

## TORM plc third quarter 2016 report

*"TORM delivered a small profit for the third quarter despite operating in a soft product tanker market. A strong fundamental oil demand was not enough to sustain the freight market, as continued inventory drawdowns and low naphtha exports to the Far East limited the transportation requirements," says Executive Director Jacob Meldgaard.*

**In the third quarter of 2016, TORM realized a positive EBITDA of USD 40m and a profit before tax of USD 2m.**

- The EBITDA for the third quarter of 2016 was USD 40m (2015, same period, pro forma: USD 105m)<sup>1</sup>. The profit before tax for the third quarter of 2016 was USD 2m (2015, same period, pro forma: USD 72m). Cash flow from operating activities was positive with USD 38m in the third quarter of 2016 and earnings per share (EPS) was USD 0.0.
- During the third quarter of 2016, the product tanker freight rates softened compared to the previous quarter, and freight rates were well below the levels in the same period in 2015. In general, the soft market can be attributed to high gasoline and diesel stocks globally and a limited demand for transportation of naphtha from the Atlantic Basin to the Far East. TORM's product tanker fleet realized average TCE earnings of USD/day 14,391 and realized a gross profit of USD 50m (2015, same period, pro forma: USD 114m) in the third quarter of 2016.
- On 15 September 2016, TORM distributed an interim dividend payment of USD 25m, equivalent to 0.4 USD/share, as reported on 16 August 2016 in the second quarter release. Further, TORM has repurchased own shares for a total consideration of USD 2.3m during the third quarter. TORM may continue to conduct limited share repurchases in the market.
- The carrying value of the fleet including prepayments was USD 1,577m as of 30 September 2016 excluding outstanding installments on the LR2 newbuildings of USD 158m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,541m as of 30 September 2016. Compared to the broker valuations as of 30 June 2016, the fleet value has decreased by USD 73m (~4.5%). TORM estimates the fleet's total long-term earning potential each quarter based on future discounted cash flows in accordance with IFRS requirements. The estimated value for the fleet as of 30 September 2016 supports the book value.
- Net interest-bearing debt amounted to USD 610m as of 30 September 2016.
- On 11 November 2016, TORM signed a term sheet with Danish Ship Finance (DSF) providing USD 30m of new financing with six-year maturity against collateral in TORM Loke and TORM Troillus. The loan agreement will be a new tranche on the Company's existing DSF loan agreements.
- The Board of Directors is pleased to announce that Senior Vice President Christian Søgaard-Christensen has been appointed Chief Financial Officer (CFO) and will take up the position as of today. Christian Søgaard-Christensen has been with TORM since 2010. He is currently acting CFO & Head of Corporate Support and has been part of the Senior Management Team since 2013.
- TORM had undrawn credit facilities and cash of approx. USD 267m at the end of the third quarter of 2016. TORM's order book stands at four LR2 newbuildings with expected delivery in 2017 and 2018. Outstanding CAPEX relating to the order book amounted to USD 158m and is fully financed.
- Based on broker valuations as of 30 September 2016, TORM's net asset value (NAV), excluding charter commitments, is estimated at USD 798m, equivalent to a NAV/share of USD 12.8 or DKK 85.5.
- Equity amounted to USD 963m as of 30 September 2016, equivalent to a book equity/share of USD 15.5 or DKK 103.1 excluding treasury shares and outstanding warrants, giving TORM an equity ratio of 55%.

<sup>1</sup>) On 13 July 2015, TORM A/S, its lenders and Oaktree Capital Management ("Oaktree") completed a restructuring. In return for a vessel contribution by means of the shares in OCM (Gibraltar) Njord Midco Ltd. ("Njord"), Oaktree obtained a controlling equity stake in TORM A/S. Njord is considered the accounting acquirer of TORM A/S and the continuing reporting entity. Reported comparative figures in the first two quarters of 2015, presented in the Consolidated Interim Financial Statements, reflect the activity of Njord only, whereas for the full year 2015 the period from the date of the completion of the Restructuring reflects the combined activities of TORM and Njord in the name of the legal parent, TORM A/S. Comparative pro forma figures presented in this report for 2015 present TORM as if the Restructuring had been undertaken as of 1 January 2015.

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- For the full year 2016, TORM expects a positive EBITDA in the range of USD 185 - 205m (revised from USD 210 - 250m) and a profit before tax in the range of USD 30 - 50m (revised from USD 50 - 90m). As 5,680 earning days in 2016 are unfixed as at 30 September 2016, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 5.7m.

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**Conference call**

TORM will be hosting a conference call for financial analysts and investors at 3 pm CEST today. Please dial in 10 minutes before the conference is due to start on +45 3271 4607 (from Europe) or +1 877 491 0064 (from the USA). The presentation can be downloaded from [www.torm.com](http://www.torm.com).

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## Key reported figures

### Key reported figures

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
<b>Income statement (USDm)</b>					
Revenue	155.8	215.5	526.4	354.2	540.4
Time charter equivalent earnings	103.4	149.8	364.6	241.6	370.8
Gross profit	50.1	103.7	198.0	163.0	235.9
EBITDA	40.2	95.7	166.3	148.2	210.3
Operating profit (EBIT)	9.9	71.4	75.5	108.2	143.0
Profit before tax	1.8	65.0	48.2	99.5	127.0
Net profit for the period	1.6	64.8	47.4	99.3	126.0
<b>Balance sheet (USDm)</b>					
Total assets	1,760.9	1,767.1	1,760.9	1,767.1	1,867.4
Total equity	963.1	947.0	963.1	947.0	976.0
Total liabilities	797.8	820.1	797.8	820.1	891.4
Invested capital	1,572.7	1,480.7	1,572.7	1,480.7	1,587.4
Net interest bearing debt	609.6	533.7	609.6	533.7	611.4
<b>Cash flow (USDm)</b>					
From operating activities	38.4	80.3	154.2	137.3	214.0
From investing activities	-18.0	46.0	-102.5	-4.1	-158.8
Thereof investment in tangible fixed assets	-18.0	-31.5	-102.5	-81.6	-253.9
From financing activities	-60.0	-7.5	-142.6	-1.6	75.0
Total net cash flow	-39.6	118.8	-90.9	131.6	130.2
<b>Key financial figures</b>					
Gross margins:					
TCE	66.4%	69.5%	69.3%	68.2%	68.6%
Gross profit	32.2%	48.1%	37.6%	46.0%	43.6%
EBITDA	25.8%	44.4%	31.6%	41.9%	38.9%
Operating profit	6.4%	33.2%	14.3%	30.6%	26.5%
Return on Equity (RoE) (p.a.)	0.7%	36.6%	6.5%	18.7%	17.4%
Return on Invested Capital (RoIC) (p.a.)	2.5%	27.8%	6.3%	14.0%	13.1%
Equity ratio	54.7%	53.6%	54.7%	53.6%	52.3%
Exchange rate USD/DKK, end of period	6.68	6.66	6.68	6.66	6.83
Exchange rate USD/DKK, average	6.67	6.71	6.67	6.71	6.73
<b>Share-related key figures</b>					
Earnings per share, EPS*	USD	0.0	1.0	0.8	1.6
Diluted earnings per share, EPS*	USD	0.0	1.0	0.8	1.6
Cash flow per share, CFPS	USD	0.6	1.3	2.5	2.2
Share price, end of period (per share of USD 0.01 each)	DKK	60.5	96.0	60.5	96.0
Number of shares, end of period*	Million	62.3	62.3	62.3	62.3
Number of shares (excl. treasury shares), average*	Million	62.1	62.3	62.1	62.3

