

# NORDEN DANSK AKTIONÆRFORENING

KØBENHAVN, 10. MAJ 2022





# PROGRAMMET FOR I AFTEN

17.00. VELKOMST

## 1. del

17.10 – INTRODUKTION TIL NORDEN

17.30 – NORDENS FORRETNINGSENHEDER

17.50 – OPSAMLING

## 2. del

18.00 – Q&A: SPØRGSMÅL FRA SALEN

18.20 – NETVÆRK, VIN OG SANDWHICH

19.00 – AFSLUTNING





ENABLING SMARTER GLOBAL TRADE



VANCOUVER, CANADA

ANNAPOLIS, USA

COPENHAGEN, DENMARK

LIMASSOL, CYPRUS

DUBAI, UNITED ARAB EMIRATES

SHANGHAI, CHINA

ABIDJAN, IVORY COAST

OWENDO, GABON

SINGAPORE

RIO DE JANEIRO, BRAZIL

SANTIAGO, CHILE

MELBOURNE, AUSTRALIA

150 YEARS OF HONOURING OUR COMMITMENTS

People & Data

376

Employees

6.4

Billion datapoints daily

Our values



Reliability



Flexibility



Empathy



Ambition

Industry leader

~450

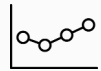
Operated vessels  
92% chartered /  
8% owned

0

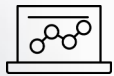
Net zero carbon  
emissions by 2050

# Market trends: Increased focus on asset-light freight services and logistics

## Major trends affecting shipping



Market volatility



Digitalisation



Geopolitical complexity



Decarbonisation

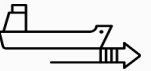


## NORDEN strategy

Customer centric freight services across all continents



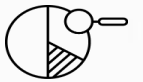
Optionality upside on leased vessels



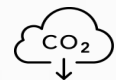
Tradable assets and positions



Data, analytics and risk management integrated in all business decisions



Frontrunners on decarbonisation



# Organisational structure: A customer, trading and data-driven NORDEN



## ASSETS & LOGISTICS

### Asset Management



Dry cargo vessels

- Asset trading
- Significant optionality upside
- High contract cover
- Recurring earnings



Product tanker vessels

### Logistics & Climate solutions



Port logistics

- Integrated port logistics and freight services
- Optimising customer supply chains



Decarbonisation



## FREIGHT SERVICES AND TRADING

### Asset-Light Freight Services



Construction

- Scalable platform
- Recurring earnings
- Multiple trading and arbitrage strategies



Foods & oils



Energy



Industrial

## FOUNDATION

People & Culture

Data & Advanced analytics

NORDEN Brand

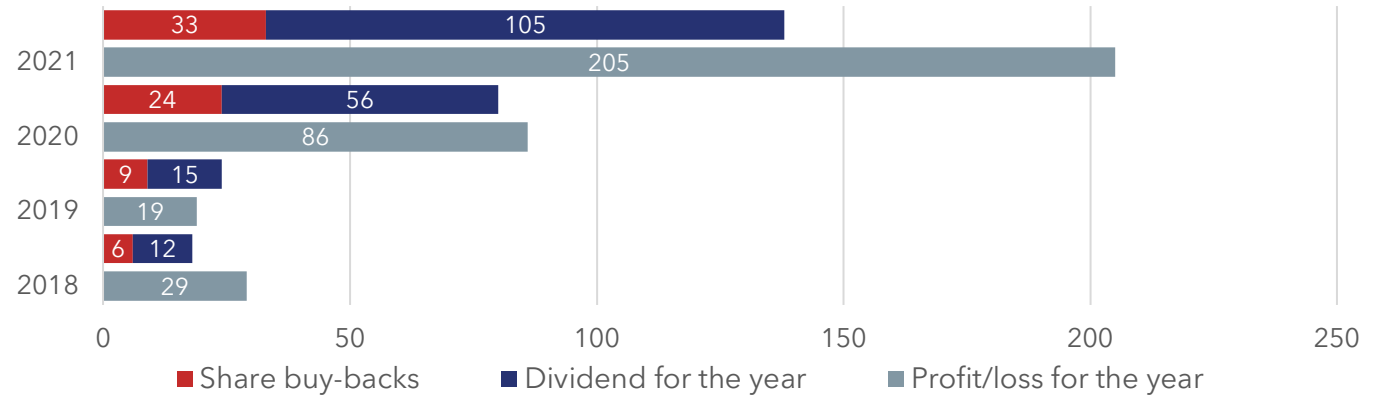
Customer relationships & Global presence

