



TORM

RELEASE TO THE COPENHAGEN STOCK EXCHANGE NO. 6 - 2003

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TORM's first quarter 2003 results - increased expectations for full year results

- Profit after tax for the first quarter of 2003 was DKK 101 mill. (DKK 3 mill. for first quarter 2002). Profit after tax includes an unrealized gain of DKK 15 mill. in respect of the Company's holding in Dampskibsselskabet 'NORDEN' A/S.
- Profit after tax was better than expected.
- Expectations for full year 2003 results are increased from the previously announced forecast made on 24 March 2003 of DKK 190-220 mill, to profit after tax in the region of DKK 240-270 mill., but subject to considerable uncertainty in both directions due to the global economic situation.
- EBITDA were DKK 139 mill. for the first quarter 2003 (DKK 60 mill.)
- EBIT were DKK 95 mill. (DKK 21 mill.)
- During the first quarter 2003 the Company took delivery of two MR product tankers (TORM THYRA and TORM FREYA) and sold TORM GYDA.
- Accounting policies have been changed in order to present the accounts with USD as the measurement currency, which more accurately reflects the Company's activities. The change in accounting policies has resulted in an increase in net income for the period of DKK 5 mill., and a transitional adjustment to reduce shareholders' equity at 1 January 2003 by DKK 95 mill.

A/S Dampskibsselskabet TORM

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GROUP FINANCIAL HIGHLIGHTS

DKK mill.	First quarter 2003	First quarter 2002 (Restated) Continuing operations	2002 (Restated) Continuing operations
INCOME STATEMENT			
Net revenue	502	357	1,539
Port expenses, Bunker, Charter hire and Operating costs	(349)	(293)	(1,236)
Gross profit (Net earnings from shipping activities)	153	64	303
Profit from discontinued activities	0	3	95
Profit from sale of vessels and interests	0	5	17
Administrative expenses	(27)	(24)	(102)
Other operating income	13	12	55
Profit before depreciation (EBITDA¹)	139	60	368
Depreciation	(44)	(39)	(158)
Profit before financial items (EBIT)	95	21	210
Financial items, net	6	(19)	(13)
Profit/(loss) before tax	101	2	197
Tax	0	1	360
Net profits after tax for the period	101	3	557
BALANCE SHEET			
Fixed assets	3,263	2,737	3,193
Total assets	4,159	4,003	4,013
Shareholders' equity	1,674	1,367	1,624
Provisions	0	372	0
Debt	2,485	2,264	2,389
Invested capital	2,932	2,352	2,846
Net interest bearing debt	1,562	1,023	1,512
Cash and bonds	574	759	522
CASH FLOW			
From operating activities	87		
From investing activities	(217)		
thereof investment in tangible fixed assets	(328)		
From financing activities	<u>182</u>		
Net cash flow	52		

¹ EBITDA is defined as earnings before income taxes, financial items, depreciation and amortizations. This does not represent a measure under Generally Accepted Accounting (GAAP) principles. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles, and our calculation thereof may not be comparable to that reported by other companies. We believe that it is widely accepted that EBITDA provides useful information regarding a company's ability to service and incur indebtedness. EBITDA does not take into account our working capital and debt service requirements, and accordingly is not necessarily indicative of amounts that may be available for discretionary use.



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KEY FIGURES AND SHAREHOLDERS EQUITY FOR THE GROUP

DKK mill.	First quarter 2003	First quarter 2002 (Restated) Continuing operations	2002 (Restated) Continuing operations
KEY FIGURES			
Gross margin	30.5%	17.9%	19.7%
EBITDA margin	27.7%	16.8%	23.9%
EBIT margin	18.9%	5.9%	13.6%
Share price, end of period (DKK)	65.8	58.6	56.4
Millions of shares, end of period	18.2	18.2	18.2
Earnings per share (DKK)	5.5	0.2	30.6
RoE*	24.5%		
RoIC*	13.2%		
Equity ratio	40.3%	34.1%	40.5%
Exchange rate USD/DKK, end of period	6.82	8.50	7.08
Exchange rate USD/DKK, average	6.92	8.48	7.89

