

# Third Quarter 2011 Results

Webcast - 9 November 2011





## AGENDA

- **Highlights**
- Financials Q3 2011
- Financials per segment
- Development 2011
- Market Update / Prospects
- Summary



## HIGHLIGHTS

- Third quarter net result of USD 261 million, including USD 270 million capital gain related to sale of minority shareholding in terminals
- Time-charter results up 0.2% compared to second quarter, but still generating losses
- Continued solid results from tank terminals
- EBITDA first nine months USD 82 million
- Extraordinary dividend payment of USD 15 million (NOK 87 million) in Q4



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# THIRD QUARTER 2011

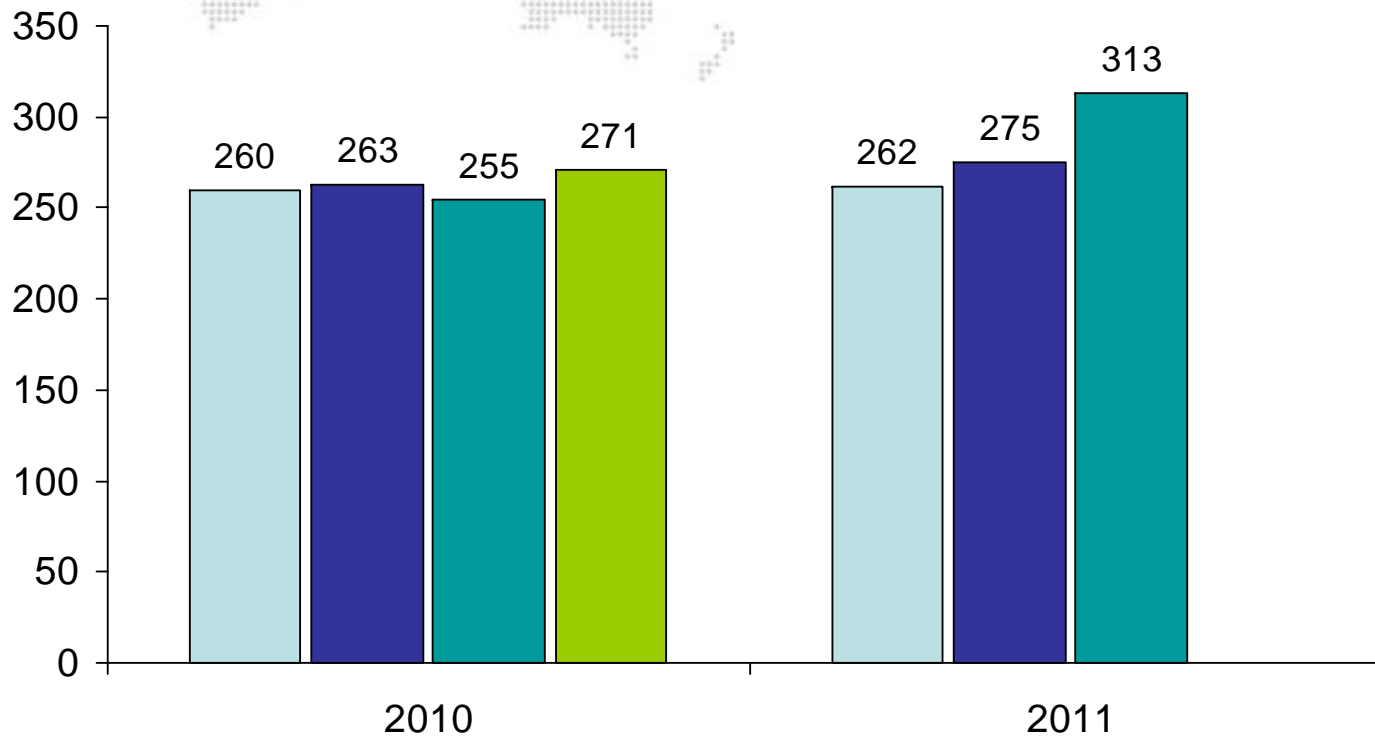
(USD million)	Q3 2011	Q2 2011	Q1 2011
Gross revenue	313	275	262
Voyage expenses	(151)	(128)	(117)
TC expenses	(43)	(43)	(44)
Operating expenses	(60)	(56)	(54)
General and administrative expenses	(25)	(24)	(23)
Operating result before depr. (EBITDA)	34	24	24
Depreciation	(31)	(29)	(30)
Compensation	-	6	-
Capital gain/loss on fixed assets	-	7	18
Operating result (EBIT)	2	8	12
Net finance	(12)	(9)	(7)
Taxes	(3)	(1)	(1)
Net result continued operation	(13)	(2)	3
Net result from discontinued operation (joint control of terminals)	274	7	7
Net result	261	5	11

# YEAR TO DATE

(USD million)	1.1-30.09.11	1.1-30.09.10
Gross revenue	850	777
Voyage expenses	(397)	(338)
TC expenses	(130)	(147)
Operating expenses	(169)	(163)
General and administrative expenses	(73)	(62)
Operating result before depr. (EBITDA)	82	66
Depreciation	(90)	(93)
Compensation	6	-
Capital gain/loss on fixed assets	25	(2)
Operating result (EBIT)	22	(29)
Net finance	(29)	(30)
Taxes	(5)	(45)
Net result continued operation	(11)	(104)
Net result from discontinued operation (joint control of terminals)	288	24
Net result	277	(79)

# GROSS REVENUE\*

Per Quarter (in USD million)

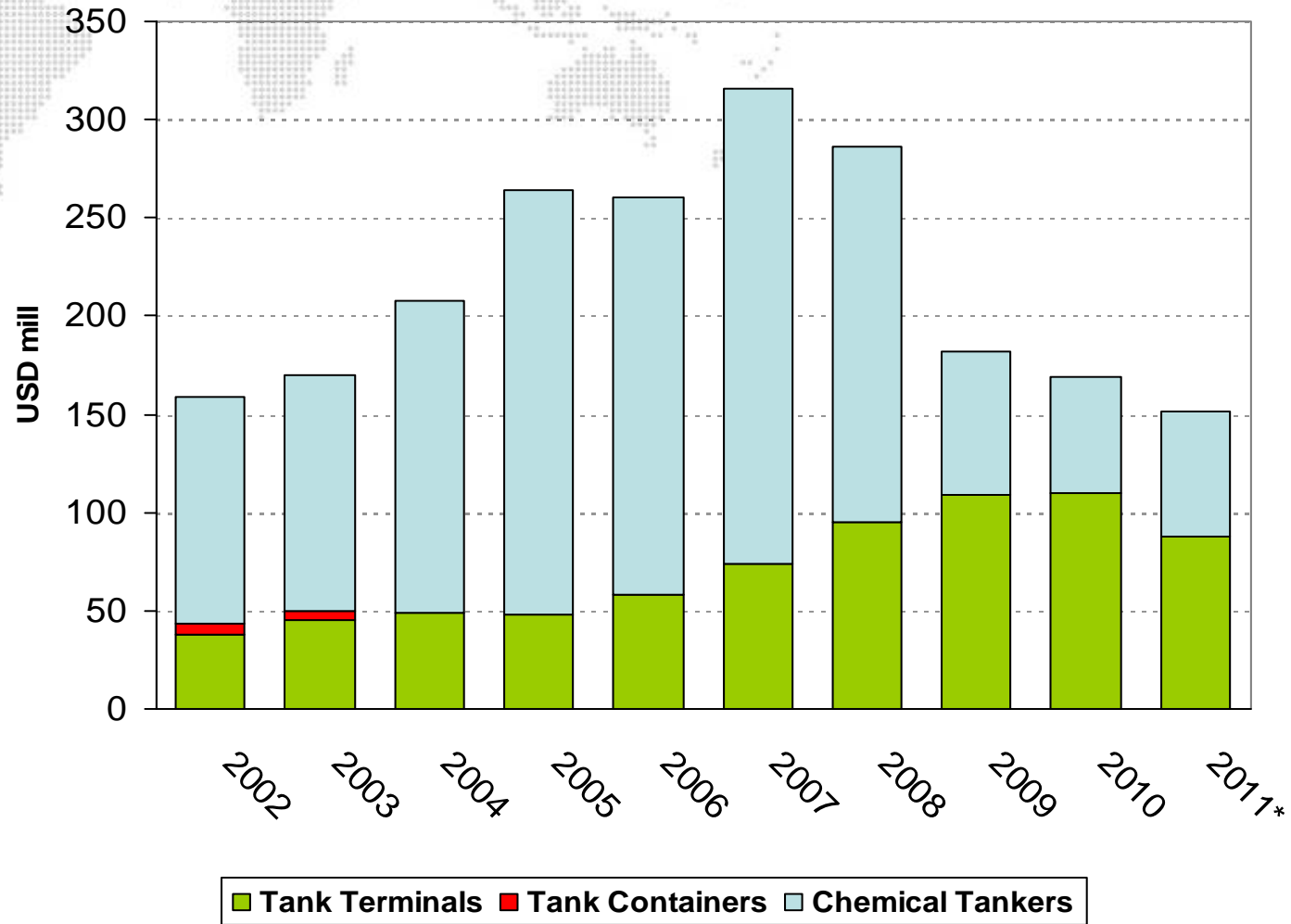


\* From continued operation (previous quarters restated)

Accumulated
1,048
1,155



# EBITDA

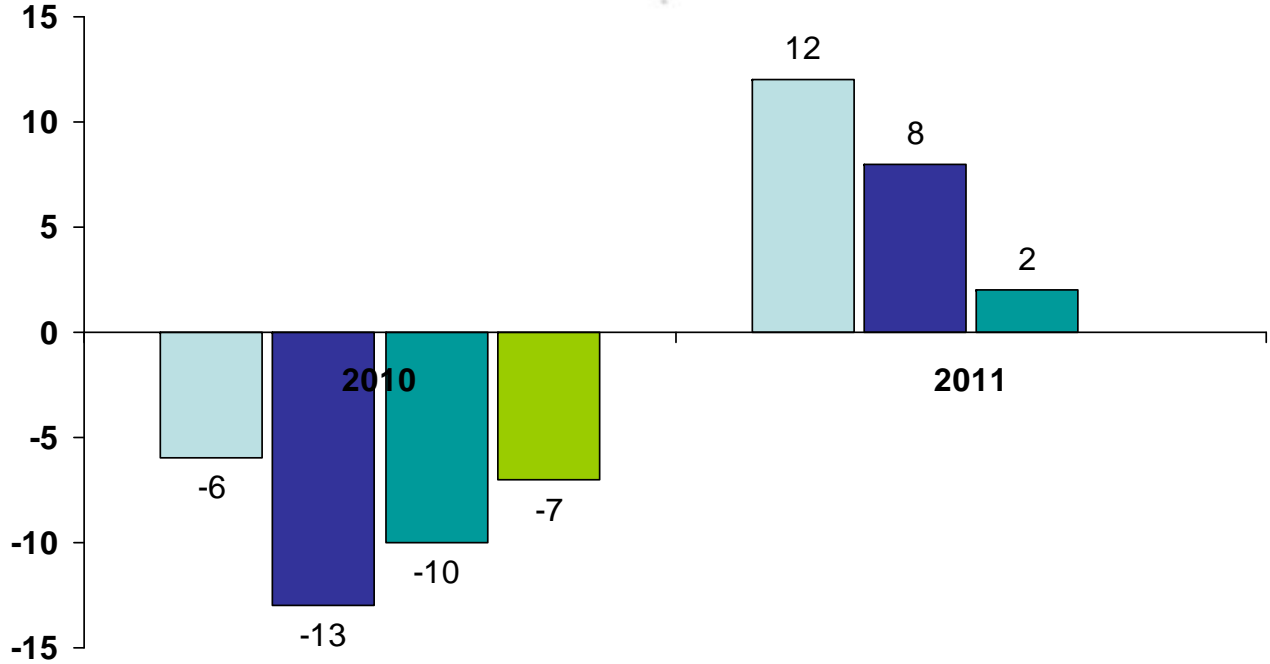


\* Annualised. Figures adjusted to reflect actual ownership



# OPERATING RESULT (EBIT)\*

Per Quarter (in USD million)



