From 2012 to 2013 alone, dry cargo activities have gone up by 30%, and there is more to come for on the mature US market.

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It brightens for dry cargo

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NORDEN on the right course

One year ago and on this same page, I wrote that NORDEN in 2013 would take advantage of the opportunities which the hard times also offer after all. Now, the year has almost passed, and it is therefore possible to take stock of the year.

During the year, the Company has e.g. taken advantage of the attractive newbuilding prices to contract and long-term charter no less than 19 vessels. In the short term, we have also made sure to obtain more capacity as we have chartered extra tonnage so that we are ready to benefit from an expectedly improved market in 2014 and 2015. And together with a sharp focus on costs, this has ensured that NORDEN stands even stronger today than one year ago.

We are not through the global shipping crisis yet, but there are some small signs that we are slowly approaching a better balance between supply and demand.

And we can be pleased with that. At the same time, we can establish that we were not only right when we named our 2011-2013 strategy *Long-term Growth in Challenging Times* in the autumn of 2010 – we were also capable of reaching the strategy’s many ambitious targets, which you can read more about on pages 12 and 13.

We are now looking ahead and are applying the finishing touches to a new strategy which will ensure NORDEN’s growth also in the years to come. Continued investments will constitute a significant part of the strategy – you should buy the vessels when prices are low and let them generate profits when the markets are up. In that way, you make use of the fluctuations in a cyclical business. But no matter how attractive the newbuilding prices are, we will not overspend. We still live according to the principle that we can risk losing a deal but we can never risk losing the company. This is a sound principle which ensures that we never lose our touch on reality – not even if we are managing well at sea.

In this issue of NORDEN NEWS on page 4 and onwards, we put focus on our US business which has done us well throughout the years. Perhaps Southeast Asia makes more headlines and attracts more attention when talking about growth in these years, but a mature market like the US market still contains great opportunities, and we are taking advantage of these opportunities as best as we can.

On pages 10 and 11, we write about how a new type of engine will improve fuel economy on some of our new vessels and thus ensure that NORDEN’s vessels will also in the future be equal to the very best vessels in the business. This also goes for our seamen. On page 14, you can read about how NORD NIGHTINGALE’s crew was recently honoured by BP in connection with a helicopter crash in the North Sea.

To all of our readers – enjoy the magazine and have a merry Christmas.

CARSTEN MORTENSEN, President & CEO
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12  NORDEN reached the strategic goals for 2011-2013 - by and large
NORDEN has a large customer portfolio on the American dry cargo market, where the Company has had an office since 2001. In the year 2012-2013 alone, NORDEN’s dry cargo activities in the USA increased by 30%.

NORDEN and the North American dry cargo market are closely linked. The emerging markets in Asia, led by China and India, are the ones taking most of the headlines in the media. But no matter how mature the US dry cargo market is, this market is very significant to NORDEN. From 2012 to 2013, the dry cargo activities at NORDEN’s US office went up by 30%, and these are, mind you, the activities that are commercially interesting for NORDEN.

“NORDEN took a promising step, when it opened the Annapolis office outside of Washington in 2001. NORDEN hereby secured direct presence in a market, where we have been doing a lot of business – and where many more equally interesting and lucrative business opportunities await,” says the head of NORDEN’s Dry Cargo Department, Executive Vice President Ejner Bonderup.

Headed by successive heads of dry cargo in the USA, most recently by the newly appointed Director Adam Nielsen, the 17 employees at the Annapolis office have strengthened their footing on the American market over the years. The employees count four charterers, nine operators, two port captains, Adam Nielsen and a secretary.

“We have a very large customer portfolio consisting of many different and active customers, and we are naturally very pleased with this. The customer portfolio constantly changes with regard to the mix of customers, vessel sizes and types of cargo. We have a lot of old customers, who we seek to handle in the best way possible. But we also continue to land new customers,” says head of Dry Cargo Ejner Bonderup.

Great diversity
The diversity in the North American market is great. NORDEN has always had relatively large shipments of grains in the cargo book in the USA. There have also been periods of time with a lot of coal business followed by periods with many petcoke cargoes. In addition to this, there are fertilizer and scrap, and – as a comparatively new product – biomass in the form of wood pellets. The ports of discharge are situated all over the globe – grain is typically shipped off to Asia, China in particular, coal goes to Asia and Europe, fertilizer go to Asia, scrap is shipped to Europe, not least to Turkey, and biomass is shipped to European power stations, which are converting from fossil fuels to more environmentally friendly sources of energy.

