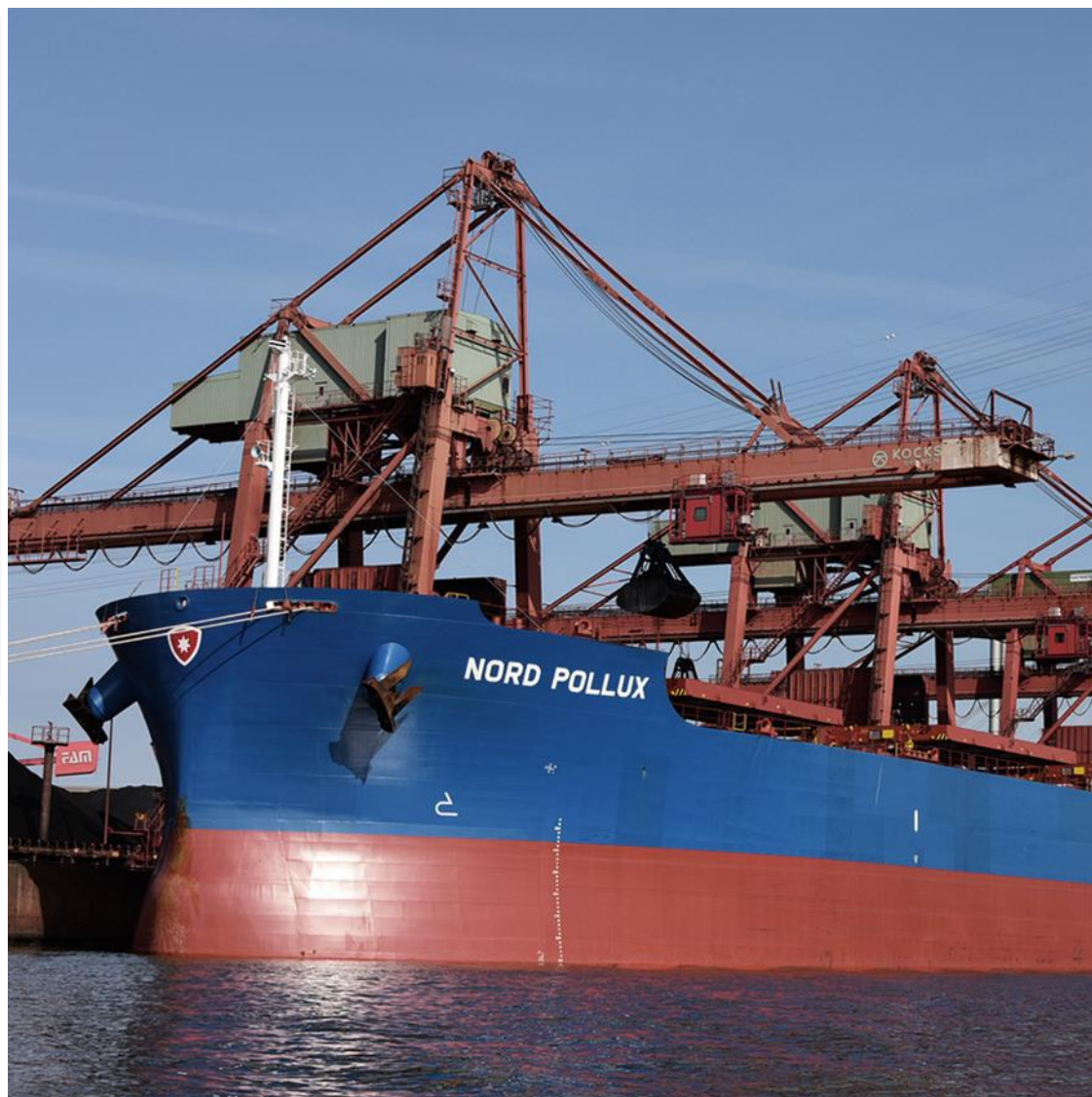


# NORDEN RESULTS

Third quarter of 2016



Hellerup, Denmark  
9 November 2016



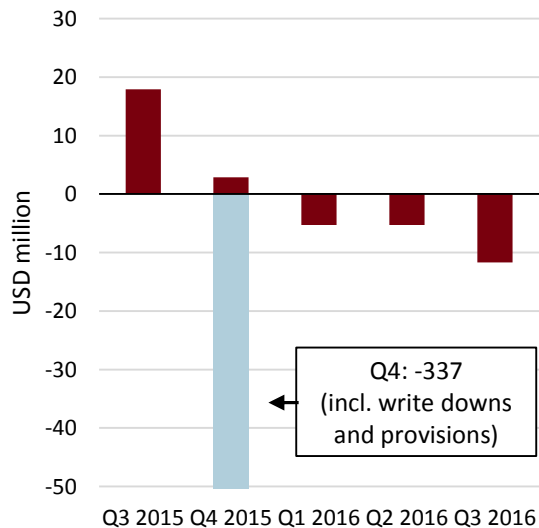
- ▶ Group highlights
- ▶ Financials
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2016 expectations
- ▶ Q & A



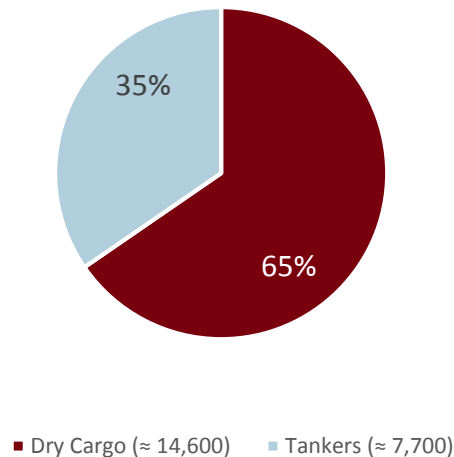
## Key messages

- ▶ Adjusted result for Q3 USD -12 mill.
  - ▶ Improvements in Dry Cargo in Q3 but still at low levels
  - ▶ A continued decline in the Tanker market
- ▶ Net commitments lowered by USD 156 million
- ▶ Significant increase in operator activities in Dry Cargo over the coming years
- ▶ Guidance maintained USD -60 to -20 million

