

# NORDEN RESULTS

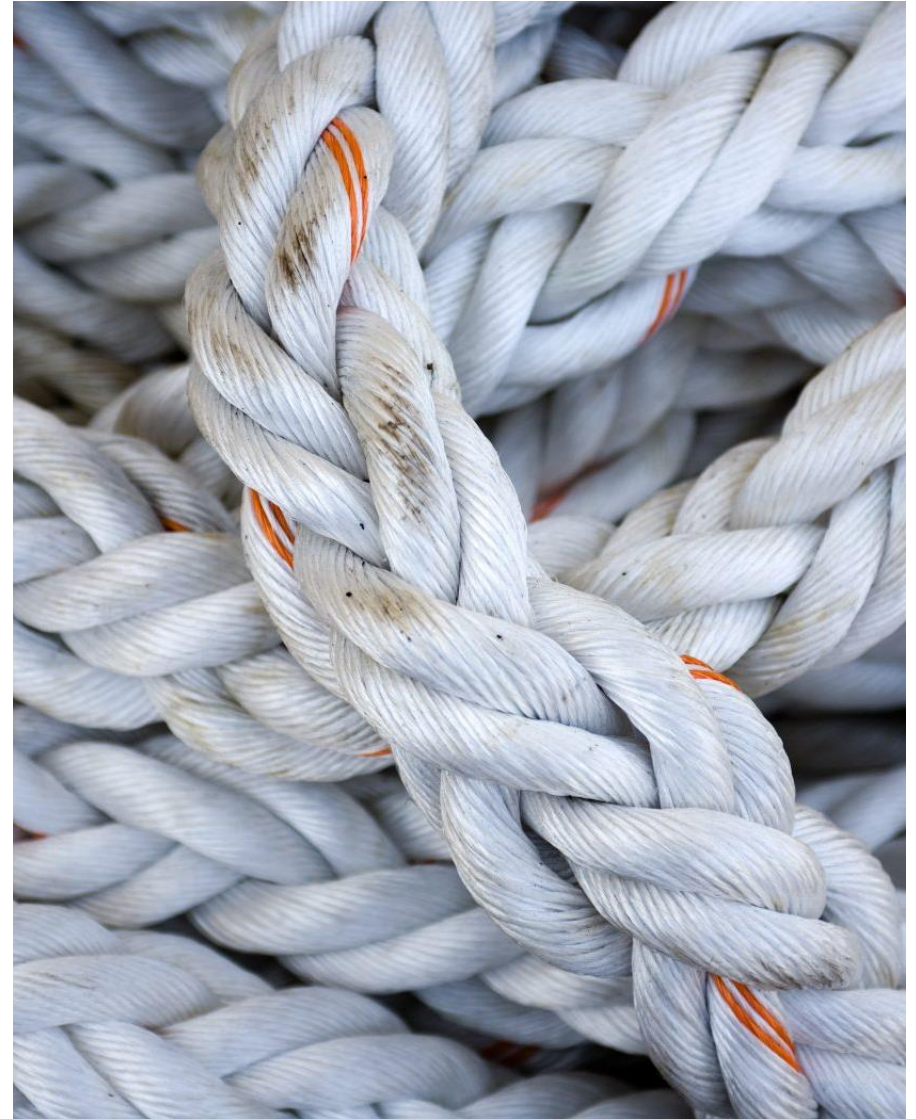
First quarter of 2016



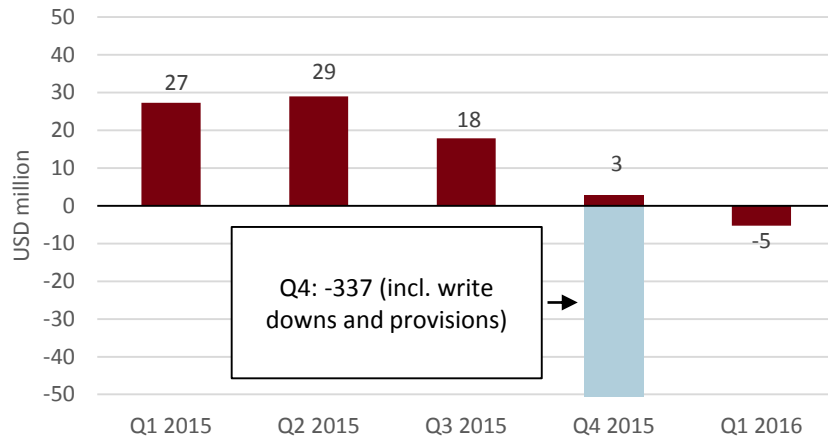
Hellerup, Denmark  
4 May 2016



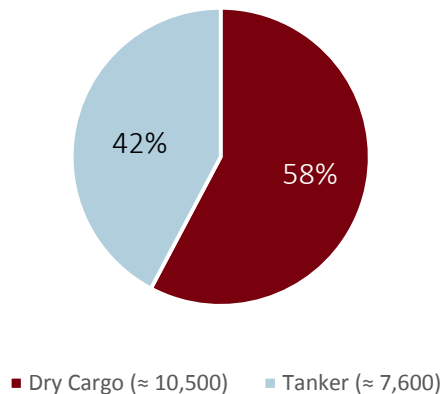
- ▶ Group highlights
- ▶ Financials
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2016 expectations
- ▶ Q & A



## Adjusted result



## 2016 open days (RoY)

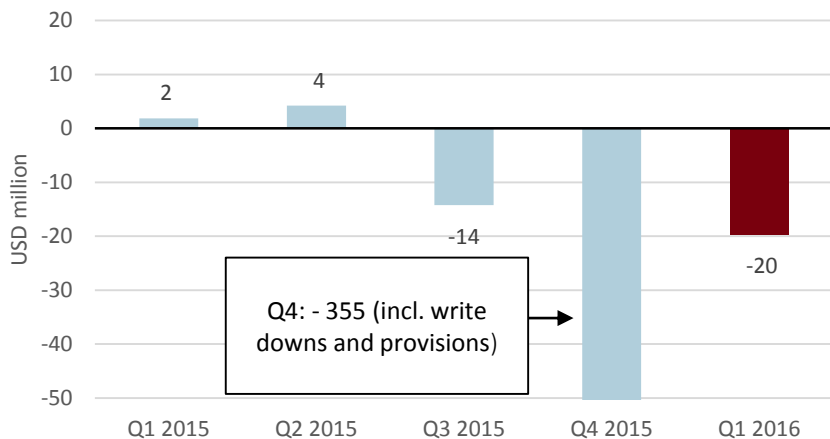


## Key messages

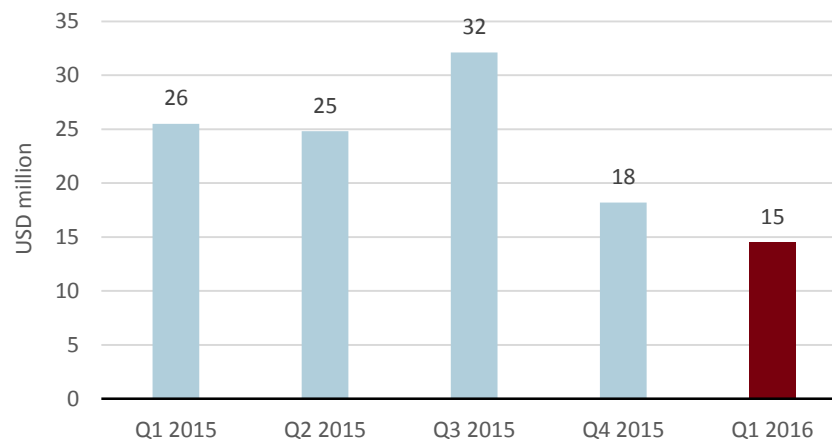
- ▶ Adjusted result for Q1 USD -5 mill.
  - ▶ EBIT USD -1.3 mill.
- ▶ Historical low market in Dry Cargo
  - ▶ Improvement at the end of Q1
- ▶ Continued strength in Tanker market, but lower than in 2015
- ▶ USD 7 million in operating cash flow
- ▶ Lower asset values, but stabilization towards the end of the quarter
- ▶ Guidance maintained

