

TORM plc first quarter 2017 report

“I am encouraged that TORM remained profitable in a challenging first quarter of 2017 and delivered a very competitive performance. The results are attributable both to our strong commercial performance and an attractive cost structure. So far, TORM has remained profitable in the second quarter, where the product tanker market continues to be volatile,” says Executive Director Jacob Meldgaard.

In the first quarter of 2017, TORM realized a positive EBITDA of USD 44m and a profit before tax of USD 5m.

- EBITDA for the first quarter of 2017 was USD 44m (2016, same period: USD 70m). Profit before tax for the first quarter of 2017 was USD 5m (2016, same period: USD 31m). Cash flow from operating activities was positive with USD 27m in the first quarter of 2017 and earnings per share (EPS) was USD 0.1.
- During the first quarter of 2017, product tanker freight rates started out at weak levels similar to the fourth quarter of 2016 but strengthened towards the end of the first quarter. The freight rate improvement was primarily driven by increased demand for clean petroleum products in the western markets, which resulted in stronger TCE earnings for the first quarter of 2017 compared to the preceding quarter. In the first quarter of 2017, TORM's product tanker fleet realized average TCE earnings of USD/day 15,264 for 7,004 earning days (2016, same period: USD/day 19,845 for 6,973 earning days) and realized a gross profit of USD 55m (2016, same period: USD 80m).
- During the first quarter of 2017, TORM sold one vessel, TORM Anne (1999-built MR vessel), and completed sale and leaseback transactions for two vessels, TORM Helene and TORM Mary. Following the balance sheet date, TORM has sold two vessels, TORM Madison and TORM Trinity (both 2000-built Handy vessels), and completed a sale and leaseback transaction for one vessel, TORM Vita. The three sale and leaseback transactions are treated as financial leases but have no purchase obligation attached.
- The carrying value of the fleet including prepayments was USD 1,363m as of 31 March 2017 excluding outstanding installments on the LR2 newbuildings of USD 139m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,345m as of 31 March 2017. Compared to the broker valuations as of 31 December 2016, the fleet value has decreased by USD 93m (~6.5%).
- Net interest-bearing debt amounted to USD 596m as of 31 March 2017. As previously announced, TORM finalized a new term facility of up to USD 130m in January 2017. As of 31 March 2017, the new term facility is fully drawn.
- TORM had undrawn credit facilities and cash of approx. USD 405m at the end of the first quarter of 2017. TORM's order book stands at four LR2 newbuildings with expected delivery in 2017 and 2018. Outstanding CAPEX relating to the order book amounted to USD 139m and is fully financed.
- Based on broker valuations as of 31 March 2017, TORM's net asset value (NAV), excluding charter commitments, is estimated at USD 663m, equivalent to a NAV/share of USD 10.7 or DKK 74.5.
- Equity amounted to USD 786m as of 31 March 2017, equivalent to a book equity/share of USD 12.7 or DKK 88.4 excluding treasury shares and outstanding warrants, giving TORM an equity ratio of 46%.
- As of 31 March 2017, 14% of the remaining earning days in 2017 were covered at USD/day 19,873.
- As of 5 May 2017, TORM had covered 56% of the earning days in the second quarter of 2017 at an average TCE of USD/day 15,628.
- TORM has changed its home state for the EU Transparency Directive from Denmark to the United Kingdom (TORM's country of incorporation). The change implies that the threshold related to major shareholder disclosure will be 3% as per standard UK practice, as opposed to the Danish standard threshold of 5%.

Conference call

TORM will be hosting a conference call for financial analysts and investors at 3 pm CEST today. Please dial in 10 minutes before the conference is due to start on +45 3271 4607 (from Europe) or +1 877 491 0064 (from the USA). The presentation can be downloaded from www.torm.com.