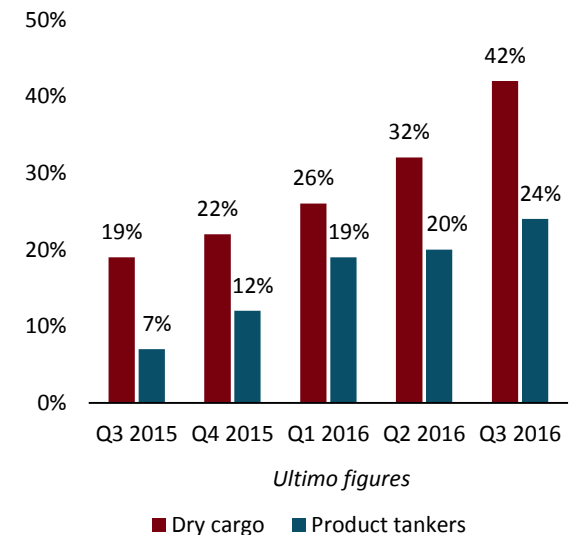
## Adjusted result



## 2017 exposure - open days

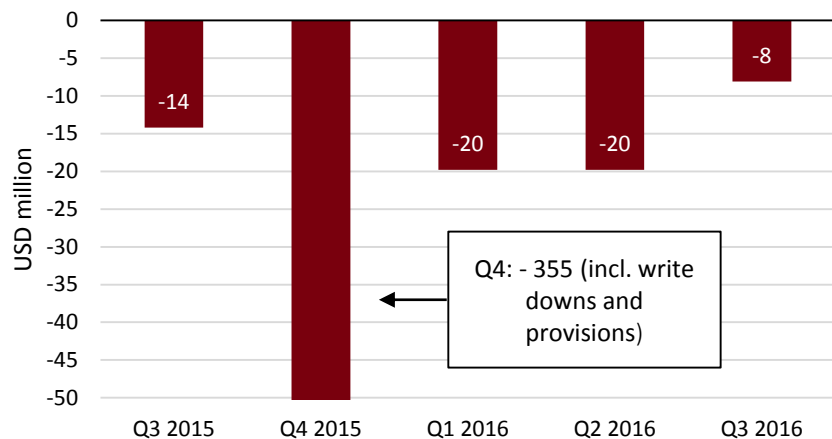


## Development in coverage for 2017

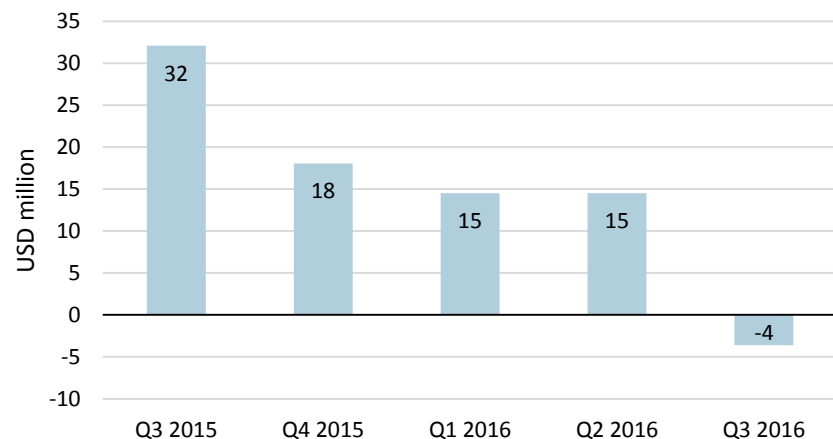


# WEAKNESS IN TANKER MARKET OFFSETTING IMPROVEMENT IN DRY

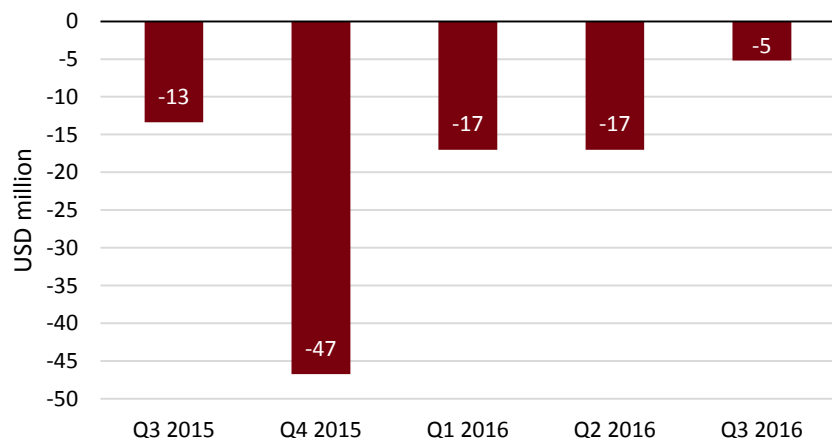
Adjusted result – Dry Cargo



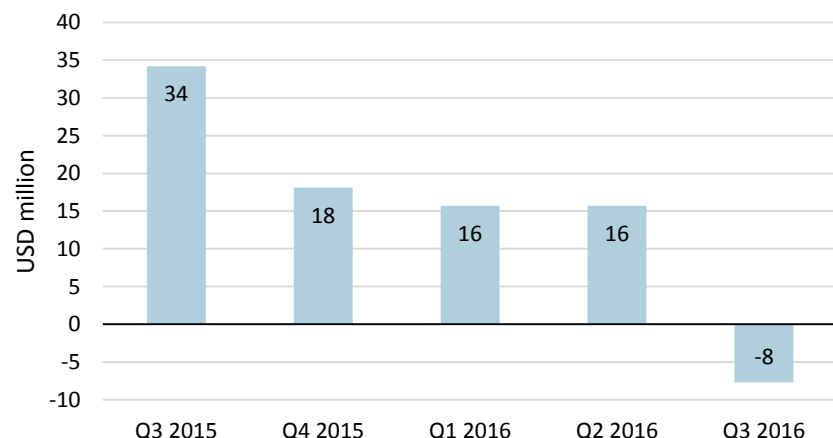
Adjusted result – Tankers



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

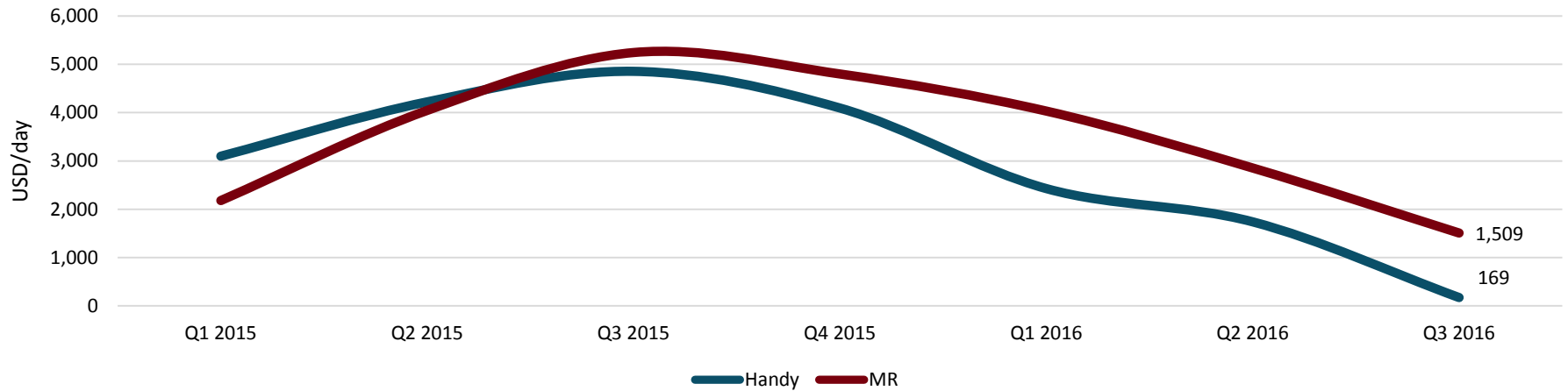


EBIT - Tankers

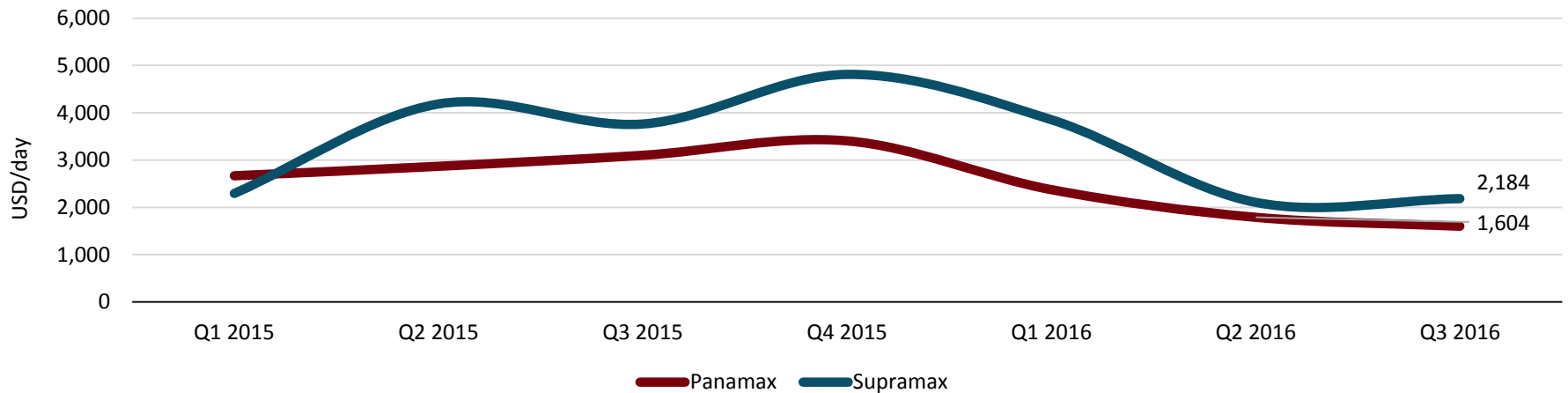


# CONTINUOUSLY OUTPERFORMING THE MARKETS

Tankers - 4 quarter rolling NORDEN TCE over benchmark



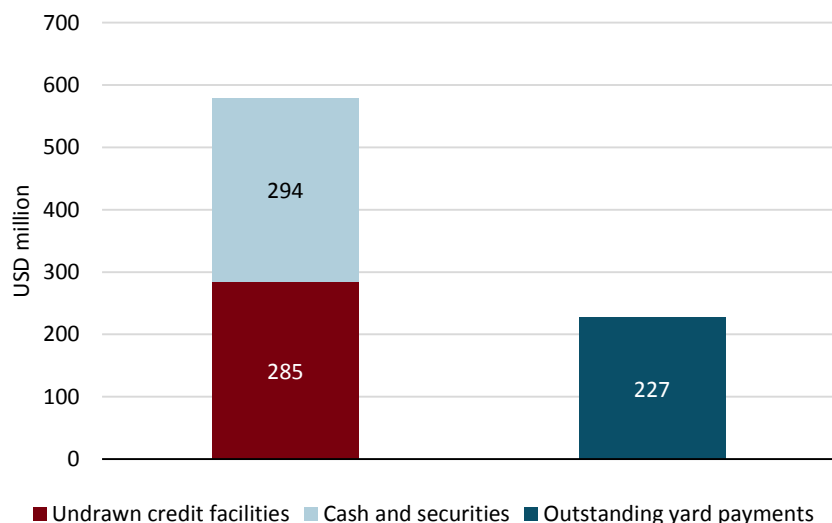
Dry Cargo - 4 quarter rolling NORDEN TCE over benchmark



