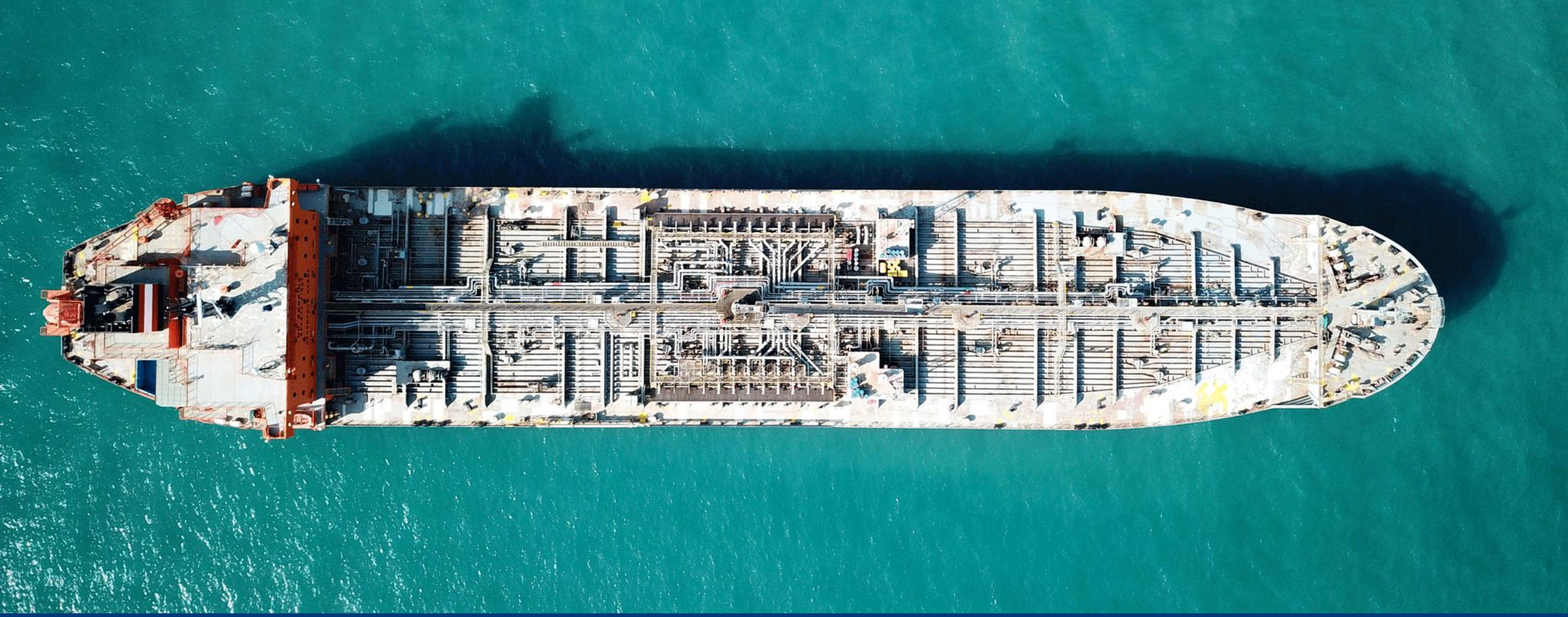


17 AUGUST 2020

Q2 2020 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, general market conditions, including fluctuations in charter hire rates and vessel values, the duration and severity of the COVID-19, including its impact on the demand for petroleum products and the seaborne transportation thereof, the operations of our customers and our business in general, changes in demand for "ton-miles" of oil carried by oil tankers and changes in demand for tanker vessel capacity, 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 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 including "trade wars," 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 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. Moller-Maersk
- More than 25 years of shipping experience



Kim Balle

- Chief Financial Officer of TORM A/S since December 2019
- Previously CFO of CASA A/S and DLG
- Prior to that, he held various positions with Danske Bank
- More than 25 years of finance experience

SECOND QUARTER HIGHLIGHTS

Q2/H1 FINANCIAL HIGHLIGHTS

- Q2 2020 TCE of USD/day 25,274
- Q2 EBITDA of USD 119m
- Q2 Profit Before tax of USD 71m
- Q2 RoIC of 18.5%
- Q2 EPS of 0.96 USD (6.5 DKK)
- H1 2020 TCE of USD/day 24,465
- H1 EBITDA of USD 221m
- H1 Profit Before tax of USD 128m
- H1 RoIC of 17.1%
- H1 EPS of 1.71 USD (11.6 DKK)
- H1 Dividend of 0.85 USD (5.35 DKK)

VESSEL INVESTMENTS

One MR delivered during Q2 2020.

Seven older vessels sold covering two LR2s and five MRs.

As of 17 August 2020, TORM has installed 40 scrubbers out of a total program of 49 scrubbers.

FINANCING

TORM received commitment for four scrubber and ballast water treatment system installations covering approx. USD 12m.

TORM refinanced USD 35m on five vessels, postponing the maturity from 2021 to 2025.

CREW CHANGE CHALLENGE BEING RESOLVED BY THE ONE TORM PLATFORM AND IN DIALOGUE WITH AUTHORITIES

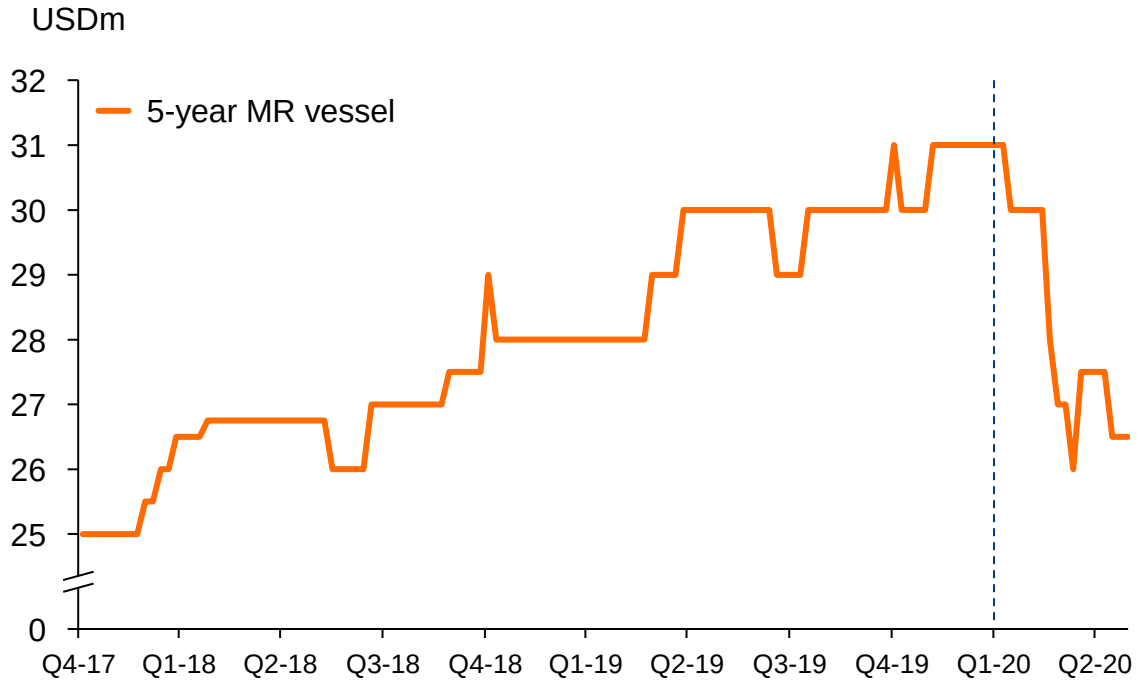
	22 June 2020	14 August 2020
Crew onboard TORM's vessels[1]	1,620	1,558
Crew with overdue employment contracts	625 *(~40% of total crew)*	189 *(~10% of total crew)*
Crew changes since 15 March 2020	287	988

