NORDEN NEWS

FOCUS
Biofuel

NORDEN SETS SAIL ON BIOFUEL
Successful test voyage on sustainable fuel
Page 10

RESILIENCE AND RELIABILITY
How close relations make the world go round
Page 18

GRAIN CONSORTIUMS
Pioneering to optimise the supply chain
Page 22
NORDEN calendar

12 February - 5 March 2019
Silent period until the publication of the full year 2018 financial report.

28 February 2018
Final deadline for shareholders to submit specific issues to be included on the agenda for the annual general meeting.

5 March 2019
Publication of full year 2018 financial report.
Contents

FOCUS
Biofuel

Page 10
NORDEN sets sail on biofuel

NORDEN has successfully finalised a test voyage with a large commercial ocean-going vessel being powered by CO₂ neutral biofuel.

Page 4
EDITORIAL:
The first steps towards a cleaner future

Page 5
Defining the new normal:
Transparent ship recycling

Page 6
NORDEN around the globe

Page 16
Embracing the winds of change

Page 18
Resilience and reliability - How close relations make the world go round

Page 21
NORDEN Profile
- Proximity to the customer

Page 22
Pioneering to optimise the supply chain

Page 24
Captain of the floating hospital

Page 25
SS NORDLYSET discovered 141 years after capsizing

Page 26
NORDEN in brief

Page 27
NORDEN’s fleet
The first steps towards a cleaner future

The shipping industry is taking steps to become more environmentally responsible, and rightly so. With the support of global actors such as the International Maritime Organization (IMO), shipping is heading towards cleaner, ‘greener’ times.

At NORDEN, we fully support this transition and we want to take a leading role in ensuring the good intentions are more than just that. Actions, as we all know, speak louder than words and that is why we have tested the use of biofuel on one of our vessels.

We have come a long way in increasing fuel efficiency and have for example reduced CO₂ emissions per tonne cargo transported on owned tanker vessels by 25% between 2007 to 2017. With the newly introduced IMO targets on CO₂ reductions, however, it is evident that increased fuel efficiency alone is not enough. We need alternative solutions and, with this test, have a viable method to help us reach these targets.

Even though shipping is a polluting industry, it is still the most CO₂ effective way of transporting large amounts of cargo over long distances. By using biofuel, the transport becomes 100% CO₂ neutral, and as the biofuel we use is derived from used cooking oil, the CO₂ neutral transport is also fully sustainable.

Although biofuel may not be the sole solution in the long run, we believe that the carefully chosen second generation biofuels we have found can contribute significantly to reducing CO₂ emissions here and now.

You can read much more about our biofuel initiative and how we intend to offer the product to a select group of customers from early 2019 in this issue of NORDEN News.

With the year coming to an end, I also want to take the opportunity to thank all our business relations across the globe for yet another successful year. NORDEN is in transition, becoming increasingly agile and asset-light, raising focus on digitalisation, optimisation and of course having the right business partners and employees to take us forward. We look forward to seeing you all again in 2019, as yet another exciting new chapter begins in NORDEN’s almost 150-year history.

Enjoy the issue.

Jan Rindbo
DEFINING THE NEW NORMAL

TRANSPARENT
SHIP RECYCLING

Conducting business in a legal, ethical and socially responsible manner is core to NORDEN. What is also core to NORDEN, is operating a modern fleet, selling and redelivering vessels long before their end-of-life, which also means the company has not recycled a vessel since 1928.

Nonetheless, should the company face a situation where this should become necessary, the standards for doing so would be high. To encourage others to have equally high standards and in general promote transparency in the industry of responsible ship recycling, NORDEN is a founding member of the international Ship Recycling Transparency Initiative (SRTI).

"While we do not have recent experience with recycling, and therefore do not have every detail of the process planned, we believe in taking a stand – and taking responsibility – should the situation arise in the future," says CEO Jan Rindbo.

Creating a level playing field
While there are already several regulations across various conventions, the SRTI group believes there are no effective global regulations in force to ensure a full and consistent approach to ship recycling.

"We're facing the challenge of an uneven playing field due to different – and often undefined – approaches to ship recycling. Responsible ship recycling does not always get rewarded, while bad practice can go unchecked," says Andrew Stephens, Executive Director, SRTI.

The focus of the SRTI is thereby to accelerate a voluntary market-driven approach to responsible ship recycling practices through transparency, and subsequently to influence and improve the decision-making about ship recycling, creating an industry-wide level playing field. The organization operates as an independent data convener and reporting mechanism by way of an online platform for shipowners to voluntarily disclose their policies and practices against a set of predefined ship recycling disclosure criteria, which also allows for improved reporting.

NORDEN is adopting several initiatives to support the SRTI, among others regarding the sale of owned vessels and the return of chartered vessels, which are past a certain date.

