

# 4th Quarter and Annual 2008 Result

## Oslo 4 February 2009



# HIGHLIGHTS 2008

- Time-charter results 4% lower
- Strong results from tank terminals
- Net capital gain of USD 43 million in fourth quarter
- Hedging of bunkers and currency reduced EBITDA by USD 24 million in the 4<sup>th</sup> quarter
- Revised transition rules for Norwegian tonnage tax reduced tax cost by USD 22 million
- EBITDA 2008 USD 287 million
- Net result 2008 USD 163 million
- Proposed dividend NOK 1.00 per share
- New CEO/President

# RESULT 4TH QUARTER 2008

(USD million)	4Q08	4Q07	Change
Gross Revenue	354	326	28
Voyage Expenses	(136)	(120)	(17)
TC Expenses	(54)	(35)	(19)
Operating Expenses	(82)	(74)	(7)
General and Administrative Expenses	(30)	(35)	4
Operating Result before Depr. (EBITDA)	51	63	(12)
Depreciation	(31)	(38)	7
Capital Gain/Loss on Fixed Assets	43	0	43
Operating Result (EBIT)	63	25	38
Net finance	(2)	(16)	14
Taxes	19	(144)	163
Net Result	81	(134)	215

# RESULT 2008

(USD million)	2008	2007	Change
Gross Revenue	1 476	1 239	237
Voyage Expenses	(548)	(395)	(153)
TC Expenses	(197)	(145)	(51)
Operating Expenses	(330)	(282)	(48)
General and Administrative Expenses	(117)	(102)	(14)
Operating Result before Depr. (EBITDA)	286	315	(29)
Depreciation	(141)	(136)	(5)
Capital Gain/Loss on Fixed Assets	53	25	28
Operating Result (EBIT)	198	204	(6)
Net finance	(52)	(61)	9
Taxes	17	(153)	170
Net Result	163	(10)	173



# RESULT 2008 - “ADJUSTED”

(USD million)	1Q08	2Q08	3Q08	4Q08	2008	2007
Net Result	15	26	41	81	163	(10)
Norwegian Back-Taxes	11			22	33	(140)
Capital Gain	1	7	3	43	53	25
Currency Gain (Loss)	(8)	2	13	14	21	2
”Adjusted” Result	11	17	25	2	56	103

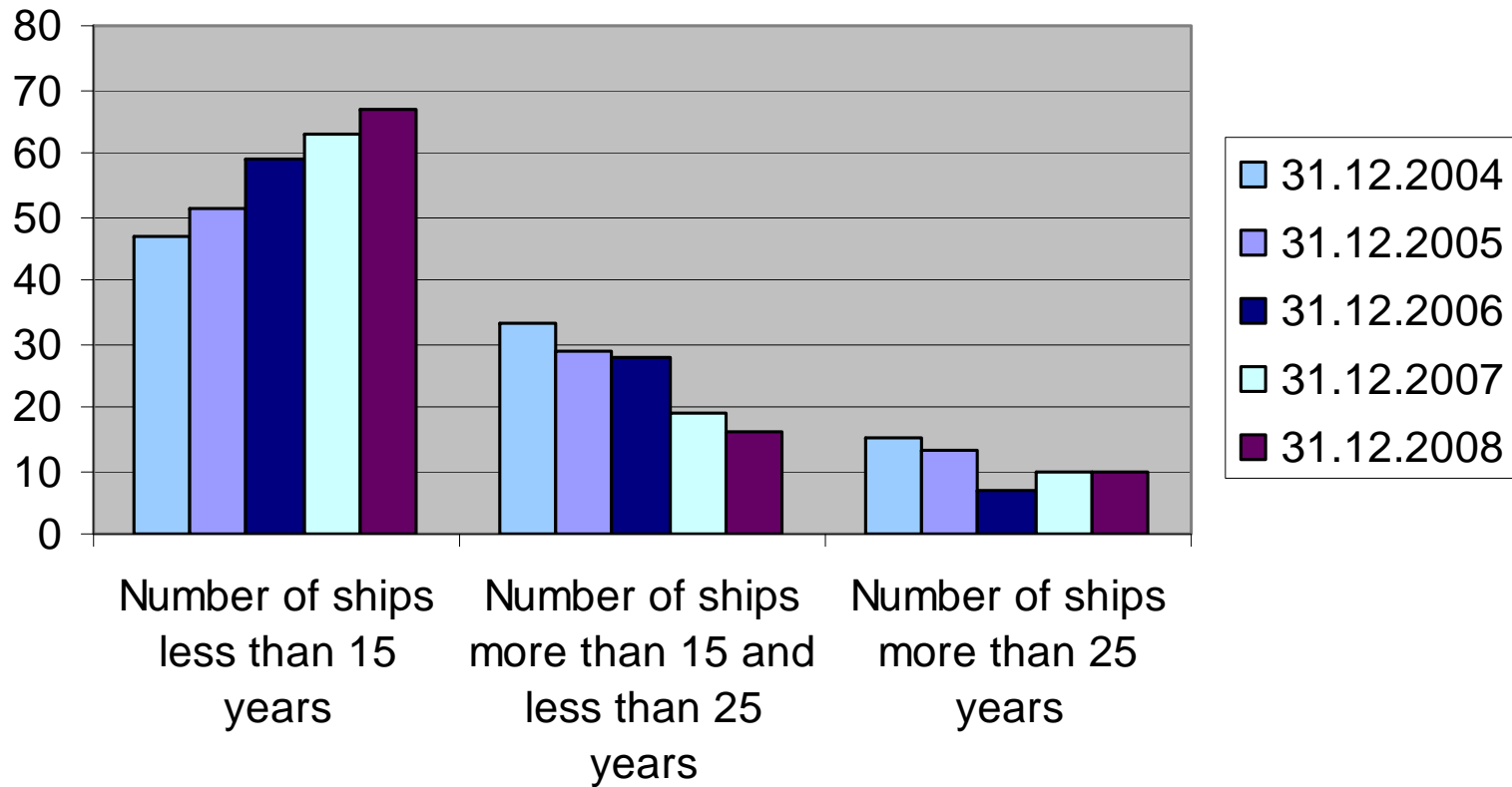
# FLEET DEVELOPMENT 2008

- Purchase of M/T Bow Santos, previously on time-charter
- Delivery of two 19 900 dwt and two 33 000 dwt stainless steel newbuildings on long-term time-charter from Japanese owners
- 100% take over of Flumar, including four ships previously 50% owned
- Agreement signed with Chuan Dong Shipyard for a series of six 9 000 dwt stainless steel chemical tankers and one 8 200 dwt coated chemical tanker to serve the domestic market in China. Delivery 2010 to 2012 for the first six vessels
- Cancellation of contract for up to twelve ships with Sevmash

# FLEET DEVELOPMENT 2008

- Sale of M/T Bow Condor (27 950 dwt/1978), M/T Bow Lancer (35 100 dwt/1980), M/T Bow Maasstad (38 039 dwt/1983) and Bow Bahia (5 870 dwt/1996), en-bloc together with Ahrenkiel's Multitank Bologna
- Sale of Bow Santos (19 997dwt), with a five year bare-boat charter
- Sale of Bow Sky (40 005 dwt/2005), with an eleven year bare-boat charter
- Bare-boat from NCC three 37 000 dwt (Kværner ships) built '95 and '96 for 10 years with purchase option
- Time-charter three 23 000 dwt stainless steel tankers built '82 and '88 for 3 – 6 years

# FLEET DEVELOPMENT – VESSEL AGE



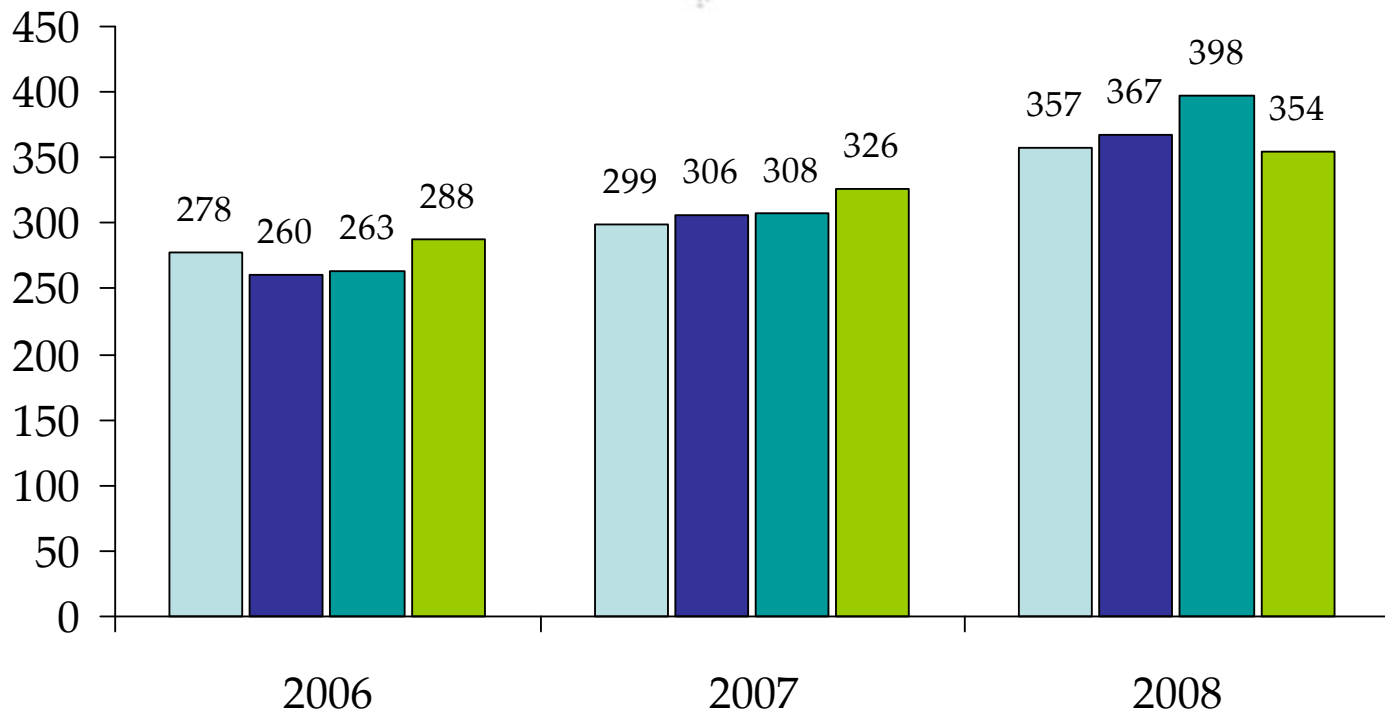
# TANK TERMINAL DEVELOPMENT 2008

- The expansion of the tank terminal activities continues with investments of about USD 215 million, primarily related to the terminals in Houston, Rotterdam, Singapore, Oman and Dalian
- Oman became operational with 500,000 cbm capacity, a 300,000 cbm expansion program will be completed 1Q2009
- In Rotterdam 10,000 cbm of new capacity became operational 2Q08, the remaining 10,000 cbm of the expansion program is scheduled to become operational in the 1Q09



# GROSS REVENUE

Per Quarter (in USD million)



Accumulated

1 089

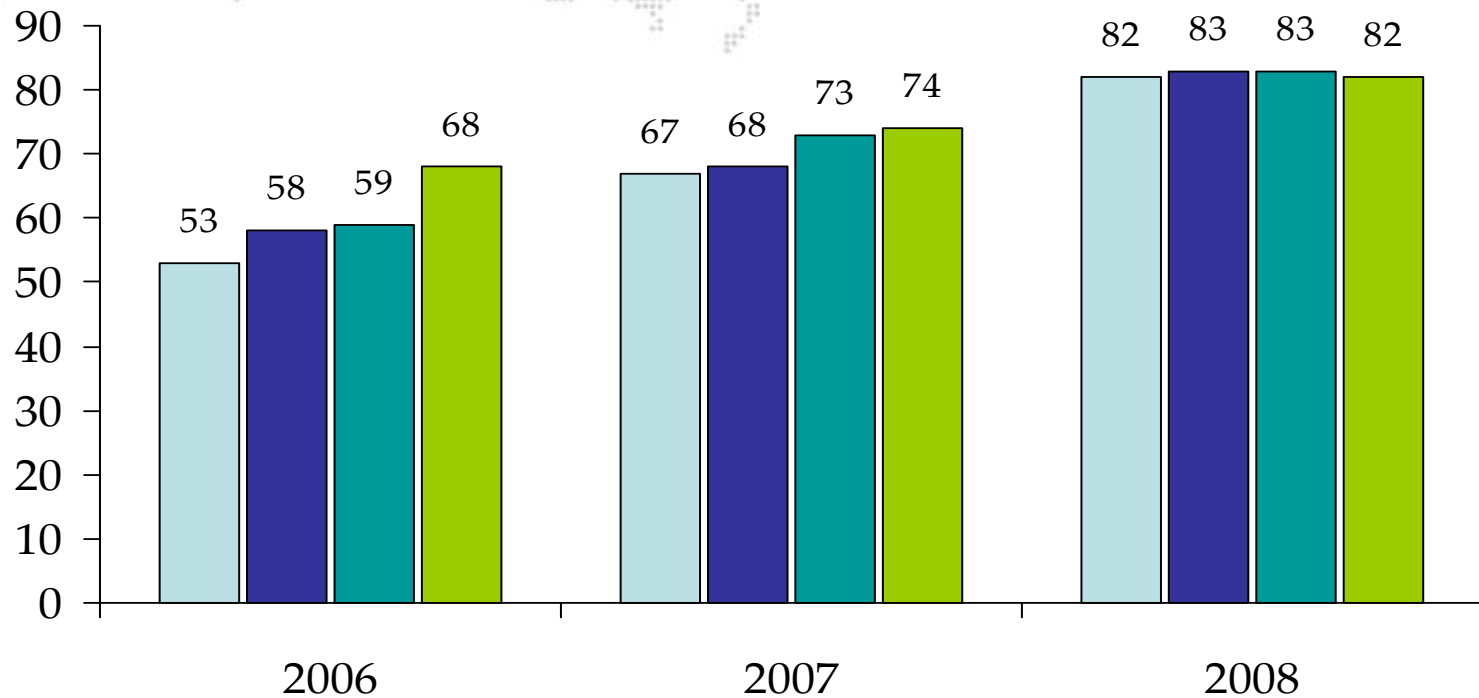
1 239

1 476



# OPERATING EXPENSES

Per Quarter (in USD million)