<sup>\*</sup>) The number of shares have been adjusted for the Corporate Reorganization as disclosed on page 12

## Key pro forma figures

	Q3 2016	Q3 2015 Pro forma	Q1-Q3 2016	Q1-Q3 2015 Pro forma	2015 Pro forma
<b>Income statement (USDm)</b>					
Revenue	155.8	236.7	526.4	668.0	854.3
Time charter equivalent earnings (TCE)	103.4	164.8	364.6	452.8	582.0
Gross profit (Net earnings from shipping activities)	50.1	113.8	198.0	288.1	361.0
EBITDA	40.2	104.8	166.3	257.1	319.2
Operating profit (EBIT)	9.9	78.2	75.5	183.7	218.5
Profit before tax	1.8	71.6	48.2	160.2	187.8
Net profit for the period	1.6	71.5	47.4	159.9	186.7
<b>Balance sheet (USDm)</b>					
Total assets	1,760.9	1,767.1	1,760.9	1,767.1	1,867.4
Equity	963.1	947.0	963.1	947.0	976.0
Total liabilities	797.8	820.1	797.8	820.1	891.4
Invested capital	1,572.7	1,480.7	1,572.7	1,480.7	1,587.5
Net interest bearing debt	609.6	533.7	609.6	533.7	611.6
<b>Key financial figures</b>					
Gross margins:					
TCE	66.4%	69.6%	69.3%	67.8%	68.1%
Gross profit	32.2%	48.1%	37.6%	43.1%	42.3%
EBITDA	25.8%	44.3%	31.6%	38.5%	37.4%
Operating profit	6.4%	33.0%	14.3%	27.5%	25.6%
Return on Invested Capital (RoIC) (p.a.)	2.5%	21.0%	6.3%	16.5%	14.1%

See page 11, "Basis for preparation of pro forma financial information adjusted for non-recurring items" for the basis for the preparation of the pro forma income statement and balance sheet.

## Results

The gross result for the third quarter of 2016 was USD 50.1m (2015, same period, pro forma: USD 113.7m).

The EBITDA result for the third quarter of 2016 was USD 40.2m (2015, same period, pro forma: USD 104.8m).

The result before tax for the third quarter of 2016 was USD 1.8m (2015, same period, pro forma: USD 71.6m).

## Consolidated income statement\*

USDm	Note	Q3 2016	Pro forma Q3 2015	Q1-Q3 2016	Pro forma Q1-Q3 2015	Pro forma 2015
Revenue		155.8	236.7	526.4	668.0	854.3
Port expenses, bunkers and commissions		-52.4	-71.9	-161.8	-215.2	-272.3
<b>Time charter equivalent earnings</b>		103.4	164.8	364.6	452.8	582.0
Charter hire		-5.4	-6.5	-16.3	-25.6	-31.4
Operating expenses		-47.9	-44.5	-150.3	-139.1	-189.6
<b>Gross profit (Net earnings from shipping activities)</b>	5	50.1	113.8	198.0	288.1	361.0
Administrative expenses		-9.8	-9.3	-31.4	-30.8	-41.9
Other operating expenses		-0.1	0.4	-0.3	0.0	0.0
Share of profit from joint ventures		0.0	0.0	0.0	-0.2	0.1
<b>EBITDA</b>		40.2	104.8	166.3	257.1	319.2
Amortizations and depreciation		-30.4	-26.6	-90.8	-73.4	-100.7
<b>Operating profit (EBIT)</b>		9.8	78.2	75.5	183.7	218.5
Financial income		0.7	0.1	2.8	1.2	1.4
Financial expenses		-8.7	-6.6	-30.1	-24.7	-32.1
<b>Profit before tax</b>		1.8	71.6	48.2	160.2	187.8
Tax		-0.2	-0.1	-0.8	-0.3	-1.1
<b>Net profit for the period</b>		1.6	71.5	47.4	159.9	186.7
<b>Earnings per share, EPS**</b>						
Earnings per share, EPS	USD	0.0	1.1	0.8	2.6	3.0
Earnings per share, EPS	DKK	0.2	7.6	5.1	17.1	20.5
Diluted earnings per share	USD	0.0	1.1	0.8	2.6	3.0
Diluted earnings per share	DKK	0.2	7.6	5.1	17.1	20.5

See page 11, "Basis for preparation of pro forma financial information adjusted for non-recurring items" for the basis for the preparation of the pro forma income statement and balance sheet.

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflect the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

\*\*) The key figures have been translated from USD to DKK using the average USD/DKK exchange rate for the period in question.

## Outlook

For the full year 2016, TORM expects a positive EBITDA in the range of USD 185 - 205m (revised from USD 210 – 250m) and a profit before tax in the range of USD 30 - 50m (revised from USD 50 – 90m).

As 5,680 earning days in 2016 are unfixed as at 30 September 2016, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 5.7m.

As at 30 September 2016, TORM had covered 23% of the remaining tanker earning days in 2016 at USD/day 16,396.

The table below shows the figures for the period from 1 October to 31 December 2016 and the full year figures for 2017 and 2018.

## Coverage of earning days

	2016	2017	2018	2016	2017	2018
Owned days						
LR2	732	2,855	4,160			
LR1	641	2,500	2,555			
MR	4,639	18,047	18,615			
Handysize	1,007	3,914	4,015			
<b>Total</b>	<b>7,019</b>	<b>27,315</b>	<b>29,345</b>			
Charter-in days at fixed rate						
LR2	-	-	-	-	-	-
LR1	-	-	-	-	-	-
MR	183	286	-	16,250	16,250	-
Handysize	-	-	-	-	-	-
<b>Total</b>	<b>183</b>	<b>286</b>	<b>-</b>	<b>16,250</b>	<b>16,250</b>	<b>-</b>
Charter-in days at floating rate						
LR2	183	726	340			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
<b>Total</b>	<b>183</b>	<b>726</b>	<b>340</b>			
Total physical days						
LR2	915	3,581	4,500	576	1,042	1,092
LR1	641	2,500	2,555	58	-	-
MR	4,822	18,332	18,615	971	1,589	1,095
Handysize	1,007	3,914	4,015	100	-	-
<b>Total</b>	<b>7,385</b>	<b>28,327</b>	<b>29,685</b>	<b>1,705</b>	<b>2,631</b>	<b>2,187</b>
Covered, %						
LR2	63%	29%	24%	20,894	24,200	24,198
LR1	9%	0%	0%	15,737	-	-
MR	20%	9%	6%	14,629	18,765	17,545
Handysize	10%	0%	0%	8,000	-	-
<b>Total</b>	<b>23%</b>	<b>9%</b>	<b>7%</b>	<b>16,396</b>	<b>20,918</b>	<b>20,868</b>

Fair value of freight rate contracts that are mark-to-market in the income statement (USD m):

Contracts not included above	0.0
Contracts included above	0.2

Note: Actual no. of days can vary from projected no. of days primarily due to vessel sales and delays of vessel deliveries. T/C-in days at fixed rate do not include effects from profit split arrangements. T/C-in days at floating rate determine rates at the entry of each quarter, and then TORM will receive approx. 10% profit/loss compared to this rate.

