



# Quarterly results | 2Q-2024

Presentation by CEO Harald Fotland and CFO Terje Iversen

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# Quarterly highlights

2Q24 was a new record quarter for Odfjell, with the markets at elevated levels after freight rates increased end of last quarter.

- Odfjell's strong performance on safety continues with high operational efficiency and no significant incidents during the quarter
- The time charter earnings in Odfjell Tankers ended at USD 215 mill, compared to USD 195 mill in 1Q24.
- EBIT of USD 107 mill compared to USD 89 mill in 1Q24.
- Record quarterly net result of USD 88 mill. Net result adjusted for one-off items was USD 88 mill compared to USD 69 mill in 1Q24.
- Rates on renewed COAs in the quarter were up 5% on average, covering around 6% of estimated annual contract volume.
- Net result contribution from Odfjell Terminals was USD 2.9 mill versus USD 3.2 mill in 1Q24.
- Our carbon intensity (AER) for 2Q24 came in at 7.1, marginally better than 1Q24.
- During the quarter Odfjell took delivery of one newbuilding on long-term time charter. We concluded contracts for a further two newbuildings on long-term timecharter with scheduled delivery in 2027 and 2028, increasing the total number of newbuildings on order for Odfjell to 17 vessels.
- Dividend of USD 1.00 per share approved by the Board based on adjusted 1H24 results.

## Key figures

USD million, unaudited	3Q23	4Q23	1Q24	2Q24	2Q23	YTD24
Time charter earnings	183.9	181.7	194.7	214.8	185.1	409.5
Total opex, TC, G&A	(71.8)	(75.4)	(71.1)	(70.5)	(69.6)	(141.7)
Net result from JV's	2.1	2.4	3.2	2.9	2.3	6.2
EBITDA	114.2	108.7	126.8	147.2	117.9	274.0
EBIT	76.1	70.9	88.5	107.4	78.5	195.9
Net financial items	(23.3)	(17.5)	(19.7)	(18.6)	(22.8)	(38.3)
Net result	51.9	52.1	67.8	88.2	52.6	156.0
EPS*	0.66	0.66	0.86	1.12	0.67	1.97
ROE**	27.0%	26.0%	34.0%	43.3%	29.3%	39.0%
ROCE**	16.8%	15.9%	19.8%	23.8%	17.3%	21.8%

\* Based on 79.1 million outstanding shares

\*\* Ratios are annualized

*"In the second quarter of 2024, Odfjell delivered yet another record result, following the strong first quarter. The market balance continued to be tight with our robust COA portfolio and excellent operational performance underpinning our solid financial results.*

*We expect 3Q24 to be another strong quarter, somewhat below 2Q24."*

Harald Fotland, CEO Odfjell SE



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# Income statement, Odfjell Group

## Developments and key take-aways

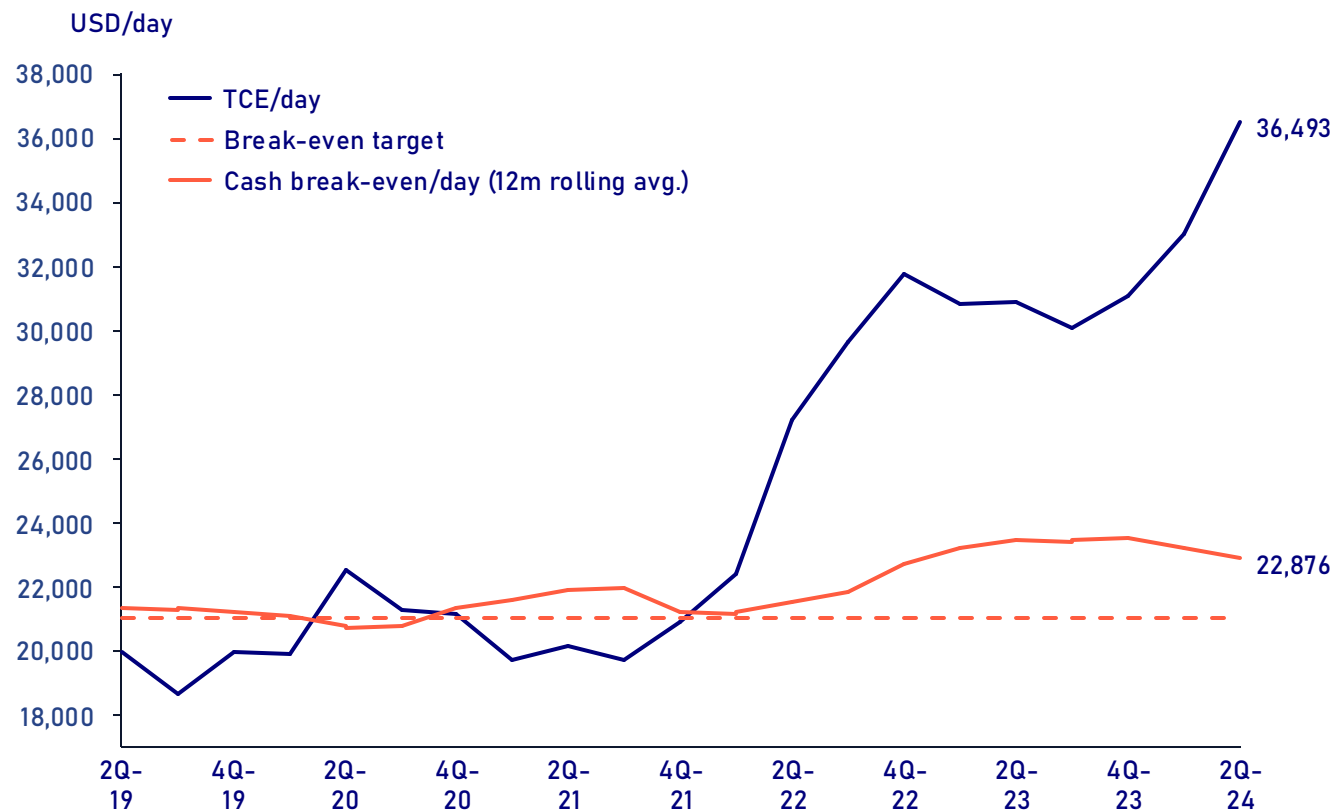
- A. TCE of USD 215 mill, an increase of USD 20 mill compared to 1Q24
  - i. Higher rates both for our COA and spot volumes during the quarter.
- B. Higher TC expenses in the quarter due to less off-hire days for short term TC vessels and renewed rate for one vessel.
- C. Slightly higher operating expenses, but lower G&A expenses due to seasonal effects.
- D. Contribution from Odfjell Terminals of USD 2.9 mill compared to USD 3.2 mill previous quarter.
- E. EBIT of USD 107 mill compared to USD 89 mill in 1Q24
- F. Net result of USD 88 mill, a significant increase from 1Q24
  - i. Adjusted net result of USD 88 mill versus USD 69 mill in 1Q24

