NORDEN’s new trio

To streamline and simplify the Company, NORDEN has decided to combine a number of management functions and reduce the Executive Management team from 5 to 3 members

Pages 4, 5 and 6

New participant for NPP and more vessels

Port captain uses drone to inspect cargo holds

One of NORDEN’s founding fathers turns 100

Page 7

Page 10

Page 16
NORDEN has experienced impressive growth over the last 15 years. At the turn of the century, the Company operated 43 vessels – a number that had increased to 243 at the beginning of 2015. It has been an organic growth – we have not acquired competitors but have grown under our own steam and by extension of our business.

It has been a great success, but the method has also led to budding within the organisation as tasks grew and new needs arose. In 2014, the Technical Department realised the consequences of the situation and open-mindedly considered how to organise the department if starting from scratch. The result was a more focused and simple organisation of the Technical Department with fewer layers and more empowerment in the vessel groups as well as on board the vessels, which has not only increased efficiency and overview but also created more transparency and cooperation. It will create more employee satisfaction and attract the best resources.

NORDEN’s vision is to be the preferred partner in global tramp shipping. Customer focus is thus the key element in all our activities, and this focus needs strengthening. Consequently, the Company has initiated the annual strategy process under the heading Focus and Simplicity. Because only by maintaining the overview and strengthening our focus on the business and thus our customers will we move closer to NORDEN’s vision.

The strategy process covers a lot of ground and is anchored with Martin Badsted, who was appointed CFO in connection with the simplification of the Executive Management, which involved a reduction of the Executive Management team from 5 to 3 members. This manoeuvre was possible because the next layer holds talented people who are ready to take responsibility for existing as well as new tasks. For that reason, it is an important element in the strategy that we delegate responsibility to the many talented people who are employed at all levels of the organisation. Firstly, because they are closer to the respective tasks and consequently are experts, and secondly and just as importantly, because competencies from all employees thus come into play – for the benefit of customers, the individual employee and NORDEN.

Because the individual employee makes the difference. As correctly stated by Vibeke Schneidermann on page 15, all companies can, in principle, buy the same vessels as NORDEN. But the expertise and experience accumulated during the years in NORDEN and Norient Product Pool cannot in the same way be copied. It is a competitive advantage which we must apply actively in order for our customers to feel that our focus is concentrated on them – quite simply.

Enjoy your reading.

Jan Rindbo, CEO
Focus and simplicity are keywords for NORDEN in the coming years, and in that connection, CEO Jan Rindbo and the Board of Directors have combined a number of management functions and reduced the Executive Management team from 5 to 3 members.

They are NORDEN’s new trio – they are NORDEN’s new Executive Management team with Jan Rindbo as CEO, Martin Badsted as Executive Vice President and CFO and Ejner Bonderup as Executive Vice President and head of the Dry Cargo Department.

On the basis of the new strategy under the name Focus and Simplicity, this Executive Management team is to ensure that NORDEN, during the coming years, focuses on the areas within dry cargo and product tankers where NORDEN and Norient Product Pool (NPP) already have a strong foothold. At the same time, the Executive Management team will ensure that the organisation is characterised by simplicity and thus efficiency from top to bottom.

“NORDEN has very competent employees and we will take advantage of that by giving them the responsibility and opportunity to act as efficiently as possible. With the changes we are consolidating a number of functions creating a more streamlined organisation,” says CEO Jan Rindbo, who in co-operation with the Board of Directors has not only streamlined the Executive Management team.

He has also decided to send all employees with managerial responsibility back to school in order for them to become better at converting the new strategy into results – short-term as well as long-term (read more on page 15).

“The decision-making authority must lie with those who are closest to the tasks. For that reason, I wish to delegate responsibility in the organisation – also called empowerment,” says Jan Rindbo.
“With the changes we are consolidating a number of functions creating a more streamlined organisation”

CEO Jan Rindbo

With immediate effect
The appointment of the new Executive Management team took place on 10 August.

“...To streamline and simplify the Company, NORDEN has decided to combine a number of management functions and reduce the Executive Management team from 5 to 3 members,” was stated in the announcement to the stock exchange in Copenhagen, NASDAQ.

This means that responsibility for the Finance Department, Investor Relations and the Corporate Secretariat, which primarily prepare market analyses, systematize market data and deliver material for the annual strategy process, will be combined under Executive Vice President Martin Badsted. He has consequently been appointed new CFO and replaces Michael Tønnes Jørgensen, who leaves NORDEN. Head of the Dry Cargo Department, Executive Vice President Ejner Bonderup, continues in his position without changes, whereas the fifth member of the Executive Management team, head of Tankers and Executive Vice President Lars Bagge Christensen, also leaves NORDEN.

The commercial operation of NORDEN’s 45 product tankers continues in Norient Product Pool under the management of CEO Søren Huscher. NPP is an independent company owned 50/50 by NORDEN and the Cypriot shipping company Interorient Navigation Company. The pool has 87 product tankers at its disposal of the types MR and Handysize.

“With the changes we are consolidating a number of functions creating a more streamlined organisation”

CEO Jan Rindbo

New unit: Asset Management
The changed management structure in NORDEN also means that responsibility for sales and purchasing as well as long-term charter procurement will be combined in a new unit, Asset Management, covering both Dry Cargo and Tankers. The responsibility for Asset Management will be held by Henrik Lykkegaard Madsen, who was previously head of the Projects Department, which was responsible for sales and purchasing as well as long-term charter procurement of dry cargo vessels. In connection with the appointment to his new job, Henrik Lykkegaard Madsen will be promoted to Senior Vice President.

Necessary adjustment
Chairman of the Board of Directors Klaus Nyborg thanks CFO Michael Tønnes Jørgensen and Executive Vice President Lars Bagge Christensen for their considerable contribution to NORDEN over the years – Michael Tønnes Jørgensen has been responsible for NORDEN’s finances since 2009, whereas Lars Bagge Christensen has been head of the Tanker Department since 1999.

