

15 AUGUST 2019

Q2 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 PRESENTER



Jacob Meldgaard

- Executive Director in TORM plc
- CEO of TORM A/S since April 2010 and Head of Tanker Division since 2015
- Chairman of the Board of Danish Shipping and member of the Board of Danish Ship Finance
- 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-Maersk
- More than 25 years of shipping experience

Q2 2019 HIGHLIGHTS

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Q2 results

- EBITDA of USD 40.6m in Q2 and USD 102.1m in H1 and Profit before tax of USD 5.2m in Q2 and USD 28.7m in H1
- RoIC of 3.9% in Q2 and 6.2% in H1 and Earnings per share of 7 US cents in Q2 and 38 US cents in H1
- Net Asset Value estimated at USD 897m as of 30 June 2019, corresponding to a NAV/share of USD 12.1 or DKK 79.8
- Solid balance sheet: Net loan-to-value of 51% and available liquidity of USD 367m as of 30 June 2019 excluding additional USD 99m from six sale and leaseback agreements
- By the end of Q2 2019, TORM's fleet including newbuildings had a market value of USD 1,736m
- TORM obtained average TCE freight rates of USD/day 15,405 in Q2 2019

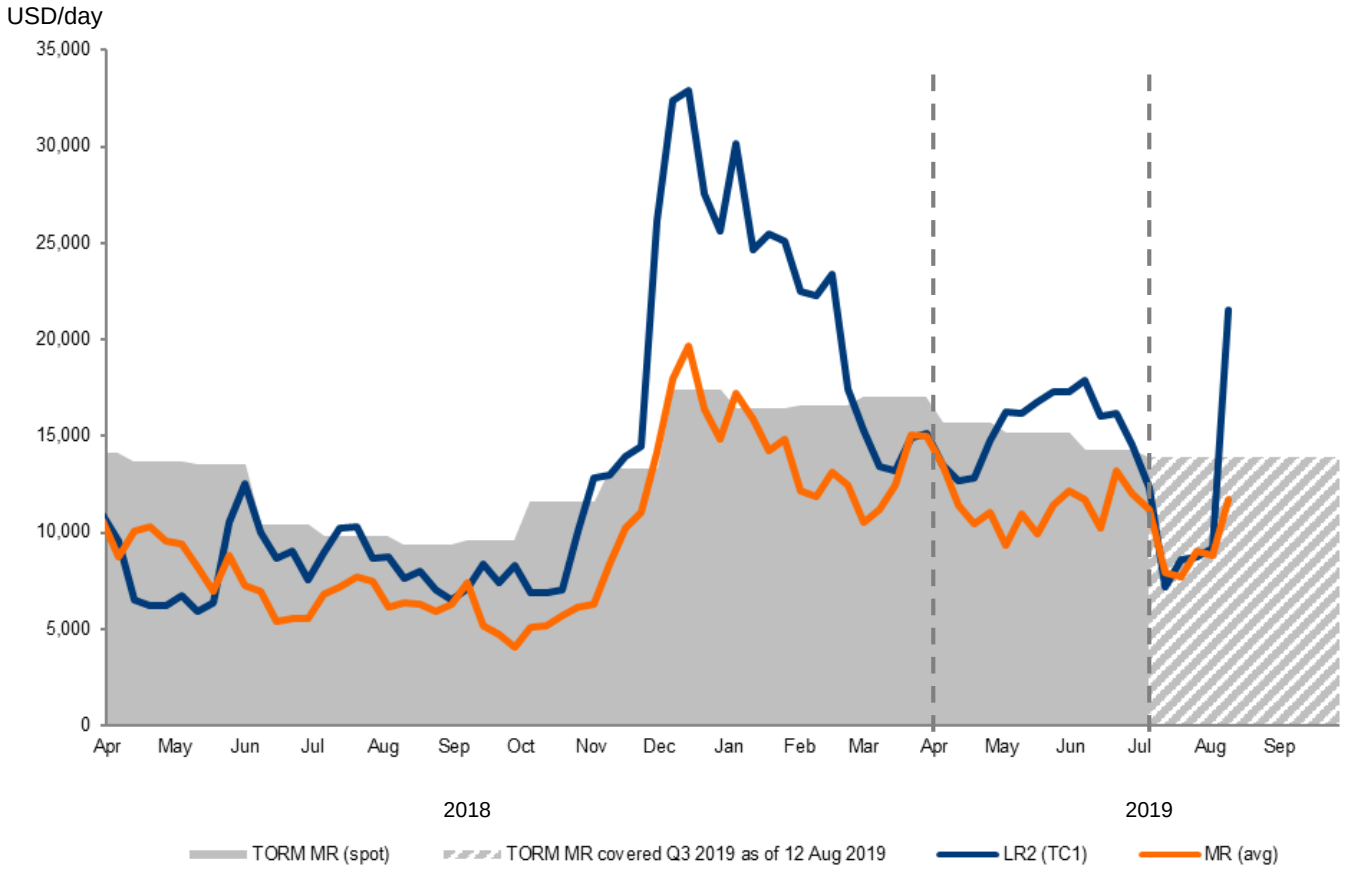
Vessel transactions

- Purchase of four 2011-built MR second-hand vessels for a total consideration of USD 83m with expected delivery in August 2019. The vessels are financed through a sale and leaseback transaction with USD 66m in proceeds
- Two sale and leaseback agreements for two MR vessels providing liquidity of USD 33m, through total proceeds of USD 52m compared to USD 18m of debt repayment
- Sale of the MR vessels TORM Gunhild (built in 1999), TORM San Jacinto (built in 2002) and the Handy vessel TORM Saone (built in 2004) for a total consideration of USD 22m and debt repaid of USD 13m

