

# NORDEN RESULTS

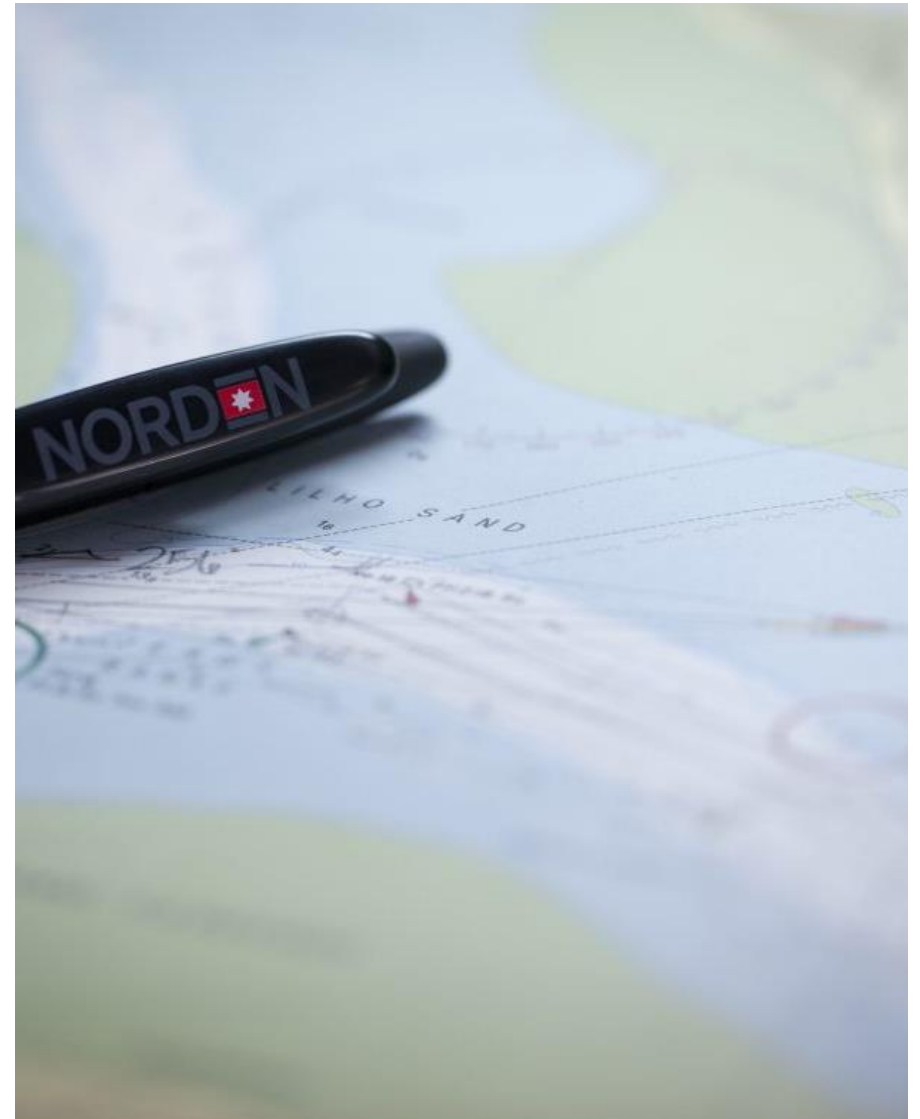
First quarter of 2014

Hellerup, Denmark  
13 May 2014

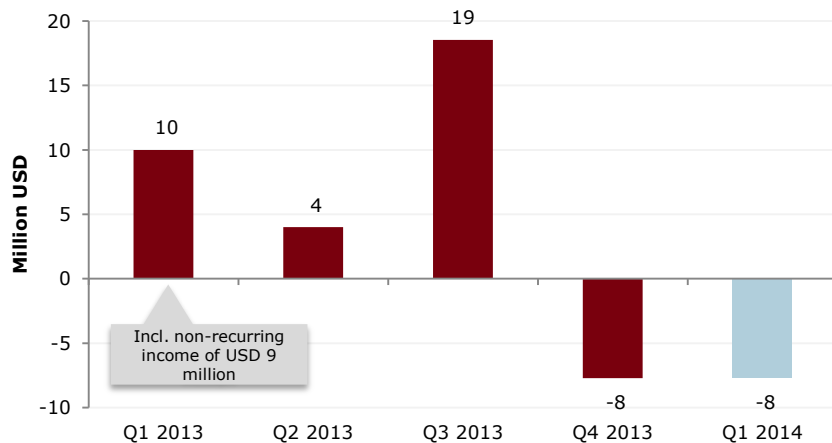


24\*7 seas

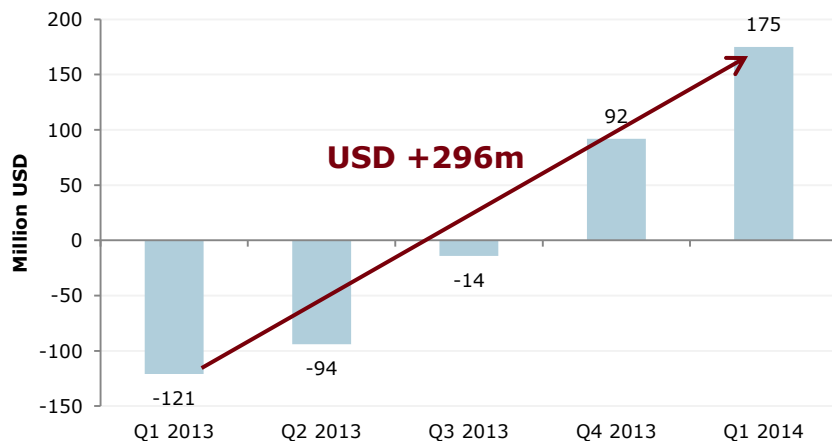
- ▶ Group highlights
  - ▶ Financial
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2014 expectations
- ▶ Q & A



## EBITDA



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



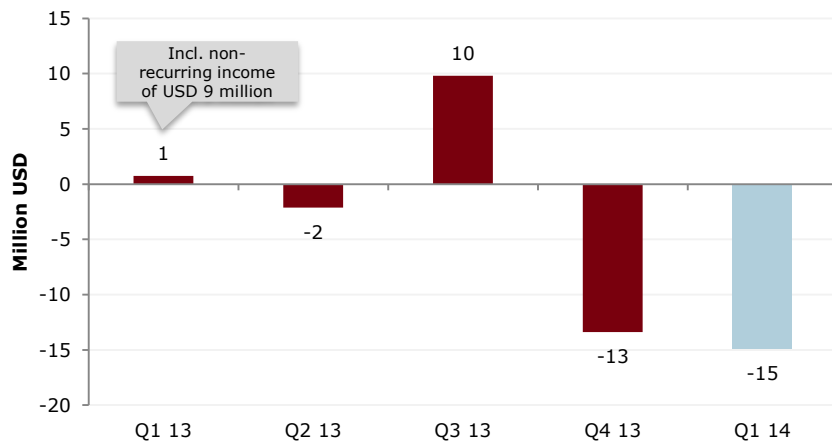
## Key messages

- ▶ EBITDA as expected USD -8 million
  - ▶ Seasonal decline in dry cargo rates as expected
  - ▶ Disappointing MR market in Q1, but surprisingly strong Handysize market in Tankers
- ▶ The seasonal decline in dry cargo rates continued unexpectedly into Q2, which also impacted FFA rates negatively
- ▶ Downward revision of full year EBITDA guidance to USD -40 to 60 million
- ▶ Continued increasing vessel values especially in Dry Cargo
- ▶ USD 10 million share repurchase programme to be initiated – may potentially be extended

