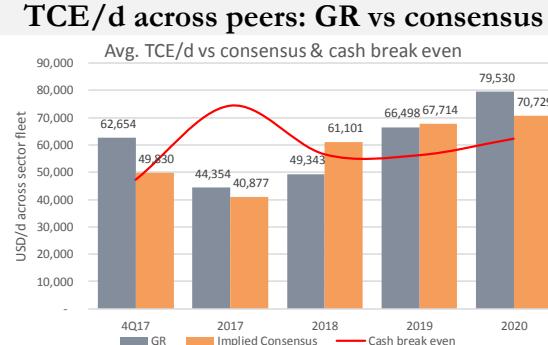
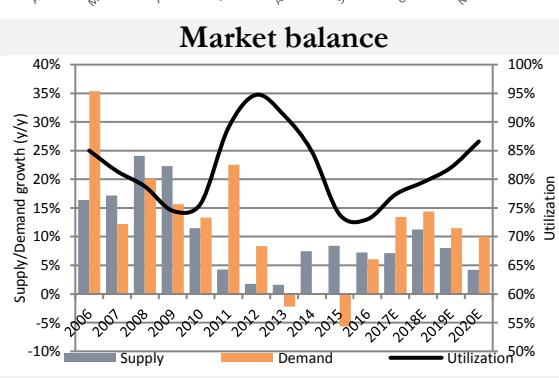




#LNGC rates surge to a 3y-high. We reiterate #BUY \$FLNG, \$GLOG & \$ALNG ahead of consensus 4Q upgrades & on long-term fundamentals

LNG Carriers

BUY



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Earnings surge to three-year high

The dynamics for LNG carriers have changed and the cyclical inflection point is definitively behind us as spot rates surge towards levels not seen in three years. We see utilization rising steadily towards the end of this decade, with corresponding improvements in earnings, vessel values and share prices. We reiterate our **BUY** recommendation on the LNG carrier segment and highlight **Flex LNG (TP 18)** and **GasLog (TP 22)** as our top picks.

Estimate changes: Net supply YTD has been lower than our expectations, but we believe many of these vessels have slipped into 2018. We forecast supply growth of 7.1% (from 8.2%) in 2017E, 11.3% (10.9%) in 2018E and 8.0% (7.5%) in 2019E. Our demand forecast for 2017E is more or less unchanged at 13%, with 2018E at 14% (13%) and 2019E at 12% (15%). This increases the front-end of the utilization curve, with 2017E at 77% (76%) and 2018E at 80% (78%), representing spot rates (TFDE 160k cbm basis) of USD 46k/d (42k/d) and USD 52k/d (46k/d), respectively.

Key investment opportunities: We forecast avg. TCE across our peers at USD 62.7k/d in 4Q vs consensus at 49.8k/d. Thus, we expect a positive share price momentum from analyst's upgrades ahead of next reporting season. Looking further, we expect a return to the USD 40s (TCE/d) in 1H18E due to demand seasonality and a surge of newbuildings hitting the water. Thus, we advise investor to stay long the sector and use any potential weakness in share prices to increase exposure ahead of significant upside towards the end of this decade. Our top picks remain **Flex LNG** and **GasLog**.

	Recommendations & upside						Valuation		
	Mcap	Turnover	Rec.	TP	P	+/-	NAV	P/NAV	€
USDm									
ALNG NO	61	0.0	BUY	5.2	3.8	36%	5.3	0.71	0.38
FLNG NO	494	0.5	BUY	18	11.1	62%	11.6	0.96	0.23
GLOG US	1,452	6.6	BUY	22	18.0	20%	5.2	3.45	1.01
Average	669	2.4				39%	1.71	0.54	
Median	494	0.5				36%	0.96	0.38	



Source: Gersemi Research, Bloomberg, company data

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Table of Contents

Earnings surge to three-year high.....	1
Market.....	3
Recent developments:	3
Outlook:	3
Econometrics.....	5
Peer Group	5



Market

Recent developments:

3Q17 spot rates in-line with forecast

Earnings have surged far beyond our expectations in 4Q17

Spot rates in 3Q17 averaged USD 42,538/day (TFDE 160k cbm basis), in-line with our USD 44,827/day forecast from July. Although net supply growth at 0.9% q/q was far below our 3.0% forecast, this was offset by implied demand growth of 5.2% q/q vs our 8.4% forecast. However, we believe most of the lower 3Q growth slipped into future periods, with implied demand growth in 4Q17E at 10.9% q/q (vs our previous 4.1% forecast) and our net supply growth in forecast for 1Q18E now at 5.6% (4.4% previously).

Our massive 4Q17E forecast of 10.9% q/q (17.3% y/y) implied demand growth is driven by the recent surge in spot rates, with Cheniere said to have firmed vessels in the USD 70,000s. This represents a ~3y high in the spot market and is a confirmation that the cyclical dynamics definitively have changed from the trough in 2015/16.

kcbm	2016-Q4	2017-Q3	New		Old	
			2017-Q4E	2017-Q4	Δ	Δ %
Deliveries ¹	1,762	670	1,676	1,749	(73)	-4%
Scrappling ¹	-	-	-	(63)	63	-100%
Contracting ¹	181	-	292	802	(511)	-64%
Supply²	69,528	72,473	74,149	75,608	(1,459)	-1.9%
Δ q/q			2.3%	2.3%		
Δ y/y			6.6%	8.7%		
Demand²	52,469	55,519	61,547	59,553	1,994	3.3%
Δ q/q			10.9%	4.1%		
Δ y/y			17.3%	13.5%		
Utilization²	75.5%	76.6%	83.0%	78.8%	4.2%	
160k cbm, spot ² (TCE/d)	39,385	42,538	64,187	49,053	15,133	31%

¹Sum during period ²Average during period

In sum, we expect utilization in 4Q17E of 83.0%, vs our previous forecast of 78.8%. We expect spot rates to average USD 64k/d.

Outlook:

With significant slippage from 2017E to 2018E, we estimate net supply growth of 11.3% in 2018E, with the majority of newbuilding deliveries in the first half. Positive is that most of the current orderbook is earmarked for specific LNG export capacity increases, although vessels have historically been delivered in a timelier manner than inaugural LNG cargoes. Thus, we expect that spot rates will average USD 44k/d in 1H18E.

We forecast utilization to rise 4%p y/y to 77% in 2017E, 80% in 2018E and 82% in 2019E. This equates to spot rates averages of USD 46k/d in 2017E, USD 52k/d in 2018E and USD 62k/d in 2019E.

Net supply growth of 11% in 2018E

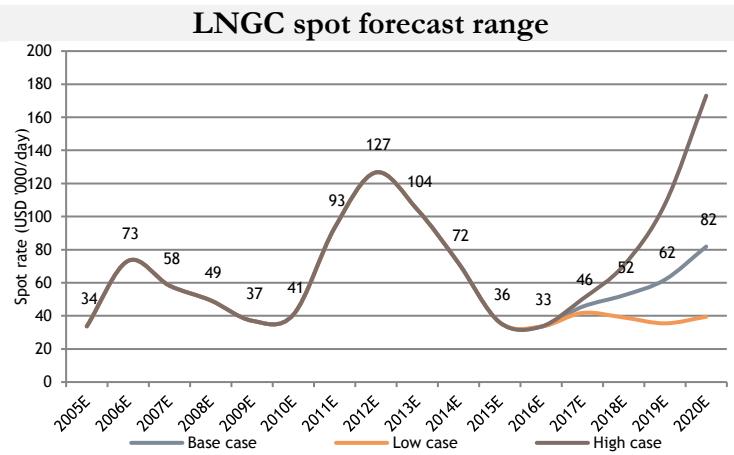
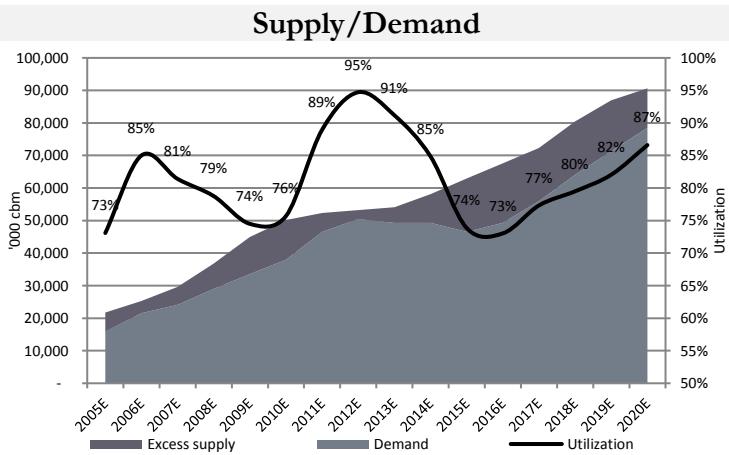
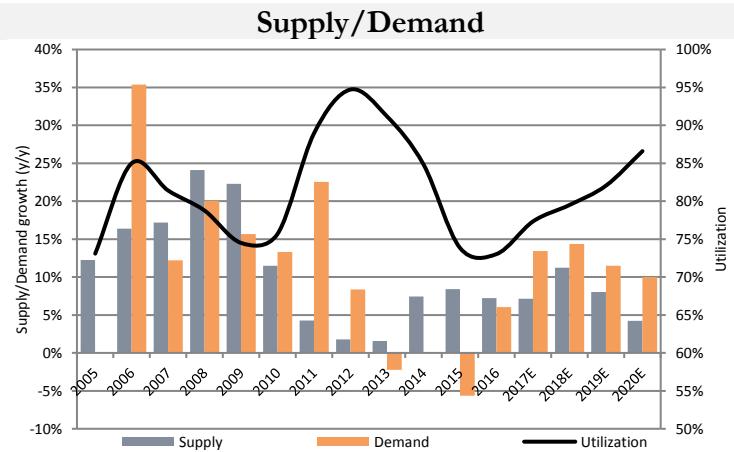
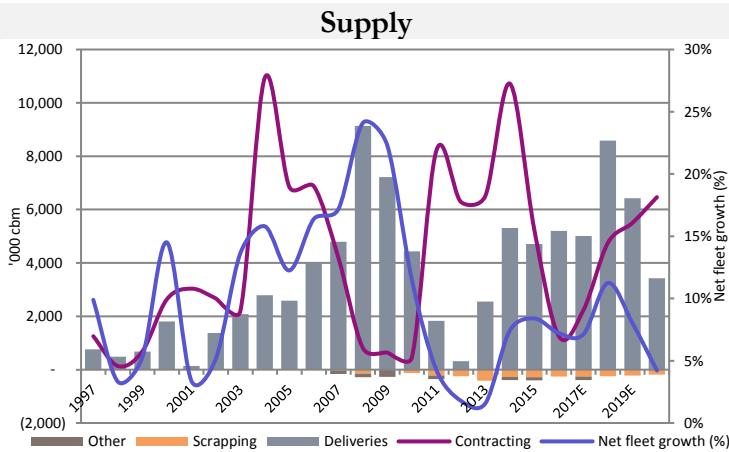
Demand growth of 12-14% in the coming years

Utilization to rise from 73% in 2016 to 87% in 2020E

Spot rates to rise from USD 33k/d in 2016 to USD 82k/d in 2020E

Δ y/y	Delta table: LNG shipping forecast summary				Average spot rate	2017E	2018E	2019E	2020E
	2017E	2018E	2019E	2020E					
Supply	7.1%	11.3%	8.0%	4.2%	MEGI 175k	61,380	69,156	79,835	102,442
Supply, old	8.2%	10.9%	7.5%	4.4%	old	57,755	61,617	82,150	102,122
Δ	-1.1%	0.4%	0.5%	-0.2%	Δ	3,626	7,539	(2,315)	320
Demand	13.4%	14.4%	11.5%	10.0%	DFDE 155k	45,508	52,395	61,854	81,877
Demand, old	13.3%	12.5%	14.9%	9.5%	old	42,297	45,718	63,904	81,594
Δ	0.2%	1.9%	-3.4%	0.5%	Δ	3,211	6,677	(2,050)	283
Utilization	77.3%	79.5%	82.1%	86.6%	Turbine 150k	34,160	39,298	46,386	61,400
Utilization, old	76.5%	77.6%	82.9%	87.0%	old	31,755	34,296	47,931	61,198
Δ	0.9%	1.9%	-0.9%	-0.4%	Δ	2,404	5,002	(1,546)	202

Newbuilding contracting is key to a substantiated recovery towards the end of this decade. Although the contracting of nine large LNG carriers in 1H17 raised our concerns, so far in 2H we have seen zero new orders. Assuming an average delivery time from yard of 2.6 years and the historical relationship between earnings and contracting, 2020E looks promising as for now: We estimate a net fleet growth of 4% vs demand at 10% and utilization to rise 5% p y/y to 87%. This equates to spot rates of USD 78k/d.