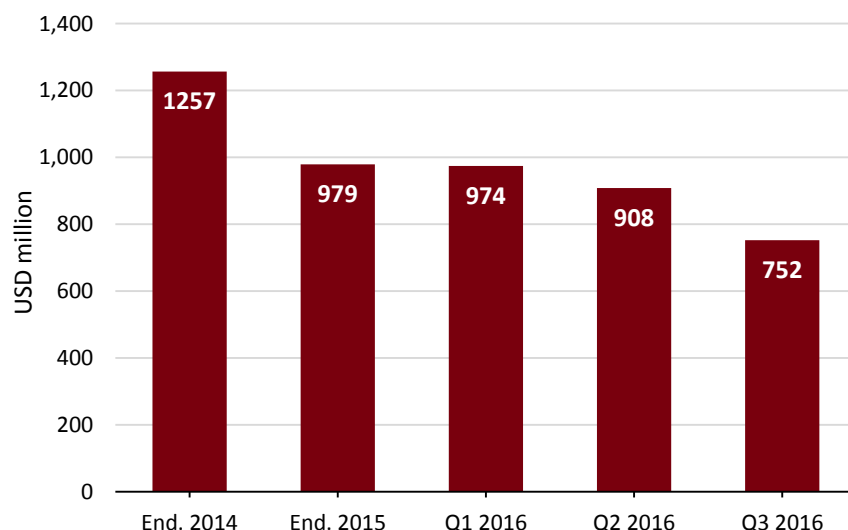
## CONTINUED REDUCTION OF NET COMMITMENTS

- ▶ Net commitments lowered by USD 505 million since end of 2014
- ▶ Reduction by USD 156 million during Q3 2016
  - ▶ New COAs drive USD ~100 million in reduction
- ▶ Combined undrawn credit facilities, cash and securities at USD 579 million versus USD 227 million in outstanding yard payments
- ▶ Payments for newbuilding's less proceeds from vessel sales amount to USD 179 million

### Cover for yard payments per 30/9-16



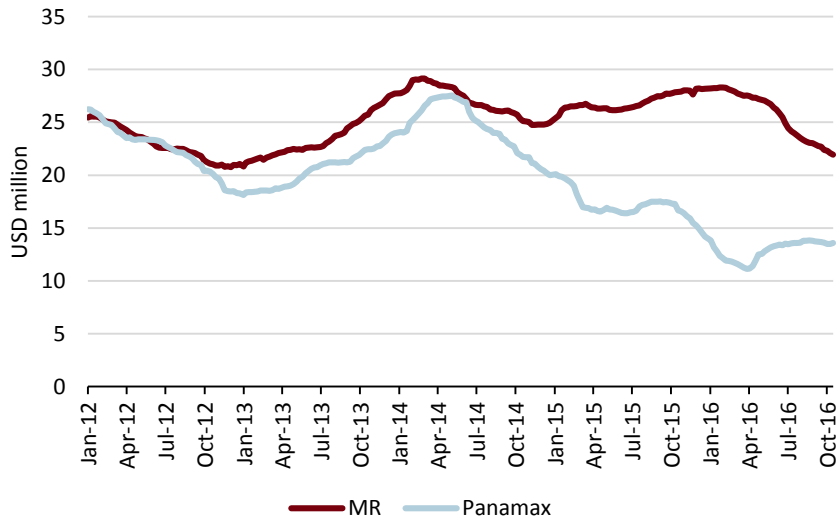
### Net commitments



# A STABILIZATION IN DRY CARGO VALUES

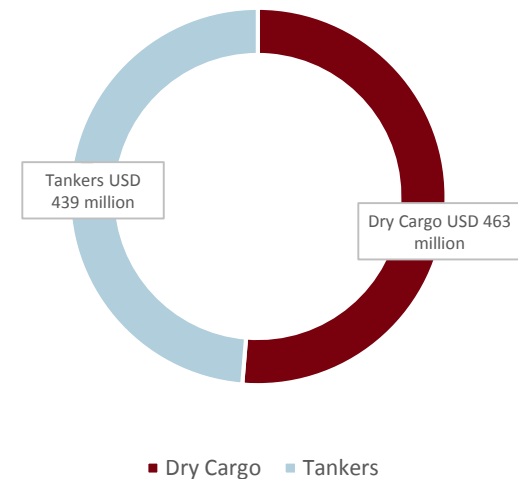
- ▶ After an increase in during the last quarter, Asset values for Dry Cargo in Q3 have remained stable
- ▶ Asset values have ‘leveled off’ and tanker values are back to 2012 levels
- ▶ Value of owned fleet is 50/50 between Dry Cargo and Tankers

5-year second hand prices



Source: Baltic Exchange

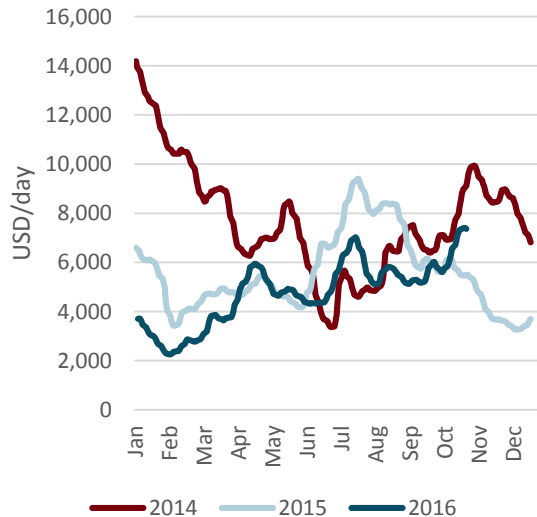
Broker assessed asset values end Q3 2016



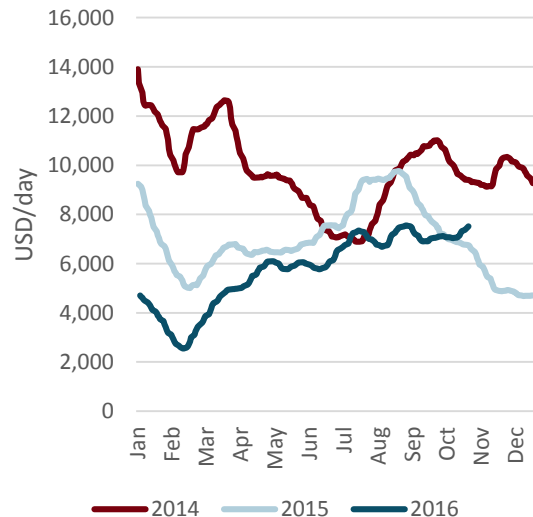
## IMPROVEMENTS IN Q3 - BUT STILL AT LOW LEVELS

- ▶ Freight rates has shown a modest increase during Q3 and have surpassed the rates from 2015
- ▶ Structural oversupply of ships continues to have a negative influence
- ▶ Increased Chinese imports contributed with demand growth

Panamax – spot rate



Supramax – spot rate



BDI since January 2015

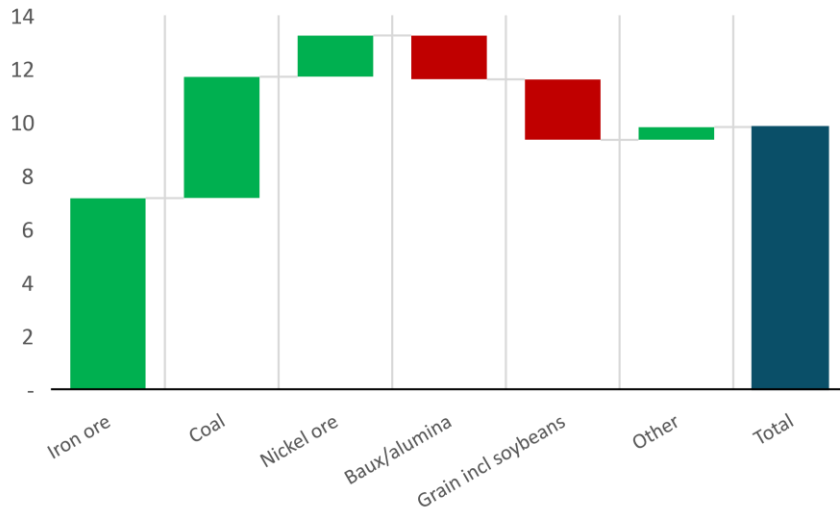




# HIGHER CHINESE IMPORTS

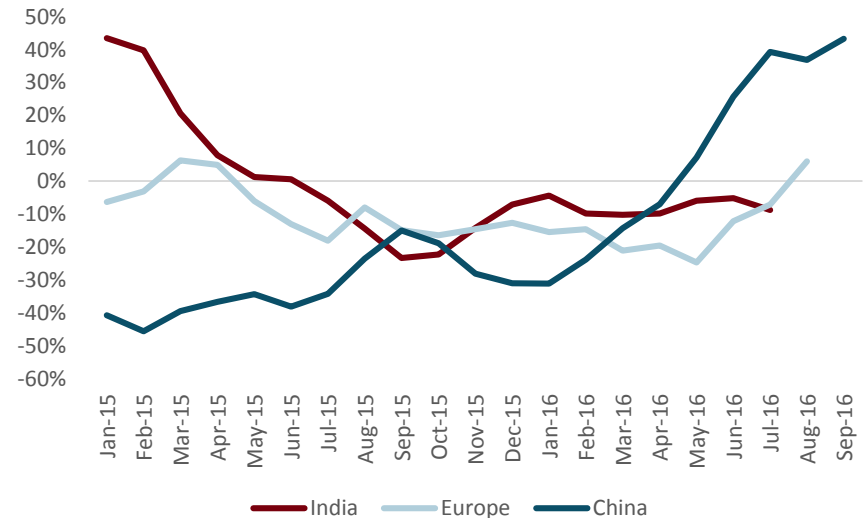
- ▶ Exports to China has increased by 7 % in Q3 2016 compared to Q3 2015
  - ▶ Iron ore leading the way with an increase by 9%
  - ▶ Coal exports to China increased with 21%
  
