

DDF - VIRKSOMHEDS DAG

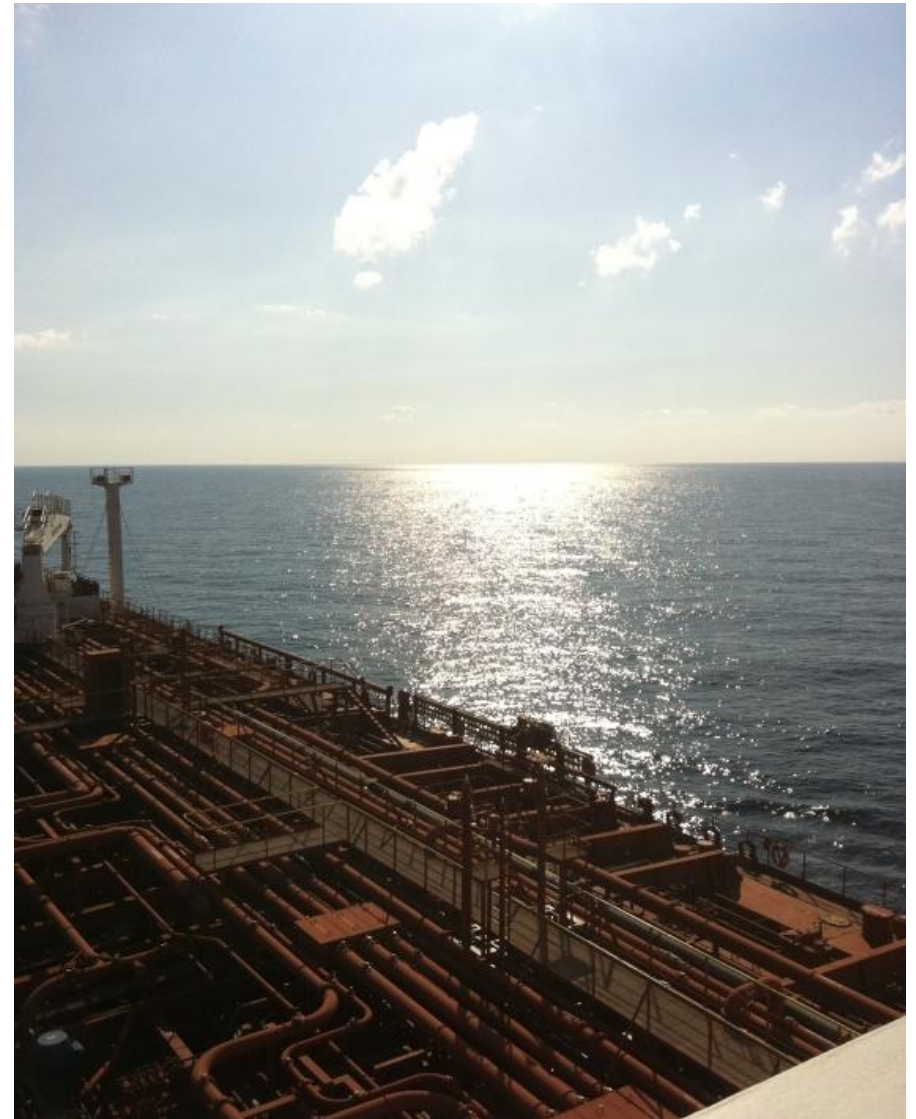
June 2012

Copenhagen, Denmark
7 June 2012



24*7 seas

- ▶ **NORDEN and the market**
- ▶ SWOT-analysis
- ▶ Value drivers
- ▶ Q&A



A LEADING GLOBAL TRAMP OPERATOR

Dry Cargo



Capesize



Post-Panamax



Panamax



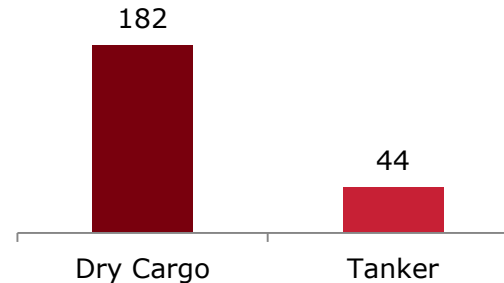
Handymax



Handysize



Total active fleet



Tanker



LR1



MR



Handysize

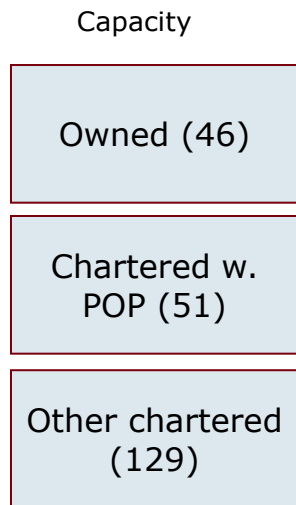


- ▶ One of the most modern fleets in our industry
- ▶ Global network of offices and port captains
- ▶ Pools in Dry Cargo (Handysize, Post-Panamax) and Tankers (LR1, MR, Handysize)

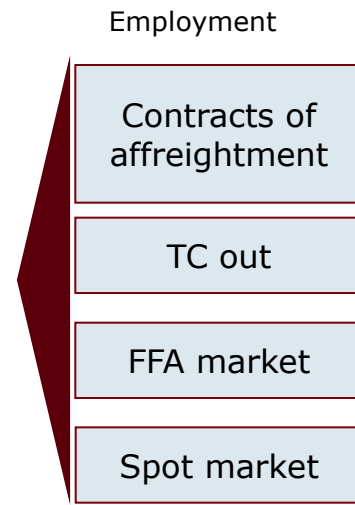
- ▶ High flexibility - active fleet can quickly be adjusted to demand and market conditions
- ▶ Fleet employment based on portfolio view
- ▶ Significant asset upside through purchase options

Flexible fleet

- ▶ Sale and purchase
- ▶ Technical competencies in-house
- ▶ Option-based flexibility
- ▶ 5-7 year firm periods
- ▶ Flexibility and scale
- ▶ Arbitrage
- ▶ Single-trip charters



