

# NORDEN RESULTS

3<sup>rd</sup> quarter of 2013

Hellerup, Denmark  
13 November 2013



# AGENDA

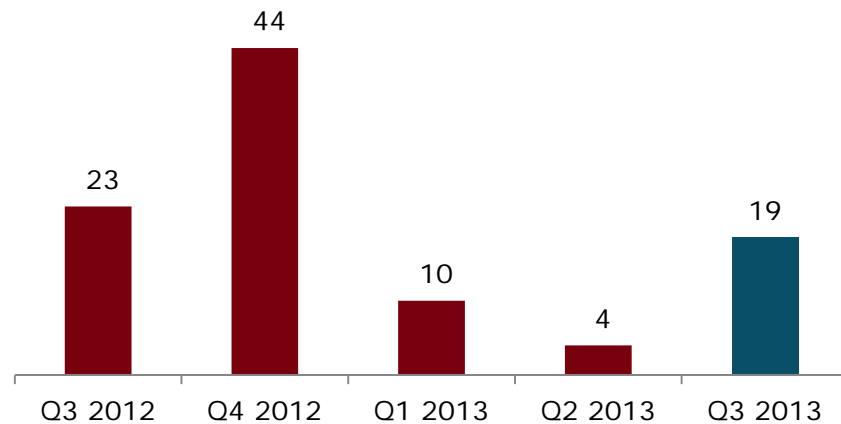
- ▶ Group highlights
- ▶ Financial highlights
- ▶ Market update
- ▶ Full year financial guidance
- ▶ Q & A



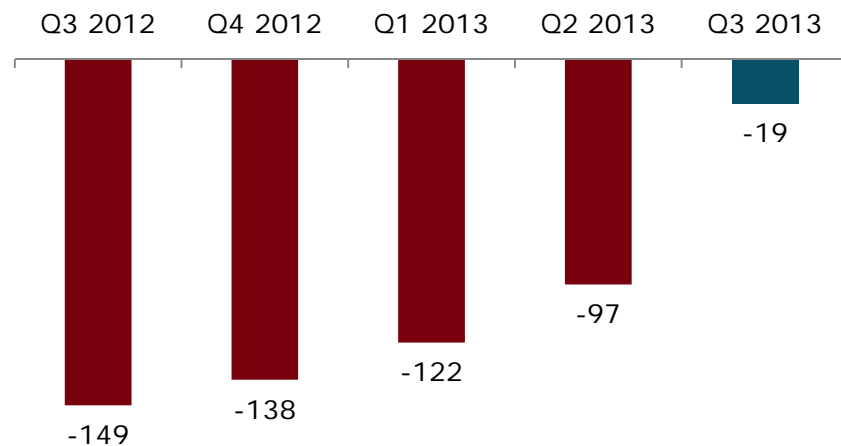
# Q3 HIGHLIGHTS



## EBITDA (USDm)



## Added value excl. joint ventures (USDm)



## Key messages

- ▶ EBITDA of USD 19 mill.
- ▶ Continued investment focus in expectation of improved markets in the coming years
- ▶ Vessel values up by 5% in the quarter
- ▶ Spike in dry cargo market indicate a more balanced market than previously assumed
- ▶ Best 3rd quarter spot earnings in product tanker market in recent years
- ▶ Full year EBITDA guidance: USD 25-45m