"As a member of the SRTI Steering Group, NORDEN has provided us with important inputs throughout the SRTI development process, including the development of disclosure criteria for shipowners' data on ship recycling. While it may not have the extensive recycling experience of other larger shipowners, NORDEN has shown that any shipowner can be proactive and transparent about what is being done with their ships as they approach the end of their useful life. A critical mass of shipowners sharing information through the SRTI online platform will shift the current industry narrative on ship recycling," adds Andrew Stephens.

What is ship recycling?
Ship recycling is the process of dismantling the ship that happens at the end of its life, including all associated operations such as mooring, dismantling, recovery of materials and reprocessing.
NORDEN around the globe

Scrubber implementation moves one step closer

In October, representatives from NORDEN and Besiktas Shipyard met to finalise the agreement of installing scrubbers on part of the NORDEN fleet.

The upcoming regulation for a limit of 0.5% sulphur emissions from vessels to improve air quality means scrubbers are an important step in achieving cleaner air and the signing ceremony between Besiktas Shipyard and NORDEN for 10 scrubber installations means NORDEN is now one step closer to installing a total of 26 scrubbers across the fleet, beginning in 2019.

Scrubbers will be installed on owned and long-term chartered vessels.

“We have conducted a thorough analysis of the effect of the sulphur directive, when it takes effect on 1 January 2020. The price difference between low sulphur and high sulphur fuel is expected to be substantial for some time, which makes scrubbers an attractive method of complying with the sulphur regulations,” says Jens Christensen, Head of Technical Department. “In practice, this means that vessels equipped with a scrubber are expected to have a significant competitive advantage as of 2020, and we therefore see scrubbers as an investment which is both economically attractive and technically viable.”

NORDEN joins Clean Shipping Alliance

NORDEN has joined the Clean Shipping Alliance 2020, CSA, a newly established organization working to inform about the environmental benefits of Exhaust Gas Cleaning Systems (EGCS), commonly known as “scrubbers.” CSA consists of 24 leading maritime companies, representing over 2,000 ships from the commercial shipping and cruise industries.

Scrubbers work by reducing sulphur oxide (SOx) emissions by spraying alkaline water into the vessel’s exhaust, which removes SOx from the ship’s engine and boiler exhaust gases. Sulphur in the form of sulphate is the end product of the scrubbing process and is a naturally occurring constituent of seawater, therefore not harmful to the sea.

Scrubbers on ships using HSFO (high sulphur fuel oil) remove more than 98% of the SOx from the exhaust, resulting in emissions lower in sulphur oxides than those of marine gas oil (MGO), which is considered the benchmark for the IMO’s 0.5% sulphur cap coming into force on 1 January 2020.

NORDEN has ordered 26 scrubbers with optionality for a further 5 systems to be installed on owned and long-term chartered vessels.
Tee off for NORDEN’s Japan Open

56 dedicated golfers joined this year’s NORDEN INVITATIONAL for 18 holes of golf at Sunset Hills Country Club in Japan. The weather forecast leading up to the event had looked slightly challenging, but the day turned out to be calm and dry, sufficiently cool not to work up too much of a sweat even for the most enthusiastic golfers.

Determining a player’s golf handicap in Japan and thereby the overall result of a tournament can sometimes give the impression of a sweepstakes. The fact, however, that skills still play an important role was clearly demonstrated this year when the winner not only took the first prize of the tournament, but also impressed with a gross score of 77 – just 5 above the course par. Congratulations to Masataro Mizuno, General Manager of Phoenix Co. Ltd.

The game of golf was followed by a reception in the evening, where some 120 representatives of NORDEN’s close partners in Japan from across the shipping industry including owners, trading houses and shipyards met. As tradition has it, the events in Imabari were preceded a day earlier with a bank seminar for the 6th consecutive year, which drew an increasing number of participants, not only from the local Japanese banks but also a large number of trading houses, owners and shipyards.

NORDEN is proud of its long-standing relationship with Japan. For more than a century, NORDEN ships have called at Japan, and today, the commitment and friendship is as strong as ever. Not only does the current long-term charter commitments with Japanese tonnage providers accumulate to more than 200 vessel years in total, NORDEN is also increasingly active on the short-term market.

“The increase in activity is made possible through our strong relationship with tonnage providers and cargo owners, not least of all here in Japan. We hold these relationships in high regard and value – not just because they are essential to our growth ambition and daily operations, but also because they are built on mutual respect and provide mutual benefit,” said CEO Jan Rindbo. “The market has been extremely challenging in recent years. With financial strength and a long-term mindset and reliability as core values, we have always honoured our commitments - also during the difficult years - and we are now heading for a future of growth and increased profitability.”
Cooking up a storm

Under the warm Cyprian sun, employees from Norient Product Pool, which handles the commercial operation of the NORDEN tanker fleet, went head to head for a round of friendly competition in a Masterchef culinary challenge.

Creativity and teamwork were in focus in the team building exercise, where the 26 participants were divided into 5 teams, with a “chef” appointed to each, and each team was handed a shopping list and some funds to purchase the groceries.