Accumulated

238

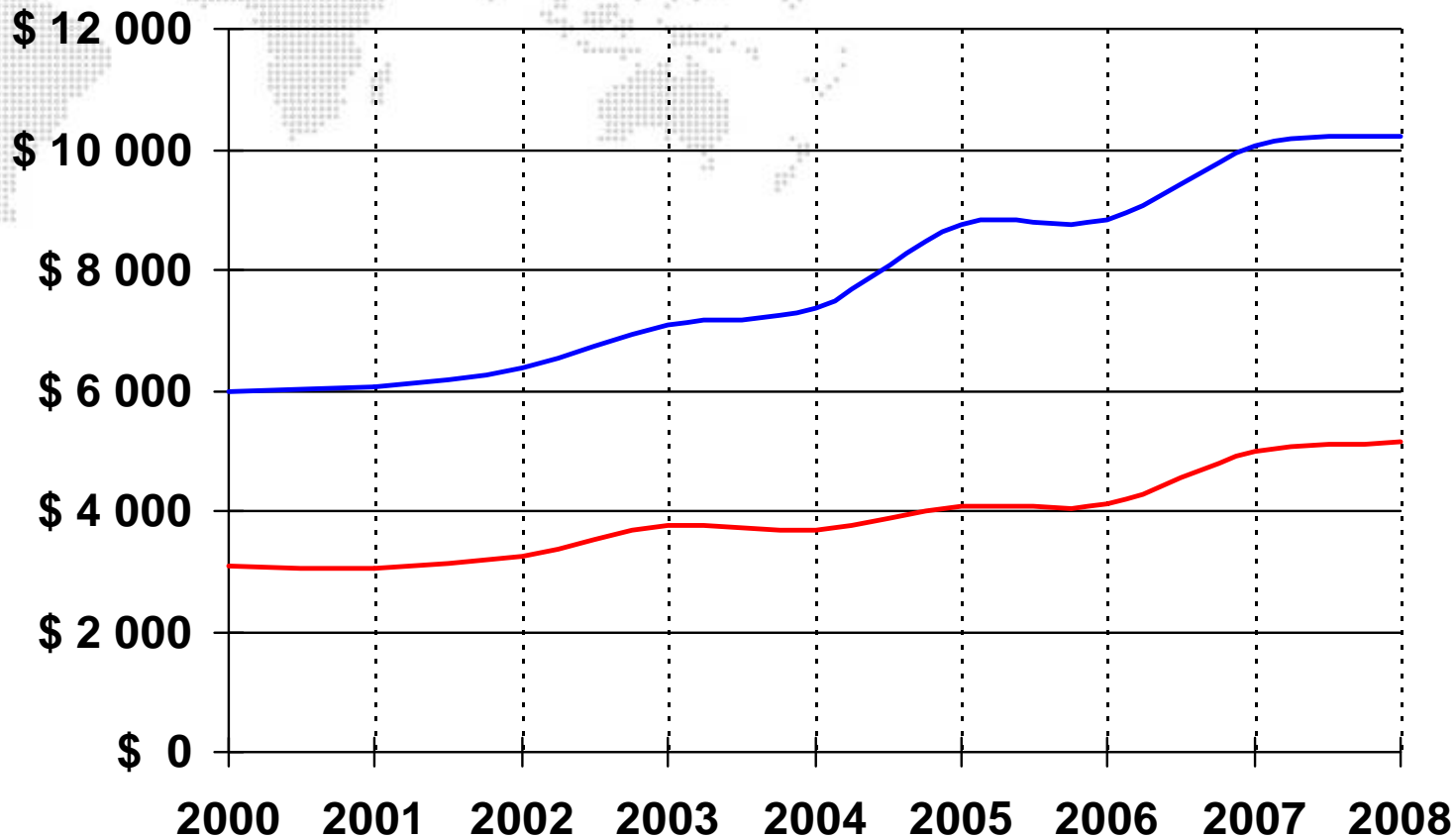
282

330



# VESSEL OPERATING EXPENSES

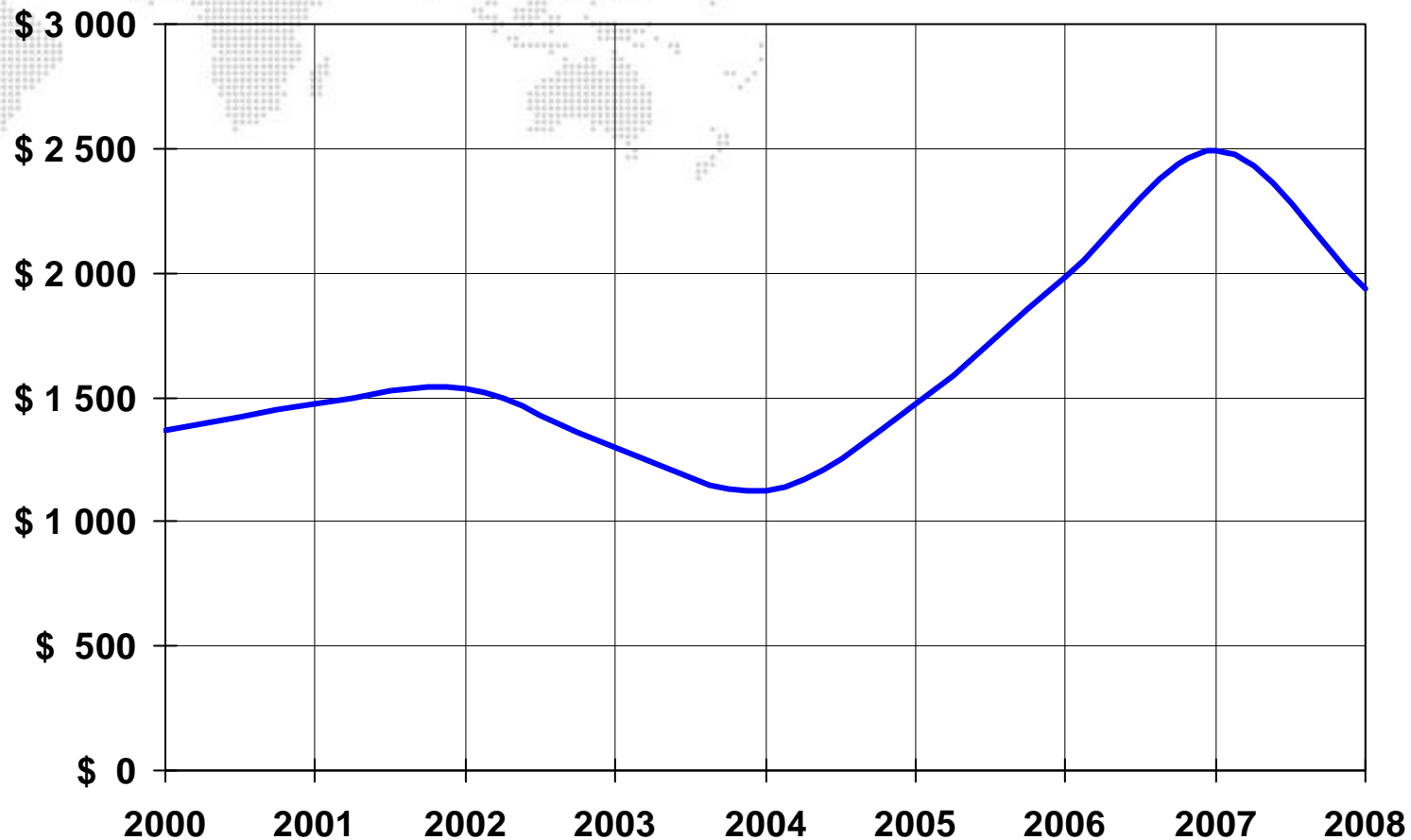
(Large Parcel Tankers)



— USD / day, total — USD/day, crew

# DRY-DOCKING COST

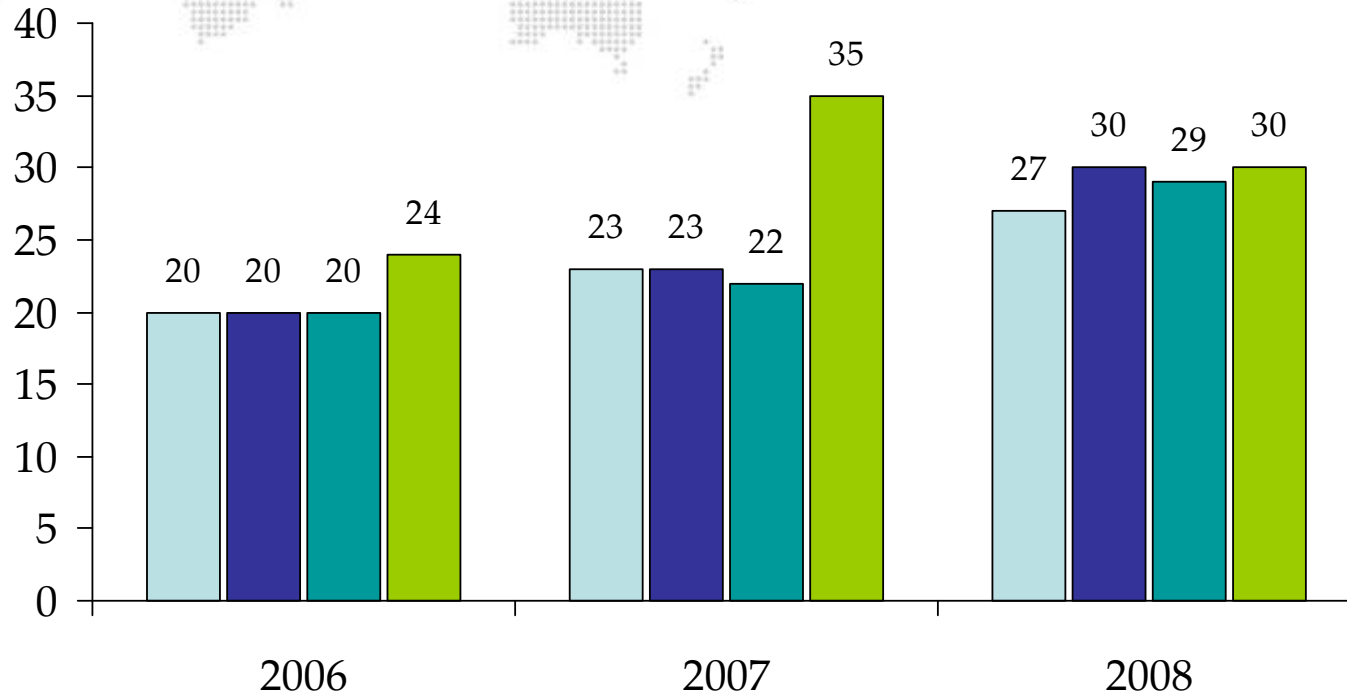
(Large Parcel Tankers)



— USD/day, 3 year moving average

# ADMINISTRATIVE EXPENSES

Per Quarter (in USD million)



Accumulated

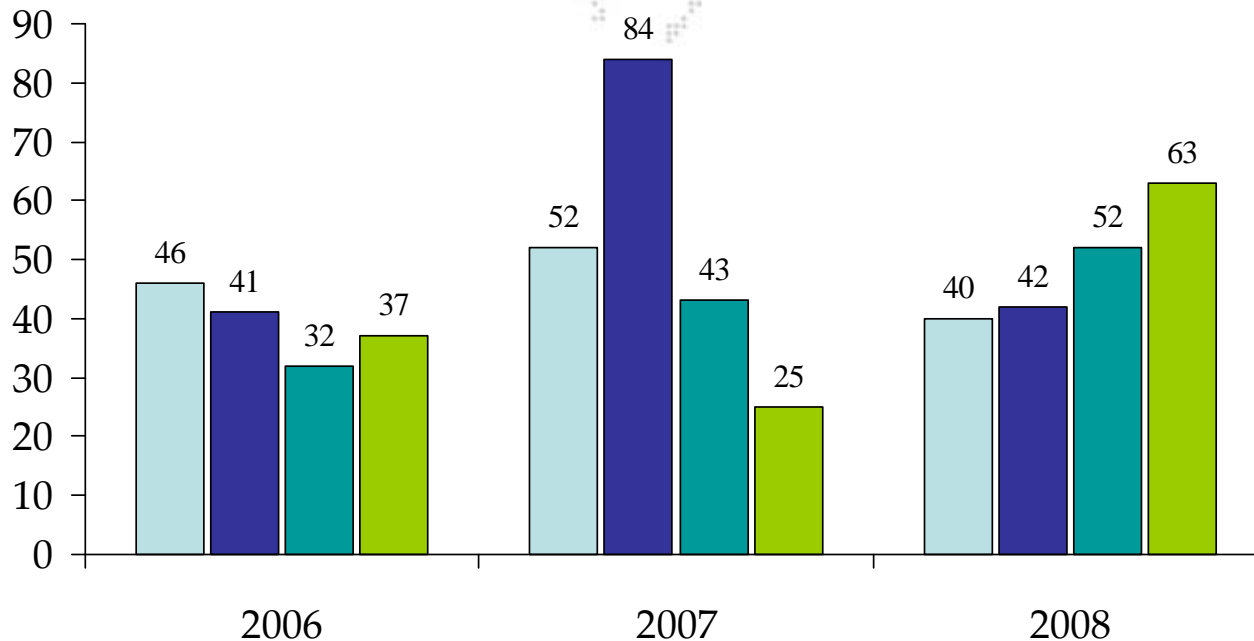
84

103

117

# OPERATING RESULT (EBIT)

Per Quarter (in USD million)



