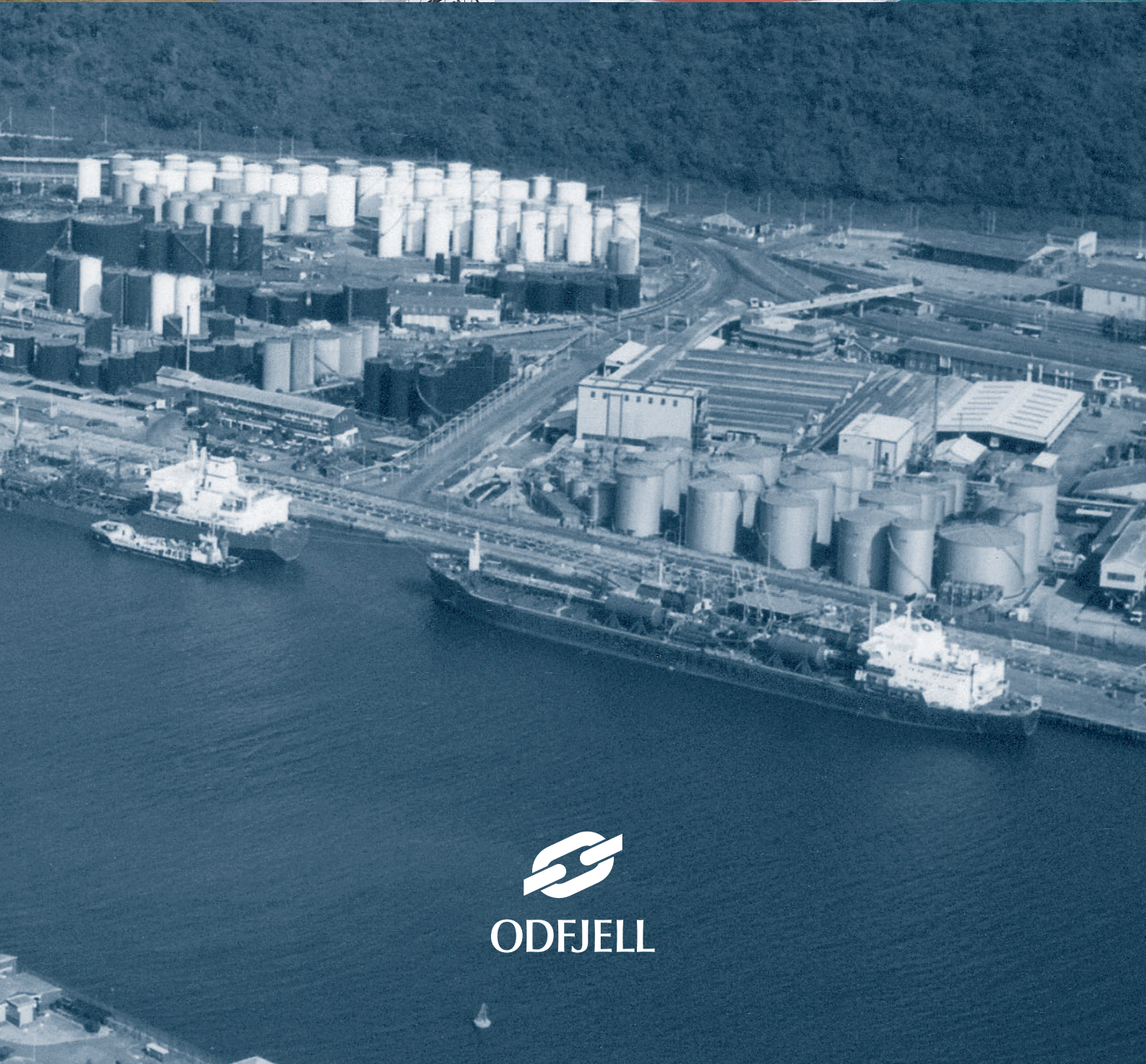


Report First Quarter 2003



ODFJELL

Report First Quarter 2003

ODFJELL ASA –
CONSOLIDATED

- *Net result improved by 28% but Time-charter earnings were 2% lower compared to preceding quarter*
- *Very high bunker cost*
- *Strong results from tank terminal activities*
- *Continued low interest rates*
- *Positive impact from currency hedging*
- *Long-term time-charters of three about 19,000 dwt. newbuildings and ordering of 2,000 tank containers*

Results

Odfjell's consolidated net result after tax was USD 18 million for the first quarter 2003 compared to USD 6 million in the same period in 2002. The freight levels remained stable during the first quarter 2003, but voyage costs were higher due to very high bunker cost. Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first quarter 2003 were USD 41 million, the same as for the first quarter 2002. Operating result (EBIT) was USD 18 million in the first quarter 2003, compared to USD 20 million in the same period in 2002.

