

05 DECEMBER 2022

COMPANY PRESENTATION

TORM

Leading global pure-play product tanker company with approximately 80 vessels

ONE TORM

Integrates both commercial and technical management in-house



MARKET CAPITALIZATION[1]

2.4 USD Bn

THE FLEET[1]

78 OWNED AND LEASED

13 VESSELS	LR2
8 VESSELS	LR1
57 VESSELS	MR

Note: (1) As of 05 December 2022

Strategic framework of a reference product tanker company

Our strategy

The reference product tanker company. Safely leading the way with environmentally responsible results.

Our business model

Leading product tanker owner

Financial flexibility and fleet growth

TORM's solid capital structure and our solid liquidity position support selective and efficient fleet growth, while returning value to our shareholders.

Spot exposure

TORM has scale in all major product tanker vessel classes and is actively managing the spot market exposure through charter agreements, FFAs, and fleet composition.

Green future with a zero emission ambition

Ambitious and ongoing decarbonization

Imminent CO_2 reductions for reaching 2030 industry target already in 2025.

Zero CO_2 emissions

Long-term industry collaborations supporting our pledge of zero carbon emissions from operating our fleet in 2050.

How we do it

Superior operating platform (One TORM)

Integrated operations

Commercial, technical, sale & purchase, and support divisions work towards common goals in a network-based organization with easy internal access supporting efficient data-based decision making.

Optimal vessel positioning

TORM uses advanced data-driven modelling and commercial experience to assess customers' needs and provide for optimal vessel positioning supporting superior performance.

Safe technical management

The highest safety standards are the cornerstones in our in-house technical operations. This is obtained through continued training and development of our +3,000 seafarers.

Efficiency supported by digitalization

A transparent and data-driven platform with focus on optimizing processes and advanced modelling for supporting efficient commercial and technical operations.

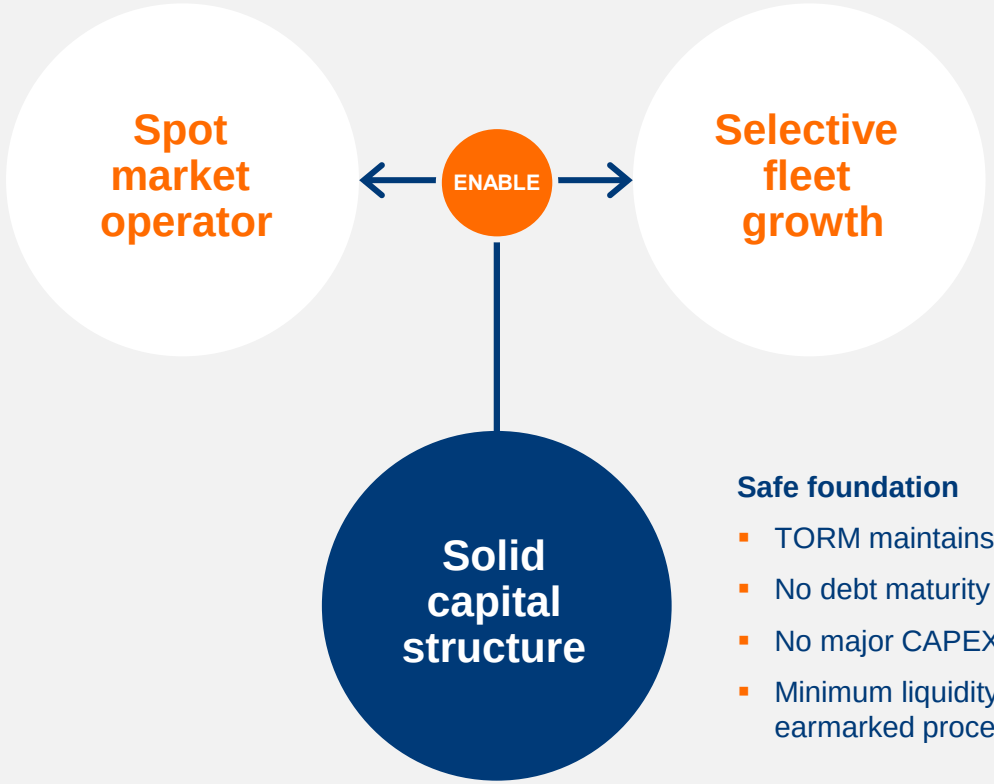
Digital foundation

Leading product tanker owner

TORM's solid capital structure enables TORM's fleet renewal strategy, which allows TORM to operate effectively in the spot market.

Clear market position

- TORM owns approximately 80 vessels
- TORM operates mainly in the spot market, but tactically explores derivatives and the time-chartered market
- +/- USD 1,000/day has net profit impact of approximately USD 29m
- Due to our solid capital structure and fleet renewal strategy including scrubber investments, TORM is well positioned to meet customers' requirements and reduce fuel costs



Selective fleet renewal

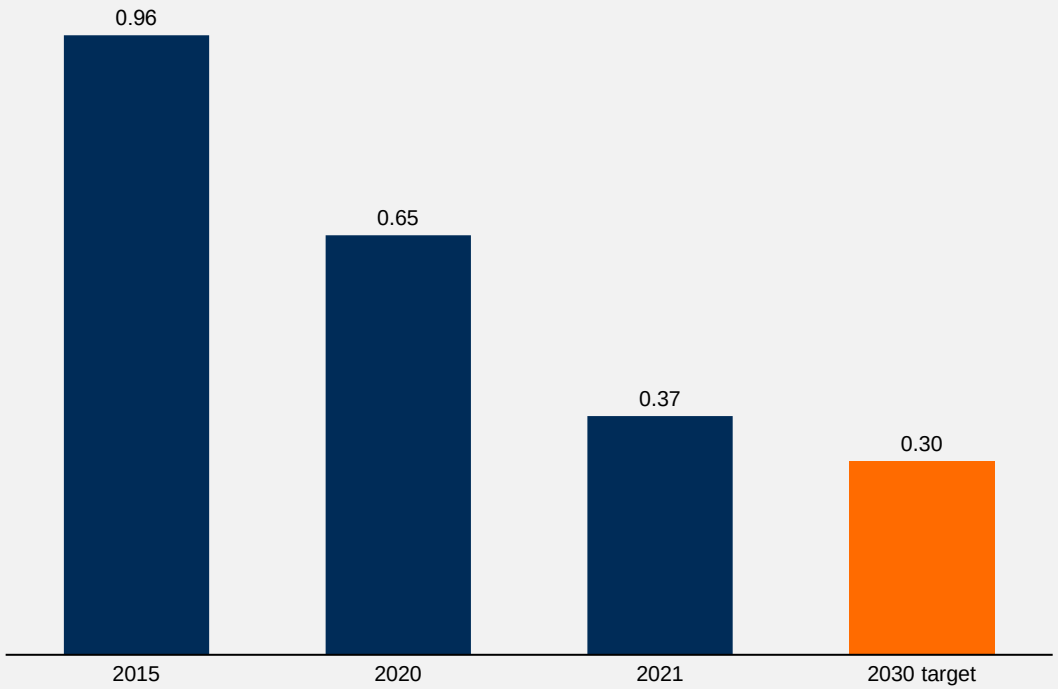
- TORM takes advantage of the market to divest older vessels and purchase newbuildings/second-hand vessels to maintain its average fleet age of ~11 years
- TORM's diverse fleet age secures strong RoIC compared to peers

Safe foundation

- TORM maintains a conservative capital structure
- No debt maturity until 2026
- No major CAPEX commitments
- Minimum liquidity of USD 1.8m per vessel plus earmarked proceeds

