

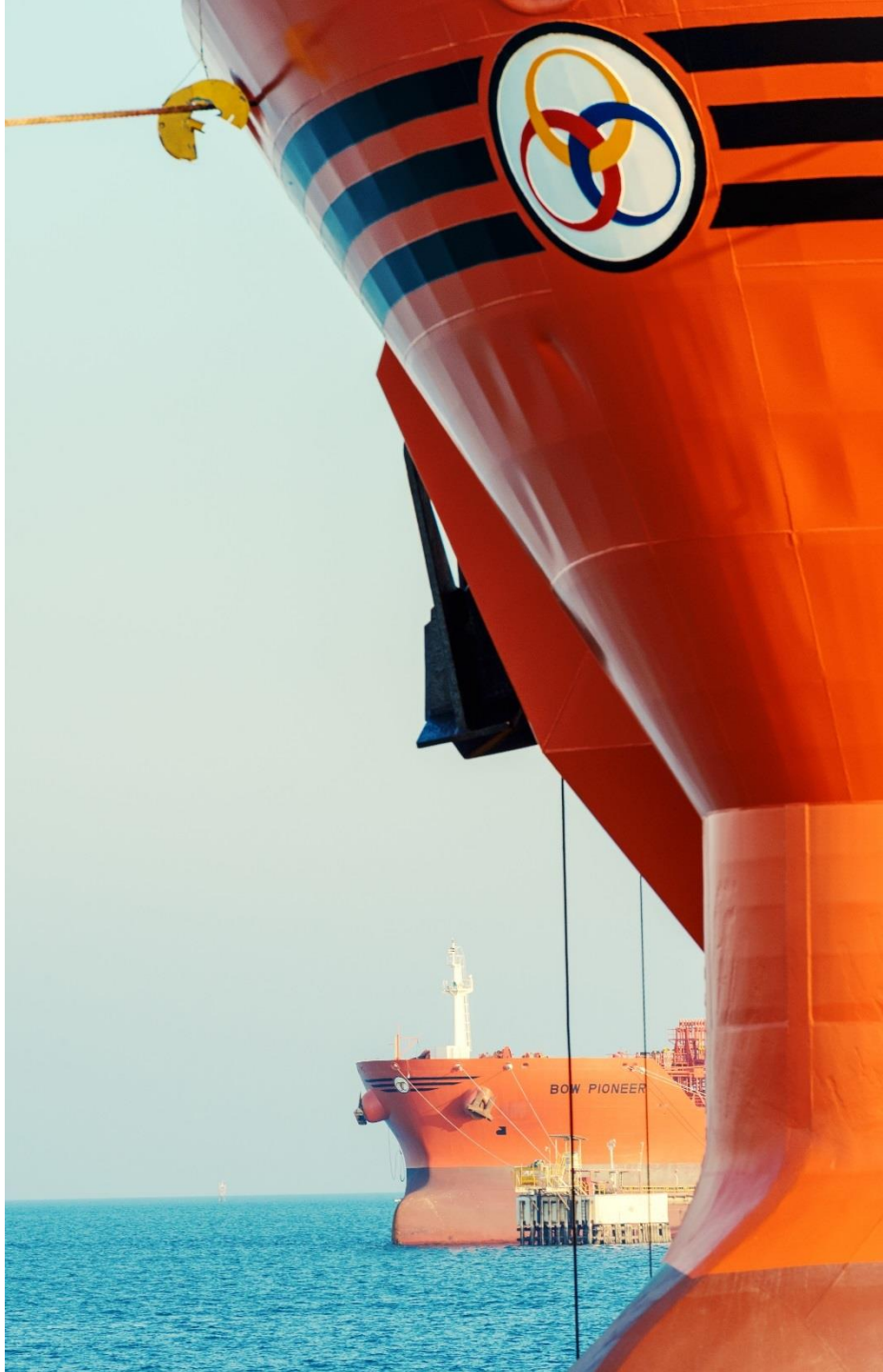
Odfjell SE – Pareto Conference 2018

CEO, Kristian Mørch

ODFJELL

Agenda

- **Odfjell at a glance**
- Odfjell Tankers
- Odfjell Terminals
- Chemical Tanker Market outlook
- Summary



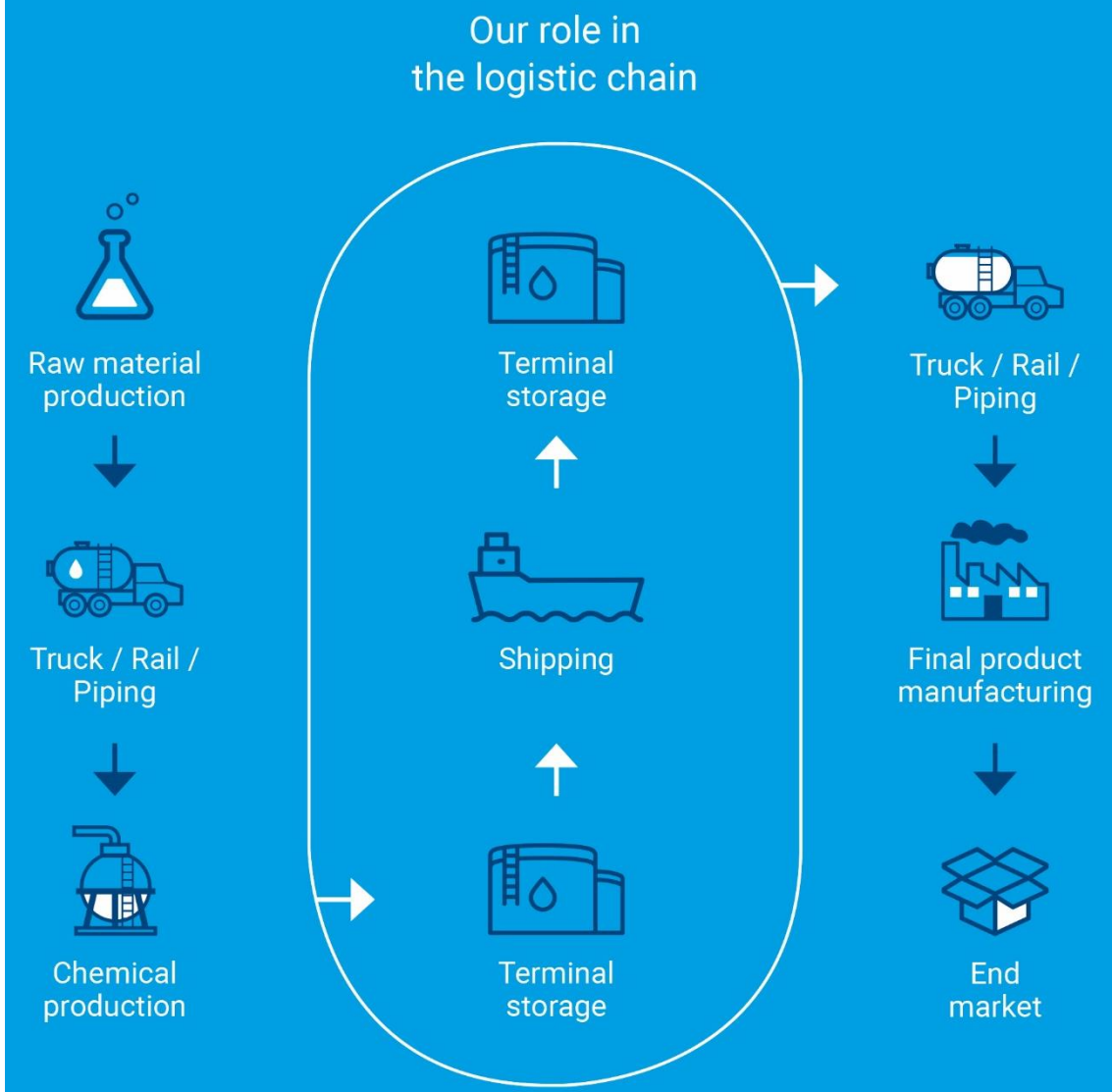
Odfjell SE - Key facts

More than 100 years of experience within the shipping industry

- Core business is shipping and storage of bulk liquid chemicals
- Headquarters in Bergen, Norway with offices in 18 countries worldwide
- One of the worlds largest operator of chemical tankers and one of the pioneers behind chemical/parcel tankers
- «Super-segregators» are our core assets in tankers

- Network of chemical tank terminals worldwide through owned and related parties
- Mix of mature and developing terminals with our Houston terminal being the main revenue driver

- Listed on Oslo Stock Exchange since 1986 with a current market cap of USD 310 mill
- Odfjell shares trades at a P/BV of 0.45x



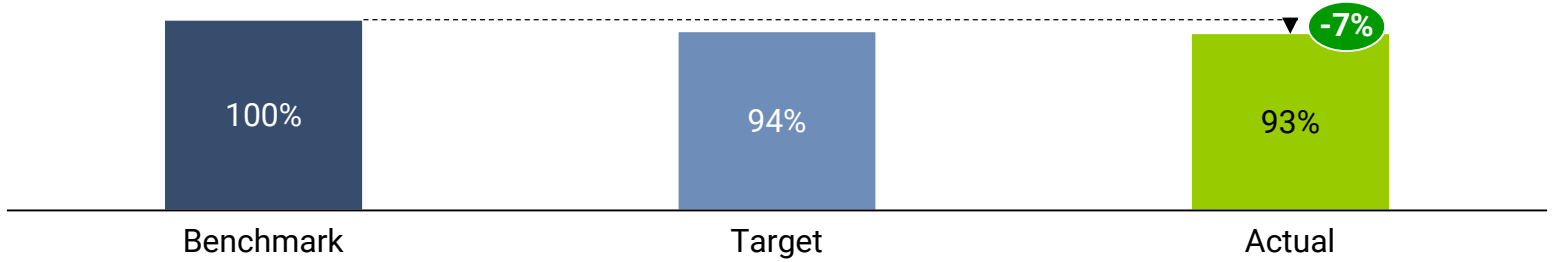
Recent history: Odfjell has reached several important milestones since 2015 and is now standing on a solid platform for the future

Cost savings programme 2015



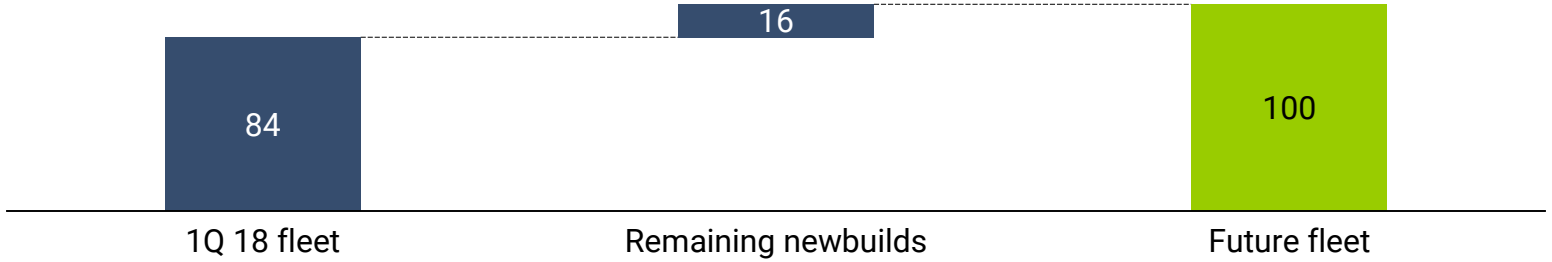
Cost savings of USD 109 million

Port efficiency programme 2017



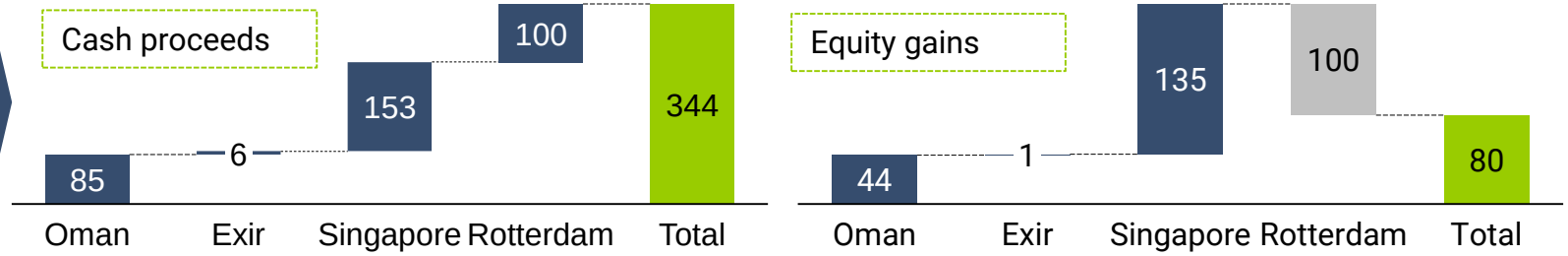
Improved port efficiency saving more than 900 revenue days

