



ODFJELL



Fourth quarter/preliminary full year 2022

Presentation by CEO Harald Fotland & CFO Terje Iversen | February 9, 2023

Fourth quarter / preliminary full year 2022 presentation

- 01 Highlights
- 02 Financials
- 03 Operational review
- 04 Market update and prospects

Highlights 4Q22

KEY FIGURES, USD MILLION

The firm chemical tanker market seen in 3Q22 continued through the fourth quarter, concluding a financially strong year for Odfjell

- Time charter earnings in Odfjell Tankers increased to USD 187 mill, up from USD 171 mill in 3Q22
- EBIT of USD 73 mill compared to USD 71 mill in 3Q22
- Net result of USD 50 mill, same as previous quarter. Net result adjusted for one-off items was USD 50 mill compared to USD 46 mill in 3Q22
- COA rate renewals were up 26% on average
- Net result contribution from Odfjell Terminals of USD 0.2 mill compared to USD 8 mill in 3Q22 which included insurance proceeds
- Refinanced five vessels at attractive terms in 4Q22, reducing break-even for the respective vessels by approximately USD 3,100 per day
- The Board approved dividend of USD 0,61 per share based on adjusted 2H22 results

Highlights - FY2022

- Net result of USD 142 mill mainly driven by firming markets
- Safety, environmental and operational performance well within targets
- Several years of continuous focus on improved cost, efficiency, and quality has positioned us to fully utilize the improving markets
- Total dividend FY2022 of USD 66 mill¹

¹ Not including dividend paid in 2Q22 related to FY2021 performance

USD million, unaudited	1Q22	2Q22	3Q22	4Q22	4Q21	YTD22
Timecharter earnings	135.6	159.9	171.3	186.5	135.9	653.1
Total opex, TC, G&A	(71.5)	(71.8)	(67.2)	(73.8)	(61.2)	(284.5)
Net result from JV's	3.3	1.5	7.6	0.2	2.6	12.7
EBITDA	67.4	89.5	111.6	112.8	77.3	381.3
EBIT	26.7	52.8	71.1	73.4	35.3	223.9
Net financial items	(15.3)	(21.4)	(20.4)	(22.0)	(19.3)	(79.2)
Net result	11.1	30.0	50.2	50.4	15.4	141.6
EPS*	0.14	0.38	0.64	0.64	0.20	1.79
ROE**	4.9%	20.3%	33.5%	30.2%	7.5%	22.7%
ROCE**	5.3%	10.8%	14.7%	16.4%	5.9%	12.2%

* Based on 79.0 million outstanding shares

** Ratios are annualized

"The fourth quarter rounded off a strong 2022 for Odfjell. We are pleased to report a healthy cash flow, a strengthened balance sheet and another round of dividends to our shareholders. A somewhat slow start in the spot market, countered by improved terms in our COA portfolio, should translate into TCE results in 1Q23 in line with or slightly below 4Q22."

Harald Fotland, CEO Odfjell SE

Fourth quarter / preliminary full year 2022 presentation

01

Highlights

02

Financials

03

Operational review

04

Market update and prospects

Income statement – Odfjell Group

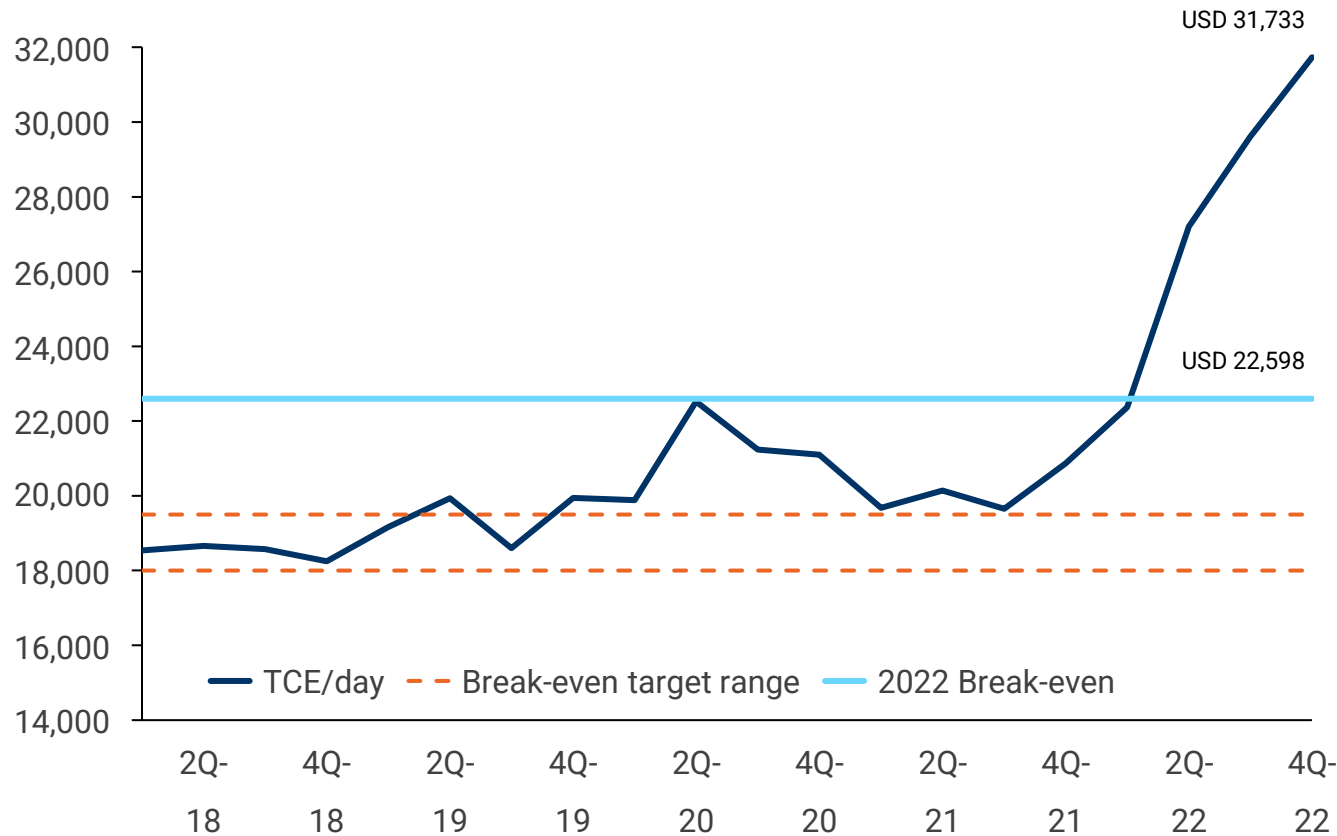
KEY QUARTERLY DEVIATIONS:

