

NORDEN RESULTS

Second quarter of 2017



Copenhagen, Denmark
17 August 2017

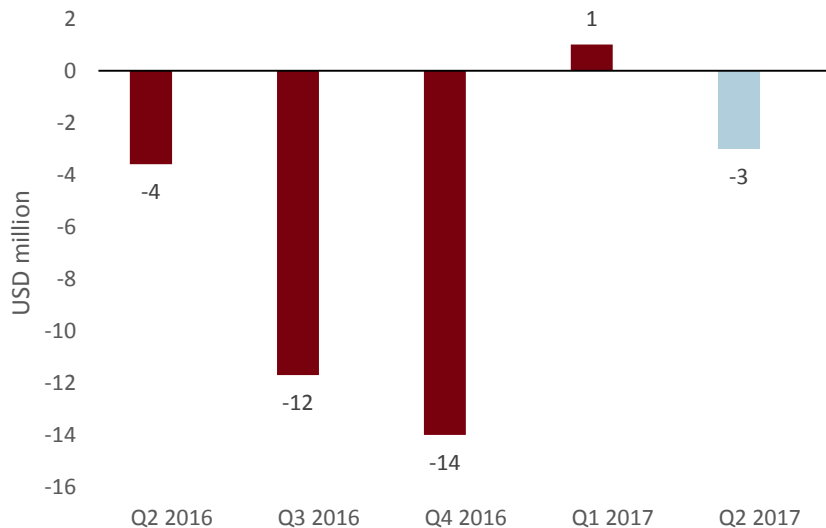


- ▶ Group highlights
- ▶ Financials
- ▶ Strategy Update
- ▶ Dry Cargo
- ▶ Tankers
- ▶ 2017 expectations
- ▶ Q & A



- ▶ Adjusted result for Q2 USD -3 million
 - ▶ Increase in Chinese imports supports improving dry cargo markets
 - ▶ Deteriorating tanker markets throughout the quarter
- ▶ Stable asset values
- ▶ Building a strong platform for increased value generation in Dry Cargo
- ▶ Increased long-term exposure in Tankers
- ▶ Guidance narrowed to USD -20 to 20 million

Adjusted result



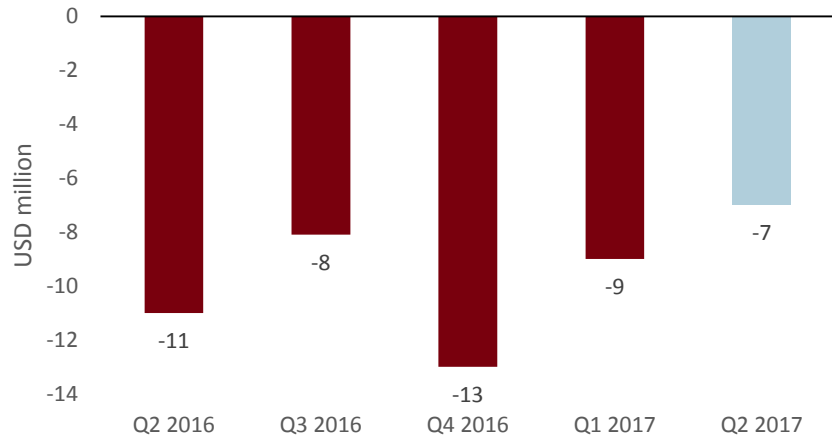
BDI since January 2015



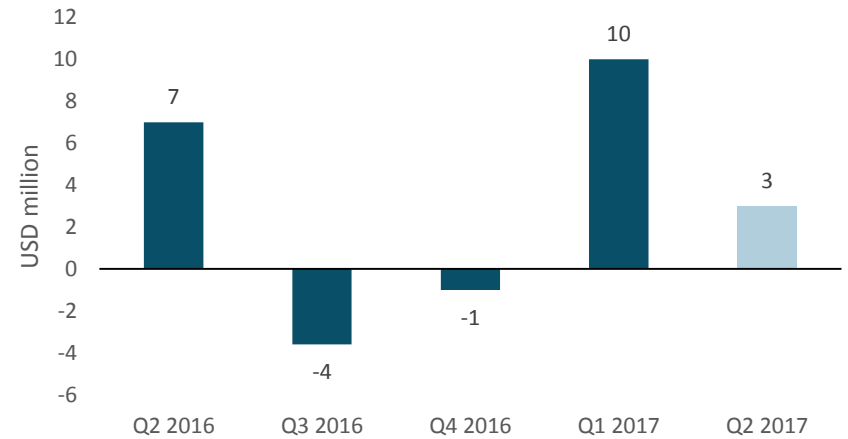
Source: Clarksons

IMPROVEMENTS IN DRY CARGO AND DETERIORATION IN TANKERS

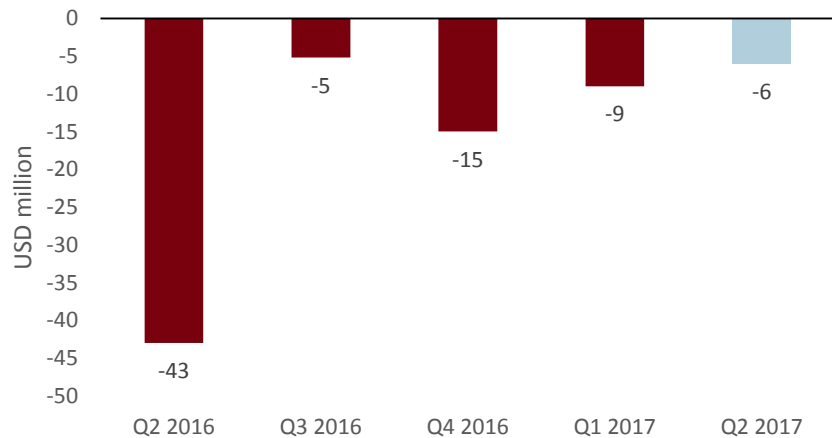
Adjusted result – Dry Cargo



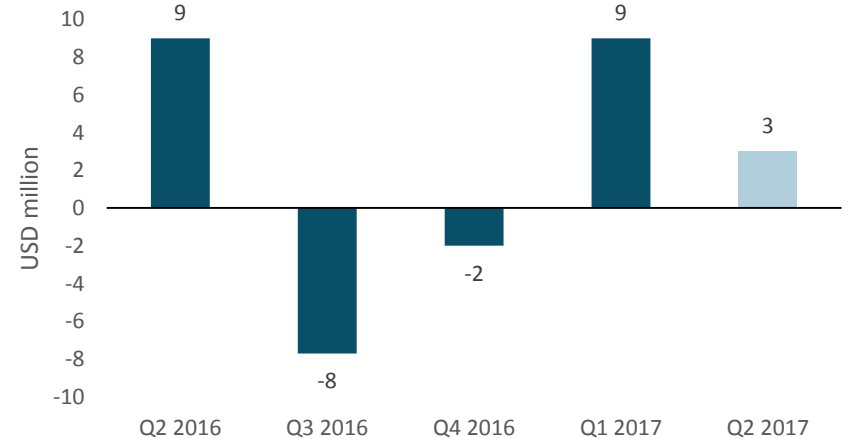
Adjusted result – Tankers



EBIT – Dry Cargo



EBIT - Tankers



- ▶ Dry Cargo split into 2 business units to improve value creation and create transparency
 - ▶ Dry Cargo Operator
 - ▶ Short-term dry cargo activities
 - ▶ Create value through logistical optimization, exploiting arbitrage opportunities, and taking short-term freight trading positions
 - ▶ Dry Cargo Owner
 - ▶ Contains NORDEN's overall cyclical market exposure within Dry Cargo