Accumulated

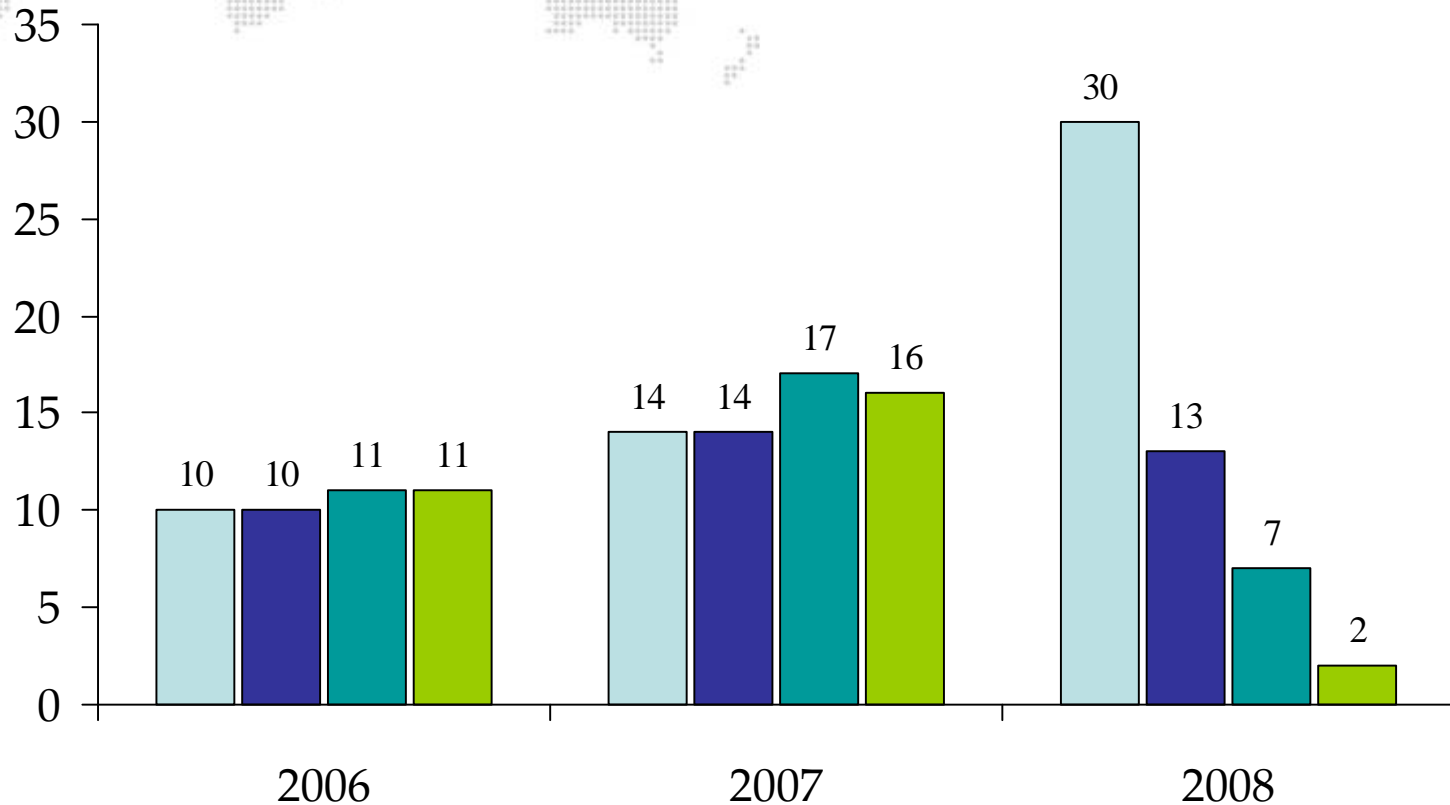
156

204

198

# NET FINANCIAL EXPENSES

Per Quarter (in USD million)



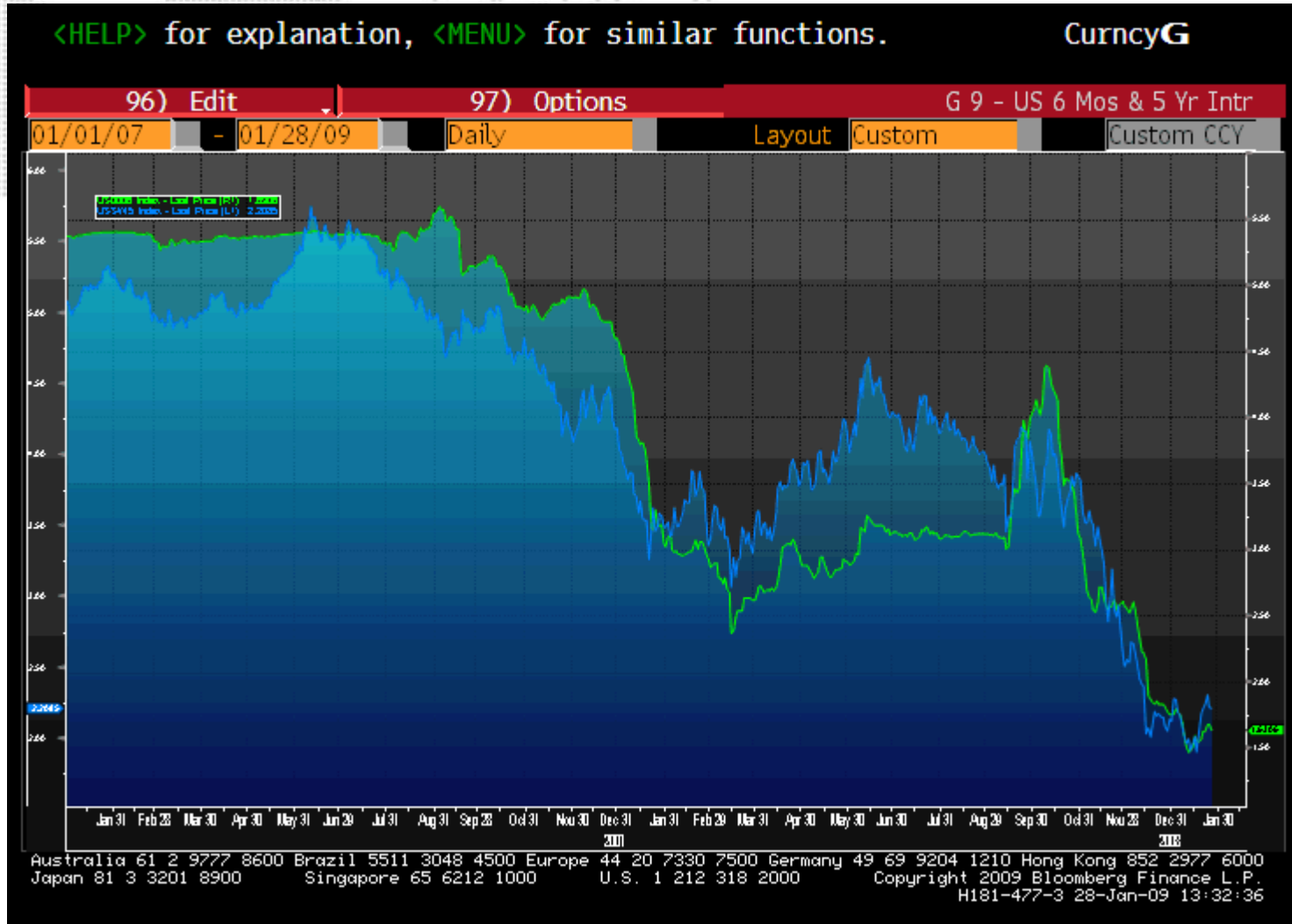
Accumulated

42

61

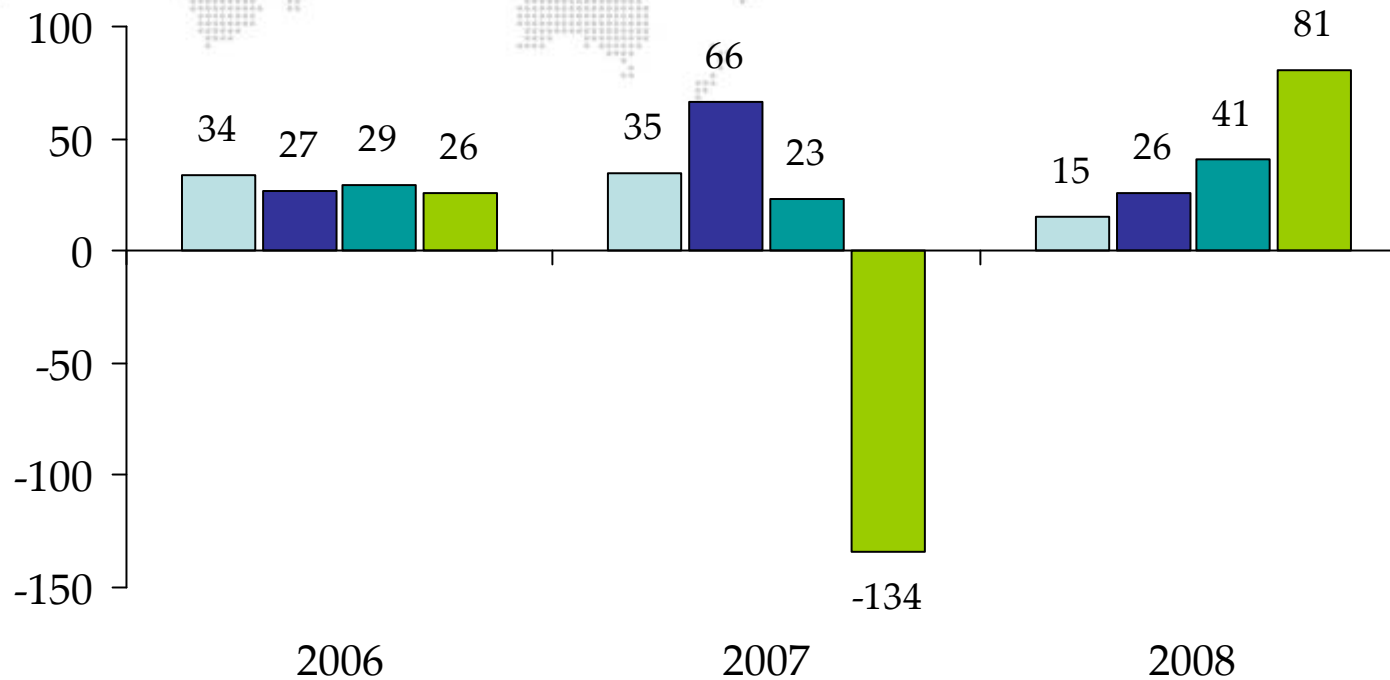
52

# USD 5 Year and 6 Month Interest Rates



# NET RESULT

Per Quarter (in USD million)



Accumulated

116

(10)

163

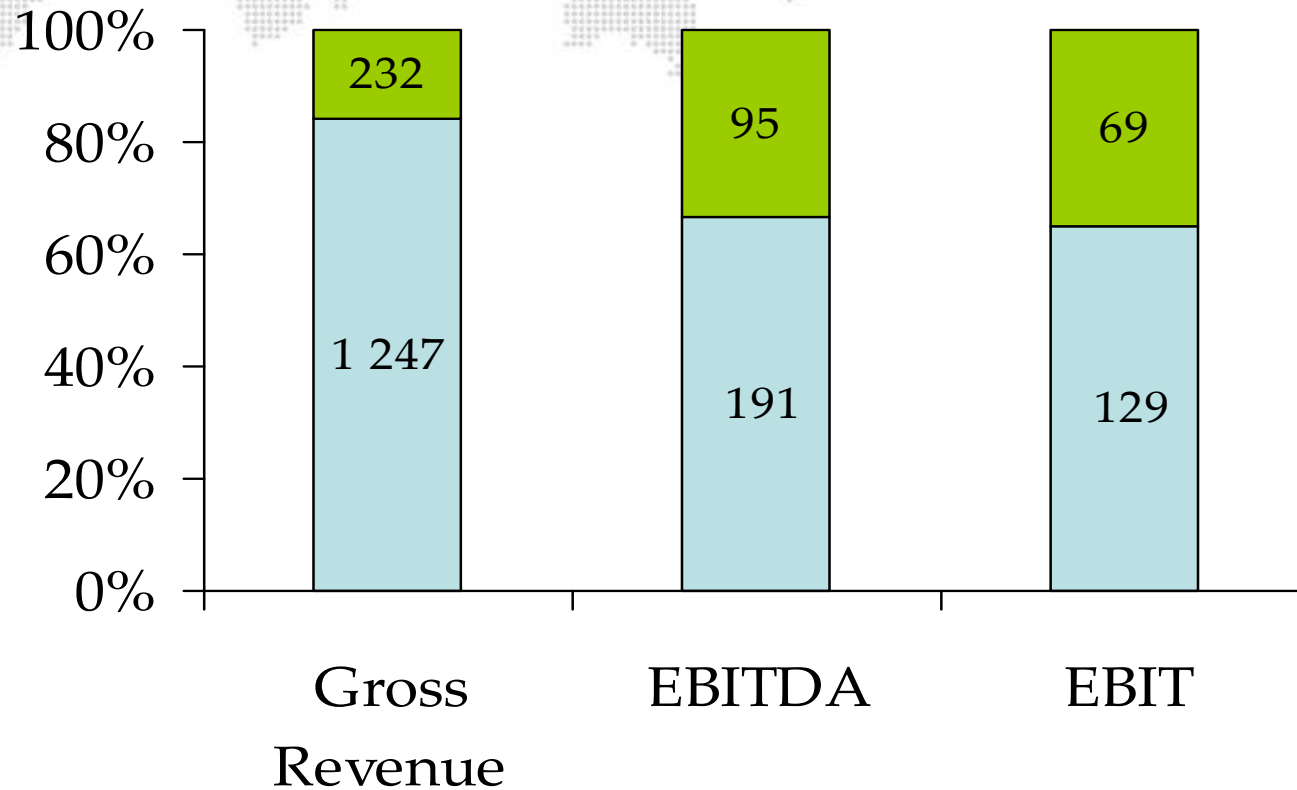


# OPERATING RESULT PER SEGMENT

<b>USD million</b>	<b>4Q07</b>	<b>1Q08</b>	<b>2Q08</b>	<b>3Q08</b>	<b>4Q08</b>
Parcel Tankers	43	54	47	62	27
Tank Terminals	20	22	26	24	24
<b>Sum EBITDA</b>	<b>63</b>	<b>76</b>	<b>73</b>	<b>86</b>	<b>51</b>