“At the moment, we have quite a lot of business with Supramax and Handysize in the USA. About 80% of our activity now revolves around these two vessel sizes. If we go back a couple of years, Panamax accounted for a large proportion of the activity. That is how the market changes over the years, and with it, the make-up of our business. But the most important thing, still, is the fact that we continue to grow in the USA,” Executive Vice President Ejner Bonderup says.

Many opportunities
That is also why he does not hesitate to say that the North American market holds a lot of opportunities for a shipping company like NORDEN, which is well-established and active in all vessel types.

“But the direct presence in the market is necessary, because it is incredibly large, fragmented and diverse. It is not easy getting out into the corners of the market unless you are a part of it on a day-to-day basis yourself. Today, we feel like US locals, and we find that we have been well-received over the course of the years. I believe that our history of fixtures speaks for itself. We have concluded many business deals with a lot of different companies in a vast number of locations in North America. But we have also managed to hold on to old customers along the way,” says Ejner Bonderup and adds that the success does not make the Annapolis team take anything for granted.

“We try to keep a sharp focus every time we are fixing a price for a cargo customer – this is, after all, what will be justifying our presence in the long term.”
arkedly in the USA
NORDEN’s core competencies
What are NORDEN’s core competencies in the American market?

“The central aspect is having the right people in the right places. The team in Annapolis matches up to this aspect. Apart from this, we have a positive and long history, which clearly indicates to our surroundings that we can deliver. Not just in terms of transportation, but also in a figurative sense. We keep our promises and stay true to our word – and we base our entire business on a solid foundation.”

Ejner Bonderup points to NORDEN’s set of values, which highlights flexibility, reliability, empathy and ambition in combination with a couple of golden rules about knowledge-sharing, giving feedback and working towards common goals.

“All of this sends a clear signal to our business partners about what it is that we want. I think customers experience a clear connection between the things that we strive for and the things that we achieve. Along with our business transparency, this is probably our greatest strength in the American market. Or, in other words: Credibility paired with good business talent leads to trust – without this, you do not get the chance to play. This has been our approach in Annapolis as well,” says Ejner Bonderup.

Where has NORDEN done better than its competitors – outperformed them – on the American market?

“Aside from having a group of competent commercial employees in the USA, in the course of time, we have expanded the staff to also include an equally competent operations team, which provides customers with good and attentive operational support from the same time zone. This has made our transport service direct and without delays – we are able to very quickly solve any problems that may arise.

In addition, we have a team of permanent port captains who travel to the different ports ensuring that our operations run smoothly – for the benefit of the customer as well as for ourselves. There has to be a strong connection between the way we, initially, rate potential cargos, and the way we, ultimately, discharge cargo at the final port. The customer should have a good feeling throughout the long process – and I think that this is indeed the case,” says Executive Vice President Ejner Bonderup.

Trade globally, act locally
What can NORDEN do better in the USA?

“We must continue challenging ourselves with regard to our level of service: Is there anything that we can do better going forward? It is one thing that we are doing well globally, another thing is ensuring that we are also performing at optimum level locally – that we fine-tune our business in the right way, that we remember the importance of the phrase: Trade globally but act locally.”

How do you see NORDEN on the American dry cargo market in the future?

“We have great expectations to the American market. The USA is the world’s biggest economy and with shale oil and shale gas, the country has gotten a cheap source of energy. There are signs that growth is picking up. NORDEN’s answer will be to adapt its transportation service in the best way possible to ensure that our American customers will find it interesting to turn to NORDEN in the future as well. The American market fits in very well with the business composition that we have at the moment and that we want to have going forward – both in terms of vessel sizes and trading patterns. We consider NORDEN to be a long-term player on the American market, no doubt about that,” says head of Dry Cargo in NORDEN, Executive Vice President Ejner Bonderup.

6 questions for NORDEN’s new head of Dry Cargo in the USA

Adam Nielsen came to NORDEN as a shipping trainee in 2002. Before he succeeded Mikkel Borresen as head of Dry Cargo based in NORDEN’s office in Annapolis a couple of months ago, he had been head of NORDEN’s office in Mumbai in India for three years and had worked for NORDEN in Singapore and Shanghai in China as well as at the head office in Denmark. He holds a graduate diploma in finance. Aged 32, he is married with the British BBC journalist Adrienne Murray, who is currently stationed in South Africa.

In what ways will NORDEN’s American customers and business partners at large notice that you have taken over management of NORDEN’s US office?