“They have both had a positive influence on NORDEN’s development, but we are simplifying the organisation, which also necessitates adjustment of the management structure,” says Klaus Nyborg.

Read more on the following pages

Gathering all expertise in one department
NORDEN needs to have focus, work simply and concentrate its efforts where possible enabling NORDEN to gain the most from the market – regardless of whether it is up or down.

It is against that background that sales, purchasing and long-term procurement has now been combined in one unit, whereas Dry Cargo and Tankers previously each had their own department with the same tasks. Head of the new department – Asset Management – will be Senior Vice President Henrik Lykkegaard Madsen who, since his employment in 2010, has headed the Projects Department with responsibility for sales, purchasing and long-term procurement of dry cargo vessels.

“With the new department, we will get a simpler and more streamlined approach to various matters, and that is the case both internally in NORDEN – especially the Technical Department and the Finance Department – and it is the case in our dealings with business partners – especially yards, shipping companies, trading houses and brokers. It will make matters more focused, simpler, more transparent and easier to handle,” says Henrik Lykkegaard Madsen.

Uniting the 2 departments will also mean that NORDEN’s business partners within sales purchasing and long-term procurement will be able to deal with NORDEN as what NORDEN really is: one company.

Previously, business partners first booked a meeting with Projects regarding dry cargo vessels and then booked a meeting with Tankers.

“It is NORDEN’s aim to react faster when a sale or purchase opportunity or the opportunity to charter a vessel materializes, no matter if it is a dry cargo or a tanker vessel. By combining the responsibility and by gathering the strengths and thus all expertise in one unit, we will become faster and better at identifying interesting business for NORDEN and consequently demonstrate what we call Commercial Agility,” says Henrik Lykkegaard Madsen.
The CEO

As CEO, Jan Rindbo holds the conductor’s baton in the Executive Management team and in NORDEN in general.

Since his appointment on 30 April, he has held one-on-one meetings with all managing employees – and central employees on other levels – just as he has met with customers, business partners, suppliers, etc. This has prepared him to initiate the annual strategy process – i.e. the process which will end up formulating and setting the direction for NORDEN to follow in the years to come in order to gain the most from the market, NORDEN’s business model and its employees – everything with the purpose of optimising the profit from operating activities and NORDEN’s long-term position and targets on the dry cargo and tanker markets. This year, the strategy process takes place under the heading Focus and Simplicity, since it is NORDEN’s target to focus on the areas where NORDEN already has a strong foothold. And the organisation behind it must be as simple as possible.

Jan Rindbo is 41 years old and has worked within shipping his entire working life. He got his education with Torm in Copenhagen and has shipping experience from Denmark, North America and Asia. In 2001, he joined the dry cargo company Pacific Basin in Hong Kong, where he was appointed General Manager. In 2007, he became a member of the company’s board of directors, and from 2010 until his appointment as CEO for NORDEN, he was Chief Operating Officer in Pacific Basin with responsibility for the dry cargo division including sales and purchasing of vessels, chartering, operation and technical management.

The practical work within shipping has been supplemented with management programmes at INSEAD and Copenhagen Business School.

The CFO

After his appointment as CFO, it will be Martin Badsted’s responsibility to ensure that NORDEN maintains the financial flexibility which is a prerequisite for NORDEN, if the Company wishes to take advantage of the possibilities which the markets always have to offer – no matter if the markets are up or down, as they have been since the autumn of 2008. A large part of the value creation in a shipping company stems from its ability to sell and purchase vessels at the right time. This requires money in the bank.

At the end of the first half of 2015, NORDEN had cash and securities of USD 340 million. To this should be added undrawn credit facilities of USD 402 million – provided by banks. Therefore, even though NORDEN has outstanding net commitments related to the newbuilding programme of USD 273 million due during the period 2015-2018, NORDEN will maintain its financial flexibility.

Martin Badsted is 42 years old. In 1994, he graduated with a BSc in Economics and Business Administration from Copenhagen Business School. During the next 2 years he was trained to be a language and interrogation officer (Russian) in Defence Command Denmark. This led to a stationing for the Organization for Security and Co-operation in Europe (OSCE) in Georgia. In 1999, Martin Badsted graduated from Copenhagen Business School with an MSc in Economics and Business Administration – International Business. Following graduation, he worked within corporate finance for 6 years, first in KPMG Corporate Finance and then in Carnegie Bank Investment Banking, where he worked with acquisition and divestment of companies. His career at NORDEN began in 2005 with a position as Executive Assistant to the CEO. In 2007, Martin Badsted became Vice President, in 2008 Senior Vice President, and in 2012 he was promoted to Executive Vice President and member of NORDEN’s Executive Management team.

The head of the Dry Cargo Department

For the head of NORDEN’s Dry Cargo Department, the primary daily task is to prove that you are also able to earn money in a dry cargo market which has only moved in one direction since the outbreak of the financial crisis in the autumn of 2008 – and that is down. When the rate level indicator, Baltic Dry Index, was at its highest level on 20 May 2008 it was at 11,793 points. Today, it is around 1000 points.

At the end of the first half-year of 2015, NORDEN’s Dry Cargo fleet consisted of 199.5 vessels distributed on 5 vessel types of which Panamax and Supramax with 82 and 71 vessels, respectively, make NORDEN one of the world’s largest operators of these types of vessels. As head of the Dry Cargo Department, Ejner Bonderup has the job not only of serving existing customers and find new ones – possibly on new markets. He must also ensure that the large fleet is correctly distributed between the 2 large basins – the Atlantic Ocean, where it is traditionally easier to earn money, and the Pacific Ocean. And it is his responsibility – based on thorough market knowledge and a well-developed gut feeling – that NORDEN has the best possible idea of when to enter into long-term COAs and when it is better to stay in the day-to-day market – the so-called spot market. In the second quarter of 2015, NORDEN’s Dry Cargo earnings were 45% above the 1-year T/C rates and 84% above the spot rates. EBIT ended at USD 6 million against USD -18 million in the same quarter last year.

