



Presentation of Q2 2014 results  
Teleconference 14 August 2014

# 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 to NASDAQ OMX Copenhagen.*

*The presentation may include statements and illustrations concerning risks, plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, TORM's examination of historical operating trends, data contained in our records and other data available from third parties. As many of these factors are subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, TORM makes no warranties or representations about accuracy, sequence, timeliness or completeness of the content of this presentation.*

# Highlights for Q2 2014

Highlights  
Tanker market  
Dry bulk market  
Finance

## Q2 2014 Results

- EBITDA of USD 14m (USD 25m)
- Loss before tax of USD -24m (USD -30m)
- Positive operating cash flow of USD 15m (USD 28m) after full interest payment

## Tanker

- The product tanker market saw continued strong US export volumes, but this was partly offset by shorter transport distances
- Divisional Q2 2014 EBITDA of USD 13m (USD 34m)

## Bulk

- Freight rates remained under pressure throughout Q2 2014
- Divisional Q2 2014 EBITDA of USD 1m (USD -9m)

## Sale & Purchase

- The assets held for sale (3 LR2 and 10 MR product tankers) were delivered to entities controlled by Oaktree in Q2 2014
- Price for modern tonnage slightly down in Q2 2014, but with few transactions

## Guidance for FY2014

- EBITDA forecast for 2014 adjusted to positive USD 50-70m
- Forecast on loss before tax adjusted to USD 290-310m
- Results include impairment of USD 192m



# Q2 2014 results

Highlights  
Tanker market  
Dry bulk market  
Finance



USDm	Q1 2014	H1 2014	2013	2012	2011
<b>P&amp;L</b>					
Gross profit	27	60	150	(93)	81
Sale of vessels	0	0	0	(26)	(53)
EBITDA	14	34	96	(195)	(44)
Profit before tax	(24)	(246)	(166)	(579)	(451)
<b>Balance</b>					
Equity	(125)	(125)	118	267	644
NIBD	1,367	1,367	1,718	1,868	1,787
Cash and cash equivalents	43	43	29	28	86
<b>Cash flow statement</b>					
Operating cash flow	15	24	68	(100)	(75)
Investment cash flow	283	332	93	0	168
Financing cash flow	(273)	(343)	(161)	42	(128)

- Q2 EBITDA of USD 14m (USD 25m)

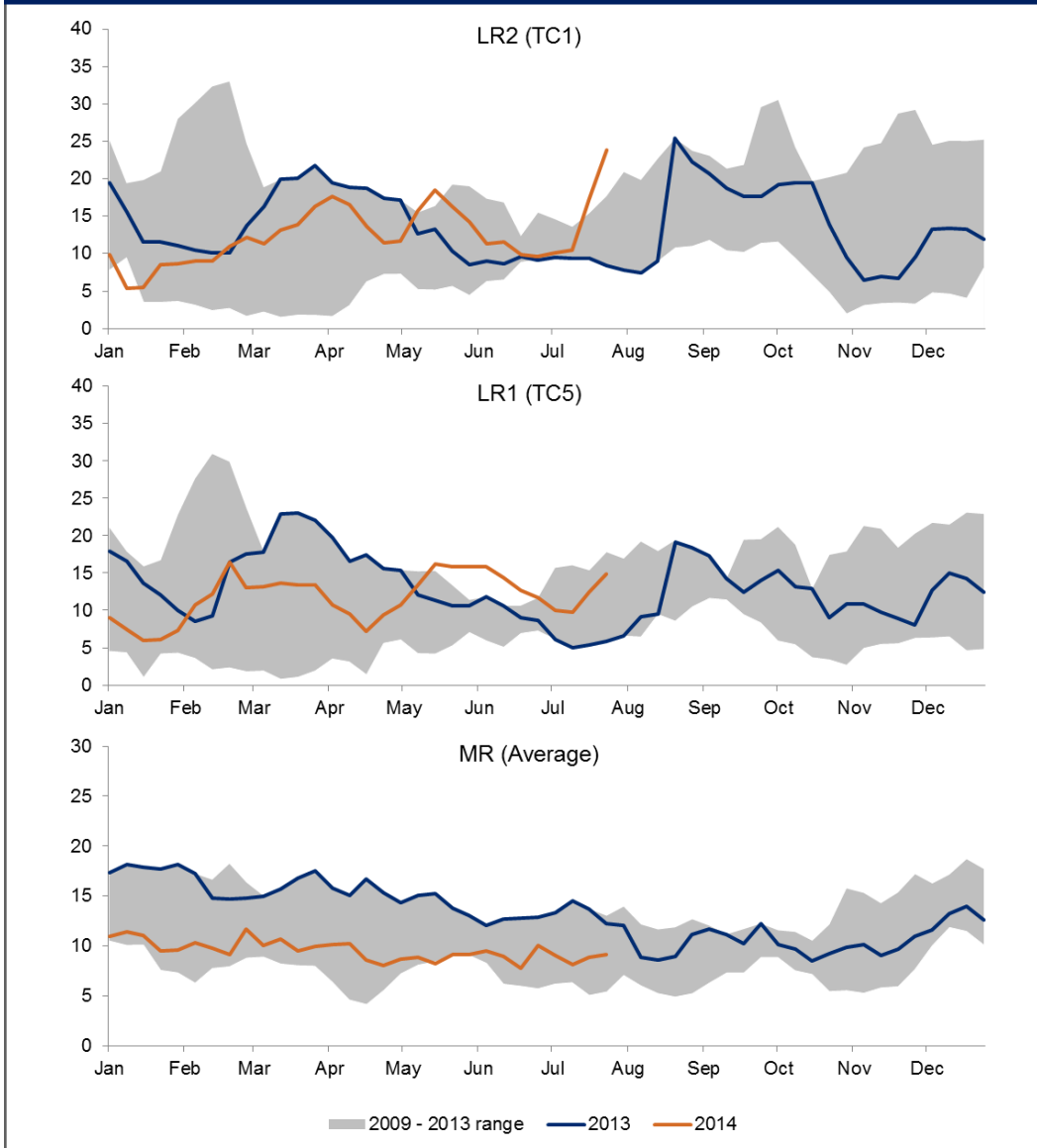
- Q2 2014 results before tax of USD -24m (USD -30m). H1 result includes impairment charges of USD 192m (USD -5m)

