TORM plc interim results for the third quarter of 2017

"During the third quarter of 2017, TORM achieved competitive blended freight rates of USD/day 14,290, a satisfactory result considering that the freight market in general was weak for most of the quarter. Towards the end of the quarter, the market was affected by the hurricane Harvey and refinery disruptions in Mexico which briefly lifted Atlantic MR rates and had an even more sustained effect on Far East MR rates with increasing transport distances towards the Americas. The disruption to the refinery system at the US Gulf Coast has accelerated the draws on inventories in the western markets bringing stocks closer to levels which can facilitate increased arbitrage trades," says Executive Director Jacob Meldgaard.

During the third quarter of 2017, TORM realized a positive EBITDA of USD 37m and a result before tax of USD -4m (including an impairment of USD 3m).

- EBITDA for the third quarter of 2017 was USD 37m (2016, same period: USD 40m). The result before tax for the third quarter of 2017 was a loss of USD 4m, which included an impairment of USD 3m from a vessel held-for-sale (2016, same period: profit of USD 2m). Cash flow from operating activities was positive with USD 18m in the third quarter of 2017 (2016, same period: USD 38m) and earnings per share (EPS) was USD -0.1 (2016, same period: USD 0.0).

- During the third quarter of 2017, product tanker freight rates started out at weak levels in general; however, by the end of August the market began to recover. The market improvement was mainly driven by increased demand for transpacific voyages. TORM's product tanker fleet realized average TCE earnings of USD/day 14,290 for 6,626 earning days (2016, same period: USD/day 14,391 for 7,188 earning days) and a gross profit of USD 47m (2016, same period: USD 50m).

- During the third quarter of 2017, TORM purchased six MR resale vessels for a total consideration of USD 185m. The first transaction included four MR resale vessels from GSI with expected delivery in 2019. The second transaction included two MR resale vessels from Hyundai Mipo. These two vessels, TORM Sovereign and TORM Supreme, were delivered during the third quarter of 2017. TORM has financing in place for all six vessels. In addition to the vessel acquisitions, TORM has sold one vessel, TORM Fox, a 2005-built Handysize vessel. Following the balance sheet date, TORM has entered into an agreement to sell TORM Rhone, a 2000-built Handysize vessel. The vessel is expected to be delivered to the new owner in Q4 2017/Q1 2018. The transaction will have a limited P&L impact.

- The carrying value of the fleet including prepayments was USD 1,402m as of 30 September 2017 excluding outstanding installments related to the order book of USD 238m. Based on broker valuations, TORM's fleet including newbuildings had a market value of USD 1,524m as of 30 September 2017. Compared to the broker valuations as of 30 June 2017, the fleet value has increased by USD 169m (~12.5%) mainly due to the acquisition of six MR resale vessels. When excluding vessels acquired and sold during the third quarter, the fleet value has decreased by USD 18m (~1.3%), which is in line with the fleet depreciation rate.

- Net interest-bearing debt amounted to USD 630m as of 30 September 2017*.* In connection with the acquisition of the six MR resale vessels, TORM finalized two loan agreements of USD 47m and USD 81m respectively. As of 30 September 2017, the USD 47m facility is fully drawn, whereas the USD 81m facility is undrawn. Following the balance sheet date, TORM and Danish Ship Finance have agreed to extend the maturity date for an existing loan tranche from June 2019 to December 2021. Other terms in the loan agreement are unchanged.

- As of 30 September 2017, TORM had undrawn credit facilities and cash of approx. USD 416m. As of 30 September 2017, TORM's order book stood at eight vessels: four LR2 newbuildings with expected delivery in 2018 and four MR resale vessels for delivery in 2019. Outstanding CAPEX relating to the order book amounted to USD 238m and is fully financed.

- Based on broker valuations as of 30 September 2017, TORM's net asset value (NAV), excluding charter commitments, is estimated at USD 708m, equivalent to a NAV/share of USD 11.4 or DKK 71.9.

- Equity amounted to USD 784m as of 30 September 2017, equivalent to a book equity/share of USD 12.7 or DKK 80.0 excluding treasury shares and outstanding warrants, giving TORM an equity ratio of 47%.

- As of 30 September 2017, 27% of the remaining earning days in 2017 were covered at USD/day 16,946.

- As of 6 November 2017, TORM had covered 60% of the earning days in the fourth quarter of 2017 at an average TCE of USD/day 15,775.

Conference call

TORM will be hosting a conference call for financial analysts and investors at 2 pm CEST / 8 am US East Coast 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.

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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.

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.

Key figures*

	Q3 2017	Q3 2016	**Q1-Q3 2017**	Q1-Q3 2016	2016
Income statement (USDm)					
Revenue	155.8	155.8	485.6	526.4	680.1
Time charter equivalent earnings (TCE)	95.2	103.4	295.1	364.6	458.3
Gross profit	47.1	50.1	146.6	198.0	241.5
EBITDA	37.0	40.2	116.8	166.3	200.0
Operating profit/(loss) (EBIT)	5.8	9.9	26.9	75.5	-107.2
Financial items	-9.7	8.1	-27.5	-27.3	-34.5
Profit/(loss) before tax	-3.9	1.8	-0.6	48.2	-141.7
Net profit/(loss) for the period	-4.2	1.6	-1.2	47.4	-142.5
Net profit/(loss) for the period excluding impairment charges	-1.6	1.6	2.4	47.4	42.5
Balance sheet (USDm)					
Total non-current assets	1,404.5	1,590.6	1,404.5	1,590.6	1,390.0
Total assets	1,658.9	1,760.9	1,658.9	1,760.9	1,571.3
Total equity	784.1	963.1	784.1	963.1	780.6
Total liabilities	874.8	797.8	874.8	797.8	790.7
Invested capital	1,409.6	1,572.7	1,409.6	1,572.7	1,387.8
Net interest-bearing debt	630.0	611.5	630.0	611.5	609.2
Cash and cash equivalents	145.1	77.4	145.1	77.4	76.0
Key financial figures					
Gross margins:					
TCE	61.1%	66.4%	60.8%	69.3%	67.4%
Gross profit	30.2%	32.2%	30.2%	37.6%	35.6%
EBITDA	23.7%	25.8%	24.0%	31.6%	29.4%
Operating profit/(loss)	3.7%	6.4%	5.5%	14.3%	-15.7%
Return on Equity (RoE) (p.a.)	-2.1%	0.7%	-0.3%	6.5%	-16.2%
Return on Invested Capital (RoIC) (p.a.)	1.6%	2.5%	2.4%	6.3%	-7.2%
Adjusted Return on Invested Capital (RoIC) (p.a.)	2.1%	2.5%	2.7%	6.3%	4.9%
Equity ratio	47.3%	54.7%	47.3%	54.7%	49.7%
Share-related key figures					
Earnings/(loss) per share, EPS (USD)	-0.1	0.0	0.0	0.8	-2.3
Diluted earnings/(loss) per share, EPS (USD)	-0.1	0.0	0.0	0.8	-2.3
Net Asset Value per share (NAV) (USD)	11.4	12.8	11.4	12.8	11.8
Share price, end of period (per share of USD 0.01)	63.5	60.5	63.5	60.5	63.5
Number of shares (excl. treasury shares), end of period (million)	62.0	62.3	62.0	62.3	62.0
Number of shares (excl. treasury shares), average (million)	62.0	62.1	62.0	62.1	62.9