“I would like them to have the impression that it is business as usual. With Mikkel Borresen leading the way, this office has been through an exciting development in the American market in line with NORDEN’s overall strategy on increasing our activity, and my hope is to carry on this development in the same spirit. But we would like our customers to have the experience that we are even closer to them in the future.”

You come to the USA after 3 years in India. What kind of readjustment does that require?

“This is a new and exciting challenge. The American market to me is a new one and one with an entirely new business culture. It takes some legwork to get off to a good start, ensuring that colleagues and customers in particular do not feel that quality drops in the period of transition.”

How do you get to know a new market?

“I think it comes naturally when you have a good deal of curiosity to understand the correlations in a market. The new knowledge is acquired through competent colleagues with a great existing knowledge of the market, as well as by meeting customers, brokers and agents.”
### Shale oil causes bustle at Norient Product Pool

The USA's rapidly growing production of shale oil and, with that, its equally rapidly increasing export of refined oil products have caused bustle in Norient Product Pool at the NORDEN office in Annapolis outside of Washington, where the team consists of two charterers, four operators and a secretary.

The refined oil products – especially diesel oil with a low sulphur content – are mainly shipped from the US Gulf and discharged in Europe, Central and South America as well as Africa.

The head of Norient Product Pool (NPP) in Annapolis, Director Jesper R. Rask, informs that 2013 vessels voyages are generally somewhat longer than in the previous years.

“This is due to the new trade with large export from the US Gulf – both transatlantic and to South America. As a result, the total number of ship days handled by NPP at the Annapolis office is rising,” he says.

The production of shale oil has affected the overall American oil production so significantly that, according to the International Energy Agency, the USA will take over Russia’s role as the world’s largest oil producer from next year.

For the Americans, this means guaranteed supply as well as access to cheaper oil products. For a product tanker pool like NPP, which is driven on a 50/50 basis by NORDEN in cooperation with Cypriot Interorient Navigation Company, it means more business out of the USA.

#### Refined in the USA

The USA generally does not allow export of crude oil, which is why the shale oil is refined in the USA before it is exported as refined oil products.

Almost two thirds of the US oil export – mainly consisting of diesel oil with low sulphur content – goes to Central and South America, while about a third goes to Europe. The remainder of the oil export goes to Africa and Canada. The shipments going from the USA primarily take place in the US Gulf.

#### MR in highest demand

With a cargo-carrying capacity of about 50,000 tonnes, MR is definitely the most sought-after vessel type in the American market for sea transport of refined oil products. The reason is the flexible size of the MR vessels, which makes them able to call at many ports. This allows the customer to have greater flexibility and with that, the possibility of selling the cargo to the best possible price.

A large share of the increased business comes from existing customers, who have several cargoes of refined oil products out of the US Gulf. But NNP also gets new customers, and these are landed through field work on business trips and by means of the pools’ existing network of brokers.

#### Strong presence

Director Jesper R. Rask points to the fact that NNP has certain strengths that give them an edge compared to their competitors:

“It is of course important for NNP to have the right hardware in the form of a modern fleet that is approved by the oil majors as well as a strong presence over here in the shape of a fixed number of vessels trading in the area. This provides our customers with flexibility. But is certainly also important that the software is working – that we have the right people positioned in the right places, that we have a strong organisation. And we do. Our goal is to be easy to do business with – that is accessible and flexible,” says Jesper R. Rask.

#### What type of shipping man are you?

“I am stimulated by working across many cultures with many different people – in the way that the shipping business typically allows you to work. I like being out in the field – close to the business, i.e. close to the customers. Only by being close to customers will we be able to understand their real needs.

#### How does your own description of you as a leader go?

“I like working with people and find great satisfaction in helping individuals achieve success as part of a team. I demand a lot of myself and expect others to do the same. I try to be fair. I am easy-going and someone who you can always come to with any question you may have. I like listening to and learning from others.”

#### What should we know about the private Adam Nielsen?

“I am a keen runner, I love to travel, and I love good food. And right now, my biggest personal challenge is to exchange my cricket bat for an American football.”
Rate increases to the benefit of all dry cargo vessels

In the third quarter, there were finally some bright spots in the dry cargo market. Especially the significant increase in the production of iron ore in Australia, Brazil and South Africa and China’s need for stocking up on iron ore made the spot rates on the large Capesize vessels reach USD 40,000 per day – a giant leap from the USD 6,200, which was the average daily rate in the second quarter. The improvements in the Capesize market also influenced the smaller dry cargo vessels.

NORDEN’s product tanker fleet within the vessel types MR and Handysize was well positioned and generated earnings well above the 1-year T/C market just as the dry cargo fleet. Spot rates in the tanker market were the best Q3 spot rates since 2008.

