

12 NOVEMBER 2019

Q3 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 of TORM plc
- CEO of TORM A/S since April 2010
- 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

Q3 2019 HIGHLIGHTS

TORM

Q3 results

- EBITDA of USD 32.0m in Q3 and loss before tax of USD 8.5m in Q3
- RoIC of 0.4% in Q3 and loss per share of 12 US cents in Q3
- Net Asset Value estimated at USD 887m as of 30 September 2019, corresponding to a NAV/share of USD 12.0 or DKK 82.2
- Solid balance sheet: Net loan-to-value of 50% and available liquidity of USD 315m as of 30 September 2019
- By the end of Q3 2019, TORM's fleet including newbuildings had a market value of USD 1,720m
- TORM obtained average TCE freight rates of USD/day 13,392 in Q3 2019

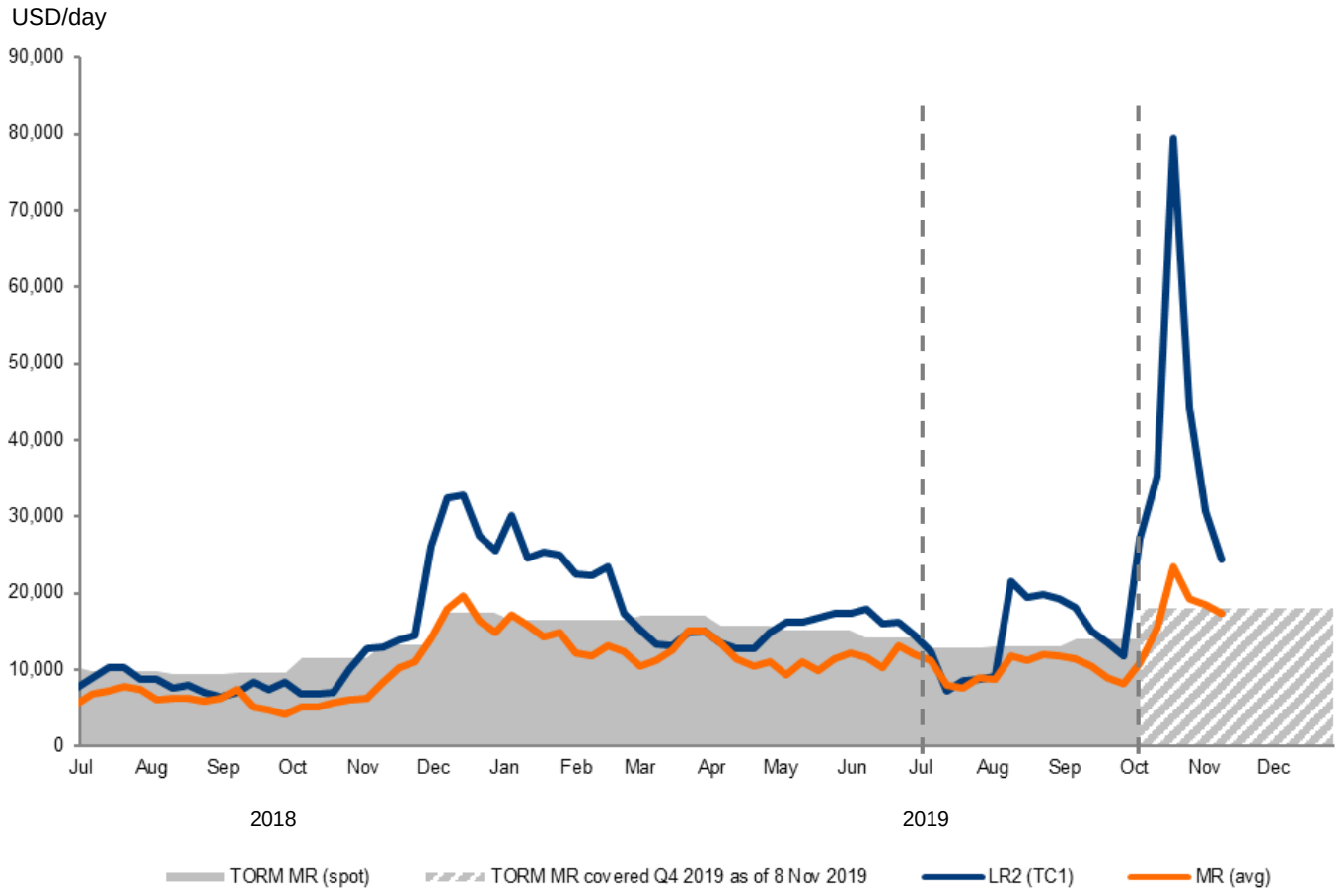
Vessel transactions

- Delivery of four second-hand MR vessels and two MR newbuildings during the third quarter of 2019
- Sale and leaseback transactions covering eight MR vessels were executed during the third quarter of 2019
  - Four sale and leaseback agreements for four recently purchased 2011-built MR vessels
  - Two sale and leaseback agreements for two 2016-built MR vessels
  - Two sale and leaseback agreements for two 2010-built MR vessels
- Sale of the MR vessels TORM San Jacinto (built in 2002) and the Handy vessel TORM Saone (built in 2004) for a total consideration of USD 16m and debt repaid of USD 9m

IMO 2020

- TORM has decided to install an additional ten scrubbers, bringing the new total to 44 scrubber vessels
- Balanced approach towards compliance with approx. half of the fleet having scrubbers installed for the IMO 2020 sulfur regulation. As of 12 November 2019, TORM has installed 16 scrubbers
- During the third quarter, TORM's non-scrubber vessels have initiated their customized schedules to be compliant. The first volumes of compliant fuels have been delivered and successfully tested onboard the vessels

SOFT RATES DURING Q3 FOLLOWED BY A STRONG UPTICK IN Q4



Q3 2019

- In the West, the closure of the largest refinery on the US East Coast supported transatlantic gasoline flows, although weak demand from West Africa and limited West to East naphtha arbitrage flows kept freight rates suppressed
- In the East, attacks on tankers in the Strait of Hormuz increased war insurance and dampened trade at the start of the quarter, followed by the return of several export-oriented refineries in the Middle East/India from outages in August that lifted freight rates
- Attacks on Saudi Arabian oil facilities in mid-September resulted in a decline in the country's product exports, which were partially replaced by longer-haul product flows from Europe and Asia

