AUTUMN 2018

NORDEN NEWS

1-YEAR ANNIVERSARY
Dry Operator and Dry Owner off to a good start
Page 16

PREPARING FOR 2020
26 scrubbers to be installed on NORDEN vessels
Page 10

MANAGING RISK
New risk system improves decision-making
Page 14
NORDEN NEWS

DAMPSKIBSSELSKABET
NORDEN A/S

52, Strandvejen
DK-2900 Hellerup
Denmark
Telephone: +45 3315 0451
www.ds-norden.com

Editor-in-chief
Jan Rindbo, CEO

Editor
Nicolai Bro Jøhncke, Head of Corporate Communications & CSR
E-mail: nbj@ds-norden.com

Layout and graphic production
Noted

Cover photo
The bulb of the NORDEN owned Panama vessel NORDKAP on its way through the ice-cold waters by Milne Inlet by Baffin Sound between Canada and Greenland.

NORDEN calendar

17 October – 7 November 2018
Silent period until the publication of the interim report for the third quarter of 2018

7 November 2018
Publication of the interim report for the third quarter of 2018
Contents

Page 4
EDITORIAL:
Preparing for the future

Page 5
Vancouver office expanding

Page 6
NORDEN around the globe

Page 9
Robots are to help with cleaning of cargo holds

Page 10
FOCUS Scrubbers
NORDEN has secured the installation of 26 scrubbers that rinse exhaust gases for sulphur and enable compliance with the new sulphur regulation that is introduced in 2020.

Page 14
New digital risk management system improves decision making

Page 16
1-year birthday – the first 12 months with Dry Operator and Dry Owner has led to strong results

Page 19
350 guests at NORDEN Summer Party

Page 20
Travel letter from Plastic Change

Page 22
NORDEN in brief

Page 23
NORDEN’s fleet
NORDEN can soon celebrate its 150th year. To obtain this much experience within such a cyclical business as shipping, requires the ability to adjust to very volatile conditions. And this is an ability which NORDEN continues to apply to get the best out of both current and future markets.

In this autumn issue of NORDEN NEWS, you can read about how we have allocated USD 54 million to comply with future regulations for lower sulphur emissions coming into force on 1 January 2020. We believe that scrubber fitted vessels will have a competitive advantage due to their superior earnings capacity. Following in-depth analyses, we have concluded that scrubbers will be a sound investment, and the first NORDEN vessels will therefore soon have scrubbers installed in preparation for future requirements.

Because this is what it is all about. Always being prepared. This is also why we in the summer of 2017 divided our dry cargo business into 2 separate business units, Dry Operator and Dry Owner. This split has provided focus, transparency and increased agility throughout the business, and the results after the first 12 months are very satisfactory. You can read more about these results on page 16.

With the split, we have also built a platform for growth – and we intend to make use of this. Naturally, an important step in this connection is to know your risks. And this includes both the overall risks and the ones we face on a day-to-day basis in terms of our market exposure. To support the latter, a new and advanced, digital risk management system has been developed. This system can quickly and accurately show each individual charterer in NORDEN how his or her area is positioned in the market. This provides clarity and overview of how NORDEN can make the best out of the market conditions – both current and future ones. And these are just some of the initiatives which NORDEN is working on to be able to continue to deliver a service benefitting our customers and making world trade more efficient.

Please enjoy the magazine.

Jan Rindbo
CEO
VANCOUVER OFFICE EXPANDING

Less than a year after opening its office in Vancouver, NORDEN is ready to further expand its presence and activity on the west coast of North America.

The Vancouver office, led by Head of Dry Cargo West Coast North America, Mark LaFrankie, has gotten off to a very strong start since the office opened in January 2018 enabling NORDEN to provide a deeper service to existing customers and create new relations.