Consequently, NORDEN’s EBITDA in the third quarter amounted to USD 19 million against USD 23 million in the same quarter of 2012.

EBITDA: USD 32 mio.
For the first nine months of the year, EBITDA in Dry Cargo and Tankers was USD 32 million against USD 104 million in the same period in 2012.

Even though there are still too many vessels at sea relative to demand, rate increases in the dry cargo market indicate that the shipping business is on the right track. And results for the third quarter show that NORDEN, even in difficult times, is still able to make money on operations.

Positive cash flow
In the first nine months of the year, NORDEN thus generated cash flows from operations of USD 39 million, so more money is still going into the bank than what is going out.

“The market really showed signs of life in the third quarter. In a short period of time, rates for the large dry cargo vessels increased substantially, which also benefited the small vessel types. The increase was stronger than expected and shows that the prerequisites for a more sustainable improvement are present. Within tankers, there were also positive signs where record-high US exports helped lifting the market. So even though it is still a challenging year, this quarter emphasises that we are getting closer to a gradual improvement of the markets,” says President & CEO Carsten Mortensen.

Year of investment
As previously announced, 2013 is a year of investments for NORDEN, which is optimising the fleet by contracting new fuel efficient vessels. During the third quarter, the Company has long-term chartered 3 Japanese-built Panamax dry cargo vessels, and after the quarter, 2 Japanese-built Supramax dry cargo vessels have been long-term chartered. Thus, NORDEN’s order book comprised 29 vessels at mid-November – all modern and fuel efficient vessels.

At the end of the third quarter, NORDEN had cash, securities and undrawn credit facilities of approximately USD 700 million.

Full-year expectations were narrowed down from an EBITDA of USD 15-45 million to an EBITDA of USD 25-45 million.

DRY CARGO IN THE THIRD QUARTER
- Operating earnings (EBITDA): USD 10 million
- Active fleet: 236 vessels
- Baltic Dry Index 53% higher than in the same quarter in 2012
- Daily earnings 21% higher than the 1-year T/C market
- Coverage for the rest of 2013: 88%

TANKERS IN THE THIRD QUARTER
- Operating earnings (EBITDA): USD 11 million
- Active fleet: 44 vessels
- Daily earnings 8% higher than the 1-year T/C market
- Coverage for the rest of 2013: 41%
### Dry Cargo:

#### Capesize
- Number of vessels: 4
- Owned vessels: 3
- Chartered vessels with purchase option: 1
- Year of construction: 2001-2007
- Average age: 9 years
- Length: 289 metres
- Width: 45 metres
- Cargo carrying capacity (deadweight): 171,000-180,000 tons
- Areas of operation: The whole world
- Customers: Steel works, mining companies, power companies, grain traders, trading houses, cement producers, cement traders, grain traders and trading houses
- Total number of Capesize vessels in the global fleet: 1,403
- Average age of Capesize in the global fleet: 8 years

#### Supramax
- Number of vessels: 20
- Owned vessels: 4
- Chartered vessels with purchase option: 16
- Year of construction: 2006-2012
- Average age: 3.9 years
- Length: 190-200 metres
- Width: 32 metres
- Cargo carrying capacity (deadweight): 54,000-62,000 tons
- Areas of operation: The whole world
- Customers: Steel works, mining companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- Total number of Supramax vessels in the global fleet: 2,608
- Average age of Supramax in the global fleet: 9.7 years

#### Handysize
- Number of vessels: 23
- Owned vessels: 12
- Chartered vessels with purchase option: 11
- Year of construction: 2009-2012
- Average age: 3.1 years
- Length: 169-186 metres
- Width: 27-30 metres
- Cargo carrying capacity (deadweight): 28,000-38,000 tons
- Areas of operation: The whole world
- Customers: Steel works, mining companies, grain traders, trading houses, producers of cement, sugar and fertiliser
- Total number of Handysize vessels in the global fleet: 2,534
- Average age of Handysize in the global fleet: 13.5 years

### Panamax
- Number of vessels: 12
- Owned vessels: 4
- Chartered vessels with purchase option: 9
- Year of construction: 2002-2012
- Average age: 5.6 years
- Length: 218-229 metres
- Width: 32 metres
- Cargo carrying capacity (deadweight): 75,000-84,000 tons
- Areas of operation: The whole world
- Customers: Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- Total number of Panamax vessels in the global fleet: 1,867
- Average age of Panamax in the global fleet: 9.5 years