- Safety is the top priority for TORM and an integral part of the One TORM platform
- Safety is especially important during the COVID-19 pandemic and TORM has implemented several precautionary measures both at sea and on shore
- Travel bans and quarantine restrictions have especially during the second quarter of 2020 provided challenges with respect to crew change
- However, towards the end of June and during the third quarter to date much of the issue has been resolved following a constructive dialogue with authorities and customers
- The positive change has been driven by TORM's integrated platform which through coordination between the commercial and technical departments has enabled crew changes as opportunities arise during the vessels' commercial operations

1) Crew on board TORM's vessels is calculated as 20.5 crew per vessel

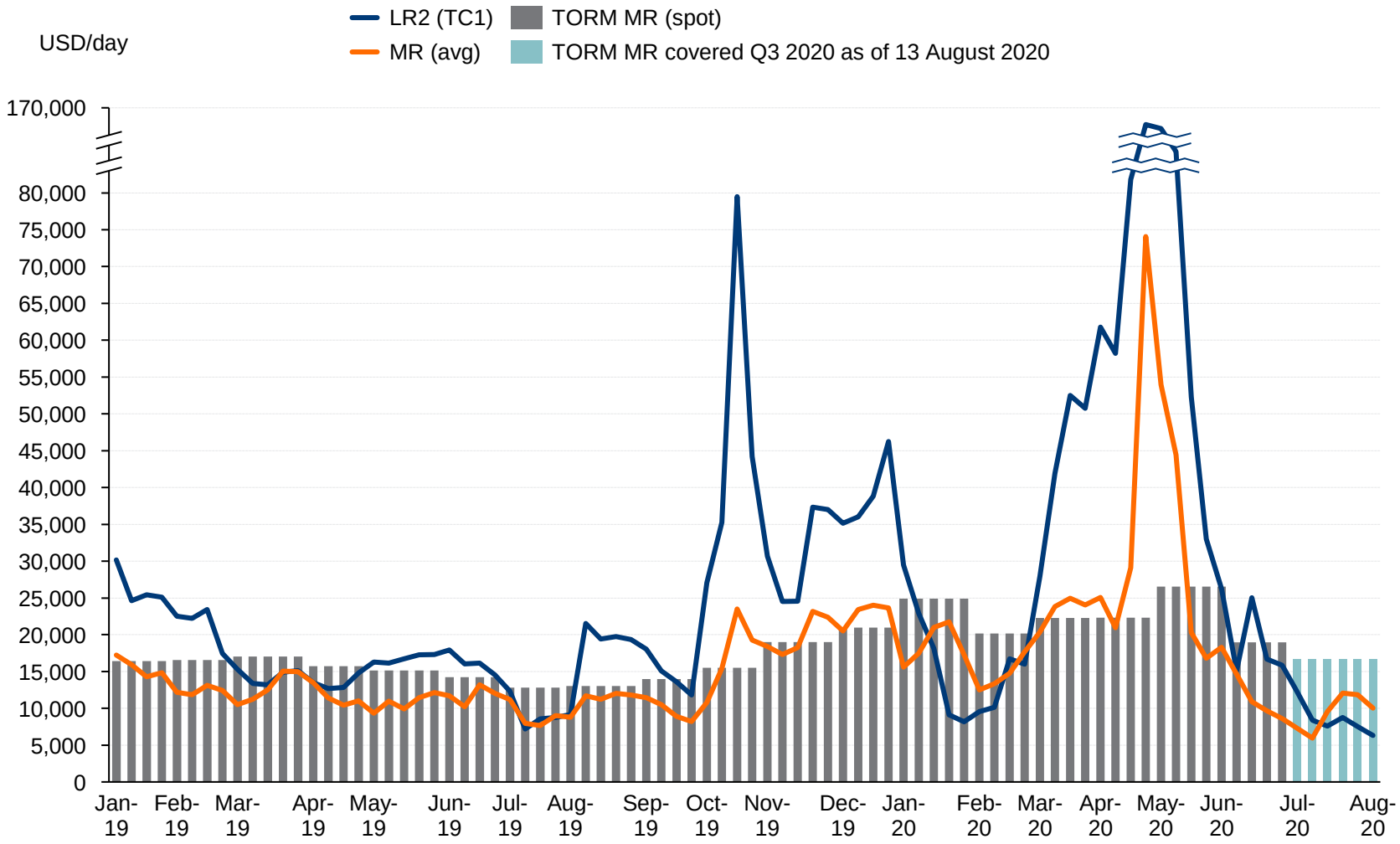
TORM'S RECENT VESSEL SALES WERE WELL TIMED AND DONE ABOVE PREVAILING BROKER VALUES

Vessel name	Vessel segment	Delivery date	Age	Sales price, net of commission, USDm	Q1 2020 broker values, USDm
TORM Mary	MR	Q2-20	18.1		
TORM Gertrud	MR	Q3-20	17.6		
TORM Kristina	LR2	Q3-20	21.5		
TORM Helene	LR2	Q3-20	23.0		
TORM Vita	MR	Q4-20	18.3		
TORM Gerd	MR	Q4-20	17.8		
TORM Caroline	MR	Q4-20	17.9		
Total			**19.2**	**~66**	**~64**



- During the second quarter of 2020, and during the third quarter to date, TORM has sold seven older vessel supporting an ongoing fleet renewal
- TORM has realized prices above 31 March 2020 broker valuations, thereby capitalizing on the strong market observed during the first and second quarter of 2020
- The sales proceeds will support TORM to actively pursue attractive opportunities in the market as they arise
- USD 37m of debt will be repaid in connection with the transactions

