



ODFJELL



First quarter presentation 2022

By CEO Kristian Mørch & CFO Terje Iversen | May 5, 2022

Agenda

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

Highlights

The chemical tanker market continued to strengthen throughout the quarter

- Timecharter earnings in Odfjell Tankers of USD 136 mill, unchanged from previous quarter, despite fewer shipdays
- Net result contribution from Odfjell Terminals of USD 3 mill, in line with previous quarter
- EBIT of USD 27 mill compared to USD 35 mill 4Q21
- Net result of USD 11 mill compared to USD 15mill 4Q21
- Adjusted for one-offs, the 1Q22 net result was USD 9 mill compared to USD 10 mill 4Q21
- COA rate renewals were up 7% on average during the quarter
- Contract coverage during the quarter was 49%
- The board is recommending a dividend of NOK 1.0 per share for FY2021 to be approved by the AGM
- The board approved a dividend policy for the Company where Odfjell will pay 50% of net income adjusted for extraordinary items on a semi-annual basis
- Harald Fotland has been appointed as the Company's new Chief Executive Officer (CEO). Fotland comes from the position as Odfjell's Chief Operating Officer, and will assume the CEO position on May 6, 2022.

KEY FIGURES, USD MILLION

(USD mill, unaudited)	2Q21	3Q21	4Q21	1Q22	1Q21
Timecharter earnings	123.4	125.0	135.9	135.6	120.4
Total opex, TC, G&A	(67.3)	(68.1)	(61.2)	(71.5)	(67.9)
Net result from JV's	0.5	1.1	2.6	3.3	0.8
EBITDA	56.6	58.2	77.3	67.4	53.2
EBIT	11.1	(6.8)	35.3	26.7	7.8
Net financial items	(18.3)	(17.6)	(19.3)	(15.3)	(22.1)
Net result	(7.8)	(25.3)	15.4	11.1	(15.6)
EPS*	(0.10)	(0.32)	0.20	0.14	(0.20)
ROE**	(6.4%)	(7.7%)	7.5%	4.9%	(9.9%)
ROCE**	2.1%	1.6%	5.9%	5.3%	1.5%

* Based on 78.9 million outstanding shares

** Ratios are annualised

“We are pleased with our 1Q result which reflects the competitive strength of our platform even in unpredictable times. The chemical tanker market improved considerably in the second half of the quarter driven by strong fundamentals and also by the crisis caused by Russia’s invasion of Ukraine. The chemical tanker market has tightened further and we expect to report stronger results in the second quarter”.

Kristian Mørch, CEO Odfjell SE

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Income statement – Odfjell Group

KEY QUARTERLY DEVIATIONS:

- A. TCE of USD 136 mill, unchanged from 4Q21
- Weaker start of the year was offset by improving tanker rates towards the end of the quarter
 - TCE improved by USD 3 mill when adjusting for fewer shipdays
- B. Contribution from Odfjell Terminals of USD 3 mill, including insurance proceeds of USD 2.4 mill
- C. Higher G&A expenses due to reversal of provisions in 4Q21
- D. EBIT of USD 27 mill compared to USD 35 mill in 4Q21
- The reduction reflects a USD 6 mill DNK payment in 4Q21 and reduced G&A of USD 6 mill due to reversal of provisions in 4Q21. This was countered by USD 3 mill of reduced depreciation caused by updated residual values of our fleet and lower opex
- E. Net result of USD 11 mill compared to USD 15 mill in 4Q21. Adjusted for other financials, net result was USD 9 mill compared to USD 10 mill in 4Q21

USD MILLION			
	3Q21	4Q21	1Q22
Net Timecharter Earnings (TCE)	125.0	135.9	135.6
TC expenses	(5.3)	(7.5)	(7.1)
Operating expenses	(46.8)	(47.7)	(45.8)
Share of net result from associates and JV	1.1	2.6	3.3
General and administrative expenses	(16.0)	(12.2)	(18.0)
Other operating income	-	6.2	(0.6)
EBITDA	58.2	77.3	67.4
Depreciation	(45.1)	(43.6)	(40.7)
Capital gain (loss)	1.2	1.7	-
EBIT	(6.8)	35.3	26.7
Net interest expenses	(17.8)	(17.3)	(18.3)
Other financial items	0.2	(2.0)	3.0
Taxes	(0.9)	(0.6)	(0.3)
Net results	(25.3)	15.4	11.1
EPS	(0.32)	0.20	0.14
Commercial revenue days (exc. external pool vsls)	6,348	6,506	6,062
Off-hire days	519	356	295

Balance sheet per March 31, 2022 – Odfjell Group

- A. Odfjell's cash position including undrawn loan facilities end 1Q22 was USD 123 mill
- B. IFRS 16 adjusted equity ratio of 31% as of 1Q22
- C. We repaid USD 55 mill of debt during the quarter

ASSETS, USD MILL	3Q21	4Q21	1Q22
Ships and newbuilding contracts	1413.2	1392.8	1372.8
Right of use assets	232.1	219.9	204.4
Investment in associates and JVs	177.6	179.5	178.8
Other non-current assets/receivables	15.0	14.2	14.9
Total non-current assets	1837.8	1806.4	1770.9
Cash and cash equivalent	54.6	73.5	61.5
Other current assets	213.7	193.3	211.1
Total current assets	268.4	266.7	272.5
Total assets	2106.2	2073.1	2043.5

EQUITY AND LIABILITIES, USD MILL	3Q21	4Q21	1Q22
Total equity	531.9	548.6	570.5
Non-current liabilities and derivatives	27.4	23.7	10.7
Non-current interest bearing debt	981.2	969.0	953.9
Non-current debt, right of use assets	187.2	172.6	159.1
Total non-current liabilities	1195.8	1165.3	1123.7
Current portion of interest bearing debt	189.8	169.1	144.5
Current debt, right of use assets	57.7	60.7	59.1
Other current liabilities and derivatives	131.1	129.5	145.7
Total current liabilities	378.5	359.3	349.3
Total equity and liabilities	2106.2	2073.1	2043.5