Operating expenses as well as general and administrative expenses were higher than in the same period in 2002, mainly due to a weaker USD, legal cost and the incorporation of our 50% share of the new tank terminal in Korea. As from 2003 we have reclassified certain items from cost reduction to revenue. The accounts for previous periods have been adjusted accordingly. The effect of this change was to increase General & Administration Expenses and

Revenue by USD 1.3 million in the first quarter of 2002. Net interest expenses for the first quarter 2003 were USD 5 million compared to USD 8 million in the first quarter 2002, a reduction due to lower interest rates.

The average USD/NOK exchange rate for the first quarter 2003 was 7.06 compared to 8.91 for the same period in 2002. The USD/NOK rate strengthened from 6.96 at year-end 2002 to 7.29 at 31 March 2003. Compared to 2002, the weaker average USD positively impacted our currency hedging portfolio, but increased our non-USD costs expressed in USD. The currency gain in the period was USD 7 million compared to a cost of USD 4 million the same period last year. The stronger USD since year-end 2002 lead to lower deferred taxes, primarily related to reversal of unrealised currency gain on net USD-debt in the NOK accounts.

The first quarter 2003 net result of USD 18 million compares with a net result of USD 6 million in the first quarter 2002, USD 16 million in the second quarter 2002, USD 10 million in the third quarter 2002 and USD 14 million in the fourth quarter 2002.

Business segments

Global trade

EBITDA for the first quarter 2003 was USD 25 million compared to USD 27 million the same period 2002. Operating profit (EBIT) was USD 10 million in the first quarter 2003 compared to USD 12 million in the first quarter 2002. Higher bunker cost lead to time-charter income expressed in USD per day being close to 2% lower in the first quarter 2003 compared both to fourth quarter 2002 and to the average for 2002. The average price of bunkers in the first quarter 2003 was USD 163 per ton (incl. bunker clause compensations), compared to USD 113 per ton the same period the previous year. Operating expenses on a

comparable fleet basis were 4% higher in the first quarter 2003 than in 2002 caused by a weaker USD.

We have entered into agreements with Japanese interests for the long-term time-charter of three about 19,000 dwt. newbuildings. The ships will be built at Usuki and Shin-Kurushima shipyards in Japan with deliveries in August 2004, October 2004 and December 2005 respectively. The initial time-charter period is seven and eight years with our options to extend the charters another two or three years. Furthermore, we have purchase options for two of the ships throughout the charter period. Two of the ships will have 22 cargo tanks and one ship will have 36 cargo tanks, all made of stainless steel.

Regional trade

EBITDA for the first quarter 2003 was USD 3 million compared to USD 4 million in the same period last year. EBIT for the first quarter 2003 was USD 1 million compared to USD 2 million in the first quarter 2002.

Tank terminals

EBITDA for the first quarter 2003 was USD 11 million, an improvement from USD 9 million the same period last year. EBIT for the first quarter 2003 was USD 7 million up from USD 5 million in the first quarter 2002.

The EBITDA of Odfjell Terminals (Houston) was USD 5 million for the first quarter 2003 compared to USD 4 million in the same period in 2002. Odfjell Terminals (Rotterdam) showed an EBITDA of USD 5 million for the first quarter 2003 compared to USD 3 million in the same period in 2002. Our share of the terminals in Ulsan, Korea, in Singapore and the two terminals in China made an EBITDA of USD 1 million.

Tank containers

EBITDA for the first quarter 2003 was USD 1 million, the same figure as for the same period last year. EBIT for the first quarter 2003 was USD 1 million compared to break-even in the first quarter in 2002.