Coverage and customer focus

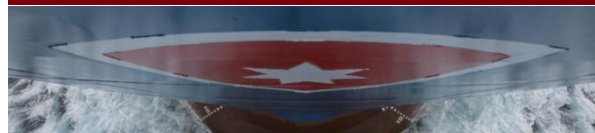


- ▶ Customer relations
- ▶ Logistical efficiencies
- ▶ 2-10 year firm periods
- ▶ Quick and easy cover

People



Brand



Systems



* Active fleet per 31 March 2012

Long term growth in challenging times

Vision

Preferred partner

Unique People / team spirit

Number One

Core targets of strategy

- ▶ Grow Dry cargo book by 15% p.a.
- ▶ Critical mass in Product Tanker: 25+ owned vessels; exploit opportunities
- ▶ Considered preferred employer within shipping community globally
- ▶ The ability to attract, retain and develop talent
- ▶ Beat peers' total return to shareholders
- ▶ Additional value creation from new business

Macro

- ▶ Still significant uncertainty surrounding the global economy
- ▶ China on track for a soft landing
- ▶ Euro crisis could drag the world economy down
- ▶ Japan and US are expected to lead the way for growth among advanced economies

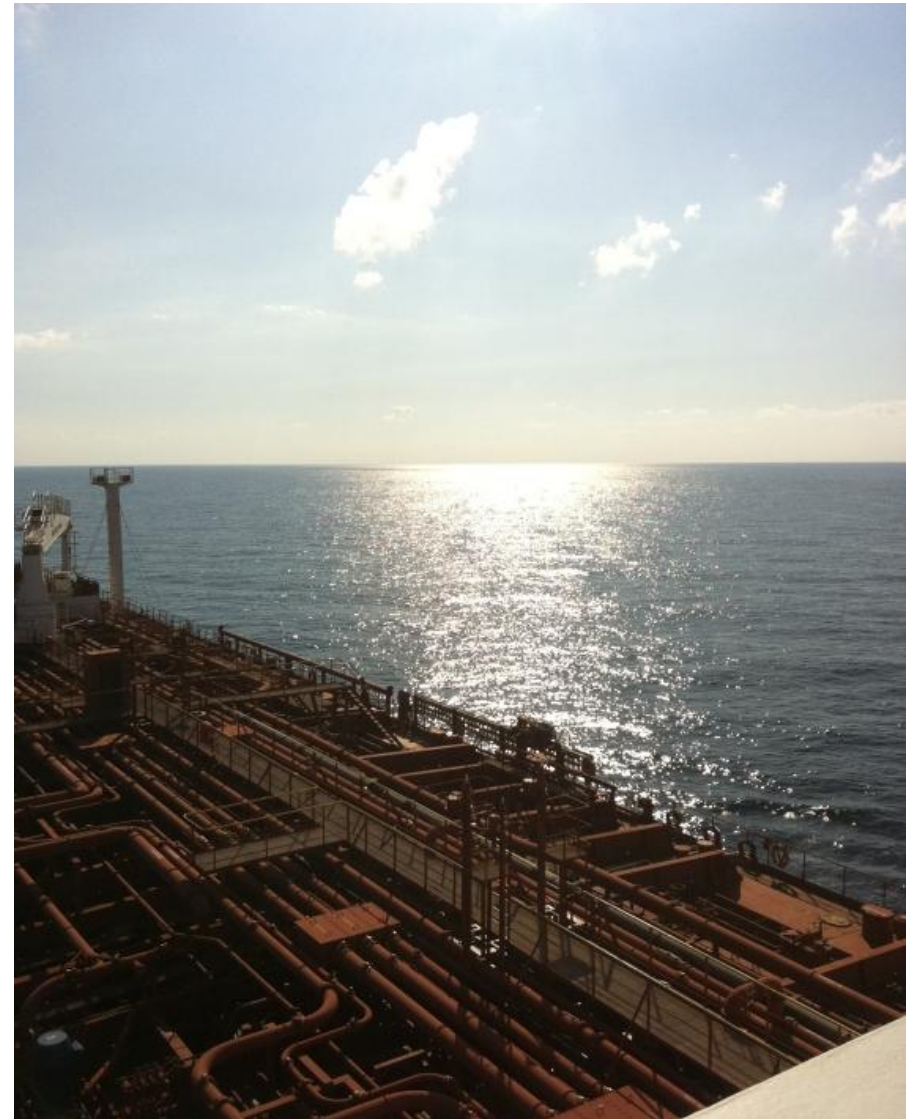
Dry Cargo

- ▶ Expect oversupply and spot market volatility
- ▶ Healthy demand growth driven by emerging markets
- ▶ Long term potential from expansion of global commodity supply

Tanker

- ▶ Recovery but no boom
- ▶ Supply growth will be limited
- ▶ Attractive ton-mile demand outlook
 - ▶ Euro / US refinery closures
 - ▶ Emerging markets oil demand growth

- ▶ NORDEN
- ▶ **SWOT-analysis**
- ▶ Value drivers
- ▶ Q&A



Internal

Strengths:

- Strong financial position
 - Experienced personnel
- Optionality in the TC book (purchase + extension)
 - Modern fleet
- Solid reputation + relationship
- The business model incl. S+P

Weaknesses:

- T/C commitments on fleet
- Dependence on key personnel
 - Expensive equity funding

External

Opportunities:

- Increased fuel efficiency
 - Distressed assets
- Long term deals/contracts
- Lack of available ship finance
- Ship yards under pressure