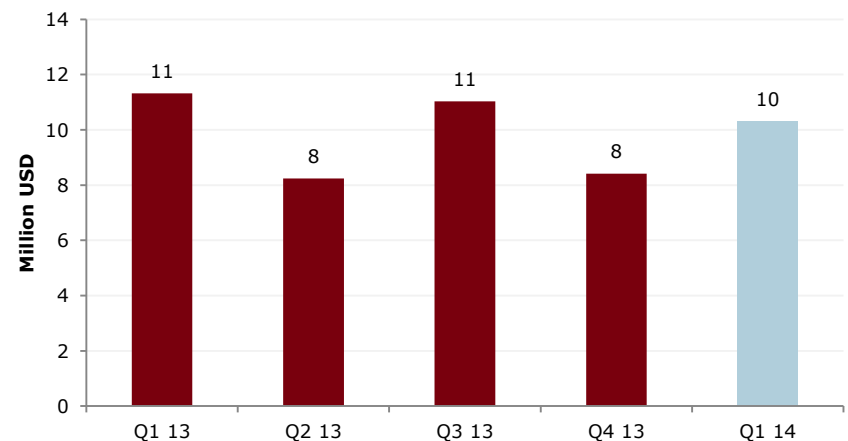
# Q1 IN LINE WITH EXPECTATIONS

- ▶ Group EBITDA of USD -8 million
  - ▶ Dry Cargo EBITDA of USD -15 million
  - ▶ Tanker EBITDA of USD 10 million
  
- ▶ Positive cash flow from operations
  
- ▶ Weak start to Q2 in both Dry Cargo and Tankers

## Dry Cargo EBITDA



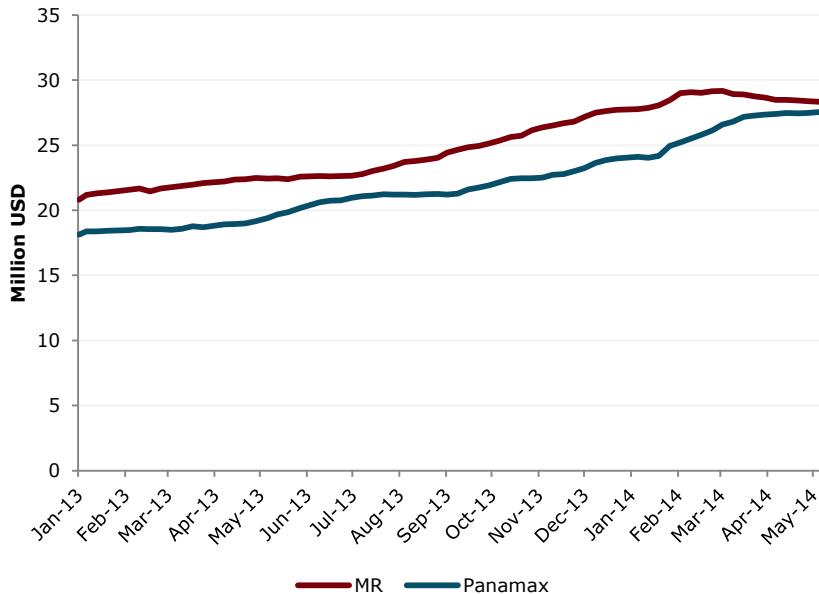
## Tanker EBITDA



# CONTINUED IMPROVEMENT IN ASSET VALUES

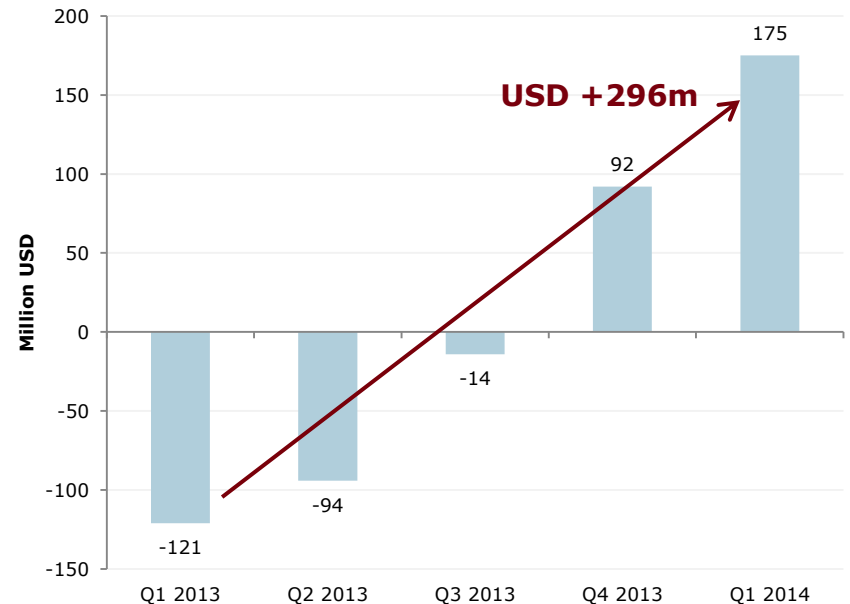
- ▶ Asset values have increased significantly since Q1 2013 – especially since Q3 2013
- ▶ Change in estimate of the vessels’ useful life from 20 to 25 years
  - ▶ Positive Q1 effect on EBIT of USD 5 million
  - ▶ Full year 2014 impact on EBIT expected to be around USD 20 million

