
15 November 2018
Q3 2018 RESULTS
TORM

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.

AGENDA

1. Highlights
2. Product tanker market overview and outlook
3. Financial and operating performance

HIGHLIGHTS FOR THE THIRD QUARTER OF 2018

Results

- EBITDA for Q3 2018 was USD 15m and the result before tax a loss of USD 24.5m
- RoIC for the period was -4.3% and loss per share was 34 US cents
- Net Asset Value estimated at USD 826m as of 30 September 2018, corresponding to a NAV/share of USD 11.2 or DKK 72
- Available liquidity of USD 425m as of 30 September 2018
- TORM's fleet including vessels on order had a market value of USD 1,661m as of 30 September 2018

Scrubber update

- TORM established the JV ME Production China with ME Production and GSI
- TORM has committed to 21 scrubbers and signed a letter of intent for additional 18 scrubbers
- One newbuilding delivered with scrubber and one retrofit installation conducted to gain operational experience in advance of 2020 deadline

Product tanker market

- Freight rates reached historically low levels in Q3 impacted by a decrease in demand growth and shorter sailing distances
- TORM obtained average TCE freight rates of USD/day 10,598 in Q3 2018
- As of 12 November 2018, TORM has covered 61% of its total Q4 2018 earning days at an average TCE of USD/day 13,278

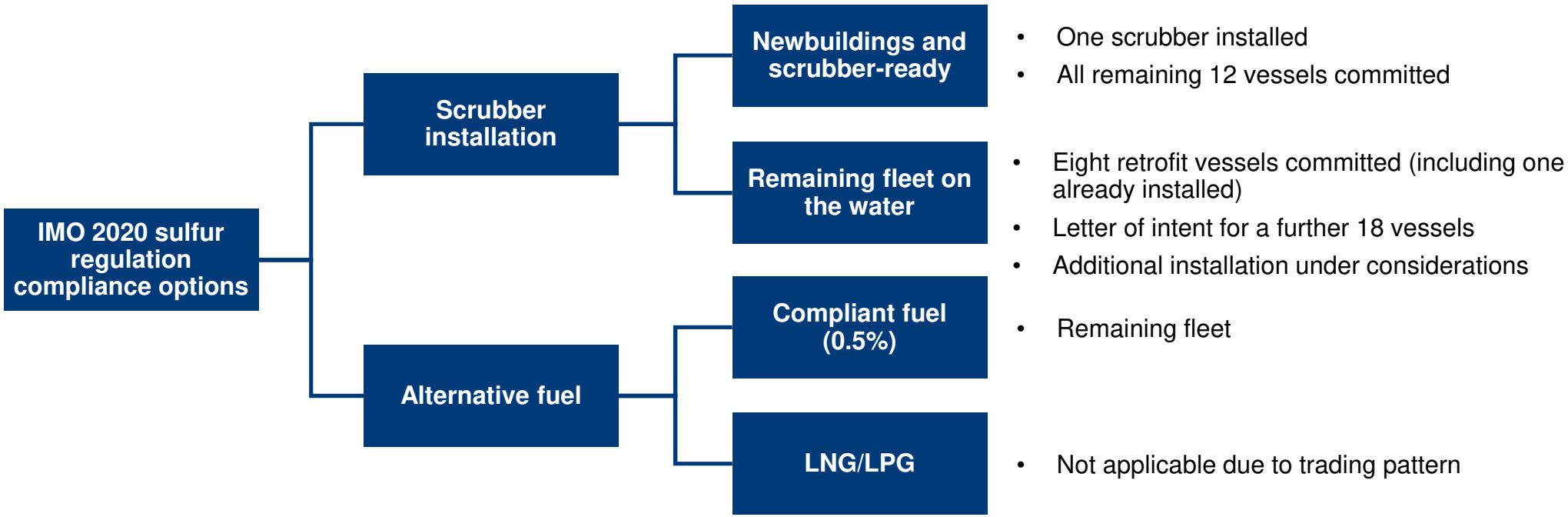
Sales & Purchase

- Sale of three older vessels, two MRs and one Handysize, for a total consideration of USD 20m
- TORM took delivery of the last LR2 newbuilding, TORM Hilde, in October 2018

Q3 2018

USDm	Q3 2018	Q3 2017	2017
P&L			
TCE Earnings	71	95	397
Gross profit	27	47	200
Sale of vessels	0	0	3
EBITDA	15	37	158
Profit before tax	-25	-4	3
Balance sheet			
Equity	859	784	791
NIBD	597	630	620
Cash and cash equivalents	163	145	134
Key figures			
Earnings per share (USD)	-0.34	-0.07	0.04
Return on Invested Capital	-4.3%	1.6%	2.8%
Net Asset Value (NAV)	826	708	796
Number of vessels (#)	77	77	77
TCE/day (USD)	10,598	14,279	14,621
OPEX/day (USD)	6,209	6,631	6,673

TORM HAS A STRONG COMMITMENT TOWARDS SCRUBBERS DUE TO ATTRACTIVE BUSINESS CASES



- Average scrubber price is below USD 2m
- Decided scrubber investments are based on attractive business cases with a short payback time and with corresponding high IRRs
- Further installations will be based on a business case assessment, e.g. remaining lifetime of vessel, fuel consumption, sailing pattern and investment costs

TORM HAS ENTERED INTO A SCRUBBER JV TO PRODUCE AND SELL SCRUBBERS

Current risks

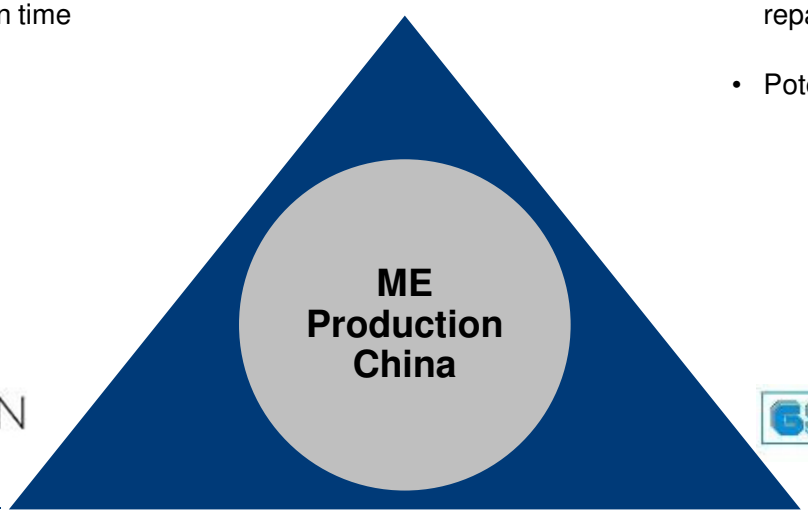
- One of the largest risks with scrubber installations is the potential delay due to lack of quality and experienced manufacturers
- Yard and production capacity is slowly being tied up due to significant order surge in scrubbers in recent months
- Retrofit capacity is beginning to become a bottleneck which increases the risk of extended installation time

JV rationale

- Secure scrubber production slots with ME Production and the possibility to add additional scrubber retrofit vessels later to the production list
- Secure capacity and closer relationship with a long-standing partner
- Local production in China in cooperation with a Chinese state-owned company will improve access to repair yards that will carry out the retrofit installations
- Potential economic benefit from participating in JV

TORM

Ownership share: 27.5%



MEPRODUCTION

Leading scrubber manufacturer

GSI 广船国际 广船国际有限公司 GUANGZHOU SHIPYARD INTERNATIONAL COMPANY LIMITED

Part of one of the largest shipyards groups

AGENDA

TORM

1. Highlights
2. **Product tanker market overview and outlook**
3. Financial and operating performance

MAIN MARKET DRIVERS

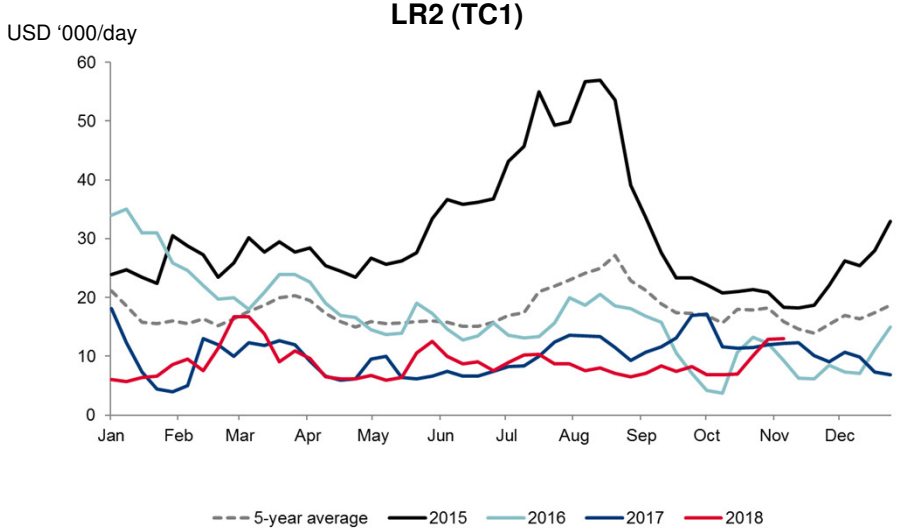
	SHORT TERM	LONG TERM
POSITIVE DRIVERS	• Global CPP stockpiles have returned to normal levels, and below average diesel inventories in key importing regions suggest the need for rebuilding the stocks • Significant strength across the dirty market has lead to a number of LRs moving to the dirty market in recent weeks	• Global oil demand growth remains above the historical average of around 1 mb/d per annum • New refinery capacity coming online in the Middle East from 2019 onwards, potentially increasing sailing distances • IMO 2020 potentially leading to increased inter- and intra-regional product tanker trade • Product tanker order book to fleet ratio at a low level in a historical context
NEGATIVE DRIVERS	• Above average gasoline inventories in key importing regions are limiting transportation needs • Crude newbuildings are cannibalizing traditional LR trades in the East	• High oil price and weaker currencies in several Emerging Market Economies are limiting demand growth for especially gasoline

Source: TORM.

