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Layout and graphic production
Noted

NORDEN calendar

16 April – 7 May
Silent period until the publication of the Q1 financial report

7 May
Publication of the Q1 financial report
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Investing globally and locally

Presence matters. It is what we hear time and time again from our many close business relations around the world. Proximity to our customers, being able to support them locally, and at the same time being able to further expand our own business by fostering new relations, is at the core of how NORDEN operates.

This year, we open our 11th office, moving into the African continent. Our presence in Ivory Coast is in line with our ambition of having offices globally and operating these in a way where we invest locally. The opening of an office in Africa provides good business opportunities, and at the same time, goes hand in hand with our Corporate Soul Purpose of enabling smarter global trade. Additionally, the new office supports our new CSR strategy, focusing on Sustainable Development Goal number 9 regarding resilient infrastructure, allowing us to take part in, and invest in, the maritime sector in West Africa. Read much more on page 10.

Creating the foundation for growth
To support NORDEN’s continued expansion, we need to have the right business set-up and the right external partners to succeed. Increasing our focus on digitalisation has been and continues to be essential such as our route guidance service and our impressive Fuel Efficiency team in general. We need to attract yet more business partners to support our asset-light growth and continue to operate with a long-term approach to our global offices. Paired with operational moves such as optimising first the dry cargo and now also the tanker business to be less susceptible to the volatility of the markets, we are creating the foundation for further growth. This will allow us to be the vendor of choice for companies worldwide and for stability deals such as long-term COAs, once again underlining our strength and stability in the market.

Attracting the talents of tomorrow
To enable all the above, NORDEN needs to be able to attract the best of the best, both within shipping but also those traditionally outside of the sector. Our new board members Steve Kunzer and Helle Østergaard Kristiansen, representing global shipping and entrepreneurial trading, are examples of how we need the best of both worlds to stay abreast of the competition. Meet them both and many others in this issue, exemplifying our belief that every person and action matters.

Jan Rindbo

“To support NORDEN’s continued expansion, we need to have the right business set-up and the right external partners to succeed”
NORDEN and global weather routing provider MeteoGroup have developed a digital service to optimise vessels’ speed, routes and bunker consumption, which is already providing savings.

A new service controlling the speed and routes of NORDEN’s dry cargo vessels and doing so as precisely as possible using ship models, market analyses, weather forecasts and algorithms means savings are already being made. Using Dutch based global weather firm MeteoGroup’s weather and route algorithms and NORDEN’s in-depth market knowledge, the two have developed an advanced model to constantly regulate speed and route to ensure all vessels sail optimally.

“The project has significant potential and has already generated savings in the short time it has been up and running,” says Peter Sinding, Head of Fuel Efficiency.

The service operates at a sophisticated level and uses full system integration on NORDEN’s site with the IT systems IMOS and CRM and NORDEN’s own Fuel Efficiency services. Additionally, the service integrates with MeteoGroup’s internal weather routing system Armorhead, to provide routing services on fixed or variable speed and FleetGuard monitoring systems to deliver 24/7 operation.

Teamwork and competence building
The service has been developed in close corporation between MeteoGroup, Dry Operator and Fuel Efficiency.

“Both MeteoGroup and our own Fuel Efficiency team have been very responsive to our requirements,” says Mette Stenild Gran, Operations Lead in NORDEN’s Dry Cargo unit, who has overseen the management of the project for NORDEN and ensured the resulting service is a good fit with the daily operation.

Close teamwork is a core part of the service as the operators of the vessels will share information on routes and vessels with MeteoGroup, which will then be able to share their advice to the vessel captains. The Fuel Efficiency team will supervise all aspects of the flow, aided and digitalised with the help of the team’s AI run Traffic Light, a vessel performance and monitoring system.

“A lot of work has been poured into this project, to create an advanced service, that fully integrates to our vessel models that are continuously kept up to date. While the main element is to save on costs, there are additional rationalisation rewards of streamlining the business through digitalisation and building even further on our competences in the company,” says Peter Sinding.

Weather routing 2.0
MeteoGroup is among the largest private weather monitoring networks in the world, combining science with technology.

“We have learnt as we have moved forward, together, exploring new ways of working,” says Mark Streuper, Strategic Account Manager, MeteoGroup. “The solution shows how the systems on both sides work together and feels more like a partnership than merely MeteoGroup as provider of weather data and weather services. From our side, we see this as a weather routing 2.0, where new technology is already in development for version 3.0.”

The system has been actively rolled out and is successfully in use in the Dry Operator unit, with plans to roll out in the Tanker unit later this year.
For the 14th year in a row, NORDEN supports the development of shipping-related knowledge at the annual Shanghai Maritime University (SMU) – NORDEN Scholarship Awards Ceremony in China.

SMU Vice President Shi Xin thanked NORDEN for its continued support and the company’s pioneering moves into the fields of greener and safer shipping, actively taking measures to deal with challenges such as safety and pollution.

Jens Fjordgaard Jensen, head of Dry Cargo China and Chief Representative Shanghai, says of the awards:

“NORDEN is delighted to once again be able to recognise the talents of tomorrow as well as those who help foster these talents. China is an important partner for NORDEN both in terms of current and future employees, as well as our valued customers here, evident in this long-term relationship with SMU.”

And the award goes to...
Since 2005, NORDEN’s Shanghai office has annually awarded the NORDEN Scholarship Award and the NORDEN Best Teacher Award at SMU.

The NORDEN Scholarship Award is given to 5 outstanding junior students from shipping-related majors annually, and the NORDEN Best Teacher Award is given to 2 teachers, chosen by the students.

An unexpected encounter

On New Year’s Eve 2018, NORDEN vessel NORDKAP made an unexpected encounter in the middle of the Atlantic Ocean.

NORDKAP, which was on route to Trombetas in Brazil, met a somewhat smaller ‘vessel’, namely a small rowing boat, headed for English Harbour, Antigua. On board was 46-year-old Michelle Lee, the first Australian female to attempt the world’s toughest row – the Talisker Whisky Atlantic Challenge, a 4,700 km ocean row from the Canary Islands to the Caribbean.

The crew of NORDKAP checked in with Michelle Lee and her boat the ‘Australian Maid’ and sent over a little New Year’s greeting via a life ring in the form of a 6 pack of beer, some Danish butter cookies, crackers, and chocolates.
Celebrations in China: NORDEN Shanghai turns 15

This January, NORDEN marked its 15-year anniversary in Shanghai, where the team has established strong, long-lasting relationships.

“For more than a century, NORDEN ships have called China. In 1875, just four years after NORDEN was founded, the aptly named ‘Norden’ vessel called at Shanghai,” Head of Dry Cargo Christian Vinther Christensen told friends of the company at the anniversary reception. “Today, our Shanghai office offers both chartering and operation to our local customers, underlining our core focus of proximity to our customers.”

As Shanghai continues to become an even more influential ship owning city, so too it continues to be a vital location for NORDEN on the company’s journey to become increasingly asset light.

“NORDEN is expanding, and next year, we expect to operate more than 300 vessels, allowing us to offer both short and long-term charters, with fixed or index linked rates, and as a consequence of this, we seek to further grow our relation base in our core locations, such as Shanghai,” adds Christian Vinther Christensen.

Sailing the extra mile
Jens Fjordgaard Jensen, who heads the Shanghai office, is proud to celebrate the office anniversary.

“We are so pleased to have such good relations across Shanghai and China, and truly value the friendship and trust we have in the region. We work to be our customers’ first choice, offering reliable, safe and flexible transport,” he says, adding, “We have been given the opportunity to tap into the vast source of Chinese talent and include many of these into our organisation. Our growth ambitions call for highly skilled employees, knowledge, and the will to go – or sail – the extra mile for our customers. We look forward to the next 15 years and to continue delivering the best possible service from the best shipping office in Shanghai”.

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NORD SKATE: First scrubber installation

In February, the first scrubber was installed on a NORDEN vessel when NORD SKATE docked in Turkey.

“The installation of scrubbers is both interesting and comprehensive from a technical point of view – from the initial considerations over meticulous planning and execution at yard to daily safe operation. It involves many stakeholders and intense teamwork, and is indeed very satisfying,” says Jens Christensen, Head of the Technical Department.

The 2020 regulation limiting sulphur emissions from the current 3.5% to 0.5% seeks to improve air quality across the globe and following a thorough analysis of the effect of the sulphur directive, NORDEN believes the price difference between low sulphur and high sulphur fuel is expected to make scrubbers an attractive method of complying with the upcoming regulation, both in terms of being economically attractive and a technically viable investment.