Econometrics

Supply/Demand ('000 cbm)

Base case	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Deliveries ¹	3,994	4,797	9,134	7,213	4,434	1,833	323	2,539	5,314	4,714	5,208	5,005	8,588	6,429	3,425
Scrappling ¹	-	(29)	(145)	-	(128)	(225)	(251)	(412)	(269)	(281)	(256)	(260)	(248)	(226)	(188)
Other ¹	(0)	(129)	(139)	(264)	0	(126)	(0)	0	(126)	(126)	(0)	(125)	(0)	0	(0)
Contracting ¹	6,875	4,201	814	640	461	8,215	6,289	6,513	10,720	5,231	1,250	2,231	4,752	5,500	6,466
Supply²	25,303	29,648	36,794	44,992	50,168	52,311	53,245	54,088	58,114	62,996	67,544	72,360	80,501	86,967	90,637
Δ y/y	16%	17%	24%	22%	12%	4%	2%	2%	7%	8.4%	7.2%	7.1%	11.3%	8.0%	4.2%
Demand²	21,509	24,135	28,978	33,517	37,979	46,543	50,437	49,315	49,305	46,516	49,330	55,958	63,999	71,358	78,494
Utilization ²	85%	81%	79%	74%	76%	89%	95%	91%	85%	74%	73%	77%	80%	82%	87%
Spot rate ² (USD '000/day)	73,207	58,303	49,370	37,072	40,673	93,135	126,683	104,346	71,942	36,038	33,470	45,508	52,395	61,854	81,877
OB ²	22,411	23,044	19,115	10,184	5,350	6,545	12,249	17,391	19,667	24,680	22,544	19,983	15,392	13,141	14,380
OB/Fleet ²	89%	78%	52%	23%	11%	13%	23%	32%	34%	39%	33%	28%	19%	15%	16%

Low case

Low case	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Deliveries ¹	3,994	4,797	9,134	7,213	4,434	1,833	323	2,539	5,314	4,714	5,208	5,037	9,055	6,203	2,806
Scrappling ¹	-	(29)	(145)	-	(128)	(225)	(251)	(412)	(269)	(281)	(256)	(260)	(248)	(226)	(188)
Other ¹	(0)	(129)	(139)	(264)	0	(126)	(0)	0	(126)	(126)	(0)	(125)	(0)	0	(0)
Contracting ¹	6,875	4,201	814	640	461	8,215	6,289	6,513	10,720	5,231	1,250	2,177	3,732	3,820	4,504
Supply²	25,303	29,648	36,794	44,992	50,168	52,311	53,245	54,088	58,114	62,996	67,544	72,368	80,987	87,475	90,719
Δ y/y	16%	17%	24%	22%	12%	4%	2%	2%	7%	8.4%	7.2%	7.1%	11.9%	8.0%	3.7%
Demand²	21,509	24,135	28,978	33,517	37,979	46,543	50,437	49,315	49,305	46,516	49,330	55,189	60,799	64,401	68,154
Utilization ²	85%	81%	79%	74%	76%	89%	95%	91%	85%	74%	73%	76%	75%	74%	75%
Spot rate ² (USD '000/day)	73,207	58,303	49,370	37,072	40,673	93,135	126,683	104,346	71,942	36,038	33,470	41,768	39,019	35,472	39,459
OB ²	22,411	23,044	19,115	10,184	5,350	6,545	12,249	17,391	19,667	24,680	22,544	19,983	14,716	11,142	10,948
OB/Fleet ²	89%	78%	52%	23%	11%	13%	23%	32%	34%	39%	33%	28%	20%	19%	12%

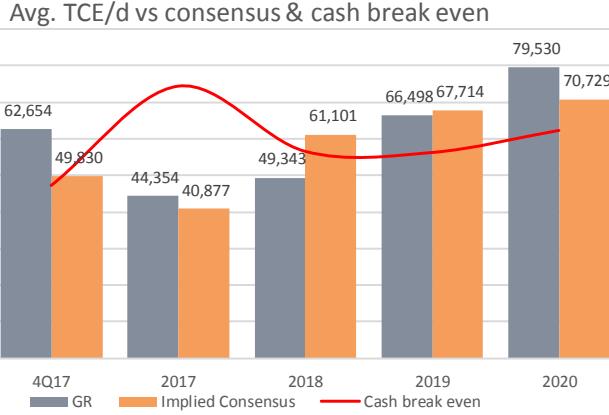
¹Sum during period ²Average during period

Peer Group

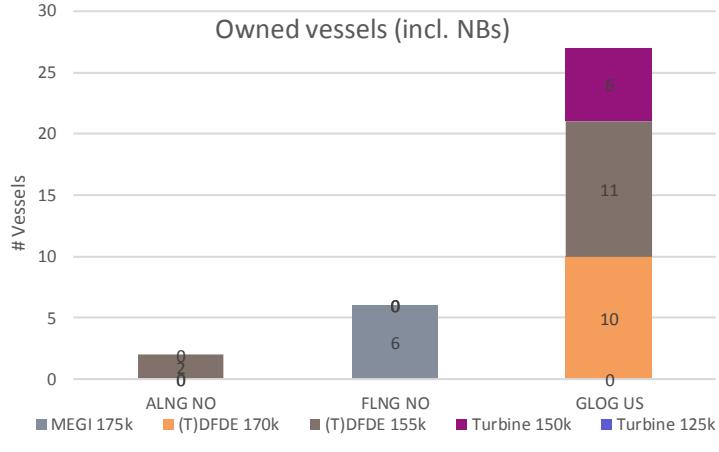
Valuation matrix

USDm	Mcap	Turnover	P/sh	Value	+/-	P/NAV		EV/EBITDA				Liquidity/(GIBD + eq. capex)				FCF yield				Dividend yield						
						NAV	Now	1y fwd	+25%	€	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
ALNG NO	61	0.0	3.8	5.2	36%	5.3	0.71	0.37	0.38	72.2	13.3	9.5	6.2	11%	9%	7%	9%	-4%	37%	52%	41%	0%	0%	0%	16%	
FLNG NO	494	0.5	11.1	18.0	62%	11.6	0.96	0.61	0.23	15.0	9.2	5.7	5%	21%	14%	17%	-18%	-38%	-37%	34%	0%	4%	11%	21%		
GLOG US	1,452	6.6	18.0	21.5	20%	5.2	3.45	-	0.98	1.01	8.2	7.5	7.0	5.7	11%	7%	6%	6%	6%	-22%	-7%	21%	3%	3%	4%	4%
Average	669	2.4		39%		1.71	0.00	0.65	0.54	40.2	11.9	8.6	5.8	9%	12%	9%	11%	-5%	-8%	3%	32%	1%	2%	5%	14%	
Median	494	0.5		36%		0.96	0.00	0.61	0.38	40.2	13.3	9.2	5.7	11%	9%	7%	9%	-4%	-22%	-7%	34%	0%	3%	4%	16%	

Avg. TCE/day across peer fleet vs consensus



Fleet overview





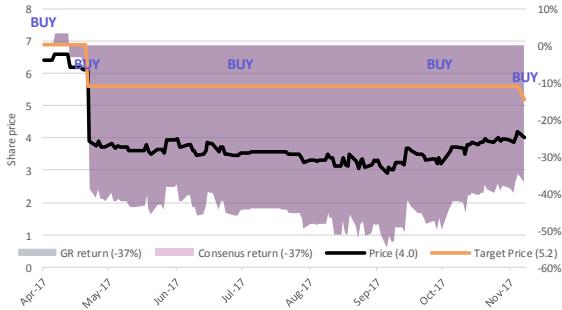
\$ALNG (#BUY, 5.2): Sub-par company performance continues, but will nevertheless benefit from improvements for #LNG carriers

ALNG-NO

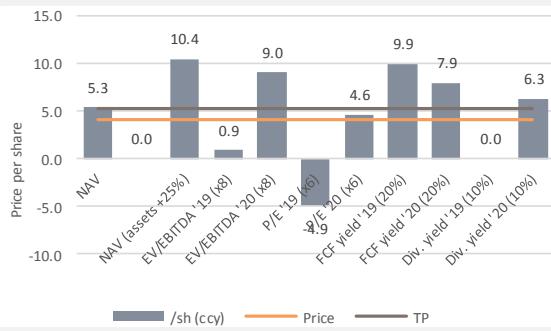
BUY/TP 5.2

Awilco LNG

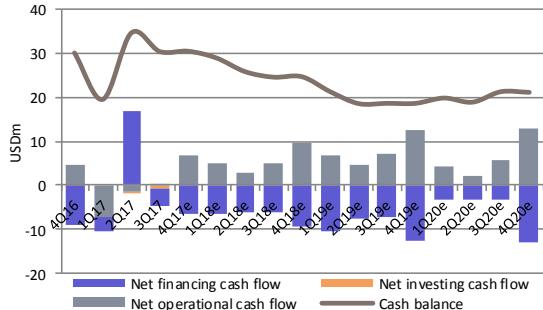
Share price vs target price



Valuation matrix



Cash & cash flows



Gersemi Research / Analysts

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Key numbers

USDm	2017	2018	2019	2020
Net sales	16	35	44	58
EBITDA	4	22	31	46
EBIT	-8	10	19	33
PTP	-29	-15	-13	12
Net earnings	-29	-15	-13	12
EPS	-0.30	-0.12	-0.10	0.09

USDm	2017	2018	2019	2020
Fwd NAV	99	147	209	267
Adj. equity ratio	27%	36%	45%	52%
FCF yield	-4%	35%	49%	39%
Dividend yield	0%	0%	0%	16%
EV/EBITDA	73.0	13.5	9.6	6.3
P/E (adj.)				5.2

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	-1	22	31	25
Free cash flow	-3	22	31	25
Net cash flow	1	-6	-6	3
TCE/day	24,591	52,395	61,854	81,877
Cash break-even	54,444	55,645	68,477	62,394
Liquidity	30	25	18	21
Property & Equip. (incl. NBs)	363	350	338	325
Total equity	130	114	102	104
Interest bearing debt	265	262	256	243
Net interest bearing debt	235	237	237	222
Market Cap.	64	64	64	64
Enterprise value	299	301	301	286
Capex	1	-	-	-

Source: Gersemi Research, Bloomberg, company data

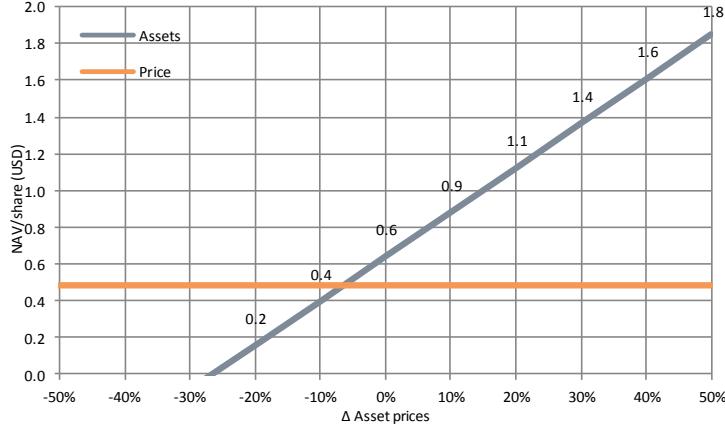
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Valuation