<b>USD million</b>	<b>4Q07</b>	<b>1Q08</b>	<b>2Q08</b>	<b>3Q08</b>	<b>4Q08</b>
Parcel Tankers	11	24	23	35	47
Tank Terminals	14	16	19	17	16
<b>Sum EBIT</b>	<b>25</b>	<b>40</b>	<b>42</b>	<b>52</b>	<b>63</b>

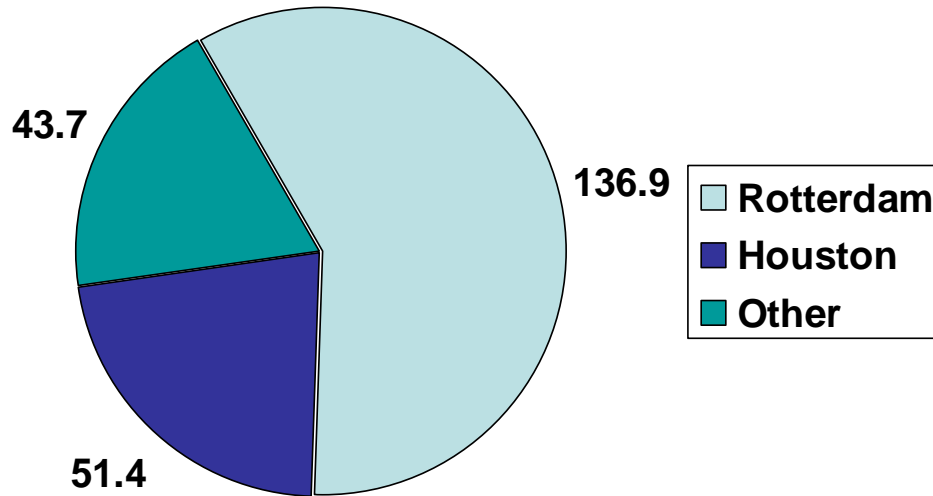
# GROSS REVENUE AND EBIT PER SEGMENT



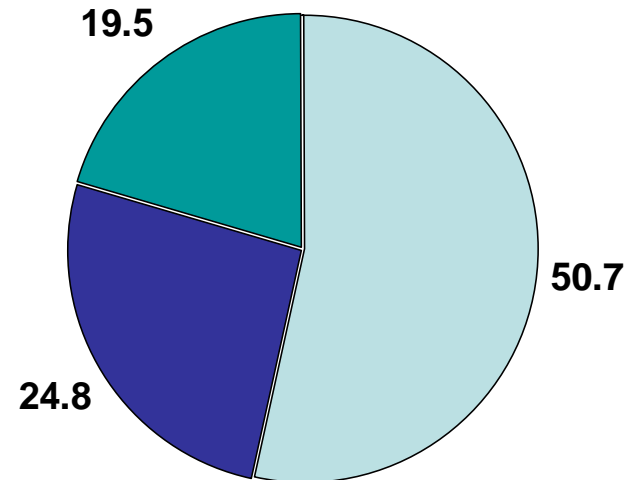
■ Parcel Tankers ■ Terminals

# TANK TERMINALS GROSS REVENUE

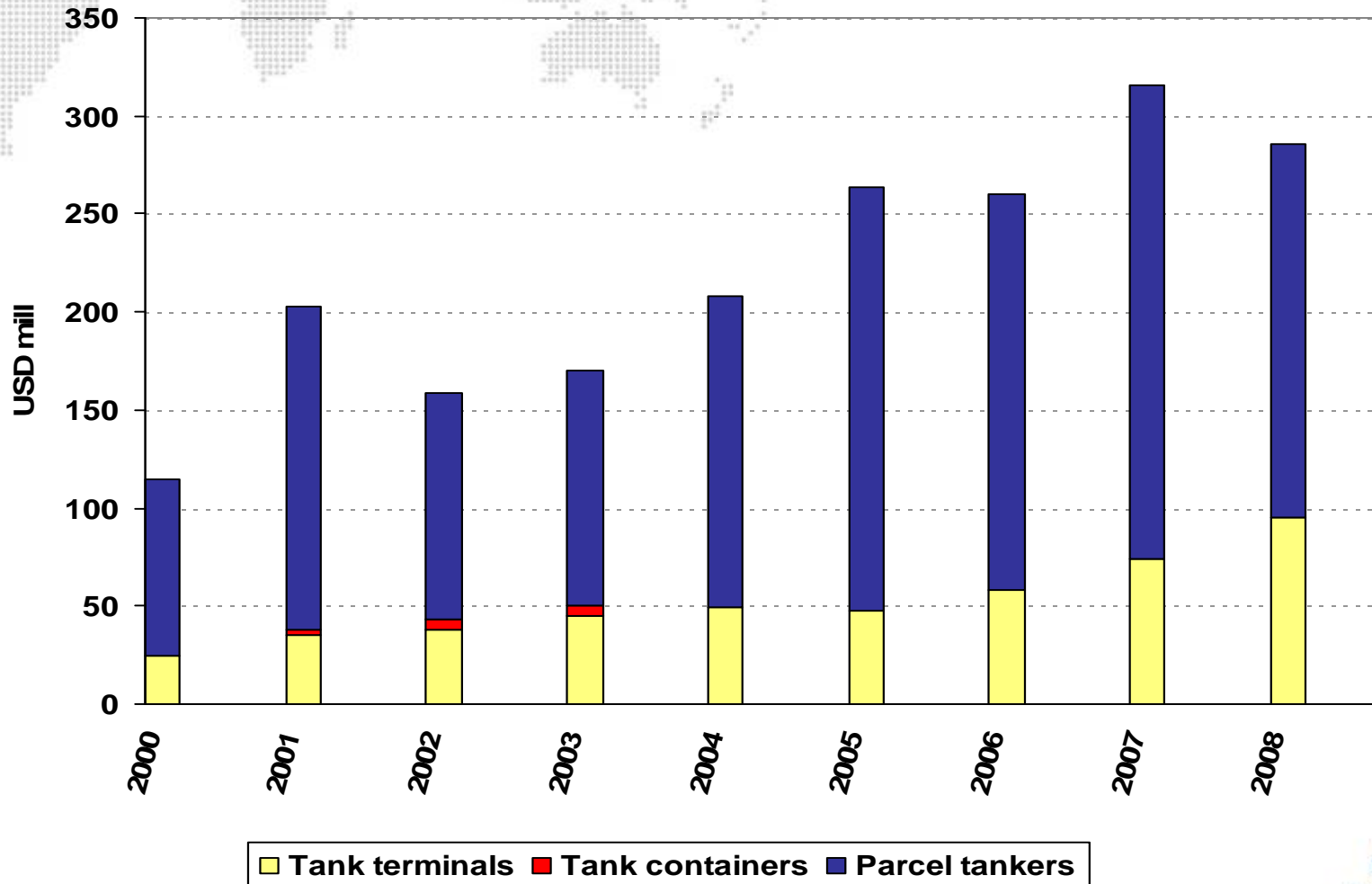
Gross Revenue



EBITDA

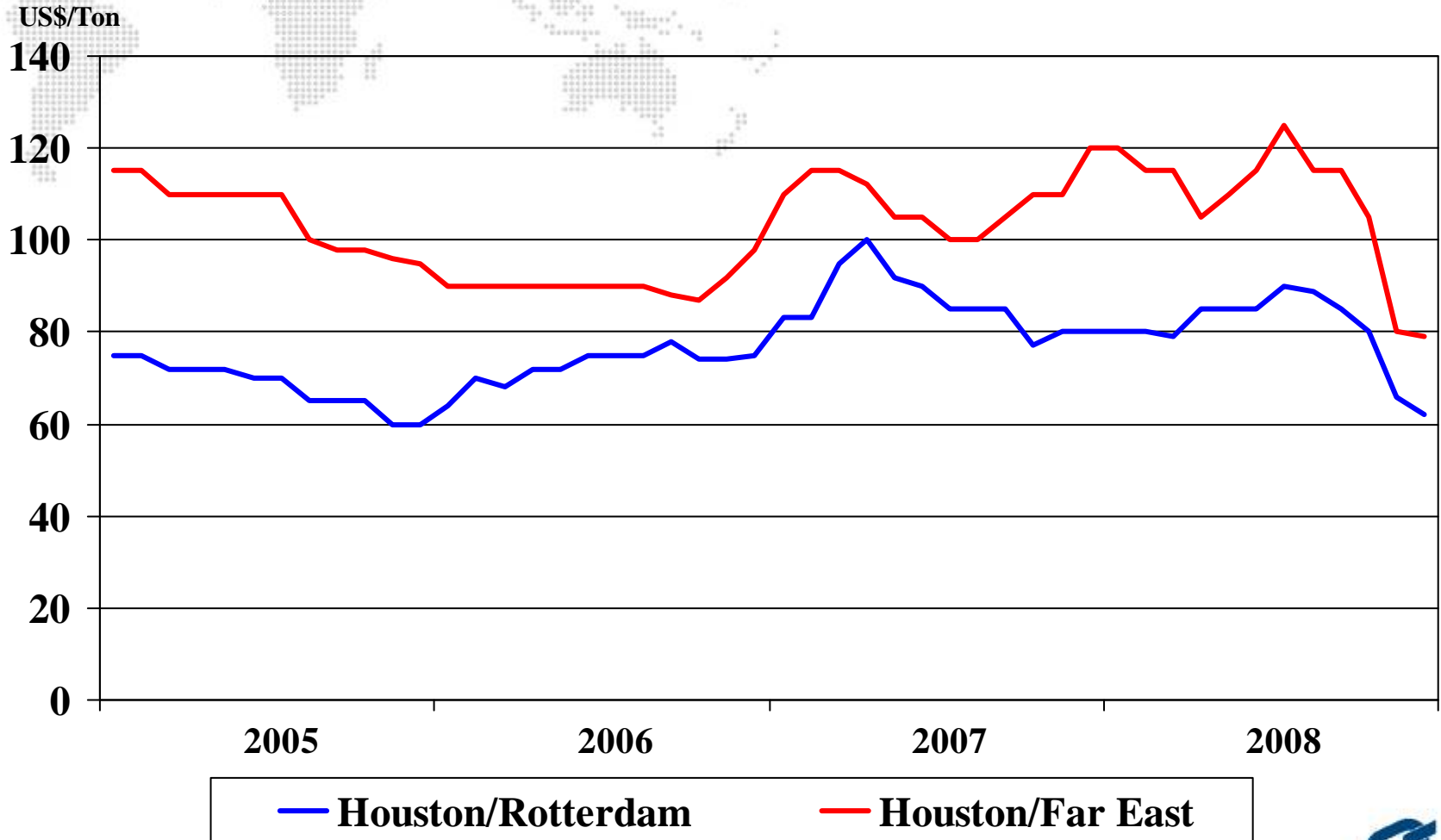


# EBITDA



# FREIGHT RATE DEVELOPMENT

1,000 mts stainless steel grade chemicals

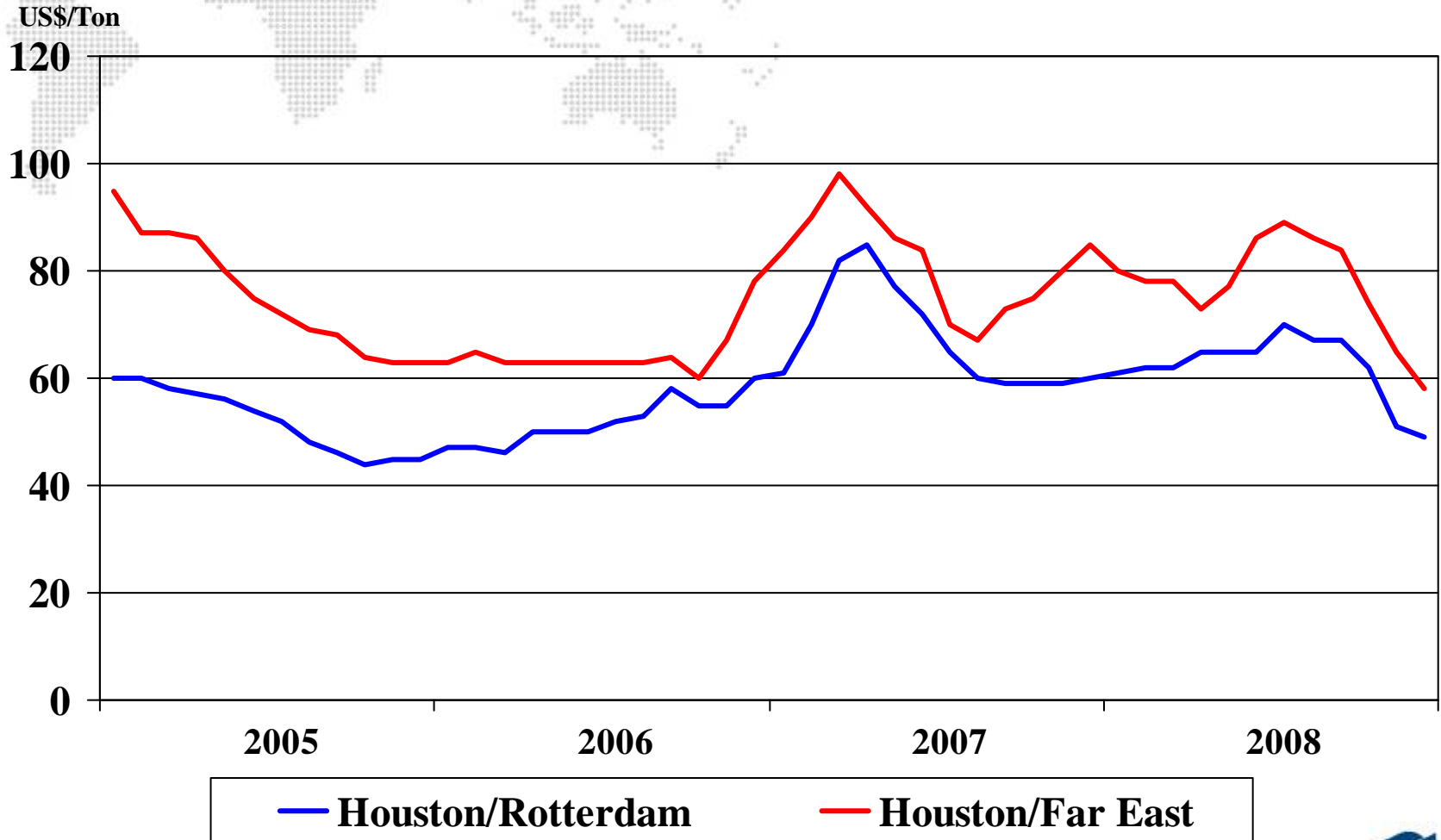


Source: Quincannon Associates, Inc.