- ▶ Increasing coal imports driven by Chinese curtailment of domestic production

China imports Q3 2016 vs Q3 2015



Source: GTT and NORDEN

Coal exported to China, India and Europe (3 month Y/Y)

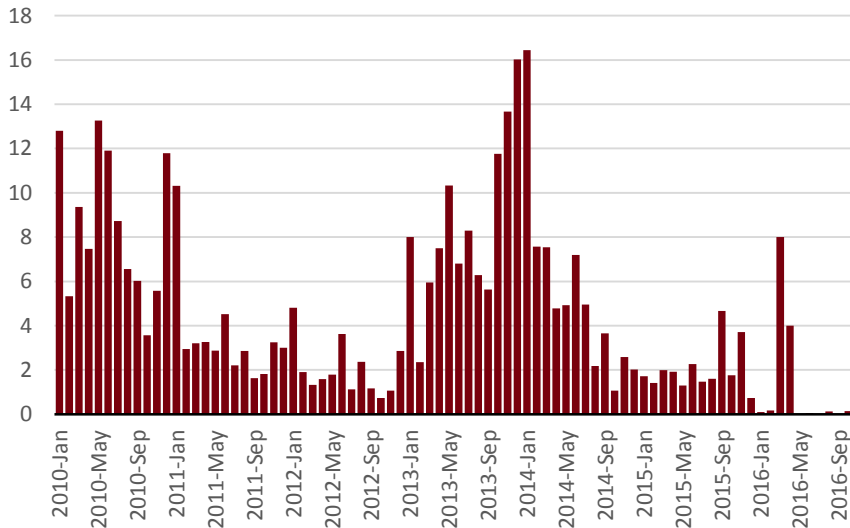


Source: GTT and NORDEN

# CONTINUOUS DECLINE IN SUPPLY GROWTH

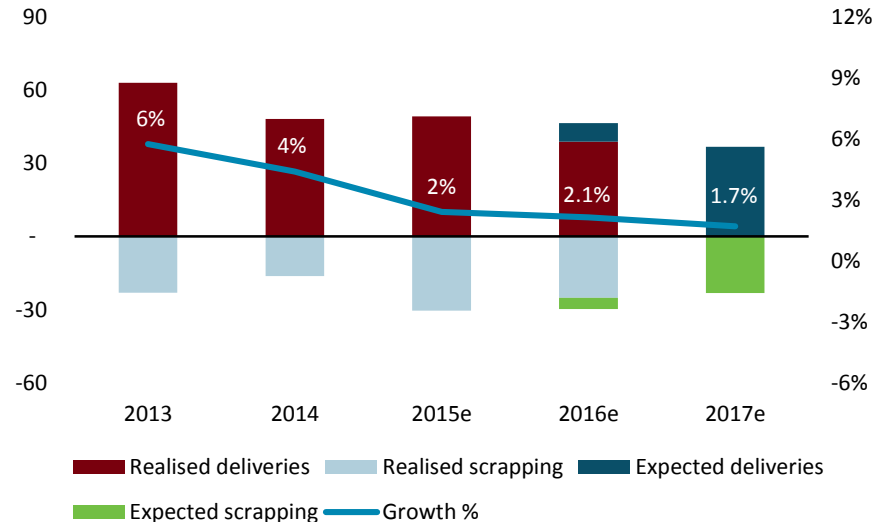
- ▶ 2017 demand outlook highly dependent on political influence
  - ▶ Chinese governmental stimulus continues to support economic activity
  - ▶ However, the Chinese governmental influence could reverse coal import trend
  
- ▶ No new orders being placed
  
- ▶ 2017 fleet growth expected to be ~2%

Contracting (million Dwt)



Source: Clarksons

Dry Cargo Supply (million DWT)

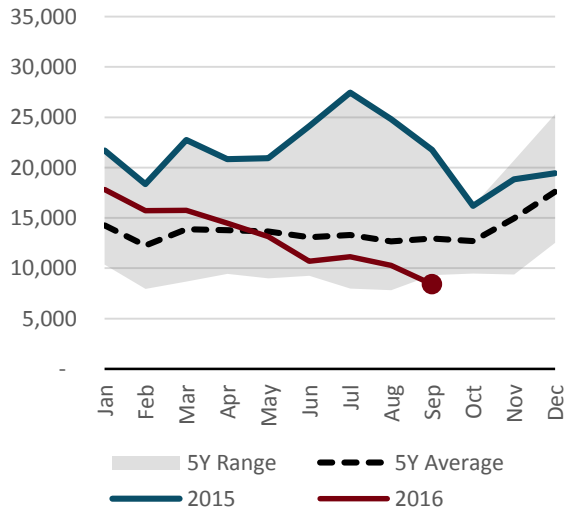


Source: Clarksons and NORDEN

# Q3 TANKER RATES CONTINUED THE DECLINE

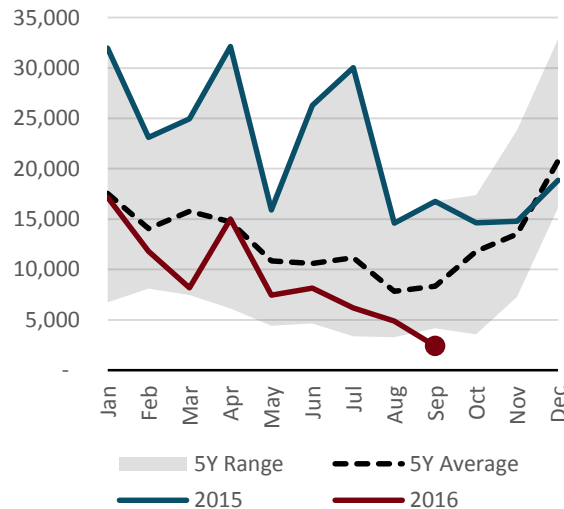
- ▶ The tanker market worsened in Q3 with rates in September being below the 5 year average for both MR and Handysize
- ▶ The global tanker fleet continued to expand with steady deliveries and only few scrappings
- ▶ Rates have declined 4 quarters in a row

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



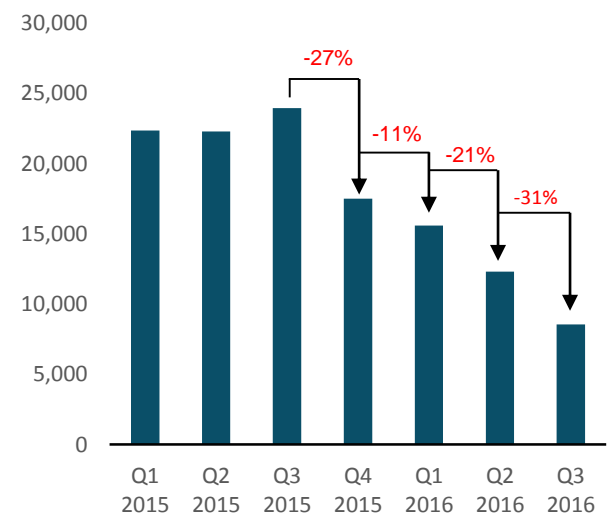
Source: Clarksons Platou

Spot market Handy Earnings (USD/day)



Source: Clarksons Platou

Avg. Spot Clean Products Earnings (USD/day)

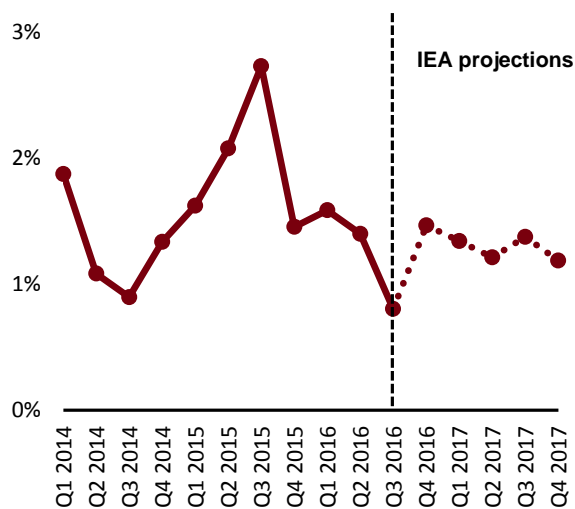


Source: Clarksons Platou

# OVERALL DEMAND FUNDAMENTALS DID NOT SUPPORT Q3 TRADE

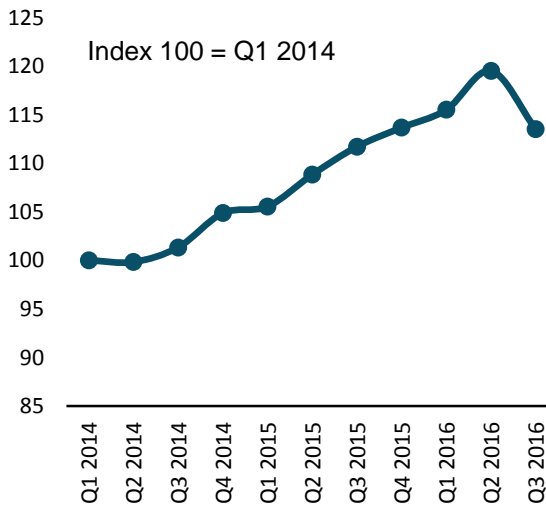
- ▶ Q3 showed disappointing oil demand with lowest YoY growth in 2 years
  - ▶ Especially Chinese and European demand showed slower than expected growth
  - ▶ Demand stimuli from past price decreases is not as distinct today as it was last year
- ▶ Export volumes followed the negative demand pattern with much less growth in Q3
- ▶ Crude and product stocks remain elevated thus still affecting import needs