NORDEN in 2018 consequently announced plans to install 26 scrubbers on owned and long-term chartered vessels through 2019 and into early 2020.

Competition and networking on and off the pitch

In support of the Danish Seamen’s Church in Singapore, NORDEN’s local office took part in a friendly tournament, providing a good opportunity to meet with industry peers and friends to network and have a little fun.

Coach – and Chemical Procurement Manager – Jesper Brandborg’s intense trials ahead of the tournament created a carefully selected mix of fit + talent, fit + no talent, unfit + medium talent and unfit + no talent, resulting in a strong team for NORDEN, made up of nine players from Denmark, Singapore and the UK.

Teamwork and good sportsmanship in equal doses meant NORDEN’s team made it to the quarterfinals. Thank you to colleagues and family supporting on the sideline and to the Danish Seamen’s Church for another well-organised event.

Giving back to the local community

In early 2019, NORDEN’s Canadian office in Vancouver celebrated its 1-year anniversary by more than doubling the employee base and bringing the total to 5.

“We are very excited about having a Dry Cargo operation centre of excellence in Vancouver and look forward to helping our global colleagues from a more hands-on geographic position,” says Mark LaFrankie, who heads up the office.

The busy team has also had time to turn their attention to the local community, supporting community programmes with corporate giving and private employee sponsorships. The funds went to local Vancouver anti-substance addiction programme Mission Possible, which supports individuals challenged with poverty to navigate a journey to employment, and youth hockey programme Hockey Education Reaching Out Society (HEROS), a volunteer-driven and mentor-based charity which uses the game of hockey to teach life-skills and empower marginalised youth, empowering children both on and off the ice.
NORDEN has signed a 10-year Contract of Affreightment (COA) with Indian utility firm Sembcorp Energy India Ltd, part of the Singapore based utility group Sembcorp Industries Ltd.

“With this contract we are proud to have secured a long-term agreement with Sembcorp, and for Sembcorp to trust us in delivering our high level of service over the coming decade, strengthening our already close relationship,” says Jan Rindbo, CEO, NORDEN. “This contract not only allows us to show our commitment to growing our presence in India, but also enables us to position vessels across the load and discharge port regions, where they can be deployed to fulfil other contracts.”

From 1 April 2019 until 31 March 2029, NORDEN will carry out transportation of steam coal in Panamax shipments totalling 12 million tonnes over the decade. The contract covers transport from various load ports in Indonesia and South Africa to the discharge port of Krishnapatnam in East Coast India.

“The COA enables NORDEN’s Dry Owner business unit to secure long cover and reduce the length of the current position until 2029, and enables arbitrage for the Dry Operator business unit, by trading around this COA and utilising the route to start up period vessels. For the Dry Operator unit in general, COAs are a vital platform for growing the Panamax unit in line with the company growth strategy and this COA in India with an added route that complements the company’s current trading pattern,” says Adam Nielsen, Head of Industrial Bulk at NORDEN.

Demand for energy in India is on the rise in line with the country’s economic expansion. Sembcorp Energy India Ltd provides essential power for growth in India and owns and operates two coal fired supercritical power plants near the port of Krishnapatnam in East Coast India. Both plants were commissioned in 2016 and have been ramping up production since to maximum capacity.

Sembcorp India selects NORDEN for COA

“For the Dry Operator unit in general, COAs are a vital platform for growing the Panamax unit in line with the company growth strategy”

Adam Nielsen,
Head of Industrial Bulk at NORDEN
In line with the ongoing expansion and globalisation of NORDEN, an office has been opened in West Africa, which becomes NORDEN’s 11th office and means the company is now present on all inhabited continents.

“The opening of an office in West Africa undoubtedly makes sound business sense for NORDEN and is in line with our growth plans,” says CEO Jan Rindbo. “Operating with a long-term approach also allows us to help further develop the region, which is in line with our CSR focus of building a resilient infrastructure.”
NORDEN is opening an office in West Africa as part of the company’s continued global expansion, an office which will also focus on contributing positively to the development of the region.

Proximity to the customers
While the investment is a long-term move, in the short term, it means NORDEN is able to increase proximity to the customers in the region. The company’s focus of becoming increasingly asset light to better tackle the fluctuating global shipping markets means NORDEN seeks to move even closer to existing customers and grow new relations.

“Having a global reach paired with a local presence is key to how NORDEN operates,” says Christian Vinther Christensen, Head of Dry Operator. “We have for some time sought to expand our presence in Africa, a region in which we see significant infrastructure potential, increasing proximity to new and current customers, and enabling us to offer increasingly customised freight solutions to African clients. While this is undoubtedly a sound business investment, NORDEN is also committed to helping to make a difference and engage locally.”

Building a resilient infrastructure
West Africa is a promising region where NORDEN sees growing opportunities within dry cargo, and being the regional hub connecting French-speaking Africa and the home to many key institutions working across Africa, Abidjan is a natural location for NORDEN’s new office.

“NORDEN has a sound business platform from which to further build on in West Africa,” says Adam Nielsen, Head of Industrial Bulk. “With the increased stability in the region generating stable growth, and the significant population growth predictions for the region, we believe this is a region of particular interest. Having a local presence will support growth on both inbound and outbound activities and bring us closer to developing potential industrial bulk projects in line with our strategy.”
Building a resilient infrastructure

The opening of an office in Abidjan goes hand-in-hand with NORDEN’s Corporate Soul Purpose of enabling smarter global trade and the newly launched CSR strategy. The latter zooms in on the United Nations’ Sustainable Development Goals, in particular SDG 9 regarding resilient infrastructure.

“Having a global reach paired with a local presence is key to how NORDEN operates”

Christian Vinther Christensen, Head of Dry Operator
The 4 key roles for the West African office

The Ivory Coast office will focus on:

• growing outbound business with special focus on the mining sector through local customers
• growing the inbound business from the Mediterranean and the Far East
• developing industrial bulk port logistic projects
• increasing operational performance in West Africa

The investment in the region thereby ties in with NORDEN’s wishes to take part in, and invest in, the maritime sector in Ivory Coast and West Africa in general, helping the region increase operational performance.

The region faces growing infrastructure challenges, and in line with NORDEN’s focus on the United Nations’ Sustainable Development Goal number 9 of resilient infrastructure (see also page 15), NORDEN seeks to develop industrial bulk port logistics projects in the region. By contributing positively to the development in and of the region, NORDEN also supports the agenda of enabling smarter global trade.

A regional hub
Samuel Quansah, Port Captain in Ghana, notes that NORDEN has been, and continues to be, a significant player in the growing dry bulk business in West Africa, and that the increased presence therefore makes good sense.

“As there has been a significant increase in business in Ivory Coast and Ghana, it is attractive for NORDEN to establish

“The opening of an office in West Africa undoubtedly makes sound business sense for NORDEN and is in line with our growth plans”

Jan Rindbo, CEO
a local presence and directly engage the relevant players to optimise NORDEN’s share of the market,” says Samuel Quansah.

Another of NORDEN’s West African Port Captains, Kingsley Wosu concurs, adding that the long-term view NORDEN has always taken in the region is appreciated.

“The opening of an office in the West African region is a welcome development, supporting the growth in countries such as Ghana, Ivory Coast, Togo, Benin Republic, Cameroon and Nigeria. NORDEN continues to play a major role in the import and export of commodities including clinker, gypsum, slag, wheat, fertilisers, bauxite, manganese, steel, coal and petroleum products, and maintains a significant potential in the local market going forward,” says Kingsley Wosu, Port Captain, Nigeria.

Jan Rindbo concludes, “NORDEN opens offices and employs people with a long-term horizon and that is also the case for our move into West Africa. We hope in the years to come to have made a significant difference to and in the region.”

By 2050, a quarter of the world will be African

According to the United Nations, by 2050, a quarter of the world will be African, with the continent’s population being likely to rise from the current 1.2 billion to 2.5 billion in 2050.
BEHIND THE SCENES:

Why new CSR focus areas matter

The unveiling of NORDEN’s new Corporate Social Responsibility strategy ‘Beyond 2020’ also means two new focus areas step into the limelight. NORDEN News finds out why decarbonisation and logistics optimisation matter and how they support the overall business strategy.
This year, NORDEN introduces a new CSR strategy, based on the United Nation’s Sustainable Development Goals (SDGs). The ‘Beyond 2020’ strategy runs until 2021 and addresses the changes facing the sector in the form of global regulations.