## 5 year secondhand prices



Source: Baltic Exchange

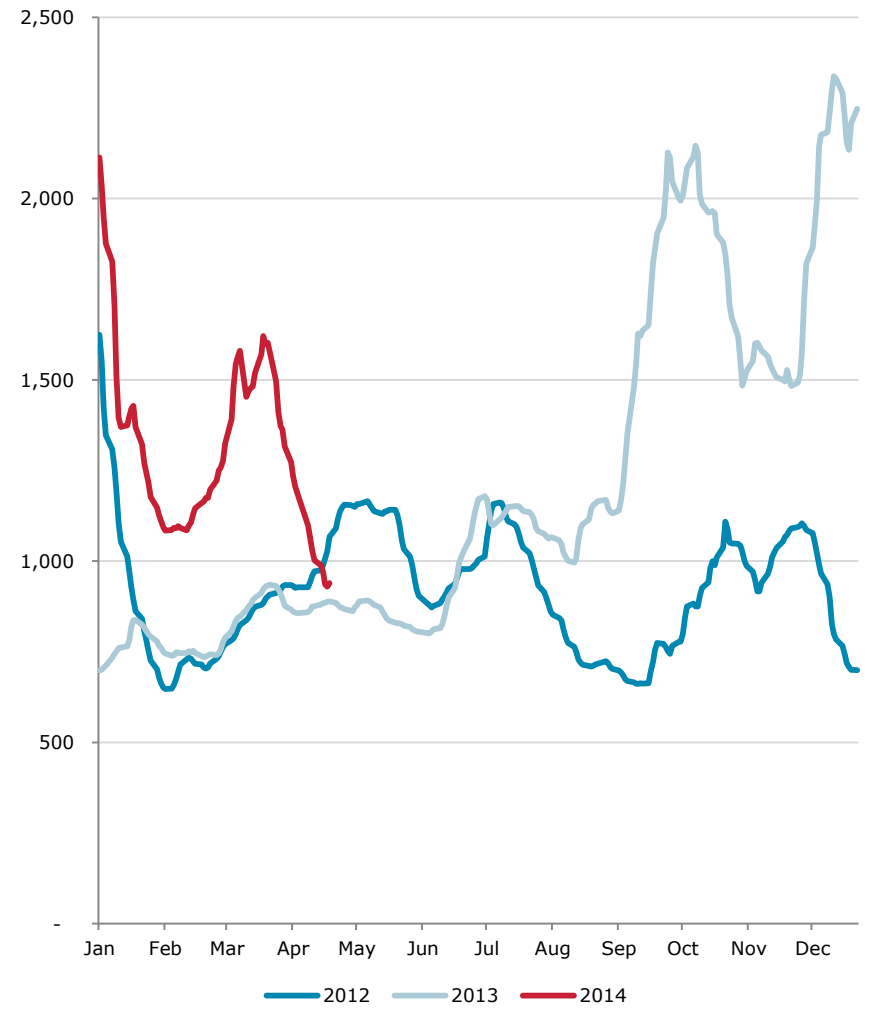
## Added value in fleet (incl. joint ventures)



# Q1 SHOWED CLEAR IMPROVEMENT OVER Q1 2013, BUT VERY POOR START TO Q2

- ▶ Average Baltic Dry Index up 72% Y/Y primarily due to a good January and a spike in Capesize
- ▶ However, Q1 2013 was the worst quarter in 27 year, so the improvement was "on a cheap background"
- ▶ The rates have continued to fall into Q2 and current levels are unexpectedly poor
- ▶ BDI is a weighted average of the global market and can therefore hide sizeable regional differences

**Baltic Dry Index**

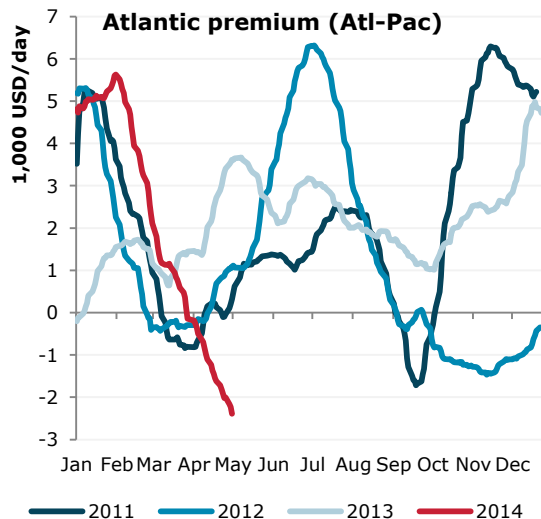


Source: Baltic Exchange

# CURRENT LOW RATES DRIVEN BY EXTRAORDINARILY POOR ATLANTIC MARKET

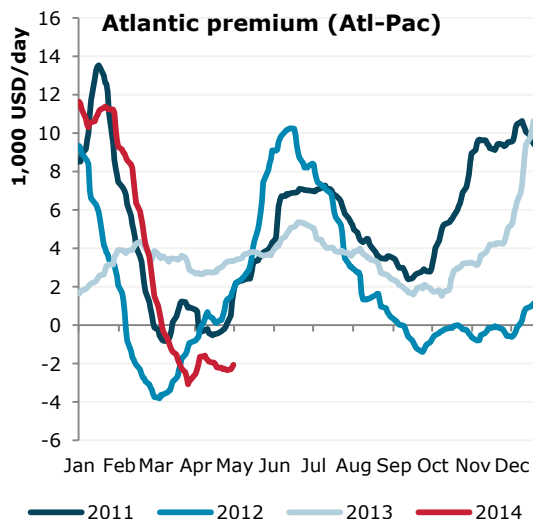
- ▶ The beginning of Q2 has been worse than expected primarily due to an unusually low Atlantic market
- ▶ Oversupply of tonnage in Atlantic region caused by
  - ▶ Indonesian export ban made more vessels than unusual ballast to Atlantic from Pacific
  - ▶ Expectations of record high grain export made tonnage move to Atlantic
  - ▶ Lower coal export out of USA and Columbia compared to last year