* Throughout the interim report, several Alternative Performance Measures (APMs) are used. The APMs used are the same as in the Annual Report, and therefore we refer to the principles for these on pages 128-132 in the TORM plc Annual Report 2016.

Results

The gross profit for the third quarter of 2017 was USD 47.1m (2016, same period: USD 50.1m).

EBITDA for the third quarter of 2017 was USD 37.0m (2016, same period: USD 40.2m).

The result before tax for the third quarter of 2017 was a loss of USD 3.9m (2016, same period: profit of USD 1.8m).

Consolidated income statement

USDm	Note	**Q3 2017**	Q3 2016	**Q1-Q3 2017**	Q1-Q3 2016	2016
Revenue		155.8	155.8	485.6	526.4	680.1
Port expenses, bunkers and commissions		-60.6	-52.4	-190.5	-161.8	-221.8
Time charter equivalent earnings (TCE)		95.2	103.4	295.1	364.6	458.3
Charter hire		-1.4	-5.4	-6.5	-16.3	-21.6
Operating expenses	1	-46.7	-47.9	-142.0	-150.3	-195.2
Gross profit (Net earnings from shipping activities)		47.1	50.1	146.6	198.0	241.5
Profit from sale of vessels		0.0	0.0	2.8	0.0	0.0
Administrative expenses	1	-10.1	-9.8	-32.3	-31.4	-41.4
Other operating expenses		0.0	-0.1	-0.3	-0.3	-0.3
Share of profit from joint ventures		0.0	0.0	0.0	0.0	0.2
EBITDA		37.0	40.2	116.8	166.3	200.0
Impairment losses on tangible and intangible assets	2	-2.6	0.0	-3.6	0.0	-185.0
Amortizations and depreciation	2	-28.6	-30.3	-86.3	-90.8	-122.2
Operating profit/(loss) (EBIT)		5.8	9.9	26.9	75.5	-107.2
Financial income		1.4	0.6	2.4	2.8	2.8
Financial expenses		-11.1	-8.7	-29.9	-30.1	-37.3
Profit/(loss) before tax		-3.9	1.8	-0.6	48.2	-141.7
Tax		-0.3	-0.2	-0.6	-0.8	-0.8
Net profit/(loss) for the period		-4.2	1.6	-1.2	47.4	-142.5
Earnings per share, EPS						
Earnings/(loss) per share, EPS (USD)		-0.1	0.0	0.0	0.8	-2.3
Diluted earnings/(loss) per share (USD)		-0.1	0.0	0.0	0.8	-2.3

Outlook

As of 30 September 2017, TORM had covered 27% of the remaining tanker earning days in 2017 at USD/day 16,946.

Up until 6 November 2017, TORM had covered 60% of the remaining tanker earning days in 2017 at USD/day 15,775.

As 2,721 earning days in 2017 are unfixed as of 7 November 2017, a change in freight rates of USD/day 1,000 will impact the profit before tax by USD 2.7m.

The table below shows the figures for the period from 1 October to 31 December 2017 and the full-year figures for 2018 and 2019.

Coverage of earning days

	2017	2018	2019	2017	2018	2019
		Owned days				
LR2	658	3,484	3,961			
LR1	641	2,509	2,447			
MR	4,359	17,863	18,657			
Handysize	733	2,747	2,767			
Total	**6,390**	**26,603**	**27,832**			
		Charter-in and leaseback days at fixed rate				
LR2	92	363	363			
LR1	-	-	-			
MR	183	726	726			
Handysize	-	-	-			
Total	**275**	**1,089**	**1,089**			
		Charter-in days at floating rate				
LR2	183	338	-			
LR1	-	-	-			
MR	-	-	-			
Handysize	-	-	-			
Total	**183**	**338**	**-**			
		Total physical days			Covered days	
LR2	932	4,185	4,324	406	1,055	84
LR1	641	2,509	2,447	99	-	-
MR	4,542	18,589	19,383	1,178	1,844	147
Handysize	733	2,747	2,767	194	48	-
Total	**6,848**	**28,030**	**28,921**	**1,877**	**2,947**	**231**
		Covered, %			Coverage rates, USD/day	
LR2	44%	25%	2%	19,660	24,174	24,340
LR1	15%	0%	0%	21,246	-	-
MR	26%	10%	1%	16,730	17,064	17,490
Handysize	27%	2%	0%	10,394	17,910	-
Total	**27%**	**11%**	**1%**	**16,946**	**19,622**	**19,986**

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

Contracts not included above	0.8
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 of 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 results

For the third quarter of 2017, TORM's product tanker fleet realized average TCE rates of USD/day 14,290 across all vessel classes.

So far in 2017, inventory drawdown has been the overriding theme for the product tanker market, and the third quarter of 2017 was no different. However, for the first time in a while, inventory data began to show larger regional draws, such as North West Europe, where inventory levels are back to normalized levels. The early signs of normalized inventory levels could indicate that we are moving closer to a more balanced product tanker freight market.