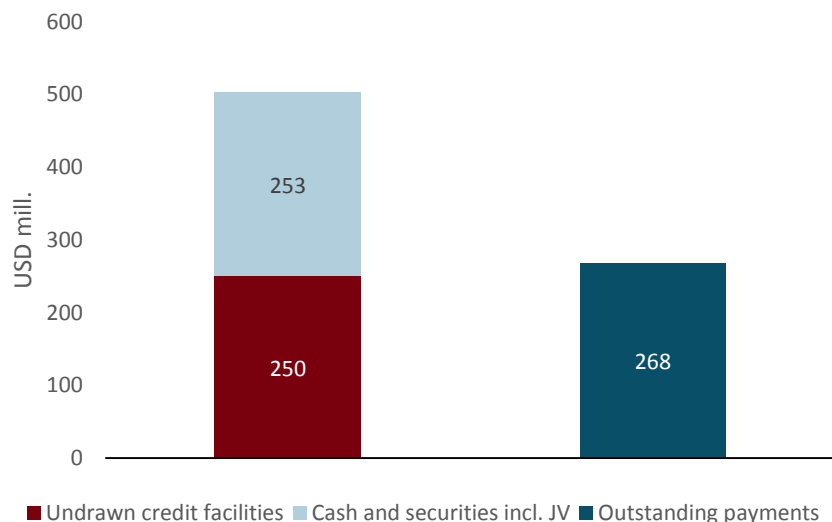
- ▶ Significant expansion of tanker capacity
 - ▶ Exploiting cyclical markets by taking advantage of lower market levels to increase capacity

- ▶ Cost drive on track
 - ▶ Annual savings of USD 18.1 million have been realized

BALANCED CAPITAL STRUCTURE

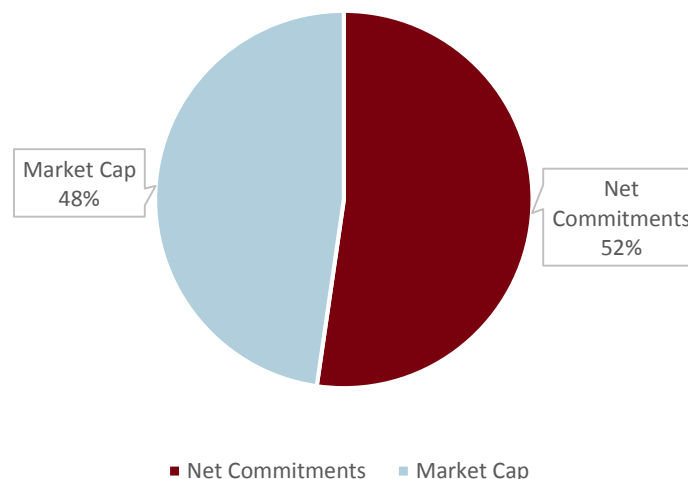
- ▶ Equity share of 42%, which is considered an appropriate capital structure
- ▶ Net commitments increased by USD 126 million partly due to increase in tanker capacity
- ▶ Combined undrawn credit facilities, cash and securities at USD 503 million
 - ▶ USD 268 million in outstanding payments (newbuildings and secondhand purchases)
 - ▶ Future payments to NORDEN from assets held for sale at USD 44 million

Cover for outstanding payments



*Future payments to NORDEN from assets held for sale: USD 44 million not included in above

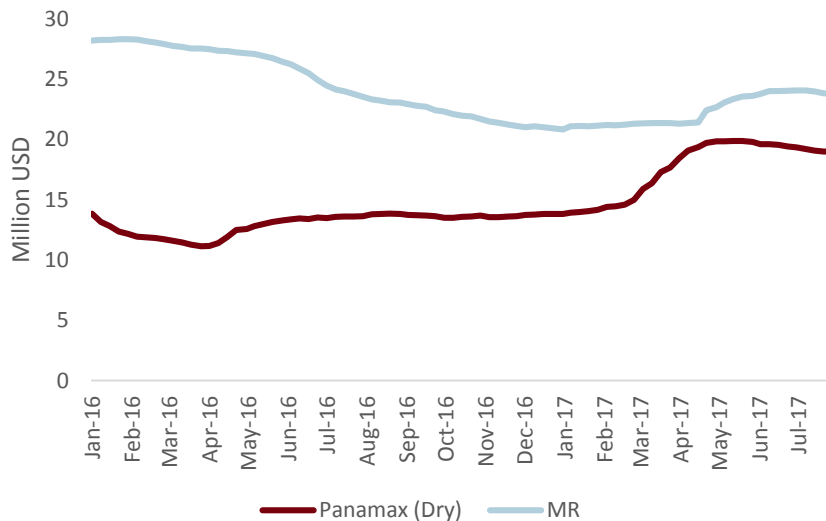
Capital structure incl. items outside balance sheet



A STABILISATION IN ASSET VALUES

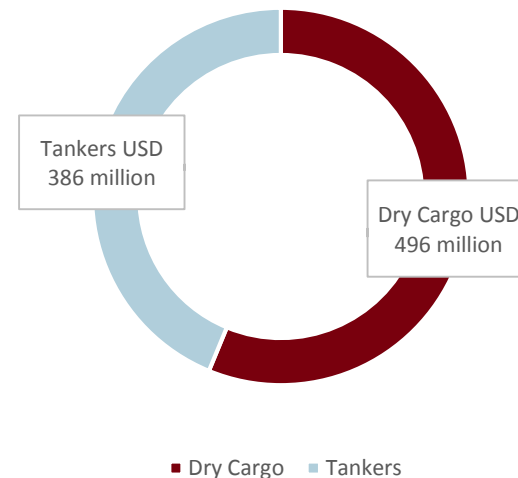
- ▶ After an increase during the last quarter asset values for Dry Cargo in Q2 have remained stable
- ▶ Tanker asset values increased at the beginning of Q2, but stabilised end of quarter
- ▶ Value of owned fleet is 56/44 split between Dry Cargo and Tankers

5-year secondhand prices



Source: Baltic Exchange

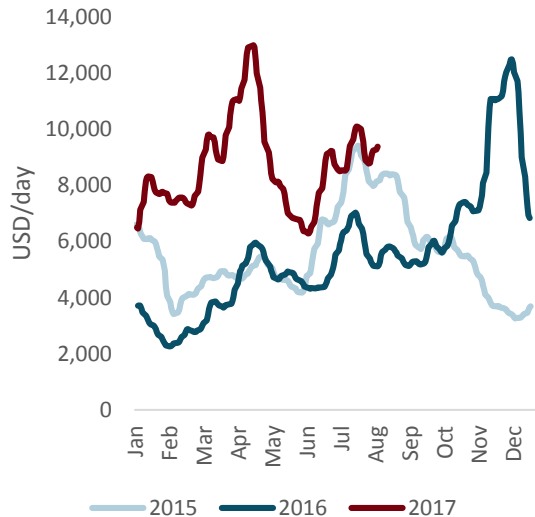
Broker assessed asset values end Q2 2017