Shareholders' equity	DKK Mill.
Balance at 1 January 2003	1,719
Transitional adjustment	<u>(95)</u>
Adjusted balance at 1 January 2003	1,624
Exchange adjustment of shareholders' equity in subsidiaries and associated companies	(15)
Exchange adjustment of loans to subsidiaries and associated entities	(29)
Adjustment of derivatives and own shares	(10)
Exchange adjustment of loans	2
Net profit from profit and loss statement	<u>101</u>
Balance at 31 March 2003	1,674

* Annualised

FINANCIAL RESULTS FOR FIRST QUARTER 2003

Gross Profit (Net earnings from shipping activities) for the first quarter of 2003 were DKK 153 mill. (against DKK 64 mill. for the first quarter of 2002). The higher gross profit was primarily due to improved freight rates within both the Tanker and Bulk divisions.

Profit before depreciation (EBITDA) was DKK 139 mill. (DKK 60 mill.)

Depreciation was DKK 44 mill. (DKK 39 mill.). The increase was the result of the delivery of six new buildings during 2002-3.

Financial items, net, totalled DKK 6 mill. (DKK (19) mill.). First quarter 2003 financial items include an unrealized gain relating to the holding in NORDEN of DKK 15 mill., whilst the remaining reduction in financial items were primarily due to lower interest rates, coupled with a lower USD/DKK exchange rate.

Profit before tax was DKK 101 mill. (DKK 2 mill.). Net profit after tax for the quarter was DKK 101 mill. (DKK 3 mill.).

The Tanker division contributed by far the largest share of the profits, DKK 80 mill. after tax, whilst the Bulk division showed a result of DKK 2 mill. Other activities (Offshore and unallocated financial items) had profits after tax of DKK 19 mill.

Cash flow from operating activities was DKK 87 mill., consisting of cash earnings of DKK 125 mill. less an increase in working capital of DKK 29 mill.

Cash flow from investing activities were DKK (217) mill., consisting of investments in vessels of DKK 328 mill., especially in relation to the newbuilding program, less payments received in the amount of DKK 110 mill. primarily relating to the sale of TORM GYDA.

Cash flow from financing activities was DKK 182 mill. during the quarter. The amount consists of loans in connection with newbuildings in the amount of DKK 270 mill. less debt repayments of DKK 88 mill., especially in connection with debt repayment of loans primarily related to TORM GYDA.

Net cash flow was thereby DKK 52 mill. during the quarter, increasing the Company's cash and bond holdings to DKK 574 mill. at the end of the quarter, as against DKK 522 mill. at year-end 2002.

Total assets increased during the quarter from DKK 4,013 mill. to DKK 4,159 mill. primarily as a result of the delivery of two newbuildings during the period. The investment in NORDEN has been valued at DKK 390/share, which was the closing price on the Copenhagen Stock Exchange at the end of the quarter. The first quarter result includes an unrealized gain on the NORDEN holding of DKK 15 mill.



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Fixed assets increased during the quarter from DKK 3,193 mill. to DKK 3,263 mill. as a result of the delivery of two newbuildings.

The Company's net debt increased during the quarter from DKK 1,512 mill. to DKK 1,562 primarily due the financing of newbuildings.

Equity increased from DKK 1,624 mill. to DKK 1,674 mill. primarily due to the addition of net profit after tax for the quarter.

At 31 March 2003, the Company owned 881,368 of its own shares, equivalent to 4.8% of the Company's share capital. The number of owned shares was unchanged from 31 December 2002.

First quarter 2003 by division (DKK mill.)				
	Tanker division	Bulk division	Others	Total
Net Revenue	316	182	4	502
Port expenses, bunker, charter hire and operating costs	(174)	(171)	(3)	(349)
Net earnings from shipping activities (gross profit)	141	11	1	153
Administrative expenses	(19)	(6)	(2)	(27)
Other operating income	13	0	0	13
Profit before depreciation (EBITDA)	135	5	(1)	139
Depreciation	(38)	(5)	(0)	(44)
Profit before financial items (EBIT)	96	0	(1)	95
Financial items, net	(16)	2	20	6
Profit/(loss) before tax	80	2	19	101
Tax	0	0	0	0
Net profit for the year	80	2	19	101

TANKER DIVISION

The tanker division achieved a net profit after tax of DKK 80 mill. during the quarter.

