



Quarterly results | 3Q-2024

Presentation by CEO Harald Fotland and CFO Terje Iversen

November 6, 2024





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Quarterly highlights

Odfjell delivers strong 3Q24 results amid softer spot market

- 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 202 mill, compared to a record USD 215 mill in 2Q24.
- EBIT of USD 91 mill compared to USD 107 mill in 2Q24.
- Strong quarterly net result of USD 71 mill. Net result adjusted for one-off items remained at USD 71 mill compared to USD 88 mill in 2Q24.
- A limited number of contracts were renewed during the quarter with rates up 7% on average.
- Net result contribution from Odfjell Terminals was USD 2.9 mill, in line with 2Q24.
- Our carbon intensity (AER) for 3Q24 came in at 7.2, marginally up from 2Q24 due to seasonal effects.
- During the quarter Odfjell took delivery of one newbuilding on long-term timecharter, leaving us with 16 vessels currently on order, whereof one owned and 15 on long-term timecharters.
- After the quarter end, Odfjell declared a purchase option for one 41,000 dwt stainless steel vessel currently on bareboat, to be delivered early 2026.

Key figures

USD million, unaudited	4Q23	1Q24	2Q24	3Q24	3Q23	YTD24
Time charter earnings	181.7	194.7	214.8	202.1	183.9	611.7
Total opex, TC, G&A	(75.4)	(71.1)	(70.5)	(72.8)	(71.8)	(214.5)
Net result from JV's	2.4	3.2	2.9	2.9	2.1	9.1
EBITDA	108.7	126.8	147.2	132.3	114.2	406.3
EBIT	70.9	88.5	107.4	90.5	76.1	286.4
Net financial items	(17.5)	(19.7)	(18.6)	(18.3)	(23.3)	(56.6)
Net result	52.1	67.8	88.2	71.3	51.9	227.3
EPS*	0.66	0.86	1.12	0.90	0.66	2.88
ROE**	26.0%	34.0%	43.3%	31.7%	27.0%	37.9%
ROCE**	15.9%	19.8%	23.8%	20.2%	16.8%	21.2%

* Based on 79.1 million outstanding shares

** Ratios are annualized

"Odfjell continues to perform well, with another solid result in 3Q24. Although the spot market has softened since the record levels seen last quarter, it remains at healthy levels.

We expect another strong quarter in 4Q24, but below 3Q24 due to weaker spot markets."

Harald Fotland, CEO Odfjell SE



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Developments and key take-aways

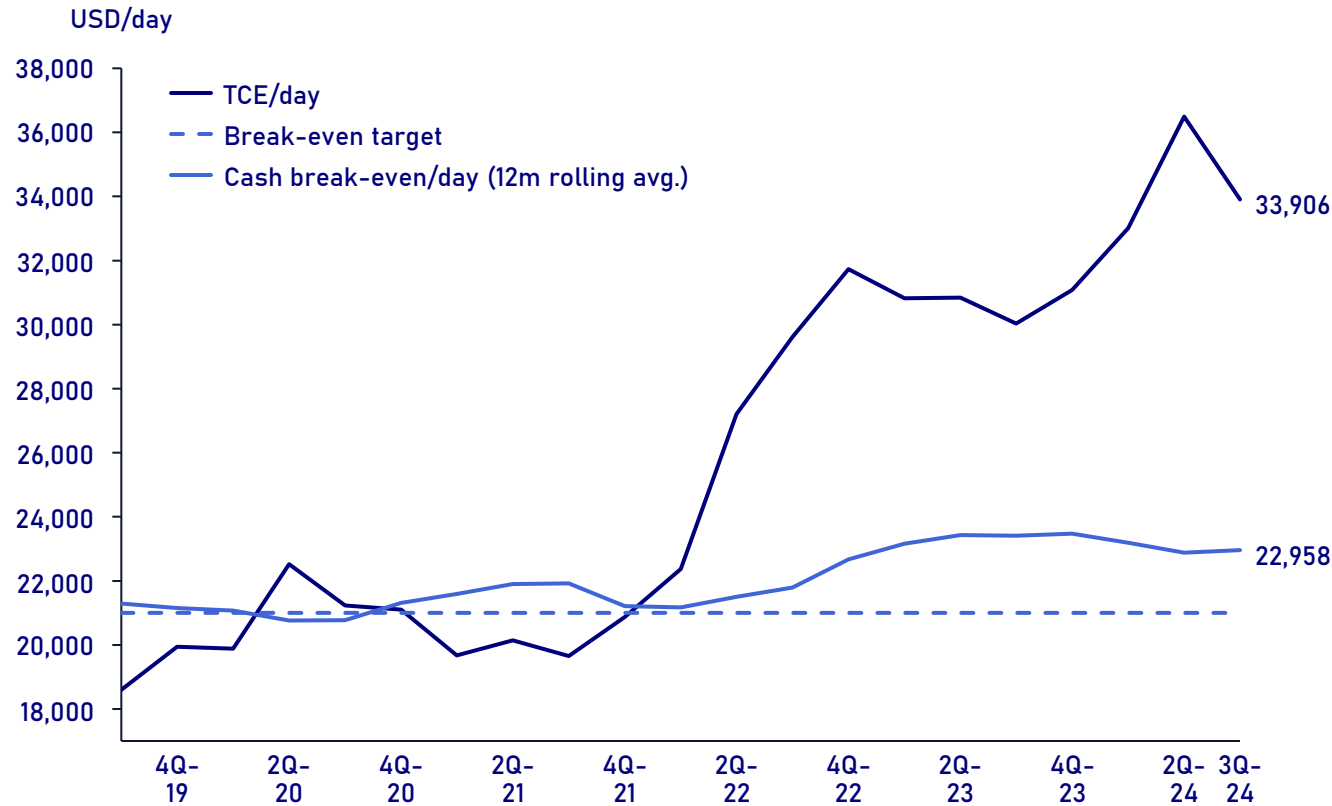
- A. TCE of USD 202 mill, a decrease of USD 13 mill compared to 2Q24
 - i. Spot freight rates came down during the quarter in line with market development. Due to reduced nominated volume under some of our contracts, we experienced a limited decrease in COA revenues.
 - ii. Stable volumes overall for Odfjell, with lower COA volumes offset by more spot.
- B. Operating expenses increased USD 2.7 mill and G&A expenses USD 1.7 mill in 3Q24.
 - i. Increase driven by lower G&A in previous quarter due to holiday pay, and one-off effects reducing opex previous quarter and some insurance claim provisions this quarter.
- C. Contribution from Odfjell Terminals of USD 2.9 mill, in line with 2Q24, reflecting stable activity levels.
- D. EBIT of USD 91 mill compared to USD 107 mill in 2Q24.
- E. Net result of USD 71 mill, down USD 17 mill from record 2Q24,
 - i. Adjusted net result remained at USD 71 mill in 3Q24.