CONTINUED IMPROVEMENT IN CHINESE IMPORTS

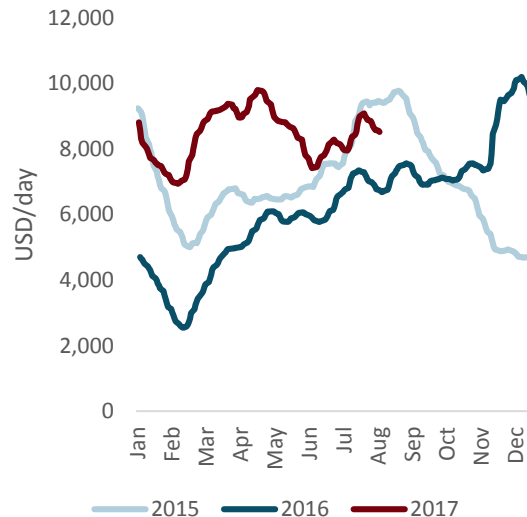
- ▶ Supramax: 49% above Q2 2016
- ▶ Panamax: 79% above Q2 2016
- ▶ Strong Chinese activity key driver of demand growth
 - ▶ Iron ore imports increased by 6%
 - ▶ Chinese coal imports increased by 14%
- ▶ Limited growth in Rest-of-World trade

Panamax – spot rate



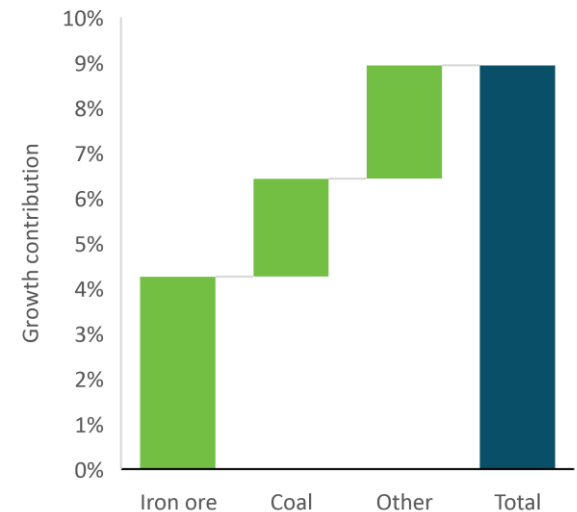
Source: Clarksons

Supramax – spot rate



Source: Clarksons

Change in China imports Q2 17 vs. Q2 16



*Other is among others bauxite, nickel, grain etc
Source: China Customs

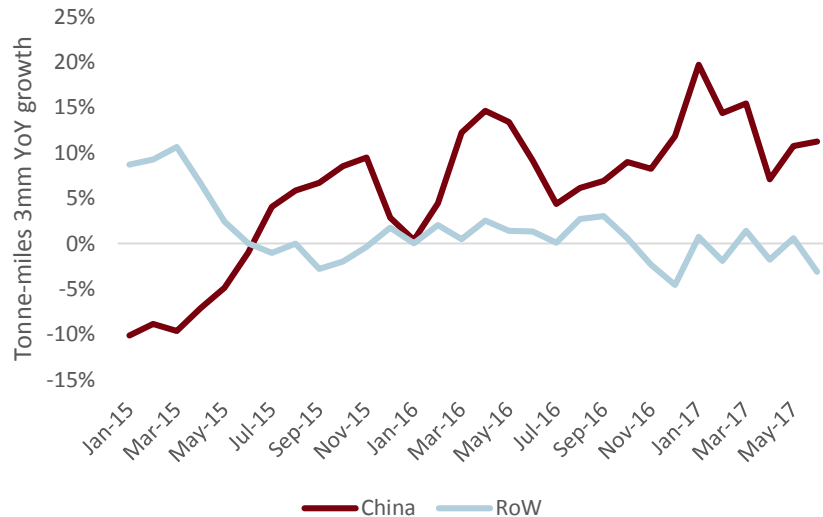
LOW SUPPLY GROWTH SUPPORTING OUTLOOK

- ▶ Overall market rates in H2 2017 expected to be higher than H2 2016
 - ▶ Chinese growth will continue, but likely to be less significant
 - ▶ Improving world economy should support "non-China" trade

- ▶ A small up tick in ordering, but still at low levels
 - ▶ New orders placed are not expected to be delivered before 2019

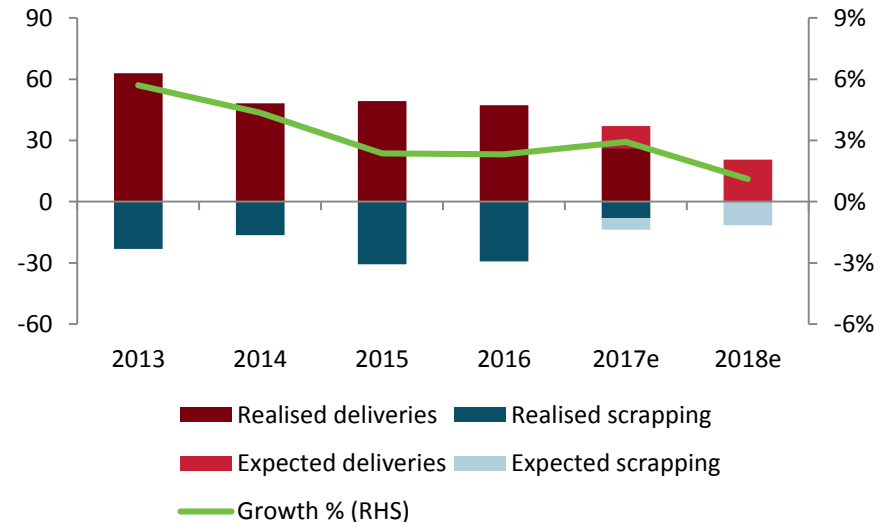
- ▶ Fleet growth expected to be ~3% in 2017, and only 1% in 2018

Demand China imports and "Rest of World"



Source: GTT and NORDEN estimates

Dry Cargo supply (million dwt.)

