

# PRESENTATION OF FULL-YEAR 2021 RESULTS

Copenhagen, Denmark, 3 March 2022



# AGENDA FOR TODAY

01. Full-year 2021 highlights
02. Business unit performance
  - Asset Management
  - Dry Operator
  - Tanker Operator
03. Business unit structure in 2022
04. Market development & outlook
05. Guidance for 2022
06. Final words and Q&A



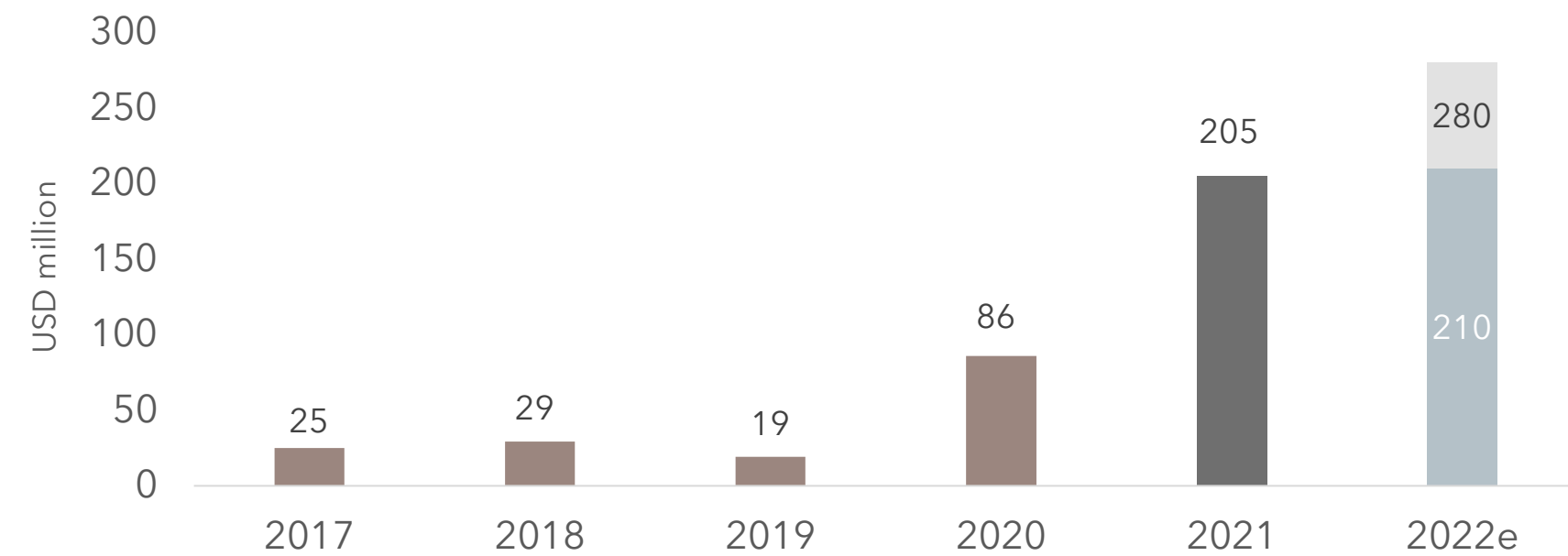
An aerial view of a city skyline at dusk. The sky is a mix of blue and orange. In the foreground, a complex highway interchange with multiple overpasses and ramps is visible, with cars and streetlights. Several skyscrapers are prominent, including one with a large 'AWR' logo on its side and another with a distinctive square top and a vertical spire. The city lights are beginning to glow, creating a vibrant urban scene.

# 01. FULL-YEAR 2021 HIGHLIGHTS

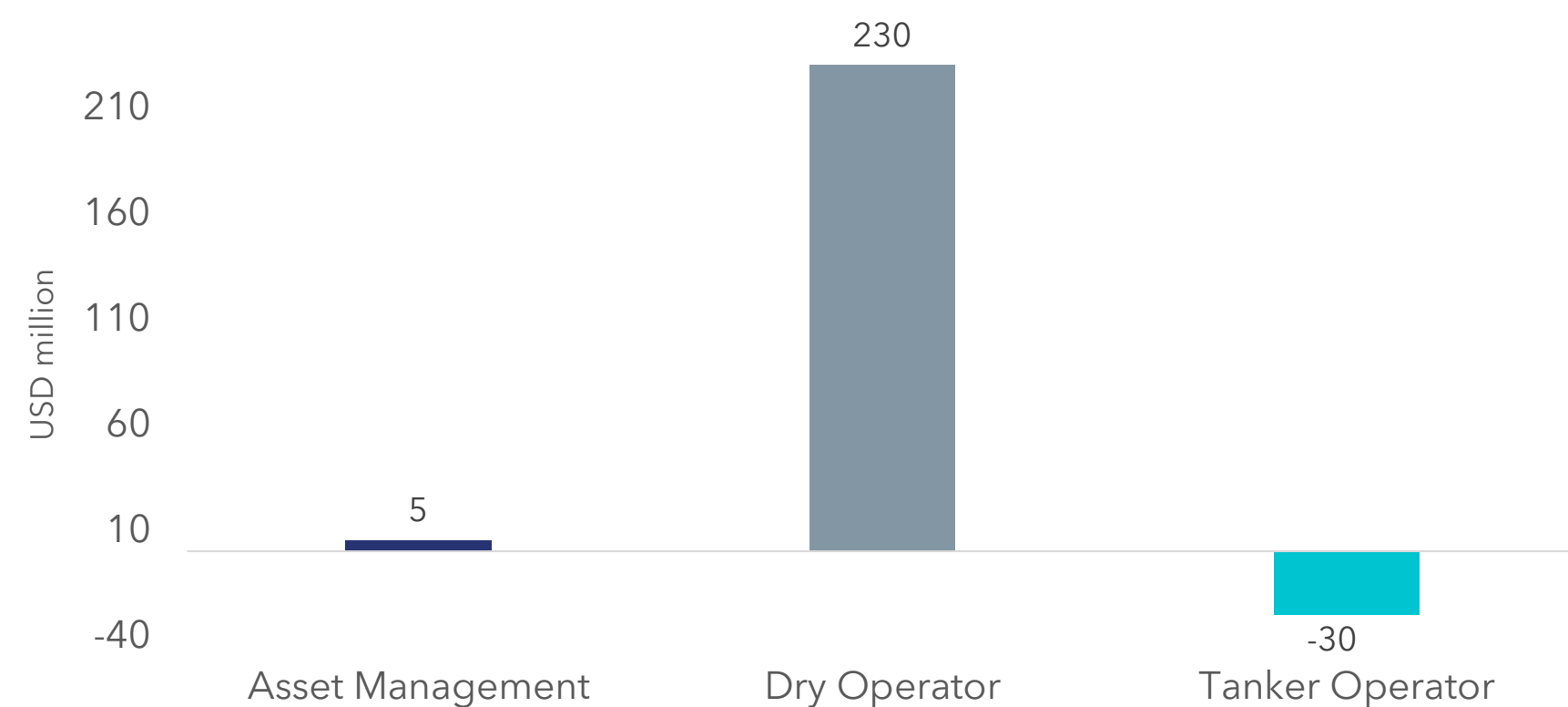
# 01. FULL-YEAR 2021 HIGHLIGHTS

## BUSINESS UPDATE

PROFIT/LOSS LAST 5 YEARS



PROFIT/LOSS PER BUSINESS UNIT (FY 2021)



### Full-year profit for the year of USD 205 million

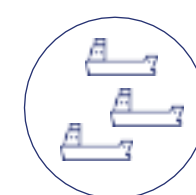
- Best result in 11 years
- Sustained profitability and activity growth over past five years
  - Average increase in vessel days of 16%
  - Exemplifying NORDEN's risk/reward profile in volatile markets
- Returning ~USD 130 mill to shareholders
  - Dividend of 18 per share = 54% of adjusted result
  - Share buyback programme of up to USD 30 million
- Guidance for 2022: Profit for the year of USD 210 - 280 million

