

PRESENTATION OF **FY & Q4 2020 RESULTS**

Copenhagen, Denmark, 4 March 2021



AGENDA FOR TODAY

01. Group Results

02. Business unit performance & Market outlook

- Asset Management
- Dry Operator
- Tanker Operator

04. Guidance for 2021

05. Final words and Q&A



01. HIGHLIGHTS FULL-YEAR & Q4 2020



01. HIGHLIGHTS FULL-YEAR AND Q4 2020

BUSINESS UPDATE

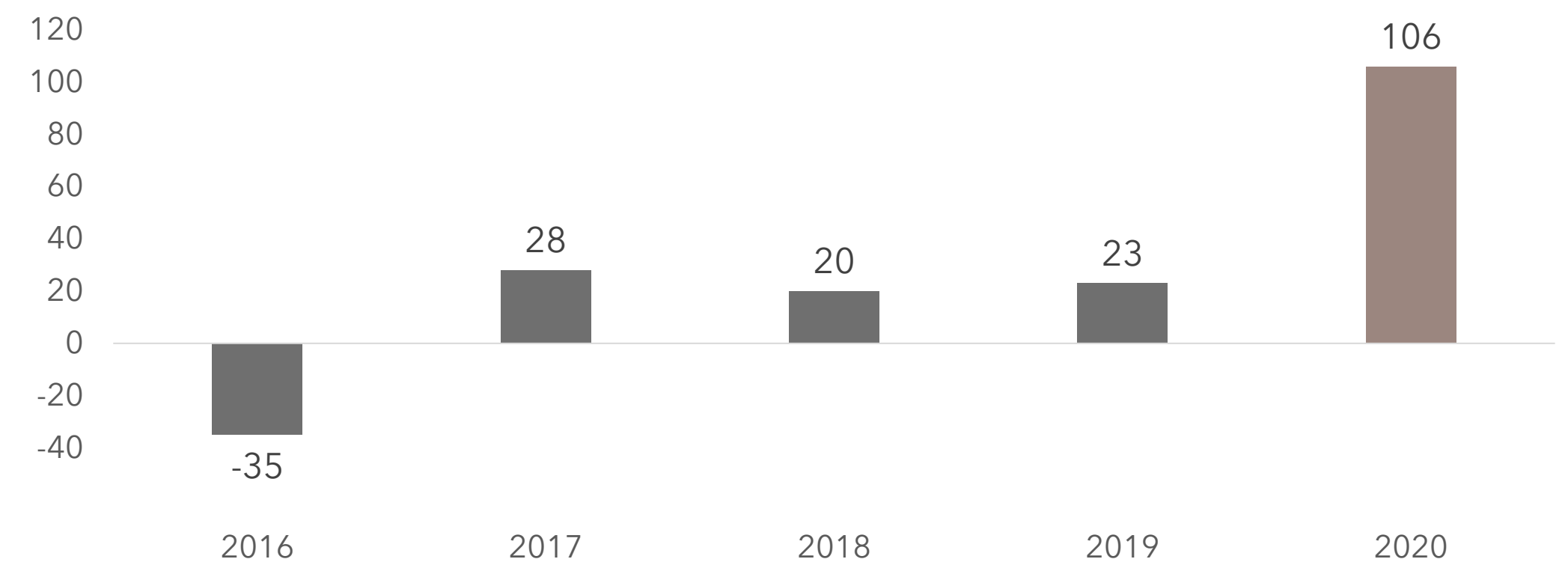
Best group result in 10 years

- Adjusted Result FY 2020: USD 106 million (FY 2019: USD 23 million)
- EBITDA: USD 343 million / Cash flow from operations: 396 USD million
- Improved return on equity of 10%
- Q4: Adjusted Result USD 21 million (Q4 2019: USD 31 million)
- Board proposes DKK 9 per share in dividend (53% of adjusted result)

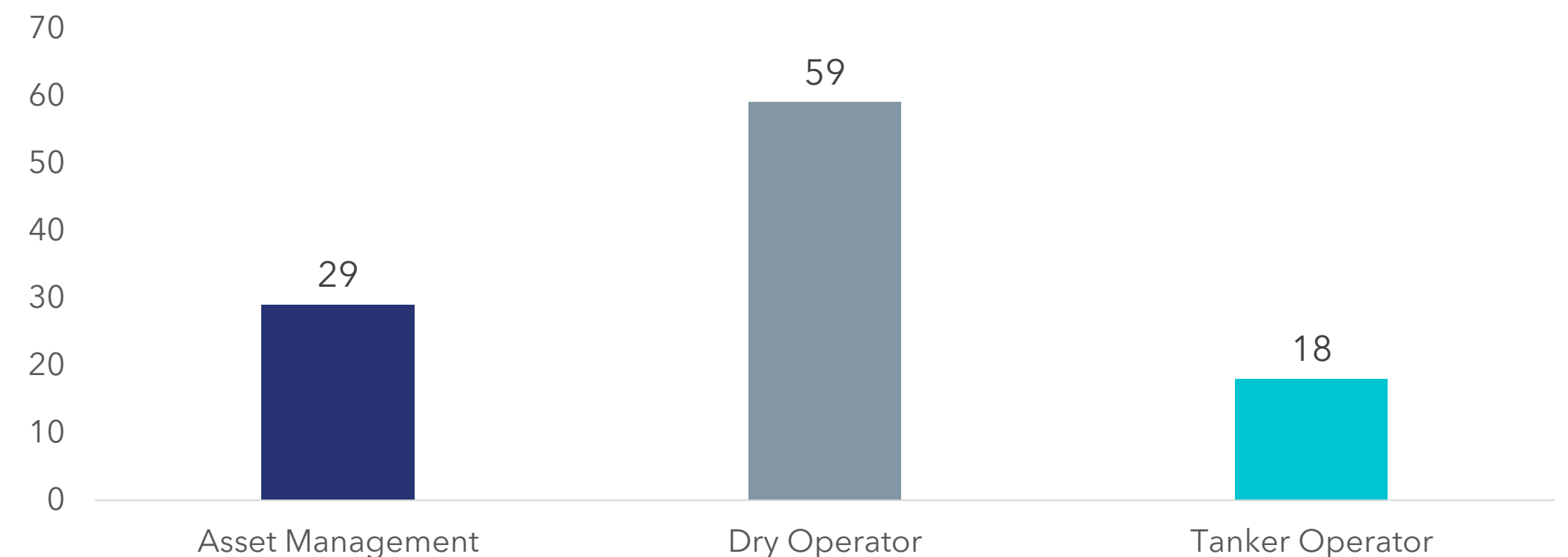
Business highlights

- Positive results across all three business units – Proving our business model
- **Asset Management:** FY2020: USD 29 million / Q4: USD 5 million
Shifting relative exposure from Tankers to Dry Cargo
- **Dry Operator:** FY2020: USD 59 million / Q4: USD 27 million
Outstanding result based on proactive management of position and efficient service to growing customer base
- **Tanker Operator:** FY2020: USD 18 million / Q4: USD -11 million
Positive results in first half of 2020 – mitigating market drop in second half

Adjusted Group Result 2016-2020



Adjusted Result split per business unit (FY2020)



02.

