



TORM NOVEMBER 2017



# 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.*

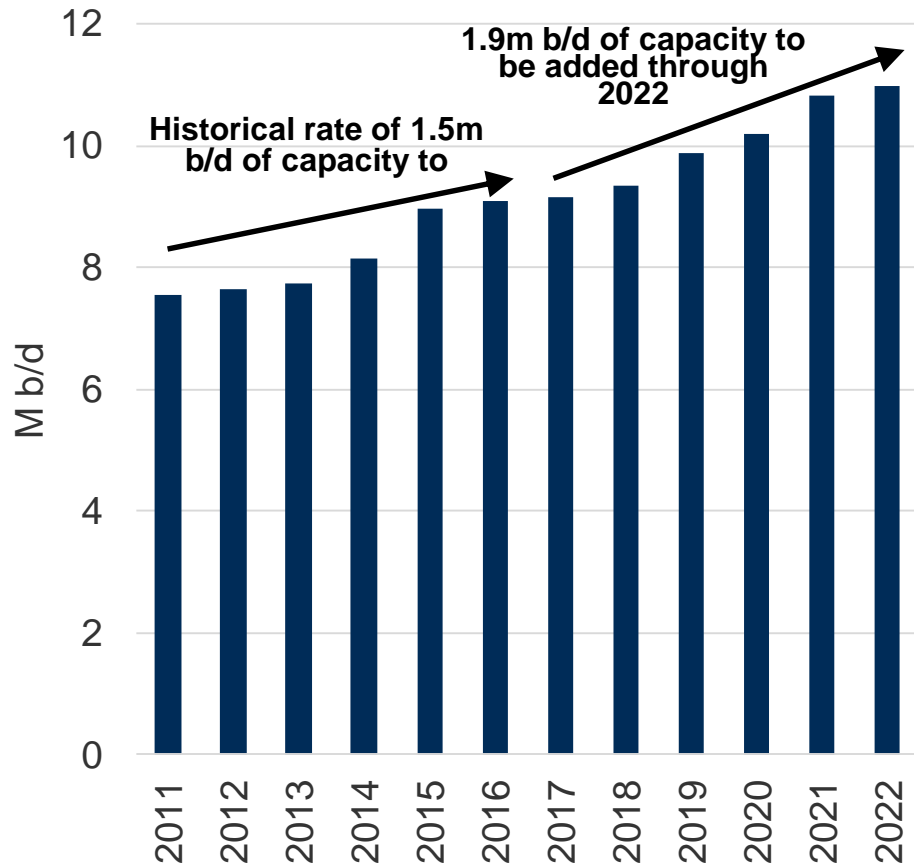


- 1** Product tanker niche with attractive fundamentals
- 2** TORM as a reference company
- 3** Q3 2017 Financials

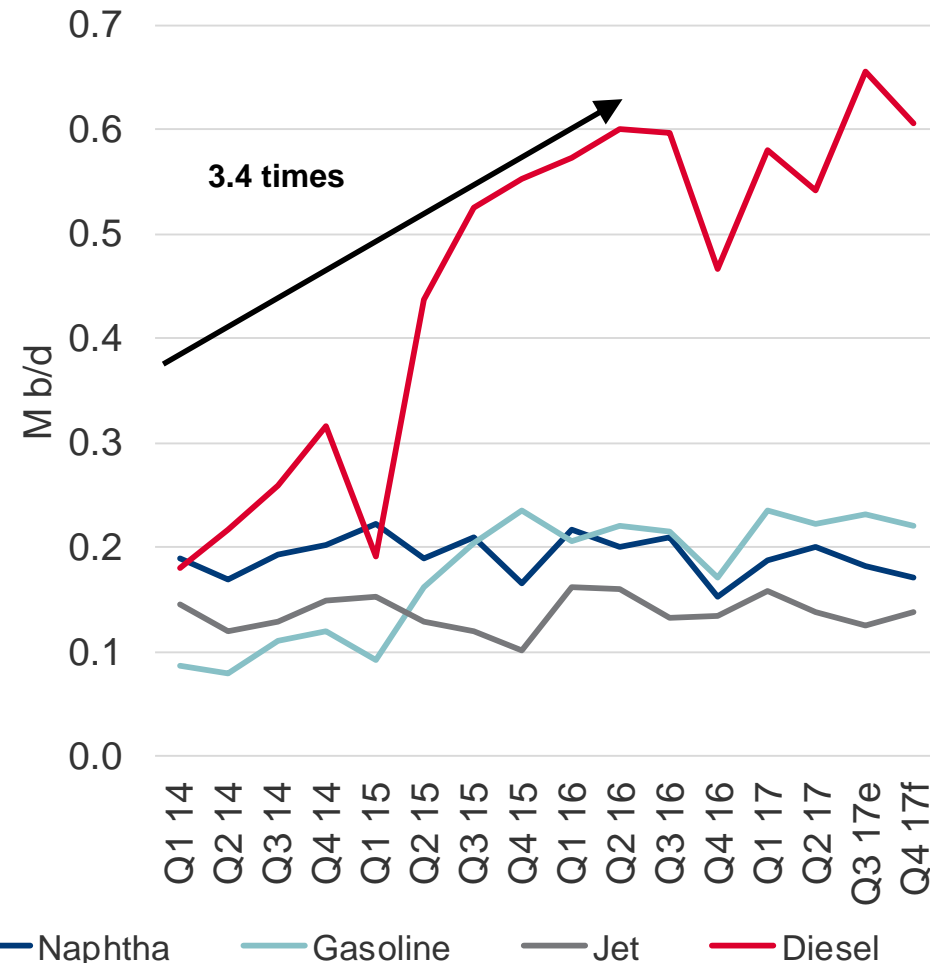
# THE RELOCATION OF REFINERIES CONTINUES TO BENEFIT PRODUCT TANKERS



Middle Eastern refinery capacity set to grow



Saudi Arabia diesel exports increasing\*

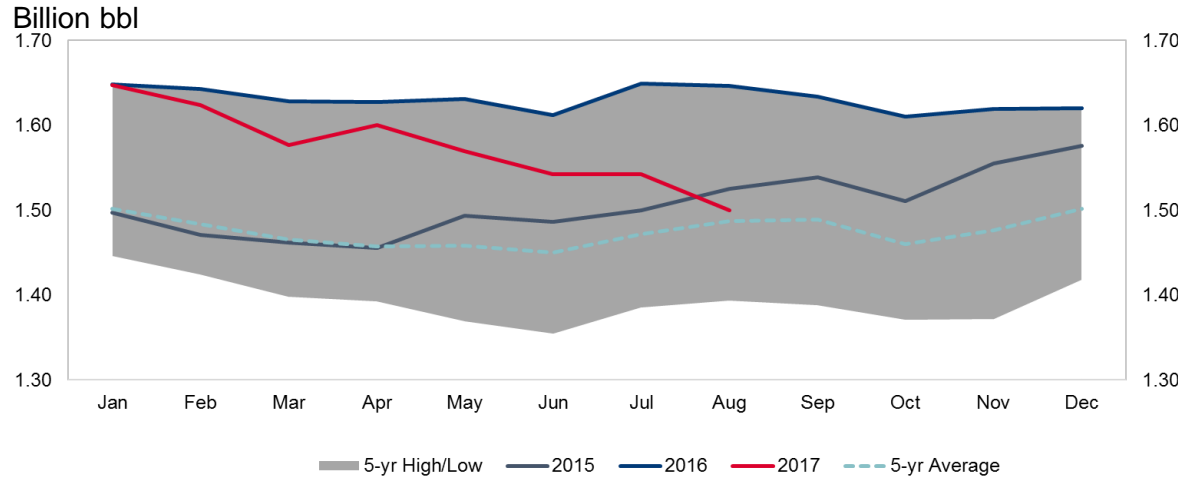


\* Decline in Saudi Arabia's diesel exports in 4Q 2016 reflects heavy refinery maintenance  
Source: WoodMackenzie

# KEY DEMAND DRIVERS HAVE BEEN NORMALISING



## Global CPP inventories



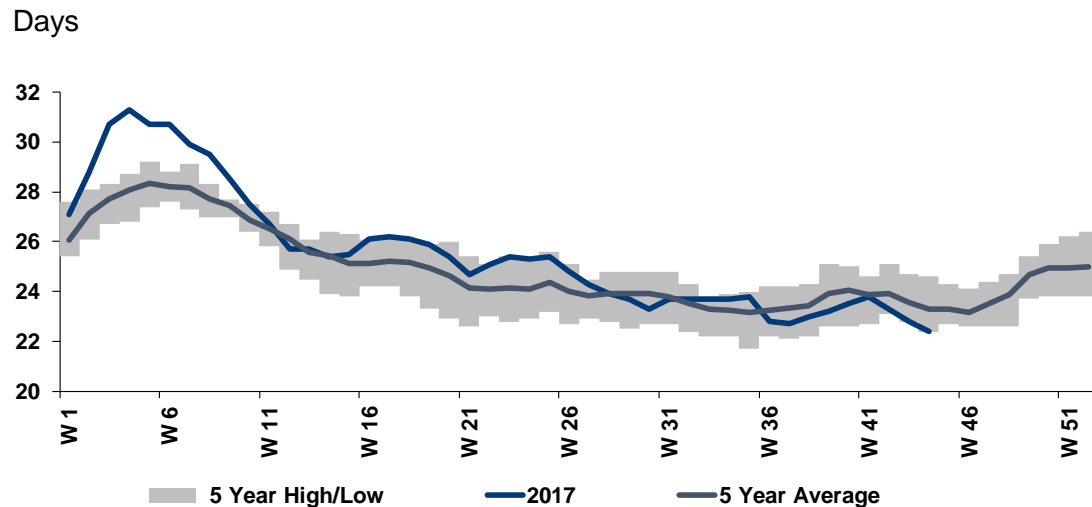
### Short-term factors

Product stock draws accelerated in Q3 driven by stronger-than-expected oil demand, preliminary data for the US and Europe shows that destocking continued in Q4.

During the first eight months of 2017, global CPP stocks drew by a volume equivalent to a loss of potential trade of 5% each month.

