

14 MAY 2019

Q1 2019 RESULTS TELECONFERENCE

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.



TODAY'S PRESENTERS



Jacob Meldgaard

- Executive Director in TORM plc
- CEO of TORM A/S since April 2010
- Board member of Danish Ship Finance
- Previously Executive Vice President of the Danish shipping company NORDEN
- Prior to that he held various positions with J. Lauritzen and A.P. Møller-Mærsk
- More than 25 years of shipping experience



Christian Søgaard-Christensen

- CFO of TORM A/S
- Prior to that with McKinsey & Co
- 10+ years in transportation

Q1 2019 HIGHLIGHTS

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Q1 results

- EBITDA of USD 61.5m and Profit before tax of USD 23.5m
- RoIC of 8.8% and Earnings per share of 31 US cents
- Net Asset Value estimated at USD 829m as of 31 March 2019, corresponding to a NAV/share of USD 11.2 or DKK 74.5
- Solid balance sheet; Net loan-to-value of 52% and available liquidity of USD 438m as of 31 March 2019
- By the end of Q1 2019, TORM's fleet including newbuildings had a market value of USD 1,599m
- First quarter of 2019 at strong seasonal levels last seen in 2016
- TORM obtained average TCE freight rates of USD/day 17,949 in Q1 2019

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
- 30 scrubbers are expected to be installed in 2019 and two in the first quarter of 2020 (including the delivery of one newbuilding)

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

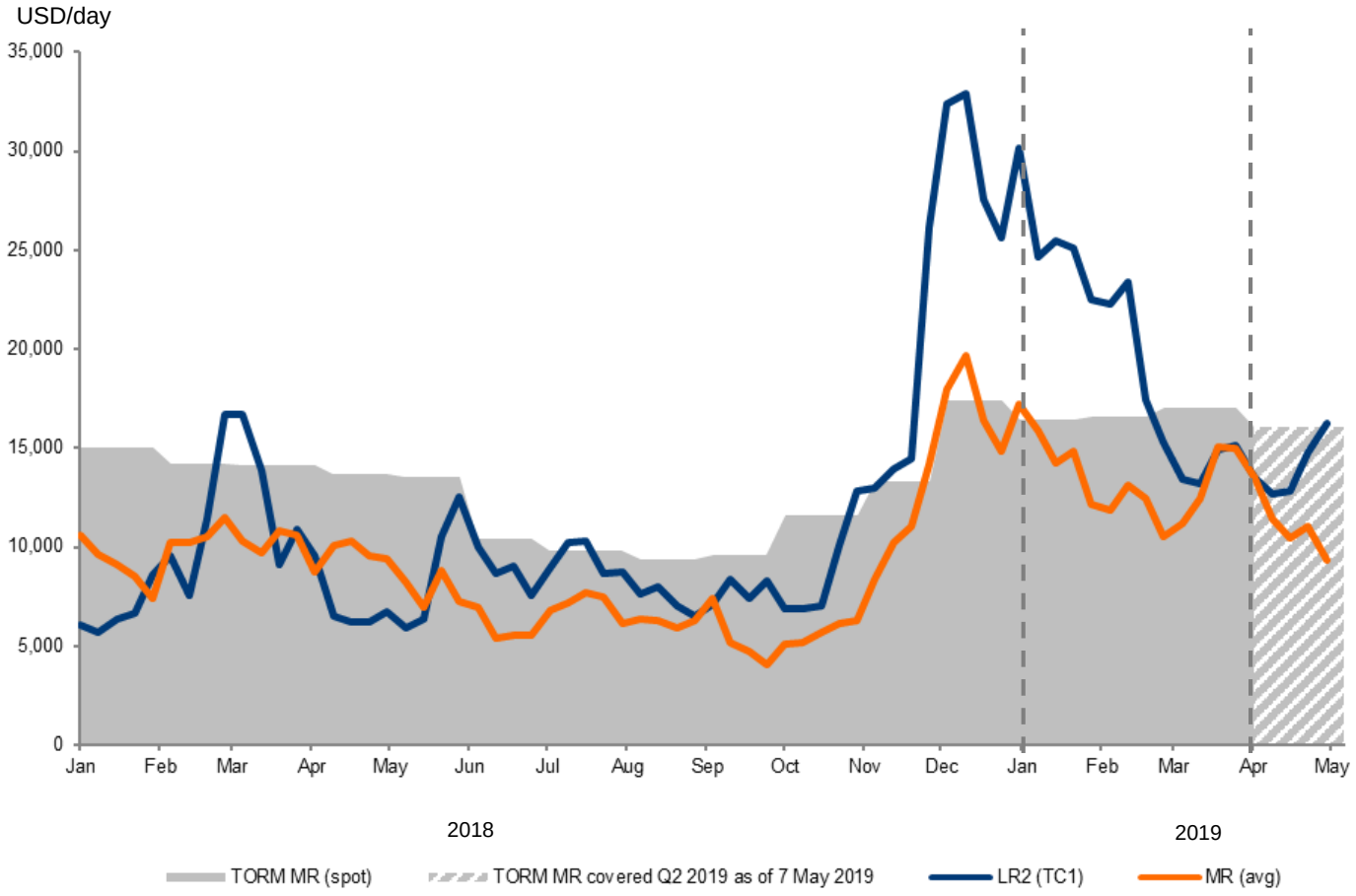
GSI 广船国际 广船国际有限公司 GUANGZHOU SHIPYARD INTERNATIONAL COMPANY LIMITED