- A. TCE of USD 187 mill, a growth of USD 15 mill from 3Q22
- Stable number of revenue days for Odfjell vessels, but reduced volumes due to redelivered pool tonnage 3Q22 and in the beginning of 4Q22
 - Consequently, the main driver behind improved TCE is the spot market remaining at strong levels across most trades in the quarter
- B. Contribution from Odfjell Terminals of USD 0.2 mill
- After correcting for insurance proceeds in 3Q22, underlying results were slightly weaker in 4Q22, in part due to negative impact from a freeze period in Texas
- C. G&A and operating expenses increased in the quarter mainly due to extraordinary year-end bonus payments to both seafarers and shore employees
- D. EBIT of USD 73 mill compared to USD 71 mill in 3Q22
- E. Increase in 3-month LIBOR/amortization loan fees in connection with refinancing
- F. Net result of USD 50 mill compared to USD 50 mill in 3Q22
- Adjusted net result of USD 50 mill, whereas 3Q22 adjusted net result was USD 46 mill after adjusting for insurance proceeds in Odfjell Terminals and other financial items

USD MILLION	2Q22	3Q22	4Q22
Net Timecharter Earnings (TCE)	159.9	171.3	186.5 ^A
TC expenses	(5.5)	(4.7)	(4.5)
Operating expenses	(45.9)	(45.9)	(49.6) ^C
Share of net result from associates and JV	1.5	7.6	0.2 ^B
General and administrative expenses	(19.3)	(16.6)	(19.7) ^C
Other operating income (expense)	(1.1)	-	-
EBITDA	89.5	111.6	112.8
Depreciation	(40.6)	(40.6)	(39.3)
Capital gain (loss)	3.9	0.1	(0.1)
EBIT	52.8	71.1	73.4 ^D
Net interest expenses	(17.9)	(18.8)	(22.4) ^E
Other financial items	(3.5)	(1.7)	0.4
Taxes	(1.4)	(0.4)	(1.0)
Net results	30.0	50.2	50.4 ^F
EPS	0.38	0.64	0.64
Commercial revenue days (exc. external pool vsIs)	5,877	5,785	5,878
Off-hire days	261	234	216

Our TCE per day increased further during the quarter, and we expect 2023 cash break-even level to remain stable

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



- Our TCE/day increased to USD 31 733 in 4Q22 from USD 29 612 in 3Q22, a 7 % improvement
- This is well above the annual cash break-even level for 2022 of USD 22 598/day, which we expect to be the level also for 2023
- Cash break-even in 4Q22 was USD 23,822 per day vs. USD 22,694 per day in 3Q22. The q/q increase was driven by higher interest rate costs and extraordinary year-end bonus payments

Balance sheet per December 31, 2022 – Odfjell Group

- A. Increase in right of use assets as we took delivery of two vessels on time charter late 3Q22 and 4Q22
- B. Increase in investments in associates and JVs primarily due to currency effects from our terminals in Antwerp and Ulsan
- C. Odfjell's cash position including undrawn loan facilities strengthened, ending 2022 at USD 186 mill
- D. IFRS 16 adjusted equity ratio was 39% as of 4Q22
- E. During the quarter, an extraordinary debt repayment of USD 15 mill was made on top of scheduled instalments of USD 20 mill
 - This brought our total nominal interest-bearing debt including derivatives down to USD 998 mill¹ at year-end
 - Bond maturing in September 2023 classified as short-term debt

ASSETS, USD MILL	2022	3Q22	4Q22
Ships and newbuilding contracts	1348.6	1332.2	1319.6
Right of use assets	189.0	197.5	208.7
Investment in associates and JVs	182.9	159.2	167.8
Other non-current assets/receivables	17.9	24.5	25.3
Total non-current assets	1738.4	1713.4	1721.5
Cash and cash equivalent	94.8	99.7	117.7
Other current assets	210.5	176.4	169.6
Total current assets	305.3	276.0	287.3
Total assets	2043.7	1989.3	2008.7

EQUITY AND LIABILITIES, USD MILL	2022	3Q22	4Q22
Total equity	597.3	630.5	697.2
Non-current liabilities and derivatives	24.6	28.6	22.8
Non-current interest-bearing debt	939.3	790.9	739.1
Non-current debt, right of use assets	146.9	154.3	156.6
Total non-current liabilities	1110.8	973.8	918.5
Current portion of interest-bearing debt	94.6	195.6	218.1
Current debt, right of use assets	55.3	53.7	63.4
Other current liabilities and derivatives	185.6	135.8	111.6
Total current liabilities	335.6	385.1	393.0
Total equity and liabilities	2043.7	1989.3	2008.7

