

NORDEN RESULTS

Second quarter and first
half-year of 2016



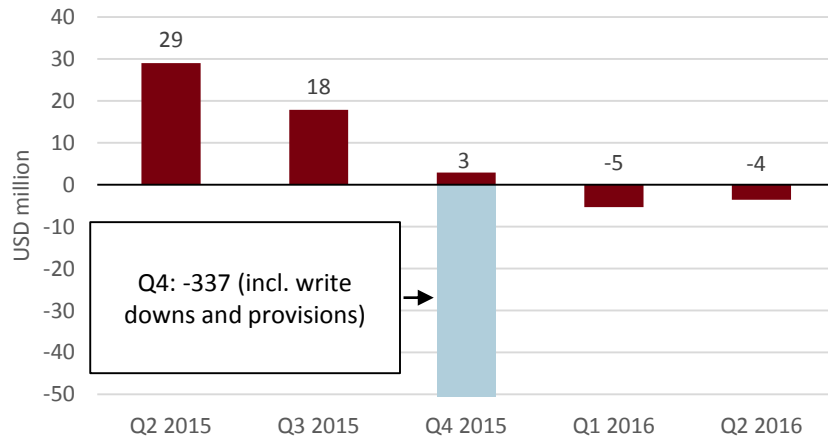
Hellerup, Denmark
17 August 2016



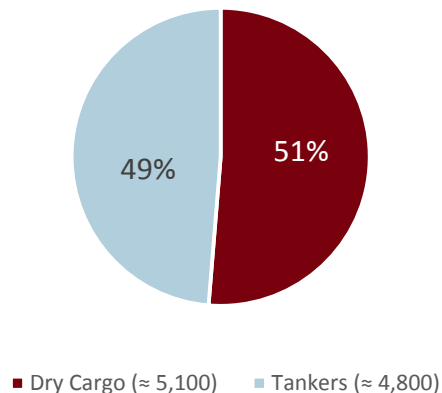
- ▶ Group highlights
- ▶ Financials
- ▶ Dry Cargo
- ▶ Tankers
- ▶ Strategy
- ▶ 2016 expectations
- ▶ Q & A



Adjusted result



2016 open days (RoY)



Key messages

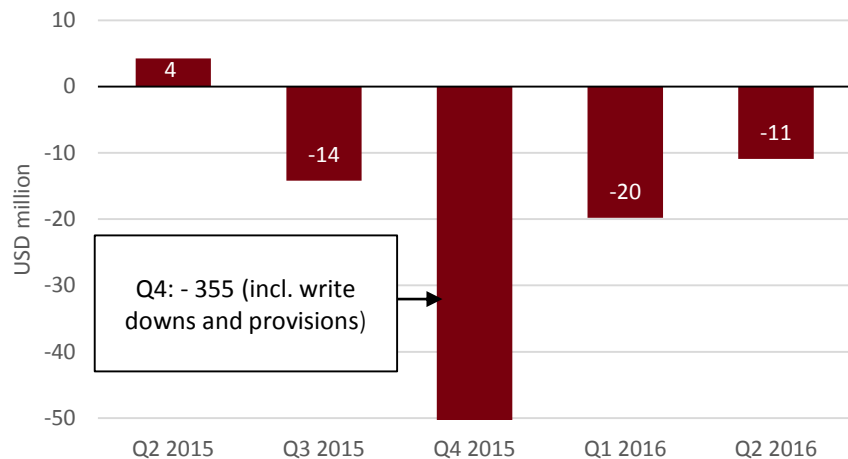
- ▶ Adjusted result for Q2 USD -4 mill.
 - ▶ Improvements in Dry Cargo in Q2 but still at low levels
 - ▶ A continued decline in the Tanker market

- ▶ Executing strategy
 - ▶ Converting core fleet in Dry Cargo to Supramax and Panamax
 - ▶ Increase in operator activity
 - ▶ Protecting value in Tankers

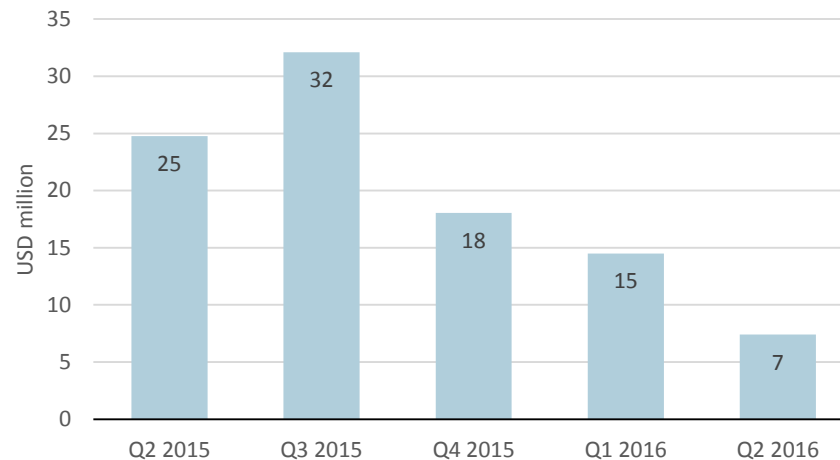
- ▶ Guidance adjusted to USD -60 to -20 million (previously -60 to 30)

WEAKNESS IN TANKER MARKET OFFSETTING IMPROVEMENT IN DRY

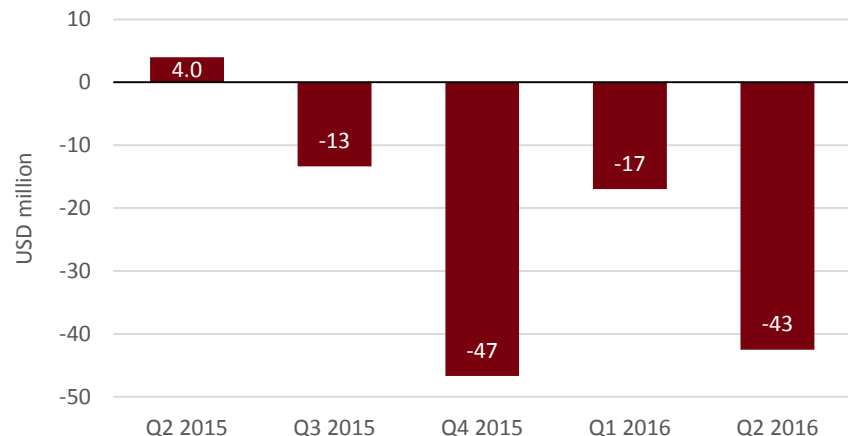
Adjusted result – Dry Cargo



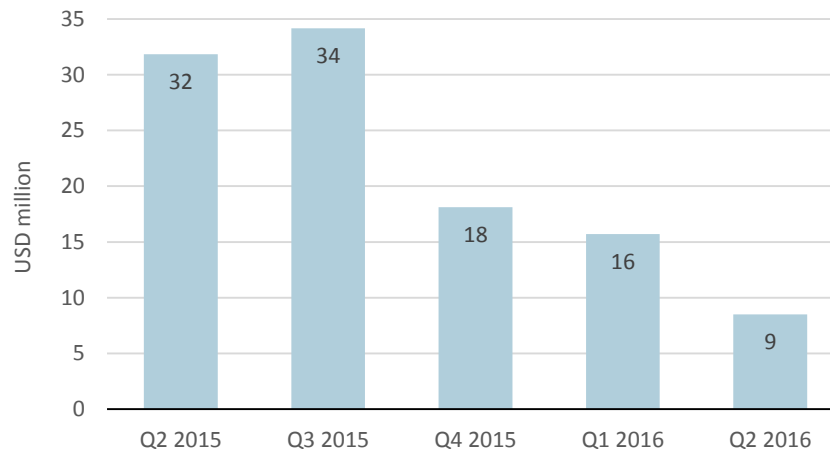
Adjusted result - Tankers



EBIT – Dry Cargo (excl. impairment and provision Q4 2015)

