

NORDEN RESULTS

Annual Report 2017



Copenhagen, Denmark
6 March 2018

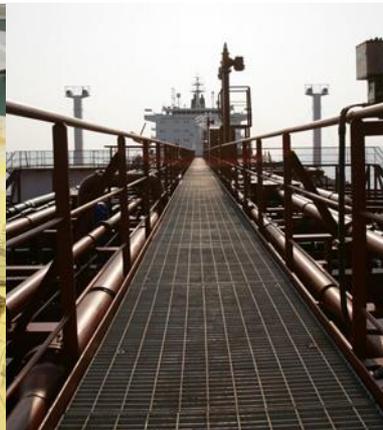
AGENDA

- The NORDEN DNA
- Business update
- Market Review
 - Latest developments
 - 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**”



The NORDEN DNA



FOR THE LONG-TERM SHIPPING INVESTOR

- Full scale operational setup – direct customer contact
- Agile portfolio management
- Midsize vessel types – where operator skills are most valuable
- Strong track record of maintaining financial strength through the cycles
- Healthy balance sheet, transparency and clear corporate governance
- Stock listed in 1871



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

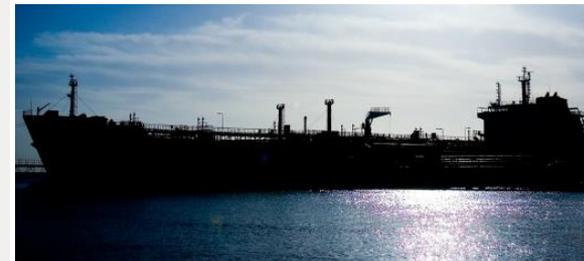


Generate superior long-term returns by:

- 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

Business Update



POSITIVE ANNUAL RESULT - STRONG END TO 2017

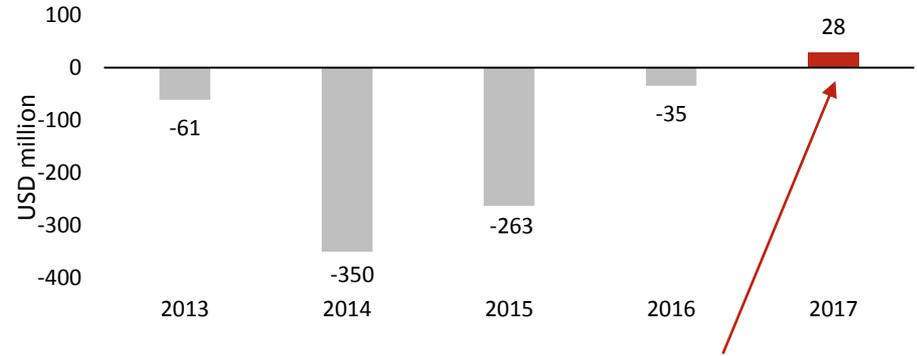
Financial highlights

- Full year Adjusted Result USD 28.4 million
 - Dry Cargo USD 14 million in improving markets
 - Tankers USD 14 million in difficult market
- Q4 2017 Adjusted result USD 27.1 million

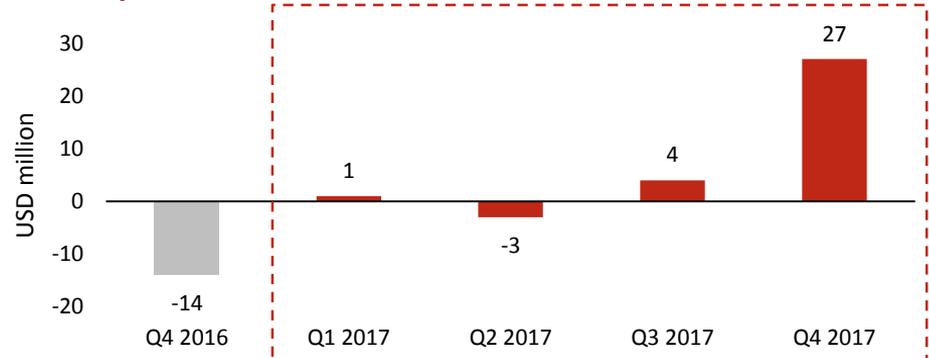
Business highlights

- Dry Cargo split in Dry Operator and Dry Owner mid-2017 creating increased transparency
- Dry Operator and Dry Owner off to a good start
- Continued strong performance in tankers and increased long term exposure
- USD 20 million annual savings achieved through Cost-drive

Annual results

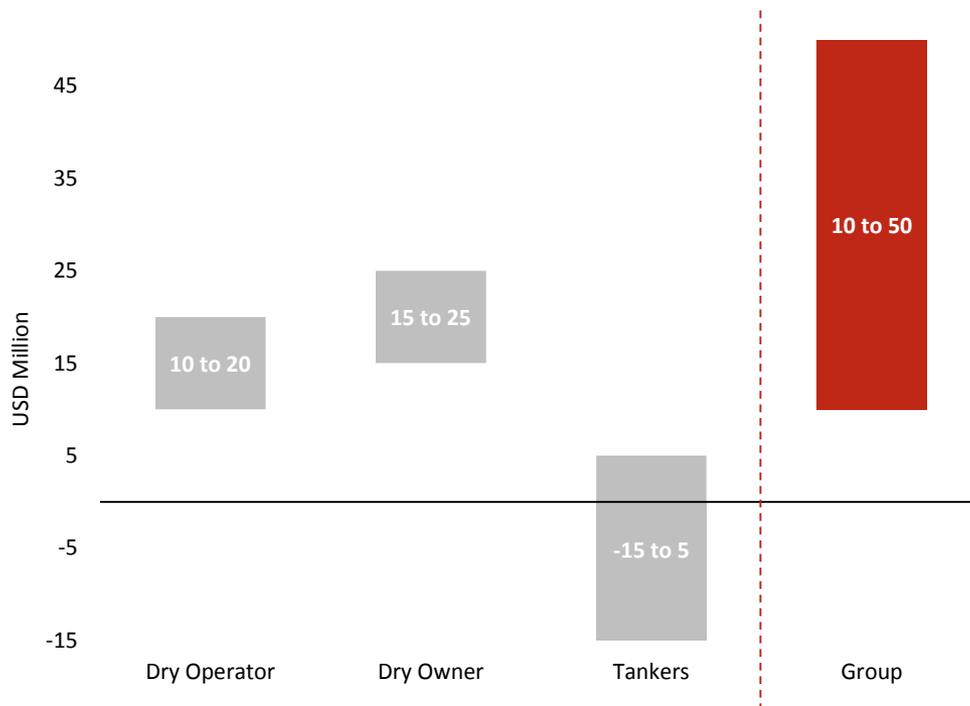


Quarterly results



POSITIVE RESULTS EXPECTED TO CONTINUE

Guidance – Adjusted Result



Guidance

- Improvement in underlying profitability expected
 - Significantly less support in 2018 from reversal of provisions
- Dry Operator expected to generate USD 50 to 60 million in Contribution Margin
- Dry cargo market expected to continue to improve in 2018
- Product Tanker rates has started the year at considerably lower levels than last year but are expected to improve

OFF TO A GOOD START

- Dry Operator initiated July 2017
- In Q4 USD 24 million was generated in contribution margin – equal to an adjusted result of USD 14 million after O&A
- Q4 performance based on strong execution of logistical optimization and regional positioning
- Net result per vessel day of USD 253 USD per day since initiation
- In 2018, focus is on improving profitability and ensuring platform is scalable

Dry Operator key figures (USD million)