¹ Excluding debts and adjustments related to right of use of assets

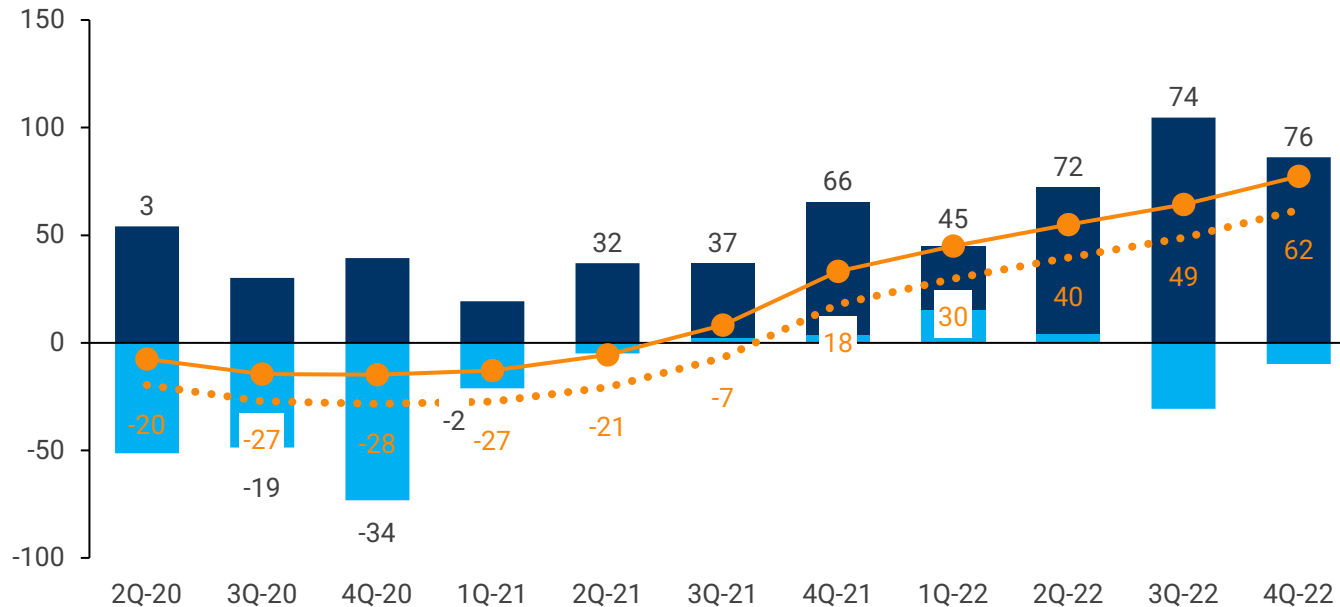
Cash Flow statement – Odfjell Group

- A. Operating cash flow decreased from USD 105 mill in 3Q22 to USD 86 mill in 4Q22, primarily driven by:
- Increase in working capital within expected level of quarterly variation
 - Unrealized exchange differences on financial derivatives and NOK bonds
 - Increased interest rate expenses on the back of higher LIBOR
- B. Net reduction in debt of USD 35 mill from scheduled and additional debt reductions, and refinancing of five vessels with lower leverage total USD 10 mill

Cash flow, USD mill	2Q22	3Q22	4Q22
Net profit	29.6	49.3	50.7
Adjustments	35.5	33.0	39.1
Change in working capital	(6.2)	15.3	(7.0)
Effect of exchange differences and changes in derivatives	3.0	4.5	(4.3)
Other	6.2	2.5	7.7
Cash flow from operating activities	68.0	104.7	86.2
Sale of ships, property, plant and equipment	13.7	-	-
Investments in non-current assets	(10.8)	(11.1)	(10.3)
Dividend/other from investments in Associates and JV	1.4	-	1.3
Other	(0.2)	(19.5)	(0.9)
Cash flow from investing activities	4.1	(30.6)	(9.8)
New interest-bearing debt	49.0	(15.0)	105.9
Loans from associates and joint ventures	26.8	-	-
Repayment of interest-bearing debt	(84.5)	(19.6)	(149.0)
Payments related to realized derivatives	(4.8)	-	-
Repayment of operational lease debt	(16.0)	(15.4)	(15.6)
Dividends	(8.1)	(18.2)	-
Net cash flow from financing activities	(37.6)	(68.2)	(58.7)
Net change in cash and cash equivalents*	33.3	4.9	18.0
Opening cash and cash equivalents	61.5	94.8	99.7
Closing cash and cash equivalents	94.8	99.7	117.7

The markets held up through the fourth quarter, leading to further improved free cash flow

ODFJELL FREE CASH FLOW PER QUARTER (MUSD)

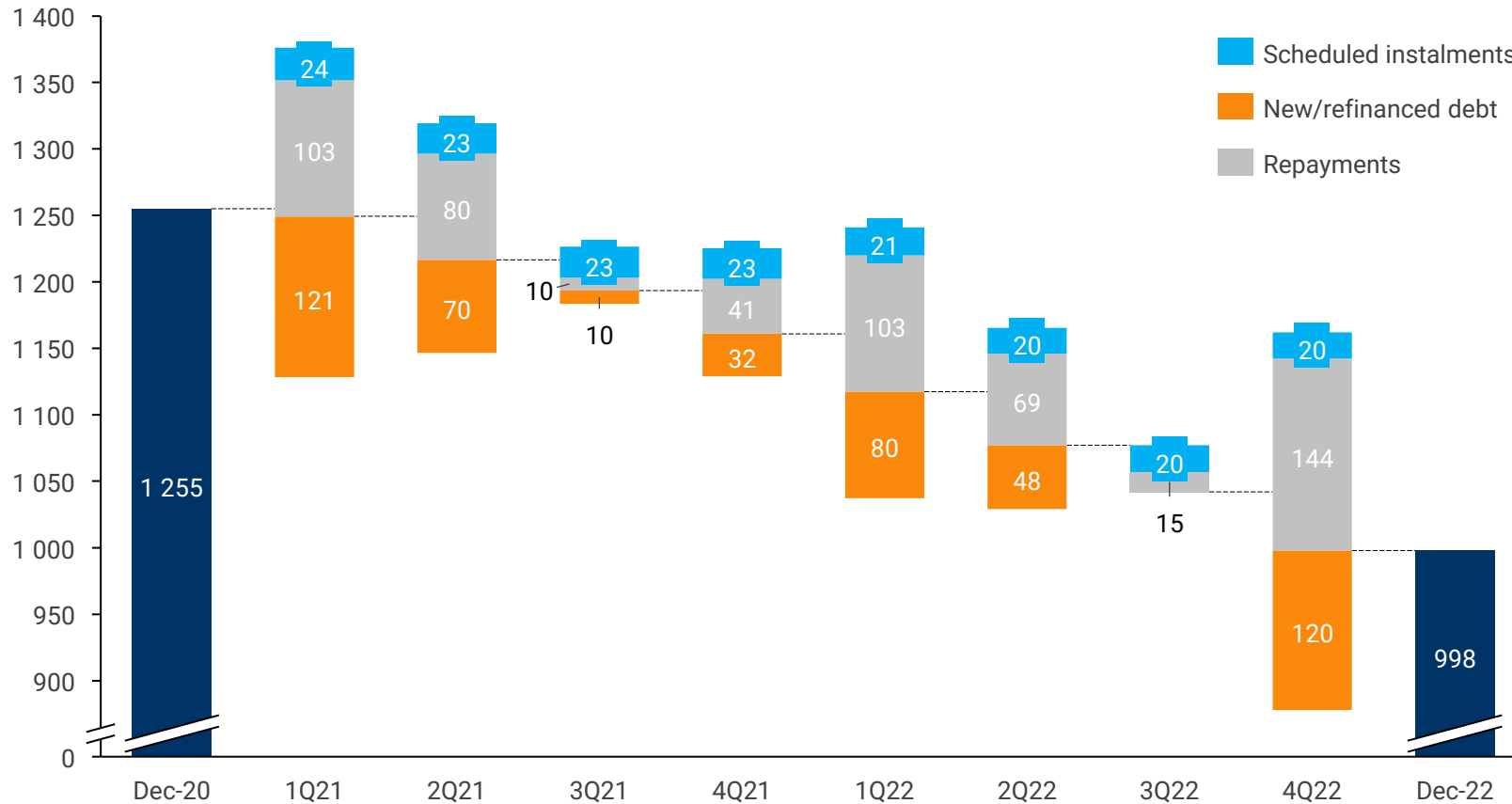


- In 4Q22, 12-month rolling free cash flow reached USD 77 mill, and adjusted for debt repayments related to right of use assets it reached USD 62 mill
- Free cash flow in 4Q22 was allocated to scheduled and additional debt repayments and strengthening of the balance sheet
- Working capital increased USD 17 mill year-to-date, which is somewhat higher than the previous quarter, but an improvement from the peak level in 2Q

