


14 MAY 2019

# Q1 2019 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 | Introduction to TORM and Q1 2019 highlights |
| 2 | Product tanker market overview and outlook |
| 3 | IMO 2020 |
| 4 | Financial metrics |

# TORM AT A GLANCE

## A world-leading product tanker company

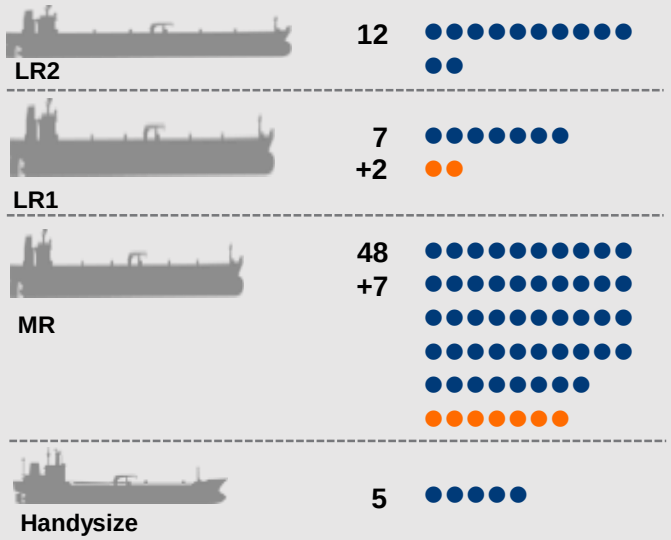
- A leading pure-play product tanker owner
- Large commercial footprint with presence in all key product tanker segments
- Strong capital structure to support disciplined growth strategy
- Dual-listed on Nasdaq Copenhagen and Nasdaq New York

## One TORM

- Large, global organization with ~300 on-shore employees and ~3,100 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*

**72** Owned **9** On order




* As of 14 May 2019, owned vessels include three financially leased vessels.

# Q1 2019 FINANCIAL HIGHLIGHTS

TORM

## HISTORICAL PERFORMANCE

**TIME CHARTER EQUIVALENT**
Increase in time charter equivalent is driven by general market development

**USD/day 17,949**
Q1 2019

**USD/day 14,225**
Q1 2018

**EBITDA**
Increase in EBITDA is driven by higher freight rates

**USD 62m**
Q1 2019

**USD 37m**
Q1 2018

**ROIC**
Increase in RoIC is driven by higher EBITDA

**8.8%**
Q1 2019

**2.4%**
Q1 2018

## CAPITAL STRUCTURE
as of 31 March 2019

**LIQUIDITY**
Well-positioned to service future commitments

**USD 438m**
Q1 2019

**NET ASSET VALUE**
Broker-based valuation of TORM's assets

**USD 829m**
Q1 2019

**NET LOAN TO VALUE**
Strong capital structure

**52%**
Q1 2019

## OPERATIONAL LEVERAGE
as of 7 May 2019

**OPEN DAYS**

**15,936**
Q2-Q4 2019

**COVERED DAYS**

**4,455**
Q2-Q4 2019

**COVERAGE RATES**

**USD/day 16,026**
Q2-Q4 2019

# THE REFERENCE COMPANY IN THE PRODUCT TANKER SEGMENT

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

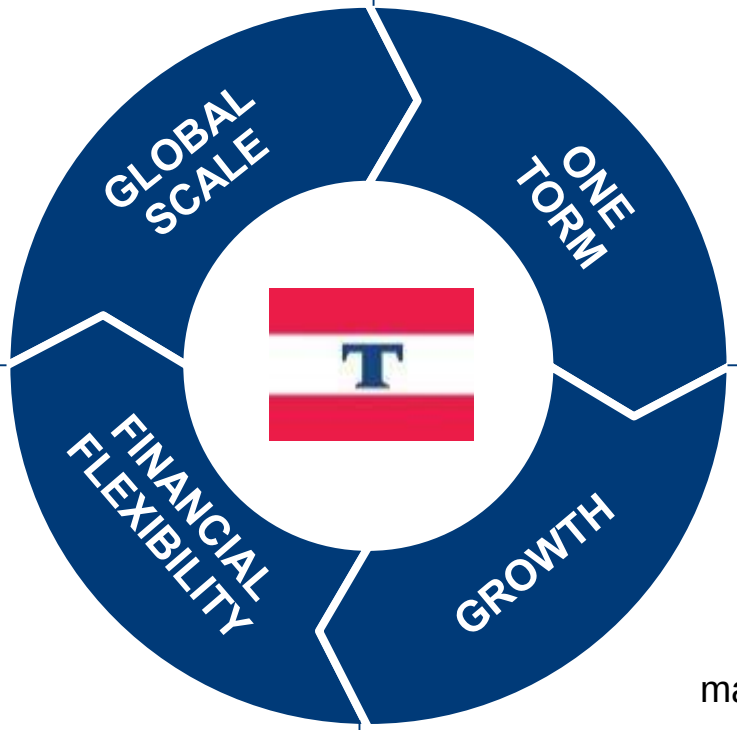
Our ~75 product tankers are primarily deployed in the spot market

Limited charter-in commitment (off-balance sheet)

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

Competitive advantage when pursuing vessel acquisitions from yards

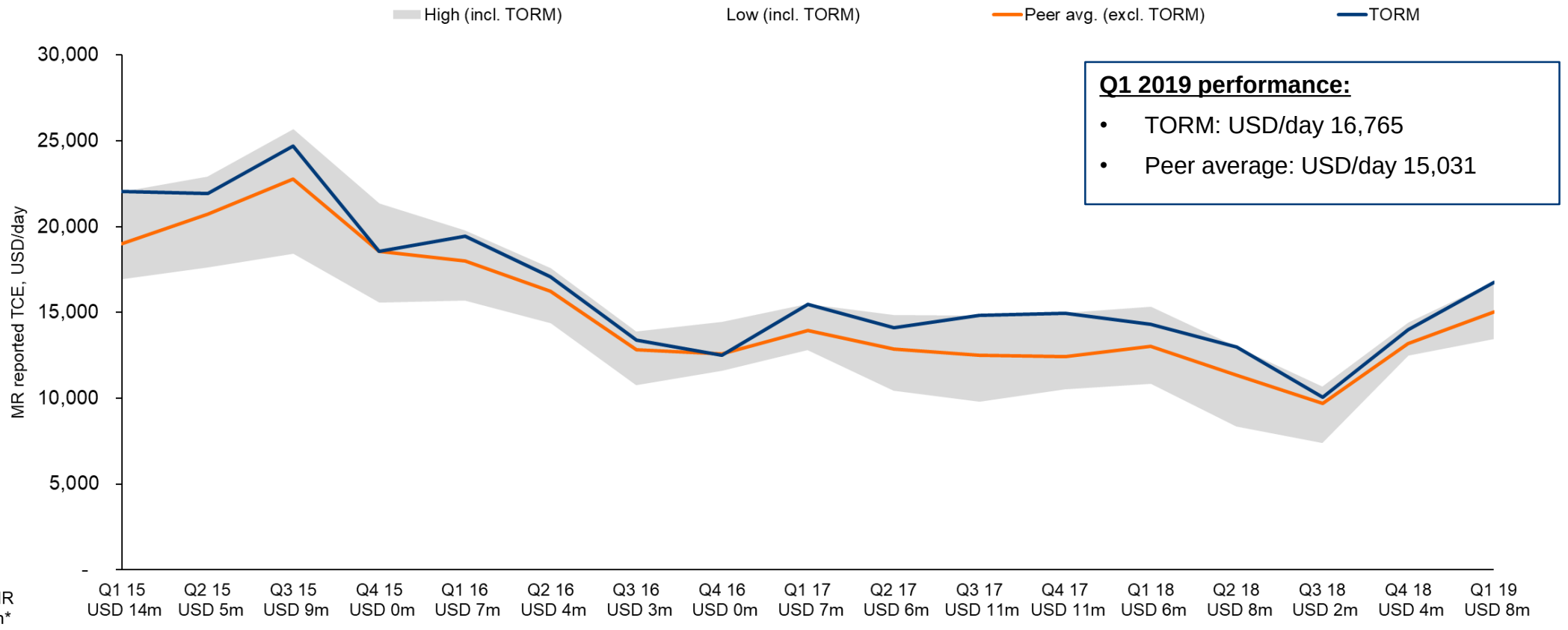
Semi-annual distribution policy of 25-50% of net income

TORM pursues **selective fleet growth and renewal through rigorous financial hurdles**

Well-positioned to increase competitiveness through asset management, scrubber installations and market consolidation

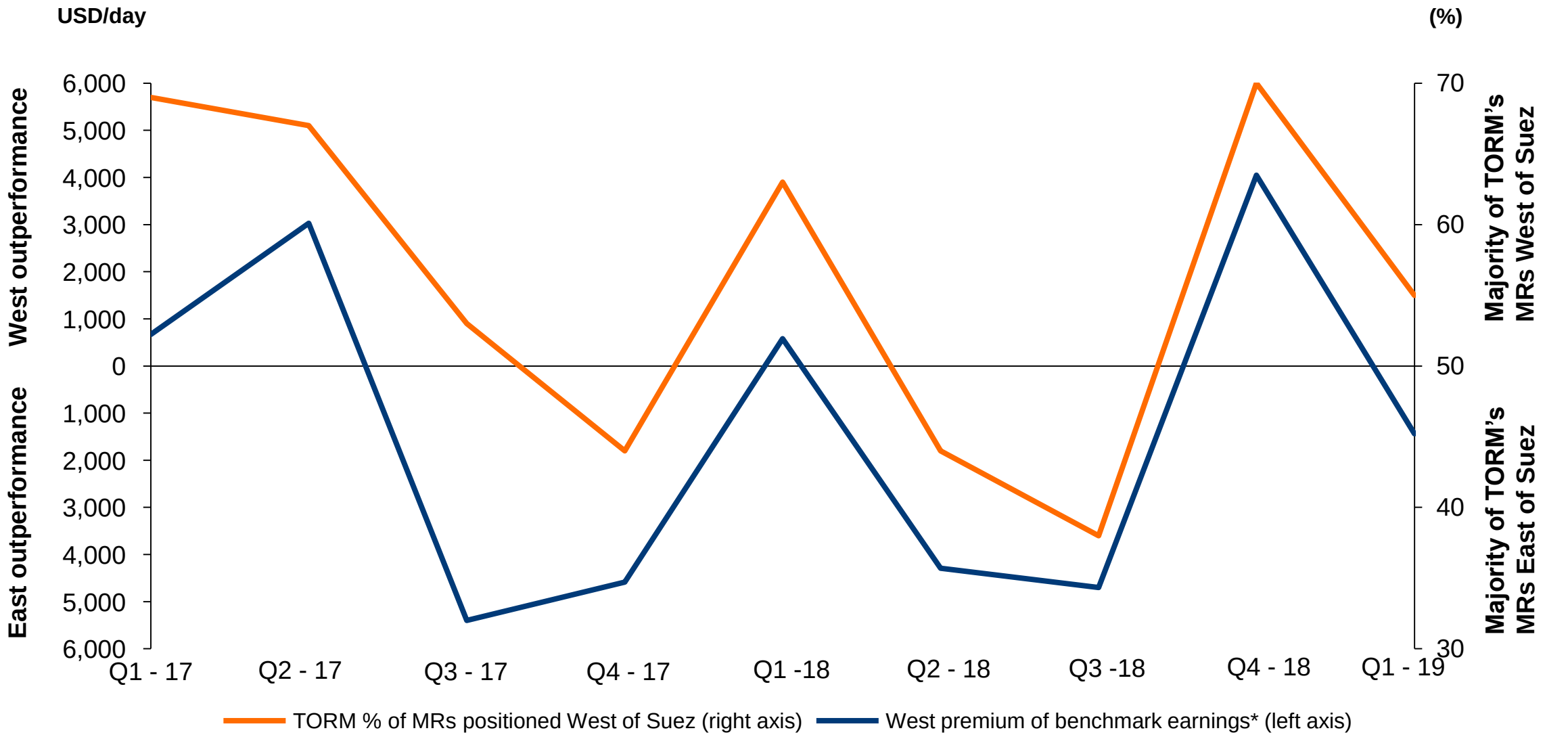
In-house S&P team with relationships with brokers, yards, banks and shipowners

