



Presentation of 2012 results  
13 March 2013

# Safe Harbor Statement

*Matters discussed in this presentation may constitute forward-looking statements.*

*Such statements reflect TORM's current expectations and are subject to certain risks and uncertainties that could negatively impact TORM's business.*

*To understand these risks and uncertainties, please read TORM's announcements and filings with The US Securities and Exchange Commission.*

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# Highlights for FY 2012

Highlights  
Tanker market  
Dry bulk market  
Finance

## Results

- 2012 loss before tax of USD 255m before impairment and restructuring effects of USD -324m
- Results in line with latest guidance
- Results negatively impacted by TORM's challenging financial situation during the restructuring
- Both product tanker and bulk segments remained challenging in 2012

## Restructuring

- Restructuring with banks and time charter partners completed 5 November 2012
  - New working capital (USD 100m) for two years
  - Amendment of debt maturities until 31 December 2016
  - Significant savings from time charter contracts being realigned to market level or terminated
- The bank group and time charter partner have become majority shareholders

## Tanker

- Continued global economic weakness adversely affected freight rates in 2012
- EBIT excl. restructuring effects of USD -230m in 2012, despite beating commercial spot benchmarks again
- Q4 EBIT excl. restructuring effects of USD -104m

## Bulk

- Bulk market suffered from the lowest spot market benchmark in a decade
- EBIT of USD -27m in 2012 – Beating commercial benchmarks
- Q4 EBIT excl. restructuring effects of USD -14m

## Guidance

- Forecasted loss before tax of USD 100-150 million for the financial year 2013 excluding potential vessel sales and impairment charges



# 2012 proved to be challenging

**Highlights**  
 Tanker market  
 Dry bulk market  
 Finance



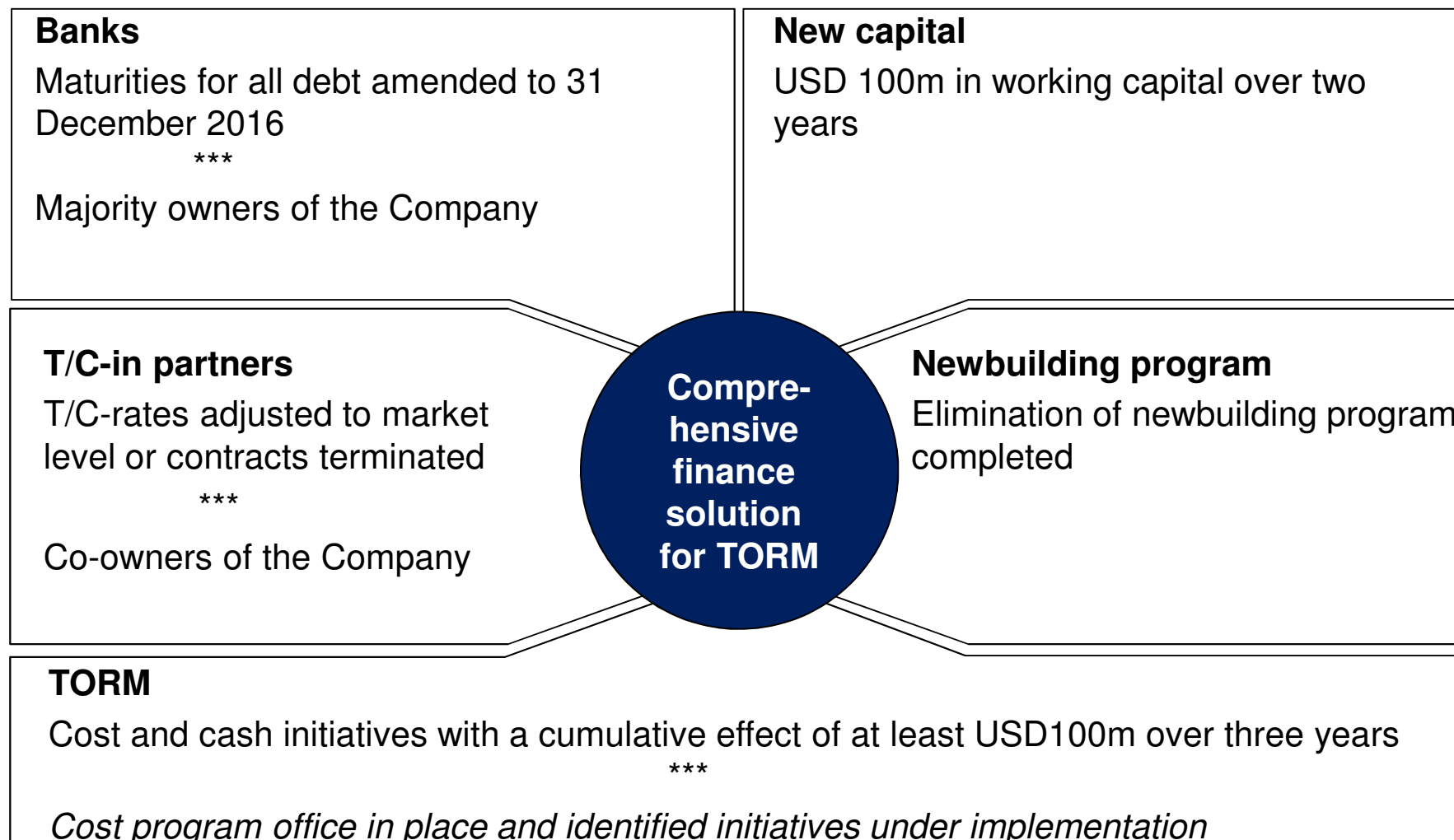
## Financial highlights for 2012

USD million	2012	2011	2010	2009
<b>P&amp;L</b>				
Gross profit	-93	81	180	243
Sale of vessels	-26	-53	2	33
EBITDA	-195	-44	97	203
Profit before tax	-579	-451	-136	-19
Profit before tax excl. impairment charges and restructuring effects	-253	-251	-136	-19
<b>Balance</b>				
Equity	267	644	1.115	1.247
NIBD	1.868	1.787	1.875	1.683
Cash and cash equivalents	28	86	120	122
<b>Cash flow statement</b>				
Operating cash flow	-100	-75	-1	116
Investment cash flow	-	168	-187	-199
Financing cash flow	42	-128	186	37

- 2012 loss before tax of USD - 579m (USD -451m in 2011)
- 2012 result in line with 2011 result excl. impairment charges and restructuring effects:
  - Impairment: USD 116m
  - Restructuring effects: USD 210m
- 2012 operational result driven by
  - Challenging freight rate environment and seasonality
  - Adverse effects from TORM's financial situation

# TORM has completed the restructuring with banks and time charter partners on 5 November 2012

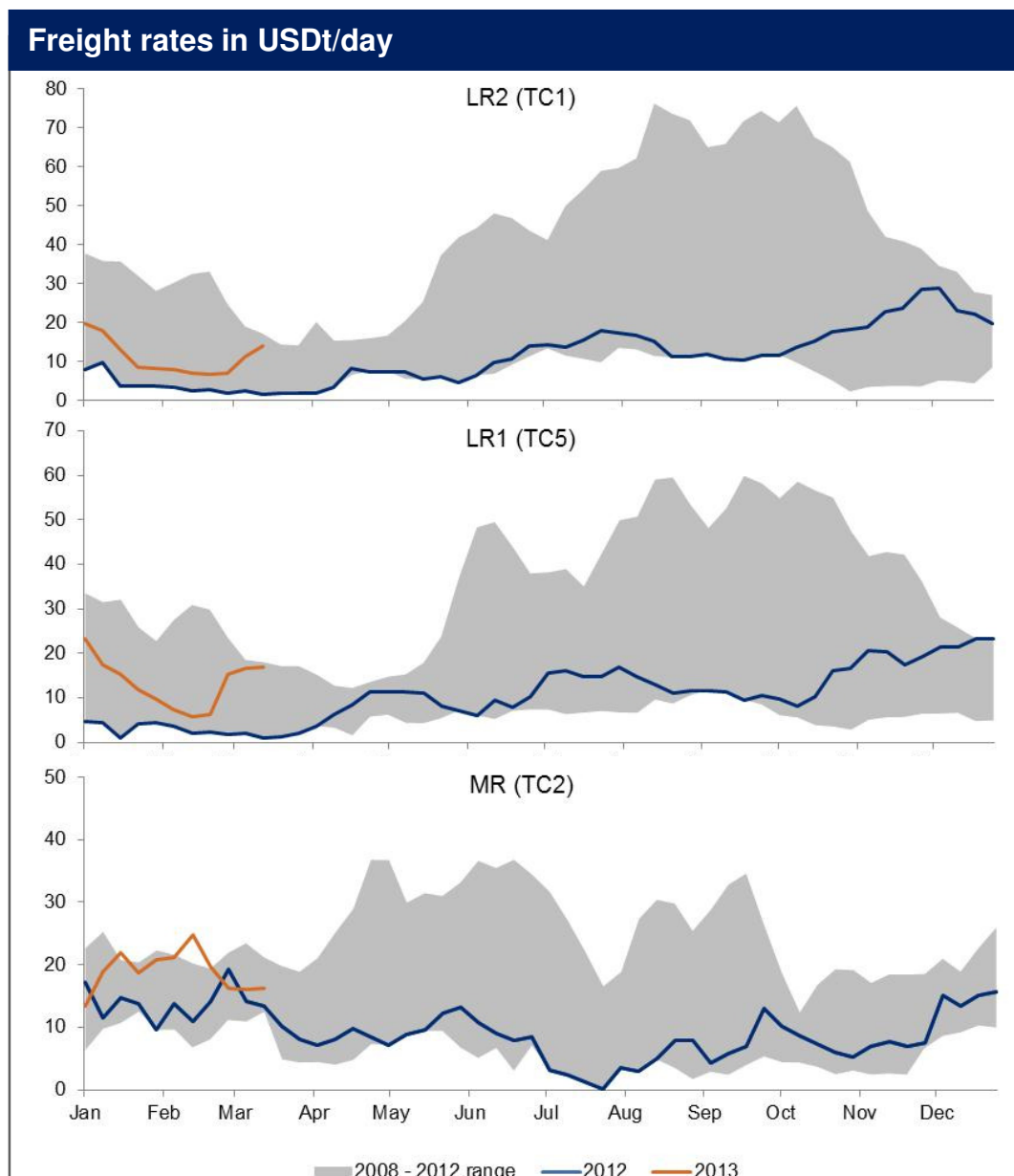
**Highlights**  
Tanker market  
Dry bulk market  
Finance