# TANKERS CONTINUE TO CUSHION THE EFFECTS OF LOW DRY CARGO

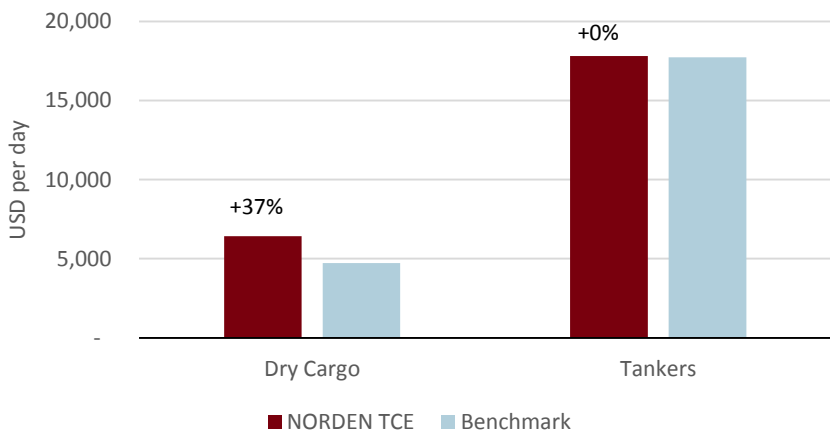
Adjusted result – Dry Cargo



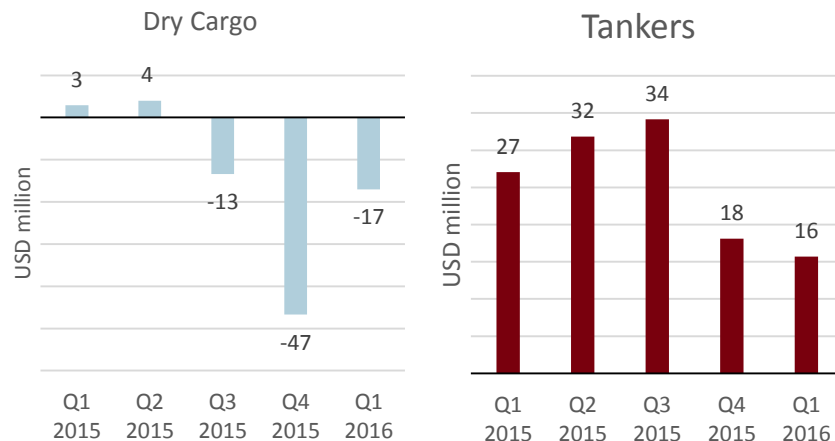
Adjusted result - Tankers



NORDENs performance vs. benchmark



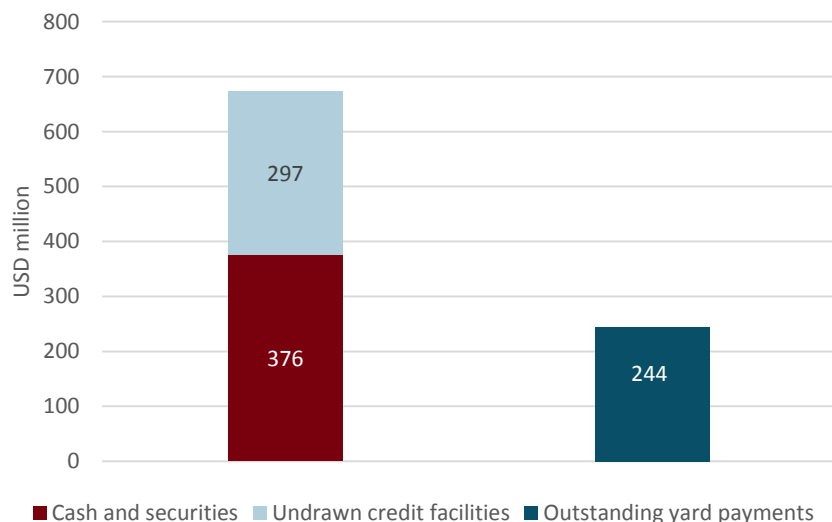
EBIT – Quarterly (excl. impairment and provision Q4 2015)



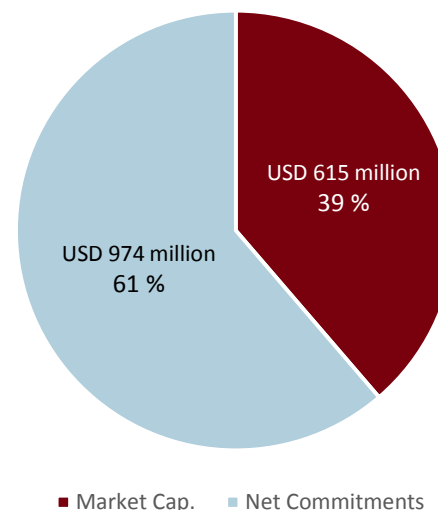
## BALANCED CAPITAL STRUCTURE

- ▶ USD 7 million in cash flow from operations
- ▶ Net commitments lowered by USD 15 million during Q1 2016
- ▶ Combined undrawn credit facilities, cash and securities at USD 673 million versus USD 244 million in outstanding yard payments. Payments for newbuildings less proceeds from vessel sales amount to USD 212 million

Cover for yard payments per 31/3-16



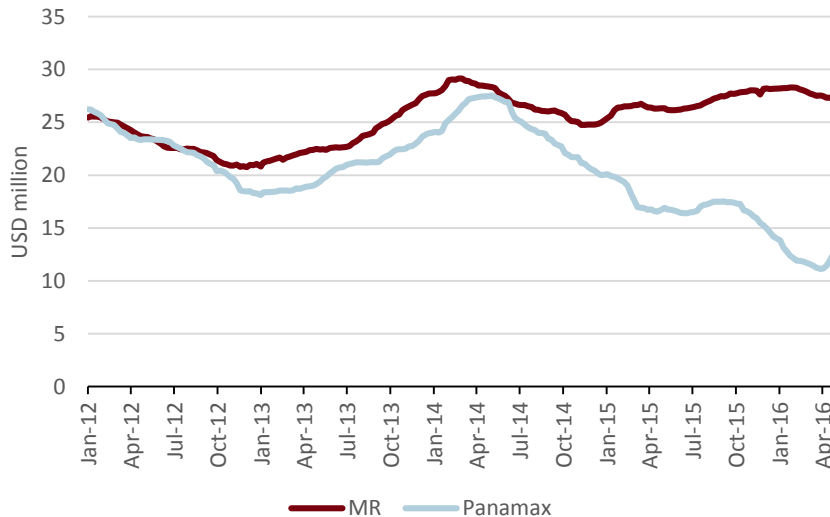
Capital structure incl. off balance sheet items



# DRY CARGO VALUES STABILISED

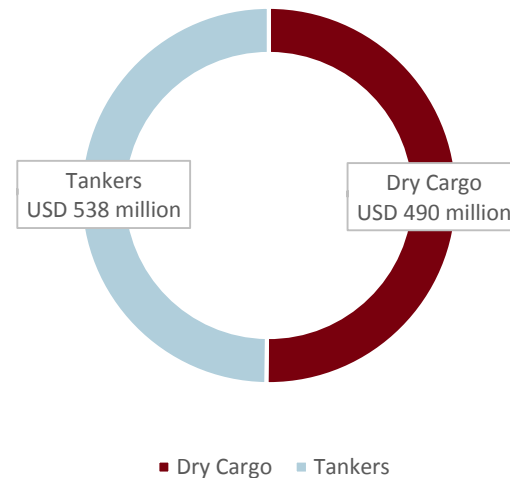
- ▶ Asset values for Dry Cargo declined further in Q1, however they started to stabilise at the end of Q1 as spot rates improved
- ▶ Limited change in Tanker values
- ▶ Value of owned fleet is 50/50 between Dry Cargo and Tankers

5-year second hand prices



Source: Baltic Exchange

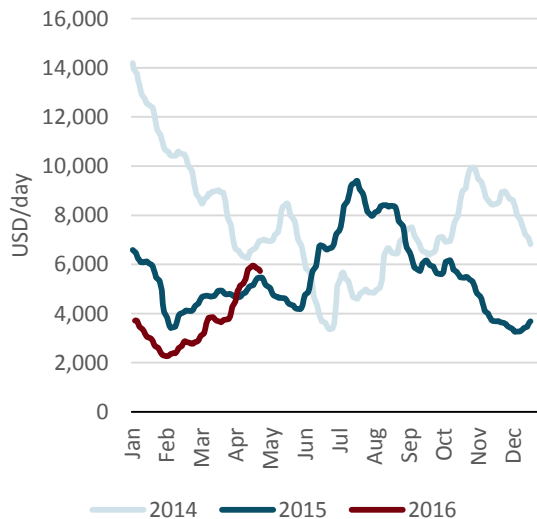
Broker assessed asset values end Q1 2016



