



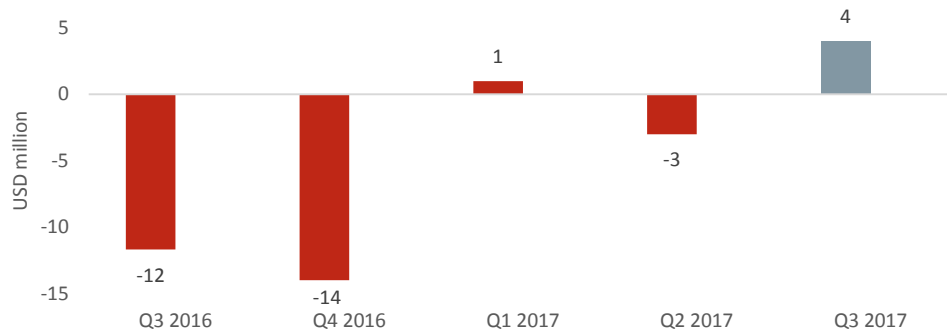
# NORDEN RESULTS

# Third quarter of 2017

Hellerup, Denmark  
9 November 2017

# RAISING FULL YEAR GUIDANCE

## Adjusted Results



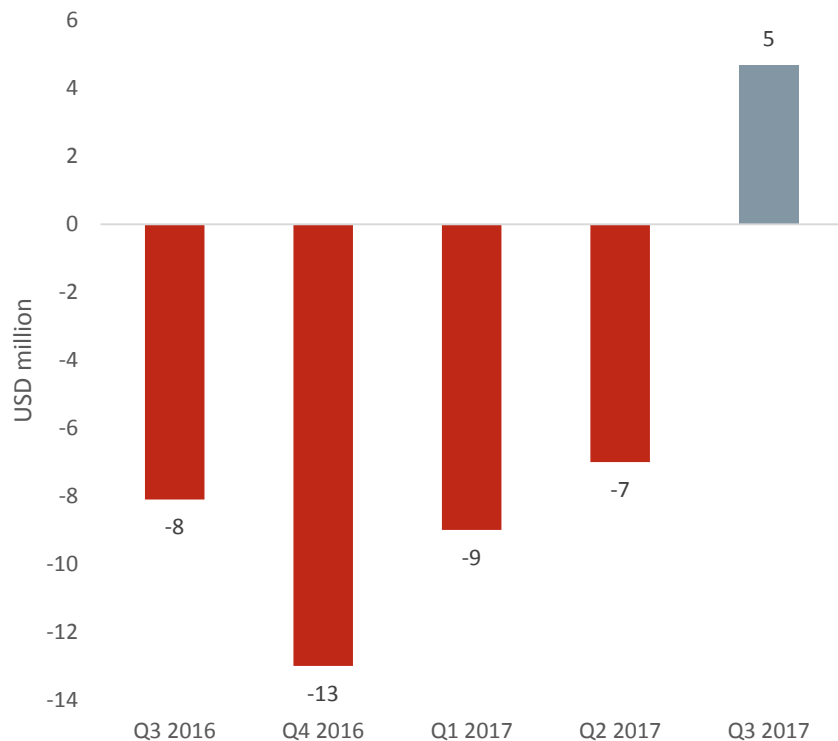
## Baltic Dry Index



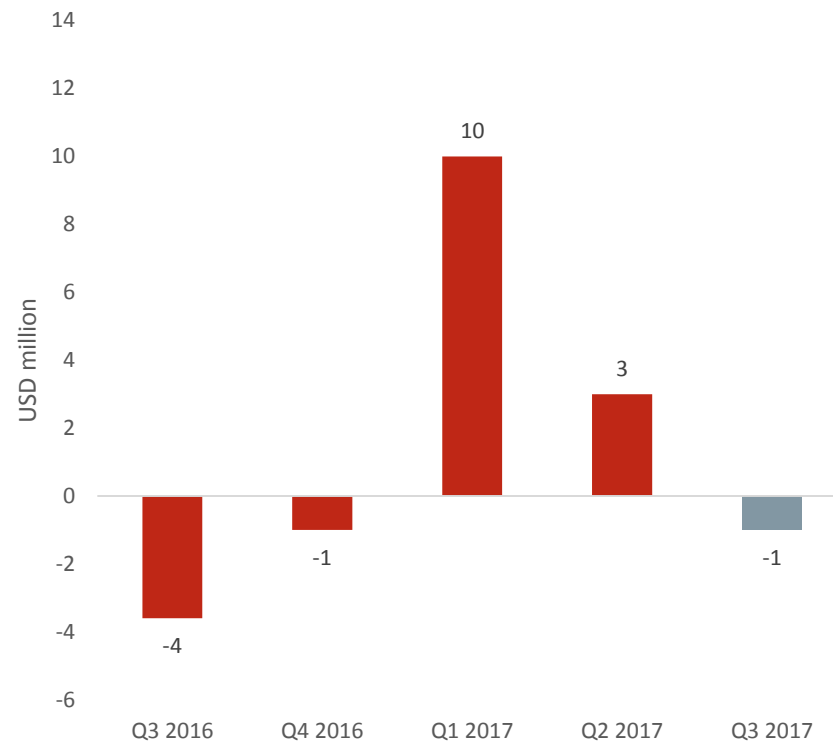
- Adjusted result for Q3 USD 4 million
  - Improving dry cargo markets
  - Still challenging tanker markets
- Dry Cargo split into 2 distinct business units
  - Important step in NORDEN's ambitious plan to increase profitability and scale of its Dry Operator activities
- Dry Cargo portfolio well positioned to benefit from improving markets in Q4
- Guidance raised to USD -10 to 30 million as a result of higher expected Dry Cargo earnings

# POSITIVE DRY CARGO RESULT

## Adjusted result – Dry Cargo



## Adjusted result - Tanker



# SPLIT INTO TWO SEPERATE BUSINESS UNITS

## DRY OPERATOR

- Trading in focus
- Short-term perspective
- Customer focus

## DRY OWNER

- Ownership and long-term contracts
- Long-term perspective
- Utilising cyclical nature of market