# Q3 FINANCIALS



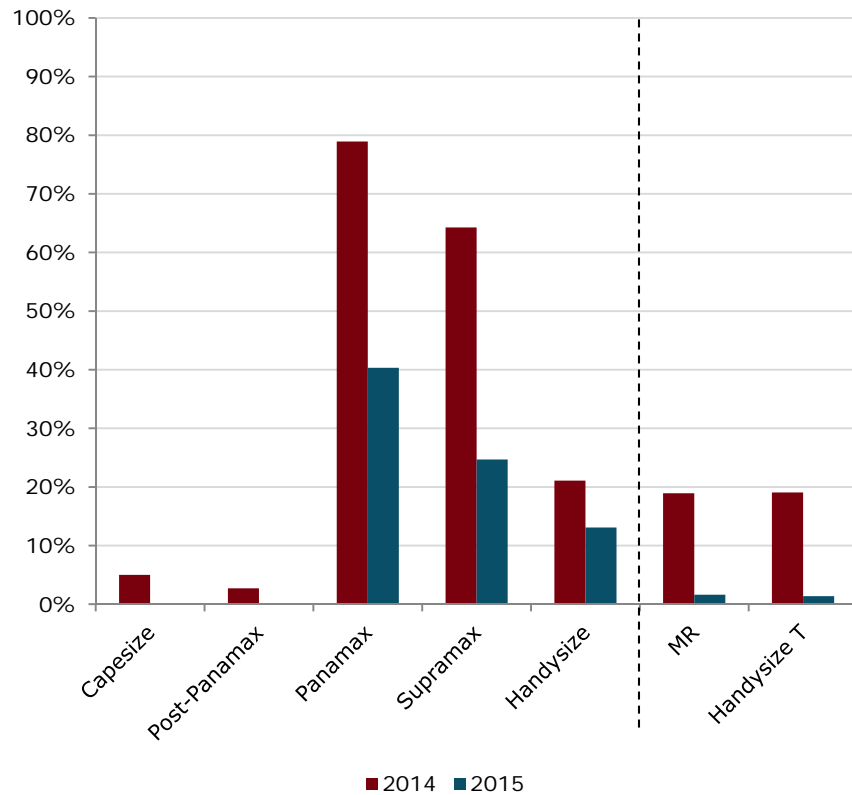
Comments	USDm	Q3 2012	Q2 2013	Q3 2013	Y/Y %	Q/Q %
<ul style="list-style-type: none"> <li>▶ Tanker earnings significantly better than last year - T/C earnings 8% above the average 1-year T/C rates</li> <li>▶ Best quarter in Dry Cargo this year - T/C earnings 21% above the average 1-year T/C rates</li> <li>▶ Positive net profit</li> <li>▶ Cash and securities of 529m USD</li> </ul>	CM II Group	34	16	31	-10%	<b>93%</b>
	O/A Group	-12	-12	-12	7%	<b>2%</b>
	<b>EBITDA Group</b>	<b>23</b>	<b>4</b>	<b>19</b>	-18%	<b>375%</b>
	EBITDA Dry Cargo	26	-2	10	-62%	<b>N.A.</b>
	EBITDA Tanker	-1	8	11	N.A.	<b>34%</b>
	Vessel sales	-1	0	0	-122%	<b>N.A.</b>
	Depreciation	-21	-19	-21	-4%	<b>6%</b>
	<b>EBIT Group before impairment</b>	<b>-1</b>	<b>-16</b>	<b>-1</b>	25%	<b>-95%</b>
	<b>EBIT Group</b>	<b>-1</b>	<b>-16</b>	<b>-1</b>	25%	<b>-95%</b>
	<b>Net profit</b>	<b>16</b>	<b>-22</b>	<b>1</b>	-96%	<b>-103%</b>

# POSITIONING FOR AN IMPROVED MARKET

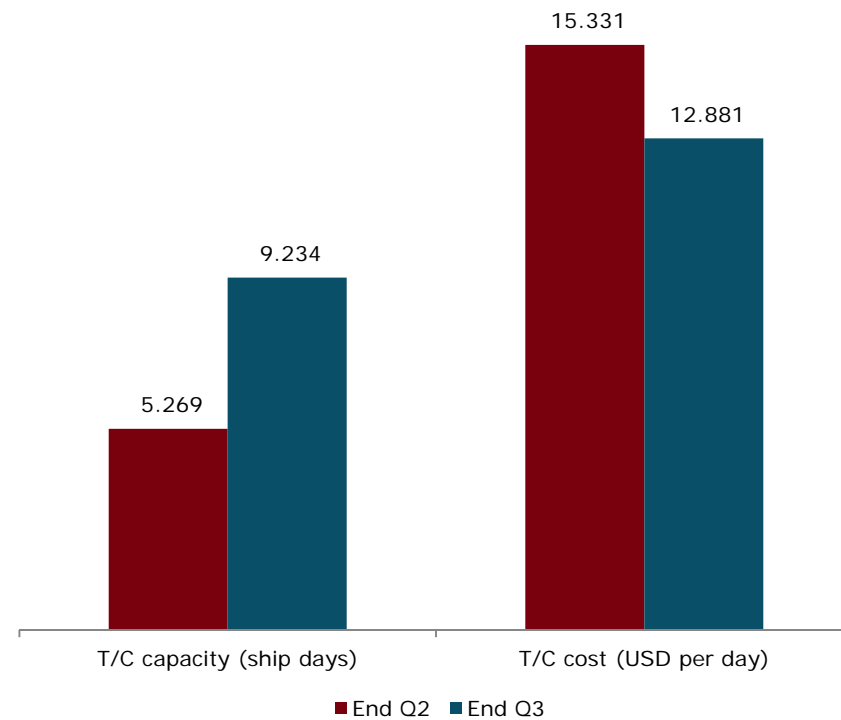


- ▶ Lower coverage to take advantage of market upturn
- ▶ Increased Panamax capacity at lower costs

Coverage



Panamax T/C-in 2015



# DRY CARGO MARKET

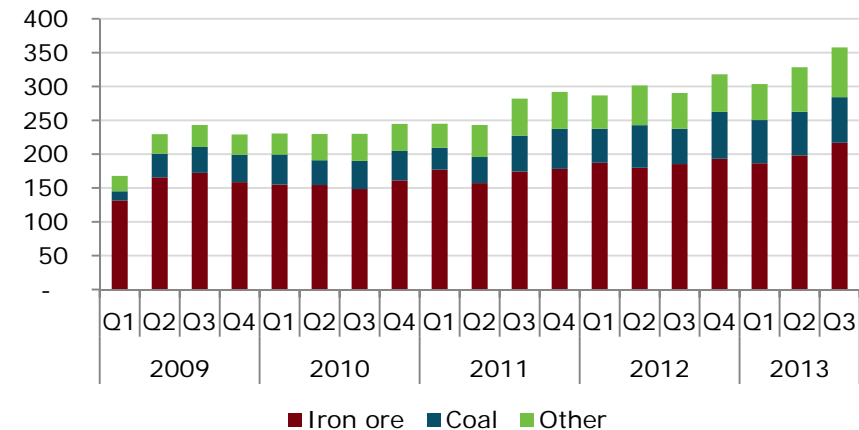
- ▶ Improving market in Q3
- ▶ Baltic Dry Index up 52.8% Y/Y in Q3
- ▶ China's dry cargo imports up 23.2% Y/Y in Q3
  - ▶ Record Chinese iron ore import in July and September
  - ▶ Record Chinese bauxite import in third quarter
- ▶ Dry bulk demand drivers from China continues to be strong
  - ▶ GDP growth up 7.8% Y/Y in Q3
  - ▶ More than 10% increase Y/Y in steel-, electricity-, and industrial production in September