Contact TORM plc

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Key figures

	Q1 2017	Q1 2016	2016
Income statement (USDm)			
Revenue	172.8	193.7	680.1
Time charter equivalent earnings (TCE)	106.9	138.4	458.3
Gross profit	54.8	80.4	241.5
EBITDA	44.1	69.5	200.0
Operating profit/(loss) (EBIT)	13.7	40.6	-107.2
Financial items	-8.9	-9.4	-34.5
Profit/(loss) before tax	4.8	31.2	-141.7
Net profit/(loss) for the period	4.6	30.9	-142.5
Net profit/(loss) for the period excluding impairment charges	5.6	30.9	42.5
Balance sheet (USDm)			
Total non-current assets	1,365.5	1,615.7	1,390.0
Total assets	1,698.9	1,846.5	1,571.3
Total equity	786.2	1,000.7	780.6
Total liabilities	912.7	845.8	790.7
Invested capital	1,378.9	1,606.1	1,387.8
Net interest bearing debt	596.2	604.6	609.2
Cash and cash equivalents	214.8	122.7	76.0
Key financial figures			
Gross margins:			
TCE	61.9%	71.5%	67.4%
Gross profit	31.7%	41.5%	35.6%
EBITDA	25.5%	35.9%	29.4%
Operating profit/(loss)	7.9%	21.0%	-15.7%
Return on Equity (RoE) (p.a.)	2.3%	12.5%	-16.2%
Return on Invested Capital (RoIC) (p.a.)	3.9%	10.1%	-7.2%
Adjusted Return on Invested Capital (RoIC) (p.a.)	3.7%	10.1%	4.9%
Equity ratio	46.3%	54.2%	49.7%
Share-related key figures			
Earnings per share, EPS (USD)	0.1	0.5	-2.3
Diluted earnings per share, EPS (USD)	0.1	0.5	-2.3
Net Asset Value per share, NAV (USD)	10.7	16.8	11.8
Share price, end of period (per share of USD 0.01)	71.0	84.0	63.5
Number of shares (excl. treasury shares), end of period (million)	62.0	63.8	62.0
Number of shares (excl. treasury shares), average (million)	62.0	63.8	62.9

Results

The gross result for the first quarter of 2017 was USD 54.8m (2016, same period: USD 80.4m).

The EBITDA result for the first quarter of 2017 was USD 44.1m (2016, same period: USD 69.5m).

The result before tax for the first quarter of 2017 was USD 4.8m (2016, same period: USD 31.2m).

Consolidated income statement

USDm	Note	Q1 2017	Q1 2016	2016
Revenue		172.8	193.7	680.1
Port expenses, bunkers and commissions		-65.9	-55.3	-221.9
Time charter equivalent earnings (TCE)		106.9	138.4	458.3
Charter hire		-3.5	-5.4	-21.5
Operating expenses		-48.6	-52.6	-195.2
Gross profit (Net earnings from shipping activities)		54.8	80.4	241.5
Administrative expenses		-10.6	-10.7	-41.4
Other operating expenses		-0.1	-0.2	-0.3
Share of profit from joint ventures		0.0	0.0	0.2
EBITDA		44.1	69.5	200.0
Impairment losses on tangible and intangible assets	1	-1.0	0.0	-185.0
Amortizations and depreciation		-29.4	-28.9	-122.2
Operating profit/(loss) (EBIT)		13.7	40.6	-107.2
Financial income		0.2	1.1	2.8
Financial expenses		-9.1	-10.5	-37.3
Profit/(loss) before tax		4.8	31.2	-141.7
Tax		-0.2	-0.3	-0.8
Net profit/(loss) for the period		4.6	30.9	-142.5
Earnings per share, EPS				
Earnings per share, EPS (USD)		0.1	0.5	-2.3
Diluted earnings per share (USD)		0.1	0.5	-2.3

Outlook

As at 31 March 2017, TORM had covered 14% of the remaining tanker earning days in 2017 at USD/day 19,873.

Up until 6 May 2017, TORM had covered 27% of the remaining tanker earning days in 2017 at USD/day 16,801.

As 13,166 earning days in 2017 are unfixed as at 5 May 2017, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 13.2m.

The table below shows the figures for the period from 1 April to 31 December 2017 and the full-year figures for 2018 and 2019.

Coverage of earning days

	2017	2018	2019	2017	2018	2019
Owned days						
LR2	1,976	3,764	3,999			
LR1	1,904	2,507	2,506			
MR	12,871	17,183	17,347			
Handysize	2,642	3,472	3,565			
Total	19,392	26,926	27,418			
Charter-in and Leaseback days at fixed rate						
LR2	224	365	365			
LR1	-	-	-			
MR	422	730	730			
Handysize	-	-	-			
Total	645	1,095	1,095			
Charter-in days at floating rate						
LR2	547	338	-			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
Total	547	338	-			
Total physical days						
LR2	2,747	4,467	4,364	942	1,086	84
LR1	1,904	2,507	2,506	70	-	-
MR	13,292	17,913	18,077	1,718	1,062	147
Handysize	2,642	3,472	3,565	66	-	-
Total	20,585	28,359	28,513	2,796	2,148	231
Covered, %						
LR2	34%	24%	2%	23,784	24,170	24,351
LR1	4%	0%	0%	16,705	-	-
MR	13%	6%	1%	17,895	17,524	17,528
Handysize	3%	0%	0%	18,954	-	-
Total	14%	8%	1%	19,873	20,884	20,017
Coverage rates, USD/day						

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

Contracts not included above	0.0
Contracts included above	0.4

Note: Actual no. of days can vary from projected no. of days primarily due to vessel sales and delays of vessel deliveries. T/C-in days at fixed rate do not include effects of profit split arrangements. T/C-in days at floating rate determine rates at the entry of each quarter, and then TORM will receive approx. 10% profit/loss compared to this rate.

