16. november 2022

Økonomisk Ugebrev - Kapitalmarkedsdag

TORM

Safe Harbor Statement

Matters discussed in this release may constitute forward looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. 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 other statements, which are 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. Words such as, but not limited to, "believe", "anticipate", "intend", "estimate", "forecast", "project", "plan", "potential", "may", "should", "expect", "pending" and similar expressions or phrases may identify forward-looking statements.

The forward-looking statements in this release are based upon various assumptions, many of which are, in turn, based 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, but are not limited to, 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 ongoing COVID-19 pandemic, including its impact on the demand for petroleum products and the seaborne transportation of these and the ability to change crew and operate a vessel with COVID-19 infected crew, the operations of our customers and our business in general, the failure of our contract counterparties to meet their obligations, 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 including but not limited to CO2 tariffs or trade tariffs, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents, weather, political events including "trade wars", the geopolitical crisis related to Russia and Ukraine or acts of terrorism.

In light of these risks and uncertainties, undue reliance should not be placed 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 or updates to these forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events. Please see TORM's filings with the U.S. Securities and Exchange Commission for a more complete discussion of certain of these and other risks and uncertainties. The information set forth herein speaks only as of the date hereof, and the Company disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.

Leading global pure-play product tanker company with 78 vessels

ONE TORM

Integrates both commercial and technical management in-house

~8
OFFICES

~3,400
SEAFARES

~350
LAND BASED EMPLOYEES

MARKET CAPITALIZATION[1]