Ejner Bonderup is 49 years old. He joined NORDEN in 2012 when he became head of the Dry Cargo Department after having been head of dry cargo business in the shipping company J. Lauritsen since 2009. He worked for J. Lauritsen for a total of 24 years – in both Denmark, Japan, Australia and the USA. Ejner Bonderup is a shipping trained professional and is an academy economist from Niels Brock Copenhagen Business College and has received management education from IESE Business School and IMD.
New participant for NPP – 8 extra ships

The American shipping group Diamond S has distributed 24 MR-type vessels among 3 product tanker pools, and it is now up to NPP to document its commercial and operational superiority over the 2 competing pools.

Norient Product Pool (NPP) has gained a new participant. The American shipping group Diamond S has added 8 vessels to the pool, bringing the fleet up to 87 vessels – 48 MR and 39 Handysize – the largest in NPP’s decade of existence. This is the first time NPP has admitted a new participant to the pool.

NPP is an independent company, headquartered together with NORDEN in Hellerup. NPP is owned 50/50 by the Cypriot shipping company Interorient Navigation Company (INC) and NORDEN, in that both shipping companies have turned over the commercial activities and operations of their respective MR and Handysize fleets to the pool. Diamond S has done the same with its vessels, all of which are of the MR type.

Diamond S has put a total of 24 MR product tankers into 3 different pools – 8 in each. NPP received the first vessel in July.

We expect a great deal
“We are expecting a great deal from this co-operation. Although NPP and the 2 owners have many years’ experience operating the pool, we can always improve. So we are looking forward to Diamond S’ bringing something to the pool that we might have overlooked. Actually, that is already happening,” comments Søren Huscher, NPP’s CEO since the pool opened in 2005.

The recent co-operation is a new challenge for NPP, as it is reasonable to assume that Diamond S has distributed its 24 product tankers among the 3 different pools to compare them and see which is the best operator.

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"Being ambitious at NPP, we obviously want to be the preferred collaborator of the American shipping company"

CEO Søren Huscher, NPP

Best performance ever
In the second quarter of 2015, NORDEN’s Tanker Department generated an EBIT of USD 33 million. This is NORDEN’s highest Tanker profit to date.

The record profit is not only a result of the strong market upswing that started at the end of the second half-year of 2014 – right when the price of crude oil fell by half – and which continued into 2015. Tanker earnings were also 24% and 38%, respectively, above 1-year T/C rates in Handysize and MR.

Must not rest on its laurels
“This also presents a challenge, because the good performance must not lull us into a false sense of security. Bearing in mind that safety is our first priority at all times, we are constantly looking at further avenues of optimisation – how we can get even more out of the market,” says Søren Huscher.

With the aim of continuously improving, the optimisation process focuses on both commercial and operational issues – both the income side and the cost side. How best to distribute the ships is also key – for MR this means distribution between the Atlantic and Pacific oceans and for Handysize between dirty oil products, such as fuel oil/heating oil in particular, and clean oil products like gas oil, diesel, gasoline, naphtha and jet fuel.

“NPP is not sensitive. We are ready to learn, also from both competitors and customers – and from our new participant, Diamond S,” says Søren Huscher.
NORDEN has no way of influencing the markets. However, we can do something about our daily commercial operations, including better fuel efficiency and cost-effective technical operations. And a dollar saved is a dollar earned. For this reason, we are focusing on optimising operational costs, and these cost-saving initiatives will continue over the coming years.

At the same time, a new strategy called Focus and Simplicity is being prepared for NORDEN.

Optimisation is crucial
“NORDEN has always focused on customers and costs. We need to have a hold on all the levers we can pull, and our efforts to date have unequivocally shown that there are big savings to be made. This does not mean we have been sloppy with expenses in the past, not at all. But we are reminded anew how savings, even substantial ones, can be achieved by using a cost review as an opportunity to renegotiate contracts with agents, towage operators, suppliers of spare parts, lubrication oil, catering and the other numerous providers used by our vessels. Our persistent efforts to get ships to sail further per tonne of bunker oil by sailing at the right speed and making sure hulls and propellers are clean, etc., are generating consistently positive results,” says CEO Jan Rindbo.

Annual savings of USD 20 million
Our goal is to save USD 20 million annually over the next 3 years on voyage-related costs and technical operations. To date, we have achieved annual savings exceeding USD 5 million.

Early in 2015 it was decided to improve the core fleet’s fuel efficiency by 3%, a target still considered within reach. NORDEN’s fairly recently established Fuel Efficiency Team is the driving force behind this work. Although the target may seem modest, this percentage should be viewed in relation to the USD 581 million NORDEN spent in 2014 on fuel, or bunkers, as shipping fuel is called. Despite the sharp fall in the price of bunkers, crude oil and other refined oil products, fuel continues to be the largest single cost incurred by ships at sea. What is more, the less fuel consumed, the lower the environmental impact of CO₂.

Buying and selling tonnage
NORDEN has also been active in buying and selling tonnage, constantly adjusting its exposure – its fleet size – to the challenging conditions in the dry cargo market.

NORDEN has sold 3 newbuilding contracts for Supramax dry cargo vessels for delivery in 2015-2017. They were replaced by an order for 2 Supramax dry cargo vessels for delivery in 2018, when market
conditions are hoped to have long since restabilised. Coupled with the other initiatives, this transaction has reduced the cost level of the newbuilding portfolio. NORDEN has also succeeded in lowering long-term costs for chartered dry cargo vessels by paying a portion of the rental in advance against a significant rental reduction.

Favourable charters  
NORDEN’s tanker department has sold 2 MR vessels at attractive prices and secured favourable charters for 2 other MR vessels for delivery in 2018, as well as 2 rather larger LR1 tankers for delivery in 2017. The chartering of 2 LR1 tankers is an opportunity enabled by NORDEN’s good relationships with Japanese shipping companies.