Port captain presence
“We are extremely pleased with the way NORDEN’s location in Vancouver has been received by existing and new customers in the region. We’ve increased our Pacific business considerably as a direct result of being in Vancouver - and the best part is that the increase has been high-quality business with solid results, with great customers. With our clear growth goals in mind, commercially and operationally, we are going to invest in people power to ensure first class operations and knowledge sharing with the global teams. We will be increasing our port captaincy presence on the coast to ensure smooth loading and discharging operations as well as to involve them in pursuing value-adding logistics projects leading to NORDEN competitive advantages,” says Mark LaFrankie.

Highly experienced addition
To accommodate the increase in activity and further strengthen the relationship with customers and partners, Senior Chartering Manager Carrie Chen will relocate to Vancouver from the NORDEN headquarters in Copenhagen and join the team in Vancouver. She brings with her 8 years of intensive shipping experience from NORDEN and has recently completed a master’s degree in business administration.

Operations
The operational side of the Vancouver business is also being strengthened. On back of the increase in activity, the office will also be manned with an operator bringing the office to a total of 4 dedicated and passionate NORDEN team members by year-end.
On 20 July, the crew of NORD SUN was honoured as the Brazilian Navy presented them with the prestigious award “Security on the Sea”. The crew received the award for their efforts in rescuing 3 seamen who had been shipwrecked off the coast of Itaguaí and Sepetiba on 9 March. NORD SUN was contacted, and a rescue operation was set in motion, and only 25 minutes after the initial contact to NORD SUN, the 3 seamen had been rescued.

The head of the NORDEN office in Brazil, Viviane da Rocha Gonçalves, accepted the award on behalf of the crew on board NORD SUN at an award ceremony in Rio de Janeiro, Brazil, witnessed by representatives from the Brazilian Navy and employees of NORDEN’s office in Brazil.

Mr. Rodrigues, Commander Senior Grade of the Brazilian Navy, Marine Traffic Control, presented the honorary award “Security on the Sea” to Viviane da Rocha Gonçalves, Head of Dry Cargo Brazil, NORDEN, who accepted the award on behalf of the crew of NORD SUN.

To support short and quick decision-making processes, Dry Operator is organised into specialised teams each with great decision-making power. This division does not only apply at the head office in Hellerup, located north of Copenhagen, Denmark, but also at the 2 largest overseas offices, Singapore and Annapolis.

Since 2017, the Singapore office has operated with a management team where the 5 functional leaders are also jointly responsible for the daily management of the office.

A similar set-up has now been introduced at the Annapolis office with Gregers Blaabjerg, Tim Fitzpatrick, Pablo Mariano Roche and Kris Bisci from Dry Operator as well as Philip Curran and Jesper Fløe from Norient Product Pool.
Customer event in Annapolis

250 guests from across the Americas attended the annual NORDEN event in Annapolis including a boat trip on Chesapeake Bay. The event was a good opportunity for CEO Jan Rindbo to introduce the new leadership community in the Annapolis office (see also previous page) to the many guests highlighting how NORDEN works with empowerment and local authority to deliver a reliable, fast and value-adding service to our customers.
New bunker desk in Singapore

The NORDEN bunker department is expanding its reach and services by opening a new bunker desk in what is NORDEN’s home away from home – Singapore. The city-state is NORDEN’s biggest bunker hub, with almost 1 vessel bunkering every day. With the new desk, the bunker team is now present in Europe, North America and Asia and able to service both local NORDEN offices as well as suppliers and traders across the different time zones. The Singapore bunker desk is managed by Senior Bunkers Manager Tjalfe Paulsen Durup.

Port captain gathering in Copenhagen

For a few days, NORDEN’s busy port captains, who are located around the world, gathered for a summit at the head office in Hellerup, north of Copenhagen in Denmark.

The port captains are NORDEN’s on-site problem solvers during loading and discharge operations.

The summit touched upon topics like; port captains 2020 and beyond – what do we need to do now to prepare for the coming years? How to pass on present knowledge and experience?

The agenda also included visits to suppliers of e.g. chemicals and robots for cleaning of cargo holds.

Despite the tight agenda, fortunately, there was also time for social events in form of cozy dinners – the last one in Tivoli in the centre of Copenhagen.

