

## FOCUS ON EFFICIENT FLEET MANAGEMENT

Less waste and purchasing and lower costs relating to e.g. overtime are the initial results of the efforts to optimise fleet operations further

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## Coming up

### 26 June 2009

Naming of Handysize product tanker, 38,500 dwt, Guangzhou Shipyard International Co. Ltd., China. Delivery on 15 July 2009.

### 19 August 2009

Publication of the interim report for the first half-year of 2009. Information meetings in Hellerup.

### 20-21 August 2009

Roadshow with Nordea Bank and Danske Bank – presentation of the first half-year of 2009.

### 3 September 2009

Participation in Nordea Markets Transportation Seminar, Copenhagen.

### 8-9 September 2009

Participation in Jefferies Shipping Seminar, New York.

### 16 September 2009

Naming and delivery of Handymax bulk-carrier, 56,000 dwt, Mitsui Engineering Shipyard, Japan.

### 21 September 2009

Participation in Carnegie Large Cap Seminar, Copenhagen.

### Cover photo

The bow and the bulb on NORD GOODWILL during the vessel's maiden voyage.  
Photo: Erik Carlsen, Technical Department.

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# THE WILL TO DRIVE NORDEN AHEAD

The other day, our Dry Cargo Department chartered out a Panamax vessel on a 6 month charter party at USD 32,000 per day. Only a few months ago, we would have barely gotten more than USD 8-9,000 per day in such an agreement. And we only have to go back to the last months of 2008 to find times when it would have been impossible to enter into a 6 month charter party that made any sense financially.

The example shows how volatile the dry cargo market has been – and still is.

At the time of writing – at the end of June – the dry cargo spot market is still on a very high level, while in the product tanker market, there have not been any persistent improvements compared to the downturn that really accelerated in April.

I am often asked if I am an optimist – if I think that the dry cargo market will last or if we are even on the threshold of the new super cycle, which some people have already started talking about. But just as often, I am asked if I am a pessimist – that is, if I believe in a downward adjustment.

I normally reply that I am not an optimist nor a pessimist, but a realist. And with realism comes that even though we are obviously happy about the positive signs that we see in e.g. the steel industry in China, we still have to be cautious as the newbuilding order book is still very large and large parts of the world economy is still in recession. So in future, the market will probably also be both challenging and volatile, but what we are most happy about is that we at NORDEN have prepared well for that situation.

- Financially, we are stronger than ever with more than USD 850 million in cash. With this money, we can nearly cover all liabilities in relation to our newbuilding programme until 2012.
- We have efficiently covered 100% of the capacity in the Dry Cargo Department for the rest of the year – and in 2010 we are positioned well with coverage of more than 40%. Also the Tanker Department is well covered with 46% for the rest of 2009 and 37% for 2010.
- We have cleaned out well and truly in the counterparty portfolio in dry cargo. Unfortunately, we have had to refer a few cases to the court or arbitration, and other cases we have decided to settle. And just as important – knock on wood – we haven't experienced any new considerable counterparty problems in recent months.
- The average fleet costs are developing positively and are very competitive in the long term both in dry cargo and in tankers.
- Last but not least, we have a strong organisation with the right competences and the will to drive NORDEN ahead.

So in terms of NORDEN's future, there is good reason for optimism. Have a great summer.

CARSTEN MORTENSEN, CEO

# FOCUS ON EFFICIENT FLEET MANAGEMENT

While the rates have come under pressure, the vessels' running costs of e.g. bunkers, spare parts and supplies have not changed correspondingly. Systematic benchmarking and experiments with outsourcing will help securing efficient fleet management, increased scalability and low costs

"The ability to manage the fleet efficiently is an important competitive resource in the current market, and it may become even more important in the future," says Senior Vice President Lars Lundegaard, Head of the Technical Department, which is in charge of e.g. crewing, purchasing, safety and environment on NORDEN's own vessels.

"The challenge for NORDEN is to join lower costs with a continuous high focus on safety, environment and quality. At first, this may

seem incompatible, but it actually is not, if we use our knowledge on best practices across the vessels, learn from our competitors and suppliers and moreover, use plain common sense in everyday life," says Lars Lundegaard.

#### Systematic benchmarking

To secure maximum efficiency on shore and at sea, the Technical Department introduced systematic benchmarking of the vessels'



NORDEN's vessels typically get new supplies 8-10 times a year. Foodstuffs with a short shelf life are bought continually when the vessel is in port

## Experiments with outsourcing

#### Supplies

Better and healthier food as well as optimum control and purchase of supplies on the vessels. That is the goal of an experiment with outsourcing where an external catering company is in charge of purchasing and controlling supplies on three vessels for at least three months. The experiment was initiated on 1 April 2009. The catering company GARRETS assists the chef and the master with ordering and purchasing supplies as well as stock management. The experiment also includes visits on the vessels, communication of knowledge about nutrition and assistance with better planning of menus.

#### Technical management

The Technical Department has initiated experiments with outsourcing of technical management of two vessels. The goal is to be able to compare costs and management tools as well as organisation of dialogue and documentation between vessel and land at NORDEN and an alternative supplier. The experiment includes all areas of the operation of the vessels: crewing, purchasing, maintenance, safety, environmental initiatives etc., and so far, it will go on for one year. In March 2009, V. Ships took over the technical management of the first vessel, the Handymax bulkcarrier NORD MARU, and in July 2009, the company will take over the technical management of the next vessel, the newly built Handysize bulkcarrier NORD SHANGHAI. Fully implemented, this will secure that NORDEN continuously operates the vessels cost-effectively and just as important, it will result in increased scalability in the operation of the fleet, so that the Company, with the right partner, can quickly expand the fleet when required.



Better and healthier food as well as optimum control and purchase of supplies are the goals of an experiment with outsourcing. (Archive photo)

"We want to be among the best when it comes to both costs and quality," says Lars Lundegaard

costs and a review of the Department's own processes at the turn of the year. In addition to an already high constant focus on costs, this has resulted in e.g. extra focus on the costs of spare parts, supplies and overtime payment. At the same time, the Technical Department is carrying out an extensive external benchmarking of costs, processes and tools through experiments with outsourcing of three vessels' purchase of supplies and general technical management of two vessels.

