



Presentation of Q3 2010 results

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# Highlights Q3 2010

Highlights  
Tanker market  
Dry bulk market  
Finance

## Q3 result

- Loss before tax of USD 27m
- Below expectations

## Organisation

- Management team in place
- Strong team with significant shipping experience

## Market

- Q3 spot rates better than Q3 2009 and Q2 2010
- Current weak product tanker rates with short-term uncertainty

## Forecast

- TORM forecasts a loss before tax of USD 75-85 million for 2010
- Maintain long-term positive view on the product tanker segment



# Third quarter 2010 result

**Highlights**  
 Tanker market  
 Dry bulk market  
 Finance



## Financials

USD million	Q3 10	Q2 10	Q3 09
<b>P&amp;L</b>			
Gross Profit	49	41	54
Admin cost	(25)	(18)	(18)
Profit from sale of vessels	-	-	21
EBITDA	23	24	59
Profit/loss before tax	(27)	(24)	4
<b>Balance sheet</b>			
Equity	1.190	1.220	1.274
NIBD	1.738	1.691	1.682
Cash and cash equivalents	143	121	196
<b>Cash flow statement</b>			
Operating cash flow	21	(0)	22
Investment cash flow	(66)	(68)	(96)

Q3 2010 loss before tax of USD 27m, below expectations

Q3 2010 operating loss of USD 13m, compared to operating profit USD 24m in Q3 2009:

- Q3 2009 includes USD 21m profit from sale of vessels
- Q3 2010 includes an one-off provision of USD 8m related to organisational and management changes

NIBD has been relatively stable despite the weak P&L results

Q3 2010 operating cash flow positively impacted by movements in net working capital

# Strong management team in place

**Highlights**  
Tanker market  
Dry bulk market  
Finance

## Executive management



### Jacob Meldgaard

- CEO of TORM since April 2010
- Previously Executive Vice President of the Danish shipping company NORDEN where he was in charge of the company's dry cargo division
- Prior to that he held various positions with J. Lauritzen and A.P. Møller-Mærsk
- More than 20 years of shipping experience

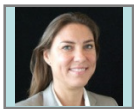


### Roland M. Andersen

- CFO of TORM since May 2008
- Previously CFO of the Danish mobile and broadband operator Sonofon and prior to that CFO of private-equity-owned Cybercity
- Prior to that he held various positions with A.P. Møller-Mærsk, latest as CFO for A.P. Møller-Mærsk Singapore
- More than 10 years of shipping experience

- Management with an international outlook and many years of shipping experience

## Senior management



### Tina Revsbech

- Head of Tanker Division



### Jesper Bo Hansen

- Regional Managing Director Americas



### Alex Christiansen

- Head of Bulk Division



### Jan Nørgaard Lauridsen

- Regional Managing Director Asia-Pacific



### Claus U. Jensen

- Head of Technical Division



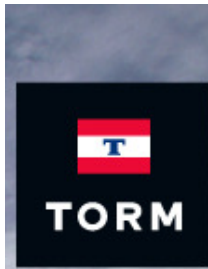
### Christian Riber

- Head of Human Resources

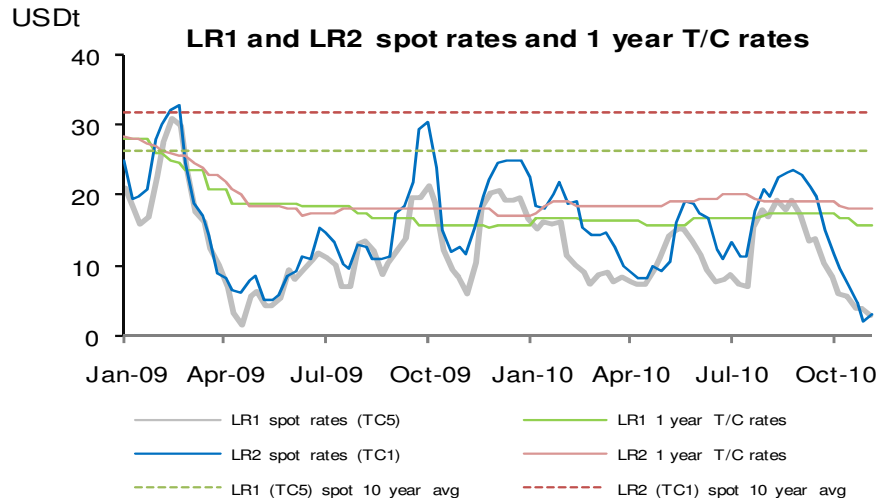
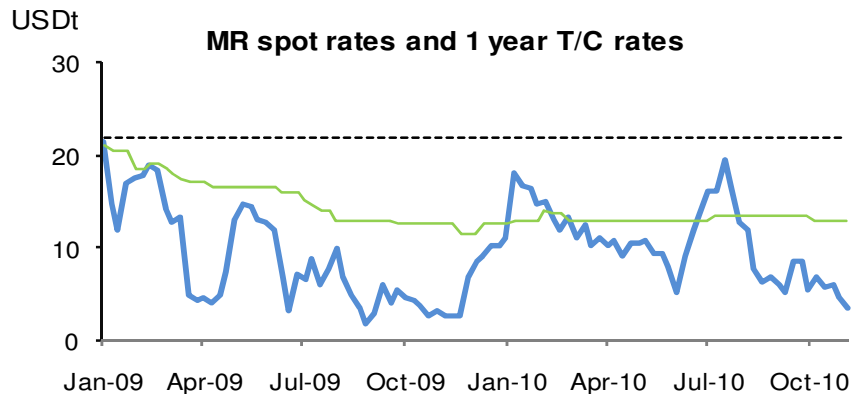
- Organisation demonstrated strength and effectiveness during the recent transition period



# The markets for product tankers are volatile



## Freight rates (MR and LRs)



\*Source: Clarksons

TORM spot rates in Q3 2010 better than Q3 2009 and Q2 2010

### Positive impacts:

- Continued naphtha demand
- Transatlantic MR strength late June as arbitrage opened

### Negative impacts:

- Continued high influx of tonnage, 4% net fleet growth year-to-date
- Low level of floating storage
- Continued low US gasoline demand
- No support from weak dirty market