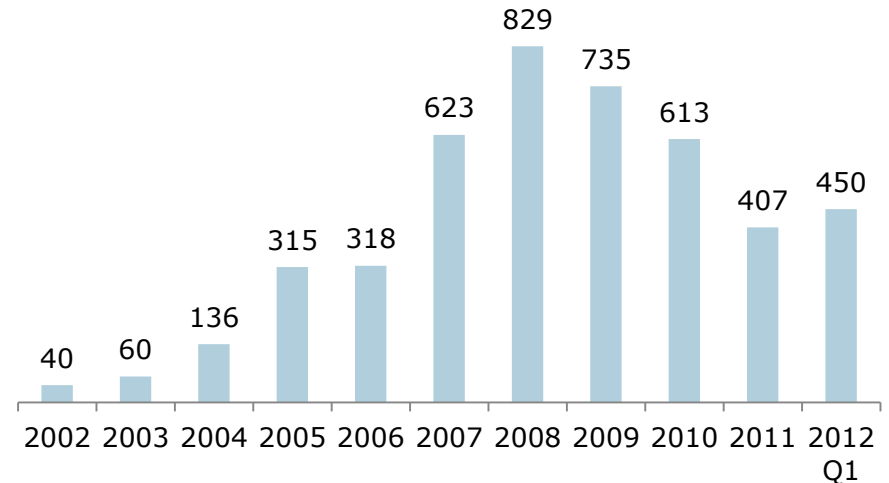
Threats:

- Fleet oversupply
- Increasing bunker prices
- Macroeconomic conditions
 - Counterparty defaults
 - Changing energy demand
- Protectionism in the global trade

STRONG FINANCIAL POSITION

- ▶ Strong financial position and solid financial resources
- ▶ Undrawn credit facilities of USD 150 million
- ▶ Cash and securities exceed interest bearing debt by USD 289 million
- ▶ Gearing still low despite of increase in net committments
- ▶ Significant investment capacity

Cash and Securities (USDm)

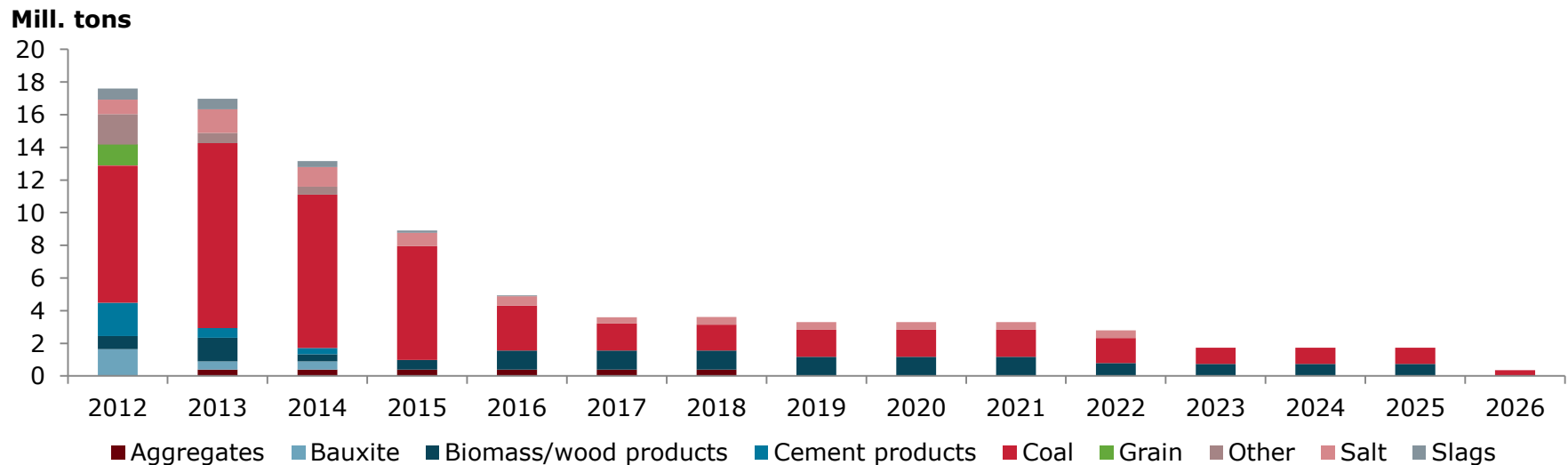


Gearing



- ▶ NORDEN has a customer base of approx. 300 clients
- ▶ Diversified customer base with strong credit ratings
- ▶ Key selection criteria when bidding for COAs:
 - ▶ Financial strength
 - ▶ Proven track record – living up to our values including CSR focus
 - ▶ Size, quality and diversity of the fleet

NORDENs cargo programme

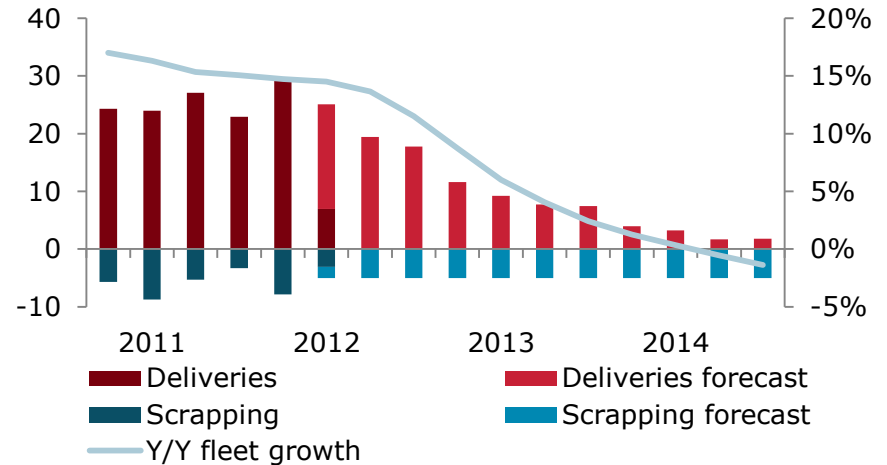


* Per 15 May 2012

Comments – Dry Cargo

- ▶ YTD 43% of planned orders were not delivered
- ▶ Net fleet growth of approx. 14% in 2012
- ▶ Scrapping exceeded expectations – 8m DWT