IMO 2020

- Balanced approach towards compliance with approx. half of the fleet having scrubbers installed ahead of the IMO 2020 sulfur regulation. As of 15 august, TORM has installed six scrubbers
- 28 out of TORM's total 34 scrubbers will be delivered from TORM's scrubber JV ME Production China
- 28 out of 34 scheduled installations are expected to be finalized by 1 January 2020

ELEVATED REFINERY MAINTENANCE AHEAD OF IMO 2020 DRIVING SOFTER RATES



Q2 2019

- Particularly heavy refinery maintenance in Asia (+47% y-o-y) limited westbound diesel movements
- Naphtha flows from the West to the East were under pressure due to petrochemical maintenance and competition from LPG in Asia
- Unplanned outages at a number of US refineries supported transatlantic and transpacific gasoline flows
- Crude oil contamination at Druzhba pipeline abrupted work at a number of European refineries and temporarily closed transatlantic gasoline arbitrage in the second half of the quarter
- Cannibalization from crude newbuildings continued at elevated levels, corresponding to around 30% of East to West gasoil volumes

Q3 2019 – to date

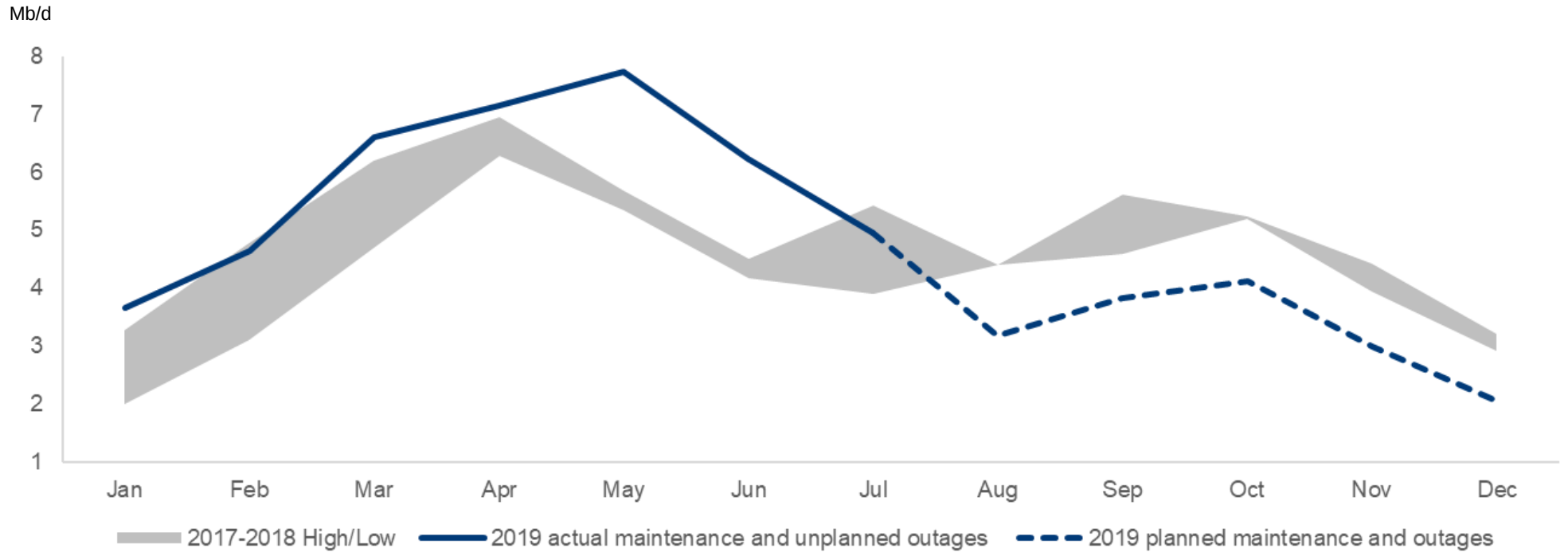
- Refinery run cuts and unplanned outages East of Suez continued to limit westbound diesel flows in July
- The return of a number of export-oriented refineries in the Middle East/India from outages and maintenance in early August lifted freight rates – globally, 60% of refining capacity is expected to have returned from the prolonged maintenance and outages compared to the peak in May
- The outage/closure of the largest refinery on the US East Coast (almost 30% of the region's total capacity) continues to support transatlantic gasoline flows

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.