By mapping the 17 goals set out by the United Nations with NORDEN’s business activities, the company has identified specific challenges to focus on during the coming years. While NORDEN continues its responsible business practices in the operational foundation within environment, climate, responsible supply chain management, safety, labour, human rights and anti-corruption, NORDEN found SDG number 9 of specific relevance to the company and an area where NORDEN can contribute significantly.

SDG 9, Industry, Innovation and Infrastructure, is NORDEN’s new added focus area in terms of CSR, where NORDEN has identified it can have a significant and positive impact through 2 main areas: Decarbonisation and Logistics optimisation, both of which are in line with SDG 9 in creating and supporting resilient and sustainable infrastructure.

Decarbonisation
Shipping takes its toll on the environment, and until now, the sector has been largely unregulated compared with other industries.

With the support of global actors such as the International Maritime Organization (IMO), shipping is now heading towards cleaner, ‘greener’ times, and has aligned goals with the Paris Agreement of 2015 to combat climate change while keeping a global rise in temperature below 2 degrees Celsius.

NORDEN fully supports this transition and wants to take a leading role in ensuring the good intentions are more than just that. The company has come a long way in increasing fuel efficiency. With the newly introduced IMO targets on CO2 reductions, however, it is evident that increased fuel efficiency alone is not enough. Alternative solutions are needed, and with NORDEN’s recent successful testing of biofuel in mid-late 2018, the company now contributes with a low-carbon transportation option.

With focus on SDG 9 for resilient and sustainable infrastructure over the next 3 years, NORDEN will work on decarbonising transport and optimising port logistics.
Paving the way forward

NORDEN is a founding member of several significant CSR groups, taking responsibility in ensuring work is done to make improvements where needed.

“Handling roughly 80% of the world’s transported goods, the shipping industry is a vital enabler of global trade thereby empowering social development through trade all over the world,” says Anne H. Steffensen, Director General and CEO, Danish Shipping. “I am proud to see Danish shipowners taking responsibility and being strongly engaged in making a positive footprint on social developments where they trade. NORDEN’s focus on human rights, anti-corruption, supply chains and key environmental and climate-related issues has raised the bar on CSR. These efforts not only benefit NORDEN and its customers but have a ripple-effect within the shipping community”.

“The fact that NORDEN works as a founding member in numerous industry organisations, such as the Ship Recycling Transparency Initiative and Maritime Anti-Corruption Network, underlines the company’s efforts to take responsibility,” she adds.

Addressing bottleneck issues with for instance congestion or inefficiency in port handling, unpredictability in inland transportation or difficulties in transitions from inland transportation to ocean-going vessels are just some of the many situations NORDEN has tackled time and time again, but with logistics optimisation as a new focus area for the company, NORDEN now seeks to renew efforts to collaboratively remove these issues, in the process of creating shared value.

Effective transport and logistics can help drive the expansion of world trade and aid countries in the process of integrating into an increasingly globalised production system, rather than being left on the margins of world trade.

The opening of an office in West Africa (see page 10) is one example of how NORDEN is already making headway into this focus area.

United Nations SDGs

The UN’s Sustainable Development Goals are a collection of 17 global goals set out by the United Nations General Assembly in 2015, as part of the ‘Transforming our World: the 2030 Agenda for Sustainable Development’ plan. For businesses, the SDGs function as a universal strategy to contribute to sustainable growth and achieve a more sustainable future for all.

“NORDEN has already begun working on the decarbonisation agenda through the move into biofuel, but also accepts that biofuel is not the sole solution. Over the coming three years, NORDEN will further investigate other viable solutions for low-carbon transportation, seeking opportunities to further save on CO2 emissions, working with customers to make this a priority,” says CEO Jan Rindbo.

Logistics optimisation

The other focus area within SDG 9 is the logistical optimisation of NORDEN’s experience and expertise in optimising infrastructure logistics around the globe, accumulated from close to 150 years of successful business operation, which means the company is well suited to use these skills to make a difference.

NORDEN NEWS

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TANKERS RAMPS UP FOCUS ON SHORT-TERM

Short-term chartering activities are on the rise in NORDEN, in a bid to further increase agility and adapt to the markets.
In 2017, NORDEN’s dry bulk activities were successfully split into a Dry Operator and a Dry Owner unit to add resilience in versatile market conditions. Now a similar model is in the making in the company’s tanker business.

“Increasing focus on short-term activities allows us to leverage the agility in the market and increase stability despite the market downturns, limiting the effects of such down cycles,” says Søren Huscher, CEO, Norient Product Pool (NPP). “With our extensive know-how, vast relations in the market and mindset of a shipowner, we come to market as owners who care for the steel, seeking solutions to the benefit of all parties.”

The mindset of a shipowner
NORDEN seeks to strengthen its relations to new and existing owners, operating with long-term targets and objectives to create a more agile business for all parties.

“As a successful shipowner for close to 150 years, NORDEN is a market player, which understands what is important from a shipowner’s perspective, and we are not here to exploit,” says Søren Huscher. “Drawing on the strong earnings capability in Norient Product Pool (NPP) and NORDEN’s solid access to short-term chartered tonnage, paired with focused risk management, market timing, good technical performance and access to off-market deals, enables us to become better equipped to deliver attractive returns.”

NORDEN thereby offers owners experience and expertise with a view to increase efficiency for all parties involved.

Meet the faces of NORDEN’s new T/C desk

Søren Tolbøll Nielsen

Raised in NORDEN via the company graduate program, Søren Tolbøll Nielsen joined NORDEN in 2006 and has been abroad on 3 expatriations, twice to the USA and once to Singapore. The former Officer of the Reserve is the youngest of the team and the team lead, who also heads the chartering desk of NPP, and will use his broad industry network, dedication and loyalty to bring the two teams together.

“We have created a solid basis for growth and the ambition now is to flourish and, of course, create value,” says Søren Tolbøll Nielsen. “It is truly exciting to be part of this great team and together investigate and develop new possibilities, inspire those around me, and use good craftsmanship, team spirit, loyalty and empathy to kick in the door around the world and create good results.”
We wish to be recognised as a charterer of ships with an owner’s mind,” Søren Huscher concludes.

To underline the commitment and ambitions, a strong team has been lined up to create a time charter desk, where the ambition is to double the amount of ships in short-term charter from 20 to some 35-40 vessels in the nearer future. With an aggregated experience within tankers and chartering of more than 60 years, NORDEN seeks to further develop the relations and ties with both current and new owners.

Kristian Lohmann

As the former head of Handytankers at Maersk Tankers and with experience from the broker side, Kristian Lohmann has over 30 years’ background in shipping, mostly tankers. Having seen the NORDEN and NPP teams as a group of skilled and committed top performers, with great company values and a clear vision and strategy to further develop the tanker business, he is delighted to come on board. Born and bred in Maersk with a stint at broker Howe Robinson, getting insight into the approach of other owners and working to attract tonnage and connecting people and ideas, Kristian Lohmann is a charterer at heart, competitive and opportunity-focused, with an enormous network across the business.

“It is a privilege to return to a world I know and love, where my network is 100% relevant and where I get the opportunity to put experience and network to immediate play,” he says. “NORDEN is somewhat different to other places, both in terms of how you treat others, which is highly inspiring, and how you go to market, which is a mix of a hard-core business approach and appreciation of the role of people and the difference they make, which appeals to a man such as myself who has been around the block a few times.”

Jacob Schou-Nielsen

Stemming from NORDEN’s Asset Management business, Jacob Schou-Nielsen has been with the company for 2 years, before which he held both operational and commercial roles at TORM for over 13 years. Due to his operational background, he has solid insight into the importance of details and relationship between what is taken in and the pool and having a good balance between these. Previously having the sole responsibility for the short-term charter market at NORDEN, he looks forward to being backed by a strong team, having more input, and growing the relation base, primarily among brokers and owners.

“We are among the most active operators in the world, which is a good basis for further growth. Where we have previously taken an opportunistic approach to the short-term tanker T/C market, this is a good opportunity to adapt our approach, provide structure on short-term tank activities with a structured platform, and tap into NORDEN’s close relations globally but also internally, where I believe there are benefits to facilitate a successful dialogue across chartering, operations and technical.”

What is a T/C desk?