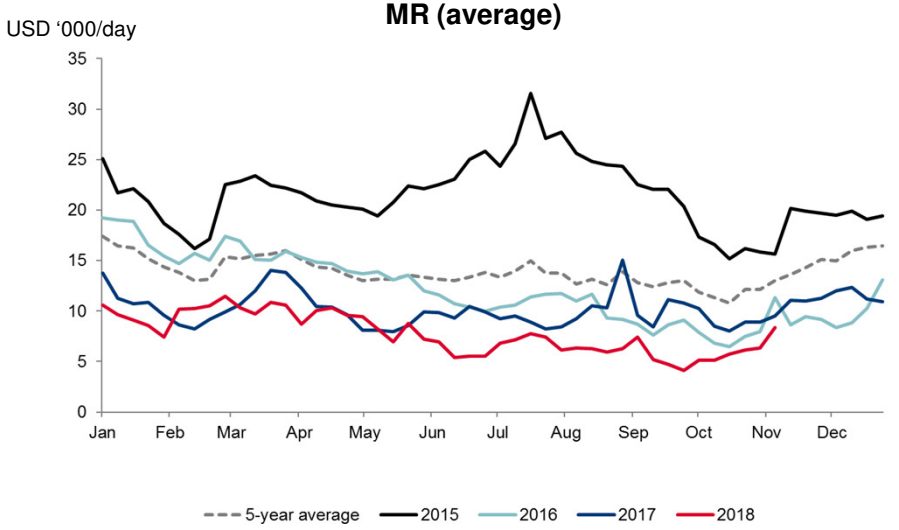
MARKET CONDITIONS WORSENED IN Q3 2018, BUT HAVE IMPROVED IN Q4 WITH TCE RATES UP BY ~20%

TORM

LR2 (TC1)



MR (average)



Q3 2018

WEST OF SUEZ

- Robust gasoline imports from Europe to the USEC
- Reduced imports to Brazil and West Africa
- Reduced long-haul trades from the West to the East

EAST OF SUEZ

- Lower exports from China and Japan due to high refinery maintenance
- Crude newbuildings continued to cannibalize the product markets in the East

Q4 2018-TO-DATE

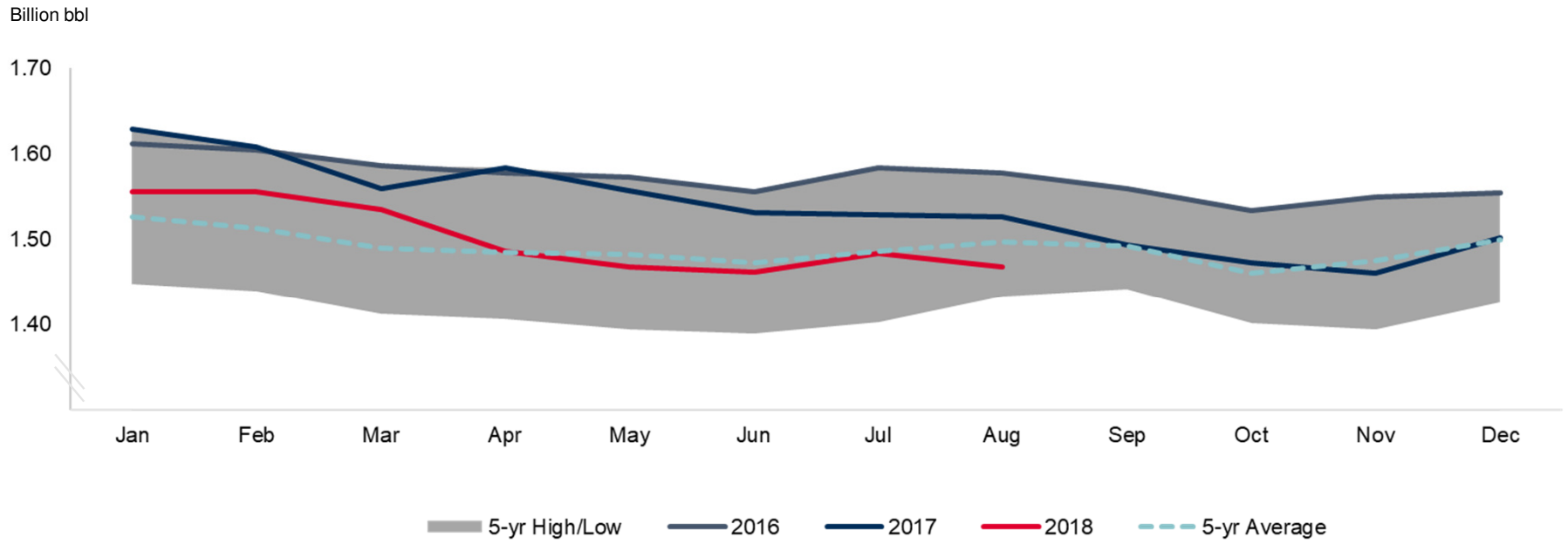
- Strengthened rates in the USG as a result of strong demand from WC Mexico and South America coupled with port closures in EC Mexico
- Higher naphtha flows from the West to the East as Asian petrochemical producers return from maintenance
- West to East gasoline flows surged in early Q4, but have now retreated

- Freight rates have started to improve, supported by an open westbound diesel arbitrage
- Crude cannibalization has slowed down recently along with an improved crude tanker market

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

PRODUCT INVENTORIES BACK TO HISTORICAL LEVELS

Global CPP inventories*

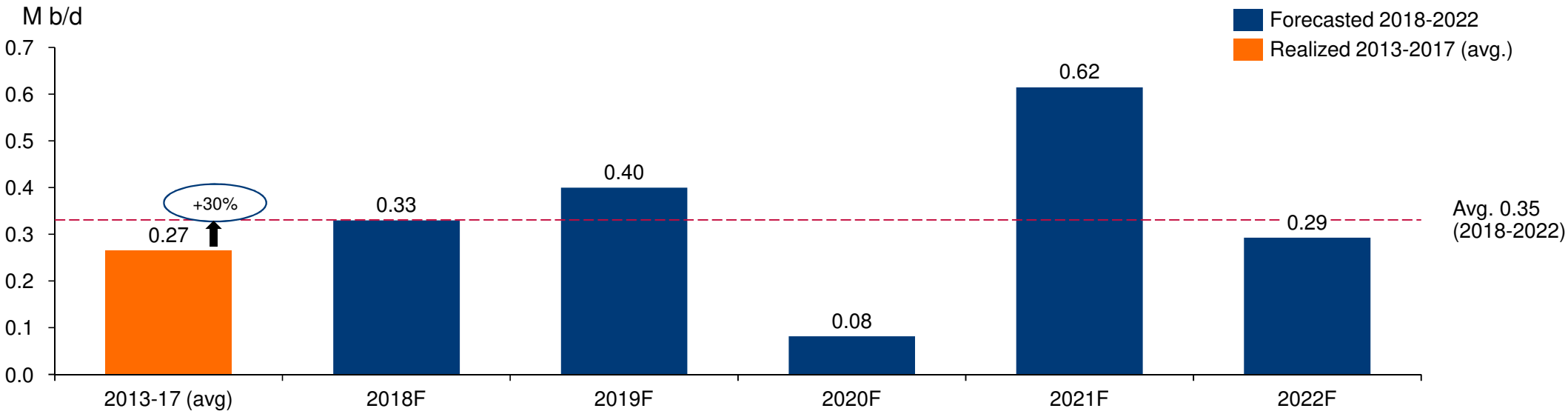


- Global CPP inventories are now back to 5-year average levels, but continued stock drawing and the accompanying price backwardation have continued to limit import demand and hamper arbitrage trades
- Despite a seasonal build in early-Q3, global CPP stocks have drawn from the start of the year by a volume equivalent to a loss of potential trade of almost 3% each month
- Diesel inventories in main import areas are below historical average levels, indicating a potential future inventory build-up

Note: Includes countries for which August 2018 data is available. These account for approximately 82% of global visible CPP (naphtha, gasoline, jet/kero, diesel/gasoil) stocks.
Source:JODI, TORM.