HEAVY AND PROLONGED SPRING REFINERY MAINTENANCE COUPLED WITH A SERIES OF UNPLANNED OUTAGES

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Global CDU maintenance and unplanned outages*

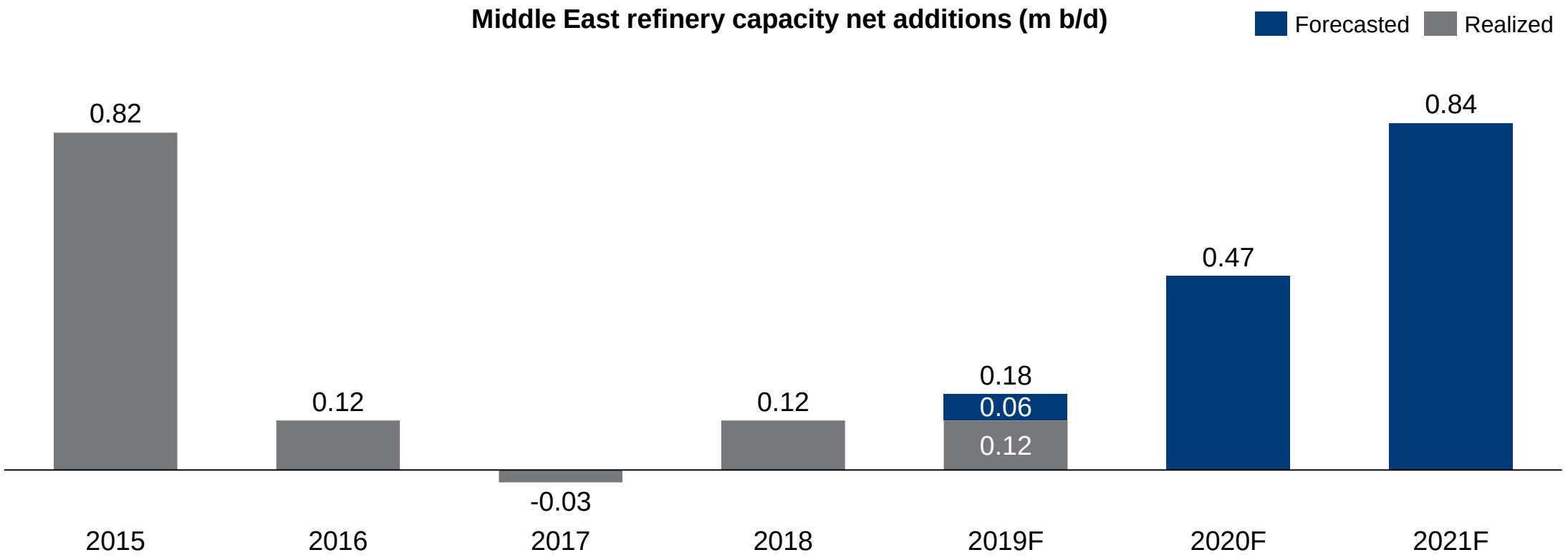


- Spring maintenance (coupled with unplanned outages) ahead of IMO 2020 has been heavier and longer than in recent years (y-o-y, +17% in Q1 and +23% in Q2)
- Estimates for maintenance in Q3 and Q4 point towards lower-than-usual offline capacity in H2 2019 (-21% y-o-y)

* Data covers refineries in North America, Latin America, Europe, Russia, Asia and the Middle East. These accounted for 96% of the global refining capacity in Q2 2019. Numbers for Aug-Dec 2019 are estimates based on planned maintenance and outages (incl. PES refinery in the USEC).
Source: WoodMackenzie.

MIDDLE EAST REFINERY CAPACITY ADDITIONS SET TO INCREASE SIGNIFICANTLY IN 2021

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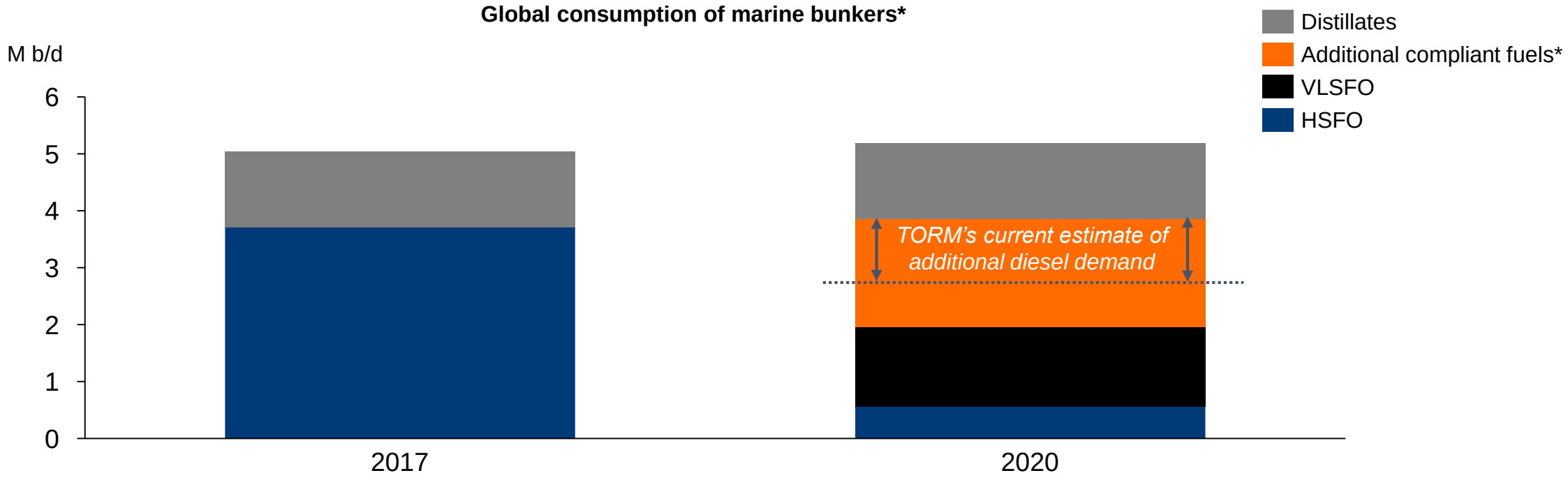


- As oil product demand increases, the ton-mile demand is positively impacted by increasing geographic dislocations between the demand for and supply of clean petroleum products (CPP)
- Middle East refinery capacity additions are expected to accelerate in 2020-2021, placing a renewed pressure on less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

Source: WoodMackenzie, TORM.