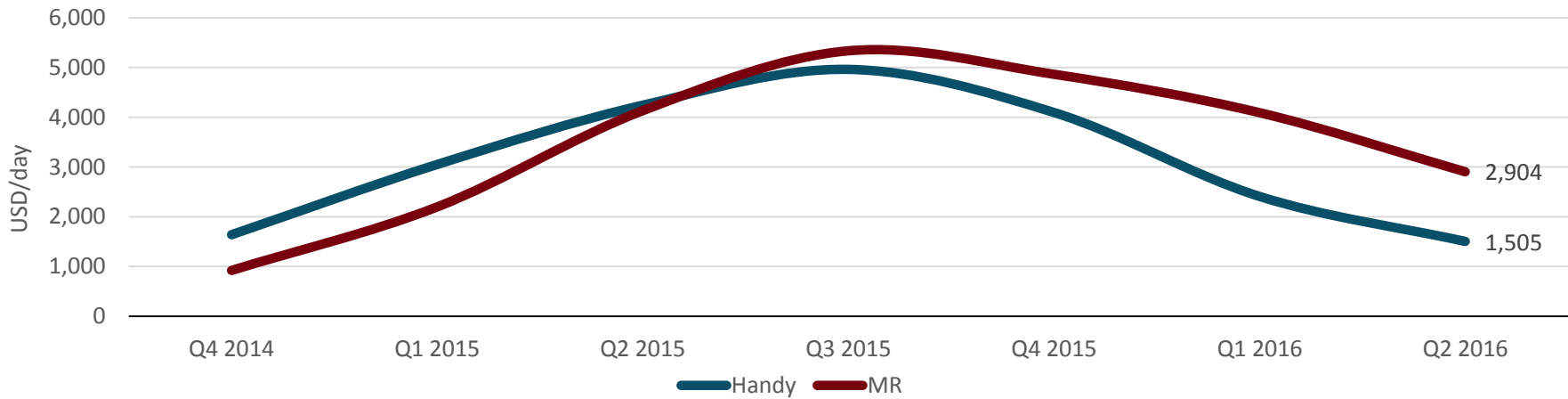


EBIT – Tankers

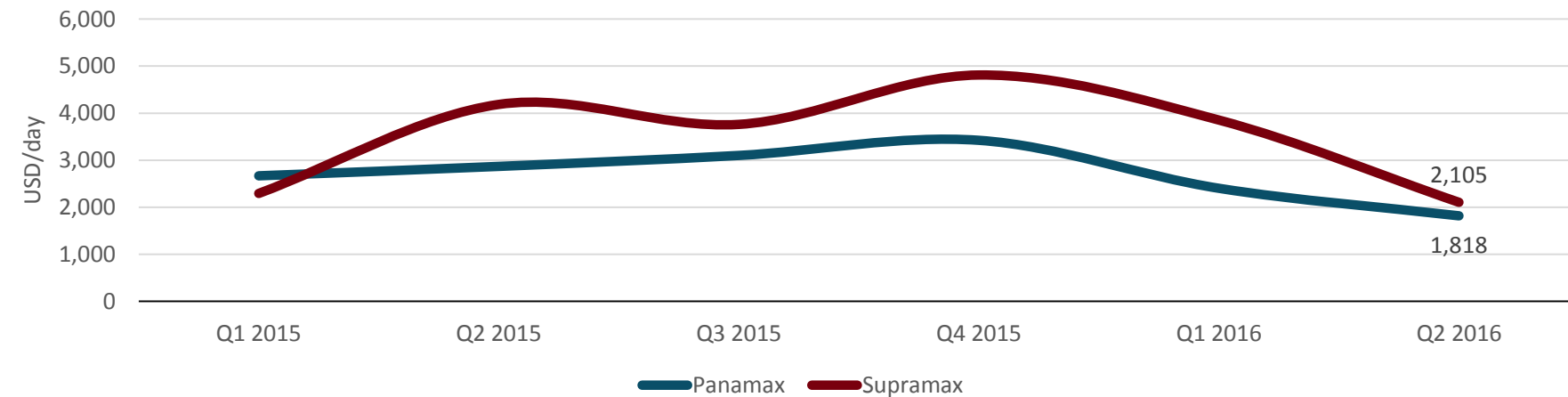


CONTINUOUSLY OUTPERFORMING THE MARKETS

Tankers - 4 quarter rolling NORDEN TCE over benchmark



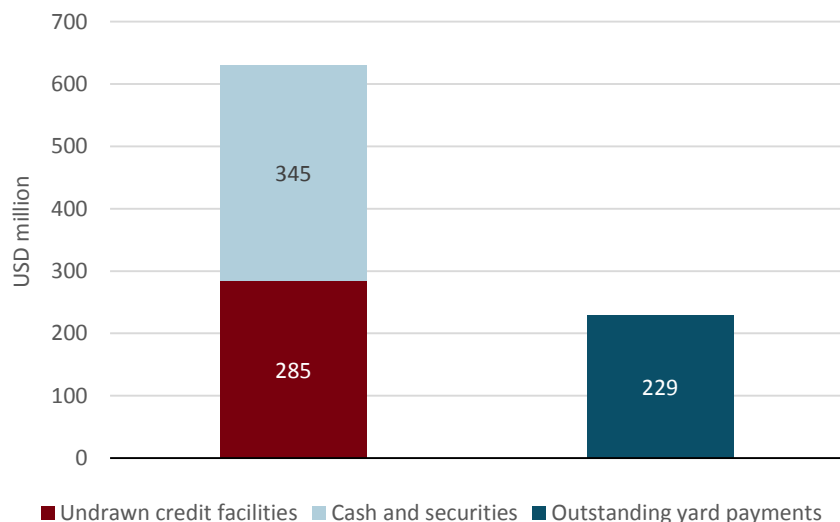
Dry Cargo - 4 quarter rolling NORDEN TCE over benchmark



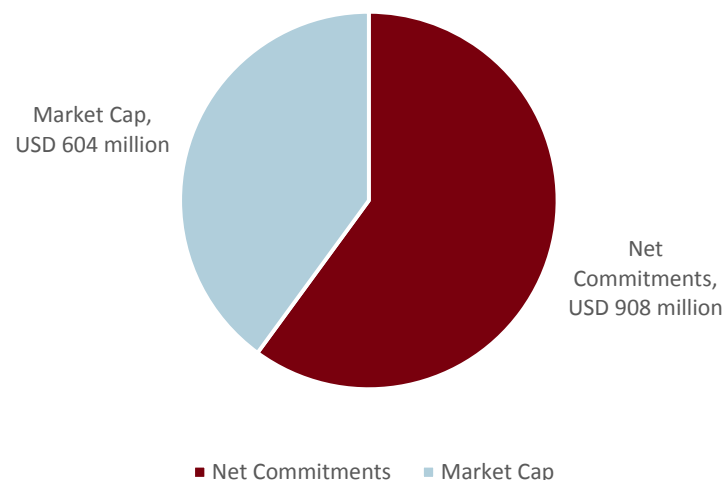
BALANCED CAPITAL STRUCTURE

- ▶ USD -16 million in cash flow from operations
- ▶ Net commitments lowered by USD 66 million during Q2 2016
- ▶ Combined undrawn credit facilities, cash and securities at USD 630 million versus USD 229 million in outstanding yard payments
- ▶ Payments for newbuildings less proceeds from vessel sales amount to USD 157 million

Cover for yard payments per 30/6-16



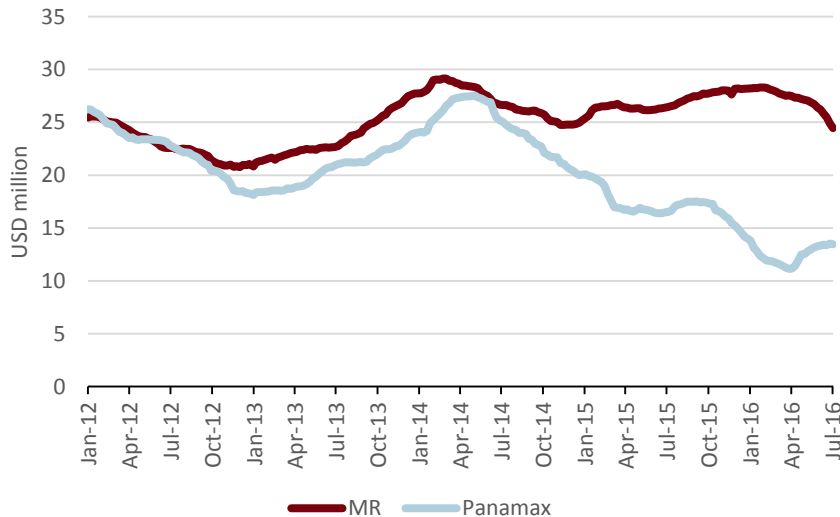
Capital structure incl. off balance sheet items