After the summit, it was back to work for the port captains in China, India, Singapore, Ghana, USA and Canada.

NORDEN’s team of port captains (from left to right): Eko Zheng, China, Jan Andersen, Canada, Jacob Angelba Christensen, USA, Song Hua (Radmond) Lu, China, Samuel Quansah, Ghana, Søren Retz Johansson, Singapore, Bhaswar Purkayastha, India, Claus B. Jensen, USA, and Joshua David Mooney, USA.
THE ROBOTS ARE COMING
– to clean the cargo holds

New robot improves safety, reduces water and chemical use and saves time in connection with cargo hold cleaning.

One week, the vessel is transporting coal – the next, it is grain. NORDEN’s dry cargo vessels are versatile cargo ships that can transport basically anything that can fit into a cargo hold. It does, however, require some preparation to switch from e.g. coal to foods such as soya bean, grain or other edible products. Preparations which include thorough wash-downs and cleaning.

Until recently, this process has been both laborious and, at times, dangerous and time-consuming, as it has required skilful employees to clean the cargo holds with high pressure cleaners and chemicals while being suspended from the hatches above. But this process may soon be a thing of the past.

Prototype tested
NORDEN has tested and participated in the development of a new belt-driven robot which can be operated remotely to go up and down along the sides of the holds while pressure cleaning them. It is the Danish company CLIIN that has developed the robot which in the course of 2018 and with assistance from the Market Development Fund has been tested as a prototype on one of NORDEN’s vessels.

The robot is driven forward by belts that are magnetic and therefore stick to the sides of the vessel. On top, there is a holder for the high pressure cleaner which can be turned individually.

“Preliminary results with the robot are positive. The robot is easily operated and also reaches those places that can be difficult to get to. I have seen many robots in the market, but this one is a qualified suggestion for how cargo hold cleaning in the future can be done in a better, more safe, environmentally friendly and quicker way, and it’s about time. It is pretty much the same method being used to clean cargo holds today as it has been for the past 20-25 years,” says Jonas Warming, Senior Optimisation Manager, who has followed the developments closely for the past few months.

Ready for operation
In addition to better safety by no longer requiring people having to be suspended from above, the robot is also more environmentally friendly in how it cleans the cargo holds as it does not require as much water or chemicals. Until now, crews have had to complete up to 4 wash-downs to clean the cargo holds. First salt water, then possibly a chemical solution, then salt water again and in conclusion freshwater. With the robot, it can be done with just 1 wash-down of freshwater as the robot is equipped to apply higher water pressure closer to the surfaces that need cleaning.

It is expected that the robot will be ready for operation on board a selection of NORDEN vessels during the autumn of 2018. And NORDEN and CLIIN will continue working together to further develop the robot.
NORDEN has allocated USD 54 million for installation of scrubbers on owned and long-term chartered vessels. These scrubbers will provide NORDEN with a significant competitive advantage when the new sulphur regulations are introduced in 2020.

1 January 2020, marks a significant deadline in international shipping. From this date, fuel emissions from vessels sailing the oceans are only allowed to have a maximum sulphur content of 0.5% replacing the former limit of 3.5%. This substantial reduction in harmful sulphur emissions results from years of intensive debates and will lead to significant changes in the shipping market and, especially, in relation to fuel for the vessels – known as bunkers.

2 options
Compliance with the new sulphur regulations may be done by switching to a new fuel with a lower sulphur content or by installing scrubbers that rinse exhaust gases. Over the course of 18 months, NORDEN has analysed both pros and cons in relation to both solutions.

“It is said that making predictions – especially about the future – is a difficult thing to do, and this is also true in this case,” says Peter Grønsedt, from Business Analytics, who has headed the analyses.

“We have looked far and wide into this question and have also called in external expert advisors because this is indeed a complicated issue with many variables.
Our analyses and available information suggest that installing scrubbers is a financially viable and very attractive solution,” says Peter Grønsedt.