IEA - Quarterly oil demand growth (YoY, %)



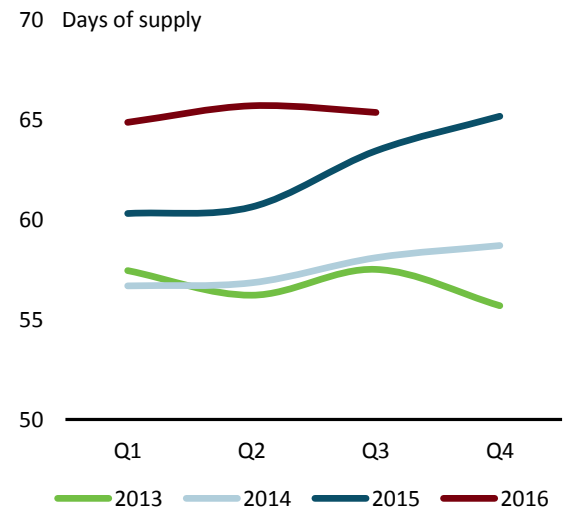
Source: International Energy Agency

Gasoline & Diesel Exports (Index)



Source: Wood Mackenzie

OECD crude and other liquids inventory

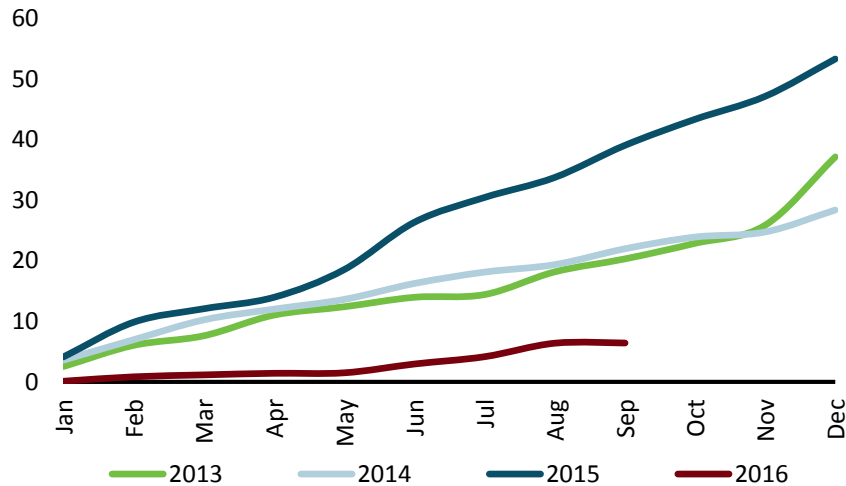


Source: U.S. Energy Information Administration

## THE TANKER FLEET CONTINUED TO EXPAND IN Q3

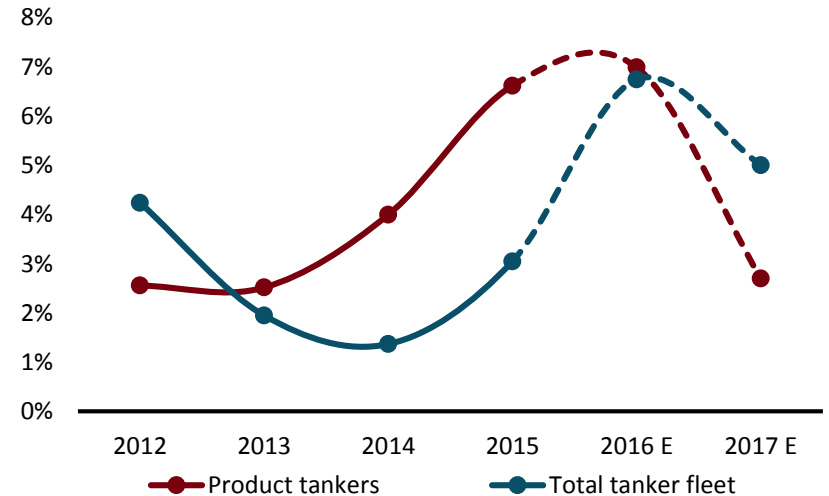
- ▶ Q3 followed the pattern seen in H1 with many deliveries and limited scrapping
- ▶ Lower fleet growth can be expected from 2017 as the limited contracting becomes apparent
  - ▶ Net growth for 2017 expected drop to 2-3% in product tankers and around 5% in crude
  - ▶ This would lead to a total tanker fleet growth of 4-5% for 2017
- ▶ Contracting remains well below historical figures

### Accumulated tanker ordering (incl. Crude) (m.dwt.)



Source: Clarksons Platou, all tankers +10k dwt

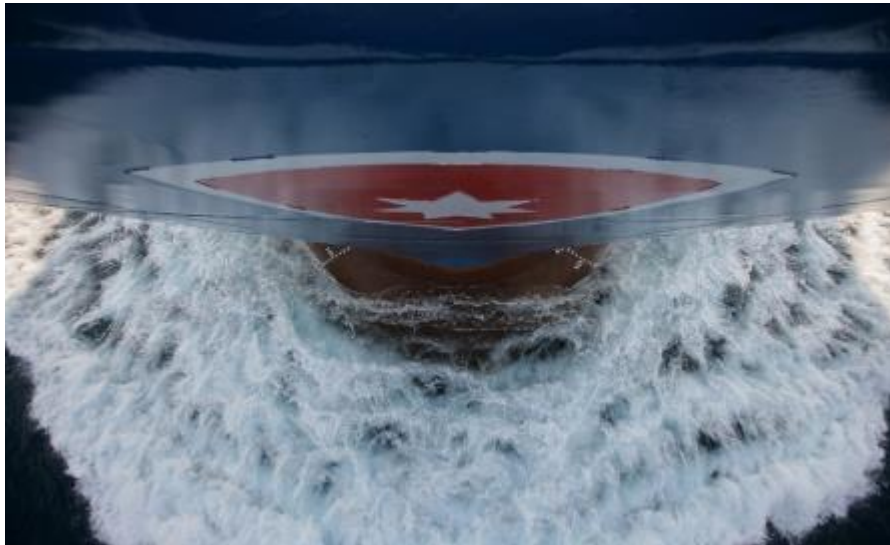
### YoY Net fleet growth (% dwt)



Source: SSY, Clarksons, NORDEN

## Outlook

USDm	Dry Cargo	Tankers	Total
Adjusted results for the year	-60 to -40	0 to 20	-60 to -20



## Comments

- ▶ Overall guidance maintained
- ▶ Market developed as expected in Dry Cargo but has disappointed in Tankers
- ▶ Dry cargo adjusted to USD -60 to -40 million (previous -65 to -25)
- ▶ Tankers adjusted to USD 0 to 20 million (previous 5 to 25)

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

  
<http://www.linkedin.com/company/ds-norden/>  
[http://twitter.com/DS\\_NORDEN](http://twitter.com/DS_NORDEN)  
<http://www.facebook.com/shippingtrainee.com>  
<http://www.facebook.com/dampskibsselskabetnorden>