MIDDLE EAST REFINERY CAPACITY ADDITIONS EXPECTED TO HAVE A POSITIVE LONG-TERM IMPACT

Middle East refinery capacity net additions (M b/d)

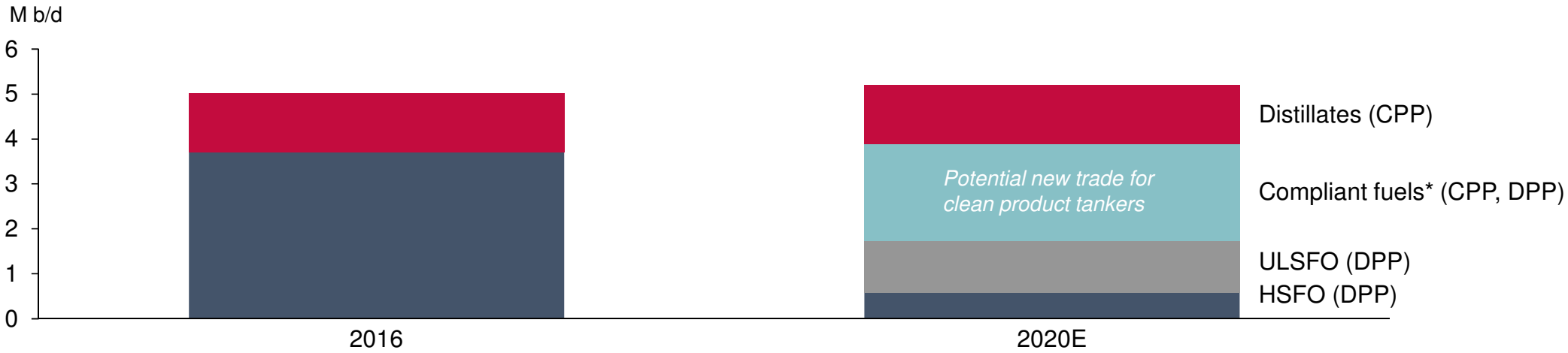


- As oil product demand increases, ton-mile demand is positively impacted by increasing geographic dislocations between the demand for and supply of clean petroleum products
- Middle East refinery capacity additions are expected to accelerate, placing a renewed pressure on less competitive refineries in e.g. Europe and subsequently leading to increased CPP movements across regions

Source: IEA, WoodMackenzie, TORM.

IMO 2020 SULFUR CAP POTENTIALLY LEADING TO INCREASED PRODUCT TANKER TRADE

Global consumption of marine bunkers*

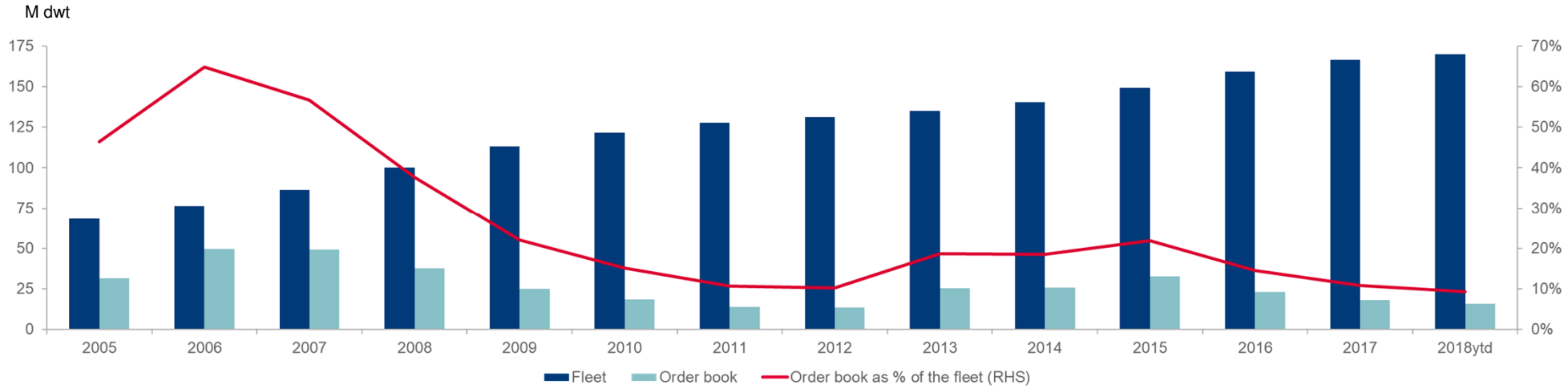


- From 1 January 2020, up to 2 mb/d of HSFO potentially shifting to MGO or other 0.5% sulfur fuels, leading to increased inter- and intra-regional product tanker trade
- TORM expects IMO 2020 regulation to lead to around 5% incremental growth in product tanker trade
- The effects are likely to start emerging already in 2H 2019

* Compliant fuels include distillates (MGO), 0.5% sulfur fuel oil blends, desulfurized residual fuel oil, blended VGO streams for ULSFO production.
Source: TORM.

PRODUCT TANKER ORDER BOOK CONTINUES TO SHRINK

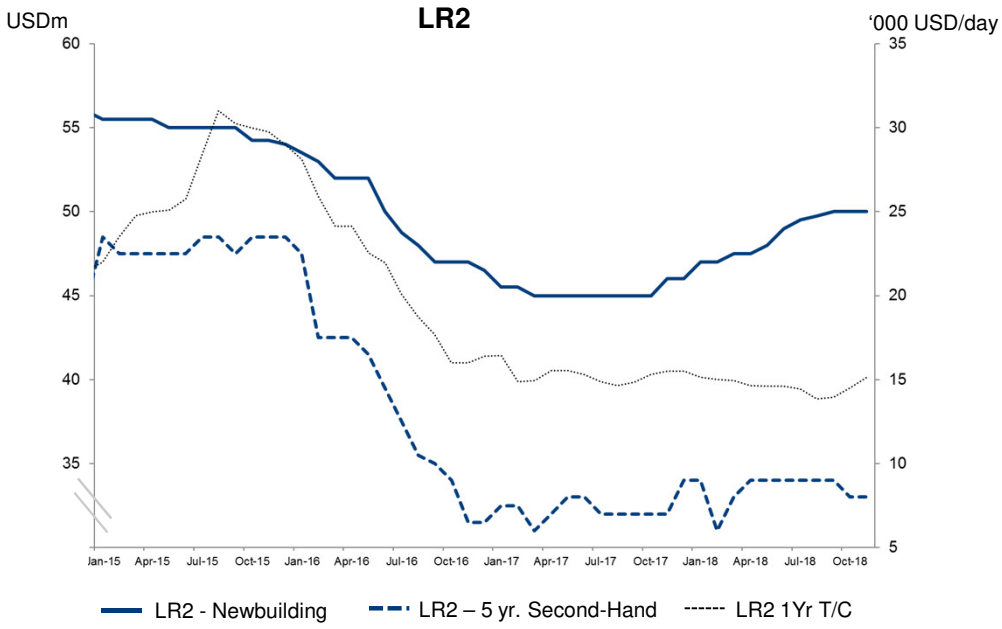
Product tanker order book as percentage of the fleet

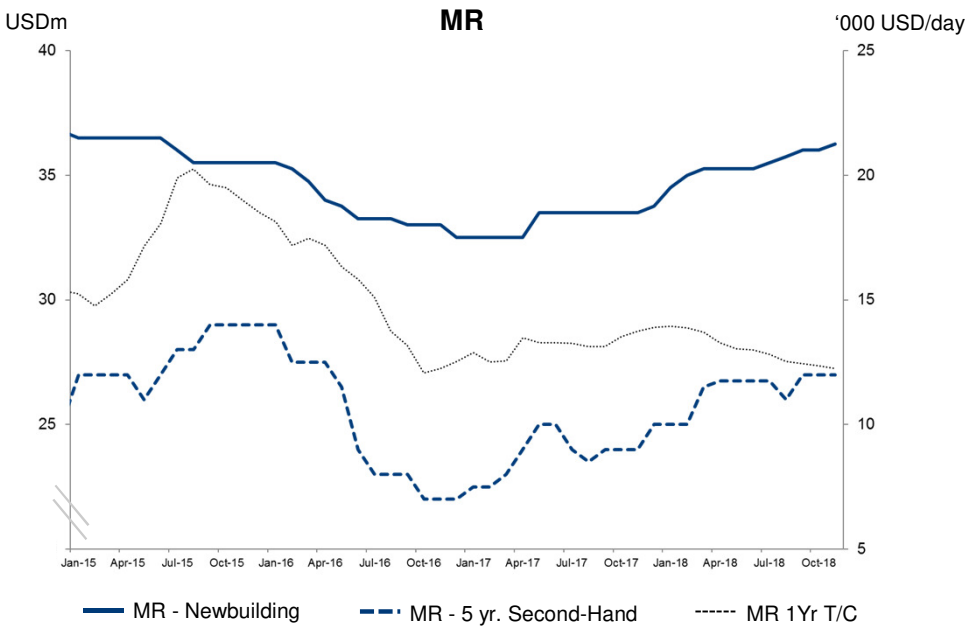


- As a result of relatively low ordering this year, the product tanker order book to fleet ratio has fallen to a historical low level of 9.4%
- The order book to fleet ratio stands at 11% for MRs, 6% for LR1s and 12% for LR2s
- In the first nine months of 2018, the product tanker fleet grew by 2.2% (vs. 4.5% in FY2017)
- TORM estimates that the product tanker fleet will grow by an average of ~3.4% p.a. in the period 2018-2020, down from an average of ~5.8% during 2015-2017*

Note: These calculations are based on the known order book and TORM's estimates for additional ordering and scrapping in line with historical average activity.
Source:TORM.

