

Report third quarter 2002



ODFJELL

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ODFJELL ASA –
CONSOLIDATED

- *Slightly lower net result in third quarter compared to first half*
- *Significant reduction in earnings from Global Trade compared to same period last year, partly due to higher bunker cost*
- *Satisfactory results from the tank terminal activities*
- *Continued low interest rates*
- *Weakening USD gave currency profit and higher deferred taxes*

On 26 August 2002 BOW EAGLE was involved in a fatal accident where four people lost their lives. The Board wishes to express its deepest condolences to the families of the deceased.

Results

Odfjell's consolidated net result after tax was USD 31 million for the first nine months of 2002 compared to a result of USD 53 million in the same period in 2001. The freight levels in the third quarter 2002 reflect a softer chemical tanker market compared to the first half 2002. Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first nine months of 2002 were USD 117 million, compared to USD 158 million for the same period in 2001. Operating result (EBIT) was USD 53 million, compared to USD 100 million in the first nine months of 2001, including then sales gain of USD 3.5 million.

Operating expenses as well as general and administrative expenses were higher than in the same period last year, mainly due to a weaker USD and the

incorporation of our 50% share of the new tank terminal in Singapore. Net interest expenses for the first nine months of 2002 were USD 21 million compared to USD 31 million in the same period of 2001, a reduction due to lower interest rates.

The average USD/NOK exchange rate for the period was 8.21 compared to 9.01 for the first nine months of 2001. The USD/NOK rate weakened substantially from 9.01 at year-end 2001 to 7.47 at 30 September 2002. The USD weakening positively impacted our currency hedging portfolio and cash balances in NOK, but increased our non-USD costs expressed in USD. The currency gain in the period was USD 10 million compared to a cost of USD 11 million the same period last year. This gain is partly offset by higher voyage, operating as well as general and administrative expenses. The currency gain lead also to higher deferred taxes, primarily related to unrealised currency gain on net USD-debt in the NOK accounts.

Third quarter 2002 net result was USD 10 million compared to USD 6 million in the first quarter and USD 16 million in the second quarter this year.

Business segments

Global trade

EBITDA for the first nine months of 2002 was USD 75 million compared to USD 116 million in the first nine months of 2001. Operating profit (EBIT) was USD 31 million in the first nine months of 2002 compared to USD 76 million in the first nine months of 2001 (including, then a sales gain of USD 3.5 million.). Lower freight rates and volumes lead to time-charter income expressed in USD per day being 18% lower than in the first nine months of 2001. The time-charter income was 9% lower in the third quarter 2002 compared to the second quarter 2002, partly due to an average bunker price of USD 156 per ton in the third quarter. The average

price of bunkers in the first nine months of 2002 was USD 140 per ton, compared to USD 130 per ton the previous year. Operating expenses on a comparable fleet basis were 5% higher in the first nine months of 2002 than in 2001 caused by a weaker USD.

Odfjell's four newbuilding contracts with Stocznia Szczecinska Porta Holding S.A. in Poland were cancelled due to the yard being declared bankrupt on 29 July 2002. Pre-delivery payments and interest thereon have been refunded to us. The Polish government has established a new yard, Stocznia Szczecinska Nowa, and on 24 October 2002 Odfjell made an agreement to acquire the first two ships in the original series of newbuildings. The ships will be delivered in April and October 2003 at terms basically the same as the original contracts.

On 28 June 2002, we took delivery of the 37.500 tdw. newbuilding Bow Chain from Kleven Florø AS.

Regional trade

EBITDA for the first nine months of 2002 was USD 11 million compared to USD 12 million in the same period last year. EBIT for the first nine months of 2002 was USD 5 million compared to USD 6 million in the same period last year.

During the year Odfjell Asia increased its fleet by three ships to now fourteen.

Tank terminals

EBITDA for the first nine months of 2002 was USD 27 million, similar to the first nine months of 2001. EBIT for the first nine months of 2002 was USD 16 million compared to USD 17 million during the same period last year.

The EBITDA of Odfjell Terminals (Houston) was USD 13 million compared to USD 12 million for the first nine months of 2001. Odfjell Terminals (Rotterdam) showed a reduction in EBITDA from USD 14

million for the first nine months of 2001 to USD 10 million for the first nine months of 2002. Our share of the terminal in Singapore and the two terminals in China made an EBITDA of USD 4 million.

Earlier this year Odfjell agreed with Korea Petrochemical Industry Company (KPIC) to acquire a majority portion of their chemical tank terminal under construction in Onsan, Korea. The Joint-Venture agreement with KPIC was signed 31 October 2002 and made Odfjell a 50% shareholder in what has now become Odfjell Terminals (Korea) Co Ltd.

Tank containers

EBITDA for the first nine months of 2002 was USD 4 million compared to USD 2 million in the first nine months of 2001. EBIT for the first nine months of 2002 was USD 1 million compared to a break-even level in the first nine months of 2001.