Q4 2019 – to date

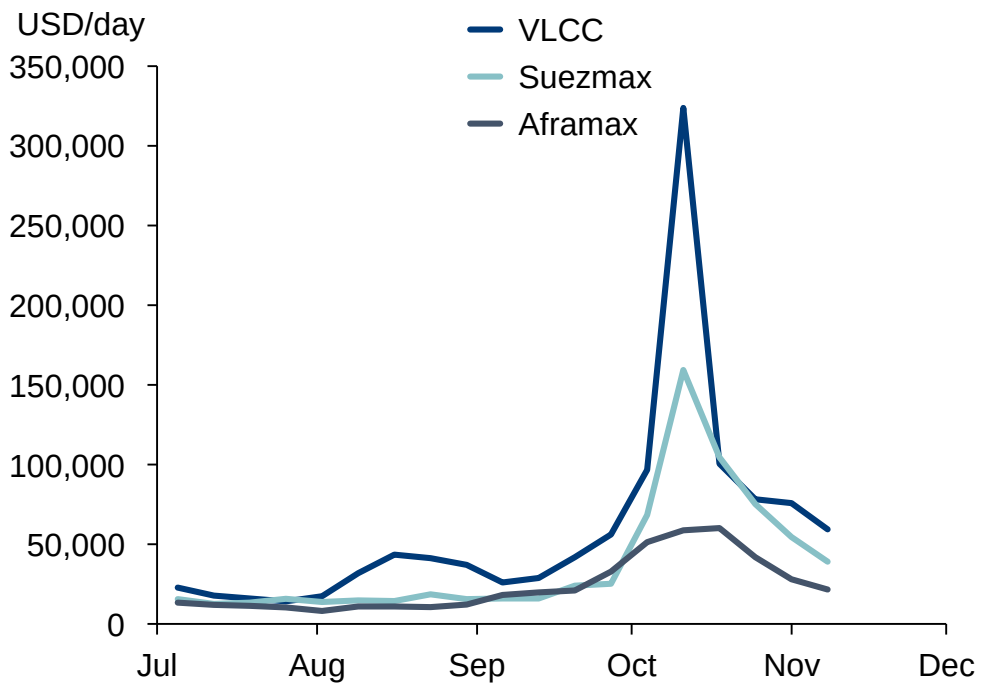
- Large product tankers in particular have gained from the unprecedented strong sentiment in the VLCC/crude tanker market induced by sanctions on the COSCO fleet
- Peak scrubber retrofitting with around 5% of the LR2 fleet scheduled to retrofit in Q4
- Increasing diesel supply from the East driven by a strong increase in China's diesel exports on record high refinery runs and Middle East refineries returning from outages/run cuts
- USG exports have been limited by maintenance, but units are starting to return from peak maintenance while refinery outages in USWC have increased imports to the region
- Increasing CPP flows to West Africa

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.

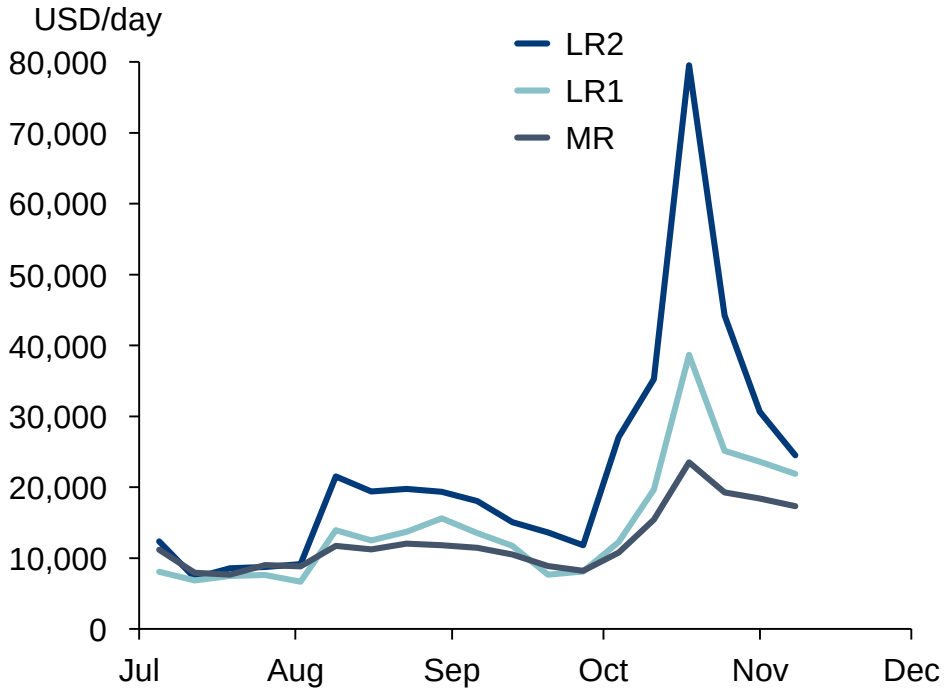
UNPRECEDENT SENTIMENT IN THE CRUDE TANKER MARKET HAS CARRIED OVER TO PRODUCT TANKER RATES