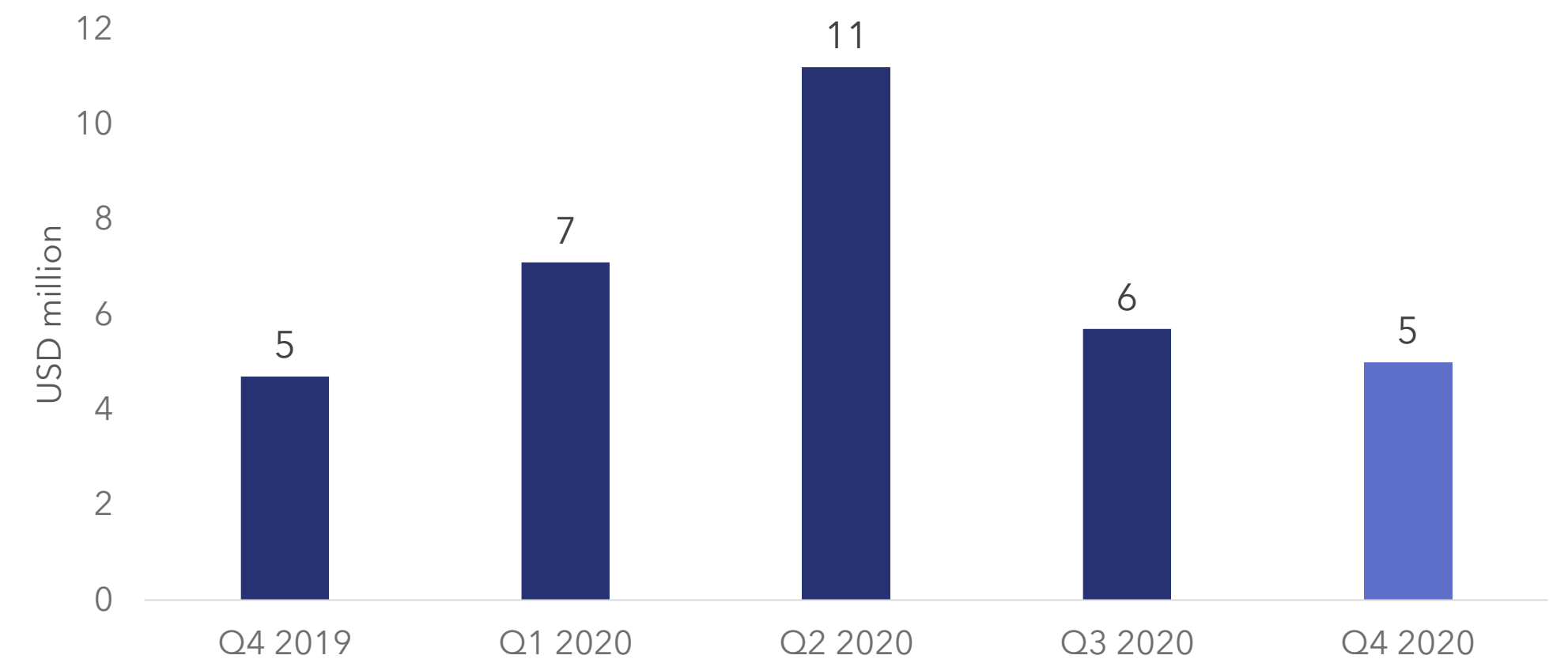
BUSINESS UNIT PERFORMANCE **AND MARKET OUTLOOK**

02. ASSET MANAGEMENT CAPITALISED ON SOLID ASSET TRADING OPPORTUNITIES

Adjusted Result FY 2020 USD 29 million

- EBIT: FY2020 USD 35.7 million / Q4: USD -6.6 million
- Q4 Adjusted Result: USD 5 million
- Moving exposure from Tankers to Dry Cargo
- Utilised the low asset prices and period rates for asset trading:
 - Acquired 9 owned and 12 leased vessels in 2020
- Total market value of portfolio was 918 million USD at year-end