A SLIGHT INCREASE IN DRY CARGO VALUES

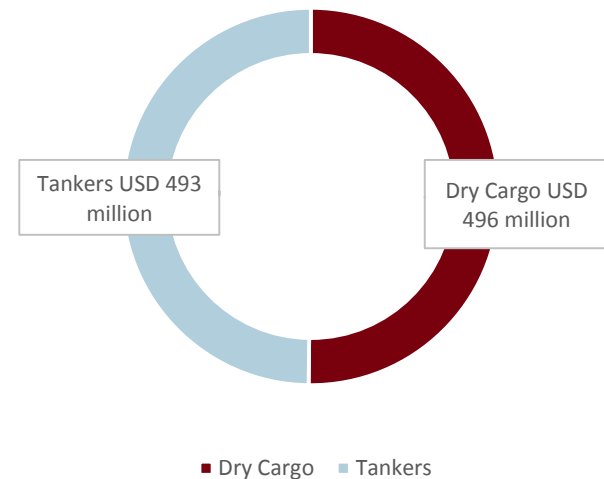
- ▶ Asset values for Dry Cargo reached an all time low at the beginning of Q2, but has started to increase as rates have improved
- ▶ A steady decline in in Tanker values during the quarter – back to 2014 levels
- ▶ Value of owned fleet is 50/50 between Dry Cargo and Tankers

5-year second hand prices



Source: Baltic Exchange

Broker assessed asset values end Q2 2016

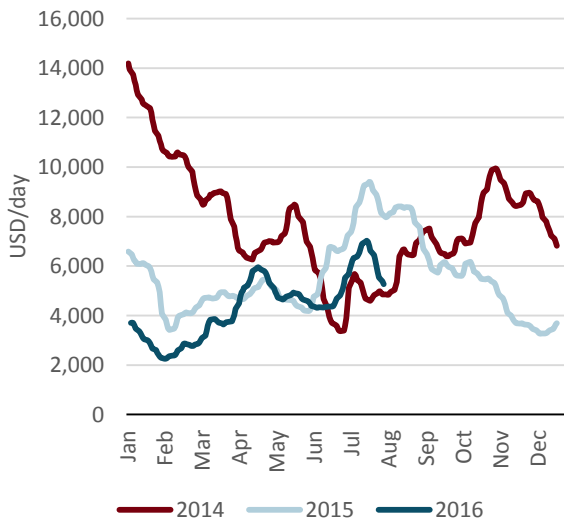


IMPROVEMENTS IN Q2 - BUT STILL AT LOW LEVELS

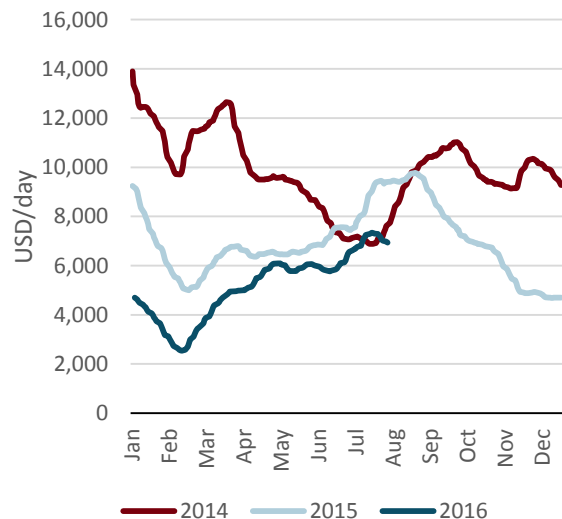
- ▶ Poor market conditions remained in Q2
 - ▶ Structural oversupply of ships continues to have a negative influence
 - ▶ Increased exports to China contributed with demand growth

- ▶ Idled vessels re-entered the market in Q2 and constrained the upward movement in freight rates

Panamax – spot rate



Supramax – spot rate



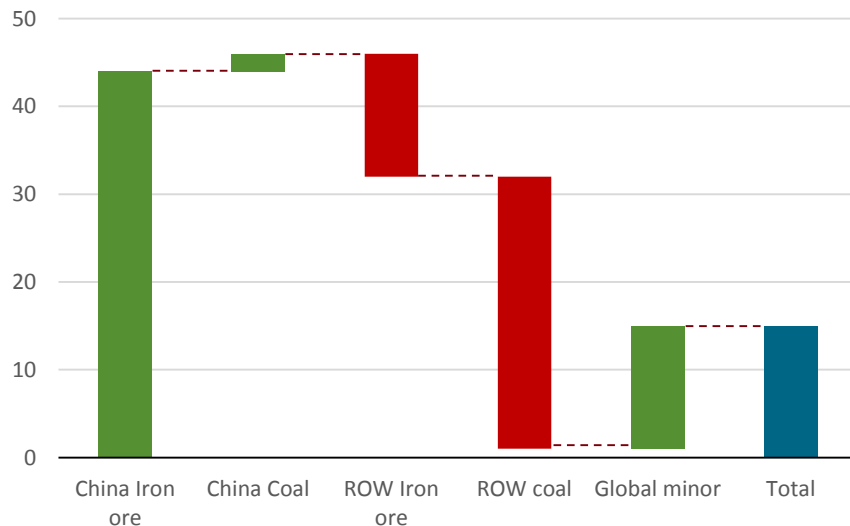
BDI since January 2015



HIGHER CHINESE IMPORTS OFFSET BY LOWER TRADE IN REST OF THE WORLD **NORDEN**

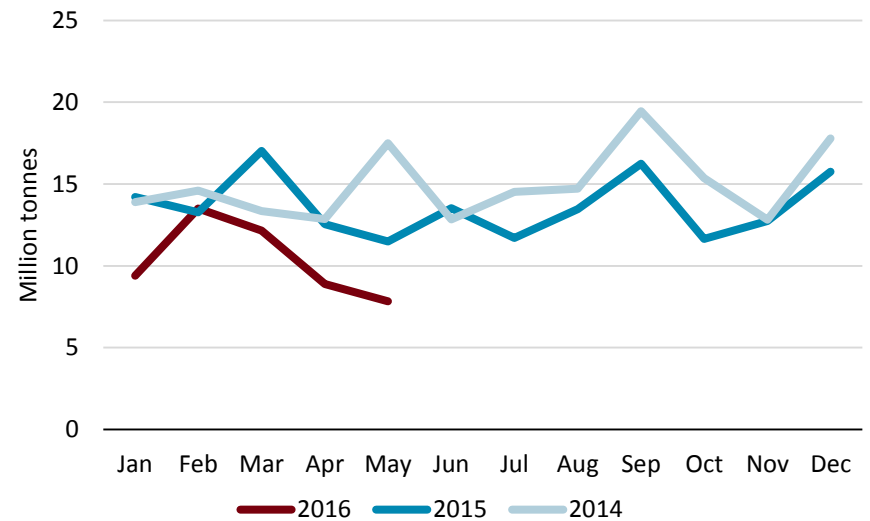
- ▶ Global trade increased by 1% in volumes in the first half of 2016
- ▶ Exports to China has increased by 5 % in Q2 2016 compared to Q2 2015
 - ▶ Iron ore leading the way with an increase by 9%
 - ▶ Coal exports to China increased with 11%
- ▶ Declining coal exports to Europe driven by shutdowns of British coal-fired power plants and competition from low gas prices

Volumes H1 2016 compared to H1 2015



Source: GTT and NORDEN

Coal exported to Europe



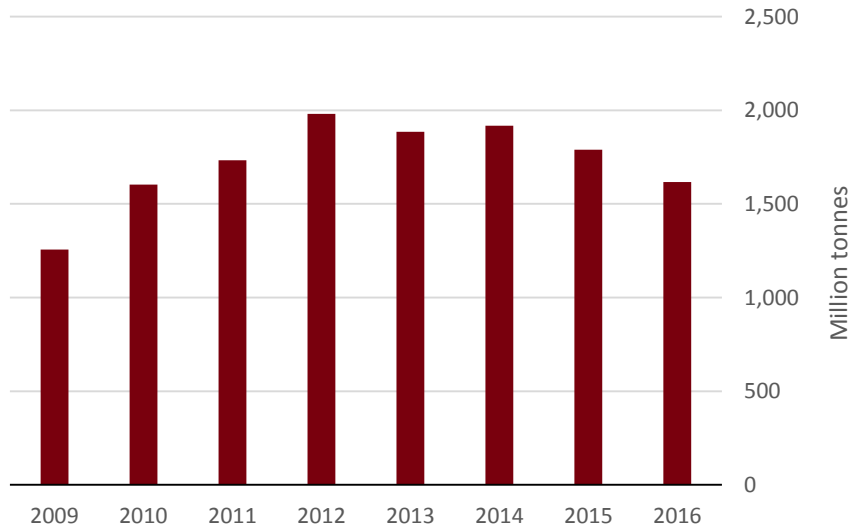
Source: GTT and NORDEN

CONTINUOUS DECLINE IN SUPPLY GROWTH

- ▶ Improved outlook for 2016 demand growth
 - ▶ Chinese governmental stimulus continues to support economic activity
 - ▶ Meanwhile, the Chinese government continues to cut back the coal production capacity