~2.3 USD Bn

THE FLEET[1]
78 OWNED AND LEASED

13 VESSELS

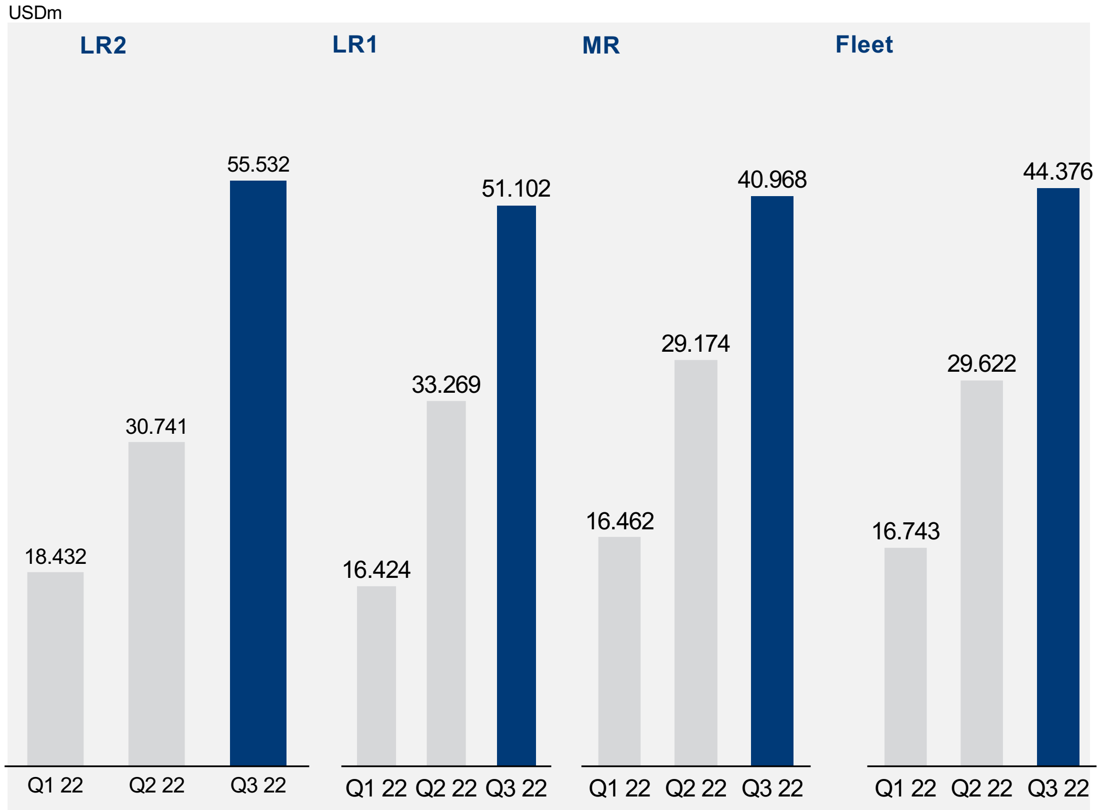
8 VESSELS

57 VESSELS

Note: (1) As of 09 November 2022

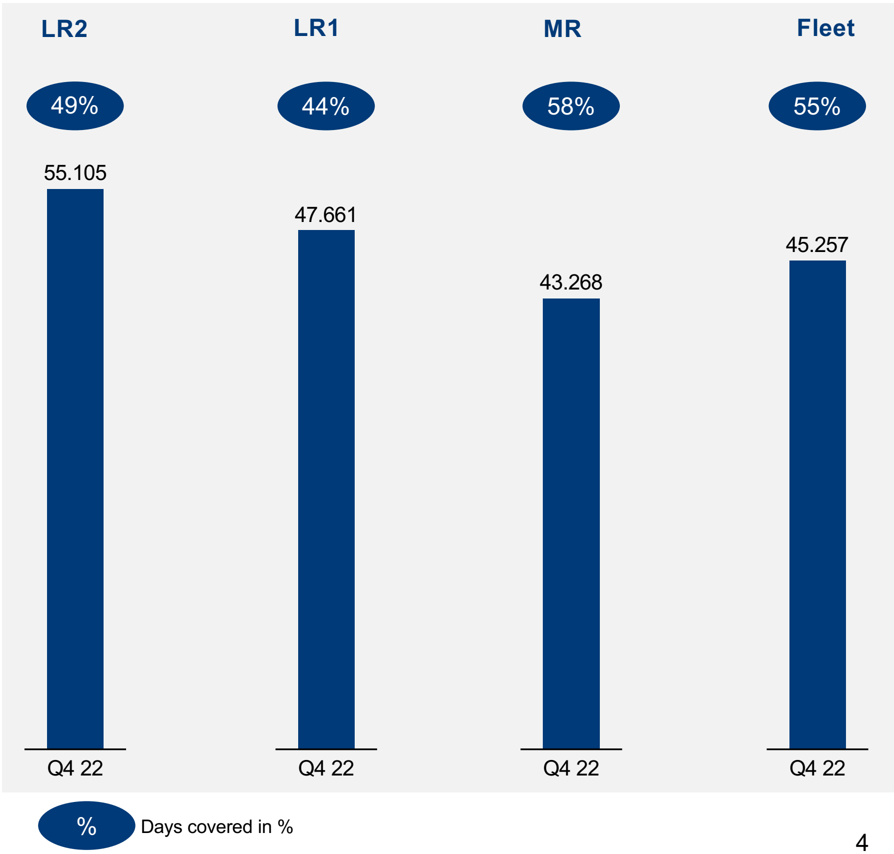
Strong Q3 freight rates continues into Q4