Tanker segment results

Product tanker freight rates started out in 2017 at weak levels similar to the fourth quarter of 2016 but strengthened towards the end of the first quarter. The primary factor driving the freight rate improvement was increased demand for clean petroleum products in the western markets, which resulted in stronger TCE earnings for the first quarter of 2017 compared to the preceding quarter.

The demand for clean petroleum products was healthy, and again the primary demand driver was consumers. Despite the robust underlying demand, the demand for seaborne transportation remained negatively impacted by high gasoline and diesel stocks globally. Towards the end of the first quarter, increasing imports of clean petroleum products into West Africa and South America lifted the western market, which was positive for the MRs.

The first quarter of 2017 has shown that the freight market is relatively balanced, and it will not take much to create momentum in the current market environment. This has been the case in a quarter that has seen the product tanker fleet increase by 1.8% in terms of capacity. Looking ahead, the inventory drawdown process is expected to continue. So far, we have seen US clean petroleum inventories retract from all-time highs and move closer to their 5-year averages. Despite the positive developments in the US, the inventory levels on a global scale have not yet normalized.

In the West, healthy trade volumes characterized the quarter, although freight rate levels were similar to the fourth quarter of 2016. Towards the end of the first quarter, MR rates improved as significant refinery outages in South America resulted in increased demand for clean transported petroleum products going from the US Gulf to Mexico and South America. In addition, improving political conditions in West Africa led to increased crude production and facilitated an increase in clean petroleum imports, mainly from Europe.

In the East, the LR freight market was volatile but on average at levels similar to those seen in the previous quarter. A relatively high number of vessels positioned in the East combined with high inventory levels affected the LR freight market negatively as the high inventory levels restricted the diesel arbitrage trade to Europe. Despite a healthy naphtha demand in the Far East petrochemical industry, the naphtha arbitrage trade from West to East was only marginally open during the quarter.

The global product tanker fleet (above 25,000 dwt) grew by 1.8% in the first quarter of 2017 (source: TORM). The fleet growth is expected to slow down in the second half of 2017.

During the first quarter of 2017, TORM's product tanker fleet realized average spot TCE earnings of USD/day 14,804, down 25% year on year, with the LR2 segment at USD/day 13,425 (43% down year on year), the LR1 segment at USD/day 15,751 (29% down year on year), the MR segment at USD/day 15,117 (22% down year on year) and the Handysize segment at USD/day 13,313 (23% down year on year).

TORM's gross profit for the first quarter of 2017 was USD 54.8m. Operational data per vessel type is shown in the table on the next page.

Tanker segment (includes Njord and TORM vessels up until 13 July 2015)	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Change Q1 16 - Q1 17	12 month avg.	2017 weighted avg
LR2 (Aframax, 90-110,000 dwt)								
Available earning days	893	811	867	919	826	-8%		
Spot rates 1)	23,754	21,868	18,383	13,868	13,425	-43%	16,800	13,425
TCE per earning day 2)	22,598	21,875	22,031	18,107	15,913	-30%	19,464	15,913
Operating days	910	910	920	920	900	-1%		
Operating expenses per operating day 3)	9,773	8,574	7,749	7,565	7,608	-22%	7,874	7,608
LR1 (Panamax 75-85,000 dwt)								
Available earning days	637	635	642	643	600	-6%		
Spot rates 1)	22,306	19,018	17,291	14,496	15,751	-29%	16,646	15,751
TCE per earning day 2)	22,305	20,235	18,219	14,490	15,612	-30%	17,155	15,612
Operating days	637	637	644	644	630	-1%		
Operating expenses per operating day 3)	8,238	7,178	7,180	6,590	7,781	-6%	7,179	7,781
MR (45,000 dwt)								
Available earning days	4,448	4,651	4,778	4,782	4,623	4%		
Spot rates 1)	19,393	17,417	13,159	12,172	15,117	-22%	14,441	15,117
TCE per earning day 2)	19,449	17,085	13,388	12,522	15,490	-20%	14,597	15,490
Operating days	4,553	4,641	4,692	4,692	4,581	1%		
Operating expenses per operating day 3)	6,966	6,654	6,309	5,922	6,625	-5%	6,375	6,625
Handy (35,000 dwt)								
Available earning days	995	954	902	999	955	-4%		
Spot rates 1)	17,230	14,823	9,485	8,356	13,313	-23%	11,485	13,313
TCE per earning day 2)	17,567	14,680	9,635	7,921	13,389	-24%	11,390	13,389
Operating days	1,001	1,001	1,012	1,012	990	-1%		
Operating expenses per operating day 3)	6,684	6,442	6,506	5,914	6,562	-2%	6,355	6,562
Tanker segment								
Available earning days	6,973	7,051	7,188	7,342	7,004	0%		
Spot rates 1)	19,680	17,457	13,508	13,509	14,804	-25%	14,800	14,804
TCE per earning day 2)	19,845	17,594	14,391	12,767	15,264	-23%	14,978	15,264
Operating days	7,101	7,189	7,268	7,268	7,101	0%		
Operating expenses per operating day 3)	7,400	6,914	6,596	6,188	6,843	-8%	6,771	6,843

