

## TORM – Project Mjolnir

---

MOELIS & COMPANY

### Liquidity Analysis

6 February 2015

## Forecast P&L and Cash Flows Available for Debt Service

MOELIS & COMPANY

### COMMENTS

- TCE revenue is expected to rise through the forecast period as rates improve
- Charter costs decrease substantially as existing TC-in contracts run-off while no new contracts are signed
- Operating costs depend on the vessel age and type and are impacted by the mix of the fleet
- Non-vessel capital expenditures for the period are expected to total USD 230m driven by the increased size of the combined fleet relative to standalone forecasts
- Vessel purchases expected to total USD 126m for the six newbuild vessel contracts undertaken by Odin
- Beginning in 2016, an additional USD 1.3m per vessel will be incurred for ballast water improvements incurred at the first scheduled dry dock
- Odin vessels are assumed to be combined onto the TORM platform on a "working capital neutral" basis on the understanding that Odin would contribute any necessary additional working capital to fund the operation of its vessels
- Dividend payment of USD 2m for the DSF shares and sale proceeds of USD 17m are expected in April 2015
- Total cash flows before financing over the forecast period of USD 867m

### FORECAST FINANCIAL PERFORMANCE

(USDm)	2015	2016	2017	2018	2019
Total Earning Days	23,251	27,222	26,781	26,364	26,122
Total TCE Rate Achieved <sup>1</sup>	15,935	18,038	19,507	20,534	20,967
TCE Earnings	370	491	522	541	548
Charter Costs	(36)	(10)	(9)	(7)	-
Opex	(169)	(207)	(210)	(211)	(213)
Gross Profit	166	274	304	323	335
Administrative expenses	(46)	(46)	(47)	(48)	(49)
Other operating income	4	0	0	0	0
<b>EBITDA (pre vessel sales)</b>	<b>124</b>	<b>228</b>	<b>256</b>	<b>275</b>	<b>286</b>

### FORECAST CASH FLOWS AVAILABLE FOR DEBT SERVICE

(USDm)	2015	2016	2017	2018	2019	Total 15-19
<b>EBITDA (pre vessel sales)</b>	<b>124</b>	<b>228</b>	<b>256</b>	<b>275</b>	<b>286</b>	<b>1,170</b>
Capex - Other <sup>2</sup>	(45)	(22)	(61)	(59)	(43)	(230)
Capex - Vessel purchases	(109)	(17)	-	-	-	(126)
<b>Total Capex</b>	<b>(154)</b>	<b>(39)</b>	<b>(61)</b>	<b>(59)</b>	<b>(43)</b>	<b>(356)</b>
Change in Net Working Capital	(2)	9	0	(1)	(4)	2
Other	(2)	(2)	(2)	(2)	(2)	(11)
<b>Cash flows before vessel sales</b>	<b>(34)</b>	<b>195</b>	<b>193</b>	<b>214</b>	<b>237</b>	<b>806</b>
Proceeds from sale of vessels	29	13	-	-	-	42
Proceeds from sale of equity interest	19	-	-	-	-	19
<b>Total Cash Flow Before Financing</b>	<b>14</b>	<b>209</b>	<b>193</b>	<b>214</b>	<b>237</b>	<b>867</b>

Note:

1. TCE Earnings / Total Earning Days
2. Includes the repurchase obligation on TORM Amazon in Sep-17 of USD 13m

## Quarterly Forecast Cash Flows (Base Case)

MOELIS & COMPANY

(USDm)	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019
<b>EBITDA (pre vessel sales)</b>	32	18	33	40	124	57	57	56	58	228	63	64	66	64	256	70	71	68	67	275	70	71	72	74	286
Capex - Other <sup>1</sup>	(12)	(12)	(17)	(5)	(45)	(7)	(3)	(9)	(2)	(22)	(16)	(11)	(21)	(14)	(61)	(8)	(4)	(22)	(24)	(59)	(19)	(14)	(8)	(2)	(43)
Capex - Vessel purchases	-	-	(68)	(41)	(109)	(17)	-	-	-	(17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capex</b>	<b>(12)</b>	<b>(12)</b>	<b>(85)</b>	<b>(45)</b>	<b>(154)</b>	<b>(25)</b>	<b>(3)</b>	<b>(9)</b>	<b>(2)</b>	<b>(39)</b>	<b>(16)</b>	<b>(11)</b>	<b>(21)</b>	<b>(14)</b>	<b>(61)</b>	<b>(8)</b>	<b>(4)</b>	<b>(22)</b>	<b>(24)</b>	<b>(59)</b>	<b>(19)</b>	<b>(14)</b>	<b>(8)</b>	<b>(2)</b>	<b>(43)</b>
Change in Net Working Capital	8	3	(3)	(11)	(2)	8	3	2	(3)	9	1	2	(2)	0	0	(6)	1	7	(2)	(1)	(2)	1	(0)	(2)	(4)
Other	(1)	0	-	(1)	(2)	(1)	-	-	(1)	(2)	(1)	-	-	(1)	(2)	(1)	-	-	(1)	(2)	(1)	-	-	(1)	(2)
<b>Cash flows before vessel sales</b>	<b>28</b>	<b>9</b>	<b>(54)</b>	<b>(17)</b>	<b>(34)</b>	<b>39</b>	<b>56</b>	<b>48</b>	<b>52</b>	<b>195</b>	<b>47</b>	<b>54</b>	<b>43</b>	<b>49</b>	<b>193</b>	<b>54</b>	<b>67</b>	<b>52</b>	<b>40</b>	<b>214</b>	<b>47</b>	<b>57</b>	<b>64</b>	<b>69</b>	<b>237</b>
Proceeds from sale of vessels	-	-	-	29	29	13	-	-	-	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of equity interest	-	19	-	-	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flow Before Financing</b>	<b>28</b>	<b>28</b>	<b>(54)</b>	<b>11</b>	<b>14</b>	<b>53</b>	<b>56</b>	<b>48</b>	<b>52</b>	<b>209</b>	<b>47</b>	<b>54</b>	<b>43</b>	<b>49</b>	<b>193</b>	<b>54</b>	<b>67</b>	<b>52</b>	<b>40</b>	<b>214</b>	<b>47</b>	<b>57</b>	<b>64</b>	<b>69</b>	<b>237</b>
Drawdowns on Working Cap. Facility	4	9	17	-	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Repayments) on Working Cap. Facility	(30)	(4)	(16)	(10)	(60)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Drawdown/ (Repayments) on WCF	(26)	5	0	(10)	(30)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisations	-	-	-	-	-	-	-	-	-	-	-	-	(24)	-	(24)	(24)	-	(24)	-	(47)	(24)	-	(24)	-	(47)
Cash sweep	-	-	-	-	-	-	(52)	-	(42)	(94)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paydown from Vessel Sales	-	-	-	(29)	(29)	(13)	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Repayments on Reinstated Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29)</b>	<b>(29)</b>	<b>(13)</b>	<b>(52)</b>	<b>-</b>	<b>(42)</b>	<b>(108)</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>(24)</b>	<b>(24)</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>(47)</b>	<b>(24)</b>	<b>-</b>	<b>(24)</b>	<b>-</b>	<b>(47)</b>