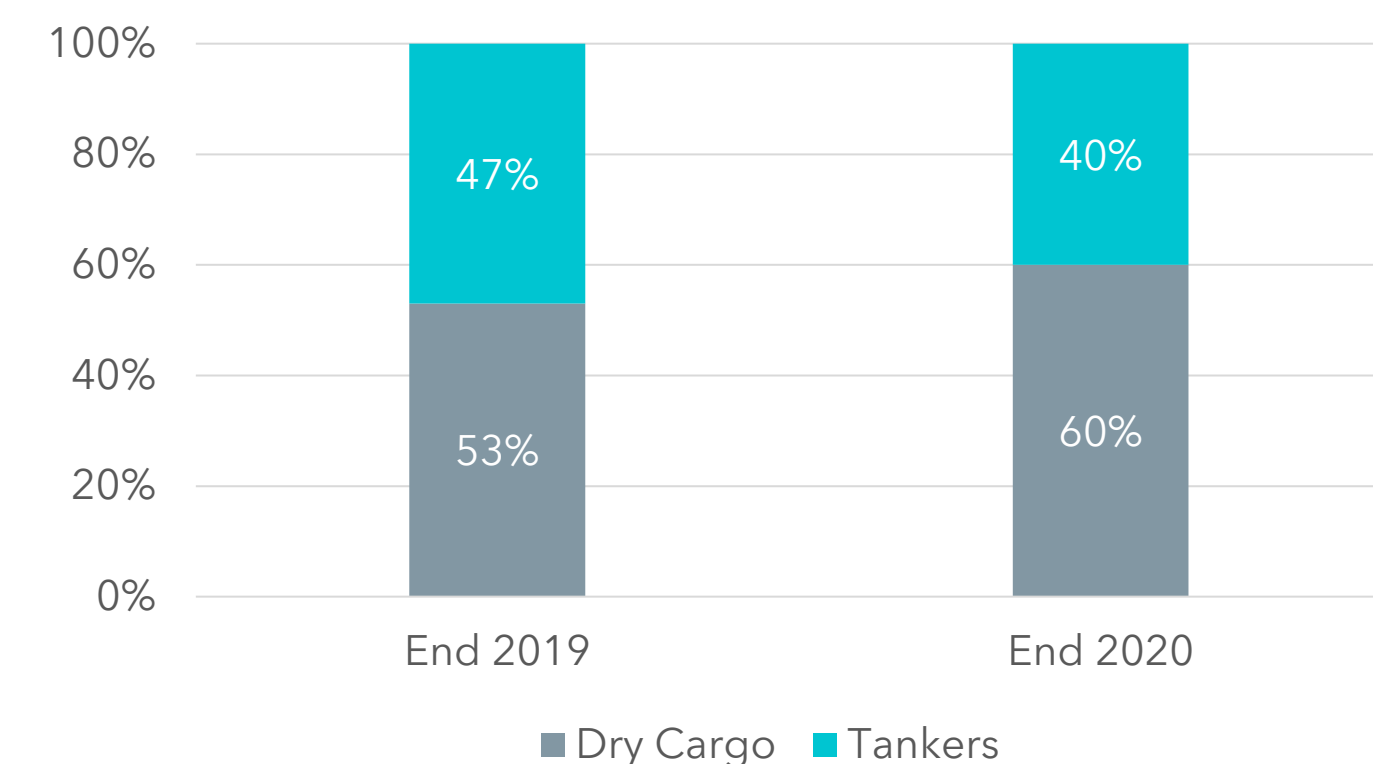
Asset Management
Adjusted Result by quarter



Asset Management key figures

USD million	2020 Q4	2019 Q4	2020 Total	2019 Total
Contribution margin	54.1	48.2	229.6	180.7
O/A costs	-4.9	-6.2	-21.2	-21.8
EBIT	-6.6	9.7	35.7	24.6
Adjusted Result for the period	5.0	4.7	29.0	-2.7