## Baltic Dry Index



Source: Baltic Exchange

## China dry cargo import (million tonnes)



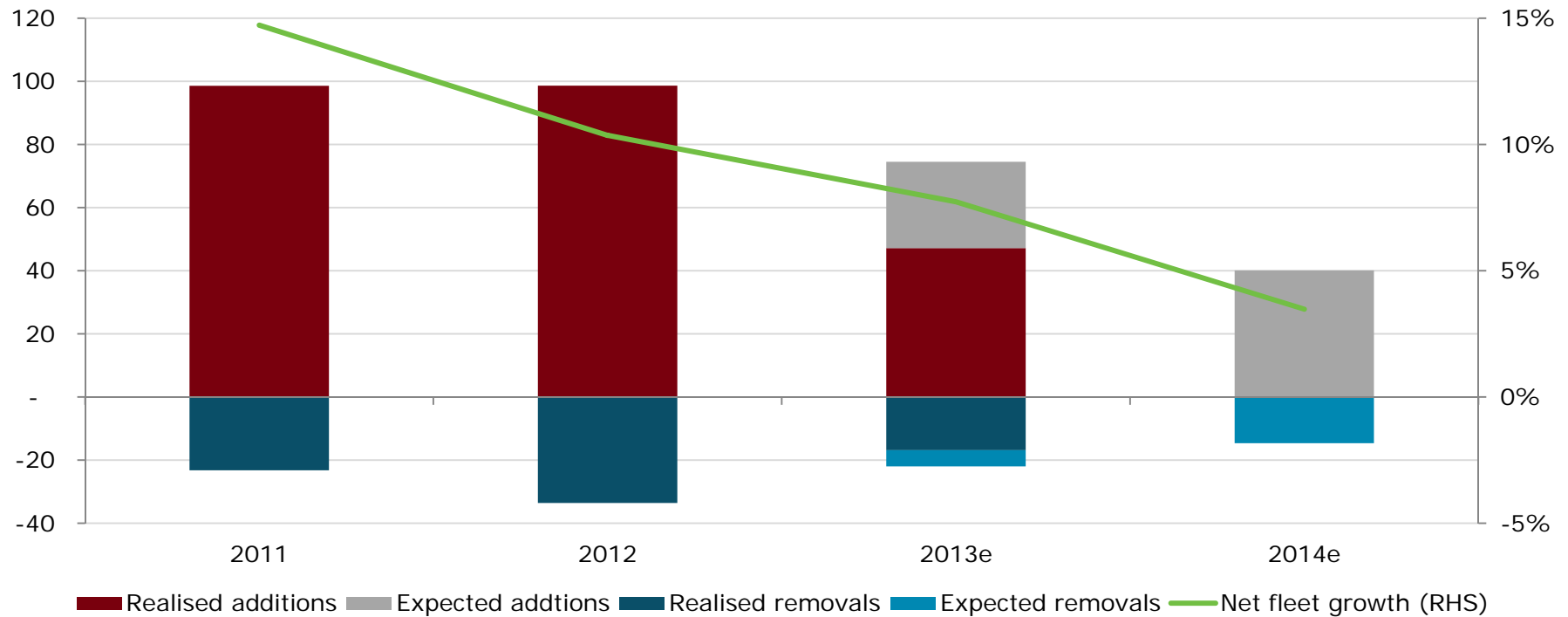
Source: Chinese Customs General Administration

# DRY CARGO MARKET



- ▶ Decreasing fleet growth as expected
- ▶ Continued moderate orderbook despite increased ordering activity

