

# PRESENTATION OF **Q1 2021 RESULTS**

Copenhagen, Denmark, 6 May 2021





# AGENDA FOR TODAY

01. Group Results

02. Business unit performance & Market outlook

- Asset Management
- Dry Operator
- Tanker Operator

04. Guidance for 2021

05. Final words and Q&A





# 01. HIGHLIGHTS Q1 2021



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## BUSINESS UPDATE

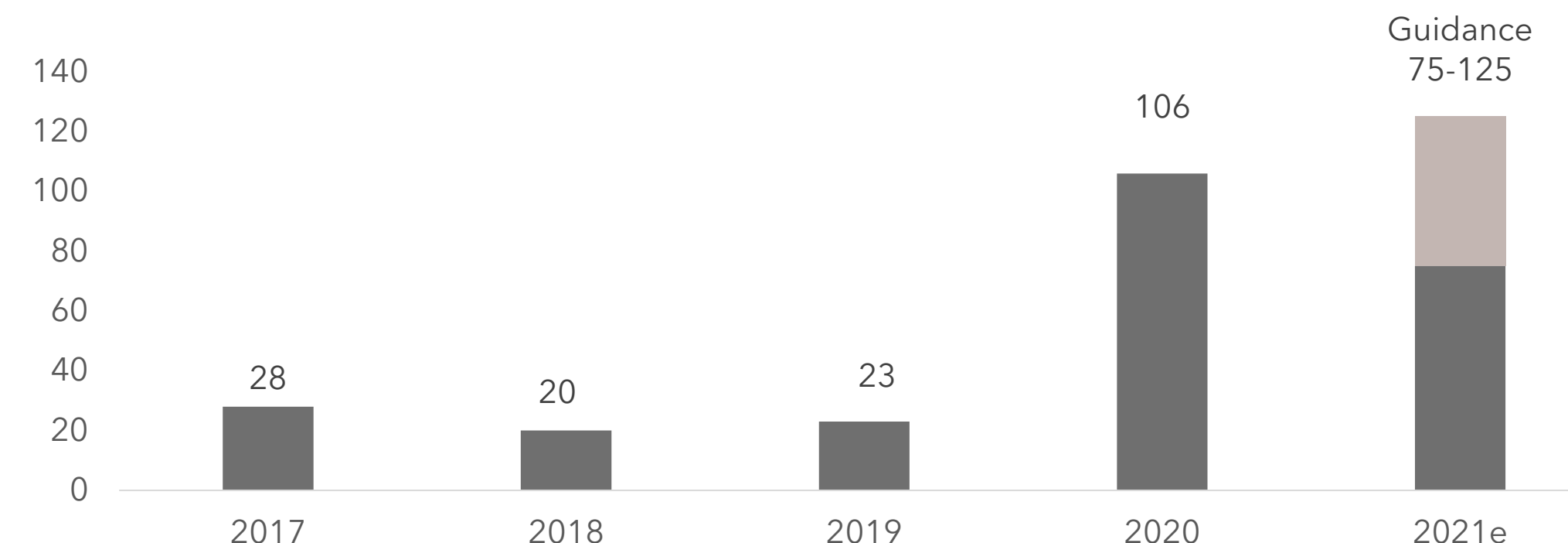
### Building significant value for rest of 2021

- Adjusted Result Q1 2021: USD -6 million (Q1 2020: USD 29 million)
- Value of NORDEN's owned and leased fleet increased by USD 106 million
- Significant long position built up in Q1 to benefit earnings from Q2 onwards
- Raising expectations for the full-year Adjusted Result to USD 75-125 million

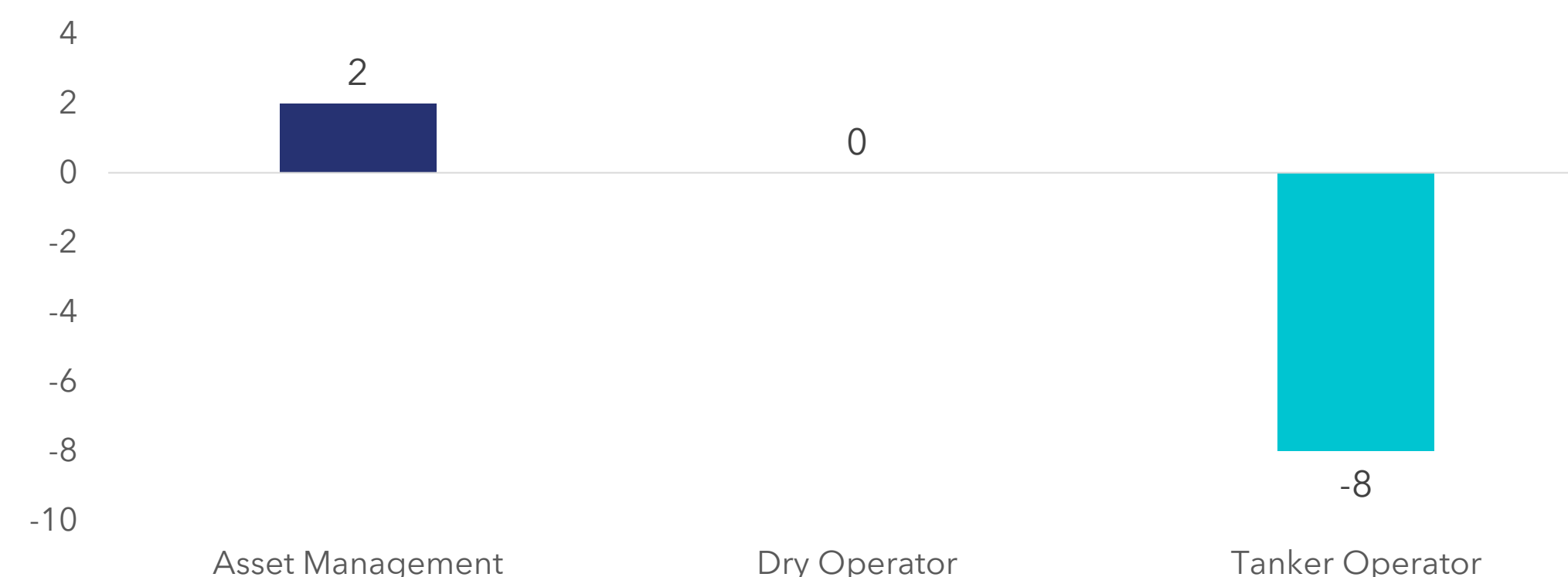
### Business highlights

- **Asset Management:** Q1 2021 USD 2 million  
*Extraordinary increase in portfolio value based on soaring dry cargo market*  
*Continued to shift exposure from tankers to dry cargo*  
*Started utilising period extension options on dry vessels*
- **Dry Operator:** Q1 2021 USD 0 million  
*Quick readjustment of position, building significant value for rest of 2021*
- **Tanker Operator:** Q1 2021 USD -8 million  
*Optimising vessel portfolio for increased activity in second half of 2021*

Adjusted Group Result last 5 years



Adjusted Result split per business unit (Q1 2021)