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

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- 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 currently expects the IMO 2020 regulation to lead to 1.1 mb/d of additional diesel demand, corresponding to around 5% incremental growth in the product tanker trade, with a downside dependent on higher availability of VLSFO from the refinery sector
- Temporary fleet capacity reduction is expected due to increased off-hire time in connection with preparations for the IMO 2020 regulation estimated at around 0.4% of the total fleet capacity
- The effects are likely to start emerging already in H2 2019

* Additional compliant fuels include distillates (MGO), 0.5% sulfur fuel oil blends, desulfurized residual fuel oil and blended VGO streams for VLSFO production. In case of initial non-compliance, this also covers unscrubbed HSFO.
Source: TORM.

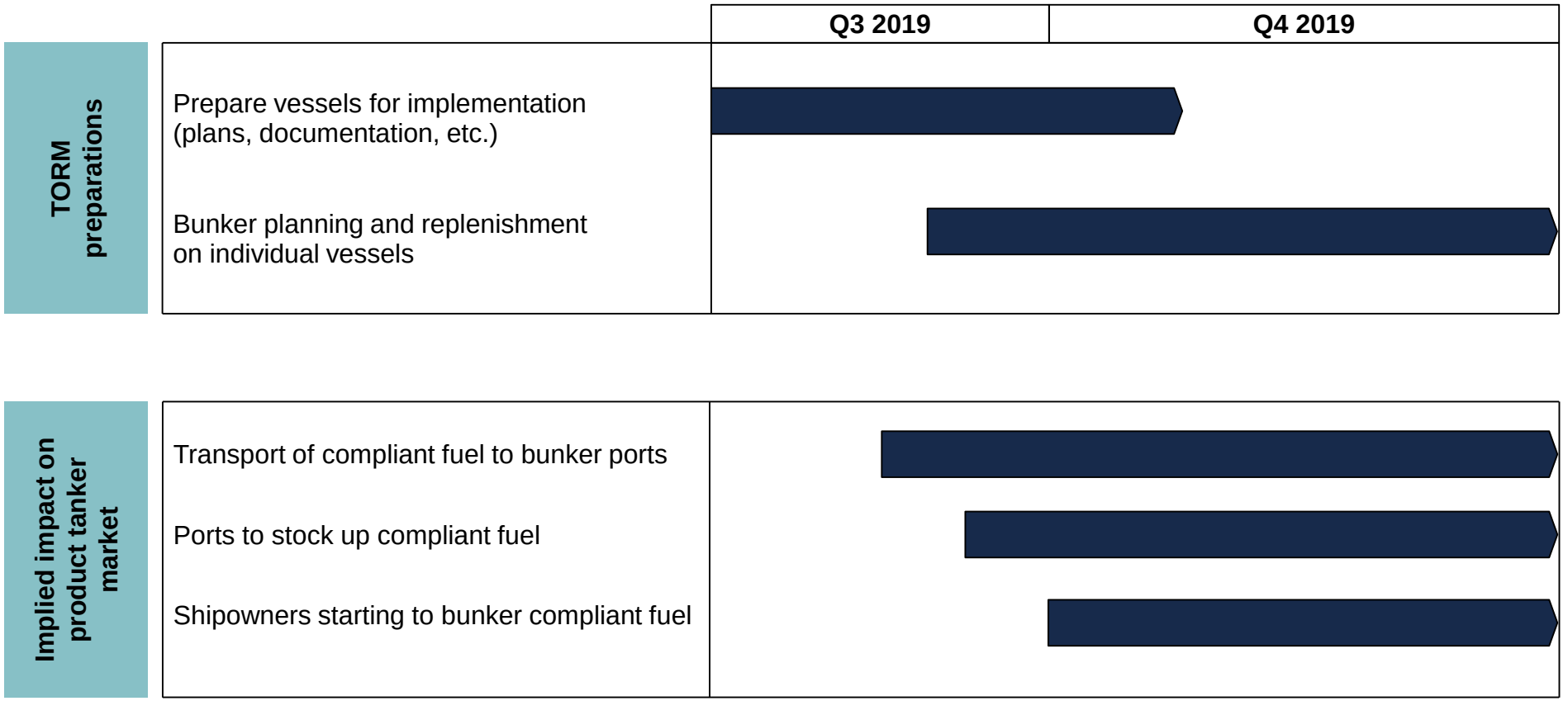
BOTH MEDIUM-HAUL REGIONAL TRADE AND LONG-HAUL TRADE WILL BE SUPPORTED BY THE IMO 2020 REGULATION

Examples of trade routes enforced by the IMO 2020 sulfur 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