### Into Q4 2010

- No arbitrage opportunities
- Decline in naphtha cargoes in October

LR2 vessel size (Long Range): Aframax tanker 85-120,000 dwt

LR1 vessel size (Long Range): Panamax tanker 60-85,000 dwt

MR vessel size (Medium Range): Handymax tanker 40-60,000 dwt

SR vessel size (Short Range): Handysize tanker – 30-40,000 dwt



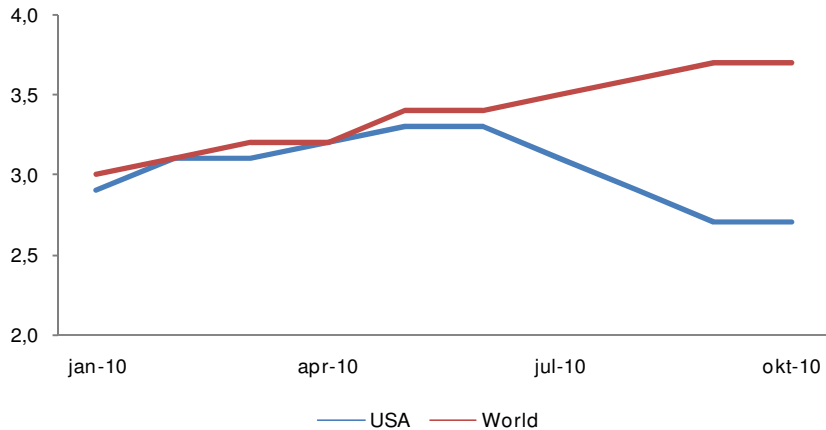
# The product tanker markets are currently negatively impacted by several factors

Highlights  
Tanker market  
Dry bulk market  
Finance



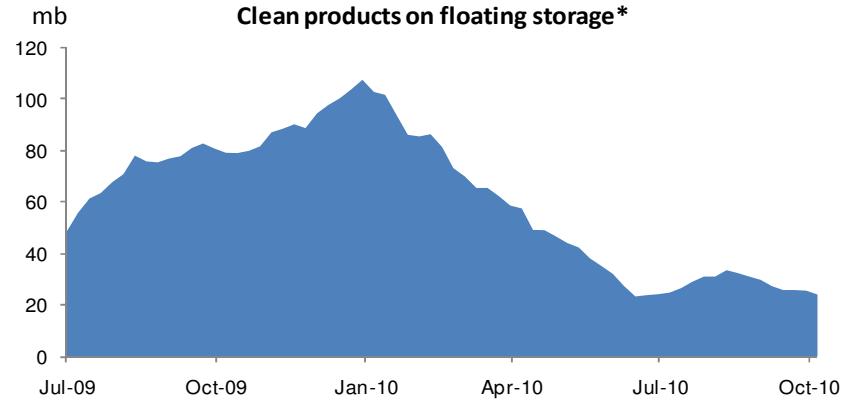
## Softening US growth outlook

Growth forecast revisions for 2010, % yoy



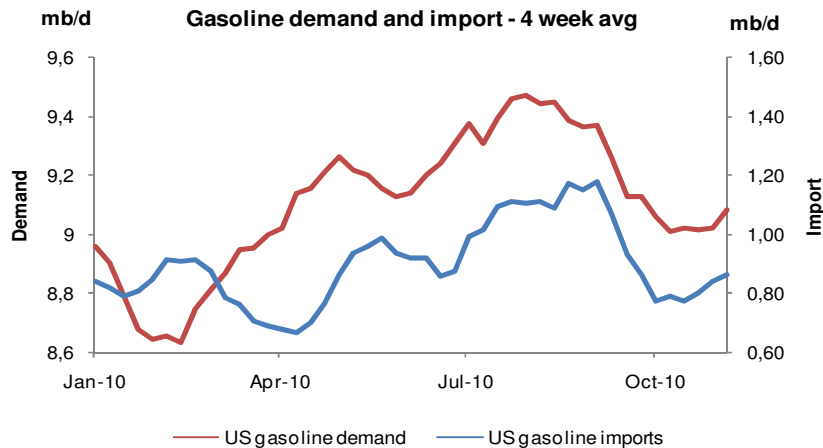
## Limited use of floating storage

Clean products on floating storage\*



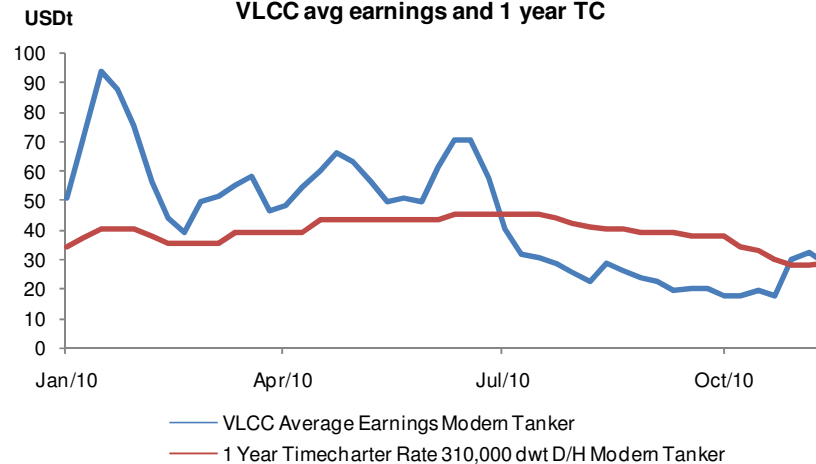
## Decreasing US gasoline demand & import