Relative fleet composition

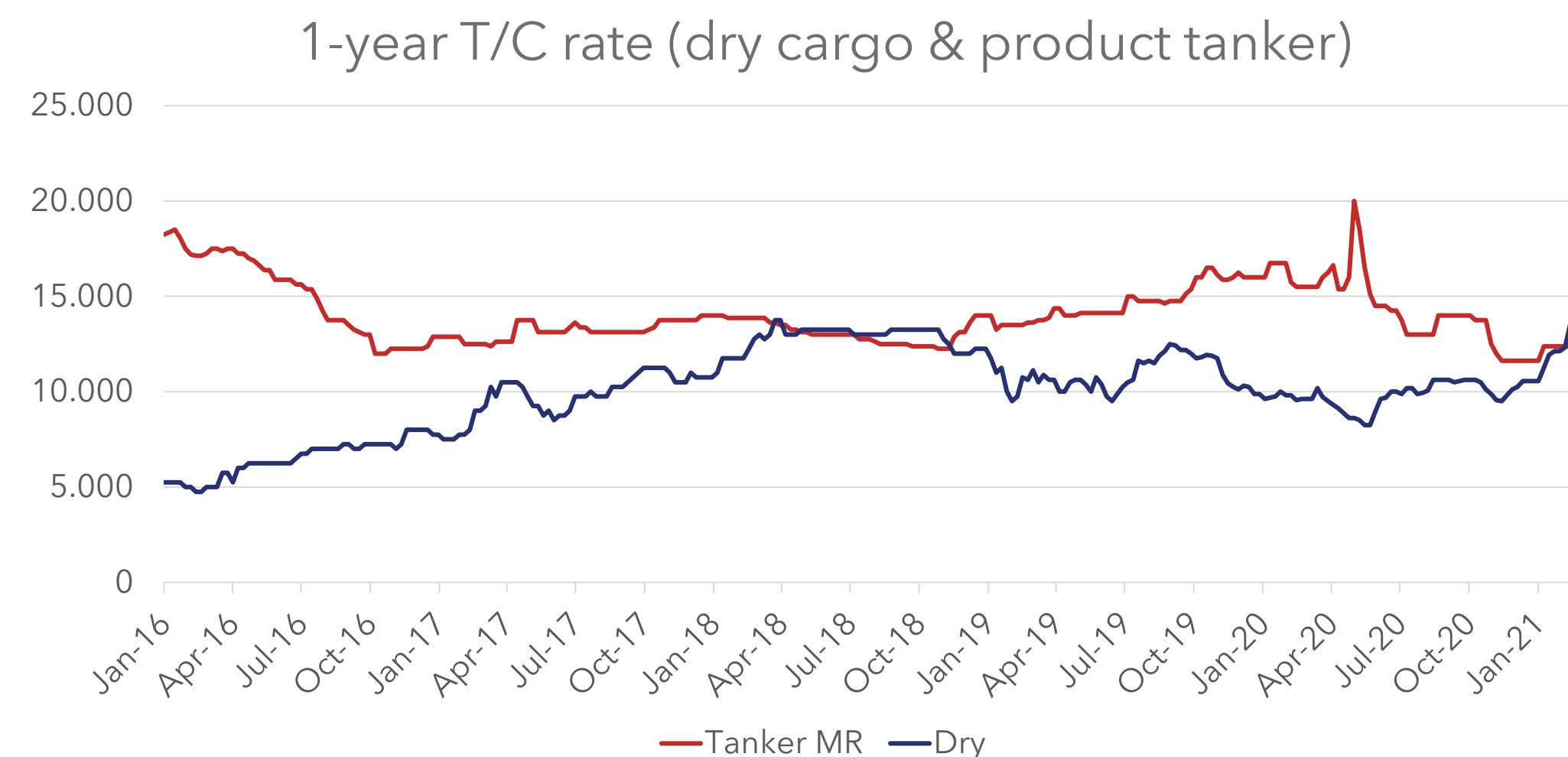


02. ASSET MANAGEMENT

DRY AND TANKER MARKET IN Q4 2020

Dry cargo continues to regain strength

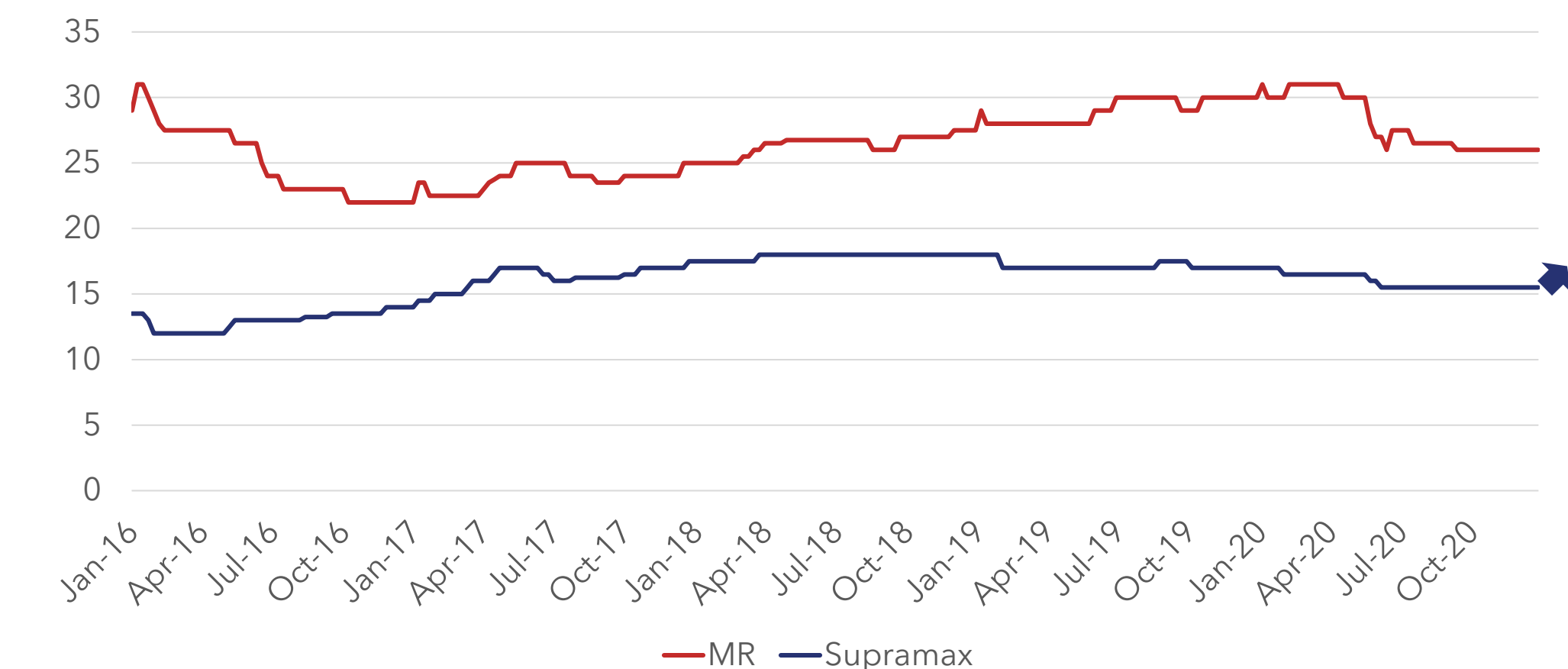
- Upward trend on dry cargo asset and period rates in Q4
- 1-year T/C Supramax rate stabilised around USD 10,500/day at year-end, but has since increased to USD 15,750 in early 2021



Very challenging tanker market

- Tanker asset prices and period rates remained stable at low levels following decline in previous quarters
- The price of a 5-year-old MR ended Q4 in line with Q3
- 1-year T/C MR rate dropped to around USD 11,625/day at end Q4

5-year secondhand asset values (dry cargo & product tanker)