# 02.

## BUSINESS UNIT PERFORMANCE AND MARKET OUTLOOK

# 02. ASSET MANAGEMENT

## FLEET VALUES BENEFITTING FROM STRONG DRY MARKET

### Adjusted Result Q1 2021: USD 2 million

- Total market value of portfolio increased by USD 106 million
- Well-positioned to benefit from stronger dry cargo market expectations
- Continued to shift exposure from tankers to dry cargo
- Started utilising period extension options on dry vessels
- Asset and lease transactions:
  - Dry Cargo: 1 purchase, 1 sale, 5 leased in
  - Tankers: 2 sales, 1 leased out

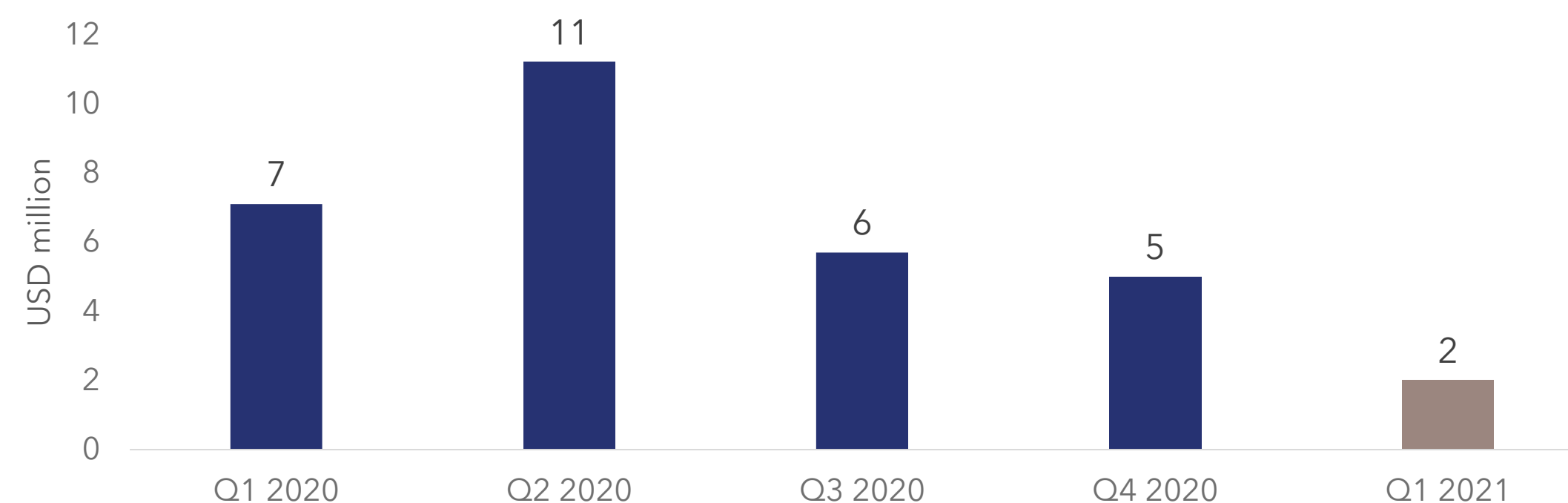
### Asset Management key figures

USD million	2021 Q1	2020 Q1	Last 4 Quarters
Contribution margin	48.9	57.6	220.9
O/A costs	-2.4	-5.1	-18.5
EBIT	-1.6	12.0	22.1
Adjusted Result for the period	2.1	7.1	24.0

### Asset Management values

USD million	Dry Cargo	Tankers	Total Q1 2021	Total YE 2020
Market value of owned vessels and newbuildings (charter free)	554	337	891	834
Estimated market value of T/C and cover portfolio (incl. optionality)	75	58	133	84
<b>Total Asset Management portfolio value</b>	<b>629</b>	<b>395</b>	<b>1,024</b>	<b>918</b>
Market value of owned vessels vs. carrying amounts	37	-90	-53	-110