## Tanker segment results

During the third quarter of 2016, the product tanker market softened compared to the second quarter of 2016 despite a fundamentally strong underlying oil demand. The soft market was primarily a consequence of continued high gasoline and diesel stocks globally, which limited trade arbitrage opportunities for oil traders, and thereby limited the demand for transportation. Maintenance in the Far East Asian petrochemical sector and among European refineries also had a negative impact on the market, as petrochemicals and refiners turned to maintenance earlier than usual. On the positive side, refinery maintenance east of Suez was at a lower level than expected as maintenance was postponed. Looking ahead, expected inventory drawdowns have begun and with petrochemicals and European refiners coming back online, we maintain a positive outlook. Although the market has been soft, it remains volatile. In September a few days of reduced pipeline capacity in the North East USA saw MR rates spike until pipeline capacity was restored, which is a signal that it takes little to move the freight market in the current market environment.

In the West, trade volumes remained at healthy levels driven by the high gasoline demand in the US. However, earlier and heavier refinery maintenance in Europe and Russia had a negative effect on MR and Handy freight rates. In addition, the lack of movement of naphtha from Europe to Asia has reduced the natural demand for LRs in the Atlantic forcing them to compete on the normal MR trade routes adding downward pressure on freight levels. These factors have, together with the global destocking, kept freight rates at low levels compared to the previous quarter. On the positive side, as Europe and Russia come out of refinery maintenance, volumes should increase in the coming months as refineries will come back online. As maintenance in the Asian petrochemical sector starts to fade, the demand for LRs should also increase.

In the East, the LR market was negatively impacted mainly by both a weaker Far East Asia demand for naphtha and penetration into traditional LR2 routes by newly delivered VLCC and Suezmax vessels. The weaker naphtha demand was driven by a relatively low price of liquefied petroleum gas (LPG) compared to naphtha, causing petrochemicals to shift part of their naphtha consumption to LPG. Lower naphtha demand was also underpinned by an unusually high maintenance level in the petrochemical sector during the third quarter.

There was some VLCC and Suezmax penetration into traditional LR2 routes, which was due to the combination of a high number of newbuilding deliveries and a low VLCC and Suezmax freight market. Looking ahead, we expect the factors to reduce through a relative increase in LPG prices and increasing rates for VLCC/Suezmax vessels.

The global product tanker fleet (above 25,000 dwt) grew by 1.3% in the third quarter of 2016 (source: TORM).

During the third quarter of 2016, TORM's product tanker fleet realized average spot TCE earnings of USD/day 13,508, down 48% year-on-year, with the LR2 segment at USD/day 18,383 (45% down year-on-year), the LR1 segment at USD/day 17,291 (41% down year-on-year), the MR segment at USD/day 13,159 (47% down year-on-year) and the Handysize segment at USD/day 9,485 (61% down year-on-year).

TORM's gross profit for the third quarter of 2016 was USD 50.1m. Operational data per vessel type is shown in the table on the next page.

Tanker segments (includes Njord and TORM vessels up until 13 July 2015)	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Change Q3 15 - Q3 16	12 month avg.	2016 weighted avg
<b>LR2 (Aframax, 90-110,000 dwt)</b>								
Available earning days	872	883	893	811	867	-1%		
Spot rates 1)	33,623	25,946	23,754	21,868	18,383	-45%	22,735	21,287
TCE per earning day 2)	34,024	25,127	22,598	21,875	22,031	-35%	22,932	22,179
Operating days	920	920	910	910	920	0%		
Operating expenses per operating day 3)	7,240	9,672	9,773	8,574	7,749	7%	8,941	8,695
<b>LR1 (Panamax 75-85,000 dwt)</b>								
Available earning days	628	600	637	635	642	2%		
Spot rates 1)	29,141	20,929	22,306	19,018	17,291	-41%	19,924	19,634
TCE per earning day 2)	28,939	21,031	22,305	20,235	18,219	-37%	20,435	20,248
Operating days	644	644	637	637	644	0%		
Operating expenses per operating day 3)	7,257	7,410	8,238	7,178	7,180	-1%	7,501	7,531
<b>MR (45,000 dwt)</b>								
Available earning days	3,878	4,047	4,448	4,651	4,778	23%		
Spot rates 1)	24,599	18,694	19,393	17,417	13,159	-47%	16,954	16,516
TCE per earning day 2)	24,692	18,578	19,449	17,085	13,388	-46%	17,023	16,570
Operating days	3,864	4,216	4,553	4,641	4,692	21%		
Operating expenses per operating day 3)	6,682	6,869	6,966	6,654	6,309	-6%	6,693	6,640
<b>Handy (35,000 dwt)</b>								
Available earning days	913	975	995	954	902	-1%		
Spot rates 1)	24,180	18,888	17,230	14,823	9,485	-61%	15,522	14,214
TCE per earning day 2)	22,897	19,005	17,567	14,680	9,635	-58%	15,344	14,092
Operating days	1,012	1,012	1,001	1,001	1,012	0%		
Operating expenses per operating day 3)	6,590	7,074	6,684	6,442	6,506	-1%	6,677	6,544
<b>Total Tanker segments</b>								
Available earning days	6,291	6,505	6,973	7,051	7,188	14%		
Spot rates 1)	26,089	19,739	19,680	17,457	13,508	-48%	17,498	16,829
TCE per earning day 2)	26,148	19,757	19,845	17,594	14,391	-45%	17,837	17,248
Operating days	6,440	6,792	7,101	7,189	7,268	13%		
Operating expenses per operating day 3)	6,805	7,331	7,400	6,914	6,596	-3%	7,054	6,967

1) Spot rates = Time Charter Equivalent Earnings for all charters with less than six months' duration = Gross freight income less bunker, commissions and port expenses.

2) TCE = Time Charter Equivalent Earnings = Gross freight income less bunker, commissions and port expenses.

3) Operating expenses are related to owned vessels.

## TORM fleet development

As of 30 September 2016, TORM's operated fleet is shown in the table below. In addition to the 77 owned product tankers, TORM had chartered-in four product tankers.

TORM has four LR2 newbuildings on order with expected delivery between the fourth quarter of 2017 and the second quarter of 2018. In addition, TORM has an option to purchase up to six additional vessels within the LR2, LR1 or MR segments with expected delivery in 2018 and 2019.

	Q2 2016	Changes	Q3 2016	Changes	2016	Changes	2017	Changes	2018
<b>Owned vessels</b>									
LR2	8	-	8	-	8	1	9	3	12
LR1	7	-	7	-	7	-	7	-	7
MR	51	-	51	-	51	-	51	-	51
Handysize	11	-	11	-	11	-	11	-	11
<b>Total</b>	<b>77</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>77</b>	<b>1</b>	<b>78</b>	<b>3</b>	<b>81</b>
<b>Charter-in vessels</b>									
LR2	2	-	2	-	2	-	2	-2	0
LR1	0	-	0	-	0	-	0	-	0
MR	2	-	2	-	2	-2	0	-	0
Handysize	0	-	0	-	0	-	0	-	0
<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-2</b>	<b>2</b>	<b>-2</b>	<b>0</b>
<b>Total fleet</b>	<b>81</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>81</b>	<b>-1</b>	<b>80</b>	<b>1</b>	<b>81</b>

## Notes on the financial reporting

### Accounting policies

The interim report for the period 1 January – 30 September 2016 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The interim report has been prepared using the accounting policies of TORM plc that are consistent with the accounting policies as for the Annual Report for 2015 for TORM A/S including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2016. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2015 for TORM A/S. The interim report for the first nine months of 2016 is unaudited, in line with normal practice.