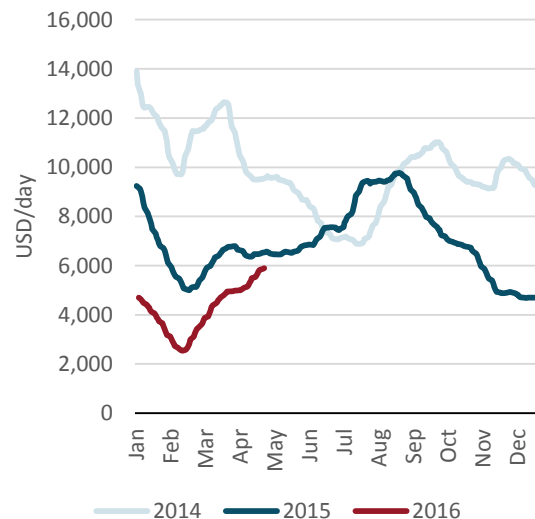
# NEW HISTORICAL LOWS – RECENT REBOUND

- ▶ Poor market weakened further in Q1
  - ▶ The Baltic Dry Index hit all-time low levels in February
  - ▶ Seasonal slow down in iron ore and grain trade
  
- ▶ Rates increased towards the end of Q1 due to a recovery in Chinese iron ore and coal imports as well as a strong grain season in South America

Panamax – spot rate



Supramax – spot rate



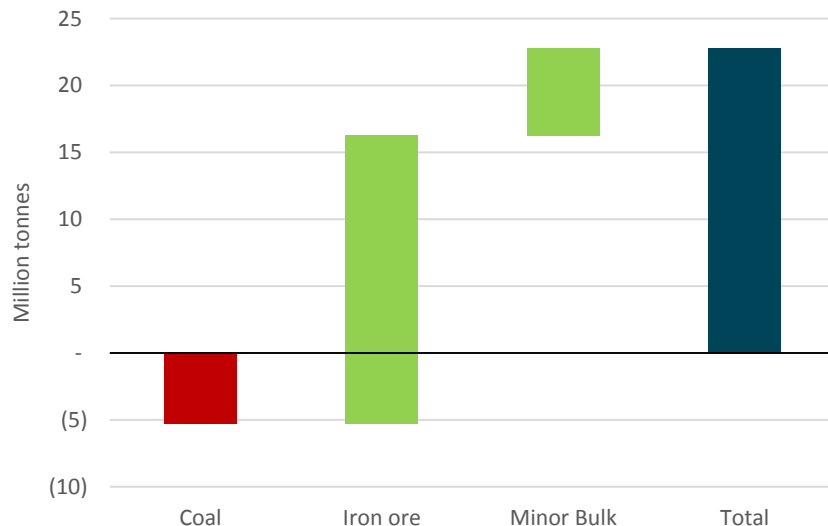
BDI since January 2015



# HIGHER CHINESE IRON ORE IMPORTS

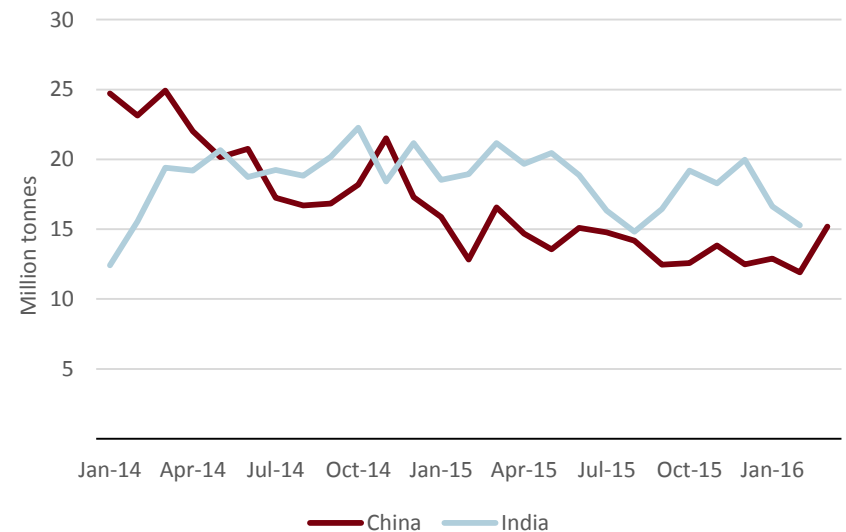
- ▶ The Chinese iron ore imports has increased by 6.4 % YoY driven by higher margins for the domestic steel producers
- ▶ Q1 Chinese coal imports stabilized
- ▶ India coal imports continue to disappoint

Exports to China are up in Q1 16 compared to Q1 15



Source: GTT and NORDEN

Coal exported to China & India



Source: GTT and NORDEN



# IMPROVED DEMAND OUTLOOK – BUT LIMITED IMPACT

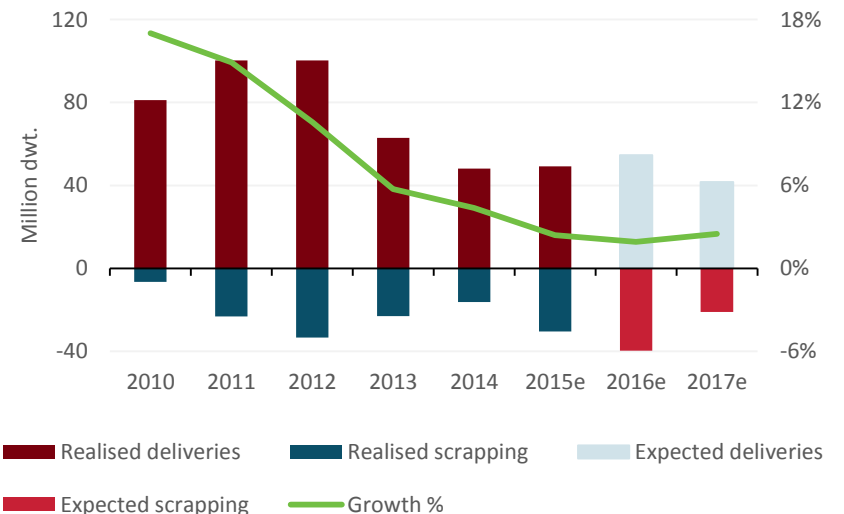
- ▶ Improved outlook for 2016 demand growth
  - ▶ Uptick in Chinese activity driven by improved property market and new infrastructure projects
- ▶ 2016 fleet growth expected to be 1-3 %
  - ▶ Current high scrapping activity indicates an annualised scrapping of around 7 %, but the pace will likely decline as rates and asset values improve
- ▶ Overall market conditions not expected to improve significantly in 2016

Steel rebar spot price



Source: Bloomberg

Dry Cargo Supply (DWT)