A high number of crude newbuilding deliveries in 2018 continue to pressurize the product tanker market through cannibalization of the gasoil trade from East to West

## US gasoline forward cover (days)



### Long-term factors

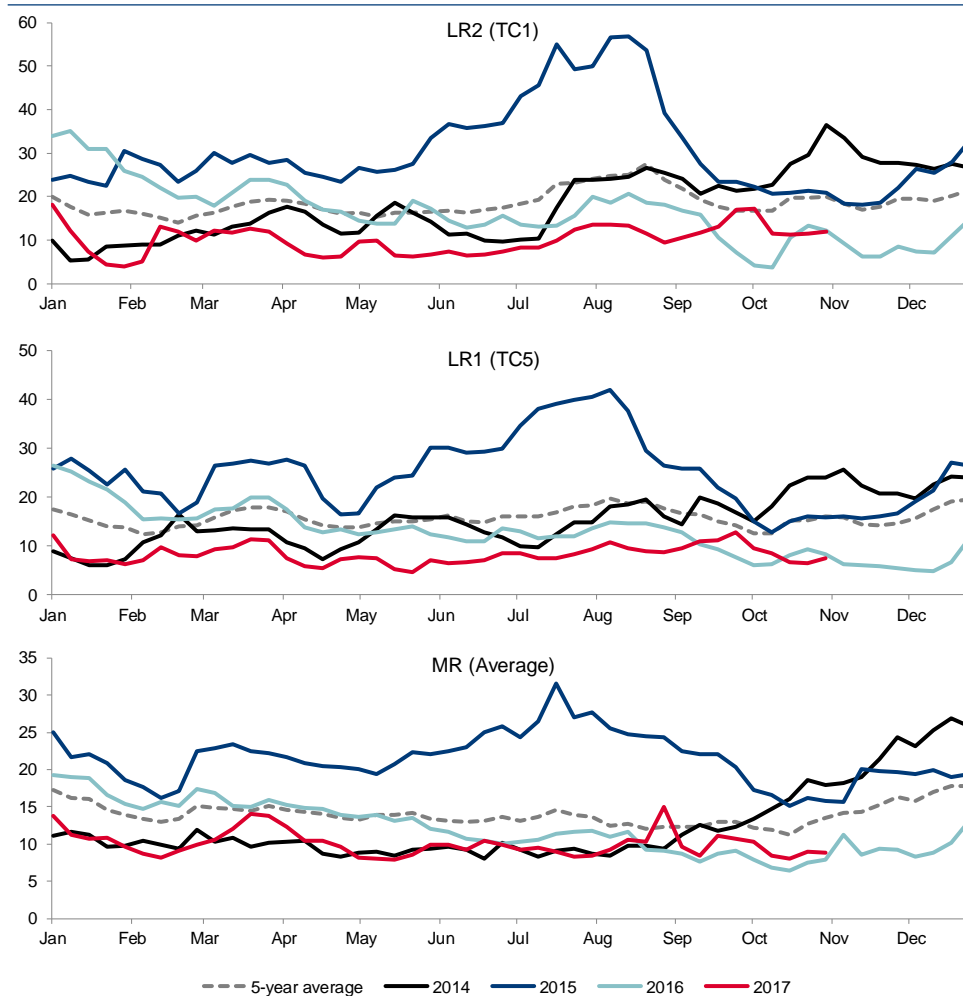
The fundamental long-term outlook remains positive with oil demand increasing and the ton-mile being positively impacted by increasing imbalances between the demand for and supply of clean petroleum products

Middle East refinery capacity additions are expected to accelerate from 1.5 mb/d during 2011-2016 to 1.9 mb/d during 2017-2022, placing a renewed pressure on less competitive refineries in other areas

# Q3 IMPACTED BY INVENTORY DRAWS AND HURRICANE HARVEY



## Spot rates



### Q3 LR

Increased volume of middle distillates moved from the Middle East to Europe, initially due to a shutdown of Europe's largest refinery in Rotterdam and later in order to replenish European stocks, following the rise in exports across the Atlantic

### Q3 MR

A reduction in US refining capacity as a result of Hurricane Harvey initially led to an increase in clean petroleum exports from Europe to US East Coast and South America, which caused freight to spike sharply

The secondary effect from Hurricane Harvey was a strengthening of the transpacific market driven by a combination of low inventories on the US West Coast and limited supply out of the US Gulf and Mexico

### Q4-to-date

In the West, more CPP has been moving from East to West, resulting in an overcapacity of available vessels West of Suez. On the positive side, naphtha and gasoline blendstock flows from West to East have increased

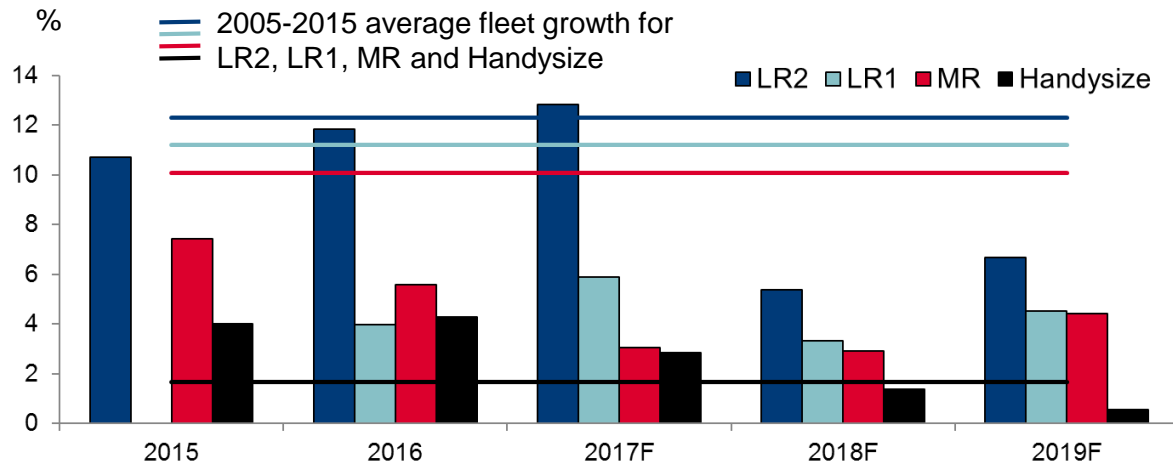
In the East, activity for MRs in the Middle East has been good with strong rates. The LR rates have improved, primarily driven by increased product flows from the Middle East to Europe as well as stable demand for naphtha in the Far East

Source: Clarksons. Spot earnings: LR2: TC1 Ras Tanura-> Chiba, LR1: TC5 Ras Tanura-> Chiba and MR: average basket of Rotterdam->NY, Bombay->Chiba, Mina Al Ahmadi->Rotterdam, Amsterdam->Lome, Houston->Rio de Janeiro, Singapore->Sidney

# SUPPLY OUTLOOK FOR THE PRODUCT TANKER FLEET VARIES BY SEGMENT

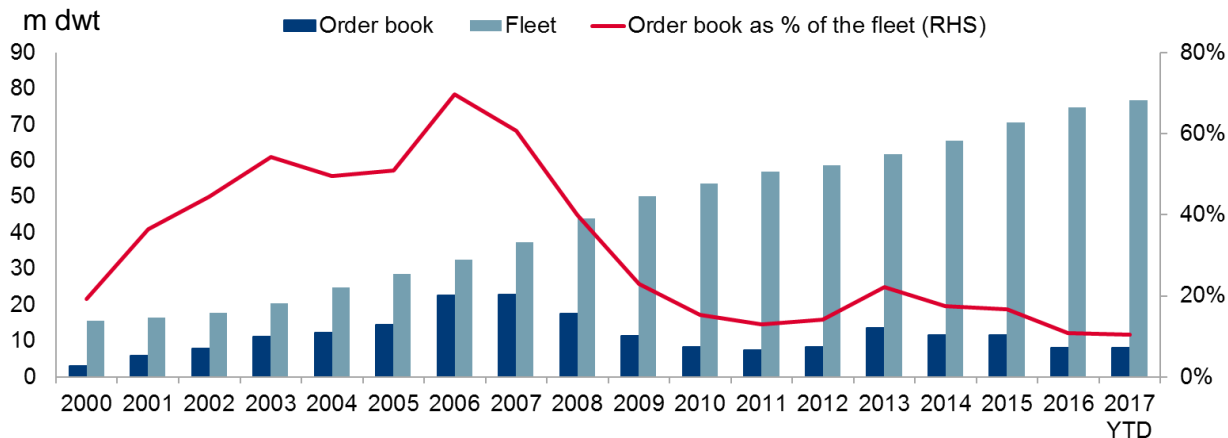


Net fleet growth y-o-y (no. of vessels)\*



- In Q3, product tanker newbuilding activity slowed down from Q2, as owners' appetite for more expensive Tier 3 tonnage remained weak and newbuilding activity was focused on dry bulk and containerships
- The product tanker order book to fleet ratio currently stands at 11%, relatively low compared in historical terms
- Product tanker deliveries totaled 2.7m dwt during Q3, which combined with limited scrapping activity resulted in a 1.4% net fleet growth in Q3
- For FY 2017, a fleet growth of around 5.4% is forecasted, followed by a slowdown to around 4% p.a. during 2018-2019

MR order book as percentage of the fleet (DWT)

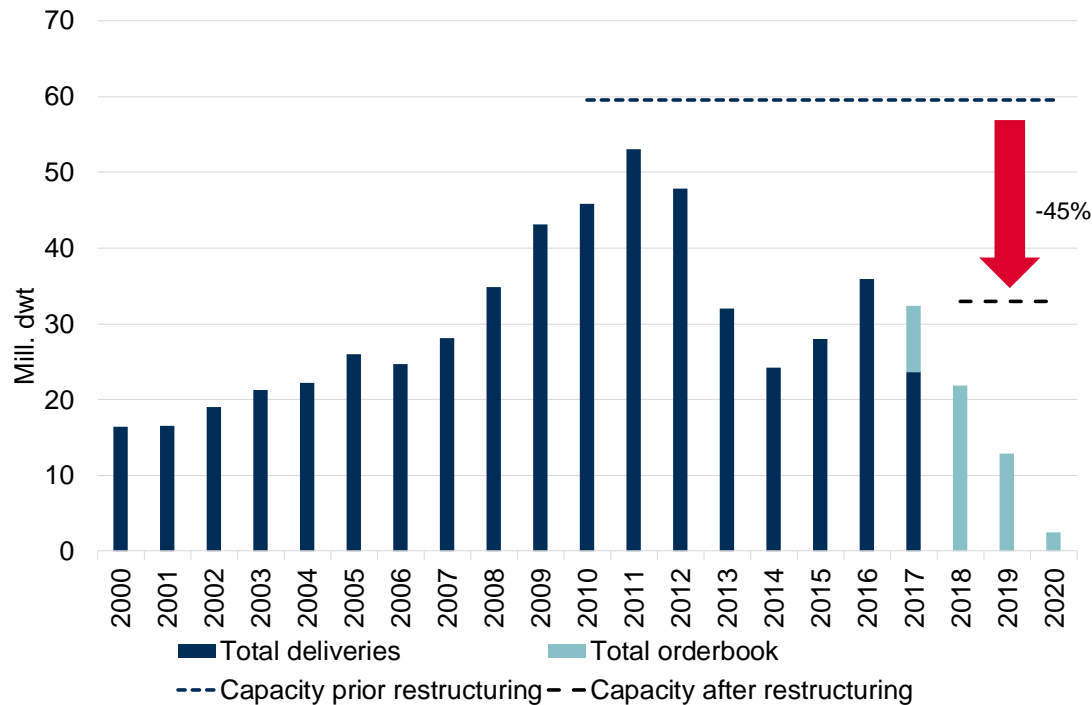


\* The number of vessels at the beginning of 2017 was: LR2 317, LR1 339, MR 1,575, Handy 703 (includes chemical vessels). Net fleet growth: gross order book adjusted for expected scrapping, delivery slippage and TORM assumptions on additional ordering. Currently confirmed orders account on average for 100% and 71% of forecasted deliveries respectively in 2018 and 2019.