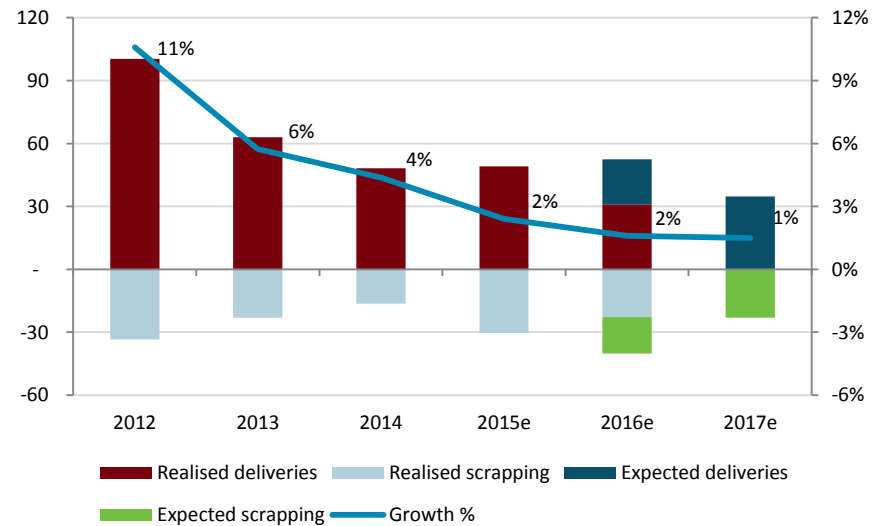
- ▶ 2016 fleet growth expected to be ≈2%
 - ▶ Year-to-date scrapping activity indicates an annual scrapping of around 5%

China coal output in H1 YoY



Source: Bloomberg and China Coal Resources

Dry Cargo Supply (million DWT)

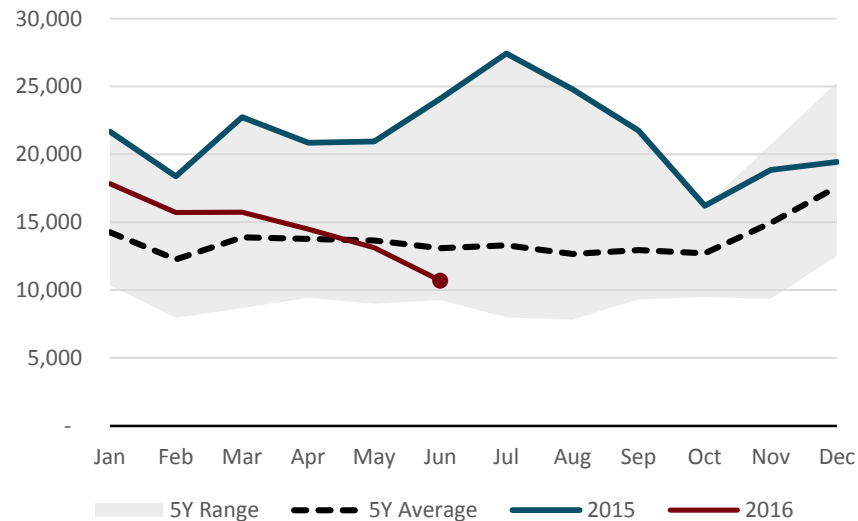


Source: Clarksons and NORDEN

Q2 BROUGHT LOWER RATE LEVELS

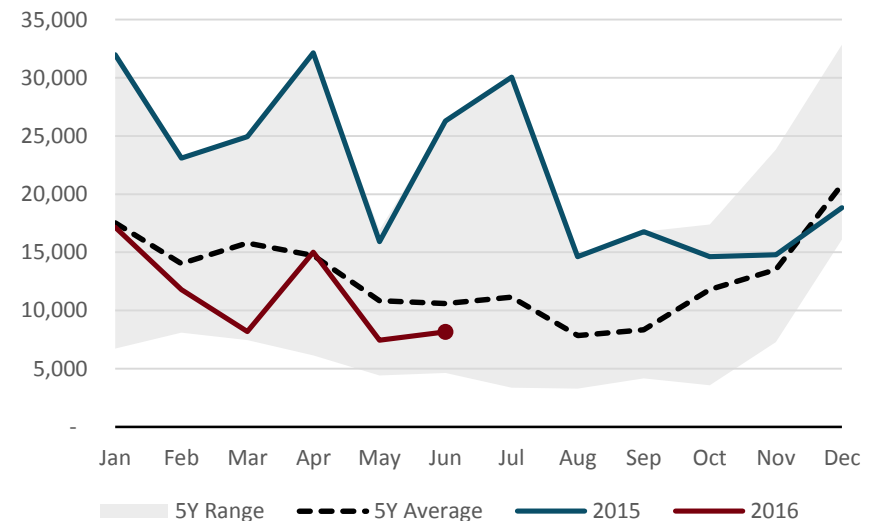
- ▶ The market conditions for product tankers have softened with spot rates now on par with the pre 2015 levels
- ▶ Disappointing summer demand for gasoline transportation
 - ▶ Production of gasoline increased, especially in importing regions
 - ▶ Many new tankers entered the market in H1 and put pressure on rates as well

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



Source: Clarksons Platou

Spot market Handy Earnings (USD/day)

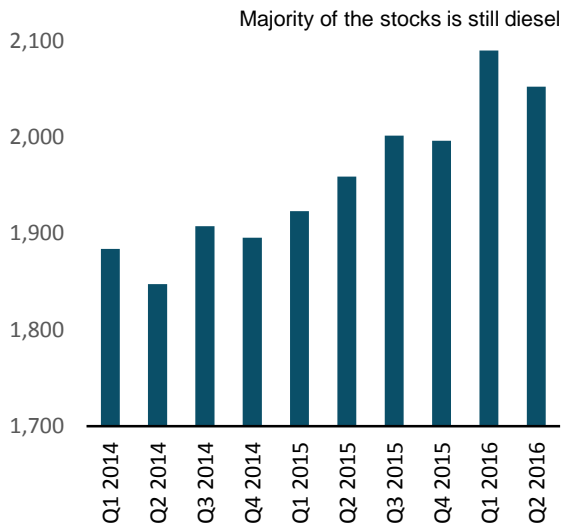


Source: Clarksons Platou

SUMMER GASOLINE SEASON DISAPPOINTED

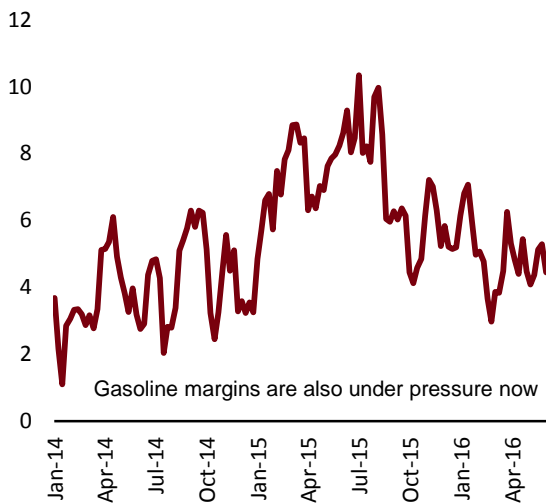
- ▶ High stocks and lower margins in Q2 resulted in no growth in crude runs (Year-on-year)
- ▶ Gasoline production yields have been increased instead of higher crude runs
- ▶ High Diesel stocks are limiting demand for tankers but stocks have started to decline

Global CPP Stocks (mmbbl)*



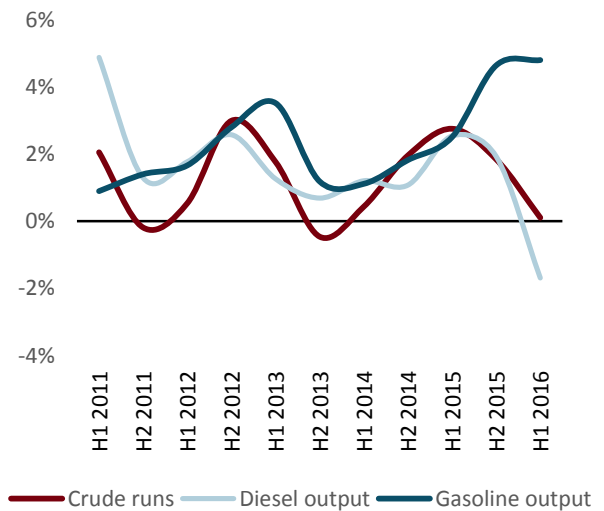
Source: Wood Mackenzie

Global refining margin average (USD/bbl)*



Source: Wood Mackenzie

Crude runs and output (YoY,%)