In the MR market, the third quarter started out soft in July and August, except for the Middle East where demand for product tankers was healthy. As Hurricane Harvey closed in on the US Gulf Coast in late August, several US refiners shut down operations, corresponding to a reduction of ~20% of the total US refining capacity. The initial effect of the reduced US refining capacity was an increase in clean petroleum exports from Europe to the US East Coast and South/Latin America. The increased demand for transatlantic cargos caused the western MR freight rates to spike sharply; however, the spike proved temporary and lasted approximately one week. The secondary effect of Hurricane Harvey was a significant increase in transpacific voyages driven by a combination of low inventories on the US West Coast and limited supply out of the US Gulf Coast and Mexico. In Mexico, an earthquake caused a temporary shutdown of the country's largest refinery in Salina Cruz in early September. The strengthening in the transpacific market proved more robust than the initial transatlantic spike and lasted for most of September.

For LR vessels, the third quarter saw an increased volume of middle distillates moving from the Middle East to Europe. Initially, the increased volume was due to a shutdown of Europe's largest refinery in Rotterdam. Later in the quarter, the need to replenish European stocks following the rise in exports across the Atlantic drove the market. This coincided with a high level of refinery maintenance in Russia, and as a result refined products were sourced from the Middle East. Naphtha demand in the Far East was strong throughout the quarter; however, the long-haul West to East arbitrage trade remained subdued as the region was supplied from the Middle East. Despite positive demand for LR vessels, the overall freight market for larger vessels was negatively impacted by increased supply both from product tanker and crude newbuildings; especially the crude newbuildings penetrated the gasoil trade from the Far East to Europe.

The global product tanker fleet (above 25,000 dwt) grew by 1.4% in the third quarter of 2017 and 4.4% year to date (source: TORM). The fleet growth is expected to slow down in 2018.

During the third quarter of 2017, TORM's product tanker fleet realized average TCE earnings of USD/day 14,290, down 1% year on year, with the LR2 fleet at USD/day 14,772 (33% down year on year), the LR1 fleet at USD/day 11,960 (34% down year on year), the MR fleet at USD/day 14,827 (11% up year on year) and the Handysize fleet at USD/day 12,501 (30% up year on year).

TORM's gross profit for the third quarter of 2017 was USD 47.1m. Operational data per vessel type is shown in the table on the next page.

Tanker vessels	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Change Q3 16 - Q3 17	12 month avg.	2017 YTD weighted avg.
LR2 vessels								
Available earning days	867	919	826	889	833	-4%		
Spot rates 1)	18,383	13,868	13,425	12,487	9,886	-46%	13,270	12,927
TCE per earning day 2)	22,031	18,107	15,913	16,338	14,772	-33%	16,329	15,688
Operating days	920	920	900	910	920	0%		
Operating expenses per operating day 3)	7,749	7,565	7,608	7,618	7,866	2%	7,665	7,743
LR1 vessels								
Available earning days	642	643	600	619	630	-2%		
Spot rates 1)	17,291	14,496	15,751	11,502	11,981	-31%	12,798	12,350
TCE per earning day 2)	18,219	14,490	15,612	10,941	11,960	-34%	13,239	12,804
Operating days	644	644	630	637	644	0%		
Operating expenses per operating day 3)	7,180	6,590	7,781	7,373	7,000	-3%	7,182	7,185
MR vessels								
Available earning days	4,778	4,782	4,623	4,412	4,430	-7%		
Spot rates 1)	13,159	12,172	15,117	14,066	14,364	9%	13,915	14,522
TCE per earning day 2)	13,388	12,522	15,490	14,098	14,827	11%	14,215	14,816
Operating days	4,692	4,692	4,581	4,550	4,651	-1%		
Operating expenses per operating day 3)	6,309	5,922	6,625	6,421	6,385	1%	6,336	6,403
Handy vessels								
Available earning days	902	999	955	798	733	-19%		
Spot rates 1)	9,485	8,356	13,313	11,418	11,810	25%	11,230	12,326
TCE per earning day 2)	9,635	7,921	13,389	11,886	12,501	30%	11,291	12,645
Operating days	1,012	1,012	990	909	824	-19%		
Operating expenses per operating day 3)	6,506	5,914	6,562	6,455	6,356	-2%	6,315	6,408
Tanker vessels								
Available earning days	7,188	7,342	7,004	6,718	6,626	-8%		
Spot rates 1)	13,508	13,509	14,804	13,350	13,405	-1%	13,377	13,864
TCE per earning day 2)	14,391	12,767	15,264	13,841	14,290	-1%	14,024	14,477
Operating days	7,268	7,268	7,101	7,006	7,039	-3%		
Operating expenses per operating day 3)	6,596	6,188	6,843	6,667	6,631	1%	6,580	6,649

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

The table below shows TORM's operated fleet as of 30 September 2017. In addition to the 72 owned product tankers, TORM had chartered-in five product tankers. Following the balance sheet date, TORM entered into an agreement to sell a Handysize vessel, TORM Rhone. This transaction is included in the forward-looking vessel projection below.

TORM has eight newbuildings on order: four LR2 vessels with expected delivery in the first half of 2018 and four MR resale vessels with expected delivery in 2019.

	Q2 2017	*Changes*	Q3 2017	*Changes*	2017	*Changes*	2018	*Changes*	2019
Owned vessels									
LR2	7	-	7	-	7	*4*	11	-	11
LR1	7	-	7	-	7	-	7	-	7
MR	48	*2*	50	-	50	-	50	*4*	54
Handysize	9	*-1*	8	-	8	*-1*	7	-	7
Total	71	*1*	72	-	72	*3*	75	*4*	79
Charter-in and leaseback vessels									
LR2	3	-	3	-	3	*-2*	1	-	1
LR1	0	-	0	-	0	-	0	-	0
MR	2	-	2	-	2	-	2	-	2
Handysize	0	-	0	-	0	-	0	-	0
Total	5	-	5	-	5	*-2*	3	-	3
Total fleet	**76**	***1***	**77**	**-**	**77**	***1***	**78**	***4***	**82**

Financial Review

Income statement

The gross profit for the third quarter of 2017 was USD 47.1m (2016, same period: USD 50.1m). The reduction was due to slightly lower freight rates and fewer earning days, partially offset by lower charter hire and operating expenses. Average TCE rate for the third quarter of 2017 was USD/day 14,290 compared to USD/day 14,391 in the same period in 2016. Available earning days were 6,626 compared to 7,188 in the same period in 2016.