The 3 course meals were created on a sharp time limit and judging was based on taste, presentation, teamwork and creativity. The result? A Masterchef-worthy meal and the opportunity to further improve the collaboration skills.
On route to Indonesia, Expedition Plastic, the NORDEN and D/S Orients Fond supported project to document plastic pollution in the oceans, has come to Fiji and the Solomon Islands, where it has once again discovered microplastic in the water. Expedition Plastic’s vessel, the S/Y Christianshavn, has also seen a new crew board the ship, preparing to test the waters around Sorong in Indonesia, which is the next destination.

In NORDEN’s native Denmark, organisation Plastic Change has investigated the waters around Denmark alongside the ‘By the Ocean We Unite’ organisation, looking into potential microplastic in the Danish waters. 8 of the 11 Danish tests proved positive to microplastic, which is comparable to what the expedition has discovered in the world seas.

So far, the only tests for no microplastic have been taken on the Equator in the middle of the Pacific.

NORDEN is a co-sponsor of the project, which runs from 2017-2020, and has entered into a partnership with the organisation. Findings from the expedition are meant to spread knowledge and awareness about plastic pollution in the oceans with the purpose of influencing politicians worldwide to take action.
SETTING SAIL ON CO$_2$ NEUTRAL BIOFUEL
“Now that we have proven CO₂ neutral transport as a viable alternative, I am convinced many carbon conscious customers within a foreseeable future will demand this type of transport”

CEO Jan Rindbo.
Decarbonisation is in focus for the shipping industry and as a firm advocate of more environmentally responsible shipping, NORDEN has been investigating alternatives to the current fuel types.

In September 2018, NORDEN made a breakthrough, when the company successfully completed a first: a test voyage with a large ocean-going commercial vessel, with the main engine powered 100% by CO2 neutral biofuel.

CEO Jan Rindbo says of the milestone: “NORDEN is proud to be at the forefront of testing and introducing carbon neutral fuel that truly makes an impact on the highly important agenda of reducing the carbon footprint of shipping”. He adds, “We have come a long way in increasing fuel efficiency and have among other things reduced CO2 emissions per tonne cargo transported on owned tanker vessels by 25% between 2007 to 2017. With the newly introduced IMO targets on CO2 reductions, however, it is evident that increased fuel efficiency alone is not enough. We need alternative solutions and with this test, NORDEN has shown a viable method to help us reach these targets.”

Successful test voyage
The test voyage, which follows months of planning and analysis, was conducted in co-operation with the Rotterdam-based GoodFuels – an innovative and market leading company in the field of advanced sustainable fuels. The test voyage was a ballast trip from Rotterdam in the Netherlands to Tallinn in Estonia on the 37,000 dwt, 182-meter-long Handysize product tanker vessel NORD HIGHLANDER.

To compare how the engine reacted to the biofuel as an alternative to low sulphur fossil fuel, the departure from Rotterdam was conducted on fossil fuel. After a visual inspection of the engine, the vessel switched to biofuel. During the voyage, the engine was operated at different loads for sufficiently long periods to establish stable performance. After the test, a final visual inspection of the engine was conducted. The engine was not negatively affected by the biofuel.

“The test documented that second-generation CO2 neutral biofuel is a technically suitable and thereby realistic alternative to comparable fossil fuel. During the voyage, it was documented that the engine performed as expected and the engine was able to deliver its power unrestricted”

Erik Carlsen, Technical Manager, NORDEN

How the concept works
When purchasing a carbon neutral transport solution, NORDEN neutralises the CO2 emission from the transport by replacing the fossil fuel consumed during the transport with an equivalent amount of CO2 neutral biofuel.

The bio fuel will not necessarily be burned on the specific CO2 neutral transport, but NORDEN guarantees and certifies that bio fuel covering the CO2 emissions will be used on NORDEN vessels. This will mainly happen during operation in the North European ECA (Emission Control Area) zone. The avoided carbon load will be credited to customers who have purchased CO2 neutral transport following what is known and well recognised as a mass balance scheme.

NORDEN will issue certificates documenting that the transport has been carried out in a CO2 neutral way.
The challenge: Shipping and pollution

With more than 90% of the world trade carried across the seas, the global shipping industry produces a significant amount of CO₂ emissions. The shipping industry accounts for 2.2% of the world’s total emissions, which corresponds to a country like Germany. In other words, if shipping were a country, it would be the sixth largest producer of greenhouse gas emissions, only surpassed by the US, China, Russia, India and Japan.

The IMO notes that over the past three decades, the shipping industry has grown by an average of 5% annually, and thereby predicts that without regulation, CO₂ emissions from shipping could rise to 1.48 billion metric tons by 2020.

“While we have only just concluded the test voyage, our early conversations with potential customers are so far very positive”

Adam Nielsen, Head of Industrial Bulk

“The test documented that second-generation CO₂ neutral biofuel is a technically and economically suitable and thereby realistic alternative to comparable fossil fuel. During the voyage, it was documented that the engine performance is not affected, i.e. the full performance envelope can be delivered without restrictions,” says Erik Carlsen, Senior Technical Manager, NORDEN, who oversaw the test.