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

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

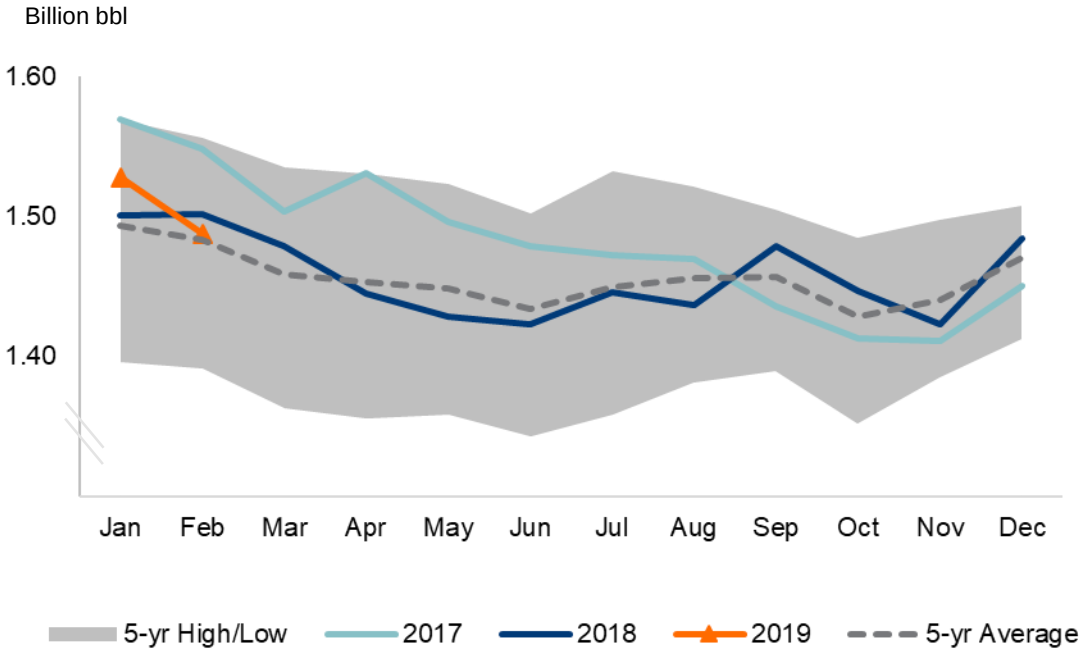
- Spring refinery maintenance peaks in Asia, negatively impacting East to West flows
- Compared to the peak maintenance in Q1, around 90% of refinery capacity has restarted in the US Gulf Coast and 40% in Europe
- Increased flows to the US East Coast (PADD 1) and the US West Coast (PADD 5) as gasoline 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.

