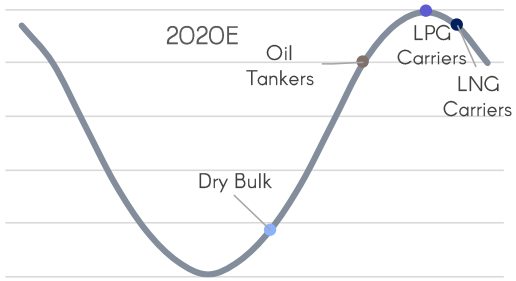
Cleaves Securities
31 January 2020
Professionalism & Quality
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

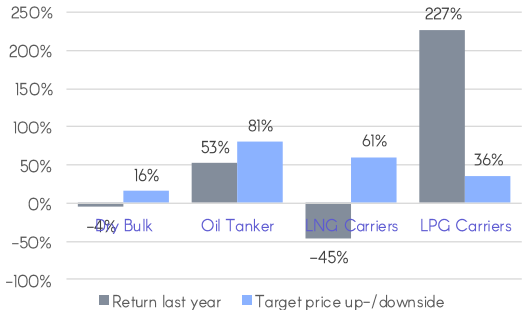
With a great year behind us, reward/risk has fallen for 2020E, but we still see a lot of opportunities in shipping

Great Year in the Rear, Time for the Rat to get Fat

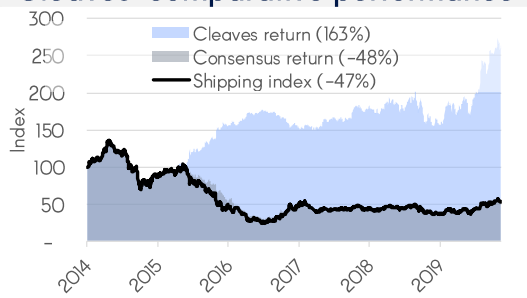
Shipping cyclicality (2020E)



Past return vs expected return



Cleaves' comparative performance



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In 2019, the long-awaited share repricing occurred in Oil Tankers & LPG Carriers, while LNG Carriers underperformed & Dry Bulk was stricken by Vale's dam collapse. This year has in many ways commenced as expected, & we see buying opportunities in most of our covered names. As the Chinese Year of the Pig brought with it the expected wealth & fortunes, we now entrust the Year of the Rat to provide the associated surplus for shipping investors.

Dry Bulk (BUY), *Upgraded to BUY, Awaiting 2H20:* After downgrading the segment to HOLD in November, & to underweight in early January, we now upgrade to BUY. Share & asset prices have plunged, in-line with our forecast. Although the near-term is uncertain, we see improvements from 2H20E against one of the potentially longest expansionary cycles since the 1740s.

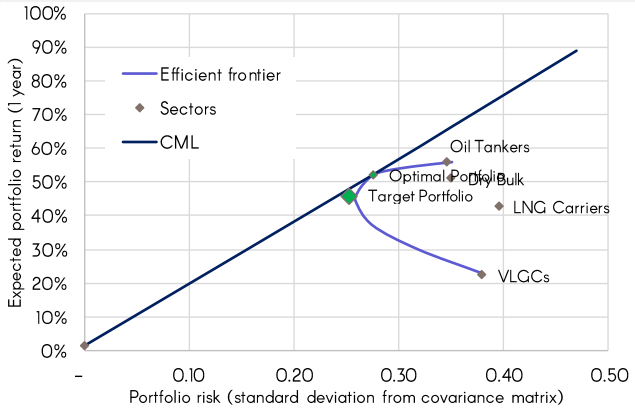
Oil Tankers (BUY), *Highest since '08, More to Come*: With 4Q19 exhibiting the highest oil tanker spot earnings since 2008, we see trailing asset prices & upcoming cash distributions as the next catalysts to push shares higher. We deem recent weakness as a great opportunity to BUY & see our Oil Tanker share index +48% in one year & +96% in two years.

LNG Carriers (BUY), *Year Ahead, Before...*: Despite disappointing high expectations in 2019, LNG Carriers are still enjoying a strong marked which could potentially peak in 2020E. We forecast fortunes to turn in 2021E & a cyclical trough for 2022E, before the expected high fleet growth abates & demand growth once again accelerates from 2023E.

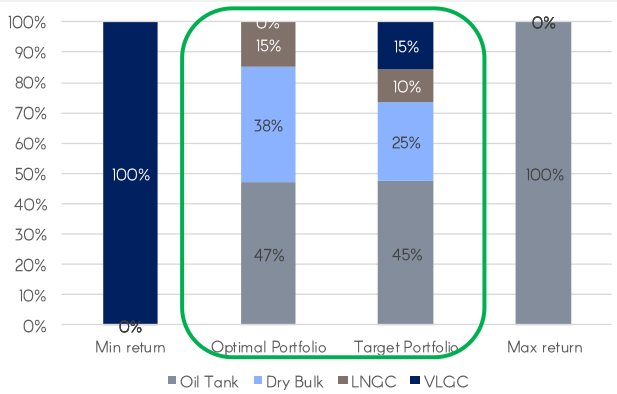
LPG Carriers (BUY), *Close to Cyclical Peak*: VLGC earnings & share prices performed even better than expected in 2019, & 2020E could show further gains. We do however believe that 2020E will mark the cyclical peak as demand growth abates, but that earnings could stay elevated until 2023E.

Capital allocation: We do minor changes to our Target Portfolio, now allocating 25% towards Dry Bulk, 45% towards Oil Tankers, 10% towards LNG Carriers & 15% towards VLGCs. Our recommendations have generated +163% since 2014, outperforming the market & consensus by ~395%.

Portfolio optimization



Portfolio allocation between segments



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

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Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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Our Universe at a Glance

Company	Sector	Return ly	Rec.	Target Price	Last Price	Target/ Price	P/NAV Now	P/NAV ly fwd	P/NAV ε	EV/ GAV	adj. equity	EV/EBITDA 2019	EV/EBITDA 2020	EV/EBITDA 2021	Dividend yield 2019	Dividend yield 2020	Dividend yield 2021
ADSCME NO	Oil	40%	BUY	57.0	26.2	118%	1.04	0.66	0.16	1.02	54%	12.2	0.9	1.0	2%	19%	68%
DHT US	Oil	55%	BUY	9.5	6.1	57%	1.03	0.71	0.16	0.91	54%	7.2	2.9	3.1	3%	15%	17%
EURN US	Oil	28%	BUY	16.0	9.8	63%	0.97	0.66	0.15	0.99	54%	6.6	3.0	3.1	1%	14%	18%
FRO US	Oil	86%	BUY	16.0	9.5	69%	1.17	0.79	0.23	1.06	35%	10.5	4.5	5.6	1%	22%	24%
HUNT NO	Oil	51%	BUY	8.0	4.7	72%	1.15	0.88	0.32	1.04	30%	40.5	4.3	3.5	0%	6%	13%
INSW US	Oil	23%	BUY	42.0	22.4	88%	0.68	0.52	0.13	0.82	53%	7.2	2.4	2.3	0%	11%	17%
NAT US	Oil	83%	HOLD	4.1	3.6	14%	1.25	0.94	0.18	1.13	48%	8.0	2.9	2.8	3%	7%	10%
OET NO	Oil	39%	BUY	167.0	91.5	83%	0.88	0.60	0.36	0.97	27%	15.6	4.6	4.9	0%	14%	30%
TNK US	Oil	118%	BUY	37.0	17.4	113%	0.83	0.51	0.23	0.93	36%	4.9	2.2	2.2	0%	13%	16%
TNP US	Oil	5%	BUY	7.6	3.3	132%	0.41	0.37	0.36	0.84	24%	6.0	3.4	2.9	1%	12%	19%
Average, Oil Tankers		53%				81%	0.94	0.66	0.23	0.97	41%	11.9	3.1	3.1	1%	13%	23%
2020 NO	Dry	-16%	HOLD	79	78.0	1%	0.94	1.08	0.22	0.97	44%		10.2	7.6	2%	9%	13%
BULK NO	Dry		SELL	94	135.0	-30%	1.50	1.34	0.15	1.26	55%	5.5	8.1	6.0	14%	7%	6%
DSX US	Dry	-7%	HOLD	3.0	2.7	10%	0.69	0.68	0.19	0.85	42%	7.6	8.1	5.8	0%	0%	0%
EGLE US	Dry	-14%	BUY	4.2	3.5	19%	0.73	0.85	0.22	0.91	36%	11.8	7.8	5.2	0%	0%	0%
GNK US	Dry	17%	BUY	11.0	8.2	34%	0.72	0.70	0.17	0.84	46%	13.9	5.3	3.6	6%	8%	12%
GOGL US	Dry	-5%	BUY	5.8	4.6	27%	0.81	0.87	0.20	0.93	36%	9.7	10.6	8.4	10%	10%	13%
SALT US	Dry	-7%	BUY	4.8	3.9	24%	0.58	0.53	0.23	0.84	34%	35.0	13.6	8.3	1%	2%	5%
SB US	Dry	-15%	HOLD	1.3	1.3	-2%	1.03	1.17	0.49	1.01	17%	6.6	6.0	4.5	0%	0%	6%
SBLK US	Dry	12%	BUY	13.0	8.3	57%	0.95	0.91	0.29	0.98	31%	12.0	5.0	3.7	1%	1%	4%
Average, Dry Bulk		-4%				16%	0.88	0.90	0.24	0.95	38%	12.8	8.3	5.9	4%	4%	7%
ALNG NO	LNG	-45%	SELL	2.3	2.4	-4%	0.91		0.55	0.93	17%	12.3	7.1	12.4	0%	0%	0%
FLNG NO	LNG	-31%	BUY	132	75	76%	0.70		0.27	0.79	37%	13.7	8.0	9.5	1%	6%	8%
GLOG US	LNG	-60%	BUY	14	7	110%	4.42		2.30	1.16	4%	8.4	7.8	8.3	6%	6%	6%
Average, LNG Carriers		-45%				61%	2.01		1.04	0.96	19%	11.5	7.6	10.1	2%	4%	5%
AVANCE NO	LPG	317%	BUY	84	54	54%	0.70	0.66	0.25	1.02	35%	6.0	3.5	3.9	0%	29%	26%
BWLPG NO	LPG	213%	BUY	94	77	23%	0.77	0.66	0.17	0.99	47%	5.9	3.6	3.8	5%	18%	13%
LPG US	LPG	149%	BUY	18.0	13.7	32%	0.69	0.58	0.16	0.89	56%	7.6	4.4	4.7	0%	19%	15%
Average, LPG Carriers		227%				36%	0.72	0.63	0.19	0.97	46%	6.5	3.8	4.1	2%	22%	18%
Average of all segments		57%				48%	1.14	0.73	0.43	0.96	36%	10.7	5.7	5.8	2%	11%	13%

Indicative 4Q19 Reporting Schedule

Company	Indicative Reporting Schedule	Sector	TCE Revenue Cleaves	TCE Revenue Consensus	TCE Revenue Last year	Cleaves vs Cons.	EBITDA Cleaves	EBITDA Consensus	EBITDA Last year	Cleaves vs Cons.	Net Profit Cleaves	Net Profit Consensus	Net Profit Last year	Cleaves vs Cons.
LPG US	05-Feb/20	LPG		41	39	n.a.		19	17	n.a.		-6	-3	n.a.
DHT US	05-Feb/20	Oil	151	156	85	-3%	129	130	61	-1%	85	86	12	-1
GLOG US	06-Feb/20	LNG	172	178	n.a.	-3%	127	130	145	-3%	15	19	14	-4
NAT US	18-Feb/20	Oil	71	74	n.a.	-3%	51	52	21	-1%	26	29	-10	-3
BULK NO	18-Feb/20	Dry	51	53	44	-4%	37	35	26	7%	23	21	11	2
SB US	18-Feb/20	Dry	45	49	51	-8%	24	27	30	-13%	1	5	10	-4
SBLK US	19-Feb/20	Dry	184	179	163	3%	88	88	65	1%	16	22	12	-6
TNK US	20-Feb/20	Oil	258	206	129	26%	186	133	61	40%	140	87	12	53
DSX US	21-Feb/20	Dry	50	51	60	-2%	19	21	24	-11%	-1	1	3	-2
GNK US	25-Feb/20	Dry	68	65	76	5%	30	32	44	-6%	5	6	18	-1
FLNG NO	26-Feb/20	LNG	53	53	n.a.	0%	44	43	28	2%	25	25	15	0
ADSCME NO	27-Feb/20	Oil	6	6	7	-8%	3	4	4	-17%	1	2	2	-1
BWLPG NO	28-Feb/20	LPG	189	190	85	0%	150	146	2	3%	106	106	-34	1
GOGL US	28-Feb/20	Dry	148	141	132	4%	72	72	66	1%	33	32	24	1
FRO US	28-Feb/20	Oil	298	257	122	16%	226	185	87	22%	165	131	25	33
HUNT NO	28-Feb/20	Oil	13	12	n.a.	10%	10	10	-4	10%	7	6	11	0
AVANCE NO	28-Feb/20	LPG	65	62	27	5%	54	51	15	6%	36	33	-3	3
ALNG NO	28-Feb/20	LNG	14	15	n.a.	-8%	11	12	7	-7%	3	4	-1	-1
OET NO	28-Feb/20	Oil	49	51	13	-5%	38	36	8	4%	17	17	-1	0
EGLE US	06-Mar/20	Dry	55	57	62	-3%	14	18	23	-22%	-5	-1	6	-4
INSW US	12-Mar/20	Oil	147	131	93	13%	103	78	37	33%	69	48	7	21
TNP US	30-Mar/20	Oil	164	171	119	-4%	109	103	64	6%	44	40	3	4
SALT US	29-Apr/20	Dry												
EURN US	30-Apr/20	Oil												

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Cleaves' Scorecard

What did we forecast, and what happened?

	Actual		Cleaves'
2019-Q4	value	Δq/q	Δ-forecast
Dry Bulk			✓
Supply	863	0.5%	1.3% ✓
Demand	746	-1.8%	-1.6% ✓
Fleet utilization	86.5%	-2.0%p	-2.5%p ✓
Spot rates	1,562	-23%	-28% ✓
Asset prices	31	0%	0% ✓
Share index	141	2%	4% ✓
Oil Tankers			✓
Supply	572	-0.5%	-0.4% ✓
Demand	544	15.6%	15.0% ✓
Fleet utilization	95.1%	13.2%p	12.7%p ✓
Spot rates	44,496	231%	216% ✓
Asset prices	70	4%	14% ✓
Share index	249	42%	38% ✓
LNG Carriers			!
Supply	88,812	0.7%	0.9% ✓
Demand	81,571	11.0%	19.2% !
Fleet utilization	91.8%	8.6%p	15.1%p !
Spot rates	107,885	65%	135% !
LPG Carriers			✓
Supply	23,710	1.4%	1.8% ✓
Demand	22,416	4.1%	5.5% ✓
Fleet utilization	94.5%	2.5%p	3.4%p ✓
Spot rates	66,290	24%	34% ✓
Asset prices	73	4%	4% ✓
Share index	86	47%	40% ✓
All Shipping			✓

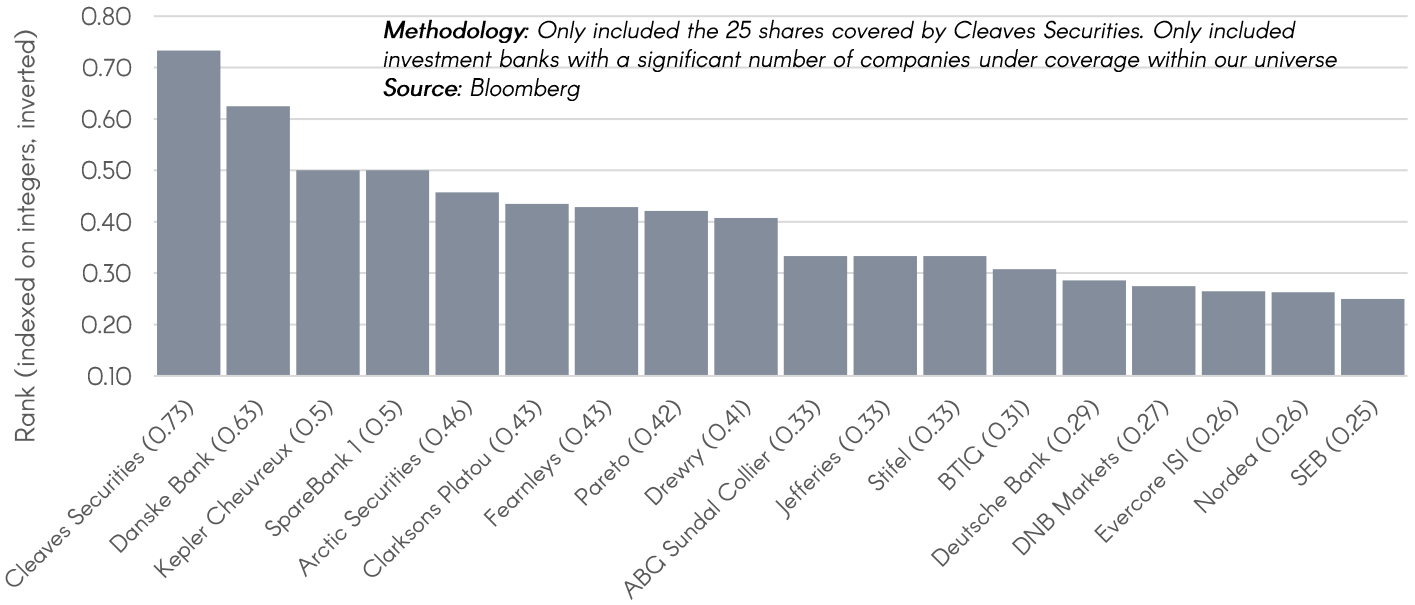
	Actual		Cleaves'
2019	value	Δy/y	Δ-forecast
Dry Bulk			!
Supply	858	2.5%	1.6% ✓
Demand	729	2.0%	3.9% ✓
Fleet utilization	85.0%	-0.4%p	2.0%p !
Spot rates	1,346	0%	32% ✗
Asset prices	31	-13%	19% ✗
Share index	129	-9%	33% ✗
Oil Tankers			✓
Supply	570	3.9%	2.8% ✓
Demand	489	12.4%	7.6% ✓
Fleet utilization	85.8%	6.5%p	3.7%p ✓
Spot rates	22,168	98%	40% !
Asset prices	67	8%	17% !
Share index	185	25%	27% ✓
LNG Carriers			✗
Supply	86,729	9.0%	9.1% ✓
Demand	72,590	4.2%	12.9% ✗
Fleet utilization	83.7%	-3.8%p	3.0%p ✗
Spot rates	69,337	-22%	18% ✗
LPG Carriers			✓
Supply	23,199	5.0%	3.7% ✓
Demand	20,667	16.9%	8.8% !
Fleet utilization	89.1%	9.1%p	4.0%p !
Spot rates	46,009	151%	39% !
Asset prices	69	17%	13% ✓
Share index	57	27%	25% ✓
All Shipping			!

Comment
Vale's dam collapse 25 January 2019
Vale's dam collapse was the main reason we missed on our 2019 forecast. Occurred a few days after our forecast for the year was published 21 January 2019. We soon revised down our forecast (30 January 2019). Our 4Q-2019 forecast was very accurate.
Even better than expected
We are very pleased with our forecast for full year 2019 from January last year. We correctly predicted the strong positive direction of the market. However, we underestimated the strength of earnings, and overestimated the strength of asset prices. This has largely been reversed in January 2020. Share index forecast was surprisingly accurate, both for FY 2019 and 4Q 2019 (October forecast).
Weaker fleet utilization than expected
FY 2019 started off with a warm winter in the Far East, reducing consumption of natural gas. The year progressed with a lack of US/FE price differential supporting shipping in a meaningful way. Inventories at importers were unusually high against the lower than expected consumption
Much better than expected
Demand growth significantly outpaced our forecast, as US LPG exports ramped up even faster then we had foreseen. Thus, fleet utilization and spot rates came in far above our expectations for FY2019. Asset prices and our share index was very close to our forecast. Also our October forecast for 4Q19 hit the mark very well.

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Investment Bank Ranking in Shipping Equity Research

Investment Bank Ranking in our Shipping Universe



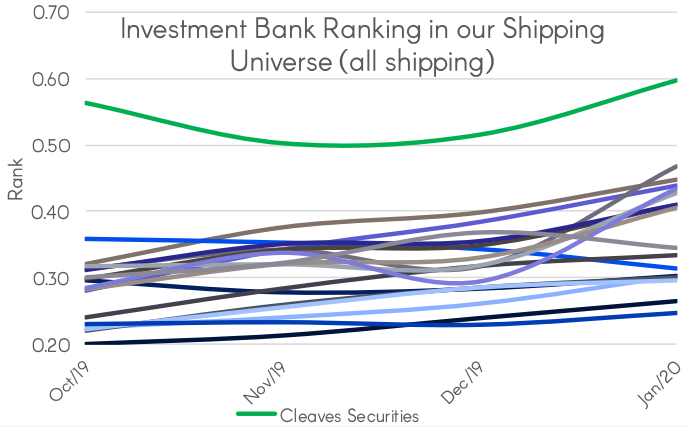
***Methodology**: Only included the 25 shares covered by Cleaves Securities. Only included investment banks with a significant number of companies under coverage within our universe*
***Source**: Bloomberg*

Detailed Ranking

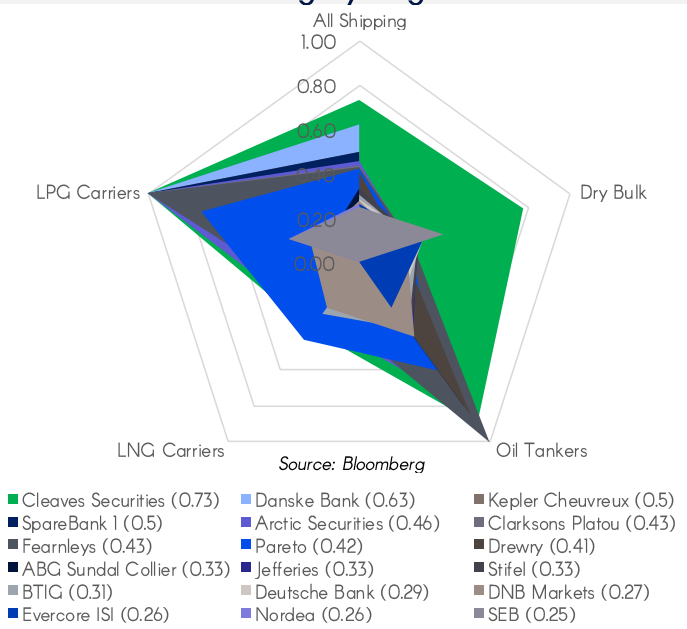
		Cleaves' Ranking (1y)			Consensus (1y)		
Ticker	Rating	Stock[1]	Global[2]	Return[3]	Best	Avg	Worst
2020 NO	HOLD				7%	-8%	-15%
BULK NO	SELL						
DSX US	HOLD	#1 of 10	#1 of 10	31%	-8%	-10%	-11%
EGLE US	BUY	#2 of 11	#1 of 11	18%	-9%	-13%	-14%
GNK US	BUY	#1 of 11	#1 of 11	47%	21%	21%	21%
GOGL US	BUY	#1 of 15	#1 of 15	8%	6%	-2%	-8%
SALT US	BUY	#1 of 14	#1 of 14	78%	15%	-10%	-15%
SB US	HOLD	#1 of 6	#1 of 6	25%	0%	-11%	-16%
SBLK US	BUY	#1 of 11	#1 of 11	53%	28%	18%	12%
Dry Bulk		**#1 of 10**	**#1 of 10**	**37%**	**6%**	**1%**	**-3%**
ADSCME NO	BUY	#1 of 2	#1 of 2	36%	36%	36%	36%
DHT US	BUY	#1 of 15	#1 of 15	63%	63%	59%	24%
EURN US	BUY	#1 of 20	#1 of 20	41%	41%	36%	-5%
FRO US	BUY	#1 of 20	#1 of 20	96%	96%	48%	-70%
HUNT NO	BUY	#2 of 8	#1 of 8	56%	86%	57%	41%
INSW US	BUY	#1 of 11	#1 of 11	35%	35%	35%	35%
NAT US	HOLD	#1 of 10	#1 of 10	114%	94%	28%	-102%
OET NO	BUY	#1 of 5	#1 of 5	47%	47%	45%	40%
TNK US	BUY	#1 of 8	#1 of 8	121%	121%	96%	4%
TNP US	BUY				5%	5%	5%
Oil Tankers		**#1 of 11**	**#1 of 11**	**68%**	**70%**	**48%**	**4%**
ALNG NO	SELL	#1 of 4	#1 of 4	0%	-34%	-43%	-48%
FLNG NO	BUY	#3 of 12	#1 of 12	-31%	-21%	-31%	-36%
GLOG US	BUY	#5 of 15	#1 of 15	-59%	-18%	-54%	-72%
LNG Carriers		**#3 of 10**	**#1 of 10**	**-30%**	**-28%**	**-42%**	**-51%**
AVANCE NO	BUY	#1 of 14	#1 of 14	345%	345%	294%	100%
BWLPG NO	BUY	#1 of 14	#1 of 14	255%	255%	220%	83%
LPG US	BUY	#1 of 11	#1 of 11	154%	154%	154%	154%
LPG Carriers		**#1 of 13**	**#1 of 13**	**251%**	**300%**	**241%**	**92%**
All Shipping				**70%**	**82%**	**53%**	**9%**

[1] Bloomberg's analyst ranking for each stock: "The best total returns based solely on the performance of the security over the past year"
[2] Bloomberg's global ranking for all analysts covering each stock: "Highlights the analysts whose recommendations produced the best relative returns based on the performance of all the securities they covered over the past year"
[3] Bloomberg's measure of return for each stock: "Total return over the last year to an investor who followed the analyst's recommendation"

Historical Ranking (monthly averages)