**02.**

# BUSINESS UNIT PERFORMANCE

# 02. ASSET MANAGEMENT

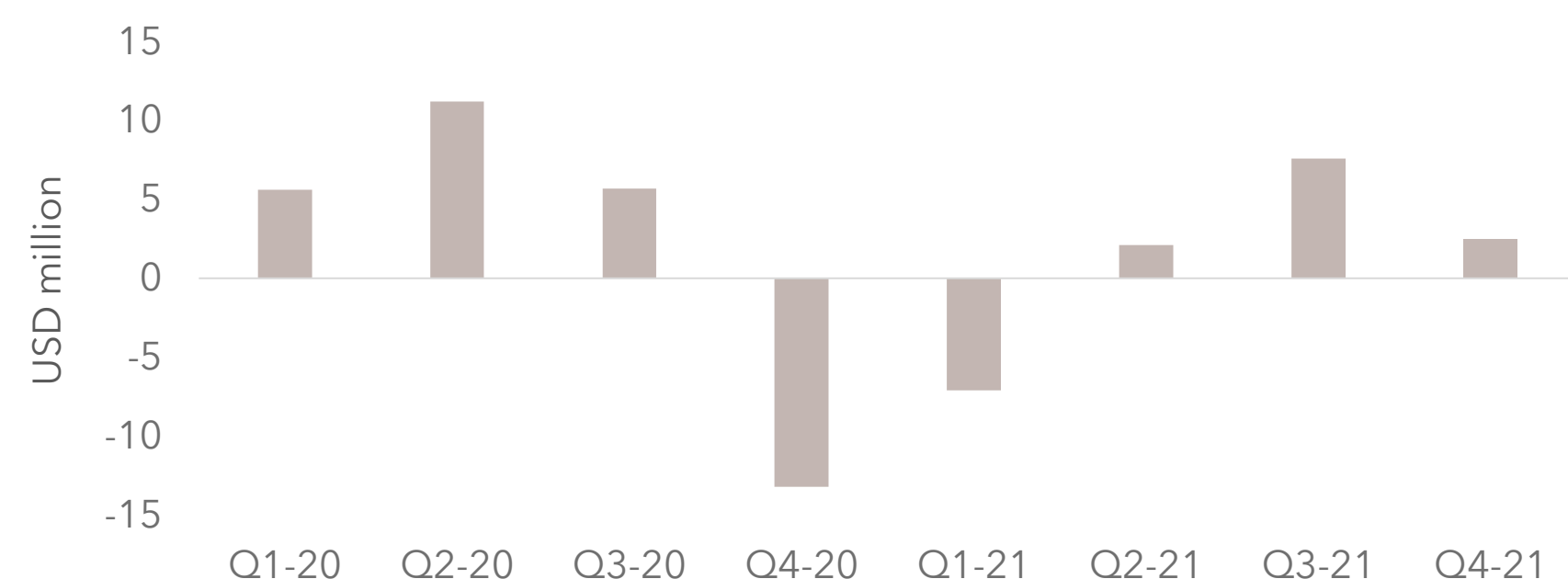
## ACTIVE ASSET TRADING AND PROFITABLE FORWARD COVER



### PROFIT FOR FY 2021: USD 5 MILLION

- Value of Asset Management's portfolio increased to USD 1.3 billion
- Net asset value of DKK 262 per share
- Vessel sales gain of USD 7 million - converting dry cargo asset market value to profit
- Active asset trading with 45 trades in 2021
- Year-end portfolio consists of 109 vessels; 72 leased and 37 owned
- Profitable forward cover, positioned for significantly improved earnings in 2022
- Significant upside value on extension and purchase options

PROFIT/LOSS FOR THE PAST 8 QUARTERS



### KEY FIGURES



### ASSET MANAGEMENT VALUES

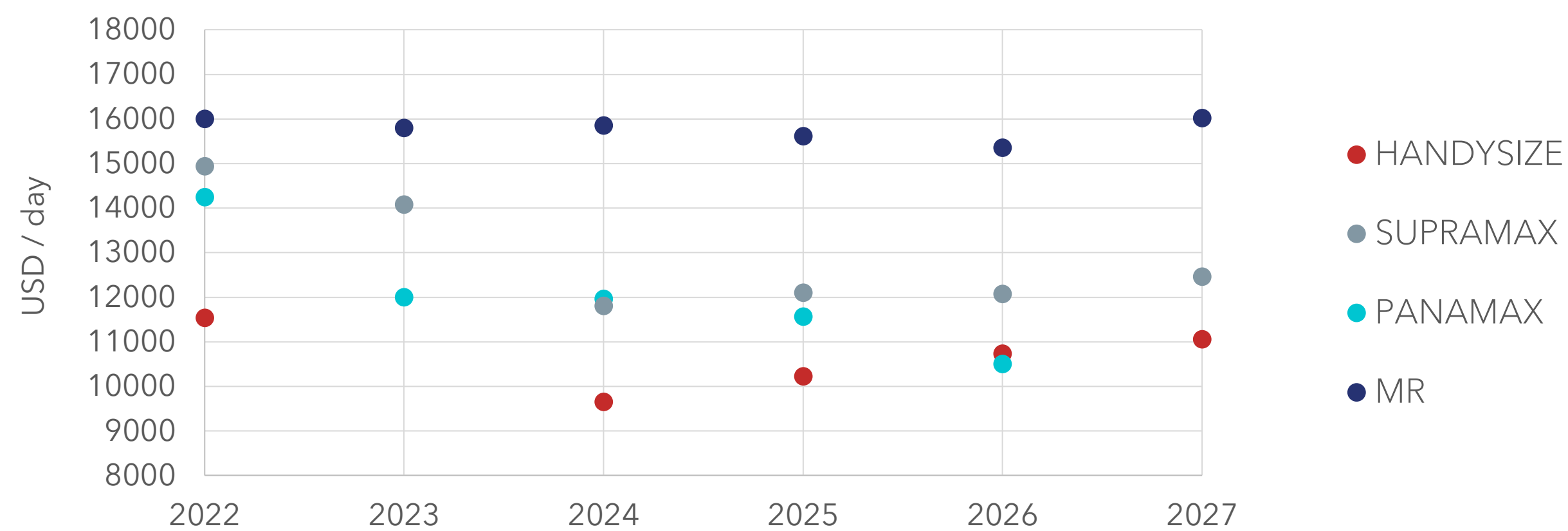
USD million	Dry Cargo	Tankers	Total
Market value of owned vessels and newbuildings (charter free)	670	330	1,000
Estimated market value of T/C and cover portfolio (incl. estimated value of optionality)	280	67	347
Total Asset Management portfolio value	950	397	1,347
Market value of owned vessels vs. carrying amounts	158	-45	113