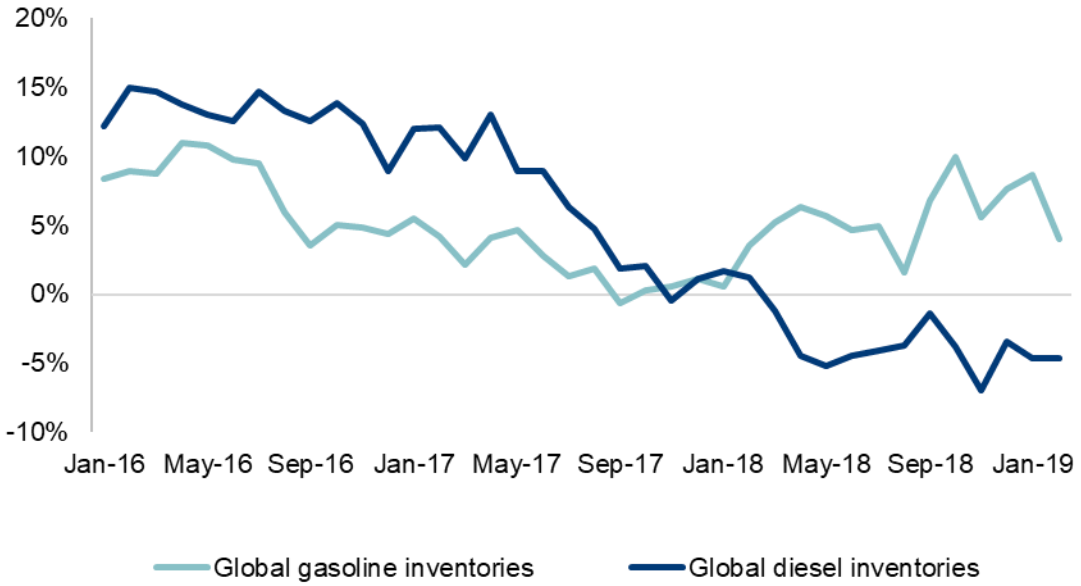
PRODUCT INVENTORIES BACK TO NORMAL LEVELS

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Aggregated global CPP inventories*



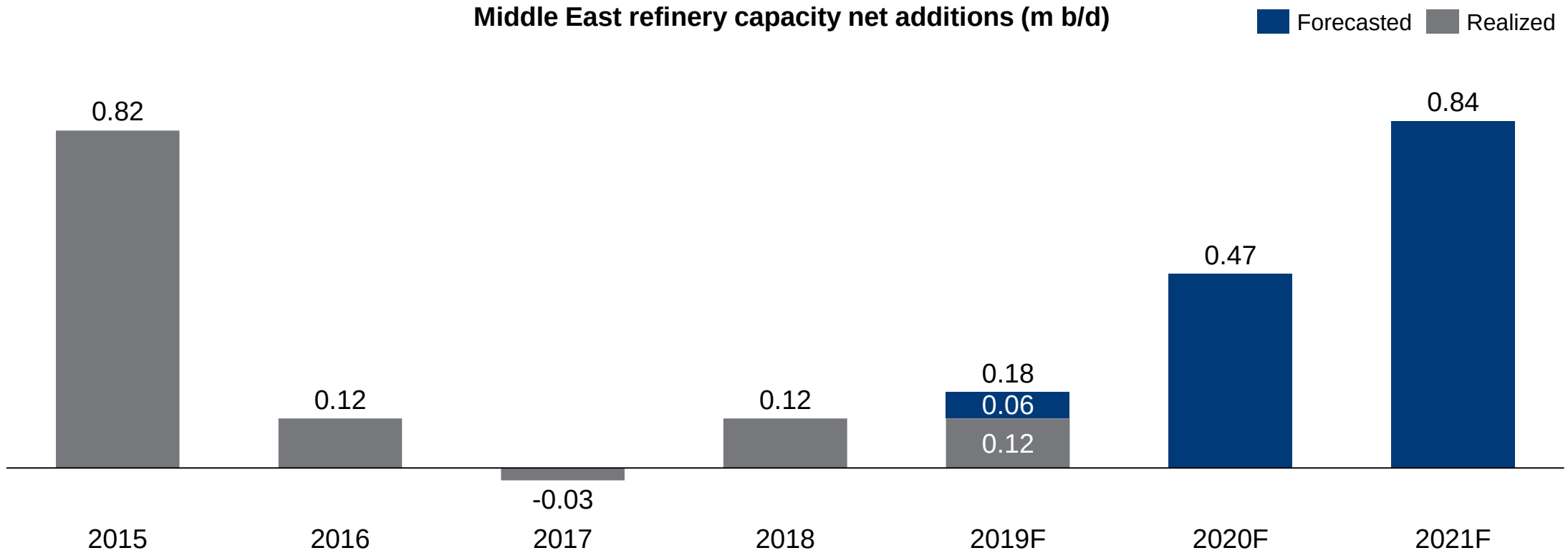
Inventories compared to 5-year average levels



- 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.