1) Spot rates = Time Charter Equivalent Earnings for all charters with less than six months' duration = Gross freight income less bunker, commissions and port expenses.

2) TCE = Time Charter Equivalent Earnings = Gross freight income less bunker, commissions and port expenses.

3) Operating expenses are related to owned vessels.

TORM fleet development

The table below shows TORM's operated fleet as of 31 March 2017. In addition to the 74 owned product tankers, TORM had chartered-in four product tankers.

TORM has four LR2 newbuildings on order with expected delivery between the fourth quarter of 2017 and the second quarter of 2018.

	Q4 2016	Changes	Q1 2017	Changes	2017	Changes	2018	Changes	2019
Owned vessels									
LR2	8	-1	7	1	8	3	11	-	11
LR1	7	-	7	-	7	-	7	-	7
MR	51	-2	49	-1	48	-	48	-	48
Handysize	11	-	11	-2	9	-	9	-	9
Total	77	-3	74	-2	72	3	75	-	75
Charter-in and leaseback vessels									
LR2	2	1	3	-	3	-2	1	-	1
LR1	0	-	0	-	0	-	0	-	0
MR	2	-1	1	1	2	-	2	-	2
Handysize	0	-	0	-	0	-	0	-	0
Total	4	-	4	1	5	-2	3	-	3
Total fleet	81	-3	78	-1	77	1	78	-	78

Notes on the financial reporting

Accounting policies

The interim report for the period 1 January – 31 March 2017 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The interim report has been prepared using the accounting policies of TORM plc that are consistent with the accounting policies of the Annual Report for 2016 and additional policies below including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2017. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2016. The interim report for the first three months of 2017 is unaudited, in line with normal practice.

Assets held-for-sale

Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sales transaction rather than through continued use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets and when the sale is highly probable. Management must be committed to the sale that should be expected to qualify for recognition as a completed sale within one year from the date of classification as assets held-for-sale.

Assets held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Gains and losses are recognized on delivery to the new owners in the income statement in the item "Net profit/loss from sale of vessels".

Income statement

The gross profit for the first quarter of 2017 was USD 54.8m (2016, same period: USD 80.4m).

Administrative costs in the first quarter of 2017 were USD 10.6m (2016, same period: USD 10.7m).

The result before depreciation (EBITDA) for the first quarter of 2017 was USD 44.1m (2016, same period: USD 69.5m).

Depreciation in the first quarter of 2017 was USD 29.4m (2016, same period: USD 28.9m).

The primary operating result (EBIT) for the first quarter of 2017 was USD 13.7m (2016, same period: USD 40.6m).

The first quarter of 2017 had financial expenses of USD 9.1m (2016, same period: USD 10.5m).

The result after tax for the first quarter of 2017 was USD 4.6m (2016, same period: USD 30.9m).

Assets

Total assets were USD 1,699m as of 31 March 2017.

The carrying value of the fleet including prepayments was USD 1,363m as of 31 March 2017 excluding outstanding installments on the LR2 newbuildings of USD 139m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,345m as of 31 March 2017.

Debt

Net interest-bearing debt amounted to USD 596m as of 31 March 2017. As of 31 March 2017, TORM was in compliance with the financial covenants.

Equity

As of 31 March 2017 TORM's equity was USD 786m. TORM held treasury shares as of 31 March 2017 equivalent to 0.5% of the Company's share capital.

Liquidity

As of 31 March 2017, TORM's available liquidity was USD 405m and consisted of cash and cash equivalents of USD 215m and undrawn credit facilities of USD 190m. The undrawn credit facilities consisted of a USD 75m working capital facility and a USD 115m facility financing the LR2 newbuilding program. TORM had CAPEX commitments of USD 139m, all related to the LR2 newbuildings.