Newbuild Vessel Financing	-	-	66	44	110	22	-	-	-	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation on Newbuild Facility	-	-	-	(1)	(1)	(2)	(2)	(2)	(2)	(8)	(2)	(2)	(2)	(2)	(9)	(2)	(2)	(2)	(2)	(9)	(2)	(2)	(2)	(2)	(9)
Net Drawdown/ (Repayments) on Newbuild Facility	-	-	66	43	109	20	(2)	(2)	(2)	14	(2)	(2)	(2)	(2)	(9)	(2)	(2)	(2)	(2)	(9)	(2)	(2)	(2)	(2)	(9)
Amortisation on Odin/DSF Facility	-	-	(4)	(4)	(8)	(4)	(4)	(4)	(4)	(16)	(4)	(4)	(4)	(4)	(16)	(4)	(4)	(4)	(4)	(15)	(4)	(74)	-	-	(78)
Other Repayments <sup>2</sup>	0	0	0	0	0	0	0	0	0	0	0	0	1	-	1	-	-	-	-	-	-	-	-	-	-
Interest Payments	(18)	(8)	(8)	(8)	(42)	(11)	(10)	(10)	(10)	(40)	(11)	(11)	(11)	(10)	(43)	(9)	(9)	(9)	(8)	(35)	(8)	(7)	(6)	(6)	(27)
Warrant Proceeds <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	67
Interest on Cash Surplus/ (Deficit)	0	0	0	0	0	0	1	0	1	2	1	1	2	2	6	2	2	3	3	9	3	3	3	3	12
Restructuring Fees	(6)	(25)	-	-	(31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Flow</b>	<b>(21)</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>(16)</b>	<b>45</b>	<b>(12)</b>	<b>33</b>	<b>(6)</b>	<b>60</b>	<b>31</b>	<b>38</b>	<b>4</b>	<b>35</b>	<b>108</b>	<b>17</b>	<b>55</b>	<b>17</b>	<b>29</b>	<b>117</b>	<b>13</b>	<b>(23)</b>	<b>35</b>	<b>131</b>	<b>155</b>
<b>Opening Cash Balance</b>	<b>45</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>45</b>	<b>29</b>	<b>74</b>	<b>62</b>	<b>95</b>	<b>29</b>	<b>89</b>	<b>120</b>	<b>158</b>	<b>162</b>	<b>89</b>	<b>197</b>	<b>214</b>	<b>269</b>	<b>286</b>	<b>197</b>	<b>315</b>	<b>327</b>	<b>304</b>	<b>339</b>	<b>315</b>
Change in Cash	(21)	-	1	4	(16)	45	(12)	33	(6)	60	31	38	4	35	108	17	55	17	29	117	13	(23)	35	131	155
<b>Closing Cash</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>29</b>	<b>29</b>	<b>74</b>	<b>62</b>	<b>95</b>	<b>89</b>	<b>89</b>	<b>120</b>	<b>158</b>	<b>162</b>	<b>197</b>	<b>197</b>	<b>214</b>	<b>269</b>	<b>286</b>	<b>315</b>	<b>315</b>	<b>327</b>	<b>304</b>	<b>339</b>	<b>469</b>	<b>469</b>
Undrawn Super Senior Facility	46	41	65	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
<b>Total Liquidity</b>	<b>70</b>	<b>65</b>	<b>90</b>	<b>104</b>	<b>104</b>	<b>149</b>	<b>137</b>	<b>170</b>	<b>164</b>	<b>164</b>	<b>195</b>	<b>233</b>	<b>237</b>	<b>272</b>	<b>272</b>	<b>289</b>	<b>344</b>	<b>361</b>	<b>390</b>	<b>390</b>	<b>402</b>	<b>379</b>	<b>414</b>	<b>544</b>	<b>544</b>
Minimum Cash <sup>4</sup>	24	24	25	25	24	49	62	79	89	49	108	140	162	177	108	211	235	286	299	211	327	304	326	361	304