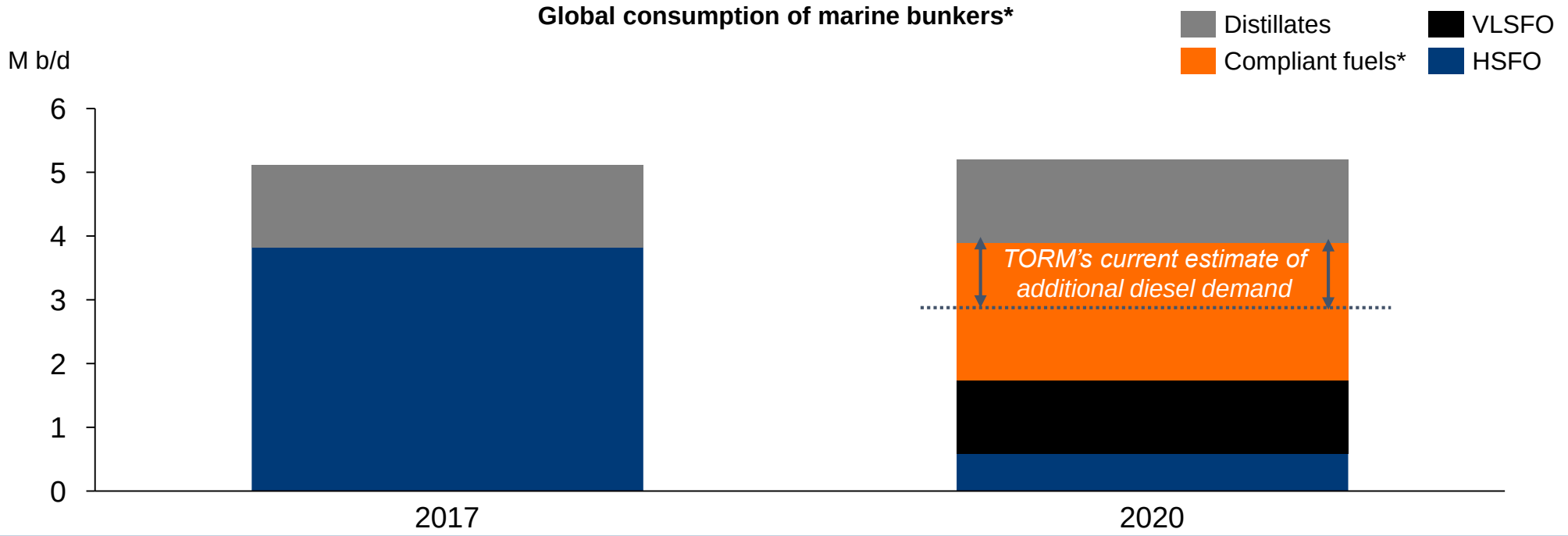
MIDDLE EAST REFINERY CAPACITY ADDITIONS SET TO INCREASE SIGNIFICANTLY THROUGH 2021



- 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.

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.

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

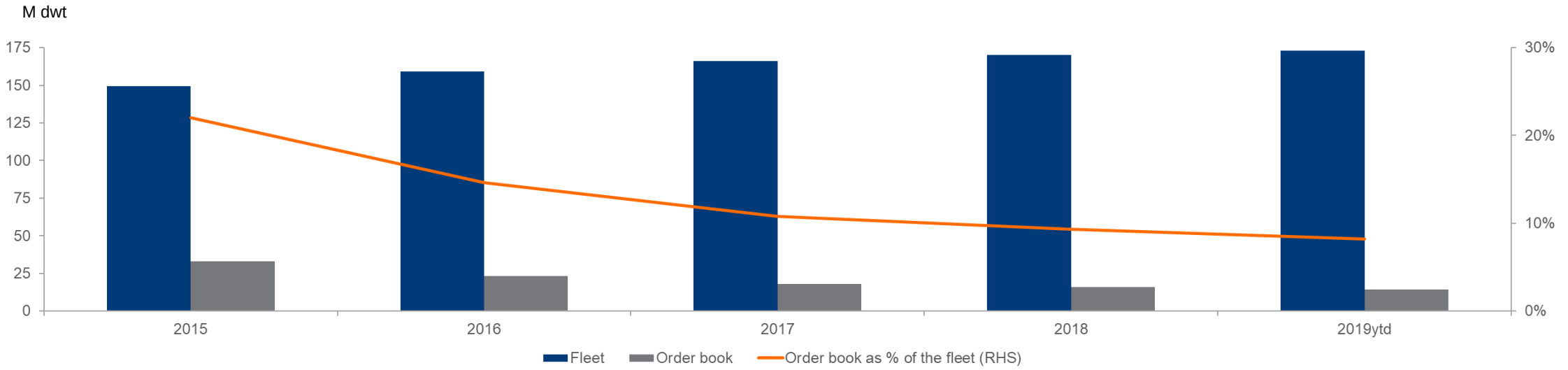
Examples of trade routes enforced by the IMO 2020 regulation