Cash Flow statement – Odfjell Group

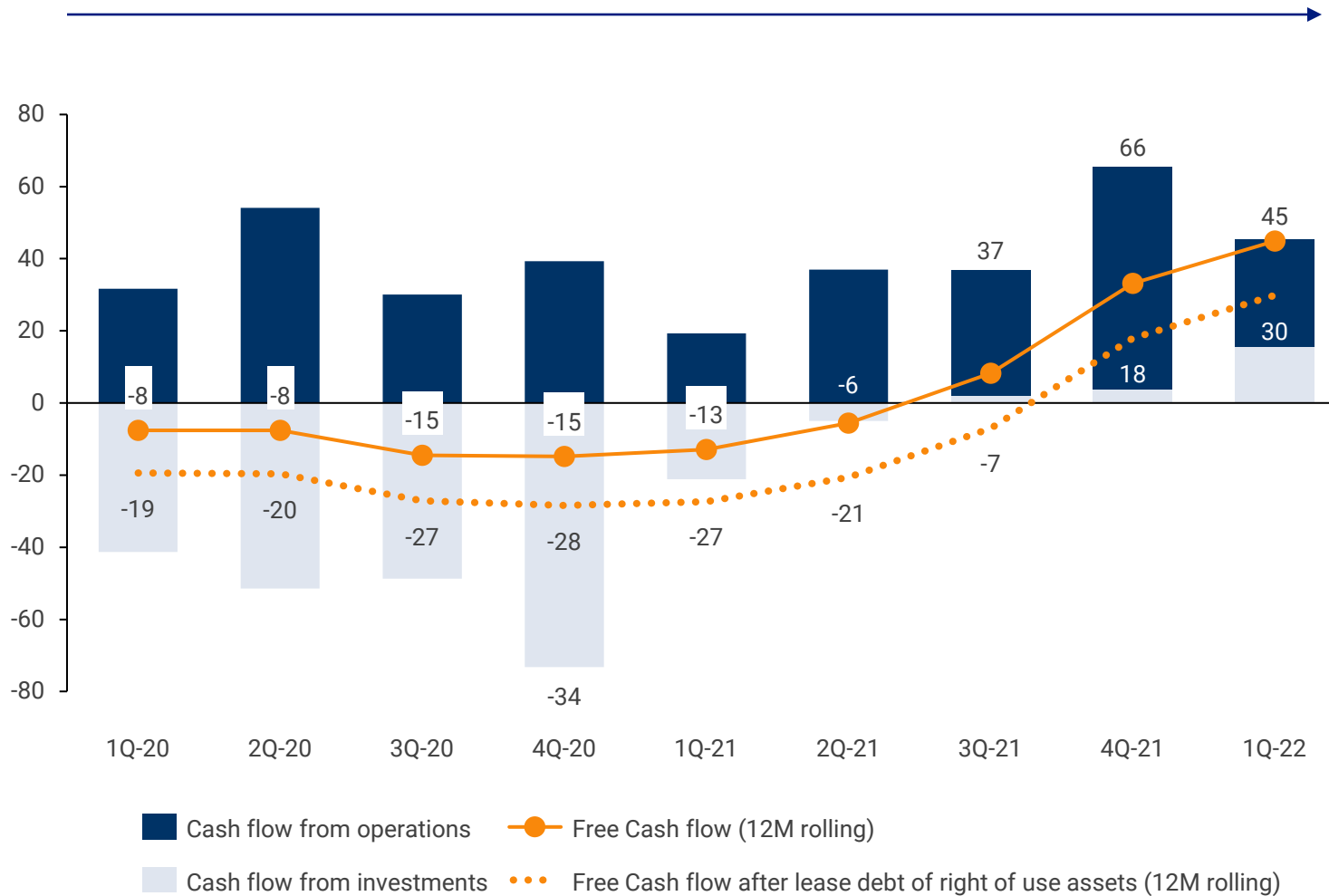
- A. Operating cash flow decreased from USD 62 mill in 4Q21 to USD 30 mill in 1Q22 primarily driven by change in net working capital
- B. USD 21 mill related to the sale of three short-sea vessels
- C. Reduction in debt relates to repayment of debt related to vessels sold, ordinary debt repayments and extraordinary repayment on our revolving credit facility

Cash flow, USD mill	3Q21	4Q21	1Q22
Net profit	(25.2)	15.2	6.1
Adjustments	61.0	44.0	37.4
Change in working capital	(3.6)	5.5	(14.8)
Other	2.8	(3.2)	1.2
Cash flow from operating activities	34.8	61.7	29.7
Sale of ships, property, plant and equipment	10.1	10.3	21.0
Investments in non-current assets	(8.7)	(6.8)	(5.1)
Dividend/other from investments in Associates and JV	-	-	-
Other	0.6	0.3	(0.4)
Cash flow from investing activities	2.0	3.9	15.5
New interest bearing debt	-	31.8	81.7
Repayment of interest bearing debt	(33.8)	(62.7)	(123.6)
Payment of operational lease debt	(14.8)	(15.6)	(15.0)
Dividends	-	-	-
Repayment of drawing facilities	10.1	-	-
Cash flow from financing activities	(38.5)	(46.5)	(56.9)
Net cash flow*	(2.3)	18.8	(12.0)
Opening cash and cash equivalents	56.9	54.6	73.5
Closing cash and cash equivalents	54.6	73.5	61.5

* Including FX effects

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

Odfjell Free Cash Flow per quarter (USD mill)

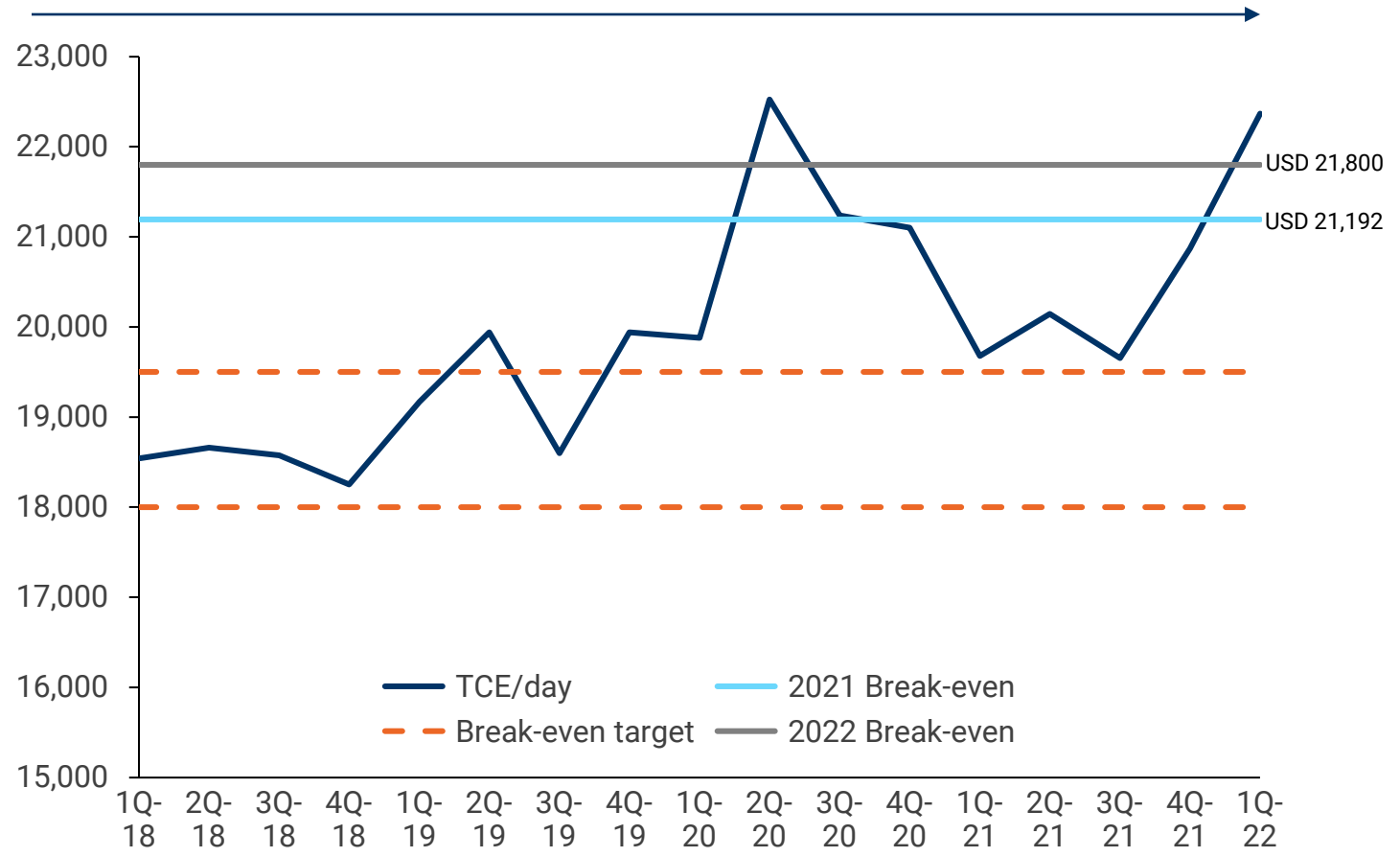


- In the first quarter 12-month rolling free cash flow reached USD 45 mill, adjusted for debt repayments related to right of use assets free cash flow reached USD 30 mill
- Cash flow from operations declined from USD 62 mill in 4Q21 to USD 30 mill in 1Q22, driven by increased working capital of USD 15 mill due to elevated bunkers prices. This is expected to normalize in 2Q22 as price increases are recovered from charterers.
- We allocated USD 55 mill of free cash flow to debt repayments for the quarter, of which USD 10 mill was extraordinary downpayments, USD 21 mill related to sale of 3 vessels and the remaining was regular amortisations