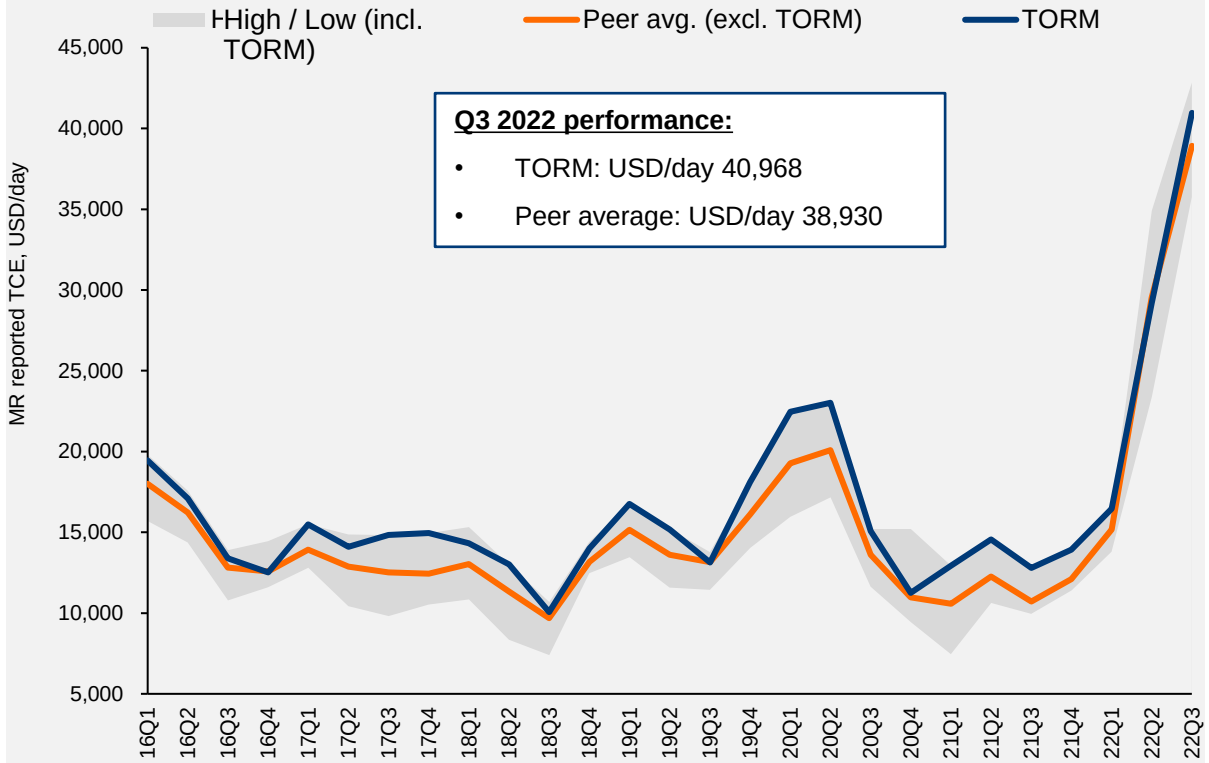
Superior operating platform (1/2)

Safe technical management



- Lost Time Accident Frequency (LTAF) and near-miss accidents is one of our important measures for safe technical management
- During 2021, TORM's LTAF measure decreased to 0.37 compared to 0.65 in 2020
- Each injury has been investigated and corrective measures have been taken as required

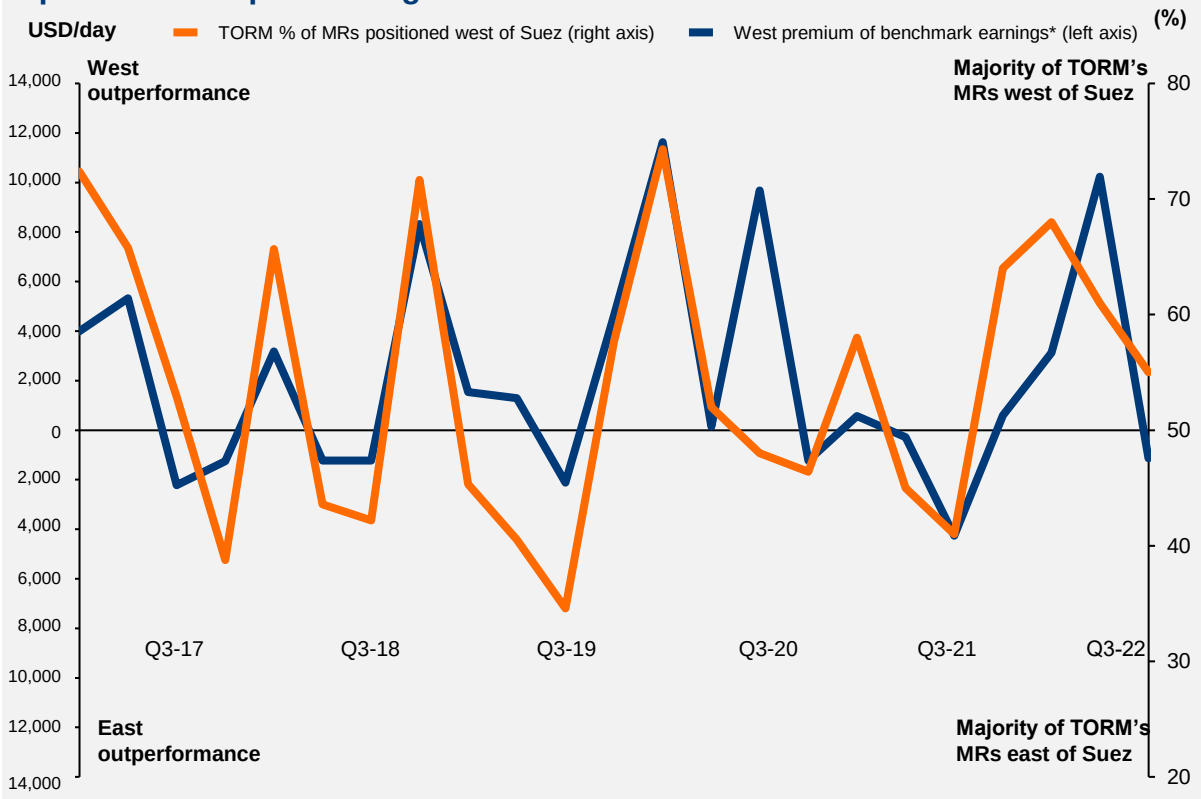
Integrated operations



- For the past 24 quarters out of 27 quarters, TORM has outperformed its peers on its key MR segment

Superior operating platform (2/2)

Optimal vessel positioning



- Our strong TCE earnings are driven by our continued focus on positioning our vessels in the basins with the highest earning potential

Efficiency supported by vessel optimization

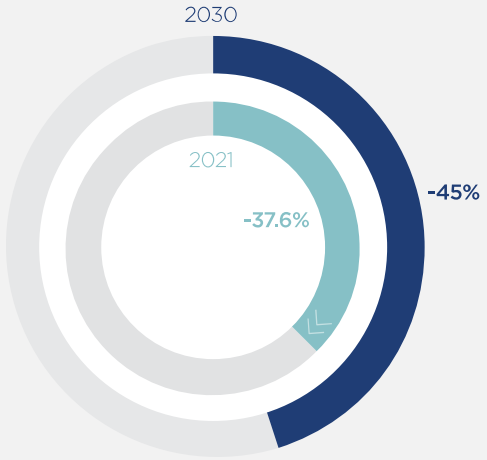


- TORM has an internal business intelligence team consisting of 14 people based in Mumbai and Copenhagen who works with various prediction projects
- The team is currently developing an internal Artificial Intelligence algorithm to optimize vessel positioning and routes for the TORM vessels
- Once ready, the project is expected to reduce CO_2 emissions

Greener future with a zero emission ambition

2030 climate target

TORM continues to work to reduce our CO_2 emissions from -37.6% in 2021 to -45% by 2030 compared to 2008.*



* % reduction compared to IMO's 2008 base year using the CII reference line using $_{CO2}$ g/dwt x nm.

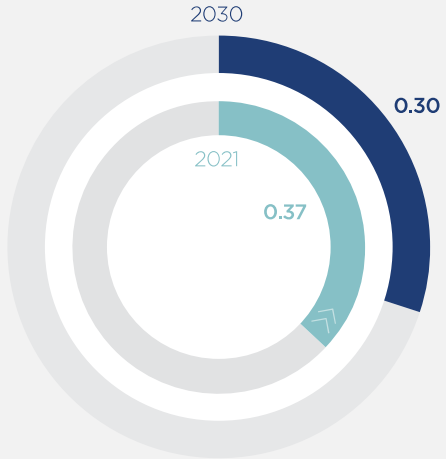
2050 climate ambition

TORM is pursuing an ambitious climate agenda, whereby we will have zero CO_2 emissions from operating our fleet by 2050.



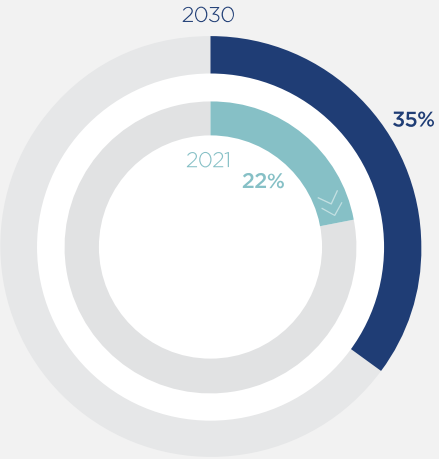
2030 safety target

Safety is measured as lost-time accident frequency per million exposure hours. In 2022, TORM's safety performance was 0.37, and our target was for 2030 is 0.30.