Governance & Risk management

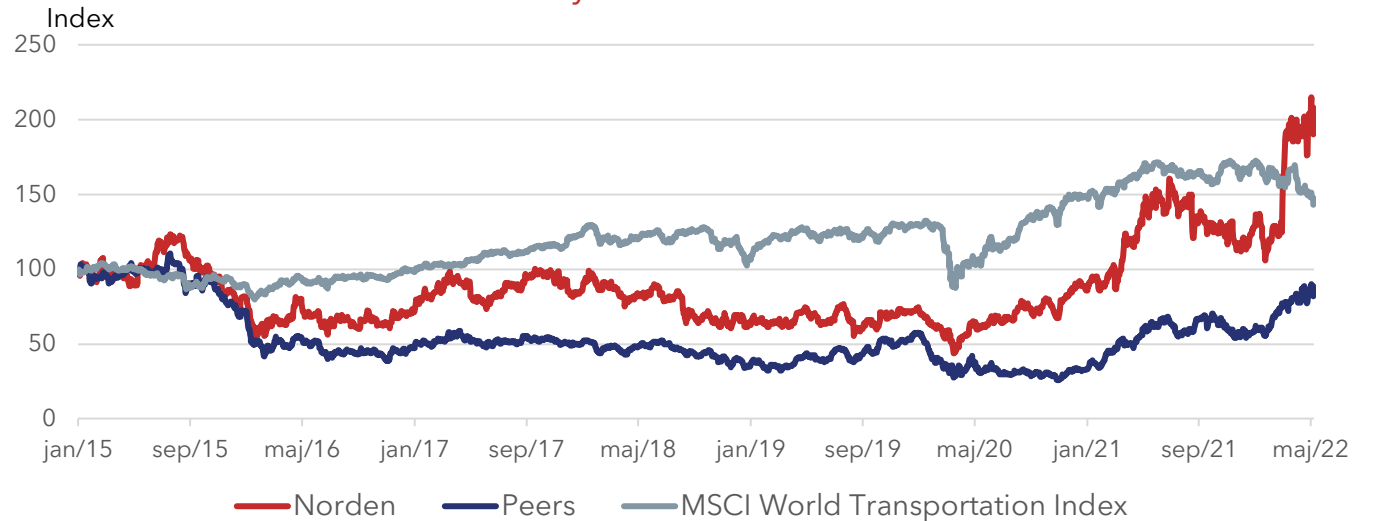
# SHAREHOLDER RETURNS

## Shareholder returns 2018-2021

USD million



## Total shareholder return over 7 years



Over USD 260 million returned since 2018

Outperforming peers in total shareholder returns



# ASSETS & LOGISTICS





# ASSET & LOGISTICS OVERVIEW

## Asset Management

### Portfolio of owned & leased vessels

Portfolio value

**1.2**

USD billion

Vessels in portfolio

**111**

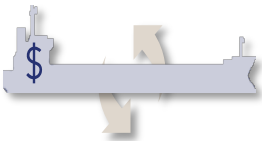
Leased vessels

**79**

Owned vessels

**32**

### Asset trading



- Purchase
- Sales
- Lease-in
- Lease-out

Transactions

**40**

2020-2021

Profit from sale of vessels

**28**

USD million

(Q1 2022)

## Logistics & Climate solutions

Logistics project

**1**

- Integrated port logistics and freight services
- Optimising customer supply chains



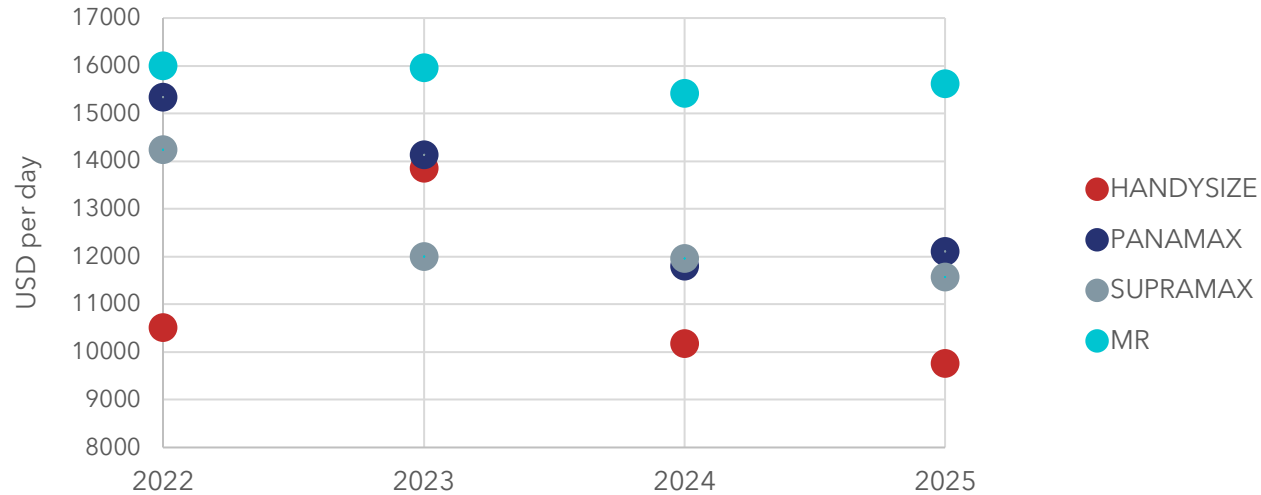


# ASSETS & LOGISTICS

## EXTENSIVE OPTIONALITY IN PORTFOLIO

### Extension options

(Average price per vessel type per year)



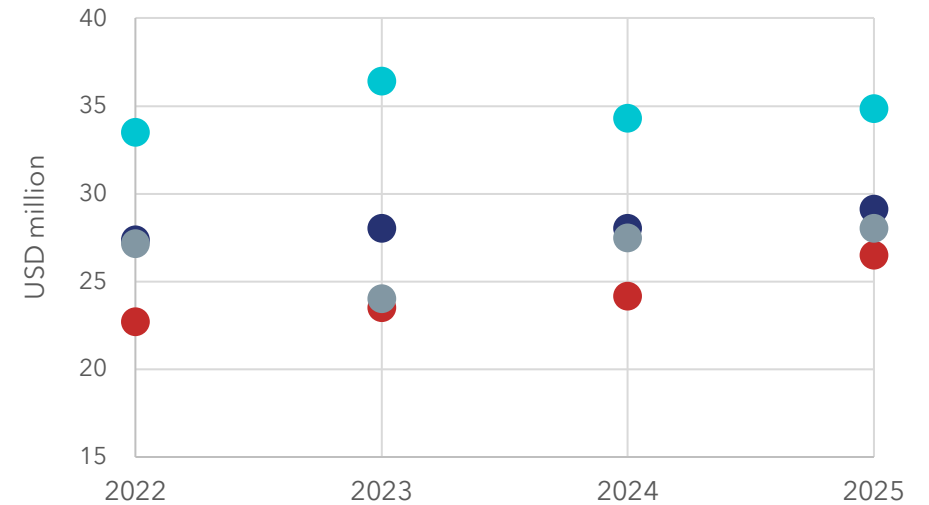
**No. of options per year**

2022	15	2023	19	2024	13	2025	10
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Supramax spot rate today: USD 30,000 per day