TCE development from Q1 to Q3 2022



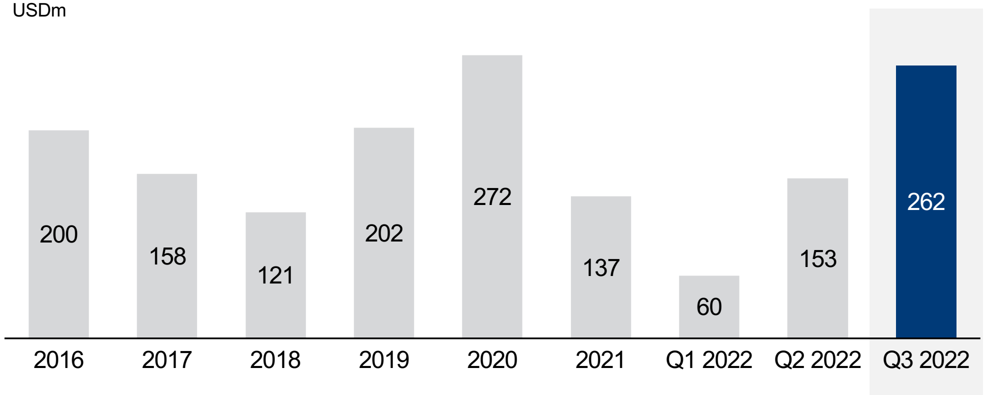
Source: TORM

Q4 coverage

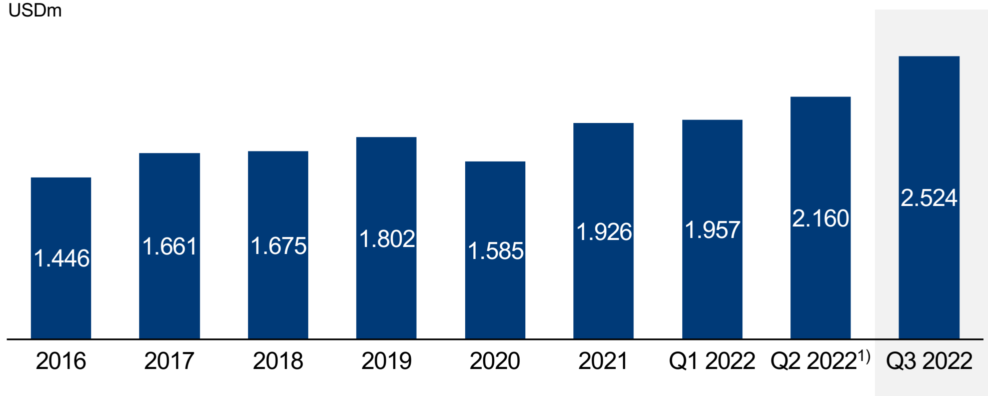


Record-high EBITDA and record-low net LTV ratio

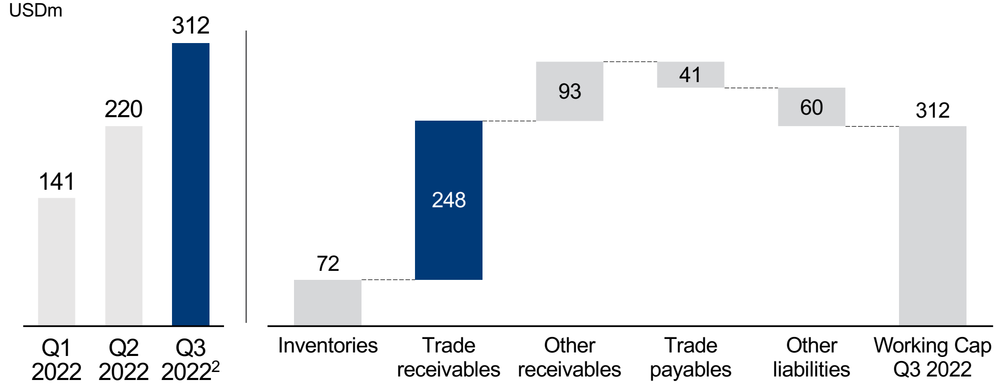
EBITDA



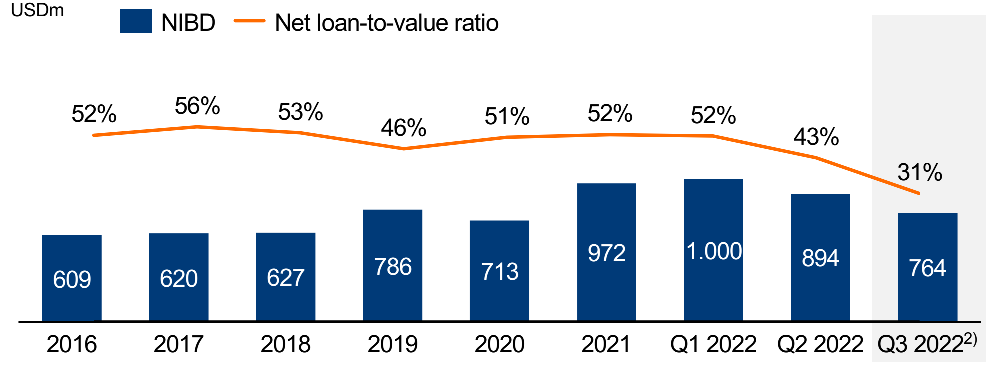
Vessel values including newbuilding (broker values)