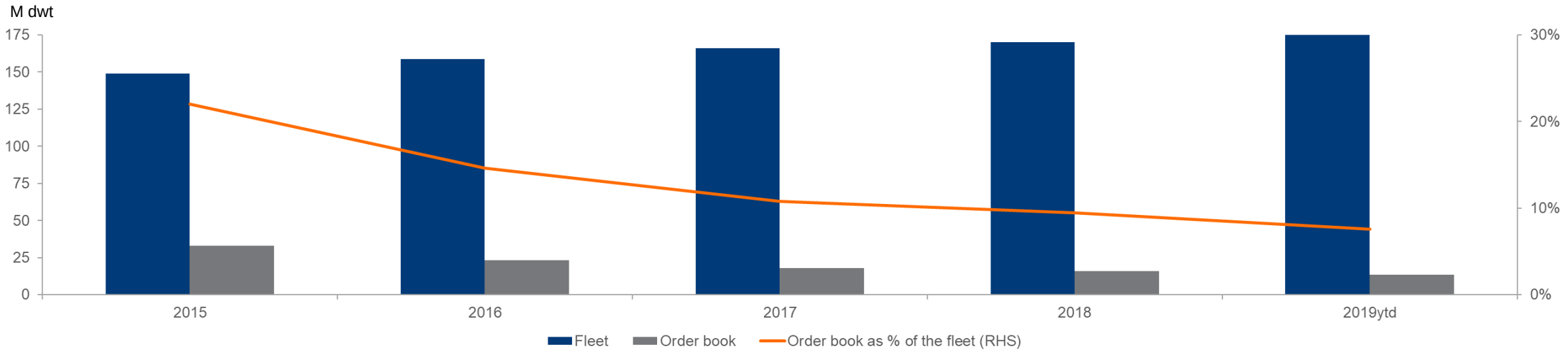
THE IMO 2020 SULFUR REGULATION IS EXPECTED TO KICK IN TOWARDS THE END OF THE THIRD QUARTER OF 2019



- TORM plans to gradually change bunkers on board vessels during the fourth quarter of 2019
- Other owners are expected to follow the same approach implying a gradual increase in demand from the IMO 2020 sulfur regulation starting at end of the third quarter

PRODUCT TANKER ORDER BOOK CONTINUES TO SHRINK

Product tanker order book as percentage of the fleet



- The product tanker order book to fleet ratio is at a historically low level of 7.4% (10% for MRs, 3% for LR1s and 8% for LR2s)
- In H1 2019, the product tanker fleet grew by 2.8% 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*

* 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.

MEDIUM TO LONG-TERM MARKET DRIVERS REMAIN POSITIVE

Key medium to long-term market drivers

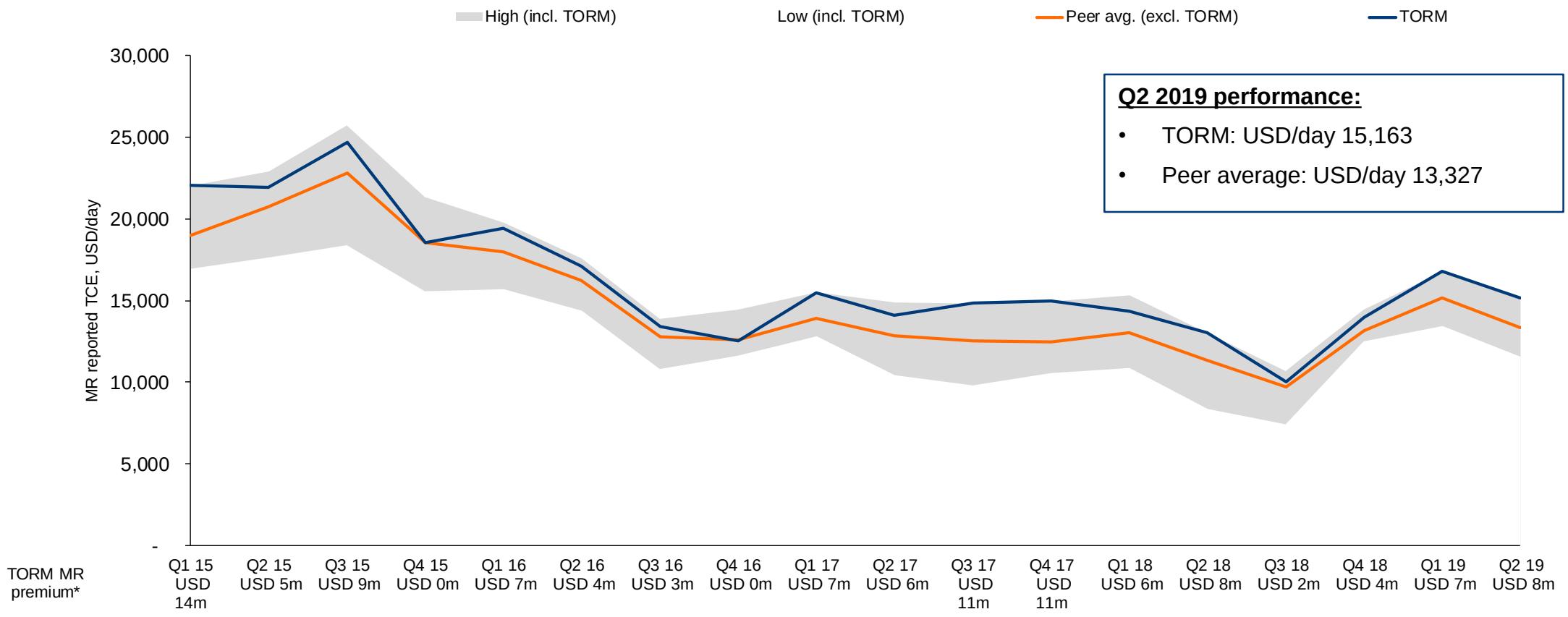
- Global oil demand growth remains positive albeit slower than in previous years
- Global CPP stockpiles have returned to normal levels
- Refinery capacity addition in the Middle East potentially increasing sailing distances
- IMO 2020-induced increase in inter- and intra-regional product tanker trade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

- Macroeconomic uncertainty
- Geopolitical situation in the Middle East

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

Source: TORM.

