

# First Six Months 2011 Results

Oslo - 17 August 2011





## AGENDA

- Highlights
- Financials 2Q2011
- Development 2011
- Market Update
- Prospects



## HIGHLIGHTS

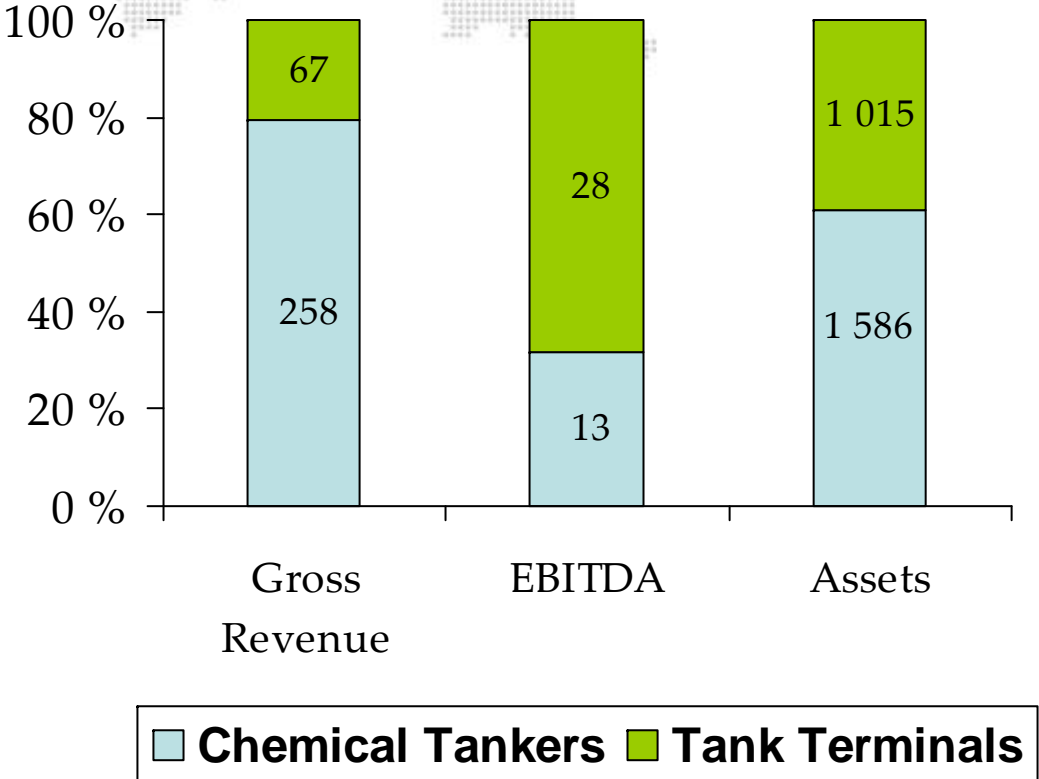
- First six months net result of USD 16 million, EBITDA of USD 83 million and EBIT of USD 44 million
- Chemical tanker market still not sustainable, although time-charter results increased by 4% compared to first quarter
- Stable results from tank terminals
- Hedging of bunkers and currency increased EBITDA by USD 5 million second quarter 2011
- Compensation of USD 50.7 million received from Sevmash
- Delivery of two newbuildings
- Four ships sold, including two units for recycling, at a capital gain of USD 25 million
- Joint venture established with Euroceanica Ltd for trading of all chemical tankers operated by Crystal Pool and Odfjell in the European short-sea market
- Letter of Intent signed for sale of 49% share of Rotterdam and Houston terminals as well as in Greenfield project in Charleston, South Carolina. Agreement finalised and signed August 15th.

## RESULT 2nd QUARTER 2011

(USD million)	2Q2011	1Q2011	Change
Gross Revenue	325	309	16
Voyage Expenses	(128)	(117)	(11)
TC Expenses	(43)	(44)	1
Operating Expenses	(80)	(76)	(4)
General and Administrative Expenses	(32)	(31)	(1)
Operating Result before Depr. (EBITDA)	41	42	(1)
Depreciation	(34)	(35)	1
Compensation	6	0	6
Capital Gain/Loss on Fixed Assets	7	18	(11)
Operating Result (EBIT)	20	24	(4)
Net finance	(11)	(9)	(2)
Taxes	(4)	(4)	0
Net Result	5	11	(6)

# GROSS REVENUE, EBITDA AND ASSETS PER SEGMENT

2Q2011





## EBITDA 2Q2011 VERSUS 1Q2011

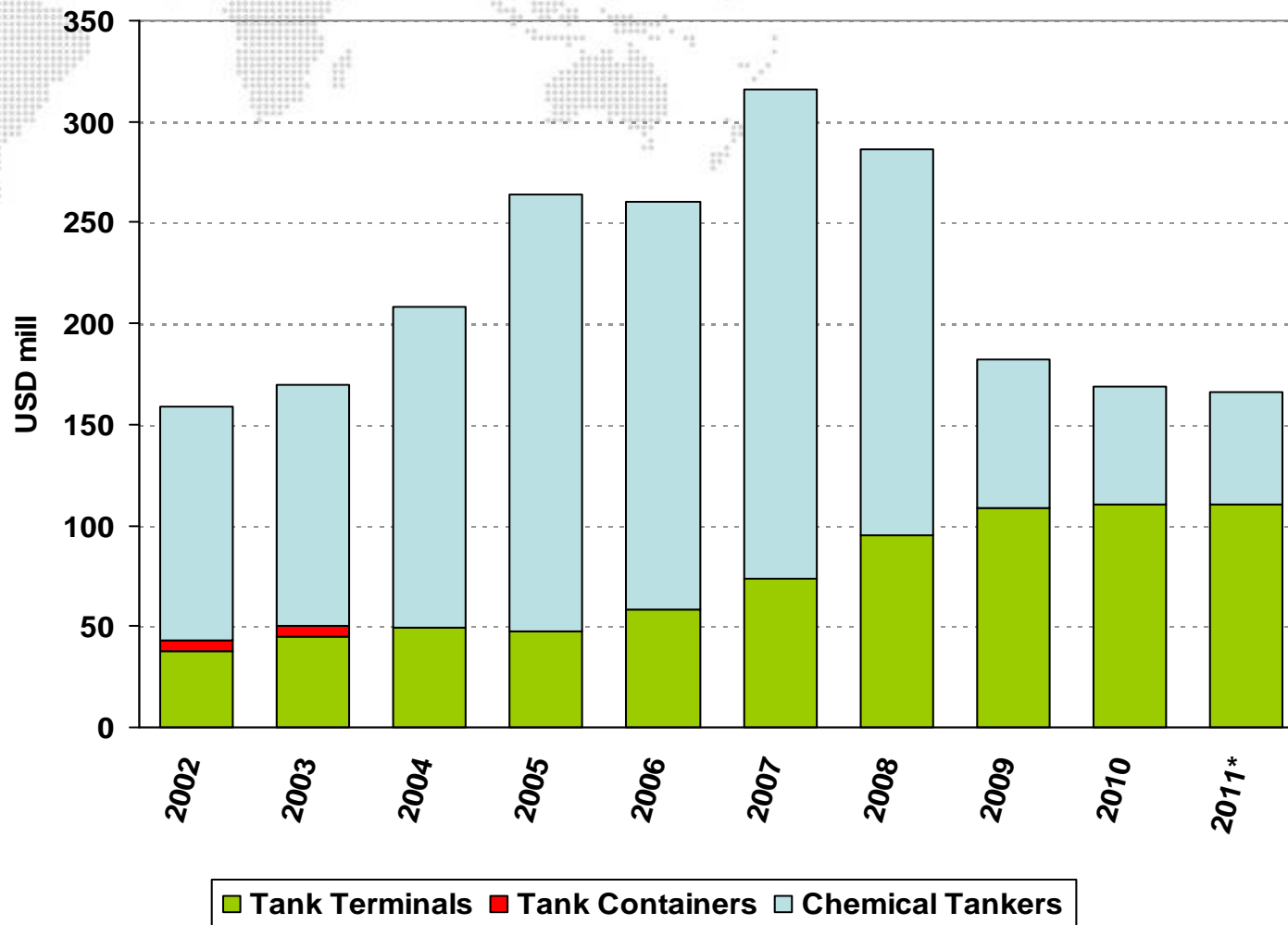
### Chemical Tankers;

- EBITDA USD 2 mill. lower
  - Gross revenue USD 10 mill. higher
  - Voyage expenses USD 11 mill. higher
  - TC expenses USD 1 mill. lower
  - Operating expenses USD 2 mill. higher
  - G&A USD Unchanged

### Tank Terminals;

- EBITDA USD 1 mill. higher
  - Gross revenue USD 5 mill. higher
  - Operating expenses USD 3 mill. higher
  - G&A USD 1 mill. higher

# EBITDA



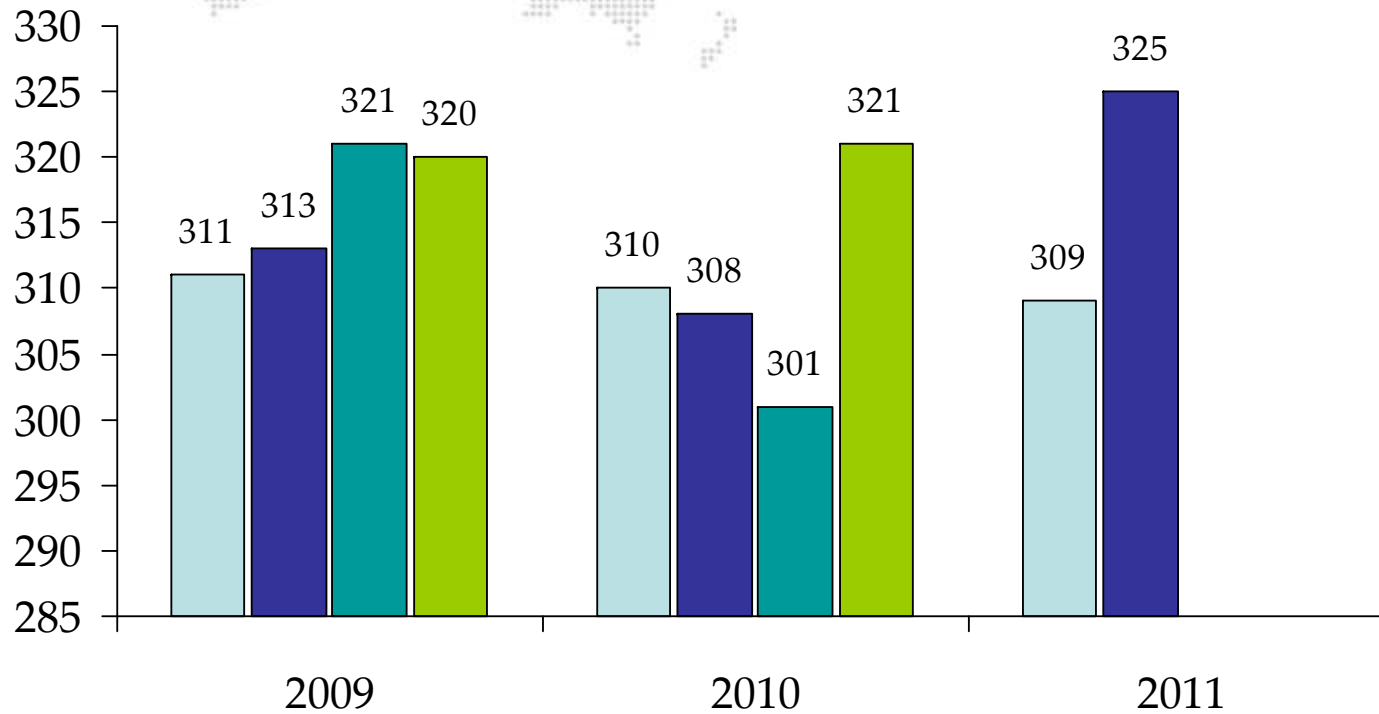
\* Annualised

## YEAR TO DATE

(USD million)	1.1-30.06.11	1.1-30.06.10	Change
Gross Revenue	634	618	16
Voyage Expenses	(245)	(226)	(19)
TC Expenses	(86)	(97)	11
Operating Expenses	(156)	(152)	(4)
General and Administrative Expenses	(63)	(55)	(8)
Operating Result before Depr. (EBITDA)	83	87	(4)
Depreciation	(70)	(73)	3
Compensation	6	0	6
Capital Gain/Loss on Fixed Assets	25	(5)	30
Operating Result (EBIT)	44	9	35
Net finance	(20)	(25)	5
Taxes	(9)	(51)	42
Net Result	16	(68)	84

