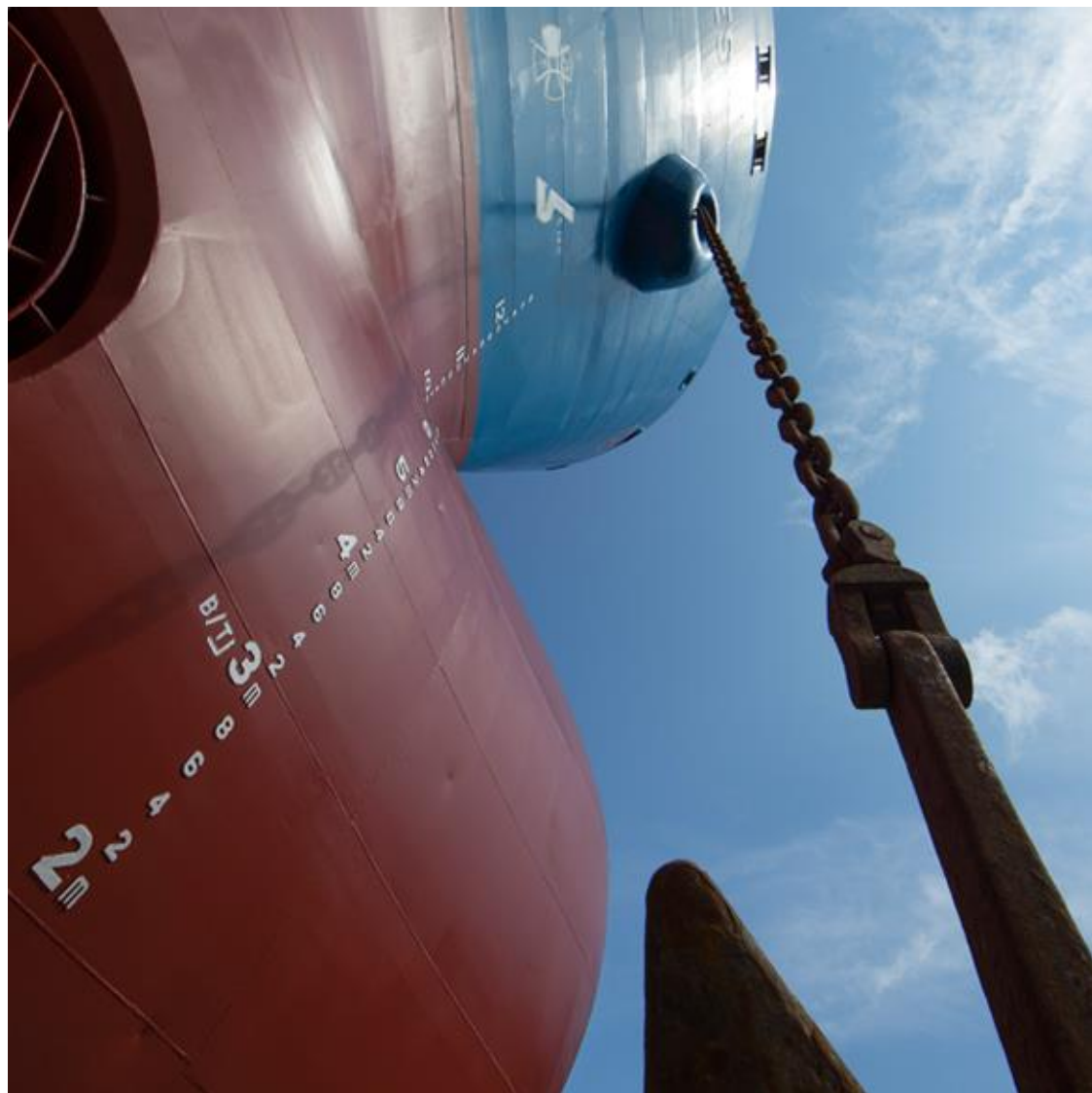


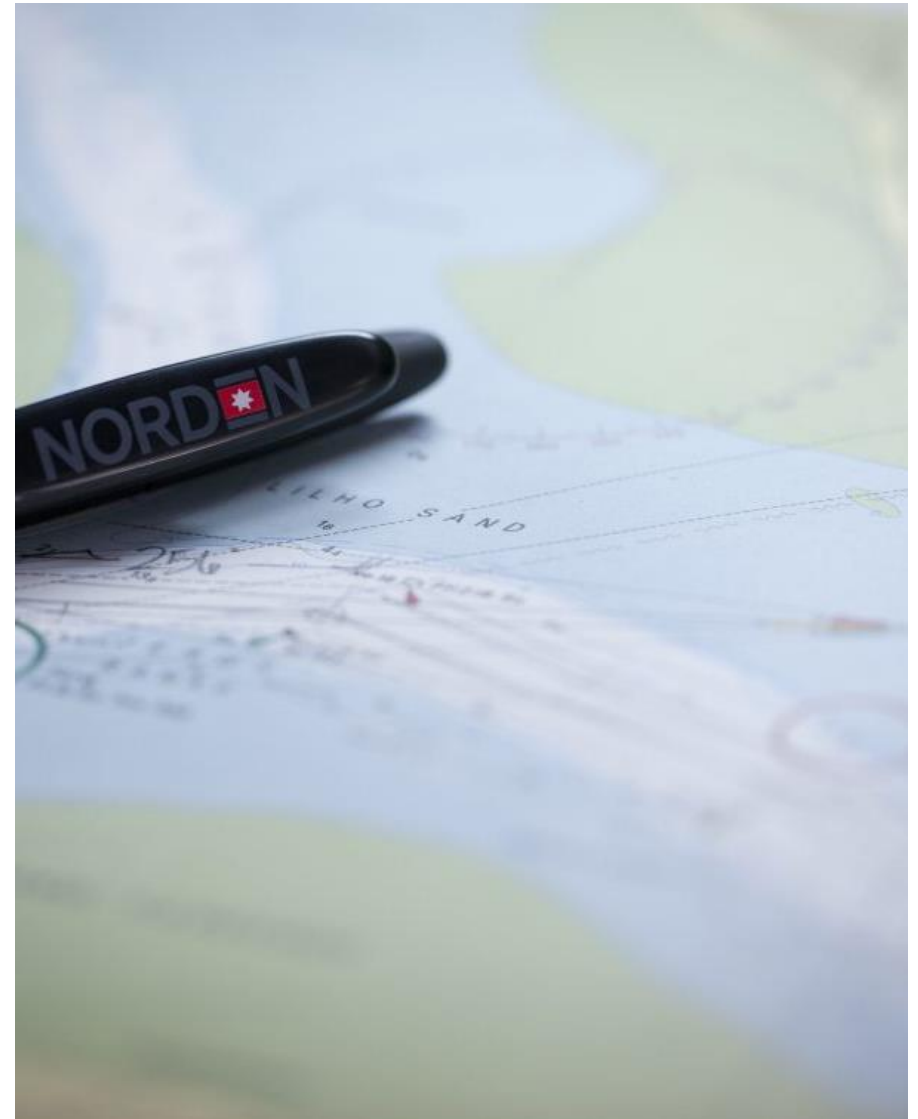
# NORDEN RESULTS

Full year results 2013

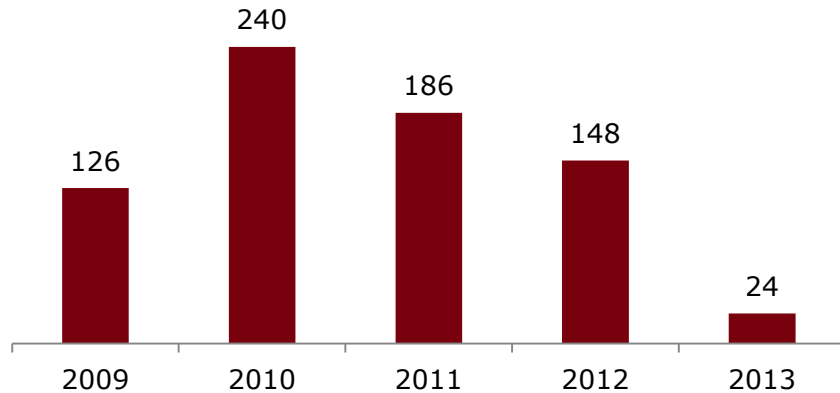
Hellerup, Denmark  
11 March 2014



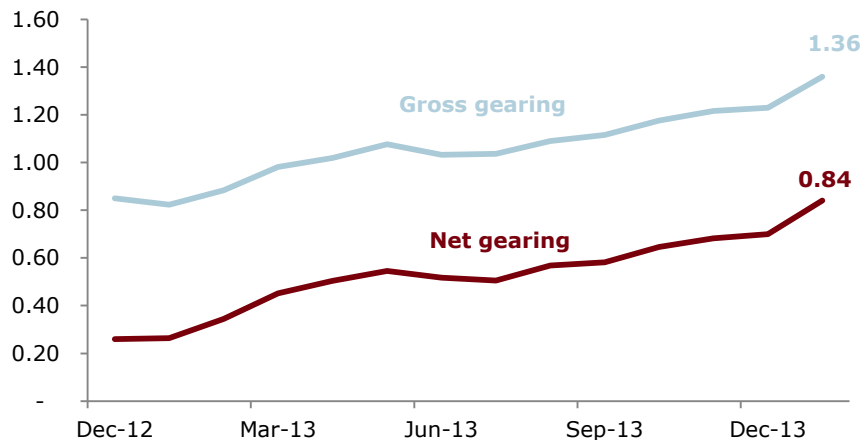
- ▶ Group highlights
  - ▶ Financial
  - ▶ Strategy
  - ▶ Positioning
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2014 expectations
- ▶ Q & A



