

NORDEN RESULTS

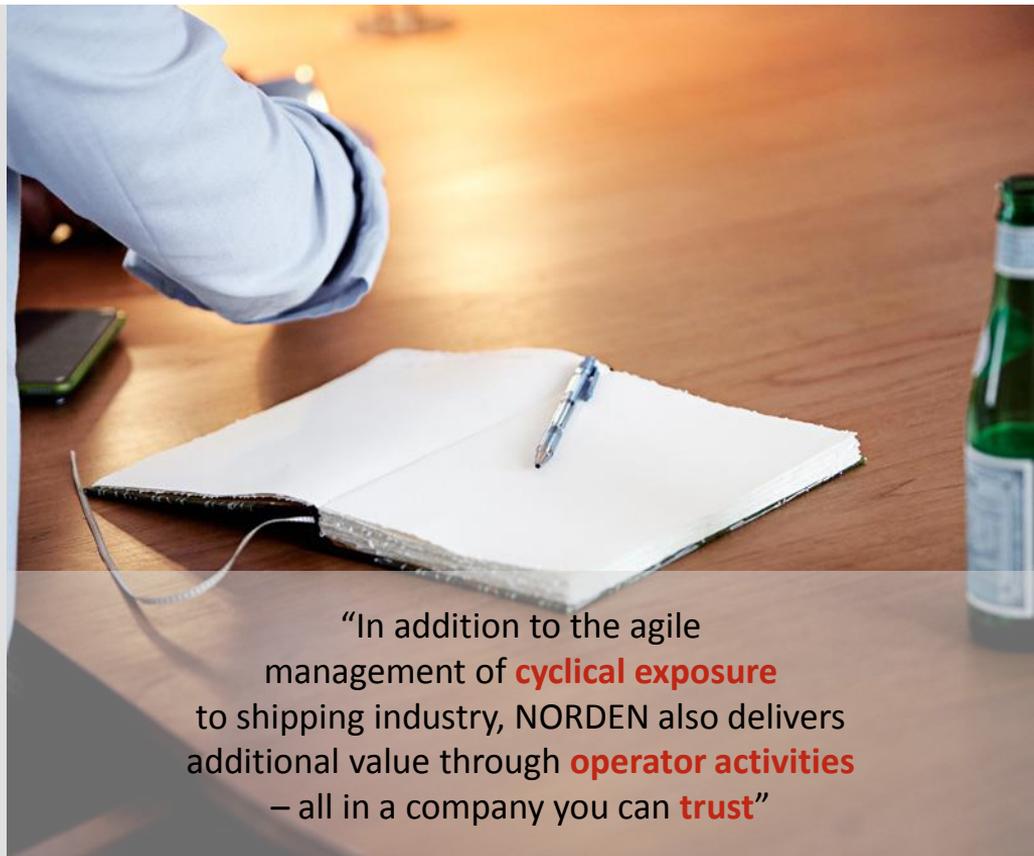
Q2 report

Copenhagen, Denmark
15 August 2018



AGENDA

- Business update
- Dry Cargo
 - Q2 update
 - Market outlook
- Tankers
 - Q2 update
 - Market outlook
- Final words



“In addition to the agile management of **cyclical exposure** to shipping industry, NORDEN also delivers additional value through **operator activities** – all in a company you can **trust**”

Business update



STRONG PERFORMANCE IN DRY OPERATOR BUT WEAK TANKER MARKET

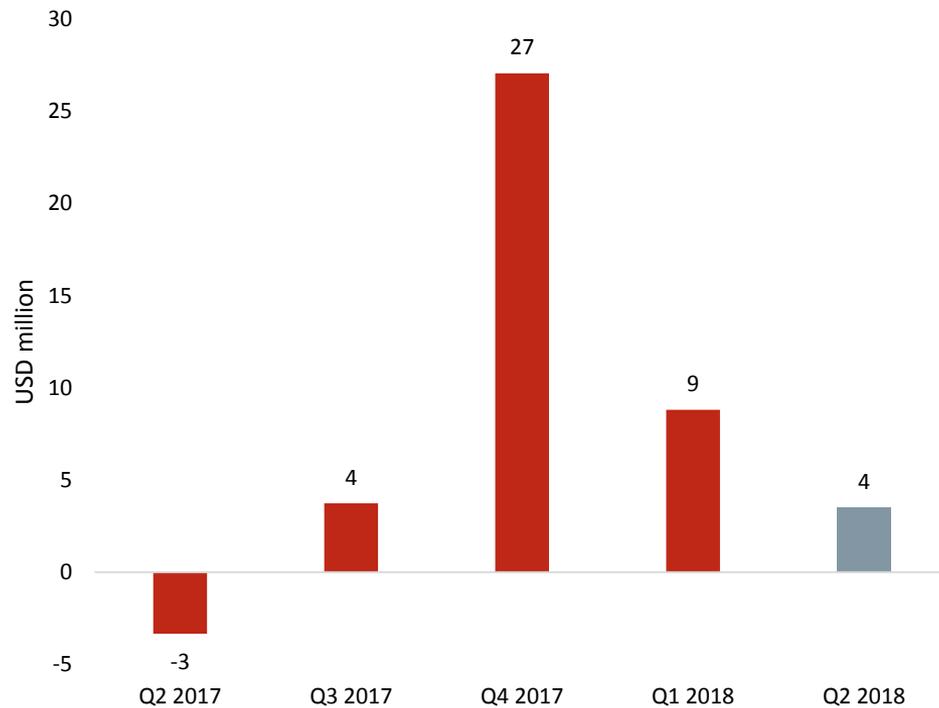
Financial highlights

- Q2 2018 Adjusted result USD 4 million
 - Dry Operator USD 8 million benefitting from positioning voyages in Q1 18
 - Dry Owner USD 3 million in improved markets
 - Tankers USD -8 million in the most challenging market in a decade
- Q2 2018 EBIT USD 8 million

Business highlights

- Dry Operator benefitting from the positioning of vessels into the Atlantic in first quarter
- Dry Owner increased optionality in Supramax and Panamax
- Tankers going through one of the most challenging markets in a decade
- Investment in scrubbers

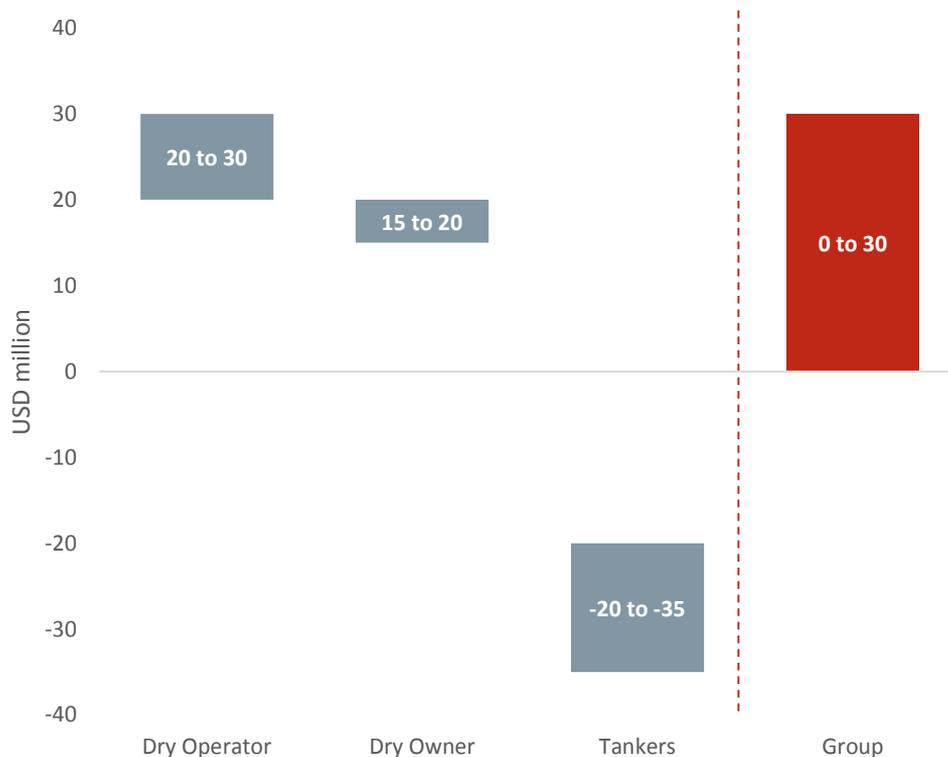
Quarterly results



Impact of provision was USD 5 million in Q2 2018 and USD 21 million in Q2 2017

FULL-YEAR EXPECTATIONS REVISED

Guidance – Adjusted result



Guidance

- Good performance in dry cargo business cannot make up for the tanker market conditions that are worse than expected
- Dry Operator exceeded expectations and result of second half of 2018 is expected to be in line with first half
- Dry Owner expectation is narrowed to USD 15 to 20 million due to high coverage
- Tankers revised down to USD -35 to -20 million based on a continued very poor summer market followed by expectations of moderate seasonal improvements in fourth quarter