# TRANSFORMATION WELL UNDER WAY

## Going forward - 2 business units in Dry Cargo



## Development of Dry Operator



# FIRST RESULTS IN

## Dry Operator well positioned in improving markets

- Vessels positioned to improving markets in Q4
- Added optional capacity

## Dry Owner delivering valuable cover

- Market improvements
- Valuable addition from long-term cover
- Asset values +4%

### Dry Operator

Contribution margin

3

USD million

Adjusted result

-2

USD million

### Dry Owner

Contribution margin

12

USD million

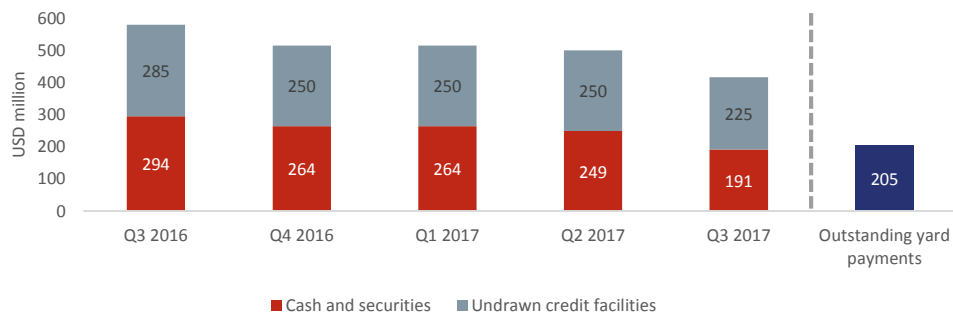
Adjusted result

7

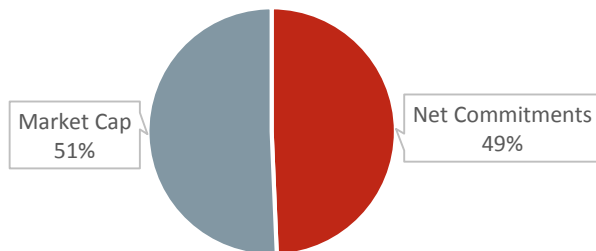
USD million

# NORMALISING CASH POSITION

## Cover for outstanding payments



## Capital structure incl. items outside balance sheet

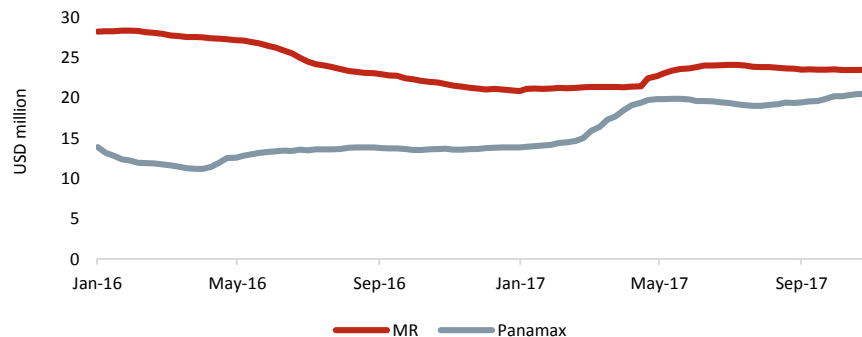


- NORDEN is gradually allowing cash position to normalise as expensive charter and newbuilding commitments are paid off
- Net commitments increased by USD 37 million due to increased exposure in the Tanker segment and a reduction in cash
- Combined undrawn credit facilities, cash and securities at USD 422 million
  - USD 205 million in outstanding payments (newbuilding and secondhand purchases)
  - Future payments to NORDEN from assets held for sale USD 24 million

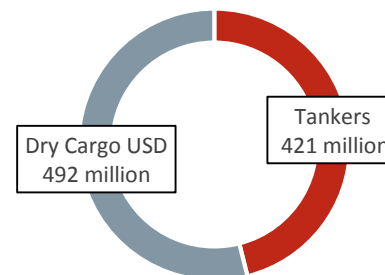
# STABLE ASSET VALUES

- Asset values for Dry Cargo and Tanker have remained stable during the quarter
- Upward pressure on Dry Cargo values going into Q4
- Value of owned fleet is 54/46 between Dry Cargo and Tankers

## 5 – year secondhand prices



## Broker assessed asset values end Q3 2017

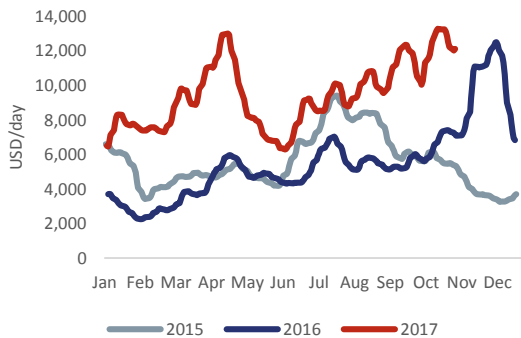




# BROAD BASED MARKET IMPROVEMENTS

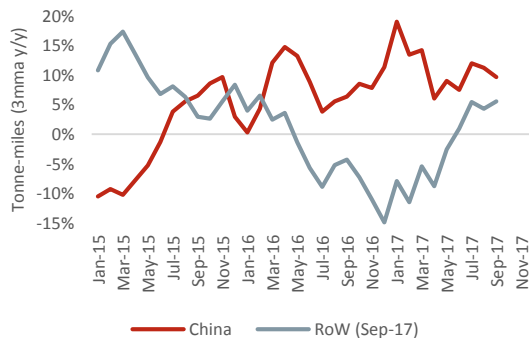
- 4.5% demand growth YTD and 2.7% for Q3 2017 compared to last year
- China continues to be the biggest driver of growth – but no longer the only one
  - Improving macro economy finally driving growth in “Rest of World”
- Global rebound in Coal trade in 2017
- Bauxite growth has been significant

