



201

THIRD QUARTER REPORT 2014

201



Third Quarter Report 2014 Odfjell SE - Consolidated

Highlights 3Q 2014

- *Chemical Tankers EBITDA of USD 26 million, compared with USD 24 million in second quarter.*
- *Time-charter results down by 3%.*
- *Odfjell Terminals EBITDA of USD 4 million compared with negative USD 10 million in second quarter.*
- *Conclusion of gas carrier joint venture, resulting in a capital gain in excess of USD 6 million.*
- *Ongoing cost-cutting and efficiency review to significantly improve Odfjell results going forward.*

Key figures

(USD mill unaudited)	2Q14	3Q14	3Q13	YTD14	YTD13	FY13
Revenue	275	267	259	807	771	1,027
Share of net result from ass. and JVs ¹	(11)	(8)	30	(27)	25	(52)
EBITDA	13	19	61	41	101	41
EBIT	(9)	1	33	(22)	30	(57)
Net finance	(15)	(9)	(22)	(32)	(30)	(46)
Net result (loss)	(26)	(9)	9	(57)	(6)	(108)

¹ Revenues and profit from all joint ventures are as from 1 January 2014 accounted for according to the "equity method". All presented segment figures are based on internal management reporting using the "proportional consolidation method".

Business segments

Chemical Tankers

The activity in the chemical tanker markets in third quarter was quite similar to that of the previous period. Reduced spot trading to Asia from Europe and the US caused downward pressure on freight rates as fewer cargoes were available. Towards the end of the quarter the CPP market improved, which we expect will positively affect also the chemical tanker sector. Lower oil prices have started to reduce our bunker costs, but the downward trend in prices for oil products also seems to hamper trade and the activity in general.

Delays in port continue to rise, leaving even more ships competing for the already limited berth/dock availability at the key petrochemical hubs. This creates scheduling challenges for both customers and suppliers.

Chemical Tankers (USD mill)	2Q14	3Q14	3Q13	YTD14	YTD13	FY13
Revenue	270	263	262	795	771	1,028
Gross Result	49	51	52	141	151	193
EBITDA	24	26	30	67	79	98
EBIT	1	3	7	(2)	9	3
Net bunker price per tonne (USD)	559	565	565	563	555	556

Indices	30.06.14	30.09.14	30.09.13	31.12.13
Odfix (1990 = 100) ¹	126	122	120	114
Opex (2002 = 100) ²	161	156	168	167

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.

Fleet changes

In October we took delivery of the third of four coated chemical tankers from the Hyundai Mipo yard in South Korea. The last vessel is expected to be delivered in the fourth quarter. Vessels number one and two are on long-term bareboat charters to Odfjell, while the two remaining units will be fully owned by us.

Fleet additions (last 12 months)		DWT	Built	Tanks	Transaction
October 2014	Bow Trident	46,600	2014	Coated	Owned
August 2014	Kristin Knutsen	19,152	1998	Stainless	Short-term TC
June 2014	Bow Tribute	49,600	2014	Coated	Bareboat
May 2014	UACC Mansouria	45,352	2013	Coated	Short-term TC
April 2014	Bow Trajectory	49,600	2014	Coated	Bareboat
April 2014	Bow Harmony	33,619	2008	Stainless	Purchase
March 2014	SG Friendship	19,773	2003	Stainless	Medium-term TC
February 2014	Berlian Ekuator	35,000 cbm	2004	LPG	Short-term TC
January 2014	Celsius Mumbai	19,993	2005	Stainless	Medium-term TC
December 2013	RT Star	26,199	2011	Stainless	Medium-term TC
December 2013	Celsius Miami	19,991	2005	Stainless	Medium-term TC
November 2013	Celsius Manhattan	19,807	2006	Stainless	Medium-term TC
November 2013	Bow Condor	16,121	2000	Stainless	Purchase, J/V
October 2013	Bow Eagle	24,728	1988	Stainless	Short-term TC

Short-term: Up to one year
Medium-term: 1-3 years
Long-term: More than three years

Fleet disposals, owned (last 12 months)		DWT	Built	Tanks	Transaction
December 2013	Bow Mate	6,008	1999	Stainless	Sale
October 2013	Bow Eagle	24,728	1988	Stainless	Sale

Gas Carriers

The announced joint venture for our LPG/Ethylene vessels became effective 29 September 2014 when the transaction was closed concerning our sale of 50% of the shares in Odfjell Gas AS. A capital gain in excess of USD 6 million was realised as a result of this transaction.

Results for the third quarter are slightly down from previous quarter due to weak market conditions in Asia. Positive contribution however came from our vessel operating in the Western Hemisphere where utilization was satisfactory. We expect the trading conditions to recover somewhat in fourth quarter improving our overall result.

In September, our two 9,000 cbm LPG/Ethylene carriers Bow Gallant and Bow Guardian joined the Lauritzen Kosan pool, which now consists of 13 such vessels in total. Trading the vessels in a larger entity should create synergies and stability that will benefit our operations.

Gas Carriers (USD mill)	2Q14	3Q14	3Q13	YTD14	YTD13	FY13
Revenue	8	7	2	20	10	11
Gross Result	2	1	(1)	4	(1)	(1)
EBITDA	1	1	(1)	2	(2)	(3)
EBIT	1	7	(2)	7	(4)	(6)

Tank Terminals

Odfjell's shareholding in the tank terminals business delivered an EBITDA of USD 4 million in the third quarter.