## Handysize

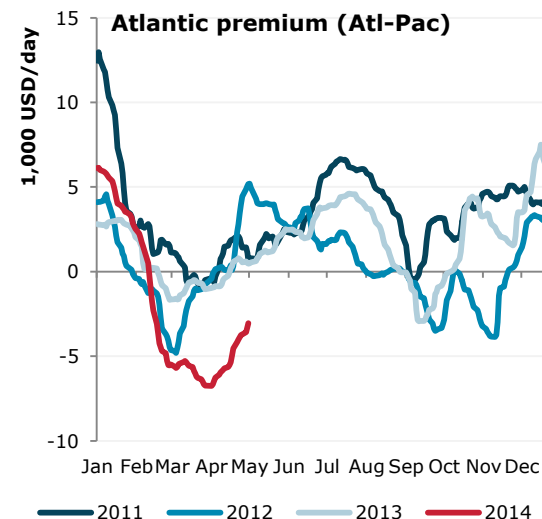


Source: Baltic Exchange

## Supramax



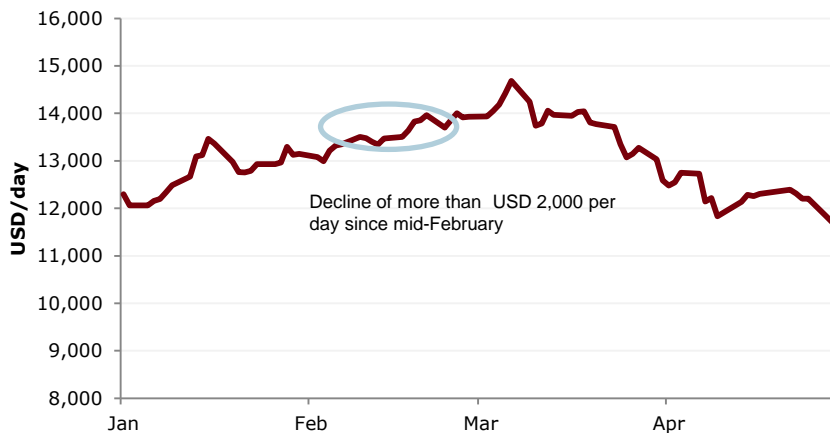
## Panamax



# STRONG DECLINE IN FFA RATES, BUT MARKET IMPROVEMENT STILL EXPECTED IN 2<sup>ND</sup> HALF 2014

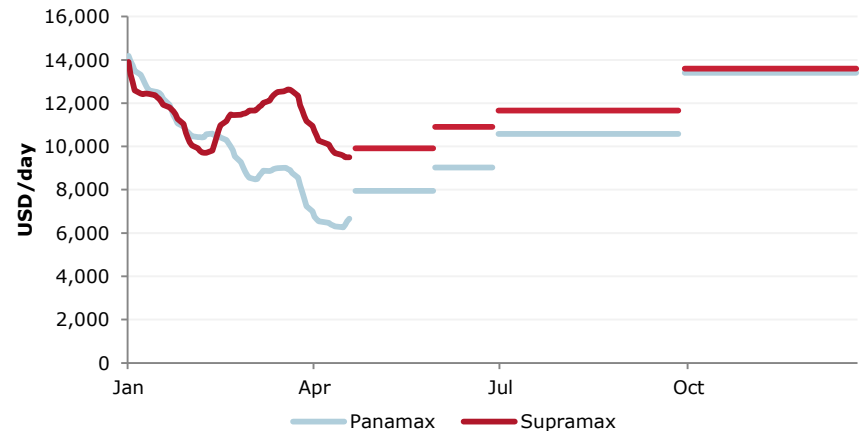
- ▶ The deterioration of spot rates has impacted the FFA-curve negatively since February
- ▶ In spite of recent decline, market improvement is still expected in the 2<sup>nd</sup> half of 2014
  - ▶ Despite recent economic data, China is still expected to have a solid growth in 2014 (GDP 7-7.5%)
  - ▶ Continued low fleet growth
  - ▶ New iron ore export capacity coming in Australia and Brazil as expected
  - ▶ Indonesian export ban to boost bauxite tonne-miles in H2 as Chinese inventories are depleted
  - ▶ Pickup in grain export out of South America
- ▶ Annualised ordering activity of 11% end of Q1 2014 equals 2 million dwt. more per month than Q1 2013

FFA\* weighted with NORDEN open days



Source: Baltic Exchange  
\* Average of Q2-Q4

YTD Spot and current rest of year FFA



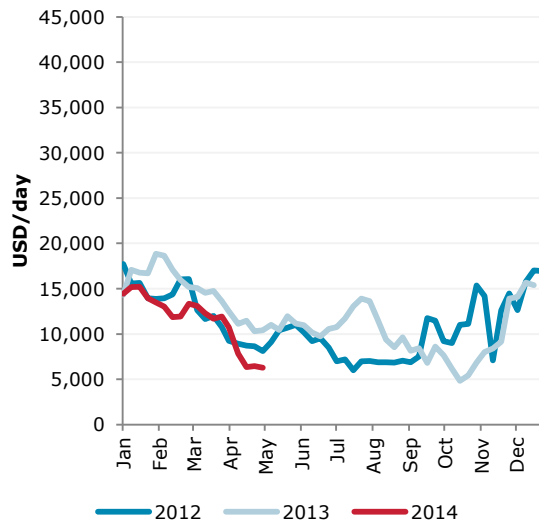
Source: Baltic Exchange



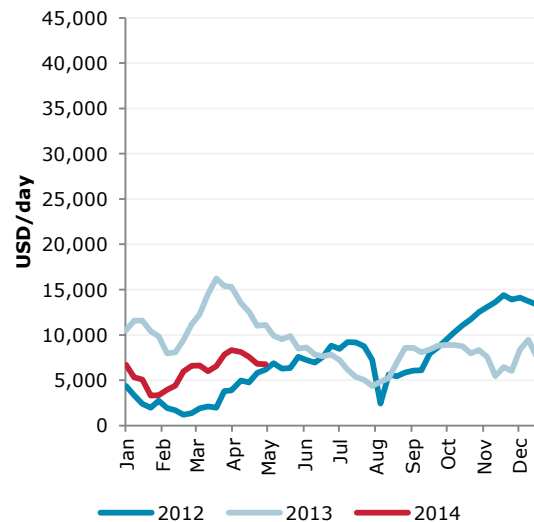
## MR RATES DISAPPOINTED IN Q1

- ▶ Dirty markets were extraordinarily high in January and February
- ▶ MR Rates in Q1 2014 disappointed and were lower than Q1 2013
  - ▶ Weather effects prevented the usual seasonal increase in demand
  - ▶ Vegetable oil trade declined after many years of continued growth
- ▶ Rates continues to disappoint in start of Q2