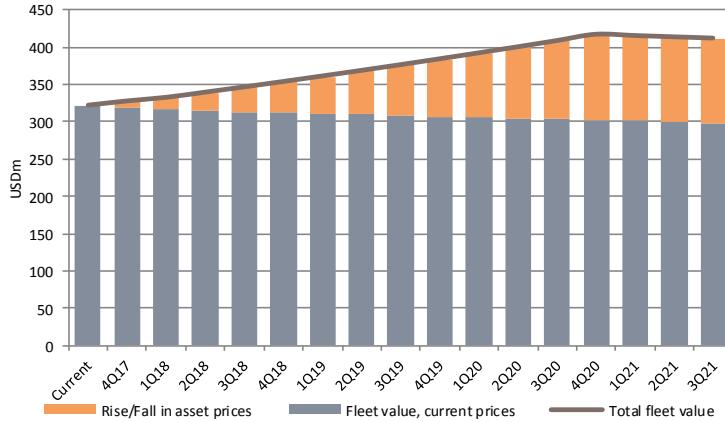
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	366	320	299
Contract value	0	0	0
Other	4	4	4
GAV	371	324	303
Net debt	-236	-236	-236
Capex	0	0	0
Other	-3	-3	-3
NAV	132	85	64
Shares	133	133	133
NAVPS	0.99	0.64	0.48
Share price	4.02	5.35	4.02
P/NAV	0.49	0.75	1.00
EV/GAV	0.82	0.93	1.00
Adj. Total Assets	402	356	335
Adj. Equity Ratio	33%	24%	19%
Target price		5.2	29%

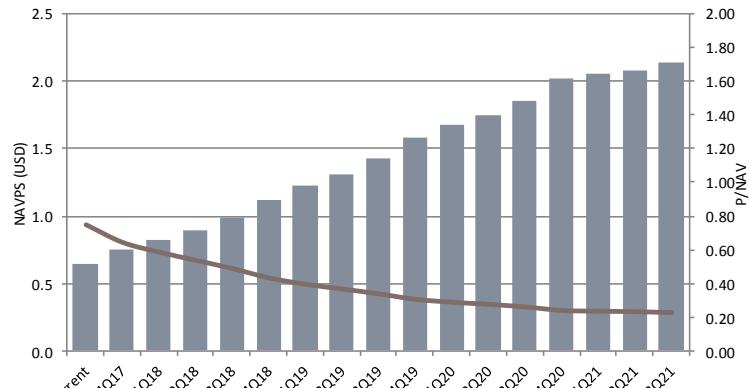
Impact on NAV/sh from % change in asset prices



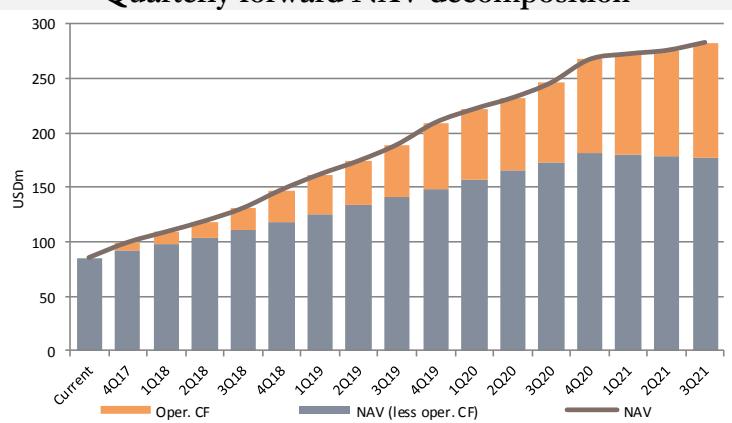
Forward fleet valuation decomposition



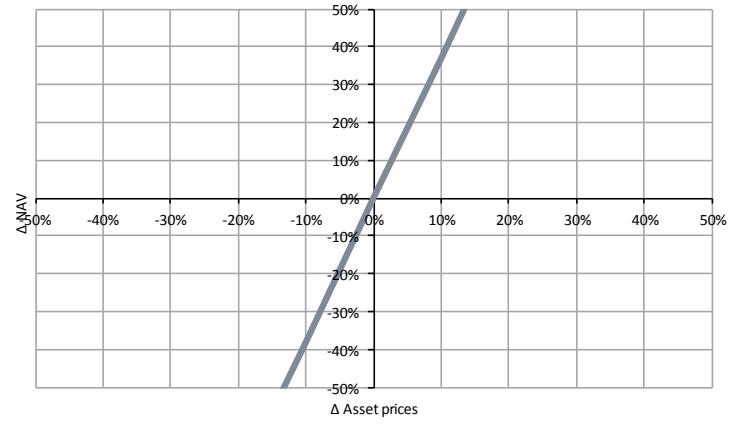
Quarterly forward NAV & P/NAV



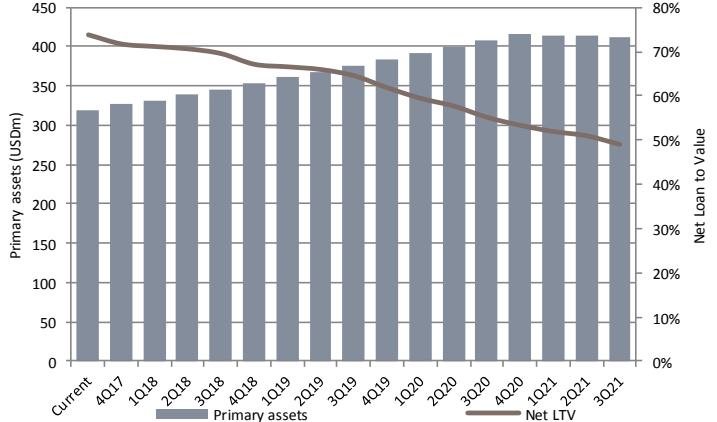
Quarterly forward NAV decomposition



% Impact on NAV from % change in asset prices



Forward fleet value & net loan to value





Estimate Changes

Profit & Loss

Estimate changes USDm	New				Old				Change				
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	
Net sales	16	35	44	58	17	30	45	58	-1	5	-1	0	
EBITDA	4	22	31	46	5	19	34	46	-1	4	-2	-1	
EBIT	-8	10	19	33	-6	7	22	35	-2	3	-3	-2	
PTP	-29	-15	-13	12	-22	-5	2	12	-7	-10	-15	1	
Net earnings	-29	-15	-13	12	-22	-5	2	12	-7	-10	-15	1	
EPS	-0.30	-0.12	-0.10	0.09	-0.24	-0.04	0.02	0.09	2017	2018	2019	2020	
									TCE revenue	-1	5	-1	0
									Opex & G&A	0	1	1	1
									Depreciation	1	1	1	1
									Net finance	5	13	12	-2
									Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

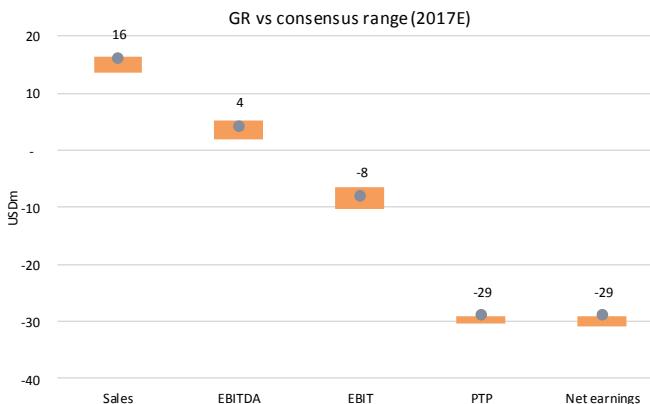
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	-1	22	31	25	-9	7	14	23	7	16	18	2								
Free cash flow	-3	22	31	25	-9	7	13	23	6	16	19	2								
Net cash flow	1	-6	-6	3	3	-6	-22	13	-2	1	16	-10								
TCE/day	24,591	52,395	61,854	81,877	35,134	45,718	63,904	81,594	-10,543	6,677	-2,050	283								
Cash break-even	54,444	55,645	68,477	62,394	55,868	50,241	90,351	61,663	-1,424	5,404	-21,875	731								
Liquidity	30	25	18	21	32	25	3	16	-1	-1	15	5								
Property & Equip. (incl. NBs)	363	350	338	325	361	349	338	327	3	1	-1	-2								
Total equity	130	114	102	104	136	132	134	145	-7	-17	-32	-42								
Interest bearing debt	265	262	256	243	259	246	211	201	6	16	44	42								
Net interest bearing debt	235	237	237	222	227	221	208	185	7	17	29	37								
Market Cap.	64	64	64	64	59	59	59	59	5	5	5	5								
Enterprise value	299	301	301	286	287	280	267	244	12	21	34	42								
Capex	1	-	-	-	0	-	1	-	1	-	-1	-								

Valuation

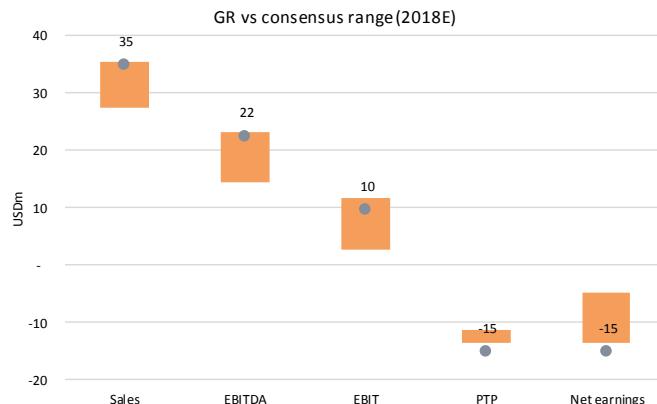
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	99	147	209	267	132	164	204	255	-33	-17	5	12								
Adj. equity ratio	27%	36%	45%	52%	34%	40%	49%	56%	-7%	-4%	-4%	-4%								
FCF yield	-4%	35%	49%	39%	-15%	11%	21%	39%	11%	24%	28%	0%								
Dividend yield	0%	0%	0%	16%	0%	0%	0%	0%	0%	0%	0%	16%								
EV/EBITDA	73.0	13.5	9.6	6.3	52.8	15.0	7.9	5.3	20.2	-1.6	1.6	1.0								
P/E (adj.)					5.2				27.2	5.1										

Our Estimates vs Consensus

Profit & Loss, year I



Profit & Loss, year II



Consensus EBITDA development



Target price vs share price



GR vs consensus: P&L break-down

2017	GR	Consensus	Diff.	Diff.
TCE revenue	16	15	1	5%
Opex + G&A	12	12	-0	-2%
Depreciation	12	11	1	8%
Net finance	21	21	-1	-2%
Taxes & Minorities	0	0	-0	-100%

2018	GR	Consensus	Diff.	Diff.
TCE revenue	35	31	3	11%
Opex + G&A	12	11	1	11%
Depreciation	13	13	-0	-2%
Net finance	25	20	5	26%
Taxes & Minorities	0	-3	3	-100%