### Purchase Options

(Average price per vessel type per year)



**No. of options per year**

2022	26	2023	14	2024	14	2025	11
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**Average age at declaration**

2022	5.6	2023	3.5	2024	3.4	2025	4.0
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Price of 5-year old Supramax: USD 31.7 million

# ASSETS & LOGISTICS

## CASE EXAMPLE - ASSET TRADING

Active portfolio management of tradable assets

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- Ordered 6 dry cargo newbuilding vessels in Spring of 2020. Price of USD 22.5 million per vessel
- At time of order, NORDEN had already sold 2 vessels on sale and lease back terms
- In Q4 2021, NORDEN sold remaining 4 vessels on average **above USD 30 million** per vessel **within 18 months of ordering**





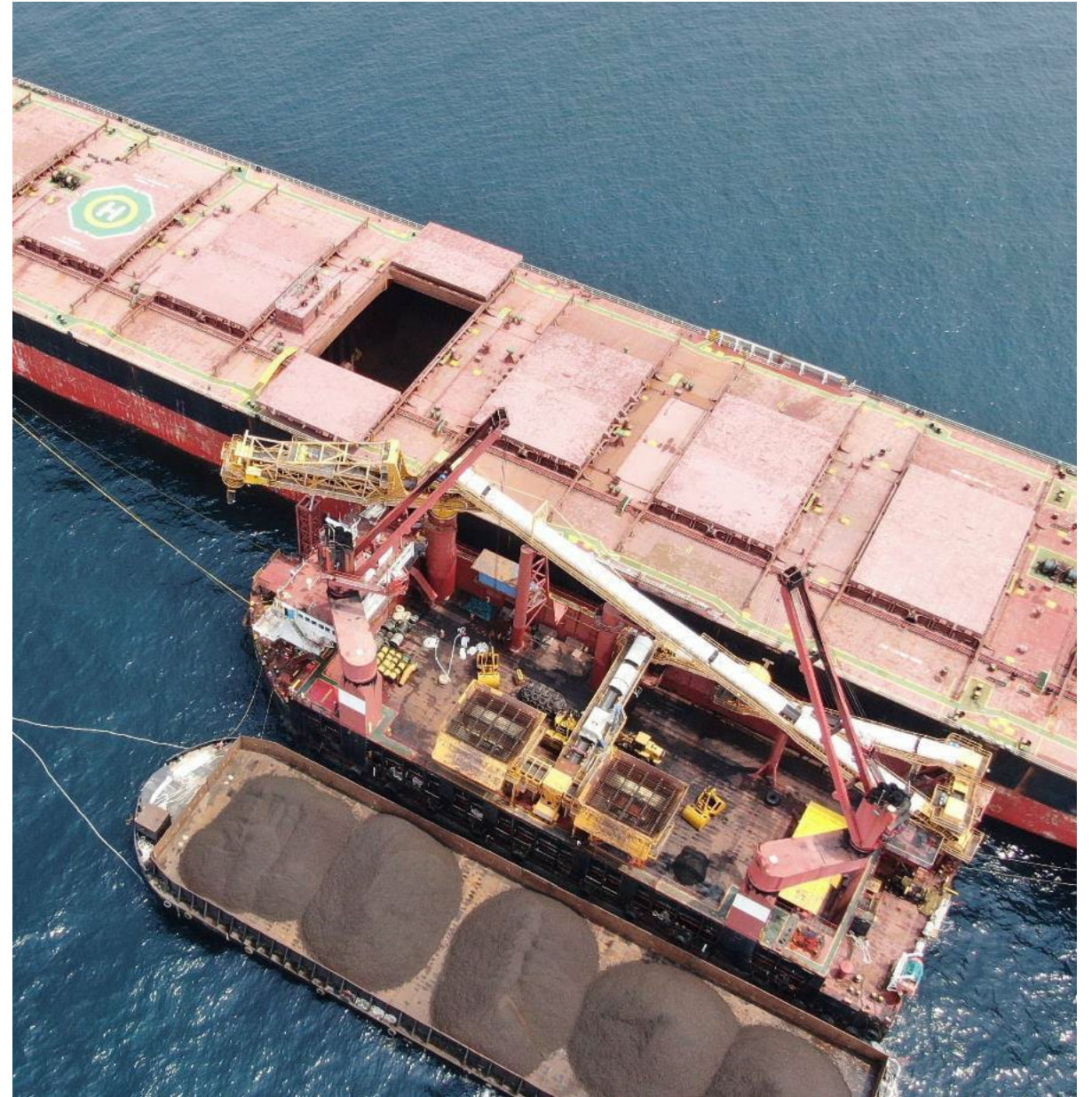
# ASSETS & LOGISTICS

## CASE EXAMPLE - LOGISTICS

Entered into 10-year transshipment contract in Gabon, Central Africa

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- Entered into 10-year transshipment contract in Gabon, Central Africa
- Significant freight benefit to the customer, low reducing their emissions by up to 30%
- NORDEN designed and is investing in equipment (USD 40 million over 10 years)