**Dampskibsselskabet NORDEN A/S**

52, Strandvejen  
DK-2900 Hellerup  
Denmark  
Phone: +45 3315 0451

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





**BACK UP SLIDES**

2016-7-18 21

- ▶ 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

## 79.5 DRY CARGO VESSELS (CORE FLEET)

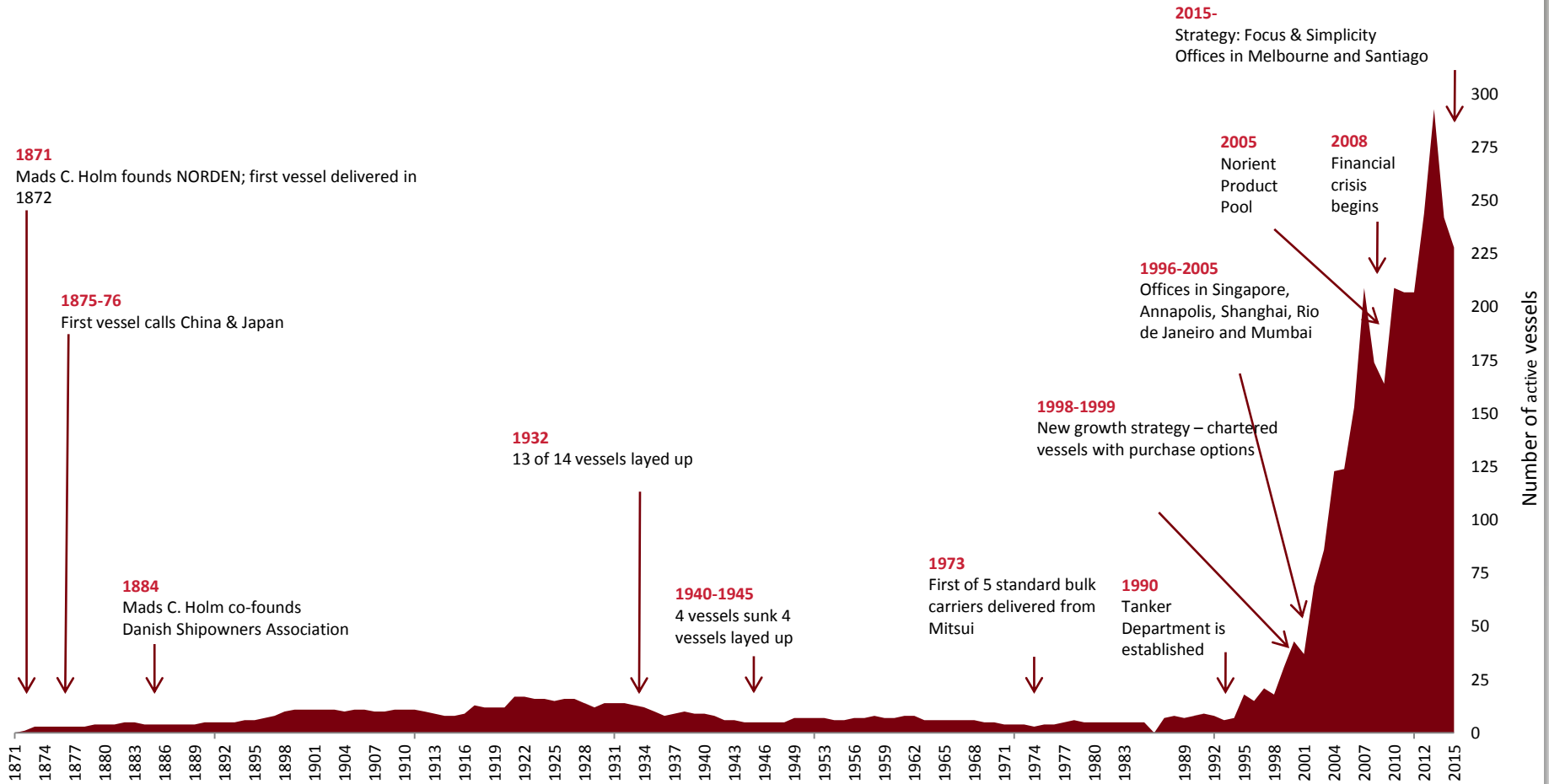


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)



## 42 TANKER VESSELS

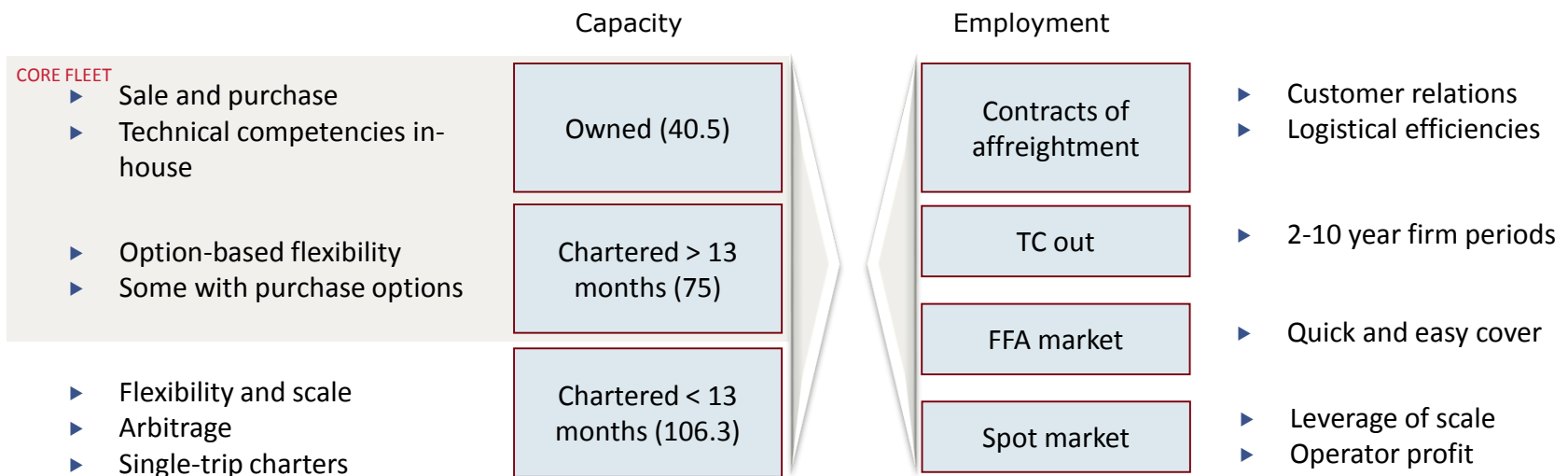
# DEVELOPMENT HIGHLIGHTS



- ▶ 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 September 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**

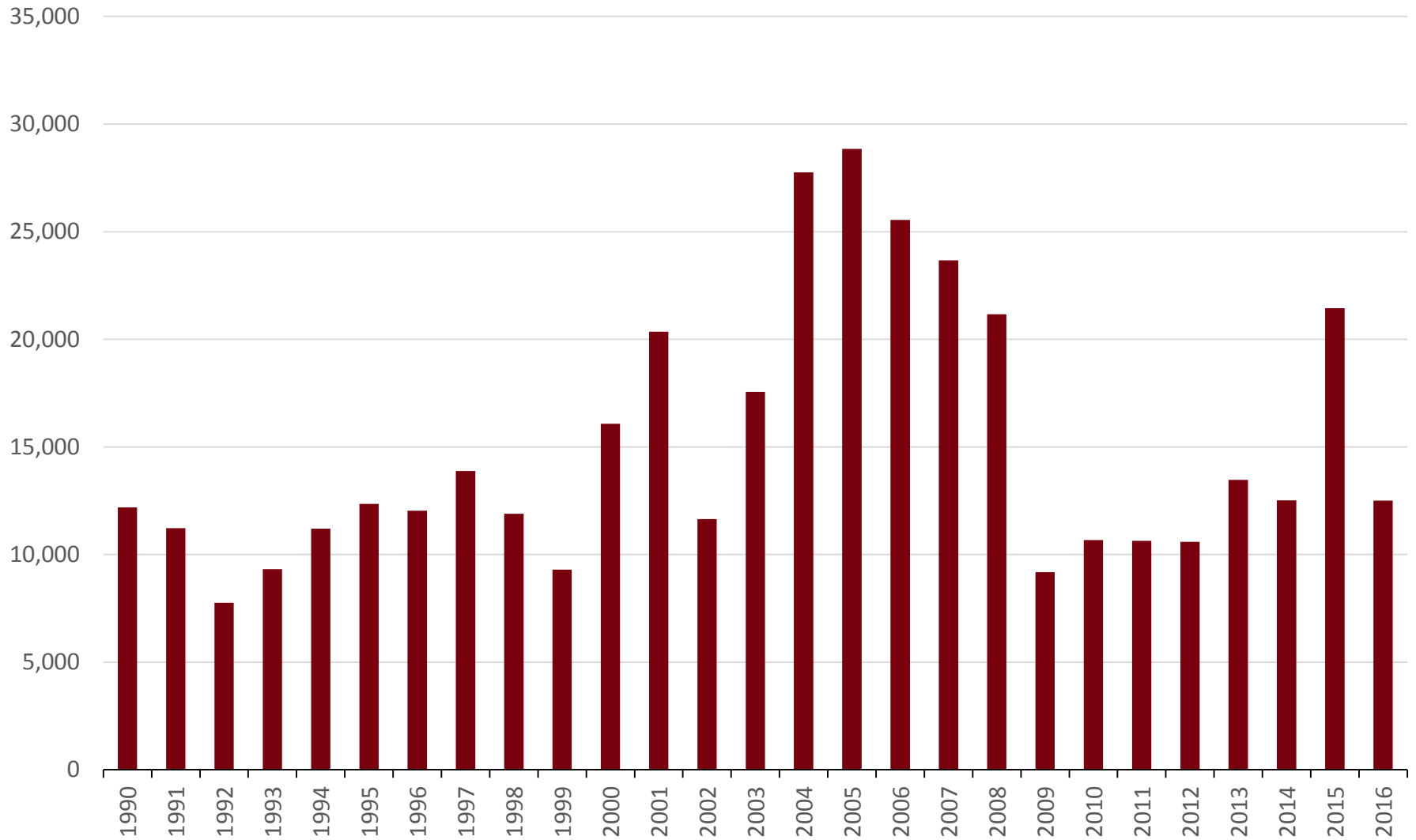
- ▶ Fast and consistent decision making
- ▶ Relationships with tonnage providers
- ▶ Long-term player
- ▶ Financial strength
- ▶ Execution skills