* 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)

Over the last 24 months, Odfjell has reduced debt by USD 257 mill, and lifted the share of sustainability-linked debt to 40%

INTEREST-BEARING DEBT DEVELOPMENT, 2020-2022 (MUSD)

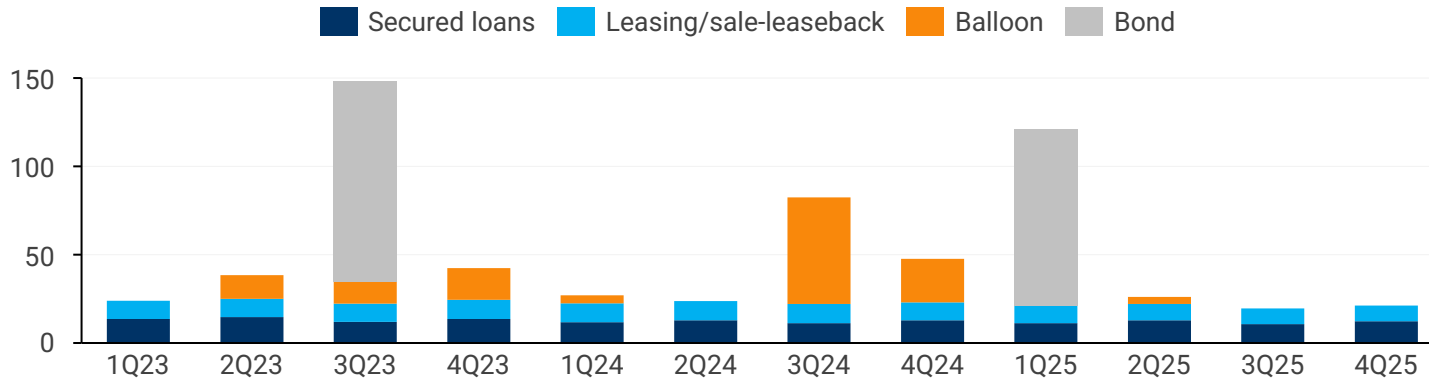


- Over the last two years, scheduled instalments totaled USD 174 mill, while extraordinary debt repayments totaled USD 83 mill from ten refinancing transactions (excluding RCF repayments) all contributing to a lower break-even through improved terms and lower debt
- Dividends totaled USD 74 mill over the same period
- All new debt since December 2020 has been sustainability-linked, now making out 40% of total interest-bearing debt
- Nominal interest-bearing debt was USD 998m at year-end, equivalent to 3.2x EBITDA and 63% LTV on vessels

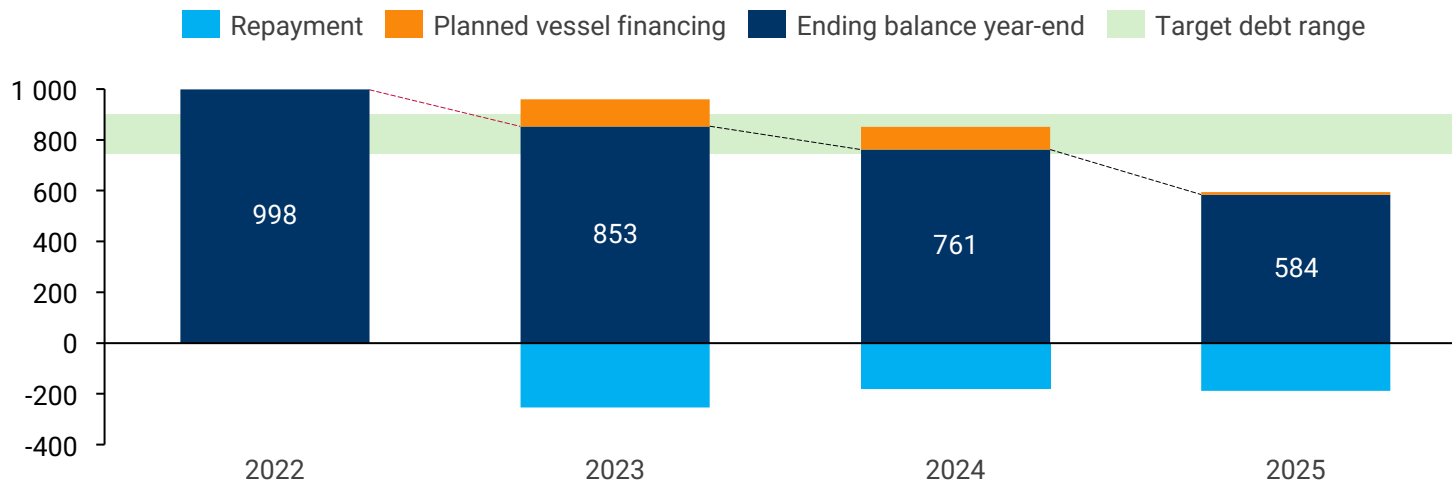
Dividends include paid and announced in 2022
 Nominal interest-bearing debt. Includes all bank loans, financial leases and swapped bond debt
 EBITDA adjusted for IFRS16 rights of use of assets
 LTV on vessels only. Based on broker value indications year-end 2022. Terminal assets excluded

Few upcoming maturities, but we are accelerating our debt repayment and are well on track to reach our target debt range in 2023

SCHEDULED REPAYMENTS, USD MILLION



PROJECTED INTEREST-BEARING DEBT ENDING BALANCE, USD MILLION*



- During the fourth quarter, we refinanced five vessels with lower leverage total USD 10 mill. The refinancing attracted strong interest from banks and was placed at attractive margins and profile, reducing cash breakeven for the respective vessels by approximately USD 3,100 per day.
- Scheduled instalments totalled USD 20 mill for the quarter, and an extraordinary debt repayment of USD 15 mill was made on a revolving credit facility, bringing our total nominal interest-bearing debt to USD 998 mill at year end
- Scheduled instalments on loans and leases reduce gross interest-bearing debt by approx. USD 99 mill p.a. (of which USD 18 mill is a reduction of undrawn commitments)
- We are on track to reach our debt targets within the year