During the quarter, the Company's three Pools, of which the LR2 Pool is jointly managed with A.P. Møller, achieved significantly higher rates than in the first quarter of 2002. Rates for the first quarter of 2003 were on average 59%, 36% and 21%, respectively higher than first quarter 2002 for the three pools; LR2 (Aframax), LR1 (Panamax) and MR (Handymax).

**TORM****Earnings data for the tanker division**

USD/Day	2003	2002	% Change
	First quarter	First quarter	q1-q1
LR2/Aframax vessels			
Available earning days	270	270	0%
Average number of vessels	3.0	3.0	0%
TCE per earning days *)	31,237	19,875	57%
OPEX per earning days **)	-5,651	-4,732	-19%
Operating C/F per earning days ***)	16,931	4,668	263%

LR1/Panamax vessels

Available earning days	210	357	-41%
Average number of vessels	2.3	4.0	-41%
TCE per earning days *)	23,630	17,569	35%
OPEX per earning days **)	-5,691	-6,951	18%
Operating C/F per earning days ***)	17,939	5,958	201%

MR vessels

Available earning days	1,004	523	92%
Average number of vessels	11.2	5.8	92%
TCE per earning days *)	18,355	15,305	20%
OPEX per earning days **)	-5,701	-5,046	-13%
Operating C/F per earning days ***)	12,653	10,166	24%

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

**) Operating expenses for own vessels.

***) TCE earnings less operating expenses and charter hire.

The significantly higher rates were the result of a number of factors, all of which contributed to the increased charter rates. These included a lengthy general strike in Venezuela that has now ended, resulting in longer transportation required for refined products, especially for cargoes destined for the U.S., uncertainty about the war in Iraq, low inventories globally of refined products, along with an increasing focus on modern, quality tonnage in reaction to the "Prestige" sinking in November 2002.

Following the delivery of six newbuildings in 2002-3, the Company had considerably more 'operating days' during the first quarter of 2003 than in the first quarter of 2002, whilst the number of operating days in the LR1 segment fell due to the redelivery of time chartered vessels.

The higher operating costs incurred during the first quarter of 2003 compared to first quarter 2002 were principally due to the lower USD/DKK exchange rate, as wages to Danish crew on board the Company's vessels are paid in DKK.



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As part of TORM's on-going expansion, a new office has been opened in Singapore. The office will serve to strengthen the marketing and profile of TORM's three Pools in this strategically vital area.

BULK DIVISION

The bulk division achieved a net profit after tax of DKK 2 mill. during the quarter.

This was brought about by better rates for both the Panamax and Handysize ships, which improved 25% and 50% respectively as compared with the first quarter of 2002. Hedging of freight rates reduced TORM's results in the Bulk division in the first quarter of 2003.

The higher rates were primarily the result of strong demand from China, together with the shutdown of Japanese nuclear power stations leading to greater demand for coal. Furthermore, growth in the global fleet was very limited.

TORM took a number of ships on time charter during 2002 at attractive rates, resulting in a 30% increase in the number of operating days in the Panamax segment, and a 13% increase in the Handysize segment, compared to the first quarter of 2002.

Earnings data for the bulk division

	q1 2002	q1 2003	change q1-q1
Panamax vessels			
Available earning days	891	1,161	30%
Average number of vessels	9.9	12.9	30%
TCE per earning days *)	7,332	9,166	25%
OPEX per earning days **)	-6,238	-5,208	17%
Operating C/F per earning days ***)	-1,487	606	141%

Handysize vessels

Available earning days	315	356	13%
Average number of vessels	3.5	4.0	13%
TCE per earning days *)	5,014	7,526	50%
OPEX per earning days **)	-3,451	-3,442	0%
Operating C/F per earning days ***)	161	2,664	1558%

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

**) Operating expenses for own vessels.

***) TCE earnings less operating expenses and charter hire.

OTHER ACTIVITIES

The Company's other activities consist of one remaining offshore platform supply vessel which is due to be redelivered in the second half of 2003, as well as certain small adjustments related to the Company's Liner activity prior to the sale of this division in 2002. This activity is operating



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in accordance to plan. The figures for “other activities” include unallocated financial items of DKK 20 mill.