Gasoline demand and import - 4 week avg



## Crude market rates have come down

VLCC avg earnings and 1 year TC



\*Source: EcoWin, Clarksons, EIA, Market and TORM research

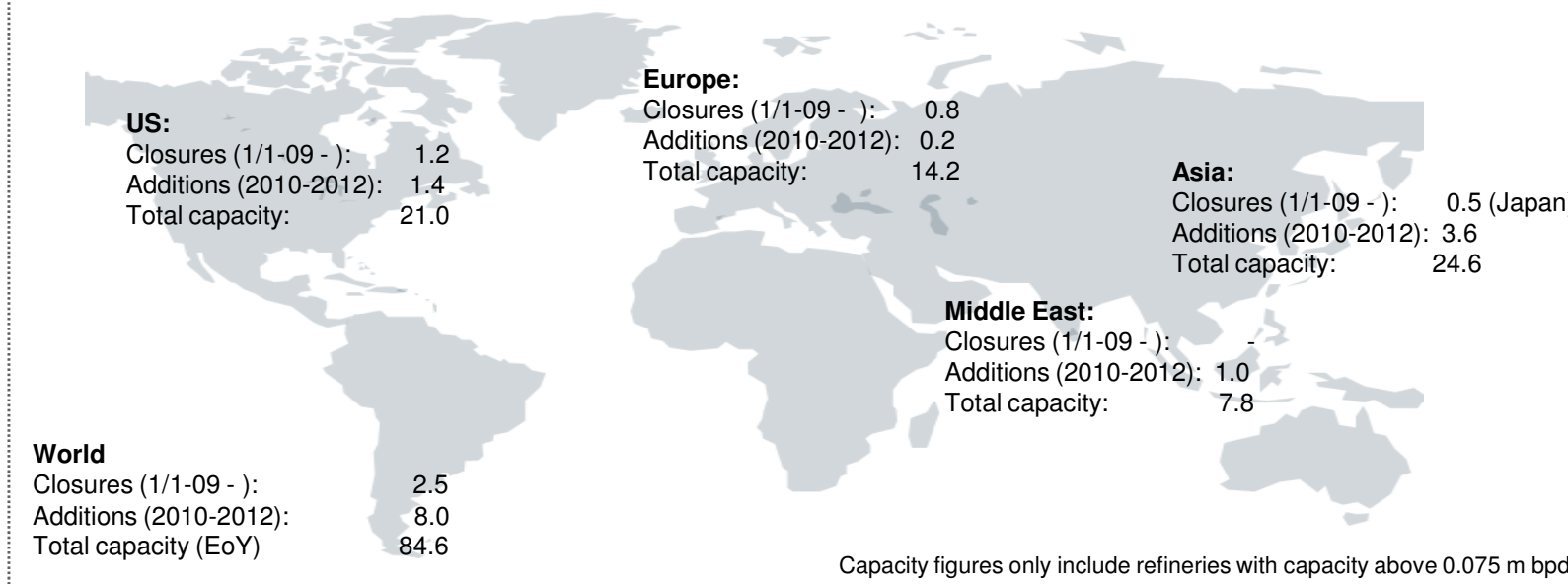


# Refinery dis-location improve long-term prospects

Highlights  
Tanker market  
Dry bulk market  
Finance



## Majority of additions in Asia and the Middle East (all figures in m bpd)



Source: Torm research

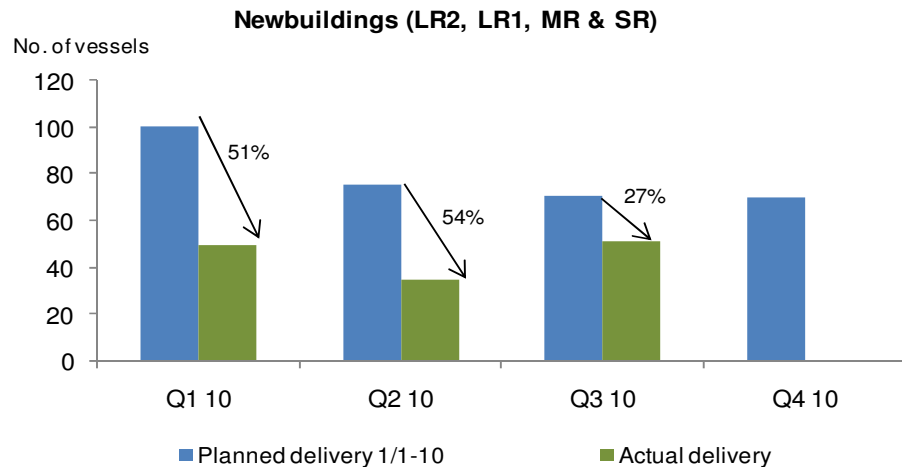


- **Positive tonnes-miles, even with flat oil demand development**
- Reduced refinery sector profitability in the European and the US refinery sector
- New refineries in the Middle East and India are producing at high utilisation rates driven by their cost advantages



# Supply continues to be positively affected by significant slippage

## Slippage is continuing...

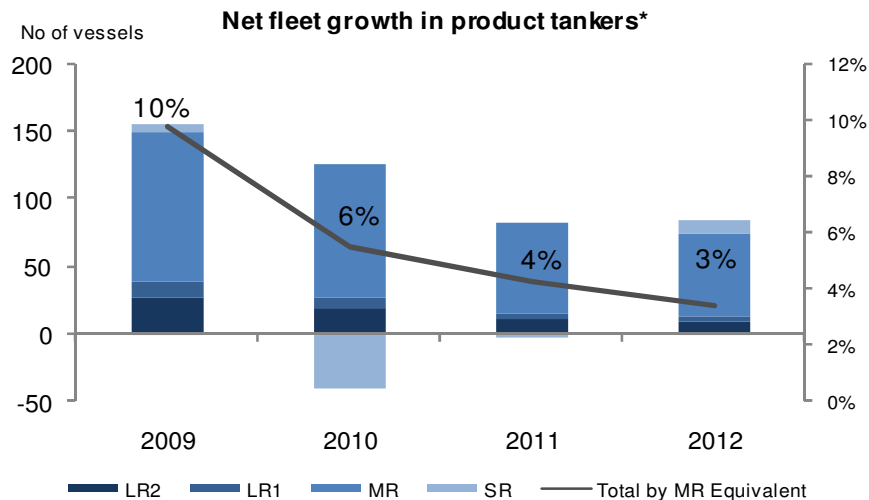


Source: Inge Steensland and TORM

## Significant slippage continues

- Q3 2010, slippage of 27%
- Year-to-date delivery of 134 vessels, 45% less than planned
- Net fleet growth year-to-date of 4%

## ...and net fleet growth is declining



\*Note: Net fleet growth: Gross order book adjusted for scrapping, slippage, phase-out of single hulls and vessels going into dirty  
Source: Inge Steensland and TORM

## Slippage expected to continue

- 30% in 2010 and 2011
- No slippage from 2012 as there is free yard capacity compared to orders this year

## TORM estimates 10% cancellations

- To date limited cancellations

## Phase-out expected to be accelerated

- Older tonnage - due to the low freight rates
- Single-hulls - legislative phase-out requirements from 2010