Growth of fleet 2017



Growing our fleet to 100 vessels at bottom of the cycle

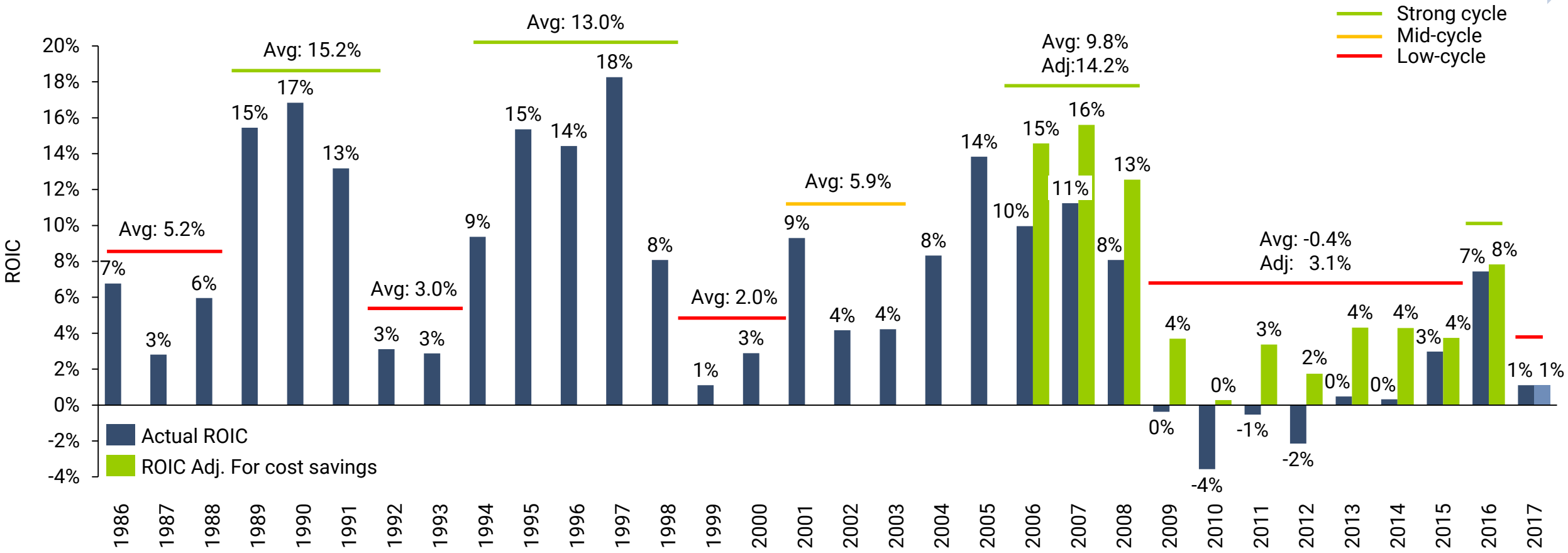
Tank terminal transactions 2016-2018



Cash proceeds of USD 344 mill and equity gain of USD 80 mill

These milestones has been achieved in the most challenging 10-year period since Odfjell went public - Cost savings would have had a meaningful impact on our returns and will do so going forward

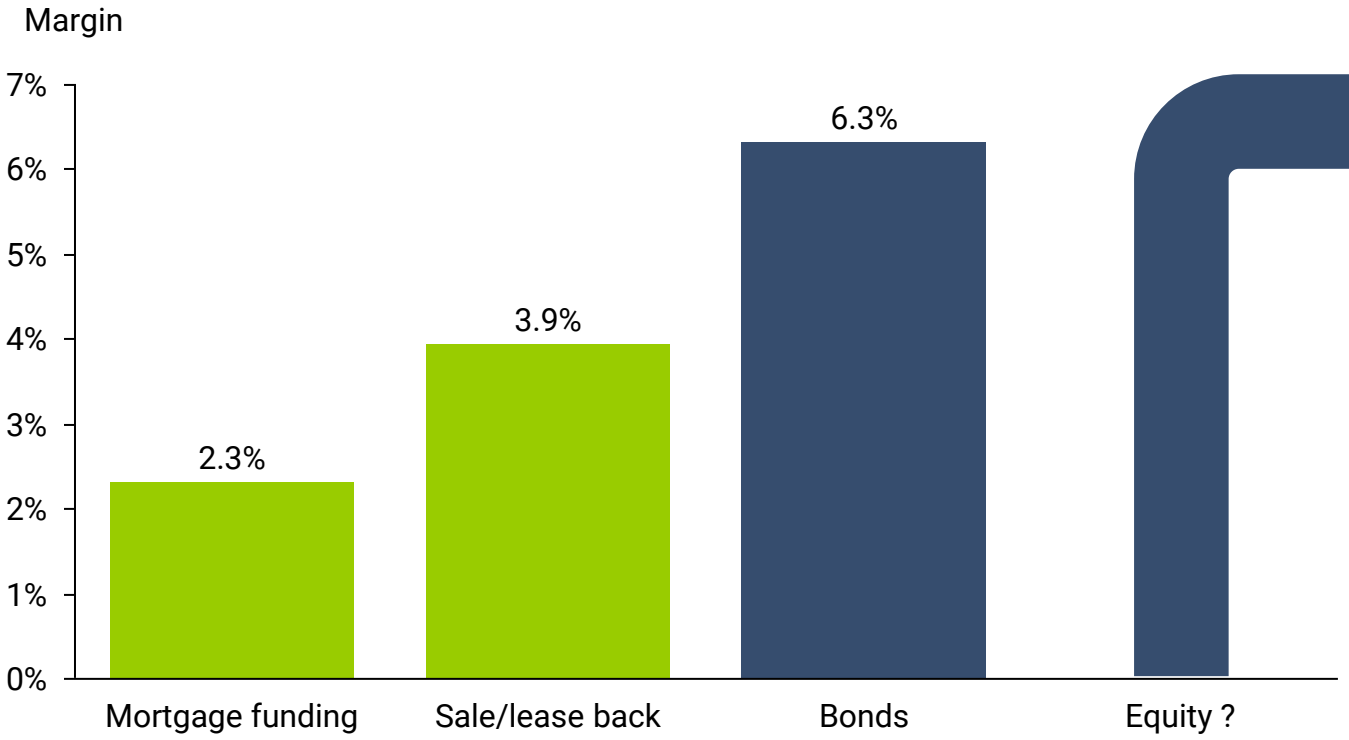
32 year average ROIC lifted to 8 % when adjusting for Project Felix



* Cost savings adjustments does not take into account full effect of savings (USD 109 mill), but is limited to USD 61 mill

Odfjell SE is competitive on cost of debt, while our cost of equity continues to be an issue

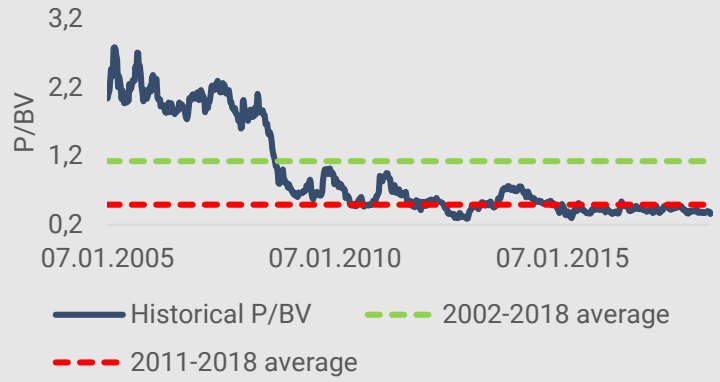
Funding sources



Equity

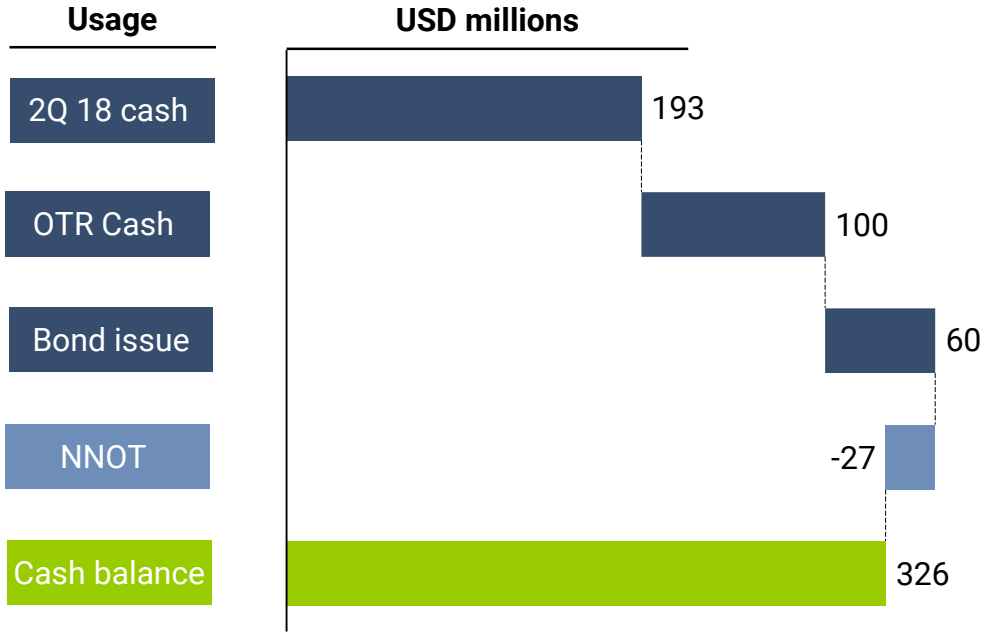
Odfjell Tankers external fleet valuation Dec-17 (USD mill)	
Market value fleet	1,427
Equity instalments NB	36
Excess market value NB	60
Total	**1,523**
Odfjell Tankers vessel debt	862
Net fleet value	**661**

Odfjell SE historical price-to-book value (pre/post OTR shutdown)



Source: Odfjell, Bloomberg, Grieg Shipbrokers, * Valuation only accounts for Odfjell Tankers on-balance sheet vessels and their associated debt (i.e. no corporate or JV factors included)