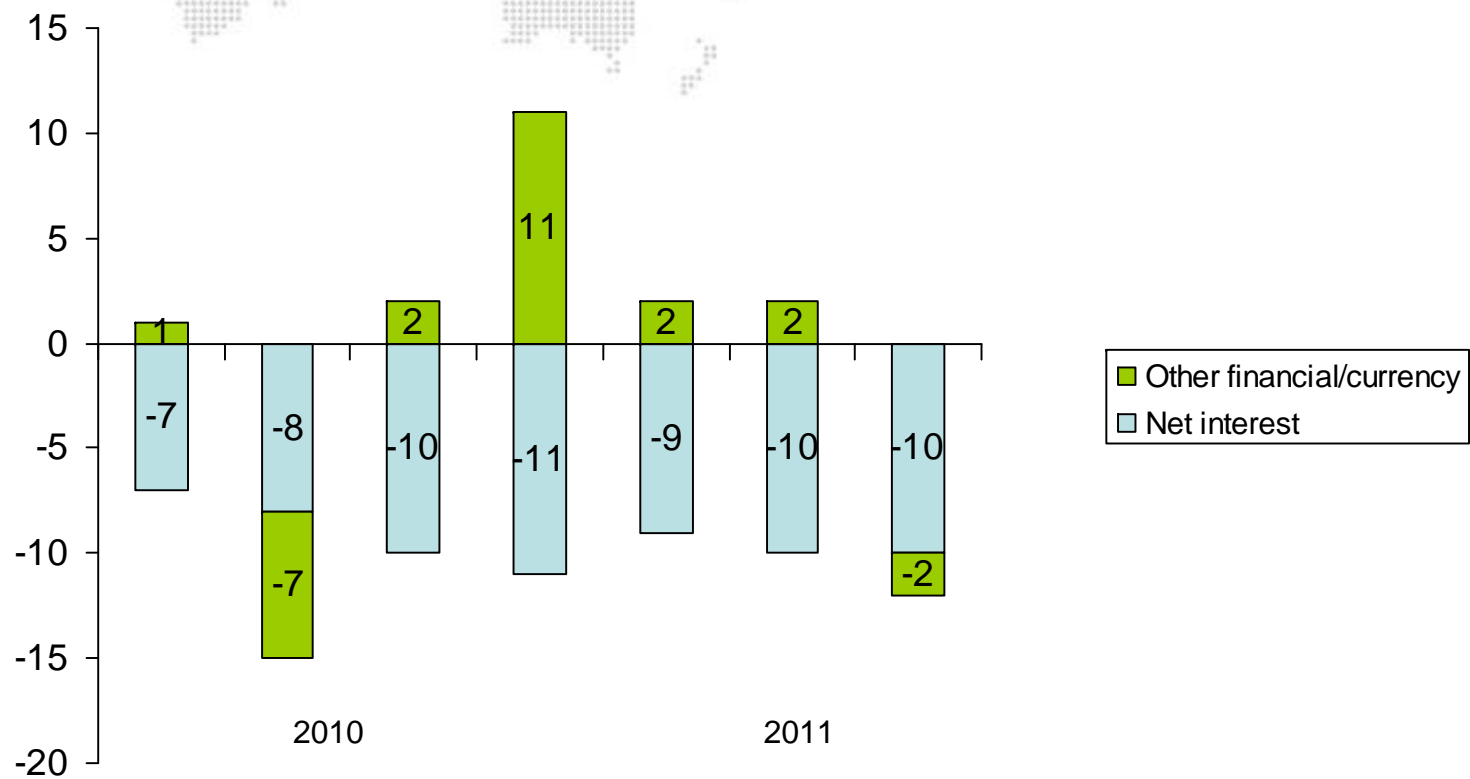
\* From continued operation

Accumulated
(36)
30



# NET FINANCIAL ITEMS\*

Per Quarter (in USD million)



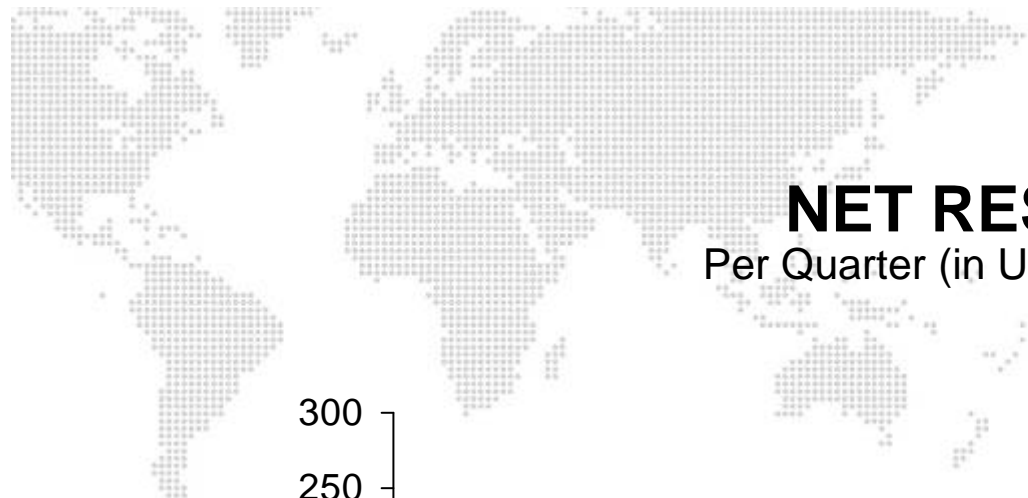
\* From continued operation

Accumulated

(30)

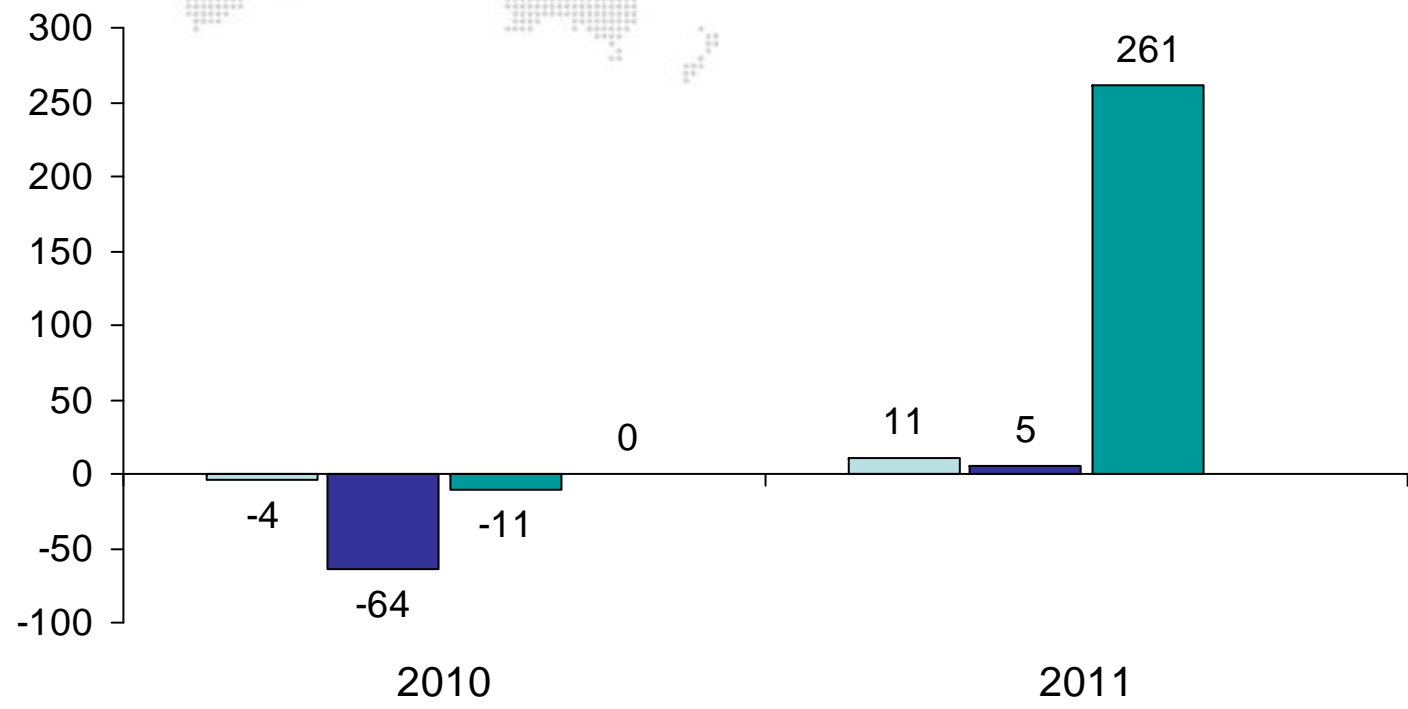
(39)





# NET RESULT

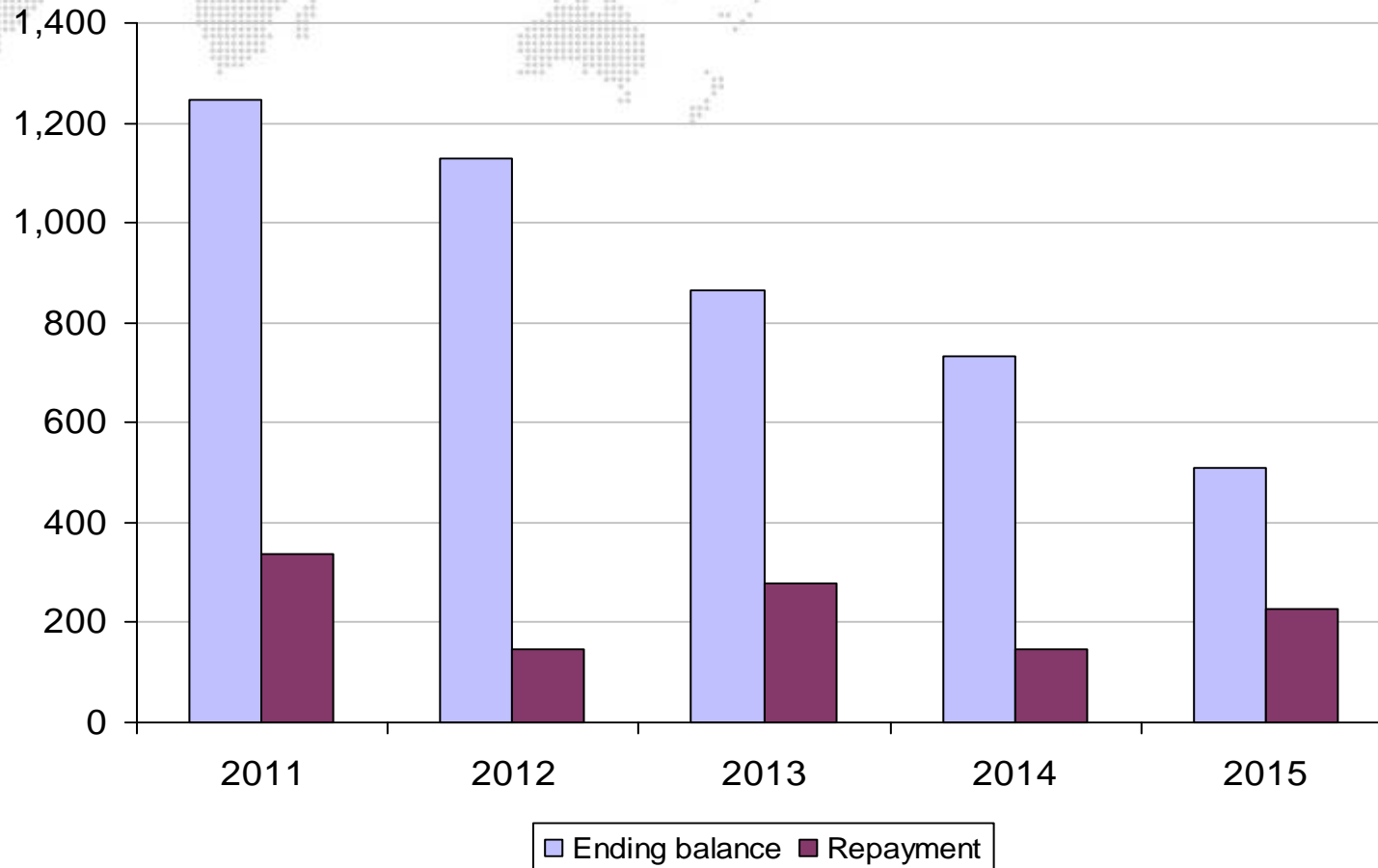
Per Quarter (in USD million)