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

Fourth quarter / preliminary full year 2022 presentation

01

Highlights

02

Financials

03

Operational review

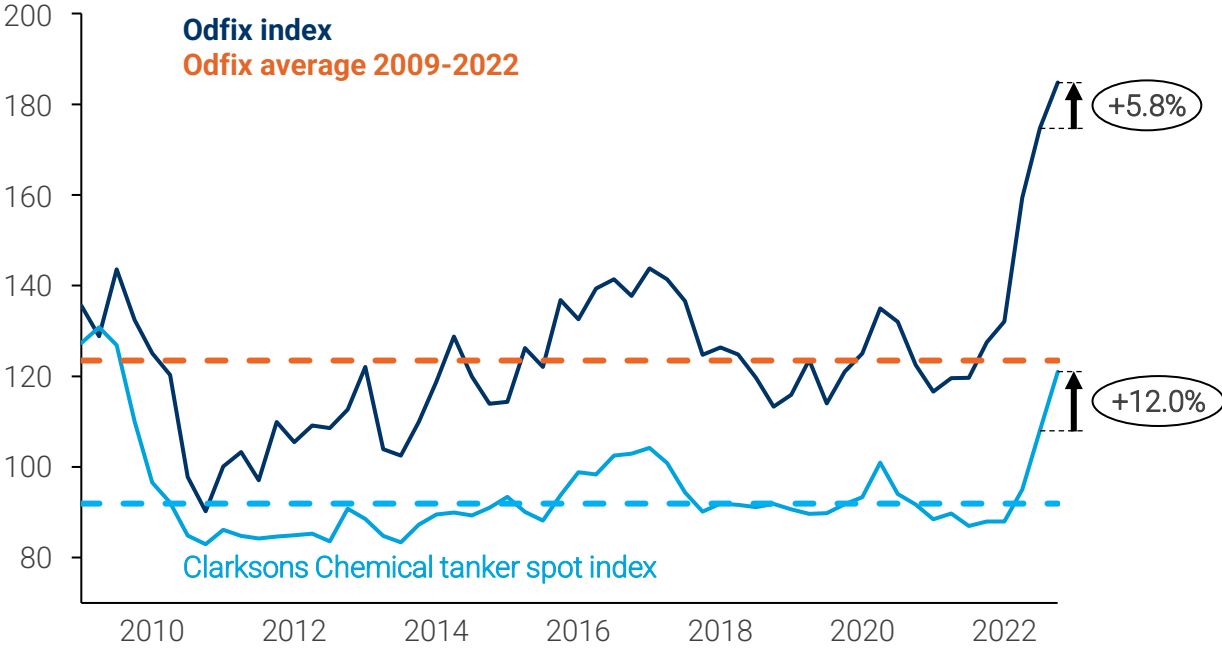
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Market update and prospects

Another strong quarter in the chemical tanker market

Rounding off a year of firming freight rates, chemical tanker rates remained strong across all major trade routes in 4Q22. Swing tonnage in our market was at low levels due to high margins in the CPP trades, contributing to tight chemical tanker supply.

ODFIX VERSUS CLARKSONS CHEMICAL TANKER SPOT INDEX



SPECIALITIES

Our specialty contracts are renewed at substantial increases, securing stable building blocks for all our trades.

VEGOILS

Our vegoil liftings are mainly spot cargoes, with palm oil distillates, soybean oil and used cooking oil the three largest product groups.

EASY CHEMICALS

The market for commodity chemicals was strong through the quarter, supporting contract increases of 10-100%. The easy chemicals' share of our liftings remained stable from last quarter.

CPP

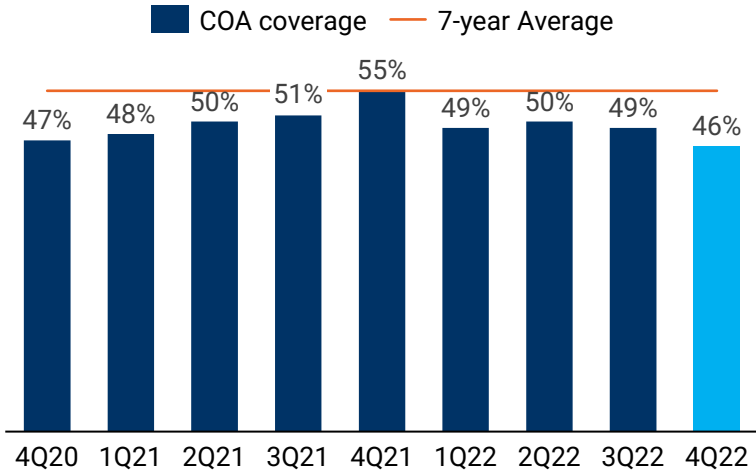
The CPP rates remained strong. Our CPP volumes were stable from the previous quarter, with unleaded gasoline, diesel oil and ULSD the three most predominant products.

COA and volume development

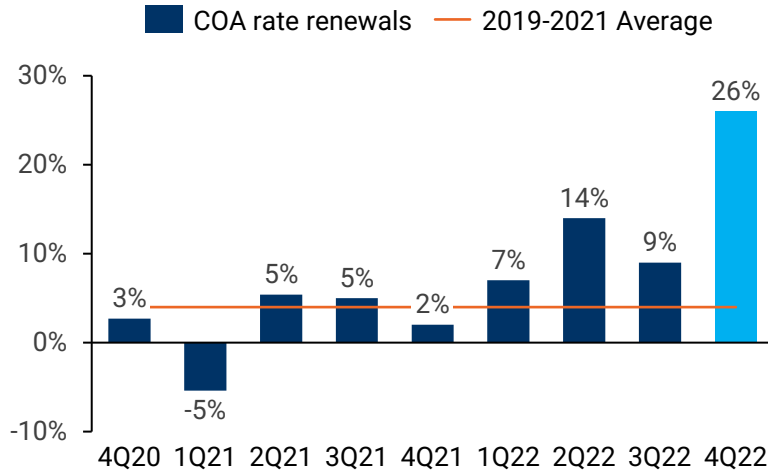
When adjusting for the last imminent redeliveries of pool vessels, volumes were stable in the last quarter of 2022.