NEWBUILDING PRICES INCREASING DESPITE LIMITED VOLUMES





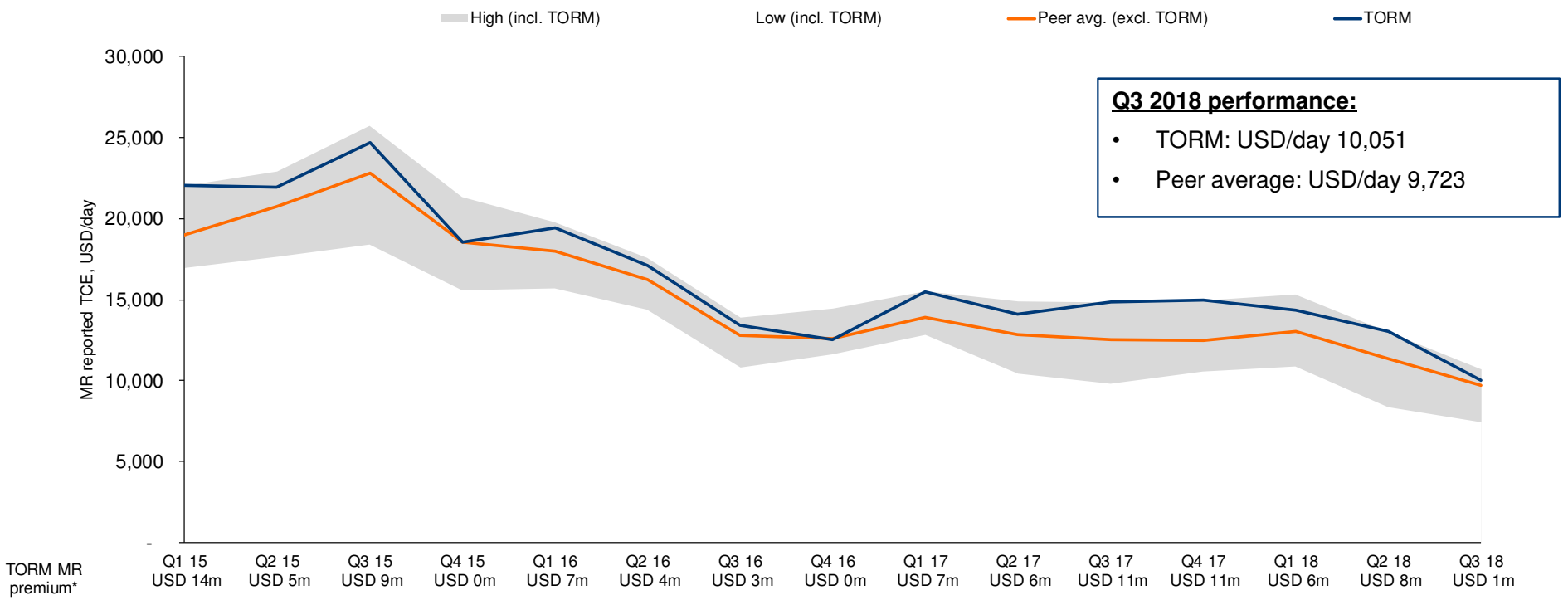
- Product tanker newbuilding market was characterized by increasing prices and low activity in Q3 2018. Currently concluded prices are around 10% above the lows seen in 2017, and some Korean shipyards are asking for a further 10% increase
- Vessel values for modern product tankers stabilized at marginally higher levels in Q3 2018 as second-hand activity remained limited. Prices for older tonnage remained under pressure due to a high number of candidates for sale and an absence of buyers
- In Q4 to date, newbuilding activity has remained low
- The second-hand market has generally been inactive except for older units. In recent weeks, a number of modern candidates have been put up for sale attracting interest from a number of prospective buyers

Source: Clarksons.

AGENDA

1. Highlights
2. Product tanker market overview and outlook
3. Financial and operating performance

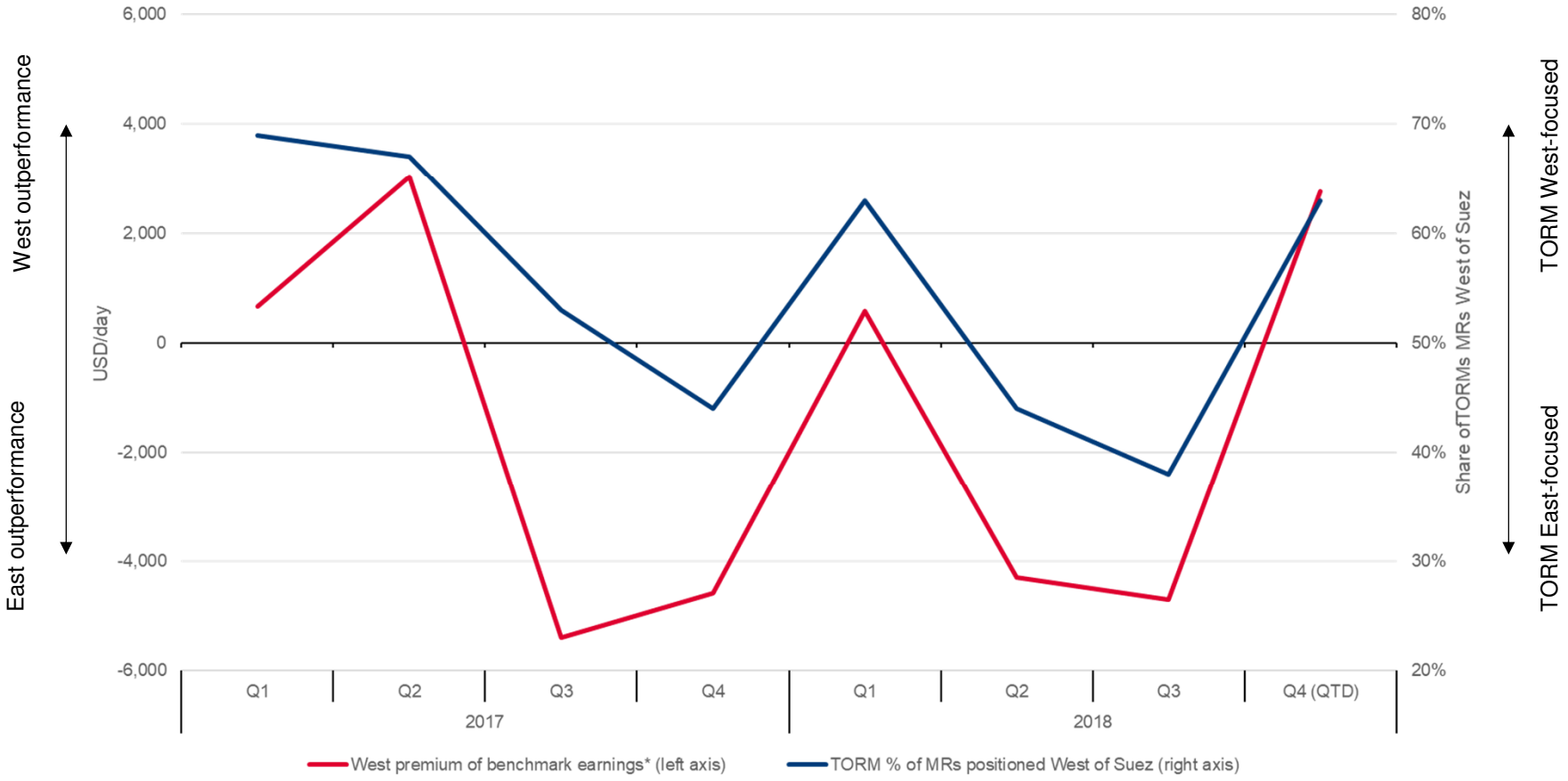
TORM COMMERCIALLY OUTPERFORMS PEERS IN ITS KEY MR SEGMENT



FY 2015: USD 28m | FY 2016: USD 14m | FY 2017: USD 35m | YTD 2018: USD 15m

Note: Peer group is based on Ardmore, d'Amico (composite of LR1, MR and Handy), Frontline 2012, Hafnia Tankers, NORDEN, Maersk Tankers, Teekay Tankers, Scorpio and International Seaways.
For Q3 2018, the peer group only consists of Scorpio Tankers, d'Amico, Ardmore, NORDEN and International Seaways pending earning releases from other peers.
*TORM premium calculation is based on a TORM MR fleet of 50 vessels earning TORM's TCE rate compared to the peer average.