## Income statement

USD million, unaudited	4Q23	1Q24	2Q24
<b>Net Timecharter Earnings (TCE)</b>	181.7	194.7	214.8
TC expenses	(5.3)	(2.7)	(3.4)
Operating expenses	(50.6)	(49.1)	(51.0)
Share of net result from associates and JV	2.4	3.2	2.9
General and administrative expenses	(19.4)	(19.3)	(16.2)
<b>EBITDA</b>	<b>108.7</b>	<b>126.8</b>	<b>147.2</b>
Depreciation and amortization	(37.8)	(38.3)	(39.9)
Capital gain (loss)	-	-	-
<b>EBIT</b>	<b>70.9</b>	<b>88.5</b>	<b>107.4</b>
Net interest expenses	(20.0)	(19.0)	(19.1)
Other financial items	2.5	(0.6)	0.5
Taxes	(1.3)	(1.0)	(0.6)
<b>Net results</b>	<b>52.1</b>	<b>67.8</b>	<b>88.2</b>
EPS	0.66	0.86	1.12
Commercial revenue days (exc. external pool vsls)	5,846	5,884	5,864
Off-hire days	424	200	252

# Odfjell had another quarter of significantly improved TCE per day, while our cash break-even decreased

Odfjell tankers break-even vs. TCE per day



- Our TCE per day was up, ending at USD 36,493 in 2Q24 compared to USD 33,005 in 1Q24
- Cash break-even per day in 2Q24 was USD 22,103 compared to USD 22,501 in 1Q24, bringing the 12-month rolling average to USD 22,876
- This was driven by a reduction in G&A expenses and lower interest expense and capital repayments related to refinancing completed in April.
- We expect stable cash breakeven levels for 2H24

# Balance sheet, Odfjell Group

## Developments and key take-aways

- A. During the quarter we took delivery of the 26k dwt vessel, Bow Jaguar on long-term time charterparty.
- B. Cash and cash equivalent increased to USD 141 mill, or USD 231 mill when including undrawn loan facilities. We will pay out dividend of USD 79 mill during the quarter related to net adjusted result for 1H24.
- C. IFRS adjusted equity ratio was 51%.
- D. During the quarter we refinanced a revolving credit facility financing six vessel, USD 73 mill of current interest-bearing debt was repaid and USD 70 mill drawn under the new facility as non-current bearing debt. Includes ODF11 NOK 850 mill (swapped to USD 100 mill) maturing in January 2025.

## Assets

USD million, unaudited	4Q23	1Q24	2Q24
Ships and newbuilding contracts	1,279.4	1,265.1	1,256.4
Right of use assets	237.7	254.4	293.6
Investment in associates and JVs	171.1	171.2	171.0
Other non-current assets/receivables	24.0	23.3	23.4
<b>Total non-current assets</b>	<b>1,712.1</b>	<b>1,714.0</b>	<b>1,744.2</b>
Cash and cash equivalent	112.3	86.6	140.8
Other current assets	169.9	177.5	188.4
<b>Total current assets</b>	<b>282.2</b>	<b>264.1</b>	<b>329.2</b>
<b>Total assets</b>	<b>1,994.3</b>	<b>1,978.1</b>	<b>2,073.4</b>

## Equity and liabilities

USD million, unaudited	4Q23	1Q24	2Q24
<b>Total equity</b>	<b>798.5</b>	<b>810.7</b>	<b>897.6</b>
Non-current liabilities and derivatives	18.3	18.0	16.8
Non-current interest-bearing debt	682.1	535.4	587.5
Non-current debt, right of use assets	154.3	164.9	208.4
<b>Total non-current liabilities</b>	<b>854.7</b>	<b>718.2</b>	<b>812.7</b>
Current portion of interest-bearing debt	142.1	242.9	170.3
Current debt, right of use assets	94.3	100.7	96.4
Other current liabilities and derivatives	104.7	105.6	96.4
<b>Total current liabilities</b>	<b>341.1</b>	<b>449.2</b>	<b>363.1</b>
<b>Total equity and liabilities</b>	<b>1,994.3</b>	<b>1,978.1</b>	<b>2,073.4</b>

# Cash flow, Odfjell Group

## Developments and key take-aways

- A. Operating cash flow increased to USD 108 mill in 2Q24 from USD 91 mill in 1Q24, driven by increased earnings and reduced expenses.
- B. Increase in working capital due to increased earnings.
- C. Investment are related to dry-dockings and instalment for newbuilding.
- D. During the quarter we refinanced an existing credit facility and drew USD 70 mill in debt under the new facility.
- E. We repaid a USD 73mill under the refinanced credit facility in addition to 18 mill in scheduled debt instalments.