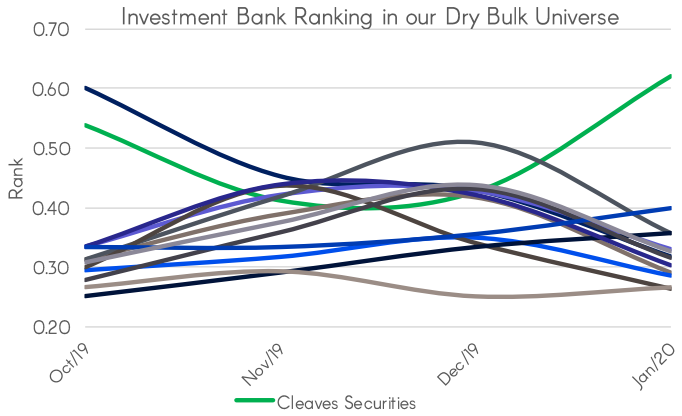
Ranking by Segment



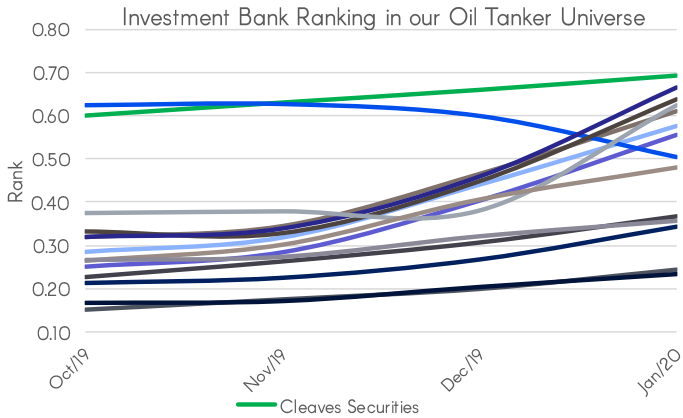
Source: Bloomberg

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

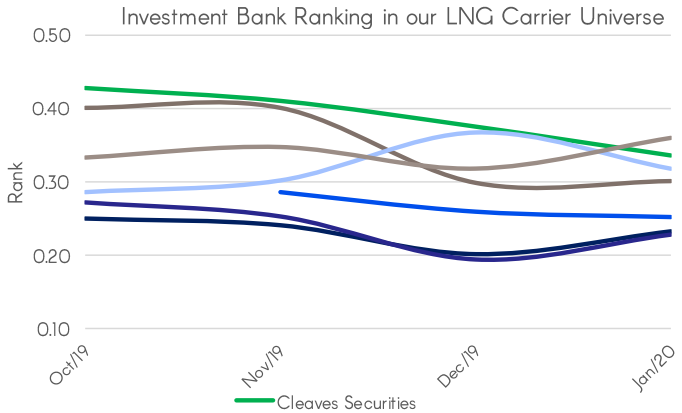
Ranking in our Dry Bulk Universe



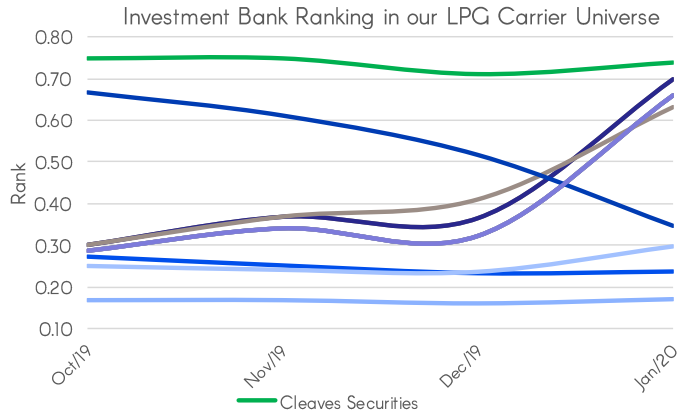
Ranking in our Oil Tanker Universe



Historical Ranking in our LNG Carrier Universe



Ranking in our LPG Carrier Universe

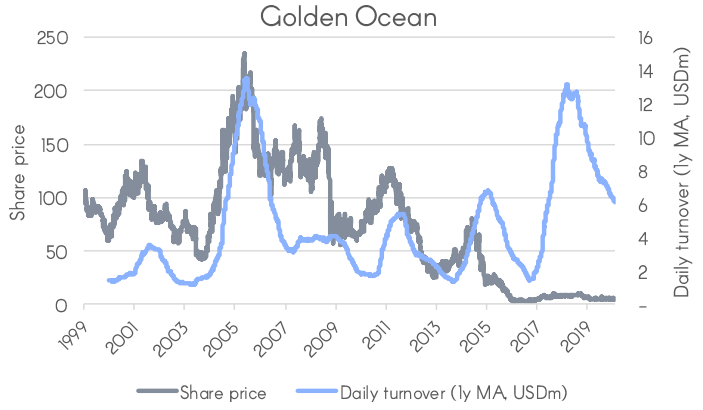


Full dataset behind the tables and graphs above can be downloaded here in excel-format (30/01/2020)

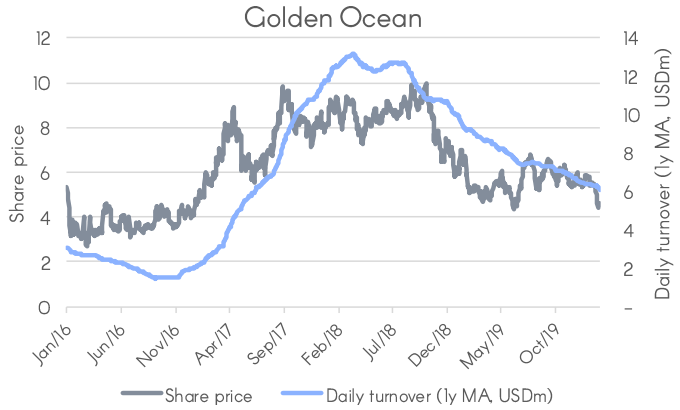
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Capital Flows in Shipping Equities

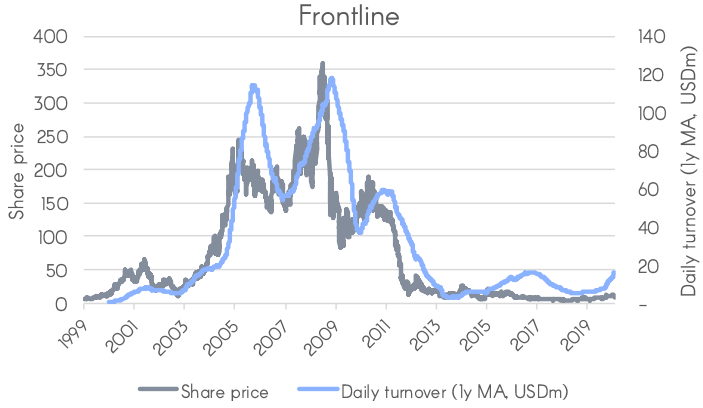
Golden Ocean long-term turnover vs share price



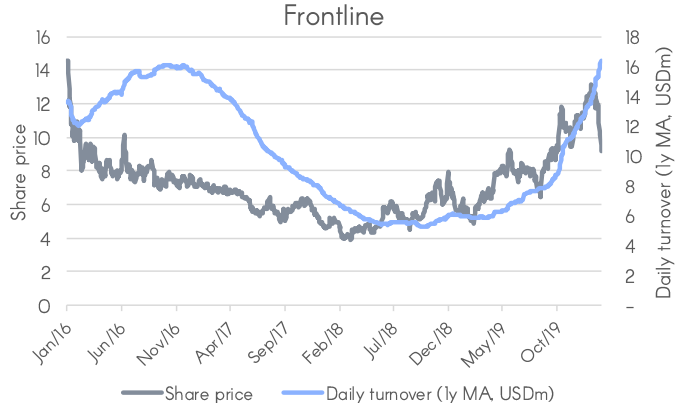
Golden Ocean medium-term turnover vs share



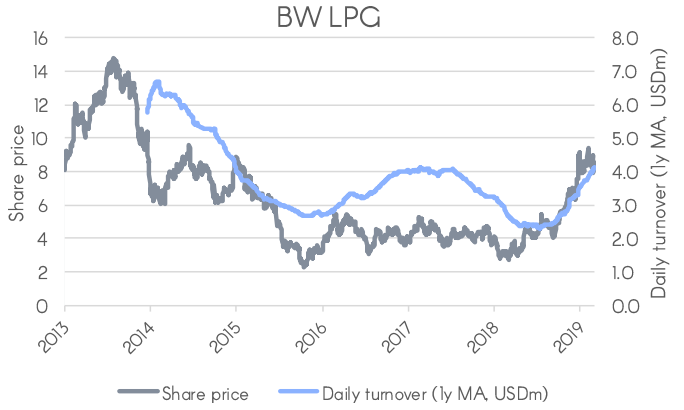
Frontline long-term turnover vs share price



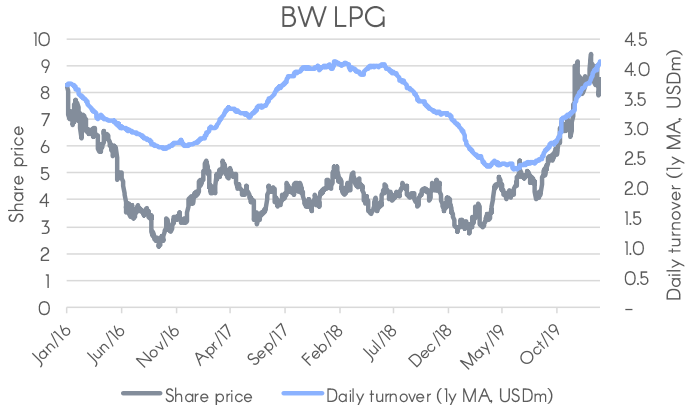
Frontline medium-term turnover vs share price



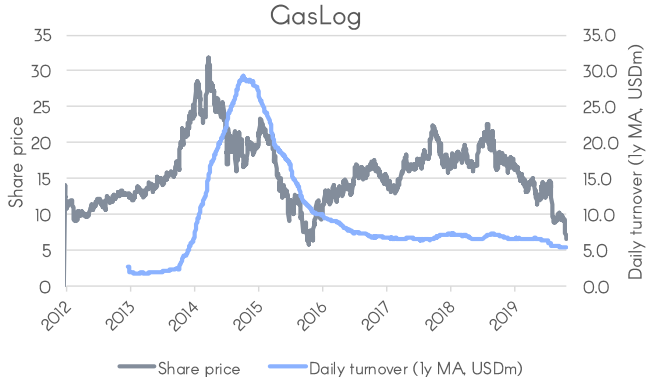
BW LPG long-term turnover vs share price



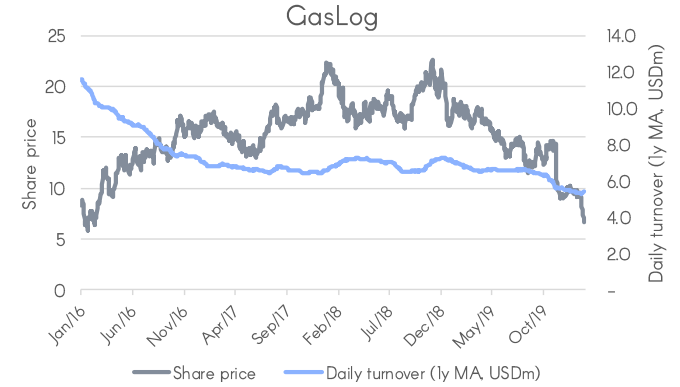
BW LPG medium-term turnover vs share price



GasLog long-term turnover vs share price



GasLog medium-term turnover vs share price



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Cleaves Securities

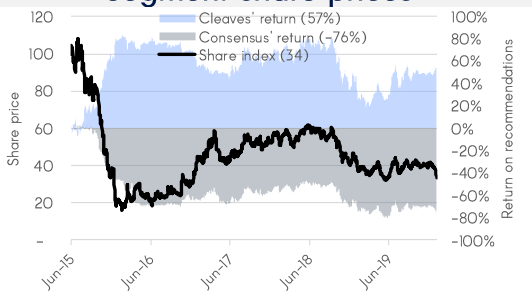
28 January 2020 *Professionalism & Quality*

We still remain wary of 1H20E and remain selective buyers, but deem current pricing cheap against potential long-term gains from 3Q20E

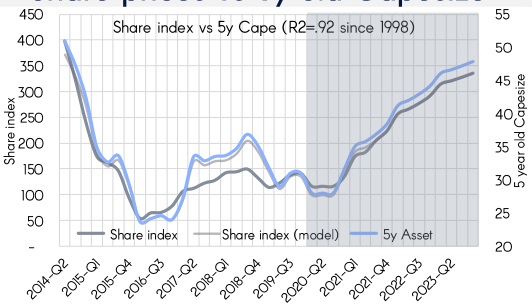
Dry Bulk BUY

Upgraded to BUY, Awaiting 2H20

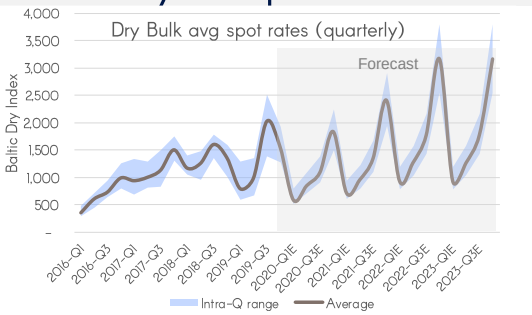
Segment share prices



Share prices vs 5y old Capesize



Dry bulk spot rates



Cleaves Securities / Analysts

Joakim Hannisdahl
Head of Research
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After downgrading the dry bulk segment to HOLD in November, & to underweight in early January, we now upgrade to BUY. Share & asset prices have plummeted, in-line with our forecast, but sooner than expected. We keep our TPs close to unch, but upgrade due to the recent rout in shares. Although the near-term direction is uncertain, we do see our share index +50% in 1y & +121% in 2y against one of the longest expansionary cycles since the 1740s.

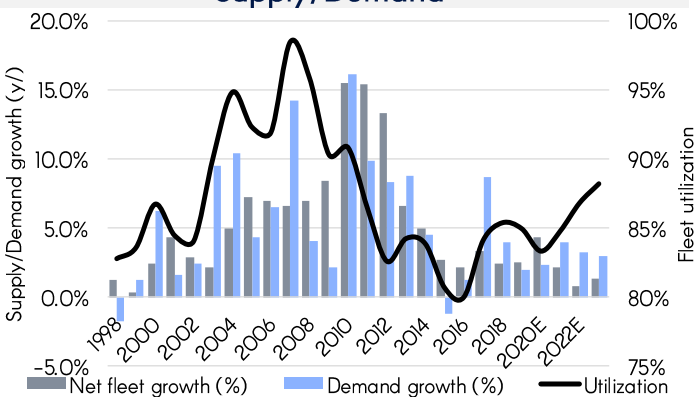
Market: The BDI has fallen to the lowest level since 2016 after recent 9y-highs. Against the highest supply growth in eight years, demand for dry bulk shipping has faltered as we enter 1H20E. The Corona virus adds to near-term uncertainties. However, as our previous forecasts have already been met through a rout in dry bulk earnings, share and asset prices, we see limited downside and significant long-term upside. Against a very low orderbook and an aversion towards newbuildings, we expect our conservative demand growth forecast to push earnings, shares and asset prices higher from 3Q20E and until the mid-decade.

Investments: We upgrade our rating on almost all our covered dry bulk companies, despite TPs being close to unchanged. The recent rout in dry bulk shares was as we had forecast, but occurred sooner than we had expected. We remain wary towards the next six months, but expect our share index to rise 50% in 1y and 121% in 2y. With current earnings close to opex, we favour vessels with scrubbers. Our top picks are **Star Bulk** (BUY/$13) with a 54% upside to target, **Genco Shipping** (BUY/$11) +32% and **Golden Ocean** (BUY/$5.8) +27%. Our dry bulk recommendations have returned 57% since 2015 vs the market at -66% & consensus at -76%.

Segment overview

			New		*Old*		Pricing/Upside	
	M.cap	Turnover	Rec.	TP	*Rec.*	*TP*	P	+/-
2020 NO	186	0.2	HOLD	79	*HOLD*	78	77	3%
BULK NO	474	-	SELL	94	*SELL*	97	135	-30%
DSX US	251	1.1	HOLD	3.0	*SELL*	2.7	2.8	9%
EGLE US	280	1.7	BUY	4.2	*HOLD*	4.2	3.7	15%
GNK US	347	2.6	BUY	11.0	*HOLD*	11.0	8.3	32%
GOGL US	658	5.3	BUY	5.8	*HOLD*	5.4	4.6	27%
SALT US	296	2.0	BUY	4.8	*SELL*	4.3	4.1	18%
SB US	142	0.4	HOLD	1.3	*SELL*	1.4	1.4	-7%
SBLK US	773	6.7	BUY	13.0	*HOLD*	12.0	8.4	54%
Average	379	2.2						13%
Median	296	1.7						15%

Supply/Demand



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

We upgrade our rating on almost all our covered dry bulk companies, despite TPs being close to unchanged. The recent rout in dry bulk shares leads to selective BUY opportunities and our view:

			New		*Old*		Pricing/Upside	
	M.cap	Turnover	Rec.	TP	*Rec.*	*TP*	P	+/-
2020 NO	186	0.2	HOLD	79	*HOLD*	78	77	3%
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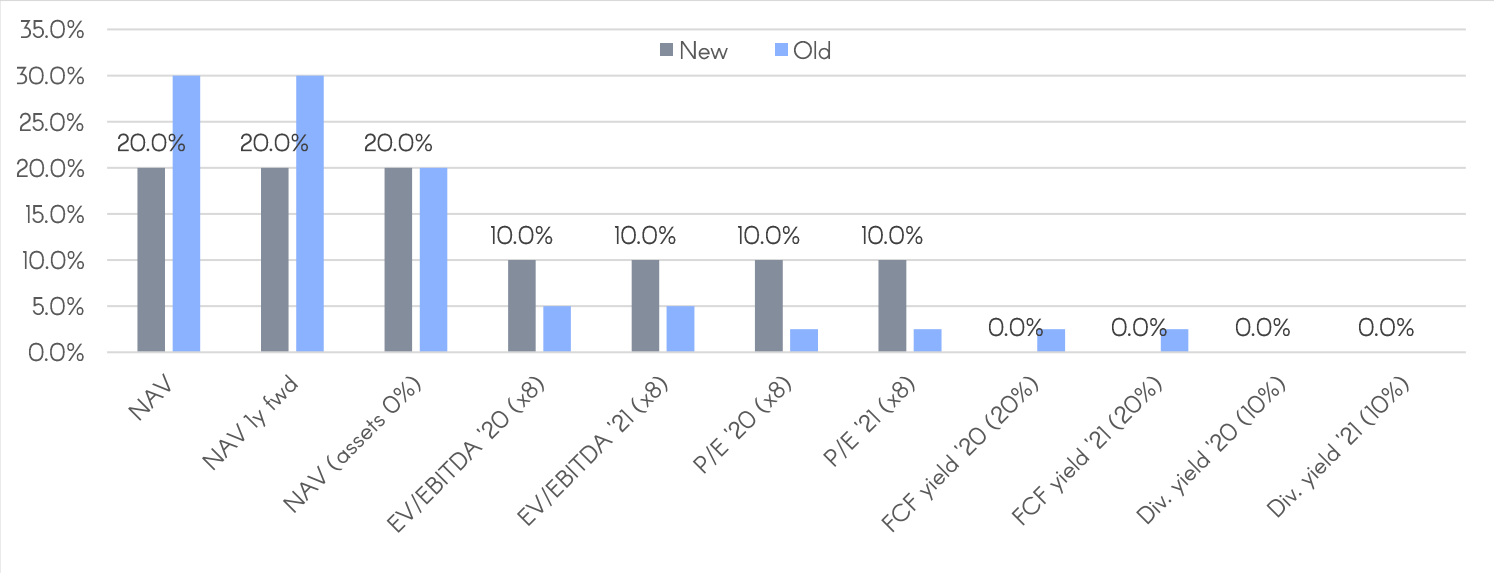
SALT US	296	2.0	BUY	4.8	*SELL*	4.3	4.1	18%
SB US	142	0.4	HOLD	1.3	*SELL*	1.4	1.4	-7%
SBLK US	773	6.7	BUY	13.0	*HOLD*	12.0	8.4	54%
Average	379	2.2						13%
Median	296	1.7						15%

Valuation weight matrix for our dry bulk companies

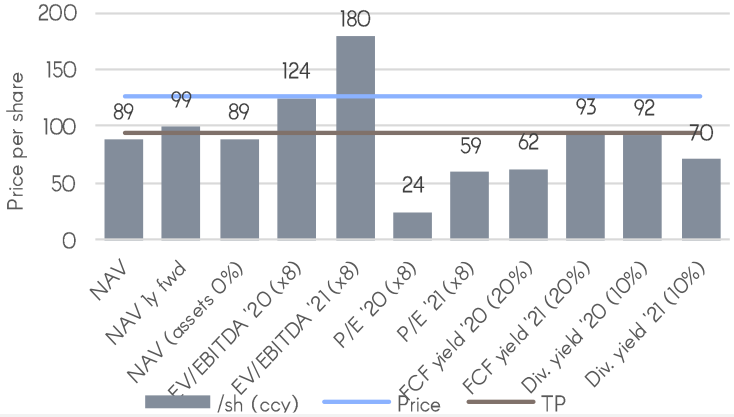


As we rolled 1y forward, "old" 2020 weights are for '19 & 2021 are '20

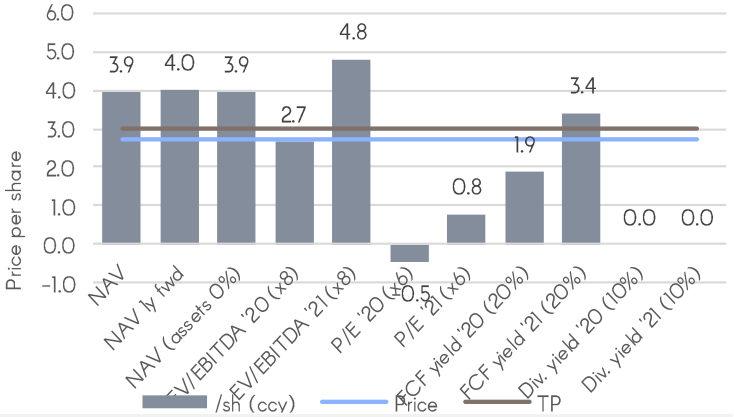
Valuation weight matrix: 2020 Bulkers

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

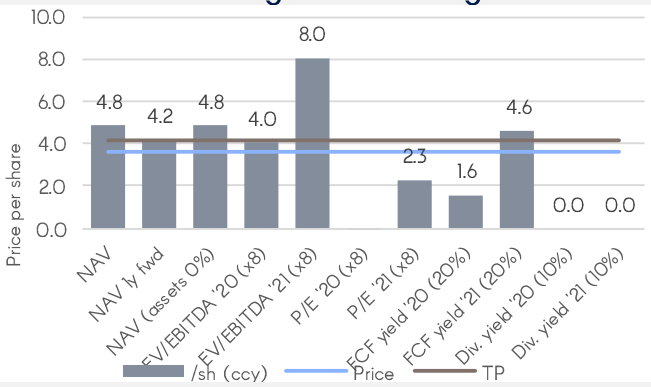
Valuation weight matrix: GoodBulk



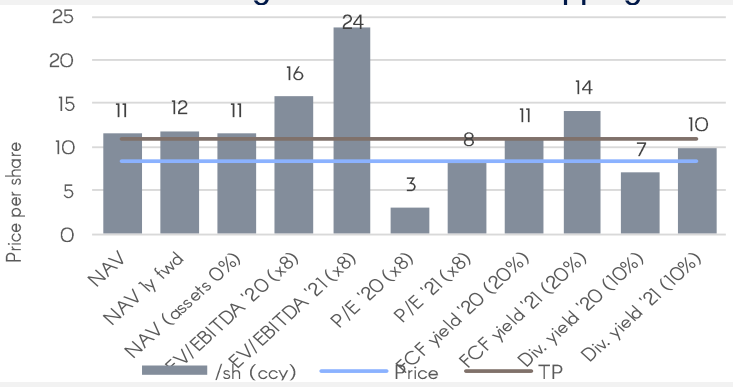
Valuation weight matrix: Diana Shipping



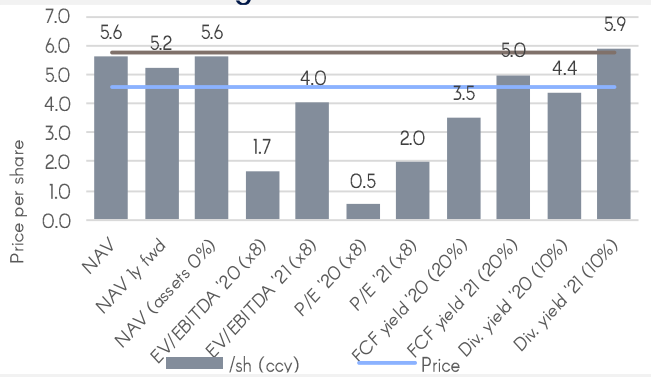
Valuation weight matrix: Eagle Bulk



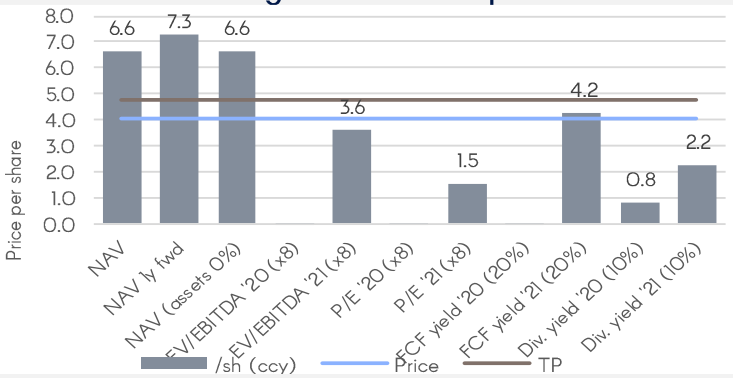
Valuation weight matrix: Genco Shippings



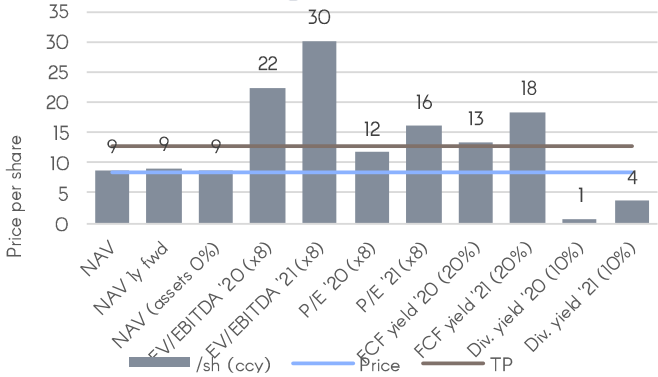
Valuation weight matrix: Golden Ocean



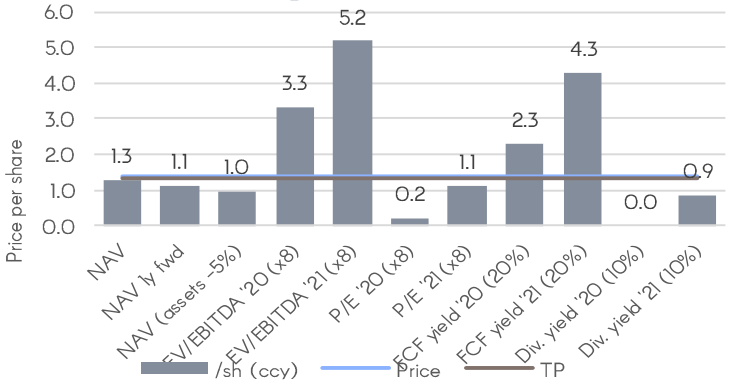
Valuation weight matrix: Scorpio Bulkers