## Dry Cargo fleet development (millions dwt.)

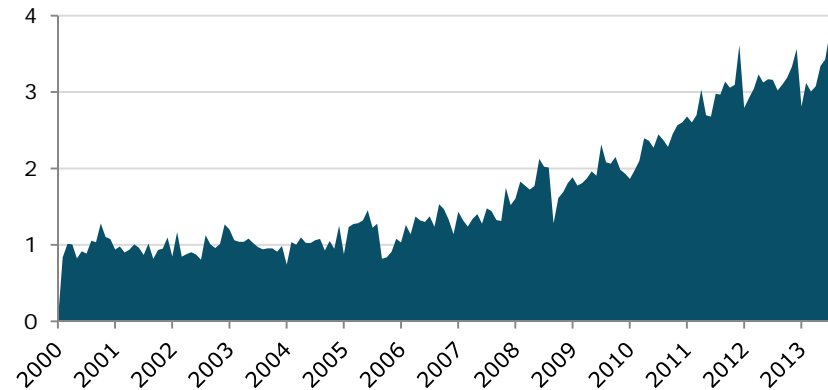


Source: Clarksons, NORDEN forecast

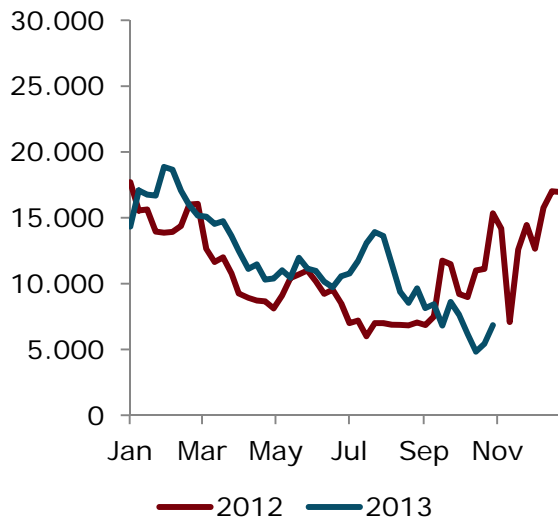
# TANKER MARKET

- ▶ Best third quarter in recent years
  - ▶ Record high US product oil export
  - ▶ Rising Russian fuel oil export
  - ▶ Low activity east of Suez

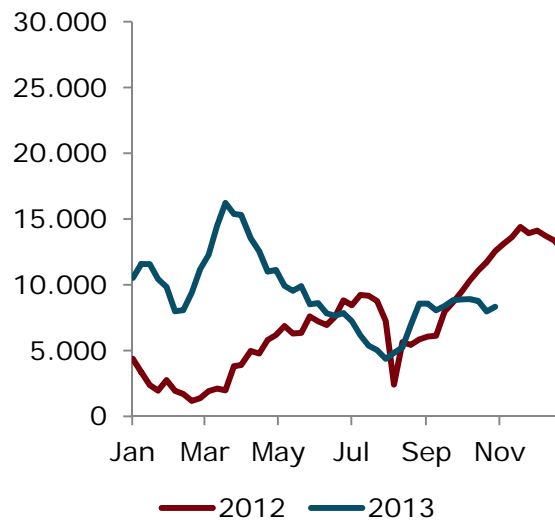
US product export (mb/d)



MR West CPP (USD/day)



MR East CPP (USD/day)



MR DPP (USD/day)