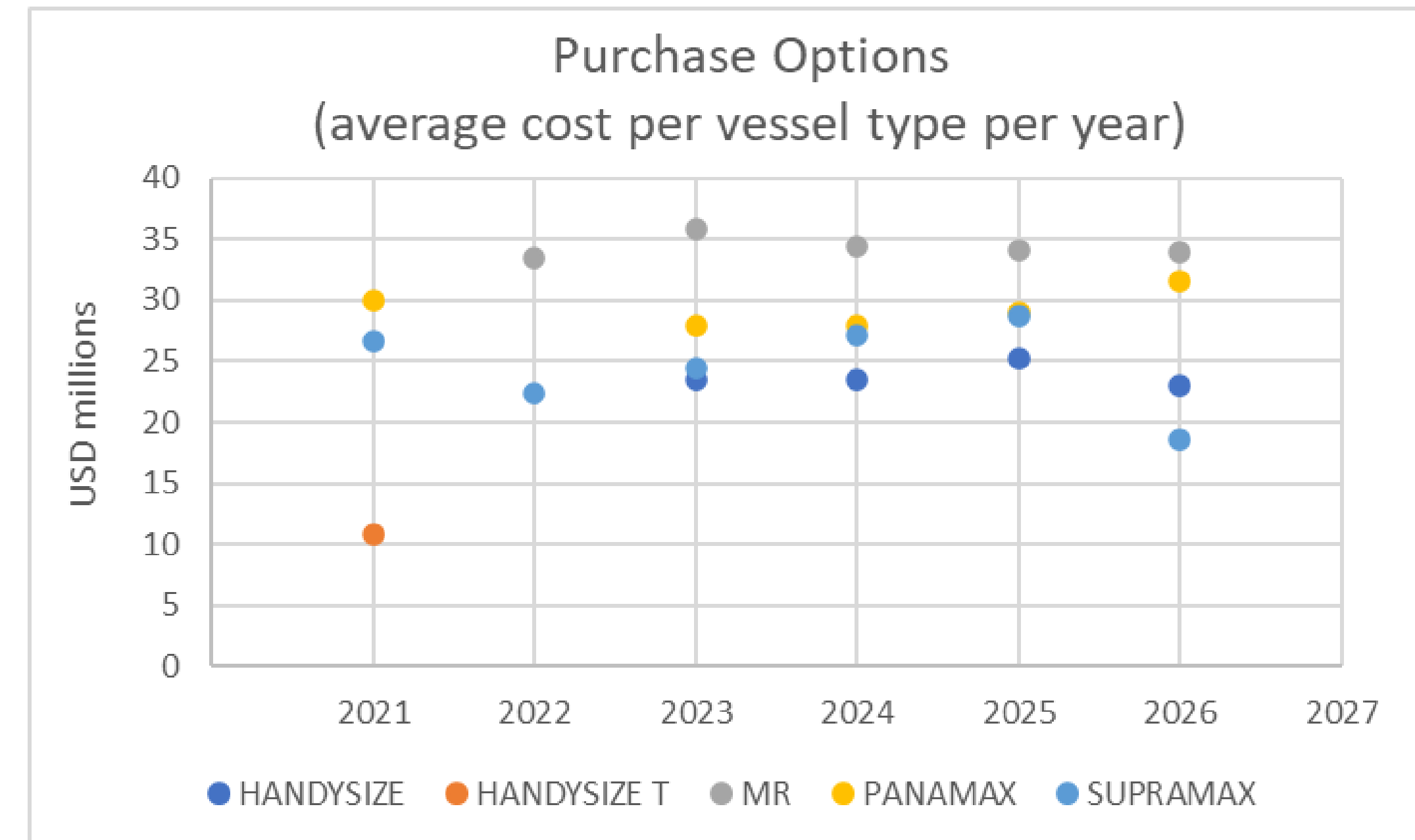
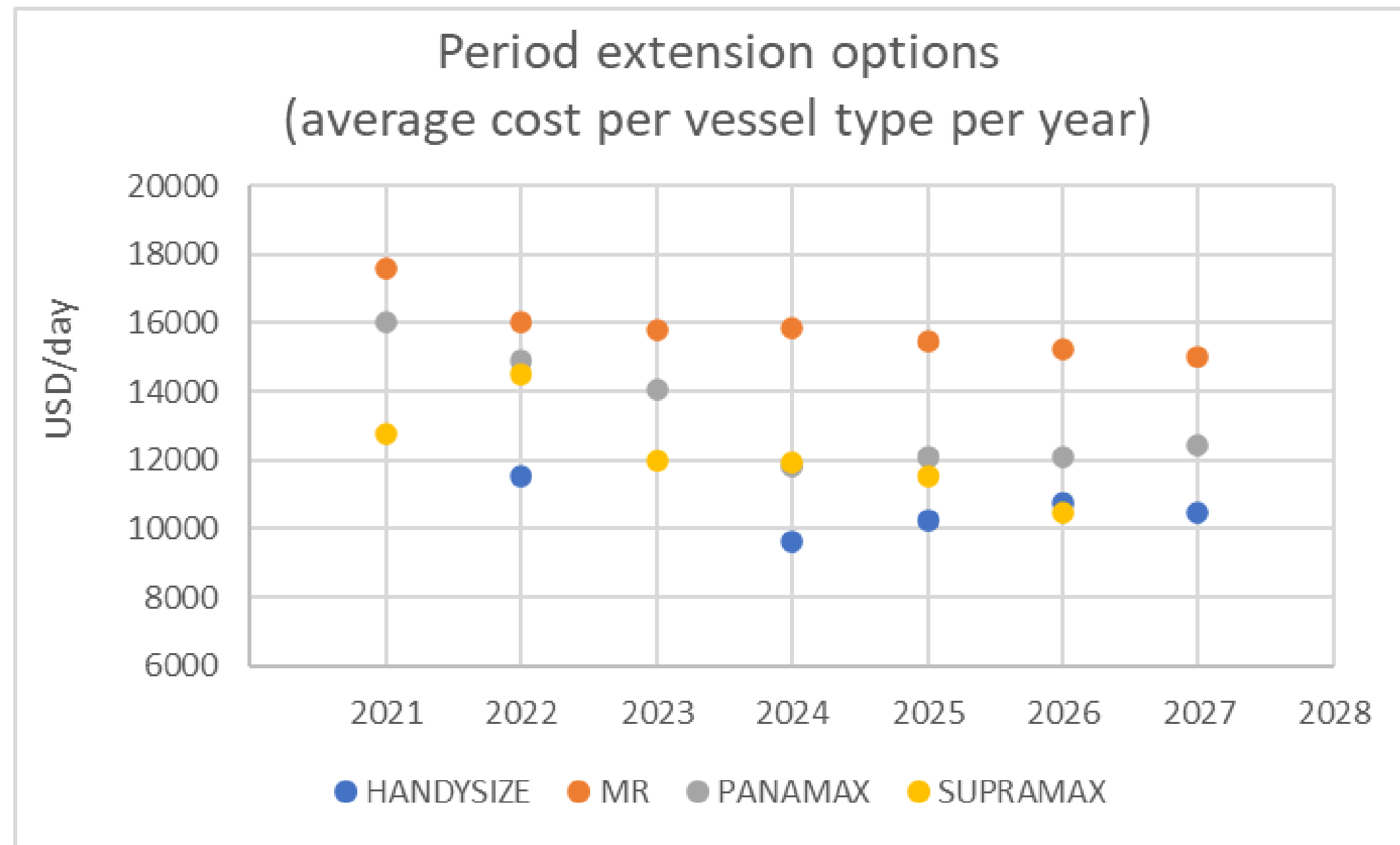
### Asset Management Adjusted Result past 5 quarters



## 02. ASSET MANAGEMENT

# SIGNIFICANT OPTIONALITY IN PORTFOLIO

- 66,406 optional days in total
- 74 extension options and 72 purchase options in total
- By end of 2022: 20 period extension options on dry cargo vessels and 4 on tanker vessels