TORM

Crude tanker rates



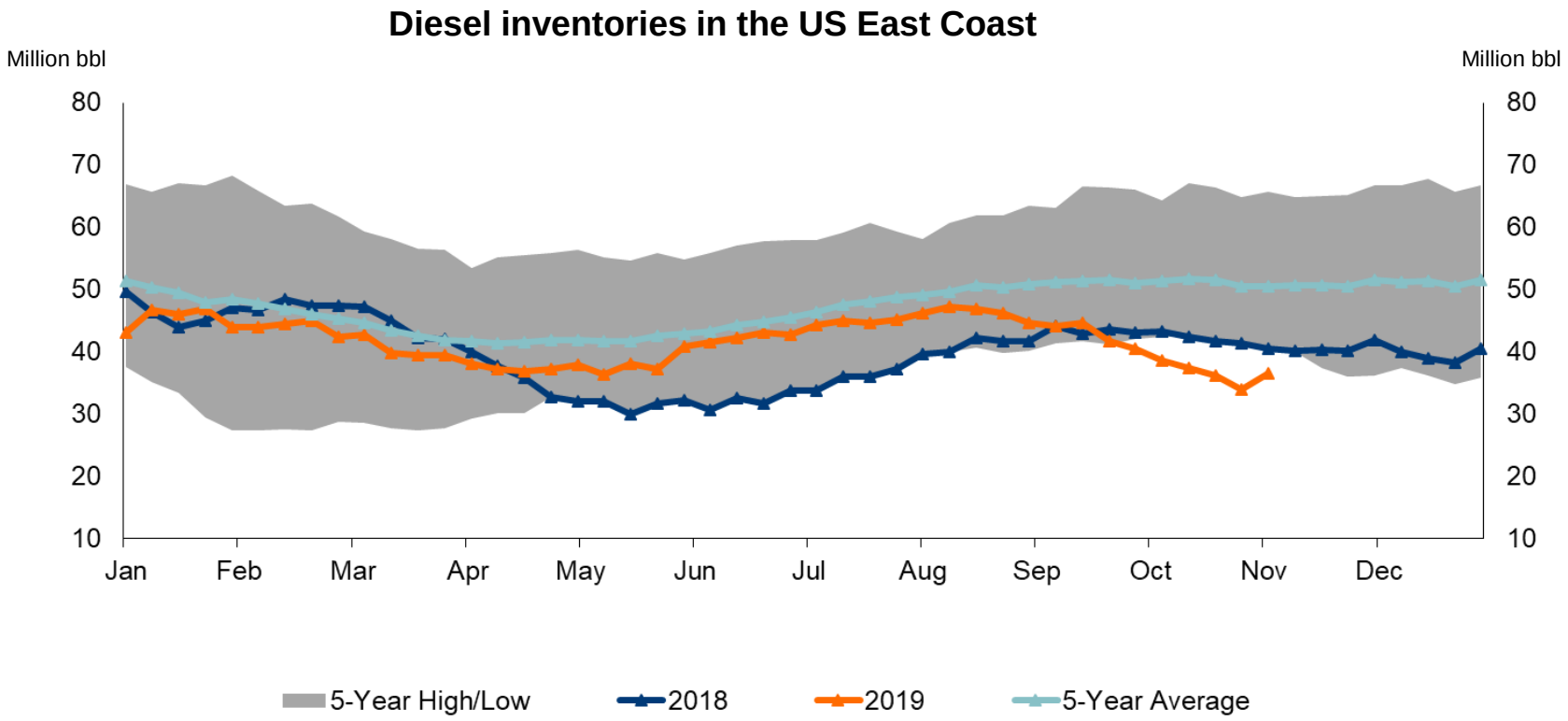
Product tanker rates



- Sanctions on COSCO which affected around 4% of the global VLCC fleet caused an overall positive sentiment on the crude tanker market, with VLCC rates touching all-time high levels at around USD/day 300,000
- The positive sentiment spread to the product tanker market with LR2 rates reaching USD/day 80,000 before retreating to the current levels
- Around 5% of the CPP-trading LR2 fleet has switched to DPP, helping to sustain product tanker freight rates over the medium term

Source: TORM, Clarksons.

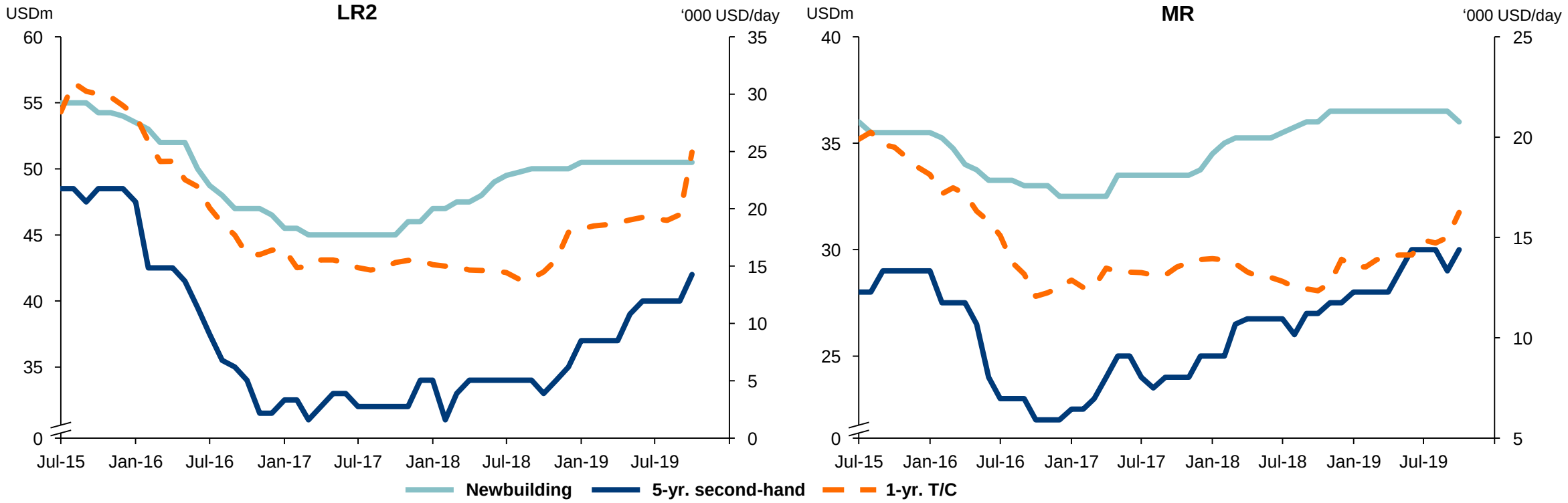
LOW DIESEL INVENTORIES IN THE ATLANTIC BASIN AHEAD OF IMO 2020 AND THE WINTER HEATING SEASON



- Diesel inventories in the US East Coast are currently at 5-year lows (~30% below the 5-year average)
- Diesel inventories in the ARA (Amsterdam-Rotterdam-Antwerp) region are currently 4% below the 5-year average
- Low diesel inventories in the Atlantic Basin ahead of seasonally increased heating demand and IMO 2020-related diesel demand indicate the need for restocking in the coming months

Source: EIA, Reuters, TORM.