# TORM COMMERCIALLY OUTPERFORMS PEERS IN ITS KEY MR SEGMENT




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 Q1 2019, the peer group only consists of Scorpio Tankers, Ardmore, NORDEN, International Seaways, d'Amico and Maersk Tankers. Earning releases from other peers are pending.
* TORM premium calculation is based on a TORM MR fleet of 50 vessels earning TORM's TCE rate compared to the peer average.

# TORM'S COMMERCIAL CAPABILITIES ARE FOCUSED ON OPTIMIZING GEOGRAPHICAL POSITIONING

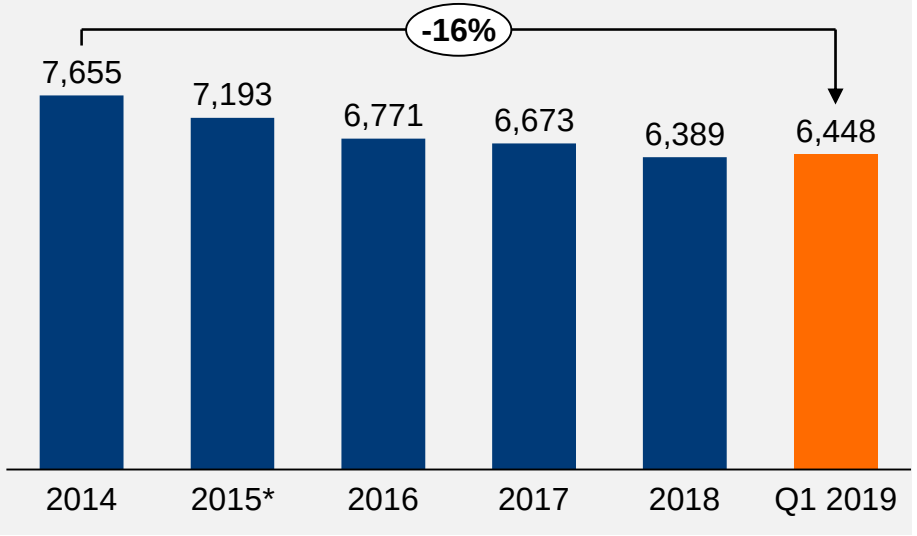



* West premium calculated as spread between Atlantic triangulation (TC2 & TC14) and Transpacific voyage (TC10).
Source: Clarksons, TORM.

# FULLY INTEGRATED BUSINESS MODEL WITH COMPETITIVE COST STRUCTURE

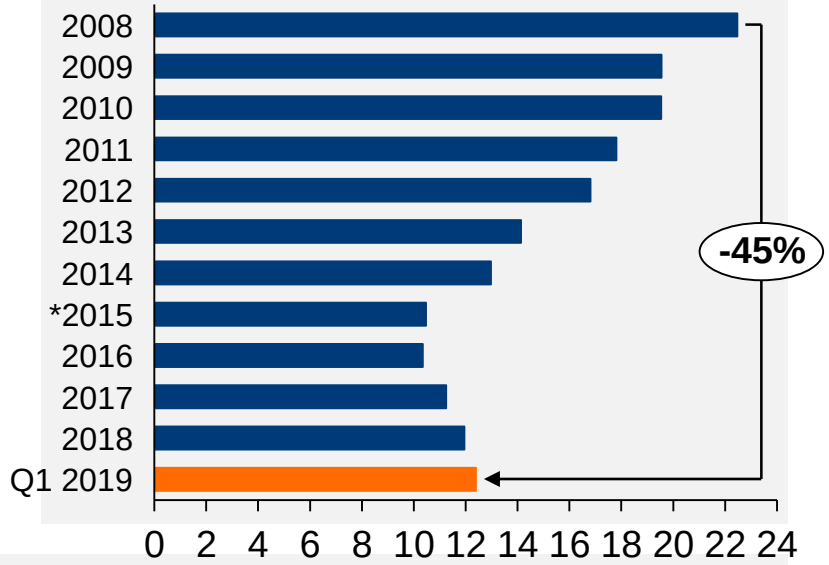
## Significant reduction in OPEX

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




## TORM has trimmed administration expenses

Admin. expenses (quarterly avg. in USDm)




Compared to 2014 TORM has reduced the annual OPEX cost base of approx. USD 34m by an OPEX/day reduction of USD/day 1,207

## 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
- 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.

# FLEET AND SCRUBBER UPDATE

**Sales & Purchase**

- TORM has sold the MR vessels TORM Amazon (built 2002) and TORM Cecilie (built 2001) during Q1 2019 for a total consideration of USD 15m and repaid total debt of USD 9m in connection with the vessel sales
- One vessel was delivered to the new owner during the first quarter, and one vessel has been delivered during April
- As of 31 March 2019, TORM's fleet consists of 69 owned vessels, three chartered vessels and nine vessels on order – consisting of two LR1s and seven MRs

**Scrubber update**

- TORM has committed to install a further 13 scrubbers bringing the total to 34 scrubbers
- With close to half of the fleet having scrubbers installed, TORM has a balanced approach towards compliance with the IMO 2020 regulation
- All 13 new scrubber orders and 28 out of TORM's total scrubbers will be delivered from TORM's scrubber JV ME Production China
- 32 scrubbers are expected to be installed in 2019 and two in the first quarter of 2020 (including the delivery of one newbuilding)

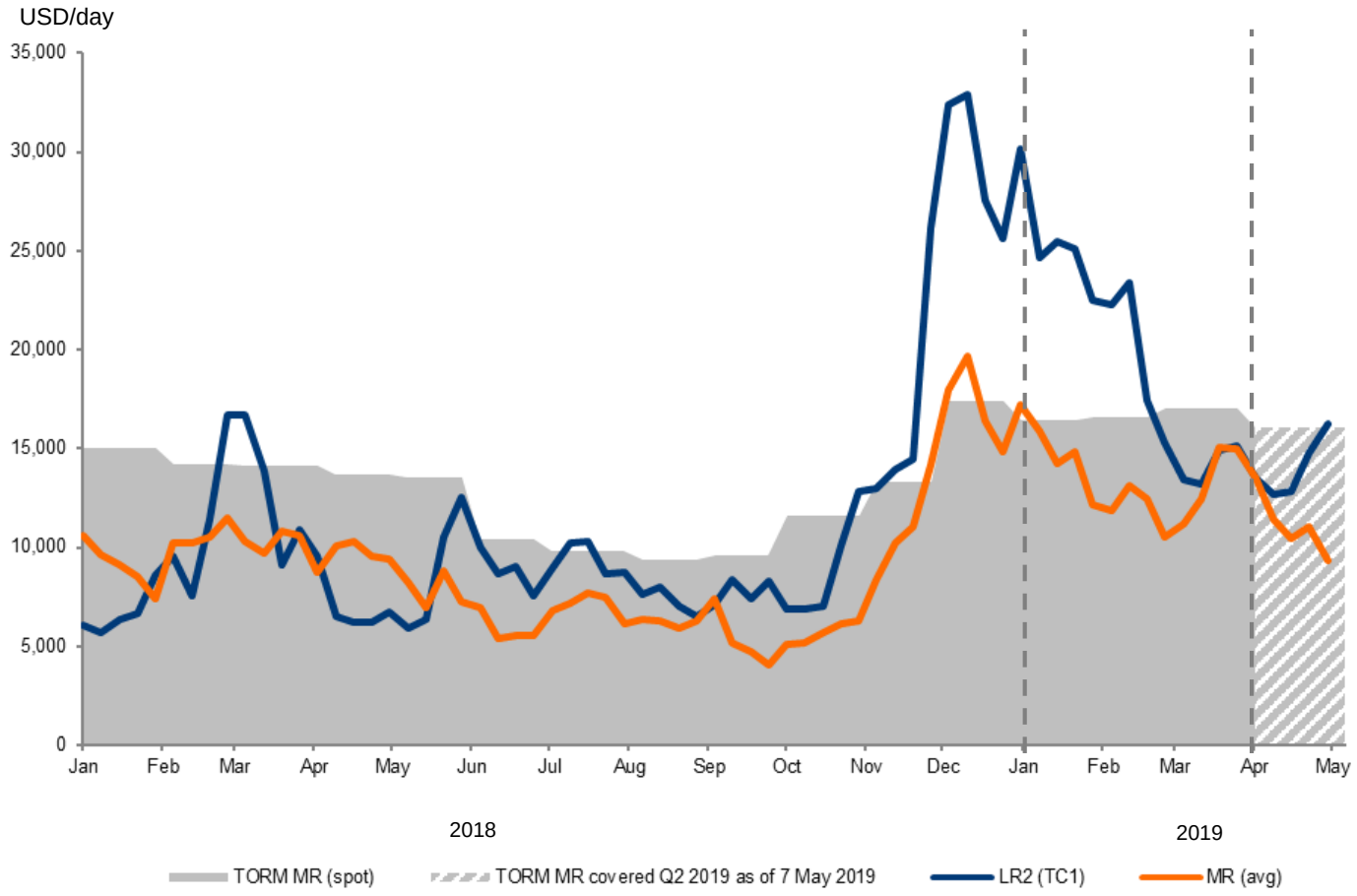
# INVESTMENT HIGHLIGHTS

| | |
|---|---|
| **Pure-play product tanker exposure** | ~75 vessels deployed in the spot market across all four larger product tanker segments |
| **Superior commercial performance** | One TORM approach with in-house commercial and technical management provides superior earnings while maintaining a balanced cost structure without leakage |
| **Solid capital structure** | Conservative balance sheet and a strong liquidity position provide room for potential growth while maintaining break-even rates at low levels |
| **Significant operating leverage** | Significant operating leverage through spot-orientation allowing TORM to benefit from the recent increase in TCE rates |
| **Balanced approach towards IMO 2020** | Ready for IMO 2020 compliance with a balanced approach and committed to scrubber installations on 34 vessels, or close to half of our fleet |
| **Positive market fundamentals** | Prospective market outlook impacted by increased demand from upcoming IMO 2020 sulfur regulation, Middle East refinery expansions and low order book |