- ▶ Skilled and experienced staff
- ▶ Close customer relationships
- ▶ Economies of scale
- ▶ Optimised systems and processes
- ▶ Strong brand

# OVERALL RESULTS

USD million	Q3 2015	Q1 2016	Q2 2016	Q3 2016
EBITDA - Dry Cargo	-0.4	-12.5	-4.5	-1.9
EBITDA - Tankers	41.9	23.9	16.7	6.0
EBITDA - Group	41.5	11.4	12.2	4.1
Depreciation	-17.0	-13.3	-13.8	-11.6
EBIT Group	20.9	-1.3	-34	-12.9
Result for the period	10.1	4.6	-24	-14.1
Adjusted Result for the period	17.8	-5.3	-3.5	-11.7
Cash flow from operations	-3.4	6.6	-16	-29
Net Cash flow	55.0	9.2	-42.9	-23.4
Cash and securities	358.8	375.5	345.5	294.2

# LONG TERM MARKET – MR RATES



Source: Clarksons

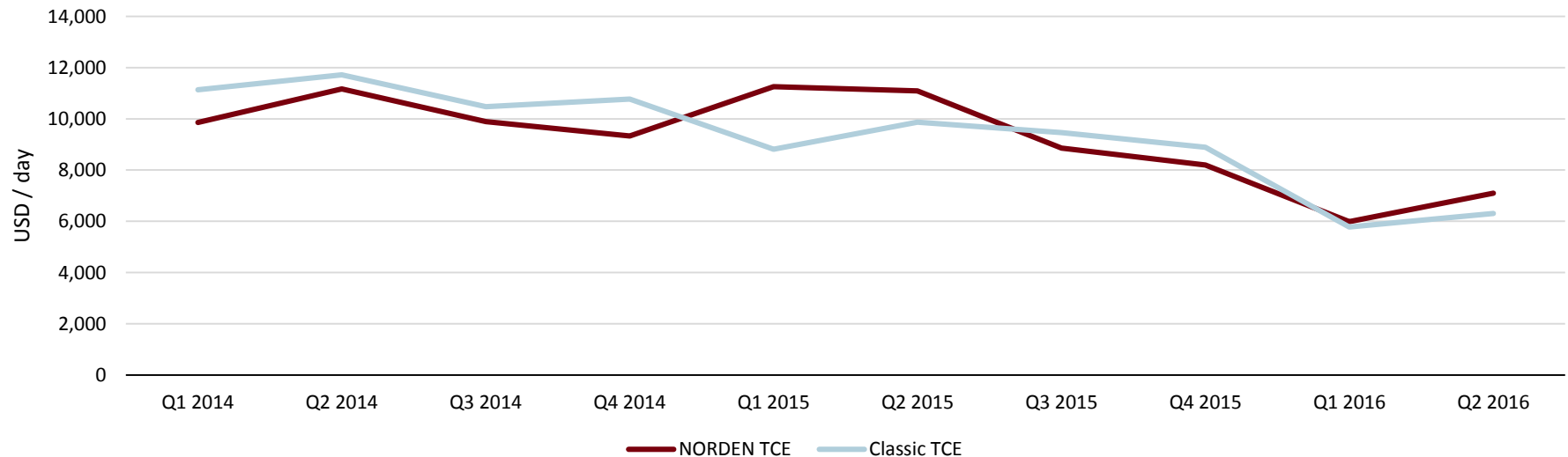


# VALUE CREATION

## NEW MEASURE FOR EARNINGS (TCE)

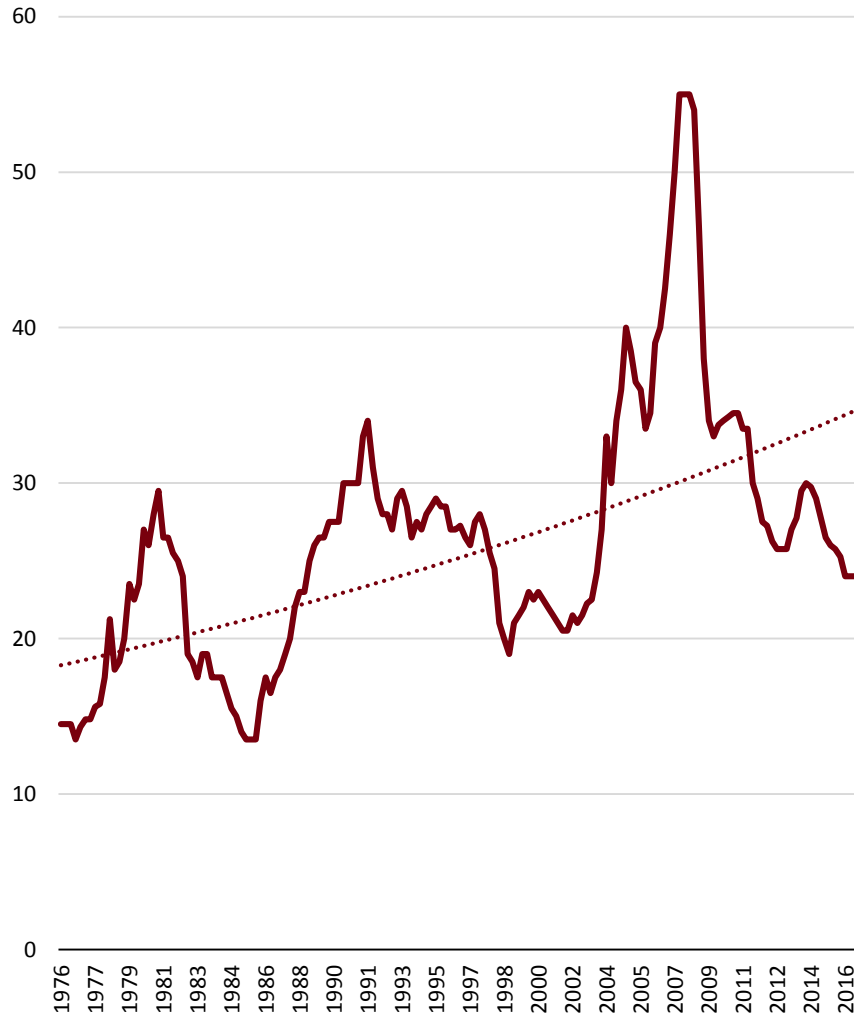
- ▶ NORDENs dry cargo business is a mixture of core fleet and operation activities
- ▶ Operator activities
  - ▶ Focus on the margin created when cargoes and vessels are combined
- ▶ New NORDEN TCE = Total TCE earnings from the core fleet + the contribution margin from non-core fleet divided out on the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

### The classic TCE and NORDEN TCE



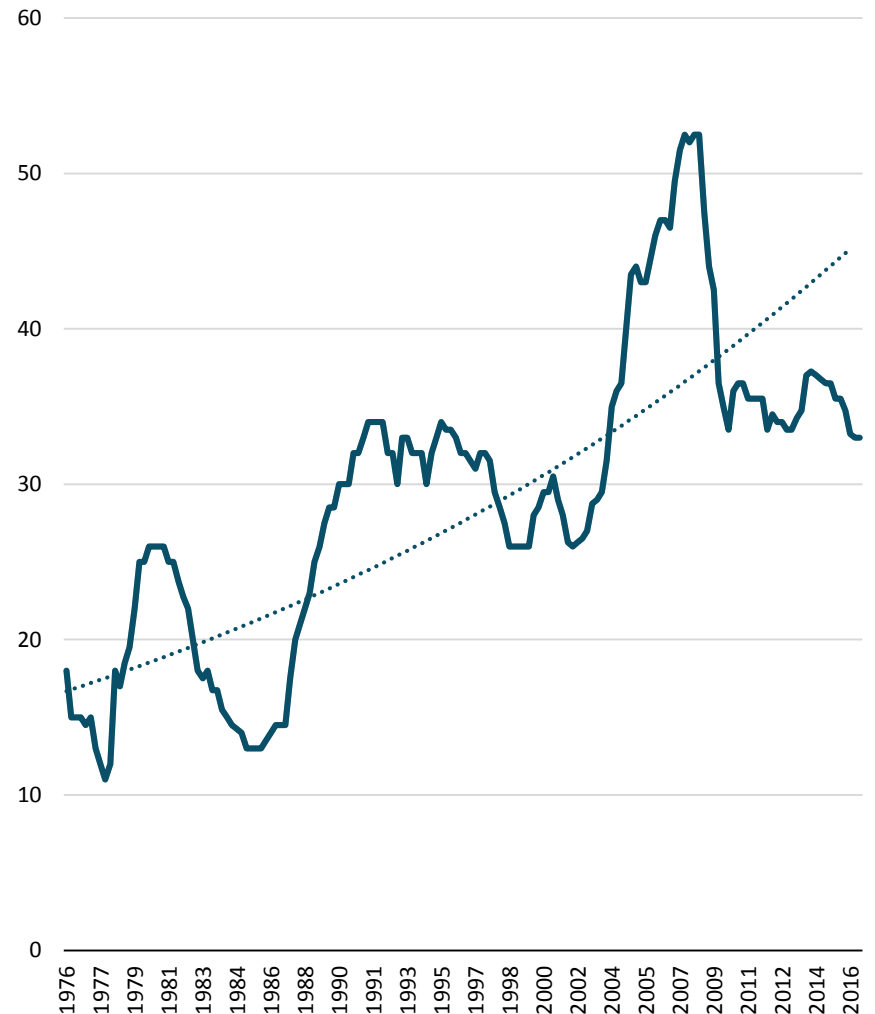
# NEW BUILDING PRICES

## Panamax (Dry)



Source: Clarksons

## MR (Tank)



# VALUE CREATION

## NORDEN TCE VS CLASSIC TCE

### ► NORDEN TCE

Employment and rates, Dry Cargo, Q3 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>NORDEN core fleet days</b>	92	658	2,515	2,458	1,899	7,622
<b>New NORDEN TCE (USD per day)</b>	6,774	8,446	7,602	7,214	7,493	7,513
<b>Benchmark*</b>	7,429	5,787	5,553	6,278	5,164	5,733
<b>NORDEN vs. Benchmark</b>	-9%	+46%	+37%	+15%	+45%	+31%