With the exception of the tank terminals in Rotterdam and Charleston, the terminal results were positive and in line with previous quarter. The tank terminal group, excluding our terminal in Rotterdam, had a gross occupancy of 92% as by end of September.

Our terminal in Charleston is fully operational since the start of 2014, and contracts for the full capacity are in final negotiations. The addition of new stainless steel tank capacity in Houston was completed early September with full occupancy, and the new 17,150 cbm tank pit construction is underway with expected completion in 4Q 2015. The construction of the new Tianjin Terminal in China is progressing with start of operations scheduled in 1Q 2015.

Odfjell Terminals (Rotterdam)'s EBITDA for third quarter ended negative USD 6 million. The main part of the re-organisation and subsequent reduction of staff was completed as per 1 August, 2014. This has improved the cost base for the Company. The commercial focus remains on improving utilisation of the distillation units. Two tank-pits supporting the distillation units will be re-commissioned in fourth quarter of 2014.

Tank Terminals (USD mill)	2Q14	3Q14	3Q13	YTD14	YTD13	FY13
Revenue	24	23	33	70	104	129
Gross result	(2)	9	14	13	45	53
EBITDA	(10)	4	7	(6)	22	22
EBIT	(17)	(5)	17	(29)	20	(72)

EBITDA by geographical segment (USD mill.) ¹	2Q14	3Q14	3Q13	YTD14	YTD13	FY13
Europe	(20)	(6)	(8)	(34)	(25)	(33)
North America	4	3	4	10	10	14
Asia	4	4	7	11	21	23
Middle East	3	2	4	7	15	18
Total	(10)	4	7	(6)	22	22

¹ Revenues and the profit from the terminals included in the Lindsay Goldberg transaction in 2013 are recognised according to the new ownership percentages as from 1 September 2013.

Finance

As we have seen lower oil prices and a weaker NOK toward the end of the quarter, the market value of our hedging positions related to bunkers and NOK purchase are negatively affected. The unrealized value of these positions is booked in the balance sheet.

In connection with the delivery of Bow Trident, we drew on a new loan funded by export credit agencies and a relationship bank. The second tranche of this loan will be drawn on delivery of the fourth and final vessel from the yard.

Key figures (USD mill.)	30.09.13	30.09.14	31.12.13
Cash and available-for-sale investments	117	123	94
Interest bearing debt	1,111	1,198	1,138
Net interest bearing debt	994	1,075	1,044
Available drawing facilities	102	0	0
Total equity	829	681	759
Equity ratio	39.1%	33.4%	37.2%

Shareholder information

By end of September, Odfjell A and B shares were trading at NOK 26.60 and NOK 24.50 respectively, against NOK 28.70 and NOK 28.00 respectively at the close of the previous quarter. In the same period the Oslo Stock Exchange Benchmark Index lost 2% and the Transportation Index was reduced by 8%.

As of 30 September 2014 Odfjell had a market capitalisation of around NOK 2,265 million, which was equivalent to around USD 352 million.

Reducing cost and improving efficiency

The cost cutting and efficiency review was announced in May and fully mobilised as from July. Since then the process has been organized through work streams focusing on operating expenses, G&A, bunkers and trade optimization. The assessment phase has recently been completed. During the next two months all identified cost reductions will be subject to risk assessment and detailed planning. Implementation will take place as from January 2015. However, we will without delay continue implementing immediate cost saving and efficiency initiatives, related to reduced bunker consumption, trade optimization and selected cost items.



The immediate initiatives are expected to bring an annualised bottom line effect in excess of USD 50 million when fully implemented.

Prospects

US consumer confidence advanced in October to the highest in the past seven years as a result of further reductions in energy and transportation costs. The job market is continuing to improve, setting the stage for a stronger expansion of the US economy.

German GDP contracted 0.2% in the previous quarter, with manufacturing and construction's contribution to growth at best being none. The deterioration in manufacturing continued over the summer. EU unemployment rate remained at 11.5% in September, versus the OECD average of 7.3%, and confidence in the economy slipped to the lowest in a year. The EU economic recovery seen in the spring is now hitting headwinds from weak internal demand and weakening global trade.

China's gross domestic product grew at 7.4% in the January-September period compared with the previous 12-months period. China may lower its economic growth target to 7% next year as the Chinese government aims to improve economic structure. China has not missed its annual growth target since the Asian financial crisis of the late 1990s.

A sustained drop in oil prices would act as a significant stimulus for the global economy should oil prices stay low, pushing down the cost of other commodities and reduce energy prices and transportation costs. Odfjell will benefit from lower bunker prices, albeit not dollar for dollar as we have locked in a portion of our bunker exposure at certain levels through bunker adjustment clauses and hedging contracts.

We expect fourth quarter of 2014 to improve from the third quarter for our chemical tankers on a slightly stronger market, contract renewals, lower bunker costs and a reduced cost base. With regard to terminals, we expect improved results at Odfjell Terminals (Rotterdam) due to increased utilisation and a lower cost base. For the remainder of the terminals we expect a slight increase in earnings due to increase capacity.