Income statement

USD million, unaudited	1Q24	2Q24	3Q24
Net Timecharter Earnings (TCE)	194.7	214.8	202.1
TC expenses	(2.7)	(3.4)	(1.2)
Operating expenses	(49.1)	(51.0)	(53.7)
Share of net result from associates and JV	3.2	2.9	2.9
General and administrative expenses	(19.3)	(16.2)	(17.9)
EBITDA	126.8	147.2	132.3
Depreciation and amortization	(38.3)	(39.9)	(41.8)
Capital gain (loss)	-	-	-
EBIT	88.5	107.4	90.5
Net interest expenses	(19.0)	(19.1)	(18.3)
Other financial items	(0.6)	0.5	0.1
Taxes	(1.0)	(0.6)	(0.9)
Net results	67.8	88.2	71.3
EPS	0.86	1.12	0.90
Commercial revenue days (exc. external pool vsls)	5,884	5,864	5,947
Off-hire days	200	252	178

TCE per day declined, and cash break-even increased somewhat during the quarter

Odfjell tankers break-even vs. TCE per day



- Our TCE per day ended at USD 33,906 in 3Q24, down from USD 36,493 in previous quarter.
- Cash break-even per day in 3Q24 was USD 23,137 compared to USD 22,103 in 2Q24, bringing the 12-month rolling average to USD 22,958.
- The increase was driven by lower opex and G&A expenses previous quarter due to one-offs as well as reduced capital repayments in previous quarter due to refinancing of a USD 130 mill bank loan facility
- We expect cash break-even to remain around current level for the remainder of 2024.



Balance sheet, Odfjell Group

Developments and key take-aways

- A. During the quarter took delivery of the 26k dwt Bow Cougar on long-term time charterparty, increasing right of use assets and debt related to right of use assets.
- B. Cash and cash equivalent increased slightly to USD 144 mill, or USD 231 mill when including undrawn loan facilities. Very stable quarter on quarter development, yet during 3Q24 we paid USD 79 mill in dividends.
- C. Slight reduction in Total equity due to distribution of dividends.
- D. Current portion of interest-bearing debt includes ODF 11, NOK 850 mill/ USD 100 mill bond maturing in January 2025

Assets

USD million, unaudited	1Q24	2Q24	3Q24
Ships and newbuilding contracts	1,265.1	1,256.4	1,238.5
Right of use assets	254.4	293.6	307.0
Investment in associates and JVs	171.2	171.0	176.9
Other non-current assets/receivables	23.3	23.4	20.7
Total non-current assets	1,714.0	1,744.2	1,743.0
Cash and cash equivalent	86.6	140.8	144.0
Other current assets	177.5	188.4	182.0
Total current assets	264.1	329.2	326.0
Total assets	1,978.1	2,073.4	2,069.1

Equity and liabilities

USD million, unaudited	1Q24	2Q24	3Q24
Total equity	810.7	897.6	889.0
Non-current liabilities and derivatives	18.0	16.8	16.3
Non-current interest-bearing debt	535.4	587.5	574.4
Non-current debt, right of use assets	164.9	208.4	187.3
Total non-current liabilities	718.2	812.7	778.1
Current portion of interest-bearing debt	242.9	170.3	168.1
Current debt, right of use assets	100.7	96.4	131.3
Other current liabilities and derivatives	105.6	96.4	102.6
Total current liabilities	449.2	363.1	401.9
Total equity and liabilities	1,978.1	2,073.4	2,069.1

Cash flow, Odfjell Group

Developments and key take-aways

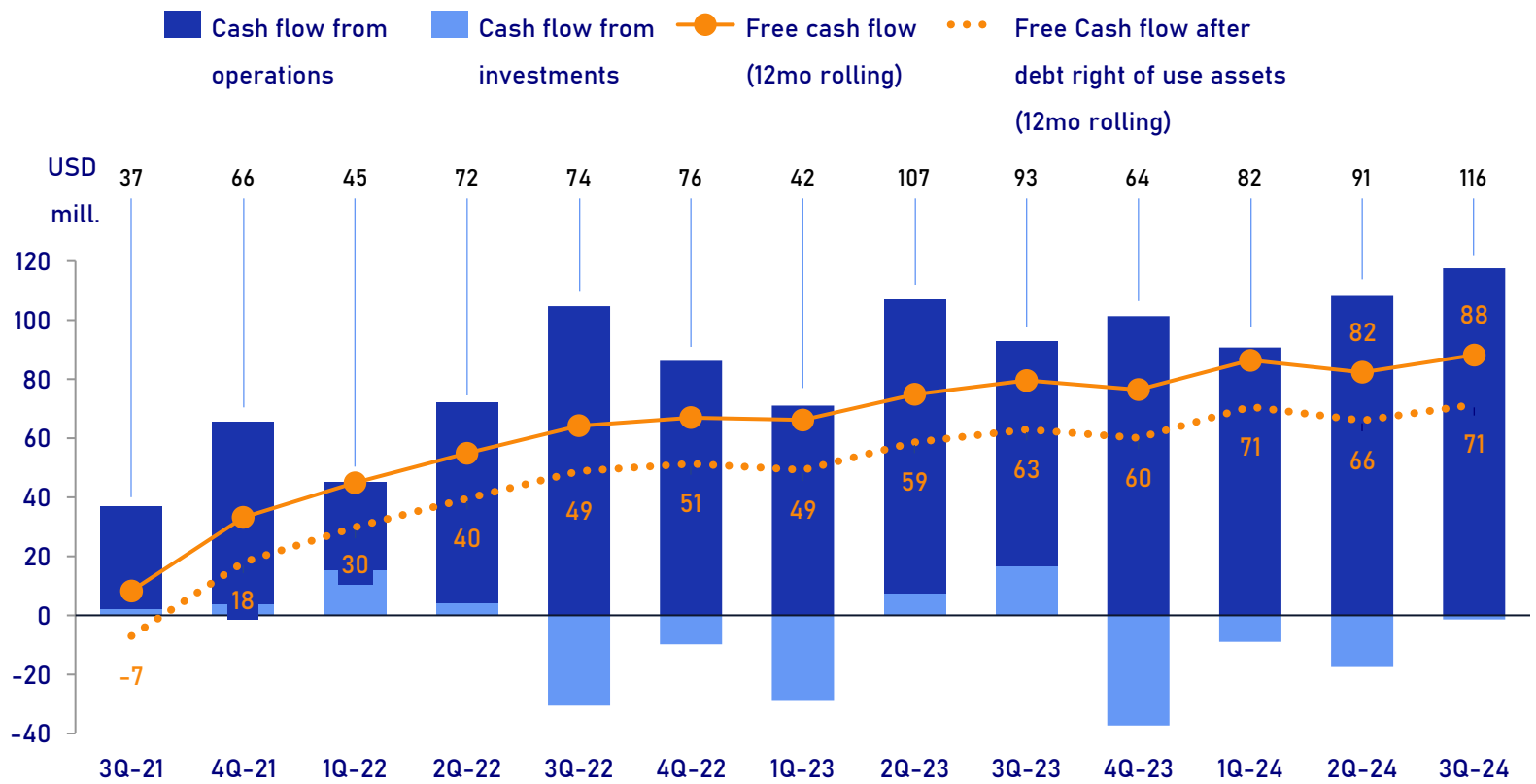
- A. Operating cash flow increased to USD 118 mill in 3Q24 from USD 108 mill in 2Q24, driven by continued strong results and an improved working capital.
- B. Bow Atlantic was sold in 3Q24 for net cash proceeds of USD 5.2 mill.
- C. Dividends paid out during the quarter related to adjusted net result for 1H24.