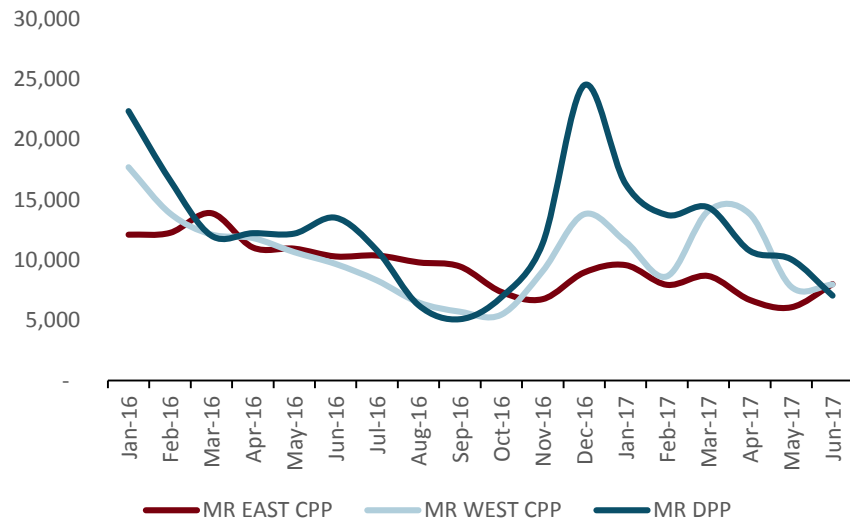


Source: Clarksons and NORDEN estimates

CONTINUED CHALLENGING MARKET CONDITIONS

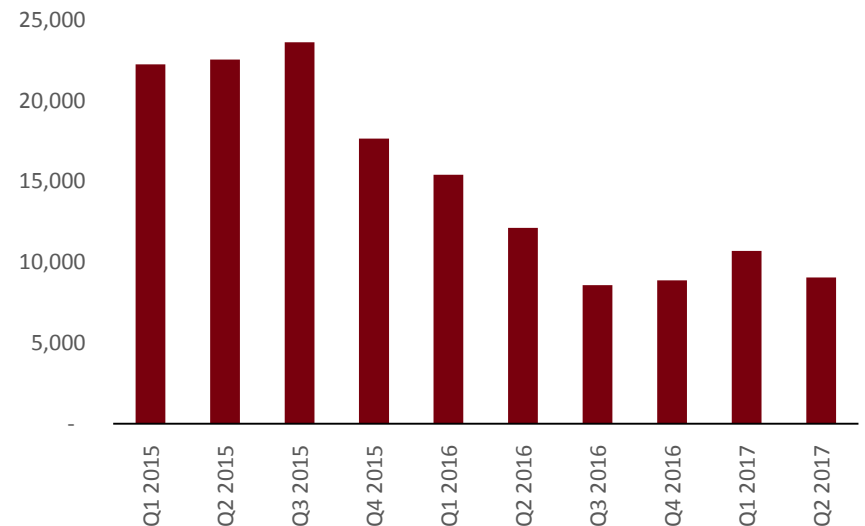
- ▶ The global tanker fleet continued to expand with steady deliveries and only few vessels scrapped
- ▶ Strong supply growth in recent years has created an oversupplied market
- ▶ High inventories act as a buffer reducing the potential for temporary imbalances in the market
- ▶ MR product tanker segment fared the best in H1 2017 due to flexibility and triangulation possibilities

Spot market MR (CPP) earnings (USD/day)



Source: ACM

Avg. spot Clean Product Earnings (USD/day)

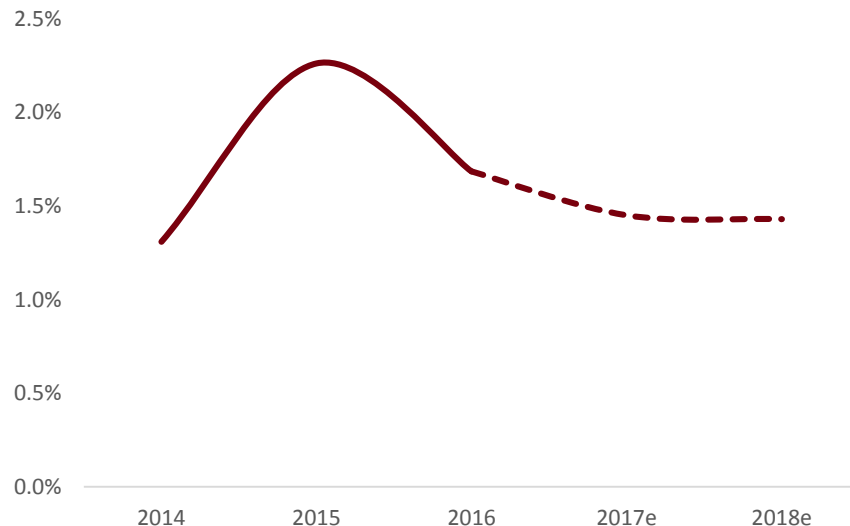


Source: Clarksons

PRODUCT RECOVERY IN 2018 BASED ON LOWER SUPPLY GROWTH

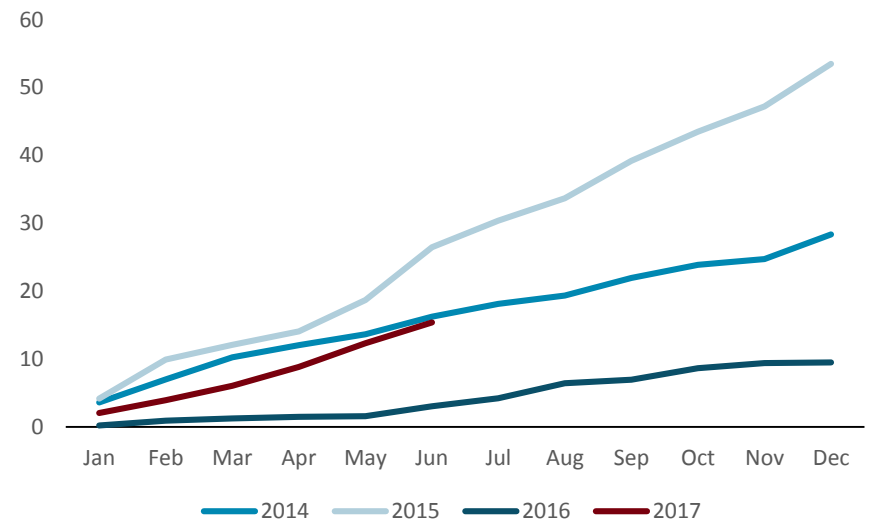
- ▶ Overall market rates in H2 2017 expected to be slightly weaker than H1 2017
- ▶ Delivery pace of product tankers slowing
- ▶ Crude supply growth remains high. A weak crude market will limit the upside potential for product tankers but not prevent improvements
- ▶ With decreasing supply growth and inventories of refined products normalising, 2018 is expected to improve compared to 2017 – but orders for 2019+ have increased

Global oil demand (mb/d)



Source: IEA

Accumulated tanker contracting (m. dwt)