#### Transparency

"The goal is to create transparency in our costs and performance so that it is possible to see how the individual vessel is performing compared to other vessels or competitors. The first results are already visible directly on the bottom line in the form of e.g. less waste of food, fewer purchases of spare parts for the stock and reduced costs of overtime payment," Lars Lundegaard says.

#### Broad learning process

"In the long term, the experiments with outsourcing can teach us where – and how – we may further improve. We will also be able to see in what areas we are best-in-class and where we can maintain and develop our way to do things with advantage. The exercise is much more than a narrow here-and-now comparison of costs. It is a broad and long-term learning process where we look at both costs and internal processes and systems, and where we identify and acquire the procedures and solutions from other organisations

which will be able to raise our results. In reality, the benchmarking already started when we had to choose the right co-operators for the experiments with outsourcing as we had invited several co-operators to bid for the services, and therefore, we had to estimate who was "best-in-class" in selected key areas. We learned a lot from that," says Lars Lundegaard.

#### Out of the box

The experiments with outsourcing have only been going on for a short period of time, but preliminary results indicate that there is room for improvement in some areas and that NORDEN is top notch in other areas. On the whole, there has only been positive feedback from the vessels.

"It is very important to get ideas for efficiency improvement and other improvements from the vessels so that there is a close exchange of experiences among the vessels and also that we together think 'outside the box'," says Lars Lundegaard.

Therefore, performance and benchmarking, among other things, have been high on the agenda at NORDEN's latest officer seminar in Manila and Copenhagen, and there is also continuous focus on the area in the news letter for the vessels, ON BOARD Magazine.

"We have to be – and we want to be – among the best when it comes to both costs and quality," says Lars Lundegaard.

## Pursuing lower costs

#### Purchasing with care

The Technical Department has introduced a number of different tools and check lists for support when ordering supplies for the vessels. They have to make sure that the current stock is taken into account, that there is not ordered too large quantities of perishable foodstuffs and that purchases of supplies are planned in consideration of prices in different ports. Concurrently, several vessels have introduced new routines and controls onboard, e.g. a common weekly inspection of the supplies stock which is carried out by the master and the chef. This is one of the ways to stay focused on reducing food waste.

#### Need-to-have?

Too large stocks of spare parts tie up capital and prevents introduction of other and/or cheaper solutions. Therefore, the Technical Department has introduced procedures, which ensures available information from the vessel's officers on what the purpose of the

order of a spare part is. Is it necessary here-and-now, or will it be stocked, and what is the stock situation? At each purchase, it has to be carefully considered if there is a need for that specific screw, bolt or spare part to be able to operate the vessel safely and efficiently, or if a purchase can e.g. be postponed or replaced by another component.

#### Avoid expensive overtime

The rank and file crew gets overtime payment when they work outside normal working hours. For example, when the vessel arrives at port at night or if there is any urgent maintenance work before arrival. In this area, it is difficult to determine fixed lines for the appropriate level as it depends on the vessel's cargo, voyage pattern and crew. However, it is possible to achieve considerable cost savings by asking yourself questions such as: Is it necessary that the task is carried out right now? Is it important or less important? Can the work be carried out later?

# LARGEST NEW CONTRACT OF AFFREIGHTMENT IN 2009

At the presentation of the interim report for the first quarter, NORDEN had the pleasure of announcing that the Company had entered into a 10-year contract of affreightment (COA) transporting road stone from Canadian Gaspé in Quebec to Cape Canaveral in Florida, USA. Measured in terms of volume, it is the largest new COA which the Dry Cargo Department has entered into in 2009.

Customer and consignor is the Canadian infrastructure company DJL Construction Co., and the materials will be used in manufacturing asphalt for road construction in USA.

NORDEN won the contract in a tender arranged by the broker RS Platou. Logistically, the agreement fits well into NORDEN's traffic pattern

as the Company already has a number of Handymax vessels calling at Boston and New York, and it is easy to send these vessels north down to the mouth of St. Lawrence river where the road rock is loaded.

"The logistics are great. The rates are reasonable. And the volumes are considerable large ranging from 4 to 6.3 million tons of freight during the contractual period. But we are also very happy with the term of the contract. Not many 10-year agreements are made in today's markets. Therefore, the contract confirms that NORDEN has an extra advantage in uncertain markets as the customers and brokers know that with our financial strength and tradition for long-term partnerships we are able to deliver – also in 10 years," says General Manager Thomas Jarde, head of Handymax chartering in the Dry Cargo Department.

# BOOM IN THE EXPORT OF SUGAR FROM BRAZIL TO INDIA

Sugar crop failure in India provides boom in Brazilian export of sugar and opens for new business for NORDEN

NORDEN's office in Rio de Janeiro has entered into a contract for six transports of sugar from Brazil to India. The agreement has been made with Copersucar, Brazil's largest exporter of sugar, and totals approximately 300,000 mt. bulk sugar. This is the first time that the office in Rio de Janeiro has entered into a contract for transports to India directly with a leading sugar exporter. NORDEN has previously entered into contracts directly with manufacturers on transports to the Middle East.

Brazil is the world's largest manufacturer and exporter of sugar. In 2008, Brazil accounted for more than a fifth of the world's sugar manufacturing and close to 40% of global sugar exports. India is also among the world's major manufacturers and exporters, but a sugar crop failure in 2008 meant that the country in 2009 and 2010 will be net importer. A large amount of the sugar – between 1.5 and 2 million tons – is expected to come from Brazil. Forecasts from the Brazilian consultancy Datagro predicts growth in the export of sugar from Brazil of close to 20% to 23.4 tons annually based on the 2009/2010 harvest.