Post balance sheet events

Following the balance sheet date, TORM has sold two vessels, TORM Madison and TORM Trinity (both 2000-built Handy vessels), and completed a sale and leaseback transaction for one vessel, TORM Vita. The sale and leaseback transaction will be treated as a financial lease, but has no purchase obligation attached. Following repayment of mortgage debt related to the vessels along with transaction-related expenses and fees, the Company's liquidity is expected to increase by approximately USD 9.1m.

ABOUT TORM

TORM is one of the world's leading carriers of refined oil products. The Company operates a fleet of approximately 80 modern vessels with a strong commitment to safety, environmental responsibility and customer service. TORM was founded in 1889. The Company conducts business worldwide. TORM's shares are listed on Nasdaq Copenhagen (ticker: TRMD A). For further information, please visit www.torm.com.

SAFE HARBOR STATEMENTS AS TO THE FUTURE

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.

Statement by the Board of Directors

The Board of Directors has today discussed and adopted this interim report of TORM plc for the period 1 January – 31 March 2017.

The interim report for the period 1 January – 31 March 2017 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

In our opinion, the interim report gives a true and fair view of the Group's financial position as of 31 March 2017 as well as of the Group's financial performance and cash flows for the period 1 January - 31 March 2017.

We also believe that the management report contains a fair review of the development and performance of the Group's business and of the financial position as a whole and gives a description of the principal risks and uncertainties that the Group is facing.

London, 16 May 2017

Board of Directors

Christopher Boehringer, Chairman

David Weinstein, Deputy Chairman

Torben Janholt

Göran Trapp

Jacob Meldgaard, Executive Director

Consolidated income statement

USDm	Note	Q1 2017	Q1 2016	2016
Revenue		172.8	193.7	680.1
Port expenses, bunkers and commissions		-65.9	-55.3	-221.9
Time charter equivalent earnings (TCE)		106.9	138.4	458.3
Charter hire		-3.5	-5.4	-21.5
Operating expenses		-48.6	-52.6	-195.2
Gross profit (Net earnings from shipping activities)		54.8	80.4	241.5
Administrative expenses		-10.6	-10.7	-41.4
Other operating expenses		-0.1	-0.2	-0.3
Share of profit from joint ventures		0.0	0.0	0.2
EBITDA		44.1	69.5	200.0
Impairment losses on tangible and intangible assets	1	-1.0	0.0	-185.0
Amortizations and depreciation		-29.4	-28.9	-122.2
Operating profit/(loss) (EBIT)		13.7	40.6	-107.2
Financial income		0.2	1.1	2.8
Financial expenses		-9.1	-10.5	-37.3
Profit/(loss) before tax		4.8	31.2	-141.7
Tax		-0.2	-0.3	-0.8
Net profit/(loss) for the period		4.6	30.9	-142.5
Earnings per share, EPS				
Earnings per share, EPS (USD)		0.1	0.5	-2.3
Diluted earnings per share (USD)		0.1	0.5	-2.3

Consolidated income statement per quarter

USDm	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	172.8	153.7	155.8	176.9	193.7
Port expenses, bunkers and commissions	-65.9	-60.0	-52.4	-54.2	-55.3
Time charter equivalent earnings (TCE)	106.9	93.8	103.4	122.7	138.4
Charter hire	-3.5	-5.2	-5.4	-5.5	-5.4
Operating expenses	-48.6	-45.0	-47.9	-49.7	-52.6
Gross profit (Net earnings from shipping activities)	54.8	43.5	50.1	67.5	80.4
Administrative expenses	-10.6	-10.0	-9.8	-10.9	-10.7
Other operating expenses	-0.1	0.0	-0.1	0.0	-0.2
Share of profit from joint ventures	0.0	0.2	0.0	0.0	0.0
EBITDA	44.1	33.7	40.2	56.6	69.5
Impairment losses on tangible and intangible assets	-1.0	-185.0	0.0	0.0	0.0
Amortizations and depreciation	-29.4	-31.4	-30.3	-31.6	-28.9
Operating profit/(loss) (EBIT)	13.7	-182.7	9.9	25.0	40.6
Financial income	0.2	0.0	0.6	1.1	1.1
Financial expenses	-9.1	-7.2	-8.7	-10.9	-10.5
Profit/(loss) before tax	4.8	-189.9	1.8	15.2	31.2
Tax	-0.2	-0.1	-0.2	-0.2	-0.3
Net profit/(loss) for the period	4.6	-190.0	1.6	15.0	30.9
Earnings per share, EPS					
Earnings per share, EPS (USD)	0.1	-3.0	0.0	0.2	0.5
Diluted earnings per share (USD)	0.1	-3.0	0.0	0.2	0.5