Net working capital breakdown



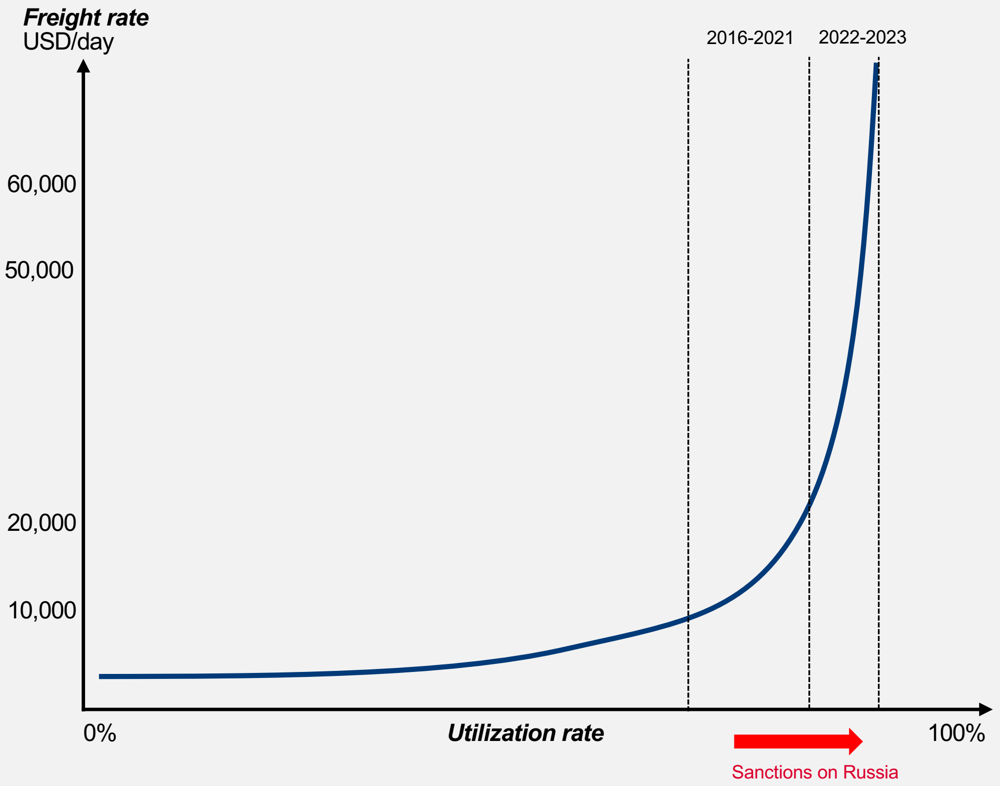
NIBD and net LTV ratio



Note: 1) Includes TORM Hannah - purchased but not delivered. 2) Including MET 3.) When correcting for dividend that will be paid in Q4, net LTV is 36%

Higher product tanker utilization leading to increase in freight rates

The correlation between freight rates and fleet utilization

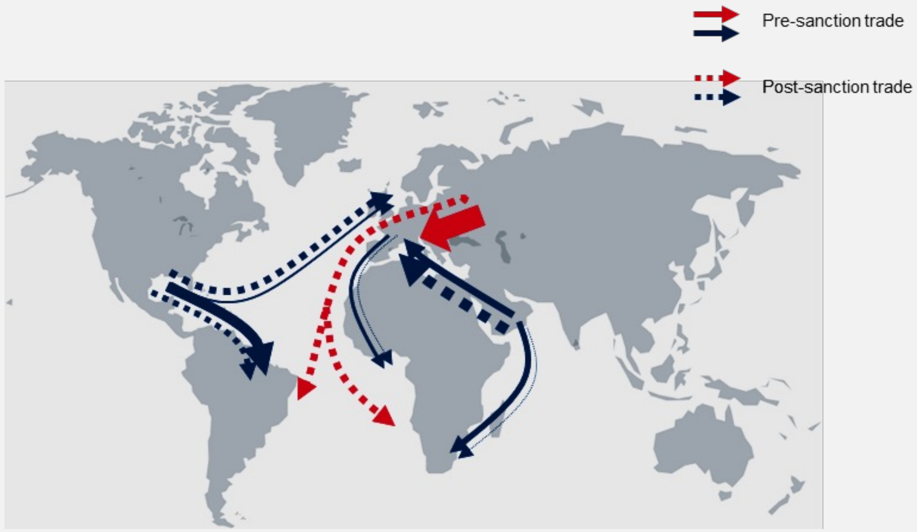


- The product tanker fleet utilization has reached a level where small changes in utilization lead to large changes in freight rates
- The current strength on the product tanker market is a combination of:
  - Strong growth in Europe's middle distillate imports from the Middle East and Asia, ahead of 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

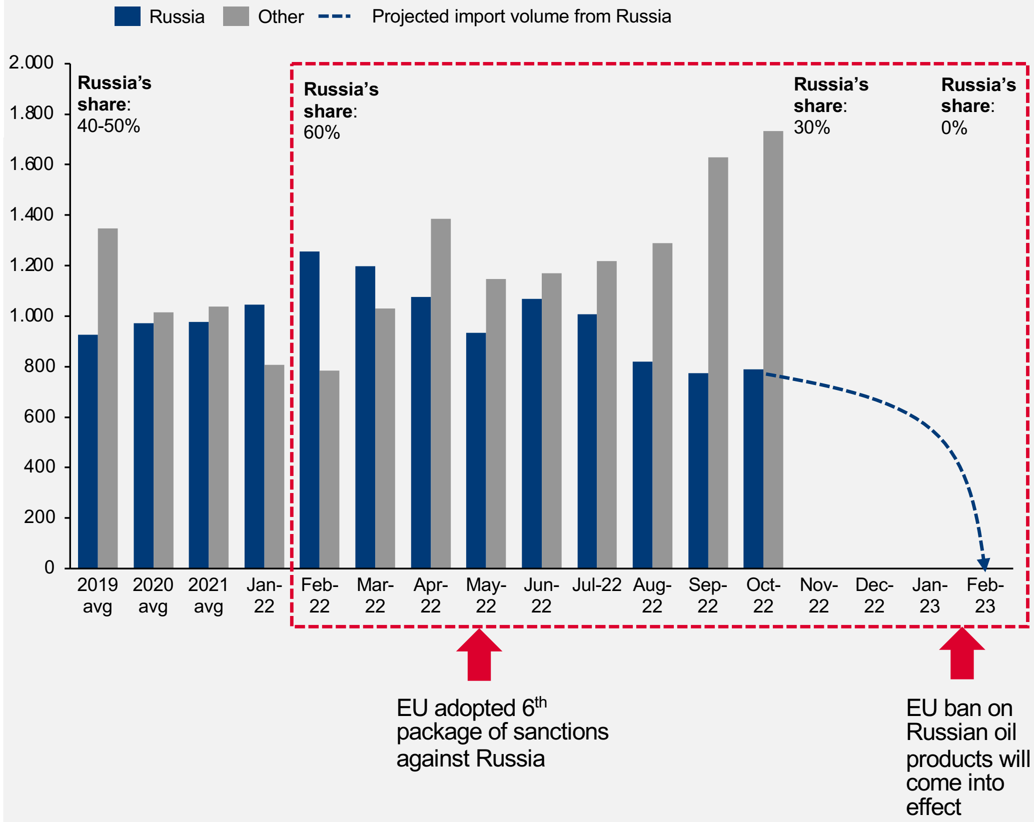
Trade recalibration has started but Russia still accounts for 30% of Europe's imports

