

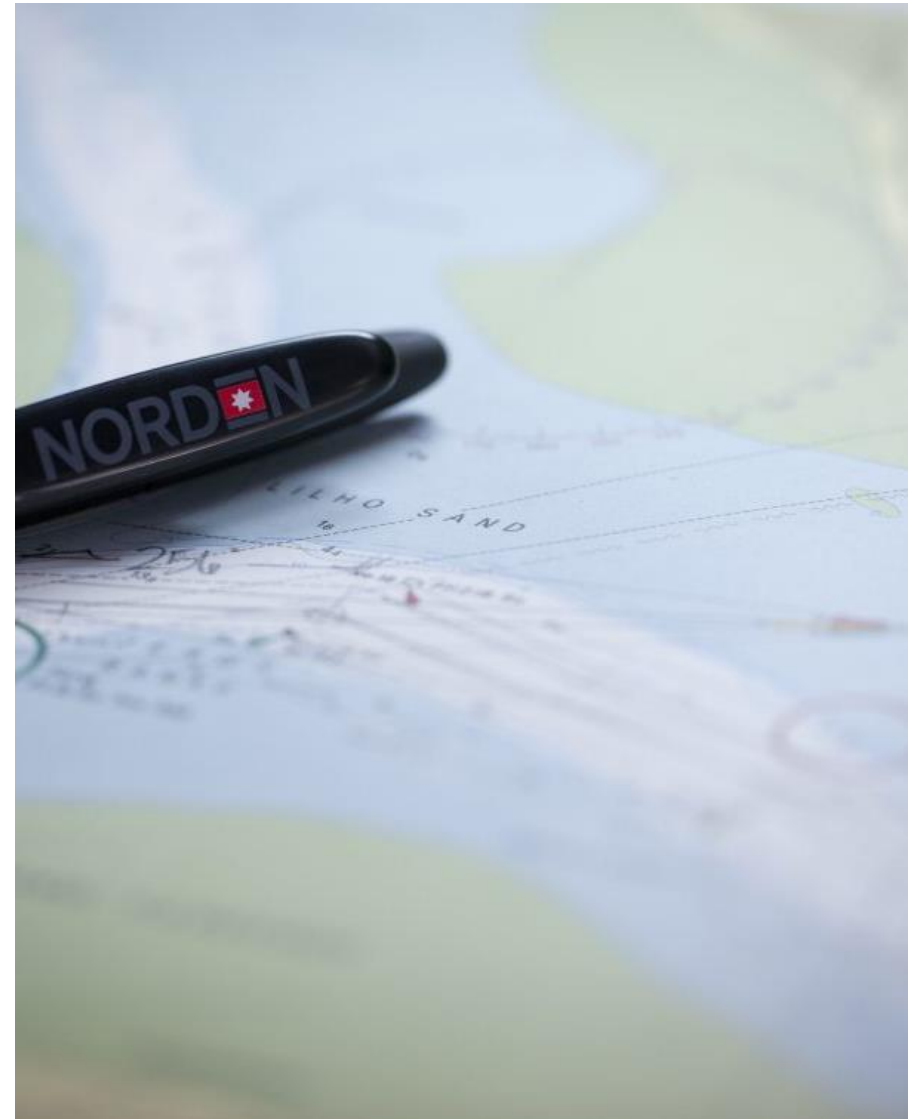
# NORDEN RESULTS

Third quarter of 2014

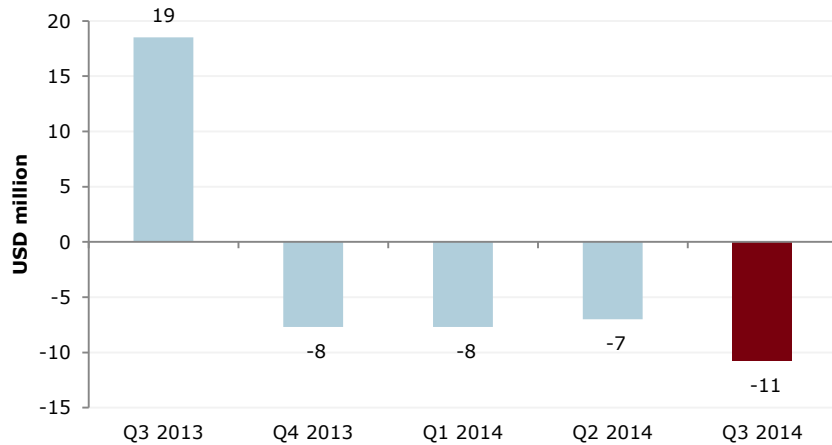
Hellerup, Denmark  
12 November 2014



- ▶ Group highlights
  - ▶ Financials
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2014 expectations
- ▶ Q & A



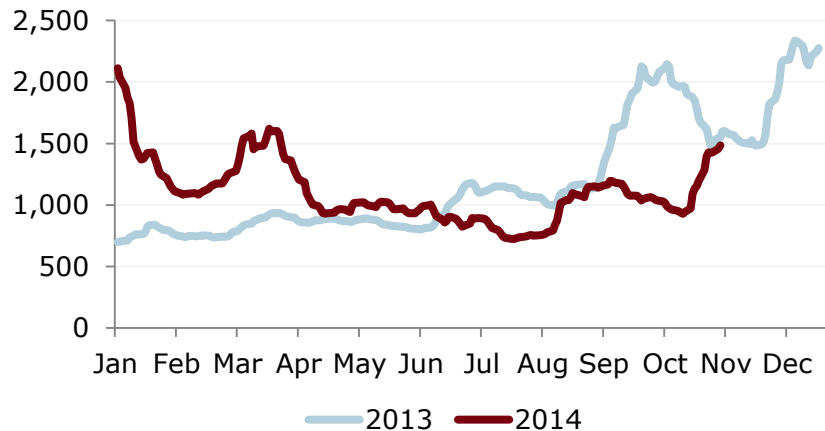
## EBITDA



## Key messages

- ▶ EBITDA USD -11 million in continued weak markets
- ▶ Results are not satisfactory, but in line with the most recently announced expectations
- ▶ Continued weakness in dry cargo market, but T/C earnings above market performance
- ▶ Improvement in earnings in Tankers and above market performance
- ▶ Market value of fleet USD 24 million above book value, however, weakness in charter markets impacting asset values negatively

## Baltic Dry Index



POOR MARKET BUT STRONG PERFORMANCE IN BOTH DRY CARGO AND PRODUCT TANKERS

- ▶ Group EBITDA of USD -11 million
  - ▶ Dry Cargo EBITDA of USD -16 million
  - ▶ Tanker EBITDA of USD 8 million

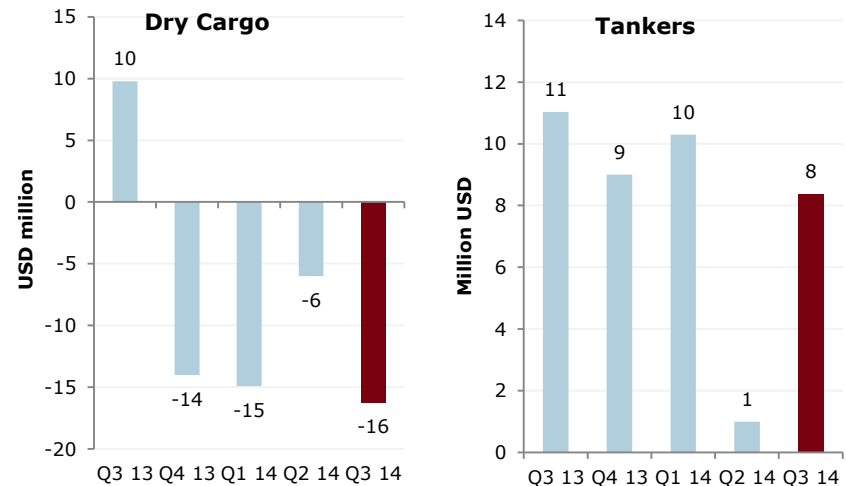
▶ Dry Cargo

- ▶ 7% higher than the 1-year T/C
- ▶ 55% higher than spot rates from Baltic Exchange