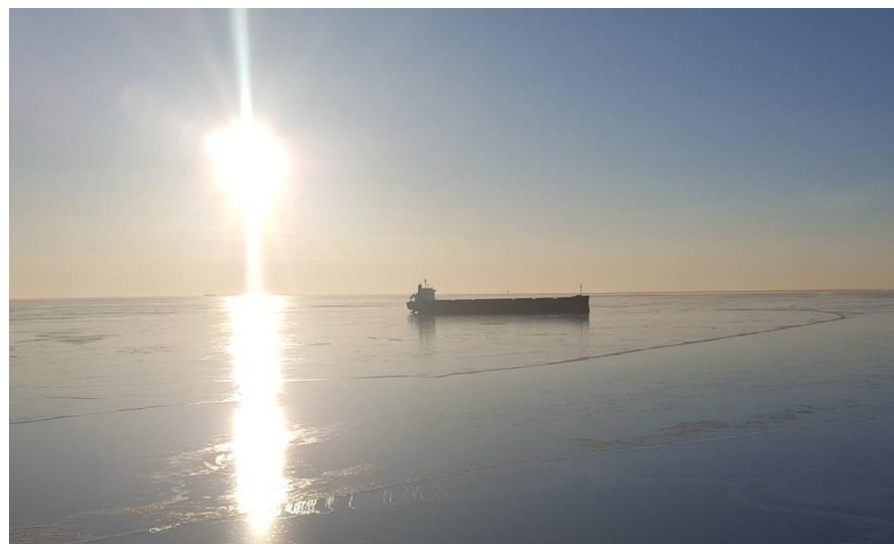


Source: Clarksons

NORDEN NARROWS EXPECTATIONS FOR 2017

Outlook

USDm	Dry Cargo	Tankers	Total
Adjusted results for the year	-25 to -5	-15 to 15	-20 to 20



Comments

- ▶ Adjusted net result USD -20 to 20 million
 - ▶ Previous USD -20 to 40 million
- ▶ Dry Cargo estimate adjusted to USD -25 to -5 million
 - ▶ High coverage and a strong spot market resulted in weak start to the year
- ▶ Tanker estimate maintained
 - ▶ Tanker market developments as expected

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 2017 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

Thank you for your attention



 <http://www.linkedin.com/company/ds-norden/>
 http://twitter.com/DS_NORDEN
 <http://www.facebook.com/shippingtrainee.com>
 <http://www.facebook.com/dampskibsselskabetnorden>

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BACK UP SLIDES



2017-19824

- ▶ 2 Segments - focus on vessel types where we can make a difference
 - ▶ Dry Cargo
 - ▶ Tankers
- ▶ Full scale operational setup - Direct customer contact
- ▶ Portfolio of time charter-in contracts and earnings coverage
- ▶ Long track record of overperformance in Dry Cargo and Tankers
- ▶ Healthy balance sheet
- ▶ Transparency and clear Corporate Governance

74 DRY CARGO VESSELS (CORE FLEET)

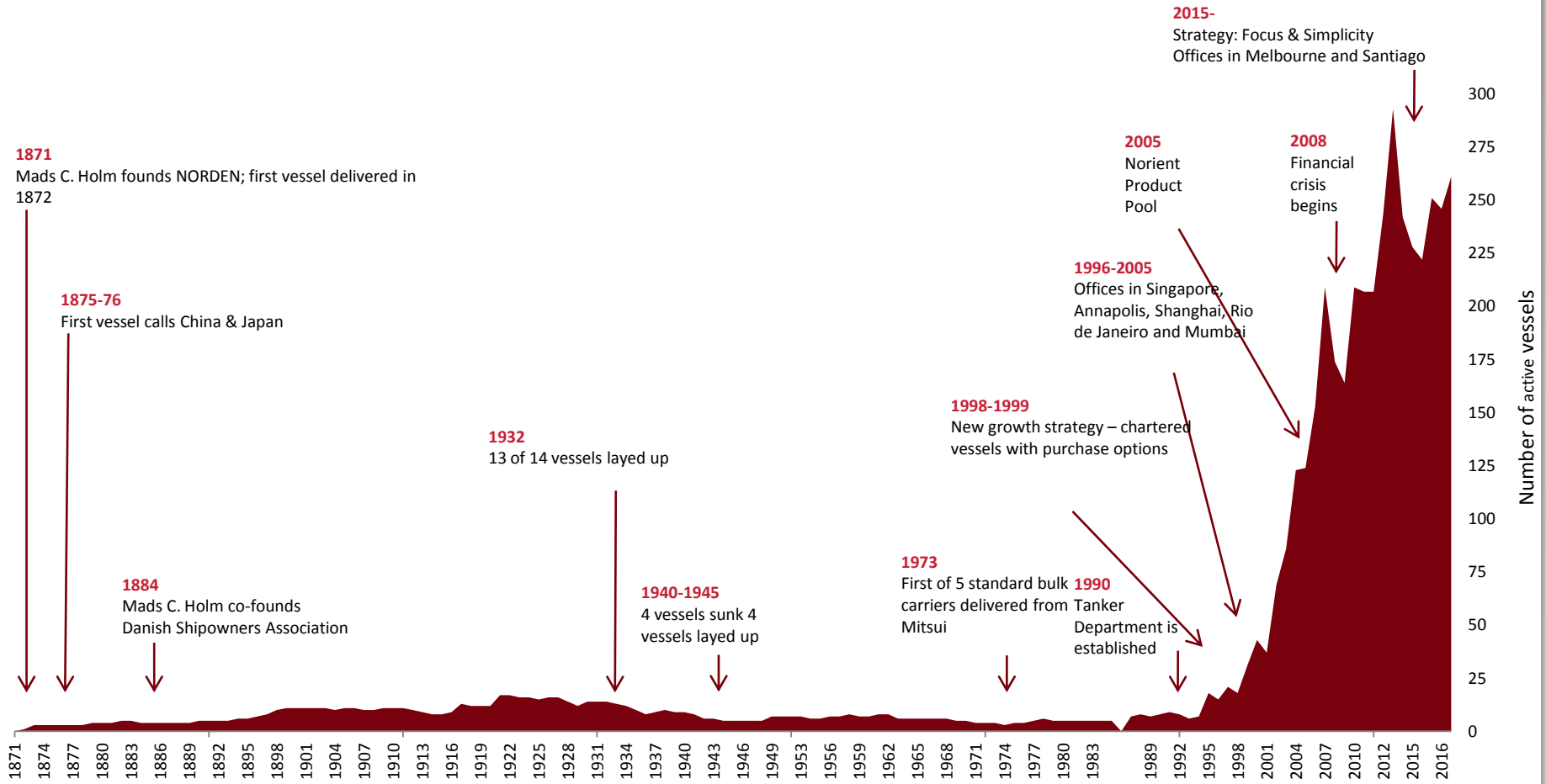


- ▶ Modern fleet
- ▶ Global network of offices and port captains
- ▶ Pools in Dry cargo (Handysize & Post-Panamax) and Tankers (MR & Handysize)



