

TORM A/S  
Form 6-K  
November 08, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13A-16 OR 15D-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2013

Commission File Number: 000-49650

TORM A/S

(Translation of registrant's name into English)

Tuborg Havnevej 18  
DK-2900 Hellerup  
Denmark

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): .

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): .

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Set forth herein as Exhibit 99.1 is a copy of Announcement No. 16 - 2013 issued by TORM A/S (the "Company"), to The Copenhagen Stock Exchange on November 5, 2013, announcing the Company's results for the third quarter of 2013.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TORM A/S  
(registrant)

Dated: November 8, 2013

By:

/s/ Jacob Meldgaard

Name: Jacob Meldgaard

Title: Chief Executive Officer

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## Third quarter report 2013

"The results for the third quarter of 2013 were in line with our expectations as TORM continued to benefit from improving market fundamentals and a strong operational platform. Our long-term view of the product tanker market remains positive. EBITDA for the first nine months of 2013 was USD 71 million, which was an improvement of USD 112 million compared to last year," says CEO Jacob Meldgaard. TORM realized a positive EBITDA of USD 11 million and a loss before tax of USD 40 million in the third quarter of 2013.

- EBITDA for the third quarter of 2013 was a gain of USD 11m (Q3 2012: USD -11m). The result before tax for the third quarter of 2013 was a loss of USD 40m (USD -78m). Cash flow from operating activities after interest payments was positive with USD 9m in the third quarter of 2013 (USD 6m).
- In the third quarter of 2013, the product tanker freight rates were at seasonally low levels although the product tanker segment benefitted from stronger market fundamentals compared to the same period of 2012. TORM's largest segment, MRs, achieved spot rates of USD/day 14,585 in the third quarter of 2013, which is up 37% year-on-year. The Tanker Division reported an EBITDA of USD 22m in the third quarter of 2013 (USD -8m).
- The freight rates for the relevant bulk segments stayed at depressed levels until the end of the third quarter of 2013, where the seasonal restocking of especially iron ore in China commenced. TORM's largest segment, Panamax, achieved TCE-earnings of USD/day 8,128, which is at par with the second quarter of 2013. The Bulk Division reported an EBITDA in the third quarter of 2013 of USD -11m (USD -3m).
- The book value of the fleet was USD 1,880m as of 30 September 2013. Based on broker valuations, TORM's fleet had a market value of USD 1,207m as of 30 September 2013. In accordance with IFRS, TORM estimates the product tanker fleet's total long-term earning potential each quarter based on discounted future cash flow. The estimated value of the fleet as of 30 September 2013 supports the carrying amount.
- Net interest-bearing debt amounted to USD 1,725m as at 30 September 2013, compared to USD 1,852m as at 30 June 2013. The decrease in the third quarter of 2013 is primarily a result of repayment of debt in connection with the delivery of the five vessels held for sale.
- As of 30 September 2013, TORM's available liquidity was USD 99m consisting of USD 31m in cash and USD 68m in undrawn credit facilities. There are no newbuildings on order or CAPEX commitments related hereto.
- Equity amounted to USD 190m as at 30 September 2013, equivalent to USD 0.3 per share (excluding treasury shares), giving TORM an equity ratio of 9%.
- By 30 September 2013, TORM had covered 20% of the tanker earning days in the fourth quarter of 2013 at USD/day 14,003 and 3% of the earning days in 2014 at USD/day 15,708. 55% of the bulk earning days in the fourth quarter of 2013 were covered at USD/day 11,558 and 12% of the 2014 earning days at USD/day 18,140.

- For the full year 2013, TORM has narrowed the forecasts to a positive EBITDA of USD 90-100m and a loss before tax of USD 110-120m. The forecasts are before any potential further vessel sales or impairment charges. TORM expects to remain in compliance with the financial covenants for 2013. In addition, TORM expects to be operational cash flow positive after all interest payments. As at 30 September 2013, 5,025 earning days for the fourth quarter of 2013 were unfixed meaning that a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 5m.

Conference call

TORM will be hosting a conference call for financial analysts and investors at 3 pm CET 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).