# Product tanker freight rates rebounded in second half of Q4 2012

Highlights  
Tanker market  
Dry bulk market  
Finance



## LR1 and LR2

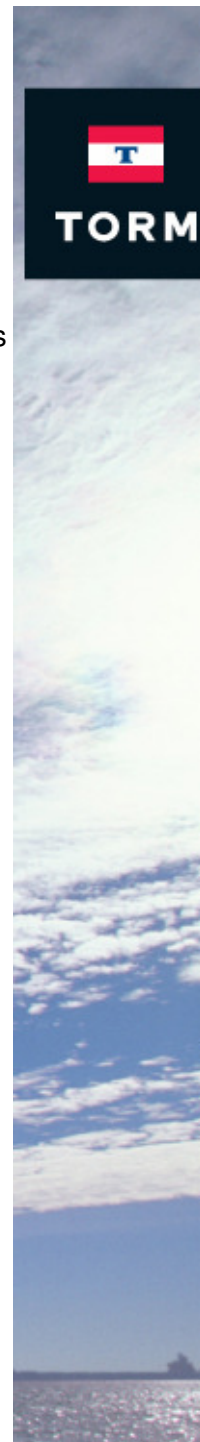
- Positive effects in Q4:
  - EU refinery maintenance driving Middle distillate imports
  - Naphtha demand in East and naphtha arbitrage
  - Long-haul volumes to Americas from the AG and India
  - Increased Indian export after refinery maintenance
- Negative effects in Q4:
  - Reduced imports to the AG from Europe resulting in increased ballast
  - Dirty market remained under heavy pressure

## MR

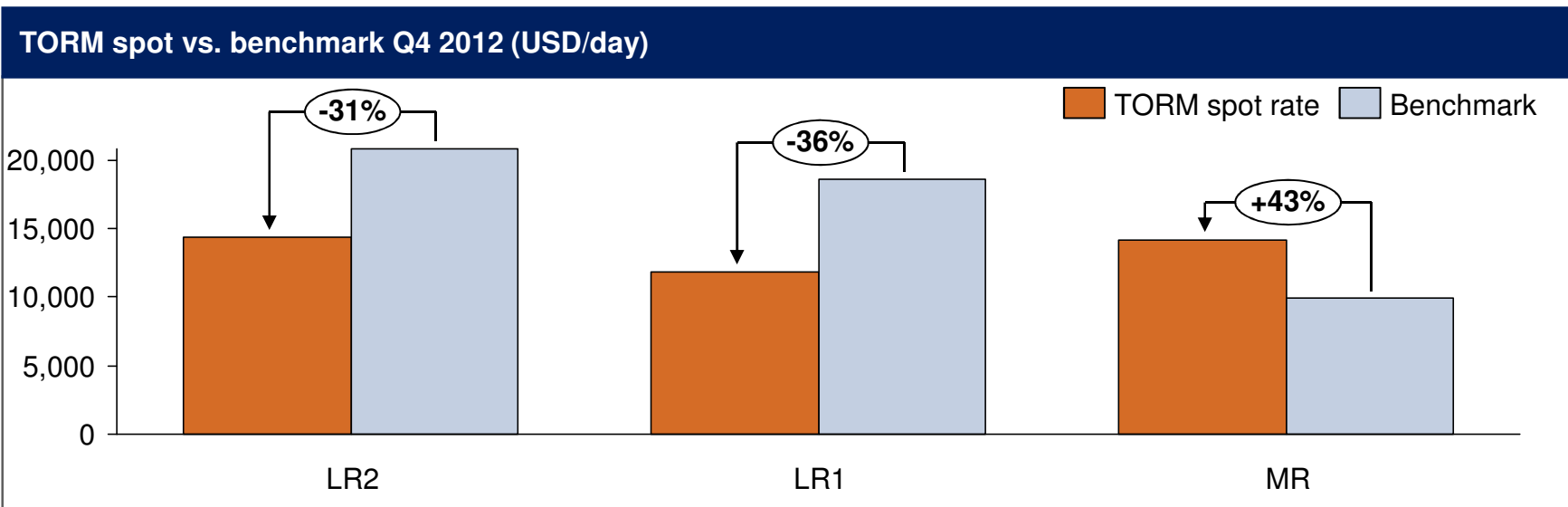
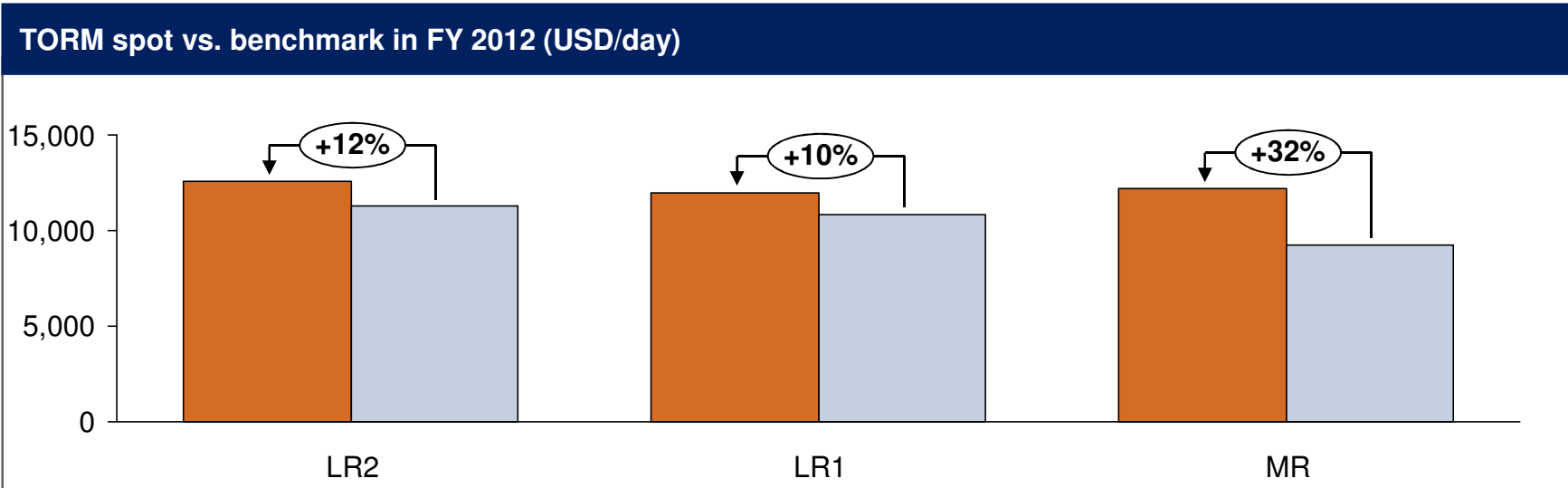
- Positive effects in Q4:
  - Continued Brazilian imports
  - Increased African imports substituting LR
  - Intra-Asia activity has increased especially to Australia
  - Hurricane Sandy had limited short term positive impact
- Negative effects in Q4:
  - Weak oil demand in the West
  - High refinery utilization in the US
  - Continued over capacity in Atlantic Basin