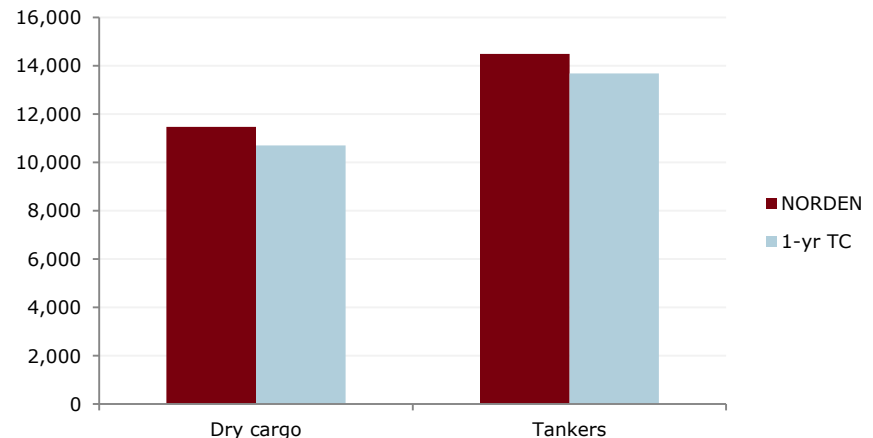
▶ Tankers

- ▶ 6% higher than the 1-year T/C

EBITDA

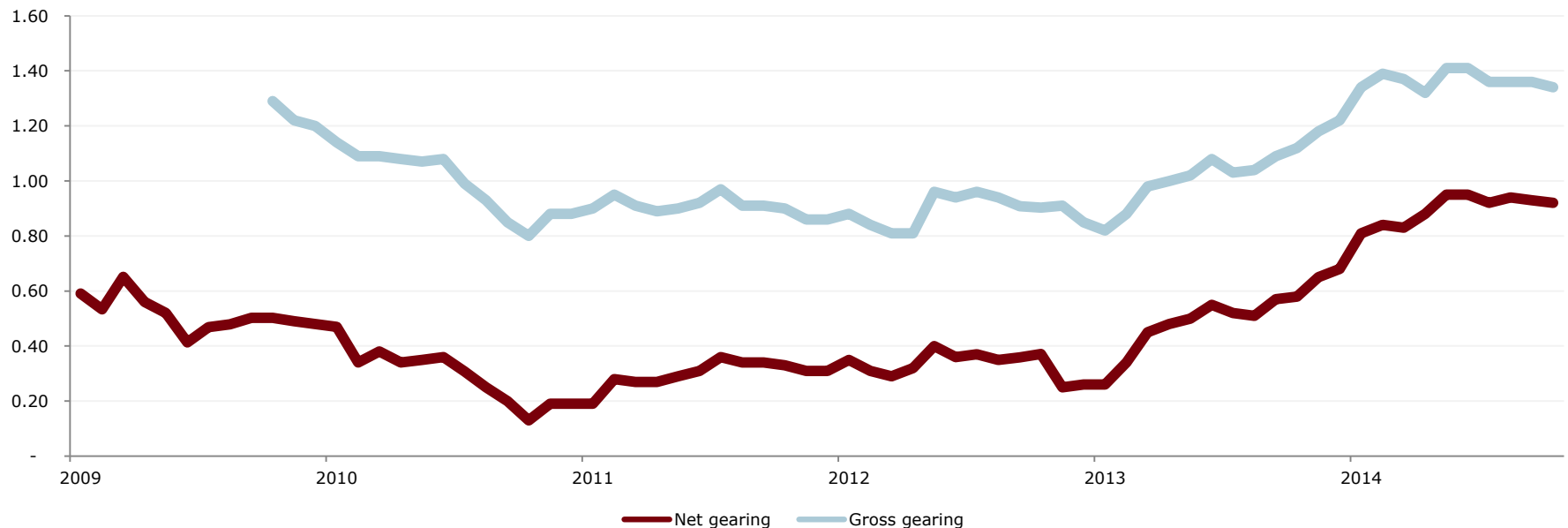


NORDEN's performance vs. 1-year T/C



- ▶ Cash flow from operations
  - ▶ USD 9 million – partly driven by improving working capital
- ▶ Undrawn credit facilities
  - ▶ End of quarter: USD 295 million
  - ▶ After end of quarter: new 5-year credit facility of USD 100 million

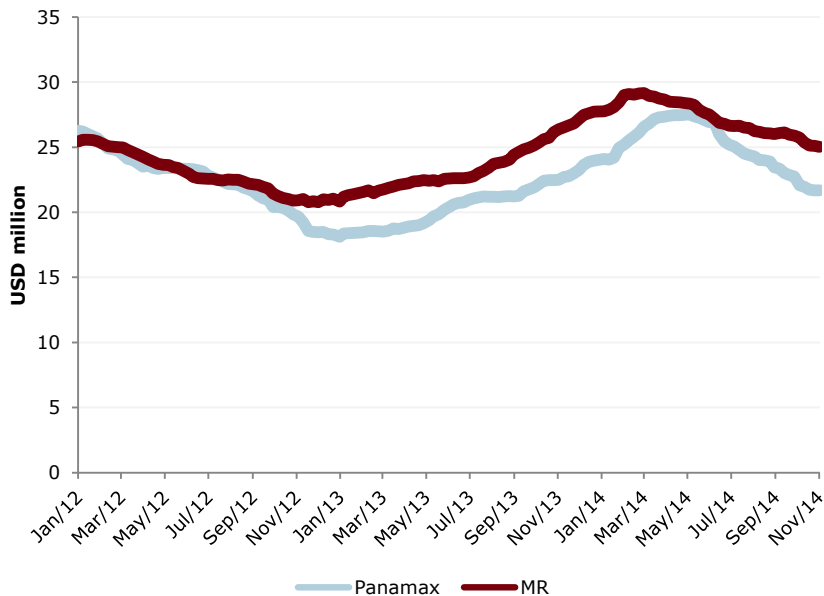
## Gearing



# MARKET VALUE OF FLEET STILL ABOVE BOOK VALUES

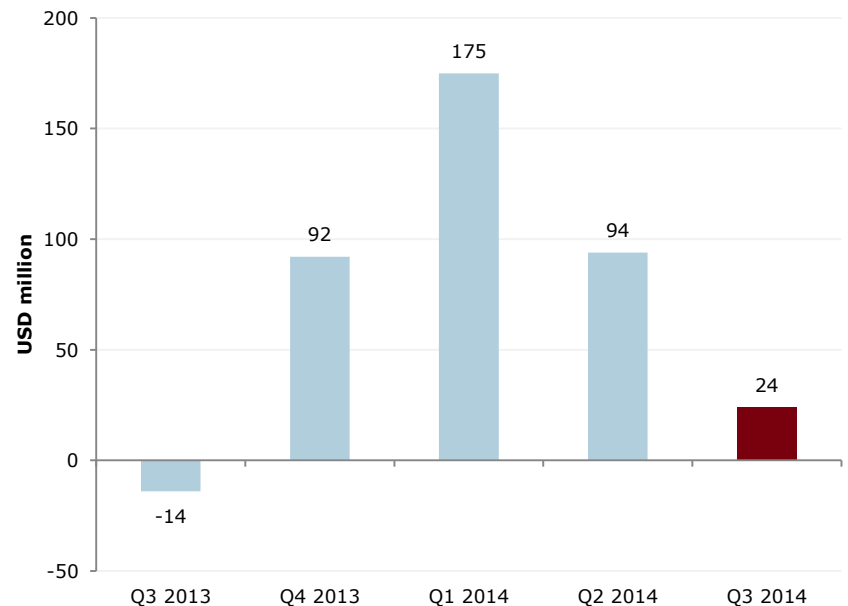
- ▶ Market value of NORDEN’s fleet continues to be above book values
- ▶ Asset values have decreased through Q3
- ▶ Currently limited activity in asset market and values are sliding due to disappointing charter rates

