



Preliminary 4Q18/Full year report 2018

February 14 2019

Preliminary 4Q18 /Preliminary full year report 2018

Highlights – 4Q18

- Chemical tanker spot rates improved towards the end of 4Q18, which seems to continue into 1Q19
- EBITDA of USD 33 mill, compared with USD 31 mill in 3Q18
- EBITDA of USD 27 mill from Odfjell Tankers which is in line with 3Q18. EBITDA was impacted by higher G&A in 4Q18
- EBITDA of USD 5 mill from Odfjell Terminals compared to USD 4 mill in 3Q18. Adjusting for the Rotterdam terminal, results were unchanged compared to 3Q18
- Net result of USD -48 mill compared to USD -31 mill in last quarter before adjusting for non-recurring items

Highlights – FY 2018

- Very challenging year with unfavorable markets and restructuring of our terminal division
- FY2018 EBITDA was USD 135 mill compared to USD 166 mill in 2017. Operating cash flow was positive in all quarters, which in total was USD 43 mill in FY2018
- FY2018 net profit of USD -211 mill heavily impacted by impairments in Odfjell Terminals.
- Significantly strengthening of our chemical tanker fleet as new efficient vessels replaces older and uneconomic tonnage
- Sale of Rotterdam terminal and acquisition of a larger share in Antwerp terminal

Key figures, USD mill

(USD mill, unaudited)	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Odfjell Tankers	211.6	209.0	208.8	221.3	213.2	850.8	842.5
Odfjell Terminals	25.2	25.9	22.6	17.2	28.4	91.0	110.8
Revenues*	238.9	236.7	233.7	241.1	243.5	950.5	961.7
Odfjell Tankers	26.9	28.0	26.8	27.0	30.6	108.7	125.0
Odfjell Terminals	6.3	8.9	3.9	4.8	9.9	24.0	38.4
EBITDA*	33.9	37.2	31.5	32.7	40.8	135.3	165.8
EBIT	3.0	(52.9)	(13.5)	(13.0)	97.3	(76.4)	132.8
Net result	(12.1)	(120.0)	(31.2)	(47.6)	104.3	(210.8)	90.6
EPS**	(0.15)	(1.53)	(0.40)	(0.60)	1.33	(2.68)	1.15
ROE***	(6.3%)	(22.3%)	(13.8%)	(17.6%)	16.4%	(29.8)%	11.8%
ROCE***	0.6%	(5.4%)	(1.5%)	(1.1%)	10.7%	(8.1)%	8.8%

*Includes figures from Odfjell Gas

** Based on 78.6 million outstanding shares

*** Ratios are annualised

"4Q18 concluded a challenging year for chemical tankers, but the market improved towards the end of the quarter. This is consistent with our view that the market has healthy fundamentals. We do expect continued volatility, but we believe our markets have passed the bottom, and we therefore expect improved performance in 1Q19. We are pleased to welcome a new partner in our US terminals that positions us to further develop our US business".

Kristian Mørch, CEO Odfjell SE

Key Financial figures

Odfjell Group

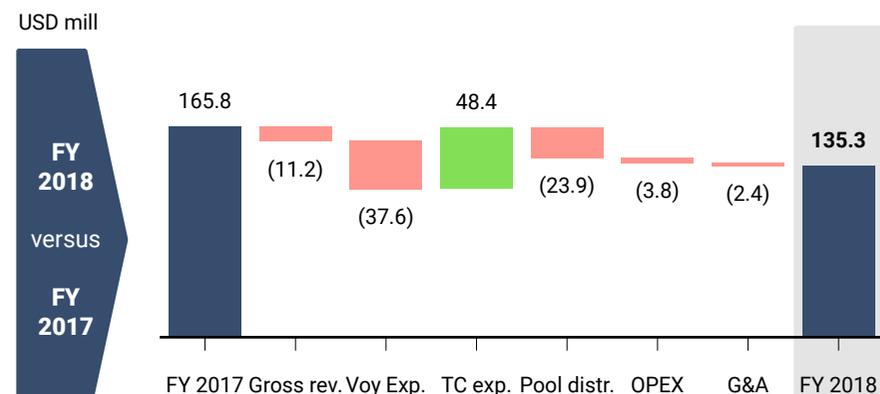
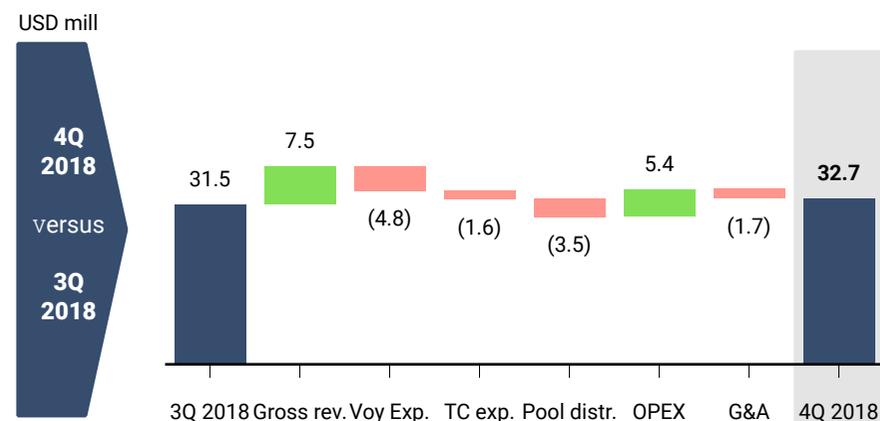
(USD mill, unaudited)	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Total revenue	236.7	233.7	241.1	243.5	950.5	961.7
Chemical Tankers	209.0	208.8	221.3	213.2	850.8	842.5
Tank Terminals	25.9	22.6	17.2	28.4	91.0	110.8
Gas Carriers	1.7	2.3	2.6	1.9	8.8	8.4
Eliminations	—	—	—	—	—	—
EBITDA	37.2	31.5	32.7	40.8	135.3	165.8
Chemical Tankers	28.0	26.8	27.0	30.6	108.7	125.0
Tank Terminals	8.9	3.9	4.8	9.9	24.0	38.4
Gas Carriers	0.4	0.7	0.9	0.3	2.6	2.3
EBIT	(52.9)	(13.5)	(13.0)	97.3	(76.4)	132.8
Chemical Tankers	3.9	1.9	(2.1)	(18.3)	8.1	14.0
Tank Terminals	(57.1)	(16.1)	(8.5)	115.5	(83.7)	117.9
Gas Carriers	0.4	0.7	(2.4)	0.1	(0.7)	1.0
Elimination	—	—	—	—	—	—
Net finance	(23.5)	(15.6)	(30.5)	(11.1)	(85.3)	(58.3)
Net result (loss)	(120.0)	(31.2)	(47.6)	104.3	(210.8)	90.6
Chemical Tankers	(16.1)	(12.0)	(32.9)	(28.5)	(71.4)	(38.9)
Tank Terminals	(104.0)	(19.8)	(12.1)	132.9	(138.0)	129.8
Gas Carriers	0.2	0.6	(2.6)	(0.1)	(1.3)	0.4
Eliminations	—	—	—	(0.1)	(0.1)	(0.8)

Proportionate method

While the equity method provides a fair presentation of the Group's financial position in joint ventures, the Group's internal financial segment reporting is based on the proportionate method. A large part of the Group's activity is joint ventures; hence, the proportionate method provides more detailed information and thus, a more representative picture of the Group's operations.

- Figures include various non-recurring items related to the changes made in our tank terminal portfolio and others

EBITDA variance - Odfjell Group



4Q 2018 versus 3Q 2018

- Gross revenues up 3%
- Voyage expenses up 5%
- TC expenses up 5%
- Ship days up 4%
- OPEX down 11%
- G&A up 8%

FY 2018 versus FY 2017

- Gross revenues down 1%
- Voyage expenses up 12%
- TC expenses down 25%
- Ship days down 6%
- OPEX up 2%
- G&A up 3%

Chemical Tankers

Odfjell Tankers Gross results improved slightly in 4Q18. Bunker costs remained high for the quarter, but the decline in prices towards the end of the quarter will lead to lower cost in 1Q19.

The main causes for improved gross result in 4Q, despite increased fuel cost, were reduced off-hire and a positive development in some of our niche trades. We maintained high contract nominations also in 4Q and the spot market improved towards the end of the quarter, which to a larger extent will positively impact our results in 1Q19.

During 4Q18 Odfjell Tankers redelivered one vessel and two new vessels entered the fleet. In addition, two vessels were taken on long-term bareboat charter from our pool partner Sinochem, as part of the original deal.

Odfjell Tankers bunker costs net of bunker adjustment clauses, was USD 47 mill in 4Q18. This compares to USD 43 mill in 3Q18.