Source: Clarksons

Source: Clarksons

02. ASSET MANAGEMENT

MARKET OUTLOOK, DRY CARGO

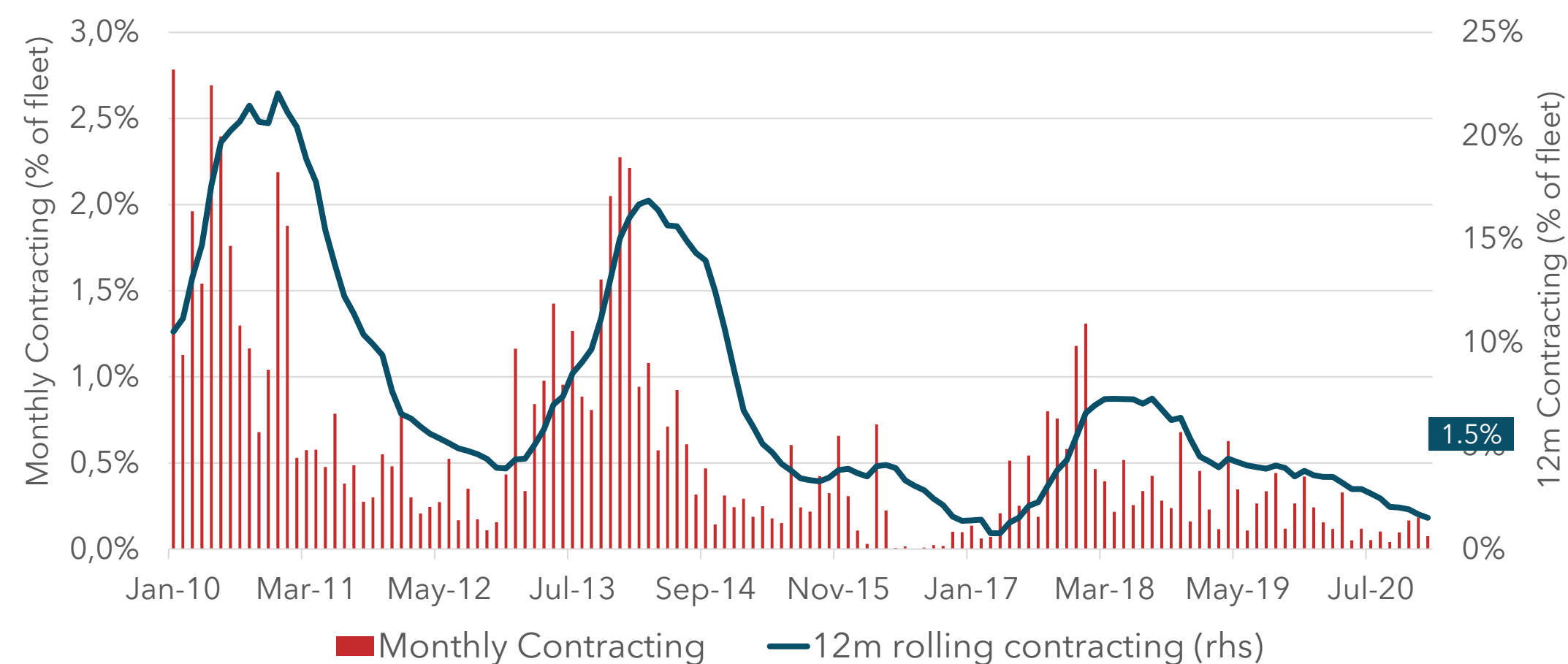
Dry cargo demand is rebounding

- Degree of country-wide lockdowns / reopening economies will continue to influence commodity demand
- Unlike China driving 2020 recovery, 2021 and 2022 will depend on rest of the world as key driver of improved market activity

Supply growth continues to slow down

- Supply growth in 2021 and 2022 is expected to remain at low levels of 2-2.5% per year
- Rates continue to be supported by low ordering

Monthly contracting



Source: NORDEN

Global volumes transported (30-day moving average)



Source: NORDEN

02. ASSET MANAGEMENT

MARKET OUTLOOK, TANKER

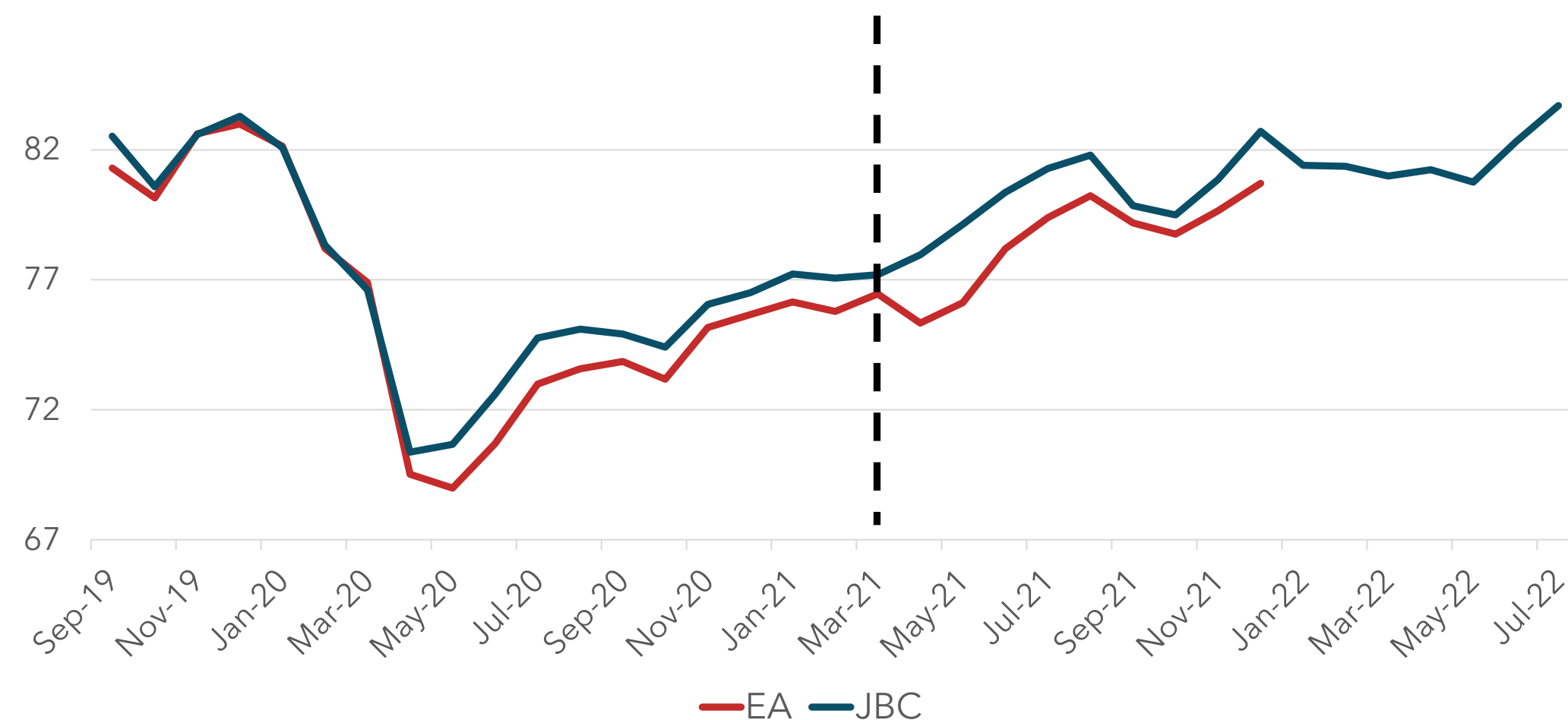
Slow and long recovery for oil demand

- Product tanker market in 2021 to be held back by a crude tanker market suffering under greatly reduced production of crude oil
- Expecting asset values and period rates to remain subdued during first half of 2021 - only gradually recovering during second half
- Refinery runs not to return to 2019 levels before the start of 2022