USD million	Q3	Q4	Total
Contribution Margin	3.0	23.7	26.7
Overhead and admin	-7.6	-9.6	-17.2
Adjusted Result	-2.1	13.9	11.8
Vessel days	23,187	23,487	46,674
CM per vessel day	129	1,009	572
Net result per vessel day	-91	592	253

Q4 2017

Contribution margin

24

USD million

Adjusted result

14

USD million

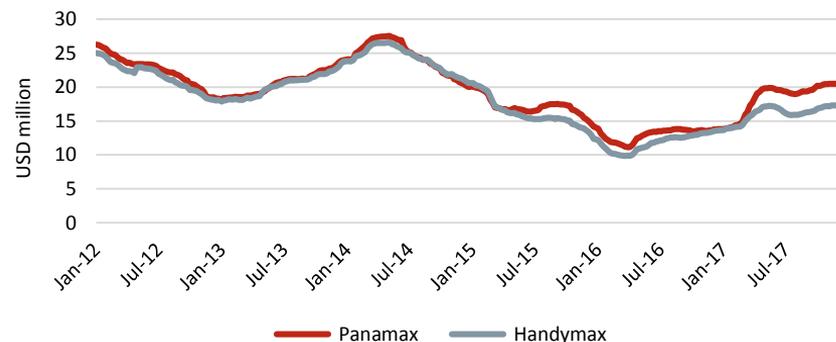
BENEFITTING FROM IMPROVING MARKETS

- Q4 2017 Adjusted Result of USD 11.7 million
- Increased focus on the Panamax and Supramax segments
 - Agreed early re-delivery of Post–Panamax time charter contracts
 - Secured two long term Supramax charters delivering 2019
 - Sale of 1 Handysize vessel to be delivered in January
- With only 44% cover for 2018, well positioned to benefit from improving markets
- Broker estimated fleet value of USD 474 million

Results since 1.July 2017

USD million	Q3	Q4	Total
Contribution Margin	12.0	17.2	29.2
Overhead and admin	-1.9	-2.4	-4.3
Adjusted Result	6.8	11.7	18.5
Vessel days	4,987	4,853	9,840

Baltic 5y second hand asset values

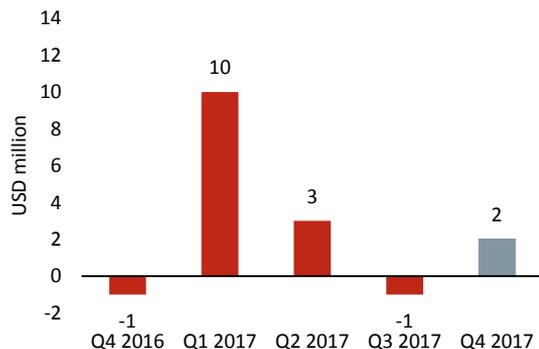


Source: Baltic Exchange

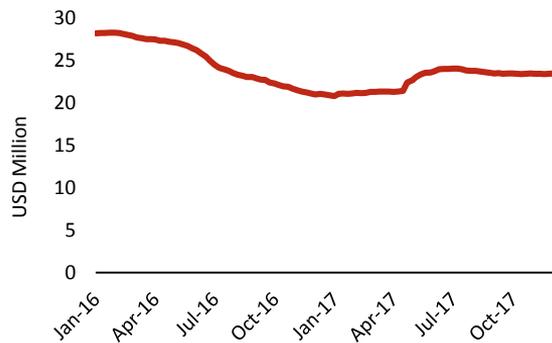
INCREASED EXPOSURE FOR COMING YEARS

- Full year adjusted result USD 14 million in a depressed Tanker market
- Q4 2017 adjusted result of USD 2 million
- Strong performance and increased activity in short term TC-in market key to delivering positive results
- Increased Tanker TC-in exposure of more than 70 vessel years and purchased two second hand vessels
- Broker estimated fleet value of USD 418 million

