

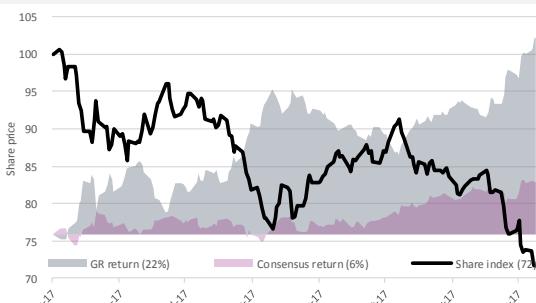


#SELL #Oil #Tanker #equities: Winter market has disappointed, and further downside before cyclical inflection point mid-'18E

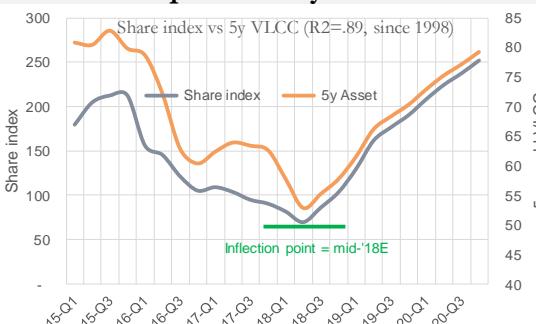
Oil Tankers

SELL

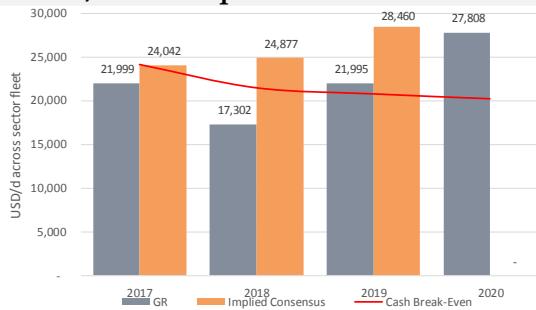
Sector return: Gersemi vs consensus



Shares prices vs 5y old VLCCs



TCE/d across peers: GR vs consensus



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Sector overview

			Recommendations & upside			P/NAV		
	Mcap	Turnover	Rec.	TP	P	+/-	Now	1y fwd
DHT US	508	2.2	SELL	3.1	3.6	-14%	0.73	1.03
EURN US	1,298	4.0	SELL	6.0	8.2	-26%	1.09	1.45
FRO US	781	2.9	SELL	3.2	4.6	-31%	1.49	2.65
GNRT US	355	0.9	SELL	3.9	4.3	-9%	0.50	0.83
NAT US	362	5.6	HOLD	2.5	2.6	-2%	0.94	0.94
TNK US	375	2.3	SELL	0.4	1.3	-73%	1.05	1.45
Average	613	3.0				-26%	0.97	1.39
Median	441	2.6				-20%	1.00	1.24

Disappointing Winter Market

Although we cannot rule out another dead cat bounce, this year's winter market has been disappointing. [As we predicted](#), VLCC spot rates peaked at \$32k/d, and volatility created opportunities for the attentive investor. However, oil tanker spot rates have averaged \$11.7k/d QTD vs our forecast of \$13.4k/d, with lower net supply growth (0.3% q/q vs 1.0%) offset by even lower implied demand growth vs our forecast (4.8% vs 7.1%). We downgrade the sector from HOLD to SELL as we see further downside risk to share prices and asset values ahead of the inflection point in mid-'18E.

Peer overview: We estimate an average peer P/NAV of 1.0 with a range from 0.5 (GNRT) to 1.5 (FRO). EV/EBITDA peer avg. in 2018E is 25x, and we are currently 30% below consensus on realized TCE rates for the year we believe to represent the trough. Further, we forecast peer avg. EV/EBITDA of 11x in '19E and 6x in '20E, and FCF yields to range from 15% to 34% towards the latter part of this decade.

Key investment opportunities: We have mainly SELL recommendations on our coverage due to our fundamental view of lower earnings and asset values by mid-18E. We see the largest downside in TNK (-73%) due to a stretched balance sheet and liquidity concerns. Our only HOLD recommendation is NAT which has fallen 63% since our initiation in May. [As we expected](#), a dilutive equity issuance was carried out. NAT has now shored up its balance sheet and is trading at a rare discount to NAV. GNRT is still an obvious M&A target, with EURN and FRO potential consolidators. Please see the company-specific part for details.



Source: Gersemi Research, Bloomberg, company data

Disclaimer: The publisher currently has no investments in the companies covered in this report. More disclaimers at the end of this document



Table of Contents

Disappointing Winter Market.....	1
Market.....	3
Asset Valuation	6
Econometrics	7
Peer Group	8

Company details toward the end of this document:

Double Hull Tankers
Euronav
Frontline
Gener8 Maritime
Nordic American Tankers
Teekay Tankers

Market

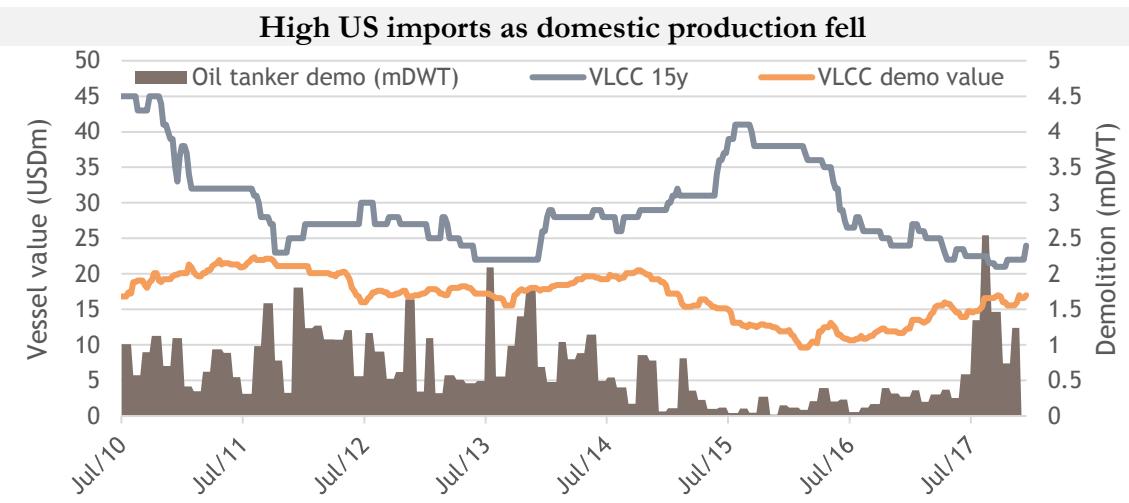
The last cyclical peak in 2015 was subdued by too much contracting

We forecast net supply growth to stabilized around 2% per annum

Rising demo prices and falling asset prices makes scrapping an attractive option for tonnage $\geq 15y$

After enjoying a brief peak in 2015, oil tanker earnings were soon subdued again as overly eager owners contracted too many ships in the cyclical expansion, resulting in a rapidly increasing net fleet growth from 1Q16. The elevated supply growth persists, with a net fleet growth of 6% in 2017E. We believe 2017 will mark the peak supply growth of this cycle, with only one significant supply hurdle left in 1Q18E at 1.2% net growth q/q. From 2Q18 and onwards, net supply growth should stabilize around 2% per annum, finally allowing for demand growth to catch up and utilization to increase.

We also note that demolition prices are increasing, partially due to anti-pollution policies in China restricting steel output, which could last until March. Given the early collapse of the VLCC winter market, this should incentivize owners to scrap. The graph below shows how the value of a 15 year old VLCC is close to its scrap value, making investments in the vessel in form of surveys and special surveys at 15y, 17.5y and 20y less appealing, depending on the owner's optionality value of future earnings.



OPEC compliance with quotas has been above expectations in 2H17E, partly due to the usual compliant Saudi Arabian production management, but also due to involuntary cuts in Iraq (Kirkut dispute) and Angola (field maintenance). The oil price (Brent) has surged from \$45/bbl in June to \$65/bbl (+17% y/y) at the time of writing.

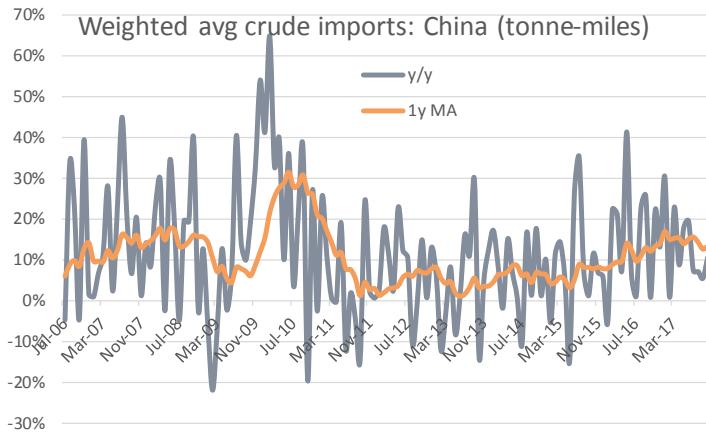
US oil production rose rapidly in 3Q17 as a lagged effect of increased rig count, as we precisely forecast in our [September report](#). Investors have however been unimpressed by the cash flows generated by US shale operators, as is evident in the share price of Chesapeake (CHK US) and its peers. The implied break-even levels per well seems to be higher than what was consensus one year ago. Thus, the US rig count has stagnated despite rapidly rising oil prices in the last months, with 923 rigs counted as of end-Nov. Based on the historical relationship, we expect US oil production to level out in mid-2018E.

US rig count has stagnated, indicating a plateauing of US oil production in mid-18E

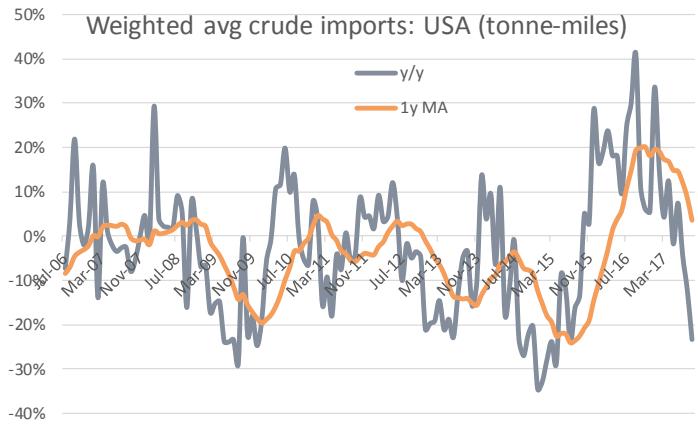
We forecast demand growth of 2-5% in the coming years

Given the relatively high oil price and potential plateauing of US production, OPEC could be contemplating a reduction in its quota at the next meeting in mid-2018. If this materializes, demand for crude oil tankers could surge in 2H18E and beyond. Our base case forecast is more conservative, but we still estimate demand growth of 2% in 2018E, 5% in 2019E and 4% in 2020E.

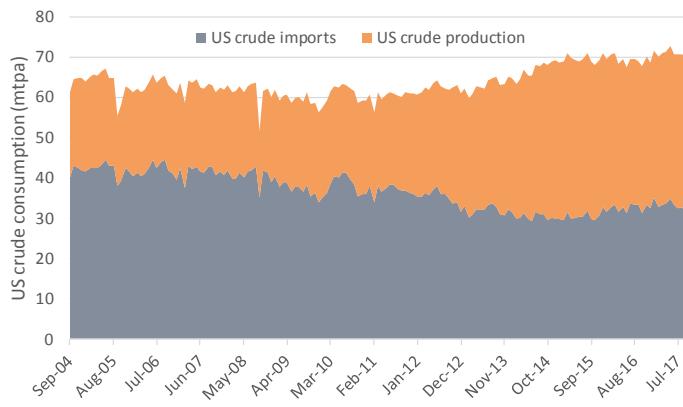
Continued support from increasing Chinese imports



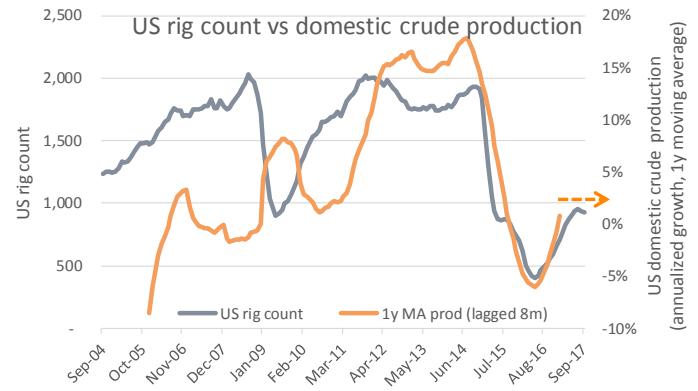
US imports declining as production is rising



US crude oil production displacing imports



US rig count has stagnated: Production could follow suit



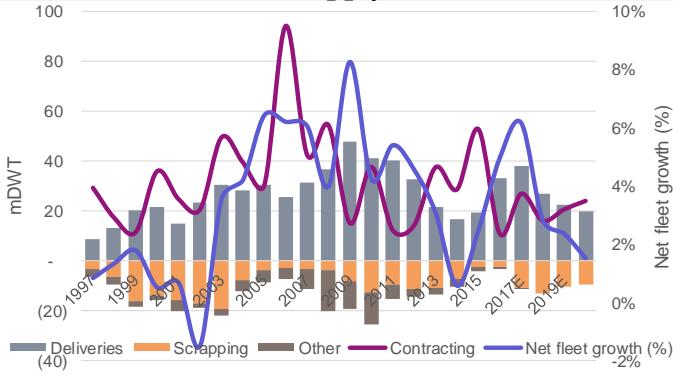
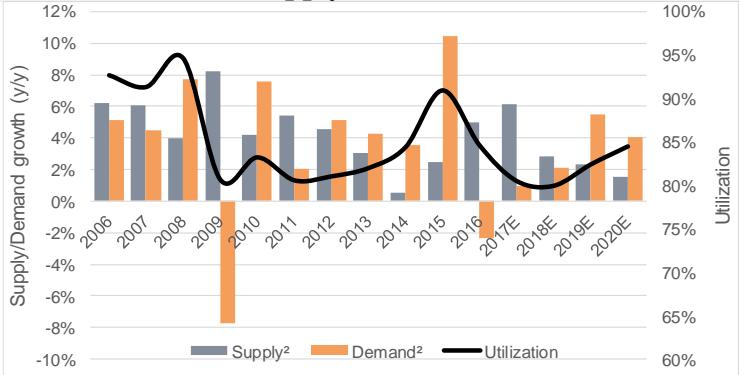
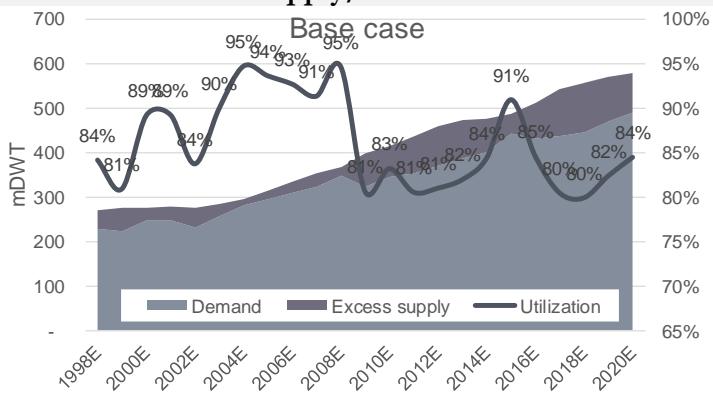
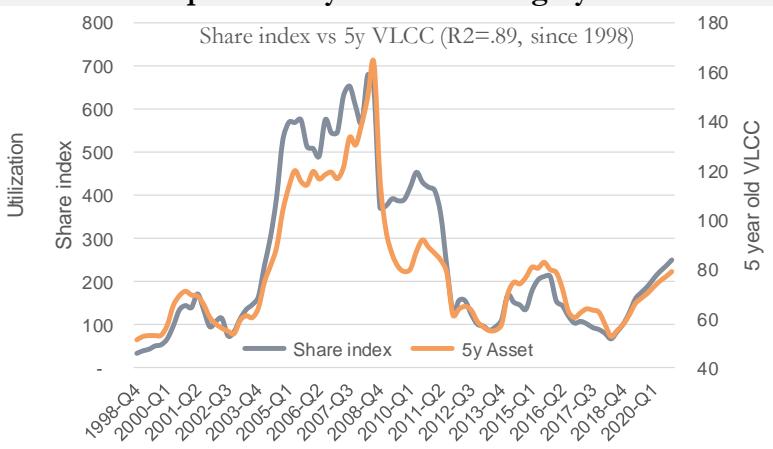
In sum, we expect utilization to fall 5%p y/y to 80% in 2017E before the recovery starts in mid-'18E with utilization rising 2%p in both '19E and '20E to end the decade at 84%. Given the forward-looking nature of share and asset prices, and the historical significant relationship between the two;

$$P_{shares} = f[P_{5y VLCC}] = f[1y TC_{5y VLCC}] = f[E(1y fwd spot revenue_{5y VLCC})], R^2 = 0.89 \text{ since 1998}$$

we forecast mid-'18E to represent the share price trough, approximately 15% below current levels.

Delta table: Oil Tanker forecast summary

Δ y/y	2017E	2018E	2019E	2020E	Average spot rate	2017E	2018E	2019E	2020E
Supply	6.1%	2.8%	2.4%	1.5%	VLCC, base case	18,108	18,349	26,048	33,853
Supply, old	6.1%	2.9%	1.9%	1.3%	old	20,036	20,532	26,774	34,327
Δ	0.1%	-0.1%	0.5%	0.2%	Δ	(1,928)	(2,184)	(727)	(474)
Demand	1.0%	2.1%	5.5%	4.1%	Suezmax, base case	15,958	14,006	19,047	24,158
Demand, old	0.9%	3.3%	4.6%	4.0%	old	15,497	15,753	20,578	26,417
Δ	0.1%	-1.2%	0.9%	0.1%	Δ	462	(1,747)	(1,532)	(2,259)
Utilization	80.5%	79.9%	82.4%	84.5%	Aframax, base case	13,966	12,360	15,895	19,478
Utilization, old	80.5%	80.8%	83.0%	85.2%	old	14,033	13,603	16,984	21,075
Δ	0.0%	-0.9%	-0.6%	-0.7%	Δ	(67)	(1,243)	(1,089)	(1,596)

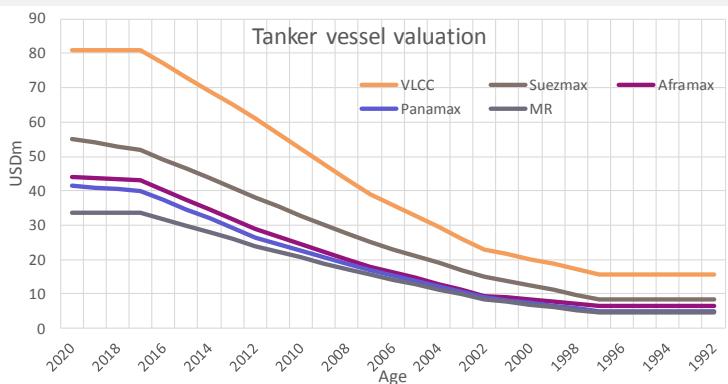
Supply

Supply/Demand

Supply/Demand

Shares prices & 5y old VLCCs highly correlated


Asset Valuation

Asset valuation overview

Summary	VLCC	Suezmax	Aframax	Panamax	MR
NB	81.0	55.0	44.0	41.5	33.5
resale	81.0	52.0	43.0	40.0	33.5
5y	61.0	38.0	29.0	26.5	24.0
10y	39.0	25.0	18.0	17.0	15.5
15y	23.0	15.0	9.5	9.0	8.5
20y	15.8	8.5	6.5	5.0	4.6
scrap	15.8	8.5	6.5	5.0	4.6

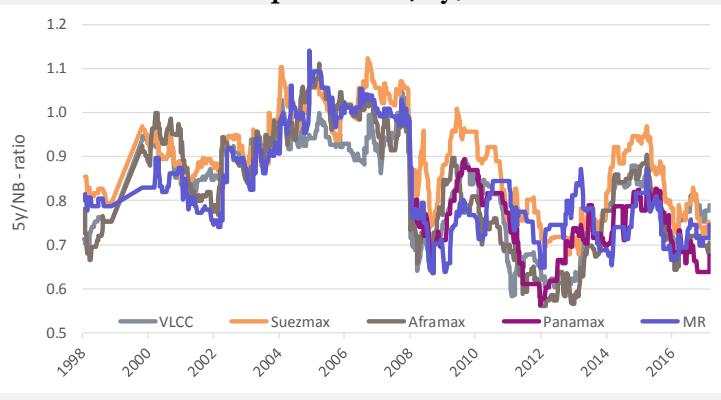
Asset valuation overview



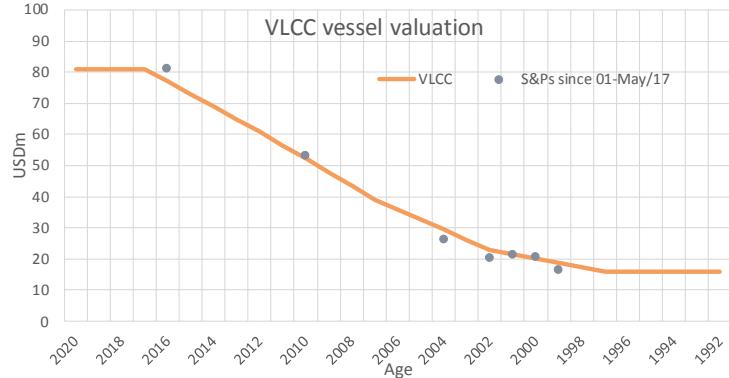
Historical 5y old vessel values



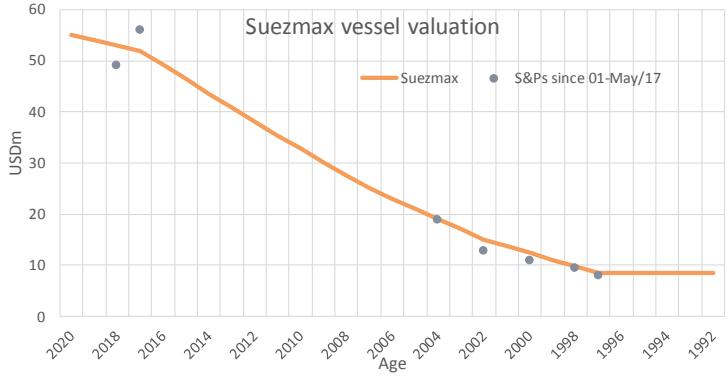
Historical price ratio, 5y/newbuild



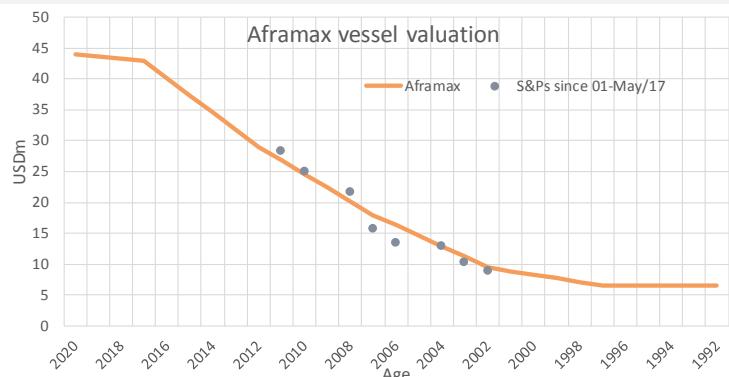
VLCC valuation vs recent S&Ps



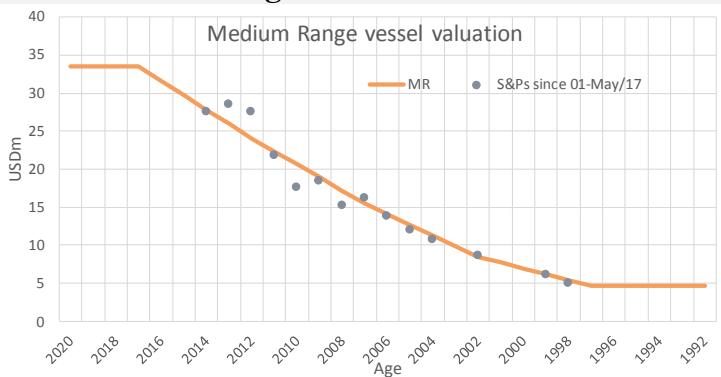
Suezmax valuation vs recent S&Ps



Aframax valuation vs recent S&Ps



Medium Range valuation vs recent S&Ps





Econometrics

Supply/Demand (mDWT)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Oil Tankers, base case											
Deliveries ¹	41	40	32	21	17	19	33	38	27	22	20
Scraping ¹	(13)	(10)	(12)	(11)	(8)	(2)	(3)	(11)	(13)	(11)	(10)
Other ¹	(13)	(6)	(3)	(3)	(3)	(2)	(1)	(1)	0	0	(0)
Contracting ¹	37	12	14	37	28	52	10	27	16	20	24
Supply ²	415	438	458	472	474	486	510	541	557	570	578
Δ y/y	4%	5%	5%	3%	1%	2%	5%	6%	3%	2%	2%
Demand ²	346	353	371	387	400	442	431	436	445	469	489
Δ y/y	8%	2%	5%	4%	4%	10%	-2%	1%	2%	5%	4%
Utilization ²	83%	81%	81%	82%	84%	91%	85%	80%	80%	82%	84%
Oil Tankers ² (TCE)	15,537	12,007	12,558	13,626	17,930	31,036	18,047	11,873	11,161	14,245	17,372
VLCC, spot ² (TCE)	34,060	18,596	21,187	18,621	30,015	64,846	41,908	18,108	18,349	26,048	33,853
Suezmax, spot ² (TCE)	27,864	18,432	16,908	15,511	27,791	46,713	27,799	15,958	14,006	19,047	24,158
Aframax, spot ² (TCE)	17,690	12,378	12,541	14,131	24,705	37,954	23,142	13,966	12,360	15,895	19,478
MR, spot ² (TCE)	10,692	10,638	10,589	13,464	12,517	21,444	12,166	10,178	9,666	11,281	12,917
VLCC, 5y ² (USDm)	87	77	63	56	74	81	68	63	56	66	76
Suezmax, 5y ² (USDm)	62	54	45	40	50	60	49	41	38	45	50
Aframax, 5y ² (USDm)	44	39	31	29	39	46	36	30	29	35	39
MR, 5y ² (USDm)	27	29	25	26	27	28	25	24	23	25	27
OB ²	129	107	70	56	71	85	91	70	58	49	51
OB/Fleet ²	31%	24%	15%	12%	15%	17%	18%	13%	10%	9%	9%