VESSEL VALUES HAVE CONTINUED TO IMPROVE AS FREIGHT MARKET STRENGTHENS

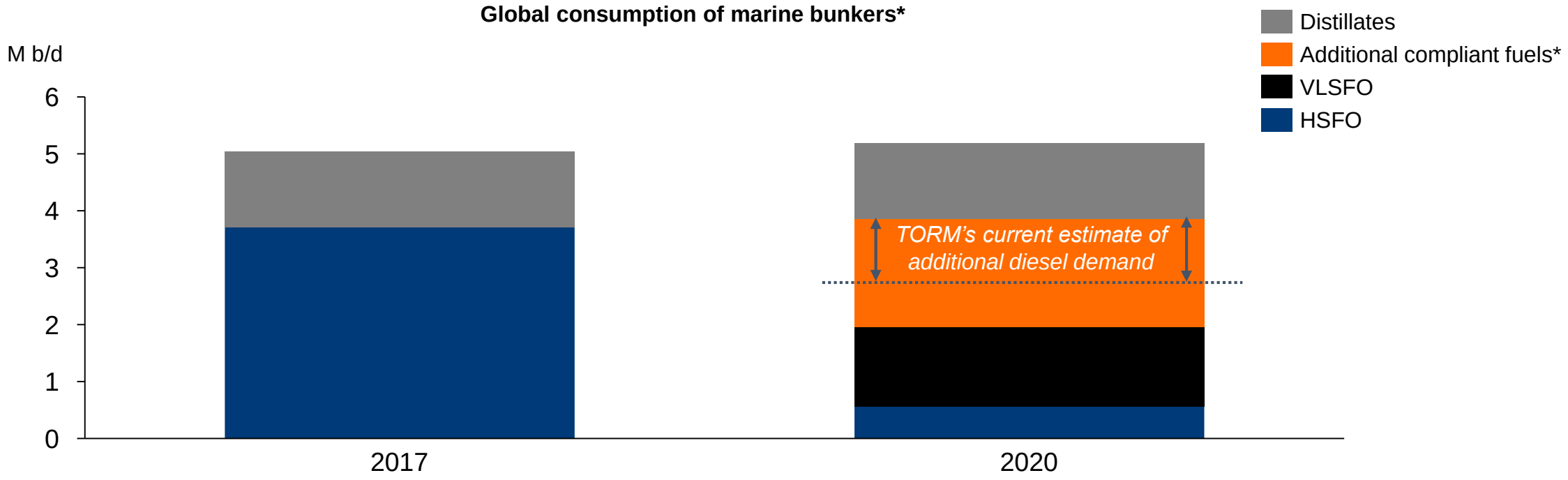


- Vessel values for modern tonnage have been positively affected by continued expectations for a stronger freight market and are currently up 25% for LR2s and 13% for MRs compared to last year's average
- Product tanker newbuilding activity has been relatively low so far this year; however, interest for remaining positions at yards has increased along with the stronger freight market, and early orders of LNG-based dual fueled vessels have emerged
- Currently concluded newbuilding 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.

IMO 2020 WILL BE THE CATALYST FOR AN ESTIMATED 7% GROWTH IN PRODUCT TANKER TON-MILE DEMAND IN 2020

TORM



- 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 around 1 mb/d of additional diesel demand, which will underpin the overall 7% increase in the product tanker ton-mile in 2020, with a downside dependent on higher availability of VLSFO
- Temporary fleet capacity reduction is expected due to increased off-hire time in connection with preparations for the IMO 2020 regulation, currently estimated at around 0.8% of the total fleet capacity

* 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

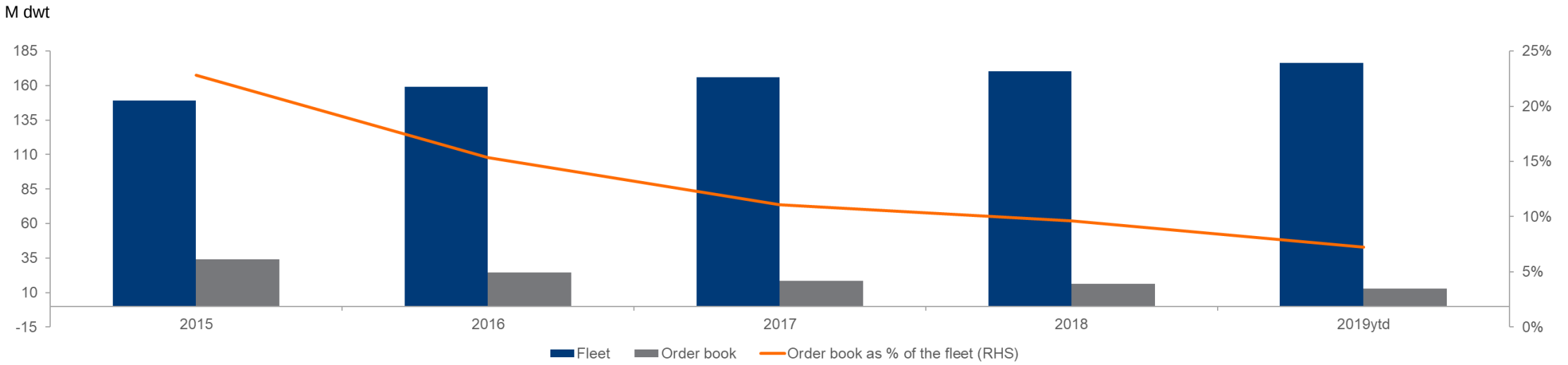
Examples of trade routes impacted by the IMO 2020 sulfur regulation



- 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

PRODUCT TANKER ORDER BOOK REMAINS AT 25 YEARS LOW

Product tanker order book as percentage of the fleet



- The product tanker order book to fleet ratio is at a historically low level of 6.8% (9% for MRs, 2% for LR1s and 8% for LR2s)
- In the first nine months of 2019, the product tanker fleet grew by 4.0% (vs. 2.5% in FY 2018, 4.5% in FY 2017 and 6.5% in FY 2016)
- TORM estimates that the product tanker fleet will grow by an average of ~3.4% 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