# 02. ASSET MANAGEMENT

## EXTENSIVE OPTIONALITY IN PORTFOLIO

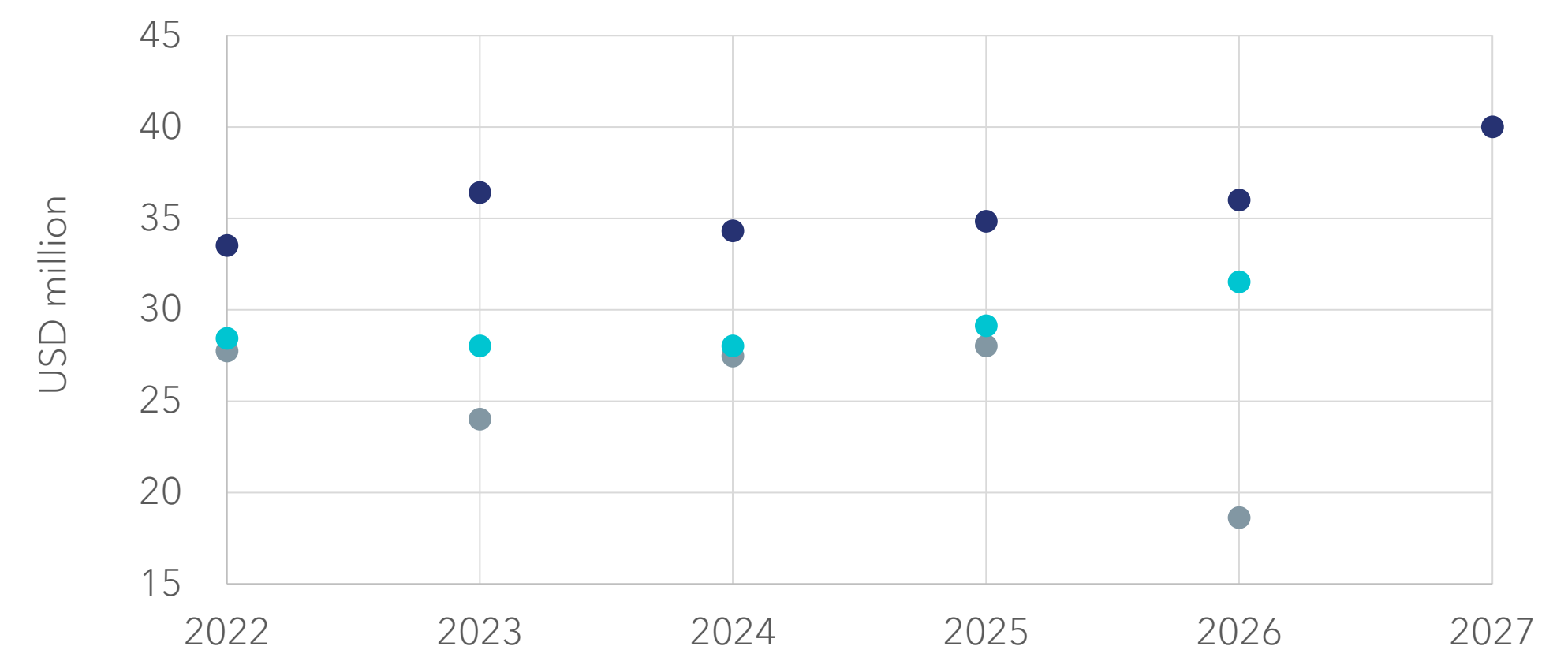
- 65,754 period option days in total, corresponding to ~180 full-year extension options
- Purchase options: 71 options in total (51 in dry cargo, 20 in tankers); 53 of these options callable by end-2024
- Period extension options: 37 options on dry cargo vessels and 9 on tanker vessels by end-2024

Extension Options  
(Average rate per vessel type per year)



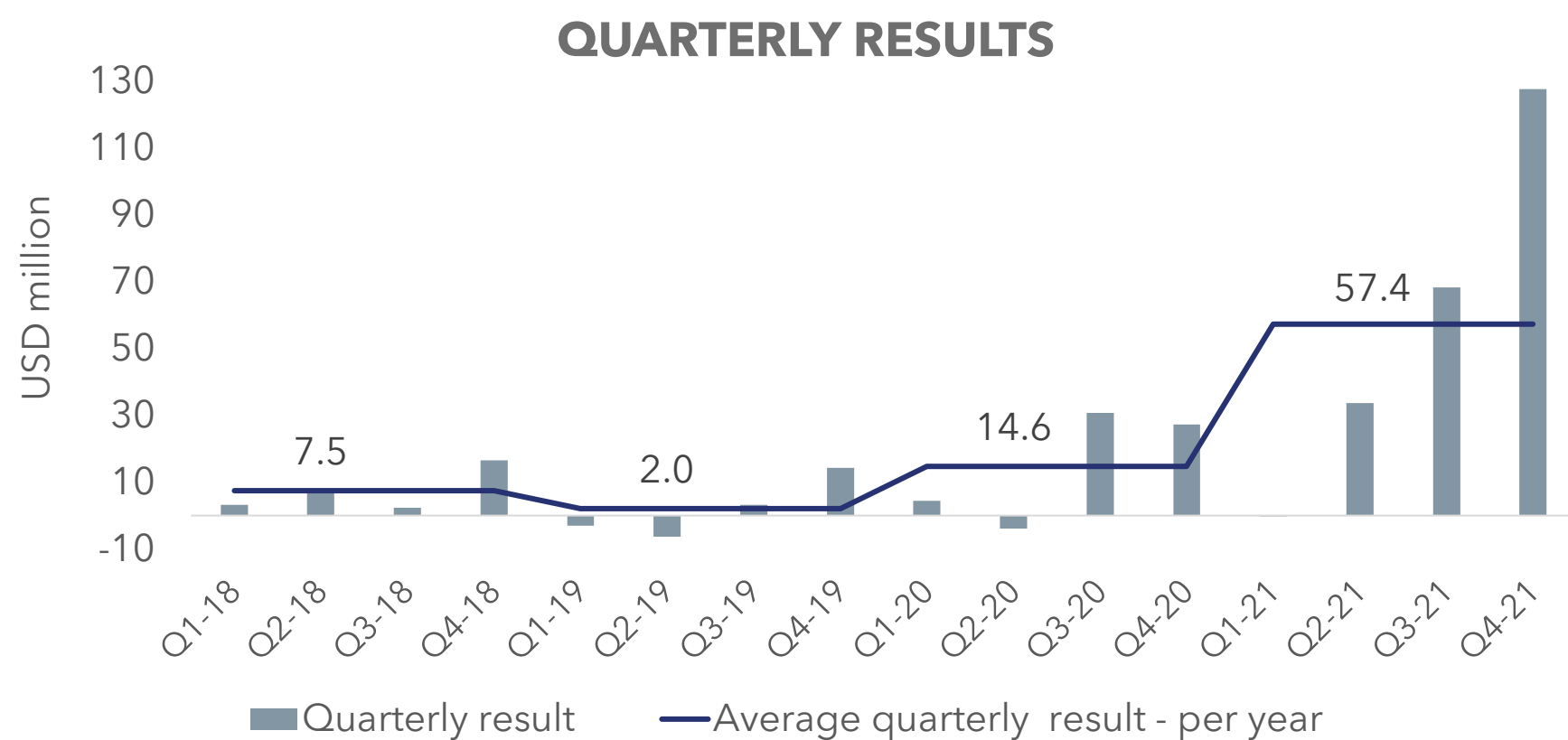
No. of options per year	2022	2023	2024	2025	2026	2027
	18	15	13	11	10	8

Purchase Options  
(Average price per vessel type per year)



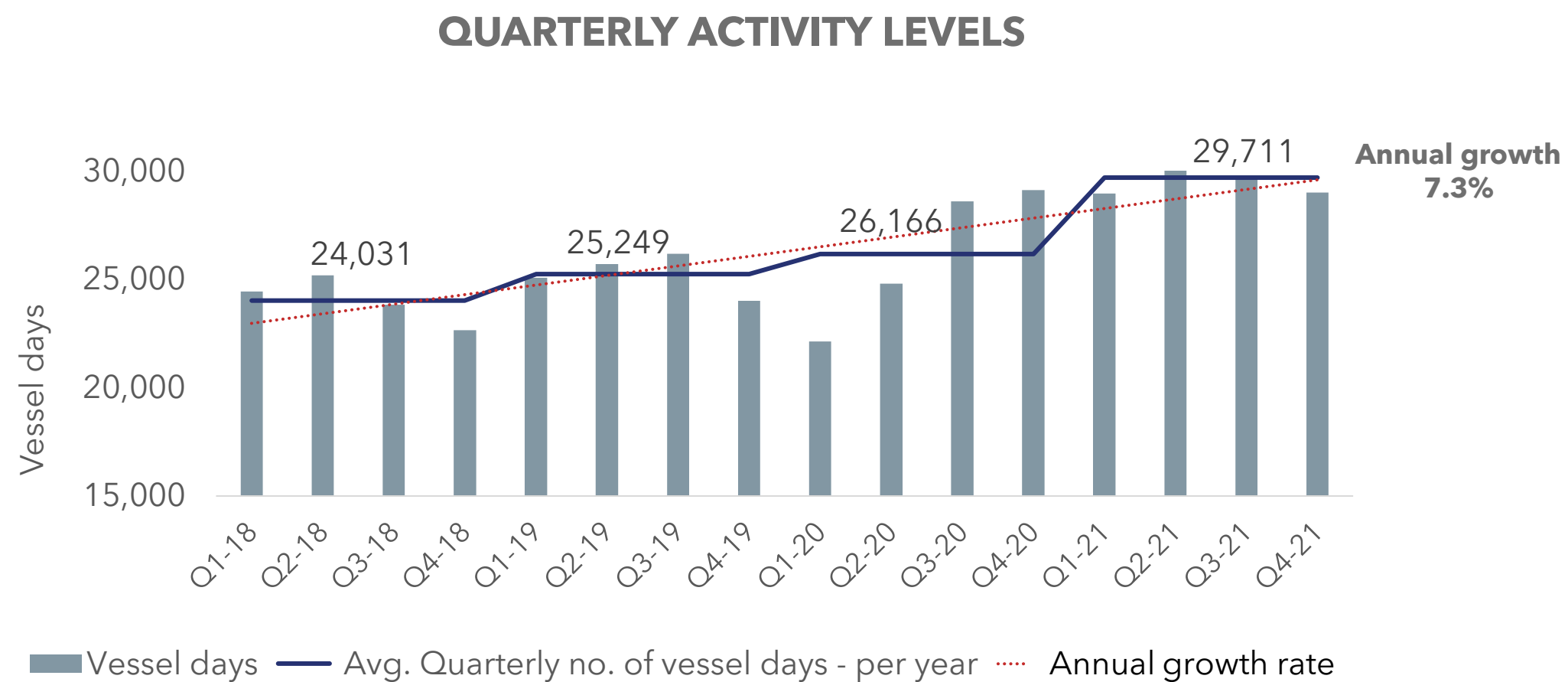
No. of options per year	2022	2023	2024	2025	2026	2027
	26	14	13	12	6	1
Average age at declaration	5.6	3.5	3.5	4.1	5.0	4.0