## 5-year secondhand prices



Source: Baltic Exchange

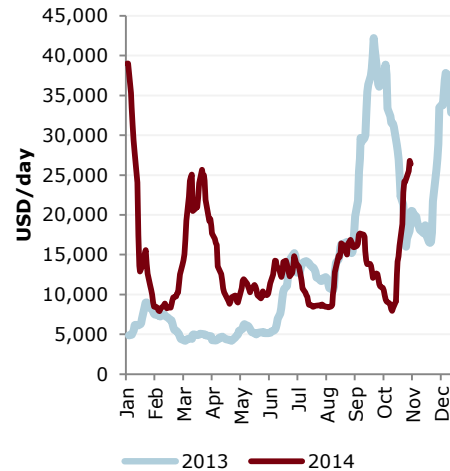
## Added value in fleet (incl. joint ventures)



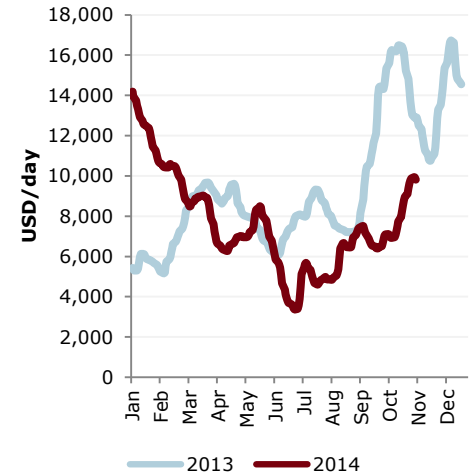
# CURRENT RATES STILL BELOW 2013 LEVELS

- ▶ Due to the poor market conditions in Q2 and Q3, average BDI is on par with same period in 2013
- ▶ Growth in Chinese iron ore imports has been stronger than expected, but not enough to fully compensate for:
  - ▶ Australia gaining market share in IO export to China leading to fewer tonne-miles
  - ▶ The loss of Indonesian nickel/bauxite trade
  - ▶ Lower coal trade to both China and Europe
  - ▶ Slow start to North American grain season

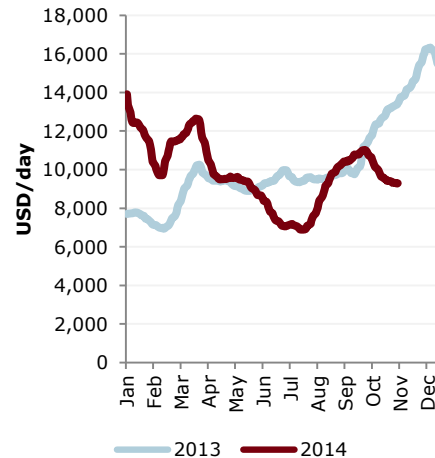
Capesize



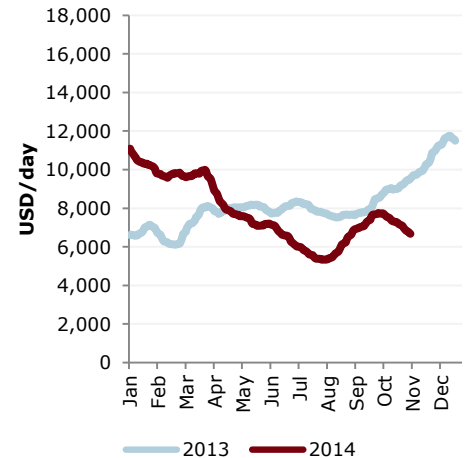
Panamamax



Supramax



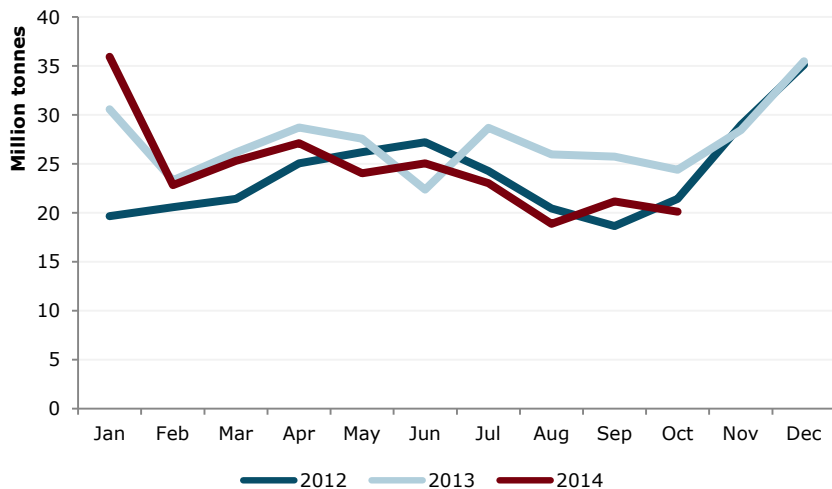
Handysize



# MARKET IMPROVEMENT IN Q4 HIGHLY DEPENDENT ON INCREASE IN TRANSPORT OF COAL

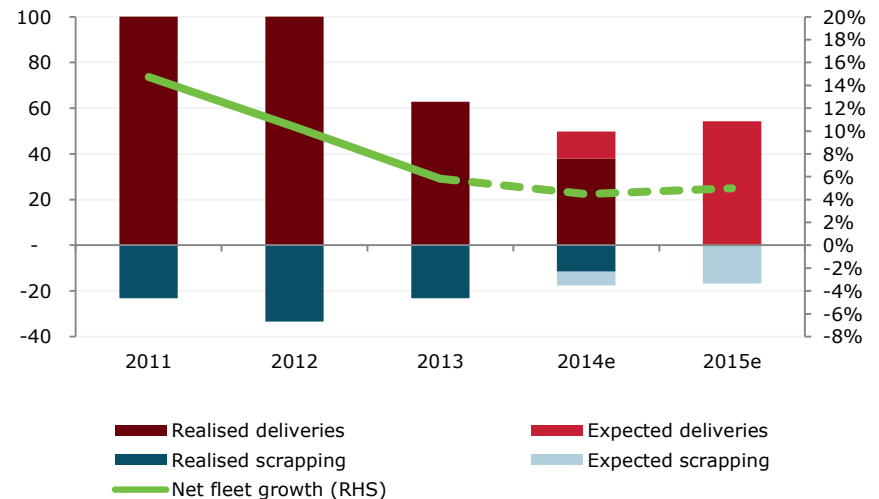
- ▶ In spite of recent uptick, market improvement in Q4 is constrained by weak coal volumes to China caused by a political effort to protect own coal mining industry
  - ▶ For the rest of 2014, China has intentions to lower imports by 40% compared to last year
  - ▶ Recently introduced an import tax of 3-6% for coking and steam coal
- ▶ On the positive note, expected fleet growth is low, ordering activity in Q3 continued to be slow