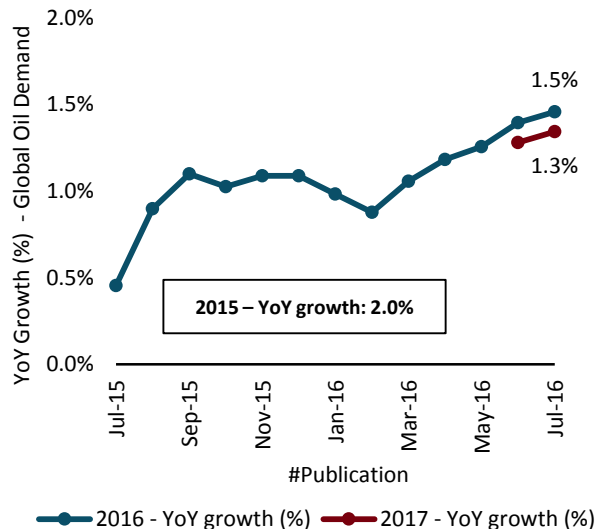


Source: Wood Mackenzie

LACK OF ORDERING IS LEADING TO LOWER SUPPLY GROWTH

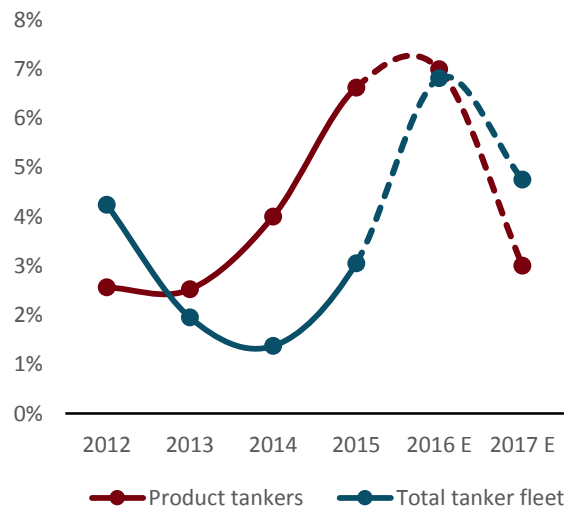
- ▶ Oil demand still expected to show descent growth albeit at a lower level than 2015
- ▶ High stock levels continues to challenge refinery economics and growth in product trades
- ▶ High fleet growth in product tankers still expected for 2016 ($\approx 7\%$) with many deliveries in H2
- ▶ Almost no contracting however means low fleet growth post 2017

IEA historical oil demand growth estimates



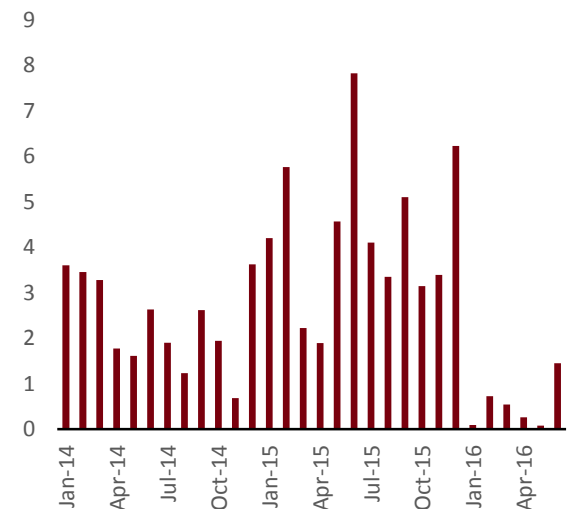
Source: International Energy Agency

YoY Net fleet growth (% dwt)



Source: SSY, Clarksons, NORDEN

Monthly tanker contracting (m.dwt.)



Source: Clarksons, all tankers 10k+ dwt

- ▶ “Focus & Simplicity”
 - ▶ Focus on the segments where we can best utilize our organization and strong customer relationships with the aim to increase operator activities

- ▶ Converting Dry Cargo core fleet to Supramax and Panamax
 - ▶ Capesize vessels sold - final exit from Capesize segment during 2017
 - ▶ Owned Post-Panamaxes sold
 - ▶ 4 Handysize vessels sold
 - ▶ 1 Supramax bought and a further 3 secured on long term TCs
 - ▶ Over time, we expect to undertake further investments in Supramax and Panamax

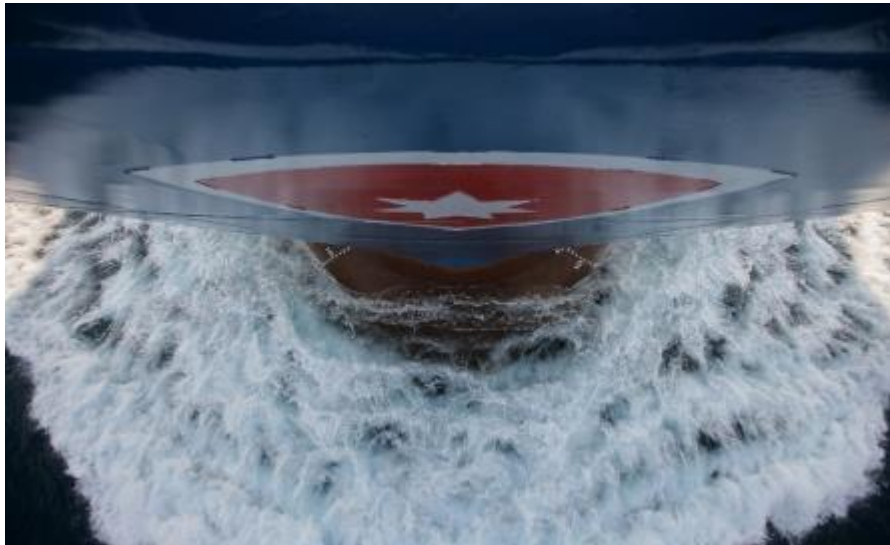
- ▶ Tactical positioning in Tankers
 - ▶ Increasing cover
 - ▶ Sold 1 Handysize tanker vessels

- ▶ Cost saving programme identified USD 12 million in savings so far

- ▶ More than USD 15 million saved in pre-payments on long term TCs

Outlook

USDm	Dry Cargo	Tankers	Total
Adjusted results for the year	-65 to -45	5 to 25	-60 to -20



Comments

- ▶ Guidance adjusted
- ▶ Market developed as expected in Dry Cargo but has disappointed in Tankers
- ▶ Adjusted net result USD -60 to -20 million
- ▶ Open days for the rest of 2016 is \approx 5100 for Dry Cargo and \approx 4800 for Tankers

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



2016-7-18 2016

- ▶ 2 Segments - focus on vessel types where we can make a difference
 - ▶ Dry Cargo
 - ▶ Tankers
- ▶ Full scale operational setup - Direct customer contact
- ▶ Portfolio of Time charter-in contracts and earnings coverage
- ▶ Long track record of overperformance in Dry Cargo and Tankers
- ▶ Healthy balance sheet
- ▶ Transparency and clear Corporate Governance

