

NORDEN RESULTS

First half-year 2014

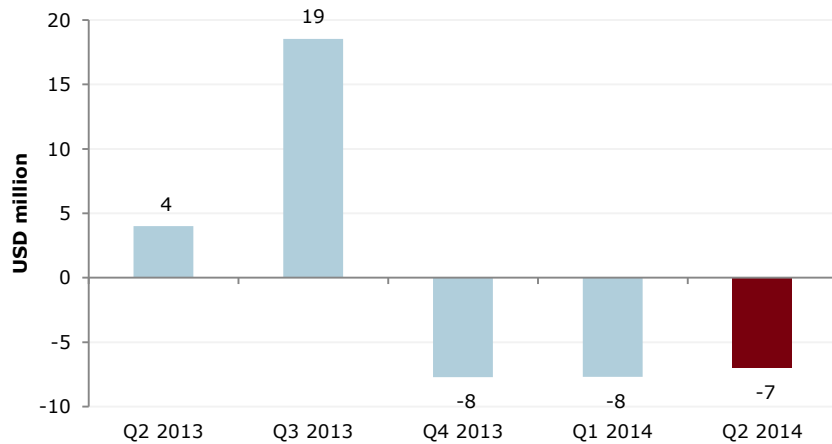
Hellerup, Denmark
13 August 2014



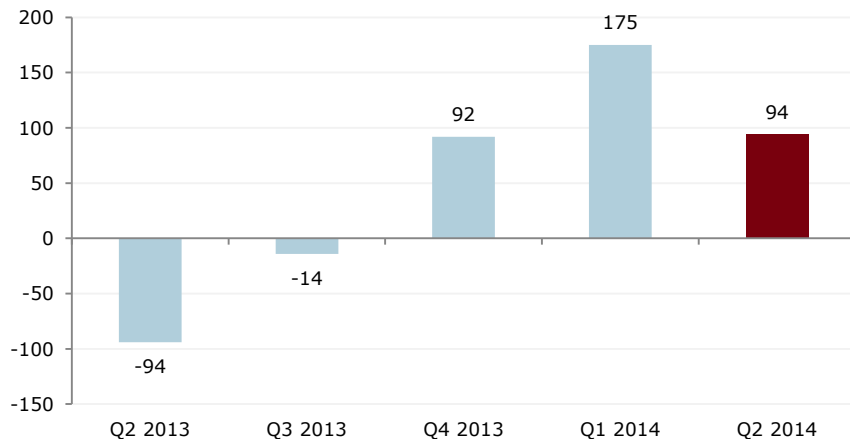
- ▶ Group highlights
 - ▶ Financials
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2014 expectations
- ▶ Q & A



EBITDA



Added value in fleet (incl. joint ventures)



Key messages

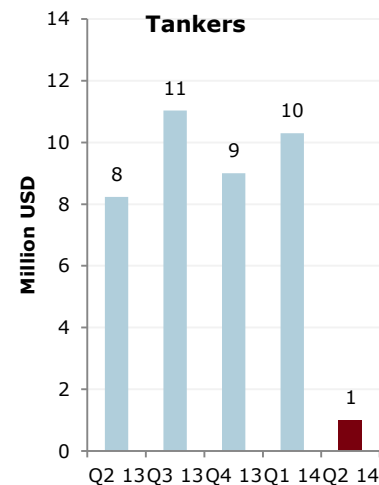
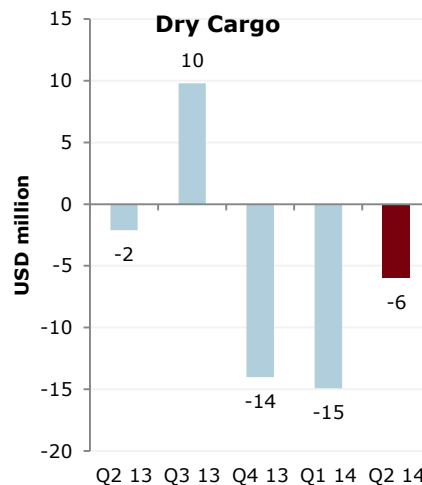
- ▶ EBITDA USD -7 million
- ▶ Continued weakness in dry cargo market, but T/C earnings above market performance
- ▶ Disappointing MR market in Q2
- ▶ Market value of fleet USD 94 million above book value, however, weakness in charter markets impacting asset values negatively
- ▶ Downward adjustment of full year EBITDA guidance to USD -60 to 0 million

POOR MARKET BUT STRONG PERFORMANCE IN DRY CARGO

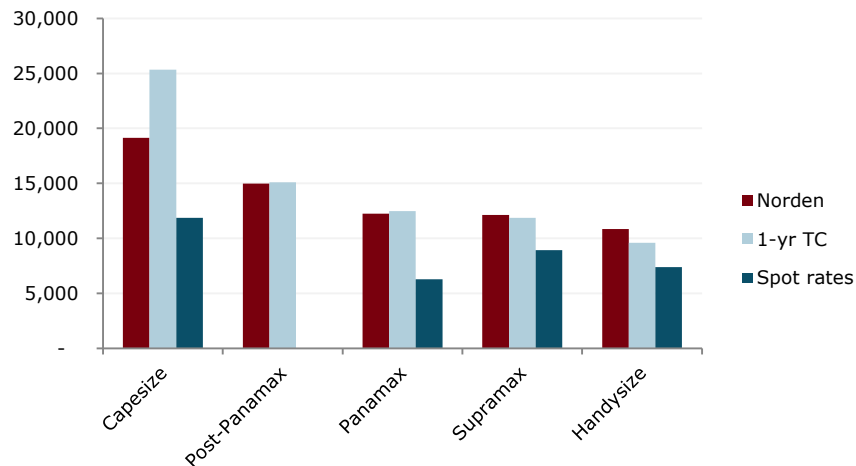
- ▶ Group EBITDA of USD -7 million
 - ▶ Dry Cargo EBITDA of USD -6 million
 - ▶ Tanker EBITDA of USD 1 million

- ▶ Strong performance in Dry Cargo with earnings 1% higher than the 1-yr T/C and 57% higher than spot rates from Baltic exchange