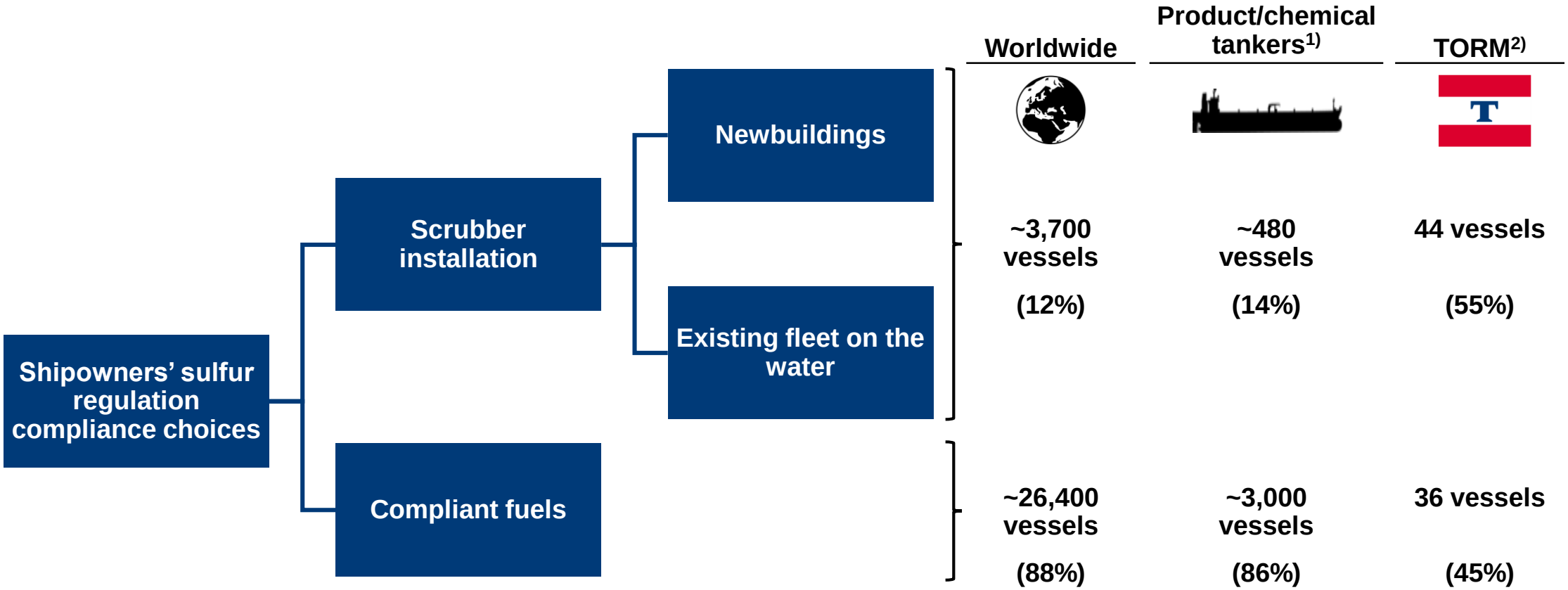
Key medium to long-term market drivers

- 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

Source: TORM.

THERE ARE TWO MAIN OPTIONS FOR OCEAN-GOING VESSELS TO COMPLY WITH THE UPCOMING IMO 2020 SULFUR REGULATIONS



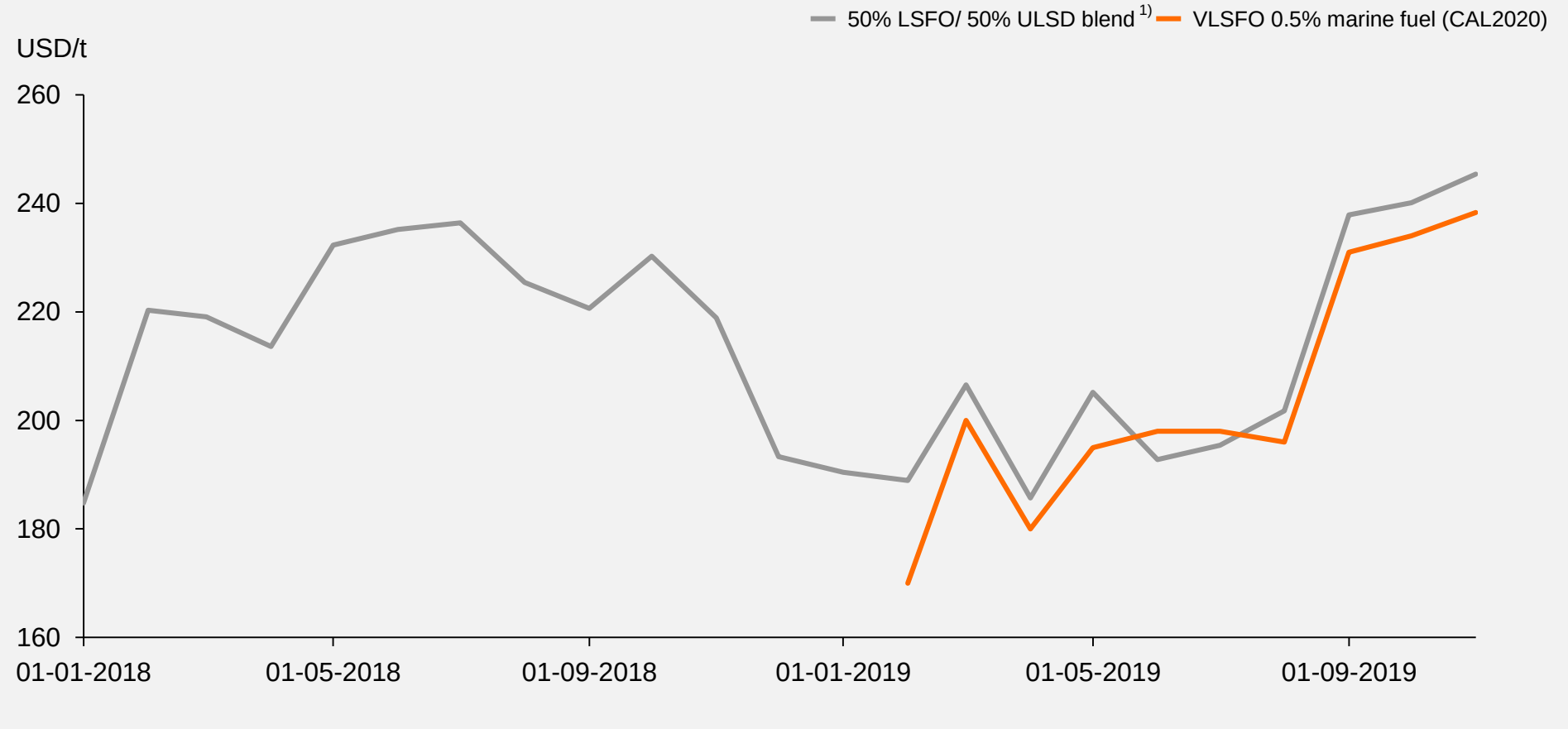
1. Product tankers and chemical tankers 25k dwt+.
2. As of May 2020.