225 DRY CARGO VESSELS

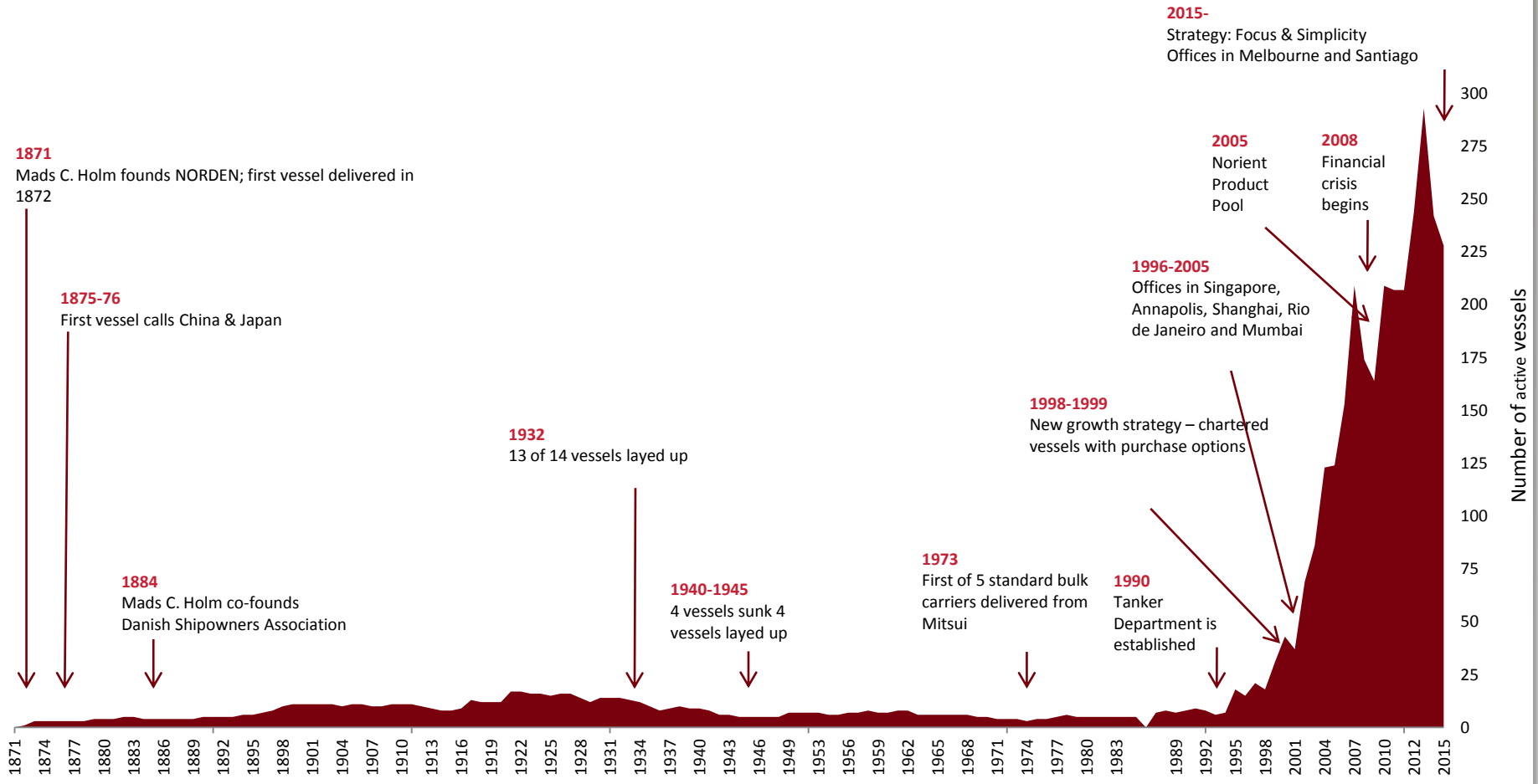


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)



40 TANKER VESSELS

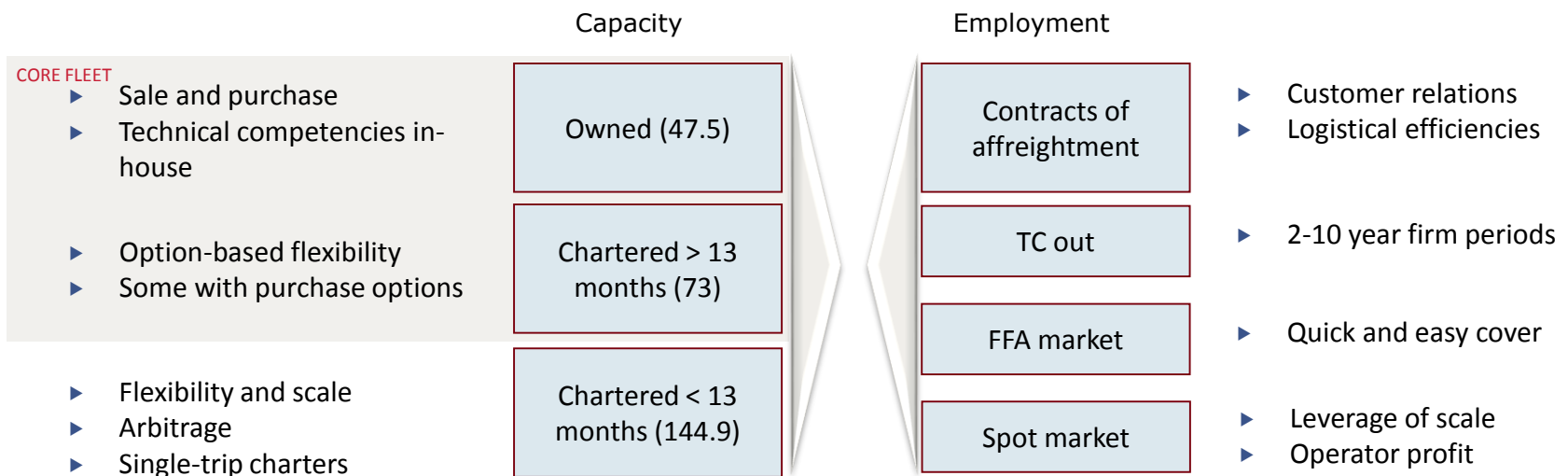
DEVELOPMENT HIGHLIGHTS



- ▶ 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 30 June 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

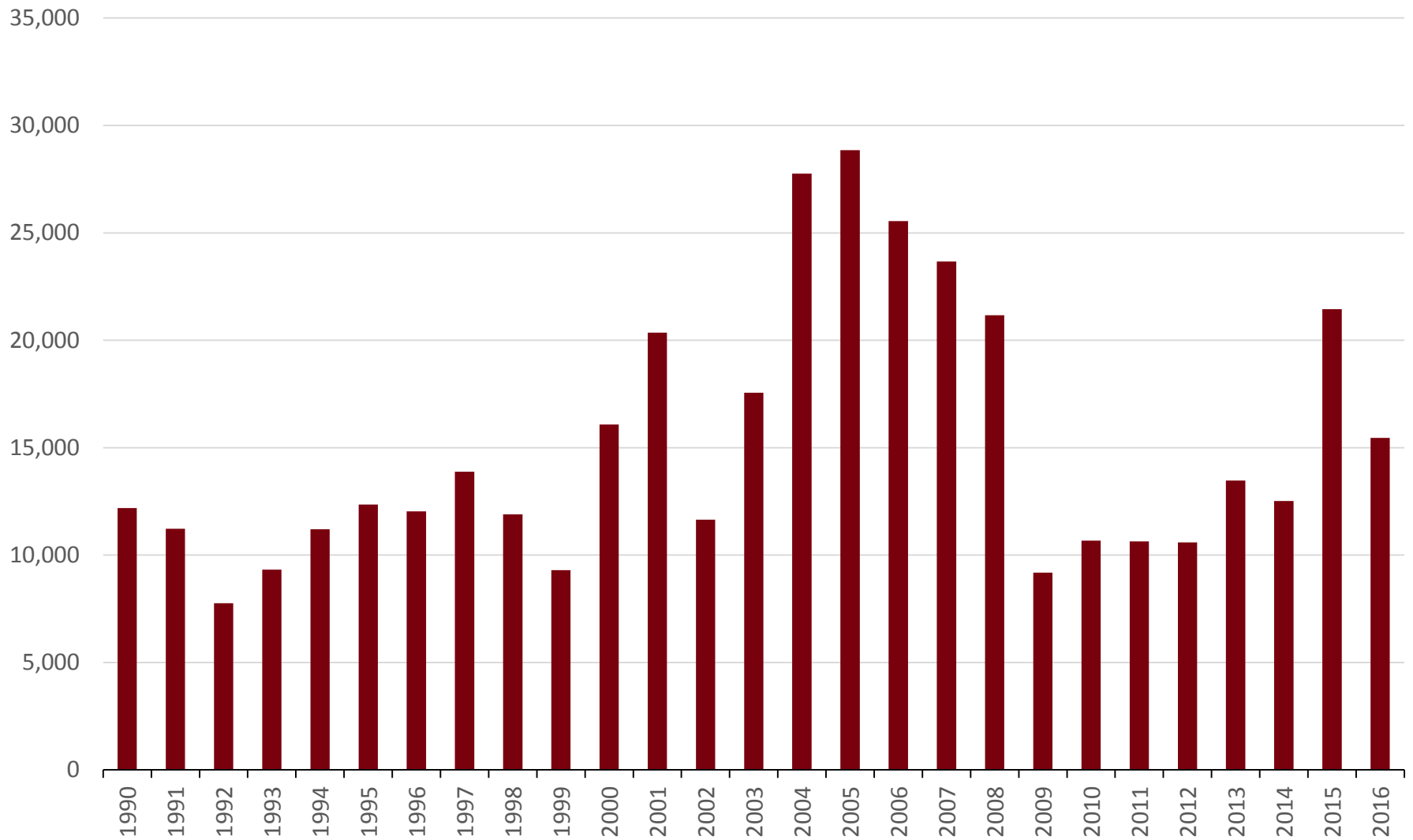
OVERALL RESULTS

USD million	Q2 2015	Q1 2016	Q2 2016
EBITDA - Dry Cargo	17.3	-12.5	-4.5
EBITDA - Tankers	34.4	23.9	16.7
EBITDA - Group	51.7	11.4	12.2
Depreciation	-17.0	-13.3	-13.8
EBIT Group	35.8	-1.3	-34
Result for the period	43.3	4.6	-24
Adjusted Result for the period	28.9	-5.3	-3.5
Cash flow from operations	65.0	6.6	-16
Net Cash flow	14.9	9.2	-42.9
Cash and securities	340.4	375.5	345.5