2030 leadership diversity target

We believe that diverse teams led by diverse leaders deliver better business performance, and by 2030 at least 35% of our leaders will be female.



Optimizing performance now (1/2)

1. Silicone hull paint

- TORM has more than 50 vessels coated with silicone paint on the wet bottom to reduce friction in water and increase resilience against marine fouling
- The result is less fuel used, hence reducing CO_2 emissions
- The CO_2 emission reduction is more than 110,000 MT yearly for TORM's fleet



2. Air bubbles

- TORM entered into a pilot project with Marine Performance Systems B.V. (MPS) which will explore air lubrication as a method to reduce CO_2 emissions
- With the use of MPS' air lubrication solution, the friction in water will be reduced as will the main engine power and CO_2 emissions
- The pilot vessel for this project is TORM Hermia (LR2, built 2018), with planned installation in October 2022 .
- It is expected that 1,700-1,800 MT CO_2 emissions will be eliminated annually from TORM Hermia



3. Ultrasound propeller protection

- TORM is at the forefront in developing an ultrasound technology to prevent marine fouling on the propellers
- Removing marine fouling will increase sailing efficiency, hence reduce energy usage
- The project began in 2017 and was expanded to 11 vessels in 2021. Today another 50 vessels are in progress of receiving the equipment onboard
- CO_2 emission reduction is expected to be approximately 141 MT yearly per vessel totaling 8,600 MT CO_2 per year



Optimizing performance now (2/2)

4. Variable Frequency Drives (VFDs)

- TORM uses Variable Frequency Drives to reduce unnecessary power consumption avoiding excessive power used for cooling and heating
- Vessels' auxiliary systems are designed to enable vessels to operate in the warmest climate, meaning using excessive power for cooling and heating
- Mostly, vessels are not subjected to these conditions
- For cooling water systems, the typical power reduction is 50-85%
- It is expected that the CO_2 emission reduction will be 42,000 MT per year for TORM's fleet



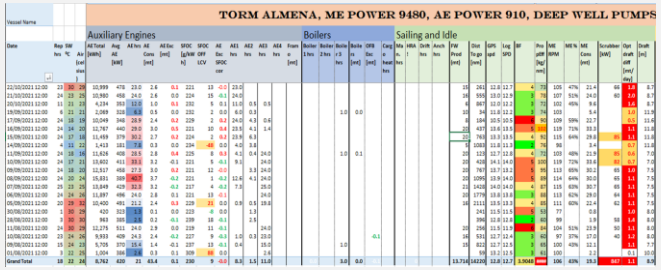
5. Energy saving booklet

- TORM has created the Ship Energy Efficiency Management Plan "Best behavior booklets on energy management and CO2 savings" which has been available for all crew members since end 2018
- The booklet is designed to be an easy read for all crew members
- Small actions that our 3,400 crew members can contribute all year round has potential to translate into substantial energy savings onboard



6. Technical decarbonization team

- The technical decarbonization team monitors each vessel's energy performance.
- The team verifies the data quality and monitor the behavior of the crew. They engage with the onboard team as well as the onshore team to eliminate avoidable excess fuel consumption.
- It is a continuous voyage for the entire company and have so far resulted in a yearly reduction of CO_2 emissions approximately 82,000 MT



Q3 2022 financial highlights

Performance

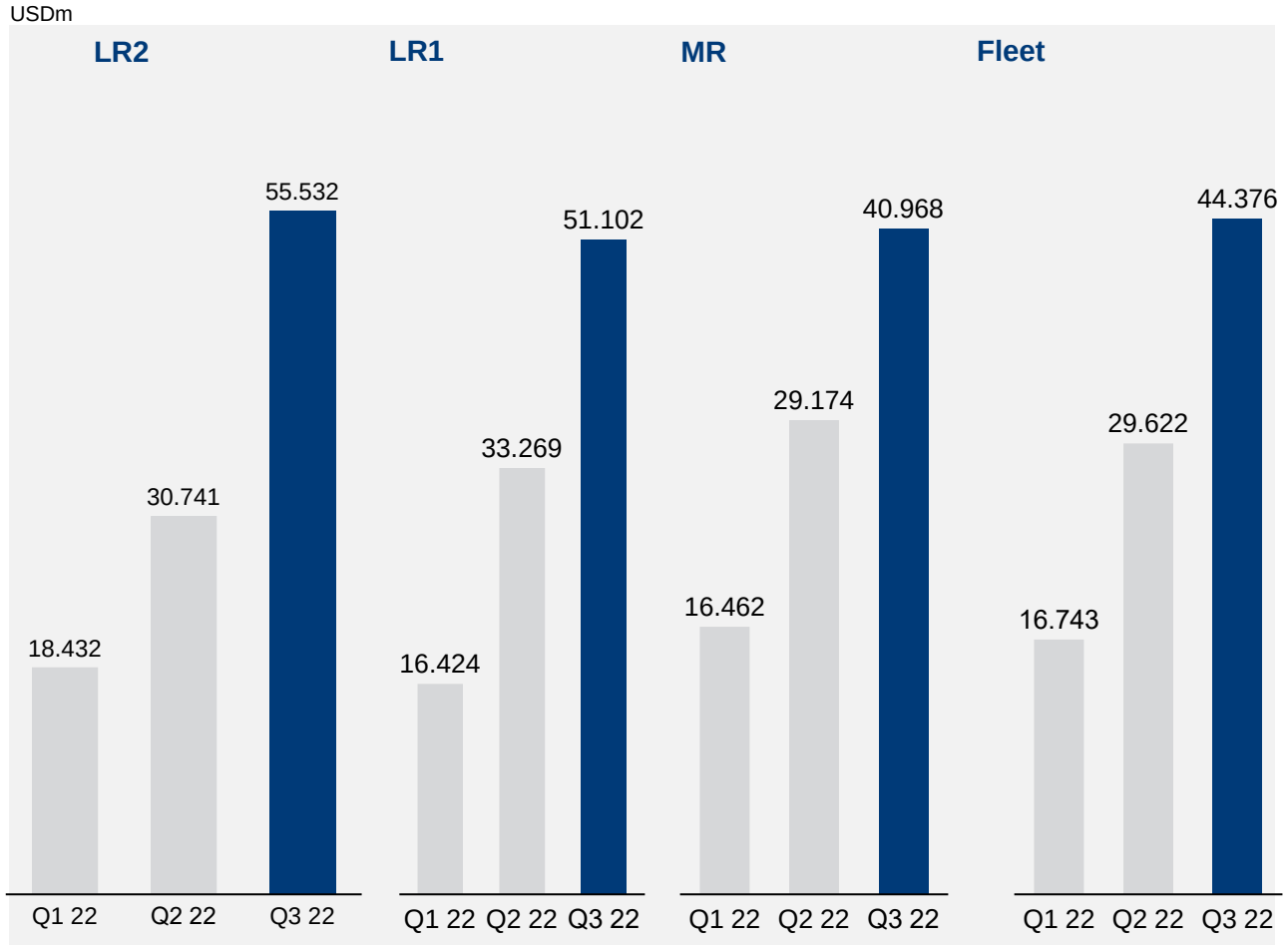
Time charter equivalent	EBITDA	Adjusted ROIC
USD/day	USD	USD/day
44,376	**262M**	**42%**
Q3 2022	Q3 2022	Q3 2022
USD/day	USD	USD/day
12,854	**30M**	**-0.9%**
Q3 2021	Q3 2021	Q3 2021