Contact TORM A/S

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## Key figures

	Q3		Q1-Q3		Q1-Q3		2012			
USDm	2013	2012	2013	2012	2013	2012	2013	2012		
Income statement										
Revenue	231.7	256.0	799.3	838.9	1,121.2					
Time charter equivalent earnings (TCE)	96.9	109.8	346.3	364.4	465.7					
Gross profit	24.6	3.1	113.0	31.0	-92.8					
EBITDA	10.8	-11.2	71.4	-41.2	-194.5					
Operating profit (EBIT)	-21.1	-46.4	-28.9	-186.0	-448.4					
Profit/(loss) before tax	-40.0	-77.6	-86.0	-288.2	-579.0					
Net profit/(loss)	-40.2	-78.5	-86.7	-289.3	-580.6					
Balance sheet										
Total assets	2,103.4	2,507.4	2,103.4	2,507.4	2,355.3					
Equity	190.4	358.3	190.4	358.3	267.3					
Total liabilities	1,913.0	2,149.1	1,913.0	2,149.1	2,088.0					
Invested capital	1,903.2	2,204.4	1,903.2	2,204.4	2,122.9					
Net interest bearing debt	1,724.9	1,858.2	1,724.9	1,858.2	1,867.9					
Cash flow										
From operating activities	8.8	5.6	47.2	5.6	-99.5					
From investing activities	120.8	-7.9	105.1	-7.9	0.3					
Thereof investment in tangible fixed assets	-13.2	-8.0	-29.6	-8.0	-59.4					
From financing activities	-124.3	-1.9	-150.1	-1.9	42.0					
Total net cash flow	5.3	-4.2	2.2	-4.2	-57.2					
Key financial figures										
Gross margins:										
TCE	41.8	%	42.9	%	43.3	%	43.4	%	41.5	%
Gross profit	10.6	%	1.2	%	14.1	%	3.7	%	-8.3	%
EBITDA	4.7	%	-4.4	%	8.9	%	-4.9	%	-17.3	%
Operating profit	-9.1	%	-18.1	%	-3.6	%	-22.2	%	-40.0	%
Return on Equity (RoE) (p.a.)*	-70.3	%	-62.7	%	-75.8	%	-75.9	%	-127.4	%
Return on Invested Capital (RoIC) (p.a.)**	-4.2	%	-8.0	%	-2.9	%	-10.5	%	-19.7	%
Equity ratio	9.1	%	14.3	%	9.1	%	14.3	%	11.4	%
Exchange rate USD/DKK, end of period	5.52		5.77		5.52		5.77		5.66	
Exchange rate USD/DKK, average	5.63		5.95		5.66		5.80		5.79	
Share related key figures										
Earnings per share, EPS USD	-0.1		-1.1		-0.1		-4.2		-3.3	

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Diluted earnings per share, EPS	USD	-0.1	-1.1	-0.1	-4.2	-3.3
Cash flow per share, CFPS	USD	0.0	0.1	0.1	0.1	-0.6
Share price, end of period (per share of DKK 0.01 each ***)	DKK	1.5	2.8	1.5	2.8	1.7
Number of shares, end of period	Million	728.0	72.8	728.0	72.8	728.0
Number of shares (excl. treasury shares), average	Million	721.3	69.6	721.3	69.6	178.2

\*) Earnings/losses from sale of vessels are not annualized when calculating the return on equity.

\*\*\*) Earnings/losses from sale of vessels are not annualized when calculating the Return on Invested Capital.

\*\*\*) Q3-2012: DKK 5.00  
each.

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## Results

The result before depreciation (EBITDA) for the third quarter of 2013 was a gain of USD 11m (USD -11m). The third quarter of 2013 had mark-to-market non-cash adjustments of USD 0m (USD 6m). The result before tax for the third quarter of 2013 was a loss of USD 40m (USD -78m).

The Tanker Division reported an operating result of USD -9m in the third quarter of 2013 (USD -42m).

The Bulk Division reported an operating result in the third quarter of 2013 of USD -12m (USD -4m).

