NORDEN NEWS

SUMMER 2017 | DAMPSKIBSSELSKABET NORDEN A/S

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READY TO MEET THE CUSTOMERS’ REQUIREMENTS IN AN EFFICIENT, FLEXIBLE AND FAST MANNER

THEME: The Dry Cargo Department has been organised into smaller and more specialised teams with increased agility and authority.

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NORDEN’s Dry Cargo Department has been organised into smaller and more specialised teams with increased agility and authority to improve the service for NORDEN’s customers.

27 July – 17 August 2017
Silent period until the publication of the interim report for the second quarter and first half-year of 2017

31 July 2017
The following trainees graduate from their 2-year education at NORDEN: From the left: Nicolai Syse, Anders Kristensen, Mathias Graae Pedersen and Mikkel Rabjerg

17 August 2017
Publication of the interim report for the second quarter and first half-year of 2017

Better service for NORDEN’s dry cargo customers
NORDEN’s Dry Cargo Department, which has offices all over the world, has been organised into smaller and more specialised teams which can act faster, more easily and with more flexibility – and which has greater authority because the responsibility in the department has been spread out further.

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Ready for change

The world is changing and NORDEN is changing with it. In a time when the volume of accessible information doubles with rapidly increasing speed, adaptability is not just a buzzword but a requirement to be successful.

NORDEN operates in a changeable world with volatile and unpredictable markets, where our customers expect us to quickly be able to come up with deep market insight and sharp prices. It makes greater demands on our organisation and structure. Demands which we will now accommodate in our Dry Cargo business with a new and more dynamic set-up, which supports our strategic objective to markedly increase our dry cargo operator business over the coming years.

The organisation into new, smaller and more specialised teams, which you can read about from page 8, means that we have become more agile – that is that we are able to act faster, more easily and with more flexibility. This important ability is strengthened as the responsibility in the department has been spread out further thereby giving the employees a larger degree of decision-making power.

“This organisation into new, smaller and more specialised teams means that we have become more agile – that is that we are able to act faster, more easily and with more flexibility”

This set-up boosts the dynamics and job satisfaction internally. But how our customers experience the change is even more important. We raise the bar higher, in this respect, as it is our ambition that our customers perceive the change as a clear improvement of our service to them. We wish to serve them quickly, sincerely and more efficiently, and the new set-up will facilitate it and guarantee that it happens.

NORDEN’s Tanker business is also busy as you can read about on page 18. Since the beginning of 2017, we have taken advantage of the market to both purchase and charter in product tankers which are all to be delivered to NORDEN up until 2020. This is also a case of agile adaption to change. When the price of vessel capacity decreases, as we have experienced lately, NORDEN is ready to act. With good access to yards as well as shipowners and backed by solid finances, we have the opportunity to expand our capacity when prices are attractive.

The vessel purchases take part in expanding our tanker fleet which counted 36 vessels at the end of March 2017 – 25 MR vessels and 11 Handysize vessels. We expand the fleet for several reasons: Firstly, the current weak market makes it possible to purchase and charter in vessels at low costs, and we thereby strengthen our competitiveness. Secondly, the expansion of the tanker fleet increases the flexibility that we offer our customers through Norient Product Pool, which is responsible for the commercial operation of NORDEN’s tanker fleet. Again, it is a matter of being able to respond quickly and efficiently to changeable markets and demands.

NORDEN’s overall purpose is to contribute to more efficient world trade. We do that, among other things, by offering our many customers optimised solutions which create value. The better we are at accommodating our customers’ needs, the more value we are able to create for them and the better we are able to live up to the purpose of our efforts. That is why NORDEN is ready for change.

Enjoy the reading and have a great summer.

Jan Rindbo, CEO
11 April was a very special day for NORDEN’s Dry Cargo Department. Prior to loading grain and aluminium in Australia, the vessels’ cargo holds are inspected by the local inspectors who are known to be strict. But on this day in April, a whole year had passed without a single NORDEN vessel failing at such a cargo hold inspection. “During those 12 months, 55 of our vessels passed such an inspection without deficiencies. We are consequently well on our way to fulfil our target to make this apply for at least 97% of our vessels,” says Stephan Korsgaard, who is Head of Operations in the Dry Cargo Department at NORDEN’s office in Singapore. He explains that the high score is possible due to close cooperation between charterers, operators and the port captain.

From 2017 to 2020, 10 dry cargo vessels will be delivered to NORDEN from the Japanese yard Oshima Shipbuilding. NORDEN has sold the 2 first vessels even before they are built. The remaining 8 vessels – all Supramax – will become part of NORDEN’s fleet, says Henrik Lykkegaard Madsen, who is Head of Asset Management and thereby responsible for buying, selling, and long-term chartering vessels in and out. The construction of the vessels is followed closely by NORDEN’s newly established site office at the yard. It is manned by 3 experienced technicians who are to ensure that the vessels are built in accordance with the contract. “We look forward to the cooperation with Oshima, where we have ordered dry cargo vessels since 1999. We know that the yard delivers vessels of a high quality and that they are always ready to listen to us and meet our wishes and demands. It is a great advantage for both parties that we know each other so well and that we respect each other,” says Director and Head of Newbuildings Søren Westergaard.
NORDEN tanker boarded by special forces

The product tanker NORD GARDENIA provided the vessel when 2 instructors and 8 recruits from the Italian Special Forces on 24 May conducted a training session with the purpose of allowing the special forces to become acquainted with the conditions on board a merchant vessel in case a hijacking or terror situation should occur. The training session took place in the North Italian city Livorno and the first part of the training session dealt with boarding the vessel using a ladder and getting familiarised with the vessel’s arrangement. The second part of the training session took place inside where the special forces were introduced to how a merchant vessel is maneuvered, and they were told how to stop the main engine to immobilise the vessel. The rest of the training session on board was spent on searching for “hijackers/terrorists” as the special forces moved from cabin to cabin and from deck to deck. “After 5 hours, the special forces thanked us for our hospitality and left NORD GARDENIA,” says Chief Officer Anders Christiansen, who assisted the special forces during the training session.