33 TANKER VESSELS

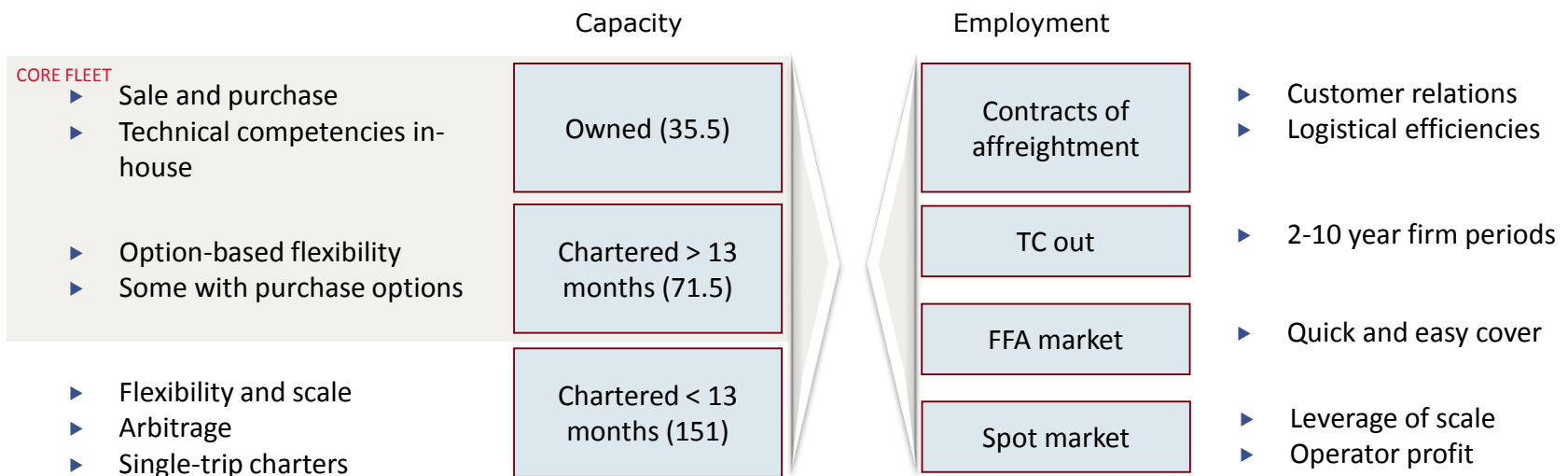
DEVELOPMENT HIGHLIGHTS



- ▶ Active fleet can quickly be adjusted to demand and market conditions
- ▶ Fleet employment based on portfolio view

Flexible fleet

Coverage and customer focus



* Active fleet per 30 June 2017

PEOPLE



BRAND



SYSTEMS



...ENABLING VALUE CREATION BASED ON THE CYCLE AND THROUGHOUT THE CYCLE

Exploiting the cycle

Taking a view on the fundamental market and adjusting our exposure

Levers:

Owned vessels

Long-term T/C in

Long-term coverage

Financial gearing

Creating value throughout the cycle

Creating value above industry level irrespective of market conditions

Levers:

Commercial operations:

- Optimisation around cargo contracts (Dry Cargo)
- Short-term T/C in/out
- Optimisation of trade composition and positioning
- Exploitation of seasonality and volatility
- Vessel selection

Voyage execution incl. fuel optimisation

Cost efficiency

Why we succeed

- ▶ Fast and consistent decision making
- ▶ Relationships with tonnage providers
- ▶ Long-term player
- ▶ Financial strength
- ▶ Execution skills

- ▶ Skilled and experienced staff
- ▶ Close customer relationships
- ▶ Economies of scale
- ▶ Optimised systems and processes
- ▶ Strong brand

OVERALL RESULTS

USD million	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
EBITDA - Dry Cargo	-4.5	-1.9	-4.0	-6.3	-2.6
EBITDA - Tankers	16.7	6.0	8.0	16.6	10.0
EBITDA - Group	12.2	4.1	2.9	10.3	7.4
Depreciation	-13.8	-11.6	-10.8	-10.6	-10.2
EBIT Group	-34	-12.9	-16.3	0.1	-2.8
Result for the period	-24	-14.1	-12.1	0.7	-3.3
Adjusted result for the period	-3.5	-11.7	-14.0	0.9	-3.3
Cash flow from operations	-16.0	-29.0	-41.3	-9.4	-9.7
Net cash flow	-42.9	-23.4	-5.8	18.5	-5.3
Cash and securities	346	294	264	264	249

Panamax (Dry)



Source: Clarksons

MR (Tank)



CLASSIC TCE DRY CARGO

		Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Capesize	Fleet days	91	92	92	90	92
	TCE	3,106	6,774	12,231	10,411	12,676
Post-Panamax	Fleet days	747	658	397	567	386
	TCE	4,709	7,731	8,465	8,492	10,441
Panamax	Fleet days	7,433	7,405	7,806	8,755	8,576
	TCE	6,353	6,918	7,824	7,612	9,647
Supramax	Fleet days	6,238	6,083	6,368	7,448	7,578
	TCE	7,154	7,940	8,775	8,876	10,028
Handysize	Fleet days	2,265	1,982	2,017	2,059	1,985
	TCE	4,394	6,401	6,614	6,460	7,513
Total	Fleet days	16,773	16,220	16,680	18,918	18,617
	TCE	6,296	7,270	8,080	8,024	9,606

Capital structure

- ▶ Cash in low-risk deposit accounts and securities
- ▶ Outstanding yard payments (incl. joint ventures (50%))
 - ▶ 2017: USD 58 million
 - ▶ 2018: USD 117 million
 - ▶ 2019: USD 45 million
 - ▶ 2020: USD 16 million
 - ▶ **Total: USD 234 million**
- ▶ Payments to NORDEN for assets held for sale: USD 44 million

Net committed cash (ultimo)

USDm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Adjusted net interest bearing assets*	-9	12	12	6	-24
T/C obligations**	-1,229	-1,202	-1,143	-1,201	-1,287
Payments for newbuilding less proceeds from vessel sales**	-224	-175	-163	-170	-146
Revenue from coverage**	623	652	672	612	549
Net commitments	-840	-714	-620	-752	-908

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

Fleet values at 30 June 2017

USD '000

	Number	Average dwt.	Carrying amount/cost	Broker estimated value of owned vessels*	Broker estimated value of charter party	Added value
Dry Cargo						
Panamax	5.0	79,000	89	75	17	3
Supramax	14.5	60,000	315	307	0	-7
Handysize	7.0	37,000	101	82	15	-4
Total Dry Cargo	26.5		505	464	32	-8
Tankers						
MR	11.0	50,000	273	230	1	-42
Handysize	10.0	39,000	214	155	1	-58
Total Tankers	21.0		487	385	2	-100
Total	47.5		991	849	34	-108

DRY CARGO FLEET OVERVIEW

NORDEN's Dry Cargo fleet and values at 30 June 2017

Vessel type	Capesize	Post-Panamax	Panamax	Supramax	Handysize	Total
Vessels in operation						
Owned vessels	0.0	0.0	4.0	5.5	7.0	16.5
Chartered vessels with a duration of more than 13 months	1.0	4.0	19.5	24.0	9.0	57.5
Total active core fleet	1.0	4.0	23.5	29.5	16.0	74.0
Vessels to be delivered						
Owned vessels	0.0	0.0	1.0	9.0	0.0	10.0
Chartered vessels with a duration of more than 13 months	0.0	0.0	0.0	7.0	2.0	9.0
Total delivery to core fleet	0.0	0.0	1.0	16.0	2.0	19.0
Dry Cargo fleet values (USD million)						
Market value of owned vessels and newbuildings*	0	0	92	307	97	496
Theoretical value of purchase and extension options	0	2	14	9	1	26

* Active vessels and newbuildings including joint ventures, assets held for sale and charterparties, if any.