¹Sum during period ²Average during period

Oil Tankers, low case	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Deliveries ¹	41	40	32	21	17	19	33	37	32	21	17
Scraping ¹	(13)	(10)	(12)	(11)	(8)	(2)	(3)	(11)	(7)	(5)	(5)
Other ¹	(13)	(6)	(3)	(3)	(3)	(2)	(1)	(1)	0	(0)	(0)
Contracting ¹	37	12	14	37	28	52	10	26	11	11	12
Supply ²	415	438	458	472	474	486	510	541	564	583	594
Δ y/y	4%	5%	5%	3%	1%	2.5%	5.0%	6.1%	4.2%	3.4%	2.0%
Demand ²	346	353	371	387	400	442	431	435	439	451	463
Δ y/y	8%	2%	5%	4%	4%	10%	-2.4%	0.7%	1.1%	2.6%	2.6%
Utilization ²	83%	81%	81%	82%	84%	91%	85%	80%	78%	77%	78%
Oil Tankers ² (TCE)	15,537	12,007	12,558	13,626	17,930	31,036	18,047	11,661	9,078	8,574	9,028
VLCC, spot ² (TCE)	34,060	18,596	21,187	18,621	30,015	64,846	41,908	18,108	13,148	11,888	13,022
Suezmax, spot ² (TCE)	27,864	18,432	16,908	15,511	27,791	46,713	27,799	15,958	10,600	9,775	10,517
Aframax, spot ² (TCE)	17,690	12,378	12,541	14,131	24,705	37,954	23,142	13,966	9,972	9,394	9,914
MR, spot ² (TCE)	10,692	10,638	10,589	13,464	12,517	21,444	12,166	10,178	8,576	8,311	8,549
VLCC, 5y ² (USDm)	87	77	63	56	74	81	68	63	45	41	43
Suezmax, 5y ² (USDm)	62	54	45	40	50	60	49	41	31	29	30
Aframax, 5y ² (USDm)	44	39	31	29	39	46	36	30	24	22	23
MR, 5y ² (USDm)	27	29	25	26	27	28	25	24	21	21	21
OB ²	129	107	70	56	71	85	91	70	55	39	33
OB/Fleet ²	31%	24%	15%	12%	15%	17%	18%	13%	10%	7%	6%

¹Sum during period ²Average during period

Oil Tankers, high case	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Deliveries ¹	41	40	32	21	17	19	33	37	22	24	25
Scraping ¹	(13)	(10)	(12)	(11)	(8)	(2)	(3)	(11)	(17)	(13)	(12)
Other ¹	(13)	(6)	(3)	(3)	(3)	(2)	(1)	(1)	0	0	0
Contracting ¹	37	12	14	37	28	52	10	28	25	37	51
Supply ²	415	438	458	472	474	486	510	541	550	560	570
Δ y/y	4%	5%	5%	3%	1%	2.5%	5.0%	6.1%	1.7%	1.8%	1.7%
Demand ²	346	353	371	387	400	442	431	439	462	492	525
Δ y/y	8%	2%	5%	4%	4%	10%	-2.4%	1.8%	5.1%	6.6%	6.6%
Utilization ²	83%	81%	81%	82%	84%	91%	85%	81%	84%	88%	92%
Oil Tankers ² (TCE)	15,537	12,007	12,558	13,626	17,930	31,036	18,047	12,758	16,804	24,333	35,301
VLCC, spot ² (TCE)	34,060	18,596	21,187	18,621	30,015	64,846	41,908	18,108	32,434	51,230	78,613
Suezmax, spot ² (TCE)	27,864	18,432	16,908	15,511	27,791	46,713	27,799	15,958	23,229	35,536	53,466
Aframax, spot ² (TCE)	17,690	12,378	12,541	14,131	24,705	37,954	23,142	13,966	18,827	27,457	40,028
MR, spot ² (TCE)	10,692	10,638	10,589	13,464	12,517	21,444	12,166	10,178	12,620	16,561	22,304
VLCC, 5y ² (USDm)	87	77	63	56	74	81	68	63	76	112	152
Suezmax, 5y ² (USDm)	62	54	45	40	50	60	49	41	50	72	97
Aframax, 5y ² (USDm)	44	39	31	29	39	46	36	30	39	57	77
MR, 5y ² (USDm)	27	29	25	26	27	28	25	24	27	34	42
OB ²	129	107	70	56	71	85	91	70	64	68	88
OB/Fleet ²	31%	24%	15%	12%	15%	17%	18%	13%	12%	12%	15%

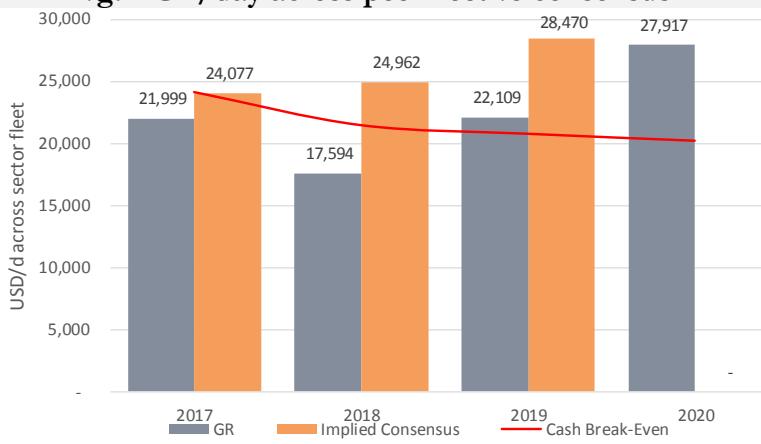
¹Sum during period ²Average during period

Peer Group

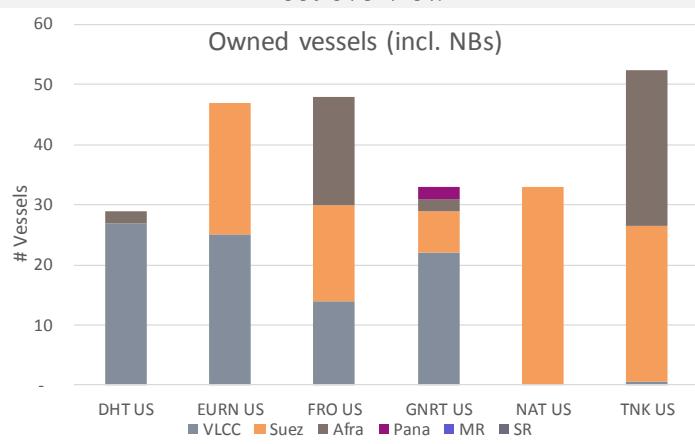
Valuation matrix

USDm	Mcap	Turnover	P/sh	Value	+/-	P/NAV				EV/EBITDA					Liquidity/(GIBD + eq. capex)					FCF yield				Dividend yield			
						NAV	Now	1y fwd	-10%	€	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	
DHT US	508	2.2	3.6	3.1	-14%	4.9	0.73	1.03	0.96	0.23	9.0	16.1	8.6	5.2	13%	5%	6%	14%	-59%	-41%	18%	35%	5%	3%	2%	10%	
EURN US	1,298	4.0	8.2	6.0	-26%	7.4	1.09	1.45	1.34	0.18	9.4	26.0	10.6	6.2	17%	6%	11%	19%	15%	-11%	14%	23%	3%	2%	5%	13%	
FRO US	781	2.9	4.6	3.2	-31%	3.1	1.49	2.65	2.69	0.44	14.2	32.9	15.3	9.2	11%	3%	2%	4%	-75%	-33%	4%	25%	7%	0%	1%	4%	
GNRT US	355	0.9	4.3	3.9	-9%	8.5	0.50	0.83	0.68	0.26	40.0	23.6	10.1	5.8	15%	6%	3%	9%	96%	-4%	17%	42%	0%	0%	0%	0%	
NAT US	362	5.6	2.6	2.5	-2%	2.7	0.94	0.94	1.16	0.19	10.2	15.6	7.2	4.5	27%	22%	14%	16%	1%	-28%	23%	40%	19%	9%	24%	28%	
TNK US	375	2.3	1.3	0.4	-73%	1.3	1.05	1.45	1.64	0.36	14.2	33.4	13.1	6.5	3%	-10%	-15%	-12%	-2%	-1%	16%	41%	6%	9%	9%	9%	
Average	613	3.0			-26%		0.97	1.39	1.41	0.28	16.2	24.6	10.8	6.2	14%	5%	3%	8%	-4%	-20%	15%	34%	7%	4%	7%	11%	
Median	441	2.6			-20%		1.00	1.24	1.25	0.24	12.2	24.8	10.4	6.0	14%	5%	5%	12%	0%	-19%	17%	37%	6%	2%	4%	9%	

Avg. TCE/day across peer fleet vs consensus



Fleet overview





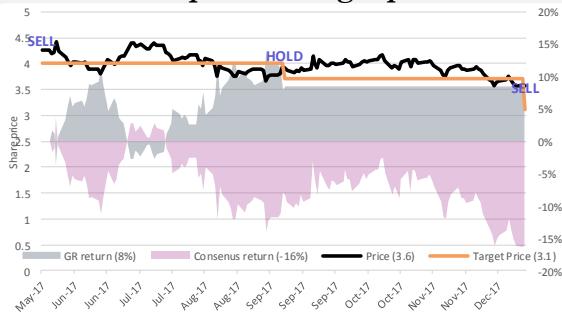
Twitter \$DHT (#SELL, 3.1): A top pick among peers, but nevertheless exposed to the same weak fundamentals

DHT-US

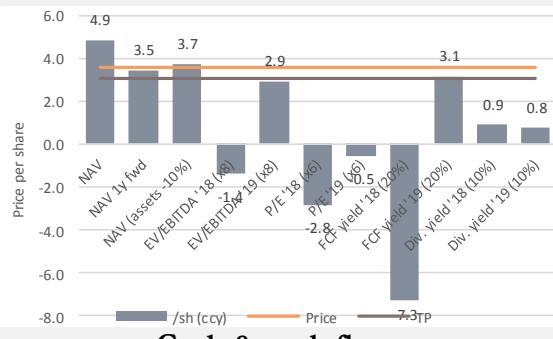
SELL/TP 3.1

Double Hull Tankers

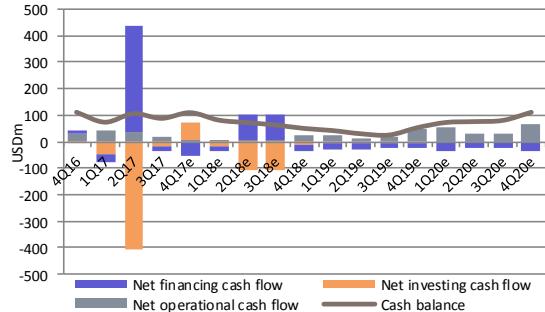
Share price vs target price



Valuation matrix



Cash & cash flows



Gersemi Research / Analysts

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Head of Research

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Key numbers

USDm	2017	2018	2019	2020
Net sales	234	193	264	340
EBITDA	131	87	154	228
EBIT	34	-23	38	113
PTP	-3	-66	-12	62
Net earnings	-3	-67	-13	62
EPS	0.03	-0.47	-0.09	0.44
DPS	0.19	0.09	0.08	0.36
USDm	2017	2018	2019	2020
Fwd NAV	736	553	842	1,087
Adj. equity ratio	48%	37%	49%	57%
FCF yield	-59%	-41%	18%	35%
Dividend yield	5%	3%	2%	10%
EV/EBITDA	9.0	16.1	8.6	5.2
P/E (adj.)	71.2		8.2	

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	103	43	103	178
Free cash flow	-302	-207	90	178
Net cash flow	-2	-59	3	57
TCE/day	24,112	19,124	24,953	31,981
Cash break-even	27,131	21,374	22,404	21,816
Liquidity	108	49	52	109
Property & Equip. (incl. NBs)	1,548	1,688	1,586	1,470
Total equity	915	836	812	824
Interest bearing debt	777	938	862	792
Net interest bearing debt	669	889	810	683
Market Cap.	510	510	510	510
Enterprise value	1,178	1,398	1,320	1,193
Capex	538	250	13	-

Source: Gersemi Research, Bloomberg, company data

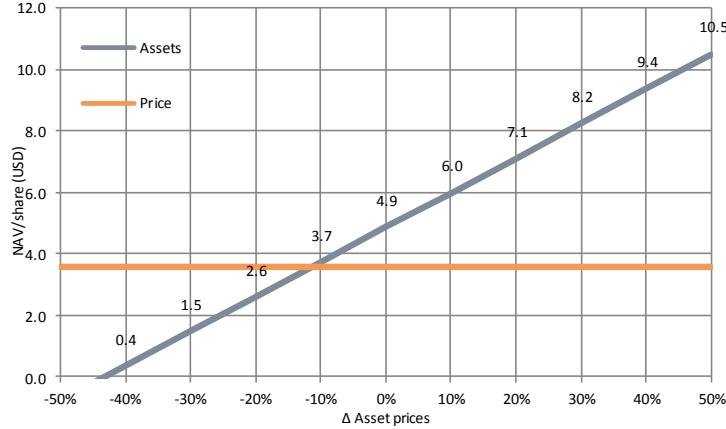
Disclaimer: The publisher currently has no investments in the company. More disclaimers at the end of this document

Valuation

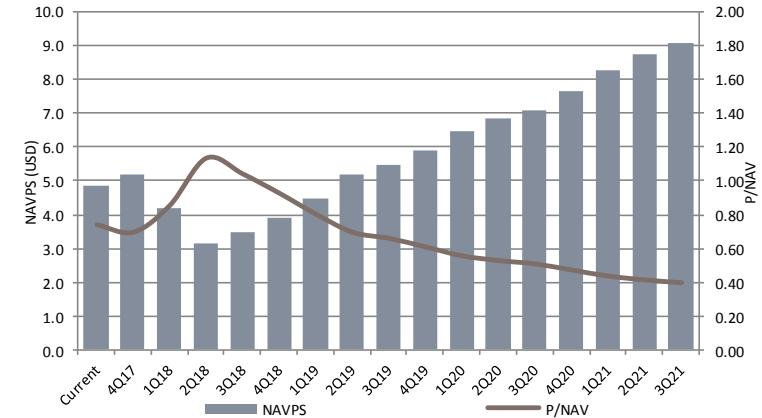
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	1,639	1,603	1,427
Contract value	0	27	24
Other	39	39	34
GAV	1,677	1,668	1,486
Net debt	-739	-739	-739
Capex	0	-235	-235
Other	-2	-2	-2
NAV	936	692	510
Shares	142	142	142
NAVPS	6.57	4.86	3.58
Share price	6.6	4.9	3.6
P/NAV	0.54	0.74	1.00
EV/GAV	0.89	0.89	1.00
Adj. Total Assets	1,783	1,747	1,572
Adj. Equity Ratio	52%	40%	32%
Target price	USD	3.1	-14%

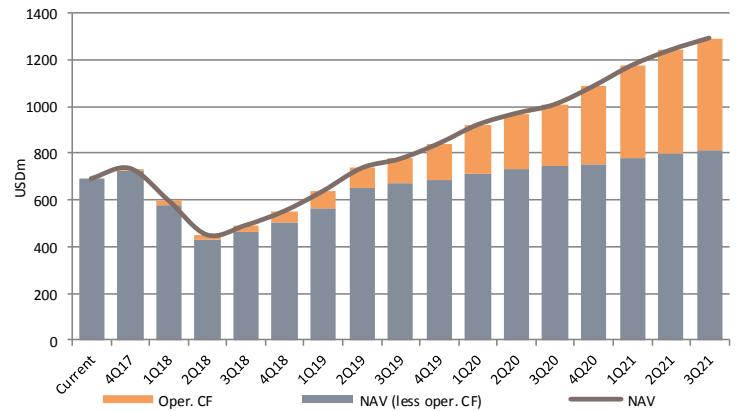
Impact on NAV/sh from % change in asset prices



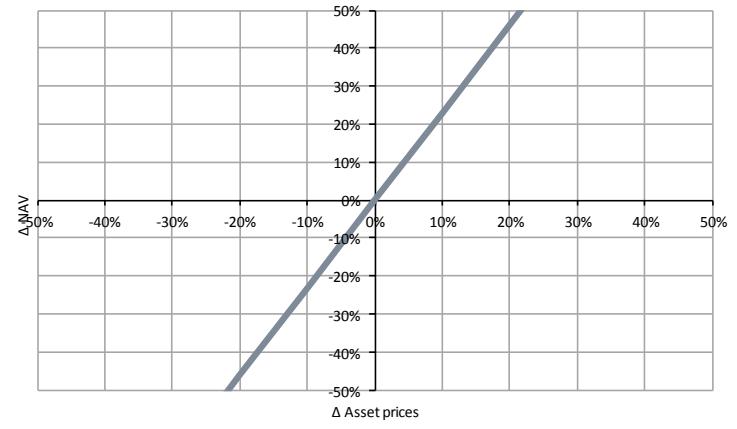
Quarterly forward NAV & P/NAV



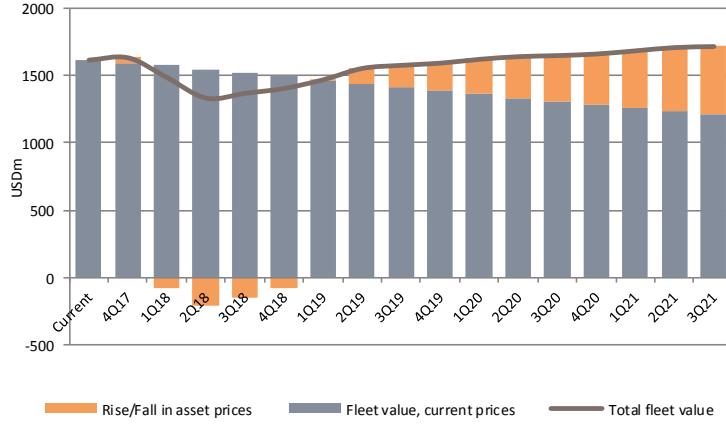
Quarterly forward NAV decomposition



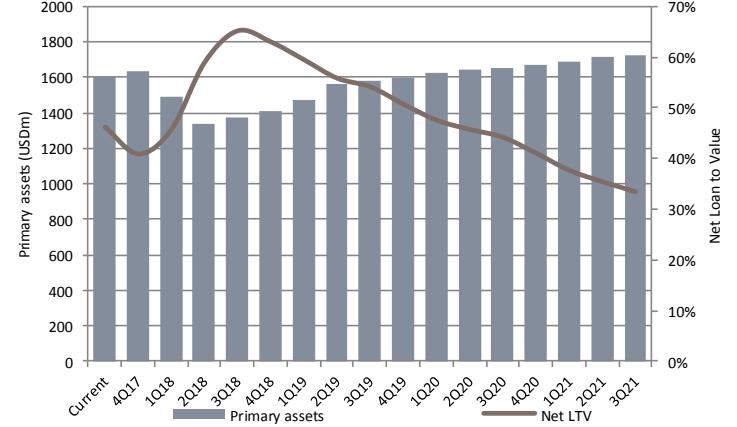
% Impact on NAV from % change in asset prices



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	234	193	264	340	243	223	300	381	-9	-31	-36	-42
EBITDA	131	87	154	228	137	104	176	257	-6	-17	-22	-29
EBIT	34	-23	38	113	39	-5	62	135	-6	-17	-23	-21
PTP	-3	-66	-12	62	3	-45	22	95	-6	-21	-34	-33
Net earnings	-3	-67	-13	62	3	-45	22	95	-6	-22	-35	-33
EPS	0.03	-0.47	-0.09	0.44	0.07	-0.32	0.16	0.67	2017 2018 2019 2020			
DPS	0.19	0.09	0.08	0.36	0.23	0.14	0.28	0.45	-9	-31	-36	-42
									-3	-13	-13	-13
									-0	0	1	-7
									1	3	11	11
									0	1	0	-

Cash Flows & Balance Sheet

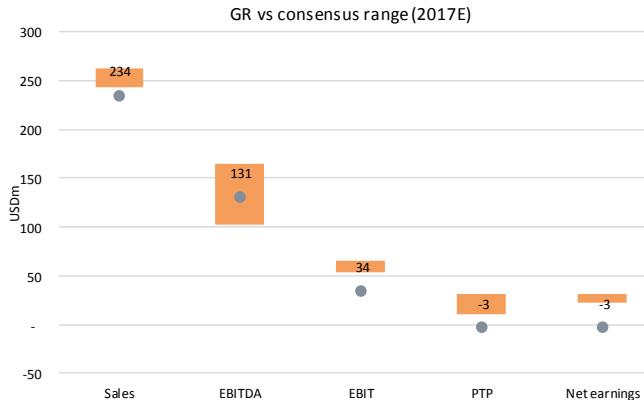
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	103	43	103	178	114	65	137	217	-11	-22	-34	-40								
Free cash flow	-302	-207	90	178	-346	-185	124	217	45	-22	-34	-40								
Net cash flow	-2	-59	3	57	-16	-43	5	81	14	-16	-2	-24								
TCE/day	24,112	19,124	24,953	31,981	24,762	20,169	25,687	32,574	-650	-1,046	-734	-593								
Cash break-even	27,131	21,374	22,404	21,816	23,827	20,413	20,725	20,176	3,304	961	1,679	1,640								
Liquidity	108	49	52	109	93	50	55	136	14	-1	-3	-27								
Property & Equip. (incl. NBs)	1,548	1,688	1,586	1,470	1,603	1,743	1,641	1,519	-55	-55	-56	-49								
Total equity	915	836	812	824	915	851	832	863	0	-15	-20	-39								
Interest bearing debt	777	938	862	792	811	973	894	822	-34	-35	-32	-30								
Net interest bearing debt	669	889	810	683	717	922	839	686	-48	-34	-29	-3								
Market Cap.	510	510	510	510	557	557	557	557	-47	-47	-47	-47								
Enterprise value	1,178	1,398	1,320	1,193	1,274	1,479	1,396	1,243	-95	-81	-76	-50								
Capex	538	250	13	-	527	250	13	-	11	-	-	-								

Valuation

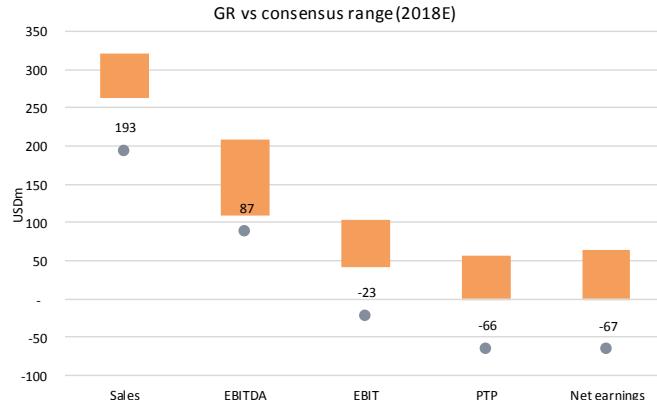
Estimate changes USDm	New				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	736	553	842	1,087	732	583	893	1,172	4	-30	-51	-84
Adj. equity ratio	48%	37%	49%	57%	47%	37%	49%	58%	1%	0%	-1%	-1%
FCF yield	-59%	-41%	18%	35%	-62%	-33%	22%	39%	3%	-7%	-5%	-4%
Dividend yield	5%	3%	2%	10%	5%	4%	7%	12%	-1%	-1%	-5%	-2%
EV/EBITDA	9.0	16.1	8.6	5.2	9.3	14.2	7.9	4.8	-0.3	1.9	0.7	0.4
P/E (adj.)	71.2			8.2	53.6		25.2	5.9	17.6			2.3