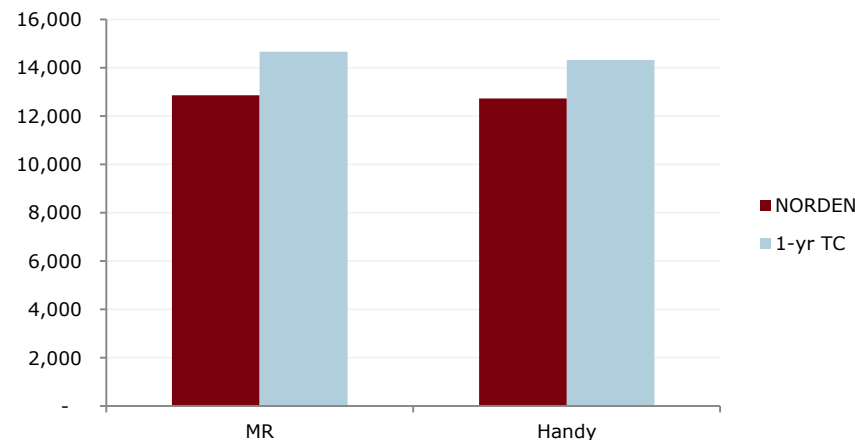
EBITDA



Dry Cargo performance



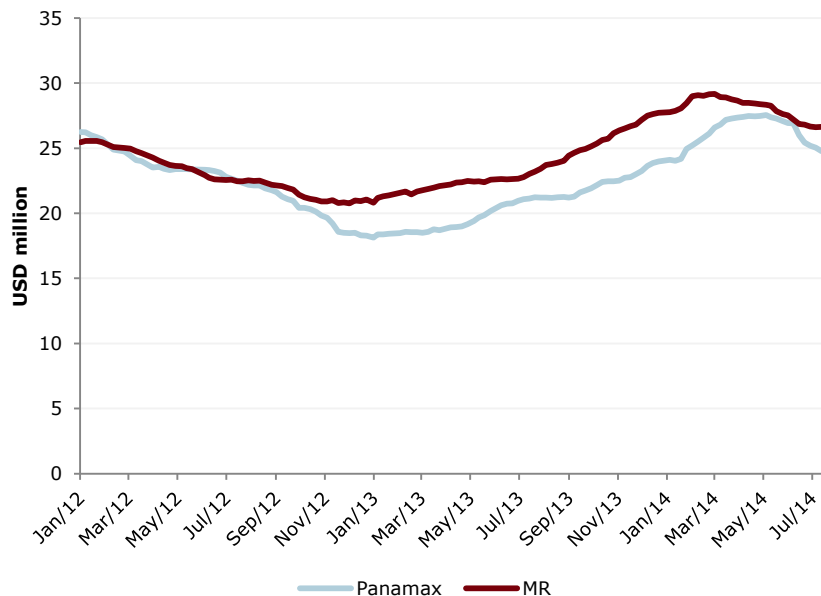
Tanker performance



MARKET VALUE OF FLEET STILL ABOVE BOOK VALUES

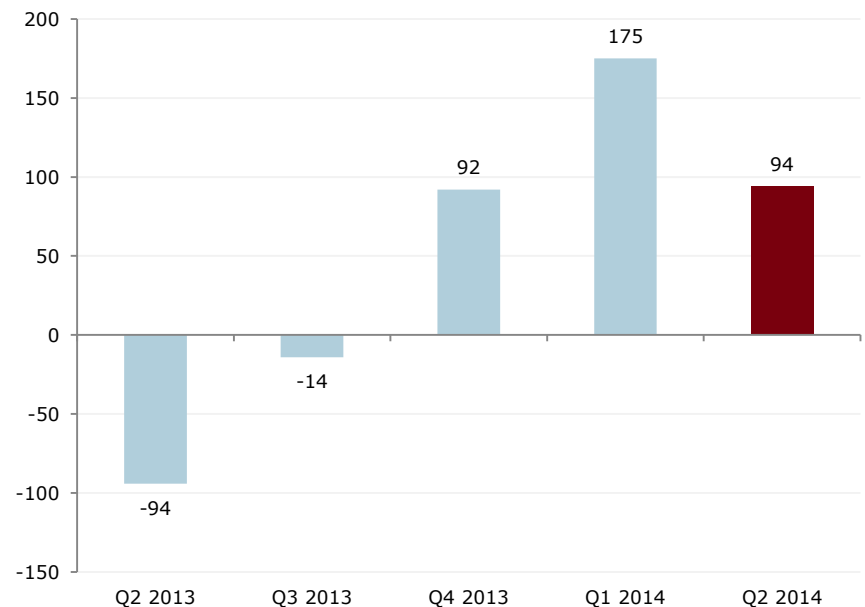
- ▶ Market value of NORDEN’s fleet continues to be above book values
- ▶ Asset values have decreased through Q2
- ▶ Currently limited activity in asset market and values are sliding due to disappointing charter rates

5-year secondhand prices



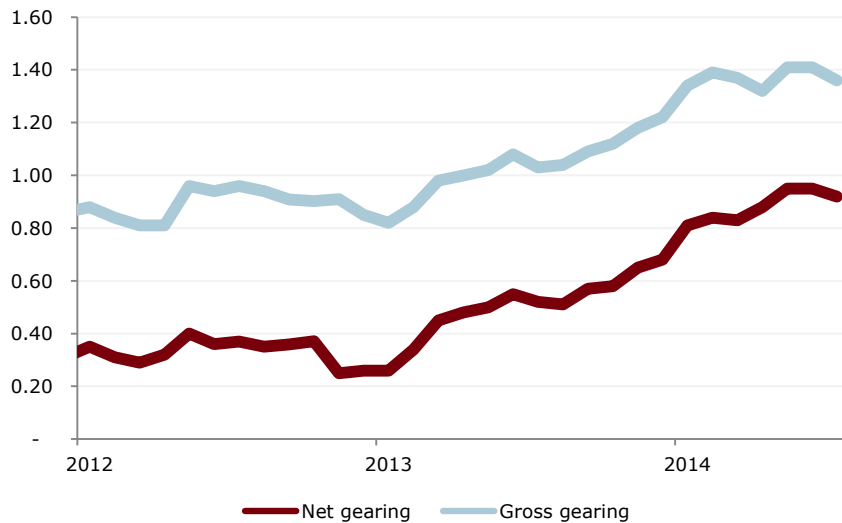
Source: Baltic Exchange

Added value in fleet (incl. joint ventures)



- ▶ Exposure part of Strategy adjusted due to market developments
 - ▶ Flexible business model utilised and activity levels adjusted downwards
 - ▶ No further investments made in Q2 2014
 - ▶ Gearing increased through 2014 to satisfactory level
- ▶ 2012-14 investment programme of USD ~1 billion has created value and will improve long-term competitiveness

Gearing



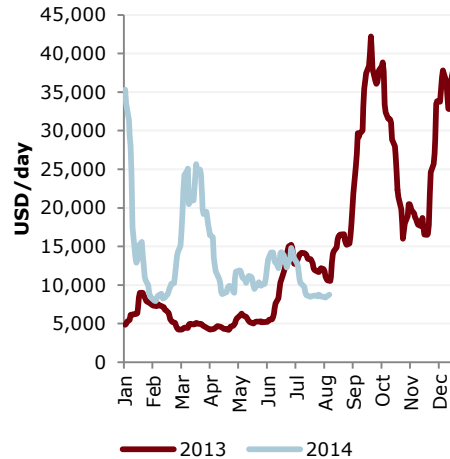
Vessels in Dry Cargo since end Q1



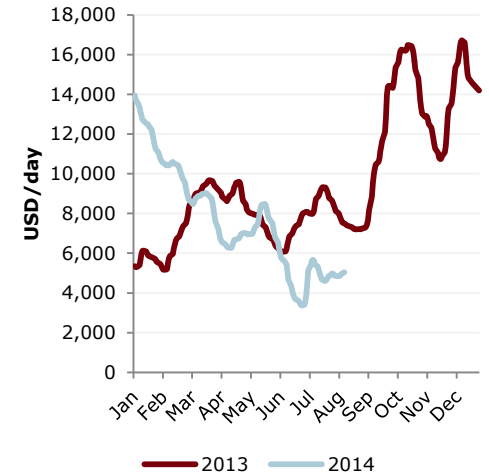
CURRENT RATES BELOW 2013 LEVELS

- ▶ Overall BDI is up by 40% YTD mainly due to strong start to the year, but current levels are well below last year
- ▶ Growth in Chinese iron ore imports has been stronger than expected, but not enough to fully compensate for:
 - ▶ The loss of Indonesian nickel/bauxite trade
 - ▶ Lower coal trade to both China and Europe
 - ▶ Lower grain (non-soybean) exports out of South America
 - ▶ Significantly less congestion in South America