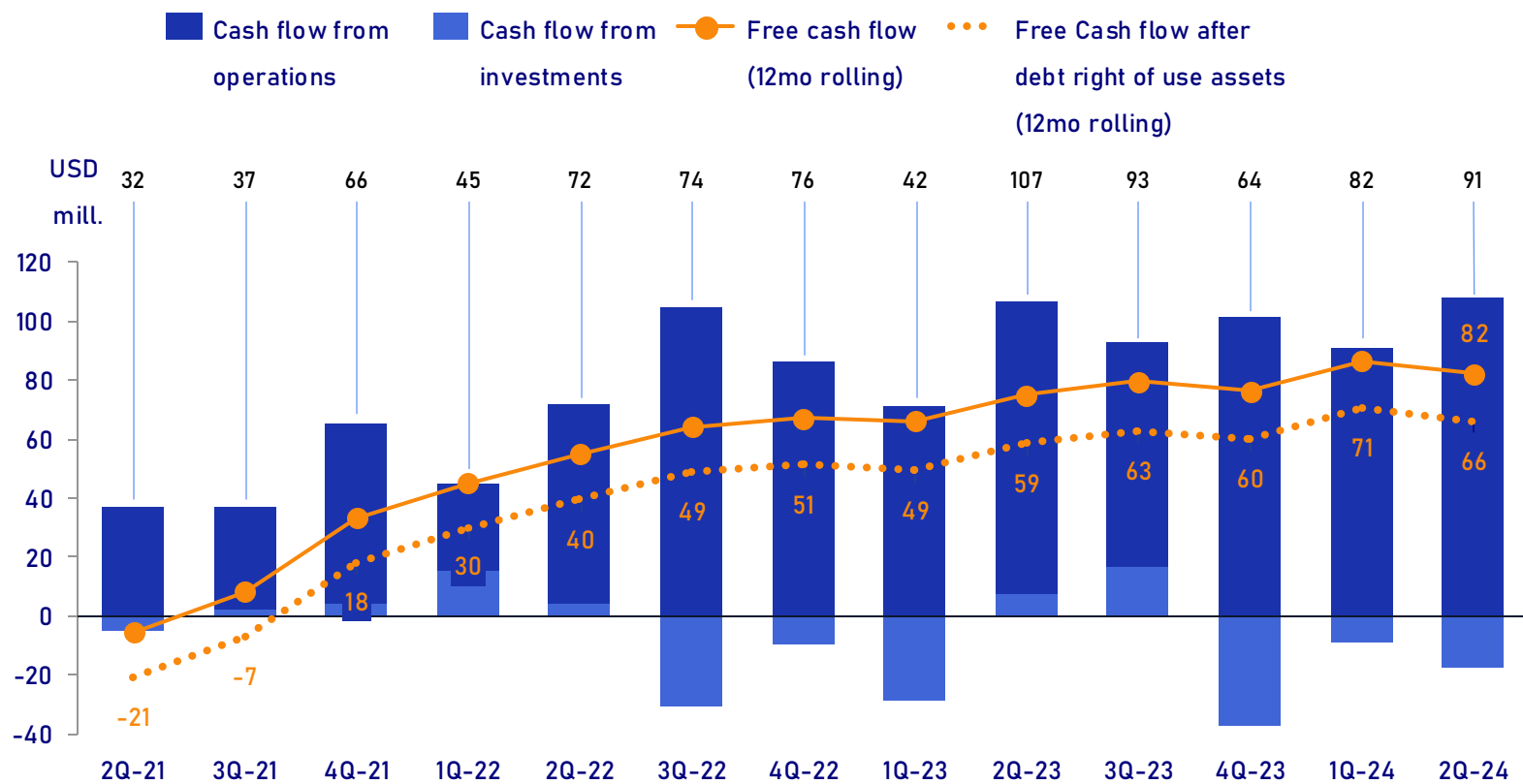
## Cash flow

USD million, unaudited	4Q23	1Q24	2Q24
Net result	52.1	67.8	88.2
Adjustments	35.8	35.1	36.8
Change in working capital	14.4	(12.9)	(14.5)
Other	(0.9)	0.7	(2.3)
<b>Cash flow from operating activities</b>	<b>101.4</b>	<b>90.7</b>	<b>108.2</b>
Sale of ships, property, plant and equipment	-	-	-
Investments in non-current assets	(52.4)	(8.1)	(18.5)
Sale of available for sale investments	15.5	-	-
Dividend/other from investments in Associates and JV	-	-	1.3
Other	(0.4)	(0.9)	(0.2)
<b>Cash flow from investing activities</b>	<b>(37.3)</b>	<b>(9.0)</b>	<b>(17.5)</b>
New interest-bearing debt	32.5	-	70.0
Repayment of interest-bearing debt	(42.3)	(42.2)	(90.3)
Repayment of operational lease debt	(16.4)	(15.8)	(16.3)
Dividends	-	(49.7)	-
<b>Net cash flow from financing activities</b>	<b>(26.2)</b>	<b>(107.4)</b>	<b>(36.6)</b>
Net change in cash and cash equivalents*	38.0	(25.7)	54.2
Opening cash and cash equivalents	74.3	112.3	86.6
<b>Closing cash and cash equivalents</b>	<b>112.3</b>	<b>86.6</b>	<b>140.8</b>



# 2Q24 was another strong, cash-generating quarter

Odfjell free cash flow per quarter

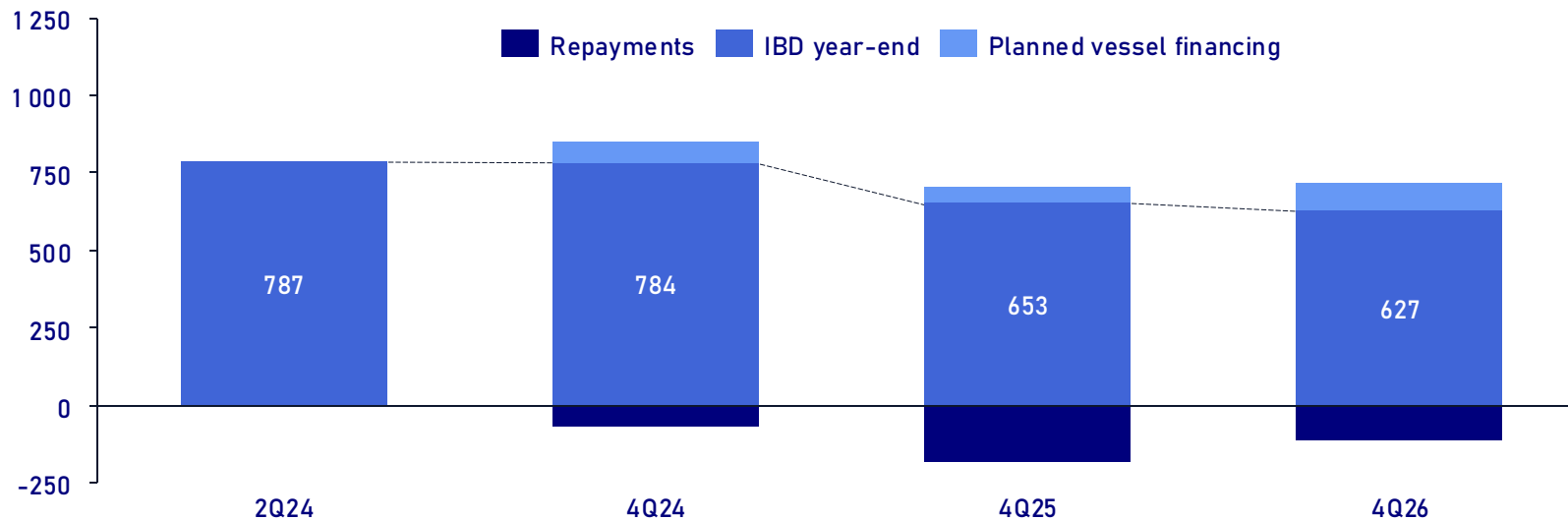
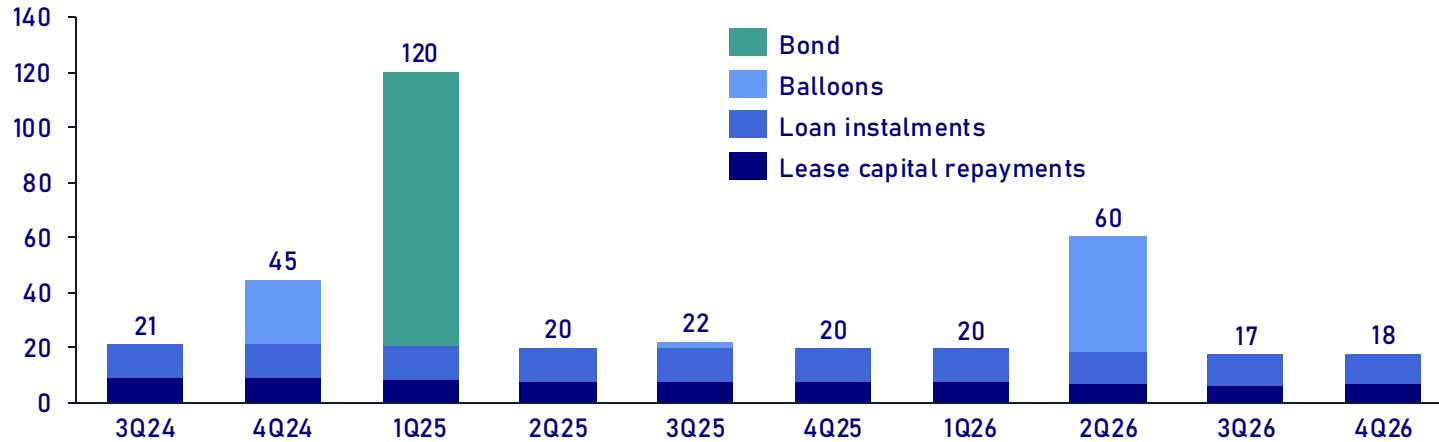


- Operating cash flow in 2Q24 was at USD 108 mill
- Cash flow from investments was USD -17 mill
- Free cash flow of USD 91 mill
- 12-month rolling free cash flow at USD 82 mill and adjusted for debt repayments related to right of use assets it reached USD 66 mill.



\* Free cash flow equals the sum of cash flow from operations and cash flow from investments

# Few upcoming maturities for 2H, with some leasing facilities to be refinanced to lower cost of capital



- We concluded a refinancing facility of six super-segregators in Q2 which improved our break-even and increased our undrawn capacity to the group by USD 26m. Available undrawn funds total USD 90.5m per end 2Q24
- The Balloon in 4Q24 is related to a likely refinancing of a lease facility covering two vessels due to mature in October and the purchase option for Bow Aquarius in December 2024.
- We are considering to refinance additional leasing facilities in 2H24 and 1H25 to continue lowering break-even.
- Nominal interest-bearing debt was USD 787m at quarter end and is likely to remain steady until year end.
- The bond maturing in January 2025 is likely to be repaid at maturity with cash from balance sheet.