VESSEL GEOGRAPHICAL POSITIONING IS CRUCIAL FOR EARNINGS

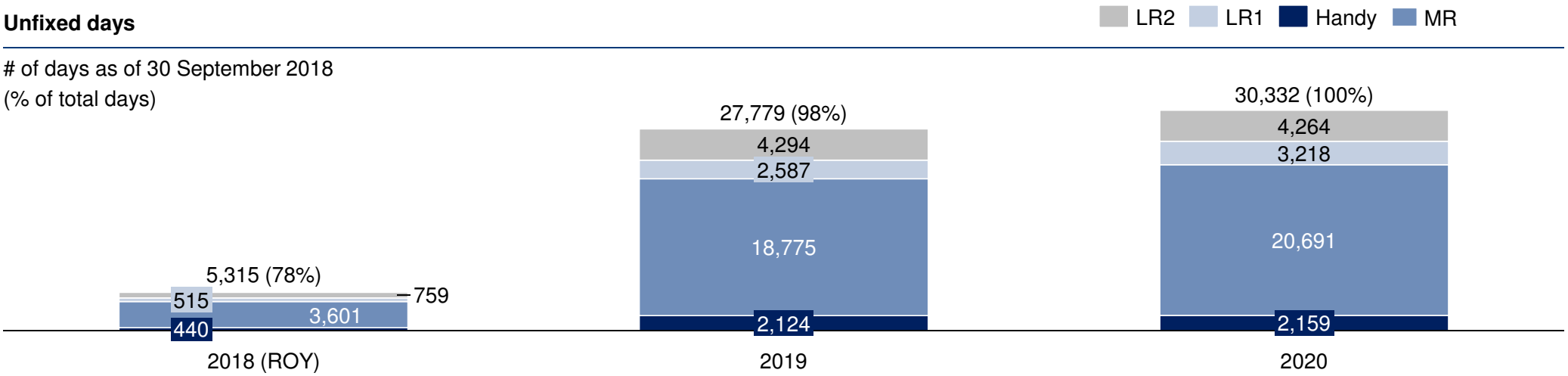


* West premium calculated as spread between Atlantic triangulation (TC2 & TC14) and Transpacific voyage (TC10).

Source: Clarksons, TORM.

SIGNIFICANT OPERATING LEVERAGE

Unfixed days



As of 12 November 2018, TORM has covered 61% of its total Q4 2018 earning days at an average TCE of USD/day 13,278

Illustrative change in cash flow generation potential for the TORM fleet

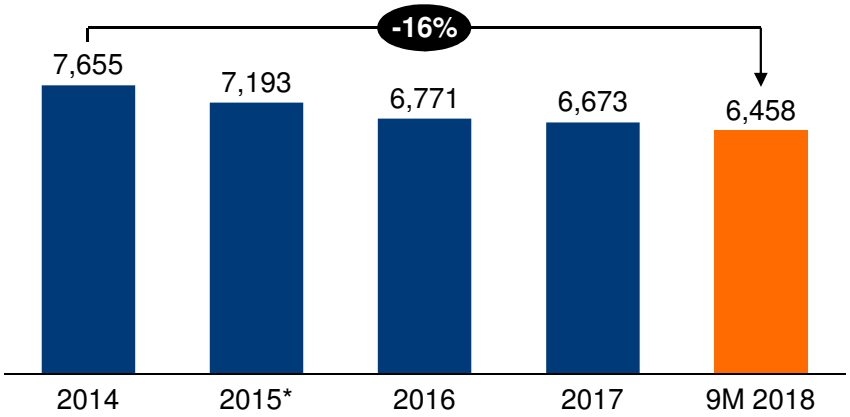
USDm

Change in average TCE/day	2018	2019	2020
+/- USD 1,000	5.3	27.8	30.3
+/- USD 2,500	13.3	69.4	75.8
+/- USD 5,000	26.6	138.9	151.7

FULLY INTEGRATED BUSINESS MODEL WITH COMPETITIVE COST STRUCTURE

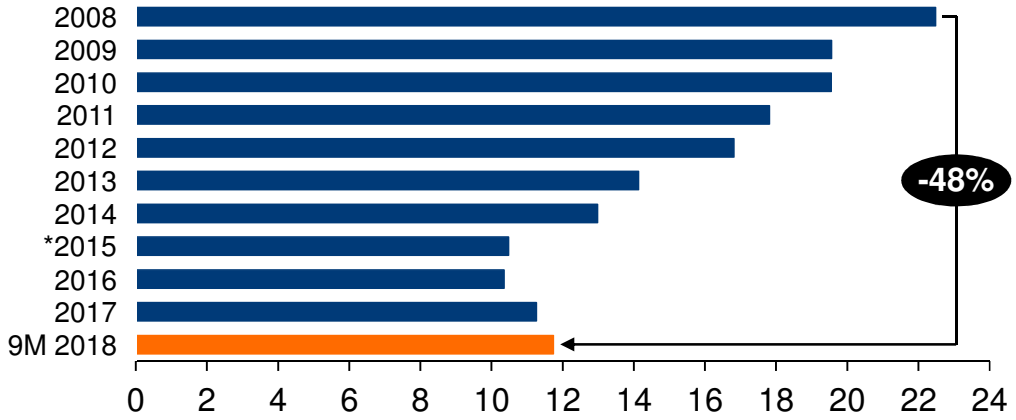
Significant reduction in OPEX

OPEX per day (yearly, weighted avg. in USD/day)



TORM has trimmed administration expenses

Admin. expenses (quarterly avg. in USDm)



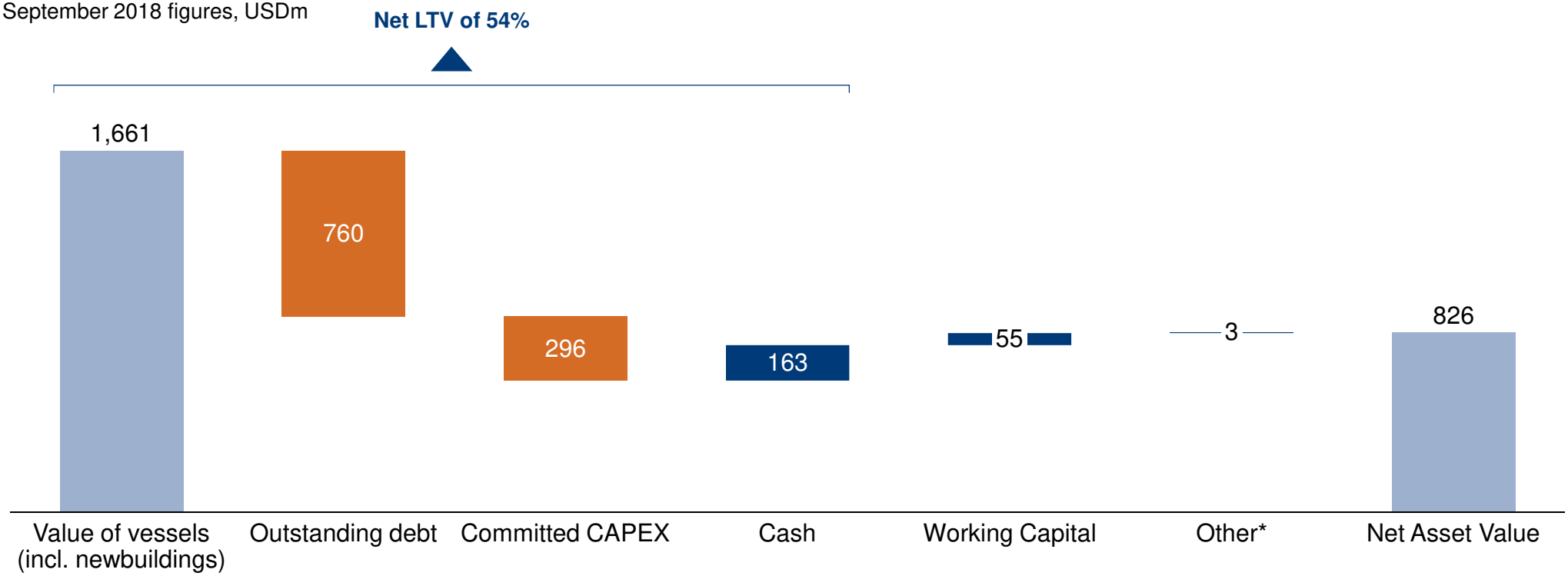
TORM operates a fully integrated commercial and technical platform