# YARD RESTRUCTURINGS HAVE REDUCED CAPACITY FOR PRODUCT TANKER NEWBUILDINGS



Reduction in Korean shipyard capacity\*



Reduction in shipyard capacity

- Yard restructurings and consolidations in Korea and China have caused a reduction in available capacity for product tankers
- Overall yard capacity for product tankers is full in 2017 and 2018, but limited capacity is available for deliveries in the second half of 2019
- Restrictions on traditional bank financing
- Sale and leaseback structures emerging

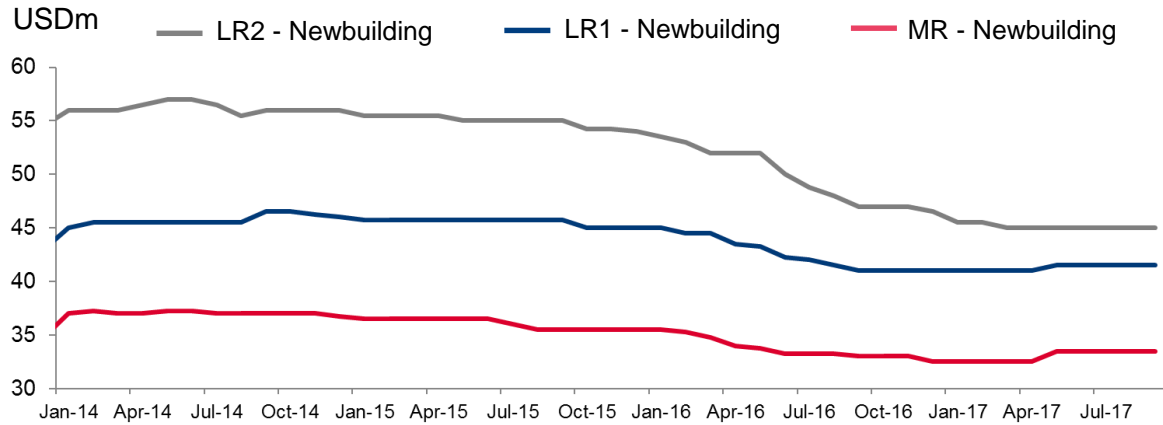
\* Data as per September 2017



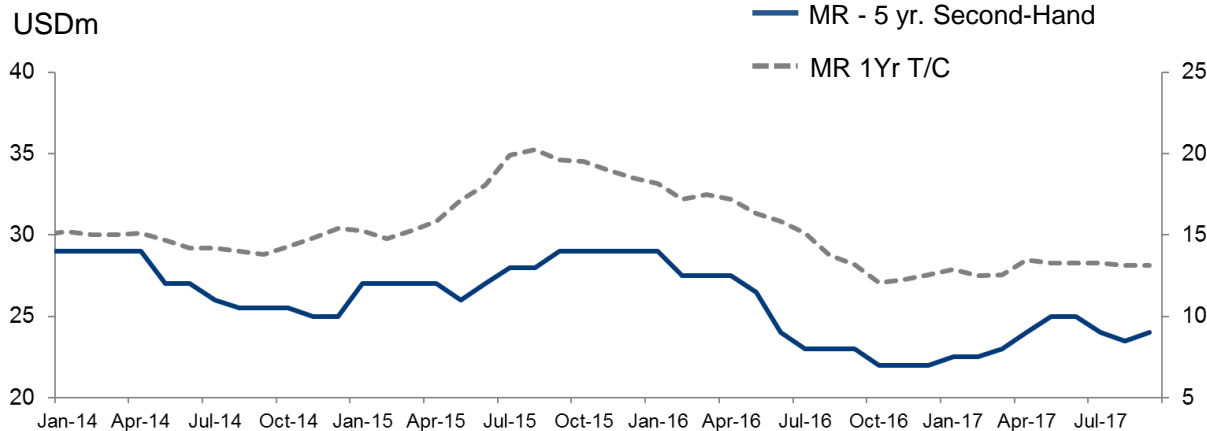
# PRODUCT TANKER VESSEL PRICES



## Vessel price development



- The second-hand market in Q3 remained slow on the back of a low freight market. The activity was mainly for older tonnage with prices overall unchanged
- In Q4 so far, second-hand activity is picking up with more buyers interested to acquire both modern and older tonnage
- In Q4 so far, newbuilding prices have remained firm with some product tanker contracts for both Tier 2 and 3 versions. Other segments within crude, LPG and dry bulk continue to be active



**1** Product tanker niche with attractive fundamentals

**2** TORM as a reference company

**3** Q3 2017 Financials

TORM is a **pure-play product tanker owner** active in all large product tanker segments to meet customer demands

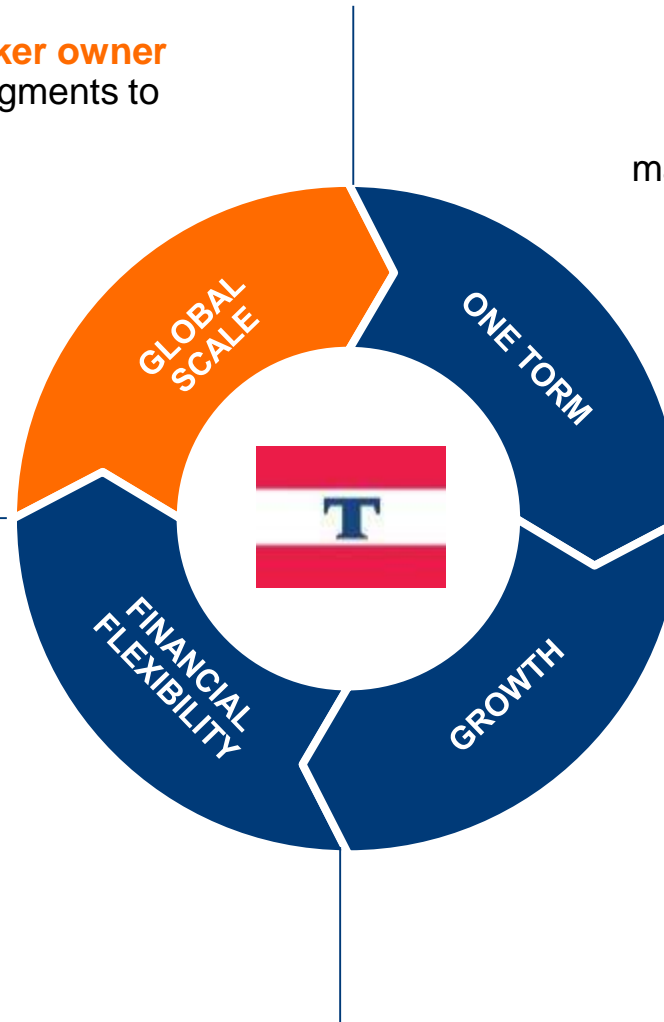
Primarily spot-oriented and owns ~80 product tankers

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

**TORM has a solid capital structure** with financial strength to pursue growth

Competitive advantage when pursuing vessel acquisitions from lenders and yards

Semi-annual distribution policy of 25-50% of net income



**TORM's superior integrated operating platform** includes in-house technical and commercial management (preferred by customers)

Enhanced responsiveness to TORM's customers and higher TCE's

Cost-efficient set-up without leakages

TORM pursues **selective growth based on projected financial returns** and may serve as a consolidator

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

# TORM IS A PURE PLAY PRODUCT TANKER COMPANY

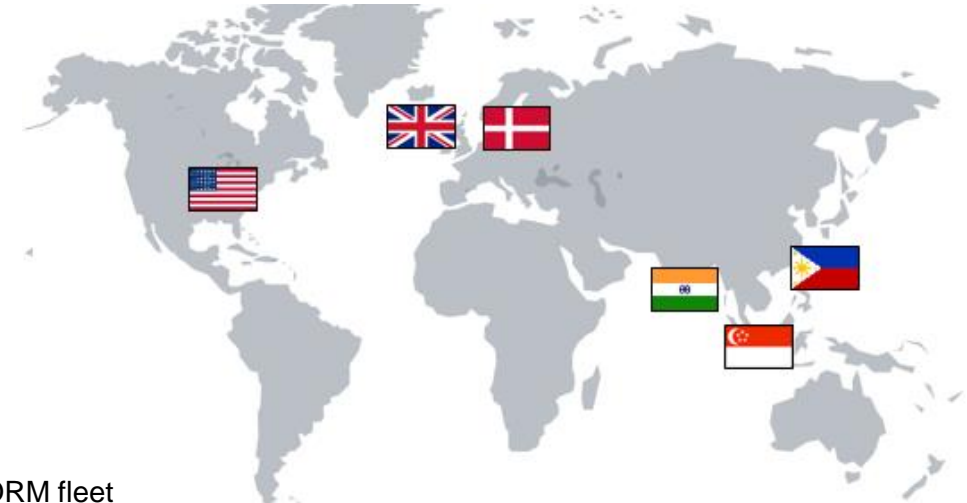


## Key facts

### A world-leading pure product tanker company

- One of the largest owners and operators of product tankers in the world
- 128 years of track record
- Customers consist of major independent oil companies, state-owned oil companies, oil traders and refiners
- 3,000 seafarers and 280 land-based employees
- Listed on Nasdaq Copenhagen and soon on Nasdaq New York