Chemical Tankers (USD mill)	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Revenues	209.0	208.8	221.3	213.2	850.8	842.5
Gross Result	45.7	42.7	45.2	47.1	178.3	193.1
EBITDA	28.0	26.8	27.0	30.6	108.7	125.0
EBIT	3.9	1.9	-2.1	(18.3)	8.1	14.0
Bunker cost per tonne (USD) ³	410	446	461	398	432	387

Indices	30.06.2018	30.09.2018	31.12.2018	31.12.2017
Odfix (1990=100) ¹	115	113	110	113
Opex (2002=100) ²	123	121	118	123

¹ The Odfix index is a weighted time-charter earnings index for a selection of vessels

² The Opex index includes owned and bareboat chartered vessels

³ Including effect from bunker adjustment clauses

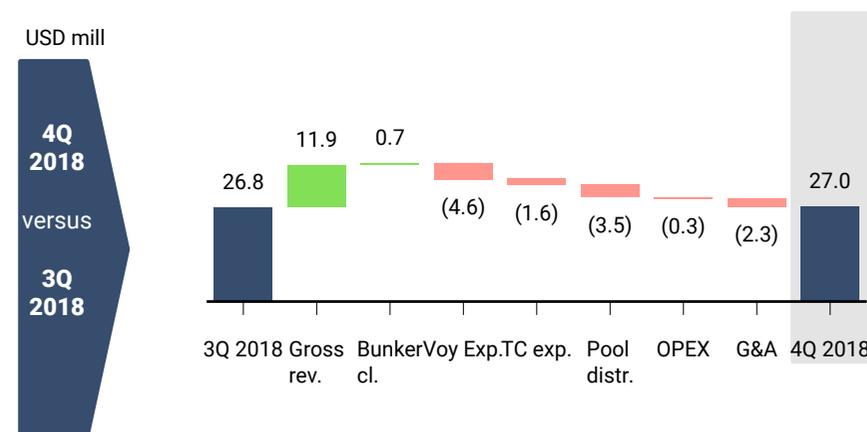
Average bunker cost was USD 461 per tonne in 4Q18, up from USD 446 per tonne previous quarter.

The high contract nominations in 4Q18 contributed to more than 70% of our bunker exposure being covered through bunker adjustment clauses in our contracts. We have currently hedged 79% of our exposure to HFO/MGO in 2019 through bunker adjustment clauses and financial hedging contracts.

Outlook 1Q19

The spot market shows signs of recovery and we expect 1Q19 to show improved performance.

EBITDA variance – Chemical tankers



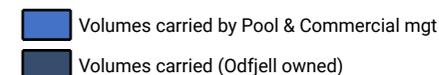
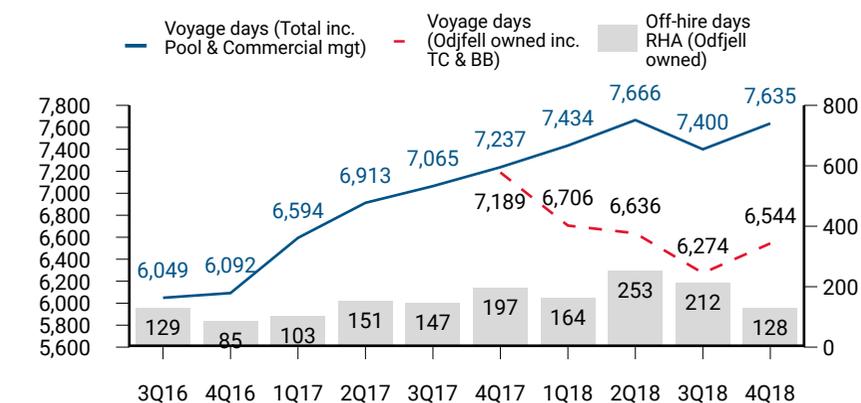
4Q 2018 versus 3Q 2018

- Gross revenues up 6%
- Bunkering compensation up 14%
- Voyage expenses up 5%
- TC expenses up 5%
- OPEX up 1%
- G&A up 15%

Volume and voyage days

We carried 3.3 mill tonnes during 4Q which is in line with 3Q volumes. Including vessels on commercial management and pools, our volumes were stable at 3.8 mill tonnes. Total voyage days in 4Q was 7,635 days of which 128 off-hire days, this was an increase from 7,400 days from the previous quarter with 212 off-hire days.

Total off-hire in 2018 was 757 days due to more drydockings than usual. Forecasted off-hire days in 2019 is expected to be 409 days.



Fleet growth programme

During 4Q18 we took delivery of the second and third vessel on bareboat from Sinochem. The fourth and last vessel on bareboat from Sinochem (currently on commercial management) is scheduled for delivery in March. This will complete the establishment of the pool of eight super-segregators operated by Odfjell in connection with the Sinochem transaction.

Odfjell will take delivery of one vessel from Shin-Kurushima in 3Q 19 on long-term timecharter and one vessel from Fukuoka shipbuilding in December 19 on a bareboat contract.

The first newbuilding from Hudong is scheduled for delivery in 3Q 19 and the remaining vessels are scheduled for delivery every three months thereafter.

During 2018 we took delivery of 16 vessels and redelivered 12 vessels. This marks a significant strengthening of our fleet, which (after all deliveries are completed) means that Odfjell will operate one of the most energy efficient and environmentally friendly chemical tanker fleets in the world.

Remaining ship deliveries

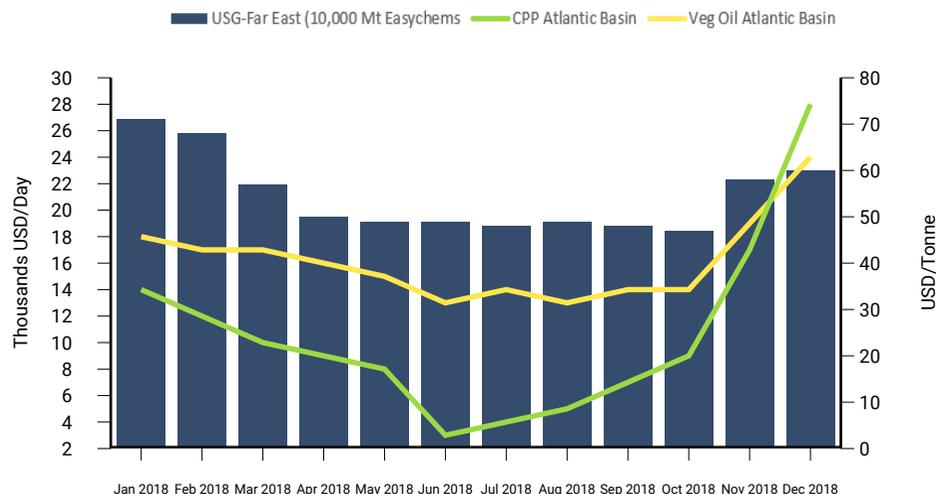
Yard	Tanks	DWT	2019	2020
Hudong	Stainless	49,000	3	3
Shin-Kurushima	Stainless	35,500	1	-
Undisclosed	Stainless	36,000	1	1
Total			5	4

Market development

The chemical tanker market improved towards the end of 4Q18. General demand and COA nominations remained high during the quarter and spot rates were positively impacted by less supply pressure from swing tonnage. Palm oil volumes from key exporters reached all-time high levels and strong underlying demand followed for chemical cargoes.

The global core chemical tanker orderbook stands at 8% of the current fleet. The global deep-sea fleet based on vessels larger than 18,000 dwt grew by net 6 vessels in 4Q as 8 vessels were delivered, and 2 vessels were scrapped. There were zero new orders for core chemical tankers concluded during the quarter.

Rate development 2018



Source: Clarksons Platou

Market outlook

Concerns of slowing global GDP growth has increased during the fourth quarter. The increased uncertainty is not expected to impact our markets in the short-term, but this has led to chemical producers being more reluctant to make new investments, which might impact growth in new chemical supply in 2021-2022 if the uncertainty continues.

2019 and 2020 are peak years of growth in new US and Middle Eastern export oriented capacity. The US has become a net exporter of Methanol since August and the Middle East has also increased shipments steadily following its expansions. It is expected that this trend will accelerate the next 12 to 18 months with more products to follow that should support tonne-mile demand for chemical tankers.

Palm oil, an important absorber of chemical tanker supply, saw record production and exports levels between September and October from Malaysia and Indonesia. This has led to high inventories which further led Indonesia to levy its export tax and India later reducing its import tax for the product. This is expected to support demand for chemical tankers in 2019.

The CPP market has improved in recent months and has led to reduced competition for commodities normally carried by chemical tanker tonnage. This has also led to increased flexibility for chemical tankers to fill up cargoes with CPP if economics justify this (reverse swing tonnage). Market expectations for CPP tonnage is positive and driven by reduced supply growth and strong demand driven by upcoming IMO 2020 regulations for bunker fuels.

We forecast chemical tanker supply growth of 2% and chemical tanker demand of 5% on average per year through 2021.

Tank Terminals

Tank Terminals (USD mill) Odfjell share	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Revenues	25.9	22.6	17.2	28.4	91.0	110.8
Gross Result	12.7	10.1	10.4	15.6	44.8	58.5
EBITDA	8.9	3.9	4.8	9.9	24.0	38.4
EBIT	(57.1)	(16.1)	(8.5)	115.5	(83.7)	117.9

EBITDA by geo-graphical segment	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Europe	3.5	(1.1)	0.4	2.2	3.5	7.5
North America	4.5	4.4	4.3	4.8	18.1	18.9
Asia	0.9	0.6	0.1	3.0	2.5	11.9
Middle East	—	—	—	(0.1)	0.0	0.0
Total	8.9	3.9	4.8	9.9	24.0	38.4

Odfjell Terminals delivered an EBITDA of USD 4.8 mill in 4Q18 versus USD 3.9 mill in previous quarter.