## China coal import (incl. lignite)



Source: GTT

## Dry Cargo supply



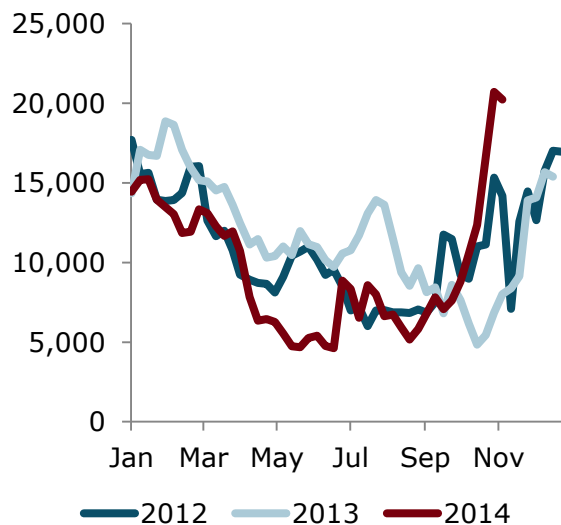
Source: Clarksons and NORDEN



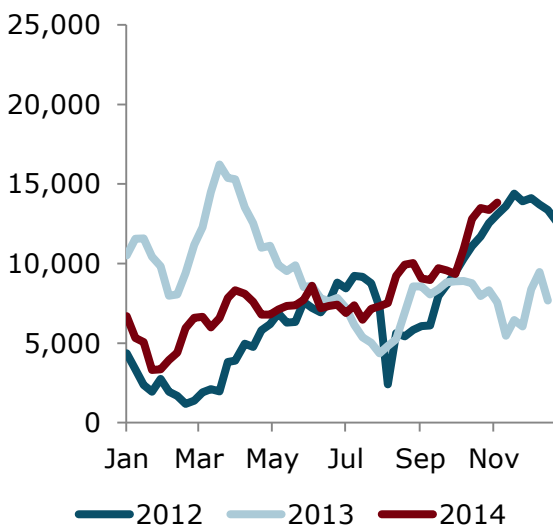
# IMPROVED MARKET IN Q3 AND CURRENT STRONG SPIKE

- ▶ Rates for MRs improved as US refineries returned from maintenance
- ▶ Increased exports of refined products out of Middle East
- ▶ Significant spike in current rates across all product tanker segments

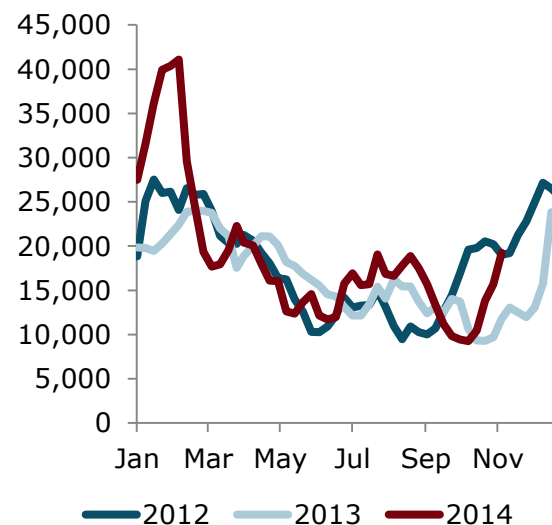
West CPP



East CPP



DPP

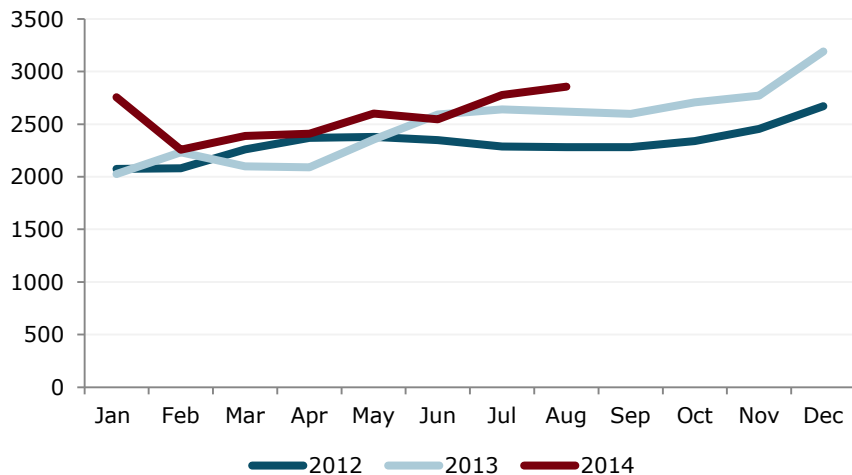


Source: ACM

# PRODUCT TANKERS INCREASING EXPORTS FOR MIDDLE EAST WILL CONTINUE TO SUPPORT MARKET

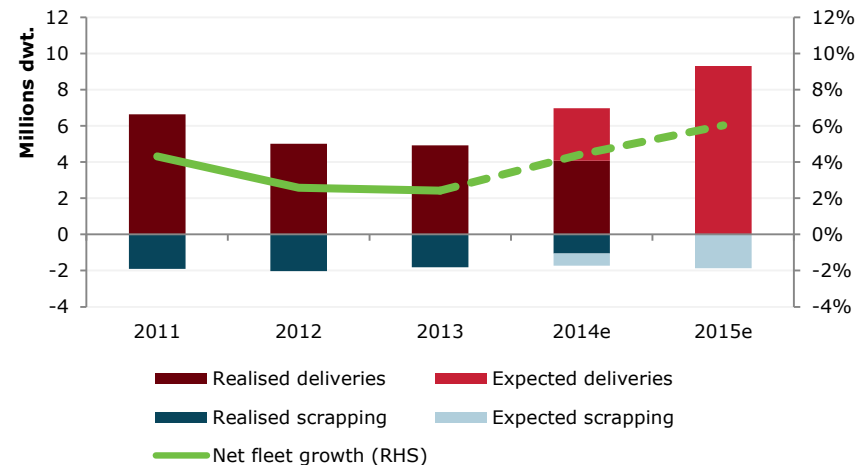
- ▶ Positive near-term outlook as we enter winter season
- ▶ New export refineries in Middle East continue to ramp up
- ▶ Improved crude markets could provide upside for product tankers
- ▶ Supply growth will increase in 2015

### US export of refined products (1,000 bpd)



Source: EIA

### Tanker supply



Source: Clarksons and NORDEN

## Outlook

USDm	Dry Cargo	Tankers	Total
EBITDA	-60 to -30	15 to 45	-60 to 0
Profit from vessel sales			0
CAPEX			100-120



## Comments

- ▶ Guidance based on current capacity and coverage
- ▶ Only known and confirmed vessel sales are included in guidance
- ▶ Guidance on CAPEX is lowered to USD 100-120 million (USD 130-150 million), primarily due to sale of a product tanker

This presentation contains certain forward-looking statements reflecting the management's present judgment of future events and financial results.

Statements relating to the remainder of 2014 and subsequent years are subject to uncertainty, and NORDEN's actual results may therefore differ from the projections. Factors that may cause such variance include, but are not limited to, changes in macro-economic and political conditions, particularly in the Company's principal markets; changes to the Company's rate assumptions and operating costs; volatility in rates and tonnage prices; regulatory changes; any disruptions to traffic and operations as a result of external events, etc.



