

14 September 2016

PARETO OIL AND OFFSHORE  
CONFERENCE 2016



# SAFE HARBOR STATEMENT



*Matters discussed in this release may constitute forward-looking statements. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and statements other than statements of historical facts. The words “believe,” “anticipate,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “pending” and similar expressions generally identify forward-looking statements.*

*The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies that are difficult or impossible to predict and are beyond our control, the Company cannot guarantee that it will achieve or accomplish these expectations, beliefs or projections.*

*Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward- looking statements include the strength of the world economy and currencies, changes in charter hire rates and vessel values, changes in demand for “ton miles” of oil carried by oil tankers, the effect of changes in OPEC’s petroleum production levels and worldwide oil consumption and storage, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled dry-docking, changes in TORM’s operating expenses, including bunker prices, dry-docking and insurance costs, changes in the regulation of shipping operations, including requirements for double hull tankers or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents, political events or acts by terrorists.*

*In light of these risks and uncertainties, you should not place undue reliance on forward-looking statements contained in this release because they are statements about events that are not certain to occur as described or at all. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.*

*Except to the extent required by applicable law or regulation, the Company undertakes no obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.*



# TORM AT A GLANCE

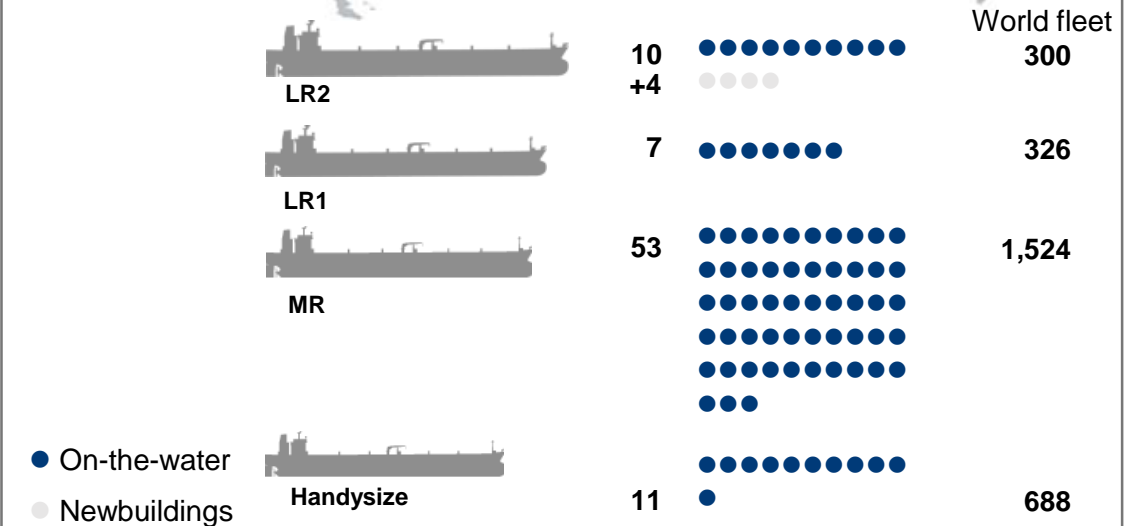
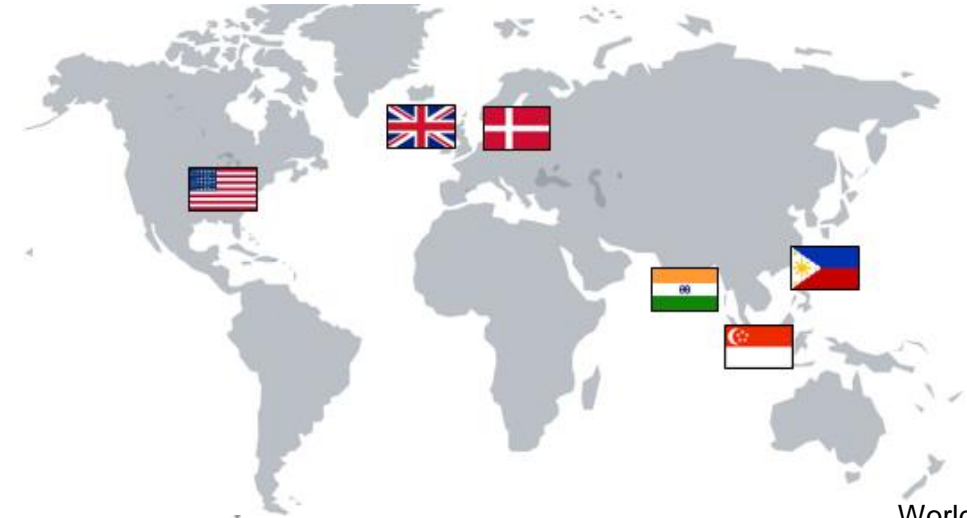