The previous quarter included a negative EBITDA of USD 0.2 mill on the Rotterdam terminal that was sold in September 2018. Odfjell increased its stake in the Antwerp terminal from 12.75% to 25.00% in November 2018, which added USD 0.4 mill to the 4Q18 EBITDA.

Revenues in the US region grew with 3% in comparison to the previous quarter thanks to the continuing high occupancy rate of 98% and increasing throughput at the Houston terminal.

The Asian region grew with 15% in comparison to the previous quarter with all terminals in the region contributing. The 4Q18 result was impacted by higher G&A related to the restructuring of the Odfjell Terminals organization.

The total average occupancy rate of commercially available capacity increased to 96%, from 94% last quarter (excluding Rotterdam). The total average available capacity increased by 18,168 cbm to 1,483,326 cbm.

We concluded the restructuring of the organisation in Odfjell Terminals in 4Q18. Odfjell Terminals B.V. and the terminal management companies are now wholly owned subsidiaries of Odfjell SE. Tank terminals are now operated through two joint ventures, one for the Asia terminals and one for the US terminals.

Total approved capital expenditure (Odfjell SE share) is USD 10 mill the next three years, of which USD 3 mill is for maintenance and USD 7 mill is for expansion. Our capital expenditure programme for the US is expected to be updated when the transaction with the new partner is concluded for the US terminals.

Odfjell's share of Odfjell Terminals' book value of equity stood at USD 156 mill as of 4Q18. Odfjell's share of net debt amounts to USD 127 mill.

Lindsay Goldberg exit process

Following the conclusion of the sale of LG's shareholding in Rotterdam and Antwerp, LG has entered into an agreement to sell its 49% shareholding in Odfjell Terminals US terminals to funds managed by Northleaf Capital Partners. The transaction is expected to close during 1H19.

We look forward to welcoming Northleaf as our new partners in the US and developing our US business together with them.

Gas Carriers

We have launched a process to sell our remaining gas carriers and we expect to close a sale of the vessels in 1H19.

Gas Carriers (USD mill) Odfjell share	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Revenues	1.7	2.3	2.6	1.9	8.8	8.4
Gross Result	0.4	0.7	0.9	0.4	2.7	2.5
EBITDA	0.4	0.7	0.9	0.3	2.6	2.3
EBIT	0.4	0.7	(2.4)	0.1	(0.7)	1.0

Finance

Key figures (USD mill)*	31.03.2018	30.06.2018	30.09.2018	31.12.2018
Cash and available-for-sale investments	181.4	192.9	206.8	167.8
Interest bearing debt	1,147.8	1,185.7	1,217.9	1,122.6
Net interest bearing debt	966.4	992.8	1,011.1	954.8
Available drawing facilities	–	–	–	–
Total equity	815.1	665.2	652.0	600.6
Equity ratio	39.7%	33.9%	32.9%	32.6%

*According to equity method

Odfjell's cash balance decreased during the quarter, and cash and cash equivalents end 4Q18 amounted to USD 168 mill, compared with USD 207 mill end 3Q18. Main changes in the cash position is related to the repayment of a USD 77 mill bond offset with cash proceeds from the Rotterdam sale and purchase of LG's share in the Antwerp terminal.

Odfjell concluded one refinancing during the quarter, where we used available cash proceeds to reduce the debt of the vessel. We have limited refinancing needs of our traditional ship mortgage debt until 3Q20.

We have USD 62 mill outstanding on our bond maturing in September 2019, which we will seek to refinance as soon as market conditions are right.

4Q18 included a USD 10 mill impairment for the Tianjin tank terminal. This relates to a later start-up of the terminal than initially projected and a weaker market outlook in the short-term. Odfjell Gas recorded a USD 3 mill impairment as these vessels did not depreciate during 2018 as they were classified as assets held for sale. Odfjell Tankers recorded a USD 5 mill impairment related to Bow Querida in its regional fleet, with the vessel now listed under assets held for sale.

New accounting rules will come into effect from January 2019 (IFRS 16). This will mean that our long-term operating leases will be recorded on our balance sheet as long-term liabilities. As a result of IFRS 16 and based on 4Q18 figures, Odfjell's Net interest-bearing debt/EBITDA would have improved from 8.8x to 5.7x and the equity ratio will decline from 33% to 30%. See note 7 for further details and the respective Notes for each quarterly report in 2018.

Remaining deliveries of the newbuilding programme is fully financed with mortgage and lease financing and remaining equity installments as of 4Q18 is limited to USD 12 mill in total.

Shareholder information

By end of December, Odfjell A and B shares were trading at NOK 29.50 and NOK 28.40 respectively, against NOK 30.90 and NOK 30.20 respectively at the close of previous quarter. In the same period the Oslo Stock Exchange Benchmark Index fell 14.8% and the Shipping Index fell 16.7%.

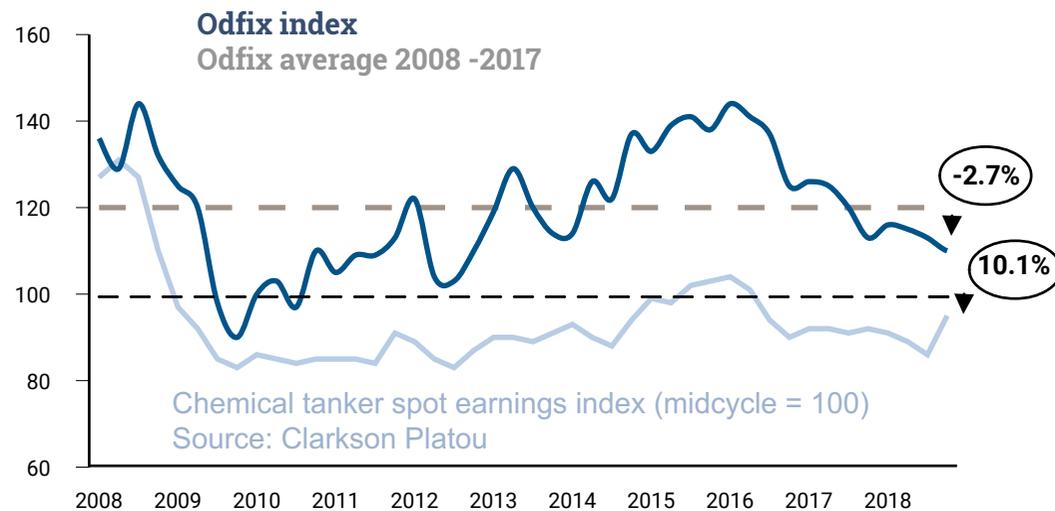
As of 28 December 2018, Odfjell SE had a market capitalisation of NOK 2,321 mill, which was equivalent to around USD 269 mill, including our 8.0 mill treasury shares, the market capitalisation was USD 296 mill.

Prospects

The market index increased in 4Q18, which is continuing into 1Q19. We therefore expect 1Q19 results to improve.

We expect Odfjell Terminals' underlying results to be stable in 2019.

Odfix quarterly average index (1990=100)



Bergen, 13 February 2019

THE BOARD OF DIRECTORS OF ODFJELL SE

Interim financial information – ODFJELL GROUP

CONSOLIDATED INCOME STATEMENT

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Gross revenue	1	211.6	209.0	208.8	221.4	213.2	850.8	842.5
Voyage expenses	1	(87.0)	(85.2)	(89.9)	(94.5)	(82.0)	(356.6)	(319.2)
Time-charter expenses		(40.6)	(37.5)	(33.3)	(35.0)	(48.9)	(146.4)	(194.8)
Pool distribution		(3.3)	(4.6)	(6.3)	(9.7)	–	(23.9)	–
Operating expenses		(36.0)	(35.9)	(36.6)	(36.9)	(35.2)	(145.4)	(135.5)
Gross Result		44.7	45.8	42.7	45.2	47.1	178.4	193.1
Share of net result from associates and joint ventures	5	(1.7)	(103.8)	(19.2)	(14.7)	132.9	(139.3)	130.0
General and administrative expenses		(17.9)	(17.7)	(15.9)	(18.3)	(16.5)	(69.7)	(68.0)
Operating result before depreciation, amortization and capital gain (loss) on non-current assets (EBITDA)		25.2	(75.8)	7.7	12.3	163.5	(30.7)	255.0
Depreciation and amortization	4	(22.6)	(24.3)	(24.4)	(24.0)	(27.1)	(95.3)	(89.0)
Impairment of ships, property, plant and equipment	4	–	–	–	(5.0)	(21.9)	(5.0)	(21.9)
Capital gain (loss)	4	0.1	0.2	(0.6)	–	0.2	(0.3)	0.2
Operating result (EBIT)		2.7	(99.9)	(17.3)	(16.8)	114.6	(131.3)	144.3
Interest income		1.3	1.5	1.6	1.9	1.0	6.4	4.7
Interest expenses		(16.2)	(18.0)	(19.4)	(20.2)	(16.0)	(73.8)	(60.5)
Other financial items	6	0.8	(2.3)	4.4	(10.2)	4.7	(7.3)	4.4
Net financial items		(14.1)	(18.8)	(13.4)	(28.4)	(10.4)	(74.8)	(51.4)
Result before taxes		(11.4)	(118.7)	(30.7)	(45.2)	104.2	(206.0)	92.9
Income tax expense		(0.7)	(1.2)	(0.5)	(2.4)	0.1	(4.8)	(2.3)
Net Result		(12.1)	(120.0)	(31.2)	(47.6)	104.3	(210.8)	90.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures based on equity method