## EBITDA (USDm)



## Gearing

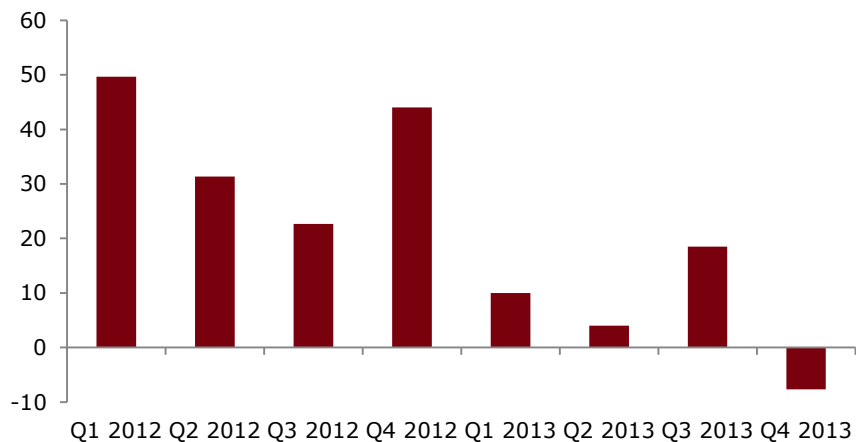


## Key messages

- ▶ Overall challenging year
  - ▶ Dry Cargo: Historically low H1, surprisingly strong H2
  - ▶ Attractive coverage expired
- ▶ Many things going well
  - ▶ Best Tanker result since 2008
  - ▶ Strong gains in asset values
  - ▶ Order book now 37 vessels with a total value of more than USD 1bn
- ▶ Positioned to capture value in improving markets
  - ▶ Lower coverage
  - ▶ Larger NORDEN order book
  - ▶ Higher gearing
- ▶ Dividend DKK 5 per share

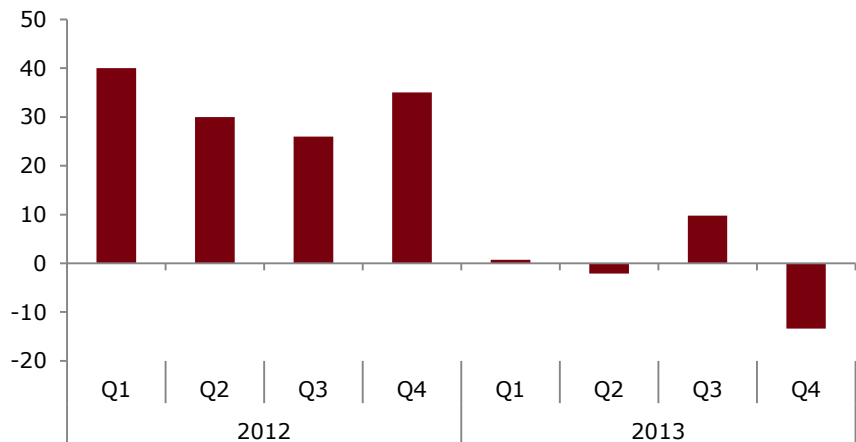
# DISAPPOINTING DRY CARGO RESULT IN Q4

## EBITDA (USDm)

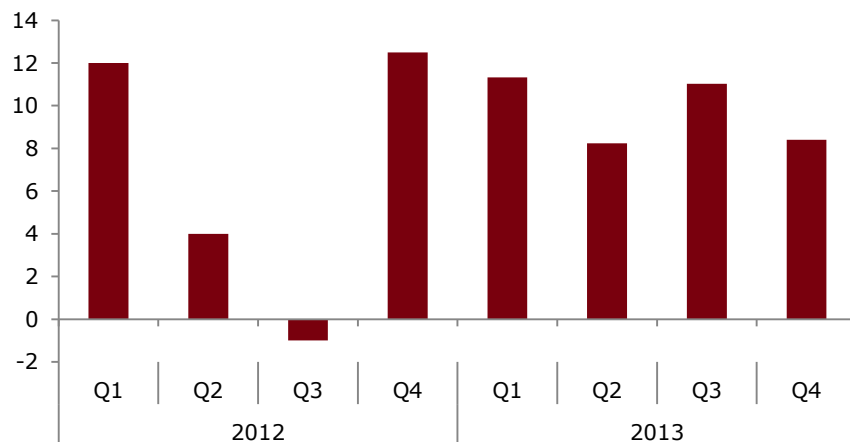


- ▶ Group EBITDA of USD 24m slightly below expectations due to challenging Q4 in Dry Cargo
  - ▶ Attractive coverage expired
  - ▶ Higher tonnage costs in specific regions
  - ▶ Tankers in high end of expectation range

## Dry Cargo EBITDA (USDm)

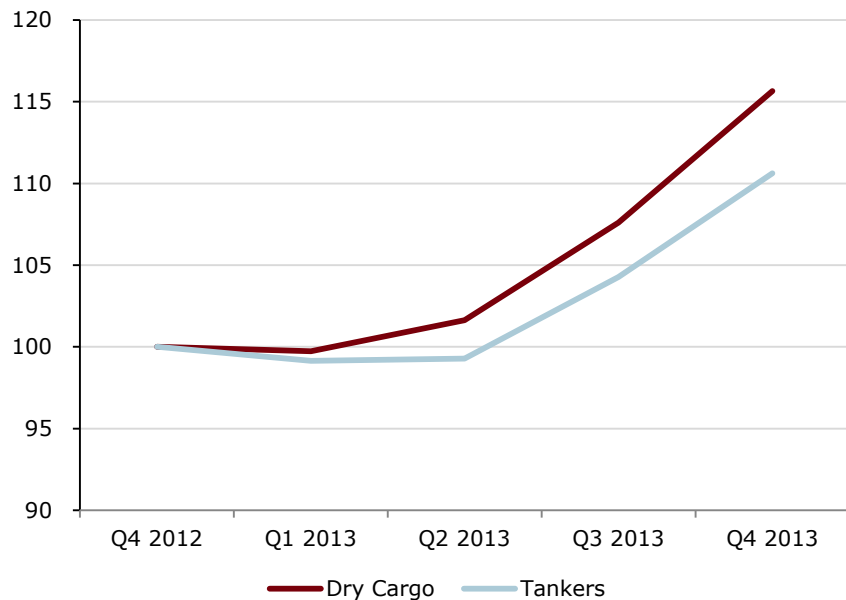


## Tanker EBITDA (USDm)



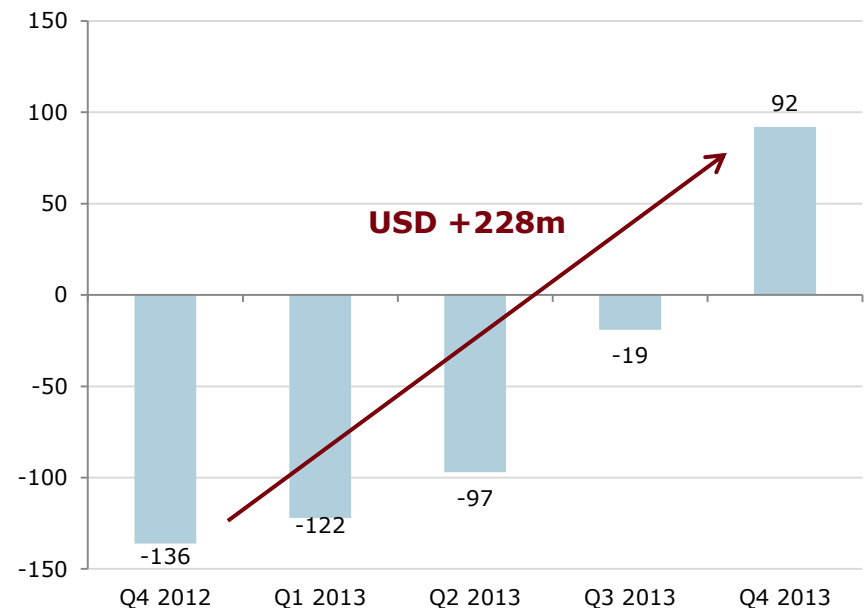
- ▶ Asset values have increased significantly in 2013 – especially in H2
- ▶ The market value of NORDENs fleet now exceeds the book value by USD 92m – an improvement of USD 228m in 2013