SUCCESSFUL FIRST YEAR WITH SPLIT OF DRY CARGO

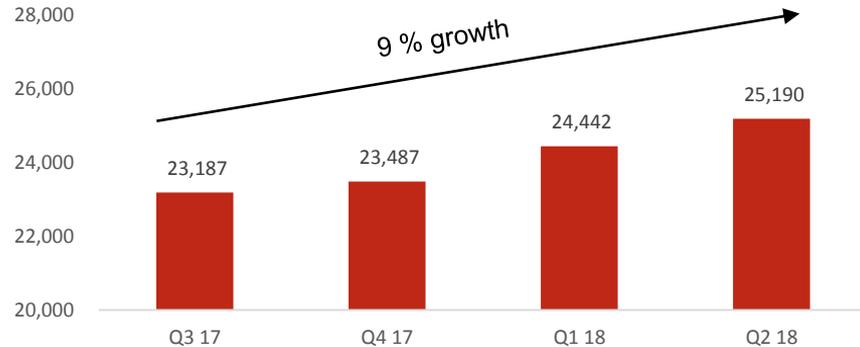
Dry Operator

- Dry Operator has started to establish a strong track record and built a platform for further growth
- A total of USD 57 million generated by Dry Operator – USD 23 million after overhead and administration
- Per vessel day margin after all costs have been USD 236 per vessel day on close to 100,000 vessel days

Dry Owner

- Positive results with USD 27 million in adjusted result in first 12 months
- Significant value increase of around USD 150 million in the portfolio of own vessels and the TC and Cover

Increase in Dry Operator vessel days



Dry Operator, first 12 months

Contribution margin

57

USD million

Adjusted result

23

USD million

Dry Owner, first 12 months

Contribution margin

49

USD million

Adjusted result

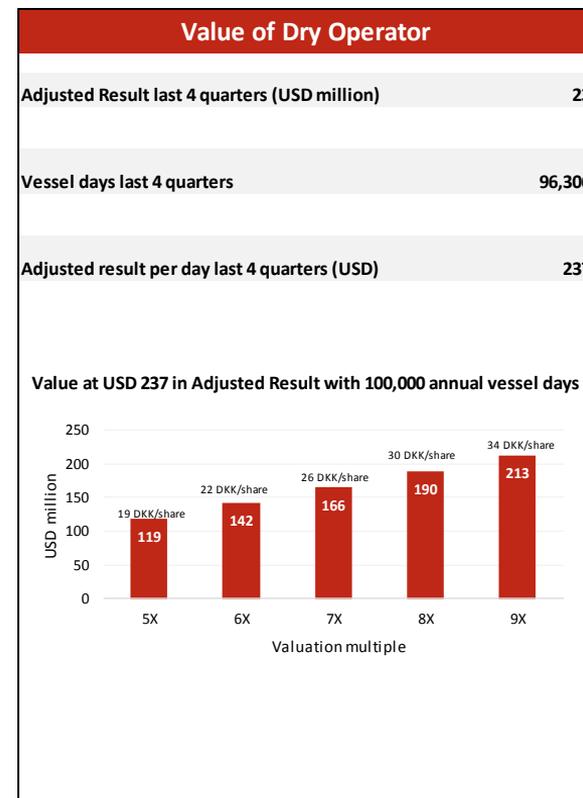
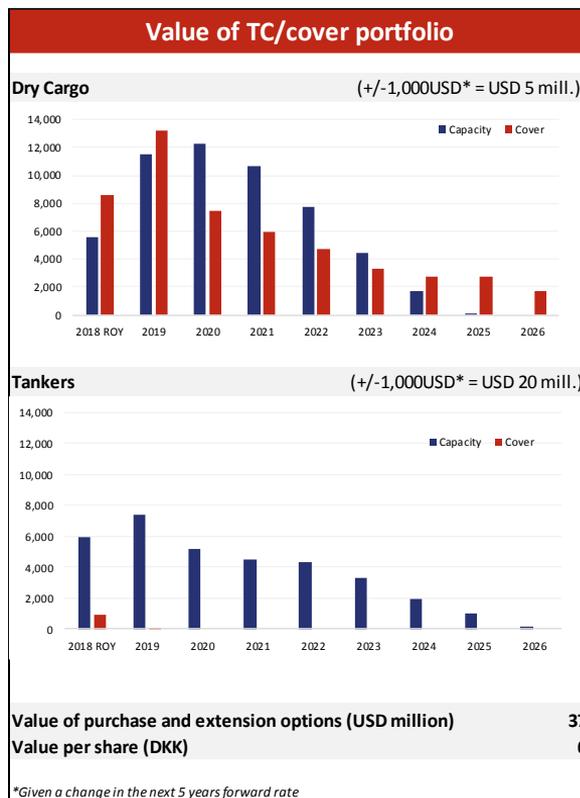
27

USD million

SIGNIFICANT VALUE BEYOND ASSET VALUES

Owned Assets NAV	
Dry Cargo Vessels (ex CP)	444
Tanker Vessels (ex CP)	415
Cash and Securities	184
Interest Bearing Debt	-239
Newbuilding installments and S&P	-103
Net Working Capital*	146
Property and Equipment	54
Owned Assets NAV	900
Number of Outstanding Shares (million)	40.5
Owned Assets NAV per share (USD)	22
Owned Assets NAV per share (DKK)**	142

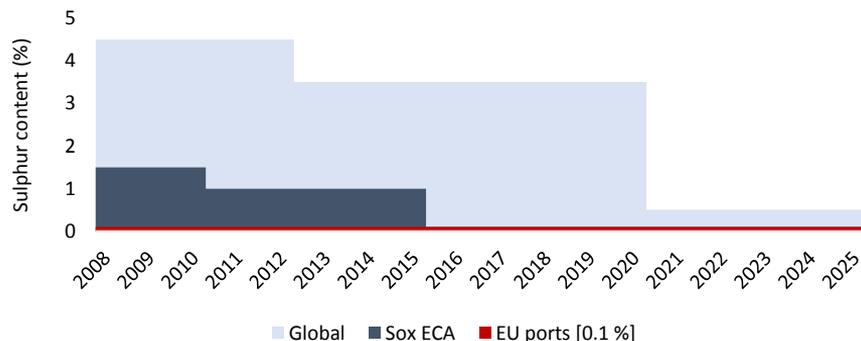
* See Appendix
** DKK/USD exchange rate of 6.4



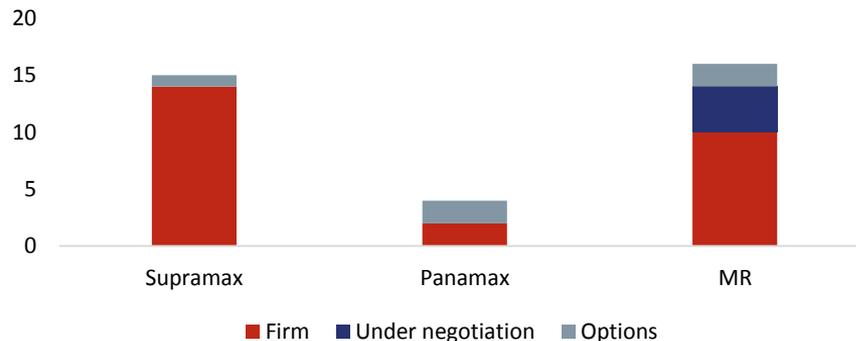
IMO 2020 – SCRUBBERS A GOOD INVESTMENT (1/2)

- On January 1st the global sulphur cap will come into effect reducing the allowed sulphur content from the current level of 3.5 % to 0.5 %.
- Throughout the first half of 2018, NORDEN has secured 26 scrubbers with options for further
 - 18 will be fitted on owned vessels through retrofitting and NB installations
 - Japanese tonnage providers will provide 8 scrubbers on long term chartered tonnage through increased hire
 - Including options and unfinished deals the amount of scrubbers may increase to 35

Development of Sulphur limits



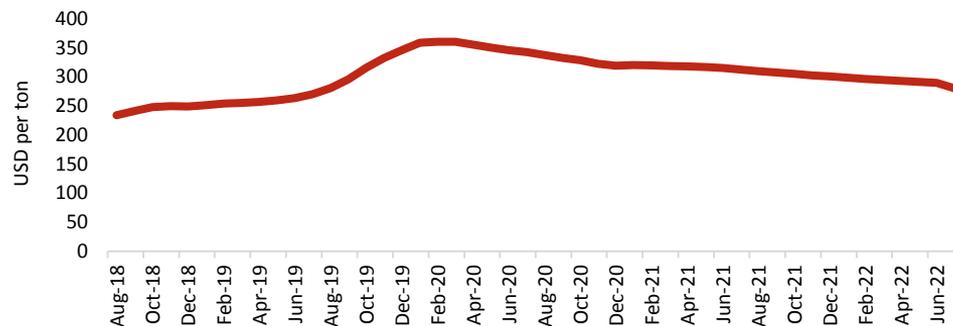
NORDEN's scrubber by segment



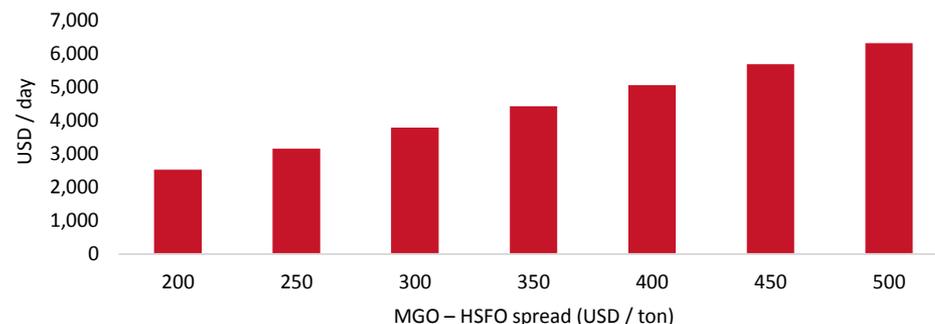
IMO 2020 – SCRUBBERS A GOOD INVESTMENT (1/2)