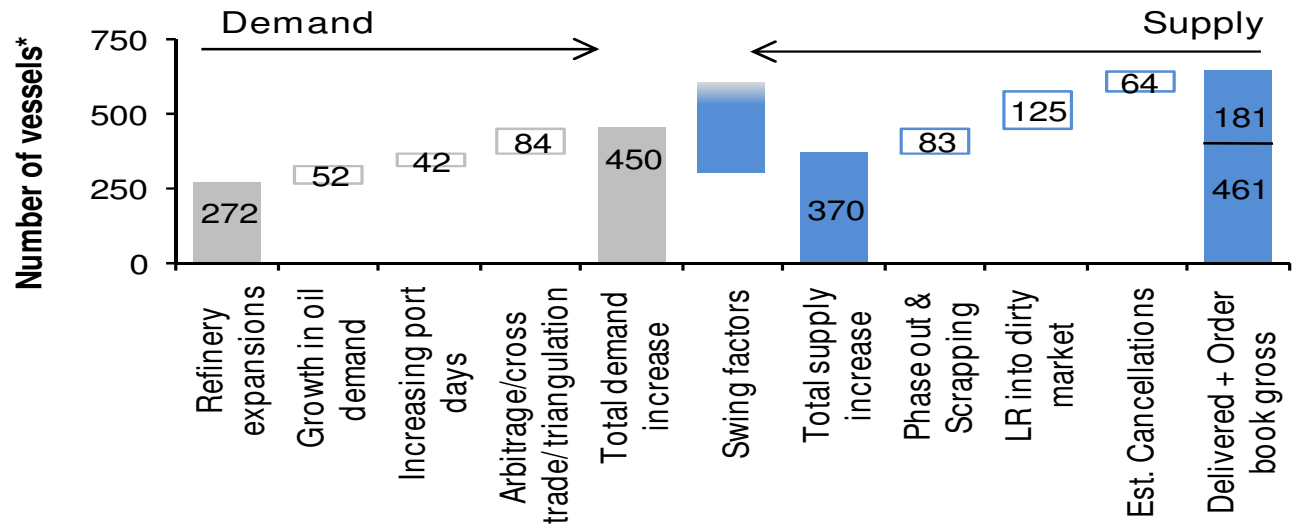
**Total net growth in the fleet declines from 10% in 2009 to app. 3% in 2012**



# Product tanker market - demand will outgrow supply from 2010 to 2012



Demand and supply development (2010 - 2012)



- Swing factors:
- Order book delays
  - Delays in refineries
  - Floating storage
  - Slow steaming
  - Changes in transport patterns

Source: Torm research

\*All effects are recalculated into MR units – to enable comparison based on their volume relative to MR

## Demand primarily driven by

- Refinery expansions in the Middle East and India
- Increased oil demand
- Increasing port days due to increased activity/bottlenecks
- Arbitrage

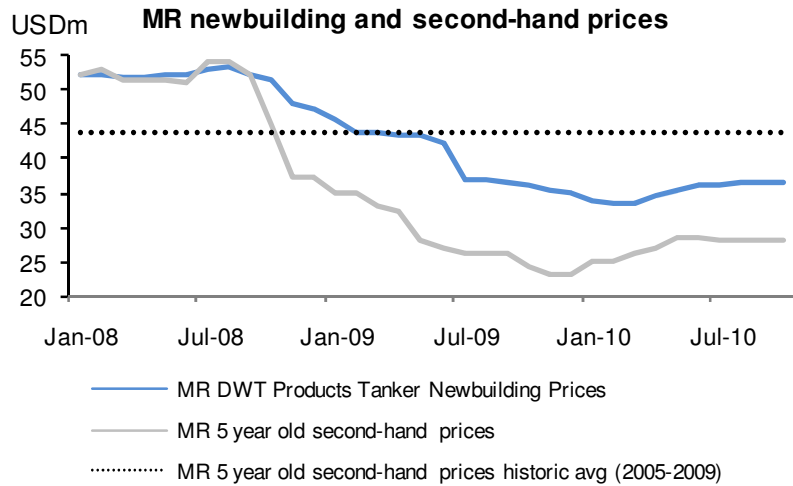
## Supply primarily driven by

- Delivery of 181 MR equivalents year-to-date
- LR into dirty
  - Some LR1 vessels are replacing Panamax phase-outs in crude
  - 30% of LR2 vessels are trading in the crude
- Phase-out of single hulls and scrapping of old tonnage

# Product tanker vessel prices have stabilised - continued limited S&P activity



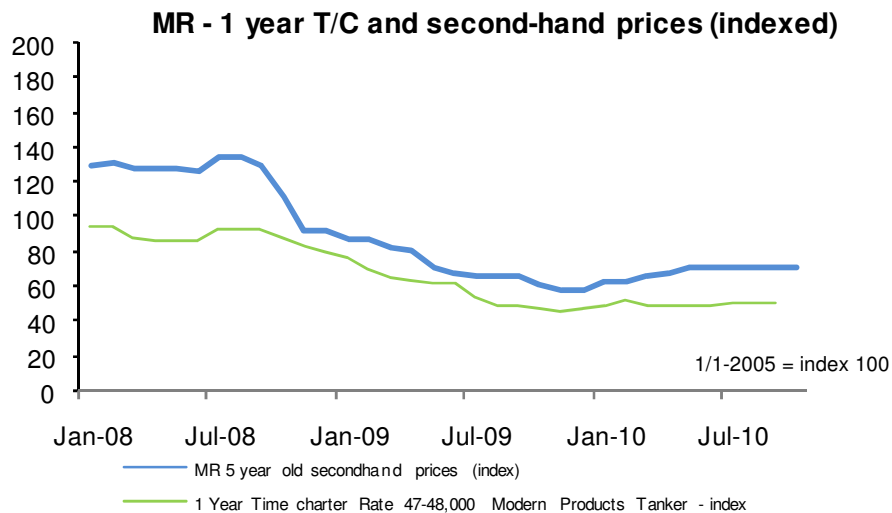
## Vessel price development\*



Newbuilding and second-hand prices have stabilised in Q3 2010

Limited newbuilding activity

S&P activity have continued in Q3 2010, but with less concluded deals



T/C rates and second-hand prices are relatively well correlated

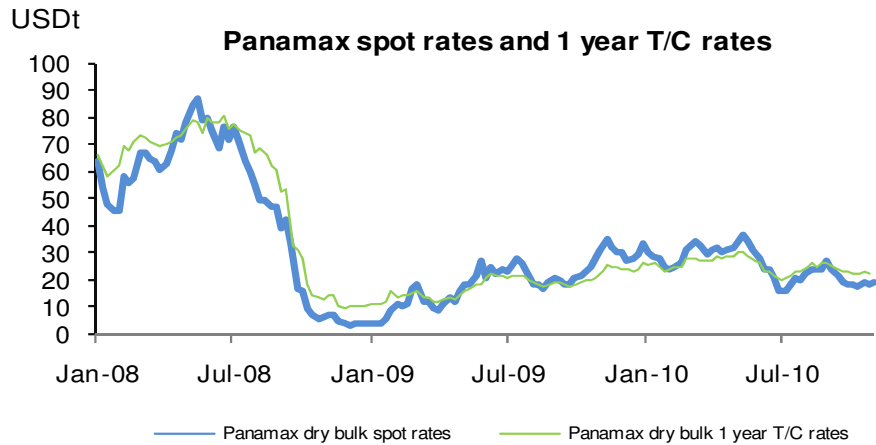
The T/C rates have stabilised in Q3 in line with vessels prices

\*Source: Clarksons and TORM research

# Dry bulk market remained volatile in Q3



## Freight rate development



Panamax rates continued to be volatile in Q3 2010 with an average spot rate (Clarksons) of USDt/day 23.9