### Market value of NORDEN fleet (indexed)\*



\*excl. value of charter party. Compiled based on quarterly changes for vessels included in both quarters

### Added value in fleet (USDm)



### Strategy 2011-13: Key ambitions achieved

- ✓ Growth in cargoes carried of 20% p.a.
- ✓ Growth in contractually secured cargo volumes – abandoned target due to lack of profitability
- ✓ Value creation as operator
  - ✓ Dry Cargo: USD 61m in (2011-13)
  - ✓ Tankers: earnings 7% higher than market rates
- ✓ 24 owned tanker vessels

### Additional ambitions achieved include

- ✓ Tight cost control,
- ✓ Increased EBIT from Tankers,
- ✓ Continued financial flexibility
- ✓ Increased fuel efficiency

### Total shareholder return 2011-13 (Index)



\*Peer group TSR is based on Pacific Basin, Golden Ocean, Diana Shipping, Safe Bulkers, Scorpio Tankers, Teekay Tankers and d'Amico, with a 60% Dry Cargo weighting and 40% tanker weighting

# "CAPTURE VALUE IN IMPROVING MARKETS"

- ▶ Improved market outlook leading to changes in strategy and tactics
- ▶ No change in overall business model

## *Long-term growth in challenging times*

- ▶ Protect downside – create upside
- ▶ Sell short – buy long
- ▶ Overweight Tankers
- ▶ Low gearing
- ▶ High coverage
- ▶ Cargo is king and all cargo is good
- ▶ Eco focus – slow steaming



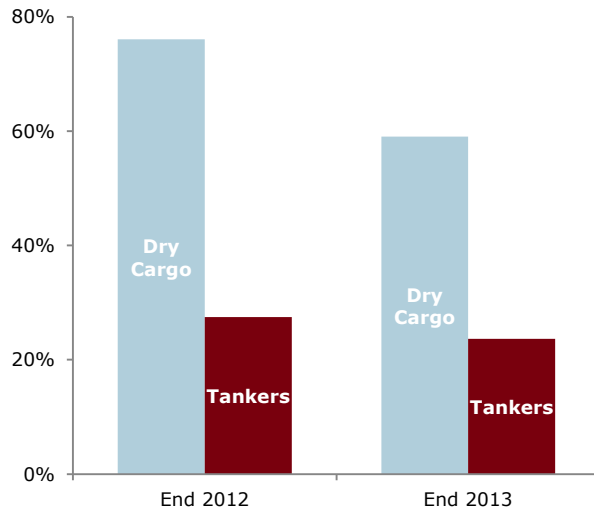
## *Capture value in improving markets*

- ▶ Near-term value – long-term competitiveness
- ▶ Buy short – buy long
- ▶ Overweight Dry Cargo
- ▶ Increased gearing
- ▶ Lower coverage
- ▶ Cargo is still king, but some cargo is better than other
- ▶ Fuel efficiency – right steaming

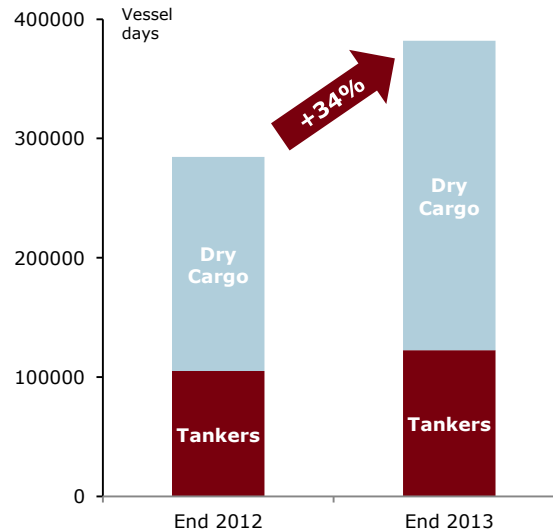
# NORDEN IS POSITIONED FOR IMPROVING MARKETS

- ▶ NORDEN enters 2014 with 28,000 open vessel days
- ▶ The order book now stands at 37 vessels with a total value of more than USD 1bn
  - ▶ 18.5 new orders during 2013
  - ▶ 7.5 new orders in early 2014
- ▶ All new commitments have increased in value and can not be replicated in today's market

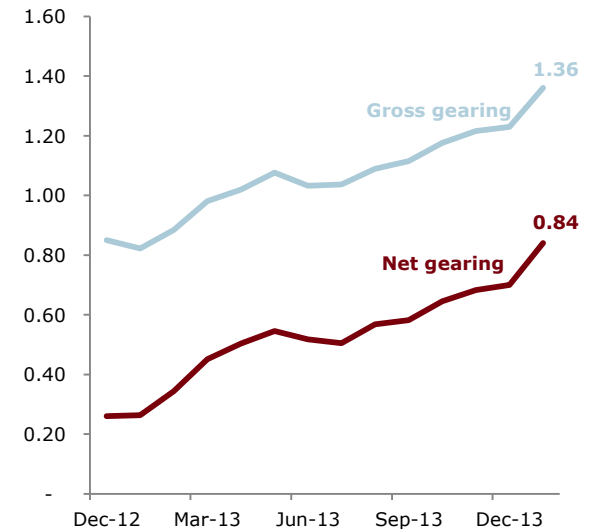
Near-term coverage (1 year)



Long-term core fleet (year 3+)



Gearing





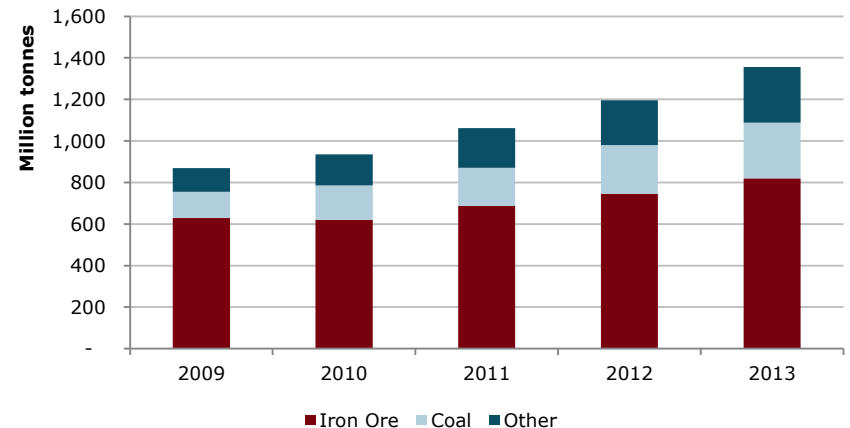
- ▶ Volatile market rates
  - ▶ H1 2013: lowest half-year in 27 years
  - ▶ H2 2013: surprisingly strong but volatile – signs of improving markets
- ▶ Strong dry cargo demand
  - ▶ New iron ore capacity expansions
  - ▶ Chinese record imports of iron ore (+10% y/y), coal (+14% y/y), and minor bulk (+24% y/y)
  - ▶ Indonesian ban on exports of unprocessed ores had a positive impact on Chinese minor bulk import in second half of 2013
  - ▶ Better than expected grain season on both Northern and Southern hemisphere
- ▶ Declining net fleet growth