Substantially cheaper fuel
In future, only vessels with scrubbers on board are allowed to use HSFO – High Sulphur Fuel Oil. This provides these vessels with a financial advantage since HSFO is expected to be substantially cheaper than low sulphur fuels such as Marine Gas Oil, MGO, or other 0.5% fuels, which most vessels are expected to switch to in order to comply with the new regulations.

“Our calculations show that even based on a relatively conservative estimate of the price difference between HSFO and MGO, vessels with scrubbers could save approximately USD 2,000 daily in fuel. That is a significant saving which will make vessels equipped with scrubbers clearly more competitive,” says Peter Grønsedt.

Supply and demand
A salient point in the calculation is fuel availability. 90% of the world fleet is expected to comply with the new sulphur regulations by switching to the much more expensive fuel MGO. It is therefore very likely that MGO will become the new standard and most widely available fuel but still very expensive due to the large demand. In contrast, HSFO, which has been the standard fuel so far, will see a significant drop in demand and may therefore not be available at all ports.

Importantly step towards cleaner air
The purpose of the new sulphur regulations is to improve air quality. With the limit of 0.5%, sulphur emissions from vessels will be significantly reduced which will lead to both great health and environmental improvements – especially for people living in coastal areas.

(Source: IMO)
but, on the other hand, it is expected that this fuel type will continue to be significantly cheaper than MGO – an aspect which has been included in NORDEN’s calculations.

“We believe that it will still be possible to bunker HSFO sufficiently for the scrubbers to prove their worth. We may have to refuel a bit extra at the major maritime hubs and it may happen that we sometimes have to top up with some of the expensive MGO but not to an extent that will change the scrubber solution from being a very attractive investment,” says Peter Grønsedt.

The first scrubbers are expected to be installed and in use in the course of 2019.

Installation plan

So far, NORDEN has ordered 26 scrubber systems with the option of an additional 5 systems. The initial 26 systems are being installed on owned and long-term chartered vessels.

- 2 systems are installed on owned newbuildings.
- 16 systems are installed on selected owned vessels in operation (retrofitted).
- 8 systems are installed on long-term chartered tonnage being built until 2020.

Washing out the sulphur

A scrubber acts like a sort of enlarged shower that washes out the sulphur particles from the exhaust gas by spraying it with water. The sulphur then binds to the water which can then be separated from the emissions in the funnel.

The sulphur can either be held in a separate container or discharged into the sea – that is either closed loop or open loop scrubbers. The impact on seawater by releasing the used water from the scrubbers into the sea has been examined by among others The Danish Environmental Protection Agency which has concluded that the overall impact is negligible for the marine environment.
New digital system to improve risk management

Digital platforms provide a precise overview of exposure to the dry cargo market and help NORDEN’s charterers make the right decisions.

As a charterer it is crucial to know how the market is doing and where it is going. But it is just as important to know how you are positioned for the market fluctuations in order to get the most out of these.

Clear overview
NORDEN has developed a new risk management system which provides a clear overview of the exposure in each market. With 1 click on the screen, it becomes clear whether a position is long or short – that is to what extent you are positioned for a market upturn or downturn.

“It is difficult to get the most out of the markets if you do not have a clear and precise overview of your current exposure. In order to act agile and correctly, we need to be able to precisely assess our risk exposure at any time. We do not mind taking risks as long as we can quantify and control them,” says head of Dry Operator, Christian Vinther Christensen.

Risk-adjusted return in focus
Risk is an integrated part of the business in Dry Operator – and this is also reflected in the target for return in Dry Operator which does not own vessels and is therefore an asset light business with relatively little tied-up capital.

“For us, it is not necessarily the absolute return which is the target but more a reasonable risk-adjusted return over time. We should be able to make money regardless of the market being weak or strong, and this is something which a solid risk management system helps us doing,” says Christian Vinther Christensen.

Delegation of responsibilities and decisions
Business talents and relations will always be at the centre of the business but with a dynamic risk management system, decisions become clearer and better according to Christian Vinther Christensen, who compares such a system with a strong safety fence.