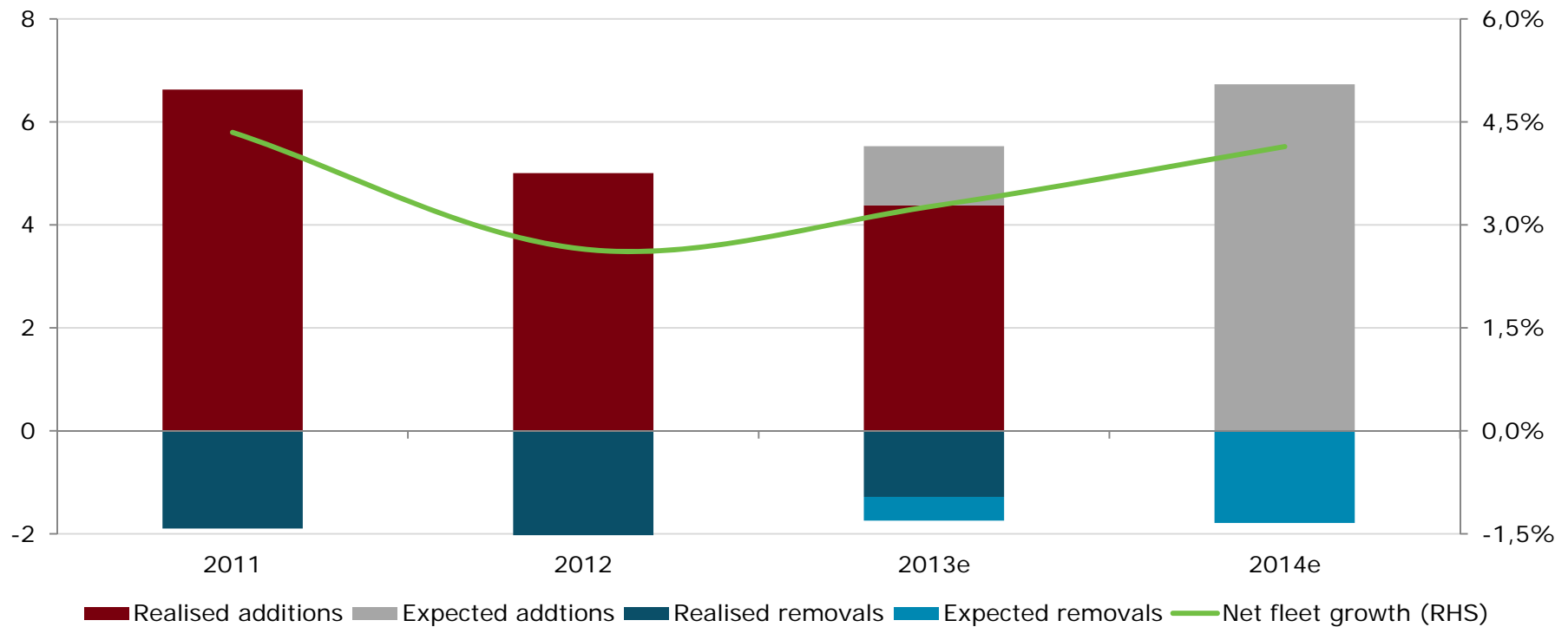
Source: ACM



# TANKER MARKET

- ▶ Low net fleet growth
  - ▶ Decreasing scrapping offset by lower deliveries
- ▶ High level of new contracting

## Total product fleet development (millions dwt.)



Source: SSY

# 2013 FULL YEAR GUIDANCE



## Outlook

USDm	Dry Cargo	Tanker	Total
EBITDA	0-10	25-45	25-45
Profit from vessel sales			3
CAPEX			110-120

## Key assumptions

- ▶ Guidance based on current capacity and coverage
- ▶ Only known and confirmed vessel sales are included in guidance



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 2013 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

**24\*7 seas**



THANK YOU FOR YOUR ATTENTION

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BACK UP

FORWARD LOOKING STATEMENTS

**24\*7 seas**

# A LEADING GLOBAL TRAMP OPERATOR



Dry cargo



Capesize



Post-Panamax



Panamax



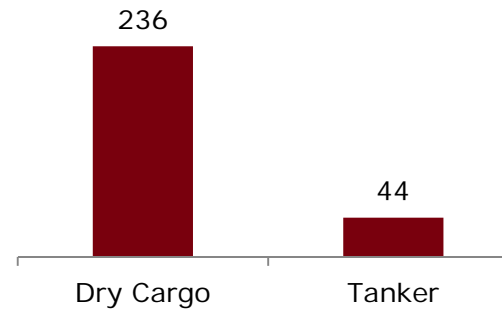
Handymax



Handysize



## Total active fleet



Tanker



MR



Handysize



- ▶ One of the most modern fleets in our industry
- ▶ Global network of offices and port captains
- ▶ Pools in Dry Cargo (Handysize, Post-Panamax) and Tanker (MR, Handysize)

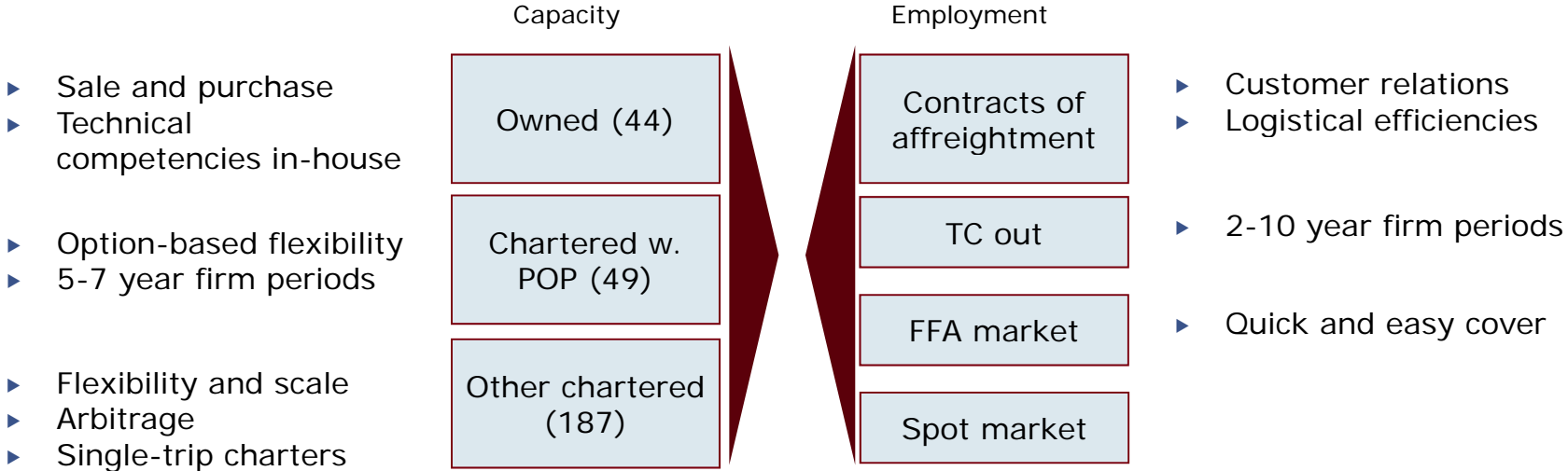
# ASSET LIGHT BUSINESS MODEL



- ▶ Active fleet can quickly be adjusted to demand and market conditions
- ▶ Fleet employment based on portfolio view
- ▶ Significant asset upside through purchase options