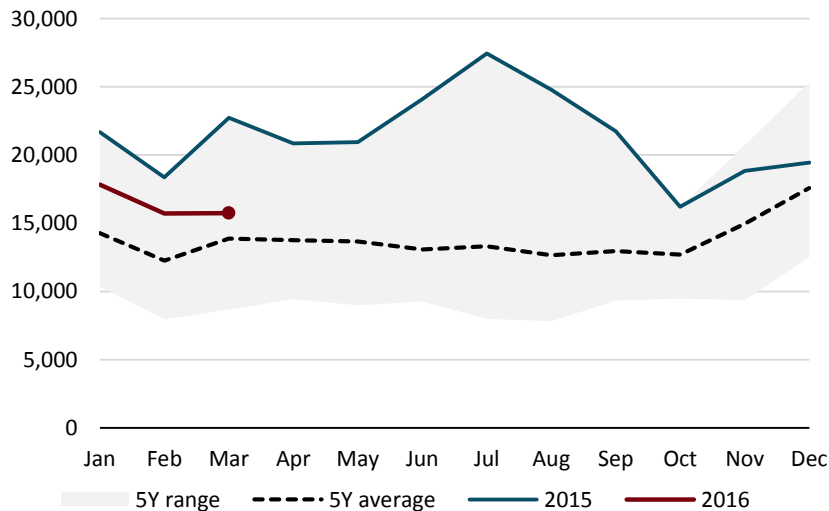


Source: Clarksons and NORDEN

## CONTINUED STRONG MR MARKET – BUT WEAK HANDY MARKET

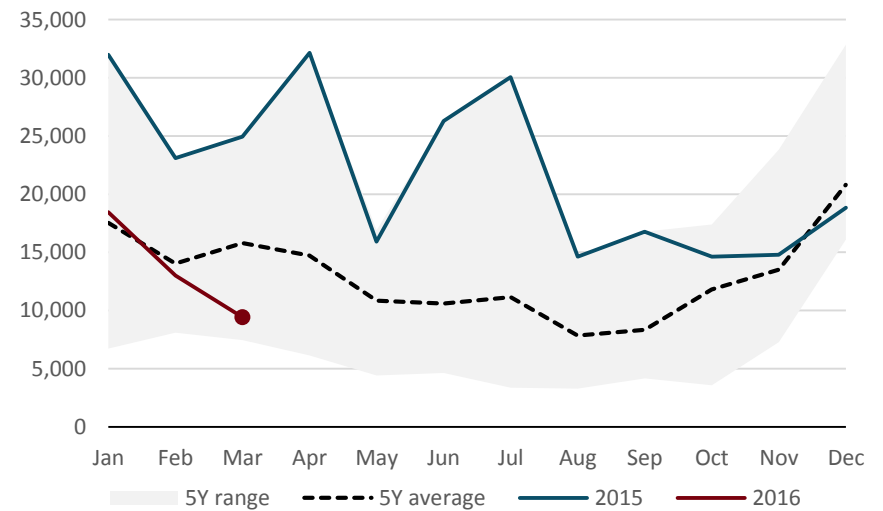
- ▶ The good market conditions for MRs from 2015 have more or less continued into 2016 with spot rates above the 5-year average for the period
- ▶ Disappointing winter season in Handy market
  - ▶ The mild winter limited demand in Europe and limited ice premiums
  - ▶ Slow down in Russian fuel oil exports

Spot market MR (CPP) Earnings (USD/day)



Source: Clarksons Platou

Spot market Handy Earnings (USD/day)



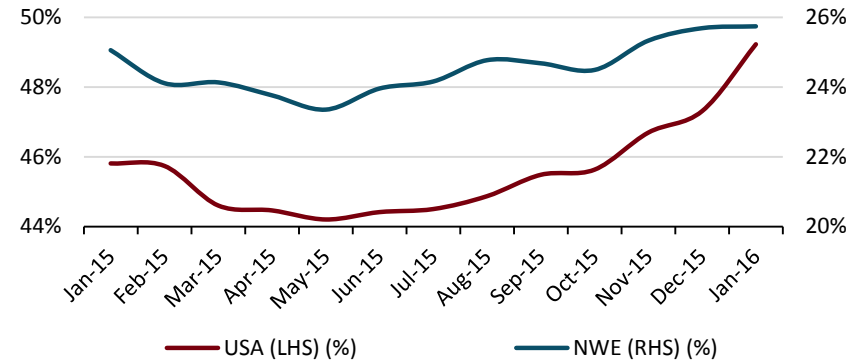
Source: Clarksons Platou

# UPCOMING GASOLINE PRODUCTION TO DRIVE MARKET

## Highlights

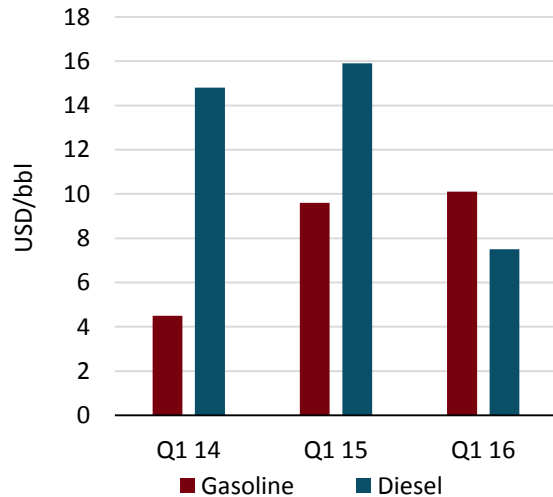
- ▶ Gasoline demand is still expected to drive the market this year
- ▶ Diesel inventories remain elevated due to weak diesel demand
- ▶ Gasoline production Q2-Q3 is expected to increase middle distillate stocks and reduce middle distillate cracks further

## NWE & US Gasoline yield (%/barrel of crude)



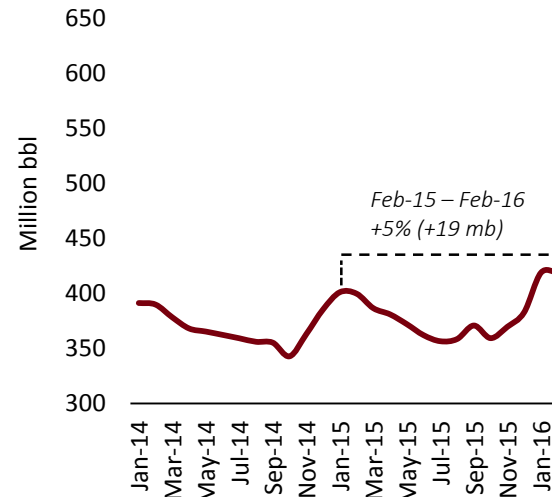
Source: EIA & Wood Mackenzie – Jan-16

## NWE – Crack spreads (Brent)



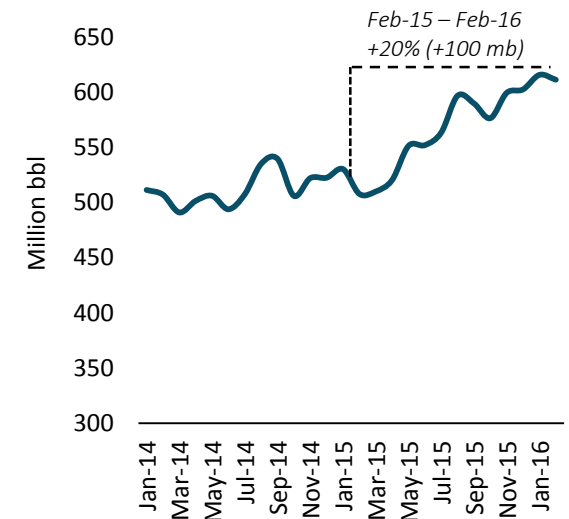
Source: Wood Mackenzie, April-16, Gasoline 95R, Diesel 10ppm

## Total OECD Industry Gasoline stocks



Source: International Energy Agency – latest point Feb-16

## Total OECD Industry Diesel stocks

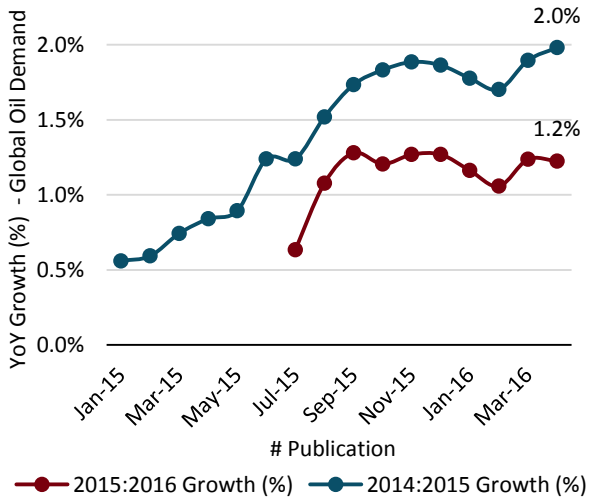


Source: International Energy Agency – latest point Feb-16

# SHORT-TERM OUTLOOK REMAINS GOOD

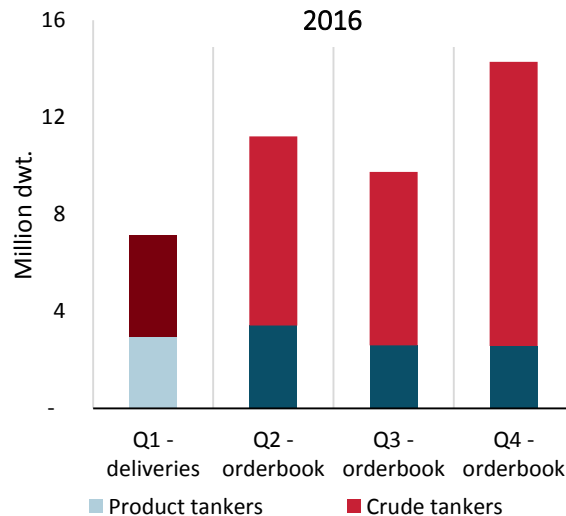
- ▶ The fundamental market development expectations remain unchanged from a short-term perspective – the market is expected to remain healthy in the coming quarters
- ▶ High fleet growth expected in 2016 (≈6%)  
Backloaded orderbook indicates influx of crude tonnage in H2 2016
- ▶ Elevated middle distillates stocks pose a risk for Q4 2016 & Q1 2017 winter market