## Key Facts

### A world-leading pure product tanker company

- One of the largest owners and operators of product tankers in the world
- More than 125 years of track record
- Customers consist of major independent oil companies, state owned oil companies, oil traders and refiners
- 3,000 seafarers and 270 land-office employees
- TORM plc is listed on Nasdaq Copenhagen

## Global footprint with presence in all major segments



# TORM AIMS TO BE REGARDED AS THE REFERENCE COMPANY IN THE PRODUCT TANKER SEGMENT



## Pure-play product tanker owner

Active in all large segments to meet customer demands

~80 owned product tankers

Primarily spot-oriented

Limited T/C-in (off-balance sheet) commitments

Moderate debt levels with attractive debt profile

Financial strength to pursue growth

Strong balance sheet gives a competitive advantage when pursuing vessel acquisitions from lenders and yards

Semi-annual distribution policy of 25 to 50% of net income (after fixed payment of USD 25m in September 2016)

## Strong capital structure

## One TORM – Superior integrated operating platform

In-house technical and commercial management (preferred by customers)

Enhanced responsiveness to customers and higher TCEs

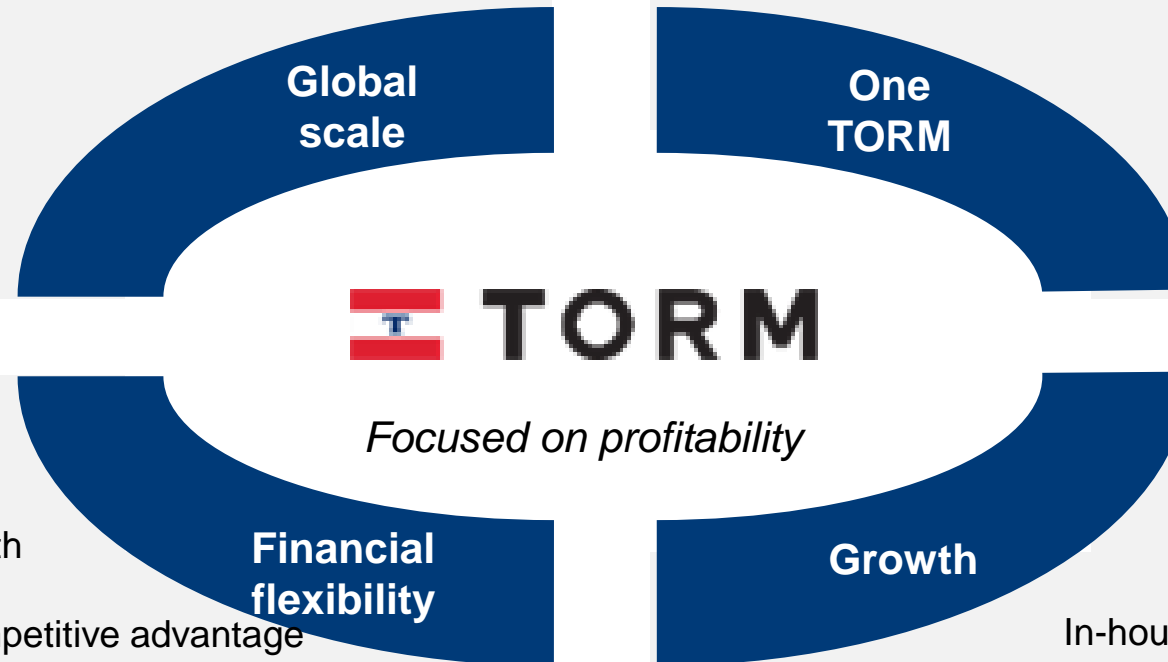
Cost-efficient without leakages