# Capex & TC commitments

## Capex including purchase options

- We have in 3Q23 and 2Q24 declared purchase options for two 41k dwt vessels currently on bareboat to Odfjell. The first of these vessels, Bow Aquarius to be delivered in December 24.
- These vessels are two out of originally four vessels on operational lease from Sinochem. We also have a purchase option for the last vessel, Bow Hercules, which, if exercised, will be delivered to us in 1Q26.
- All declared purchase options are well below current market values, and we expect to obtain financing around the full purchase amount.
- In 2Q24, we paid the first instalment on our 26' dwt newbuilding at Dingheng shipyard in China.

## Newbuildings to be delivered on long-term charters

- Per 2Q24 we have concluded 16 newbuildings on long-term time charters to Odfjell that are scheduled to be delivered from 2H24 until 2028.
- These vessels, together with our newbuilding at Dingheng, accounts for ~20% of the current orderbook in our core segment.
- Amounts stated in table are nominal gross figures, i.e. total TC hire commitment.

USD million,	2H24	2025	2026	2027
<u>Declared purchase options:</u>				
Bow Aquarius	35.5			
Bow Gemini		35.5		
Bow Hercules*			35.5	
Newbuilding Dingheng 1x 25,900 dwt			9.1	27.7
<b>Sum capex commitment</b>	<b>35.3</b>	<b>35.5</b>	<b>44.6</b>	<b>27.7</b>

\*Not declared yet

USD million,	2H24	2025	2026	2027	Thereafter	Total
Nominal TC-hire for vessels not yet delivered	3	24	67	100	774	967



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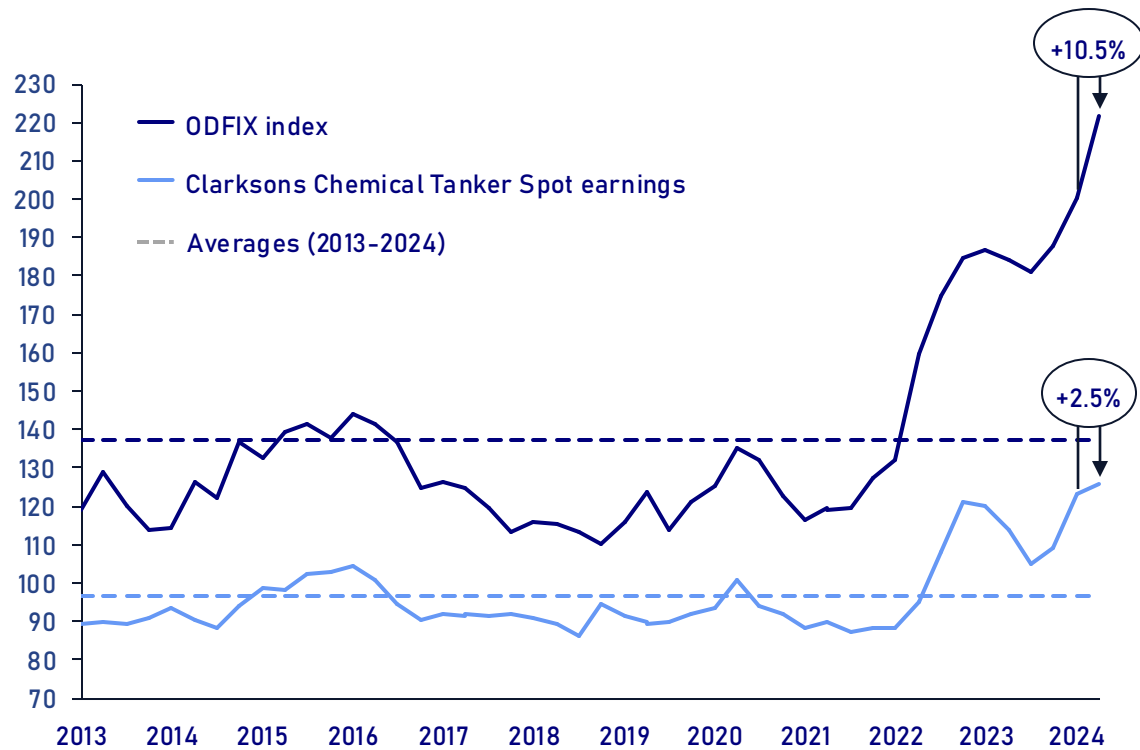
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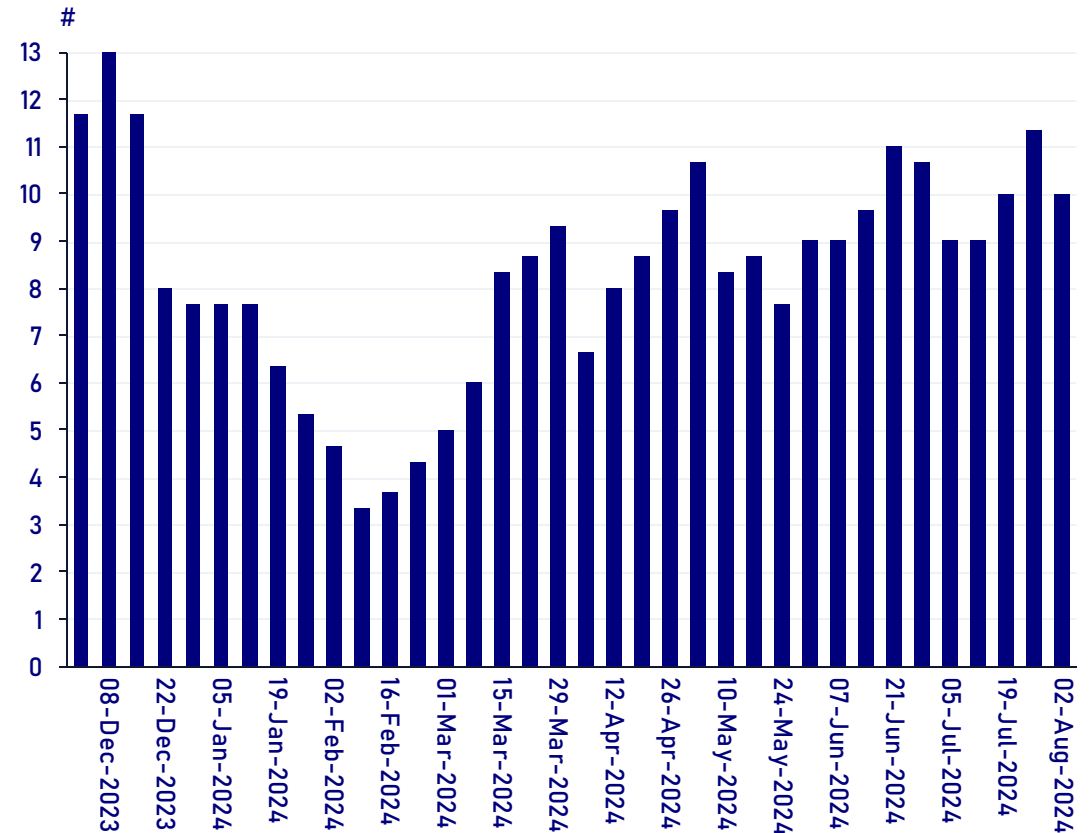
# Odfjell and the chemical tanker market had a strong second quarter