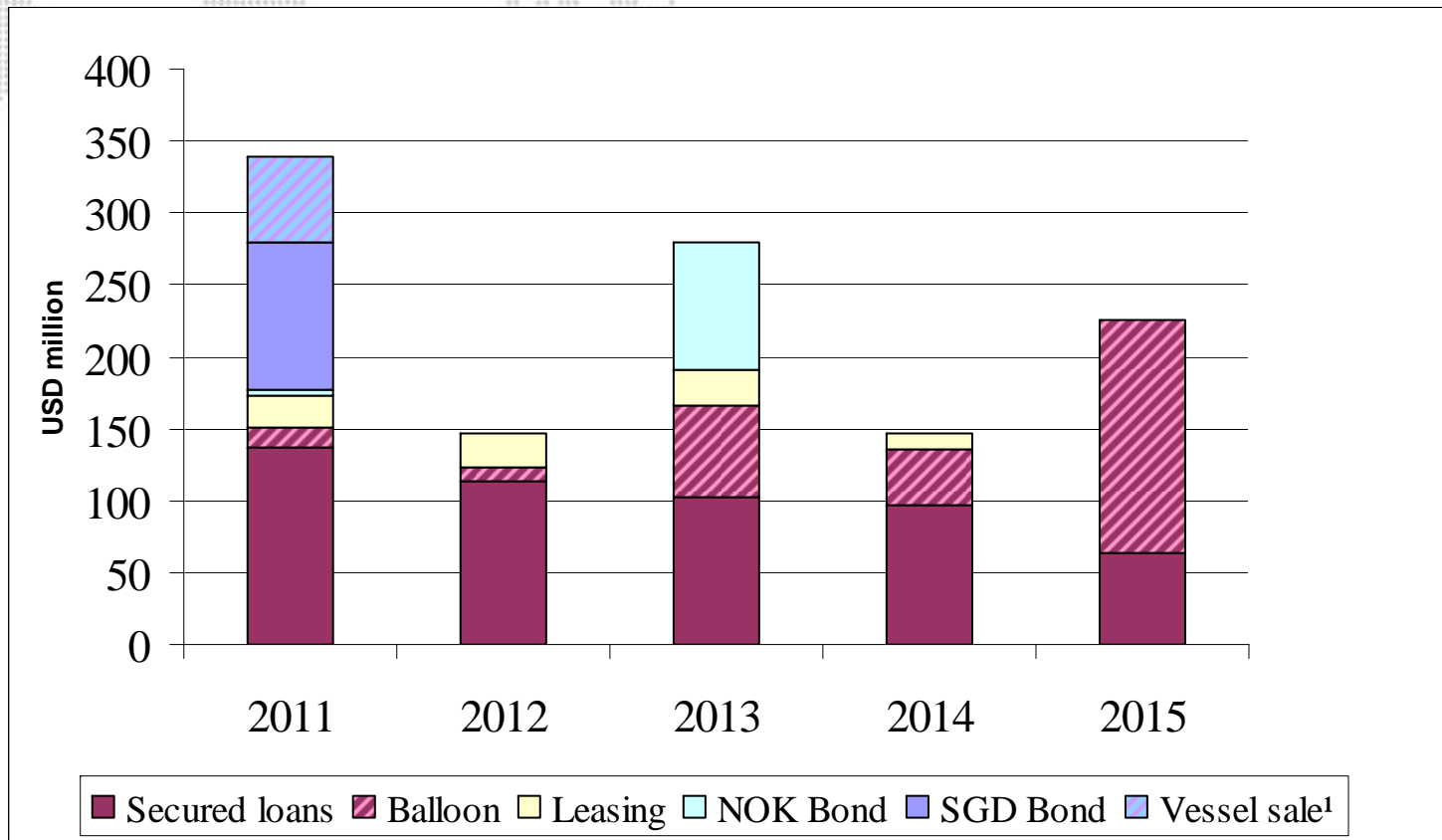
Accumulated
(79)
270



# DEBT PORTFOLIO

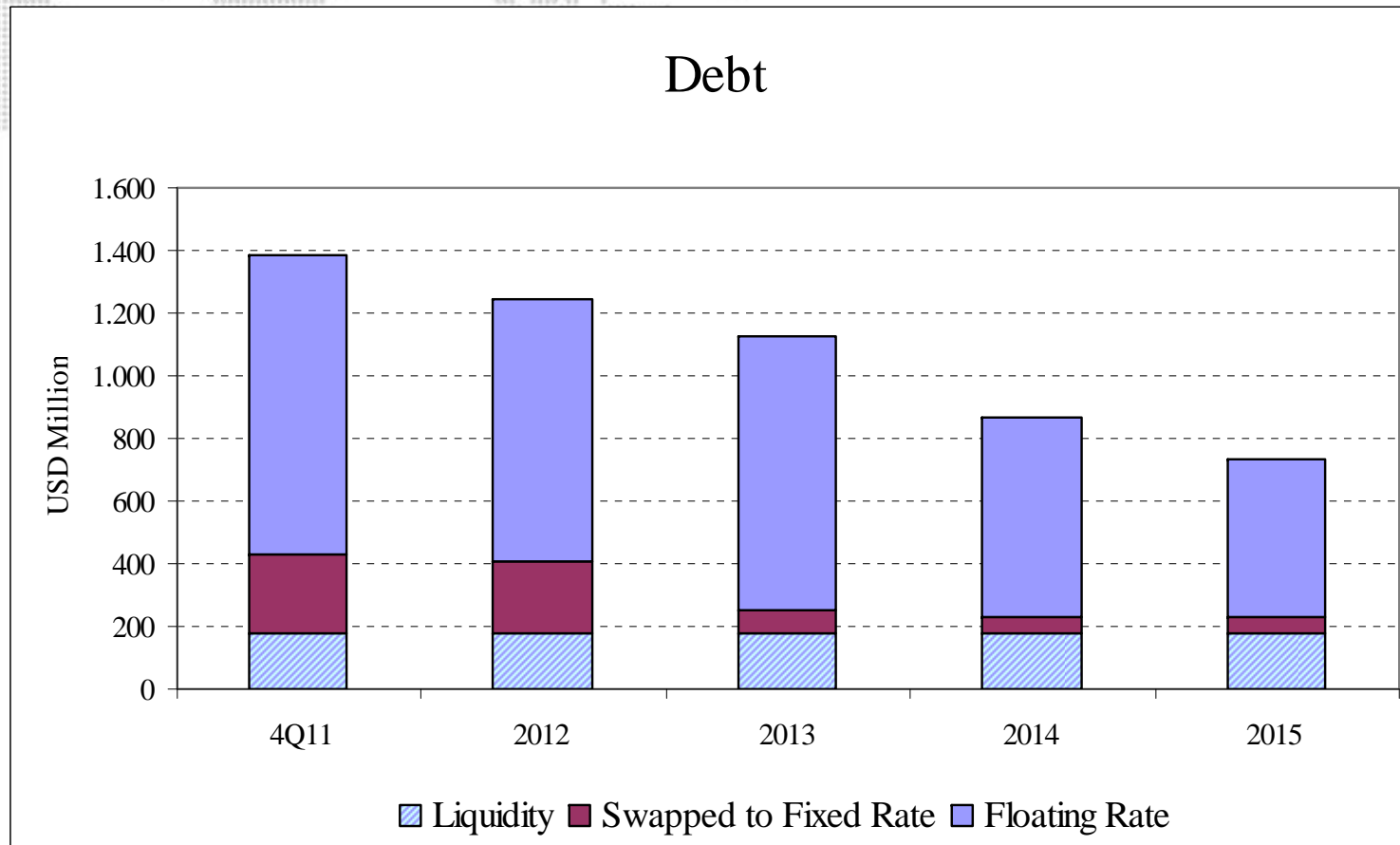


# DEBT REPAYMENTS



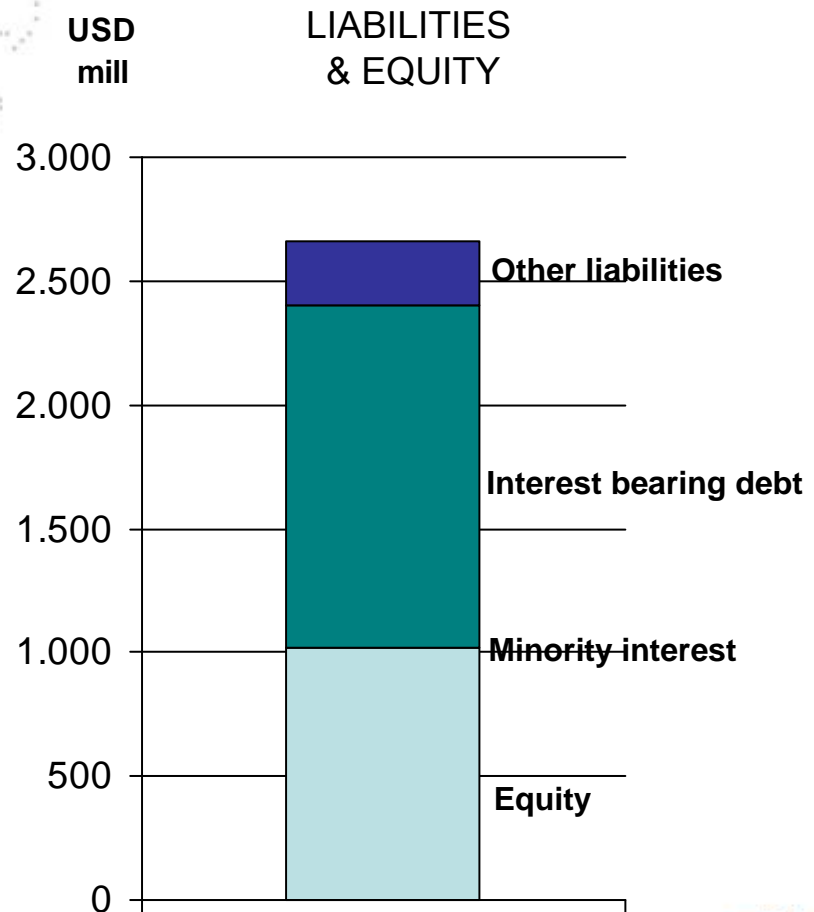
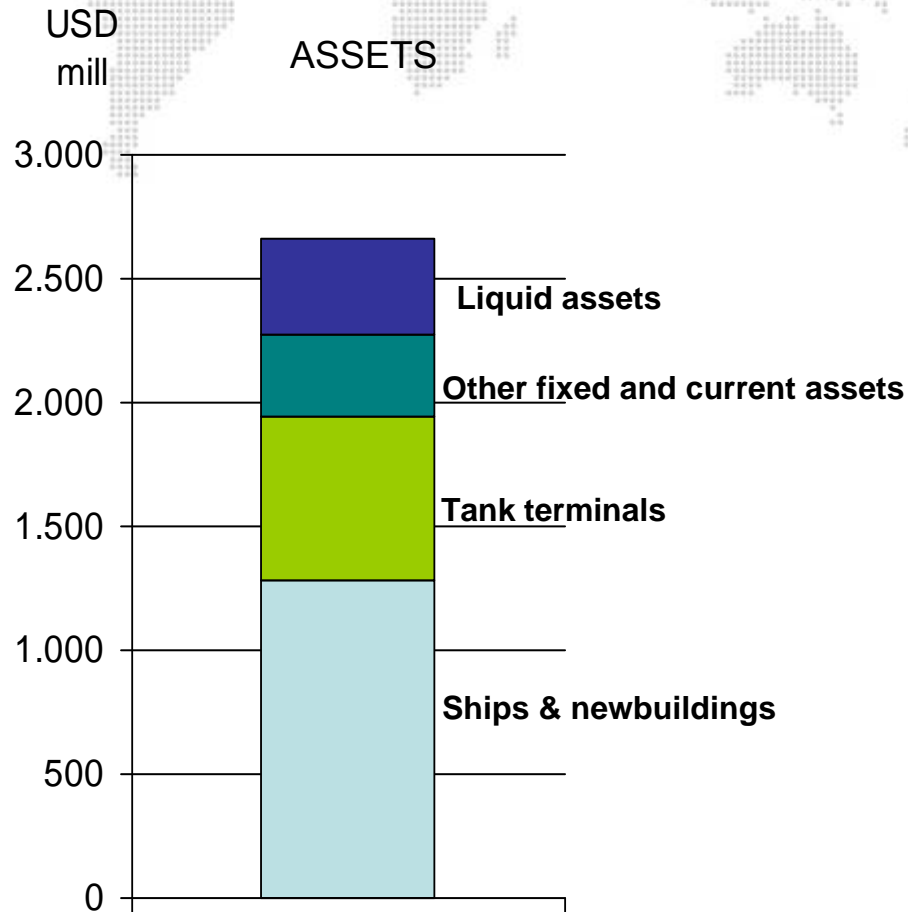
<sup>1</sup>Repayment of debt at a total of MUS\$ 59, associated sale of Bow Favour and Bow Century during first half 2011.

# HEDGING – DEBT



# BALANCE SHEET

Per 30.09.11



# CAPITAL EXPENSES

(per 30.09.11 – our share)

(In USD million)	2011		2012	2013	2014	2015
	Per Q3	Q4				
SLS (2 X 44 000 dwt)	84					
Daewoo (1 x 75 000 dwt)	13		26	13		
Chuangdong (3 x 9 000 dwt)			9			
Holly Galaxy		24				
Docking	24	6	35	35	35	35
Terminals	54	14	55	90	35	21
<b>Total</b>	<b>175</b>	<b>44</b>	<b>125</b>	<b>138</b>	<b>70</b>	<b>56</b>

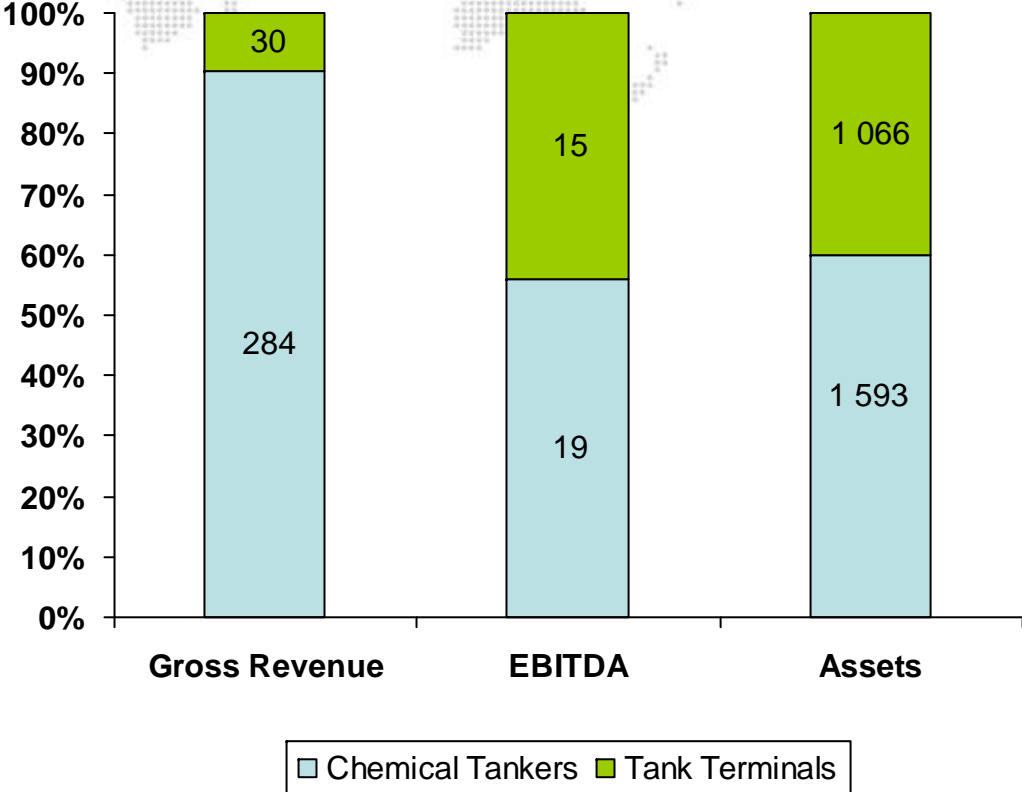


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# GROSS REVENUE, EBITDA AND ASSETS PER SEGMENT

Q3 2011



## RESULTS PER SEGMENT

(USD million)	Q3 11		Q2 11		Q1 11	
	Chemical tankers	Tank terminals	Chemical tankers	Tank terminals	Chemical tankers	Tank terminals
Gross revenue	284	30	258	18	248	15
EBITDA	19	15	13	11	15	10
EBIT	(6)	9	1	7	6	6
Total net result from continued operation	(15)	2	(5)	3	0	4