FORWARD LOOKING STATEMENTS

24\*7 seas



Thank you for your attention

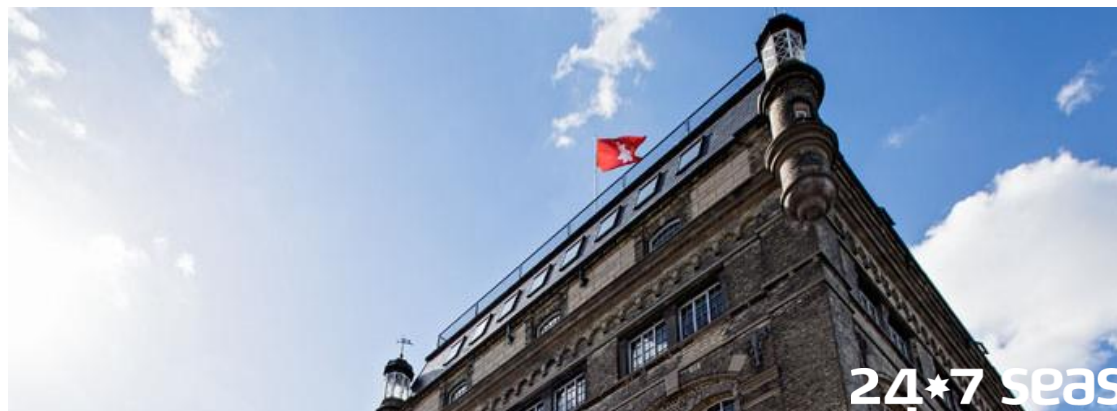
*Get mobile version of NORDEN's website. Scan and add to home screen. Or go to [m.ds-norden.com](http://m.ds-norden.com)*



**Dampskibsselskabet NORDEN A/S**

52, Strandvejen  
DK-2900 Hellerup  
Denmark  
Phone: +45 3315 0451

[www.ds-norden.com](http://www.ds-norden.com)



BACK UP

# A LEADING GLOBAL TRAMP OPERATOR

## Dry Cargo



Capesize



Post-Panamax



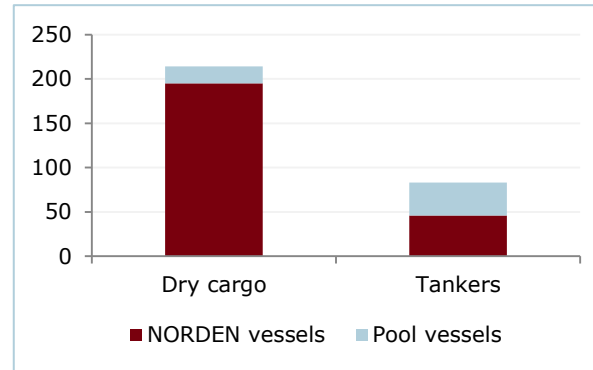
Panamax



Supramax



Handysize



## Tankers



MR



Handysize



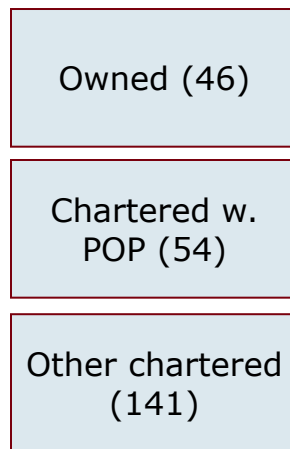
- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)

- ▶ Active fleet can quickly be adjusted to demand and market conditions
- ▶ Fleet employment based on portfolio view
- ▶ Significant asset upside through purchase options

## Flexible fleet

- ▶ Sale and purchase
- ▶ Technical competencies in-house
- ▶ Option-based flexibility
- ▶ 5-7 year firm periods
- ▶ Flexibility and scale
- ▶ Arbitrage
- ▶ Single-trip charters

### Capacity



## Coverage and customer focus

### Employment



- ▶ Customer relations
- ▶ Logistical efficiencies
- ▶ 2-10 year firm periods
- ▶ Quick and easy cover
- ▶ Leverage of scale
- ▶ Operator profit

## People



## Brand



## Systems



\* Active fleet per 30 September 2014



# ...ENABLING VALUE CREATION BASED ON THE CYCLE AND THROUGHOUT THE CYCLE

## Exploiting the cycle

Taking a view on the fundamental market and adjusting our exposure

Levers:

Owned vessels

Long-term T/C in

Long-term coverage

Financial gearing

## Creating value throughout the cycle

Creating value above industry level irrespective of market conditions

Levers:

Commercial operations:

- Optimisation around cargo contracts (Dry Cargo)
- Short-term T/C in/out
- Optimisation of trade composition and positioning
- Exploitation of seasonality and volatility
- Vessel selection

Voyage execution incl. fuel optimisation

Cost efficiency

- ▶ Fast and consistent decision making
- ▶ Relationships with tonnage providers
- ▶ Long-term player
- ▶ Financial strength
- ▶ Execution skills

- ▶ Skilled and experienced staff
- ▶ Close customer relationships
- ▶ Economies of scale
- ▶ Optimised systems and processes
- ▶ Strong brand

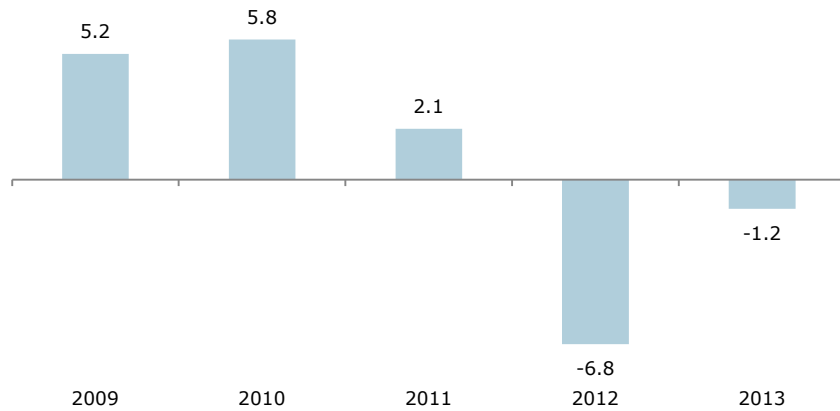
Why we  
succeed

# OVERALL RESULTS

USDm	Q3 2013	Q2 2014	Q3 2014
EBITDA - Dry Cargo	10	-6	-16
EBITDA - Tankers	11	1	8
Unallocated	-2	-3	-3
<b>EBITDA - Group</b>	<b>19</b>	<b>-7</b>	<b>-11</b>
Depreciation	-21	-16	-19
<b>EBIT Group</b>	<b>-1</b>	<b>-27</b>	<b>-28</b>
<b>Net profit</b>	<b>1</b>	<b>-42</b>	<b>-46</b>
Cash from operations	4	-29	9
Net Cash flow	29	-110	-31
Cash and securities	529	323	279