* 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 22 368 in 1Q22 from USD 20 868 in 4Q21. This is above the annual break-even for 2022 of USD 21 800/day
- The sale of four vessels during the quarter increased our TCE/day by approximately USD 650
- Cash break-even in 1Q22 was USD 21,476 per day vs. USD 20,308 per day in 4Q21 and USD 21,192 per day in 2021. The increase is due to reversal of G&A provisions and fewer dockings in 4Q21. Lower debt and financing cost continue to contribute to a lower break-even, while higher interest benchmark rates pull in the opposite direction.

Announcement of dividend policy

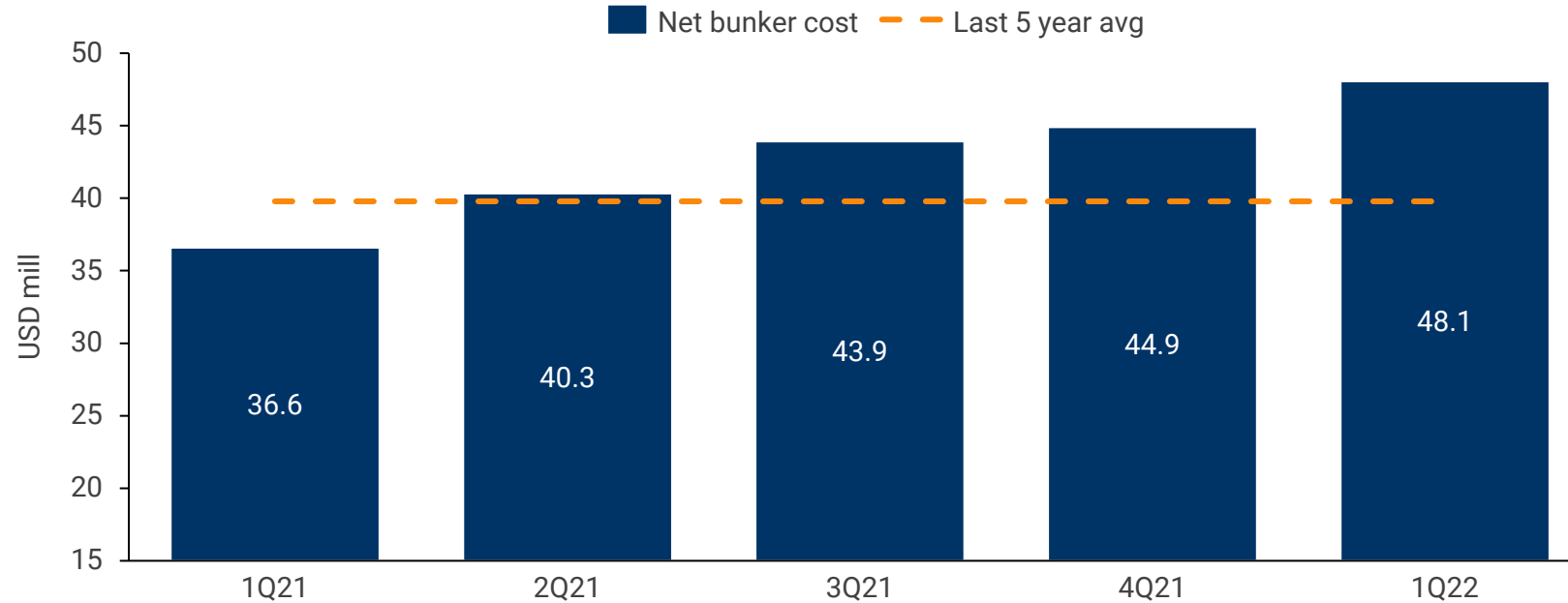
THE ODFJELL DIVIDEND POLICY

“Odfjell will pay out 50% of net income adjusted for extraordinary items. Other excess capital will be earmarked for extraordinary debt reductions, but may also be used for value creative investments, share buybacks and dividends. Dividends will be paid out semi-annually. The board of directors will propose to the General Meeting or decide on the timing and the final size of dividends, always contingent on the financial strength of the company.”



Bunker expenses per 1Q22 – Odfjell Tankers

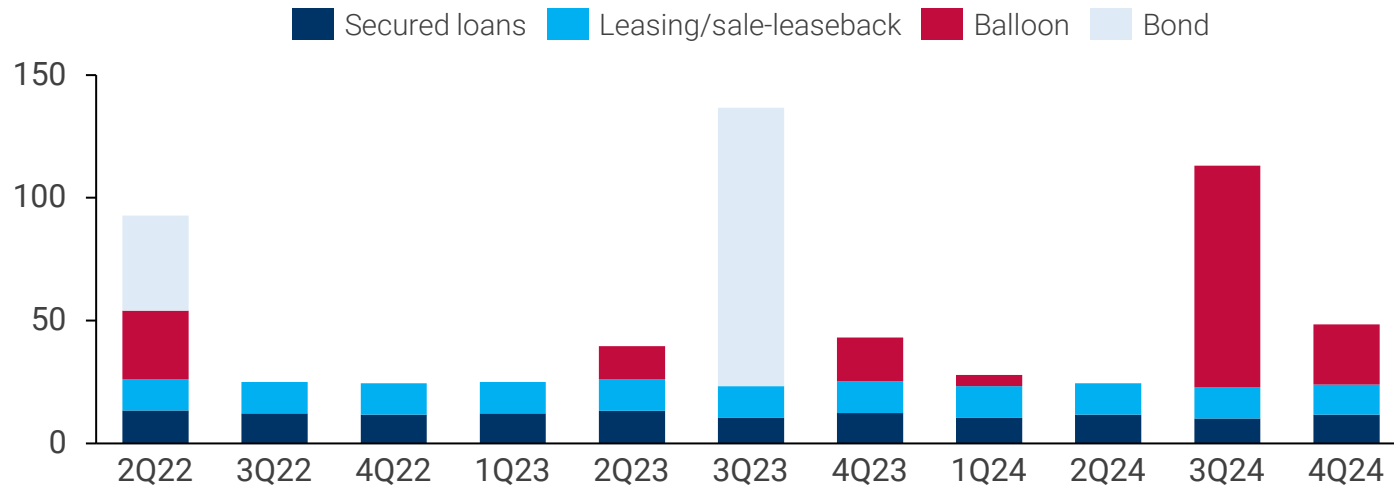
Bunker costs were USD 48.1 mill in 1Q22, above the historical average.