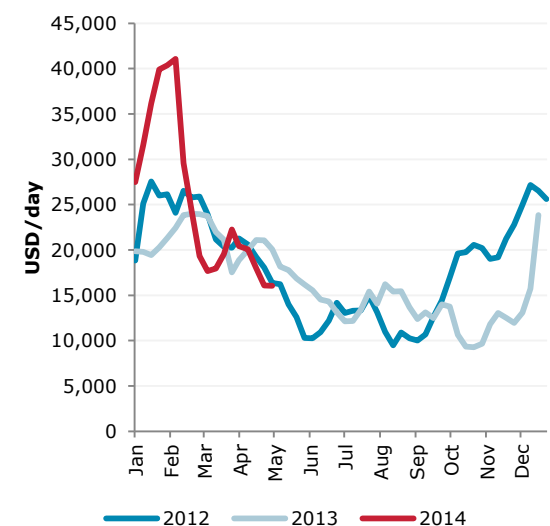
## West CPP



## East CPP



## DPP

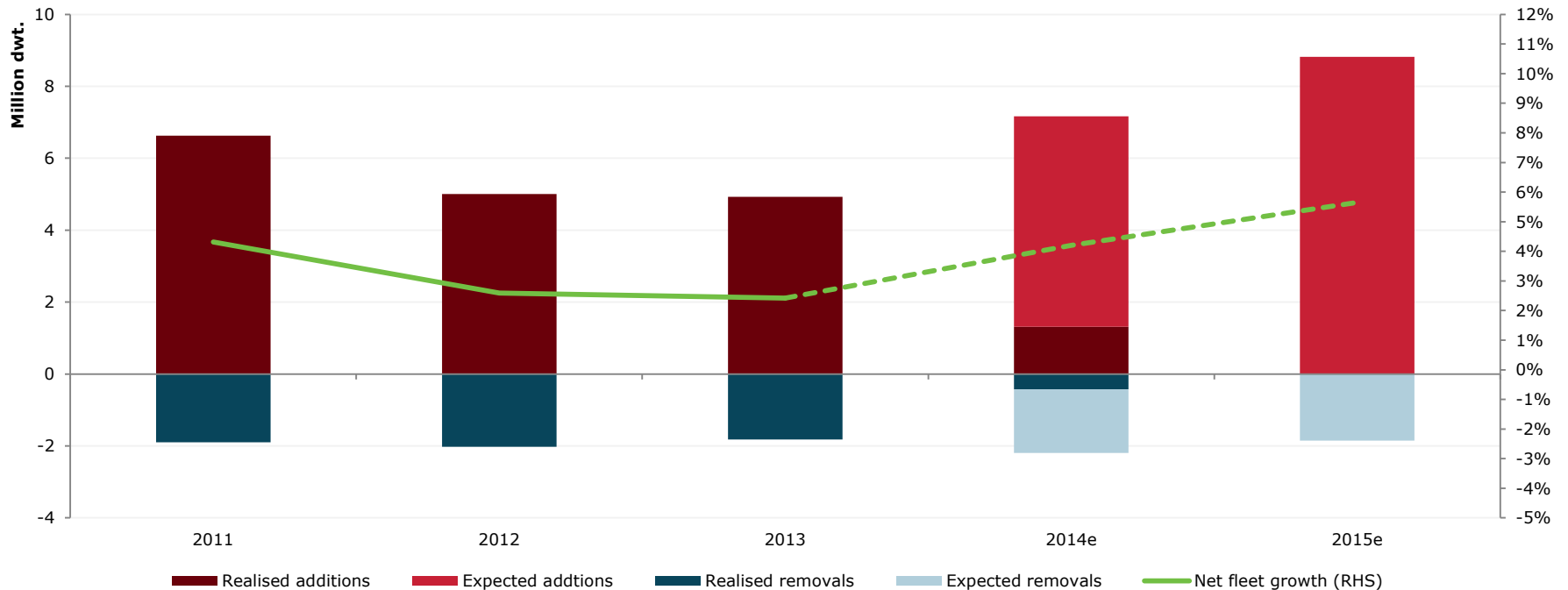


Source: ACM

# TANKERS OUTLOOK

- ▶ MR market expected to pick up as US refinery maintenance declines
- ▶ Continued low fleet growth in 2014
- ▶ Ordering has declined considerably from the excessive levels in 2013

## Fleet development



Source: SSY and NORDEN

# RANGE FOR FULL YEAR ESTIMATE LOWERED BY USD 60 MILLION **NORDEN**

## Outlook

USDm	Dry Cargo	Tankers	Total
EBITDA	-50 to 0	20-70	-40 to 60
Profit from vessel sales			0
CAPEX			100-120



## Comments

- ▶ Guidance lowered due to poor Q2 and lower FFA rates in Dry Cargo
- ▶ Dry Cargo
  - ▶ Q2-Q4 FFA rates has declined more than USD 2,000 per day (weighted by NORDEN's open days), which leads to shortfall of USD 30-35 million
  - ▶ Full year expectation for operator profit lowered to USD 10 million (from USD 20 million)
- ▶ Tanker
  - ▶ Estimated full year EBITDA lowered by USD 10 million

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

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BACK UP



# A LEADING GLOBAL TRAMP OPERATOR

## Dry Cargo



Capesize



Post-Panamax



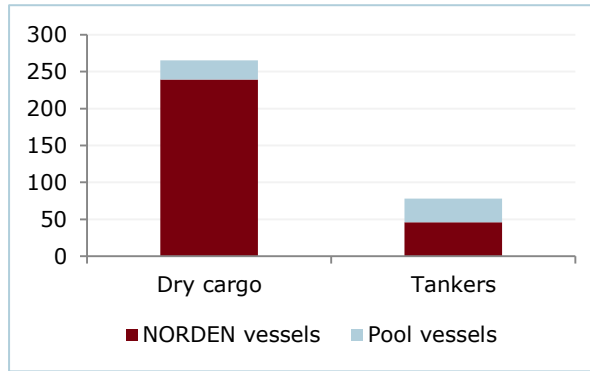
Panamax



Supramax



Handysize



## Tankers



MR



Handysize

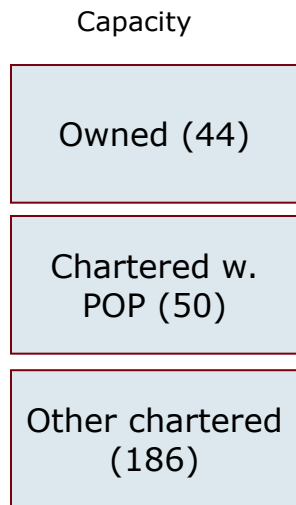


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)

- ▶ 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



## 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 31 March 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

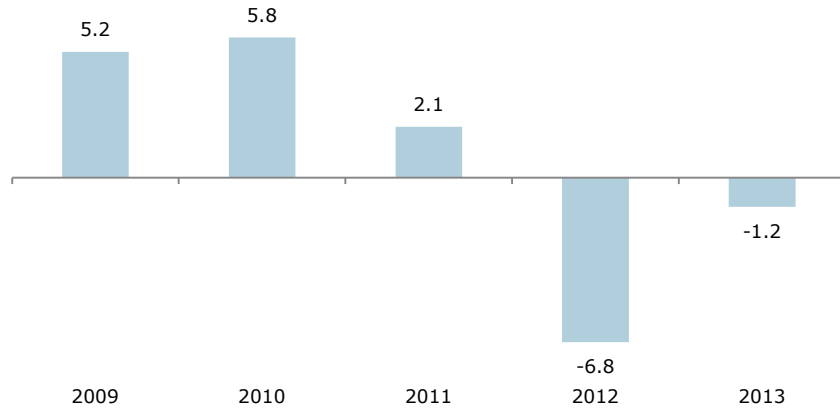
**Why we  
succeed**

# OVERALL RESULTS

USDm	Q1 2013	Q4 2013	Q1 2014	Y/Y %	Q/Q %
Contribution margin	22	7	6	-71%	-13%
O/A Group	-13	-15	-14	-13%	7%
<b>EBITDA</b>	<b>10</b>	<b>-8</b>	<b>-8</b>	<b>-180%</b>	<b>0%</b>
EBITDA Dry Cargo	1	-13	-15	-1,431%	-11%
EBITDA Tankers	11	8	10	-9%	22%
Vessel sales	2	0	0	0%	0%
Depreciation	-19	-21	-15	-17%	-25%
<b>EBIT</b>	<b>-7</b>	<b>-28</b>	<b>-23</b>	<b>-226%</b>	<b>-19%</b>
<b>Net profit</b>	<b>-11</b>	<b>-15</b>	<b>-27</b>	<b>-138%</b>	<b>-81%</b>
Cash from operations	-20	-48	3	113%	130%
Net cash flow	-16	-47	13	19%	74%
Cash and securities	498	486	448	-10%	-8%