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# STRONG START TO THE YEAR FOLLOWED BY SEASONAL SOFTENING




**Q1 2019**

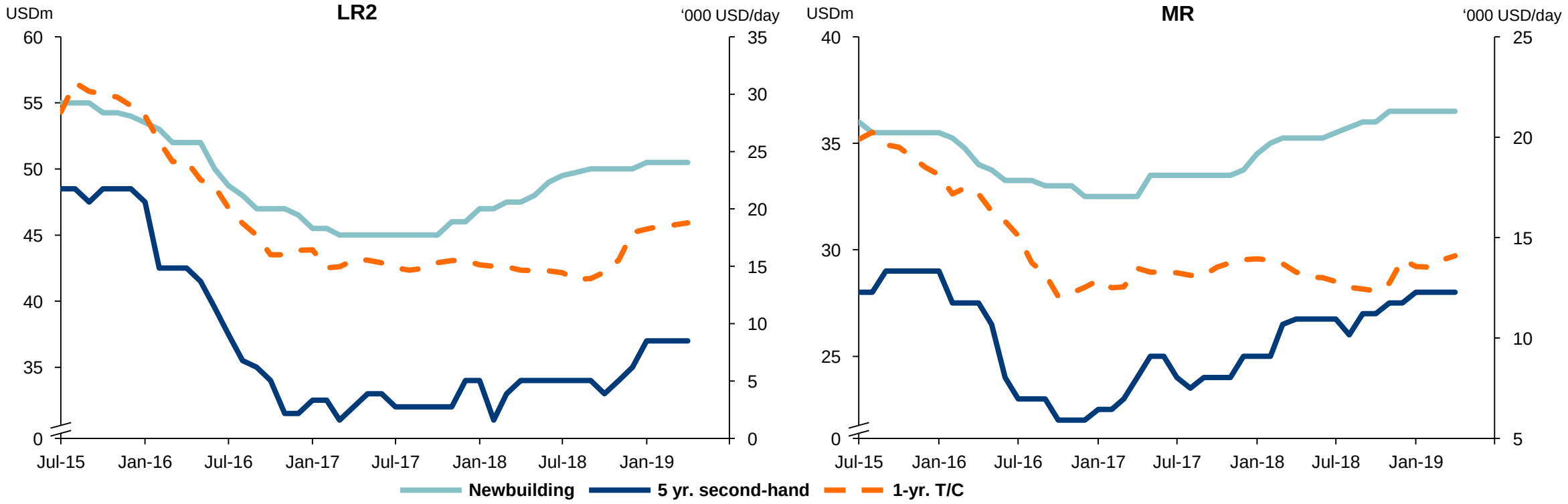
- Open arbitrage windows and generally healthy trade patterns
- Commencement of refinery maintenance period in Europe, the US and the Middle East
- Unplanned refinery outages in the US leading to increased gasoline imports to the US East Coast and the US West Coast
- Increased cannibalization from high crude newbuilding deliveries in the beginning of the year, corresponding to 35% of East to West gasoil volumes

**Q2 2019 – to date**

- Spring refinery maintenance peaks in Asia, negatively impacting East to West flows
- Compared to the peak maintenance in Q1, around 90% of refinery capacity has restarted in the US Gulf Coast and 40% in Europe
- Increased flows to the US East Coast (PADD 1) and the US West Coast (PADD 5) as gasoline stockpiles have fallen to the lowest seasonal levels in five years amid refinery outages

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->Sydney.

# VESSEL VALUES HAVE STABILIZED AT HIGHER LEVELS




- The second-hand market has generally been relatively low, with more interest seen for older tonnage
- Vessel values for modern tonnage have stabilized at a level around 10% higher compared to last year
- Product tanker newbuilding activity has remained relatively low in Q1 and Q2 to date
- Currently concluded prices remain around 12% above the lows seen in 2017. Newbuilding prices for larger vessels remain 9% below the last peak seen in 2015, while MR prices are on par with the last peak

Source: Clarksons.

# MEDIUM TO LONG-TERM MARKET DRIVERS REMAIN POSITIVE

## Key medium to long-term market drivers

- Global oil demand growth remains positive albeit slower than in previous years
- Global CPP stockpiles have returned to normal levels
- Refinery capacity addition in the Middle East potentially increasing sailing distances
- Product tanker order book to fleet ratio at historically low level
- IMO 2020-induced increase in inter and intra-regional product tanker trade

- Macroeconomic uncertainty

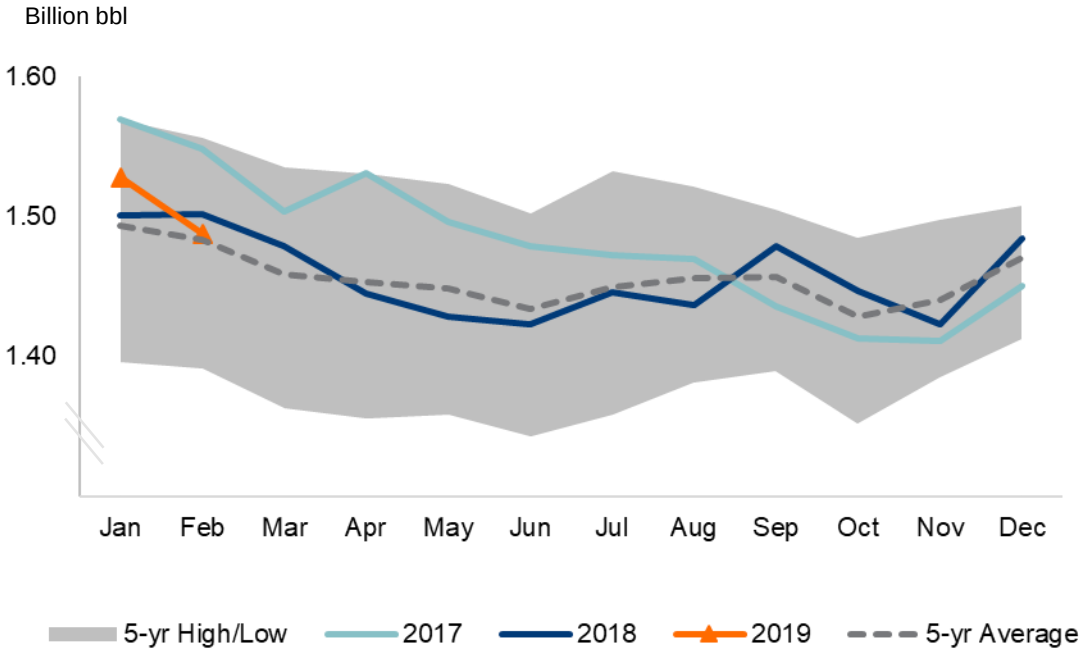
The market drivers are expected to result in an annual growth of 5% for demand and 3% for supply in 2019-2021.

Source: TORM.

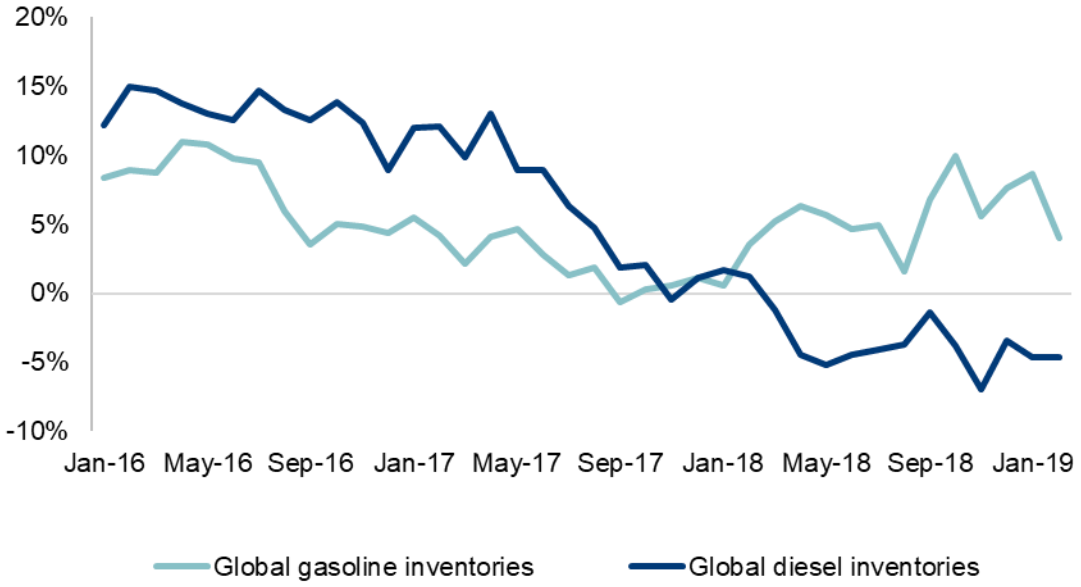
# PRODUCT INVENTORIES BACK TO NORMAL LEVELS

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## Aggregated global CPP inventories*