- 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

PRODUCT TANKER ORDER BOOK CONTINUES TO SHRINK

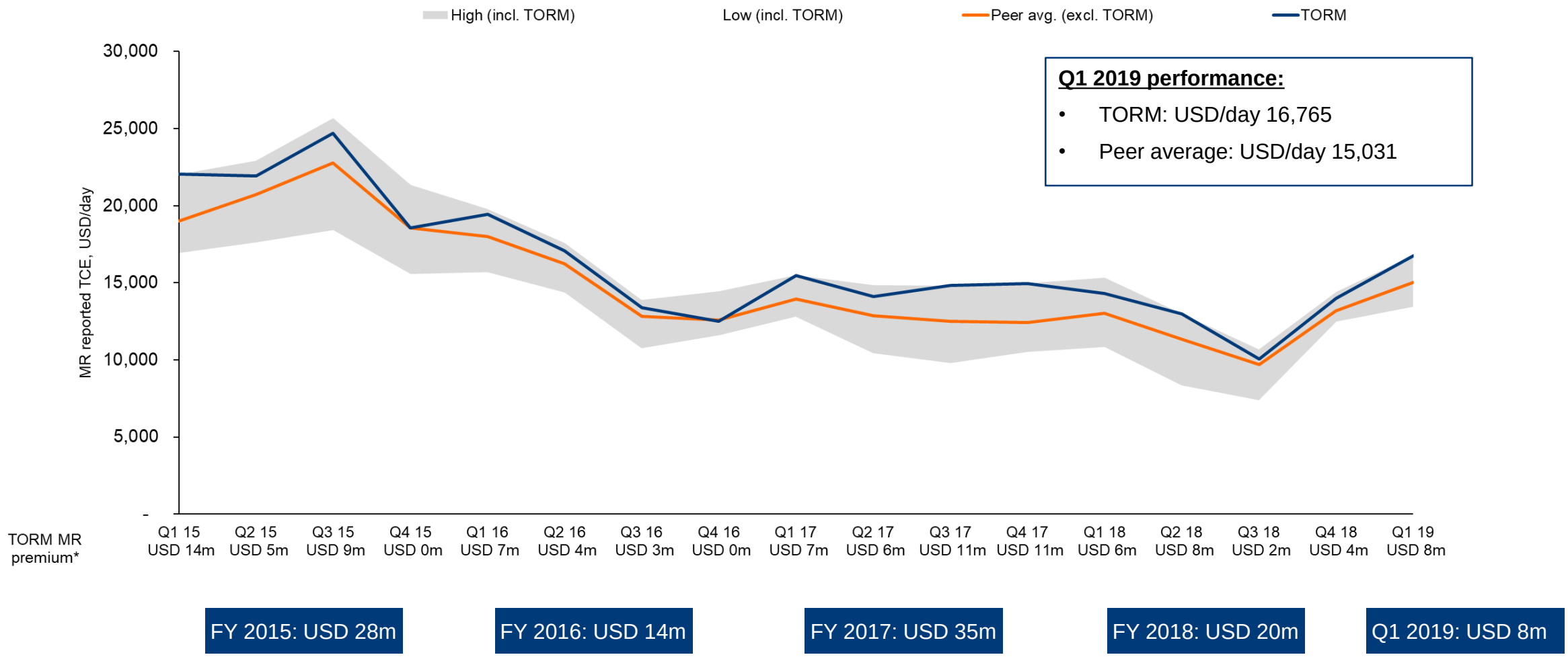
Product tanker order book as percentage of the fleet



- 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.