# FREIGHT SERVICES & TRADING





# FREIGHT SERVICES & TRADING COMMODITIES

## Dry cargo



### FOOD INDUSTRY

- Grain
- Soya beans

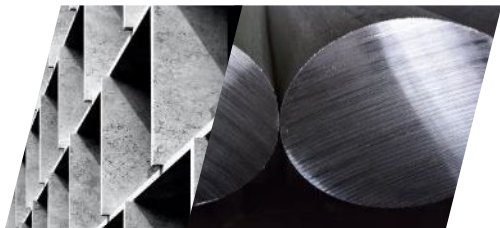


### ENERGY

- Coal
- Wood pellets

### INDUSTRIAL PRODUCTION

- Cement
- Iron ore
- Alumina/Bauxite



## Product tankers

### TRANSPORTATION

- Diesel
- Gasoline
- Jet fuel



### UTILITIES, INDUSTRIAL AND HEATING

- Naphtha
- Heating oil



### FOOD PRODUCTION

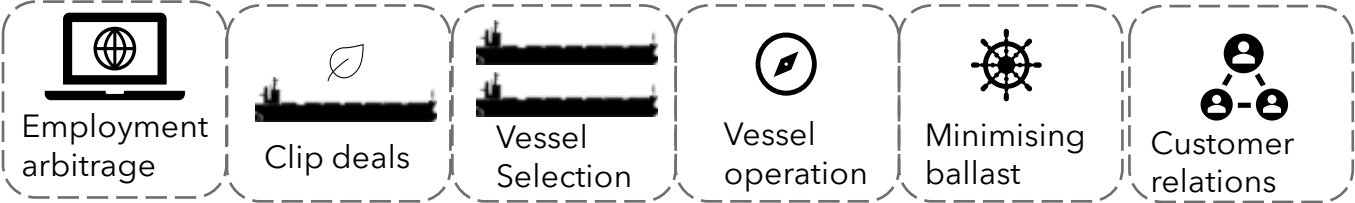
- Palm & vegetable oil



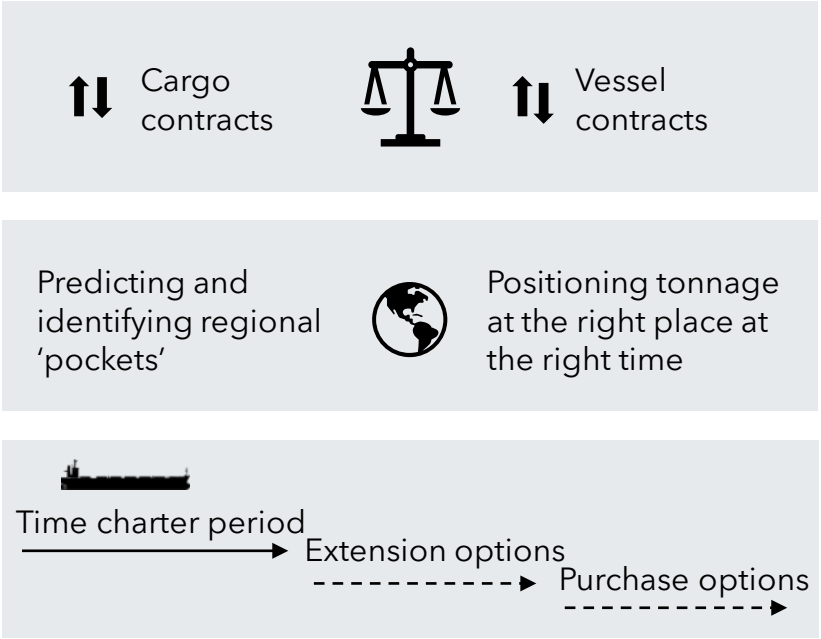
# FREIGHT SERVICES & TRADING

## BASE AND TRADING MARGINS

### Base margin levers



### Trading margin levers





# FREIGHT SERVICES & TRADING

## RISK MANAGEMENT, DATA & ANALYTICS

### RISK MANAGEMENT

- Sophisticated risk and value monitoring
- Fostering a risk-conscious culture
- Embracing market volatility

### ADVANCED ANALYTICS

- Operational and market analytics
- Speed setting traffic light
- Consumption evaluation of external vessels
- Voyage execution analysis
- Vessel tracking (AIS) based info system
- Cargo flows regional and global
- Relevant commodity and macro data

NORDEN		KPI Dashboard			
IMO NUMBER	VESSEL	Current Speed	Performance	Prop. Fuel	Speed Analysis
9728774	NORD POLLUX	🟢	🟡	🔴	🟢
9644536	NORD SATURN	🟢	🔴	🟢	🟢
9701164	NORD TITAN	🟢	🔴	🔴	🟢
9203181	NORDKAP	⚪	🟡	🔴	🔴