The sale of OTR adds another USD 100 mill of liquidity for Odfjell SE – USD 27 mill allocated to NNOT purchase and focus will turn to deleveraging



Comments:

- Strong liquidity before OTR sale concluded
- A comfortable liquidity protection for upcoming maturities and a weak market
- Expected to be concluded in 2H 18
- Partly refinances USD 84 mill bond maturing in December 2018
- European footprint and increased cooperation with Odfjell Tankers
- Strong performance, ROIC +20%, growth opportunities, attractive valuation for Odfjell
- Strong liquidity opening up for attractive opportunities and several alternatives

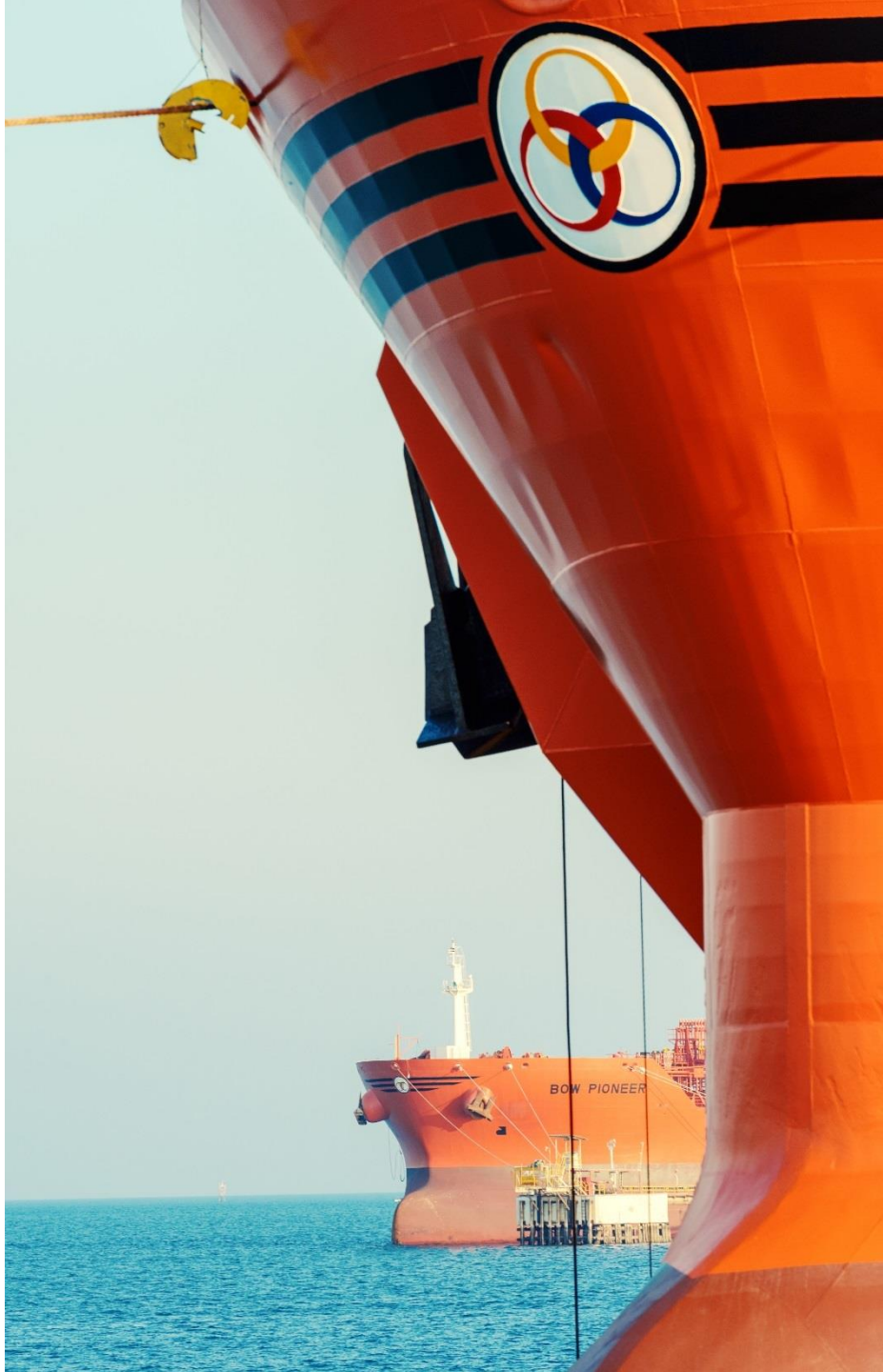
Following the acquisition of stake in the Antwerp terminal, remaining capital allocation alternatives are:

Bonds	• 2018 maturity: USD 84 mill & 2019 maturity: USD62 mill	• 2018 bond partly refinanced – We can redeem bonds if price is not attractive for Odfjell
Secured debt	• Lower debt ratios on our fleet	• Pay down amortizing debt and reduce our daily cash break-even
Terminals	• Decided on a case by case basis	• Several attractive opportunities available for tank terminal investments • Focus and capital allocation naturally turning to other terminals in our portfolio
Dividends	• To be decided at GM	• Strategy of paying attractive and sustainable dividends remains
Tankers	• Not in investment mode	• Our target fleet has been reached and new investments is not on the agenda at this stage

USD 73 mill

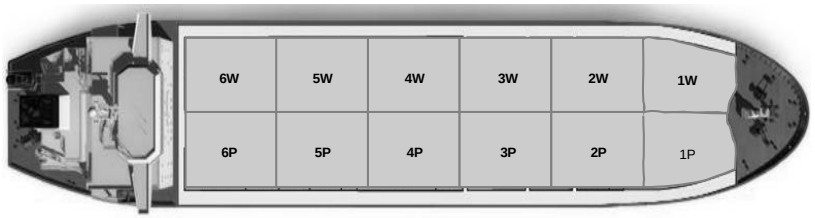
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Our vessels are sophisticated and built for serving very complex and demanding trades, with multiple parcels of highly specialized chemicals

Basic chemical tanker

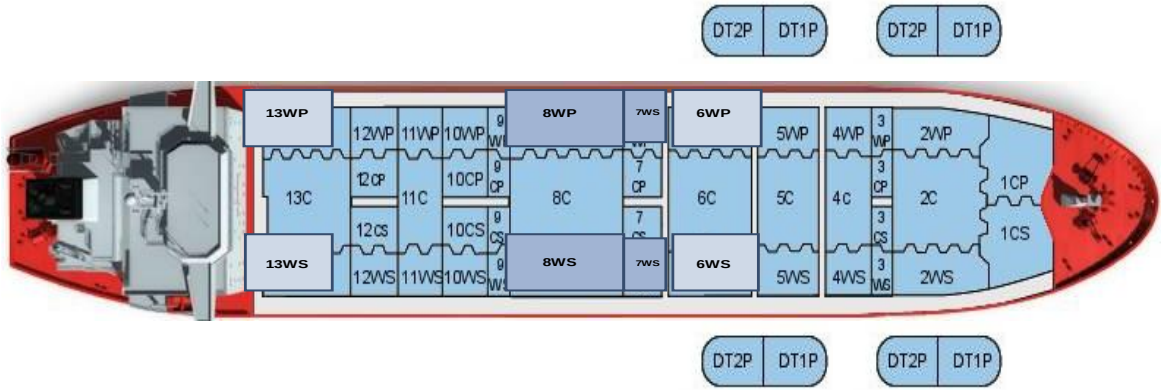


Standardized and cost efficient

Scale effect on basic equipment across similar ships

Experienced crew with cost focus

Sophisticated “super-segregator”



Tailor-made and responsive

Complex and flexible equipment

Experienced crew with cost focus, comprehensive technical competencies and training

61% of balance sheet in Odfjell Tankers

At the heart of global trade

Odfjell is one of few operators operating in a truly global system with frequent sailings to all major ports:

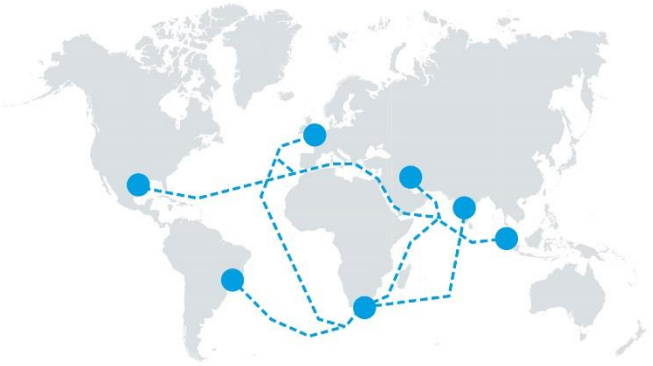
US Gulf - South America



Transatlantic and
North West Europe - South America



Middle East



Asia Pacific



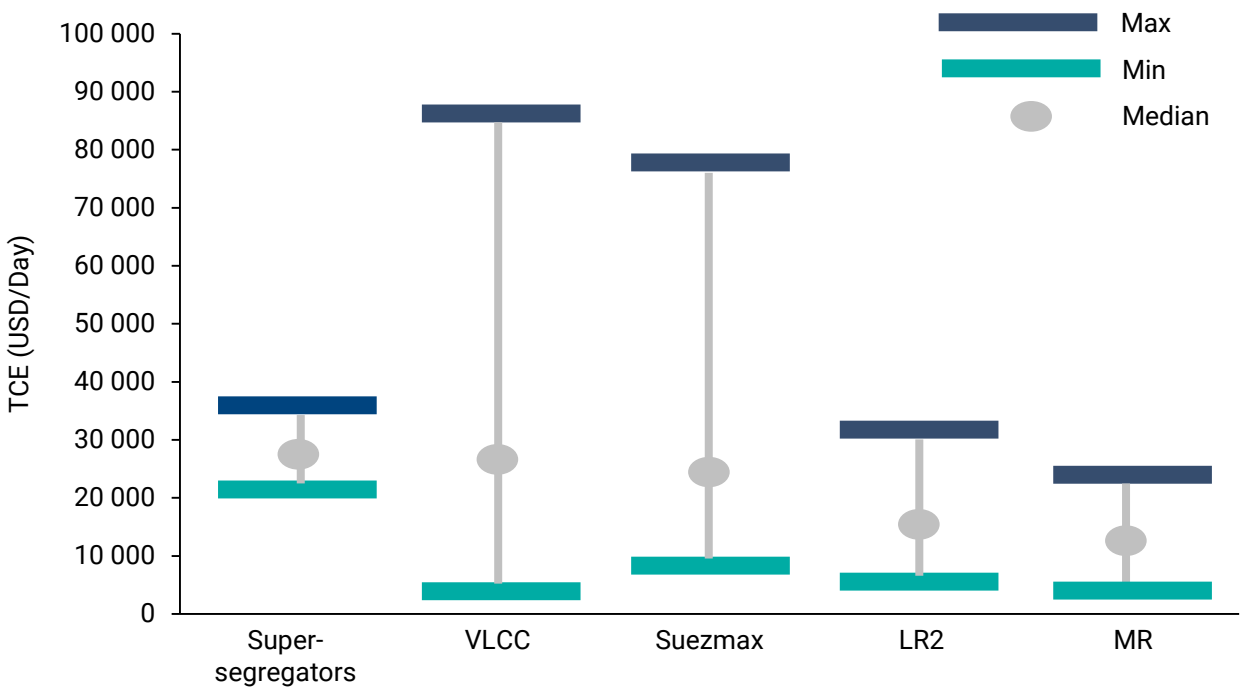
Regional Asia



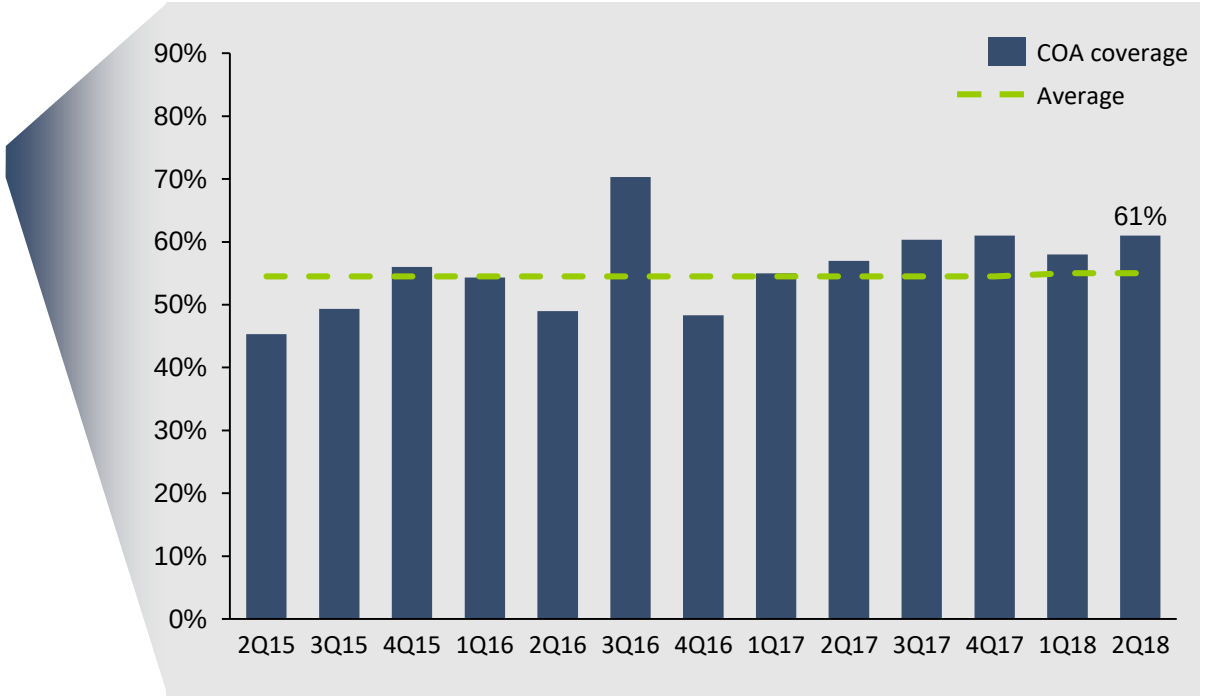
- Odfjell is a critical part of the logistic chain for the oil and chemical industry
- No single customer accounts for more than 10% of our freight revenue
- Significant number of “evergreen” contracts where key parameters are renewed annually
- Our target is to have 55% - 65% of our freight revenue from contract cargoes
- While we share similar dynamics as the wider tanker industry – We operate our vessels more like a “bus company”

The industrial nature of our business and a high contract coverage leads to less volatility to our top line

Historical TCE range – Oue Super-segregators vs. Crude & Product tankers



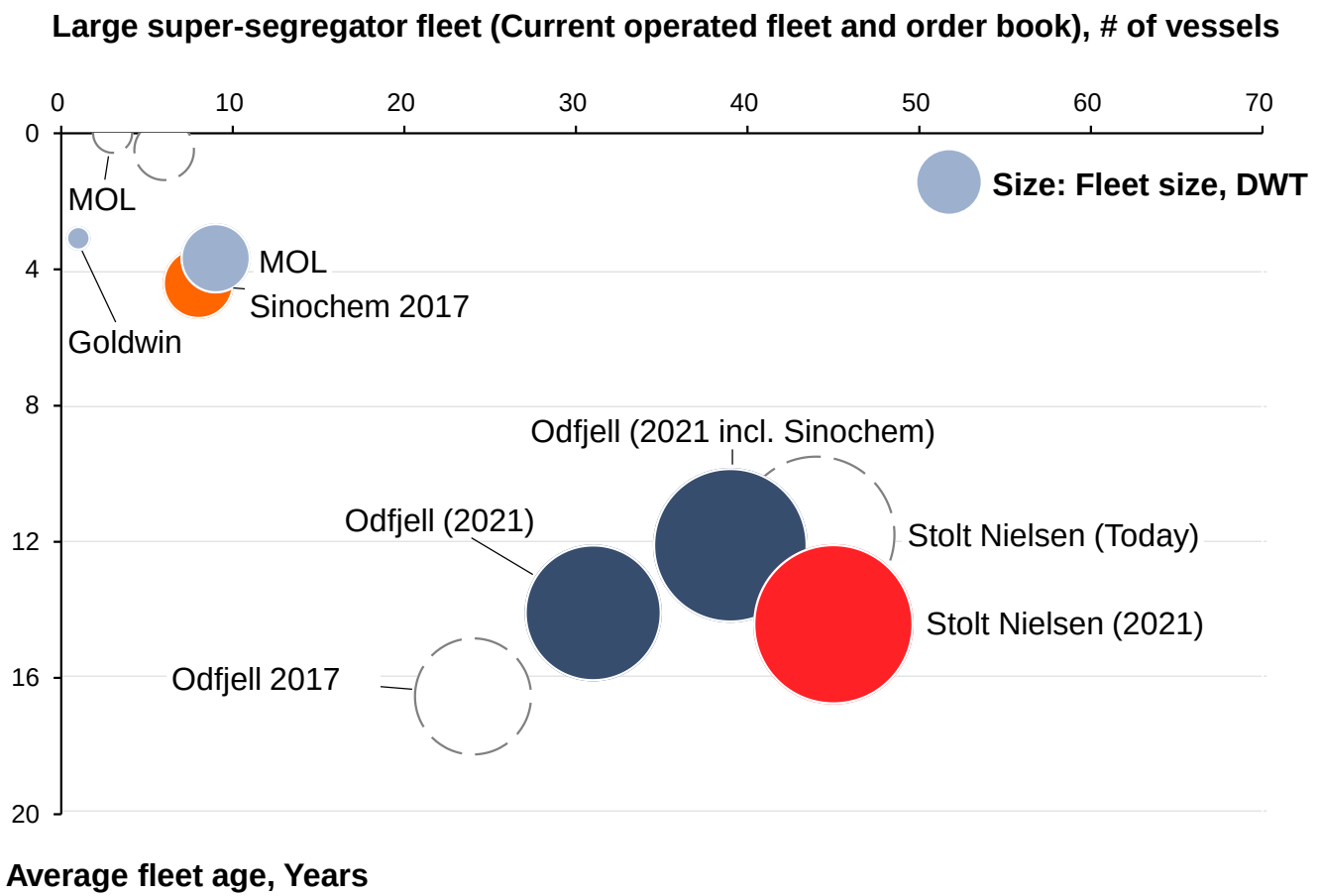
Odfjell Tankers contract coverage



The sophisticated "super segregators" market is consolidated. Our transactions has been important milestones to close the gap to our main competitor and has been concluded in a capital efficient way

- **4Q 16 and 1Q 17:** Odfjell ordered six super-segregator newbuildings at Hudong Shipyard for delivery in 2019 and 2020
- **1Q 17:** Odfjell concluded long-term charter agreements for two super-segregator newbuilds with delivery in Q4 18 and 1Q 19
- **1Q 17**: Odfjell concluded long-term bareboat agreements for two super-segregator newbuilds with delivery in 4Q 19 and 2Q 2020
- **3Q 17:** Odfjell acquired five 25,000 stainless steel chemical tankers from CTG and formed a pool with CTG's remaining five vessels
- **4Q 17:** Odfjell secured four super-segregators from Sinochem on long-term bareboats with purchase options and formed a pool with Sinochem's remaining vessels
- We have an announced target of growing our fleet to 100 vessels and these transactions has concluded these ambitions

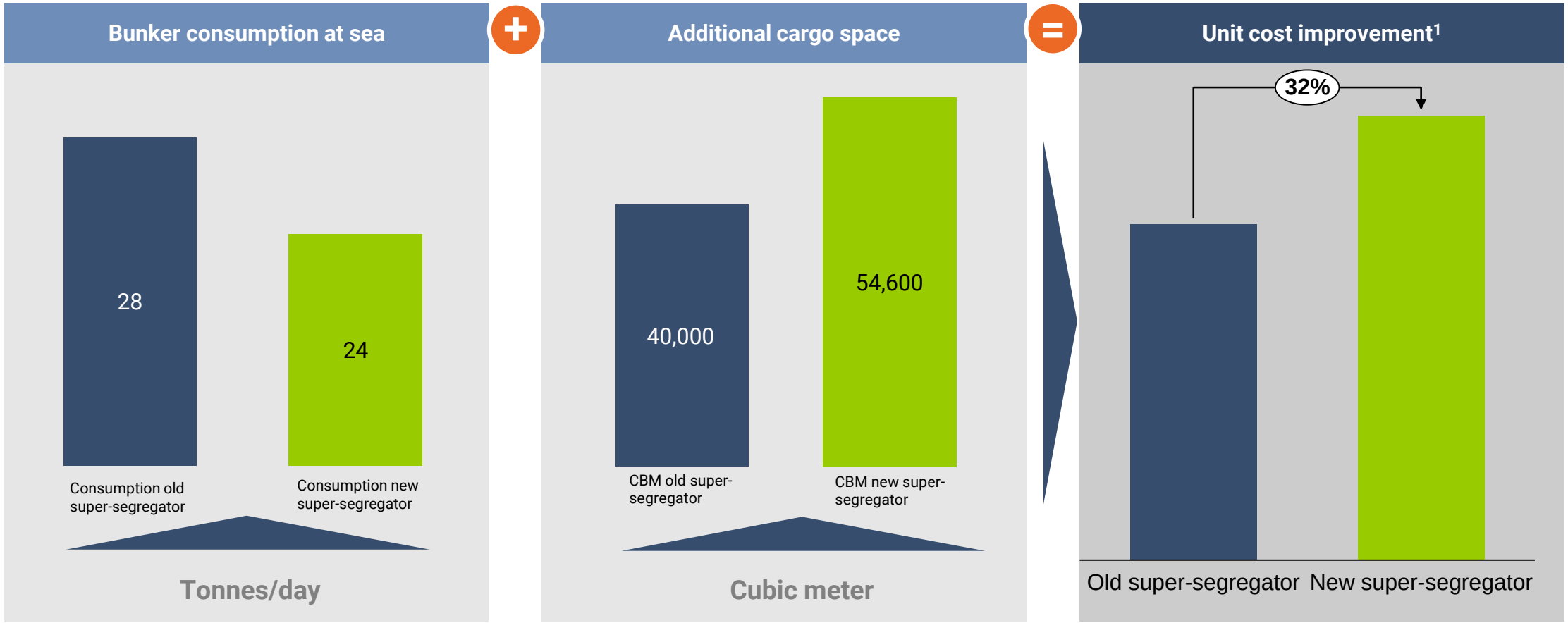
Large super-segregator fleet (2021)*



** Not accounting for scrapping, except Stolt Vestland and Stolt Vinland and 3 NCC Kværner vessels*

Source: Odfjell fleet overview

.. And the new tonnage will reduce fuel consumption and add incremental cargo space, which means that our unit cost will decrease as new tonnage is phased in