New strategy in the offing  
“We are about to formulate a new strategy for NORDEN. The strategy process will be based on NORDEN’s Dry Cargo and Tanker businesses, a competent organisation, a modern fleet and a financial position that affords significant opportunities,” says CEO Jan Rindbo.

Since assuming his position on 30 April, he has held one-on-one meetings with countless NORDEN employees, both at management level and further down the organisation, as well as met many of NORDEN’s customers, suppliers and other business partners. These meetings have convinced him of the competency and dedication of NORDEN’s highly professional employees; NORDEN’s sterling reputation and thus good access to cargo, tonnage, employees and financing; and the fact that the Dry Cargo and Tanker fleet composition – no fewer than 8 vessel types – might adversely affect focus and scale.

Focus and simplicity  
CFO Martin Badsted is heading the strategy process, but dozens of employees from around the organisation have also been involved, becoming part of 8 workstreams that have been set up and individually tasked with focusing on various key issues. All 8 workstreams are to submit input and recommendations to the strategy process, which, as of mid-November will also include NORDEN’s Board of Directors, which will adopt the new strategy at its December board meeting.

"A recurring feature of the future strategy will be NORDEN’s focus on the areas in which we are already well positioned”  
CFO Martin Badsted

The new strategy comes into force at the turn of the year.

The 8 workstreams

• Investment capacities and liquidity
• Dry cargo – where should NORDEN concentrate its business?
• Dry cargo – commercial engagement
• Tanker – where should NORDEN concentrate its business?
• Performance culture
• Business support
• Sale, purchase and chartering of vessels
• Market outlook
Port captain uses drone to inspect cargo holds

Taking the place of ladders and hoists, the drone cheaply and safely speeds up the search for cargo remnants from the previous voyage and thus the overall cargo hold inspection before the next loading.

The cargo holds on NORDEN's dry cargo ships are gigantic, and the remnants of previous cargoes can lie concealed in their myriad nooks and crannies. However, all of these remnants must be removed before the next cargo can be loaded, for a cargo hold inspection leaves no stone unturned. Normally, ladders or even hoists are required to establish that the cargo holds have been adequately cleaned, a process that is arduous, time-consuming, costly and sometimes also dangerous.

But Jan Andersen, one of NORDEN’s 3 US-based port captains, has had a brainwave. He has started using a drone fitted with a small video camera to examine the cargo holds, thus more than halving inspection time. And, what is more, at least as effectively.

Port captains often only have a time window from late afternoon to early next morning to examine a cargo hold, so time is of the essence. In this situation, a drone appears to be the perfect solution. It takes the drone 20 seconds to access any part of the cargo hold, while rigging a ladder or a hoist takes a long time.

Enthusiastic inspectors
“I have used the drone particularly for examining cargo holds before loading grain in Canada. In such cases, it is quite normal for the customers' inspectors, who must also check the actual cleanliness of the hold, to arrive with long ladders and climbing equipment. It takes time and can be dangerous. The inspectors are enthusiastic about my drone and its tour of the cargo holds, because afterwards they can see the hold surfaces in close detail on their phone or computer. So although a few inspectors were initially sceptical about my drone - some even laughed at me - they have now realised that a drone with a video camera is an effective way of examining a hold on a dry cargo ship,” Jan Andersen explains.

Making things go smoothly
Jan Andersen's drone initiative enables him to perform his duties as port captain in full. NORDEN has 9 port captains in various locations worldwide. Working closely with operators at the Hellerup head office and overseas as well as individual ship crews, the captains are tasked with ensuring that things run smoothly when one of NORDEN's roughly 200 dry cargo ships calls at a port to load or discharge cargo. It is their responsibility no matter the task - whether cleaning a cargo hold, examining cargo holds for remnants from previous cargo or dealing with matters such as documents, defective loading or discharging equipment, incorrect port bookings and cultural differences - or some other issue entirely. Experience shows that they can handle anything - including the unforeseen, and this is how they help create value for NORDEN - usually following the motto: The time best spent is time spent on preventing problems.
Helicopter not the answer

Jan Andersen explains that he got the idea of using a drone to examine cargo holds for old cargo remains because it is a cheap, fast and effective inspection method. Before the drone appeared, he had experimented with a small remote-controlled helicopter to perform the same task, but the helicopter’s rotor blades collided all too easily with the sides of the cargo hold, resulting in crashes. The drone is a different story, because, with its small protected rotor blades, it can fly close to the cargo hold sides without mishap.

“Our customers’ inspectors are so excited about my drone that some are actually disappointed if I do not bring it to inspect the holds. I take that as approval of my idea,” says Jan Andersen with a smile.

Angry birds

However, birds do not approve of his drone project quite so wholeheartedly. Birds apparently dislike the drone, because when he practises using it, they basically harass him.

“I really spend lots of time practising with the drone, because learning to fly it up and down close to the hold sides is very challenging. The slightest gust of wind can blow the drone off course. Obviously, my drone is only a small beginner model, so I hope at some point to be able to buy a more professional one that flies more stably. In my experience, investing in such a drone would pay off. I think others will copy my drone initiative, because it saves us both time and money,” says Jan Andersen.

A limitation

However, the drone does have one limitation. If its video camera spots the remains of previous cargo left after inadequate cleaning, a crew member still has to go down and remove them. The drone cannot do that. Not yet, anyhow.

Tailormade solution

The Dry Cargo operations department at NORDEN’s Hellerup head office is aware of Jan Andersen’s experience in using a video camera-equipped drone for inspecting the holds of dry cargo vessels.

“Jan has had a really good idea that is basically tailormade for the type of inspections he carries out in his geographic area,” says Head of Operations, Vice President Jens Christensen, explaining that NORDEN is currently investigating whether other port captains can benefit from the idea.
Despite the flailing dry cargo market, some bright spots have appeared – for example, in the shape of new trade routes. Every winter, the Americans spread large quantities of salt on their roads. Road salt normally comes from Chile, and NORDEN is among the shipping companies that sail large volumes of road salt from there to the USA. In the past the USA bought Indian salt exclusively for industrial use, Indian salt being of higher quality than road salt. However, a combination of factors – low dry cargo rates, low bunker prices and the low price of Indian road salt – have now made it financially viable to source road salt from countries as distant as India.