Note:

1. Other capex includes USD 13m repurchase of TORM Amazon in Q3 2017
2. (Cash)/non-cash payments relating to TORM Amazon
3. Warrant proceeds per Response to New Lender Feedback (December 2014). Assumes 7.5% warrants based on deficiency claims with strike price at 110% of post-transaction NAV of USD 811m
4. Includes assumed USD 5m of restricted cash

## Forecast Freight Rates

MOELIS & COMPANY

### COMMENTS

- TORM's forecasted freight rates are in general below or in line with market expectations
- Coverage for the fleet is estimated to increase from 10% in 2014 (excluding in-place coverage contracts) to 20% by 2019
  - Covered rates are at 10% lower than the forecast spot rates
- Vessels older than 15 years are assumed to be operated at discounts to spot of 3,000 USD/day for LR1 & LR2 and at 2,000 USD/day for MR
- For eco-vessels, LR2 vessels are assumed to be operated at premium to spot of 4,000 USD/day and MR vessels at 1,600 USD/day<sup>2</sup>

### SCENARIO FORECAST TCE SPOT RATES

	2014	2015	2016	2017	2018	2019
LR2	15,413	16,750	21,000	21,000	28,000	28,000
LR1	17,556	18,184	19,000	19,000	25,000	25,000
MR	14,697	16,291	18,500	20,500	20,500	21,500
Handy	15,287	14,601	16,000	19,000	19,000	20,000
Panamax <sup>1</sup>	10,443	8,418	-	-	-	-

1. Bulk rates reflect Time Charter-out rates as opposed to spot rates; Bulk segment to be exited in Q2 2015  
 2. The eco effect is based on TORM's actual trading pattern in 2013 and an average bunker price of approx. USD/t 650

## Opex/day

MOELIS & COMPANY

(in USD per day)	2015	2016	2017	2018	2019
<b>LR2</b>					
LR2 <5 years	8,025	7,575	7,733	7,893	8,057
LR2 >5 years	8,025	7,875	8,033	8,193	8,357
<b>LR1</b>					
LR1 <5 years	7,888	7,435	7,590	7,747	7,908
LR1 >5 years	7,888	7,735	7,890	8,047	8,208
<b>MR</b>					
MR <5 years	7,712	7,261	7,412	7,566	7,724
MR >5 years	7,712	7,561	7,712	7,866	8,024
<b>Handy</b>	7,221	6,767	6,908	7,053	7,200
<b>Bulk</b>	5,643				

## Vessel Value Development

MOELIS & COMPANY

- Basis for vessel values are the average broker valuation as of December 2014 for the TORM fleet and broker values at transaction date as per the Restructuring Agreement for the Odin fleet

### ANNUAL VESSEL VALUE DEVELOPMENT (GROSS OF DEPRECIATION)

	2015	2016	2017	2018	2019
<b>LR2</b>					
Built before 2002	105%	100%	100%	95%	95%
Between 2002 to 2005 built	105%	100%	100%	105%	100%
Built after 2005	105%	100%	105%	115%	100%
<b>LR1</b>					
Built before 2002	110%	100%	100%	95%	95%
Between 2002 to 2005 built	110%	100%	100%	105%	100%
Built after 2005	110%	100%	105%	115%	100%
<b>MR</b>					
Built before 2002	110%	100%	100%	100%	95%
Between 2002 to 2005 built	110%	100%	100%	100%	100%
Built after 2005	110%	100%	105%	105%	100%
<b>Handy</b>					
Built before 2002	110%	100%	100%	105%	95%
Between 2002 to 2005 built	110%	100%	105%	105%	100%
Built after 2005	110%	105%	105%	105%	105%

## Days and Coverage

MOELIS & COMPANY

	2015	2016	2017	2018	2019
LR2	2,377	2,622	2,555	2,555	2,555
LR1	2,555	2,562	2,555	2,555	2,555
MR	11,929	17,568	17,520	17,520	17,520
Handy	4,015	4,026	4,015	4,015	4,015
Panamax	546	-	-	-	-
Handymax	-	-	-	-	-
<b>Days from owned vessels</b>	<b>21,422</b>	<b>26,778</b>	<b>26,645</b>	<b>26,645</b>	<b>26,645</b>
LR2	730	732	730	362	-
LR1	-	-	-	-	-
MR	730	106	-	-	-
Handy	-	-	-	-	-
Panamax	939	-	-	-	-
Handymax	40	-	-	-	-
<b>Days from existing chartered-in vessels</b>	<b>2,439</b>	<b>838</b>	<b>730</b>	<b>362</b>	<b>-</b>
LR2	(52)	(115)	(71)	(127)	(14)
LR1	(62)	(24)	(72)	(44)	(104)
MR	(305)	(202)	(419)	(417)	(289)
Handy	(188)	(52)	(32)	(55)	(117)
Panamax	(3)	-	-	-	-
Handymax	-	-	-	-	-
<b>Off-hire days</b>	<b>(610)</b>	<b>(394)</b>	<b>(594)</b>	<b>(643)</b>	<b>(523)</b>
LR2	3,055	3,239	3,214	2,790	2,541
LR1	2,493	2,538	2,483	2,511	2,451
MR	12,354	17,472	17,101	17,103	17,232
Handy	3,827	3,974	3,983	3,960	3,898
Panamax	1,482	-	-	-	-
Handymax	40	-	-	-	-
<b>Total earning days</b>	<b>23,251</b>	<b>27,222</b>	<b>26,781</b>	<b>26,364</b>	<b>26,122</b>