COVID-19 RELATED FACTORS SENDING PRODUCT TANKER FREIGHT RATES ON A ROLLERCOASTER RIDE



Q2 2020

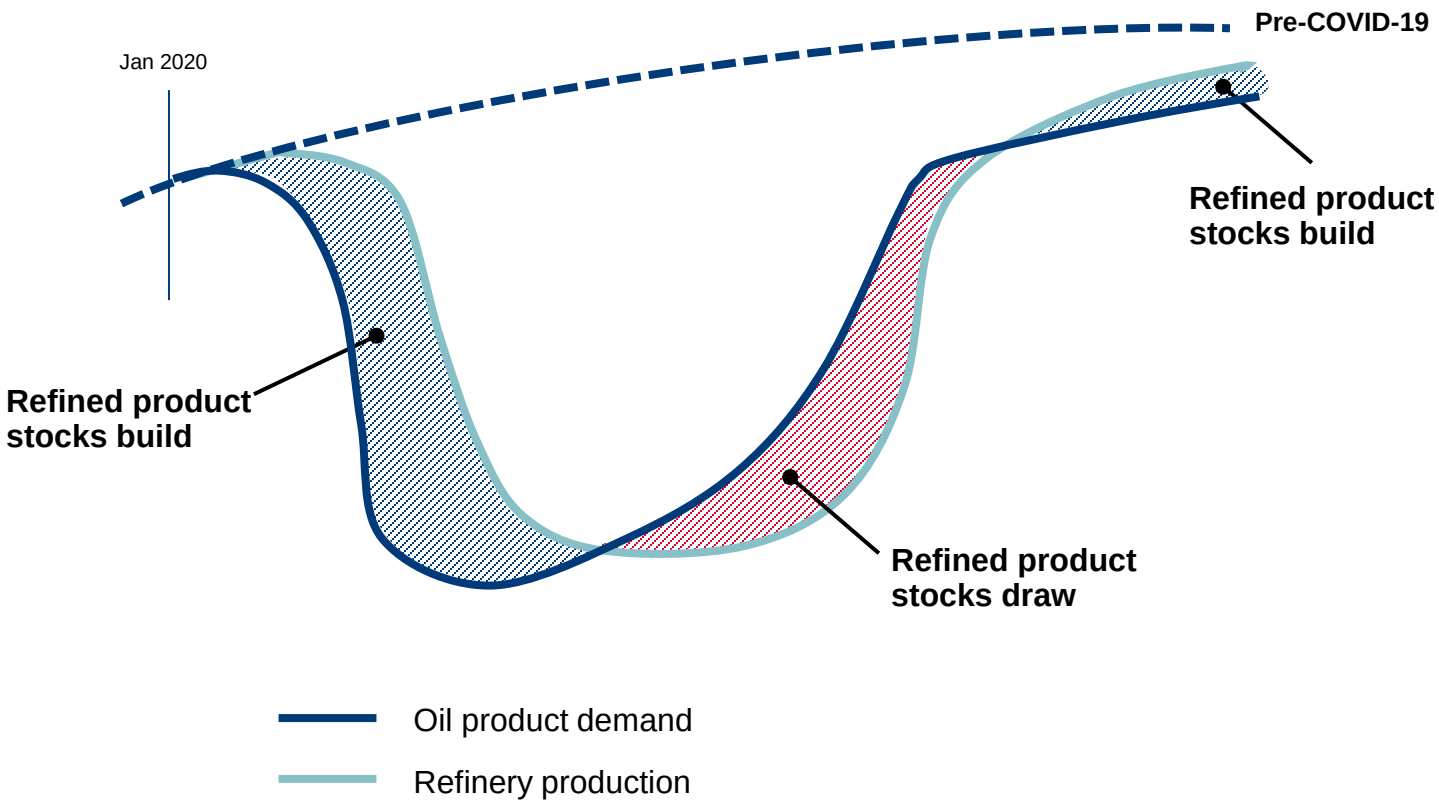
- Unprecedented decline in local oil demand leading to regional dislocations and long-haul trade (e.g. US/Europe to Asia, MEG to Europe and Asia)
- Floating storage primarily from limited storage space at terminals, peaking at 14% of tonnage
- Cargo discharge constraints leading to inefficient trading patterns as charterers are searching for new buyers
- Some LR2 switch-back to clean trade

Q3 2020-to-date

- Unwinding of product tanker floating storage, limiting demand for transportation and releasing tonnage to the market
- In the East, rates are negatively affected by the abundance of tonnage combined with a lack of cargoes due to low refinery runs, although China's exports have started to rise recently
- Strong rates in the US Gulf amid doubling of US CPP exports from May lows, coinciding with record low vessel availability

Source: TORM, 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.

THE OIL MARKET HAS MOVED FROM STOCKBUILDING TO STOCKDRAWING PHASE



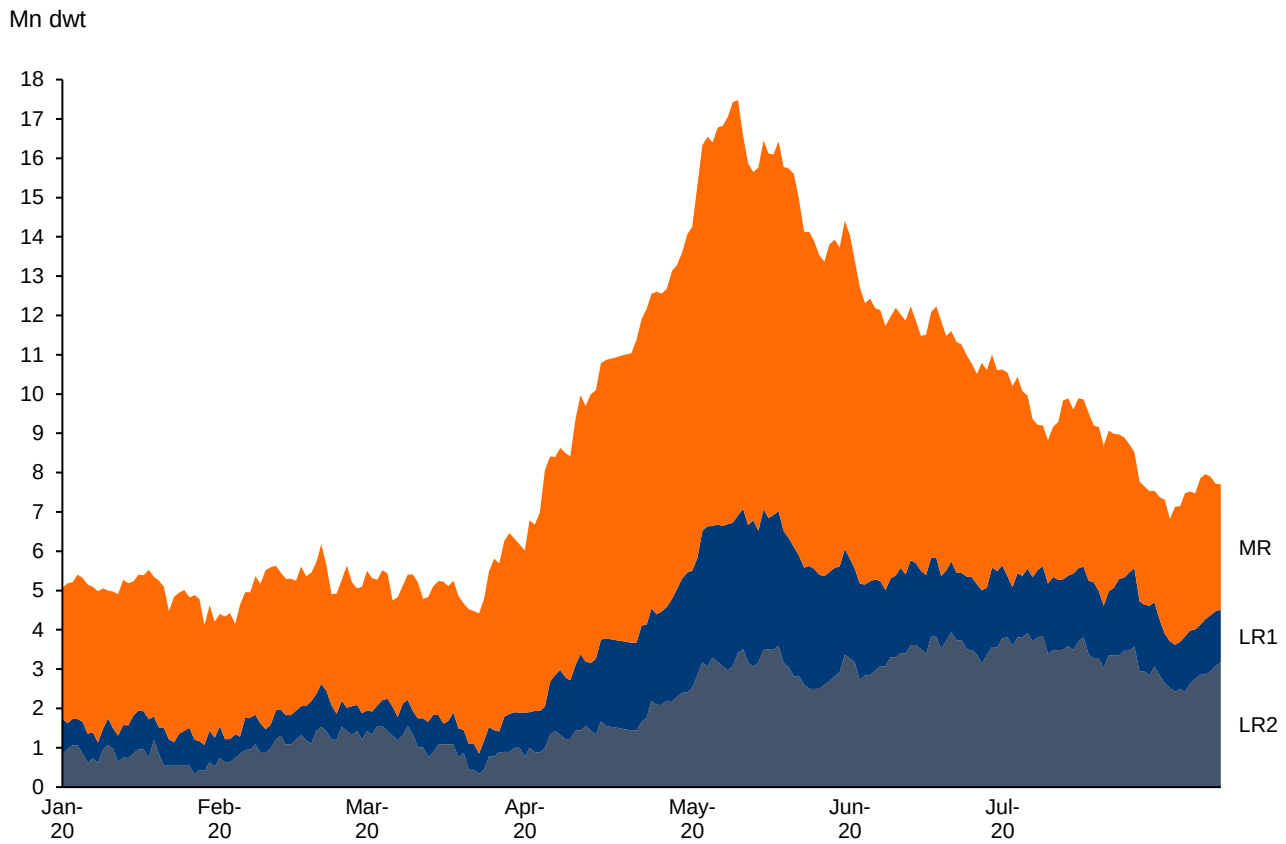
- The COVID-19 pandemic has led to an unprecedented oil demand destruction
- Initially, refinery runs have been lagging declines in demand, leading to unprecedented inventory builds bringing the onshore spare storage capacity to its limits
- Currently, demand has started to recover but weak refinery margins have capped refinery runs, leading to stock draws
- Destocking has started with offshore inventories

Sources: TORM.