# GROSS REVENUE

Per Quarter (in USD million)



Accumulated

1,264

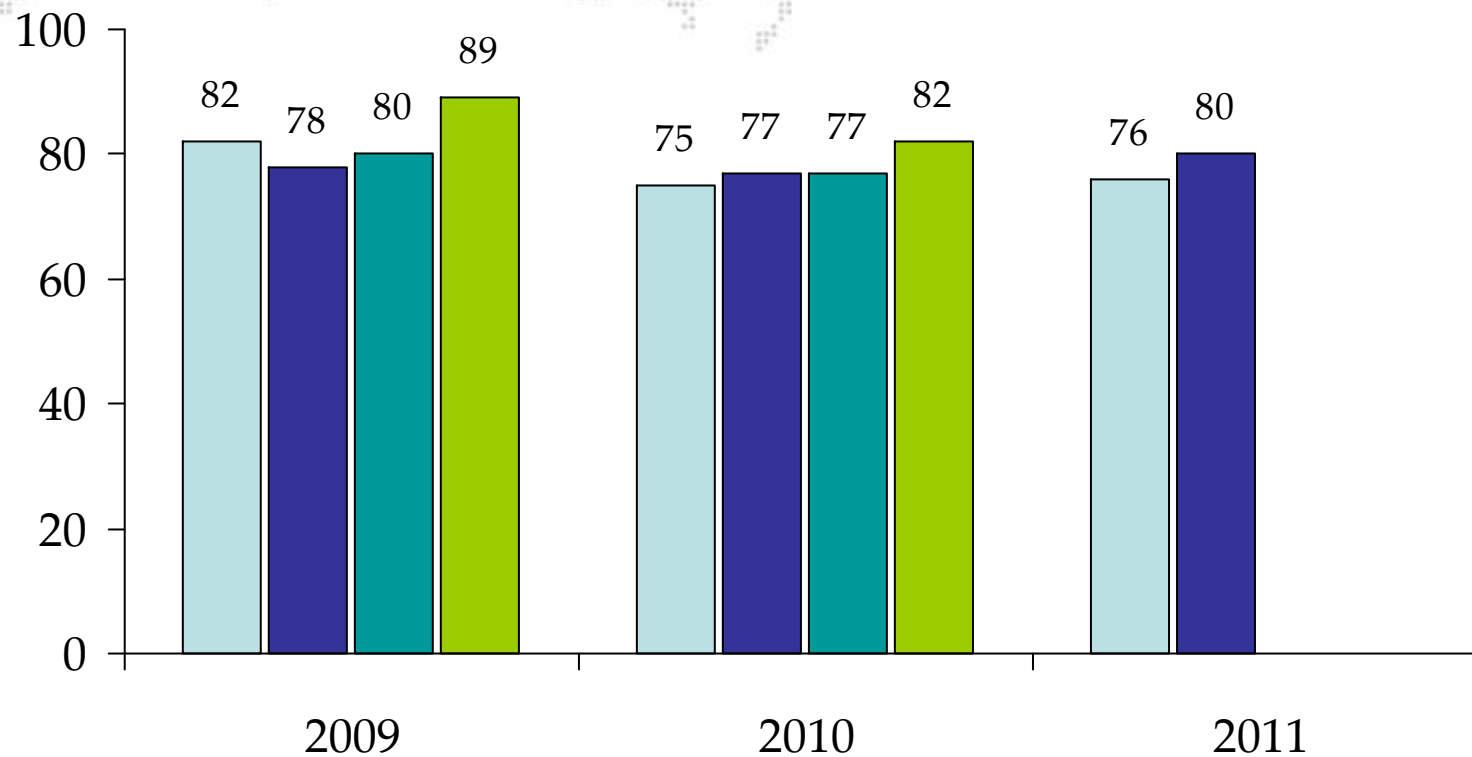
1,239

1,268



# OPERATING EXPENSES

Per Quarter (in USD million)

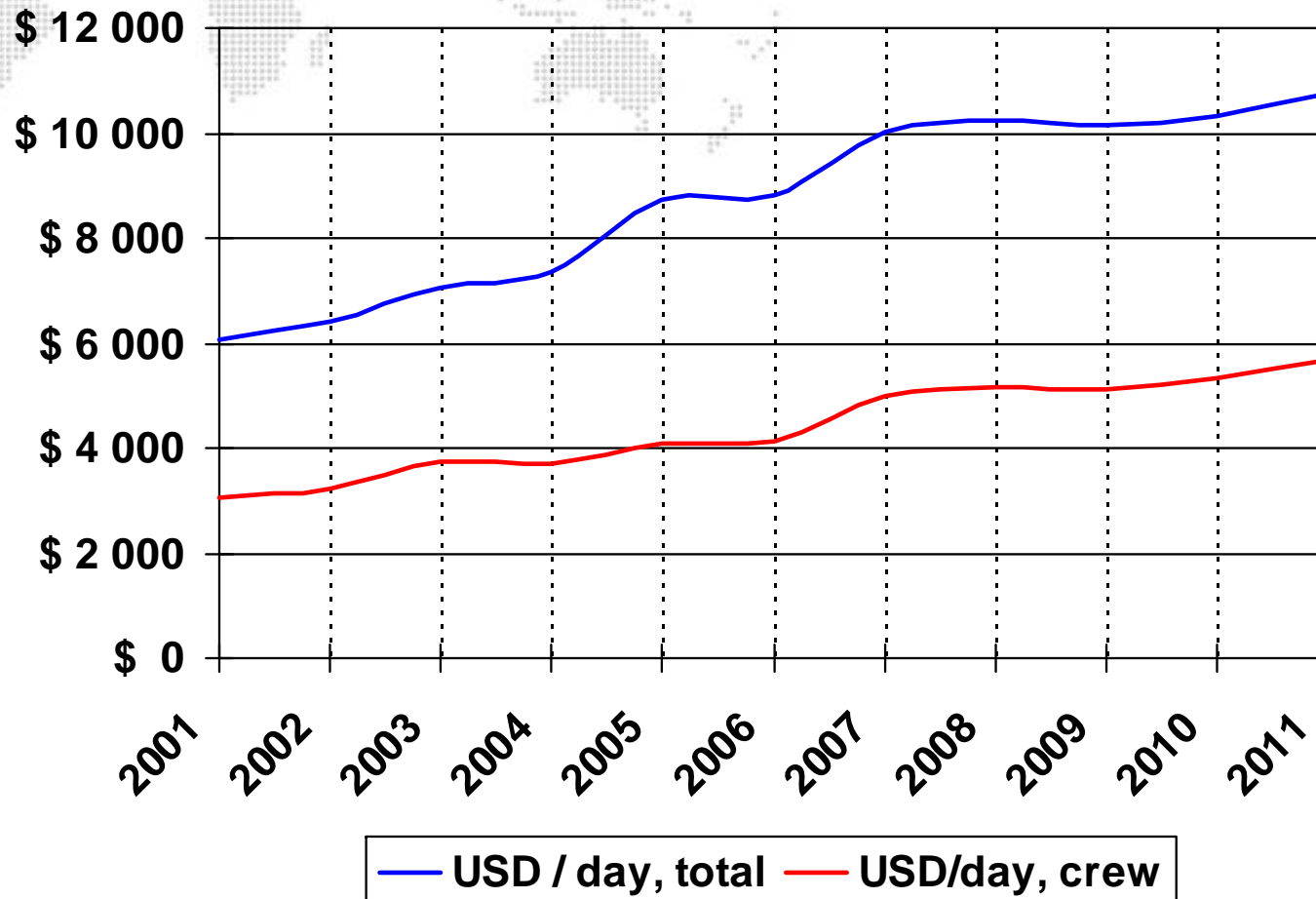


Accumulated
2009: 329
2010: 312
2011: 312



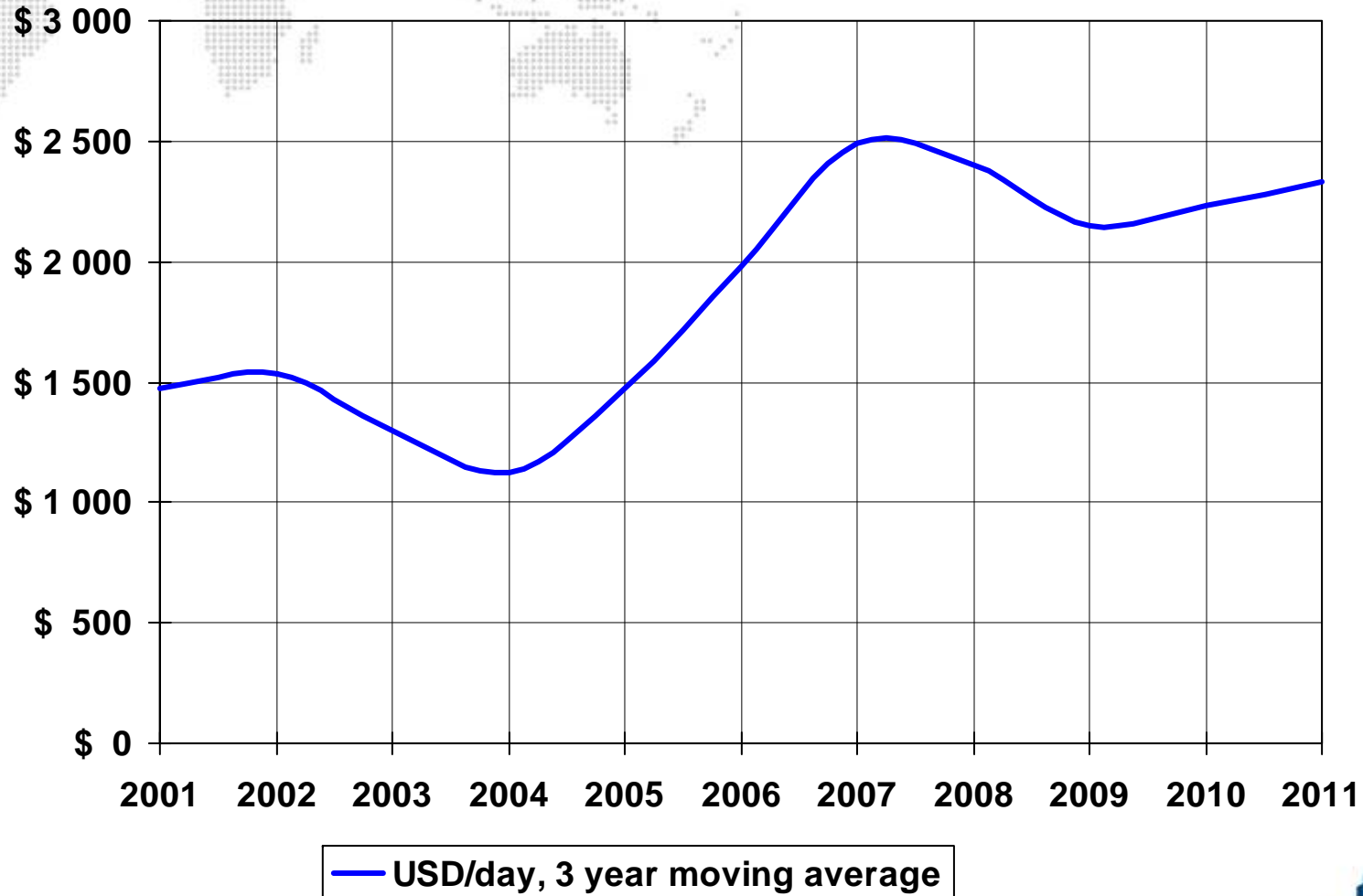
# VESSEL OPERATING EXPENSES

(Large Chemical Tankers)