**Panamax – spot rate**



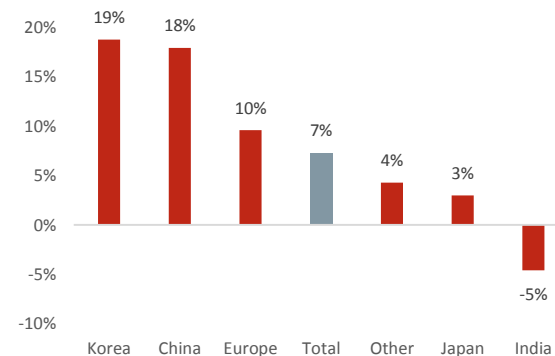
\* Source: Clarksons

**China imports and “Rest of World”**



\* Source: Global Trade Tracker

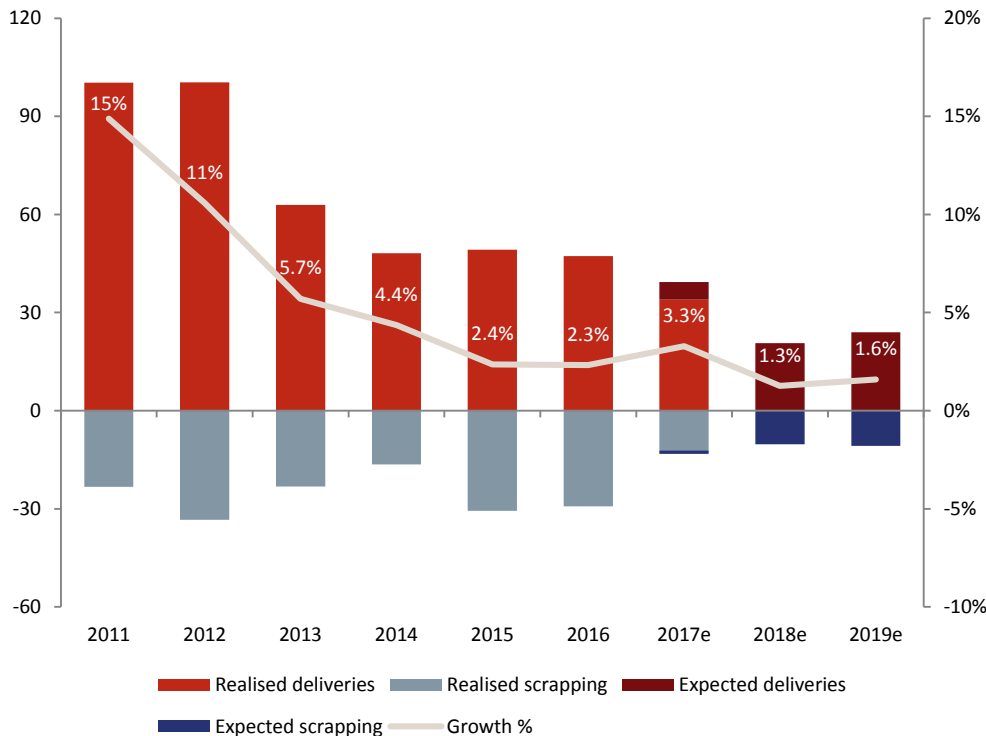
**Thermal coal imports YTD growth**



\* Source: Global Trade Tracker

# LOW SUPPLY GROWTH SUPPORTING OUTLOOK

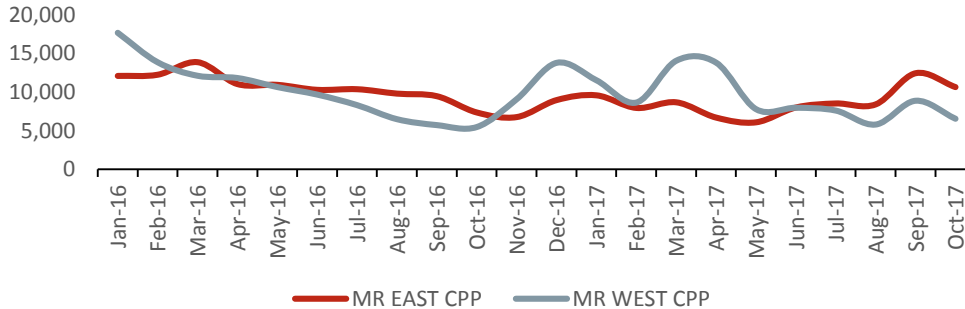
Dry Cargo supply (million dwt.)



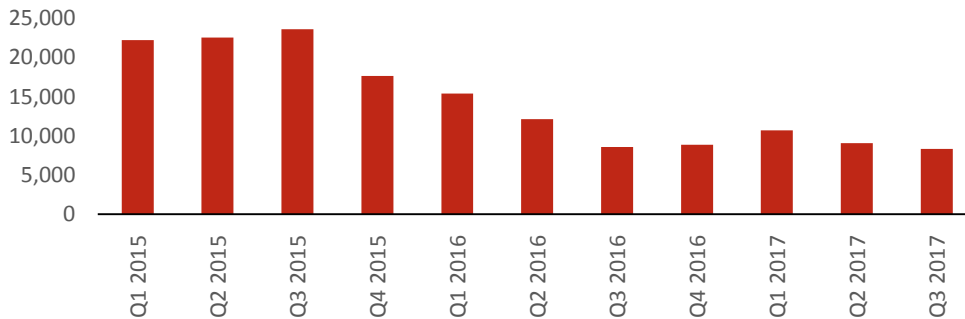
- Low supply growth 2018 and 2019 enables continued market improvement
- Demand growth in 2018 lower than in 2017, due to lower Chinese activity levels
- If strong demand growth from 2017 continues in 2018, significant market improvement can be seen
- Winter closures of industrial production China creates downside risk for end of 2017 and Q1 2018

# MARKET CONDITIONS STILL CHALLENGING

## Spot market MR (CPP) earnings (USD/day)



## Avg. spot Clean Product earnings (USD/day)

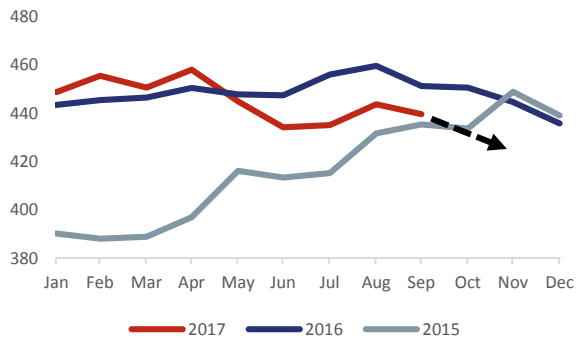


- High fleet growth and low demand growth in 2017
- High level of inventories reducing short-term effect from weather disturbances e.g. Harvey
- Oil storages normalising
- The rates was under continued pressure in Q3 as market rebalancing was taking place