Bergen, 12 November 2014

THE BOARD OF DIRECTORS OF ODFJELL SE

ODFJELL GROUP

	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY 2013
CONSOLIDATED INCOME STATEMENT							
(USD mill)							
Gross revenue	266	275	267	259	807	771	1 027
Voyage expenses	(130)	(127)	(123)	(127)	(380)	(363)	(489)
Time-charter expenses	(52)	(50)	(47)	(37)	(150)	(120)	(164)
Operating expenses	(43)	(48)	(44)	(47)	(136)	(143)	(189)
Gross result	41	50	51	49	142	146	186
Share of net result from associates and joint ventures	(7)	(11)	(8)	30	(27)	25	(52)
General and administrative expenses	(25)	(26)	(24)	(18)	(75)	(70)	(93)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	9	13	19	61	41	101	41
Depreciation	(23)	(23)	(24)	(23)	(70)	(68)	(89)
Capital gain (loss) on non-current assets	(0)	0	7	(5)	7	(4)	(9)
Operating result (EBIT)	(14)	(9)	1	33	(22)	30	(57)
Interest income	1	1	1	1	3	1	0
Interest expenses	(9)	(10)	(10)	(8)	(30)	(24)	(34)
Other financial items	1	(5)	0	(15)	(4)	(8)	(13)
Net financial items	(8)	(15)	(9)	(22)	(32)	(30)	(46)
Result before taxes	(22)	(24)	(8)	11	(54)	(0)	(103)
Taxes	(1)	(1)	(1)	(2)	(3)	(6)	(5)
Net result	(23)	(26)	(9)	9	(57)	(6)	(108)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME							
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Cash-flow hedges changes in fair value	1	(1)	(6)	10	(6)	6	6
Cash-flow hedges transferred to profit and loss statement	(1)	0	(2)	(3)	(3)	(6)	(7)
Share of comprehensive income on investments accounted for using equity method	(8)	2	(7)	(12)	(13)	(13)	(11)
Net other comprehensive income not being reclassified to profit or loss in subsequent periods:							
Net actuarial gain/(loss) on defined benefit plans	-	-	-	-	-	-	23
Other comprehensive income	(8)	1	(15)	(5)	(22)	(13)	12
Total comprehensive income	(31)	(24)	(24)	5	(78)	(18)	(96)
Net result allocated to:							
Non-controlling interests	-	-	-	-	-	-	0
Owner of parent	(23)	(26)	(9)	9	(57)	(6)	(108)
Total comprehensive income allocated to:							
Non-controlling interests	-	-	-	-	-	-	0
Owner of parent	(31)	(24)	(24)	5	(78)	(18)	(96)
Earnings per share (USD) – basic/diluted	(0.26)	(0.29)	(0.10)	0.12	(0.66)	(0.08)	(1.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1Q14	2Q14	3Q14	3Q13	FY2013
(USD mill)					
Ships	1 233	1 271	1 256	1 256	1 246
Newbuilding contracts	72	28	29	40	69
Other non-current assets	55	54	53	55	55
Investments in associates and joint ventures	374	361	397	454	390
Loan to associates and joint ventures	-	-	9	-	-
Non-current receivables	24	23	19	42	30
Total non-current assets	1 757	1 738	1 762	1 847	1 790
Current receivables	138	126	132	124	126
Bunkers and other inventories	27	21	23	30	35
Derivative financial instruments	4	3	-	3	4
Available-for-sale investments	10	10	10	10	10
Cash and cash equivalents	70	120	113	108	84
Total current assets	249	280	278	275	260
Assets held for sale	-	82	-	-	-
Total assets	2 006	2 100	2 040	2 122	2 050
Paid in equity	199	199	199	199	199
Other equity	530	506	482	630	560
Total equity	729	705	681	829	759
Non-current liabilities	26	26	24	53	16
Derivatives financial instruments	11	16	14	14	14
Non-current interest bearing debt	991	1 073	1 064	952	1 012
Total non-current liabilities	1 029	1 115	1 102	1 019	1 043
Current portion of interest bearing debt	131	142	134	159	124
Derivative financial instruments	9	10	21	12	9
Current liabilities	108	91	101	104	114
Total current liabilities	248	243	256	275	247
Liabilities held for sale	-	36	-	-	-
Total equity and liabilities	2 006	2 100	2 040	2 122	2 050

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (USD mill)	Paid in equity	Exchange rate differences	Cash-flow hedge reserves	Available for sale reserve	Pension remeasure- ment	OCI associates and joint ventures	Retained equity	Total other equity	Non- controlling interests	Total equity
Equity as at 1.1.2013	83	24	(12)	0	(10)	-	822	824	6	914
Change in accounting principle ¹⁾	-	(27)	-	-	-	27	-	-	-	-
Equity as at 1.1.2013 adjusted for changes	83	(3)	(12)	0	(10)	27	822	824	6	914
Comprehensive income	-	-	(1)	0	-	(11)	(6)	(18)	-	(18)
Other adjustments	-	-	-	-	-	-	(18)	(18)	-	(18)
Share repurchases	(3)	-	-	-	-	-	(39)	(39)	-	(42)
Disposal minority	-	-	-	-	-	-	-	-	(6)	(6)
Demerger	119	-	-	-	-	-	(119)	(119)	-	-
Equity as at 30.9.2013	199	(3)	(13)	1	(10)	16	640	630	-	829
Equity as at 1.1.2014	199	10	(1)	0	17	-	533	560	-	759
Change in accounting principle ¹⁾	-	(13)	2	-	-	11	-	-	-	-
Equity as per 1.1.2014 adjusted for changes	199	(3)	1	0	17	11	533	560	-	759
Comprehensive income	-	-	(9)	0	-	(13)	(57)	(78)	-	(78)
Equity as at 30.9.2014	199	(3)	(8)	1	17	(1)	476	482	-	681

¹⁾The Group has applied IFRS 11 from 1 January 2013. The effect on the change in accounting principles is further described in note 1 and note 9. The change has no effect on the total equity, except for reclassification of items within the equity.

