

# NORDEN RESULTS

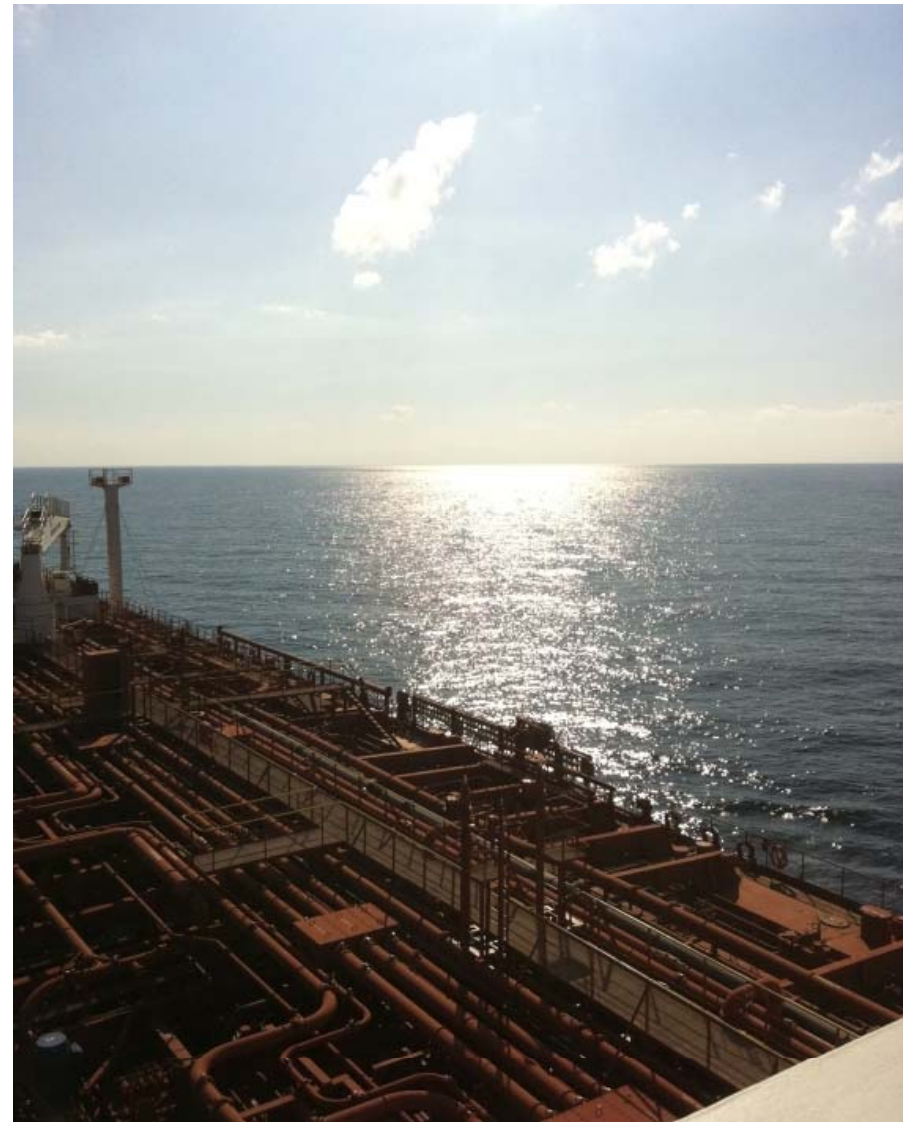
Full year results of 2011

Hellerup, Denmark  
7 March 2012



# AGENDA

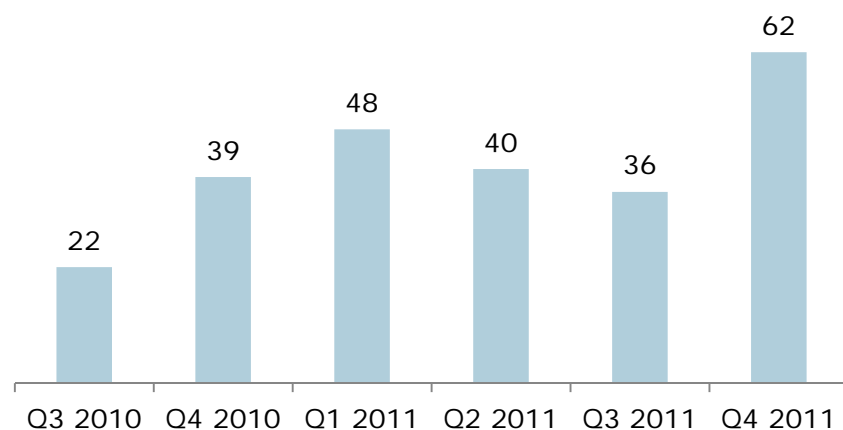
- ▶ Group highlights
- ▶ Strategy
- ▶ Financial highlights
- ▶ Market expectations
  - ▶ Dry Cargo
  - ▶ Tanker
- ▶ 2012 expectations
- ▶ Q & A



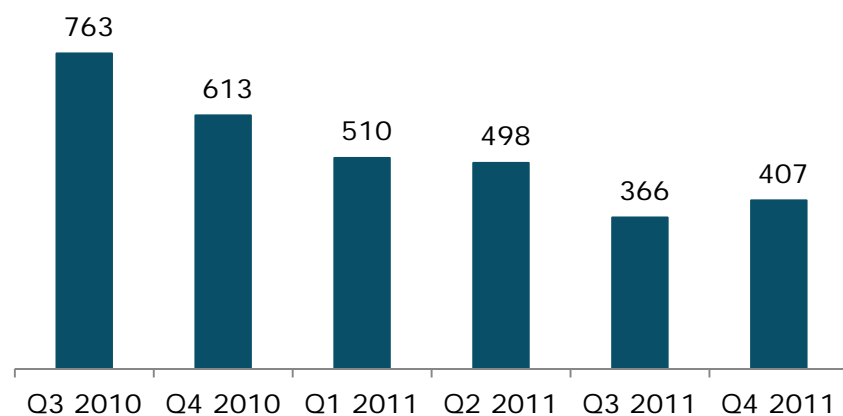
# FULL YEAR HIGHLIGHTS



## EBITDA (USDm)



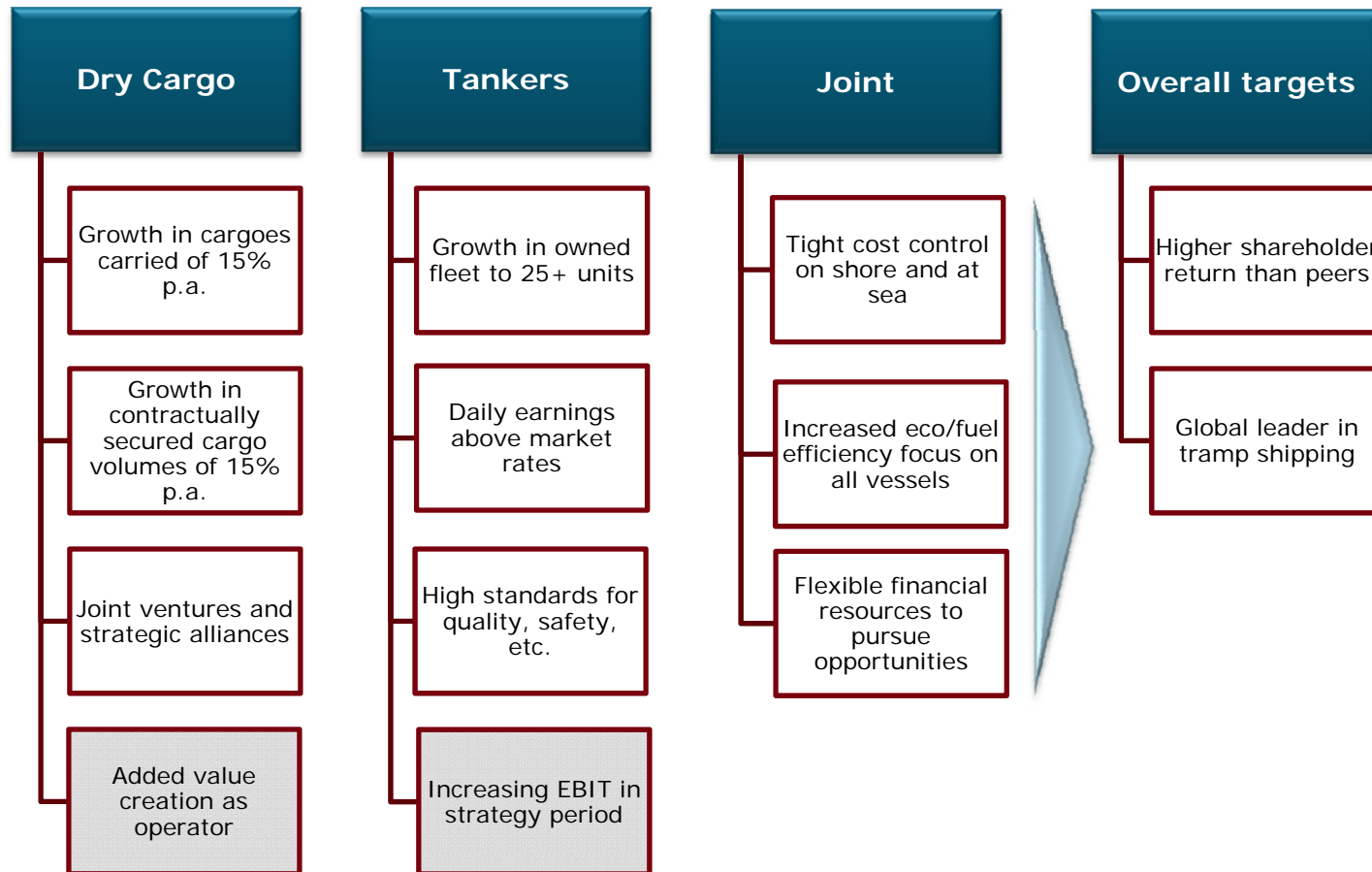
## Cash and securities (USDm)