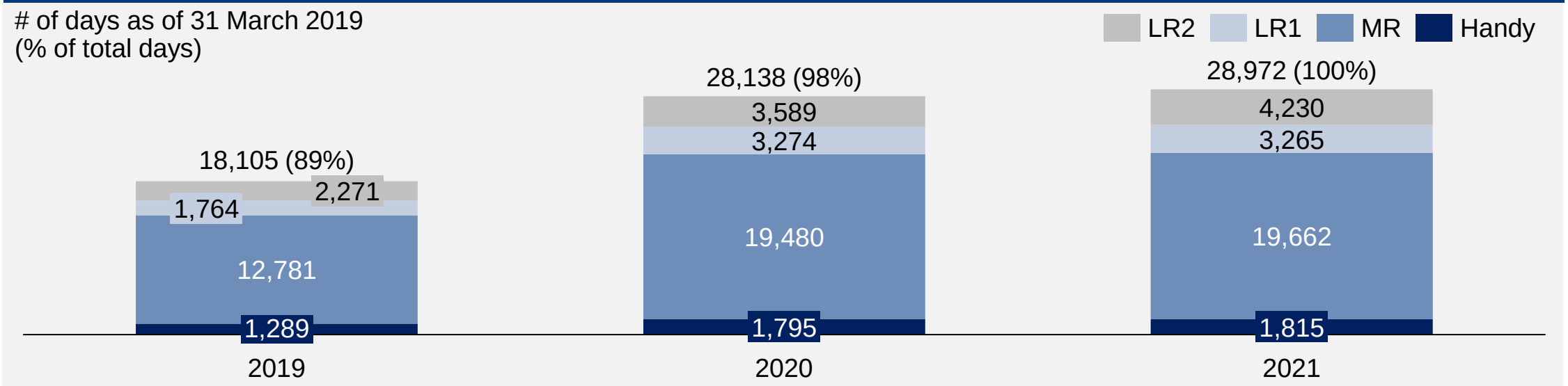
TORM COMMERCIALLY OUTPERFORMS PEERS IN ITS KEY MR SEGMENT



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.

SPOT ORIENTATION PROVIDES SIGNIFICANT OPERATING LEVERAGE

Unfixed days



Illustrative change in cash flow generation potential for the TORM fleet

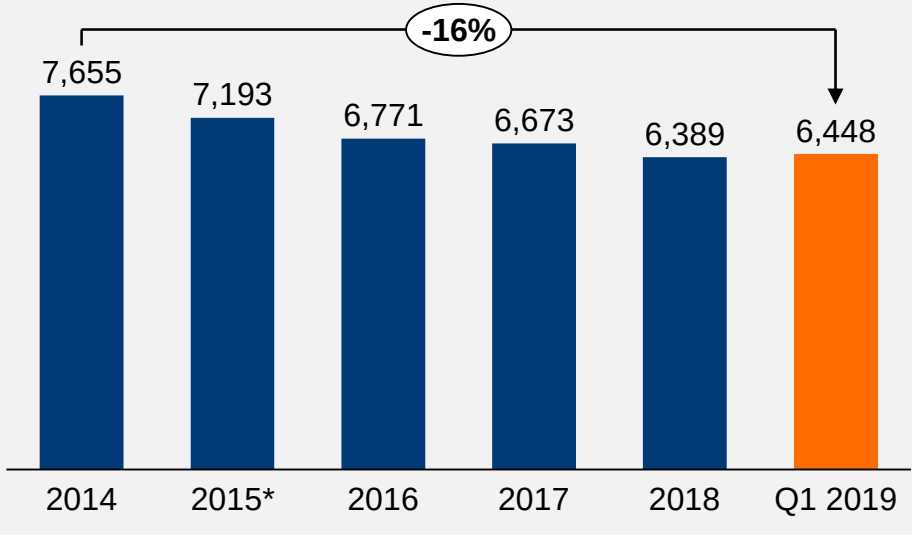
Change in average TCE/day	2019	2020	2021
+/- USD 1,000	18.1	28.1	29.0
+/- USD 2,500	45.3	70.3	72.4
+/- USD 5,000	90.5	140.7	144.9

- 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

FULLY INTEGRATED BUSINESS MODEL WITH COMPETITIVE COST STRUCTURE

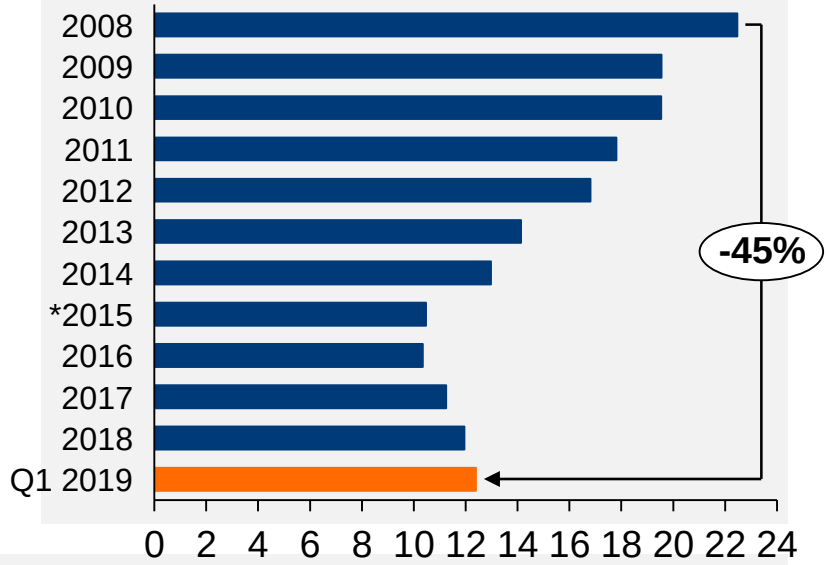
Significant reduction in OPEX

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.