# LAST 5 YEARS PERFORMANCE

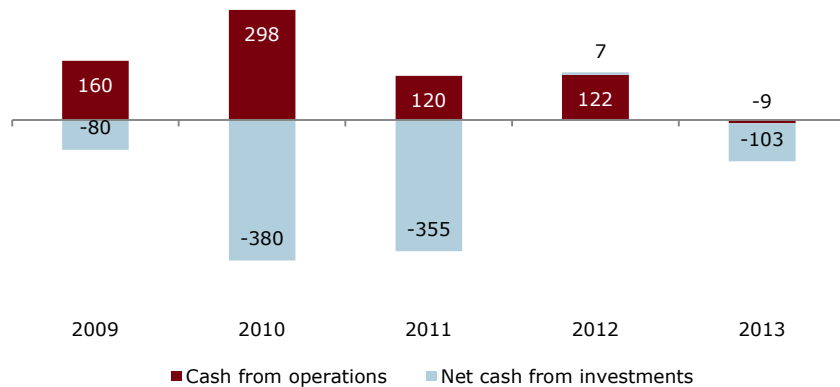
## Earnings per share (USD)



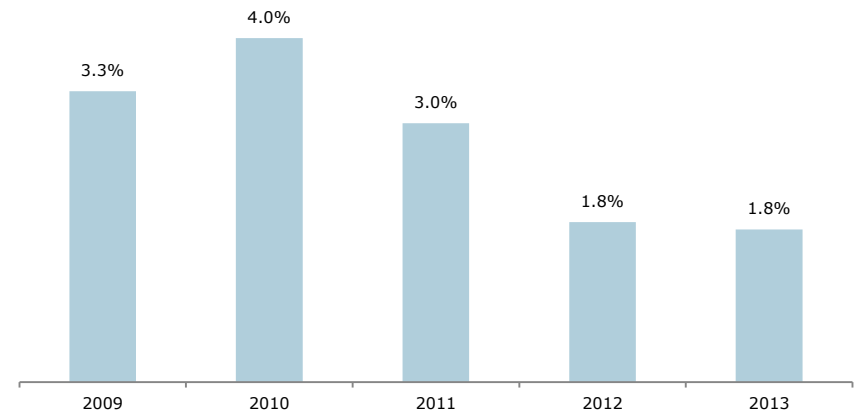
## Return on equity



## Cash flows, operations and investments (USDm)



## Dividend yield

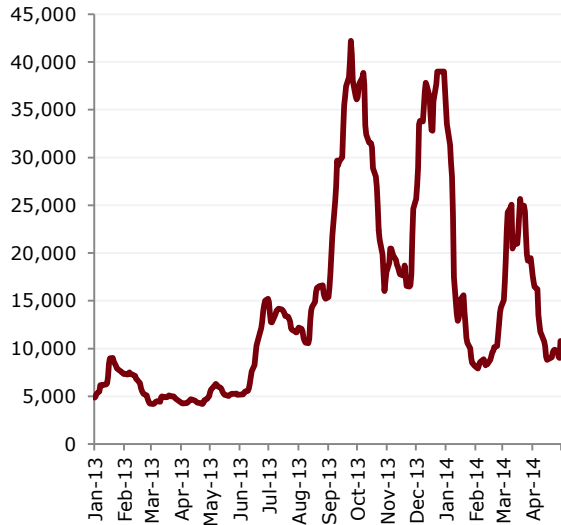


# DRY CARGO – RATES

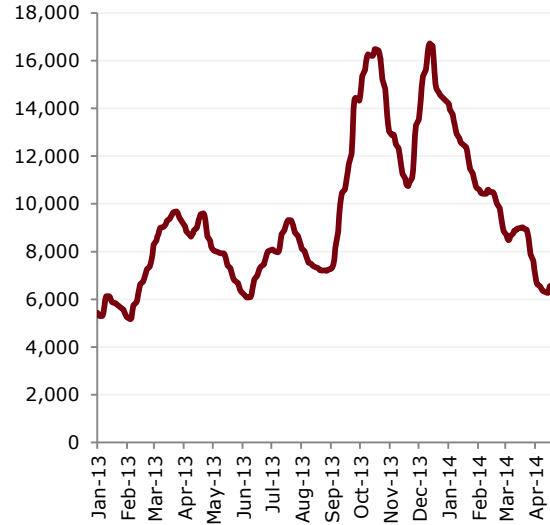
## DECLINE IN Q1 2014

### Capesize

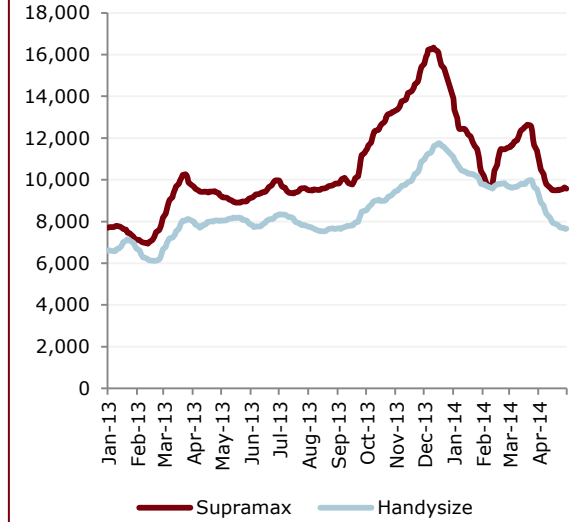
Spotrates (USD/day)



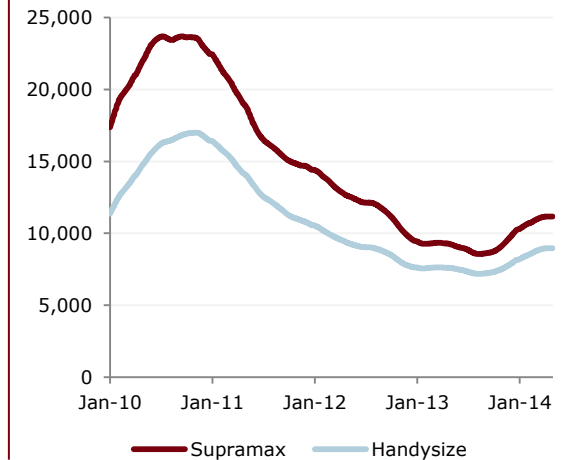
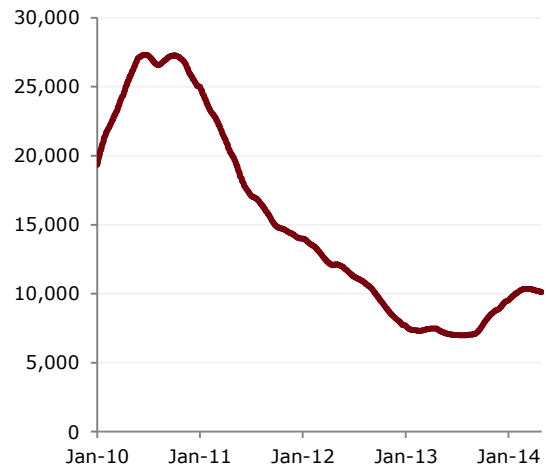
### Panamax