Time charter is the hiring of vessels for a set period of time, where the owner manages the vessel and the charterer selects ports and direction for the vessel, as well as pays for fuel, port charges, commissions and pays a daily hire to the vessel owner.
"History repeats itself," Finn Sørensen says, just weeks before his retirement at NORDEN marks 37.5 years at the company. "Shipping is cyclical, meaning if you have been around for some time, like NORDEN and like myself, you have experienced the ups and downs and know how to handle them. Repetition gives strength, and now, it gives confidence to act on an asset light strategy, to give added elasticity to the business, meaning NORDEN can be profitable in both good times and bad."

Senior Chartering Manager Finn Sørensen, who joined the then dry cargo-only NORDEN in 1981, has seen boom times and down times, an expansion into the tanker market, a move into digitalisation, and overall, witnessed an incredible growth story unfold before his eyes. In 1981, NORDEN was already over 100 years, yet was a somewhat different player in the market than today, with 14 employees, 5 vessels and no offices outside of Denmark. Unchanged throughout these years, though, has been his number one focus: relations.

"Embracing the new is essential for modern shipping, paired with a healthy dose of ‘classic’ skills, such as relation building," says Finn Sørensen. "This is a business where strong relations are essential, not only externally facing, but also internally, in teams and across operations, chartering and technical."

A helping hand
An emphasis on relations and being a good merchant is also at the heart of what Søren Westergaard practices – and continues to practice, as he this year celebrates 25 years at NORDEN.

When Søren Westergaard joined NORDEN as a Technical Superintendent in 1994, NORDEN owned 6 vessels, had 2 newbuildings on order and another 5-10 ships on time charter, and the employee total had risen to 20. In his time at NORDEN, he has seen the industry change, the concept of leadership change, and his own job change. One thing remains unchanged, though - his focus on building lasting relationships. To him, this means always having someone to call on for good advice – and giving it in return.

Both Finn Sørensen and Søren Westergaard have made their mark on NORDEN – and NORDEN on them.

"It is our responsibility to successfully pass the torch to the next generation, whilst also renewing it as needed along the way," Søren Westergaard concludes. "There is a legacy here of close to 150 years of standing on the shoulders of each other, working together to evolve and develop the business. The future started more than a 100 years ago, as we say here at NORDEN – well, almost 150 now. This notion truly appeals to me."
## NORDEN’S FLEET

### Dry Cargo

#### Panamax
- **Total number of vessels:** 123
- **Owned vessels:** 5
- **Chartered vessels:** 118
- **Length:** 215-230 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 75,000-93,000 tonnes
- **Cargoes:** Iron ore, coal, grain, bauxite, cement and slags
- **Customers:** Steel works, mining companies, power plants, cement producers, grain traders and trading houses
- **Average age – owned vessels:** 12.3 years
- **Total number of Panamax vessels in the global fleet:** 2,547
- **Average age of Panamax in the global fleet:** 9.5 years

#### Supramax
- **Total number of vessels:** 123
- **Owned vessels:** 11
- **Chartered vessels:** 112
- **Length:** 190-200 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 50,000-64,000 tonnes
- **Cargoes:** Coal, grain, cement, sugar, fertiliser and wood pellets
- **Customers:** Mining companies, power companies, grain traders, trading houses and producers of cement, sugar, fertiliser and wood pellets
- **Average age – owned vessels:** 4.4 years
- **Total number of Supramax vessels in the global fleet:** 3,596
- **Average age of Supramax in the global fleet:** 9.3 years

#### Handysize
- **Total number of vessels:** 57
- **Owned vessels:** 4
- **Chartered vessels:** 53
- **Length:** 175-185 metres
- **Width:** 27-30 metres
- **Cargo capacity (deadweight):** 28,000-39,000 tonnes
- **Cargoes:** Coal, grain, cement, sugar, fertiliser and wood pellets
- **Customers:** Mining companies, power companies, grain traders, trading houses and producers of cement, sugar, fertiliser and wood pellets
- **Average age – owned vessels:** 6.5 years
- **Total number of Handysize vessels in the global fleet:** 2,749
- **Average age of Handysize in the global fleet:** 10.4 years

### Tankers

#### LR1
- **Total number of vessels:** 2
- **Owned vessels:** 0
- **Chartered vessels:** 2
- **Length:** 228 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 74,500-93,000 tonnes
- **Cargoes:** Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- **Customers:** Oil majors and oil traders
- **Average age – owned vessels:** -
- **Total number of LR1 vessels in the global fleet:** 377
- **Average age of LR1 in the global fleet:** 10.7 years

#### MR
- **Total number of vessels:** 46
- **Owned vessels:** 15
- **Chartered vessels:** 31
- **Length:** 180-185 metres
- **Width:** 32 metres
- **Cargo capacity (deadweight):** 45,000-52,000 tonnes
- **Cargoes:** Refined oil products such as fuel oil, gas oil, gasoline, naphtha and jet fuel
- **Customers:** Oil majors and oil traders
- **Average age – owned vessels:** 7.1 years
- **Total number of MR vessels in the global fleet:** 1,423
- **Average age of MR in the global fleet:** 9.7 years

### Notes:
- All data as per 31 December 2018
- Source - global fleet data/dry cargo: Clarksons
- Source - global fleet data/tankers: SSY

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**Vessels on order:**
- **Total number of vessels:** 23
- **Dry Cargo:** 15 (4 owned vessels)
  - (4 Supramax-vessels)
  - 11 long-term vessels
  - (3 Panamax-vessels, 7 Supramax-vessels and 1 Handysize-vessels)
- **Tankers:** 8
  - 8 long-term chartered MR vessels

**NORDEN’s fleet:**
- **Total number of vessels:** 368
- **303 dry cargo vessels**
- **65 tanker vessels**
As the CEO of energy trading house Danske Commodities, she is well-suited to support NORDEN’s transition towards becoming an even more trading-oriented business.

Helle Østergaard Kristiansen compares the shipping sector to her native energy markets, as both are highly volatile.

“The volatility is, to me, what makes these industries exciting and I believe that precisely this volatile aspect provides many opportunities, which can be capitalised on. Operating in these markets requires significant risk management, where again, I see strong parallels to my world, and thereby I believe I have a lot to offer for NORDEN,” she says.

Helle Østergaard Kristiansen has been part of the development of Danske Commodities, which was the first company in Denmark, and among the first in the Nordics, to trade energy. According to Helle Østergaard Kristiansen, this again draws parallels to NORDEN’s journey of increasing trading activity, something she has significant experience with.

Aside from risk management experiences and making a success of being a first mover, she also brings skills to support NORDEN’s ongoing digitalisation.

“NORDEN can – and must – continue to push the digital agenda, both in terms of technology, skills and employees, but also in terms of having the right mindset and approach. The latter needs to come from the management and the culture across the business and will be instrumental in making NORDEN reap the full benefits of the ongoing digitalisation efforts,” notes Helle Østergaard Kristiansen.

MEET THE NEW BOARD MEMBERS

THE ENTREPRENEURIAL AND DIGITAL CEO

Introducing Helle Østergaard Kristiansen, 40, bringing trading platform and digitalisation skills to NORDEN.
“After 30 years working in the shipping industry, the last 20 of which have been in Asia and 10 of these in Singapore, I wanted a change and wanted to move back to Europe to do something different,” Steve Kunzer says. “I was approached to ask if I was interested in joining the board of NORDEN. I did not need long to think about it as NORDEN is one of the leading independent shipping companies in the world, specialising in product tankers and dry cargo, which are my two main areas of expertise.”

Steve Kunzer has served as the head of Eastern Pacific Shipping, as Managing Director of Tanker Pacific Management (Singapore) and, before then, as Chief Representative for Zodiac Maritime Agencies in Singapore. The extensive shipping background stems from a position as a Management Trainee at P&O Bulk shipping, and in fact, his dealings with NORDEN go back to the 1990s, where he was involved at P&O Bulk Shipping in time chartering the two NORDEN Cape-size vessels M.V NORD-ENERGY and M.V NORD POWER.

He is excited to join the board and bring his know-how and hands-on approach to the table.