Key figures

Return on total assets was 4.9%, the return on capital employed (ROCE) was 5.5% and the return on equity was 7.8% in the first nine months of 2002. Return on the market capitalisation as per 30 September 2002 was 13.4%, caused by the share trading at a discount to book value.

Earnings per share amounted to USD 1.39 (NOK 11.40) in the first nine months of 2002 compared to USD 2.09 (NOK 18.47) in the first nine months of 2001. Cash flow per share was USD 4.23 (NOK 34.72) compared to USD 4.51 (NOK 39.88).

As per 30 September 2002 the Price/Earnings ratio (P/E) was 7.7 and the Price/Cashflow ratio was 2.5. Based on book value per share the EV/EBITDA multiple is 8.2 while, based on market value per share as 30 September 2002, the EV/EBITDA multiple is 6.7. Interest coverage ratio (EBITDA/Net interest expenses)

improved to 5.7 for the first nine months of 2002 compared to 5.0 for the first nine months of 2001.

Finance

Cash and bonds as of 30 September 2002 were USD 225 million compared to USD 213 million as of 31 December 2001. Additionally, undrawn credit facilities equalled USD 38 million as per 30 September 2002 compared to USD 33 million as per year-end 2001.

Interest bearing debt decreased from USD 960 million as per year-end 2001 to USD 954 million per 30 September 2002. Net interest bearing debt was USD 729 million as per 30 September 2002. The equity ratio was 34% as per 30 September 2002 and the current ratio was 3.9.

M/T Bow Chain, delivered in June 2002, the newbuilding Kleven 144 and one of the newbuildings from Poland to be delivered in 2003 are financed under a long-term lease facility.

Shareholder information

At the end of the first nine months of 2002 the Odfjell A-shares were trading at NOK 107, down 20.7% from NOK 135 as per 31 December 2001. The B-shares were trading at NOK 105 at the end of September 2002, a decrease of 21.6% from NOK 134 at year-end 2001. Dividend of NOK 8 per share was paid to the shareholders in May 2002.

By way of comparison, the Oslo Stock Exchange benchmark index decreased by 33.8% and the transportation index fell by 30.7% during the period. The A-shares traded between NOK 99.50 and NOK 163 during the first nine months of 2002 whilst the B-shares traded between NOK 101 and NOK 157.

The Annual General Meeting held 29 April 2002 decided a dividend of NOK 8 per share for 2001, equal to NOK 182.9 million (USD 20.3 million).

During the first nine months of 2002 we acquired 413,710 A-shares at an average price of NOK 116.65 per share and

762,600 B-shares at an average price of NOK 115.64 per share, representing 5.1% of the total shares in the company.

Since 1 January 2002 we have had a market maker agreement with Pareto Securities ASA.

Prospects

World economic growth in 2002 is still low, particularly in the OECD area. There is still uncertainty as to the length of the current downturn and its impact on the chemical tanker industry.

For the fourth quarter of 2002 we expect a net result about on par with the average result for the first nine months of 2002. At this junction we expect a 2003 financial performance similar to that of 2002.

Houston, 5 November 2002

THE BOARD OF DIRECTORS
OF ODFJELL ASA

Odfjell is a leading company in the global market of transporting and storing of chemicals and related logistical services. The fleet totals 90 ships, trading both globally and regionally, of which 51 are owned by the group. Odfjell additionally owns and operates tank terminals and tank containers. Priority is given to further developing the company's integrated logistical services.

ODFJELL GROUP

	1.1-31.3	1.4-30.6	1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9	1.1-31.12
Profit and Loss Statement	2002	2002	2002	2001	2002	2001	2001
(USD mill)							
Gross revenue	196	208	217	210	620	639	846
Voyage expenses	(60)	(68)	(75)	(63)	(203)	(195)	(260)
Time-charter expenses	(44)	(46)	(48)	(46)	(138)	(138)	(183)
Operating expenses	(39)	(43)	(45)	(39)	(127)	(117)	(158)
Gross result	52	52	49	62	153	188	245
General and administrative expenses	(11)	(13)	(12)	(11)	(36)	(30)	(42)
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	41	39	37	52	117	158	203
Depreciation	(21)	(21)	(22)	(20)	(64)	(61)	(83)
Gain (loss) on sale of fixed assets	-	0	1	-	1	3	4
Operating result (EBIT)	20	17	16	31	53	100	124
Interest income	2	2	2	3	7	11	13
Interest expenses	(10)	(9)	(8)	(13)	(28)	(42)	(53)
Other financial items	(0)	(0)	(0)	(0)	(1)	(0)	(1)
Currency gains (losses)	(4)	8	6	(1)	10	(11)	(14)
Net financial items	(13)	1	(0)	(11)	(12)	(43)	(55)
Result before extraordinary items and taxes	7	19	15	21	41	58	69
Taxes	(1)	(3)	(5)	(2)	(9)	(5)	(9)
Net result before minority interests	6	16	10	19	32	53	60
Minority interest	(0)	(0)	(0)	(0)	(0)	0	0
Net result	6	16	10	19	31	53	60
	31.3	30.6			30.9	30.9	31.12
Balance Sheet	2002	2002			2002	2001	2001
(USD mill)							
Intangible assets	17	16			16	15	17
Vessels	962	1 003			986	990	974
Newbuildings	52	36			5	35	36
Tank terminals	215	229			227	195	216
Tank containers	20	19			19	20	19
Other fixed assets	20	22			21	16	17
Other long-term receivables	17	14			20	27	22
Total fixed assets	1 303	1 339			1 293	1 299	1 301
Short-term receivables	73	77			76	76	79
Bunkers	4	4			8	7	8
Investments	-	-			0	-	-
Bank deposits and marketable securities	215	211			225	200	213
Total current assets	291	292			309	283	299
Total assets	1 594	1 631			1 602	1 582	1 601
Paid in equity	141	141			140	149	141
Retained earnings	391	412			407	395	385
Total shareholders' equity	532	553			547	544	526
Minority interest	4	4			4	4	4
Accrued liabilities	9	9			17	6	8
Long-term debt	946	981			954	935	960
Short-term debt	104	84			80	93	103
Total liabilities	1 059	1 074			1 051	1 034	1 071
Total liabilities and shareholders' equity	1 594	1 631			1 602	1 582	1 601