# 02. ASSET MANAGEMENT

## DRY AND TANKER MARKET IN Q1 2021

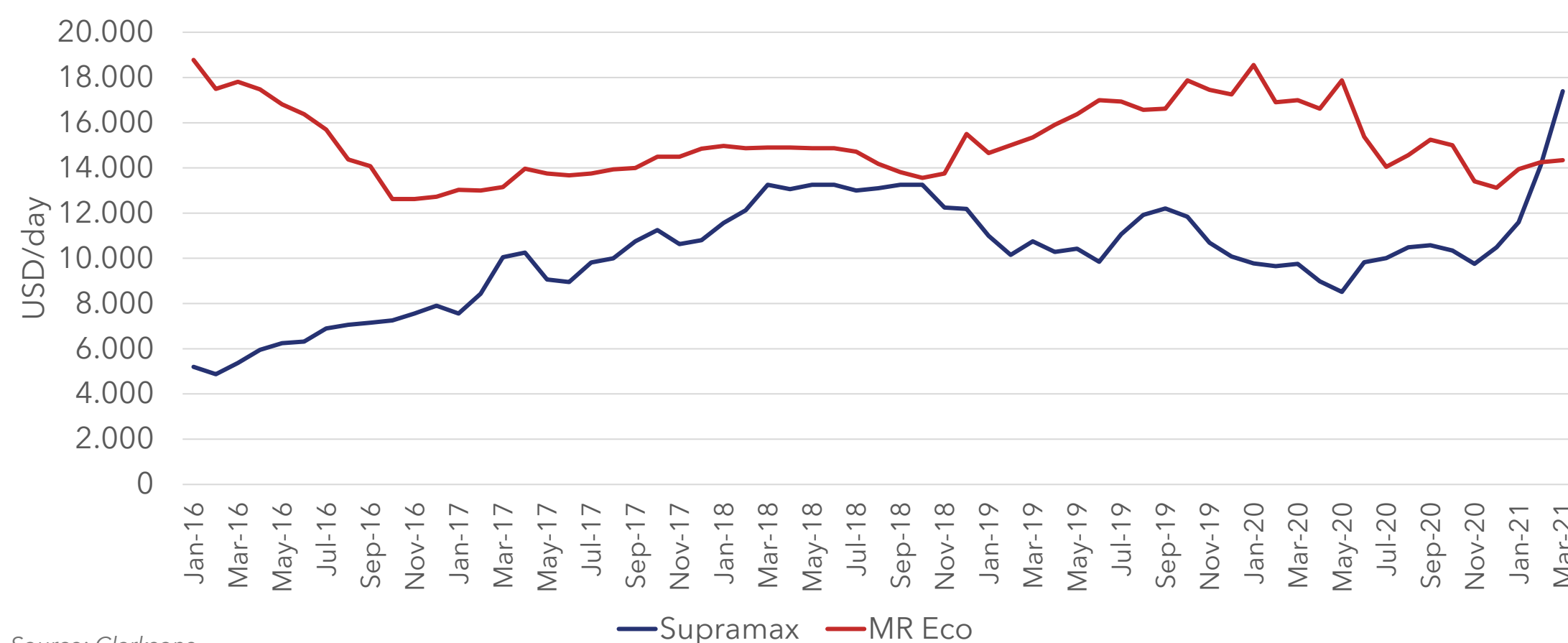
### Soaring dry cargo rates

- Dry cargo asset prices and period rates gained additional momentum in Q1 2021
- Short-squeeze forcing dry operators to quickly take in more tonnage
- Strong Chinese import trend continued in Q1 2021
- 1-year T/C Supramax rate increased from USD 10,500/day to USD 15,375/day; an increase of 46%

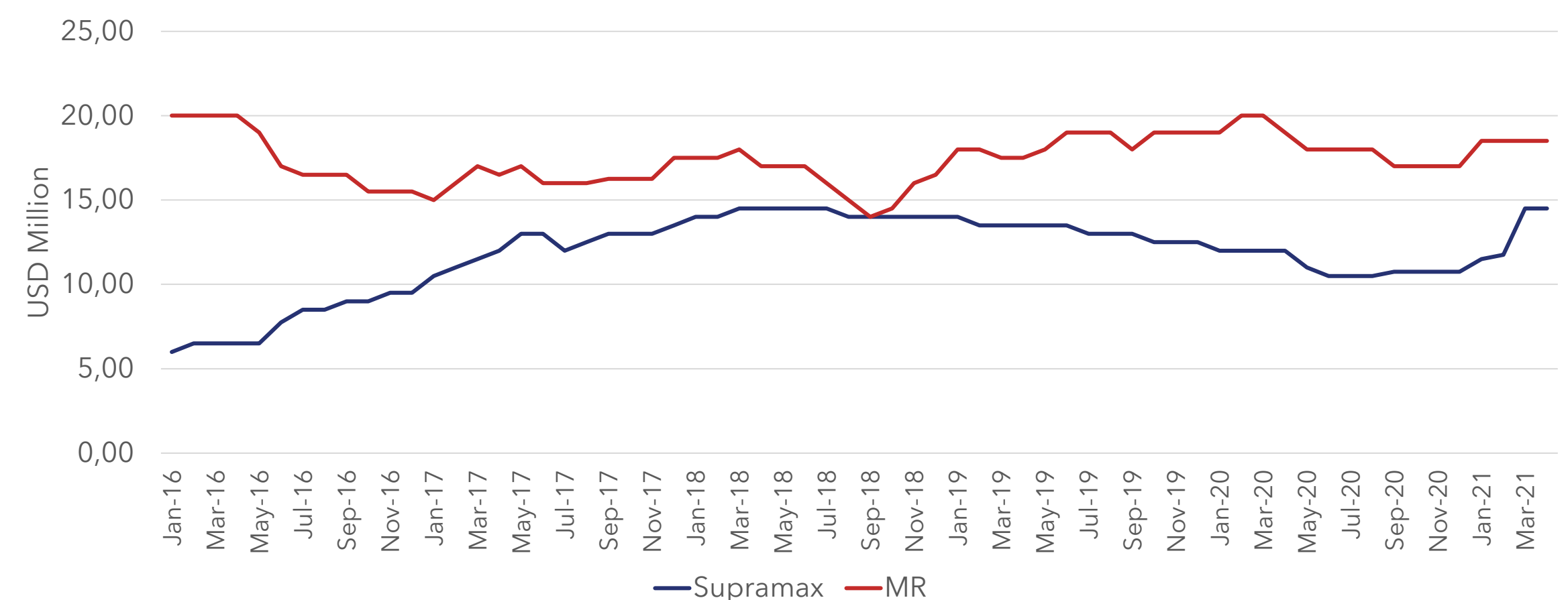
### Early signs of improved tanker market

- Tanker asset prices and period rates started to increase gradually after having remained stable at historically low levels
- Continued low oil demand and high stock levels due to COVID-19
- Weak crude market sending more vessels into product tanker market
- 1-year T/C eco MR increased by USD 1,500/day to 14,625/day in Q1

1-year T/C rate (dry cargo & Eco product tanker)



Asset values 10-years old (dry cargo & product tanker)