Dry bulk deliveries (Mill. DWT)

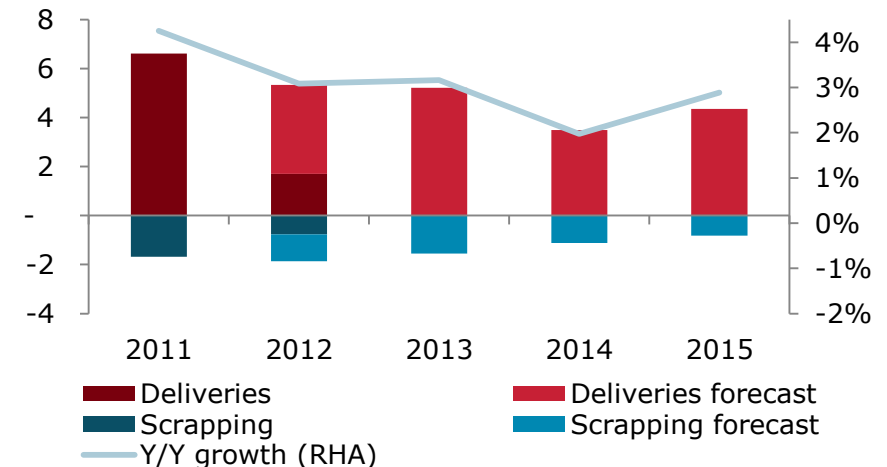


Shortfall of 35% assumed

Comments - Tanker

- ▶ Market is re-balancing after major delivery years
- ▶ Net product tanker deliveries expected to be 2-3 % p.a. in 2012-2015

Product tanker fleet development (Mill. DWT)

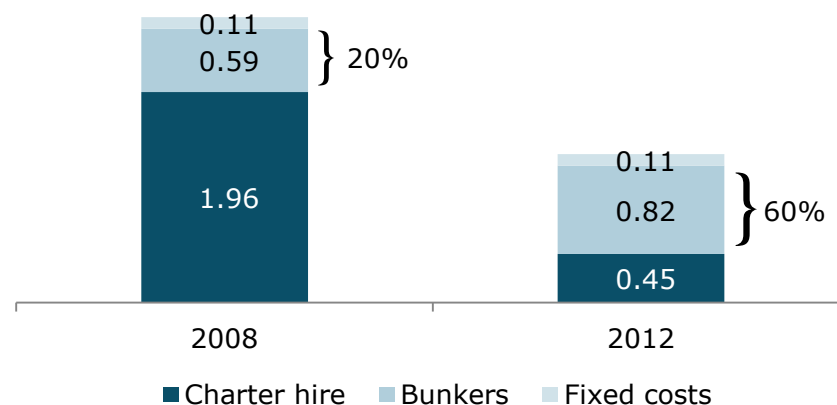


Sources: Clarksons and SSY

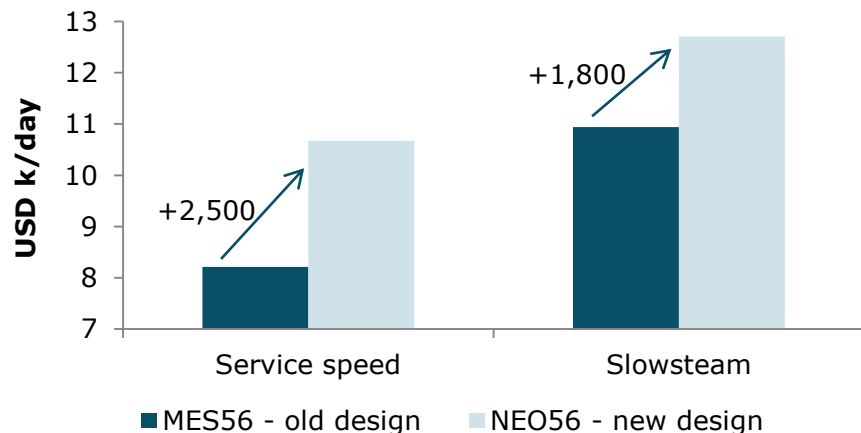
IMPORTANCE OF INCREASING BUNKER PRICES **NORDEN**

- ▶ From 2008-2012 bunker prices increased from USD 511 to 714 per metric tonne
- ▶ Specific voyage example:
 - ▶ Bunker costs increased by 40% to 60% out of total hiring costs
- ▶ "Slow steaming" matters more when earnings are low

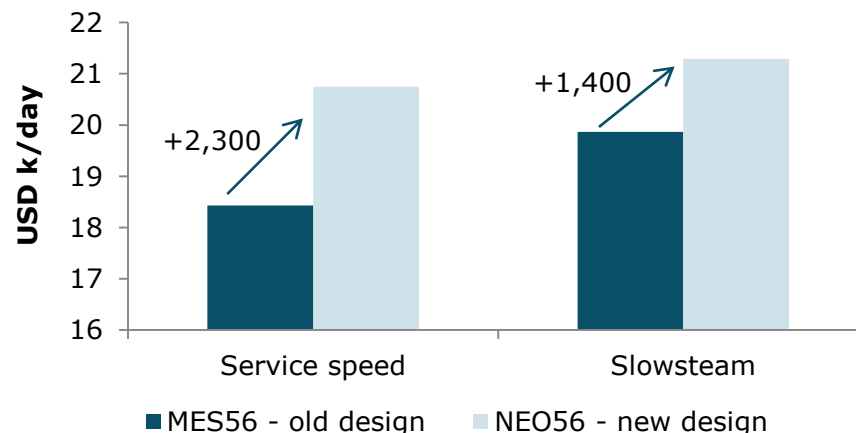
Voyage costs: Taiwan - West Africa (USD m.)