Balance sheet as of 30 September 2022

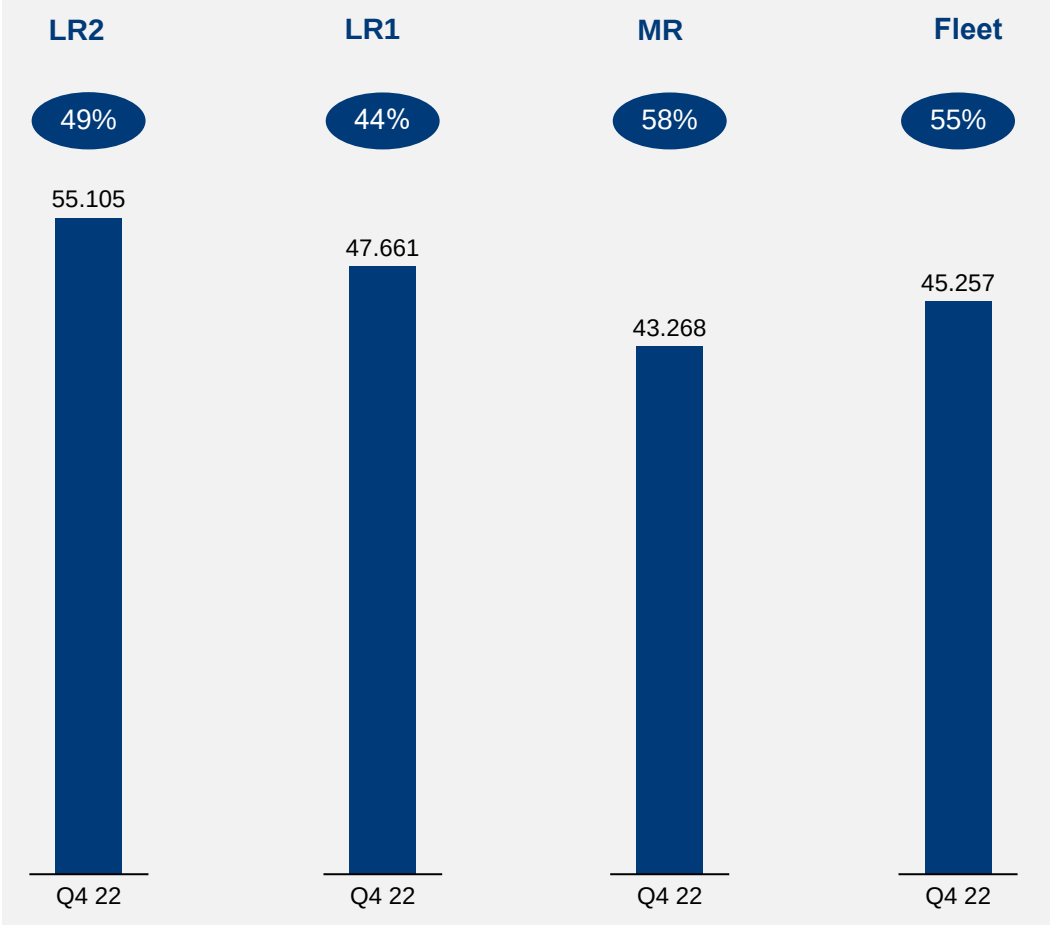
Net asset value	Net LTV	Available liquidity
USD	USD/day	USD
2,059M	**31%**	**334M**
Q3 2022	Q3 2022	Q3 2022
USD	USD/day	USD
938M	**54%**	**186M**
Q3 2021	Q3 2021	Q3 2021