FLOATING STORAGE HAS COME DOWN AS A FIRST STEP TOWARDS REBALANCING

TORM

Vessels in floating storage



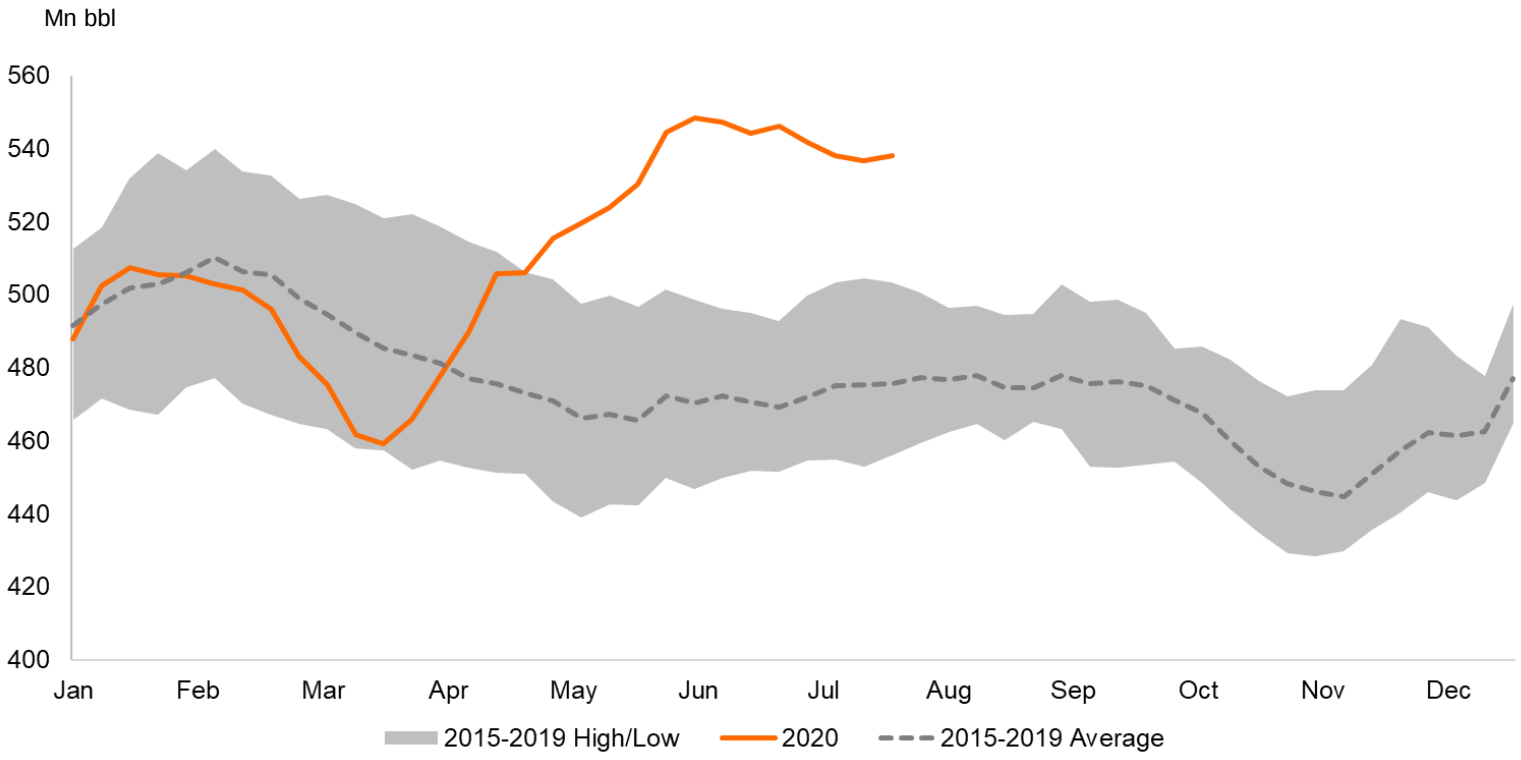
- The unprecedented decline in oil product demand has resulted in limited storage space at terminals and refineries, resulting in a spate of logistical floating storage
- At its peak in early May, 14% of the clean trading tonnage was tied up in floating storage, with ~90% of this is in logistical floating storage with the remainder being committed floating storage
- Currently, 6% of the clean trading tonnage is in floating storage, slightly above the “normal” level of ~4%
- While MR floating storage has almost cleared (currently 4% of the MR fleet), LR2 floating storage has been more resilient and is currently estimated at 14% of the fleet (down from 18% at the peak)
- Potentially, a temporary pick-up in floating storage demand could occur, although at a lower magnitude than seen over April-June

Source: TORM. Vessels idle for at least seven days with cargo on board. Latest data as per 14 August 2020.

ONSHORE INVENTORIES HAVE STABILIZED AND STARTED TO SLOWLY DECLINE AFTER UNPRECEDENTED BUILDS

TORM

CPP inventories in key trading hubs*



- The COVID-19 caused demand destruction and resulted in a counter-seasonal growth of CPP inventories in the US, ARA and Singapore to an all-time high
- This put onshore storage capacity under pressure, leading to floating storage
- Since early June, onshore CPP inventories have stabilised and started to slowly decline

Note: Based on weekly data for the US, Amsterdam-Rotterdam-Antwerp (ARA) area and Singapore.
Sources: EIA, Reuters, TORM.

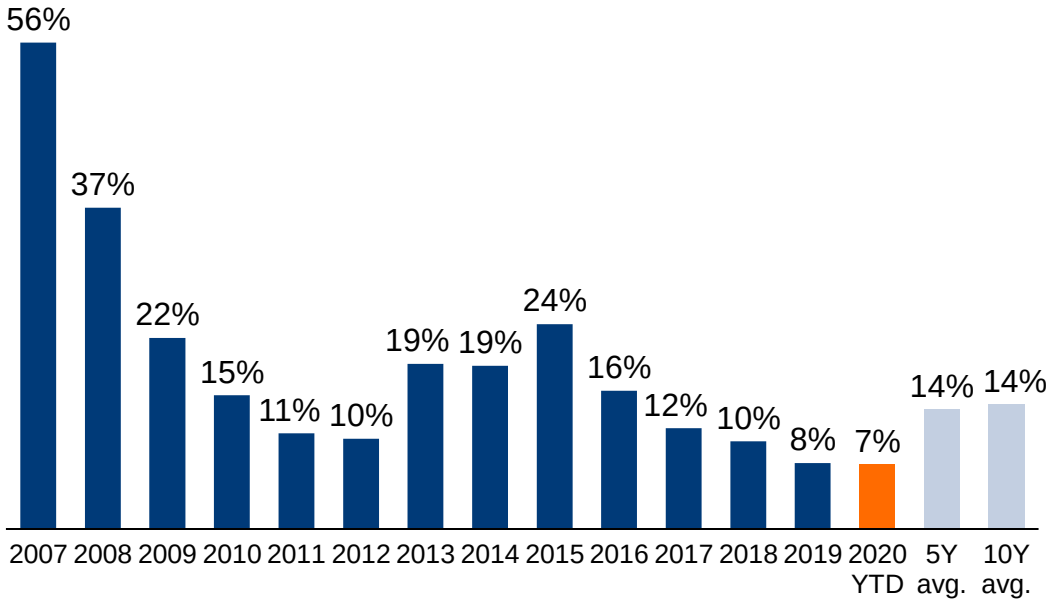
LOW TONNAGE SUPPLY GROWTH ALLEVIATING EFFECTS FROM DESTOCKING

TORM

Fundamental effects on demand and supply from the COVID-19

	Short-term	Medium-term
Tonnage demand	✚ Increased product exports in initial phases of demand weakness ➗ As oil demand is negatively affected around the world, some trade flows will decline	✚ Potential economic stimulus in China and other countries will restore usual demand and trading patterns ➗ Once oil demand improves, product will be released from storage and thereby likely negatively affecting trade flows
Tonnage supply	✚ Discharge delays as unprecedented product oversupply is resulting in full storage tanks at terminals (“logistical floating storage”) ✚ Full onshore storage capacity necessitating floating storage, removing tonnage from the market ✚ Delays with scrubber installations might temporarily reduce effective tonnage supply	➗ Release of vessels from floating storage once oil demand starts to recover ✚ Newbuilding delivery delays from the Chinese shipyards, and lower ordering interest lead to lower fleet growth in the medium and long term, at a time when the order book is already historically low