IEA historical oil demand growth estimates



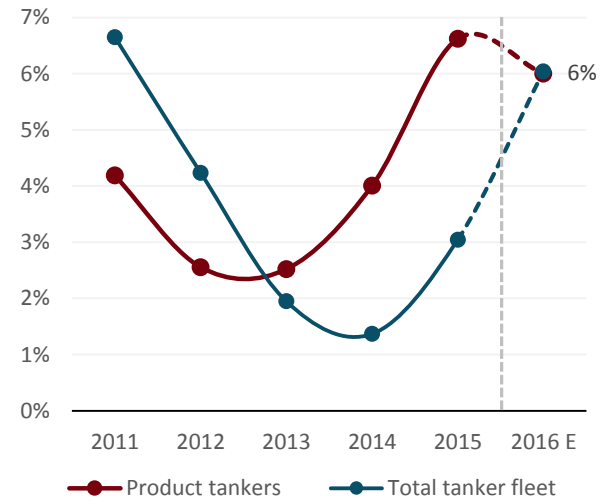
Source: International Energy Agency

Global tanker fleet - deliveries & orderbook



Source: Simpson, Spence and Young & Clarksons Platou

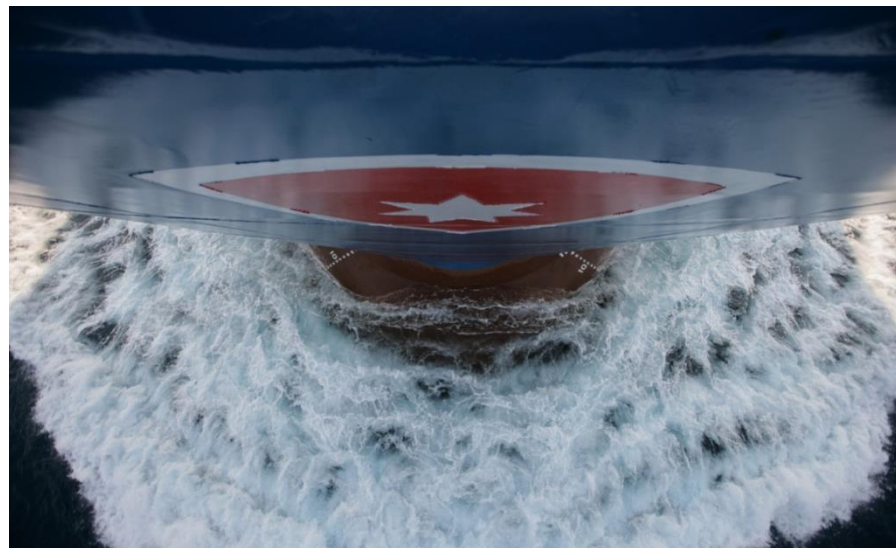
YoY Net fleet growth (% dwt)



Source: Clarksons Platou, SSY, NORDEN

## Outlook

USDm	Dry Cargo	Tankers	Total
Adjusted results for the year	-85 to -25	25 to 55	-60 to 30
CAPEX			-30 to -50



## Comments

- ▶ Guidance maintained
- ▶ Market developments overall as expected
- ▶ Adjusted net result USD -60 to 30 million
  - ▶ Corresponds to EBIT of USD -45 to 45 million
  - ▶ Poor dry cargo market
  - ▶ Continued good tanker market but lower than 2015

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 2016 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

Thank you for your attention



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**BACK UP SLIDES**

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## 236 DRY CARGO VESSELS

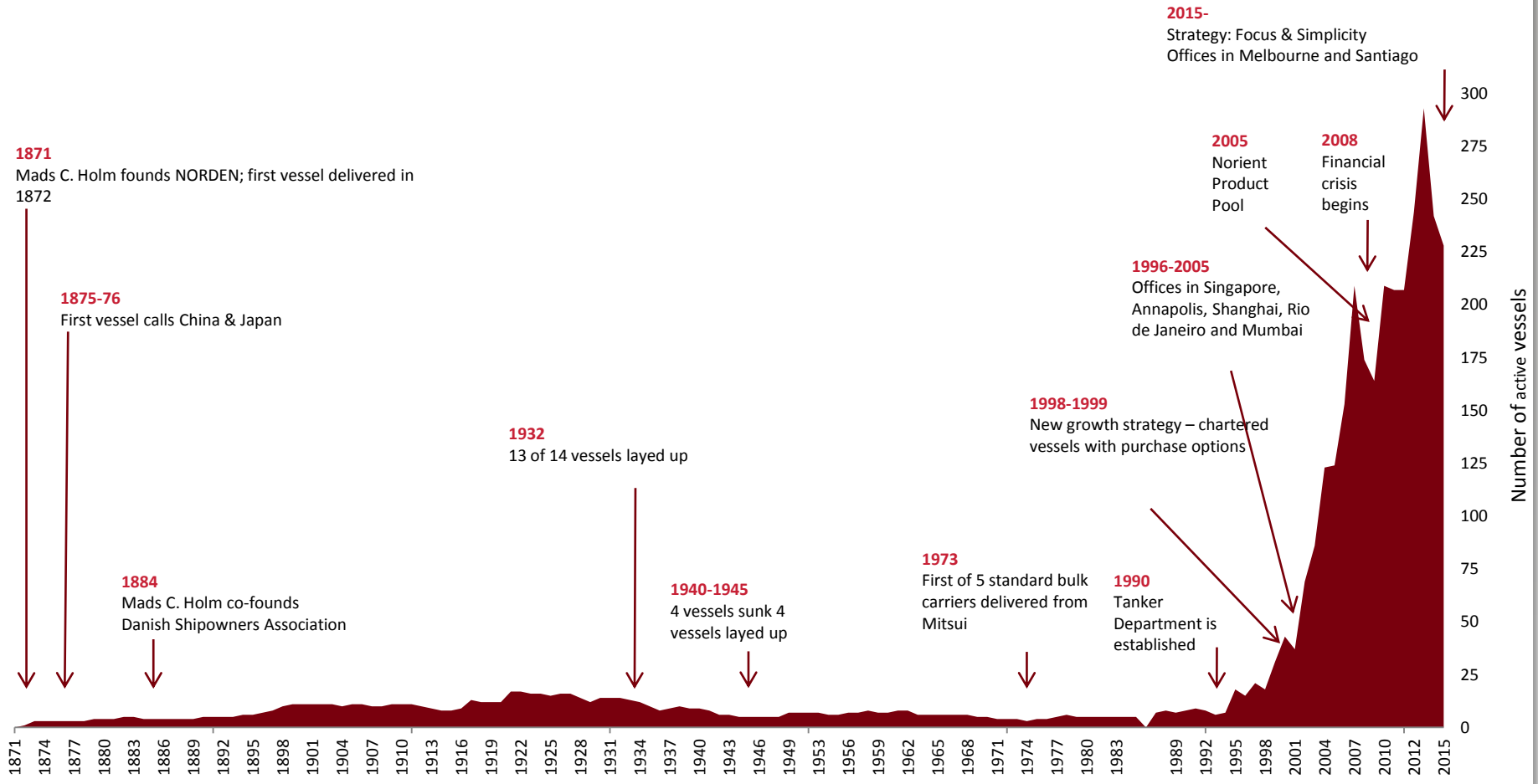
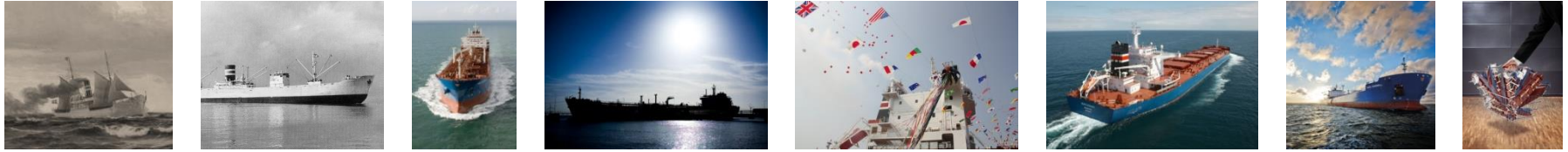


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)