Net result from discontinued operation	-	274	-	7	-	7
Net result	(15)	276	(5)	10	0	11

# TANK TERMINALS EBITDA

(EBITDA in USD million)	Q1 2011	Q2 2011	Q3 2011
Reported EBITDA Terminals <sup>(1)</sup>	10	11	15
- OTR/OTR in reported in Q3 <sup>(2)</sup>	NA	NA	3.5
Reported EBITDA excl. OTR/OTH	10	11	11.5
EBITDA OTR 100%	11	10	10
EBITDA OTH 100%	7	7	8
EBITDA incl. 100% OTR/OTH <sup>(3)</sup>	27	28	NA

- 1) Figures from the Q3 2011 report
- 2) Including 51% in OTR/OTH in 1.5 months
- 3) Previously reported figures in Q1 and Q2 2011 report



## STRATEGIC PARTNERSHIP AGREEMENT

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

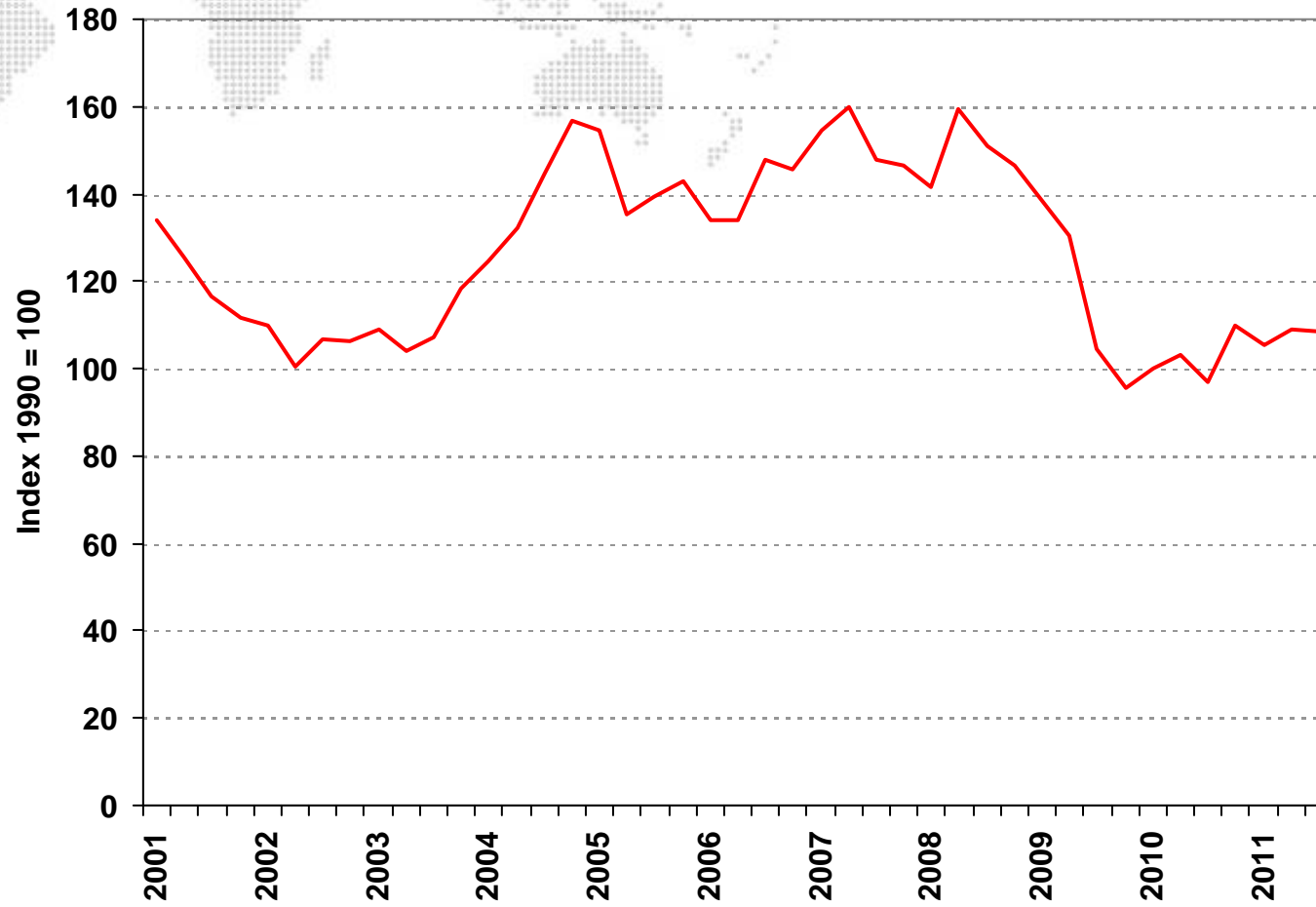
## ACCOUNTING SALE OF TERMINAL SHARES

- Through the shareholder agreement the transaction has changed Odfjell's influence from control to joint control.
- Odfjell's total previous ownership is presented as discontinued operation from Q2 2011 including re-presentation of profit and loss and cash flows for prior periods.
- Change of control is effective from medium August, and the remaining 51% interest is from this date presented as joint venture using proportionate consolidation.
- Final allocation of excess values to non-current assets is not concluded yet.