# FINANCIAL RESULTS Q1 2022



# FINANCIAL RESULTS

## FIRST QUARTER 2022: GROUP PERFORMANCE

Group Profit  
Q1 2022

# 117

USD million

Return on  
equity

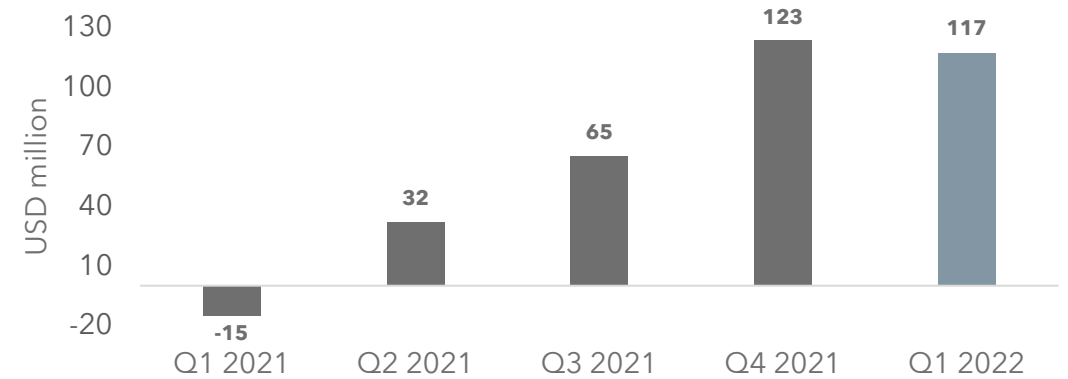
# 40%

Guidance  
2022

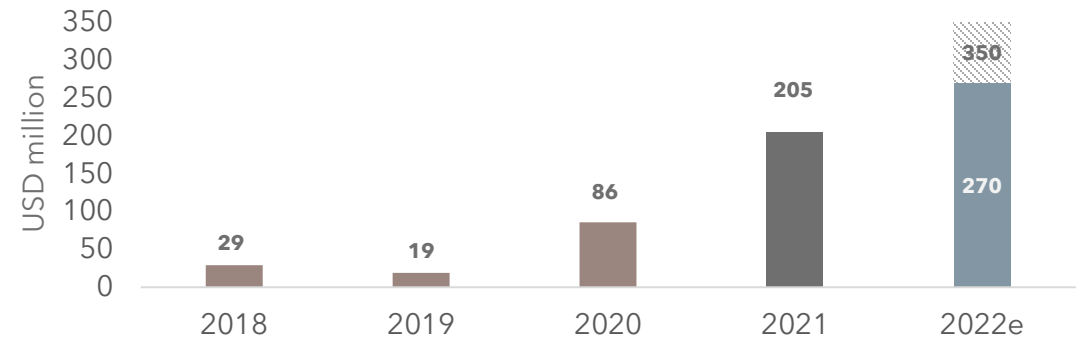
# 270-350

USD million

### GROUP PROFIT/LOSS LAST FIVE QUARTERS



### GROUP PROFIT BY YEAR



# FINANCIAL RESULTS

## FIRST QUARTER 2022: BUSINESS UNIT PERFORMANCE



### Assets & Logistics

Net profit

# 41

USD million

- Benefitting from high dry cargo coverage at high rates
- Taking profit through vessel sales - USD 28 mill
- Shifting exposure from dry cargo to tankers
- Selling Handysize tankers and reinvesting in modern MRs
- Adding coverage for 2023
- Commenced operations in Gabon



### Freight Services & Trading

Net profit

# 76

USD million

Result per vessel day

# 1,856

USD /day

- Captured good value in dry cargo early in Q1
- Kept main exposure to best performing vessel types
- Now moving exposure from dry cargo to tankers
- Added significant Tanker exposure in recent quarters
- Activity levels growing again
- Well-equipped to navigate market volatility



# FINANCIAL RESULTS

## VALUATION AT Q1

### ASSETS & LOGISTICS

#### Net Asset Value-based valuation

Total NAV

**1,485**  
USD million

NAV per share

**277**  
DKK

### FREIGHT SERVICES & TRADING

#### Earnings-based valuation

Annualised since 2019

**116**  
USD million

Average margin per vessel day

**769**  
USD

Average activity growth

**11%**  
Per year

Earnings per share\*

**198**  
DKK

**Note:** \*) Based on number of shares and USD/DKK currency rate at end of Q1, and applying a multiple of 10x

# Opsamling - Key takeaways



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Omstillingsparat  
forretningsmodel



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Justerbar eksponering  
på tværs af markeder  
og skibstyper



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Stærk Risk/Reward med  
det bedste af to verdener



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Stærk track-record og godt  
momentum. Forventer endnu  
et stærkt resultat i 2022