FLEET DEVELOPMENT

As part of the Company’s strategy to retain a fleet amongst the youngest in the industry, two further newbuildings were delivered during January 2003, TORM THYRA and TORM FREYA. The vessels are MR product tankers and were delivered from the STX yard in South Korea. In January 2003, TORM GYDA was sold.

At the end of the quarter, the Company owned 16.5 product tankers and 4 dry bulk vessels.

The Company’s order book consists of four newbuildings of which two are LR2 product tankers to be delivered during the second half of 2003 and two are LR1 product tankers for delivery in 2004. A second-hand dry bulk vessel is due to be delivered to the Company mid-2003.

POOLS

TORM’s three product tanker pools consisted of 12 partners with a total of 58 vessels at the end of the quarter. Four vessels were added to the fleet since the end of 2002. During the quarter, Pacific Carriers Limited notified the MR Pool of its wish to leave the pool with 3 vessels, which will take effect up to October 2003.

There are on-going discussions with potential pool partners to join the existing pools.

DAMPSKIBSSELSKABET ”NORDEN” A/S

TORM continues to evaluate all possibilities in respect of the Company’s holding in NORDEN, including selling the holding, increasing the offer price or adopting a wait and see attitude.

EXPECTATIONS FOR THE REMAINDER OF THE YEAR

Charter rates for the product tankers have been at very high levels for the first quarter and into the second quarter of 2003. This is the effect of a number of individual factors the effects of which are now diminishing. The limited growth of the world economy, coupled with a substantial growth in the world fleet is expected to negatively impact charter rates in the second half of the of 2003, although relatively low inventories of refined products and an increasing focus on environmental aspects are expected to provide a floor for the rate levels. Consequently, the Company expects significantly lower product tanker freight rates in the second half of 2003.

Bulk rates have, as expected, been firm during the first quarter and are expected to remain at reasonable level for the remainder of the year, given a relatively modest growth in the world fleet. Hedging of freight rates reduced TORM’s results in the Bulk division in the first quarter of 2003, but the effect of hedging is expected to decrease in the remainder of 2003. Lower economic growth globally, coupled with the effects of the SARS virus on the Chinese economy could, however, negatively impact the bulk market for the remainder of the year.



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Given the higher than expected freight rates for the year to date, the Company has increased its original forecast of a profit after tax of DKK 190-220 mill. for the year as a whole, to a profit after tax in the region of DKK 240-270 mill. The forecast is subject to considerable uncertainty in both directions due to the global economic situation.

This forecast includes an unrealized gain on the Company's holding in NORDEN of DKK 15 mill. and is based on a USD/DKK exchange rate for the remainder of the year of DKK 6.50 to the USD, giving an average rate for the year as a whole of 6.64.

SAFE HARBOUR STATEMENT – FREMADRETTEDE UDSAGN

This release contains forward-looking statements concerning future events (as defined in § 21E in Securities Exchange Act of 1934 with changes) and the Company's operations, performance and financial conditions, including, in particular, statements regarding: Spot and TCE rates in the near and long term, operating days, tanker and bulker supply and demand, supply and demand for oil and refined products, expectations about the Company's future capital requirements and capital expenditures, the Company's growth strategy and how it is implemented, the number of partner and the number of vessels the partners have in the pools, environmental changes in regulation, cost savings and other benefits. Words such as "expects", "intends", "plans", "believes", "anticipates", "estimates", "outlook" and variations of such words and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks and are based on a number of assumptions and estimates, which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. In addition to the factors and matters discussed elsewhere in this report, important factors that, in TORM's view, could cause actual results to differ materially from those discussed in the forward looking statements include the strengths of world economies, currencies and interest rate levels, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the shipping market, including the effect of changes in OPEC's petroleum production levels and worldwide oil consumption and storage, changes in the Company's operating expenses, including bunker prices, dry-docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by TORM with the Copenhagen Stock exchange and the Securities and Exchange Commission.

ACCOUNTING POLICIES

The report for first quarter 2003 has been prepared in accordance with the same accounting policies as applied in the annual report for 2002 with the exception, that from 1 January 2003 USD is applied as the Company's measurement currency in the operating entities, while DKK still is the measurement currency in the administrative entity.