## Global footprint with presence in all major segments



### TORM fleet

Owned: 72

BB: 5

On order: 8



LR2



LR1



MR



Handysize



● On the water

● Newbuildings

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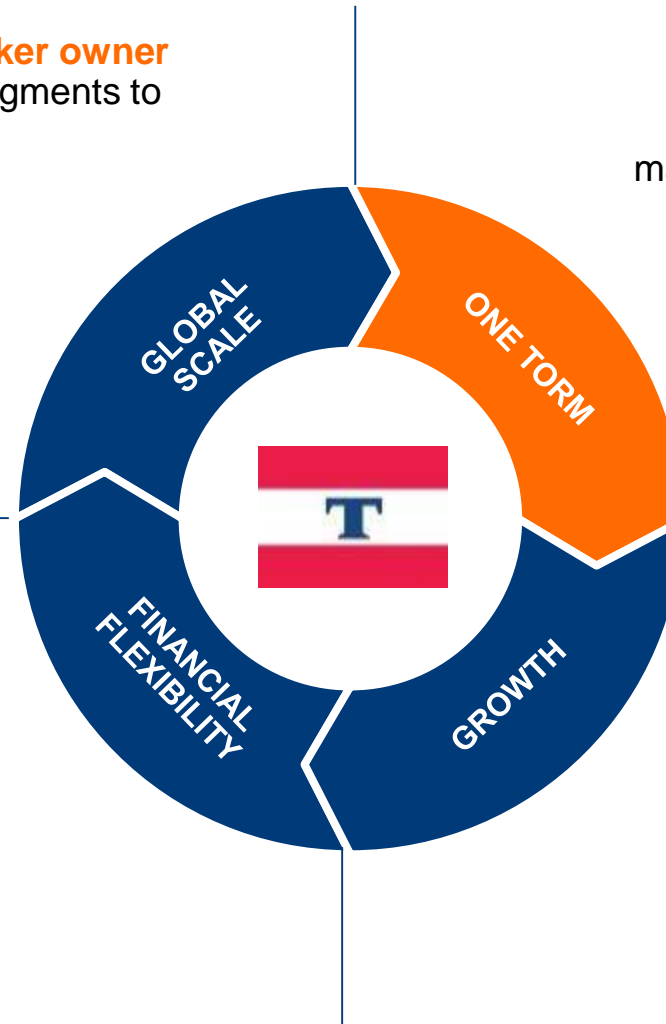
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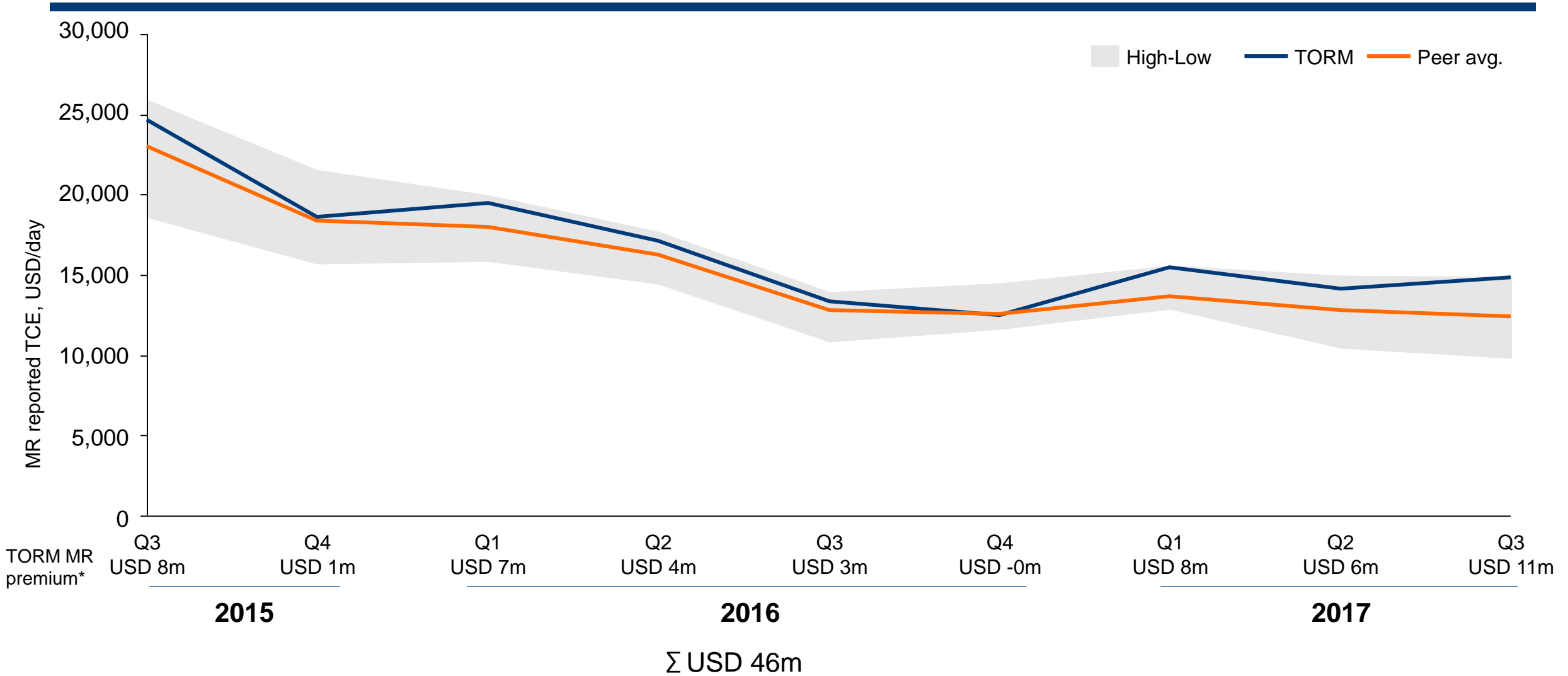
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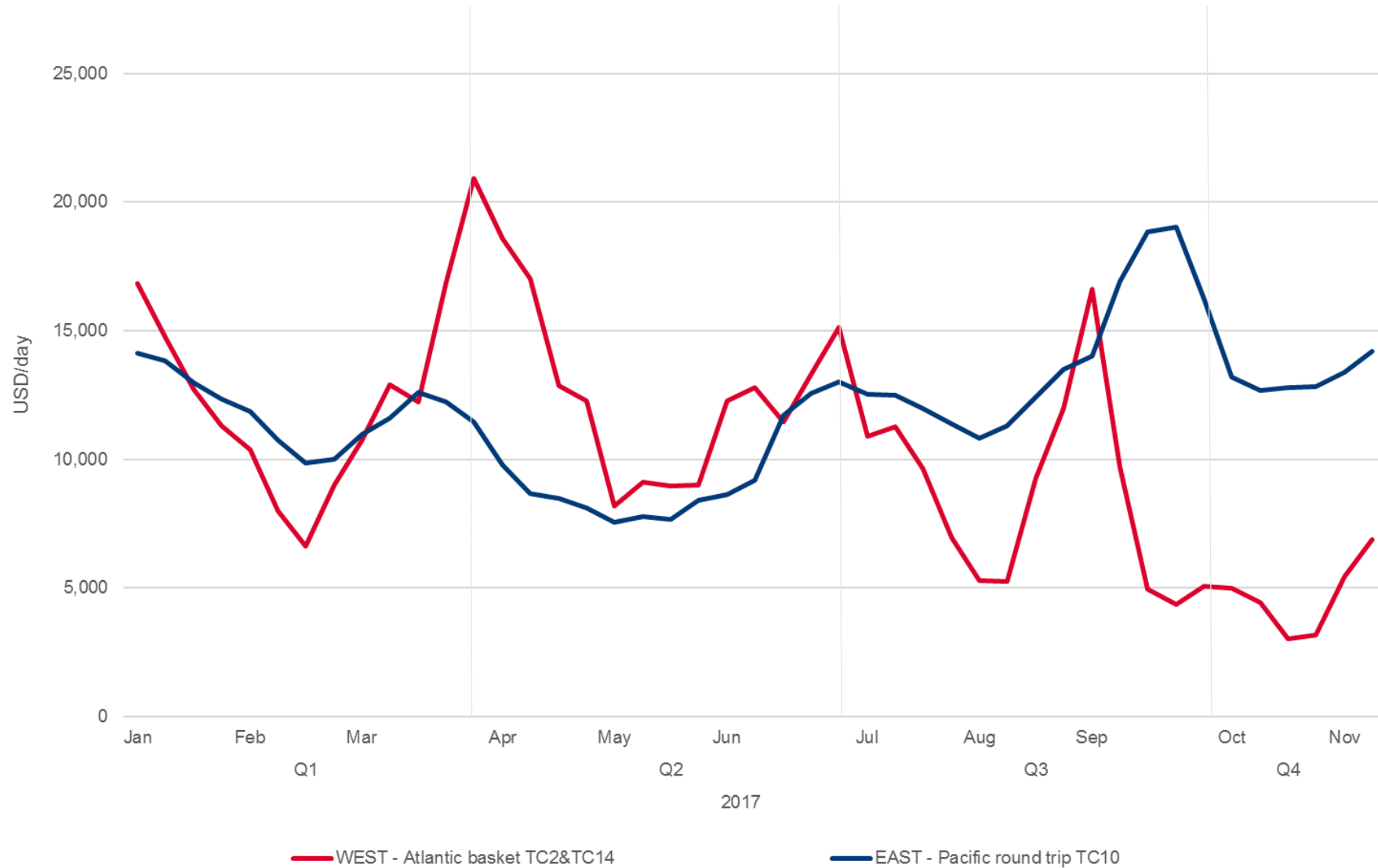
# PEER COMPARISON SHOWS THAT TORM HAS CONTINUED TO PERFORM COMMERCIALY



Note: Peer group is based on Ardmore, d'Amico (composite of MR and Handy), Frontline 2012, BW (Q1-Q2 2015), NORDEN, Maersk Tankers, Teekay Tankers, Scorpio and OSG  
 Q3 2017 excludes: Frontline, Teekay Tankers and Scorpio

\*TORM premium calculation is based on TORM MR fleet of 50 vessels earning TORM's TCE rate compared to the peer average

# VESSEL POSITIONING IS A KEY EARNINGS DRIVER



Note: The shown routes do not reflect actual earnings but are a proxy for earnings within West respectively East region