Administrative costs for the third quarter of 2017 were USD 10.1m (2016, same period: USD 9.8m).

The result before depreciation (EBITDA) for the third quarter of 2017 was USD 37.0m (2016, same period: USD 40.2m).

Impaiment loss for the third quarter of 2017 was USD 2.6m (2016, same period: USD 0.0m) and relates to a vessel held-for-sale that was written down to the sales price.

Depreciation for the third quarter of 2017 was USD 28.6m (2016, same period: USD 30.3m). The decrease is due to fewer owned vessels.

The primary operating result (EBIT) for the third quarter of 2017 was USD 5.8m (2016, same period: USD 9.9m).

Financial expenses for the third quarter of 2017 were USD 11.1m (2016, same period: USD 8.7m). The increase in financial expenses is mainly due to an increase in USD Libor and increased borrowings.

The result after tax for the third quarter of 2017 was a loss of USD 4.2m (2016, same period: profit of USD 1.6m).

Other comprehensive income

Other comprehensive income for the third quarter of 2017 was USD 1.6m (2016, same period: USD 4.4m), resulting in a total comprehensive income for the third quarter of 2017 of USD -2.6m (2016, same period: USD 6.0m). The development in other comprehensive income is driven by an increase in fair value adjustments on hedging instruments, mainly due to a weakening USD.

Assets

As of 30 September 2017, total assets were USD 1,658.9m.

The carrying value of the fleet including prepayments was USD 1,402.4m as of 30 September 2017, excluding outstanding installments on the LR2 and MR vessels under construction of USD 238.0m. Based on broker valuations, TORM’s fleet including newbuildings and resale vessels had a market value of USD 1,496.1m as of 30 September 2017.

Debt

As of 30 September 2017, net interest-bearing debt amounted to USD 630.0m. As of 30 September 2017, TORM was in compliance with the financial covenants.

Equity

As of 30 September 2017, TORM’s equity was USD 784.1m. As of 30 September 2017, TORM held treasury shares equivalent to 0.5% of the Company's share capital.

Liquidity

As of 30 September 2017, TORM's available liquidity was USD 415.9m and consisted of cash and cash equivalents of USD 145.1m and undrawn credit facilities of USD 270.8m. The undrawn credit facilities consisted of a USD 75.0m working capital facility, a USD 80.6m facility financing the MR resale vessels and a USD 115.2m facility financing the LR2 newbuilding program. As of 30 September 2017, TORM had CAPEX commitments of USD 238.0m, all related to the LR2 and MR vessels under construction.

Cash flow

Cash flow from operating activities for the third quarter of 2017 was USD 17.5m (2016, same period: USD 38.4m). The decrease is primarily driven by a lower working capital.

Cash flow from investing activities for the third quarter of 2017 was USD -88.4m (2016, same period: USD -18.0m). The change in cash flow from investing activities is driven by the acquisition of six MR resale vessels.

Cash flow from financing activities for the third quarter of 2017 was USD 2.2m (2016, same period: USD -60.0m). The increase is mainly due to the new term facility of USD 47m and a lower dividend payment compared to the same period in 2016.

Related party transactions

Executive Director Jacob Meldgaard serves as a member of the Board of Directors of Danish Ship Finance (DSF). During the third quarter of 2017, TORM entered into a financing agreement with DSF covering four MR resale vessels. The financing agreement will run for seven years from the time of delivery. The main terms of the agreement are in line with existing loan agreements and in line with current market terms. As of 30 September 2017, TORM had a debt facility with DSF totaling USD 242m of which USD 162m was drawn.

Following the balance sheet date, TORM and Danish Ship Finance have agreed to extend the maturity date for an existing loan tranche from June 2019 to December 2021. Other terms in the loan agreement are unchanged.

There have been no new material related party transactions in the period and no material changes to the related party transactions as described in note 22 of the Consolidated Financial Statements in the Annual Report 2016.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining three months of 2017. Risks and uncertainties, along with the mitigation measures put in place to reduce risks, remain unchanged from those published in the Annual Report 2016 and are summarized below:

- Tanker freight rates – The risk of sustained low tanker freight rates or of TORM not being able to predict and act on the development of these
- Bunker price – The risk of unexpected bunker price increases not covered by corresponding freight rate increases
- Timing of sale and purchase of vessels – The risk of TORM not selling and purchasing vessels timely relative to market developments and business requirements
- Oil major approval – The risk of a partial ban of TORM's tanker fleet by oil majors
- Severe vessel accidents – The risk of severe vessel accidents
- Technical costs – The risk of technical costs related to primarily operational expenditures

- Code of conduct – The risk of fraud and misconduct
- Capital structure – The risk of going concern

Dividend

In line with the Company's distribution policy, no dividend will be paid in connection with the third quarter 2017 results.

Christopher H. Boehringer
Chairman of the Board
15 November 2017

Responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the third quarter and description of principal risks and uncertainties for the remaining three months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Jacob Meldgaard
Executive Director
15 November 2017

DISCLAIMER
The interim report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Third Quarter Report should not be relied on by any other party or for any other purpose.

The Third Quarter Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking statements.