- In 4Q22 our COA coverage reached 46%, with a slight decrease in total COA volumes of about 0,2m tonnes
- COA rate renewals increased by 26% in the quarter, and a material portion of our contract portfolio is up for full renegotiations in 2023
- Demand from charterers to enter into COAs is high, available space for COAs is limited and the fundamental outlook for the tanker market is solid
 - This should ensure strong momentum into coming renegotiations in 2023
- No further vessels are scheduled for redelivery in the near-term

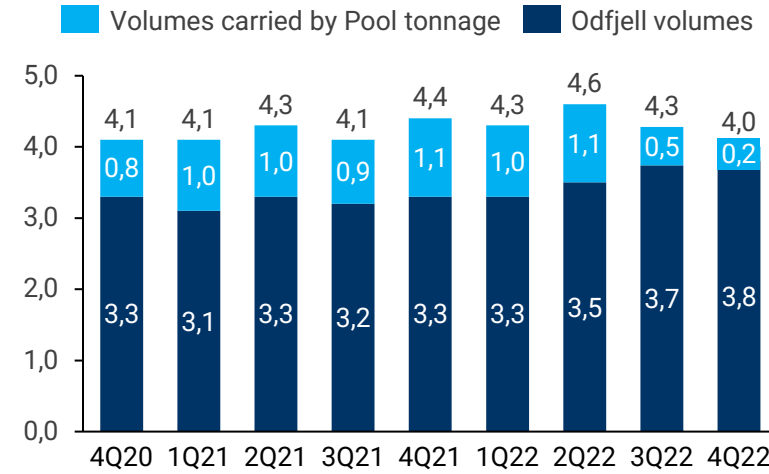
ODFJELL COA COVERAGE (%)



COA RATE RENEWALS (%)

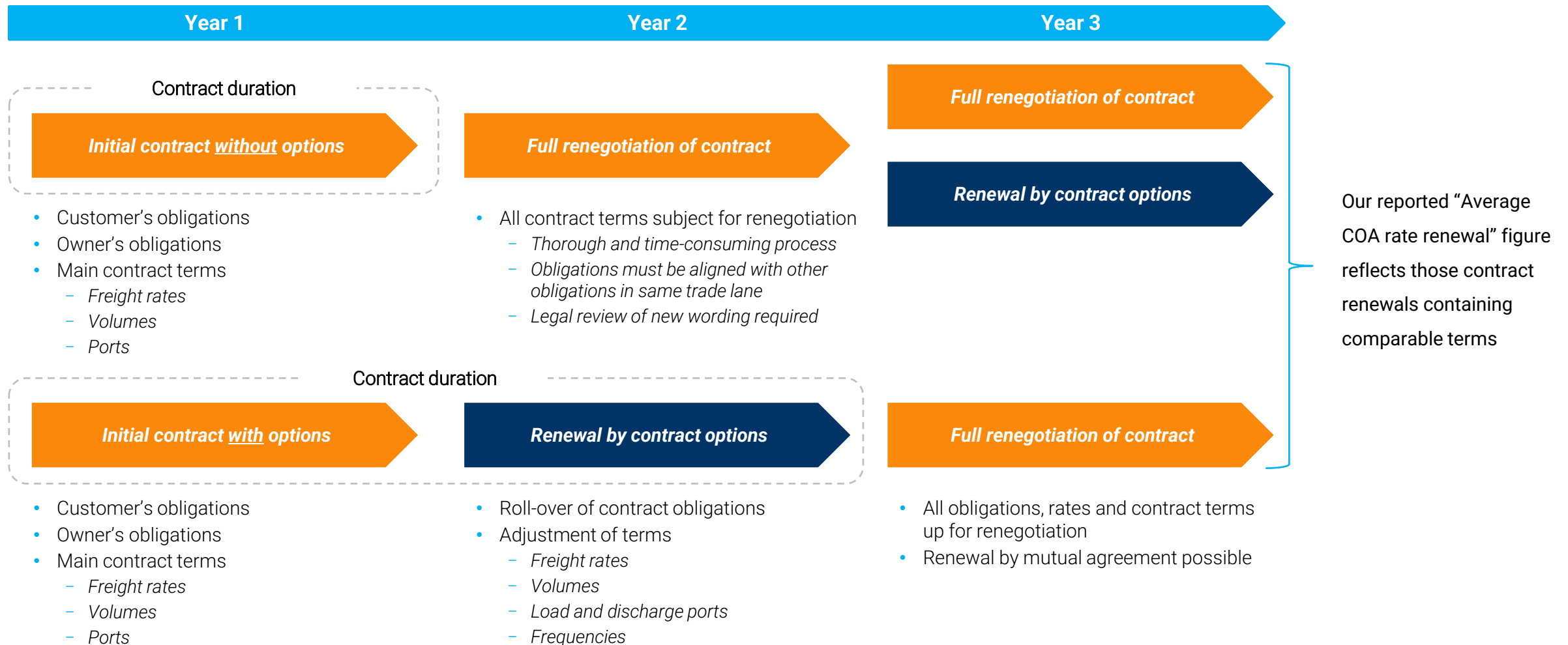


VOLUME DEVELOPMENT (MILL TONNES)



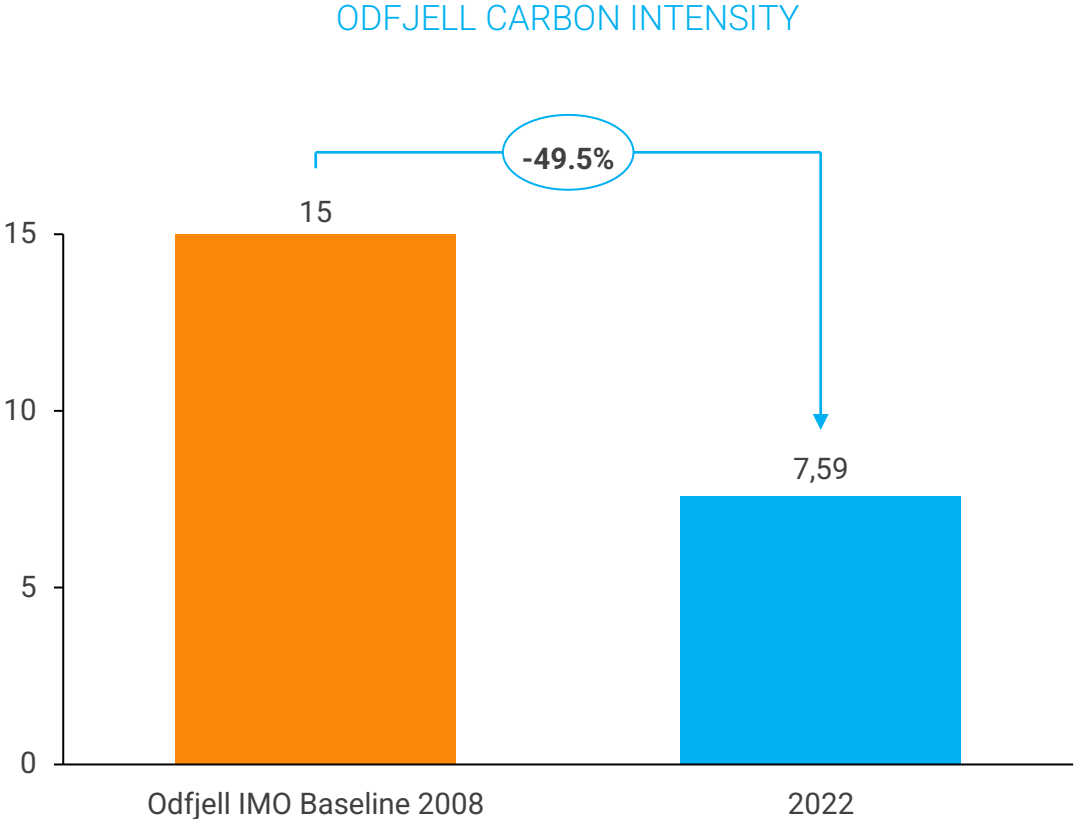
Annually, we renew or renegotiate approximately 100 contracts, 9 million tons and 2 000+ contract obligations