NORDEN recently shipped the first load of road salt to the USA – from the west coast of India to the American east coast. “We are proud to have been selected to sail salt from India to the USA, but then we do have many years of experience in salt transport,” says the head of NORDEN’s Mumbai office, General Manager Peter Koch Hansen.

How to shoot clay pigeons

Charterers and operators at NORDEN’s and Norient Product Pool’s Singapore offices are capable of more than obtaining cargoes for Company ships and ensuring they reach their destinations as planned. They can also shoot clay pigeons, which are neither living nor resemble pigeons, but are clay discs launched into the air by a machine. The object is to shoot them down with a suitable weapon. With the support of Orients Fond, the Singapore offices now organise social events for their employees. These range from sporting activities like clay pigeon shooting and go-carting to cooking, or a trip to see a play or musical, all as well as the annual BBQ for employees and their families. 11 employees took part in the clay pigeon shooting, held in the only part of Singapore where civilians are allowed to use guns. After the event, the head of NORDEN’s Singapore office, CEO Jakob Bergholdt, said that it was impossible to say who won because everyone hit the target – and had a good day. Although it was less about winning and more about the departments getting together, a few people still shone out as champs: Shipping Trainee Dorothy Tan Siew Hui, Assistant Operations Manager Jakob Lindved and Senior Operations Manager Nicolaj Lambertsen (from Norient Product Pool). They were pretty good shots, says Jakob Bergholdt.
Steel coils fill cargo holds

NORDEN’s 200-vessel dry cargo fleet normally freights grain, coal, iron ore, cement products and other commodities. Sometimes the ships carry steel coils, as the Handysize vessels NORD SEOUL and NORD SYDNEY did recently. The steel coils, used to manufacture tanks, cylinders, car components, garage doors and a host of other products, were loaded in Port Kembla south of Sydney, Australia. NORD SEOUL discharged its cargo in Kohsichang, Thailand, while NORD SYDNEY delivered its in Port Kelang, Malaysia, and Ho Chi Min City, Vietnam. The Melbourne office reports that the voyages went without a hitch and that it is ready to transport more of this type of cargo – and definitely steel coils again.

Back to Chinese roots

After a 2-year posting in Denmark, Chartering Manager Bing Zong Aw has left the Dry Cargo Department at the Hellerup head office and set course for NORDEN’s Shanghai office in China, where his job will be to secure business for NORDEN on the enormous Chinese dry cargo market. He started his career with NORDEN in 2010 as a shipping trainee in the Singapore office. Alongside the comprehensive shipping trainee programme, he took a bachelor’s degree in maritime studies. After all his time in Denmark, he has 4 reasons for requesting a transfer to Shanghai and China: he wants to challenge himself, explore the Chinese market and society, be closer to his family in Singapore, and, as a Chinese Singaporean, he would like to reconnect with his Chinese roots. “My first weeks here have been wonderful. I have experienced the cosmopolitan beauty of Shanghai, with its mix of Chinese and European history. Shanghai is a Chinese city of more than 7,000 square metres where you can find elements of both London and Copenhagen – and a hint of Copenhagen’s alternative neighbourhood, freetown Christiania. The city is simply breathtaking and easy to fall in love with,” says Bing Zong Aw after being introduced to his new home town.
NORDEN in Saudi Arabia

Together with Al Rayn Maritime, a new Saudi Arabian maritime enterprise, NORDEN has established a joint venture company in the Saudi Arabian capital, Riyadh. The purpose of the partnership, named NORABIC, is to secure more cargoes from Saudi Arabian customers for NORDEN’s dry cargo vessels and Norient Product Pool’s (NPP) product tankers.

“The company is still in its infancy, but we believe the Saudi Arabian market has untapped potential that we can develop if we build a stronger presence there,” says NORDEN’s head of Dry Cargo, Executive Vice President, Ejner Bonderup.

With a population of 27.5 million and expected annual growth rates of up to 4% over the next 20 years, Saudi Arabia is the world’s largest exporter of crude oil. The country possesses 17% of the world’s known crude oil reserves, and exports of oil – and gas – account for approx. 85% of the country’s total export earnings and half of its gross domestic product.

After the opening of several state-of-the-art refineries in the country, exports of refined oil products – NPP’s precise business area – are expected to increase in coming years.

In 2013, Saudi Arabia imported a total of approx. 45 million tons of dry cargo. Wheat, barley, soybeans, etc. made up about two-thirds of dry cargo imports, primarily originating in Europe, Argentina, Brazil, North Africa, Australia, Russia, India and the USA. In the same year, total dry cargo exports – fertiliser, steel and cement – reached around 9.5 million tons. The export destinations are North Africa, China, the USA, Japan, South Korea, Australia and Brazil.

Al Rayn Maritime and NORDEN have appointed a highly experienced shipping professional, Søren Meldgaard Jepsen, to head up NORABIC as its general manager. He completed his training in 1992 and has shipping experience from the UK, Switzerland, Hong Kong, China, Singapore and Denmark. He joined NORDEN in 2008.

“Søren’s past career has given him the expertise and resources necessary to start out in a new, previously uncultivated market,” says Ejner Bonderup.

The sooner a ship is discovered to be using more fuel than necessary, the faster the error can be rectified, and the lower the fuel – or bunker oil – costs.

Currently being installed on all 26 NORDEN-owned dry cargo vessels and 20 product tankers, a new marine fuel management system will transfer data via satellite and thereby enable the Company’s special Fuel Efficiency Team to monitor each vessel’s fuel performance around the clock. The operations departments at Dry Cargo and the product tanker pool Norient Product Pool (NPP) or the Technical Department at the head office in Hellerup will thus be alerted more rapidly to the need to regulate a ship’s operational performance.