## BDI development



Source: Baltic Exchange

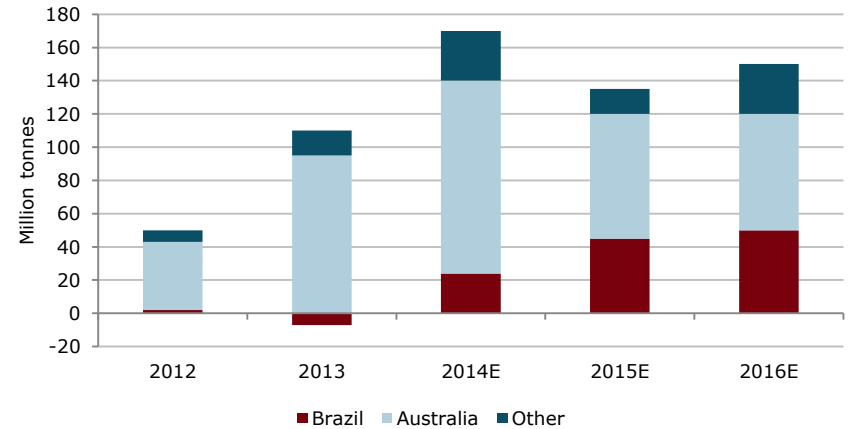
## Development in Chinese imports



Source: China Customs General Administration

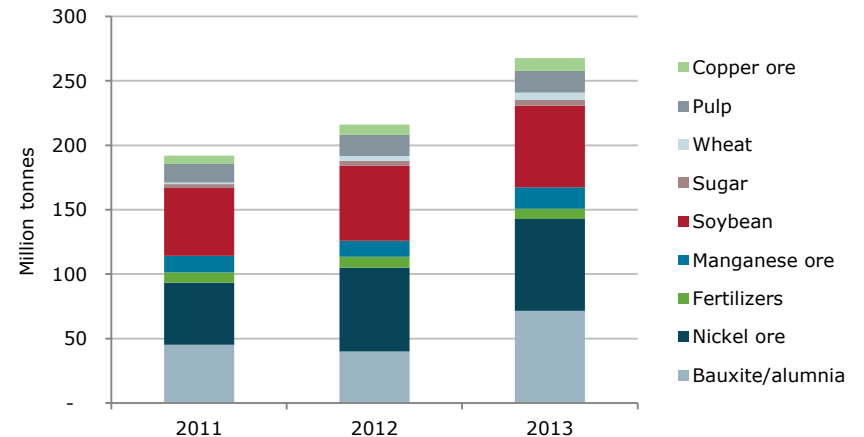
- ▶ 2014 tonnage demand growth outlook of 7-9%
- ▶ Iron ore
  - ▶ New export capacity coming on stream
  - ▶ Continued Chinese import substitution
- ▶ Coal
  - ▶ Increased Chinese power consumption
  - ▶ Limited change in Chinese fuel mix – difficult for other sources than coal to deliver
- ▶ Grain and minor bulk
  - ▶ Positive impact from macro economic forecast
  - ▶ Impact of Indonesian ban likely to be negative short-term, but neutral-to-positive long-term

## Iron ore capacity expansions



Source: Barclays and Deutsche Bank

## Chinese minor bulk imports

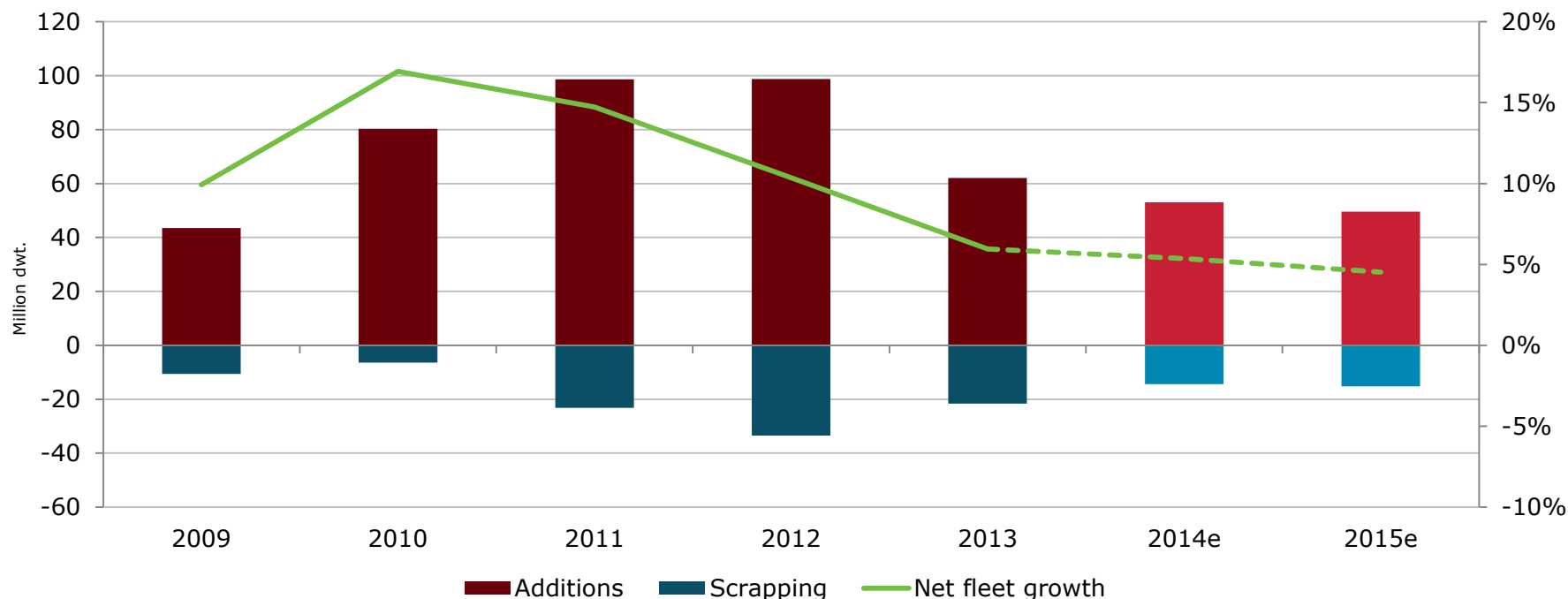


Source: China Customs General Administration

# 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

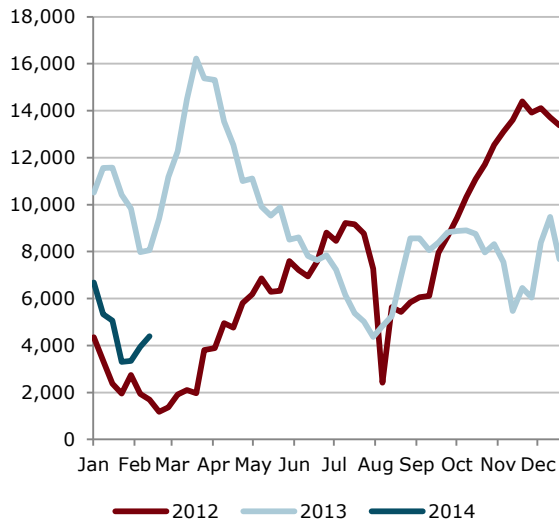
## Fleet development



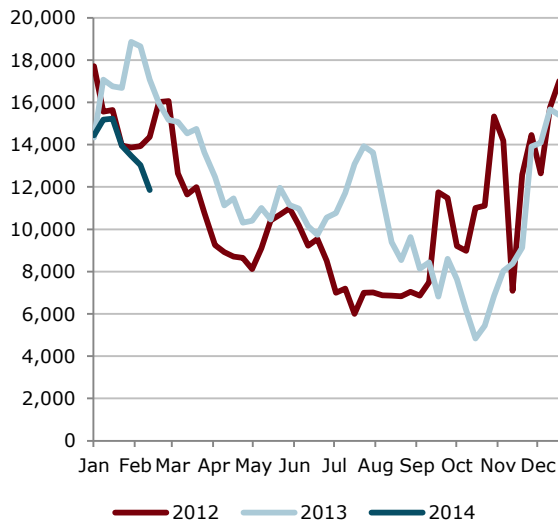
Source: Clarksons and NORDEN

- ▶ Overall stronger market - slightly disappointing Q4 due to warmer weather than usual in Europe
- ▶ Refining closures in Europe and OECD Asia leading to higher trade together with increased US exports
- ▶ Continued low fleet growth

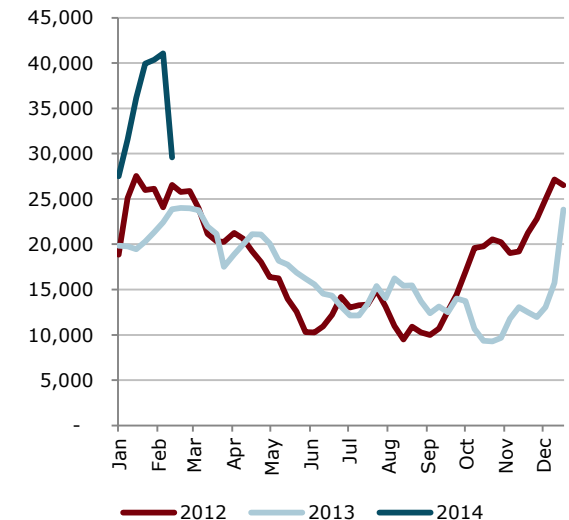
MR West CPP (USD/day)