(USD mill)	Note	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:								
Net changes in cash-flow hedges		2.5	(2.2)	0.8	(2.7)	(2.4)	(1.6)	(2.7)
Net unrealized gain/(loss) on available-for-sale-investments		–	–	–	–	(0.8)	–	(0.7)
Translation differences on investments of foreign operations		–	–	(0.1)	0.2	–	0.1	–
Share of comprehensive income on investments accounted for using equity method		6.9	(13.4)	6.4	0.7	3.2	0.7	23.1
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:								
Share of other comprehensive income reclassified to income statement on disposal		–	–	9.8	–	–	9.8	–
Net actuarial gain/(loss) on defined benefit plans		–	–	–	0.1	0.3	0.1	0.3
Other comprehensive income		9.4	(15.6)	16.9	(1.7)	0.3	9.0	20.0
Total comprehensive income		(2.7)	(135.6)	(14.3)	(49.2)	104.6	(201.8)	110.6
Earnings per share (USD) –basic/diluted		(0.15)	(1.53)	(0.40)	(0.60)	1.33	(2.68)	1.15

Net result and total comprehensive income is allocated 100% to the owners of the parent.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures based on equity method

(USD mill)	Note	31.03.18	30.06.18	30.09.18	31.12.18	31.12.17
Ships	4	1,354.6	1,379.1	1,373.4	1,359.9	1,293.5
Property, plant and equipment	4	8.1	7.8	7.4	8.4	8.4
Investments in associates and joint ventures	5	362.0	245.1	243.1	170.9	357.3
Derivative financial instruments		14.8	3.8	5.3	–	3.3
Non-current receivables		14.3	14.6	15.2	16.1	12.0
Total non-current assets		1,753.8	1,650.3	1,644.4	1,555.6	1,674.5
Current receivables		87.1	83.8	92.3	87.5	83.4
Bunkers and other inventories		15.6	23.5	27.0	27.9	20.9
Derivative financial instruments		0.5	–	1.5	–	–
Loan to associates and joint ventures		14.8	10.9	11.8	0.7	14.8
Cash and cash equivalents		181.4	192.9	206.8	167.8	206.6
Assets classified as held for sale		–	–	–	2.5	–
Total current assets		299.4	311.1	339.5	286.4	325.6
Total assets		2,053.2	1,961.4	1,983.9	1,841.9	2,000.1
Equity		815.1	665.2	652.0	600.6	815.9
Non-current interest bearing dept	3	905.3	975.1	907.2	909.7	845.3
Derivatives financial instruments		–	–	–	10.0	–
Other non-current liabilities		9.5	8.3	8.3	8.7	9.6
Total non-current liabilities		914.8	983.4	915.5	928.4	855.0
Current portion interest bearing debt	3	242.4	210.6	310.6	212.9	238.5
Derivative financial instruments		18.3	20.9	16.3	13.6	23.8
Other current liabilities		62.6	81.3	89.4	86.5	66.8
Total current liabilities		323.3	312.8	416.4	313.0	329.2
Total equity and liabilities		2,053.2	1,961.4	1,983.9	1,841.9	2,000.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures based on equity method

(USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Available for sale reserve	Pension remeasurement	OCI associates and JVs	Retained equity	Total other equity	Total equity
Equity as at January 1, 2017	199.0	—	0.4	0.7	1.1	(19.1)	536.7	519.8	718.8
Other comprehensive income	—	—	(3.1)	(0.7)	0.3	23.1	—	19.6	19.6
Net result	—	—	—	—	—	—	90.6	90.6	90.6
Dividend payment	—	—	—	—	—	—	(13.6)	(13.6)	(13.6)
Sale of treasury shares (1)	—	—	—	—	—	—	0.2	0.2	0.2
Other adjustments	—	—	0.7	—	—	—	(0.4)	0.3	0.3
Equity as at December 31, 2017	199.0	—	(2.0)	—	1.4	4.0	613.5	616.9	815.9
Equity as per January 1, 2018	199.0	—	(2.0)	—	1.4	4.0	613.5	616.9	815.9
Other comprehensive income	—	0.1	(1.6)	—	0.1	10.4	—	9.0	9.0
Net result	—	—	—	—	—	—	(210.8)	(210.8)	(210.8)
Dividend payment	—	—	—	—	—	—	(14.6)	(14.6)	(14.6)
Sale of treasury shares (1)	0.2	—	—	—	—	—	0.1	0.1	0.3
Other adjustments	—	—	—	—	(1.9)	(8.4)	11.1	0.8	0.8
Equity as at December 31, 2018	199.2	0.1	(3.6)	—	(0.5)	6.1	399.2	401.4	600.6

(1) In fourth quarter 2018, senior management received a transaction bonus from Odfjell SE's joint venture partner in Odfjell Terminals B.V. in relation to its ongoing exit/sales process, which was used to purchase 55,840 Class A shares at a total value of NOK 1.7 mill.

Sale of treasury shares in accordance with Long Term Incentive program for Senior management, expensed with NOK 1.4 million in the first quarter 2018 and NOK 5.3 million in the first quarter 2017. The net amount, reduced with withholding tax, has been used to buy Treasury shares.

KEY FIGURES

Figures based on equity method

	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
PROFITABILITY							
Earnings per share (USD) –basic/diluted	(0.15)	(1.53)	(0.40)	(0.60)	1.33	(2.68)	1.15
Return on equity (1)	(6.3)%	(22.3)%	(13.8 %)	(17.6 %)	16.4 %	(29.8 %)	11.8 %
Return on equity - adjusted (3)	–	–	–	–	–	(9.9 %)	(0.9 %)
Return on capital employed (1)	0.6%	(5.4)%	(1.5 %)	(1.1 %)	10.7 %	(8.1 %)	8.8 %
Return on capital employed - adjusted (3)	–	–	–	–	–	0.1 %	3.1 %
FINANCIAL RATIOS							
Average number of outstanding shares (mill) (2)	78.6	78.6	78.6	78.7	78.6	78.7	78.6
Basic/diluted equity per share (USD)	10.36	8.46	8.29	7.63	10.38	7.63	10.38
Share price per A-share (USD)	4.10	3.99	3.83	3.39	3.87	3.39	3.87
Current ratio	0.9	1.0	0.8	0.9	1.0	0.9	1.0
Equity ratio	39.7%	33.9%	32.9%	32.6%	40.8%	32.6%	40.8%
USD/NOK rate at period end	7.75	8.15	8.16	8.69	8.24	8.69	8.24

¹⁾ Return ratios are based on annualized results, except for non-recurring items that are included in the relevant period.

²⁾ Per end December 2018 Odfjell holds 5,740,238 Class A shares and 2,322,482 Class B shares.

³⁾ Adjusted for non-recurring items

CONSOLIDATED CASH FLOW STATEMENT

Figures based on equity method

(USD mill)	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Profit before income taxes	(11.4)	(118.7)	(30.7)	(45.2)	96.3	(206.0)	92.9
Taxes paid in the period	(1.1)	(1.2)	(0.2)	(0.8)	0.9	(3.2)	(1.3)
Depreciation, impairment and capital (gain) loss fixed assets	22.5	24.1	24.3	28.9	49.4	99.8	110.8
Change in inventory, trade debtors and creditors (increase) decrease	2.8	(2.4)	(16.9)	(4.1)	19.3	(20.5)	5.5
Share of net result from associates and JV's	1.7	103.8	19.2	14.7	(125.0)	139.3	(130.0)
Unrealized changes in derivatives	(15.1)	12.0	(6.9)	27.9	6.0	18.0	(22.2)
Net interest expenses	14.9	16.5	17.8	18.3	15.0	67.8	55.8
Interest received	0.3	1.4	2.5	1.9	1.4	6.0	3.6
Interest paid	(16.1)	(16.8)	(20.5)	(20.0)	(15.9)	(73.7)	(61.0)
Effect of exchange differences	14.7	(12.6)	0.9	(16.4)	(8.6)	(13.3)	11.4
Change in other current accruals	(2.7)	13.7	14.6	3.0	(14.3)	28.7	(12.0)
Net cash-flow from operating activities	10.5	19.9	4.1	8.2	24.6	42.7	53.5
Sale of ships, property, plant and equipment	—	—	—	—	—	—	4.0
Investment in ships, property, plant and equipment	(83.4)	(48.5)	(18.3)	(18.9)	(12.3)	(169.1)	(173.2)
Dividend/other from investments in associates and JV' s	—	—	—	81.1	117.1	81.1	130.8
Investment in shares	—	—	—	(24.8)	—	(24.8)	—
Other non-current receivables and investments	(0.9)	4.8	(1.0)	11.1	12.3	14.0	12.8
Net cash-flow from investing activities	(84.2)	(43.8)	(19.3)	48.5	117.2	(98.8)	(25.5)
New interest bearing debt (net of fees paid)	76.6	119.8	64.7	38.8	(5.7)	299.9	337.4
Repayment of interest bearing debt	(28.8)	(69.8)	(34.4)	(134.8)	(30.8)	(267.8)	(310.4)
Dividend payment	—	(14.6)	—	—	—	(14.6)	(13.9)
Sale/purchase of treasury shares	—	—	—	0.2	—	0.2	—
Net cash-flow from financing activities	47.8	35.4	30.3	(95.8)	(36.5)	17.7	13.1
Effect on cash balance from currency exchange rate fluctuations	0.7	—	(1.2)	0.1	(0.4)	(0.4)	1.0
Net change in cash and cash equivalents	(25.2)	11.5	13.9	(39.0)	104.9	(38.7)	42.1
Opening cash and cash equivalents	206.6	181.4	192.9	206.8	101.7	206.6	164.5
Closing cash and cash equivalents	181.4	192.9	206.8	167.8	206.6	167.8	206.6

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Accounting principles

Odfjell SE is ultimate parent company of the Odfjell Group. Odfjell SE is a public listed company traded on the Oslo Stock Exchange. The company's address is Conrad Mohrs veg 29, Bergen, Norway.

