

## Quarterly update – Q3 2018

### Market improvements expected to continue

*“During the third quarter of 2018, we increased our activity in the dry cargo period market by adding new time-charter tonnage to the fleet. Despite trade war concerns, we remain optimistic in terms of further dry cargo market improvements as fleet growth is moderate. Earnings for our gas carriers were better than expected even though the conditions for our largest ethylene carriers remained challenging”, says CEO Mads P. Zachø.*

### Highlights

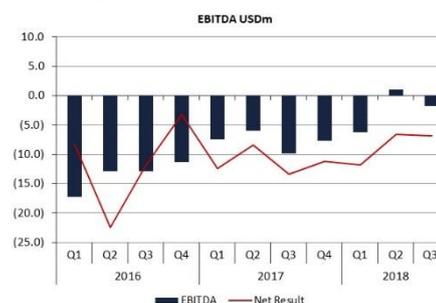
- Four handysize bulk carriers were taken on medium-term time-charter with options to extend and the option to extend the time-charter period for a time-chartered vessel was declared. Further, one handysize bulk carrier was taken on long-term time-charter.
- A handysize bulk carrier was sold with expected delivery to the new owner November 2018.
- A gas carrier was taken on medium-term time-charter with options to extend and another was reflagged to the Danish International Register of Shipping (DIS) bringing the total number of gas carriers reflagged to DIS to four in 2018.
- Jesper Lok was succeeded by Tommy Thomsen as Chairman of the Board of Directors in October. Furthermore, Niels Heering resigned as Vice Chairman whereas Kristian Mørch continues in his position of Vice Chairman.
- Niels Josefsen was appointed new CEO of Lauritzen Bulkcarriers. He will have his first working day on 1 December 2018.

### Business performance

In Q3, the average number of controlled bulk carriers was 78 compared to 79 in Q2 2018 and the average number of operated gas carriers reached 32, unchanged from Q2 2018.

The handysize dry cargo market proved robust during Q3 despite trade war concerns, stock market volatility as well as interest hikes and ended approximately 12% above the level recorded one year ago. The market for small gas carriers also showed some resilience in Q3 and ended 4% above the levels one year ago for semi-refrigerated carriers and 3% above for pressurised vessels, whereas the market for ethylene tonnage was 2% below Q3 2017.

Q3 EBITDA amounted to USDm (1.7) against USDm (9.8) in the same period 2017. The improvement was due to the sustained dry cargo market improvements with EBITDA up by USDm 4.4, and particularly our core fleet continued to perform better than expected. Gas carrier earnings also continued to improve.



### Assets and liabilities

Total assets amounted to USDm 466, compared to USDm 478 at 30 June 2018. Solvency ratio was 51%, unchanged from 30 June 2018.

### After balance day events

After the balance day, four 20-year-old gas carriers were financed through a sale and lease back agreement.

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