## TORM versus the benchmarks:

- 2012: LR2 +12%, LR1 +10% and MR +32%
- Q4 2012: LR2 -31%, LR1 -36% and MR +43%

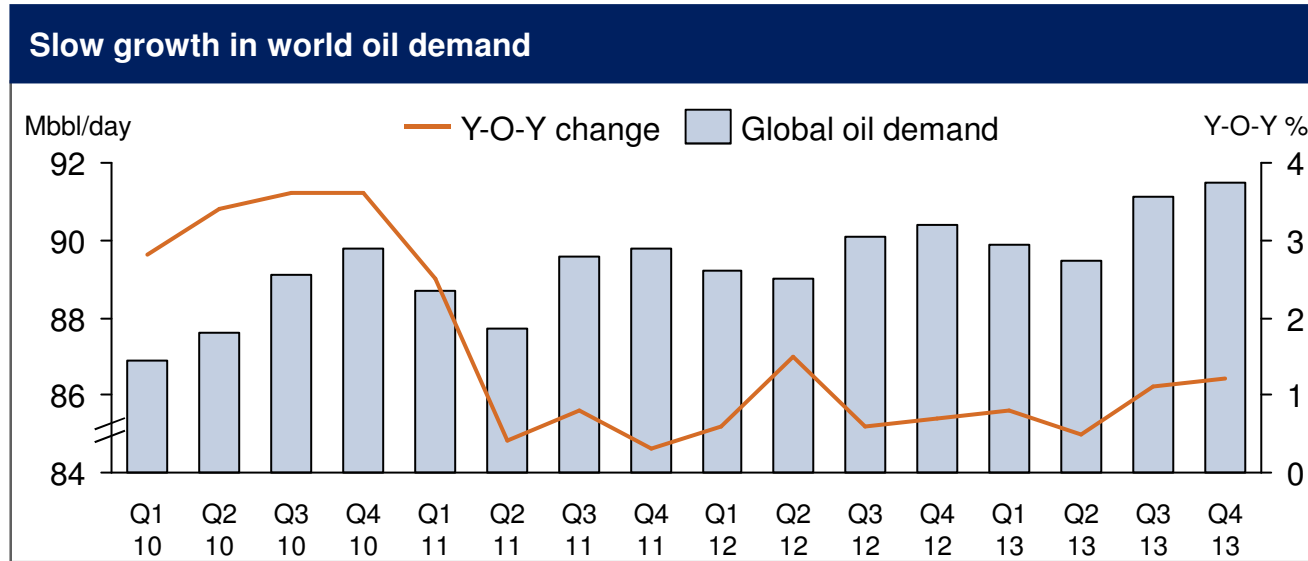


# TORM spot rates versus benchmarks

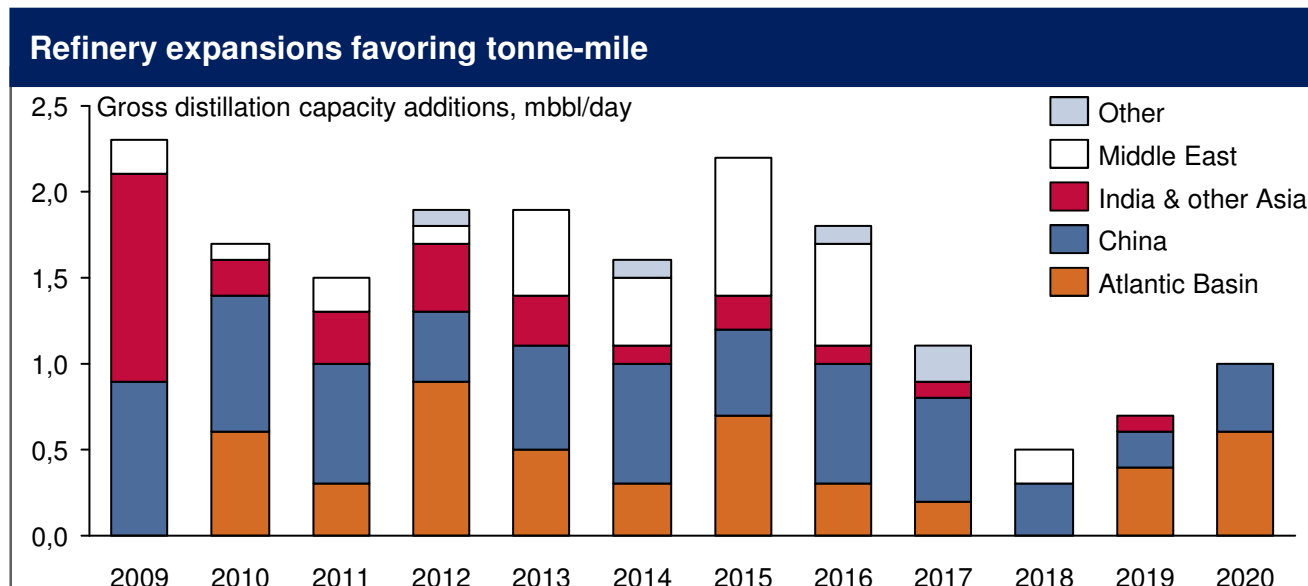


Source: Clarksons, Spot earnings: LR2: TC1 (Ras Tanura-> Chiba), LR1: TC5 (Ras Tanura-> Chiba) and MRT: C2 (Rotterdam -> NY)

# Refinery expansions favors long-haul product trades and is expected to outweigh slow oil demand growth



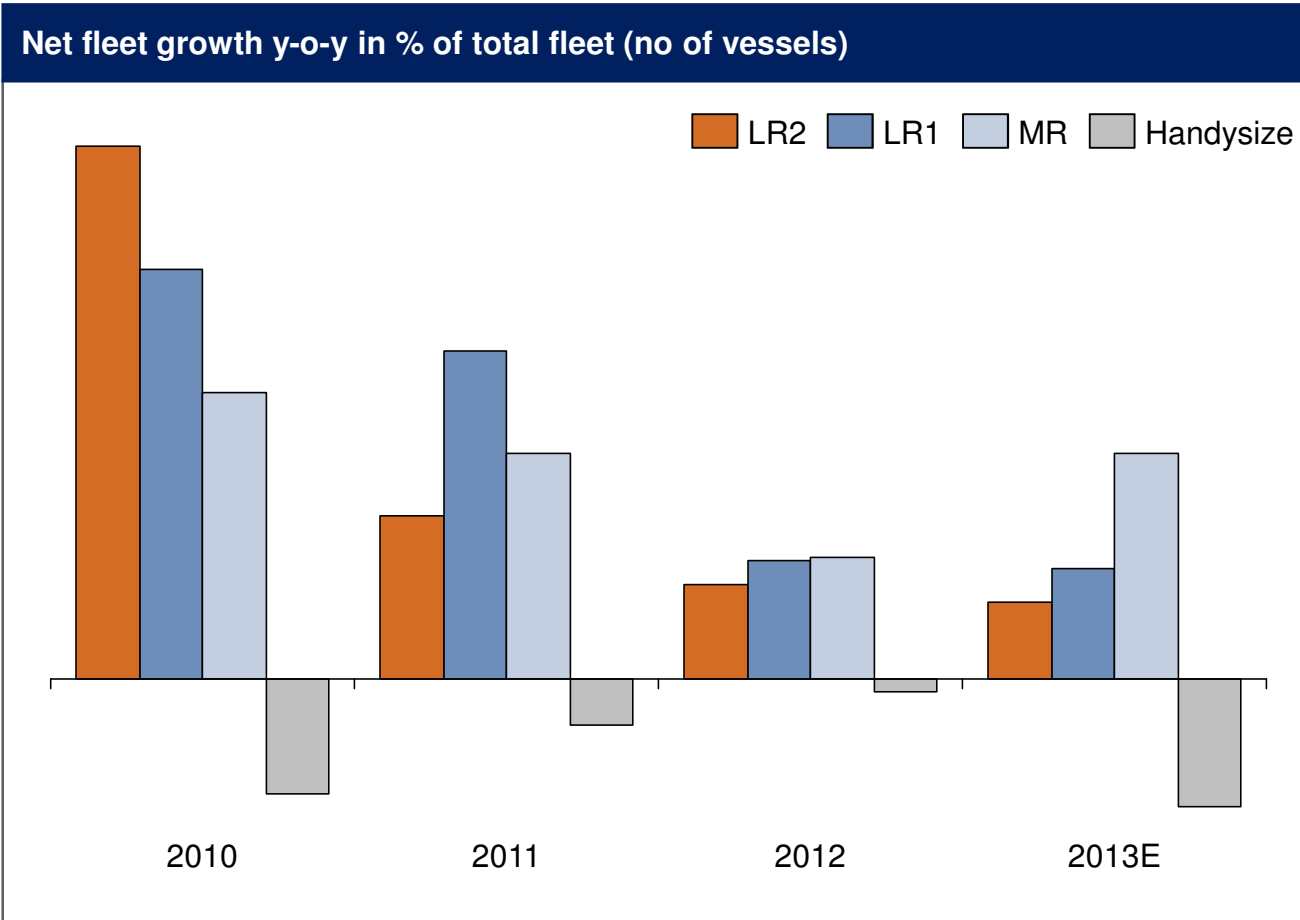
- 2013 will likely show modest expansion in oil product consumption due to a continued subdued global economic growth