Rates supported by

- Chinese coal and iron ore imports and
- High congestion

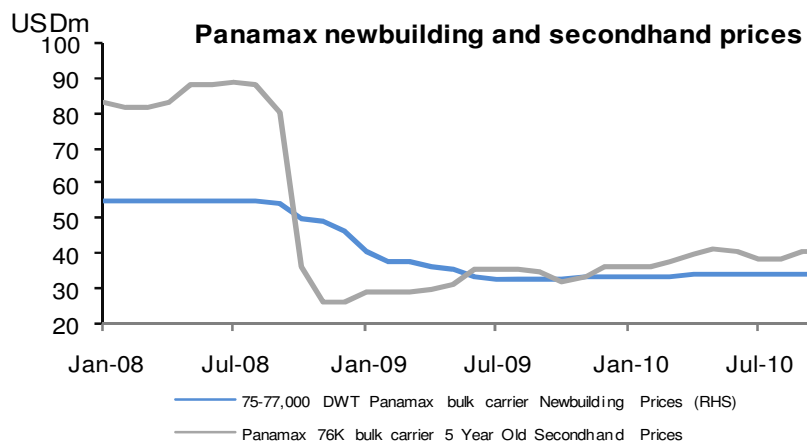
From mid-May and into Q3 significant rate decrease

- High influx of new tonnage
- Potential weaker demand for Chinese iron ore demand, which subsequently has eased off

TORM relatively unaffected by rate volatility

- At the end of September 2010, TORM have covered 87% of the remaining earning days in 2010

## Vessel price development



Continued S&P activity

Large number of orders for newbuildings, especially Kamsarmaxes and Capesize

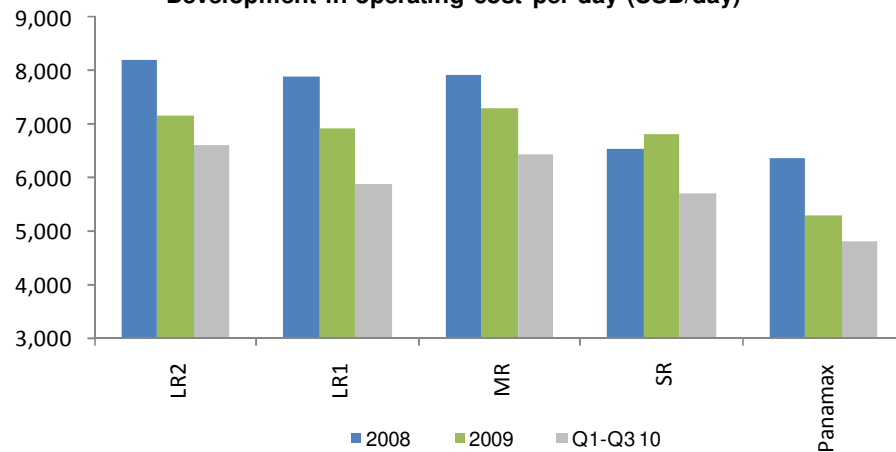
\*Source: Clarksons

# New efficiency savings identified

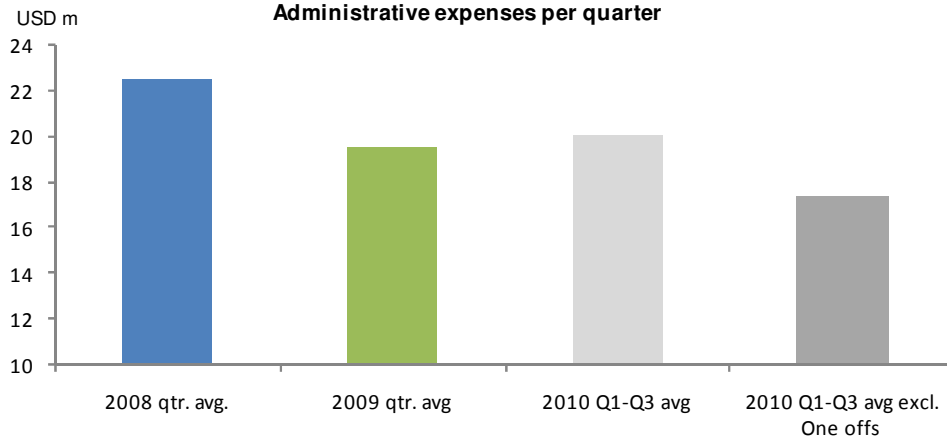


## Development in OPEX and admin expenses

Development in operating cost per day (USD/day)



Administrative expenses per quarter



New efficiency savings of app. USD 10m from optimisation of processes and procedures identified:

- *Standardisation and best practice sharing between vessels*
- *Strategic procurement – spare parts*
- *Charts and Navigation – paperless navigation*
- *Port expenses procurement*
- *Bunker procurement*

On target to deliver savings of USD 50m in 2010 from the “Greater Efficiency Power” programme launched by the end of 2008

- 15% reduction of vessel operating costs/vessel day relative to 2008
- 20% reduction in administrative expenses relative to 2008

Realised Q3 YTD 2010 compared to 2008 average

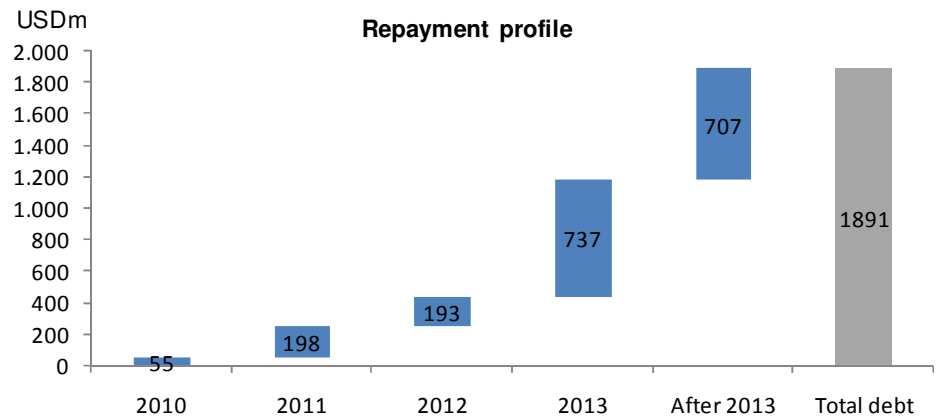
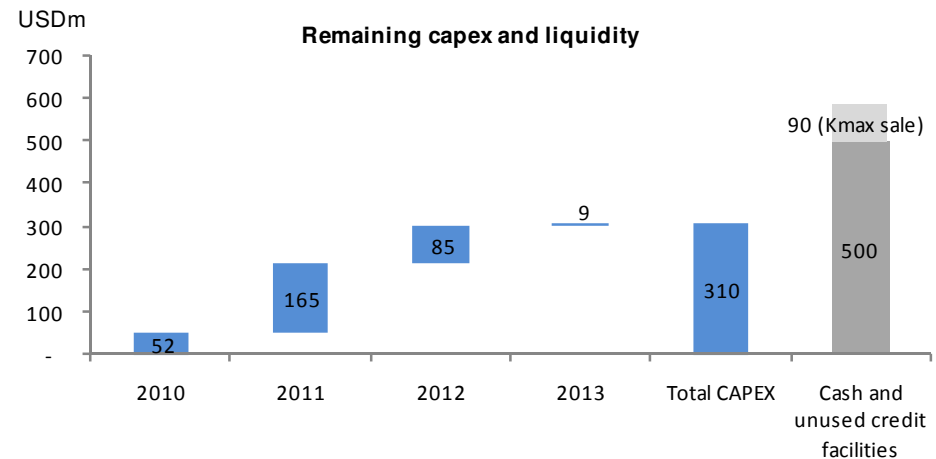
- Vessel operating cost per vessel day reduced by 13% - 25%
- Administration expenses (excl. one-off expense) reduced by 23%