## Key messages

- ▶ Results higher than November guidance
- ▶ Q4 best quarter since Q3 2008
- ▶ Total 2011 EBITDA was USD 186m
- ▶ Added 9 new vessels to core fleet orderbook
- ▶ Strong financial position and solid financial resources
- ▶ Proposed dividend 4 DKK per share
- ▶ 2012 EBITDA guidance USD 110-150m

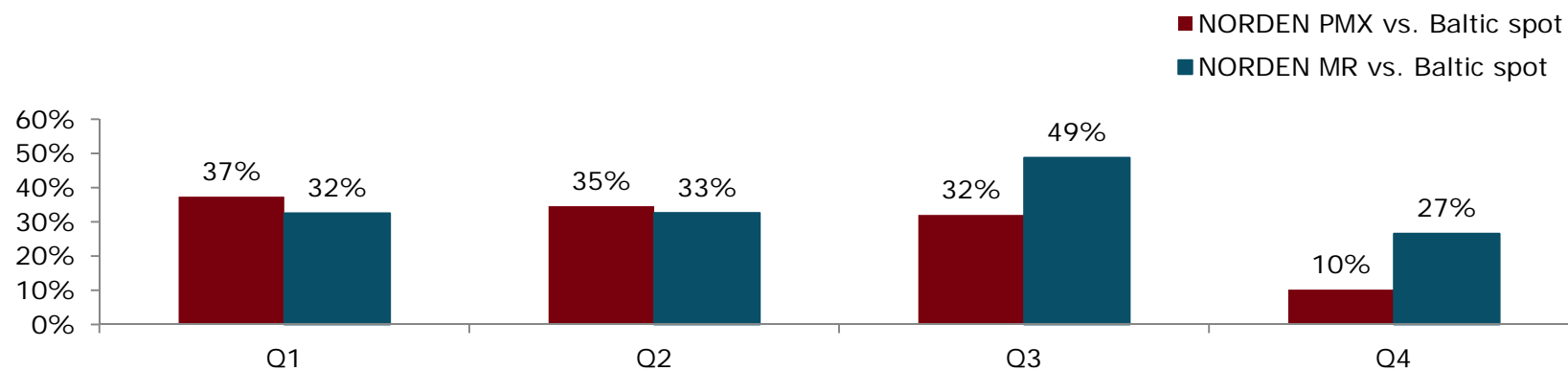
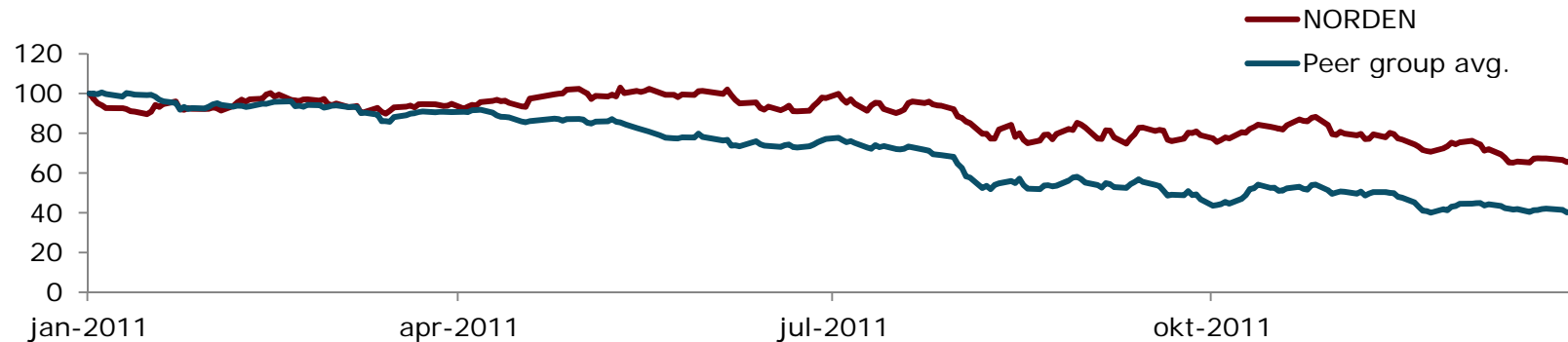
## *Long term growth in challenging times*



# OUTPERFORMANCE IN 2011



- ▶ TRS: Outperforming group of peers by 27% pts.
- ▶ Beat the spot benchmarks by 24% in PMX and 40% in MR
- ▶ Increased Dry Cargo market share: 40% volume growth vs. 6% market growth



# 2011 FINANCIALS

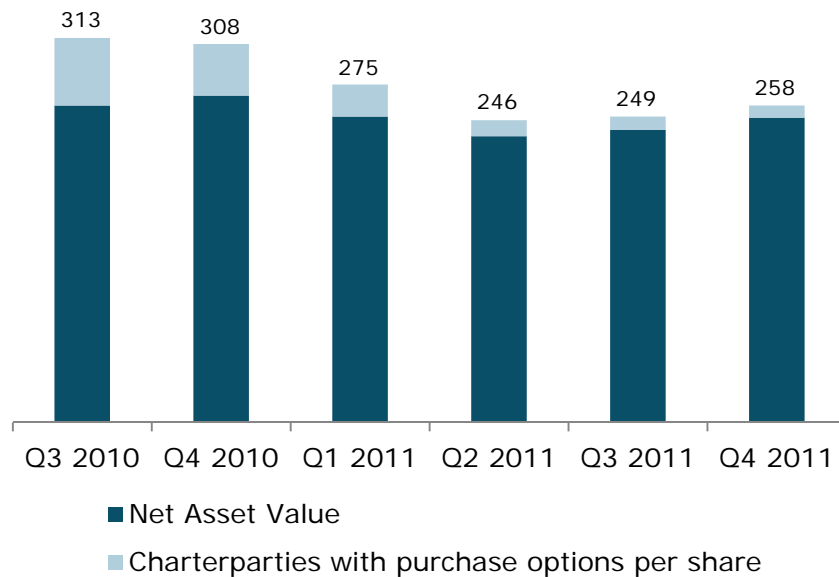


Comments	USDm	2010	2011	Q4 2011	Y/Y %
▶ Q4 by far the best quarter in 2011	CM II Group	289	239	74	-17%
▶ Dry Cargo performance better than expected	O/A Group	-49	-53	-12	7%
▶ Tankers in line with expectations	<b>EBITDA Group</b>	<b>240</b>	<b>186</b>	<b>62</b>	<b>-22%</b>
▶ Tight cost focus	EBITDA Dry Cargo	249	171	60	-31%
▶ O/A up 7% despite rise in vessel days of 19%	EBITDA Tanker	0	26	4	N/A
▶ Record number of newbuilding deliveries	Vessel sales	28	0	0	N/A
	Depreciation	-50	-81	-24	64%
	<b>EBIT Group</b>	<b>223</b>	<b>104</b>	<b>39</b>	<b>-53%</b>
	<b>Net profit</b>	<b>245</b>	<b>88</b>	<b>30</b>	<b>-64%</b>

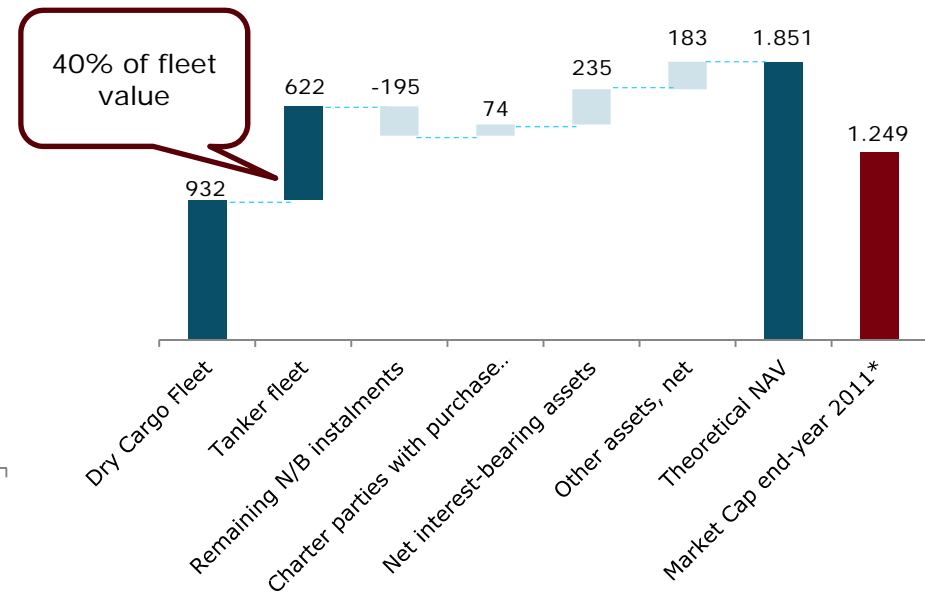
# FLEET VALUES

- ▶ Theoretical NAV of USD 1.9 bn. - DKK 258 per share
- ▶ Net exposure to forward tanker market increased to ~ 40% of NAV
- ▶ No need for impairment