MR East CPP (USD/day)



MR DPP (USD/day)

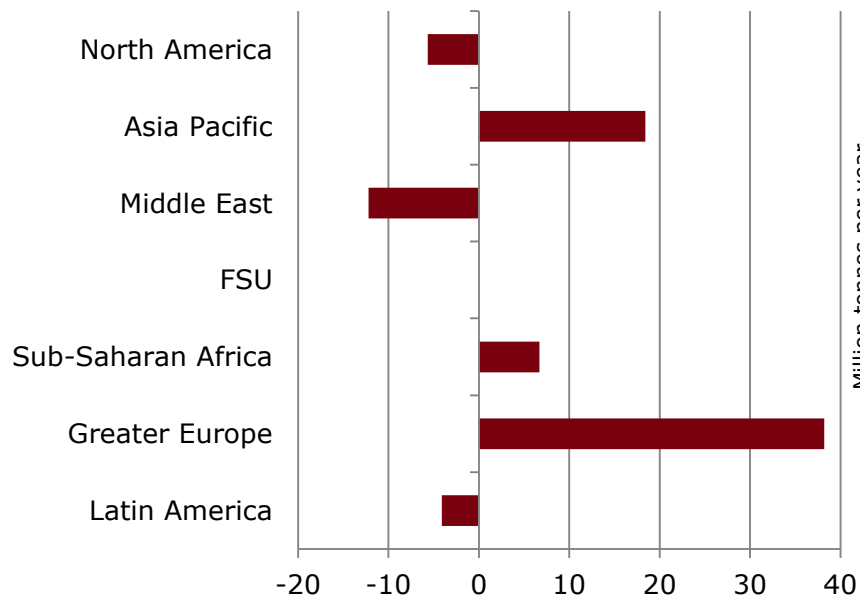


Source: ACM

# REFINERY RELOCATION DRIVES INCREASING DEMAND

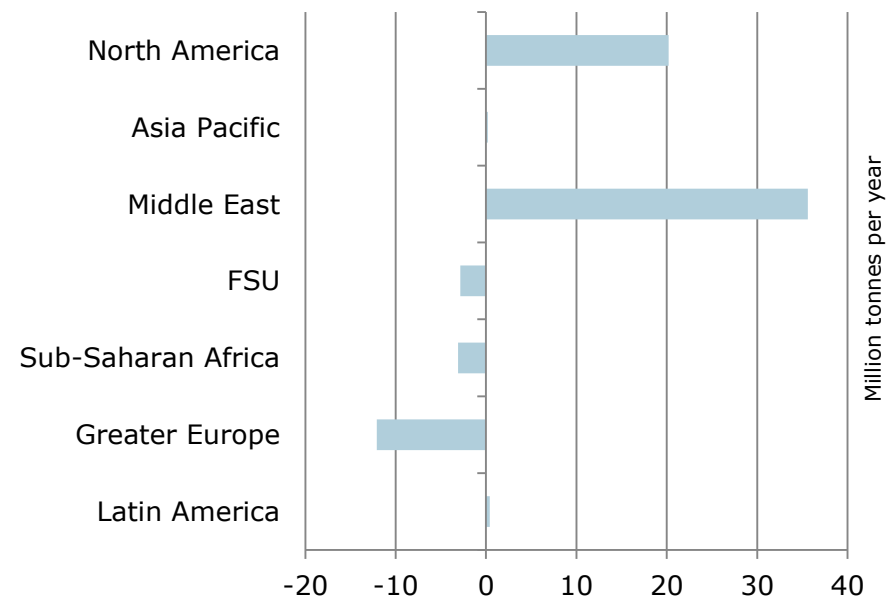
- ▶ European refinery sector under continued pressure leading to lower utilisation, closures and higher imports
- ▶ Middle East emerging as a major export hub for refined products
- ▶ Continued growth in US exports

## Changes in CPP imports (2012-2016)



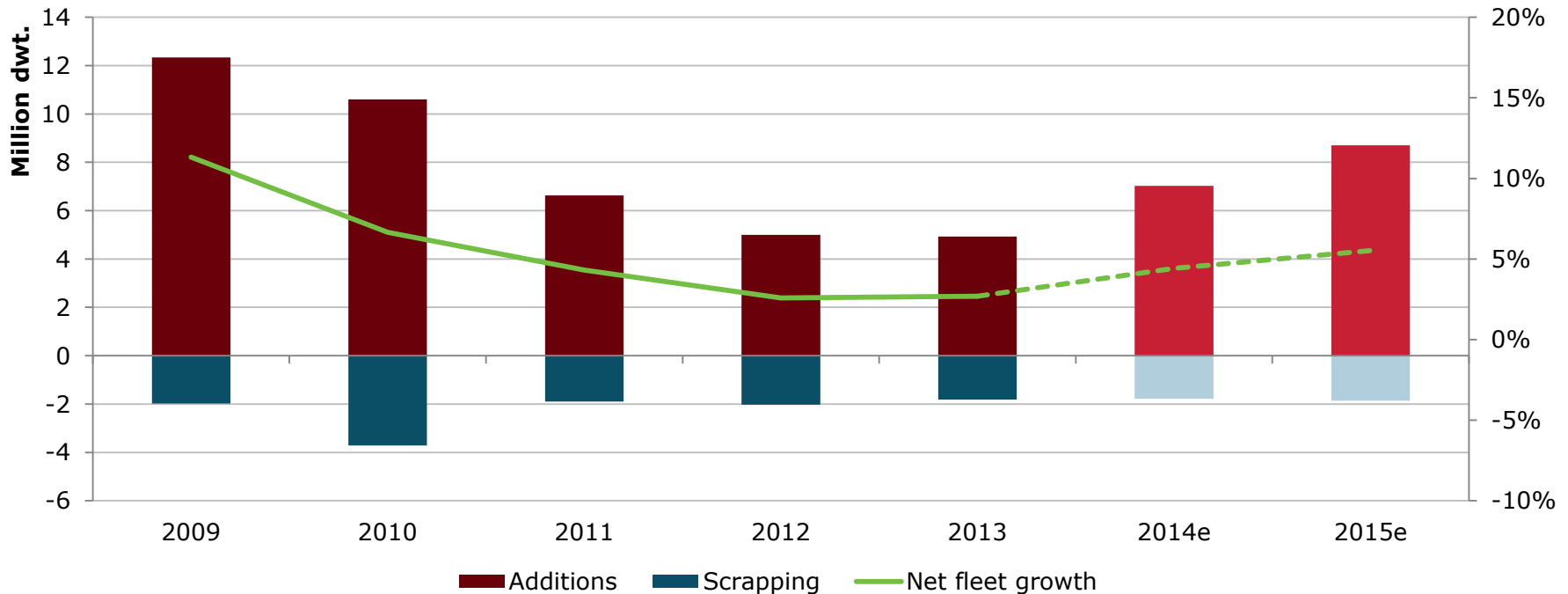
Source: Wood Mackenzie

## Changes in CPP exports (2012-2016)



- ▶ Continued low net fleet growth in 2014, though at a higher level than 2013
- ▶ 2013 ordering activity levels could be excessive if continued into 2014

### Fleet development



Source: SSY and NORDEN

# 2014: IMPROVEMENT OVER 2013, BUT HIGH VOLATILITY

## Outlook

USDm	Dry Cargo	Tankers	Total
EBITDA	0-50	30-80	20-120
Profit from vessel sales			0
CAPEX			90-120



## Comments

- ▶ Guidance includes operator profit
- ▶ Increased range reflects significant increase in open days compared to 2013
- ▶ 10% increase in rates would lead to increase in EBITDA of USD 51m

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

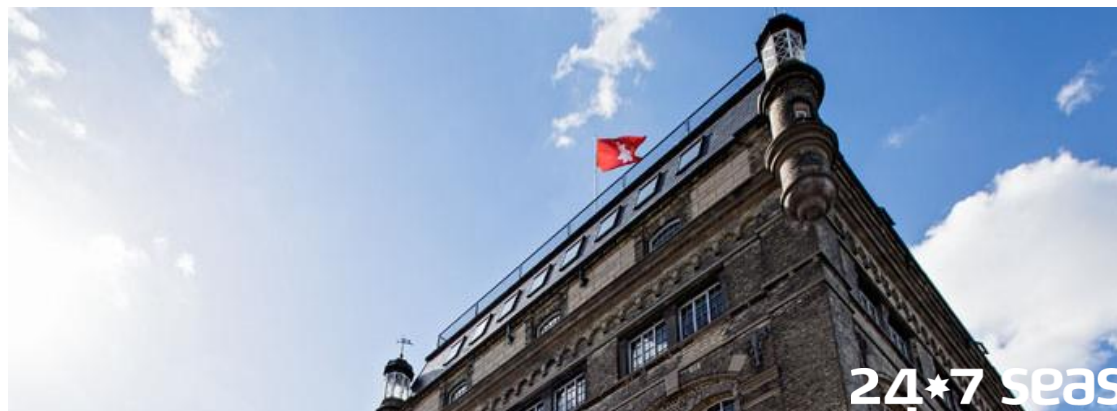
Get mobile version of NORDEN's website. Scan and add to home screen. Or go to [m.ds-norden.com](http://m.ds-norden.com)



