

Annual Report 2013

"In 2013, TORM reached a positive EBITDA of USD 96 million, which was an improvement of USD 291 million compared to 2012. This was a result of stronger market fundamentals in the product tanker segment combined with TORM's enhanced operational platform and customer relations," says CEO Jacob Meldgaard.

- In 2013, the Company realized a positive EBITDA of USD 96m (2012: USD -195m) and a loss before tax of USD 166m (USD -579m). The performance is in line with the revised forecasts of 29 November 2013. The result before tax was negatively affected by special items of USD 60m (USD -326m).

- In 2013, the product tanker freight rates strengthened across all segments compared to 2012. The main drivers were stronger global economic growth and a higher ton-mile effect as a result of changing trade patterns for refined oil products. The net growth of the global product tanker fleet was below the levels seen in recent years. In 2013, TORM's largest segment, MRs, achieved spot rates of USD/day 15,914 (USD/day 12,178) or up by 31% year-on-year. The EBITDA for the Tanker Division was USD 126m (USD -20m excl. restructuring effects), which was an improvement of USD 146m year-on-year.

- In the first part of 2013, the dry bulk freight rates continued at historically low levels. However, during fall, the Capesize market improved significantly mainly driven by increasing Chinese steel production and restocking of iron ore inventories. The Panamax market followed suit driven by an export hike from the US Gulf and the Black Sea. TORM's largest segment, Panamax, achieved TCE earnings of USD/day 8,019 (USD/day 10,248) or down by 22% year-on-year. The EBITDA for the Bulk Division was USD -30m (USD -25m excl. restructuring effects). During 2013, TORM has limited its bulk activities to operating the existing core fleet of approximately ten vessels. Going forward, TORM will seek to employ its core fleet on time charter contracts.

- During 2013, TORM entered into agreements to sell a total of nine MR product tankers as a result of specific option rights granted in connection with the Restructuring Agreement (cf. announcement no. 31 dated 2 October 2012). According to the sale agreements, the acquiring entities controlled by Oaktree Capital Management (Oaktree) will place the vessels under TORM's commercial management in a revenue sharing scheme and utilize TORM's integrated operating platform for technical management of the vessels. TORM will retain an upside potential through a profit split mechanism if Oaktree generates a return above a specified threshold. Oaktree has since then placed an additional three vessels under TORM's commercial management. The results for 2013 were negatively impacted by USD 60m from impairments related to the sale agreements.

- As of 31 December 2013, TORM's available liquidity was USD 107m consisting of USD 29m in cash and USD 78m in undrawn credit facilities. There are no newbuildings on order or CAPEX commitments related hereto.

- As of 31 December 2013, the book value of the fleet was USD 1,693m. Based on broker valuations, TORM's fleet had a market value of USD 1,137m as of 31 December 2013 (excluding four product tankers held-for-sale). In accordance with IFRS, TORM estimates the product tanker fleet's total long-term earning potential each quarter based on discounted future cash flow. The estimated value of the fleet as of 31 December 2013 supports the carrying amount.

- As of 31 December 2013, net interest-bearing debt amounted to USD 1,718m.

- As of 31 December 2013, equity amounted to USD 118m or DKK 637m, corresponding to USD 0.16 per share (DKK 0.87) excluding treasury shares, resulting in an equity ratio of 6%.

- As of 31 December 2013, 8% of the total earning days in the Tanker Division for 2014 were covered at a rate of USD/day 14,908 and 56% of the total earning days in the Bulk Division at USD/day 11,350.

- For the full year 2014, TORM forecasts a positive EBITDA of USD 90-130m and a loss before tax of USD 70-110m. The forecasts are based on the current capital structure and are before any potential further vessel sales or impairment charges. TORM expects to remain in compliance with the financial covenants for 2014. In addition, TORM expects to be operational cash flow positive after all interest payments. As 21,238 earning days are uncovered at year-end 2013, a change in freight rates of USD/day 1,000 would impact the financial forecasts by USD 21m.

- The Board of Directors proposes that no dividend be distributed for 2013.

Teleconference

TORM will be holding a teleconference for financial analysts and investors at 15:00 Danish time today. Please call 10 minutes before the conference is due to start on +45 3271 4607 (from Europe) or +1 887 491 0064 (from the USA). The presentation documents can be downloaded from TORM's website.