“NORDEN is an interesting company for a number of reasons. It is both an owner and an operator of vessels, having a large fleet of owned and chartered dry cargo vessels and product tankers. Norient Product Pool is highly regarded in the industry, including single trip and short-term chartered vessels, and Dry Operator uses its experience and network to leverage more value than simply owning vessels,” he says, adding that he hopes his experience as being CEO of one of the world’s largest private fleets and experience in running a tanker company will come to good use at NORDEN.
# NORDEN’s Board of new board

<table>
<thead>
<tr>
<th>Position</th>
<th>Klaus Nyborg</th>
<th>Johanne Riegels Østergård</th>
<th>Karsten Knudsen</th>
<th>Tom Intrator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chairman</td>
<td>Vice Chairman</td>
<td>Board Member</td>
<td>Board member</td>
</tr>
<tr>
<td></td>
<td>Managing Director</td>
<td>Architect</td>
<td>Managing Director</td>
<td>Former CEO and President in Cargill</td>
</tr>
</tbody>
</table>

**Other directorships**

- Experience with management of global, listed shipping companies, strategy, investment, sale and purchase, financial issues and risk management
- General management, financial and business insight as well as detailed knowledge of NORDEN’s values and history
- General management and strategy, broad financial experience, comprising accounting, investment banking and management of financial risks, including credit risks
- Experience as an executive in one on the world’s largest trading houses, international background, and extensive knowledge of energy, shipping and metals. Experience within management, strategy, investment, customer relations and service, financial issues and risk management

<table>
<thead>
<tr>
<th>Board member since</th>
<th>2012</th>
<th>2016</th>
<th>2008</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term expires</td>
<td>2019 (Chairman since 2015)</td>
<td>2019 (Vice Chairman since 2017)</td>
<td>2019</td>
<td>2019</td>
</tr>
<tr>
<td>Attendance 2018*</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>86%</td>
</tr>
<tr>
<td>Independent/Not independent**</td>
<td>Independent</td>
<td>Not independent</td>
<td>Not independent</td>
<td>Independent</td>
</tr>
<tr>
<td>Born in</td>
<td>1963</td>
<td>1971</td>
<td>1953</td>
<td>1959</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Male</td>
</tr>
<tr>
<td>Nationality</td>
<td>Danish</td>
<td>Danish</td>
<td>Danish</td>
<td>Swiss</td>
</tr>
<tr>
<td>No. of shares</td>
<td>1,700</td>
<td>499</td>
<td>2,000</td>
<td>0</td>
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</tbody>
</table>
## Directors with the members

<table>
<thead>
<tr>
<th>Position</th>
<th>Helle Østergaard Kristiansen</th>
<th>Stephen John Kunzer</th>
<th>Lars Enkegaard Billmann</th>
<th>Susanne Fauerskov</th>
<th>Jesper Svenstrup</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board member CEO of Danske Commodities</td>
<td>Board member Former CEO in Eastern Pacific Shipping</td>
<td>Board member Captain</td>
<td>Board member Head of Marine Payroll</td>
<td>Board member Head of Supramax South Atlantic</td>
</tr>
<tr>
<td>Other directorships</td>
<td>Stauning Whiskey A/S (BM)</td>
<td>Elected by the employees</td>
<td>Elected by the employees</td>
<td>Elected by the employees</td>
<td></td>
</tr>
<tr>
<td>Relevant skills</td>
<td>Experience as CEO in an international energy trading house, extensive knowledge of energy, risk management, optimising processes and digitalisation. Competences within digitalisation, international financing and risk management</td>
<td>Experience within management of one of the world’s largest private family ship owners. Competences within international shipping especially within the tanker segment and experience in operating a large diversified fleet</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board member since</th>
<th>2018</th>
<th>2018</th>
<th>2013</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term expires</td>
<td>2019</td>
<td>2019</td>
<td>2021</td>
<td>2021</td>
<td>2021</td>
</tr>
<tr>
<td>Attendance 2018*</td>
<td>-</td>
<td>-</td>
<td>29%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Independent/Not independent**</td>
<td>Independent</td>
<td>Independent</td>
<td>Not independent</td>
<td>Not independent</td>
<td>Not independent</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>Male</td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Nationality</td>
<td>Danish</td>
<td>British</td>
<td>Danish</td>
<td>Danish</td>
<td>Danish</td>
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<tr>
<td>No. of shares</td>
<td>800</td>
<td>0</td>
<td>723</td>
<td>723</td>
<td>470</td>
</tr>
</tbody>
</table>

Directorships and shareholdings are stated as at 31 December 2018. The directorships do not include positions within the NORDEN Group.

CB: Chairman of the Board. VCB: Vice Chairman of the Board. BM: Board Member. MD: Managing Director.

* Calculated as percentage of required attendance

** In addition to the shares held personally by Johanne Riegels Østergård and Karsten Knudsen or through their related parties, both are associated with A/S Motortramp, which holds 12,952,803 shares in NORDEN. Employee-elected board members are not independent by virtue of their employment.
HIGHLIGHTS
FROM
ANNUAL REPORT 2018

DIGITALISATION IS AN EVER MORE INTEGRATED PART OF NORDEN

— CUSTODIANS OF SMARTER GLOBAL TRADE —

DAMPSKIBSSELSKABET NORDEN A/S
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2018 HIGHLIGHTS

Business units key figures

<table>
<thead>
<tr>
<th></th>
<th>USD million</th>
<th>Dry Operator</th>
<th>Dry Owner</th>
<th>Tankers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution margin</td>
<td>68.9</td>
<td>41.2</td>
<td>22.1</td>
<td>132.2</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>33.0</td>
<td>32.2</td>
<td>7.2</td>
<td>72.4</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>32.3</td>
<td>34.3</td>
<td>-27.3</td>
<td>39.3</td>
<td></td>
</tr>
<tr>
<td>Profit/loss for the period</td>
<td>29.8</td>
<td>29.5</td>
<td>-30.5</td>
<td>28.8</td>
<td></td>
</tr>
<tr>
<td>Adjusted Result for the year</td>
<td>29.8</td>
<td>17.9</td>
<td>-27.7</td>
<td>20.0</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted result by business areas

**DRY OPERATOR**
30 USD MILLION

**DRY OWNER**
18 USD MILLION

**TANKERS**
-28 USD MILLION

Quarterly results
FULL YEAR AND FOURTH QUARTER 2018

With a strong finish to the year, the Adjusted Result for the year amounted to USD 20 million.

The Adjusted Result for NORDEN in 2018 amounted to USD 20 million in line with the latest announced expectations of USD 0 to 30 million. The profit/loss for the year was USD 29 million, which includes profit from sale of vessels of USD 9 million.

The result was, among other things, driven by a strong Adjusted Result of USD 19 million in the fourth quarter.

With agile position management, Dry Operator generated an Adjusted Result in the quarter of USD 17 million – the best quarterly result so far.

Similarly, Dry Owner benefited from attractive cover in a softening dry cargo market in the fourth quarter and generated an Adjusted Result of USD 5 million.

During the quarter, the product tanker market headwind reversed, however, the spike in rates towards the end of the year came too late to significantly affect the result during the quarter, and the Adjusted Result came to -3 million.

Key figures for the quarters

<table>
<thead>
<tr>
<th>USD million</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Total 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>38.5</td>
<td>17.1</td>
<td>21.0</td>
<td>2.6</td>
<td>31.7</td>
<td>72.4</td>
</tr>
<tr>
<td>Profit and loss from sale of vessels, etc.</td>
<td>0.0</td>
<td>9.2</td>
<td>-2.7</td>
<td>2.3</td>
<td>0.0</td>
<td>8.8</td>
</tr>
<tr>
<td>Depreciation and write-downs</td>
<td>-10.7</td>
<td>-10.5</td>
<td>-10.9</td>
<td>-11.6</td>
<td>-11.3</td>
<td>-44.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>28.2</td>
<td>18.4</td>
<td>7.5</td>
<td>-6.5</td>
<td>19.9</td>
<td>39.3</td>
</tr>
<tr>
<td>Profit/loss for the period</td>
<td>27.1</td>
<td>18.0</td>
<td>0.8</td>
<td>-9.3</td>
<td>19.3</td>
<td>28.8</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>41.4</td>
<td>-25.3</td>
<td>16.7</td>
<td>4.6</td>
<td>-21.0</td>
<td>-25.0</td>
</tr>
<tr>
<td>Adjusted Result</td>
<td>27.1</td>
<td>8.8</td>
<td>3.5</td>
<td>-11.6</td>
<td>19.3</td>
<td>20.0</td>
</tr>
</tbody>
</table>