Strong Q3 freight rates continues into Q4

TCE development from Q1 to Q3 2022



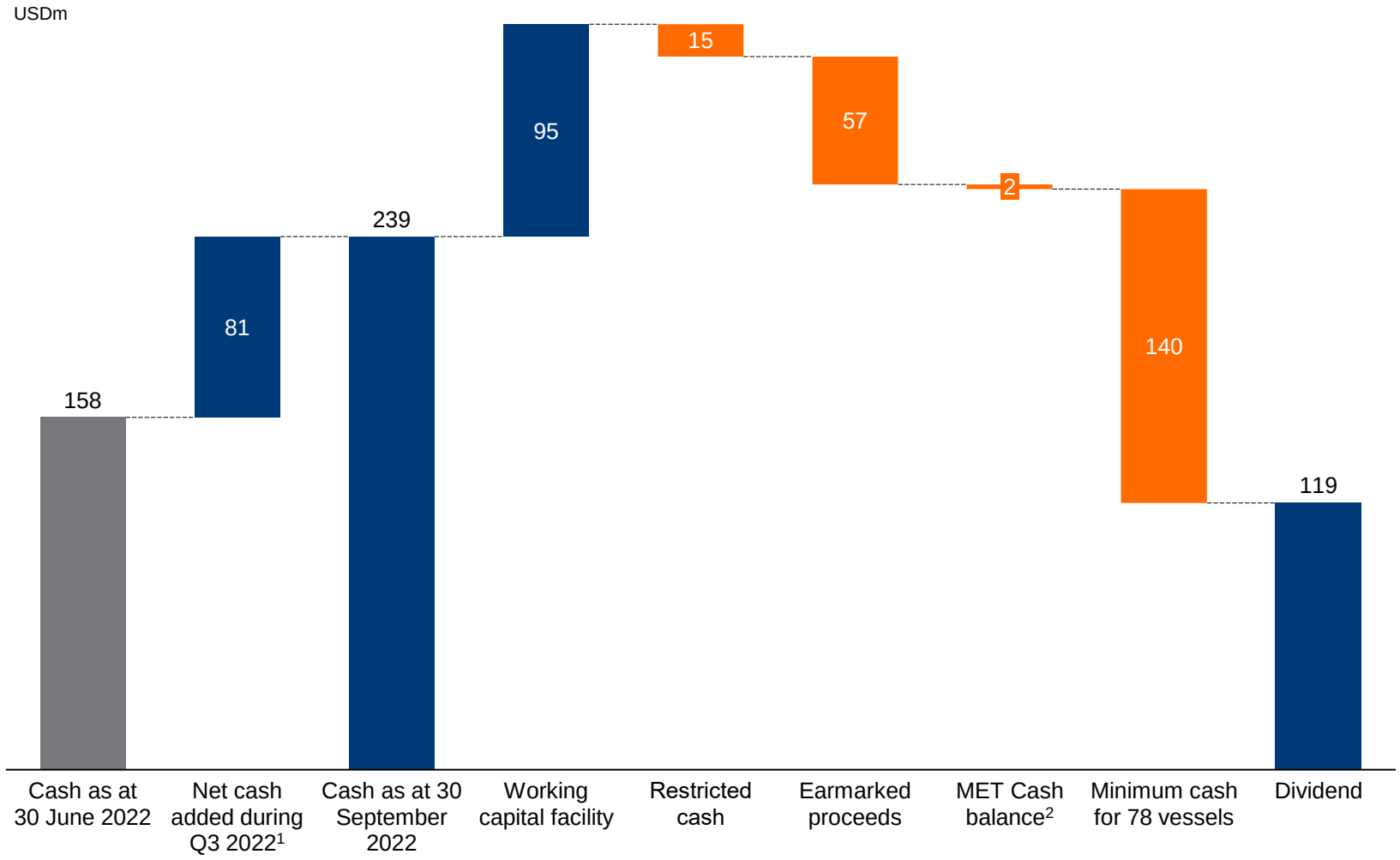
Q4 coverage as of 06 November 2022



Source: TORM

TORM distributes USD 1.46 per share

Dividend distribution during Q3 2022

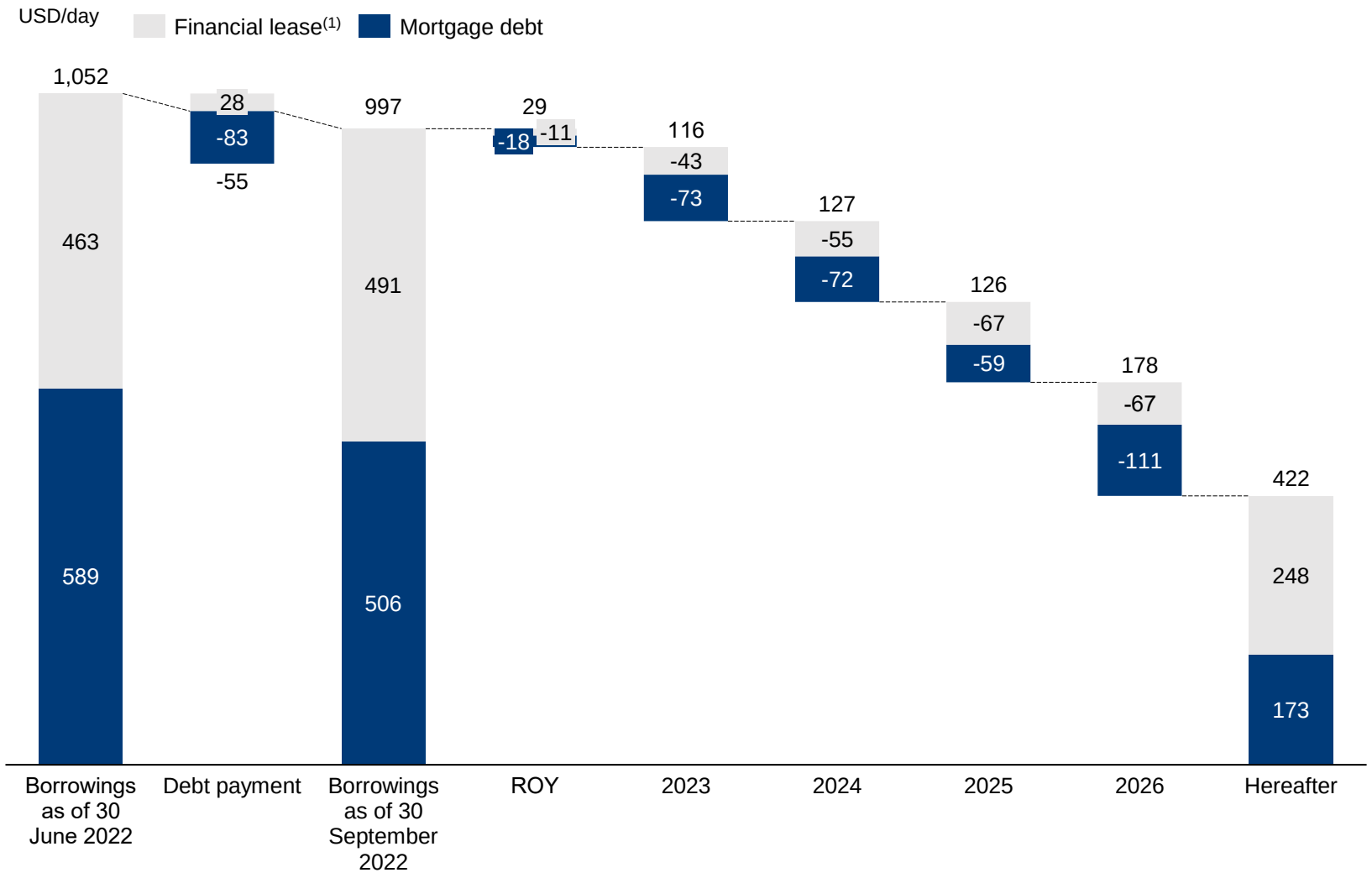


- Based on the cash position at the end of Q3 2022, earmarked proceeds and 78 vessels in our fleet, TORM will distribute USD 1.46 per share as dividends estimated to be USD 119m
- Cash per vessel is set at USD 1.8m at the end of Q3 2022 and going forward
- Earmarked proceeds are applied from May 2022 and calculated as net proceeds from the sale of vessels with net liquidity related to purchases deducted
- A quarter's earmarked proceeds are carried on for four quarters, whereafter it is excluded from the calculation. First quarter where exclusion can take place will be in Q2 2023

1) Net cash added after dividend payment of USD 47.3m (amount declared on Q2 2022 results). 2) Acquired company announced in Q2 2022

Favorable financing profile and kept limited interest rate exposure

Scheduled debt repayment as of 30 September 2022

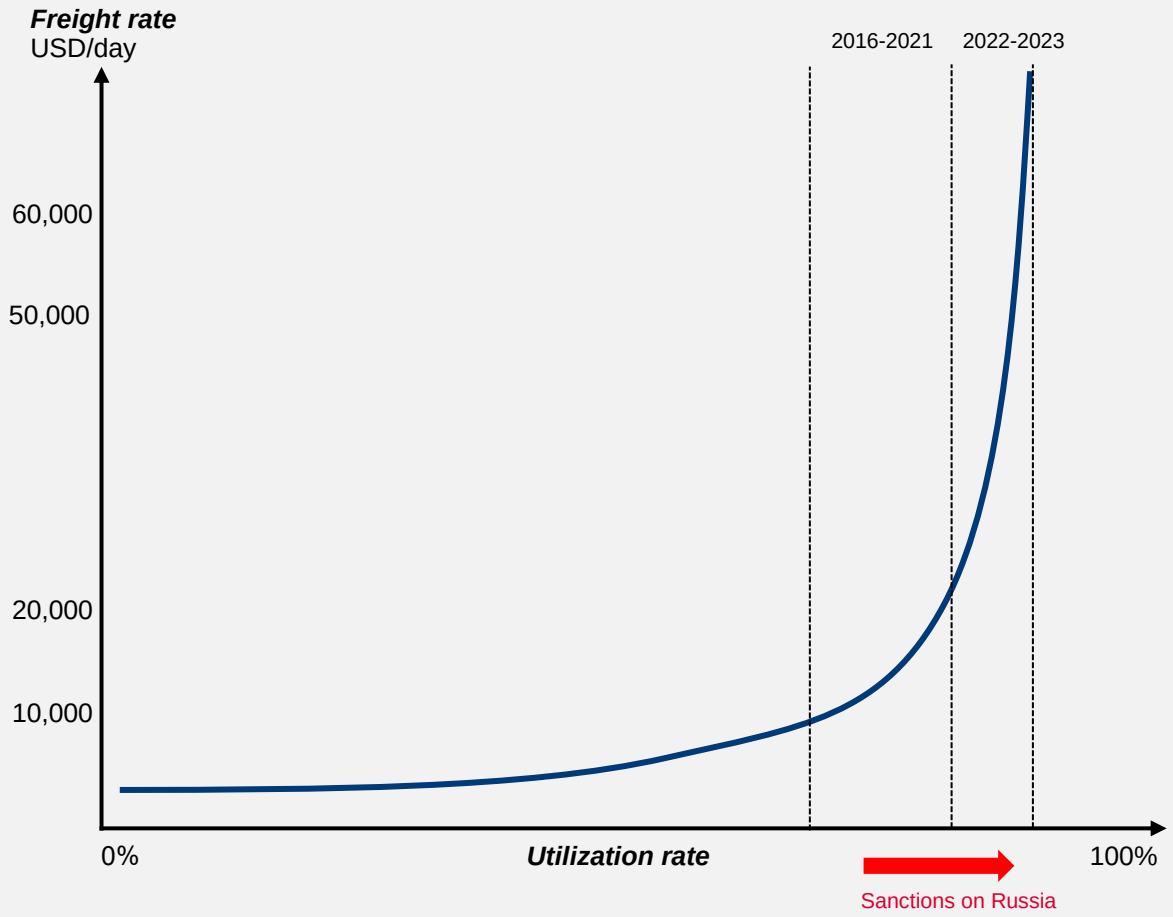


- Total net debt repayment during Q3 2022 was USD 55m
- 89% of interest rate exposure is fixed at 1.38%[2] over the coming five years
- Repaid 19 million dollars on mortgage related to sold vessels
- TORM has ample headroom under our loan covenants:
  - Minimum liquidity: USD 50m
  - Minimum book equity ratio: 25% (adjusted for market value of vessels)

1) Financial lease excludes non-vessel related IFRS16 liabilities of USD 3.3m 2) Excluding margin

Higher product tanker utilization leading to increase in freight rates

The correlation between freight rates and fleet utilization

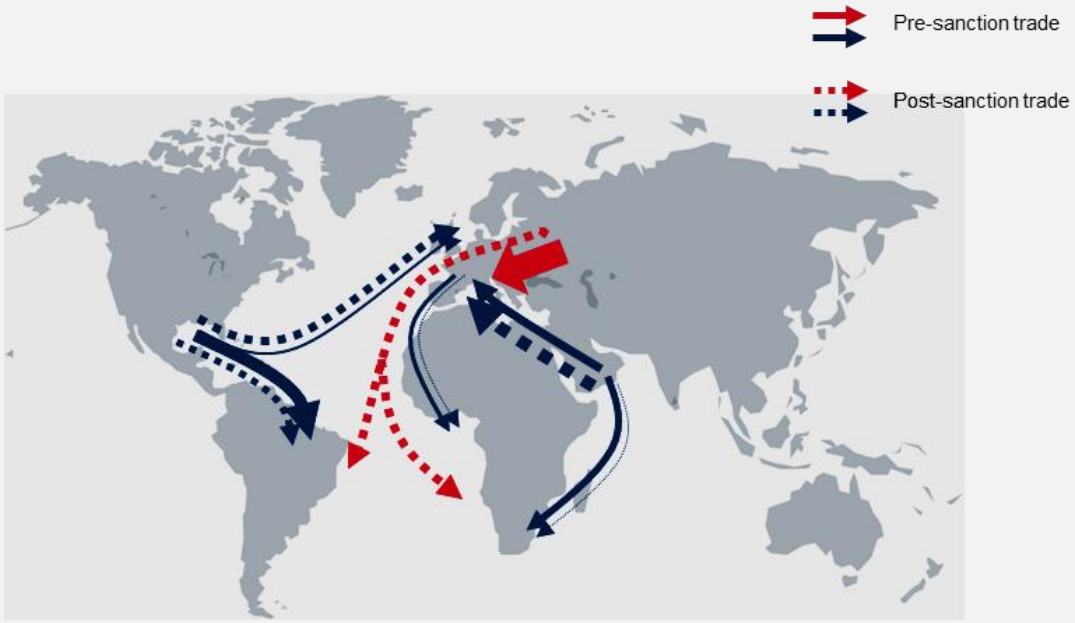


- The product tanker fleet utilization has reached a level where small changes in utilization lead to large changes in freight rates
- The current strength on the product tanker market is a combination of:
  - Strong growth in Europe's middle distillate imports from the Middle East and Asia, ahead of the final deadline of EU sanctions against Russia on 05 February 2023
  - Strong import demand from regions where refineries have closed down recently (e.g. Australia, New Zealand, South Africa)
  - Discharge delays in Latin America, driven by strong product imports mainly from the US
  - Longer ballast distances as a result of changing trade flows and less triangulation (+5% y-o-y in Q2-Q3 2022)