- TORM's operational platform handles commercial and technical operations in-house
- The integrated One TORM business model provides TORM with the highest possible trading flexibility and earning power
- Average administration cost per earning day for the nine months of 2018 of USD/day ~1,720
- Outsourced technical and commercial management would affect other line items of the P&L

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

NET ASSET VALUE ESTIMATED AT USD 826M

30 September 2018 figures, USDm



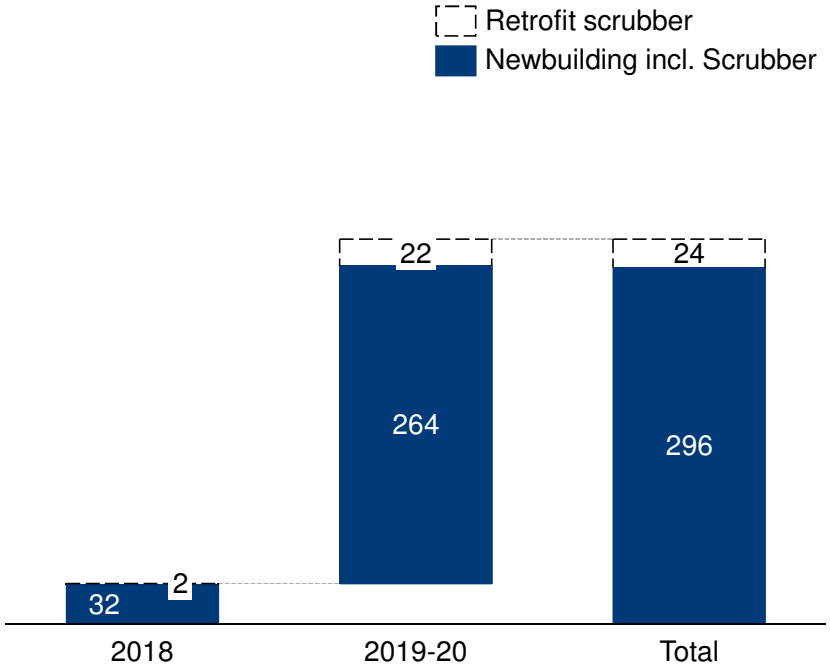
- Net loan-to-value was 54% ensuring a strong capital structure
- Net Asset Value (NAV) was estimated at USD 826m (USD 11.2/DKK 72 per share)
- Market cap as of 12 November 2018 was USD 504m, or DKK 43.80 per share**

* Other includes Other plant and operating equipment and total financial assets.
** Calculated based on 73,905,975 shares (excluding 312,871 treasury shares) and USD/DKK FX rate of 6.4.

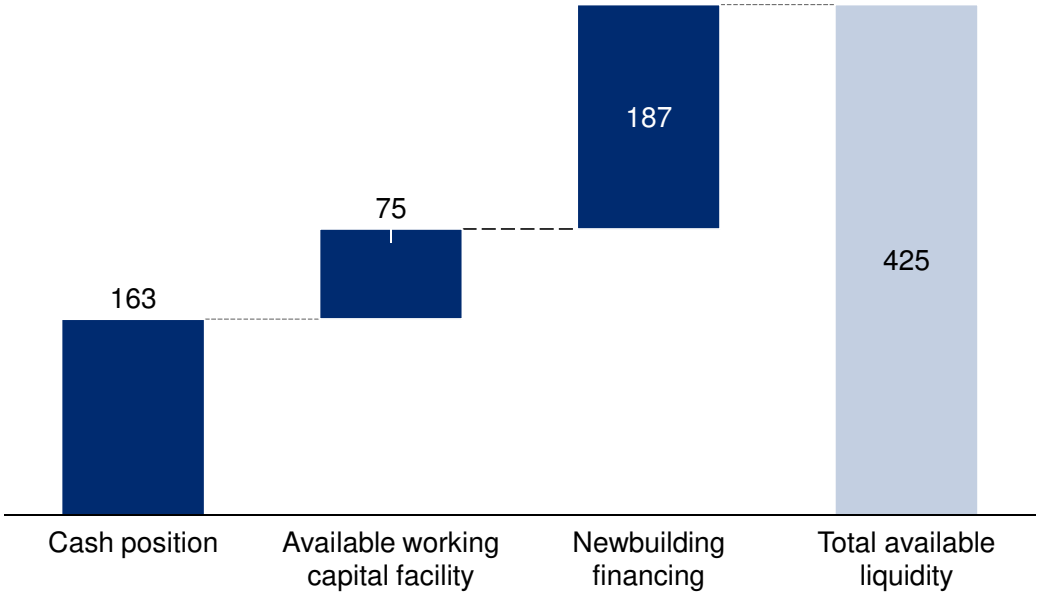
WELL-POSITIONED TO SERVICE FUTURE CAPEX COMMITMENTS

CAPEX and liquidity as of 30 September 2018 (USDm)

CAPEX commitments

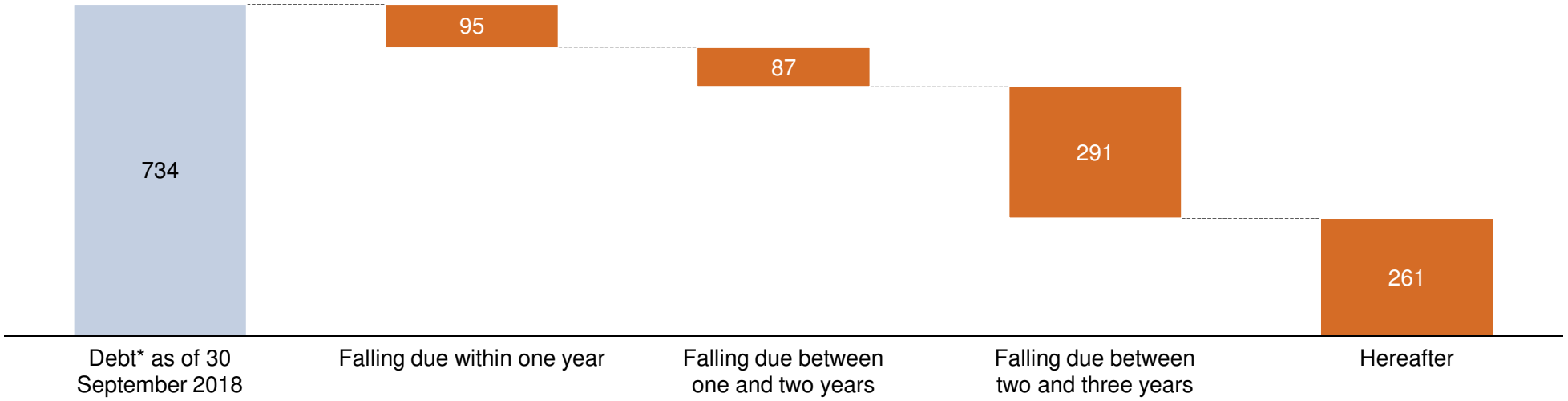


Available liquidity



FAVORABLE FINANCING PROFILE WITH NO NEW NEAR-TERM MATURITIES

Scheduled debt repayments as of 30 September 2018 (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 does not include directly related costs arising from the issuing of the loans of USD 5.3m, which are amortized over the term of the loans. Debt figure excludes Financial lease liabilities of USD 26m.
** Of which USD 40m must be cash or cash equivalent.

APPENDIX

TORM AT A GLANCE

A world-leading product tanker company

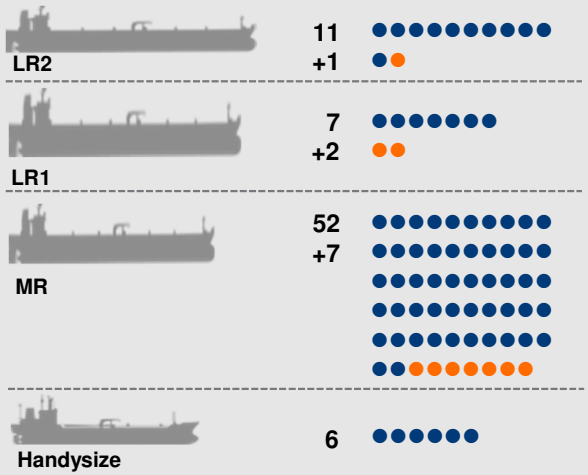
- A leading pure-play product tanker owner
- Large commercial footprint with presence in all key product tanker segments
- Strong capital structure to support disciplined growth strategy
- Dual-listed on NASDAQ Copenhagen and NASDAQ New York

One TORM

- Large, global organization with ~300 on-shore employees and ~3,000 seafarers
- Integrated in-house operating and technical platform
- Focused on maintaining highest safety, environment and CSR standards, while delivering cost-efficient operations
- Driving performance improvements and creating value for stakeholders