Consolidated statement of comprehensive income*

USDm	Q1 2017	Q1 2016	2016
Net profit for the period	4.6	30.9	-142.5
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Exchange rate adjustment arising from translation of entities using a functional currency different from USD	0.1	0.0	-0.2
Fair value adjustment on hedging instruments	1.3	-6.5	-2.7
Value adjustment on hedging instruments transferred to income statement	-0.7	-0.2	1.7
Other comprehensive income after tax*	0.7	-6.7	-1.3
Total comprehensive income	5.3	24.2	-143.7

*) No income tax was incurred relating to other comprehensive income items

Consolidated balance sheet – Assets

USDm	Note	31 March 2017	31 December 2016	31 March 2016
NON-CURRENT ASSETS				
Intangible assets				
Goodwill		0.0	0.0	11.4
Total intangible assets		0.0	0.0	11.4
Tangible fixed assets				
Vessels and capitalized dry-docking	1, 2	1,309.4	1,343.8	1,582.6
Prepayments on vessels	3	53.9	44.1	19.4
Other plant and operating equipment		1.9	1.8	2.0
Total tangible fixed assets		1,365.2	1,389.7	1,604.0
Financial assets				
Investment in joint ventures		0.3	0.3	0.3
Total financial assets		0.3	0.3	0.3
TOTAL NON-CURRENT ASSETS		1,365.5	1,390.0	1,615.7
CURRENT ASSETS				
Bunkers		33.6	31.6	22.5
Freight receivables		66.0	62.5	69.1
Other receivables		8.4	8.1	8.8
Prepayments		3.2	3.0	7.7
Cash and cash equivalents		214.8	76.0	122.7
Total current assets excluding assets held-for-sale		326.0	181.3	230.8
Assets held-for-sale		7.4	0.0	0.0
TOTAL CURRENT ASSETS		333.4	181.3	230.8
TOTAL ASSETS		1,698.9	1,571.3	1,846.5

Consolidated balance sheet – Equity and liabilities

USDm	Note	31 March 2017	31 December 2016	31 March 2016
EQUITY				
Common shares		0.6	0.6	0.6
Treasury shares		-2.9	-2.9	-0.2
Hedging reserves		1.0	0.4	-5.3
Translation reserves		0.0	-0.1	0.2
Retained profit		787.5	782.5	1,005.4
TOTAL EQUITY		786.2	780.6	1,000.7
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liability		45.0	45.0	45.1
Mortgage debt and bank loans	4	680.6	593.9	627.3
Finance lease liabilities		17.5	0.0	13.5
TOTAL NON-CURRENT LIABILITIES		743.1	638.9	685.9
CURRENT LIABILITIES				
Mortgage debt and bank loans	4	93.8	75.7	86.5
Finance lease liabilities		15.6	13.6	0.8
Trade payables		23.3	28.5	26.6
Current tax liabilities		0.9	0.8	1.7
Other liabilities		35.8	33.1	44.0
Deferred income		0.2	0.2	0.3
TOTAL CURRENT LIABILITIES		169.6	151.8	159.9
TOTAL LIABILITIES		912.7	790.7	845.8
TOTAL EQUITY AND LIABILITIES		1,698.9	1,571.3	1,846.5
Post balance sheet date events	5			
Accounting policies	6			

Consolidated statement of changes in equity for the period 1 January – 31 March 2017

USDm	Common shares	Treasury shares	Hedging reserves	Translation reserves	Retained profit	Total
Equity as of 1 January 2017	0.6	(2.9)	0.4	(0.1)	782.5	780.6
Comprehensive income for the period:						
Net profit for the period	-	-	-	-	4.6	4.6
Other comprehensive income for the period	-	-	0.6	0.1	-	0.7
Total comprehensive income for the period	-	-	0.6	0.1	4.6	5.3
Shareholders' contribution	-	-	-	-	(0.1)	(0.1)
Share-based compensation	-	-	-	-	0.5	0.5
Total changes in equity Q1 2017	-	-	0.6	0.1	4.9	5.6
Equity as of 31 March 2017	0.6	(2.9)	1.0	0.0	787.5	786.2

Consolidated statement of changes in equity for the period 1 January – 31 March 2016

USDm	Common shares*	Treasury shares**	Hedging reserves	Translation reserves	Retained profit	Total
Equity as of 1 January 2016	0.6	(0.2)	1.4	0.2	974.0	976.0
Comprehensive income for the period:						
Net profit for the period	-	-	-	-	30.9	30.9
Other comprehensive income for the period ***)	-	-	(6.7)	-	-	(6.7)
Total comprehensive income for the period	-	-	(6.7)	-	30.9	24.2
Share-based compensation	-	-	-	-	0.5	0.5
Total changes in equity Q1 2016	-	-	(6.7)	-	31.4	24.7
Equity as of 31 March 2016	0.6	(0.2)	(5.3)	0.2	1,005.4	1,000.7

* Following the Corporate Reorganization on 15 April 2016, common shares have been adjusted to reflect the nominal capital of TORM plc. See the 2016 Annual Report for full details.