Please refer to "Accounting for Corporate Reorganization" on page 13 for further details on the Corporate Reorganization.

### Income statement

The comparison in the review of the income statement is done using 2015 pro forma figures.

The gross profit for the third quarter of 2016 was USD 50.1m, down from a pro forma level in the third quarter of 2015 of USD 113.8m mainly due to a reduction in freight rates.

Administrative costs in the third quarter of 2016 were USD 9.8m (2015, same period, pro forma: USD 9.3m).

The result before depreciation (EBITDA) for the third quarter of 2016 was USD 40.2m (2015, same period, pro forma: USD 104.8m).

Depreciation in the third quarter of 2016 was USD 30.4m, compared to a pro forma level of USD 26.6m in the third quarter of 2015. The increase is primarily due to an increase in the asset base from additions to the fleet and higher capitalized dry-docking costs.

The primary operating result (EBIT) for the third quarter of 2016 was USD 9.8m (2015, same period, pro forma: USD 78.2m).

The third quarter of 2016 had financial expenses of USD 8.7m which is an increase compared to a pro forma level of USD 6.6m in the third quarter of 2015. The increase is primarily due to an increase in TORM's interest expenses as a result of an increased interest level and fixings of TORM's long-term interest exposure.

The result after tax for the third quarter of 2016 was USD 1.6m (2015, same period, pro forma: USD 71.5m).

### Assets

Total assets were USD 1,761m as of 30 September 2016.

The carrying value of the fleet including prepayments was USD 1,577m as of 30 September 2016 excluding outstanding installments on the LR2 newbuildings of USD 158m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,541m as of 30 September 2016.

### Debt

Net interest-bearing debt amounted to USD 610m as of 30 September 2016. As of 30 September 2016, TORM was in compliance with the financial covenants.

### Equity

TORM's equity was USD 963m as of 30 September 2016. TORM held treasury shares as of 30 September 2016 equivalent to 0.5% of the Company's share capital.

### Liquidity

As of 30 September 2016, TORM's available liquidity was USD 152m and consisted of cash and cash equivalents of USD 77m and undrawn credit facilities of USD 75m. In addition, TORM has an

undrawn USD 115m facility in place to finance the LR newbuilding program. TORM had CAPEX commitments of USD 158m, all related to the LR2 newbuldings.

#### Post balance sheet events

On 14 October, TORM plc re-established a long-term incentive program, the program replaces the original long-term incentive program established by TORM A/S. The re-establishment of the long-term incentive program is a consequence of the corporate reorganization of the TORM Group, where TORM A/S shares were replaced by TORM plc shares.

On 11 November 2016, TORM signed a term sheet with Danish Ship Finance (DSF) providing USD 30m of new financing with six-year maturity against collateral in TORM Loke and TORM Troillus. The loan agreement will be a new tranche on the Company's existing DSF loan agreements.

#### Basis for preparation of pro forma financial information adjusted for non-recurring items

On 13 July 2015, TORM, its lenders and Oaktree Capital Management ("Oaktree") completed a comprehensive restructuring ("Restructuring") of TORM's balance sheet. In return for a vessel contribution by means of the shares in OCM (Gibraltar) Njord Midco Ltd. ("Njord"), Oaktree obtained a controlling equity stake in TORM. The Restructuring is explained further in the Annual Report for TORM A/S for 2015 on page 20. Njord is considered the accounting acquirer and the continuing reporting entity. Reported comparative figures up to the date of completion of the Restructuring, presented in these consolidated interim financial statements, reflect the activity of Njord only, whereas for the full year 2015 from the date of the completion of the restructuring reflects the combined activities of TORM and Njord. For the purpose of comparing the financial performance in the second quarter of 2016 with the performance of the combined business for the second quarter of 2015 and for the full year 2015, TORM has presented pro forma financial information of Former TORM and "Njord" adjusted for non-recurring items. "Former TORM" refers to the historical financial statements of TORM A/S, the accounting acquiree, prior to the contribution of Njord.

TORM has prepared pro forma financial information by performing consolidation and elimination of all significant transactions between Former TORM and Njord for the period 1 January to 30 September 2015 and for the period 1 January to 31 December 2015, respectively.

Pro forma adjustments give effect to the completion of the Restructuring, which also reflects the write-down of part of TORM's debt to current asset values against issuance of Consideration Warrants, the exchange of part of Former TORM's debt for equity and, subject to certain adjustments, reinstatement of Former TORM's remaining debt under the New Term Facility Agreement. The pro forma income statements for the period up to the completion of the Restructuring and for the full year 2015 have been prepared as though the Restructuring occurred as of 1 January 2015.

The pro forma adjustments and adjustments for non-recurring items are based on available information and assumptions that TORM believes are reasonable. Such adjustments are based on estimates and may be subject to change.

For the purpose of the pro forma financial information, the initial purchase price allocation is based upon the estimated fair value of assets and liabilities of Former TORM as of 1 January 2015, and the pro forma adjustments consist of the differences between those fair values and the carrying amount of the same assets and liabilities as of 1 January 2015 except for write-down of debt.

For the purpose of the pro forma financial information, the write-down of part of Former TORM's debt to current asset values against issuance of warrants and the exchange of part of Former TORM's debt for equity are the actual numbers despite the carrying amount of the debt as of 1 January 2015 being different from the amount of the date of the Restructuring.

The impact of the write-down of debt and the cost incurred to effect the business combination have not been incorporated in the pro forma income statements, as the pro forma financial information has been prepared as though the Restructuring took place as of 1 January 2015. The pro forma income statement has been adjusted for costs incurred in relation to the Restructuring as they are deemed non-recurring items.

Furthermore, the following pro forma adjustments have been made to the unadjusted financial information of Former TORM and Njord:

- 1) Elimination of revenue generated and costs incurred in connection with the chartering of three vessels from Njord to Former TORM.
- 2) In 2011, Former TORM sold two LR2 tankers at prices above market and leased them back on seven-year bareboat contracts. The excess profit arising from the sales was recognized as deferred income and amortized over the term of the leases. In connection with the purchase price allocation, no new value has been allocated to these contracts, as it has been determined that the charter rate according to the agreements approximates the current market rate. Accordingly, the amortized income recognized up until the completion of the Restructuring has been reversed to reflect the situation as if the purchase price allocation occurred on 1 January 2015. Furthermore, there have been added amortizations of the value allocated to time charter contracts as part of the purchase price allocation on 1 January 2015 calculated as the difference between the contract value and the fair value of the monthly time charter as of the date of the Restructuring.
- 3) Depreciations up until the completion of the Restructuring on vessels are reduced to reflect that the depreciable amount would have been reduced, had the vessels been adjusted to fair values as of 1 January 2015 in connection with the purchase price allocation. No adjustments have been made to depreciations on other tangible assets.
- 4) Former TORM disposed of its investment in Danish Ship Finance in connection with the Restructuring. For the presentation of the pro forma income statement, dividend received up until the completion of the Restructuring has been reversed.
- 5) In 2015, Former TORM recognized financial expenses related to amortized borrowing costs and an amortization of the cash flow hedging reserve generated by interest rate swaps that were cancelled in connection with the 2012-Restructuring. For pro forma presentation purposes, amortized borrowing costs and amortized hedging reserve costs are reversed to reflect that had the Restructuring occurred as of 1 January 2015, any unamortized borrowing costs and hedge reserves would have been eliminated. The reason is that such borrowing costs and hedge reserves would not have been part of the purchase price allocation.
- 6) As part of the Restructuring, Former TORM's debt was significantly reduced. Consequently, for pro forma presentation purposes, interest expenses are reduced to reflect that had the Restructuring occurred as of 1 January 2015, the interest-bearing debt would have been lower.