Quarterly adjusted result

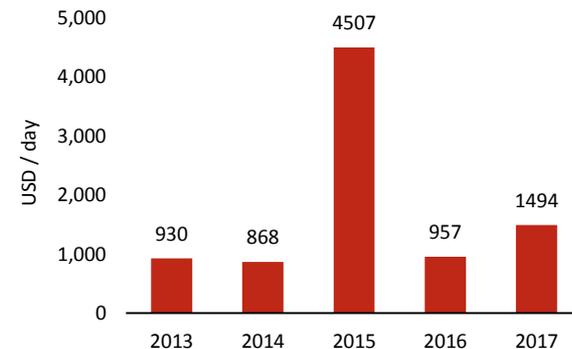


MR 5y second hand asset values

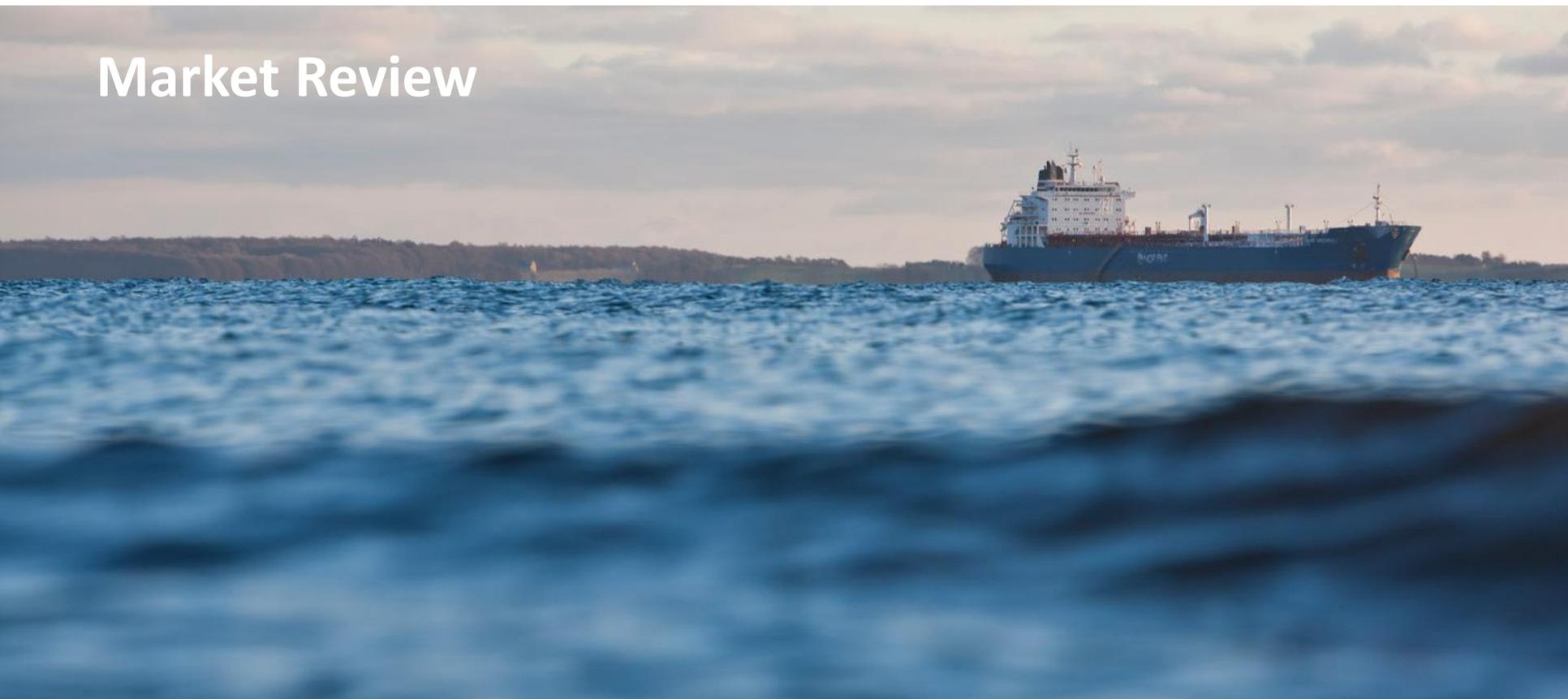


Source: Baltic Exchange

NORDEN TCE over benchmark



Market Review

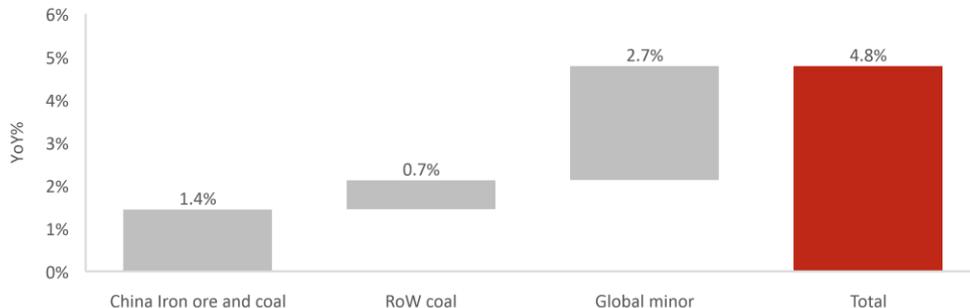


CLEAR IMPROVEMENTS DRIVEN BY HIGH DEMAND GROWTH

Key developments

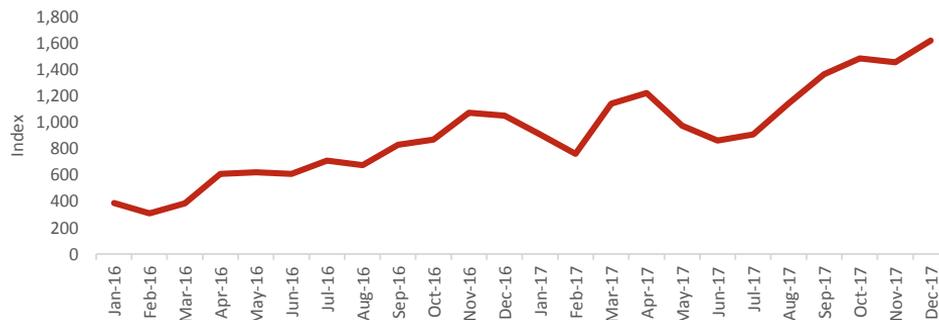
- Improvement in rates
 - Panamax up 50% vs 2016
 - Supramax up 46% vs 2016
- Total demand growth 4.8%
- Supply growth 3%
- Positive macro environment supporting demand for coal and minor bulks
- Strong increase in Chinese steel consumption led to increasing imports of iron ore

TonMile demand growth



Source: GTT and NORDEN

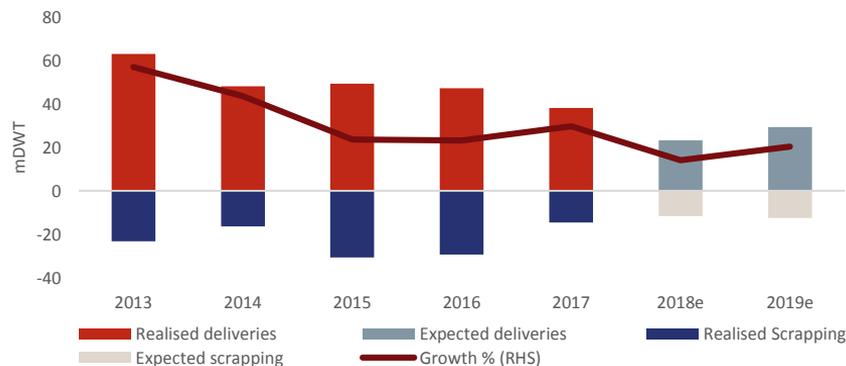
Baltic Dry Index



MARKET EXPECTED TO CONTINUE TO STRENGTHEN

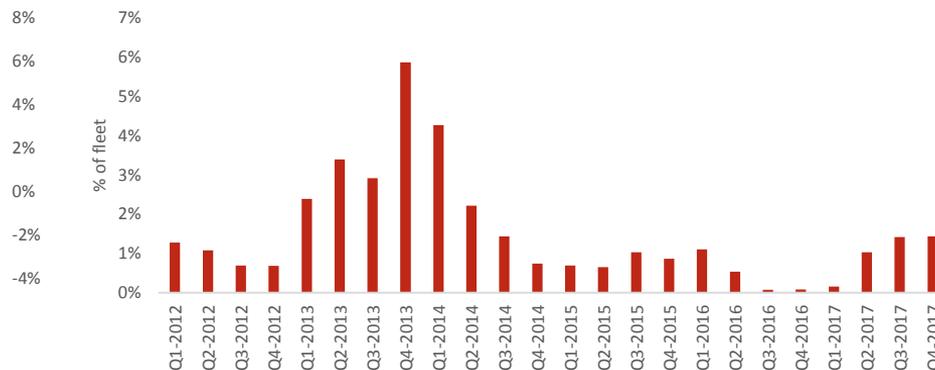
- Lowest supply growth since 1999
- Strong global economic growth
- Support from Chinese activity expected to be lower than in 2017 resulting in lower overall demand growth
- Ordering still at manageable levels
- Risk of trade wars creating downside, but limited impact expected from recently announced trade barriers from US

Supply



Source: Clarkson and NORDEN

Ordering (% of fleet)

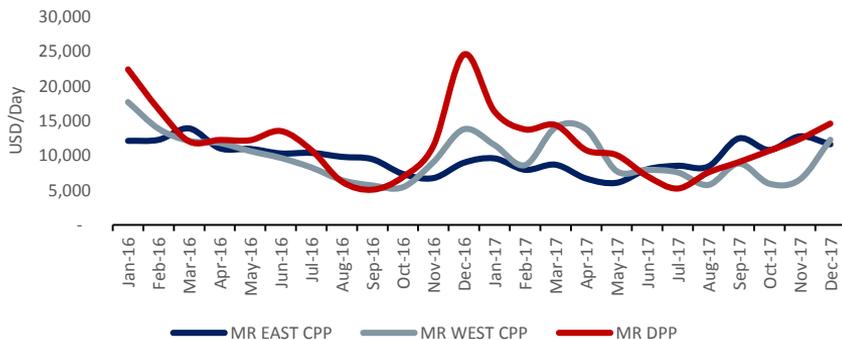


Source: Clarkson

MARKET IN 2017 CHALLENGING AS EXPECTED

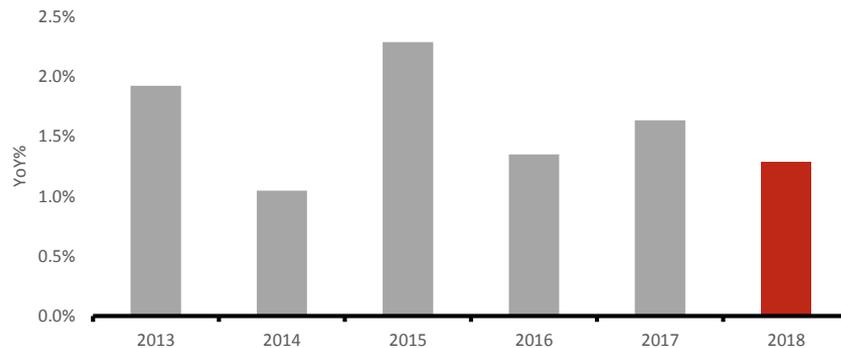
- Freight rates at 5 year low
- Seasonal rate increase limited in Q4
- Supply overhang pressuring rates
- Healthy oil demand growth of 1.6% (IEA) but inventories used instead of imports