Valuation weight matrix: Star Bulk



Valuation weight matrix: Safe Bulkers



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Peer Group

28-Jan-20							P/NAV			EV/	adj.
USDm	M.cap	Turnover	P/sh	TP	+/-	NAV	Now	1y fwd	ε	GAV	Equity
2020 NO	186	0.2	77	79	3%	82	0.93	1.07	2.22	0.97	44%
BULK NO	474	-	135	94	-30%	89	1.52	1.36	1.54	1.26	55%
DSX US	251	1.1	2.8	3.0	9%	3.9	0.70	0.69	1.89	0.85	42%
EGLE US	280	1.7	3.7	4.2	15%	4.8	0.75	0.88	2.17	0.92	36%
GNK US	347	2.6	8.3	11	32%	11.5	0.72	0.70	1.66	0.84	46%
GOGL US	658	5.3	4.6	5.8	27%	5.6	0.81	0.87	2.03	0.93	36%
SALT US	296	2.0	4.1	4.8	18%	6.6	0.62	0.56	2.27	0.85	34%
SB US	142	0.4	1.4	1.3	-7%	1.3	1.09	1.24	4.86	1.02	17%
SBLK US	773	6.7	8.4	13	54%	8.7	0.96	0.92	2.88	0.99	31%
Average	379	2.2			13%		0.90	0.92	2.39	0.96	38%
Median	296	1.7			15%		0.81	0.88	2.17	0.93	36%

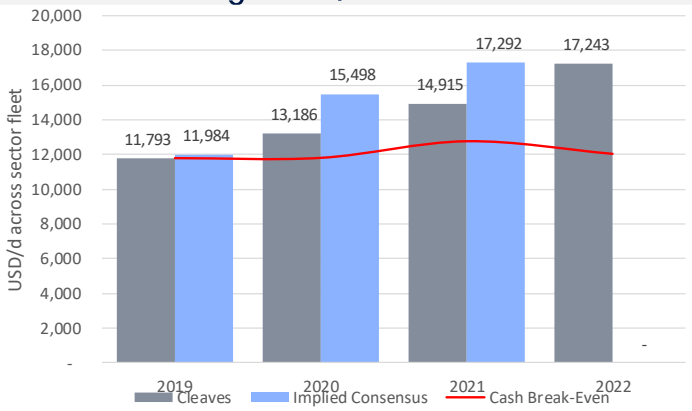
	EV/EBITDA				P/E (adj.)				Liquidity/(GIBD + eq. capex)			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
2020 NO			7.6	5.2			6.3	3.6	5%	8%	8%	8%
BULK NO	5.5	8.1	6.0	3.0	9.9	31.5	12.9	4.4	10%	9%	13%	21%
DSX US	7.6	8.1	5.8	2.5	27.1		20.8	2.7	11%	12%	10%	12%
EGLE US	11.8	7.8	5.2	3.4			9.5	4.0	4%	3%	6%	11%
GNK US	13.9	5.3	3.6	2.0		16.7	6.1	2.8	11%	11%	12%	16%
GOGL US	9.7	10.6	8.4	4.6	12.8	53.6	13.9	3.5	3%	4%	6%	8%
SALT US	35.0	13.6	8.3	5.6			16.0	4.9	3%	3%	5%	8%
SB US	6.6	6.0	4.5	2.6	54.3		25.8	3.4	7%	8%	7%	9%
SBLK US	12.0	5.0	3.7	2.6	16.6	7.9	5.5	2.8	3%	5%	9%	19%
Average	12.8	8.1	5.9	3.5	24.1	27.4	13.0	3.6	6%	7%	8%	12%
Median	10.8	7.9	5.8	3.0	16.6	24.1	12.9	3.5	5%	8%	8%	11%

	FCF yield				Dividend yield			
USDm	2019	2020	2021	2022	2019	2020	2021	2022
2020 NO	-99%	-49%	21%	33%	2%	9%	13%	25%
BULK NO	30%	10%	15%	30%	14%	7%	6%	14%
DSX US	34%	14%	25%	56%	0%	0%	0%	15%
EGLE US	-76%	9%	25%	40%	0%	0%	0%	10%
GNK US	10%	26%	34%	53%	6%	8%	12%	18%
GOGL US	11%	15%	22%	43%	10%	10%	13%	21%
SALT US	19%	-12%	21%	36%	1%	2%	5%	1%
SB US	29%	19%	43%	70%	0%	0%	6%	12%
SBLK US	-12%	24%	31%	48%	1%	1%	4%	36%
Average	-6%	6%	26%	45%	4%	4%	7%	17%
Median	11%	14%	25%	43%	1%	2%	6%	15%

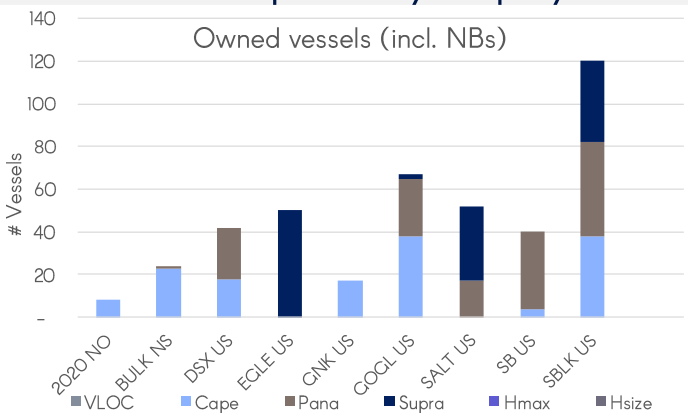
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

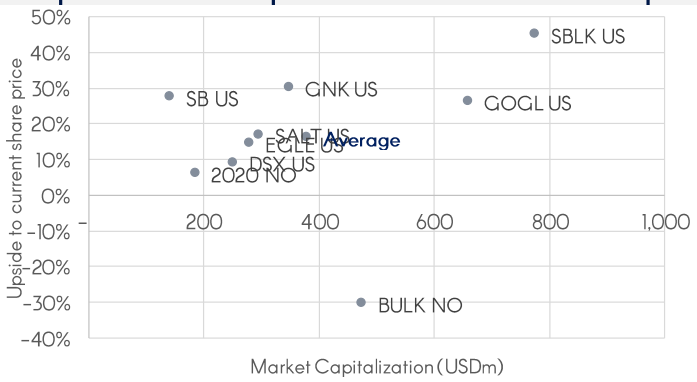
Cleaves' average TCE/d forecast vs consensus



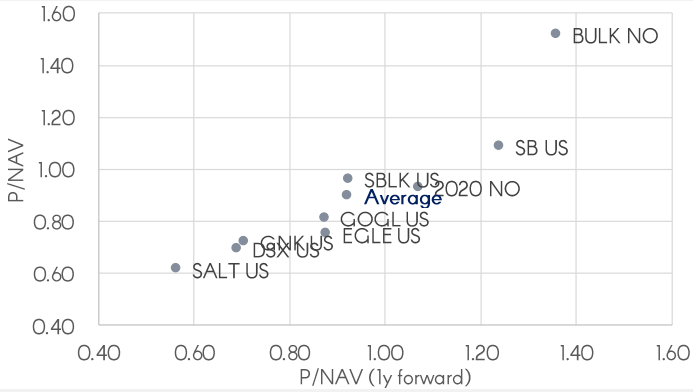
Fleet composition by company



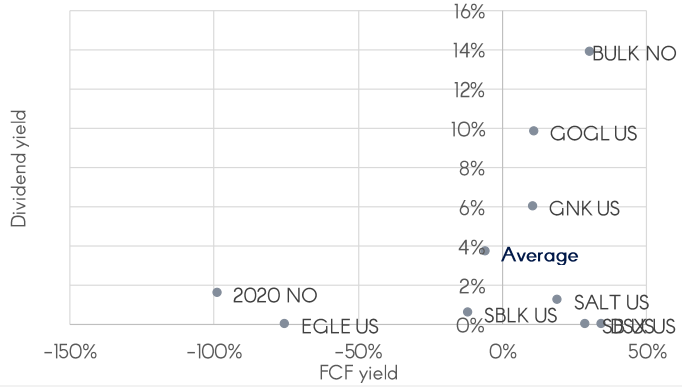
Upside to share price vs current market cap.



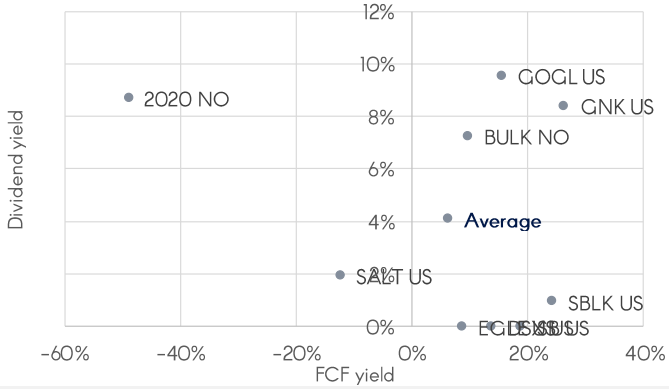
P/NAV vs 1y forward P/NAV



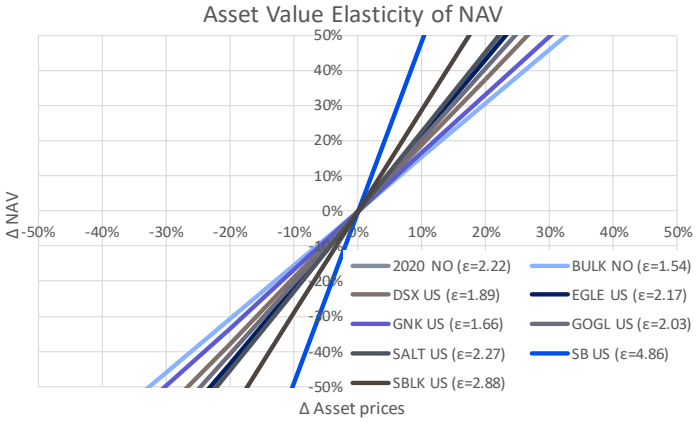
Dividend yield vs FCF yield (2019 estimate)



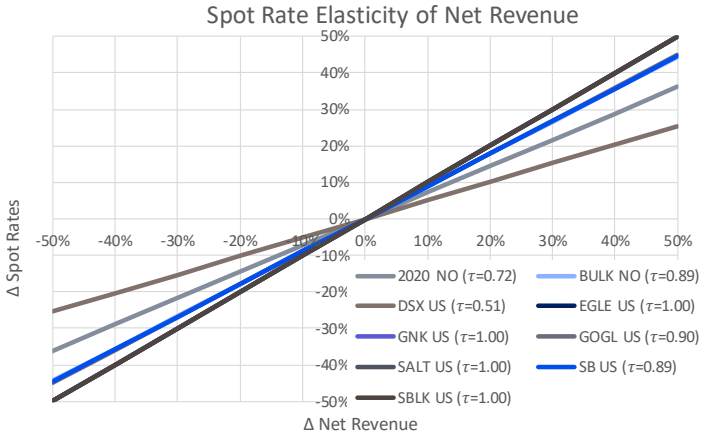
Dividend yield vs FCF yield (2020 estimate)



Financial leverage



Operational leverage



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Market Fundamentals

The quarter & year in review

Net supply growth of +0.5% q/q in **4Q19** was similar to our +0.9% forecast from November, with y/y growth at 2.1%. Gross deliveries of 11.3m dwt was similar to our forecast (11.9m), while the 1.8m dwt scrapped was as expected. Positive in the quarter was only 3.5m dwt newbuildings ordered, though slightly above our 2.4m dwt forecast with some late entries into the orderbook. Thus, the orderbook fell further q/q, now standing at 9.9% of the fleet vs the historical average of 25%.

We estimate a -1.8% demand growth q/q in 4Q19 (vs our -2.0% forecast), but +3.3% y/y. The net effect was a fleet utilization of 86.5% (86.0% forecast), -2.0%p q/q but +1.0%p y/y. Thus, the Baltic Dry Index averaged 1,562 in the quarter (-23% q/q, +15% y/y), close to our 1,461 forecast from November. Capesizes averaged $22,184/d (-24% q/q, +40% y/y) in 4Q19, with the December average of $19k/d and end-year close at $14k/d spot-on our forecast.

			New	Old		
mDWT	2018-Q4	2019-Q3	2019-Q4	2019-Q4	Δ	Δ %
Deliveries[1]	5.6	10.6	11.3	11.9	(0.6)	-5%
Scrapping[1]	(1.3)	(1.0)	(1.8)	(1.9)	0.1	-5%
Contracting[1]	9.1	6.6	3.5	2.4	1.1	48%
Other[1]	(0.0)	(11.0)	(5.4)	(2.4)	(3.0)	125%
Supply[2]	**845**	**858**	**863**	**870**	**(7.0)**	**-0.8%**
Δ q/q			*0.5%*	*0.9%*		
Δ y/y			*2.1%*	*2.9%*		
Demand[2]	**723**	**760**	**746**	**748**	**(1.7)**	**-0.2%**
Δ q/q			*-1.8%*	*-2.0%*		
Δ y/y			*3.3%*	*3.5%*		
Utilization[2]	**85.5%**	**88.5%**	**86.5%**	**86.0%**	**0.5%**	
BDI[2] (Index)	1,363	2,030	1,562	1,461	101	7%
Cape, spot[2] (TCE/d)	15,829	29,365	22,184	20,829	1,355	7%
Pana, spot[2] (TCE/d)	12,444	16,014	11,717	11,008	709	6%
Supra, spot[2] (TCE/d)	11,868	12,511	10,764	10,674	90	1%
Handy, spot[2] (TCE/d)	9,305	8,415	8,190	8,216	(26)	0%
Cape, 5y[2] (USDm)	35	31	31	31	-	0%
Pana, 5y[2] (USDm)	19	20	20	20	-	0%
Supra, 5y[2] (USDm)	18	17	18	18	-	0%
Handy, 5y[2] (USDm)	15	16	16	16	-	0%
Orderbook[1]	103	97	91	89	1	1%
Share Index[2]	132	138	141	143	(2)	-1%

[1]Sum during period [2]Average during period

Our dry bulk share index averaged 141 in the quarter (+2% q/q, +7% y/y), very close to our 143 November forecast.

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

For the **full year 2019**, net supply growth of 2.5% y/y in 2019 was marginally higher than our 2.1% forecast from January 2019. Gross deliveries of 41m dwt was higher than our 31m dwt forecast, while scrapping at 7m dwt came in below our forecast of 13m dwt. The total of 13m dwt extra supply was however offset by higher offhire from scrubber retrofitting than we had expected, thus leading to an effective carrying capacity of the dry bulk fleet estimated at 858m dwt vs our 851m dwt forecast.

With only 25m dwt newbuildings contracted in 2019 (34m forecast) against 41m dwt delivered, the orderbook fell (including cancellations) from 105m dwt at the beginning of the year to 87m dwt at the end.

We estimate demand growth y/y in 2019 at +2.0% (vs our +4.4% forecast), heavily impacted by Vale's dam collapse just a few days after we published our January report in 2019. Against the weaker than expected demand growth, we estimate an average fleet utilization in 2019 of 85.0% (87.4% forecast), -0.4%p y/y. The Baltic Dry Index averaged 1,346 in 2019 (vs our 1,784 forecast), similar to 2018. Spot rates for a Capesize averaged $18/d in 2019 (vs our $24k/d forecast), +9% y/y. Spot rates for a Panamax averaged $11/d in 2019 (vs our $14k/d forecast), -5% y/y. A five-year-old Capesize fell significantly in the wake of the dam collapse and averaged $31m in 2019 ($42m forecast) -13% y/y, while a five-year-old Panamax fared better and averaged $19m in 2019 ($24m forecast) +2% y/y.

Our dry bulk share index averaged 129 in 2019 (-9% y/y), far below our 189 forecast from January 2019. Actual earnings, asset and share prices significantly undershot our January forecast after the Black Swan event of Vale's dam collapse routed the market in 1H19. Looking ahead, we maintain that 1H20E will be challenging, but see our share index potentially +50% in one year. See Market outlook for more details.

			Actual	Forecast		
mDWT	2017	2018	2019	2019	Δ	Δ %
Deliveries[1]	38	28	41	34	7	21%
Scrapping[1]	(15)	(4)	(7)	(13)	6	-44%
Contracting[1]	44	44	25	34	(9)	-27%
Other[1]	(0)	(0)	(16)	(8)	(9)	113%
Supply[2]	**817**	**837**	**858**	**851**	**8**	1%
Δ y/y	*3.3%*	*2.4%*	*2.5%*	*2.1%*	*0.4%*	19%
Demand[2]	**688**	**715**	**729**	**743**	**(14)**	-2%
Δ y/y	*8.7%*	*4.0%*	*2.0%*	*4.4%*	*-2.5%*	-56%
Utilization[2]	**84.1%**	**85.4%**	**85.0%**	**87.4%**	**-2.4%p**	-3%
BDI[2] (Index)	1,149	1,351	1,346	1,784	(438)	-25%
Cape, spot[2] (TCE/d)	15,215	16,494	17,915	23,703	(5,787)	-24%
Pana, spot[2] (TCE/d)	9,789	11,654	11,065	13,816	(2,751)	-20%
Supra, spot[2] (TCE/d)	9,365	11,488	9,923	14,046	(4,123)	-29%
Handy, spot[2] (TCE/d)	7,659	8,707	7,178	10,520	(3,342)	-32%
Cape, 5y[2] (USDm)	32	35	31	42	(11)	-27%
Pana, 5y[2] (USDm)	18	19	19	24	(5)	-20%
Supra, 5y[2] (USDm)	16	18	17	23	(6)	-25%
Handy, 5y[2] (USDm)	14	15	16	18	(2)	-10%
Orderbook[2]	76	100	99	96	3	3%
Share Index[2]	117	142	129	189	(60)	-32%

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

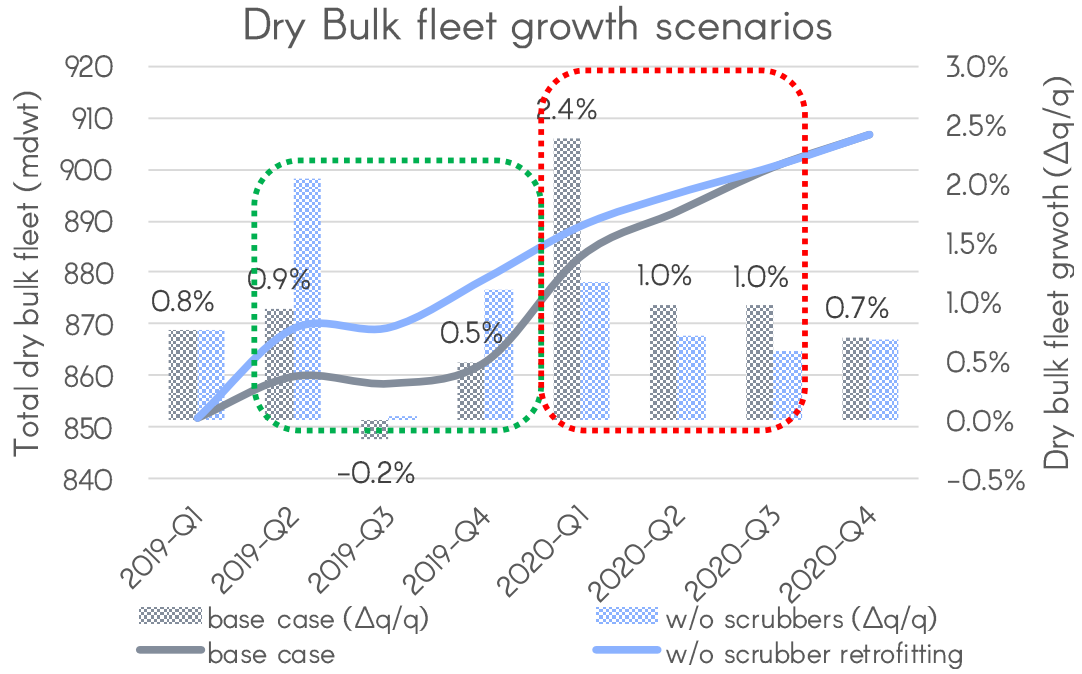
Market outlook

Supply: Highest fleet growth since 2012

The dry bulk orderbook remains very low at only 9.9% of the fleet, which compares with the 25% historical average. However, 26% of the orderbook is scheduled for delivery by April and 36% during 1H20E, which means an estimated gross 29m dwt delivered by end of June. This would be the highest gross deliveries within six months since 1H16. Also, 23% of the deliveries scheduled for 1H20E are expected in January, which we believe is one of many reasons why the current spot rate environment for dry bulk is so weak.

The gross deliveries comes in addition to vessels returning from scrubber retrofitting. We estimate that 1.85% of the dry bulk fleet's carrying capacity was offline in 4Q19E due to retrofitting, and we expect a net reintroduction of 16m dwt during 1H20E. Thus, we forecast effective net supply growth in 1H20E of 3.4% during this six-month period, the highest net supply growth over six months since 2Q-3Q 2012.

Scrubber retrofitting impact on fleet growth



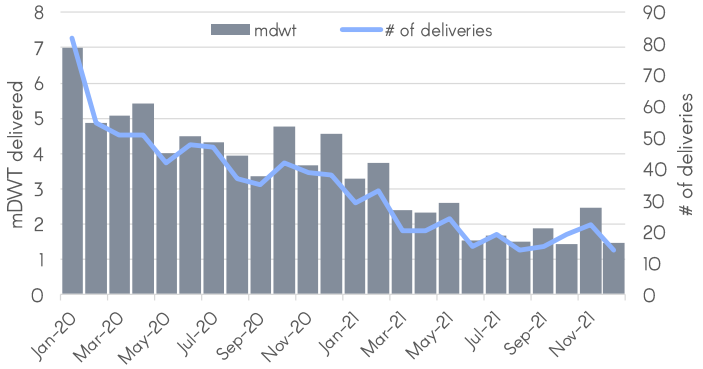
However, we see the supply growth abating as the year progresses, and believe dry bulk demand will once more outpace fleet growth from 2Q20E. Despite being negative on dry bulk shipping fundamentals in 1H20E, the low orderbook and consequently low fleet growth is the main reason we see improvements from 2Q20E and beyond. Newbuilding contracting was very low in 2019 and below our forecast, even during the nine-year high spot rates enjoyed by owners in 3Q19. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well.

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

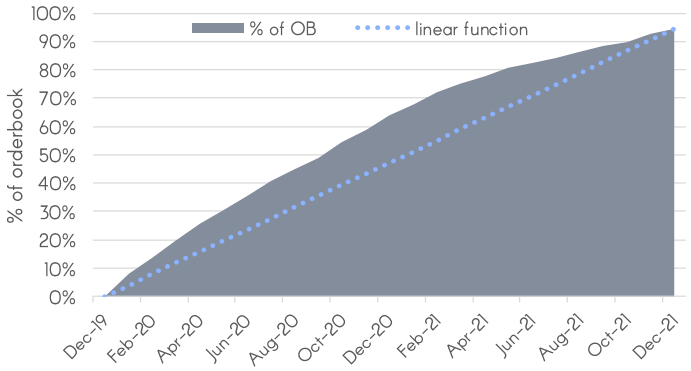
Dry bulk orderbook delivery schedule

Monthly overview of dry bulk delivery schedule



Dry bulk orderbook delivery schedule

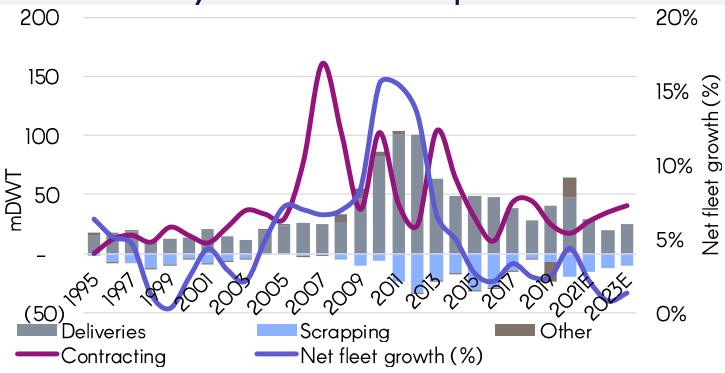
Cumulative dry bulk delivery schedule



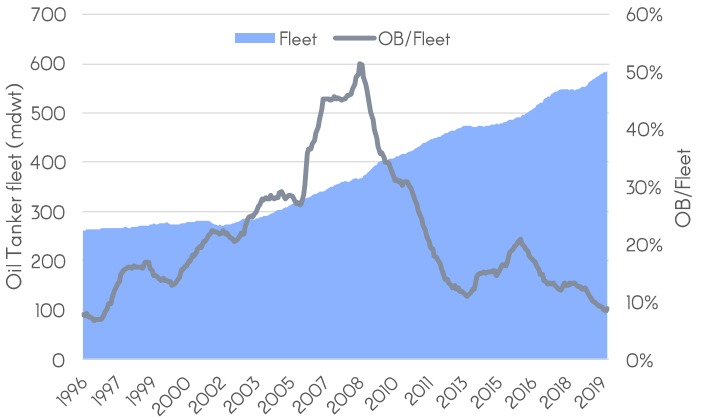
Furthermore, we forecast elevated scrapping in 2020E as the implementation of IMO'2020 sulphur regulations makes a higher portion of the fleet obsolete. Our econometric model suggests 18m dwt of dry bulk tonnage scrapped in 2020E, but we up our forecast to 20m dwt due to the higher fuel cost of switching to compliant fuel.

In sum, we forecast net supply growth of 4.4% for the full year 2020E, the highest level since 2014. Furthermore, we expect fleet growth of 2.2% in 2021E and only 0.8% in 2022E, with significantly improvements in fleet utilization as a result. Although highly uncertain given the approximately two years it takes to build a new vessel, a low earnings environment and concern towards changes in technology/regulations leads us to model for only 1-3% fleet growth in 2023-25E.