Trade disruptions continues to affect our market, but as the Panama Canal is approaching normal transit levels, average sailing distances is expected to decline somewhat

Odfix vs. Clarksons Chemical Tanker Spot Index



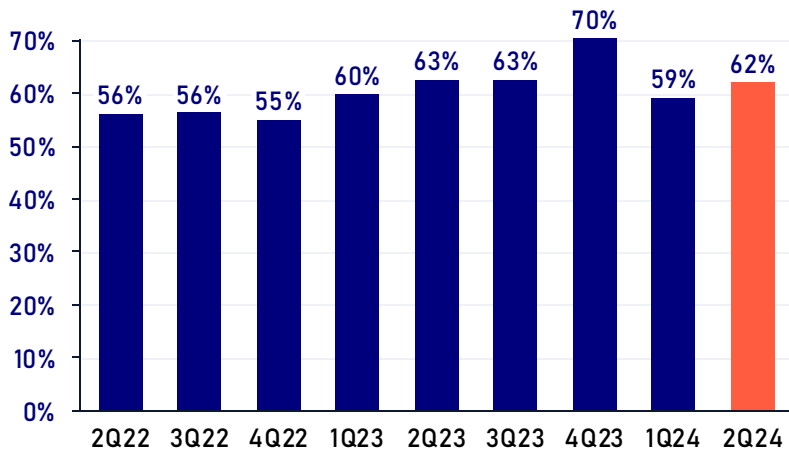
Panama Canal – Chemical tanker transits



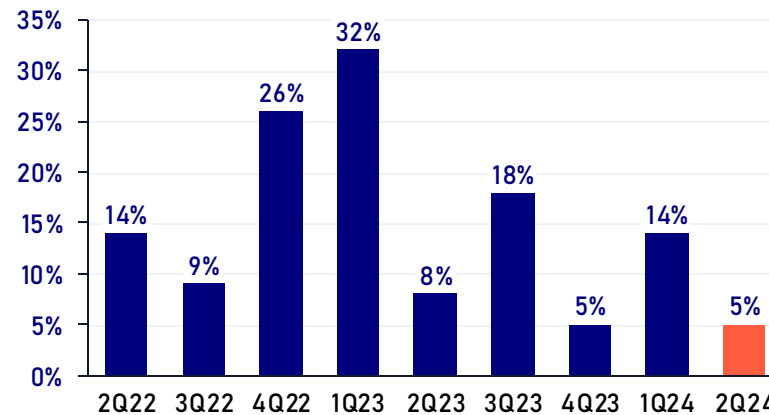
# Rates on renewed COAs have increased for 13 straight quarters

- We renewed ~6% of our existing contracts in the quarter with an average rate increase of 5%.
- Total volumes climbed slightly in 2Q24 after the first quarter of the year saw volumes negatively impacted from longer sailing distances due to the Houthi attacks in the Southern Red Sea and the Gulf of Aden.

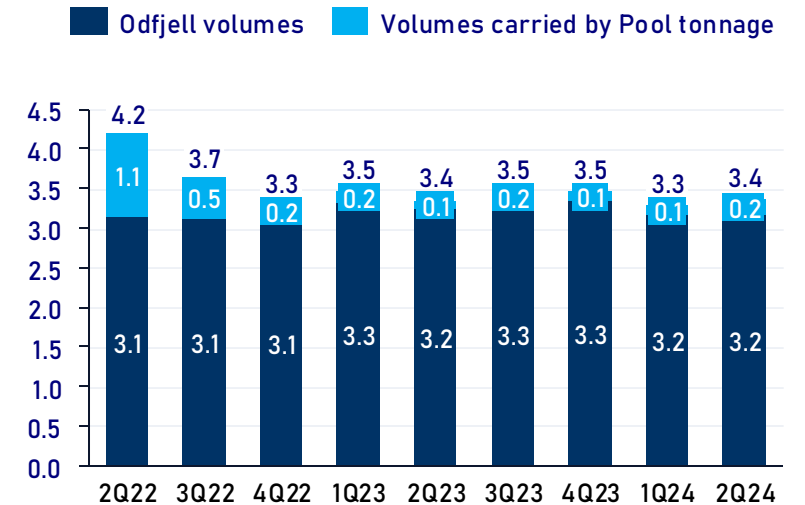
Odfjell COA coverage (%)



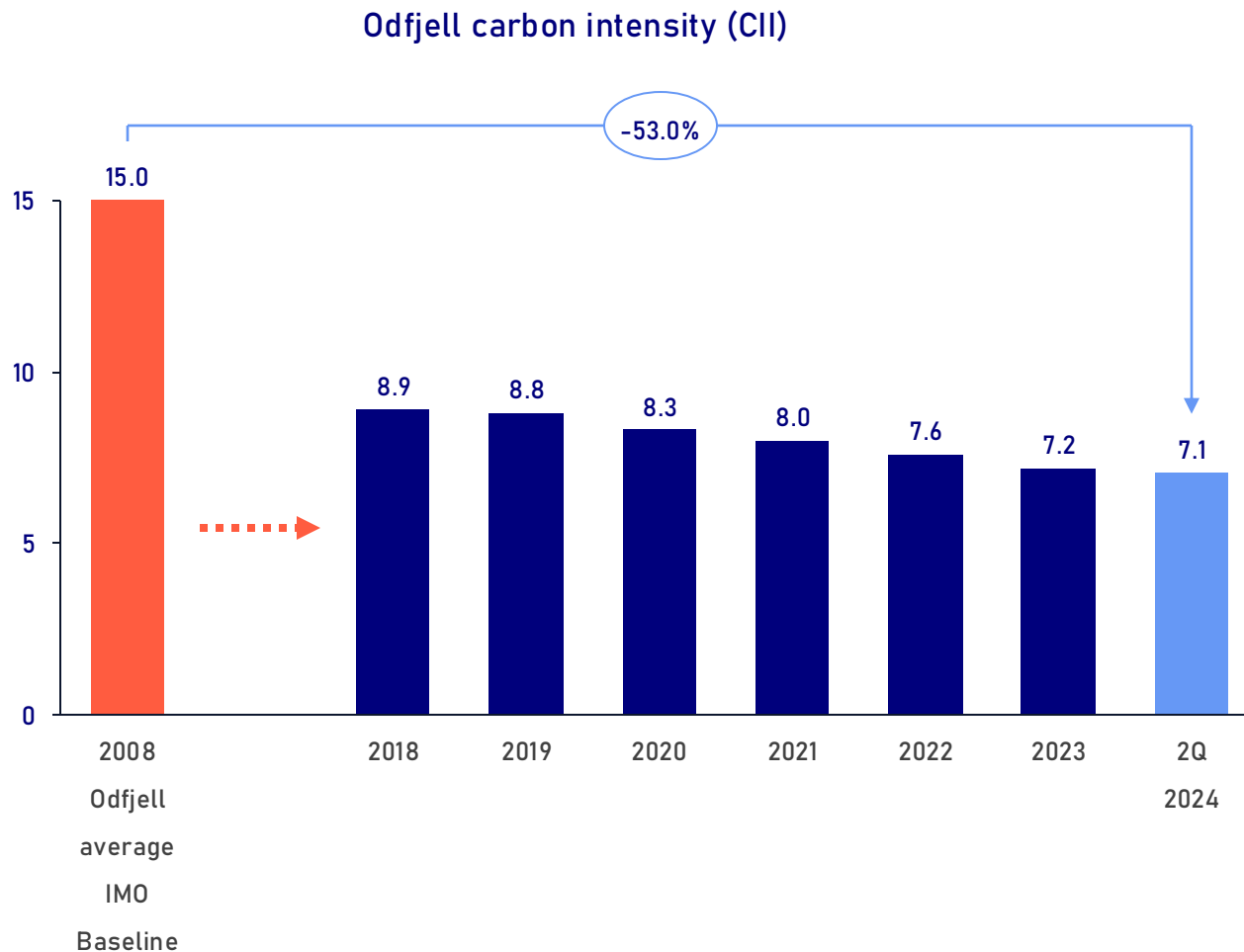
Rate increase, renewed COAs (%)