Consolidated income statement

USDm	Note	**Q3 2017**	Q3 2016	**Q1-Q3 2017**	Q1-Q3 2016	2016
Revenue		155.8	155.8	485.6	526.4	680.1
Port expenses, bunkers and commissions		-60.6	-52.4	-190.5	-161.8	-221.8
Time charter equivalent earnings (TCE)		95.2	103.4	295.1	364.6	458.3
Charter hire		-1.4	-5.4	-6.5	-16.3	-21.6
Operating expenses	1	-46.7	-47.9	-142.0	-150.3	-195.2
Gross profit (Net earnings from shipping activities)		47.1	50.1	146.6	198.0	241.5
Profit from sale of vessels		0.0	0.0	2.8	0.0	0.0
Administrative expenses	1	-10.1	-9.8	-32.3	-31.4	-41.4
Other operating expenses		0.0	-0.1	-0.3	-0.3	-0.3
Share of profit from joint ventures		0.0	0.0	0.0	0.0	0.2
EBITDA		37.0	40.2	116.8	166.3	200.0
Impairment losses on tangible and intangible assets	2	-2.6	0.0	-3.6	0.0	-185.0
Amortizations and depreciation	2	-28.6	-30.3	-86.3	-90.8	-122.2
Operating profit/(loss) (EBIT)		5.8	9.9	26.9	75.5	-107.2
Financial income		1.4	0.6	2.4	2.8	2.8
Financial expenses		-11.1	-8.7	-29.9	-30.1	-37.3
Profit/(loss) before tax		-3.9	1.8	-0.6	48.2	-141.7
Tax		-0.3	-0.2	-0.6	-0.8	-0.8
Net profit/(loss) for the period		-4.2	1.6	-1.2	47.4	-142.5
Earnings per share, EPS						
Earnings/(loss) per share, EPS (USD)		-0.1	0.0	0.0	0.8	-2.3
Diluted earnings/(loss) per share (USD)		-0.1	0.0	0.0	0.8	-2.3

Consolidated income statement per quarter

USDm	**Q3 2017**	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Revenue	155.8	157.0	172.8	153.7	155.8
Port expenses, bunkers and commissions	-60.6	-64.0	-65.9	-59.9	-52.4
Time charter equivalent earnings (TCE)	95.2	93.0	106.9	93.8	103.4
Charter hire	-1.4	-1.6	-3.5	-5.3	-5.4
Operating expenses	-46.7	-46.7	-48.6	-45.0	-47.9
Gross profit (Net earnings from shipping activities)	47.1	44.7	54.8	43.5	50.1
Profit from sale of vessels	0.0	2.8	0.0	0.0	0.0
Administrative expenses	-10.1	-11.6	-10.6	-10.0	-9.8
Other operating expenses	0.0	-0.2	-0.1	0.0	-0.1
Share of profit from joint ventures	0.0	0.0	0.0	0.2	0.0
EBITDA	37.0	35.7	44.1	33.7	40.2
Impairment losses on tangible and intangible assets	-2.6	0.0	-1.0	-185.0	0.0
Amortizations and depreciation	-28.6	-28.3	-29.4	-31.4	-30.3
Operating profit/(loss) (EBIT)	5.8	7.4	13.7	-182.7	9.9
Financial income	1.4	0.8	0.2	0.0	0.6
Financial expenses	-11.1	-9.7	-9.1	-7.2	-8.7
Profit/(loss) before tax	-3.9	-1.5	4.8	-189.9	1.8
Tax	-0.3	-0.1	-0.2	-0.1	-0.2
Net profit/(loss) for the period	-4.2	-1.6	4.6	-190.0	1.6
Earnings per share, EPS					
Earnings/(loss) per share, EPS (USD)	-0.1	0.0	0.1	-3.0	0.0
Diluted earnings/(loss) per share (USD)	-0.1	0.0	0.1	-3.0	0.0

Consolidated statement of comprehensive income

USDm	**Q3 2017**	Q3 2016	**Q1-Q3 2017**	Q1-Q3 2016	2016
Net profit for the period	-4.2	1.6	-1.2	47.4	-142.5
Other comprehensive income:					
Items that subsequently may be reclassified to profit or loss:					
Exchange rate adjustment arising from translation of entities using a functional currency different from USD	0.0	0.0	0.1	0.0	-0.2
Fair value adjustment on hedging instruments	2.6	3.8	5.5	-8.0	-2.7
Value adjustment on hedging instruments transferred to income statement	-1.0	0.6	-1.3	0.3	1.7
Other comprehensive income after tax*	1.6	4.4	4.3	-7.7	-1.2
Total comprehensive income	**-2.6**	6.0	**3.1**	39.7	**-143.7**

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

Consolidated balance sheet – Assets

USDm	Note	30 September 2017	30 September 2016	31 December 2016
NON-CURRENT ASSETS				
Intangible assets				
Goodwill		0.0	11.4	0.0
Other intangible assets		0.1	0.0	0.0
Total intangible assets		0.1	11.4	0.0
Tangible fixed assets				
Vessels and capitalized dry-docking	2	1,319.7	1,543.0	1,343.8
Prepayments on vessels	3	82.7	34.2	44.1
Other plant and operating equipment		1.7	1.7	1.8
Total tangible fixed assets		1,404.1	1,578.9	1,389.7
Financial assets				
Investment in joint ventures		0.3	0.3	0.3
Total financial assets		0.3	0.3	0.3
TOTAL NON-CURRENT ASSETS		**1,404.5**	1,590.6	1,390.0
CURRENT ASSETS				
Bunkers		34.1	28.9	31.6
Freight receivables		64.1	54.6	62.5
Other receivables		8.3	3.7	8.1
Prepayments		2.8	5.7	3.1
Cash and cash equivalents		145.1	77.4	76.0
TOTAL CURRENT ASSETS		**254.4**	170.3	181.3
TOTAL ASSETS		**1,658.9**	1,760.9	1,571.3

Consolidated balance sheet – Equity and liabilities

USDm	Note	**30 September 2017**	30 September 2016	31 December 2016
EQUITY				
Common shares		0.6	0.6	0.6
Treasury shares		-2.9	-2.9	-2.9
Hedging reserves		4.6	-6.3	0.4
Translation reserves		0.0	0.2	-0.1
Retained profit		781.8	971.5	782.6
TOTAL EQUITY		784.1	963.1	780.6
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax liability		44.9	45.0	45.0
Mortgage debt and bank loans	4	660.1	585.0	593.9
Finance lease liabilities		26.0	15.0	0.0
TOTAL NON-CURRENT LIABILITIES		731.0	645.0	638.9
CURRENT LIABILITIES				
Mortgage debt and bank loans	4	81.7	86.2	75.7
Finance lease liabilities		2.8	0.8	13.6
Trade payables		24.7	21.5	28.5
Current tax liabilities		1.4	1.9	0.8
Other liabilities		33.0	42.2	33.0
Deferred income		0.2	0.2	0.2
TOTAL CURRENT LIABILITIES		143.8	152.8	151.8
TOTAL LIABILITIES		**874.8**	797.8	790.7
TOTAL EQUITY AND LIABILITIES		**1,658.9**	1,760.9	1,571.3