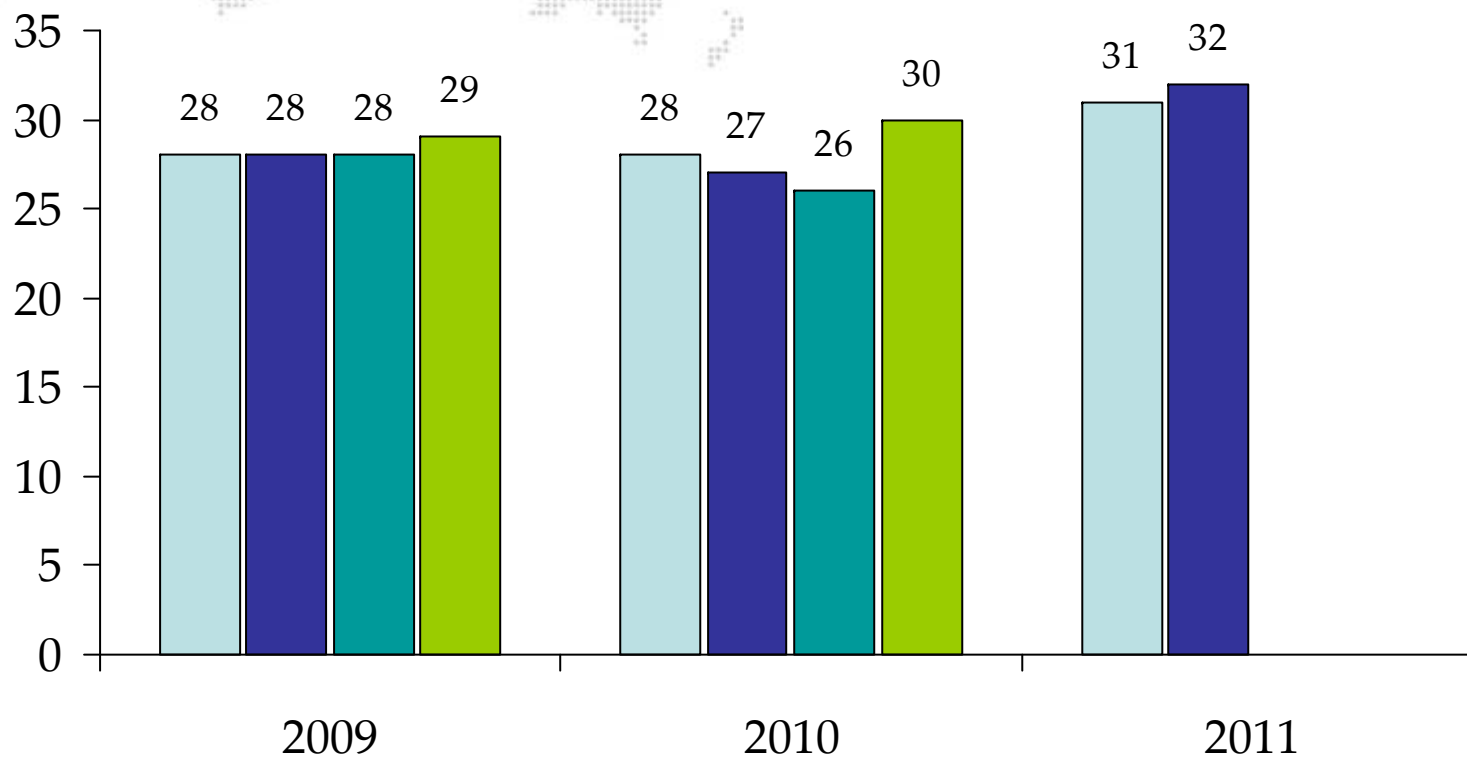
# DRY-DOCKING COST

(Large Parcel Tankers)



# ADMINISTRATIVE EXPENSES

Per Quarter (in USD million)



Accumulated

113

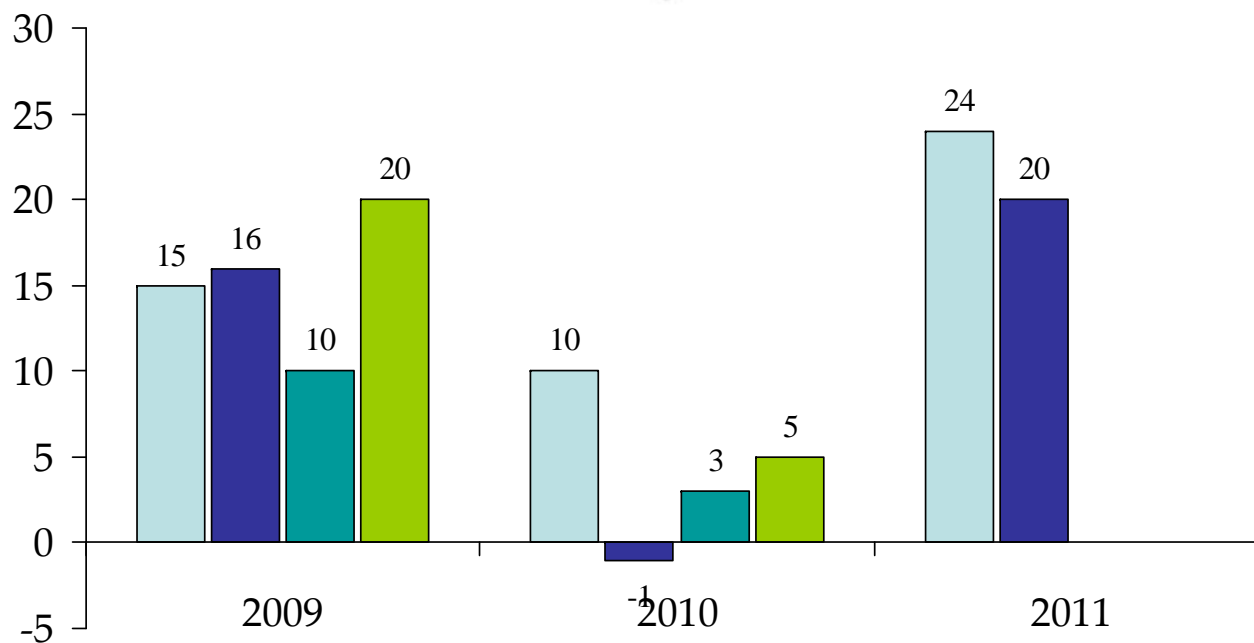
110

126



# OPERATING RESULT (EBIT)

Per Quarter (in USD million)



Accumulated

61

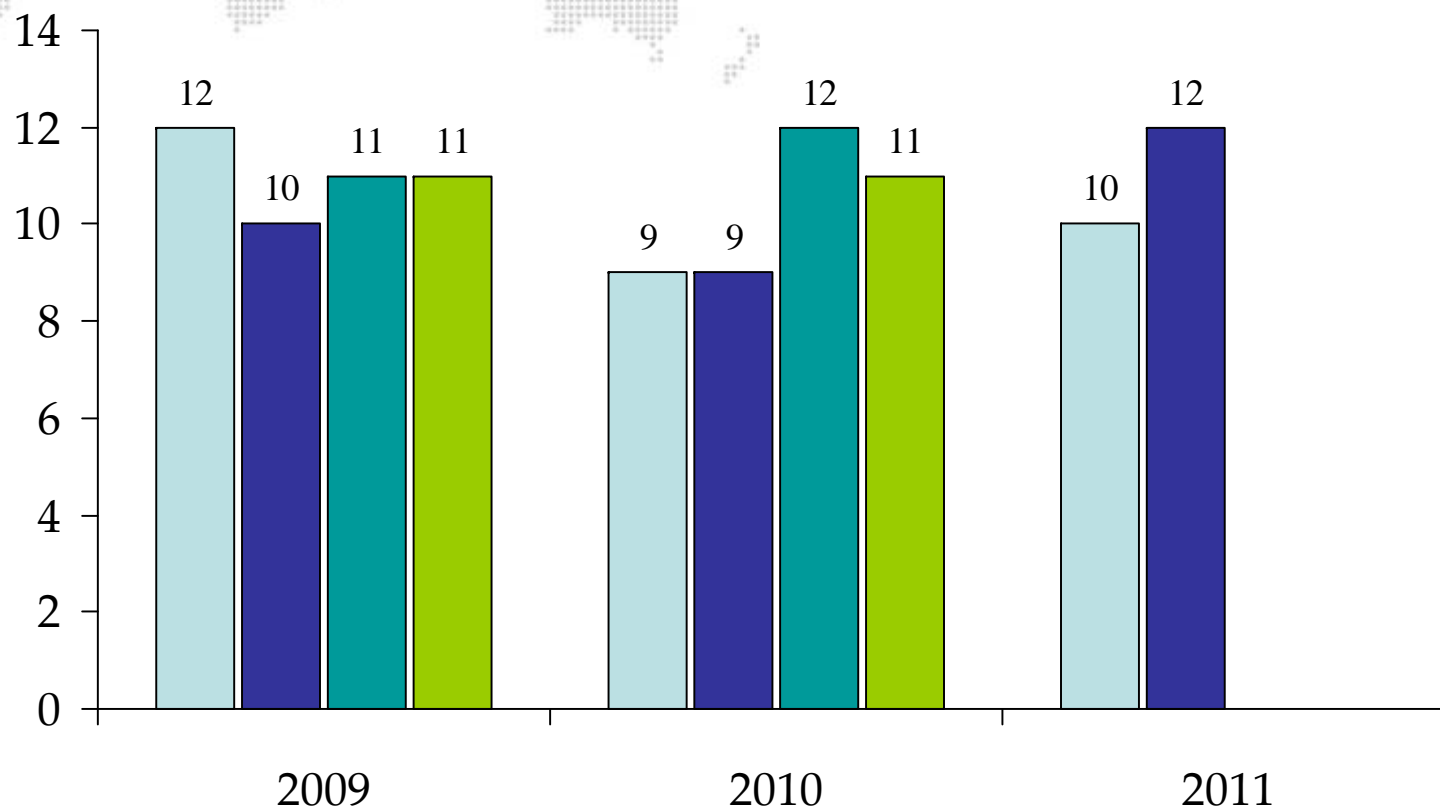
17

57



# NET INTEREST EXPENSES

Per Quarter (in USD million)