# LAST 5 YEARS PERFORMANCE

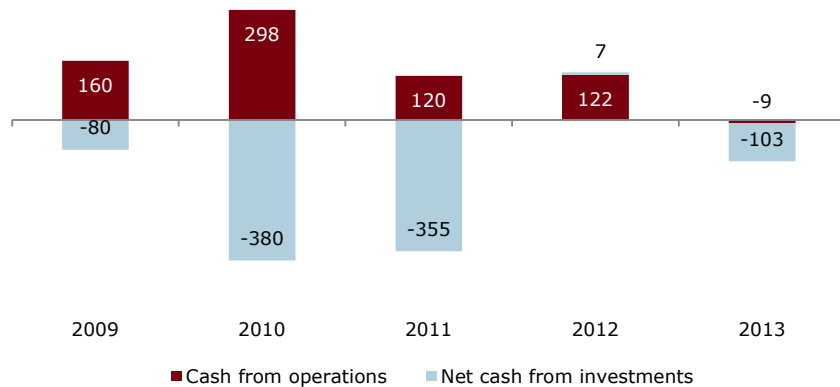
## Earnings per share (USD)



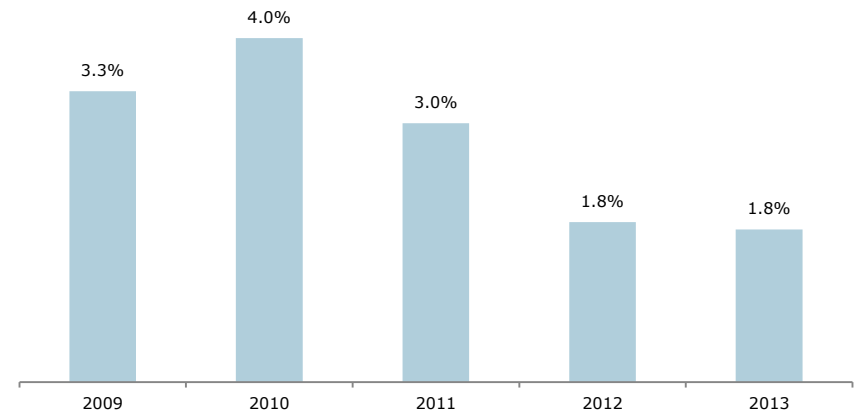
## Return on equity



## Cash flows, operations and investments (USDm)

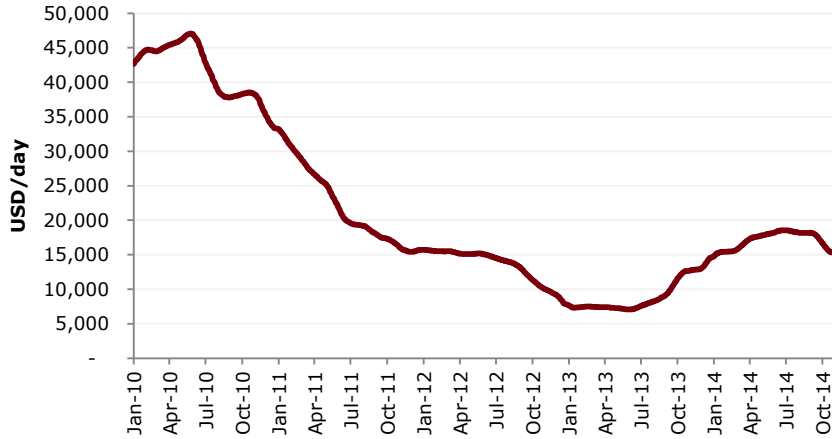


## Dividend yield

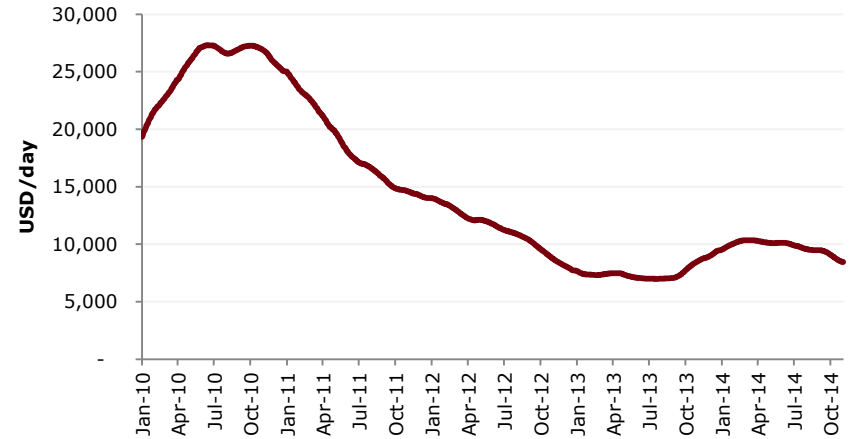


# DRY CARGO 12 MONTH ROLLING AVERAGE

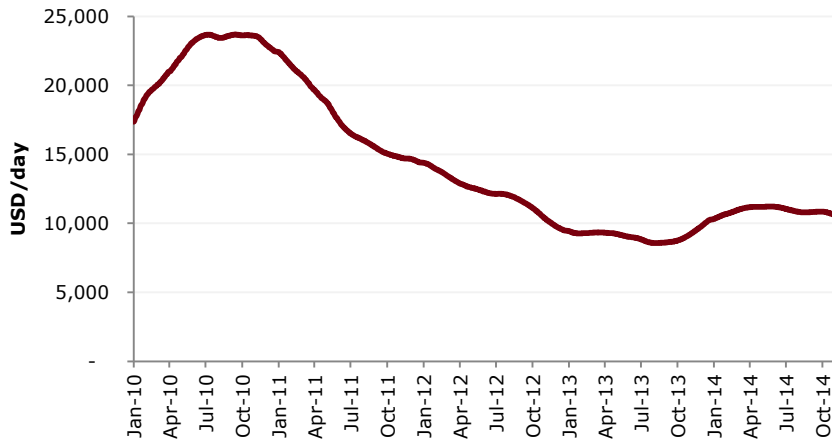
## Capesize



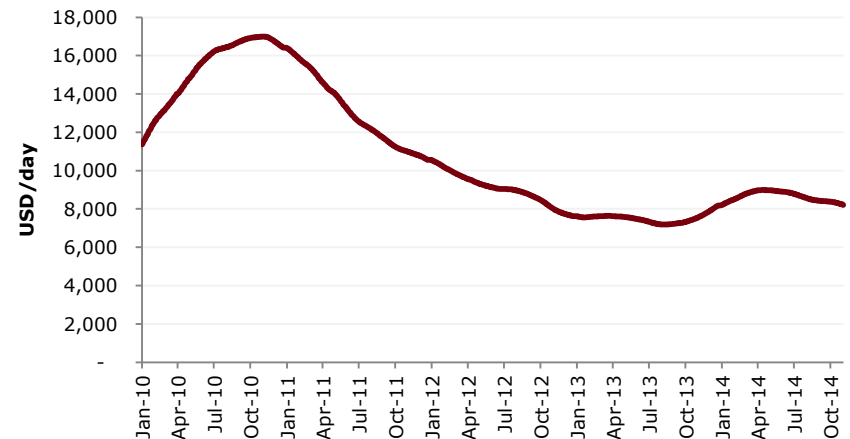
## Panamax



## Supramax

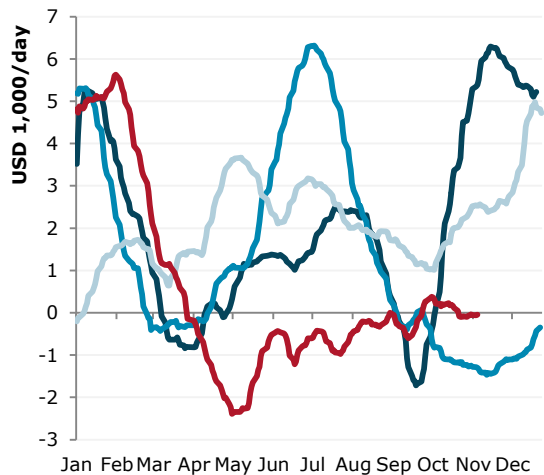


## Handysize



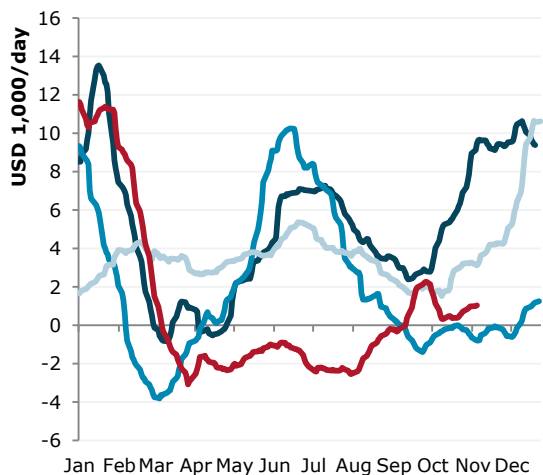
# DRY CARGO REGIONAL RATES

## Handysize



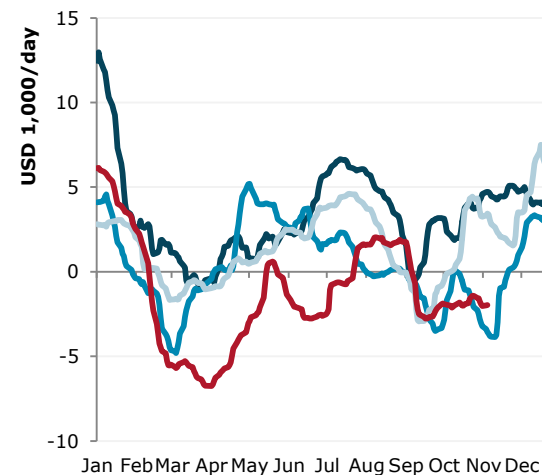
— 2011 — 2012 — 2013 — 2014

## Supramax

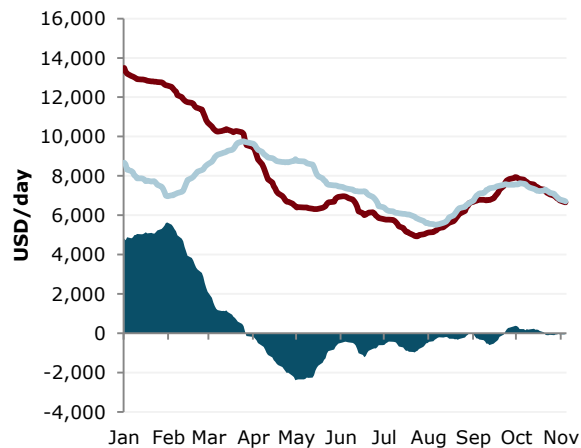


— 2011 — 2012 — 2013 — 2014

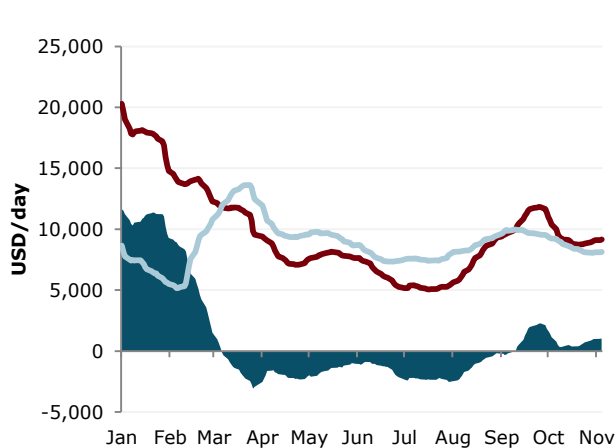
## Panamax



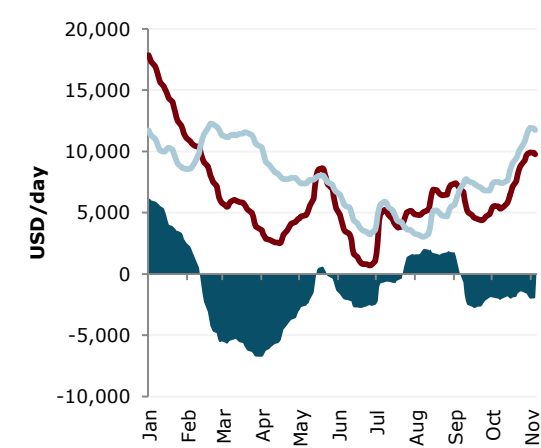
— 2011 — 2012 — 2013 — 2014



■ Spread — Atlantic Actual — Pacific actual



■ Spread — Atlantic Actual — Pacific actual



■ Spread — Atlantic Actual — Pacific Actual

## Strong capital structure

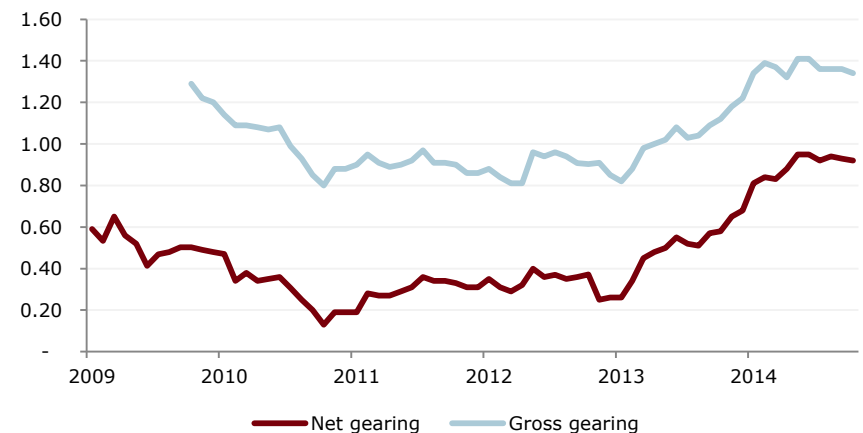
- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Equity ratio at 79.7%