## LETTER OF INTENT WITH NOORD NATIE TERMINALS

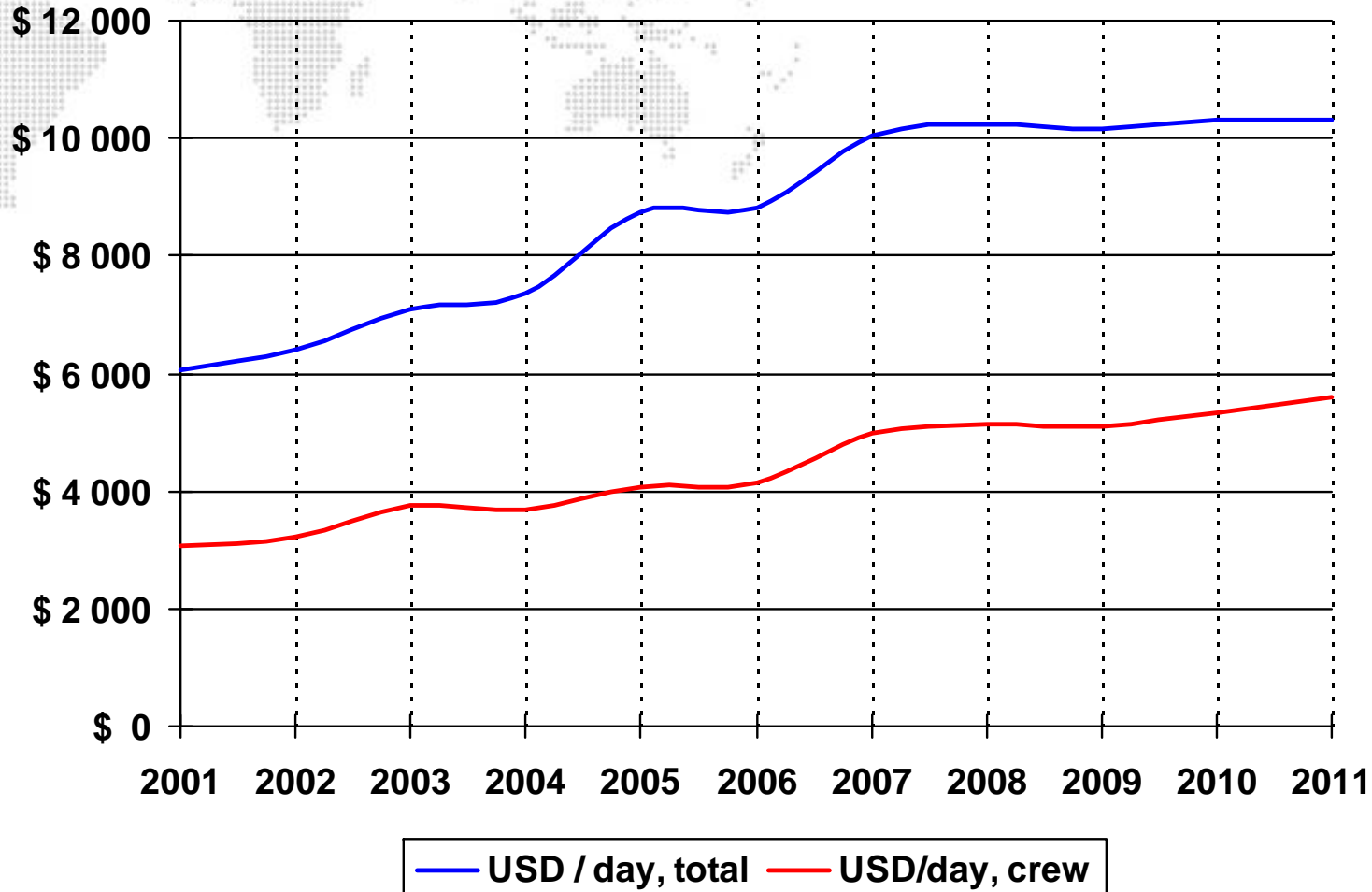
- Odfjell has signed a LOI to take an equity share in Noord Natie Terminal's existing facility in Antwerpen, Belgium
- The intention is to expand the terminal by up to 112,000 cbm capacity
- The investment will be part of Odfjell Terminals (Europe), the Joint Venture company between Odfjell SE and Lindsay Goldberg LLC
- Odfjell will acquire a minority share greater than 25% in NNT and the proceeds from the share issuance will be earmarked for the planned expansion
- The proposed transaction is subject to confirmatory due diligence, negotiations and executions of definitive documentation and customary closing conditions
- The LOI contemplates a transaction that values NNT's assets at approximately 10 X EBITDA.

# ODFIX



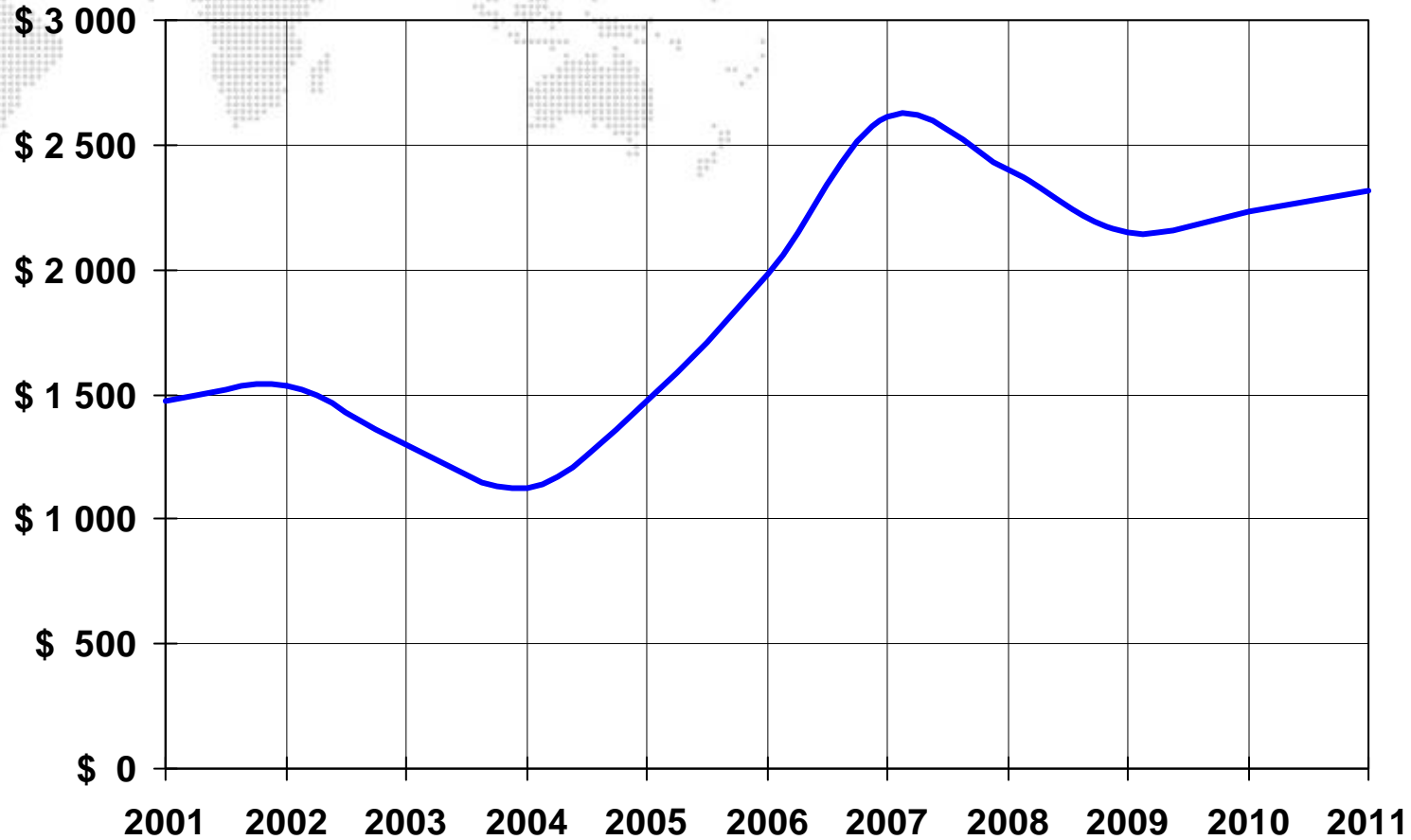
# VESSEL OPERATING EXPENSES

(Large Chemical Tankers)



# DRY-DOCKING COST

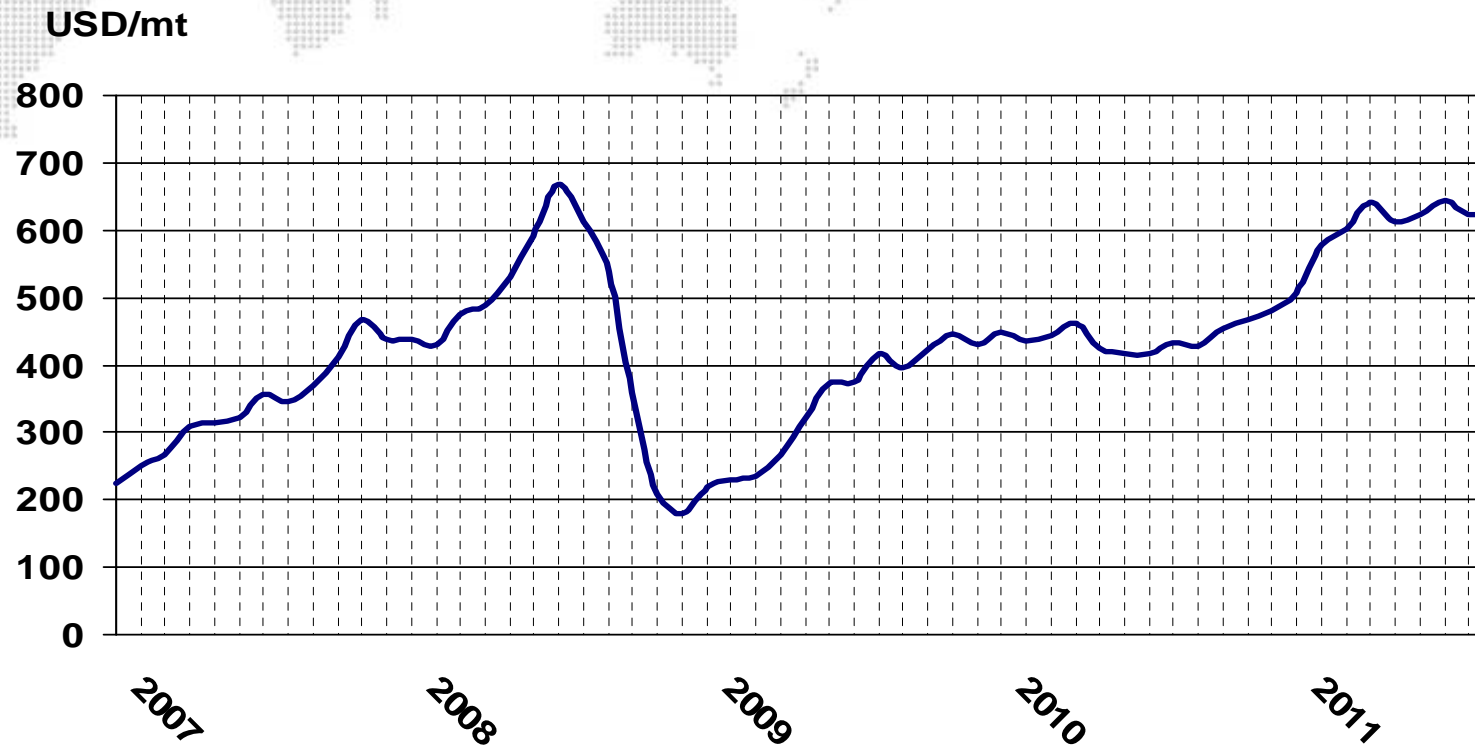
(Large Chemical Tankers)