## Inventories compared to 5-year average levels

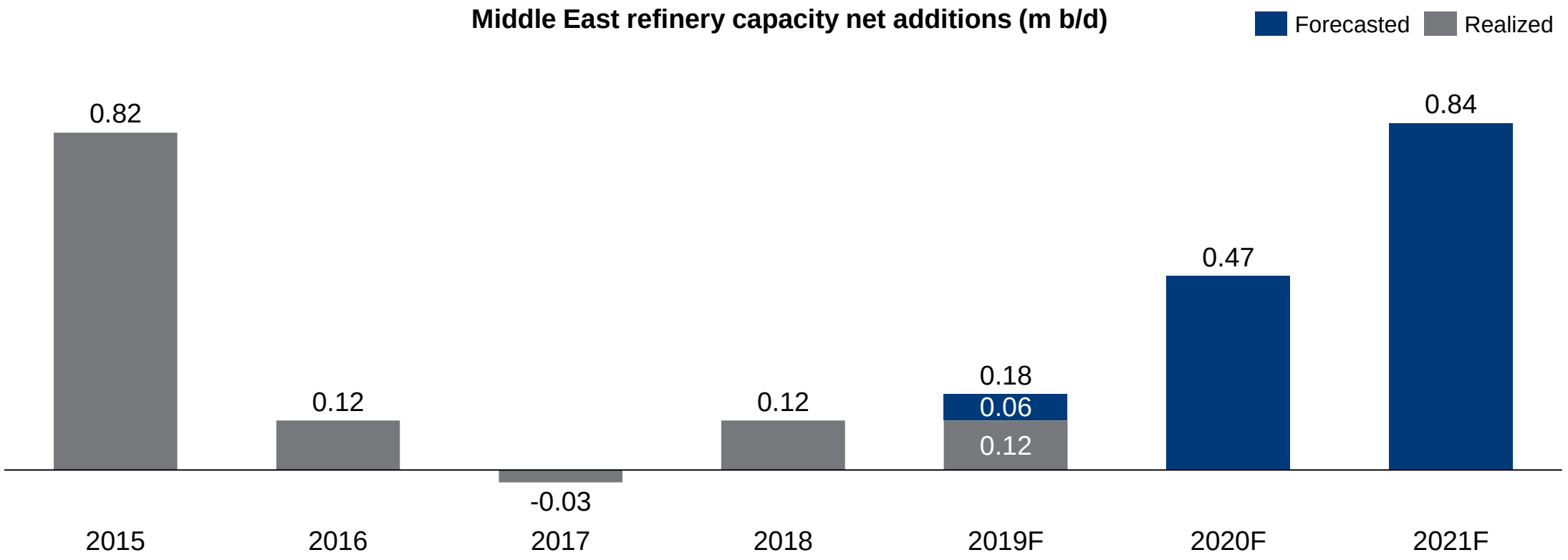



- Global CPP inventories are back to 5-year average levels
- Diesel inventories in main import areas continue to be at relatively low levels, indicating a potential future inventory build-up
- Tight gasoline inventories in the US supporting trade flows, however, gasoline inventories in Asia are still relatively high

Note: Includes countries for which February 2019 data is available. These account for approximately 86% of global visible CPP (naphtha, gasoline, jet/kero, diesel/gasoil) stocks.
Source: JODI, TORM.

# MIDDLE EAST REFINERY CAPACITY ADDITIONS SET TO INCREASE SIGNIFICANTLY THROUGH 2021

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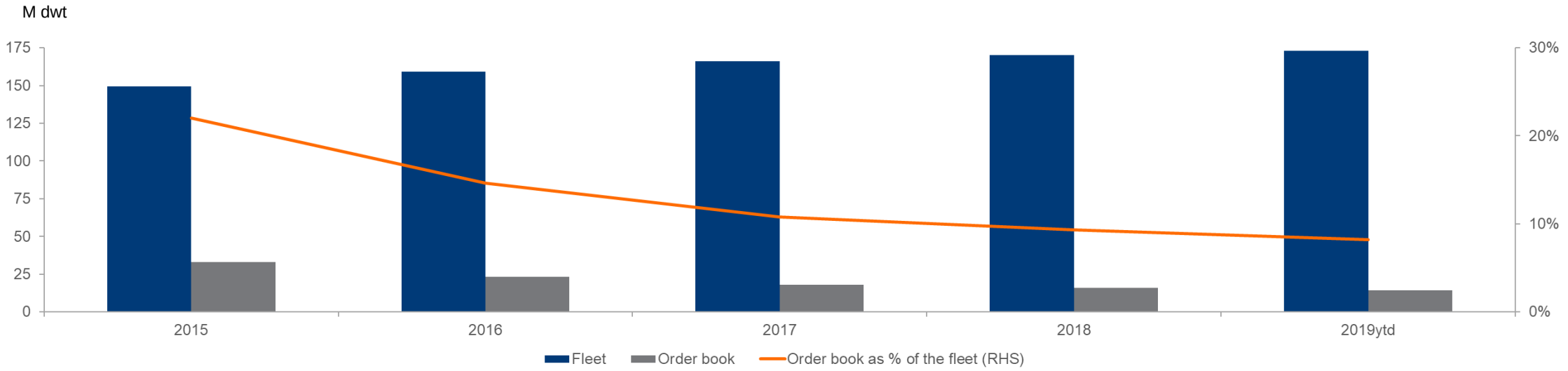



- As oil product demand increases, the ton-mile demand is positively impacted by increasing geographic dislocations between the demand for and supply of clean petroleum products (CPP)
- Middle East refinery capacity additions are expected to accelerate in 2020-2021, placing a renewed pressure on less competitive refineries in e.g. Europe and subsequently leading to increased CPP movements across regions

Source: WoodMackenzie, TORM.

# PRODUCT TANKER ORDER BOOK CONTINUES TO SHRINK

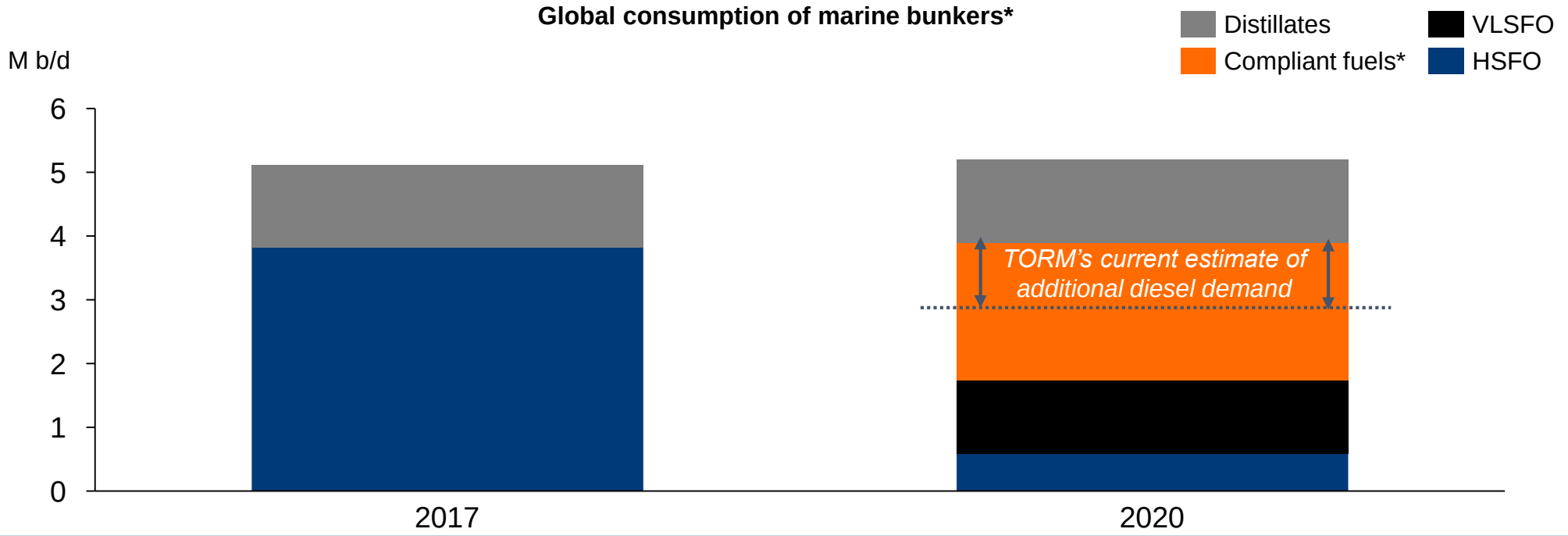
## Product tanker order book as percentage of the fleet




- Product tanker order book to fleet ratio at a historically low level of 8.3% (11% for MRs, 3% for LR1s and 9% for LR2s)
- In Q1 2019, the product tanker fleet grew by 1.6% with 4.3% growth expected for FY 2019 (vs. 2.5% in 2018, 4.5% in 2017 and 6.5% in 2016)
- TORM conservatively estimates that the product tanker fleet will grow by an average of ~3.2% p.a. in the period 2019-2021, excluding any potential acceleration of scrapping in response to new regulations*

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.