- In total NORDEN has so far committed USD 41 million to the installation of scrubbers on owned vessels and USD 13 million in increased TC hire
- Recognising uncertainties, NORDEN considers the investment highly favourable
 - 5-year return of more than 25 %
 - Payback period of less than 2.5 years
 - Scrubbers will increase daily TCE earnings on a medium sized ship by more than USD 2000
 - On 26 vessels this will amount to USD 19 million per year
 - 2020 MGO – HSFO fuel price spread increased from USD 250 – 350 per ton last 12 months
- Significant upside on the above estimates

MGO – HSFO forward price spread (per 9/8-2018)



Supramax average incremental TCE from scrubber



Dry Cargo



HIGHER ACTIVITY AND IMPROVED MARGINS

- Q2 2018 Adjusted result of USD 8 million
- Benefitted from the positioning of vessels into the Atlantic in the first quarter, although this years grain season did not create the same second quarter improvements in rates as in previous years
- Total of 25,190 vessels days – 3% increase compared to average Q1 2018
- On average 277 vessels operated in Q2 2018

Dry Operator key figures

USD million	Q3 17	Q4 17	Q1 18	Q2 18	Last 12 months
Contribution margin	3	24	13	18	57
Overhead and admin	-8	-10	-9	-9	-35
Adjusted result	-2	14	3	8	23
Vessel days	23,187	23,487	24,442	25,190	96,306
CM per vessel day	129	1,009	530	699	594
Adj. result per vessel day	-91	592	124	310	236

Q2 2018

Contribution margin

18

USD million

Adjusted result

8

USD million

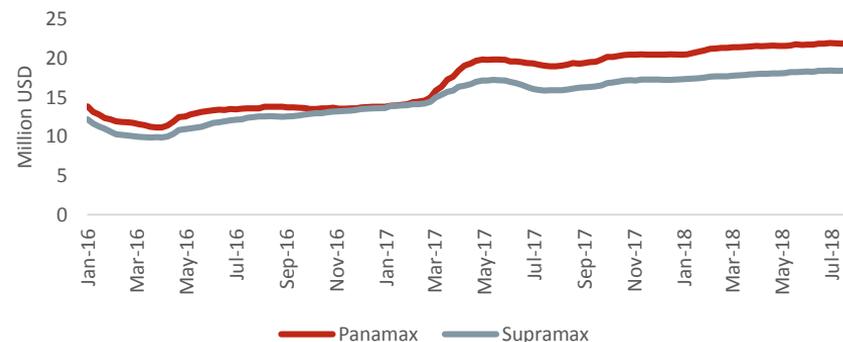
POSITIVE RESULTS IN IMPROVING MARKETS

- Q2 2018 Adjusted result of USD 3 million
- Continues to optimize the dry owner fleet in efforts to concentrate ownership on Supramax and Panamax –
 - Sale of 1 Handysize tanker during Q2
 - Completed four Supramax deals which adds great optionality to the portfolio
 - Significant optionality in the coming years – equivalent to more than 16 vessel years the next 3 years
- Transferred an increasing amount of Dry Owner fleet capacity on fixed market rates to Dry Operator continues
- Broker estimated fleet value of USD 461 million – up 2% in Q2

Dry Owner key figures

USD million	Q3 17	Q4 17	Q1 18	Q2 18	Lat 12 months
Contribution margin	12.0	17.2	7.7	11.6	48.5
Overhead and admin	-1.9	-2.4	-2.2	-2.1	-8.6
Adjusted Result	6.8	11.7	5.4	3.2	27.1
Vessel days	4,987	4,853	4,855	4,709	19,404

Baltic 5-year secondhand asset values



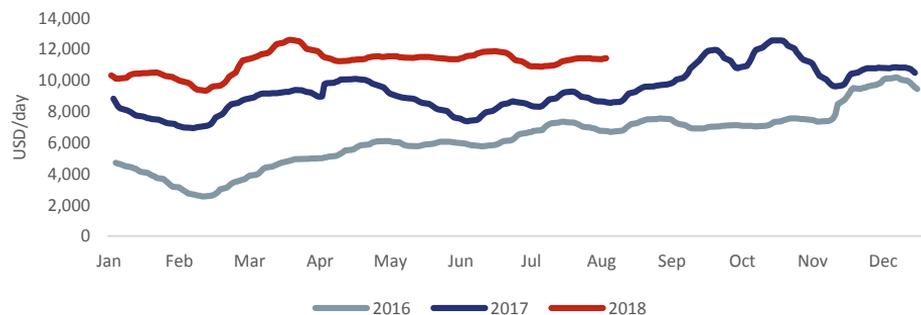
Source: Baltic Exchange

GRADUAL IMPROVEMENTS HAVE CONTINUED

Key developments

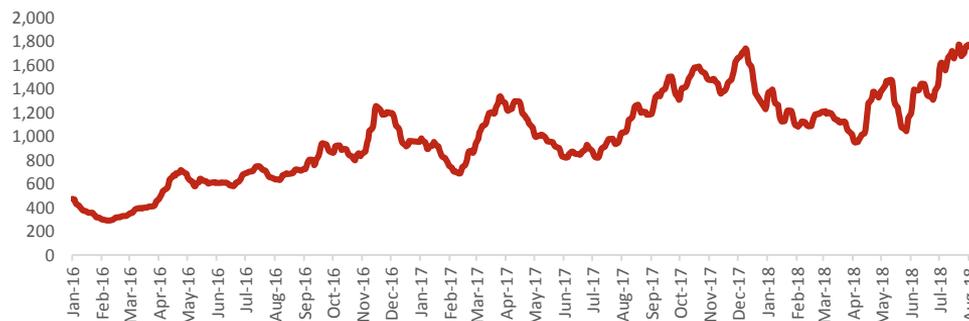
- Rates continued to improve over 2017 levels
 - Panamax up 20% vs Q2 2017
 - Supramax up 31% vs Q2 2017
- Generally strong global economic growth is supporting vessel demand
- Strong coal and bauxite volumes supporting demand
- Chinese activity levels not growing as fast as in 2017, but import volumes still healthy

Panamax spot rates



Source: Baltic Exchange

Baltic Dry Index

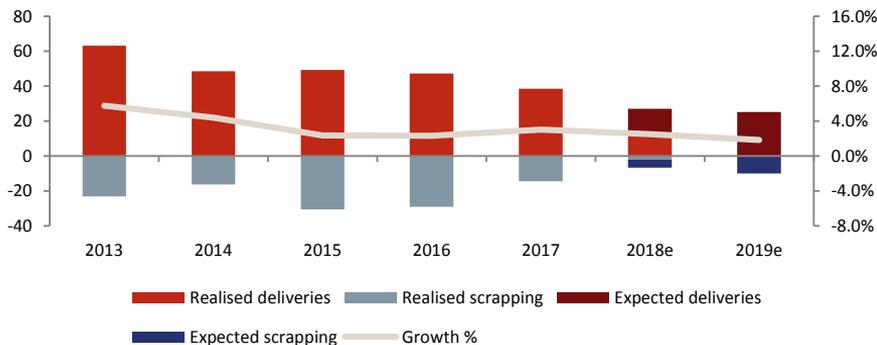


Source: Baltic Exchange

FURTHER MARKET IMPROVEMENTS EXPECTED IN 2019

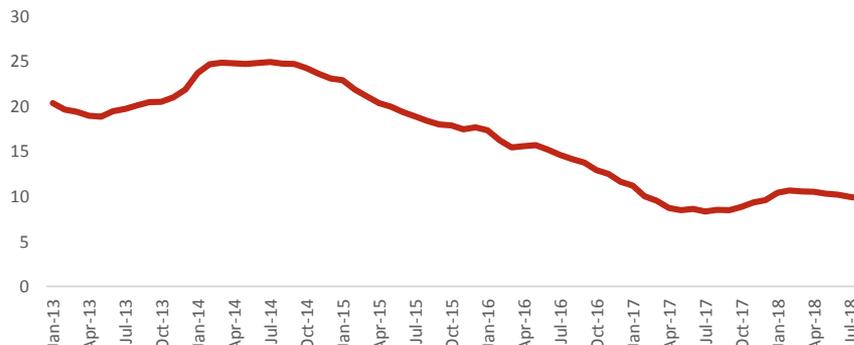
- Low fleet growth continues to drive our expectations of rates being higher in H2 2018 and 2019
- Global economic conditions continue to support reasonable growth in volumes transported
- Expected lower demand support from Chinese activity and potentially increased coal production
- Potential trade war also poses a downside risk for dry cargo vessel demand