USDm	Q3 2013			Q1-Q3 2013				
	Tanker Division	Bulk Division	Not allocated	Total	Tanker Division	Bulk Division	Not allocated	Total
Revenue	180.6	51.1	0.0	231.7	600.8	198.5	0.0	799.3
Port expenses, bunkers and commissions	-100.0	-35.4	0.0	-135.4	-318.2	-135.5	0.0	-453.7
Freight and bunker derivatives	0.1	0.5	0.0	0.6	0.1	0.6	0.0	0.7
Time charter equivalent earnings	80.7	16.2	0.0	96.9	282.7	63.6	0.0	346.3
Charter hire	-4.4	-24.2	0.0	-28.6	-17.2	-84.9	0.0	-102.1
Operating expenses	-42.8	-0.9	0.0	-43.7	-128.5	-2.7	0.0	-131.2
Gross profit (Net earnings from shipping activities)	33.5	-8.9	0.0	24.6	137.0	-24.0	0.0	113.0
Administrative expenses	-12.0	-2.3	0.0	-14.3	-36.1	-6.8	0.0	-42.9
Other operating income	0.5	0.0	0.0	0.5	0.8	0.1	0.0	0.9
Share of results of jointly controlled entities	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.4
EBITDA	22.0	-11.2	0.0	10.8	102.1	-30.7	0.0	71.4
Impairment losses on tangible and intangible assets	0.0	0.0	0.0	0.0	-5.0	0.0	0.0	-5.0
Amortizations and depreciation	-31.2	-0.7	0.0	-31.9	-93.1	-2.2	0.0	-95.3
Operating profit (EBIT)	-9.2	-11.9	0.0	-21.1	4.0	-32.9	0.0	-28.9
Financial income	-	-	0.4	0.4	-	-	3.2	3.2
Financial expenses	-	-	-19.3	-19.3	-	-	-60.3	-60.3
Profit/(loss) before tax	-	-	-18.9	-40.0	-	-	-57.1	-86.0
Tax	-	-	-0.2	-0.2	-	-	-0.7	-0.7
Net profit/(loss) for the period	-	-	-19.1	-40.2	-	-	-57.8	-86.7





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Outlook and coverage

For the full year 2013, TORM has narrowed the forecasts of a total positive EBITDA of USD 90-100m and a loss before tax of USD 110-120m. The forecasts are before potential further vessel sales or impairment charges. TORM expects to remain in compliance with the financial covenants for 2013. In addition, TORM expects to be operating cash flow positive after interest payments.

2013 forecast			USDm
EBITDA	90	to	100
Profit before tax	-110	to	-120
A change in freight rates of USD/day 1,000 impacts forecasts by			USD ±5M

As at 30 September 2013, TORM had covered 20% of the Tanker Division's earning days in the fourth quarter of 2013 at USD/day 14,003 and 55% of the Bulk Division's earning days in the same period at USD/day 11,558.

The table on the next page shows the figures for the period from 1 October to 31 December 2013. 2014 and 2015 are full year figures.

## Covered and chartered-in days in TORM

Date as of 9/30/2013

	2013	2014	2015	2013	2014	2015	
		Owned days					
LR2	651	2,904	2,880				
LR1	590	2,497	2,495				
MR	2,997	12,223	12,168				
Handysize	962	3,920	3,883				
Tanker Division	5,201	21,544	21,425				
Panamax	168	682	726				
Handymax	-	-	-				
Bulk Division	168	682	726				
Total	5,369	22,226	22,151				

	T/C-in days at fixed rate			T/C-in costs, USD/day		
LR2	-	-	-	-	-	-
LR1	-	-	-	-	-	-
MR	275	726	726	14,166	15,145	15,895
Handysize	-	-	-	-	-	-
Tanker Division	275	726	726	14,166	15,145	15,895
Panamax	662	1,816	1,676	11,577	12,393	12,225
Handymax	147	-	-	9,594	-	-
Bulk Division	809	1,816	1,676	11,216	12,393	12,225
Total	1,084	2,542	2,402	11,964	13,179	13,335

	T/C-in days at floating rate		
LR2	183	721	726
LR1	-	-	-
MR	-	-	-
Handysize	-	-	-
Tanker Division	183	721	726
Panamax	16	48	-
Handymax	91	363	363
Bulk Division	108	411	363
Total	291	1,132	1,089

	Total physical days			Covered days		
LR2	834	3,625	3,606	153	329	6

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LR1	590	2,497	2,495	206	174	-
MR	3,272	12,949	12,894	659	33	-
Handysize	962	3,920	3,883	100	194	-
Tanker Division	5,659	22,991	22,877	1,118	730	6
Panamax	846	2,546	2,402	426	-	-
Handymax	239	363	363	175	363	363
Bulk Division	1,085	2,909	2,765	601	363	363
Total	6,744	25,899	25,642	1,719	1,093	369

		Covered, %		Coverage rates, USD/day		
LR2	18	% 9	% 0	% 15,911	15,111	14,496
LR1	35	% 7	% 0	% 13,153	15,838	-
MR	20	% 0	% 0	% 13,859	13,360	-
Handysize	10	% 5	% 0	% 13,791	17,000	-
Tanker Division	20	% 3	% 0	% 14,003	15,708	14,496
Panamax	50	% 0	% 0	% 10,494	-	-
Handymax	73	% 100	% 100	% 14,144	18,140	18,287
Bulk Division	55	% 12	% 13	% 11,558	18,140	18,287
Total	25	% 4	% 1	% 13,148	16,516	18,228

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

Contracts not included above	0.0
Contracts include above	0.0

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 entry of each quarter, and then TORM will receive approx. 10% profit/loss compared to this rate.