After pilot tests on 3 vessels, the new monitoring equipment will be put to the real test in the first week of November. The new system will supplement the existing once-daily manual reading and deliver data to NORDEN’s “performance module”. Developed by the Fuel Efficiency Team for the express purpose of limiting marine fuel consumption, the module will give operators and ship inspectors the best available data on which to base their decisions.

Green, amber or red
“We have designed our performance module like a traffic signal with green, amber and red lights. The green light indicates that all is well. This would be the case when a ship is sailing in fair weather and has no problems. However, the green light can also be on in heavy weather conditions with lots of wind and resistance. This might cause a sudden increase in fuel consumption, but we can do nothing about the weather. If, however, the light changes to amber, something is probably amiss, and if it turns red, immediate action is definitely required. Something is undoubtedly wrong, and the crew will need new instructions, or hull and propeller cleaning will have to be scheduled,” says Peter Sinding, head of the Fuel Efficiency Team.

The new monitoring system is based on a range of measuring instruments installed on the ships.

The instruments constantly measure the data that the Fuel Efficiency Team needs to assess whether the ship’s fuel consumption is optimal or intervention is required. These data include:

- The ship’s position and course, speed through water and over ground as well as wind direction and strength
- The ship’s draft fore and aft
- Fuel consumption of the main engine and auxiliary engines and their generated power
Back to school for NORDEN’s managers

As NORDEN’s new CEO, Jan Rindbo has set an ambitious goal for the Company: NORDEN is to be an outstanding shipping company in a class of its own. This is essential if the Company is to realise its vision of being the preferred partner in global tramp shipping.

To strengthen NORDEN’s management acumen and define a codex for good leadership, he decided to send all the managers of NORDEN and Norient Product Pool (NPP), which handles the commercial operation of NORDEN’s tanker fleet, back to school. Their curriculum: a business-oriented management development programme.

The exercise is intended to underpin NORDEN’s future strategy and its realisation. Under the heading Focus and Simplicity, the strategy is to help NORDEN attain the status of an outstanding shipping company in a class of its own. The programme is based on NORDEN’s 4 values – flexibility, reliability, empathy and ambition.

“Our production apparatus – our ships – is made of steel. But NORDEN is a software company, where people are what makes the difference. People set the guidelines through the strategy, people secure cargos to transport at reasonable rates, and people ensure the safe and timely arrival of cargoes, at the lowest possible cost and to the satisfaction of customers who will return with new cargoes. In principle, anyone can buy the same ships as NORDEN has, so standing out from other companies is difficult on hardware alone. But we can stand out on the software side, which is why our future success depends on the way we manage the company,” says HR Manager Vibeke Schneidermann.

The management development programme is intense, comprising 3 2-day sessions, with personal coaching and assignments between the modules. SoulWorks has provided the programme and tailored it to NORDEN and NPP’s needs.

“Not only will crews have access to faster and certainly more qualified advice from the operators and the Technical Department, they will also have a better chance of seeing – in black-and-white – the impact of their actions on the bridge and in the engine room,” says Jeppe Mulvad Larsen.

Many have contributed
Many NORDEN departments have contributed to the new measuring equipment: the operations departments of Dry Cargo and NPP, Technical Department, IT Department and Business Applications Management, as well as Business Intelligence, which supplies forecasts relating to rate level and fuel prices.

As well as its own vessels, NORDEN’s dry cargo and product tanker fleets also comprise chartered vessels, which the Fuel Efficiency Team also monitors and advises. However, since chartered vessels are not necessarily fitted with the measuring equipment now on its way to NORDEN vessels, they will be serviced on the basis of their crews’ once-daily manual readings of relevant data.

The management development programme is intense, comprising 3 2-day sessions, with personal coaching and assignments between the modules. SoulWorks has provided the programme and tailored it to NORDEN and NPP’s needs.

To date 15 managers have enrolled in the course.
120 officers get a brush up

Why is feedback important? Why is it important that everyone at NORDEN – at sea and on land – works towards a common goal? Why is it important to share knowledge – both by passing on our personal know-how and by asking questions and listening to our colleagues? Because it enables us all to generate better results.

NORDEN’s Golden Rules form the basis of a knowledge-sharing system, and were on the programme agenda of this September’s Officer Seminars in Denmark, India and the Philippines, along with other central issues on which NORDEN’s officers are regularly updated: Marine HR, purchasing, Port State Control, vetting, docking and social responsibility (CSR).

Every year, 2 Officer Seminars are held in the 3 countries from which NORDEN recruits its bridge and engine room officers.

This year, 110 attended – 31 in Denmark, 25 in India and 54 in the Philippines. CEO Jan Rindbo attended the seminars in Denmark and India.

The head of Technical Department, Asger Lauritsen, hosted all 3 seminars, bringing along a handful of executive staff from Denmark as speakers.

One of NORDEN’s founding fathers turns 100

In 1915, the legendary founder of The East Asiatic Company (EAC), Hans Niels Andersen, established Dampskibsselskabet Orient, which merged with Dampskibsselskabet NORDEN in 1994. United under the name Dampskibsselskabet NORDEN, the 2 shipping companies became a significant player in the global dry cargo and product tanker market.

Success is often built on more than one founding father, and indeed NORDEN has 2.

This is because the present NORDEN is the result of a merger between the shipping companies Dampskibsselskabet NORDEN and Dampskibsselskabet Orient, established by Mads C. Holm in 1871 and Hans Niels Andersen in 1915, respectively.

As a result, NORDEN’s employees have been able to celebrate a second centenary.