	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY 2013
PROFITABILITY							
Earnings per share (USD) - basic/diluted	(0.26)	(0.29)	(0.10)	0.12	(0.66)	(0.08)	(1.35)
Return on total assets ¹⁾	(2.6%)	(5.8%)	(1.4%)	1.2%	(1.9%)	0.8%	(3.6%)
Return on equity ¹⁾	(12.1%)	(14.2%)	(8.1%)	(2.3%)	(10.9%)	(1.7%)	(12.8%)
Return on capital employed ¹⁾	(2.8%)	(2.1%)	(0.9%)	4.3%	(1.6%)	3.1%	(6.4%)
FINANCIAL RATIOS							
Average number of shares (mill.) ²⁾	86.8	86.8	86.8	78.6	86.8	79.7	79.4
Basic/diluted equity per share (USD)	8.4	8.1	7.8	10.6	7.8	10.6	9.7
Share price per A-share (USD)	5.9	4.7	4.1	6.7	4.1	6.7	6.7
Debt repayment capability (Years)	347.7	NA	32.0	17.9	132.6	17.9	15.7
Current ratio	1.0	1.3	1.1	1.0	1.1	1.0	1.1
Equity ratio	36.3%	33.6%	33.4%	39.1%	33.4%	39.1%	37.2%
USD/NOK rate at period end	6.01	6.13	6.43	6.00	6.43	6.00	6.08

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

²⁾ On 1 October 2012 Odfjell SE entered into a Total Return Swap (TRS) agreement with DNB Markets. The TRS comprised 5,891,166 A-shares and 2,322,482 B-shares with pre agreed strike prices. The TRS was terminated 5 February 2013.

CONSOLIDATED CASH-FLOW STATEMENT

(USD mill)	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY2013
CASH-FLOW FROM OPERATING ACTIVITIES							
Profit before income taxes	(22)	(24)	(8)	11	(54)	(0)	(103)
Taxes paid in the period	(2)	(0)	(0)	-	(3)	(18)	(17)
Depreciation and impairment	23	23	24	23	70	68	89
Capital (gain) loss on non-current assets	-	0	(7)	5	(7)	4	9
Inventory (increase) decrease	8	6	(1)	(6)	12	6	0
Trade debtors (increase) decrease	4	1	(18)	(3)	(12)	(12)	8
Trade creditors increase (decrease)	(3)	(13)	23	6	7	10	(50)
Difference in pension cost and pension premium paid	0	0	0	4	0	(2)	(4)
Share of net result from associates and joint ventures	7	11	8	(32)	27	(25)	52
Effect of exchange differences	(0)	(0)	0	(2)	0	(2)	14
Change in other current accruals	(14)	22	(13)	(20)	(7)	1	19
Net cash-flow from operating activities	1	24	8	(12)	34	30	17
CASH-FLOW FROM INVESTING ACTIVITIES							
Sale of non-current assets	-	-	-	-	-	8	22
Investment in non-current assets	(8)	(99)	(8)	(14)	(115)	(86)	(141)
Capital contribution/investments in shares	-	-	-	(41)	-	1	7
Available-for-sale investments	0	(0)	(0)	(0)	(0)	2	14
Changes in non-current receivables	6	1	(3)	26	4	7	7
Net cash-flow from investing activities	(2)	(99)	(10)	(29)	(111)	(68)	(91)

	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY 2013
CASH-FLOW FROM FINANCING ACTIVITIES							
New interest bearing debt	18	152	27	72	197	265	388
Repayment of interest bearing debt	(32)	(27)	(30)	(124)	(90)	(197)	(309)
Purchase of treasury shares	-	-	-	-	-	(42)	(42)
Net cash-flow from financing activities	(14)	124	(3)	(53)	107	25	37
Effect on cash balances from currency exchange rate fluctuations	0	0	(0)	0	(0)	(1)	(0)
Net change in cash and cash equivalents	(15)	50	(6)	(93)	29	(14)	(37)
Opening cash and cash equivalents	84	70	120	202	84	122	122
Closing cash and cash equivalents	70	120	113	108	113	108	84

Notes to the 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 Mohrsv. 29, Bergen, Norway.

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

The interim consolidated financial statements for the first nine months ended 30 September 2014 for Odfjell Group 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 31 December 2013.

The interim financial statements are unaudited.

New standards, interpretations and amendments adopted by the Group

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 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group has applied for the first time IFRS 11 'Joint arrangements'. The IFRS 11 replaces IAS 31 'interest in joint ventures'. IFRS 11 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. The joint operations arise when the investors have right to assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses

The prior policy choice of proportionate consolidation for jointly controlled entities in accordance with IAS 31 has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint operations today.

Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the Equity method. After evaluating IFRS 11, Management has considered that the Group's interest in its joint arrangements is within the definition of a 'joint venture'. The consequence of applying IFRS 11 is that all entities previously accounted for by applying the proportionate consolidated method now is accounted for by applying the Equity method. Comparative figures in the income statement and statement of financial position have been adjusted accordingly. The effect of changes in the accounting principles are shown in note 9.

Several other new standards and interpretations apply for the first time in 2014. However, they do not impact annual consolidated financial statements or the interim financial statements of the Group. These standards are:

IFRS 10 ‘consolidated financial statements’

The standard changes the definition of control so that the same criteria are applied to all entities to determine control. The revised definition of control focuses on the need to have both power and variable returns before control is present. The new definition does not result in any change in the consolidation for the Group.