- Longer-haul product movements are favored by:
  - India and Middle East increasing their export oriented refining capacity
  - Expected closure of non-competitive refining capacity in Europe and the Atlantic Basin



# Modest supply outlook for the product tanker fleet



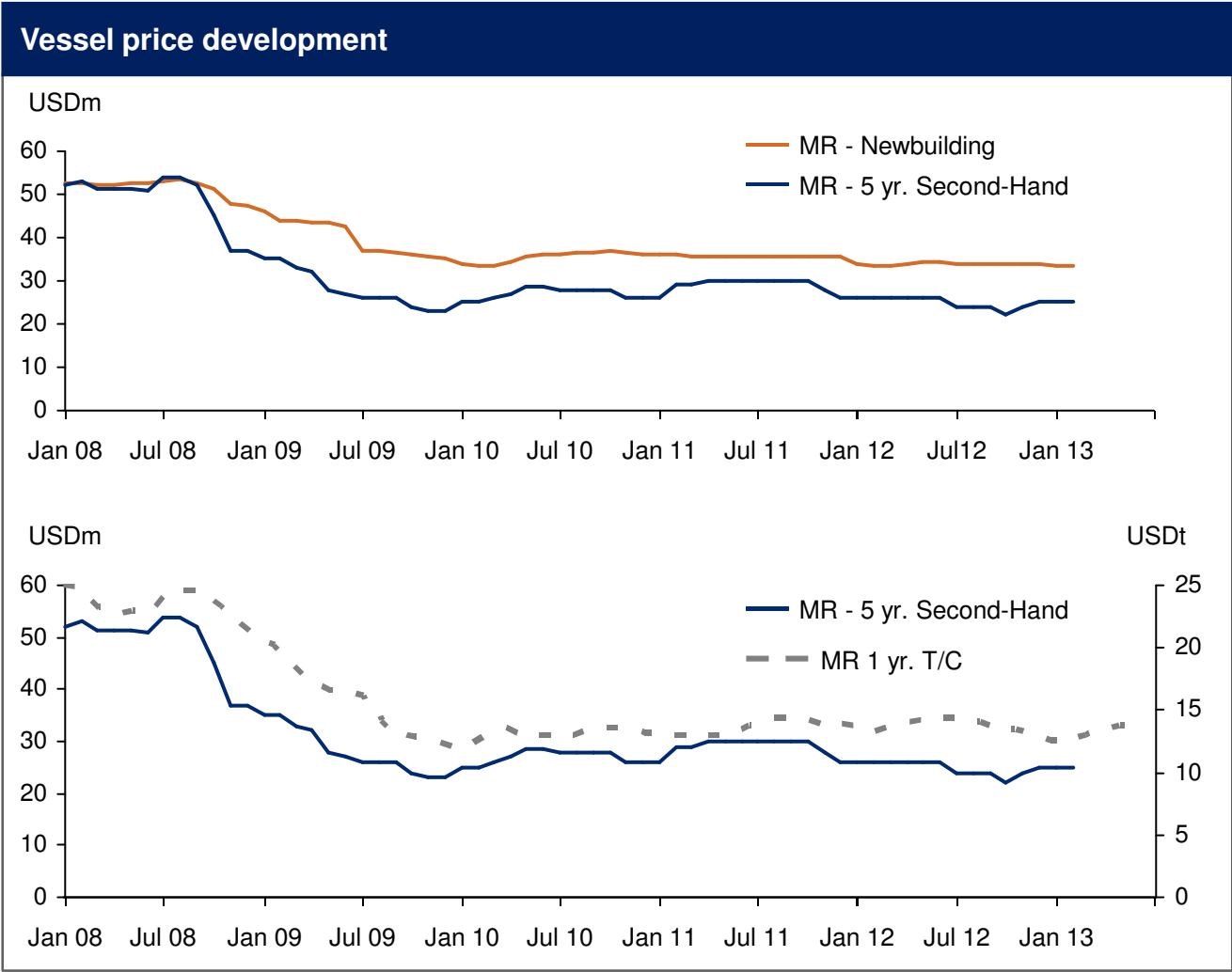
- Net fleet growth is expected to gradually decline to manageable level
- Compound annual net growth rate expected at 2% during 2013-15
- Scrapping will mostly impact Handysize leading to a negative fleet growth

Note: Increase calculated basis number of vessels. The number of vessels beginning of 2013 was: LR2 228, LR1 339, MR 1,287, Handy 681

Note: Net fleet growth: Gross order book adjusted for expected scrapping

Source: SSY

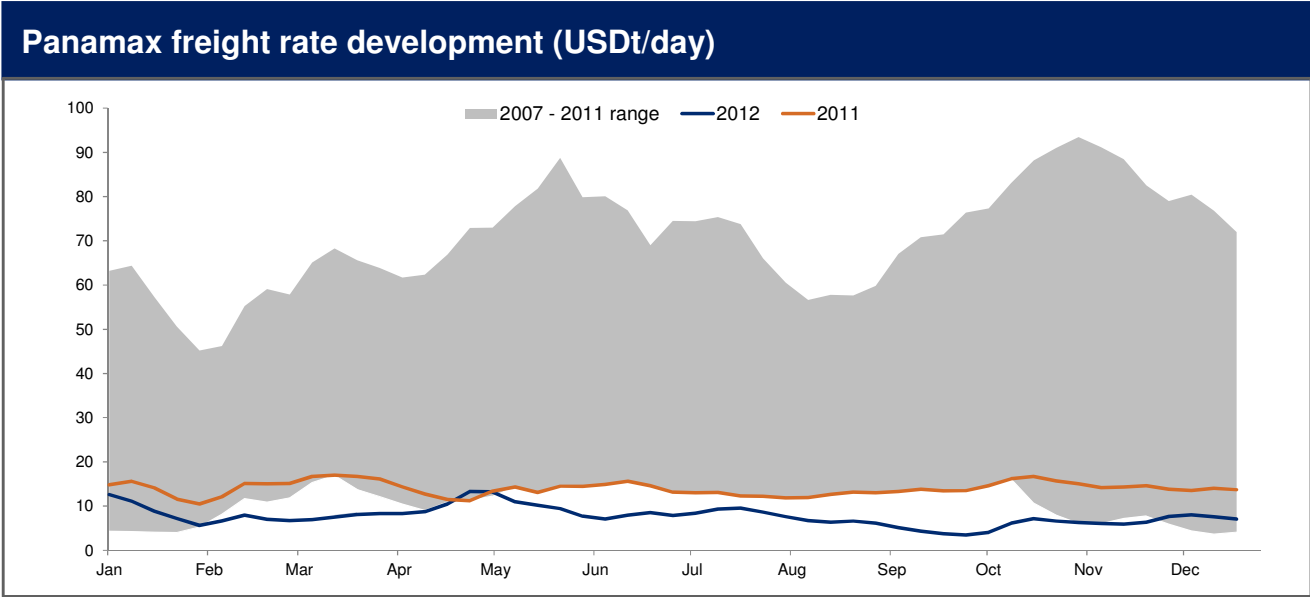
# Product tanker vessel prices continues at low levels with limited S&P activity



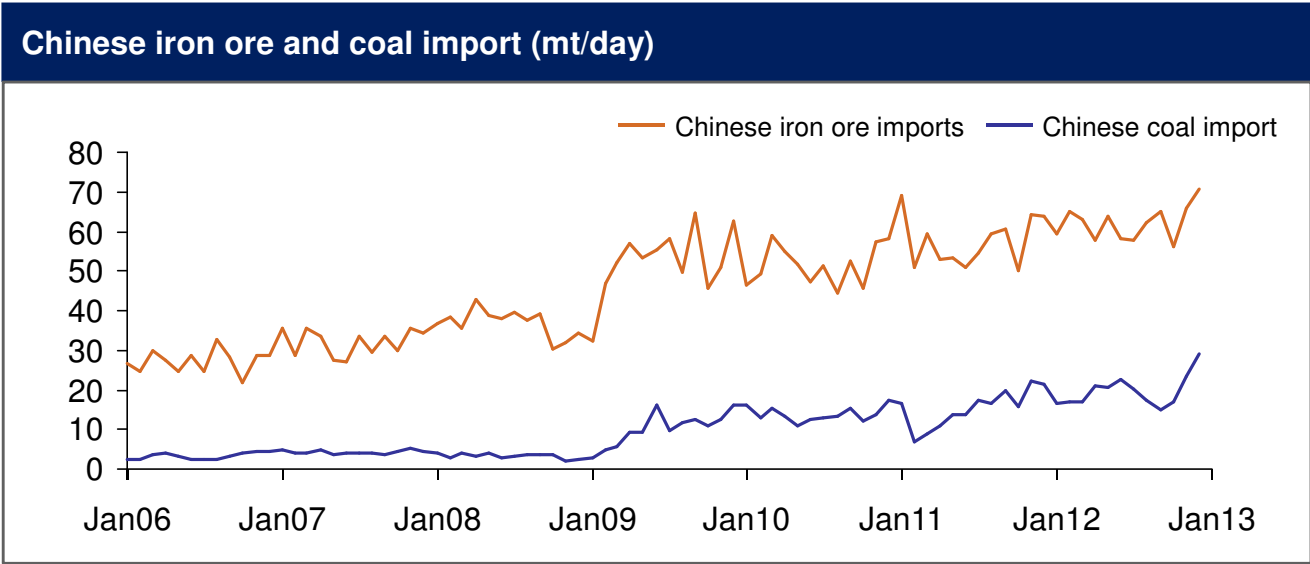
- Newbuilding orders continues to be mainly for MRs (2014 delivery)
- Difficult for buyers to get financing
- Ample second hand tonnage marketed, but sales processes are protracted
- Second hand prices firming again
- T/C rates and second-hand prices are well correlated