May serve as consolidator

Selective growth based on projected financial returns

In-house S&P team with relationships with brokers, yards, banks and shipowners

## Selective fleet growth



# EBITDA OF USD 57M AND A POSITIVE PBT OF USD 15M FOR Q2 2016



USDm	Q2 2016	Pro forma Q2 2015*	H1 2016	Pro forma H1 2015*	Pro forma 2015*
<b>P&amp;L</b>					
TCE Earnings	123	142	261	288	582
Gross profit	68	86	148	174	361
Sale of vessels	0	0	0	0	0
EBITDA	57	75	126	152	319
Profit before tax	15	45	46	89	188
<b>Balance sheet</b>					
Equity	985	865	985	865	976
NIBD	602	596	602	596	612
Cash and cash equivalents	117	111	117	111	168
<b>Key figures</b>					
Earnings per share (USD)	0.2	-	0.7	-	-
Return on Invested Capital (RoIC)	6.2%	14.0%	8.2%	14.2%	14.1%
Net Asset Value (NAV)	873	-	873	-	1,169
Number of vessels (#)	81	78	81	78	78
Tanker TCE/day (USD)	17,594	22,469	18,713	22,672	22,879
Tanker OPEX/day (USD)	6,914	7,289	7,155	7,318	7,193

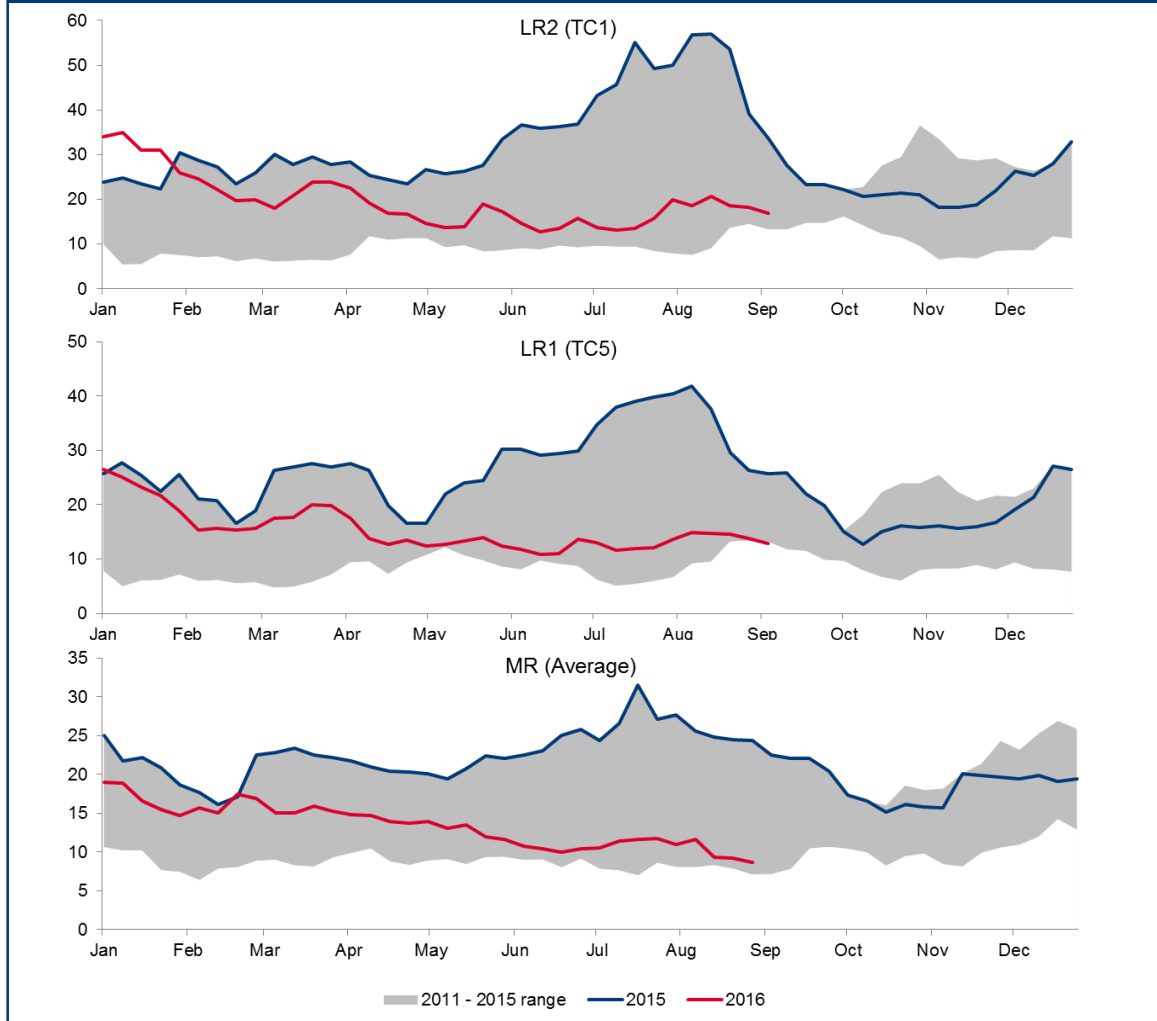
- EBITDA of USD 57m and a positive profit before tax of USD 15m for Q2 2016
- Q2 2016 Equity of USD 985m and cash and cash equivalents of USD 117m
- Q2 2016 RoIC of 6.2% and Earnings per share of USD 0.2 (or DKK 1.3)
- Q2 2016 Tanker freight rates of USD/day 17,594, which is very competitive compared to peers