Orients Fond ensures medical and dental treatment for the poorest of children

Orients Fond has donated DKK 120,000 to a medical and dental project in Mariveles in the Philippines where the poorest of children have very limited or no access to public health care. The donation will cover 1 year’s efforts and within this year, approximately 70 children will benefit from it. "We focus on the poorest of the poor children, whose families cannot afford for instance an X-ray examination if tuberculosis is suspected, just as they definitely cannot afford dental care," says Søren Retz Johansson, who is NORDEN’s port captain in Singapore and the initiator behind the project in cooperation with NORDEN’s port captain in the Philippines, Jim Jara. The money from Orients Fond will be spent on equipment and materials among other things, whereas the medical and dental treatment in itself is free as it is provided free of charge by Søren Retz Johansson’s wife who is a dentist and by Jim Jara’s daughters – a doctor and a dentist. “To make this project succeed is the greatest reward you can get,” says Søren Retz Johansson.

Fatal accident on board NORD QUEBEC

The 38-year-old Second Officer Romeo Reyes Abuyuan from the Philippines lost his life on 22 May when he was hit by a mooring rope on board the dry cargo vessel NORDQUEBEC during mooring operation at the quay in Trois-Rivières in Quebec in Canada. “All our thoughts go to Romeo Reyes Abuyuan’s family. The details of the accident are still being investigated. We know that mooring operations pose risks which must be considered during all mooring operations. Every day, we do everything in our power to minimise the risks involved through procedures, training and safety awareness campaigns. In spite of this, the accident happened and with fatal consequences. The tragic accident is a serious reminder why safety is always our main priority. Our most important goal is to create a safe working environment for our colleagues – at sea and on land – to make sure that everybody returns home from work safely,” says Head of NORDEN’s Technical Department, Senior Vice President Jens Christensen. All honour to Romeo Reyes Abuyuan’s memory.
NORDEN receives top marks for its CSR reporting

NORDEN’s CSR Report for 2016 receives top marks in the annual review of the 100 largest Danish companies’ CSR reporting – conducted by the Danish business magazine Økonomisk Ugebrev. NORDEN takes first place which is shared with 7 other companies including Carlsberg, DSV, ISS and Maersk, and this is the third consecutive year where NORDEN takes a joint first place. The score is based on parameters such as overall reporting on sustainability, handling of the most important risks and opportunities and transparency in CSR reporting in general. Head of Corporate Communications & CSR Nicolai Bro Jøhncke comments on Økonomisk Ugebrev’s top mark and says: “NORDEN has worked systematically with CSR and responsible business practices for many years, and our CSR report is one of the channels we use for communicating on our efforts within CSR. It serves as great motivation to see that NORDEN’s stakeholders appreciate our CSR efforts and reporting.”

The 32-page CSR Report for 2016 was published on 1 March 2017 with the title: Joint Efforts – Mutual Benefits.

Surprise party on board NORD BELUGA

The crew members of the dry cargo vessel NORD BELUGA were surprised when the large Panamax vessel called at Toyama-Shinko in Japan on 21 April to discharge 66,000 tonnes of coal from Vanino in Russia. The crew was completely unaware that the port turned 49 years that day. Maybe not exactly a round-number birthday but special enough for the port to celebrate it. And NORD BELUGA accepted to host the celebrations immediately. The celebration – headed by the mayor Motoshi Natsuno from the nearby city Imizu – took place on the bridge from where the view of the port was spectacular. “It was a great pleasure for us that the celebration took place on our vessel. We are very honoured,” says Captain Rodel Lopez Roca who, on behalf of the entire crew, accepted both flowers, wine and a plaquette for their hospitality.

From the left Chief Engineer Leonardo Palad Bacang, Captain Rodel Lopez Roca and Mayor Motoshi Natsuno, who presented a plaquette.

Correction

In the spring edition of NORDEN News, we wrongfully wrote that the belt along the US and Canadian coastline, where vessels are required to use fuel with a maximum sulphur content of 0.1 %, is 200 metres wide. We were, of course, supposed to have written that the belt is 200 nautical miles.
150 dry cargo employees organised in specialised teams:

Ready to meet the customers’ requirements in an efficient, flexible and fast manner
To boil it all down to a few words:
Deep down inside, NORDEN is a provider of value-creating service to our customers – a kind of service which also contributes to more efficient and sustainable world trade and with that increased global prosperity”

Head of Dry Cargo Christian Vinther Christensen
Better service for NORDEN’s dry cargo customers

With a new set-up, NORDEN’s Dry Cargo Department will become even better at servicing its customers. The department, which has offices all over the world, has been organised into smaller and more specialised teams which can act faster, more easily and with more flexibility.

**NORDEN in figures**

- **Number of employees in Dry Cargo:** +150
- **In shipping since:** 1871
- **Number of vessels in Dry Cargo:** >250

NORDEN’s Dry Cargo Department, which has offices all over the world, has been organised into smaller and more specialised teams which are more agile – i.e. can act faster, more easily and with more flexibility – and which have greater authority, as the responsibility in the Dry Cargo Department containing more than 150 employees has been spread out further.

“The purpose of this new set-up is to become even better at servicing our customers. We will simplify, strengthen and empower our whole organisation. Based on our strategy Focus & Simplicity, we are making our processes more efficient and transparent. At the same time, we are assigning authority to the front line, where our many motivated employees meet the customers and the market. I have a strong belief in management through involvement, presence and recognition,” says Head of Dry Cargo Christian Vinther Christensen.

**Always money to be made**

The aim of the new set-up is to carry out NORDEN’s strategic decision that the Dry Cargo Department in significant scale and through organic growth is to increase its operating activities, where cargoes are combined with chartering of available vessels in the market for a single trip – or more.