Gross bunker cost	50.7	58.2	63.4	70.5	72.9
Financial hedging	(1.8)	(2.3)	(2.6)	(3.2)	0.0
Adj. Clauses	(2.1)	(4.3)	(6.0)	(9.4)	(12.8)
3rd party vessels	(10.3)	(11.4)	(10.9)	(13.0)	(12.1)
Net bunker cost	36.6	40.3	43.9	44.9	48.1

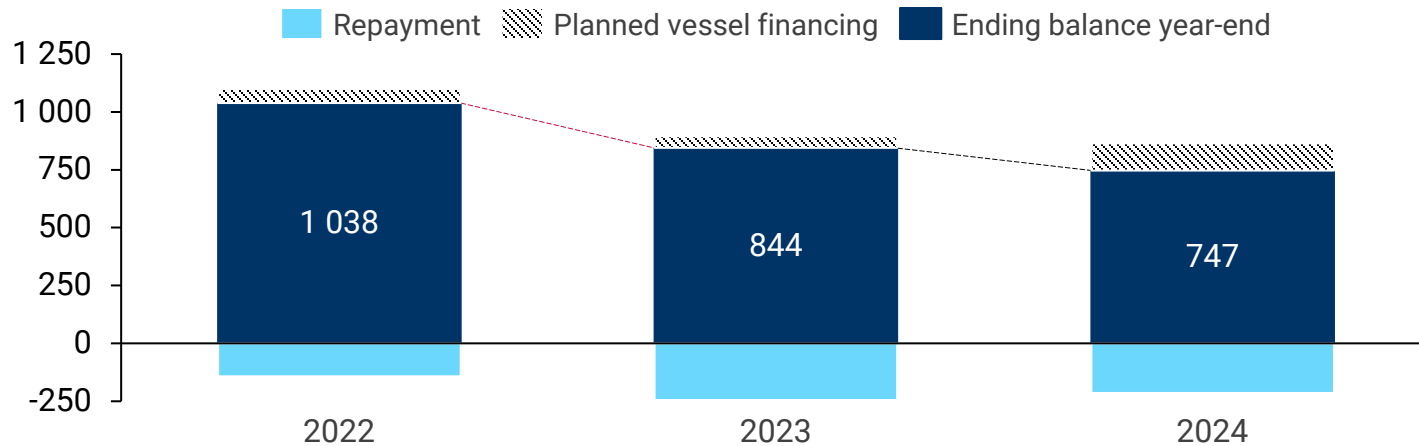
Debt development – corporate & chemical tankers

SCHEDULED REPAYMENTS & PLANNED REFINANCING, USD MILLION



- 2Q22 balloon payments includes the repayment of USD 5m on a vessel sold in April. The remaining loans are either refinanced or will be left to mature
- Jun 2022 bond maturity of USD 39m will be repaid with cash from balance sheet and proceeds from drawdown on mortgaged loan facilities

GROSS INTEREST-BEARING DEBT ENDING BALANCE, USD MILLION*



- Scheduled installments on loans and leases reduce gross interest-bearing debt by approx. USD 100m p.a. (of which USD 18m is a reduction of undrawn loan facilities)
- We have used conservative LTV assumptions in planned vessel refinancing transactions, and assumed that maturing bond debt is not refinanced

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

Agenda

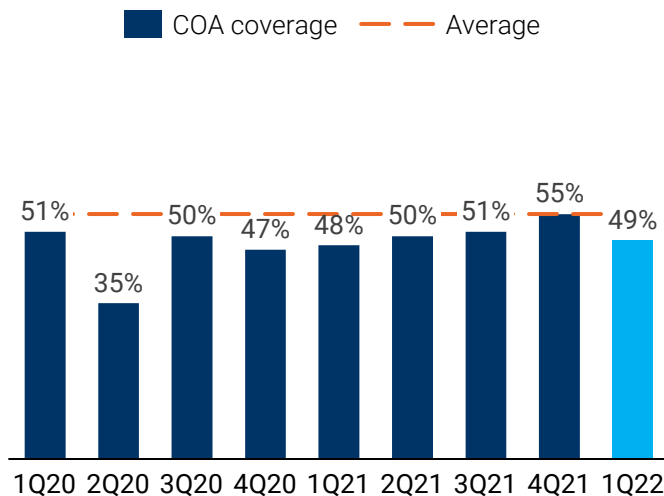
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COA and volume development

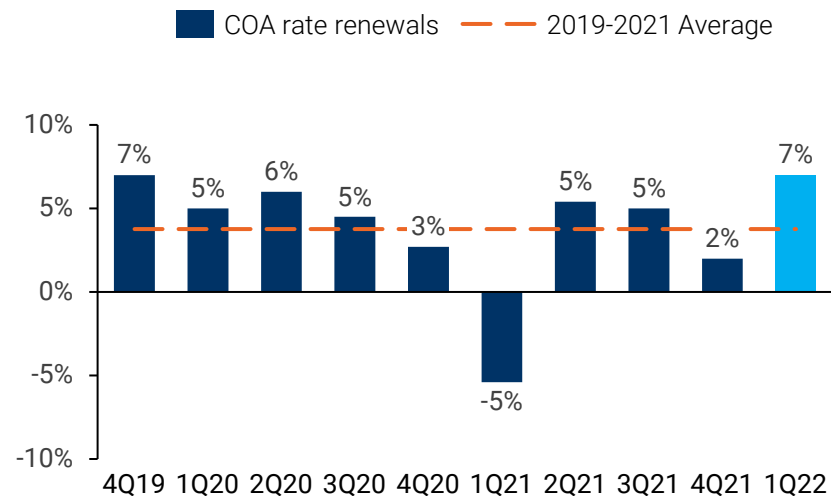
Total volumes lifted declined in 1Q22. This was driven by port congestion and redelivery of tonnage, which reduced our activity in Asia and the Middle East. US exports continued to recover, with higher COA and spot volumes compared to 4Q21.

- COA nominations decreased across our COA portfolio mainly due to a reduction in COA nominations in the Middle East and Asia, and related to redelivery of four vessels during the quarter
- In 1Q22 our COA coverage reached 49% compared to 55% in the previous quarter
- COA rate renewals increased by 7% and the positive momentum and underlying fundamentals are filtering through to COA rate increases

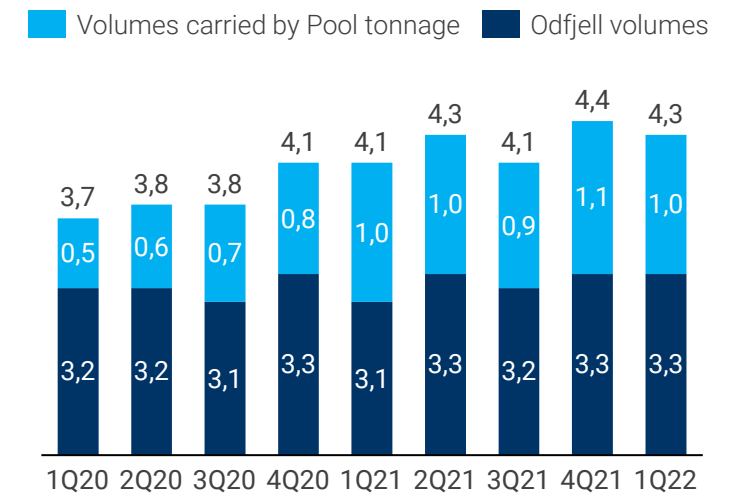
ODFJELL COA COVERAGE (%)



COA RATE RENEWALS (%)