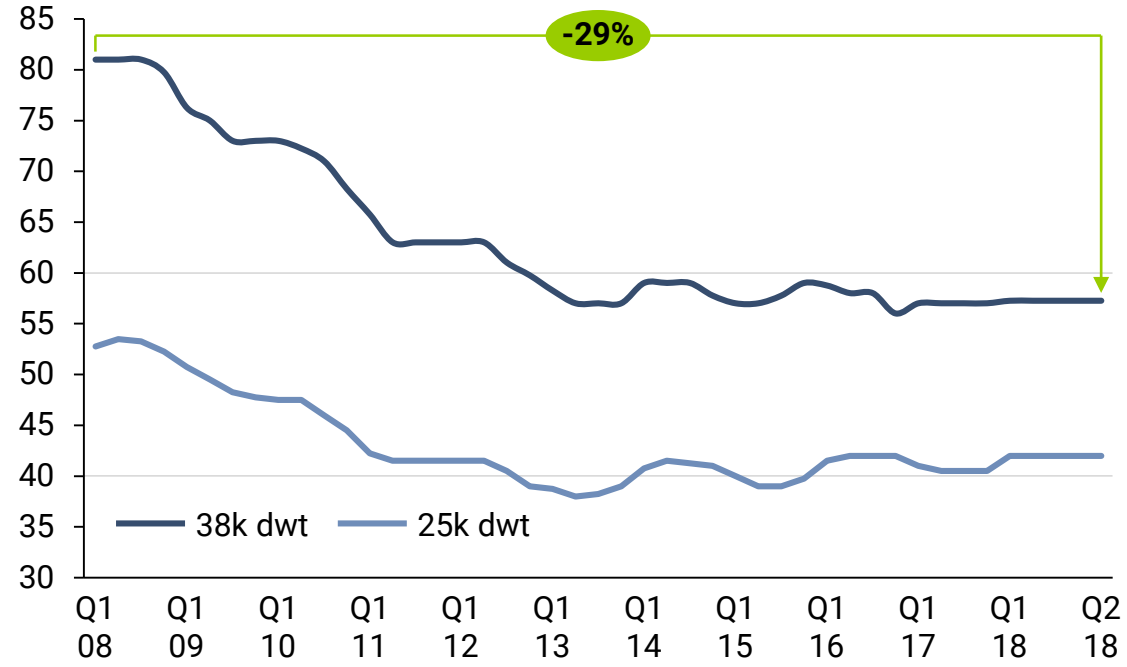


1. Improvement in unit cost

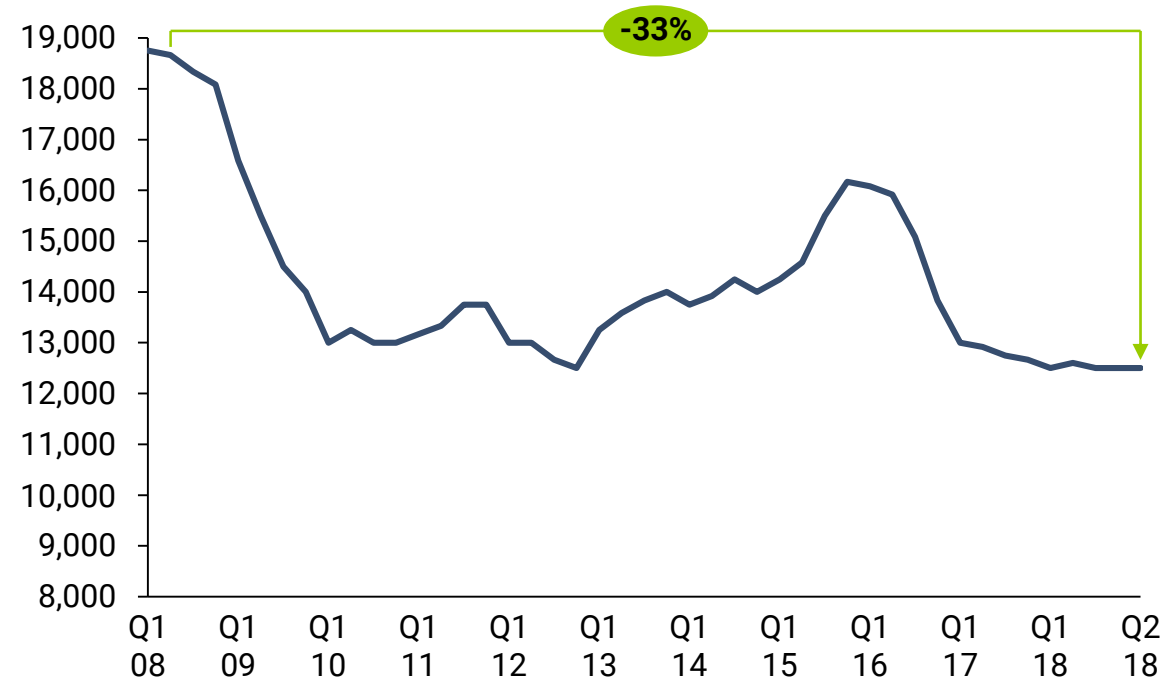
Source: Odfjell

We launched our fleet growth strategy at what appears to have been the bottom of the cycle

Historical asset value development (USD mill)



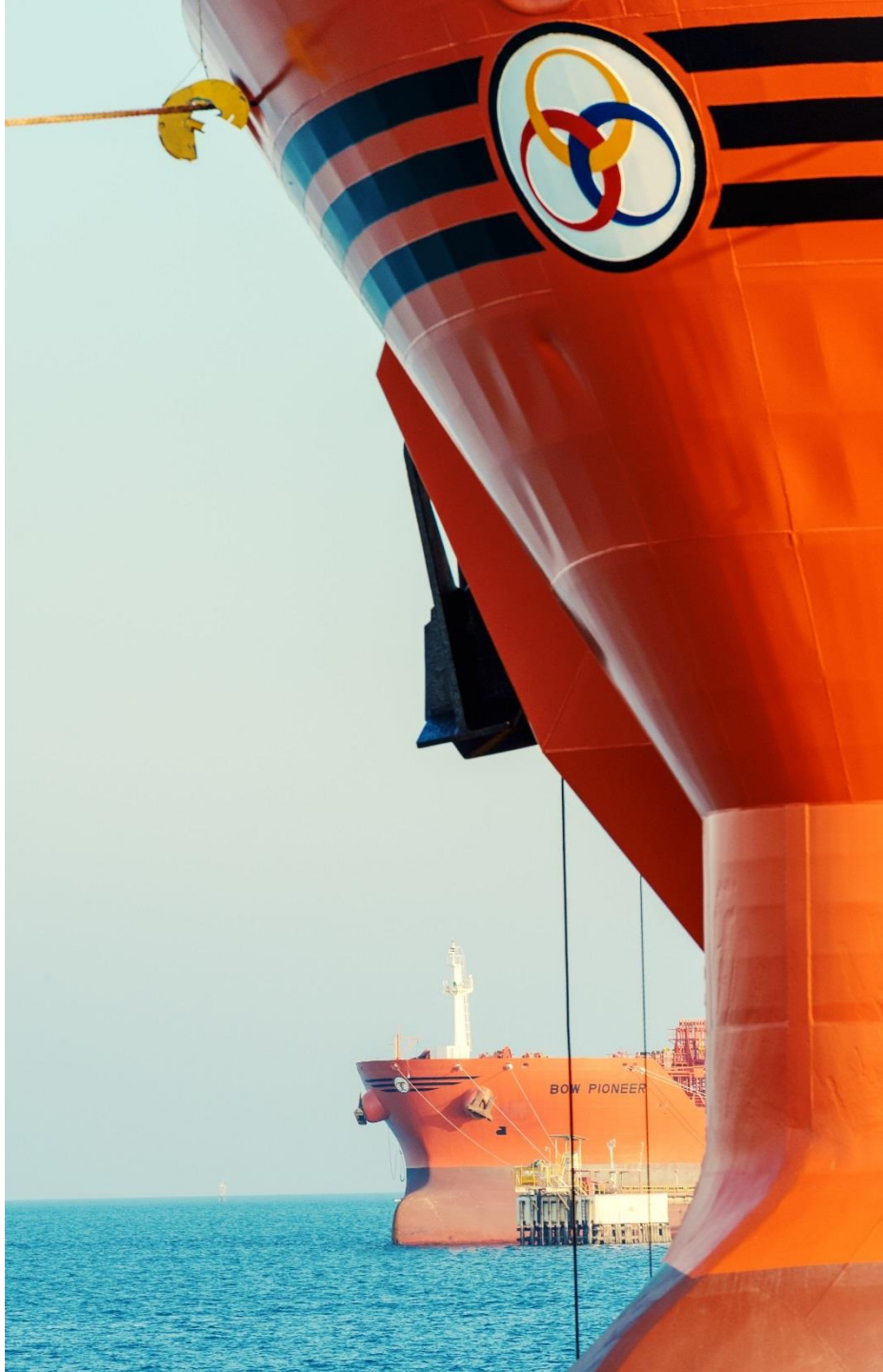
Historical timecharter development (USD/Day)



Source: Odfjell, Maersk Brokers

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Odfjell Terminals BV (51% owned by Odfjell SE)

Odfjell Terminals is a global tank storage service provider. Our terminals connect sea and land at strategic locations worldwide, providing safe and efficient storage for vital liquids, chemicals, and oil.