Source: Clarksons

Source: Clarksons



# 02. ASSET MANAGEMENT MARKET OUTLOOK IN DRY CARGO

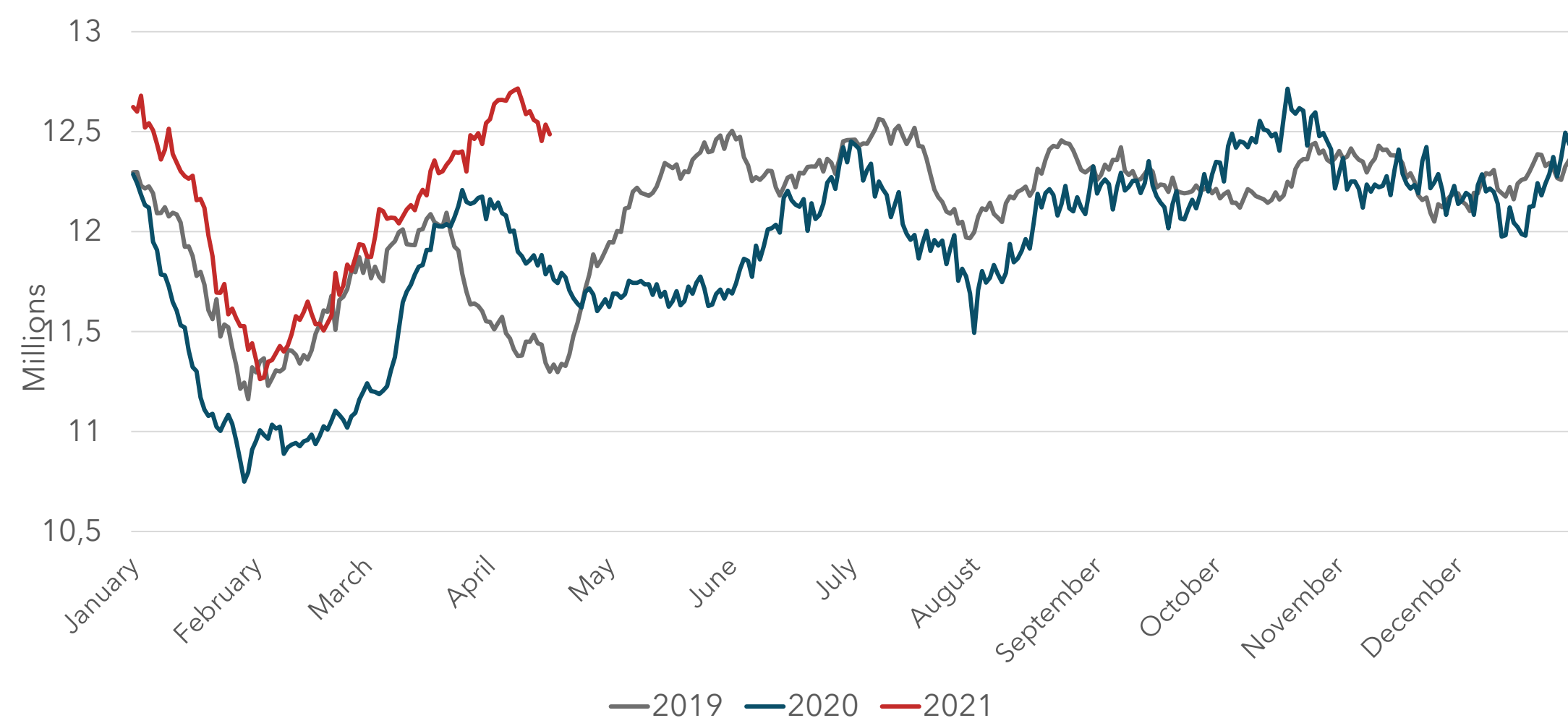
## Continued strong market

- The strong dry market is expected to continue during 2021 - *although at more stabilised market rates*
- Potential upside in global infrastructure demand in line with COVID-19 recovery (with Vale announcing ambitious 2022 aims)
- Any slowdown in Chinese import activity level and continued flare-ups in COVID-19 are key risks to the outlook

## Supply growth continues to slow down

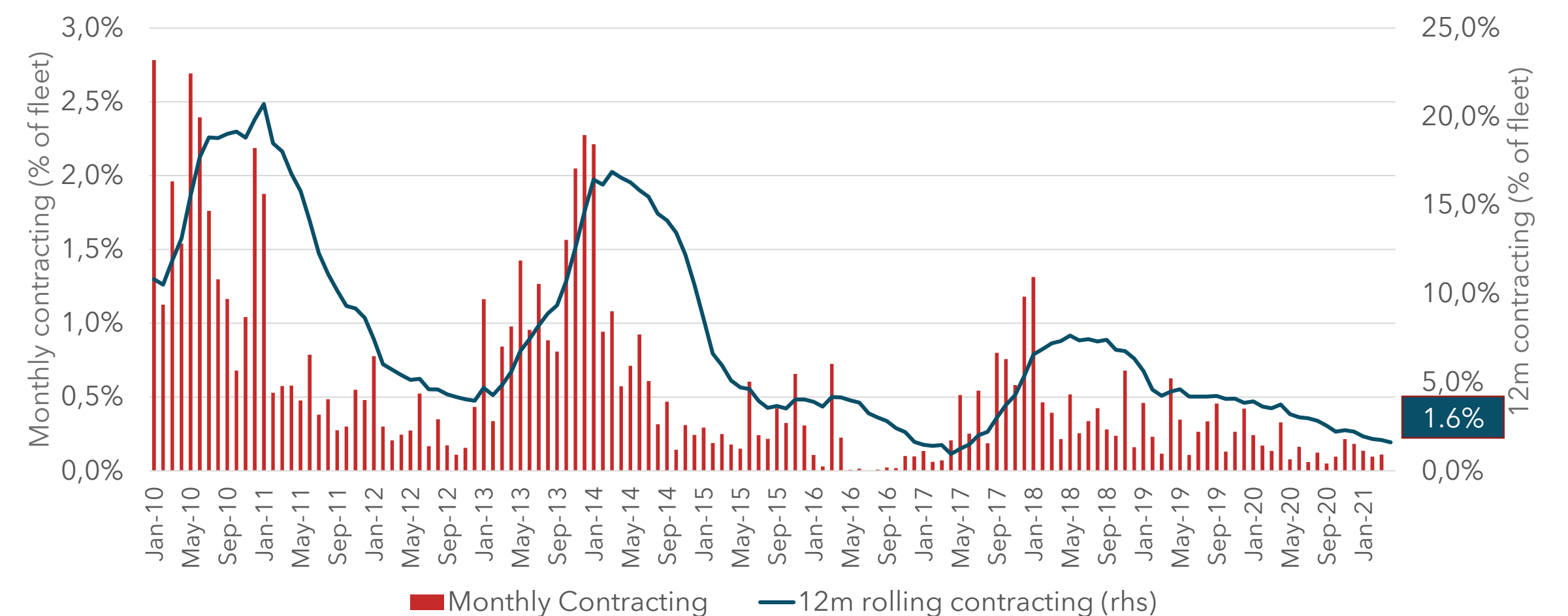
- No sign of accelerating ordering despite strong market
- Yards filling up with record high containership ordering
- Rising input cost (e.g. steel) supporting higher asset values

Global volumes transported (30-day moving average)