In line with industry practice we have decided to change the depreciation period for tank containers from 12 to 20 years. This has a positive effect on the net result of USD 0.4 million for the first quarter 2003.

Hoyer-Odfjell BV has entered into an agreement to purchase 2,000 new tank containers. The deliveries will be evenly spread out over 2003 and the following two years and the investment is funded through a financial lease arrangement.

Key figures

Return on equity was 13.2%, return on total assets was 6.3% and return on capital employed (ROCE) was 5.7% in the first quarter 2003. Return on market capitalisation as per 31 March 2003 was 21.8%, caused by the share trading at a discount to book value.

Earnings per share amounted to USD 0.83 (NOK 5.83) in the first quarter 2003 compared to USD 0.24 (NOK 2.16) in the first quarter 2002. Cash flow per share was USD 1.86 (NOK 13.12) compared to USD 1.16 (NOK 10.36).

As per 31 March 2003 the Price/Earnings ratio (P/E) was 4.6 and the Price/Cashflow ratio was 2.0. Based on book value per share the Enterprise Value (EV)/EBITDA multiple is 7.8 while, based on market value per share as per 31 March 2003, the EV/EBITDA multiple is 6.4. Interest coverage ratio (EBITDA/Net interest expenses) improved in the first quarter 2003 to 7.6 compared to 5.0 the first quarter 2002.

Finance

Cash and bonds as of 31 March 2003 were reduced to USD 135 million compared to USD 230 million as of 31 December 2002,

this as a consequence of prepayment of debt during the first quarter 2003 of USD 100 million that matures in May 2003 as well as investments in newbuildings.

As a consequence of the above, interest bearing debt is decreased from USD 957 million as per year-end 2002 to USD 852 million per 31 March 2003. Net interest bearing debt was USD 717 million as per 31 March 2003. The equity ratio strengthened to 36% as per 31 March 2003 and the current ratio was 2.3.

Shareholder information

At 31 March 2003 the Odfjell A-shares were trading at NOK 110 (USD 15.1), a flat development from NOK 110 (USD 15.8) year-end 2002. The B-shares were trading at NOK 113 (USD 15.5) at 31 March 2003, in NOK up 2.7% from NOK 110 (USD 15.8) year-end 2002. By way of comparison, the Oslo Stock Exchange benchmark index fell by 9.7% and the transportation index declined by 1.9% during the period. The A-shares peaked at NOK 125 (USD 18.0) and fell to NOK 102 (USD 14.5) at its lowest point during the period whilst the corresponding figures for the B-shares were NOK 124 (USD 18.0) and NOK 102 (USD 14.5).

The Annual General Meeting will be held later today and the Board recommends a stable dividend of NOK 8 (USD 1.15) per share for 2002, equal to NOK 173.5 million (USD 24.9 million). If approved, the dividend will be paid out on 20 May 2003 to the registered shareholders as per 5 May 2003. Based on the average share price in 2002 the direct yield, through dividend, in 2002 equals about 6.3%.

Investigations by Competitive Authorities

The Chemical Tanker Industry, including Odfjell, is under investigations by the EU Commission and the US Department of Justice into

possible breaches of relevant competition regulations. Odfjell has not yet received any feedback from the EU Commission. In the US we have recently handed over to the authorities the documents as requested. It is anticipated that this matter will be ongoing for months if not years. Any breaches of antitrust regulations in the EU and/or the US may lead to substantial fines as well as potential civil lawsuits. We are cooperating with the authorities and are also conducting an internal investigation into the matter. Whilst the outcome of these investigations is pending the Board, and in keeping with good corporate governance, has put in place a special Committee headed up by the Chairman, overseeing matters.

Shortly after the investigations were announced, one of our customers, JLM Industries, initiated a lawsuit against Odfjell in the US. The lawsuit is entirely based on information given in various articles in the Wall Street Journal. The claim is approx. USD 3 million. It has now been applied to the courts in the US to extend this lawsuit to a "class action" against Odfjell, Stolt-Nielsen, Tokyo Marine and JO Tankers. The same companies have been summoned by Nizhnekamskneftekhim USA Inc. In the opinion of Odfjell there is no basis for these claims.

Prospects

World economic growth 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 remaining quarters of 2003 we expect a pre-tax result on par with the result for the first quarter 2003.