Advisor fees incurred by Former TORM and directly related to the Restructuring have further been reversed as they are considered of non-recurring nature.

Pro forma figures for Q3 2015 have been adjusted in comparison to reported figures in the third quarterly report issued 11 November 2015. The adjustment relates to the figures presented in the issued report was subject to change.

#### **Accounting for Corporate Reorganization**

On 15 April 2016, TORM established a new corporate structure of the TORM Group (the "Corporate Reorganization"). The Corporate Reorganization involved the insertion of a UK parent company, TORM plc, where the former shareholders of TORM A/S exchanged their shares in TORM A/S with shares in TORM plc and a relisting on Nasdaq Copenhagen of TORM plc. The Corporate Reorganization was supported by 97.6% of TORM A/S' shareholders. In addition, TORM plc acquired the shares from the remaining TORM A/S minority shareholders not accepting the share transfer in a squeeze-out transaction for an amount of USD 20m.

The Corporate Reorganization is accounted for as a capital restructuring, where the assets and liabilities of TORM A/S and its subsidiaries are accounted for at their historical cost basis and not revalued at market value.

The consolidated financial statements for the TORM Group is presented in the legal name of TORM plc, but is a continuation of the financial statements of TORM A/S with a retroactive adjustment of the legal capital of the legal parent (TORM plc). The consolidated financial results

reflect the activities for TORM A/S only for 2015 and the period from 1 January 2016 until 15 April 2016, whereas the remaining period of 2016 will reflect the combined activity of TORM plc and TORM A/S.

TORM's equity is affected negatively by the Corporate Reorganization by USD 6m primarily caused by advisor fees in connection with the incorporation and listing of TORM plc and by the squeeze-out transaction of USD 20m.

#### **ABOUT TORM**

TORM is one of the world's leading carriers of refined oil products. 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. TORM's shares are listed on Nasdaq Copenhagen (ticker: TRMD A). For further information, please visit [www.torm.com](http://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 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, 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.

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.

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## Statement by the Board of Directors

The Board of Directors have today discussed and adopted this interim report of TORM plc for the period 1 January – 30 September 2016.

The interim report for the period 1 January – 30 September 2016 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

In our opinion, the interim report gives a true and fair view of the Group's financial position as of 30 September 2016 as well as of the Group's financial performance and cash flows for the period 1 January - 30 September 2016.

We also believe that the management report contains a fair review of the development and performance of the Group's business and of the financial position as a whole, together with a description of the principal risks and uncertainties that the Group is facing.

**London, 15 November 2016**

### **Board of Directors**

Christopher Boehringer, Chairman

David Weinstein, Deputy Chairman

Torben Janholt

Göran Trapp

Jacob Meldgaard, Executive Director

## Consolidated income statement\*

USDm	Note	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
Revenue		155.8	215.5	526.4	354.2	540.4
Port expenses, bunkers and commissions		-52.4	-65.7	-161.8	-112.6	-169.6
<b>Time charter equivalent earnings</b>		103.4	149.8	364.6	241.6	370.8
Charter hire		-5.4	-6.1	-16.3	-6.1	-12.0
Operating expenses		-47.9	-40.0	-150.3	-72.5	-122.9
<b>Gross profit (Net earnings from shipping activities)</b>	5	50.1	103.7	198.0	163.0	235.9
Administrative expenses		-9.8	-8.2	-31.4	-8.5	-19.5
Other operating expenses		-0.1	0.2	-0.3	-6.3	-6.3
Share of profit from joint ventures		0.0	0.0	0.0	0.0	0.2
<b>EBITDA</b>		40.2	95.7	166.3	148.2	210.3
Amortizations and depreciation		-30.3	-24.3	-90.8	-40.0	-67.3
<b>Operating profit (EBIT)</b>		9.9	71.4	75.5	108.2	143.0
Financial income		0.6	0.1	2.8	0.4	0.9
Financial expenses		-8.7	-6.5	-30.1	-9.1	-16.9
<b>Profit before tax</b>		1.8	65.0	48.2	99.5	127.0
Tax		-0.2	-0.2	-0.8	-0.2	-1.0
<b>Net profit for the period</b>		1.6	64.8	47.4	99.3	126.0
<b>Earnings per share, EPS**</b>						
Earnings per share, EPS	USD	0.0	1.0	0.8	1.6	2.0
Earnings per share, EPS	DKK	0.2	6.9	5.1	10.7	13.8
Diluted earnings per share	USD	0.0	1.0	0.8	1.6	2.0
Diluted earnings per share	DKK	0.2	6.9	5.1	10.6	13.8

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflects the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflect the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

\*\*) The key figures have been translated from USD to DKK using the average USD/DKK exchange rate for the period in question.

## Consolidated income statement per quarter\*

USDm	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenue	155.8	176.9	193.7	186.2	215.5
Port expenses, bunkers and commissions	-52.4	-54.2	-55.3	-57.0	-65.7
<b>Time charter equivalent earnings</b>	<b>103.4</b>	<b>122.7</b>	<b>138.4</b>	<b>129.2</b>	<b>149.8</b>
Charter hire	-5.4	-5.5	-5.4	-5.9	-6.1
Operating expenses	-47.9	-49.7	-52.6	-50.4	-40.0
<b>Gross profit (Net earnings from shipping activities)</b>	<b>50.1</b>	<b>67.5</b>	<b>80.4</b>	<b>72.9</b>	<b>103.7</b>
Administrative expenses	-9.8	-10.9	-10.7	-11.0	-8.2
Other operating expenses	-0.1	0.0	-0.2	0.0	0.2
Share of profit from joint ventures	0.0	0.0	0.0	0.2	0.0
<b>EBITDA</b>	<b>40.2</b>	<b>56.6</b>	<b>69.5</b>	<b>62.1</b>	<b>95.7</b>
Amortizations and depreciation	-30.3	-31.6	-28.9	-27.3	-24.3
<b>Operating profit (EBIT)</b>	<b>9.9</b>	<b>25.0</b>	<b>40.6</b>	<b>34.8</b>	<b>71.4</b>
Financial income	0.6	1.1	1.1	0.5	0.1
Financial expenses	-8.7	-10.9	-10.5	-7.8	-6.5
<b>Profit before tax</b>	<b>1.8</b>	<b>15.2</b>	<b>31.2</b>	<b>27.5</b>	<b>65.0</b>
Tax	-0.2	-0.2	-0.3	-0.8	-0.2
<b>Net profit for the period</b>	<b>1.6</b>	<b>15.0</b>	<b>30.9</b>	<b>26.7</b>	<b>64.8</b>
<b>Earnings per share, EPS</b>					
Earnings per share, EPS	USD	0.0	0.2	0.5	0.5
Earnings per share, EPS	DKK	0.2	1.6	3.3	3.4
Diluted earnings per share	USD	0.0	0.2	0.5	0.5
Diluted earnings per share	DKK	0.2	1.6	3.3	3.4