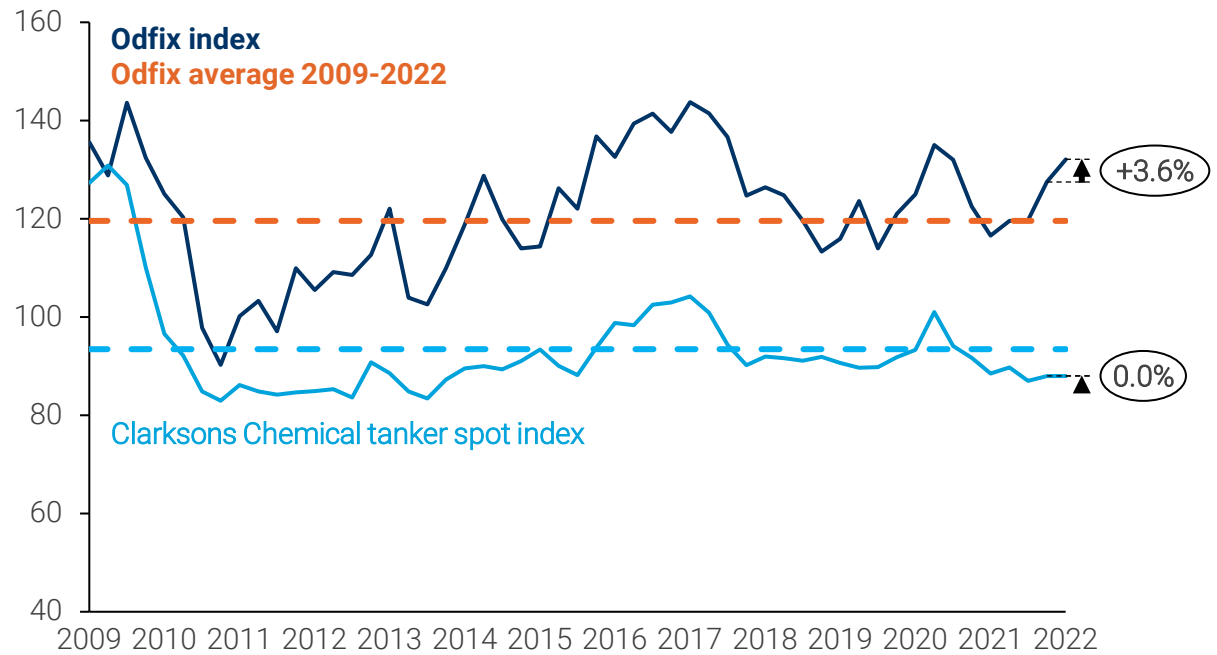
VOLUME DEVELOPMENT (MILL TONNES)



Rates and cargo mix development

Volume redirection and disruption caused by the Russia-Ukraine war in addition to continued normalization of US exports increased the share of chemicals and vegoils shipped in 1Q22, while the share of CPP in our cargo mix declined further.

ODFIX VERSUS CLARKSONS CHEMICAL TANKER SPOT INDEX



SPECIALITIES

Volumes increased marginally in 1Q22

EASY CHEMICALS

Both COA and spot volumes declined

VEGOILS

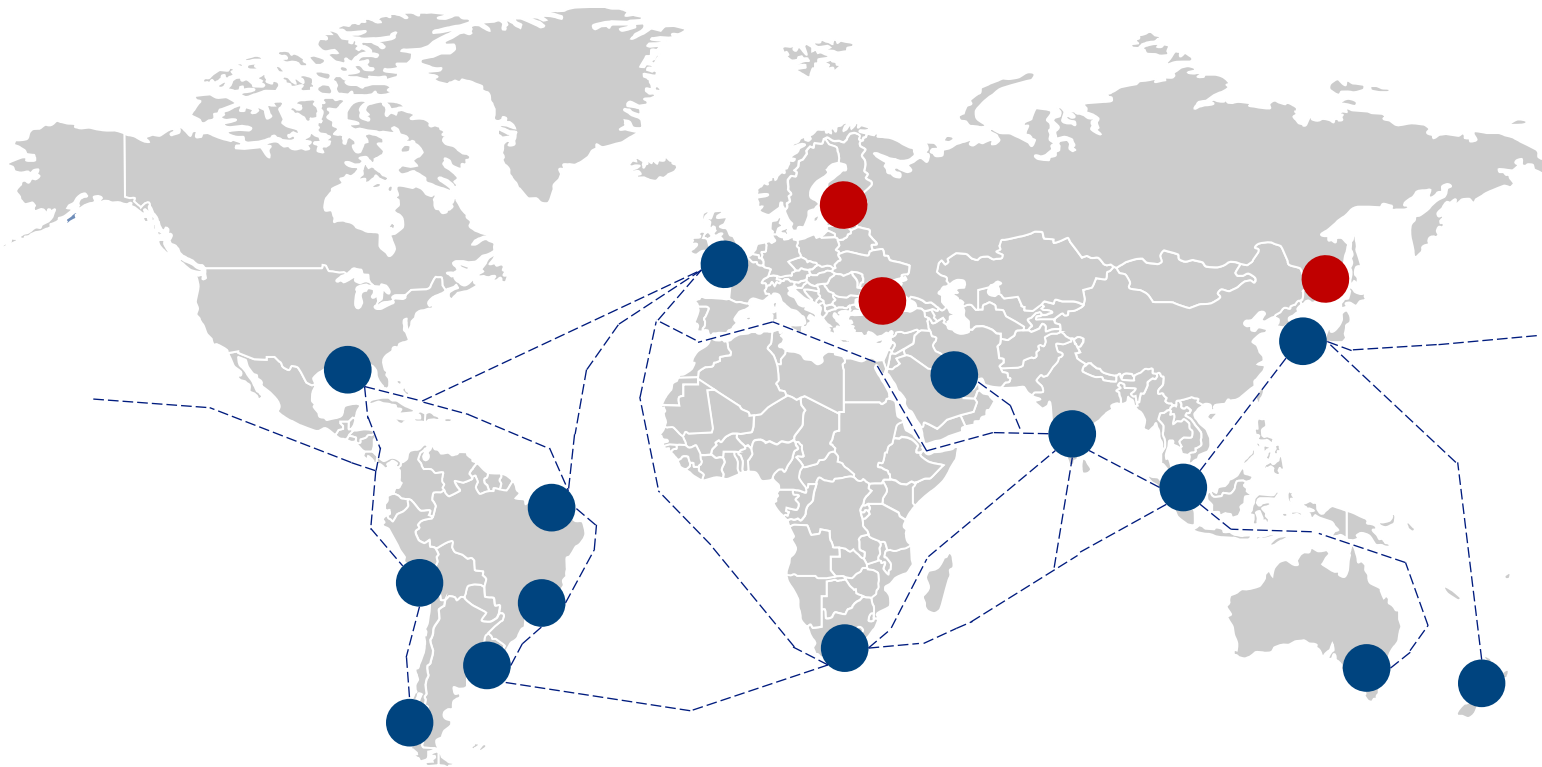
Our presence in the vegoil market increased in 1Q22, driven by stronger rates and less competition from swing tonnage

CPP

CPP volumes were further reduced in 1Q22 following several quarters of some activity in this market related to repositioning activities

Our operations are not directly affected by the Russia-Ukraine war and Russian ports are not a part of our normal trade patterns

ODFJELL TRADE PATTERNS



We do not call Russian or Ukrainian ports frequently

Our last call in Ukraine was in March 2020 and this was the only port call we have done the last 7 years

Our last call in Russia was in March 2016 (Baltic) for fuel oil and in 2020 in the Far East (gasoil)

We do not lift any Russian related cargo and will not call Russian ports

Tank Terminals



Financial
performance



Market
development



Outlook

- All terminals managed by Odfjell continued to maintain safe and continuous operations during 1Q22.
- 1Q22 EBITDA ended at USD 9.4 million as compared to USD 10.3 million in 4Q21.
- Both of our US terminals continue to perform well and are presently operating at or near full capacity.
- In Europe, our terminal in Antwerp, Belgium, continues to deliver strong performance with a commercial occupancy of 100% and healthy activity levels.
- In Asia, our terminal in Ulsan recorded a slight increase in average commercial occupancy in 1Q22. The terminal's activity levels decreased compared to 4Q21, but stayed consistent with the same quarter in 2021 and 2020.
- The outlook for our terminals in the US and Europe remains positive with strong demand for storage capacity, and we expect the market in South-East Asia to gradually improve as the region recovers from the pandemic.
- In 1Q22, FID was taken for a new 36,000 cbm tankpit at our terminal in Antwerp. In Houston, construction has started on the Bay 13 expansion project.