Product tanker order book at historical low level as % of total fleet

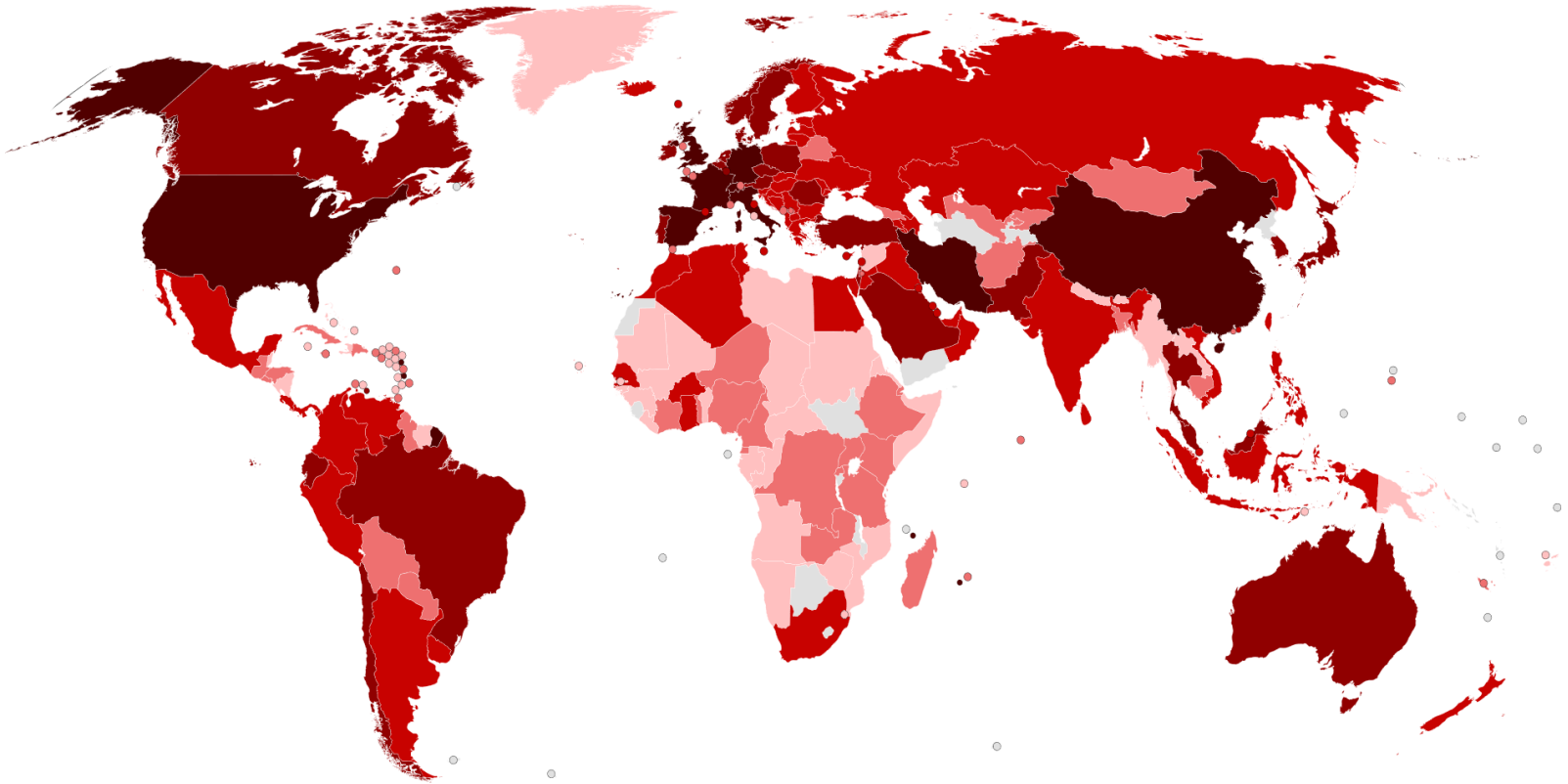


Source: TORM.

CONTINUOUS CHANGES IN THE COVID-19 SITUATION, AND ECONOMIC ACTIVITIES IN DIFFERENT COUNTRIES, IMPACT THE PRODUCT TANKER MARKET

TORM

THE COVID-19 SITUATION CONTINUES TO IMPACT THE GLOBAL TANKER MARKET



- The initial unprecedented decline in oil demand due to the COVID-19, led to significant regional demand-supply imbalances, supporting demand for transportation of refined oil products
- As the COVID-19 pandemic continues, further imbalances will arise across the world impacted by the local economic development, although likely at a smaller scale

COVID-19 CAUSING MEDIUM-TERM MARKET VOLATILITY

Key medium- to long-term market drivers

- Economic stimulus supporting recovery in oil demand in H2 2020, and restoring some of the trades distorted by the COVID-19 once the initial stock draw is over
- Product tanker order book to fleet ratio at historically low level, and ordering activity expected to remain limited
- Refinery consolidation in the West and capacity additions in the Middle East potentially increasing sailing distances

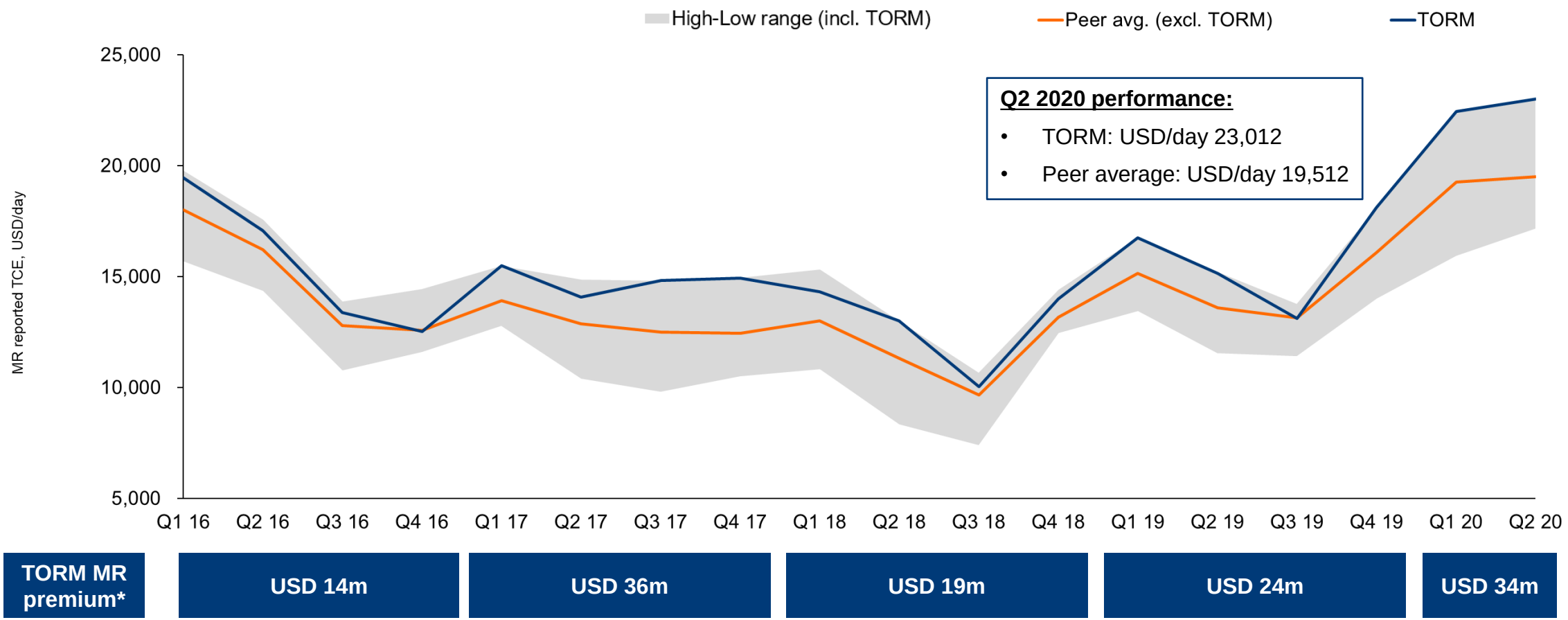
- Macroeconomic uncertainty related to the fall out of the COVID-19
- Geopolitical situation in the Middle East
- Potential new climate-related regulations

Source: TORM.