\* Pro forma figures for 2015 presented as though the Restructuring occurred as of 1 January 2015 and include the combined TORM and Njord fleet

# PRODUCT TANKER FREIGHT RATES SOFTENED DURING Q2



## FREIGHT RATES IN '000 USD/DAY



### West

- Despite high product stockpiles, the transatlantic trade volumes were at a healthy level driven by high gasoline demand in the US
- US exports of clean petroleum products increased compared to last quarter
- Naphtha arbitrage trade from West to East declined
- Economic and political issues in West Africa reduced imports to the region
- These negative factors kept freight rates at lower levels compared to previous quarters despite the fundamentally strong US gasoline imports and clean product exports

### East

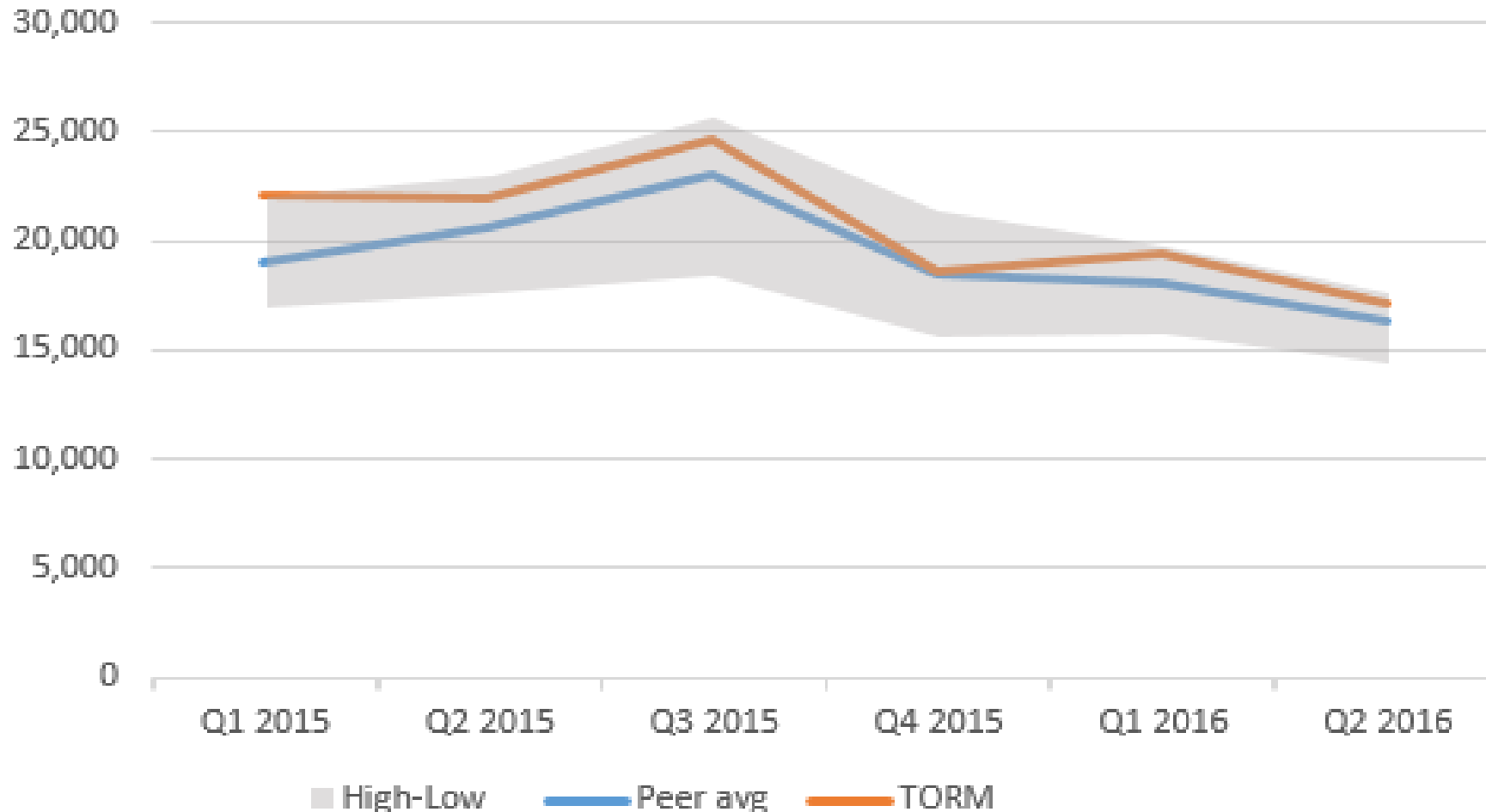
- Far East naphtha imports weakened due to maintenance in the petrochemical sector and an increase in the use of liquefied petroleum gas as substitution for naphtha
- In addition, the markets were negatively impacted by lower exports out of India due to increased domestic consumption as a result of strong economic growth and drought reducing available hydro power