Dry bulk fleet developments



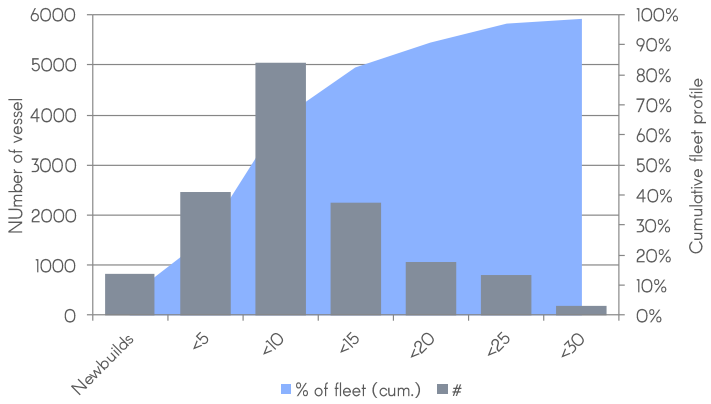
Orderbook vs fleet



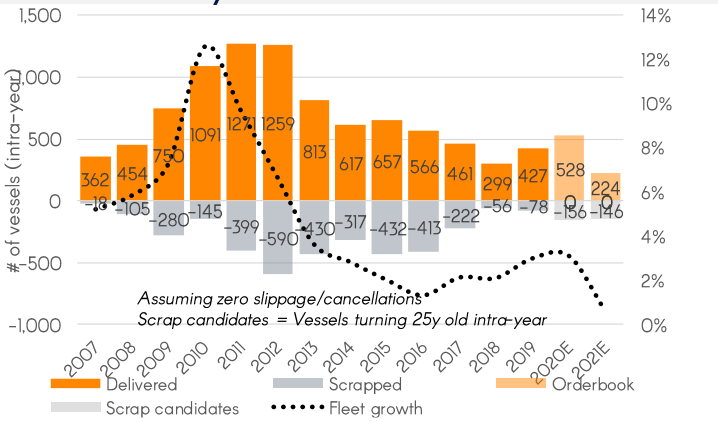
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Detailed Supply Side

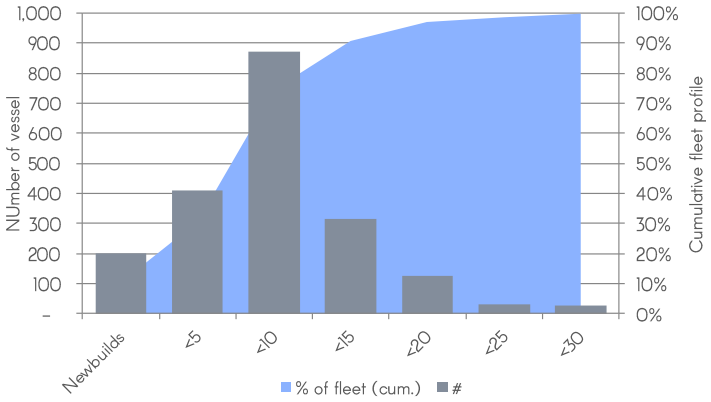
Dry Bulk: Fleet profile



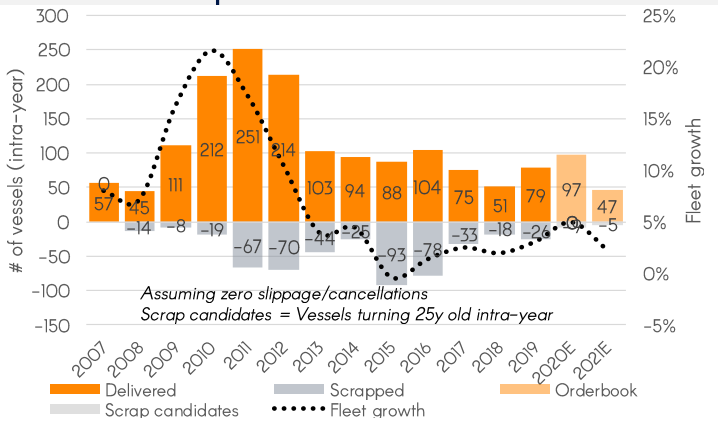
Dry Bulk: Fleet evolution



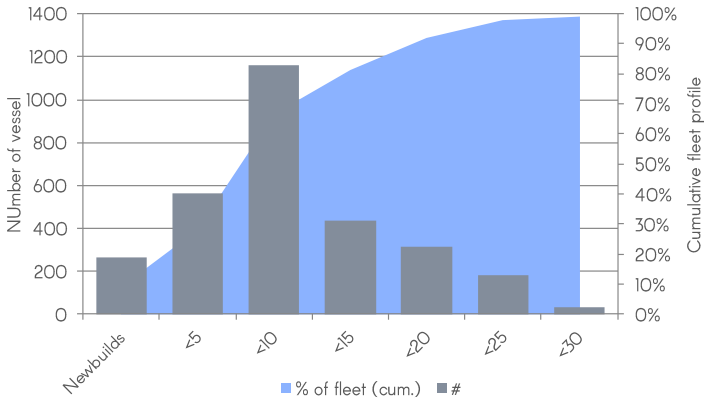
Capesize: Fleet profile



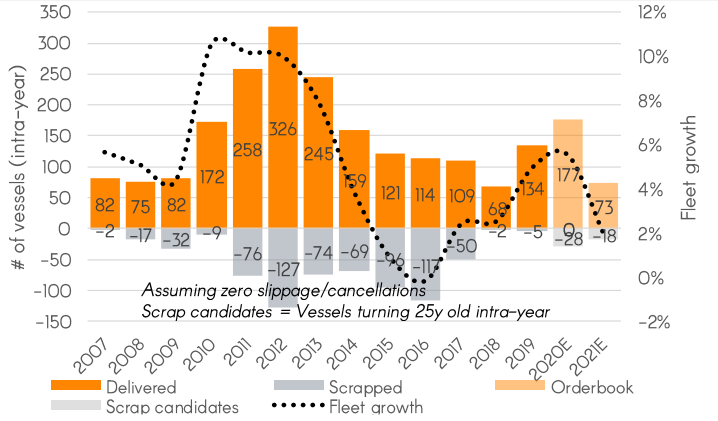
Capesize: Fleet evolution



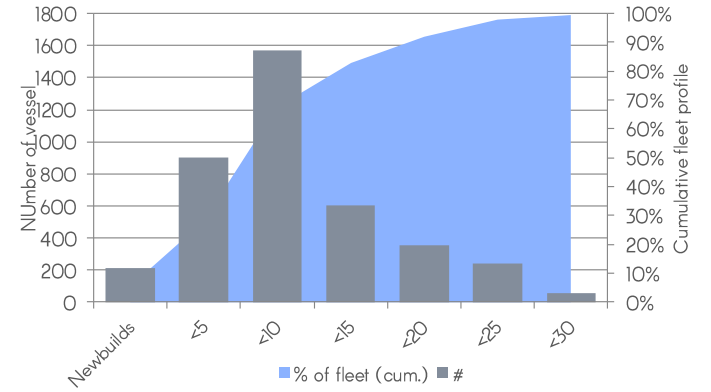
Panamax: Fleet profile



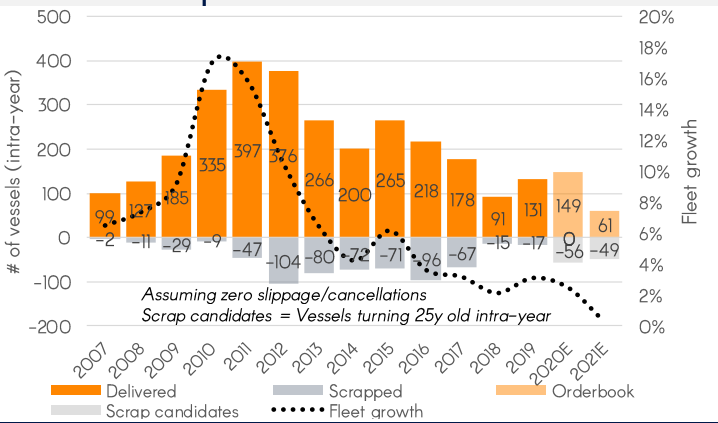
Panamax: Fleet evolution



Supramax: Fleet profile



Supramax: Fleet evolution



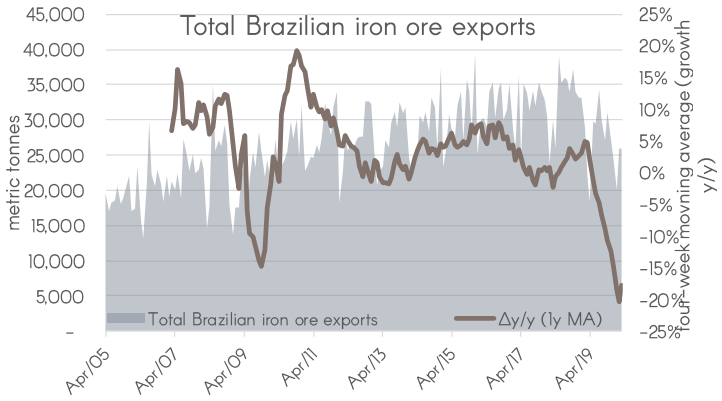
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Demand: Lowest Brazil exports in eight years

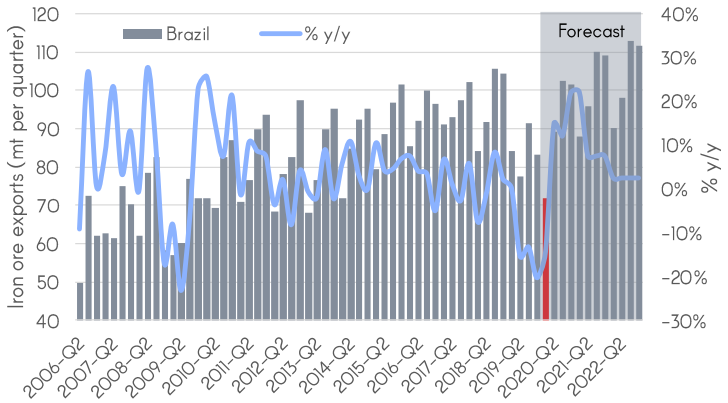
The demand **outlook for 1Q20E is very weak**. Brazilian **iron ore** exports are still reeling after the tragic dam collapse one year ago, and exports are reported at only 15.5mt in the first 17 trading days of the year, indicating only 20mt for January in full. If so, this would be the second lowest level of exports since January 2012! Only "beaten" by the 18mt exported in April 2019, which were significantly impacted by Vale's dam collapse.

Additionally, recent reports of Brazil's iron ore rich Minas Gerais state experiencing the heaviest rain within 24h in 110 years does not indicate that the situation will improve in the near term. Although it is rainy season, we see the potential for iron ore exports to be impacted more than normal by such downpour. With the information currently available, we downgrade our forecast for Brazilian iron ore exports in 1Q20E from 82mt to 72mt (-15% y/y, -30% vs 1Q18), significantly impacting dry bulk shipping tonne-mile demand for 1Q20E. This still implies Brazilian iron ore exports to average 26mt in February and March, similar to levels seen in 2018. If we are correct, then 1Q20E will be the weakest quarter for Brazilian iron ore exports since 1Q14.

Brazilian iron ore exports (monthly, incl. 1Q20E)



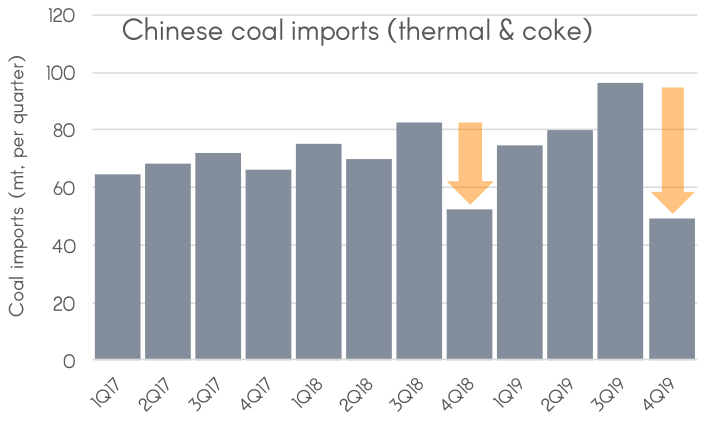
Brazilian iron ore exports (quarterly)



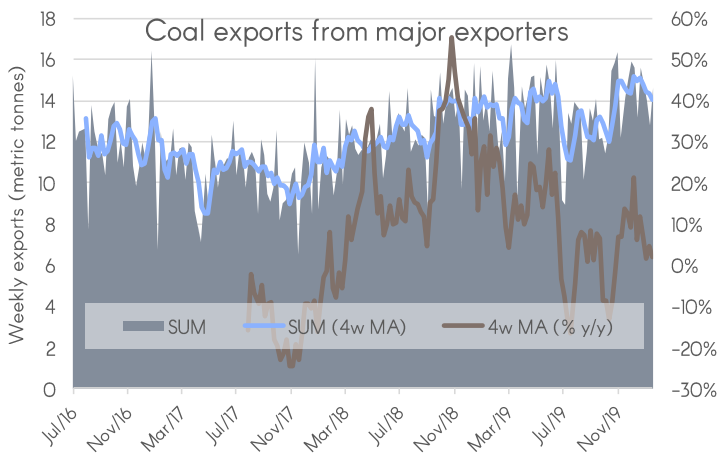
For **coal**, our forecast from November for Chinese coal imports to be significantly down due to import restrictions came to fruition, with volumes plummeting to 3mt in December vs the monthly average of 27mt for the rest of the year. We do however believe the exceptionally low December number to be deliberately deflated through delays in port etc, and that January will show a massive jump as December volumes are registered with a delay. This would be similar to what we saw in January 2019.

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Chinese coal imports (quarterly)



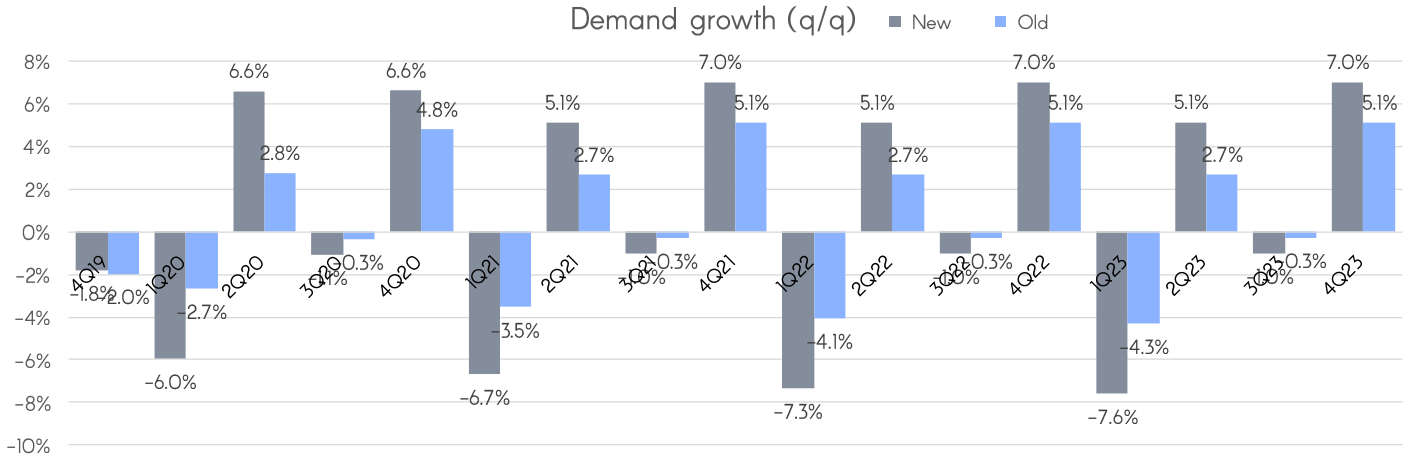
Coal exports from major exporters (weekly)



Additionally, the demand side is under severe pressure from the **Corona virus** outbreak and government induced slowdown in industrial activity, likely impacting demand for iron ore and coal. We hear of companies in Shanghai having to remain closed for another week after the Chinese New Year (until 9 Feb), and schools to remain closed until 16 Feb. It is too early to conclude on how the outbreak will affect dry bulk shipping, besides being short-term negative. Medium-term should be unaffected.

We thus **forecast dry bulk demand in 1Q20E** of only 702m dwt (-6.0%% q/q, +1.0% y/y), down 3.6% vs our previous forecast from November.

Dry bulk demand growth forecast per quarter: New vs old

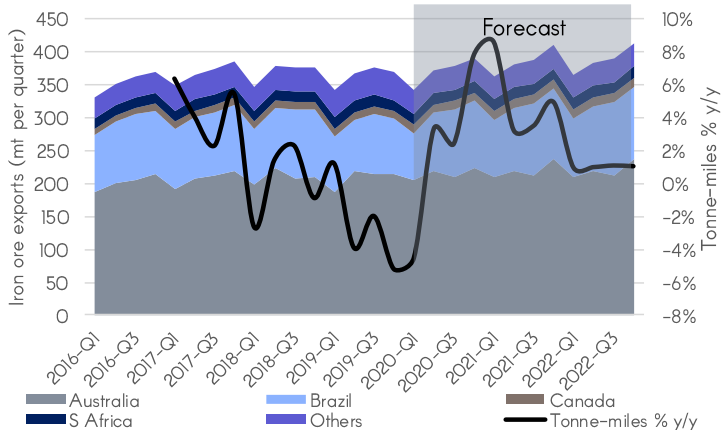


Looking further afield, we believe Brazilian **iron ore** exports will remain challenged by Vale's production issues in the aftermath of last years' dam collapse. We forecast Brazil's exports to reach 2018-levels in 2021E, and to reach 413mt in 2020E vs 386mt in 2018 and 336mt in 2019. Australian iron ore exports are meanwhile expected to come in at around 834mt in 2019E, slightly down from the 837mt exported in 2018. The year was negatively impacted by cyclone Veronica in March 2019, offset by high iron ore prices in the wake of Vale's dam collapse which incentivized higher exports. Looking ahead, we forecast Australian iron ore exports to reach 857mt in

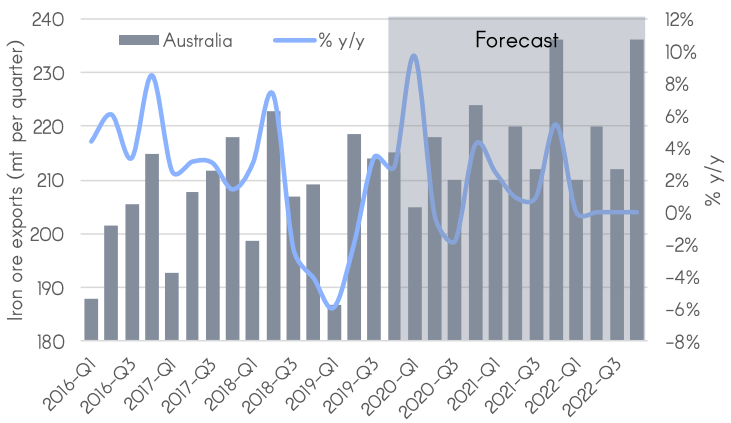
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

2020E and 878mt in 2021E. Including minor producers and accounting for sailing distances, we forecast tonne-mile demand growth from the iron ore trade of 2.3% y/y in 2020E (vs -2.5% in 2019E) and +5.1% in 2021E

Seaborne iron ore exports (quarterly)



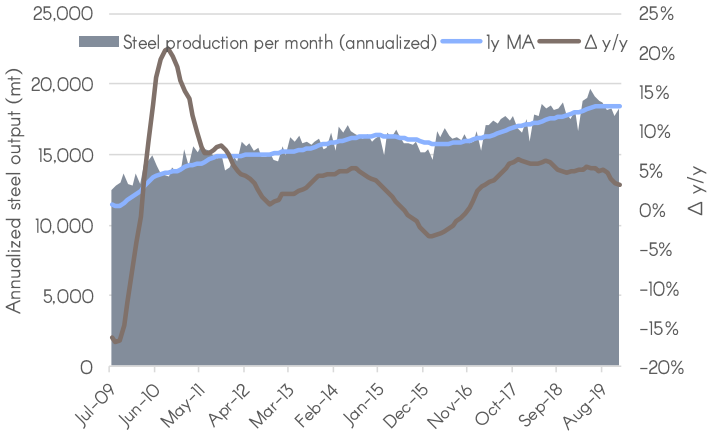
Australian iron ore exports (quarterly)



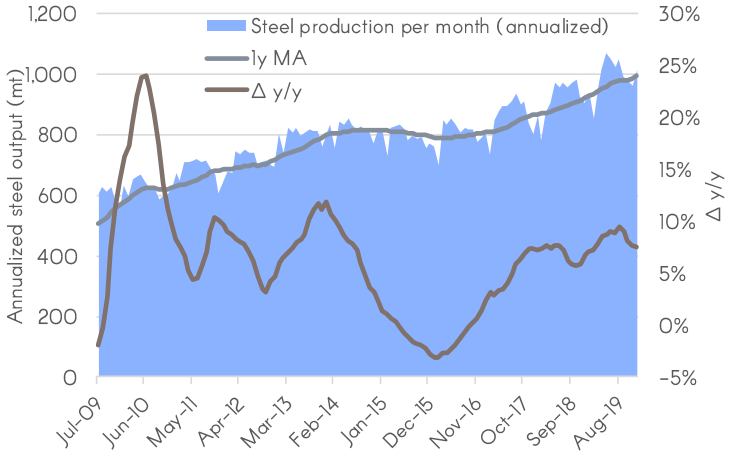
We see limited demand growth from coal, as Chinese steel production is expected to plateau in 2020E after many years of immense growth, and as power generation is shifting towards cleaner fuels. We forecast demand for seaborne transportation to grow by only 1.0% in 2020E, up from Shipping Intelligence Networks' forecast of a -0.3% contraction in 2019E. For 2021E, we forecast demand growth from coal at 1.5%.

For other dry bulk commodities, we expect demand growth of 4.5% in both 2020E and 2021E, in accordance with Shipping Intelligence Networks' forecast, vs 1.6% growth in 2019E.

Global steel production

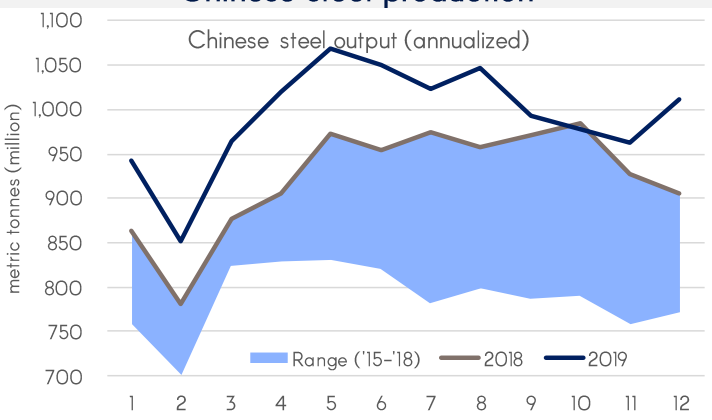


Chinese steel production

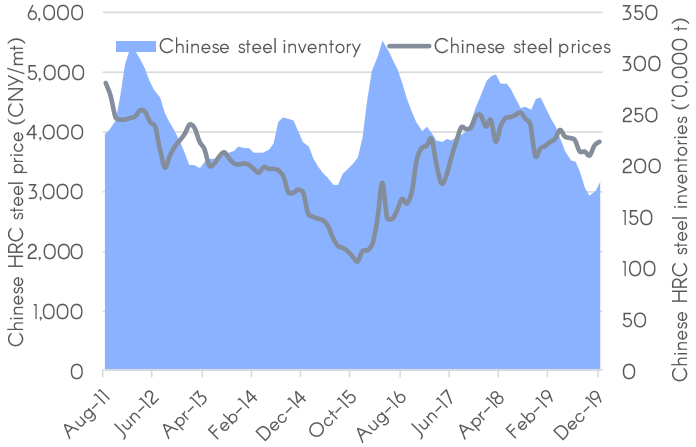


Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Chinese steel production

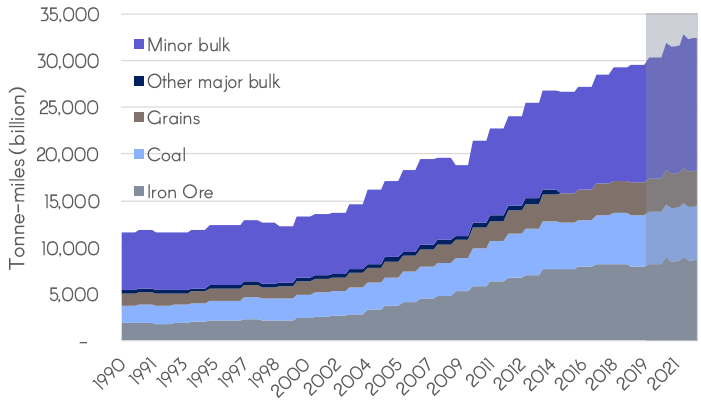


Chinese steel inventories & prices

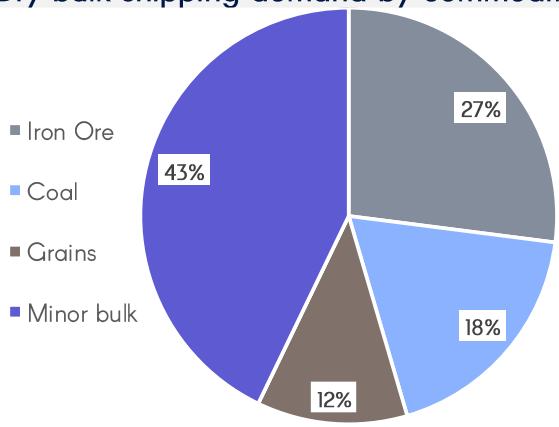


In sum, we forecast overall dry bulk demand growth of 2.4% y/y in 2020E, 4.0% in 2021E and 3.2% in 2022E. This compares with 2.0% in 2019, and is below the historical average growth rate of 5.1% as the immense historical growth in Chinese demand abates. However, despite China moving towards cleaner fuel and a plateauing of steel production, we still see demand growth for iron ore and coal from substitution of domestic produce to superior foreign imports. Higher FE-grade iron ore and coal with a higher calorific content is an important tool for local authorities to achieve better air quality in the medium term.

Historical dry bulk shipping demand



Dry bulk shipping demand by commodity (2020E)



Fleet utilization

Combining the supply and demand sides of the equation leads us to forecast fleet utilization of 83.3% in 2020E (-1.7%p y/y), 84.8% in 2021E and 86.8% in 2022E.