IFRS 12 ‘disclosure of interests in other entities’

IFRS 12 requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entities interest in subsidiaries, joint ventures and associates. IFRS 12 have no impact on the interim financial statements.

There have in addition been made minor adjustments to IAS 19 ‘employee benefits’, IAS 32 ‘Financial instruments: presentation’, IAS 39 ‘financial instruments’, IAS 36 ‘impairment of assets’ and IFRIC 21 ‘levies’. These changes have no material impact of the Group’s annual financial statements or the interim financial statements.

Note 2 – Segment information

Management has determined the operating segments based on the information regularly review by senior 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 the joint venture Odfjell Terminals AS.

Gas Carriers: The Group re-entered into the LPG market in 2012 by acquiring two LPG/Ethylene carriers, and Odfjell Gas has today eight vessels on order for delivery between 2015 and 2017.

(USD mill)	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY2013
Chemical Tankers	263	270	263	262	795	771	1 028
Gas Carriers	5	8	7	2	20	10	11
Tank Terminals	23	24	23	33	70	104	129
Gross revenue from internal customers	(1)	1	(1)	(2)	(1)	(3)	(3)
Total gross revenue	290	302	292	296	885	882	1 165
Chemical Tankers	17	24	26	30	67	79	98
Gas Carriers	0	1	1	(1)	2	(2)	(3)
Tank Terminals	(0)	(10)	4	7	(6)	22	22
Total operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	17	15	31	37	63	100	117
Chemical Tankers	(6)	1	3	7	(2)	9	3
Gas Carriers	(1)	1	7	(2)	7	(4)	(6)
Tank Terminals	(8)	(17)	(5)	17	(29)	20	(72)
Total operating result (EBIT)	(15)	(15)	5	23	(24)	25	(75)
Chemical Tankers	(17)	(12)	(5)	(0)	(34)	(25)	(46)
Gas Carriers	(1)	0	5	(2)	4	(6)	(8)
Tank Terminals	(4)	(14)	(9)	12	(27)	25	(53)
Total net result	(22)	(26)	(9)	9	(57)	(6)	(108)
Chemical Tankers	1 568	1 672	1 662	1 616	1 662	1 616	1 625
Gas Carriers	81	-	67	65	67	65	50
Tank Terminals	673	674	654	770	654	770	685
Assets held for sale	-	82	-	-	-	-	-
Total assets	2 322	2 428	2 383	2 451	2 383	2 451	2 360

Reconciliation:

(USD mill)	1Q14	2Q14	3Q14	YTD 2013	FY 2013
Total gross revenue segments	290	302	292	882	1 165
Revenue from associates and joint ventures - Tank terminals	(23)	(24)	(24)	(104)	(129)
Revenue from associates and joint ventures - Chemical Tankers	(1)	(3)	(2)	(6)	(8)
Total gross revenue income statement	266	275	267	771	1 027
Total EBITDA segments	17	15	31	100	117
EBITDA from associates and joint ventures - Tank terminals	(0)	10	(4)	(22)	(22)
EBITDA from associates and joint ventures - Chemical Tankers	(0)	(1)	(1)	(2)	(2)
Share of net result from associates and joint ventures	(7)	(11)	(8)	25	(52)
Total EBITDA income statement	9	13	19	101	41
Total segment EBIT	(15)	(15)	5	25	(75)
Segment EBIT from associates and joint ventures – Tank terminals	8	17	5	(20)	72
Segment EBIT from associates and joint ventures - Chemical Tankers	(0)	(0)	(1)	(0)	(1)
Share of net result from associates and joint ventures	(7)	(11)	(8)	25	(52)
Total EBIT income statement	(14)	(9)	1	30	(57)

Note 3 - Net interest bearing liabilities

(USD mill)	3Q14	3Q13	FY2013
Loans from financial institutions – floating interest rate	474	496	542
Financial leases	260	169	183
Bonds	336	294	294
Current portion interest bearing debt	134	159	124
Transaction costs	(6)	(7)	(7)
Total interest bearing debt	1 198	1 111	1 136
Cash and cash equivalent	(113)	(108)	(84)
Available for sale investments	(10)	(10)	(10)
Net interest bearing liabilities	1 075	993	1 042

(USD mill)	3Q14	3Q13	FY2013
New interest bearing debt	27	72	388
Disposal of interest bearing debt	(15)	-	-
Payment of interest bearing debt	(30)	(124)	(309)

Note 4 – Transactions with related parties

In the normal course of the conduct of its business, the Group enters into a number of transactions with related parties. Odfjell considers these arrangements to be on reasonable market terms.

Note 5 – Non-current assets

(USD mill)	3Q14	3Q13	FY2013
Net carrying amount beginning	1 369	1 345	1 345
Investments in non-current assets	115	86	141
Sale of non-current assets	(77)	(11)	(28)
Depreciation and impairment	(70)	(68)	(89)
Exchange differences	-	(1)	1
Net carrying amount end	1 338	1 351	1 370

Note 6 – Fair value and financial instruments

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The measurement used by Odfjell is either level 1 or 2, where level 1 is quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date, and level 2 are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. For some non-derivative financial assets and liabilities we consider carrying amount to be the best estimate of fair value due to short maturity date and valid terms, i.e. current receivables and payables.