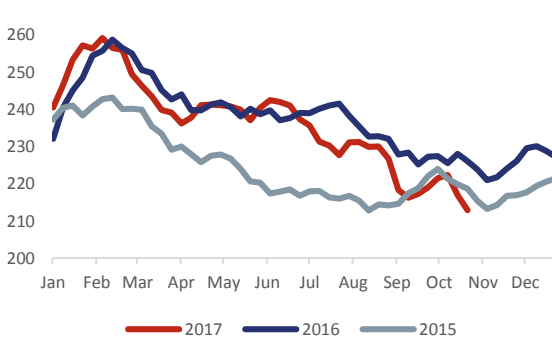
# IMPROVING OUTLOOK FOR 2018

- Positive macro environment adding to demand upside
- Demand for oil expected to grow 1.4% in 2018
- Oil inventories normalizing faster than expected
- Fleet growth slowing

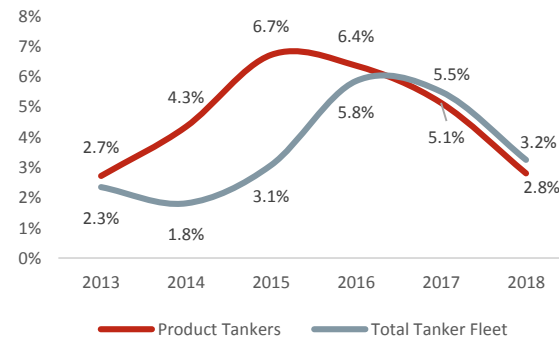
### European Distillate stocks (mBBL)



### US Total Gasoline Stocks (mBBL)



### Tanker fleet growth



# NORDEN RAISES EXPECTATIONS FOR 2017

## Outlook and comments

USDm	Dry Cargo	Tankers	Total
Adjusted result for the year	-10 to 15	0 to 15	-10 to 30

- Adjusted net result USD -10 to 30 million - previously USD -20 to 20 million
- Dry Cargo well positioned to benefit from improving markets
- Tanker estimate narrowed



## 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 2017 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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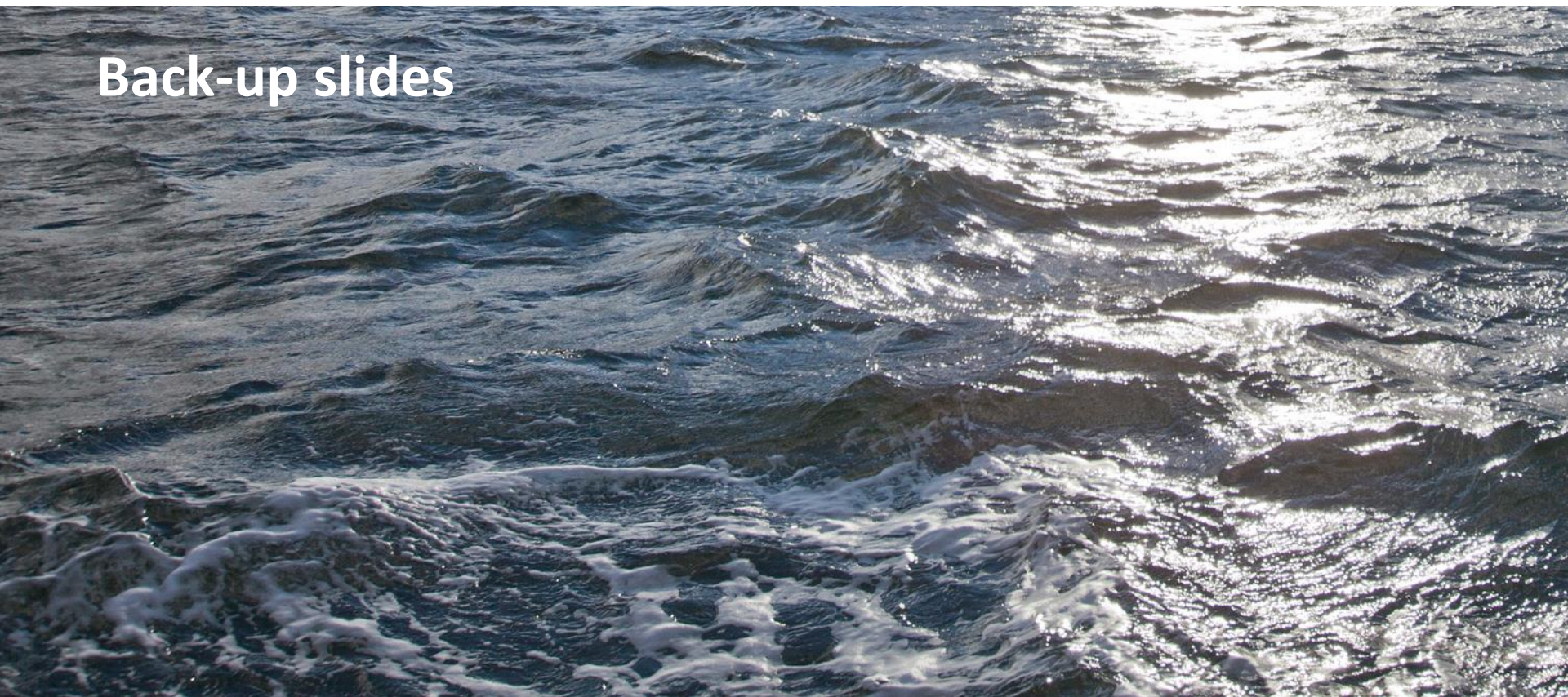