# PEER COMPARISON SHOWS THAT TORM HAS CONTINUED TO PERFORM COMMERCIALY DESPITE AN OLDER FLEET



USD/day

MR - reported TCE



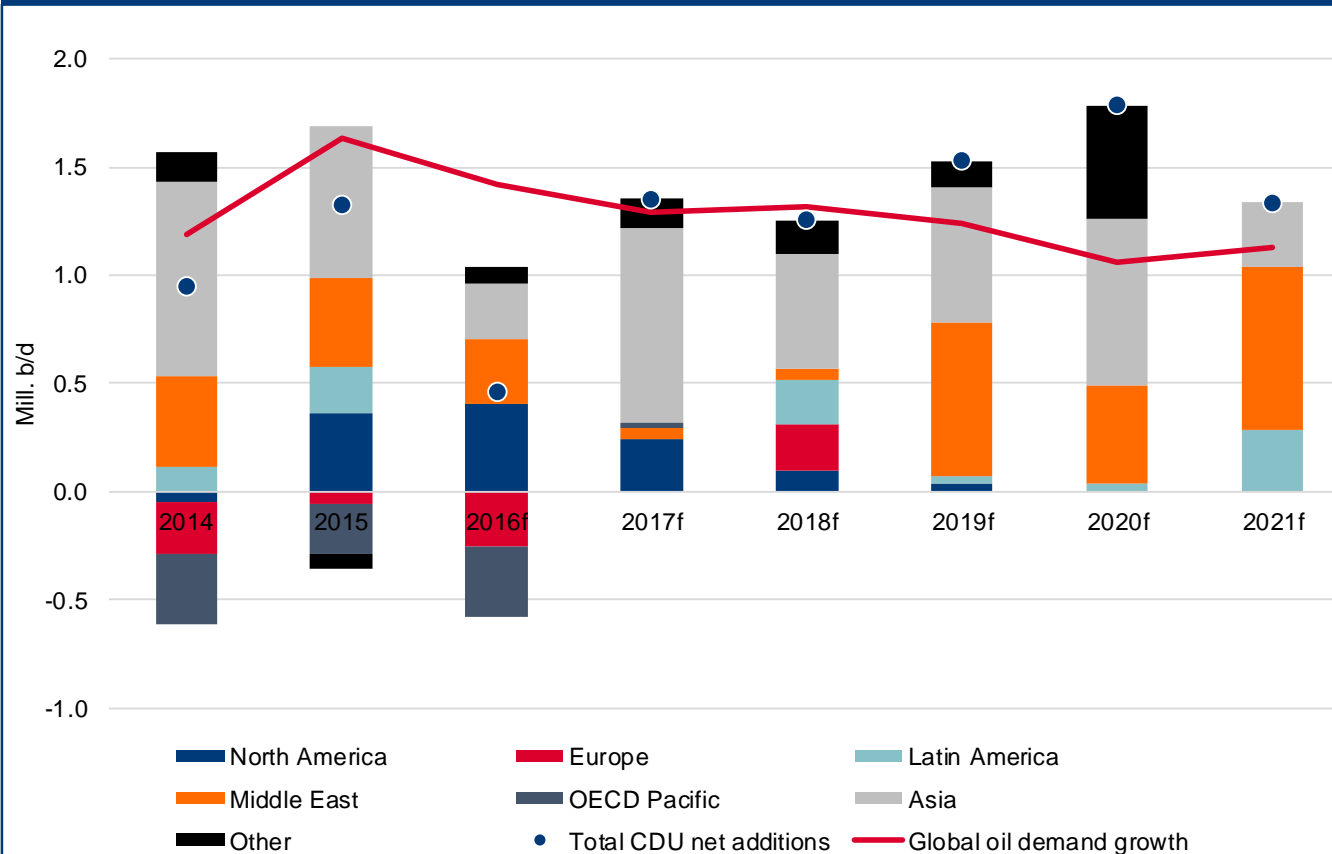
Notes:

- Peer group is based on Ardmore (split by ECO and ECO-modified), d'Amico (composite of MR and Handy), Frontline 2012, BW, Norden, Teekay Tankers and Scorpio, OSG
- BW reporting include for Q1 and Q2 2015 (based on prospectus in 2015)

# SOLID LONG-TERM FUNDAMENTALS FOR PRODUCT TANKERS



## REFINERY NET EXPANSIONS AND OIL DEMAND GROWTH 2014-2021



### Increasing Oil Demand

- IEA forecasts future global oil demand to be above the long-term average of just below 1 mb/d
- US gasoline demand grew by 1.9% y-o-y in Q2 to the highest level for Q2 since 2007

### Refinery Dislocation

- Over the longer term, refinery rationalization will continue in Europe and the Pacific, while more capacity will be added in Asia and the Middle East supporting long-haul trade