During 2014 there have been no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstances that caused the transfer.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

(USD mill)	3Q14 Level 1	3Q14 Level 2	3Q13 Level 1	3Q13 Level 2
Recurring fair value measurement				
Financial assets at fair value through profit or loss:				
Derivatives instruments – non hedging	-	-	-	-
Derivatives instruments - hedging	-	-	-	3
Financial liabilities at fair value through profit or loss:				
Derivatives instruments – non hedging	-	26	-	22
Derivatives instruments - hedging	-	9	-	4
Available-for-sale-investments	10	-	10	-

Note 7 – Investments in associates and 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:

(USD mill)	YTD14				YTD13		Total
	Chemical Tankers	Tank Terminals	Gas Carriers	Total	Chemical Tankers	Tank Terminals	
Gross revenue	7	70	-	77	5	104	109
EBITDA	(1)	(6)	-	(7)	1	22	23
EBIT	(1)	(29)	-	(30)	1	20	21
Net result	(0)	(27)	-	(27)	0	25	25
Non-current assets	9	588	53	650	5	641	646
Current assets	8	65	16	89	5	131	137
Total assets	17	653	69	739	10	772	783
Total equity closing balance	10	333	54	397	9	444	454
Non-current liabilities	3	256	13	272	0	244	244
Current liabilities	4	64	2	70	1	84	85
Total liabilities	7	320	15	343	1	328	329

Note 8 – Other financial items

(USD mill)	1Q14	2Q14	3Q14	3Q13	YTD 2014	YTD 2013	FY2013
Changes in fair value in derivatives	1	(8)	(5)	(4)	(12)	8	8
Currency gains (losses)	0	8	6	(11)	14	(9)	(14)
Other	(1)	(5)	(0)	(1)	(6)	(7)	(7)
Total other financial items	1	(5)	0	(15)	(4)	(8)	(13)

Included in “Other” in second quarter are provisions related to specific indemnity clauses in the global partnership agreement with Lindsay Goldberg.

Note 9 – Figures presented based on Proportionate method

With the effect from 1 January 2014 Odfjell changed from Proportionate method to equity method. Below figures are presented based on Proportionate method for comparison purposes.

CONSOLIDATED INCOME STATEMENT	Proportional method YTD 2014	Proportional method FY 2013
(USD mill)		
Gross revenue	885	1 165
Voyage expenses	(383)	(491)
Time-charter expenses	(150)	(165)
Operating expenses	(195)	(268)
Gross result	157	241

Share of net result from associates and joint ventures	0	1
General and administrative expenses	(94)	(125)
Operating result before depreciation, amortisation and capital gain (loss) on non-current assets (EBITDA)	63	117
Depreciation	(94)	(126)
Impairment	-	(81)
Capital gain (loss) on non-current assets	7	16
Operating result (EBIT)	(24)	(75)
Interest income	2	5
Interest expenses	(37)	(51)
Other financial items	(10)	6
Net financial items	(45)	(40)
Result before taxes	(69)	(115)
Taxes	12	7
Net result	(57)	(108)
	Proportional method	Proportional method
	30.09.2014	31.12.2013
Intangible assets	43	44
Ships	1 295	1 256
Newbuilding contracts	50	69
Tank terminals	498	492
Other non-current assets	83	85
Investments in associates and joint ventures	21	23
Non-current receivables	26	33
Total non-current assets	2 016	2 002
Current receivables	161	155
Bunkers and other inventories	24	37
Derivative financial instruments	-	4
Available-for-sale investments	10	10
Cash and cash equivalents	172	152
Total current assets	367	357
Total assets	2 383	2 360
Paid in equity	199	199
Other equity	482	560
Total equity	681	759
Non-current liabilities	51	65
Derivatives financial instruments	17	17
Non-current interest bearing debt	1 306	1 216
Total non-current liabilities	1 375	1 298
Current portion of interest bearing debt	155	134
Derivative financial instruments	21	9
Current liabilities	151	159
Total current liabilities	327	302
Total equity and liabilities	2 383	2 360



Note 10 – Disposals

Odfjell announces 1 October 2014 that the transaction with Breakwater Capital and Oak Hill Advisors, L.P. has been closed. The closing took place on 30 September 2014. In accordance with the joint venture agreement, Breakwater Capital and Oak Hill Advisors, L.P. invested approximately USD 50 million as consideration for the 50% equity interest in Odfjell's LPG/Ethylene business (Odfjell Gas AS). Further, Odfjell and the Partners have each agreed to commit approximately USD 50 million to finance the existing newbuilding programme for the joint venture. Odfjell and the Partners aim, through consolidation and partnerships with other first class operators, to build a leading LPG/Ethylene carriers platform founded upon operational excellence, a modern and eco-friendly fleet and a long-term market perspective.

Up to 30 September 2014, Odfjell has consolidated Odfjell Gas AS 100%. Upon loss of control at 30 September 2014, Odfjell recognised its retained investment (50%) in Odfjell Gas AS at its fair value. The gain on re-measurement of about USD 6 million is recognised in the income statement. On 30 September 2014, the remaining investment in Odfjell Gas AS is recognised according to the equity method.

Odfjell announced 18 June 2013 that the transaction to expand the joint venture with Lindsay Goldberg to include substantially all of the Odfjell's tank terminals business globally had been closed. As part of the transaction, Lindsay Goldberg has acquired a 49% interest in Odfjell Terminals AS ("OTAS"), the holding company for Odfjell's tank terminals activities. In exchange for a 49% share in OTAS, Lindsay Goldberg made a cash investment in OTAS, by way of a capital increase of USD 219.2 million. OTAS is now owned 51% by Odfjell and 49% by Lindsay Goldberg. Odfjell realized a book gain of USD 24.5 million related to the transaction, accounted for in 3Q 2013.