Low order books continue to provide support

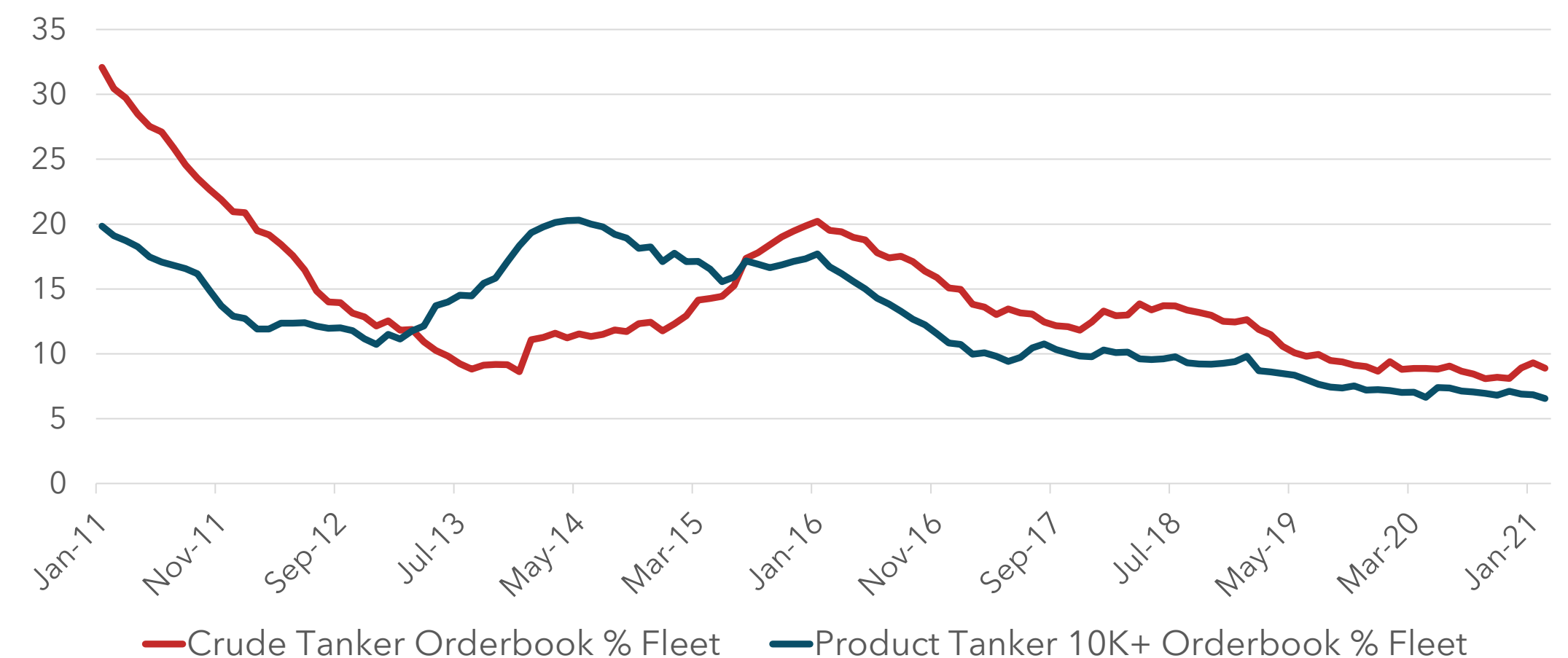
- Product tanker orders below 7% of fleet - lowest level in 25 years
- Continue to provide support in a very challenging market

Crude & Condensates Demand (mb/d)



Source: Energy Aspects and JBC Energy

Orderbooks in % of fleet



Source: NORDEN

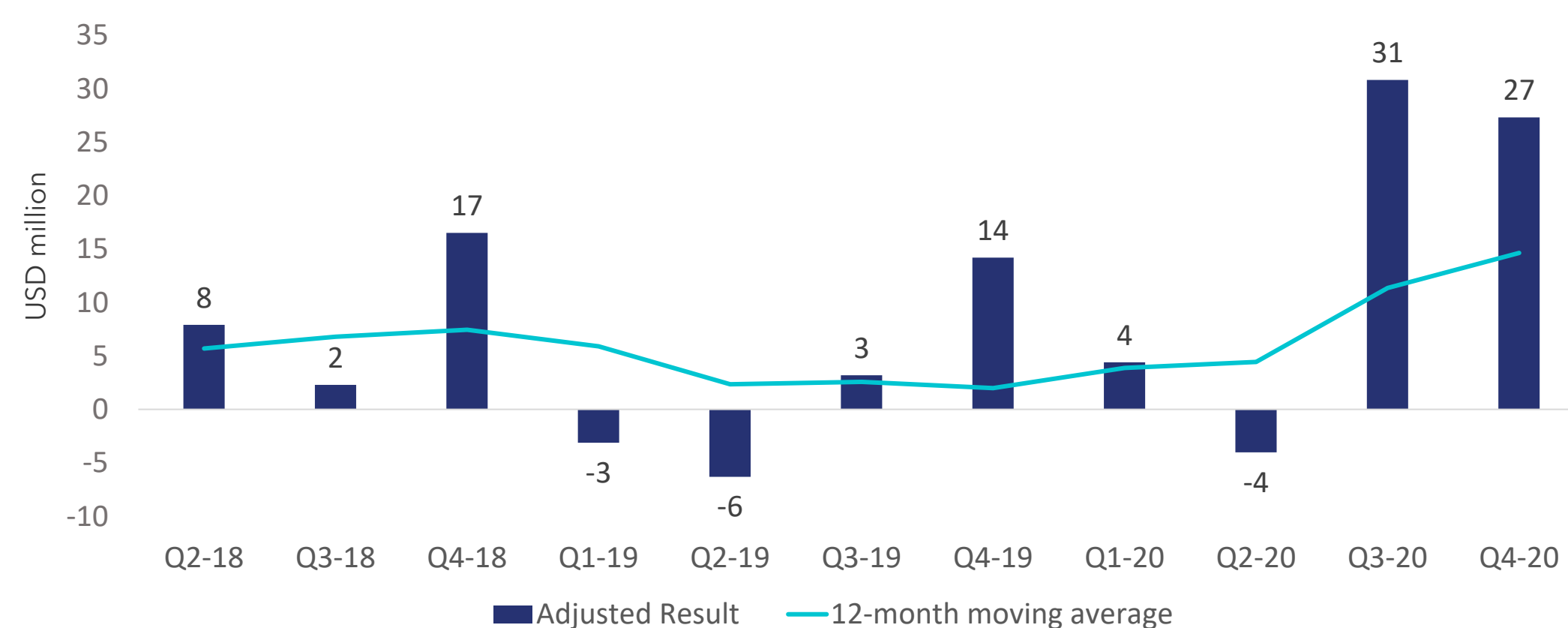
02. DRY OPERATOR OUTSTANDING RESULT THROUGH ACTIVE MANAGEMENT

Adjusted Result full-year 2020 USD 59 million

- Q4: Adjusted Result of USD 27 million
- Outstanding result combined with record high activity:
 - Optimising market exposure and regional positioning of fleet
 - Delivering an efficient service to a growing customer base