Avg. TCE/day across fleet vs consensus





Gersemi Research

$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

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	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Profit & Loss (USDm)									
Net sales	57	55	78	37	35	16	35	44	58
Operational costs	-29	-38	-37	-33	-22	-12	-12	-12	-13
EBITDA	28	17	41	4	13	4	22	31	46
Depreciation/Amortization	-8	-10	-18	-17	-13	-12	-13	-13	-13
EBIT	20	7	23	-12	0	-8	10	19	33
Net financials	0	-5	-25	-24	-23	-21	-25	-31	-21
PTP	20	1	-3	-36	-23	-29	-15	-13	12
Taxes/Minorities	2	0	0	0	0	0	0	0	0
Net earnings	22	1	-3	-36	-23	-29	-15	-13	12
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	22	1	-3	-36	-23	-29	-15	-13	12
EPS	0.32	0.02	-0.04	-0.54	-0.34	-0.30	-0.12	-0.10	0.09
EPS (adj.)	0.32	0.02	-0.04	-0.54	-0.34	-0.30	-0.12	-0.10	0.09
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	3	18	21	17	30	30	25	18	21
Other current assets	5	16	9	6	6	6	6	6	6
Total current assets	7	35	30	23	36	36	30	24	27
Property & equip. (incl. NBs)	—	—	—	—	372	363	350	338	325
Other non-current assets					0	0	0	0	0
Total non-current assets	196	479	467	423	372	363	350	338	325
TOTAL ASSETS	203	514	498	445	408	399	380	362	351
Total equity	193	195	192	156	133	130	114	102	104
Short-term debt	2	35	35	35	14	1	21	18	13
Other current liabilities	8	11	8	4	3	2	2	2	2
Total current liabilities	9	45	43	39	16	3	23	20	15
Long-term debt	0	274	263	251	259	264	241	238	230
Other non-current liabilities	0	0	0	0	0	2	2	2	2
Total non-current liabilities	0	274	263	251	259	266	243	240	232
TOTAL EQUITY & LIABILITIES	203	514	498	445	408	399	380	362	351
Working capital, receivables	4	8	5	4	2	3	3	3	3
Working capital, payables	1	4	0	0	1	1	1	1	1
Net working capital	3	5	5	4	1	2	2	2	2
Interest bearing debt	2	308	297	286	273	265	262	256	243
Liquidity	3	18	21	17	30	30	25	18	21
Net interest bearing debt	-1	290	276	268	243	235	237	237	222
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	22	1	-3	-36	-23	-29	-15	-13	12
Depreciation	8	10	18	17	13	12	13	13	13
Other	-1	5	25	36	30	16	25	31	0
Cash earnings	29	17	41	16	20	0	22	31	25
Changes in working capital	-1	-6	5	-4	0	-1	0	0	0
Net operational cash flow	28	11	46	12	20	-1	22	31	25
Capex	-55	-293	-7	0	0	-1	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	0	18	32	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	-55	-293	-7	18	32	-1	0	0	0
Repayment of debt	2	306	-11	-11	-14	-7	-3	-6	-13
Proceeds from debt	—	—	—	—	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	-10
New equity	—	—	—	—	—	27	0	0	0
Other	0	-8	-25	-22	-25	0	0	0	0
Net financing cash flow	2	298	-36	-33	-39	4	-28	-38	-23
Currency effect	—	—	—	—	0	0	0	0	0
Net cash flow					13	1	-6	-6	3
Cash balance	3	18	21	17	30	31	25	19	21
Free cash flow	-27	-282	38	29	52	-3	22	31	25



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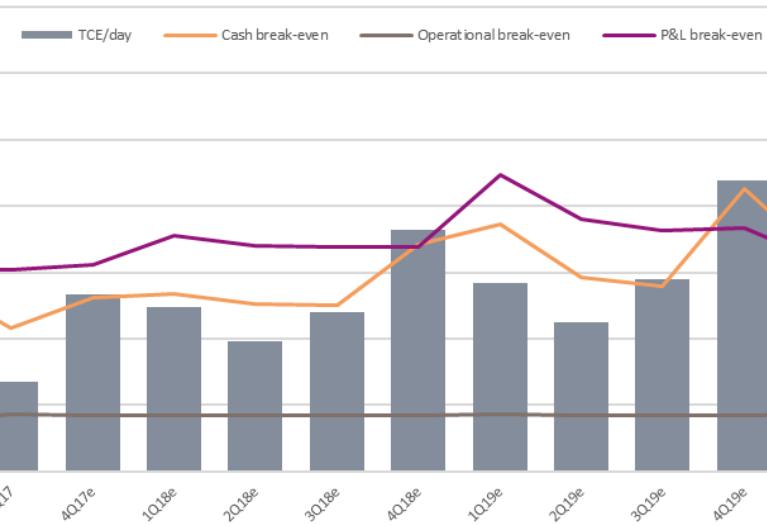
ALNG-NO

$$f(\lambda) = a_0 + \beta_1 \lambda^2, R^2 \approx 1$$

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	68	68	68	68	68	133	133	133	133
Share price, avg (USD)	3	2	2	1	1	1	0	0	0
Share price, end (USD)	3	3	1	0	1	0	0	0	0
Market Cap.	237	208	91	30	54	64	64	64	64
NIBD	-1	290	276	268	243	235	237	237	222
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	236	497	368	298	297	299	301	301	286
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)	10.9								5.2
P/E (adj.)	10.9								5.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	4.2	3.8	1.2	0.8	1.5	4.0	1.8	1.5	1.1
EV/Sales	4.2	9.1	4.7	8.0	8.5	18.7	8.7	6.9	4.9
EV/EBITDA	8.4	30.1	9.0	69.6	22.4	73.0	13.5	9.6	6.3
EV/EBIT	11.7	76.2	16.3				31.5	16.2	8.7
P/B	1.2	1.1	0.5	0.2	0.4	0.5	0.6	0.6	0.6
FCF yield	-12%	-136%	42%	98%	96%	-4%	35%	49%	39%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.6%
Return on equity (ROE)	11.2%	0.6%	-1.4%	-23.3%	-17.2%	-22.4%	-13.3%	-12.7%	11.8%
Return on capital employed (ROCE)	10.5%	1.3%	4.8%	-2.9%	0.1%	-2.2%	2.7%	5.5%	10.1%
Return on assets (ROA)	10.7%	0.2%	-0.5%	-8.1%	-5.6%	-7.3%	-4.0%	-3.6%	3.5%
Sales growth	85%	-3%	43%	-52%	-7%	-54%	118%	26%	33%
EBITDA margin	49%	30%	52%	11%	38%	26%	64%	72%	78%
EBIT margin	36%	12%	29%	-33%	1%	-51%	27%	42%	56%
Net margin	38%	2%	-3%	-97%	-66%	-182%	-44%	-29%	21%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	8.9%	10.5%	13.3%	9.3%
Tax rate	-9.1%	-10.6%	-2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	95%	38%	39%	35%	33%	33%	30%	28%	30%
Leverage ratio	5%	62%	61%	65%	67%	67%	70%	72%	70%
NIBD / EBITDA (past 1y)	0.0	17.5	6.7	62.6	18.3	57.4	10.6	7.6	4.9
Operating cash flow/NIBD	-29.9	0.0	0.2	0.0	0.1	0.0	0.1	0.1	0.1
Net interest coverage ratio (EBITDA)						0.2	0.9	1.0	2.2
Current ratio	0.8	0.8	0.7	0.6	2.2	12.5	1.3	1.2	1.7
Adj. equity ratio						27%	36%	45%	52%
Operating assets	200	495	477	428	378	369	356	343	330
Operating liabilities	8	11	8	4	3	4	4	4	4
Net operating assets	192	484	468	424	376	364	352	339	326

Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Gersemi Research

Break-even levels vs TCE revenue (USD per fleet day)

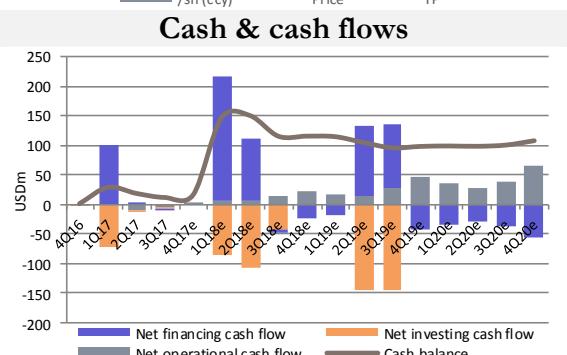
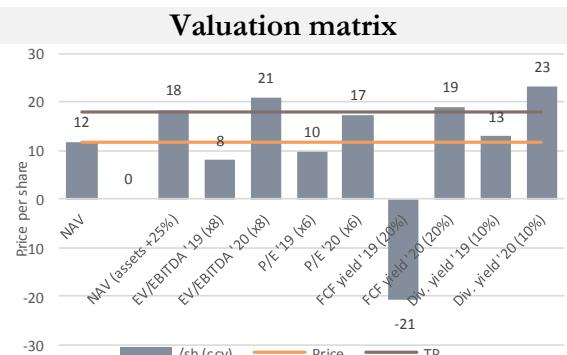
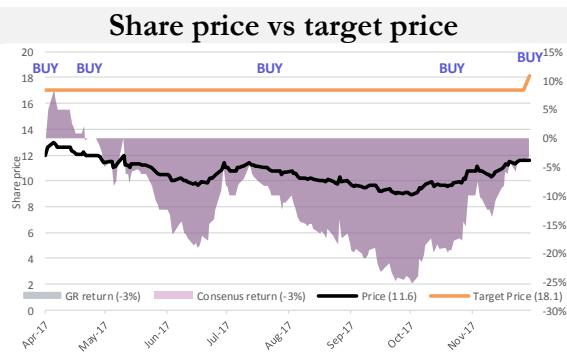


\$FLNG (#BUY, 18): Attractive newbuildings are bridging the gap to boom cycle for #LNG carriers

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Flex LNG



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Net operational cash flow cash balance

Joakim Hannisdahl

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Key numbers				
USDm	2017	2018	2019	2020
Net sales	31	83	151	218
EBITDA	-9	56	117	180
EBIT	-9	37	84	140
PTP	-7	27	71	127
Net earnings	-7	27	71	127
EPS	-0.02	0.07	0.19	0.35
USDm	2017	2018	2019	2020
Fwd NAV	553	746	969	1,248
Adj. equity ratio	77%	61%	58%	66%
FCF yield	-17%	-37%	-36%	33%
Dividend yield	0%	4%	11%	20%
EV/EBITDA		15.3	9.4	5.8
P/E (adi.)		18.6	7.2	4.0

Key numbers				
USDm	2017	2018	2019	2020
Net operational cash flow	-12	46	105	167
Free cash flow	-88	-188	-183	167
Net cash flow	16	99	-17	10
TCE/day (incl. utilization)	29,629	62,908	77,440	99,369
Cash break-even	114,255	35,560	48,774	48,736
Liquidity	16	115	98	108
Property & Equip. (incl. NBs)	665	880	1,135	1,095
Total equity	523	533	547	572
Interest bearing debt	160	465	688	632
Net interest bearing debt	144	350	590	525
Market Cap.	512	512	512	512
Enterprise value	656	862	1,102	1,037
Capex	77	234	288	-

Source: Gersemi Research, Bloomberg, company data

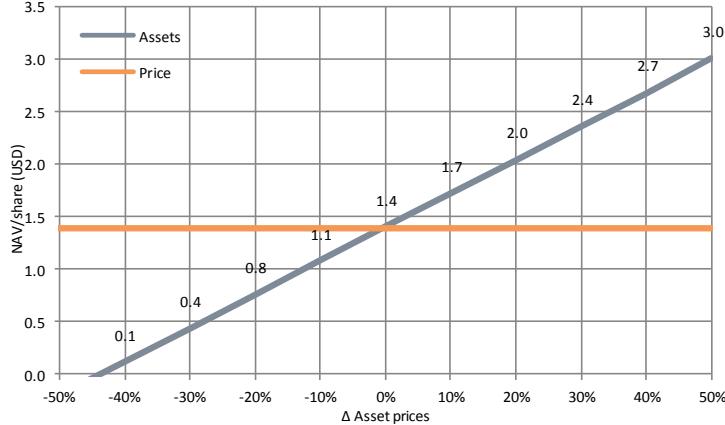
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Valuation