Flexible fleet

Coverage and customer focus

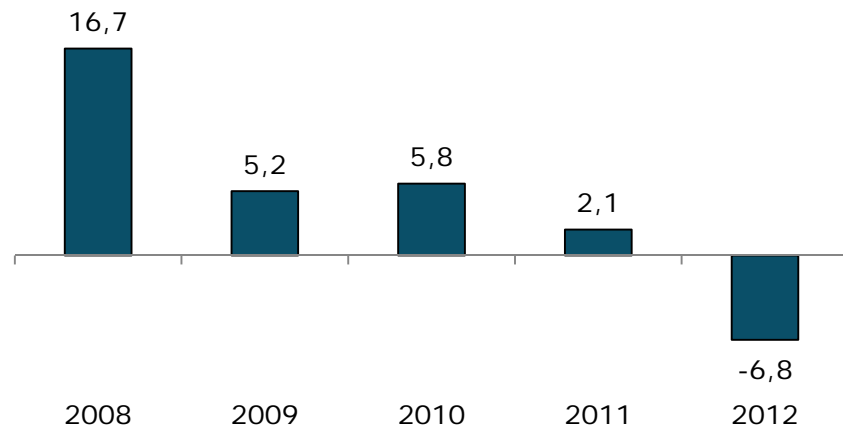


\* Active fleet per 31 March 2013

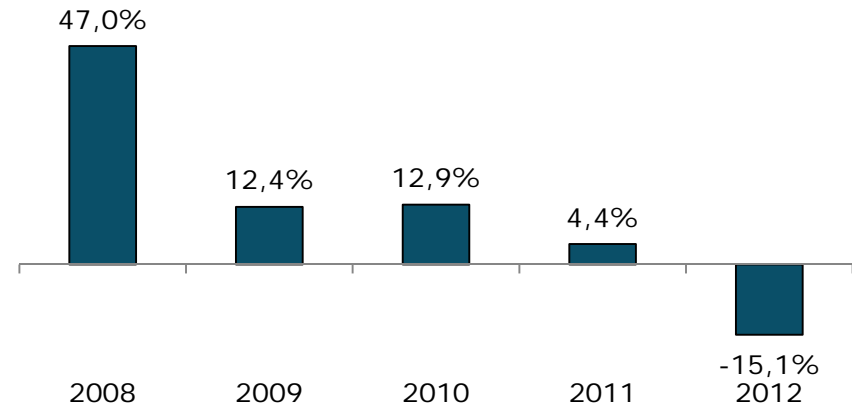
# LAST 5 YEARS PERFORMANCE



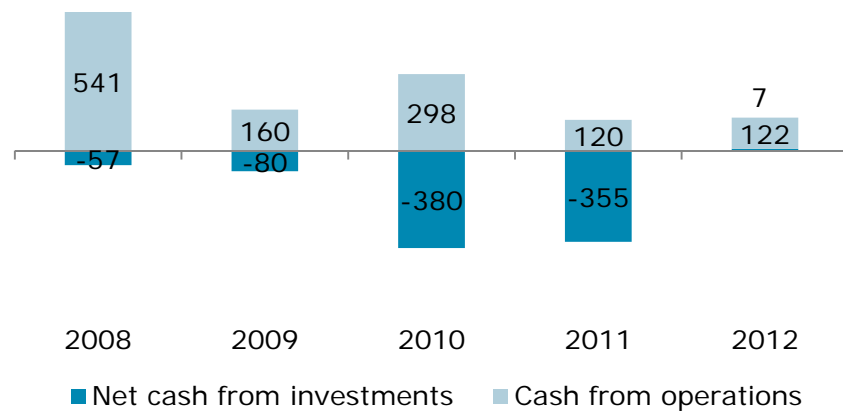
## Earnings per share (USD)