Our Estimates vs Consensus

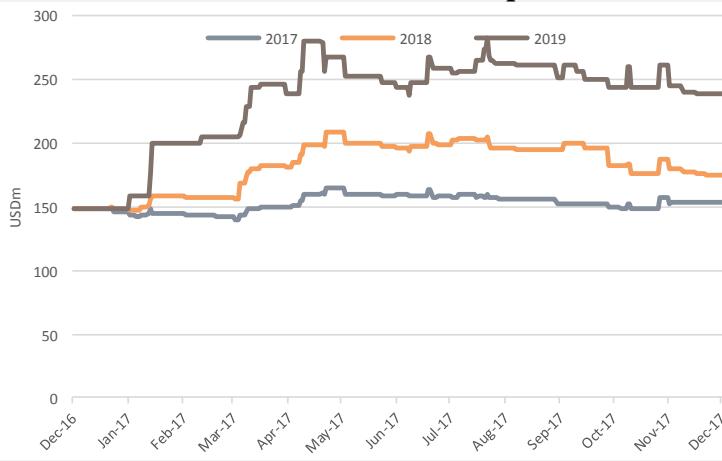
Profit & Loss, year I



Profit & Loss, year II



Consensus EBITDA development



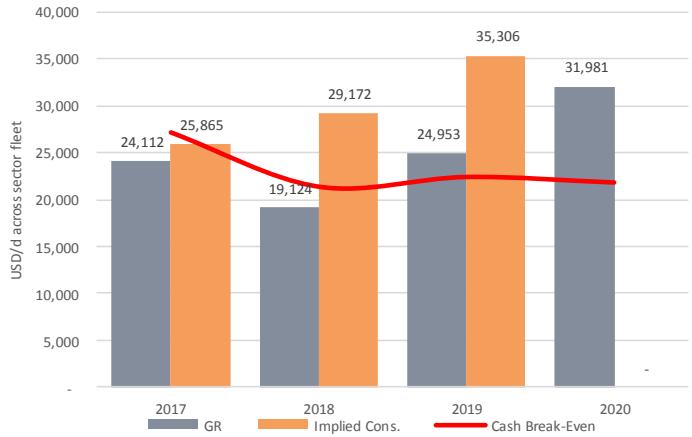
Target price vs share price



GR vs consensus: P&L break-down

	2017	GR	Consensus	Diff.	Diff.
TCE revenue	234	251	251	-17	-7%
Opex + G&A	104	98	98	6	6%
Depreciation	97	94	94	2	3%
Net finance	37	36	36	1	3%
Taxes & Minorities	0	-4	-4	4	-109%
	2018	GR	Consensus	Diff.	Diff.
TCE revenue	193	294	294	-101	-34%
Opex + G&A	106	119	119	-13	-11%
Depreciation	110	98	98	12	12%
Net finance	43	43	43	0	0%
Taxes & Minorities	1	-1	-1	2	-183%

Avg. TCE/day across fleet vs consensus





Gersemi Research

DHT-US SELL/TP 3.1

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	108	112	200	434	421	234	193	264	340
Operational costs	-165	-85	-128	-220	-297	-104	-106	-111	-111
EBITDA	-57	27	73	214	125	131	87	154	228
Depreciation/Amortization	-32	-26	-45	-79	-84	-97	-110	-115	-115
EBIT	-90	1	27	135	41	34	-23	38	113
Net financials	-4	-5	-14	-30	-31	-37	-43	-51	-51
PTP	-94	-4	13	105	9	-3	-66	-12	62
Taxes/Minorities			0	0	0	0	-1	0	0
Net earnings	—	—	13	105	9	-3	-67	-13	62
Non-recurring items			0	0	0	11	0	0	0
Net earnings (adj.)	-94	-4	13	105	9	7	-67	-13	62
EPS			0.14	1.13	0.10	0.03	-0.47	-0.09	0.44
EPS (adj.)	-10.29	-0.14	0.14	1.13	0.10	0.13	-0.47	-0.09	0.44
DPS	0.99	0.04	0.06	0.53	0.71	0.19	0.09	0.08	0.36
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	71	126	167	167	109	108	49	52	109
Other current assets	18	20	46	51	69	54	54	54	54
Total current assets	89	146	212	218	179	162	103	106	163
Property & equip. (incl. NBs)	310	301	1,163	1,203	1,222	1,548	1,688	1,586	1,470
Other non-current assets	0	0	3	3	3	4	4	4	4
Total non-current assets	310	301	1,166	1,206	1,225	1,552	1,692	1,590	1,474
TOTAL ASSETS	400	447	1,378	1,424	1,404	1,713	1,795	1,695	1,637
Total equity	181	285	675	738	685	915	836	812	824
Short-term debt	9	0	32	32	58	60	45	49	53
Other current liabilities	7	6	36	21	17	21	21	21	21
Total current liabilities	16	6	68	53	74	81	67	70	74
Long-term debt	203	156	629	630	644	716	892	813	739
Other non-current liabilities	0	0	6	3	0	0	0	0	0
Total non-current liabilities	203	156	635	633	644	717	892	813	739
TOTAL EQUITY & LIABILITIES	400	447	1,378	1,424	1,404	1,713	1,795	1,695	1,637
Working capital, receivables	14	17	29	40	34	29	29	29	29
Working capital, payables	6	4	30	12	12	19	19	19	19
Net working capital	8	13	-1	28	23	10	10	10	10
Interest bearing debt	212	156	661	662	701	777	938	862	792
Liquidity	71	126	167	167	109	108	49	52	109
Net interest bearing debt	140	30	495	496	592	669	889	810	683
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	—	—	13	105	9	-3	-67	-13	62
Depreciation	32	26	45	79	84	97	110	115	115
Other	-1	0	-29	11	96	11	0	0	0
Cash earnings	31	27	29	195	189	104	43	103	178
Changes in working capital	-10	-3	2	-14	5	-1	0	0	0
Net operational cash flow	21	24	31	182	194	103	43	103	178
Capex	0	-39	-295	-145	-236	-538	-250	-13	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	14	22	0	27	22	133	0	0	0
Other	-4	0	-256	-7	0	-11	0	0	0
Net investing cash flow	10	-17	-551	-126	-213	-405	-250	-13	0
Repayment of debt	-69	-56	207	-6	55	-132	-66	-76	-70
Proceeds from debt	0	0	489	99	219	201	227	0	0
Dividends paid	-9	-1	-6	-49	-66	-23	-13	-11	-51
New equity	76	106	360	0	0	255	0	0	0
Other	0	-1	-489	-99	-247	-11	0	0	0
Net financing cash flow	-2	48	561	-56	-38	300	148	-87	-120
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	29	55	41	0	-57	-2	-59	3	57
Cash balance	71	126	167	167	109	108	49	52	109
Free cash flow	31	7	-521	56	-19	-302	-207	90	178



Gersemi Research

DHT-US SELL/TP 3.1

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

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	9	29	93	93	93	142	142	142	142
Share price, avg (USD)	8	5	7	8	5	4	4	4	4
Share price, end (USD)	4	7	7	8	4	4	4	4	4
Market Cap.	37	199	676	752	387	510	510	510	510
NIBD	140	30	495	496	592	669	889	810	683
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	178	229	1,171	1,247	979	1,178	1,398	1,320	1,193
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)			52.5	7.1	41.8				8.2
P/E (adj.)			52.5	7.1	41.8	71.2			8.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.3	1.8	3.4	1.7	0.9	2.2	2.6	1.9	1.5
EV/Sales	1.6	2.0	5.9	2.9	2.3	5.0	7.3	5.0	3.5
EV/EBITDA		8.4	16.1	5.8	7.8	9.0	16.1	8.6	5.2
EV/EBIT			42.7	9.2	24.2	34.9		34.4	10.5
P/B	0.2	0.7	1.0	1.0	0.6	0.6	0.6	0.6	0.6
FCF yield	83%	4%	-77%	7%	-5%	-59%	-41%	18%	35%
Dividend yield	24.2%	0.6%	0.9%	6.5%	17.2%	4.6%	2.5%	2.1%	9.9%
Return on equity (ROE)			1.9%	14.3%	1.4%	-0.4%	-8.0%	-1.6%	7.6%
Return on capital employed (ROCE)	-27.9%	0.3%	2.3%	11.0%	3.2%	2.1%	-1.3%	2.4%	7.5%
Return on assets (ROA)			0.9%	7.4%	0.7%	-0.2%	-3.7%	-0.8%	3.8%
Sales growth	7%	4%	78%	117%	-3%	-44%	-18%	37%	28%
EBITDA margin	-53%	24%	36%	49%	30%	56%	45%	58%	67%
EBIT margin	-83%	1%	14%	31%	10%	14%	-12%	15%	33%
Net margin			6%	24%	2%	-1%	-35%	-5%	18%
Net interest rate	5.2%	16.0%	2.9%	6.8%	5.9%	6.0%	4.8%	6.3%	7.5%
Tax rate	-0.2%	-5.3%	0.7%	0.1%	1.0%	-10.6%	-1.1%	-2.9%	0.0%
Equity ratio	45%	64%	49%	52%	49%	53%	47%	48%	50%
Leverage ratio	55%	36%	51%	48%	51%	47%	53%	52%	50%
NIBD / EBITDA (past 1y)	-2.4	1.1	6.8	2.3	4.7	5.1	10.2	5.3	3.0
Operating cash flow/NIBD	0.2	0.8	0.1	0.4	0.3	0.2	0.0	0.1	0.3
Net interest coverage ratio (EBITDA)	-7.8	5.7	5.1	6.4	3.6	3.3	2.0	3.0	4.5
Current ratio	5.5	25.2	3.1	4.1	2.4	2.0	1.5	1.5	2.2
Adj. equity ratio						48%	37%	49%	57%
Operating assets	328	321	1,211	1,257	1,294	1,606	1,746	1,644	1,528
Operating liabilities	7	6	42	23	17	21	21	21	21
Net operating assets	321	315	1,169	1,234	1,277	1,584	1,724	1,622	1,507

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



19 December 2017

Independence & Integrity

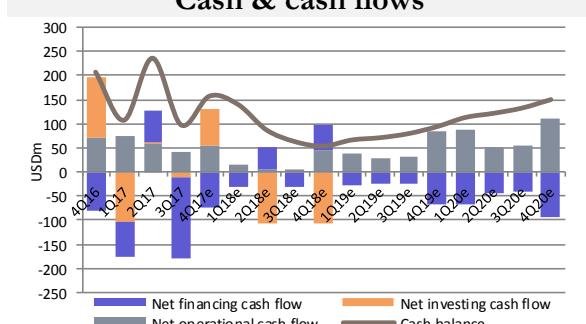
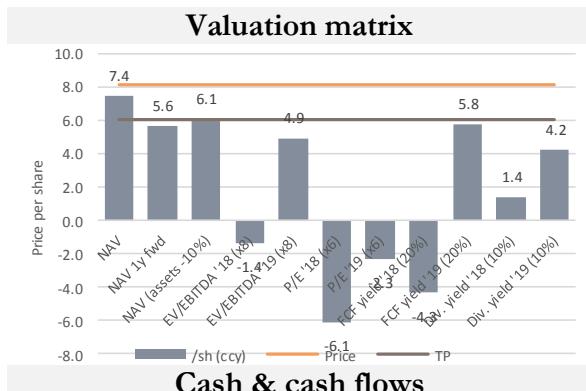
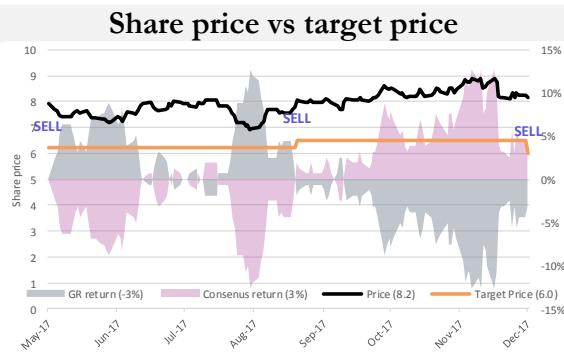
$$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$$

\$EURN (#SELL, 6.0): Too low leverage at the bottom of the cycle, but perfectly placed as a #consolidator

EURN-US

SELL/TP 6.0

Euronav



Gersemi Research / Analysts

Joakim Hannisdahl

Head of Research

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Key numbers				
USDm	2017	2018	2019	2020
Net sales	449	304	422	540
EBITDA	216	84	195	312
EBIT	-15	-150	-50	67
PTP	-21	-161	-61	56
Net earnings	-20	-161	-61	56
EPS	-0.13	-1.01	-0.38	0.35
DPS	0.26	0.14	0.42	1.10
USDm	2017	2018	2019	2020
Fwd NAV	1,181	982	1,388	1,760
Adj. equity ratio	55%	49%	59%	67%
FCF yield	15%	-11%	14%	23%
Dividend yield	3%	2%	5%	13%
EV/EBITDA	9.4	26.0	10.6	6.2
P/E (adj.)				23.0

Key numbers				
USDm	2017	2018	2019	2020
Net operational cash flow	230	73	184	301
Free cash flow	193	-138	184	301
Net cash flow	-50	-104	40	56
TCE/day	24,851	18,875	24,409	30,565
Cash break-even	24,022	22,095	20,435	20,117
Liquidity	157	53	94	150
Property & Equip. (incl. NBs)	2,281	2,258	2,013	1,769
Total equity	1,817	1,634	1,506	1,387
Interest bearing debt	887	942	866	796
Net interest bearing debt	730	889	773	647
Market Cap.	1,298	1,298	1,298	1,298
Enterprise value	2,027	2,187	2,070	1,944
Capex	142	211	-	-

Source: Gersemi Research, Bloomberg, company data

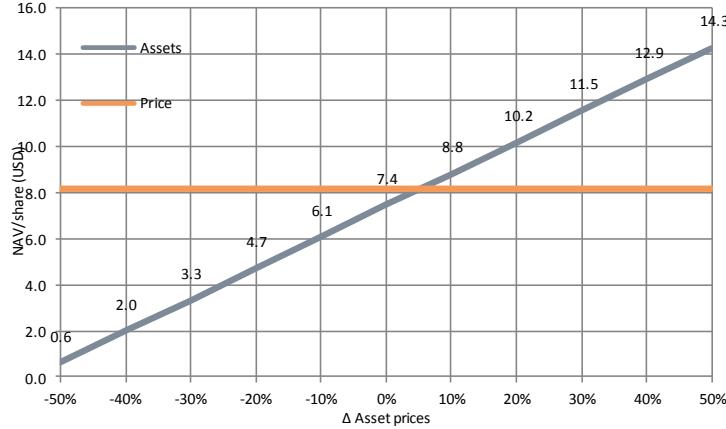
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Valuation

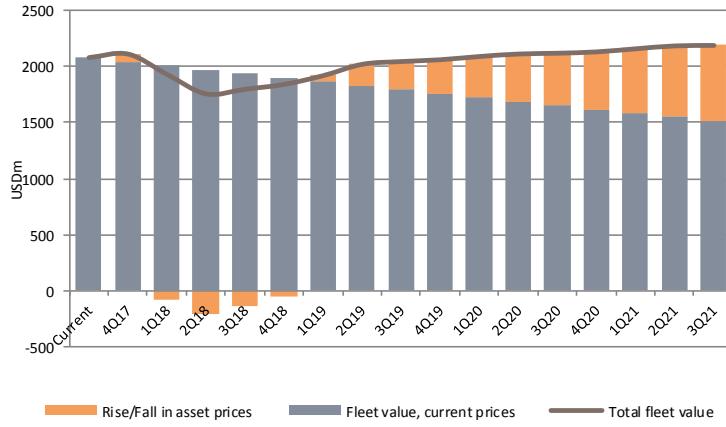
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	2,415	2,175	2,285
Contract value	0	2	2
Other	269	64	67
GAV	2,685	2,241	2,354
Net debt	-854	-854	-854
Capex	0	-198	-198
Other	-4	-4	-4
NAV	1,827	1,184	1,298
Shares	159	159	159
NAVPS	11.47	7.44	8.15
Share price	11.5	7.4	8.2
P/NAV	0.71	1.10	1.00
EV/GAV	0.88	1.05	1.00
Adj. Total Assets	2,861	2,620	2,730
Adj. Equity Ratio	64%	45%	48%
Target price	USD	6.0	-27%

Impact on NAV/sh from % change in asset prices

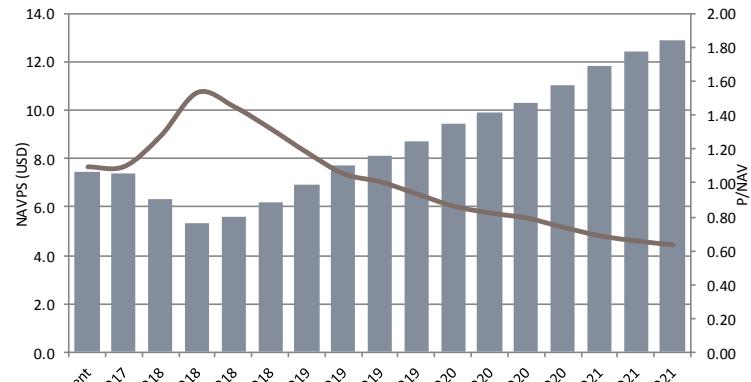


Forward fleet valuation decomposition

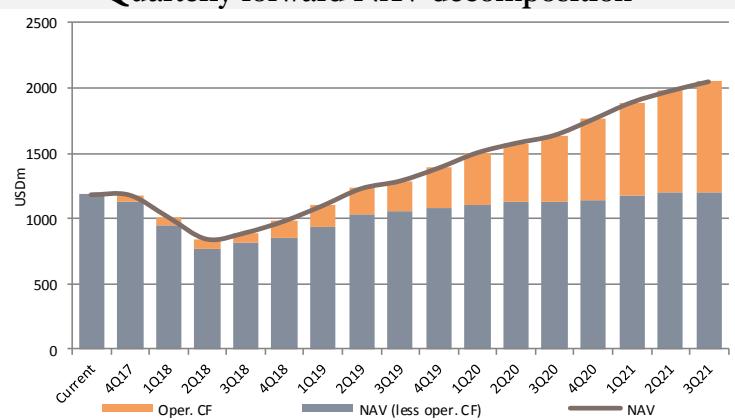


Source: Gersemi Research, Bloomberg, company data, www

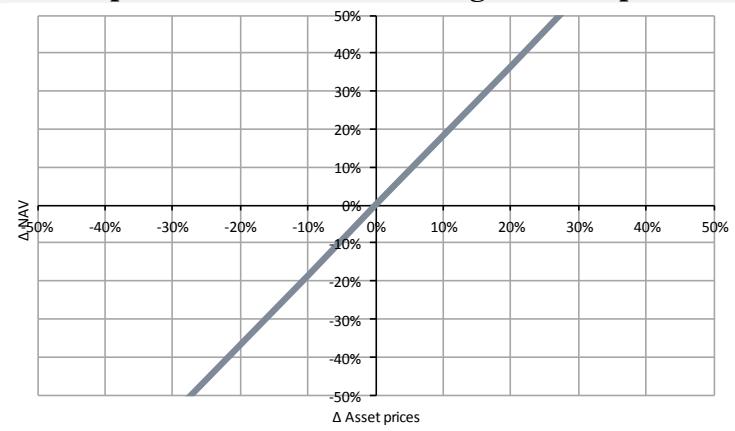
Quarterly forward NAV & P/NAV



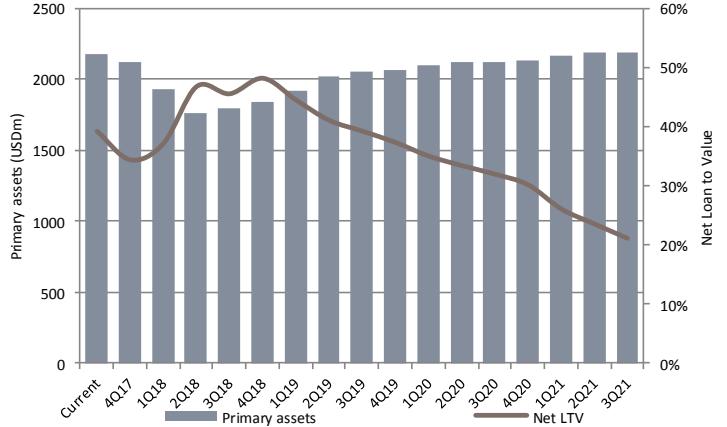
Quarterly forward NAV decomposition



% 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	449	304	422	540	459	358	467	595	-9	-54	-44	-55
EBITDA	216	84	195	312	195	126	228	355	21	-42	-33	-43
EBIT	-15	-150	-50	67	-35	-109	-7	120	20	-42	-43	-53
PTP	-21	-161	-61	56	-36	-114	-12	115	15	-47	-49	-59
Net earnings	-20	-161	-61	56	-36	-114	-12	115	16	-47	-49	-59
EPS	-0.13	-1.01	-0.38	0.35	-0.23	-0.72	-0.08	0.72	2017	2018	2019	2020
DPS	0.26	0.14	0.42	1.10	0.29	0.29	0.82	1.29	-9	-54	-44	-55
									-30	-11	-12	-12
									1	-1	10	10
									5	6	6	6
									-1	-	-	-

Cash Flows & Balance Sheet

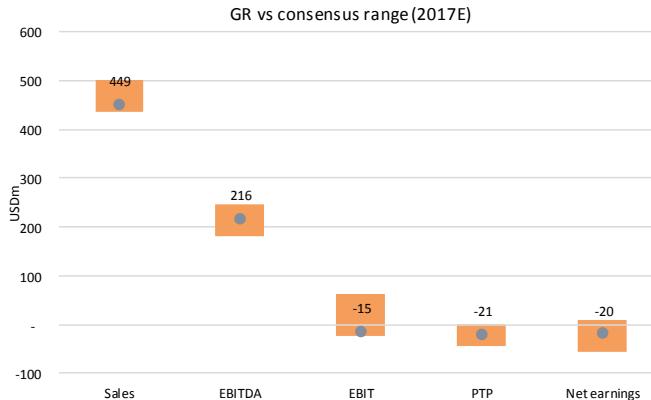
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	230	73	184	301	202	121	223	350	28	-48	-39	-49								
Free cash flow	193	-138	184	301	100	-90	223	350	94	-48	-39	-49								
Net cash flow	-50	-104	40	56	35	-74	1	60	-85	-30	40	-4								
TCE/day	24,851	18,875	24,409	30,565	25,793	20,653	25,306	31,626	-941	-1,778	-898	-1,061								
Cash break-even	24,022	22,095	20,435	20,117	15,182	21,122	20,362	20,000	8,840	973	72	118								
Liquidity	157	53	94	150	242	167	168	228	-85	-114	-74	-79								
Property & Equip. (incl. NBs)	2,281	2,258	2,013	1,769	2,340	2,316	2,081	1,846	-59	-58	-68	-78								
Total equity	1,817	1,634	1,506	1,387	1,808	1,647	1,504	1,414	10	-13	2	-26								
Interest bearing debt	887	942	866	796	1,068	1,130	1,039	955	-181	-187	-172	-158								
Net interest bearing debt	730	889	773	647	826	962	871	726	-96	-73	-98	-80								
Market Cap.	1,298	1,298	1,298	1,298	1,270	1,270	1,270	1,270	28	28	28	28								
Enterprise value	2,027	2,187	2,070	1,944	2,096	2,232	2,140	1,996	-68	-45	-70	-52								
Capex	142	211	-	-	142	211	-	-	-	-	-	-								

Valuation

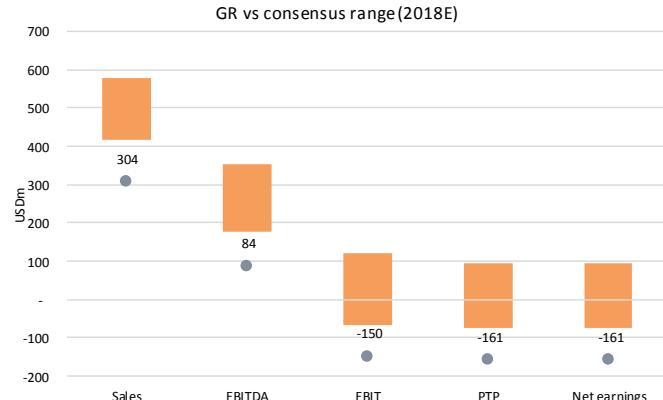
Estimate changes USDm	2017				2018				2019				2020				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	0	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	1,181	982	1,388	1,759	1,168	1,048	1,490	1,907	13	-66	-102	-147												
Adj. equity ratio	55%	49%	59%	67%	51%	47%	57%	65%	4%	2%	2%	2%												
FCF yield	15%	-11%	14%	23%	8%	-7%	18%	28%	7%	-4%	-3%	-4%												
Dividend yield	3%	2%	5%	13%	4%	4%	10%	16%	0%	-2%	-5%	-3%												
EV/EBITDA	9.4	26.0	10.6	6.2	10.7	17.7	9.4	5.6	-1.3	8.3	1.2	0.6												
P/E (adj.)				23.0				11.0																