### Handysize
- Number of vessels: 11
- Owned vessels: 11
- Chartered vessels with purchase option: 0
- Year of construction: 2005-2009
- Average age: 6.2 years
- Length: 176-183 metres
- Width: 27-31 metres
- Cargo carrying capacity (deadweight): 37,000-40,000 tons
- Areas of operation: The whole world
- Customers: Oil majors and oil traders
- Total number of Handysize vessels in the global fleet: 567
- Average age of Handysize in the global fleet: 11.5 years

### Notes:
- NORDEN’s active core fleet counts 280 vessels – 236 dry cargo vessels and 44 tankers. Of these, 44 are owned vessels, 49 vessels are chartered with purchase option and 187 vessels are chartered without purchase option or chartered only for single voyages.
- The list on this page includes NORDEN’s active core fleet. These are 44 owned vessels and 49 vessels chartered with purchase option.
- Global fleet data/Tankers: SSV – at 31 December 2012
- Global fleet data/Dry Cargo: R.S. Platou – at 31 December 2012
- The fleet list is at 30 September 2013
**NORDEN 10 years in Shanghai**

In 1875, 4 years after the Company was established, the first NORDEN vessel called at a Chinese port, and today, China is NORDEN’s most important dry cargo market – every fifth dry cargo carried by the Company is discharged at a Chinese port. So there was much to celebrate when NORDEN’s representative office in Shanghai celebrated its 10-year anniversary at the end of November.

"Since 2008, the economy has been more or less paralysed in large parts of the world. But China has been a bright exception. With continuing impressive growth rates, China has demonstrated its great significance for the world economy in general and for shipping in particular. We are proud to have played a small role in the country’s growth by transporting some of the many million tonnes of building materials, coal and other necessary commodities for this development,” says President & CEO Carsten Mortensen, NORDEN, at the anniversary reception.

The reception was held at the legendary Peace Hotel in Shanghai, and close to 100 customers, owners and brokers participated together with key employees from NORDEN’s head office in Hellerup.

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**Brand new type of engine reduces fuel consumption of tanker vessels**

Engineers at MAN Diesel & Turbo in Copenhagen – the world’s leading developer of ship engines – are behind the new type of engine to be installed on NORDEN’s 2 new ECO Handysize product tankers, which are being built at the GSI yard in China. The vessels will be delivered at the beginning of 2014.

When the 2 new ECO Handysize product tankers with the flower names NORD GERANIUM and NORD GARDENIA are incorporated in the NORDEN fleet at the beginning of 2014 and thereby begin their commercial lives on the oceans, their newly developed Danish main engine takes a lot of the credit for the vessels being able to sail longer on the same amount of bunker oil. The goal is fuel consumption which is significantly lower than the consumption of comparable product tankers.

"We are talking about a semi-electronically controlled engine. It excels in having the same very low specific oil consumption in the entire operational spectre as the fully electronically controlled engine. But at the same time, it is a more simple construction, which is easier and cheaper to maintain. In addition, the engine has been designed with a very low rotation speed, which, together with a propeller with a larger diameter than usual, results in significant efficiency improvement,” explains Director Newbuilding Søren Westergaard.

**Built at Chinese yard**

The 2 new product tankers are built at Guangzhou Shipyard International (GSI) in China, which NORDEN has cooperated with since 2002. Including NORD GERANIUM and NORD GARDENIA, the yard has delivered a total of 15 product tankers to NORDEN – including the 8 vessels with H.C. Andersen names, which were delivered in 2006-2009.

The length of the 2 new vessels is 183 metres, and with a width of 31 metres, the 2 new product tankers will be relatively wide but will draw less deep – the construction is called shallow draft. The cargo carrying capacity (deadweight) will be 40,000 tonnes.

The idea of improved fuel economy has been incorporated in the entire construction/design. It is not only the newly developed main engine, which significantly improves fuel consumption. So do i.a. a very thorough optimisation of the vessel’s hull lines, an aerodynamic navigation bridge and accommodation as well as an optimised and highly efficient propeller.
For many similar newbuildings, it is today very popular to equip the hulls with *Energy Saving Devices*. But for the 2 new GSI vessels, the optimisation of the hull lines has been so efficient that it would only have resulted in a marginal efficiency improvement if we had equipped the vessels with e.g. a *Mewis Duct* – i.e. a nozzle in front of the propeller which contributes to optimised propulsion by leading the water more optimally towards the propeller,” says Søren Westergaard.

Close dialogue with the supplier
It is the Company’s ambition to be in the lead also in the technical area. Therefore, he is very pleased that NOR-DEN will be one of the first shipping companies in the world to receive a vessel with the newly developed main engine.