Value development (DKK per share)



Total theoretical NAV (USDm)



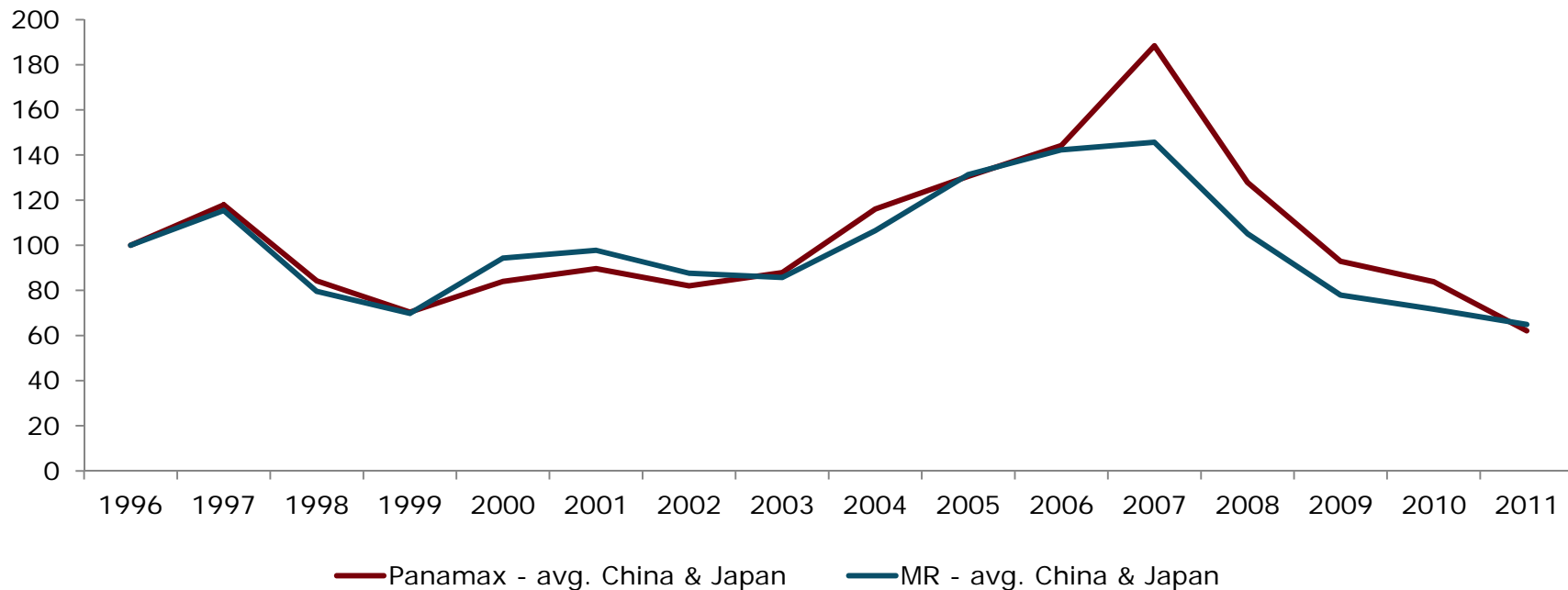
\*Share price 134.5 DKK

# NEWBUILDING PRICES AT HISTORICAL LOWS



- ▶ Yards are close to marginal cost - limited downside in newbuilding prices
- ▶ Yard sector consolidation expected
- ▶ Lower nominal prices in 1999 due to lower steel prices + lower currencies vs. USD

Panamax and MR newbuilding price excl. steel cost – local currency (Index = 100)



Sources: Japan Iron and Steel Federation, Clarksons, Antaike Information Development

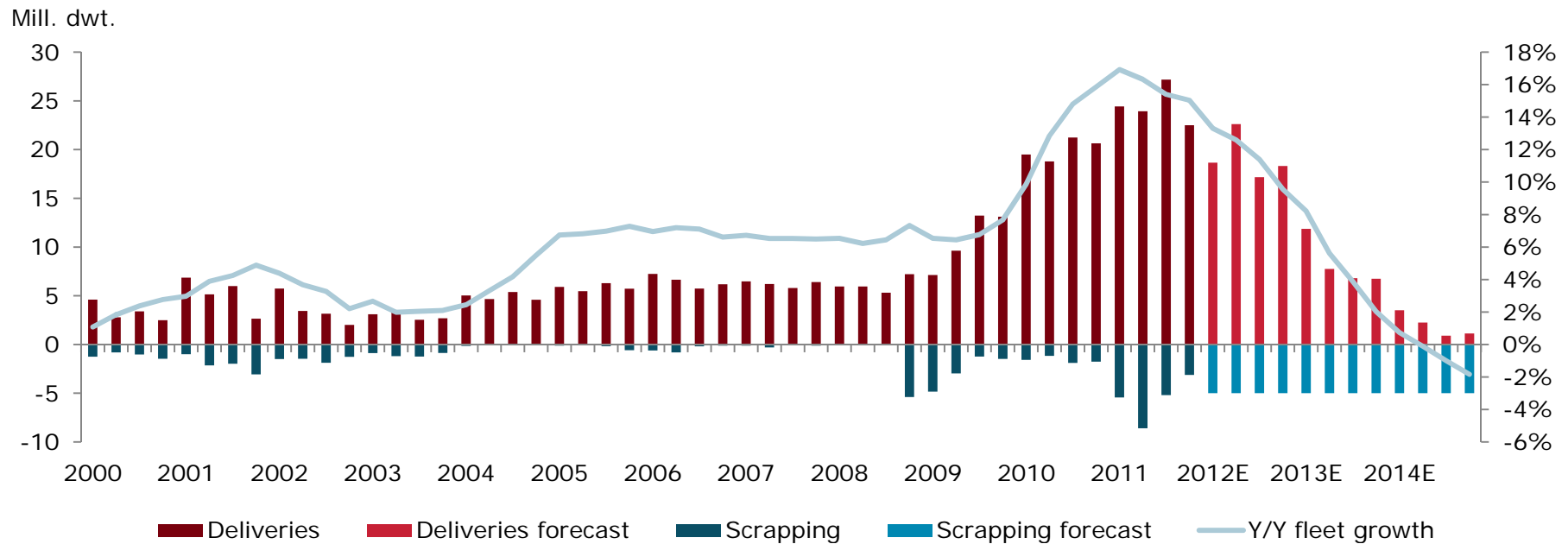


# DRY CARGO FLEET DEVELOPMENT



- ▶ Current orderbook approx. 30% of total dry cargo fleet
- ▶ More than 2/3 of the orderbook has an expected delivery date in 2012
- ▶ Net fleet growth expected to be 11% in 2012 and decline significantly in coming years

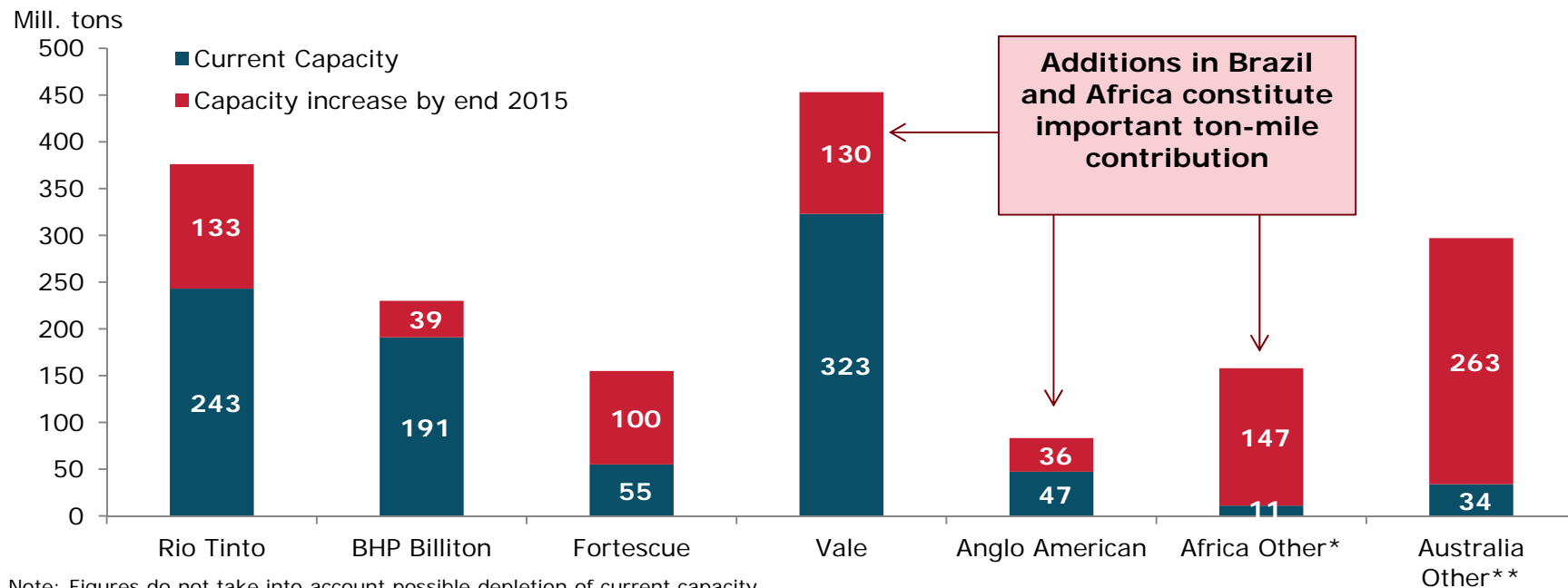
## Dry Cargo supply



Source: Clarksons Forecast assumptions: 35% shortfall and scrapping of 5 m. DWT per quarter