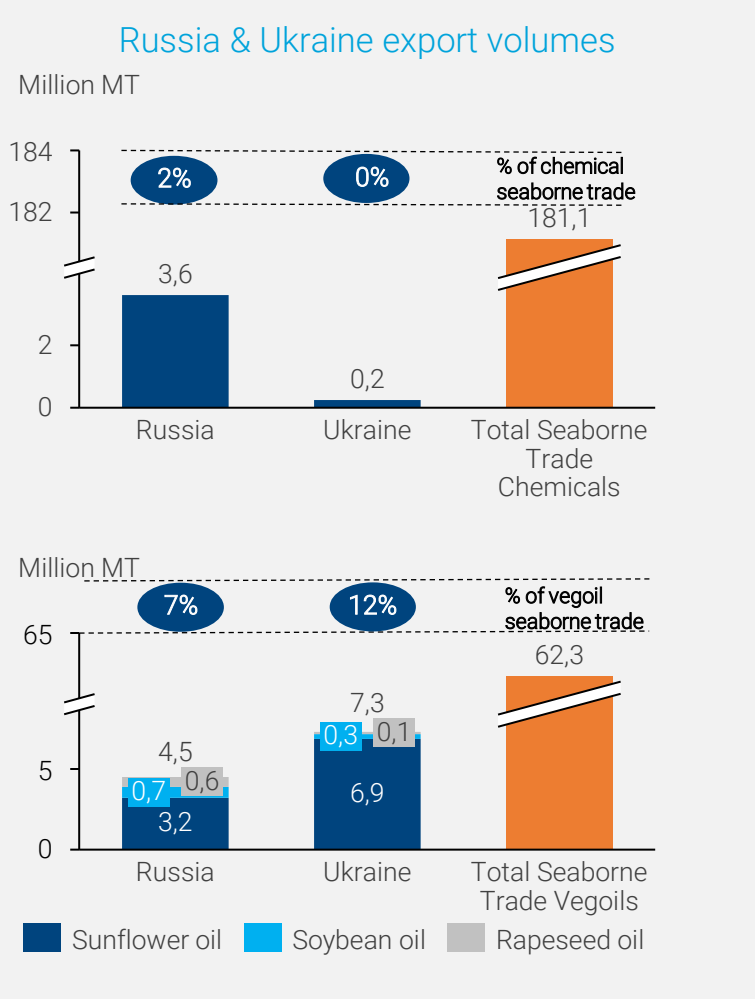


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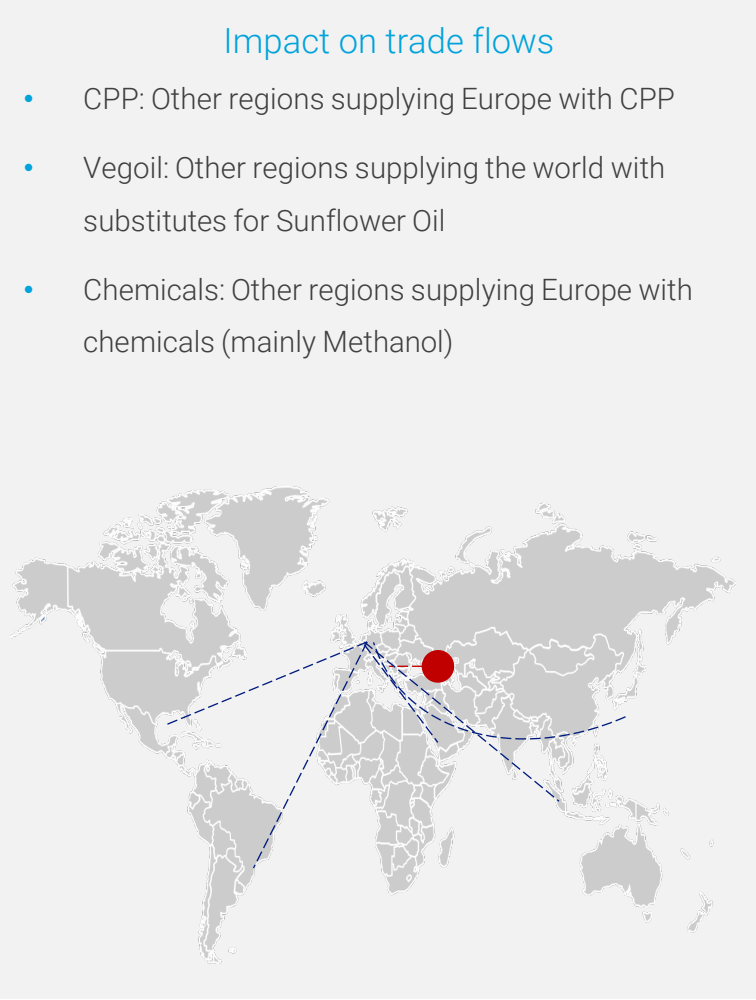
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Trade rerouting causing trade in-efficiencies driven by Russia invasion main cause for recent strength for CPP and Chemical freight

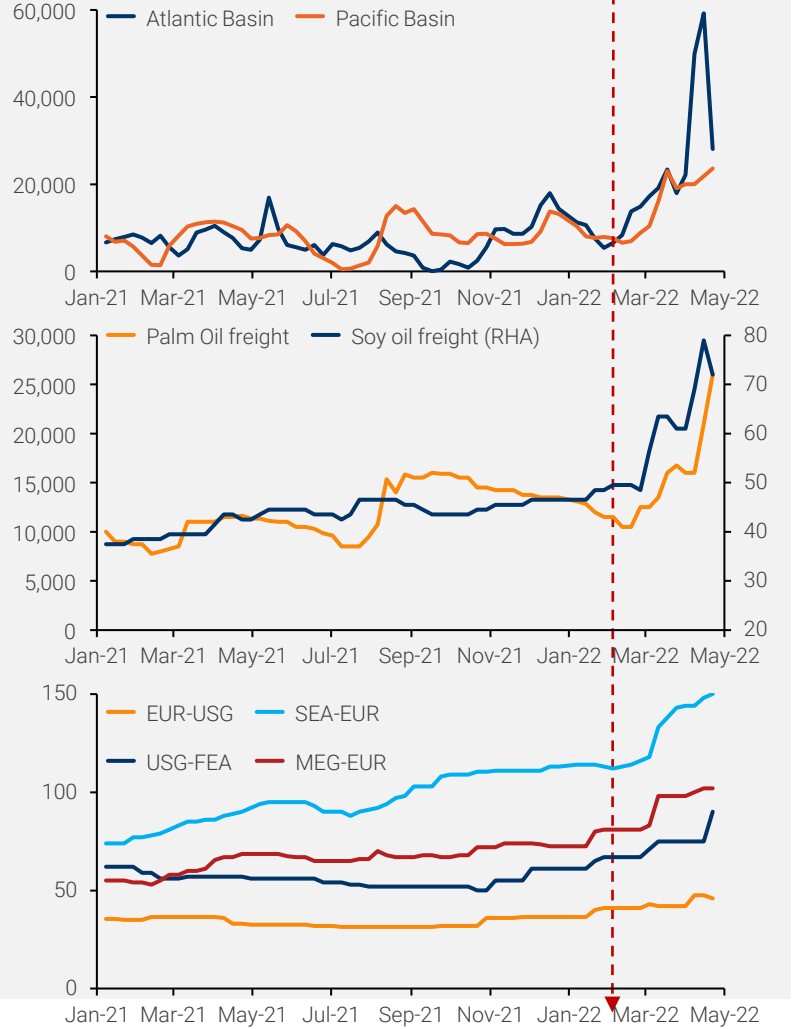
Direct impact on chemical & Vegoil tradeflows...