## Closer to the manufacturers

"In recent years, we have transported a lot of sugar from Brazil to Southeast Asia, the Middle East and the Black Sea," says Assistant Chartering Manager Christian Fossing Hansen from the office in

Rio de Janeiro. "The agreements have partly been entered into with purchasers in the consignee countries and partly with companies which have specialised in buying sugar in the manufacturing country and reselling it internationally. This provides us with an excellent platform in the years to come to gain access to the expected boom in the sugar export from Brazil," says Christian Fossing Hansen.

## Coal to Peru

In addition, the office in Rio has as another first entered into an agreement for transports to Peru. For a number of years, NORDEN has been sailing triangularly with coal from Colombia to Chile and salt from Chile to the east coast of USA – a round trip of approximately 50 days. These transports have now been broadened to include shipment of coal from Columbia to Peru. "The contract fell into place because NORDEN has a modern fleet and because we could offer a flexible agreement compared to the fairly undeveloped infrastructure in and around the ports in Peru," explains Christian Fossing Hansen.

The contract with Copersucar is the first direct agreement with a leading sugar exporter on transports to India, says Christian Fossing Hansen from the office in Rio de Janeiro



# 5 NEW OWNED VESSELS

Although NORDEN in recent years has sold many bulkcarriers, the number of owned vessels remains pretty much the same. Below, we present the 5 latest additions to the owned fleet

Since November 2008, NORDEN has entered into agreements to sell 13 bulkcarriers, which combined is expected to generate proceeds of USD 357 million (after sales costs) and profits of approximately USD 55 million. But in spite of the many vessel sales, the number of owned vessels is basically unchanged.

After the summer, NORDEN is expected to own 19 vessels – 10 bulkcarriers and 9 product tankers. In comparison, the owned fleet counted 18 units at the turn of the year, and 18 months ago the Company owned 14 vessels.

The reasons why the 13 sales agreements have not reduced the number of owned vessels are chiefly that most vessel sales are linked to purchase options which NORDEN has exercised with immediate resale in mind. In other words, the vessels have come and gone quickly in and out of the fleet. Contrary to this, new vessels are added to the owned fleet especially from the newbuilding programme.

"I'm very happy that we have entered into 13 sales agreements after the crisis started in the fall of 2008. We have assessed that



## Well known

NORD POWER was taken over by NORDEN Shipping (Singapore) Pte. Ltd. on 11 May. But even though the vessel is new in the owned fleet, she is well known in NORDEN as she has been on long-term charter for the past three years and has displayed NORDEN's colours and funnel mark in that period. In consultation with the former owner, NORDEN exercised its purchase option on the Cape-size vessel because the price was attractive compared to the market value and because NORD POWER is contracted to a strong counterparty on a charter party at favourable rates until 2013. NORD POWER was built in 2005 and is 176,000 dwt.



## The first of its kind

NORD GOODWILL is the first in a series of 3 MR product tankers from the Chinese ship yard Guangzhou Shipyard Int. (GSI). These are the first MR product tankers which GSI is building and the design has therefore attracted some attention, for instance as a coming "new delivery of the month" in the magazine Tanker Shipping & Trade. NORD GOODWILL is 50,000 dwt and has a cargo capacity of 58,000 cbm. She sails under DIS colours and, immediately after the delivery on 8 May, she was chartered out for 36 months. The two sister vessels are expected to be delivered in 2011.

in several cases it was best to change steel into cash in order to strengthen our liquidity and realise reasonable profits. At the same time, the sales have reduced our exposure and funds tied up in the uncertain markets and provided us with a reasonable size of our fleet – also taking into account the future delivery of some newbuildings,” says President & CEO Carsten Mortensen.

#### 27.5 newbuildings on order

After the deliveries of the newbuildings NORD GOODWILL and NORD SWAN, the Tanker Department will own 9 product tankers – 8 Handysize and 1 MR unit. The Tanker Department has additional 2 newbuildings on order, both MR units, but they have first been ordered for delivery in 2011. Meanwhile, the Tanker Department is expected to take delivery of 6 MR units on long-term charter with purchase option.

After the deliveries of the 2 Handysize newbuildings NORD SHANGHAI and NORD MUMBAI after the summer, the owned fleet of the Dry Cargo Department will count 10 vessels – 3 Capesize, 2 Panamax, 3 Handymax and 2 Handysize. The Dry Cargo Department's

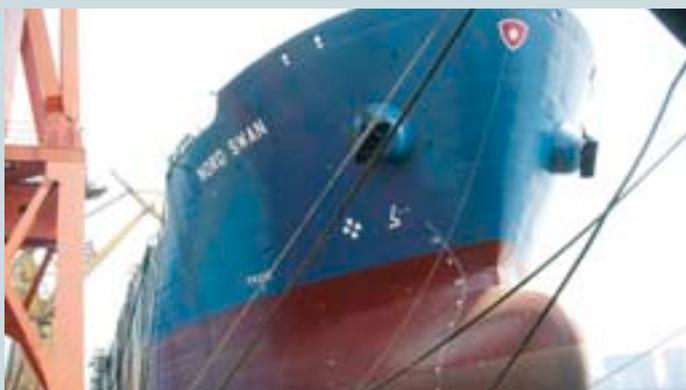
newbuilding programme amounts to net 25.5 vessels when you adjust for contracted sales agreements and part ownership.

#### Some growth to come

A handful of the Dry Cargo Department's newbuildings is agreed for delivery this year. Offhand this suggests that the owned fleet will expand the rest of the year. In addition, NORDEN has a number of purchase options which are exercisable.

“We are likely to see some growth in the owned fleet, but it will not be anything dramatic since NORDEN will continue to sell vessels when we assess the timing to be right and when we are able to get a good price and to replace the capacity we lose in the sale. Trading in vessels has always and will always be an integral part of NORDEN's business,” says Carsten Mortensen.

At the end of March, NORDEN had outstanding liabilities relating to the newbuilding programme of a total of USD 909 million. By and large, the figure corresponds to the Company's cash and cash equivalents.