TORM COMMERCIALLY OUTPERFORMS PEERS IN ITS KEY MR SEGMENT



FY 2015: USD 28m | FY 2016: USD 14m | FY 2017: USD 35m | FY 2018: USD 20m | H1 2019: USD 15m

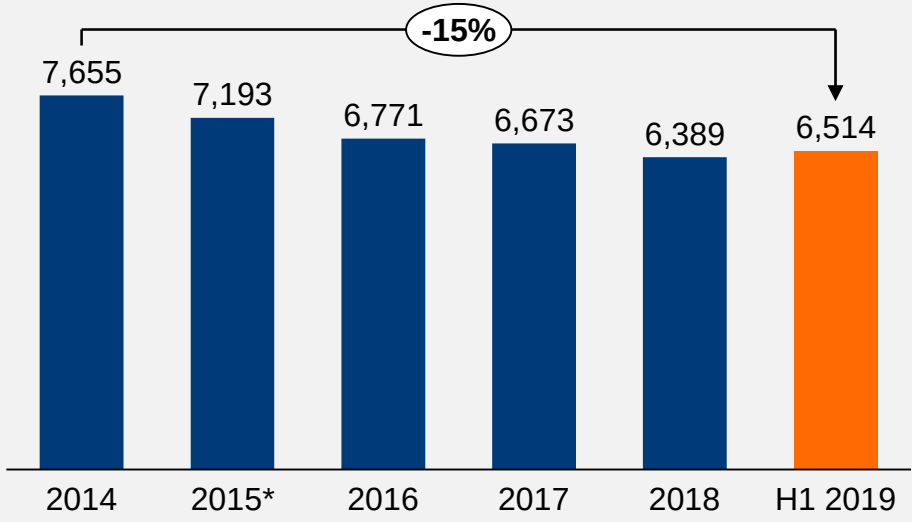
Note: Peer group is based on Ardmore, d'Amico (composite of LR1, MR and Handy), Diamond S, Frontline 2012, Hafnia Tankers, NORDEN, Maersk Tankers, Teekay Tankers, Scorpio and International Seaways.
For Q2 2019, the peer group only consists of Ardmore, Diamond S, Maersk Tankers, Scorpio Tankers, Norden and International Seaways. 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.

FULLY INTEGRATED BUSINESS MODEL WITH COMPETITIVE COST STRUCTURE

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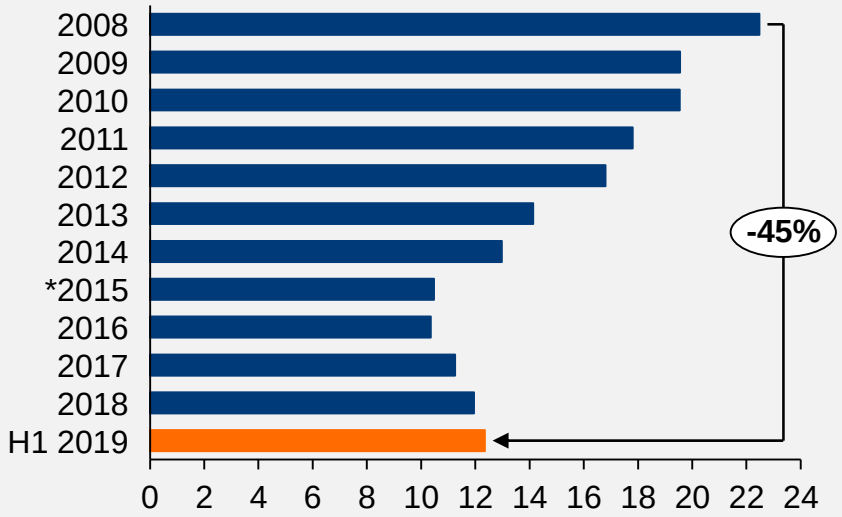
Significant reduction in OPEX

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 31m by an OPEX/day reduction of USD/day 1,141