# TAK FOR I DAG


Dampskibsselskabet NORDEN A/S

52, Strandvejen

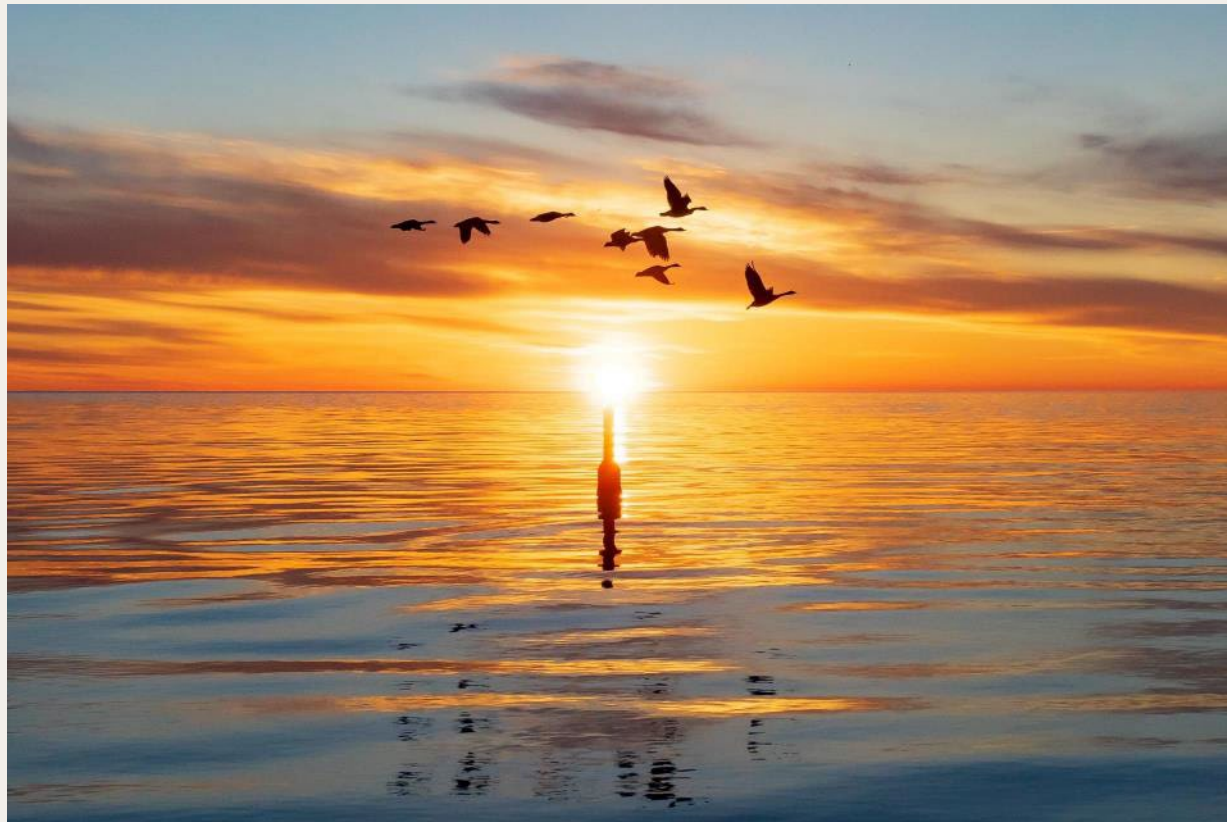
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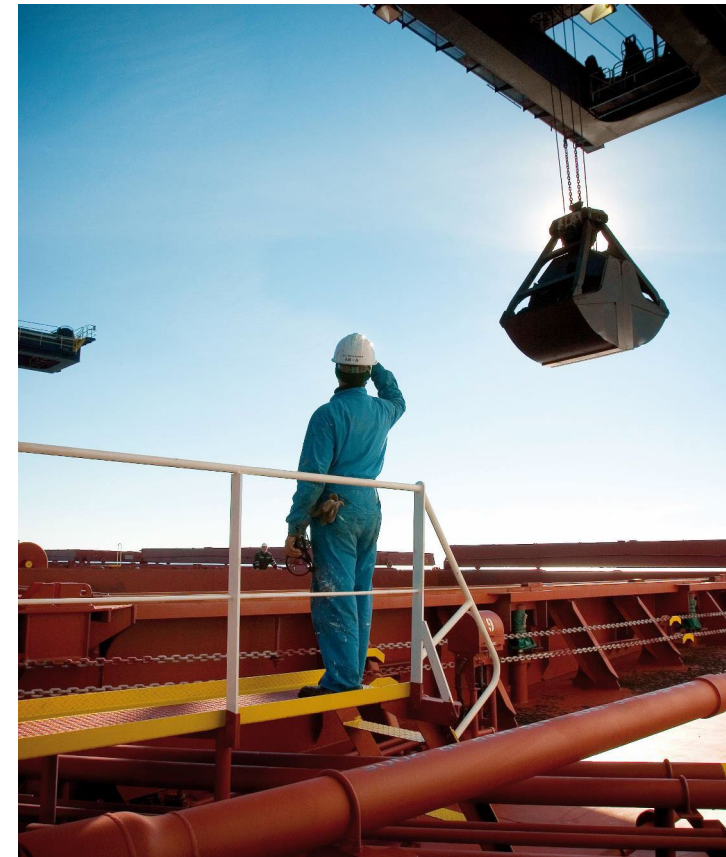
# DISCLAIMER

## FORWARD LOOKING STATEMENTS

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

Statements relating to 2022 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.