### Last fairytale vessel

NORD SWAN – a 38,500 dwt Handysize product tanker with a capacity of 43,500 cbm – was named at the end of June and will soon be added to the owned fleet. NORD SWAN is the last in the series of 8 Handysize units which NORDEN contracted some years ago from Guangzhou Shipyard Int. All of the vessels were named after a Hans Christian Andersen fairytale – the first vessel was NORD PRINCESS which Countess Alexandra named in 2005. Like the other fairytale vessels, NORD SWAN will fly DIS colours, and, after the naming, it will be included in Norient Product Pool.



### Asian twins

NORD SHANGHAI and NORD MUMBAI are NORDEN's first owned Handysize bulkcarriers in modern times. The twins will be delivered from Jiangmen Nanyang Ship-engineering Co. (JNS) in August-September and have suitably been named after the major cities in the two Asian countries in which NORDEN has most port calls. The vessels are approximately 32,500 dwt and will fly Singapore colours. Handysize is the vessel type in which NORDEN is investing in most newbuildings. In addition to 8 additional newbuildings from JNS, other newbuildings and long-term charters are on order. But Handysize is also the vessel type in which the world fleet is the oldest, scrapping is the largest and there is the lowest number of newbuildings on order.

# NORDEN NOTES

## NORDEN best in the Nordic countries

The Norwegian business paper Dagens Næringsliv has analysed which stock listed on the stock exchanges in Copenhagen, Oslo, Helsinki and Stockholm has performed best in the recent decade. And the paper concluded that the best stock on the major Nordic stock exchanges is – NORDEN.

According to Dagens Næringsliv, NORDEN's stock has yielded an annual return of 48.6% on average from May 1999 to May 2009. Thus, NORDEN is by far the stock which has managed the best in a period which according to the paper has been the weakest ever for the stock exchanges in the Nordic capitals following the burst of the IT bubble, periods of economic slowdown and recently the worst economic crisis since the 1930s.

Only 44 of the major Nordic companies have been able to yield an annual return to their shareholders of more than 10% during the period surveyed. In the paper's list of the top 10 performers during the decade, there are two other shipping companies – Norwegian Frontline and Danish Torm. Dagens Næringsliv's analysis covers companies with a market capitalization of more than EUR 500 million.

The best stocks in the Nordic countries in the recent decade according to Dagens Næringsliv



## Climate friendly surfing

NORDEN has joined an initiative to neutralise the CO<sub>2</sub> emission from websites. CO<sub>2</sub> is emitted when current is produced to servers at the companies as well as to computers and screens of the users.

Through the initiative Ingenco2.dk, the emissions are neutralised by companies joining to purchase and nullifying CO<sub>2</sub> quotas corresponding to the emission which the use of the companies' website produces. These quotas are cleared with the Danish Energy Agency, and Deloitte verifies that the purchased quotas correspond to the actual emission from the use of the websites.

When Ingenco2.dk buys CO<sub>2</sub> quotas and has them nullified with the Danish Energy Agency, there are fewer quotas available for the companies which are covered by the legislation such as the energy companies. This means that they are forced to reduce their CO<sub>2</sub>

emission in order to comply with the Kyoto agreement.

A number of companies have joined the initiative and may post the environmental label "CO<sub>2</sub> neutral website" on their homepage.



## Carbon Disclosure once again

Again in 2009, NORDEN has decided to report to Carbon Disclosure Project (CDP) – the most comprehensive global survey of corporate efforts to reduce the emission of greenhouse gases such as CO<sub>2</sub>.

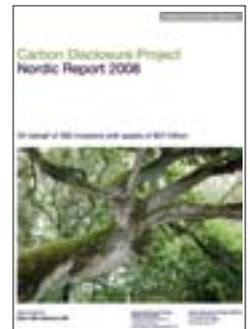
CDP is an independent organization which attempts to encourage companies to measure, control and reduce their emissions and impact on the climate. CDP is supported by a growing number of investors. This year, 475 international investors with combined assets of USD 55 trillion have signed the request to companies to report to CDP. This is nearly 100 additional investors than last year.

NORDEN's reporting to CDP includes emission of greenhouse gases from owned and chartered vessels, from on-shore offices and from travelling activities. In addition, NORDEN accounts for the risks and opportunities which the climate changes hold. NORDEN's response can be seen at <http://www.ds-norden.com/profile/csr/carbondisclosureproject/>

Central to NORDEN's efforts to reduce CO<sub>2</sub> emissions is a 14 point action plan which is to reduce fuel consumption of owned vessels – and thus the CO<sub>2</sub> emission – by, among other things, improving the engines' performance, reducing the propulsion resistance and planning routes and voyages even better. Calculations show that the plan reduced the CO<sub>2</sub> emissions by 2.4% last year. So far this year, the initiatives have reduced emissions further 1.2% approximately. NORDEN considers new focus areas in addition to the 14 point plan and is also taking action on other fronts such as reducing the sulphur content in bunkers.

This year, CDP has asked 7,000 companies to report. Last year, 1,550 companies participated, and among these only 3 shipping companies in the Nordic countries partook.

CDP's 2009 report is coming soon



## Digital log introduced

Following a successful test onboard 3 vessels, Norient Product Pool is going to install a new client module onboard all vessels in the pool so that the captains in future can report standard data about the voyage and port calls (including Statement of Fact, Commence of Sea Passage, End of Sea Passage and Noon Report) directly to the pool's joint IT platform MOEPS (Master's Operations Environmental Performance System).

The new digital log will lighten the administrative tasks onboard the vessels and in the Operations Department as 150-200 daily mails from the vessels to the Operations Department can be eliminated, and all information and tools are instead fed directly into MOEPS and thus become available online for everyone. As the next step, it is planned that at the turn of the year a reporting module will be established so that the vessel through MOEPS also can send standard reports directly to the charterers, agents and ports. This will remove the load on the captains to produce around 15 reports on a daily basis.