SIMPLIFIED CONTRACT NEGOTIATION PROCESS



* For explanatory purposes only, each negotiation and contract will vary

Odfjell AER improved to an all-time low in 2022, with a slight increase in the last quarters due to weather conditions and speed adjustments



Odfjell is committed to retain our market leadership within energy efficiency. Several novel technology initiatives are ongoing. These will deliver further efficiency gains without mandating extensive dry dockings or substantial capex. Rollout is targeted from 2024.

Tank Terminals



Financial
performance



Market
development



Outlook

- Comparing 4Q22 to the previous quarter, EBITDA declined by approximately USD 5.7 mill, mainly due to insurance proceeds received in 3Q22. Adjusted for corporate, non-recurring items and timing of depreciations, the Net Income of the underlying business was marginally weaker in 4Q22.
- Comparing 2022 to 2021, EBITDA increased by approximately USD 6.9 mill. The performance of the underlying business in 2022, adjusted for corporate items and non-recurring items, came out USD 2.6 mill higher than 2021.
- Activity levels at our US terminals were negatively impacted by the December freeze, but all in all, 2022 was a strong year with continued high occupancy and robust activity levels, particularly in the first three quarters of the year. The portfolio's average commercial occupancy reached 96.7% in 2022, up from 95.2% in 2021, in part helped by the US and European terminals maintaining occupancy at or close to 100 percent.
- Two expansion projects are ongoing, with CAPEX funded locally in the respective JVs. At our Antwerp terminal, a new tankpit consisting of six tanks total 36,000 cbm. is under construction. At the terminal in Houston, Bay 13 is being built, consisting of six carbon steel and three stainless steel tanks with a total capacity of more than 32,000 cbm. Both expansions are set to be operational on schedule, by 4Q23.
- Uncertain macroeconomic and geopolitical situation may impact activity levels.
- However, we expect commercial occupancy rates for the portfolio to remain resilient in 2023.



Fourth quarter / preliminary full year 2022 presentation

01

Highlights

02

Financials

03

Operational review

04

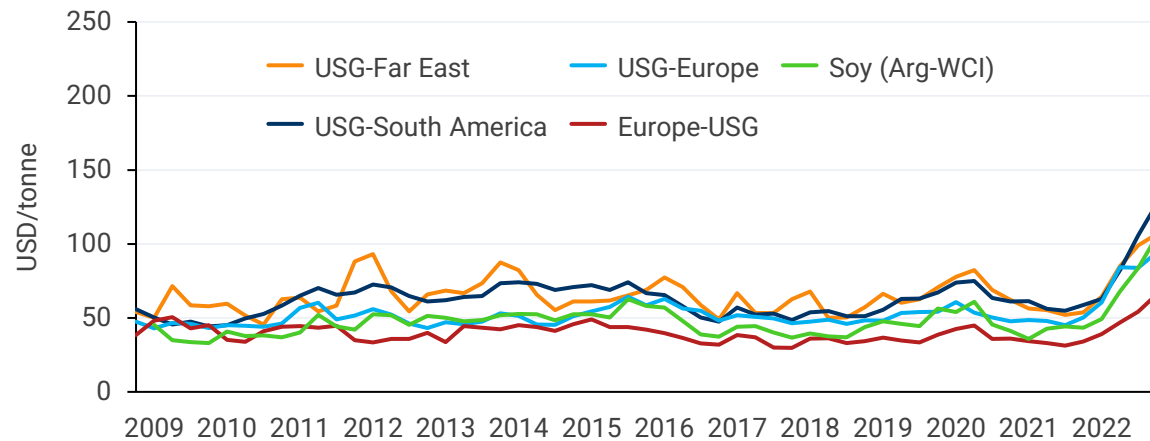
Market update and prospects

Chemical tanker spot rates firmed or remained at high levels in all trades

4Q22 highlights

- Chemical tanker spot rates strengthened further in the fourth quarter in the Atlantic Basin, with an average rate increase, adjusted for bunker cost, of 17%
- While slightly lagging in the previous quarters, we have now seen the Europe-USG trade lane picking up its pace