“If you compare our business with a soccer match on top of a tall building, the match without a fence will either cost a lot of lost balls or meaningless midfield playing. On the other hand, if you put up a strong fence all around the edges, you would be able to use the field much better,” says Christian Vinther Christensen.

Improved data utilisation
The new risk management system supplements the growing number of digital platforms and tools used daily at NORDEN. Together with a flat structure in relation to decision-making power, it provides NORDEN with some good conditions to make the most out of frequent and strong market changes.

“We have come far in our short-term market analysis in which we combine our many data sets with daily information from our 9 offices. This has, for instance, made us much better at predicting the market a couple of weeks ahead of time, and very soon, we will use algorithms and artificial intelligence to strengthen our basis for decisions even further,” says Christian Vinther Christensen.
“We should be able to make money regardless of the market being weak or strong, and this is something which a solid risk management system helps us doing”

Head of Dry Operator, Christian Vinther Christensen
1-YEAR ANNIVERSARY

STRONG RESULTS IN DRY OPERATOR AND DRY OWNER

After the first year as independent business units, Dry Operator and Dry Owner have delivered significant activity growth and profits.
On 1 July 2018, NORDEN could celebrate the 1-year anniversary marking the split of the dry cargo activities into 2 separate business units; Dry Operator and Dry Owner. And there was reason to celebrate both the anniversary and the results generated by the 2 units during their first year of existence.

Gaining market shares
During the year, Dry Operator, which combines vessels with cargoes and is therefore responsible for NORDEN’s short-term exposure to the dry cargo market, managed to increase activities significantly. The number of ship days grew to more than 25,000 in the second quarter of 2018 which corresponds to an annualised growth of 12% compared to the third quarter of 2017. As the general dry cargo market only grew by 2.2% during the same period, NORDEN managed to gain market shares.

"The dry cargo market is extremely fragmented. NORDEN is one of the largest dry cargo operators in the world but our market share is still only about 3%. This says something about how fragmented the market is but it also says something about the great potential of growth the market has to offer. With Dry Operator, we have created a platform geared for growth, and we will put this platform to good use," says Jan Rindbo, CEO, who is holding out prospects of further activity growth.

Profit generating activities
In addition to an increase in activities and in NORDEN’s market share, one of the reasons for establishing Dry Operator and Dry Owner as independent business units was to create more transparency in the generation of profits. And this was achieved. With separate bottom lines, it is very clear how much NORDEN is able to earn by combining vessels and cargoes, choosing the right vessels and sailing at the optimal speed, minimising sailing in ballast, applying optionality on vessels and, not least, taking the right positions in regional markets by overbooking vessels and cargoes, respectively, when the market is right.

After 1 year of operations, NORDEN can conclude that Dry Operator managed to earn a total of USD 57 million. Less all costs, Adjusted Result for the first year thus amounted to USD 23 million.

Low capital tie-up
Since all Dry Operator’s vessels are chartered-in – either from Dry Owner or from other shipping companies in the market – tied-up capital in the business unit is relatively low. In light of this, Jan Rindbo finds the risk-adjusted profit of USD 23 million very satisfactory.
“With Dry Operator, we have created a platform geared for growth, and we will put this platform to good use”

Jan Rindbo, CEO

Dry Operator
Responsible for NORDEN’s short-term exposure in the dry cargo market.

150 skilled employees who by intensive use of digital tools and data generate value by

• combining vessels and cargoes
• having in-depth regional market knowledge
• minimising sailing in ballast
• choosing the right vessels
• ensuring optionality on vessels
• covering exposure by chartering vessels out or by buying forward freight agreements

Dry Owner
Responsible for NORDEN’s long-term exposure to the dry cargo market.

Generates value by having excellent access to attractive deals with yards and

• buying and selling vessels
• taking vessels on long-term charter
• optimising the portfolio of owned and long-term chartered vessels

“In contrast to Dry Owner, which holds NORDEN’s long-term exposure to the dry cargo market, Dry Operator is an asset light business unit which can generate earnings without having to invest in steel. In addition to being both agile and scalable in the short term, this business unit therefore also has great growth potential in the long term without having any greater funds tied up,” says Jan Rindbo.