Usually, money can be made on operating activities in both times of prosperity and times of decline. Focus is on the margins and the difference between cargo rates and the price of chartered vessels. As a general rule, operating activities are therefore, in terms of earnings, characterised by being less dependent on market rates compared to the part of NORDEN’s dry cargo business which is based on the use of a core fleet of owned or long-term chartered vessels.

The increased efforts related to operating activities are taking place at the same time as...
The benefits to the customers

Head of Dry Cargo Christian Vinther Christensen highlights the following benefits of the new set-up to NORDEN’s dry cargo customers:

- NORDEN improves its response times
- NORDEN improves its knowledge on customer requirements and requests
- NORDEN increases its knowledge on the market
- NORDEN becomes better at thinking big and at the same time always acting in such a way as to meet each customer’s requirements regionally – no matter the scope
- NORDEN increases its competitiveness through increased activity
- NORDEN becomes capable of assisting more customers with their spot requirements
- NORDEN becomes more focused on each customer’s business and needs
- NORDEN will have a dedicated ambition to grow with its cargo customers through commercial innovation

The operators play a key role

But one thing is to obtain cargo for the vessels to transport. Another thing is the handling operations from loading port to discharge port. It is the operators’ job to ensure that this is done in the most optimal way.

“Consequently, our operators play a more central role in the new set-up”, says Christian Vinther Christensen.

NORDEN’S Dry Cargo Department has a staff of skilled and experienced operators, who operate from the many offices within NORDEN’s global network. They have thorough knowledge of the many challenges which the vessels face on their voyages.

“They can make the famous difference to our customers. We need to be able to deliver genuine and value-creating service, and we do this better when we have thorough local knowledge,” says the Head of Dry Cargo.

Service provider

Christian Vinther Christensen adds:

“To boil it all down to a few words: Deep down inside, NORDEN is a provider of value-creating service to our customers – a kind of service which also contributes to more efficient and sustainable world trade and with that increased global prosperity. We need to combine this with a reasonable and risk-adjusted result for NORDEN’s owners.”

Contact NORDEN

NORDEN’S Dry Cargo Department has offices in Copenhagen, Denmark (head office); Annapolis, USA; Santiago, Chile; Rio de Janeiro, Brazil; Singapore; Shanghai, China; Mumbai, India, and Melbourne, Australia. At all the offices, commercially specialised teams are available to the customers. When customers wish to contact NORDEN’S Dry Cargo Department, as a rule they should call the office which is closest of the port where the cargo will be loaded.

Annapolis

USA

+1 410 216 9391

Santiago

Chile

+56 2 2594 7513

Rio de Janeiro

Brazil

+55 21 255 40 055

Copenhagen

Denmark

+45 3315 0451

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China

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Melbourne

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Website

WWW

ds-norden.com
NORDEN’s specialised teams in place around the globe

**Panamax**

**Worldwide**

Head of Panamax  
Thomas Kobbel  
+45 2463 6079  
tko@ds-norden.com. 40 years old. He started working for NORDEN in 2008. Before NORDEN, he worked for Maersk Broker among other places in Japan.

In general  
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

- **Copenhagen**  
  Jannick Madsen  
  Sophus Christian Nielsen  
  Andreas K. Olsen  
  Jacob Knudsen  
  Nicolai Syse  
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- **Singapore**  
  Mads Louring  
  Koh Chang Chian  
  Timothy John Fitzpatrick  
  Emil Kehlskov Mortensen  
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**Supramax**

**North America**

Head of Supramax  
North America  
Gregers Blaabjerg  
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grb@ds-norden.com. 38 years old. He started working for NORDEN in 2012. Before then, he first worked for Hempel in Singapore and later for Wonsild.

In general  
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

- **Copenhagen**  
  Anne-Sophie Tinsfeldt  
  Jens Westergård-Nielsen  
  Nanna Sinding Brage-Andersen  
  Mathias Graae Pedersen  
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- **Santiago**  
  Michael Warming  
  Stine Maria Gøttrup  
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- **Annapolis**  
  Mark Kuehl  
  John Geoghegan  
  Ross Lawton  
  usa@ds-norden.com

**South Atlantic**

Head of Supramax  
South Atlantic  
Brian Leving  
+45 3032 9646  
brl@ds-norden.com. 50 years old. He has been employed at NORDEN since 2013. Before he started working for NORDEN, he worked for Dan-Broker, Progress and Clipper.

In general  
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

- **Copenhagen**  
  Morten Vesth  
  Rasmus Zerlang  
  Anders Enger Dyrdal  
  geared.cph@ds-norden.com

- **Rio de Janeiro**  
  Viviane da Rocha Gonçalves  
  Mads Thomsen  
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Asia and North Pacific

Head of Dry Cargo Asia
Jesper Svenstrup
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jsv@ds-norden.com.
41 years old. He was employed at NORDEN in 2006 and has worked at the Singapore office since 2013. He came to NORDEN from Clipper and Scan-Trans.

Head of Dry Cargo
Indian Ocean
Peter Koch Hansen
+91 98 2004 9689
pkh@ds-norden.com.
34 years old. He started as a trainee at NORDEN in 2006. Before he became the manager of the Mumbai office in India in 2013, he worked at the head office in Copenhagen as well as the Annapolis office in the USA.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

Singapore
Pooja Jhamb
Frederik Frederiksen
Khairiel Muhammad
Dorothy Tan Siew Hui
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Kiran Fernandes
Hitender Mahani
Aishani Purkarayasta
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Melbourne
Christian Hornum
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Annapolis
Mark LaFrankie
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Continent and Mediterranean

Acting Head of Supramax
Continent and Mediterranean
Head of Dry Cargo Christian Vinther Christensen
+ 45 5158 5882
cvc@ds-norden.com.
46 years old. He was employed at NORDEN in 2017. He came to NORDEN from positions at Western Bulk – here he finished his employment as Group Executive Vice President. He was previously employed at Maersk.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

Copenhagen
Line Lund Clausen
Andrea Rizutti
Mads Hansen
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China