- Increased average Adjusted Result per vessel day to USD 559
- Average fleet size of 294 vessels

Quarterly Adjusted Result and 12-month moving average



Dry Operator key figures

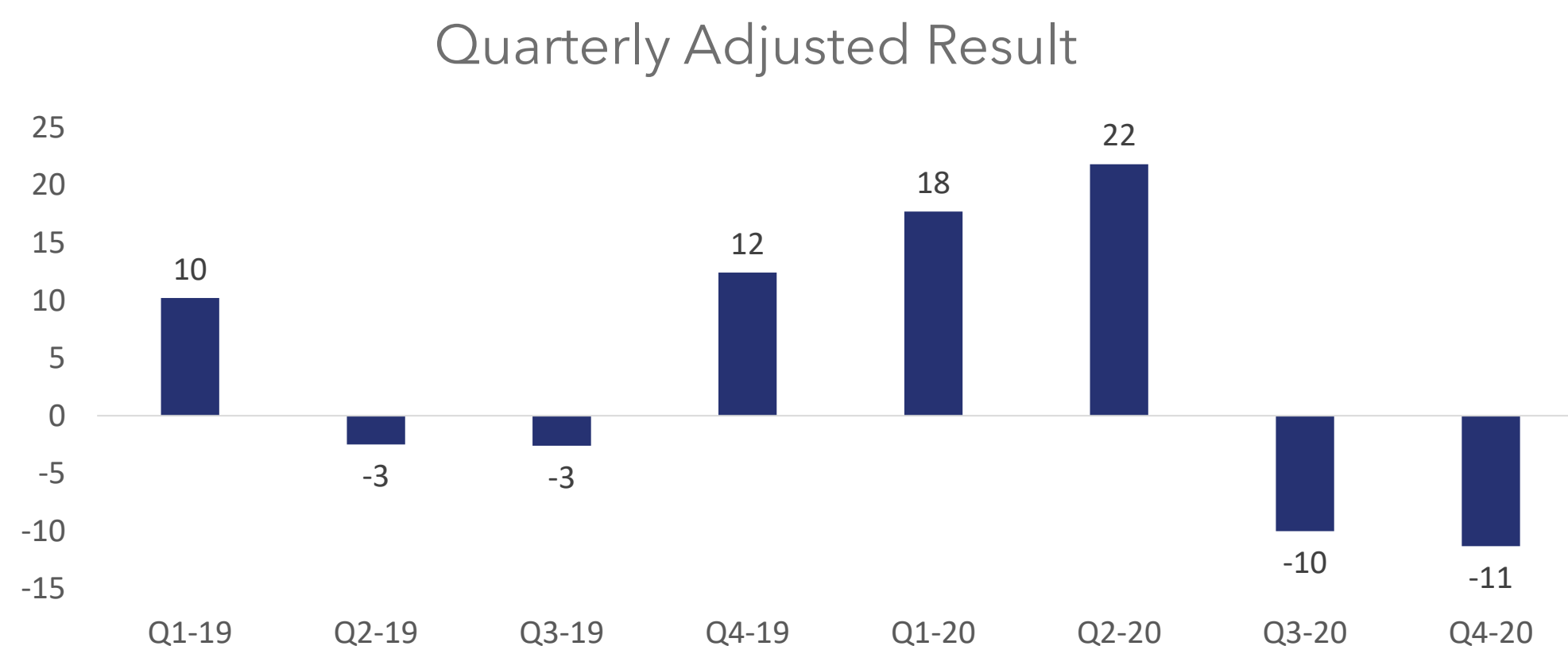
USD million	2020 Q4	2019 Q4	2020 total	2019 total
Contribution margin	51.9	29,9	137.6	66.9
O/A costs	-17.5	-10,5	-52.7	-38.6
EBIT	28.0	14,6	63.5	13.1
Adjusted Result	27.3	14,1	58.5	8.0
Vessel days	29,119	24,015	104,662	100,997
Adj. Result per vessel day (USD/day)	937.5	591	558.9	79.2

02. TANKER OPERATOR

A POLARISED YEAR: PEAK 1H RATES, TOUGH 2H MARKET

Adjusted Result full-year 2020 USD 18 million

- Q4: Adjusted Result of USD -11 million
- 1st half of 2020: Benefitting from peak rates and strong market
- 2nd half of 2020: Mitigating worst effects of plummeting market through active management of positions
- Average Adjusted Result of USD 406 per vessel day in 2020
- Average fleet size of 117 vessels incl. pool vessels
- Pool partnership with Diamond S, and diversifying product range to include vegetable oils - expanding customer range



Tanker Operator key figures

USD million	2020 Q4	2019 Q4	2020 total	2019 total
Contribution margin	1.8	27.7	68.4	47.4
O/A costs	-5.0	-4.7	-19.2	-17.1
EBIT	-10.7	13.9	20.2	19.1
Adjusted Result	-11.3	12.4	18.2	17.5
Vessel days	12,357	9,360	44,668	35,223
Adj. Result per vessel day (USD/day)	-914	-1,325	407.5	496,8

03.

2021 GUIDANCE AND FINAL WORDS

03. 2021 GUIDANCE

NORDEN expects lower earnings in 2021, with an annual Adjusted Result between USD 20 to 60 million.