### Supramax & Handysize



12M rolling average

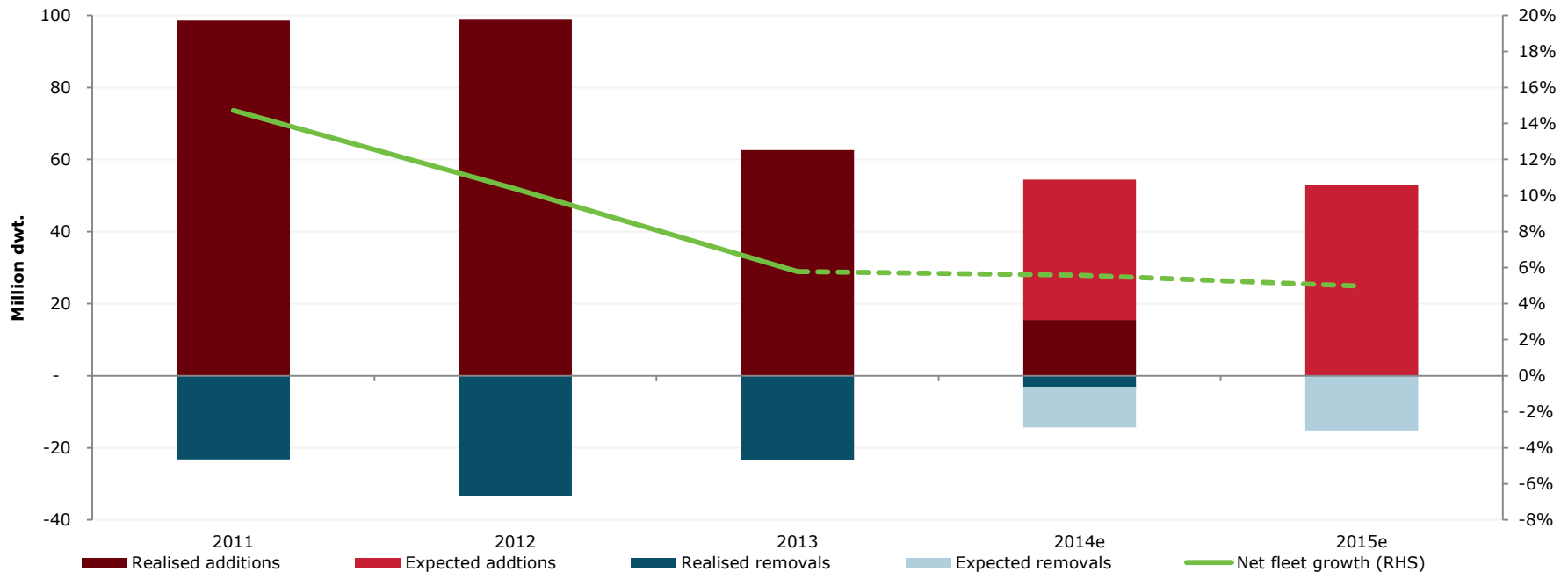


Source: Baltic Exchange

# DECLINING SUPPLY GROWTH

- ▶ Low net fleet growth in 2014 of around 4-6%
- ▶ Improved markets can release shadow capacity, which can cap improvement but not prevent it
- ▶ High ordering activity in 2013 likely to increase net fleet growth but not before 2016

## Fleet development



Source: Clarksons and NORDEN

## Strong capital structure

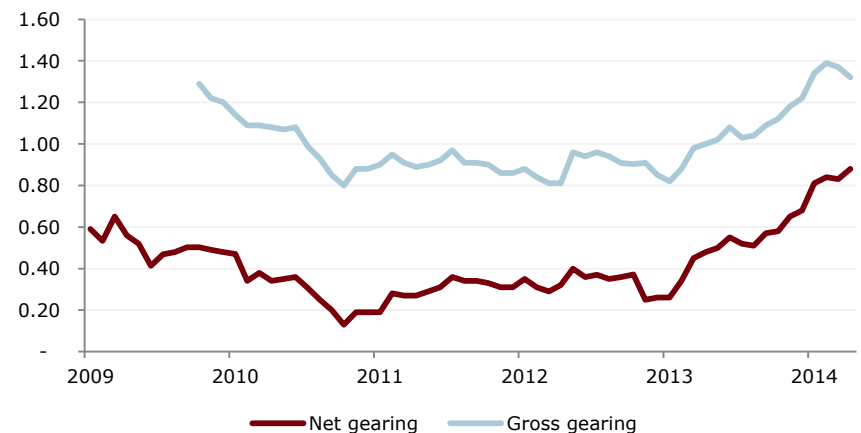
- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Equity ratio at 78.3%
- ▶ Net gearing of 0.88 at 31 Marts 2014
- ▶ Yard payments
  - ▶ 2014: USD 65 million
  - ▶ 2015: USD 176 million
  - ▶ 2016: USD 22 million
  - ▶ 2017: USD 174 million
  - ▶ Total: USD 437 million

## Net committed cash

USDm	Q1 2014	Q1 2013
Adjusted net interest bearing assets*	165	353
T/C obligations**	-1,839	-1,700
Newbuilding instalments less proceeds from vessel sales**	-451	-263
Revenue from coverage**	718	898
<b>Net commitments</b>	<b>-1,407</b>	<b>-712</b>

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

## Gearing



## Fleet values at 31 March 2014

USD million

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
<b>Dry Cargo</b>						
Capesize	3.0	176,000	71	100		29
Post-Panamax	4.0	115,000	124	129		5
Panamax	7.0	79,000	165	197	13	45
Supramax	12.5	59,000	310	383		73
Handysize	12.0	35,000	265	251	6	-8
<b>Tankers</b>						
MR	11.0	50,000	373	392		19
Handysize	13.0	39,000	301	313		12
<b>Total</b>	<b>62.5</b>		<b>1,609</b>	<b>1,765</b>	<b>19</b>	<b>175</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 31 March 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	10.0	16.0	11.0	42.0
<b>Total active core fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>13.0</b>	<b>20.0</b>	<b>23.0</b>	<b>68.0</b>
Chartered vessels without purchase option	-	-	66.5	76.0	23.8	166.3
<b>Total active fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>79.5</b>	<b>96.0</b>	<b>46.8</b>	<b>234.3</b>
<b>Vessels to be delivered</b>						
Newbuildings (owned)	-	-	4.0	8.5	-	12.5
Chartered vessels with purchase option	1.0	-	10.5	7.0	-	18.5
<b>Total for delivery to core fleet</b>	<b>1.0</b>	<b>-</b>	<b>14.5</b>	<b>15.5</b>	<b>-</b>	<b>31.0</b>
Chartered vessels over 3 years without purchase option	-	-	-	-	-	-
<b>Total to be delivered</b>	<b>1.0</b>	<b>-</b>	<b>14.5</b>	<b>15.5</b>	<b>-</b>	<b>31.0</b>
<b>Total gross fleet</b>	<b>5.0</b>	<b>8.0</b>	<b>94.0</b>	<b>111.5</b>	<b>46.8</b>	<b>265.3</b>
<b>Dry Cargo fleet values at 30 September 2013 (USD million)</b>						
Market value of owned vessels and newbuildings*	100	129	210	383	257	1,079
Value of purchase and extension options	14	8	57	64	6	149