7
operational, part owned tank terminals at strategic locations around the world

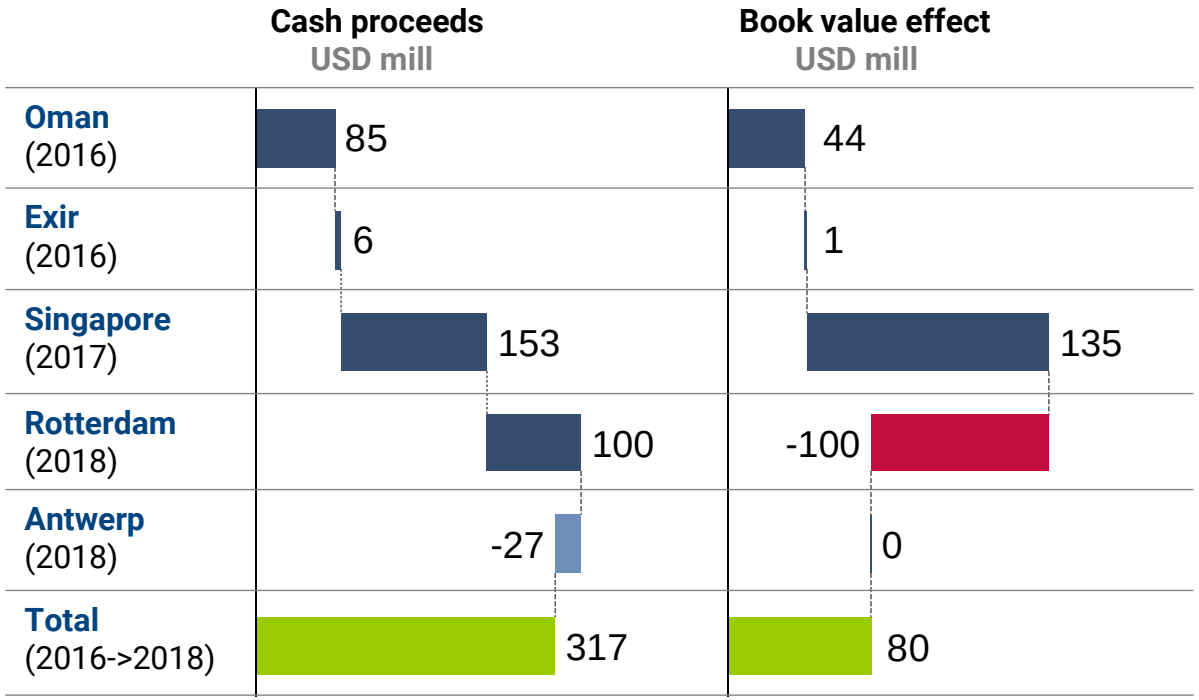
553
storage tanks

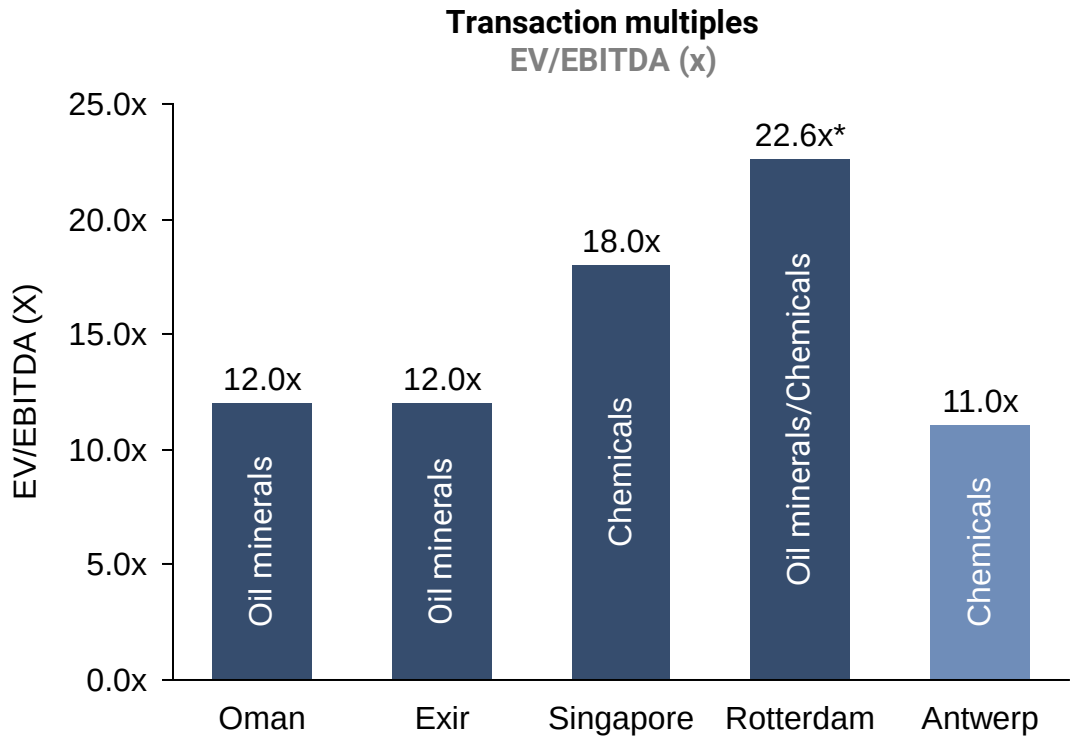
1.5 million cbm
storage capacity

1 terminal project
development in China

* Figures adjusted to reflect sale of the Rotterdam terminal currently awaiting completion

The strategic changes in our terminal portfolio was initiated in 2016. USD 344 mill of cash proceeds and USD 80 mill of book value gains recorded





- Odfjell Terminals initiated the strategic changes of our tank terminal portfolio in 2016. This has resulted in cash proceeds of USD 317 mill and USD 80 mill of book value gains
- The changes has helped us establish a strong balance sheet, renew and grow our chemical tanker fleet at the bottom of the cycle and we now have a strong portfolio of tank terminals offering attractive returns and growth potential
- We are fully committed to our tank terminal business and focus is now on developing and invest in our tank terminal division

* Reflecting current capacity at the terminal

Following a sale of OTR - We will have a network of 7 terminals across the globe and do not plan further changes in our portfolio – Book value of our Terminal portfolio is USD 125 mill

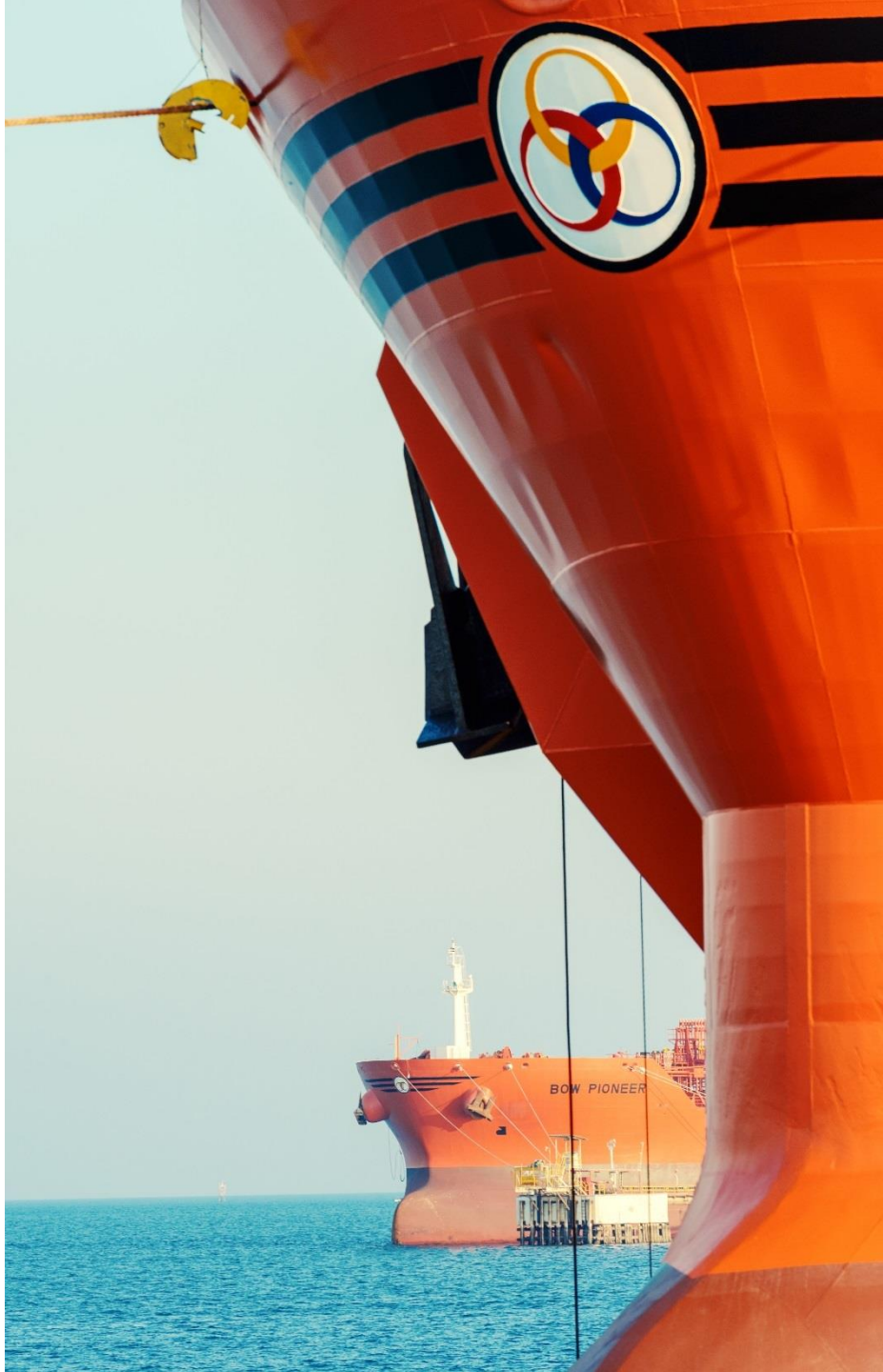
	Europe	US		Asia				
	Antwerp (NNOT)	**Houston** (OTH)	**Charleston** (OTC)	**Ulsan** (OTK)	**Dalian** (OTD)	**Jianyin** (OTJ)	**Tianjin** (ONTT)	**Global**
Storage capacity In k CBM	348	380	79	314	120	100	138	1,479
Start-up Year	Non-operated	1983	2013	2002	1998	2007	2016	
Revenues[1] USD mill	10	38	5	5	4	1	1	64
EBITDA[1] USD mill	5	18	2	2	3	1	0	30*
ROIC[1] (%)	22.6%	18.0%	-0.7%	4.3%	16.0%	1.9%	-2.3%	8.8%

We now have a strong portfolio of tank terminals with with a mix of mature and growth terminals

[1]All USD figures represents Odfjell SE's ownership share and is based on FY 2017, 25% ownership share at NNOT included
* Total EBITDA excludes global management fee allocation being booked at Odfjell Terminals B.V (Holding company)