More specifically, Dampskibsselskabet Orient came into being on 15 September 1915. The new shipping company sprang from The East Asiatic Company’s desire to place its fleet of steamships in a whole new shipping company and thus confine its own fleet to motor vessels. Initially, EAC owned 50% of the shares in Dampskibsselskabet Orient, but in 1923 sold all its Orient shares to Landmandsbanken (now Danske Bank). Landmandsbanken appointed landowner and later shipowner Arnold Eugen Reimann (who founded the shipping company Motortramp in 1925) as a delegate to the board of directors. At the same time, the bank decided to sell its Orient shares. This left as the largest shareholders H. Clarkson & Co., London, the steamship companies NORDEN and Torm, as well as the company’s managing director, Henrik Gether, and Arnold Eugen Reimann, who became vice chairman of the board of directors in 1930.

Orient majority shareholder in NORDEN

In the post-Second World War years, Orient acknowledged the difficulty of succeeding commercially when the war had depleted its fleet from 6 to 2 vessels. The solution was to co-operate operationally with Dampskibsselskabet NORDEN, in which Orient started buying shares in 1946. Orient continued to acquire shares until it attained the status of majority shareholder in NORDEN in 1955. Orient could now also list the Motortramp shipping company as its majority shareholder. At that time, Arnold Eugen Reimann from Motortramp was the vice chairman of the Orient board of directors.

In 1962, Orient’s President Aage A. Tonboe became NORDEN’s fourth President, at which time Orient moved into NORDEN’s then-head office in Amaliegade. The co-operation between Orient, Motortramp and NORDEN grew closer and closer, and a merger was in sight. In 1972, however, before this point had been reached, the 3 companies founded the general partnership Nordtramp, and made a joint investment in new tonnage. The merger proper between Orient, Motortramp and NORDEN came in 1994. Legally and for accounting purposes, Orient and Orient continued as the operating company but under the NORDEN name. The merger brought Motortramp’s ownership share down to less than 50%.

NORDEN among the world’s largest

The merger created a platform for success in the Danish shipping industry. Although
NORDEN’s fleet numbered fewer than 10 vessels at the time of the merger in 1994, the Company quickly took off. A growth strategy in 1998 spurred further development at NORDEN, which now boasts a fleet of almost 200 dry cargo vessels and 44 product tankers.

**Strong Orient ownership**
Since its inception, NORDEN has been listed on the Copenhagen Stock Exchange and has roughly 16,200 shareholders, the largest being Motortramp with a 28% ownership share. And it is precisely via Motortramp that Orient is still strongly represented in today’s NORDEN. The charitable foundation Orients Fond, established in 1962 through an amalgamation of Orients Pensionskasse and Orients Understøttelseskasse, now owns two-thirds of Motortramp, as well as shares in NORDEN and other companies. Orients Fond can thus make significant donations, and in 2014 its total support amounted to approx. DKK 40 million.

**Awards for development**
Currently, two-thirds of donations made by the foundation go to maritime projects as the foundation wishes to make a substantial contribution to the development of the Blue Denmark sector. For example, Orients Fond contributed DKK 20 million in 2014 towards the establishment of the new Maritime Centre at the Technical University of Denmark (DTU). The new, already world-famous Maritime Museum of Denmark in Elsinore also received help from Orients Fond, namely an amount of DKK 30 million towards construction work and DKK 10 million towards exhibitions and research.

Over the years, Orients Fond has also provided financial support enabling numerous NORDEN employees, their children and relatives to develop professionally through study abroad.

The remainder of the donations go towards humanitarian purposes.

Among Danish initiatives that have benefited from Orients Fond are Julemærkefonden, which received DKK 12 million to help children in need, and the foundation has supported causes abroad such as schools in Somalia, so young people can help in the reconstruction of their country. Support has also been provided to hospital ships in Africa.

**Significant role**
Today, EAC/Dampskibsselskabet Orient and the shipping company Motortramp as independent companies are past history. However, their significant role in the Danish shipping industry and their legacy – particularly after Arnold Eugen Reimann – live on in Dampskibsselskabet NORDEN. They also live on in Orients Fond, which, operating on today’s conditions, opens opportunities that help develop Denmark’s maritime sector in particular.

The Chairman of the Board of Directors of NORDEN, Klaus Nyborg, congratulates Orient on its centenary while thanking it for the decades of support provided to NORDEN directly or via Motortramp.

“Danish society, especially the maritime sector, benefits from Orients Fond’s many donations, and NORDEN benefits from having a loyal and stable shareholder. This helps enable NORDEN to plan for the long term,” says Klaus Nyborg.
NORDEN in brief

NORDEN recorded its best performance in 14 quarters

Generating a profit from operations (EBIT) of USD 36 million in the second quarter of 2015, NORDEN recorded its best result in 14 quarters. By comparison, EBIT for the second quarter of 2014 was negative in the amount of USD 27 million.

The dramatic improvement is due primarily to an extremely strong tanker market. In the second quarter of 2015, NORDEN’s Tanker Department generated an EBIT of USD 33 million against a loss of USD 6 million in the same quarter of 2014. Average daily earnings for NORDEN’s tanker fleet were USD 18,204 for the Handysize fleet and USD 22,906 for the MR fleet, 24% and 38% higher, respectively, than the 1-year T/C rates.

However, NORDEN’s Dry Cargo Department continues to grapple with a very weak market, and sales of ships also resulted in a loss of USD 4 million. Profit from operations in the second quarter ended at USD 6 million against a loss of USD 18 million in the second quarter of 2014. The results for the quarter are driven partly by strong coverage levels in the beginning of the second quarter and are also positively affected by lower leasing costs for the chartered fleet after provisions made in December 2014. The results can further be attributed to the advance payment of rental for some ships and the amount of USD 6 million awarded to NORDEN in settlement of a dispute dating from 2010. Dry cargo earnings were 45% above the average 1-year T/C rates and 76% above the average spot rates from the Baltic Exchange.

“NORDEN has performed well in the first half of 2015. Our Tanker Department has exploited the exceptionally strong markets to generate its best quarterly results to date, disregarding ship sales. At the same time, as a result of good coverage and sound business acumen, in the first half-year our dry cargo vessels have done admirably in an otherwise historically poor dry cargo market,” says CEO Jan Rindbo.