Our Estimates vs Consensus

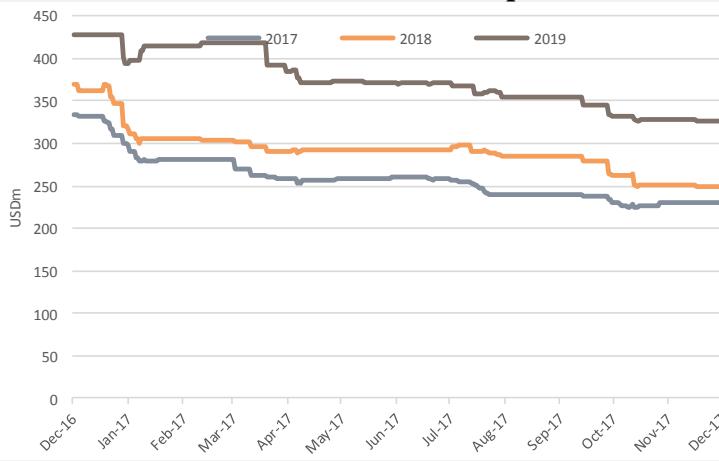
Profit & Loss, year I



Profit & Loss, year II



Consensus EBITDA development



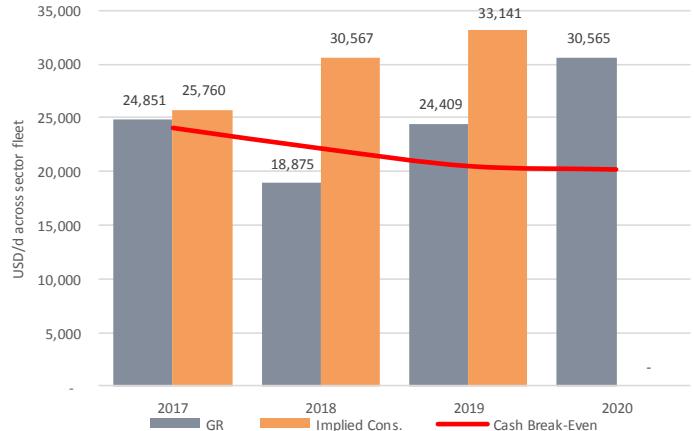
Target price vs share price



GR vs consensus: P&L break-down

	2017	GR	Consensus	Diff.	Diff.
TCE revenue	449	466	466	-16	-4%
Opex + G&A	234	236	236	-2	-1%
Depreciation	231	235	235	-4	-2%
Net finance	6	22	22	-16	-72%
Taxes & Minorities	-1	-13	12	12	-94%
	2018	GR	Consensus	Diff.	Diff.
TCE revenue	304	493	493	-189	-38%
Opex + G&A	220	243	243	-23	-9%
Depreciation	235	232	232	3	1%
Net finance	11	25	25	-14	-57%
Taxes & Minorities	0	1	1	-1	-100%

Avg. TCE/day across fleet vs consensus





Gersemi Research

EURN-US SELL/TP 6.0

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	411	384	592	918	744	449	304	422	540
Operational costs						-234	-220	-227	-228
EBITDA						216	84	195	312
Depreciation/Amortization						-231	-235	-245	-245
EBIT	-57	-55	12	352	208	-15	-150	-50	67
Net financials	-63	-35	-63	4	-4	-6	-11	-11	-11
PTP	-119	-90	-52	356	204	-21	-161	-61	56
Taxes/Minorities	1	0	6	-6	0	1	0	0	0
Net earnings	-119	-90	-46	350	204	-20	-161	-61	56
Non-recurring items	0	0	0	0	0	-5	0	0	0
Net earnings (adj.)	-119	-90	-46	350	204	-25	-161	-61	56
EPS						-0.13	-1.01	-0.38	0.35
EPS (adj.)						-0.16	-1.01	-0.38	0.35
DPS						0.26	0.14	0.42	1.10
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	146	74	254	132	207	157	53	94	150
Other current assets	152	117	284	243	167	143	143	143	143
Total current assets	297	192	538	375	373	299	196	236	292
Property & equip. (incl. NBs)	2,062	1,445	2,276	2,383	2,470	2,281	2,258	2,013	1,769
Other non-current assets	3	284	282	283	203	206	206	206	206
Total non-current assets	2,065	1,729	2,559	2,666	2,674	2,487	2,464	2,219	1,974
TOTAL ASSETS	2,363	1,921	3,096	3,041	3,047	2,787	2,659	2,455	2,267
Total equity	867	801	1,473	1,906	1,888	1,817	1,634	1,506	1,387
Short-term debt	168	138	169	100	119	108	124	113	116
Other current liabilities	141	107	126	79	70	79	79	79	79
Total current liabilities	310	245	295	180	189	187	203	192	195
Long-term debt	1,120	836	1,319	952	966	778	818	753	680
Other non-current liabilities	66	39	9	3	3	4	4	4	4
Total non-current liabilities	1,186	875	1,328	955	970	782	822	757	684
TOTAL EQUITY & LIABILITIES	2,363	1,921	3,096	3,041	3,047	2,787	2,659	2,455	2,267
Working capital, receivables	29	24	48	36	39	0	0	0	0
Working capital, payables	126	95	85	62	56	79	79	79	79
Net working capital	-97	-71	-37	-26	-17	-79	-79	-79	-79
Interest bearing debt	1,288	974	1,489	1,052	1,086	887	942	866	796
Liquidity	146	74	254	132	207	157	53	94	150
Net interest bearing debt	1,142	899	1,235	921	879	730	889	773	647
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	-119	-90	-46	350	204	-20	-161	-61	56
Depreciation						231	235	245	245
Other						-1	0	0	0
Cash earnings	57	35	127	508	400	210	73	184	301
Changes in working capital	20	-43	-112	-58	38	21	0	0	0
Net operational cash flow	78	-9	15	451	438	230	73	184	301
Capex	-149	-10	-1,177	-360	-343	-142	-211	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	48	53	124	113	223	97	0	0	0
Other	0	-14	31	41	19	-5	0	0	0
Net investing cash flow	-101	28	-1,023	-206	-101	-37	-211	0	0
Repayment of debt	-17	-57	580	-445	-38	-196	-98	-76	-70
Proceeds from debt	760	61	1,395	931	—	0	154	0	0
Dividends paid	0	0	0	-138	-217	-42	-22	-67	-175
New equity	—	0	475	237	—	0	0	0	0
Other	-760	-61	-1,262	-951	-6	-5	0	0	0
Net financing cash flow	-17	-57	1,189	-365	-261	-244	34	-144	-245
Currency effect	0	-1	-1	-2	-1	1	0	0	0
Net cash flow	-40	-39	180	-122	75	-50	-104	40	56
Cash balance	146	107	254	132	207	157	53	94	150
Free cash flow	-23	19	-1,008	245	338	193	-138	184	301



Gersemi Research

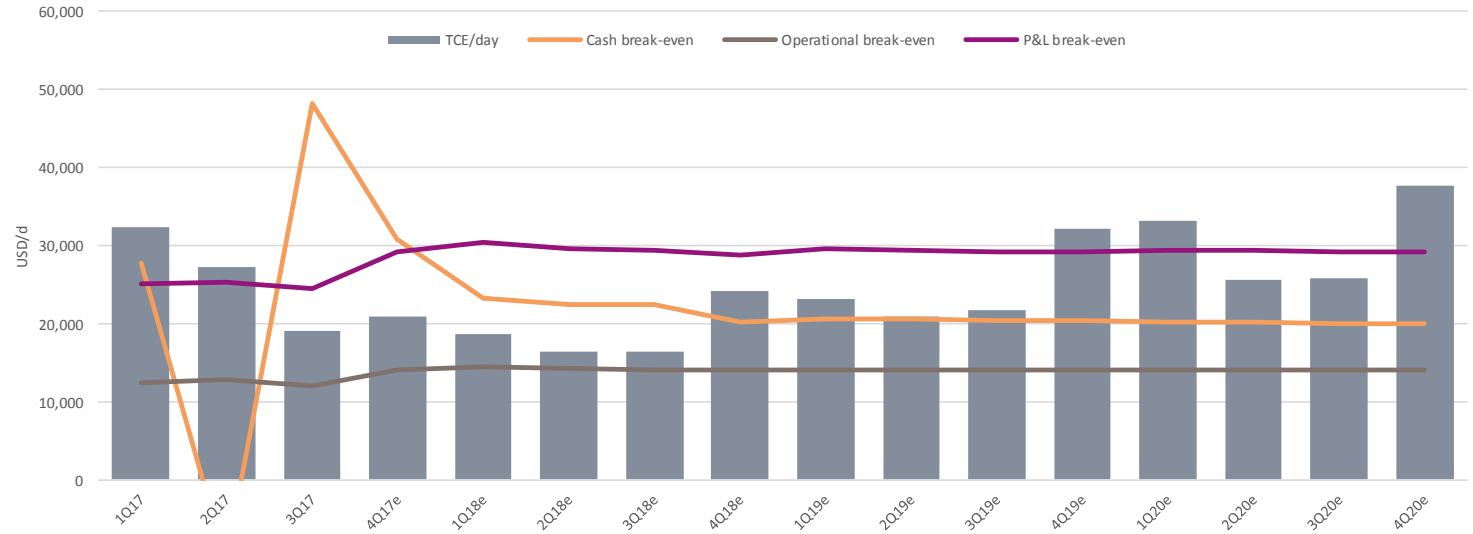
EURN-US SELL/TP 6.0

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

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	—	—	—	—	—	159	159	159	159
Share price, avg (USD)				14	9	8	8	8	8
Share price, end (USD)	—	—	—	14	8	8	8	8	8
Market Cap.						1,298	1,298	1,298	1,298
NIBD	1,142	899	1,235	921	879	730	889	773	647
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value						2,027	2,187	2,070	1,944
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)									23.0
P/E (adj.)									23.0
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						2.9	4.3	3.1	2.4
EV/Sales						4.5	7.2	4.9	3.6
EV/EBITDA						9.4	26.0	10.6	6.2
EV/EBIT									28.9
P/B						0.7	0.8	0.9	0.9
FCF yield						15%	-11%	14%	23%
Dividend yield						3.2%	1.7%	5.2%	13.5%
Return on equity (ROE)	-13.7%	-11.2%	-3.1%	18.4%	10.8%	-1.1%	-9.9%	-4.0%	4.1%
Return on capital employed (ROCE)	-2.8%	-3.2%	0.4%	12.5%	7.5%	-0.6%	-6.0%	-2.2%	3.4%
Return on assets (ROA)	-5.0%	-4.7%	-1.5%	11.5%	6.7%	-0.7%	-6.1%	-2.5%	2.5%
Sales growth	4%	-6%	54%	55%	-19%	-40%	-32%	39%	28%
EBITDA margin						48%	28%	46%	58%
EBIT margin	-14%	-14%	2%	38%	28%	-3%	-49%	-12%	12%
Net margin	-29%	-23%	-8%	38%	27%	-5%	-53%	-14%	10%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	1.6%	5.2%	6.0%	7.2%
Tax rate	0.6%	-0.2%	11.1%	1.6%	-0.1%	4.0%	0.0%	0.0%	0.0%
Equity ratio	37%	42%	48%	63%	62%	65%	61%	61%	61%
Leverage ratio	63%	58%	52%	37%	38%	35%	39%	39%	39%
NIBD / EBITDA (past 1y)						3.4	10.6	4.0	2.1
Operating cash flow/NIBD	0.1	0.0	0.0	0.5	0.5	0.3	0.1	0.2	0.5
Net interest coverage ratio (EBITDA)						18.4	1.8	4.2	6.7
Current ratio	1.0	0.8	1.8	2.1	2.0	1.6	1.0	1.2	1.5
Adj. equity ratio						55%	49%	59%	67%
Operating assets	2,217	1,846	2,842	2,909	2,840	2,601	2,577	2,332	2,088
Operating liabilities	208	146	135	83	73	83	83	83	83
Net operating assets	2,009	1,700	2,707	2,827	2,767	2,518	2,494	2,250	2,005

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)





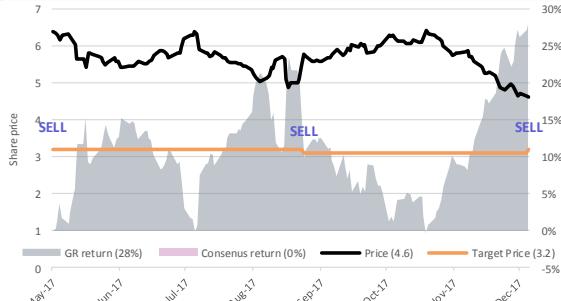
Twitter \$FRO (#SELL, 3.2): Focus on growth through the cyclical trough, but limited support for current valuation

FRO-US

SELL/TP 3.2

Frontline

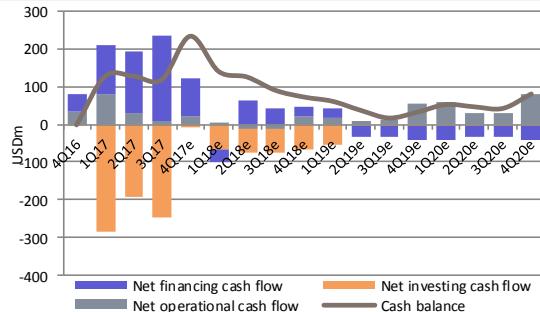
Share price vs target price



Valuation matrix



Cash & cash flows



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Gersemi Research / Analysts

Joakim Hannisdahl

Head of Research

research@gersemiresearch.com

Key numbers

USDm	2017	2018	2019	2020
Net sales	380	296	398	502
EBITDA	179	85	182	285
EBIT	37	-64	32	135
PTP	-32	-145	-58	50
Net earnings	-33	-146	-59	50
EPS	-0.19	-0.86	-0.34	0.29
DPS	0.32	-	0.05	0.19
USDm	2017	2018	2019	2020
Fwd NAV	597	368	731	1,030
Adj. equity ratio	22%	14%	26%	34%
FCF yield	-75%	-33%	4%	25%
Dividend yield	7%	0%	1%	4%
EV/EBITDA	14.2	32.9	15.3	9.2
P/E (adj.)			15.6	

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	142	3	91	200
Free cash flow	-586	-257	30	192
Net cash flow	31	-160	-40	48
TCE/day	21,867	14,669	19,098	24,044
Cash break-even	-4,421	20,915	20,329	19,833
Liquidity	234	74	35	82
Property & Equip. (incl. NBs)	2,815	2,925	2,837	2,696
Total equity	1,417	1,271	1,203	1,221
Interest bearing debt	2,007	2,104	2,044	1,933
Net interest bearing debt	1,773	2,030	2,009	1,851
Market Cap.	780	780	780	780
Enterprise value	2,553	2,809	2,788	2,629
Capex	715	260	61	8

Source: Gersemi Research, Bloomberg, company data

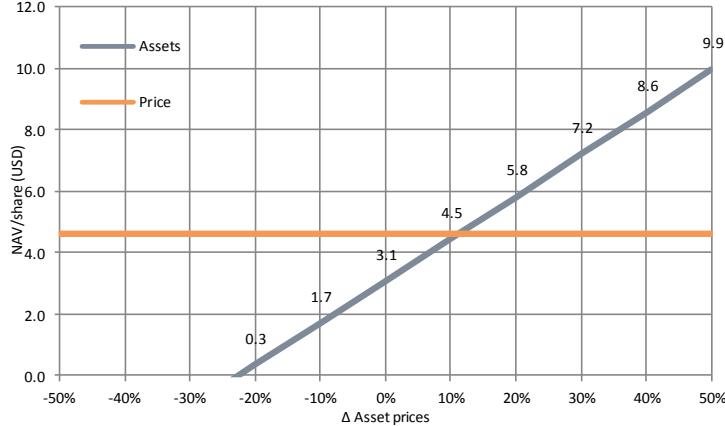
Disclaimer: The publisher currently has no investments in the company. More disclaimers at the end of this document

Valuation

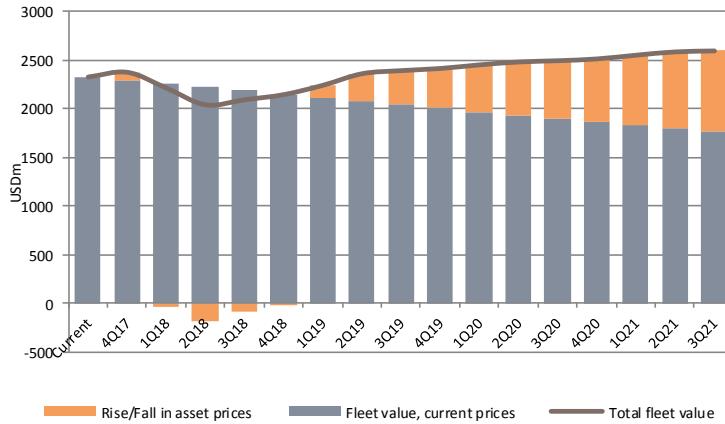
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	2,845	2,327	2,549
Contract value	0	141	154
Other	221	221	243
GAV	3,066	2,689	2,946
Net debt	-1,784	-1,784	-1,784
Capex	0	-311	-311
Other	-71	-71	-71
NAV	1,211	524	780
Shares	170	170	170
NAVPS	7.13	3.08	4.60
Share price	7.1	3.1	4.6
P/NAV	0.64	1.49	1.00
EV/GAV	0.96	1.10	1.00
Adj. Total Assets	3,411	2,893	3,116
Adj. Equity Ratio	36%	18%	25%
Target price	USD	3.2	-31%

Impact on NAV/sh from % change in asset prices

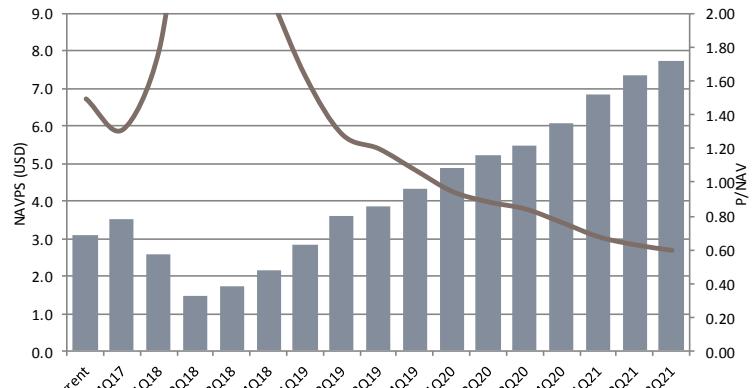


Forward fleet valuation decomposition

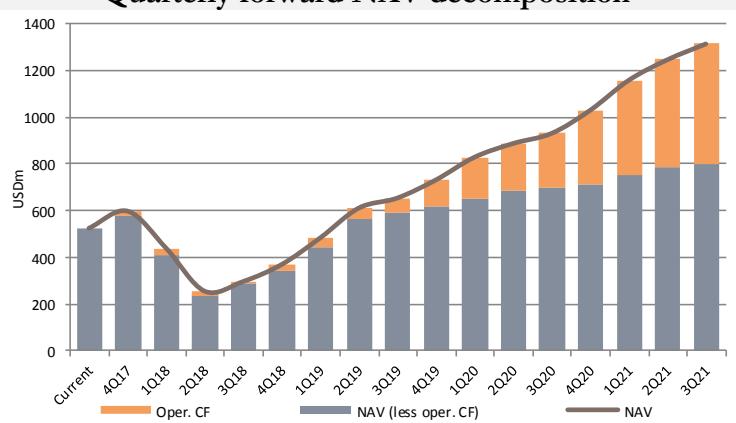


Source: Gersemi Research, Bloomberg, company data, www

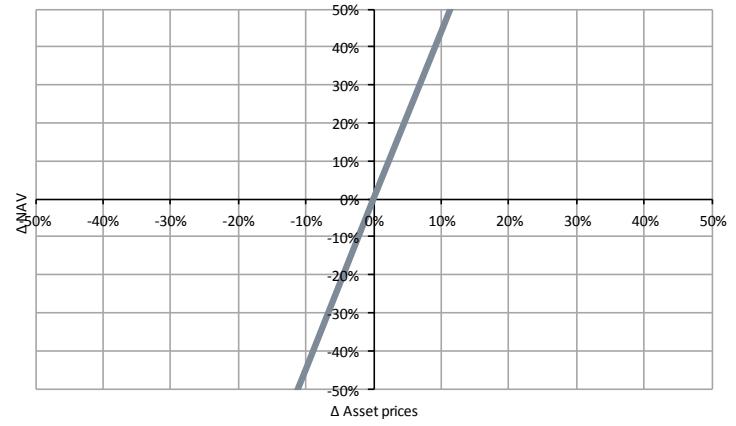
Quarterly forward NAV & P/NAV



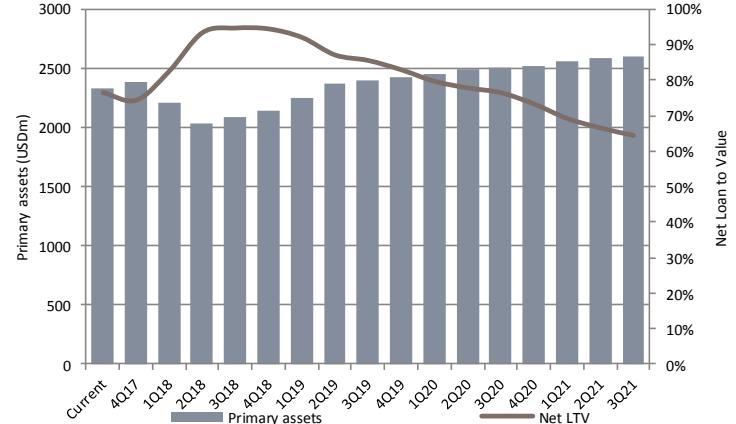
Quarterly forward NAV decomposition



% 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	380	296	398	502	386	321	415	528	-6	-25	-18	-26
EBITDA	179	85	182	285	181	111	200	311	-1	-26	-19	-26
EBIT	37	-64	32	135	26	-63	26	137	11	-1	6	-2
PTP	-32	-145	-58	50	-37	-126	-36	78	5	-19	-22	-29
Net earnings	-33	-146	-59	50	-38	-127	-37	79	6	-19	-22	-29
EPS	-0.19	-0.86	-0.34	0.29	-0.23	-0.75	-0.22	0.47	2017 2018 2019 2020			
DPS	0.32	-	0.05	0.19	0.45	0.04	0.18	0.33	-6	-25	-18	-26
									-5	1	1	0
									-12	-24	-24	-24
									5	18	28	27
									-0	-0	-0	0

Cash Flows & Balance Sheet

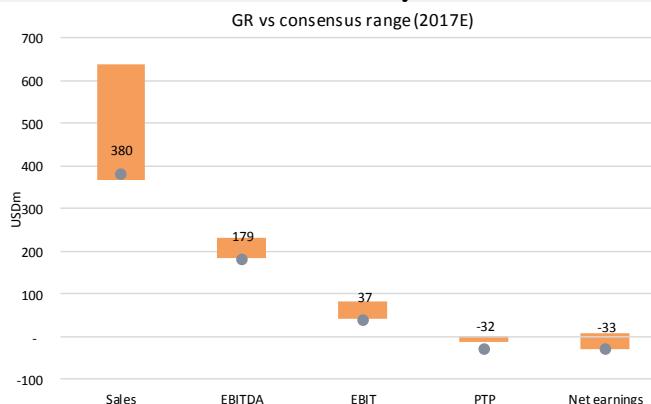
Estimate changes USDm	2017				2018				2019				2020			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	142	3	91	200	148	47	137	253	-7	-43	-46	-53				
Free cash flow	-586	-257	30	192	-748	6	23	245	161	-262	7	-53				
Net cash flow	31	-160	-40	48	-188	56	-9	78	219	-216	-31	-30				
TCE/day	21,867	14,669	19,098	24,044	22,174	16,013	20,049	25,298	-307	-1,344	-952	-1,253				
Cash break-even	-4,421	20,915	20,329	19,833	6,786	19,665	18,958	18,531	-11,208	1,249	1,370	1,302				
Liquidity	234	74	35	82	15	71	62	139	219	3	-27	-57				
Property & Equip. (incl. NBs)	2,815	2,925	2,837	2,696	2,977	2,844	2,784	2,618	-162	82	53	77				
Total equity	1,417	1,271	1,203	1,221	1,388	1,254	1,187	1,210	29	17	16	11				
Interest bearing debt	2,007	2,104	2,044	1,933	1,989	2,046	2,045	1,934	18	58	-1	-1				
Net interest bearing debt	1,773	2,030	2,009	1,851	1,974	1,975	1,983	1,794	-201	55	26	56				
Market Cap.	780	780	780	780	965	965	965	965	-184	-184	-184	-184				
Enterprise value	2,553	2,809	2,788	2,629	2,938	2,938	2,946	2,758	-385	-129	-158	-128				
Capex	715	260	61	8	876	41	115	8	-161	219	-53	-				

Valuation

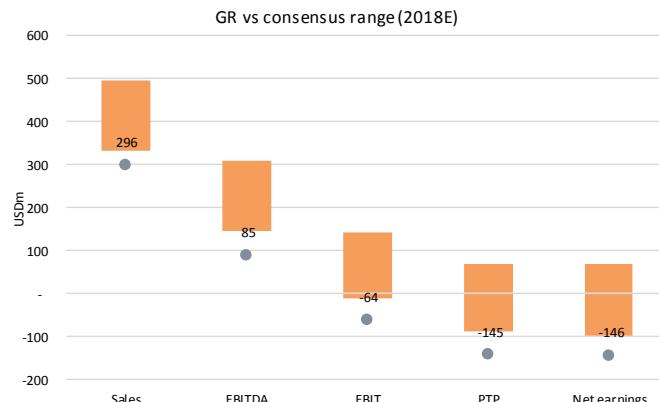
Estimate changes USDm	New				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	597	368	731	1,030	585	462	900	1,270	12	-94	-169	-239
Adj. equity ratio	22%	14%	26%	34%	22%	18%	30%	39%	0%	-3%	-4%	-5%
FCF yield	-75%	-33%	4%	25%	-78%	1%	2%	25%	2%	-33%	1%	-1%
Dividend yield	7%	0%	1%	4%	8%	1%	3%	6%	-1%	-1%	-2%	-2%
EV/EBITDA	14.2	32.9	15.3	9.2	16.3	26.4	14.7	8.9	-2.0	6.5	0.6	0.4
P/E (adj.)				15.6				12.2				3.4