Basis of preparation and changes to the Group's accounting policies

The interim consolidated financial statements ended December 31, 2018 for the Odfjell Group and have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2017. The interim financial statements are unaudited.

The accounting principles used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2017, except for the implementation of 'IFRS 15 Revenue from contracts with customers' which is adopted January 1, 2018. Some new standards and amendments to standard and interpretations are not yet effective and have not yet been applied in preparing the consolidated financial statements. The Group's assessment of the impacts on these new standards is set out below.

IFRS 15 Revenue from Contracts with Customers – Implemented January 1, 2018

The Odfjell Group has adopted 'IFRS 15 Revenues from contracts with customers' for reporting periods beginning on and after January 1, 2018. IFRS 15 has replaced IAS 18 Revenues and IAS 11 Construction Contracts.

Under IAS 18 / IAS 11 Odfjell recognised revenue from all customer contracts for one voyage over the estimated duration of the voyage, from first load port to the last discharge port of the voyage. Variable considerations, including estimated demurrage, was included in revenue. The number of voyage days sailed compared to total estimated days for the voyage was used as a measure for recognizing revenue over time.

IFRS 15 requires Odfjell to recognize revenue from each freight service (performance obligation) in customer contracts over the period from load port to discharge port. Compared to previous accounting principle of Odfjell, this implies that a voyage is separated into many performance obligations with separate timing of revenues. Revenue includes variable considerations, including demurrage. Freight services are performed over time as the customer benefits from and controls the service received as it is being performed. Number of days sailed from load port compared to total estimated days until discharge port for each performance obligation is used as a measure for recognizing revenue over time.

Under IAS 18 /IAS 11 voyage costs was estimated and recognized over the estimated duration of the voyage, using the same pattern as for revenue. From January 1, 2018, under IFRS 15, Odfjell recognizes voyage costs as they incur from load to discharge. In the event of ballast journeys between discharge and next load, cost would be capitalized and expensed over the next voyage.

Odfjell operates pools of ships delivering freight services to customers and external ships may participate in the pools. Under IFRS 15 Odfjell acts as a principal, not an agent, for those external ships in the pool since the freight service delivered to the customer is controlled by Odfjell. Revenues generated by external ships in the pool are therefore recognized as gross revenue in the income statement. Under the past accounting practice under IAS 18, Odfjell may have been considered as an agent for the external ships participating in the pools, recognizing only pool fee as revenue. However, the pools have commenced operations as IFRS 15 is being implemented and there is no transition impact related to principal versus agent from implementing the new standard.

Note 1 – Accounting principles continued

The new standard has been implemented in Odfjell using the modified retrospective approach as transition method, which requires the recognition of the cumulative effect of initially applying IFRS 15 to the opening balance of equity as at January 1, 2018, and not restate prior years. Odfjell has not identified a significant impact to the Group's financial statements as a result of implementing the new standard. As a result, no cumulative adjustment to equity as at January 1, 2018 is made and the revenues and voyage expenses presented year to date 2018 would have been the same if reported under the past accounting policy.

IFRS 16 Leases – effective from January 1, 2019

Under 'IFRS 16 leases' lessees no longer distinguish between a finance lease (on balance sheet) and an operating lease (off balance sheet). Instead, for virtually all lease contracts the lessee recognises a lease liability reflecting future lease payments and a 'right-of-use' asset. The new model is based on the rationale that economically a lease contract is equal to acquiring the right to use an asset with the purchase price paid in instalments. The only exceptions are short-term and low-value leases.

Lessees recognize interest expense on the lease liability and a depreciation charge on the 'right-of-use' asset. Compared to the accounting for operating leases under IAS 17, this does not only change the presentation within the income statement (under IAS 17 lease payments are presented as a single amount within operating expenses) but also the total amount of expenses recognised in each period. Straight-line depreciation of the right-of-use asset and application of the effective interest rate method to the lease liability will result in a higher total charge to profit or loss in the initial periods and decreasing expenses during the latter part of the lease term.

The new IFRS 16 is mandatory from January 1, 2019. Applying the IFRS 16 will have an impact on the Financial Statements for lessee arrangements which exists on January 1, 2019. The estimated impact of IFRS 16 is illustrated in note 7.

Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by executive management. In accordance with the internal financial reporting, investments in joint venture are reported by applying the proportionate consolidation method. The Group has three reportable segments:

Chemical Tankers: The Chemical Tankers segment involves a 'round the world' transportation of chemicals with ships. The composition of the ships enables the Group to offer both global and regional transportation.

Tank Terminals: The tank terminal segment offers storage and distillation of various chemical and petroleum products. The segment is operated through joint ventures owned by the subsidiary Odfjell Terminals BV.

Gas Carriers: The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas ordered in 2014 in total eight vessels in addition for agreed delivery between 2016 and 2017. Due to substantially delays, all eight vessels have been cancelled. The Group continues to pursue an exit from gas, and the two existing vessels are assets held for sale. The segment is operated through the joint venture Odfjell Gas AS.