# TORM's financial position



## Status

- TORM's total cash and unused credit facilities totalled USD 500m as per 30 September 2010
- Remaining capex of USD 310m relating to the newbuilding programme as per 30 September 2010
- Cash and unused credit facilities amount to USD 500m
- In Q4, TORM sold two Kamsarmax newbuildings (effect in Q1 2011) for a total consideration of USD 90m
- Net debt USD 1,738m by the end of Q3 2010 compared to USD 1,691m by the end of Q2 2010
- TORM has no loan to value covenants
- TORM's main debt covenants:
  - Minimum book equity ratio of 25%
  - Minimum book value of equity of DKK 1.25bn (app. USD 250m)
  - No less than USD 60m in liquidity



# TORM's forecast for 2010



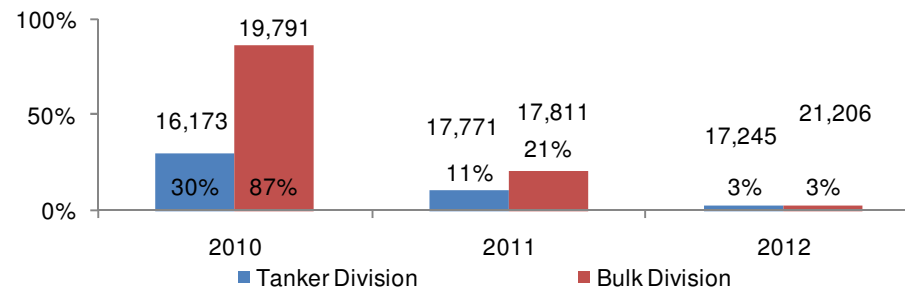
## 2010 Guidance

- TORM forecasts a loss before tax of USD 75m to 85m for 2010, revised from a loss before tax of USD 40m to 60m
- Revision due to weaker Q4 2010 rate outlook for the product tanker market

## Sensitivity per 30 Sep 2010 – change in profit with change in freight rates

USDm	Change in freight rates (USD/day)			
Segment	-2,000	-1,000	1,000	2,000
Tanker Division	-11.9	-6.0	6.0	11.9
Bulk Division	-0.3	-0.2	0.2	0.3
Total	-12.3	-6.1	6.1	12.3

## Coverage (% and USD/day) per 30 Sep 2010



# Appendix





# Introduction to TORM

## Strategy and key facts

### A world leading product tanker company

- Among leading owners in size
- 120 years of history

### Strategy

- Superior advantage through modern product tanker fleet, sizeable market share through pool cooperation, excellent quality delivery model and global reach

### Large and modern fleet (30/9-2010)

- 70 owned vessels with an avg. age of 6 years
  - 68 product tankers
  - 2 dry bulkers
- 38 vessels on T/C in:
  - 27 product tankers
  - 11 dry bulkers
- Pools/com. mngt. 26 product tankers
- Order book of 11 newbuildings (fully financed)
  - 7 product tankers (MR tankers)
  - 4 bulk carriers (Kamsarmax, 2 have been sold with effect in Q1 2011)

### Listings

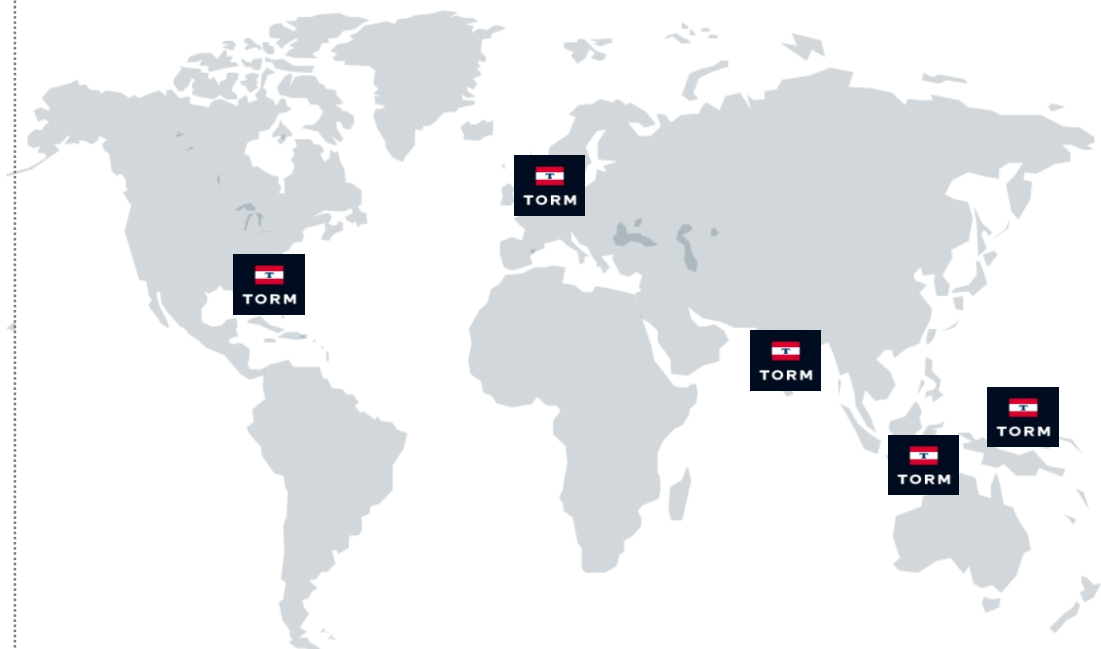
- NASDAQ OMX Copenhagen
- NASDAQ in New York