On offer to customers from 2019

Based on the research, NORDEN has concluded that second-generation biofuel is a viable alternative to fossil fuels. Several other test voyages have since been conducted, also successfully.

“Now that we have proven CO₂ neutral transport as a viable alternative, I am convinced many carbon conscious customers within a foreseeable future will demand this type of transport,” says Jan Rindbo.

Interest has already emerged, as Adam Nielsen, Head of Industrial Bulk at NORDEN tells NORDEN News:

“While we have only just concluded the test voyage, our early conversations with potential customers are so far very positive.”

He adds, “If all goes according to plan, we will offer the first customer CO₂ neutral transport in 2019 and scale up with larger volumes from 2020 when the new MARPOL regulations will be in force.

NORDEN acknowledges that biofuel may not be the sole solution in the long run, however, believes that the carefully chosen second generation biofuels used can contribute significantly to reducing CO₂ emission here and now. NORDEN will also continue working with GoodFuels to gain further experience with biofuel as an alternative to low sulphur fossil fuel and is also considering other possibilities to lower the carbon footprint.

GoodFuels and the company’s product has been thoroughly investigated by NORDEN, which found both the company and the product to be truly sustainable. Among items of special interest is GoodFuels’ sustainability board, consisting of leading NGOs such as the Carbon War Room and academics overseeing and monitoring GoodFuels’ operations.
Supporting the ongoing decarbonisation agenda is a focus for NORDEN. While the company acknowledges that biofuel may not be the sole solution in the long run, NORDEN however, believes that the carefully chosen second generation biofuels used can contribute significantly to reducing the company’s CO2 emission here and now.

Taking a stand is vital, and this is also recognized by NGOs, including Kåre Press-Kristensen, Senior Adviser, Ecological Council, who states, “We appreciate that NORDEN is investigating specific solutions to the climate challenge. We need actions here and now to meet the climate goals of the IMO and we are proud that NORDEN takes action, taking a leading role in biofuels, and look forward to following the development.”

NORDEN’s CEO Jan Rindbo is a firm advocate of leading the way towards shipping becoming a more environmentally responsible industry. Jan Rindbo was likewise among the 34 maritime CEOs to sign a call for action in support of decarbonisation at the Global Maritime Forum in Hong Kong in October. The call to action is an important step in the transition to a decarbonised future, where focus for the maritime industry is an accelerated technological and business model innovation, further improving operational and technical energy efficiency, and a transition to zero-carbon fuels and new propulsion systems.

The IMO is working with the shipping industry to reduce the total greenhouse gas emissions by at least 50% by 2050 and the call to action is an important aspect in raising awareness of the global goals. The maritime leaders at the forum noted that the move towards decarbonisation is an opportunity to develop new business through both technological and business model innovation, and that both carbon pricing and other mechanism should be explored to create economic value from greenhouse gas emission reductions.

To reduce CO2 emissions per transport work, as an average across international shipping, IMO aims to reduce the overall carbon intensity of the cargo transported per kilometre by the sector by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008.

What does CO2 neutral mean?

NORDEN is focused on delivering CO2 neutral transport. Shipping is by far the most CO2 effective way of transporting large amounts of cargo across long distances - the least CO2 emission relative to the cargo NORDEN transports - yet shipping is responsible for large CO2 emissions.

Using biofuel, the transport becomes 100% CO2 neutral. Furthermore, since the biofuel NORDEN use is derived from used cooking oil, a waste product, the CO2 neutral transport is also fully sustainable.

Using biofuel onboard the vessels releases no fossil CO2, meaning it is 100% carbon neutral, “tank to wake”. If the upstream CO2 footprint is included - from collecting the waste and processing into fuel - the biofuel gives a 85-90% reduction compared to fossil fuels. The latter is the so-called “well to wake” CO2 footprint.
The CO2 neutral transport is based on use of second-generation biofuel, a waste product from food production considered as one of the most sustainable solutions by leading international NGOs. The fuel is 100% vegetable based, with no animal fat.

GoodFuels, with whom NORDEN is working on the test voyage, is a market-leader in the field of advanced sustainable fuels, certified by both the RSB (Roundtable of Sustainable Biomaterials) and ISCC-EU scheme (International Sustainability - Carbon Certification). GoodFuels has a proven HVO (hydrotreated vegetable oil) track record since 2007 and strict sustainability criteria throughout the whole supply chain. The company’s sustainability principles include the product being waste and residue based, having no competition with food and no deforestation or biodiversity loss.