Source: TRACS

Dry Cargo Y/Y Fleet Growth - Monthly contracting



Source: Clarksons



# 02. ASSET MANAGEMENT

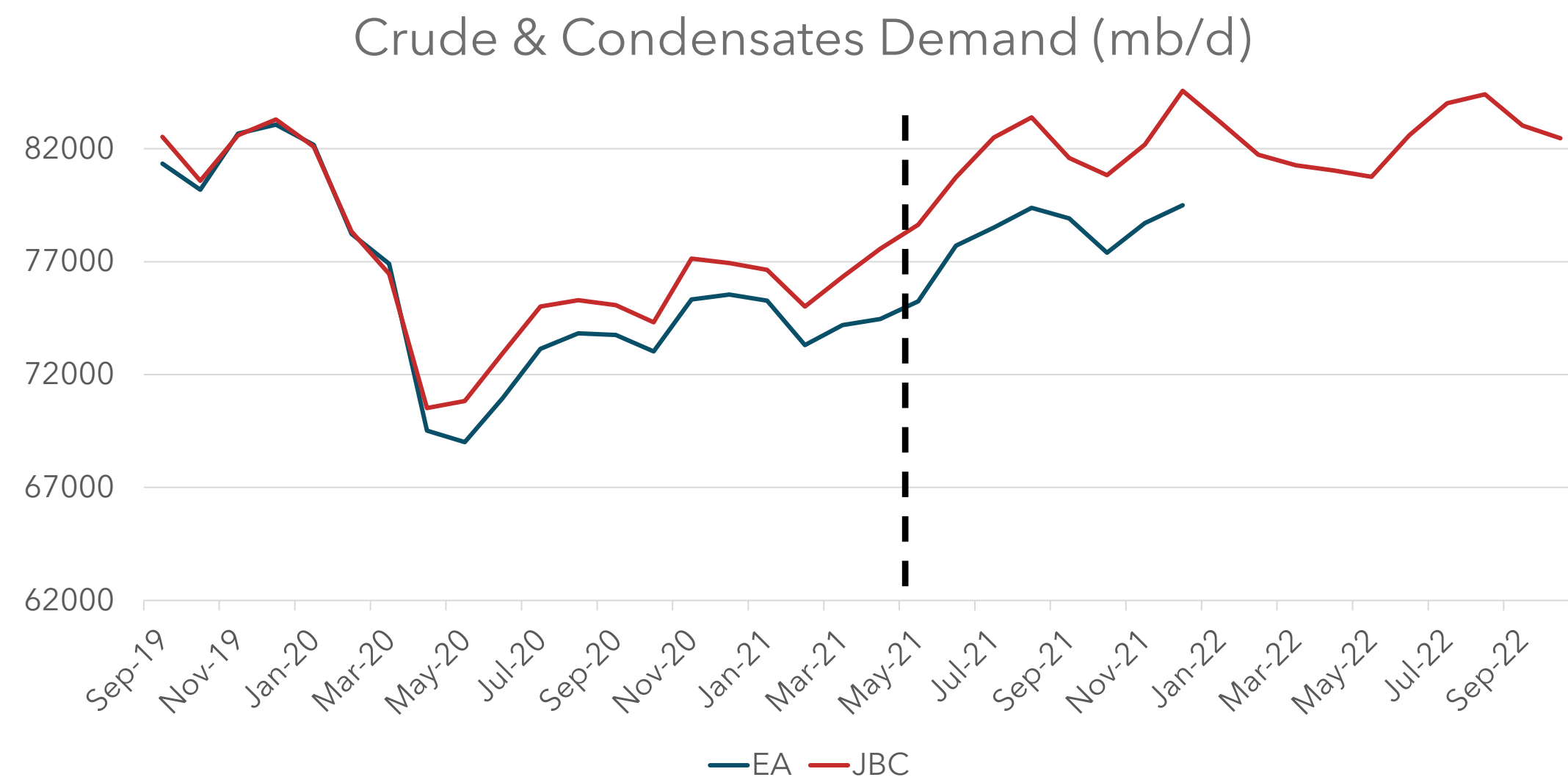
## MARKET OUTLOOK IN TANKER

### Expecting slow market improvements

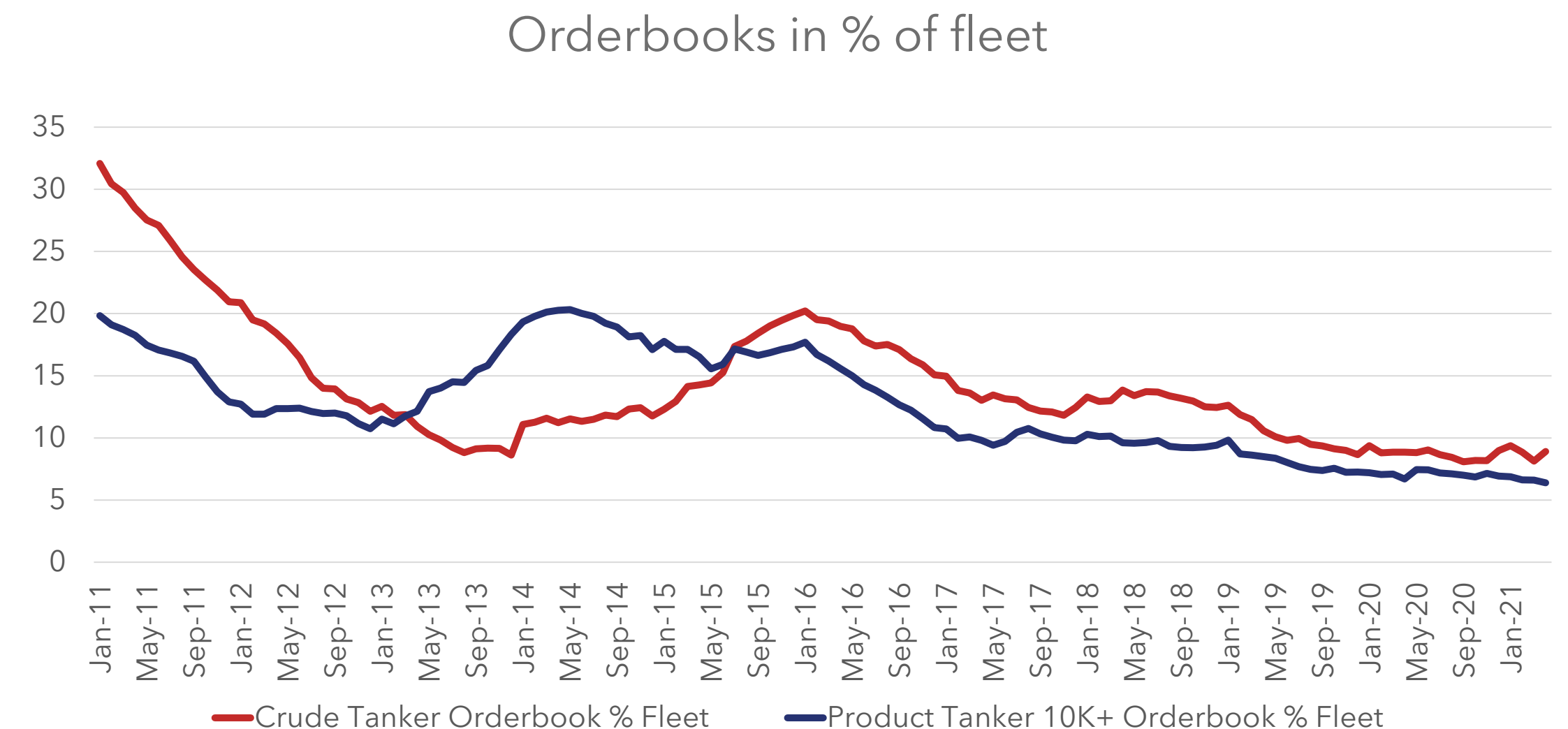
- Gradual rebound in both supply and demand for oil to gradually improve during H2 – yet still long way to recovery
- U.S. demand of gasoline & diesel close to pre-COVID-19 levels
- Period rates expected to be limited by local COVID-19 outbreaks and slow pace of vaccinations worldwide

### Orderbooks remain low

- Product tanker orders continue to show lowest levels in 25 years
- New ordering activity will be further limited by container vessels taking up yard slots