** Please refer to note 13 in the Consolidated Financial Statements 2016 for further information on treasury shares.

*** Please refer to "Consolidated Statement of Comprehensive Income"

Consolidated statement of cash flow

USDm	Q1 2017	Q1 2016	2016
Cash flow from operating activities			
Operating profit	13.7	40.6	-107.2
Adjustments:			
Reversal of amortizations and depreciation	29.4	28.9	122.2
Reversal of impairment of tangible and intangible assets	1.0	0.0	185.0
Reversal of share of results of joint ventures	0.0	0.0	-0.2
Reversal of other non-cash movements	1.2	-0.1	-7.1
Dividends received from joint ventures	0.0	0.0	0.2
Interest received and exchange rate gains	0.3	1.1	2.7
Interest paid and exchange rate losses	-7.1	-9.1	-31.4
Income taxes paid/repaid	-0.1	-0.4	-1.4
Change in bunkers, accounts receivables and payables	-11.6	10.4	8.3
Net cash flow from operating activities	26.8	71.4	171.1
Cash flow from investing activities			
Investment in tangible fixed assets	-17.4	-64.5	-119.4
Sale of non-current assets (vessels)	6.1	0.0	0.0
Net cash flow from investing activities	-11.3	-64.5	-119.4
Cash flow from financing activities			
Borrowing, mortgage debt and other financial liabilities	149.7	0.0	49.3
Repayment/redemption, mortgage debt	-26.4	-52.5	-146.2
Dividend paid	0.0	0.0	-25.0
Acquisition outstanding shares in TORM A/S	0.0	0.0	-19.2
Purchase/disposals of treasury shares	0.0	0.0	-2.9
Net cash flow from financing activities	123.3	-52.5	-144.0
Net cash flow from operating, investing and financing activities	138.8	-45.6	-92.3
Cash and cash equivalents, beginning balance	76.0	168.3	168.3
Cash and cash equivalents, ending balance	214.8	122.7	76.0
Of which restricted cash equivalents	23.9	17.9	1.9
Non-restricted cash and cash equivalents	190.9	104.8	74.1

Consolidated quarterly statement of cash flow

USDm	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Cash flow from operating activities					
Operating profit	13.7	-182.7	9.9	25.0	40.6
Adjustments:					
Reversal of amortizations and depreciation	29.4	31.4	30.4	31.6	28.9
Reversal of impairment of tangible and intangible assets	1.0	185.0	0.0	0.0	0.0
Reversal of share of results of joint ventures	0.0	-0.2	0.0	0.0	0.0
Reversal of other non-cash movements	1.2	-1.1	0.0	-5.9	-0.1
Dividends received from joint ventures	0.0	0.2	0.0	0.0	0.0
Interest received and exchange rate gains	0.3	0.1	0.4	1.1	1.1
Interest paid and exchange rate losses	-7.1	-6.9	-8.3	-7.1	-9.1
Income taxes paid/repaid	-0.1	-0.6	-0.2	-0.2	-0.4
Change in bunkers, accounts receivables and payables	-11.6	-8.2	6.2	-0.1	10.4
Net cash flow from operating activities	26.8	17.0	38.4	44.4	71.4
Cash flow from investing activities					
Investment in tangible fixed assets	-17.4	-16.9	-18.0	-20.0	-64.5
Sale of non-current assets (vessels)	6.1	0.0	0.0	0.0	0.0
Net cash flow from investing activities	-11.3	-16.9	-18.0	-20.0	-64.5
Cash flow from financing activities					
Borrowing, mortgage debt and other financial liabilities	149.7	30.0	0.0	19.3	0.0
Repayment/redemption, mortgage debt	-26.4	-31.4	-32.7	-29.6	-52.5
Dividend paid	0.0	0.0	-25.0	0.0	0.0
Acquisition outstanding shares in TORM A/S	0.0	0.0	0.0	-19.2	0.0
Purchase/disposals of treasury shares	0.0	0.0	-2.3	-0.6	0.0
Net cash flow from financing activities	123.3	-1.4	-60.0	-30.1	-52.5
Net cash flow from operating, investing and financing activities	138.8	-1.3	-39.6	-5.7	-45.6
Cash and cash equivalents, beginning balance	76.0	77.4	117.0	122.7	168.3
Cash and cash equivalents, ending balance	214.8	76.1	77.4	117.0	122.7
Of which restricted cash equivalents	23.9	1.9	6.3	5.0	17.9
Non-restricted cash and cash equivalents	190.9	74.2	71.1	112.0	104.8