# Dry bulk market at lowest level in more than a decade



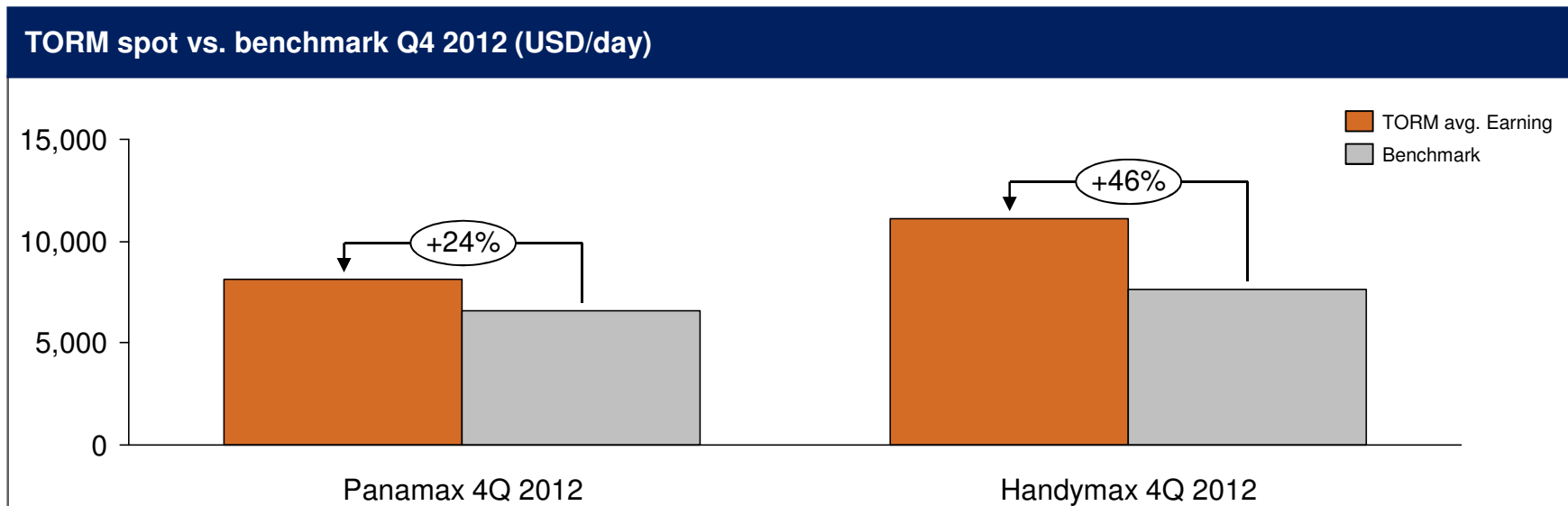
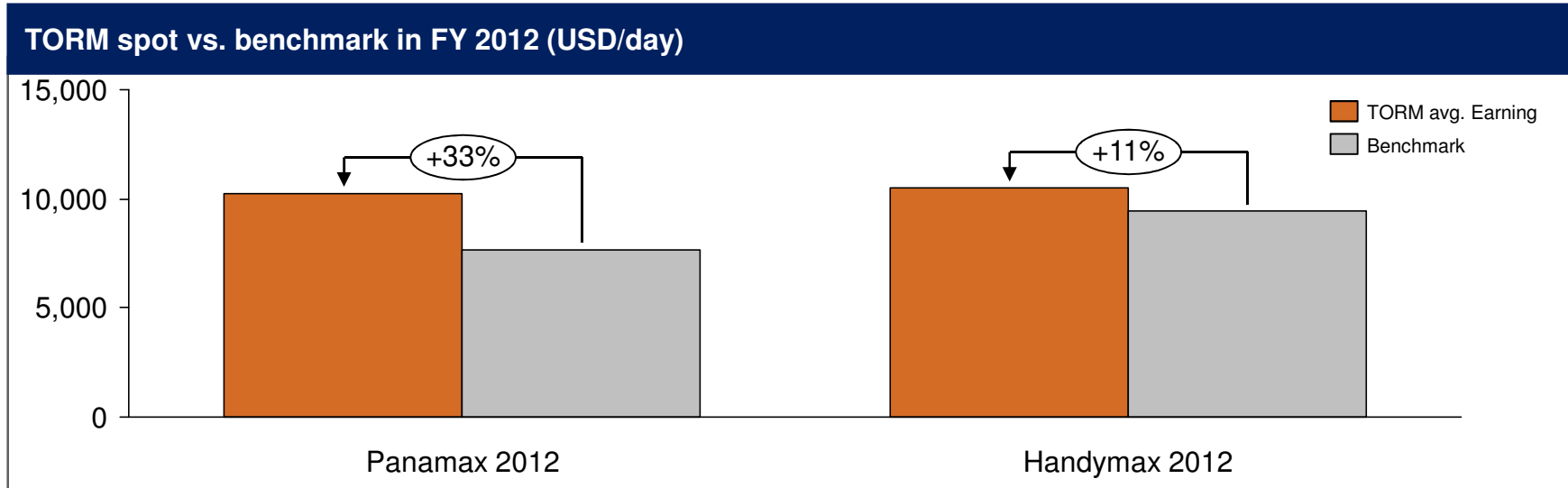
- Baltix dry index 2013 was the lowest average level in more than a decade
- Freight rates affected by
  - Large influx of new tonnage
  - Economic unrest in Euro zone
  - Slow Fall as drought stricken US harvest
- TORM vs. benchmarks:
  - 2012: Panamax +33%; Handymax +11%
  - Q4 2012: Panamax +24%; Handymax +46%



- Slower growth rate, but Chinese import volumes remain strong
  - Seasonally coal import peak in December
  - High iron ore price favours domestic production

Source: RS Platou, Clarksons

# Bulk division versus commercial benchmarks in 2012

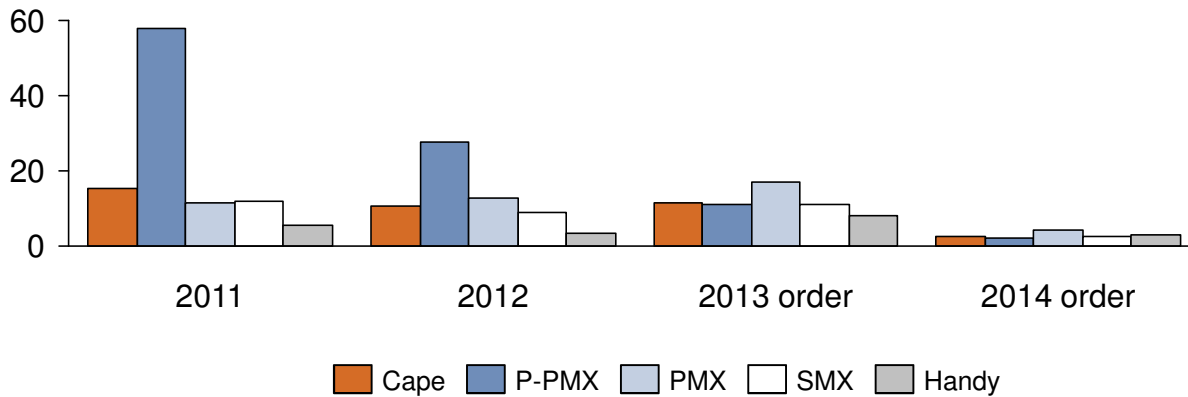


Note: Benchmark against BPI and BSI market indices  
Source: Baltic Exchange, TORM