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

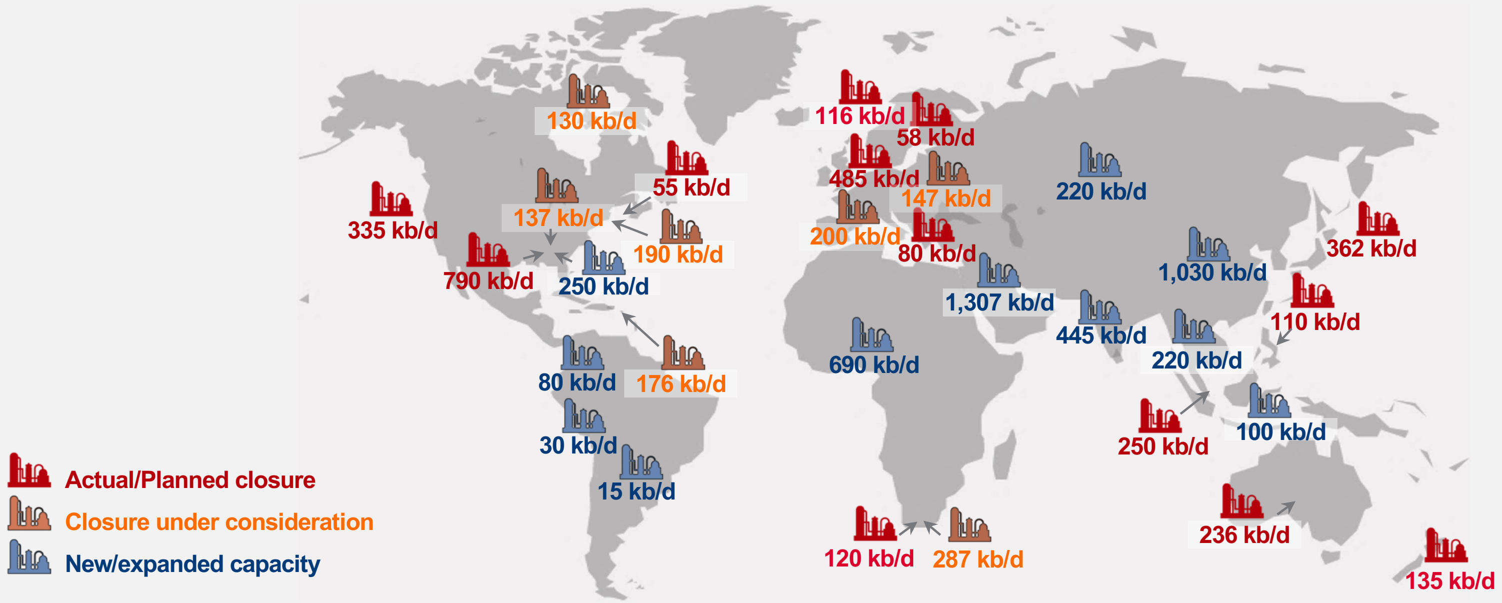
European CPP imports by source (kb/d)