Head of Dry Cargo China
Jens Fjordgaard Jensen
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jfj@ds-norden.com. 31 years old. He was hired as a trainee at NORDEN in 2007. Before he became head of the Shanghai office in 2015, he worked partly at the head office in Copenhagen, partly posted in Shanghai.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

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Handysize

Worldwide

Head of Handysize Worldwide
Rasmus Saltofte
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31 years old. He started as a trainee at NORDEN in 2005. From 2007 to 2009, he was posted in Singapore. From 2011 to 2016, he was head of the office in Rio de Janeiro.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

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Rio de Janeiro
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North America

Head of Dry Cargo North America
Adam Nielsen
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36 years old. He started as a trainee at NORDEN in 2002. Since 2013, he has been head of the Annapolis office in the USA. The preceding 3 years, he headed the Mumbai office in India. He has also been posted in Shanghai and Singapore.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

Annapolis
Jason Lykens
Ross Lawton
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Satellite offices

Rio de Janeiro
Viviane da Rocha Gonçalves
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Melbourne
Christian Hornum
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Santiago
Michael Warming
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Period Tonnage & Industrial Bulk

Worldwide

Head of Period Tonnage & Industrial Bulk
Michael Boetius
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46 years old. He was employed at NORDEN in 2007 and has headed several departments. Before his employment at NORDEN, he worked for Maersk, including Maersk Logistics.

In general
Customers may contact any of the NORDEN offices worldwide or the specialised teams in:

Period Tonnage
Peter Hjort
Jacob Vind
period@ds-norden.com

Industrial Bulk (long-term contracts)
Lars Husmand
William Boatwright
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Melbourne
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Santiago
Michael Warming
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The Panamax vessel NORDKAP crossed the equator a record number of times on a voyage from Canada to Brazil. A total of 112 times did the vessel drift across the latitude that splits Earth into a northern and a southern hemisphere.

“If it’s a world record, I don’t know. But it certainly was remarkable and fun,” says Captain Jan Richardt.

The many crossings took place because NORDKAP during a voyage from Canada via Trinidad & Tobago had to assume a waiting position and anchor at the town Macapa, approximately 145 nautical miles up the Amazon – and right on the equator.

Strong tide
The tide is very strong there, and seafarers will know that it changes 4 times a day.

“For NORDKAP and those on board it meant that we went all the way around the anchor 4 times a day. Twice clockwise and twice anti-clockwise. Every time we left our position at the equator, and before we returned to that same position, we had to cross the equator once. Since we were there for 28 days, it meant 112 crossings in all. It is totally crazy, and I did also make sure that all crew members received a certificate from King Neptune himself as proof that they had been on board during this exceptional voyage,” explains Captain Jan Richardt.

Lack of fresh water
How did the crew pass the time during this lengthy involuntary break – besides crossing the equator?

“There was a lot to get on with. Painting the accommodation quarters and the deck – the vessel has never looked as good as it does now! – as well as obtaining fresh water. We can only make fresh water when we are sailing, and due to the interrupted voyage, we had a problem with the fresh water supply. Fresh water generated by the air-conditioning system could be used for example for cooking, and collected rainwater – we experienced some heavy downpours while we were there – was used among other things for washing clothes. Toilet flushing was made possible with water from the Amazon. Drinking water and water for brushing our teeth was brought on board in plastic bottles. The whole thing was a little tiresome, but thanks to a very creative, patient and forbearing crew it all went well – and even with a smile,” says Captain Jan Richardt.

Return voyage according to plan
The subsequent voyage, on the other hand, carrying bauxite from the Brazilian rainforest town Porto Trombetas to Port Alfred in Canada, where the bauxite is processed, went according to plan.

Here is the proof – 3rd Officer Art Daniel C. Navarro also crossed the equator 112 times on the same voyage.
A NORDEN vessel safeguarded with razor wire due to the risk of pirate attacks.
Pirates remain a threat towards civilian shipping

African pirates still pose a particularly serious threat towards civilian shipping. In 2016, 95 incidents of pirate attacks or armed robbery in West Africa and 27 incidents of possible pirate activity in East Africa were reported. In Asia, where especially the waters between Malaysia and the Philippines are under threat, 129 incidents of possible pirate activity were recorded in 2016.

The numbers appear in the annual report from the independent American organisation Oceans Beyond Piracy who also reports that the risk of pirate attacks – based on the 2016 number compared to the 2015 number – has almost doubled in West Africa whereas it has nearly halved in Asia.

Even though there were no reports of hijackings of merchant vessels off the Somalian coast in East Africa in 2016, the criminal networks in Somalia still have unreduced capacity and willingness to perform piracy attacks, which the recent attacks confirm, assesses Oceans Beyond Piracy.

According to Danish Shipping, the numbers prove that piracy still poses an essential threat towards civilian shipping.

"Consequently, it is important that the shipping companies continue to prepare themselves before they enter piracy-threatened waters," says Director Maria Bruun Skipper, Danish Shipping.

Individual risk assessment
The piracy development in Africa and the rest of the world is closely monitored by NORDEN’s Technical Department where Company Security Officer Flemming Dahl Jensen is responsible for ensuring that all of NORDEN’s dry cargo and tanker vessels are properly prepared before passage through the waters at risk – the high-risk areas as they are called.

When a NORDEN vessel is to pass through such an area, the Technical Department carries out an individual risk assessment which includes information on the vessel’s speed and freeboard – that is the height of vessel’s side between the waterline and the upper deck level, since this determines how difficult it is for pirates to climb on board the vessel. Furthermore, the current threat level in the specific high-risk area is assessed.

Complies with global standards
In that connection, NORDEN complies with international recommendations with regards to registration and reporting of the passage, just as NORDEN bases its precautionary and preventive measures on the standards which the industry globally recommends the shipping companies to follow and which are stated in Best Management Practices (BMP).

"The current assessment of the piracy threat has not led to changes to the procedures in place in NORDEN, which we follow when passing through a high-risk area. Based on the individual risk assessments, we are always prepared to carry the necessary preventive measures into effect," says Flemming Dahl Jensen.