Cash flow

USD million, unaudited	1Q24	2Q24	3Q24
Net result	67.8	88.2	71.3
Adjustments	35.1	36.8	38.6
Change in working capital	(12.9)	(14.5)	9.5
Other	0.7	(2.3)	(1.9)
Cash flow from operating activities	90.7	108.2	117.6
Sale of ships, property, plant and equipment	-	-	5.2
Investments in non-current assets	(8.1)	(18.5)	(6.4)
Dividend/other from investments in Assoc. and JV	-	1.3	-
Other	(0.9)	(0.2)	(0.3)
Cash flow from investing activities	(9.0)	(17.5)	(1.4)
New interest-bearing debt	-	70.0	-
Repayment of interest-bearing debt	(42.2)	(90.3)	(17.3)
Repayment of operational lease debt	(15.8)	(16.3)	(16.8)
Dividends	(49.7)	-	(79.1)
Net cash flow from financing activities	(107.4)	(36.6)	(113.0)
Net change in cash and cash equivalents	(25.7)	54.2	3.2
Opening cash and cash equivalents	112.3	86.6	140.8
Closing cash and cash equivalents	86.6	140.8	144.0

Record strong free cash flow in 3Q24

Odfjell free cash flow per quarter



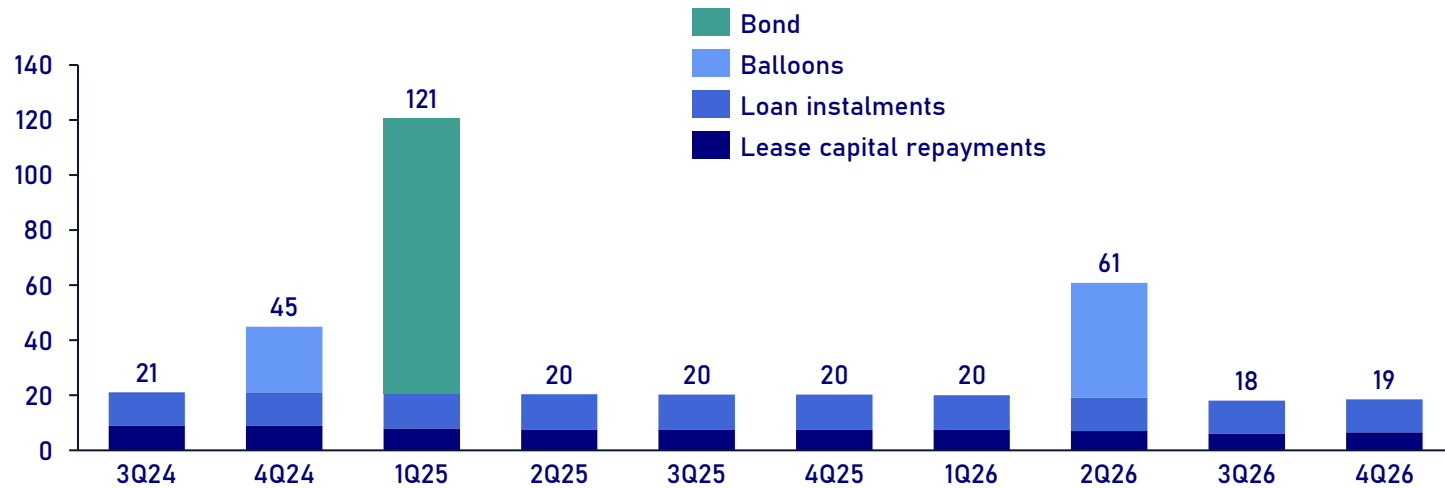
- Operating cash flow in 3Q24 was at USD 118 mill
- Driven by continued strong earnings and reduced working capital.
- Cash flow from investments was USD -1 mill
- Free cash flow of USD 116 mill
- 12-month rolling free cash flow at USD 88 mill and adjusted for debt repayments related to right of use assets it reached USD 71 mill.

Operations	35	62	30	68	105	86	71	100	76	101	91	108	118
Investments	2	4	15	4	-31	-10	-29	7	17	-37	-9	-17	-1

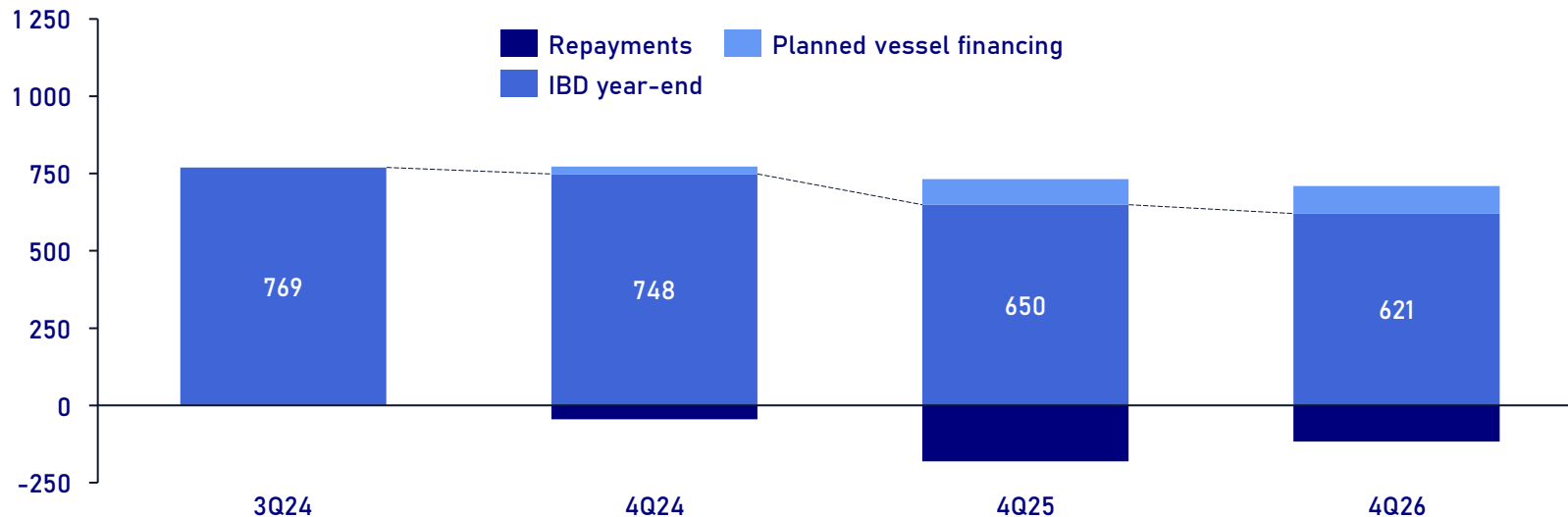


* Free cash flow equals the sum of cash flow from operations and cash flow from investments

Few upcoming maturities or financing transactions in the coming quarters, exploring alternatives for vessels currently on lease to us



- Nominal interest-bearing debt was USD 769m at quarter end, expected to decrease to USD 748m by year end
- 4Q24 balloon payments relates to two vessels that were on lease and has now been bought back by Odfjell. This took place in October, where one vessel was added to an existing bank financing facility, while the other was left unencumbered in our fleet
- The bond maturing in January 2025 will be repaid at maturity with cash from balance sheet.
- Purchase option payment and delivery for Bow Aquarius is scheduled for mid/end December 2024
- We are exploring refinancing alternatives for some leasing facilities and TC commitments, as early as 4Q24 and into 1H25. Our aim is to reduce break-even costs further and to take advantage of favorable purchase options



Capex & TC commitments

Capex including purchase options

- We have after end of 3Q24 declared purchase option for the vessel Bow Hercules, for delivery 1Q26. This is the remaining vessels of three 41k dwt vessels currently on bareboat to Odfjell. The first of these vessels, Bow Aquarius to be delivered in December 24.
- These vessels are three out of originally four vessels on operational lease from Sinochem.
- All declared purchase options are well below current market values, and we expect to obtain financing around the full purchase amount.