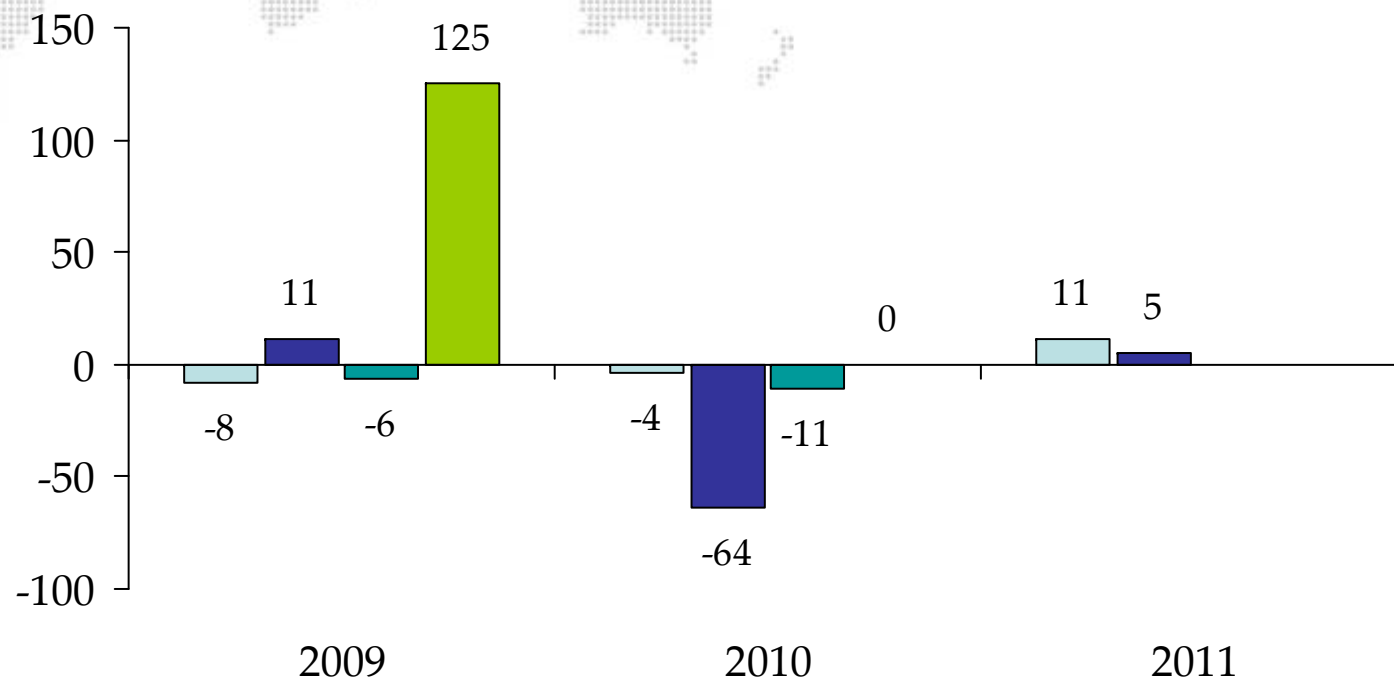


Year	Accumulated
2009	44
2010	41
2011	44



# NET RESULT

Per Quarter (in USD million)



Accumulated

121

(79)

1



## OPERATING RESULT PER SEGMENT

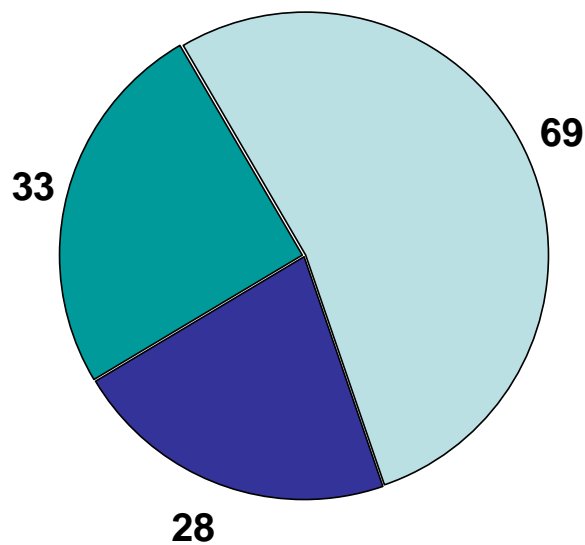
USD million	2Q10	3Q10	4Q10	1Q11	2Q11
Chemical Tankers	13	7	20	15	13
Tank Terminals	25	28	27	27	28
<b>Sum EBITDA</b>	<b>38</b>	<b>35</b>	<b>46</b>	<b>42</b>	<b>41</b>

USD million	2Q10	3Q10	4Q10	1Q11	2Q11
Chemical Tankers	(19)	(17)	(12)	6	1
Tank Terminals	18	19	17	19	19
<b>Sum EBIT</b>	<b>-1</b>	<b>3</b>	<b>5</b>	<b>24</b>	<b>20</b>

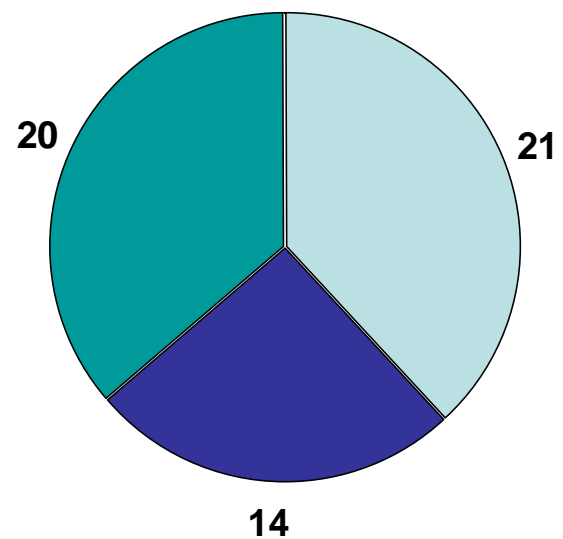
# TANK TERMINALS GROSS REVENUE

Per 30.06.11

Gross Revenue

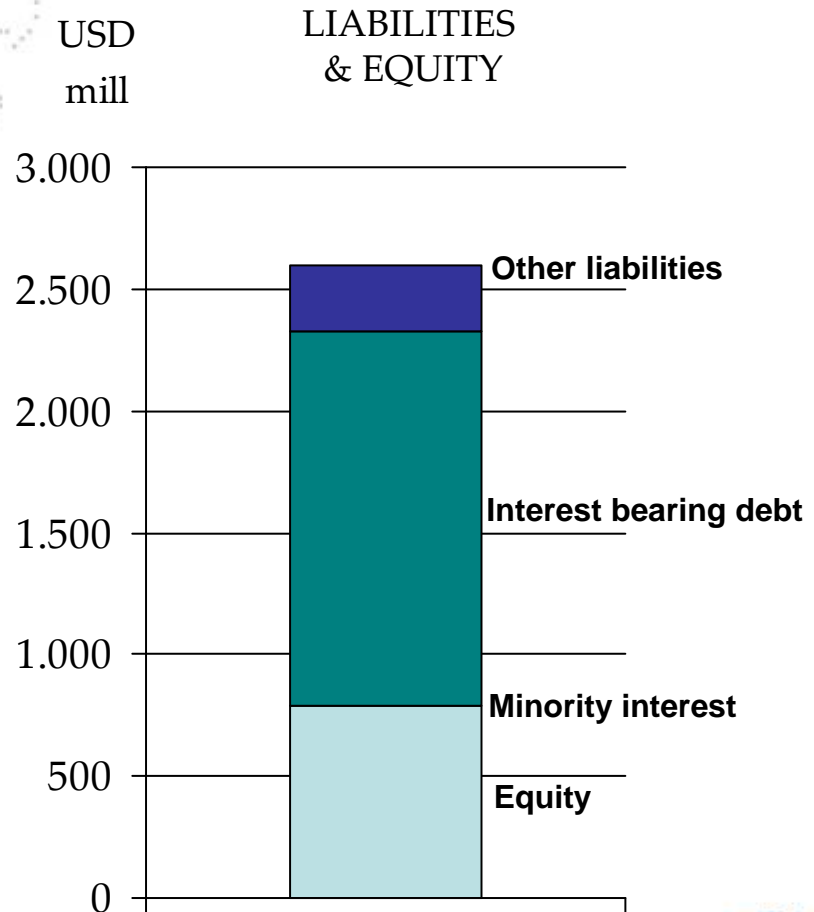
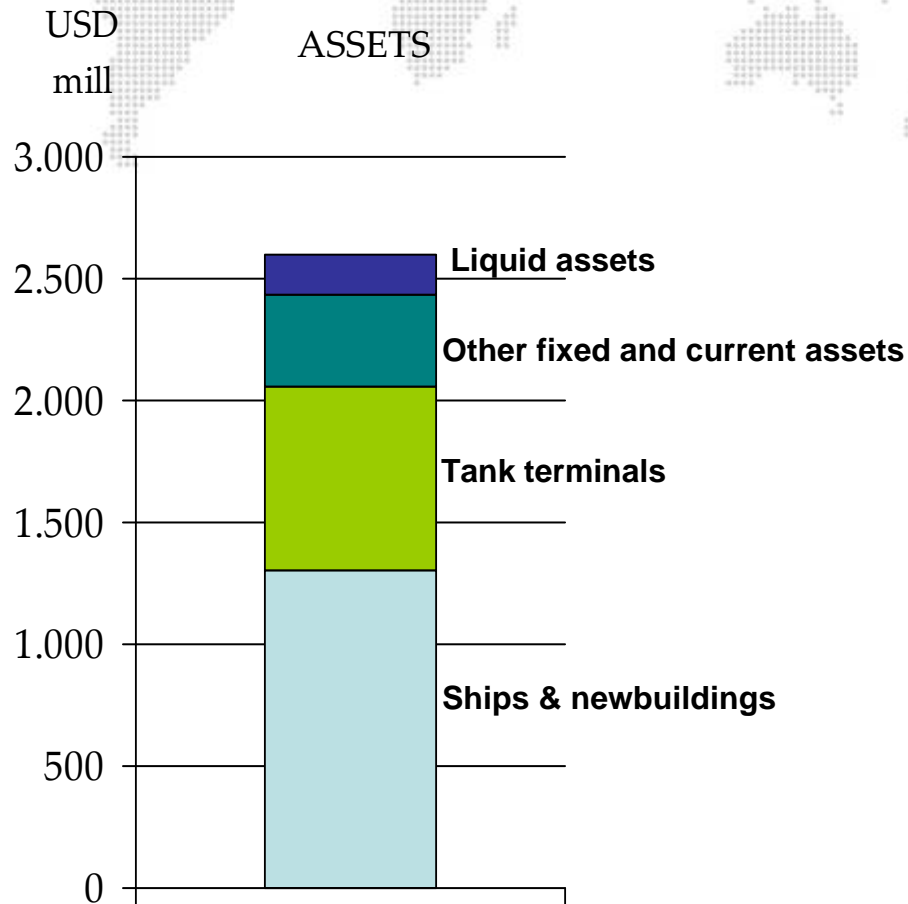