Contractual obligations and rights	5
Post balance sheet date events	6
Accounting policies	7
Alternative Performance Measures (APMs)	8

Consolidated statement of changes in equity for the period 1 January – 30 September 2017

USDm	Common shares*	Treasury shares**	Hedging reserves	Translation reserves	Retained profit	Total
Equity as of 1 January 2017	0.6	(2.9)	0.4	(0.1)	782.6	780.6
Comprehensive income for the period:						
Net profit for the period	-	-	-	-	(1.2)	(1.2)
Other comprehensive income for the period ***)	-	-	4.2	0.1	-	4.3
Total comprehensive income for the period	**-**	**-**	**4.2**	**0.1**	**(1.2)**	**3.1**
Shareholders' contribution	-	-	-	-	0.2	0.2
Acquisition treasury shares, cost	-	-	-	-	-	-
Share-based compensation	-	-	-	-	1.4	1.4
Dividend paid	-	-	-	-	(1.2)	(1.2)
Total change in equity for the period	-	-	4.2	0.1	(0.8)	3.5
Equity as of 30 September 2017	**0.6**	**(2.9)**	**4.6**	**-**	**781.8**	**784.1**

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

USDm	Common shares*	Treasury shares**	Hedging reserves	Translation reserves	Retained profit	Total
Equity as of 1 January 2016	**0.6**	**(0.2)**	**1.4**	**0.2**	**974.0**	**976.0**
Comprehensive income for the period:						
Net profit for the period	-	-	-	-	47.4	47.4
Other comprehensive income for the period ***)	-	-	(7.7)	-	-	(7.7)
Total comprehensive income for the period	**-**	**-**	**(7.7)**	**-**	**47.4**	**39.7**
Corporate Reorganization TORM plc	-	-	-	-	(7.0)	(7.0)
Acquisition outstanding shares in TORM A/S, cost ****)	-	0.2	-	-	(19.4)	(19.2)
Acquisition treasury shares, cost	-	(2.9)	-	-	-	(2.9)
Share-based compensation	-	-	-	-	1.5	1.5
Dividend paid	-	-	-	-	(25.0)	(25.0)
Total change in equity for the period	-	(2.7)	(7.7)	-	(2.5)	(12.9)
Equity as of 30 September 2016	**0.6**	**(2.9)**	**(6.3)**	**0.2**	**971.5**	**963.1**

* Common shares have been adjusted to reflect the nominal capital of TORM plc. Please refer to the Consolidated statements of changes in equity in the Consolidated Financial Statements for 2016.

** Please refer to note 13 in the Consolidated Financial Statements for 2016 for further information on treasury shares.

*** Please refer to Consolidated Statement of Comprehensive Income.

**** Relates to the squeeze-out of remaining minority shareholders in TORM A/S. Please refer to note 1 in the notes to the Consolidated Financial Statements for 2016.

Consolidated statement of cash flow

USDm	Q1-Q3 2017	Q1-Q3 2016	2016
Cash flow from operating activities			
Operating profit/(loss)	26.9	75.5	-107.2
Adjustments:			
Reversal of profit from sale of vessels	-2.8	0.0	0.0
Reversal of amortizations and depreciation	86.3	90.8	122.2
Reversal of impairment of tangible and intangible assets	3.6	0.0	185.0
Reversal of share of results of joint ventures	0.0	0.0	-0.2
Reversal of other non-cash movements	2.7	-6.0	-7.1
Dividends received from joint ventures	0.0	0.0	0.2
Interest received	1.2	2.7	0.2
Interest paid	-28.6	-24.5	-31.4
Net exchange rate gains	0.5	0.0	2.5
Income taxes paid/repaid	-0.4	-0.8	-1.4
Change in bunkers, accounts receivables and payables	-6.6	16.5	8.3
Net cash flow from operating activities	**82.8**	154.2	171.1
Cash flow from investing activities			
Investment in tangible fixed assets	-129.0	-102.5	-119.4
Sale of non-current assets (vessels)	31.4	0.0	0.0
Net cash flow from investing activities	**-97.6**	-102.5	-119.4
Cash flow from financing activities			
Borrowing, mortgage debt and other financial liabilities	206.0	19.3	49.3
Repayment, mortgage debt	-120.9	-114.8	-146.2
Dividend paid	-1.2	-25.0	-25.0
Acquisition outstanding shares in TORM A/S	0.0	-19.2	-19.2
Purchase of treasury shares	0.0	-2.9	-2.9
Net cash flow from financing activities	**83.9**	-142.6	-144.0
Net cash flow from operating, investing and financing activities	69.1	-90.9	-92.3
Cash and cash equivalents, beginning balance	76.0	168.3	168.3
Cash and cash equivalents, ending balance	**145.1**	77.4	76.0