As the shipping industry and not least the Company is USD-based, the Company considers that the application of USD as measurement currency to a greater extent reflects the economic realities behind the events and conditions relevant to the Company. Thus the application of USD as measurement currency will give a more true and fair view of the Company's activities.

Change in accounting policies

Almost all the Company's transactions are in USD, as revenues from shipping activities as well as shipping related costs, such as port expenses, bunkers etc. are almost exclusively settled in USD. Furthermore, all material investments in tangible fixed assets, the vessels, are in USD, and the market values of the vessels depends on the exchange rate on USD. Mortgage debts related to vessels are also in USD.

Thus the Company meets the criteria that qualify for applying USD as measurement currency in accordance with SIC 19 (IAS' interpretation of: "Reporting Currency – Measurement and Presentation of Financial Statements under IAS 21 and IAS 29").

Hereafter translation from USD to DKK is made in accordance with SIC 30's ("Reporting Currency – Translation from Measurement Currency to Presentation Currency") directions regarding translation from measurement currency to presentation currency, which implies that:

- all transactions in the income statement are translated based on the average DKK exchange rate for the period,
- assets and liabilities are translated based on the DKK exchange rate as at the balance sheet date,
- all foreign exchange rate gains or losses arising upon translation from measurement currency to presentation currency are recognized directly to shareholders' equity.

Previously exchange rate translations regarding the Parent Company, including integrated entities, were made in accordance with the principles for integrated entities as prescribed in the Danish Accounting Standard no. 9 (and IAS 21), which essentially implied that:

- depreciation expenses regarding vessels and capitalized dry-docking recognized in the income statement, primarily were translated based on historical USD exchange rates,
- non-monetary items in the balance sheet, such as vessels and capitalized dry-docking, were primarily translated into DKK based on historical USD exchange rates,
- mortgage debts relating to the financing of vessels were translated into DKK based on the USD exchange rate as at the balance sheet date, and that foreign exchange rate gains or



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losses arising upon translation of the mortgage debts at the balance sheet date were recognized directly in shareholders' equity, as the mortgage debts were considered hedges of the currency risk relating to the vessels,

- monetary items were translated into DKK based on the USD exchange rate as at the balance sheet date, and that foreign exchange rate gains or losses were recognized in the income statement.

The application of USD as the measurement currency and the method concerning translation from measurement currency to presentation currency in accordance with SIC 30, is a deviation from the Danish Financial Statements Act §39, stk. 1 which prescribes that non-monetary items must be translated into DKK based on the exchange rate at the transaction date. The deviation is adopted with reference to the Danish Financial Statements Act §11, stk. 3 concerning the true and fair view.

The change in accounting policies has resulted in an increase in net income of DKK 5 mill. for the three-month period ended 31 March 2003, and a transitional adjustment to reduce shareholders' equity at 1 January 2003 by DKK 95 mill.

Comparative figures have been restated in accordance with the change in accounting policies. The following provides a summary of the impact on the income statement and balance sheet for the three-month period ended 31 March 2003:

	Historical accounting policies DKK mill.	Adjustments DKK mill.	New accounting policies DKK mill.
INCOME STATEMENT			
Profit before financial items	94	1	95
Profit before taxes	96	5	101
Income taxes	0	0	0
Profit for the period	96	5	101
Total assets	4,425	-265	4,160
Deferred taxes	0	0	0
Shareholders' equity	1,940	-265	1,674

RECONCILIATION TO US GAAP

Reconciliation to United States Generally Accepted Accounting Principles (US GAAP) at 31 March 2003.

	Net income	
	DKK Mill.	USD Mill.
Net Income under Danish GAAP	101	15
Dry dock costs	(1)	(0)
Write-down of vessels	-	-
Unrealised gains(losses) on marketable securities	(12)	(2)
Derivative financial instruments	(4)	(1)
Share options	1	0
Tonnage taxation (deferred tax)	(7)	(1)
Net income in accordance with US GAAP	79	12

DKK/USD exchange rate at 31 March 2003 of 6.82 has been used for the translation.