EBITDA



# BALANCE SHEET

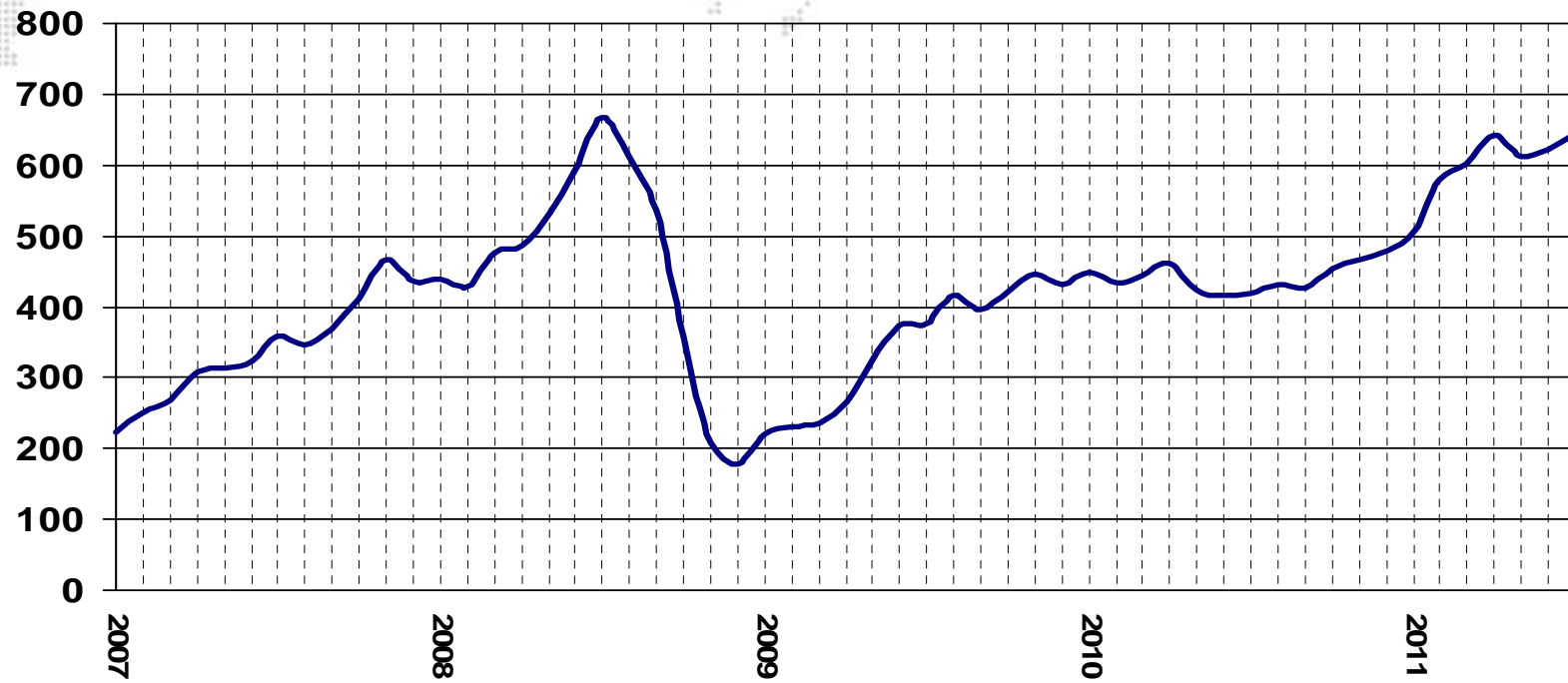
Per 30.06.11



# BUNKERS

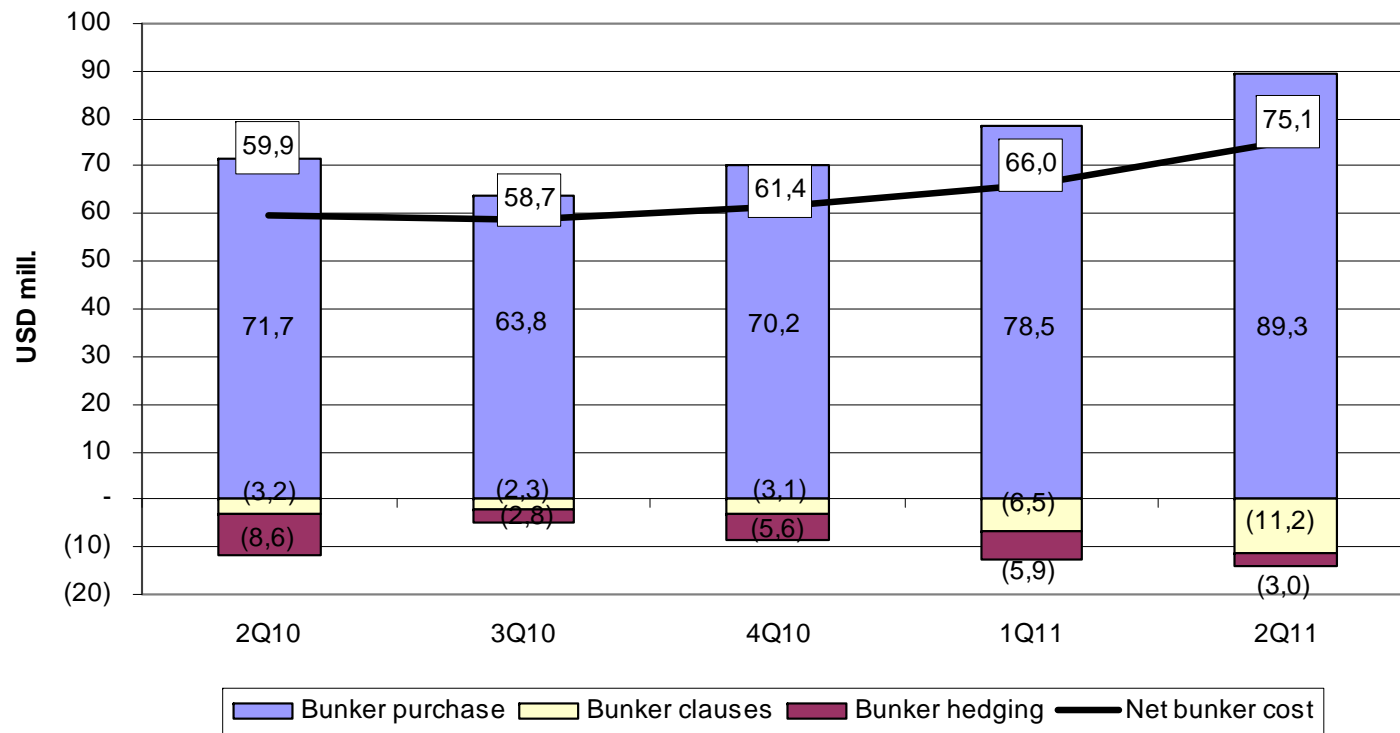
3.5% FOB Rotterdam

USD/mt

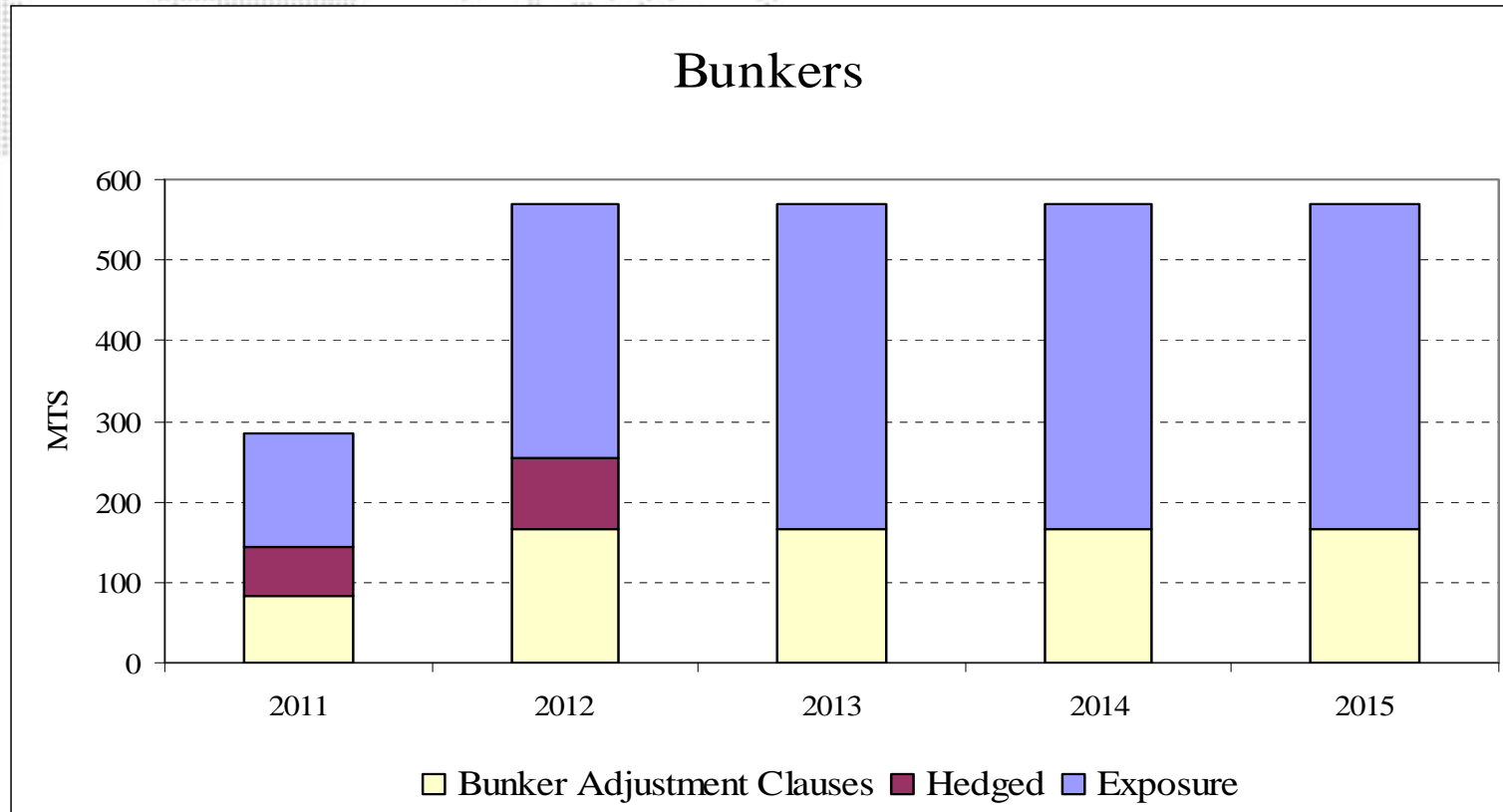


# NET BUNKER COST

Per 30.06.11



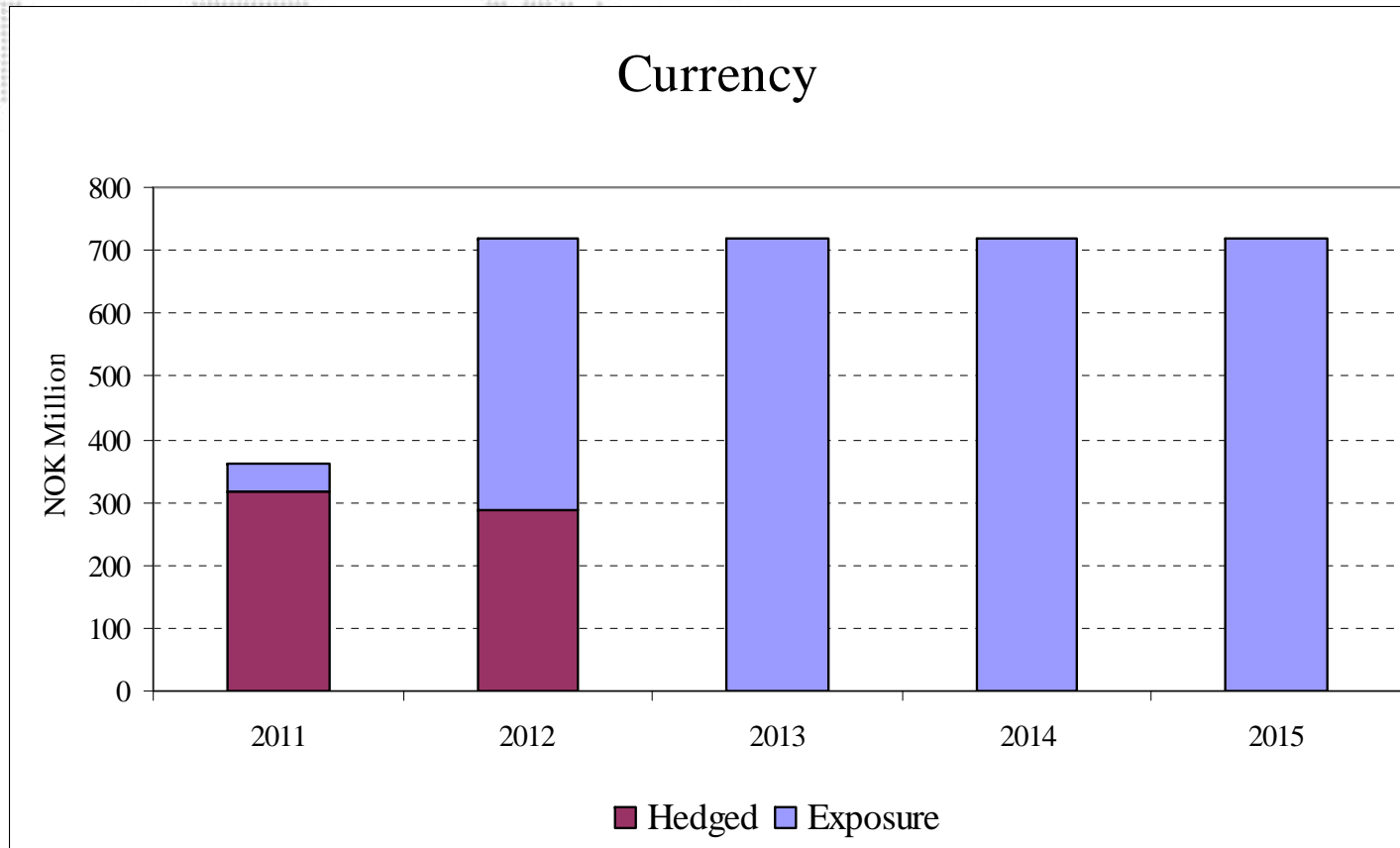
# HEDGING – BUNKERS



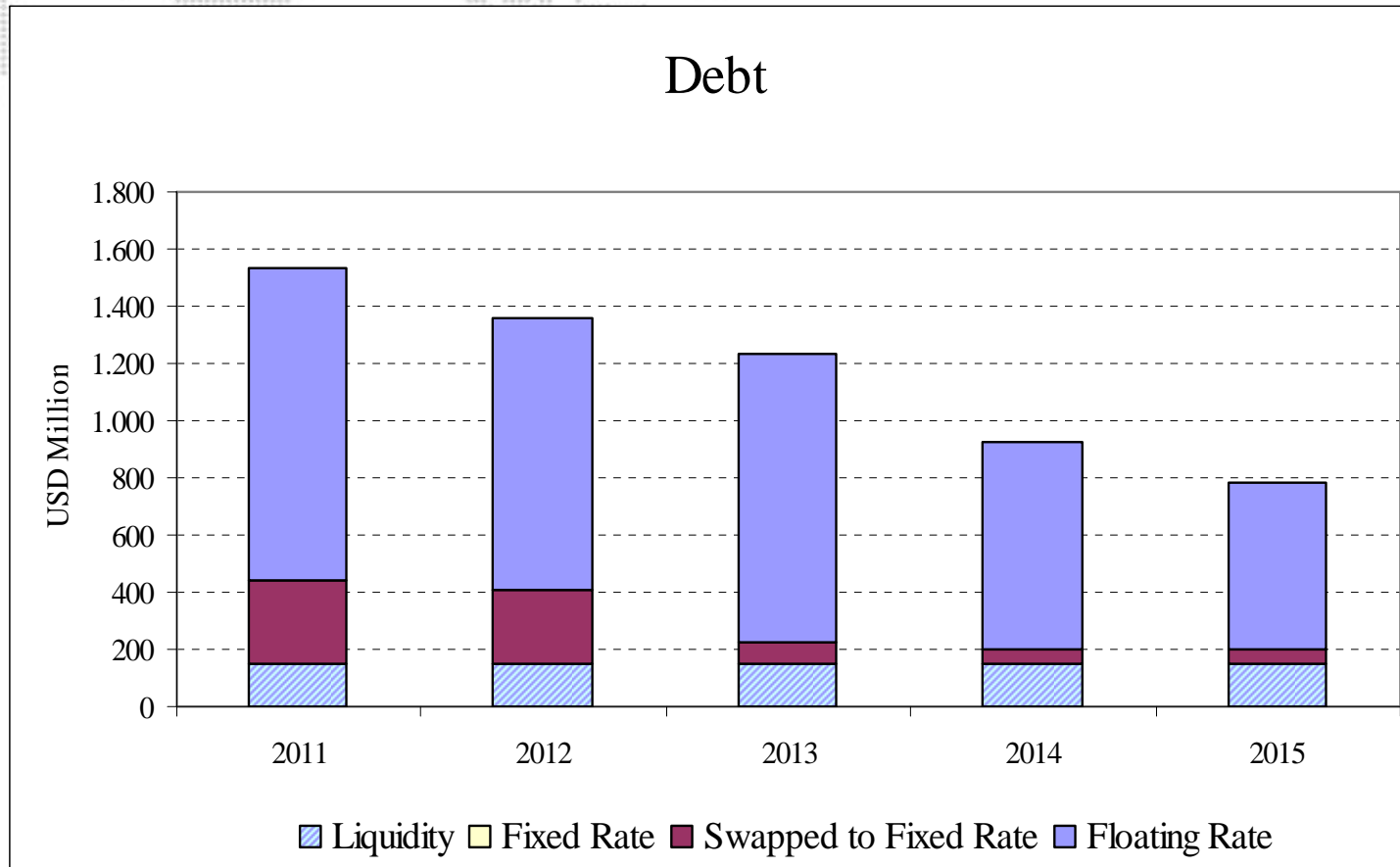
Estimated result from bunkers hedging based on current prices (USD 640 PMT);

(in USD mill)	3Q11	4Q11	1Q12	Thereafter
Volume	30.000	30.000	14.250	75.600
Bunker hedge Gain/(Loss)	3,5	3,5	1,6	8,7

# HEDGING – CURRENCY



# HEDGING – DEBT

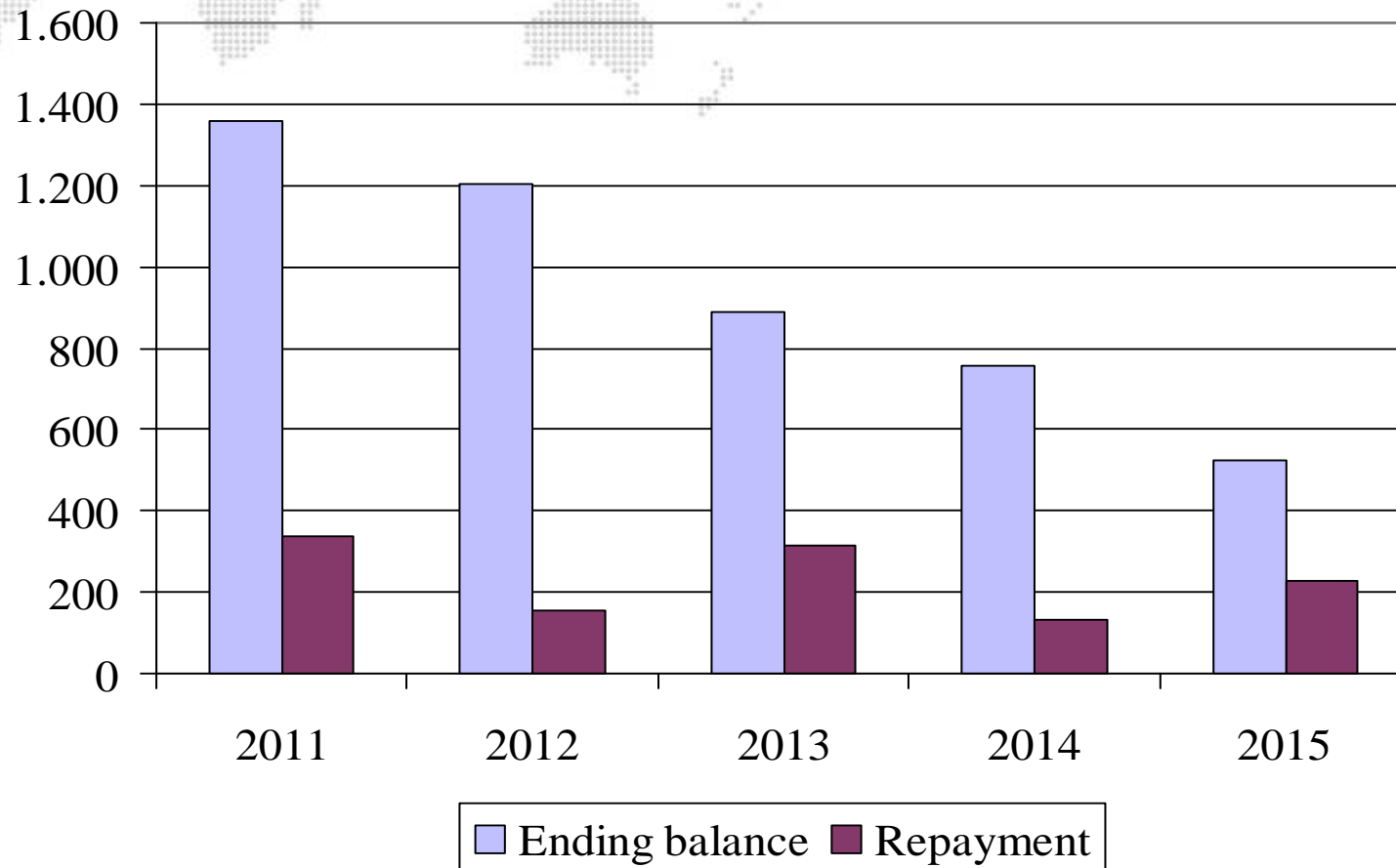