# IRON ORE EXPANSION PLANS

- ▶ Big 5 miners expected to grow capacity by 11% annually
  - ▶ The majority from Brazil (131 mtpa) and Australia (263 mtpa)
- ▶ Driven by record high China iron ore imports (687m tons in 2011)
- ▶ Additional expansions in *Africa Other* and *Australia Other* could increase growth to 18% annually



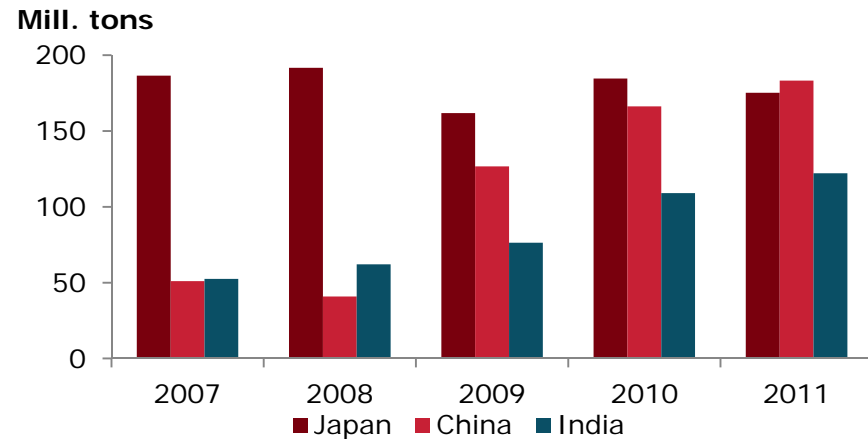
Note: Figures do not take into account possible depletion of current capacity  
 \*Africa Other consists of data from 8 mining companies  
 \*\* Australia Other consists of data from 25 companies other than Rio, BHP and Fortescue

Source: Company websites

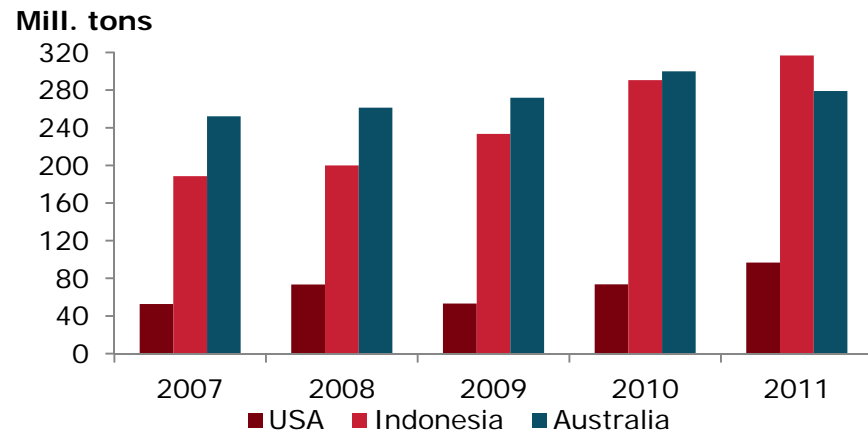
# COAL IMPORTS & EXPORTS

- ▶ Record-high coal imports to China in 2011 (+10%)
- ▶ India coal imports grew less than expected (+12%)
- ▶ US coal export increased by 23% in 2011, more than offsetting the fall in Australian exports
- ▶ Seaborne coal trade increasingly constrained by lack of supply, while demand remains firm
- ▶ China's coastal trade expected to increase by 80-100m tonnes in 2012 (2011: 640 m. tonnes)

## Coal Imports



## Coal Exports



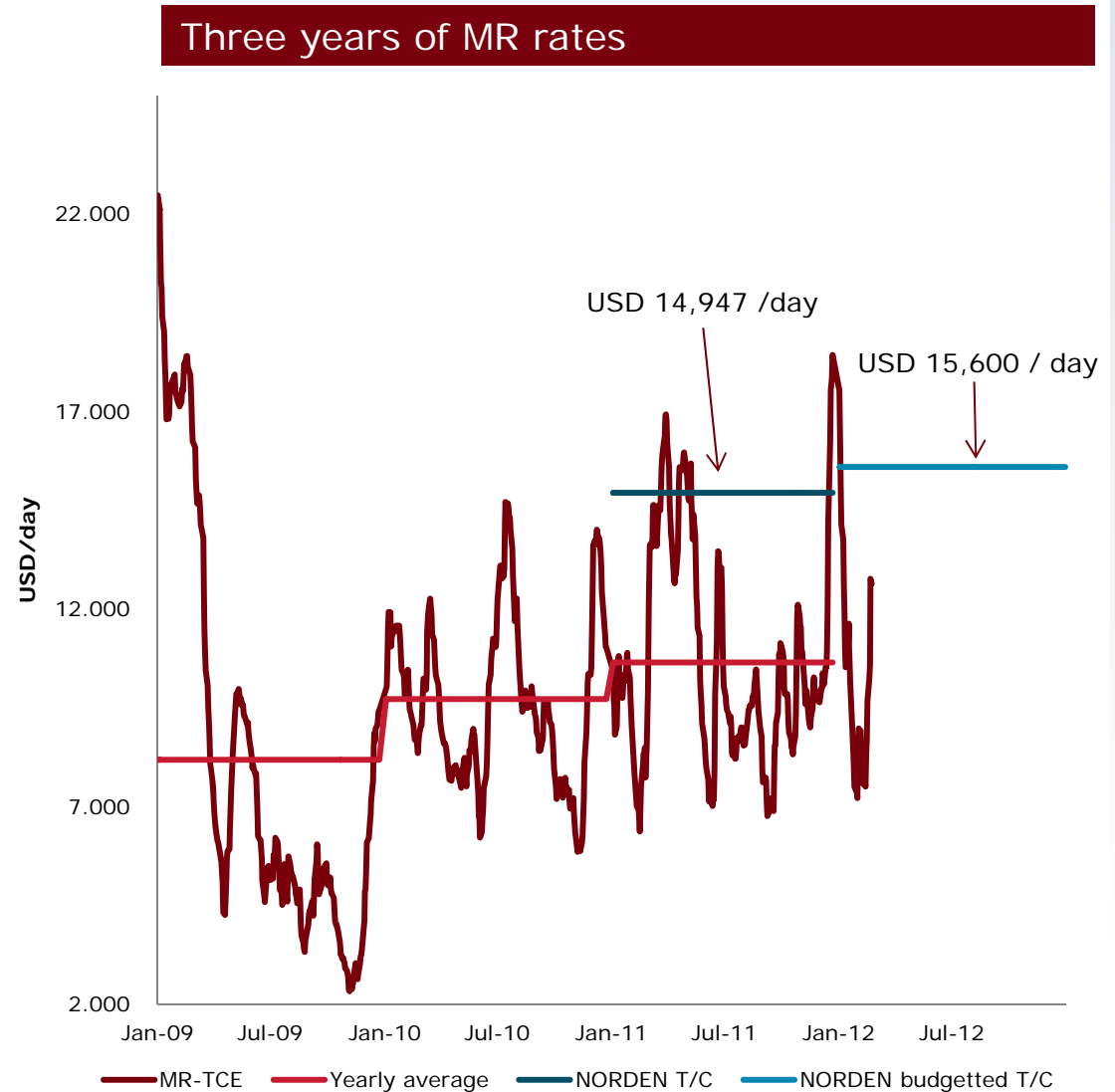
Sources: Howe Robinson, Japan Ministry of Finance, China Customs, and Clarksons

- ▶ Market outlook
  - ▶ 2012 overall lower than last year
    - ▶ Current weakness could reverse with seasonality later in the year
  - ▶ Continued strong demand in emerging markets
  - ▶ Improving raw material availability in medium term
  - ▶ Supply growth trails off in coming years
  
- ▶ NORDEN
  - ▶ 2012 coverage at 86% at mid February 2012
  - ▶ Focus on optimising internal operations
  - ▶ Continued focus on cargo contracts, but only at fair levels and with good counterparts
  - ▶ Opportunity for investments could be near
  
- ▶ Positioning for the long term cycle

# PRODUCT TANKER RATES GRADUALLY IMPROVING



- ▶ Increasing 19% and 10% Y/Y in 2010 and 2011
- ▶ 2011 avg. market T/C of USD 10,600 per day
- ▶ NORDEN avg. T/C of USD 14,900 per day – and expected for 2012 an avg. rate of USD 15,600 per day