...Causing trade inefficiencies and increased miles...

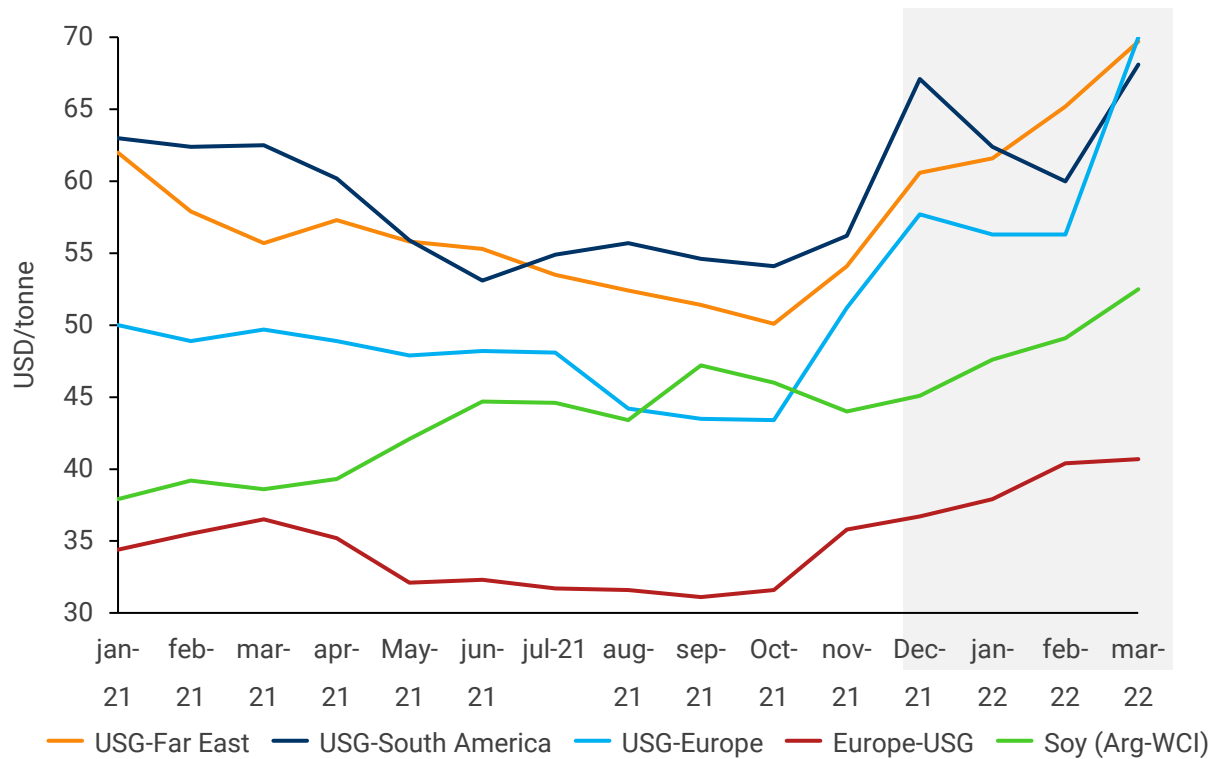


... lifting CPP, Vegoil and chemical freight



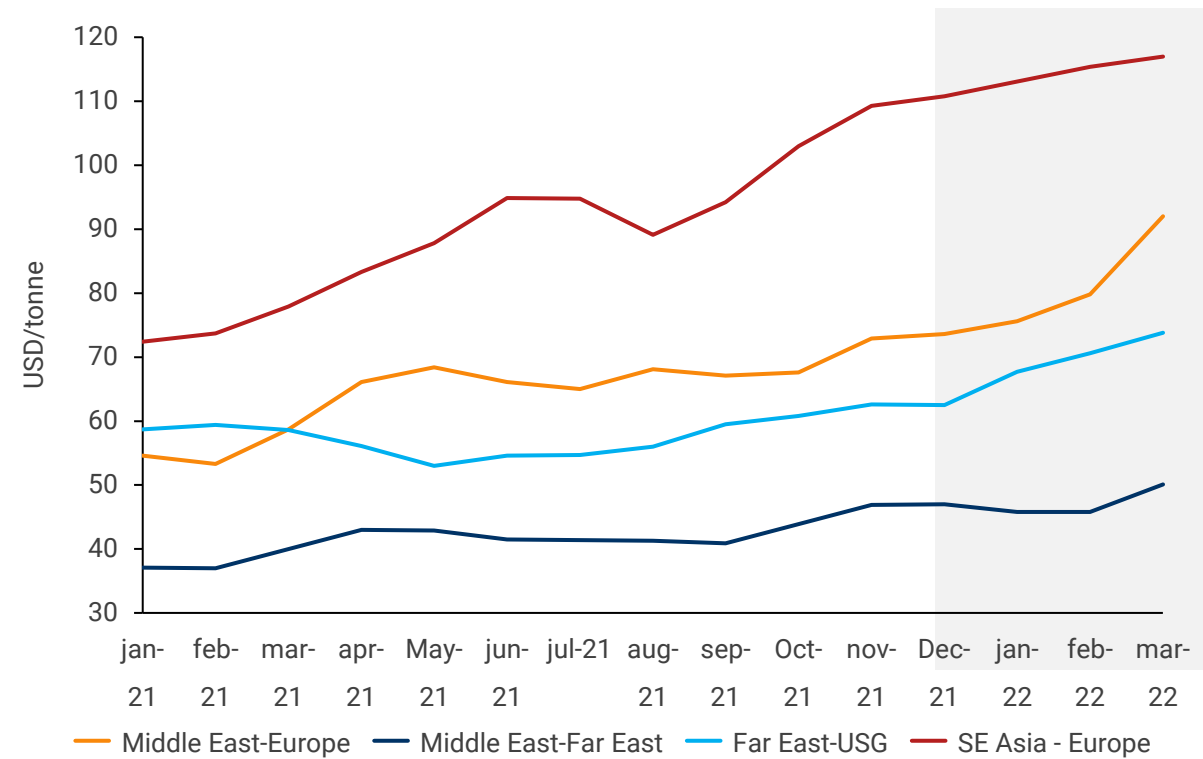
Chemical tanker spot rates improved across all trade lanes towards the end of the quarter

FREIGHT RATES EXPORTS WEST OF SUEZ QUOTED BY CLARKSONS



- Chemical tanker spot rates improved across all routes from March
- Vegoil rates from South America improved considerably together with CPP rates in the region

