

Quarterly update – Q2 2018

Optimistic on further dry cargo market improvements

“During the second quarter of 2018, we continued to build our activity in the dry cargo period market by replacing expensive time-chartered tonnage with attractively priced vessels improving our competitive position. We remain optimistic in terms of further dry cargo market improvements despite uncertainties related to tariffs and trade friction. Earnings for our gas carriers were in line with expectations despite the still difficult market for our largest vessels”, says CEO Mads P. Zachø.

Highlights

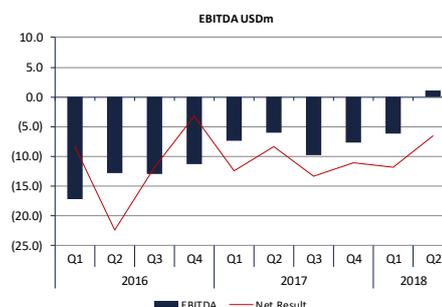
- Options to extend time-charter periods were declared for five handysize bulk carriers and an additional handysize bulk carrier was taken on medium-term time-charter.
- Three loss making long-term time-chartered handysize bulk carriers were redelivered to owners.
- One gas carrier was taken on medium-term time-charter and another was reflagged to the Danish International Register of Shipping (DIS) following two gas carriers that were reflagged to Danish flag early in 2018.

Business performance

In Q2, the average number of controlled bulk carriers were 79 compared to 83 in Q1 2018 and the average number of operated gas carriers reached 32, unchanged from Q1 2018.

The dry cargo handysize market experienced its normal weakening during Q2, however ending approximately 12% above the level one year ago. The market for small gas carriers also saw the usual seasonal weakening in Q2, however ending 1-3% above the levels recorded one year ago for larger semi-refrigerated and ethylene tonnage and about 50% higher for the smallest vessel segments.

Q2 EBITDA amounted to USDm 1.0 against USDm (6.0) in same period 2017. The improvement was primarily due to continued dry cargo market improvements, and particularly our core fleet performed better than expected. Gas carrier earnings also improved compared to same period in 2017.



Liquidity

At period end, cash and cash equivalents amounted to USDm 39, unchanged compared to period end Q1 2018.

Assets and liabilities

Total assets amounted to USDm 478, down from USDm 504 at year-end 2017. Solvency ratio was 51%, compared 52% at year-end 2017.

Contacts:

Mads P. Zachø, CEO, phone + 45 33 96 82 00 or + 45 61 55 50 80