* Adjusted Result is computed as “Profit/loss for the period” adjusted for “Profit and loss from sale of vessels, etc” including adjustment for sale of vessels in joint ventures.
### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,451.4</td>
<td>1,808.6</td>
<td>1,251.2</td>
<td>1,653.4</td>
<td>2,038.1</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>132.3</td>
<td>116.8</td>
<td>76.1</td>
<td>70.9</td>
<td>-205.6</td>
</tr>
<tr>
<td>EBITDA (excl. provision)</td>
<td>72.4</td>
<td>68.1</td>
<td>30.6</td>
<td>165.5</td>
<td>-31.3</td>
</tr>
<tr>
<td>Provision (excl. joint ventures)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>-145.0</td>
<td>-230.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>72.4</td>
<td>68.1</td>
<td>30.6</td>
<td>20.5</td>
<td>-261.5</td>
</tr>
<tr>
<td>Profit/loss from sale of vessels etc.</td>
<td>8.8</td>
<td>0.9</td>
<td>-45.5</td>
<td>-31.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment losses</td>
<td>-44.3</td>
<td>-42.2</td>
<td>-49.6</td>
<td>-248.6</td>
<td>-68.2</td>
</tr>
<tr>
<td>EBIT</td>
<td>39.3</td>
<td>23.3</td>
<td>-64.5</td>
<td>-282.0</td>
<td>-335.5</td>
</tr>
<tr>
<td>Profit/loss for the year</td>
<td>28.8</td>
<td>24.6</td>
<td>-45.6</td>
<td>-284.9</td>
<td>-415.6</td>
</tr>
<tr>
<td>Adjusted Result for the year (^1)</td>
<td>20.0</td>
<td>28.4</td>
<td>-34.6</td>
<td>-263.0</td>
<td>-350.2</td>
</tr>
</tbody>
</table>

### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>1,464.4</td>
<td>1,326.5</td>
<td>1,301.0</td>
<td>1,604.7</td>
<td>1,778.0</td>
</tr>
<tr>
<td>Equity</td>
<td>826.8</td>
<td>834.4</td>
<td>801.4</td>
<td>856.1</td>
<td>1,139.3</td>
</tr>
<tr>
<td>Liabilities</td>
<td>637.6</td>
<td>492.1</td>
<td>499.6</td>
<td>748.6</td>
<td>638.7</td>
</tr>
<tr>
<td>Invested capital</td>
<td>970.2</td>
<td>836.7</td>
<td>753.8</td>
<td>788.7</td>
<td>1,131.6</td>
</tr>
<tr>
<td>Net interest-bearing debts/assets</td>
<td>-143.4</td>
<td>-2.3</td>
<td>-36.8</td>
<td>-131.6</td>
<td>-110.4</td>
</tr>
<tr>
<td>Cash and securities</td>
<td>188.6</td>
<td>219.4</td>
<td>263.9</td>
<td>365.7</td>
<td>238.3</td>
</tr>
</tbody>
</table>

### CASH FLOWS

- From operating activities: $-24.7, 6.3, -79.7, 76.9, -46.0$
- From investing activities: $-78.4, -0.2, 102.1, -112.9, 66.2$
- Hereof investments in property, plant and equipment: $-181.4, -75.4, -36.8, -131.6, -110.4$
- From financing activities: $104.5, 3.0, -85.3, 67.5, -79.4$

### SHARE RELATED KEY FIGURES

- No. of shares of DKK 1 each (including treasury shares): 42,200,000
- No. of shares of DKK 1 each (excluding treasury shares): 39,923,933
- No. of treasury shares: 1,276,067
- Earnings per share (EPS) (DKK): 0.7
- Diluted earnings per share (diluted EPS) (DKK): 0.7
- Dividend per share, DKK: 0
- Book value per share (DKK): 20.7 (135)
- Share price at year-end, per share DKK 1: 92.4

### OTHER KEY FIGURES AND FINANCIAL RATIOS

- EBITDA RATIO: 3.0%
- ROIC: 4.4%
- ROE: 3.5%
- Payout ratio (excluding treasury shares)\(^2\): 34.8%
- Equity ratio: 56.5%
- Price/book value: 0.7
- Total no. of ship days for the Group: 122,852

The ratios were computed in accordance with "Recommendations and Financial Ratios 2018" issued by the Danish Association of Financial Analysts. However, "Profit and loss from the sale of vessels, etc." is not included in EBITDA. Please see definitions in the section "Definitions of key figures and financial ratios". The figures are adjusted for the Company’s holding of treasury shares.

\(^1\) "Adjusted Result" for the year is computed as "profit/loss for the period" adjusted for "Profit and loss from sale of vessels, etc." and "Fair value adjustment of certain hedging instruments". Including adjustment for sale of vessels in Joint Ventures.

\(^2\) The payout ratio was computed based on proposed dividends for the year, including extraordinary dividends paid during the year.
The true value of NORDEN is more than the market value of the owned vessels. Today, NORDEN owns less than 15% of the operated fleet, and thus a substantial part of the value generation stems from our asset light dry cargo and tanker operations. This value creation is based on our strong organisational capabilities including the use of advanced systems providing analytics and risk systems, which enables the skilled employees of NORDEN to make market calls and deliver industry-leading execution of voyages and thus generating better results.

And in 2018, the positive development of NORDEN continued. Despite historically weak tanker markets, which resulted in a loss of nearly USD 28 million, NORDEN presents a profitable overall result for the Company. The Adjusted Result for the year amounts to USD 20 million which is in line with the latest announced guidance of USD 0 to 30 million. The result represents a return on equity of 3.5% and a step in the right direction in making NORDEN more profitable in the coming years as we transition towards a more asset light business.

With the USD 10 million share buy-back programme initiated in November 2018, NORDEN has already returned value to the shareholders. On top of this, the Board of Directors proposes that a dividend of DKK 2 per share is paid to the shareholders, bringing the total returns paid to shareholders to USD 23 million.

The results for 2018 were the outcome of initiatives and contributions from all corners of the organisation. While it is impossible to list them all, we mention some of the milestone initiatives below, which have contributed to increased transparency in NORDEN’s value creation and building a more asset light business:

- 2018 marked the first full calendar year of our Dry Operator business unit - and it has been a very successful first year. The Adjusted Result for the year for Dry Operator amounted to USD 30 million
- Our Dry Owner business unit increased the value of the portfolio on the back of an improved dry cargo market and with favourable timing of transactions, which has reduced our market exposure but also significantly increased the optionality in the portfolio.
- In Tankers, we utilised the very weak market to buy 4 MR tankers and charter in additional tonnage, creating the prerequisites for good returns when the market balance improves as expected. 60% of the NORDEN tanker fleet is now chartered.
- During the year, we secured installation of 26 scrubbers in 2019 and into 2020 with an estimated net positive cash flow effect of USD 40 million over the first 5 years.
- We introduced a highly advanced Fuel Efficiency module, which helps the organisation to identify and charter in the best performing vessels based on 730 million data points and the use of artificial intelligence.

“The result represents a step in the right direction in making NORDEN more profitable in the coming years.”

Klaus Nyborg
Chairman of the Board of Directors
We adopted a new CSR strategy focusing on the United Nations’ Sustainable Development Goal 9 – building resilient infrastructure – in line with our overall purpose of enabling smarter global trade.

And recognising the need for action on the important climate agenda, we tested the use of biofuel on one of our vessels and intend to offer CO2 neutral transport to a selected group of customers in the future. Together with a constant focus on safety, these initiatives and many more have positioned NORDEN well for the upcoming challenges and opportunities in 2019. Among these are the IMO 2020 sulphur regulation taking effect as of 1 January 2020 with the aim to reduce sulphur emissions drastically. The regulation will influence the entire industry: The product tanker fleet stands to benefit as new types of compliant fuel oil will be transported to new destinations, which is expected to increase transport demand.

In both tankers and dry cargo, the regulation is likely to increase the number of dockings and thereby temporarily reduce capacity as vessels are preparing by installing scrubbers and cleaning tanks. NORDEN is well prepared in both segments. With investments in scrubbers on selected vessels, we expect to obtain a significant competitive advantage, and with advanced data systems, we identify the best vessels to charter both on short and longer term. With intensive market research and knowledge, we constantly monitor and adjust our market exposure, and with skilled and passionate employees, we offer our customers logistical and operational optimisation and industry-leading execution. These are skills and capabilities that will come into good use as NORDEN navigates markets affected by increasing geopolitical uncertainty and lower long-term demand growth. And they are skills that allow us to look forward with confidence and optimism, knowing that all employees will do their utmost to increase the value created by the entire NORDEN organisation.

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The NORDEN business

THE NORDEN BUSINESS

DRY OPERATOR

Global transport solutions to dry cargo customers.