### Vessel order book

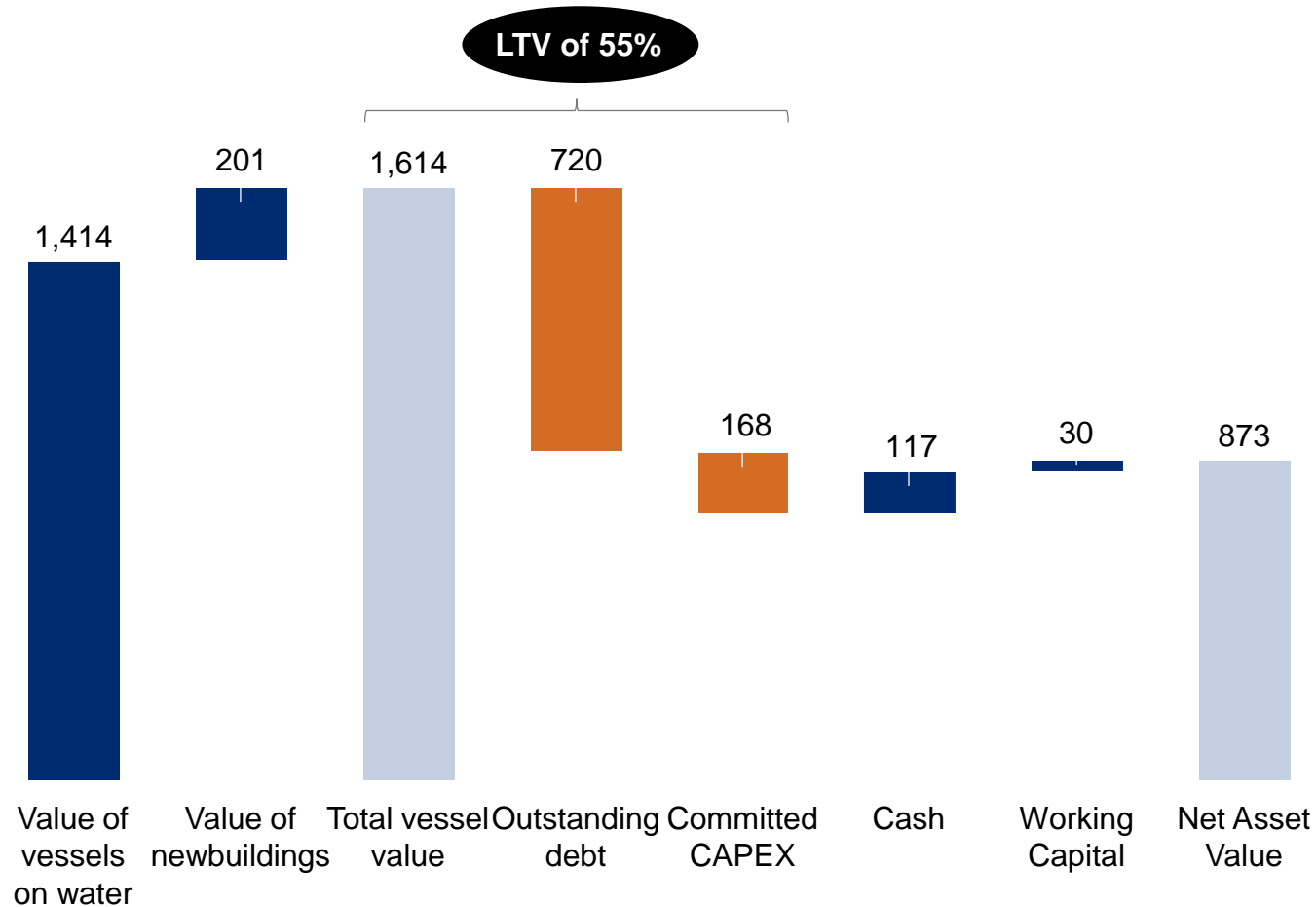
- Current product tanker ordering is low, standing at 15% of the total fleet - a decrease of 5% from the start of the year
- Limited available financing and restructuring in the Korean yard industry is also factors limiting new orders