Jacob Christiansen at the training school cutting threads on plumbing pipes



# FROM ROBOTS TO RUDDER

Jacob Christiansen is employed as apprentice officer. NORDEN expects to employ a total of 10 Danish apprentices in 2009

Jacob Christiansen, 26, was born and raised in Aalborg in a family with no maritime traditions. After high school, in 2003, he went to Australia for a year as a 20-year-old where he became so fascinated by the country and the culture that he actually considered to stay and study in Australia but it would be too expensive. Back in Denmark, he started studying engineering on the nanotechnology line at Aalborg University. After six months, he switched to industrial engineering where he, among other things, worked with the technology behind industrial robots.

## Wanted more practical content

While studying, Jacob found out that he liked the study environment and that he liked learning new things, but that he wanted a more practical content in his everyday life. Therefore, he got employed at a factory where he worked nights welding and processing metal, and at the same time, he was studying at the business college during the day. The aim was to work within freight forwarding and logistics or mechanical engineering, preferably in an international company. In the summer of 2008, he saw the advertisement for becoming apprentice officer at NORDEN. He applied for the job and got the job starting at 1 January 2009.

## See the world

"I could see that many of my wishes regarding career and personal development would be fulfilled as an apprentice officer and later as a senior officer at NORDEN," says Jacob Christiansen

"I have known for a long time that I would like to see the world and experience other countries and cultures. I like to learn new things and to use my brain as well as my hands. I like that my everyday life is varied, but that there is structure and orderly conditions, and that I have close cooperation with my colleagues. At the same time, it is quite clear to me what it means to be in the merchant navy considering the sacrifices, challenges and possibilities which it entails. My younger brother actually started as an apprentice officer in another shipping company a few years ago,

and of course, I have heard a lot about his everyday life and experiences and have also been onboard "his" ship," he says.

## No doubt

"The reason why I chose NORDEN is a combination of many things – the company's size, good working conditions and recommendations from different people in the business. At the interview, I also got a good impression of the culture and the view of people, and I liked what I saw so I had no doubt when I got offered the job," says Jacob Christiansen.

In the first nine months of the education, Jacob attends training school at Svendborg International Marine Academy (SIMAC). After this, he will be sailing with NORDEN tankers for three months from October 2009. In all, it takes four years to become junior officer, of this one year and three months in practical training at sea, and the graduate studies to become senior officer take another 18 months.

## 34 cadets enrolled in education

As part of NORDEN's strategy to develop its own senior officers, the Company employs Danish and Philippine apprentice officers enrolled in education. In 2008, the Company employed 11 new students from Svendborg International Marine Academy (SIMAC) and 16 Philippine students, and in 2009, NORDEN expects to employ 10 Danish apprentice officers. The first five have already been employed – two dual officers studying to become chief engineer and master, two on the mechanical line and one studying to become master.

At present, the Company has 34 apprentice officers on different stages of the education. NORDEN is also sponsoring 18 students at Holy Cross Davao College in Manila in the Philippines.

The officer education in Denmark is an international management education. The junior officer education takes four years and results in a so-called professional bachelor's degree. As graduate studies to this education, the students can choose to study further to become senior officer – master, chief engineer or dual purpose ship's manager. The education is described on [www.ds-norden.com/career/shipsofficercadet/](http://www.ds-norden.com/career/shipsofficercadet/)

# ANNE METTE'S WINDOW TO THE WORLD

Most of NORDEN's shipping trainees are stationed at one of the Company's overseas offices for two to three years after having finished their training. The young talents are challenged professionally as well as personally and they gather important international experience. Both abroad and at home, the stationing give the organisation a lift

Chartering Manager Anne Mette Hansen, 27 years, started as shipping trainee in NORDEN in 2003 and has recently returned to the head office after six months in Mumbai and three years in Singapore.

"When I applied for a position with NORDEN, I did hope that I would get to work in an international environment. But that only six years later, I would have lived and worked more than three years and six months in Asia in close to 40 degrees' heat and under very foreign conditions and travelled in more than 20 different countries – that I did not imagine," says Anne Mette Hansen.

#### Learning by doing

"Both as shipping trainee and at the overseas offices, the focus is on learning by doing. I have received a wide introduction to NORDEN's business, culture and systems, and from day one the challenges and responsibilities have been great with a immense opportunities to develop," she explains.

Already during the 2-year training, Anne Mette experienced comprehensive professional as well as personal development spending nine months in operations in the Tanker Department, three months in the Technical Department and 12 months in Handymax chartering in the Dry Cargo Department. In addition to this, her training included classes in maritime law and conditions as well as English. She also



spent time onboard the tanker NORDATLANTIC between Immingham, Ventspils, Gibraltar and Portugal and aboard the Handysize bulker TRITON EAGLE from New York up the Hudson River and down to Venezuela. She has also visited vessels in France and Italy and a ship yard in Japan.

#### An all around experience

After she finished her training, Anne Mette went, in September 2005, to the then recently established office in Mumbai, which has the responsibility for the market development in India, Pakistan and the Gulf States and which services both Indian and international customers with transports to and from India.

The job was to make NORDEN known among customers and brokers. This meant a lot of field work and all around tasks from preliminary contact to signing of contracts, follow-ups and settlement. At the same time, Anne Mette experienced the great impact of the monsoon, extreme heat, undeveloped infrastructure as well as foreign culture and religion on everyday life and business life. For instance, the ports on the west coast of India are closed for four months a year due to the monsoon.

#### International environment

In March 2006, there was an opening within Handymax and Panamax chartering in Singapore where Anne Mette worked until April



After working at the Mumbai and Singapore offices, Anne Mette Hansen is back at the head office – but she feels like going abroad again at some point

"In many ways, it is a different NORDEN to return to. The physical framework has changed to a great extent after moving from Amaliegade to the Brew House. There are many new colleagues, and I am now one of the employees who have been when NORDEN for a long time. In spite of this, I do feel that in many ways I am starting all over as you have to get used to other customers and other brokers as well as be part of a new team with new colleagues and a new working day. It takes time to adjust, but I'm getting there. In my current job, I work with the Panamax segment, and during my working day I have a lot of contact with the Far East. In doing this, I can really draw on my experience from the overseas offices and use my knowledge of local market conditions, customers and agreements in Asia, and that is very satisfactory," says Anne Mette Hansen.