Notes

Note 1 – Vessels

Vessel values

For determination of the vessel values, TORM has carried out an assessment of the most significant assumptions used in the value in use calculations for the Annual Report at 31 December 2016 (please refer to Note 8 in the Annual Report 2016). Based on this, TORM has assessed that there are no significant changes to the impairment indicators since performing the detailed test at year-end for the full year 2016 and hence no detailed impairment test has been considered necessary.

Assets held-for-sale

The impairment of USD 1m (Q1 2016: USD 0m) made in the first quarter of 2017 refers to an impairment of assets held-for-sale (TORM Trinity), as this vessel is measured at the lower of the carrying amount and fair value less cost to sell, with fair value equal to the agreed sales price.

Note 2 - Vessels and capitalized dry-docking

USDm	31 March 2017	31 March 2016	31 December 2016
Cost:			
Balance as of 1 January	1,697.4	1,567.5	1,567.5
Exchange rate adjustment	-	-	-
Additions	9.4	13.4	40.8
Disposals	-11.4	-10.0	-16.3
Transferred to/from other items	-	105.4	105.4
Transferred to assets held-for-sale	-12.8	-	-
Balance	1,682.6	1,676.3	1,697.4
Depreciation and impairments:			
Balance as of 1 January	180.0	75.5	75.5
Exchange rate adjustment	-	-	-
Disposals	-5.3	-10.0	-15.9
Depreciation for the year	29.3	28.2	120.4
Transferred to/from other items	-	-	-
Transferred to assets held-for-sale	-4.4	-	-
Balance	199.6	93.7	180.0
Impairment			
Balance as of 1 January	173.6	-	-
Balance	173.6	-	173.6
Carrying amount	1,309.4	1,582.6	1,343.8

Note 3 – Prepayments on vessels

USDm	31 March 2017	31 March 2016	31 December 2016
Cost:			
Balance as of 1 January	44.1	72.6	72.6
Additions	9.8	52.2	76.9
Disposals	0.0	0.0	0.0
Transferred to/from other items	0.0	-105.4	-105.4
Carrying amount	53.9	19.4	44.1

Note 4 - Mortgage debt and bank loans

USDm	31 March 2017	31 March 2016	31 December 2016
Mortgage debt and bank loans			
To be repaid as follows:			
Falling due within one year	92.4	86.8	75.9
Falling due between one and two years	83.5	73.7	75.1
Falling due between two and three years	138.1	72.4	137.5
Falling due between three and four years	70.9	135.1	59.7
Falling due between four and five years	370.7	57.1	306.5
Falling due after five years	22.2	289.6	16.9
Total	777.9	714.7	671.6

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 3.5m (31 March 2016: 0.9m, 31 December 2016: 2.0m), which are amortized over the term of the loans.

As of 31 March 2017, TORM was in compliance with the financial covenants. TORM expects to remain in compliance with the financial covenants in 2017.

Note 5 – Post balance sheet date events

Following the balance sheet date, TORM has sold two vessels, TORM Madison and TORM Trinity (both 2000-built Handy vessels), and completed a sale and leaseback transaction for one vessel, TORM Vita. The sale and leaseback transaction will be treated as a financial lease, but has no purchase obligation attached. Following repayment of mortgage debt related to the vessels along with transaction-related expenses and fees, the Company's liquidity is expected to increase by approximately USD 9.1m.

Note 6 - Accounting policies

The interim report for the period 1 January – 31 March 2017 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The interim report has been prepared using the accounting policies of TORM plc that are consistent with the accounting policies of the Annual Report for 2016 and additional policies below including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January, 2017. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2016. The interim report for the first three months of 2017 is unaudited, in line with normal practice.

Asset held-for-sale

Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sales transaction rather than through continued use. This condition is regarded as met only when the asset is available for immediate sale in when the present condition subject to terms that are usual and customary for sales of such assets and when the sale is highly probable. Management must be committed to the sale that should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Gains and losses are recognized on delivery to the new owners in the income statement in the item "Net profit/loss from sale of vessels".