FLEET & TERMINAL OVERVIEW as per 10 November 2014

CHEMICAL TANKERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	STAINLESS STEEL, CBM	NUMBER OF TANKS
Bow Trident	2014	49 622	53 188	-	22
Bow Pioneer	2013	75 000	86 000	-	30
Bow Nangang	2013	9 156	10 523	10 523	14
Bow Dalian	2012	9 156	10 523	10 523	14
Bow Fuling	2012	9 156	10 523	10 523	14
Bow Lind	2011	46 047	48 698	-	29
Bow Elm	2011	46 098	48 698	-	29
Flumar Brasil	2010	51 188	55 452	-	14
Bow Harmony	2008	33 619	38 052	38 052	16
Bow Saga ¹	2007	40 085	52 126	52 126	40
Bow Sirius ¹	2006	49 539	52 155	52 155	40
Bow Sea	2006	49 511	52 107	52 107	40
Bow Engineer	2006	30 086	36 274	36 274	28
Flumar Maceio	2006	19 975	21 713	21 713	22
Bow Summer	2005	49 592	52 128	52 128	40
Bow Spring	2004	39 942	52 127	52 127	40
Bow Star	2004	39 832	52 127	52 127	40
Bow Santos	2004	19 997	21 846	21 846	22
Bow Sun	2003	39 842	52 127	52 127	40
Bow Firda	2003	37 427	40 645	40 645	47
Bow Chain	2002	37 518	40 621	40 621	47
Bow Andes	2000	16 020	17 120	17 120	22
Bow Condor	2000	16 121	17 622	17 622	30
Bow Fortune	1999	37 395	40 619	40 619	47
Bow Master	1999	6 046	7 018	7 018	14
Bow Pilot	1999	6 008	7 005	7 005	14
Bow Sailor	1999	6 008	7 011	7 011	14
Bow Cecil	1998	37 369	40 515	33 236	47
Bow Flora	1998	37 369	40 515	33 236	47
Bow Balearia	1998	5 846	6 075	6 075	20
Bow Oceanic	1997	17 460	19 616	19 616	24
Bow Bracaria	1997	5 846	6 071	6 071	20
Bow Brasilia	1997	5 800	6 067	6 067	20
Bow Cardinal	1997	37 446	41 487	34 208	52
Bow Faith	1997	37 479	41 487	34 208	52
Bow Aratu	1997	13 843	15 834	15 834	29
Bow Querida	1996	10 106	11 181	11 181	18
Bow Cedar	1996	37 455	41 488	41 488	52
Bow Atlantic	1995	17 460	19 588	19 588	24
Bow Fagus	1995	37 375	41 608	34 329	52
Bow Clipper	1995	37 221	41 596	34 328	52
Bow Flower	1994	37 221	41 492	34 213	52
Bow Victor	1986	33 000	34 500	21 975	31

TIME CHARTERED/POOL:

Bow Tribute ²	2014	49 622	53 188	-	22
Bow Trajectory ²	2014	49 622	53 188	-	22
UACC Mansouria	2013	45 352	52 566	-	22
UACC Marah	2013	45 249	52 565	-	22
Chemroad Hope	2011	33 552	37 161	37 161	18
RT Star	2011	26 199	27 912	27 912	18
SG Pegasus	2011	13 086	14 523	14 523	16
Southern Koala	2010	21 290	20 008	20 008	20
Bow Tone	2009	33 625	37 974	37 974	16
Bow Hector	2009	33 694	37 384	37 384	16
Southern Ibis	2009	19 905	22 158	22 158	20
Southern Jaguar	2009	19 997	22 157	22 157	20
Bow Sagami	2008	33 641	38 000	38 000	16
Bow Kiso	2008	33 641	37 974	37 974	16
Bow Heron	2008	33 707	37 365	37 365	16
Celsius Mayfair	2007	19 999	21 714	21 714	20
Bow Fuji	2006	19 805	22 140	22 140	22
Celsius Manhattan	2006	19 807	22 143	22 143	22
Moyra	2005	19 806	22 838	22 838	18
Bow Sky ²	2005	40 005	52 126	52 126	40
Bow Architect	2005	30 058	36 290	36 290	28
Celsius Monaco	2005	19 999	21 851	21 851	22
Celsius Mumbai	2005	19 993	22 186	22 186	22
Celsius Miami	2005	19 991	22 192	22 192	22
Chembulk Sydney	2005	14 271	16 571	16 571	20
Golden Top	2004	12 705	13 388	13 388	22
Chembulk Wellington	2004	14 312	15 591	15 591	20
Bow Asia ²	2004	9 901	11 088	11 088	20
Bow Singapore ²	2004	9 888	11 089	11 089	20
Bow Americas	2004	19 707	22 735	22 735	36
SG Friendship	2003	19 773	21 651	21 651	26
Bow Jubail ²	1996	37 499	41 488	34 209	52
Bow Mekka ²	1995	37 272	41 606	34 257	52
Bow Riyad ²	1995	37 221	41 492	34 213	52
Kristin Knutsen	1998	19 152	19 409	19 409	34
Number of ships:	78	2 211 628	2 476 881	1 887 964	2 211

¹ Vessel beneficially owned through financial lease.

² Vessel on bare-boat charter.

³ Vessel on variable time charter/pool.