#### Going abroad again?

"When my family asks me if I'm home for good, I tell them that I'm home for now, because I'm certain that I would like to work abroad again at some point. Right now I imagine that the future entails two to three years at home – but then I would like to go abroad again. I guess I'm not the administrator type as I work best hands-on, so it will have to be an outgoing position with customer dialogues and filed work," says Anne Mette Hansen.

2009. The office in Singapore is NORDEN's local head office in Asia responsible for customers in Singapore, South East Asia (including Thailand and Indonesia) and Australia. When Anne Mette arrived the office had approximately 15 employees, and it grew the following three years to nearly 40 employees. The environment was international, both in the interaction with the customers as well as in-house at the office where she had colleagues from China, Japan, Indonesia, Singapore and Denmark.

#### East and west

"Moving to Singapore from Mumbai was almost a greater change than moving to Mumbai from Copenhagen. It was like east and west. Singapore is very well-organised at all levels. The infrastructure, technology and service systems work impeccably, and the weather and temperature are almost the same all year. At the same time, the pace is high and the business community is very global. You are just as orientated towards Shanghai or Hong Kong as you are towards London or New York. You are "on" all the time and have the entire region as your workplace. It really gave me an idea of what it means to work internationally," says Anne Mette Hansen.

#### Back to a new working day

After 3 years and six months in Asia, Anne Mette Hansen returned to Denmark and the head office on 1 May. She also experienced this as a great change.

## Room and responsibility

For NORDEN, stationing abroad is an important element in the development of the employees. Senior Vice President and HR Manager Vibeke Schneidermann explains why:

"As a trainee – and as a young person for that matter – you learn a lot by going abroad both professionally as well as personally. You get the opportunity to work with a number of things in a smaller organisation in which everyone helps each other. You try a lot of different tasks in a short time and you are, if not, flung into things then rather quickly responsible for handling many tasks and being in the front of a number of areas. There is room to develop, but you also have to be ready to take responsibility and to pull your own weight. At the same time, you learn a lot about other cultures, other ways of doing things and about an entirely different working day. You learn to be open-minded and patient and to view things from the customers' perspective and understand their needs and terms. The stationing abroad – and returning home – is a great opportunity to become more independent and to develop yourselves from the trainee role," says Vibeke Schneidermann.

She also emphasises that the employees stationed abroad are a kind of bridge-builders between the head office and the overseas offices.



At the tour in June, the shareholders wriggled up and down the stairs like a snake in the Brewhouse



Mogens Hugo made his 14th report as Chairman at the ordinary general meeting on Frederiksberg in April

# INSIDE THE WALLS

Many shareholders accepted the Board's invitation to visit NORDEN's head quarters

Almost on the one-year anniversary of NORDEN moving into the Brewhouse in Hellerup, a couple of hundred shareholders participated in an Open House event for shareholders on 10 June.

Presentations on the rebuilding of the architecturally interesting building from 1903 and the functions of the house – spiced with a tour of the house guided by the Company's management group – were, among other things, on the programme.

In his welcome speech, Chairman Mogens Hugo reminded that a shareholder at the annual general meeting said that the new domicile looked like a prison, and Mogens Hugo continued: "Quite frankly, I cannot really say because I have never been in a prison... But I think that you will experience the Brewhouse as a nice and modern house that gives our employees good settings to continue to achieve good results to the benefit of the shareholders. So that, all in all, it is a captivating experience to be here – and to work here."

It was the second time within a few weeks that shareholders visited the head quarters. The first time – at the end of May – the attendance was, however, more limited as the occasion was an extraordinary general meeting which had to adopt some technical amendments of NORDEN's articles of association. And that was finished in a few minutes.

An extraordinary general meeting was necessary because 2/3 of the share capital was not represented at the ordinary general meeting which is required when amending the articles of association.

#### Growing shareholder base

At the ordinary general meeting on 23 April, the Board of Director's report, the annual report as well as the proposal for the distribution of profits were unanimously adopted, and thus, NORDEN could pay out a dividend of DKK 13 per share or a total of USD 100 million. The general meeting elected Managing Director Arvid Grundekjøn as a new member of the Board of Directors, re-elected Erling Højsgaard, while Einar Fredvik and Dag Rasmussen both resigned at their own request. After the meeting, the Board of Directors elected its officers with Mogens Hugo as Chairman and Alison J. F. Riegels as Vice Chairman.

NORDEN has approximately 15,500 shareholders registered by name who owns around 80% of the shares in total. The number of shareholders registered by name has more than doubled during the last 18 months, when NORDEN has established itself as one of the 10 most traded shares on NASDAQ OMX Copenhagen A/S.

# NORDEN NOTES

## First dual senior officer

As the first of NORDEN's own apprentice officers, Morten Skræ, 31, has graduated as dual senior officer (ship's manager). The education, which is a two-year theoretical graduate study after the junior officer education, is a full-time study with elements of both navigation, mechanical and vessel engineering and management. It was completed by a ship's manager project on "Environmental impact from inerting of tankers", i.e. establishment of controlled environments in the tanks of the vessels, so that the cargo cannot be ignited, and the project resulted in the top mark 12.

Morten Skræ was employed as apprentice officer at NORDEN in 2000 and graduated as dual junior officer in 2004. After this, he served on a number of tankers in the engine room and on the bridge until he started studying to become ship's manager in January 2007. While he was studying, he worked in the Technical Department in the summer of 2007 on developing QA tools and implementing them on the vessels.

Morten Skræ's first cruise after his exam will be as fourth engineer on the newly built product tanker NORD GOODWILL on its maiden voyage from China via Malaysia and Oman to Rotterdam with palm oil and palm stearin. Morten's plan is to get plenty of time at sea in the next couple of years and try out the various functions both in the engine room and on the bridge. Right now, he is enjoying the many practical tasks after more than two years in the world of books.