Source: TORM

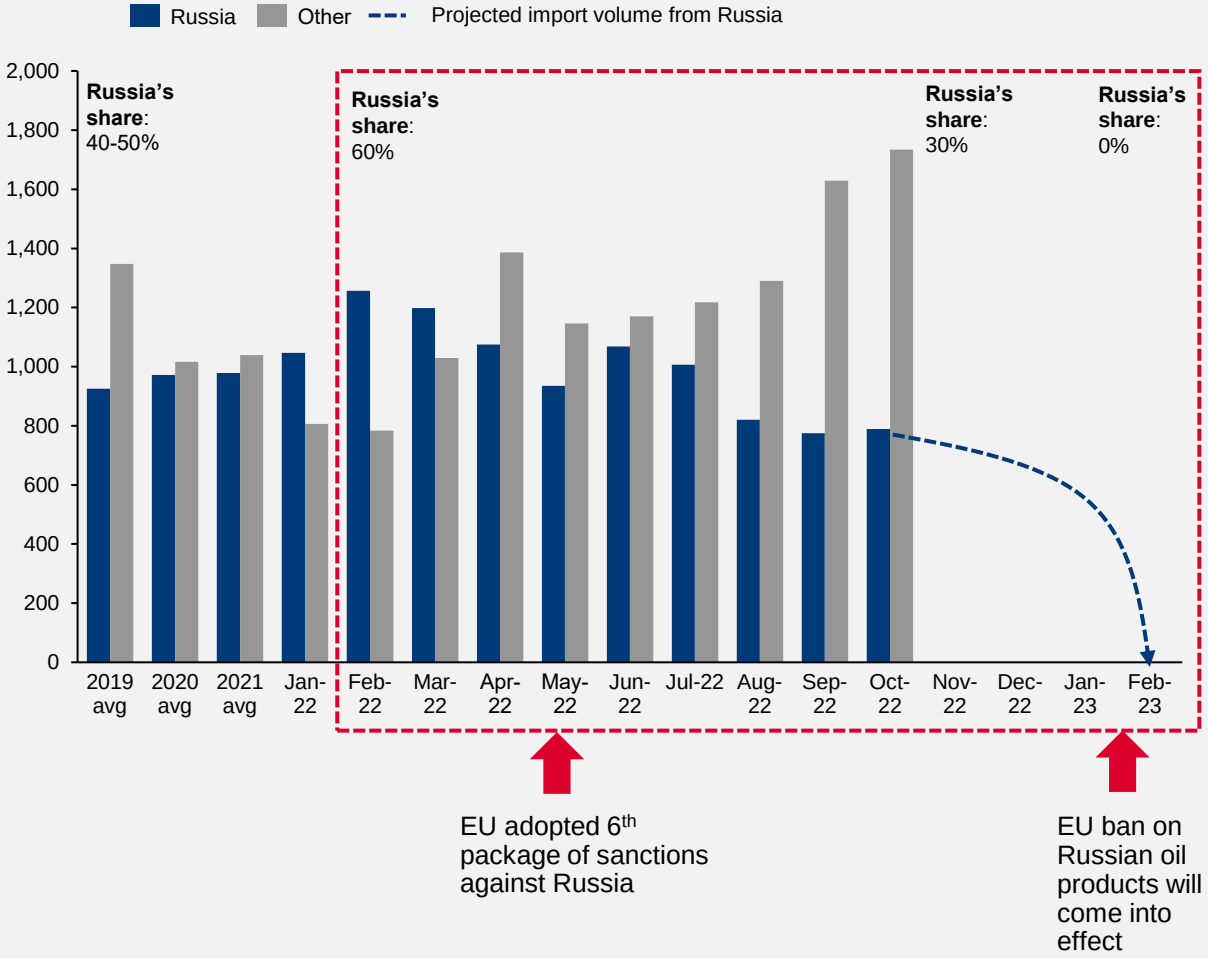
Trade recalibration has started but Russia still accounts for 30% of Europe's imports

Potential diesel trade recalibration adds 7% to ton-mile



- From 05 February 2023, the EU countries will be banned from importing oil products from Russia, with Russian market share falling to 0%
- This will lead to trade recalibration with Europe sourcing products from further afield and Russia exporting to new markets also further afield, increasing product tanker ton-mile by around 7%
- Since February 2022, European CPP imports from Russia have fallen by 37% (~70% of oil products is diesel/gasoil), while Europe's imports especially from the Middle East have increased strongly ahead of the sanctions deadline
- The shift in European diesel imports is further facilitated by China's new export quota allocation

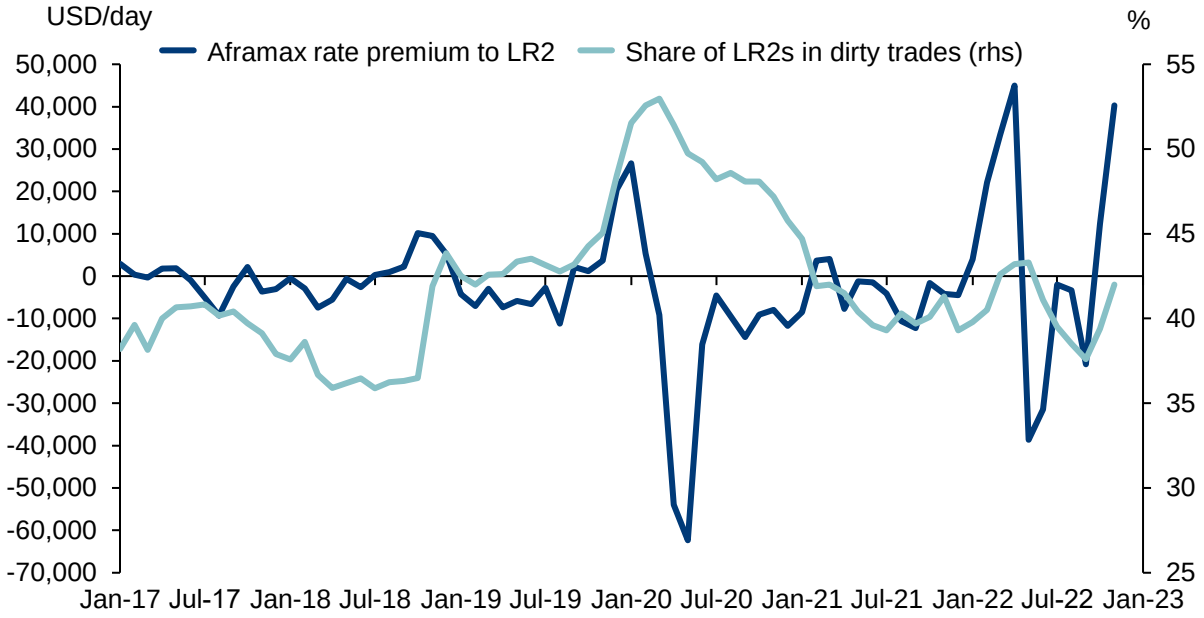
European CPP imports by source (kb/d)