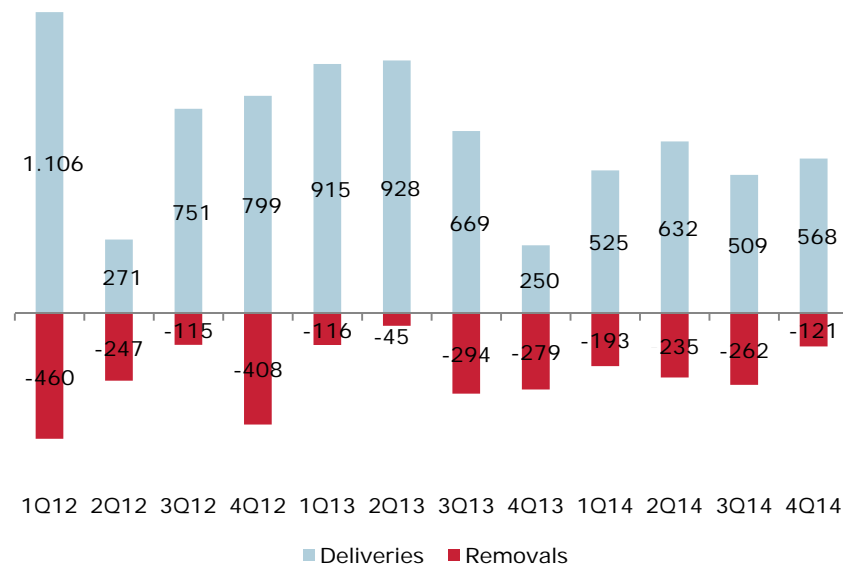
Source: Baltic Exchange

# DECLINING CLEAN TANKER FLEET GROWTH



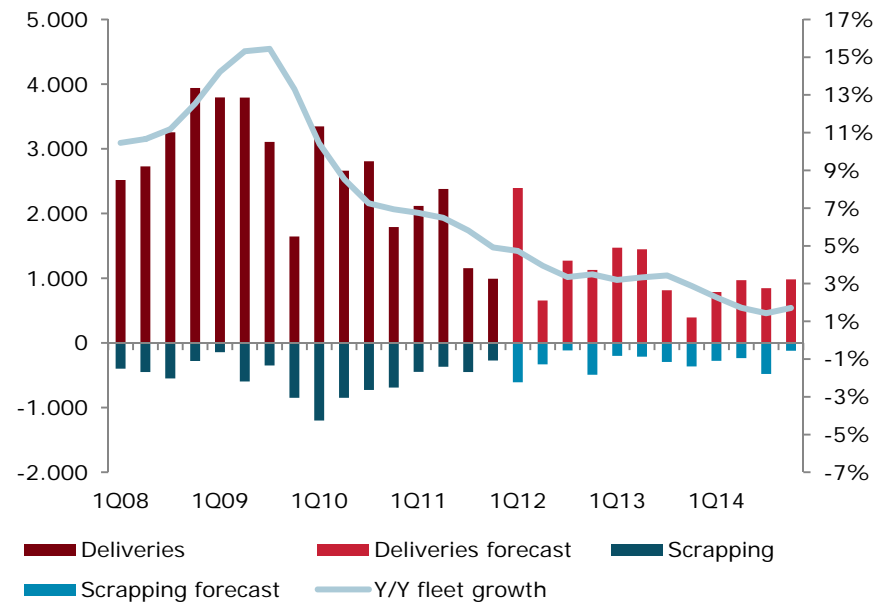
- ▶ Total Handysize and MR tanker fleet growth of 4% in 2011 and forecasted 2.5 % p.a. for 2012-2014
- ▶ 2012-2014: Handysize fleet expected to decrease by 3%
- ▶ In the same period MR tanker fleet expected to grow by 13% to 52m DWT

Handysize and MR Tanker (kDWT)



Source: SSY

Clean Tanker Fleet Development (kDWT)



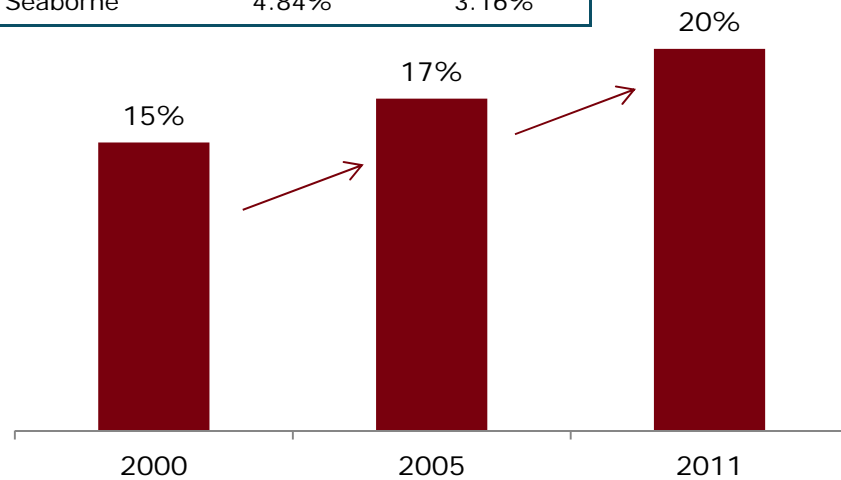
# REFINERY OUTSOURCING = MORE VESSEL DEMAND



- ▶ Refinery outsourcing leads to a growing share of global oil consumption being transported by sea
- ▶ Net refinery capacity expected to increase 9.2 mb/d from 2012-2016
  - ▶ Asia and Middle East contribute positively to tonne-mile increases

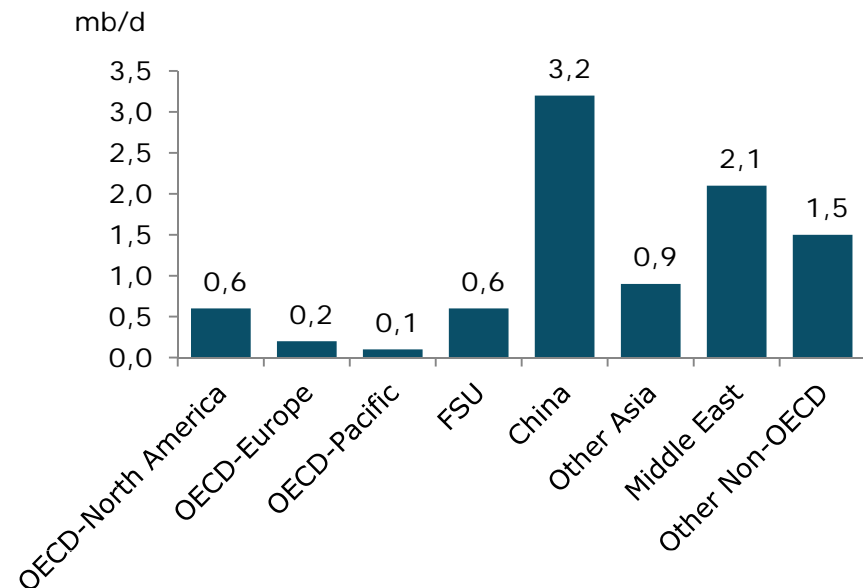
## Seaborne oil out of total consumption

	2000-2005	2005-2011
Oil demand	1.82%	0.65%
Seaborne	4.84%	3.16%



Sources: MSI, IEA Medium Term Oil and Gas Markets 2011

## Net Refinery Capacity Additions 2012-16



- ▶ Market outlook
  - ▶ Refinery restructuring positive impact on ton-miles
  - ▶ Increasing share of seaborne products in global oil consumption
  - ▶ Manageable orderbook
  
- ▶ NORDEN
  - ▶ Almost fully exposed to rising market
  - ▶ Continued look at ECO investments



# 2012 EXPECTATIONS

## Outlook

USDm	Dry Cargo	Tanker	Total
EBITDA	85-125	25-45	110-150
Profit from vessel sales			-
EBIT			10-50
CAPEX			140-160



## Key assumptions

- ▶ Guidance based on current capacity and coverage
- ▶ Only known and confirmed vessel sales are included in guidance
- ▶ Open capacity in Tankers employed at rates of USD 14,000 – 15,600 per day
- ▶ No impairment charges

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

Statements relating to 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

**24\*7 seas**

THANK YOU FOR YOUR ATTENTION

**Dampskibsselskabet NORDEN A/S**

52, Strandvejen  
DK-2900 Hellerup  
Denmark  
Phone: +45 3315 0451

[www.ds-norden.com](http://www.ds-norden.com)