Contact TORM A/S

Tuborg Havnevej 18, DK-2900 Hellerup, Denmark
Tel.: +45 39 17 92 00 / Fax: +45 39 17 93 93
www.torm.com
Jacob Meldgaard, CEO, tel.: +45 39 17 92 00
Mads Peter Zacho, CFO, tel.: +45 39 17 92 00
Christian Søgaard-Christensen, IR, tel.: +45 30 76 12 88

Five year key figures

	2013	2012	2011	2010	2009
INCOME STATEMENT (USDm)					
Revenue	922	1,121	1,305	856	862
Time charter equivalent earnings (TCE)	443	466	644	561	633
Gross profit	150	-93	81	180	243
EBITDA	96	-195	-44	97	203
Operating profit/(loss) (EBIT)	-91	-449	-389	-80	50
Financial items	-76	-131	-63	-57	-69
Profit/(loss) before tax	-166	-579	-451	-136	-19
Net profit/(loss) for the year	-162	-581	-453	-135	-17
Net profit/(loss) for the year excl. impairment charge & restructuring effects	-102	-255	-253	-100	3
BALANCE SHEET (USDm)					
Non-current assets	1,712	1,971	2,410	2,984	2,944
Total assets	2,008	2,355	2,779	3,286	3,227
Equity	118	267	644	1,115	1,247
Total liabilities	1,890	2,088	2,135	2,171	1,981
Invested capital	1,823	2,123	2,425	2,987	2,926
Net interest bearing debt	1,718	1,868	1,787	1,875	1,683
Cash and cash equivalents	29	28	86	120	122
CASH FLOW (USDm)					
From operating activities	68	-100	-75	-1	116
From investing activities	93	0	168	-187	-199
thereof investment in tangible fixed assets	-41	-59	-118	-254	-289
From financing activities	-161	42	-128	186	37
Total net cash flow	1	-57	-34	-2	-46
KEY FINANCIAL FIGURES *)					
Gross margins:					
TCE	44.7%	41.5%	49.4%	65.5%	73.4%
Gross profit	15.2%	-8.3%	6.2%	21.0%	28.2%
EBITDA	9.7%	-17.3%	-3.4%	11.3%	23.5%
Operating profit	-9.1%	-40.0%	-29.8%	-9.3%	5.8%
Return on Equity (RoE)	-84.3%	-127.4%	-51.5%	-11.4%	-1.3%
Return on Invested Capital (RoIC) **)	-4.6%	-19.7%	-14.4%	-2.7%	1.7%
Equity ratio	5.9%	11.4%	23.2%	33.9%	38.6%
Exchange rate DKK/USD, end of period	5.41	5.66	5.75	5.61	5.19
Exchange rate DKK/USD, average	5.62	5.79	5.36	5.62	5.36
SHARE RELATED KEY FIGURES *)					
Earnings/(loss) per share, EPS (USD)	-0.2	-3.3	-6.5	-2.0	-0.3
Diluted earnings/(loss) per share, EPS (USD)	-0.2	-3.3	-6.5	-2.0	-0.3
Cash flow per share, CFPS (USD)	0.1	-0.6	-1.1	0.0	1.7
Share price in DKK, end of period (per share of DKK 0.01 each)	1.4	1.7	3.7	39.7	50.7
Number of shares, end of period (million)	728.0	728.0	72.8	72.8	72.8
Number of shares (excl. treasury shares), average (million)	721.3	178.2	69.5	69.3	69.2

*) Key figures are calculated in accordance with recommendations from the Danish Society of Financial Analysts.
**) Return on Invested Capital is defined as: Operating profit divided by average Invested capital, defined as average of beginning and ending balances of (equity plus Net interest bearing debt less Non-operating assets).
***) 2009-2011: DKK 5.00 each.

About TORM

TORM is one of the world's leading carriers of refined oil products as well as a player in the dry bulk market. The Company operates a fleet of approximately 100 modern vessels in cooperation with other respected shipping companies sharing TORM's commitment to safety, environmental responsibility and customer service.

TORM was founded in 1889. The Company conducts business worldwide and is headquartered in Copenhagen, Denmark. TORM's shares are listed on NASDAQ OMX Copenhagen (ticker: TORM). 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 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 TORM believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, TORM cannot guarantee that it will achieve or accomplish these expectations, beliefs or projections.

Forward-looking statements in this company announcement 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 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 which 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 "tonne 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 and political events or acts by terrorists.

Forward-looking statements are based on management's current evaluation, and TORM is only under an obligation to update and change the listed expectations to the extent required by law.