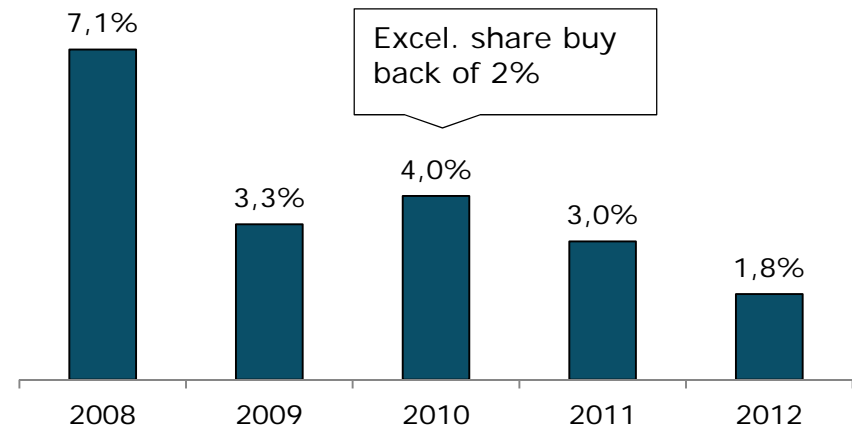
## Return on equity



## Cash flows, operations and investments



## Dividend yield





# FINANCIAL STRENGTH = FUTURE GROWTH



## Strong capital structure

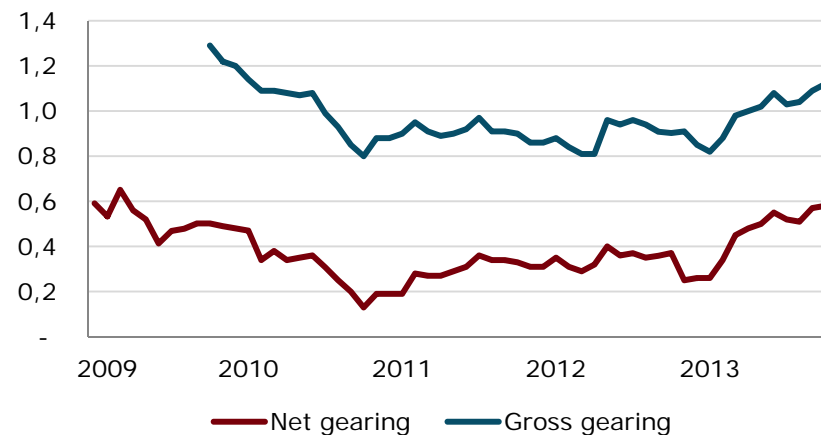
- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Newbuilding order book fully covered by available cash
- ▶ USD 218m bank debt
- ▶ Equity ratio at **80%**
- ▶ Low gearing of book equity - gearing 0.58

## Net committed cash

USDm	Q3 2013	Q2 2013
Adjusted Net Interest Bearing Assets*	237	278
T/C obligations**	-1,749	-1,665
Newbuilding installments less proceeds from vessel sales**	-293	-292
Revenue from coverage**	869	846
<b>Net commitments</b>	<b>-936</b>	<b>-832</b>

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

## Gearing



# DRY CARGO FLEET OVERVIEW



## NORDEN's Dry Cargo fleet and values at 30 September 2013

Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	Total
<b>Vessels in operation</b>						
Owned vessels	3.0	4.0	3.0	4.0	12.0	<b>26.0</b>
Chartered vessels with purchase option	1.0	4.0	9.0	16.0	11.0	<b>41.0</b>
<b>Total active core fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>12.0</b>	<b>20.0</b>	<b>23.0</b>	<b>67.0</b>
Chartered vessels without purchase option	0.0	0.0	61.5	81.0	26.5	<b>169.0</b>
<b>Total active fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>73.5</b>	<b>101.0</b>	<b>49.5</b>	<b>236.0</b>
<b>Vessels to be delivered</b>						
Newbuildings (owned)	0.0	0.0	2.0	4.0	0.0	<b>6.0</b>
Chartered vessels with purchase option	0.0	0.0	10.0	5.0	0.0	<b>15.0</b>
<b>Total for delivery to core fleet</b>	<b>0.0</b>	<b>0.0</b>	<b>12.0</b>	<b>9.0</b>	<b>0.0</b>	<b>21.0</b>
Chartered vessels over 3 years without purchase option	0.0	0.0	0.5	0.0	0.0	<b>0.5</b>
<b>Total to be delivered</b>	<b>0.0</b>	<b>0.0</b>	<b>12.5</b>	<b>9.0</b>	<b>0.0</b>	<b>21.5</b>
<b>Total gross fleet</b>	<b>4.0</b>	<b>8.0</b>	<b>86.0</b>	<b>110.0</b>	<b>49.5</b>	<b>257.5</b>
<b>Dry Cargo fleet values at 30 September 2013 (USD million)</b>						
Market value of owned vessels and newbuildings*	79	108	136	213	245	<b>781</b>
Value of purchase and extension options	4	3	28	38	4	<b>79</b>

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

# TANKER FLEET OVERVIEW



<b>NORDEN's Tanker fleet and values at 30 September 2013</b>			
Vessel type	MR	Handysize	Total
<b>Vessels in operation</b>			
Owned vessels	7.0	11.0	<b>18.0</b>
Chartered vessels with purchase option	8.0	0.0	<b>8.0</b>
<b>Total active core fleet</b>	<b>15.0</b>	<b>11.0</b>	<b>26.0</b>
Chartered vessels without purchase option	11.0	7.0	<b>18.0</b>
<b>Total active fleet</b>	<b>26.0</b>	<b>18.0</b>	<b>44.0</b>
<b>Vessels to be delivered</b>			
Newbuildings (owned)	4.0	2.0	<b>6.0</b>
Chartered vessels with purchase option	0.0	0.0	<b>0.0</b>
<b>Total for delivery to core fleet</b>	<b>4.0</b>	<b>2.0</b>	<b>6.0</b>
Chartered vessels over 3 years without purchase option	0.0	0.0	<b>0.0</b>
<b>Total to be delivered</b>	<b>4.0</b>	<b>2.0</b>	<b>6.0</b>
<b>Total gross fleet</b>	<b>30.0</b>	<b>20.0</b>	<b>50.0</b>
<b>Tanker fleet values at 30 September 2013 (USD million)</b>			
Market value of owned vessels and newbuildings*	373	297	<b>671</b>
Value of purchase and extension options	4	0	<b>4</b>