Source: Clarksons, TORM

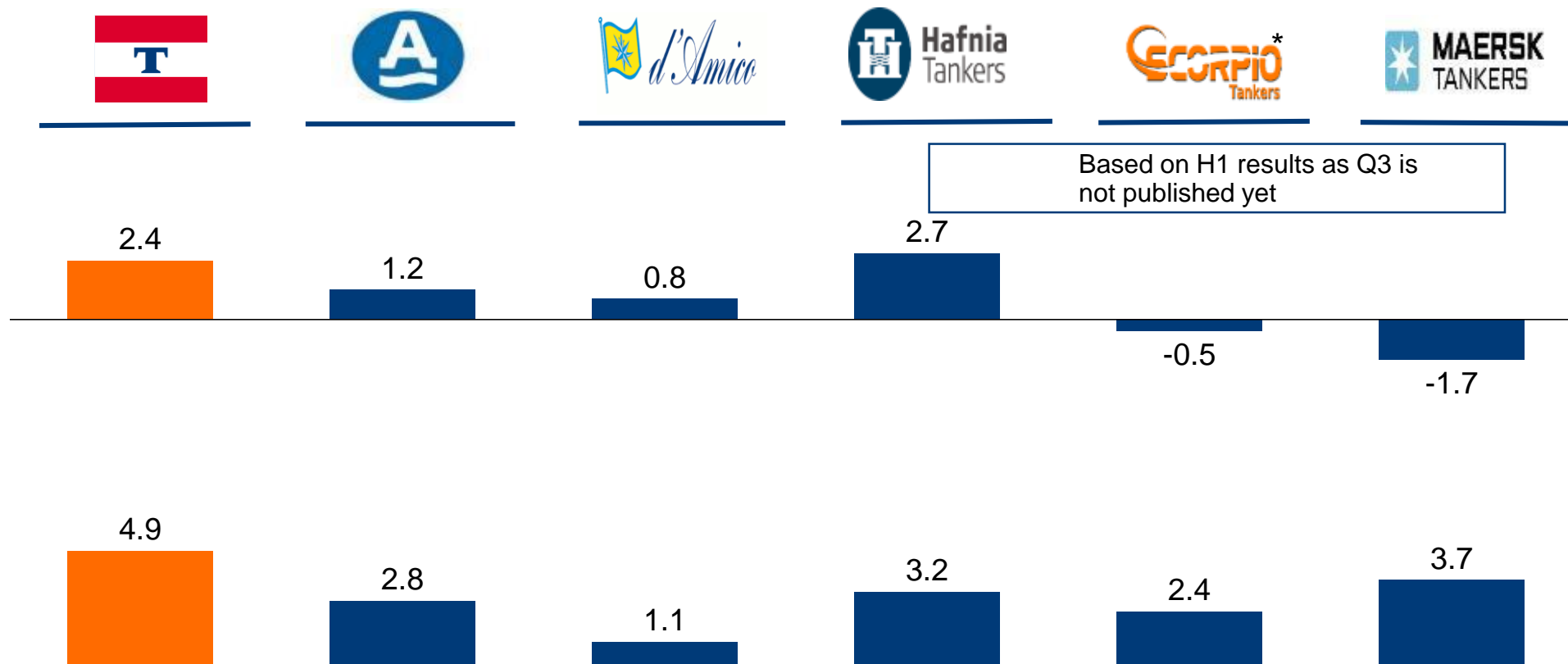
# PEER COMPARISON OF Q1-Q3 2017 AND 2016 ROIC



Percent

**Q1-Q3 2017  
Annualized ROIC  
(adjusted for  
impairments)**

**2016  
ROIC  
(adjusted for  
impairments)**



\* Scorpio Tankers adjusted for merger costs



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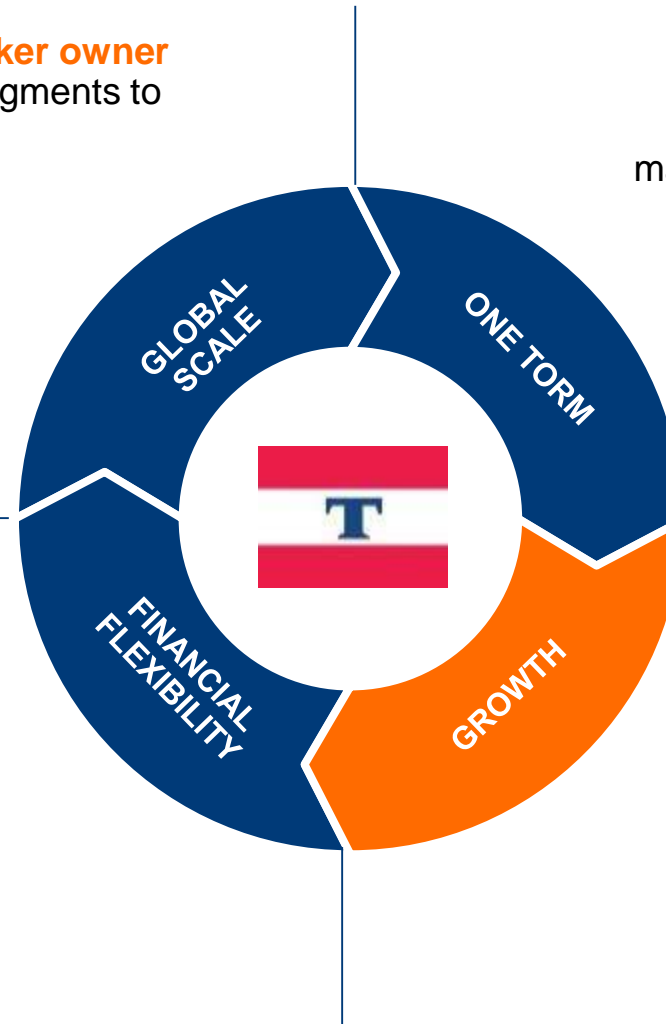
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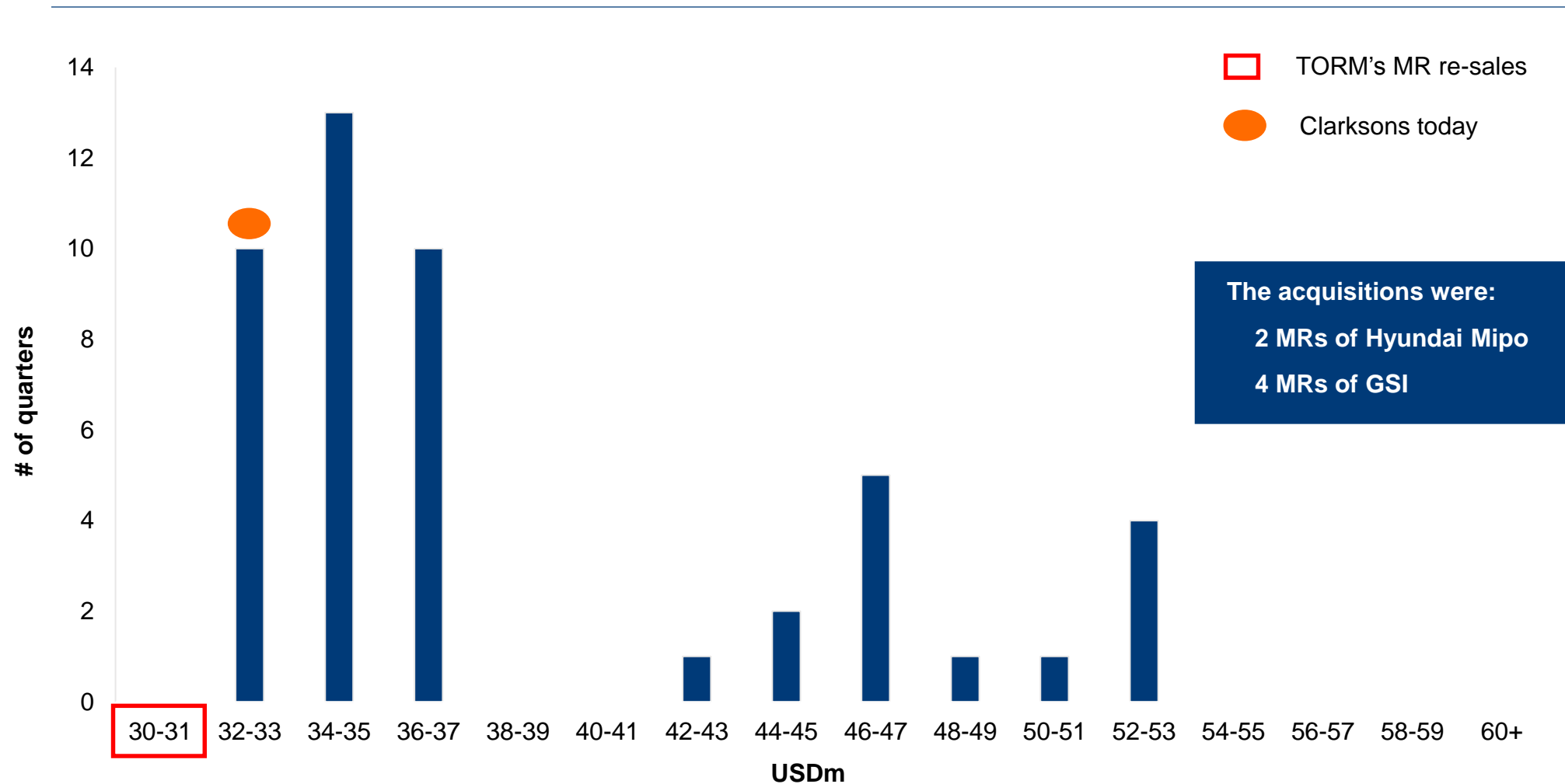
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# DURING Q3 2017, TORM ACQUIRED SIX MR RE-SALES FOR A TOTAL CONSIDERATION OF USD 185M