## Tanker Division

In the third quarter of 2013, the product tanker freight rates were at seasonally low levels although the product tanker segment benefitted from stronger market fundamentals due to consumer-driven economic growth and the changing global refinery landscape.

In the West, the MR activity was stronger than expected driven by US exports of refined oil products. For instance, US refineries captured up to a record high 20% of the gasoline imports into West Africa during the third quarter of 2013. This has supported the demand for product tankers as it offers a longer ton-mile compared to the traditional trade from European refineries. In September, the US exports uniquely caused the freight rates for the traditional backhaul route with diesel from the US Gulf to Europe to be higher than for the fronthaul gasoline route from Europe to the US East Coast.

In the East, the LR market was initially negatively impacted by weak naphtha demand and continued clean-up of LR2 vessels from crude oil trades, thereby increasing available tonnage. In the third half of the quarter, LR freight rates improved due to increased activity in the Middle East and North Asia as well as arbitrage opportunities to Europe as a result of refinery maintenance and low refining margins. The MRs were affected by the traditionally low activity in the third quarter of 2013 and did not capitalize on the upturn to the same extent.

The global product tanker fleet (above 25,000 dwt) grew by 0.6% in the third quarter of 2013 (source: TORM).

The Tanker Division was well positioned to take advantage of the positive market sentiments. The LR2 spot rates were USD/day 11,350 in the third quarter of 2013, 16% lower than in the same period last year. The LR1 spot rates were at USD/day 15,282, up by 13% year-on-year, and TORM's largest segment (MR) was at USD/day 14,585, up by 37% year-on-year. The Handysize spot rates were at USD/day 11,389, up by 1% year-on-year.

The Tanker Division's operating loss for the third quarter of 2013 was USD 9m (USD -42m). There were mark-to-market effects of USD 0m.

Tanker Division	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Change Q3 12 - Q3 13	12 month avg.
LR2 (Aframax, 90-110,000 dwt)							
Available earning days	989	961	881	891	874	-12%	
Spot rates 1)	13,581	14,383	14,245	15,346	11,350	-16%	13,852
TCE per earning day 2)	11,082	10,025	14,595	15,711	10,775	-3%	12,727
Operating days	1,012	1,001	900	850	798	-21%	
Operating expenses per operating day 3)	6,800	6,437	6,586	7,718	7,697	13%	7,065

## LR1 (Panamax 75-85,000 dwt)

Available earning days	1,716	1,296	898	637	644	-62%	
Spot rates 1)	13,512	11,856	16,796	14,252	15,282	13%	14,206
TCE per earning day 2)	12,723	11,424	17,509	12,674	16,124	27%	14,097
Operating days	644	644	630	637	644	0%	
Operating expenses per operating day 3)	6,136	6,845	6,930	6,805	6,568	7%	6,786
MR (45,000 dwt)							
Available earning days	4,176	3,833	3,722	3,744	3,583	-14%	
Spot rates 1)	10,612	14,165	17,647	17,060	14,585	37%	15,865
TCE per earning day 2)	9,843	12,655	17,210	16,457	13,909	41%	15,053
Operating days	3,588	3,596	3,510	3,549	3,477	-3%	
Operating expenses per operating day 3)	6,825	7,355	7,189	7,164	6,999	3%	7,178
Handy (35,000 dwt)							
Available earning days	1,007	1,009	986	981	979	-3%	
Spot rates 1)	11,263	13,211	15,231	10,700	11,389	1%	12,641
TCE per earning day 2)	10,873	12,617	15,987	10,328	11,201	3%	12,539
Operating days	1,012	1,012	990	1,001	1,012	0%	
Operating expenses per operating day 3)	6,165	6,579	6,859	7,028	6,973	13%	6,859

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 woned vessels

## Bulk Division

The freight rates for the relevant bulk segments stayed at depressed levels until the end of the third quarter of 2013, where the seasonal restocking of especially iron ore in China commenced.