# 02. DRY OPERATOR EXTRAORDINARY RESULTS, UTILISING MARKET VOLATILITY



## PROFIT FOR FY 2021: USD 230 MILLION

- Extraordinary result and record high activity levels
- Utilising market volatility and capturing upside:
  - Taking in extensive number of vessels relative to cargo
  - Strong operational performance across geographies
- Margin per vessel day increased by 245% to USD 1,931 per day
- Average quarterly profit/loss for 2021 increased to USD 57 million
- 7.3% annual growth in activity levels since 2018



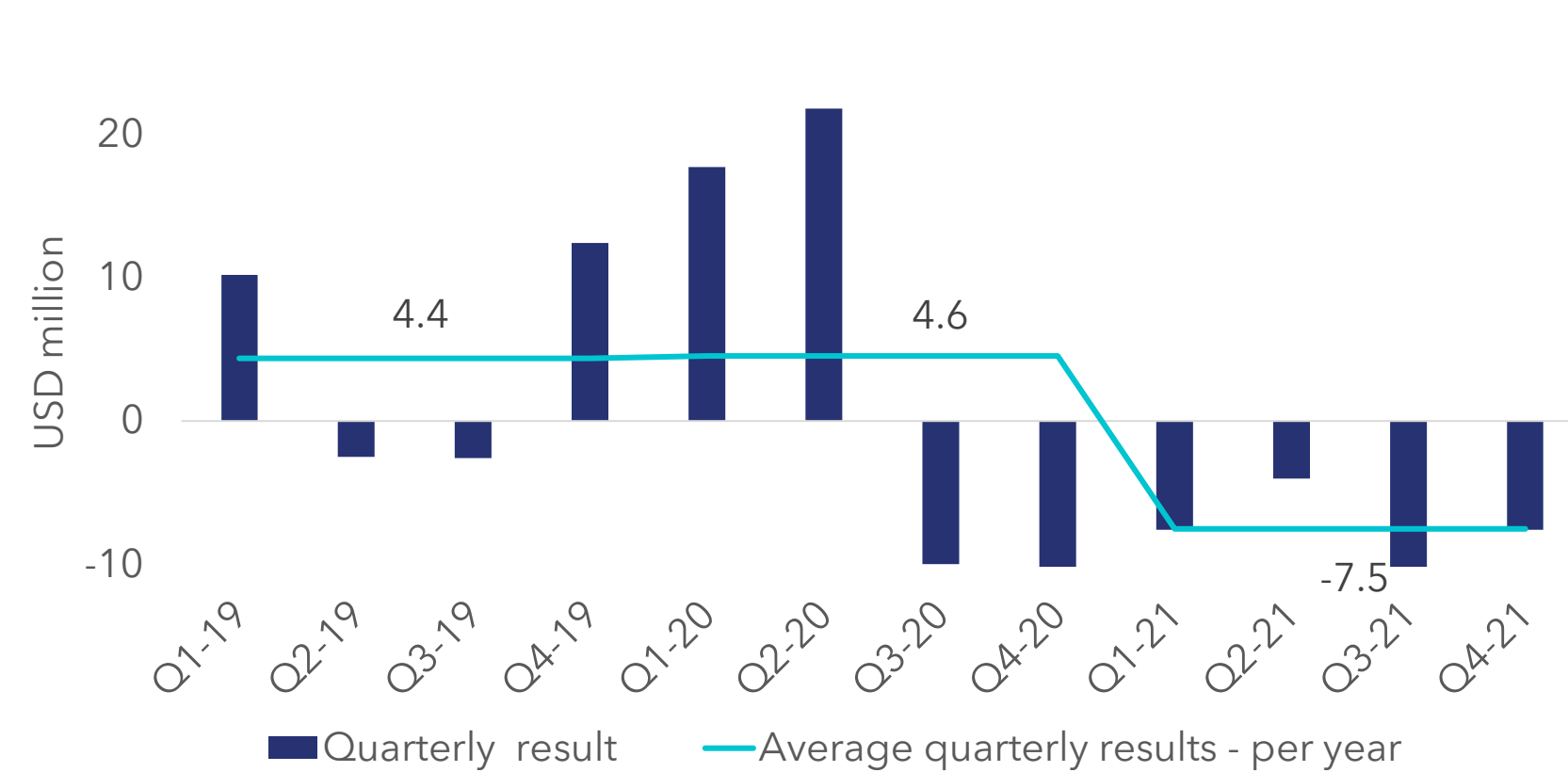
## KEY FIGURES





# 02. TANKER OPERATOR POSITIONED FOR MARKET IMPROVEMENTS IN H2 2022

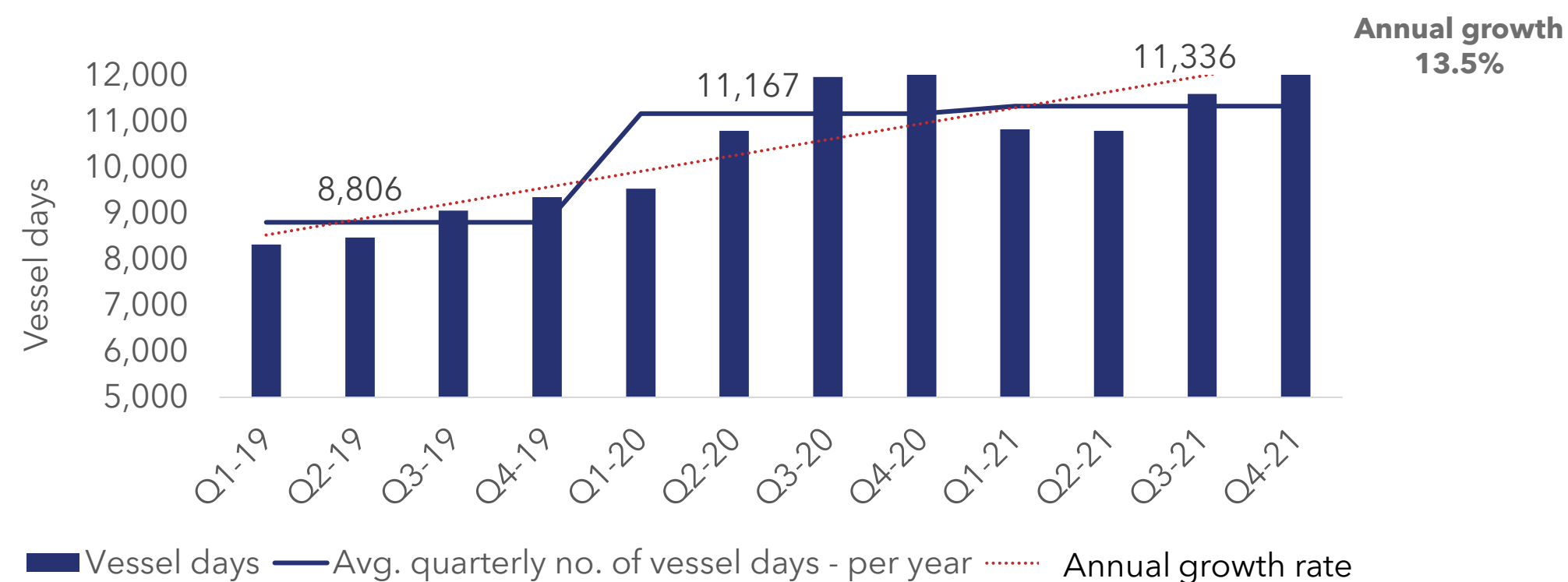
QUARTERLY RESULTS



## LOSS FOR FY 2021: USD -30 MILLION

- Operating in historically weak markets
- Adjusted portfolio through added T/C capacity and extension options
- Positioned for market improvements in second half of 2022
- Pool to be further professionalised as part of Freight Services & Trading