# CAPITAL EXPENSES

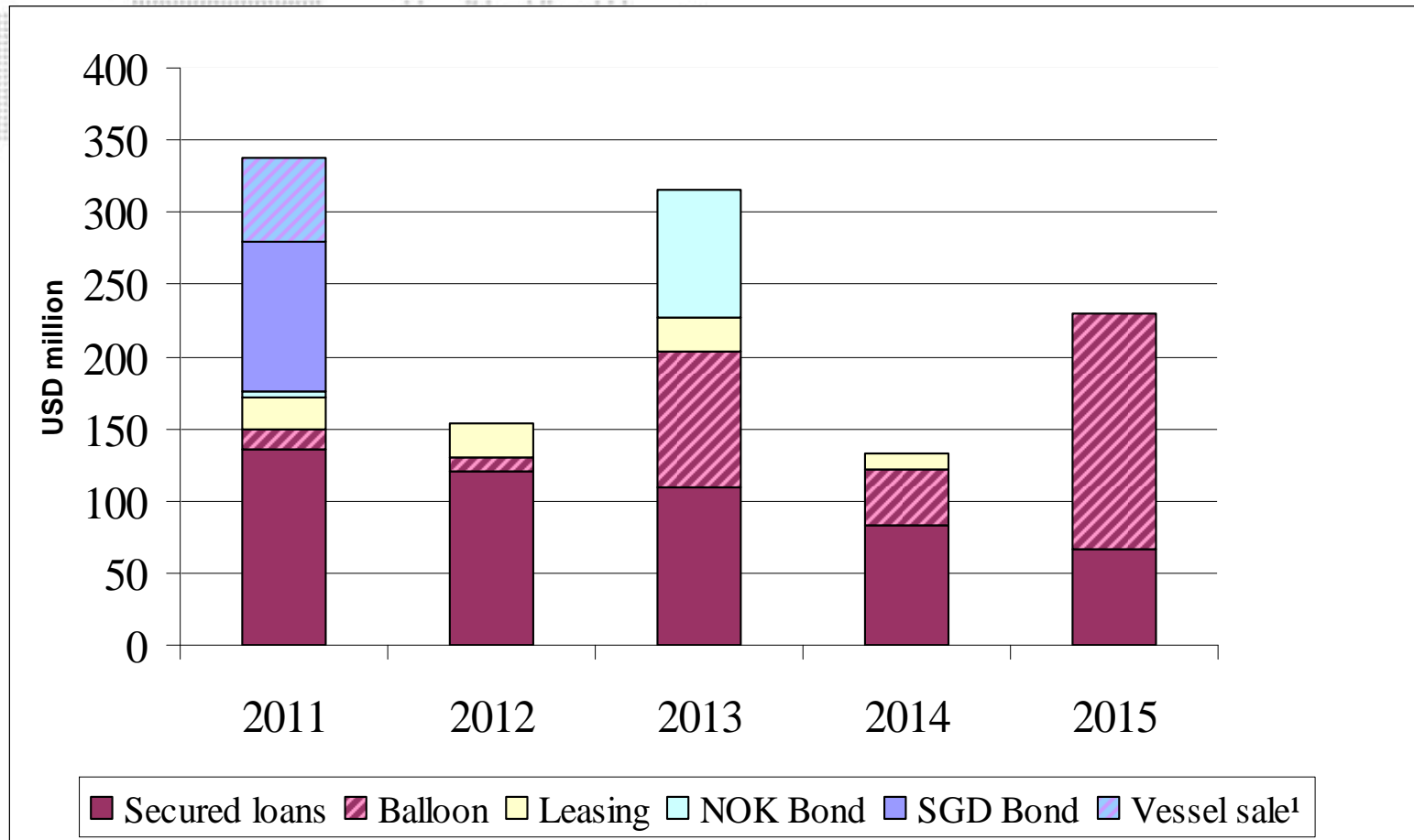
(per 30.06.11 – our share)

(In USD million)	2011		2012	2013	2014	2015
	1 <sup>st</sup> half	2 <sup>nd</sup> half				
SLS (2 X 44 000 dwt)	84					
Daewoo (1 x 75 000 dwt)	13		26	13		
Chuangdong (3 x 9 000 dwt)			9			
Docking	18	12	35	35	35	35
Terminals	39	33	76	54	28	20
<b>Total</b>	<b>154</b>	<b>45</b>	<b>146</b>	<b>102</b>	<b>63</b>	<b>55</b>

# DEBT PORTFOLIO



# DEBT REPAYMENTS



<sup>1</sup>Repayment of debt at a total of MUS\$ 59, associated sale of Bow Favour and Bow Century during first half 2011.