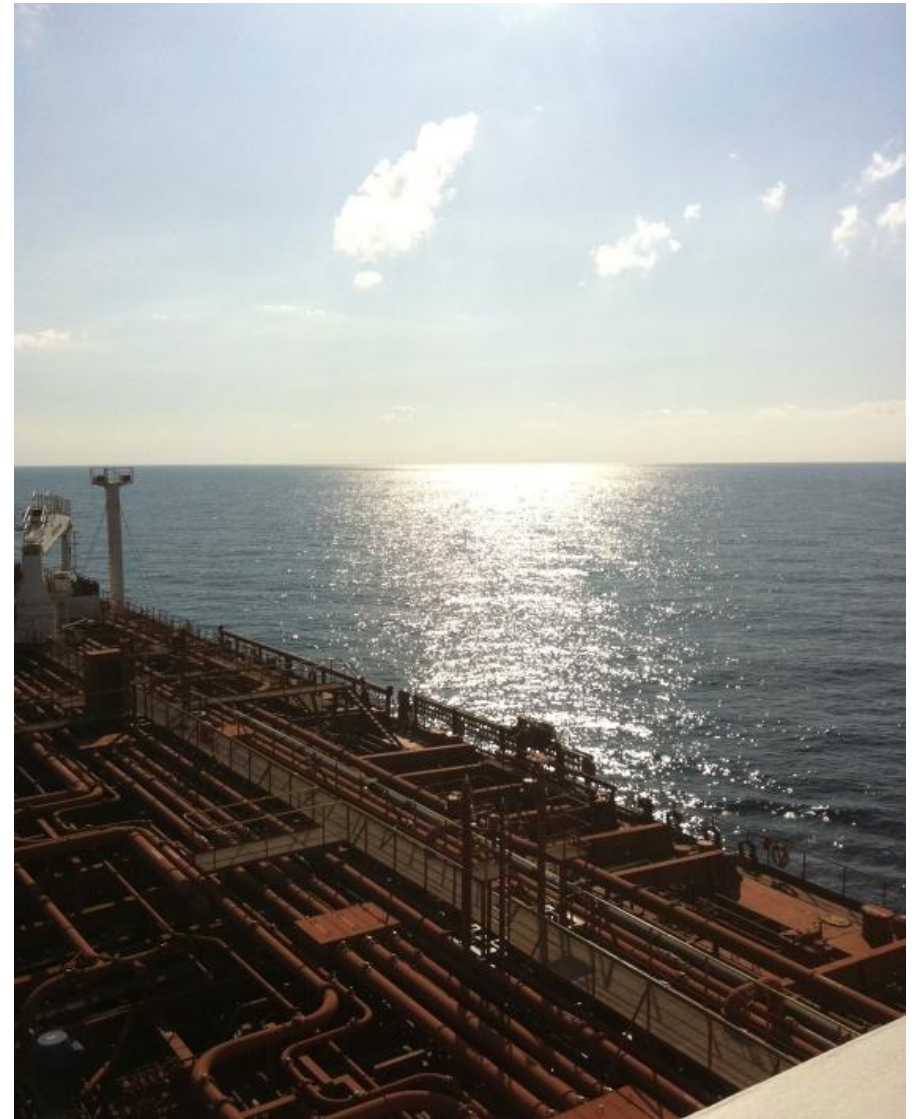
Tess52 doing 14 knots earning USD 10k p/d