Note 2 – Segment information - continue

USD mill	Chemical Tankers (2)							Tank Terminals							Gas Carriers							Total (1)							
	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17	
Gross revenue	211.6	209.0	208.8	221.3	213.2	850.8	842.5	25.2	25.9	22.6	17.2	28.4	91.0	110.8	2.1	1.7	2.3	2.6	1.9	8.8	8.4	238.9	236.7	233.7	241.1	243.5	950.5	961.7	
Voyage expenses	(87.0)	(85.2)	(89.9)	(94.5)	(82.0)	(356.6)	(319.2)	—	—	—	—	—	—	—	(0.9)	(0.8)	(1.0)	(1.1)	(0.8)	(3.9)	(3.7)	(87.9)	(86.0)	(90.9)	(95.7)	(82.8)	(360.5)	(322.9)	
TC expenses	(40.6)	(37.6)	(33.3)	(35.0)	(48.9)	(146.4)	(194.8)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(40.6)	(37.6)	(33.3)	(35.0)	(48.9)	(146.4)	(194.8)	
Pool distribution	(3.3)	(4.6)	(6.3)	(9.7)	—	(23.9)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(3.3)	(4.6)	(6.3)	(9.7)	—	(23.9)	—	
Operating expenses	(36.0)	(35.9)	(36.6)	(36.9)	(35.2)	(145.4)	(135.5)	(13.5)	(13.2)	(12.5)	(6.8)	(12.8)	(46.1)	(52.3)	(0.5)	(0.6)	(0.6)	(0.6)	(0.7)	(2.2)	(2.2)	(50.1)	(49.7)	(49.7)	(44.3)	(48.7)	(193.8)	(189.9)	
General and administrative expenses	(17.9)	(17.7)	(15.9)	(18.2)	(16.5)	(69.7)	(68.0)	(5.3)	(3.8)	(6.1)	(5.6)	(5.7)	(20.8)	(20.0)	—	—	—	—	—	(0.1)	(0.2)	(23.2)	(21.5)	(22.1)	(23.8)	(22.2)	(90.6)	(88.2)	
EBITDA	26.9	28.0	26.8	27.0	30.6	108.7	125.0	6.3	8.9	3.9	4.8	9.9	24.0	38.4	0.6	0.4	0.7	0.9	0.3	2.6	2.3	33.9	37.2	31.5	32.7	40.8	135.3	165.8	
Depreciation	(22.6)	(24.3)	(24.4)	(24.0)	(27.1)	(95.3)	(89.0)	(8.4)	(8.0)	(7.4)	(5.3)	(8.9)	(29.1)	(34.4)	—	—	—	—	(0.2)	—	(1.3)	(31.0)	(32.3)	(31.8)	(29.3)	(36.2)	(124.5)	(124.7)	
Impairment	—	—	—	(5.0)	(21.9)	(5.0)	(21.9)	—	(58.1)	—	(10.0)	(20.7)	(68.1)	(20.7)	—	—	—	(3.3)	—	(3.3)	—	—	(58.1)	—	(18.3)	(42.6)	(76.4)	(42.6)	
Capital gain/loss	0.1	0.2	(0.6)	—	0.2	(0.3)	(0.1)	—	—	(12.5)	2.0	135.2	(10.6)	134.5	—	—	—	—	—	—	(0.1)	0.1	0.2	(13.1)	1.9	135.3	(10.8)	134.4	
Operating result (EBIT)	4.4	3.9	1.9	(2.1)	(18.3)	8.1	14.0	(2.1)	(57.1)	(16.1)	(8.5)	115.5	(83.7)	117.9	0.6	0.4	0.7	(2.4)	0.1	(0.7)	1.0	3.0	(52.9)	(13.5)	(13.0)	97.3	(76.4)	132.8	
Net finance	(14.0)	(18.8)	(13.4)	(28.4)	(10.3)	(74.6)	(50.6)	(1.5)	(4.5)	(2.0)	(1.9)	(0.6)	(10.0)	(6.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.6)	(0.5)	(15.8)	(23.5)	(15.6)	(30.5)	(11.1)	(85.3)	(58.3)	
Taxes	(0.7)	(1.2)	(0.5)	(2.4)	0.1	(4.8)	(2.3)	1.4	(42.4)	(1.7)	(1.7)	17.9	(44.3)	18.3	—	—	—	—	—	—	—	0.7	(43.6)	(2.2)	(4.0)	18.0	(49.1)	16.0	
Net result	(10.4)	(16.1)	(12.0)	(32.9)	(28.5)	(71.4)	(38.9)	(2.1)	(104.0)	(19.8)	(12.1)	132.9	(138.0)	129.8	0.5	0.2	0.6	(2.6)	(0.1)	(1.3)	0.4	(12.1)	(120.0)	(31.2)	(47.6)	104.3	(210.8)	90.6	
Non current assets	1,376.9	1,402.0	1,401.8	1,385.1	1,314.5	1,385.1	1,314.5	526.4	300.4	295.3	324.6	498.0	324.6	498.0	—	—	—	—	—	—	—	1,908.2	1,710.6	1,696.6	1,709.3	1,816.8	1,709.3	1,816.8	
Current assets	314.3	312.5	333.9	276.3	328.5	276.3	328.5	65.2	40.9	131.9	26.9	81.7	26.9	81.7	3.7	3.0	2.6	2.8	3.7	2.8	3.7	373.1	345.0	462.2	307.9	404.3	307.9	404.3	
Assets held for sale	—	—	—	2.5	—	2.5	—	—	124.6	—	—	—	—	—	21.4	21.8	22.2	19.0	21.3	19.0	21.3	21.4	146.4	22.2	21.4	21.3	21.4	21.3	
Total asset	1,691.1	1,714.5	1,735.7	1,663.9	1,643.0	1,663.9	1,643.0	591.6	465.9	427.2	351.5	579.7	351.5	579.7	25.0	24.8	24.8	21.8	25.0	21.8	25.0	2,302.7	2,202.0	2,181.0	2,038.7	2,242.4	2,038.7	2,242.4	
Equity	453.1	420.1	409.6	428.2	459.2	428.2	459.2	345.7	228.5	226.0	158.5	341.5	158.5	341.5	16.3	16.5	17.1	14.6	15.8	14.6	15.8	815.2	665.2	652.0	600.6	816.0	600.6	816.0	
Non current liabilities	914.8	983.4	915.5	928.4	855.0	928.4	855.0	182.7	170.4	168.9	170.8	162.5	170.8	162.5	—	—	—	—	—	—	—	1,097.5	1,153.8	1,084.4	1,099.1	1,017.5	1,099.1	1,017.5	
Current liabilities	323.2	311.1	410.7	307.3	328.8	307.3	328.8	63.2	24.5	32.3	22.2	75.9	22.2	75.9	8.7	8.3	7.7	7.2	9.2	7.2	9.2	390.1	340.5	444.5	338.9	409.0	338.9	409.0	
Liabilities held for sale	—	—	—	—	—	—	—	—	42.6	—	—	—	—	—	—	—	—	—	—	—	—	—	42.6	—	—	—	—	—	
Total equity and liabilities	1,691.1	1,714.5	1,735.7	1,663.9	1,643.0	1,663.9	1,643.0	591.6	465.9	427.2	351.5	579.7	351.5	579.7	25.0	24.8	24.8	21.8	25.0	21.8	25.0	2,302.7	2,202.0	2,181.0	2,038.7	2,242.4	2,038.7	2,242.4	
Reconciliations:																													
Total segment revenue	211.6	209.0	208.8	221.3	213.2	850.8	842.5	25.2	25.9	22.6	17.2	28.4	91.0	110.8	2.1	1.7	2.3	2.6	1.9	8.8	8.4	238.9	236.7	233.7	241.1	243.5	950.5	961.7	
Segment revenue JV's	—	—	—	—	—	—	—	(25.2)	(25.9)	(22.6)	(17.2)	(28.4)	(91.0)	(110.8)	(2.1)	(1.7)	(2.3)	(2.6)	(1.9)	(8.8)	(8.4)	(27.3)	(27.7)	(24.9)	(19.8)	(30.2)	(99.7)	(119.1)	
Consolidated revenue in income statement	211.6	209.0	208.8	221.3	213.2	850.8	842.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	211.6	209.0	208.8	221.3	213.2	850.8	842.5	
Total segment EBIT	4.4	3.9	1.9	(2.1)	(18.3)	8.1	14.0	(2.1)	(57.1)	(16.1)	(8.5)	115.5	(83.7)	117.9	0.6	0.4	0.7	(2.4)	0.1	(0.7)	1.0	3.0	(52.9)	(13.5)	(13.0)	97.6	(76.4)	133.1	
Segment EBIT JV's	—	—	—	—	—	—	—	2.1	57.1	16.1	8.5	(115.5)	83.7	(117.9)	(0.6)	(0.4)	(0.7)	2.4	(0.1)	0.7	(1.0)	1.4	56.8	15.4	10.9	(115.6)	84.5	(118.8)	
Share of net result JV's (4)	—	—	—	—	—	—	—	(2.1)	(104.0)	(19.8)	(12.1)	132.9	(138.0)	129.8	0.5	0.2	0.6	(2.6)	(0.1)	(1.3)	0.4	(1.7)	(103.8)	(19.2)	(14.7)	132.9	(139.3)	130.3	
Consolidated EBIT in income statement	4.4	3.9	1.9	(2.1)	(18.3)	8.1	14.0	(2.1)	(104.0)	(19.8)	(12.1)	132.9	(138.0)	129.8	0.5	0.2	0.6	(2.6)	(0.1)	(1.3)	0.4	2.7	(99.9)	(17.3)	(16.8)	114.9	(131.3)	144.6	
Total segment asset	1,691.1	1,714.5	1,735.7	1,663.9	1,643.0	1,663.9	1,643.0	591.6	465.9	427.2	351.5	579.7	351.5	579.7	25.0	24.8	24.8	21.8	25.0	21.8	25.0	2,302.7	2,202.0	2,181.0	2,038.7	2,242.4	2,038.7	2,242.4	
Segment asset (3)	—	—	—	—	—	—	—	(591.6)	(465.9)	(427.2)	(346.7)	(579.7)	(346.7)	(579.7)	(25.0)	(24.8)	(24.8)	(21.8)	(25.0)	(21.8)	(25.0)	(611.6)	(485.7)	(440.2)	(367.7)	(599.9)	(367.7)	(599.9)	
Investment in JV's (4)	—	—	—	—	—	—	—	345.7	228.5	226.0	156.3	341.5	156.3	341.5	16.3	16.5	17.1	14.6	15.8	14.6	15.8	362.0	245.1	243.1	170.9	357.3	170.9	357.3	
Total consolidated assets in statement of financial position	1,691.1	1,714.5	1,735.7	1,663.9	1,643.0	1,663.9	1,643.0	345.7	228.5	226.0	161.1	341.5	161.1	341.5	16.3	16.5	17.1	14.6	15.8	14.6	15.8	2,053.2	1,961.4	1,984.0	1,841.9	1,999.9	1,841.9	1,999.9	
Total segment liabilities	1,238.0	1,294.4	1,326.2	1,235.7	1,183.8	1,235.7	1,183.8	245.9	194.9	201.2	193.0	238.4	193.0	238.4	8.7	8.3	7.7	7.2	9.2	7.2	9.2	1,487.6	1,494.2	1,529.0	1,438.1	1,426.4	1,438.1	1,426.4	
Segment liability (3)	—	—	—	—	—	—	—	(245.9)	(194.9)	(201.2)	(190.4)	(238.4)	(190.4)	(238.4)	(8.7)	(8.3)	(7.7)	(7.2)	(9.2)	(7.2)	(9.2)	(254.6)	(198.0)	(197.1)	(196.7)	(242.5)	(196.7)	(242.5)	
Total consolidated liabilities in statement of financial position	1,238.0	1,294.4	1,326.2	1,235.7	1,183.8	1,235.7	1,183.8	—	—	—	2.6	—	2.6	—	—	—	—	—	—	—	—	1,232.9	1,296.2	1,331.9	1,241.4	1,183.9	1,241.4	1,183.9	

(1) The table is shown without eliminations, therefore Total doesn't equal sum of Chemical Tankers, Tank Terminals and Gas Carriers.

(2) This segment also includes «corporate».

(3) Investments in joint ventures are presented according to the proportionate consolidation method in the segment reporting.

(4) Investments in joint ventures are presented according to the equity method in the consolidated income statement and balance sheet.

Note 2 – Segment information - continued

Tank Terminals: The segment table above includes discontinued operations which is specified below.

- The sale of Odfjell Terminals Rotterdam to Koole terminals B.V. was finalized on September 20, 2018 and a capital loss of USD 12.5 mill was recognized. Included in the capital loss is a negative accumulated currency translation differences of USD 9.8 mill related to the entities that has been sold. This amount has been recognized as other comprehensive income in earlier periods and is in 3Q reclassified to the income statement upon sale of the entities and does not have an impact on total comprehensive income or equity.