Clarksons quarterly MR newbuilding prices 2006-2017



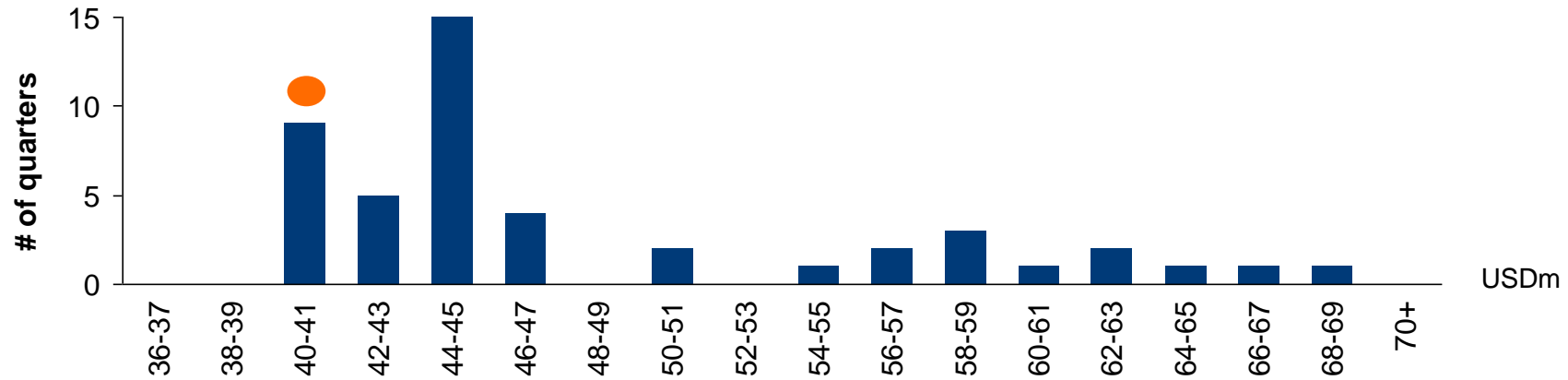
# TORM HAS EIGHT NEWBUILDING OPTIONS THAT ARE ATTRACTIVELY PRICED IN A HISTORICAL CONTEXT



4 LR1 options

Clarksons quarterly LR1 newbuilding prices 2006-2017

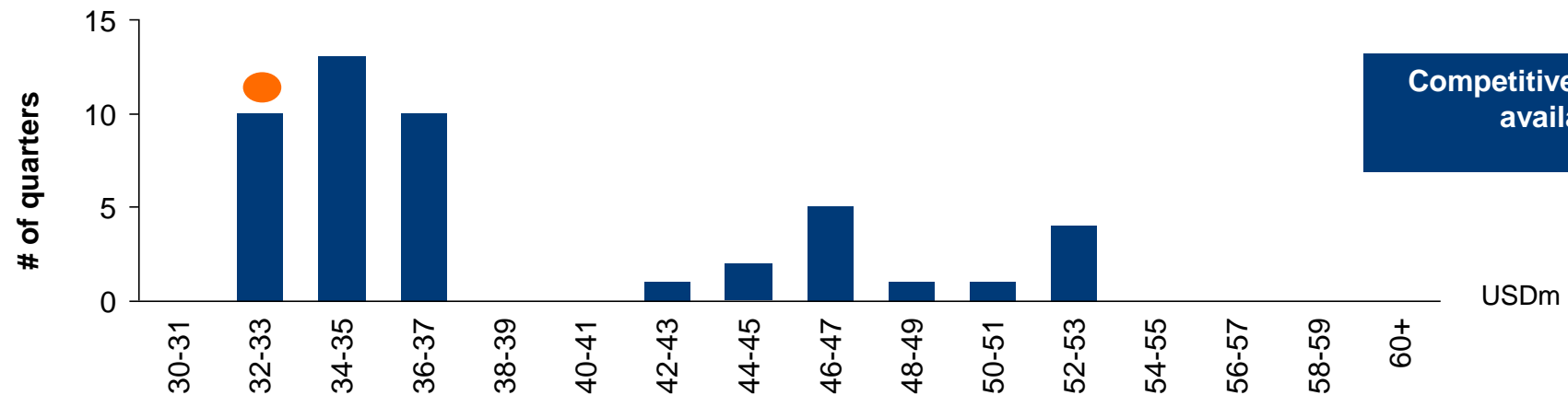
Clarksons today



4 MR options

Clarksons quarterly MR newbuilding prices 2006-2017

Competitive financing available



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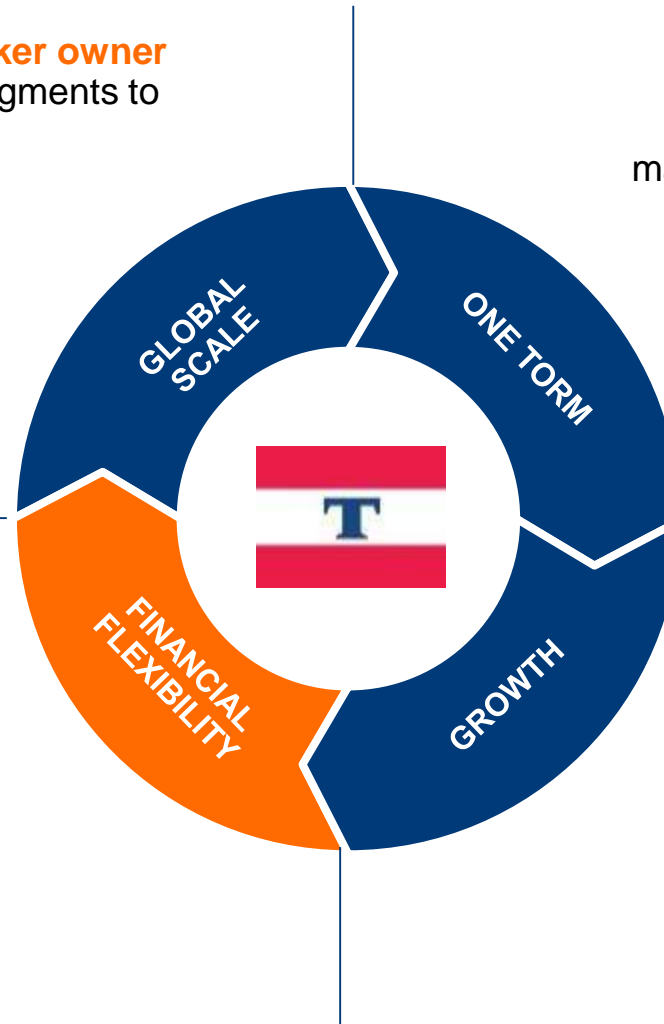
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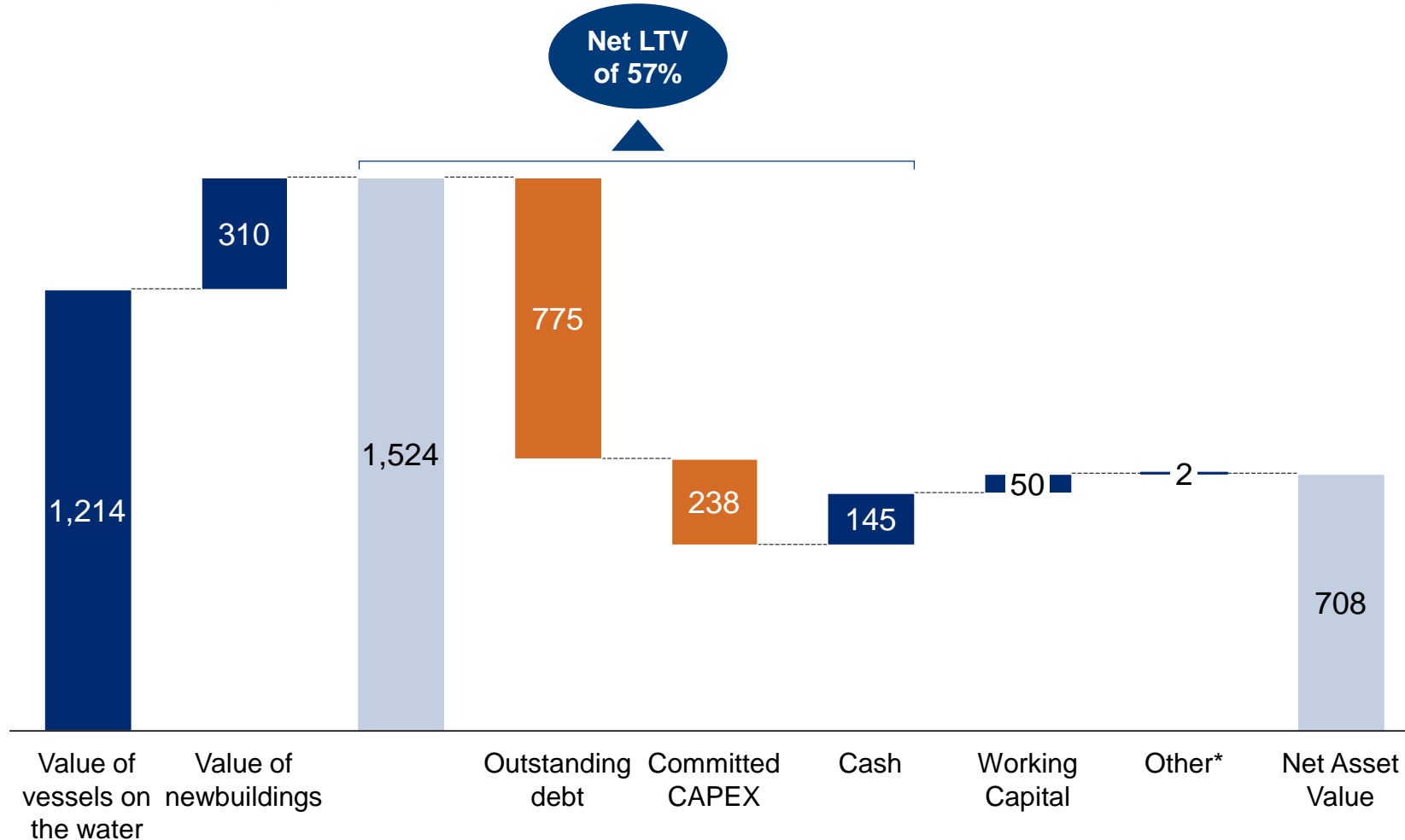
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# TORM'S NET ASSET VALUE ESTIMATED AT USD 708M



30 September 2017 figures, USDm



- Based on broker values, TORM's vessels including newbuildings were estimated at USD 1,524m as of 30 September 2017
- With an outstanding debt of USD 775m and committed CAPEX of USD 238m, TORM's Net Loan-to-Value was 57% ensuring a strong capital structure
- Adjusting for cash and working capital, TORM's Net Asset Value (NAV) was estimated at USD 708m
- On a per share basis\*, the NAV was estimated at USD 11.4 or DKK 71.9