Source: IHS, Clarksons, DNV GL's Alternative Fuels Insight platform.

CURRENT FUEL SPREAD PRICES SUPPORT THE ATTRACTIVE SCRUBBER BUSINESS CASES

TORM

Cal2020 price spread between 0.5% compliant fuels and 3.5% HSFO, Rotterdam delivery

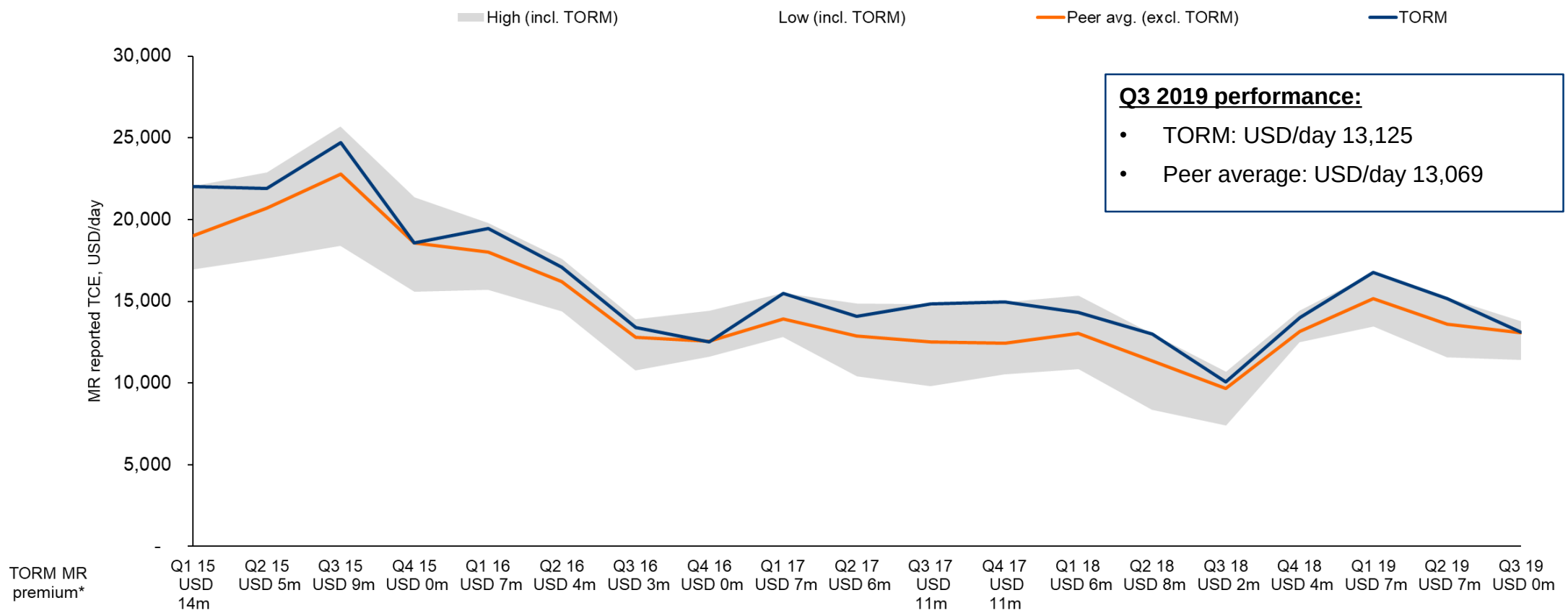


- The spread between 0.5% compliant fuel and 3.5% HSFO is currently trading at USD 238 for the calendar year 2020 and USD 187 for the calendar year 2021[2)]

1. Theoretical blend.
2. Clarksons - Rotterdam data as of 29 October 2019.

Source: Industry sources.

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 | 9M 2019: USD 14m

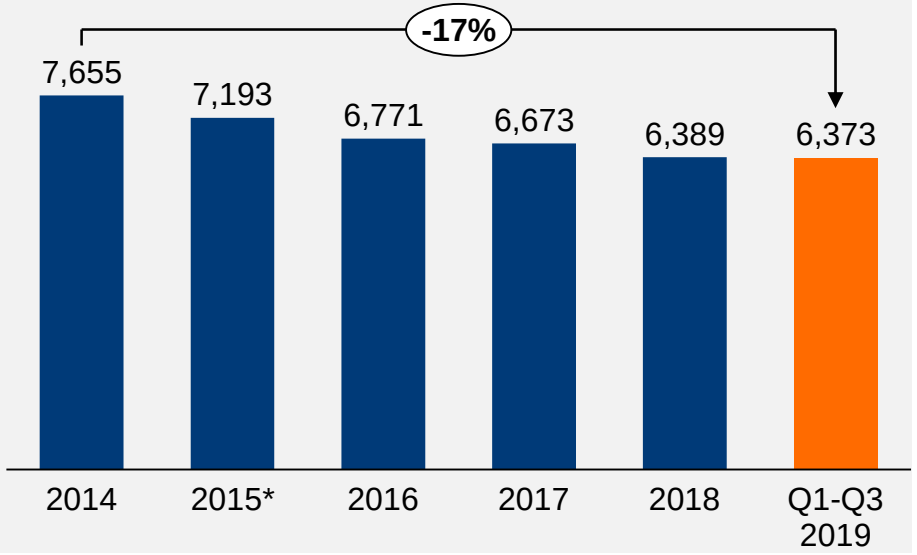
Note: Peer group is based on Ardmore, d'Amico (composite of LR1, MR and Handy), Diamond S, Frontline 2012, Hafnia Tankers, NORDEN, Maersk Tankers, Teekay Tankers, Scorpio and International Seaways.
For Q3 2019, the peer group only consists of Ardmore, NORDEN, Scorpio and International Seaways. Earning 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