ACM MR Product Tanker earnings [usd/day]



Source: ACM Braemar

Oil Demand Growth

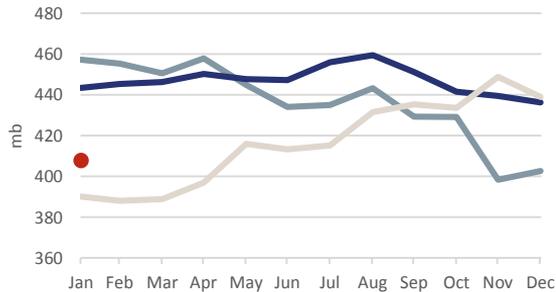


Source: IEA

MARKET TO GRADUALLY IMPROVE THROUGH 2018

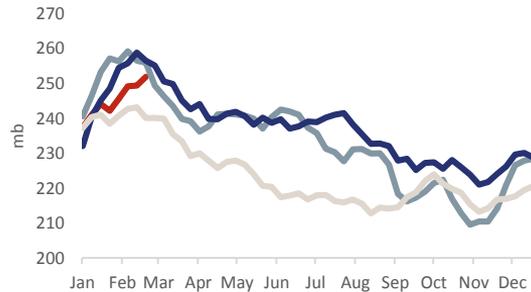
- Very poor start to the year in January and February – but market expected to improve
- Positive macro environment adding to demand upside
- Oil inventories normalizing
- Lack of refinery additions compared to oil demand will increase movement of oil products
- Fleet growth slowing and scrapping increasing

European Distillate stocks (mBBL)



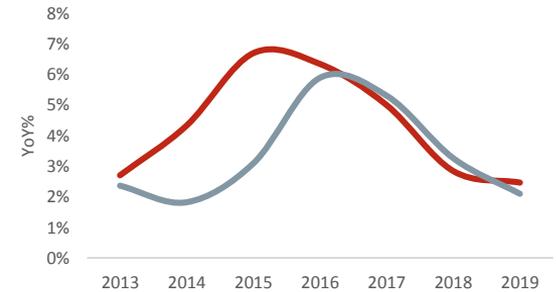
Source: Euroilstock

US Total Gasoline Stocks



Source: EIA

Tanker fleet growth (YoY%)



Source: SSY and NORDEN

Final words



CAPTURING VALUE POTENTIAL OF DRY OPERATOR

- New setup from mid 2017 with 3 business units
- Significant growth opportunity for the Dry Operator, 2018 focus on building a track record and enabling growth
- Dry Owner well positioned for improving market
- Excellent upside to improved future market in Product Tanker after adding considerable long-term exposure in 2017
- Positive market outlook in both Dry Cargo and Tankers



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

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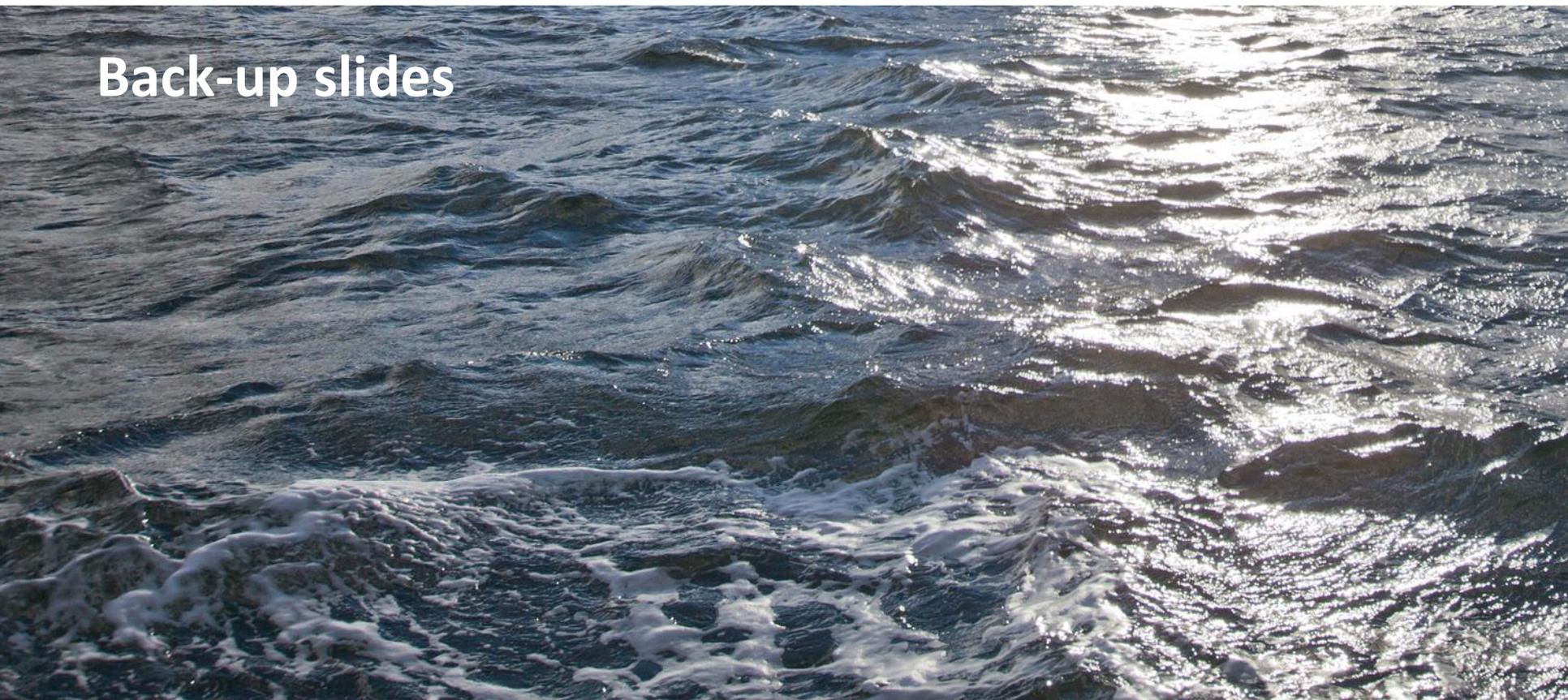


[dsnorden](https://www.youtube.com/channel/UCdsnorden)



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

Back-up slides



VALUATION OF NORDEN

Valuation of assets

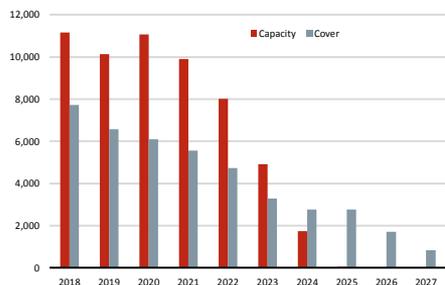
Dry Operator H2 2017

Contribution Margin	USD 27 million	≈ 572 USD / vessel day
Adjusted Result	USD 12 million	≈ 253 USD / vessel day
Vessel days	46,674	

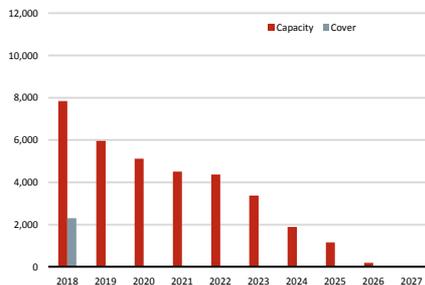
Own vessels (ex. CP)	892
Dry Cargo	474
Tankers	418

TC Cover / Dry Portfolio

Dry Cargo



Tankers



For TC portfolio MtM calculation please see NORDEN webpage (www.ds-norden.com/valuation/)