“This has only been possible thanks to the close dialogue and close cooperation between NORDEN and MAN Diesel & Turbo at Teglholmen in the South Harbour of Copenhagen – more or less just around the corner from NORDEN. Through the efforts of a lot of people, we succeeded in completing the last construction drawings for the new main engine right on deadline from the yard,” tells Søren Westergaard.

Danish subcontractors
NORD GERANIUM and NORD GARDENIA receive equipment from a number of Danish subcontractors, but also from many other Nordic subcontractors.

“*It is pleasant to see that the Danish subcontractors are competitive in terms of both quality and price*”
Director Newbuilding Søren Westergaard

“The Danish subcontractors are in fierce competition with especially suppliers from the Far East. It is pleasant to see that they are competitive in terms of both quality and price. All things being equal, we get added value from choosing Danish or Nordic suppliers as it is easier for us to keep in close contact with them and more quickly get updates on new developments and new regulations. We can also more quickly receive notice of possible arising problems when the equipment is installed at the yard,” explains Director Newbuilding Søren Westergaard.

NORDEN 10 years in Rio
The 8.5 million square kilometre large country with 200 million inhabitants and vast oil reserves at sea is on its way to becoming a global super economy. So it was a strategically right decision when NORDEN opened an office in Rio de Janeiro in Brazil in 2003.

Equally right was it to celebrate the round-number anniversary at the end of November when head of the office, Rasmus Saltofte, held a reception for a number of business associates who form the basis for the office’s commercial success. Approximately 65 customers, brokers and agents from Brazil and Argentina showed up for a drink, some food and some lively shipping conversation – away from the hectic office life.

Throughout the years, alternating crews at NORDEN’s office located in this economic miracle and power centre have succeeded in gaining a strong foothold in South America.

The reception also commemorated a change of guard at the office in Rio de Janeiro. After 2 years, it is time for Jacob Kragh to return to the head office in Copenhagen. He is succeeded by recently graduated Morten Vesth.
NORDEN reached its strategic goals for 2011-2013 – by and large

Through determined and hard work with permanent focus on the areas where NORDEN could make a difference – regardless of the conditions in the world economy and the global financial crisis – NORDEN has succeeded in reaching its goals in the strategy period.

The global financial crisis had been going on for 2 years and had brought the just as global shipping industry to its knees when NORDEN’s Board of Directors adopted the ambitious strategy plan for 2011-2013 *Long-term Growth in Challenging Times* in the autumn of 2010. And times did become challenging, even more challenging than expected by the most pessimistic shipping people and economists.

“Nevertheless, we have by and large reached our goals. This has been done through determined and hard work and through constantly making an effort and a difference in every area which we have been able to control and thereby had the ability to influence. It is true to say that we have not received much support from the market, which has been marked by an oversupply of vessels and historically low rates. Fortunately, we have a long-standing customer base, which we have been able to supplement with new customers by offering a quality product at the right price,” says President & CEO Carsten Mortensen.

NORDEN’s next strategy plan is published after the turn of the year.

With NORDEN’s vision of being the preferred partner in global tramp shipping as starting point, the strategy plan for 2011-2013 defined a number of growth and earnings targets for the years 2011-2013 and launched initiatives which will also increase NORDEN’s strategic opportunities beyond the strategy period.

The overall objective of the strategy period was for NORDEN to deliver a better shareholder return than that of comparable shipping companies.

These are the results of the realisation of the strategy *Long-term Growth in Challenging Times* – point by point:
**Overall targets**

**Tight cost control on shore and at sea**
- CFO Michael Tønnes Jørgensen: “Overhead and administrative expenses apart from staff related expenses have decreased by 20% from 2011 to 2012, and we have maintained the same level in 2013. The costs of the vessels have also been kept at the same level when disregarding salary and insurance costs.”

**Increased ECO/fuel efficiency focus on all vessels**
- President & CEO Carsten Mortensen: “In the course of the period, we have ordered 32 new fuel efficient vessels, sold 10 vessels and re-delivered 10 long-term chartered vessels. And we are focusing on systems, processes, etc., so that all vessels are operated fuel efficiently. We have established a fuel efficiency team.”

**Flexible financial resources to pursue opportunities**
- CFO Michael Tønnes Jørgensen: “NORDEN now has cash and securities of USD 529 million and undrawn credit facilities at attractive terms of USD 170 million – strong financial resources.”