TORM

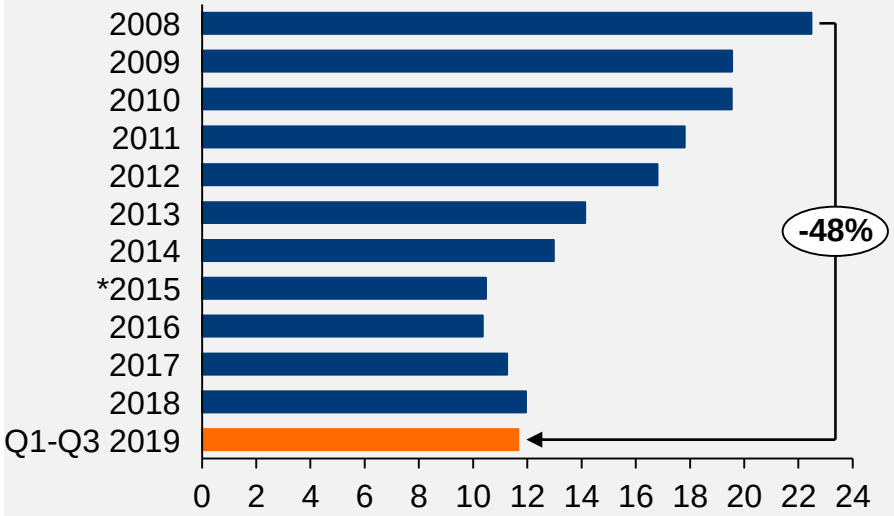
Significant reduction in OPEX

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 35m by an OPEX/day reduction of USD/day 1,282

EBITDA break-even rate Q1-Q3 2019: USD/day 8,600

Profit before tax break-even rate Q1-Q3 2019: USD/day 14,300

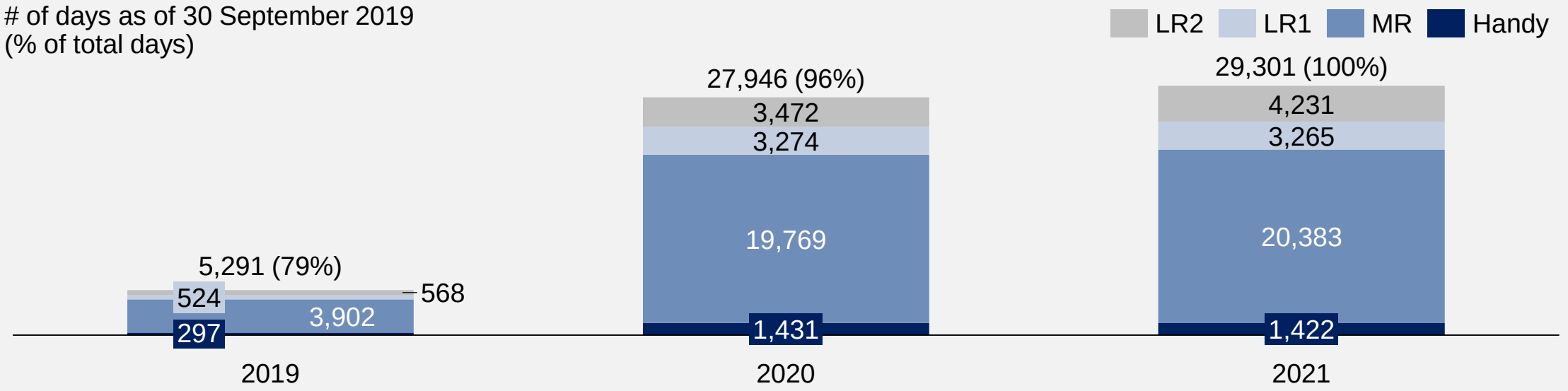
TORM operates a fully integrated commercial and technical platform

- 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	5.3	27.9	29.3
+/- USD 2,500	13.2	69.9	73.3
+/- USD 5,000	26.5	139.7	146.5

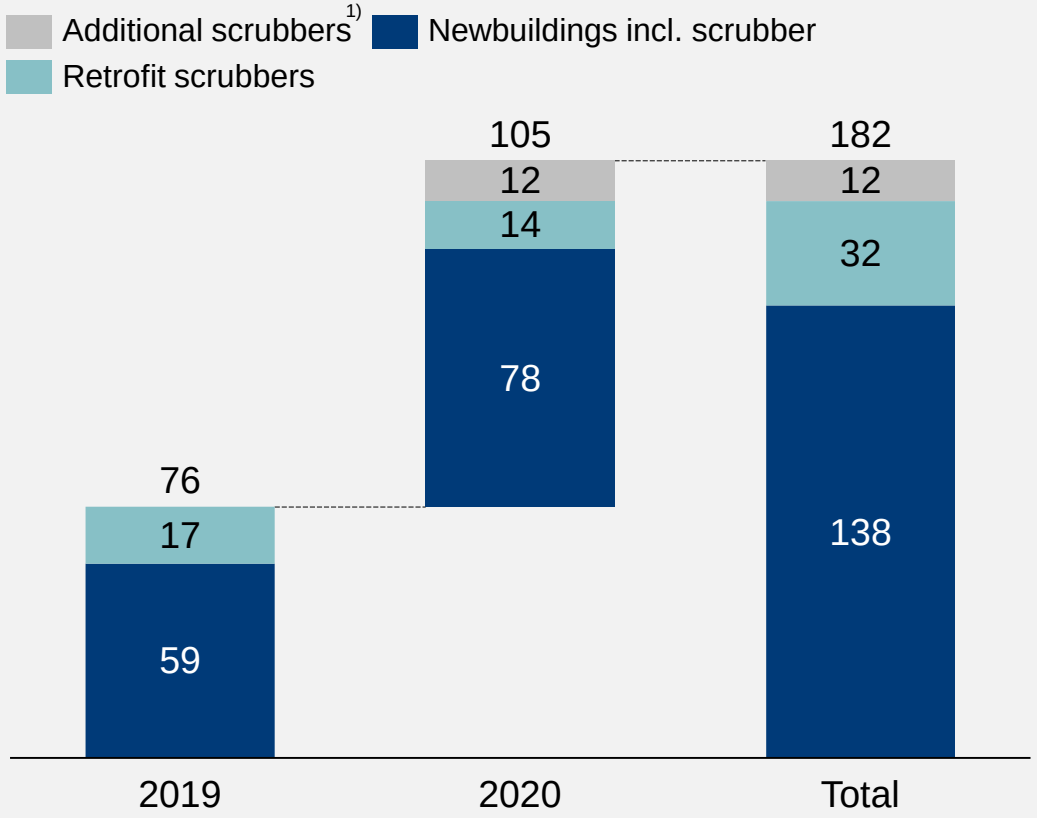
- As of 30 September 2019, 21% of the total earning days in 2019 were covered at USD/day 15,655
- As of 8 November 2019, the coverage for the fourth quarter of 2019 was 63% at USD/day 19,531
- For the individual segments, the coverage was 69% at USD/day 26,267 for LR2, 59% at USD/day 20,736 for LR1, 61% at USD/day 18,095 for MR and 75% at USD/day 14,990 for Handy.