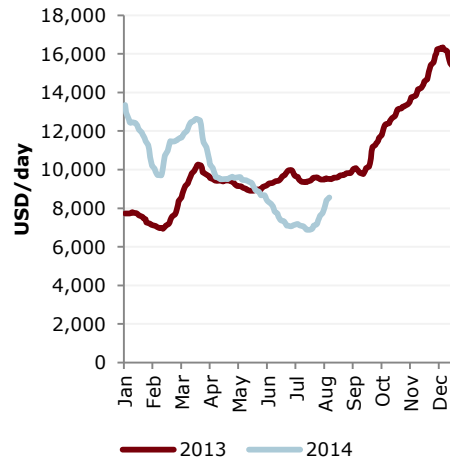
Capesize



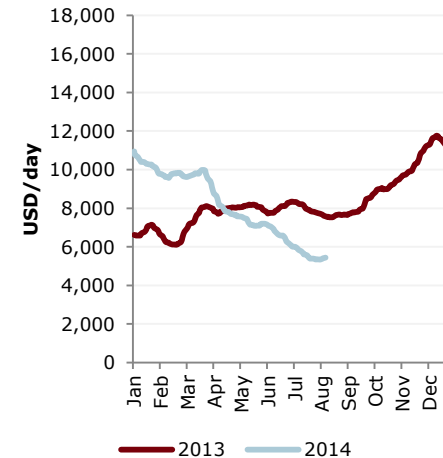
Panamax



Supramax



Handysize



MARKET IMPROVEMENT STILL EXPECTED IN H2 2014, BUT NOT UP TO H2 2013 LEVELS

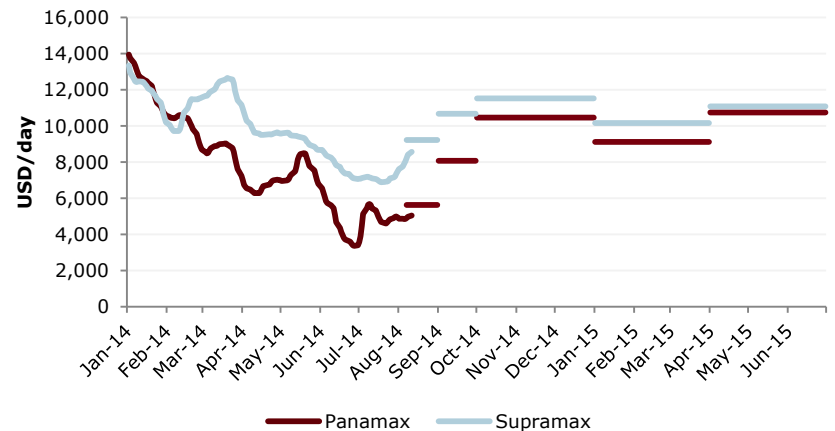
- ▶ The deterioration of spot rates has impacted the FFA curve negatively since February
- ▶ In spite of recent decline, market improvement is still expected in the second half of 2014
 - ▶ China is still expected to have solid growth in 2014 (GDP 7-7.5%)
 - ▶ Seasonal increase in Brazilian iron ore export
 - ▶ North American grain season and possible delayed Argentinian grain export
 - ▶ Slight increase in bauxite trade, but lower nickel trade due to seasonal decline in Philippine export
 - ▶ Continued low fleet growth
- ▶ Slow down in ordering activity in Q2

FFA* weighted with NORDEN open days



Source: Baltic Exchange
* Average of Q3-Q4

YTD Spot and FFA for rest of year and H1 15

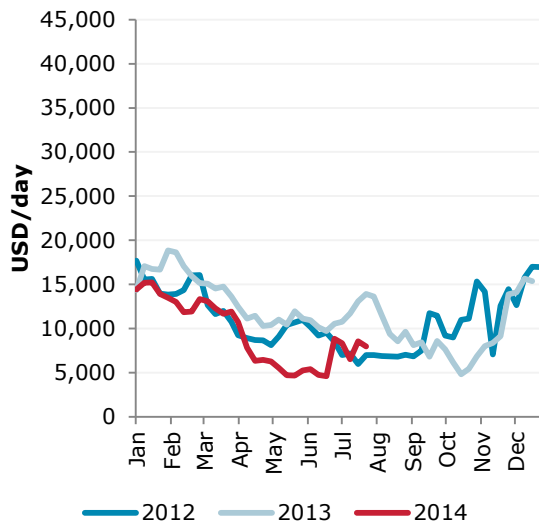


Source: Baltic Exchange

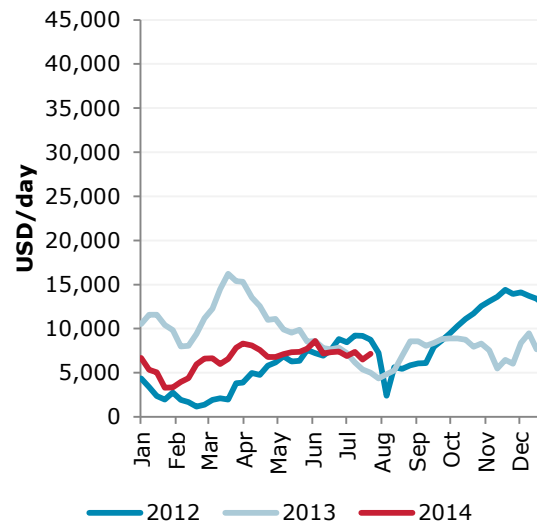
MR RATES DISAPPOINTED IN Q2

- ▶ MR rates in the Atlantic hit hard by US refinery maintenance
- ▶ Vegetable oil trade continues to be weak
- ▶ Sizeable amount LR1/LR2 vessels switched from DPP to CPP in 2013 effectively doubled supply growth

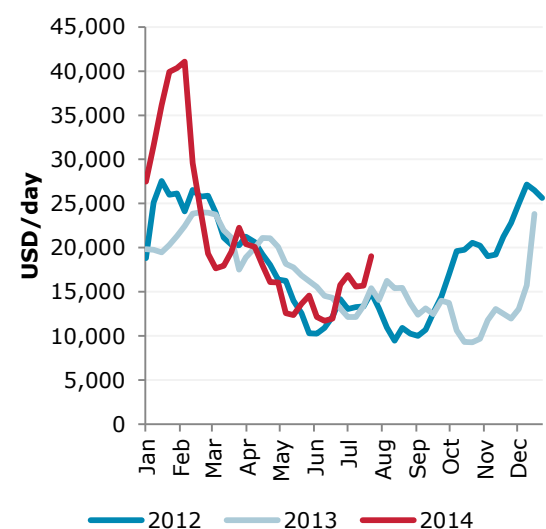
West CPP



East CPP



DPP

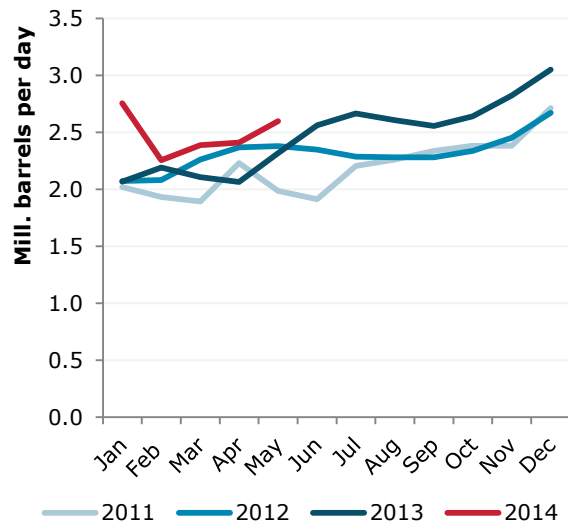


Source: ACM

INCREASING DELIVERIES

- ▶ MR demand expected to pick up as US follows its usual seasonal growth pattern.
- ▶ Spikes in rates in US Gulf in July
- ▶ Supply growth will increase in second half of 2014 and 2015, however improved crude markets could reverse switching of LR1/LR2 vessels
- ▶ New export refineries expected to impact tanker demand positively