Source: Energy Aspects and JBC



Source: NORDEN

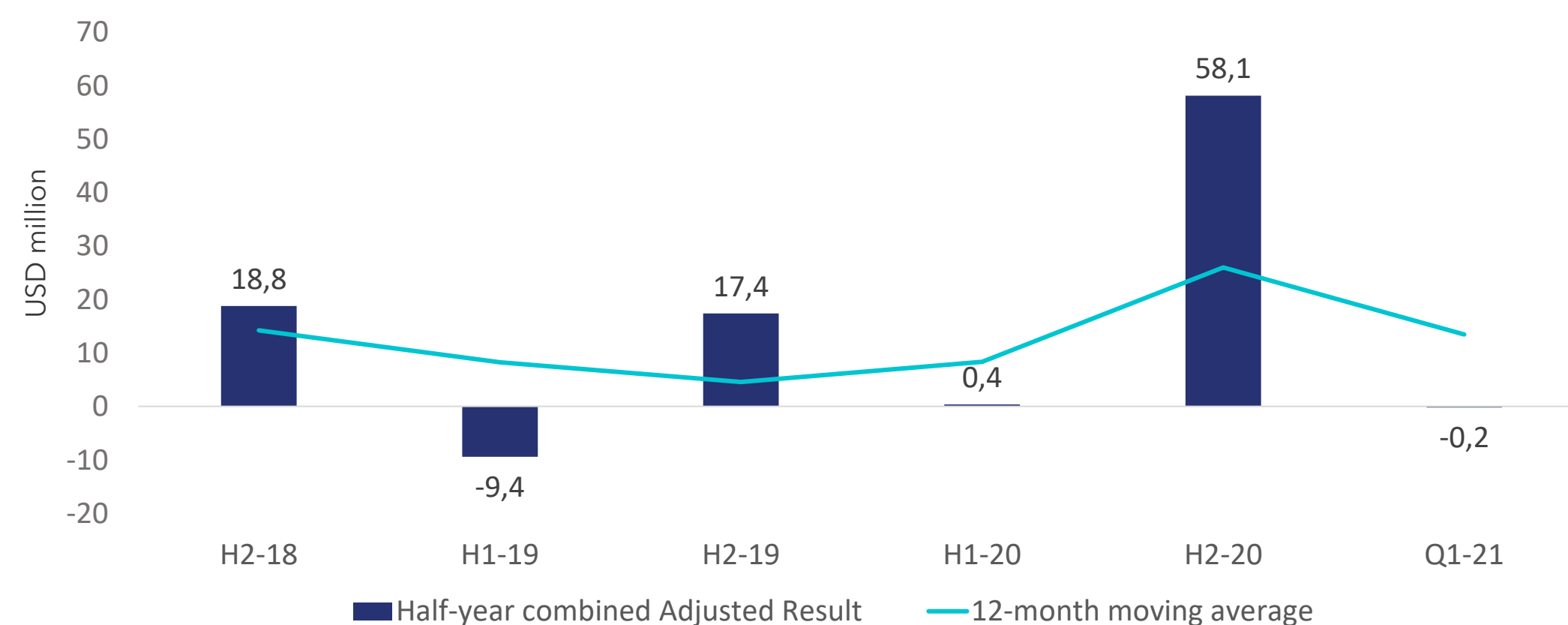


# 02. DRY OPERATOR SOARING DRY RATES PROMPTED QUICK REPOSITIONING

## Adjusted Result Q1 2021: USD 0 million

- Quick readjustment to capitalise on increased dry market rates
- Significant 'long' position (more tonnage than cargoes) built up to benefit earnings from Q2 onwards
- Seasonal disruptions and market inefficiencies created ongoing opportunities for regionally positioning
- Expansion across regions and vessel types
- Average fleet of 322 vessels - increase of 31% compared to Q1 2020

Combined half-year Adjusted Result with 12-month moving average



Dry Operator key figures

USD million	2021 Q1	2020 Q1	Last 4 quarters
Contribution margin	24.4	21.6	140.4
O/A costs	-10.8	-10.3	-53.2
EBIT	1.3	6.7	58.1
Adjusted Result	-0.2	4.4	53.9
Vessel days	28,966	22,133	111,495
Adj. Result per vessel day (USD/day)	-7	199	483

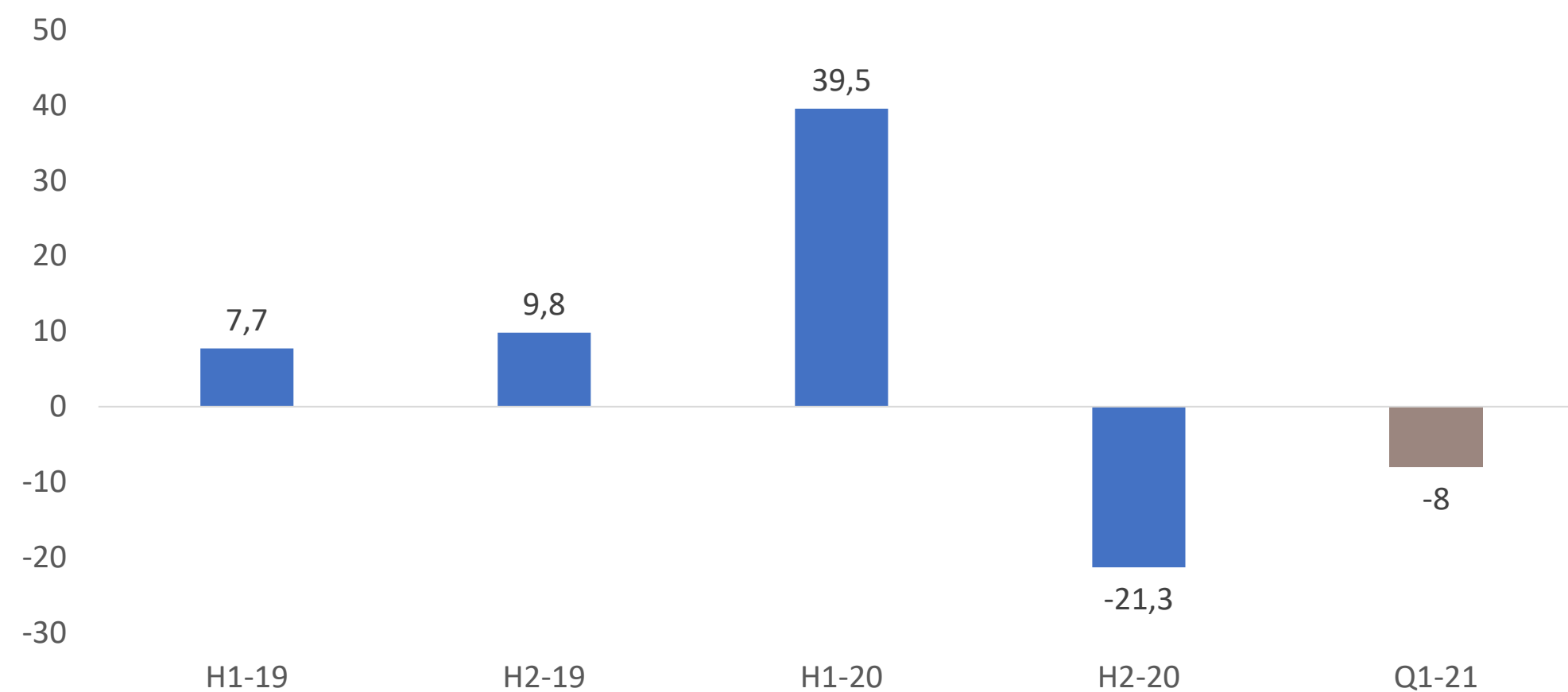


# 02. TANKER OPERATOR PREPARING FOR SECOND HALF-YEAR IMPROVEMENTS

## Adjusted Result Q1 2021 USD -8 million

- Challenging Q1 in line with lowered global demand
- High coverage mitigating worst effects
- Preparing for increased activity later in the year
- Building longer position for H2 2021 and 2022 with optionality
- Pool management fee income of USD 3 million
- Average fleet size of 120 vessels incl. pool vessels
- Gradual improvements expected from end of Q2 onwards

Combined half-year Adjusted Result



Tanker Operator key figures

USD million	2021 Q1	2020 Q1	Last 4 Quarters
Contribution margin	2.0	31.6	38.8
O/A costs	-3.8	-6.2	-16.8
EBIT	-7.3	18.3	-5.4
Adjusted Result	-7.6	17.7	-7.1
Vessel days	10,833	9,543	45,958
Adj. Result per vessel day (USD/day)	-702	1,855	-154



# 03.

## 2021 GUIDANCE AND FINAL WORDS



# 03. 2021 GUIDANCE

NORDEN raises its expectations for the annual Adjusted Result to USD 75 to 125 million.