In addition to the capital loss the sale of Odfjell Terminals Rotterdam also triggered an impairment loss in 2Q 2018 of USD 58.1 mill related to fixed asset and a write down of tax assets of USD 43.1 mill in 2Q 2018 and USD 2.7 mill in 3Q 2018.

- Oiltanking Odfjell Tank Terminals Singapore was sold in 4Q 2017 and a gain of USD 135.2 mill was recognized in the same quarter.

Discontinued operations included in Tank Terminals segment¹⁾

(USD mill)	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Gross revenue	9.2	10.9	7.1	–	12.5	27.2	51.3
Operating expenses	(7.0)	(6.7)	(5.9)	–	(6.8)	(19.7)	(29.1)
General and administrative expenses	(3.0)	(0.7)	(1.4)	–	(1.9)	(5.0)	(7.8)
Operating result before depreciation (EBITDA)	(0.8)	2.9	(0.2)	–	3.8	2.5	14.4
Depreciation	(3.6)	(3.4)	(2.9)	–	(4.1)	(9.9)	(15.7)
Impairment	–	(58.1)	–	–	–	(58.1)	–
Capital gain/loss on fixed assets/sale of business	–	–	(12.5)	–	135.2	(12.5)	134.8
Operating result (EBIT)	(4.4)	(58.5)	(15.6)	–	134.9	(78.0)	133.5
Net finance	0.1	(2.2)	(0.5)	–	(0.5)	(2.7)	(0.2)
Taxes	0.8	(42.0)	(3.3)	–	0.4	(44.5)	1.3
Net result	(3.6)	(102.7)	(19.4)	–	134.8	(125.2)	134.5

¹⁾ Oiltanking Odfjell Tank Terminals Singapore is included in all periods until year end 2017, while Odfjell Terminals Rotterdam is included in all periods until September 20, 2018.

Note 3 – Net interest bearing liabilities

(USD mill)	31.03.18	30.06.18	30.09.18	31.12.18	31.12.17
Loans from financial institutions –floating interest rate	366.0	370.9	350.1	365.0	388.1
Financial leases and sale-leaseback	327.4	404.0	357.5	357.4	257.9
Bonds - unsecured	219.4	208.7	208.4	195.6	206.3
Current portion interest bearing debt (1)	242.4	210.6	310.6	212.9	238.5
Debt transaction fees	(7.4)	(8.5)	(8.8)	(8.3)	(6.9)
Total interest bearing debt	1,147.8	1,185.7	1,217.9	1,122.6	1,083.8
Cash and cash equivalent	181.4	192.9	206.8	167.8	206.6
Net interest bearing debt	966.4	992.8	1,011.1	954.8	877.2

(1) Including bonds with less than twelve months maturity.

(USD mill)	1Q18	2Q18	3Q18	4Q18	FY18	FY17
Interest bearing debt, beginning of period	1,083.8	1,147.8	1,185.7	1,217.9	1,083.8	1,041.8
New interest bearing debt	78.0	121.5	67.3	39.4	306.2	343.1
Repayment of interest bearing debt	(28.8)	(69.8)	(34.4)	(118.4)	(251.4)	(310.4)
Debt transaction fees, net paid and amortized	(0.6)	(1.2)	(0.3)	0.6	(1.6)	(2.5)
Currency translation differences	15.4	(12.6)	(0.5)	(16.8)	(14.4)	11.8
Interest bearing debt, end of period	1,147.8	1,185.7	1,217.9	1,122.6	1,122.6	1,083.8

Note 4 – Ships, property, plant and equipment

(USD mill)	1Q18	2Q18	3Q18	4Q18	FY18	FY17
Net carrying amount, beginning of period	1,301.9	1,362.7	1,386.8	1,380.8	1,301.9	1,239.7
Investments in ships, property, plant and equipment	83.4	48.5	18.3	18.9	169.1	173.2
Depreciation	(22.6)	(24.3)	(24.4)	(24.0)	(95.3)	(89.0)
Impairment	–	–	–	(5.0)	(5.0)	(21.9)
Assets classified as held for sale	–	–	–	(2.5)	(2.5)	–
Net carrying amount, end of period	1,362.7	1,386.8	1,380.8	1,368.2	1,368.2	1,301.9

Total impairment of USD 5.0 million in 2018 and USD 21.9 million in 2017 is related to write-down of vessels. Impairment assessment has been carried out applying the same principles for both 2017 and 2018, as set out in our accounting principles in the annual report for 2017. Value in use at the end of 2018 has been calculated for our deep sea segment applying the following key assumptions; Growth in net time charter earnings is estimated to an average of 5.5% per year for the period 2019 - 2022. Growth in net time charter earnings from 2023 and to the end of useful life of vessels is set to 2%. Operating expenses and general and administrative expenses are assumed to increase in line with inflation, estimated to 2% p.a.. Weighted average cost of capital is estimated to 7.9%. The impairment test did not reveal any need for impairment, nor will a reasonable change in key assumptions.

The regional fleet in Asia is, similar as for 2017, regarded as one cash generating unit. These vessels are valued at estimated fair value less cost of disposal. No impairment of these vessels are recognized in 2018.

Impairment of USD 5 million relates to one vessel classified as held for sale. This vessel is valued separately.

Note 5 – Investments joint ventures

The share of result and balance sheet items from investments in associates and joint ventures are recognised based on equity method in the interim financial statements. The figures below show our share of revenue and expenses, total assets, total liabilities and equity. See note 2 for further details about joint ventures.

(USD mill)	FY18			FY17		
	Tank Terminals	Gas Carriers	Total	Tank Terminals	Gas Carriers	Total
Gross revenue	91.0	8.8	99.7	110.1	8.4	118.5
EBITDA	24.0	2.6	26.6	38.3	2.3	40.6
EBIT	(83.7)	(0.7)	(84.5)	119.0	0.7	119.7
Net result	(138.0)	(1.3)	(139.3)	121.9	0.1	122.1
Non-current assets	324.6	–	324.6	498.0	–	498.0
Current assets	22.1	2.8	24.9	81.7	3.7	85.4
Assets held for sale	–	19.0	19.0	–	21.3	21.3
Total assets	346.7	21.8	368.5	579.7	25.0	604.7
Total equity closing balance	156.4	14.6	170.9	333.6	15.9	349.5
Non-current liabilities	170.8	–	170.8	170.3	–	170.3
Current liabilities	19.5	7.2	26.8	75.7	9.2	84.9
Liabilities held for sale	–	–	–	–	–	–
Total equity and liabilities	346.7	21.8	368.5	579.7	25.0	604.7

The 4Q18 tank terminal figures include an impairment of USD 10 mill related to Tianjin tank terminal. Odfjell Gas recorded an impairment of USD 3 mill in the 4Q18.

Net result 2018 in Tank Terminals is influenced by non-recurring items related to impairment, capital loss, currency translation differences and other financial items of total USD 140.4 (loss) , while 2017 is influenced by a capital gain and other financial items of total USD 97.3 (gain).

Note 6 – Other financial items

(USD mill)	1Q18	2Q18	3Q18	4Q18	4Q17	FY18	FY17
Changes in fair value in derivatives	15.1	(12.0)	6.9	(11.3)	(6.0)	(1.3)	22.2
Currency gains (losses)	(15.3)	10.2	(1.6)	1.0	10.8	(5.7)	(14.6)
Other	1.0	(0.5)	(0.9)	0.2	(0.1)	(0.3)	(3.2)
Total other financial items	0.8	(2.3)	4.4	(10.2)	4.7	(7.3)	4.4

In December 2018 NOK bond ODF06 matured and outstanding amount of NOK 436 million was repaid in full. The settlement of the bonds had a negative income statement impact of USD 1.4 million in 4Q 2018.

In September 2018 Odfjell SE completed a new unsecured bond issue of NOK 500 million with maturity date in September 2023. In conjunction with the issuance Odfjell bought back NOK 37 million of the outstanding bonds maturing in December 2018. The repurchase of bonds had a negative impact of USD 0.1 million in 3Q 2018.

In June 2017 Odfjell SE completed a new unsecured bond issue of NOK 500 million with maturity date in June 2022. In conjunction with the issuance Odfjell bought back NOK 327 million of the outstanding bonds maturing in December 2018. The repurchase of bonds had a negative impact of USD 2.5 million in 2Q 2017.

Note 7 - IFRS 16 Leases – effective from January 1, 2019

The estimated impact of the new accounting standard IFRS 16 Leases as if implemented December 31, 2018 is illustrated below.

The Odfjell Group has a number of operating leases, mainly vessels under time charter and bare boat contracts, which will be recognised “on balance sheet” when IFRS 16 is implemented. Over the lease term the net impact of IFRS 16 Leases on the income statement is nil, however operating expenses will be higher under IFRS 16 in the beginning of the lease term and lower later in the lease term as the carrying amount of right of use assets under IFRS 16 will be depreciated on a linear basis, while the interest expense related to the unwinding of lease liability will be higher in the beginning of the lease period.

See note 31 in the Annual report 2017 for further information.