Volume development (mill. tonnes)



# Odfjell's carbon intensity was within targets in the quarter



- In 2Q24, the carbon intensity for the Odfjell-controlled fleet was 7.05 – stable from previous quarter and slightly lower than the average for the full-year 2023.
- After testing of air lubrication on our pilot vessel, results did not meet our expectations. We work closely with the technology provider to maximize the insights.
- We remain committed to explore this and other novel technologies to further reduce our carbon intensity, and the project to install suction sails onboard Bow Olympus end of 2024 is on schedule.

# Tank Terminals



## Performance

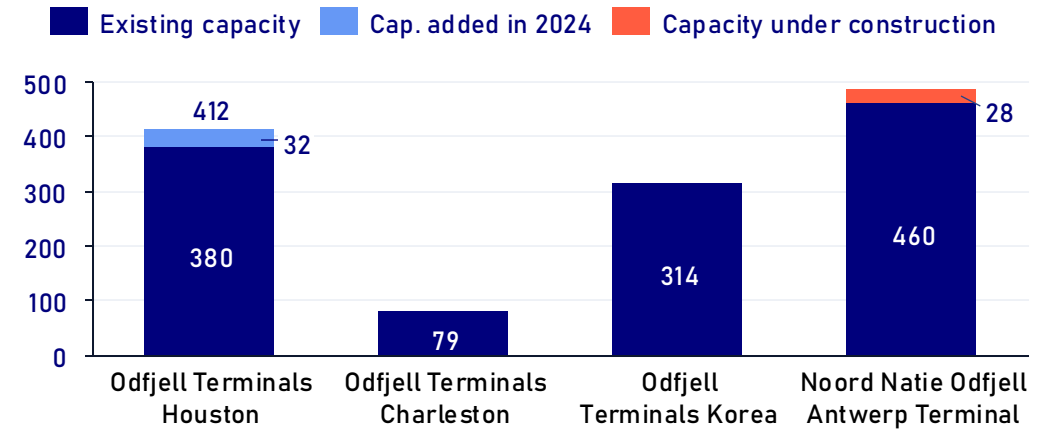
- Our terminals continue to perform well, maintaining an average commercial occupancy rate of 96.9% in 2Q24.
- Our terminal in Antwerp ended the quarter with an average commercial occupancy rate above 99 percent, both the Ulsan and Charleston terminals experienced quarter-on-quarter increases in occupancy, while the Houston terminal saw a slight reduction.
- Our financial performance is stable, with EBITDA for 2Q24 at a similar level to the previous quarter.



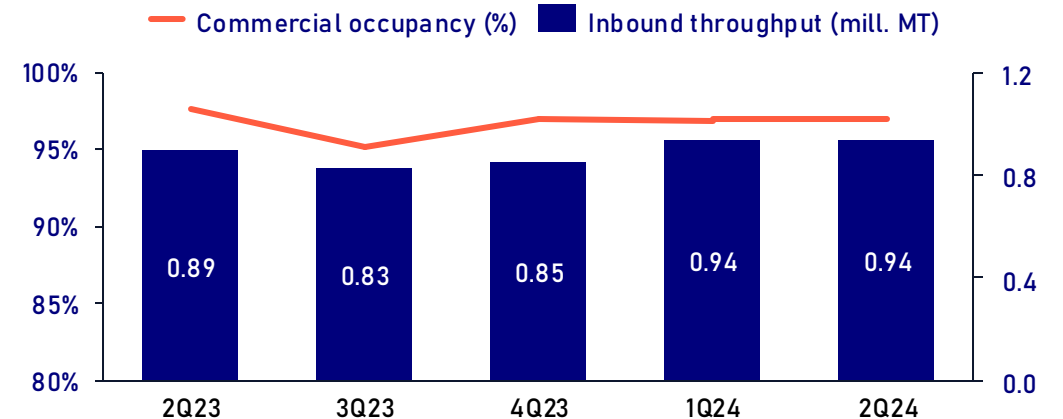
## Market development

- High freight rates have dampened import/export flows for certain products in Ulsan and the US.
- In combination with a reduction in end-consumer demand in certain regions, this has resulted in a moderate reduction in activity levels at our terminals.

## Total capacity at Odfjell Terminals (1,000 cbm)



## Commercial occupancy and throughput







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# Chemical tanker rates were strong in the second quarter

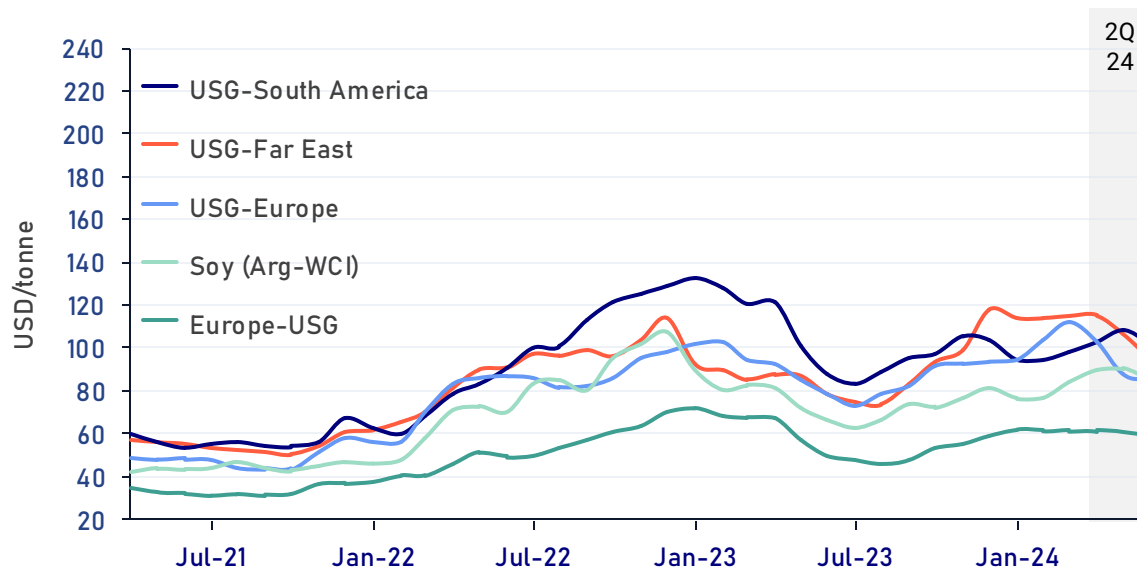
## 2Q24 highlights West of Suez →

- Panama transits climbed towards normal levels through the second quarter
- Volumes ex USG were somewhat muted in the first half of 2024
- Overall, the market west of Suez was flat compared to the previous quarter, but trade lanes from USG to Far East and Europe experienced a weakening trend.