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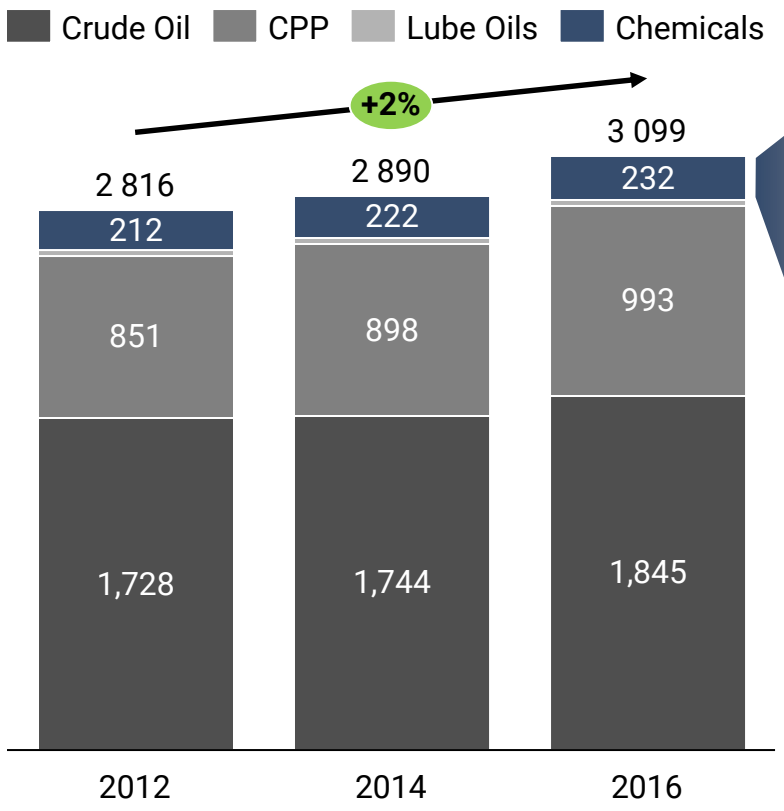
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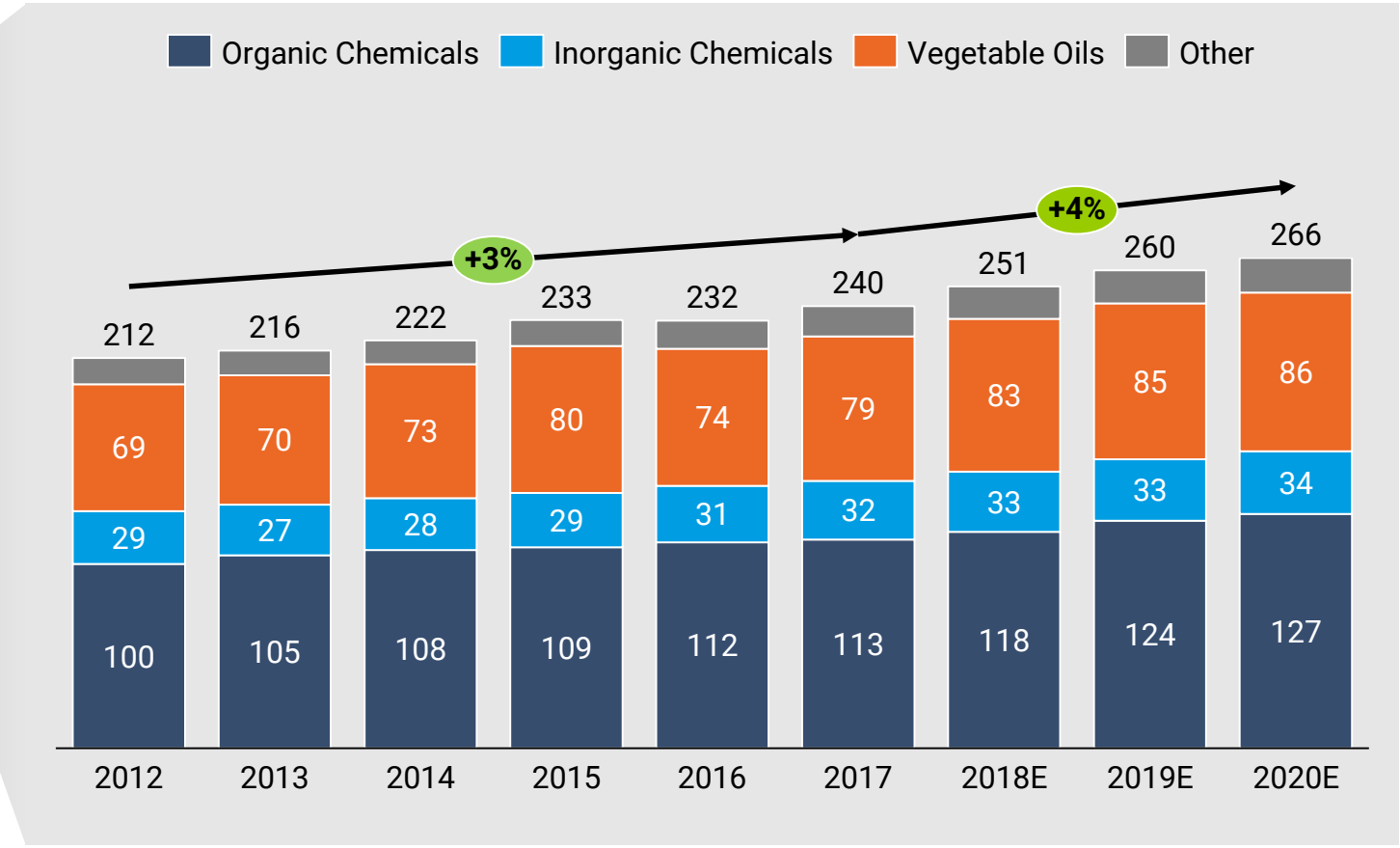
We expect seaborne trade of chemical products to grow by around 4% p.a. towards 2020, before tonne-miles are adjusted for

Historic development in seaborne trade, MT millions

Tanker products trade



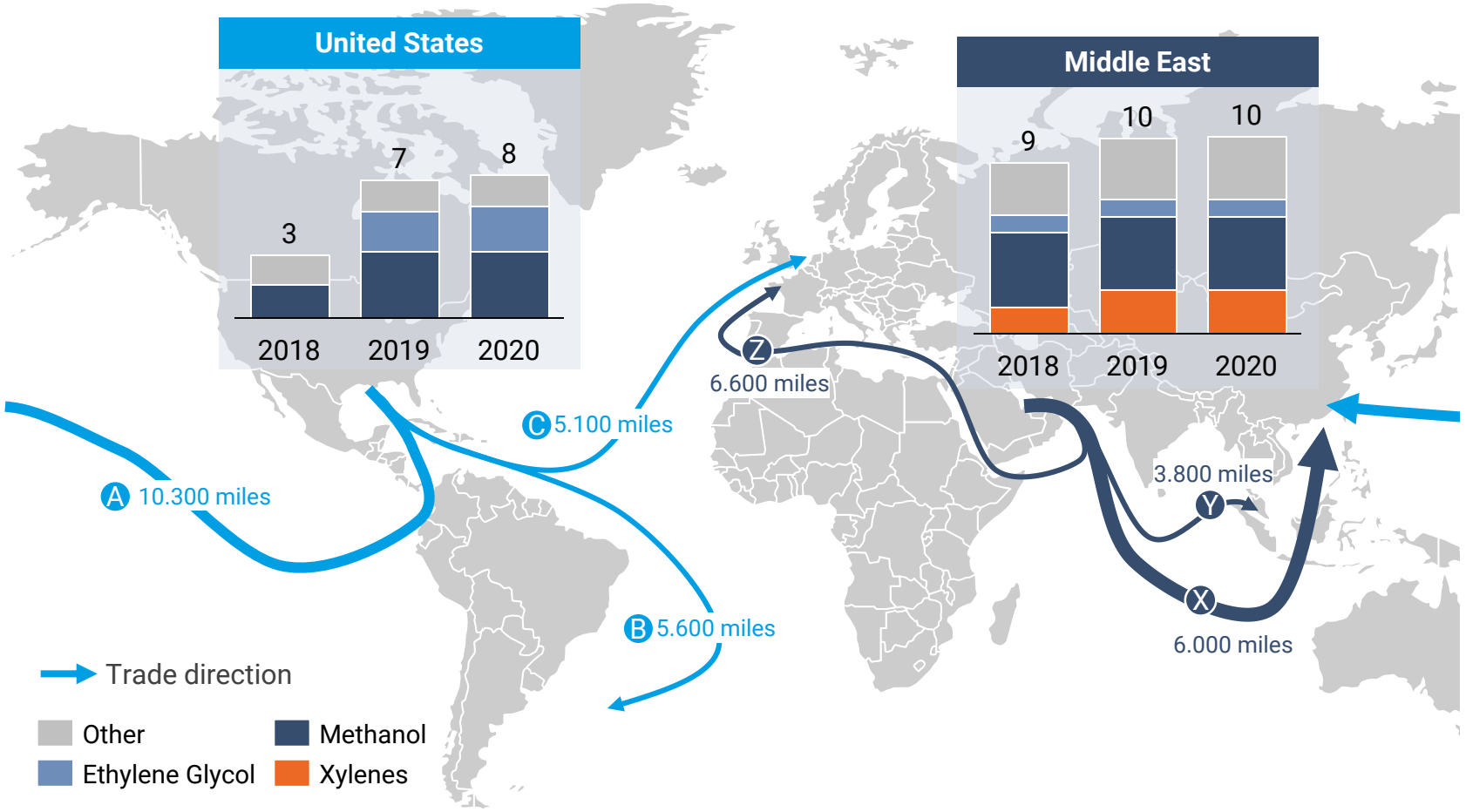
Chemical products trade



Source: ICIS, Clarksons Platou, Odfjell

New capacity for Organics mainly come in US and Middle East which will have a significant impact on tonne-mile demand

New US and Middle East capacity of organic chemicals, MT millions cumulative

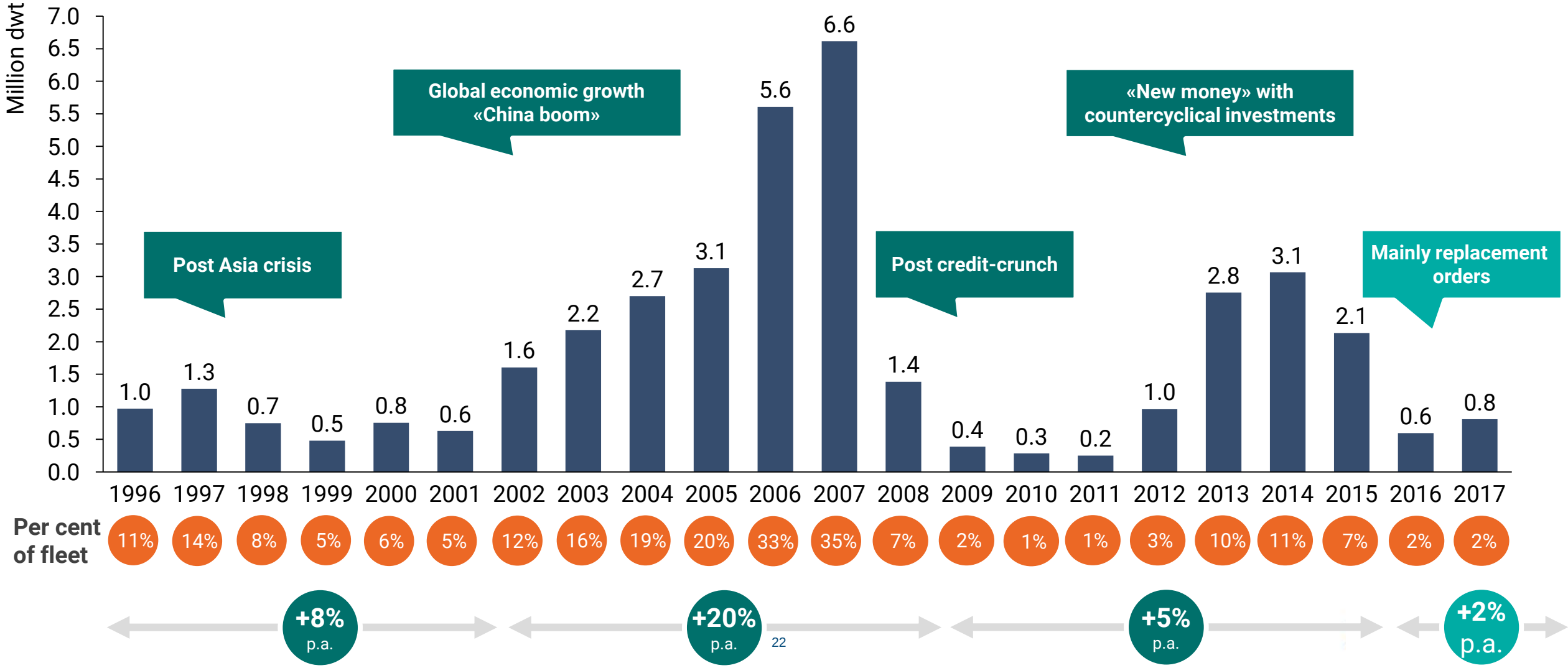


Impact on chemical tanker tonne-miles demand
Total tonne-mile growth 2017[1]-2020

Case	Assumptions	Demand impact
High	Majority of volumes on longest routes	+3% +4% Tonne demand
Base	Equal export split based on length of routes	+2% +4% Tonne Demand
Low	Export split favouring shorter routes	+1% +4% Tonne Demand

1. Total market 2017: 901 billion tonne-miles including organic, inorganic and vegoil products
Source: ICIS, Drewry, Odfjell