A billion-dollar expense for the shipping companies
For security reasons, NORDEN does not wish to disclose the specific measures in place – except from the use of water from fire hoses and water cannons as well as the well-known and very visible razor wire along the vessels’ sides etc., which consists of barbed wire where the barbs have been replaced by razor blades.

According to Oceans Beyond Piracy, shipping companies across the world spent approximately DKK 11.6 billion on preventing and fighting piracy in East and West Africa in 2016, since expenses in West Africa have increased dramatically.

"NORDEN hopes that the international society will continue to protect the merchant vessels and keep a military presence in East Africa as well as take part in improving the military capacity in West Africa," says Flemming Dahl Jensen.
NORDEN is in the process of increasing its tanker exposure. The purpose is to take advantage of the business opportunities provided by the fluctuations of the cyclical market.

"During the strong tanker markets throughout 2015 and the first half-year of 2016, NORDEN prioritised coverage. We therefore reduced the open capacity for 2017 and onwards. But in the wake of the decline in the market during the second half of 2016, we have again started to increase our capacity and exposure. And this is done at competitive prices," says CEO Jan Rindbo.

NORDEN’s agile – i.e. fast and flexible – answer to market developments has a positive impact on results.

At the end of March 2017, NORDEN’s tanker fleet consisted of 36 vessels – 25 MR vessels with a cargo capacity of 45,000-50,000 tonnes and 11 Handysize vessels, which are able to carry 35,000-37,000 tonnes. 9 MR vessels and 10 Handysize vessels are owned by NORDEN, the remaining have been chartered in.

**Focus on medium term**

As a start, NORDEN is focusing on increasing its tonnage of product tankers chartered in for about 1 year (medium term). In the current poor tanker market, the price level of both newbuildings and secondhand vessels has provided some attractive opportunities to increase NORDEN’s core fleet in particular of MR product tankers. NORDEN does not expect the historically relatively low price level to change right away, and so there will possibly continue to be attractive opportunities to increase the long-term chartered tonnage during 2017 – i.e. tonnage chartered for more than 13 months.

Especially the number of MR vessels will be increased, but there will also be added more Handysize vessels to the fleet.

In 2017, NORDEN has so far chartered the following number of vessels to be delivered up to 2020:

**Medium term:** A total of 8 vessels – 7 MR and 1 Handysize.

**Long term:** A total of 6 vessels – 4 MR and 2 Handysize.
In addition, NORDEN has bought 2 second-hand MR vessels – one is from 2009 and the other is from 2010. These are the first purchases since NORDEN’s Tanker business sold 3 of its oldest Handysize vessels.

**Manageable fleet growth**
NORDEN’s increase of its tanker exposure takes place at the same time as ordering activity for tanker vessels from the shipyards continues to be limited. Therefore, global fleet growth of especially new product tankers in 2018 is regarded to be at a manageable level.

**The world’s best operator**
NORDEN’s fleet of owned and chartered product tankers is commercially operated by Norient Product Pool (NPP, owned 50/50 by NORDEN and the Cypriot shipping company Interorient Navigation Company). The pool’s fleet totals 90 vessels – 56 MR vessels and 34 Handysize vessels (at 31 March 2017).

“We can expand the fleet on the positive foundation that in NPP we have the world’s best operator of product tankers,” says Jan Rindbo.

Compared to the 3 best performing NPP competitors, NPP’s average additional earnings (spot) per vessel per day from 2011-2016 were USD 1,130 for MR and USD 962 for Handysize.

**Many factors play a part**
“Not only did we succeed in outperforming the competition in terms of spot earnings. If we include earnings from chartering out vessels for longer periods of time (contract cover), NPP’s lead is increased even more,” says Jan Rindbo.

There are several reasons for NPP’s impressive performance, he says.

- The NPP team has skilfully utilised its customer relations to maximise spot earnings at the same time as they have kept a close eye on voyage costs.
- With outstanding support from the Fuel Efficiency team, vessels’ speed and fuel consumption have been optimised.
- Correct market analyses from Business Analytics created the foundation for increasing coverage at good rates before the market went down.
- The Technical Department and our colleagues at sea ensured that the fleet was commercially available to the greatest extent possible.

**We can control our performance**
“We cannot control the market, but we can control our performance. I am very pleased to see such strong performance compared to our competitors,” says Jan Rindbo.

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**NORDEN’s tanker fleet**

Total number of vessels (31 March 2017): 36

- MR vessels with a cargo capacity of 45,000-50,000 tonnes: 25

- Handysize vessels with a cargo capacity of 35,000-37,000 tonnes: 11

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Under the name of JAMES COOK, one of NORDEN’s product tankers helps make everyday life work in a number of territories in the Pacific Ocean.

In the autumn of 2014, one of NORDEN’s 25 large MR product tankers changed name from NORD STRENGTH to JAMES COOK. The name change marked the chartering out of the vessel to the Australian based shipping company Petrocean, which delivers refined oil products such as gasoline, jet fuel, diesel oil, petroleum and fuel oil on a fixed route to territories in the South Pacific.

The agreement to charter out the NORDEN vessel was made through Norient Product Pool (NPP), which handles the commercial and operational management of NORDEN’s product tanker fleet.

On a fixed route in the South Pacific

Always long-awaited

When JAMES COOK arrives at American Samoa, French Polynesia and Vanuatu with 6-7 different types of refined oil products in cargo – above all, gasoline, jet fuel, diesel oil, petroleum and fuel oil – the vessel is always long-awaited. The explanation is this; JAMES COOK is the number one supplier of these types of fuel, says one of the 2 regular captains, Raj Kumar Verma.

This status is also why the crew members are always met by the residents of these remote islands with open arms.

