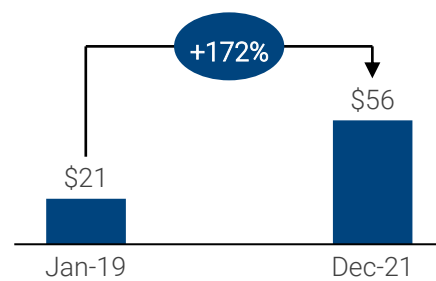
STST plate

Shoes

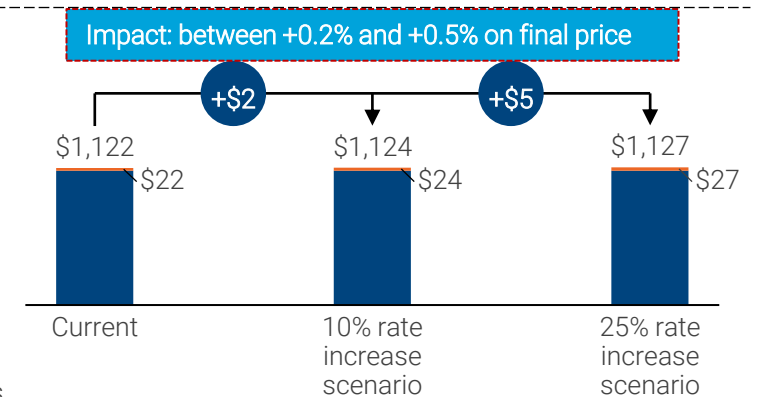
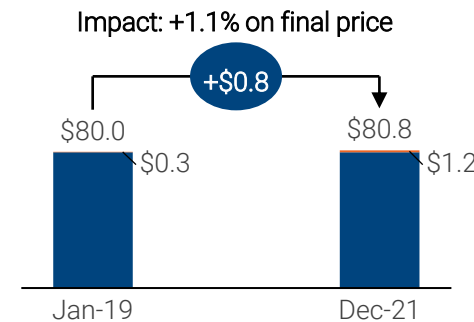
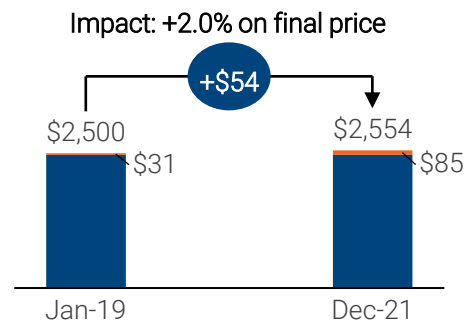
Polyester



Freight development



Impact on derivative prices (\$/unit*)**



Share of shipping cost per unit (orange bar) Other price components (blue bar)

*Unit assumptions: Bulk carriers example – per 1 MT of cold-rolled stainless steel plate; Containerships example – per one pair of shoes; Chemical tankers example – per 1 MT of PET fibre filament

**Assume other pricing components stay constant

Summary - an encouraging finish to a difficult year

Our results	<ul style="list-style-type: none">TCE increased by USD 11 mill compared to 3Q21 with Net profit of USD 15 mill driven by an improved chemical tanker market
Odfjell Tankers	<ul style="list-style-type: none">COA nominations improved, COA rate renewals increased and spot rates remained strong east of suez and improved west of suez
Odfjell Terminals	<ul style="list-style-type: none">The terminals had another strong quarter with a strong uplift in commercial occupancy and healthy activity levels.Capacity being added both in Antwerp and in Houston
Market outlook	<ul style="list-style-type: none">Robust demand outlook for liquid chemicals combined with limited supply growth is expected to tighten the market balance
Guiding	<ul style="list-style-type: none">In line with seasonality, the chemical tanker market has seen slightly reduced activity at the start of 2022, we therefore expect to report slightly lower results in 1Q22

Contact

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