Our fleet utilization forecast implies the Baltic Dry Index to average 1,096 in 2020E (-19% y/y), Capesizes to average $12.5k/d (-30% y/y), Panamaxes to average $8.7k/d (-21% y/y) and Supramaxes to average $9.6k/d (-3% y/y).

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Overview of our estimate changes

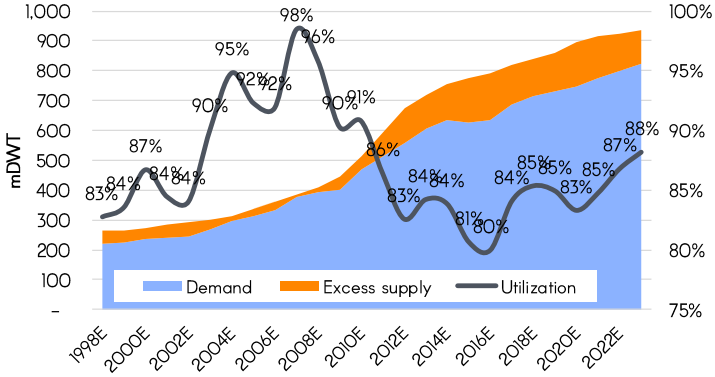
Delta table: Dry bulk shipping forecast summary

Δ y/y	2019	2020E	2021E	2022E
Supply	**2.5%**	**4.4%**	**2.2%**	**0.8%**
Supply, old	2.8%	3.6%	2.4%	0.8%
Δ	-0.3%p	0.8%p	-0.2%p	0.0%p
Demand	**2.0%**	**2.4%**	**4.0%**	**3.2%**
Demand, old	2.1%	2.8%	3.6%	3.3%
Δ	-0.2%p	-0.5%p	0.4%p	0.0%p
Utilization	**85.0%**	**83.3%**	**84.8%**	**86.8%**
Utilization, old	84.8%	84.2%	85.2%	87.2%
Δ	0.1%p	-0.9%p	-0.4%p	-0.4%p

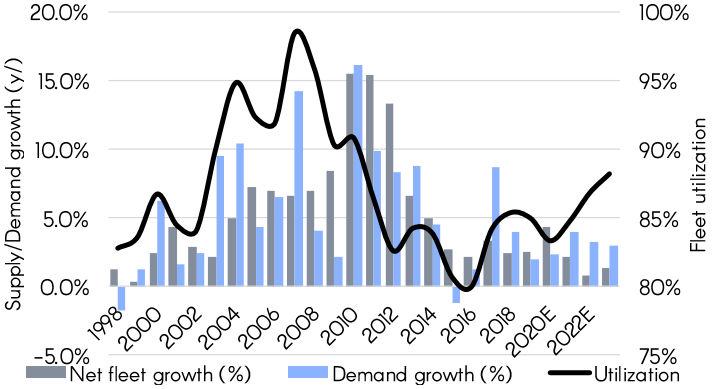
Average	2019	2020E	2021E	2022E
Baltic Dry Index	**1,346**	**1,096**	**1,363**	**1,788**
BDI, old	1,321	1,162	1,352	1,776
Δ	25	(65)	11	12
Capesize spot	**17,915**	**12,495**	**16,467**	**23,885**
Capesize spot, old	17,576	12,815	16,141	23,562
Δ	339	(320)	326	323
Capesize 5y	**30.7**	**28.9**	**36.6**	**42.6**
Capesize 5y, old	30.7	32.2	36.7	42.7
Δ	-	(3.3)	(0.1)	(0.1)
Share Index	**129**	**120**	**196**	**273**
Share Index, old	129	135	205	277
Δ	-1%	-11%	-5%	-2%

[1]Sum during period [2]Average during period

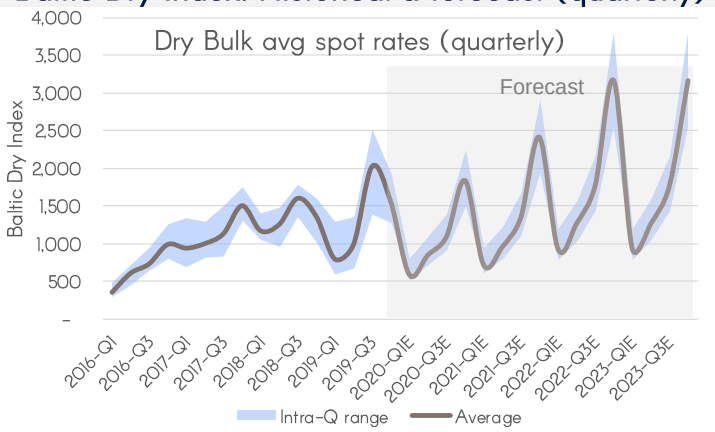
Dry bulk supply/demand & utilization (annually)



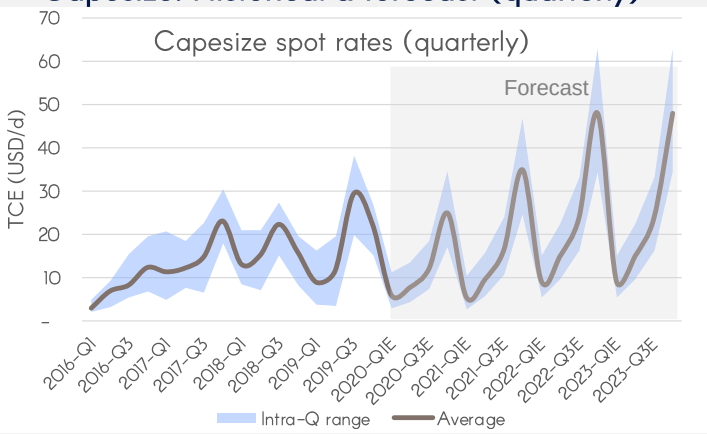
Dry bulk supply/demand & utilization (annually)



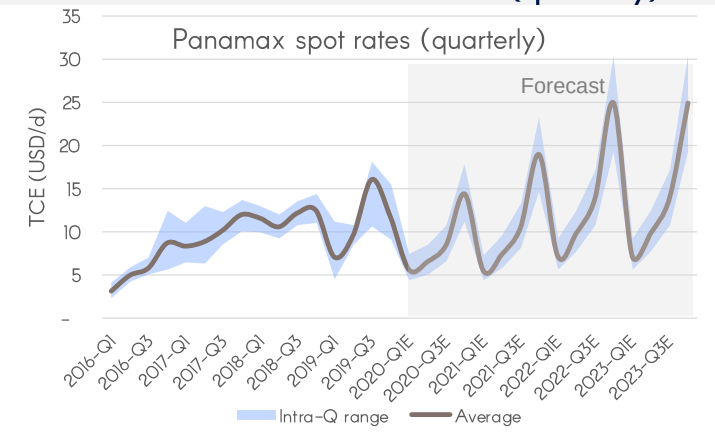
Baltic Dry Index: Historical & forecast (quarterly)



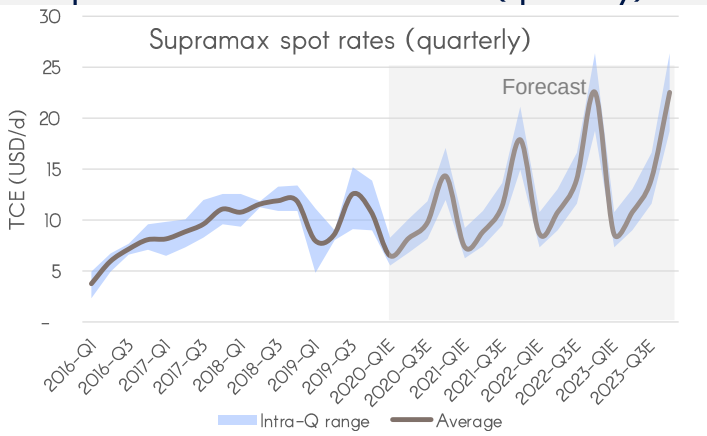
Capesize: Historical & forecast (quarterly)



Panamax: Historical & forecast (quarterly)



Supramax: Historical & forecast (quarterly)



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

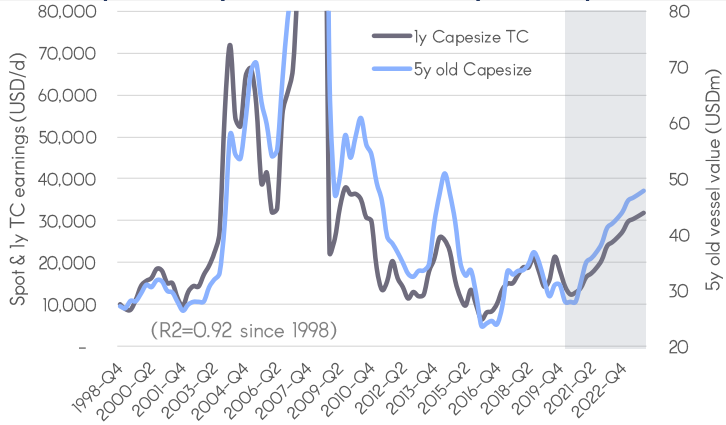
Asset & share prices

Asset values troughed in 2016 and our dry bulk asset price index rose 52% until 3Q18, before retreating some 13% by now. The majority of the latest decline has come over the past few months, in-line with our November forecast. Although we expect asset prices to stay flat until 4Q20E, we see our dry bulk asset price index, +16% in one year and +34% in two years. Given the forward-looking nature of share and asset prices, and the historically significant relationship between the two;

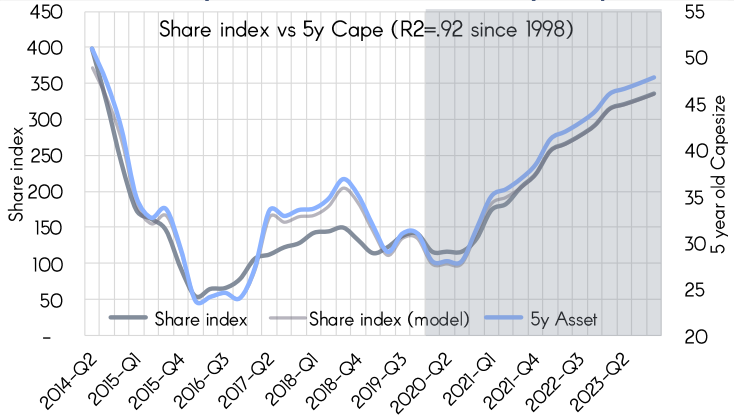
$$P_{shares} = f[P_{5y\ Cape}] = f[1y\ TC_{5y\ Cape}] = f[E(1y\ fwd\ spot\ revenue_{5y\ Cape})], R^2 = 0.92\ since\ 1998$$

we believe that our dry bulk share index could rally 50% in one year and +121% in two years from current levels. However, with continued pressure on dry bulk fundamentals and consensus asset price assessment continuously trailing our base case, we expect dry bulk share prices to average close to unchanged until 3Q20E. We would BUY on weakness.

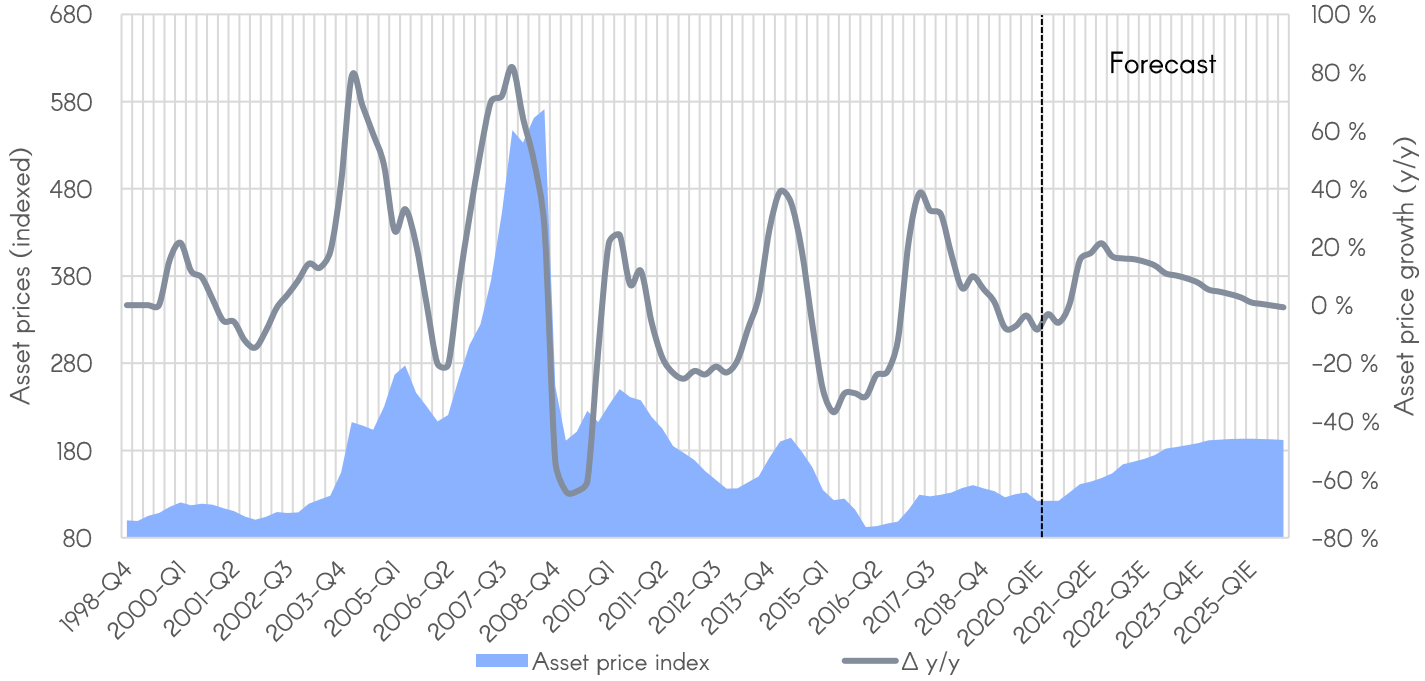
Capesize: 1y timecharter vs 5y asset price



Cleaves' dry bulk share index vs 5y Capesize



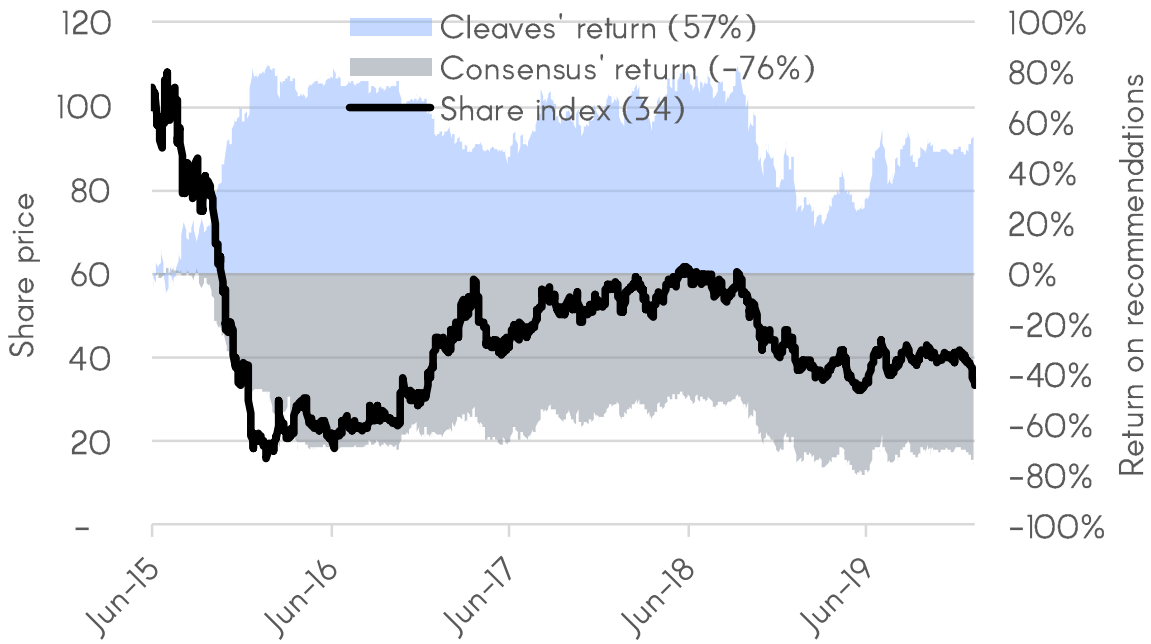
Cleaves' dry bulk asset price index



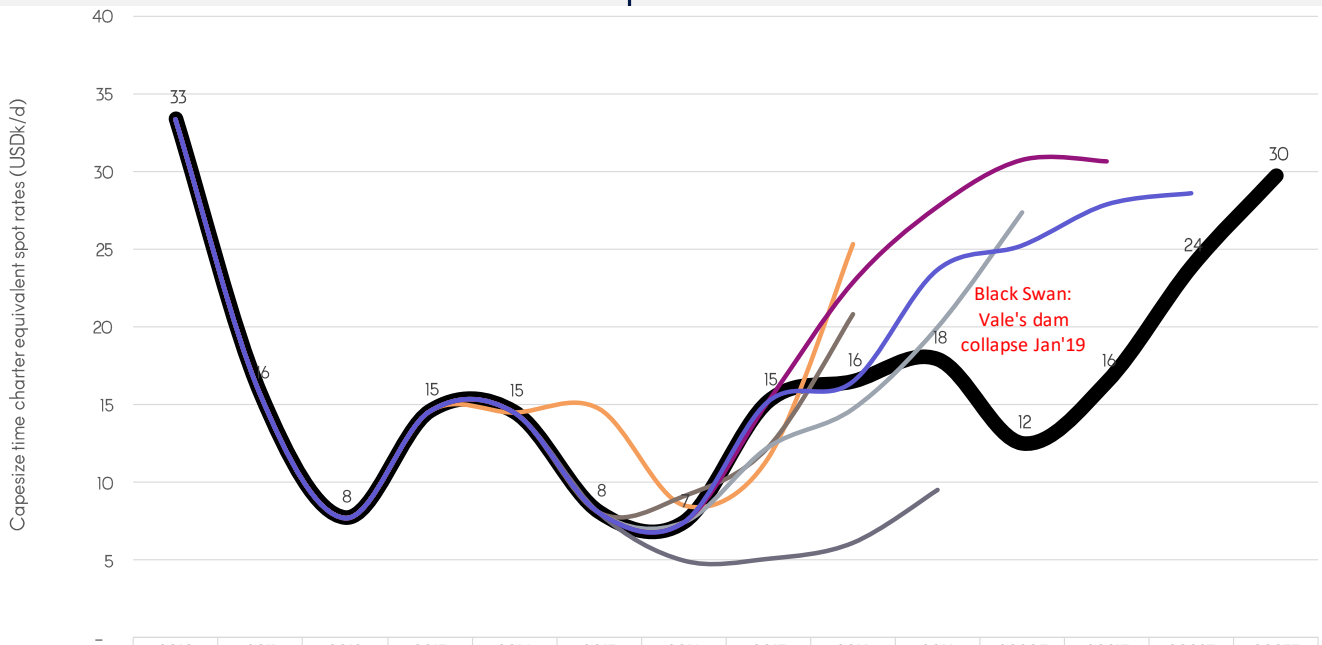
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Since we resumed coverage of dry bulk shipping shares in 2014, we have had a 57% return on our recommendations vs the market at -66% & consensus at -76%.

Cleaves' return vs consensus and our oil tanker index



Cleaves' historical Capesize forecasts vs actuals



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	16,494	17,915	12,495	16,467	23,885	29,739
Dec-14	33,406	15,699	7,717	14,578	14,515	14,759	8,541	11,589	25,364					
Jun-15	33,406	15,699	7,717	14,578	14,515	8,068	9,121	12,287	20,852					
Apr-16	33,406	15,699	7,717	14,578	14,515	8,074	5,007	5,120	6,146	9,555				
Jun-17	33,406	15,699	7,717	14,578	14,515	8,074	7,421	12,266	14,732	19,997	27,406			
Jan-18	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	22,882	27,767	30,789	30,694		
Jan-19	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	16,494	23,703	25,274	27,919	28,642	

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Changes to our econometric model

Dry Bulk, base case	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	26	46	82	100	101	63	48	49	47	38	28	41	48	29	20	25
Scrapping[1]	(6)	(11)	(7)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(7)	(20)	(16)	(12)	(10)
Other[1]	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(16)	16	(0)	0	(0)
Contracting[1]	*102*	*37*	*103*	*42*	*24*	*104*	*63*	*30*	*11*	*44*	*44*	*25*	*17*	*27*	*35*	*41*
Supply[2]	**411**	**446**	**515**	**594**	**674**	**718**	**754**	**774**	**791**	**817**	**837**	**858**	**896**	**915**	**923**	**935**
Δ y/y	*7.0%*	*8.4%*	*15.5%*	*15.4%*	*13.4%*	*6.6%*	*5.0%*	*2.7%*	*2.1%*	*3.3%*	*2.4%*	*2.5%*	*4.4%*	*2.2%*	*0.8%*	*1.4%*
Demand[2]	**394**	**403**	**468**	**514**	**557**	**605**	**633**	**625**	**633**	**688**	**715**	**729**	**746**	**776**	**801**	**825**
Δ y/y	*4.1%*	*2.1%*	*16.2%*	*9.9%*	*8.3%*	*8.8%*	*4.5%*	*-1.2%*	*1.3%*	*8.7%*	*4.0%*	*2.0%*	*2.4%*	*4.0%*	*3.2%*	*3.0%*
Utilization[2]	**96%**	**90%**	**91%**	**86%**	**83%**	**84%**	**84%**	**81%**	**80%**	**84%**	**85%**	**85%**	**83%**	**85%**	**87%**	**88%**
BDI[2] (Index)	**6,347**	**2,622**	**2,762**	**1,551**	**922**	**1,207**	**1,106**	**715**	**675**	**1,149**	**1,351**	**1,346**	**1,096**	**1,363**	**1,788**	**2,123**
Cape, spot[2] (TCE)	**105,214**	**42,774**	**33,406**	**15,699**	**7,717**	**14,578**	**14,515**	**8,074**	**7,421**	**15,215**	**16,494**	**17,915**	**12,495**	**16,467**	**23,885**	**29,739**
Pana, spot[2] (TCE)	**48,682**	**19,332**	**25,059**	**14,016**	**7,701**	**9,497**	**7,726**	**5,534**	**5,588**	**9,789**	**11,654**	**11,065**	**8,700**	**10,533**	**13,906**	**16,568**
Supra, spot[2] (TCE)	**41,290**	**17,351**	**22,477**	**14,409**	**9,459**	**10,296**	**9,819**	**6,941**	**6,168**	**9,365**	**11,488**	**9,923**	**9,642**	**11,315**	**13,947**	**16,024**
Handy, spot[2] (TCE)	**29,100**	**11,359**	**16,437**	**10,560**	**7,636**	**8,190**	**7,687**	**5,366**	**5,222**	**7,659**	**8,707**	**7,178**	**7,443**	**8,638**	**10,397**	**11,785**
Cape, 5y[2] (USDm)	**128**	**52**	**57**	**43**	**34**	**36**	**47**	**33**	**24**	**32**	**35**	**31**	**29**	**37**	**43**	**47**
Pana, 5y[2] (USDm)	**73**	**32**	**39**	**31**	**22**	**21**	**24**	**17**	**14**	**18**	**19**	**19**	**18**	**21**	**24**	**27**
Supra, 5y[2] (USDm)	**61**	**27**	**32**	**28**	**22**	**21**	**25**	**16**	**13**	**16**	**18**	**17**	**17**	**20**	**23**	**25**
Handy, 5y[2] (USDm)	**44**	**21**	**26**	**23**	**18**	**18**	**20**	**13**	**10**	**14**	**15**	**16**	**15**	**16**	**18**	**20**
OB[2]	**306**	**319**	**311**	**279**	**184**	**142**	**182**	**151**	**115**	**76**	**100**	**99**	**68**	**48**	**54**	**69**
OB/Fleet[2]	**75%**	**72%**	**60%**	**47%**	**27%**	**20%**	**24%**	**20%**	**15%**	**9%**	**12%**	**12%**	**8%**	**5%**	**6%**	**7%**
Share Index[2]	**1,125**	**512**	**581**	**381**	**258**	**297**	**354**	**144**	**65**	**117**	**142**	**129**	**120**	**196**	**273**	**325**

[1]Sum during period [2]Average during period

Old Demand/Supply (mDWT)

Dry Bulk, base case	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	26	46	82	101	101	63	48	49	47	38	28	41	47	25	20	25
Scrapping[1]	(6)	(11)	(7)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(7)	(20)	(15)	(12)	(10)
Other[1]	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(10)	10	0	(0)	(0)
Contracting[1]	*102*	*37*	*103*	*42*	*24*	*104*	*63*	*31*	*10*	*44*	*44*	*19*	*17*	*28*	*35*	*41*
Supply[2]	**411**	**446**	**515**	**594**	**674**	**718**	**754**	**775**	**791**	**818**	**838**	**861**	**892**	**913**	**921**	**933**
Δ y/y	*7.0%*	*8.4%*	*15.5%*	*15.4%*	*13.4%*	*6.6%*	*5.0%*	*2.7%*	*2.1%*	*3.4%*	*2.4%*	*2.8%*	*3.6%*	*2.4%*	*0.8%*	*1.4%*
Demand[2]	**394**	**403**	**468**	**514**	**557**	**605**	**633**	**625**	**633**	**688**	**715**	**730**	**751**	**778**	**803**	**828**
Δ y/y	*4.1%*	*2.1%*	*16.1%*	*9.9%*	*8.3%*	*8.8%*	*4.5%*	*-1.2%*	*1.3%*	*8.7%*	*4.0%*	*2.1%*	*2.8%*	*3.6%*	*3.3%*	*3.0%*
Utilization[2]	**96%**	**90%**	**91%**	**86%**	**83%**	**84%**	**84%**	**81%**	**80%**	**84%**	**85%**	**85%**	**84%**	**85%**	**87%**	**89%**
BDI[2] (Index)	**6,347**	**2,622**	**2,762**	**1,551**	**922**	**1,207**	**1,106**	**715**	**675**	**1,149**	**1,351**	**1,321**	**1,162**	**1,352**	**1,776**	**2,125**
Cape, spot[2] (TCE)	**105,214**	**42,774**	**33,406**	**15,699**	**7,717**	**14,578**	**14,515**	**8,074**	**7,421**	**15,215**	**16,494**	**17,576**	**12,815**	**16,141**	**23,562**	**29,658**
Pana, spot[2] (TCE)	**48,682**	**19,332**	**25,059**	**14,016**	**7,701**	**9,497**	**7,726**	**5,534**	**5,588**	**9,789**	**11,654**	**10,888**	**8,862**	**10,375**	**13,752**	**16,526**
Supra, spot[2] (TCE)	**41,290**	**17,351**	**22,477**	**14,409**	**9,459**	**10,296**	**9,819**	**6,941**	**6,168**	**9,365**	**11,488**	**9,900**	**10,197**	**11,372**	**13,996**	**16,152**
Handy, spot[2] (TCE)	**29,100**	**11,359**	**16,437**	**10,560**	**7,636**	**8,190**	**7,687**	**5,366**	**5,222**	**7,659**	**8,707**	**7,184**	**7,951**	**8,736**	**10,486**	**11,924**
Cape, 5y[2] (USDm)	**128**	**52**	**57**	**43**	**34**	**36**	**47**	**33**	**24**	**32**	**35**	**31**	**32**	**37**	**43**	**47**
Pana, 5y[2] (USDm)	**73**	**32**	**39**	**31**	**22**	**21**	**24**	**17**	**14**	**18**	**19**	**19**	**22**	**21**	**24**	**27**
Supra, 5y[2] (USDm)	**61**	**27**	**32**	**28**	**22**	**21**	**25**	**16**	**13**	**16**	**18**	**17**	**18**	**20**	**23**	**25**
Handy, 5y[2] (USDm)	**44**	**21**	**26**	**23**	**18**	**18**	**20**	**13**	**10**	**14**	**15**	**16**	**16**	**17**	**18**	**20**
OB[2]	**306**	**319**	**311**	**279**	**184**	**142**	**182**	**151**	**116**	**76**	**101**	**98**	**67**	**47**	**56**	**72**
OB/Fleet[2]	**75%**	**72%**	**60%**	**47%**	**27%**	**20%**	**24%**	**20%**	**15%**	**9%**	**12%**	**11%**	**8%**	**5%**	**6%**	**8%**
Share Index[2]	**1,125**	**512**	**581**	**381**	**258**	**297**	**354**	**144**	**65**	**117**	**142**	**129**	**135**	**205**	**277**	**329**