Dirk Kronemeijer, CEO and Founder, GoodFuels: “We want to greatly thank NORDEN for being a pioneer and joining us in this crucial step in developing a carbon-busting solution that is scalable, truly sustainable, technically compliant and, crucially, affordable. In our journey so far we have focused on applying widescale use of bio marine gas oil (MGO) equivalent biofuel, however for over three years we have been working to develop a bio-Fuel Oil (BFO) opportunity. Its arrival in the market is further supported by the dual prospect of impending lower sulphur and carbon legislation; offering an almost zero carbon and SOx alternative to HFO, and VLSFO, 0.5% blended fossil fuel, which will be prevalent in the market post-2020.”
Embracing the winds of change

Fifty-year-old Heidi Nykjær Persson had not expected to join a mid-sized Danish company. Her international career has spanned global players such as AP Moller Maersk and Deloitte, and she has spent much of her life working across Asia and Europe. A closer look at NORDEN, though, and she was sold, ready to steer the company’s HR direction into the future.

“I really enjoy working with established companies, with a rich heritage, which are in transition,” Heidi Nykjær Persson says of why she chose to join NORDEN. “NORDEN has a tremendously exciting agenda at the moment and in order for the business to be able to deliver its results, I see HR as a vital component in getting many of the elements rooted in the organisation.”

The competitive edge
Similar to NORDEN itself, Heidi Nykjær Persson describes herself as somewhat traditional yet also modern. She is driven by passionate people and enjoys being present in the moment, open and accommodating, and works to ensure HR remains relevant and a partner for the company in its continued growth.

“I do not believe in doing HR for the sake of HR,” she says. “HR has to be done for the sake of the business. It has to be a close collaboration, there has to be dialogue, and HR has to be there for both employees and managers.”

Heidi Nykjær Persson comes with a filled toolbox and with many years working as a consultant, also an analytical and structured approach, ensuring the end goal is always clearly in sight. With substantial change management experience, she is well suited to support NORDEN’s asset-light growth journey and digital transformation, where new ways of working and embracing new technologies will be key factors in furthering the company’s competitive edge.

The balanced individual
Heidi Nykjær Persson describes herself as happy and full of energy, where what you see really is what you get. She prefers straight talk with no hidden agendas and firmly believes that it is important for people to be given the space to unfold the disciplines they bring to NORDEN.

At home, Heidi Nykjær Persson’s twin 7-year-old boys are her top priority and keep her grounded. She believes it is important for a company to respect the balanced individual.

“The emphasis on people and human potential are a good match with NORDEN’s continued development of the Soulship programme. Here, focus is on developing a collaborative and performance-driven culture within the company, where employees feel empowered to take responsibility, unleash their potential and drive results together.

After just a few weeks on the job, Heidi Nykjær Persson feels empowered to support the continued growth of the company, where she says the many kind, warm and ambitious people are key for this to even be possible.

“I have already met so many great people, people who dare to be different, support NORDEN’s DNA of having stood the test of time, yet also willing to embrace the new – and lead the transition to the NORDEN of tomorrow,” she concludes.
NORDEN is flourishing and with that, preparing the company for the next phase of growth. With a bulk division which operates 275 bulkers at any given time – approximately 60 Handysizes, 115 Panamaxes and 100 Supramaxes – it may come as a surprise to some that NORDEN’s owned and long-term leased vessels only make up some 25% of this total volume. The vast majority of the vessels are thereby fixed with other owners across the world.

The company’s continued growth means the number of operated vessels is on the rise – and fast. The model of fixing with other owners will continue to dominate and for that reason, NORDEN is increasingly open to teaming up with other owners globally to help support the company’s continued growth.

Evergreen relations
As a shipowner itself, NORDEN trades other owners’ vessels as its own and
strives to be a reliable partner to other shipowners. NORDEN relies on its close network to perform its best and in turn, offers services to the network, thereby offering a win-win scenario to other owners. This is the company’s very foundation and NORDEN has been a reliable partner to other shipowners since the company’s inception in 1871 – one of the core reasons why the company is still in business after close to 150 years.

Therefore NORDEN is, as always, open to teaming up with partners with whom the company can build long-lasting relationships, working in a close win-win cooperation.

“We are more active in the period market to accommodate our increase in activity,” says Christian Vinther Christensen, Head of Dry Cargo. “While continued
growth and globalisation remain in focus for NORDEN, doing so in an increasingly asset light way are newer priorities. Asset light growth means core activities will include ramping up the chartering activities, both short-term and long-term."

Standing by your word
NORDEN’s preference is to have multiple ships from key owners, building evergreen relationships and offering flat rates or index linked deals depending on the owners’ desire. NORDEN has several hedging instruments and access to a large amount of cargo, hence is a period taker in any given market, another bonus for both NORDEN and its close relations. The company continually works to optimise the model for other owners, making it as easy and attractive as possible.

“Specific period teams in both Copenhagen and Singapore, which focus solely on owner relationships and a ‘one point of contact’, in the case of any problems or disagreements, enable NORDEN to offer freight solutions suitable to each owner’s requirements being it index linked, evergreen structures or fixed rates. With fixings with 140 different owners across 30 countries, our sustained growth is already built on close relations. Now we are looking to escalate, taking close partners along for the ride,” adds Christian Vinther Christensen.