# TORM'S NET ASSET VALUE ESTIMATED AT USD 873M



30 June figures, USDm



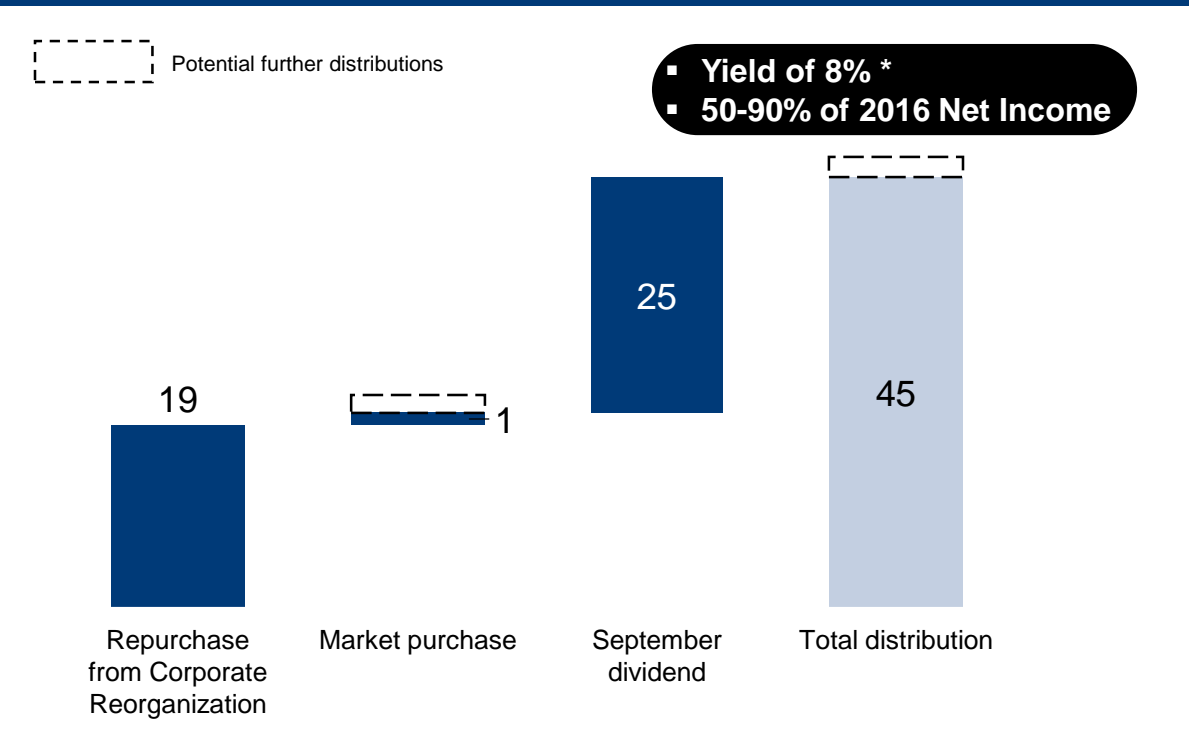
- Based on broker values, TORM's vessels including newbuildings were estimated at USD 1,614m as of 30 June 2016
- With an outstanding debt of USD 720m and committed CAPEX of USD 168m, TORM's Loan-to-Value was at 55% ensuring a strong capital structure
- Adjusting for cash and working capital, TORM's Net Asset Value (NAV) was estimated at USD 873m
- On a per share basis\*, the NAV was estimated at USD 14.0 or DKK 93.9

\* Calculated based on 62,232,097 shares (excluding 66,749 treasury shares) and USD/DKK fx rate of 6.7

# TORM HAS DISTRIBUTED A TOTAL OF USD 45M TO SHAREHOLDERS FOLLOWING THE SEPTEMBER DIVIDEND



## 2016 distribution to shareholders (USDm)



- In connection with the Corporate Restructuring TORM plc has made accretive share repurchases for an amount of USD 19m covering 2.4% of the outstanding TORM A/S shares
- During June and July 2016 TORM plc has repurchased 113,347 shares on Nasdaq Copenhagen for a total consideration of USD 1m, at a significant discount to NAV, TORM may from time to time continue to conduct limited share purchase in the market