Our Estimates vs Consensus

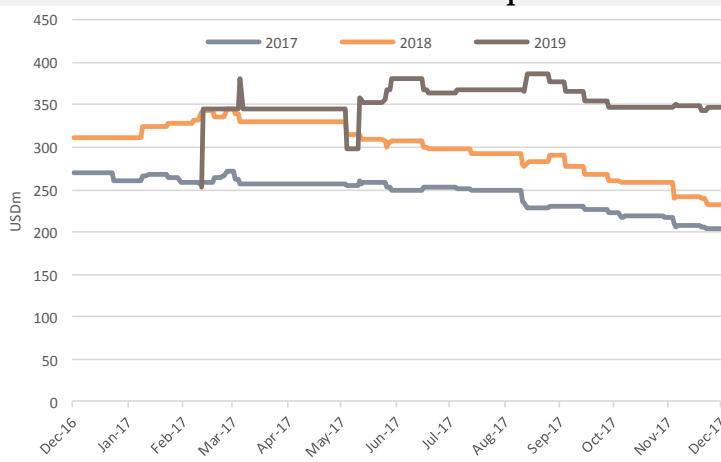
Profit & Loss, year I



Profit & Loss, year II



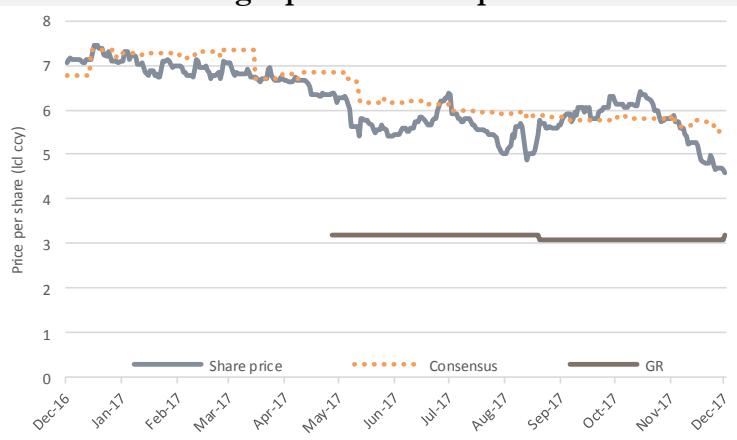
Consensus EBITDA development



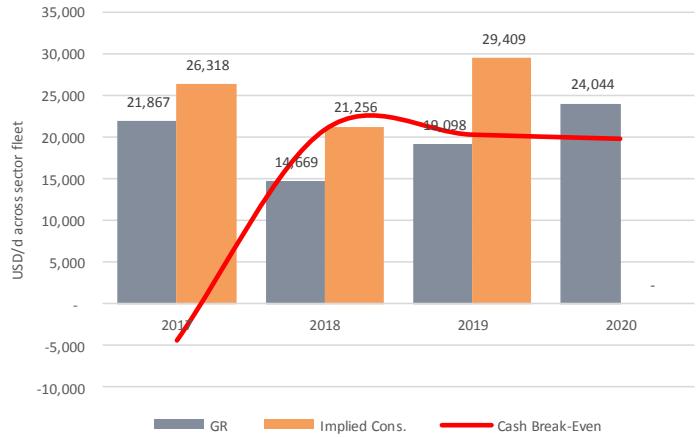
GR vs consensus: P&L break-down

	2017	GR	Consensus	Diff.	Diff.
TCE revenue	380	458	-77	-17%	
Opex + G&A	201	254	-53	-21%	
Depreciation	143	153	-10	-7%	
Net finance	69	73	-4	-6%	
Taxes & Minorities	1	-8	8	-107%	
	2018	GR	Consensus	Diff.	Diff.
TCE revenue	296	429	-133	-31%	
Opex + G&A	211	196	15	7%	
Depreciation	150	135	15	11%	
Net finance	81	105	-24	-23%	
Taxes & Minorities	1	-1	2	-242%	

Target price vs share price



Avg. TCE/day across fleet vs consensus





Gersemi Research

FRO-US SELL/TP 3.2

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	848	817	346	569	916	380	296	398	502
Operational costs	-749	-841	-193	-229	-597	-201	-211	-216	-217
EBITDA	99	-24	153	340	319	179	85	182	285
Depreciation/Amortization	-115	-100	-32	-53	-141	-143	-150	-150	-150
EBIT	-16	-124	121	287	177	37	-64	32	135
Net financials	-55	-66	17	-32	-60	-69	-81	-90	-86
PTP	-71	-190	137	256	118	-32	-145	-58	50
Taxes/Minorities	-12	1	12	-101		-1	-1	0	0
Net earnings	-83	-189	149	155	—	-33	-146	-59	50
Non-recurring items	0	0	0	0		0	0	0	0
Net earnings (adj.)	-83	-189	149	155	117	-33	-146	-59	50
EPS	-5.31	-10.90	6.65	4.94		-0.19	-0.86	-0.34	0.29
EPS (adj.)	-5.31	-10.90	6.65	4.94	0.69	-0.19	-0.87	-0.35	0.30
DPS	0.00	0.00	1.65	1.25	0.97	0.32	0.00	0.05	0.19
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	138	54	236	265	—	233	73	34	82
Other current assets	254	206	201	203		196	196	196	196
Total current assets	392	260	437	467	384	429	269	230	277
Property & equip. (incl. NBs)	1,203	999	1,089	2,150	2,322	2,815	2,925	2,837	2,696
Other non-current assets	93	108	976	266	261	252	252	252	252
Total non-current assets	1,296	1,107	2,065	2,416	2,583	3,067	3,177	3,089	2,947
TOTAL ASSETS	1,688	1,368	2,502	2,883	2,966	3,496	3,446	3,318	3,225
Total equity	131	-18	1,447	1,446	1,500	1,417	1,271	1,203	1,221
Short-term debt	52	47	44	147	124	133	112	129	124
Other current liabilities	114	61	193	95	59	70	70	70	70
Total current liabilities	166	108	237	242	183	203	182	199	194
Long-term debt	1,382	1,201	474	1,192	1,281	1,875	1,992	1,915	1,808
Other non-current liabilities	9	76	344	3	3	1	1	1	1
Total non-current liabilities	1,391	1,278	817	1,195	1,284	1,876	1,993	1,916	1,810
TOTAL EQUITY & LIABILITIES	1,688	1,368	2,502	2,883	2,966	3,496	3,446	3,318	3,225
Working capital, receivables	90	66	36	103	102	0	0	0	0
Working capital, payables	104	58	18	68	49	0	0	0	0
Net working capital	-13	8	18	35	53	0	0	0	0
Interest bearing debt	1,435	1,248	518	1,340	1,405	2,007	2,104	2,044	1,933
Liquidity	225	122	272	265		234	74	35	82
Net interest bearing debt	1,209	1,126	246	1,075		1,773	2,030	2,009	1,851
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	-83	-189	149	155	—	-33	-146	-59	50
Depreciation	115	100	32	53	141	143	150	150	150
Other	16	71	-99	5	160	4	0	0	0
Cash earnings	48	-18	82	212	302	115	3	91	200
Changes in working capital	21	-25	-23	-5	-16	27	0	0	0
Net operational cash flow	69	-43	59	207	286	142	3	91	200
Capex	-15	-3	-202	-787	-622	-715	-260	-61	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	10	0	174	515	217	0	0	0	0
Other	1	16	-35	-188	9	0	0	0	0
Net investing cash flow	-3	13	-64	-459	-397	-728	-260	-61	-8
Repayment of debt	-89	-54	-75	114	125	359	-130	-117	-111
Proceeds from debt	—	—	—	—	—	329	227	57	0
Dividends paid	0	0	-37	-39	-165	-55	0	-9	-33
New equity	—	5	0	0	98	0	0	0	0
Other	0	-5	66	145	-10	0	0	0	0
Net financing cash flow	-89	-54	-46	220	49	617	97	-69	-144
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-23	-84	-51	-32	-62	31	-160	-40	48
Cash balance	138	54	236	265	202	233	73	34	82
Free cash flow	66	-29	-5	-252	-111	-586	-257	30	192



Gersemi Research

FRO-US

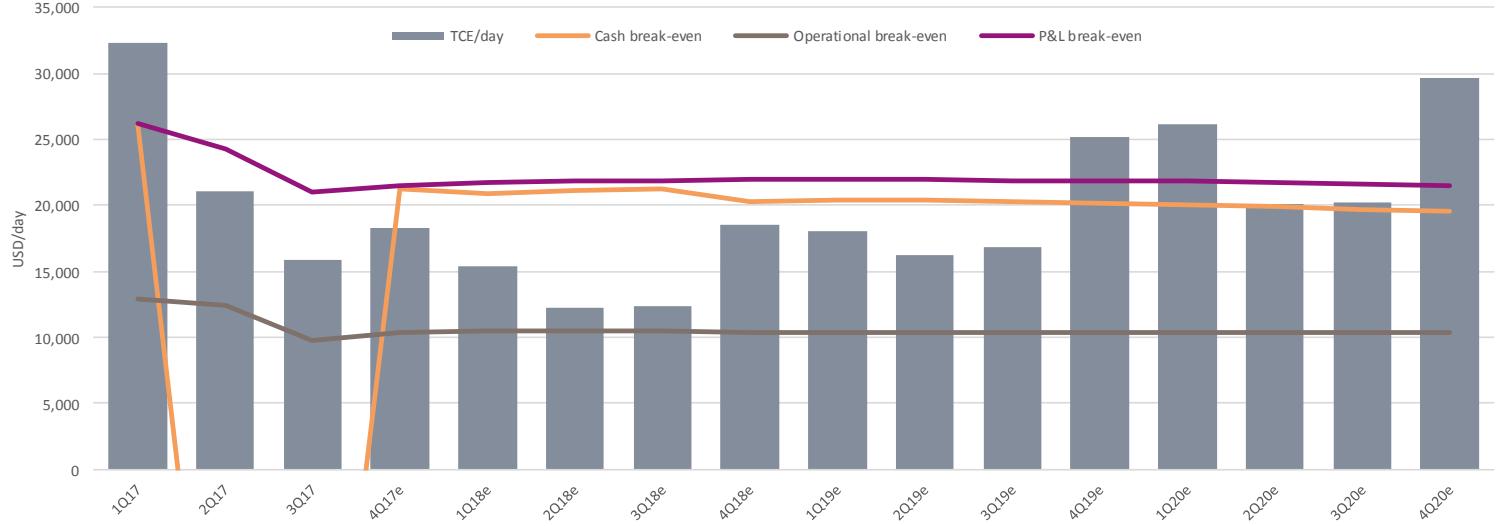
SELL/TP 3.2

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

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	16	17	22	31	170	170	170	170	170
Share price, avg (USD)	23	13	14	14	8	6	5	5	5
Share price, end (USD)	16	19	13	15	7	5	5	5	5
Market Cap.	254	324	282	468	1,207	780	780	780	780
NIBD	1,209	1,126	246	1,075		1,773	2,030	2,009	1,851
Minorities	11	9	324	0	0	0	1	2	1
Enterprise value	1,452	1,441	204	1,542		2,553	2,809	2,788	2,629
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)				1.9	3.0				15.6
P/E (adj.)				1.9	3.0	10.3			15.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.3	0.4	0.8	0.8	1.3	2.1	2.6	2.0	1.6
EV/Sales	1.7	1.8	0.6	2.7		6.7	9.5	7.0	5.2
EV/EBITDA	14.7		1.3	4.5		14.2	32.9	15.3	9.2
EV/EBIT			1.7	5.4		69.8		86.9	19.4
P/B	2.1		0.3	0.3	0.8	0.6	0.6	0.6	0.6
FCF yield	26%	-9%	-2%	-54%	-9%	-75%	-33%	4%	25%
Dividend yield	0.0%	0.0%	13.1%	8.4%	13.6%	7.0%	0.0%	1.2%	4.2%
Return on equity (ROE)	-69.1%	699.4%	13.3%	10.7%		-2.3%	-11.5%	-4.9%	4.1%
Return on capital employed (ROCE)	-1.2%	-11.2%	7.1%	11.4%	6.1%	1.1%	-1.9%	1.0%	4.4%
Return on assets (ROA)	-4.9%	-13.8%	6.0%	5.4%		-0.9%	-4.2%	-1.8%	1.5%
Sales growth	-23%	-4%	-58%	65%	61%	-58%	-22%	34%	26%
EBITDA margin	12%	-3%	44%	60%	35%	47%	29%	46%	57%
EBIT margin	-2%	-15%	35%	51%	19%	10%	-22%	8%	27%
Net margin	-10%	-23%	43%	27%		-9%	-49%	-15%	10%
Net interest rate	7.8%	0.0%	3.0%	1.6%		3.8%	4.0%	4.5%	4.6%
Tax rate	-0.5%	-0.1%	0.0%	0.1%	0.0%	-0.2%	-0.1%	-0.1%	0.0%
Equity ratio	8%	-1%	58%	50%	51%	41%	37%	36%	38%
Leverage ratio	92%	101%	42%	50%	49%	59%	63%	64%	62%
NIBD / EBITDA (past 1y)	12.2	-46.6	1.6	3.2		9.9	23.8	11.1	6.5
Operating cash flow/NIBD	0.1	0.0	0.2	0.2		0.1	0.0	0.0	0.1
Net interest coverage ratio (EBITDA)	1.1		20.6	19.3		2.6	1.1	2.0	3.3
Current ratio	2.4	2.4	1.8	1.9	2.1	2.1	1.5	1.2	1.4
Adj. equity ratio						22%	14%	26%	34%
Operating assets	1,463	1,245	2,230	2,619	2,966	3,262	3,372	3,284	3,142
Operating liabilities	123	137	537	98	62	71	71	71	71
Net operating assets	1,341	1,108	1,693	2,521	2,904	3,191	3,301	3,213	3,071

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)



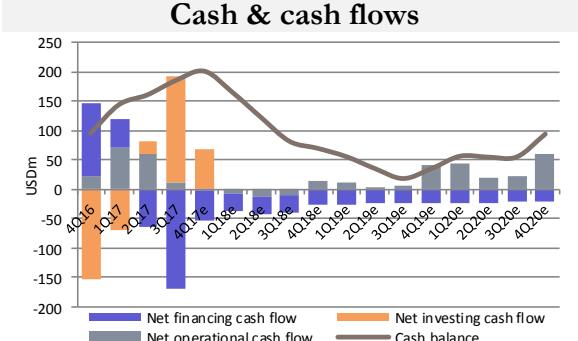
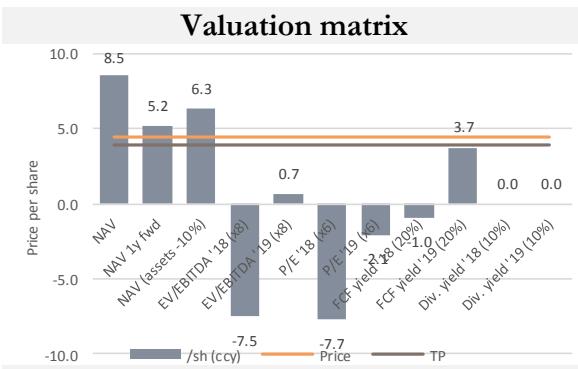
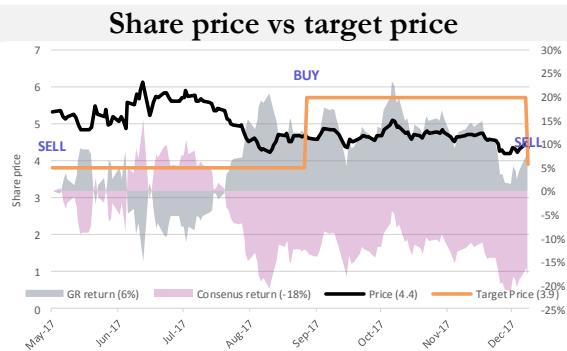


Twitter \$GNRT (#SELL, 3.9): Highly leveraged but balance sheet supportive through the trough ahead. #M&A #target

GNRT-US

SELL/TP 3.9

Gener8 Maritime



Gersemi Research / Analysts

Joakim Hannisdahl

Head of Research

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Key numbers					Key numbers				
USDm	2017	2018	2019	2020	USDm	2017	2018	2019	2020
Net sales	293	195	272	351	Net operational cash flow	141	-16	62	147
EBITDA	37	63	140	219	Free cash flow	341	-16	62	147
EBIT	-66	-28	49	128	Net cash flow	106	-132	-34	59
PTP	-148	-107	-29	56	TCE/day	23,673	16,164	22,585	29,095
Net earnings	-148	-107	-29	56	Cash break-even	48,851	27,100	25,463	24,237
EPS	-1.78	-1.29	-0.35	0.68	Liquidity	201	69	35	93
DPS	-	-	-	-	Property & Equip. (incl. NBs)	2,295	2,204	2,113	2,022
USDm	2017	2018	2019	2020	Total equity	1,288	1,181	1,152	1,208
Fwd NAV	740	486	772	1,011	Interest bearing debt	1,310	1,194	1,098	1,009
Adj. equity ratio	36%	28%	41%	49%	Net interest bearing debt	1,110	1,125	1,063	916
FCF yield	93%	-4%	17%	40%	Market Cap.	368	368	368	368
Dividend yield	0%	0%	0%	0%	Enterprise value	1,478	1,494	1,432	1,284
EV/EBITDA	40.3	23.8	10.2	5.9	Capex	134	-	-	-
P/E (adj.)				6.5					

Source: Gersemi Research, Bloomberg, company data

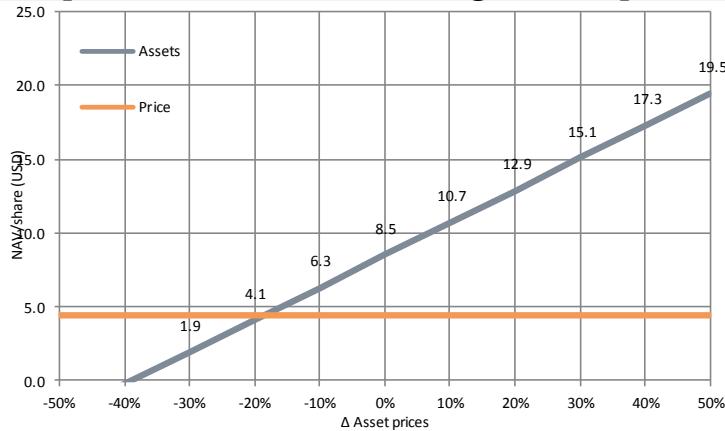
Disclaimer: The publisher currently has no investments in the company. More disclaimers at the end of this document

Valuation

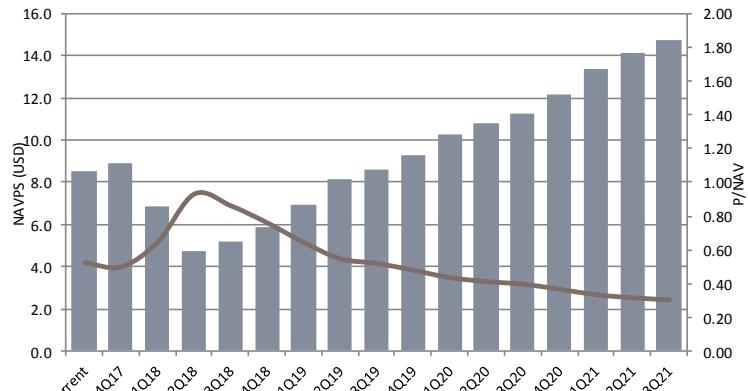
Valuation & target price

Net asset values			
USDm	3Q17	Fair value	Implied
Primary assets	2,386	1,819	1,501
Contract value	0	0	0
Other	121	110	90
GAV	2,507	1,929	1,591
Net debt	-1,176	-1,176	-1,176
Capex	0	-29	-29
Other	-18	-18	-18
NAV	1,313	706	368
Shares	83	83	83
NAVPS	15.82	8.51	4.44
Share price	15.8	8.5	4.4
P/NAV	0.28	0.52	1.00
EV/GAV	0.63	0.82	1.00
Adj. Total Assets	2,705	2,138	1,820
Adj. Equity Ratio	49%	33%	20%
Target price	USD	3.9	-13%

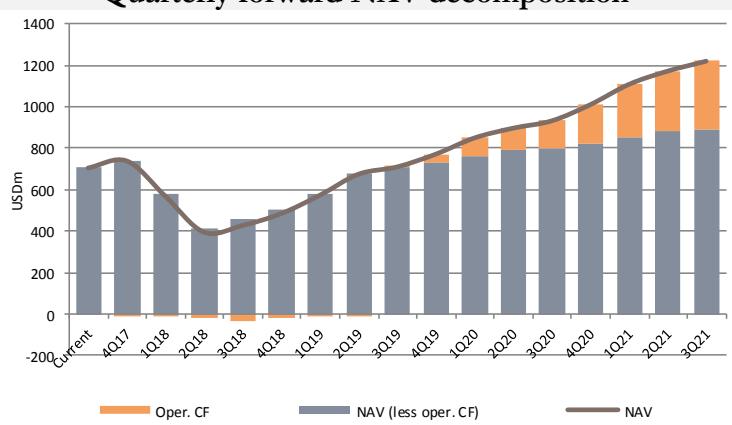
Impact on NAV/sh from % change in asset prices



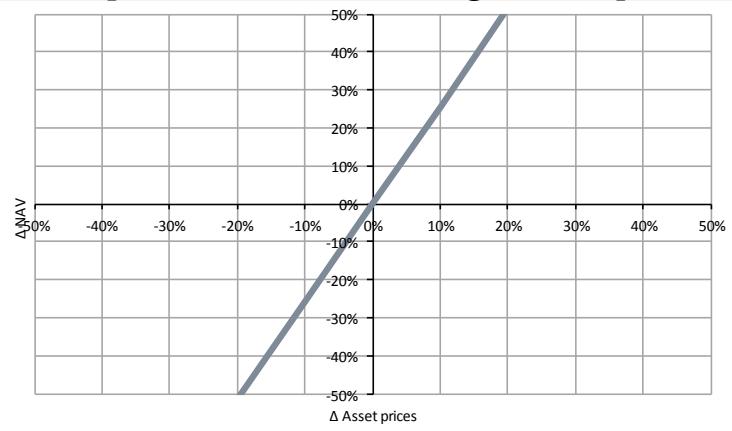
Quarterly forward NAV & P/NAV



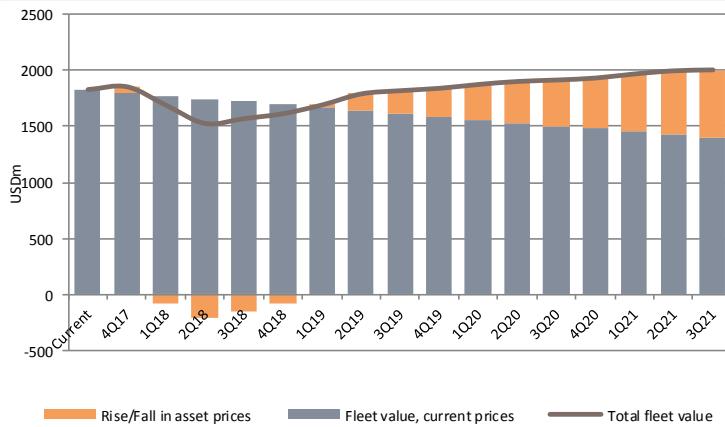
Quarterly forward NAV decomposition



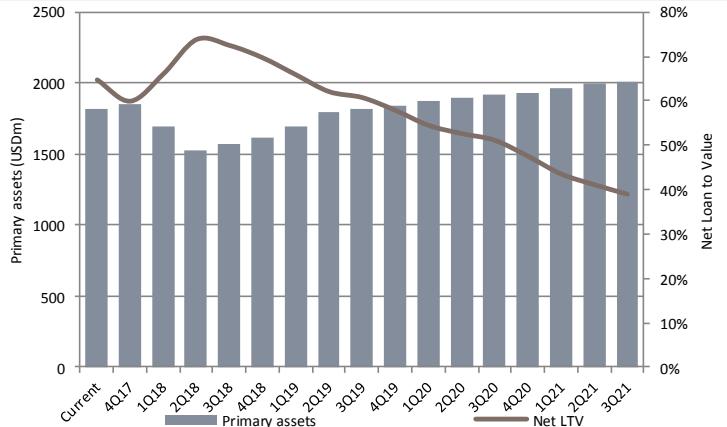
% Impact on NAV from % change in asset prices



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	293	195	272	351	305	235	306	392	-12	-40	-34	-40
EBITDA	37	63	140	219	80	91	161	247	-43	-28	-21	-28
EBIT	-66	-28	49	128	-25	-10	60	145	-41	-18	-11	-18
PTP	-148	-107	-29	56	-107	-82	-9	85	-41	-25	-20	-28
Net earnings	-148	-107	-29	56	-107	-82	-9	85	-41	-25	-20	-28
EPS	-1.78	-1.29	-0.35	0.68	-1.29	-0.99	-0.10	1.02	2017 2018 2019 2020			
DPS	-	-	-	-	-	-	-	-	-12	-40	-34	-40
									31	-12	-12	-13
									-3	-10	-10	-10
									-0	7	9	10
									-	-	-	-