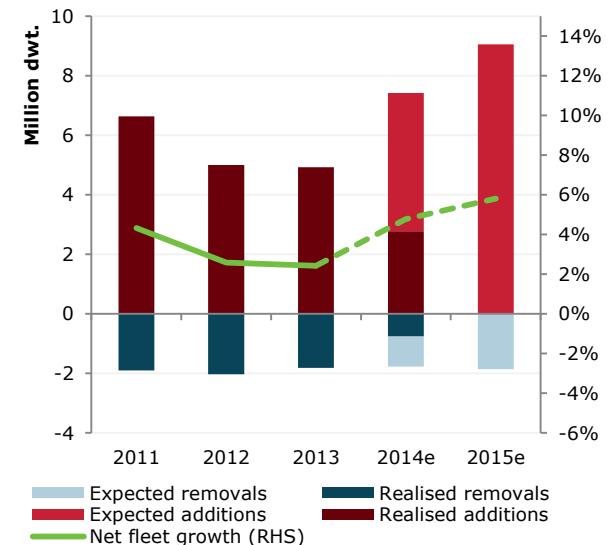
US export of refined products



Major refinery projects

Refinery	Capacity	Exp. completion
Ruwais (UAE)	400kb/d	Q4 2014
Paradip (India)	300 kb/d	Mid 2015
Yanbu (Saudi Arabia)	400kb/d	End 2015

Vessel supply



RANGE FOR FULL YEAR ESTIMATE LOWERED TO USD -60 MILLION TO 0

Outlook

USDm	Dry Cargo	Tankers	Total
EBITDA	-60 to -30	15 to 45	-60 to 0
Profit from vessel sales			0
CAPEX			130-150



Comments

- ▶ Guidance lowered due to lower FFA rates in dry cargo and weaker tanker market
- ▶ Dry Cargo
 - ▶ Q3-Q4 FFA rates have declined more than USD 3,400 per day (weighted by NORDEN's open days)
- ▶ Tankers
 - ▶ Estimated full year EBITDA lowered due to disappointing Q2 and lower expectations for Q3-Q4

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

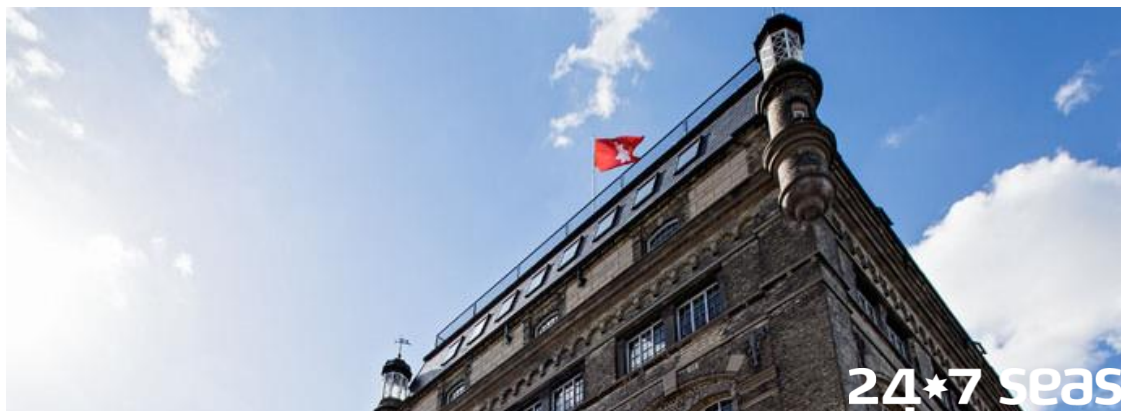
Get mobile version of NORDEN's website. Scan and add to home screen. Or go to m.ds-norden.com



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BACK UP

24*7 seas

A LEADING GLOBAL TRAMP OPERATOR

Dry Cargo



Capesize



Post-Panamax



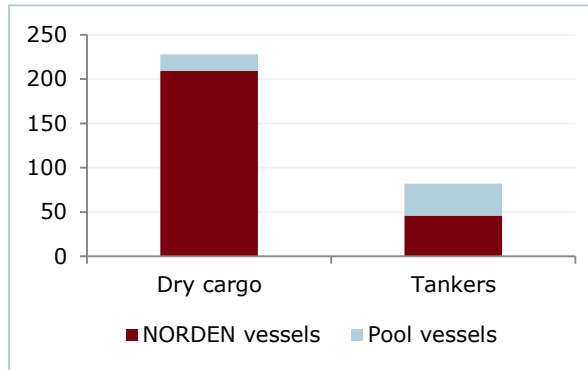
Panamax



Supramax



Handysize



Tankers



MR



Handysize

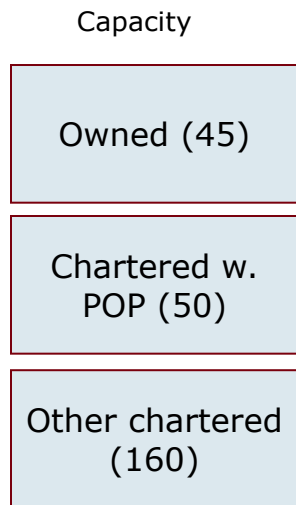


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)

- ▶ 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

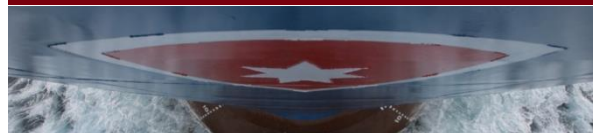


- ▶ Customer relations
- ▶ Logistical efficiencies
- ▶ 2-10 year firm periods
- ▶ Quick and easy cover
- ▶ Leverage of scale
- ▶ Operator profit