— USD/day, 3 year moving average

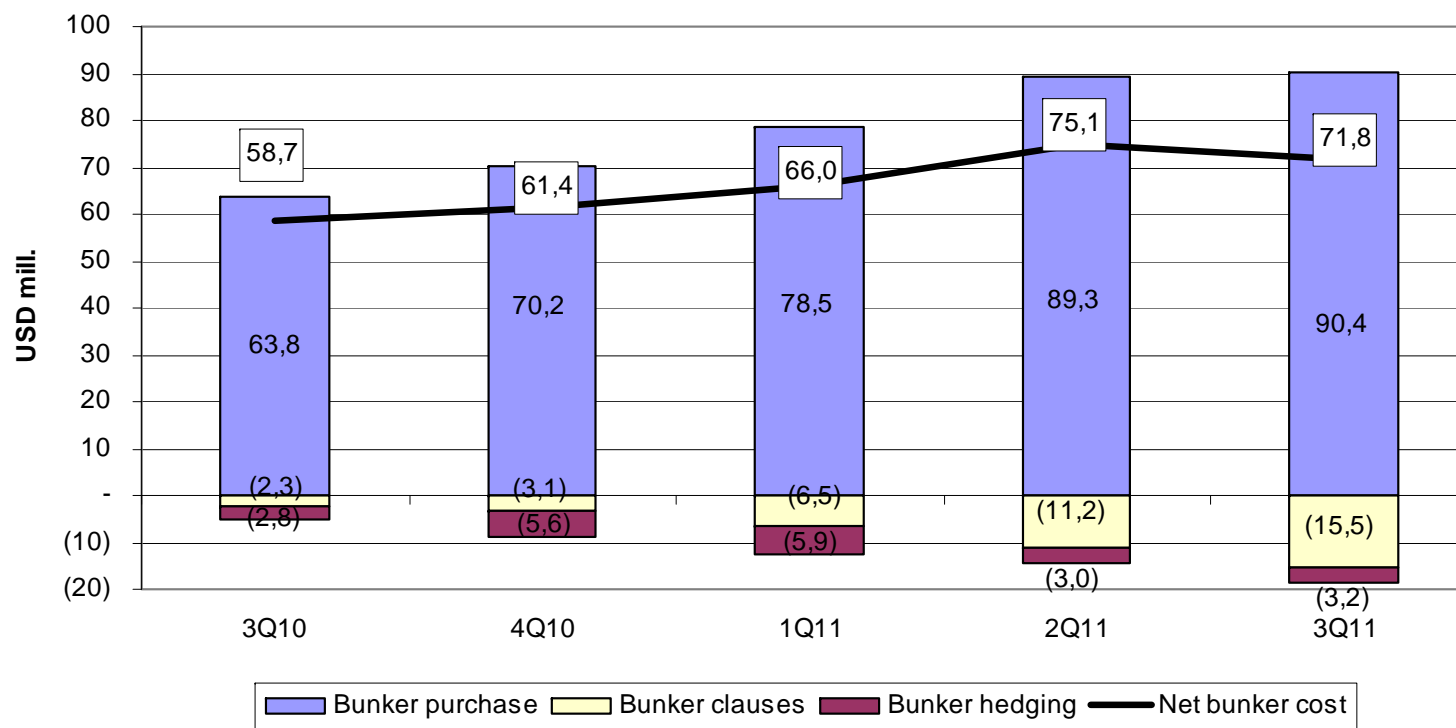
# BUNKERS

Platts 3.5% FOB Rotterdam

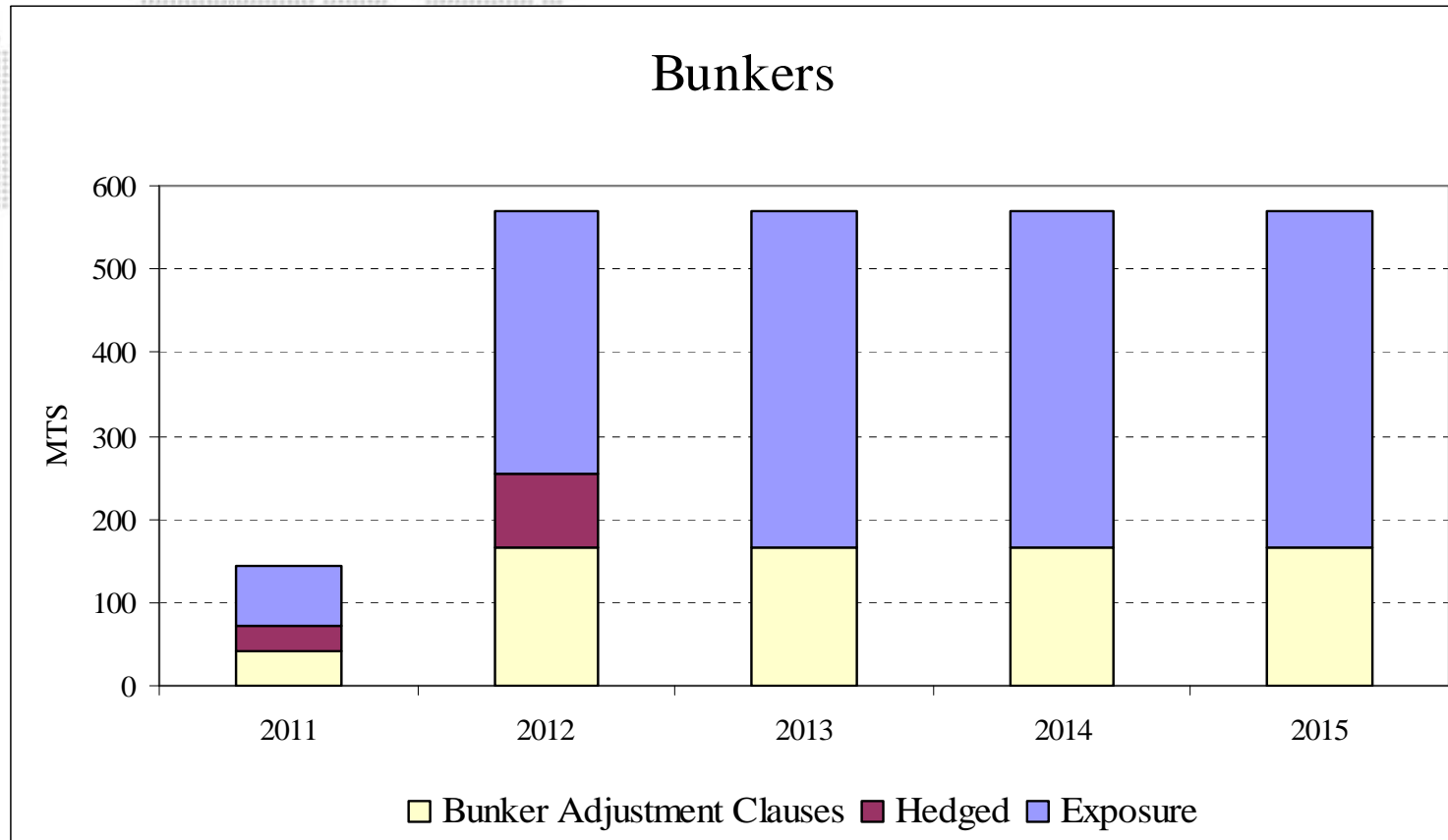


# NET BUNKER COST

Per 30.09.11



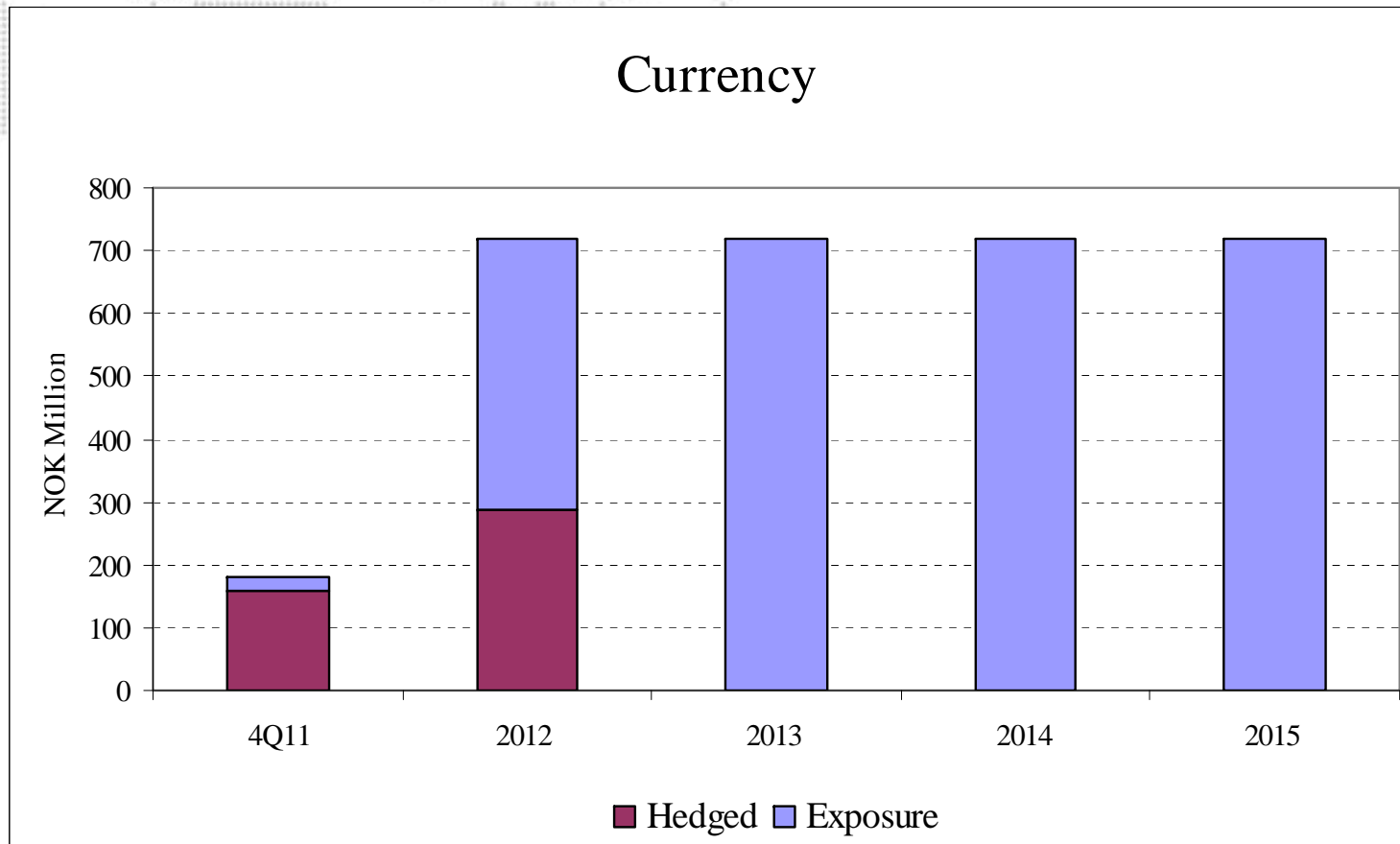
# HEDGING – BUNKERS



Estimated result from bunkers hedging based on current prices (USD 620 PMT);

(in USD mill)	Q411	Q112	Q212	Thereafter
Volume	30.000	14.250	30.600	45.000
Bunker hedge Gain/(Loss)	2,9	1,4	3,0	4,3

# HEDGING – CURRENCY





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# FLEET DEVELOPMENT 2011 - 2012

## Time chartered vessels:

- In July 2011 Odfjell Tankers took MT Stream Mia (19,702/2008) and MT Stream Luna (19,998/2010) on two years time charter.
- In October 2011 Odfjell Tankers took SG Pegasus (13.086/2011) on two years time charter.