TORM COMMERCIALLY OUTPERFORMS PEERS IN ITS KEY MR SEGMENT CORRESPONDING TO USD 34M IN H1 2020

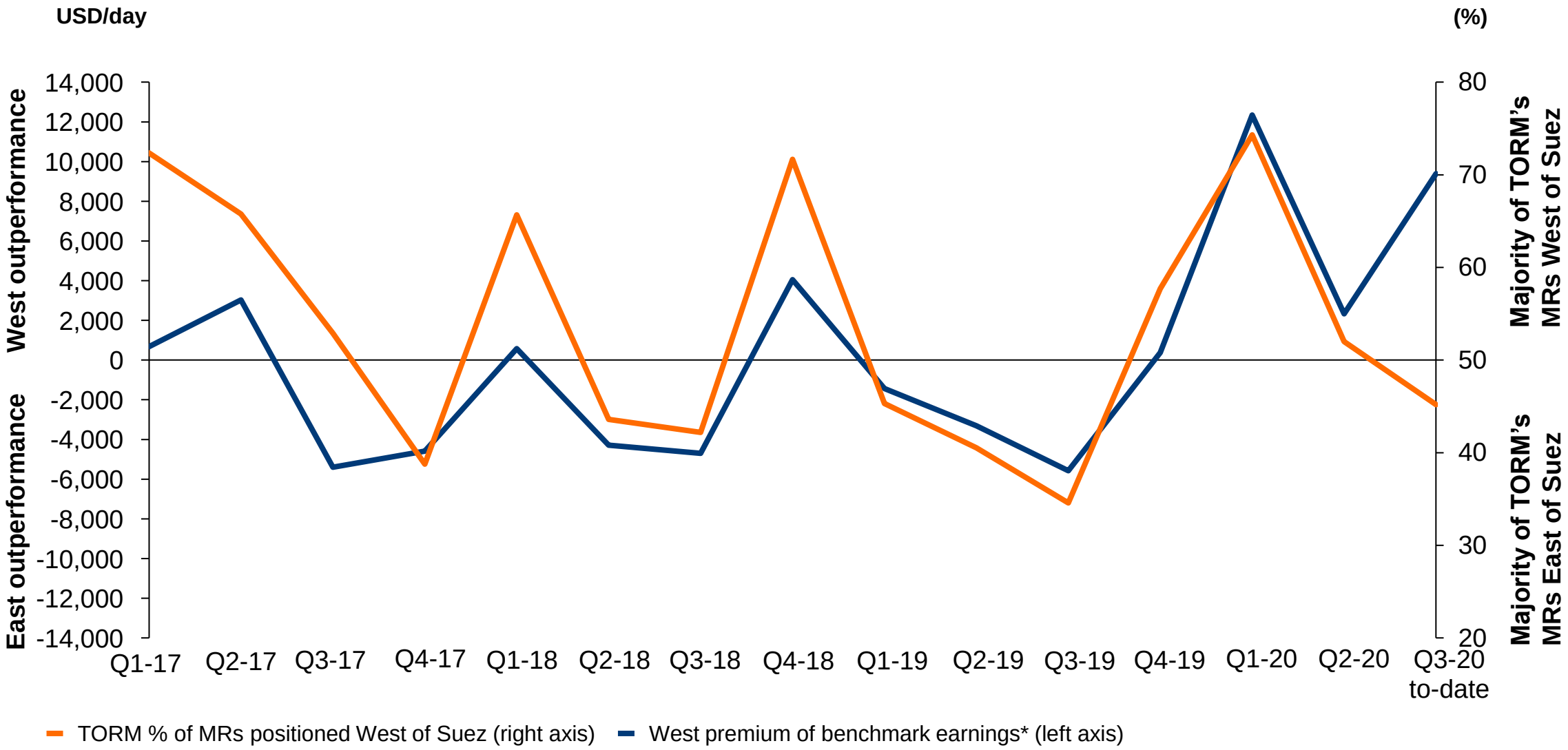
TORM

MR reported TCE, USD/day



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 2020, the peer group only consists of Ardmore, d'Amico, Diamond S, Scorpio and International Seaways. Earning releases from other peers are pending.
* TORM premium calculation is based on the individual quarters with those vessels in TORM's MR fleet earning TORM's TCE rate compared to the peer average.

TORM'S COMMERCIAL CAPABILITIES ARE FOCUSED ON OPTIMIZING GEOGRAPHICAL POSITIONING



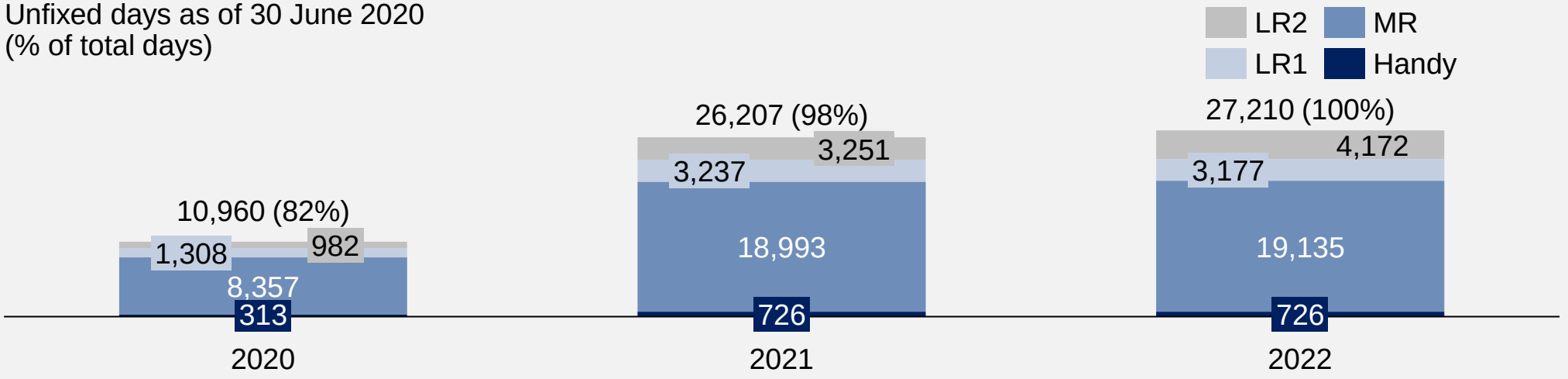
* West premium calculated as spread between Atlantic triangulation (TC2 & TC14) and Transpacific voyage (TC10).
Source: Clarksons, TORM.