Tanker

The upward pressure on oil transport rates was maintained throughout the second quarter in step with the increasing demand for oil, which, according to the International Energy Agency (IEA), rose by 1.6% in the second quarter compared to the same quarter of 2014. The IEA has revised its growth expectations for the whole of 2015 upwards from 0.8% to 1.5%. The more positive expectations spring from 2 factors: the consistently low oil prices and a slight improvement in the global economy.

The tanker market experienced solid demand, although trans-Atlantic trade has generally been more profitable than trade in the Pacific. American, European and Middle East refineries are all busy, thus generating a need for NORDEN’s transport services, which primarily involve the shipment of refined products. The upswing is also a general trend for vessel types transporting both refined products and crude oil.

Dry Cargo

The decline in Chinese coal imports continues to be the primary reason for the weak markets. The downward pressure on Chinese coal imports was sustained in the second quarter, with imports 33% lower than in the same quarter of 2014. The economic slowdown in China also negatively affected the market in the second quarter, and the greater use of domestic iron ore stocks has limited imports of this commodity to a level 4% below that of the second quarter of 2014.

In the dry cargo market, NORDEN achieved good coverage (“sold ship days”) at the end of 2015, because of the gloomy market outlook for 2015. This has given NORDEN a lift, and the Company has also leased more “trip ships”, which can be chartered for single voyages rather than for longer periods. In addition, NORDEN has also worked intensively to lower vessel costs – a case in point being the major provisions and advance rental payments made for some ships.

Although Chinese coal and iron ore imports were disappointing in the second quarter, volumes of nickel, bauxite and soybeans increased. Furthermore, after a slow start, South American soybean exports have risen to record levels.

“NORDEN has performed well in the first half of 2015”

CEO Jan Rindbo

Watch CEO Jan Rindbo presenting the Q2 results:
### NORDEN’s fleet: 243.5 vessels – 199.5 dry cargo vessels and 44 tanker vessels

#### Dry Cargo:

**Capesize**
- Total number of vessels: 3
- Owned vessels: 2
- Chartered vessels: 1
- Length: 290 metres
- Width: 45 metres
- Cargo capacity (deadweight): 170,000-180,000 tonnes
- Areas of operation: The whole world
- Customers: Steel works, mining companies and power plants
- Average age – owned vessels: 10.5 years
- Total number of Capesize vessels in the global fleet: 1,505
- Average age of Capesize in the global fleet: 7.8 years

**Post-Panamax**
- Total number of vessels: 8
- Owned vessels: 4
- Chartered vessels: 4
- Length: 240-250 metres
- Width: 43 metres
- Cargo capacity (deadweight): 110,000-120,000 tonnes
- Areas of operation: The whole world
- Customers: Steel works, mining companies and power plants
- Average age – owned vessels: 5 years
- Total number of Post-Panamax vessels in the global fleet: 529
- Average age of Post-Panamax in the global fleet: 6.6 years

**Panamax**
- Total number of vessels: 82
- Owned vessels: 4
- Chartered vessels: 78
- Length: 215-230 metres
- Width: 32 metres
- Cargo capacity (deadweight): 70,000-85,000 tonnes
- Areas of operation: The whole world
- Customers: Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- Average age – owned vessels: 8.9 years
- Total number of Panamax vessels in the global fleet: 2,052
- Average age of Panamax in the global fleet: 8.8 years

**Supramax**
- Total number of vessels: 71
- Owned vessels: 4
- Chartered vessels: 67
- Length: 190-200 metres
- Width: 32 metres
- Cargo capacity (deadweight): 50,000-62,000 tonnes
- Areas of operation: The whole world
- Customers: Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- Average age – owned vessels: 6.1 years
- Total number of Supramax vessels in the global fleet: 3,249
- Average age of Supramax in the global fleet: 8.2 years

**Handysize**
- Total number of vessels: 35.5
- Owned vessels: 12
- Chartered vessels: 23.5
- Length: 170-190 metres
- Width: 27-30 metres
- Cargo capacity (deadweight): 28,000-38,000 tonnes
- Areas of operation: The whole world
- Customers: Steel works, mining companies, power companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- Average age – owned vessels: 3.7 years
- Total number of Handysize vessels in the global fleet: 2,614
- Average age of Handysize in the global fleet: 9.9 years

#### Number of vessels on order:

**25.5 vessels**

**Dry Cargo:**
- Capesize – 1 chartered vessel
- Panamax – 3 owned and 5 chartered vessels
- Supramax – 5.5 owned and 5 chartered vessels

**Tankers:**
- MR – 1 owned vessels 3 chartered vessels
- LR1 – 2 chartered vessels

### Notes:
- All data as per 30 June 2015
- Source - global fleet data/Dry Cargo: Clarksons
- Source - global fleet data/Tankers: SSY
Another record number of customers, agents and other business partners from North and South America carved 2 days out of their busy work schedules to accept an invitation from NORDEN and the US office of Norient Product Pool (NPP) to the traditional boat cruise, followed by a golf tournament the next day. The 230 guests that attended hailed from the USA, Canada, Colombia, Mexico, Argentina, Brazil, Costa Rica, Panama and Venezuela. CEO Jan Rindbo and CEO Søren Huscher from NORDEN and NPP’s head office in Hellerup took part, flanked by Executive Vice President Ejner Bonderup and by the heads of NORDEN and NPP’s Annapolis office, Director Adam Nielsen and General Manager Søren Tolbøll Nielsen. “The turnout today is to me a proof that we have succeeded in the goal of opening the office in Annapolis – strengthening of our relationships with you,” said CEO Jan Rindbo. After the welcome, the party on board the good ship CATHERINE MARY departed for a 4-hour trip around the USA’s largest delta, the Chesapeake Bay between Maryland and Virginia. Next day, the participants teed off for the golf tournament in Davidsonville, where everyone – more or less! – ended up a winner.