Increasing ship values
Dry Owner, which manages NORDEN’s portfolio of owned and long-term chartered vessels, also performed really well during the first year as an independent business unit. A contribution margin of USD 49 million and Adjusted Result of USD 27 million after vessel sales were the outcomes of an improving dry cargo market and continued fleet optimisation.

Increased value of USD 150 million
“Dry Owner manages our long-term exposure to the dry cargo market and ensures that NORDEN benefits from the cyclical nature of the business by optimising the portfolio of owned and long-term chartered vessels. And this was achieved. Resulting from an increasing market and profitable vessel transactions, the value of the long-term portfolio grew by approximately USD 150 million during the first year,” says Jan Rindbo.

Continued growth opportunities
The first-year performance in both Dry Operator and Dry Owner has therefore provided a good launch pad for further growth – especially in Dry Operator.

“I see no reason why we should not be able to grow activities significantly in the years to come. We have created a solid base which we can scale, and we plan on doing just that,” says Jan Rindbo.
350 guests at NORDEN Summer Party

Tuborg’s former brewhouse, the head office of NORDEN located in Copenhagen, Denmark, set the frame when the Company hosted an informal summer party. NORDEN gathered some of our important business partners among owners, charterers and brokers, and more than 350 guests were entertained as NORDEN celebrated the successful transformation of its dry cargo activities, which were split into an operator and owner unit 1 year ago. Since then, the Company has grown both activities and increased the operated fleet as well as the customer base (see also page 16).
only 2 out of nearly 100 samples of seawater were not contaminated by plastic

2 trawls with no plastic

In 2016, the expedition reached the Pacific Ocean and moved into the largest of the 5 plastic soups located off the coast of Hawaii. In December 2017, the expedition ship S/Y Christianshavn headed south from Hawaii, covering 2,500 nautical miles to Marquesas in French Polynesia. On this route, along which the sea has not formerly been tested for micro plastics, the ship crossed a number of different ocean currents as well as equator. It was therefore interesting for Plastic Change to examine whether there was a difference in the volumes and types of plastics found in the different currents. Close to equator and following nearly 100 trawls, 2 trawls were finally made with no trace of plastic pollution!

NORDEN NEWS

NORDEN and the foundation D/S Orients Fond have entered into a partnership with the independent organisation Plastic Change and are sponsoring Expedition Plastic 2017-2020. Findings from the expedition are meant to spread knowledge and awareness about plastic pollution of the oceans with the purpose of influencing politicians worldwide to act. In the long term, the idea is to develop a method with which NORDEN’s vessels can contribute in collecting data on plastic pollution of the oceans.

The expedition and the sampling continued from Marquesas, across the Tuamotu Islands to Tahiti where the beaches on
the different islands were also examined for plastic pollution. As has been seen at many of the other locations visited during the expedition, the volume of plastic found on the beaches exceeded by far the volume expected from local sources. The expedition has now moved on to Fiji where the ship is currently docked. During the autumn and winter, the expedition will continue across the Solomon Islands and Papua New Guinea towards Indonesia.

Data being analysed
The data which was collected on the expedition between Hawaii and Tahiti is currently being carefully analysed at Roskilde University, and we are awaiting the findings.

Plastic Change is working on making the findings from the expedition available on the website as these are made clear from the analyses.

In addition, Plastic Change has partnered up with the Dutch organisation “By the Ocean we Unite”. In August 2018, they went on an expedition with us to look into plastics present in Danish waters with the expedition ship Fantastiko. The expedition was covered by both national as well as local and regional media. The expedition made manta trawls, held presentations on the issue of plastic pollution in the oceans and cleaned beaches on the expedition’s route in Danish waters.

We are currently looking into further possibilities of continuing this partnership in relation to future expeditions, especially in preparation for the Our Ocean Conference in Oslo in 2019.
NORDEN ended the second quarter of 2018 with an Adjusted Result of USD 4 million which is an improvement compared to the same period last year when the results constituted a loss of USD 3 million. The quarter was characterised by an unusual weak tanker market which affected results among other things leading to a downward adjustment 1 week before the announcement of the interim report, but the quarter also offered continued positive performance in the 2 business units; Dry Operator and Dry Owner.