# High influx of dry bulk tonnage affecting vessel prices

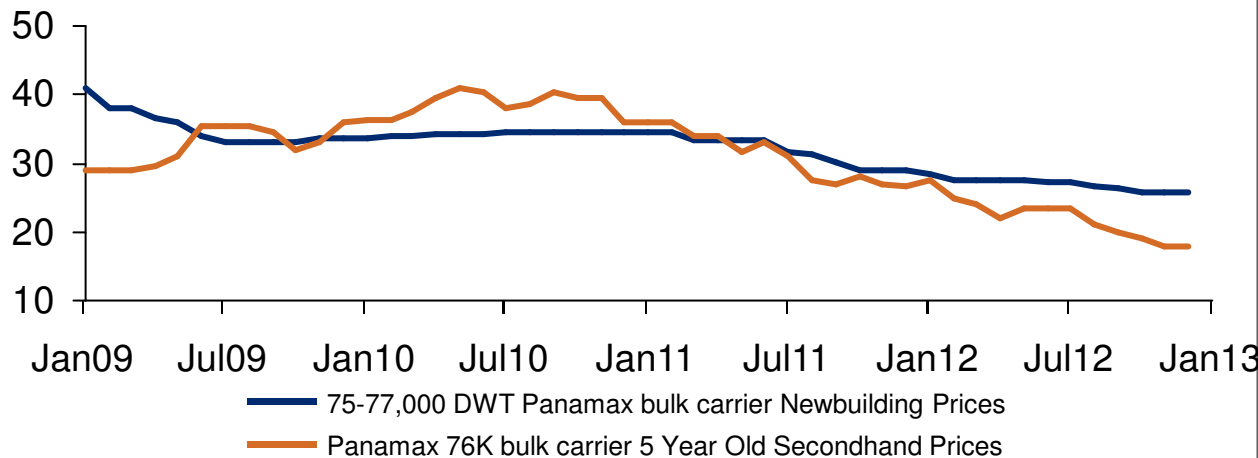


Net fleet growth y-o-y as percent of exiting fleet ultimo 2012\*



- Scheduled deliveries sizeable during 2013
- Scrapping and cancellation is expected to continue at high levels
- Net fleet growth y-o-y 2013 expected at 4-6% incl. scrapping and cancellation

Panamax newbuilding and second-hand prices (USDm)

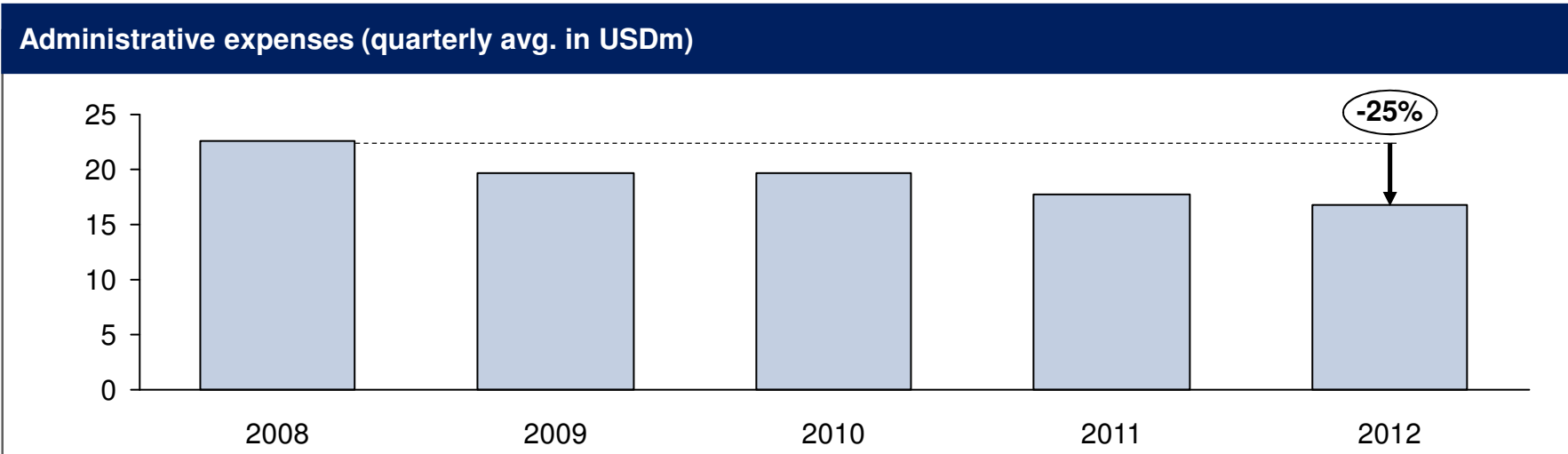
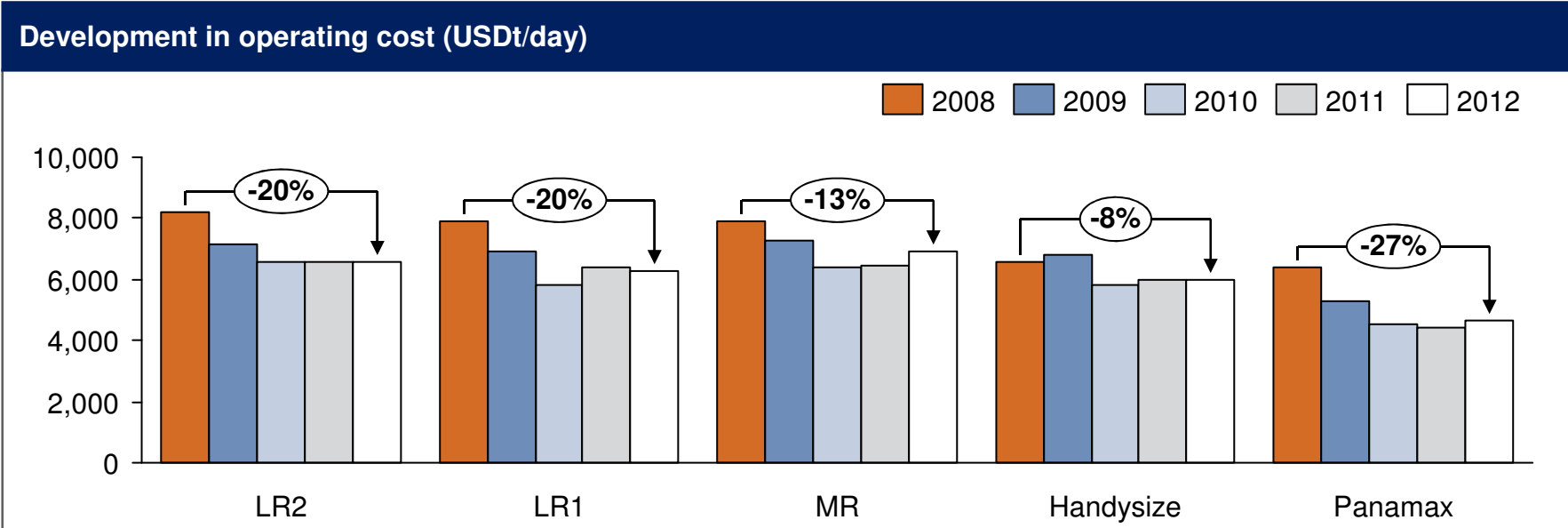


- Large number of new-buildings delivered during 2012
- Increased number of second-hand vessels available for sale
- Softening secondhand prices throughout 2012

\* Calculated basis dwt. Number of vessels ultimo 2012: Cape 1,398; P-PMX 467; PMX 1,687; SMX 2,895; Handy 3,361. Source: RS Platou, Clarksons (BDI).

# Continued efficiency focus on OPEX and admin cost

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# TORM's financial position by 31 December 2012



## Cash position

- Cash totaled USD 28m at the end of 2012
- Undrawn working capital facility of additional USD 42m as at 31 December 2012

## Newbuilding CAPEX

- Order book eliminated as part of TORM's general plan to preserve liquidity and reduce debt

## Debt situation

- TORM has net debt of USD 1.9bn incl. drawn part of working capital facility
- TORM has restructured the debt and introduced a new minimum instalment schedule from Q3 2014 onwards (Cash sweep mechanisms in place)

*USD bn, as of Dec. 2012*



\* Minimum installments incl. repayment of drawn part of working capital facility