# FREIGHT RATE DEVELOPMENT

3,000 mts easy grade chemicals

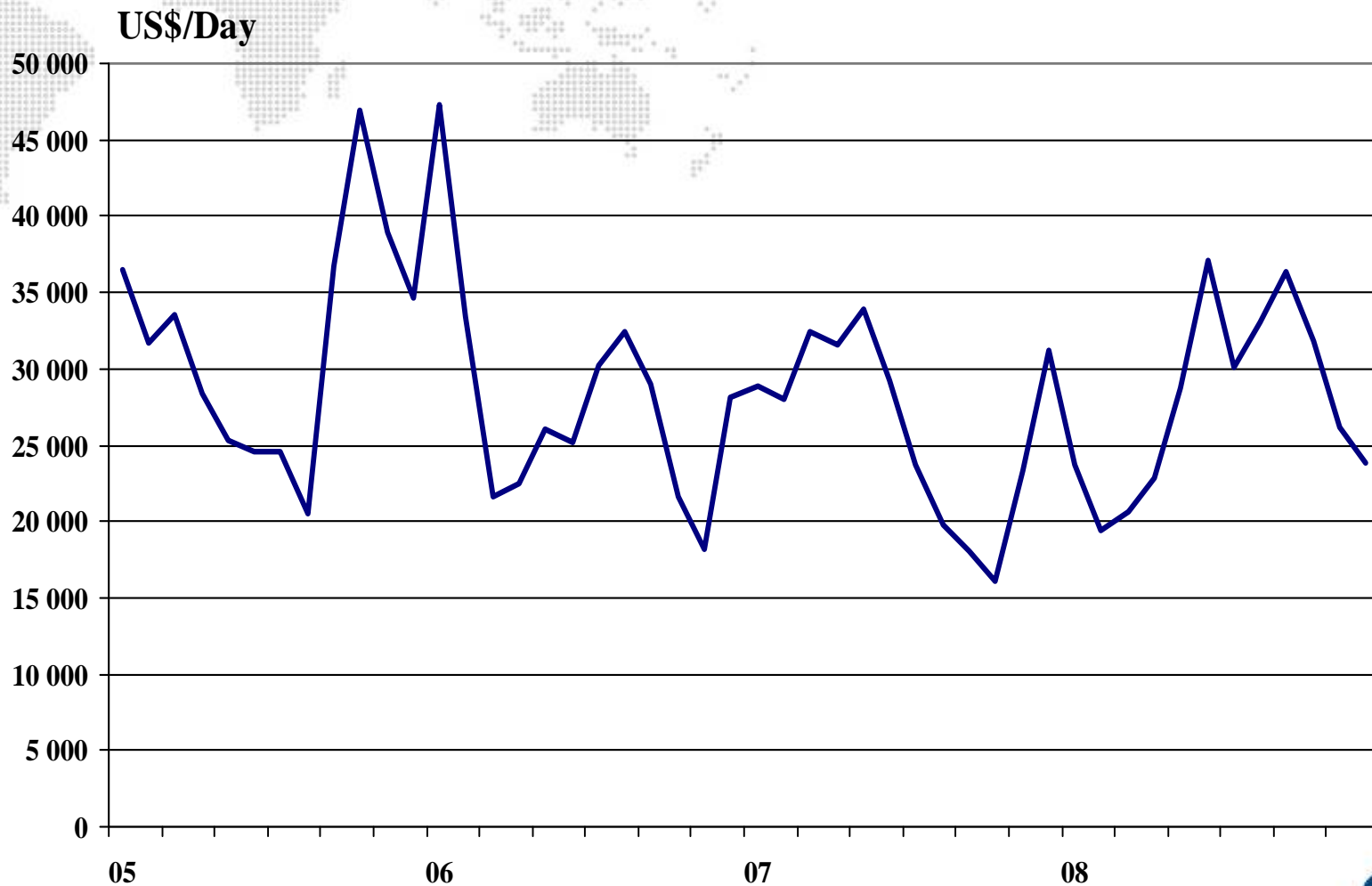


Source: Quincannon Associates, Inc.