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# Back-up slides





# WHAT MAKES NORDEN DIFFERENT?

- 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



# A LEADING GLOBAL TRAMP OPERATOR

## 71 Dry Cargo vessels (core fleet)



**Panamax (25.5)**



**Supramax (26.5)**



**Post-Panamax (4)**



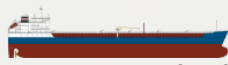
**Handysize (15)**

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

## 36.5 Tanker vessels



**MR (21.5)**



**Handysize (13)**



**LR1 (2)**

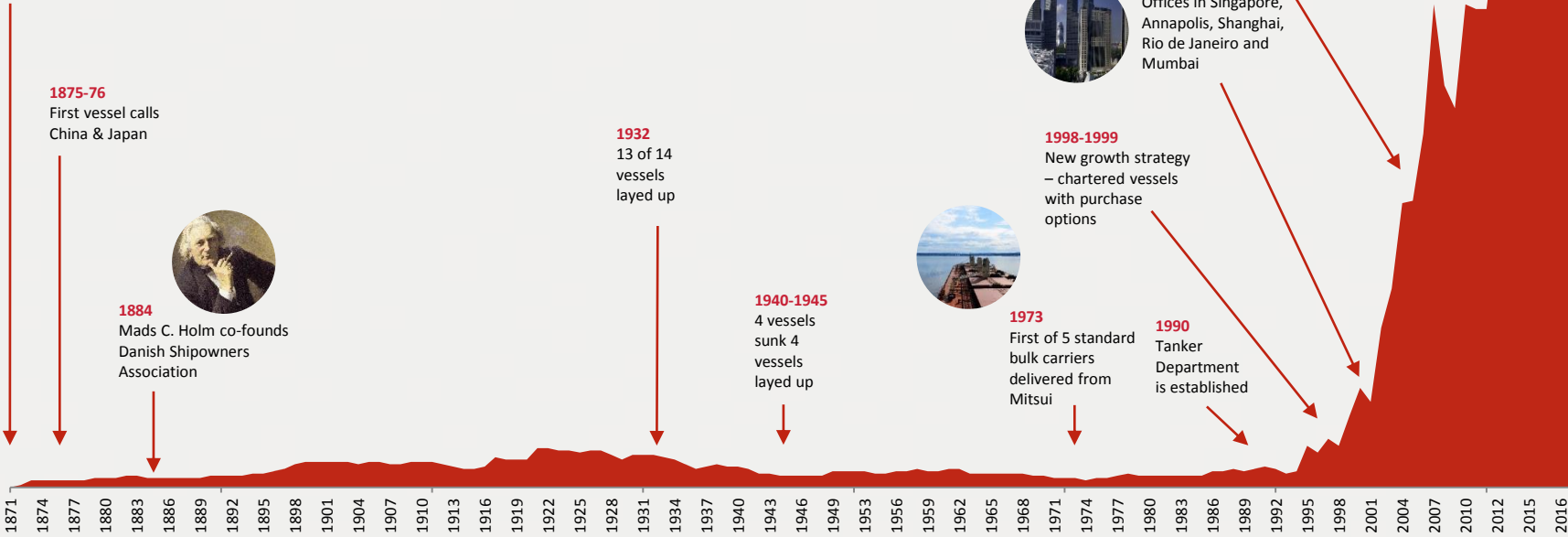


*Figures per 30 September 2017*

# DEVELOPMENT HIGHLIGHTS



**1871**  
Mads C. Holm founds NORDEN; first vessel delivered in 1872



**1875-76**  
First vessel calls China & Japan



**1884**  
Mads C. Holm co-founds Danish Shipowners Association

**1932**  
13 of 14 vessels layed up

**1940-1945**  
4 vessels sunk 4 vessels layed up



**1973**  
First of 5 standard bulk carriers delivered from Mitsui

**1990**  
Tanker Department is established



**1996-2005**  
Offices in Singapore, Annapolis, Shanghai, Rio de Janeiro and Mumbai

**1998-1999**  
New growth strategy – chartered vessels with purchase options



**2005**  
Norient Product Pool

**2015-**  
Strategy: Focus & Simplicity  
Offices in Melbourne and Santiago

**2008**  
Financial crisis begins

Number of active vessels

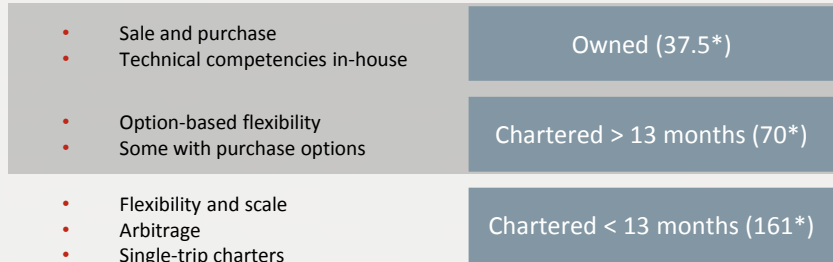
# ASSET LIGHT BUSINESS MODEL ...

- Active fleet can quickly be adjusted to demand and market conditions
- Fleet employment based on portfolio view

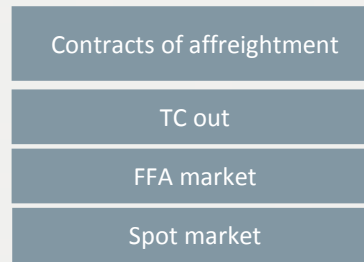
## Flexible fleet

## Coverage and customer focus

### CORE FLEET



### Employment



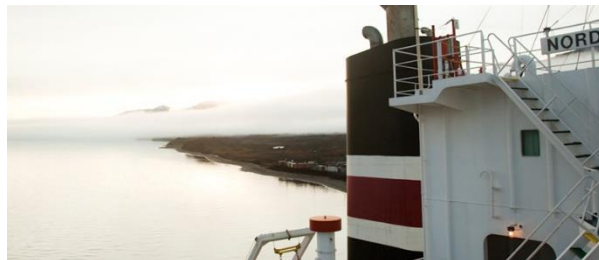
- Customer relations
- Logistical efficiencies
- 2-10 year firm periods
- Quick and easy cover
- Leverage of scale
- Operator profit