SPOT-ORIENTATION PROVIDES SIGNIFICANT OPERATING LEVERAGE WITH HIGH NEAR-TERM COVERAGE

TORM

Significant operational leverage

Unfixed days as of 30 June 2020
(% of total days)



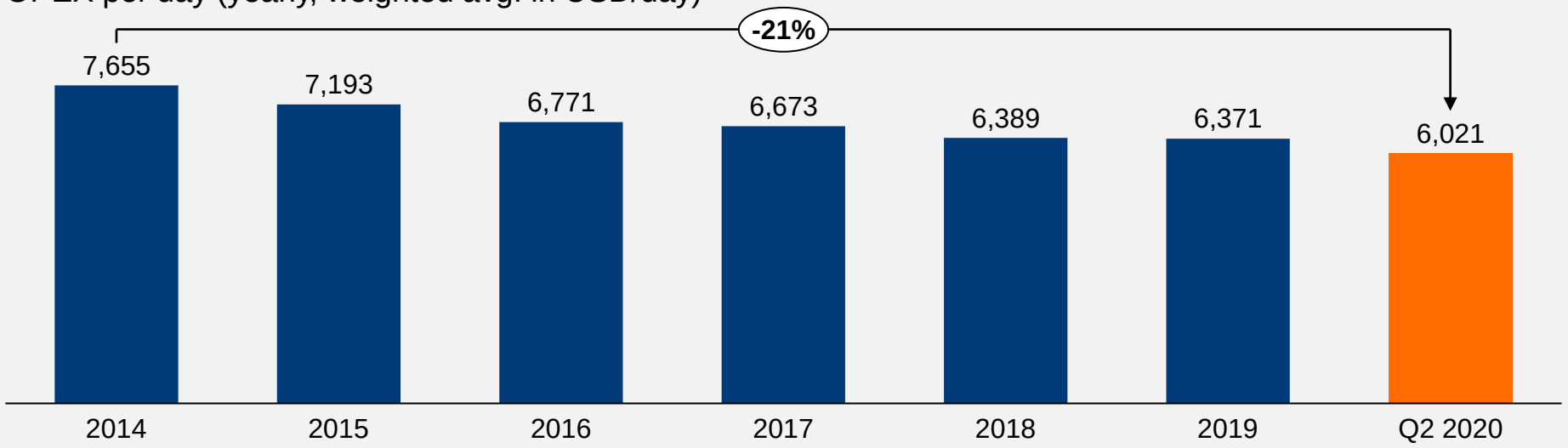
Q2 2020 coverage above Q1 realized freight rates (USD/day)

	Q2 2020 TCE per day	Q3 2020 cover as of 13 August 2020	
		% of total days	TCE per day
LR2	32,732	86%	22,357
LR1	31,655	69%	21,003
MR	23,012	64%	16,633
Handy	15,270	63%	7,100
Total	**25,274**	**68%**	**17,928**

COST FOCUS MAINTAINED WITH CURRENT LOW LEVELS PARTLY IMPACTED BY COVID-19 FACTORS

Significant reduction in OPEX

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



Compared to the full year of 2014, TORM has reduced the OPEX cost base by approx. USD 44m on an annualized basis by an OPEX/day reduction of USD/day 1,634.

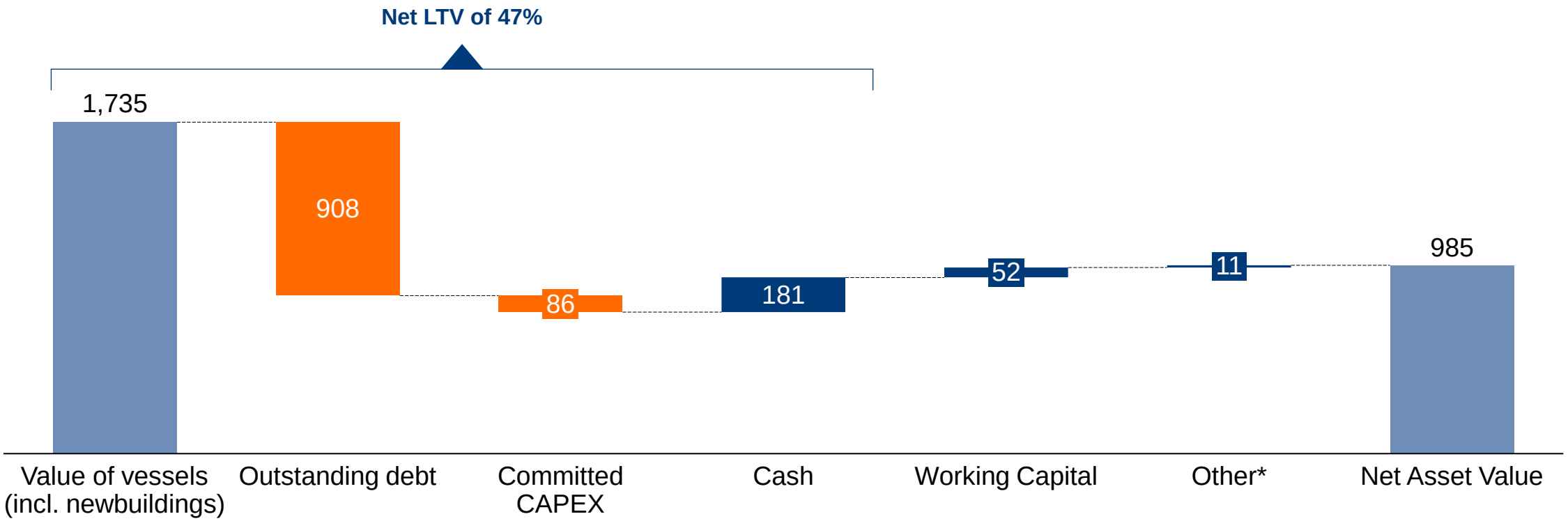
TORM maintains a low cost base with an EBITDA break-even rate in Q2 2020 of USD/day 8,200.

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 while maintaining a low cost structure

NET ASSET VALUE ESTIMATED AT USD 985M WHILE NET LOAN-TO-VALUE OF JUST 47%

30 June 2020 figures, USDm



- Net Loan-to-Value was 47% ensuring a strong capital structure
- Net Asset Value (NAV) was estimated at USD 985m (USD 13.3/DKK 88.2 per share)
- Market cap as of 30 June 2020 was USD 500m, or DKK 45.55 per share**
- Market cap as of 14 August 2020 was USD 587m, or DKK 49.80 per share***

* Other includes Other plant and operating equipment and total financial assets.
** Calculated based on 74,334,414 shares and USD/DKK FX rate of 6.77.
*** Calculated based on 74,334,414 shares and USD/DKK FX rate of 6.30.