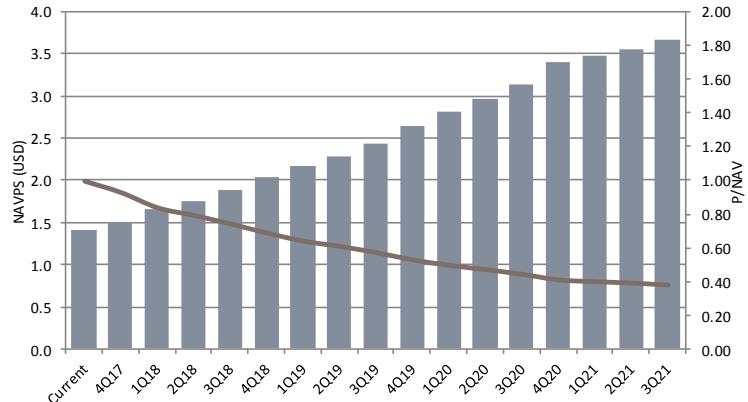
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	665	1,179	1,176
Contract value	0	5	5
Other	7	7	7
GAV	672	1,191	1,187
Net debt	-148	-148	-148
Capex	0	-522	-522
Other	-5	-5	-5
NAV	519	516	512
Shares	368	368	368
NAVPS	1.41	1.40	1.39
Share price	11.8	11.7	11.6
P/NAV	0.99	0.99	1.00
EV/GAV	1.77	1.00	1.00
Adj. Total Assets	684	1,198	1,194
Adj. Equity Ratio	76%	43%	43%
Target price		18	56%

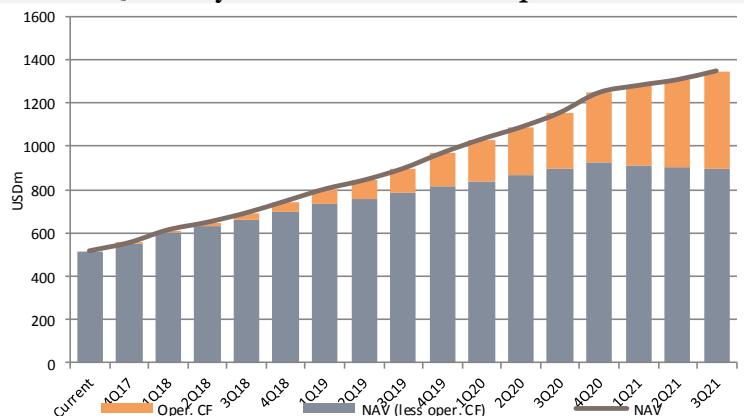
Impact on NAV/sh from % change in asset prices



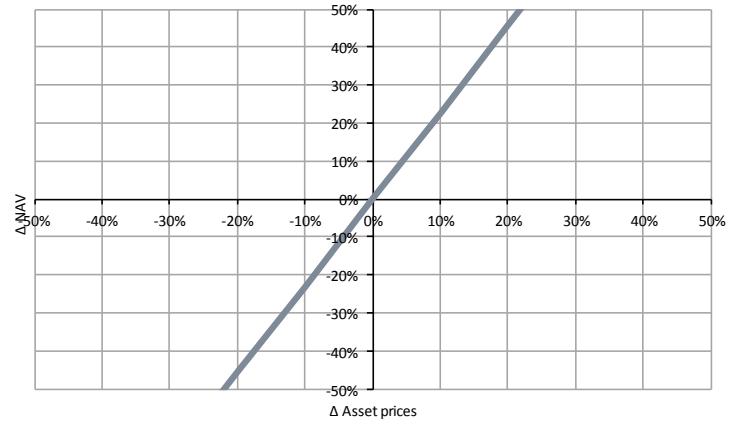
Quarterly forward NAV & P/NAV



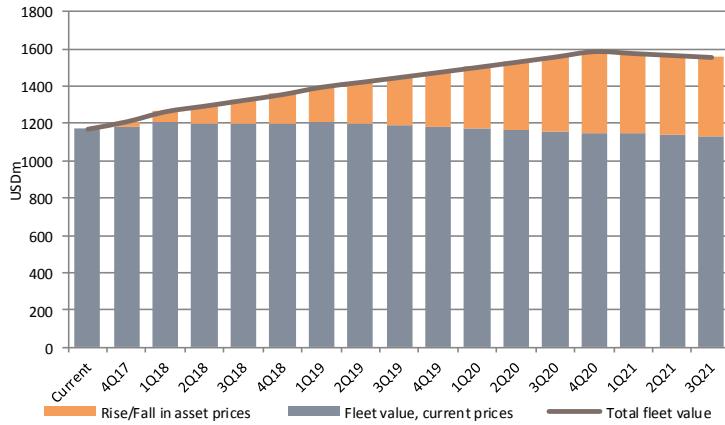
Quarterly forward NAV decomposition



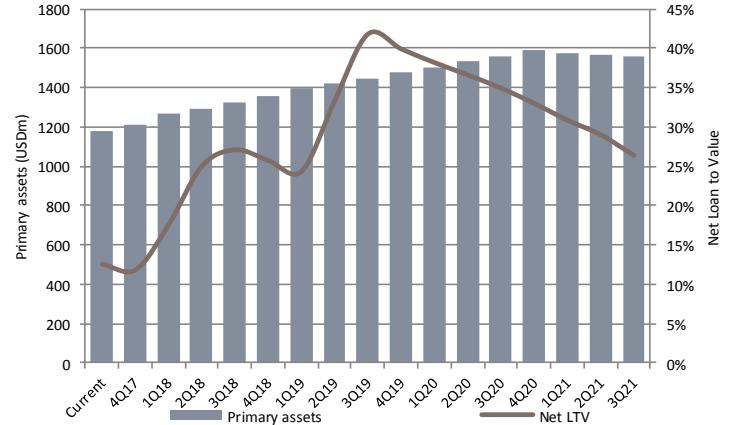
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value





Estimate Changes

Profit & Loss

Estimate changes USDm	New				Old				Change				
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	
Net sales	31	83	151	218	45	83	155	218	-14	0	-3	1	
EBITDA	-9	56	117	180	-13	49	119	177	4	7	-1	3	
EBIT	-9	37	84	140	-13	18	86	144	4	19	-2	-4	
PTP	-7	27	71	127	-15	5	71	129	8	22	0	-1	
Net earnings	-7	27	71	127	-15	5	69	126	8	22	1	1	
EPS	-0.02	0.07	0.19	0.35	-0.04	0.01	0.19	0.34	2017	2018	2019	2020	
									TCE revenue	-14	0	-3	1
									Opex & G&A	-18	-7	-2	-2
									Depreciation	-	-12	1	7
									Net finance	-3	-3	-2	-2
									Taxes & Minorities	0	-0	-1	-2

Cash Flows & Balance Sheet

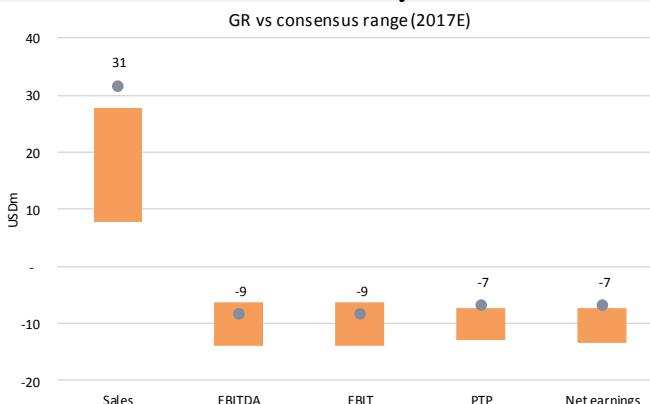
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	-12	46	105	167	-15	36	102	159	3	10	2	8								
Free cash flow	-88	-188	-183	167	-529	-132	-186	159	441	-56	2	8								
Net cash flow	16	99	-17	10	54	10	45	6	-39	89	-63	4								
TCE/day (incl. utilization)	29,629	62,908	77,440	99,369	30,878	56,593	79,685	99,058	-1,248	6,314	-2,245	310								
Cash break-even	114,255	35,560	48,774	48,736	68,552	44,229	48,976	49,465	45,703	-8,669	-203	-729								
Liquidity	16	115	98	108	56	66	111	117	-39	50	-13	-9								
Property & Equip. (incl. NBs)	665	880	1,135	1,095	727	864	1,119	1,086	-62	16	15	8								
Total equity	523	533	547	572	515	520	590	615	9	13	-43	-43								
Interest bearing debt	160	465	688	632	277	419	650	598	-117	46	38	35								
Net interest bearing debt	144	350	590	525	221	353	539	481	-78	-4	51	44								
Market Cap.	512	512	512	512	502	502	502	502	10	10	10	10								
Enterprise value	656	862	1,102	1,037	723	855	1,041	983	-68	6	61	54								
Capex	77	234	288	-	514	168	288	-	-438	66	-	-								

Valuation

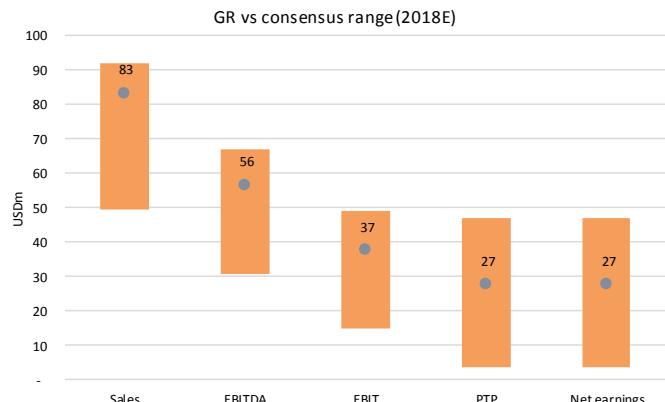
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	553	746	969	1,248	560	729	944	1,212	-6	17	25	35								
Adj. equity ratio	77%	61%	58%	66%	67%	63%	59%	67%	10%	-2%	-1%	-1%								
FCF yield	-17%	-37%	-36%	33%	-105%	-26%	-37%	32%	88%	-10%	1%	1%								
Dividend yield	0%	4%	11%	20%	0%	0%	0%	20%	0%	4%	11%	0%								
EV/EBITDA		15.3	9.4	5.8		17.5	8.8	5.6		-2.2	0.6	0.2								
P/E (adj.)		18.6	7.2	4.0		97.7	7.2	4.0		-79.1	0.0	0.0								

Our Estimates vs Consensus

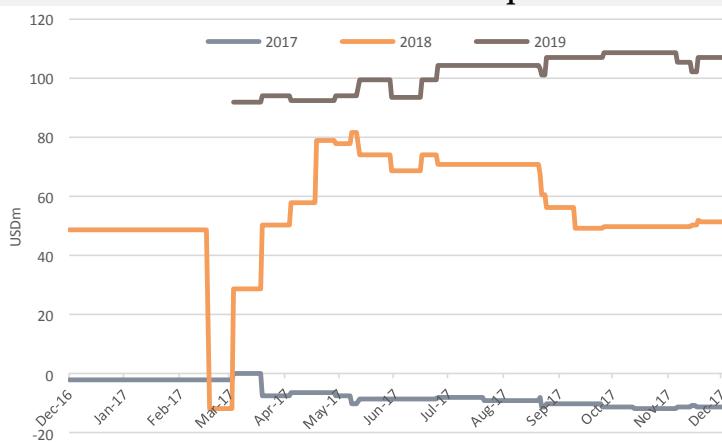
Profit & Loss, year I



Profit & Loss, year II



Consensus EBITDA development



GR vs consensus: P&L break-down

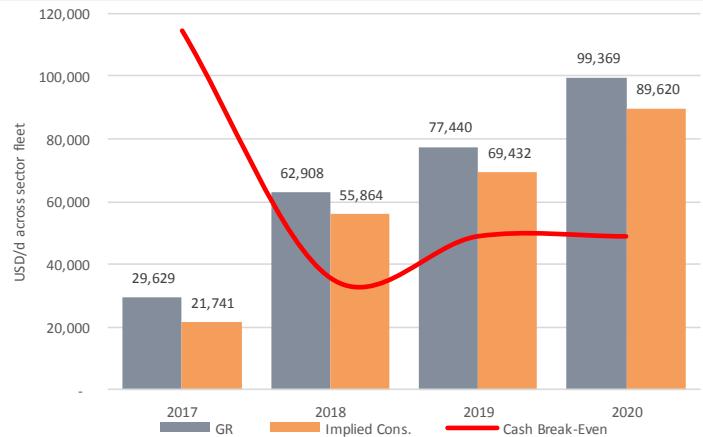
	2017	GR	Consensus	Diff.	Diff.
TCE revenue	31	23	8	36%	
Opex + G&A	40	35	5	16%	
Depreciation	0	0	-0	-100%	
Net finance	-1	-1	-1	117%	
Taxes & Minorities	0	1	-1	-98%	