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflect the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

## Consolidated statement of comprehensive income\*

USDm	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	2015
<b>Net profit for the period</b>	1.6	64.8	47.4	99.3	126.0
<b>Other comprehensive income:</b>					
<b>Items that subsequently may be reclassified to profit or loss:</b>					
Exchange rate adjustment arising from translation of entities using a measurement currency different from USD	0.0	0.0	0.0	0.0	0.2
Fair value adjustment on hedging instruments	3.8	-1.1	-8.0	-1.1	1.0
Value adjustment on hedging instruments transferred to income statement	0.6	0.3	0.3	0.3	0.3
<b>Other comprehensive income after tax**</b>	<b>4.4</b>	<b>-0.8</b>	<b>-7.7</b>	<b>-0.8</b>	<b>1.5</b>
<b>Total comprehensive income</b>	<b>6.0</b>	<b>64.0</b>	<b>39.7</b>	<b>98.5</b>	<b>127.5</b>

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflect the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

\*\*) No income tax was incurred relating to other comprehensive income items

## Consolidated balance sheet – Assets

USDm	Note	30 September 2016	30 September 2015	31 December 2015
<b>NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>				
Goodwill	1	11.4	11.4	11.4
Total intangible assets		11.4	11.4	11.4
<b>Tangible fixed assets</b>				
Vessels and capitalized dry-docking	1, 2	1,543.0	1,324.2	1,492.0
Prepayments on vessels	3	34.2	97.9	72.6
Other plant and operating equipment		1.7	2.4	2.5
Total tangible fixed assets		1,578.9	1,424.5	1,567.1
<b>Financial assets</b>				
Investment in joint ventures		0.3	0.3	0.3
Total financial assets		0.3	0.3	0.3
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,590.6</b>	1,436.2	1,578.8
<b>CURRENT ASSETS</b>				
Bunkers		28.9	31.8	25.6
Freight receivables		54.6	92.1	83.1
Other receivables		3.7	13.2	5.7
Prepayments		5.7	6.5	5.9
Cash and cash equivalents		77.4	169.7	168.3
<b>Total current assets excluding assets held-for-sale</b>		<b>170.3</b>	313.3	288.6
Assets held-for-sale		0.0	17.6	0.0
<b>TOTAL CURRENT ASSETS</b>		<b>170.3</b>	330.9	288.6
<b>TOTAL ASSETS</b>		<b>1,760.9</b>	1,767.1	1,867.4

## Consolidated balance sheet – Equity and liabilities

USDm	Note	30 September 2016	30 September 2015	31 December 2015
<b>EQUITY</b>				
Common shares		0.6	0.6	0.6
Special reserves		0.0	0.0	0.0
Treasury shares		-2.9	-0.2	0.0
Hedging reserves		-6.3	-0.8	1.4
Translation reserves		0.2	0.0	0.2
Retained profit		971.5	947.4	973.8
<b>TOTAL EQUITY</b>		<b>963.1</b>	<b>947.0</b>	<b>976.0</b>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liability		45.0	45.1	45.1
Mortgage debt and bank loans	4	585.0	673.4	717.5
Finance lease liabilities		15.0	13.8	12.9
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>645.0</b>	<b>732.3</b>	<b>775.5</b>
<b>CURRENT LIABILITIES</b>				
Mortgage debt and bank loans	4	86.2	16.2	48.7
Finance lease liabilities		0.8	0.0	0.6
Trade payables		21.5	26.9	22.3
Current tax liabilities		1.9	1.8	1.8
Other liabilities		42.2	42.5	42.1
Deferred income		0.2	0.4	0.4
<b>TOTAL CURRENT LIABILITIES</b>		<b>152.8</b>	<b>87.8</b>	<b>115.9</b>
<b>TOTAL LIABILITIES</b>		<b>797.8</b>	<b>820.1</b>	<b>891.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,760.9</b>	<b>1,767.1</b>	<b>1,867.4</b>

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## Consolidated statement of changes in equity for the period 1 January – 30 September 2016

	Common shares*	Special reserves**	Treasury shares	Hedging reserves	Translation reserves	Retained profit	Total
<b>USDm</b>							
Balance as of 1 January 2016, as shown in the financial statements of TORM A/S	141.9	61.0	-0.2	1.4	0.2	771.7	976.0
Effect as of 1 January 2016 of the Exchange Offer	-141.3	-61.0	0.2	-	-	202.1	-
<b>Equity as of 1 January 2016</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>1.4</b>	<b>0.2</b>	<b>973.8</b>	<b>976.0</b>
<b>Comprehensive income for the period:</b>							
Net profit for the period	-	-	-	-	-	47.4	47.4
Other comprehensive income for the period	-	-	-	-7.7	-	-	-7.7
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-7.7</b>	<b>-</b>	<b>47.4</b>	<b>39.7</b>
Shareholders' contribution	-	-	-	-	-	-	-
Corporate reorganization TORM plc	-	-	-	-	-	-6.6	-6.6
Acquisition outstanding shares in TORM A/S, cost ***	-	-	-	-	-	-19.6	-19.6
Acquisition treasury shares, cost	-	-	-2.9	-	-	-	-2.9
Share-based compensation	-	-	-	-	-	1.5	1.5
Dividend paid	-	-	-	-	-	-25.0	-25.0
<b>Total changes in equity Q3 2016</b>	<b>-</b>	<b>-</b>	<b>-2.9</b>	<b>-7.7</b>	<b>-</b>	<b>-2.3</b>	<b>-12.9</b>
<b>Equity as of 30 September 2016</b>	<b>0.6</b>	<b>-</b>	<b>-2.9</b>	<b>-6.3</b>	<b>0.2</b>	<b>971.5</b>	<b>963.1</b>

\* Common shares have been adjusted to reflect the nominal capital of TORM plc.

\*\* The special reserves were established in conjunction with a capital increase in TORM in 2012. In accordance with the Danish Companies Act, the special reserves can be used by the Board of Directors to distribute dividends or for other purposes that the Board of Directors may deem appropriate.

\*\*\* Relates to the squeeze out of remaining minority shareholders in TORM A/S.

## Consolidated statement of changes in equity for the period 1 January – 30 September 2015

	Common shares*	Special reserves**	Treasury shares	Hedging reserves	Translation reserves	Retained profit	Total
<b>USDm</b>							
Balance as of 1 January 2015, as shown in the financial statements of TORM A/S	88.0	-	-	-	-	381.5	469.5
Effect as of 1 January 2015 of the Exchange Offer	-87.4	-	-	-	-	87.4	-
<b>Equity as of 1 January 2015</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>468.9</b>	<b>469.5</b>
<b>Comprehensive income for the period:</b>							
Net profit for the period	-	-	-	-	-	99.3	99.3
Other comprehensive income for the period	-	-	-	-0.8	-	-	-0.8
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.8</b>	<b>-</b>	<b>99.3</b>	<b>98.5</b>
Shareholders' contribution	-	-	-	-	-	14.0	14.0
Reverse acquisition of TORM A/S	-	-	-	-	-	367.8	367.8
Transaction costs related to share issue	-	-	-	-	-	-2.6	-2.6
Acquisition treasury shares, cost	-	-	-0.2	-	-	-	-0.2
Share-based compensation	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
<b>Total changes in equity Q3 2015</b>	<b>-</b>	<b>-</b>	<b>-0.2</b>	<b>-0.8</b>	<b>-</b>	<b>478.5</b>	<b>477.5</b>
<b>Equity as of 30 September 2015</b>	<b>0.6</b>	<b>-</b>	<b>-0.2</b>	<b>-0.8</b>	<b>-</b>	<b>947.4</b>	<b>947.0</b>

\* Common shares have been adjusted to reflect the nominal capital of TORM plc.