### Market cap

- Approximately USD 500m

USD m	Q1-Q3 10	2009	2008	2007
Revenue	633	862	1,184	774
EBITDA	102	203	572	288
Net income	-48	-17	360	792
NIBD	1,738	1,683	1,550	1,548
Equity	1,190	1,247	1,279	1,081

## Global footprint based on regional power and presence



### Offices – app. 300:

- 170 in Copenhagen
- 20 in Singapore
- 20 in Manila
- 80 in Mumbai
- 10 in USA (Stamford)

### Seafarers – app. 2,900:

- 350 Danish seafarers
- 100 Croatian/Italian seafarers
- 1,400 Indian seafarers
- 1,050 Philippine seafarers



# Large and modern fleet (as per 30 September 2010)

Company facts

	No. of vessels	Avg. age	Avg. DWT
<b>Owned</b>			
<b>Product tankers</b>			
LR2	12.5	5.8	106,372
LR1	7.5	5.6	74,087
MR	37.0	6.2	47,511
SR	11.0	7.2	36,620
<b>Total Product tankers</b>	<b>68.0</b>	<b>6.2</b>	<b>59,501</b>
<b>Bulk</b>	<b>2.0</b>	<b>6.2</b>	<b>75,054</b>
<b>Total Fleet - Owned</b>	<b>70.0</b>	<b>6.2</b>	<b>59,945</b>
<b>T/C in</b>			
<b>Product tankers</b>			
LR2	-	-	-
LR1	17.0	2.6	74,936
MR	10.0	10.8	47,627
SR	-	-	-
<b>Total Product tankers</b>	<b>27.0</b>	<b>5.6</b>	<b>64,821</b>
<b>Bulk</b>	<b>11.0</b>	<b>2.9</b>	<b>77,802</b>
<b>Total Fleet - TC in</b>	<b>38.0</b>	<b>4.8</b>	<b>68,579</b>
<b>Owned and T/C in</b>			
<b>Product tankers</b>			
LR2	12.5	5.8	106,372
LR1	24.5	5.6	74,087
MR	47.0	7.1	47,536
SR	11.0	7.2	36,620
<b>Total Product tankers</b>	<b>95.0</b>	<b>6.0</b>	<b>61,013</b>
<b>Bulk</b>	<b>13.0</b>	<b>3.4</b>	<b>75,933</b>
<b>Total Fleet - Owned and T/C in</b>	<b>108.0</b>	<b>5.7</b>	<b>63,731</b>
<b>Commercial management</b>			
<b>Product tankers</b>	<b>26</b>		



# Detailed key figures overview

Finance

## Key figures overview

USD million	Q1-Q3 2010	2009	2008	2007	2006	2005
<b>P&amp;L</b>						
Revenue	633	862	1,184	774	604	586
EBITDA	102	203	572	288	301	351
Net income	-48	-17	361	792	235	299
<b>Balance</b>						
Total assets	3,277	3,227	3,317	2,959	2,089	1,810
Long term assets	2,986	2,944	2,913	2,703	1,970	1,528
Equity	1,190	1,247	1,279	1,081	1,281	905
NIBD	1,738	1,683	1,550	1,548	663	632
Cash and cash equivalents	143	122	168	105	32	157
<b>Cash flow statement</b>						
Operating cash flow	42	116	385	188	232	261
Investment cash flow	-94	-199	-262	-357	-118	-473
Financing cash flow	73	37	-59	242	-239	303
<b>Financial related key figures</b>						
EBITDA margin	16%	24%	48%	37%	50%	60%
Equity ratio	36%	39%	39%	37%	61%	50%
Return on invested capital (ROIC)	0%	2%	16%	10%	20%	34%
<b>Stock related key figures</b>						
Earnings per share (EPS)	(0.70)	(0.30)	5.21	11.44	3.38	4.29
Cash flow per share, CFPS (USD)	0.60	1.70	5.56	2.71	3.33	3.74



# Earning days, TC cost and coverage for 2010

Finance

## Earning days, TC cost and coverage

	2010	2011	2012	2010	2011	2012
	Owned days					
LR2	1,092	4,380	4,392			
LR1	638	2,555	2,562			
MR	3,400	14,746	15,690			
SR	986	4,015	4,026			
Tanker Division	6,116	25,696	26,670			
Bulk Division	182	1,437	1,506			
<b>Total</b>	<b>6,298</b>	<b>27,133</b>	<b>28,176</b>			
	T/C in days			T/C in costs (USD/day)		
LR2	-	-	-	-	-	-
LR1	1,553	6,115	4,842	20,803	21,498	21,910
MR	911	3,650	3,108	16,357	16,626	16,164
SR	-	-	-	-	-	-
Tanker Division	2,464	9,765	7,950	19,159	19,677	19,664
Bulk Division	1,000	3,735	4,228	15,789	15,523	15,954
<b>Total</b>	<b>3,464</b>	<b>13,500</b>	<b>12,178</b>	<b>18,187</b>	<b>18,528</b>	<b>18,376</b>
	Total physical days			Covered days		
LR2	1,092	4,380	4,392	432	646	128
LR1	2,191	8,670	7,404	437	777	532
MR	4,311	18,396	18,798	1,400	1,737	412
SR	986	4,015	4,026	345	858	40
Tanker Division	8,580	35,461	34,620	2,613	4,019	1,111
Bulk Division	1,182	5,172	5,734	1,022	1,123	153
<b>Total</b>	<b>9,762</b>	<b>40,633</b>	<b>40,354</b>	<b>3,635</b>	<b>5,142</b>	<b>1,264</b>
	Coverage %			Coverage rates (USD/day)		
LR2	40	15	3	22,272	25,823	22,987
LR1	20	9	7	16,382	18,350	17,495
MR	32	9	2	14,838	16,089	15,348
SR	35	21	1	13,695	14,587	15,128
Tanker Division	30	11	3	16,173	17,771	17,245
Bulk Division	87	21	3	19,791	17,811	21,206
<b>Total</b>	<b>37</b>	<b>13</b>	<b>3</b>	<b>17,190</b>	<b>17,780</b>	<b>17,725</b>

Fair value of freight rate contracts that are mark-to-market in the income statement (USD m):

Contracts not included above 0.0

Contracts included above 0.2

### Notes

Actual no. of days can vary from projected no. of days primarily due to vessel sales and delays of vessel deliveries. T/C in costs do not include potential extra payments from profit split arrangements.