# FLEET DEVELOPMENT 2010 – 2011

## Time chartered vessels:

- In February 2010 Odfjell Tankers took MT Southern Jaguar (19,997 DWT/2009) on two years time charter for worldwide trading.
- Redelivery of the vessels Bow Pioneer, Bow West, Bow Hunter, Bow Octavia, Bow Omaria, Bow Orelia, Bow Orania, Bow Olivia, Bow De Jin and Bow Ophelia to owners.
- In July 2011 Odfjell Tankers took MT Stream Mia (19,702/2008) on two years time charter.

## Owned vessels:

- Late April 2010, Odfjell took delivery of one 51,000 DWT IMO III product tanker, Flumar Brasil, from SLS Shipbuilding Co Ltd, Korea.
- Seven ships have been sold for recycling, Bow Maasslot, Bow Maasstroom, Bow Power, Bow Fighter, Bow Prima, Bow Panther and Bow Puma.
- Bow Favour and Bow Century delivered to new owners Q1/Q2 2011.
- Odfjell took delivery of Bow Elm in February 2011 and Bow Lind in May 2011.

## Commercial management:

- Nine vessels on commercial management.

## Newbuildings:

Yard	Number	DWT	Delivery
• Chuan Dong	3	9,000	2011/2012
• Daewoo	1	75,000	2013

# TANK TERMINAL DEVELOPMENT 2011 – 2012

- Signing J.V. contract with Lindsay Goldberg
- OTK, Ulsan project nearing completion (Oct. '11)
- OOT, Sohar project on the way



Construction new tanks at OOT, Sohar

Location	CBM Expansion	New total	Completion
Oman	27 300	1 294 800	Q3 2012
Korea	63 120	313 710	Q4 2011
Charleston	56 000	56 000	Q1 2013



## LINDSAY GOLDBERG

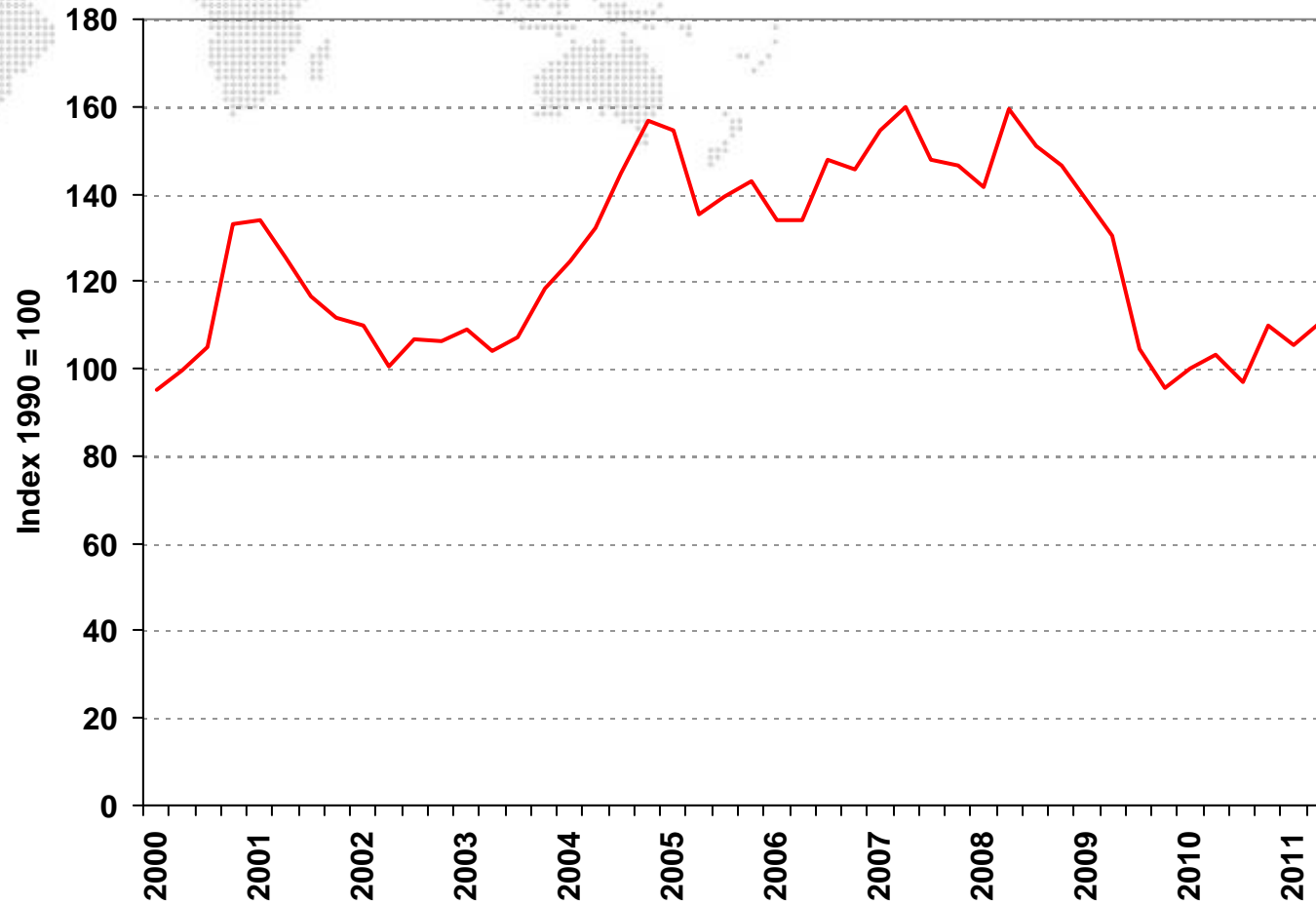
- Signed definitive agreements for a strategic partnership with Lindsay Goldberg LLC, a US-based private equity firm
- LG will acquire a 49% interest in each of Odfjell's tank terminals in Rotterdam, Houston and Charleston
- Odfjell will retain the remaining 51% ownership stake
- Odfjell will receive a total cash consideration of USD 247 million
- The parties will further invest EUR 25 million of new equity in the Rotterdam terminal



## MARKET UPDATE – HIGHLIGHTS

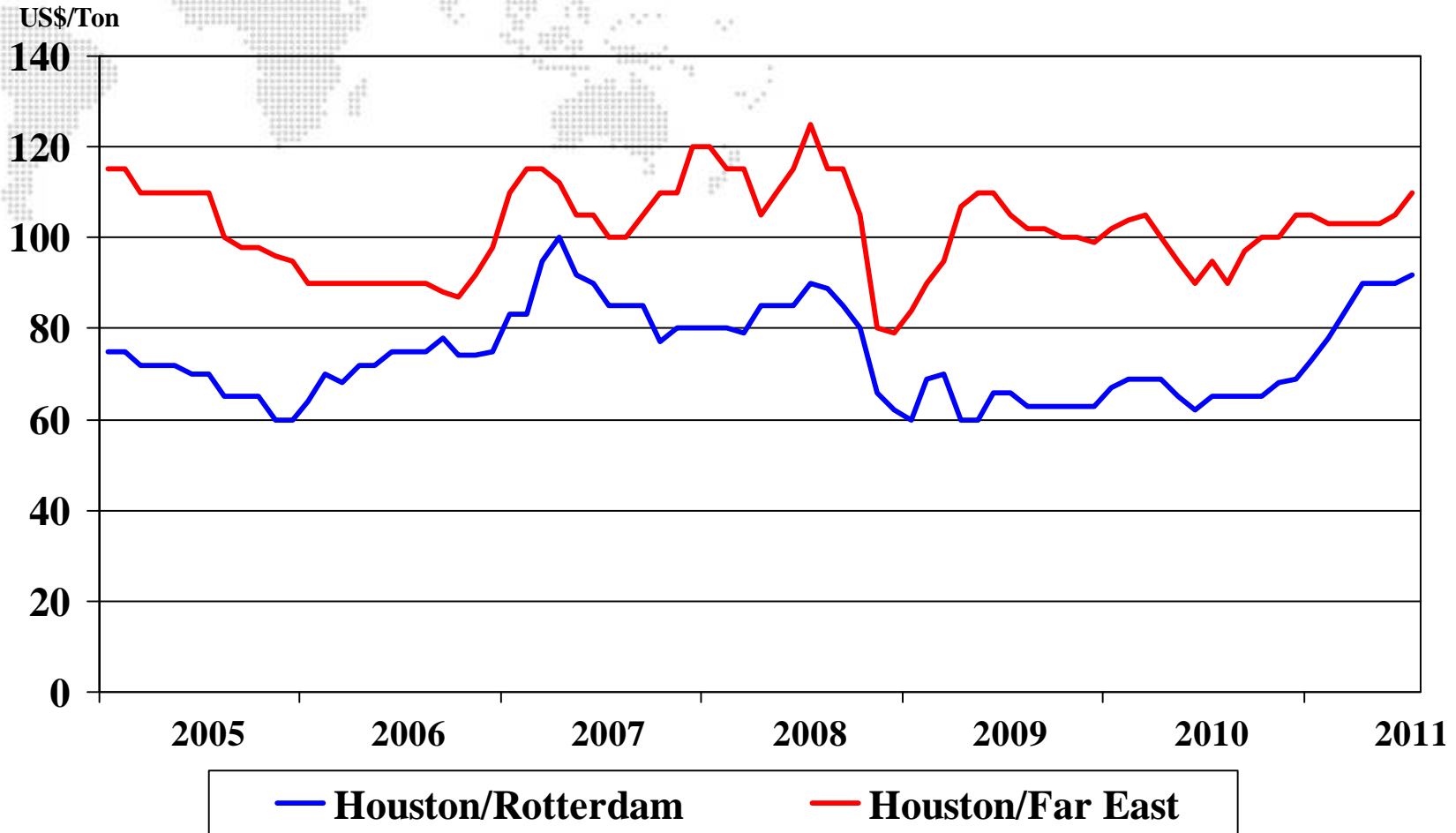
- Activity was high during the quarter, but slowed as we approached summer (June)
- Bunker prices stayed high, giving a considerably higher average than the previous quarter (USD 79 higher per tonne).
- With increasing spot activity out of the Middle East Gulf and Asia, our Coa coverage (volume) dipped below the 50 pct mark, ending at 49 pct.
- Continuous strong exports from Middle East and Asia.
- CPP fluctuated during the quarter, but always at lower levels
- Aftermath of the quake and tsunami in Japan now mostly affecting the regional trade only.