Source: TORM, Kpler

Refinery closures increase ton-miles

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

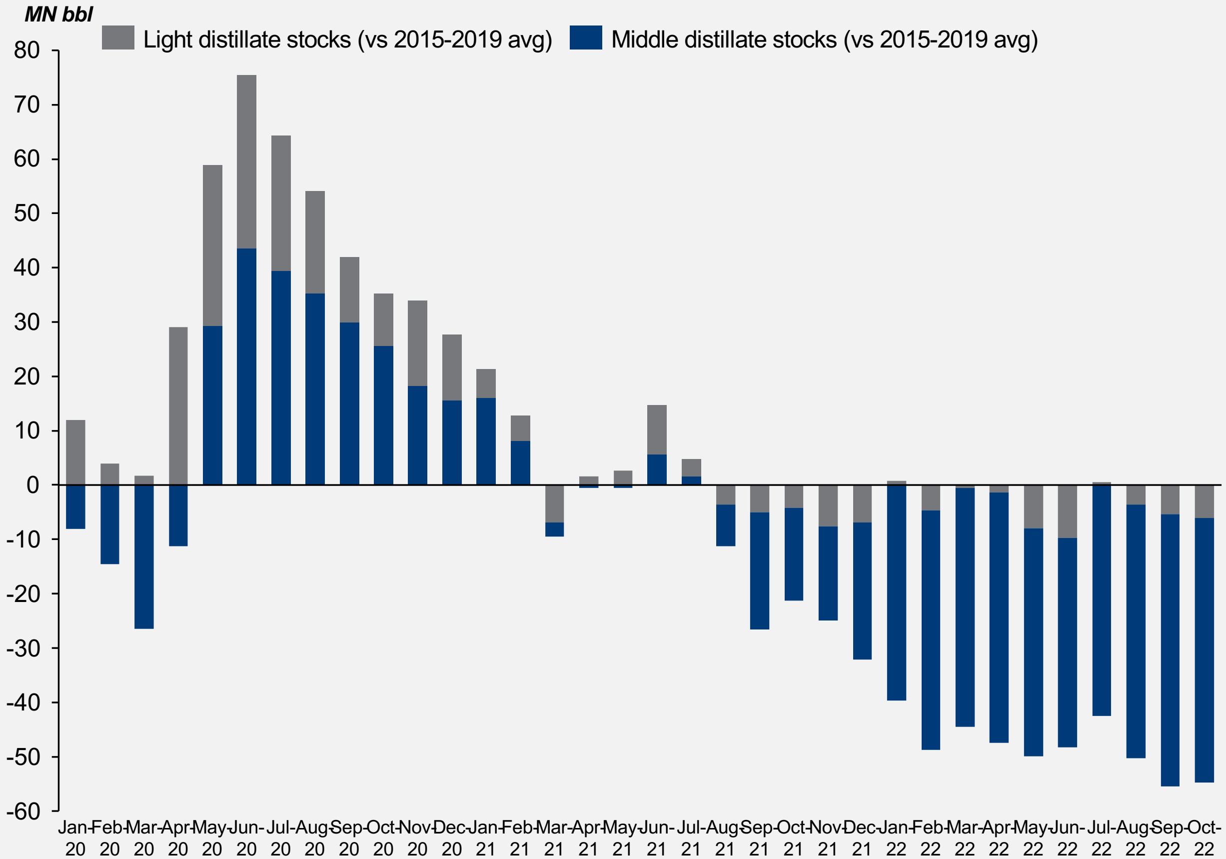


- Since 2020, 2.4m b/d of refining capacity has been closed down permanently and a further 0.6m b/d is set to be closed down during 2022-2023. In addition, 1.1m b/d of capacity is at risk of closure and a further 0.4m b/d of refining capacity will be temporarily closed to be converted into biorefineries
- 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.