Supply



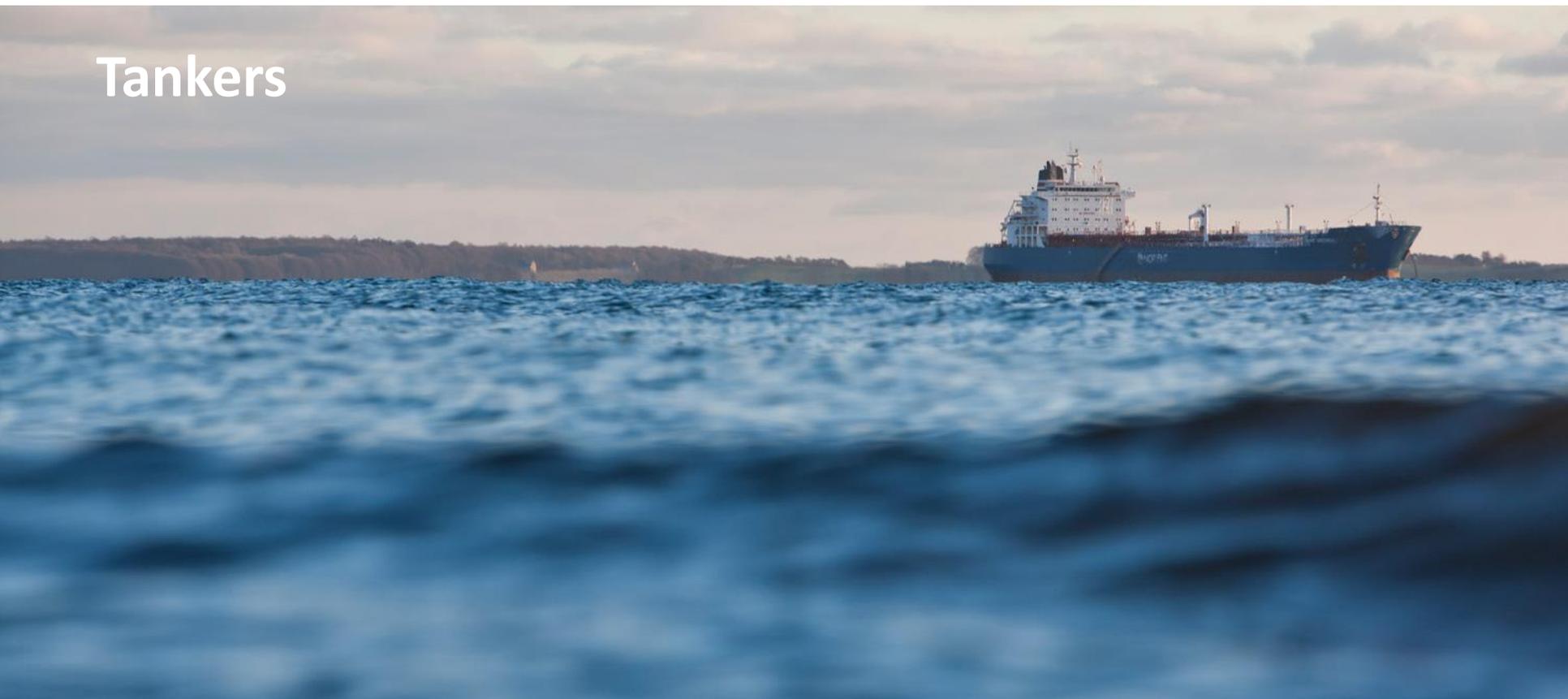
Source: Clarkson and NORDEN

Orderbook (% of fleet)



Source: Clarkson

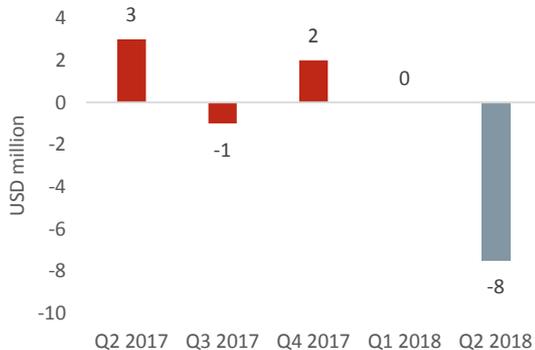
Tankers



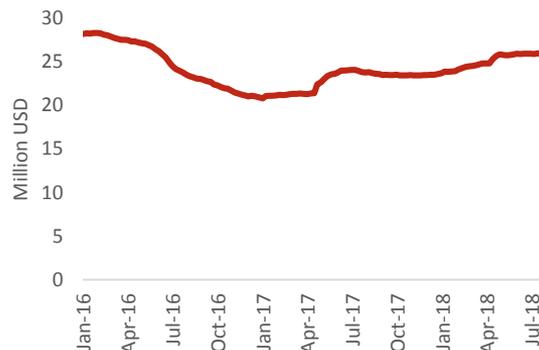
DIFFICULT CURRENT MARKET – LARGE UPSIDE IN PORTFOLIO

- Q2 2018 Adjusted Result of USD -8 million, in very challenging market conditions
- Increased focus on MR – 2 secondhand MR purchased during Q2 with delivery in July 2018, 1 Handysize sold during Q2 with delivery to new owners in August 2018
- Short-term activity reduced in H1
- NORDEN maintains view of an improving market in 2019 – 32,000 open vessel days in TC portfolio
- 9 optional vessel years in 2019 at reasonable cost levels

Quarterly adjusted result

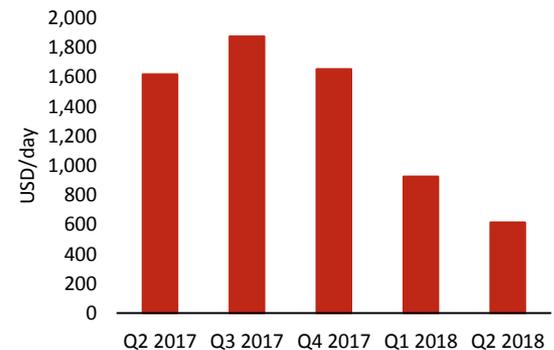


MR 5-year secondhand asset values



Source: Baltic Exchange

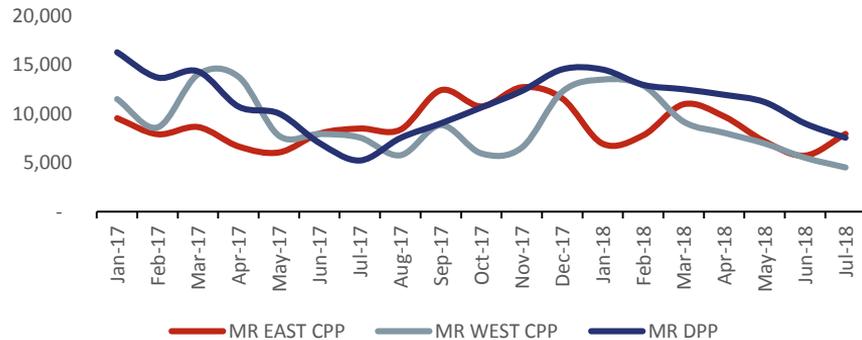
NORDEN TCE over benchmark



ONE OF THE MOST CHALLENGING MARKETS IN A DECADE

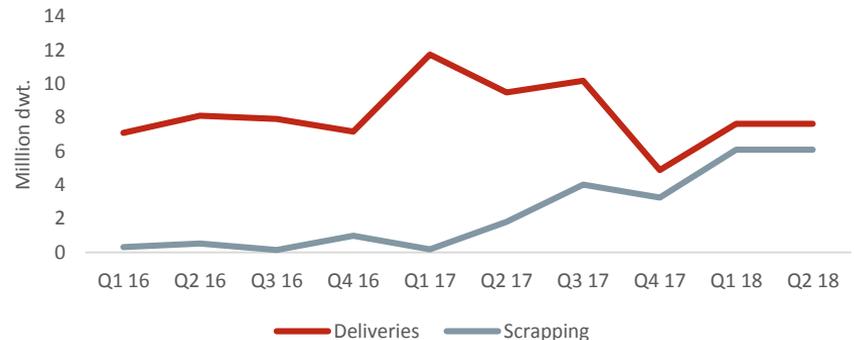
- Supply overhang pressuring rates - freight rates at 5-year low
- Disappointing oil demand growth in Q2 of only 0.9% (IEA)
- High oil prices and high USD currency is a challenge for oil demand in some regions
- Tanker scrapping continues to increase
 - H1 2018 saw more capacity removed than in all 2016 and 2017 combined