Consolidated quarterly statement of cash flow

USDm	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Cash flow from operating activities					
Operating profit/(loss)	5.8	7.4	13.7	-182.7	9.9
Adjustments:					
Reversal of profit from sale of vessels	0.0	-2.8	0.0	0.0	30.4
Reversal of amortizations and depreciation	28.6	28.3	29.4	31.4	0.0
Reversal of impairment of tangible and intangible assets	2.6	0.0	1.0	185.0	0.0
Reversal of share of results of joint ventures	0.0	0.0	0.0	-0.2	0.0
Reversal of other non-cash movements	1.2	0.3	1.2	-1.1	0.0
Dividends received from joint ventures	0.0	0.0	0.0	0.2	0.0
Interest received	0.5	0.4	0.3	0.0	0.4
Interest paid	-11.8	-9.7	-7.1	-6.9	-8.3
Net-exchange rate gains	0.3	0.2	0.0	0.0	0.0
Income taxes paid/repaid	-0.1	-0.2	-0.1	-0.6	-0.2
Change in bunkers, accounts receivables and payables	-9.6	14.6	-11.6	-8.2	6.2
Net cash flow from operating activities	**17.5**	38.5	26.8	16.9	38.4
Cash flow from investing activities					
Investment in tangible fixed assets	-99.0	-12.6	-17.4	-16.9	-18.0
Sale of non-current assets (vessels)	10.6	14.7	6.1	0.0	0.0
Net cash flow from investing activities	**-88.4**	2.1	-11.3	-16.9	-18.0
Cash flow from financing activities					
Borrowing, mortgage debt and other financial liabilities	45.4	10.9	149.7	30.0	0.0
Repayment, mortgage debt	-42.0	-52.5	-26.4	-31.4	-32.7
Dividend paid	-1.2	0.0	0.0	0.0	-25.0
Acquisition outstanding shares in TORM A/S	0.0	0.0	0.0	0.0	0.0
Purchase of treasury shares	0.0	0.0	0.0	0.0	-2.3
Net cash flow from financing activities	**2.2**	-41.6	123.3	-1.4	-60.0
Net cash flow from operating, investing and financing activities	-68.7	-1.0	138.8	-1.4	-39.6
Cash and cash equivalents, beginning balance	213.8	214.8	76.0	77.4	117.0
Cash and cash equivalents, ending balance	**145.1**	213.8	214.8	76.0	77.4

Notes

Note 1 – Staff costs

USDm	**Q3 2017**	Q3 2016	**Q1-Q3 2017**	Q1-Q3 2016	2016
Total staff costs:					
Staff costs included in operating expenses	2.2	2.5	6.8	7.5	9.9
Staff costs included in administrative expenses	7.7	6.8	24.5	23.5	31.0
	9.9	9.3	31.3	31.0	40.9

Note 2 – Vessels and capitalized dry-docking

USDm	**30 September 2017**	30 September 2016	31 December 2016
Cost:			
Balance as of 1 January	1,697.4	1,567.5	1,567.5
Exchange rate adjustment	-	-	-
Additions	93.9	34.9	40.8
Disposals	-9.3	-18.7	-16.3
Transferred to assets held-for-sale	-49.7	-	-
Transferred to/from other items	-	105.4	105.4
Balance	1,732.3	1,689.1	1,697.4
Depreciation:			
Balance as of 1 January	180.0	75.5	75.5
Disposals	-9.3	-18.7	-15.9
Transferred to assets held-for-sale	-17.5	-	-
Depreciation for the year	85.8	89.3	120.4
Balance	239.0	146.1	180.0
Impairment			
Balance as of 1 January	173.6	-	-
Impairment losses on tangible fixed assets	-	-	173.6
Balance	173.6	-	173.6
Carrying amount	1,319.7	1,543.0	1,343.8

Included in the carrying amount for "Vessels and capitalized dry-docking" are capitalized dry-docking costs in the amount of USD 70.8m (30 September 2016: USD 86.2m, 31 December 2016: USD 80.4m).

The depreciation expense for the nine months ended 30 September 2017 related to "Other plant and operating equipment" of USD 0.5m relates to “Administration expenses” (30 September 2016: USD 1.5m, 31 December 2016: USD 1.8m).

Impairment assesment
For determination of the vessel values, TORM has carried out an assessment of the most significant assumptions used in the value in use calculations for the Annual Report at 31 December 2016 (please refer to Note 8 in the Annual Report 2016). Based on this, TORM has assessed that there are no significant changes in the assumptions to either the fair value or the value in use, and therefore TORM does not find any need for an impairment.

Assets held-for-sale
The impairment of USD 3.6m for the nine months ended on 30 September 2017 (2016, same period: USD 0m) refers to impairment of assets held-for-sale, as these vessels are measured at fair value less cost to sell.

Note 3 – Prepayments on vessels

USDm	30 September 2017	30 September 2016	31 December 2016
Cost:			
Balance as of 1 January	44.1	72.6	72.6
Additions	38.6	67.0	76.9
Transferred to/from other items	0.0	-105.4	-105.4
Carrying amount	82.7	34.2	44.1

Note 4 – Mortgage debt and bank loans

USDm	30 September 2017	30 September 2016	31 December 2016
Mortgage debt and bank loans			
To be repaid as follows:			
Falling due within one year	82.3	86.4	75.9
Falling due between one and two years	138.8	72.9	75.1
Falling due between two and three years	72.2	138.5	137.5
Falling due between three and four years	283.5	57.1	59.7
Falling due between four and five years	119.1	277.1	306.5
Falling due after five years	50.4	41.1	16.9
Total	746.3	673.1	671.6

The presented amounts to be repaid do not include directly related costs arising from the issuing of the loans of USD 4.5m (30 September 2016: USD 1.9m, 31 December 2016: USD 2.0m), which are amortized over the term of the loans.

As of 30 September 2017, TORM was in compliance with the financial covenants. TORM expects to remain in compliance with the financial covenants in the remaining period of 2017.

During the first quarter of 2017, TORM plc signed a syndicated financing agreement with Danske Bank, ABN AMRO, DVB and ING with collateral in nine MR vessels. The available facility was fully utilized on 27 January 2017, where TORM plc drew USD 126m on the facility which matures on 31 March 2022. The main conditions are in line with the Company's existing loan agreements.

During the third quarter of 2017, TORM plc signed two financing agreements: one with ING with collateral in three MR vessels and one with DSF with collateral in four MR resale vessels. The available facility with ING was fully utilized on 15 September 2017, where TORM plc drew USD 47m on the facility which matures on 8 September 2024. The facility with DSF of USD 81m will be drawn upon delivery of the MR resale vessels and matures on 15 June 2026. The main conditions for both agreements are in line with the Company's existing loan agreements.

Note 5 – Contractual obligations and rights

As of 30 September 2017, TORM has contractual obligations regarding newbuilding commitments and chartered-in vessels of USD 238.0m and USD 4.0m respectively (30 September 2016: USD 152.4m and USD 23.7m, 31 December 2016: USD 134.4m and USD 6.6m). In addition, TORM has contractual rights regarding charter hire income from vessels of USD 46.6m (30 September 2016: USD 112.3m, 31 December 2016: USD 97.3m).