“There are close ties between the crew members and the port workers. And, in many cases, also between the crew members and the islanders. When on shore, many of us from JAMES COOK have experienced that people ask us if we are the ones that deliver for instance the gasoline for their cars and trucks. The fuel we deliver to these islands makes their everyday life work, so we play a very important role to them. And the islanders show this appreciation very clearly and with such great warmth and hospitality,” says Raj Kumar Verma.

His colleague, Captain Manojkumar Parambath, is happy with the cooperation with Petrocean.

“In order to live up to Petrocean’s expectations, we do our utmost in all respects – be it loading, discharging, cargo hold cleaning or optimal route selection,” says Manojkumar Parambath.

When JAMES COOK calls at Port Vila, Vanuatu, it is very tempting for the crew members to go for a fresh swim in the Blue Lagoon. From the left, Captain Raj Kumar Verma, Chief Officer Nitin Kumar Singh, Ship Assistant Rizwan Abdul Karim Shaikh and Ship Assistant Haseeb Ullah Khan.
“This contract with Petrocean gives us the opportunity to show how we turn basic operational knowledge into practice – also when the assignment is different from the usual. It is our goal to contribute to the optimisation of Petrocean’s business,” says CEO Søren Huscher, NPP.

In connection with the charter agreement, NPP has had some modifications made to the vessel, which is a modern, fuel efficient vessel from the STX yard in South Korea and which was delivered to NORDEN in 2013 along with 3 sister vessels. But the modifications to the vessel, which has a cargo capacity of approximately 50,000 tonnes, have been relatively simple to make, and they have improved Petrocean’s operations and planning.

“On several levels, NPP has a very positive, trusting and friendly partnership with the people in and around Petrocean. They are solution-oriented and pragmatic people,” says Søren Huscher.

“It is our goal to contribute to the optimisation of Petrocean’s business”
CEO Søren Huscher, NPP

James Cook – one of the greatest

The British navigator and explorer James Cook (1728-1779) headed 3 of the most important scientific sea voyages during the Enlightenment (from approximately 1690 to 1780). On these voyages, he i.a. mapped parts of the coastline of New Zealand, the eastern coastline of Australia and the north-western coastline of America. James Cook, who is regarded one of the greatest explorers, was also first to cross the Antarctic Circle.

Petrocean makes everyday life work

Petrocean is a privately owned business, which since 2005 has been specialised in delivering necessary refined oil products to the residents of a number of territories in the South Pacific making their everyday life work in spite of their remote residence.

Based in Australia with head office in Robina south of Brisbane, Petrocean operates a fleet of 2 chartered MR product tankers one of which is from NORDEN through Norient Product Pool (NPP).

On fixed routes, Petrocean services the following territories:
- American Samoa
- French Polynesia
- Vanuatu
- Fiji
- New Caledonia
- Solomon Islands

JAMES COOK is loaded with oil products in Singapore and Malaysia, and the voyage to the territories, which JAMES COOK makes – American Samoa, French Polynesia and Vanuatu – takes approximately 50 days.

CEO and co-owner of Petrocean, Pierre Ravel, on the cooperation with NPP:

“For the last 3 years, our company has been working with NPP and their good ship, JAMES COOK, as part of our operations in the South Pacific. It is a challenging environment which requires solid cooperation between owners and charterers. NPP has really understood our organisation and has adapted well to our customers’ requirements. More importantly, through good communication and a common will to “make things work”, we have always been able to smooth out any rising issues and carry on offering a reliable service.”

The Ravel Family has been engaged in shipping business in the Pacific since 1968 when the family established the shipping company Sofrana Unilines based in New Zealand.
The wonderful weather and the venue – a roof terrace close to both NORDEN’s office and the city’s famous river promenade, the Bund – created the perfect scene for the informal dry cargo get-together for customers and brokers which NORDEN’s Shanghai office hosted on 27 April. The approximately 60 guests came from China, Hong Kong and Taiwan.

“Without you, NORDEN would not have an office in Shanghai. We need your support and in return we promise you the best imaginable service combined with competitive prices,” said NORDEN’s Head of Dry Cargo Christian Vindt Christensen from the head office in Copenhagen who co-hosted the event with Head of the Shanghai office Jens Fjordgaard Jensen.

At the get-together, NORDEN had the opportunity to present its new set-up with 9 specialised teams with great decision-making authority. It was positively received by customers and brokers, who also welcomed the news that an operations department will be established at the Shanghai office which Theis Bach Christensen will be responsible for starting up.
The office manned by 8 employees represents NPP in the Americas.

After 3 years as head of Norient Product Pool's (NPP) office in Annapolis in the USA – covering the Americas, i.e. North and South America – it is time for General Manager Søren Tolbøll Nielsen to relocate back to the head office in Denmark. In the USA, he will be replaced by Jesper Fløe Nielsen from the head office.

“It will be the first time that I will have the overall responsibility for an office and a team. I appreciate the trust placed in me and look forward to the challenge,” says the new head of the Annapolis office.

With his promotion, yet another former trainee in NORDEN/NPP advances to the top as head of an overseas office.

“Jesper is new at the Annapolis office – but not really new. He has previously been posted at the office for 4 years and will – as soon as the worst rust has come off – be up to date. I expect that Jesper will quickly settle down in this very strong team and be able to bring both former as well as new business associates into play – for the joint benefit of both customers and NPP,” says CEO Søren Huscher, NPP.

He says that the Annapolis team – which shares their address with NORDEN's American dry cargo office – represents NPP in the Americas.

“It is important that we act and are perceived as a super professional company when it comes to business acumen, solutions and customer orientation. But it is especially important that we are perceived as authentic co-players and individuals who our customers actually want to do business with again and again,” says Søren Huscher, who looks forward to having Søren Tolbøll Nielsen back at the head office following an impressive performance in Annapolis.