QUARTERLY ACTIVITY LEVELS



KEY FIGURES

<p><b>Profit</b> FY 2021</p> <p><b>-30</b> USD million</p> <p>(FY 2020: USD 18 million)</p>	<p><b>Average no. of vessels</b> operated in FY 2021</p> <p><b>124</b> Vessels</p> <p>(FY 2020: 117 vessels)</p>	<p><b>Result per vessel day</b> FY 2021</p> <p><b>-664</b> USD / day</p> <p>(FY 2020: USD 408 / day)</p>
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# 03. BUSINESS UNIT STRUCTURE IN 2022



# 3. BUSINESS UNITS (AS OF JANUARY 2022)

## ASSETS & LOGISTICS

Asset trading and active portfolio management of owned and leased vessels. Investments in port logistics aimed at optimising supply chains

### Asset Management



Dry cargo vessels



Product tanker vessels

### Logistics & Climate solutions



Port logistics



Decarbonisation

## FREIGHT SERVICES & TRADING

Global freight services and trading in the dry cargo and product tanker markets

### Asset-Light Freight Services



Construction



Foods & oils



Energy



Industrial

### Proforma profit/loss 2021 reflected in new business unit structure from 2022 onwards

FY2021	Asset & Logistics	Freight Services & Trading	Group
<b>Contribution margin</b>	<b>204.1</b>	<b>445.5</b>	<b>649.6</b>
Overhead & administration	-11.4	-106	-117.4
<b>EBITDA</b>	<b>192.7</b>	<b>339.5</b>	<b>532.2</b>
Profit/(loss) from sale of vessels etc.	7.7	-	7.7
Depreciation, amortisation and impairment losses	-168.3	-127.2	-295.5
Share of result from joint ventures	1.1	-	1.1
<b>EBIT</b>	<b>33.2</b>	<b>212.3</b>	<b>245.5</b>
Financials & tax	-28.1	-12.9	-41
<b>Profit / loss</b>	<b>5.1</b>	<b>199.4</b>	<b>204.5</b>

# 03. BUSINESS UNITS VALUATION

## ASSETS & LOGISTICS

Asset trading and active portfolio management of owned and leased vessels. Investments in port logistics aimed at optimising supply chains

### NAV-based valuation

Per 31/12/2021

	USDm
Market value of own vessels	1,000
Market value of T/C & Cover portfolio	347
Cash & equivalents	411
Interest bearing debt	-441
N/B instalments	-32
Other net assets (book values)	186
<b>Total NAV</b>	<b>1,471</b>
<b>NAV per share, DKK</b>	<b>262</b>

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

## FREIGHT SERVICES & TRADING

Global freight services and trading in the dry cargo and product tanker markets

### Earnings-based valuation

Net result last 12 months	USDm 199
Annualised since 2019	USDm 101
Average margin per vessel day*	USD 638
Average annual activity level growth*	9.8%
Number of vessel days FY2021	164,189

\*) Note: Averages since 2019

# 04. MARKET DEVELOPMENT AND OUTLOOK



# 04. MARKETS

## DRY AND TANKER MARKET IN Q4 2021

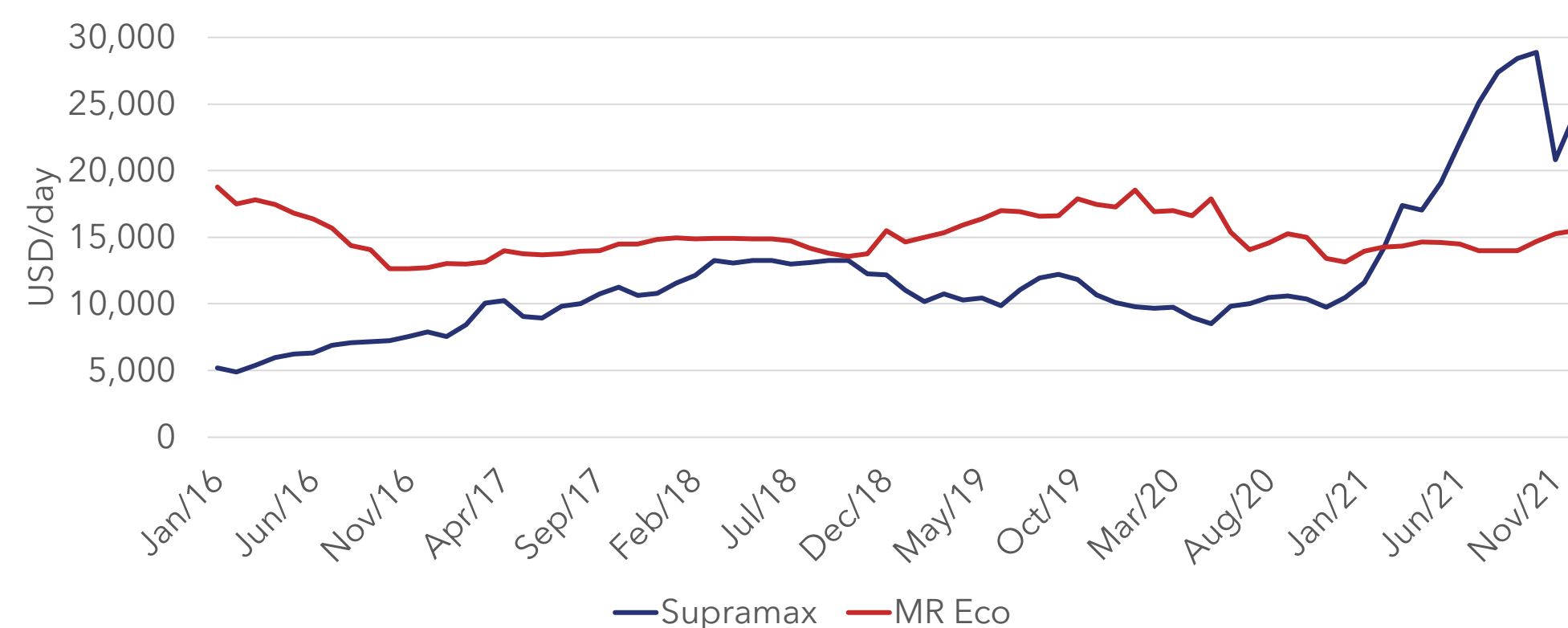
### Brief dry cargo market dip and rebound

- China's economic activity slowed significantly
- Brief but steep drop in both asset prices and time charter rates in Q4
- Port congestion still at historically high level
- 1-year T/C Supramax decreased by 15% to USD 24,125/day
- Price of a 5-year old Supramax decreased by 4% to USDm 30