Newbuildings to be delivered on long-term charters

- Per 3Q24 we have concluded 15 newbuildings on long-term time charters to Odfjell that are scheduled to be delivered from 4Q24 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 commitments.

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
Sum capex commitment	35.3	35.5	44.6	27.7

USD million,	4Q24	2025	2026	2027	2028	Thereafter	Total
Nominal TC-hire for vessels not yet delivered	1	8	52	86	110	646	903



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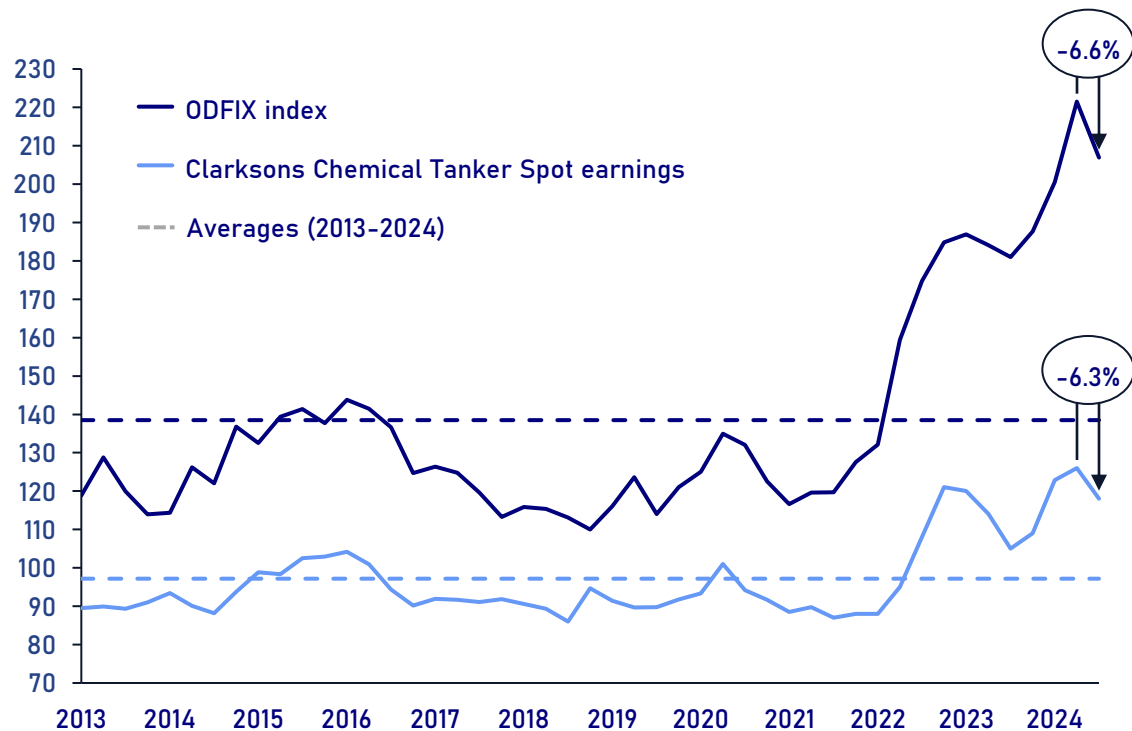
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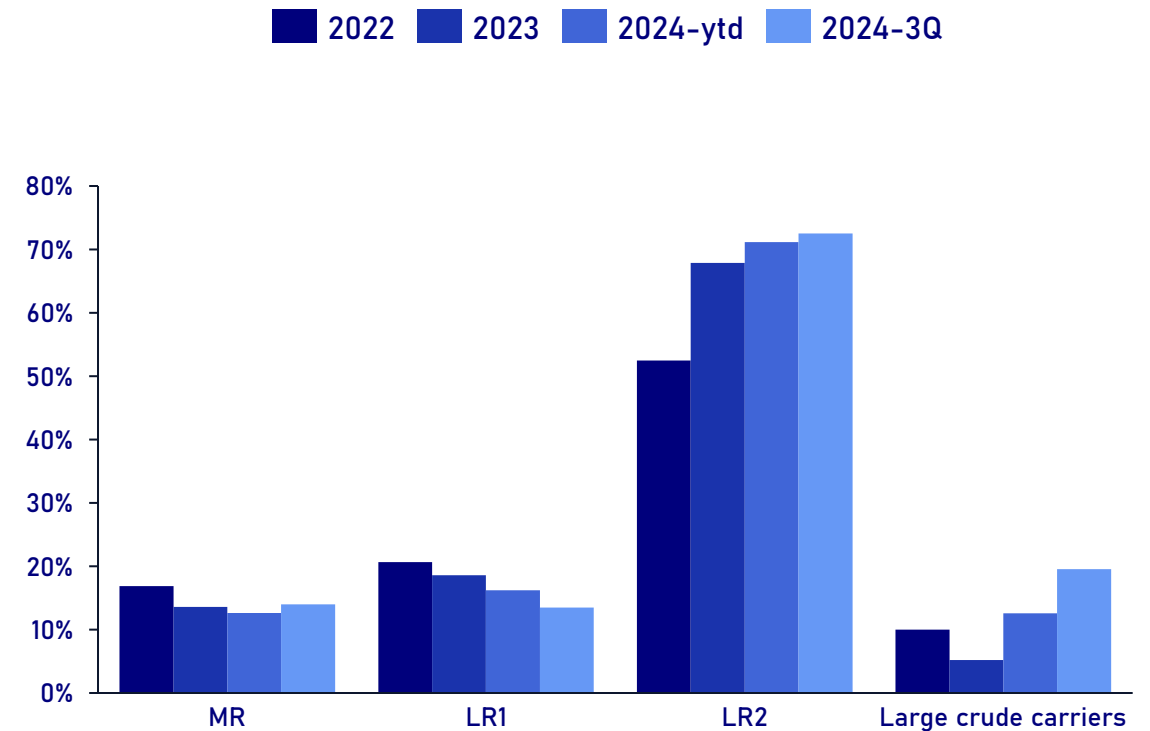
While still in a strong market, headwinds were more pronounced

MR and LR1 product tankers have lost market share to larger vessel classes, leading some product tanker owners to swing into chemicals

Odfix vs. Clarksons Chemical Tanker Spot Index



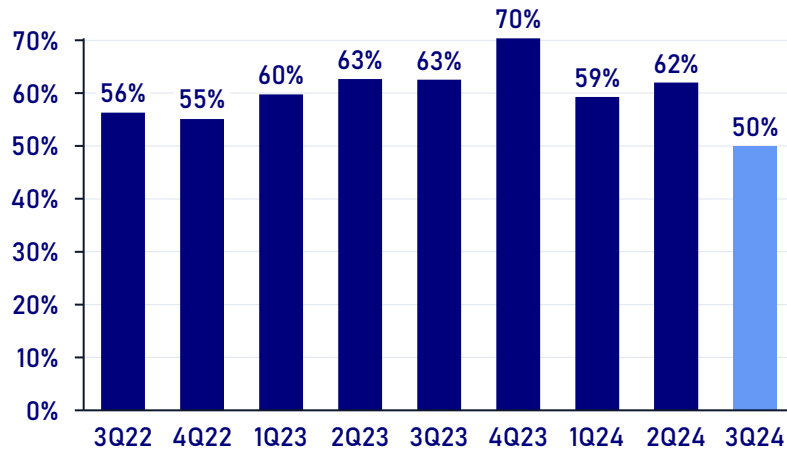
Vessel class share of CPP volumes, East of Suez to Atlantic Basin