Cash Flows & Balance Sheet

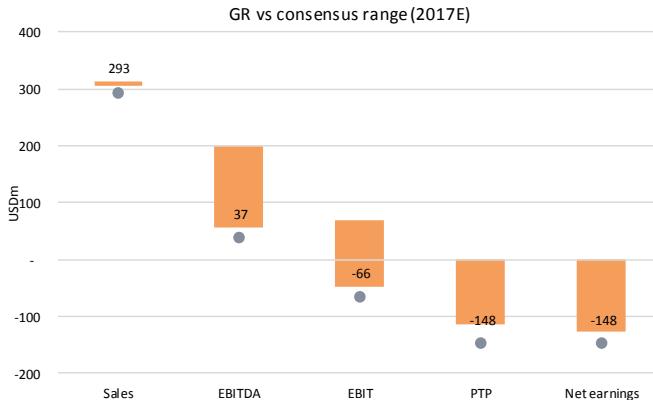
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	141	-16	62	147	131	19	92	186	10	-35	-30	-38								
Free cash flow	341	-16	62	147	242	19	92	186	99	-35	-30	-38								
Net cash flow	106	-132	-34	59	49	-118	-5	96	57	-14	-30	-38								
TCE/day	23,673	16,164	22,585	29,095	23,700	17,916	23,271	29,750	-27	-1,752	-686	-655								
Cash break-even	48,851	27,100	25,463	24,237	43,745	26,866	23,640	22,439	5,106	234	1,823	1,799								
Liquidity	201	69	35	93	144	26	21	118	57	43	13	-24								
Property & Equip. (incl. NBs)	2,295	2,204	2,113	2,022	2,271	2,170	2,069	1,968	24	34	44	54								
Total equity	1,288	1,181	1,152	1,208	1,330	1,248	1,239	1,324	-42	-67	-87	-116								
Interest bearing debt	1,310	1,194	1,098	1,009	1,341	1,205	1,107	1,018	-31	-10	-9	-9								
Net interest bearing debt	1,110	1,125	1,063	916	1,198	1,178	1,086	900	-88	-53	-23	16								
Market Cap.	368	368	368	368	383	383	383	383	-14	-14	-14	-14								
Enterprise value	1,478	1,494	1,432	1,284	1,580	1,561	1,469	1,283	-102	-67	-37	2								
Capex	134	-	-	-	150	-	-	-	-16	-	-	-								

Valuation

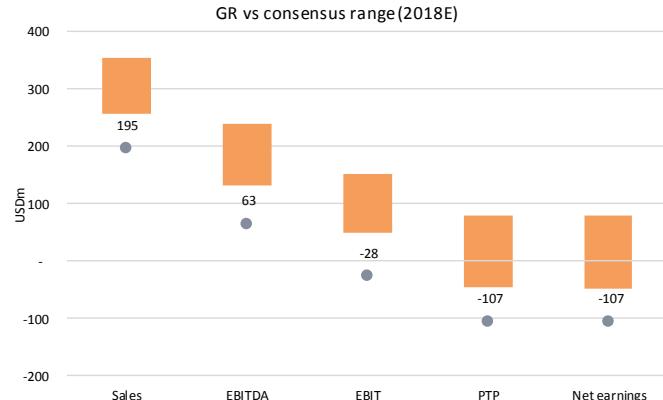
Estimate changes USDm	New				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	740	486	772	1,011	719	521	838	1,117	20	-35	-66	-106
Adj. equity ratio	36%	28%	41%	49%	34%	30%	42%	51%	1%	-1%	-2%	-2%
FCF yield	93%	-4%	17%	40%	63%	5%	24%	49%	29%	-9%	-7%	-9%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
EV/EBITDA	40.3	23.8	10.2	5.9	19.7	17.2	9.1	5.2	20.6	6.6	1.1	0.7
P/E (adj.)				6.5				4.5				2.0

Our Estimates vs Consensus

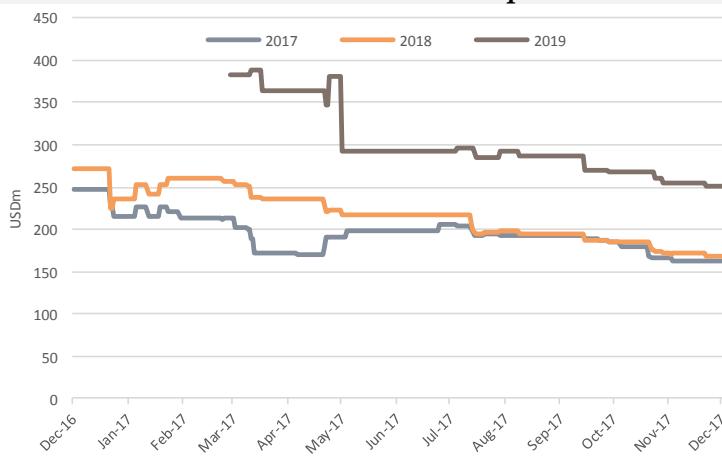
Profit & Loss, year I



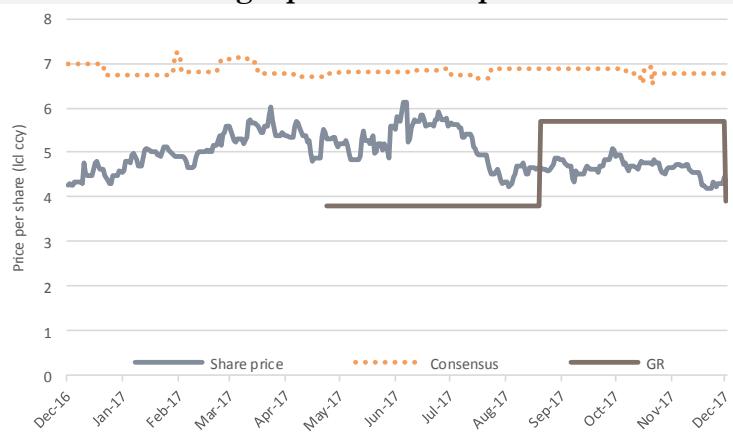
Profit & Loss, year II



Consensus EBITDA development



Target price vs share price

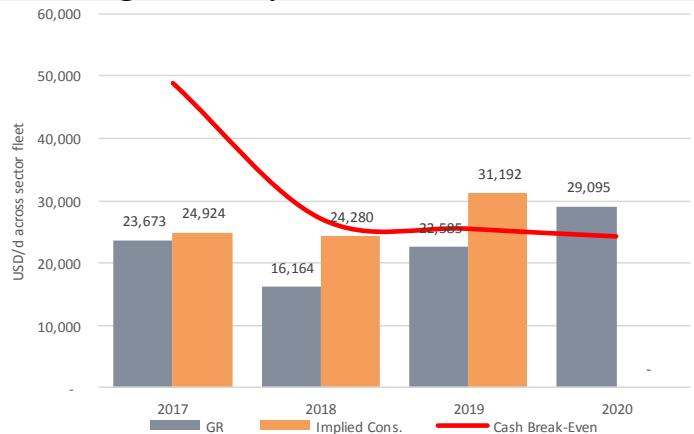


GR vs consensus: P&L break-down

	2017	GR	Consensus	Diff.	Diff.
TCE revenue	293	308	308	-15	-5%
Opex + G&A	256	256	145	111	76%
Depreciation	103	103	134	-31	-23%
Net finance	82	82	83	-1	-1%
Taxes & Minorities	0	0	-23	23	-100%

	2018	GR	Consensus	Diff.	Diff.
TCE revenue	195	195	293	-98	-33%
Opex + G&A	132	132	124	8	7%
Depreciation	91	91	70	21	31%
Net finance	79	79	97	-18	-19%
Taxes & Minorities	0	0	3	-3	-100%

Avg. TCE/day across fleet vs consensus





Gersemi Research

GNRT-US SELL/TP 3.9

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	0	617	632	525	417	293	195	272	351
Operational costs		-638	-604	-326	-214	-256	-132	-132	-133
EBITDA		-21	29	200	203	37	63	140	219
Depreciation/Amortization		-46	-46	-48	-87	-103	-91	-91	-91
EBIT	—	-67	-17	152	116	-66	-28	49	128
Net financials		-34	-30	-22	-49	-82	-79	-78	-71
PTP	—	-101	-47	130	67	-148	-107	-29	56
Taxes/Minorities		0	0	0	0	0	0	0	0
Net earnings	—	-101	-47	130	67	-148	-107	-29	56
Non-recurring items		0	0	0	0	115	0	0	0
Net earnings (adj.)	—	-101	-47	130	67	-33	-107	-29	56
EPS		-4.48	-1.42	1.57	0.81	-1.78	-1.29	-0.35	0.68
EPS (adj.)		-4.48	-1.42	1.57	0.81	-0.40	-1.29	-0.35	0.68
DPS		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	—	98	147	158	95	201	69	35	93
Other current assets		103	83	101	121	89	89	89	89
Total current assets	—	201	231	258	215	290	158	124	183
Property & equip. (incl. NBs)	—	876	1,075	2,003	2,705	2,295	2,204	2,113	2,022
Other non-current assets		46	53	129	72	45	45	45	45
Total non-current assets	—	922	1,128	2,132	2,777	2,340	2,249	2,158	2,066
TOTAL ASSETS	—	1,123	1,359	2,390	2,993	2,630	2,407	2,282	2,249
Total equity	—	366	517	1,348	1,437	1,288	1,181	1,152	1,208
Short-term debt	—	0	0	135	181	163	120	150	153
Other current liabilities		80	53	133	36	30	30	30	30
Total current liabilities	—	80	53	269	217	193	150	180	184
Long-term debt	—	678	789	773	1,338	1,147	1,075	948	856
Other non-current liabilities		0	0	1	1	1	1	1	1
Total non-current liabilities	—	678	789	773	1,339	1,148	1,076	949	857
TOTAL EQUITY & LIABILITIES	—	1,123	1,359	2,390	2,993	2,630	2,407	2,282	2,249
Working capital, receivables		46	50	52	63	31	31	31	31
Working capital, payables	—	61	34	6	9	14	14	14	14
Net working capital	—	-15	16	46	54	17	17	17	17
Interest bearing debt		678	789	908	1,519	1,310	1,194	1,098	1,009
Liquidity		98	148	158	95	201	69	35	93
Net interest bearing debt		579	641	751	1,424	1,110	1,125	1,063	916
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	—	-101	-47	130	67	-148	-107	-29	56
Depreciation		46	46	48	87	103	91	91	91
Other		2	-3	-1	64	160	0	0	0
Cash earnings	—	-53	-4	176	219	114	-16	62	147
Changes in working capital	—	13	-8	-20	40	26	0	0	0
Net operational cash flow	—	-40	-12	156	259	141	-16	62	147
Capex	—	-3	-254	-395	-973	-134	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	8	23	0	87	336	0	0	0
Other		0	-7	-3	-17	-111	0	0	0
Net investing cash flow	—	4	-238	-399	-903	200	0	0	0
Repayment of debt	—	-97	104	83	607	-382	-116	-96	-89
Proceeds from debt	—	19	125	830	794	148	0	0	0
Dividends paid	—	0	0	0	0	0	0	0	0
New equity	—	194	196	230	0	0	0	0	0
Other		-10	-125	-890	-820	-111	0	0	0
Net financing cash flow	—	105	299	253	581	-235	-116	-96	-89
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow	—	69	50	10	-63	106	-132	-34	59
Cash balance	—			158	95	201	69	35	93
Free cash flow		-36	-250	-243	-644	341	-16	62	147



Gersemi Research

GNRT-US SELL/TP 3.9

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

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	—	23	33	83	83	83	83	83	83
Share price, avg (USD)				12	6	5	4	4	4
Share price, end (USD)	—	—	—	9	4	4	4	4	4
Market Cap.				781	372	368	368	368	368
NIBD		579	641	751	1,424	1,110	1,125	1,063	916
Minorities	—	0	0	0	0	0	0	0	0
Enterprise value				1,532	1,796	1,478	1,494	1,432	1,284
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)				6.0	5.5				6.5
P/E (adj.)				6.0	5.5				6.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				1.5	0.9	1.3	1.9	1.4	1.0
EV/Sales				2.9	4.3	5.1	7.7	5.3	3.7
EV/EBITDA				7.7	8.8	40.3	23.8	10.2	5.9
EV/EBIT				10.1	15.4			29.3	10.1
P/B				0.6	0.3	0.3	0.3	0.3	0.3
FCF yield				-31%	-173%	93%	-4%	17%	40%
Dividend yield				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Return on equity (ROE)	-27.6%	-9.1%	9.6%	4.7%	-11.5%	-9.1%	-2.5%	4.7%	
Return on capital employed (ROCE)	-7.1%	-1.5%	7.2%	4.1%	-2.8%	-1.2%	2.2%	6.0%	
Return on assets (ROA)	-9.0%	-3.5%	5.4%	2.2%	-5.6%	-4.4%	-1.3%	2.5%	
Sales growth		3%	-17%	-21%	-30%	-33%	40%	29%	
EBITDA margin	-3%	5%	38%	49%	13%	32%	51%	62%	
EBIT margin	-11%	-3%	29%	28%	-23%	-15%	18%	36%	
Net margin	-16%	-7%	25%	16%	-51%	-55%	-11%	16%	
Net interest rate	0.0%	0.0%	0.0%	0.0%	7.4%	7.0%	7.3%	7.8%	
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Equity ratio	33%	38%	56%	48%	49%	49%	50%	54%	
Leverage ratio	67%	62%	44%	52%	51%	51%	50%	46%	
NIBD / EBITDA (past 1y)	-27.6	22.4	3.8	7.0	30.3	17.9	7.6	4.2	
Operating cash flow/NIBD	-0.1	0.0	0.2	0.2	0.1	0.0	0.1	0.2	
Net interest coverage ratio (EBITDA)					0.4	0.8	1.8	3.1	
Current ratio	2.5	4.4	1.0	1.0	1.5	1.1	0.7	1.0	
Adj. equity ratio					36%	28%	41%	49%	
Operating assets	1,025	1,211	2,231	2,897	2,428	2,337	2,245	2,154	
Operating liabilities	80	53	134	36	32	32	32	32	
Net operating assets	945	1,158	2,097	2,860	2,396	2,305	2,214	2,123	

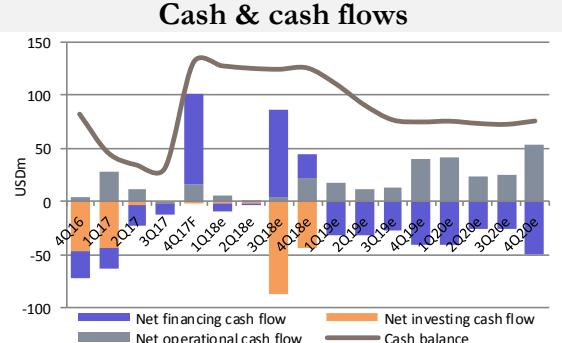
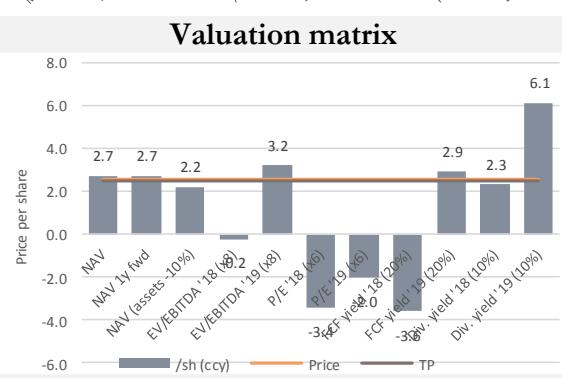
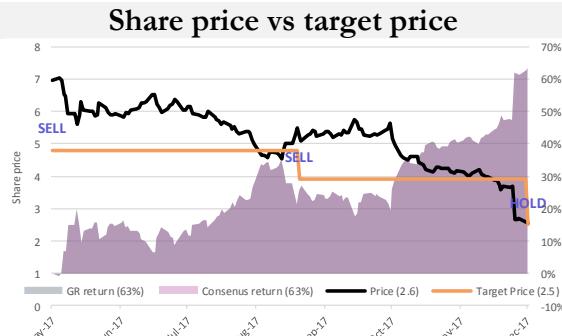
Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Gersemi Research



\$NAT (#HOLD, 2.5): New equity issued, as expected. Balance sheet shored up through the trough. Rare NAV pricing prompts upgrade to HOLD

NAT-US HOLD/TP 2.5

Nordic American Tankers



Gersemi Research / Analysts

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Just as we outlined in our [September sector report](#), the company had to undertake a highly dilutive equity issuance. However, the share price has fallen far below our previous \$3.9/sh target price and the company is now trading a rare discount to NAV. Add a restructured balance sheet which should safely see the company through the trough, we upgrade the company from SELL to HOLD, but lower our TP to \$2.5/sh.

Valuation: Nordic American Tankers has historically been valued at a yield-pricing vs most peers at +/- NAV through the cycles. We have previously highlighted the challenging valuation of NAT on several occasions, last in our September sector report. This valuation issue has now changed radically as the share is trading at a discount to NAV. The question remains whether the company will be repriced to yield and thus can continue to issue shares to finance dividends at a less dilutive path through the cycles, or if the valuation disconnect from NAV is history? The jury is still out, but we believe the cash flows will improve significantly from 2H18E and onwards, and thus will enable NAT to increase dividends again in an effortless manner and regain its yield pricing. Please see section “NAT in a nutshell” below for more details.

We calculate a NAV of \$2.7/sh, but see downside to asset prices. Our \$2.5/sh TP is based on a weighted average of current/future NAV and mid-cycle multiples in 2019E. We estimate dividend yield of 9% in '18E and 24% in '19E, vs the historical average of 12%. Implied share price end'19E at 12% yield is \$5.1/sh.

Key numbers

USDm	2017	2018	2019	2020
Net sales	165	156	223	283
EBITDA	66	52	113	173
EBIT	-36	-61	-17	43
PTP	-63	-81	-48	13
Net earnings	-63	-81	-48	13
EPS	-0.60	-0.57	-0.34	0.09
DPS	0.64	0.23	0.61	0.70

USDm	2017	2018	2019	2020
Fwd NAV	384	385	544	716
Adj. equity ratio	44%	39%	49%	58%
FCF yield	1%	-28%	23%	40%
Dividend yield	19%	9%	24%	28%
EV/EBITDA	10.2	15.6	7.2	4.5
P/E (adj.)			27.1	

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	53	32	82	143
Free cash flow	4	-102	82	143
Net cash flow	39	-5	-51	1
TCE/day	15,138	13,588	18,475	23,433
Cash break-even	10,873	10,882	15,538	15,084
Liquidity	131	126	75	76
Property & Equip. (incl. NBs)	1,047	1,068	938	808
Total equity	838	724	590	503
Interest bearing debt	444	573	527	485
Net interest bearing debt	313	448	452	409
Market Cap.	362	362	362	362
Enterprise value	675	810	814	771
Capex	40	134	-	-

Source: Gersemi Research, Bloomberg, company data

Disclaimer: The publisher currently has no investments in the company. More disclaimers at the end of this document

NAT in a nutshell

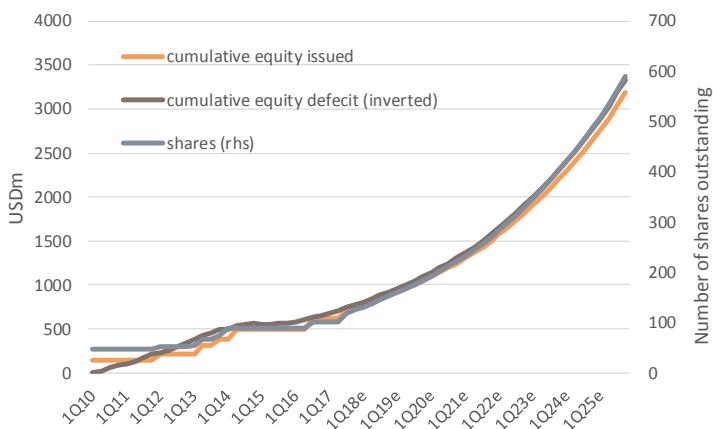
As we wrote in our [September sector report](#):

"In our view, the financial strategy and market pricing of NAT is rare and intriguing in the world of commodity shipping. The company has paid consecutive quarterly dividends since 4Q 1997, and have achieved an impressive dividend pricing usually only found amongst Master Limited Partnerships (MLPs).

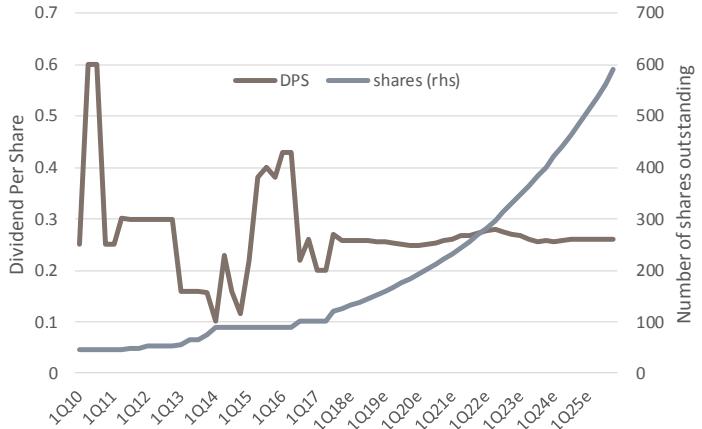
The company has on average paid USD 24m above net profit in dividends since 1Q10, leading to a cumulative equity deficit of USD -710m as of 2Q17. In the same period, NAT has issued USD 618m in new equity, taking the share count from 47m to 102m. In order to maintain a steady dividend per share and a fleet of similar earnings capacity, the company will have to continue issuing an exponential number shares through the cycles.

If the premium pricing to NAV was to diminish, the share growth needed to maintain the dividend would have to increase, making the exponential function even steeper."