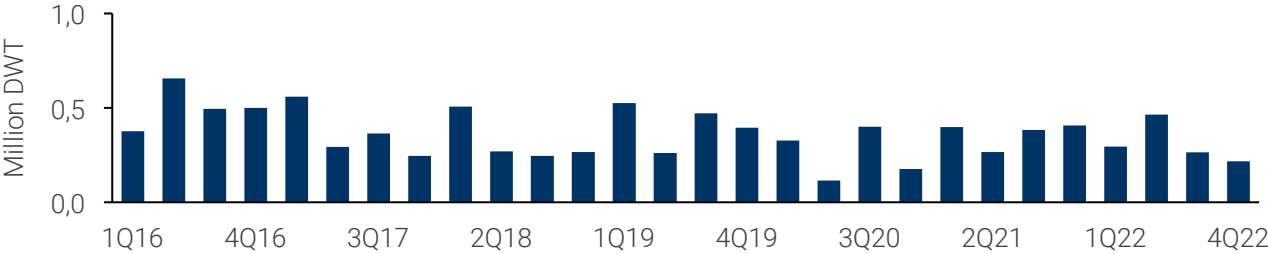
FREIGHT RATES EXPORTS EAST OF SUEZ QUOTED BY CLARKSONS



- Asia to Europe spot rates reached record levels in 1Q 22
- Congestion in Chinese port a key driver for further tightness of supply in the region

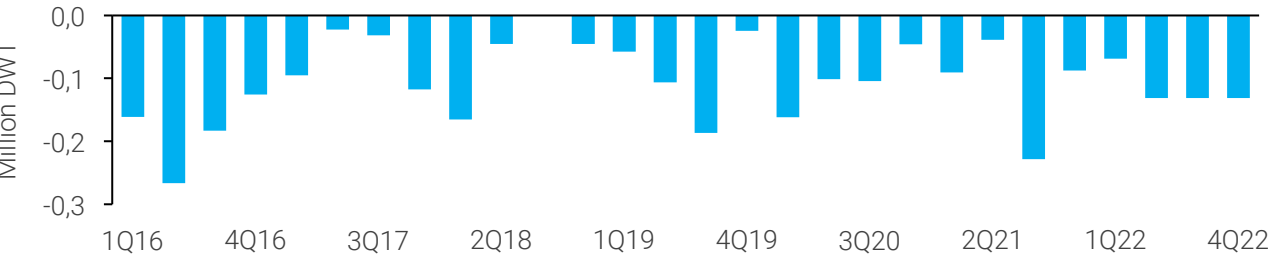
Fleet growth expectations remain muted, as lower deliveries are offset by scrapping

FLEET DELIVERIES



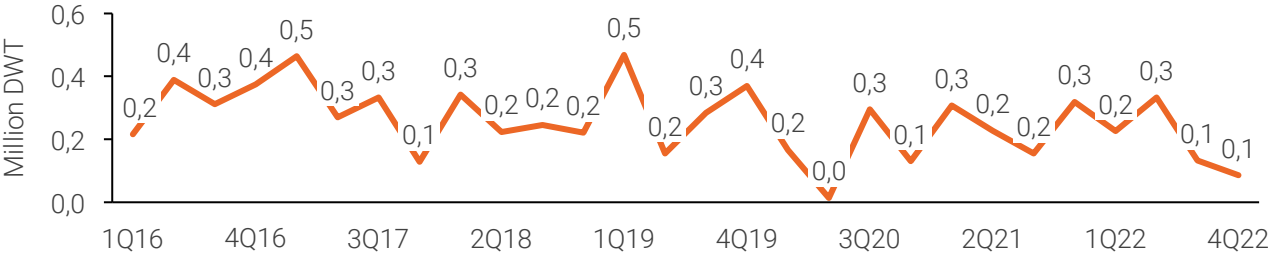
- Incentives to order new vessels remain limited due to strict regulatory environment and high steel prices
- Orderbook stands at 5% of total fleet, which is below the historical average

RECYCLING AND REMOVALS



- The recent surge in steel prices is incentivizing scrapping, especially for stainless steel vessels
- As the average vessel age is increasing, scrapping is expected to remain high

NET FLEET ADDITIONS

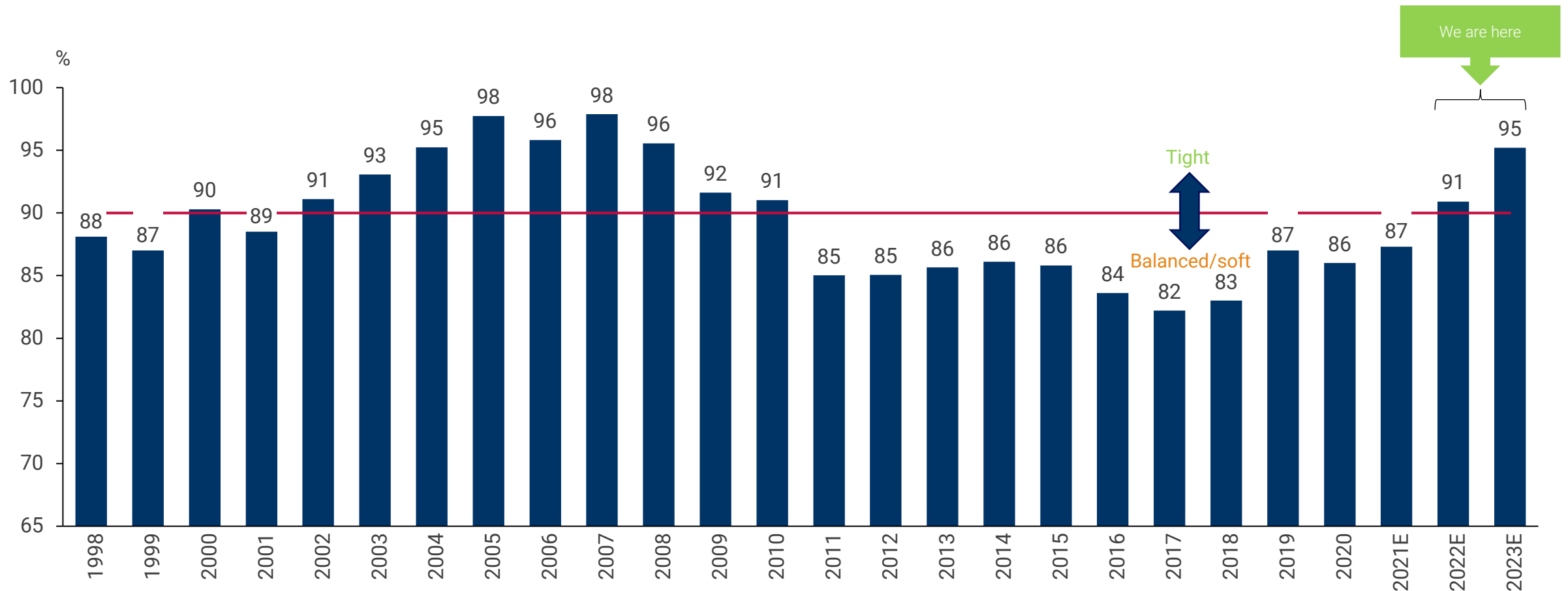


- Overall, fleet growth is expected to continue trending lower in the upcoming quarters and through 2023 and 2024
- Lower influx of swing tonnage should limit real supply growth for chemical tankers further

Market balance and utilization

UTILIZATION HAS EXCEEDED 90%, AND IS EXPECTED TO STAY ABOVE 90% THROUGH 2023

- The Russia-Ukraine war has pushed fleet utilization significantly above expectations
- Low fleet growth sets the stage for continued market tightness in the quarters to come



Summary

Our results

- TCE stayed unchanged in 1Q22, as a relatively weak start of the year was offset by increased strength in chemical tanker rates towards the end of the quarter

Odfjell Tankers

- Results improved in 1Q22 due to the tightening of markets across all trades starting from March

Odfjell Terminals

- Odfjell Terminals continued to perform well in 1Q22, recording positive occupancy rate growth and healthy activity levels

Market outlook

- Markets to remain strong throughout 2022 and beyond with market balance not seen as tight since 2007/08

Guiding

- Driven by the strong markets we now see, we expect to report stronger results in 2Q22



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