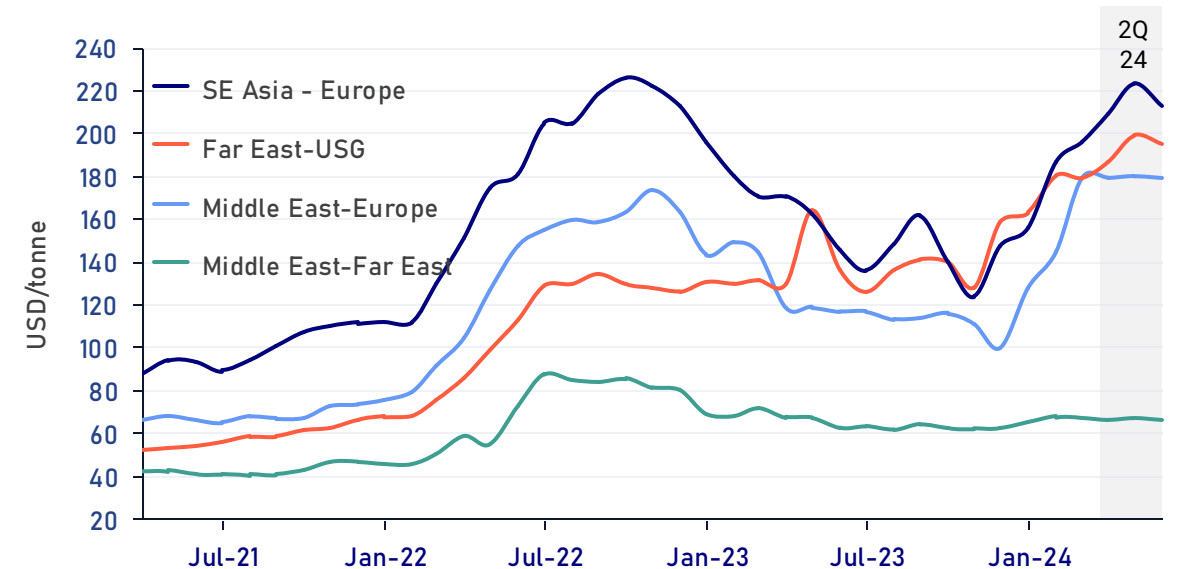
## 3Q24 highlights East of Suez →

- Export volumes were strong both in the Asia and Middle East regions, but demand in China has been muted for the first half of the year
- Rates are volatile as tight supply can lead to sudden shortage or surplus of tonnage, in turn causing rates to spike or plummet