Bergen, 5 May 2003

THE BOARD OF DIRECTORS
OF ODFJELL ASA

ODFJELL GROUP

	1.1-31.3	1.1-31.3	1.1-31.12
Profit and Loss Statement	2003	2002	2002
(USD mill)			
Gross revenue	219	197	850
Voyage expenses	(79)	(60)	(279)
Time-charter expenses	(40)	(44)	(190)
Operating expenses	(44)	(39)	(169)
Gross result	56	53	212
General and administrative expenses	(16)	(12)	(53)
Operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	41	41	159
Depreciation	(22)	(21)	(87)
Gain (loss) on sale of fixed assets	(0)	-	1
Operating result (EBIT)	18	20	72
Interest income	2	2	9
Interest expenses	(7)	(10)	(35)
Other financial items	(0)	(0)	(1)
Currency gains (losses)	7	(4)	15
Net financial items	1	(13)	(12)
Result before extraordinary items and taxes	19	7	61
Taxes	(1)	(1)	(15)
Net result before minority interests	18	6	46
Minority interests	0	(0)	(0)
Net result	18	6	45
	31.3	31.3	31.12
Balance Sheet	2003	2002	2002
(USD mill)			
Intangible assets	14	17	15
Vessels	947	962	969
Newbuildings	24	52	11
Tank terminals	265	215	262
Tank containers	18	20	18
Other fixed assets	22	20	21
Other long-term receivables	18	17	19
Total fixed assets	1 311	1 303	1 314
Short-term receivables	79	73	76
Bunkers	7	4	10
Bank deposits and marketable securities	135	215	230
Total current assets	222	291	315
Total assets	1 533	1 594	1 630
Paid in equity	139	141	139
Retained earnings	415	391	396
Total shareholders' equity	554	532	535
Minority interests	4	4	4
Accrued liabilities	24	9	24
Long-term debt	852	946	957
Short-term debt	98	104	110
Total liabilities	974	1 059	1 091
Total liabilities and shareholders' equity	1 533	1 594	1 630

ODFJELL GROUP

	1.1-31.3	1.1-31.3	1.1-31.12
Key Figures	2003	2002	2002
Average number of shares (mill)	21.69	22.87	22.43
Earnings per share (USD)	0.83	0.24	2.02
Cash flow per share (USD)	1.86	1.16	5.90
Equity per share (USD)	25.54	23.24	24.66
Share price per A-share (USD)	15.10	16.69	15.81

Financial Ratios

Equity ratio	36.4%	33.6%	33.1%
Current ratio	2.3	2.8	2.9
Return on total assets	6.3%	4.0%	5.0%
Return on equity	13.2%	4.2%	8.5%
Return on capital employed	5.7%	6.2%	5.7%
Debt repayment capability (Years)	4.4	6.9	5.5
USD/NOK rate at period end	7.29	8.81	6.96

Cash Flow Statement

(USD mill)			
Net cash flow from operating activities	35	43	156
Net cash flow from investing activities	(22)	(28)	(107)
Net cash flow from financing activities	(106)	(14)	(49)
Effect on cash balances from currency exchange rate fluctuations	(1)	1	17
Net change in cash and cash equivalents	(95)	2	17
Opening cash balances	230	213	213
Ending cash balances	135	215	230

Segment Reporting

(USD mill)			
Global trade	150	139	595
Regional trade	30	27	119
Tank terminals	28	22	97
Tank containers	11	9	39
Total gross revenue	219	197	850
Global trade	25	27	101
Regional trade	3	4	15
Tank terminals	11	9	38
Tank containers	1	1	5
Total operating result before depreciation and gain (loss) on sale of fixed assets (EBITDA)	41	41	159
Global trade	10	12	41
Regional trade	1	2	7
Tank terminals	7	5	22
Tank containers	1	0	2
Total operating result (EBIT)	18	20	72

Shareholders' Equity

(USD mill)			
Opening balances	535	526	526
Net result for the period	18	6	45
Repurchase own shares	-	-	(18)
Changes in translation adjustments	1	0	7
Proposed dividend	-	-	(25)
Ending balances	554	532	535

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 2002.

The periodic accounts are unaudited.



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