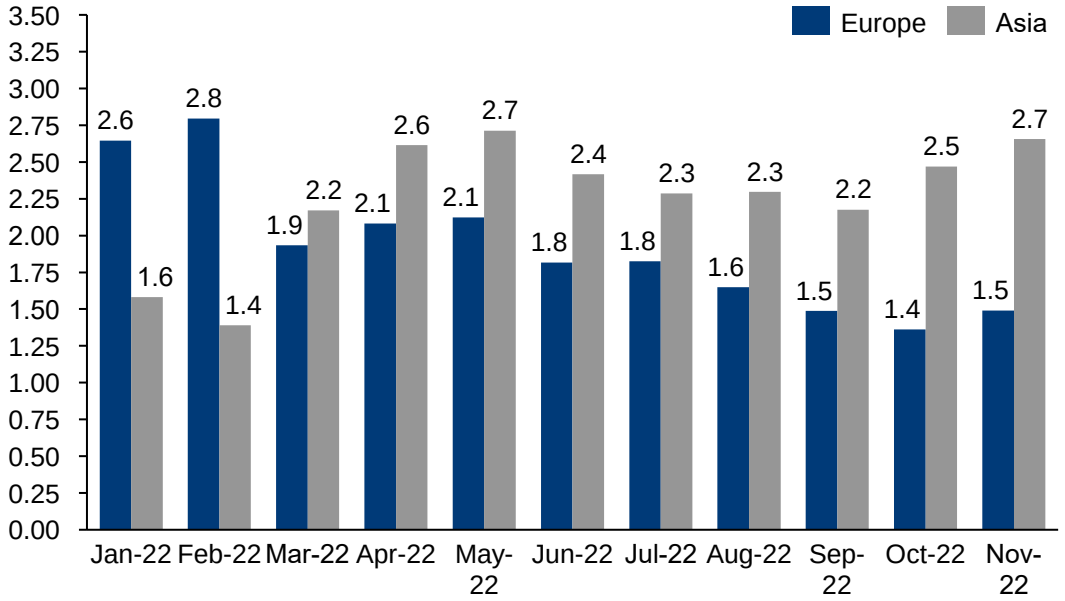
Source: TORM, Kpler

Strong market for crude aframax tankers triggers sizeable LR2 dirty-ups

Aframax* premium to LR2 and LR2 share in DPP



Russian seaborne crude flows to Europe and Asia (mb/d)



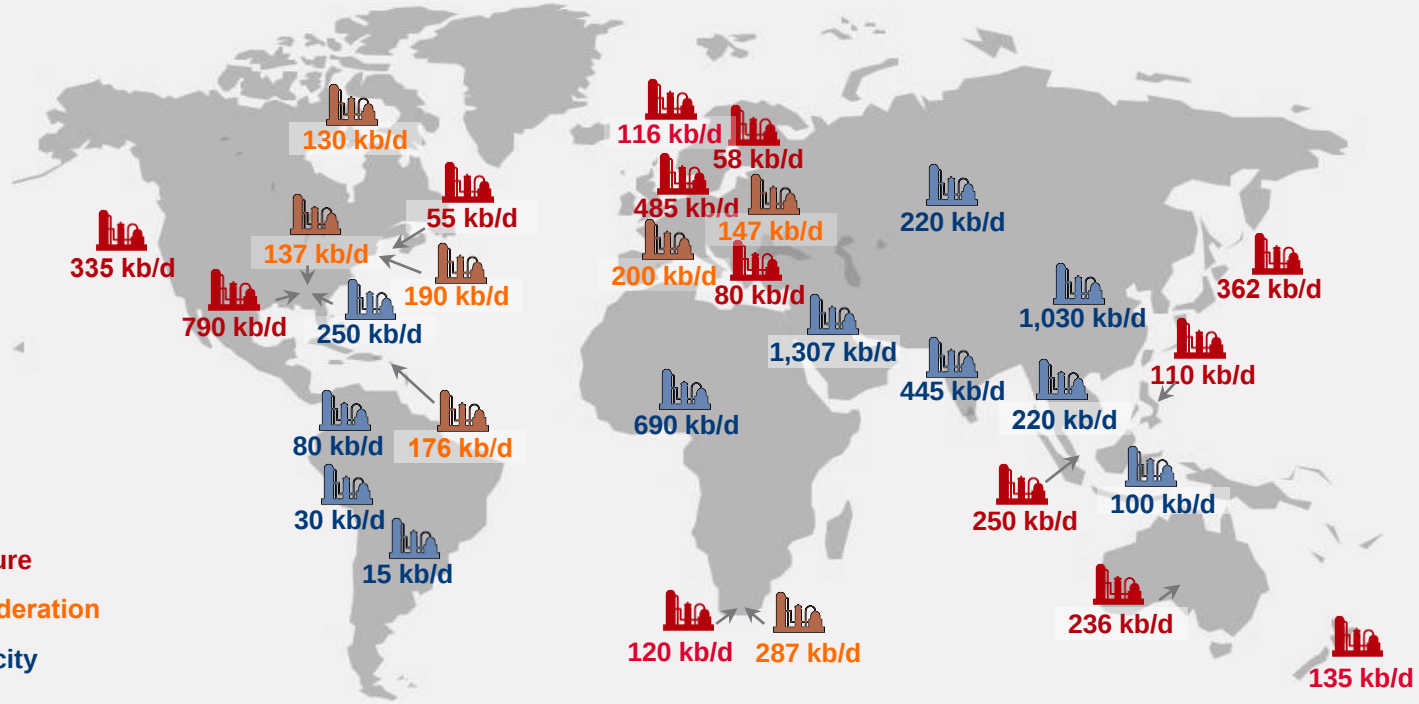
- The LR2 product tanker segment has a flexibility to carry both clean and dirty products and historically, at times of a very strong crude Aframax market, a substantial share of the LR2 fleet has traded in the dirty market

- Redirection of Russian crude oil and the corresponding ton-mile increase benefits mostly the Aframax tanker segment, which accounts for ~80% of all Russian crude exports (the rest is transported on Suezmax tankers)

Note: * Clarksons average Aframax rate, includes trade routes from the Russian Baltic Sea and Black Sea.
Sources: TORM, Kpler.

Refinery closures increase ton-miles

Refinery closures and capacity additions in 2020-2023 (kb/d)*



- Since 2020, 2.4m b/d of refining capacity has been closed down permanently and a further 0.6m b/d is set to be closed down during 2022-2023. In addition, 1.1m b/d of capacity is at risk of closure and a further 0.4m b/d of refining capacity will be temporarily closed to be converted into biorefineries
- The 4.2m b/d of actual and potential closures compare with planned global capacity expansion of 4.4 mb/d during 2020-2023
- Most of the capacity which has been shut down is in net importing regions, while new capacity comes online mainly in the Middle East and Asia, supporting the ton-mile development

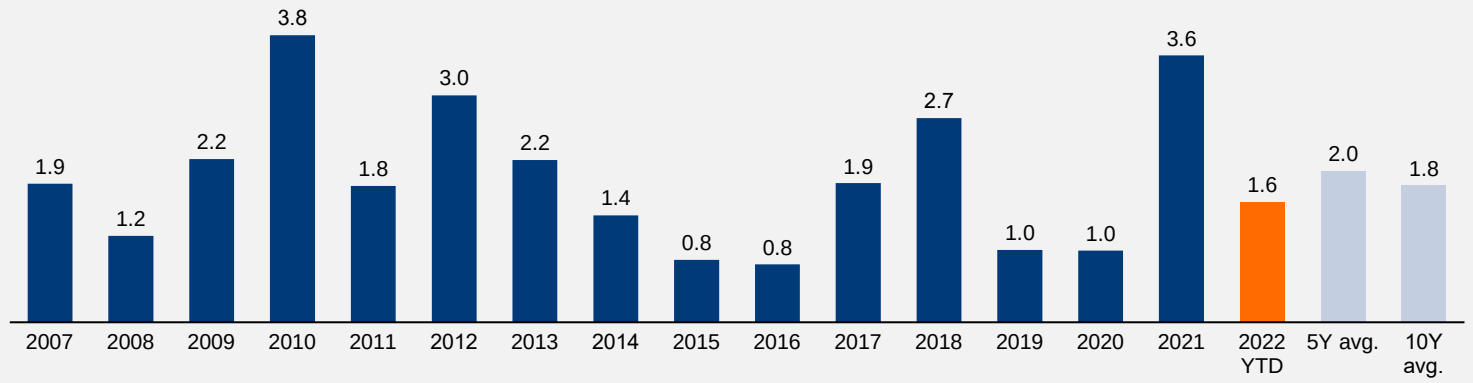
Note: Includes Total's 100 kb/d Grandpruits refinery, Eni's 80 kb/d Livorno refinery, Shell's 147 kb/d Wesseling refinery and Phillips 66's 120 kb/d Rodeo refinery which will be closed down temporarily in order to be converted into renewable fuel plants. China's refinery capacity additions are shown net of expected closures of smaller independent refineries.
Source: TORM, industry sources.