Tess52 doing 14 knots earning USD 20k p/d

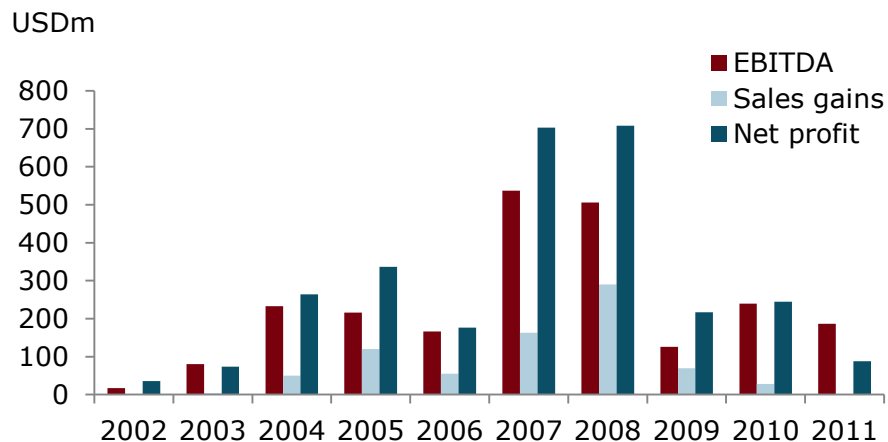


- ▶ NORDEN
- ▶ SWOT-analysis
- ▶ **Value drivers**
- ▶ Q&A

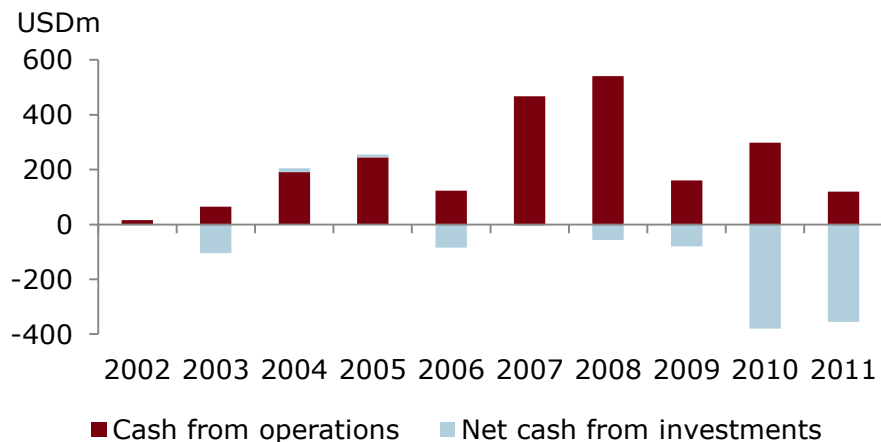


FINANCIAL FIGURES OVER A SHIPPING CYCLE

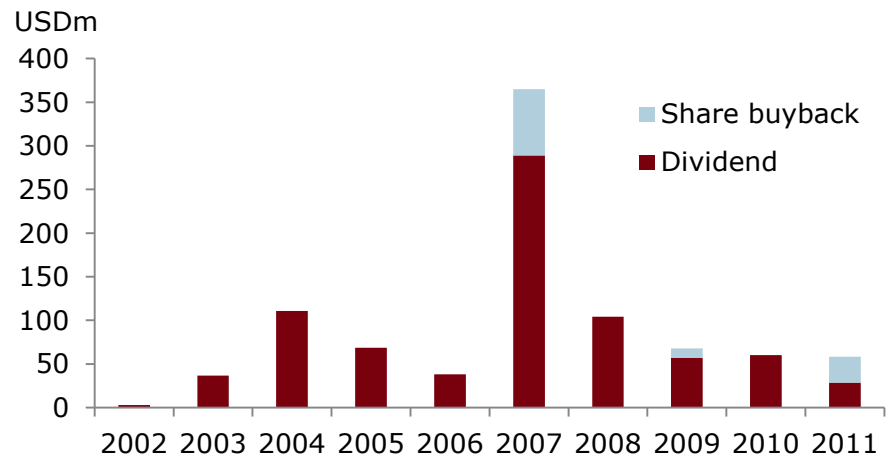
EBITDA, sales gains and net profit



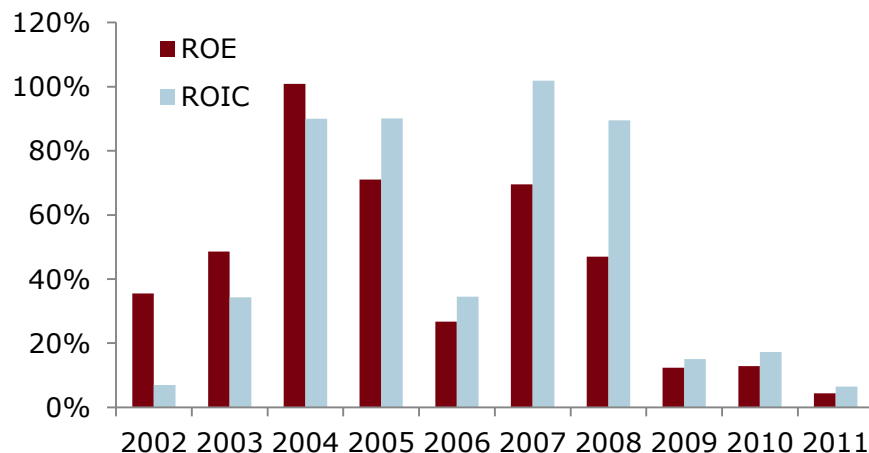
Cash flows, operations and investments



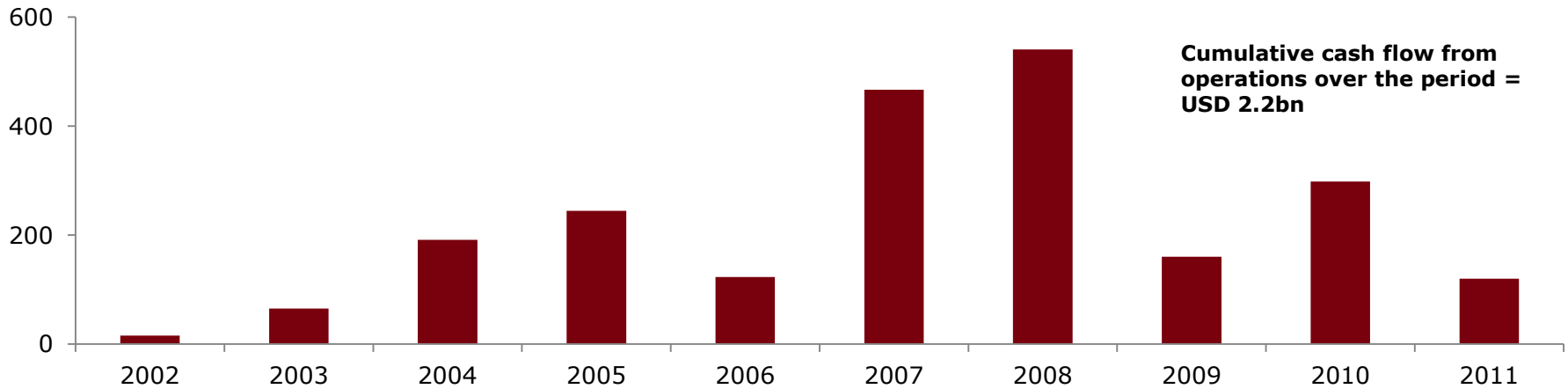
Dividend and share buyback