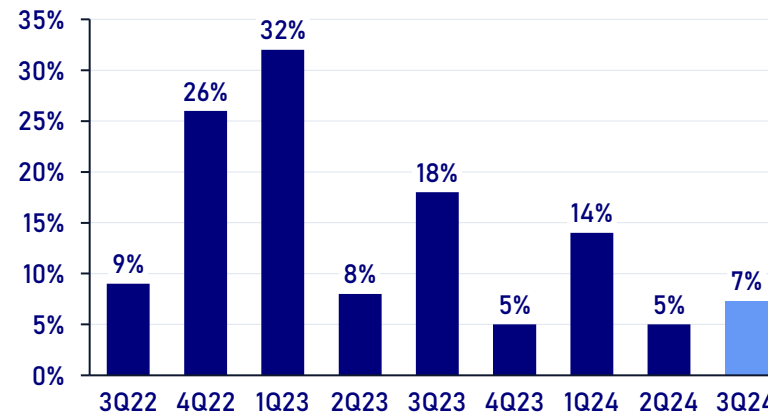
Limited COA renewal activity in 3Q24, we expect higher activity in the coming quarters

- Limited number of contracts were renewed during the quarter, with an average rate increase of 7%. Significantly higher renewal activity expected in 4Q24.
- Total volumes were stable during the 3Q24 and has been so for all quarters this year after we saw volumes negatively impacted from longer sailing distances due to the Houthi attacks in the Southern Red Sea and the Gulf of Aden.

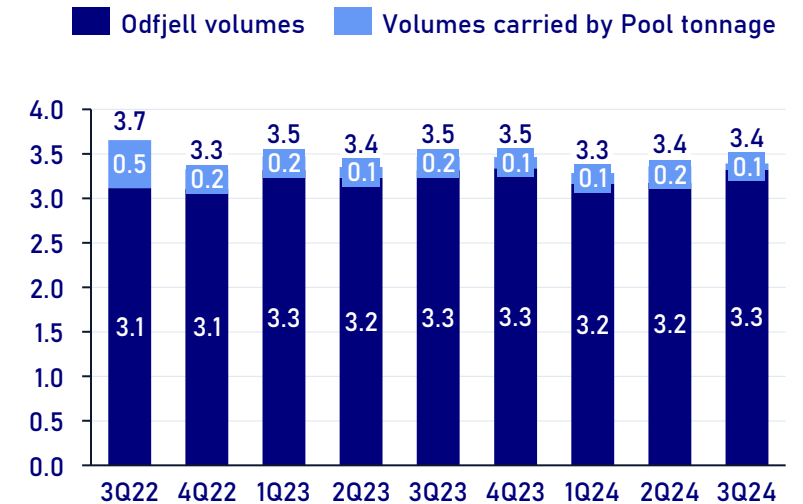
Odfjell COA coverage (%)



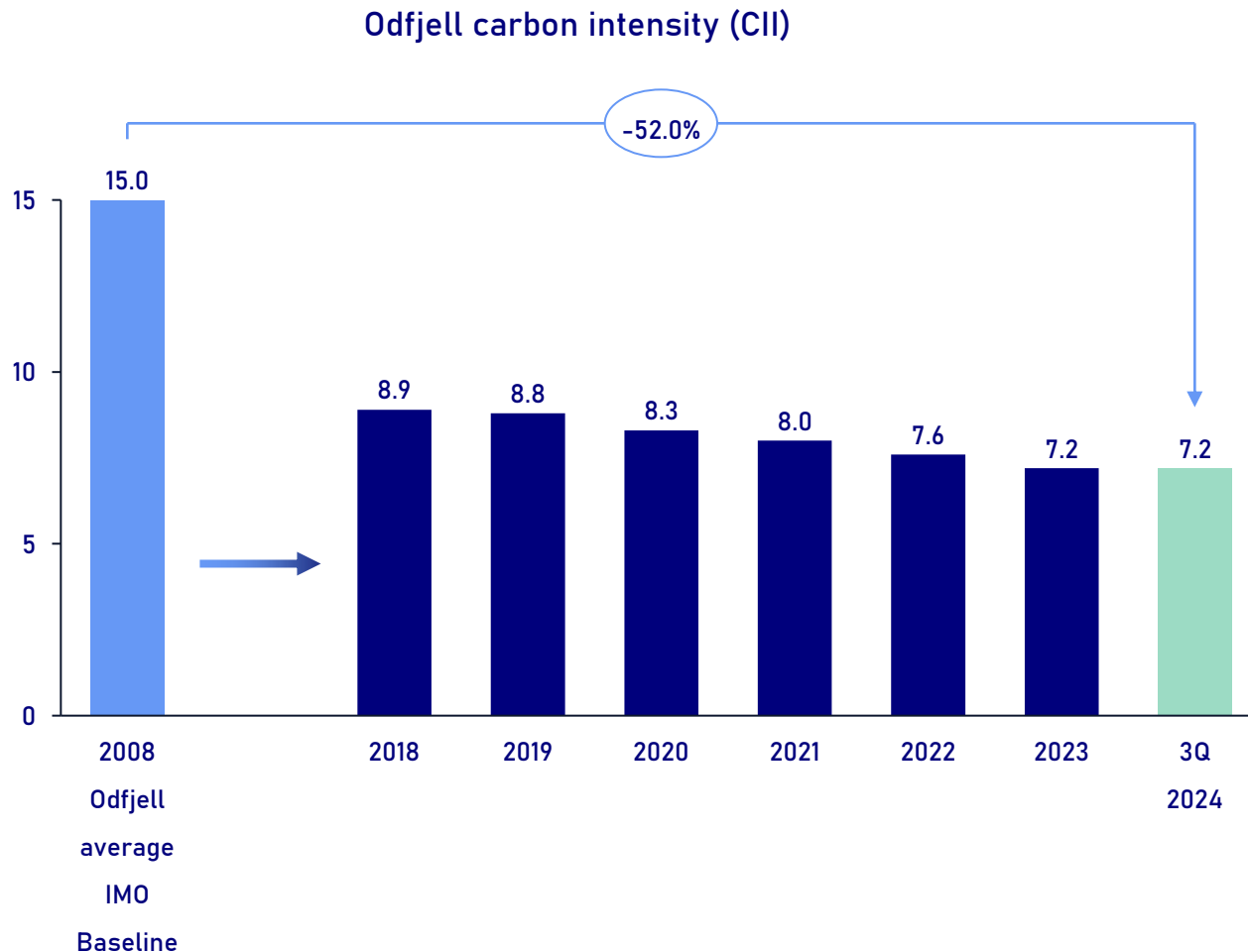
Rate increase, renewed COAs (%)



Volume development (mill. tonnes)



Odfjell's carbon intensity remained within target in the quarter



- In 3Q24, the carbon intensity for the Odfjell-controlled fleet was 7.2 – a slight uptick from the previous quarter due to seasonal effects.
- Installation of suction sails on board Bow Olympus has gone through its first phase during dry docking, with completion scheduled in Europe during 1Q25.
- The long-running fuel cell project has now been brought to an end. The technology is still immature, but Odfjell has obtained valuable learning related to future technology and fuel types through the project.