Fleet overview*

77 Owned **10** On order

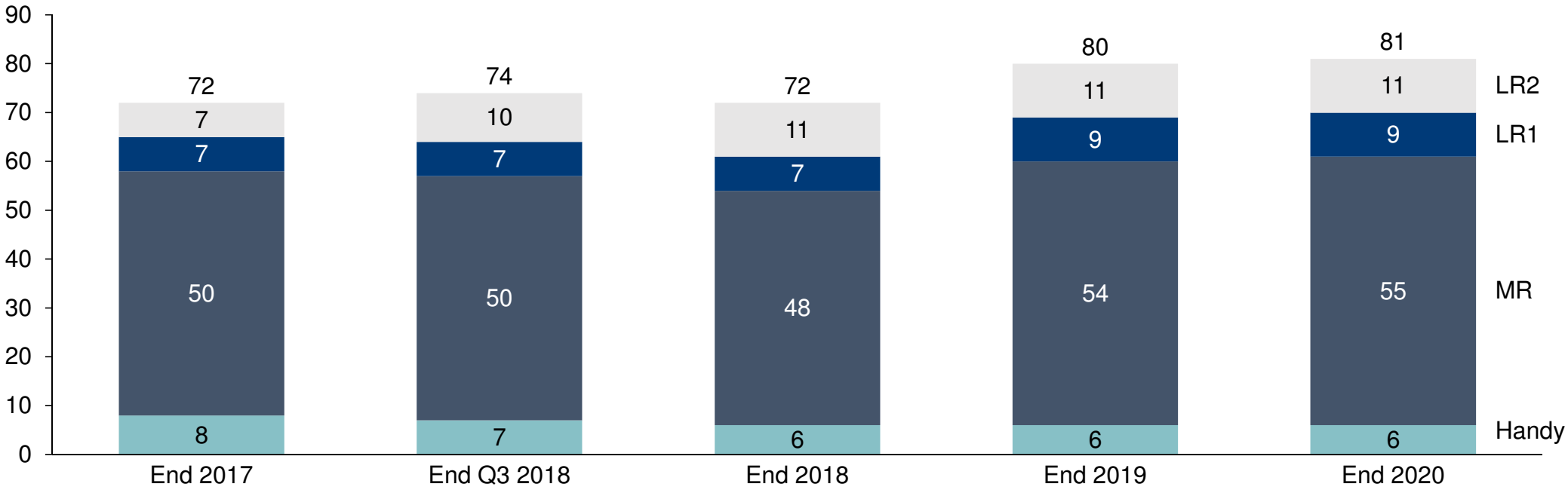


* As of 30 September 2018. Owned vessels include three finance lease vessels.

FLEET UPDATE

# of vessels

As of 30 September 2018



Chartered-in and leaseback vessels

5	3	3	3	3

THE REFERENCE COMPANY IN THE PRODUCT TANKER SEGMENT

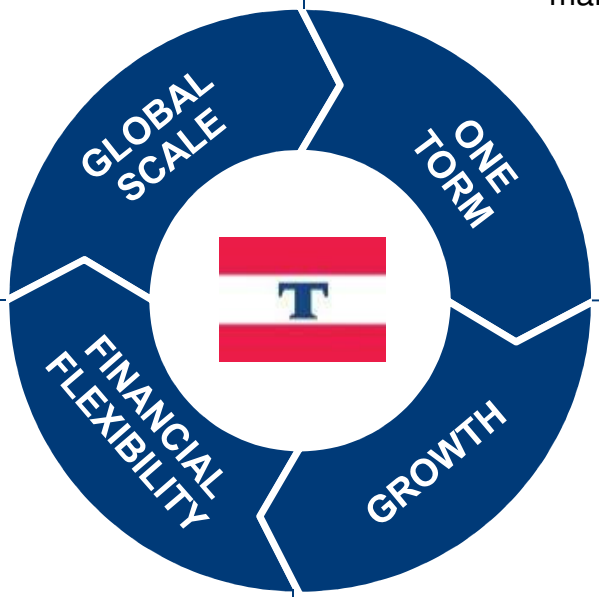
TORM is a large scale, **pure-play product tanker owner**, active in all key product tanker segments in order to meet customer needs

Our ~80 product tankers are primarily deployed in the spot market

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

Competitive advantage when pursuing vessel acquisitions from 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, resulting in higher TCEs

Scale and focus driving cost-efficient results

TORM pursues **selective growth based on rigorous financial hurdles**

Well-positioned to grow at market lows and to be a consolidator

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

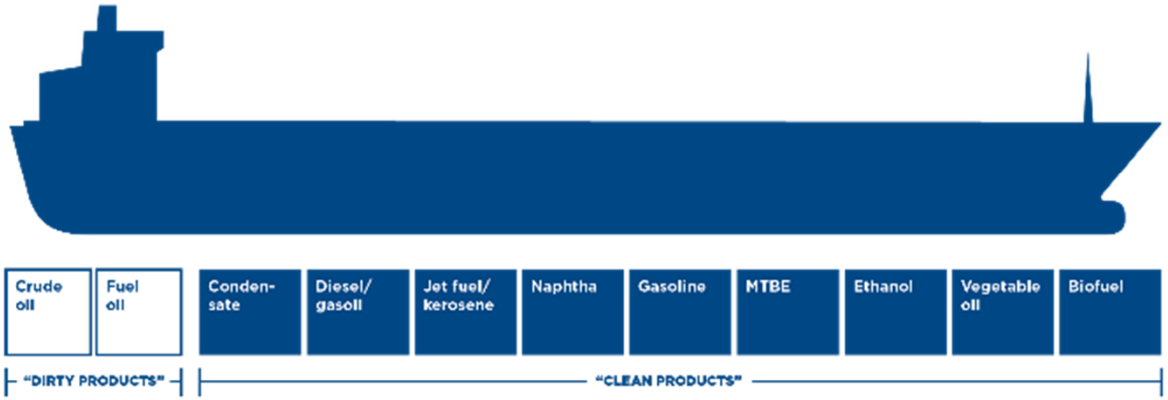
FLEXIBILITY TO TRANSPORT A WIDE RANGE OF DIFFERENT PRODUCTS

TORM

VALUE CHAIN

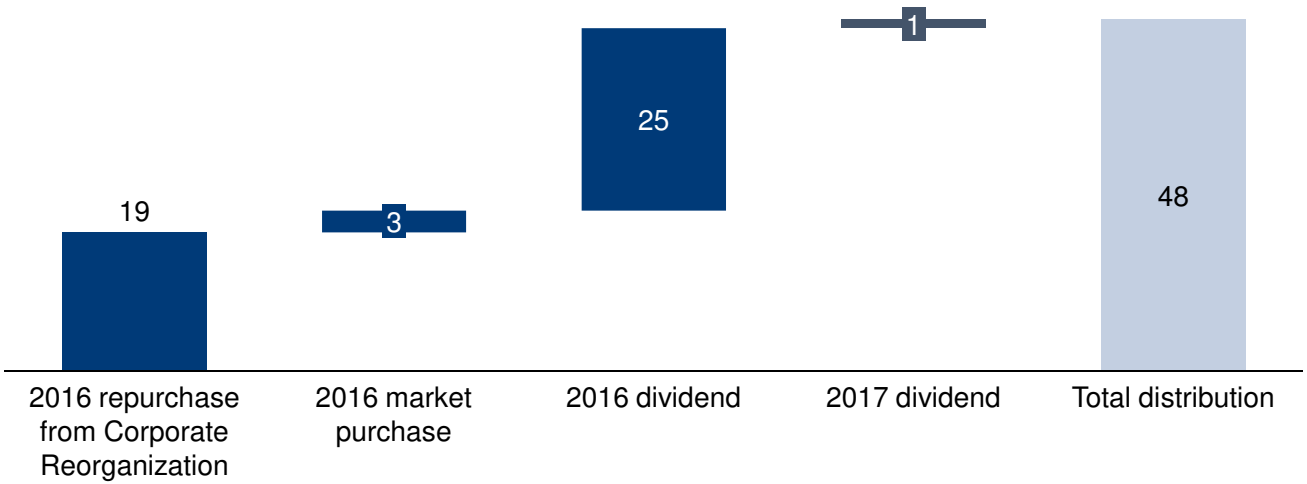


TYPICAL REFINED OIL PRODUCTS CARRIED ON TORM'S VESSELS



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

Distribution to shareholders (USDm)



- On 12 September 2017, TORM paid a dividend of USD 1.2m, corresponding to a dividend per share of USD 0.02 or DKK ~0.13
- During 2016, TORM distributed a total of USD 47m to shareholders, corresponding to a yield of 8%*

TORM's Distribution Policy

- 25-50% of Net Income
- Semi-annual distribution
- Dividend and/or share repurchase
- Policy reviewed periodically

* Based on the share price as of 31 December 2016 and a USD/DKK FX rate of 7.0.