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

### ► Classic TCE

Employment and rates, Dry Cargo, Q3 2016						
Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>NORDEN fleet days</b>	92	658	7,398	6,088	1,965	16,200
<b>Classic NORDEN TCE (USD per day)</b>	6,774	7,731	6,924	7,934	6,456	7,279

## Capital structure

- ▶ Cash in low-risk deposit accounts and securities
- ▶ Outstanding yard payments (incl. joint ventures (50%))
  - ▶ 2016: USD 5 million
  - ▶ 2017: USD 61 million
  - ▶ 2018: USD 138 million
  - ▶ 2019: USD 22 million
  - ▶ **Total: USD 227 million**
- ▶ Payments to NORDEN for assets held for sale: USD 48 million

## Net committed cash (ultimo)

USDm	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Adjusted net interest bearing assets*	6	-24	18	-6	32
T/C obligations**	-1,201	-1,287	-1,371	-1,372	-1,366
Newbuilding instalments less proceeds from vessel sales**	-170	-146	-212	-185	-258
Revenue from coverage**	612	549	592	574	552
Net commitments	-752	-908	-974	-989	-1,040

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

## Fleet values at 30 September 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	2.0	114,000	23	23	0	0
Panamax	6.0	79,000	127	90	24	-14
Supramax	12.5	60,000	256	227	0	-29
Handysize	8.0	37,000	116	81	19	-15
<b>Tankers</b>						
MR	9.0	50,000	284	238	1	-45
Handysize	12.0	39,000	251	199	1	-51
<b>Total</b>	<b>49.5</b>		<b>1,057</b>	<b>857</b>	<b>45</b>	<b>-155</b>

# DRY CARGO FLEET OVERVIEW

## NORDEN's Dry Cargo fleet and values at 30 September 2016

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	0.0	2.0	4.0	5.5	8.0	<b>19.5</b>
Chartered vessels with a duration of more than 13 months	1.0	4.0	21.5	22.5	11.0	<b>60.0</b>
<b>Total active core fleet</b>	<b>1.0</b>	<b>6.0</b>	<b>25.5</b>	<b>28.0</b>	<b>19.0</b>	<b>79.5</b>
<b>Vessels to be delivered</b>						
Owned vessels	0.0	0.0	2.0	7.0	0.0	<b>9.0</b>
Chartered vessels with a duration of more than 13 months	0.0	0.0	2.0	7.0	1.0	<b>10.0</b>
<b>Total delivery to core fleet</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>	<b>14.0</b>	<b>1.0</b>	<b>19.0</b>
<b>Dry Cargo fleet values at 30 September 2016 (USD million)</b>						
Market value of owned vessels and newbuildings*	0	23	113	227	100	463
Theoretical value of purchase and extension options	1	1	22	32	0	56

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

## NORDEN's Tanker fleet and values at 30 September 2016

Vessel type	LR1	MR	Handysize	Total
<b>Vessels in operation</b>				
Owned vessels	0	9	12	21
Chartered vessels with a duration of more than 13 months	0	15	0	15
<b>Total active core fleet</b>	<b>0</b>	<b>24</b>	<b>12</b>	<b>36</b>
Chartered vessels with a duration of less than 13 months	0	2	4	6
<b>Total active fleet</b>	<b>0</b>	<b>26</b>	<b>16</b>	<b>42</b>
<b>Vessels to be delivered</b>				
Owned vessels	0	0	0	0
Chartered vessels with a duration of more than 13 months	2	4	0	6
<b>Total delivery to core fleet</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>6</b>
<b>Tanker fleet values at 30 September 2016 (USD million)</b>				
Market value of owned vessels and newbuildings*	0	239	200	439
Theoretical value of purchase and extension options	0	1	0	1

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

# DRY CARGO CAPACITY

## Capacity and coverage, Dry Cargo, at 30 September 2016

	Q4 2016	2017	2018	Q4 2016	2017	2018
<b>Own Vessels</b>	<b>Ship days</b>					
Capesize	-	-	-			
Post-Panamax	60	-	-			
Panamax	368	1,498	1,811			
Supramax	506	1,983	2,893			
Handysize	766	2,838	2,879			
<b>Total</b>	<b>1,700</b>	<b>6,319</b>	<b>7,583</b>			
<b>Chartered vessels (core fleet)</b>				<b>Costs for T/C core capacity (USD per day)</b>		
Capesize	92	212	-	12,234	11,377	-
Post-Panamax	368	1,460	1,460	5,864	6,750	8,776
Panamax	1,861	6,780	5,969	7,097	8,448	10,086
Supramax	1,803	5,781	4,826	7,688	7,525	8,938
Handysize	835	2,429	1,243	8,607	8,319	10,462
<b>Total</b>	<b>4,960</b>	<b>16,662</b>	<b>13,498</b>	<b>7,570</b>	<b>7,998</b>	<b>9,568</b>
<b>Chartered Vessels (non-core fleet)</b>				<b>Costs for T/C non-core capacity (USD per day)</b>		
Panamax	3,570	1,615	-	7,328	5,985	-
Supramax	1,442	574	55	7,400	5,855	6,079
Handysize	-	-	-	-	-	-
<b>Total</b>	<b>5,012</b>	<b>2,189</b>	<b>55</b>	<b>7,349</b>	<b>5,951</b>	<b>6,079</b>
				<b>Costs for total capacity (USD per day)</b>		
<b>Total capacity</b>	<b>11,672</b>	<b>25,170</b>	<b>21,136</b>	<b>7,138</b>	<b>7,145</b>	<b>8,035</b>
<b>Total</b>	<b>81%</b>	<b>42%</b>	<b>27%</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.



# DRY CARGO COVERAGE

## Coverage, Dry Cargo, at 30 September 2016

	Q4 2016	2017	2018	Q4 2016	2017	2018
<b>Coverage</b>				<b>Revenue from coverage (USD per day)</b>		
Capesize	-	-	-	-	-	-
Post-Panamax	106	-	-	6,980	-	-
Panamax	5,010	5,595	2,879	8,265	10,237	14,801
Supramax	3,280	3,339	1,702	7,639	9,349	12,728
Handysize	1,088	1,612	1,091	8,494	12,997	14,456
<b>Total</b>	<b>9,484</b>	<b>10,546</b>	<b>5,673</b>	<b>8,060</b>	<b>10,378</b>	<b>14,113</b>
<b>Coverage in %</b>						
Capesize	-	-	-			
Post-Panamax	25%	-	-			
Panamax	86%	57%	37%			
Supramax	87%	40%	22%			
Handysize	68%	31%	26%			
<b>Total</b>	<b>81%</b>	<b>42%</b>	<b>27%</b>			

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".

# PRODUCT TANKERS

## Capacity and coverage, Tank, at 30 September 2016

	Q4 2016	2017	2018	Q4 2016	2017	2018
<b>Ship days</b>						
<b>Own vessels</b>						
LR1	-	-	-			
MR	828	3,237	3,229			
Handysize	1,014	3,950	3,947			
<b>Total</b>	<b>1,842</b>	<b>7,187</b>	<b>7,176</b>			
<b>Chartered vessels</b>						
<b>Costs for T/C capacity (USD per day)</b>						
LR1	-	489	730	-	18,600	18,600
MR	1,353	2,541	2,167	15,423	15,918	16,565
Handysize	361	-	-	7,362	-	-
<b>Total</b>	<b>1,714</b>	<b>3,030</b>	<b>2,897</b>	<b>13,726</b>	<b>16,351</b>	<b>17,078</b>
<b>Total capacity</b>	<b>3,556</b>	<b>10,217</b>	<b>10,073</b>	<b>10,094</b>	<b>9,539</b>	<b>9,517</b>
<b>Coverage</b>						
<b>Revenue from coverage (USD per day)</b>						
LR1	-	-	-	-	-	-
MR	875	1,755	655	15,538	18,130	16,166
Handysize	318	729	219	13,457	16,436	15,636
<b>Total</b>	<b>1,193</b>	<b>2,484</b>	<b>874</b>	<b>14,983</b>	<b>17,633</b>	<b>16,033</b>
<b>Coverage in %</b>						
LR1	-	-	-			
MR	40%	30%	12%			
Handysize	23%	18%	6%			
<b>Total</b>	<b>34%</b>	<b>24%</b>	<b>9%</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