- Positive operating cash flow of USD 15m after full interest payment (USD 28m)

# Product tanker freight rates



## Freight rates in '000 USD/day



### LR1 and LR2

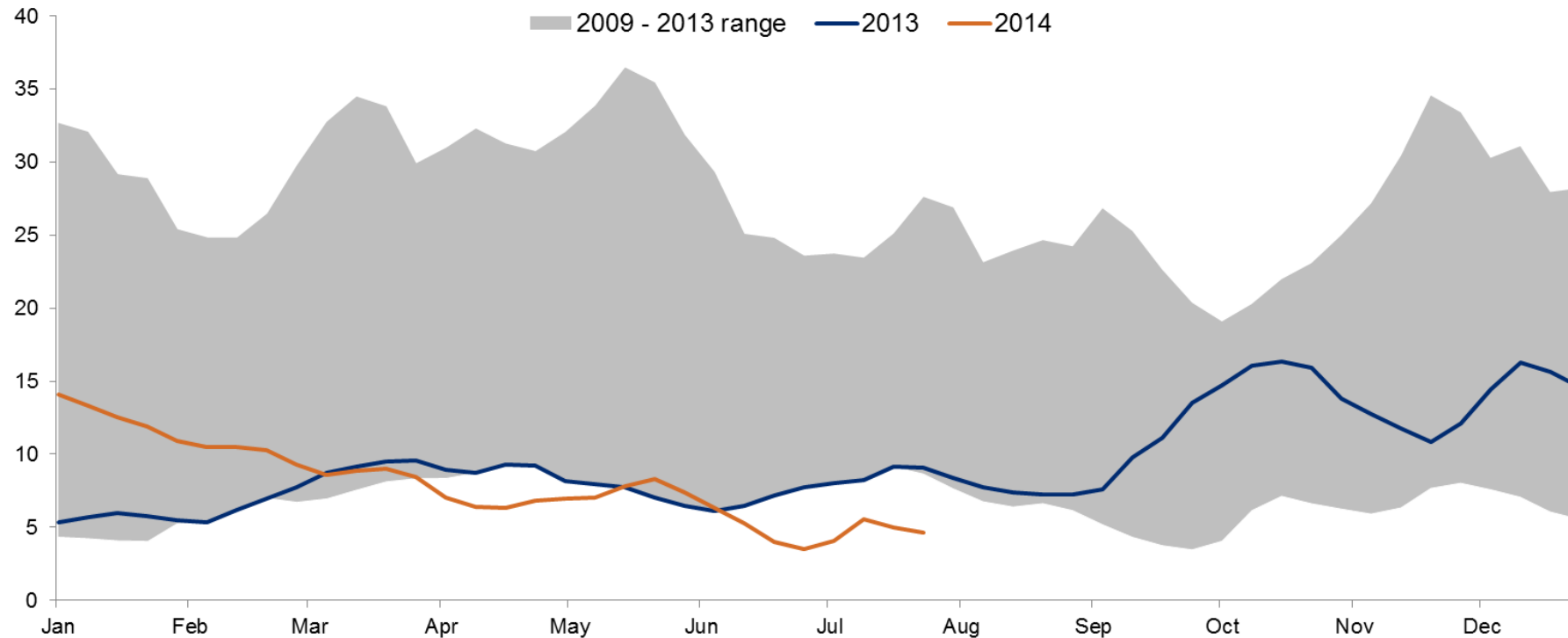
- Naphtha arbitrage from Europe to the Far East shut for long periods during Q2 2014 due to relatively high European naphtha prices
- LR1s captured a larger part of the export market to West Africa and Europe
- Continued oversupply of vessels
- In Q2 2014, TORM beat available spot benchmarks for LR2 and LR1 with 7% and 37% respectively