## People

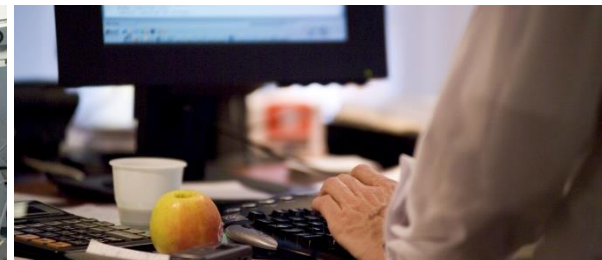


\* Active fleet per 30 September 2017

## Brand



## Systems





# ENABLING VALUE CREATION

## 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

Why we succeed

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

## Creating value throughout the cycle

- Creating value above industry level irrespective of market conditions

Levers:

Commercial operations: <ul style="list-style-type: none"> <li>• Optimisation around cargo contracts (Dry Cargo)</li> <li>• Short-term T/C in/out</li> <li>• Optimisation of trade composition and positioning</li> <li>• Exploitation of seasonality and volatility</li> <li>• Vessel selection</li> </ul>
Voyage execution incl. fuel optimisation
Cost efficiency <ul style="list-style-type: none"> <li>• Skilled and experienced staff</li> <li>• Close customer relationships</li> <li>• Economies of scale</li> <li>• Optimised systems and processes</li> <li>• Strong brand</li> </ul>

## OVERALL RESULTS

USDm	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
EBITDA – Dry Cargo	-1.9	-4.0	-6.3	-2.6	5.5
EBITDA - Tankers	6.0	8.0	16.6	10.0	6.5
EBITDA - Group	4.1	2.9	10.3	7.4	12.0
Depreciation	-11.6	-10.8	-10.6	-10.2	-10.4
EBIT Group	-12.9	-16.3	0.1	-2.8	-2.2
Result for the period	-14.1	-12.1	0.7	-3.3	0.1
Adjusted result for the period*	-11.7	-14.0	0.9	-3.3	3.7
Cash flow from operations	-29.0	-41.3	-9.4	-9.7	-16.0
Net cash flow	-23.4	-5.8	18.5	-5.3	-22.2
Cash and securities	294	264	264	249	191

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

# FINANCIAL STRENGTH

## Capital structure

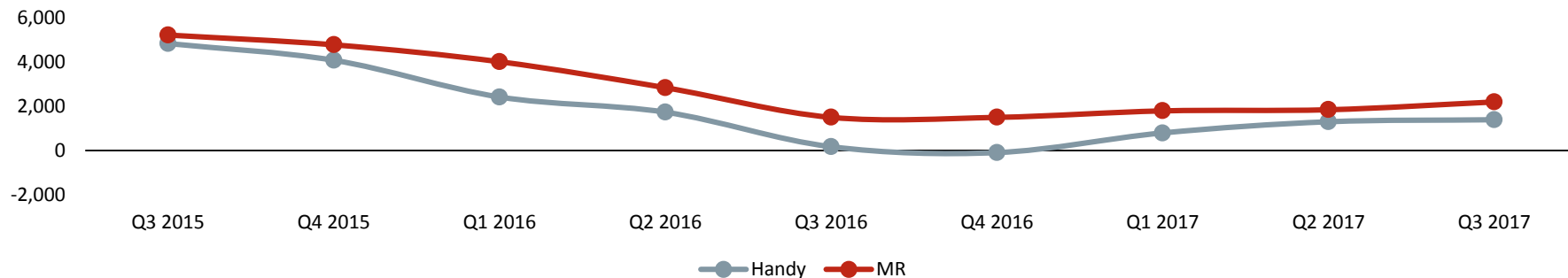
- Cash in low-risk deposit accounts and securities
  
- Outstanding yard payments (incl. joint ventures (50%))
  - 2017: USD 9 million
  - 2018: USD 140 million
  - 2019: USD 40 million
  - 2020: USD 16 million
  - Total: USD 205 million
  
- Payments to NORDEN for assets held for sale:
  - USD 24 million

## Net committed cash (ultimo)

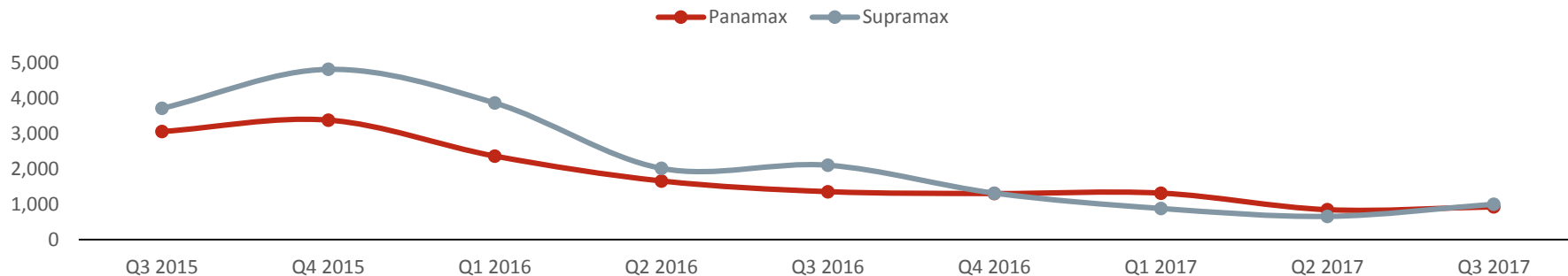
USDm	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Adjusted net interest bearing assets*	-69	-9	12	12	6
T/C obligations **	-1,267	-1,229	-1,202	-1,143	-1,201
Payments for newbuilding less proceeds from vessel sales**	-169	-224	-175	-163	-170
Revenue from coverage**	629	623	652	672	612
Net commitments	-877	-840	-714	-620	-752

# CONTINUOUSLY OUTPERFORMING THE MARKETS

## Tankers – 4 quarter rolling NORDEN TCE over benchmark



## Dry Cargo – 4 quarter rolling NORDEN TCE over benchmark



# NORDEN TCE DRY CARGO

		Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Post-Panamax	Core days	658	397	359	364	368
	TCE	8,446	9,479	9,428	11,539	9,304
Panamax	Core days	2,706	2,779	2,855	2,835	2,856
	TCE	7,413	8,407	7,299	7,897	9,899
Supramax	Core days	2,547	2,646	2,803	2,822	2,677
	TCE	7,165	7,971	7,074	7,717	9,696
Handysize	Core days	1,916	1,827	1,834	1,871	1,854
	TCE	7,427	7,693	7,998	8,835	8,064
<b>Total</b>	<b>Core days</b>	<b>7,920</b>	<b>7,740</b>	<b>7,940</b>	<b>7,983</b>	<b>7,754</b>
	<b>TCE</b>	<b>7,415</b>	<b>8,190</b>	<b>7,513</b>	<b>8,274</b>	<b>9,362</b>