BACK UP

FORWARD LOOKING STATEMENTS

**24\*7 seas**

# A LEADING GLOBAL TRAMP OPERATOR



## Dry cargo



Capesize



Post-Panamax



Panamax



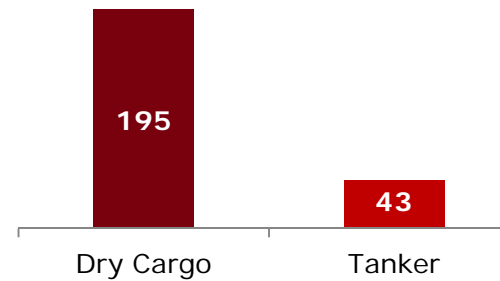
Handymax



Handysize



Total active fleet



## Tanker



MR



Handysize



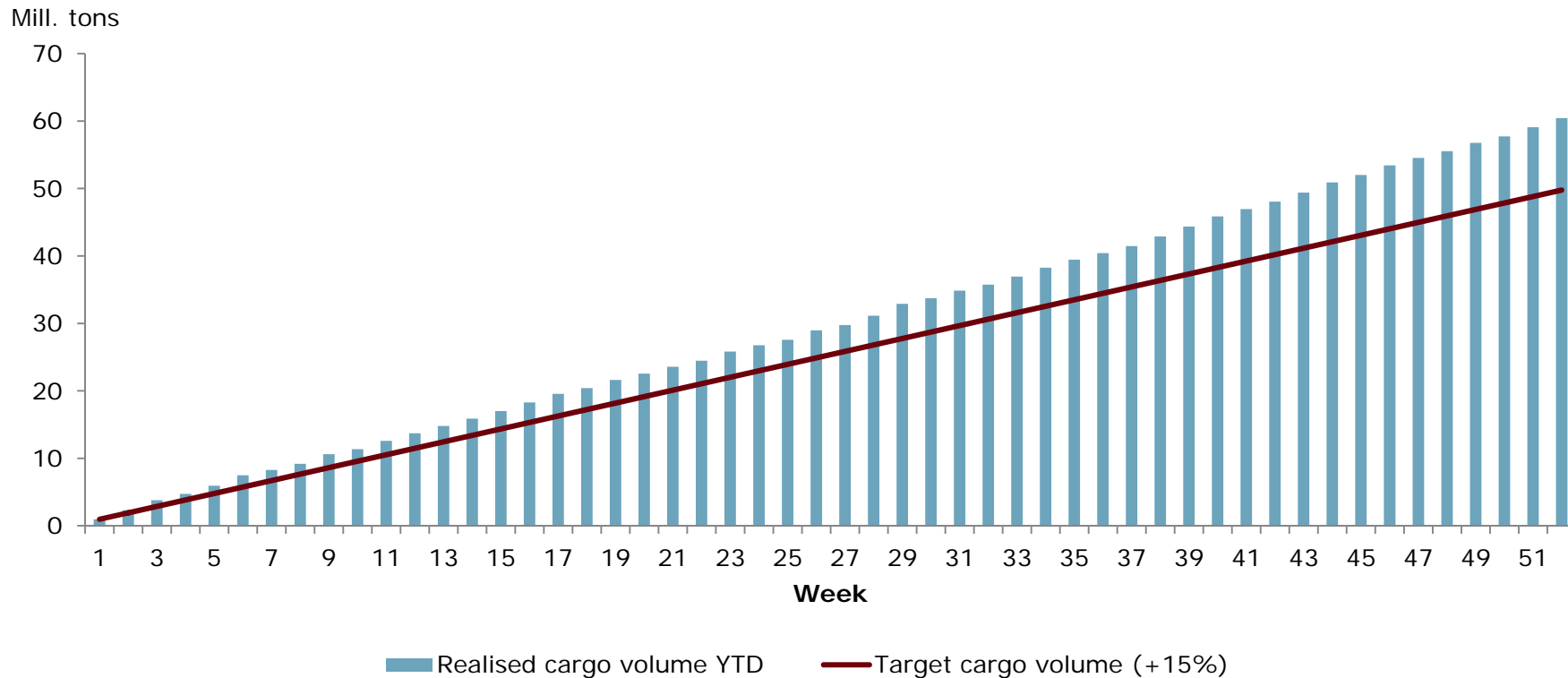
- ▶ One of the most modern fleets in our industry
- ▶ Global network of offices and port captains
- ▶ Pools in Dry Cargo (Handysize, Post-Panamax) and Tanker (MR, Handysize)

# DRY CARGO OUTPERFORMING MARKET



- ▶ NORDEN Dry Cargo increased market share in 2011
  - ▶ 40% volume growth vs. 6% market growth
  - ▶ 2012 performance will depend on availability of market opportunities

## Transported volumes, Dry Cargo

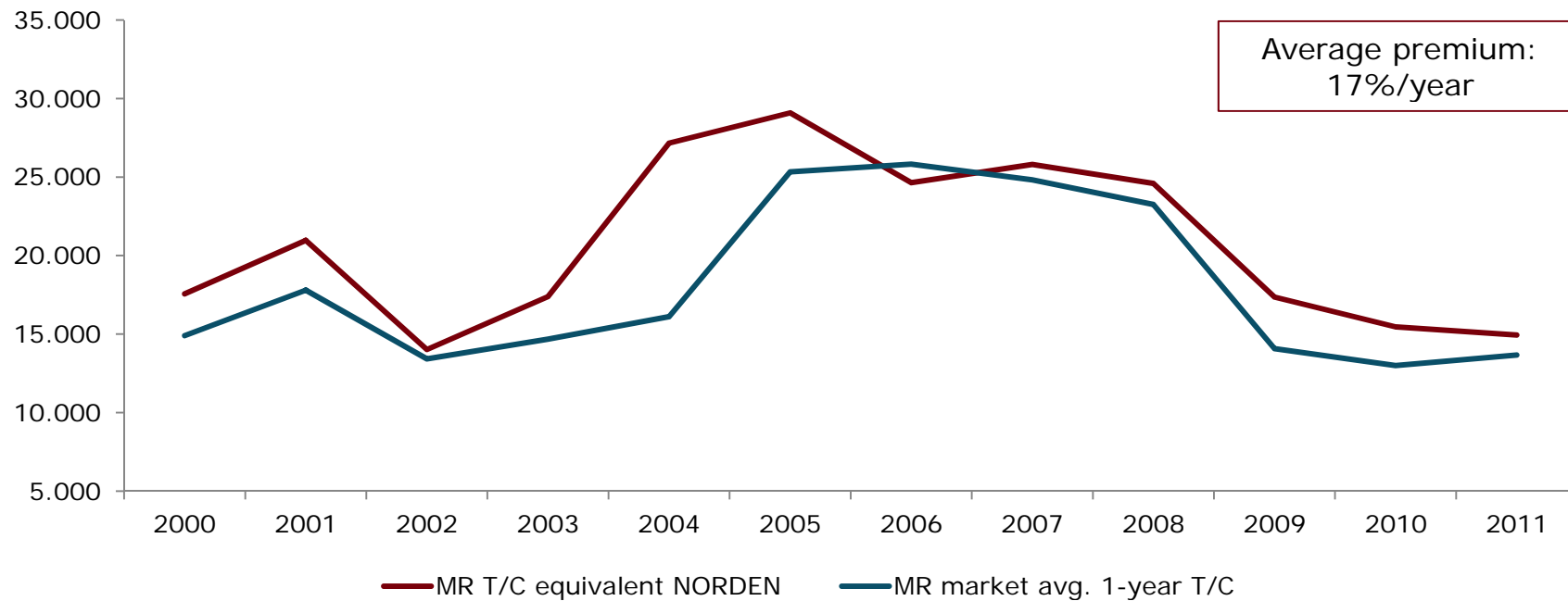


# TANKER - LONG TERM OUT PERFORMANCE



- ▶ NORDEN Tankers/Norient Product Pool consistently beating 1-year T/C market
- ▶ 2012+ Norient continues to focus on key competitive parameters:
  - ▶ Quality, safety and efficiency

## MR rates (USD per day)



Sources: Clarksons

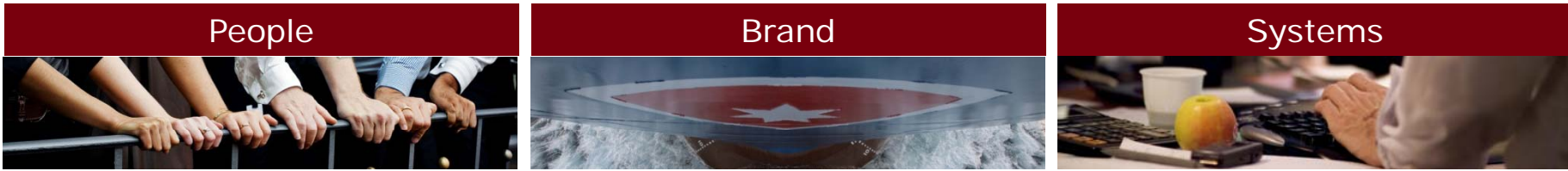
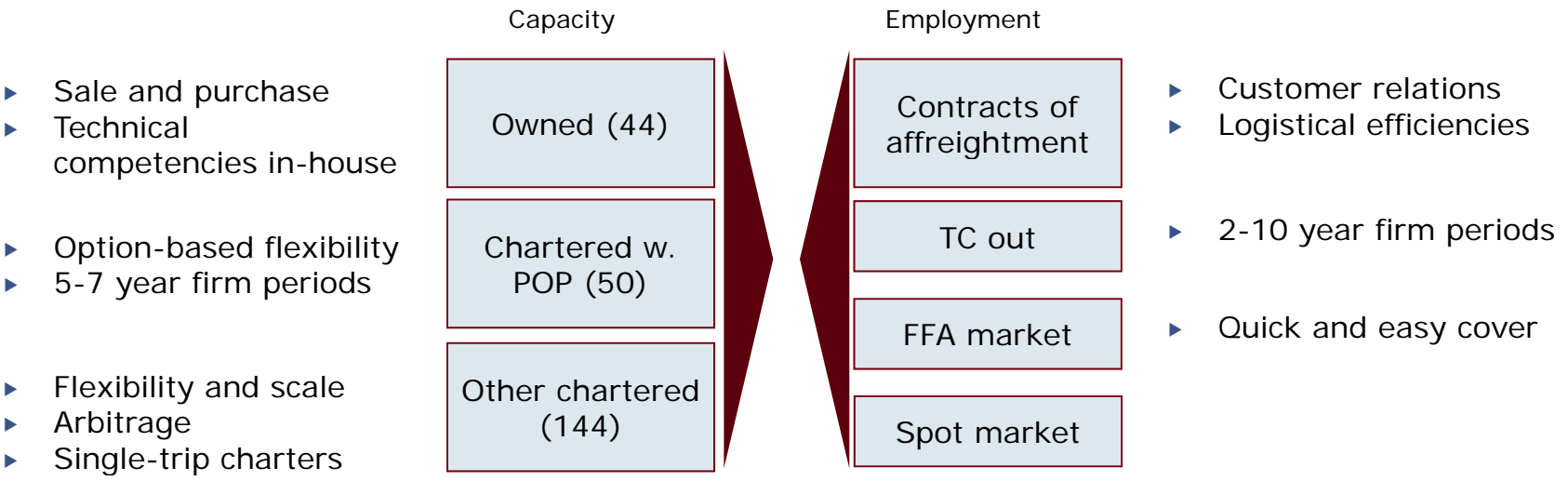
# ASSET LIGHT BUSINESS MODEL