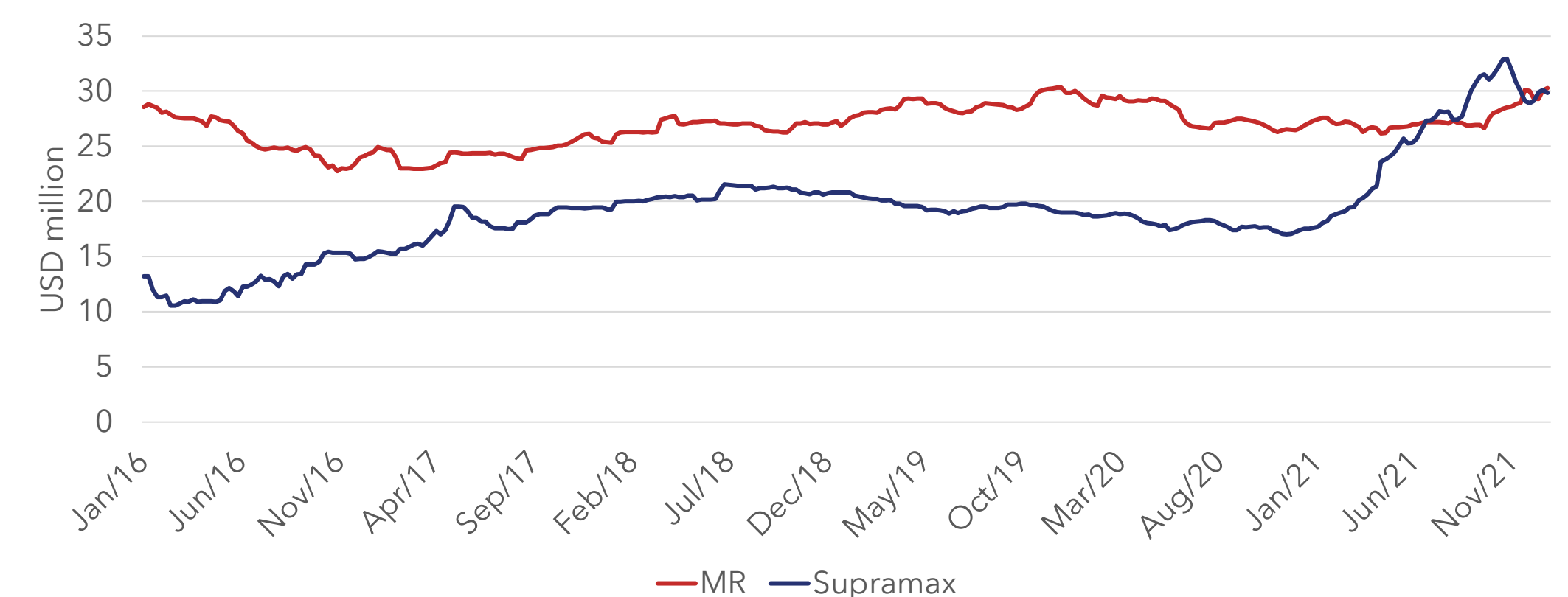
### Weak tanker market with slight year-end increase

- Increased crude oil in transit in Q4 combined with low inventory levels
- Low net fleet growth for crude & CPP tankers of 1.8% for 2021
- 1-year T/C MR eco rate increased by 11% to USD 15,500/day
- Price of a 5-year old MR increased by 10% to USDm 30

1-year T/C rate (dry cargo & eco product tanker)



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



Source: Clarksons

Source: VesselsValue

# 04. MARKETS

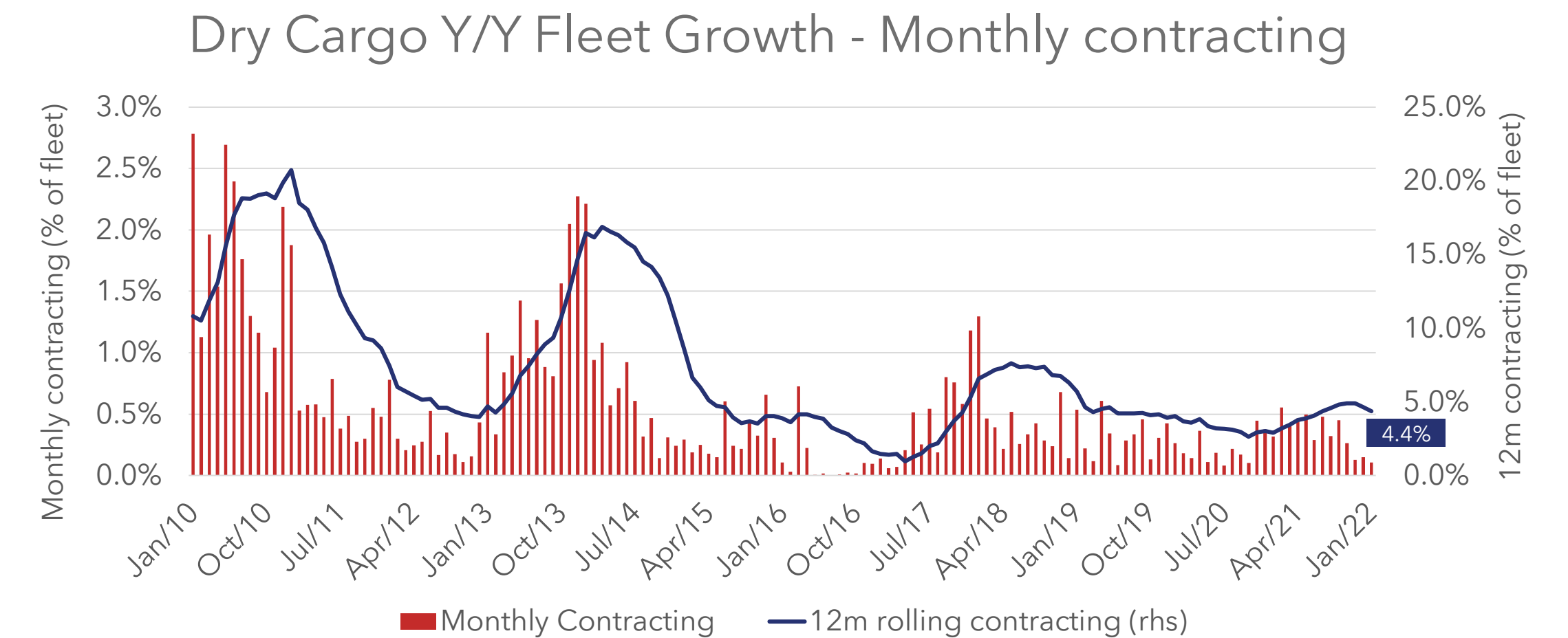
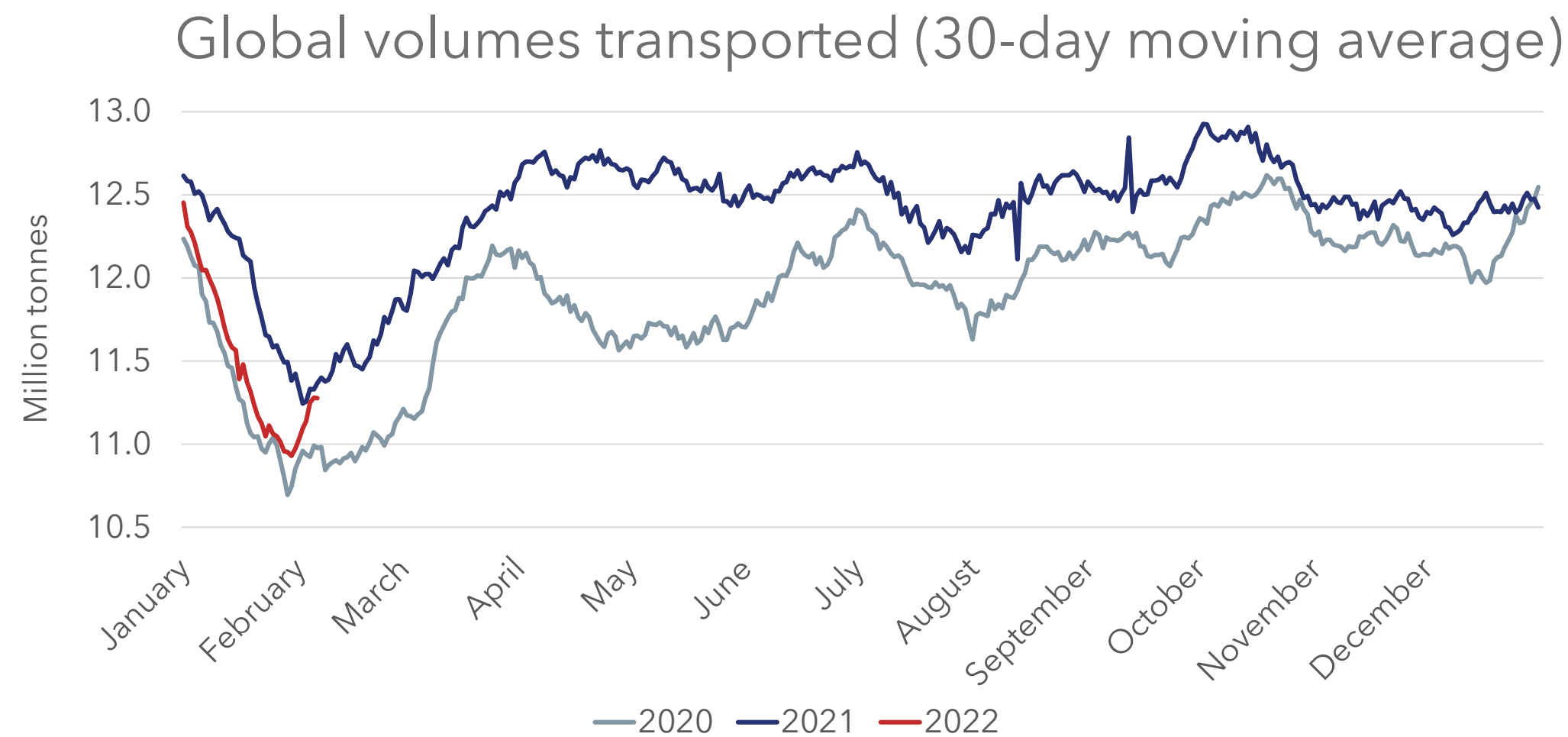
## MARKET OUTLOOK IN DRY CARGO