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



# TANKER FLEET OVERVIEW

## NORDEN's Tanker fleet and values at 31 March 2014

Vessel type	MR	Handysize	Total
<b>Vessels in operation</b>			
Owned vessels	7.0	11.0	18.0
Chartered vessels with purchase option	8.0	-	8.0
<b>Total active core fleet</b>	<b>15.0</b>	<b>11.0</b>	<b>26.0</b>
Chartered vessels without purchase option	13.0	7.0	20.0
<b>Total active fleet</b>	<b>28.0</b>	<b>18.0</b>	<b>46.0</b>
<b>Vessels to be delivered</b>			
Newbuildings (owned)	4.0	2.0	6.0
Chartered vessels with purchase option	-	-	-
<b>Total for delivery to core fleet</b>	<b>4.0</b>	<b>2.0</b>	<b>6.0</b>
Chartered vessels over 3 years without purchase option	-	-	-
<b>Total to be delivered</b>	<b>4.0</b>	<b>2.0</b>	<b>6.0</b>
<b>Total gross fleet</b>	<b>32.0</b>	<b>20.0</b>	<b>52.0</b>
<b>Tankers fleet values at 30 September 2013 (USD million)</b>			
Market value of owned vessels and newbuildings*	392	313	705
Value of purchase and extension options	5	-	5

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

## Coverage and capacity, Dry Cargo, at 31 March 2014

	2014			2015	2016	2014			2015	2016
	Q2	Q3	Q4			Q2	Q3	Q4		
<b>Owned vessels</b>	<b>Ship days</b>									
Capesize	273	264	276	1,080	1,083					
Post-Panamax	364	368	343	1,440	1,444					
Panamax	223	276	276	1,395	1,760					
Supramax	364	363	368	1,982	2,888					
Handysize	1,088	1,069	1,104	4,320	4,332					
<b>Total</b>	<b>2,312</b>	<b>2,340</b>	<b>2,367</b>	<b>10,217</b>	<b>11,507</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
Capesize	91	92	92	365	366	18,715	18,715	18,672	18,665	18,665
Post-Panamax	364	368	368	1,460	1,464	18,910	18,912	18,912	18,912	18,886
Panamax	4,612	3,464	3,543	9,954	8,301	12,281	12,819	13,269	13,062	13,386
Supramax	4,940	2,945	2,331	6,383	5,744	12,661	12,082	12,319	12,803	13,190
Handysize	1,546	1,472	1,464	4,767	3,602	12,880	12,644	12,613	12,077	12,377
<b>Total</b>	<b>11,553</b>	<b>8,341</b>	<b>7,798</b>	<b>22,929</b>	<b>19,477</b>	<b>12,783</b>	<b>12,862</b>	<b>13,192</b>	<b>13,247</b>	<b>13,654</b>
						<b>Costs for gross capacity (USD per day)*</b>				
<b>Total capacity</b>	<b>13,865</b>	<b>10,681</b>	<b>10,165</b>	<b>33,146</b>	<b>30,984</b>	<b>11,561</b>	<b>11,238</b>	<b>11,374</b>	<b>10,802</b>	<b>10,586</b>
<b>Coverage</b>						<b>Revenue from coverage (USD per day)</b>				
Capesize	174	92	92	59	0	24,747	24,811	24,811	24,719	0
Post-Panamax	234	158	158	95	0	14,067	16,309	16,309	16,958	0
Panamax	3,764	2,211	1,974	3,447	2,196	11,665	11,083	12,697	16,001	17,733
Supramax	4,451	2,093	1,528	2,266	1,250	12,398	12,040	11,056	12,859	14,710
Handysize	1,888	739	638	1,242	1,136	8,462	12,065	11,677	14,132	14,593
<b>Total</b>	<b>10,511</b>	<b>5,293</b>	<b>4,390</b>	<b>7,109</b>	<b>4,582</b>	<b>11,670</b>	<b>11,993</b>	<b>12,361</b>	<b>14,758</b>	<b>16,130</b>
<b>Coverage in %</b>										
Capesize	48%	26%	25%	4%	0%					
Post-Panamax	32%	21%	22%	3%	0%					
Panamax	78%	59%	52%	30%	22%					
Supramax	84%	63%	57%	27%	14%					
Handysize	72%	29%	25%	14%	14%					
<b>Total</b>	<b>76%</b>	<b>50%</b>	<b>43%</b>	<b>21%</b>	<b>15%</b>					

\* Including cash running costs of owned vessels.

Costs are excluding administration costs. 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 31 March 2014

	2014			2015	2016	2014			2015	2016
	Q2	Q3	Q4			Q2	Q3	Q4		
<b>Owned vessels</b>	<b>Ship days</b>									
MR	627	644	644	3,776	3,971					
Handysize	1,022	1,196	1,186	4,680	4,693					
<b>Total</b>	<b>1,649</b>	<b>1,840</b>	<b>1,830</b>	<b>8,456</b>	<b>8,664</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
MR	1,891	1,620	1,317	3,842	2,490	13,850	14,280	14,613	15,428	16,279
Handysize	713	672	552	1,043	0	13,382	13,962	14,340	14,355	0
<b>Total</b>	<b>2,604</b>	<b>2,292</b>	<b>1,869</b>	<b>4,885</b>	<b>2,490</b>	<b>13,722</b>	<b>14,187</b>	<b>14,532</b>	<b>15,199</b>	<b>16,279</b>
						<b>Costs for gross capacity (USD per day)*</b>				
<b>Total capacity</b>	<b>4,253</b>	<b>4,132</b>	<b>3,699</b>	<b>13,341</b>	<b>11,154</b>	<b>11,146</b>	<b>10,959</b>	<b>10,795</b>	<b>9,965</b>	<b>9,015</b>
<b>Afdækning</b>						<b>Revenue from coverage (USD per day)</b>				
MR	529	246	215	97	0	12,180	13,239	13,309	13,818	0
Handysize	731	543	346	123	0	13,310	13,875	14,390	13,178	0
<b>Total</b>	<b>1,260</b>	<b>789</b>	<b>561</b>	<b>220</b>	<b>0</b>	<b>12,836</b>	<b>13,676</b>	<b>13,976</b>	<b>13,460</b>	<b>0</b>
<b>Coverage in %</b>										
MR	21%	11%	11%	1%	0%					
Handysize	42%	29%	20%	2%	0%					
<b>Total</b>	<b>30%</b>	<b>19%</b>	<b>15%</b>	<b>2%</b>	<b>0%</b>					

\* Including cash running costs of owned vessels.

Costs are excluding administration costs. 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 43,000,000
Number of shares and denomination	43,000,000 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

- ▶ 13,382 registered shareholders owning 92.1%
- ▶ Approx. 40% international ownership