- ▶ 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

Coverage and customer focus



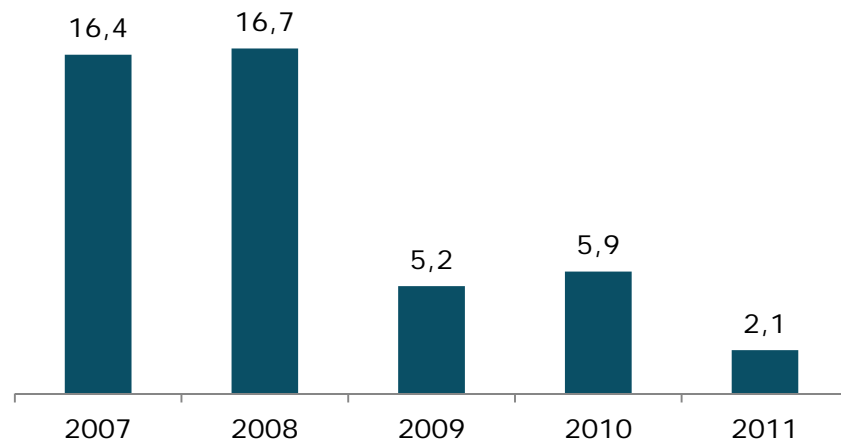
\* Active fleet per 31 December 2011



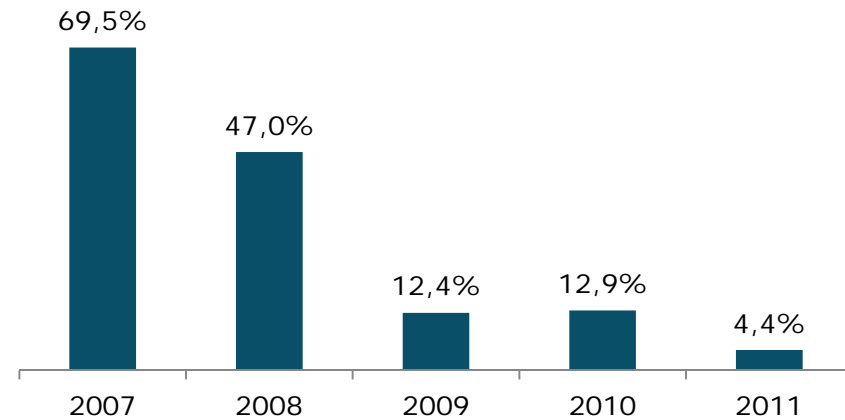
# LAST 5 YEARS PERFORMANCE



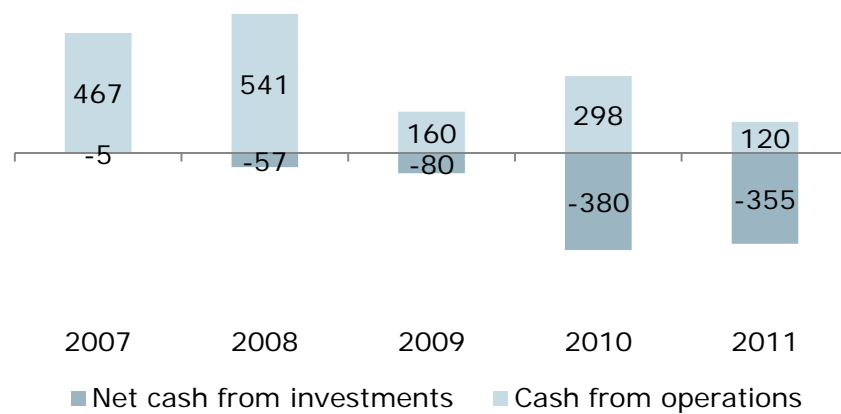
Earnings per share (USD)



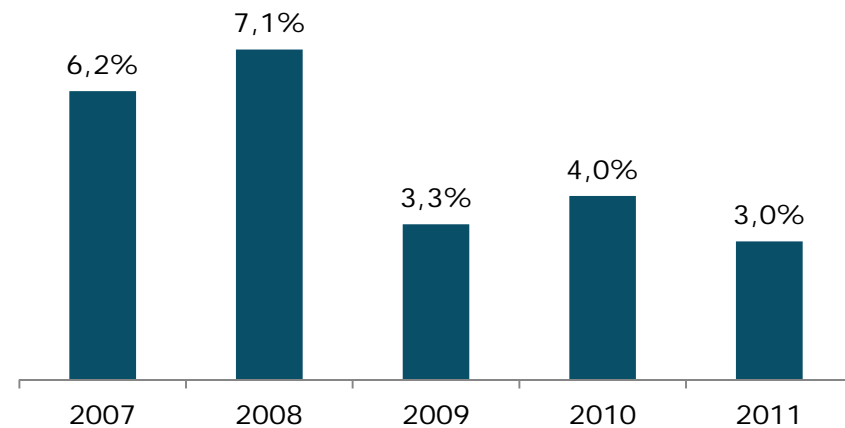
Return on equity



Cash flows, operations and investments (USDm)



Dividend yield



# FINANCIAL STRENGTH = FUTURE GROWTH



## Strong capital structure

- ▶ Strong focus on cash flow generation
- ▶ Cash in low-risk deposit accounts and securities
- ▶ Newbuilding order book fully covered by available cash
- ▶ USD 135m bank debt
- ▶ Equity ratio at 84.9%
- ▶ Low gearing of book equity - gearing 0.3

## Net committed cash

USDm	2011	2010
Adjusted Net Interest Bearing Assets*	240	542
T/C obligations**	-1,748	-1,925
New building installments less proceeds from vessel sales**	-197	-329
Revenue from coverage**	1,078	1,377
<b>Net commitments</b>	<b>-627</b>	<b>-335</b>

\* Adjusted for prepayments on vessel sales and currency swaps. \*\* Present values

## Gearing



# DRY CARGO FLEET OVERVIEW



Vessel type	Capesize	Post-Panamax	Panamax	Handymax	Handysize	2011
Size (dwt.)	>120,000	85-120,000	65-85,000	40-65,000	20-40,000	
Length (meter)	289	245	225	190	170	
Main cargoes	Iron ore, coal	Iron ore, coal	Iron ore, coal, grain, bauxite	Iron ore, coal, grain, bauxite, steel, cement, alumina	Cement, steel, salt, petcoke, alumina	
<b>Vessels in operation</b>						
Owned vessels	3	4	4	4 A	12	27
Chartered vessels with purchase option	1	3	11	18	7	40
<b>Total active core fleet</b>	<b>4</b>	<b>7</b>	<b>15</b>	<b>22</b>	<b>19</b>	<b>67</b>
Chartered vessels without purchase option	0	0	61	56	11	128
<b>Total active fleet</b>	<b>4</b>	<b>7</b>	<b>76</b>	<b>78</b>	<b>30</b>	<b>195</b>
<b>Vessels to be delivered</b>						
Owned vessels	0	0	1	1 A	5	7
Chartered vessels with purchase option	0	1	6	2	3	12
<b>Total for delivery to core fleet</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>8</b>	<b>19</b>
Vessels chartered for more than 3 years without purchase option	0	0	1	0	1	2
<b>Total for delivery to active fleet</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>3</b>	<b>9</b>	<b>21</b>
<b>Total gross fleet</b>	<b>4</b>	<b>8</b>	<b>84</b>	<b>81</b>	<b>39</b>	<b>216</b>
Total chartered with purchase option	1	4	17	20	10	52