## Owned vessels:

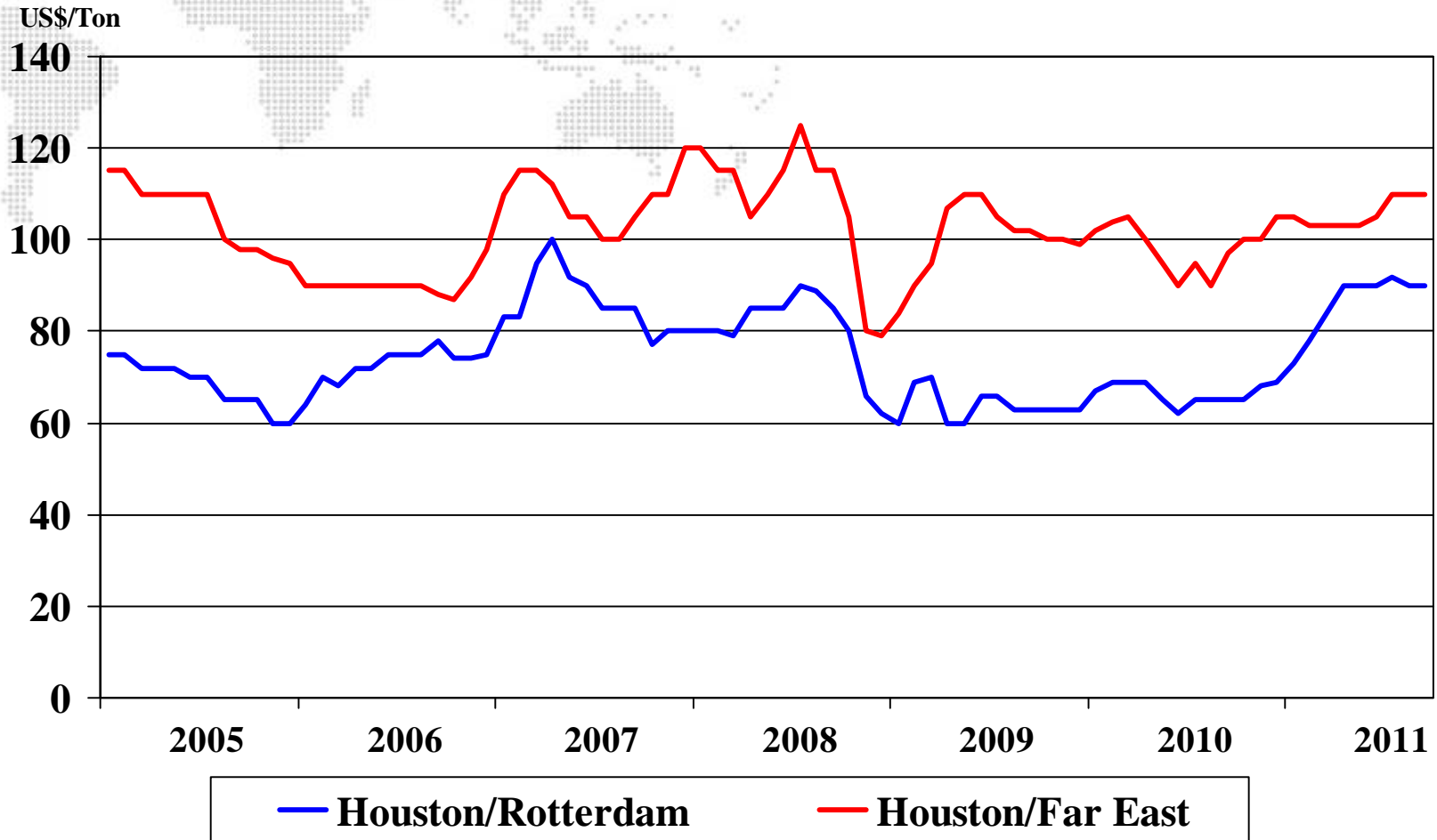
- Bow Favour and Bow Century delivered to new owners Q1/Q2 2011.
- Odfjell took delivery of Bow Elm in February 2011 and Bow Lind in May 2011.
- Purchased MT Holly Galaxy with delivery in December 2011.
- Sold Araucaria to third party in November 2011

## Newbuildings:

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

# FREIGHT RATE DEVELOPMENT

1,000 mts stainless steel grade chemicals

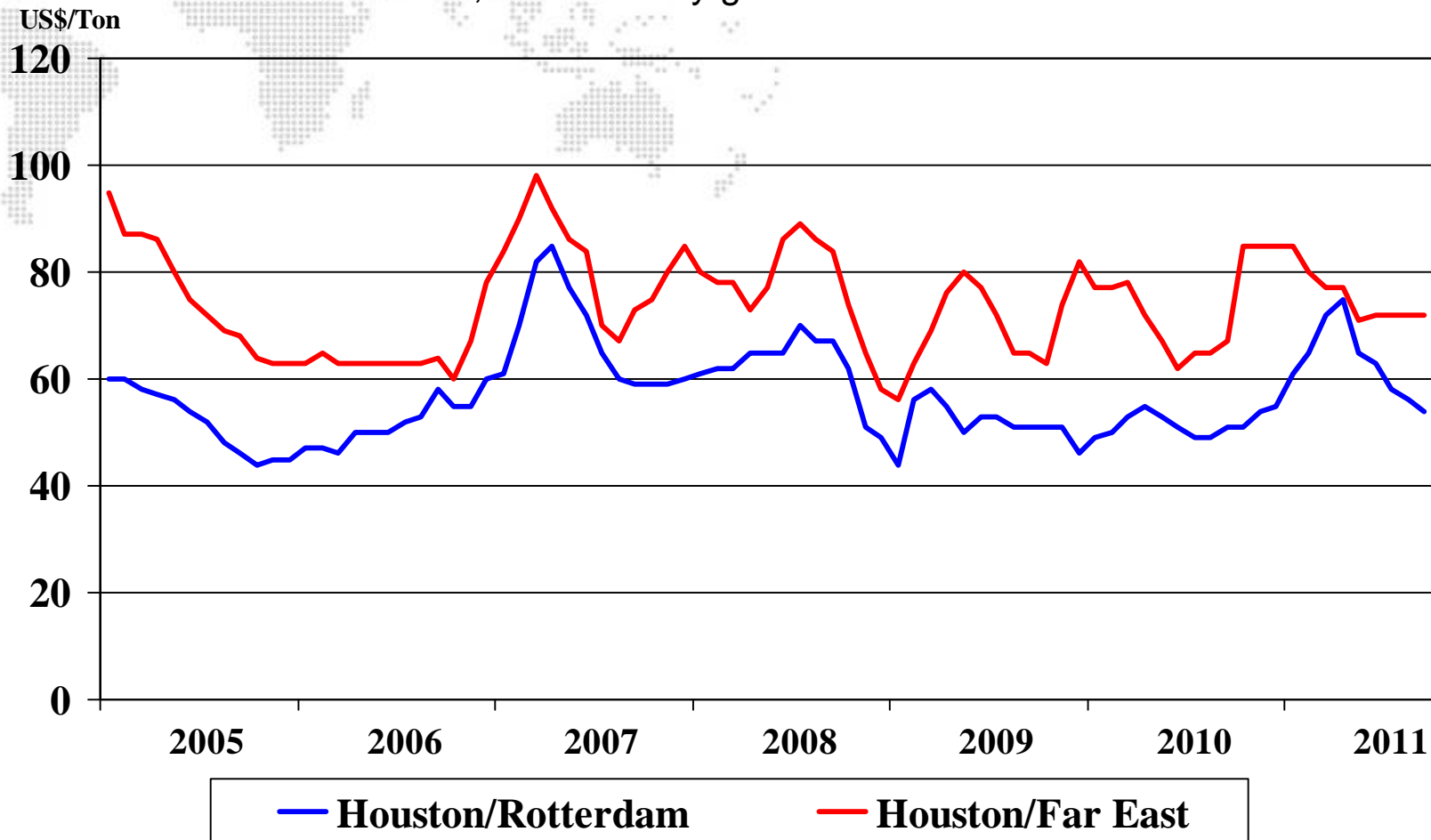


Source: Quincannon Associates, Inc.



# FREIGHT RATE DEVELOPMENT

3,000 mts easy grade chemicals

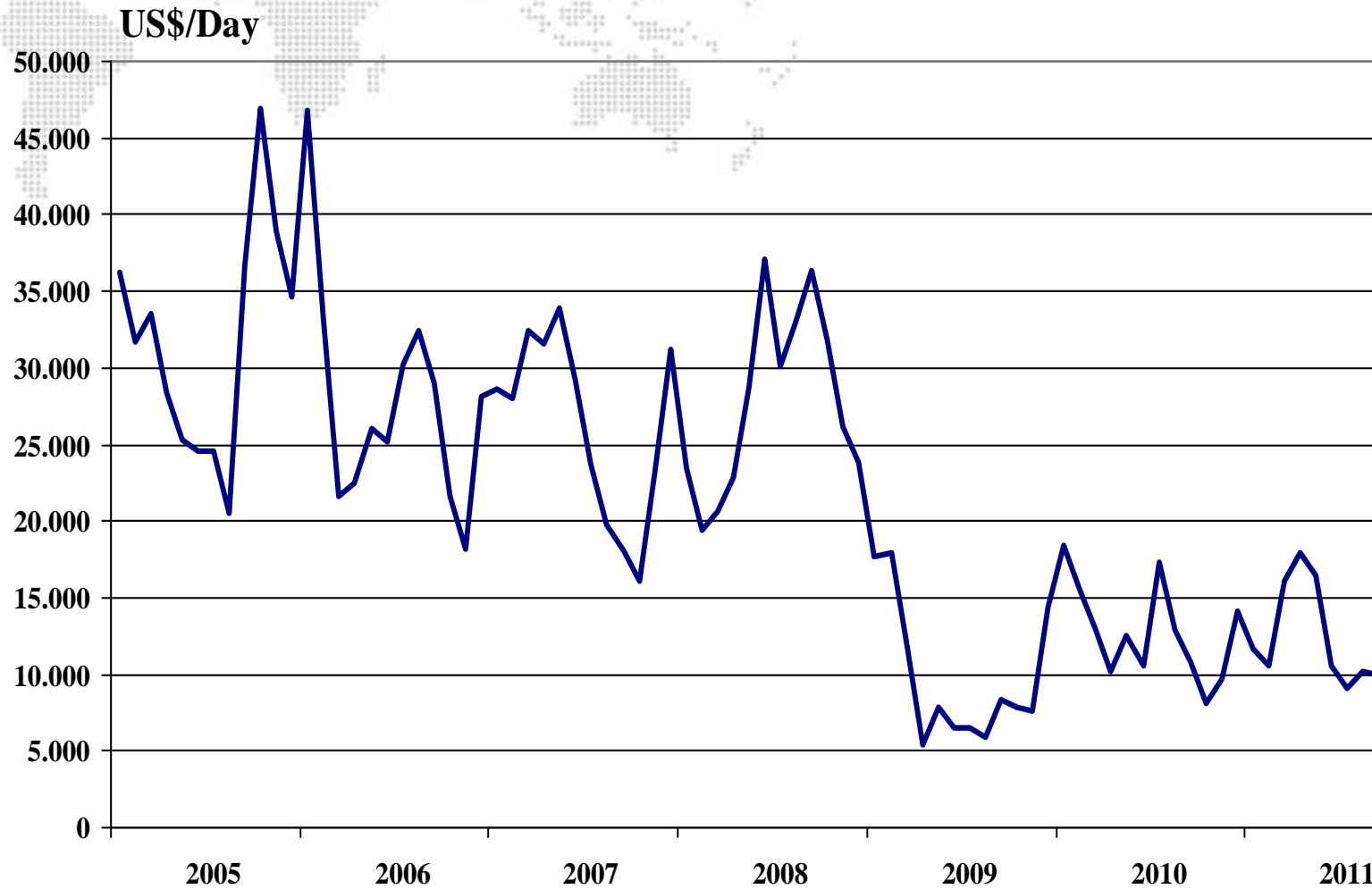


Source: Quincannon Associates, Inc.