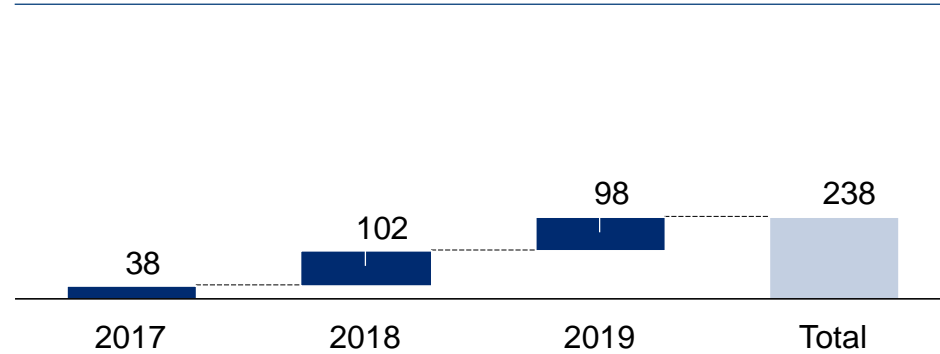
\* Calculated based on 61,985,975 shares (excluding 312,871 treasury shares) and USD/DKK fx rate of [6.5]; Other includes Other plant and operating equipment, and total financial assets

# TORM HAS A FAVOURABLE FINANCING PROFILE AND STRONG LIQUIDITY POSITION

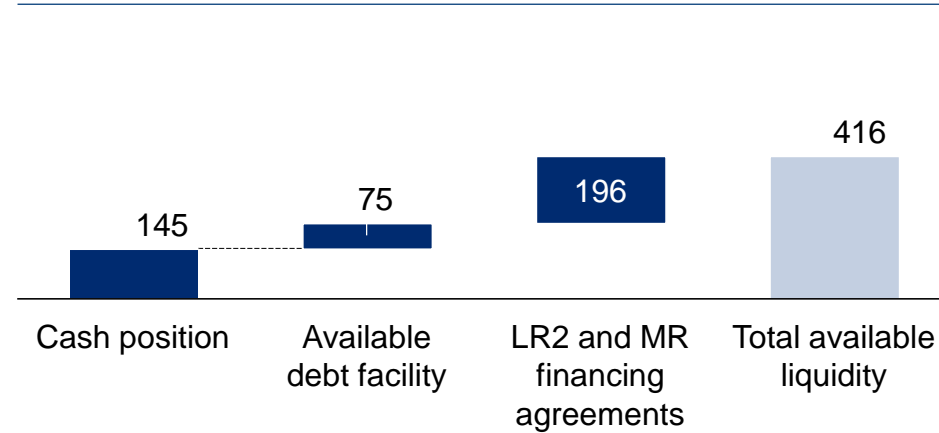


CAPEX and liquidity as of 30 September 2017 (USDm)

## CAPEX commitments

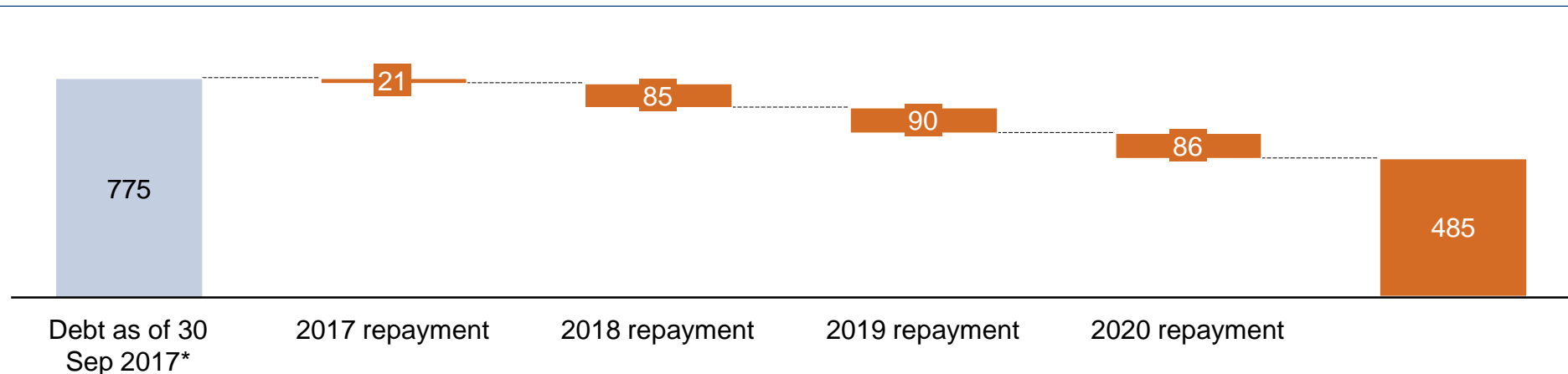


## Available liquidity



TORM is well-positioned to service future CAPEX and debt commitments

## Scheduled debt repayments as of 30 September 2017\*\*\* (USDm)



Ample headroom under our attractive covenant package:

- Minimum liquidity: USD 75m\*\*
- Minimum book equity ratio: 25% (adjusted for market value of vessels)

\* Total debt excludes amortized fees

\*\* Of which USD 40m must be cash or cash equivalent

\*\*\* Following the balance sheet date, TORM and Danish Ship Finance have agreed to extend the maturity of a loan tranche from June 2019 to December 2021. This is reflected in the graph

**1** Product tanker niche with attractive fundamentals

**2** TORM as a reference company

**3** Q3 2017 financials

# EBITDA OF USD 37M IN Q3 2017



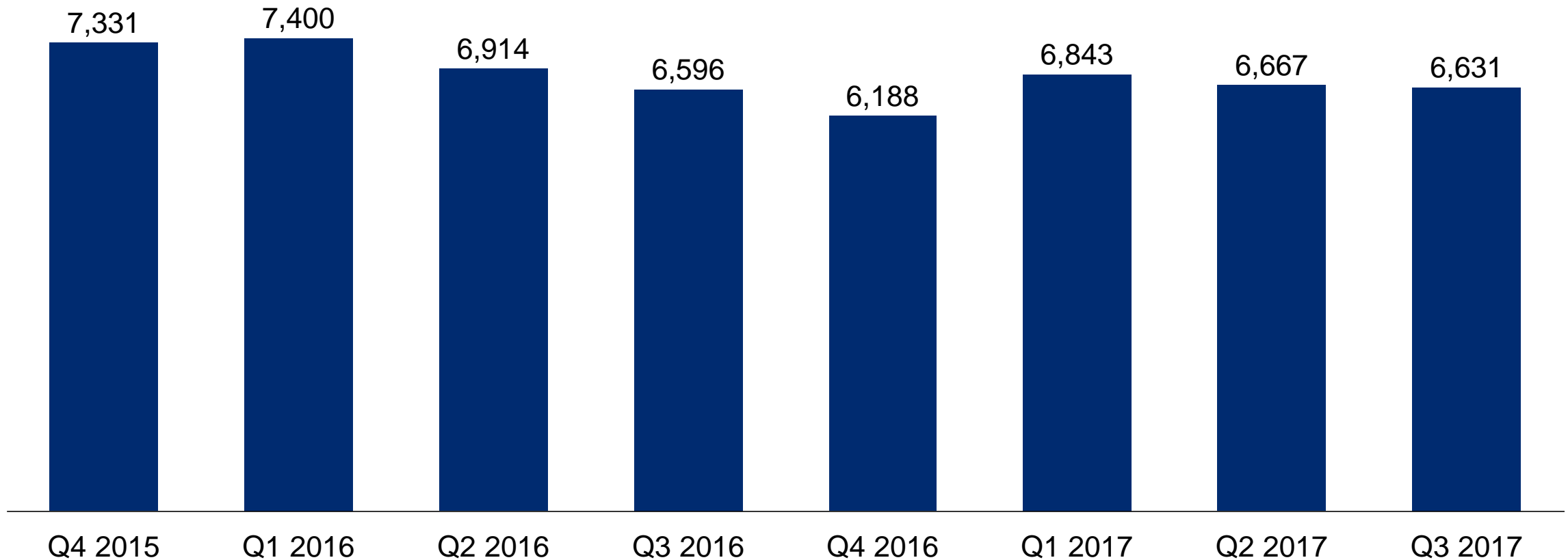
USDm	Q3 2017	Q3 2016	Q1-Q3 2017	Q1-Q3 2016	2016
<b>P&amp;L</b>					
TCE Earnings	95	103	295	365	458
Gross profit	47	50	147	198	242
Sale of vessels	0	0	3	0	0
EBITDA	37	40	117	166	200
Profit before tax	-4	2	-1	48	-142
Adjusted profit before tax (excluding impairment charges)	-2	2	2	47	43
<b>Balance sheet</b>					
Equity	784	963	784	963	781
NIBD	630	612	630	612	609
Cash and cash equivalents	145	77	145	77	76
<b>Key figures</b>					
Earnings per share (USD)	-0.1	0.0	0.0	0.8	-2.3
Return on Invested Capital (adjusted RoIC)	2.1%	2.5%	2.7%	6.3%	4.9%
Net Asset Value (NAV)	708	873	708	873	733
Number of vessels (#)	77	81	77	81	81
Tanker TCE/day (USD)	14,290	14,391	14,477	17,248	16,050
Tanker OPEX/day (USD)	6,631	6,596	6,649	6,967	6,771