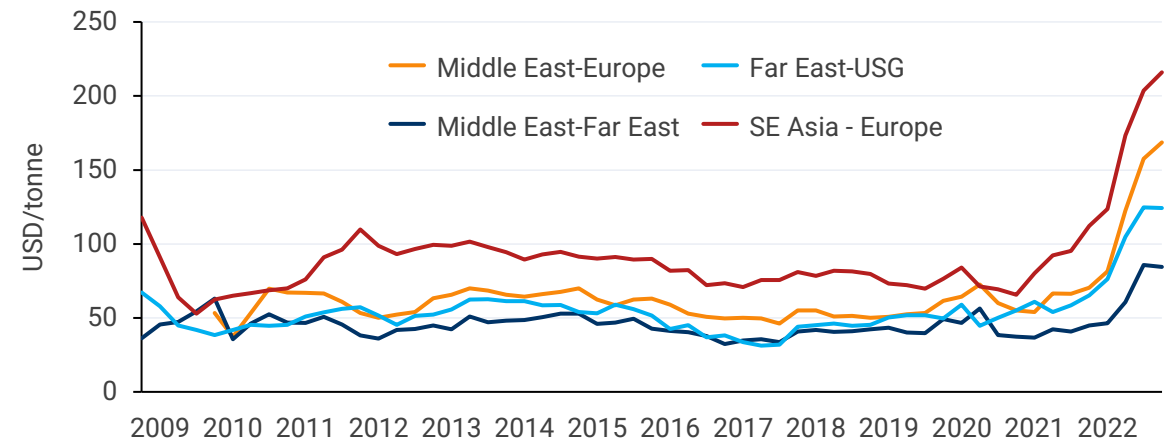
WEST OF SUEZ – CHEMICAL FREIGHT RATES, BUNKER ADJUSTED



4Q22 highlights

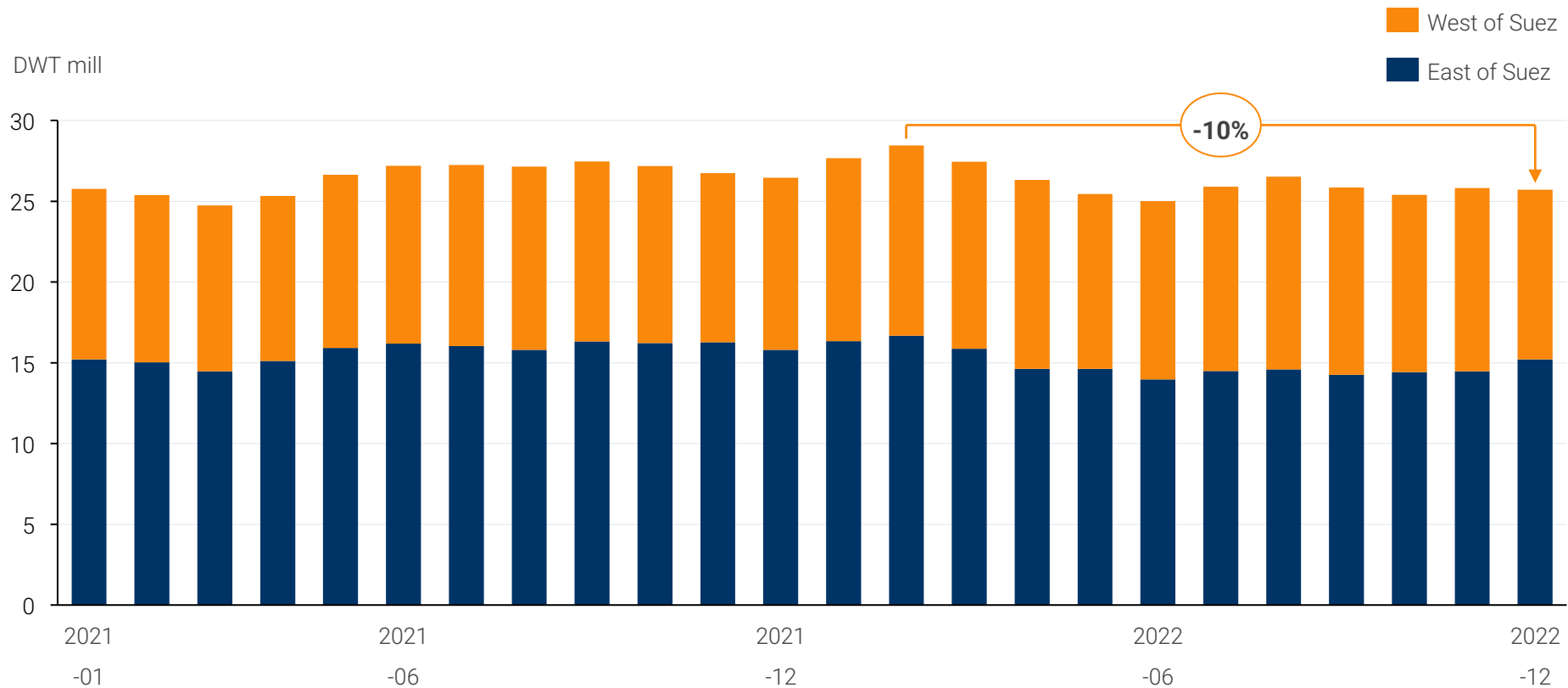
- Rates east of Suez remained at strong levels, but excess tonnage led to easing rates on some trade lanes towards end of the quarter
- Overall, bunker adjusted rates increased by 3 % compared to the previous quarter, with the Europe-bound trade lanes accounting for most of the increase

EAST OF SUEZ – CHEMICAL FREIGHT RATES , BUNKER ADJUSTED



A firm CPP market has reduced swing tonnage in the chemical tanker market

SUPPLY IN THE CHEMICAL TANKER MARKET, EAST AND WEST OF SUEZ*



* All tankers 18 500 – 55 000 dwt carrying chemicals

Source: Kpler

Market conditions are volatile, but fundamentals should support a market balance not seen since 2003-2008

EXTERNAL FACTORS' IMPACT GOING FORWARD

MACROECONOMIC

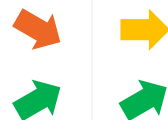
- Inflation and interest rates show first signs of flattening
- Slow economic growth ahead, but adjusted up by IMF
- Relaxation of covid controls in China
- Still tight energy supply in Europe, but has eased lately
- Political instability remains high
- 5 Feb.: EU import ban and price cap for Russian CPP

DEMAND OUTLOOK

3Q

4Q

- Chemical production (tonnes)
- Distance producer to market (n.miles)

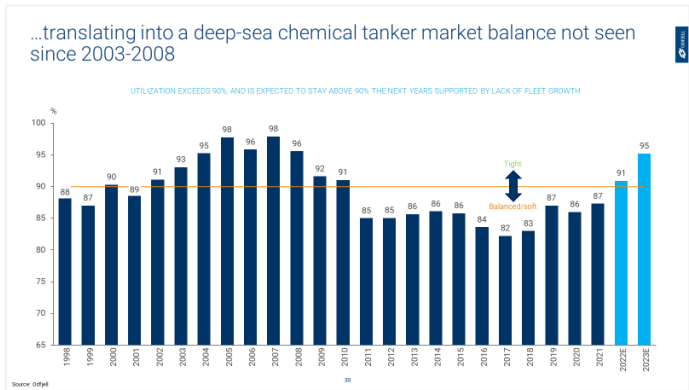
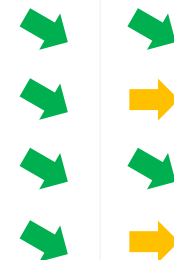


SUPPLY OUTLOOK

3Q

4Q

- Chemical tanker fleet growth
- Swing tonnage impact on chem trade
- Older chem tonnage leaving core trades
- Average fleet speed



Summary

Our results

- The firm chemical tanker market seen in 3Q22 continued through the fourth quarter, concluding a financially strong year for Odfjell

Odfjell Tankers

- The lasting strong market conditions support us in contract talks, boding well for several major renegotiations in the coming quarters

Odfjell Terminals

- When adjusting for non-recurring items, the net income from our terminal business was slightly weaker in 4Q22 compared to 3Q22

Market outlook

- Both supply and demand fundamentals support the outlook for the deep-sea chemical tanker market in 2023

Guiding

- A somewhat slow start in the spot market, countered by improved terms in our COA portfolio, should translate into TCE results in 1Q23 in line with or slightly below 4Q22



Contact

Investor Relations: Terje Iversen | Tel: +47 932 40 359 | Email: terje.iversen@odfjell.com

Media: Anngun Dybsland | Tel: +47 415 48 854 | 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