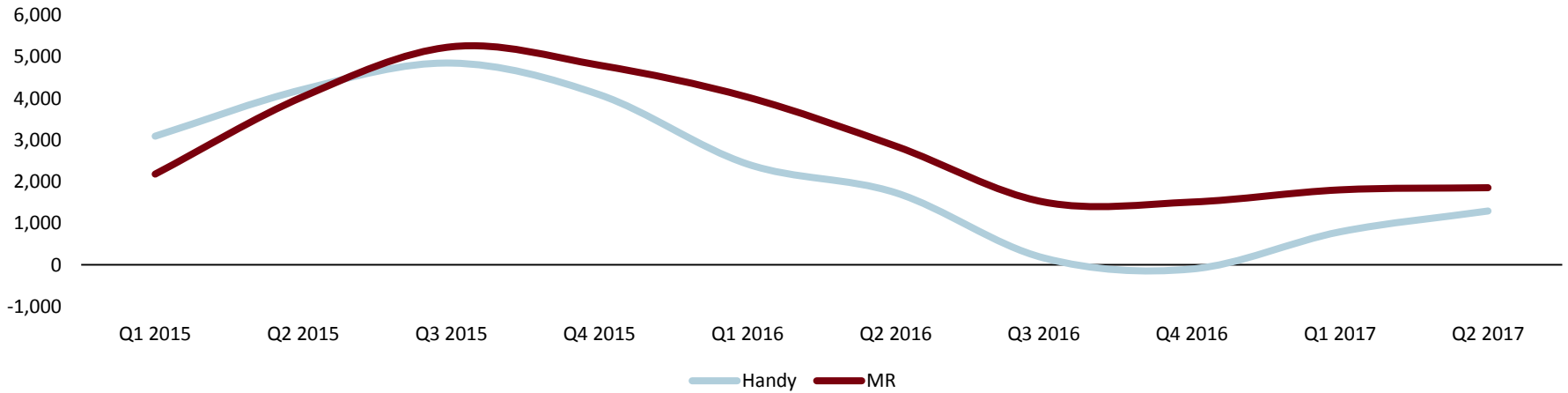
NORDEN's Tanker fleet and values at 30 June 2017

Vessel type	LR1	MR	Handysize	Total
Vessels in operation				
Owned vessels	0.0	9.0	10.0	19.0
Chartered vessels with a duration of more than 13 months	1.0	12.0	1.0	14.0
Total active core fleet	1.0	21.0	11.0	33.0
Chartered vessels with a duration of less than 13 months	0.0	5.0	1.0	6.0
Total active fleet	1.0	26.0	12.0	39.0
Vessels to be delivered				
Owned vessels	0.0	2.0	0.0	2.0
Chartered vessels with a duration of more than 13 months	1.0	8.0	2.0	11.0
Total delivery to core fleet	1.0	10.0	2.0	13.0
Tanker fleet values (USD million)				
Market value of owned vessels and newbuildings*	0	231	156	386
Theoretical value of purchase and extension options	0	3	0	3

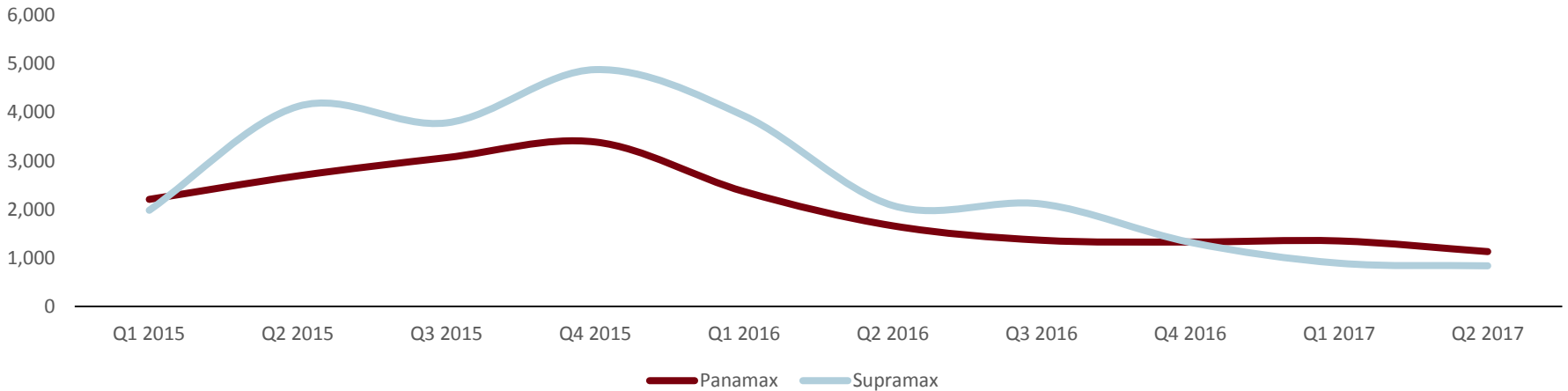
* Active vessels and newbuildings including joint ventures, assets held for sale and charter parties, if any.