“The durable and dependable ally
Bermuda based Interlink Maritime Corp., a provider of tonnage to agricultural and industrial companies, shipping companies and end-users, is among the many shipowners to have a close cooperation with NORDEN, to which it has chartered several of its modern Handysize vessels.

“With NORDEN, we have an open and constructive dialogue and always fair operation. We have a one point of contact and as a shipowner itself, NORDEN understands what is important from a shipowner’s perspective.

Standing by our word is alpha and omega to NORDEN, in both good times and less good times. This is one of the many reasons NORDEN remains a covetable business partner for others in the industry, and this forms the basis for our next growth chapter,” concludes Christian Vinther Christensen.

“With NORDEN, we have an open and constructive dialogue and always fair operation”
Forster Darling, Interlink Maritime Corp.

Also of relevance is NORDEN’s long history, reliability and financial strength,” says Forster Darling, Commercial Director at Interlink Maritime Corp.

Forster Darling adds, “NORDEN is additionally a good business partner for us, for example when discussing the many implications and practicalities arising in connection with the IMO’s 2020 sulphur regulations, where we need a solution-oriented charterer, with contacts worldwide.”
NORDEN Profile
– Proximity to the customer

Carefully selected and motivated employees, adaptability and efficient systems are vital to ensure NORDEN is relevant and able to meet the customers’ many varying different needs. Meet Chartering Manager Rasmus Zerlang, for whom customer relations and a ‘glocal’ mindset has become his path in life.

The markets never sleep – and the same can be said for shipping and NORDEN. With offices spread out all over the world, NORDEN is able to cater to the needs of our customers at all times.

Local offices also mean proximity to customers and freight, allowing NORDEN to maintain good relationships and ensure new, lasting relationships can be built. The global reach with 9 offices also means ample opportunity for talented employees to travel the world, learn the trade, and help further build the global network.

Hands-on experience Down Under
25-year-old Rasmus Zerlang joined the Melbourne office 3 months ago, after coming to NORDEN 4 years ago as a shipping trainee.

“I have truly enjoyed working at headquarters, but the added experience of working in one of our affiliates gives me even more experience and the ability to network with our customers. Customer relations are vital and that becomes even more evident in our local offices, where we are much closer to the cargo base. Shipping – and chartering – is so much more than just an office-based job and becoming part of NORDEN’s global reach in real life is truly exciting,” says Rasmus, adding that the worldwide offices have so many great local Operators and Chartering Managers from whom he can learn the ropes.

Another aspect of life in an affiliate is the proximity to influence.

“Being here gives a new level of hands-on experience and means I have a larger say in the local, smaller team, with more customer interaction. Shipping is an international industry, a social workplace, where relations with other people are in focus, be it customers in Switzerland, Australia, Singapore, or other.”

Digitalisation in practice
With the use of still more digital tools, NORDEN’s business is fast becoming digitalised, which also becomes even more evident in the local offices.

“Our ongoing digitalisation initiatives are making processes much easier, which is vital when working in different time zones. It means that for someone like me, I do not have to wait for the other offices to wake up in order to get the information I need, but instead I have easy access through various systems we use, making a small office like the one here in Australia, less dependent on the other larger offices,” notes Rasmus.

Another upside, according to Rasmus, is that streamlined systems make transitions between the various offices easy, as the systems used are the same through the entire organisation.

“As a young person, I am happy that NORDEN takes digitalisation seriously. I embrace all systems and tools that enable me to make better decisions and ultimately help us provide a better service to our many clients,” Rasmus concludes, as he heads off into the Melbourne evening for a customer event, in 25 degrees and sun.

Chartering Manager Rasmus Zerlang
NORDEN has extended the contract of affreightment (COA) with Costa Rican agriproduct firm Agropecuaria El Surco, a long-standing agreement, which was initially penned in 2009.

Jose Alvarado, director of the company since its foundation, was a pioneer in creating the concept of sourcing grains in consortium, which can now be seen throughout Latin American countries such as Colombia, Guatemala, Mexico, Panamá and various other global markets.

The Agropecuaria El Surco team has likewise worked closely with NORDEN to optimise processes and increase efficiency, using a foundation of trust and transparency across the unified teams to enable the common end goal of procurement, logistical and cost control excellence, and most importantly, creating a loyal customer brand.

“Trust and transparency paired with a unified approach to increase efficiency are models that NORDEN wholly embodies in its business ethic and customer portfolio,” says Jose Alvarado. “This approach has allowed NORDEN to continue to be the sole ocean freight provider for Agropecuaria El Surco since 2013.”

Creating transparency and trust across complex teams is key for building long-term relationships.

“We have worked closely with the Agropecuaria El Surco team for close to 10 years now, developing our relationship..."
to leverage business opportunities,” says Jason Lykens, Senior Chartering Manager, NORDEN North America. “By working closely together we have helped Agropecuaria El Surco leverage the company’s market access, understanding the importance of integrated supply chains and tight control over logistics.”