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

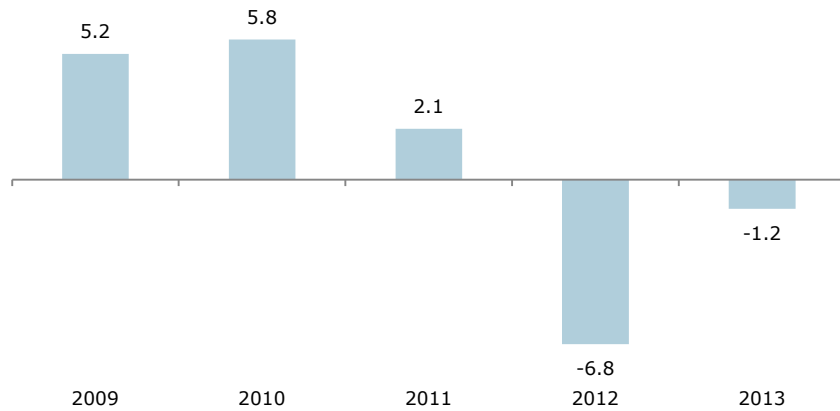
Why we
succeed

OVERALL RESULTS

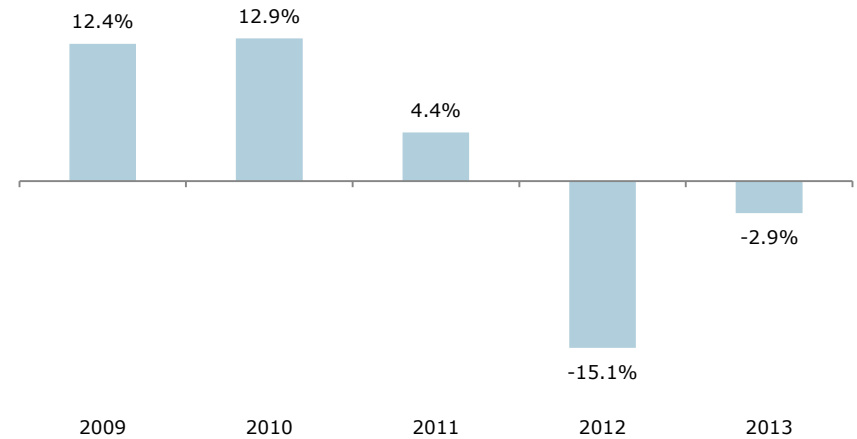
USDm	Q2 2013	Q1 2014	Q2 2014	Y/Y %	Q/Q %
EBITDA Dry Cargo	-2	-15	-6	-169%	62%
EBITDA Tankers	8	10	1	-89%	-91%
O/A Group	-2	-3	-3	-17%	-15%
EBITDA Group	4	-8	-7	-291%	3%
Depreciation	-19	-15	-16	-17%	-3%
EBIT Group	-16	-23	-27	-73%	-20%
Net profit	-22	-27	-42	-86%	-57%
Cash from operations	55	3	-29	-153%	-1189%
Net Cash flow	-15	-13	-110	-633%	-769%
Cash and securities	485	448	323	-33%	-28%

LAST 5 YEARS PERFORMANCE

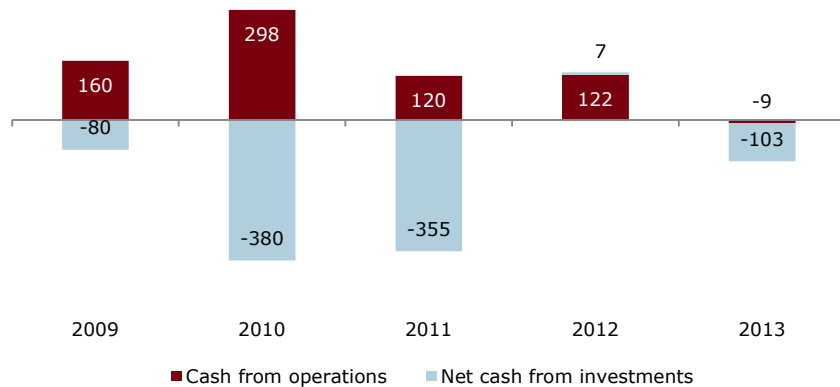
Earnings per share (USD)



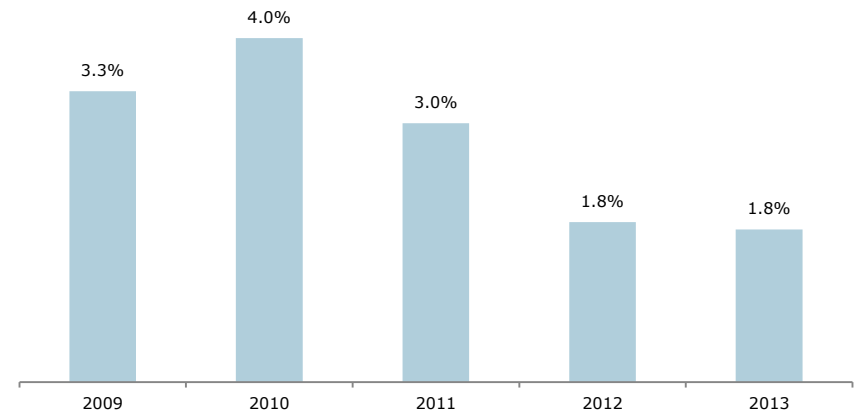
Return on equity



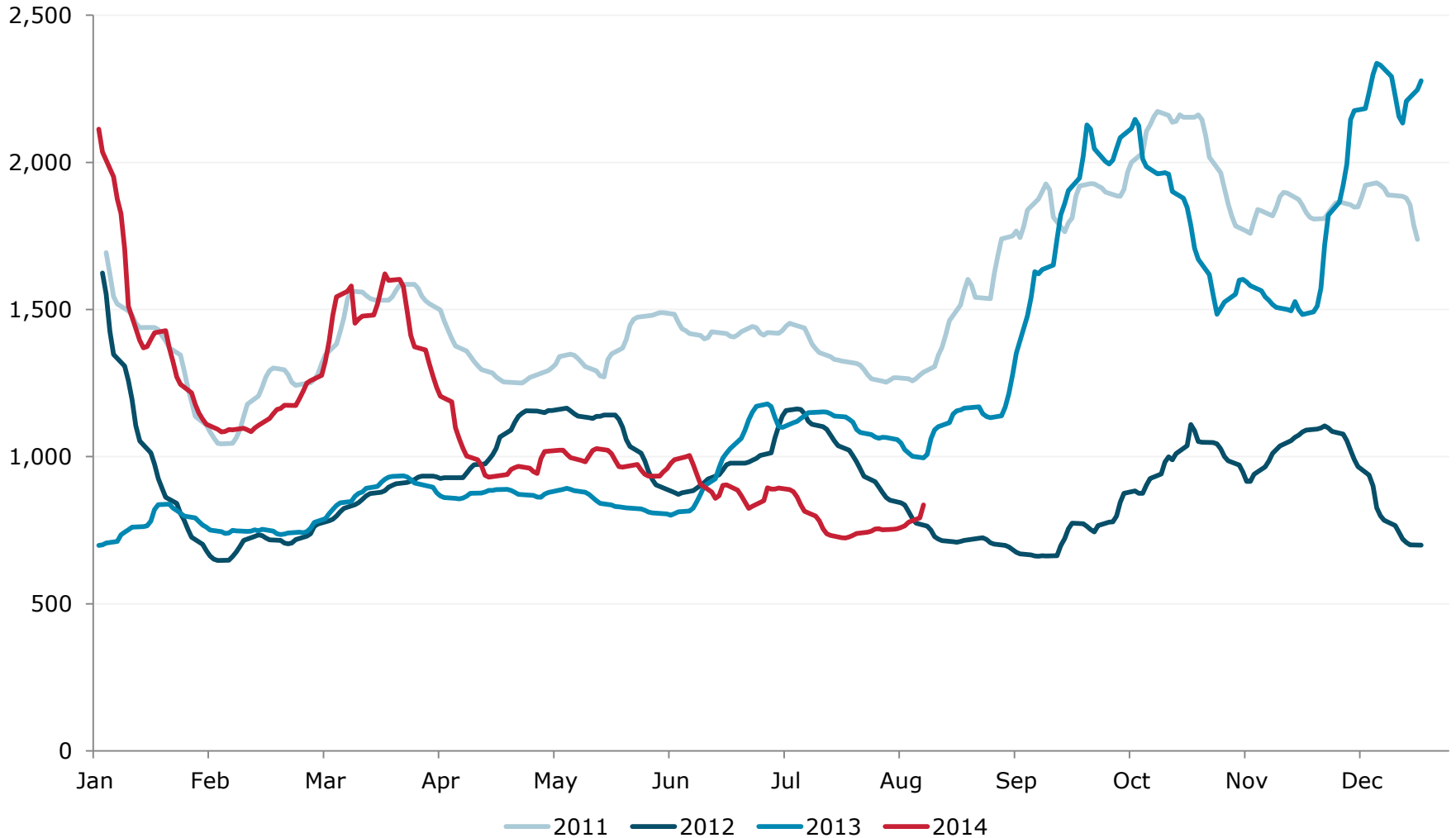
Cash flows, operations and investments (USDm)