## 39 TANKER VESSELS

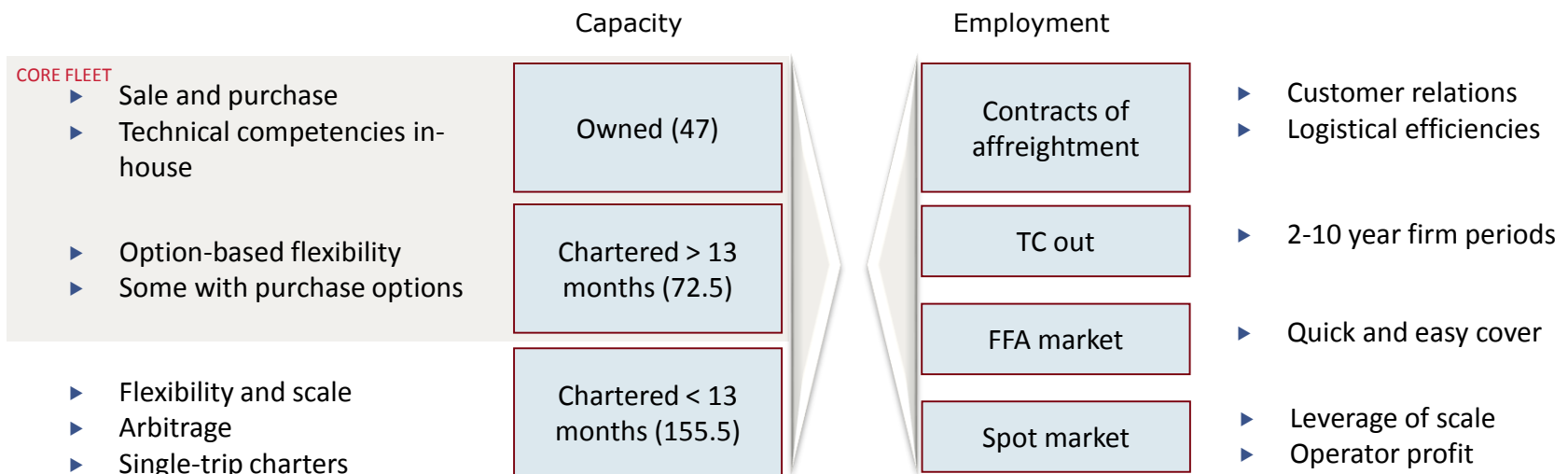
# DEVELOPMENT HIGHLIGHTS



- ▶ Active fleet can quickly be adjusted to demand and market conditions
- ▶ Fleet employment based on portfolio view

## Flexible fleet

## Coverage and customer focus



\* Active fleet per 31 March 2016

### PEOPLE



### BRAND



### SYSTEMS



# ...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

**Why we succeed**

- ▶ 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

# OVERALL RESULTS

USD million	Q1 2015	Q4 2015	Q1 2016
EBITDA - Dry Cargo	14	-148.3	-12.5
EBITDA - Tankers	33.3	28.3	23.9
EBITDA - Group	47.3	-120	11.4
Depreciation	-17.2	-197.4	-13.3
EBIT Group	30	-368.6	-1.3
Result of the period	38.6	-377	4.6
Adjusted Result for the period	27.3	-337.1	-5.3
Cash flow from operations	-3	18.2	6.6
Net Cash flow	-18.7	32.2	9.2
Cash and securities	219.9	365.7	375.5

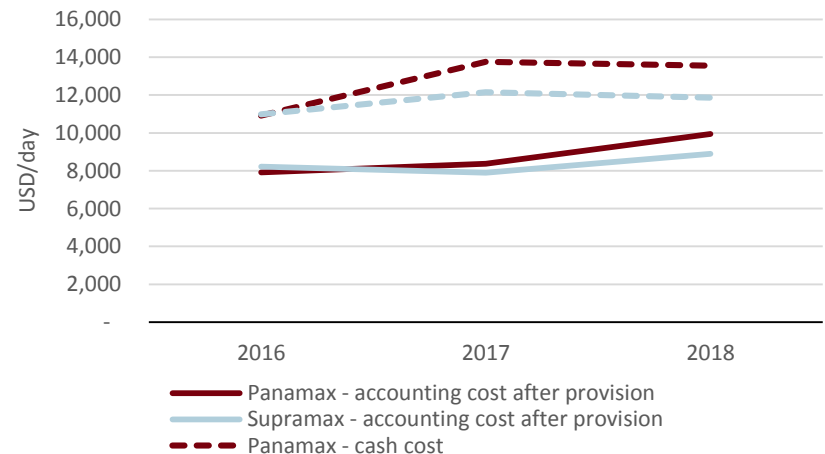
# IMPAIRMENT AND PROVISION ANNOUNCED JAN. 2016 - EQUITY ALIGNED WITH "VALUE IN USE"

- ▶ Impairment of book values of owned vessels: USD 180 million
- ▶ Provision on onerous TC-in contracts: USD 160 million
- ▶ Valuations of owned vessels and TC-in fleet based on "value-in-use" calculation
  - ▶ FFA rates for 2 years
  - ▶ Gradual improvement towards historical averages
  - ▶ Historical average: 25 year average without 2004-2008
  - ▶ WACC: 8%
  - ▶ Current expectations for operating costs
- ▶ Equity post impairment and provision per 31/12-2015: 144 DKK/share

## Effect of provisions made in 2014 and 2015

Incl. JV USD million	2014	2015	2016	2017	2018	2018+
2014	-230	80	70	60	10	10
2015		-160	35	40	50	35
Net	-230	-80	105	100	60	45