# MARKET DEVELOPMENT CPP

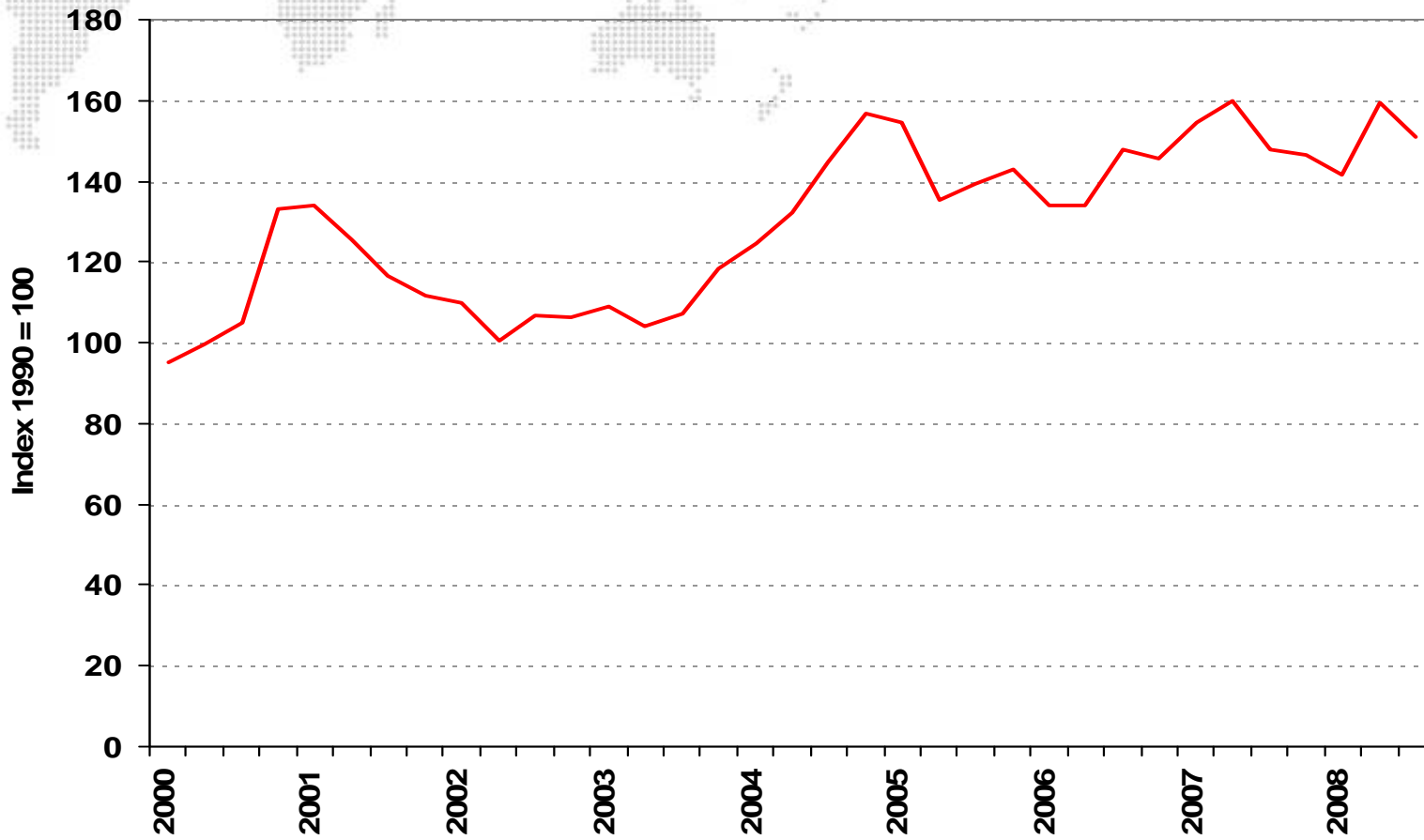
Monthly averages



Source: Clarkson



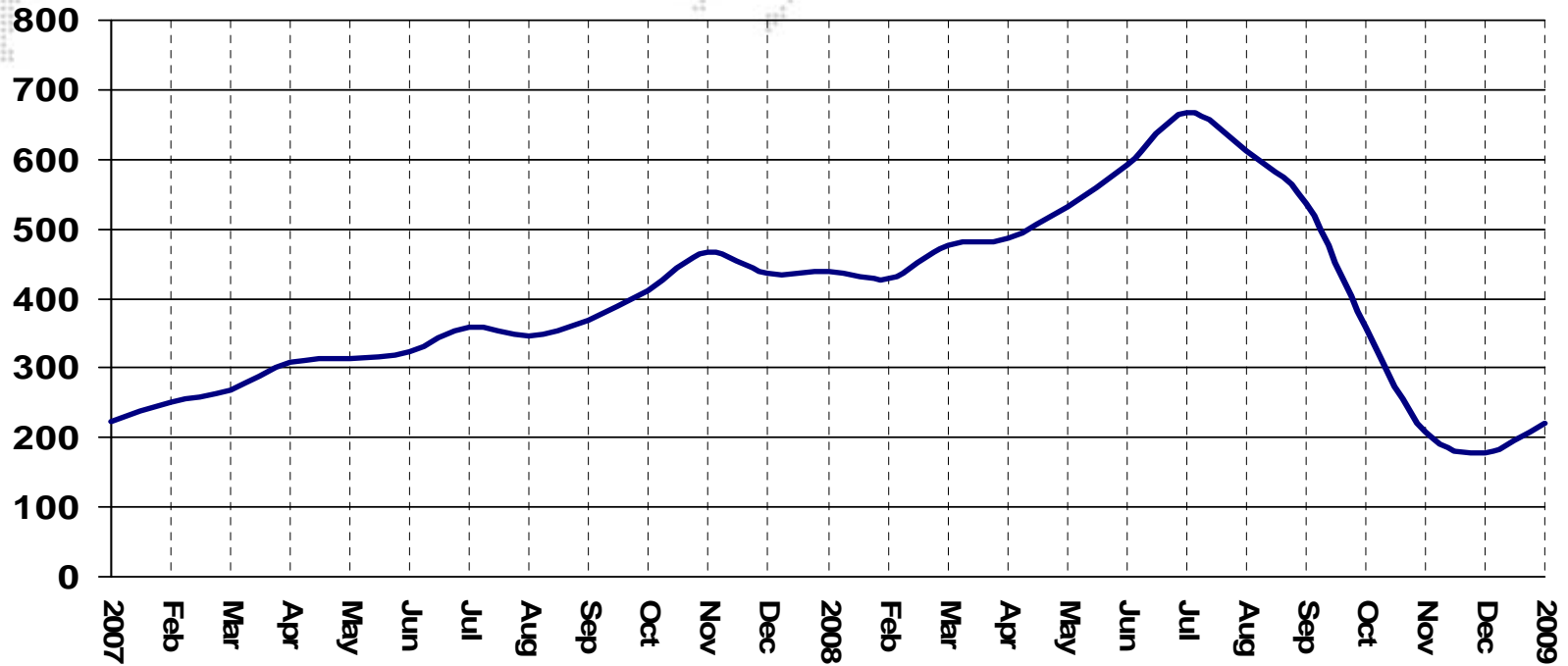
# ODFIX



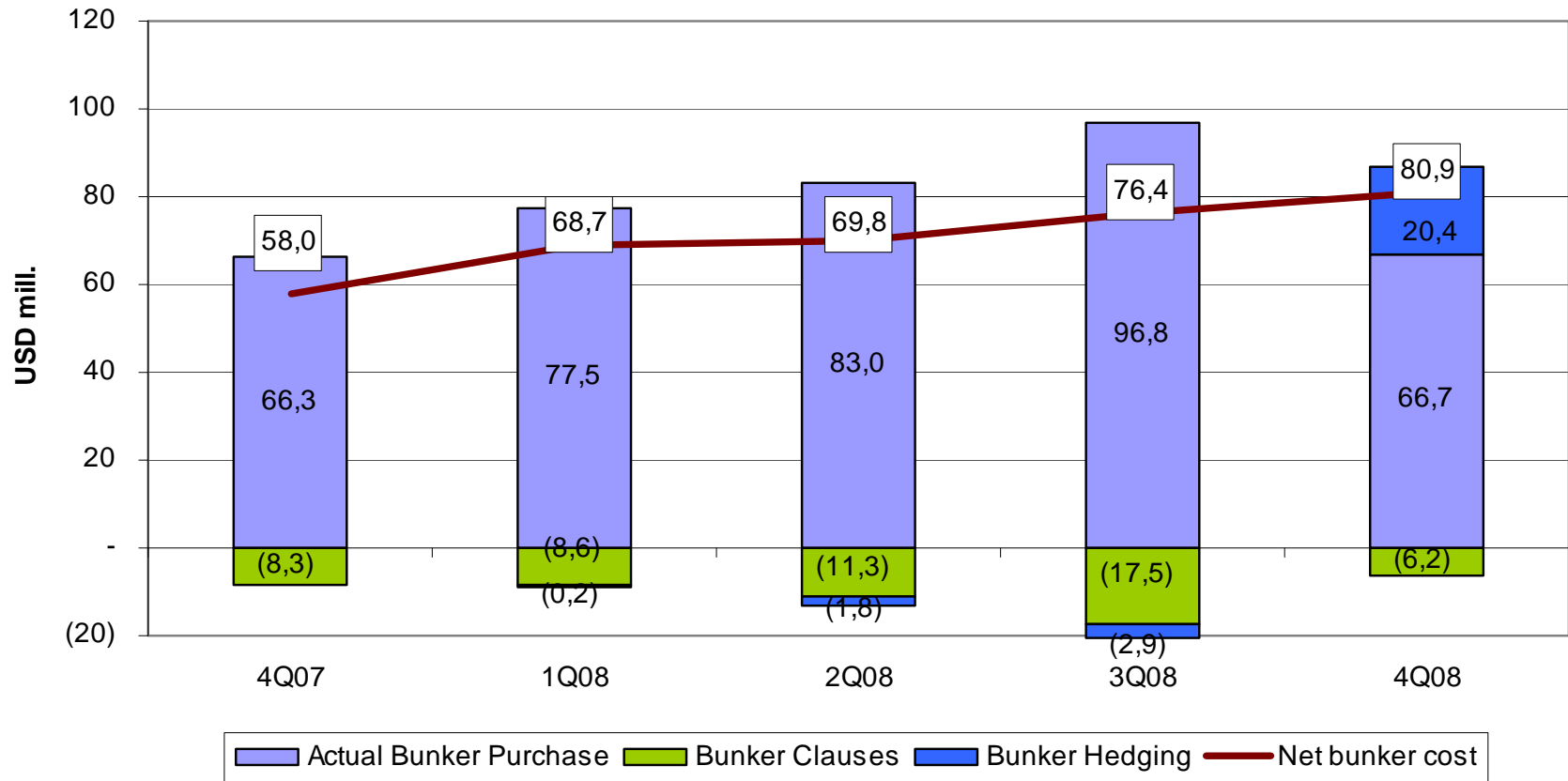
# BUNKERS

3.5% FOB Rotterdam

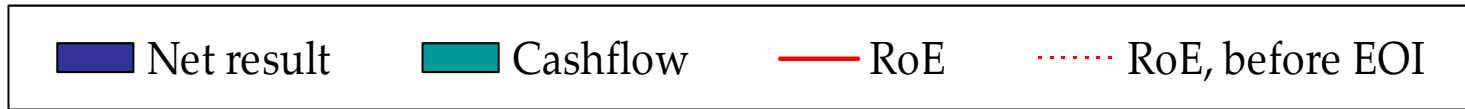
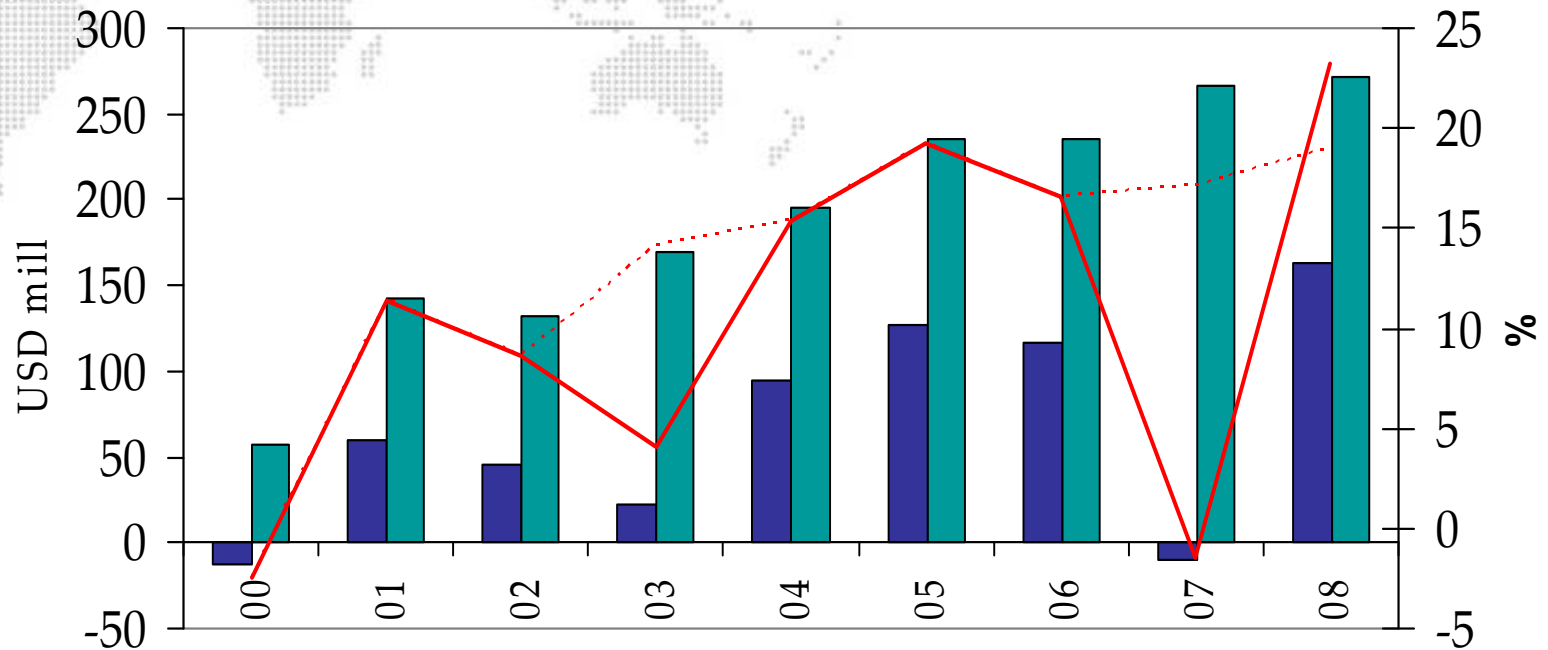
USD/mt



# NET BUNKER COST

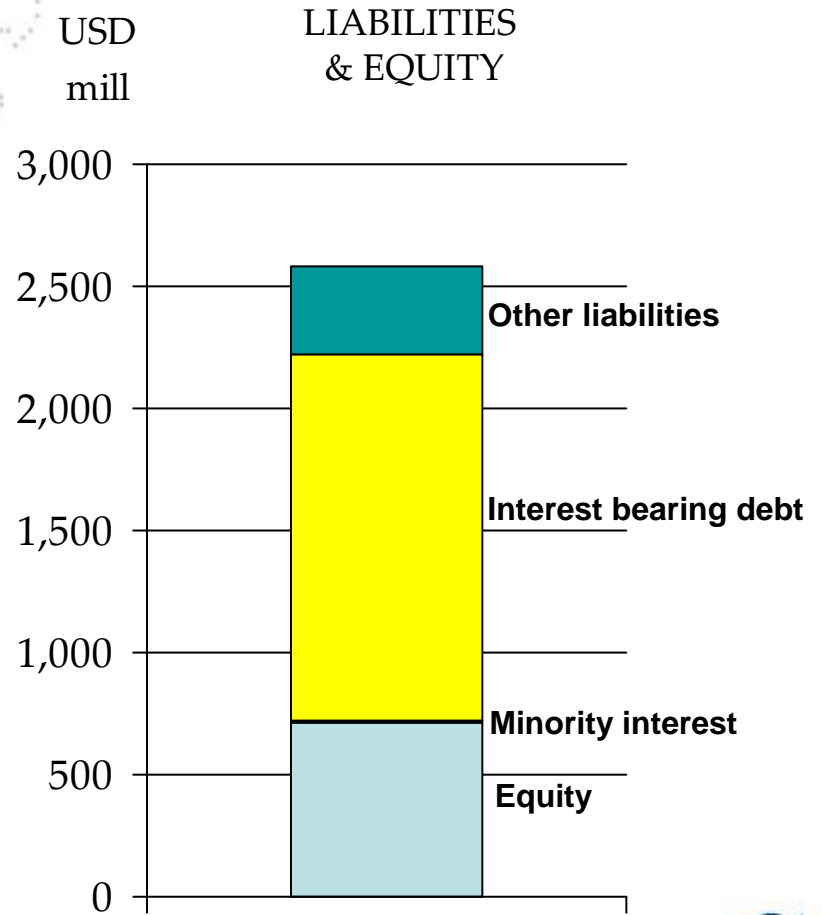
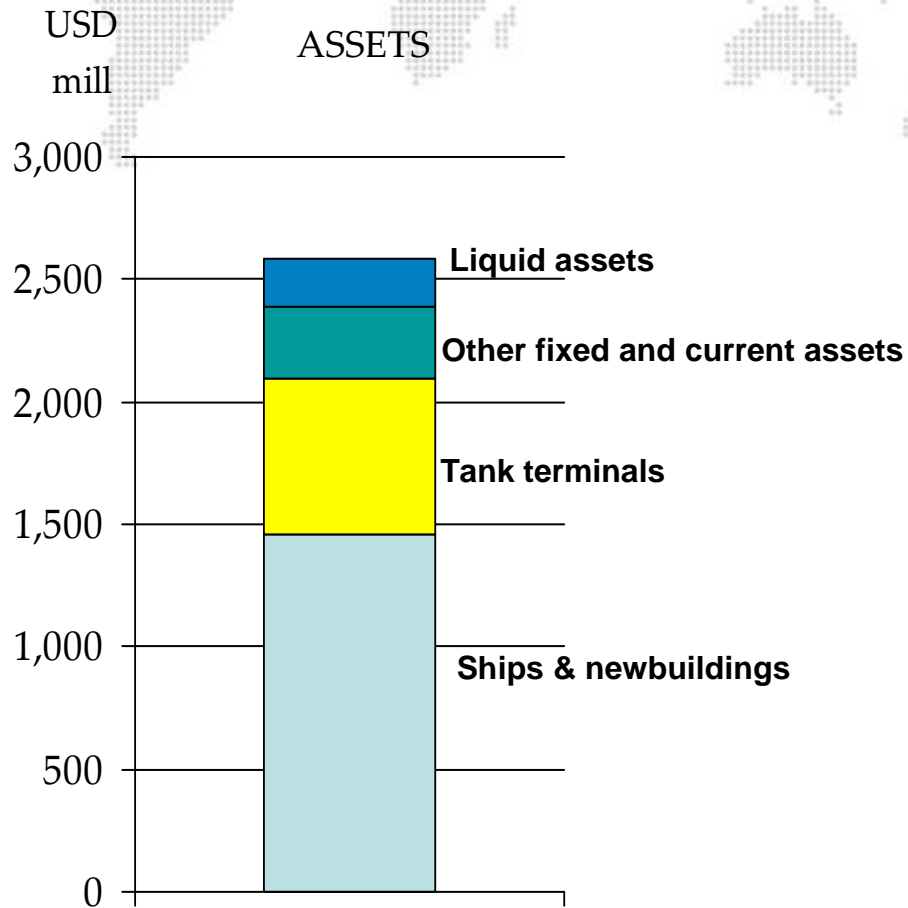


# NET RESULT CASHFLOW AND RETURN



Average	RoE	ROCE
-2000 -07	9.1%	8.3%
-2008	23.2%	12.5%

# BALANCE SHEET



# YEARLY SENSITIVITIES

## T/C RATES

- ◆ Large/regional parcel tankers USD 1000/500 day

USD 24 mill

## CURRENCY

- ◆ USD 10% stronger vs. NOK improve net result by
  - ◆ Voyage, opex, docking, admin
  - ◆ Norwegian back-taxes