# MARKET DEVELOPMENT CPP

Monthly averages



Source: Clarkson



# TANK TERMINAL DEVELOPMENT 2011 – 2012

- OTK - project completed medio October
- OOTO - project for chemical tanks on schedule
- OTC – EPC contract has been tendered, to be completed by December 2011
- NNT - LOI signed, due diligence to be completed by November 2011
- Evaluating different existing and green field projects



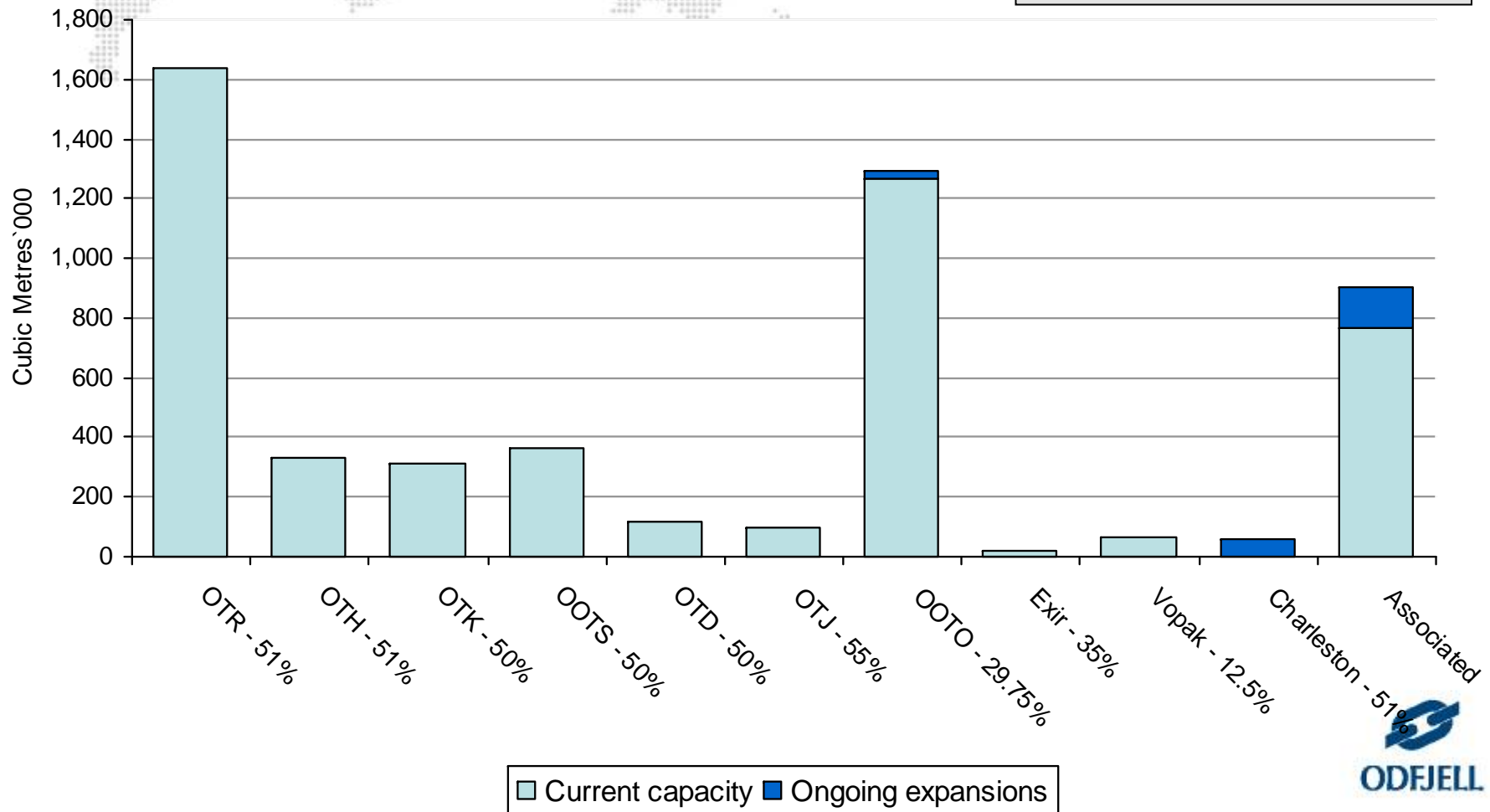
New OOTO tanks under construction (Sept. 2011)

Location	CBM Expansion	New total	Completion
Oman (OOTO)	27 300	1 294 800	Q3 2012
Charleston (OTC)	56 000	56 000	Q1 2013

# TERMINAL CAPACITY

Total capacity in CBM

Current capacity	4.985.398
Ongoing expansions	217.900





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## MARKET UPDATE – CHEMICAL TANKERS

- Flat Q3 compared to Q2, although a slight firming at the end of the quarter
- Bunker prices same as Q2 at high level (USD 660 versus USD 585 in Q1)
- Plant turnarounds in the Middle East resulted in slower activity in the area
- Contract volumes up 5 pct to 54 indicating underlying strenght in the market?
- CPP remained at low level although had its spikes in the Transatlantic market

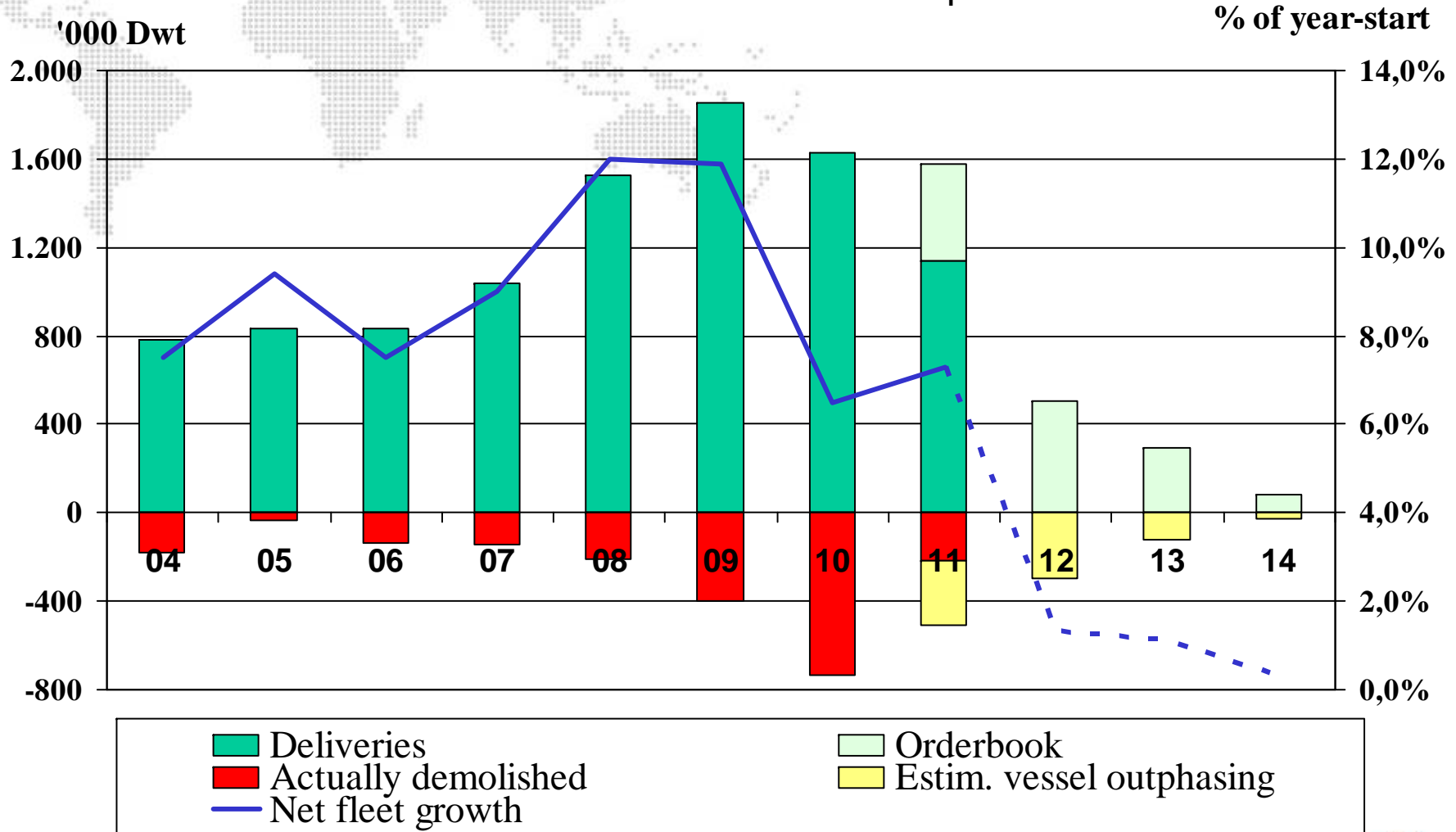


## MARKET UPDATE – TANK TERMINALS

- Continued high occupancy rates
- Reduced throughput
- Less traders' activities
- Results on budget

# Core Chemical Deep-sea Fleet 2004-2014

Orderbook and estimated demolition per 01.10.2011



Source: Odfjell

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





## PROSPECTS

- Uncertain when we can expect to see a significant and necessary recovery of the chemical tanker market
- Going forward a stagnation of supply in our segment is likely, but it is uncertain when this will translate into improved earnings
- We expect to see a moderate growth of volumes and activity, generating a continued slight improvement of our results in the fourth quarter
- We still expect our tank terminals results to remain stable, especially in view of our solid contract base



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## SUMMARY

- Signed definitive agreements for a strategic partnership with Lindsay Goldberg LLC. Transaction finalised with a gain of USD 270 million
- Strong and stable results from tank terminals
- Robust balance sheet and solid liquidity position
- Slightly improved markets
- Extraordinary dividend payment of USD 15 million (NOK 87 million) paid 8 November 2011

**Thank you! Questions?**