Note 6 – Post balance sheet date events

Following the balance sheet date, TORM has entered into an agreement to sell TORM Rhone, a 2000-built Handysize vessel. The transaction is expected to close in Q1 2018 and will have a limited P&L impact.
Also following the balance sheet date, TORM and Danish Ship Finance have agreed to extend the maturity date for an existing loan tranche from June 2019 to December 2021. Other terms in the loan agreement are unchanged.

Note 7 – Accounting policies

General information

The information for the year ended 31 December 2016 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Significant accounting policies
The interim report for the period 1 January – 30 September 2017 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 the Annual Report 2016 and additional policies below including IFRS standards endorsed by the EU effective for accounting periods beginning after 1 January 2017. New standards have not had any material effect on the interim report. The accounting policies are described in more detail in the Annual Report 2016. The interim report for the three quarters of 2017 is unaudited, in line with normal practice.

Going concern
The Group monitors its funding position throughout the year to ensure that it has access to sufficient funds to meet its forecast cash requirements, including newbuildings and loan commitments, and to monitor compliance with the financial covenants in its loan facilities. As of 30 September 2017, TORM's cash position was USD 145m, TORM's debt was USD 775m and the net debt loan-to-value ratio was 57%. TORM performs sensitivity calculations to reflect different scenarios including, but not limited to, future freight rates and vessel valuations in order to identify risks to future liquidity and covenant compliance and to enable Management to take corrective actions, if required. The principal risks and uncertainties facing the Group are set out on page 10.

The Board of Directors has considered the Group's cash flow forecasts and the expected compliance with the Company's financial covenants for a period of not less than 12 months from the date of approval of these financial statements. Based on this review, the Board of Directors has a reasonable expectation that, taking into account reasonably possible changes in trading performance and vessel valuations, the Group will be able to continue in operational existence and comply with its financial covenants for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements.

Assets held-for-sale
Assets are classified as held-for-sale if the carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Gains and losses are recognized on delivery to the new owners in the income statement in the item "Profit from sale of vessels".

Note 8 – Alternative Performance Measures (APMs)
Throughout the interim report, several APMs are used. The APMs used are the same as in the Annual Report, and therefore we refer to the principles for these on pages 128-132 in the TORM plc Annual Report 2016.
http://www.torm.com/uploads/media_items/torm-plc-annual-report-2016.original.pdf

Invested capital:
TORM defines invested capital as the sum of intangible assets, tangible fixed assets, investments in joint ventures, bunkers, accounts receivables, assets held-for-sale (when applicable), deferred tax liability, trade payables, current tax liabilities and deferred income. Invested capital measures the net investment used to achieve our operating profit. The Company believes that invested capital is a relevant measure that Management uses to measure the overall development of the assets and liabilities generating our net profit. Such measure may not be comparable to similarly titled measures of other companies. Invested capital is calculated as follows:

USDm	**30 September 2017**	30 September 2016	31 December 2016
Invested capital			
Tangible and intangible fixed assets	1,404.2	1,590.3	1,389.7
Investments in joint ventures	0.3	0.3	0.3
Bunkers	34.1	28.9	31.6
Accounts receivables *)	75.2	64.0	73.7
Deferred tax liability	-44.9	-45.0	-45.0
Trade payables **)	-57.7	-63.7	-61.5
Current tax liabilities	-1.4	-1.9	-0.8
Deferred income	-0.2	-0.2	-0.2
Total	1,409.6	1,572.7	1,387.8

* Accounts receivable includes Freight receivables, Other receivables and Prepayments.

** Trade payables includes Trade payables and Other liabilities.

Note 8 - Alternative Performance Measures (continued)

Net interest-bearing debt:
Net interest-bearing debt is defined as mortgage debt and bank loans (current and non-current), finance lease liabilities less cash and cash equivalents. Net interest-bearing debt depicts the net capital resources, which cause net interest expenditure and interest rate risk and which, together with equity, are used to finance our investments. As such, TORM believes that net interest-bearing debt is a relevant measure which Management uses to measure the overall development of our use of financing, other than equity. Such measure may not be comparable to similarly titled measures of other companies. Net interest-bearing debt is calculated as follows:

USDm	**30 September 2017**	30 September 2016	31 December 2016
Net interest-bearing debt			
Mortgage debt and bank loans (current and non-current)	741.8	671.2	669.6
Finance lease liabilities (current and non-current)	28.8	15.8	13.6
Amortized bank fees	4.5	1.9	2.0
Cash and cash equivalents	-145.1	-77.4	-76.0
Total	630.0	611.5	609.2

Net Asset Value per share (NAV/share):
TORM believes that the NAV/share is a relevant measure that Management uses to measure the overall development of the assets and liabilities per share. Such measure may not be comparable to similarly titled measures of other companies. NAV/share is calculated using broker values of vessels and excluding charter commitments. NAV/share is calculated as follows:

USDm	**30 September 2017**	30 September 2016	31 December 2016
Net Asset Values per share			
Total vessels value including newbuildings (broker values)	1,523.5	1,540.6	1,445.8
Committed CAPEX on newbuildings	-238.0	-158.4	-148.8
Cash position	145.1	77.4	76.0
Bunkers	34.1	28.9	31.6
Freight receivables	62.1	54.6	62.5
Other receivables	10.3	3.7	8.1
Other plant and operating equipment	1.7	1.7	1.8
Investments in joint ventures	0.3	0.3	0.3
Prepayment	2.8	5.7	3.0
Outstanding debt *)	-775.1	-688.9	-685.2
Trade payables	-24.7	-21.5	-28.5
Other liabilities	-33.0	-42.2	-33.0
Current tax liabilities	-1.4	-1.9	-0.8
Total Net Asset Value (NAV)	707.7	800.0	732.8
Total number of shares excluding treasury shares (million)	62.0	62.3	62.0
Total Net Asset Value per share (NAV/share)	11.4	12.8	11.8

* Borrowings includes long-term and short-term mortgage debt and bank loans and finance lease liabilities.