# IMO 2020 SULFUR CAP WILL POTENTIALLY LEAD TO ~5% INCREMENTAL GROWTH IN THE PRODUCT TANKER TRADE



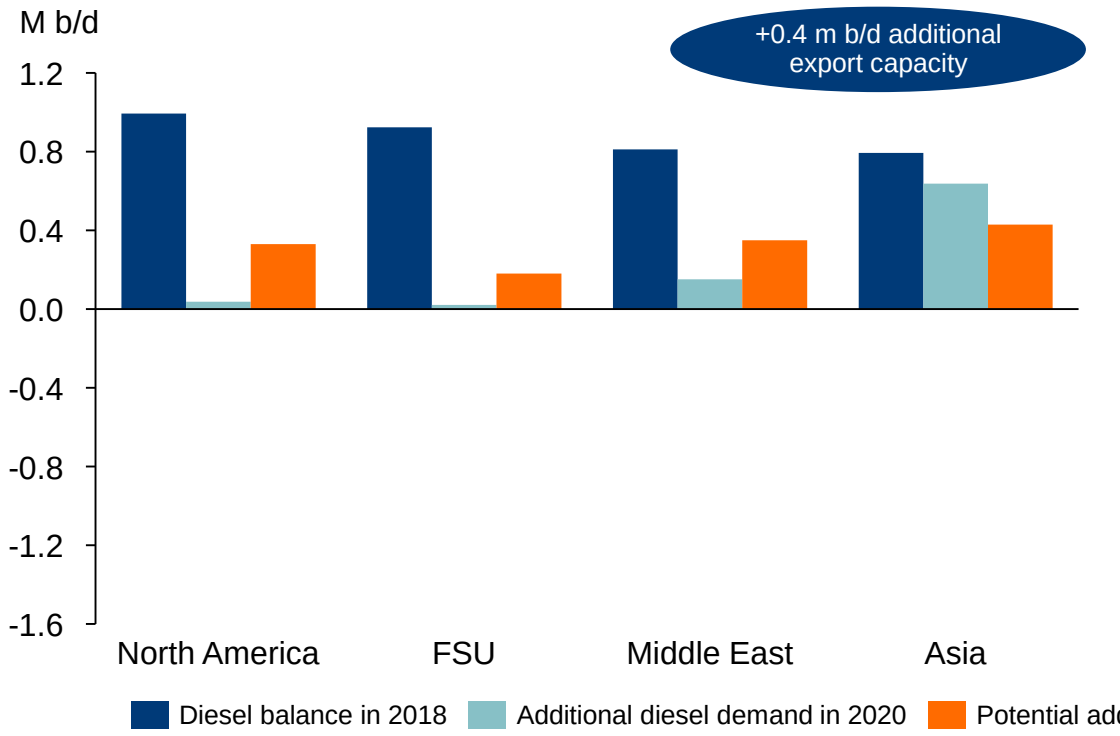

- Up to 2 mb/d of HSFO potentially shifting to MGO (diesel) or other 0.5% sulfur fuels, leading to increased inter and intra-regional product tanker trade
- TORM currently expects the IMO 2020 regulation to lead to at least 1.1 mb/d of additional diesel demand, corresponding to around 5% incremental growth in the product tanker trade, with downside dependent on higher availability of VLSFO from the refinery sector
- Temporary capacity reduction expected due to increased off-hire time in connection with preparations for the IMO 2020 regulation estimated at around 0.4% of total fleet capacity
- 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 VLSFO production.
Source: TORM.

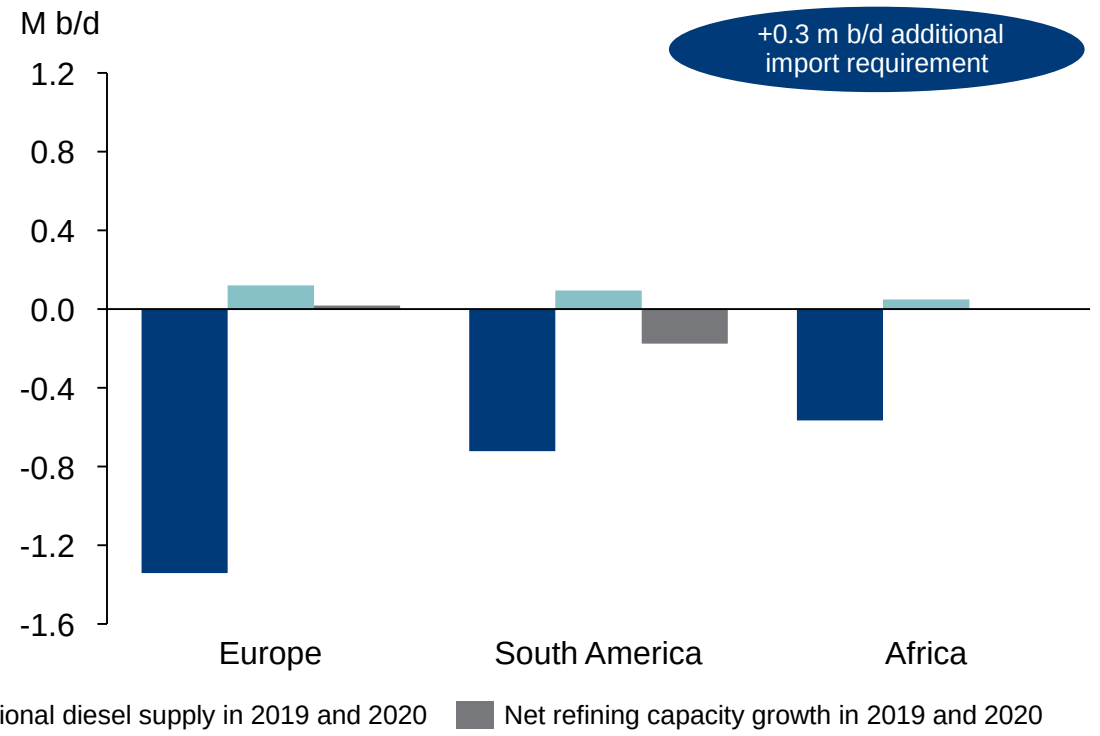
# MORE FLEXIBILITY TO PRODUCE ADDITIONAL DIESEL IN NET EXPORTING REGIONS

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**Exporting regions increase diesel production capacity…**




**…while IMO 2020 will increase the deficit in importing regions**




Diesel balance in 2018 | Additional diesel demand in 2020 | Potential additional diesel supply in 2019 and 2020 | Net refining capacity growth in 2019 and 2020

- The Middle East and Asia will add a total of 3.3 mb/d of new refining capacity during 2019-2020, resulting in increased diesel supply
- In the US and the FSU[1)], additional diesel supply mainly results from increased secondary feedstock use and refinery upgrades

- No new refineries coming online in diesel deficit regions
- Additional diesel supply limited to changes in refinery runs and yield shifts

1. Former Soviet Union countries.

Source: IEA, WoodMackenzie, TORM.

# BOTH MEDIUM-HAUL REGIONAL TRADE AND LONG-HAUL TRADE WILL BE SUPPORTED BY THE IMO 2020 REGULATION

**Examples of trade routes enforced by the IMO 2020 regulation**




- Increased flexibility to produce additional diesel in net exporting regions and refinery expansion support long-haul and medium-haul trade routes across the world
- Additional routes will be impacted including shorter distance regional and coastal trades

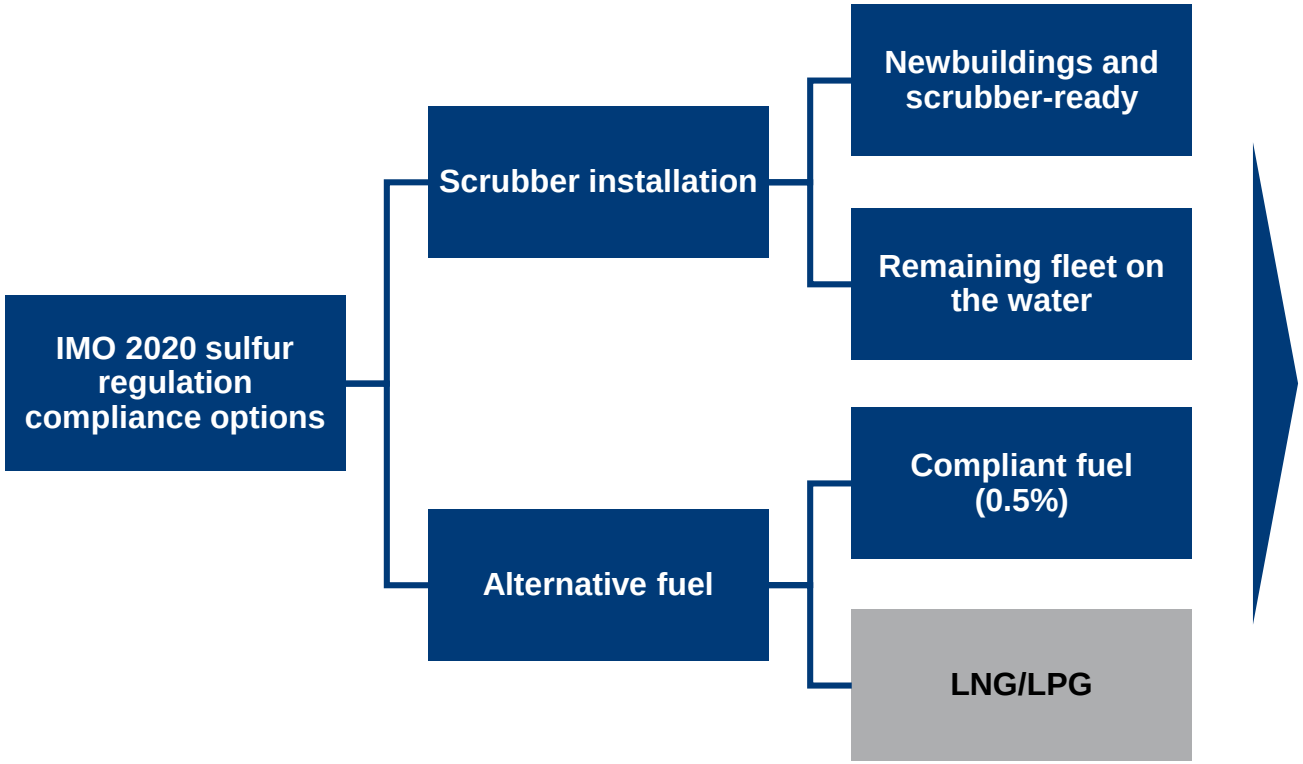
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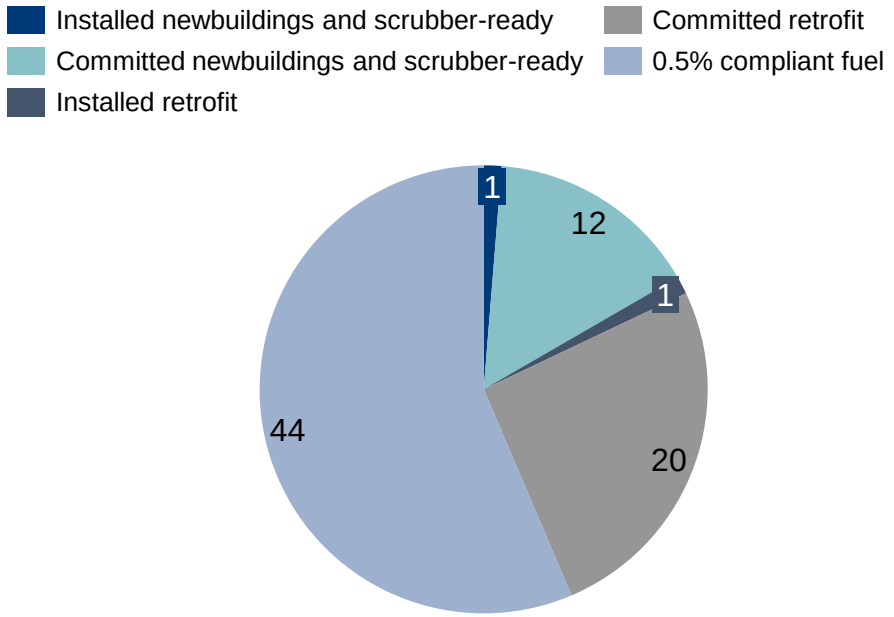
# TORM HAS ORDERED 13 ADDITIONAL SCRUBBERS IN APRIL 2019 FOR RETROFITTING

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## IMO 2020 sulfur regulation compliance options




## Significant number of vessels committed to scrubbers[1)]




- Additional retrofit installations are under consideration
- LNG/LPG is not applicable due to trading pattern

- 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

1. The three financial sale & leaseback vessels are excluded from the graph, no scrubbers will be installed on these vessels.