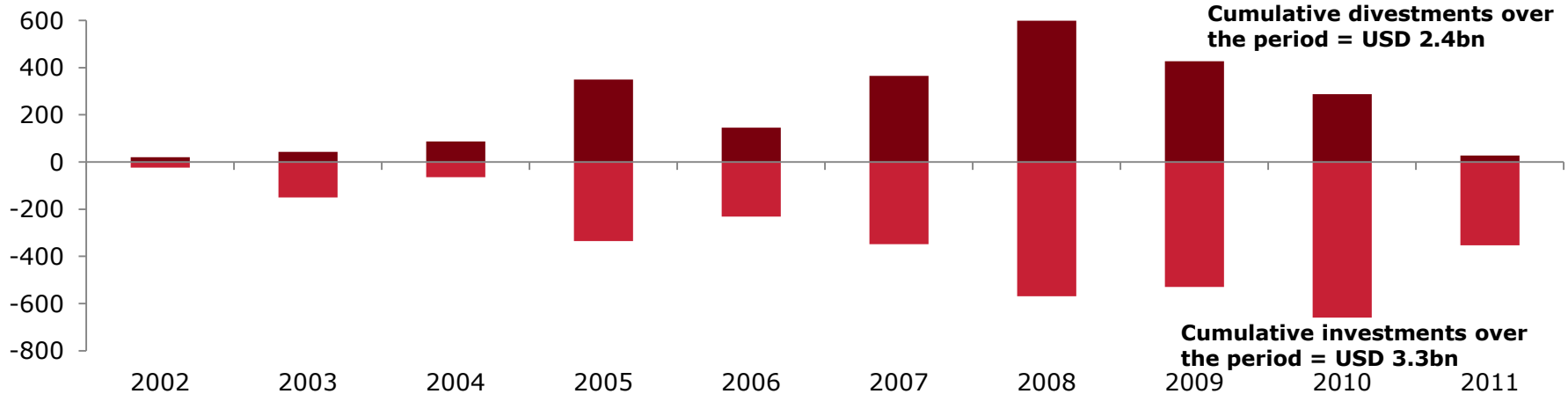
ROE & ROIC



Cash flow from operations (USDm)



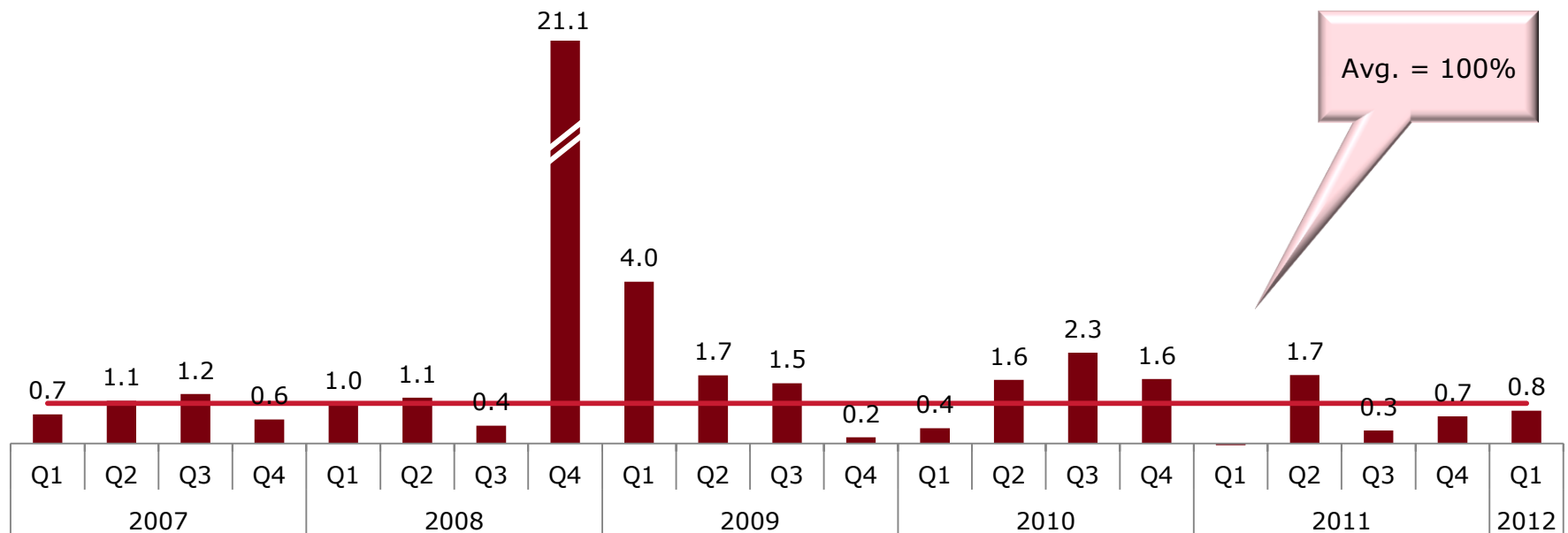
Cash flow from investments (USDm)



■ Proceed from vessel sales ■ Investment in vessels

- ▶ Changes in working capital nets out over time
- ▶ Accumulated cash flow from operations for the period almost equal to accumulated EBITDA
- ▶ Depending on activity level, changes in bunker prices and one-off settlements