# APPENDIX

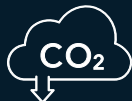
# NORDEN's climate commitment



Carbon emissions transparency



Greener shipping solutions



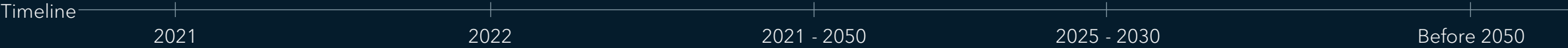
Reduction in CO2



Zero-emission vessels from 2030



Net-zero emissions by 2050



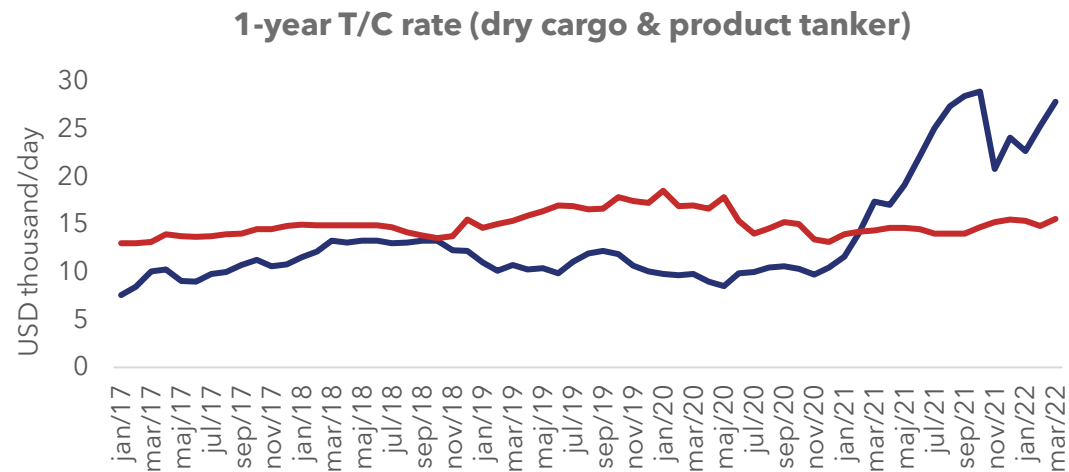


# 03. MARKETS

## DRY AND TANKER MARKET IN Q1 2022

### Continuation of the strong market witnessed in 2021

- Strong spot rates, indicating firm market above normal Q1 season
- Market inefficiencies and high congestion levels supporting rates
- Longer voyages after sanctions against Russia, yet commodity volumes not easily replaced
- 1-year T/C Supramax increased by 16% to USD 27,875/day
- Price of a 5-year old Supramax increased by 6% to USDm 31.7

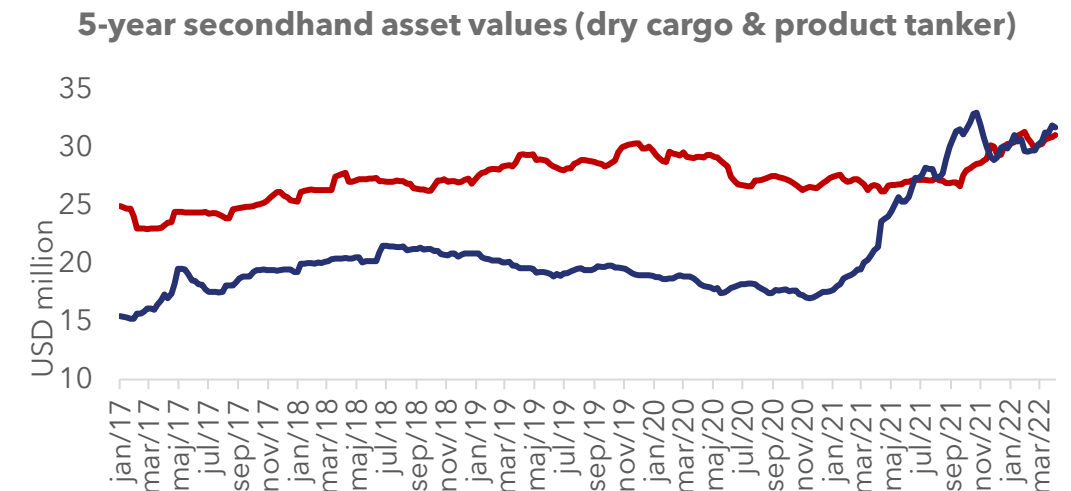


Source: Clarksons

— Supramax — MR Eco

### Tanker market improving strongly after weak Q1

- 1-year T/C MR eco rate remained around USD 15,600/day
- Price of a 5-year old MR increased by 2% to USDm 31
- At beginning of Q2, sanctions on Russia impacted trading patterns considerably
- Gasoil in high demand, driving up exports and longer distances



Source: VesselsValue

# 03. MARKETS

## MARKET OUTLOOK IN DRY CARGO

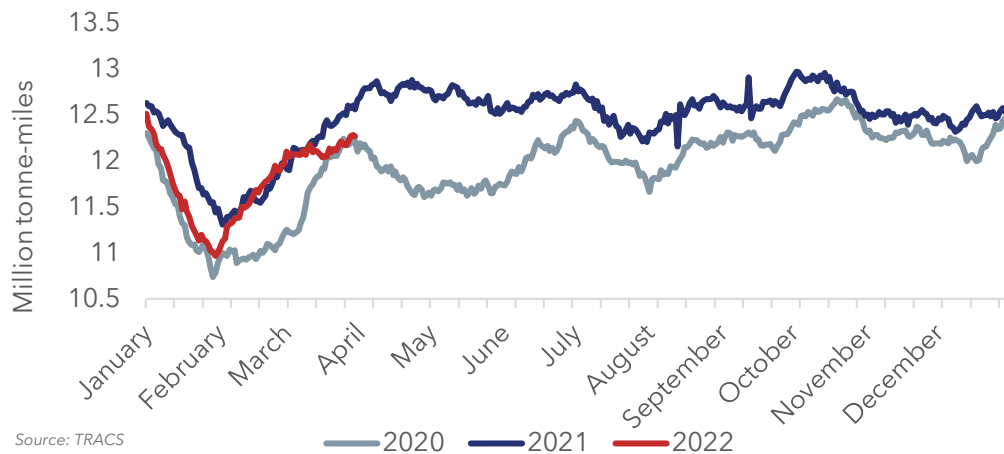
### Market in 2022 to remain above historical levels

- Market rates and prices expected slightly lower, but above historical average
- Long-term impact of Ukraine/Russia war expected to be marginally negative
- Effect of lost commodity volumes outweighs effect of longer distances
- Easing of congestion levels and lower global growth to loosen up market
- Chinese economy stimulus is key upside