**Create higher shareholder return than peers**
- CFO Michael Tønnes Jørgensen: “We continuously measure Total Shareholder Return (total return including share price performance, payment of dividends and the effect of the share buy-back programme) – and it shows that NORDEN is in top 3 compared to our peers – both over a 1, 3 and 5-year period.”

**Global leader in tramp shipping**
- President & CEO Carsten Mortensen: “The average age of our core fleet is only approximately 3 years. In Dry Cargo, we operate more than 250 vessels, and within the Post-Panamax, Panamax and Supramax vessel types, we are among the world’s largest operators so we can do business globally and achieve economies of scale. With its close to 85 operated vessels, our product tanker pool Norient Product Pool is one of the world’s largest product tanker pools and has the same opportunities.”

**Dry Cargo**

**Growth in cargoes carried of 15% p.a.**
- Head of Dry Cargo Ejner Bonderup: “Actually, we have outperformed our target. Today, a lot of our business is done at voyage related terms – i.e. we take care of almost everything in connection with the transportation, and we are very close to the customer. Therefore, we stand strong and are able to keep up the service standard we would want ourselves, just as we are able to optimise the mix of chosen voyages. This has given us a lot of new customers – in 2012, we helped around 70 new customers, and in 2013, we expect up to 100 new customers.”

**Growth in contractually secured cargo volumes of 15% p.a.**
- Head of Dry Cargo Ejner Bonderup: “Already in 2012, we saw that many future contracts were fixed at a very low price – with no correlation between tonnage costs and yield. Therefore, we opted out of contracts and thereby also reaching the target of 15%.”

**Joint ventures and strategic alliances**
- Head of Dry Cargo Ejner Bonderup: “We have some long-standing relationships with both customers and trading partners, and we have succeeded in further strengthening these – naturally for the benefit of both parties.”

**Added value creation as operator**
- Head of Dry Cargo Ejner Bonderup: “Every year, we create new activity on the basis of an operator mentality, which is capable of optimally matching the cargoes in the market with the vessels in the market. In 2012 alone, USD 22 million was made on that account.”

**Tankers**

**Growth in owned fleet to 25+ units**
- Head of Tankers Lars Bagge Christensen: “With 18 owned vessels and 6 owned newbuildings on order for delivery in 2014/2015, we have by and large reached our target. We have contracted some interesting ECO vessels, which will ensure lower fuel consumption with future competitive advantages.”

**Daily earnings above market rates**
- Head of Tankers Lars Bagge Christensen: “Norient Product Pool, which manages our product tanker vessels commercially and operationally, has demonstrated great strength through solid optimisation of customer relationships, coverage, operations, etc. and continues to generate earnings above market level and the competitors. In 2011, daily earnings were 9% above the 1-year T/C rates, in 2012, they were 5% above and in the first 9 months of the year, daily earnings were 7.5% above the 1-year T/C rates. This should be seen in the light of 26,000 annual ship days.”

**High standards for quality, safety, etc.**
- Head of Tankers Lars Bagge Christensen: “High standards are our ticket to trade. Therefore, we never compromise on safety – our ambition is continued good vetting results, and we have achieved that.”

**Increasing EBIT in the strategy period**
- Head of Tankers Lars Bagge Christensen: “We have skilled people who with great efforts make a difference, and we are very pleased to be making a bottom-line profit in a challenging market. In the course of the period, we have been able to generate increasing EBIT, only with a drop in 2012 due to a write-down of the fleet.”
On 22 October 2012, Captain Bo Rosenborg and his crew on board the product tanker NORD NIGHTINGALE once again only did what they were both trained and obliged to do as seamen. On that day, they rescued 19 seamen off the coast of Scotland headed for an oil rig before ending in the water with their crashed helicopter.

But the in every manner very professional and quick rescue operation was noted by the oil company BP for whom the NORDEN vessel was transporting diesel oil from Primorsk in Russia to Belfast in Northern Ireland. The British oil major therefore decided to present NORD NIGHTINGALE and her crew with the award of “Partner ship of the year”. The award giving took place at a festive ceremony in London where Captain Bo Rosenborg represented his crew and NORDEN together with head of Tankers, Executive Vice President Lars Bagge Christensen.

BP decided to give the award to the crew of NORD NIGHTINGALE due to their “show of seamanship and upholding of the greatest traditions at sea” during the rescue operation.
“Several choose to spend a lot of time getting to know the challenges of the shipping industry”

Curator Benjamin Asmussen

Globalisation" tells the story about how the globe was already linked by a global trading network back in the 1700s. With Denmark-Norway as point of departure, visitors can see original items related to trade back then, and, through a trading game, they can themselves assume the role of a merchant and trade in goods of the time.