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

LONG TERM MARKET – MR RATES



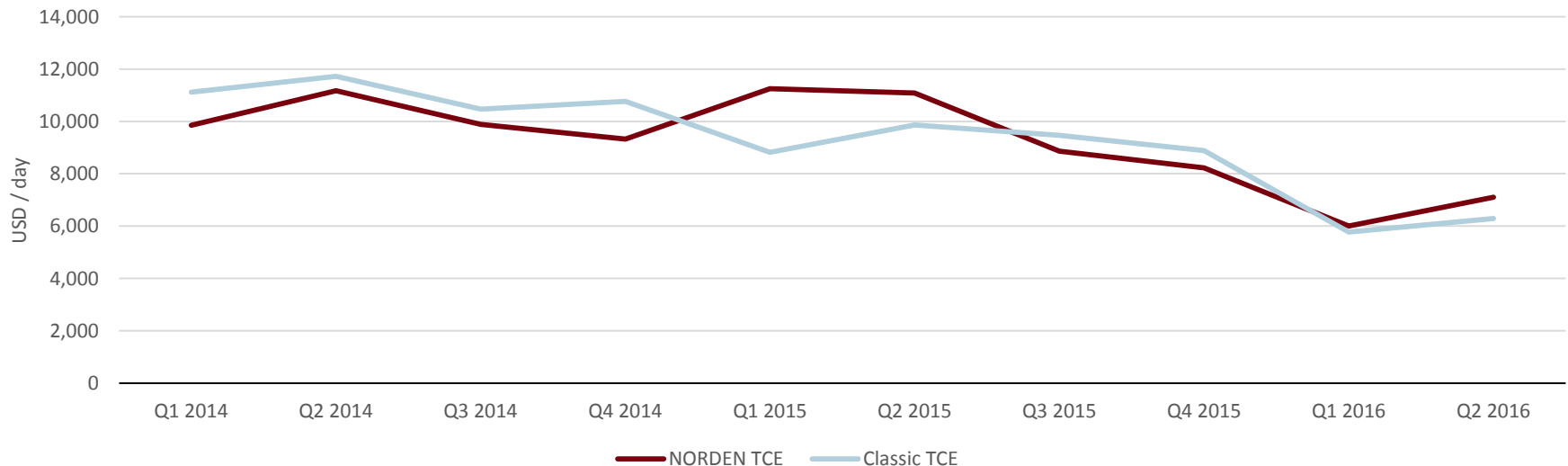
Source: Clarksons

VALUE CREATION

NEW MEASURE FOR EARNINGS (TCE)

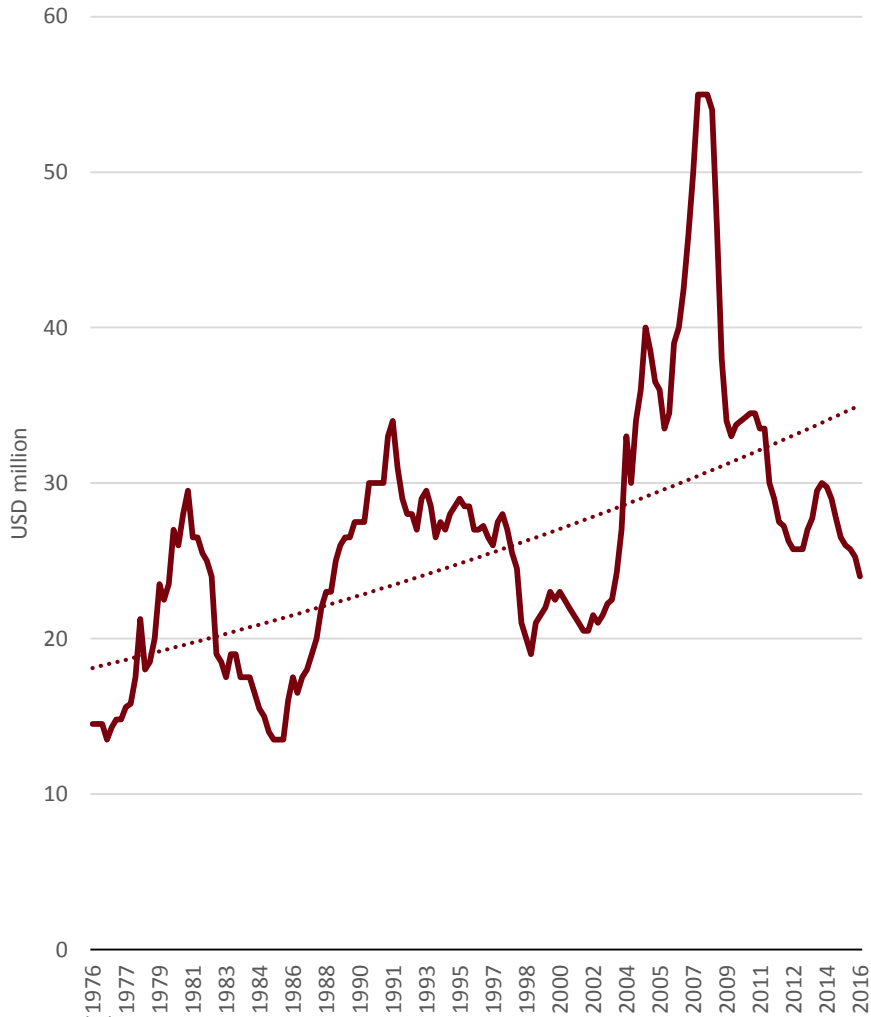
- ▶ NORDENs dry cargo business is a mixture of core fleet and operation activities
- ▶ Operator activities
 - ▶ Focus on the margin created when cargoes and vessels are combined
- ▶ New NORDEN TCE = Total TCE earnings from the core fleet + the contribution margin from non-core fleet divided out on the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

The classic TCE and NORDEN TCE



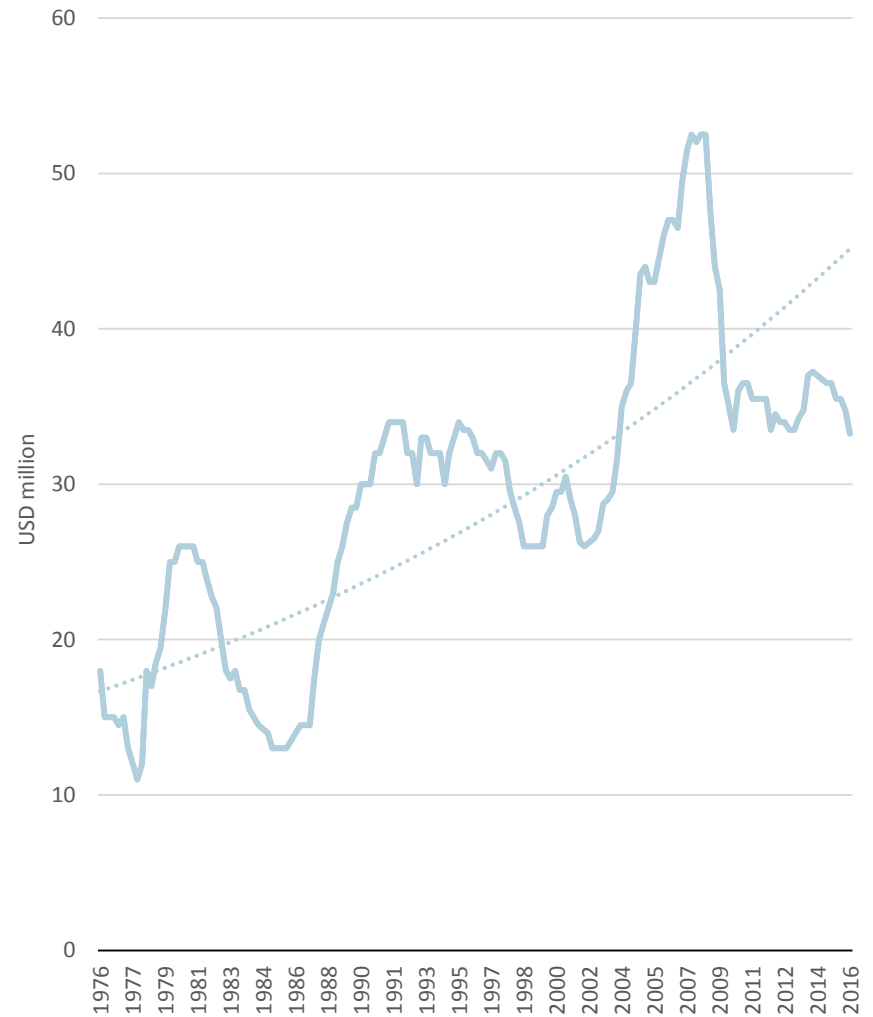
NEW BUILDING PRICES

Panamax (Dry)