	2015	2016	2017	2018	2019
<b>Earning Days Covered</b>					
LR2	116	-	-	-	-
LR1	73	-	-	-	-
MR	194	-	-	-	-
Handy	322	-	-	-	-
Panamax	1,283	-	-	-	-
Handymax	-	-	-	-	-
<b>From Existing Contracts</b>	<b>1,987</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
LR2	294	486	643	558	508
LR1	242	381	497	502	490
MR	1,216	2,621	3,420	3,421	3,446
Handy	351	596	797	792	780
Panamax	272	-	-	-	-
Handymax	40	-	-	-	-
<b>From Additional New Contracts</b>	<b>2,415</b>	<b>4,083</b>	<b>5,356</b>	<b>5,273</b>	<b>5,224</b>
<b>Covered Rates (USD/day)</b>					
<b>From Existing Contracts</b>					
LR2	20,486	-	-	-	-
LR1	40,138	-	-	-	-
MR	25,949	-	-	-	-
Handy	18,532	-	-	-	-
Panamax	8,454	-	-	-	-
Handymax	-	-	-	-	-
<b>From Additional New Contracts</b>					
LR2	15,373	18,438	18,375	24,447	24,086
LR1	16,166	17,100	17,100	22,482	21,869
MR	14,630	16,534	18,293	18,130	18,977
Handy	13,335	13,983	16,599	16,597	17,356
Panamax	11,250	-	-	-	-
Handymax	9,900	-	-	-	-

## Important Notice

---

MOELIS & COMPANY

This presentation has been prepared by Moelis & Company UK LLP ("Moelis") for exclusive use of the Board of Directors of TORM A/S. ("TORM" or the "Company") in considering the transaction described herein, based on information provided by the Company and publicly available information. Moelis has not assumed any responsibility for independently verifying the information herein, Moelis makes no representation or warranty as to the accuracy, completeness or reasonableness of the information herein and Moelis disclaims any liability with respect to the information herein. In this presentation, Moelis, at the Company's direction, has used certain projections, forecasts or other forward-looking statements with respect to the Company and/or other parties involved in the transaction which were provided to Moelis by the Company and/or such other parties and which Moelis has assumed, at the Company's direction, were prepared based on the best available estimates and judgments of the management of the Company and/or such other parties as to the future performance of the Company and/or such other parties. This presentation speaks only as of its date and Moelis assumes no obligation to update it or to advise any person that its conclusions or advice has changed.

This presentation is solely for informational purposes. This presentation is not intended to provide the sole basis for any decision on any transaction and is not a recommendation with respect to any transaction. The recipient should make its own independent business decision based on all other information, advice and the recipient's own judgment. This presentation is not an offer to sell or a solicitation of an indication of interest to purchase any security, option, commodity, future, loan or currency. It is not a commitment to underwrite any security, to loan any funds or to make any investment. Moelis does not offer tax, accounting or legal advice.

Moelis provides mergers and acquisitions, restructuring and other advisory services to clients and its affiliates manage private investment partnerships. Its personnel may make statements or provide advice that is contrary to information contained in this material. Our proprietary interests may conflict with your interests. Moelis may from time to time have positions in or effect transactions in securities described in this presentation. Moelis may have advised, may seek to advise and may in the future advise or invest in companies mentioned in this presentation.

This presentation is confidential and may not be disclosed to any other person or relied upon without the prior written consent of Moelis.

Moelis is acting as financial advisor to the Company in connection with the subject matter of this presentation and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Moelis nor for providing advice in relation to the subject matter of this presentation.