Purchase and extension options	29
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Financial input for valuation

Net Debt	-2
Securities	8
Cash and equivalents	211
Current bank debt	-26
Non current bank debt	-195

NB installments	-202
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Other Working Capital	145
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Property and equipment	50
Investments in JV	9
Inventories	68
Freight Receivables	124
Other receivables	34
Trade payables	-63
Other payables	-75
Debt to joint ventures	-2

Number of shares (ex. treasury shares)	40,467,615
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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

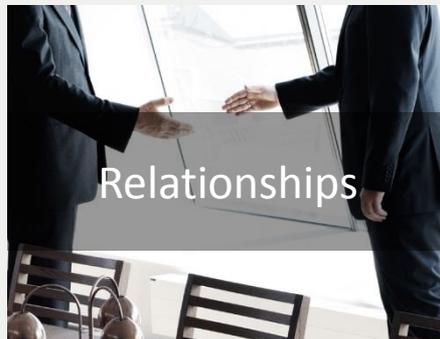
Speed setting, cargo handling and port operations



Minimising ballast

Matching COA and market cargoes with own and market vessels

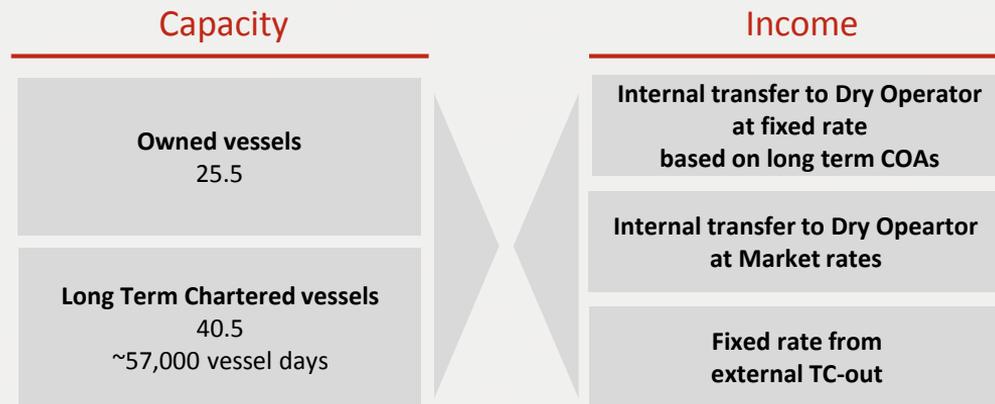
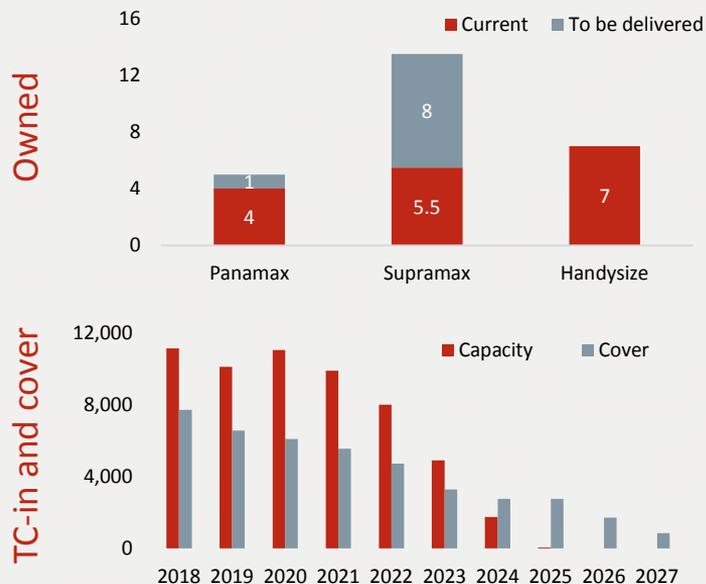
Success levers



DRY OWNER: CYCLICAL EXPOSURE TO DRY CARGO

Generate superior long-term returns by:

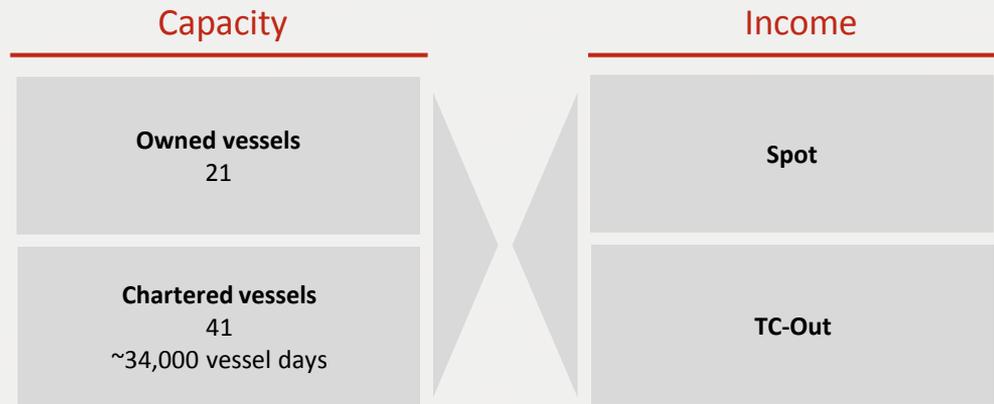
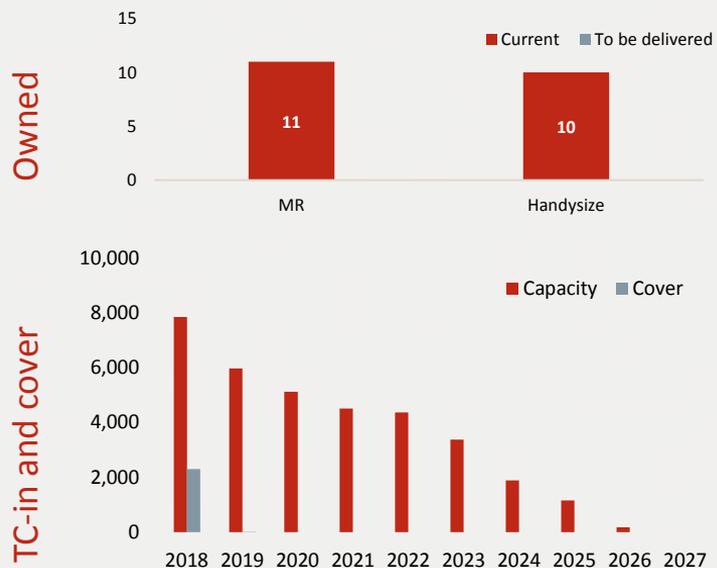
- Timing and negotiating transactions of owned and long-term charter contracts
- Utilising access to off-market deals through long-term relationships with shipyards and ship owners
- Enabling portfolio of long term contracts



TANKERS: CYCLICAL EXPOSURE AND OPERATOR VALUE

Generate superior long-term returns by:

- Maximising earnings through positioning and voyage optimisation
- Timing and transactions of own vessels and long-term charter contracts
- Short term TC-in activity
- All short term chartering out conducted via Norient Product Pool (NPP) of which NORDEN owns 50%