- ▶ Net gearing of 0.92 at 30 September 2014
- ▶ Outstanding yard payments incl. joint ventures
  - ▶ 2014: USD 30 million
  - ▶ 2015: USD 163 million
  - ▶ 2016: USD 59 million
  - ▶ 2017: USD 124 million
  - ▶ 2018: USD 51 million
  - ▶ **Total: USD 427 million**

## Net committed cash

USDm	Q3 2014	Q2 2014
Adjusted net interest bearing assets*	3	48
T/C obligations**	-1,579	-1,670
Newbuilding instalments less proceeds from vessel sales**	-397	-424
Revenue from coverage**	605	669
<b>Net commitments</b>	<b>-1,369</b>	<b>-1,377</b>

\* Adjusted for prepayments on vessel sales and currency swaps. \*\* Present values

## Gearing



## Fleet values at 30 September 2014

USD million

Dry Cargo	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Capesize	3.0	176,000	70	95		25
Post-Panamax	4.0	114,000	122	112		-10
Panamax	7.0	79,000	170	176	20	26
Supramax	12.5	59,000	314	352		38
Handysize	12.0	35,000	261	223	12	-26
<b>Tankers</b>						
MR	11.0	50,000	372	363		-9
Handysize	13.0	39,000	294	274		-20
<b>Total</b>	<b>62.5</b>		<b>1,603</b>	<b>1,595</b>	<b>32</b>	<b>24</b>

\* Including joint ventures and assets held for sale but excluding charter party, if any.