## Effect of provisions on capacity costs

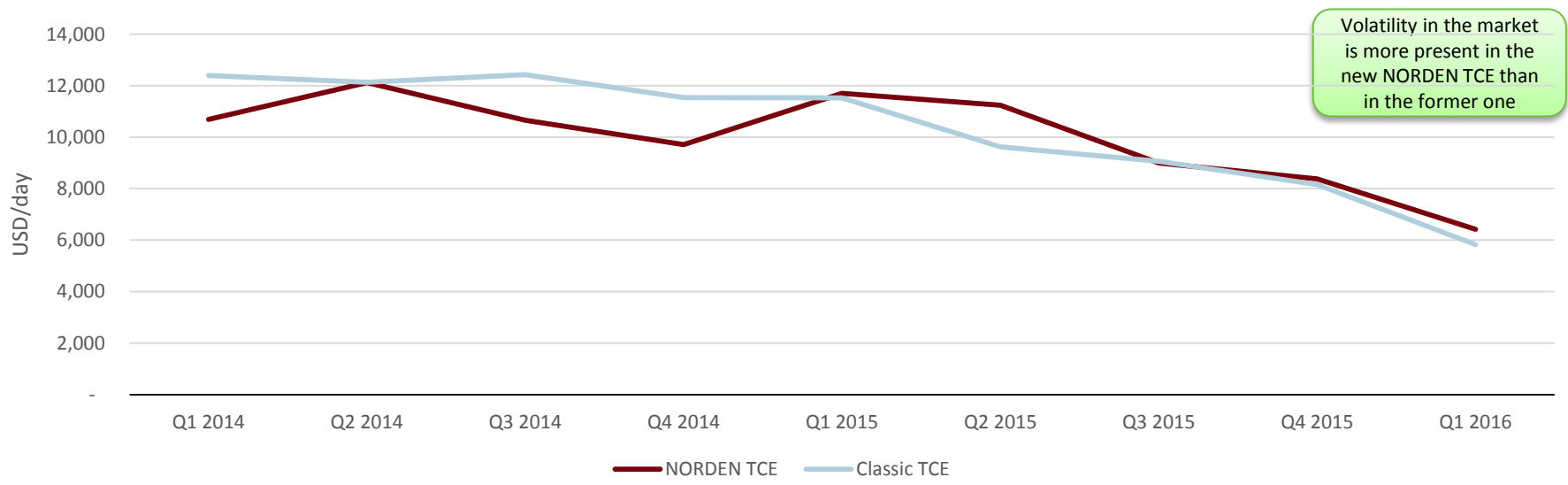


# VALUE CREATION

## NEW MEASURE FOR EARNINGS (TCE)

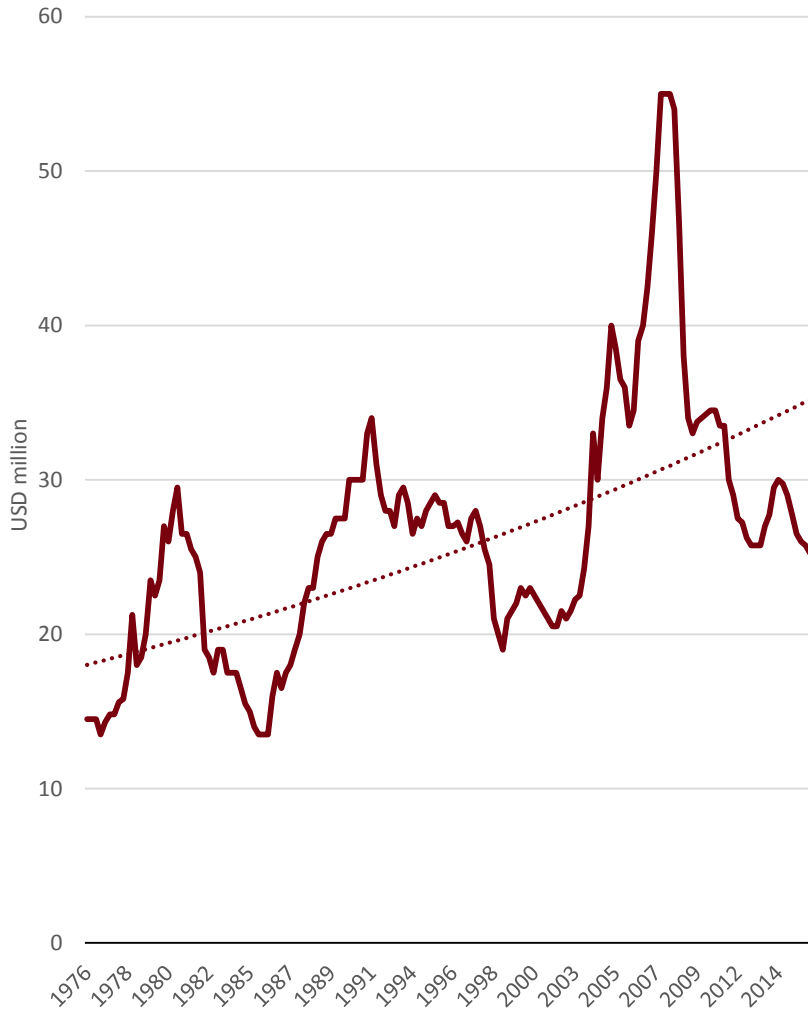
- ▶ NORDENs dry cargo business is a mixture of core fleet and operation activities
- ▶ Operator activities
  - ▶ Focus on the margin created when cargoes and vessels are combined
- ▶ New NORDEN TCE = Total TCE earnings from the core fleet + the contribution margin from non-core fleet divided out on the core fleet ship days

The classic TCE and NORDEN TCE



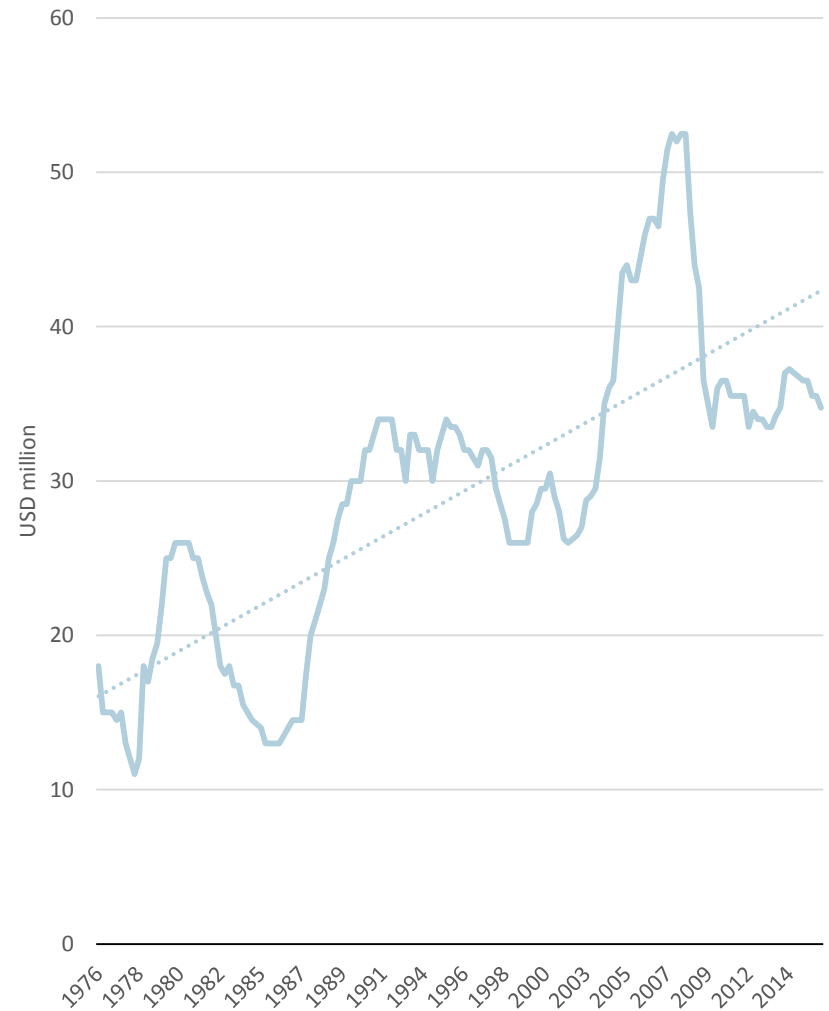
# NEW BUILDING PRICES

## Panamax (Dry)



Source: Clarksons

## MR (Tank)



Source: Clarksons



# 12 MONTH ROLLING AVERAGE

Capesize



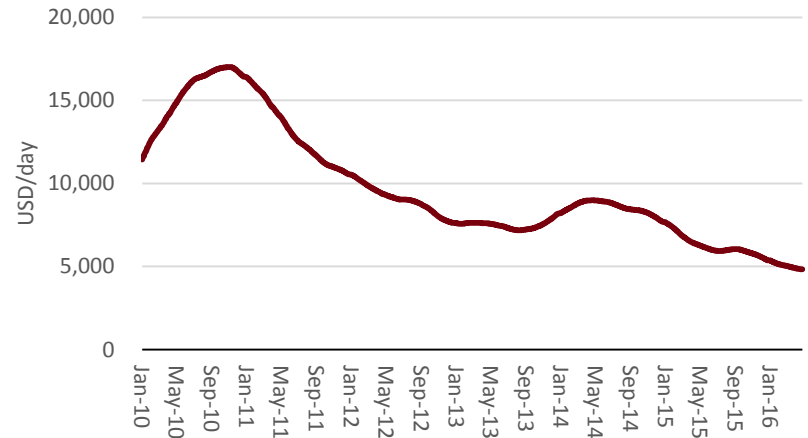
Panamax



Supramax



Handysize



# VALUE CREATION

## NORDEN TCE VS CLASSIC TCE

### ► NORDEN TCE

Employment and rates, Dry Cargo, Q1 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>NORDEN core fleet days</b>	167	763	2,287	1,888	2,078	7,183
<b>New NORDEN TCE (USD per day)</b>	-694	6,242	5,616	7,367	7,073	6,418
<b>Benchmark*</b>	4,195	4,526	4,609	5,239	4,524	4,731
<b>NORDEN vs. Benchmark</b>	-117%	+38%	+22%	+41%	+56%	+37%

\* 50% spot and 50% FFA preceeding 12 months

### ► Classic TCE

Employment and rates, Dry Cargo, Q1 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>NORDEN fleet days</b>	143	697	5,869	5,601	2,089	14,398
<b>Classic NORDEN TCE (USD per day)</b>	-812	6,164	5,159	6,206	7,050	5,830
<b>Benchmark**</b>	5,151	4,473	4,918	4,513	4,476	4,677
<b>NORDEN vs. Benchmark</b>	-116%	+38%	+5%	+38%	+57%	+25%

\*\* Clarksons 1-year TC (USD/day) less broker commission

## Capital structure

- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Outstanding yard payments (incl. joint ventures (50%))
  - ▶ 2016: USD 14 million
  - ▶ 2017: USD 106 million
  - ▶ 2018: USD 74 million
  - ▶ 2019: USD 50 million
  - ▶ **Total: USD 244 million**
  
- ▶ Payments for newbuildings less proceeds from vessel sales: USD 212 million.