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



BACK UP

24\*7 seas

# A LEADING GLOBAL TRAMP OPERATOR

## Dry cargo



Capesize



Post-Panamax



Panamax



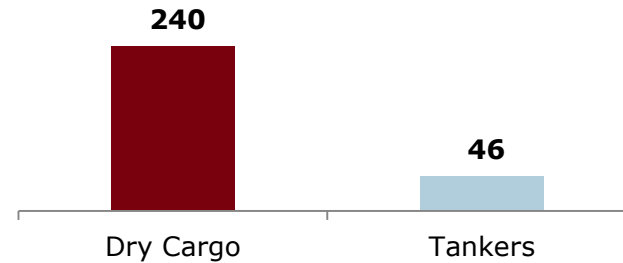
Handymax



Handysize



## Total active fleet



## Tankers



MR



Handysize

- ▶ Long history of strong performance
- ▶ World class fuel efficient fleet
- ▶ Significant upside through timecharter fleet and options

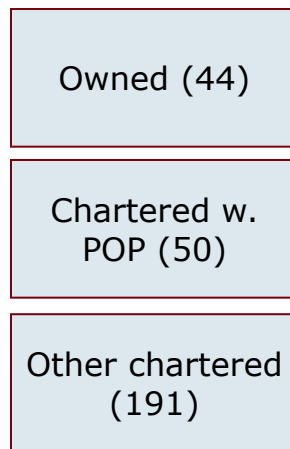
# ASSET LIGHT BUSINESS MODEL...

- ▶ 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

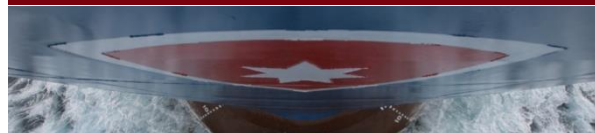


- ▶ Customer relations
- ▶ Logistical efficiencies
- ▶ 2-10 year firm periods
- ▶ Quick and easy cover
- ▶ Leverage of scale
- ▶ Operator profit

## People



## Brand



## Systems



\* Active fleet per 31 December 2013

# ...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

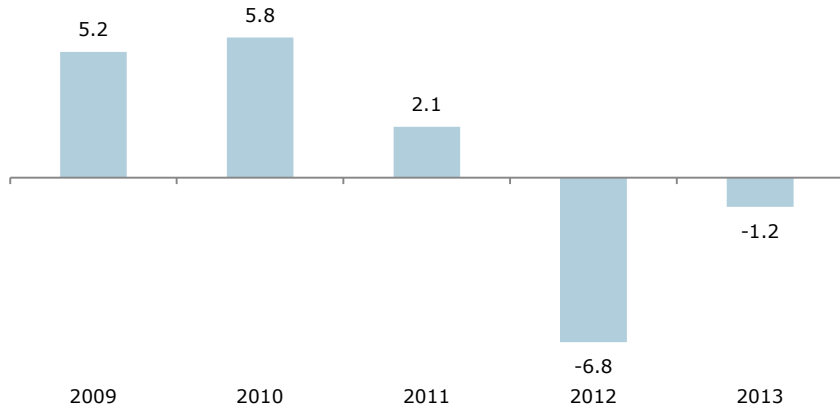
**Why we  
succeed**

# OVERALL RESULTS

USDm	2011	2012	2013	Q4 2013	Y/Y %
Contribution margin	239	198	76	7	-61%
O/A Group	-53	-50	-52	-15	5%
<b>EBITDA</b>	<b>186</b>	<b>148</b>	<b>24</b>	<b>-8</b>	<b>-84%</b>
EBITDA Dry Cargo	171	131	-5	-13	-104%
EBITDA Tankers	26	28	39	8	39%
Vessel sales	-0	-24	3	0	110%
Depreciation	-81	-89	-79	-21	-11%
<b>EBIT</b>	<b>105</b>	<b>-265</b>	<b>-51</b>	<b>-28</b>	<b>81%</b>
<b>Net profit</b>	<b>88</b>	<b>-279</b>	<b>-48</b>	<b>-15</b>	<b>83%</b>
Cash from operations	120	122	-9	-48	-107%
Net cash flow	-217	91	-49	-47	-154%
Cash and securities	407	529	486	486	-8%

# LAST 5 YEARS PERFORMANCE

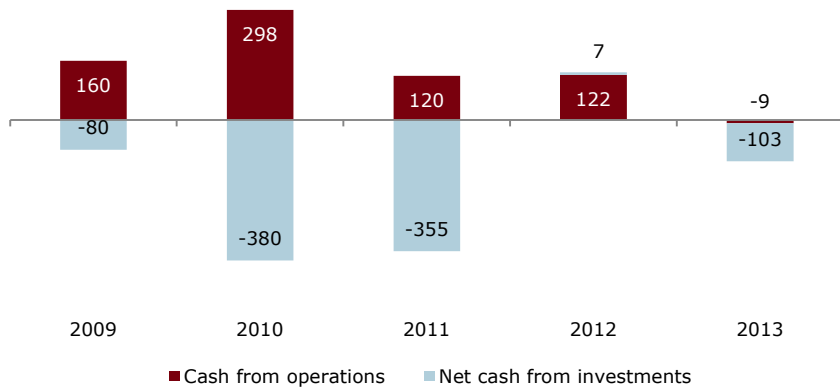
## Earnings per share (USD)