Generates a margin by:

- Logistical and operational optimisation, matching cargoes and vessels
- Utilising scale, market knowledge and access to customers and tonnage providers
- Taking short-term market positions

DRY OWNER

Cyclical market exposure to the dry cargo market.

Generates superior long-term returns by:

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

TANKERS

Transport services and cyclical market exposure in the product tanker market transporting gasoline, diesel, naphtha, etc.

Generate superior long-term returns by:

- Maximising earnings through positioning and voyage optimisation
- Safe, reliable and cost-efficient technical management of the owned fleet
- Utilising access to off-market deals through long-term relationships with shipyards and shipowners
- Timing and negotiating transactions of owned vessels and long-term charter contracts

NORDEN – more than physical assets

The true value of NORDEN is much more than the market value of vessels. With an increased focus on short-term operator activities and agile management of tradable positions, NORDEN is becoming less dependent on long-term cyclical market exposure. Instead, a major contributor to the value generation is built on highly sophisticated systems providing advanced analytics and risk systems. This enables the skilled employees of NORDEN to focus on relationships, make the right market calls and deliver industry-leading execution of voyages.

All in a company anchored in 148 years of history and strong values with transparency and well-established corporate governance.

THE VALUE OF NORDEN

NAV +

NAV (value of vessels – net debt) +

Value of contracts +

Value of margin generation as operator
NORDEN ENABLING SMARTER GLOBAL TRADE

With 11 offices across 6 continents, NORDEN is an integrated part of the global commodity trade delivering reliable, safe transport solutions to customers all over the world.

Founded and listed on the stock exchange in 1871, NORDEN offers its shareholders earnings from industry-leading operator activities generated by a highly skilled organisation in addition to cyclical exposure to dry cargo and product tanker markets.

Major commodities transported by NORDEN include:

- Grain
- Soybean
- Salt
- Wood pellets
- Coal
- Alumina
- Naphtha
- Gasoline/gasoil/diesel/jet fuel

<table>
<thead>
<tr>
<th>VESSELS</th>
<th>CUSTOMERS</th>
<th>OFFICES</th>
<th>NUMBER OF NATIONALITIES</th>
<th>YEARS OF HISTORY AND INTEGRITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>~330</td>
<td>&gt;500</td>
<td>11</td>
<td>30</td>
<td>148</td>
</tr>
</tbody>
</table>
**Business units**

**Dry Owner**
Cyclical exposure to the dry cargo market through ownership and long-term chartering of vessels.

**Tankers**
Safe, reliable transport solutions to customers and cyclical market exposure in the product tanker market.

**Dry Operator**
Data-driven short-term exposure to the dry cargo market matching cargoes with vessels. Providing logistically and operationally optimised transport solutions to customers.
STRATEGY

NORDEN is transitioning towards a more asset light business to generate higher returns on equity.

The Company is increasingly focusing on the shorter-term operator activities and agile management of tradable positions while reducing the long-term cyclical exposure as we believe the risk/return opportunity is higher for NORDEN with shorter term activities than managing a large asset position.

As part of this transition, NORDEN has:
- established the Dry Operator business unit
- reduced long-term T/C exposure to the dry cargo market
- increased short-term chartering activities in Tankers

Long-term demand growth in both dry cargo and product tankers is expected to be lower going forward than experienced in the last 15-20 years. This will, among other things, result in shorter shipping cycles requiring a more agile business approach and use of digital solutions to increase efficiency and capture value.

With several initiatives - most notably the establishment of a focused operator platform in Dry Operator - NORDEN has positioned the Company to create higher risk-adjusted returns from operating activities through its strong organisational capabilities and close customer contact and interaction.

BUSINESS AREAS

DRY OPERATOR

Utilising the strong platform built and close customer relations, Dry Operator will increase the value generation through an increase in both activity and profitability per vessel day. The objective is to build a platform able to generate an annual Adjusted Result of USD 40 to 60 million from 2021 onwards.

DRY OWNER

Focus is on asset trading, building optionality and constant adjustment of the market exposure. At the same time, Dry Owner will be expanding the number and magnitude of long-term cargo contracts (COAs), which will enable NORDEN to utilise the strong relationship with tonnage providers without increasing the long-term market exposure significantly.

TANKERS

With increased short- and long-term exposure to expected market improvements, focus is on utilising the strong commercial performance in Tankers and increase the activity within short-term T/C in/out.
Outlook for 2019

Based on improved market conditions in the tanker market and limited exposure to an uncertain dry cargo market, NORDEN expects an Adjusted Result for the year of USD 25 to 60 million in 2019 including the effect from IFRS 16.

The IFRS 16 accounting standard will be applied from 1 January 2019 onwards. The standard will have material impact on NORDEN’s capital structure as off-balance operating leases will be capitalised. The expected impact of IFRS 16 in 2019 is a decrease of USD 14 million on the Adjusted Result (see more on page 15).

Dry Operator
In Dry Operator, the platform continues to be improved with advanced analytics, decision support systems and capabilities of the organisation. The ambition is to grow both activity levels and margins, however, 2018 was a very successful year, and the realised USD 30 million in Adjusted Result was ahead of the original expectations for the year. On that basis, an Adjusted Result of USD 20 to 30 million is expected for 2019.

Dry Owner
Dry Owner is expected to deliver an Adjusted Result of USD 0 to 10 million. While the locked-in rates for 2019 are higher than the realised rates in 2018, the implementation of IFRS 16 impacts the Adjusted Result negatively by USD 12 million. With 89% of the capacity already covered, the market developments during the year will have limited impact on the results.

Tankers
NORDEN expects the Tanker business to deliver an Adjusted Result for 2019 of USD 5 to 20 million, which is significantly above 2018. The implementation of IFRS 16 impacts the expected Adjusted Result negatively by USD 2 million. With only 24% of the capacity covered, results will be highly dependent on market developments. Overall, market conditions are expected to improve compared to the very difficult 2018, and 2019 has already started with significantly higher rates than in the early parts of 2018.

NORDEN expects an Adjusted Result for the year of USD 25 to 60 million.”

Financial calendar for 2019

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 February</td>
<td>Final deadline for shareholders to submit specific issues to be included on the agenda for the annual general meeting</td>
</tr>
<tr>
<td>5 March</td>
<td>Annual report 2018</td>
</tr>
<tr>
<td>11 April</td>
<td>Annual general meeting</td>
</tr>
<tr>
<td>7 May</td>
<td>Interim report – first quarter 2019</td>
</tr>
<tr>
<td>14 August</td>
<td>Interim report – second quarter and first half-year 2019</td>
</tr>
<tr>
<td>6 November</td>
<td>Interim report – third quarter 2019</td>
</tr>
</tbody>
</table>

Outlook for 2019

<table>
<thead>
<tr>
<th>USD million Adjusted Result for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Operator</td>
</tr>
<tr>
<td>Dry Owner</td>
</tr>
<tr>
<td>Tankers</td>
</tr>
<tr>
<td>Group</td>
</tr>
</tbody>
</table>

Forward-looking statements

This annual report contains certain forward-looking statements reflecting Management’s present judgement of future events and financial results.

Statements relating to 2019 and the years ahead are inherently subject to uncertainty, and NORDEN’s realised results may therefore differ from projections.

Factors that may cause NORDEN’s realised results to differ from the projections in this annual report include, but are not limited to: Changes to macroeconomic and political conditions – particularly in the Company’s principal markets; changes to NORDEN’s rate assumptions and budgeted operating expenses; volatility in freight rates and tonnage prices; regulatory changes; counterparty risks; any disruptions to traffic and operations as a result of external events, etc.
Capturing value in volatile markets

2018 was the first full calendar year as a separate business unit for Dry Operator, and it has been a highly successful year.

Dry Operator delivered both a strong financial result and continued to fine-tune the sophisticated platform for future profitable growth. The 2018 Adjusted Result was USD 30 million. This is at the high end of the Dry Operator guidance, which was revised upwards in August 2018 to USD 20 to 30 million. The result was the outcome of a total of 96,123 vessel days operated with an average contribution margin of USD 717 per vessel day. After inclusion of all costs, the average Adjusted Result per vessel day amounted to USD 310.

Dry Operator generated the result in a year where the usual seasonal patterns in market rates were less pronounced, but significant short-term volatility created opportunities that were well captured by Dry Operator.

