

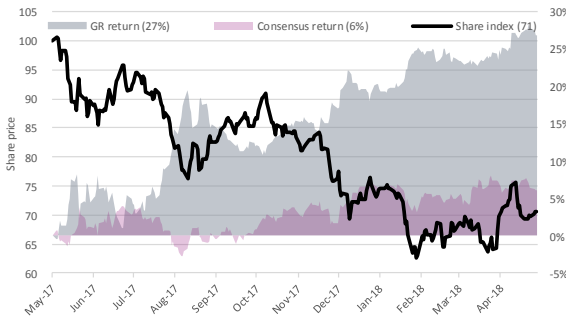
#BUY #Oil #Tanker #equities: We have been waiting since early 2016, but the cyclical inflection point is finally here

## Oil Tankers

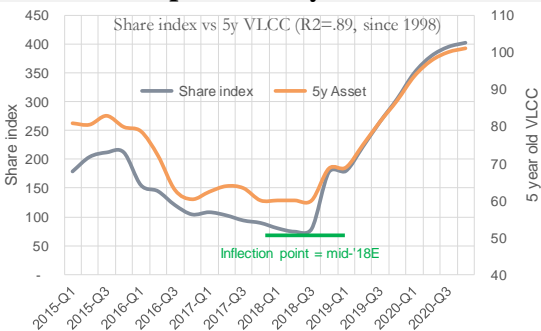
## BUY

## Finally, Time to Tank Up

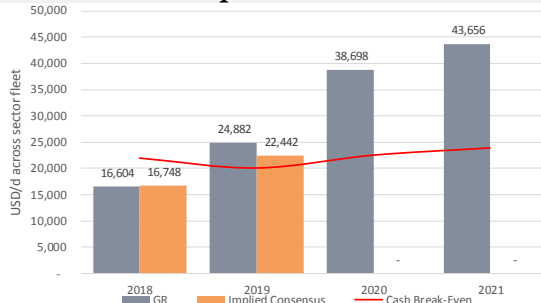
### Sector return: Gersemi vs consensus



### Shares prices vs 5y old VLCCs



### TCE/d across peers: GR vs consensus



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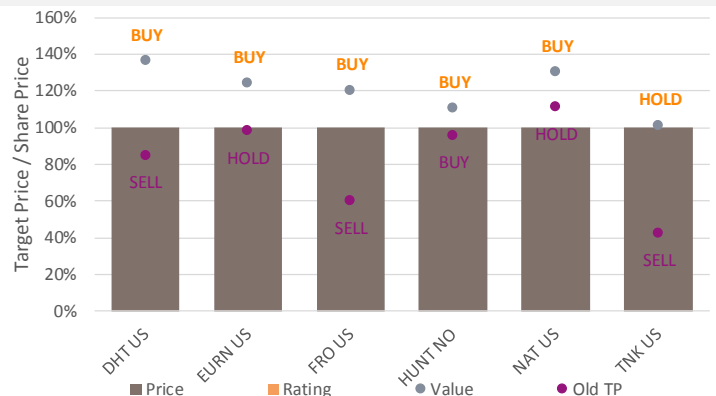
### We upgrade the Oil Tanker sector from HOLD to BUY

- So far, we have perfectly timed our recommendations as far back as 2015 as we foresaw the cyclical peak and have since been awaiting the expected mid'18 inflection point.
- Given the current price of crude oil, we expect OPEC to increase quotas at the June meeting. This could be a significant catalyst for crude shipping rates from 3Q/4Q18 and beyond.
- We also expect global oil inventory net destocking came to an end in 1Q18 and will contribute positively going forward.
- We forecast VLCCs to average \$33k/d in 4Q18 (+103% y/y) and could reach peaks towards \$46k/d during the winter season.
- We see 5y old VLCCs appreciate 25% over the next year to reach \$75m
- We believe share prices on average could rally 50-97% by YE'18 and 87-196% over one year.
- Our top picks are: #1 DHT (BUY, TP 5.0), #2 NAT (BUY, TP 2.7) & #3 EURN (BUY, TP 10.3)
- Our Oil Tanker recommendations have returned 27% on average over the past year. This is comparative to a share index with the same shares falling 29% and consensus recommendations on the shares up 6%.

### Sector overview

			Recommendations & upside				P/NAV	
	Mcap	Turnover	Rec.	TP	P	+/-	Now	1y fwd
DHT US	524	2.4	BUY	5.0	3.7	37%	0.82	0.62
EURN US	1,317	3.0	BUY	10.3	8.3	24%	1.02	0.75
FRO US	761	2.1	BUY	5.4	4.5	20%	1.34	0.96
HUNT NO	451	2.6	BUY	3.8	3.4	10%	1.42	0.73
NAT US	294	2.7	BUY	2.7	2.1	30%	0.88	0.67
TNK US	312	1.2	HOLD	1.2	1.2	3%	1.14	0.77
<b>Average</b>	<b>610</b>	<b>2.3</b>				<b>21%</b>	<b>1.10</b>	<b>0.75</b>
<b>Median</b>	<b>488</b>	<b>2.5</b>				<b>22%</b>	<b>1.08</b>	<b>0.74</b>

### Sector overview



Source: Gersemi Research, Bloomberg, company data

Disclaimer: The publisher currently has no investments in the companies covered in this report