The need to replenish product stocks adds further support to trade

Onshore CPP inventories in key trading hubs*

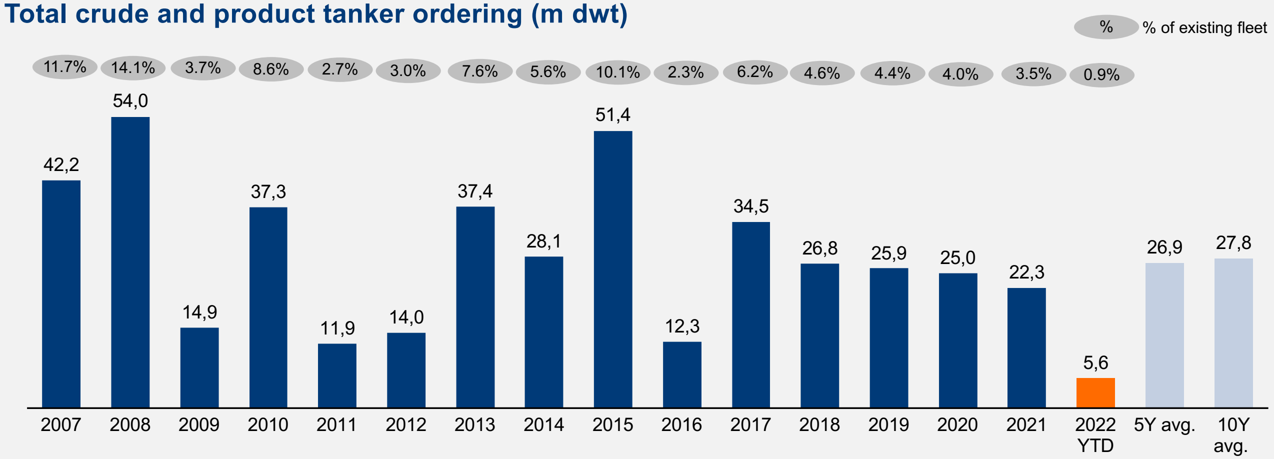


- Middle distillate stocks in key trading hubs have fallen to ~20% below the 2015-2019 seasonal average – for comparison, they were 20% above the 2015-2019 average level in June 2020 (~2/3 of the total excess CPP stocks)
- Low level of stocks means that any increase in demand must be met by either domestic supply or imports, and a potential decline in demand allows to start building up stocks, supporting trade flows
- The need to replenish commercial and strategic product stockpiles is estimated to add at least 2% to ton-mile (the timing of this effect is, nevertheless, uncertain)

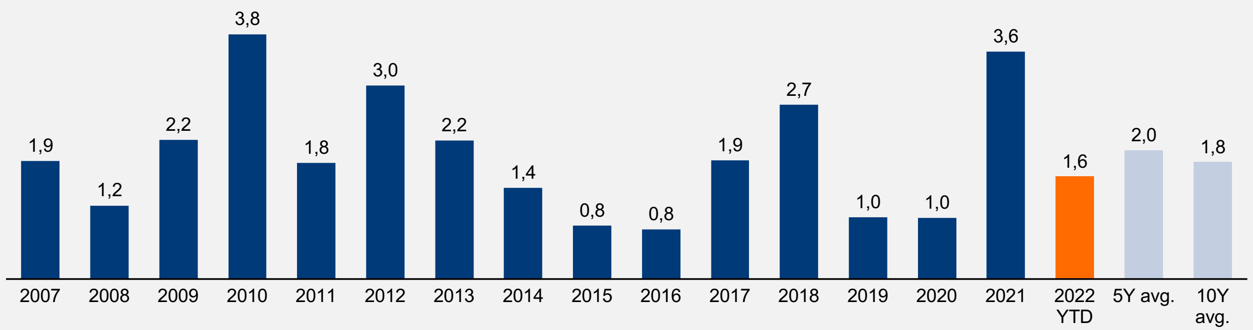
Note: Onshore inventories: based on weekly data for the US, Amsterdam-Rotterdam-Antwerp (ARA) area and Singapore (the US accounts for 75-80% of the combined stockpiles). Shown countries/regions together account for around 20% of the global product stockpiles.
Sources: EIA, Reuters, TORM.

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)

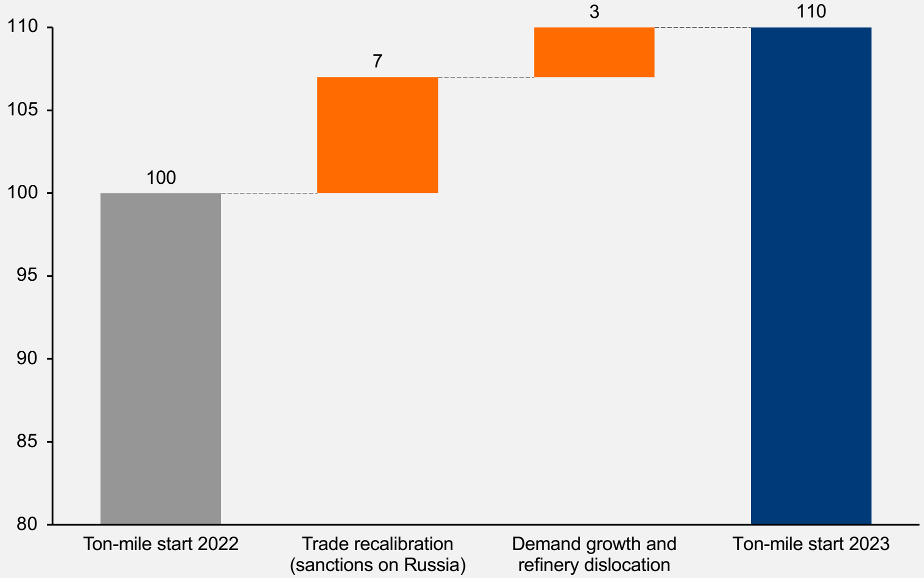


- General tanker ordering in 2022 YTD has been at the lowest level on record, driven by record high newbuilding prices and limited shipyard space
- Earliest delivery date for potential ordering of product tankers at renowned yards is end-2024/mid-2025
- This will limit the fleet growth in 2023-2024, 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