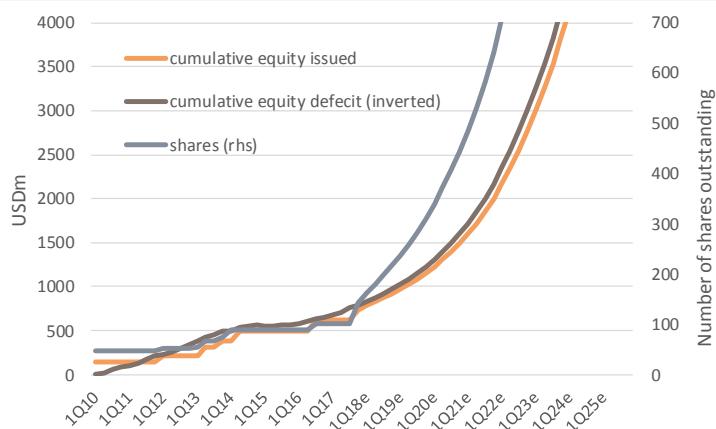
Hypothetical future equity and share count:
(September share price basis)



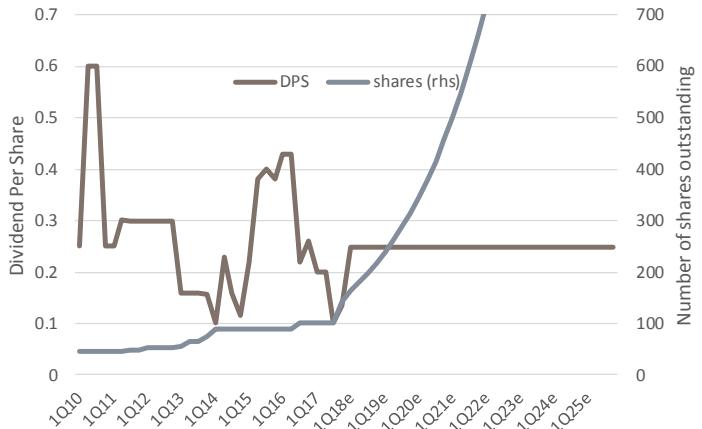
Hypothetical future share count vs DPS:
(September share price basis)



(updated with last equity issuance and share price)



(updated with last equity issuance and share price)

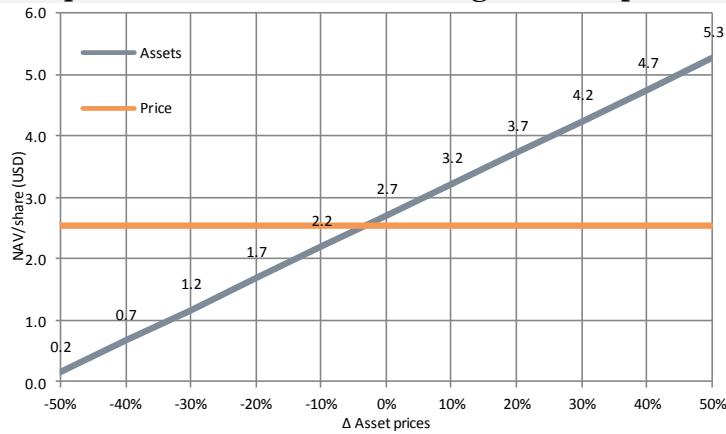


Valuation

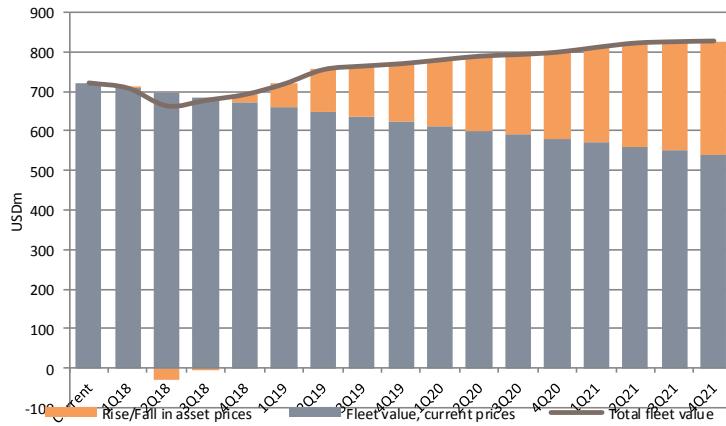
Valuation & target price

Net asset values			
USDm	4Q17	Fair value	Implied
Primary assets	1,047	725	706
Contract value	0	0	0
Other	116	119	116
GAV	1,162	844	822
Net debt	-313	-313	-313
Capex	0	-116	-116
Other	-31	-31	-31
NAV	819	384	362
Shares	142	142	142
NAVPS	5.77	2.71	2.55
Share price	5.8	2.7	2.6
P/NAV	0.44	0.94	1.00
EV/GAV	0.71	0.97	1.00
Adj. Total Assets	1,323	1,001	982
Adj. Equity Ratio	62%	38%	37%
Target price	USD	2.5	-2%

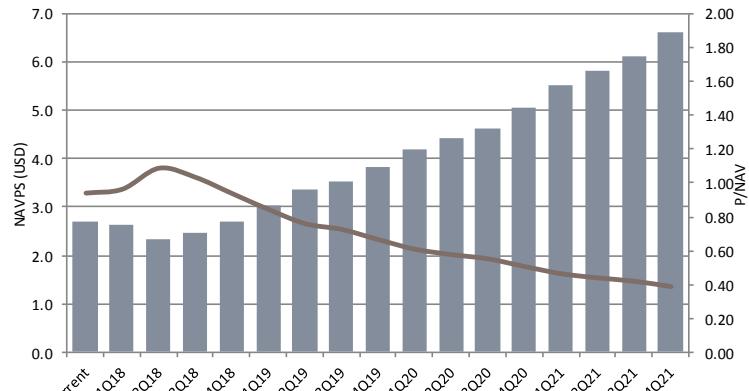
Impact on NAV/sh from % change in asset prices



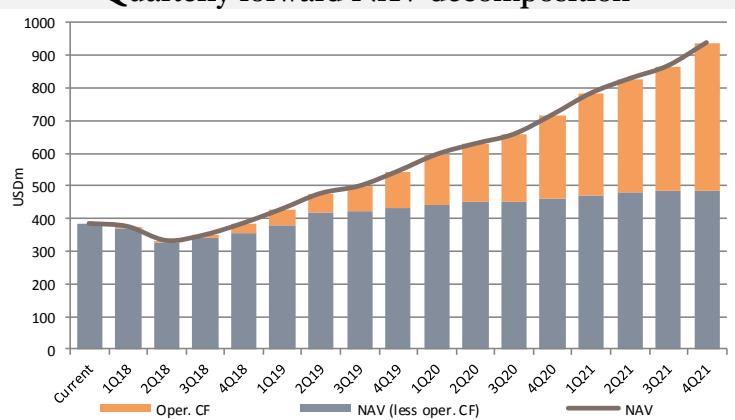
Forward fleet valuation decomposition



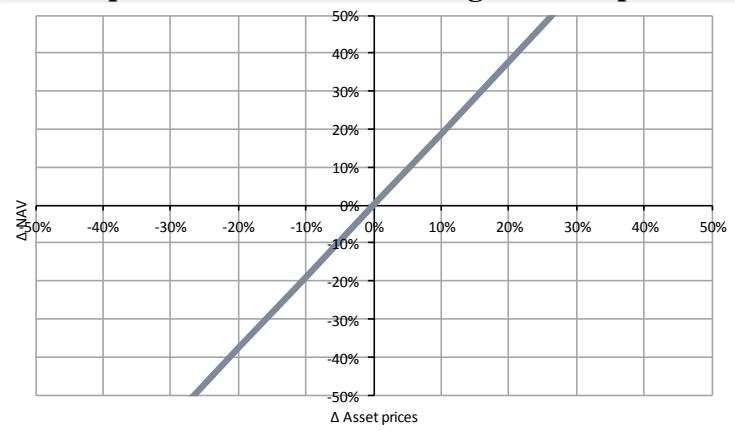
Quarterly forward NAV & P/NAV



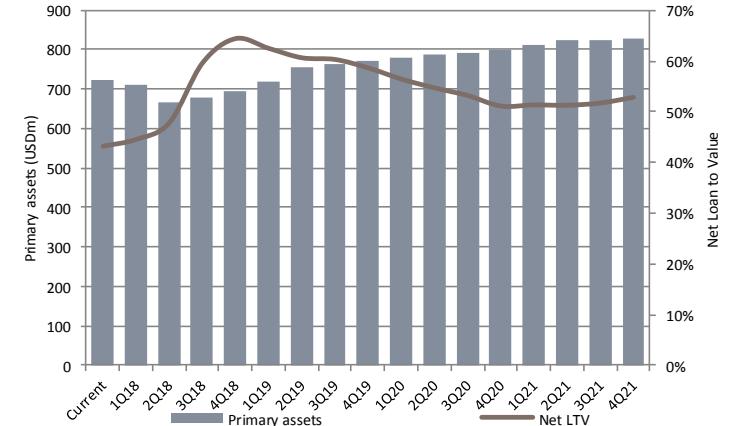
Quarterly forward NAV decomposition



% 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	165	156	223	283	167	174	240	309	-1	-18	-18	-26
EBITDA	66	52	113	173	67	70	131	200	-1	-18	-18	-27
EBIT	-36	-61	-17	43	-34	-41	2	71	-2	-19	-19	-28
PTP	-63	-81	-48	13	-56	-59	-18	54	-7	-22	-31	-41
Net earnings	-63	-81	-48	13	-56	-59	-18	54	-7	-22	-31	-41
EPS	-0.60	-0.57	-0.34	0.09	-0.55	-0.57	-0.17	0.53	2017 2018 2019 2020			
DPS	0.64	0.23	0.61	0.70	0.71	0.55	0.40	0.80	-1	-18	-18	-26
									-1	0	0	0
									1	1	1	1
									6	3	11	13
									-	-	-	-

Cash Flows & Balance Sheet

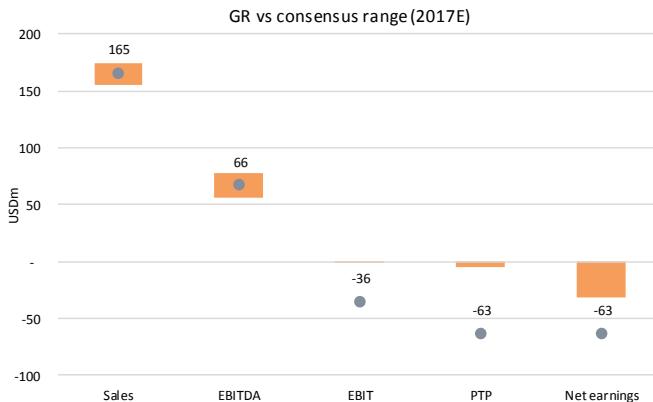
Estimate changes USDm	2017 2018 2019 2020				2017 2018 2019 2020				Change 2017 2018 2019 2020			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	53	32	82	143	53	53	111	183	-0	-21	-29	-39
Free cash flow	4	-102	82	143	3	-67	103	183	1	-35	-21	-39
Net cash flow	39	-5	-51	1	-70	-28	19	61	108	23	-70	-60
TCE/day	15,138	13,588	18,475	23,433	15,271	15,236	19,961	25,624	-133	-1,648	-1,486	-2,192
Cash break-even	10,873	10,882	15,538	15,084	10,519	12,263	14,331	13,788	355	-1,380	1,207	1,296
Liquidity	131	126	75	76	13	-15	4	65	118	141	71	10
Property & Equip. (incl. NBs)	1,047	1,068	938	808	1,036	1,044	923	794	11	24	15	14
Total equity	838	724	590	503	743	628	570	542	95	96	20	-39
Interest bearing debt	444	573	527	485	444	539	495	455	0	35	32	29
Net interest bearing debt	313	448	452	409	431	554	491	390	-118	-106	-39	19
Market Cap.	362	362	362	362	536	536	536	536	-174	-174	-174	-174
Enterprise value	675	810	814	771	967	1,090	1,028	926	-292	-280	-213	-155
Capex	40	134	-	-	41	120	8	-	-1	14	-8	-

Valuation

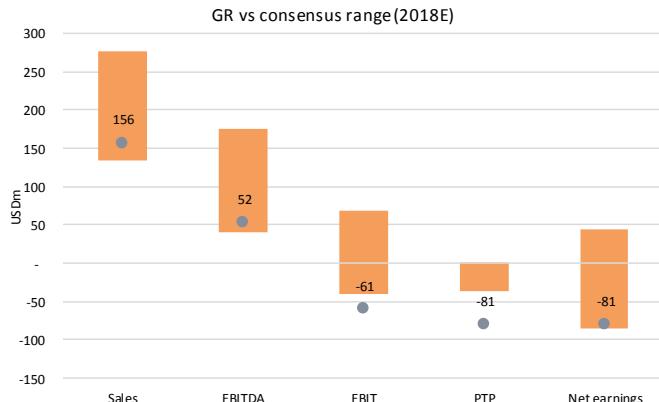
Estimate changes USDm	New				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	384	385	544	716	338	354	555	775	46	32	-11	-59
Adj. equity ratio	44%	39%	49%	58%	41%	38%	51%	61%	3%	1%	-2%	-3%
FCF yield	1%	-28%	23%	40%	1%	-12%	19%	34%	1%	-16%	3%	6%
Dividend yield	19%	9%	24%	28%	14%	10%	8%	15%	6%	-1%	16%	12%
EV/EBITDA	10.2	15.6	7.2	4.5	14.4	15.6	7.8	4.6	-4.2	0.1	-0.6	-0.2
P/E (adj.)				27.1				10.0				17.2

Our Estimates vs Consensus

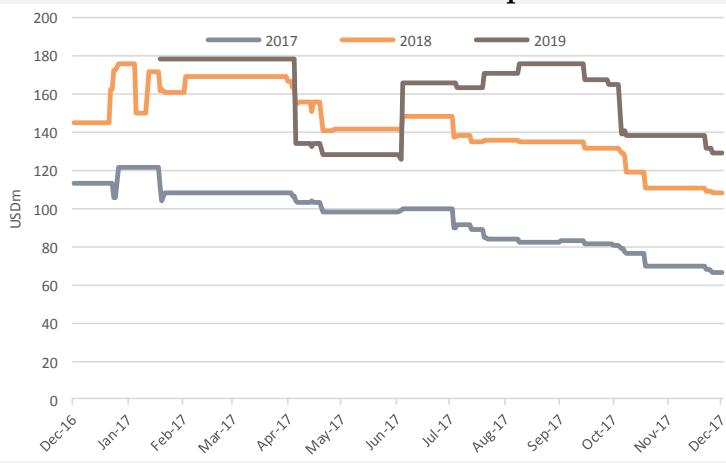
Profit & Loss, year I



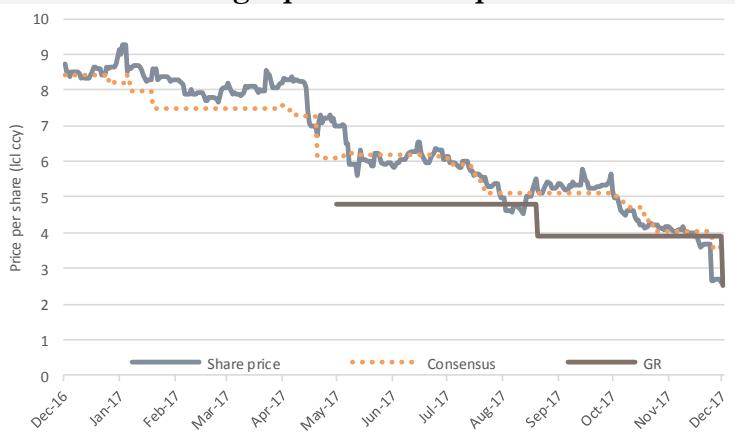
Profit & Loss, year II



Consensus EBITDA development



Target price vs share price

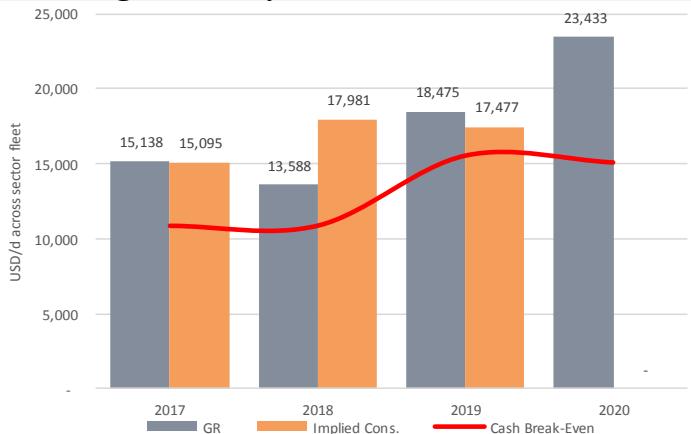


GR vs consensus: P&L break-down

	2017	GR	Consensus	Diff.	Diff.
TCE revenue	165	165	165	0	0%
Opex + G&A	99	98	98	1	1%
Depreciation	102	100	100	2	2%
Net finance	28	21	21	6	30%
Taxes & Minorities	0	1	1	-1	-100%

	2018	GR	Consensus	Diff.	Diff.
TCE revenue	156	207	207	-50	-24%
Opex + G&A	104	99	99	6	6%
Depreciation	113	99	99	13	14%
Net finance	20	56	56	-37	-65%
Taxes & Minorities	0	-23	-23	23	-100%

Avg. TCE/day across fleet vs consensus





Gersemi Research

NAT-US HOLD/TP 2.5

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	169	417	550	604	231	165	156	223	283
Operational costs	-168	-436	-475	-394	-87	-99	-104	-110	-110
EBITDA	1	-19	76	211	144	66	52	113	173
Depreciation/Amortization	-69	-74	-81	-83	-91	-102	-113	-130	-130
EBIT	-68	-94	-5	128	53	-36	-61	-17	43
Net financials	-5	-12	-10	-11	-11	-28	-20	-31	-30
PTP	-73	-105	-15	117	42	-63	-81	-48	13
Taxes/Minorities	0	0	2	-3	-47	0	0	0	0
Net earnings	-73	-105	-13	115	-4	-63	-81	-48	13
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-73	-105	-13	115	-4	-63	-81	-48	13
EPS	-1.38	-1.40	-0.15	1.29	-0.04	-0.60	-0.57	-0.34	0.09
EPS (adj.)	-1.38	-1.40	-0.15	1.29	-0.04	-0.60	-0.57	-0.34	0.09
DPS	1.20	0.55	0.61	1.38	1.23	0.64	0.23	0.61	0.70
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	56	66	101	30	82	131	126	75	76
Other current assets	23	66	76	88	82	62	62	62	62
Total current assets	79	131	176	118	164	193	188	137	138
Property & equip. (incl. NBs)	965	911	910	963	1,058	1,047	1,068	938	808
Other non-current assets	42	94	89	164	128	83	83	83	83
Total non-current assets	1,007	1,005	999	1,126	1,186	1,130	1,151	1,021	891
TOTAL ASSETS	1,086	1,136	1,176	1,245	1,350	1,323	1,339	1,158	1,029
Total equity	809	855	889	881	871	838	724	590	503
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	15	19	24	21	22	27	27	27	27
Total current liabilities	15	19	24	21	22	27	27	27	27
Long-term debt	250	250	250	330	443	444	573	527	485
Other non-current liabilities	11	12	13	13	15	15	15	15	15
Total non-current liabilities	261	262	263	343	457	459	588	542	499
TOTAL EQUITY & LIABILITIES	1,086	1,136	1,176	1,245	1,350	1,323	1,339	1,158	1,029
Working capital, receivables	17	43	38	43	38	42	42	42	42
Working capital, payables	15	19	24	21	22	11	11	11	11
Net working capital	2	24	14	22	17	31	31	31	31
Interest bearing debt	250	250	250	330	443	444	573	527	485
Liquidity	56	66	101	30	82	131	126	75	76
Net interest bearing debt	194	184	149	300	361	313	448	452	409
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	-73	-105	-13	115	-4	-63	-81	-48	13
Depreciation	69	74	81	83	91	102	113	130	130
Other	1	-9	-4	-7	34	14	0	0	0
Cash earnings	-3	-40	63	190	121	53	32	82	143
Changes in working capital	3	-7	-6	-16	7	0	0	0	0
Net operational cash flow	-1	-47	57	174	128	53	32	82	143
Capex	-3	-7	-74	-123	-138	-40	-134	0	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	9	-66	-8	-74	-49	0	0	0	0
Net investing cash flow	6	-73	-82	-197	-187	-49	-134	0	0
Repayment of debt	14	0	0	80	117	0	0	-46	-43
Proceeds from debt	270	40	0	80	117	0	130	0	0
Dividends paid	-63	-42	-54	-123	-126	-70	-33	-87	-100
New equity	76	173	113	0	120	110	0	0	0
Other	-270	-40	0	-85	-117	0	0	0	0
Net financing cash flow	26	131	59	-48	111	35	97	-133	-143
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	32	10	35	-71	52	39	-5	-51	1
Cash balance	56	66	101	30	82	121	116	65	66
Free cash flow	6	-121	-24	-23	-59	4	-102	82	143



Gersemi Research

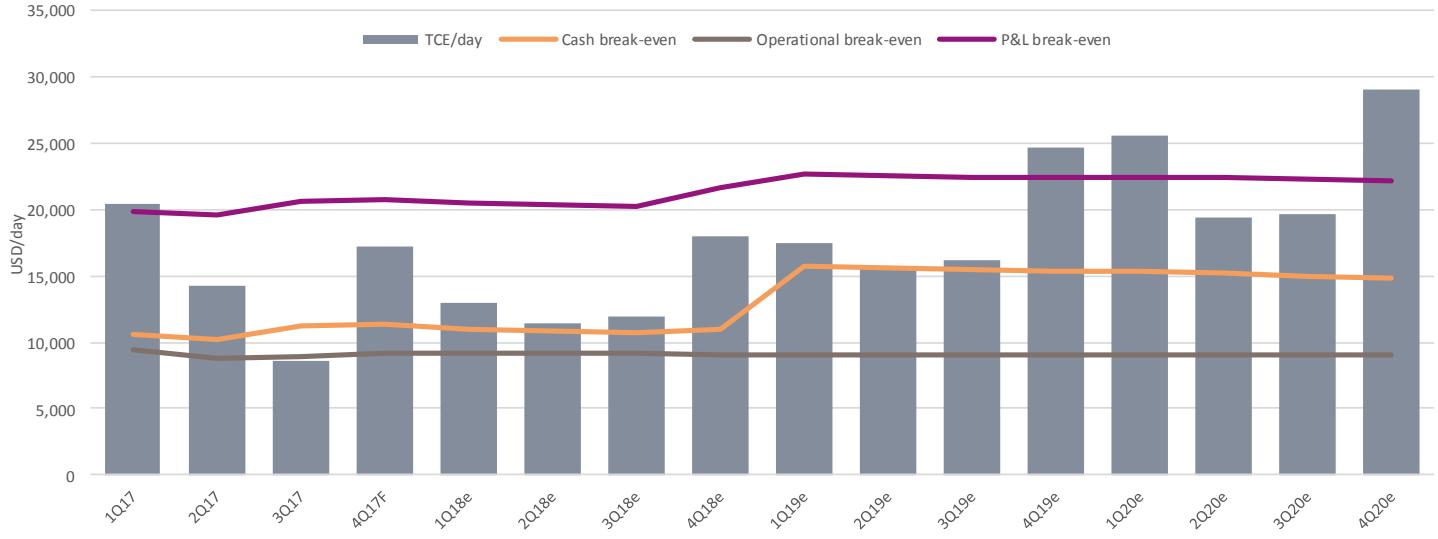
NAT-US HOLD/TP 2.5

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

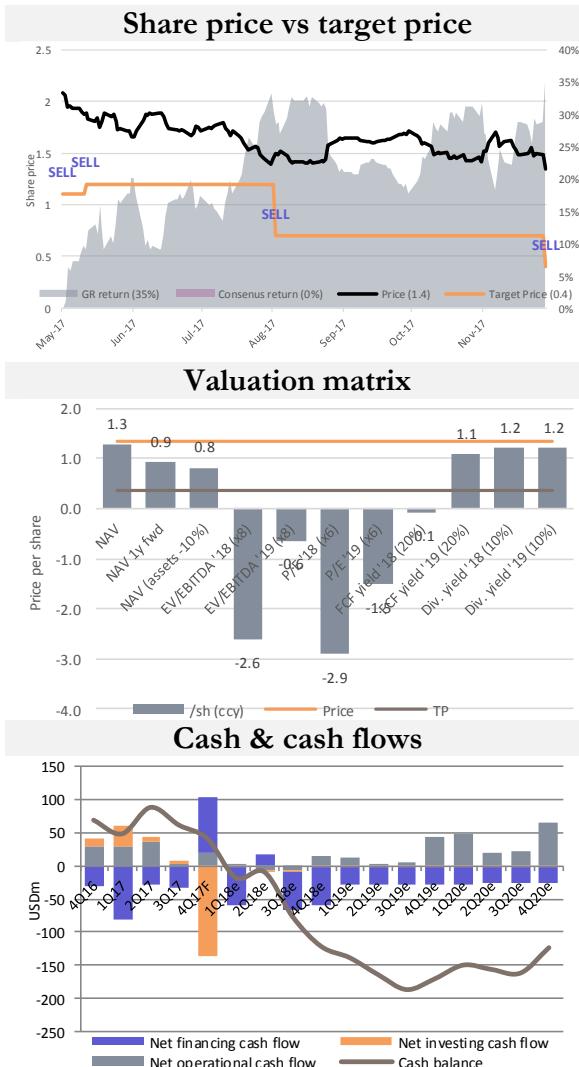
Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	53	75	89	89	102	142	142	142	142
Share price, avg (USD)	12	9	9	13	12	6	3	3	3
Share price, end (USD)	9	9	10	15	8	3	3	3	3
Market Cap.	452	715	890	1,374	849	362	362	362	362
NIBD	194	184	149	300	361	313	448	452	409
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	647	899	1,039	1,674	1,210	675	810	814	771
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)					12.0				27.1
P/E (adj.)					12.0				27.1
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.7	1.7	1.6	2.3	3.7	2.2	2.3	1.6	1.3
EV/Sales	3.8	2.2	1.9	2.8	5.2	4.1	5.2	3.7	2.7
EV/EBITDA			13.7	7.9	8.4	10.2	15.6	7.2	4.5
EV/EBIT				13.1	22.7				17.9
P/B	0.6	0.8	1.0	1.6	1.0	0.4	0.5	0.6	0.7
FCF yield	1%	-17%	-3%	-2%	-7%	1%	-28%	23%	40%
Dividend yield	14.0%	5.8%	6.1%	9.0%	14.8%	19.5%	9.0%	23.9%	27.6%
Return on equity (ROE)	-9.0%	-12.3%	-1.5%	13.0%	-0.5%	-7.6%	-11.1%	-8.2%	2.7%
Return on capital employed (ROCE)	-6.8%	-9.0%	-0.5%	10.8%	4.3%	-3.1%	-5.2%	-1.6%	4.7%
Return on assets (ROA)	-6.7%	-9.3%	-1.1%	9.2%	-0.3%	-4.8%	-6.0%	-4.2%	1.3%
Sales growth	54%	146%	32%	10%	-62%	-29%	-6%	43%	27%
EBITDA margin	1%	-5%	14%	35%	62%	40%	33%	51%	61%
EBIT margin	-40%	-22%	-1%	21%	23%	-22%	-39%	-8%	15%
Net margin	-43%	-25%	-2%	19%	-2%	-38%	-52%	-22%	5%
Net interest rate	3.0%	6.2%	8.2%	3.6%	3.1%	6.4%	4.4%	6.9%	7.3%
Tax rate	0.0%	-0.1%	-0.3%	0.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Equity ratio	75%	75%	76%	71%	65%	63%	54%	51%	49%
Leverage ratio	25%	25%	24%	29%	35%	37%	46%	49%	51%
NIBD / EBITDA (past 1y)	147.7	-9.6	2.0	1.4	2.5	4.7	8.7	4.0	2.4
Operating cash flow/NIBD	0.0	-0.3	0.4	0.6	0.4	0.2	0.1	0.2	0.4
Net interest coverage ratio (EBITDA)	0.2	-1.7	6.2	19.4	12.9	3.3	2.6	3.6	5.8
Current ratio	5.2	6.8	7.3	5.7	7.6	7.3	7.1	5.2	5.2
Adj. equity ratio						44%	39%	49%	58%
Operating assets	1,030	1,071	1,075	1,215	1,268	1,192	1,213	1,083	953
Operating liabilities	26	31	37	34	36	41	41	41	41
Net operating assets	1,004	1,039	1,038	1,181	1,232	1,151	1,172	1,042	912

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)



\$TNK (#SELL, 0.4): Challenging liquidity position ahead of the cyclical trough. TP revised down from 0.7