“Positive performance in the dry cargo business cannot compensate for the market conditions in tankers which were worse than expected. On that basis, the overall expectations for the Adjusted Result for the year were revised downwards on 8 August. In the second quarter of 2018, Dry Operator and Dry Owner together generated a positive result of USD 11 million which outweighs the loss generated by the tanker business operating in one of the most challenging tanker markets in a decade. During the first year as a separate business unit, Dry Operator has generated a very satisfactory result of USD 23 million demonstrating the potential of this asset light unit,” says CEO Jan Rindbo.

In connection with the interim report, NORDEN announced that the Company has secured installation of up to 31 scrubbers (see page 10).

**SECOND QUARTER 2018 in brief**

**Weak tanker market and strong performance in Dry Operator**

Status of the 3 business units

The 3 business units in NORDEN generated the following results in the second quarter of 2018:

- **Dry Operator**: generated an Adjusted Result of USD 8 million and operated a total of 25,190 ship days during the quarter. This corresponds to an average fleet size of 277 vessels which is an annualised increase in activity of 12% compared to the third quarter of 2017.

- **Dry Owner**: benefitted from the continued, gradual market improvement which was reflected in the rates for Supramax and Panamax being on average 31% and 20%, respectively, above the levels from the same period last year. Adjusted Result for the quarter was USD 3 million.

- **Tankers**: operated in one of the worst markets in a decade which was reflected in both rates and an Adjusted Result constituting a loss of USD 8 million.

**Adjusted expectations**

NORDEN expects that the dry cargo market will improve during the fourth quarter. Dry Owner is fully covered for the remainder of 2018, as NORDEN’s short-term dry cargo exposure is now handled by Dry Operator, which is well positioned to benefit from short-term rate improvements. In Tankers, however, rates have been lower than expected, and there is no outlook for significant improvements before 2019. On this basis, expectations for the Adjusted Result for the year were revised on 8 August to USD 0 to 30 million (from previous USD 10 to 50 million).

**Number of ship days in Dry Operator in the second quarter**

<table>
<thead>
<tr>
<th>Number of ship days</th>
<th>Adjusted Result</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD 4 million</td>
</tr>
</tbody>
</table>

| Second quarter 2018 | 25,190 |

**http://www.ds-norden.com/investor/**
**NORDEN'S FLEET**

### Dry Cargo

#### Panamax

- Total number of vessels: 104
- Owned vessels: 4
- Chartered vessels: 100
- 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: 11.9 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: 103
- Owned vessels: 7
- Chartered vessels: 96
- 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: 8.9 years

#### Handysize

- Total number of vessels: 51
- Owned vessels: 10
- Chartered vessels: 41
- Length: 170-185 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: 6.5 years
- Total number of Handysize vessels in the global fleet: 2,740
- Average age of Handysize in the global fleet: 10.1 years

### Tankers

#### LR1

- Total number of vessels: 2
- Owned vessels: 0
- Long-term chartered vessels: 2
- Length: 228 metres
- Width: 32 metres
- Cargo capacity (deadweight): 74,500 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: 10.4 years

#### MR

- Total number of vessels: 42
- Owned vessels: 11
- Chartered vessels: 31
- Length: 180-185 metres
- Width: 32 metres
- Cargo capacity (deadweight): 46,000-52,000 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: 6 years
- Total number of MR vessels in the global fleet: 1,423
- Average age of MR in the global fleet: 9.6 years

### Notes:

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

---

**Vessels on order:**

- **Panamax:**
  - 5 owned Supramax vessels
  - 10 long-term chartered vessels
  - 1 Panamax vessels, 8 Supramax vessels and 1 Handysize vessels

- **Tankers:**
  - 2 owned MR vessels
  - 11 long-term chartered MR vessels
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.

Visit ds-norden.com for more information.