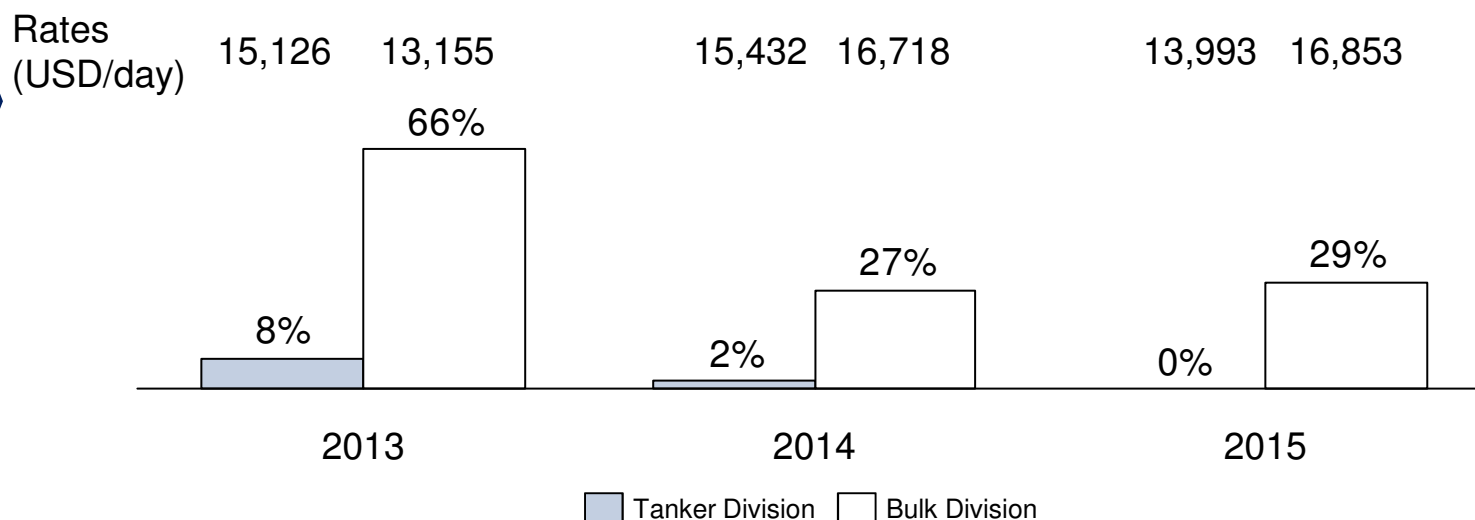
# TORM's forecast for 2013



## 2013 forecast

Forecasted loss before tax of USD 100-150 million for the financial year 2013 excluding potential vessel sales and impairment charges

## Coverage per 31.12.2012



## Earnings sensitivity for 2013

USDm Segment	Change in freight rates (USD/day)			
	-2,000	-1,000	1,000	2,000
Tankers	-46	-23	23	46
Bulk	-3	-2	2	3
<b>Total</b>	<b>-49</b>	<b>-25</b>	<b>25</b>	<b>49</b>

# Appendix



# TORM at a glance

## Key facts

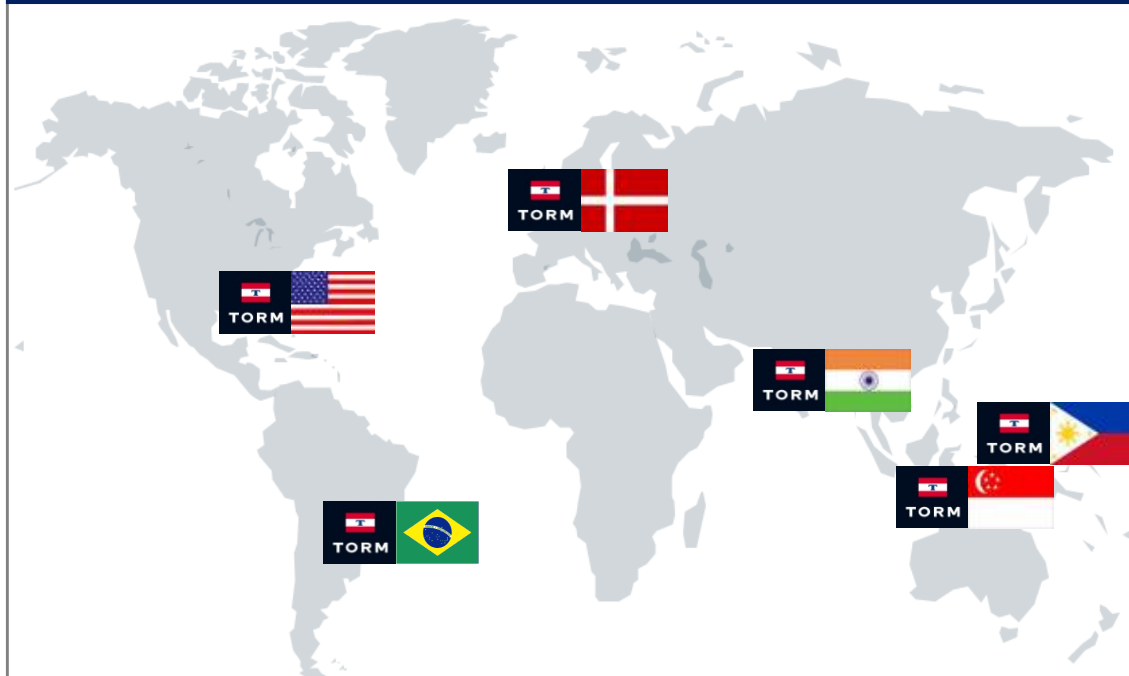
### A world leading product tanker company

- A leading product tanker owner
- Presence in dry bulk as operator
- 123 years of history

### Listings

- NASDAQ OMX Copenhagen
- NASDAQ in New York

## Global footprint based on regional power and presence



### TORM employees:

**TORM Offices: ~300**

**Seafarers: ~2,900**

- 250 Danish seafarers
- 100 Croatian seafarers
- 1,400 Indian seafarers
- 1,150 Filipinos seafarers

# Product tankers have coated tanks and have specially designed cargo systems with flexibility to transport a wide range of different products



## Oil product supply chain

Exploration



Transportation



Refining



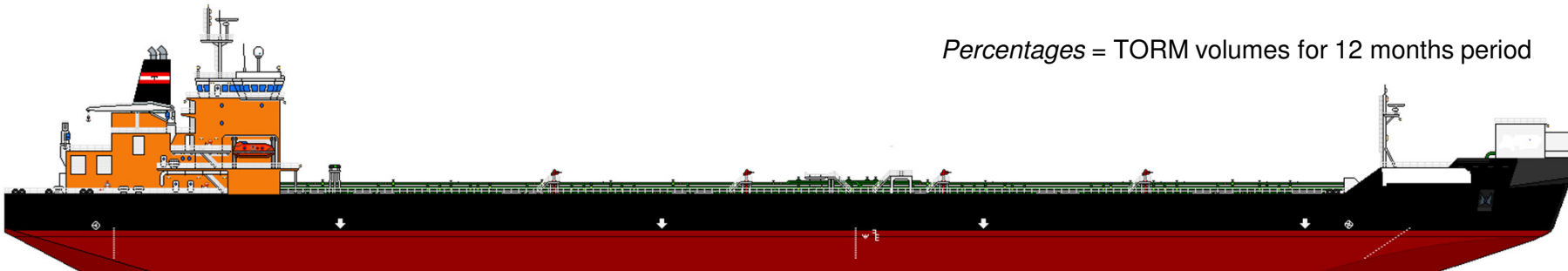
Transportation



Storage/distribution



Percentages = TORM volumes for 12 months period



Crude oils	Fuel oils	Diesels	Gas oils / Gasolines	Kerosenes / Jet fuel	Clean condensates	Naphthas	MTBEs	Veg. oils	Biofuel	Ethanol
~14%	~12%	~7%	~38%	~9%	~3%	~15%	~0%	~1%	~0%	~0%

“Dirty products”

←  
Less refined  
“clean products”

→  
More refined  
“clean products”

# Management team with an international outlook and many years of shipping experience



## 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 the private-equity-owned Cybercity
- Prior to that he held various positions with A.P. Møller-Mærsk, latest one as CFO of A.P. Møller-Mærsk Singapore
- More than 10 years of shipping experience

