

Annual report 2018 and outlook 2019



Results

Adjusted Result* for the year 2018:
USD 20 million (2017: USD 28 million)

- Dry Operator: USD 30 million**
- Dry Owner: USD 18 million**
- Tankers: USD -28 million (USD 14 million)

EBIT 2018:
USD 39 million (USD 23 million)

* "Profit/loss for the period" adjusted for "Profit from sale of vessels etc."
** 2018 was the first full calendar year for NORDEN's two new business units



Markets

- Dry cargo: Gradual improvement during most of year.
- Tankers: Reasonable demand growth met by draws from inventories resulting in depressed tanker market.



Performance

- Dry Operator: Very strong finish to the year generating USD 17 million in Q4 despite weakening market.
- Dry Owner: Increased cover for 2019 og 2020 and significant optionality in portfolio with more than 35,000 optional days available.
- Tankers: Performance on par with 1-year T/C despite declining market throughout the year.



Vessel values

- Vessel values
- Dry Cargo: 0%
 - Tankers: -5%



Guidance

Expected Adjusted Result for 2019 for the Group: USD 25 to 60 million based on improved market conditions in the tanker market and limited exposure to an uncertain dry cargo market.

The Board of Directors proposes a dividend of DKK 2 per share on top of the share buy-back programme of USD 10 million that was completed during November 2018 to February 2019.

STRONG FINISH TO AN EXCITING YEAR

“2018 marked a highly successful first full calendar year with the Dry Operator and Dry Owner set-up. Dry Operator alone realised an Adjusted Result of USD 30 million, and with strong performance in the fourth quarter demonstrated its ability to generate value also in softening markets. The profits generated in our two dry cargo business units show the strength of our business model and more than off-set losses in Tankers in a historically poor tanker market. With continued strong performance in Dry Operator, an increase in coverage in Dry Owner and an increase in capacity in the tanker market, NORDEN is well positioned towards an uncertain dry cargo market and a tanker market expected to improve.” **CEO Jan Rindbo**

A telephone conference will be held today at 3:30 p.m. (CET), where CEO Jan Rindbo and CFO Martin Badsted will comment on the interim report. It is requested that all participants have joined the meeting by latest 3:25 p.m. (CET) – international participants please dial in on +44 (0) 207 192 8000 or +1 631 510 7495, Danish participants please dial in on +45 3272 8042. The telephone conference will be shown live at www.ds-norden.com, where the accompanying presentation also will be available. For further information: CEO Jan Rindbo, tel. +45 3315 0451.

THE GROUP

Key figures and financial ratios

USD million	2018	2017	2016	2015	2014
INCOME STATEMENT					
Revenue	2,451.4	1,808.6	1,251.2	1,653.4	2,038.1
Contribution margin	132.3	116.8	76.1	70.9	-205.6
EBITDA (excl. provision)	72.4	68.1	30.6	165.5	-31.3
Provision (excl. joint ventures)	0.0	0.0	0.0	-145.0	-230.2
EBITDA	72.4	68.1	30.6	20.5	-261.5
Profit/loss from sale of vessels etc.	8.8	0.9	-45.5	-31.0	0.0
Depreciation, amortisation and impairment losses	-44.3	-42.2	-49.6	-248.6	-68.2
EBIT	39.3	23.3	-64.5	-282.0	-335.5
Profit/loss for the year	28.8	24.6	-45.6	-284.9	-415.6
Adjusted Result for the year ¹	20.0	28.4	-34.6	-263.0	-350.2
STATEMENT OF FINANCIAL POSITION					
Total assets	1,464.4	1,326.5	1,301.0	1,604.7	1,778.0
Equity	826.8	834.4	801.4	856.1	1,139.3
Liabilities	637.6	492.1	499.6	748.6	638.7
Invested capital	970.2	836.7	753.8	788.7	1,131.6
Net interest-bearing assets	-143.4	-2.3	47.6	67.3	7.7
Cash and securities	188.6	219.4	263.9	365.7	238.3
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

USD million	2018	2017	2016	2015	2014
SHARE RELATED KEY FIGURES					
No. of shares of DKK 1 each (including treasury shares)	42,200,000	42,200,000	42,200,000	42,200,000	42,200,000
No. of shares of DKK 1 each (excluding treasury shares)	39,923,933	40,467,615	40,467,615	40,467,615	40,460,055
No. of treasury shares	2,276,067	1,732,385	1,732,385	1,732,385	1,739,945
Earnings per share (EPS) (DKK)	0.7 (4)	0.6 (4)	-1.1 (-8)	-7.0 (-47)	-10.3 (-58)
Diluted earnings per share (diluted EPS) (DKK)	0.7 (4)	0.6 (4)	-1.1 (-8)	-7.0 (-47)	-10.3 (-58)
Dividend per share, DKK	2	0	0	0	0
Book value per share (DKK)	20.7 (135)	20.6 (128)	19.8 (140)	21.2 (144)	28.2 (172)
Share price at year-end, per share DKK 1	92.4	116.5	110.5	122.1	131.4
OTHER KEY FIGURES AND FINANCIAL RATIOS					
EBITDA ratio	3.0%	3.8%	2.4%	1.2%	-12.8%
ROIC	4.4%	2.9%	-8.4%	-10.6%	-26.7%
ROE	3.5%	3.0%	-5.5%	-28.6%	-30.3%
Payout ratio (excl. treasury shares) ²	34.8%	0.0%	0.0%	0.0%	0.0%
Equity ratio	56.5%	62.9%	61.6%	53.3%	64.1%
Price/book value	0.7	0.9	0.8	0.8	0.8
Total no. of ship days for the Group	122,852	93,738	79,060	75,763	83,866
USD rate at year-end	651.94	620.77	705.28	683.00	612.14
Average USD rate	631.74	659.53	673.27	672.69	561.90

The ratios were computed in accordance with "Recommendations and Financial Ratios 2015" 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.