In the Atlantic spot market, the Panamax freight rates for round voyages fluctuated between USD/day 5,000 and USD/day 9,000 in July and August 2013. The month of September marked a seasonal turn-around with a rally in Capesize freight rates from USD/day 12-14,000 to approx. USD/day 40,000 driven by restocking of commodities. This had a positive spill-over effect on Panamax, and with the start of the US Gulf grain season freight rates increased to approx. USD/day 14,000. The Handymax market followed a similar pattern, although with a time lag.

The Pacific spot market remained slow in July and August 2013 with round voyages for Panamax continuing to hover around USD/day 5-6,000. In addition, there was low period charter activity as owners demanded a premium in anticipation of a stronger fourth quarter of 2013. As expected the market rebounded in late September.

The global bulk fleet grew by 1.0% in the third quarter of 2013 (source: TORM).

TORM's Panamax time charter equivalent (TCE) earnings in the third quarter of 2013 were USD/day 8,128 or 25% below the same period in 2012. The realized TCE earnings for Handymax during the third quarter of 2013 were USD/day 11,959, which is 21% higher than in the same period of 2012.

The Bulk Division's operating loss for the third quarter of 2013 was USD 12m (USD -4m). Unrealized non-cash mark-to-market effects were USD 0m in the third quarter of 2013 (USD 4m). The results for the third quarter of 2013 are negatively impacted by a write-down of USD 5m concerning freight receivables relating to primarily one customer (USD 0m). According to plan, TORM reduced its bulk activities during the third quarter of 2013 from 32 vessels to 19 vessels. Going forward, TORM will continue to operate the existing core fleet of approximately ten vessels.

Bulk Division	Q3 12	Q4 12	Q1 13	Q2 13	Q2 13	Change Q3 12 - Q3 13	12 month avg.
Panamax (60-80,000 dwt)							
Available earning days	1,205	1,726	2,072	2,312	1,617	34%	
TCE per earning day 1)	10,857	7,541	6,149	8,156	8,128	-25%	7,475
Operating days	184	184	180	182	184	0%	
Operating expenses per operating day 2)	4,212	5,271	4,660	5,364	4,750	13%	5,012
Handymax (40-55,000 dwt)							
Available earning days	757	762	848	1,105	736	-3%	
TCE per earning day 1)	9,916	11,076	7,504	9,881	11,959	21%	10,004
Operating days	-	-	-	-	-	-	
Operating expenses per operating day 2)	-	-	-	-	-	-	-

- 1) Spot rates = Time Charter Equivalent Earnings for all charters with less than 6 months' duration = Gross freight income less bunker, commissions and port expenses.
- 2) Operating expenses are related to owned vessels.

Please note that the effects from the write down of USD 5m is not included in the table above



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Fleet development

As stated in company announcement no. 8 dated 22 April 2013, TORM has sold five MR product tankers to entities controlled by Oaktree Capital Management (Oaktree). Oaktree has placed the five vessels under TORM's commercial management in a revenue sharing scheme and utilizes TORM's integrated operating platform for technical management. TORM retains an upside potential through a profit split mechanism if Oaktree generates a return above a specified threshold. The five vessels were delivered to Oaktree during the third quarter of 2013.

As of 30 September 2013, TORM's owned fleet consists of 60 product tankers and two dry bulk vessels. TORM has no newbuilding order book and therefore no CAPEX commitments related hereto.

TORM's operated fleet as at 30 September 2013 is shown in the table below. In addition to the 62 owned vessels, TORM had chartered-in five product tankers and seven bulk vessels on longer time charter contracts (minimum one year contracts) and 10 bulk vessels on shorter time charter contracts (less than one year contracts). Another 25 product tankers were either in pool or under commercial management with TORM.

# of vessels	Current fleet			Newbuildings and T/C-in deliveries with a period $\geq$ 12 months		
	Q2 2013	Changes	Q3 2013	2013	2014	2015
Owned vessels						
LR2	8.0	-	8.0			
LR1	7.0	-	7.0			
MR	39.0	-5.0	34.0			
Handysize	11.0	-	11.0			
Tanker Division	65.0	-5.0	60.0	-	-	-
Panamax	2.0	-	2.0			
Handymax		-	-			
Bulk Division	2.0	-	2.0			
Total	67.0	-5.0	62.0	-	-	-
T/C-in vessels with contract period $\geq$ 12 months						
LR2	2.0	-	2.0			
LR1	-	-	-			
MR	3.0	-	3.0			
Handysize	-	-	-			
Tanker Division	5.0	-	5.0	-	-	-
Panamax	7.0	-1.0	6.0	-1.0		