The other exhibition titled “The World in your Shopping Basket” tells the story about recent years’ globalisation and what it means for the ordinary consumer. A model of an 18th century chínafarar next to an enormous container vessel illustrates the difference in the scope of trade between the two eras.

Present-day challenges
In “The World in your Shopping Basket”, the player can step into the role of the business, that is the shipping game, which offers insight into the challenges of present-day tanker and dry cargo shipping companies.

NORDEN’s head of Tankers remarks on this award: “We are proud of the show of seamanship by NORD NIGHTINGALE and Captain Bo Rosenborg in quickly responding to the situation and assisting in getting the 19 oil workers to safety. We are also proud that the rescue operation was noted and now awarded by BP. Norient Product Pool has 4 vessels from NORDEN and 3 vessels from Interorient on time charter to BP. We have an ongoing commercial and technical dialogue through which we secure and develop business between the two companies. We have a very good business relationship with BP.”

“By use of data collected from a.o. NORDEN, we are trying to give visitors a small glimpse into the complicated decision-making processes that shipping employees are faced with on a daily basis,” says curator Benjamin Asmussen.

While playing the shipping game, the visitors can also follow Danish vessels on a world map on the same screens and on a projection on the wall. By means of the screens, the visitors can themselves single out a vessel, e.g. from NORDEN, and view information about routes, speed and cargoes.

“It is evident that the games receive a lot of attention from the visitors, and several also choose to spend a lot of time getting to know the challenges of the shipping business,” curators Benjamin Asmussen explains.

Inaugurated by the Queen
M/S Maritime Museum of Denmark was inaugurated by Queen Margrethe, and as Chairman of the Danish Shipowners’ Association, CEO Carsten Mortensen, NORDEN, was among the speakers. Part of his speech was:

“The level of this museum reflects the central role held by shipping for centuries in Denmark and still continues to hold. I am therefore happy to see that the exhibitions are not only retrospective but highly contemporary and realistic.”

NORDEN now holds a fifth place in CDP’s Nordic 260 Climate Disclosure Leadership Index (CDLI), which ranks the Nordic listed companies that have shown a strong approach to climate reporting. The Company has thus advanced by 2 places compared to 2012, 12 places compared to 2011 and 13 places compared to 2010.

For the fourth consecutive year, NORDEN is the only Nordic shipping company in the Top 10.

At no cost, CDP provides climate data to 722 global investors who represent assets at a value of USD 87 trillion or USD 87,000,000,000,000. The annual report is about the quality of the companies’ climate reporting, but also about what the world’s largest listed companies do in reality in terms of their climate impact.

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NORDEN appreciated for openness about climate

For the fourth consecutive year, NORDEN is in the lead among the companies reporting data on their climate impact to CDP, which is the world’s only global provider of environmental data to the markets.

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Around 50 guests participated in **NORDEN Invitational** – the traditional golf tournament in Japan

No, not even very heavy rain can make golf-playing shipping people cancel a tournament. So around 50 of NORDEN’s most important business partners in Japan – i.e. representatives of owners, trading houses, banks, charterers, brokers and yards – showed up with clubs and golf balls when NORDEN’s traditional golf tournament took place at Sunset Hills Country Club close to the city of Imabari.

The host was President & CEO Carsten Mortensen, NORDEN – accompanied by a handful of key employees from the head office in Hellerup.

It was the 11th time that NORDEN Invitational took place, and again this year, the professional Danish golfer Anders Hansen participated in order to share his knowledge and experience.

The forecasted typhoon never reached the golf course, but the rain was pouring down – 70-80 millimetres over the course of the day! Therefore, the tournament was cut down from 18 to 9 holes, which were all played with enthusiasm and talent and by some eventually dripping wet participants. But not even one player gave up on the way – which is an accomplishment in itself.

For the second year running, NORDEN Invitational was won by President Takashi Nakabe, Onomichi Dockyard Co. Ltd., who walked the 9 holes in only 38 strokes.

On the second and third place came President Masahiro Tamba, Tamba Shipping Corp., and Assistant General Manager Yoshiyuki Tamei, Sumitomo Corporation, respectively.

At the following and equally traditional dinner reception at Imabari Kokusai Hotel, President & CEO Carsten Mortensen, NORDEN, touched upon the hard times which shipping has been going through since 2008, and addressed to his Japanese guests, he said:

“In hard times, you learn who your true friends are. We will benefit from this when times change and things normalise in our hard-pressed industry.”