- In line with the announcement in connection with TORM's Q1 report on 12 May 2016, TORM plc will pay a USD 25m dividend on 15 September 2016, with ex-dividend date on 24 August 2016
  - The USD 25m in dividend corresponds to a dividend per share of **USD 0.41 or DKK 2.74\***
- During 2016 TORM has distributed a total of USD 45m to shareholders, in addition to any further purchase in the market, corresponding to a yield of 8% \*

### TORM's distribution policy from 2017

- 25 to 50% of Net Income
- Semi-annual distribution
- Dividend and/or share repurchase
- Policy reviewed periodically

\* Based on share price as of 12 August and a USD/DKK fx rate of 6.7

# FORECASTED EBITDA IN THE RANGE OF USD 210M TO USD 250M FOR FY2016



	2016 full-year result	USD/day 1,000 freight rate change	USD/day 2,000 freight rate change
<b>EBITDA (USDm)</b>	210 – 250	+/- 12	+/- 24
<b>Profit before tax (USDm)</b>	50 – 90	+/- 12	+/- 24
<b>Earnings per Share (USD)</b>	0.8 – 1.4	+/- 0.2	+/- 0.4
<b>Earnings per Share* (DKK)</b>	5.3 – 9.6	+/- 1.3	+/- 2.6

*With 12,258 unfixed earning days as of 30 June 2016, TORM's financial result is highly exposed to freight rate fluctuations.*

\* Earning per Share in DKK is calculated assuming an USD/DKK fx rate of 6.7 and 62.2m shares