MR Product tanker earnings (USD/day)



Source: ACM Braemar

Tanker deliveries and scrapping

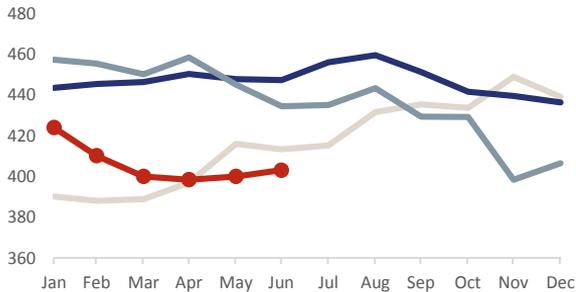


Source: SSY

FOUNDATION FOR RECOVERY IMPROVING

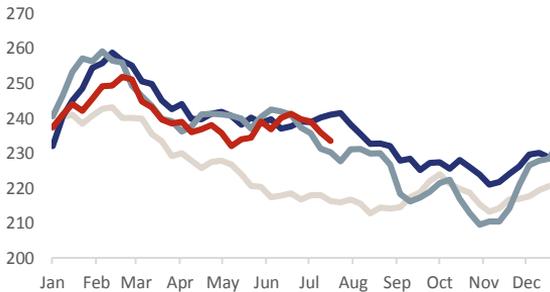
- Positive macro environment adding to demand upside
- Oil inventories normalising
- Higher refining utilisation expected to increase movement of oil products
- Overall fleet growth for both product and crude tankers are declining significantly
- Global IMO Sulphur regulation is expected to create an uplift in demand for product tankers towards 2020

European distillate stocks [mb]



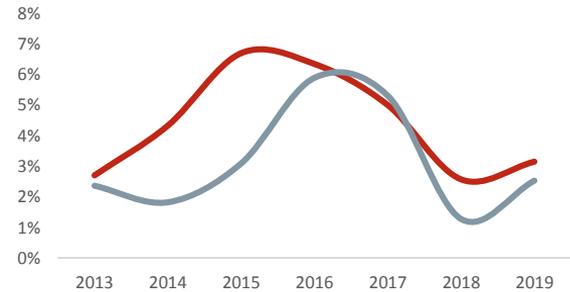
Source: Euroilstock

US total gasoline stocks [mb]



Source: EIA

Tanker fleet growth (YoY%)



Source: SSY and NORDEN

Final words



CAPTURING VALUE POTENTIAL OF DRY OPERATOR

- Dry Operator building a track record and well positioned for further growth
- Dry Owner well positioned for improving markets
- Currently challenging Tanker market, but improvements expected in 2019. Large upside in portfolio
- Significant investment made in scrubbers, which are viewed as highly attractive



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 the remainder of 2018 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

Dampskibsselskabet NORDEN A/S

52, Strandvejen
DK-2900 Hellerup
Denmark

Phone: +45 3315 0451
www.ds-norden.com



[dampskibsselskabetnorden](https://www.facebook.com/dampskibsselskabetnorden)



[ds-norden](https://www.linkedin.com/company/ds-norden)



[ds_norden](https://twitter.com/ds_norden)



[dsnorden](https://www.youtube.com/channel/UCdsnorden)



[ds_norden](https://www.instagram.com/ds_norden)

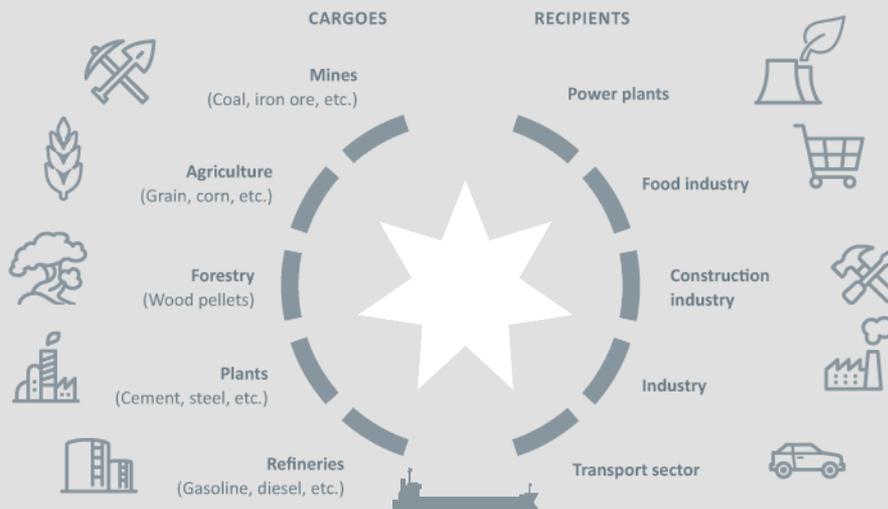
Back-up slides

ENABLING SMARTER GLOBAL TRADE

Characteristics

- Active in Dry Cargo and Product Tankers
 - Cyclical exposure to market developments (~100 vessels)
 - Large scale independent operator activities (~300 vessels)
- Agile portfolio management
- Strong track record of maintaining financial strength through the cycles
- Transparency and clear corporate governance
- Established in 1871
- Listed on Nasdaq Copenhagen, market cap of USD ~800 mill.
- 305 employees at the office and 690 employees at sea
- 9 Offices across the globe

Connecting the world



NORDEN'S 3 BUSINESS UNITS

Dry Operator

Global transport solutions to dry cargo customers



Generate a margin by:

- Logistical and operatorial optimisation, matching cargoes and vessels
- Taking short-term market positions

Dry Owner

Cyclical market exposure to dry cargo market

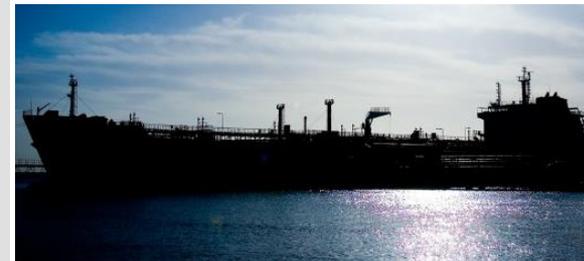


Generate superior long-term returns by:

- Timing and negotiating transactions of owned and long-term charter contracts

Product Tankers

Transport services and cyclical market exposure in product tanker market



Generate superior long-term returns by:

- Maximising earnings through positioning and voyage optimisation
- Timing and transactions of own vessels and long-term charter contracts

THE DRY OPERATOR IS INDEPENDENT FROM DRY OWNER

- Separate P&L
- Separate organisations
- Separate KPIs and reward structures

- The value of the Dry Operator is not driven by an overall exposure to the market, rather logistical optimization and constant adjustment of the portfolio within well defined risk limits

- The Dry Operator can charter in capacity from the Owner or the market. Currently around 75% of the capacity comes from the market

25,000 vessel days in
Q2 2018 - around 300
vessels

Contribution Margin of
**594 USD per
vessel day**

160 employees

82 mill. tons
transported in 2017

70+ vessels chartered in
every month

DRY OPERATOR: LOGISTICAL OPTIMISATION AND POSITIONS

Value levers



Regional exposure

Taking a view on regional rate developments



Overall market exposure

Taking a view on the short-term market direction



Clip deals

Securing margin on a single voyage performed on a third party vessel with a minimum of market risk



Employment arbitrage

Choosing between cargoes, T/C-out and FFAs to fix income



Vessel selection

Evaluating earnings capacity of available T/C-in tonnage



Options

Securing and realising value of option periods on T/C vessels using FFAs, cargoes and COAs or T/C options



Vessel operation

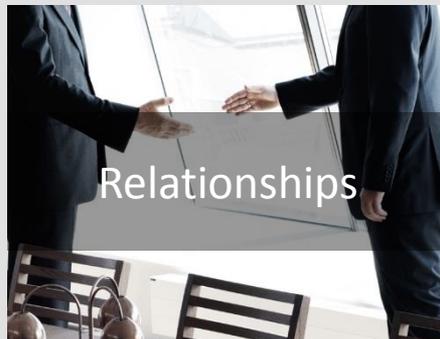
Speed setting, cargo handling and port operations



Minimising ballast

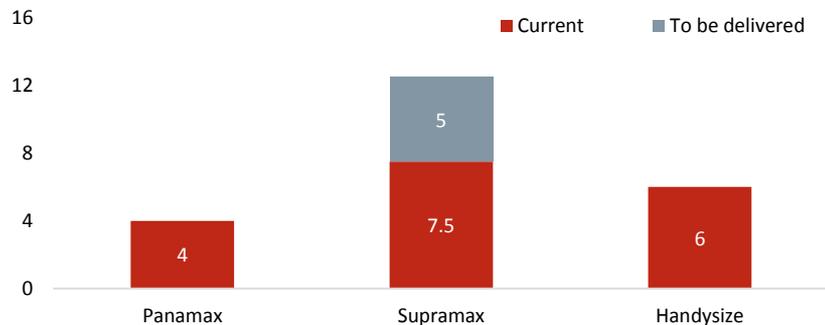
Matching COA and market cargoes with own and market vessels