## Senior Management



### Tina Revsbech

- Head of Tanker Division



### Lars Christensen

- Head of Sale & Purchase Division



### 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



# The TORM share

## Share information

### Listings

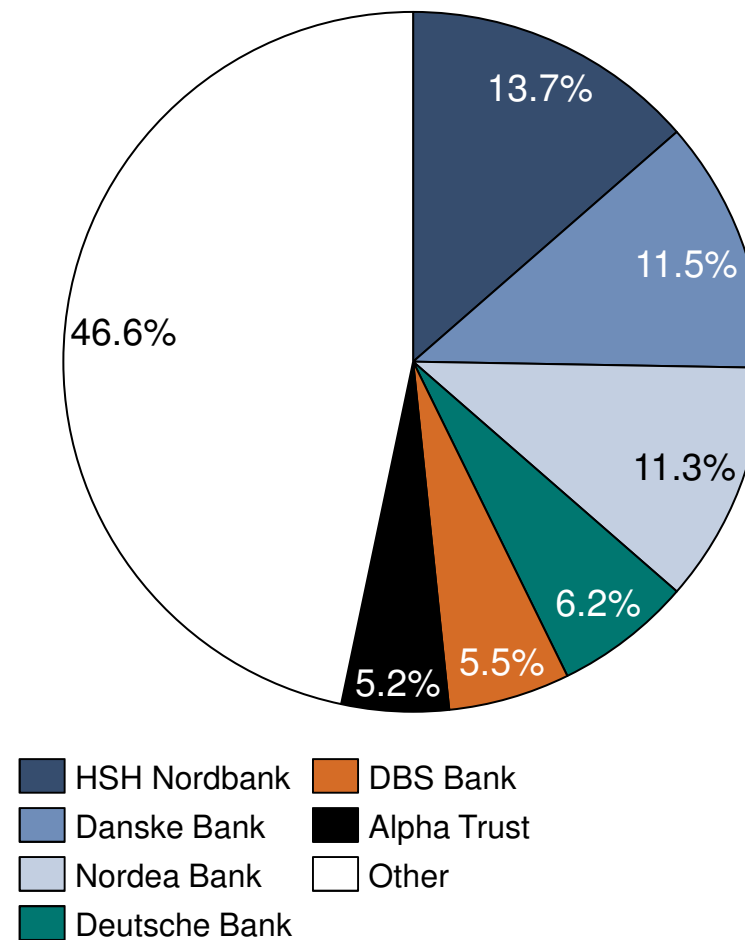
- On NASDAQ OMX Copenhagen, ticker TORM
- ADR program on NASDAQ, (USA) ticker "TRMD"

### Shares

- One class of shares, each carrying one vote
- Share capital of 728m shares of DKK 0.01 each

For further company information, visit TORM at [www.torm.com](http://www.torm.com)

## Ownership structure (31 December 2012)



# Industry cooperation and transparency is central to TORM's Corporate Social Responsibility

## TORM is actively participating in...



- UN Global Compact – TORM became signatory to the UNGC in 2009 as the first Danish shipping company



- Maritime Anti Corruption Network – TORM is founding member of a global business network working towards a maritime industry free of corruption that enables fair trade



- Danish Shipowners' Association - As part of DSA, TORM is pushing for international regulation and standards on e.g. emissions through the International Maritime Organisation

## Transparency is central...

- TORM has published Environmental / CSR reports since 2008. As of 2011, our reporting is purely online See: <http://csr.torm.com/>

Next reporting is end March 2013

- For optimal comparability and transparency, TORM reports on emissions as part of the Carbon Disclosure Project



### Set climate targets:

- 20% reduction of CO<sub>2</sub> emissions pr. vessel by 2020 (2008 = index 100)
- 25% reduction of CO<sub>2</sub> emissions from offices per employee by 2020 (2008 = index 100)



# Detailed key figures overview

## Key figures overview

USD million	2012	2011	2010	2009	2008
Revenue	1.121	1.305	856	862	1.184
EBITDA	(195)	(44)	97	203	572
Profit/(loss) before tax	(579)	(451)	(136)	(19)	360
Profit/(loss) before tax excl. Impairment charges and restructuring effects	(253)	(251)	(136)	(19)	360
<b>Balance</b>					
Total assets	2.355	2.779	3.286	3.227	3.317
Equity	267	644	1.115	1.247	1.279
NIBD	1.868	1.787	1.875	1.683	1.550
Cash and cash equivalents	28	86	120	122	168
<b>Cash flow statement</b>					
Operating cash flow	(100)	(75)	(1)	116	385
Investment cash flow	-	168	(187)	(199)	(262)
Financing cash flow	42	(128)	186	37	(59)
<b>Financial related key figures</b>					
EBITDA margin	-17%	-3%	11%	24%	48%
Equity ratio	11%	23%	34%	39%	39%
Return on invested capital (ROIC)	-20%	-14%	-3%	2%	16%

# Large and modern fleet

# of vessels	Current fleet			New Buildings and T/C-in deliveries with a period >= 12 months		
	Q3 2012	Changes	Q4 2012	2013	2014	2015
<b>Owned vessels</b>						
LR2	9.0	-1.0	8.0			
LR1	7.0	-	7.0			
MR	39.0	-	39.0			
Handysize	11.0	-	11.0			
<b>Tanker Division</b>	<b>66.0</b>	<b>-1.0</b>	<b>65.0</b>	-	-	-
Panamax	2.0	-	2.0			
Handymax		-	-			
<b>Bulk Division</b>	<b>2.0</b>	<b>-</b>	<b>2.0</b>	-	-	-
<b>Total</b>	<b>68.0</b>	<b>-1.0</b>	<b>67.0</b>	-	-	-
<b>TC-in vessels with contract period &gt;= 12 months</b>						
LR2	2.0	-	2.0			
LR1	11.0	-5.0	6.0			
MR	4.0	-1.0	3.0			
Handysize	-	-	-			
<b>Tanker Division</b>	<b>17.0</b>	<b>-6.0</b>	<b>11.0</b>	-	-	-
Panamax	7.0	-	7.0	1.0		
Handymax	2.0	-1.0	1.0			
<b>Bulk Division</b>	<b>9.0</b>	<b>-1.0</b>	<b>8.0</b>	<b>1.0</b>	-	-
<b>Total</b>	<b>26.0</b>	<b>-7.0</b>	<b>19.0</b>	<b>1.0</b>	-	-
<b>TC-in vessels with contract period &lt; 12 months</b>						
LR2						
LR1						
MR						
Handysize						
<b>Tanker Division</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Panamax	1.0	15.0	16.0			
Handymax	7.0	-3.0	4.0			
<b>Bulk Division</b>	<b>8.0</b>	<b>12.0</b>	<b>20.0</b>			
<b>Total</b>	<b>8.0</b>	<b>12.0</b>	<b>20.0</b>			
Pools/commercial management	20.0	-	20.0			
<b>Total fleet</b>	<b>122.0</b>	<b>4.0</b>	<b>126.0</b>			

Note: The contract duration is defined based on the contractual period and does not include optional periods.



# Earning days, T/C cost and coverage for 2013, 2014 and 2015

	2013	2014	2015	2013	2014	2015
<b>Owned days</b>	Owned days					
	LR2	2,760	2,904	2,880		
	LR1	2,492	2,497	2,495		
	MR	12,459	12,223	12,168		
	Handysize	3,933	3,920	3,883		
	Tanker division	21,645	21,544	21,425		
	Panamax	726	682	726		
	Handymax	-	-	-		
Bulk division	726	682	726			
<b>Total</b>	<b>22,371</b>	<b>22,226</b>	<b>22,151</b>			
<b>T/C-in days at fixed rate</b>	T/C in days at fixed rate			T/C in costs, USD/day		
	LR2	-	-	-	-	-
	LR1	203	-	-	12,296	-
	MR	1,048	726	726	13,959	15,145
	Handysize	-	-	-	-	-
	Tanker division	1,251	726	726	13,690	15,145
	Panamax	2,705	1,816	1,676	9,515	12,393
	Handymax	233	-	-	10,991	-
Bulk division	2,938	1,816	1,676	9,632	12,393	
<b>Total</b>	<b>4,189</b>	<b>2,542</b>	<b>2,402</b>	<b>10,844</b>	<b>13,179</b>	<b>13,335</b>
<b>T/C-in days at floating rate</b>	T/C in days at floating rate					
	LR2	726	721	726		
	LR1	-	-	-		
	MR	1,360	1,810	1,727		
	Handysize	-	-	-		
	Tanker division	2,086	2,531	2,453		
	Panamax	636	411	363		
	Handymax	363	363	363		
Bulk division	999	774	726			
<b>Total</b>	<b>3,085</b>	<b>3,305</b>	<b>3,179</b>			
<b>Total physical days</b>	Total physical days			Covered days		
	LR2	3,486	3,625	3,606	475	353
	LR1	2,695	2,497	2,495	456	174
	MR	14,868	14,759	14,621	963	-
	Handysize	3,933	3,920	3,883	1	-
	Tanker division	24,982	24,801	24,604	1,895	527
	Panamax	4,067	2,909	2,765	1,499	25
	Handymax	596	363	363	1,575	869
Bulk division	4,663	3,272	3,128	3,074	895	
<b>Total</b>	<b>29,645</b>	<b>28,072</b>	<b>27,732</b>	<b>4,969</b>	<b>1,422</b>	<b>914</b>
<b>Coverage</b>	Covered, %			Coverage rates, USD/day		
	LR2	14%	10%	0%	15,891	15,316
	LR1	17%	7%	0%	16,461	15,666
	MR	6%	0%	0%	14,109	-
	Handysize	0%	0%	0%	23,536	-
	Tanker division	8%	2%	0%	15,126	15,432
	Panamax	37%	1%	0%	15,299	20,372
	Handymax	264%	240%	250%	11,113	16,612
Bulk division	66%	27%	29%	13,155	16,718	
<b>Total</b>	<b>17%</b>	<b>5%</b>	<b>3%</b>	<b>13,907</b>	<b>16,241</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	1.3







**TORM**