- Based on strong performance in Dry Operator, expecting significantly increased earnings in Q2 and H2 2021.

Dividend policy: Paying out minimum 50% of the annual Adjusted Result.



## Asset Management

- Expects lower Adjusted Result in 2021
- Lower coverage rates on tanker fleet
- Long-term focus of Asset Mgmt. means less dependency on spot rates
- Portfolio value of owned and leased vessels expected to be significantly higher compared to the end of 2020



## Dry Operator

- Expects Adjusted Result significantly better than record 2020 result
- Capitalising on high activity growth in a very strong dry cargo market
- Delivering better than expected earnings in the Q2 and H2 2021



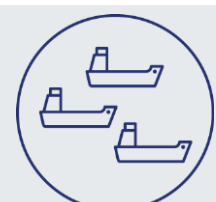
## Tanker Operator

- Expects Adjusted Result much weaker than 2020
- Historically weak tanker spot market in H1 2021 expected to lead to weak results
- H2 2021 result expected to only partially offset weak H1 result



# 03. FINAL WORDS

## SUBSTANTIAL VALUE BEYOND ASSET VALUES



### Asset Management

Active management of cyclical market exposure within dry cargo and product tanker segments

#### NAV-based valuation

Per 31/03/2021

	USDm
Market value of own vessels	891
Market value of T/C & Cover portfolio	133
Cash & equivalents	262
Interest bearing debt	-415
N/B instalments	-115
Other net assets (book values)	185
<b>Total NAV</b>	<b>941</b>
<b>NAV per share, DKK</b>	<b>159</b>



### Dry Operator

Providing efficient global transport solutions to customers and active management of short-term market exposure in the dry cargo market

#### Earnings based valuation

	USDm
Adjusted net result last 12 months	53.9
Annualised since mid 2017	28.8



### Tanker Operator

Providing efficient global transport solutions to and active management of short-term market exposure in the product tanker market

#### Earnings based valuation

	USDm
Adjusted net result last 12 months	-7.1
Annualised since 2019	12.5

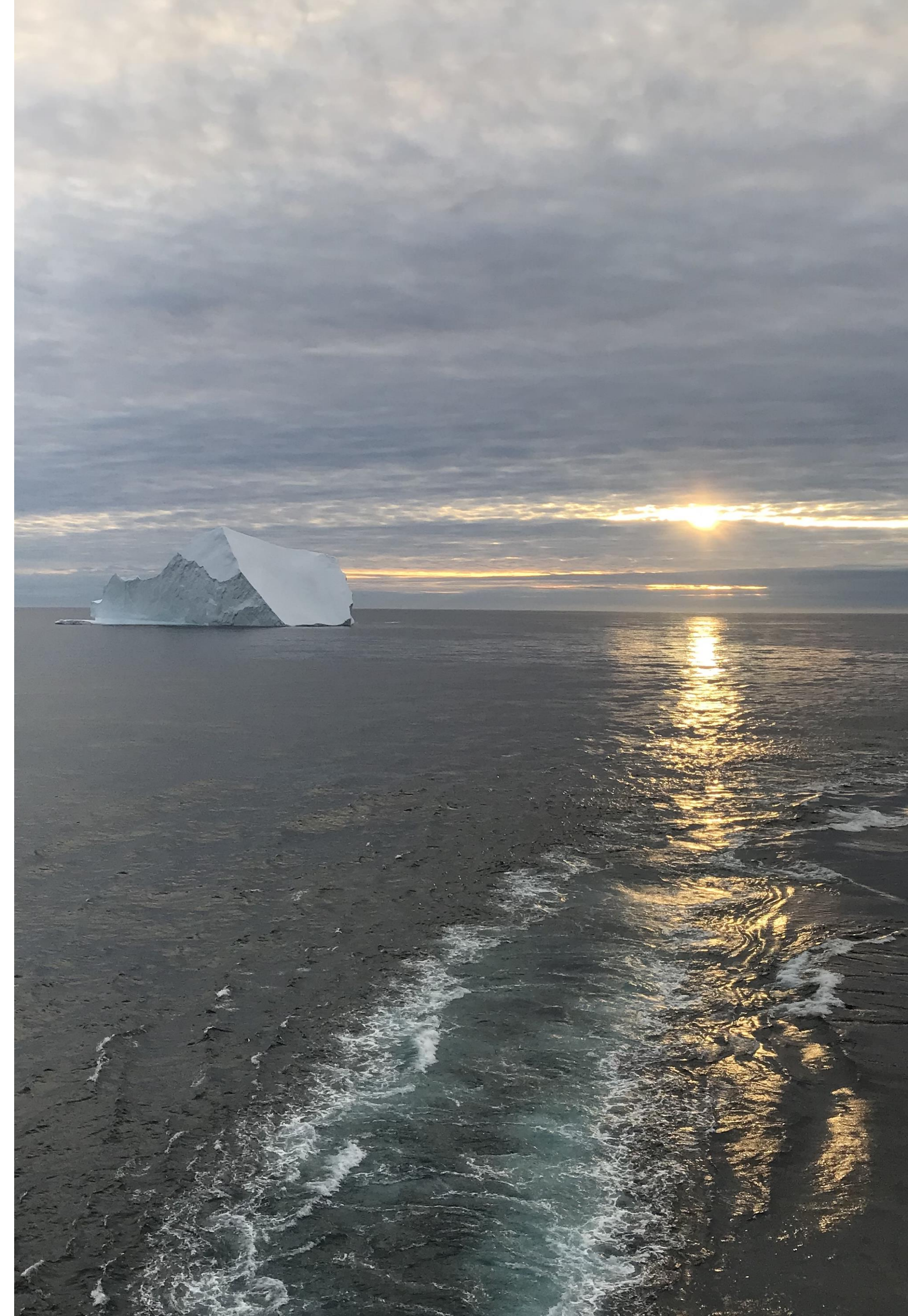
NAV per share based on USD/DKK rate and share count as of latest balance sheet date, excluding treasury shares held by NORDEN.



## 03. FINAL WORDS

# **BUILDING SIGNIFICANT VALUE IN Q1**

- A great quarter heavily focused on building value for rest of 2021
- Guidance raised for 2021: USD 75-125 million
- Value of owned and leased fleet increased significantly by USD 106 million
- Benefitted from shifting fleet exposure towards Dry Cargo
- Starting to utilise vast period option potential
- Strong position to benefit from soaring dry cargo market rates going forward
- Expecting significantly higher earnings from Q2 onwards compared to Q1.





## 03. FINAL WORDS – DISCLAIMER

# FORWARD LOOKING STATEMENTS

This presentation contains certain forward-looking statements reflecting the management's present judgment of future events and financial results.

Statements relating to 2021 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.





# THANK YOU FOR YOUR ATTENTION

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