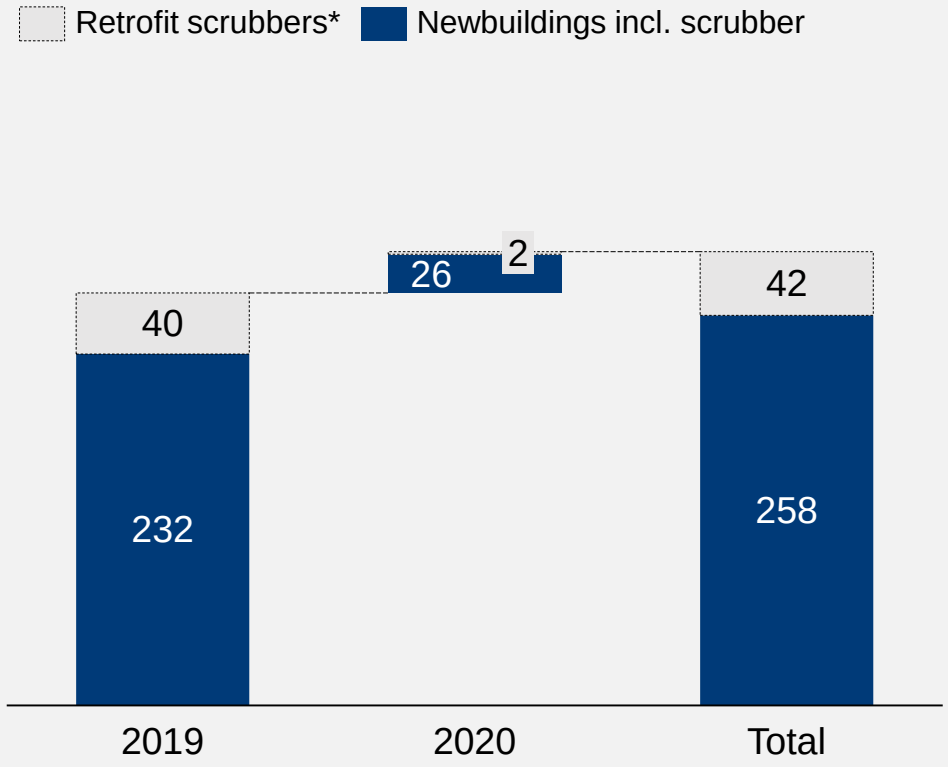
WELL-POSITIONED TO SERVICE FUTURE CAPEX COMMITMENTS

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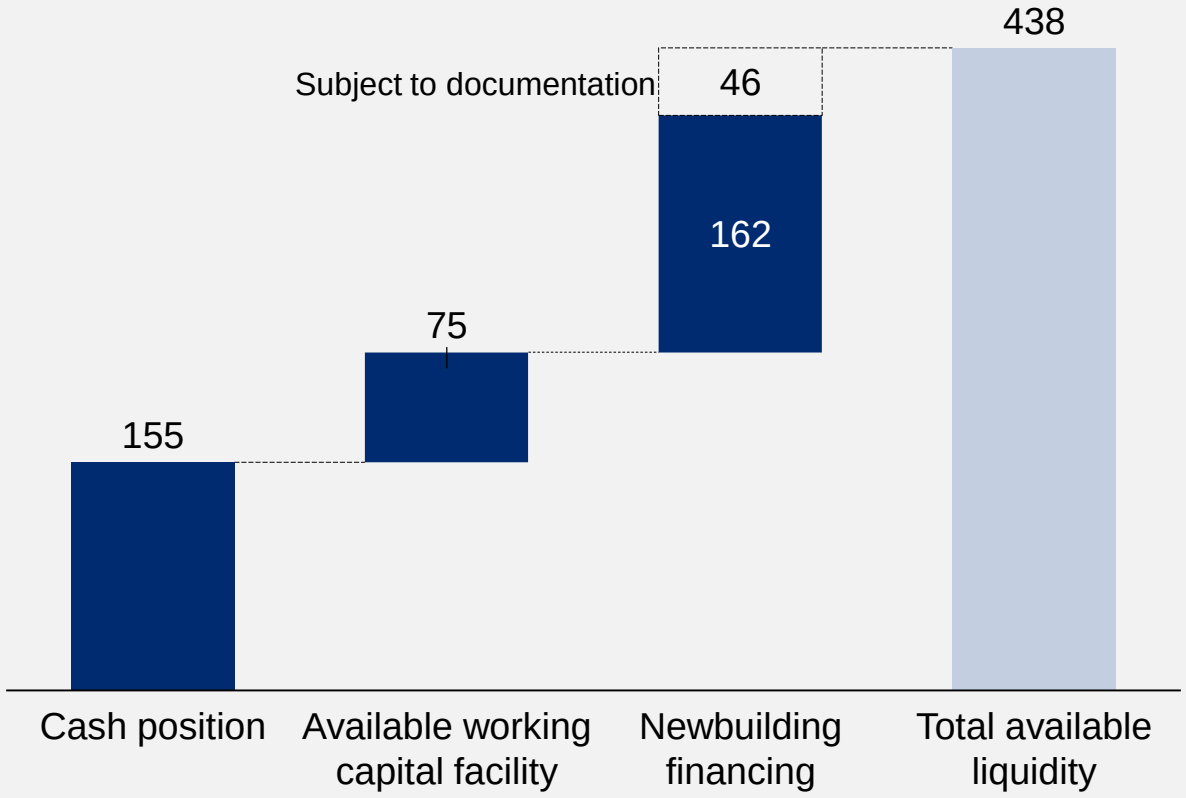
CAPEX and liquidity as of 31 March 2019