West of Suez – chemical freight rates, bunker adjusted

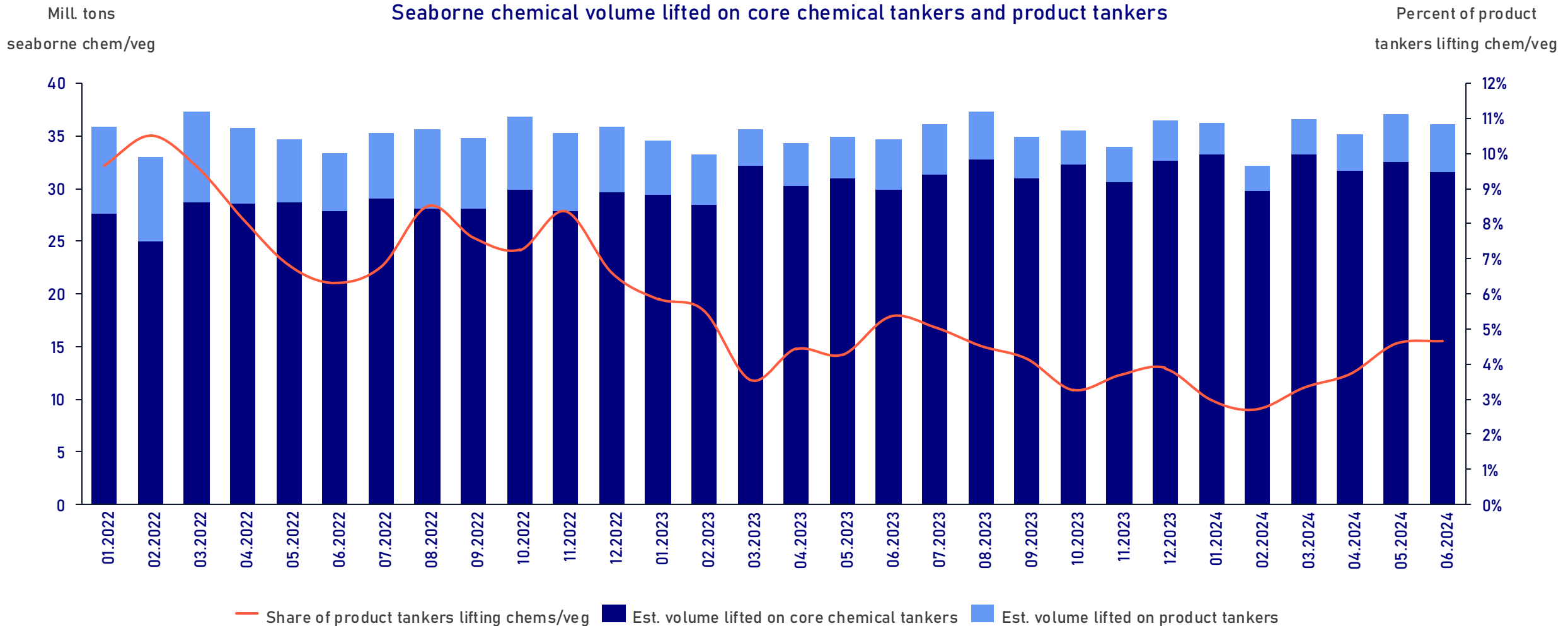


East of Suez – chemical freight rates, bunker adjusted



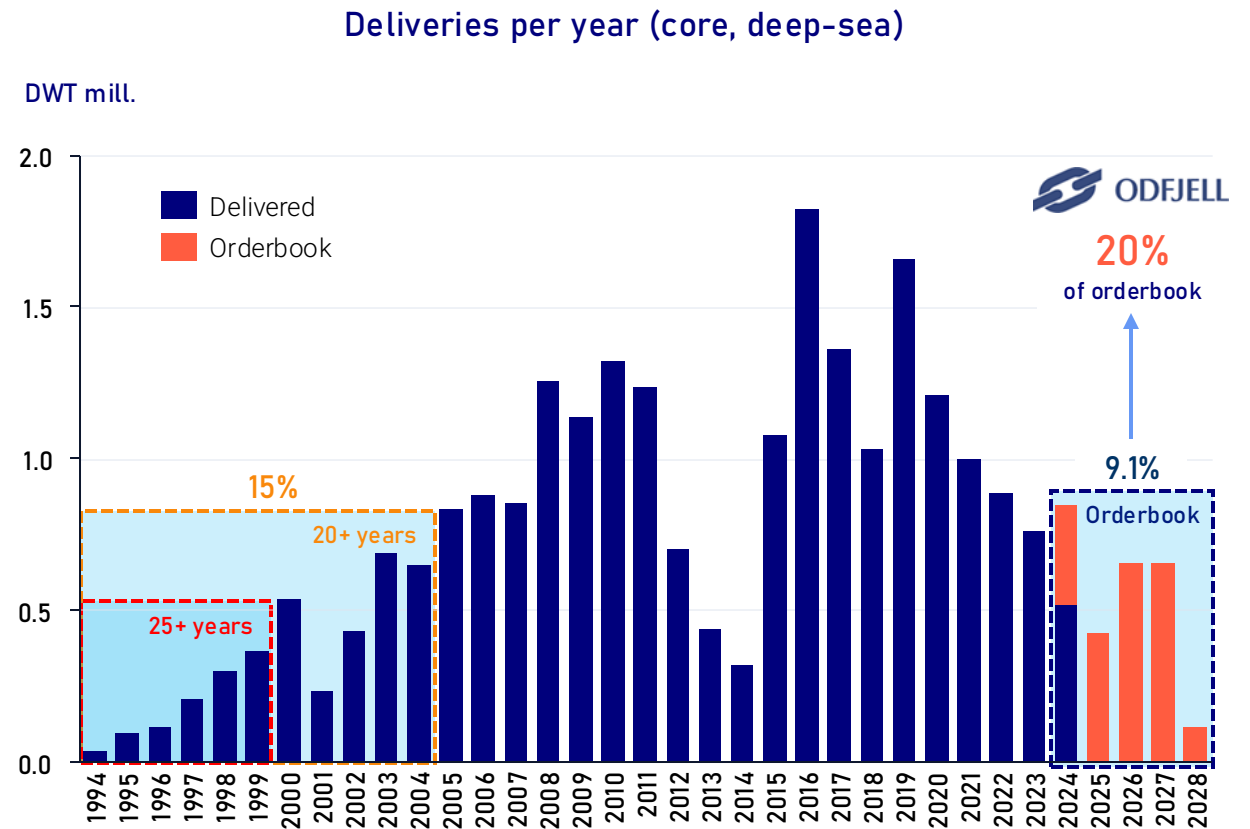
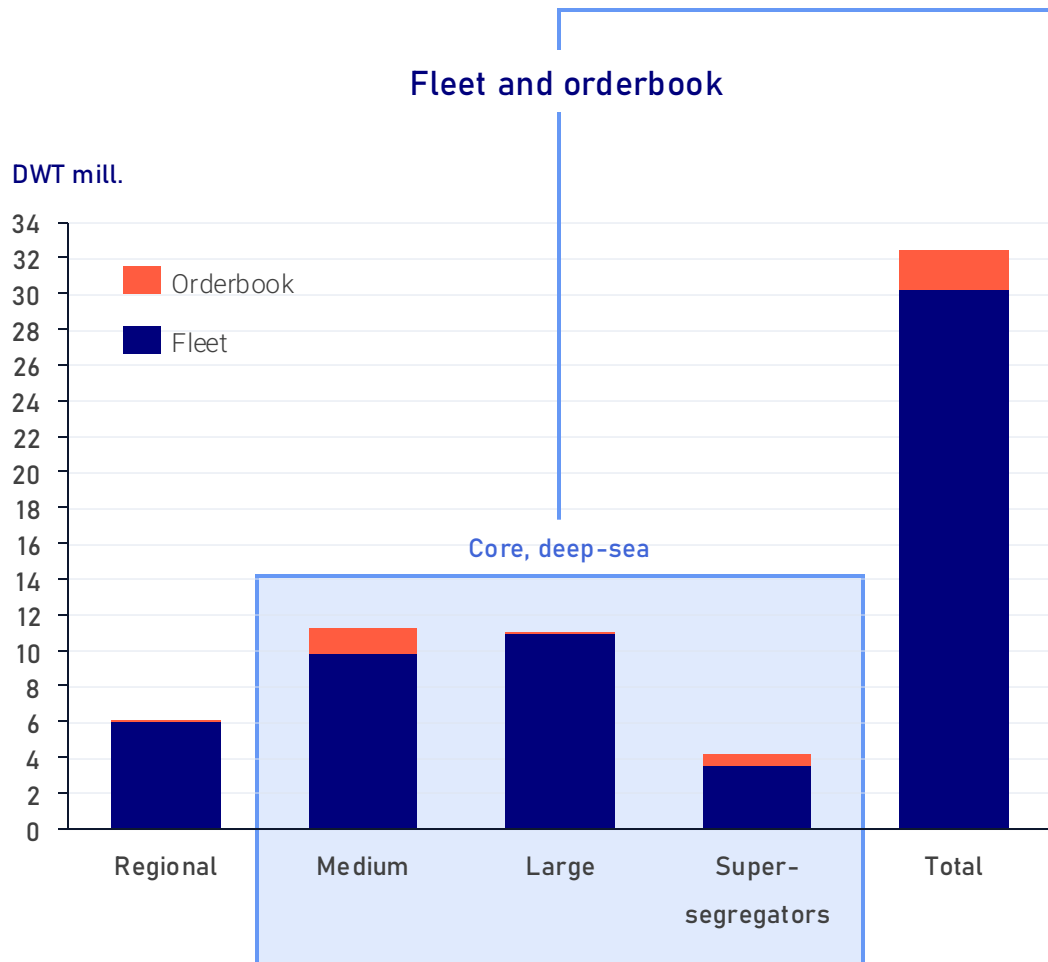
# The balance between supply and demand remains tight

Global seaborne chemical volumes are stable, and swing tonnage is at low levels despite a slight recent increase



# The chemical tanker supply outlook remains beneficial

Despite a pick-up of ordering, the orderbook is moderate and largely set to replace aging vessels



# The market remains tight despite the summer slowdown and increased transit capacity in Panama

## External factors' impact going forward

### Macroeconomic

- Geopolitical tension will continue to affect our markets. The situation in the Red Sea and Middle East is especially impactful, but also the Russia/Ukraine war seems to escalate
- Growth in GDP forecasted at 3.2% in 2024, and a soft landing remains within reach despite increased nervousness in capital markets
- Chinese growth has picked up slower than expected, causing some concern in the commodity markets
- Global chemical production predicted to grow by ~ 3% in 2024 after moving sideways in 2023
- Summer slowdown is coming to an end, chemical consumers likely to start preparing for the seasonally busier year-end

	Demand outlook		Supply outlook	
	2Q	3Q	2Q	3Q
▪ Chemical production	→	→	→	→
▪ Average sailing distance	→	→	→	→
▪ Chemical tanker fleet growth	→	→	→	→
▪ Swing tonnage impact on chem trade	→	→	→	→
▪ Average fleet speed	→	→	→	→

# Summary

## Our results

- Odfjell achieved a new record result in 2Q24 at the back of a robust contract portfolio and excellent operational performance

## Odfjell Tankers

- Time charter earnings increased significantly in 2Q24 as the freight rates stayed at elevated levels after increasing towards the end of last quarter. Volumes were stable overall, with increased share of COA.

## Odfjell Terminals

- Stable net result contribution from Odfjell Terminals in 2Q24, although we saw a slight reduction in activity level at our Houston terminal

## Market outlook

- After a summer slowdown, the spot market is expected to pick up towards the end of third quarter, likely supported by large tankers switching back to dirty products.

## Guiding

- Freight rates are still at historically elevated levels despite some adjustment from the recent highs, and we expect stable underlying results from Odfjell Terminals.
- In sum, we expect 3Q24 to be another strong quarter, somewhat below 2Q24.

# Contact

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