### Expected to remain strong in 2022

- Asset prices and period rates to remain strong during 2022
- COVID-19 continues to pose a threat to supply chains
- Congestion and market inefficiencies still at historically high level
- China's import levels expected to accelerate in H2
- RoW expected to be larger driver of market activity in 2022
- Effect of Ukraine conflict and sanctions on Russia to create volatility

### Low supply growth supporting strong market

- Low newbuilding contracting of 4% (rolling average)
- Containership newbuilding filling up shipyard pipeline
- Rising steel prices supporting high asset prices
- Expected global fleet growth of 2-2.5% for both 2022-23



Source: TRACS

Source: Clarksons

# 04. MARKETS

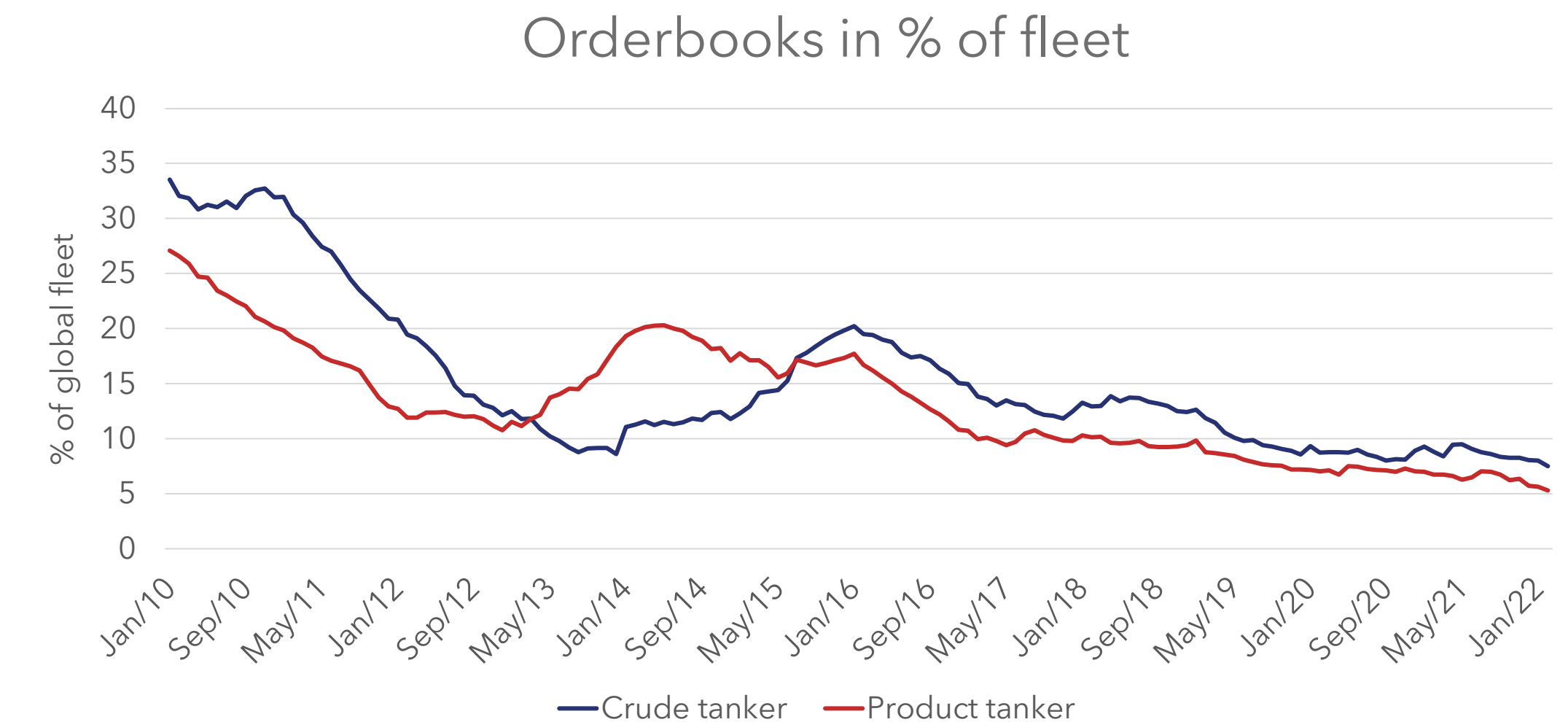
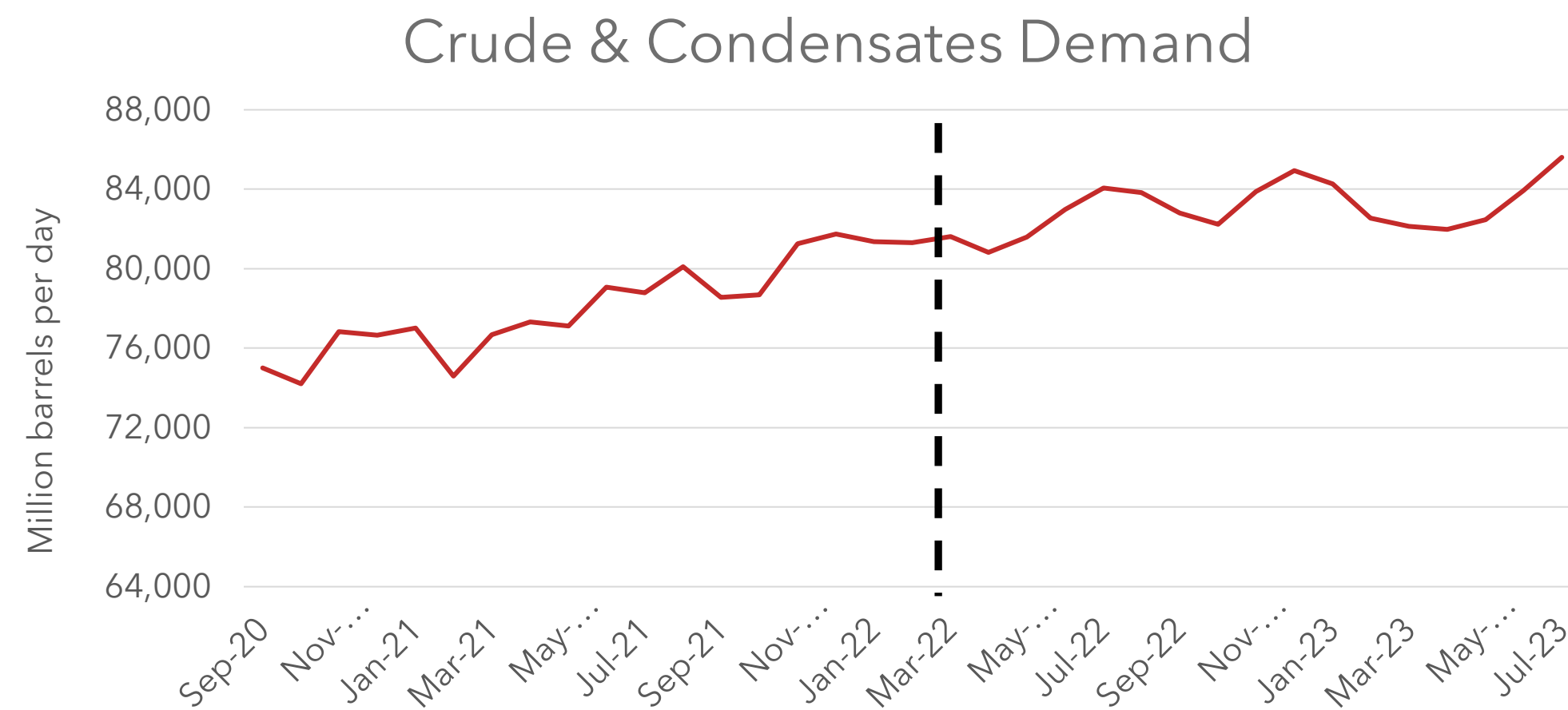
## MARKET OUTLOOK IN TANKER