Consolidated income statement (USD mill)	FY18 Actuals	IFRS 16 impact	FY18 Revised
Gross revenue	850.8	–	850.8
Voyage expenses	(356.6)	–	(356.6)
Time-charter expenses	(146.4)	138.3	(8.1)
Pool distribution	(23.9)	–	(23.9)
Operating expenses	(145.4)	(47.7)	(193.1)
Gross result	178.4	90.6	269.0
Share of net result from associates and joint ventures	(139.3)	–	(139.3)
General and administrative expenses	(69.7)	2.8	(66.9)
EBITDA	(30.7)	93.4	62.7
Depreciation	(95.3)	(83.6)	(178.9)
Capital gain (loss)	(5.3)	–	(5.3)
Net financial items	(74.8)	(8.6)	(83.4)
Taxes	(4.8)	–	(4.8)
Net result	(210.8)	1.2	(209.6)
Consolidated cash flow statement (USD mill)	FY18 Actuals	IFRS 16 impact	FY18 Revised
Net cash flow from operations	42.7	84.8	127.5
Net cash flow from investments	(98.8)	–	(98.8)
Net cash flow from financing	17.7	(84.8)	(67.1)
Net change in cash and cash equivalents	(38.7)	–	(38.7)

Note 7 - IFRS 16 Leases – effective from January 1, 2019 – continued

Consolidated Statement of Financial Position (USD mill)	31.12.18 Actuals	IFRS 16 impact	31.12.18 Revised
Total non-current assets	1,555.6	187.8	1,743.4
Total current assets	286.4	–	286.4
Total assets	1,841.9	187.8	2,029.7
Total equity	600.6	–	600.6
Total non-current liabilities	928.4	140.0	1,068.4
Total current liabilities	313.0	47.8	360.8
Total equity and liabilities	1,841.9	187.8	2,029.7
Off balance sheet commitments:			
Nominal value of future estimated operating expenses arising from the time charter agreement			20.2
Present value of lease not yet commenced			109.6
Estimated interest element			40.4
Sum nominal lease commitment not yet commenced			170.2

Note 7 - IFRS 16 Leases –effective from January 1, 2019 –continued

The table below illustrates how the right of use assets and lease liabilities is estimated to change during 2018, for leases currently commenced:

(USD mill)	1Q18	2Q18	3Q18	4Q18 (1)
Right of use assets:				
Total assets - IFRS 16 implementation impact beginning of period (2)	167.1	161.0	136.6	122.1
Additions	19.1	—	29.9	84.9
Leases classified as short term leases	—	—	—	(5.7)
Depreciation	(25.2)	(24.4)	(20.5)	(13.5)
Total assets - IFRS 16 implementation impact end of period	161.0	136.6	146.0	187.8
Lease liabilities:				
Total liabilities - IFRS 16 implementation impact beginning of period (2)	167.1	161.8	137.9	122.1
Additions	19.1	—	29.9	84.9
Instalments	(24.4)	(23.9)	(20.2)	(19.2)
Total liabilities - IFRS 16 implementation impact end of period	161.8	137.9	147.7	187.8

(1) The total amount of USD 187.8 million represent the amount of leased assets that will be recognized as right of use of assets per 1 January 2019.

(2) The opening balance of right of use of assets and lease liability in 4Q18 is somewhat reduced compared to closing balance per end 3Q18 due to changes in assumptions.

Note 8 – Figures presented based on Proportionate method**CONSOLIDATED INCOME STATEMENT**

(USD mill)	FY18	FY17
Gross revenue	950.5	961.7
Voyage expenses	(360.5)	(322.9)
Time-charter expenses	(146.4)	(194.8)
Pool distribution	(23.9)	–
Operating expenses	(193.8)	(189.9)
Gross result	225.8	254.0
General and administrative expenses	(90.6)	(88.2)
EBITDA	135.3	165.8
Depreciation	(124.5)	(124.7)
Impairment of ships, property, plant and equipment	(76.4)	(42.6)
Capital gain (loss) on property, plant and equipment	0.5	(0.8)
Gain /loss from discontinued operations	(11.3)	135.2
Operating result (EBIT)	(76.4)	132.8
Interest income	5.5	4.0
Interest expenses	(82.2)	(69.7)
Other financial items	(8.6)	7.4
Net financial items	(85.3)	(58.3)
Result before taxes	(161.7)	74.6
Taxes	(49.1)	16.0
Net result	(210.8)	90.6

Note 8 – Figures presented based on Proportionate method - continued**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(USD mill)	31.12.2018	31.12.2017
Intangible assets	61.3	73.9
Ships	1,359.9	1,293.5
Tank terminals assets	240.8	383.8
Other property, plant and equipment	31.0	44.7
Receivables and derivatives	16.3	21.0
Total non-current assets	1,709.2	1,816.8
Current receivables	96.8	112.6
Bunkers and other inventories	28.2	21.7
Derivative financial instruments	–	3.3
Available-for-sale investments	–	–
Cash and cash equivalent	183.0	266.7
Assets held for sale	21.4	21.3
Total current assets	329.4	425.5
Total assets	2,038.7	2,242.4
Total equity	600.6	815.9
Non-current interest bearing debt	1,049.4	987.4
Derivative financial instruments	10.1	0.1
Other non-current liabilities	38.7	24.0
Total non-current liabilities	1,099.1	1,017.5
Current portion of interest bearing debt	225.0	281.4
Derivative financial instruments	13.6	23.9
Other current liabilities	100.4	103.6
Liabilities held for sale	–	–
Total current liabilities	338.9	409.0
Total equity and liabilities	2,038.7	2,242.4

NEWBUILDINGS ON ORDER:

CHEMICAL TANKERS	NUMBER	DWT	CBM	STAINLESS		TANKS	DELIVERY	OWNERSHIP
				STEEL, CBM				
China Shipbuilding Trading Co., Ltd/	4	49 000	54 600	54 600		33	2019 - 2020	Owned/leased
Hudong-Zhonghua Shipbuilding (Group) Co., Ltd	2	38 000	45 000	45 000		40	—	Leased
Shin-Kurushima	1	35 500	37 300	37 300		28	2018-2019	Time charter
Undisclosed	2	36 000	40 000	40 000		28	2019-2020	Bareboat
Total newbuildings:	9	379 500	425 700	425 700		296		

GAS CARRIERS	BUILT	DWT	CBM	TYPE	TANKS	OWNERSHIP
Bow Gallant	2008	10 282	8 922	LPG/Ethylene	2	Pool
Bow Guardian	2008	10 282	8 922	LPG/Ethylene	2	Pool
Total Gas Carriers:	2	20 564	17 844		4	

FLEET CHANGES SINCE LAST QUARTER:

CHEMICAL TANKERS	BUILT	DWT	CBM	STAINLESS		TANKS	OWNERSHIP	MONTH
				STEEL, CBM				
Fleet additions:								
Bow Precision	2018	35 500	36 668	36 668		28	Time Charter	October
Bow Gemini*	2017	40 895	42 832	42 832		30	BB	October
Shamrock Mercury	2010	19 000	22 204	22 204		22	Time Charter	November
Bow Aquarius*	2016	40 901	42 813	42 813		30	BB	December
Fleet redeliveries:								
Bow Sagami	—	33 641	38 000	38 000		16	Commercial Management	October

*Previously listed on Commercial Management now on Bareboat

TANK TERMINALS	LOCATION	OWNERSHIP ¹	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Odfjell Terminals (Houston) Inc.	Houston, USA	51 %	379 658	113 180	119
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 400	0	9
Odfjell Terminals (Jiangyin) Co. Ltd	Jiangyin, China	28,05 %	99 800	30 000	22
Odfjell Terminals (Dalian) Co. Ltd	Dalian, China	25,5%	119 750	18 350	51
Odfjell Terminals (Korea) Co. Ltd	Ulsan, Korea	25,5%	313 710	15 860	85
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24,99%	137 800	7 000	26
Noord Natie Terminals NV	Antwerp, Belgium	25,00 %	382 061	71 542	253
Total terminals	7 terminals		1 512 179	255 932	565

PROJECTS AND EXPANSIONS	LOCATION	OWNERSHIP ¹	CBM	STAINLESS STEEL, CBM	ESTIMATED
Odfjell Changxing Terminals (Dalian) Co.Ltd	Changxing, China	20,4%			TBD
Total expansion terminals			—	—	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru	66 230	1 600	55
Granel Quimica Ltda	Santos I, Brazil	97 720	19 880	99
Granel Quimica Ltda	Rio Grande, Brazil	61 150	2 900	32
Granel Quimica Ltda	Sao Luis I, Brazil	75 710	0	35
Granel Quimica Ltda	Sao Luis II, Brazil	49 680	0	14
Granel Quimica Ltda	Ladario, Brazil	8 050	0	6
Granel Quimica Ltda	Triunfo, Brazil	12 030	0	2
Granel Quimica Ltda	Teresina, Brazil	7 640	0	6
Granel Quimica Ltda	Palmas, Brazil	16 710	0	12
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina	38 720	530	60
Odfjell Terminals Tagsa S.A.	Campana, Argentina	68 670	10 190	102
Terquim S.A.	San Antonio, Chile	33 590	0	25
Terquim S.A.	Meillones, Chile	16 840	0	7
Total tank terminals partly owned by related parties	13 terminals	552 740	35 100	455

PROJECTS AND EXPANSIONS PARTLY OWNED BY RELATED PARTIES	LOCATION	CBM	ESTIMATED
Granel Quimica Ltda	Santos II, Brazil	51 910	Q2 2019
Total expansion tank terminals partly owned by related parties		51 910	—

Grand total (incl. related tank terminals partly owned by related parties)	20 existing terminals	2 064 919	291 032
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¹Odfjell SE's indirect ownership share

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