CONTINUOUSLY OUTPERFORMING THE MARKETS

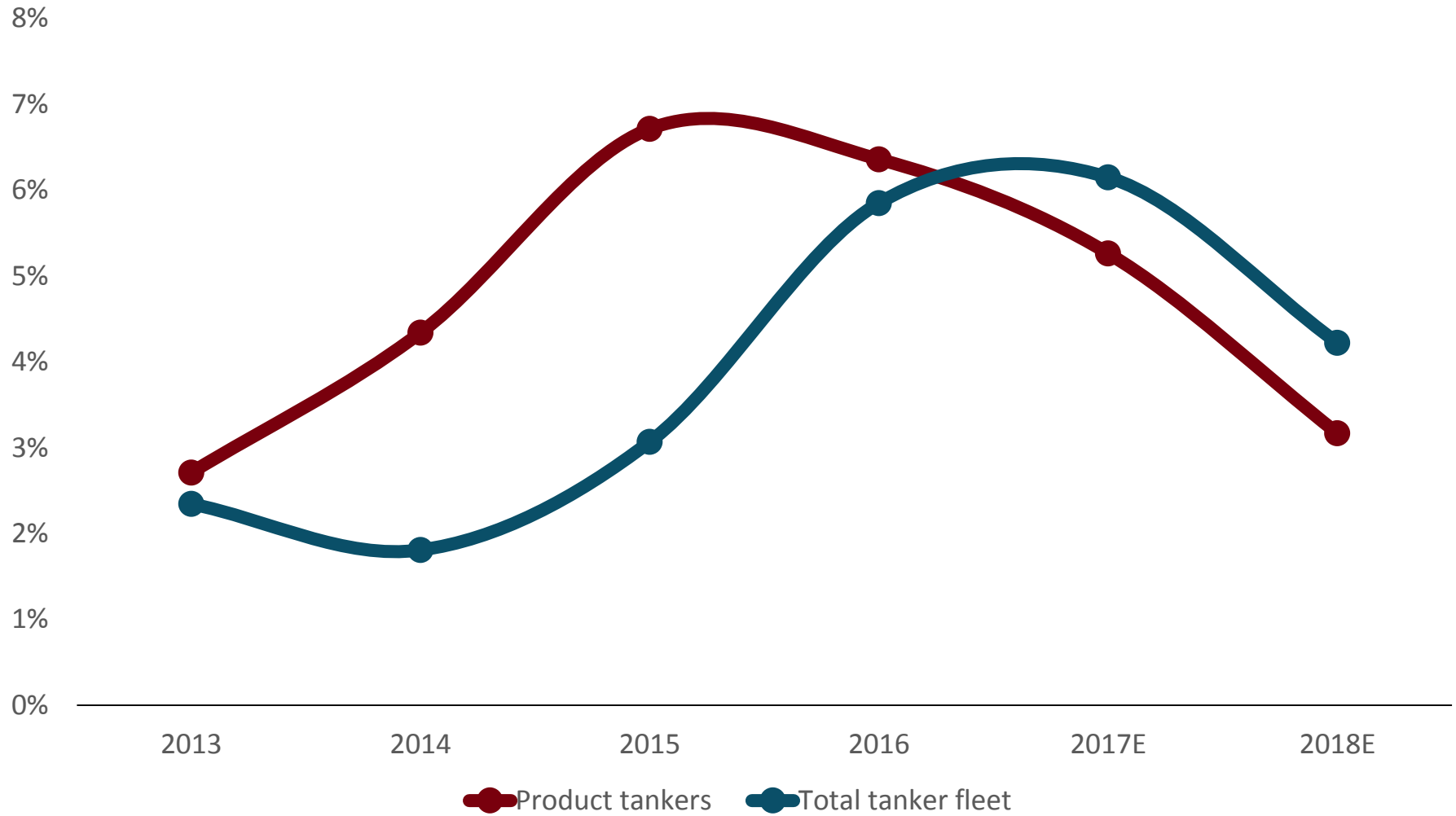
Tankers - 4 quarter rolling NORDEN TCE over benchmark



Dry Cargo - 4 quarter rolling NORDEN TCE over benchmark



Tanker fleet growth



DRY CARGO CAPACITY

Capacity and coverage, Dry Cargo, at 30 June 2017

	Q3 2017	Q4 2017	2018	2019	Q3 2017	Q4 2017	2018	2019
Own Vessels	Ship days							
Panamax	368	367	1,446	1,373				
Supramax	506	503	2,743	4,002				
Handysize	644	643	2,534	2,534				
Total	1,518	1,512	6,722	7,909				
Chartered vessels (core fleet)					Costs for T/C core capacity (USD per day)*			
Capesize	29	-	-	-	4,328	-	-	-
Post-Panamax	360	368	1,460	1,460	6,708	6,708	8,739	10,397
Panamax	1,956	1,770	5,614	5,214	8,952	9,163	10,376	11,875
Supramax	1,542	1,288	4,197	4,140	7,569	7,537	9,118	10,493
Handysize	721	492	1,778	1,167	7,843	6,961	10,101	9,783
Total	4,608	3,918	13,048	11,980	8,111	8,121	9,750	11,014
Chartered Vessels (non-core fleet)					Costs for T/C non-core capacity (USD per day)*			
Panamax	2,924	583	123	-	9,755	8,272	9,213	-
Supramax	2,460	739	281	-	9,530	8,797	8,588	-
Handysize	61	-	-	-	7,741	-	-	-
Total	5,445	1,322	404	-	9,631	8,565	8,778	-
Total capacity					Costs for total capacity (USD per day)*			
Total capacity	11,571	6,753	20,174	19,889	8,444	7,558	8,222	8,755

Capacity and coverage, Dry Cargo, at 30 June 2017

	Q3 2017	Q4 2017	2018	2019	Q3 2017	Q4 2017	2018	2019
Coverage					Revenue from coverage (USD per day)			
Post-Panamax	211	141	125	-	9,880	10,139	7,521	-
Panamax	5,021	2,322	3,875	2,809	10,017	10,678	12,788	14,707
Supramax	4,362	2,069	2,874	1,808	9,671	8,415	11,166	13,036
Handysize	1,256	713	1,322	996	8,746	10,111	12,778	14,384
Total	10,850	5,245	8,196	5,612	9,727	9,694	12,137	14,111
Coverage in %								
Capesize	0%	-	-	-				
Post-Panamax	59%	38%	9%	-				
Panamax	96%	85%	54%	43%				
Supramax	97%	82%	40%	22%				
Handysize	88%	63%	31%	27%				
Total	94%	78%	41%	28%				

*Costs include the effect of the provisions for onerous contracts made in 2014 and 2015 and cash running costs for owned vessels. A statement excluding the provision can be found on NORDEN's website. Costs are excluding O/A. For segments which are operated in a pool, the TCE is after management fee. With respect to the Dry Cargo pools, NORDEN receives the management fee as "Other operating income".

Capacity and coverage, Tanker, at 30 June 2017

	Q3 2017	Q4 2017	2018	2019	Q3 2017	Q4 2017	2018	2019
Own Vessels	Ship days							
LR1	-	-	-	-				
MR	1,057	1,097	3,948	3,971				
Handysize	920	916	3,591	3,588				
Total	1,977	2,014	7,539	7,559				
Chartered vessels					Costs for T/C core capacity (USD per day)*			
LR1	163	184	730	730	18,655	18,655	18,655	18,655
MR	1,471	1,304	3,163	3,240	13,608	13,513	15,430	15,730
Handysize	360	350	1,095	1,095	11,062	11,761	12,729	12,729
Total	1,994	1,837	4,988	5,065	13,561	13,695	15,309	15,503
Total capacity	3,971	3,851	12,527	12,624	Costs for total capacity (USD per day)*			
					9,844	9,738	9,811	9,966
Coverage					Revenue from coverage (USD per day)			
LR1	-	-	-	-	-	-	-	-
MR	846	549	891	6	13,881	13,725	14,776	12,844
Handysize	223	95	219	-	11,782	15,657	15,660	-
Total	1,069	644	1,110	6	13,442	14,009	14,951	12,844
Coverage in %								
LR1	-	-	-	-				
MR	33%	23%	13%	0%				
Handysize	17%	7%	5%	-				
Total	27%	17%	9%	0%				

* Including cash running costs of owned vessels. Costs are excluding O/A. For segments which are operated in a pool, the TCE is after management fee. With respect to the Dry Cargo pools, NORDEN receives the management fee as "Other operating income".

Master data

Shareholder capital	DKK 42,200,000
Number of shares and denomination	42,200,000 shares of DKK 1
Classes of shares	1
Voting and ownership restrictions	None
Stock exchange	NASDAQ Copenhagen
Ticker symbol	DNORD
ISIN code	DK0060083210
Bloomberg code	DNORD.DC
Reuters code	DNORD.CO

Composition of shareholders

- ▶ 15,895 registered shareholders owning 88.3%
- ▶ Approx. 31% international ownership