Dividend yield



Baltic Dry Index

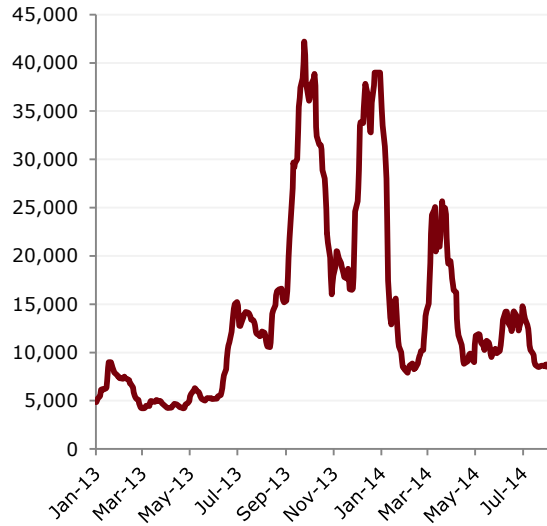


Source: Baltic Exchange

DRY CARGO SEGMENT RATES

Capesize

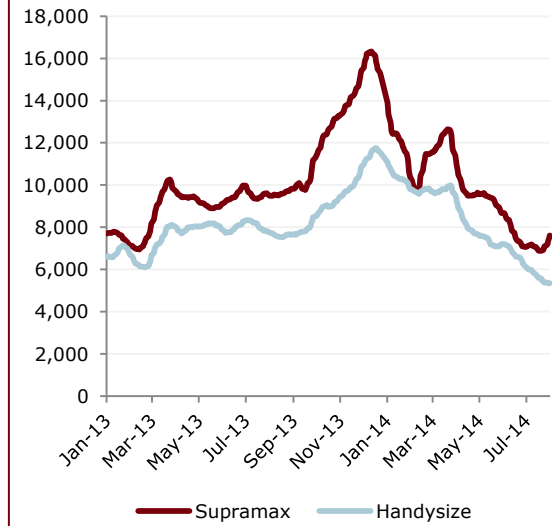
Spotrates (USD/day)



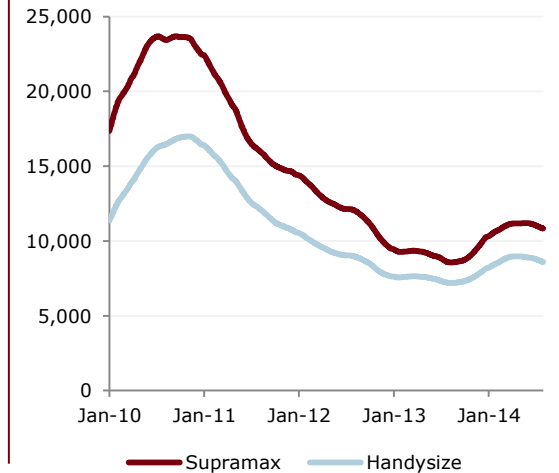
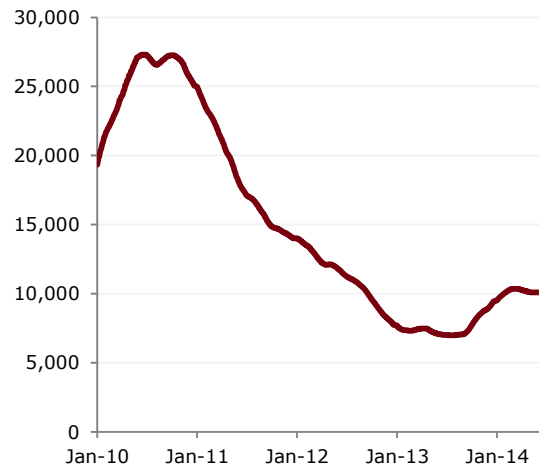
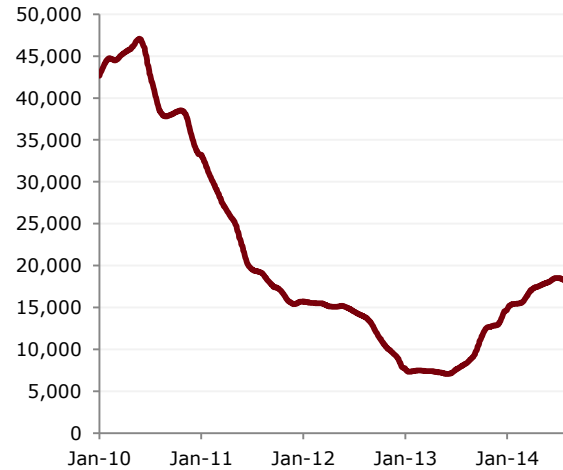
Panamax