Success levers

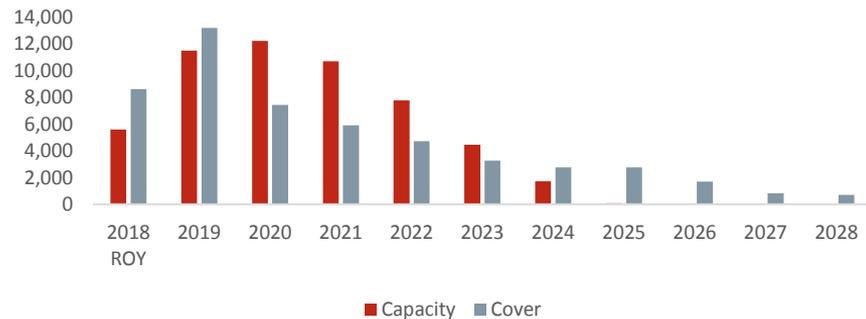


DRY OWNER PORTFOLIO

Owned Fleet



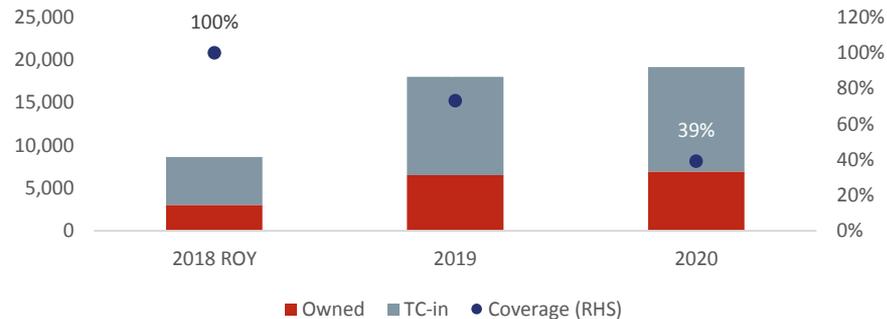
Long term TC-in and cover portfolio (vessel days)



Charateristics

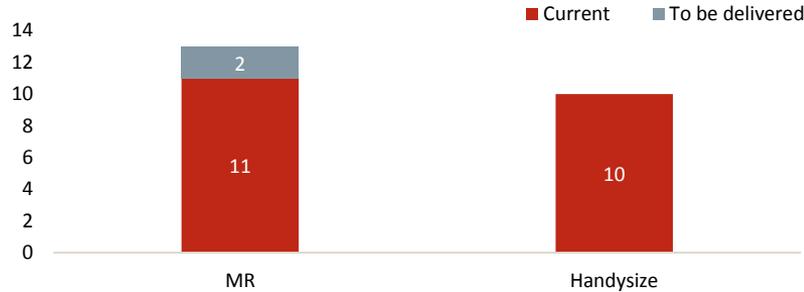
- Portfolio primarily consists of Supramax and Panamax vessels
- Large portfolio of long term charters from Japan with significant optionality incl. purchase options
- Cover portfolio based on cargo contracts with major commodity owners

Near term exposure (vessel days)



TANKERS PORTFOLIO

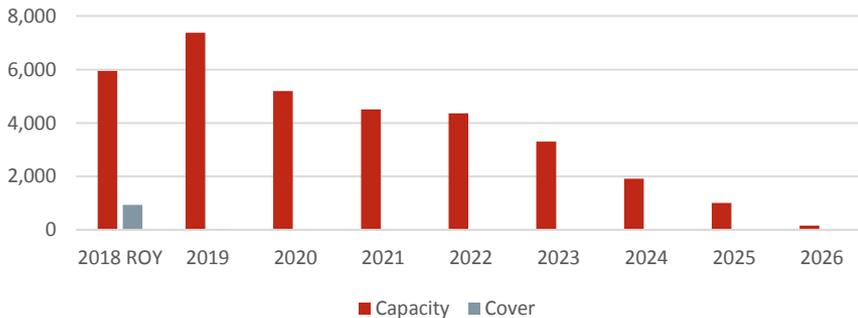
Owned Fleet



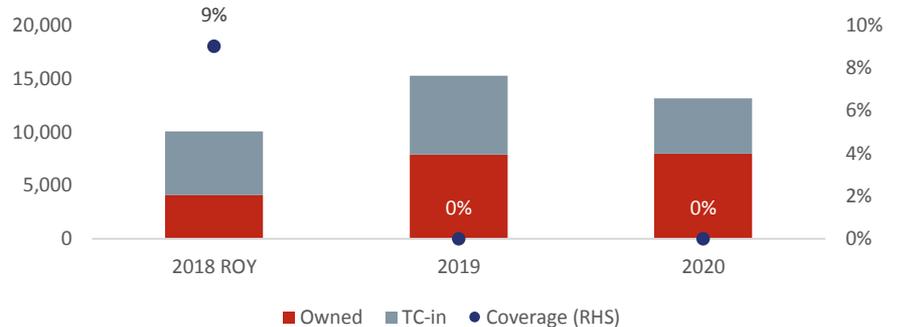
Charateristics

- MR and Handysize vessels
- Primarily own technical management
- Portfolio of ~20 short term (up to 1yr) time charters in
- All short-term chartering-out conducted via Norient Product Pool (NPP) of which NORDEN owns 50%
- Long track record of earnings beating the market benchmarks and peers

Long term TC-in and cover portfolio (vessel days)



Near term exposure (vessel days)



CONNECTION BETWEEN OPERATOR AND OWNER

Q4 2017 (USD Million)	Dry Owner	Dry Operator	Eliminations	Dry Cargo
Revenue – services rendered external	16	502	0	518
Revenue – services rendered internal	38	0	-38	0
Revenue	54	502	-38	518
Voyage costs	0	-206	0	-209
T/C equivalent revenue	54	296	-38	312
Other operating income	0	0	0	0
Charter hire for vessels	-35	-279	38	-276
Other vessel operating costs	-7	0	0	-7
Staff costs, onshore employees	-2	-9	0	-11
EBITDA	10	9	0	19

- Dry Owner charters out most of its capacity to Dry Operator
- Parts of this at fixed rates and parts are at market rates

OVERALL RESULTS

USDm	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
EBITDA – Dry Cargo	-2.6				
EBITDA – Dry Operator		-4.6	14.1	4.1	9.1
EBITDA – Dry Owner		10.1	14.8	5.5	9.5
EBITDA - Tankers	10.0	6.5	9.4	7.5	2.4
EBITDA - Group	7.3	12.0	38.5	17.1	21.0
Depreciation	-10.2	-10.6	-10.7	-10.5	-10.9
EBIT Group	-2.8	-2.2	28.2	18.4	7.5
Result for the period	-3.3	0.1	27.1	18.0	0.8
Adjusted result for the period*	-3.3	3.7	27.1	8.8	3.5
Cash flow from operations	-9.7	-16.0	41.4	-25.3	16.7
Net cash flow	-5.3	-22.2	0.1	-22.3	4.9
Cash and securities	249	191	219	199	185

*Adjusted Result = "Net Profit" excluding "Profit and loss from vessel sales etc." and "Fair value adjustment of certain hedging instruments"

CAPITAL STRUCTURE – 48% EQUITY SHARE

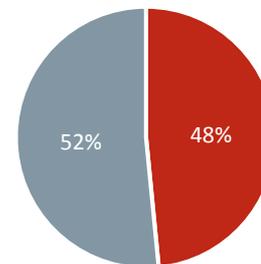
Capital structure

- Cash in low-risk deposit accounts and securities
- Outstanding yard payments and second-hand purchases
 - 2018: USD 71 million
 - 2019: USD 38 million
 - 2020: USD 16 million
 - Total: USD 125 million
- Payments to NORDEN for assets held for sale:
 - USD 36 million

Net committed cash (ultimo)

USDm	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Adjusted net interest bearing assets*	-101	-69	-59	-69	-9
Payments for newbuilding less proceeds from vessel sales**	-100	-109	-149	-169	-224
T/C obligations **	-1,293	-1,314	-1,226	-1,267	-1,229
Revenue from coverage**	716	708	676	629	623
Net commitments	-778	-784	-758	-877	-840

Net commitments
USD 778 mill.