LPG/ETHYLENE CARRIERS OWNED:

SHIP	YEAR BUILT	DWT	CBM	TYPE	NUMBER OF TANKS
Bow Gallant ³	2 008	10 282	8 922	LPG/Ethylene	2
Bow Guardian ³	2 008	10 282	8 922	LPG/Ethylene	2
Berlian Ekuator	2 004	26 776	35 000	LPG/Ammonia	3
Number of ships:	3	47 340	52 844		7

ON ORDER:

YARD	DELIVERY	DWT	OWNER	COMMENT
Hyundai Mipo Dockyard., Ltd	2014	49 622	Odfjell	
Number of newbuildings:	1	49 622		

LPG/ETHYLENE CARRIERS

YARD	DELIVERY	CBM	OWNER	COMMENT
Nantong Sinopacific Offshore & Engineering Co., Ltd	2015	17 000	Odfjell Gas	50/50 JV
"	2015	17 000	Odfjell Gas	"

"	2016	17 000	Odfjell Gas	"
"	2016	17 000	Odfjell Gas	"
"	2016	22 000	Odfjell Gas	"
"	2016	22 000	Odfjell Gas	"
"	2017	22 000	Odfjell Gas	"
"	2017	22 000	Odfjell Gas	"
Number of newbuildings:		8	156 000	

TANK TERMINALS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	TANKS
Odfjell Terminals (Rotterdam) BV	Rotterdam, NL	51 %	1 636 100	32 550	281
Odfjell Terminals (Houston) Inc	Houston, USA	51 %	362 134	112 833	110
Odfjell Terminals (Charleston) LLC	Charleston, USA	51 %	79 491	-	9
Odfjell Terminals (Jiangyin) Co Ltd	Jiangyin, China	28.05 %	99 800	30 000	22
Odfjell Terminals (Dalian) Ltd	Dalian, China	25.5 %	119 750	18 350	51
Odfjell Terminals (Korea) Co Ltd	Onsan, Korea	25.5 %	313 710	15 860	85
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	25.5 %	365 051	13 520	79
Oiltanking Odfjell Terminal & Co. LLC	Sohar, Oman	15.17 %	1 294 780	-	66
Noord Natie Terminals	Antwerp, Belgium	12.75%	350 000	50 800	241
Exir Chemical Terminals PJSCO	BIK, Iran	35 %	22 000	1 000	18
Total terminals	10 terminals		4 642 816	274 913	962

PROJECTS AND EXPANSIONS	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	COMPLETION
Odfjell Nangang Terminals (Tianjin) Co.,Ltd	Tianjin, China	24.99%	137 800	7 000	Q4 2014
Odfjell Terminals (Houston) Inc	Houston, USA	51 %	17 170	-	Q2 2014/Q3 2015
Oiltanking Odfjell Terminal Singapore Ltd	Singapore	25.5 %	12 000	-	Q1 2015
Odfjell Terminals Quanzhou (Fujian)	Quanzhou, China	25.5%	184 000	-	Q1 2016
Total expansion terminals	2 new terminals		350 970	7 000	

TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	TANKS
Depositos Quimicos Mineros S.A.	Callao, Peru		52 980	1 600	43
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	-	35
Granel Quimica Ltda	Ladario, Brazil		8 060	-	6
Granel Quimica Ltda	Triunfo, Brazil		12 430	-	3
Granel Quimica Ltda	Teresina, Brazil		7 640	-	6
Granel Quimica Ltda	Palmas, Brazil		11 000	-	8
Odfjell Terminals Tagsa S.A.	Buenos Aires, Argentina		38 826	530	56
Odfjell Terminals Tagsa S.A.	Campana, Argentina		68 580	10 190	102
Terquim S.A.	San Antonio, Chile		32 840	-	25
Terquim S.A.	Mejillones, Chile		16 840	-	7
IMTT-Quebec	Quebec, Canada		293 130	5 500	53
Total tank terminals partly owned by related parties	13 terminals		776 906	40 600	475

PROJECTS AND EXPANSIONS TANK TERMINALS PARTLY OWNED BY RELATED PARTIES*)	LOCATION	OWNER SHIP**)	CBM	STAINLESS STEEL, CBM	COMPLETION
Depositos Quimicos Mineros S.A.	Callao II, Peru		17 850	-	ready Q4 2015
Granel Quimica Ltda	Santos II, Brazil		52 000	-	ready Q4 2016
Granel Quimica Ltda	Sao Luis II, Brazil		52 750	-	ready Q2 2015
Granel Quimica Ltda	Palmas, Brazil		6 000	-	ready Q2 2015
Total expansion tank terminals partly owned by related parties	2 new terminals		128 600	-	

Grand total (incl. related tank terminals partly owned by related parties)	23 existing terminals		5 419 722	315 513	
---	------------------------------	--	------------------	----------------	--

*) Tank terminals and projects partly owned by Odfjell family.

**) Odfjell SE's indirect ownership share



ODFJELL SE

Conrad Mohrsveg 29,
P.O.Box 6101 Postterminalen
5892 Bergen, Norway
Tel: +47 5527 0000
Fax: +47 5528 4741
E-mail: ir@odfjell.com
Org. no: 930 192 503

Investor Relations contact

Tom A. Haugen
Phone: + 47 55 27 46 69
Mobile: + 47 90 59 69 44
tom.haugen@odfjell.com

Media contact

Margrethe Gudbrandsen
Phone: + 47 55 27 45 48
Mobile: + 47 48 07 47 47
margrethe.gudbrandsen@odfjell.com

www.odfjell.com