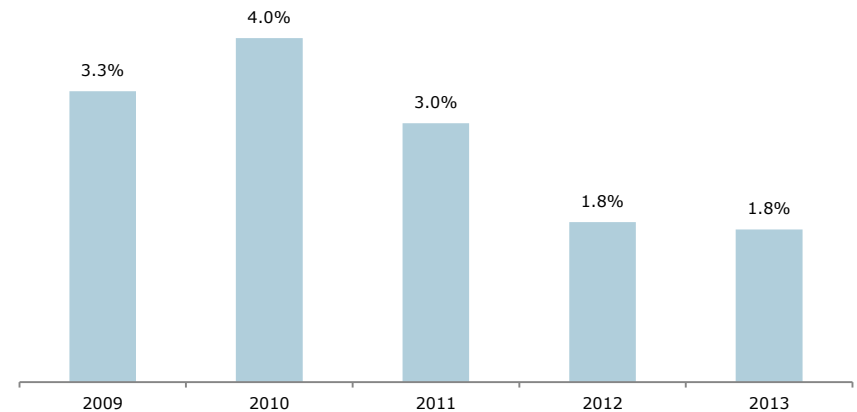
## Return on equity



## Cash flows, operations and investments (USDm)



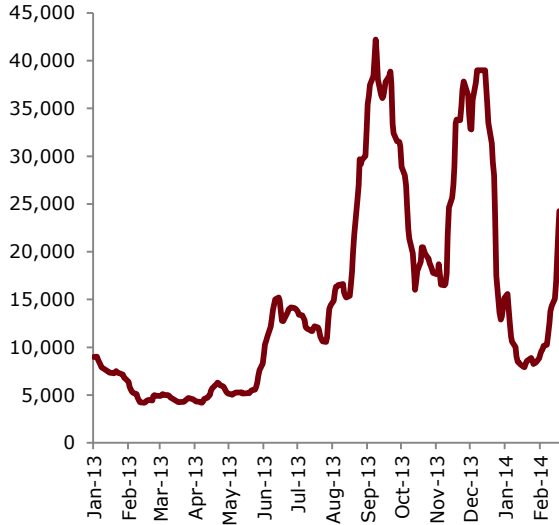
## Dividend yield



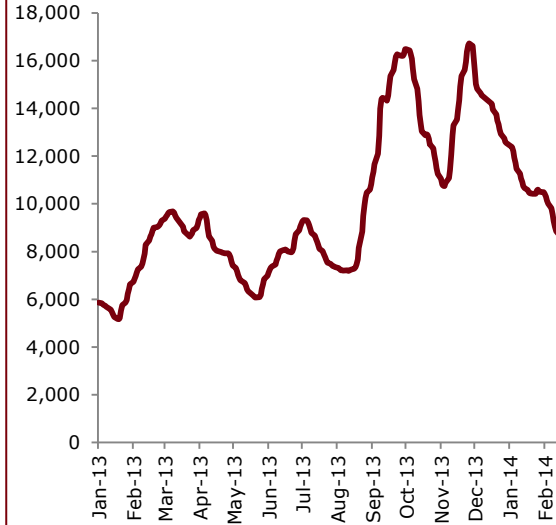
# DRY CARGO – RATES

### Capesize

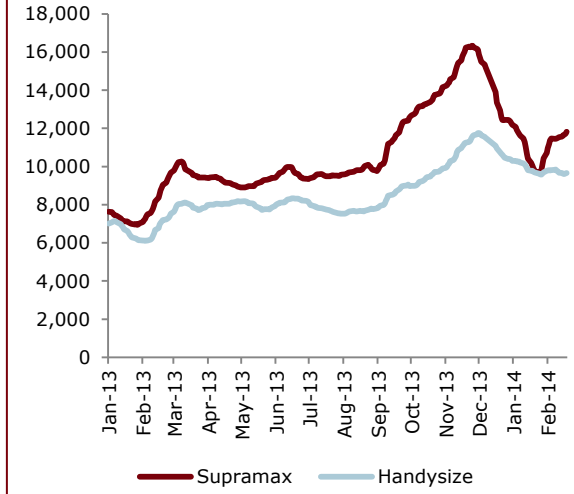
Spot rates



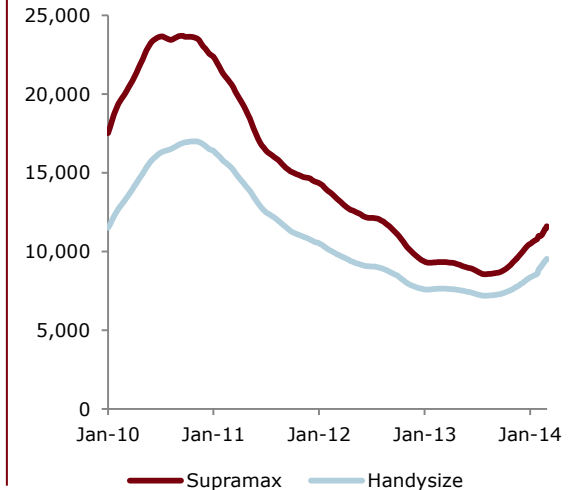
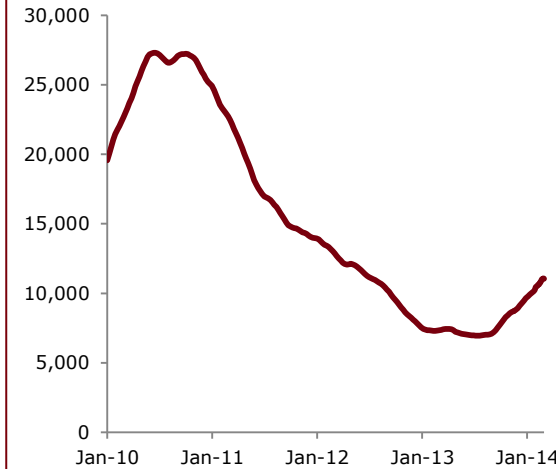
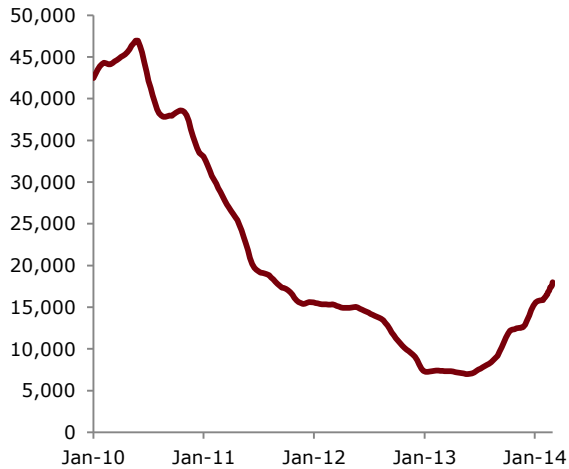
### Panamax



### Supramax & Handysize



12M rolling average





## Strong capital structure

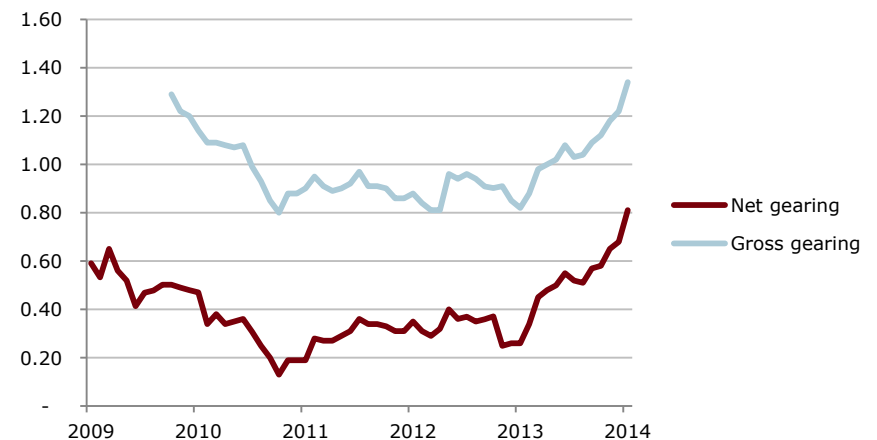
- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Equity ratio at 78%
- ▶ Net gearing of 0.70 at 31 December 2013

## Net committed cash

USDm	2013	2012
Adjusted net interest bearing assets*	189	362
T/C obligations**	-1,861	-1,646
Newbuilding instalments less proceeds from vessel sales**	-295	-95
Revenue from coverage**	841	936
<b>Net commitments</b>	<b>-1,126</b>	<b>-443</b>

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

## Gearing



## Fleet values at 31 December 2013

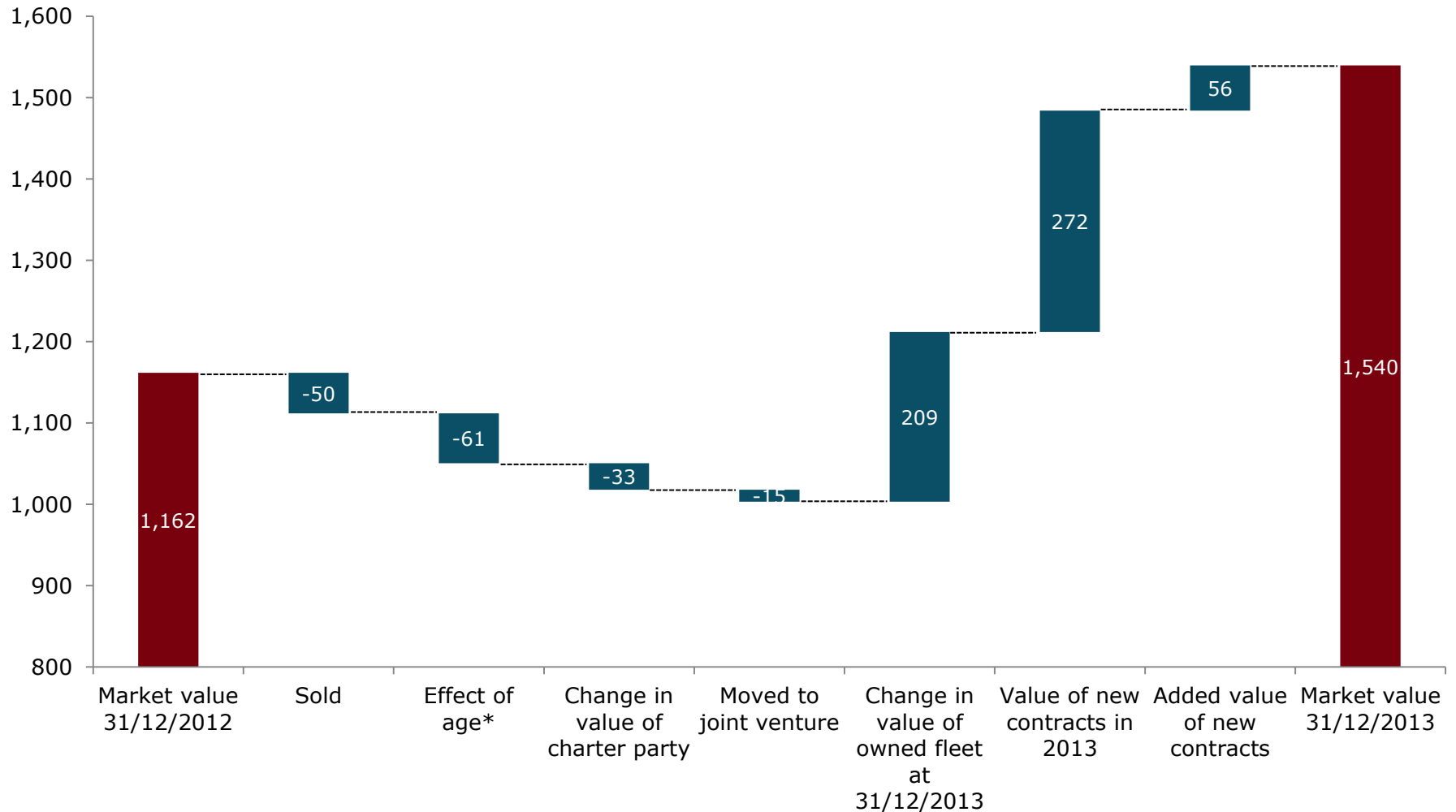
USD million

Owned (active and newbuildings)