EBITDA break-even rate H1 2019: USD/day 8,800

Profit before tax break-even rate H1 2019: USD/day 14,500

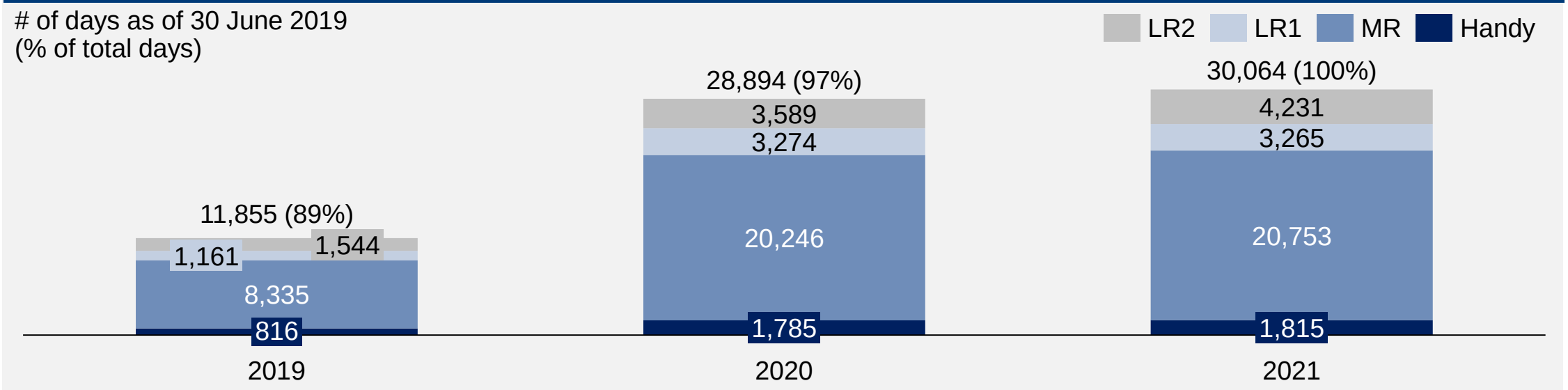
TORM operates a fully integrated commercial and technical platform

- 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.

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	11.9	28.9	30.1
+/- USD 2,500	29.6	72.2	75.2
+/- USD 5,000	59.3	144.5	150.3

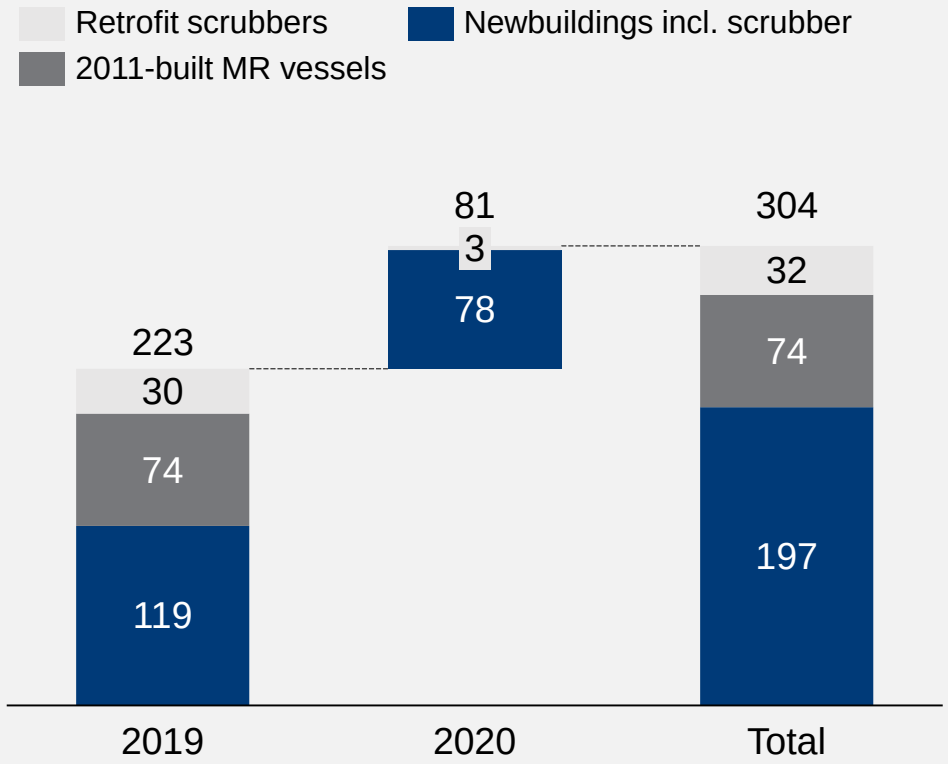
- As of 30 June 2019, 11% of the total earning days in 2019 were covered at USD/day 15,197
- As of 12 August 2019, 60% of the total earning days in the third quarter of 2019 were covered at USD/day 13,636, and 31% of the total earning days in the second half of 2019 were covered at USD/day 13,738