At 30 September 2010, TORM had covered 30% of the remaining earning days for 2010 in the Tanker Division at USD 16,173/day and 87% of the remaining earning days in the Bulk Division at USD 19,791/day

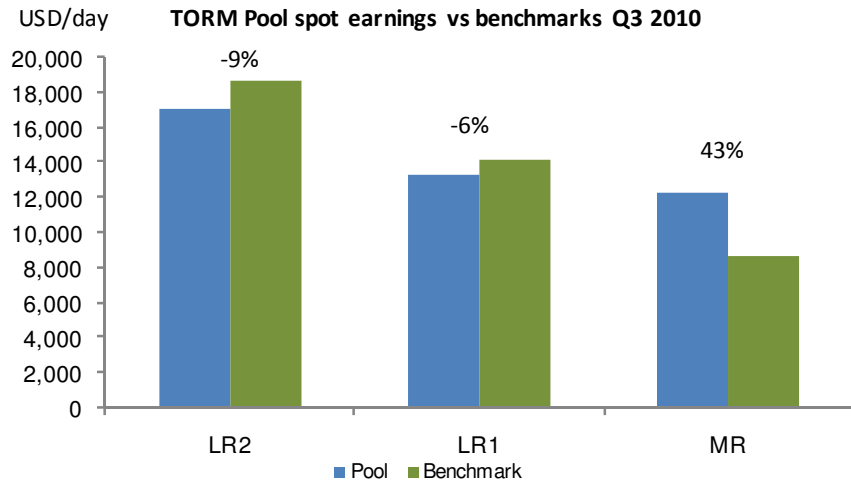


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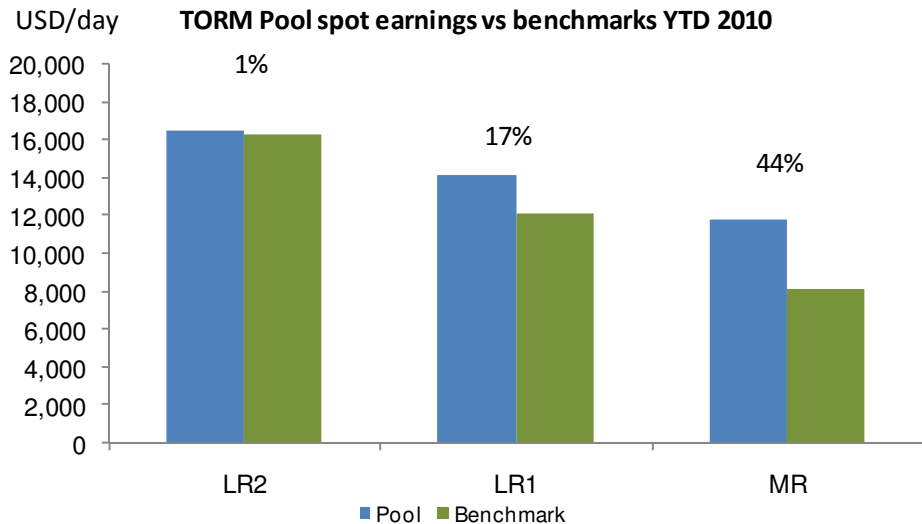
# Achieved spot rates



## Financials



- In Q3 2010 - LR2 and LR1 below benchmarks
- Vessels in the weaker western market
  - Following Q2 outperformance
    - LR2 +19% and LR1 +31% in Q2 2010 compared to benchmarks
  - MR continue to beat benchmarks



- Achieved spot rates exceed benchmarks
- Large and high quality fleet
  - Strong worldwide customer base
  - Cooperation on key functions

\*Benchmarks are based on spot earnings from Clarksons:

- LR2: TC1 (Ras Tanura-> Chiba), LR1: TC5 (Ras Tanura-> Chiba) and MR: Avg. of TC2 (Rotterdam->NY), TC4 (Singapore-> Chiba) and Curacao->NY

# Major trading routes in Q3 2010

% out of total fixtures ( % out of total previous 4 quarters) with major cargo group



Source: Torm



# The TORM share

## The share

### Listings

- On NASDAQ OMX Copenhagen, ticker TORM
- ADR programme on NASDAQ,(USA) ticker "TRMD"

- Market cap USD ~500m

### Shares

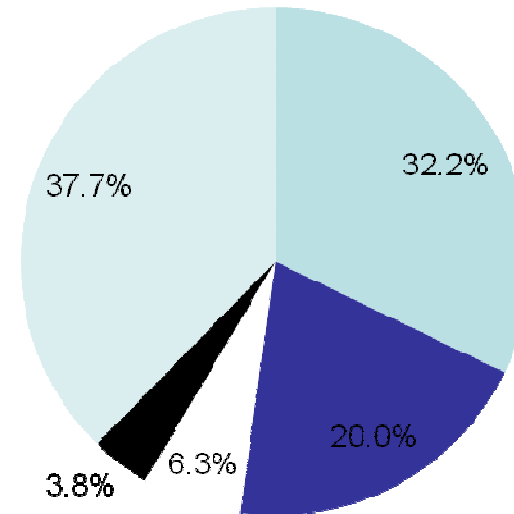
- One class of shares, each carrying one vote
- Share capital of 72.8m shares of DKK 5 each

### Investor relations contact

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## Ownership structure



- Beltest Shipping Company Ltd. (Cyprus)
- Menfield Navigation Company Limited (Cyprus)
- A/S Dampskibsselskabet TORMs Understøttelsesfond
- Own shares
- Other



# Corporate Social Responsibility

## Focus on environment has never been bigger and shipping has a key role



- Increasing political focus on environmental regulation globally and regionally
- TORM as part of the Shipowners Association is pushing for regulation in the International Maritime Organisation, which works to set standards for the sector
- Shipping accounts for 80 - 90% of all transportation of goods
  - Global shipping accounts for around 3% of global CO2 emissions
- Shipping is the most energy-efficient form of transportation compared to plane, train or truck
- TORM regards high environmental standards as a business opportunity and an integral part of risk management (e.g. controlling number of incidents and being ahead of legislation)
- TORM founding member of the World Ocean Council, an organisation that works for sustainable use of the ocean across sectors



## ..therefore TORM has decided on an ambitious CSR strategy with green focus

- TORM signed the UN Global Compact in 2009 as the first Danish shipowner
- **TORM's climate strategy:**
  - **Reduction of CO2 air emissions per vessel by 20% in 2020 compared to 2008**
  - **Reduction of CO2 air emissions at the office locations by 25% per employee in 2020 compared to 2008**
- TORM participates in project Virtual Arrival (OCIMF and Intertanko)
- TORM published its first CSR report in August 2010
- TORM participates in the Carbon Disclosure Project (CDP), and was top 20 in the Nordic Leadership Index
- In 2009, TORM received BP's Shipping Award for outstanding environmental achievement







**TORM**