CONNECTION BETWEEN OPERATOR AND OWNER

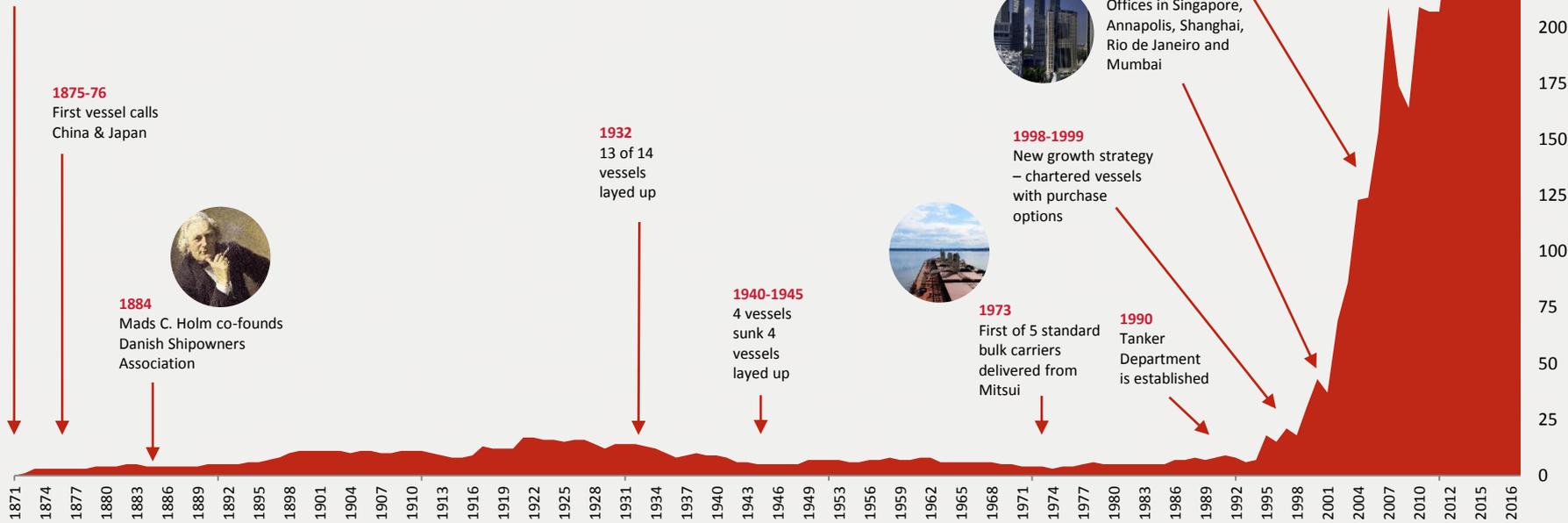
Q4 2017 (USD Million)	Dry Owner	Dry Operator	Eliminations	Dry Cargo
Revenue – services rendered external	9	418	0	427
Revenue – services rendered internal	44	0	-44	0
Revenue	54	418	-44	427
Voyage costs	0	-174	0	-174
T/C equivalent revenue	54	244	-44	254
Other operating income	2	0	0	2
Charter hire for vessels	-29	-223	44	-208
Other vessel operating costs	-7	0	0	-7
Staff costs, onshore employees	-2	-10	0	-12
EBITDA	15	14	0	29

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

DEVELOPMENT HIGHLIGHTS



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



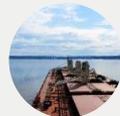
1875-76
First vessel calls China & Japan



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

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

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

2005
Norient Product Pool

2008
Financial crisis begins

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



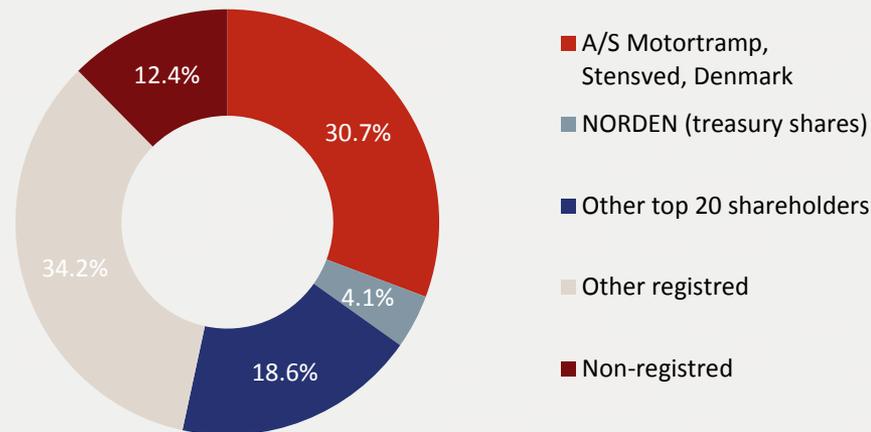
THE SHARE (DNORD)

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

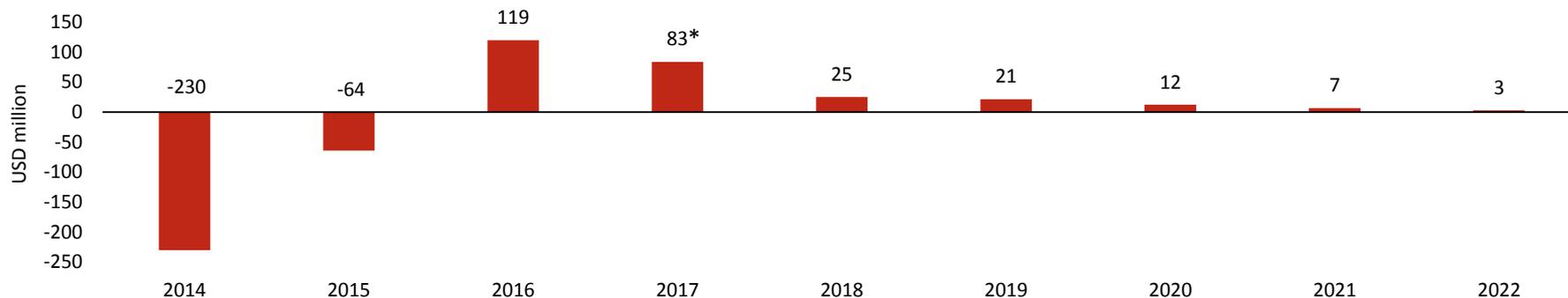
Composition of shareholders

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



PROVISIONS

Effect of provisions



Comment

- Remaining provisions at the end of 2017 of USD 67 million
- Reduced impact from provisions from 2018

OVERALL RESULTS

USDm	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
EBITDA – Dry Cargo	-6.3	-2.6	5.5	29.1	25.7
EBITDA - Tankers	16.6	10.0	6.5	9.4	42.5
EBITDA - Group	10.3	7.3	12.0	38.5	68.1
Depreciation	-10.6	-10.2	-10.6	-10.7	-42.2
EBIT Group	0.1	-2.8	-2.2	28.2	23.3
Result for the period	0.7	-3.3	0.1	27.1	24.6
Adjusted result for the period*	0.9	-3.3	3.7	27.1	28.4
Cash flow from operations	-9.4	-9.7	-16.0	41.4	6.3
Net cash flow	18.5	-5.3	-22.2	0.1	9.1
Cash and securities	264	249	191	219	219

*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%))
 - 2018: USD 142 million
 - 2019: USD 26 million
 - 2020: USD 34 million
 - Total: USD 202 million