Asset Management

- Expects lower Adjusted Result in 2021
- High coverage in tankers protects earnings, albeit at lower levels than last year
- High coverage on dry cargo vessels also limits early upside from Q1 rate increase
- Total portfolio value expected to increase in line with expected improvements in asset values and forward period rates in 2021



Dry Operator

- Expects Adjusted Result below the record result for 2020, but higher than the historical averages realised since mid-2017
- Based on continued growth in activity levels compared to 2020 average
- Quarterly earnings to be subject to significant volatility with earnings generated mainly in Q2 and Q4

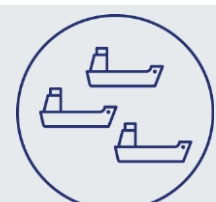


Tanker Operator

- Expects Adjusted Result which is much weaker than that of 2020
- Historically weak tanker spot market expected to lead to weak results beginning of 2021 - even with much coverage applied
- Second half-year result expected to only partially offset weak first half of 2021

03. FINAL WORDS

SUBSTANTIAL VALUE BEYOND ASSET VALUES



Asset Management

Active management of cyclical market exposure within dry cargo and product tanker segments

NAV-based valuation

	USDm
Market value of own vessels	834
Market value of T/C & Cover portfolio	84
Cash & equivalents	332
Interest bearing debt	-320
N/B instalments	-124
Other net assets (book values)	112
Total NAV	918
NAV per share, DKK	148

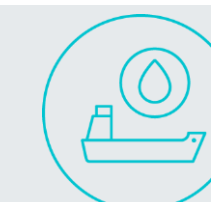


Dry Operator

Providing efficient global transport solutions to customers and active management of short-term market exposure in the dry cargo market

Earnings based valuation

	USDm
Adjusted net result last 12 months	58.5
Annualised since beginning in mid 2017	30.9



Tanker Operator

Providing efficient global transport solutions to and active management of short-term market exposure in the product tanker market

Earnings based valuation

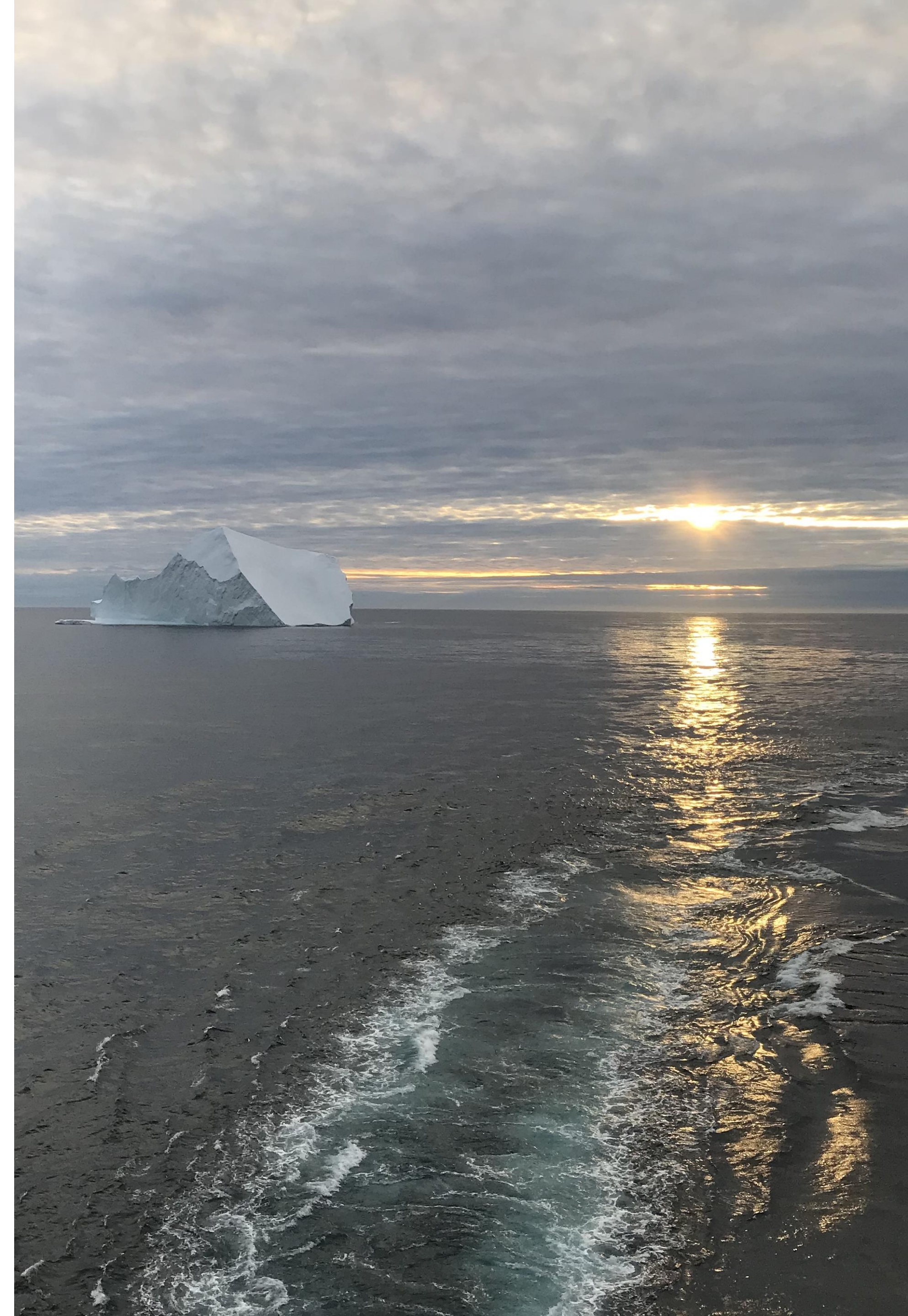
	USDm
Adjusted net result last 12 months	18.2
Annualised since 2019	17.9

NAV per share based on USD/DKK rate and share count as of latest balance sheet date, excluding treasury shares held by NORDEN.

03. FINAL WORDS

BEST RESULT IN 10 YEARS

- NORDEN generated an outstanding result of 106 million USD:
 - *Best group result in 10 years*
 - *Record high activity levels and positive results across all three business units*
- Volatile 2020 validated the strength and resilience of our business model
- Asset management portfolio values benefitted from actively shifting fleet exposure from Tankers to Dry Cargo
- Proposing dividend of 9 DKK, amounting to 53% of adjusted result
 - *on top of USD 30 million in share buy-backs paid during 2020 / early 2021*



03. FINAL WORDS – 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 2020 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.



THANK YOU FOR YOUR ATTENTION

Dampskibsselskabet NORDEN A/S

52, Strandvejen

DK-2900 Hellerup

Denmark

Phone: +45 3315 0451

 www.ds-norden.com

Connect with us