2022 tanker ordering at the lowest level for more than two decades

Total crude and product tanker ordering (m dwt)



Scrapping of product tankers (m dwt)

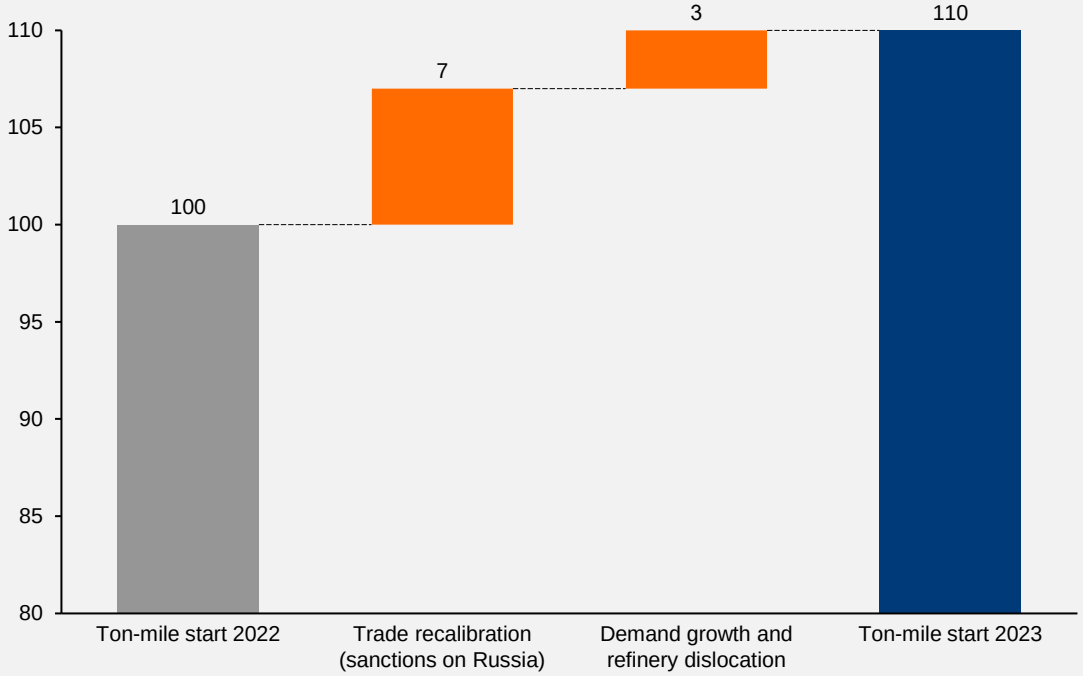


- General tanker ordering in 2022 YTD has been at the lowest level on record, driven by record high newbuilding prices and limited shipyard space
- Earliest delivery date for potential ordering of product tankers at renowned yards is end-2024/mid-2025
- This will limit the fleet growth in 2023-2024, with the order book to fleet ratio at a record low of 5% (excl. chemical vessels)
- Low product tanker order book is further supported by a historically low crude tanker order book at 4%, which suggests less crude cannibalization in the medium/long-term

Source: TORM, Clarksons

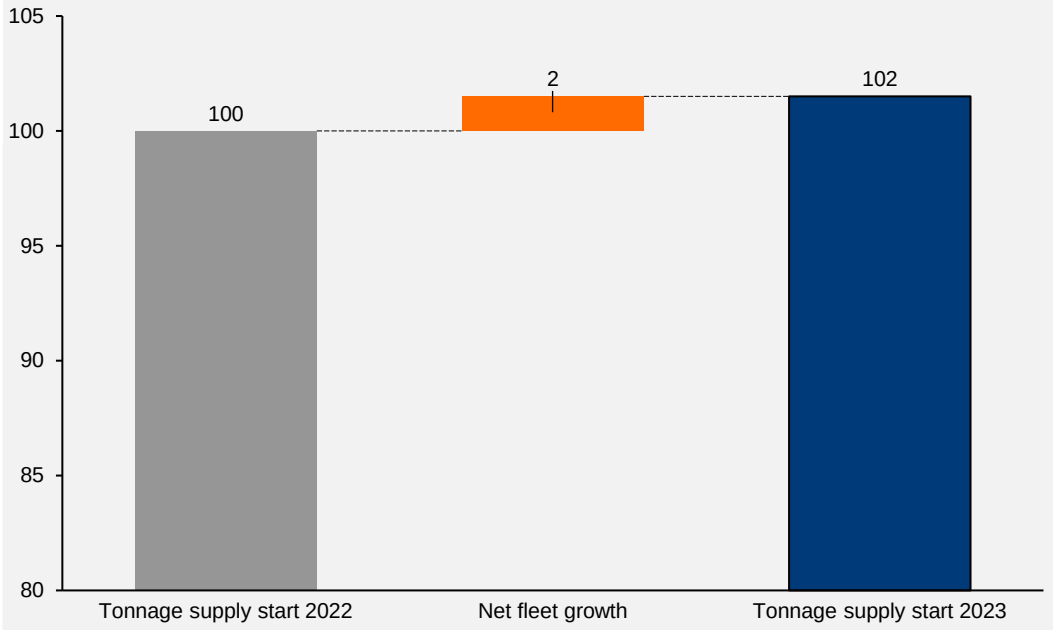
Demand and supply factors remain positive

Ton-mile demand



- The EU ban on Russian oil products from February 2023 will lead to trade recalibration, adding a net 7% to product tanker ton-miles. This is a permanent effect which will bring the fleet utilization rate to a new, higher level
- Oil demand growth and refinery dislocation effects add 3% to ton-miles in 2022
- A further 2% ton-mile effect from the need to replenish commercial and strategic product stockpiles is estimated, however, the timing of this is expected to fall after 2022

Tonnage supply



- With a low product tanker order book, fleet growth is estimated to slow to 2% in 2022, followed by a sub-1% growth in 2023-2024 as a result of low contracting activity
- Low product tanker order book is further supported by a historically low crude tanker order book and ordering activity
- Recently product tanker LR2 vessels is moving into attractive crude tanker market

Source: TORM

Investor information

Share information

Listing venue
Nasdaq Copenhagen (Ticker: TRMD A)
Nasdaq New York (Ticker: TRMD)

Major shareholder
Oaktree is the majority shareholder with 66% ownership

Distribution policy
TORM intends to distribute on a quarterly basis excess liquidity above a fixed threshold cash level as at the balance sheet day. For each quarter, the threshold cash level will be determined as the product of cash requirement per vessel and the number of owned and leased vessels in TORM's fleet as at the balance sheet day. Excess liquidity is determined as TORM's readily available liquidity less the threshold cash level. The readily available liquidity is defined as i) TORM's cash balance at the last day of the quarter preceding the relevant distribution date excluding restricted cash, plus ii) undrawn amounts on TORM's working capital facilities, minus iii) proceeds received from vessel sales, or additional proceeds from vessel refinancing, or securities offerings in the past 12 months earmarked for share repurchases, debt prepayment, vessel acquisitions, or general corporate purposes.

The cash requirement per vessel is fixed at:
•USD 1.5m for 30 June 2022
•USD 1.8m for 30 September 2022 onwards

For further company information,
visit TORM at www.torm.com.

Clarksons Platou Securities
Frode Mørkedal
frode.morkedal@clarksons.com

Danske Bank
Håvard Sjursen Lie
hvli@danskebank.com

Evercore ISI
Jonathan Chappell, CFA
jonathan.chappell@evercoreisi.com

Fearnley Securities
Erik Hovi
e.hovi@fearnleys.com

Kepler Cheuvreux
Anders Redigh Karlsen
arkarlsen@keplercheuvreux.com

Pareto Securities
Eirik Haavaldsen
eirik.haavaldsen@paretosec.com

SEB
Ulrik Bak
ulrik.bak@seb.dk

ONE TORM platform ready to benefit from strong market fundamentals

Leading global pure-play product tanker company

Superior, integrated platform that maximizes profitability, eliminates conflicts and aligns interests

Robust industry fundamentals expected to support high rates for an extended time period

Strong balance sheet with low interest rates exposure

Transparent distribution policy with high dividend pay-out ratio

Accelerating NAV as asset values rise and cash accumulates

Ambitious and ongoing CO_2 emission reduction targets