	Number	Average dwt.	Average age of delivered vessels	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	11	73	86		13
Post-Panamax	4.0	115,000	4	126	120		-6
Panamax	5.0	79,000	11	107	123	15	31
Supramax	8.0	59,000	5	190	229		39
Handysize	12.0	35,000	3	270	249	7	-14
<b>Tankers</b>							
MR	11.0	50,000	3	375	393		18
Handysize	13.0	39,000	7	307	318		11
<b>Total</b>	<b>56.0</b>			<b>1,448</b>	<b>1,518</b>	<b>22</b>	<b>92</b>

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

# 2013 DEVELOPMENT IN NORDEN ASSET VALUES



# DRY CARGO FLEET OVERVIEW

## NORDEN's Dry Cargo fleet and values at 31 December 2013

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	0.0	0.6	79.5	70.0	21.9	171.9
<b>Total active fleet</b>	<b>4.0</b>	<b>8.6</b>	<b>92.5</b>	<b>90.0</b>	<b>44.9</b>	<b>239.9</b>
<b>Vessels to be delivered</b>						
Newbuildings (owned)	0.0	0.0	2.0	4.0	0.0	6.0
Chartered vessels with purchase option	1.0	0.0	9.5	7.0	0.0	17.5
<b>Total for delivery to core fleet</b>	<b>1.0</b>	<b>0.0</b>	<b>11.5</b>	<b>11.0</b>	<b>0.0</b>	<b>23.5</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>11.5</b>	<b>11.0</b>	<b>0.0</b>	<b>23.5</b>
<b>Total gross fleet</b>	<b>5.0</b>	<b>8.6</b>	<b>104.0</b>	<b>101.0</b>	<b>44.9</b>	<b>263.4</b>
<b>Dry Cargo fleet values at 31 December 2013 (USD million)</b>						
Market value of owned vessels and newbuildings*	86	120	138	229	256	829
Value of purchase and extension options	11	4	42	52	6	115

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

# TANKER FLEET OVERVIEW

<b>NORDEN's Tanker fleet and values at 31 December 2013</b>			
Vessel type	MR Handysize		<b>Total</b>
<b>Vessels in operation</b>			
Owned vessels	7.0	11.0	<b>18.0</b>
Chartered vessels with purchase option	8.0	0.0	<b>8.0</b>
<b>Total active core fleet</b>	<b>15.0</b>	<b>11.0</b>	<b>26.0</b>
Chartered vessels without purchase option	12.5	7.0	<b>19.5</b>
<b>Total active fleet</b>	<b>27.5</b>	<b>18.0</b>	<b>45.5</b>
<b>Vessels to be delivered</b>			
Newbuildings (owned)	4.0	2.0	<b>6.0</b>
Chartered vessels with purchase option	0.0	0.0	<b>0.0</b>
<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	0.0	0.0	<b>0.0</b>
<b>Total to be delivered</b>	<b>4.0</b>	<b>2.0</b>	<b>6.0</b>
<b>Total gross fleet</b>	<b>31.5</b>	<b>20.0</b>	<b>51.5</b>
<b>Tanker fleet values at 31 December 2013 (USD million)</b>			
Market value of owned vessels and newbuildings*	393	318	<b>711</b>
Value of purchase and extension options	5	0	<b>5</b>
* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any			

# DRY CARGO – NEAR-TERM RISK COVERED

Capacity and coverage at 31 December 2013						
Dry Cargo	2014	2015	2016	2014	2015	2016
<b>Owned vessels</b>	Ship days			Capacity and coverage for the years after 2016 can be found at <a href="http://www.ds-norden.com/investor/reportspresentations/reportsandwebcasts/">www.ds-norden.com/investor/reportspresentations/reportsandwebcasts/</a> .		
Capesize	1,083	1,080	1,083			
Post-Panamax	1,435	1,440	1,444			
Panamax	1,045	1,395	1,760			
Supramax	1,445	2,012	2,736			
Handysize	4,308	4,320	4,332			
<b>Total</b>	<b>9,316</b>	<b>10,247</b>	<b>11,355</b>			
<b>Chartered vessels</b>				Costs of T/C capacity (USD per day)		
Capesize	365	365	366	18,704	18,665	18,665
Post-Panamax	1,460	1,460	1,464	18,848	18,848	18,829
Panamax	12,839	8,986	8,737	12,376	12,868	13,079
Supramax	10,388	5,968	5,502	12,262	12,981	13,299
Handysize	6,167	4,515	3,568	12,989	12,223	12,401
<b>Total</b>	<b>31,219</b>	<b>21,294</b>	<b>19,637</b>	<b>12,836</b>	<b>13,272</b>	<b>13,550</b>
<b>Total capacity</b>	<b>40,535</b>	<b>31,541</b>	<b>30,992</b>	Costs of gross capacity (USD per day)*		
				<b>11,134</b>	<b>10,716</b>	<b>10,563</b>
<b>Coverage</b>				Revenue from coverage (USD per day)		
Capesize	294	0	0	27,420	0	0
Post-Panamax	458	12	0	12,376	14,637	0
Panamax	9,767	3,929	2,916	13,855	14,876	15,758
Supramax	9,468	2,216	1,250	12,371	13,007	14,710
Handysize	4,043	1,146	1,135	10,612	14,635	14,683
<b>Total</b>	<b>24,030</b>	<b>7,303</b>	<b>5,301</b>	<b>12,862</b>	<b>14,271</b>	<b>15,281</b>
<b>Coverage in %</b>				* Including cash running costs of owned vessels.		
Capesize	20%	0%	0%	Costs are excluding administrative expenses. For vessel types which are operated in a pool, the T/C equivalent is after pool management fee. With regard to the Dry Cargo pools, NORDEN receives the pool management fee as "Other operating income".		
Post-Panamax	16%	0%	0%			
Panamax	70%	38%	28%			
Supramax	80%	28%	15%			
Handysize	39%	13%	14%			
<b>Total</b>	<b>59%</b>	<b>23%</b>	<b>17%</b>			

# TANKERS – HIGH SPOT EXPOSURE

Capacity and coverage at 31 December 2013						
Tankers	2014	2015	2016	2014	2015	2016
<b>Owned vessels</b>			Ship days			
MR	2,535	3,819	3,971			
Handysize	4,488	4,680	4,693			
<b>Total</b>	<b>7,023</b>	<b>8,499</b>	<b>8,664</b>			
<b>Chartered vessels</b>				Costs of T/C capacity (USD per day)		
MR	6,663	3,842	2,490	14,090	15,431	16,279
Handysize	1,448	0	0	12,881	0	0
<b>Total</b>	<b>8,111</b>	<b>3,842</b>	<b>2,490</b>	<b>13,874</b>	<b>15,431</b>	<b>16,279</b>
				Costs of gross capacity (USD per day)*		
<b>Total capacity</b>	<b>15,134</b>	<b>12,341</b>	<b>11,154</b>	<b>10,648</b>	<b>9,555</b>	<b>8,984</b>
<b>Coverage</b>				Revenue from coverage (USD per day)		
MR	1,436	109	0	12,628	13,774	0
Handysize	2,148	68	0	13,837	13,098	0
<b>Total</b>	<b>3,584</b>	<b>177</b>	<b>0</b>	<b>13,353</b>	<b>13,514</b>	<b>0</b>
<b>Coverage in %</b>						
MR	16%	1%	0%			
Handysize	36%	1%	0%			
<b>Total</b>	<b>24%</b>	<b>1%</b>	<b>0%</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 pool 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