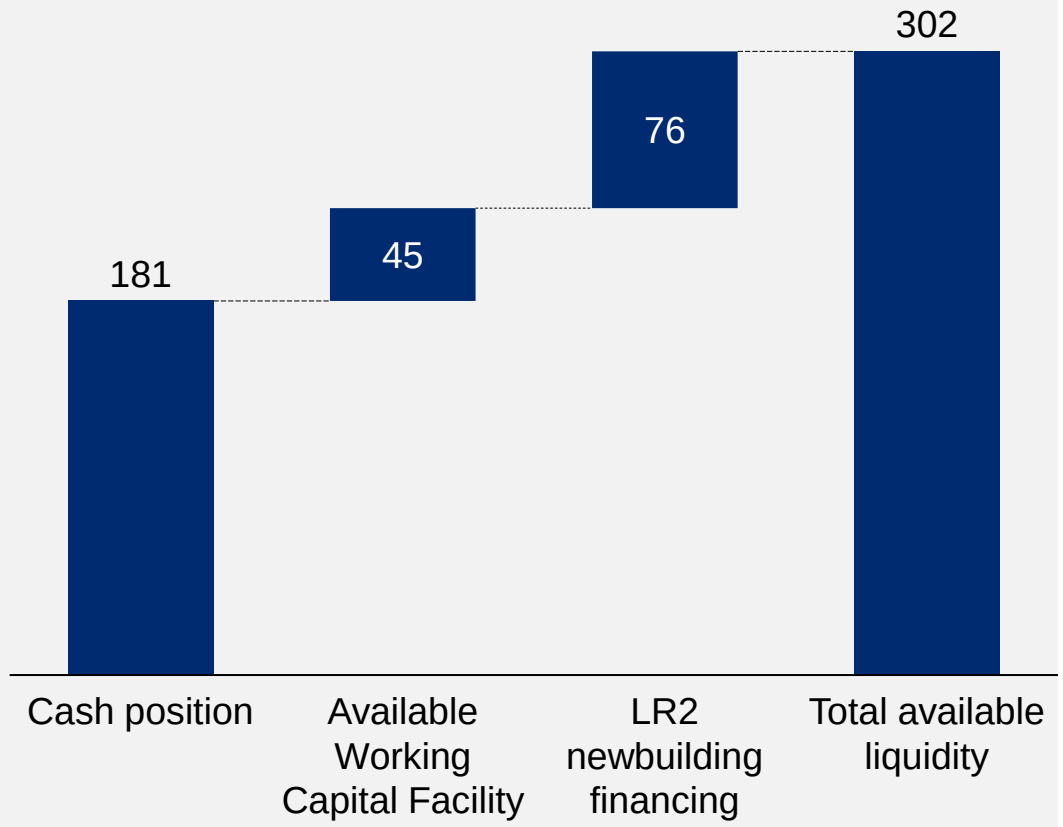
WELL-POSITIONED TO SERVICE CAPEX COMMITMENTS AND TO PURSUE NEW OPPORTUNITIES

TORM

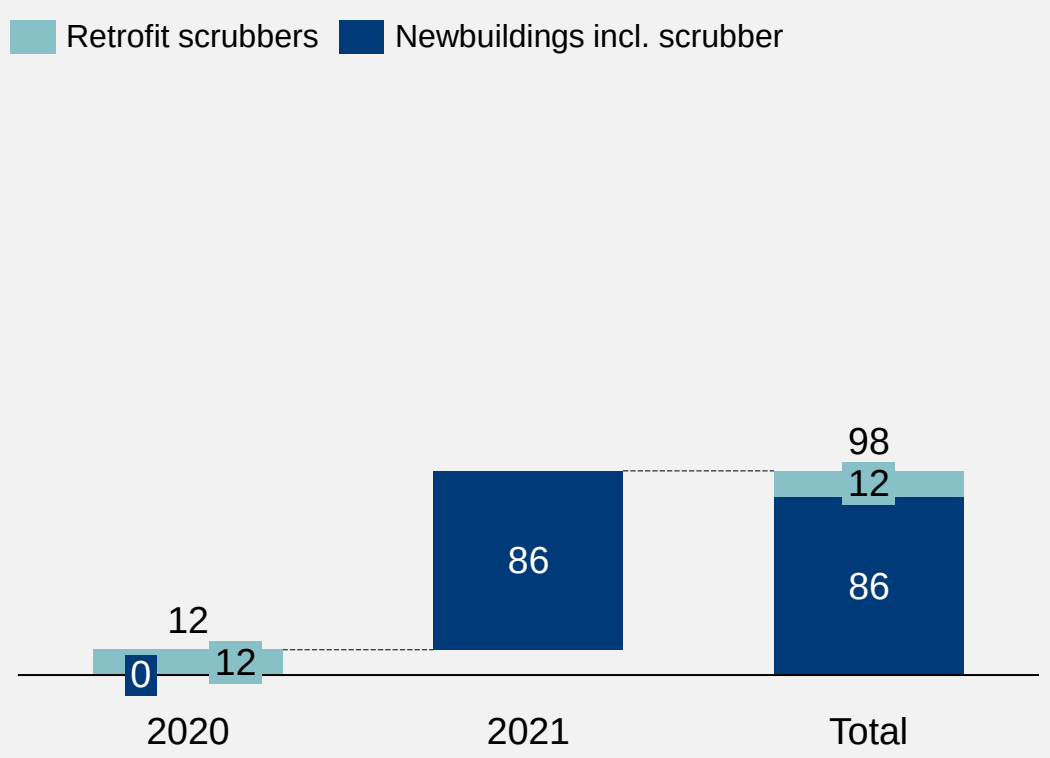
Liquidity and CAPEX as of 30 June 2020

USDm

Available liquidity



CAPEX commitments

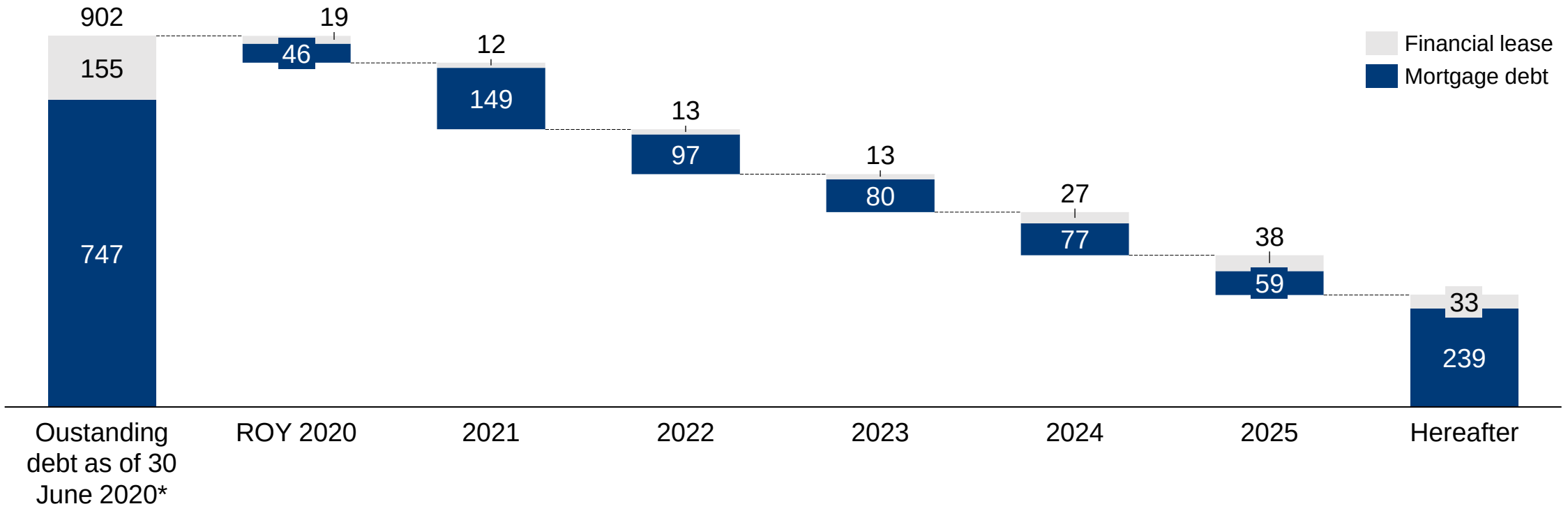


FAVORABLE FINANCING PROFILE WITH NO MAJOR NEAR-TERM MATURITIES

TORM

Scheduled debt repayments as of 30 June 2020

USDm



Ample headroom under our attractive covenant package:

- Minimum liquidity: USD 45m
- Minimum book equity ratio: 25% (adjusted for market value of vessels)

* Financial lease excludes non-vessel related IFRS16 liabilities of USD 8.6m and is adjusted for loan receivables of USD 4.6m.

STRONG PERFORMANCE AND CAPITAL STRUCTURE HAVE ENABLED A SIGNIFICANT RETURN TO SHAREHOLDERS

TORM

TORM's financial position and H1 2020 result…	
Total TCE rates	USD/day 24,465
EBITDA	USD 221m
Net income	USD 128m
Cash position	USD 181m
Net debt, LTV	47%

…has enabled a meaningful return to shareholders	
Payout ratio	50% of Net income
Total dividend	USD 63m (DKK 397m)
Dividend per share	USD 0.85 (DKK 5.35)
Semi-annual dividend yield	10.7%

Dividend decision in line with TORM's policy to distribute 25-50% of Net Income on a semi-annual basis

[1]Share price and FX-rate as of 14 August 2020 (Share price DKK 49.80 and USD/DKK 6.30)