In 2018, NORDEN has continued to strengthen the foundation for growth and value creation through a number of initiatives:

- Strengthened voyage optimisation capabilities through development of an automated dynamic weather routing application
- Developing an in-house risk management system providing support to commercial teams and management
- Opened a new office in Vancouver and expanded the North American business and global reach
- Developed and implemented sophisticated AI-based vessel fuel performance evaluation system
- Specialist capabilities within legal, risk and market research integrated with commercial teams
- Implemented an automated market assessment tool to share market insights across global teams
- Initiated targeted growth initiative to improve tonnage access by strengthening vessel owner relations
- Increased the FFA activity by more than 100% to offer more competitive freight to clients
- Increased retention of staff in our efforts to become first choice of employees
- Established partnership on AIS-based analytics tool

Looking ahead, the focus in 2019 will continue to be on creating, adding and delivering value to our clients and shareholders.

Dry Operator key figures (USD million)

<table>
<thead>
<tr>
<th></th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Last 4 quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution margin</td>
<td>3.0</td>
<td>23.7</td>
<td>12.9</td>
<td>17.7</td>
<td>11.5</td>
<td>26.8</td>
<td>68.9</td>
</tr>
<tr>
<td>O/A costs</td>
<td>-7.6</td>
<td>-9.6</td>
<td>-8.8</td>
<td>-8.6</td>
<td>-8.8</td>
<td>-9.8</td>
<td>-36.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>-4.6</td>
<td>14.1</td>
<td>4.0</td>
<td>8.9</td>
<td>2.6</td>
<td>16.8</td>
<td>32.3</td>
</tr>
<tr>
<td>Adjusted Result</td>
<td>-2.1</td>
<td>13.9</td>
<td>3.1</td>
<td>7.9</td>
<td>2.3</td>
<td>16.5</td>
<td>29.8</td>
</tr>
<tr>
<td>Vessel days</td>
<td>23,187</td>
<td>23,487</td>
<td>24,442</td>
<td>25,190</td>
<td>23,833</td>
<td>22,658</td>
<td>96,123</td>
</tr>
<tr>
<td>CM per vessel day (USD/day)</td>
<td>129</td>
<td>1,009</td>
<td>528</td>
<td>703</td>
<td>483</td>
<td>1,191</td>
<td>717</td>
</tr>
<tr>
<td>Adjusted Result per vessel day (USD/day)</td>
<td>-91</td>
<td>592</td>
<td>127</td>
<td>314</td>
<td>96</td>
<td>732</td>
<td>310</td>
</tr>
</tbody>
</table>

Contribution margin (CM) is defined as “Revenue” less “Vessel operating costs” plus “Other operating income, net”

Despite a decrease in activity in the fourth quarter, Dry Operator delivered the best quarterly result so far as the business unit during the third quarter had adjusted the exposure and locked in profit.
**DRY OWNER**

Reducing exposure

With a number of initiatives and transactions, Dry Owner increased both cover and optionality of the fleet in 2018.

Benefitting from a healthy dry cargo market and good coverage, Dry Owner generated an Adjusted Result of USD 18 million in 2018.

Furthermore, Dry Owner utilised the market to reduce forward exposure significantly for the next couple of years by securing both short- and long-term cover. At the same time, Dry Owner has focused on increasing the optionality of the portfolio further to secure significant value generating potential. At year-end, the number of optional days in the portfolio had increased by 16%, bringing it to a total of 35,000 optional days from 2019 to 2026.

In 2018, Dry Owner has:

- expanded the Dry Owner T/C capacity by entering into 6 new charter agreements, scheduled for delivery in the second half of 2019 and during 2020. All charters have a duration between 3-5 years and come with both extension and purchase options.
- utilised the appreciating asset prices during the first half of 2018 to sell 1 Supramax and 2 Handysize vessels.
- taken delivery of 4 Supramax new-buildings previously ordered.
- increased coverage significantly for especially 2019 and 2020 bringing coverage for 2019 to 89% as of 31 December 2018.

Dry Owner is in possession of 35 purchase options on vessels providing the Company with the ability to expand the number of fleet days in strong market periods. At the end of the year, the market value of Dry Owner’s purchase and extension options was USD 18 million.

As expected, the dry cargo market continued its gradual improvement in 2018. Driven by strong global economic growth and limited supply growth, the Baltic Dry Index improved by 4.2% compared to 2017.

At the beginning of 2019, the dry cargo market has been weak, and in 2019, rate levels are not expected to continue the trend from the last 3 years of overall gradual improvement.

Dry Owner key figures (USD million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Last 4 quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution margin</td>
<td>7.7</td>
<td>11.6</td>
<td>10.9</td>
<td>11.0</td>
<td>41.2</td>
</tr>
<tr>
<td>O/A costs</td>
<td>-2.2</td>
<td>-2.1</td>
<td>-2.2</td>
<td>-2.5</td>
<td>-9.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>14.1</td>
<td>6.7</td>
<td>8.0</td>
<td>5.5</td>
<td>34.3</td>
</tr>
<tr>
<td>Adjusted Result</td>
<td>5.4</td>
<td>3.2</td>
<td>4.0</td>
<td>5.3</td>
<td>17.9</td>
</tr>
</tbody>
</table>

Employment and rates, Dry Owner, 2018

<table>
<thead>
<tr>
<th></th>
<th>Post-Panamax</th>
<th>Panamax 7,552</th>
<th>Supramax 8,026</th>
<th>Handysize 3,211</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCE, 2018 Days</td>
<td>298</td>
<td>12,027</td>
<td>11,049</td>
<td>10,229</td>
</tr>
<tr>
<td>USD/day</td>
<td>8,306</td>
<td>12,027</td>
<td>11,049</td>
<td>10,229</td>
</tr>
</tbody>
</table>

Source: Baltic Exchange

Source: Clarksons
TANKERS

Increased exposure

In 2018, NORDEN continued the gradual expansion of tanker exposure through purchase of 4 MR vessels and an increase in both short- and long-term activity.

In a historically poor tanker market during the first 3 quarters of 2018, NORDEN’s tanker business realised an Adjusted Result for the year of USD -28 million. The Company’s Handysize tankers generated daily earnings at an average of USD 11,768, while daily earnings in the MR fleet amounted to USD 12,497. During the fourth quarter of 2018, product tanker rates increased significantly in stark contrast to the rest of the year due to seasonal demand increases and positive spill-over effects from the crude tanker market.

Global oil demand grew at a healthy pace of 1.2%, but for most of the year, parts of this demand was met by draws from inventories, which limited the overall demand for tanker vessels to 2.3% for crude and 3.4% for product Y/Y (source: TRACS) when measured in tonne-miles.

Despite a declining tanker market throughout most of the year, NORDEN managed to generate daily earnings of USD 12,306, which is on par with the 1-year T/C rate. Based on the strong operational performance by NORDEN as well as the transaction capabilities and relationships with tonnage providers, NORDEN continues to focus on expanding the intake of short-term firm and optional capacity. This has been done as part of a strategic effort to pursue further value creation in the operator activities in the tanker business. The acquisition of 100% ownership of Norient Product Pool ApS is another part of these efforts. Through short-term T/C contracts with a duration of 1 year or less, NORDEN has a total capacity of 2,664 days with a further 4,122 days of optionality in 2019 and 2020.

The tanker market is expected to be stronger than in 2018. In the second half of 2019, it is expected that the coming IMO 2020 global sulphur regulation will start to affect the tanker markets both from operational factors and actual increase in the demand for oil transport. A part of the fleet will go into extended dry docks for installation of both scrubbers and ballast water treatment systems, which is likely to negatively impact the size of the fleet available for transport of oil.

NORDEN entered 2019 with a coverage of 24%, leaving 76% of nearly 17,000 vessel days open and is thereby well positioned to benefit from the expected improvement in the market.

Tanker key figures (USD million)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution margin</td>
<td>11.2</td>
<td>5.9</td>
<td>-5.1</td>
<td>10.1</td>
<td>22.1</td>
<td>51.8</td>
</tr>
<tr>
<td>O/A costs</td>
<td>-3.7</td>
<td>-3.5</td>
<td>-3.6</td>
<td>-4.1</td>
<td>-14.9</td>
<td>-9.3</td>
</tr>
<tr>
<td>EBIT</td>
<td>0.2</td>
<td>-8.1</td>
<td>-16.9</td>
<td>-2.5</td>
<td>-27.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Adjusted Result</td>
<td>0.3</td>
<td>-7.6</td>
<td>-17.9</td>
<td>-2.5</td>
<td>-27.7</td>
<td>14.2</td>
</tr>
</tbody>
</table>