[1]Sum during period [2]Average during period

Δ Demand/Supply (mDWT)

Dry Bulk, base case	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	(0)	0	0	(0)	(0)	0	0	(0)	(0)	0	0	(0.3)	0.6	4.0	0.2	0.3
Scrapping[1]	0	(0)	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)	0.2	(0.1)	(0.7)	(0.7)	(0.8)
Other[1]	0	(0)	(0)	(0)	0	0	(0)	0	0	0	(0)	(6.7)	6.5	(0.0)	0.0	(0.0)
Contracting[1]	*(0)*	*-*	*-*	*-*	*-*	*(0)*	*0*	*(1)*	*0*	*(0)*	*(0)*	*5.4*	*(0.4)*	*(0.2)*	*(0.2)*	*(0.2)*
Supply[2]	**(0)**	**0**	**0**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(2.8)**	**3.9**	**1.8**	**1.8**	**1.8**
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-0.3%*	*0.8%*	*-0.2%*	*0.0%*	*0.0%*
Demand[2]	**(0)**	**0**	**0**	**0**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(1.3)**	**(4.6)**	**(1.9)**	**(2.2)**	**(2.6)**
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-0.2%*	*-0.5%*	*0.4%*	*0.0%*	*0.0%*
Utilization[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**0%**	**0%**	**0%**
BDI[2] (Index)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**(65)**	**11**	**12**	**(2)**
Cape, spot[2] (TCE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**339**	**(320)**	**326**	**323**	**80**
Pana, spot[2] (TCE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**177**	**(161)**	**158**	**155**	**42**
Supra, spot[2] (TCE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22**	**(555)**	**(57)**	**(49)**	**(128)**
Handy, spot[2] (TCE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**(508)**	**(98)**	**(89)**	**(139)**
Cape, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(0)**	**(0)**	**(0)**
Pana, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(1)**	**(0)**	**(0)**
Supra, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(0)**	**(0)**	**(0)**
Handy, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(0)**	**(0)**	**(0)**
OB[2]	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**0**	**(0)**	**(1)**	**(1)**	**(1)**	**1**	**1**	**1**	**(1)**	**(2)**
OB/Fleet[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Share Index[2]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(15)**	**(9)**	**(5)**	**(5)**

[1]Sum during period [2]Average during period

Δ% Demand/Supply (mDWT)

Dry Bulk, base case	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	1%	16%	1%	1%
Scrapping[1]	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	-3%	0%	5%	6%	8%
Other[1]	0%	0%	0%	0%	0%	-1%	16%	0%	-2%	-2%	5%	69%	67%	-393%	-326%	39%
Contracting[1]	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-2%*	*1%*	*0%*	*0%*	*28%*	*-2%*	*-1%*	*-1%*	*0%*
Supply[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-11%*	*22%*	*-10%*	*0%*	*0%*
Demand[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**0%**	**0%**	**0%**
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-1%*	*0%*	*0%*	*-7%*	*-16%*	*11%*	*-1%*	*-1%*
Utilization[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**0%**	**0%**	**-1%**
Utilization[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**2%**	**-6%**	**1%**	**1%**	**0%**
BDI[2] (Index)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**2%**	**-2%**	**2%**	**1%**	**0%**
Cape, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**2%**	**-2%**	**2%**	**1%**	**0%**
Pana, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-5%**	**-1%**	**0%**	**-1%**
Supra, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-6%**	**-1%**	**-1%**	**-1%**
Handy, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-10%**	**0%**	**0%**	**0%**
Cape, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-15%**	**-3%**	**0%**	**0%**
Pana, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-6%**	**-1%**	**-1%**	**-1%**
Supra, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-8%**	**-3%**	**-1%**	**-1%**
OB[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-1%**	**-1%**	**1%**	**1%**	**1%**	**-2%**	**-3%**
OB/Fleet[2]																
Share Index[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-11%**	**-5%**	**-2%**	**-1%**

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Asset Valuation Revised Down, Again

We have rapidly revised down our dry bulk asset prices over the past year, onset by the dam collapse in January 2019. Although we expected asset prices to fall in our November report, we did not foresee it to happen so fast, with our dry bulk asset index now -7.1% q/q. Recent S&Ps include GoodBulk's Aquacarrier (Capesize, 2011) at $18m (-33% y/y) and GoodBulk's Aquajoy (Capesize, 2003) at $11m+ (-19% y/y). Related Capesize Aquavision (2011) is however reported at $20m (-26% y/y), although marginally larger than the Aquacarrier. Please see graphs below for our asset value assessment vs recent S&Ps. We nevertheless reduce our asset price assessments even further since our November and early January downgrades, with valuations down between 0-21% (vs November), depending on asset class and vintage.

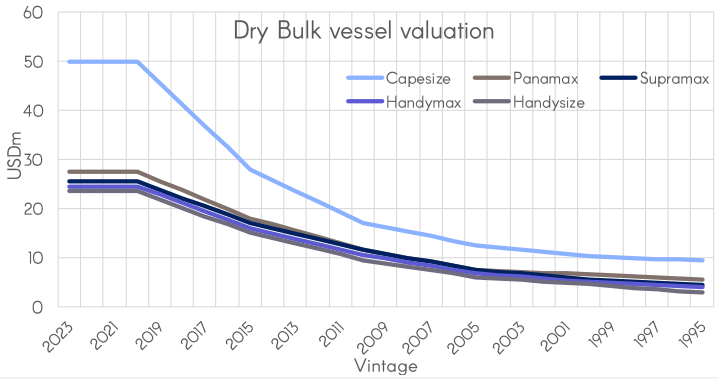
Although we now expect asset prices to remain flat until 3Q20E, before rising +16% by 1Q21E and +34% by 1Q22E, we believe consensus valuation as lagging. This is exemplified by recent reports by some of our peers, and also by broker quotes which is up towards 29% above our current valuation. So, despite our view of limited downside to asset price from current levels, we do foresee negative sentiment from laggards revising their estimates down in coming months.

Asset valuation overview

Summary	Capesize	Panamax	Supramax	Handymax	Handysize
NB	50.0	27.5	25.5	24.5	23.5
resale	50.0	27.5	25.5	24.5	23.5
5y	28.0	18.0	17.0	16.0	15.0
10y	17.0	11.5	11.5	10.5	9.5
15y	12.5	7.5	7.5	6.8	6.0
20y	10.3	6.5	5.5	5.0	4.5
scrap	9.3	5.5	4.5	3.8	2.8

All prices are excluding scrubbers

Asset valuation overview



Changes to our asset valuation (USDm)

Changes	Capesize	Panamax	Supramax	Handymax	Handysize
NB	0.0	0.0	0.0	0.0	0.0
resale	-1.0	-1.5	-1.5	-1.3	-1.0
5y	-3.0	-1.5	-0.5	-0.8	-1.0
10y	-4.5	-1.5	-0.5	-0.8	-1.0
15y	-0.5	-1.3	0.0	-0.5	-1.0
20y	-0.6	0.3	0.0	0.0	0.0
scrap	0.5	0.3	0.2	0.2	0.1

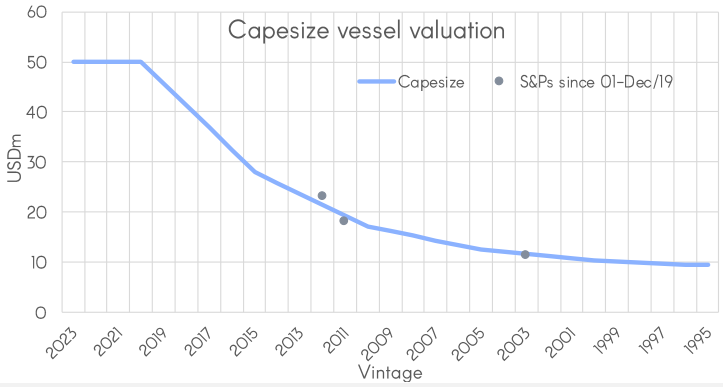
Changes to our asset valuation (%)

Changes	Capesize	Panamax	Supramax	Handymax	Handysize
NB	0%	0%	0%	0%	0%
resale	-2%	-5%	-6%	-5%	-4%
5y	-10%	-8%	-3%	-4%	-6%
10y	-21%	-12%	-4%	-7%	-10%
15y	-4%	-14%	0%	-7%	-14%
20y	-6%	4%	0%	0%	0%
scrap	5%	5%	5%	5%	5%

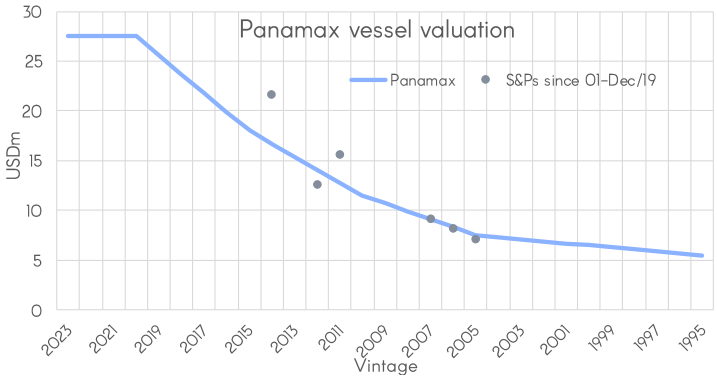
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

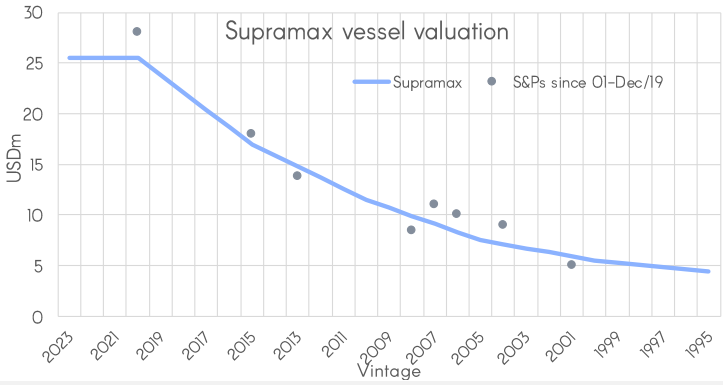
Capesize valuation vs recent S&Ps



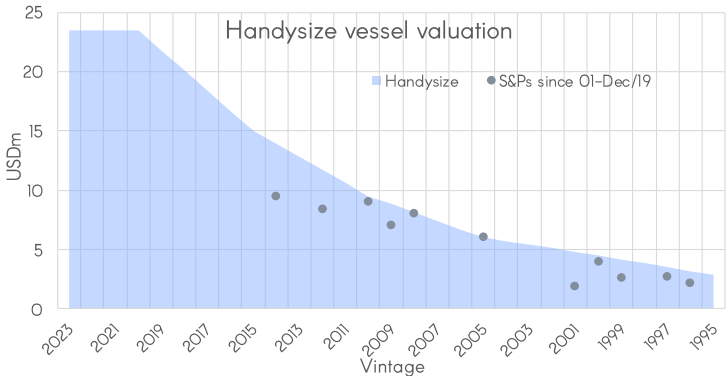
Pana-/Kamsarmax valuation vs recent S&Ps



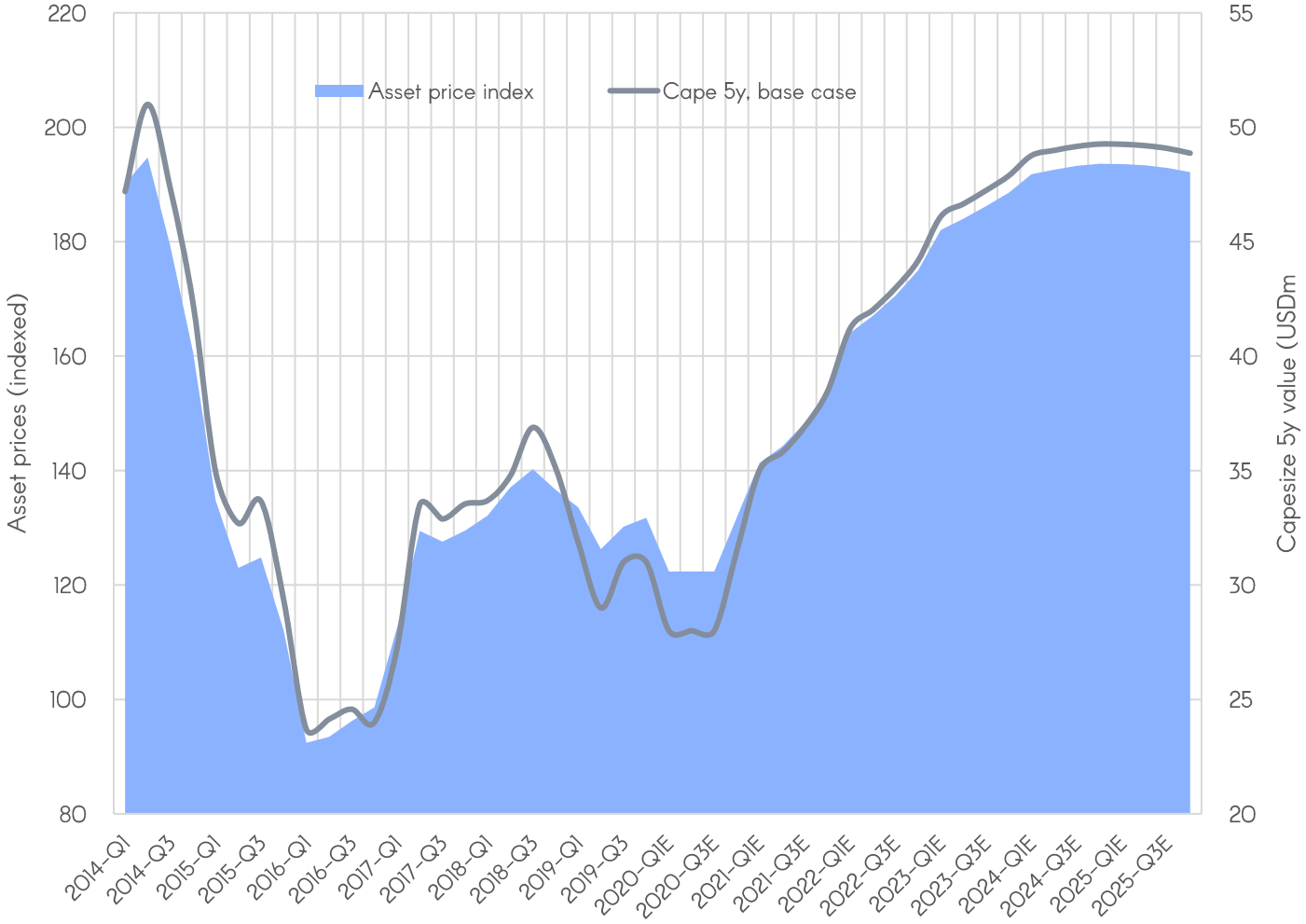
Supra-/Ultramax valuation vs recent S&Ps



Handysize valuation vs recent S&Ps



Cleaves' dry bulk asset prices



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Chinese New Year Impact: Spot Rates & Share Prices

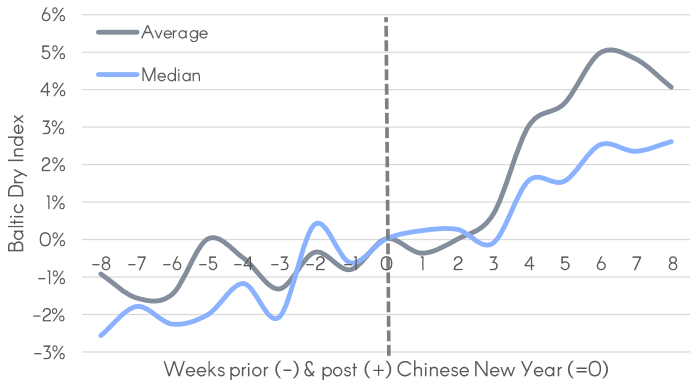
As we highlighted in our 11 December 2019 research note, Just a reminder: Dry Bulk spot rates usually collapses around Chinese New Year: "*Dry Bulk spot rates usually collapses around Chinese New Year (25 Jan 2020). Capesize vessels usually stay subdued until around September, while the smaller vessel classes partially recoup some of the losses within a few weeks*".

Since we issued that note, the BDI is -63% to 539 at the time of writing, Capesize -78% to $4,631/d, Panamax (74k) -61% to $4,525/d and Supramax (58k) -38% to $5,920. This is very much in-line with our 11 December 2019 predictions.

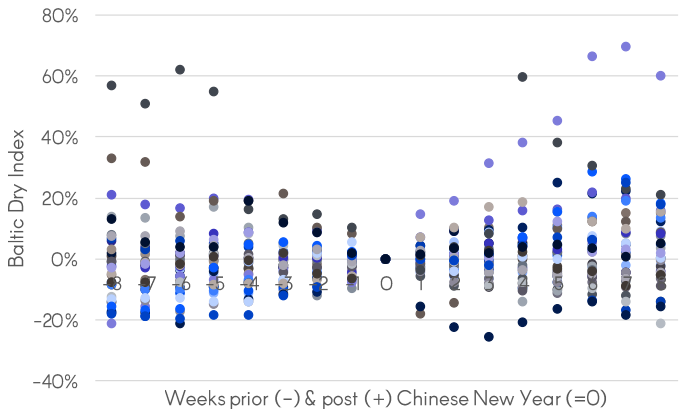
So, what now? Our models indicate that the BDI on average increases 15% over the six weeks after Chinese New Year (CNY), with Panamax +39% and Supramax +54%. This is also in-line with the usual full-year seasonality, where the smaller vessel segments enjoys a pick-up in demand from March to May, primarily from agricultural products. The story for Capesizes is however different, mainly transporting iron ore and coal. On average, Capesize spot rates increase 20% in the weeks after CNY, but the median is close to zero. For the full-year seasonality, Capesizes usually pick up marginally in March, fall back around July, before surging from August to year-end. We do however urge caution when looking to historical patterns and averages/medians to predict the future as the distribution of outcomes is very wide. The outbreak of the **Corona virus** is an example of an event that can cause outcomes to deviated significantly from averages/medians. Please see supporting graphs below.

For **dry bulk share prices**, our share index going back to 1985 on average rises 5% in the weeks after CNY, with the median around 2.5%. However, the distribution of outcomes is very wide and more importantly close to evenly distributed, thus indicating no statistically significant relationship between CNY and the development of dry bulk share prices.

Dry Bulk share index vs Chinese New Year



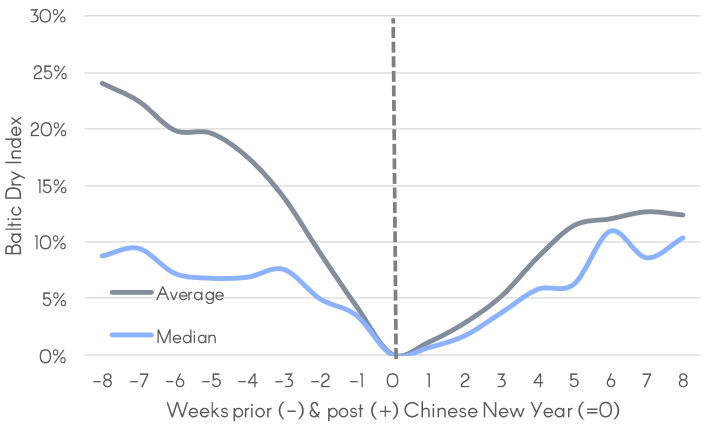
Share index vs Chinese New Year (distribution)



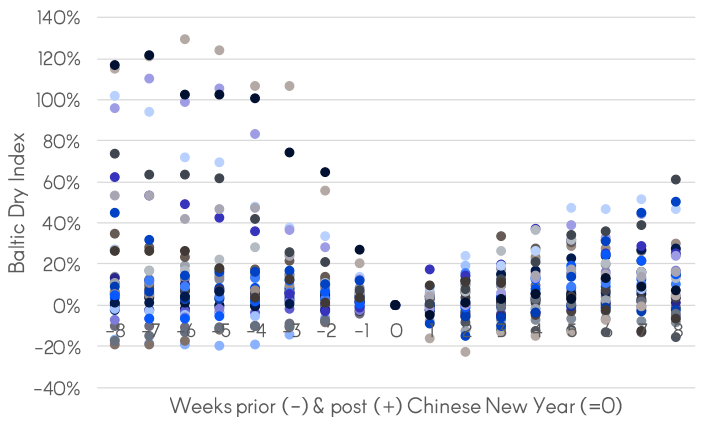
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

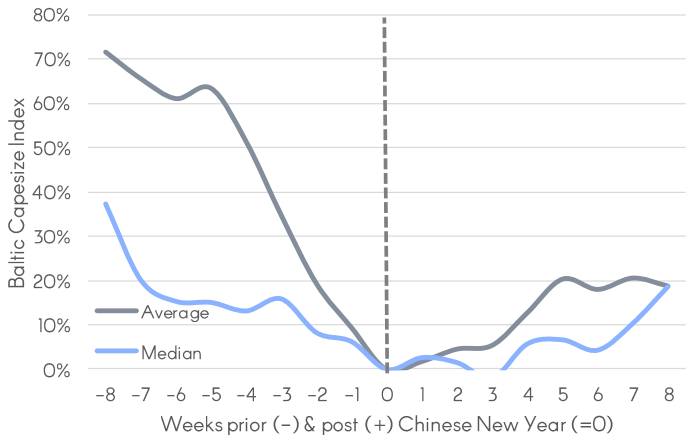
Dry Bulk spot rates vs Chinese New Year



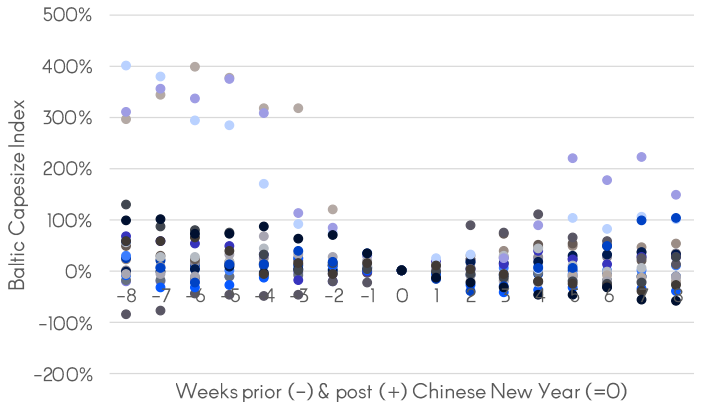
Dry Bulk spot vs Chinese New Year (distribution)



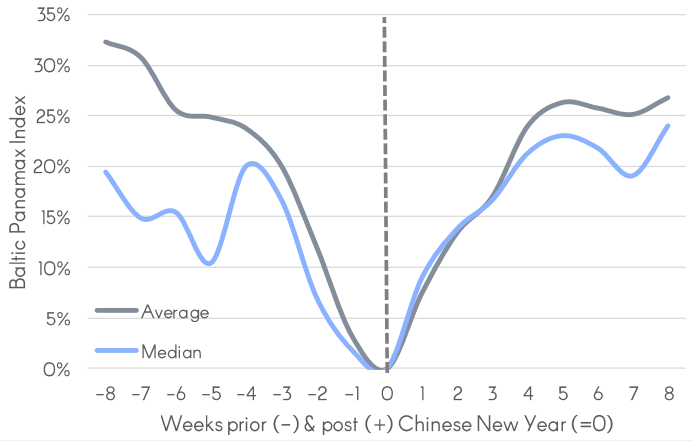
Capesize spot rates vs Chinese New Year



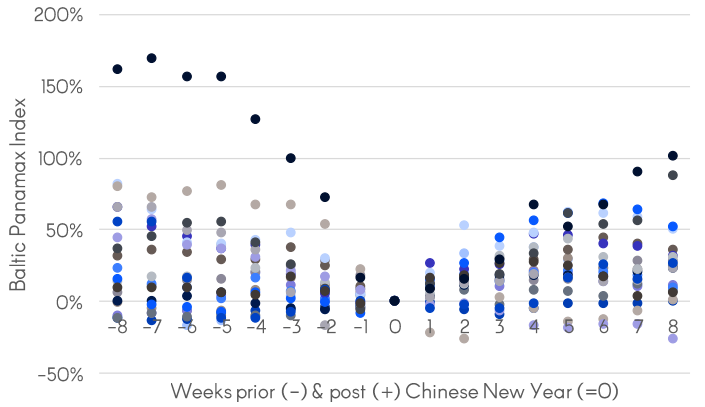
Capesize spot vs Chinese New Year (distribution)