# MAJORITY OF 34 SCRUBBER INSTALLATIONS WILL BE DELIVERED AHEAD OF THE 2020 DEADLINE SUPPORTED BY TORM'S SCRUBBER JV

## TORM's scrubber JV, ME Production China

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Ownership share: 27.5%

**ME Production China**

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*



- One of the largest risks with scrubber installations is the potential delay during both the production and installation phase
- Due to the strategic partnership with ME Production and GSI, TORM has secured production slots at ME Production China securing delivery of the majority of scrubbers ahead of the 2020 deadline
- 28 of the 34 scrubbers will be delivered from TORM's scrubber JV, ME Production China

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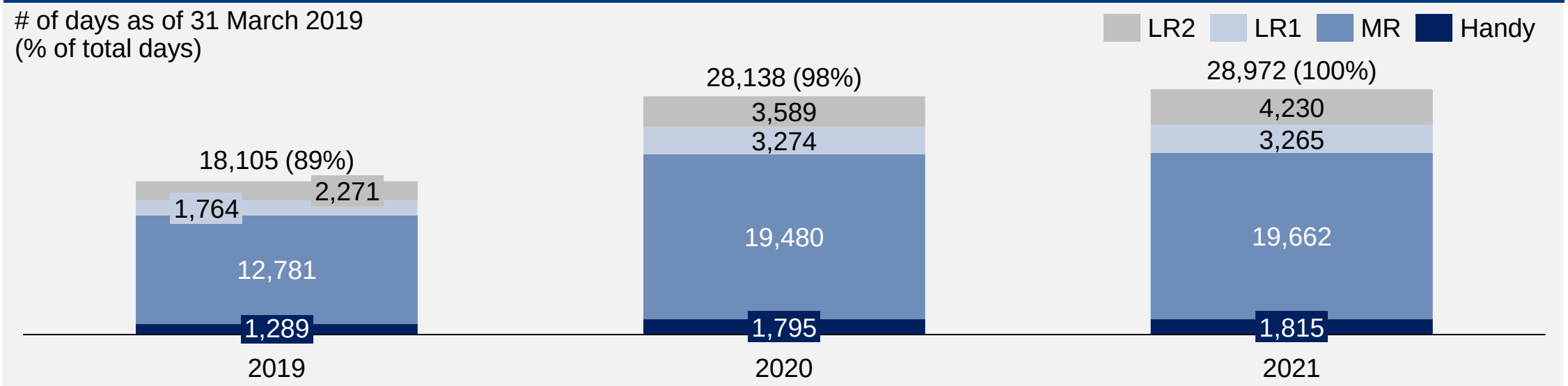
# PROFITABLE IN Q1 2019

| USDm | Q1 2019 | Q1 2018 | 2018 |
|---|---|---|---|
| **P&L** | | | |
| TCE Earnings | 117 | 97 | 352 |
| Gross profit | 74 | 49 | 169 |
| Sale of vessels | 0 | 1 | 1 |
| EBITDA | 62 | 37 | 121 |
| Profit before tax | 23 | 1 | -33 |
| **Balance sheet** | | | |
| Equity | 867 | 892 | 847 |
| NIBD | 584 | 577 | 627 |
| Cash and cash equivalents | 155 | 174 | 127 |
| **Key figures** | | | |
| Earnings per share (USD) | 0.31 | 0.01 | -0.48 |
| Return on Invested Capital | 8.8% | 2.4% | 0.1% |
| Net Asset Value (NAV) | 829 | 857 | 856 |
| Number of vessels (#) | 70 | 78 | 75 |
| Tanker TCE/day (USD) | 17,949 | 14,225 | 12,982 |
| Tanker OPEX/day (USD) | 6,448 | 6,593 | 6,389 |

# SPOT-ORIENTATION PROVIDES SIGNIFICANT OPERATING LEVERAGE

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## Unfixed days



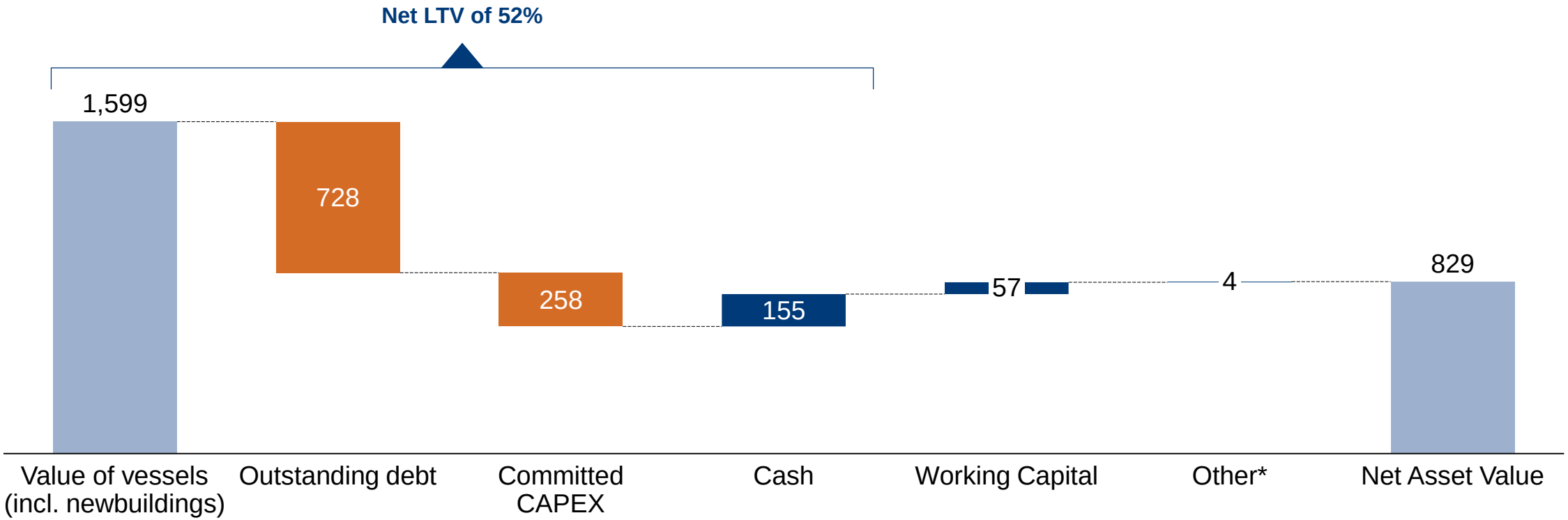

## Illustrative change in cash flow generation potential for the TORM fleet

| Change in average TCE/day | 2019 | 2020 | 2021 |
|---|---|---|---|
| +/- USD 1,000 | 18.1 | 28.1 | 29.0 |
| +/- USD 2,500 | 45.3 | 70.3 | 72.4 |
| +/- USD 5,000 | 90.5 | 140.7 | 144.9 |

- As of 31 March 2019, 11% of the total earning days in 2019 were covered at USD/day 16,311
- As of 7 May 2019, 58% of the total earning days in the second quarter of 2019 were covered at USD/day 16,248, and 22% of the total earning days in the second to the fourth quarter of 2019 were covered at USD/day 16,026

# NET ASSET VALUE ESTIMATED AT USD 829M

31 March 2019 figures, USDm




- Net Loan-to-Value was 52% ensuring a strong capital structure
- Net Asset Value (NAV) was estimated at USD 829m (USD 11.2/DKK 74.5 per share)
- Market cap as of 31 March 2019 was USD 558m, or DKK 50 per share**

* Other includes Other plant and operating equipment and total financial assets.
** Calculated based on 74,218,846 shares and USD/DKK FX rate of 6.64.