OAKTREE IS THE MAJORITY SHAREHOLDER AND OWNERSHIP HAS BECOME MORE DISPERSED

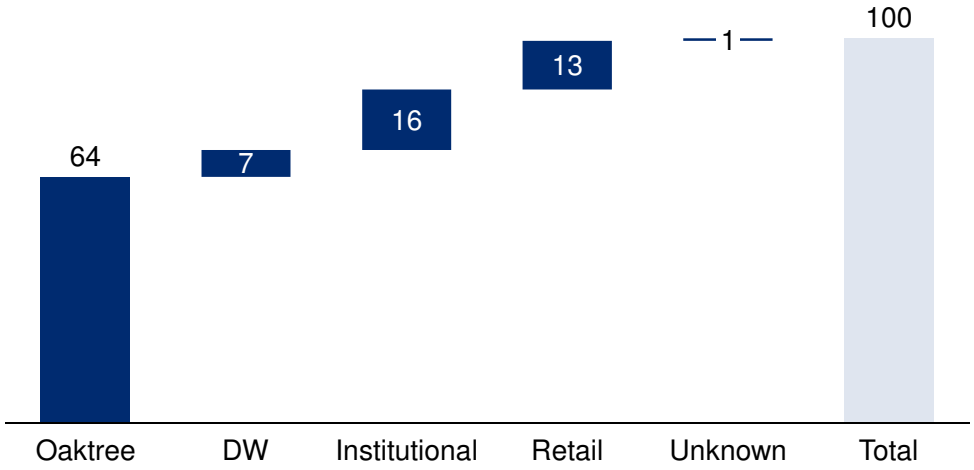
Share information

TORM's shares are listed on NASDAQ Copenhagen and NASDAQ New York under the tickers TRMD A and TRMD, respectively.

Shares
- 74.2m A-shares, one B-share and one C-share
- The B- and the C-shares have certain voting rights
- A-shares have a nominal value of USD/share 0.01

For further company information, visit TORM at www.torm.com

Estimated shareholdings as of 31 January 2018, %



* Adjusted for recent shareholder notifications.

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

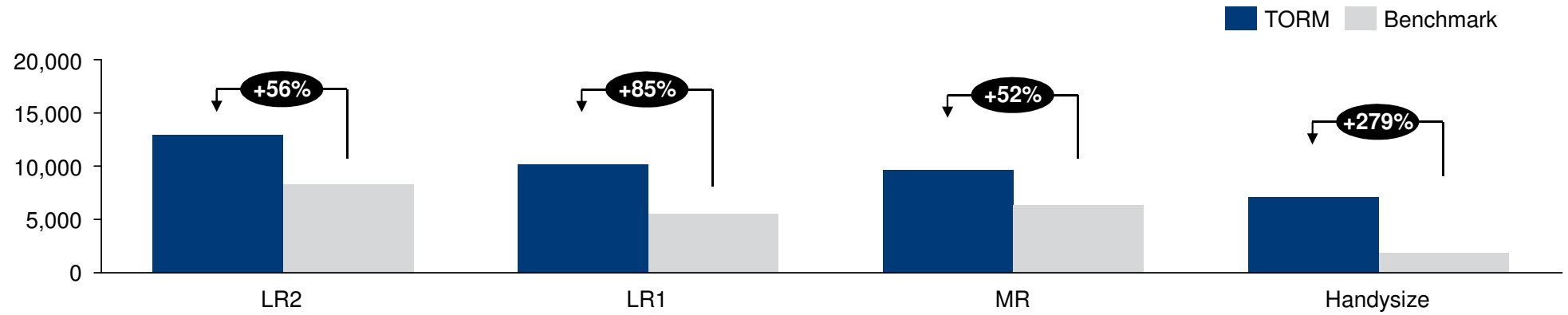
- Head of Technical Division

KEY FIGURES

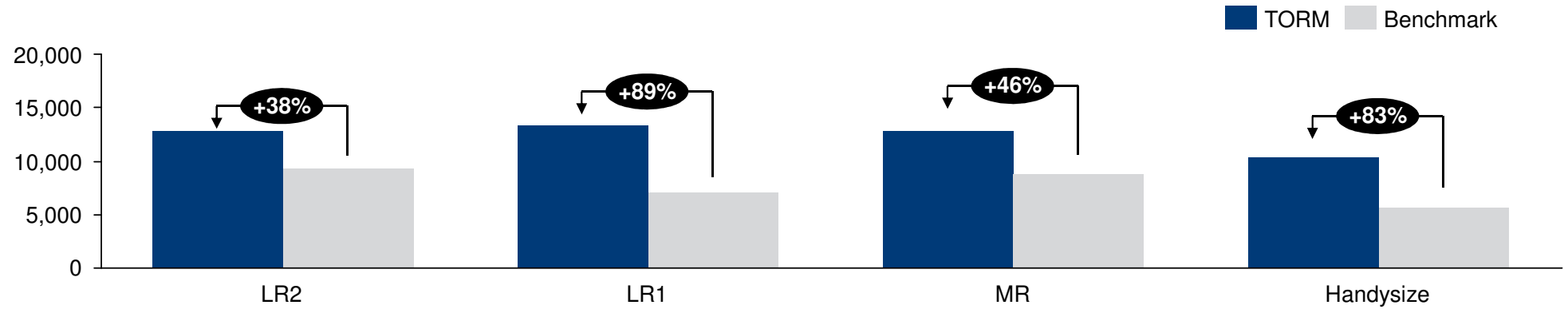
USDm	Q1-Q3 2018	Q1-Q3 2017	2017	2016	Proforma 2015
Revenue	467	486	657	680	854
EBITDA	81	117	158	200	319
Profit/(loss) before tax	-32	-1	3	-142	188
Net profit/(loss) excluding impairment charges	-33	-1	2	43	187
Balance sheet					
Total assets	1,718	1,659	1,647	1,571	1,867
Equity	859	784	791	781	976
NIBD	597	630	620	609	613
Cash and cash equivalents	163	145	134	76	168
Cash flow statement					
Operating cash flow	61	83	110	171	-
Investment cash flow	-136	-98	-114	-119	-
Financing cash flow	103	84	62	-144	-
Financial related key figures					
EBITDA margin	11%	24%	24%	29%	37%
Equity ratio	50%	47%	48%	50%	-
Return on Invested Capital (RoIC)	-4%	2%	3%	-7%	14%

TORM TANKER SPOT RATES VERSUS INDUSTRY BENCHMARK

TORM spot vs. industry benchmark Q3 2018 (USD/day)



TORM spot vs. industry benchmark last 12 months (USD/day)



Note: Benchmarks are not one-to-one comparisons as they do not take broker commission, armed guards and low sulfur fuel costs into account.
Source: Clarksons, Spot earnings: LR2: TC1 (Ras Tanura-> Chiba), LR1: TC5 (Ras Tanura-> Chiba), MR: average basket of Rotterdam->NY, Bombay->Chiba, Mina Al Ahmadi->Rotterdam, Amsterdam->Lome, Houston->Rio de Janeiro, Singapore->Sidney, Handysize: average basket of Augusta->Lavera, Tuapse->Agioi Theodoroi.

TORM HAS A SPOT-ORIENTED PROFILE WITH SIGNIFICANT LEVERAGE TO MARKET UPSIDE

As of 30 September 2018

	2018	2019	2020	2018	2019	2020
	Owned days			Covered, %		
LR2	939	3,955	3,939	26%	1%	–
LR1	611	2,587	3,218	16%	–	–
MR	4,449	18,557	20,023	22%	3%	–
Handysize	535	2,124	2,159	18%	–	–
Total	**6,534**	**27,223**	**29,339**	**22%**	**2%**	**–**
	Charter-in and leaseback days at fixed rate			Covered days		
LR2	91	363	324	272	25	–
LR1	–	–	–	96	–	–
MR	183	726	668	1,031	509	–
Handysize	–	–	–	95	–	–
Total	**274**	**1,089**	**993**	**1,494**	**533**	**–**
	Total physical days			Coverage rates, USD/day		
LR2	1,031	4,318	4,264	21,739	24,249	–
LR1	611	2,587	3,218	13,148	–	–
MR	4,632	19,283	20,691	14,356	14,990	–
Handysize	535	2,124	2,159	7,126	–	–
Total	**6,809**	**28,312**	**30,332**	**15,164**	**15,416**	**–**

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

Contracts not included above	0.6
Contracts included above	0.4

Actual no. of days can vary from projected no. of days primarily due to vessel sales and delays of vessel deliveries.

INDUSTRY COOPERATION AND TRANSPARENCY ARE KEY TO TORM'S CORPORATE SOCIAL RESPONSIBILITY

TORM

TORM is committed to support…

Clean Shipping Alliance 2020

- **Clean Shipping Alliance 2020**
  TORM joined the CSA 2020 as one of the first shipping companies in Denmark and hereby supports the enforcement of the IMO 2020 Sulfur Directive as of 1 January 2020

- **UN Sustainable Development Goals**
  TORM supports the SDGs based on an assessment of our CSR activities and areas of impact

- **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 Shipping**
  As part of Danish Shipping, TORM is pushing for international regulation and standards on e.g. emissions through the International Maritime Organization

TORM has set and communicated on climate targets

Set climate target:

- In 2017, TORM continued its efforts and achieved improvements bringing the fuel efficiency to **5.2%** compared to the 2015 baseline

- The target for 2018 is to improve fuel efficiency by a further **1.5%**