\*\* The special reserves were established in conjunction with a capital increase in TORM in 2012. In accordance with the Danish Companies Act, the special reserves can be used by the Board of Directors to distribute dividends or for other purposes that the Board of Directors may deem appropriate.

## Consolidated statement of cash flow\*

USDm	Q3 2016	Q3 2015	2015
<b>Cash flow from operating activities</b>			
Operating profit	9.9	71.4	143.0
Adjustments:			
Reversal of amortizations and depreciation	30.4	24.3	67.3
Reversal of share of results of joint ventures	0.0	0.0	-0.2
Reversal of other non-cash movements	0.0	-0.2	-0.9
Dividends received from joint ventures	0.0	0.0	0.2
Interest received and exchange rate gains	0.4	0.3	0.6
Interest paid and exchange rate losses	-8.3	-2.9	-12.4
Income taxes paid/repaid	-0.2	0.2	-0.6
Change in bunkers, accounts receivables and payables	6.2	-12.8	17.0
<b>Net cash flow from operating activities</b>	<b>38.4</b>	<b>80.3</b>	<b>214.0</b>
<b>Cash flow from investing activities</b>			
Investment in tangible fixed assets	-18.0	-31.5	-253.9
Cash from business combination	0.0	77.5	77.5
Sale of non-current assets (vessels)	0.0	0.0	17.6
<b>Net cash flow from investing activities</b>	<b>-18.0</b>	<b>46.0</b>	<b>-158.8</b>
<b>Cash flow from financing activities</b>			
Borrowing, mortgage debt	0.0	0.0	93.1
Repayment/redemption, mortgage debt	-32.4	-4.7	-29.2
Repayment/redemption, finance lease liabilities	-0.3	0.0	0.0
Dividend paid	-25.0	0.0	0.0
Shareholders' contribution	0.0	0.0	14.0
Transaction costs share issue	0.0	-2.6	-2.7
Purchase outstanding shares in TORM A/S	0.0	0.0	0.0
Purchase/disposals of treasury shares	-2.3	-0.2	-0.2
<b>Net cash flow from financing activities</b>	<b>-60.0</b>	<b>-7.5</b>	<b>75.0</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>-39.6</b>	<b>118.8</b>	<b>130.2</b>
Cash and cash equivalents, beginning balance	117.0	50.9	38.1
<b>Cash and cash equivalents, ending balance</b>	<b>77.4</b>	<b>169.7</b>	<b>168.3</b>
Of which restricted cash equivalents	6.3	14.6	14.3
<b>Non-restricted cash and cash equivalents</b>	<b>71.1</b>	<b>155.1</b>	<b>154.0</b>

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflect the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

## Consolidated quarterly statement of cash flow\*

USDm	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
<b>Cash flow from operating activities</b>					
Operating profit	9.9	25.0	40.6	34.8	71.4
Adjustments:					
Reversal of amortizations and depreciation	30.4	31.6	28.8	27.2	24.3
Reversal of share of results of joint ventures	0.0	0.0	0.0	-0.2	0.0
Reversal of other non-cash movements	0.0	-5.9	-0.1	-0.7	-0.2
Dividends received from joint ventures	0.0	0.0	0.0	0.2	0.0
Interest received and exchange rate gains	0.4	1.1	1.2	0.3	0.3
Interest paid and exchange rate losses	-8.3	-7.1	-9.1	-6.9	-2.9
Income taxes paid/repaid	-0.2	-0.2	-0.4	-0.8	0.2
Change in bunkers, accounts receivables and payables	6.2	-0.1	10.4	22.8	-12.8
<b>Net cash flow from operating activities</b>	<b>38.4</b>	<b>44.4</b>	<b>71.4</b>	<b>76.7</b>	<b>80.3</b>
<b>Cash flow from investing activities</b>					
Investment in tangible fixed assets	-18.0	-20.0	-64.5	-172.3	-31.5
Cash from business combination	0.0	0.0	0.0	0.0	77.5
Sale of non-current assets (vessels)	0.0	0.0	0.0	17.6	0.0
<b>Net cash flow from investing activities</b>	<b>-18.0</b>	<b>-20.0</b>	<b>-64.5</b>	<b>-154.7</b>	<b>46.0</b>
<b>Cash flow from financing activities</b>					
Borrowing, mortgage debt	0.0	19.3	0.0	93.1	0.0
Repayment/redemption, mortgage debt	-32.4	-29.5	-52.5	-16.4	-4.7
Repayment/redemption, finance lease liabilities	-0.3	-0.1	0.0	0.0	0.0
Dividend paid	-25.0	0.0	0.0	0.0	0.0
Shareholders' contribution	0.0	0.0	0.0	0.0	0.0
Transaction costs share issue	0.0	0.0	0.0	-0.1	-2.6
Purchase outstanding shares in TORM A/S	0.0	-19.2	0.0	0.0	0.0
Purchase/disposals of treasury shares	-2.3	-0.6	0.0	0.0	-0.2
<b>Net cash flow from financing activities</b>	<b>-60.0</b>	<b>-30.1</b>	<b>-52.5</b>	<b>76.6</b>	<b>-7.5</b>
<b>Net cash flow from operating, investing and financing activities</b>	<b>-39.6</b>	<b>-5.7</b>	<b>-45.6</b>	<b>-1.4</b>	<b>118.8</b>
Cash and cash equivalents, beginning balance	117.0	122.7	168.3	169.7	50.9
<b>Cash and cash equivalents, ending balance</b>	<b>77.4</b>	<b>117.0</b>	<b>122.7</b>	<b>168.3</b>	<b>169.7</b>
Of which restricted cash equivalents	6.3	5.0	17.9	14.3	14.6
<b>Non-restricted cash and cash equivalents</b>	<b>71.1</b>	<b>112.0</b>	<b>104.8</b>	<b>154.0</b>	<b>155.1</b>

\*) On 13 July 2015, TORM A/S, its lenders and Oaktree completed a restructuring. In return for a vessel contribution by means of the shares in Njord, Oaktree obtained a controlling equity stake in TORM A/S. Njord was considered the accounting acquirer and the continuing reporting entity. Reported comparative figures for the first two quarters of 2015, presented in the Consolidated Financial Statements reflect the activity of Njord only, whereas for the full year 2015 the period from the Restructuring Completion Date reflects the combined activities of TORM A/S and Njord in the name of the legal parent, TORM A/S.

On 15 April 2016 TORM established a new corporate structure of the TORM Group including insertion of a UK parent company, TORM plc. The Consolidated Financial Statements for the first quarter of 2016 reflect the combined activities of TORM A/S and Njord only, whereas the period from 15 April reflects the combined activities of TORM A/S, Njord and TORM plc.