	2018	GR	Consensus	Diff.	Diff.
TCE revenue	83	74	9	13%	
Opex + G&A	27	22	5	21%	
Depreciation	19	21	-2	-11%	
Net finance	10	10	-1	-5%	
Taxes & Minorities	-0	-1	1	-98%	

Target price vs share price



Avg. TCE/day across fleet vs consensus





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BUY/TP 18

$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	0	0	0	0	0	31	83	151	218
Operational costs						-40	-27	-34	-38
EBITDA						-9	56	117	180
Depreciation/Amortization						0	-19	-34	-40
EBIT	-298	205	-3	-2	-1	-9	37	84	140
Net financials	0	0	0	0	0	1	-10	-13	-13
PTP	-299	205	-3	-2	-2	-7	27	71	127
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-299	205	-3	-2	-2	-7	27	71	127
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-299	205	-3	-2	-2	-7	27	71	127
EPS	-2.16	1.48	-0.02	-0.02	-0.01	-0.02	0.07	0.19	0.35
EPS (adj.)	-2.16	1.48	-0.02	-0.02	-0.01	-0.02	0.07	0.19	0.35
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.15	0.28
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	6	2	7	4	1	16	115	98	108
Other current assets	0	0	0	0	0	7	7	7	7
Total current assets	7	2	7	4	2	23	122	105	115
Property & equip. (incl. NBs)	—	—	—	—	212	665	880	1,135	1,095
Other non-current assets					0	0	0	0	0
Total non-current assets	0	211	211	211	212	665	880	1,135	1,095
TOTAL ASSETS	7	212	218	215	214	688	1,003	1,240	1,209
Total equity	6	212	210	208	206	523	533	547	572
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	1	0	1	1	1	5	5	5	5
Total current liabilities	1	0	1	1	1	5	5	5	5
Long-term debt	0	0	7	7	7	160	465	688	632
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	7	7	7	160	465	688	632
TOTAL EQUITY & LIABILITIES	7	212	218	215	214	688	1,003	1,240	1,209
Working capital, receivables					0	2	2	2	2
Working capital, payables	0	0	—	0	1	0	0	0	0
Net working capital					-1	2	2	2	2
Interest bearing debt	0	0	7	7	7	160	465	688	632
Liquidity	6	2	7	4	1	16	115	98	108
Net interest bearing debt	-6	-2	0	3	6	144	350	590	525
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	-299	205	-3	-2	-2	-7	27	71	127
Depreciation						0	19	34	40
Other						0	0	0	0
Cash earnings	-8	-4	-2	-2	-2	-7	46	105	167
Changes in working capital	0	0	0	0	1	-5	0	0	0
Net operational cash flow	-9	-4	-1	-3	-1	-12	46	105	167
Capex	0	-1	-1	0	-1	-77	-234	-288	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	0	-1	-1	0	-1	-77	-234	-288	0
Repayment of debt	—	0	7	0	0	-117	-10	-46	-56
Proceeds from debt	—	—	—	—	0	0	315	269	0
Dividends paid	—	0	0	0	0	0	-18	-57	-102
New equity	—	—	0	0	0	221	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	0	0	7	0	0	104	287	166	-157
Currency effect	—	—	—	—	—	0	0	0	0
Net cash flow						16	99	-17	10
Cash balance	6	2	7	4	1	17	116	99	108
Free cash flow	-9	-5	-2	-3	-2	-88	-188	-183	167



Gersemi Research

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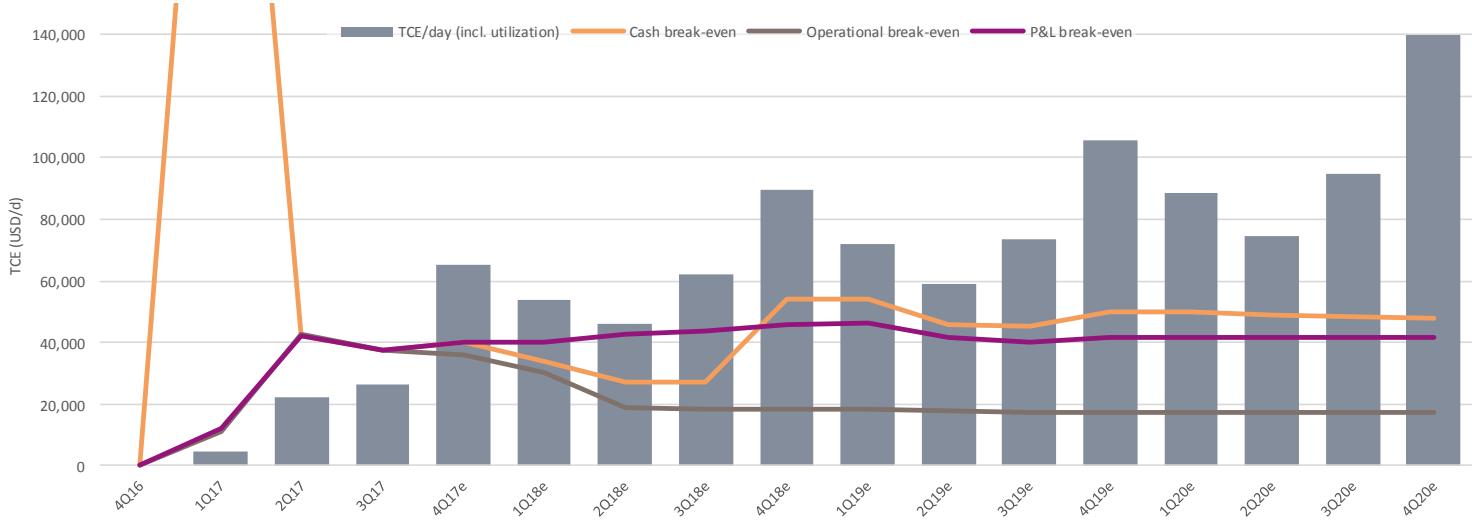
BUY/TP 18

$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	138	139	140	141	141	368	368	368	368
Share price, avg (USD)	0	0	1	1	1	1	1	1	1
Share price, end (USD)	0	1	1	1	1	1	1	1	1
Market Cap.	60	143	136	160	163	512	512	512	512
NIBD	-6	-2	0	3	6	144	350	590	525
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	54	141	137	163	169	656	862	1,102	1,037
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)		0.7					18.6	7.2	4.0
P/E (adj.)		0.7					18.6	7.2	4.0
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						16.3	6.2	3.4	2.3
EV/Sales						20.8	10.4	7.3	4.7
EV/EBITDA							15.3	9.4	5.8
EV/EBIT		0.7					23.1	13.2	7.4
P/B	10.6	0.7	0.6	0.8	0.8	1.0	1.0	0.9	0.9
FCF yield	-14%	-3%	-1%	-2%	-1%	-17%	-37%	-36%	33%
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	3.6%	11.1%	19.9%
Return on equity (ROE)	-5255.9%	97.0%	-1.3%	-1.2%	-0.9%	-1.3%	5.2%	13.0%	22.3%
Return on capital employed (ROCE)	53176.3%	97.7%	-1.2%	-1.1%	-0.7%	-1.3%	4.2%	7.4%	12.8%
Return on assets (ROA)	-4390.2%	96.8%	-1.2%	-1.2%	-0.8%	-1.0%	2.7%	5.7%	10.5%
Sales growth							164%	83%	44%
EBITDA margin							-27%	68%	78%
EBIT margin							-27%	45%	55%
Net margin							-22%	33%	47%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	2.8%	2.2%	2.5%
Tax rate	0.0%	0.0%	-0.5%	-0.3%	0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Equity ratio	84%	100%	96%	96%	96%	76%	53%	44%	47%
Leverage ratio	16%	0%	4%	4%	4%	24%	47%	56%	53%
NIBD / EBITDA (past 1y)						-16.8	6.2	5.0	2.9
Operating cash flow/NIBD	1.4	2.7	-4.7	-0.9	-0.2	-0.1	0.1	0.2	0.3
Net interest coverage ratio (EBITDA)						-9.2	5.7	9.0	13.8
Current ratio	6.0	4.0	8.1	6.5	1.4	4.8	25.1	21.6	23.5
Adj. equity ratio						77%	61%	58%	66%
Operating assets	1	211	211	212	213	672	887	1,141	1,102
Operating liabilities	1	0	1	1	1	5	5	5	5
Net operating assets	-1	210	210	211	212	667	882	1,137	1,097

Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Gersemi Research

Break-even levels vs TCE revenue (USD per fleet day)





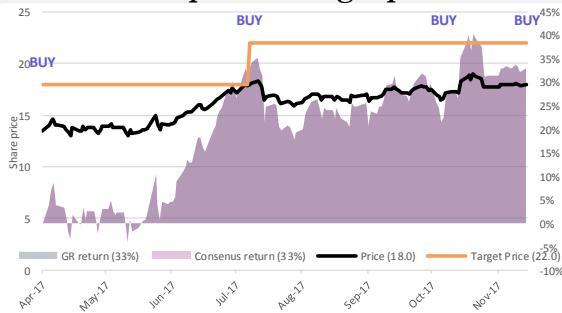
Twitter \$GLOG (#BUY, 22): Secured cash flow and dividend yield at the cyclical inflection point

GLOG-US

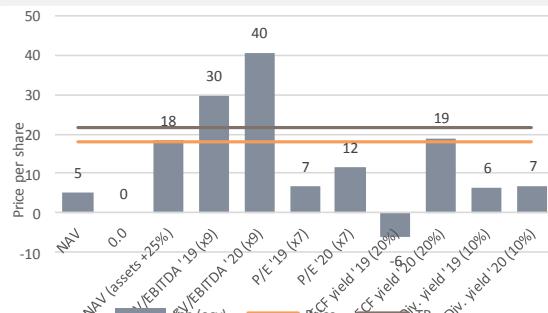
BUY/TP 22

GasLog

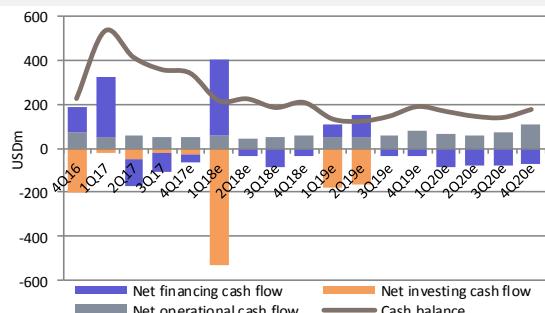
Share price vs target price



Valuation matrix



Cash & cash flows



Gersemi Research / Analysts

Joakim Hannisdahl

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$$f(\lambda) = a_0 + \beta_1 \lambda^T, R^2 \approx 1$$

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Key numbers

USDm	2017	2018	2019	2020
Net sales	523	615	668	730
EBITDA	366	439	481	541
EBIT	229	283	313	370
PTP	87	128	152	209
Net earnings	20	53	77	133
EPS	0.24	0.66	0.95	1.65
Fwd NAV	562	1,043	1,541	2,081
Adj. equity ratio	16%	25%	32%	41%
FCF yield	6%	-22%	-7%	21%
Dividend yield	3%	3%	4%	4%
EV/EBITDA	8.2	7.5	7.0	5.7
P/E (adj.)	94.0	27.4	18.9	10.9