USD 13 mill excl. hedging

USD 7 mill excl. hedging

## BUNKERS

USD 100 per metric ton

USD 60 mill excl. hedging

## INTEREST RATES

USD LIBOR 1 %

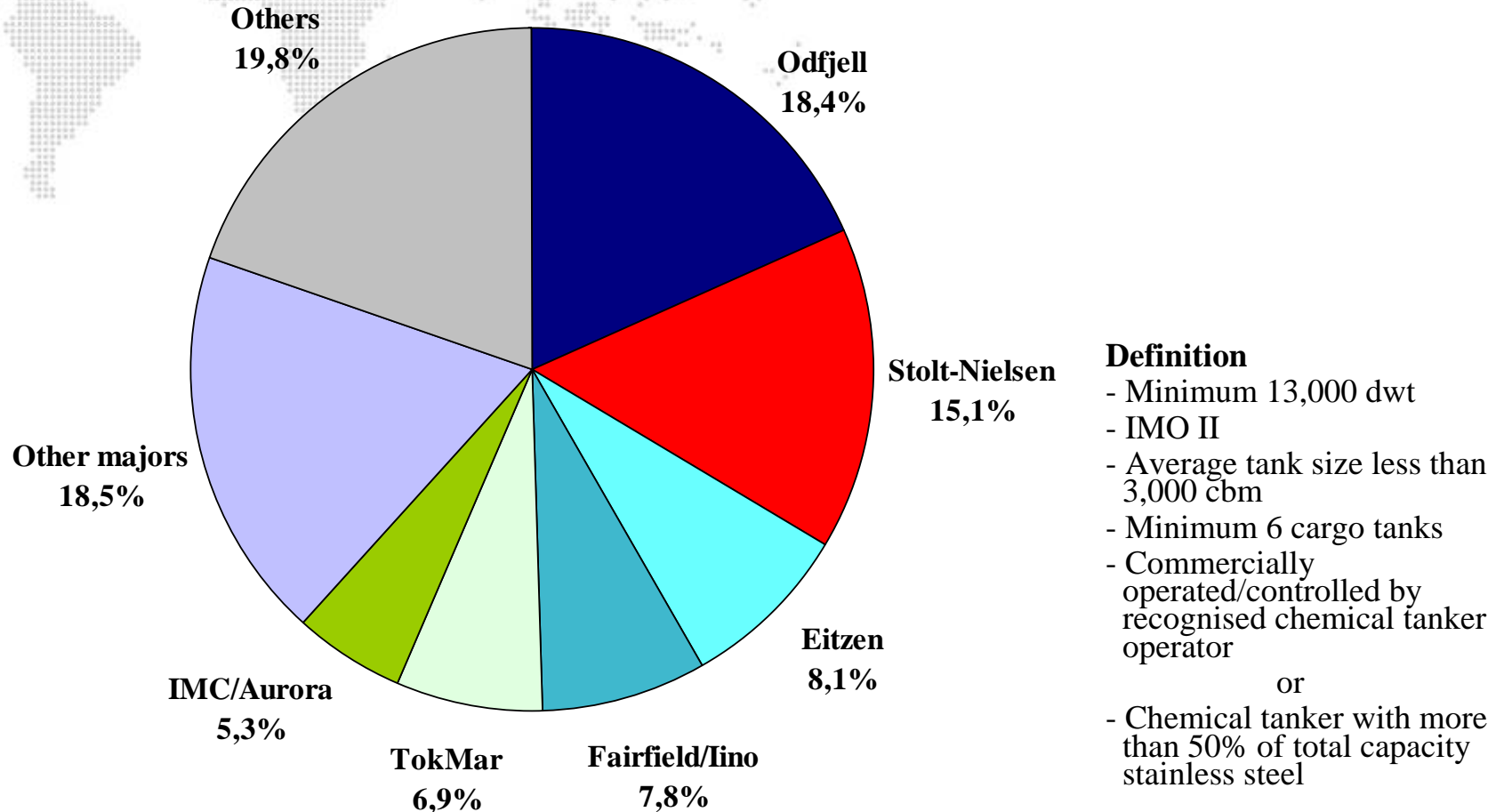
USD 15 mill

USD LIBOR 1 % after hedging/fixed rate/cash

USD 5 mill

# Core Chemical Tanker Market

Ships 13,000 dwt and above

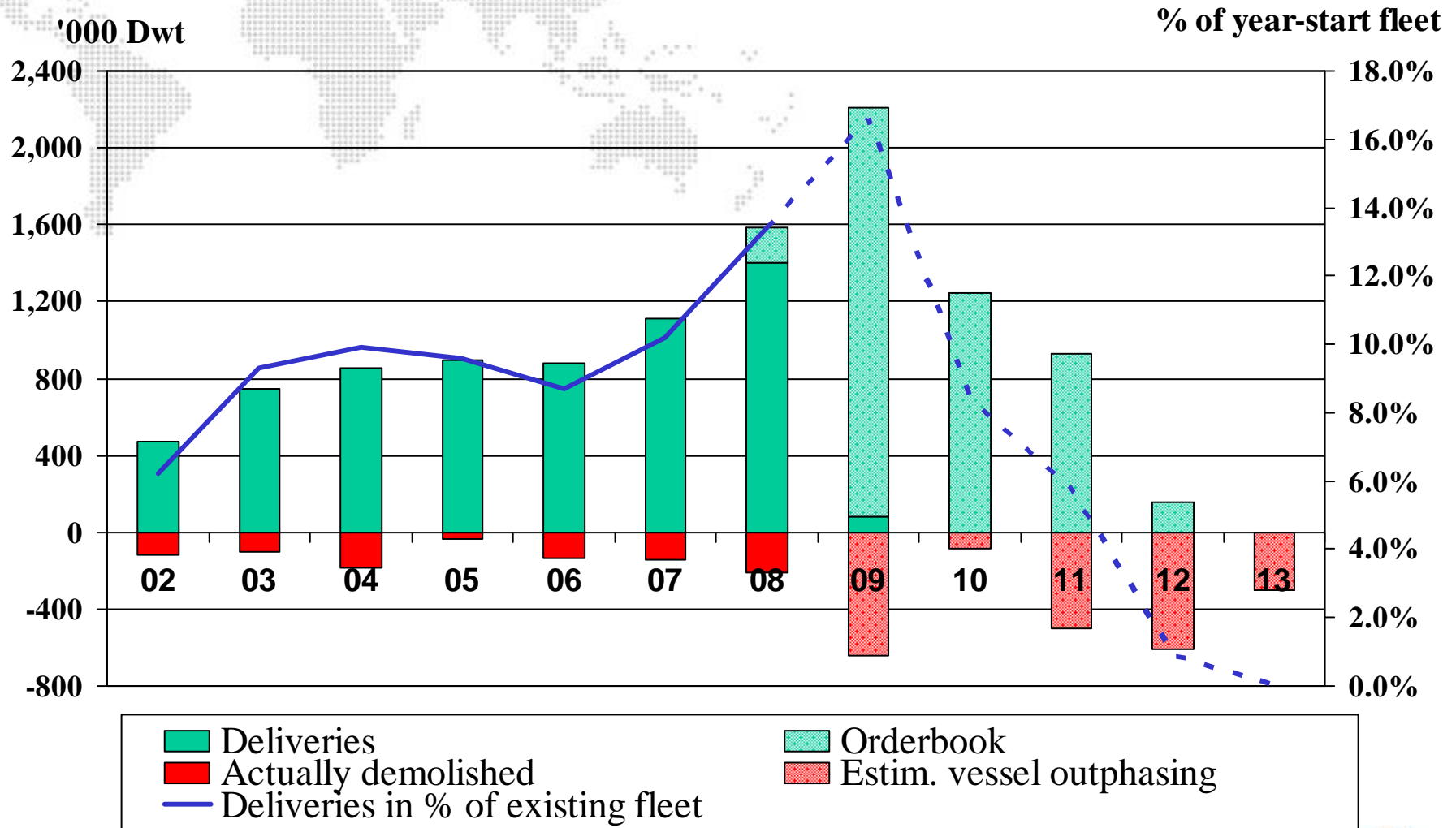


**Total fleet about 13.1 million dwt, 509 ships**

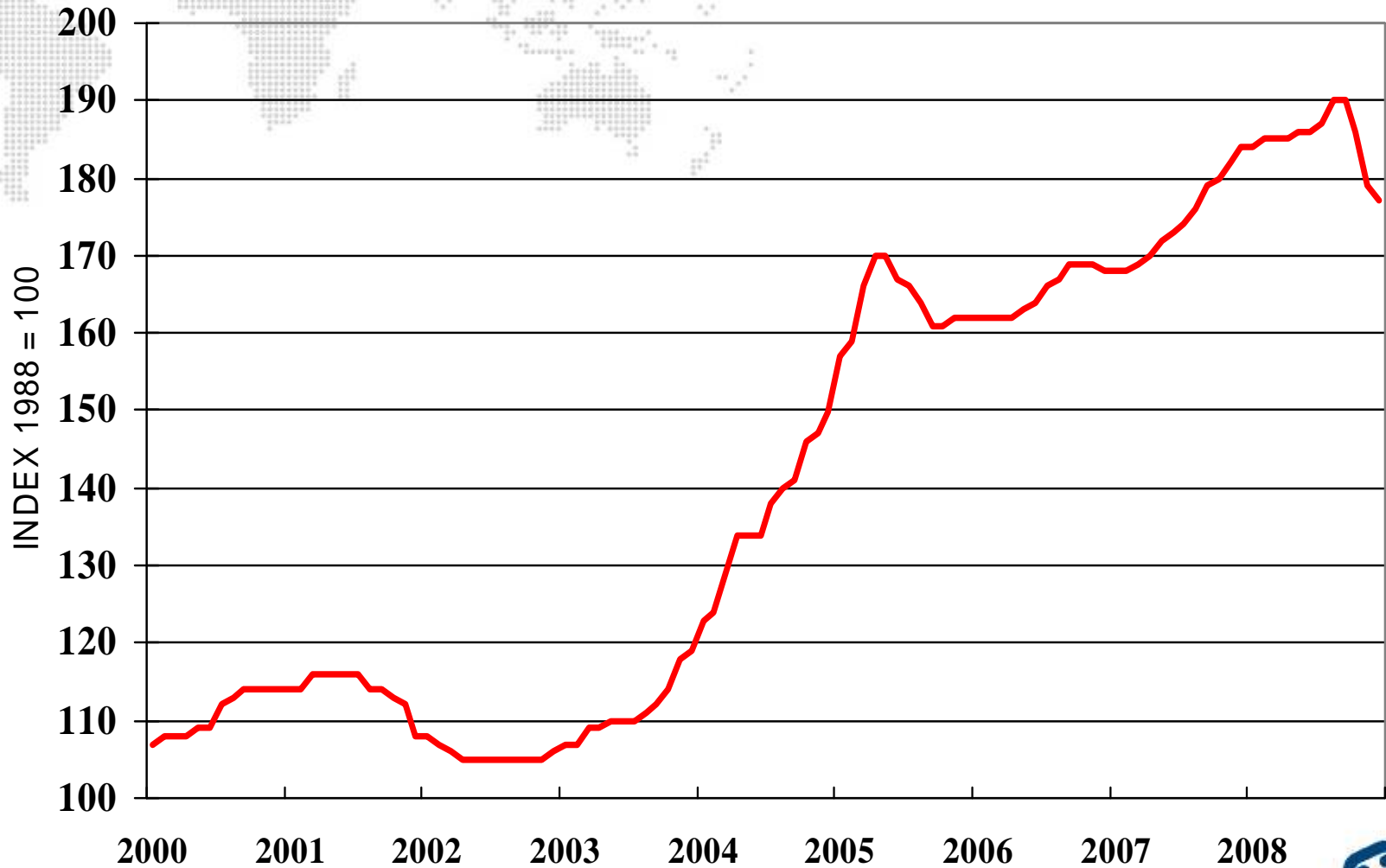


# Core Chemical Deep-sea Fleet 2002-2013

Current orderbook and estimated demolition



# NEWBUILDING PRICE INDEX



Source: Clarkson Research Services



# NEWBUILDINGS ON ORDER



<b>Yard</b>	<b>Number</b>	<b>Delivery</b>	<b>Owner</b>
Chuan Dong	6	2010-2012	Odfjell
Shin Kurushima	1	2/2009	T/C
Kitanihon	1	9/2009	T/C
Zhoushan Penglai	1	6/2009	49% owned

# TANK TERMINAL PROJECTS AND EXPANSIONS



<b>Location</b>	<b>CBM Expansion</b>	<b>New total</b>	<b>Completion</b>
Rotterdam	10 000	1 635 000	Q1 2009
Houston	49 290	320 290	Q1 2009
Korea	79 920	250 920	Q3 2009
Oman	305 500	842 500	Q1 2009
Iran		22 000	Q3 2009
Singapore	152 000	365 000	Q12009

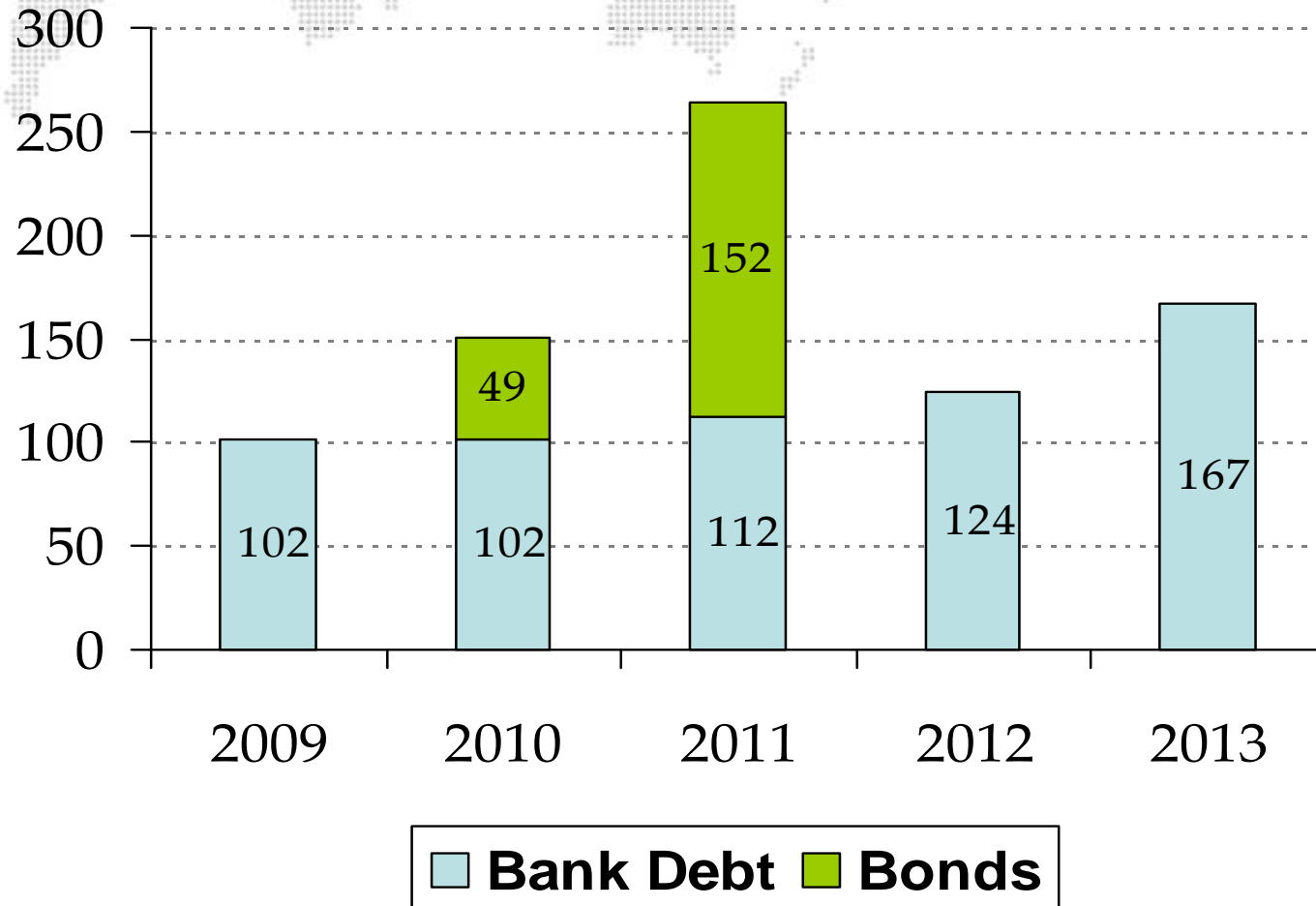
# CAPITAL EXPENDITURES

(In USD million)	2008	2009
<b>China</b> <b>6 x 9 000 dwt</b>	113	15
<b>Zhoushan Penglai</b>	-	8
<b>Docking</b>	33	38
<b>Terminals</b>	215	56
<b>Other</b>	10	5
<b>Total</b>	<b>282</b>	<b>120</b>