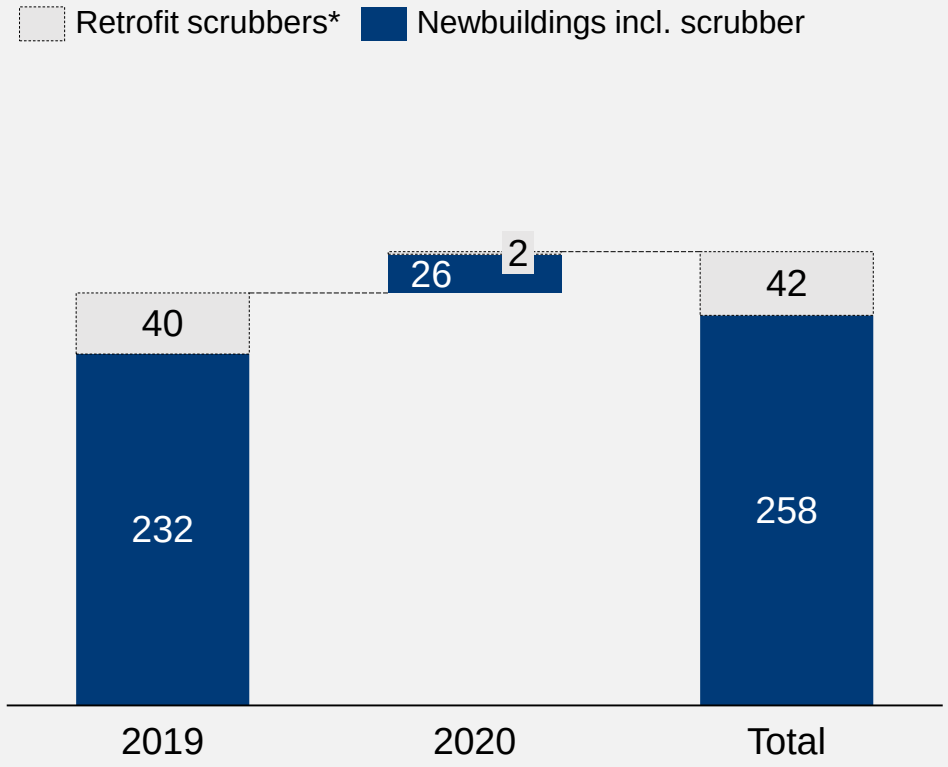
# WELL-POSITIONED TO SERVICE FUTURE CAPEX COMMITMENTS

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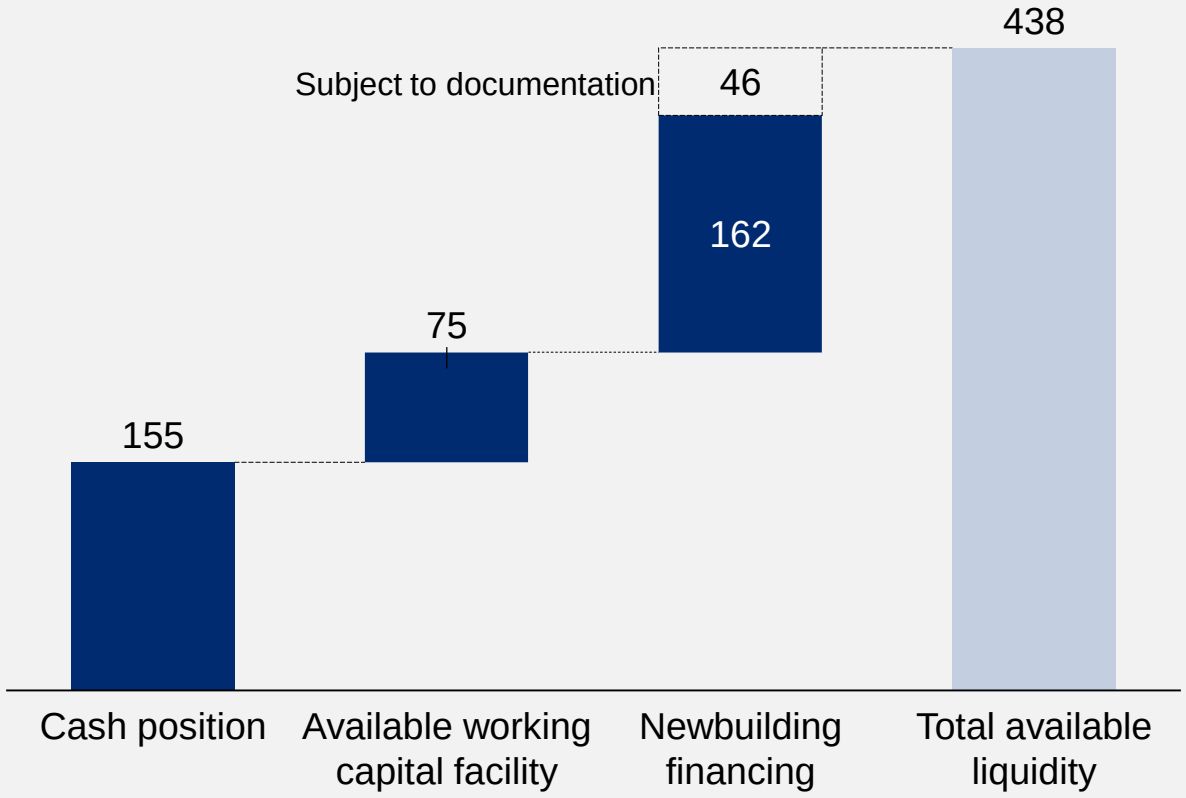
## CAPEX and liquidity as of 31 March 2019

USDm

### CAPEX commitments



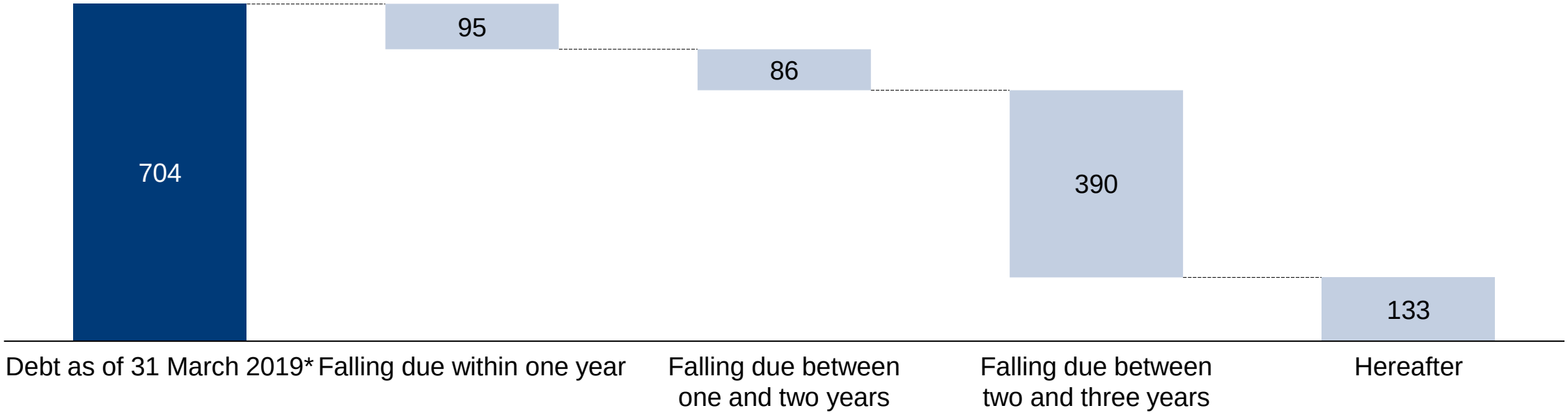

### Available liquidity




* Includes the additional 13 scrubber retrofit installations decided in April.

# FAVOURABLE FINANCING PROFILE WITH NO NEW NEAR-TERM MATURITIES

**Scheduled debt repayments as of 31 March 2019**
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 5.0m, which are amortized over the term of the loans. Debt figure excludes vessel related financial lease liabilities of USD 25m and IFRS16 liabilities of USD 11m.
** Of which USD 40m must be cash or cash equivalent.




# APPENDIX

TORM

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

TORM

## 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



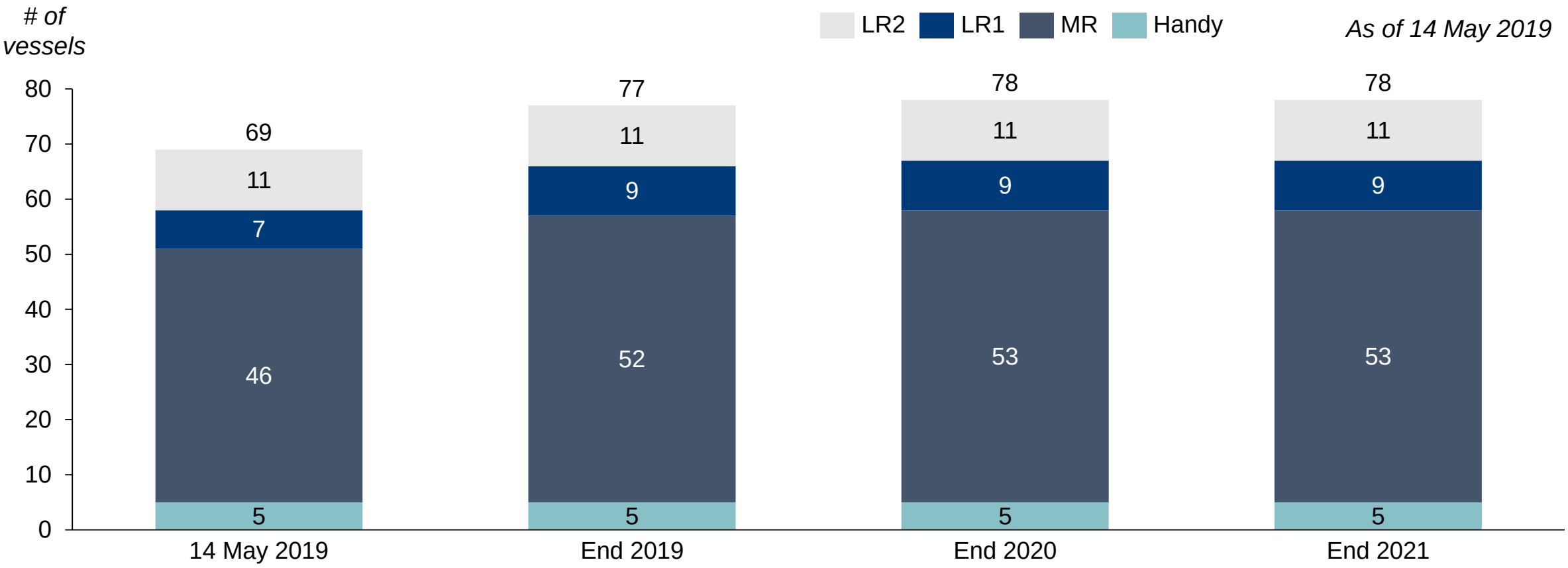
**Jesper S. Jensen**

- Head of Technical Division

# KEY FIGURES

| USDm | Q1 2019 | Q1 2018 | 2018 | 2017 |
|---|---|---|---|---|
| Revenue | 186 | 163 | 635 | 657 |
| EBITDA | 62 | 37 | 121 | 158 |
| Profit/(loss) before tax | 23 | 1 | -33 | 3 |
| Net profit/(loss) | 23 | 1 | -35 | 2 |
| **Balance sheet** | | | | |
| Total assets | 1,717 | 1,737 | 1,714 | 1,647 |
| Equity | 867 | 892 | 847 | 791 |
| NIBD | 584 | 577 | 627 | 620 |
| Cash and cash equivalents | 155 | 174 | 127 | 134 |
| **Cash flow statement** | | | | |
| Operating cash flow | 55 | 18 | 71 | 110 |
| Investment cash flow | -12 | -73 | -176 | -114 |
| Financing cash flow | -15 | 94 | 96 | 63 |
| **Financial related key figures** | | | | |
| EBITDA margin | 33% | 23% | 19% | 24% |
| Equity ratio | 51% | 51% | 49% | 48% |
| Return on Invested Capital (RoIC) | 9% | 2% | 0% | 3% |

# FLEET OVERVIEW




| | 14 May 2019 | End 2019 | End 2020 | End 2021 |
|---|---|---|---|---|
| **Chartered-in and leaseback vessels** | 3 | 3 | 3 | 3 |

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

TORM

**TORM is committed to support…**

| | |
|---|---|
| **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. |
| **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. |