“Søren has been a valuable part of NPP for the last 3 years through his management of the Annapolis office. Apart from being an expert on our business and a talented ambassador for NPP in and around the Americas, Søren has been able to make the leadership programme “Soulship” a natural part of the working life at the office where the team is well-padded and very close-knit – ready to meet the challenges to come. I look forward to having Søren back at the head office in Hellerup, where he will have a somewhat different role. Here his focus will be on the overall aspects of our chartering activities to ensure optimal usage of all competencies under the NPP umbrella and to ensure that opportunities and challenges across our offices are optimised.”

NPP’s office in Annapolis is manned by 8 employees – 2 charterers (of which one is head of the office), 5 operators and 1 administrative employee.
2 internationally experienced men new on NORDEN’s Board of Directors

Both have a skill set that will support NORDEN’s strategic and growth-related initiatives, and both have experience in relation to risk management.

It was 2 experienced men from the global world of shipping who were elected into NORDEN’s Board of Directors at the annual general meeting held on 5 April at Radisson Blu Scandinavia Hotel in Copenhagen. Tom Intrator is former CEO of Cargill International SA and is a Swiss citizen. Hans Feringa is CEO of the chemical tanker company Team Tankers International Ltd. and a Dutch citizen living in the USA.

At the annual general meeting – with final approval at an extraordinary general meeting on 19 April at NORDEN’s head office in Hellerup – it was also approved that NORDEN’s corporate language be changed from Danish to English. This i.a. means that from now on English is the working language in the Board of Directors. With the change into English, the Board of Directors can be internationalised as needed.

Highly talented
In his report, Chairman of the Board Klaus Nyborg described the 2 new board members as “highly talented”.

In his speech prior to the election of Tom Intrator, Chairman Klaus Nyborg emphasised that Tom Intrator has experience as head of one of the world’s largest trading houses, that he has an international background and that he is significantly knowledgeable within energy, shipping and metals. At the same time, Tom Intrator will add to the Board’s qualifications within management, strategy, investment, cos-

Hans Feringa, newly elected board member:
“NORDEN has a strong balance sheet as well as strong management and organisation. These are the prerequisites for being able to seize the opportunities that arise in the market.”

Tom Intrator, newly elected board member:
“NORDEN has held a leading position in the business for more than a century and is positioned to continue holding this position in future.”
tumer relations and service, financial matters and risk management, said the Chairman.

Klaus Nyborg substantiated the appointment of Hans Feringa for election to the Board with his experience as head of global, listed shipping companies, in-depth knowledge of global shipping as well as an international background from the Netherlands, Singapore and the USA. In addition, Hans Feringa will add to the Board’s qualifications within tankers, management, strategy and growth, investment, purchase and sale of vessels, financial matters and risk management.

Farewell after 28 years
At the annual general meeting, Erling Højsgaard stepped out of the Board of Directors due to the age limit of 72 years. He sat on the Board for 28 years, 2 of which as vice chairman. The new vice chairman is Johanne Riegels Østergaard, who represents the major shareholder Motortramp.

The Board of Directors now constitutes 6 general meeting-elected members and 3 employee-elected members.

Up for election every year
At the annual general meeting – with final approval at the extraordinary general meeting – it was also approved that from now on, all 6 general meeting-elected board members are up for election every year instead of every second year. The employee-elected members continue with a term of 3 years.

The initiatives include entering into no less than 31 agreements to improve NORDEN’s core fleet. A significant part of the agreements has revolved around postponing delivery of newbuildings and optimising the vessels. At the same time, NORDEN has sold the Capesize and Post-Panamax vessels and focused ownership on Panamax and Supramax. In addition, NORDEN has reduced the annual operating and voyage costs by USD 15 million, just as NORDEN has entered into 4 major contracts including the largest one ever.

In the short term, the Company faces a dry cargo market which is still affected by overcapacity.

“We are now past the worst wave of deliveries, and it is our assessment that this will contribute to continued gradual market improvement,” said Klaus Nyborg.

Chinese import will also increase demand.

In the tanker market, many orders have also been made. Currently, deliveries of tanker newbuildings are decreasing, but in 2017, we will in return see continued deliveries of many crude oil tankers. This will put pressure on freight rates.

At group level, NORDEN expects results in the range of USD minus 20 to USD plus 40 million for 2017.

“We do our utmost to live up to the trust that the shareholders show us, and through a number of initiatives, we believe that we have taken part in positioning NORDEN ensuring that the Company is well prepared to face the challenges which the future holds,” said the Chairman of the Board of Directors Klaus Nyborg at the annual general meeting.

“After some difficult years, we believe that we are headed towards brighter prospects – also in terms of results”

Chairman Klaus Nyborg
On the back of strong performance by the Tanker business in a challenging market, NORDEN was able to present its first quarterly profit since 2015 in the first quarter. The adjusted result – excluding profits or losses from purchase/sale of vessels – ended at USD 1 million against negative USD 5 million in the first quarter of 2016.

The Dry Cargo result amounted to negative 9 million (negative USD 20 million), but NORDEN was nevertheless able to generate black bottom line figures due to the profit of USD 10 million (USD 15 million) generated by Tankers.

In the first quarter, NORDEN’s 2 business segments once again outperformed the market – Dry Cargo by 22% and Tankers by 10%.

“In Tankers, we were able to make the most of regional and temporary market spikes and benefitted from the decision to increase our chartered fleet at relatively low costs at the end of 2016. In Dry Cargo, we did not benefit from the improving rates in the first quarter, but they have increased the value of NORDEN’s forward position in a year that overall still looks challenging in both segments,” says CEO Jan Rindbo.

Coverage of more than 100%
High coverage for the first quarter of 2017 – more than 100% - prevented NORDEN from

Adjusted quarterly result:
USD 1 million

Dry Cargo outperformed the market by:
22%

Tankers outperformed the market by:
10%

Many new tanker deliveries
Demand growth in the tanker market could not absorb last year’s overcapacity of vessels and the many newbuilding deliveries in the beginning of 2017. However, the first quarter nevertheless offered periods of sudden but short-lived spikes in rates – most notably at the beginning of the year, where adverse weather conditions, particularly in the Mediterranean and the Black Sea, caused severe delays and congestion at many ports.