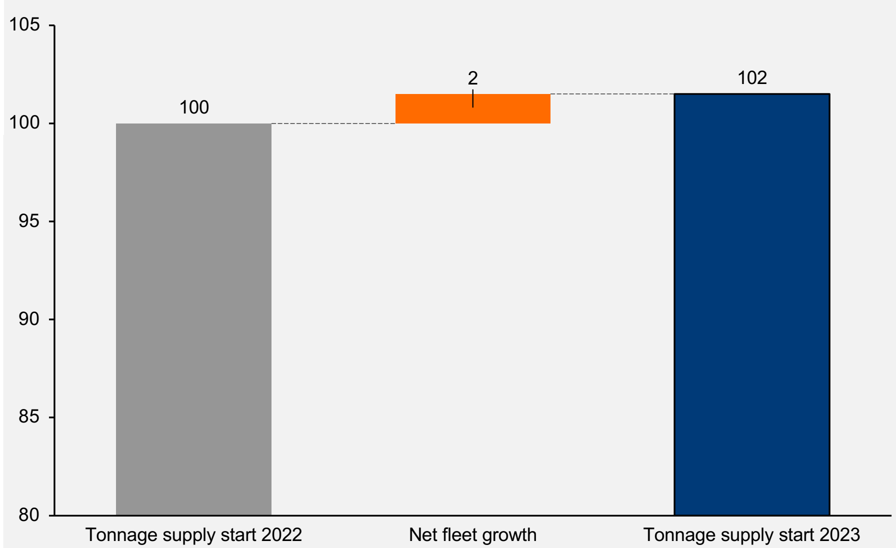
Demand and supply factors remain positive

Ton-mile demand



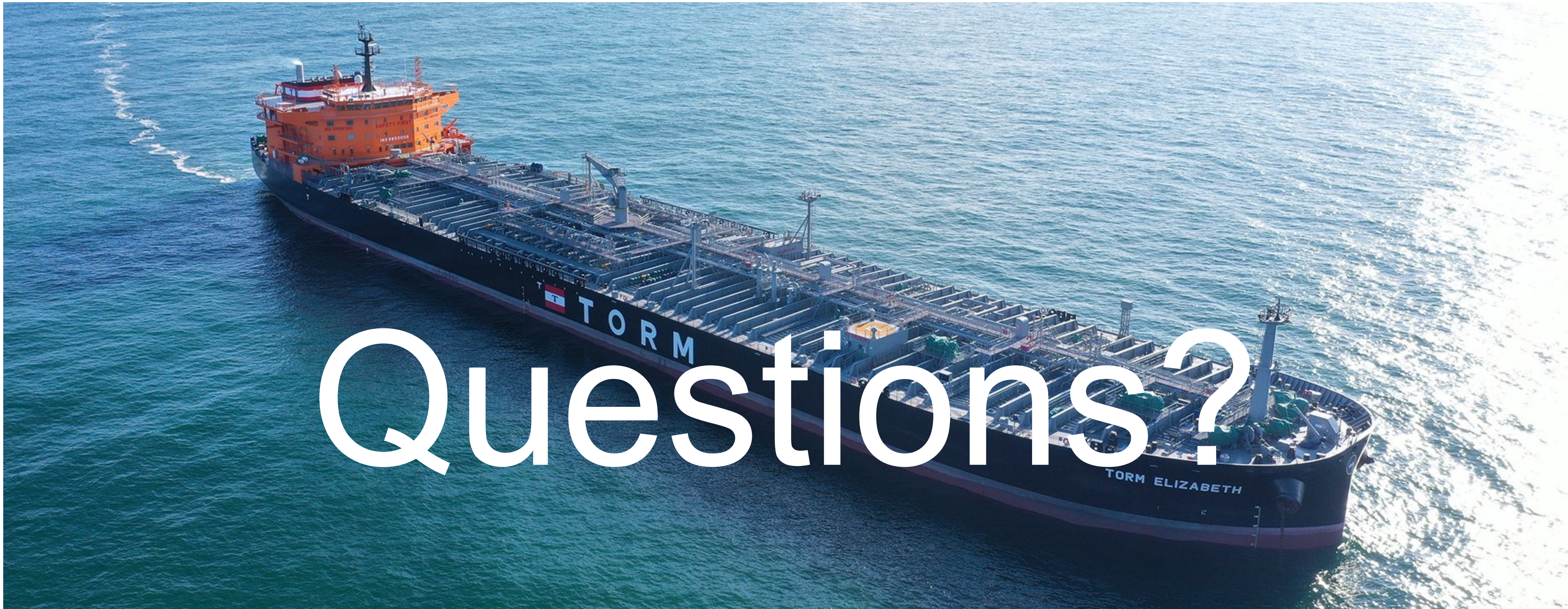
- The EU ban on Russian oil products from February 2023 will lead to trade recalibration, adding a net 7% to product tanker ton-miles. This is a permanent effect which will bring the fleet utilization rate to a new, higher level
- Oil demand growth and refinery dislocation effects add 3% to ton-miles 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

Source: TORM



Questions?

TORM