### Low supply growth limiting downside risk

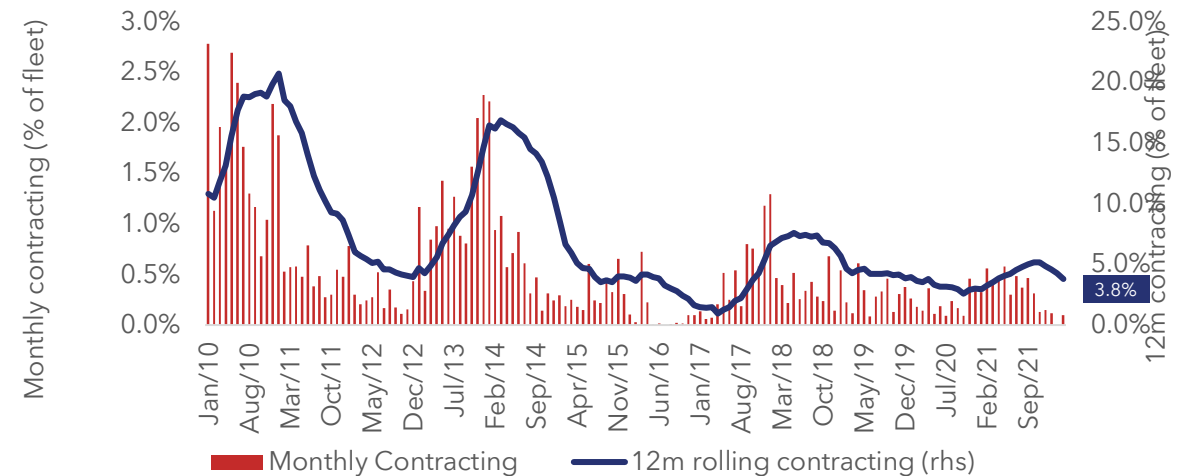
- Low newbuilding contracting of 4% (rolling average)
- High steel prices supporting high asset prices
- Compounded by inflation in general
- Expected global fleet growth of 2-2.5% for both 2022-23

Global volumes transported (30-day moving average)



Source: TRACS

Dry Cargo Y/Y Fleet Growth - Monthly contracting



Source: Clarksons

# 03. MARKETS

## MARKET OUTLOOK IN TANKER

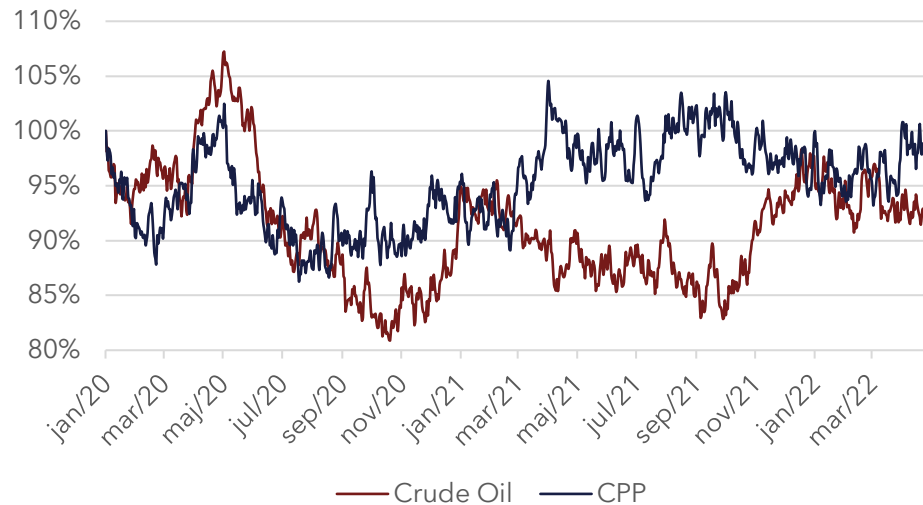
### Significantly improved spot market expected to continue

- After Q1, significant regional spikes in MR spot rates (USD +50,000 per day in US-Gulf, USD +30,000 per day in Asia Pacific)
- Tight oil market with low inventories - small disruptions have big impact
- Strong demand for product tankers driven by dislocations and price arbitrage
- Rate volatility expected to remain high

### Low fleet growth supports market

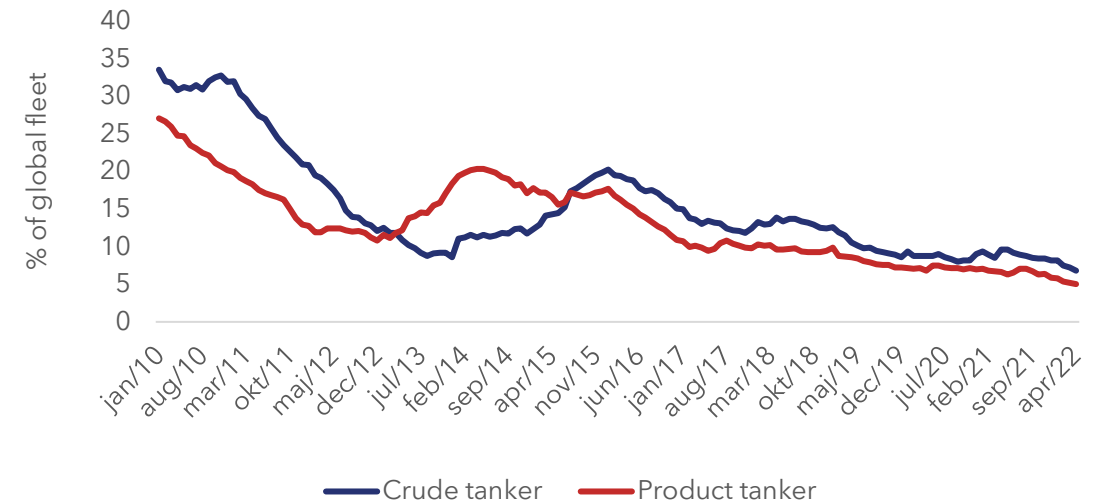
- Supply growth remains low, supported by increased vessel scrapping
- Compounded by increased steel prices and inflation in general
- Expected global fleet growth of 2% in 2022-23

Clean products and crude oil in transit



Source: Vortexa

Orderbooks in % of fleet



Source: NORDEN