NORDEN’s tanker fleet was well positioned to exploit these temporary rate spikes, which only lasted a couple of weeks after which they settled down as the operational challenges subsided.

For 2017, the International Energy Agency IEA expects global oil demand growth to be at similar levels as in 2016.

NORDEN expects the number of newly built product tankers to decrease gradually during 2017 and that fleet growth will reach manageable levels in 2018.

Expectations maintained
With a dry cargo market that is expected to offer rates a little higher than in 2016 and a tanker market that still looks challenging, NORDEN maintains its expectations for the adjusted result for 2017 – i.e. adjusted result for the year in the range of USD -20 to +40 million.
NORDEN’s fleet

Dry Cargo

Capesize
Total number of vessels 1
Owned vessels 0
Chartered vessels 1
Length 290 metres
Width 45 metres
Cargo capacity (deadweight) 170,000-180,000 tons
Cargoes Iron ore and coal
Customers Steel works, mining companies and power plants
Average age – owned vessels –
Total number of Capesize vessels in the global fleet 1,546
Average age of Capesize in the global fleet 7.7 years

Supramax
Total number of vessels 87
Owned vessels 6
Chartered vessels 81
Length 190-200 metres
Width 32 metres
Cargo capacity (deadweight) 50,000-62,000 tons
Cargoes Coal, grain, cement, sugar, fertiliser and wood pellets
Customers Mining companies, power companies, grain traders, trading houses, producers of cement, sugar, fertiliser and wood pellets
Average age – owned vessels 7 years
Total number of Supramax vessels in the global fleet 3,472
Average age of Supramax in the global fleet 8.3 years

Handysize
Total number of vessels 47
Owned vessels 8
Chartered vessels 39
Length 170-190 metres
Width 27-30 metres
Cargo capacity (deadweight) 28,000-38,000 tons
Cargoes Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers Oil majors and oil traders
Average age – owned vessels 5.3 years
Total number of Handysize vessels in the global fleet 2,693
Average age of Handysize in the global fleet 9.5 years

Tankers

MR
Total number of vessels 25
Owned vessels 9
Chartered vessels 16
Length 180-185 metres
Width 32 metres
Cargo capacity (deadweight) 45,000-50,000 tons
Cargoes Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
Customers Oil majors and oil traders
Average age – owned vessels 4.1 years
Total number of MR vessels in the global fleet 1,156
Average age of MR in the global fleet 8.9 years

Panamax
Total number of vessels 97
Owned vessels 4
Chartered vessels 93
Length 215-230 metres
Width 32 metres
Cargo capacity (deadweight) 70,000-85,000 tons
Cargoes Iron ore, coal, grain, bauxite, cement and slags
Customers Steel works, mining companies, power plants, cement producers, grain traders and trading houses
Average age – owned vessels 10.6 years
Total number of Panamax vessels in the global fleet 2,059
Average age of Panamax in the global fleet 8.8 years

Post-Panamax
Total number of vessels 5
Owned vessels 0
Chartered vessels 5
Length 240-250 metres
Width 43 metres
Cargo capacity (deadweight) 110,000-120,000 tons
Cargoes Iron ore and coal
Customers Steel works, mining companies and power plants
Average age – owned vessels –
Total number of Post-Panamax vessels in the global fleet 550
Average age of Post-Panamax in the global fleet 6.6 years

NORDEN’s fleet:
272 vessels
236 dry cargo vessels and 36 tanker vessels

Own vessels on order:

Dry Cargo: 10 vessels
Panamax: 1 vessel, Supramax: 9 vessels

Tankers: 0 vessels

Chartered vessels on order:

Dry Cargo: 7 vessels
Supramax: 7 vessels

Tankers: 8 vessels
LR1: 2 vessels, MR: 6 vessels

Notes: All data as per 31 March 2017. Source - global fleet data/dry cargo: Clarkson. Source - global fleet data/tankers: SSY
When NORDEN welcomes 10 new trainees on 1 August, it will be young people with excellent educational qualifications in the backpack, a high level of ambition and lots of drive who get behind the desks at the head office in Hellerup north of Copenhagen and the overseas offices in Singapore, Shanghai (China) and Annapolis (the USA).

A total of 481 young people across the world applied for a spot in NORDEN’s 2-year trainee programme to become a charterer or an operator.

“Some applicants were better than others, but generally the applicants were very serious,” says HR Business Partner Ulla Ernst, who has read through the large pile of applications in cooperation with her HR colleagues.

Finding applicants who meet NORDEN’s demands has taken a long time.

“Many applicants were clearly very enthusiastic about being considered and many applicants were highly qualified. The task for us was to narrow it down to the applicants who combined the two things, and we succeeded. We have chosen the 10 best qualified applicants. They have been hand-picked and will be a great asset for NORDEN. They all have a relevant theoretical background, they are ambitious, they have lots of drive and several of them have already touched upon shipping through their studies, internships or student jobs,” says Ulla Ernst.

6 of the new trainees are employed at the head office, 2 in Singapore, 1 in Shanghai and 1 in Annapolis.

The 2-year trainee programme consists of a practical part, where the young trainees are working closely with an experienced mentor, and a theoretical part where all 10 trainees are gathered in Denmark.

“For NORDEN, the 10 new trainees are not only a pipeline for the future workforce, they are also a link in our objective to raise the bar within shipping, where we seek to contribute to more efficient and sustainable world trade,” says Ulla Ernst.

Trainees in figures

Number of applicants: **481**

Number of selected applicants: **10**

Duration of the trainee programme: **2 years**

Read more at shippingtrainee.dk

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**They got through**

**Hellerup**

**Singapore**
Michelle Lee and Jia Meng Low.

**Shanghai**
Xiaogang Sun.

**Annapolis**
Michael Rogers.

In one hand, HR Business Partner Ulla Ernst carries a selection of the 481 trainee applications from young people all over the world. In the other hand, she holds photos of the 10 applicants who made it all the way to the finish line.