Our business is global tramp shipping
AGENDA

- Organisation
- Business model
- Strategy
- COA focus
- Counterparty quality
- Optimisation of vessel utilisation
- Major trades in 2012

Our business is global tramp shipping
One of the world’s largest operators of Panamax and Handymax vessels

Total number of employees 122

Overseas offices in:
- US
- Brazil
- India
- Singapore
- China

Port captains ensure timely handling of cargoes in ports across the globe
ASSET LIGHT BUSINESS MODEL

Flexible fleet

- *Active (on order)
  - Sale and purchase
  - Technical competencies in-house
  - Option-based flexibility
  - 3-7 year firm periods
  - Flexibility and scale
  - Arbitrage
  - Single-trip charters

Coverage and customer focus

- Capacity
  - Owned 29 (5)
  - LT chartered w. POP 40 (13)
  - LT chartered 23 (1)
  - Other chartered (90)

- Employment
  - Contracts of affreightment
  - TC out
  - FFA market
  - Spot market

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

People

Brand

Systems

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EXECUTING ON STRATEGY

Long term growth in challenging times

**Dry Cargo**
- Growth in cargoes carried of 15% p.a.
- Growth in contractually secured cargo volumes of 15% p.a.
- Joint ventures and strategic alliances
- Added value creation as operator

**Tankers**
- Growth in owned fleet to 25+ units
- Daily earnings above market rates
- High standards for quality, safety, etc.
- Increasing EBIT in strategy period

**Joint**
- Tight cost control on shore and at sea
- Increased eco/fuel efficiency focus on all vessels
- Flexible financial resources to pursue opportunities

**Overall targets**
- Higher shareholder return than peers
- Global leader in tramp shipping

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CARGO FOCUS

- 2011:
  - 61 million tons of transported volumes – 40% up from 2010
  - 87 million tons of contractually secured cargo – 16% up from 2010
  - Continued focus on profitable growth in cargo volumes

Transported volumes 2012

Contractually secured cargo volumes, 2013+

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IS 15% CARGO GROWTH REALISTIC?

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

**NORDENs cargo programme**

* Per 15 May 2012
Top 20 counterparties by exposure end-2011

- Mining companies: 49%
- Energy Companies: 13%
- Shipping Companies: 26%
- Industrial Enterprises: 8%
- Coal distributor: 4%

Top 20 counterparties accounted for 78% of the forward cargo bookings.

Credit risk process:

- Counterparties which have potential exposure of more than USD 5 million must have a credit rating.
- The rating is based on both financial and non-financial parameters.
- The overall rating translates into a USD exposure limit and a fixture duration limit.

Top 20 counterparties by ownership type

- Publicly listed: 7%
- Private: 3%
- State: 90%

The overall rating translates into a USD exposure limit and a fixture duration limit.
<table>
<thead>
<tr>
<th>JOINT VENTURES</th>
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</thead>
<tbody>
<tr>
<td>▶ Focus on joint ventures with core customers</td>
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<tr>
<td>▶ JVs tighten the bond and give valuable insights into various commodity markets</td>
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<tr>
<td>▶ Provides client with an alternative to vertical integration</td>
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<td>▶ Last refusal on cargo requirements</td>
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### OPERATOR MODEL

**How do we optimise earnings in the operator model?**

<table>
<thead>
<tr>
<th>Chartering</th>
<th>USD 22 million in 2011</th>
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<tbody>
<tr>
<td>- Client and brokering networks</td>
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<tr>
<td>- Build up a portfolio of COAs</td>
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<tr>
<td>- Optimise vessel utilisation</td>
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<td>- Long/short strategy in different vessel segments</td>
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<tr>
<td>- Vessel positioning</td>
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<tr>
<td>- Build up optionality in the fleet</td>
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<tr>
<td><strong>Operational</strong></td>
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<tr>
<td>- Optimise speed consumption of each voyage</td>
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<tr>
<td>- Port captains optimise loading and discharge</td>
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</table>
THE IMPORTANCE OF INCORPORATING OPTIONALITY INTO THE BOOK

- Optionality provides a "bottom line" safety against market movements
- Value of the optional period can be locked in with FFA
- Larger degree of flexibility of period contracts in low markets

NORDENs ship days under different market scenarios* (no. of days)

* Per 15 May 2012
Contract duration:
- 5 seasons from around 1 July through around 31 October each year – charterer has an option to extend the contract for another 5 seasons

Cargo:
- Coal

Quantity:
- 75,000 mt per shipment – 1,750,000 mt per season

Loading ports:
- Svea and Longyearbyen

Discharging ports:
- Rotterdam, Immingham, Sines, Brunsbuttel and Esbjerg

Freight rates:
- Freight rates are based on USD per ton and vary based on loading/discharging ports

Optionalities

Environmental issues
Vessel type:
- Panamax – max. 15 years old

Delivery:
- Indonesia or Australia

Redelivery:
- Japan

Contract duration:
- 4 voyages per annum over 3 years

Commodity:
- Coal

Freight rates:
- Agreed hire on a standard vessel

Definition:
Time charter is a hiring of a vessel for a specific period of time at a predetermined rate per day.
COAs – BACKHAUL FOCUS

- Record high bunker prices increase the importance of minimizing the ballast ratio

- Having secured backhaul COAs, even at low rates, can mean significant savings when the alternative is to ballast

- Bachaul COA value example:
  - Japan – US Gulf
  - Duration 32 days
  - Ballast cost approx. USD 25,000 per day
  - Minimum cost of ballasting: USD 800,000

- Around 80% of all cargoes discharged
- All newbuildings delivered
Discharging in China on 10 June
Optimising vessel utilisation

Discharging in China on 10 June

Cargo fixed for loading in Indonesia on 20 June

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Option 1: Ballast from China to Indonesia for 8 days at a total cost of approx. USD 220,000
Option 2:

- Find a open cargo closer to the vessel that becomes open in China
- Fix a open vessel closer to the loading port in Indonesia
NORDENs MAJOR HANDYSIZE TRADES IN 2012

Wood pellets from USEC to Europe

Fertilizers from Baltic to ECSA

Grain from ECSA to WCSA, WCCA, NCSA, Europe and MED.

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NORDENs MAJOR HANDYMAX TRADES IN 2012

- Salt from Chile to USEC
- Clinker from Coal from Indonesia Med. to WCA
- Slag from Japan to USG
- Coal from USA to WCSA
- Clinker from Korea to WCA
- Coal from Indonesia to India, Thailand and Philippines
NORDENs MAJOR PANAMAX TRADES IN 2012

- Coal from Svalbard to Europe
- Coal from Russia to Europe
- Coal from Indonesia to China, Taiwan, Japan and Philip.
- Coal from Indonesia to Italy
- Bauxite from Guinea to Ireland
- Grain from ECSA to Far East
- Coal from Australia to Japan

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### RECAP

- **Cargo focus**
  - Only at attractive levels

- **Operator activities**
  - Using entire “toolbox” to generate additional value

- **Long term vision**
  - Use low market for future positioning
Thank you for your attention

ANY QUESTIONS?

24*7 seas

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