# CLASSIC TCE DRY CARGO

		Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Post-Panamax	Fleet days	658	397	567	386	406
	TCE	7,731	8,465	8,492	10,441	12,040
Panamax	Fleet days	7,405	7,806	8,755	8,576	9,005
	TCE	6,918	7,824	7,612	9,647	9,698
Supramax	Fleet days	6,083	6,368	7,448	7,578	9,103
	TCE	7,940	8,775	8,876	10,028	9,530
Handysize	Fleet days	1,982	2,017	2,059	1,985	2,139
	TCE	6,401	6,614	6,460	7,513	7,351
<b>Total</b>	<b>Fleet days</b>	<b>16,220</b>	<b>16,680</b>	<b>18,918</b>	<b>18,617</b>	<b>20,653</b>
	<b>TCE</b>	<b>7,270</b>	<b>8,080</b>	<b>8,024</b>	<b>9,606</b>	<b>9,427</b>



# DRY CARGO CAPACITY

	Q4 2017	2018	2019	Q4 2017	2018	2019
<b>Own Vessels</b>						
		Ship days				
Panamax	360	1,448	1,373			
Supramax	495	2,938	4,061			
Handysize	630	2,534	2,534			
<b>Total</b>	<b>1,485</b>	<b>6,920</b>	<b>7,968</b>			
<b>Chartered vessels (core fleet)</b>				Costs for T/C core capacity (USD per day)		
Post-Panamax	360	1,460	1,460	6,694	8,737	10,404
Panamax	2,121	6,231	5,417	9,269	10,472	11,582
Supramax	1,570	4,931	4,748	7,528	8,990	10,372
Handysize	568	1,786	1,318	7,797	10,060	9,691
<b>Total</b>	<b>4,619</b>	<b>14,408</b>	<b>12,943</b>	<b>8,295</b>	<b>9,738</b>	<b>10,813</b>
<b>Chartered Vessels (non-core fleet)</b>				Costs for T/C non-core capacity (USD per day)		
Post-Panamax	32	-	-	11,750	-	-
Panamax	2,927	982	-	10,674	10,326	-
Supramax	2,905	988	-	9,719	8,722	-
Handysize	288	565	-	8,670	8,866	-
<b>Total</b>	<b>6,152</b>	<b>2,536</b>	<b>-</b>	<b>10,135</b>	<b>9,375</b>	<b>-</b>
				Costs for total capacity (USD per day)		
<b>Total capacity</b>	<b>12,256</b>	<b>23,863</b>	<b>20,911</b>	<b>8,844</b>	<b>8,389</b>	<b>8,729</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. 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".

# DRY CARGO COVERAGE

	Q4 2017	2018	2019	Q4 2017	2018	2019
<b>Coverage</b>				<b>Revenue from coverage (USD per day)</b>		
Post-Panamax	256	165	-	13,252	12,285	-
Panamax	4,351	4,791	3,122	12,744	12,439	13,800
Supramax	3,444	3,473	2,007	11,834	12,100	12,720
Handysize	1,292	1,786	1,007	10,323	11,680	14,377
<b>Total</b>	<b>9,344</b>	<b>10,215</b>	<b>6,137</b>	<b>12,088</b>	<b>12,188</b>	<b>13,541</b>
<b>Coverage in %</b>						
Post-Panamax	65%	11%	-			
Panamax	80%	55%	46%			
Supramax	69%	39%	23%			
Handysize	87%	37%	26%			
<b>Total</b>	<b>76%</b>	<b>43%</b>	<b>29%</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. 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".

# TANKER CAPACITY AND COVERAGE

	Q4 2017	2018	2019	Q4 2017	2018	2019
<b>Own vessels</b>	<b>Ship days</b>					
LR1	-	-	-			
MR	1,082	3,960	3,960			
Handysize	900	3,580	3,588			
<b>Total</b>	<b>1,982</b>	<b>7,540</b>	<b>7,548</b>			
<b>Chartered vessels</b>				<b>Costs for T/C capacity (USD per day)*</b>		
LR1	180	730	730	18,655	18,655	18,655
MR	1,711	3,748	3,212	13,304	14,711	15,642
Handysize	342	1,095	1,095	11,430	12,653	12,729
<b>Total</b>	<b>2,233</b>	<b>5,573</b>	<b>5,037</b>	<b>13,449</b>	<b>14,823</b>	<b>15,445</b>
				<b>Costs for total capacity (USD per day)*</b>		
<b>Total capacity</b>	<b>4,215</b>	<b>13,113</b>	<b>12,585</b>	<b>9,992</b>	<b>9,849</b>	<b>9,939</b>
<b>Coverage</b>				<b>Revenue from coverage (USD per day)</b>		
LR1	-	-	-	-	-	-
MR	879	746	5	12,133	14,056	12,844
Handysize	211	209	-	12,434	14,086	-
<b>Total</b>	<b>1,090</b>	<b>955</b>	<b>5</b>	<b>12,191</b>	<b>14,063</b>	<b>12,844</b>
<b>Coverage in %</b>						
LR1	-	-	-			
MR	31%	10%	0%			
Handysize	17%	4%	-			
<b>Total</b>	<b>26%</b>	<b>7%</b>	<b>0%</b>			

\* Including cash running costs of owned vessels. Costs are excluding O/A. For segments which are operated in a pool, the TCE is after management fee.