Tank Terminals

Performance

- Our terminals continue to perform well, maintaining an average commercial occupancy rate of 95.2% in 3Q24
- Financial performance is stable, with EBITDA for 3Q24 in line with the previous quarter

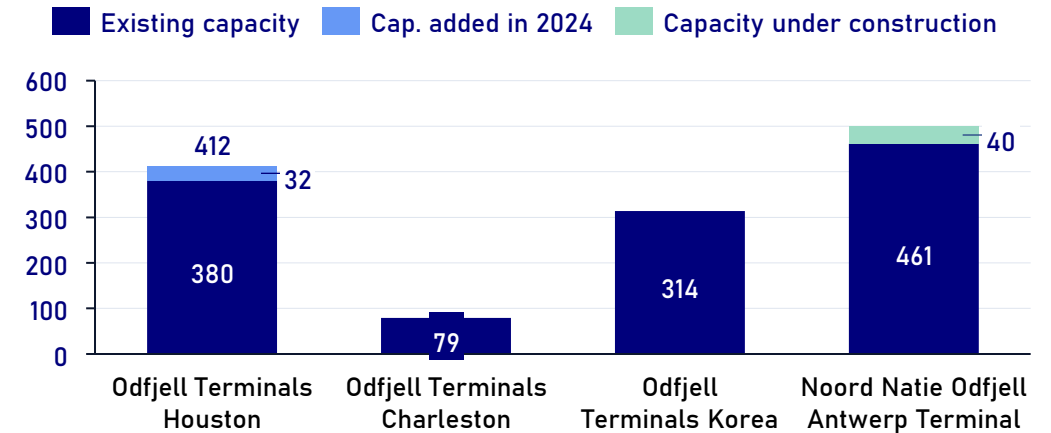
Expansion projects at Ulsan and Antwerp terminals

- Odfjell has approved a new expansion project at Odfjell Terminals Korea (OTK). The project (E5) will comprise 10 carbon steel tanks totaling 87,940 cbm and will be operational in 4Q26. Final JV investment decision is expected in November.
 - The key driver for E5 is the S-OIL Shaheen project, a \$7B crude-to-chemical facility being built close to OTK.
 - OTK and S-OIL have signed a 10-year firm MoU for 23,990 cbm (3 tanks). The agreement lays the foundation for an exciting strategic partnership
 - E5 is expected to deliver attractive returns, and will be funded locally
- In 3Q24, FID was taken for another expansion at our Antwerp terminal. The tankpit will consist of two stainless steel tanks (totaling 12,000 cbm) and come onstream in 2H25

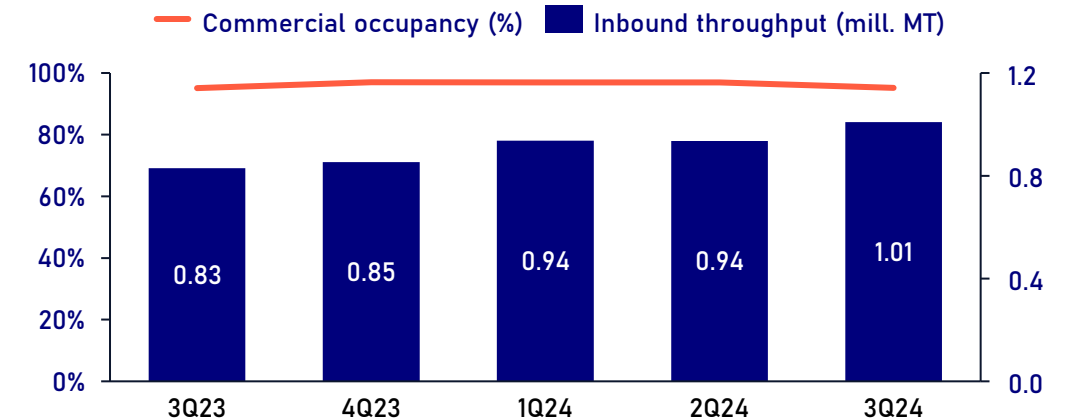
Ulsan

Antwerp

Total capacity at Odfjell Terminals (1,000 cbm)



Commercial occupancy and throughput





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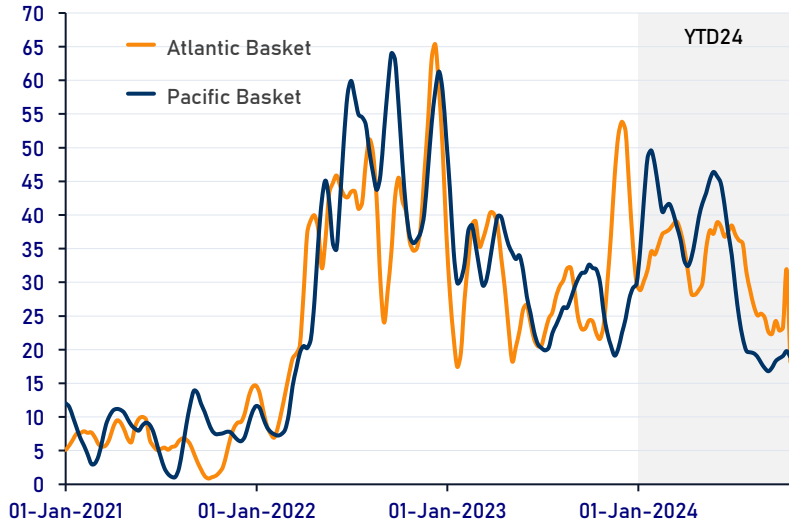
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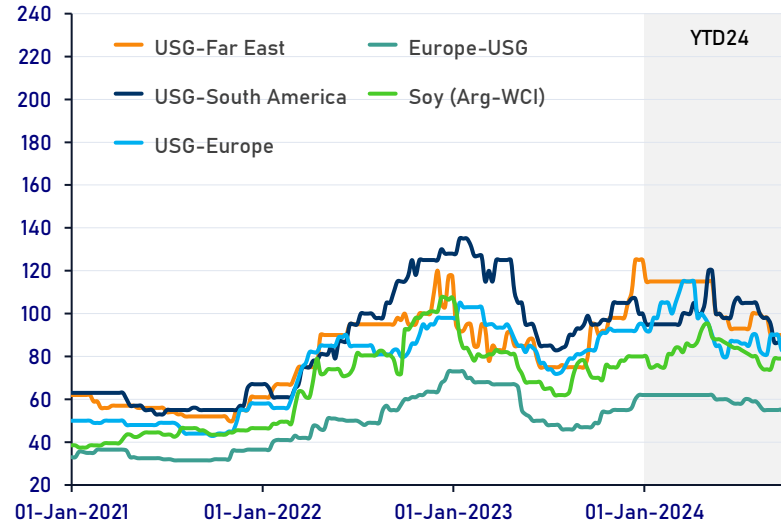
 04 **Market update and prospects**

Rates remain high in a historical context, but the sentiment is softening

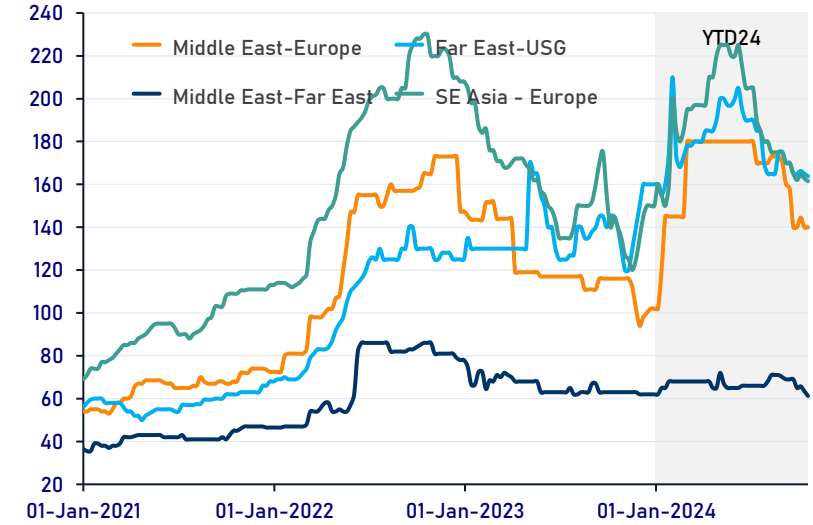
MR earnings – Atlantic and Pacific
(1,000 USD/day)