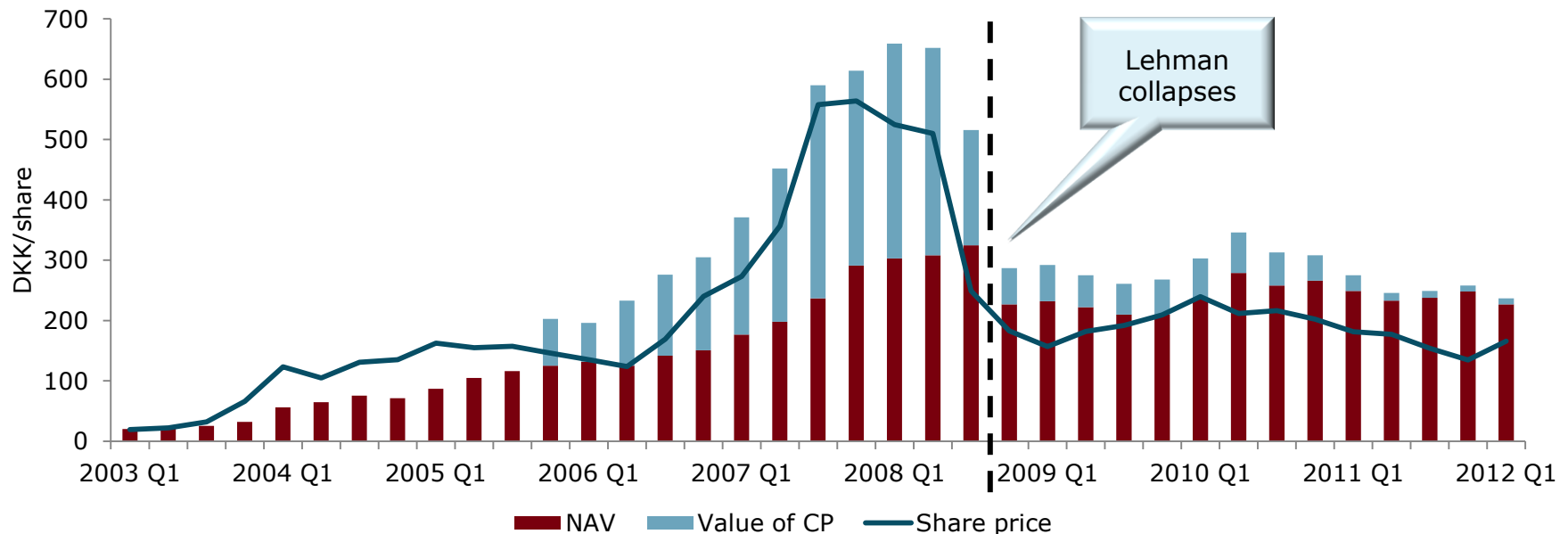
Cash conversion ratio



VALUATION OF NORDEN SHARE

- ▶ Current share price 30% below NAV
- ▶ Up to Q3 2008 share price always above steel NAV
- ▶ Current valuation implies secondhand prices of:
 - ▶ 5 year PMX bulker = USD 16.5m
 - ▶ 5 year MR Tanker = USD 18.2m

Share Price and Net Asset Value



- ▶ We only accept shipping risks
- ▶ Risk management is profoundly anchored in our business
- ▶ A principle: ' We can risk a deal, but we cannot risk our company'



Market risk → Hedged

- ▶ Hedge oil price exposure
- ▶ Hedge fixed, known currency exposure
- ▶ Cash balance only in short term deposits
- ▶ Hedge interest exposure

Counterpart risk → Accept but reduce

- ▶ Credit rating of counterparts
- ▶ Refundment guarantees on newbuilding contracts
- ▶ Downpayment on vessel sales
- ▶ Cash placed with large reputable banks

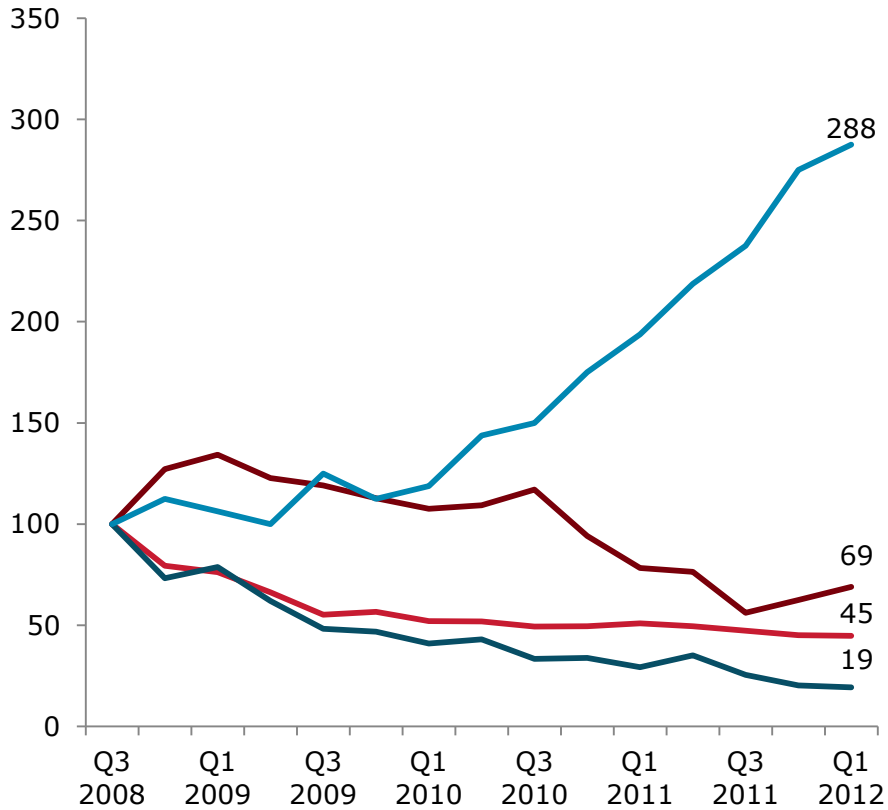
Default risk → Close monitoring

- ▶ Monitor gearing based on adj. debt including all off-balance sheet items
- ▶ Maintain cash cushion (liquidity risk)
- ▶ Strict gearing and cash limits approved by Board of Directors
- ▶ Detailed forecast of cash flows based on various scenarios

Operational risk → Accept but reduce

- ▶ Insurance
- ▶ Culture and education
- ▶ IT
- ▶ Corporate Governance

Preservation of strength (indexed)



- Cash and securities
- Time charter obligations
- Newbuilding installments less proceeds from vessels sales
- Number of owned vessels

Indexed cumulative total shareholder return



- Dry peers:**
 - ▶ Excel Maritime
 - ▶ Pacific Basin
 - ▶ Golden Ocean
 - ▶ Navios Maritime
- Tanker peers:**
 - ▶ Dryship
 - ▶ Diana Shipping
 - ▶ Eagle Bulk
 - ▶ Torm
 - ▶ D'Amico
 - ▶ Teekay tankers
 - ▶ OSG

Source: Bloomberg

This presentation contains certain forward-looking statements reflecting the management's present judgment of future events and financial results.

Statements relating to the remainder of 2012 and subsequent years are subject to uncertainty, and NORDEN's actual results may therefore differ from the projections. Factors that may cause such variance include, but are not limited to, changes in macro-economic and political conditions, particularly in the Company's principal markets; changes to the Company's rate assumptions and operating costs; volatility in rates and tonnage prices; regulatory changes; any disruptions to traffic and operations as a result of external events, etc.



FORWARD LOOKING STATEMENTS

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Thank you for your attention
ANY QUESTIONS?

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