Supramax & Handysize

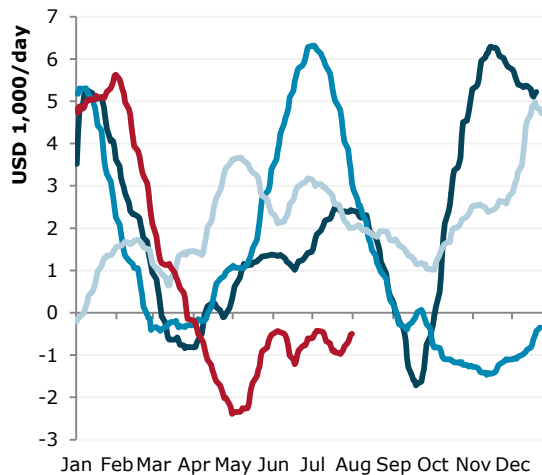


12M rolling average



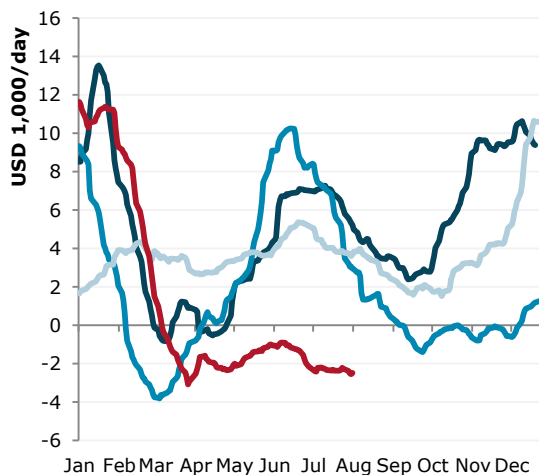
DRY CARGO REGIONAL RATES

Handysize



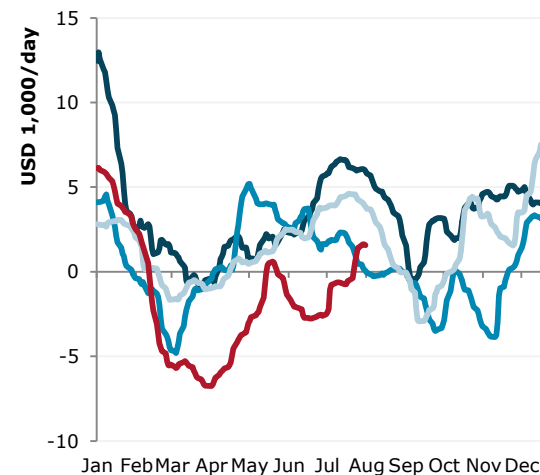
— 2011 — 2012 — 2013 — 2014

Supramax

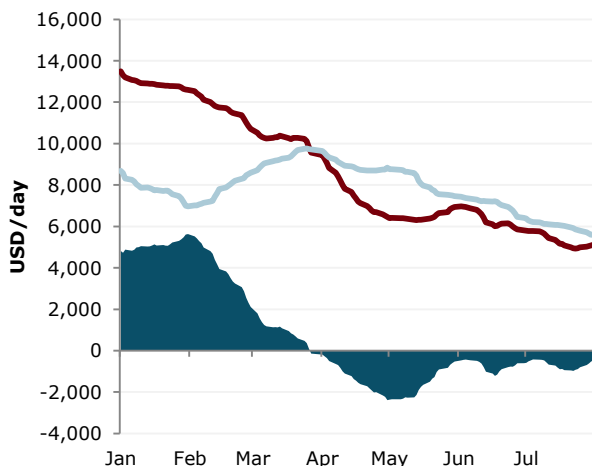


— 2011 — 2012 — 2013 — 2014

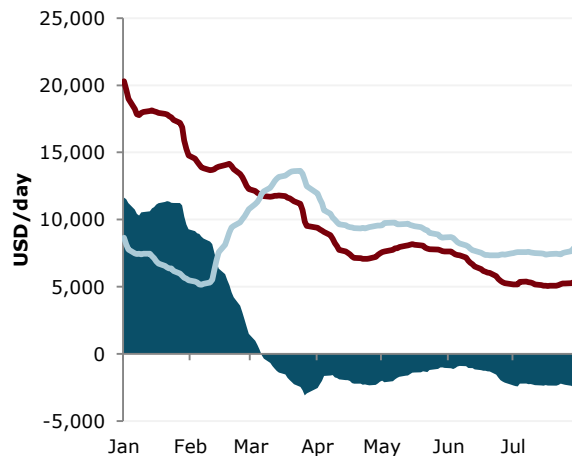
Panamax



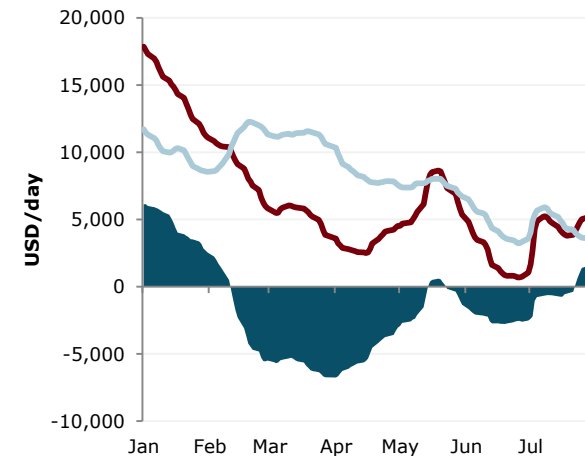
— 2011 — 2012 — 2013 — 2014



■ Spread ■ Atlantic Actual ■ Pacific actual



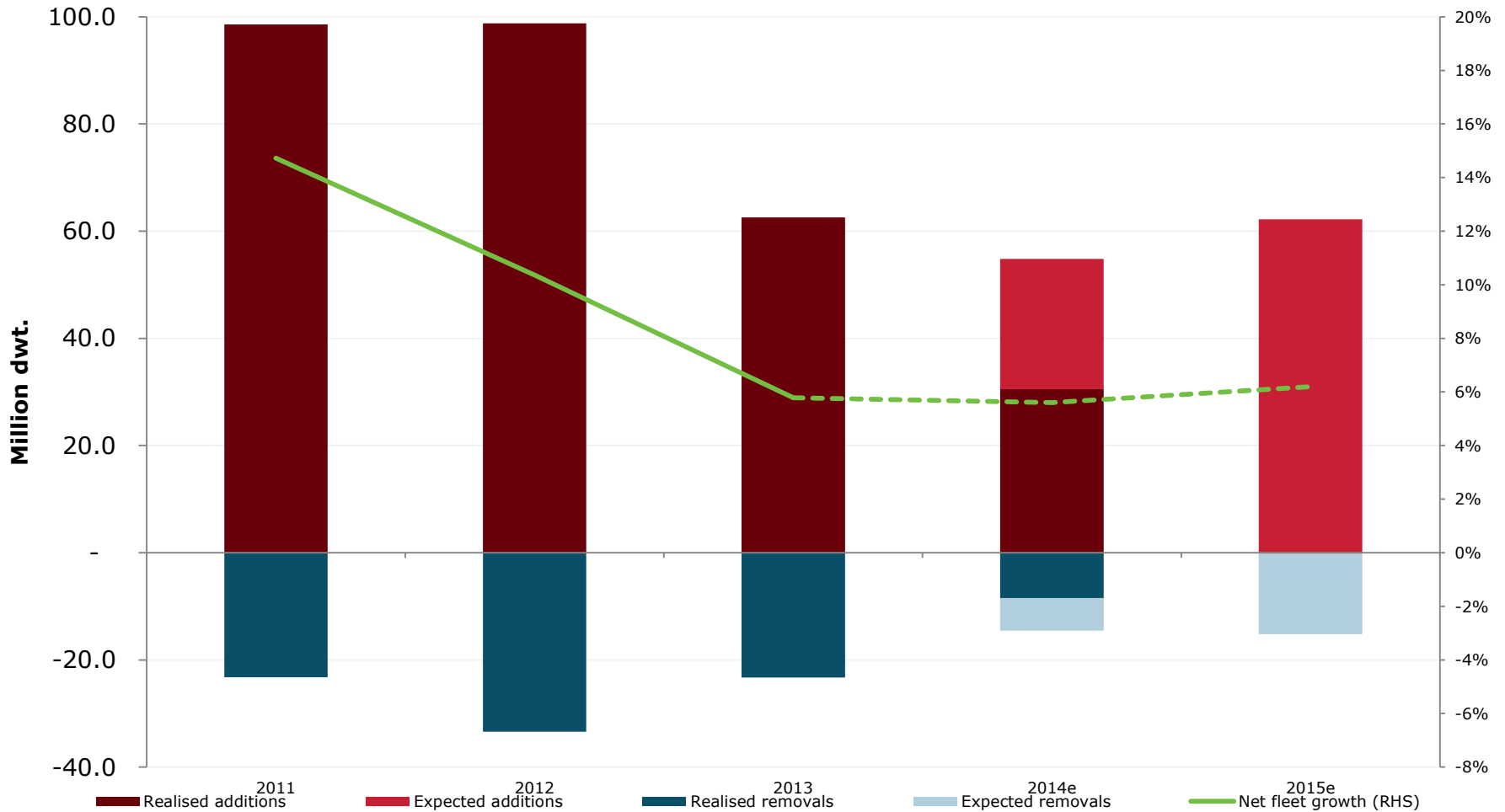
■ Spread ■ Atlantic Actual ■ Pacific actual