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

# FLEET VALUES AND NAV



Fleet values at 30 September 2013					
USD million					
Owned (active and newbuildings)					
	Number	Carrying amount/ cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
<b>Dry Cargo</b>					
Capesize	3.0	74	79		5
Post-Panamax	4.0	128	108		-20
Panamax	5.0	109	113	22	27
Handymax	8.0	192	213		21
Handysize	12.0	273	237	8	-28
<b>Tankers</b>					
MR	11.0	379	373		-6
Handysize	13.0	310	297		-13
<b>Total</b>	<b>56.0</b>	<b>1,466</b>	<b>1,421</b>	<b>30</b>	<b>-14</b>
<b>Net Asset Value at 30 June 2013</b>					
			<b>USD million</b>	<b>DKK per share</b>	<b>Sensitivity</b>
				<b>+10%</b>	<b>-10%</b>
Equity excl. minority interests			1,621	219	219
Added value owned vessels			-14	-2	18
<b>Net Asset Value</b>			<b>1,607</b>	<b>217</b>	<b>237</b>
Note: * Including joint ventures and assets held for sale but excluding charter party, if any.					

# COVERAGE AND CAPACITY – DRY CARGO



Capacity and coverage, Dry Cargo, at 30 September 2013						
	2013	2014	2015	2013	2014	2015
<b>Owned vessels</b>						
	Ship days					
Capesize	276	1,095	1,095			
Post-Panamax	368	1,460	1,460			
Panamax	276	1,095	1,415			
Handymax	368	1,460	2,042			
Handysize	1,104	4,380	4,380			
<b>Total</b>	<b>2,392</b>	<b>9,490</b>	<b>10,392</b>			
<b>Chartered vessels</b>						
	Costs for T/C capacity (USD per day)					
Capesize	92	365	365	18,550	18,539	18,500
Post-Panamax	368	1,460	1,460	18,698	18,686	18,686
Panamax	5,290	9,200	9,234	10,969	12,361	12,881
Handymax	4,993	7,228	5,663	11,201	12,040	12,891
Handysize	1,758	5,740	4,268	13,278	13,193	12,429
<b>Total</b>	<b>12,501</b>	<b>23,993</b>	<b>20,990</b>	<b>11,670</b>	<b>12,942</b>	<b>13,293</b>
Costs for gross capacity (USD per day)*						
<b>Total capacity</b>	<b>14,893</b>	<b>33,483</b>	<b>31,383</b>	<b>10,640</b>	<b>10,742</b>	<b>10,609</b>
<b>Coverage</b>						
	Revenue from coverage (USD per day)					
Capesize	142	73	0	15,106	11,405	0
Post-Panamax	404	79	0	12,186	3,991	0
Panamax	5,088	8,125	4,294	10,685	13,200	14,962
Handymax	5,083	5,584	1,902	12,136	11,920	13,001
Handysize	2,417	2,132	1,133	9,361	12,370	14,651
<b>Total</b>	<b>13,134</b>	<b>15,994</b>	<b>7,328</b>	<b>11,097</b>	<b>12,589</b>	<b>14,405</b>
<b>Coverage in %</b>						
Capesize	39%	5%	0%			
Post-Panamax	55%	3%	0%			
Panamax	91%	79%	40%			
Handymax	95%	64%	25%			
Handysize	84%	21%	13%			
<b>Total</b>	<b>88%</b>	<b>48%</b>	<b>23%</b>			

\*Including cash running costs of owned vessels

Costs are excluding O/A

# COVERAGE AND CAPACITY – TANKER



Capacity and coverage, Tankers, at 30 September 2013						
	2013	2014	2015	2013	2014	2015
<b>Owned vessels</b>			Ship days			
MR	644	2,649	3,831			
Handysize	1,012	4,632	4,745			
<b>Total</b>	<b>1,656</b>	<b>7,281</b>	<b>8,576</b>			
<b>Chartered vessels</b>				Costs for T/C capacity (USD per day)		
MR	1,656	5,559	3,373	14,301	14,590	15,481
Handysize	644	1,449	0	12,752	12,792	0
<b>Total</b>	<b>2,300</b>	<b>7,008</b>	<b>3,373</b>	<b>13,867</b>	<b>14,218</b>	<b>15,481</b>
				Costs for gross capacity (USD per day)*		
<b>Total capacity</b>	<b>3,956</b>	<b>14,289</b>	<b>11,949</b>	<b>10,828</b>	<b>10,431</b>	<b>9,202</b>
<b>Coverage</b>				Revenue from coverage (USD per day)		
MR	957	1,555	116	13,783	13,230	13,206
Handysize	684	1,159	66	12,826	12,310	12,386
<b>Total</b>	<b>1,641</b>	<b>2,714</b>	<b>182</b>	<b>13,385</b>	<b>12,837</b>	<b>12,909</b>
<b>Coverage in %</b>						
MR	42%	19%	2%	*Including cash running costs of owned vessels  Costs are excluding O/A		
Handysize	41%	19%	1%			
<b>Total</b>	<b>41%</b>	<b>19%</b>	<b>2%</b>			

# THE SHARE (DNORD)

## Master data

Shareholder capital	DKK 43,000,000
Number of shares and denomination	43,000,000 shares of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

## Composition of shareholders end 2012

- ▶ 16,297 registered shareholders owning 91.4%
- ▶ Approx. 40% international ownership