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	1.1-31.3	1.4-30.6	1.7-30.9	1.7-30.9	1.1-30.9	1.1-30.9	1.1-31.12
Key Figures	2002	2002	2002	2001	2002	2001	2001
Average number of shares (mill)	22.87	22.87	22.35	24.80	22.69	25.30	24.69
Earnings per share (USD)	0.24	0.70	0.45	0.76	1.39	2.09	2.43
Cash flow per share (USD)	1.16	1.63	1.43	1.59	4.23	4.51	5.78
Equity per share (USD)	23.24	24.16	24.97	23.59	24.97	23.59	22.99
Share price per A-share (USD)	16.69	16.04	14.33	13.56	14.33	13.56	14.98

Financial Ratios

Equity ratio	33.6%	34.1%	34.4%	34.4%	34.4%	34.4%	32.8%
Current ratio	2.8	3.5	3.9	3.0	3.9	3.0	2.9
Return on total assets	4.0%	6.2%	4.4%	8.0%	4.9%	7.8%	7.0%
Return on equity	4.2%	11.8%	7.0%	13.8%	7.8%	12.9%	11.4%
Return on capital employed	6.2%	5.4%	4.7%	9.9%	5.5%	10.5%	9.8%
Debt repayment capability (Years)	6.9	5.2	5.8	4.7	5.7	5.0	5.4
USD/NOK rate at period end	8.81	7.48	7.47	8.85	7.47	8.85	9.01

Cash Flow Statement

(USD mill)							
Net cash flow from operating activities	44	41	36	38	122	120	144
Net cash flow from investing activities	(28)	(58)	22	(54)	(64)	(71)	(111)
Net cash flow from financing activities	(14)	12	(45)	(7)	(47)	(75)	(47)
Effect on cash balances from currency exchange rate fluctuations	0	1	1	2	1	(1)	(1)
Net change in cash and cash equivalents	2	(4)	14	(21)	12	(27)	(14)
Opening cash balances	213	215	211	221	213	227	227
Ending cash balances	215	211	225	200	225	200	213

Segment Reporting

(USD mill)							
Global trade	138	144	152	153	434	469	621
Regional trade	27	30	31	27	88	77	103
Tank terminals	21	24	23	22	69	66	89
Tank containers	9	9	10	8	29	26	34
Total gross revenue	196	208	217	210	620	639	846
Global trade	27	25	24	38	75	116	150
Regional trade	4	4	3	4	11	12	14
Tank terminals	9	9	9	9	27	27	35
Tank containers	1	1	1	1	4	2	3
Total operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	41	39	37	52	117	158	203
Global trade	12	10	8	23	31	76	94
Regional trade	2	2	1	2	5	6	6
Tank terminals	5	5	5	6	16	17	23
Tank containers	0	0	0	0	1	0	0
Total operating result (EBIT)	20	17	16	31	53	100	124

Shareholders' Equity

(USD mill)							
Opening balances	526	532	553	551	526	530	530
Net result for the period	6	16	10	19	31	53	60
Repurchase own shares	-	-	(15)	(28)	(15)	(38)	(41)
Share issue	-	-	-	-	-	-	-
Equity adjustments	-	-	-	-	-	1	1
Changes in translation adjustments	0	5	(0)	2	5	(1)	(3)
Proposed dividend	-	-	-	-	-	-	(20)
Ending balances	532	553	547	544	547	544	526

Accounting Principles

All items in the periodic financial statements have been reported, valued and accounted for in accordance with the Accounting Act, generally accepted accounting principles in Norway and the preliminary accounting standard regarding periodic accounts. The same accounting principles have been applied in the periodic accounts as in the annual accounts for 2001. The periodic accounts are unaudited.



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