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	202	209	245	305
Free cash flow	90	-321	-99	305
Net cash flow	115	-132	-19	-13
TCE/day	65,114	67,382	68,354	73,866
Cash break-even	77,638	107,095	56,191	61,952
Liquidity	342	210	191	178
Property & Equip. (incl. NBs)	3,954	4,328	4,503	4,332
Total equity	1,757	1,762	1,787	1,864
Interest bearing debt	2,763	3,001	3,133	2,870
Net interest bearing debt	2,421	2,791	2,942	2,693
Market Cap.	1,450	1,450	1,450	1,450
Enterprise value	3,017	3,312	3,387	3,062
Capex	97	530	344	-

Source: Gersemi Research, Bloomberg, company data

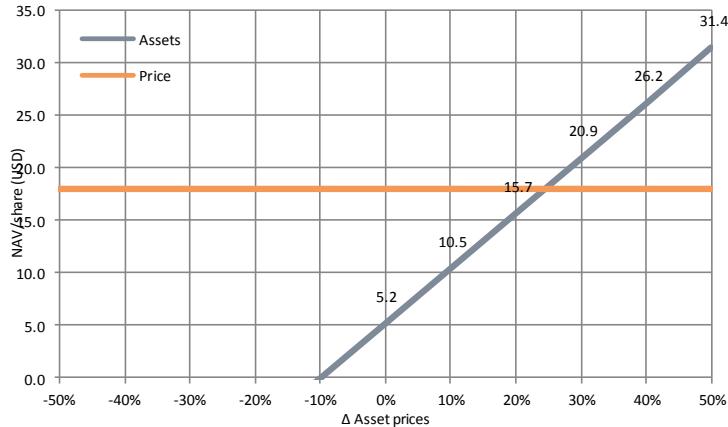
Disclaimer: The publisher currently owns shares in the company. More disclaimers at the end of this document

Valuation

Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	3,961	4,229	5,160
Contract value	0	142	173
Other	307	307	374
GAV	4,268	4,678	5,707
Net debt	-2,430	-2,430	-2,430
Capex	0	-901	-901
Other	-926	-926	-926
NAV	911	420	1,450
Shares	81	81	81
NAVPS	11.3	5.2	18.0
Share price	18.0	5.2	18.0
P/NAV	1.59	3.45	1.00
EV/GAV	1.34	1.22	1.00
Adj. Total Assets	4,642	4,911	5,841
Adj. Equity Ratio	20%	9%	25%
Target price		22	20%

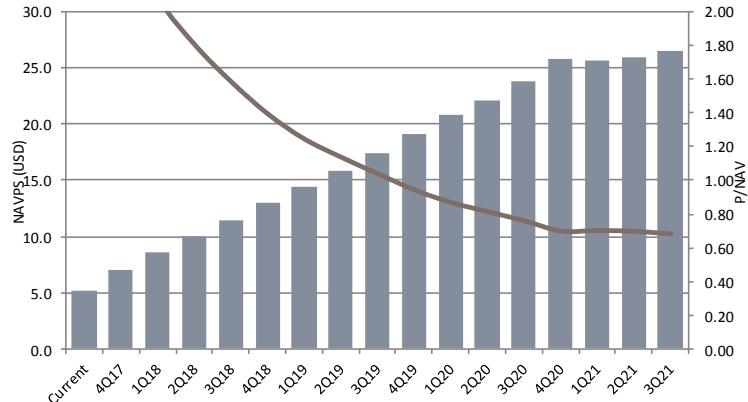
Impact on NAV/sh from % change in asset prices



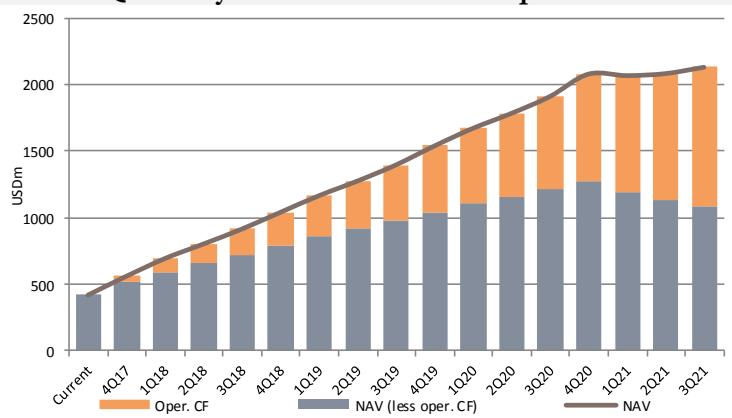
Forward fleet valuation decomposition



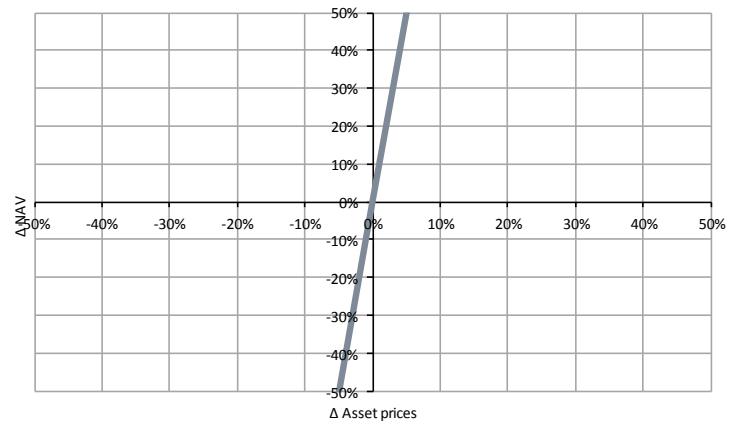
Quarterly forward NAV & P/NAV



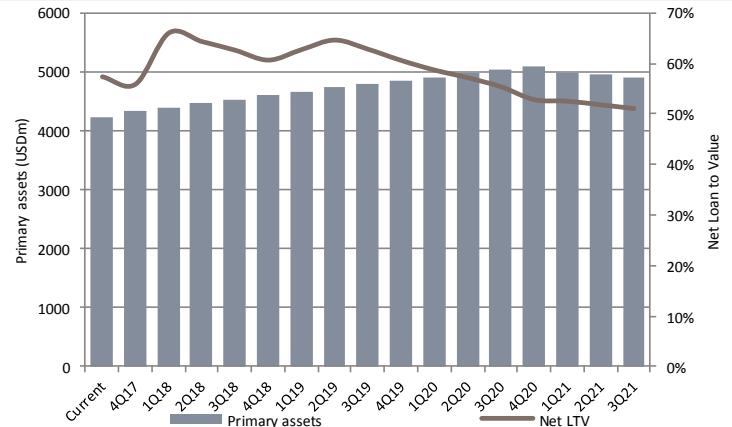
Quarterly forward NAV decomposition



% Impact on NAV from % change in asset prices



Forward fleet value & net loan to value





Estimate Changes

Profit & Loss

Estimate changes USDm	New				Old				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net sales	523	615	668	730	539	625	700	745	-16	-11	-33	-15
EBITDA	366	439	481	541	369	433	496	539	-3	6	-15	3
EBIT	229	283	313	370	234	283	337	378	-5	1	-24	-8
PTP	87	128	152	209	87	129	183	223	-0	-0	-30	-15
Net earnings	20	53	77	133	22	62	116	156	-2	-9	-39	-23
EPS	0.24	0.66	0.95	1.65	0.27	0.76	1.43	1.93	2017	2018	2019	2020
					TCE revenue				-16	-11	-33	-15
					Opex & G&A				-12	-16	-17	-18
					Depreciation				2	5	9	11
					Net finance				-5	1	7	7
					Taxes & Minorities				2	9	9	9

Cash Flows & Balance Sheet

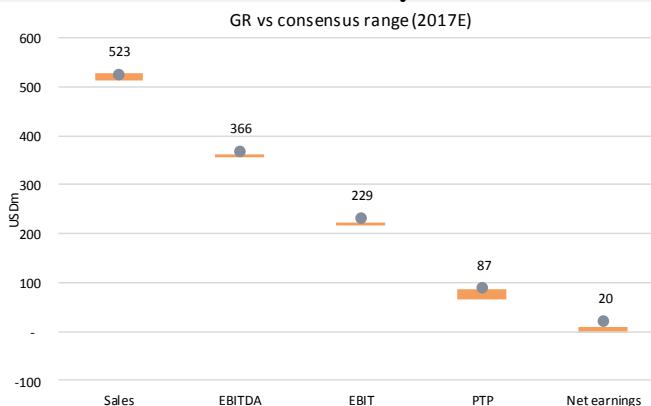
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	202	209	245	305	164	212	275	317	38	-4	-30	-13								
Free cash flow	90	-321	-99	305	83	-318	-68	317	7	-4	-30	-13								
Net cash flow	115	-132	-19	-13	163	-139	41	135	-48	7	-60	-148								
TCE/day	65,114	67,382	68,354	73,866	67,051	68,545	71,688	75,401	-1,937	-1,163	-3,334	-1,536								
Cash break-even	77,638	107,095	56,191	61,952	61,282	108,799	57,299	65,180	16,357	-1,703	-1,109	-3,228								
Liquidity	342	210	191	178	390	251	292	427	-48	-41	-102	-249								
Property & Equip. (incl. NBs)	3,954	4,328	4,503	4,332	3,930	4,310	4,494	4,333	23	18	10	-1								
Total equity	1,757	1,762	1,787	1,864	1,558	1,556	1,592	1,650	199	206	194	215								
Interest bearing debt	2,763	3,001	3,133	2,870	2,943	3,185	3,374	3,291	-180	-184	-242	-421								
Net interest bearing debt	2,421	2,791	2,942	2,693	2,553	2,934	3,082	2,864	-132	-143	-140	-171								
Market Cap.	1,450	1,450	1,450	1,450	1,456	1,456	1,456	1,456	-6	-6	-6	-6								
Enterprise value	3,017	3,312	3,387	3,062	3,316	3,630	3,711	3,426	-298	-318	-324	-364								
Capex	97	530	344	-	76	530	344	-	21	-	-	-								

Valuation

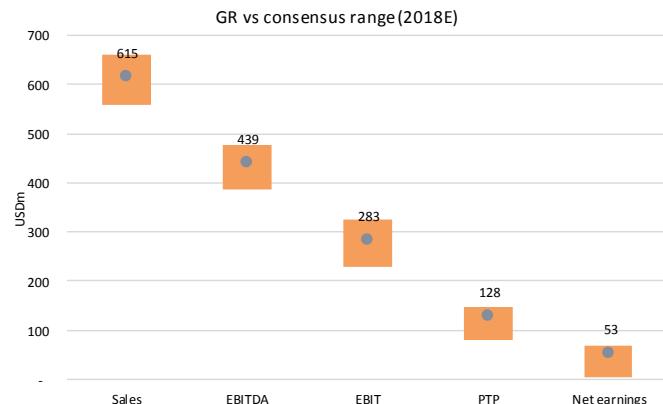
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	562	1,043	1,541	2,081	891	1,481	2,132	2,838	-329	-438	-590	-757								
Adj. equity ratio	16%	25%	32%	41%	23%	31%	38%	45%	-6%	-6%	-6%	-4%								
FCF yield	6%	-22%	-7%	21%	6%	-22%	-5%	22%	0%	0%	-2%	-1%								
Dividend yield	3%	3%	4%	4%	3%	4%	5%	7%	0%	-1%	-2%	-3%								
EV/EBITDA	8.2	7.5	7.0	5.7	9.0	8.4	7.5	6.4	-0.7	-0.8	-0.4	-0.7								
P/E (adj.)	94.0	27.4	18.9	10.9	84.8	23.6	12.6	9.3	9	4	6	2								