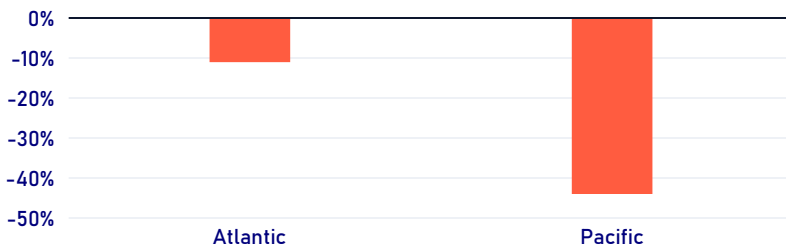
Chemical freight rates – West of Suez
(USD/mt)



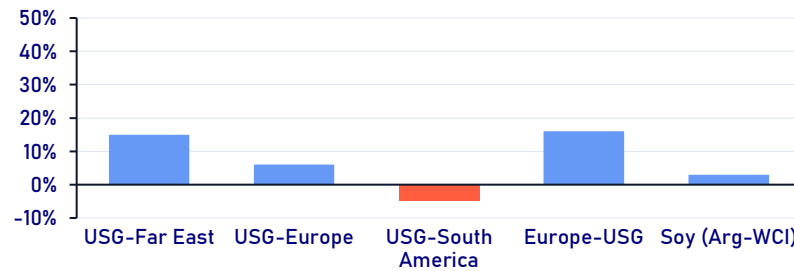
Chemical freight rates – East of Suez
(USD/mt)