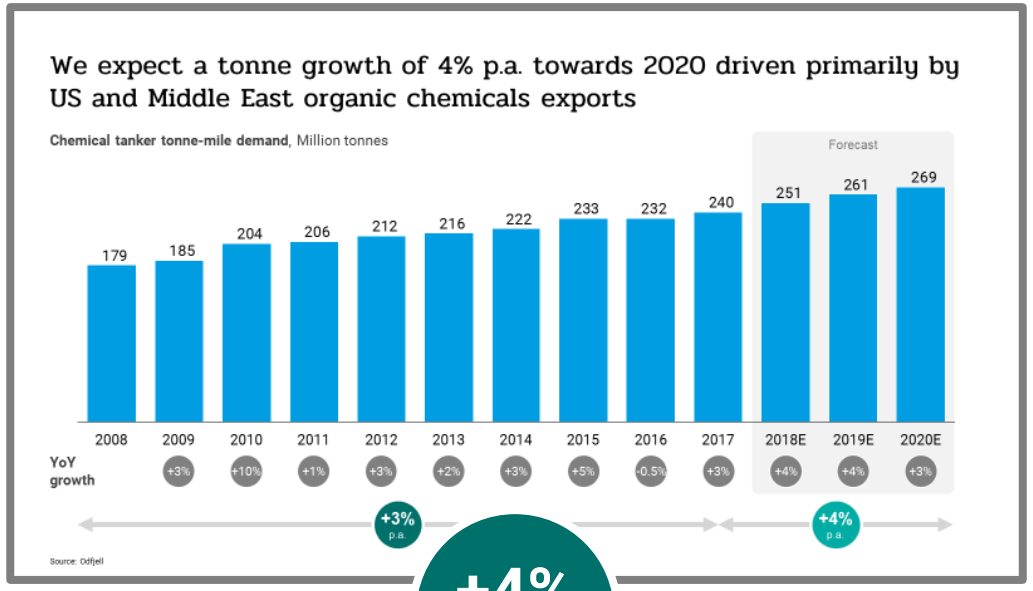
Chemical tanker orders has slowed down which should lead to slower fleet growth from 2018-2020



Source: Clarksons Platou, Odfjell* Orders as per cent of fleet reflects Clarksons Platou's defnitions of the chemical tanker fleet

We believe that demand growth in chemical tankers will outpace supply growth towards 2020 and that tonne-mile growth will add further upside to demand.

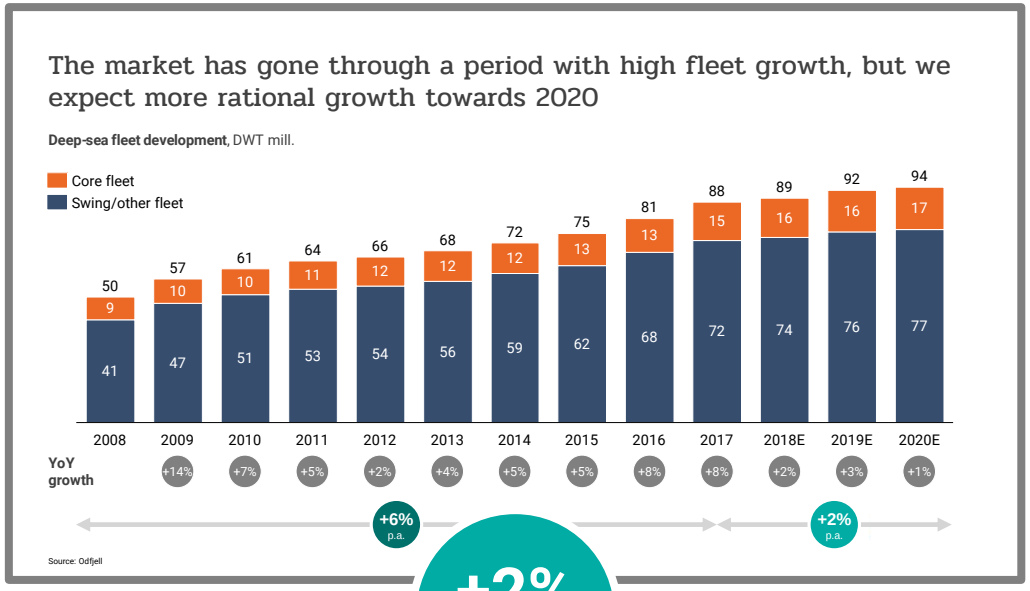
We expect volumes to grow by 4% p.a. primarily driven by organic chemicals…



+4% p.a. + tonne-mile effect

Degree of Chinese self-sufficiency could impact this picture in both directions

…while supply growth is reduced to 2% p.a. following a period of rapid growth



+2% p.a. **Core fleet +3.6%** p.a

Potential downside from CPP markets (swing tonnage)

Source: Odfjell

Odfjell SE - Summary

Odfjell Tankers	***Fleet growth secured at what appears to be the bottom of the cycle***
Odfjell Terminals	***We now control a strong portfolio of tank terminals generating positive results and strong returns***
Balance sheet	***Strong balance sheet after successful execution of tank terminal strategy***
Capital allocation	***Fleet growth completed, dividends reinstated – Tank terminals and deleveraging now in focus***
Market outlook	***Chemical tanker demand to outpace supply – Tank terminal markets in Houston to remain strong***
Odfjell SE	***Standing on a solid platform for the future – Share continues to trade at 0.45x of book values***

Q&A



Appendix



Income statement[1] – Odfjell Group by division

USD mill	Tankers		Terminals		Total*		Total*	
	1Q18	**2Q18**	**1Q18**	**2Q18**	**1Q18**	**2Q18**	**1H17**	**1H18**
Gross revenue	211.6	209.0	25.2	25.9	238.9	236.7	481.5	475.6
Voyage expenses	(87.0)	(85.2)	-	-	(87.9)	(86.0)	(161.1)	(173.9)
TC expenses	(40.6)	(37.6)	-	-	(40.6)	(37.6)	(97.6)	(78.2)
Pool distribution	(3.3)	(4.6)	-	-	(3.3)	(4.6)	-	(7.9)
Opex	(36.0)	(35.9)	(13.5)	(13.2)	(50.1)	(49.7)	(91.4)	(99.8)
G&A	(17.9)	(17.7)	(5.3)	(3.8)	(23.2)	(21.5)	(43.8)	(44.7)
EBITDA	26.9	28.0	6.3	8.9	33.9	37.2	87.7	71.1
Depreciation	(22.6)	(24.3)	(8.4)	(8.0)	(31.0)	(32.3)	(55.6)	(63.3)
Impairment	-	-	-	(58.1)	-	(58.1)	-	(58.1)
Capital gain/loss	0.1	0.2	-	-	0.1	0.2	(0.2)	0.3
EBIT	4.4	3.9	(2.1)	(57.1)	3.0	(52.9)	32.0	(49.9)
Net interest expenses	(14.9)	(16.5)	(2.1)	(2.4)	(17.1)	(19.0)	(31.7)	(36.1)
Other financial items	0.7	(2.2)	0.6	(2.1)	1.3	(4.4)	(1.8)	(3.1)
Net finance	(14.0)	(18.8)	(1.5)	(4.5)	(15.8)	(23.5)	(33.6)	(39.2)
Taxes	(0.7)	(1.2)	1.4	(42.4)	0.7	(43.6)	(1.6)	(42.9)
Net result	(10.4)	(16.2)	(2.1)	(104.0)	(12.1)	(120.0)	(3.2)	(132.1)
EPS	(0.12)	(0.21)	(0.03)	(1.32)	(0.15)	(1.53)	(0.04)	(1.68)

Key quarterly deviations:

- TC expenses reduced by USD 3 mill compared to 1Q18
- Accumulated costs related to the ongoing sale of OTR has been reversed this quarter by USD 1 mill
- USD 58.1 mill impairment on tangible assets related to the sale of OTR now classified as assets held for sale
- USD 43.1 mill in tax losses recorded based on tax losses related to the OTR sale
- Net finance costs increased by USD 7.7 mill driven by currency effects.
- Adjusted for non-recurring items related to OTR and currency effects, our net profit for 2Q18 was USD -14 mill

1. Proportional consolidation method * Total includes contribution from Gas Carriers now classified as held for sale

Balance sheet 30.06.2018 – Odfjell Group

Assets, USD mill	1Q 18	2Q 18
Ships and newbuilding contracts	1 354.6	1 379.1
Investment in associates and JVs	362.0	245.1
Other non-current assets/receivables	37.2	26.2
Total non-current assets	1 753.8	1 650.3
Cash and cash equivalent	181.4	192.9
Other current assets	117.5	118.2
Total current assets	299.4	311.1
Total assets	**2 053.2**	**1 961.4**

Equity and liabilities, USD mill	1Q 18	2Q 18
Total equity	815.1	665.2
Non-current liabilities and derivatives	9.5	8.3
Non-current interest bearing debt	905.4	975.1
Total non-current liabilities	914.8	983.4
Current portion of interest bearing debt	242.4	210.6
Other current liabilities and derivatives	80.9	102.2
Total current liabilities	323.3	312.8
Total equity and liabilities	**2 053.2**	**1 961.4**

- Book value of ships and newbuilding contracts increased due to one newbuilding delivered and newbuilding instalments
- Cash and cash equivalent increased due to sale & lease-back of two vessels during the quarter
- Total equity reduced due to impairment related to OTR sale and the asset reclassified as assets held for sale
- Balance sheet effect on Rotterdam transaction is expected to increase cash & cash equivalents by around USD 100 mill and Investments in associates and JVs to be reduced by the equivalent amount

1. Equity method

* New leasing standard (IFRS 16) to be implemented from January 2019. We have done a simulation on how this will effect figures of Odfjell SE in note 1 of our quarterly report

Cash flow – 30.06.2018 – Odfjell Group[1]

Cash flow, USD mill	1Q 18	2Q 18	FY 17
Net profit	(12.5)	(119.9)	83.8
Adjustments	22.2	23.7	100.2
Changes in working capital	2.8	(2.4)	5.7
Other	(2.0)	118.4	(135.7)
Cash flow from operating activities	**10.5**	**19.8**	**54.0**
Sale of non-current assets	-	-	4.0
Investments in non-current assets	(83.4)	(48.5)	(173.2)
Dividend/other from investments in Associates and JV's	-	-	117.1
Other	(0.9)	4.8	26.5
Cash flow from investing activities	**(84.2)**	**(43.8)**	**(25.6)**
New interest bearing debt	78.0	119.8	343.1
Repayment of interest bearing debt	(28.8)	(69.8)	(310.4)
Dividends	-	(14.6)	(13.9)
Other	(1.4)	(0.1)	(5.7)
Cash flow from financing activities	**47.8**	**35.4**	**13.1**
Net cash flow*	(25.2)	11.5	41.2

- Cash flow from operating activities of USD 19.8 mill during the quarter when adjusting for non cash flow items
- Investments relates to delivery of last newbuilding from CTG and equity instalments on Hudong newbuildings
- New interest bearing debt relates to sale & lease-back for two vessels, debt on one newbuilding and refinancing of one vessel
- Dividend pay-out for FY 2017 recorded in May

1. Equity method
2. * After FX effects

Company representatives:

Kristian Mørch, CEO | Tel: +47 55 27 00 00 | E-mail: kristian.morch@odfjell.com

Terje Iversen, CFO | Tel: +47 55 27 00 00 | Mobile: +47 93 24 03 59 | E-mail: terje.iversen@odfjell.com

IR Contact: Bjørn Kristian Røed, Research & IR | Tel: +47 55 27 47 33 | Mobile: +47 40 91 98 68 | E-mail: bkr@odfjell.com

Media Contact: Anngun Dybsland, Communications Manager | Mobile: + 47 41 54 88 54 | E-mail: anngun.dybsland@odfjell.com

ODFJELL

ODFJELL SE - Conrad Mohrs veg 29, P.O. Box 6101 Postterminalen - 5892 Bergen, Norway
Tel: +47 55 27 00 00 - Fax: +47 55 28 47 41 - E-mail: ir@odfjell.com - Org. no: 930 192 503
Odfjell.com