Source: Clarksons

MR (Tank)



VALUE CREATION

NORDEN TCE VS CLASSIC TCE

► NORDEN TCE

Employment and rates, Dry Cargo, Q2 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
NORDEN core fleet days	91	727	2,459	2,136	2,086	7,500
New NORDEN TCE (USD per day)	3,106	5,552	7,873	7,392	6,537	7,082
Benchmark*	5,947	5,463	5,342	6,849	4,937	5,393
NORDEN vs. Benchmark	-48%	+2%	+47%	+26%	+32%	+31%

* 50% spot and 50% FFA previous 12 months less broker commission

► Classic TCE

Employment and rates, Dry Cargo, Q2 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
NORDEN fleet days	91	747	7,466	6,239	2,271	16,815
Classic NORDEN TCE (USD per day)	3,106	4,709	6,325	7,152	4,381	6,280

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 3 million
 - ▶ 2017: USD 61 million
 - ▶ 2018: USD 140 million
 - ▶ 2019: USD 25 million
 - ▶ **Total: USD 229 million**

- ▶ Payments to NORDEN for assets held for sale: USD 72 million

Net committed cash (ultimo)

USDm	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Adjusted net interest bearing assets*	-24	18	-6	32
T/C obligations**	-1,287	-1,371	-1,372	-1,366
Newbuilding instalments less proceeds from vessel sales**	-146	-212	-185	-258
Revenue from coverage**	549	592	574	552
Net commitments	-908	-974	-989	-1,040

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

Fleet values at 30 June 2016

USD '000

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Dry Cargo						
Post-Panamax	4.0	114,000	45	45	0	0
Panamax	6.0	79,000	127	87	30	-10
Supramax	12.5	65,000	257	214	0	-44
Handysize	12.0	35,000	141	100	20	-21
Tankers						
MR	9.0	50,000	287	257	1	-29
Handysize	13.0	39,000	275	235	0	-40
Total	56.5		1,132	938	51	-143

DRY CARGO FLEET OVERVIEW

NORDEN's Dry Cargo fleet and values at 30 June 2016

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation						
Owned vessels	0.0	4.0	4.0	5.5	12.0	25.5
Chartered vessels with a duration of more than 13 months	1.0	4.0	22.0	19.0	11.0	57.0
Total active core fleet	1.0	8.0	26.0	24.5	23.0	82.5
Chartered vessels with a duration of less than 13 months	0.0	1.2	60.0	65.6	16.1	142.9
Total active fleet	1.0	9.2	86.0	90.1	39.1	225.4
Vessels to be delivered						
Owned vessels	0.0	0.0	2.0	7.0	0.0	9.0
Chartered vessels with a duration of more than 13 months	0.0	0.0	2.5	10.0	0.0	12.5
Total delivery to core fleet	0.0	0.0	4.5	17.0	0.0	21.5
Dry Cargo fleet values at 30 June 2016 (USD million)						
Market value of owned vessels and newbuildings*	0.0	45.3	116.6	213.8	120.5	496.3
Theoretical value of purchase and extension options	0.6	2.2	4.8	5.1	0.1	12.8

* 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
Vessels in operation				
Owned vessels	0	9	13	22
Chartered vessels with a duration of more than 13 months	0	16	0	16
Total active core fleet	0	25	13	38
Chartered vessels with a duration of less than 13 months	0	2	0	2
Total active fleet	0	27	13	40
Vessels to be delivered				
Owned vessels	0	0	0	0
Chartered vessels with a duration of more than 13 months	2	5	0	7
Total delivery to core fleet	2	5	0	7
Tanker fleet values at 30 June 2016 (USD million)				
Market value of owned vessels and newbuildings*	0	258	235	493
Theoretical value of purchase and extension options	0	1.4	0	1.4

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

DRY CARGO CAPACITY

Capacity, Dry Cargo, at 30 June 2016

	Q3 2016	Q4 2016	2017	2018	Q3 2016	Q4 2016	2017	2018
Owned vessels								
	Ship days							
Capesize	-	-	-	-				
Post-Panamax	351	88	-	-				
Panamax	368	367	1,498	1,811				
Supramax	506	483	1,983	2,893				
Handysize	1,058	761	2,838	2,879				
Total	2,283	1,699	6,319	7,583				
Chartered vessels (core fleet)					Costs for T/C core capacity (USD per day)			
Capesize	92	92	212	-	12,234	12,234	11,387	-
Post-Panamax	368	368	1,460	1,460	5,332	5,843	6,740	8,776
Panamax	2,023	1,761	6,563	5,786	6,600	7,124	8,234	9,852
Supramax	1,824	1,658	5,339	4,822	7,736	7,819	7,645	8,940
Handysize	912	806	2,429	1,243	7,868	8,661	8,319	10,462
Total	5,220	4,685	16,003	13,311	7,228	7,634	7,956	9,461
Chartered vessels (non-core fleet)					Costs for T/C non-core capacity (USD per day)			
Capesize	-	-	-	-	-	-	-	-
Post-Panamax	-	-	-	-	-	-	-	-
Panamax	3,110	1,594	599	-	7,417	8,190	6,391	-
Supramax	1,607	288	200	-	7,068	5,798	5,871	-
Handysize	15	-	-	-	6,988	-	-	-
Total	4,732	1,882	799	-	7,297	7,824	6,261	-
					Costs for gross capacity (USD per day)*			
Total capacity	12,234	8,267	23,121	20,894	6,889	7,208	7,174	7,958

* 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".

Coverage, Dry Cargo, at 30 June 2016

	Q3 2016	Q4 2016	2017	2018	Q3 2016	Q4 2016	2017	2018
Coverage					Revenue from coverage (USD per day)			
Capesize	21	-	-	-	4,473	-	-	-
Post-Panamax	245	20	-	-	4,933	5,742	-	-
Panamax	5,068	2,238	3,758	2,879	8,081	9,530	12,644	14,822
Supramax	4,293	1,752	2,295	1,107	7,837	7,113	10,787	13,639
Handysize	1,171	588	1,267	989	7,817	10,553	12,997	14,456
Total	10,798	4,597	7,321	4,975	7,877	8,724	12,123	14,486
Coverage in %								
Capesize	23%	-	-	-				
Post-Panamax	34%	4%	-	-				
Panamax	92%	60%	43%	38%				
Supramax	109%	72%	31%	14%				
Handysize	59%	38%	24%	24%				
Total	88%	56%	32%	24%				

* 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 30 June 2016

	Q3 2016	Q4 2016	2017	2018	Q3 2016	Q4 2016	2017	2018
Owned vessels	Ship days							
LR1	-	-	-	-				
MR	828	824	3,237	3,229				
Handysize	1,196	1,192	4,674	4,671				
Total	2,024	2,016	7,911	7,900				
Chartered vessels					Costs for T/C capacity (USD per day)			
LR1	-	-	489	730	-	-	18,600	18,600
MR	1,542	1,069	2,293	2,106	15,848	16,169	16,414	16,564
Handysize	-	-	-	-	-	-	-	-
Total	1,542	1,069	2,782	2,836	15,848	16,169	16,798	17,088
Total capacity	3,566	3,085	10,693	10,736	Costs for gross capacity (USD per day)*			
					10,480	9,795	9,055	9,268
Coverage					Revenue from coverage (USD per day)			
LR1	-	-	-	-	-	-	-	-
MR	791	550	1,450	332	15,461	17,330	17,208	17,179
Handysize	281	183	652	219	16,126	16,475	16,403	15,636
Total	1,072	732	2,102	551	15,635	17,117	16,959	16,565
Coverage in %								
LR1	-	-	-	-				
MR	33%	29%	26%	6%				
Handysize	23%	15%	14%	5%				
Total	30%	24%	20%	5%				

* 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