## Notes

### Note 1 – Impairment test

As at 30 September 2016, Management performed a review of the recoverable amount of the assets by assessing the recoverable amount for the significant assets including goodwill within The Tanker Segment. As of 30 September 2016, the recoverable amount of the Tanker Segment was the value in use.

Based on the review, Management concluded that the assets within the Tanker Segment were not impaired as of 30 September 2016 as the value in use exceeds the carrying amount.

The assessment of the value in use of the Tanker Segment was based on the present value of the expected future cash flows. The methodology used for calculating the value in use is unchanged compared to prior years and accordingly the freight rate estimates in the period 2016 to 2018 are based on the Company's business plans. Beyond 2018, the freight rates are based on the 10-year historical average freight rates from Clarksons adjusted by the inflation rate.

The WACC is 6.8% as of 30 September 2016.

The 10-year historic average spot freight rates as of 30 September 2016 are as follows:

- LR2 USD/day 20,823 (30 September 2015: USD/day 22,960)
- LR1 USD/day 17,763 (30 September 2015: USD/day 19,707)
- MR USD/day 15,797 (30 September 2015: USD/day 17,299)
- Handysize USD/day 15,985 (30 September 2015: USD/day 18,568)

Management believes that these major assumptions are reasonable.

The calculation of the value in use is very sensitive to changes in the key assumptions which are considered to be related to the future development in freight rates, the WACC applied as discounting factor in the calculations and the development in operating expenses. The sensitivities have been assessed as follows, all other things being equal:

- An increase in the Tanker freight rates of USD/day 1,000 would result in an increase in the DCF value of USD 260m.
- A decrease of the WACC of 1.0% would result in an increase in the DCF value of USD 143m.
- An increase of the operating expenses of 10.0% would result in a decrease in the DCF value of USD 216m.
- A reduction of the inflation rate of 0.5 %-points would result in a decrease in the DCF value of USD 29m.
- As of 30 September 2016, the value in use approach exceeded book values by USD 109m.

As outlined above, the impairment tests have been prepared on the basis that the Company will continue to operate its vessels as a fleet in the current set-up. In comparison, the market value of TORM's vessels including the order book was USD 1,541m, which is USD 195m below the carrying amount.

### Note 2 - Vessels and capitalized dry-docking

USDm	30 September	30 September	31 December
	2016	2015	2015
<b>Cost:</b>			
Balance as of 1 January	1,567.5	530.1	530.1
Additions	34.9	21.9	112.0
Disposals	-18.7	-15.0	-18.6
Additions through business combinations	-	857.5	857.4
Transferred to/from other items	105.4	-18.0	104.6
Transferred to assets held-for-sale	-	-	-18.0
Balance	1,689.1	1,376.5	1,567.5
<b>Depreciation and impairments:</b>			
Balance as of 1 January	75.5	27.9	27.9
Disposals	-18.7	-15.0	-18.6
Depreciation for the year	89.3	39.7	66.5
Transferred to assets held-for-sale	-	-0.3	-0.3
Balance	146.1	52.3	75.5
Carrying amount	1,543.0	1,324.2	1,492.0

**Note 3 – Prepayments on vessels**

USDm	30 September	30 September	31 December
	2016	2015	2015
<b>Cost:</b>			
Balance as of 1 January	72.6	34.7	34.7
Additions	67.0	63.2	142.5
Disposals	0.0	0.0	0.0
Transferred to/from other items	-105.4	0.0	-104.6
Carrying amount	34.2	97.9	72.6

**Note 4 - Mortgage debt and bank loans**

USDm	30 September	30 September	31 December
	2016	2015	2015
<b>Mortgage debt and bank loans</b>			
To be repaid as follows:			
Falling due within one year	86.4	16.2	48.8
Falling due between one and two years	72.9	16.2	48.8
Falling due between two and three years	138.5	69.6	74.3
Falling due between three and four years	57.1	135.2	155.4
Falling due between four and five years	277.1	53.7	57.1
Falling due after five years	41.1	399.5	382.8
Total	673.1	690.4	767.2

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 1.9m (30 September 2015: 0.8m, 31 December 2015: 1.0m), which are amortized over the term of the loans.

As of 30 September 2016, TORM was in compliance with the financial covenants. TORM expects to remain in compliance with the financial covenants in 2016.

#### Note 5 – Segment information

USDm	Q1-Q3 2016			Q1-Q3 2015			<b>Total</b>	
	Tanker Segment	Bulk Segment	Not allocated	Total	Tanker Segment	Bulk Segment	Not allocated	
Revenue	526.4	-	-	526.4	353.0	1.2	-	354.2
Port expenses, bunkers and commissions	-161.8	-	-	-161.8	-112.0	-0.6	-	-112.6
<b>Time charter equivalent earnings</b>	<b>364.6</b>	-	-	<b>364.6</b>	241.0	0.6	-	<b>241.6</b>
Charter hire	-16.3	-	-	-16.3	-5.4	-0.7	-	-6.1
Operating expenses	-150.3	-	-	-150.3	-71.9	-0.6	-	-72.5
<b>Gross profit (Net earnings from shipping activities)</b>	<b>198.0</b>	-	-	<b>198.0</b>	163.7	-0.7	-	<b>163.0</b>
<b>(Segment result)</b>				-				-
Administrative expenses	-	-	-31.4	-31.4	-	-	-8.5	-8.5
Other operating expenses	-	-	-0.3	-0.3	-	-	-6.3	-6.3
<b>EBITDA</b>	<b>198.0</b>	-	-31.7	<b>166.3</b>	163.7	-0.7	-14.8	<b>148.2</b>
Amortizations and depreciation	-	-	-90.8	-90.8	-	-	-40.0	-40.0
<b>Operating profit (EBIT)</b>	<b>198.0</b>	-	-122.5	<b>75.5</b>	163.7	-0.7	-54.8	<b>108.2</b>
Financial income	-	-	2.8	2.8	-	-	0.4	0.4
Financial expenses	-	-	-30.1	-30.1	-	-	-9.1	-9.1
<b>Profit before tax</b>	<b>198.0</b>	-	-149.8	<b>48.2</b>	163.7	-0.7	-63.5	<b>99.5</b>
Tax	-	-	-0.8	-0.8	-	-	-0.2	-0.2
<b>Net profit for the period</b>	<b>198.0</b>	-	<b>-150.6</b>	<b>47.4</b>	<b>163.7</b>	-0.7	<b>-63.7</b>	<b>99.3</b>

During the year, there have been no transactions between the Tanker Segment and the Bulk Segment, and therefore all revenue derives from external customers.

#### Note 6 – Post-balance sheet date events

On 14 October, TORM plc re-established a long-term incentive program, the program replaces the original long-term incentive program established by TORM A/S. The re-establishment of the long-term incentive program is a consequence of the corporate reorganization of the TORM Group, where TORM A/S shares were replaced by TORM plc shares.

On 11 November 2016, TORM signed a term sheet with Danish Ship Finance (DSF) providing USD 30m of new financing with six-year maturity against collateral in TORM Loke and TORM Troillus. The loan agreement will be a new tranche on the Company's existing DSF loan agreements.

#### Note 7 - Accounting policies

The interim report for the period 1 January – 30 September 2016 is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The interim report has been prepared using the accounting policies of TORM plc that are consistent with the accounting policies of TORM A/S as for the Annual Report for 2015 including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2016. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report for 2015 of TORM A/S. The interim report for the first nine months of 2016 is unaudited, in line with normal practice.