TNK-US
SELL/TP 0.4


Gersemi Research / Analysts

Joakim Hannisdahl

Head of Research

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Key numbers					Key numbers				
USDm	2017	2018	2019	2020	USDm	2017	2018	2019	2020
Net sales	367	357	420	510	Net operational cash flow	86	3	65	154
EBITDA	96	42	104	193	Free cash flow	-7	-4	58	147
EBIT	-11	-91	-28	61	Net cash flow	-64	-162	-48	47
PTP	-74	-129	-67	22	TCE/day	21,697	17,006	19,999	24,235
Net earnings	-74	-129	-67	22	Cash break-even	38,334	26,407	20,425	20,144
EPS	-0.40	-0.48	-0.25	0.08	Liquidity	42	-120	-168	-122
DPS	0.12	0.12	0.12	0.12	Property & Equip. (incl. NBs)	2,312	2,187	2,062	1,937
USDm	2017	2018	2019	2020	Total equity	1,422	1,260	1,161	1,150
Fwd NAV	343	248	414	584	Interest bearing debt	1,039	913	839	772
Adj. equity ratio	23%	20%	31%	40%	Net interest bearing debt	997	1,033	1,007	893
FCF yield	-2%	-1%	16%	40%	Market Cap.	362	362	362	362
Dividend yield	6%	9%	9%	9%	Enterprise value	1,359	1,395	1,370	1,255
EV/EBITDA	14.2	33.5	13.1	6.5	Capex	139	7	7	7
P/E (adj.)			16.8						

Source: Gersemi Research, Bloomberg, company data

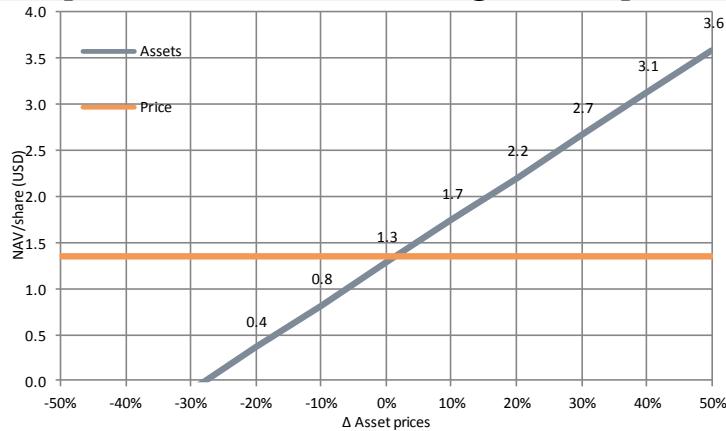
Disclaimer: The publisher currently has no investments in the company. More disclaimers at the end of this document

Valuation

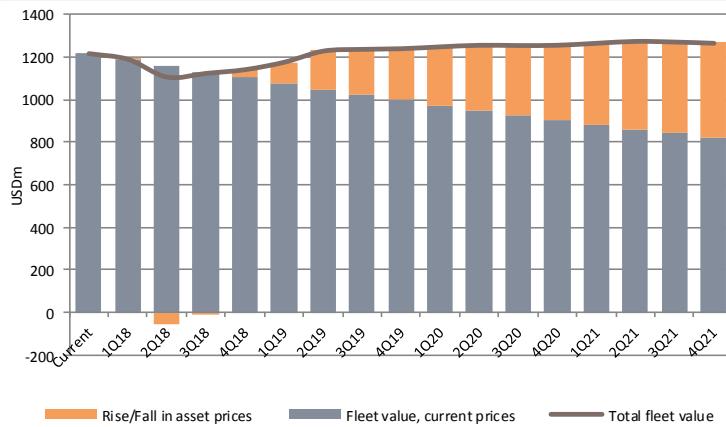
Valuation & target price

Net asset values			
USDm	4Q17	Fair value	Implied
Primary assets	2,312	1,239	1,256
Contract value	0	18	18
Other	132	132	134
GAV	2,444	1,389	1,408
Net debt	-997	-997	-997
Capex	0	0	0
Other	-49	-49	-49
NAV	1,398	343	362
Shares	268	268	268
NAVPS	5.21	1.28	1.35
Share price	5.2	1.3	1.4
P/NAV	0.26	1.06	1.00
EV/GAV	0.58	1.01	1.00
Adj. Total Assets	2,552	1,479	1,496
Adj. Equity Ratio	55%	23%	24%
Target price	USD	0.4	-73%

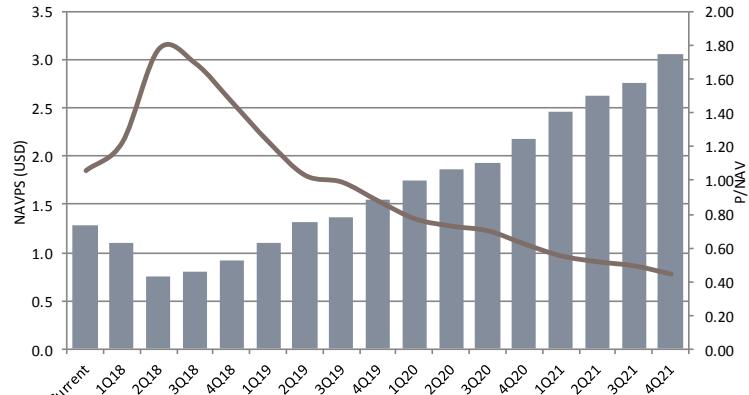
Impact on NAV/sh from % change in asset prices



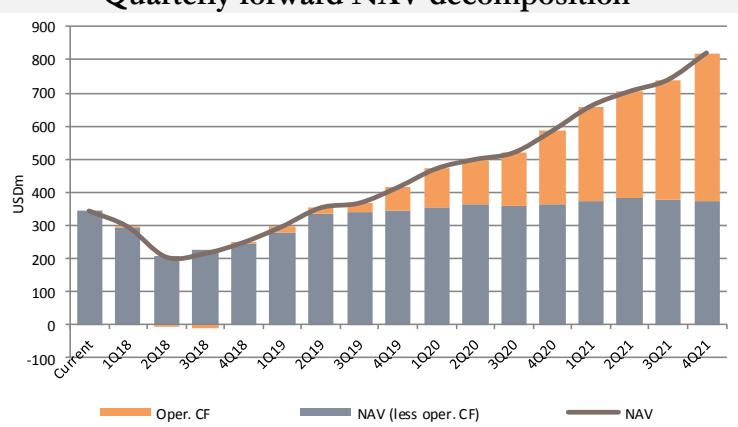
Forward fleet valuation decomposition



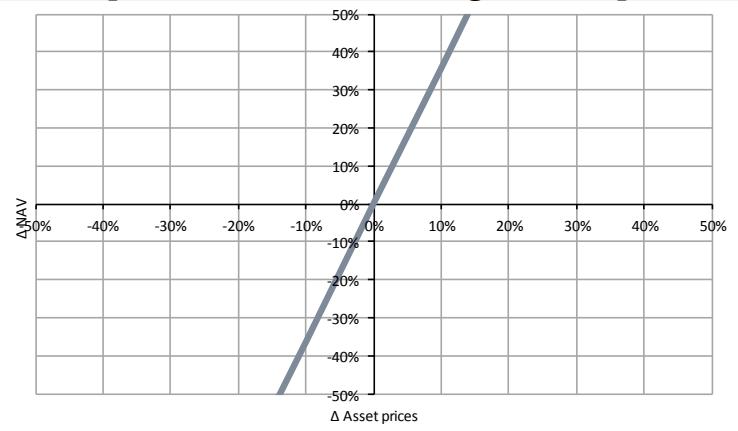
Quarterly forward NAV & P/NAV



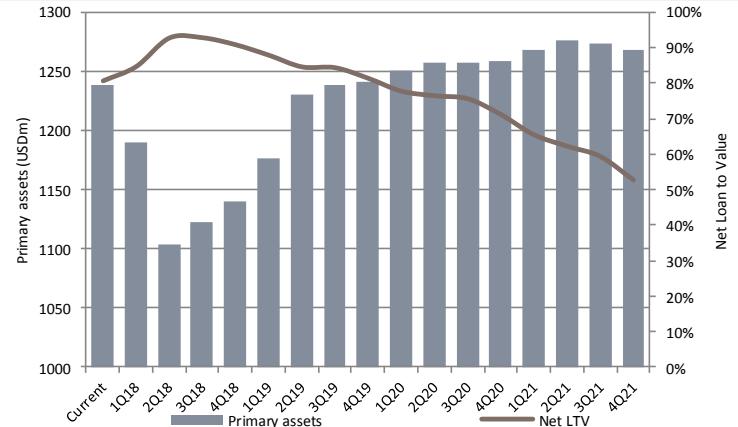
Quarterly forward NAV decomposition



% 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	367	357	420	510	362	391	458	564	5	-34	-38	-54
EBITDA	96	42	104	193	86	64	131	236	9	-22	-27	-43
EBIT	-11	-91	-28	61	-101	-69	-1	104	89	-22	-27	-43
PTP	-74	-129	-67	22	-159	-96	-28	77	85	-34	-39	-55
Net earnings	-74	-129	-67	22	-159	-96	-28	77	85	-34	-39	-55
EPS	-0.40	-0.48	-0.25	0.08	-0.86	-0.36	-0.11	0.29	2017 2018 2019 2020			
DPS	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	5	-34	-38	-54
									-5	-11	-12	-12
									-80	-	-	-
									4	11	12	12
									-	-	-	-

Cash Flows & Balance Sheet

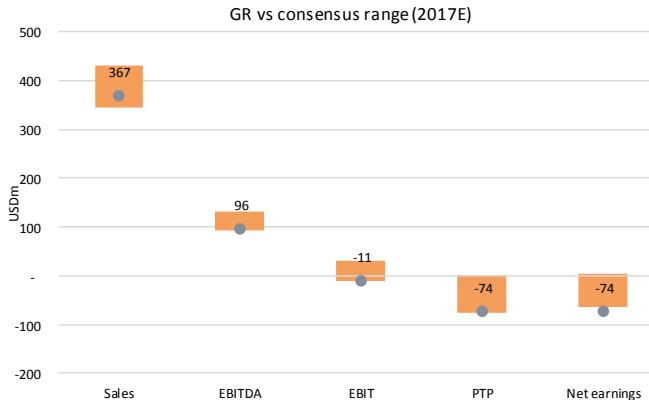
Estimate changes USDm	2017				2018				2019				2020				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	86	3	65	154	80	37	104	209	6	-34	-39	-55								
Free cash flow	-7	-4	58	147	127	29	97	202	-134	-34	-39	-55								
Net cash flow	-64	-162	-48	47	-54	-126	2	111	-11	-36	-50	-65								
TCE/day	21,697	17,006	19,999	24,235	20,942	18,000	21,106	25,919	755	-994	-1,106	-1,684								
Cash break-even	38,334	26,407	20,425	20,144	36,863	25,428	19,213	18,983	1,471	979	1,212	1,161								
Liquidity	42	-120	-168	-122	53	-74	-72	39	-11	-46	-96	-161								
Property & Equip. (incl. NBs)	2,312	2,187	2,062	1,937	2,103	1,978	1,853	1,728	209	209	209	209								
Total equity	1,422	1,260	1,161	1,150	1,350	1,223	1,162	1,207	71	38	-1	-57								
Interest bearing debt	1,039	913	839	772	905	782	718	660	134	132	121	111								
Net interest bearing debt	997	1,033	1,007	893	852	855	790	621	144	178	217	272								
Market Cap.	362	362	362	362	381	381	381	381	-19	-19	-19	-19								
Enterprise value	1,359	1,395	1,370	1,255	1,233	1,236	1,171	1,002	125	159	198	253								
Capex	139	7	7	7	147	7	7	7	-8	-	-	-								

Valuation

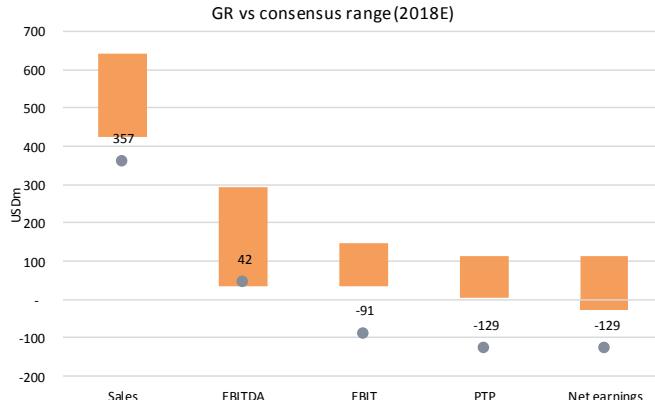
Estimate changes USDm	New				New				Change			
	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Fwd NAV	343	248	414	584	555	444	672	908	-213	-197	-259	-324
Adj. equity ratio	23%	20%	31%	40%	36%	34%	45%	54%	-12%	-14%	-14%	-14%
FCF yield	-2%	-1%	16%	40%	33%	8%	25%	53%	-35%	-9%	-10%	-12%
Dividend yield	6%	9%	9%	9%	6%	8%	8%	8%	0%	0%	0%	0%
EV/EBITDA	14.2	33.5	13.1	6.5	14.3	19.4	8.9	4.2	-0.1	14.1	4.2	2.2
P/E (adj.)				16.8				5.0				11.9

Our Estimates vs Consensus

Profit & Loss, year I



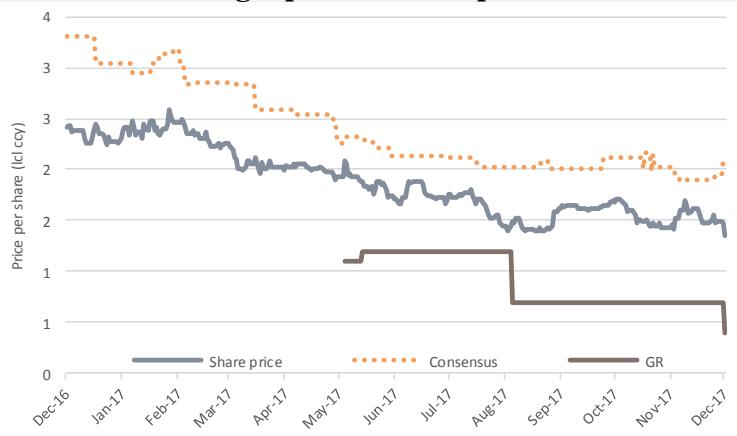
Profit & Loss, year II



Consensus EBITDA development



Target price vs share price

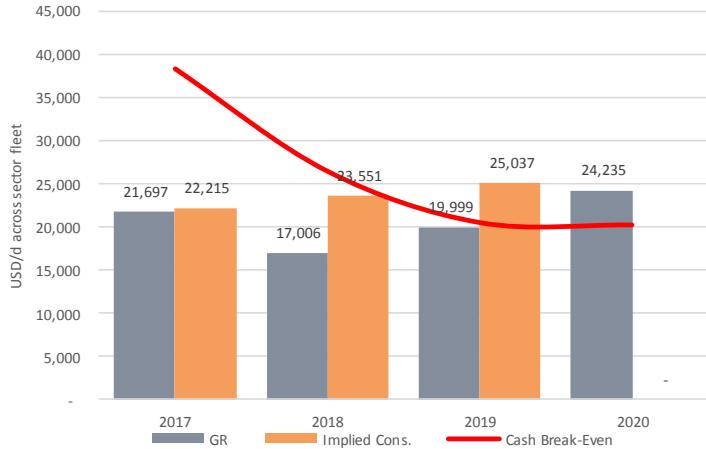


GR vs consensus: P&L break-down

2017	GR	Consensus	Diff.	Diff.
TCE revenue	367	375	-9	-2%
Opex + G&A	271	263	8	3%
Depreciation	107	105	1	1%
Net finance	63	51	13	25%
Taxes & Minorities	0	-20	20	-100%

2018	GR	Consensus	Diff.	Diff.
TCE revenue	357	494	-137	-28%
Opex + G&A	315	313	3	1%
Depreciation	132	103	30	29%
Net finance	38	40	-2	-4%
Taxes & Minorities	0	13	-13	-100%

Avg. TCE/day across fleet vs consensus





Gersemi Research

TNK-US SELL/TP 0.4

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

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	202	178	261	534	582	367	357	420	510
Operational costs	-470	-127	-146	-273	-392	-271	-315	-316	-317
EBITDA	-268	51	115	261	191	96	42	104	193
Depreciation/Amortization	-72	-48	-53	-74	-104	-107	-132	-132	-132
EBIT	-340	3	62	187	86	-11	-91	-28	61
Net financials	-30	-12	-2	-8	-24	-63	-38	-39	-39
PTP	-370	-8	61	180	63	-74	-129	-67	22
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-370	-8	61	180	63	-74	-129	-67	22
Non-recurring items	9	0	-3	-3	0	14	0	0	0
Net earnings (adj.)	-361	-8	57	177	63	-61	-129	-67	22
EPS	-4.43	-0.10	0.54	1.15	0.39	-0.40	-0.48	-0.25	0.08
EPS (adj.)	-4.32	-0.10	0.51	1.13	0.39	-0.32	-0.48	-0.25	0.08
DPS	0.39	0.12	0.09	0.10	0.29	0.12	0.12	0.12	0.12
Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Cash & short-term investments	26	26	163	96	68	40	-122	-170	-123
Other current assets	177	53	99	183	147	107	107	107	107
Total current assets	203	79	262	280	215	147	-14	-63	-16
Property & equip. (incl. NBs)	886	859	897	1,768	1,605	2,312	2,187	2,062	1,937
Other non-current assets	17	159	82	122	112	93	93	93	93
Total non-current assets	903	1,019	979	1,890	1,717	2,405	2,280	2,155	2,030
TOTAL ASSETS	1,106	1,098	1,241	2,169	1,932	2,552	2,266	2,092	2,014
Total equity	302	285	478	877	921	1,422	1,260	1,161	1,150
Short-term debt	25	25	47	174	171	200	148	173	173
Other current liabilities	37	45	39	116	66	68	68	68	68
Total current liabilities	62	70	86	290	237	268	216	241	241
Long-term debt	710	719	661	991	762	838	765	666	598
Other non-current liabilities	31	23	16	12	13	25	25	25	25
Total non-current liabilities	742	743	677	1,002	775	863	790	691	623
TOTAL EQUITY & LIABILITIES	1,106	1,098	1,241	2,169	1,932	2,552	2,266	2,092	2,014
Working capital, receivables	5	4	4	28	30	23	23	23	23
Working capital, payables	21	23	20	79	39	43	43	43	43
Net working capital	-17	-19	-16	-50	-9	-21	-21	-21	-21
Interest bearing debt	736	745	709	1,165	933	1,039	913	839	772
Liquidity	26	26	163	97	69	42	-120	-168	-122
Net interest bearing debt	709	719	546	1,067	864	997	1,033	1,007	893
Cash Flow (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Net income	-370	-8	61	180	63	-74	-129	-67	22
Depreciation	72	48	53	74	104	107	132	132	132
Other	345	-27	-40	-69	-2	44	0	0	0
Cash earnings	47	13	74	184	165	77	3	65	154
Changes in working capital	-20	-7	-53	-17	44	9	0	0	0
Net operational cash flow	28	6	21	167	210	86	3	65	154
Capex	-3	-2	-2	-848	-9	-139	-7	-7	-7
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	9	154	11	28	46	0	0	0
Other	-3	-13	-42	-45	19	-12	0	0	0
Net investing cash flow	-6	-6	110	-882	37	-93	-7	-7	-7
Repayment of debt	-64	9	-82	452	-236	-348	-200	-74	-68
Proceeds from debt	35	59	109	689	906	15	75	0	0
Dividends paid	-32	-10	-10	-15	-47	-23	-32	-32	-32
New equity	69	—	111	242	8	149	0	0	0
Other	-21	-59	-122	-719	-906	-12	0	0	0
Net financing cash flow	-14	-1	6	649	-275	-58	-158	-106	-100
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	8	-1	137	-66	-28	-64	-162	-48	47
Cash balance	26	26	163	96	68	4	-158	-206	-160
Free cash flow	22	0	131	-715	247	-7	-4	58	147



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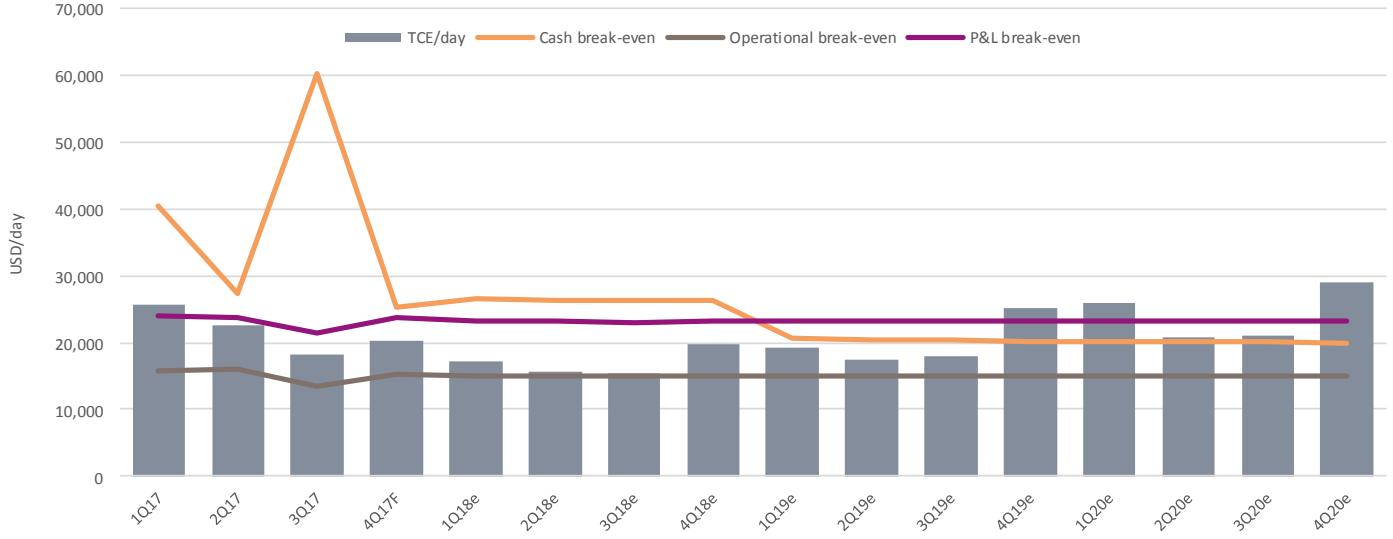
TNK-US SELL/TP 0.4

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

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
Shares outstanding, end	84	84	112	156	159	268	268	268	268
Share price, avg (USD)	4	3	4	7	3	2	1	1	1
Share price, end (USD)	3	4	5	7	2	1	1	1	1
Market Cap.	242	329	567	1,073	360	362	362	362	362
NIBD	709	719	546	1,067	864	997	1,033	1,007	893
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	952	1,048	1,112	2,141	1,224	1,359	1,395	1,370	1,255
Key Figures & Ratios	2012	2013	2014	2015	2016	2017E	2018E	2019E	2020E
P/E (reported)				9.4	6.0	5.7			16.8
P/E (adj.)				9.9	6.1	5.7			16.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.2	1.8	2.2	2.0	0.6	1.0	1.0	0.9	0.7
EV/Sales	4.7	5.9	4.3	4.0	2.1	3.7	3.9	3.3	2.5
EV/EBITDA			20.4	9.6	8.2	14.2	33.5	13.1	6.5
EV/EBIT				17.9	11.4	14.2			20.6
P/B	0.8	1.2	1.2	1.2	0.4	0.3	0.3	0.3	0.3
FCF yield	9%	0%	23%	-67%	69%	-2%	-1%	16%	40%
Dividend yield	13.3%	3.1%	1.8%	1.4%	13.0%	6.4%	8.9%	8.9%	8.9%
Return on equity (ROE)	-122.5%	-2.9%	12.7%	20.5%	6.8%	-5.2%	-10.2%	-5.8%	1.9%
Return on capital employed (ROCE)	-33.6%	0.3%	6.1%	9.6%	4.8%	-0.5%	-4.0%	-1.3%	3.0%
Return on assets (ROA)	-33.5%	-0.7%	4.9%	8.3%	3.3%	-2.9%	-5.7%	-3.2%	1.1%
Sales growth	-8%	-12%	46%	104%	9%	-37%	-3%	18%	21%
EBITDA margin	-133%	29%	44%	49%	33%	26%	12%	25%	38%
EBIT margin	-168%	2%	24%	35%	15%	-3%	-25%	-7%	12%
Net margin	-183%	-5%	23%	34%	11%	-20%	-36%	-16%	4%
Net interest rate	2.8%	1.4%	1.7%	1.6%	3.4%	3.0%	3.7%	3.9%	4.4%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	27%	26%	39%	40%	48%	56%	56%	55%	57%
Leverage ratio	73%	74%	61%	60%	52%	44%	44%	45%	43%
NIBD / EBITDA (past 1y)	-2.6	14.0	4.7	4.1	4.5	10.4	24.8	9.7	4.6
Operating cash flow/NIBD	0.0	0.0	0.0	0.2	0.2	0.1	0.0	0.1	0.2
Net interest coverage ratio (EBITDA)	-13.4	5.1	12.6	15.0	6.4	3.2	1.1	2.7	4.9
Current ratio	3.3	1.1	3.1	1.0	0.9	0.6	-0.1	-0.3	-0.1
Adj. equity ratio						23%	20%	31%	40%
Operating assets	1,079	1,072	1,078	2,072	1,864	2,508	2,383	2,258	2,133
Operating liabilities	68	68	54	127	79	92	92	92	92
Net operating assets	1,012	1,004	1,024	1,945	1,785	2,416	2,291	2,165	2,040

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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