■ Spread ■ Atlantic Actual ■ Pacific actual

DRY CARGO SUPPLY GROWTH

Fleet development



Source: Clarksons and NORDEN

Strong capital structure

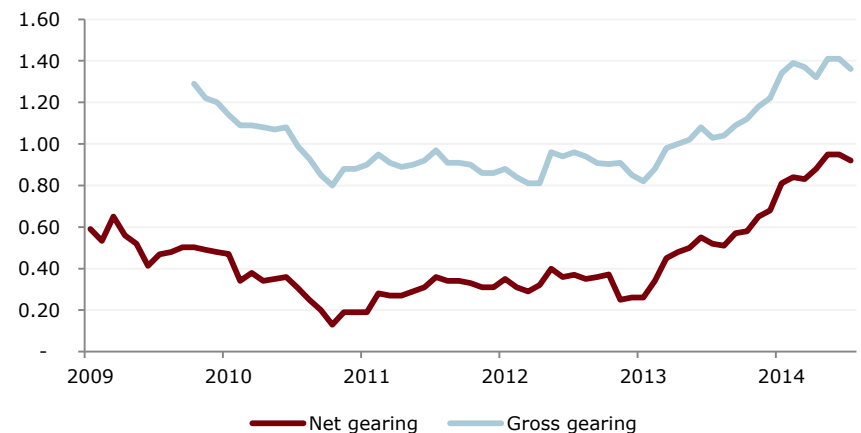
- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Equity ratio at 79.5%
- ▶ Net gearing of 0.92 at 30 June 2014
- ▶ Outstanding yard payments incl. joint ventures
 - ▶ 2014: USD 76 million
 - ▶ 2015: USD 147 million
 - ▶ 2016: USD 56 million
 - ▶ 2017: USD 152 million
 - ▶ 2018: USD 22 million
 - ▶ **Total: USD 453 million**

Net committed cash

USDm	Q2 2014	Q1 2014
Adjusted net interest bearing assets*	48	165
T/C obligations**	-1,670	-1,839
Newbuilding instalments less proceeds from vessel sales**	-424	-451
Revenue from coverage**	669	718
Net commitments	-1,377	-1,407

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

Gearing



Fleet values at 30 June 2014

USD million

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Dry Cargo						
Capesize	3.0	176,000	71	100		29
Post-Panamax	4.0	115,000	122	117		-5
Panamax	7.0	79,000	169	185	17	33
Supramax	12.5	59,000	312	366		54
Handysize	12.0	35,000	264	239	10	-15
Tankers						
MR	11.0	50,000	373	371		-2
Handysize	13.0	39,000	301	301		0
Total	62.5		1,612	1,679	27	94

* 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 June 2014

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation						
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
Total active core fleet	4.0	8.0	13.0	20.0	23.0	68.0
Chartered vessels without purchase option	-	1.0	52.5	73.0	14.9	141.4
Total active fleet	4.0	9.0	65.5	93.0	37.9	209.4
Vessels to be delivered						
Newbuildings (owned)	-	-	4.0	8.5	-	12.5
Chartered vessels with purchase option	1.0	-	10.5	7.0	-	18.5
Total for delivery to core fleet	1.0	-	14.5	15.5	-	31.0
Chartered vessels over 3 years without purchase option	-	-	-	-	-	-
Total to be delivered	1.0	-	14.5	15.5	-	31.0
Total gross fleet	5.0	9.0	80.0	108.5	37.9	240.4
Dry Cargo fleet values at 30 June 2014 (USD million)						
Market value of owned vessels and newbuildings*	100	117	202	366	249	1,034
Value of purchase and extension options	16	8	44	55	7	130

* 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 30 June 2014

Vessel type	MR	Handysize	Total
Vessels in operation			
Owned vessels	7.0	12.0	19.0
Chartered vessels with purchase option	8.0	-	8.0
Total active core fleet	15.0	12.0	27.0
Chartered vessels without purchase option	12.0	7.0	19.0
Total active fleet	27.0	19.0	46.0
Vessels to be delivered			
Newbuildings (owned)	4.0	1.0	5.0
Chartered vessels with purchase option	-	-	-
Total for delivery to core fleet	4.0	1.0	5.0
Chartered vessels over 3 years without purchase option	-	-	-
Total to be delivered	4.0	1.0	5.0
Total gross fleet	31.0	20.0	51.0
Tanker fleet values at 30 June 2014 (USD million)			
Market value of owned vessels and newbuildings*	371	301	672
Value of purchase and extension options	7	-	7

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

Coverage and capacity, Dry Cargo, at 30 June 2014

	2014		2015	2016	2014		2015	2016
	Q3	Q4			Q3	Q4		
Owned vessels					Ship days			
Capesize	264	276	1,032	1,083				
Post-Panamax	368	368	1,380	1,444				
Panamax	276	276	1,375	1,733				
Supramax	358	368	1,672	2,883				
Handysize	1,070	1,104	4,280	4,327				
Total	2,336	2,392	9,739	11,470				
Chartered vessels					Costs for T/C capacity (USD per day)			
Capesize	92	92	365	366	18,714	18,672	18,665	18,665
Post-Panamax	375	368	1,460	1,464	18,714	18,912	18,912	18,886
Panamax	4,247	3,766	9,989	8,301	12,517	12,859	13,038	13,386
Supramax	4,267	2,367	6,419	5,683	11,855	12,372	12,799	13,220
Handysize	1,472	1,464	4,767	3,630	12,596	12,722	12,212	12,498
Total	10,453	8,057	23,000	19,444	12,535	13,034	13,262	13,685
Total capacity					Costs for gross capacity (USD per day)*			
Total capacity	12,789	10,449	32,739	30,914	11,243	11,271	10,959	10,614
Coverage					Revenue from coverage (USD per day)			
Capesize	135	92	59	0	17,942	24,802	24,710	0
Post-Panamax	313	158	95	0	9,764	14,999	16,217	0
Panamax	3,507	1,826	3,416	2,543	11,675	12,744	15,875	17,074
Supramax	4,369	1,947	3,021	1,419	11,551	11,444	11,824	13,590
Handysize	1,760	897	1,436	1,285	9,535	11,553	13,018	13,380
Total	10,084	4,920	8,027	5,247	11,272	12,311	13,908	15,227
Coverage in %								
Capesize	38%	25%	4%	0%				
Post-Panamax	42%	21%	3%	0%				
Panamax	78%	45%	30%	25%				
Supramax	94%	71%	37%	17%				
Handysize	69%	35%	16%	16%				
Total	79%	47%	25%	17%				

* 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 June 2014

	2014		2015	2016	2014		2015	2016
	Q3	Q4			Q3	Q4		
Owned vessels					Ship days			
MR	644	644	3,766	3,961				
Handysize	1,150	1,186	4,656	4,671				
Total	1,794	1,830	8,422	8,632				
Chartered vessels					Costs for T/C capacity (USD per day)			
MR	1,830	1,569	4,562	2,633	14,651	14,794	15,285	16,193
Handysize	580	460	847	0	13,814	14,229	14,229	0
Total	2,410	2,029	5,409	2,633	14,450	14,666	15,120	16,193
Total capacity					Costs for gross capacity (USD per day)*			
Total capacity	4,204	3,859	13,831	11,265	11,247	11,020	10,157	9,112
Coverage					Revenue from coverage (USD per day)			
MR	596	232	210	0	11,853	14,383	15,797	0
Handysize	734	345	229	0	13,665	14,622	13,955	0
Total	1,330	577	439	0	12,853	14,526	14,836	0
Coverage in %								
MR	24%	10%	3%	0%				
Handysize	42%	21%	4%	0%				
Total	32%	15%	3%	0%				

* 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 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