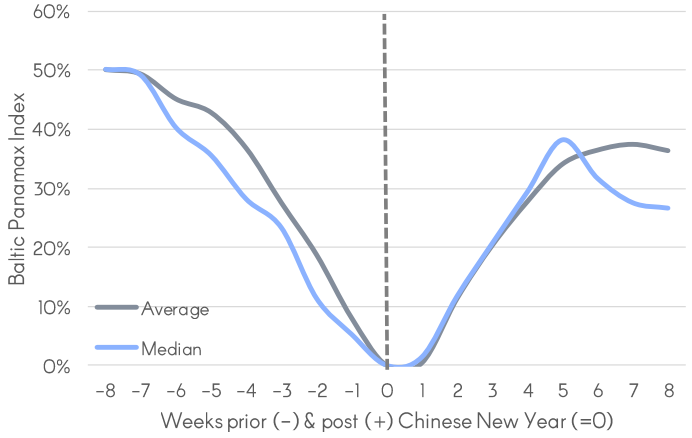
Panamax spot rates vs Chinese New Year



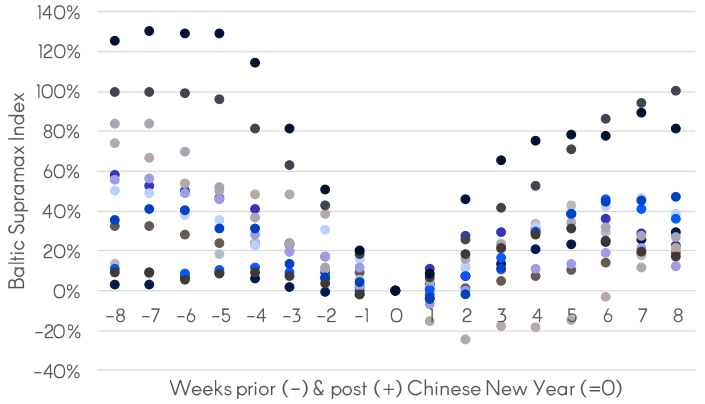
Panamax spot vs Chinese New Year (distribution)



Supramax spot rates vs Chinese New Year



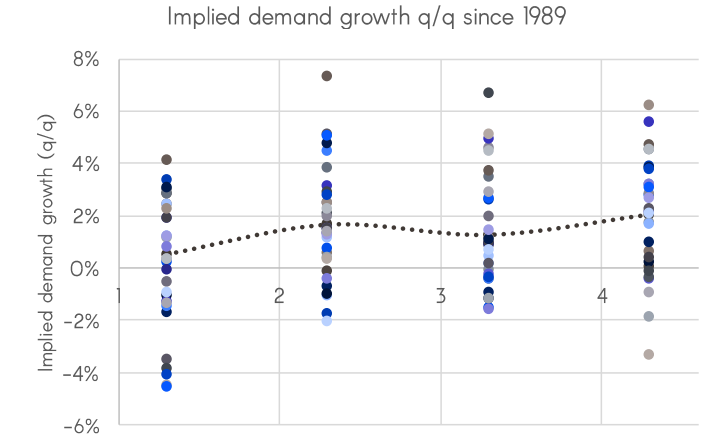
Supramax spot vs Chinese New Year (distribution)



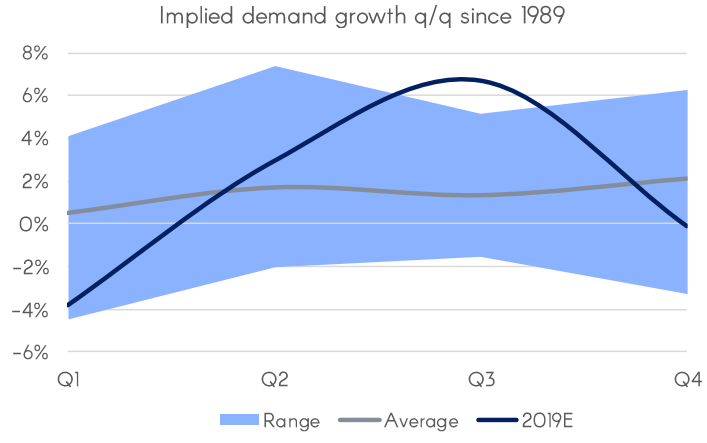
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Dry Bulk Seasonality

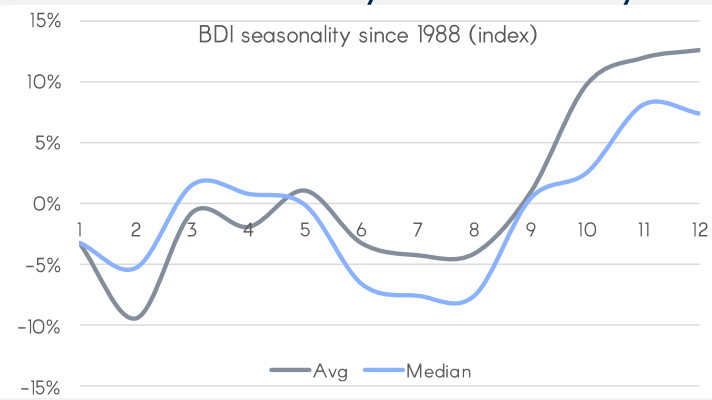
Historically strong demand growth in 2Q/4Q



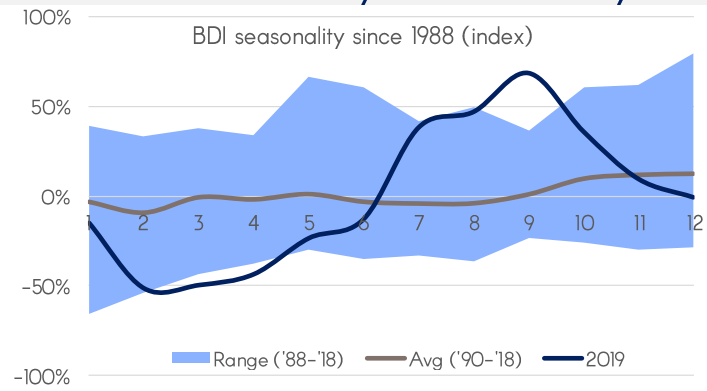
Historic demand growth vs 2019E



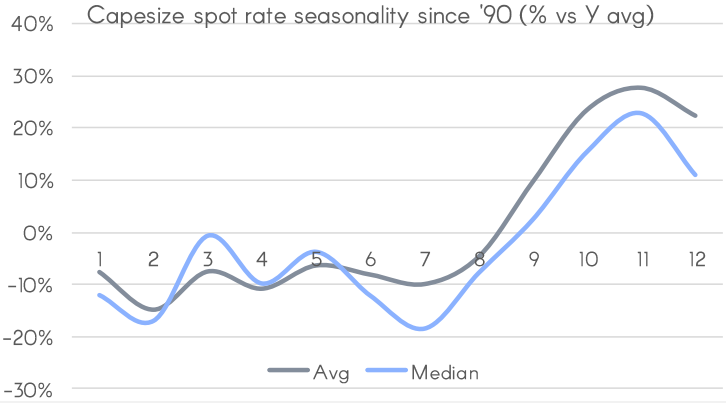
Historical Baltic Dry Index seasonality



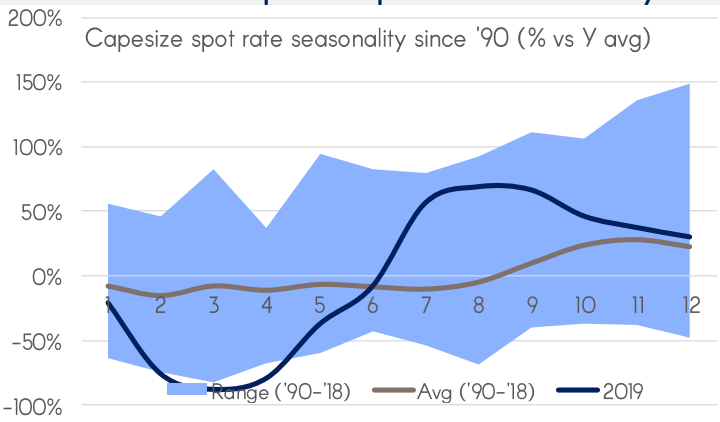
Historical Baltic Dry Index seasonality



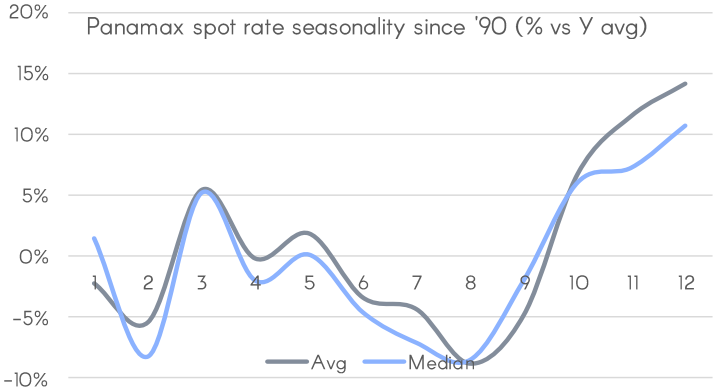
Historical Capesize spot rate seasonality



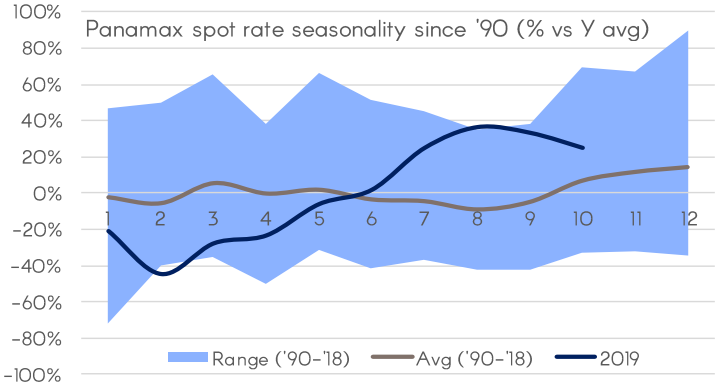
Historical Capesize spot rate seasonality



Historical Panamax spot rate seasonality



Historical Panamax spot rate seasonality

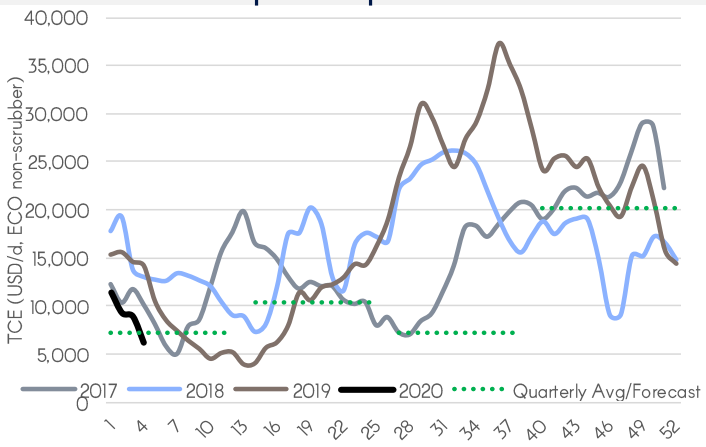


Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

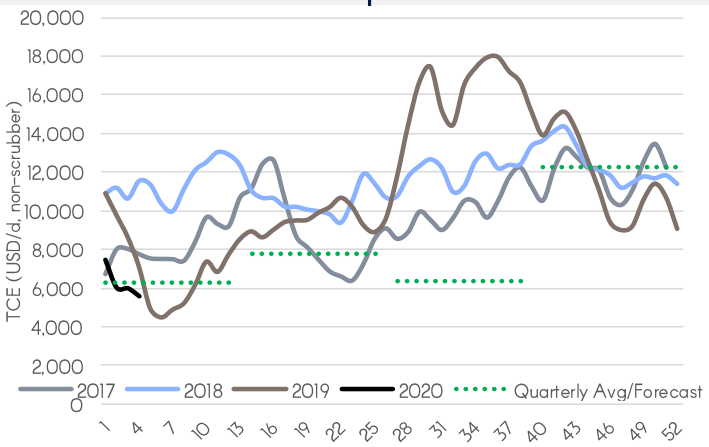
Dry Bulk Shipping

Earnings

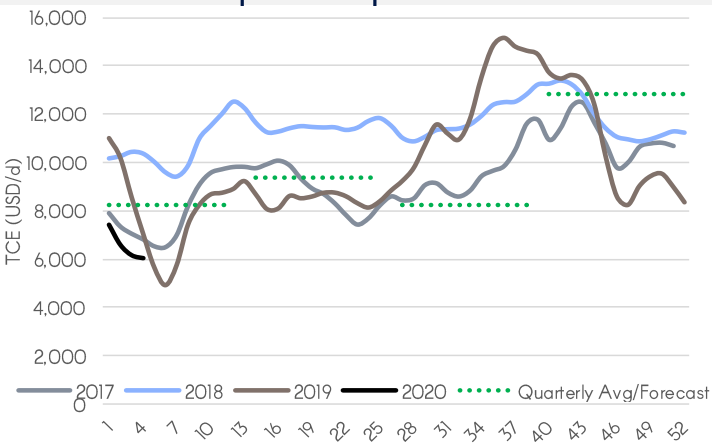
Capesize spot rates



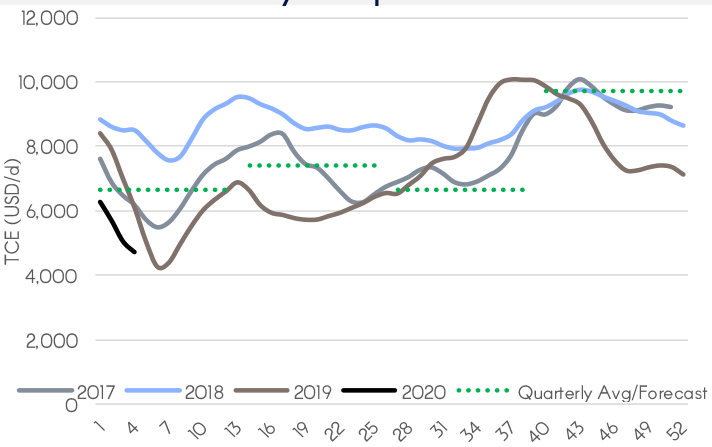
Panamax spot rates



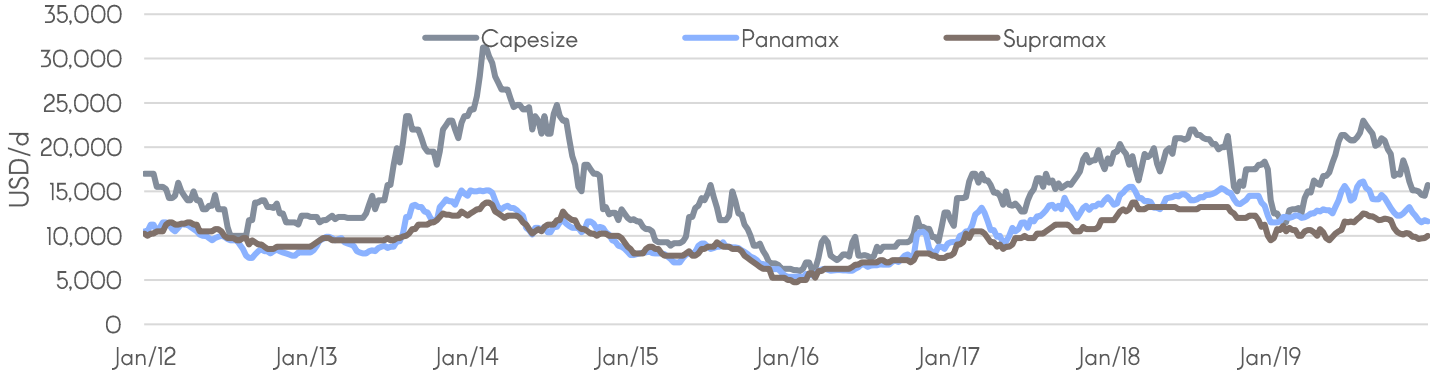
Supramax spot rates



Handysize spot rates



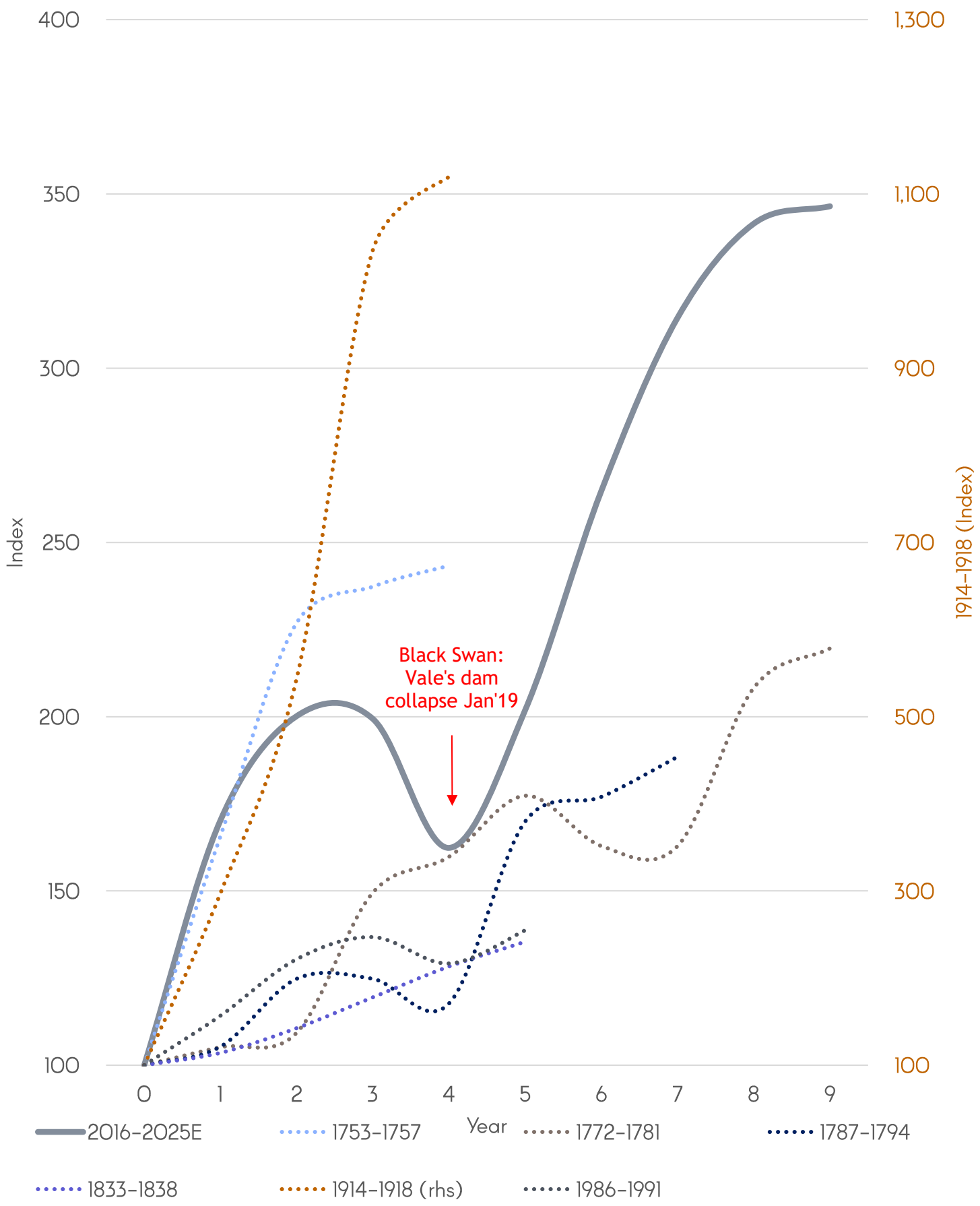
Timecharter rates



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Longest dry bulk shipping cycles (since 1741)



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Generic Shipping Accounting

Current vessel economics (5y old)

Current vessel economics (5y old)			
Profit & Loss (USDm)	Capesize	Panamax	Supramax
Revenue	5.7	4.2	3.6
Opex/G&A	-2.6	-2.4	-2.2
EBITDA	**3.1**	**1.8**	**1.4**
Depreciation	-0.9	-0.6	-0.6
EBIT	**2.2**	**1.2**	**0.8**
Financials (6% pa)	-1.2	-0.8	-0.7
Net profit	**1.0**	**0.4**	**0.1**
Balance (USDm)	Capesize	Panamax	Supramax
Asset (5y)	**28.0**	**18.0**	**17.0**
Equity (30%)	8.4	5.4	5.1
Debt (70%)	19.6	12.6	11.9
Cash Flow (USDm)	Capesize	Panamax	Supramax
Net profit	1.0	0.4	0.1
Depreciation	0.9	0.6	0.6
Operational CF	**1.9**	**1.1**	**0.7**
Docking accruals	-0.3	-0.2	-0.2
Debt repayments	-1.6	-1.1	-1.0
Net Cash Flow	**0.0**	**-0.2**	**-0.5**
Key Ratios	Capesize	Panamax	Supramax
EV/EBITDA	9.0	9.9	12.1
EV/EBIT	12.8	15.2	21.7
P/E	8.4	12.6	74.2
ROE	12%	8%	1%
ROCE	8%	7%	5%
FCF yield	20%	16%	10%
Variables	Capesize	Panamax	Supramax
1y TC (USD/d)	15,750	11,625	10,000
Opex (USD/d)	-6,000	-5,500	-5,000
G&A (USD/d)	-1,000	-1,000	-1,000
Docking (USD/d)	-800	-600	-500

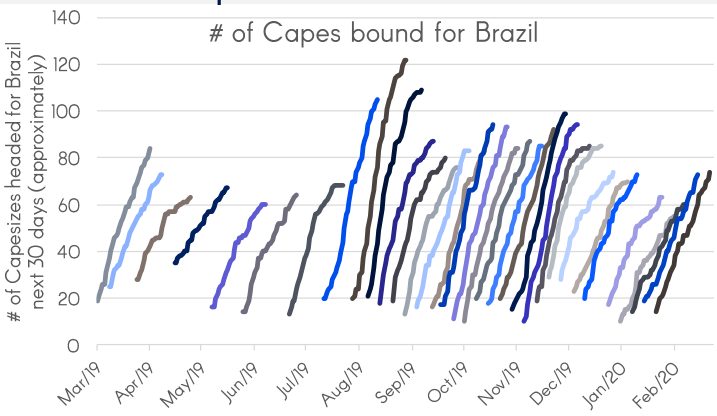
Assumptions: 25 years life, depreciated to scrap, 360 revenue days, 365 opex days, 12 years debt amortization

Cash Break-even (USD/d)	Capesize	Panamax	Supramax
Opex	6,000	5,500	5,000
G&A	1,000	1,000	1,000
Docking	800	600	500
Interest cost	3,222	2,071	1,956
Debt amortization	4,475	2,877	2,717
Cash Break-even	**15,497**	**12,048**	**11,173**
Current 1y TC	**15,750**	**11,625**	**10,000**
NB parity rate	**20,086**	**13,251**	**12,245**

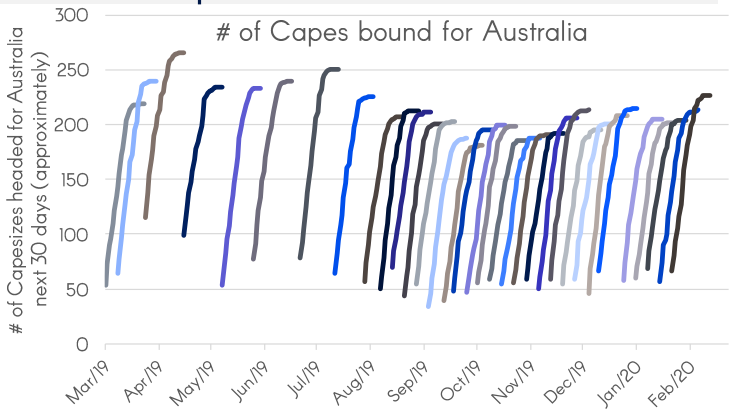
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Market Snapshots