# DRY CARGO FLEET OVERVIEW

Vessel Type	Post-Panamax	Panamax	Supramax	Handysize	Total
<b>Vessels in operation</b>					
Owned vessels	0.0	4.0	5.5	7.0	16.5
Chartered vessels with a duration of more than 13 months	4.0	21.5	21.0	8.0	54.5
<b>Total active core fleet</b>	<b>4.0</b>	<b>25.5</b>	<b>26.5</b>	<b>15.0</b>	<b>71.0</b>
<b>Vessels to be delivered</b>					
Owned vessels	0.0	1.0	8.0	0.0	9.0
Chartered vessels with a duration of more than 13 months	0.0	0.0	7.0	1.0	8.0
<b>Total delivery to core fleet</b>	<b>0.0</b>	<b>1.0</b>	<b>15.0</b>	<b>1.0</b>	<b>17.0</b>
<b>Dry Cargo fleet values (USD million)</b>					
Market value of owned vessels and newbuildings*	0	92	300	101	492
Theoretical value of purchase and extension options	2	12	9	0	24

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

# PRODUCT TANKER FLEET OVERVIEW

<b>Vessel type</b>	<b>LR1</b>	<b>MR</b>	<b>Handysize</b>	<b>Total</b>
<b>Vessels in operation</b>				
Owned vessels	0.0	11.0	10.0	21.0
Chartered vessels with a duration of more than 13 months	2.0	10.5	3.0	15.5
<b>Total active core fleet</b>	<b>2.0</b>	<b>21.5</b>	<b>13.0</b>	<b>36.5</b>
Chartered vessels with a duration of less than 13 months	0.0	9.0	1.4	10.4
<b>Total active fleet</b>	<b>2.0</b>	<b>30.5</b>	<b>14.4</b>	<b>46.9</b>
<b>Vessels to be delivered</b>				
Owned vessels	0.0	0.0	0.0	0.0
Chartered vessels with a duration of more than 13 months	0.0	10.0	0.0	10.0
<b>Total delivery to core fleet</b>	<b>0.0</b>	<b>10.0</b>	<b>0.0</b>	<b>10.0</b>
<b>Tanker fleet values (USD million)</b>				
Market value of owned vessels and newbuildings*	0	269	152	421
Theoretical value of purchase and extension options	0	1	10	11

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

## FLEET VALUES

USD million

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
<b>Dry Cargo</b>						
Panamax	5.0	79,000	85	79	13	7
Supramax	13.5	60,000	281	300	0	17
Handysize	7.0	37,000	101	85	15	-1
<b>Total Dry Cargo</b>	<b>25.5</b>		<b>469</b>	<b>464</b>	<b>29</b>	<b>24</b>
<b>Tankers</b>						
MR	11.0	50,000	307	268	1	-37
Handysize	10.0	39,000	210	151	1	-59
<b>Total Tankers</b>	<b>21</b>		<b>517</b>	<b>419</b>	<b>2</b>	<b>-96</b>
<b>Total</b>	<b>46.5</b>		<b>985</b>	<b>883</b>	<b>30</b>	<b>-72</b>

\* Including joint ventures and assets held for sale but excluding charter party, if any.



# NEWBUILDING PRICES

Panamax (Dry)

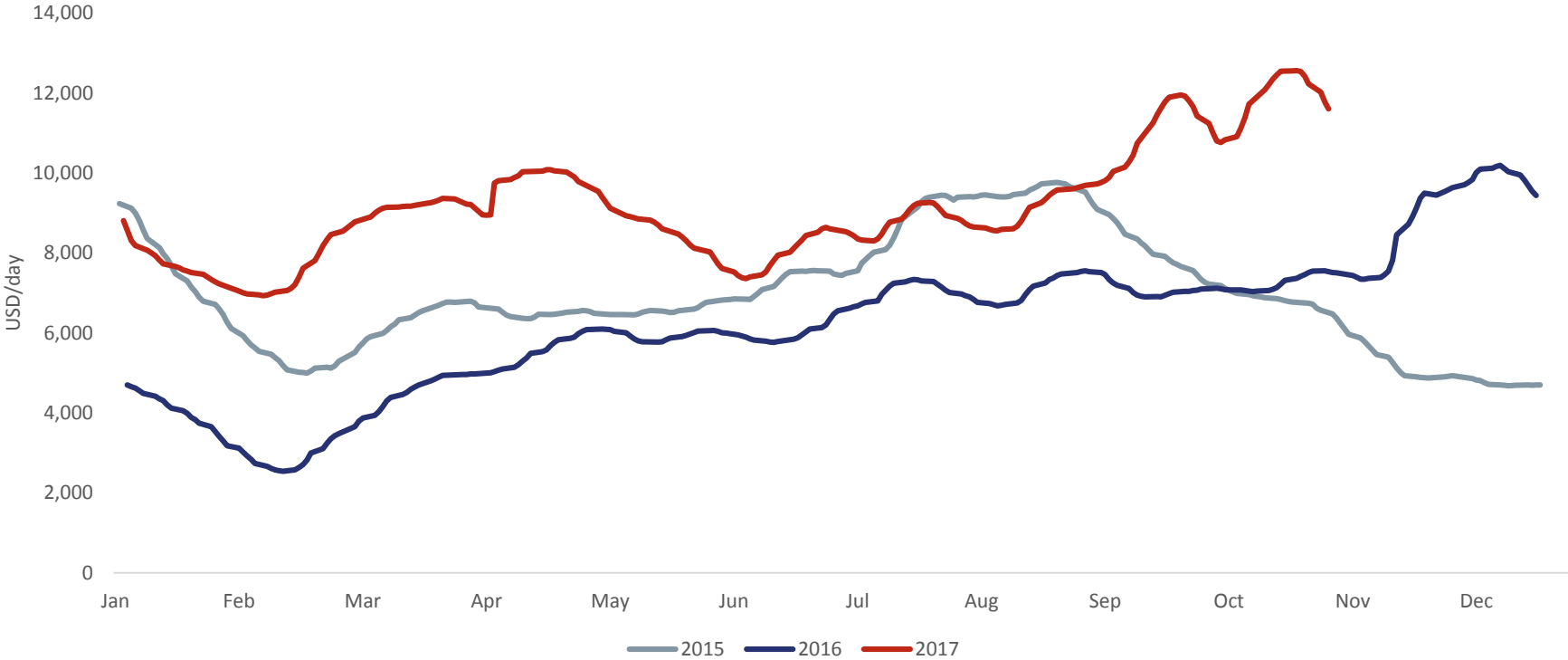


MR (Tank)



# SUPRAMAX

## Spot rate



\* Source: Clarksons

# 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

- 15,895 registered shareholders owning 88.3%
- Approx. 31% international ownership

