



Board of Directors' report at TORM's Extraordinary General Meeting on 25 August 2015

In connection with TORM A/S' Extraordinary General Meeting today, the Board of Directors' report is hereby made public.

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About TORM

TORM is one of the world's leading carriers of refined oil products as well as a player in the dry bulk market. The Company operates a fleet of approximately 80 modern vessels with a strong commitment to safety, environmental responsibility and customer service.

TORM was founded in 1889. The Company conducts business worldwide and is headquartered in Copenhagen, Denmark. TORM's shares are listed on NASDAQ OMX Copenhagen (ticker: TORM). For further information, please visit www.torm.com.

Safe Harbor statements as to the future

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 Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intend," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions 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 which 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.

Forward-looking statements are based on management's current evaluation, and TORM is only under an obligation to update and change the listed expectations to the extent required by law.



Board of Directors' report by the Chairman of the Board Flemming Ipsen

Ladies and gentlemen, dear TORM shareholders.

On behalf of the Board of Directors and Management, I am pleased to welcome you to today's Extraordinary General Meeting.

It is only 1½ months since we last met at the Extraordinary General Meeting on 7 July 2015. Despite the short time span, TORM has delivered on a number of important milestones on the path towards being a normalized company.

On 13 July 2015, TORM could finally conclude several years of financial difficulties with the implementation of the Restructuring Agreement. At the last general meeting, I gave a detailed account of the components of the Restructuring so today I will focus on the outcome and the milestones achieved since then.

Restructured balance sheet

I would like to begin with the outcome as evidenced by the new restructured balance sheet, which is here presented as of 31 July 2015.

Assets

If we look at the assets first, TORM has book vessels values of USD 1,438m. These values consist of the combined fleet on the water of USD 1,349m and prepayments on the six newbuildings of USD 87m. In addition, there are non-current assets of USD 10m related to goodwill, other plant and operating equipment and investments in joint ventures.

TORM has current assets of USD 283m, of which USD 133m is cash and cash equivalents. The remaining USD 150m is related to other working capital components – mainly bunker and freight receivables.

The total assets have a book value of USD 1,728m as of 31 July 2015.

Liabilities

Turning to the other side of the balance sheet, TORM has a book equity of USD 900m as of 31 July 2015. This implies an equity ratio of 52%. I consider this to be a very robust equity ratio in a capital-intensive industry such as shipping.

The liabilities consist of three main components:

- i) Mortgage debt and bank loans incl. lease liabilities of USD 708m
- ii) A deferred tax liability of USD 45m as TORM is part of the Danish tonnage tax regime and
- iii) Liabilities related to the working capital of USD 75m.

Looking back, I am very pleased that TORM with this Restructuring regains its financial and strategic flexibility. The Restructuring and TORM's strong operational performance provide a robust platform for the future as the organization sets out for new horizons.



Balance sheet - Group

Assets		Equity and liabilities	
USDm	31-Jul 2015	USDm	31-Jul 2015
NON-CURRENT ASSETS		EQUITY	
Intangible assets		Common shares	141.9
Goodwill	7.4	Special reserve	61.0
Other intangible assets	0.0	Treasury shares	0.0
Total intangible assets	7.4	Revaluation reserves	0.0
Tangible fixed assets		Hedging reserves	-0.8
Vessels and capitalized dry-docking	1,348.6	Translation reserves	0.0
Prepayments on vessels	86.6	Retained profit	697.9
Other plant and operating equipment	2.4	TOTAL EQUITY	900.0
Total tangible fixed assets	1,437.7	LIABILITIES	
Financial assets		Non-current liabilities	
Investment in joint ventures	0.3	Deferred tax liability	45.1
Other investments	0.0	Mortgage debt and bank loans	678.1
Total financial assets	0.3	Finance lease liabilities	13.4
TOTAL NON-CURRENT ASSETS	1,445.4	TOTAL NON-CURRENT LIABILITIES	736.6
CURRENT ASSETS		Current liabilities	
Bunkers	35.8	Mortgage debt and bank loans	16.2
Freight receivables, etc.	98.5	Trade payables	28.9
Other receivables	6.7	Current tax liabilities	1.5
Prepayments	8.3	Other liabilities	44.6
Cash and cash equivalents	133.4	Deferred income	0.4
	282.7	TOTAL CURRENT LIABILITIES	91.5
TOTAL CURRENT ASSETS	282.7	TOTAL LIABILITIES	828.1
TOTAL ASSETS	1,728.1	TOTAL EQUITY AND LIABILITIES	1,728.1

New ownership structure

The Restructuring also meant a new ownership structure for TORM. Oaktree Capital Management has obtained a majority ownership stake with 62% of the A shares. The second largest shareholder is the former creditor DW Partners with over 6% of the A shares. The remaining shares are held by shareholders holding below 5% each.

Listing of the new shares

In order to normalize the Company's situation as fast as possible, TORM published a Listing Prospectus less than two weeks after the completion of the Restructuring. The prospectus meant that the new A shares were admitted to trading and official listing on Nasdaq Copenhagen on 27 July 2015. We have since then seen an average trading volume of approximately 545m A shares.

Extraordinary General Meeting today

This takes us to the general meeting today. As part of the Restructuring, it was agreed to convene an Extraordinary General Meeting with the purpose to elect Board members and implement a share consolidation as will be explained in a minute. In addition, Oaktree Capital Management in the capacity as majority shareholders has submitted certain proposals for this general meeting. Therefore, the agenda covers six proposals:

- i) Election of new members of the Board of Directors, including the Chairman
- ii) Election of a Deputy Chairman and alternates for the Deputy Chairman

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- iii) Adoption of new remuneration levels for 2015 for the Board of Directors
 - iv) Adoption of a new remuneration policy, including new overall guidelines for incentive pay, for the Board of Directors and the Executive Management
 - v) Adoption of a share consolidation (reversed stock split) of all TORM's A shares with a ratio of 1,500:1
 - vi) Deletion of certain authorizations to the Board of Directors under the Company's Articles of Association granted for the purpose of the Restructuring as they are no longer needed now that the Restructuring has been completed.

The Chairman of the general meeting, Frantz Palludan, will shortly take you through the individual proposals.

New Board of Directors

Mr. Olivier Dubois, Mr. Alexander Green, Mr. Jon Syvertsen and myself, Flemming Ipsen, will step down from TORM's Board of Directors today. We are of the opinion that we have served our purpose in the restructuring phase and that the new shareholders should elect their own representatives. It is with mixed feelings as it has been a true privilege to serve in TORM.

Thank you.