Morten Skræ

## Naming in the sailing club

At the annual hoisting of the burgee in NORDEN's sailing club, the 20 foot long bowrider maxum 1900 motor boat was named EMILIE by the godmother Anne-Kathrine Nedergaard, Crew Manager in the Technical Department. Søren Gaarmann, second year trainee, suggested the name inspired by NORDEN's history and the name of the wife of the Company's founder Mads C. Holm. In addition to EMILIE, the sailing club also have the folkboat AMANDA at its disposal. Both boats are available for use by the members of the sailing club, who are employees at NORDEN and Norient Product Pool.



Part of the strong female team who participated in "ALT for damerne"s all-female race in Copenhagen

## Girl power – and more

No less than 12 of NORDEN's female employees in Hellerup took part in the women's magazine "ALT for damerne"s all-female race with distances of 5 and 10 kilometres. Participation in the race is sponsored by NORDEN's sports club, which has the purpose of strengthening the social bond between employees in both NORDEN and Norient Product Pool through different kinds of sports.

In 2009, NORDEN's employees have e.g. participated in an indoor soccer competition, a half-marathon race, a marathon race as well as the 125-kilometre-long bicycle race "Sjælsø Rundt" in North Zealand. Among the coming activities, there is the grand corporate relay in Copenhagen in which NORDEN is going to participate with the record number of 8 teams each of 5 persons.

The sports club also sponsors such activities as golf, hunting, riding as well as spinning, squash and fitness through personnel membership to the neighbouring fitness centre Welcome Fitness, where nearly half of NORDEN's 180 employees are active. In addition to this, there are the many employees who exercise at local clubs or run and cycle on their own.

## Port captains in Hellerup

In June, NORDEN's eight port captains were gathered at the annual meeting with the Operations Department. The meeting was held at NORDEN's own premises in the Brew House, which General Manager and head of the Operations Department Dorte Nielsen saw as a great advantage. "It made the atmosphere less formal. The meeting was very rewarding, and there was ample opportunity for the port captains and the operators to exchange views, ideas, experience and points of potential improvement."

At the meeting, the port captains provided updates on their regions and ports. The Operations Department talked of new initiatives and focus areas and recommended that the quality of the communication and co-operation between the individual operator and port captain be discussed. In addition, several departments participated in the seminar by giving a presentation. Also the new dry cargo segment Post-Panamax was on the agenda and occasioned a good dialogue on how the vessels are built, what to be observant of at the delivery, potential customers, cargoes and trips, etc.



# EMPLOYEE NEWS

## Group functions

1 July 2009: *Morten Ligaard*, General Manager and Head of the Legal Department (formerly Claims & Insurance), appointed Vice President.

## Technical Department

1 June 2009: *Jesper Petersen*, KPI Manager, appointed Senior KPI Manager.

1 July 2009: *Thomas Ø. Skjelmose*, 33, employed as Crew Manager.

## Site Offices

Mitsui Tamano

1 March 2009: *Bent Mortensen*, 45, employed as Site Manager.

Mitsui Chiba

1 April 2009: *Artemio T. Bayot*, 46, employed as Steel Inspector.

15 April 2009: *Yami Rey Cadungog*, 46, employed as Paint Inspector.

JNS

May 2009: *Nawang S. Antonius*, Hull Supervisor, transferred from GSI Site Office.

May 2009: *Zhou Jun Xiong*, Machinery Supervisor, transferred from GSI Site Office.

SSY

May 2009: *Zhang Shang Bing*, Hull Supervisor, transferred from GSI Site Office.

## Dry Cargo Department

20 April 2009: *Satoko Forsberg*, 29, temporarily employed as Contoller.

1 May 2009: *Anne Mette Hansen*, Chartering Manager in Singapore, transferred to the Dry Cargo Department as Chartering Manager in Panamax Chartering.

## Tanker Department/Norient Product Pool

24 April 2009: *Randi Knudsen*, 27, employed as maternity cover in the Tanker Department and Norient Product Pool as well as temp in the reception.

1 May 2009: *Signe V. Christensen*, Secretary in the Tanker Department and Norient Product Pool, went on maternity leave.

## Annapolis

8 June 2009: *Christine Kay Corbin*, 41, employed as Administrative Assistant in NORDEN and Norient (USA) LLC.

## NORDEN's vessels

20 April 2009: *Mass Pedersen*, 21, employed as Apprentice Engineer.

20 April 2009: *Bjørn Arthur Hansen*, 21, employed as Apprentice Engineer.

26 April 2009: *Olaf Egon Midjord*, 58, employed as Third Engineer.

1 May 2009: *Bo Pedersen Rosenborf*, 37, employed as Chief Officer.

5 May 2009: *Hans Arne Bertholdsen*, 43, employed as Third Engineer.

1 June 2009: *John i Soyly*, 48, employed as Chief Officer.

## Soon to graduate Shipping Trainees

Second year shipping trainees will graduate on 31 July 2009 (photos from left to right) and will continue in the following positions:

1 August 2009: *Nikolaj Lockenwitz Pedersen*, will be transferred to Norient Product Pool in Hellerup as Assistant Performance Manager.

1 September 2009: *Jens Fjordgaard Jensen*, will be transferred to Shanghai as Assistant Chartering Manager.

1 September 2009: *Søren Gaarmann*, will be transferred to Handymax Operation as Assistant Operations Manager in Hellerup and to Annapolis in the beginning of 2010.

1 September 2009: *Louise McKenzie Hall*, will be transferred to Norient Product Pool in Annapolis as Assistant Operations Manager.

*Joachim Holt Reimers* and *Lars Frostholm* have chosen other career directions.