Our Estimates vs Consensus

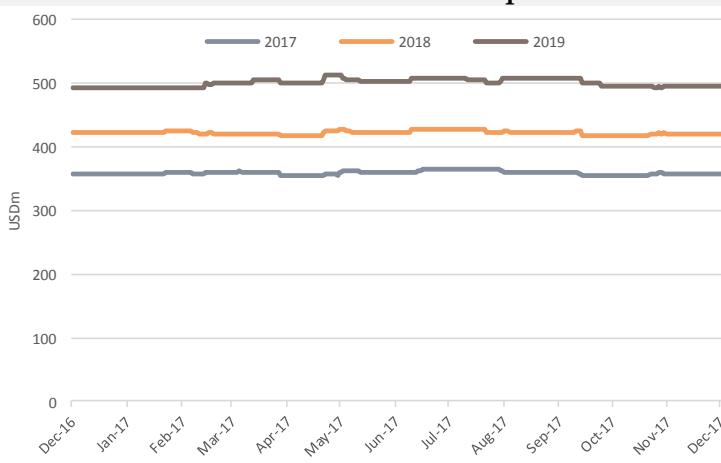
Profit & Loss, year I



Profit & Loss, year II



Consensus EBITDA development



Target price vs share price

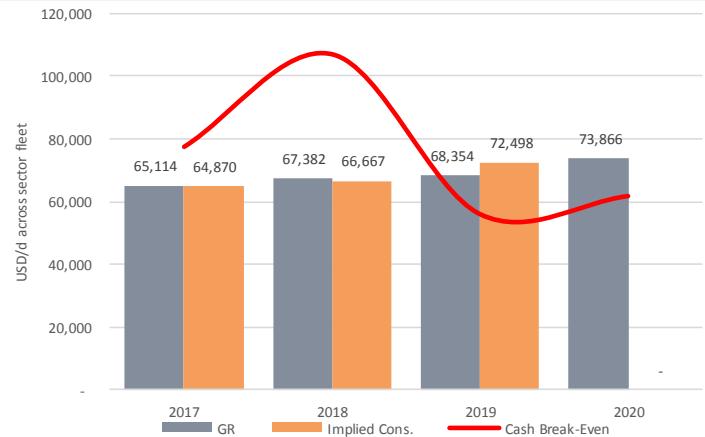


GR vs consensus: P&L break-down

2017	GR	Consensus	Diff.	Diff.
TCE revenue	523	521	2	0%
Opex + G&A	157	163	-6	-3%
Depreciation	137	137	-0	0%
Net finance	142	143	-1	-1%
Taxes & Minorities	67	73	-6	-8%

2018	GR	Consensus	Diff.	Diff.
TCE revenue	615	608	7	1%
Opex + G&A	176	188	-12	-7%
Depreciation	156	139	16	12%
Net finance	155	167	-12	-7%
Taxes & Minorities	76	78	-3	-3%

Avg. TCE/day across fleet vs consensus





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BUY/TP 22

$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	69	157	329	415	466	523	615	668	730
Operational costs						-157	-176	-187	-189
EBITDA						366	439	481	541
Depreciation/Amortization						-137	-156	-168	-171
EBIT	20	71	145	154	177	229	283	313	370
Net financials	-16	-14	-95	-101	-149	-142	-155	-160	-161
PTP	4	57	51	54	28	87	128	152	209
Taxes/Minorities	0	0	-9	-43	-50	-67	-76	-76	-76
Net earnings	4	57	42	11	-21	20	53	77	133
Non-recurring items	0	0	0	-7	-10	-4	0	0	0
Net earnings (adj.)	4	57	42	3	-32	15	53	77	133
EPS	0.07	0.91	0.52	0.13	-0.27	0.24	0.66	0.95	1.65
EPS (adj.)	0.07	0.91	0.52	0.04	-0.39	-0.04	-0.28	0.02	0.72
DPS	0.00	0.45	0.41	0.56	0.56	0.56	0.60	0.64	0.69
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	111	104	212	303	227	342	210	191	178
Other current assets	109	22	77	95	43	50	50	50	50
Total current assets	220	126	288	398	270	392	259	241	228
Property & equip. (incl. NBs)	—	1,650	2,952	3,579	3,985	3,954	4,328	4,503	4,332
Other non-current assets		40	29	63	260	274	274	274	274
Total non-current assets	689	1,690	2,981	3,641	4,245	4,227	4,602	4,777	4,605
TOTAL ASSETS	909	1,817	3,270	4,040	4,515	4,619	4,861	5,017	4,833
Total equity	603	640	1,253	1,508	1,510	1,757	1,762	1,787	1,864
Short-term debt	26	100	116	637	153	217	281	322	243
Other current liabilities	25	59	85	97	109	97	97	97	97
Total current liabilities	51	159	201	734	263	314	378	419	340
Long-term debt	229	1,015	1,779	1,738	2,719	2,546	2,720	2,810	2,627
Other non-current liabilities	26	4	37	60	24	1	1	1	1
Total non-current liabilities	255	1,018	1,816	1,797	2,743	2,548	2,721	2,812	2,628
TOTAL EQUITY & LIABILITIES	909	1,817	3,270	4,040	4,515	4,619	4,861	5,017	4,833
Working capital, receivables	3	13	19	23	18	17	17	17	17
Working capital, payables	17	36	67	12	7	7	7	7	7
Net working capital	-14	-23	-48	10	10	10	10	10	10
Interest bearing debt	254	1,115	1,895	2,374	2,872	2,763	3,001	3,133	2,870
Liquidity	111	104	235	366	227	342	210	191	178
Net interest bearing debt	143	1,011	1,660	2,009	2,645	2,421	2,791	2,942	2,693
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	4	57	42	11	-21	20	53	77	133
Depreciation						137	156	168	171
Other						51	0	0	0
Cash earnings	15	84	141	154	249	208	209	245	305
Changes in working capital	10	2	7	8	8	-6	0	0	0
Net operational cash flow	25	87	148	162	257	202	209	245	305
Capex	-111	-1,038	-1,364	-728	-762	-97	-530	-344	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	-102	103	-22	24	-10	0	0	0	0
Net investing cash flow	-213	-936	-1,387	-704	-771	-112	-530	-344	0
Repayment of debt	-27	884	1,434	502	505	-398	-650	-200	-262
Proceeds from debt	0	1,026	2,114	606	—	280	888	332	0
Dividends paid	0	-28	-33	-45	-45	-45	-48	-52	-56
New equity	314	—	—	173	0	0	0	0	0
Other	-8	-1,041	-2,169	-602	-20	0	0	0	0
Net financing cash flow	279	840	1,347	634	440	24	189	80	-318
Currency effect	0	1	0	-1	-1	1	0	0	0
Net cash flow	91	-7	108	91	-76	115	-132	-19	-13
Cash balance	111	104	212	303	227	342	210	191	178
Free cash flow	-188	-849	-1,238	-542	-515	90	-321	-99	305



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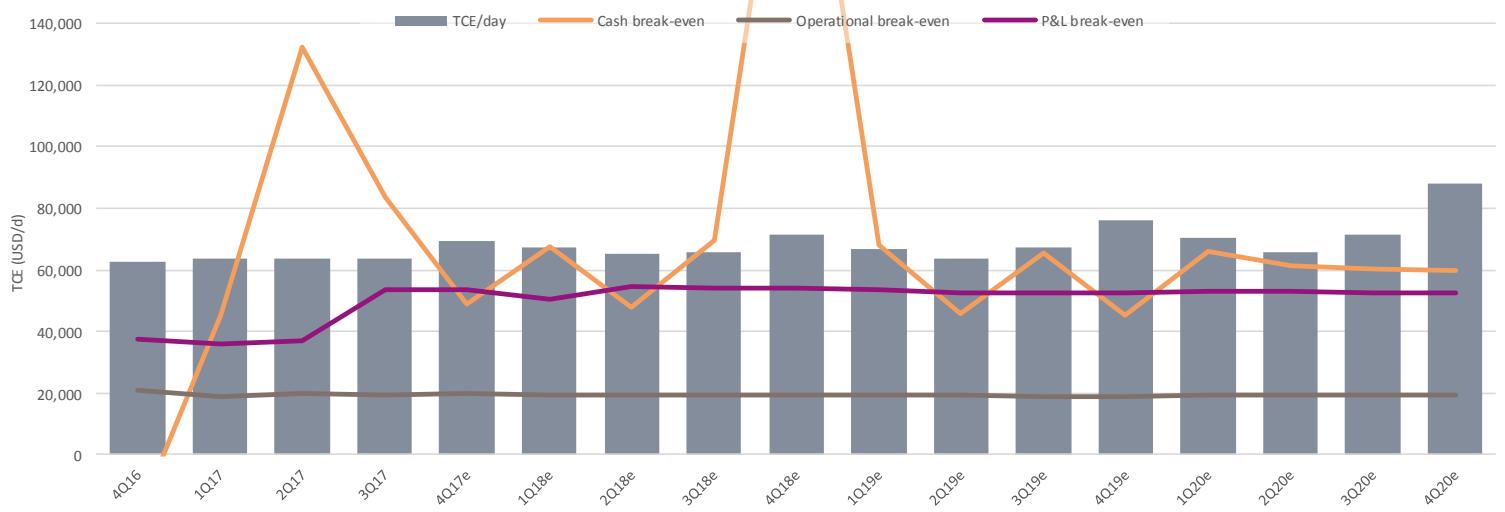
BUY/TP 22

$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	63	63	80	80	81	81	81	81	81
Share price, avg (USD)	11	14	23	16	13	16	18	18	18
Share price, end (USD)	12	17	20	8	16	18	18	18	18
Market Cap.	781	1,074	1,638	668	1,297	1,450	1,450	1,450	1,450
NIBD	143	1,011	1,660	2,009	2,645	2,421	2,791	2,942	2,693
Minorities	0	0	324	506	564	854	929	1,005	1,080
Enterprise value	925	2,086	2,975	2,171	3,378	3,017	3,312	3,387	3,062
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)			18.9	38.9	61.7		73.6	27.4	18.9
P/E (adj.)			18.9	38.9			94.0	27.4	18.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	11.4	6.8	5.0	1.6	2.8	2.8	2.4	2.2	2.0
EV/Sales	13.5	13.3	9.1	5.2	7.2	5.8	5.4	5.1	4.2
EV/EBITDA						8.2	7.5	7.0	5.7
EV/EBIT	45.3	29.2	20.5	14.1	19.1	13.2	11.7	10.8	8.3
P/B	1.3	1.7	1.8	0.7	1.4	1.6	1.7	1.9	1.8
FCF yield	-24%	-79%	-76%	-81%	-40%	6%	-22%	-7%	21%
Dividend yield	0.0%	2.6%	2.0%	6.7%	3.5%	3.1%	3.3%	3.6%	3.8%
Return on equity (ROE)	0.7%	8.9%	4.5%	1.1%	-2.3%	2.2%	6.4%	9.8%	17.0%
Return on capital employed (ROCE)	2.7%	4.3%	5.0%	4.4%	4.3%	5.5%	6.2%	6.6%	8.1%
Return on assets (ROA)	0.5%	3.1%	1.3%	0.3%	-0.5%	0.4%	1.1%	1.5%	2.8%
Sales growth	3%	129%	109%	26%	12%	12%	18%	9%	9%
EBITDA margin						70%	71%	72%	74%
EBIT margin	30%	45%	44%	37%	38%	44%	46%	47%	51%
Net margin	6%	36%	13%	3%	-5%	4%	9%	11%	18%
Net interest rate	8.1%	0.0%	4.3%	4.6%	0.0%	2.8%	5.5%	5.5%	6.0%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	66%	35%	38%	37%	33%	38%	36%	36%	39%
Leverage ratio	34%	65%	62%	63%	67%	62%	64%	64%	61%
NIBD / EBITDA (past 1y)						6.6	6.4	6.1	5.0
Operating cash flow/NIBD	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net interest coverage ratio (EBITDA)						5.4	2.8	3.0	3.4
Current ratio	4.3	0.8	1.4	0.5	1.0	1.2	0.7	0.6	0.7
Adj. equity ratio						13%	21%	27%	34%
Operating assets	798	1,713	3,035	3,674	4,288	4,277	4,651	4,827	4,655
Operating liabilities	51	62	122	157	133	98	98	98	98
Net operating assets	747	1,651	2,914	3,517	4,155	4,179	4,553	4,728	4,557

Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Gersemi Research

Break-even levels vs TCE revenue (USD per fleet day)





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