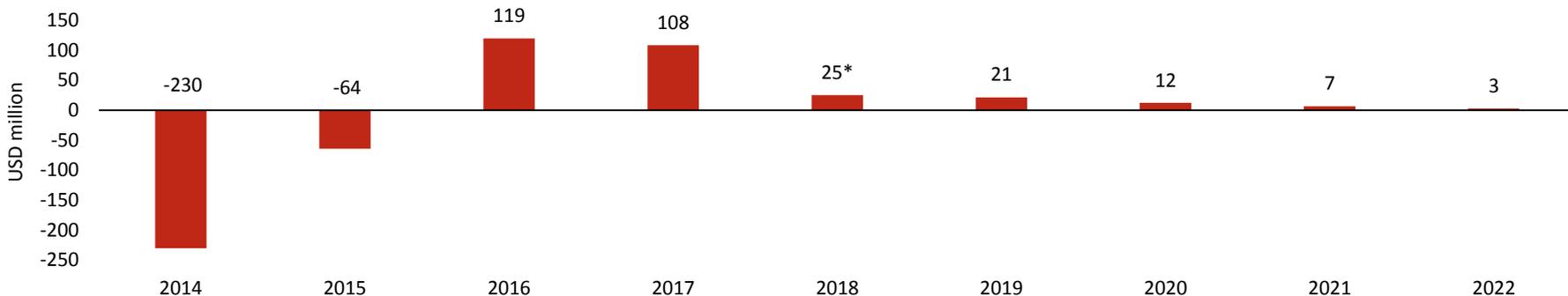
Market value of equity
USD 731 mill.

DRY OWNER TCE

Vessel type	Days	TCE (USD / day)
Post-Panamax	27	8,117
Panamax	1,851	11,888
Supramax	1,972	11,181
Handysize	859	10,391

PROVISIONS

Effect of provisions

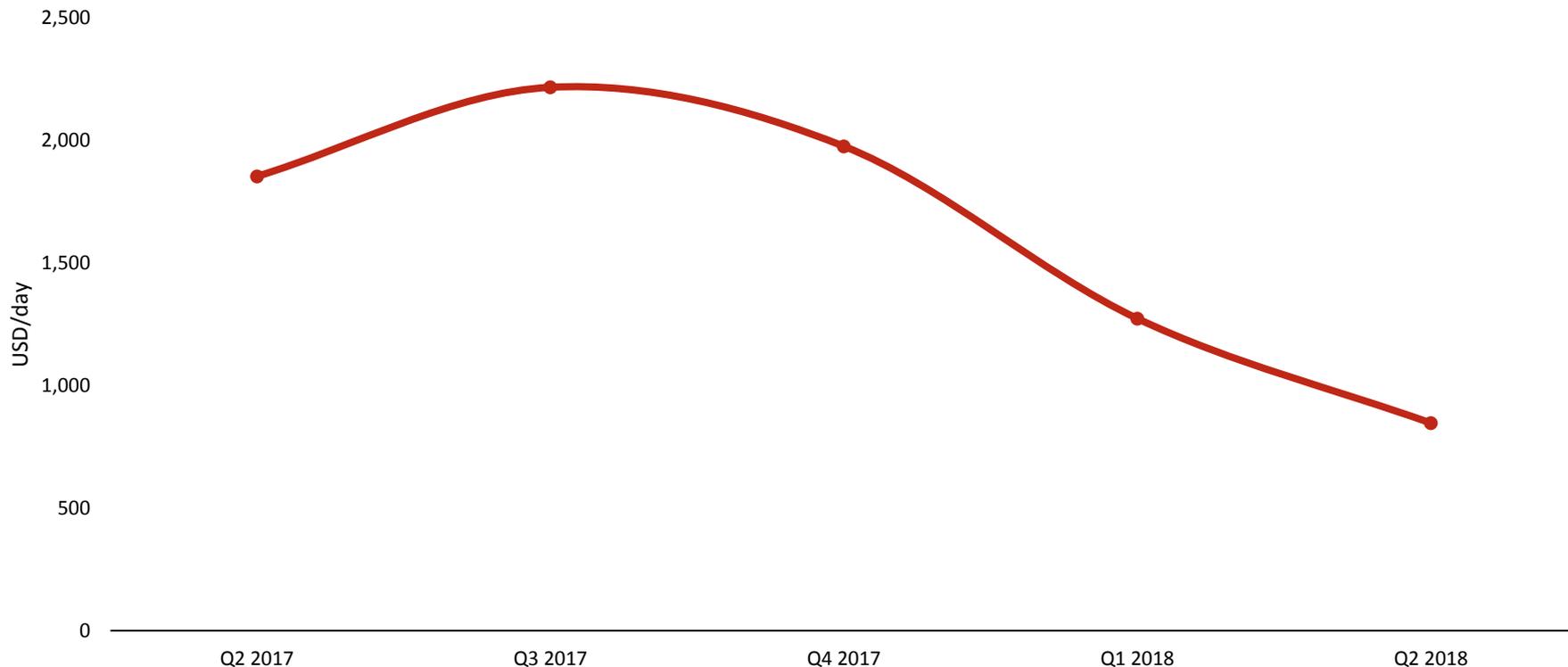


Comments

- Remaining provisions for second half of 2018 at USD 10 million
- Reduced impact from provisions from 2018

CONTINUOUSLY OUTPERFORMING THE MARKETS

MR – 4 quarter rolling NORDEN TCE over benchmark



DRY OWNER POSITIONING

	2018		ROY			2018		ROY		
	Q3	Q4	2018	2019	2020	Q3	Q4	2018	2019	2020
Own vessels	Ship days									
Panamax	368	363	731	1,376	1,444					
Supramax	690	734	1,424	3,699	4,028					
Handysize	490	365	855	1,448	1,452					
Total	1,548	1,462	3,010	6,523	6,924					
Chartered vessels						Cash costs for T/C capacity (USD per day)				
Panamax	1,477	1,517	2,994	5,996	5,673	12,696	12,547	12,621	13,740	13,990
Supramax	1,002	988	1,990	4,354	5,959	11,588	11,467	11,528	12,064	12,011
Handysize	276	344	620	1,148	588	12,185	11,689	11,910	12,241	11,794
Total	2,755	2,849	5,605	11,498	12,220	12,242	12,069	12,154	12,956	12,920
Total capacity	4,303	4,311	8,614	18,021	19,144	Cash costs for total capacity (USD per day)*				
						9,668	9,710	9,689	10,228	10,210
Coverage						Revenue from coverage (USD per day)				
Panamax	2,024	2,025	4,049	5,262	2,832	12,806	12,796	12,801	13,512	14,482
Supramax	1,849	1,876	3,725	5,986	2,852	11,736	11,799	11,768	12,037	12,469
Handysize	395	460	855	1,933	1,746	11,831	11,555	11,682	11,468	11,630
Total	4,268	4,362	8,630	13,180	7,430	12,252	12,236	12,244	12,542	13,039
Coverage in %										
Panamax	110%	108%	109%	71%	40%					
Supramax	109%	109%	109%	74%	29%					
Handysize	52%	65%	58%	74%	86%					
Total	99%	101%	100%	73%	39%					
Accounting effect of provision (USD million)	5	5	10	21	12					

* Including cash running costs of owned vessels. Costs are excluding O/A.

DRY OWNER FLEET AND VALUES

NORDEN's Dry Owner fleet

Vessel type	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation					
Owned vessels	0.0	4.0	7.5	6.0	17.5
Chartered vessels	0.0	12.5	14.0	4.0	30.5
Total active fleet	0.0	16.5	21.5	10.0	48.0
Vessels to be delivered					
Owned vessels	0.0	0.0	5.0	0.0	5.0
Chartered vessels	0.0	1.0	8.0	1.0	10.0
Total vessels to be delivered	0.0	1.0	13.0	1.0	15.0
Total gross fleet	0.0	17.5	34.5	11.0	63.0

NORDEN's Dry Owner fleet values (USD million)

Vessel type	Post-Panamax	Panamax	Supramax	Handysize	Total
Average age of owned vessels	N/A	11.9	4.4	6.5	6.8
Market value of owned vessels and newbuildings*	0	60	304	81	444
Broker estimated value of certain charter parties attached to owned vessels	0	8	0	9	17
Carrying amount/cost	0	59	274	89	422
Value added	0	9	30	1	40
Value of purchase and extension options on chartered tonnage	0	14	10	0	24

* Charter free and including joint ventures and assets held for sale, if any.

TANKER POSITIONING

	2018		ROY			2018		ROY		
	Q3	Q4	2018	2019	2020	Q3	Q4	2018	2019	2020
Owned vessels	Ship days									
MR	1,196	1,190	2,386	4,647	4,681					
Handysize	876	824	1,700	3,229	3,267					
Total	2,072	2,014	4,086	7,876	7,948					
						Cash costs for T/C capacity (USD per day)				
LR1	184	184	368	730	397	18,655	18,655	18,655	18,655	18,655
MR	2,579	2,451	5,031	5,554	4,249	13,701	13,899	13,798	14,478	14,969
Handysize	276	276	552	1,095	552	12,729	12,729	12,729	12,729	12,729
Total	3,039	2,911	5,951	7,379	5,197	13,913	14,089	13,999	14,632	15,012
						Cash costs for total capacity (USD per day)*				
Total capacity	5,111	4,925	10,036	15,255	13,145	10,833	10,877	10,855	10,342	9,734
Coverage						Revenue from coverage (USD per day)				
LR1	-	-	-	-	-	-	-	-	-	-
MR	707	92	799	5	-	11,281	12,888	11,466	12,888	-
Handysize	138	-	138	-	-	10,452	-	10,452	-	-
Total	845	92	936	5	-	11,146	12,888	11,317	12,888	-
Coverage in %										
LR1	-	-	-	-	-					
MR	19%	3%	11%	0%	-					
Handysize	12%	-	6%	-	-					
Total	17%	2%	9%	0%	-					

* Including cash running costs of owned vessels. Costs are excluding O/A.