## Net committed cash (ultimo)

USDm	Q1 2016	Q4 2015	Q3 2015
Adjusted net interest bearing assets*	18	-6	32
T/C obligations**	-1,371	-1,372	-1,366
Newbuilding instalments less proceeds from vessel sales**	-212	-185	-258
Revenue from coverage**	592	574	552
Net commitments	-974	-989	-1,040

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

## Fleet values at 31 March 2016

USD '000

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
<b>Dry Cargo</b>						
Post-Panamax	4.0	114,000	62	46	-	-16
Panamax	6.0	79,000	127	84	30	-13
Supramax	11.5	65,000	259	208	-	-51
Handysize	12.0	35,000	160	102	20	-38
<b>Tankers</b>						
MR	9.0	50,000	288	281	-	-7
Handysize	13.0	39,000	273	257	-	-16
<b>Total</b>	<b>55.5</b>		<b>1,169</b>	<b>978</b>	<b>50</b>	<b>-141</b>

# DRY CARGO FLEET OVERVIEW

## NORDEN's Dry Cargo fleet and values at 31 March 2016

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	0	4	4	5	12	25
Chartered vessels with a duration of more than 13 months	1	4	21.5	18	12	56.5
<b>Total active core fleet</b>	<b>1</b>	<b>8</b>	<b>25.5</b>	<b>23</b>	<b>24</b>	<b>81.5</b>
Chartered vessels with a duration of less than 13 months	0	0.6	68	69.2	16.7	154.5
<b>Total active fleet</b>	<b>1</b>	<b>8.6</b>	<b>93.5</b>	<b>92.2</b>	<b>40.7</b>	<b>236</b>
<b>Vessels to be delivered</b>						
Owned vessels	0	0	2	6.5	0	8.5
Chartered vessels with a duration of more than 13 months	0	0	3	9	0	12
<b>Total delivery to core fleet</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>15.5</b>	<b>0</b>	<b>20.5</b>
Chartered vessels with a duration of less than 13 months	0	0	0	0	0	0
<b>Total to be delivered</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>15.5</b>	<b>0</b>	<b>20.5</b>
<b>Total gross fleet</b>	<b>1</b>	<b>8.6</b>	<b>98.5</b>	<b>107.7</b>	<b>40.7</b>	<b>256.5</b>
<b>Dry Cargo fleet values at 31 March 2016 (USD million)</b>						
Market value of owned vessels and newbuildings*	0	46	114	208	122	490
Theoretical value of purchase and extension options	1	6	1	1	0	9

\* 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 31 March 2016

Vessel type	LR1	MR	Handysize	Total
<b>Vessels in operation</b>				
Owned vessels	0	9	13	22
Chartered vessels with a duration of more than 13 months	0	16	0	16
<b>Total active core fleet</b>	<b>0</b>	<b>25</b>	<b>13</b>	<b>38</b>
Chartered vessels with a duration of less than 13 months	0	1	0	1
<b>Total active fleet</b>	<b>0</b>	<b>26</b>	<b>13</b>	<b>39</b>
<b>Vessels to be delivered</b>				
Owned vessels	0	0	0	0
Chartered vessels with a duration of more than 13 months	2	5	0	7
<b>Total delivery to core fleet</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>7</b>
Chartered vessels with a duration of less than 13 months	0	0	0	0
<b>Total to be delivered</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>7</b>
<b>Total gross fleet</b>	<b>2</b>	<b>31</b>	<b>13</b>	<b>46</b>
<b>Tanker fleet values at 31 March 2016 (USD million)</b>				
Market value of owned vessels and newbuildings*	0	281	257	538
Theoretical value of purchase and extension options	0	3	0	3

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

## Coverage and capacity, Dry Cargo, at 31 March 2016

	2016 Q2	2016 Q3	2016 Q4	2017	2018	2016 Q2	2016 Q3	2016 Q4	2017	2018
<b>Owned vessels</b>	<b>Ship days</b>									
Capesize	-	-	-	-	-					
Post-Panamax	364	365	365	1,360	1,448					
Panamax	364	272	367	1,515	2,172					
Supramax	473	492	502	1,966	2,947					
Handysize	1,092	1,019	1,099	4,286	4,327					
<b>Total</b>	<b>2,293</b>	<b>2,148</b>	<b>2,333</b>	<b>9,127</b>	<b>10,894</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
Capesize	91	92	92	212	-	12,234	12,234	12,234	11,387	-
Post-Panamax	364	368	368	1,460	1,460	5,277	5,305	5,830	6,737	8,776
Panamax	5,845	3,471	3,017	6,732	5,806	6,769	7,199	7,586	8,295	9,969
Supramax	3,266	1,742	1,475	4,609	4,635	6,913	7,741	8,016	7,855	9,045
Handysize	1,141	1,004	806	2,429	1,243	7,790	8,507	8,661	8,319	10,462
<b>Total</b>	<b>10,707</b>	<b>6,677</b>	<b>5,758</b>	<b>15,442</b>	<b>13,144</b>	<b>6,917</b>	<b>7,502</b>	<b>7,809</b>	<b>8,063</b>	<b>9,557</b>
<b>Total capacity</b>	<b>13,000</b>	<b>8,825</b>	<b>8,091</b>	<b>24,569</b>	<b>24,038</b>	<b>6,634</b>	<b>7,086</b>	<b>7,095</b>	<b>7,037</b>	<b>7,616</b>
<b>Coverage</b>						<b>Revenue from coverage (USD per day)</b>				
Capesize	33	-	-	-	-	2,300	-	-	-	-
Post-Panamax	309	93	31	-	-	4,330	5,408	6,723	6,611	-
Panamax	4,872	2,888	1,373	2,970	2,787	8,247	8,898	11,899	14,478	15,124
Supramax	3,881	2,238	1,227	2,106	936	7,749	7,975	8,264	9,488	14,620
Handysize	1,443	633	531	1,332	1,047	7,159	9,717	10,760	12,997	14,456
<b>Total</b>	<b>10,538</b>	<b>5,852</b>	<b>3,162</b>	<b>6,408</b>	<b>4,770</b>	<b>7,781</b>	<b>8,578</b>	<b>10,246</b>	<b>12,530</b>	<b>14,879</b>
<b>Coverage in %</b>										
Capesize	36%	0%	0%	0%	0%					
Post-Panamax	42%	13%	4%	0%	0%					
Panamax	78%	77%	41%	36%	35%					
Supramax	104%	100%	62%	32%	12%					
Handysize	65%	31%	28%	20%	19%					
<b>Total</b>	<b>81%</b>	<b>66%</b>	<b>39%</b>	<b>26%</b>	<b>20%</b>					

\*Costs include the effect of the provisions for onerous contracts made in 2014 and 2015 and cash running costs for owned vessels. A statement excluding the provision can be found on NORDEN's website. Costs are excluding O/A. For segments which are operated in a pool the TCE is after management fee. With respect to the Dry Cargo pools NORDEN receives the management fee as "Other operating income".

## Capacity and coverage, Tankers, at 31 March 2016

	2016 Q2	2016 Q3	2016 Q4	2017	2018	2016 Q2	2016 Q3	2016 Q4	2017	2018
<b>Owned vessels</b>	<b>Ship days</b>									
LR1	0	0	0	0	0					
MR	819	824	824	3,230	3,229					
Handysize	1,183	1,140	1,192	4,674	4,671					
<b>Total</b>	<b>2,002</b>	<b>1,964</b>	<b>2,016</b>	<b>7,904</b>	<b>7,900</b>					
<b>Chartered vessels</b>						<b>Costs for T/C capacity (USD per day)</b>				
LR1	0	0	0	489	730	-	-	-	18,600	18,600
MR	1,543	1,408	1,154	2,323	2,106	15,689	16,015	16,111	16,389	16,564
Handysize	0	0	0	0	0	-	-	-	-	-
<b>Total</b>	<b>1,543</b>	<b>1,408</b>	<b>1,154</b>	<b>2,812</b>	<b>2,836</b>	<b>15,689</b>	<b>16,015</b>	<b>16,111</b>	<b>16,773</b>	<b>17,088</b>
<b>Total capacity</b>	<b>3,545</b>	<b>3,372</b>	<b>3,170</b>	<b>10,716</b>	<b>10,736</b>	<b>Costs for gross capacity (USD per day)*</b>				
						<b>10,439</b>	<b>10,522</b>	<b>9,947</b>	<b>9,075</b>	<b>9,268</b>
<b>Coverage</b>						<b>Revenue from coverage (USD per day)</b>				
LR1	-	-	-	-	-	-	-	-	-	-
MR	776	550	550	1,339	322	17,588	17,320	17,320	17,188	17,174
Handysize	264	183	183	652	219	15,315	16,478	16,478	16,406	15,639
<b>Total</b>	<b>1,040</b>	<b>733</b>	<b>733</b>	<b>1,991</b>	<b>541</b>	<b>17,011</b>	<b>17,110</b>	<b>17,110</b>	<b>16,932</b>	<b>16,552</b>
<b>Coverage in %</b>										
LR1	0%	0%	0%	0%	0%					
MR	33%	25%	28%	24%	6%					
Handysize	22%	16%	15%	14%	5%					
<b>Total</b>	<b>29%</b>	<b>22%</b>	<b>23%</b>	<b>19%</b>	<b>5%</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.



## 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 Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

## Composition of shareholders

- ▶ 15,895 registered shareholders owning 88.3%
- ▶ Approx. 30.5% international ownership