# OPEX HAS SHOWN AN IMPROVING TREND



USD/day



# TORM HAS A FULLY INTEGRATED BUSINESS MODEL AND ADMIN EXPENSES ARE TRENDING SIGNIFICANTLY DOWN

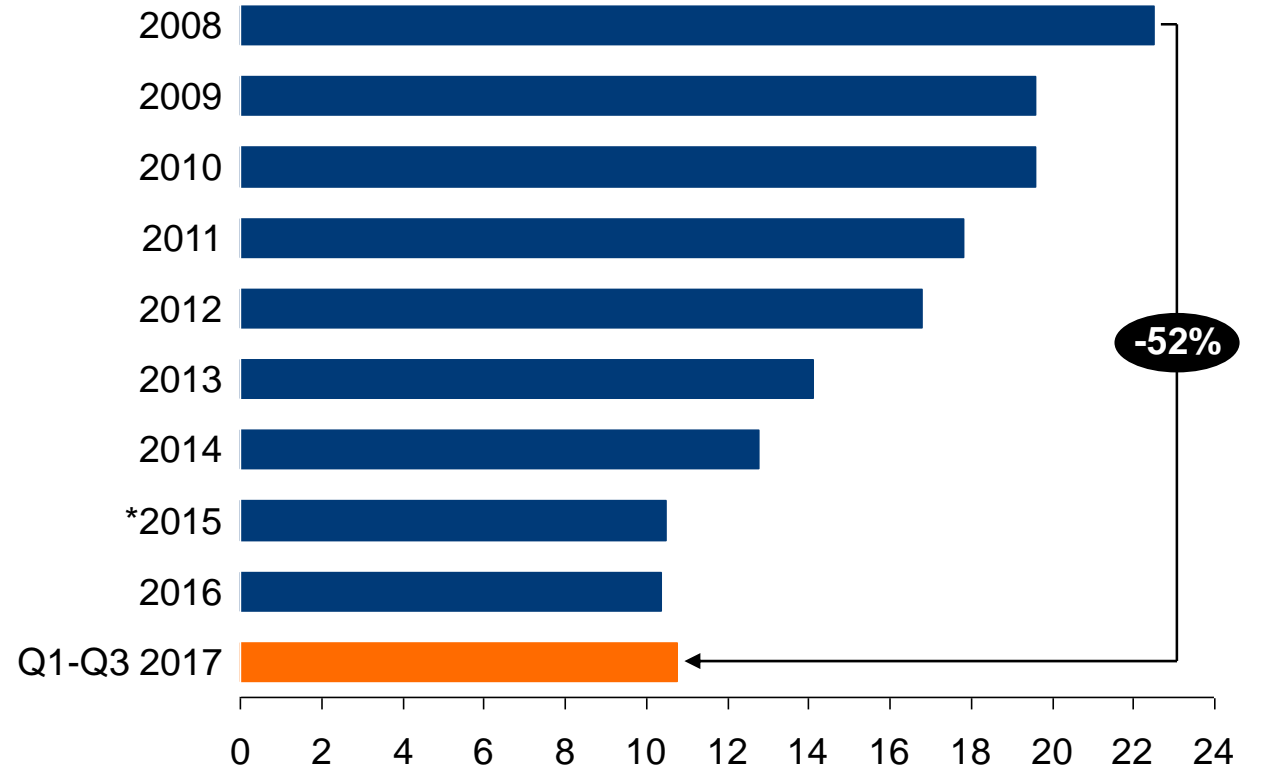


## TORM operates on a fully integrated commercial and technical platform

- TORM's operational platform handles all commercial and technical operations
- The integrated business model provides TORM with the highest possible trading flexibility and earning power
- TORM manages
  - ~80 vessels commercially
  - ~75 vessels technically
- TORM has a global reach with offices in Denmark, India, the Philippines, Singapore, the UK and the US
- Average admin cost per earning day for 2016 of USD/day ~1,450
- Outsourced technical and commercial management would affect other line items of the P&L

## TORM has trimmed administration expenses significantly

Admin. expenses (quarterly avg. in USDm)



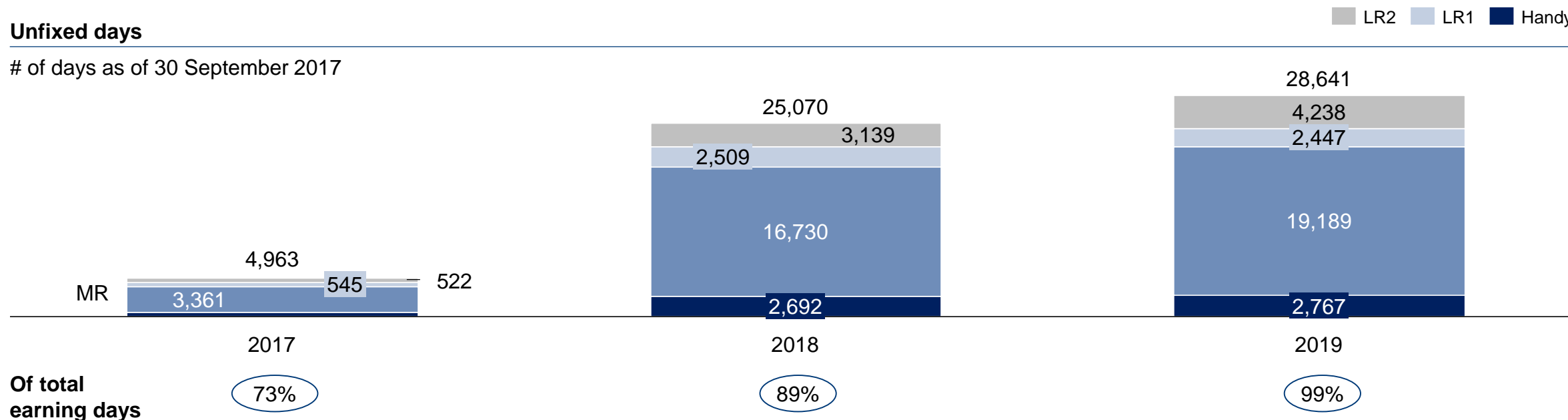
\* Pro forma figures for 2015 presented as though the Restructuring occurred as of 1 January 2015 and include the combined TORM and Njord fleet

# TORM HAS SIGNIFICANT OPERATING LEVERAGE IN THE PRODUCT TANKER MARKET



## Unfixed days

# of days as of 30 September 2017



## Illustrative change in cash flow generation potential for the TORM fleet

USDm

Δ Average TCE/day	2017	2018	2019
USD 2,000	9.8	50.2	57.2
USD 1,000	4.9	25.1	28.6
USD (1,000)	(4.9)	(25.1)	(28.6)
USD (2,000)	(9.8)	(50.2)	(57.2)



APPENDIX



# FLEET UPDATE



# of vessels

As of 14.11.2017

	Q2 2017	Changes	Q3 2017	Changes	2017	Changes	2018	Changes	2019
<b>Owned vessels</b>									
LR2	7	-	7	-	7	4	11	-	11
LR1	7	-	7	-	7	-	7	-	7
MR	48	2	50	-	50	-	50	4	54
Handysize	9	-1	8	-	8	-1	7	-	7
<b>Total</b>	<b>71</b>	<b>1</b>	<b>72</b>	<b>-</b>	<b>72</b>	<b>3</b>	<b>75</b>	<b>4</b>	<b>79</b>
<b>Charter-in and leaseback vessels</b>									
LR2	3	-	3	-	3	-2	1	-	1
LR1	0	-	0	-	0	-	0	-	0
MR	2	-	2	-	2	-	2	-	2
Handysize	0	-	0	-	0	-	0	-	0
<b>Total</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>-2</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>Total fleet</b>	<b>76</b>	<b>1</b>	<b>77</b>	<b>-</b>	<b>77</b>	<b>1</b>	<b>78</b>	<b>4</b>	<b>82</b>

# OAKTREE IS THE MAJORITY SHAREHOLDER AND OWNERSHIP HAS BECOME MORE DISPERSED



## Share information

TORM's shares are listed on Nasdaq Copenhagen under the ticker TRMD A, and will be listed on Nasdaq New York under the ticker TRMD later in 2017

### Shares

- 62.3m A shares, one B share and one C share
- The B and C shares have certain voting rights
- A Shares has a nominal value of USD/share 0.01

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

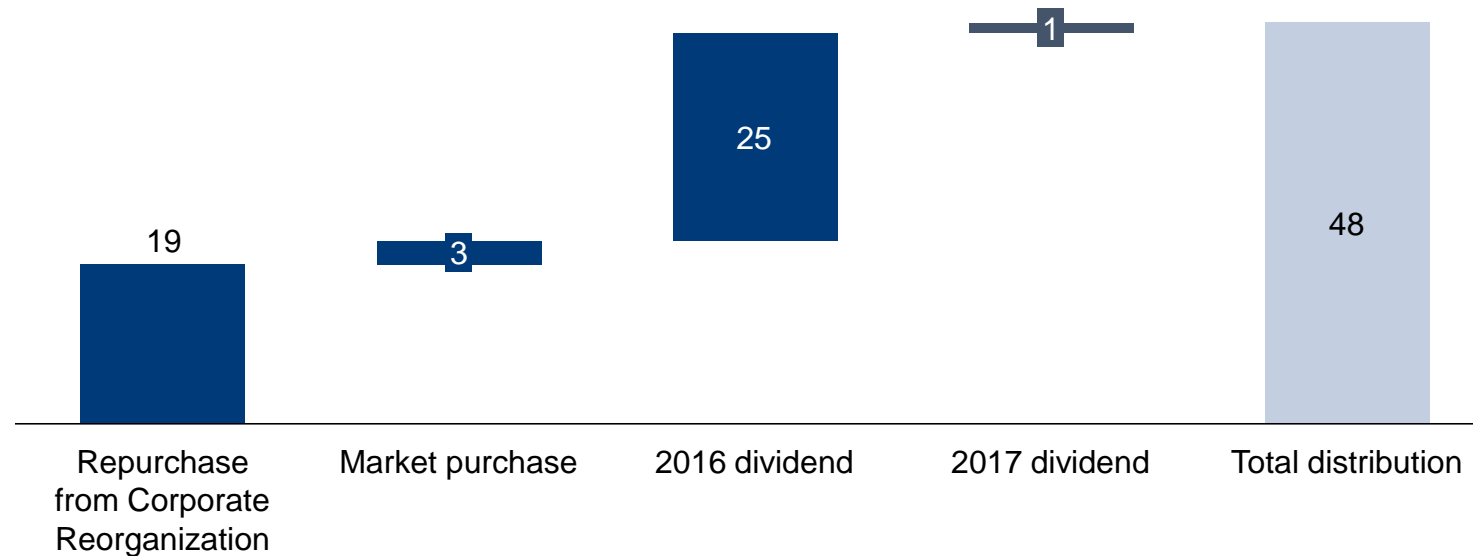
## Estimated shareholdings as of 31 January 2017, %



# TORM HAS DISTRIBUTED A TOTAL OF USD 48M TO SHAREHOLDERS IN 2016 AND 2017



## Distribution to shareholders (USDm)



- During 2017, TORM has paid a USD 1.2m dividend on 12 September 2017, corresponding to a dividend per share of USD 0.02 or DKK ~0.13
- During 2016, TORM has distributed a total of USD 47m to shareholders, 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 31 December 2016 and a USD/DKK fx rate of 7.0

# MANAGEMENT TEAM WITH AN INTERNATIONAL OUTLOOK AND MANY YEARS OF SHIPPING EXPERIENCE



## Executive Director



### Jacob Meldgaard

- Executive Director in TORM plc
- CEO of TORM A/S 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

## Senior Management



### Christian Søgaard-Christensen

- Chief Financial Officer



### Lars Christensen

- Head of Projects



### Jesper S. Jensen

- Head of Technical Division