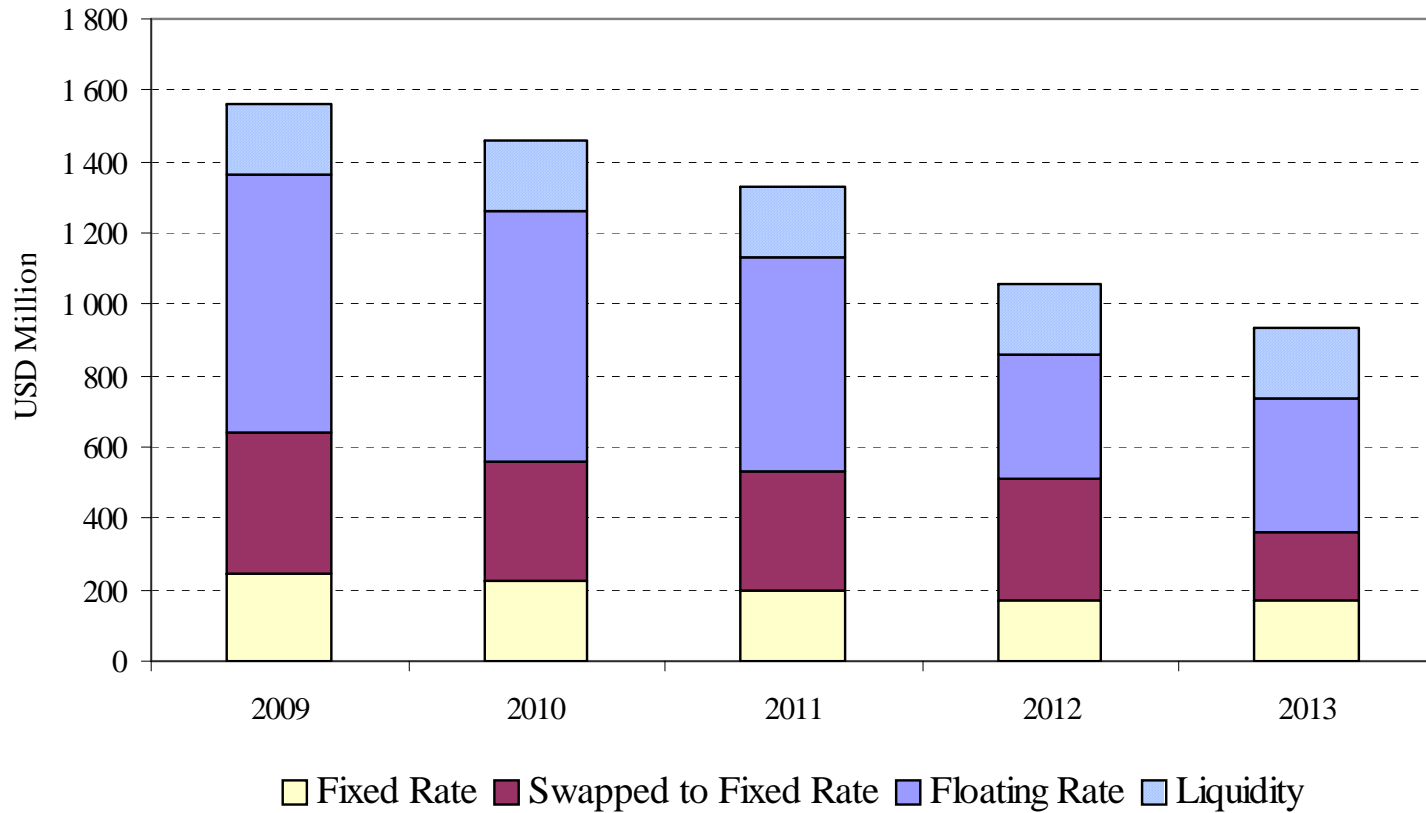
## CAPITAL EXPENDITURES – TANK TERMINALS

(In USD million)	<b>2008</b>	<b>2009</b>
<b>Rotterdam</b>	76	7
<b>Houston</b>	16	6
<b>Singapore</b>	28	24
<b>Korea</b>	7	7
<b>Dalian</b>	14	-
<b>Oman</b>	50	10
<b>Jiangyin</b>	4	-
<b>Other</b>	20	3
<b>Total</b>	<b>215</b>	<b>56</b>

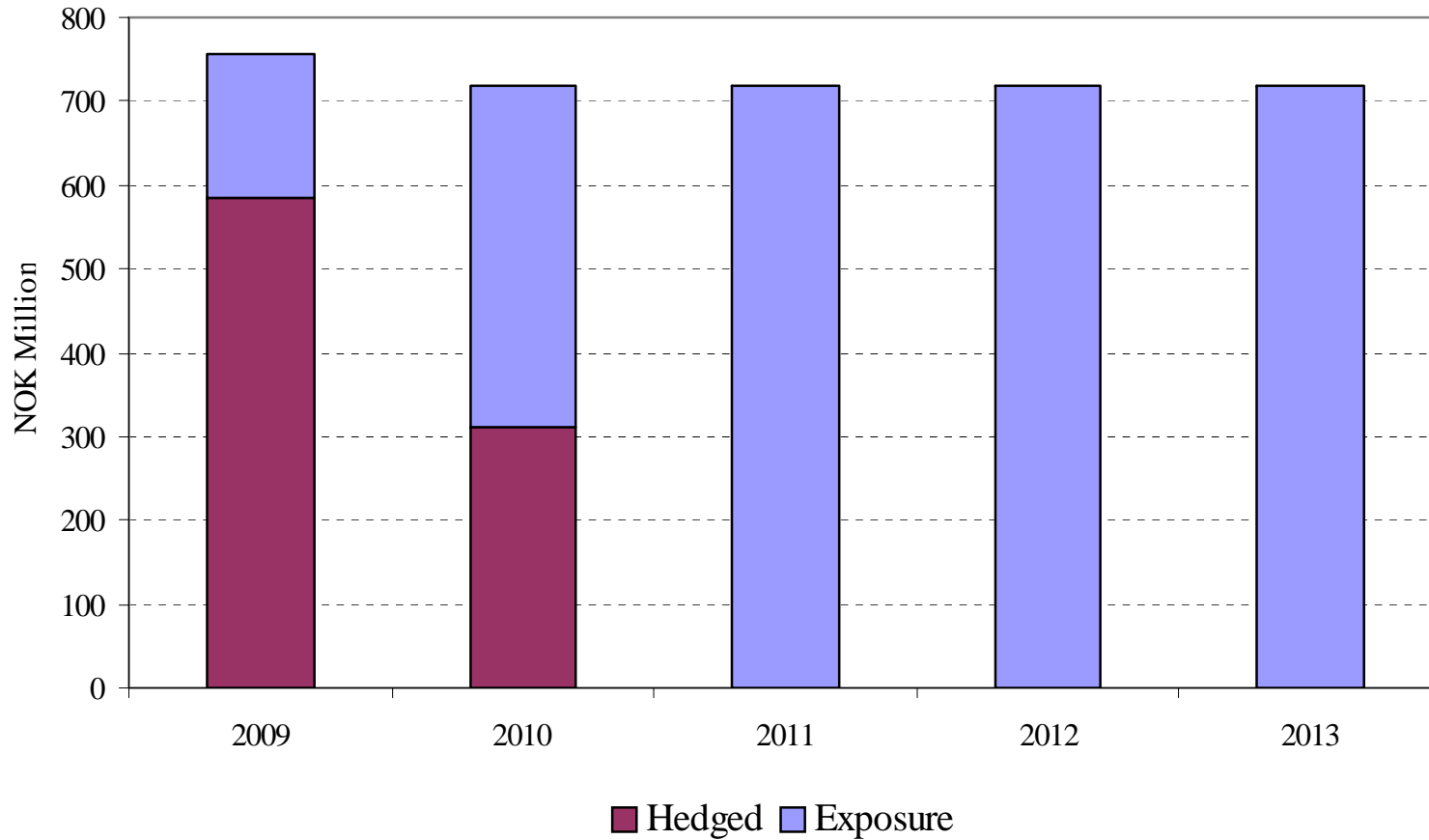
# DEBT MATURITIES



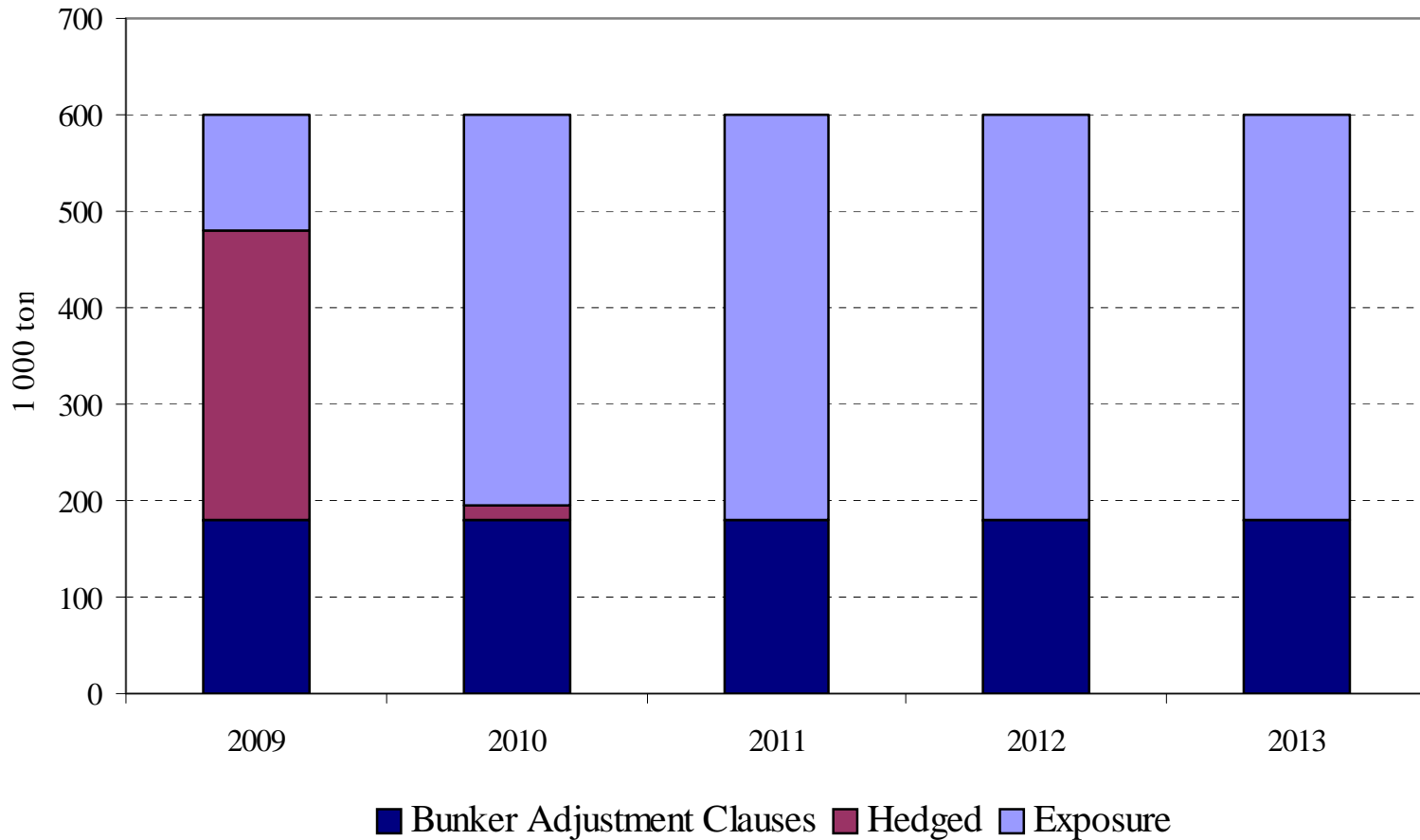
# HEDGING - DEBT



# HEDGING - CURRENCY



# HEDGING - BUNKER



# PROSPECTS - EXTERNAL FACTORS

- 'Annus horribilis' with extreme volatility in a wide range of markets and expect this to continue in 2009
- Economic recession following a huge liquidity boom
- Highly uncertain market outlook

# PROSPECTS - ODFJELL

- **We expect the parcel tanker segment to do better than most shipping segments going forward, because of the diversity of trade lanes and the products we transport.**
- **We will not be immune to the crisis, and the short and medium term effects are difficult to assess as we seem to be navigating in “unchartered waters”**
- **Net supply will increase**
- **A stronger USD, lower interest rates and declining price of bunkers are positive**
- **Expect tank terminal results to remain stable**
- **Overall 2009 will be a challenging year and we expect a weaker operating result than in 2008**
- **However – opportunities may arise**

Thank you for listening. Questions?