### Improved fundamentals, expecting better H2

- Global oil inventories drawn down to 10-year lows
- Oil products demand has moved beyond pre-covid 19 levels
- Ukraine conflict and sanctions on Russia may lead to more tonne-miles
- OPEC+ producing below quotas, may slow down recovery
- Potential Iran deal would be positive for crude tanker market
- Fundamentals slowly recovering; disruptions could add further support

### Low net supply growth of vessels


- Supply growth remains low, supported by increased vessel scrapping
- Delayed COVID-19 impact on newbuildings orders to appear
- New ordering activity further limited by container vessels
- Compounded by increased steel prices
- Expected global fleet growth of 2% in 2022-23



Source: JBC

Source: NORDEN



A sunset over the ocean with a bright sun low on the horizon, casting a golden glow over the water. The sun is a large, bright white circle with a yellow and orange halo. The sky transitions from a deep orange near the horizon to a lighter yellow at the top. The water in the foreground is dark blue with gentle ripples, reflecting the light from the sun.

# 05. 2022 GUIDANCE AND FINAL WORDS

# 05. 2022 GUIDANCE

NORDEN guidance for FY 2022 profit for the year: USD 210 to 280 million  
(incl. currently known vessel sales gains of USD 37 million)

- Expecting improved profit for the year based on good positioning in a continued strong and volatile dry cargo market
- Dividend policy: to pay out minimum 50% of the profit for the year

## Assets & Logistics

- Expects much better earnings in 2022
- High coverage at attractive rates on the dry cargo fleet entered into during 2021
- High coverage on tanker fleet - well protected against weak tanker market
- Vessel sales gains expected based on dry cargo asset value increases during 2021

## Freight Services & Trading

- Expects a net result somewhat lower than combined operator result in 2021
- Continued 5-10% growth in activity levels
- Margin per vessel day expected higher than 3-year average but below 2021 result
- Well positioned in a still strong and volatile Dry Cargo market
- Still weak tanker market - only to improve noticeably in H2

## 05. FINAL WORDS

# OUTSTANDING YEAR FOR NORDEN

- Best annual result in 11 years with profit of USD 205 million
  - Return on equity increased from 10% to 22%
- Strong track record: Sustained profitability and activity growth over past five years in volatile markets
- Consolidated business model into two units
  - Recurring earnings with less volatility
  - New revenue streams and innovative client solutions
- Returning capital to shareholders
  - Proposed dividend of DKK 18 per share
  - Share buyback programme of up to USD 30 million
  - Returned over USD 260 million to shareholders since 2018
- Guidance: Profit for the year in 2022 between USD 210-280 million
- Ukraine conflict:
  - Exacerbating supply chain disruptions and geopolitical uncertainty
  - NORDEN strategy highly responsive to customer and market changes



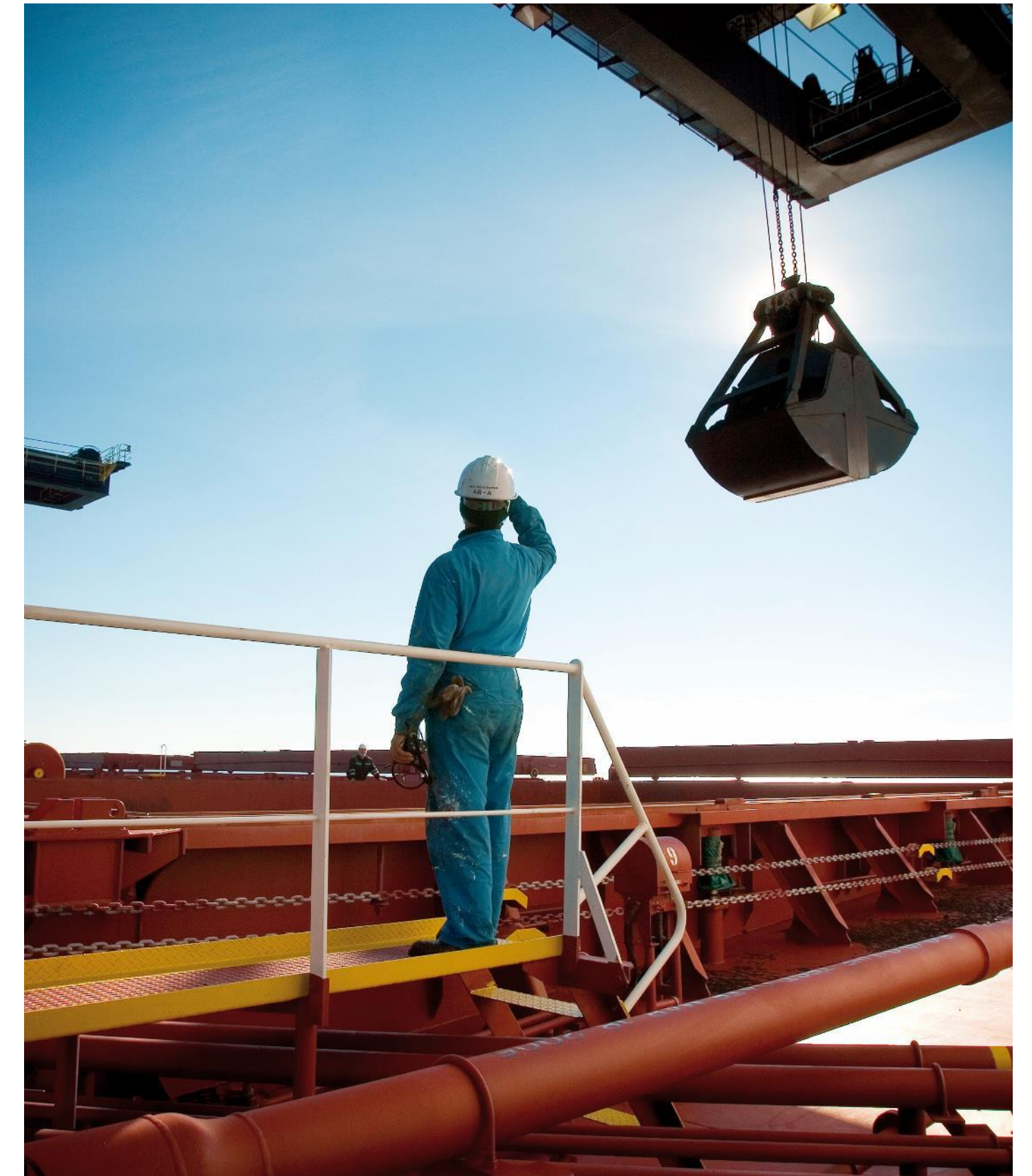
## 05. FINAL WORDS – DISCLAIMER

# 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 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.



# THANK YOU FOR YOUR ATTENTION

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