# ODFIX



# FREIGHT RATE DEVELOPMENT

1,000 mts stainless steel grade chemicals

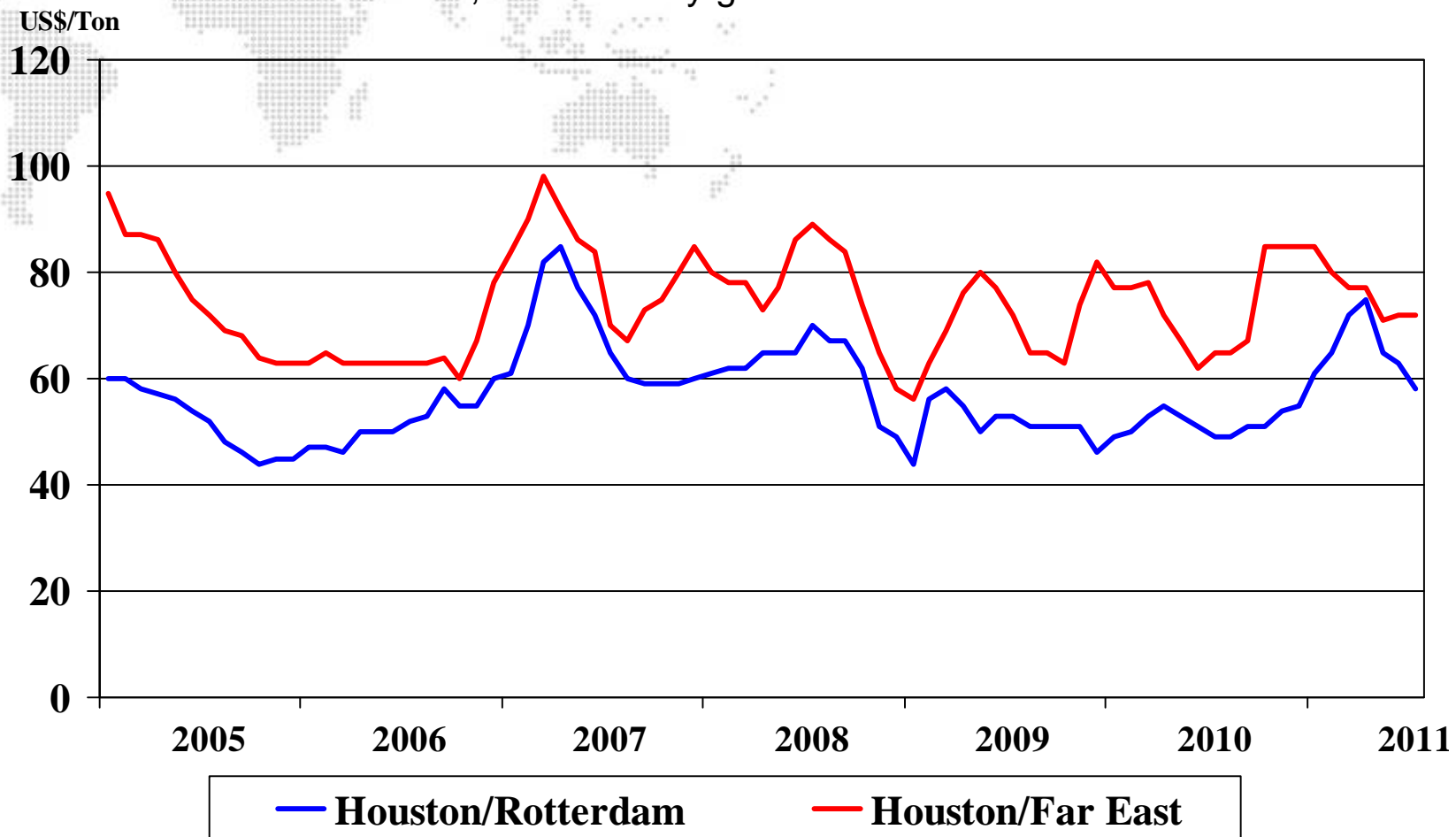


Source: Quincannon Associates, Inc.



# FREIGHT RATE DEVELOPMENT

3,000 mts easy grade chemicals

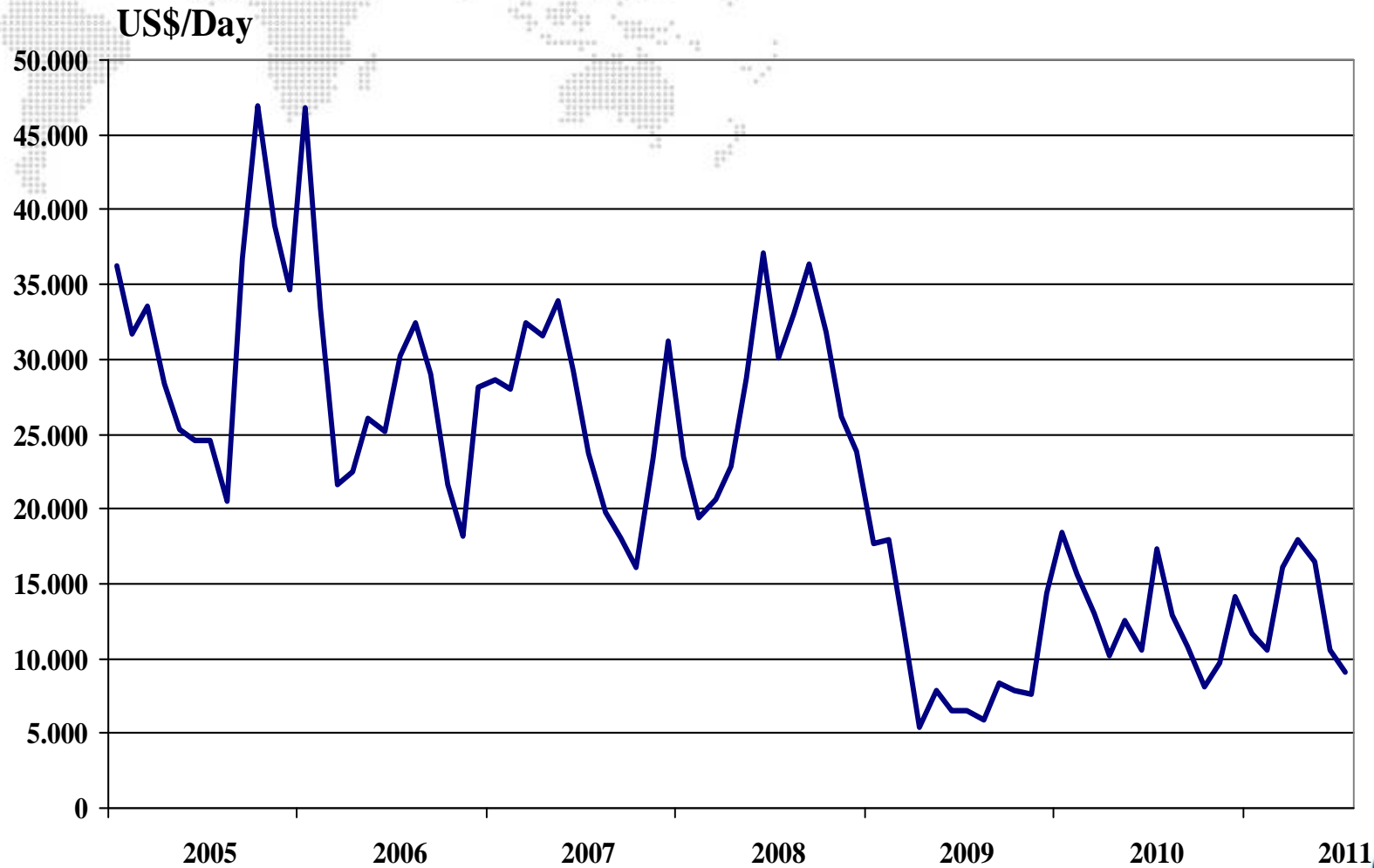


Source: Quincannon Associates, Inc.



# MARKET DEVELOPMENT CPP

Monthly averages

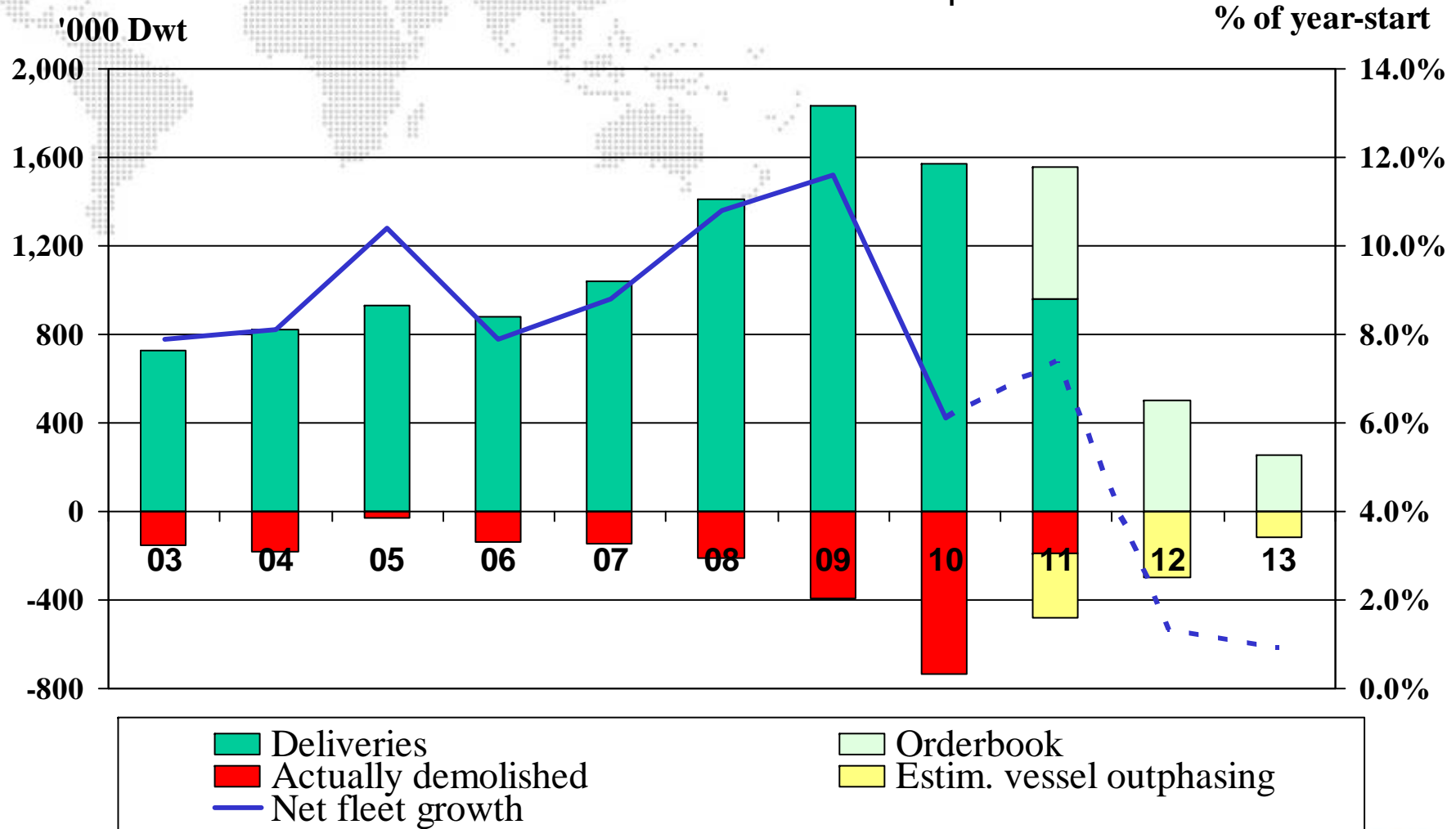


Source: Clarkson



# Core Chemical Deep-sea Fleet 2003-2013

Orderbook and estimated demolition per 09.08.2011



Source: Odfjell

\* Outphasing 30 years (Europe built) and 25 years (Asian built)





## PROSPECTS

- Increasing concern that the global economy may be heading for a recession
- We expect that oil and bunkers prices will decline even further
- The time-charter results for our chemical tankers are showing a slight improvement, however prospects are quite uncertain
- The tank terminal results will remain strong for the rest of the year

**Thank you for listening. Questions?**