### MR

- Continued strong US clean product export volumes in Q2 2014, but destinations were short-haul to e.g. the Caribbean and Latin America
- European demand met by a higher share of Russian short-haul exports
- In Q2 2014, TORM outperformed the available spot benchmarks for MR by 46%



## Panamax freight rates in '000 USD/day



- Spot rates for the relevant bulk segments remained under pressure in Q2 2014
- TORM continued to employ its Panamax fleet in the period market and obtained TCE earnings of USD/day 12,286 in Q2 2014
- By early August 2014, the 1-year time charter rate was at USD/day ~9,000 for a standard 75,000 dwt Panamax (although with limited number of fixtures)

# TORM's financial position



## Liquidity

- As at 30 June 2014, TORM's available liquidity was USD 119m consisting of
  - USD 43m in cash
  - USD 76m in undrawn working capital facility

## Newbuilding CAPEX

- TORM has no newbuildings on order

## Debt situation

- TORM has a total debt of USD 1.41bn incl. drawn part of working capital facility
- 2014 debt repayment related to drawn part of working capital facility (USD 0.01bn)
- Agreement in principle in place regarding an extension of the working capital facility by six months until 31 March 2015 in the amount of USD 50m.
- The extension is subject to continued progress in the recapitalization process. Final implementation of the extension is expected before to 30 September 2014

USD bn, as of 30 June 2014



# TORM's forecast for 2014

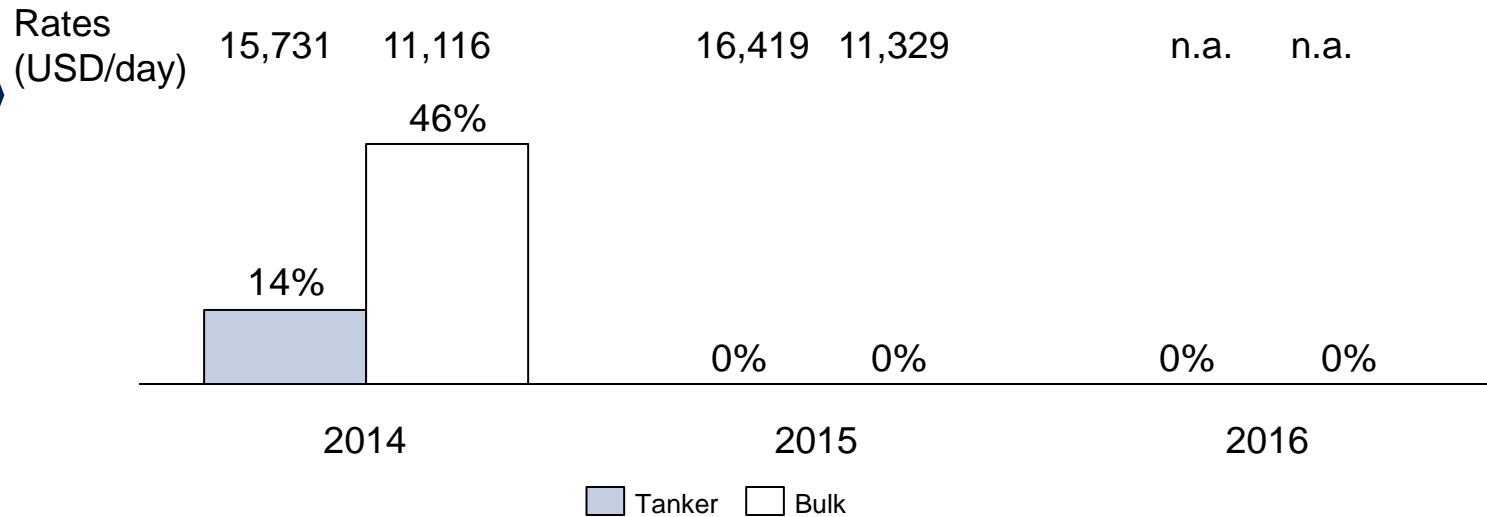


## 2014 forecast

### Forecasts for 2014

	Total, USDm	
EBITDA	50 to	70
Profit before tax	-290 to	-310

## Coverage per 30 June 2014



## Earnings sensitivity for 2014

USDm Segment	Change in freight rates (USD/day)			
	-2,000	-1,000	1,000	2,000
Tankers	-15	-7	7	15
Bulk	-2	-1	1	2
<b>Total</b>	<b>-16</b>	<b>-8</b>	<b>8</b>	<b>16</b>





**TORM**