Julio Brenes, who has been with the company almost since its inception, is raised in the industry alongside Jose Alvarado, and likewise has a deep understanding of the maritime sector through extensive hands-on experience and studies at Sweden’s World Maritime University. The diversified experience between them both has been essential in creating further synergies between the Agropecuaria El Surco and NORDEN teams.

**Unparalleled rates of efficiency**
Grain consortiums provide consolidated procurement efforts, which in turn gives a group such as Agropecuaria El Surco a unique advantage to maintain a streamlined end-to-end supply chain for heightened logistical and cost control, including all aspects of the supply chain from the farm via the export grain elevator, then on to the ocean-going vessel and the port of discharge and finally to the local market.

In the example of Agropecuaria El Surco, once a product arrives at the discharge port in Caldera, Costa Rica, Agropecuaria El Surco coordinates the discharge of approximately 50,000 metric tons of cargo from an Ultramax vessel in an average of 3.5 days, weather permitting. The cargo is discharged directly into a fleet of 350 trucks that distribute the cargo of corn, soybeans and dried distiller’s grains to the local market. Through the continued efforts over the course of 25 years, Agropecuaria El Surco has reached a discharge and distribution rate of approximately 15,000 metric tons per day on average.
CAPTAIN OF THE FLOATING HOSPITAL

When Milan Falsing (pictured in the bottom left corner) is not at home with his fiancée and 16-month-old son, he sails the seven seas for NORDEN as a Chief Officer. Milan has always had a keen interest in shipping – more specifically with Denmark’s Great Belt Ferries.

“When the Great Belt Ferries stopped sailing in 1997, I wrote then-owner Scandlines, which let me come onboard one last time. I was at this point 11 years old, and at that moment I knew, I wanted to become a sailor,” says Milan.

**Access to care**

Milan has fulfilled his passion and has sailed for NORDEN since 2006. His interest in the Great Belt Ferries has not weaned and this paired with his big heart has also led him to charity work with Mercy Ships, an international charity, which currently operates the largest non-governmental hospital ship in the world. Incidentally, the same former Great Belt ferry Milan visited in 1997 has been bought by Mercy Ships and today sails under the name Africa Mercy, bringing volunteer medical teams and sterile operating rooms straight to people who may otherwise not have access to care.

Milan has previously volunteered with the Africa Mercy floating hospital in 2011 and 2015, and now reaches a personal...
SS NORDLYSET discovered 141 years after capsizing

The worst tragedy and casualty in NORDEN founder Mads Christian Holm’s 21 years as manager of the company, was the total loss of the new ship ‘NORDLYSET’ delivered from the Flensburg Yard Flensburger Schiffbau-Gesellschaft to NORDEN on 31 August 1877. Now, 141 years later, Dutch shipwreck divers have found the capsized vessel.

On route from Riga to Antwerp SS NORDLYSET was a two-mast freight ship, 1,980 tonnes deadweight, which after having loaded grain at Riga for Antwerp and bunkered at Copenhagen on 15 December, capsized and sank in a heavy storm at North Hook off Texel in the Netherlands on 18 December 1877.

Seven crew members and two rescuers perished in the tragedy, among them engineer Daniel Wright, who was linked to NORDEN since its very inception. The British engineer was on board NORDEN’s first steamer, also named ‘NORDEN’, when it set out on its maiden voyage from Glasgow in 1872. The ship’s global voyages during the first years virtually set the pattern for the employment of NORDEN’s vessels for the coming decades.

The minutes after the loss of ‘NORDLYSET’ tell of the voluntary amounts paid to those rescued by among others the crews onboard other NORDEN vessels.

Discovered by Dutch shipwreck divers This autumn, the vessel was discovered by a group of shipwreck divers in the Netherlands, who work alongside the Dutch Archaeology Department to explore shipwrecks off the Dutch coast. The divers had been diving around the same wreck for some months, a ship they initially thought was the SS Wandle England 1883-1893, but later found artefacts showing the vessel was in fact the SS NORDLYSET.

NORDEN thanks the dedicated divers for their efforts in finding this long-lost NORDEN vessel.

The floating hospital

Mercy Ships provides care to those in need, free of charge, and more than 95,000 surgeries have been performed onboard the ships since the charity’s inception in 1978.

By operating a hospital ship manned with volunteers and servicing areas with vast unmet needs, Mercy Ships works to develop the health treating capacity in the countries, which are primarily centred around the West African region.

milestone, as he in January 2019 sets out as Captain of the vessel for a two-month period, with the support of NORDEN.

“By choosing to support me as Captain on Africa Mercy, everyone in NORDEN, as well as those who use our ships, is supporting Mercy Ships, helping those in Africa who desperately need help. I believe that is CSR at its finest,” says Milan. “I am very proud to work for a company, which takes its social responsibility seriously, and had it not been for the support of NORDEN, it would not have been possible for me to go.”

The circle is complete

Milan is humbled to take on the task of Captain of the vessel – and truly excited to return to his beloved Great Belt Ferry. He takes over control of some 450 crew members, from 40 different nationalities, all working as volunteers to make change happen.