TANKER FLEET AND VALUES

NORDEN's Tanker fleet

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	11.0	10.0	21.0
Chartered vessels	2.0	31.0	4.0	37.0
Total active fleet	2.0	42.0	14.0	58.0
Vessels to be delivered				
Owned vessels	0.0	2.0	0.0	2.0
Chartered vessels	0.0	11.0	0.0	11.0
Total vessels to be delivered	0.0	13.0	0.0	13.0
Total gross fleet	2.0	55.0	14.0	71.0

NORDEN's Tanker fleet values (USD million)

Vessel type	LR1	MR	Handysize	Total
Average age of owned vessels	N/A	6	9	7
Market value of owned vessels and newbuildings*	0	266	149	415
Broker estimated value of certain charter parties attached to owned vessels	0	0	0	0
Carrying amount/cost	0	297	200	497
Value added	0	-32	-51	-83
Value of purchase and extension options on chartered tonnage	0	2	11	12.6

* Charter free and including joint ventures and assets held for sale, if any.

NEWBUILDING PRICES

Panamax (Dry)

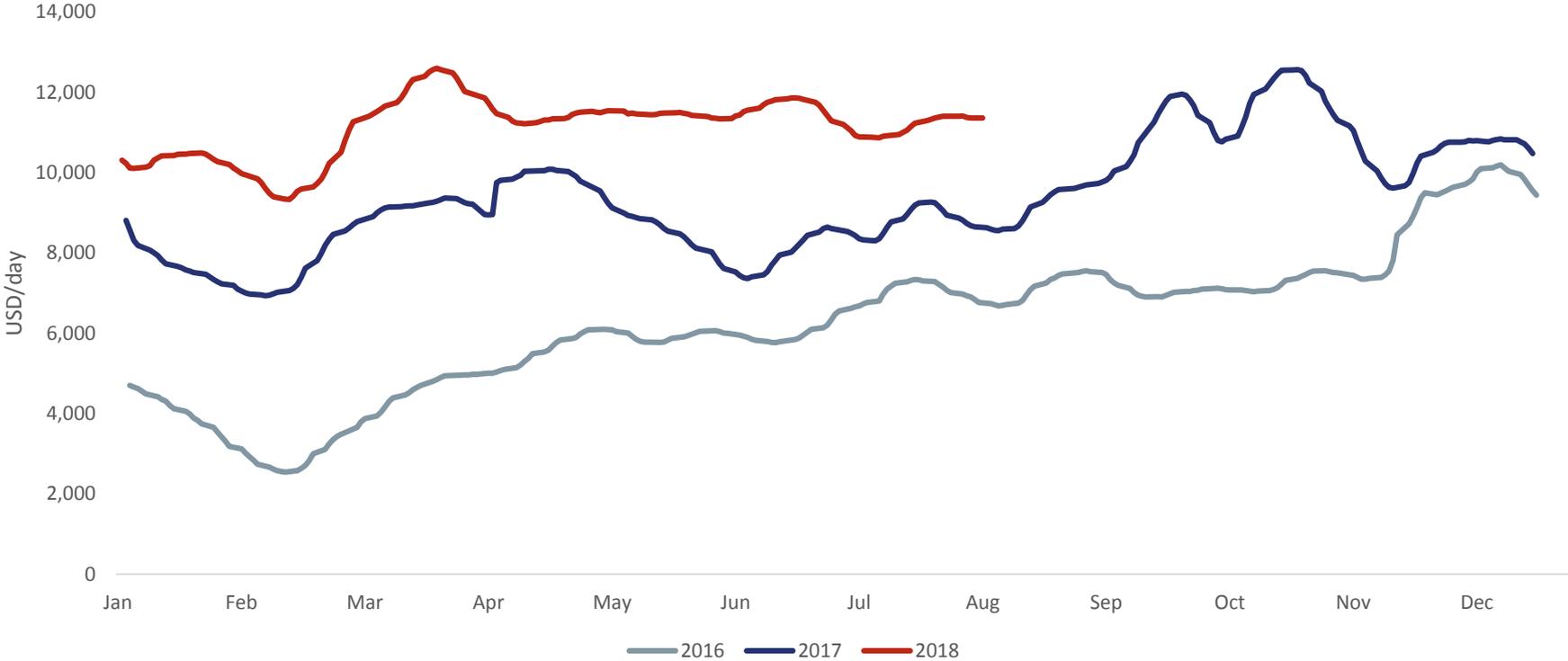


MR (Tank)



PANAMAX

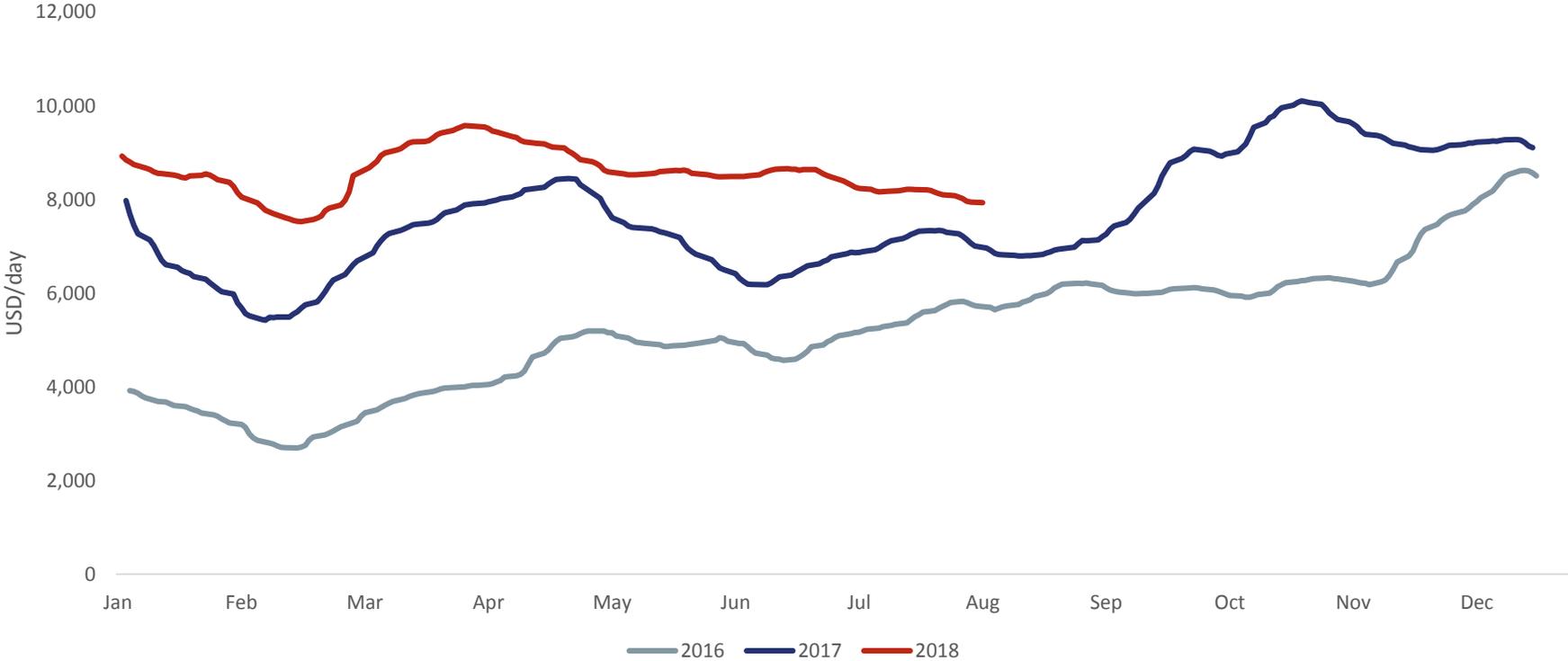
Spot rate



* Source: Clarksons

SUPRAMAX

Spot rate



* Source: Clarksons

WORKING CAPITAL

Working capital assets	299.7
Inventories	75.2
Freight Receivables	144.5
Receivables from joint ventures	2,9
Other receivables	25.6
Prepayments	81.5
Working capital liabilities	154.0
Trade payables	83.8
Other payables	34.6
Deferred income	35.6
Net Working Capital	145.7

WHAT IS TIME CHARTER EQUIVALENT (TCE)?

NORDEN (as owner) has contracted with a customer to move 50,000 mt of cargo at a rate of \$20 per Metric Ton.



$$\text{TCE} = \$400,000 \text{ (Net income)} / 40 \text{ Days} = \$10,000/\text{Day}$$

THE SHARE (DNORD)

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

- 16,086 registered shareholders owning 87.4%
- Approx. 31% international ownership