WELL-POSITIONED TO SERVICE FUTURE CAPEX COMMITMENTS

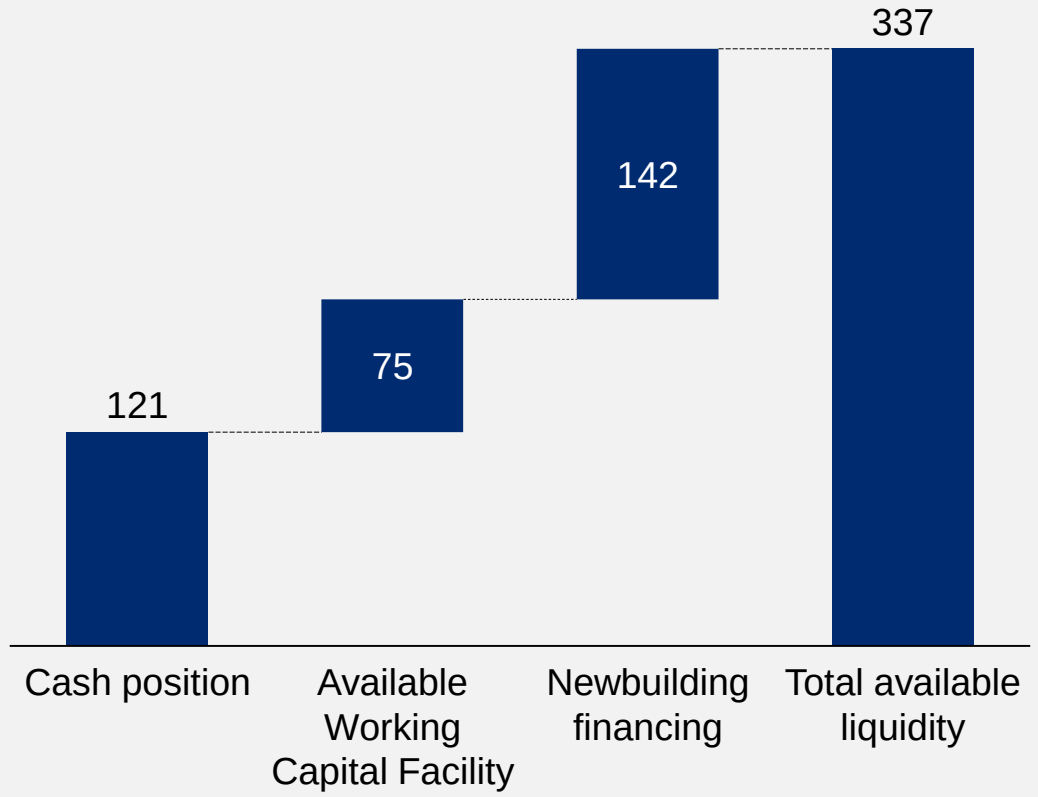
CAPEX and liquidity as of 30 September 2019

USDm

CAPEX commitments



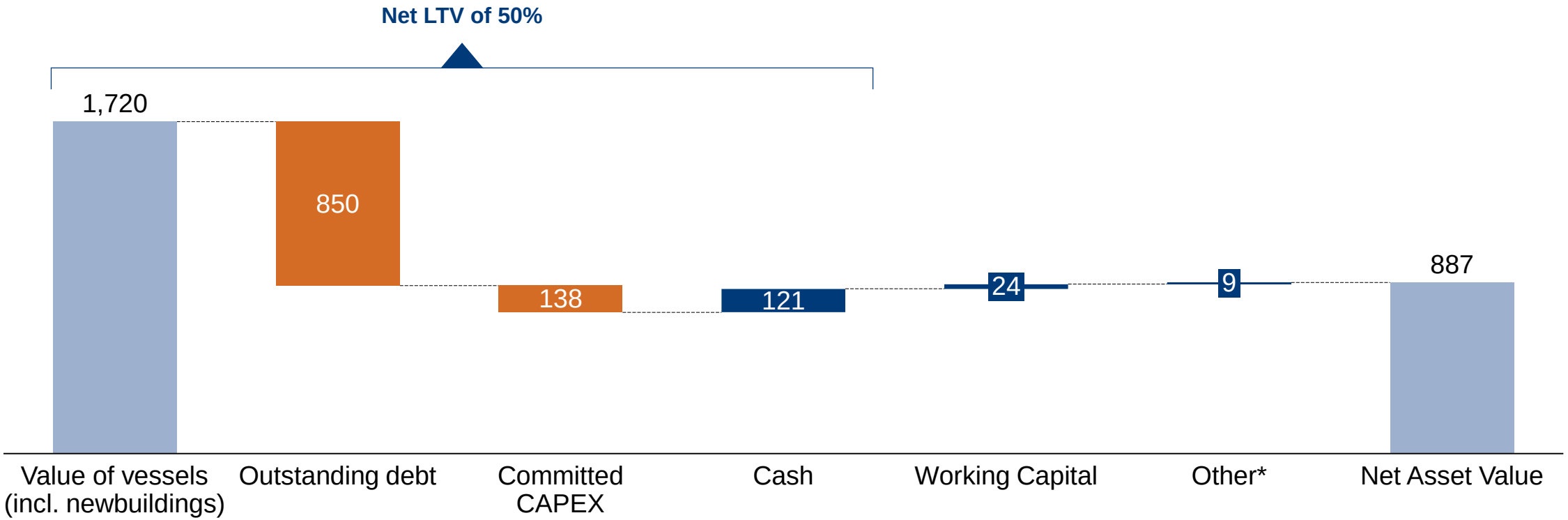
Available liquidity



1) Six retrofit scrubbers decided after 30 September 2019.

NET ASSET VALUE ESTIMATED AT USD 887M

30 September 2019 figures, USDm



- Net Loan-to-Value was 50% ensuring a strong capital structure
- Net Asset Value (NAV) was estimated at USD 887m (USD 12.0/DKK 82.2 per share)
- Market cap as of 30 September 2019 was USD 628m, or DKK 58 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 6.85.



TORM