WELL-POSITIONED TO SERVICE FUTURE CAPEX COMMITMENTS

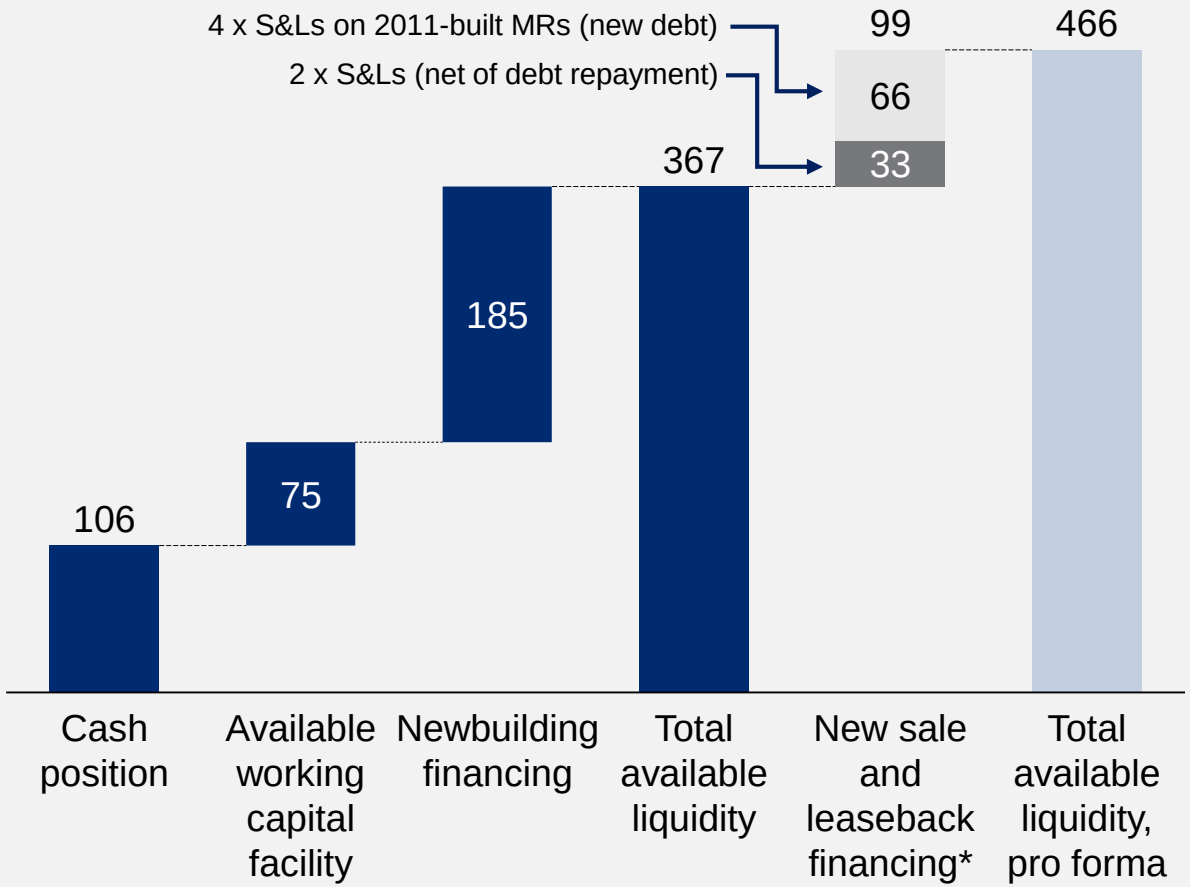
CAPEX and liquidity as of 30 June 2019

USDm

CAPEX commitments



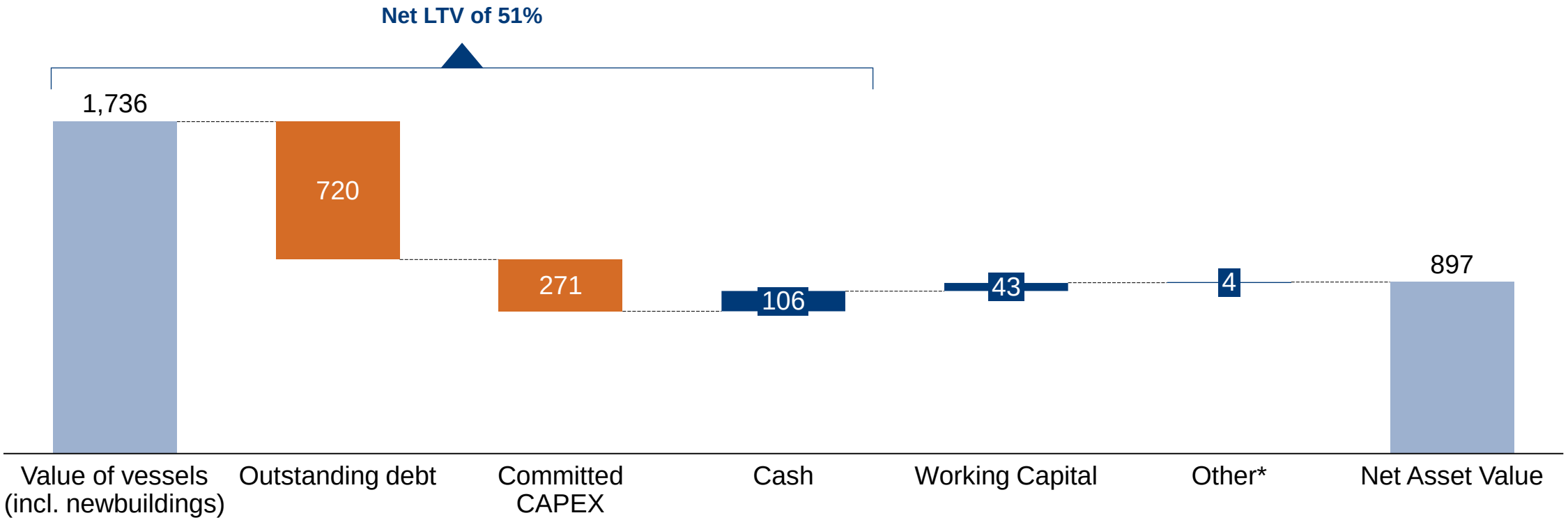
Available liquidity



* In July and August, TORM has entered into sale and leaseback (S&L) agreements on six vessels with an estimated liquidity effect of USD 99m, net of debt repayment on the existing facilities.

NET ASSET VALUE ESTIMATED AT USD 897M

30 June 2019 figures, USDm



- Net Loan-to-Value was 51% ensuring a strong capital structure
- Net Asset Value (NAV) was estimated at USD 897m (USD 12.1/DKK 79.8 per share)
- Market cap as of 30 June 2019 was USD 643m, or DKK 57 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 6.58.



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