# SUPPORTING EDUCATION AND CLIMATE ACTION

TORM

- In 2018, TORM extended its support to the UN Sustainable Development Goals (SDGs) as a natural progression of its commitment to the UN Global Compact
- TORM focuses on two specific SDGs, which are linked to the Company's current CSR activities. Activities and efforts made within these areas also make good business sense for the Company




- Long-standing supporter of maritime education – supporting potential future employees of TORM and strengthening the overall competence level among seafarers
- Supporting education has positive effects on TORM's core business – developing the pipeline of available competences in the industry, and positively impacting retention and brand recognition
- Cooperating with educational institutions and universities – offering trainee and internship positions



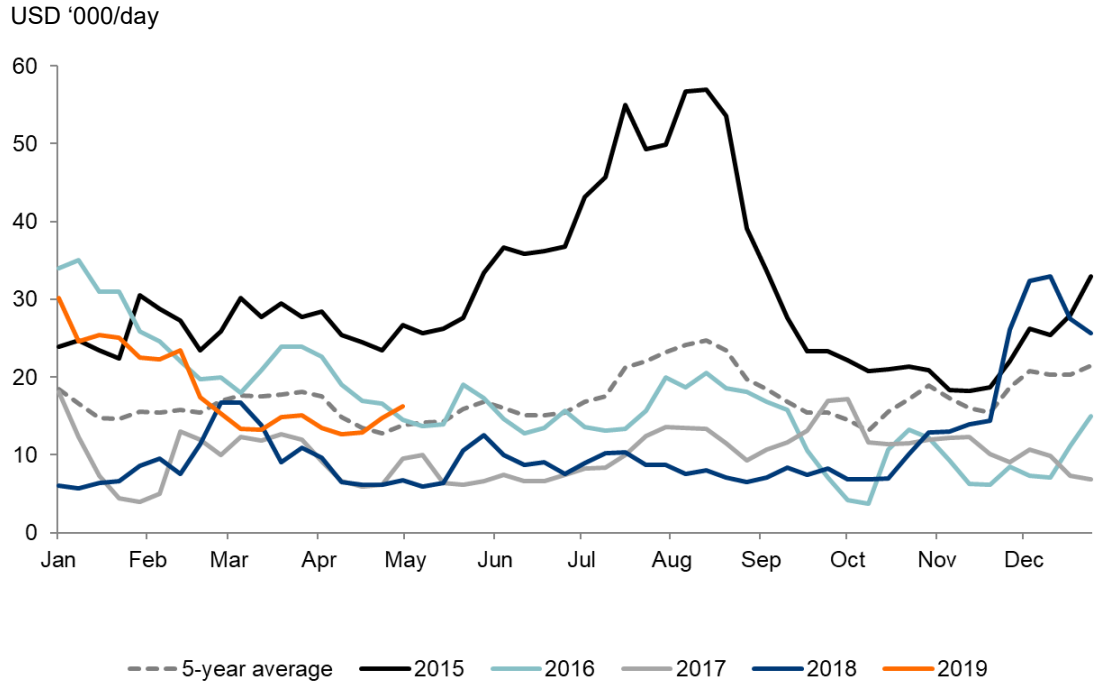

- Marine pollution constitutes the largest environmental risk in shipping. A key priority for TORM is to avoid pollution of the seas and the atmosphere
- Founding member of the Clean Shipping Alliance 2020 – supporting the enforcement of the global 0.5% sulfur cap as of 1 January 2020
- Fuel efficiency minimizes environmental impact while also making good business sense – TORM achieved fuel efficiency improvements of 6.9%* in 2018 and the target for 2019 is a 1% further improvement

* Compared to the 2015 baseline.

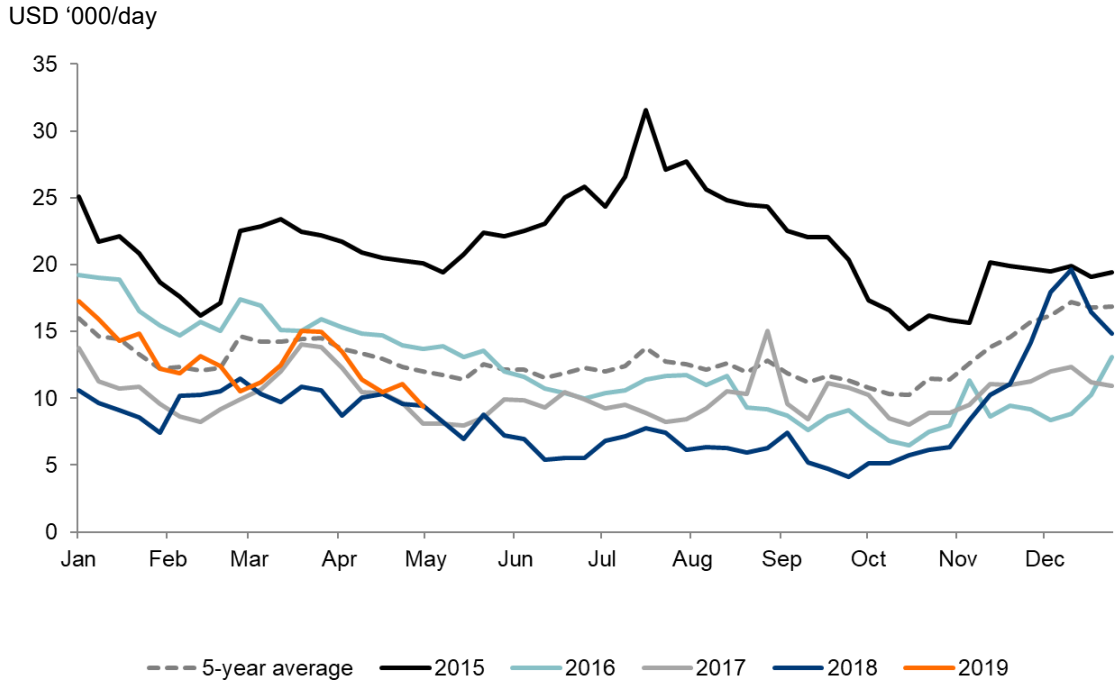
# STRONG START TO THE YEAR FOLLOWED BY SEASONAL SOFTENING

TORM

**LR2 (TC1)**




**MR (average)**




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->Sydney.

# OAKTREE IS THE MAJORITY SHAREHOLDER WITH A REMAINING FREE FLOAT OF 36%

## Share information

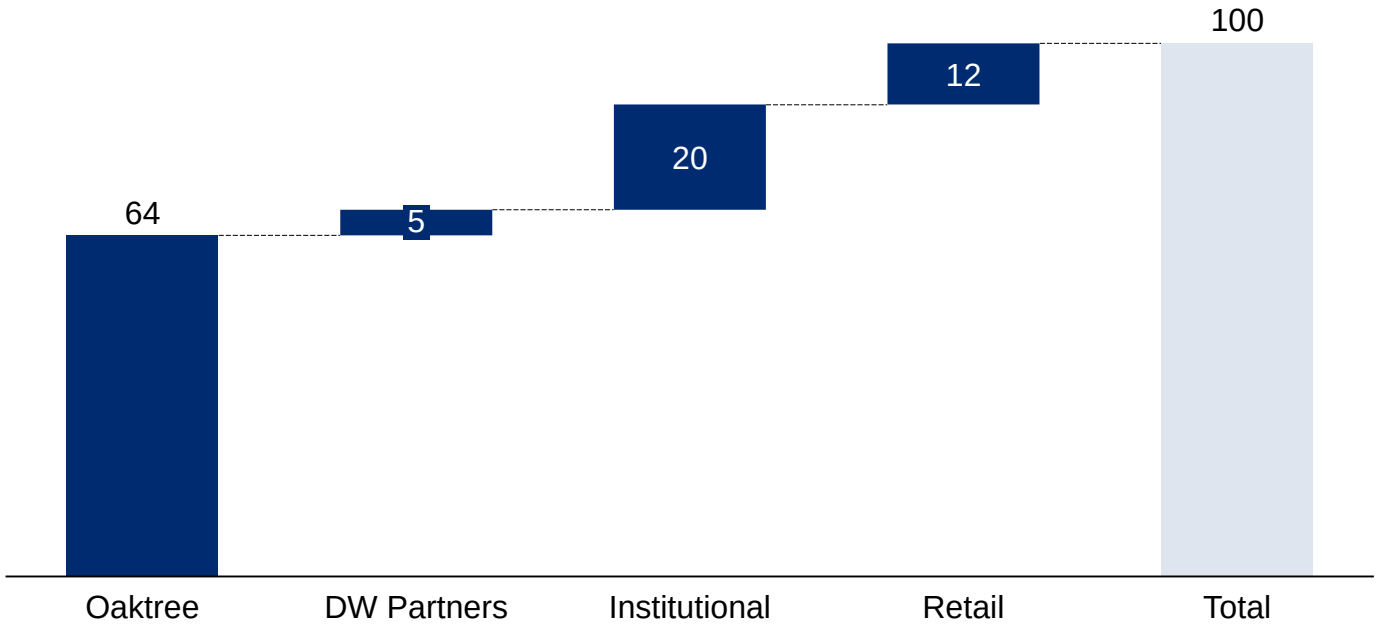
TORM's shares are listed on Nasdaq Copenhagen and Nasdaq New York under the tickers TRMD A and TRMD, respectively.

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 May 2019 (%)*




* Based on major shareholder announcements and shareholder ID from Q1 2019.

# TORM EXPECTS A POSITIVE TCE IMPACT FOR THE TORM FLEET DUE TO THE SCRUBBER INVESTMENTS

| Vessel type | Avg. fuel consumption, tons/day[1)] | | Compliant-HSFO fuel spread assumption, USD/t | | TCE impact per vessel, USD/day[2)] | Annual TCE impact per vessel, USDm |
|---|---|---|---|---|---|---|
| MR Eco vessel | ~11 | × | 200 | = | ~2,200 | 0.8 |
| MR Non-Eco vessel | ~14 | × | 200 | = | ~2,700 | 1.0 |

- Scrubber vessels will have lower expected fuel costs which in turn will positively impact TCE compared to a non-scrubber vessel
- The financial effect will be bigger for the larger vessels with higher fuel consumption
- Based on 34 scrubber vessels and an assumed fuel spread of USD/t 200, an estimated annual TCE increase of up to USD ~35m is estimated

1) Assumptions: 365 operational days per year, MR scrubber utilization of 90%; based on 2018 actual fuel consumption; assuming 55% steaming ratio.
2) Calculation includes an extra scrubber fuel consumption of 2%.