## Celebrations

### Group functions

3 June 2009: *Jan Ulrik Nielsen*, Training Consultant, celebrated his 40<sup>th</sup> birthday.

### Dry Cargo Department

18 May 2009: *Lars Tørnqvist*, Port Captain, celebrated his 50<sup>th</sup> birthday.

### Shanghai

12 September 2009: *Laser Huang*, Senior Chartering Manager, will celebrate his 40<sup>th</sup> birthday.

### Singapore

22 July 2009: *Mylene Lam Lai Meng*, Secretary, will celebrate her 40<sup>th</sup> birthday.

### Norient Product Pool

12 September 2009: *Susanne Bytov*, Accounting Assistant, will celebrate her 60<sup>th</sup> birthday.

### NORDEN's vessels

7 February 2009: *Per Vestergaard*, Chief Engineer, celebrated his 40<sup>th</sup> birthday.

5 May 2009: *Runi Johannessen*, Captain onboard mv. NORD POL, celebrated his 50<sup>th</sup> birthday.

7 May 2009: *Ole Borg Christensen*, Chief Officer, celebrated his 50<sup>th</sup> birthday.

15 June 2009: *Henrik Bruun*, Captain onboard mt. NORD PRINCESS, celebrated his 50<sup>th</sup> birthday.

1 July 2009: *Gert Preben Andersen*, Captain onboard mt. NORD SWAN, celebrated his 30<sup>th</sup> anniversary.

16 July 2009: *Søren Kristian Kromann*, Captain onboard mv. NORD KRAFT, will celebrate his 50<sup>th</sup> birthday.

16 Juli 2009: *Viggo Nielsen*, Chief Engineer onboard mt. NORD SNOW QUEEN, will retire.

7 August 2009: *Terje Eli Dam*, Chief Officer onboard mt. NORD SUAN, will celebrate his 40<sup>th</sup> birthday.

5 September 2009: *Søren Peter S. Larsen*, Captain onboard mt. NORD NIGHTINGALE, will celebrate his 50<sup>th</sup> birthday.

# NORDEN FACTS

Dampskibsselskabet NORDEN A/S is a global operator of tanker and dry cargo vessels. Incorporated in Denmark, NORDEN is listed on NASDAQ OMX Copenhagen A/S. NORDEN was founded in 1871, making it one of Denmark's oldest internationally operating shipping companies.

## Offices around the world

NORDEN has its head office in Hellerup, north of Copenhagen (Denmark) and offices in Singapore, China, USA, Brazil and India. At its offices, NORDEN has 221 employees, and about 400 are employed on the Company's owned vessels.

## Business model

NORDEN has a clear ambition to position itself as a service company which delivers high quality to customers. In order to do this, we continuously develop our customer focus and adjust our portfolio of capacity and cargoes. Through our offices around the world, we approach customers locally and adapt our services to their needs. Furthermore, we focus on building long-term partnerships with shipyards and customers. A competent and dedicated staff is a prerequisite for our success.

## Strategy

NORDEN has chosen a balanced approach to the difficult market conditions within the tanker and dry cargo segments as a consequence of the global economical crisis. In the short term, the Company has adjusted capacity, activities, costs and investments to the changed market conditions. Meanwhile, due to its financial strength, its reputation and its customer focus, NORDEN is also positioning itself to take advantage of any opportunities in order to strengthen its long term position.

## Our vision

**The preferred partner in global tramp shipping. Unique people. Open minded team spirit. Number one.**

## Our values

- Flexibility
- Reliability
- Empathy
- Ambition

## Our mission

Our business is global tramp shipping. We seek excellence through a dedicated team effort from competent and motivated people. Through our values we focus on customers who benefit from our constant commitment to being an independent long-term partner continue our long history of building valued relationships with shipowners and shipyards.

## Dry cargo

The Company is one of the world's leading operators of Handymax and Panamax bulkcarriers and has significant activities in the Handysize and Capesize segments. The most recent initiative is the entry into the Post-Panamax segment.

## Tankers

NORDEN is active in the Handysize, MR and LR 1 product tanker segments. The product tanker activities are operated through the 50% owned Norient Product Pool, which is one of the largest product tanker pools in the world.

## Corporate Social Responsibility – Environment

Safety and environment are high on NORDEN's list of priorities – the Company therefore operates only modern, double-hulled tanker tonnage and continuously works on minimizing propulsion resistance and optimizing fuel consumption on owned vessels. The Company has launched a more systematic approach to environmental and social sustainability in order to take a greater responsibility for safety at sea, occupational health, external environment, employee conditions and opportunities as well as other Corporate Social Responsibility (CSR) issues.

## Financial highlights

### – result for 1st quarter of 2009

*Profit:* The profit for the first quarter of 2009 was USD 73 million. In the Dry Cargo Department, the coverage for the rest of 2009 and for 2010 is 98% and 40%, respectively, at 1 April whereas the coverage in the Tanker Department is 46% and 38%, respectively.

*Outlook:* For 2009, EBIT is expected to be USD 110-160 million, including profit from sale of vessels of approximately USD 55 million.

## ADDRESS

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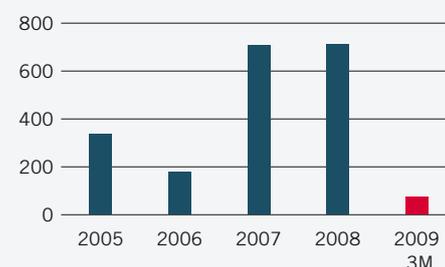
## MANAGEMENT

**Chairman** Mogens Hugo  
**Board of Management**  
Carsten Mortensen, CEO  
Michael Tønnes Jørgensen, CFO

## NORDEN's MASTER DATA

Share capital	DKK 44,600,000
Number of shares	44,600,000
Denomination	DKK 1
Classes of shares	1
Voting restrictions	None
Stock exchange	NASDAQ OMX Copenhagen A/S
Ticker symbol	DNORD
ISIN code	DK0060083210
Index	OMX Copenhagen 20 (OMXC20)
	Nordic Large Cap
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

## Net Profit (USDm)



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This beautiful and evocative can a sunrise be above Gulf of Finland – when you experience it from a product tanker. Two of NORDEN’s first year trainees, Danni Hansen and Jesper Fløe Nielsen, were, as part of their training, onboard the Handysize ice-class 1A product tanker BALTIC FAVOUR, which is operated by Norient Product Pool. The voyage went from Helsingør to St. Petersburg and then on to Rotterdam. Danni and Jesper froze these impressions on their journey to the eastern bay of the Baltic Sea

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# THE BEAUTIFUL CHILLY THRILL