“Being named Captain of the world’s largest civilian hospital ship is no small feat. I will have the ultimate responsibility for all crew members – and in addition, 100 patients. For me, being named Captain of Africa Mercy also means my circle is complete – this ship is where I first decided I wanted to be a seafarer.”

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In the third quarter, NORDEN realised an Adjusted Result for the period of USD -12 million, in a historically poor tanker market, which overshadowed a healthy dry cargo market.

The third quarter result corresponds to an EBIT of USD -7 million. Cash flow from operating activities amounted to USD 5 million for the quarter, a significant improvement compared to the same period last year (USD -16 million) and the contribution margin was USD 17 million.

“Good performance in Dry Operator delivering another positive result cannot make up for the severe headwinds, we are facing in the tanker market. Dry Operator has responded well to changing trade flows following trade tensions between the US and China and has during the third quarter protected value in positions that will benefit results in the fourth quarter. Dry Owner continues to benefit from an improving market and has increased cover. In Tankers, a gradual improvement in 2019 is expected as the market prepares for the IMO sulphur regulation. With a modern fleet, NORDEN is well prepared for this.”

NORDEN maintains expectations for the full financial year 2018, expecting an Adjusted Result for the year of USD 0 - 30 million.

Status on the business units
Dry Operator generated a contribution margin of USD 11.5 million and an Adjusted Result of USD 2.3 million for the period, an improvement compared to the same period in 2017. The unit is well positioned for the fourth quarter.

In the third quarter, Dry Owner realised an Adjusted Result of USD 4 million. Dry Owner has continued to increase the cover for 2019 and has covered 100% of the capacity the next 6 months. NORDEN still expects a healthy dry cargo market in 2019, leaving the short-term exposure to be managed by Dry Operator while Dry Owner will benefit from locked-in revenue.

In the historically weak third quarter of 2018, NORDEN’s tanker business generated an Adjusted Result of USD -18 million, with spot rates being the lowest seen in a decade. While high oil prices continue to dampen oil demand growth, slowing supply growth and normal seasonality imply that rates are expected to improve in the fourth quarter. Looking into 2019, additions to refinery capacity, low fleet growth and a better crude tanker market are expected to lead to improving product tanker rates.

New candidates to the board of directors
In connection with the interim report, NORDEN announced that the board of directors proposes election of 2 new candidates to the board: Helle Østergaard Kristiansen, CFO in Danske Commodities, and Stephen John Kunzer, former CEO of Eastern Pacific, who currently heads one of the world’s largest private family ship owners. Both were elected to the board at the December Extraordinary General Meeting.

Share buy-back programme
The interim report also unveiled plans to carry out a share buy-back of up to a total of USD 10 million, to adjust the capital structure of the company.
## NORDEN’S FLEET

### Dry Cargo

#### Panamax

- Total number of vessels: 98
- Owned vessels: 4
- Charter vessels: 94
- 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: 12.0 years
- Total number of Panamax vessels in the global fleet: 2,547
- Average age of Panamax in the global fleet: 9.1 years

#### Supramax

- Total number of vessels: 114
- Owned vessels: 7
- Charter vessels: 107
- 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: 4.7 years
- Total number of Supramax vessels in the global fleet: 3,596
- Average age of Supramax in the global fleet: 8.9 years

#### Handysize

- Total number of vessels: 14
- Owned vessels: 9
- Charter vessels: 5
- Length: 175-185 metres
- Width: 27-31 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: 6.3 years
- Total number of Handysize vessels in the global fleet: 2,749
- Average age of Handysize in the global fleet: 10.1 years

### Tankers

#### LR1

- Total number of vessels: 2
- Charter vessels: 2
- Length: 228 metres
- Width: 32 metres
- Cargo capacity (deadweight): 75,000-93,000 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: 7.1 years
- Total number of LR1 vessels in the global fleet: 377
- Average age of LR1 in the global fleet: 10.4 years

### Notes:

- All data as per 30 September 2018
- Source: global fleet data/dry cargo: Clarksons
- Source: global fleet data/tankers: SSY

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**NORDEN’s fleet:**

321 vessels

264 dry cargo vessels

57 tanker vessels

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**Vessels on order:**

25

- **Dry Cargo:** 16
  - 5 owned vessels
    - (5 Supramax-vessels)
  - 11 long-term vessels
    - (3 Panamax-vessels, 7 Supramax-vessels and 1 Handysize-vessels)

- **Tankers:** 9
  - 9 long-term chartered MR vessels
    - (9 MR-vessels)
ON TIME DELIVERY AROUND THE WORLD

With more than 147 years of experience within shipping, we know more than most that time means money. That is why our highest priority is getting your cargo to its final destination, safely and on time — anywhere in the world. With a modern fleet and a global network of local offices to serve your needs in ports, we have everything it takes to make your shipping as simple, efficient and cost-effective as possible.

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