# TANKER FLEET OVERVIEW



Vessel type	LR1	MR	Handysize	2011
Size (dwt.)	60-85,000	42-60,000	27-42,000	
Length (meter)	230	180	170	
Main cargoes	Fuel and heating oil, gasoline, diesel, jet fuel, naphtha	Fuel and heating oil, gasoline, veg. oil, diesel	Fuel and heating oil, gasoline, veg. oil, diesel	
<b>Vessels in operation</b>				
Owned vessels	0	6	11	17
Chartered vessels with purchase option	0	10	0	10
<b>Total active core fleet</b>	<b>0</b>	<b>16</b>	<b>11</b>	<b>27</b>
Chartered vessels without purchase option	2	5	9	16
<b>Total active fleet</b>	<b>2</b>	<b>21</b>	<b>20</b>	<b>43</b>
<b>Vessels to be delivered</b>				
Owned vessels	0	4	0	4
Chartered vessels with purchase option	0	1	0	1
<b>Total for delivery to core fleet</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>
Vessels chartered for more than 3 years without purchase option	0	0	0	0
<b>Total for delivery to active fleet</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>5</b>
<b>Total gross fleet</b>	<b>2</b>	<b>26</b>	<b>20</b>	<b>48</b>
Total chartered with purchase option	0	11	0	11

# FLEET VALUES AND NAV



USD million					Calculated value of charter parties with purchase and extension option			
Owned (active and newbuildings)								
	Number	Carrying amount/ cost	Market value*	Added value	Number	Charter party	Purchase and extension option	Value of charter party and purchase option
<b>Dry Cargo</b>								
Capesize	3	96	118	22	1	1	1	2
Post-Panamax	4	198	142	-56	4	-31	6	-25
Panamax	5	154	140	-14	17	8	38	47
Handymax	5	122	113	-9	20	13	50	62
Handysize	17	544	419	-125	10	-15	3	-11
<b>Tankers</b>								
MR	10	360	337	-23	11	-8	8	-1
Handysize	11	298	285	-13	0	0	0	0
<b>Total</b>	<b>55</b>	<b>1.771</b>	<b>1.554</b>	<b>-217</b>	<b>63</b>	<b>-32</b>	<b>106</b>	<b>74</b>

Value at 31 december 2011	USD million	DKK per share	Sensitivity	
			+10%	-10%
Equity excl. minority interests	1.994	278	278	278
Added value owned vessels	-217	-30	-9	-52
<b>NAV</b>	<b>1.777</b>	<b>248</b>	<b>269</b>	<b>226</b>
Calculated value of charter parties with purchase and extension option	74	10	34	-12
<b>Total theoretical NAV</b>	<b>1.851</b>	<b>258</b>	<b>303</b>	<b>214</b>

\* Including joint ventures, assets held for sale and charter party, if any

# COVERAGE AND CAPACITY – DRY CARGO



## Capacity and coverage, Dry Cargo, at 31 December 2011

	2012	2013	2014	2015+	2012	2013	2014	2015+
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<b>Gross capacity</b>	Ship days				Costs for gross capacity (USD per day)			
Capesize	1.464	1.460	1.460	10.548	8.974	8.974	8.974	6.878
Post-Panamax	2.787	2.920	2.920	31.897	11.461	11.841	11.841	9.055
Panamax	9.244	5.703	5.787	38.261	12.217	11.704	12.287	10.199
Handymax	11.971	8.704	7.066	34.281	12.781	11.724	11.088	8.216
Handysize	10.179	10.950	10.227	114.927	9.334	9.034	8.275	5.363
<b>Total</b>	<b>35.646</b>	<b>29.737</b>	<b>27.460</b>	<b>229.914</b>	<b>11.391</b>	<b>10.606</b>	<b>10.261</b>	<b>7.175</b>

<b>Coverage</b>					Revenue from coverage (USD per day)			
Capesize	829	553	0	0	43.205	45.263	0	0
Post-Panamax	153	0	0	0	14.156	0	0	0
Panamax	10.790	5.030	3.519	9.164	16.574	17.002	17.229	19.858
Handymax	12.111	3.782	2.052	5.218	15.651	13.388	13.141	14.429
Handysize	3.995	1.555	792	9.086	11.281	12.851	13.554	12.716
<b>Total</b>	<b>27.879</b>	<b>10.920</b>	<b>6.363</b>	<b>23.468</b>	<b>16.193</b>	<b>16.590</b>	<b>15.453</b>	<b>15.886</b>

<b>Coverage in %</b>				
Capesize	57%	38%	0%	0%
Post-Panamax	5%	0%	0%	0%
Panamax	117%	88%	61%	24%
Handymax	101%	43%	29%	15%
Handysize	39%	14%	8%	8%
<b>Total</b>	<b>78%</b>	<b>37%</b>	<b>23%</b>	<b>10%</b>

# COVERAGE AND CAPACITY – TANKER



## Capacity and coverage, Tankers, at 31 December 2011

	2012	2013	2014	2015+	2012	2013	2014	2015+
<b>Gross capacity</b>					<b>Costs for gross capacity (USD per day)</b>			
	<b>Ship days</b>							
LR 1	592	0	0	0	11.900	0	0	0
MR	7.135	7.540	7.046	64.249	12.669	11.620	11.148	7.780
Handysize	5.428	4.015	4.015	50.216	8.198	6.842	6.842	6.843
<b>Total</b>	<b>13.155</b>	<b>11.555</b>	<b>11.061</b>	<b>114.465</b>	<b>10.790</b>	<b>9.960</b>	<b>9.585</b>	<b>7.369</b>
<b>Coverage</b>					<b>Revenue from coverage (USD per day)</b>			
LR 1	28	0	0	0	12.569	0	0	0
MR	1.086	576	134	0	13.309	13.672	14.890	0
Handysize	1.770	200	151	0	13.069	13.300	13.300	0
<b>Total</b>	<b>2.884</b>	<b>776</b>	<b>285</b>	<b>0</b>	<b>13.154</b>	<b>13.576</b>	<b>14.049</b>	<b>0</b>
<b>Coverage in %</b>								
LR 1	5%	0%	0%	0%				
MR	15%	8%	2%	0%				
Handysize	33%	5%	4%	0%				
<b>Total</b>	<b>22%</b>	<b>7%</b>	<b>3%</b>	<b>0%</b>				

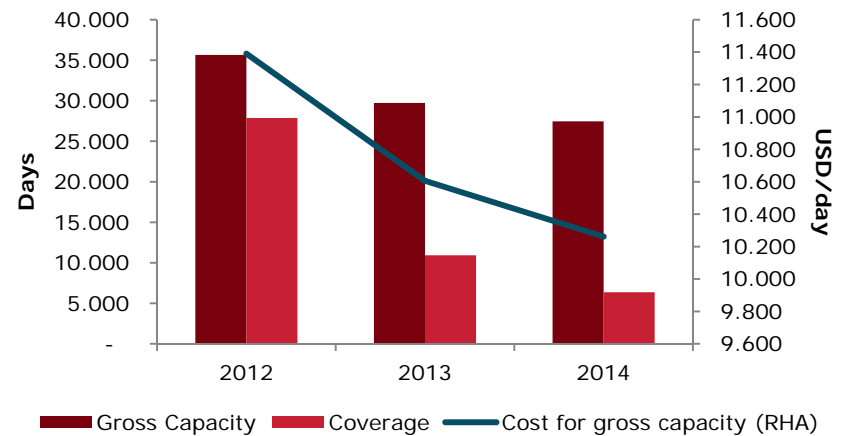
# CAPACITY AND COVERAGE



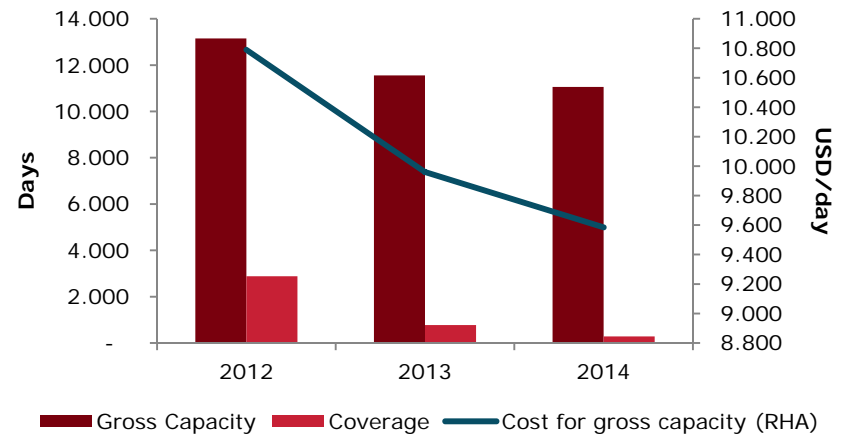
## Comments

- ▶ Dry Cargo's high coverage offers a sound protection in weak market conditions
- ▶ Tankers maintain high market exposure as conditions are expected to improve gradually
- ▶ Average costs of known fleet will decrease by 10% in Dry Cargo and 11% in Tankers from 2012 to 2014

## Dry Cargo



## Tankers





# THE SHARE (DNORD)

## Master data

Shareholder capital	DKK 43,000,000
Number of shares and denomination	43,000,000 shares of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

## Composition of shareholders

- ▶ 17,492 registered shareholders owning 89.2%
- ▶ Approx. 35% international ownership