USDm

CAPEX commitments



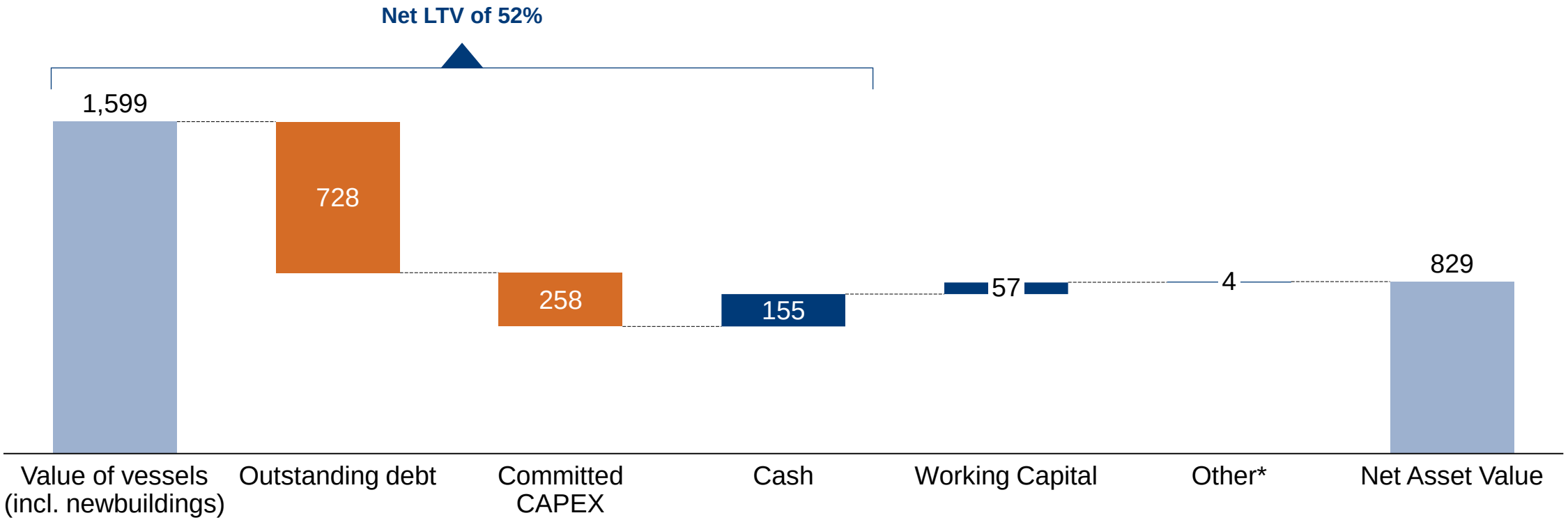
Available liquidity



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

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.


TORM SAN JACINTO
KØBENHAVN