- Payments to NORDEN for assets held for sale:
 - USD 38 million

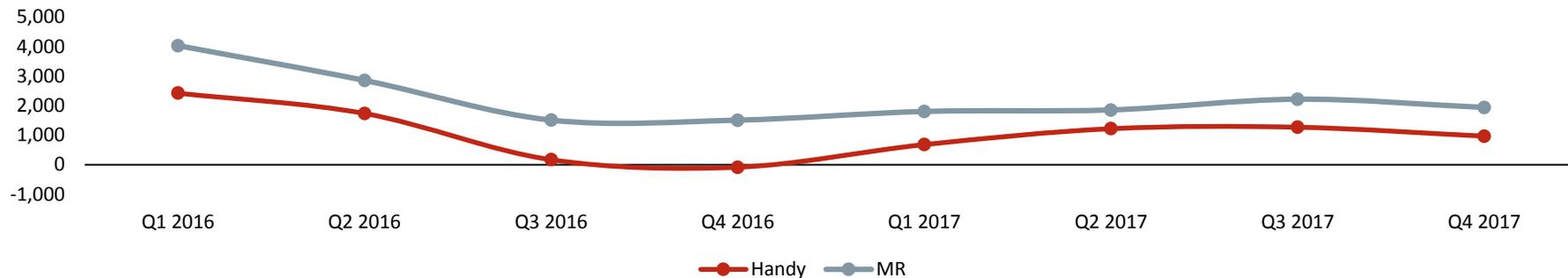
Net committed cash (ultimo)

USDm	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Adjusted net interest bearing assets*	-59	-69	-9	12	12
T/C obligations **	-1,226	-1,267	-1,229	-1,202	-1,143
Payments for newbuilding less proceeds from vessel sales**	-149	-169	-224	-175	-163
Revenue from coverage**	676	629	623	652	672
Net commitments	-758	-877	-840	-714	-620

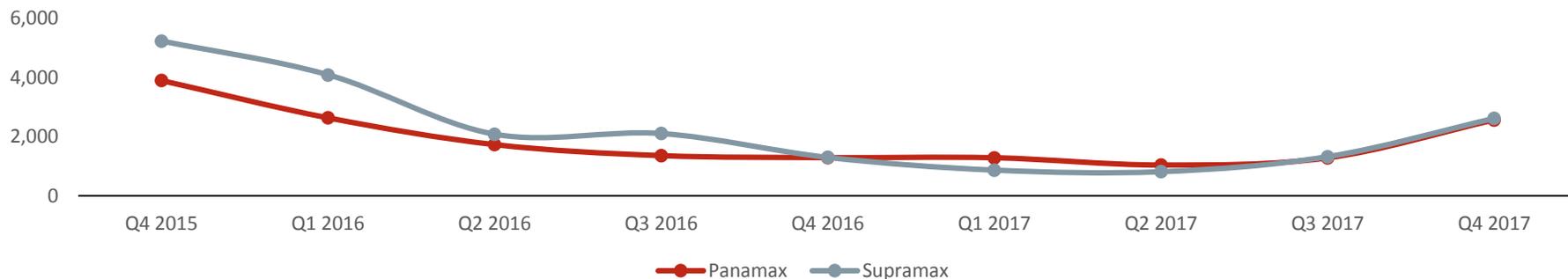
*Adjusted for prepayments on vessel sales and currency swaps **Present values

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

		Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Capesize	Core days	90	91			181
	TCE	10,411	12,676			11,550
Post-Panamax	Core days	359	364	368	368	1,459
	TCE	9,428	11,539	9,304	13,039	10,834
Panamax	Core days	2,855	2,835	2,856	3,031	11,577
	TCE	7,299	7,897	9,899	14,123	9,873
Supramax	Core days	2,803	2,522	2,677	2,624	10,626
	TCE	7,074	7,717	9,696	13,481	9,469
Handysize	Core days	1,834	1,871	1,854	1,953	7,512
	TCE	7,998	8,835	8,064	10,935	8,986
Total	Core days	7,940	7,983	7,754	7,975	31,652
	TCE	7,513	8,274	9,362	13,081	9,561

CLASSIC TCE DRY CARGO

		Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Capesize	Fleet days	90	91			181
	TCE	10,411	12,676			11,550
Post-Panamax	Fleet days	567	386	406	368	1,727
	TCE	8,492	10,441	12,040	15,689	11,295
Panamax	Fleet days	8,755	8,576	9,055	8,481	34,817
	TCE	7,612	9,647	9,698	12,729	9,899
Supramax	Fleet days	7,448	7,578	9,103	8,748	32,877
	TCE	8,876	10,028	9,530	12,259	10,223
Handysize	Fleet days	2,059	1,985	2,139	2,698	8,881
	TCE	6,460	7,513	7,351	9,945	7,969
Total	Fleet days	18,918	18,617	20,652	20,295	78,482
	TCE	8,024	9,606	9,427	12,210	9,851

DRY OWNER POSITIONING

Capacity and coverage, Dry Cargo, at 31 December 2017

	2018	2019	2020	2018	2019	2020
Own vessels	Ship days					
Panamax	1,442	1,376	1,444			
Supramax	2,912	4,061	4,726			
Handysize	2,165	2,172	2,161			
Total	6,519	7,609	8,331			
Chartered vessels				Costs for T/C capacity (USD per day)		
Post-Panamax	375			14,229	-	-
Panamax	5,770	5,417	4,941	12,586	13,631	13,845
Supramax	3,774	4,066	5,760	11,274	11,485	11,282
Handysize	1,235	651	366	12,177	12,786	13,030
Total	11,153	10,134	11,067	12,152	12,716	12,484
Total capacity	17,672	17,743	19,398			
Coverage				Revenue from coverage (USD per day)		
Panamax	4,180	3,020	2,289	13,410	14,577	15,238
Supramax	1,981	1,987	2,234	11,605	12,345	12,576
Handysize	1,558	1,568	1,570	11,820	11,811	11,815
Total	7,719	6,575	6,093	12,626	13,243	13,380
Coverage in %						
Post-Panamax	0%	0%	0%			
Panamax	58%	44%	36%			
Supramax	30%	24%	21%			
Handysize	46%	56%	62%			
Total	44%	37%	31%			
Accounting effect of provisions (USD million)	+25	+21	+12			

*Costs exclude 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 OWNER FLEET AND VALUES

NORDEN's Dry Cargo fleet and values at 31 December 2017					
Vessel type	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation					
Owned vessels	0.0	4	5.5	7	16.5
Chartered vessels	4.0	12.5	12	4	32.5
Total active fleet	4.0	16.5	17.5	11.0	49.0
Vessels to be delivered					
Owned vessels	0.0	1.0	8.0	0.0	9.0
Chartered vessels	0.0	0.0	8.0	0.0	8.0
Total vessels to be delivered	0.0	1.0	16.0	0.0	17.0
Total gross fleet	4.0	17.5	33.5	11.0	66.0
Dry Cargo fleet values at 31 December 2017					
Average age of own vessels*		11	8	6	
Market value of owned vessels and newbuilds*		82	301	91	474
Broker estimated value of charter parties		11	0	13	24
Carrying amount / cost*		83	284	100	470
Value added		7	17	4	28
Value of purchase and extension options on chartered tonnage		12	6	0	18
* Active vessels and newbuilds including joint ventures and assets held for sale, if any					

TANKER POSITIONING

Capacity and coverage, Tanker, at 31 December 2017

	2018	2019	2020	2018	2019	2020
Own vessels	Ship days					
LR1	0	0	0			
MR	4,134	3,923	3,955			
Handysize	3,586	3,591	3,593			
Total	7,719	7,514	7,548			
Chartered vessels				Costs for T/C capacity (USD per day)		
LR1	726	730	397	18,655	18,655	18,655
MR	5,931	4,138	4,174	14,356	14,947	14,865
Handysize	1,190	1,095	552	12,542	12,729	12,729
Total	7,847	5,963	5,122	14,478	14,994	14,928
Total capacity	15,566	13,477	12,670			
Coverage				Revenue from coverage (USD per day)		
LR1	0	0	0	-	-	-
MR	1,970	5	0	13,821	12,844	-
Handysize	330	0	0	15,390	-	-
Total	2,300	5	0	14,046	12,844	-
Coverage in %						
LR1	0%	0%	0%			
MR	20%	0%	0%			
Handysize	7%	0%	0%			
Total	15%	0%	0%			

* 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.