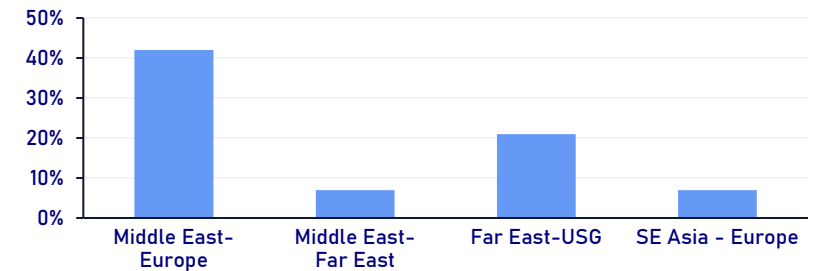
September 2024 vs. September 2023



September 2024 vs. September 2023

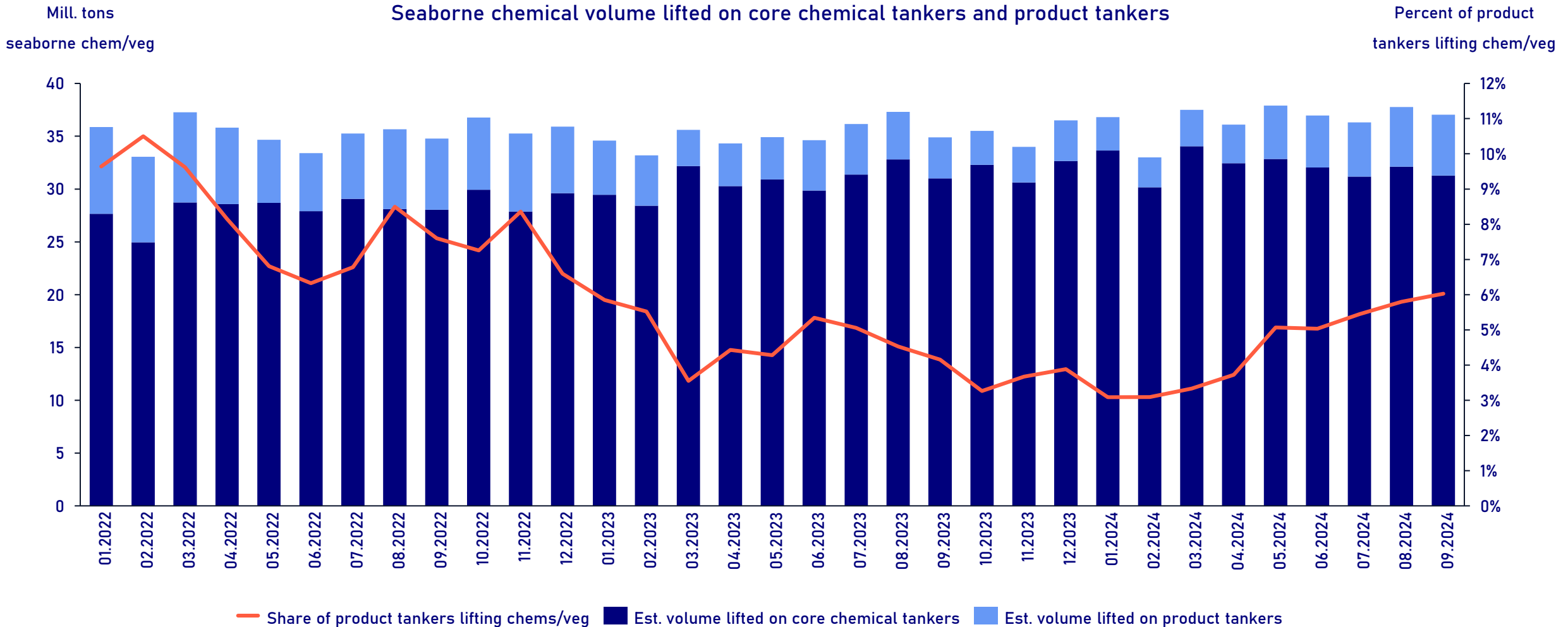


September 2024 vs. September 2023



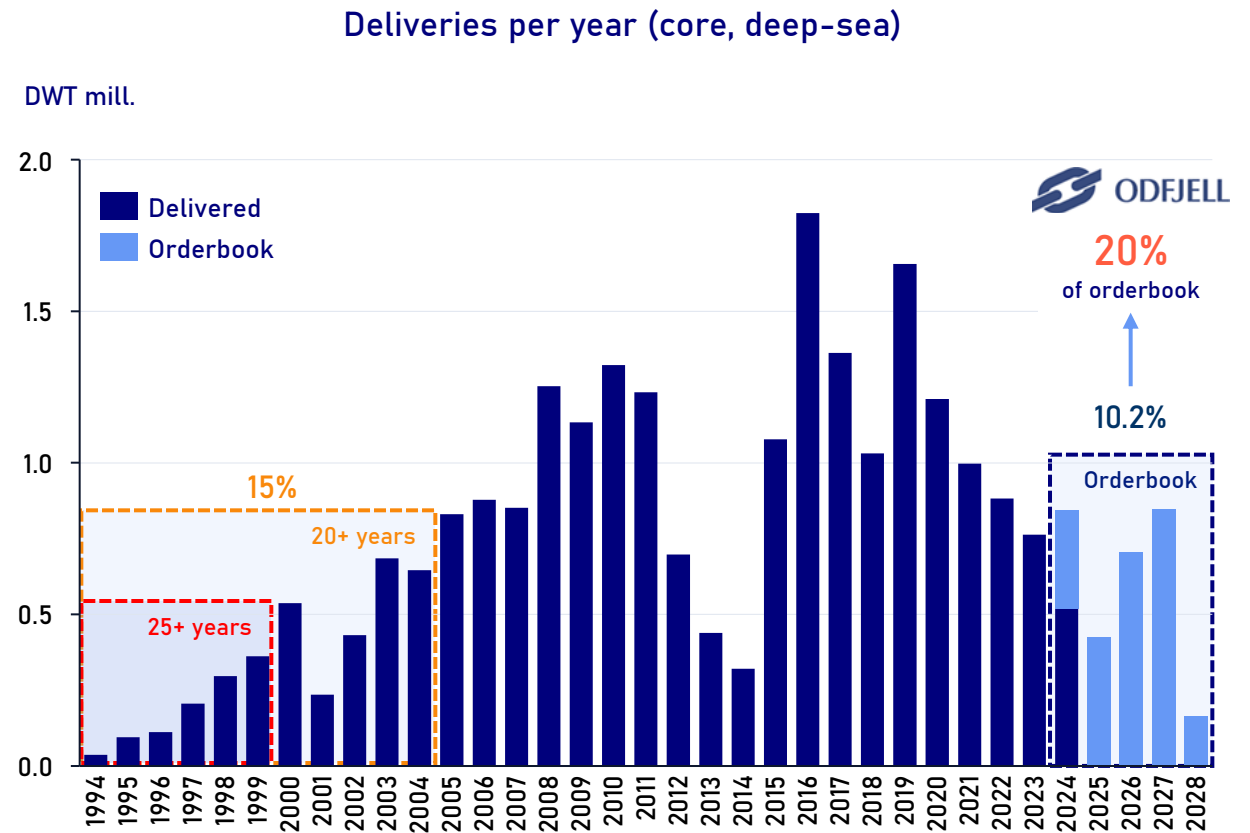
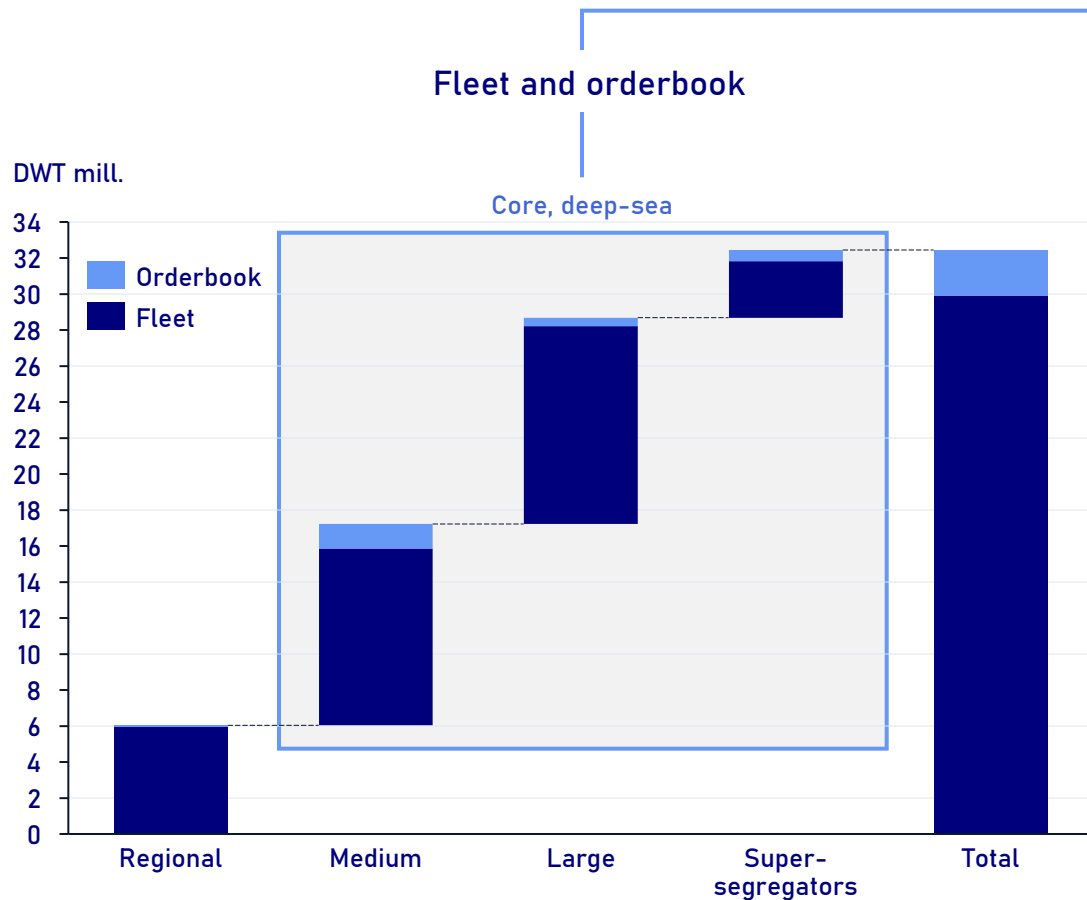
Demand remains stable, further uptick in swing tonnage

Swing tonnage has increased, but is expected to retreat as CPP markets are expected to strengthen towards year-end



Supply outlook remains beneficial despite uptick in orderbook

Lead times are long, and the aging fleet means a significant share of orders are replacement tonnage



Seasonality effects and market developments bode for gradual improvement through the fourth quarter

External factors' impact going forward

Macroeconomic

- Geopolitical tension is high, with high-risk situations in Ukraine/Russia and the Middle East, and instability in the Taiwan Strait
- Macroeconomic uncertainty remains on the back of sluggishness in China and Europe, while U.S. recession risk is still at low levels despite expectations of slower GDP growth
- Industry and manufacturing continues to struggle globally, with low levels of new orders and a worsening sentiment
- Global chemical production 1H-2024 was up ~6% compared to the same period the year before, with strong growth in Chinese production as well as a rebound in German figures
- Muted oil demand in China and lower exports from West Africa led to cascading effects from crude tankers via product tankers to our core segments, but these effects are now fading

	Demand outlook		Supply outlook	
	3Q	4Q	3Q	4Q
▪ Chemical production	➔	➔	▪ Chemical tanker fleet growth	➔
▪ Average sailing distance	➔	➔	▪ Swing tonnage impact on chem trade	➔
			▪ Average fleet speed	➔

Summary

Our results

- Odfjell delivered another solid financial result in 3Q24, somewhat below record levels from previous quarter.

Odfjell Tankers

- Time charter earnings decreased in 3Q24 as spot freight rates have fallen since the peak in 2Q24. Increased levels of swing tonnage in our segment lately. Volumes were stable overall, with increased spot volumes offsetting lower COA volumes during the quarter.

Odfjell Terminals

- Stable net result contribution from Odfjell Terminals in 3Q24.
- Capacity set to increase with expansion projects at the Ulsan and Antwerp terminals.

Market outlook

- Expect market to pick up towards the end of the year, where the development for product tankers and swing tonnage will be key. Increased production volumes from Opec+ potentially from early 1Q25 will likely have a positive effect.

Guiding

- Odfjell Terminals anticipate stable underlying results in 4Q24.
- We expect another strong quarter in 4Q24, but below 3Q24 due to weaker spot markets.

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