# DRY CARGO FLEET OVERVIEW

## NORDEN's Dry Cargo fleet and values at 30 September 2014

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	3.0	4.0	3.0	4.0	12.0	26.0
Chartered vessels with purchase option	1.0	4.0	12.0	18.0	11.0	46.0
<b>Total active core fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>15.0</b>	<b>22.0</b>	<b>23.0</b>	<b>72.0</b>
Chartered vessels without purchase option	0.0	0.0	43.5	61.0	18.1	122.6
<b>Total active fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>58.5</b>	<b>83.0</b>	<b>41.1</b>	<b>194.6</b>
<b>Vessels to be delivered</b>						
Newbuildings (owned)	0.0	0.0	4.0	8.5	0.0	12.5
Chartered vessels with purchase option	1.0	0.0	8.5	5.0	0.0	14.5
<b>Total for delivery to core fleet</b>	<b>1.0</b>	<b>0.0</b>	<b>12.5</b>	<b>13.5</b>	<b>0.0</b>	<b>27.0</b>
Chartered vessels over 3 years without purchase option	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total to be delivered</b>	<b>1.0</b>	<b>0.0</b>	<b>12.5</b>	<b>13.5</b>	<b>0.0</b>	<b>27.0</b>
<b>Total gross fleet</b>	<b>5.0</b>	<b>8.0</b>	<b>71.0</b>	<b>96.5</b>	<b>41.1</b>	<b>221.6</b>
<b>Dry Cargo fleet values at 30 September 2014 (USD million)</b>						
Market value of owned vessels and newbuildings*	95	112	196	352	235	990
Theoretical value of purchase and extension options	19	13	38	44	5	119

\* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.



# PRODUCT TANKER FLEET OVERVIEW

## NORDEN's Tanker fleet and values at 30 September 2014

Vessel type	MR	Handysize	Total
<b>Vessels in operation</b>			
Owned vessels	7.0	13.0	20.0
Chartered vessels with purchase option	8.0	-	8.0
<b>Total active core fleet</b>	<b>15.0</b>	<b>13.0</b>	<b>28.0</b>
Chartered vessels without purchase option	11.0	7.0	18.0
<b>Total active fleet</b>	<b>26.0</b>	<b>20.0</b>	<b>46.0</b>
<b>Vessels to be delivered</b>			
Newbuildings (owned)	4.0	-	4.0
Chartered vessels with purchase option	1.0	-	1.0
<b>Total for delivery to core fleet</b>	<b>5.0</b>	<b>-</b>	<b>5.0</b>
Chartered vessels over 3 years without purchase option	-	-	-
<b>Total to be delivered</b>	<b>5.0</b>	<b>-</b>	<b>5.0</b>
<b>Total gross fleet</b>	<b>31.0</b>	<b>20.0</b>	<b>51.0</b>
<b>Tanker fleet values at 30 September 2014 (USD million)</b>			
Market value of owned vessels and newbuildings*	363	274	637
Value of purchase and extension options	6	0	6

\* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.

Coverage and capacity, Dry Cargo, at 30 September 2014						
	2014	2015	2016	2014	2015	2016
	Q4			Q4		
<b>Owned vessels</b>						
Capesize	276	1,031	1,083			
Post-Panamax	368	1,400	1,444			
Panamax	276	1,371	1,730			
Supramax	368	1,692	2,883			
Handysize	1,104	4,290	4,327			
<b>Total</b>	<b>2,392</b>	<b>9,784</b>	<b>11,467</b>			
<b>Chartered vessels</b>						
				<b>Costs for T/C capacity (USD per day)</b>		
Capesize	92	365	366	18,690	18,690	18,690
Post-Panamax	368	1,460	1,464	18,914	18,914	18,887
Panamax	4,416	10,235	8,252	12,000	13,048	13,373
Supramax	3,621	6,573	5,683	11,960	12,672	13,190
Handysize	1,464	4,767	3,630	12,691	12,183	12,507
<b>Total</b>	<b>9,961</b>	<b>23,400</b>	<b>19,395</b>	<b>12,404</b>	<b>13,220</b>	<b>13,674</b>
<b>Costs for gross capacity (USD per day)*</b>						
<b>Total capacity</b>	<b>12,353</b>	<b>33,184</b>	<b>30,862</b>	<b>11,032</b>	<b>11,025</b>	<b>10,658</b>
<b>Coverage</b>						
				<b>Revenue from coverage (USD per day)</b>		
Capesize	238	59	0	22,661	23,960	0
Post-Panamax	287	95	0	9,886	16,432	0
Panamax	3,250	3,895	2,543	9,947	14,881	17,062
Supramax	3,350	3,110	1,419	12,050	11,792	13,467
Handysize	1,907	1,552	1,285	8,458	12,928	13,317
<b>Total</b>	<b>9,032</b>	<b>8,711</b>	<b>5,247</b>	<b>10,746</b>	<b>13,509</b>	<b>15,173</b>
<b>Coverage in %</b>						
Capesize	65%	4%	0%			
Post-Panamax	39%	3%	0%			
Panamax	69%	34%	25%			
Supramax	84%	38%	17%			
Handysize	74%	17%	16%			
<b>Total</b>	<b>73%</b>	<b>26%</b>	<b>17%</b>			

\* Including cash running costs of owned vessels.

Costs are excluding administrative expenses. For vessel types which are operated in a pool, the T/C equivalent is after management fee. With regard to the Dry Cargo pools, NORDEN receives the management fee as "Other operating income".

Capacity and coverage, Tankers, at 30 September 2014						
	2014	2015	2016	2014	2015	2016
	Q4			Q4		
<b>Owned vessels</b>			<b>Ship days</b>			
MR	746	3,729	3,954			
Handysize	1,155	4,301	4,315			
<b>Total</b>	<b>1,901</b>	<b>8,030</b>	<b>8,269</b>			
<b>Chartered vessels</b>			<b>Costs for T/C capacity (USD per day)</b>			
MR	1,849	5,664	3,174	14,152	14,933	15,943
Handysize	644	1,328	0	14,010	13,952	0
<b>Total</b>	<b>2,493</b>	<b>6,992</b>	<b>3,174</b>	<b>14,115</b>	<b>14,747</b>	<b>15,943</b>
			<b>Costs for gross capacity (USD per day)*</b>			
<b>Total capacity</b>	<b>4,394</b>	<b>15,022</b>	<b>11,443</b>	<b>11,011</b>	<b>10,711</b>	<b>9,638</b>
<b>Coverage</b>			<b>Revenue from coverage (USD per day)</b>			
MR	611	629	197	12,780	15,596	16,925
Handysize	705	458	0	14,666	13,605	0
<b>Total</b>	<b>1,316</b>	<b>1,087</b>	<b>197</b>	<b>13,791</b>	<b>14,757</b>	<b>16,925</b>
<b>Coverage in %</b>						
MR	24%	7%	3%			
Handysize	39%	8%	0%			
<b>Total</b>	<b>30%</b>	<b>7%</b>	<b>2%</b>			

\* Including cash running costs of owned vessels.

Costs are excluding administrative expenses. For vessel types which are operated in a pool, the T/C equivalent is after management fee.

# THE SHARE (DNORD)

## Master data

Shareholder capital	DKK 42,200,000
Number of shares and denomination	42,200,000 shares of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

## Composition of shareholders

- ▶ 16,172 registered shareholders owning 90.9%
- ▶ Approx. 40% international ownership