TANKER FLEET AND VALUES

NORDEN's Tanker fleet and values at 31 December 2017				
Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0	11	10	21
Chartered vessels	2	23	5	30
Total active fleet	2	34	15	51
Vessels to be delivered				
Owned vessels	0	0	0	0
Chartered tonnage	0	13	0	13
Total vessels to be delivered	0	13	0	13
Total gross fleet	2	47	15	64
Tanker fleet values at 31 December 2017				
Average age of own vessels*		5	9	
Market value of owned vessels and newbuilds*		267	151	418
Carrying amount / cost*		303	207	510
Value added		-36	-56	-92
Value of purchase and extension options on chartered tonnage	0	0	11	11

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

NEWBUILDING PRICES

Panamax (Dry)

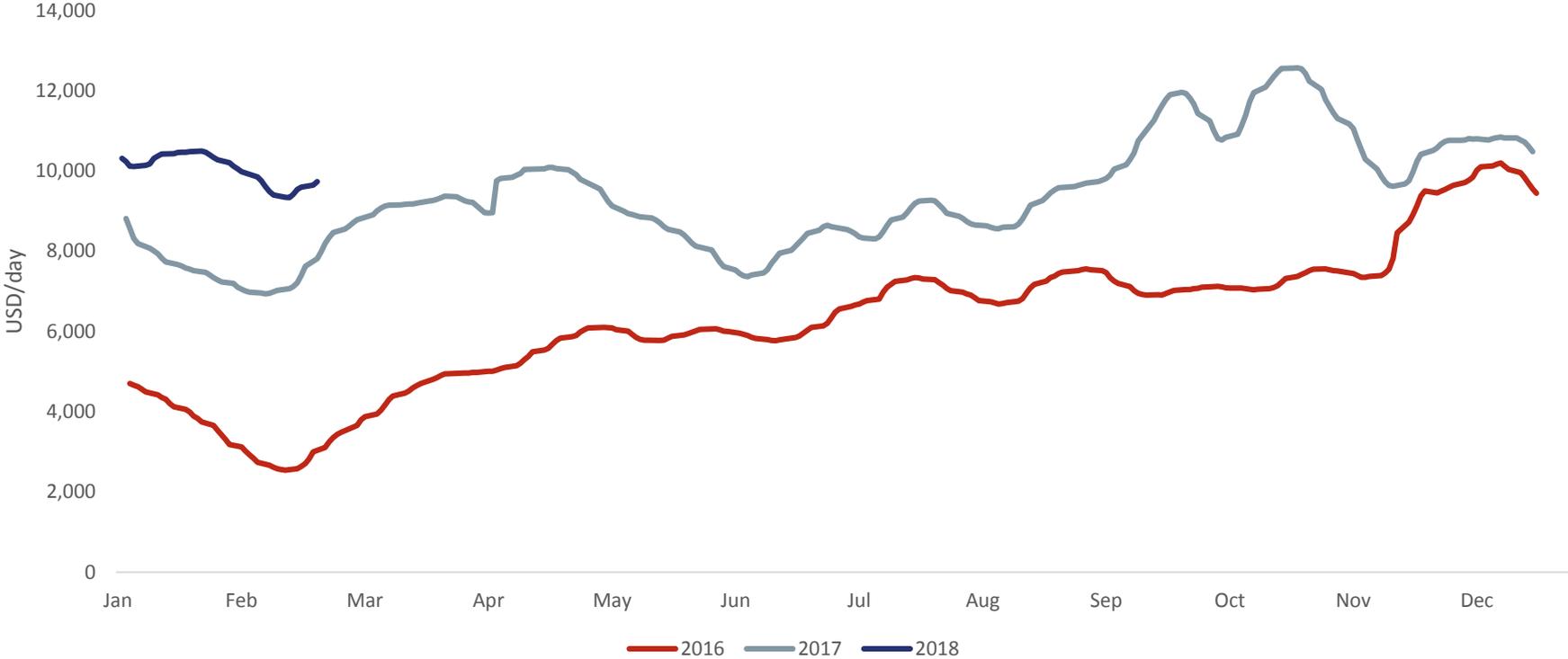


MR (Tank)



PANAMAX

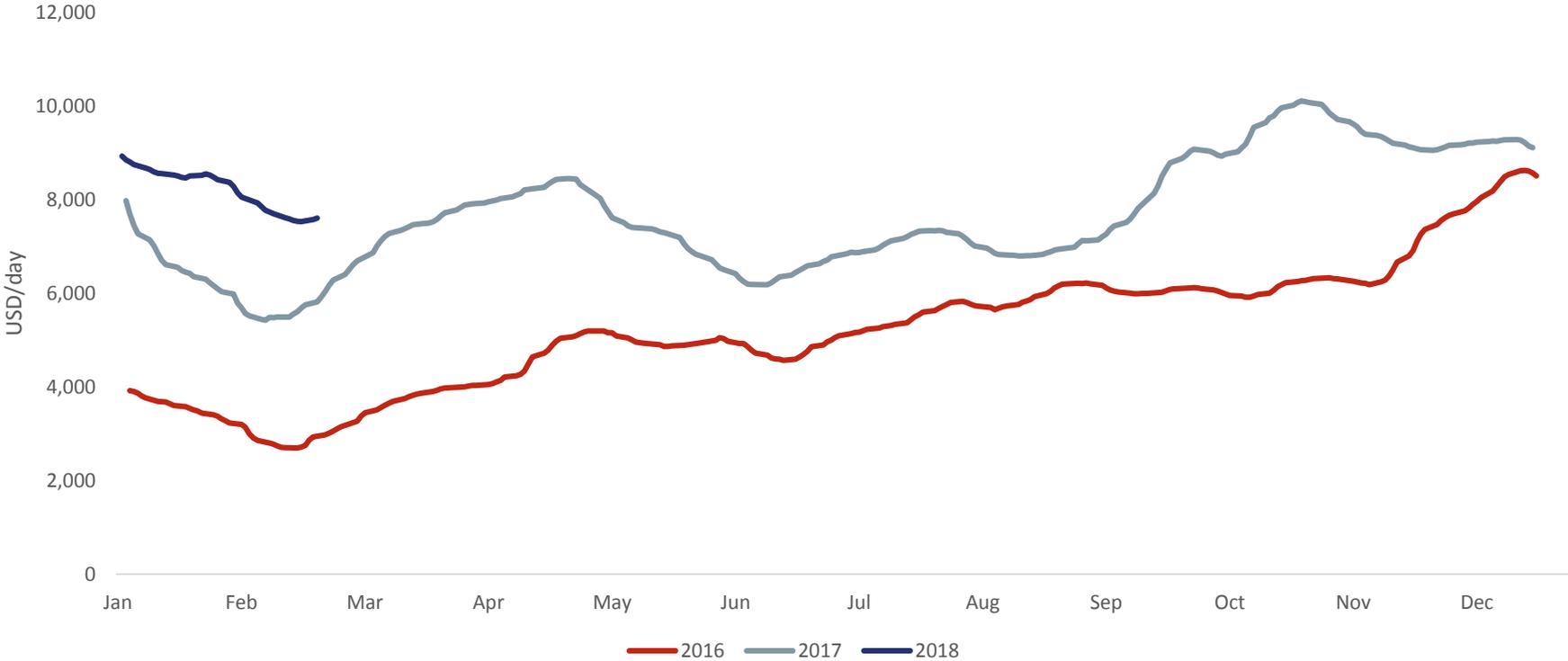
Spot rate



* Source: Clarksons

SUPRAMAX

Spot rate



* Source: Clarksons

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.



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