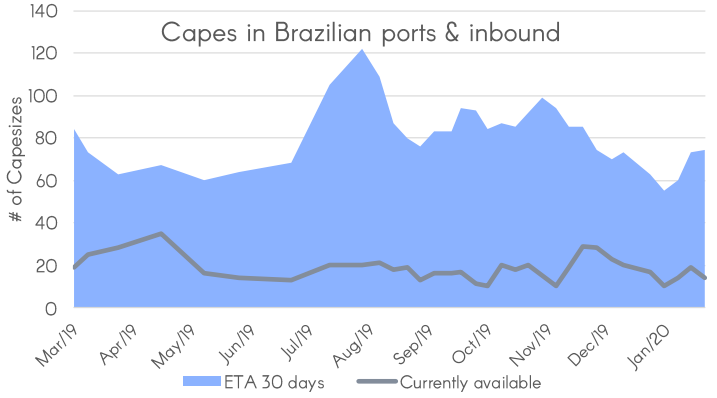
of Capesizes inbound for Brazil



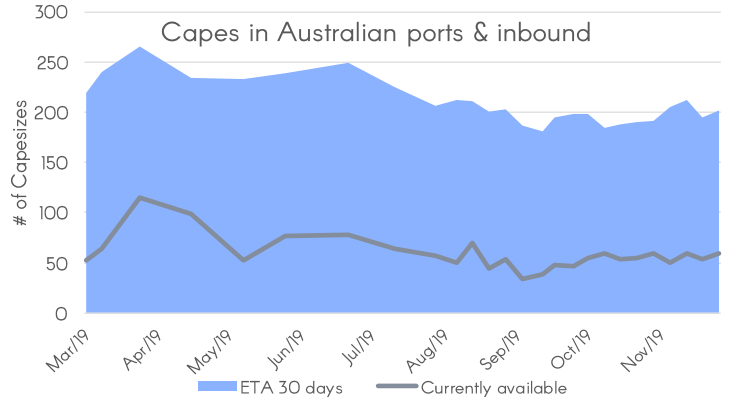
of Capesizes inbound for Australia



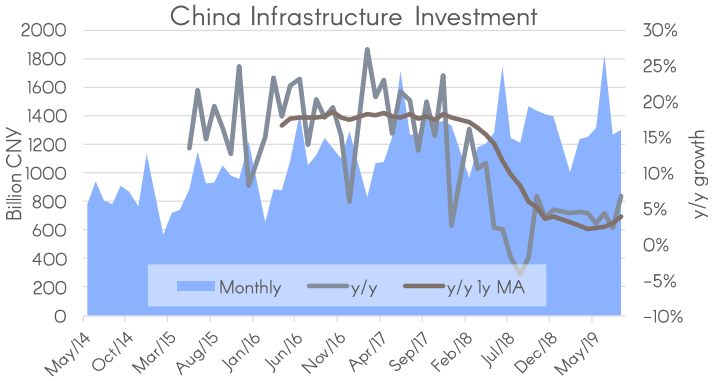
of Capesizes inbound for Brazil



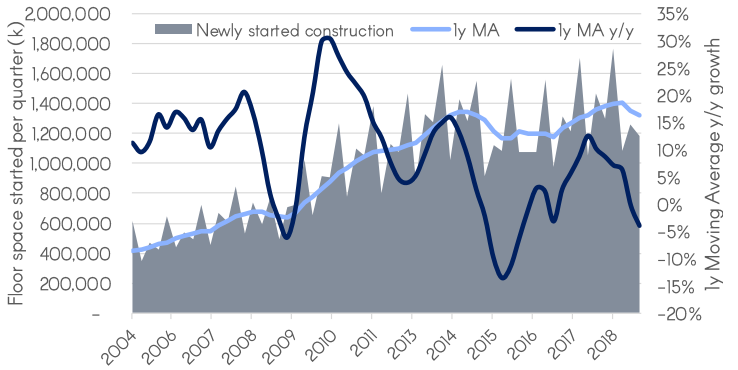
of Capesizes inbound Australia



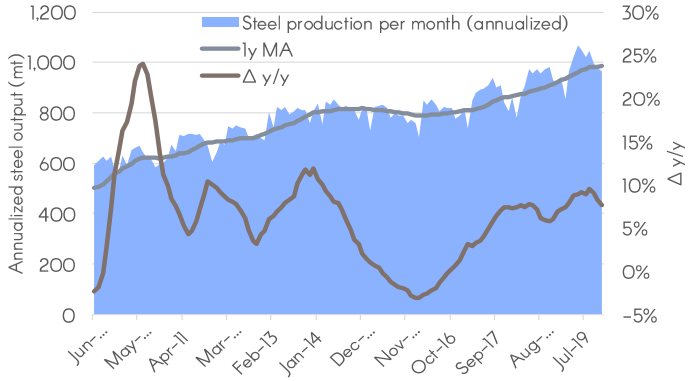
Chinese infrastructure investments



Chinese housing construction



Chinese steel production

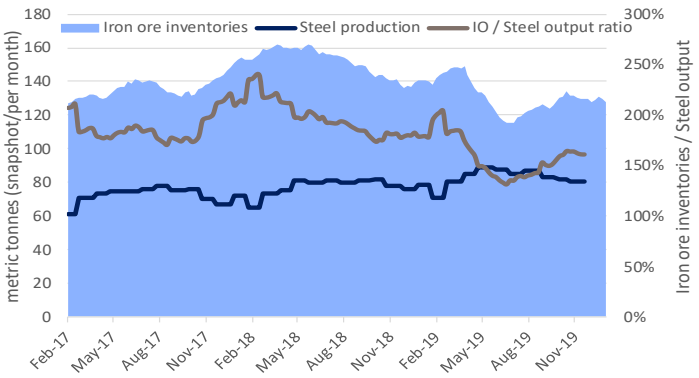


Stocks & prices for Chinese steel mills

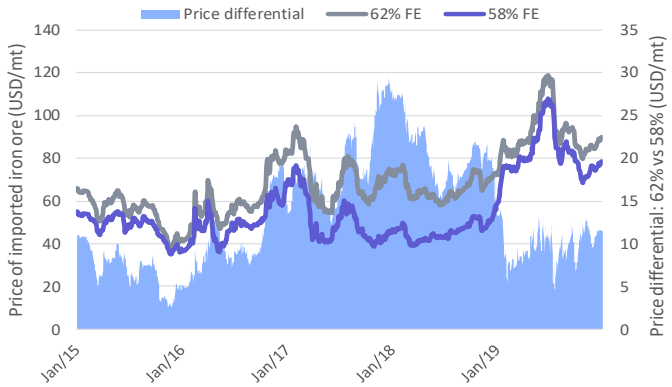
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

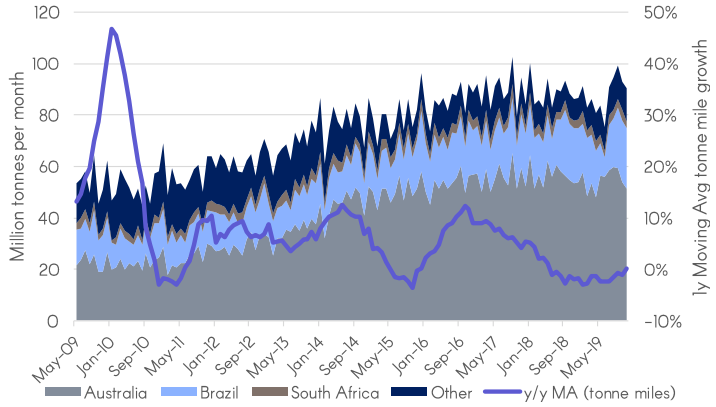
Chinese iron ore stockpiles vs steel production



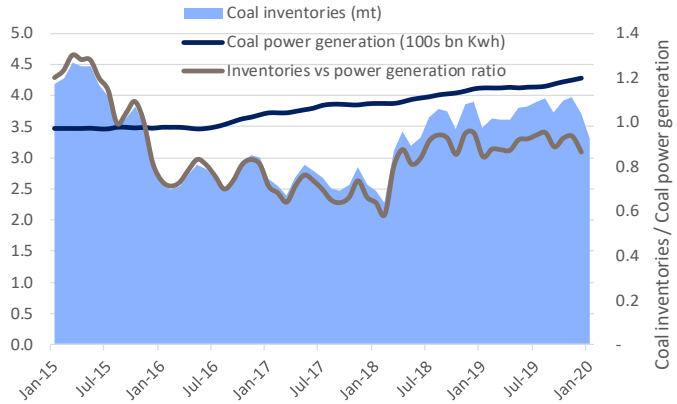
Iron ore prices by FE content



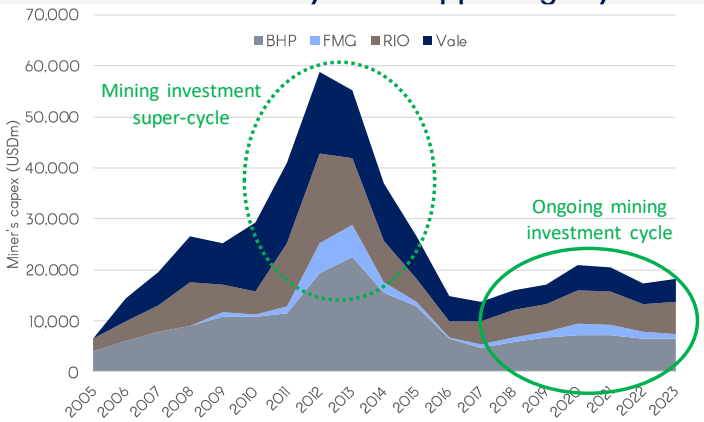
Chinese iron ore imports by source



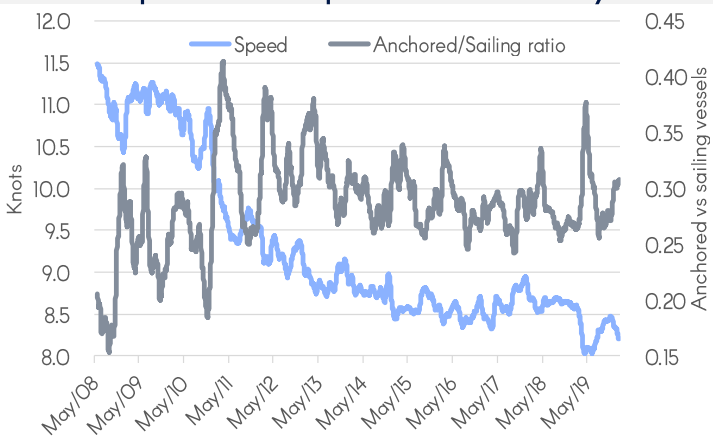
Chinese coal inventories



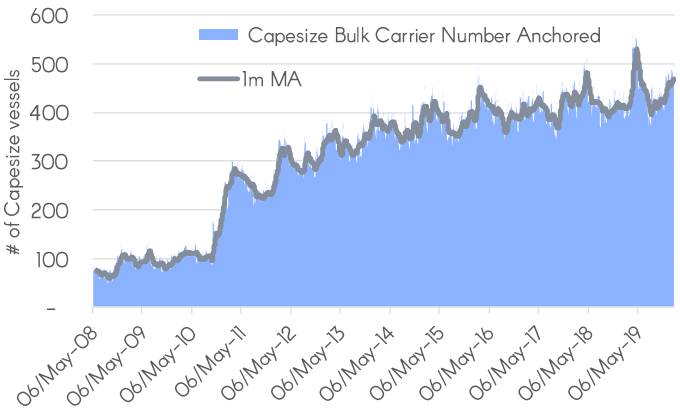
Miners' investment cycle is supporting dry bulk



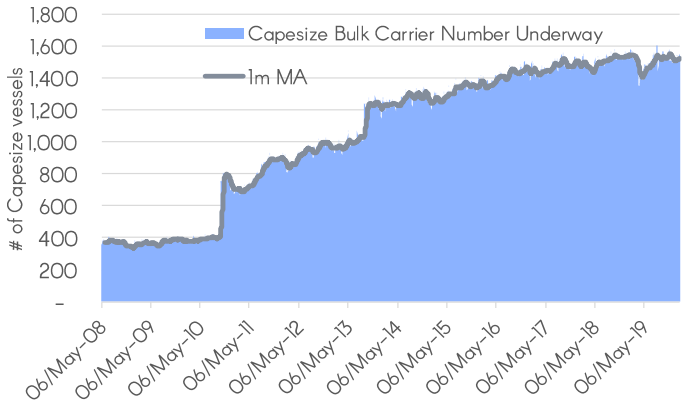
Capesize fleet speed & fleet activity



of Capesize vessels anchored



of Capesize vessels sailing



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Econometric Overview

Supply/Demand (mDWT)

Dry Bulk, base case	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	10	6	5	8	12	15	17	19	12	13	13	21	14	12	20	24	26	25	26	46	82	100	101	63	48	49	47	38	28	41	48	29	20	25	33	39
Scrapping[1]	(2)	(1)	(4)	(4)	(4)	(2)	(7)	(8)	(12)	(9)	(5)	(8)	(6)	(4)	(0)	(1)	(2)	(1)	(6)	(11)	(7)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(7)	(20)	(16)	(12)	(10)	(9)	(9)
Other[1]	(1)	(1)	(1)	0	0	2	(0)	0	(0)	(0)	(1)	(0)	(1)	(0)	1	0	(1)	(0)	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(16)	16	(0)	0	(0)	0	(0)
Contracting[1]	–	–	–	–	–	–	*12*	*15*	*10*	*22*	*15*	*9*	*22*	*37*	*33*	*30*	*78*	*161*	*102*	*37*	*103*	*42*	*24*	*104*	*63*	*30*	*11*	*44*	*44*	*25*	*17*	*27*	*35*	*41*	*43*	*43*
Supply[2]	209	214	215	218	224	239	251	262	266	266	273	285	293	299	314	337	360	384	411	446	515	594	674	718	754	774	791	817	837	858	896	915	923	935	956	984
Δ y/y		*2.4%*	*0.5%*	*1.5%*	*2.8%*	*6.3%*	*5.1%*	*4.6%*	*1.2%*	*0.3%*	*2.4%*	*4.3%*	*2.9%*	*2.2%*	*5.0%*	*7.2%*	*7.0%*	*6.6%*	*7.0%*	*8.4%*	*15.5%*	*15.4%*	*13.4%*	*6.6%*	*5.0%*	*2.7%*	*2.1%*	*3.3%*	*2.4%*	*2.5%*	*4.4%*	*2.2%*	*0.8%*	*1.4%*	*2.2%*	*3.0%*
Demand[2]	178	185	182	187	193	211	214	224	220	223	237	240	246	270	298	311	331	379	394	403	468	514	557	605	633	625	633	688	715	729	746	776	801	825	850	877
Δ y/y		*3.9%*	*-2.0%*	*2.9%*	*3.1%*	*9.2%*	*1.4%*	*4.8%*	*-1.8%*	*1.3%*	*6.3%*	*1.6%*	*2.4%*	*9.5%*	*10.5%*	*4.4%*	*6.5%*	*14.2%*	*4.1%*	*2.1%*	*16.2%*	*9.9%*	*8.3%*	*8.8%*	*4.5%*	*-1.2%*	*1.3%*	*8.7%*	*4.0%*	*2.0%*	*2.4%*	*4.0%*	*3.2%*	*3.0%*	*3.1%*	*3.1%*
Utilization[2]	85%	87%	85%	86%	86%	88%	85%	85%	83%	84%	87%	84%	84%	90%	95%	92%	92%	98%	96%	90%	91%	86%	83%	84%	84%	81%	80%	84%	85%	85%	83%	85%	87%	88%	89%	89%
BDI[2] (Index)	1,354	1,592	1,201	1,401	1,475	1,982	1,316	1,337	947	1,065	1,608	1,216	1,139	2,630	4,509	3,383	3,188	7,097	6,347	2,622	2,762	1,551	922	1,207	1,106	715	675	1,149	1,351	1,346	1,096	1,363	1,788	2,123	2,305	2,339
Cape, spot[2] (TCE/d)										11,188	20,909	12,945	11,956	40,558	69,005	50,344	45,260	116,535	105,214	42,774	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	16,494	17,915	12,495	16,467	23,885	29,739	32,920	33,509
Pana. spot[2] (TCE/d)									6,269	7,435	11,104	8,764	7,738	20,171	35,726	24,802	23,853	57,004	48,682	19,332	25,059	14,016	7,701	9,497	7,726	5,534	5,588	9,789	11,654	11,065	8,700	10,533	13,906	16,568	18,015	18,283
Supra. spot[2] (TCE/d)																18,841	22,680	47,604	41,290	17,351	22,477	14,409	9,459	10,296	9,819	6,941	6,168	9,365	11,488	9,923	9,642	11,315	13,947	16,024	17,153	17,361
Handy, spot[2] (TCE/d)																	18,212	32,541	29,100	11,359	16,437	10,560	7,636	8,190	7,687	5,366	5,222	7,659	8,707	7,178	7,443	8,638	10,397	11,785	12,540	12,679
Cape, 5y[2] (USDm)									27	28	31	28	28	35	57	66	64	111	128	52	57	43	34	36	47	33	24	32	35	31	29	37	43	47	49	49
Pana. 5y[2] (USDm)									14	15	17	15	16	20	34	40	37	66	73	32	39	31	22	21	24	17	14	18	19	19	18	21	24	27	28	28
Supra. 5y[2] (USDm)									13	14	16	14	14	16	26	31	33	57	61	27	32	28	22	21	25	16	13	16	18	17	17	20	23	25	26	26
Handy, 5y[2] (USDm)									9	11	12	11	11	13	20	26	26	37	44	21	26	23	18	18	20	13	10	14	15	16	15	16	18	20	20	20
OB[2]							33	26	25	24	36	29	25	43	64	77	90	180	306	319	311	279	184	142	182	151	115	76	100	99	68	48	54	69	83	90
OB/Fleet[2]							13%	10%	9%	9%	13%	10%	8%	14%	20%	23%	25%	47%	75%	72%	60%	47%	27%	20%	24%	20%	15%	9%	12%	12%	8%	5%	6%	7%	9%	9%

Dry Bulk, low case	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	-	-	-	-	-	-	17	19	12	13	13	21	14	12	20	24	26	25	26	46	82	100	101	63	48	49	47	38	28	41	51	28	16	12	12	12
Scrapping[1]	(2)	(1)	(4)	(4)	(4)	(2)	(7)	(8)	(12)	(9)	(5)	(8)	(6)	(4)	(0)	(1)	(2)	(1)	(6)	(11)	(7)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(7)	(10)	(8)	(6)	(5)	(5)	(4)
Other[1]	(1)	(1)	(1)	0	0	2	(0)	0	(0)	(0)	(1)	(0)	(1)	(0)	1	0	(1)	(0)	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	0
Contracting[1]	-	-	-	-	-	-	*12*	*15*	*10*	*22*	*15*	*9*	*22*	*37*	*33*	*30*	*78*	*161*	*102*	*37*	*103*	*42*	*24*	*104*	*63*	*30*	*11*	*44*	*44*	*25*	*13*	*12*	*11*	*12*	*12*	*12*
Supply[2]	**209**	**214**	**215**	**218**	**224**	**239**	**251**	**262**	**266**	**266**	**273**	**285**	**293**	**299**	**314**	**337**	**360**	**384**	**411**	**446**	**515**	**594**	**674**	**718**	**754**	**774**	**791**	**817**	**837**	**865**	**907**	**933**	**945**	**954**	**961**	**968**
Δ y/y		*2%*	*0%*	*2%*	*3%*	*6%*	*5%*	*5%*	*1%*	*0%*	*2%*	*4%*	*3%*	*2%*	*5%*	*7%*	*7%*	*7%*	*7%*	*8%*	*16%*	*15%*	*13%*	*7%*	*5%*	*3%*	*2%*	*3%*	*2%*	*3%*	*5%*	*3%*	*1%*	*1%*	*1%*	*1%*
Demand[2]	**178**	**185**	**182**	**187**	**193**	**211**	**214**	**224**	**220**	**223**	**237**	**240**	**246**	**270**	**298**	**311**	**331**	**379**	**394**	**403**	**468**	**514**	**557**	**605**	**633**	**625**	**633**	**688**	**715**	**729**	**728**	**739**	**747**	**754**	**761**	**769**
Δ y/y		*4%*	*-2%*	*3%*	*3%*	*9%*	*1%*	*5%*	*-2%*	*1%*	*6%*	*2%*	*2%*	*10%*	*10%*	*4%*	*7%*	*14%*	*4%*	*2%*	*16%*	*10%*	*8%*	*9%*	*5%*	*-1%*	*1%*	*9%*	*4%*	*2%*	*0%*	*1%*	*1%*	*1%*	*1%*	*1%*
Utilization[2]	**85%**	**87%**	**85%**	**86%**	**86%**	**88%**	**85%**	**85%**	**83%**	**84%**	**87%**	**84%**	**84%**	**90%**	**95%**	**92%**	**92%**	**98%**	**96%**	**90%**	**91%**	**86%**	**83%**	**84%**	**84%**	**81%**	**80%**	**84%**	**85%**	**84%**	**80%**	**79%**	**79%**	**79%**	**79%**	**79%**
BDI[2] (Index)	**1,354**	**1,592**	**1,201**	**1,401**	**1,475**	**1,982**	**1,316**	**1,337**	**947**	**1,065**	**1,608**	**1,216**	**1,139**	**2,630**	**4,509**	**3,383**	**3,188**	**7,097**	**6,347**	**2,622**	**2,762**	**1,551**	**922**	**1,207**	**1,106**	**715**	**675**	**1,149**	**1,351**	**1,346**	**716**	**624**	**619**	**625**	**642**	**660**
Cape, spot[2] (TCE/d)										11,188	20,909	12,945	11,956	40,558	69,005	50,344	45,260	116,535	105,214	42,774	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	16,494	17,915	6,027	5,099	5,055	5,190	5,433	5,684
Pana, spot[2] (TCE/d)									6,269	7,435	11,104	8,764	7,738	20,171	35,726	24,802	23,853	57,004	48,682	19,332	25,059	14,016	7,701	9,497	7,726	5,534	5,588	9,789	11,654	11,065	5,451	4,792	4,748	4,802	4,938	5,080
Supra, spot[2] (TCE/d)																18,841	22,680	47,604	41,290	17,351	22,477	14,409	9,459	10,296	9,819	6,941	6,168	9,365	11,488	9,923	7,305	6,736	6,702	6,743	6,850	6,961
Handy, spot[2] (TCE/d)																	18,212	32,541	29,100	11,359	16,437	10,560	7,636	8,190	7,687	5,366	5,222	7,659	8,707	7,178	5,958	5,577	5,555	5,582	5,653	5,728
Cape, 5y[2] (USDm)									27	28	31	28	28	35	57	66	64	111	128	52	57	43	34	36	47	33	24	32	35	31	29	26	25	26	26	26
Pana, 5y[2] (USDm)									14	15	17	15	16	20	34	40	37	66	73	32	39	31	22	21	24	17	14	18	19	19	18	14	14	14	14	14
Supra, 5y[2] (USDm)									13	14	16	14	14	16	26	31	33	57	61	27	32	28	22	21	25	16	13	16	18	17	17	15	15	15	15	15
Handy, 5y[2] (USDm)									9	11	12	11	11	13	20	26	26	37	44	21	26	23	18	18	20	13	10	14	15	16	15	12	12	12	12	12
OB[2]							**33**	**26**	**25**	**24**	**36**	**29**	**25**	**43**	**64**	**77**	**90**	**180**	**306**	**319**	**311**	**279**	**184**	**142**	**182**	**151**	**115**	**76**	**100**	**99**	**66**	**37**	**27**	**23**	**23**	**23**
OB/Fleet[2]							**13%**	**10%**	**9%**	**9%**	**13%**	**10%**	**8%**	**14%**	**20%**	**23%**	**25%**	**47%**	**75%**	**72%**	**60%**	**47%**	**27%**	**20%**	**24%**	**20%**	**15%**	**9%**	**12%**	**11%**	**7%**	**4%**	**3%**	**2%**	**2%**	**2%**

Dry Bulk, high case	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	-	-	-	-	-	-	17	19	12	13	13	21	14	12	20	24	26	25	26	46	82	100	101	63	48	49	47	38	28	41	42	30	33	54	79	89
Scrapping[1]	(2)	(1)	(4)	(4)	(4)	(2)	(7)	(8)	(12)	(9)	(5)	(8)	(6)	(4)	(0)	(1)	(2)	(1)	(6)	(11)	(7)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(7)	(25)	(20)	(16)	(13)	(11)	(11)
Other[1]	(1)	(1)	(1)	0	0	2	(0)	0	(0)	(0)	(1)	(0)	(1)	(0)	1	0	(1)	(0)	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(0)	0	0	0	(0)	(0)	(0)
Contracting[1]	-	-	-	-	-	-	*12*	*15*	*10*	*22*	*15*	*9*	*22*	*37*	*33*	*30*	*78*	*161*	*102*	*37*	*103*	*42*	*24*	*104*	*63*	*30*	*11*	*44*	*44*	*25*	*35*	*60*	*84*	*89*	*75*	*59*
Supply[2]	**209**	**214**	**215**	**218**	**224**	**239**	**251**	**262**	**266**	**266**	**273**	**285**	**293**	**299**	**314**	**337**	**360**	**384**	**411**	**446**	**515**	**594**	**674**	**718**	**754**	**774**	**791**	**817**	**837**	**865**	**890**	**903**	**914**	**946**	**1,005**	**1,080**
Δ y/y		*2%*	*0%*	*2%*	*3%*	*6%*	*5%*	*5%*	*1%*	*0%*	*2%*	*4%*	*3%*	*2%*	*5%*	*7%*	*7%*	*7%*	*7%*	*8%*	*16%*	*15%*	*13%*	*7%*	*5%*	*3%*	*2%*	*3%*	*2%*	*3%*	*3%*	*1%*	*1%*	*4%*	*6%*	*8%*
Demand[2]	**178**	**185**	**182**	**187**	**193**	**211**	**214**	**224**	**220**	**223**	**237**	**240**	**246**	**270**	**298**	**311**	**331**	**379**	**394**	**403**	**468**	**514**	**557**	**605**	**633**	**625**	**633**	**688**	**715**	**729**	**765**	**814**	**858**	**901**	**947**	**997**
Δ y/y		*4%*	*-2%*	*3%*	*3%*	*9%*	*1%*	*5%*	*-2%*	*1%*	*6%*	*2%*	*2%*	*10%*	*10%*	*4%*	*7%*	*14%*	*4%*	*2%*	*16%*	*10%*	*8%*	*9%*	*5%*	*-1%*	*1%*	*9%*	*4%*	*2%*	*5%*	*6%*	*5%*	*5%*	*5%*	*5%*
Utilization[2]	**85%**	**87%**	**85%**	**86%**	**86%**	**88%**	**85%**	**85%**	**83%**	**84%**	**87%**	**84%**	**84%**	**90%**	**95%**	**92%**	**92%**	**98%**	**96%**	**90%**	**91%**	**86%**	**83%**	**84%**	**84%**	**81%**	**80%**	**84%**	**85%**	**84%**	**86%**	**90%**	**94%**	**95%**	**94%**	**92%**
BDI[2] (Index)	**1,354**	**1,592**	**1,201**	**1,401**	**1,475**	**1,982**	**1,316**	**1,337**	**947**	**1,065**	**1,608**	**1,216**	**1,139**	**2,630**	**4,509**	**3,383**	**3,188**	**7,097**	**6,347**	**2,622**	**2,762**	**1,551**	**922**	**1,207**	**1,106**	**715**	**675**	**1,149**	**1,351**	**1,346**	**1,577**	**2,760**	**4,290**	**4,873**	**4,288**	**3,354**
Cape, spot[2] (TCE/d)										11,188	20,909	12,945	11,956	40,558	69,005	50,344	45,260	116,535	105,214	42,774	33,406	15,699	7,717	14,578	14,515	8,074	7,421	15,215	16,494	17,915	20,191	40,859	67,573	77,757	67,542	51,221
Pana, spot[2] (TCE/d)									6,269	7,435	11,104	8,764	7,738	20,171	35,726	24,802	23,853	57,004	48,682	19,332	25,059	14,016	7,701	9,497	7,726	5,534	5,588	9,789	11,654	11,065	12,227	21,625	33,773	38,405	33,759	26,338
Supra, spot[2] (TCE/d)																18,841	22,680	47,604	41,290	17,351	22,477	14,409	9,459	10,296	9,819	6,941	6,168	9,365	11,488	9,923	12,637	19,969	29,447	33,060	29,436	23,646
Handy, spot[2] (TCE/d)																	18,212	32,541	29,100	11,359	16,437	10,560	7,636	8,190	7,687	5,366	5,222	7,659	8,707	7,178	9,521	14,423	20,758	23,173	20,750	16,880
Cape, 5y[2] (USDm)									27	28	31	28	28	35	57	66	64	111	128	52	57	43	34	36	47	33	24	32	35	31	29	62	81	85	74	61
Pana, 5y[2] (USDm)									14	15	17	15	16	20	34	40	37	66	73	32	39	31	22	21	24	17	14	18	19	19	18	35	46	49	42	35
Supra, 5y[2] (USDm)									13	14	16	14	14	16	26	31	33	57	61	27	32	28	22	21	25	16	13	16	18	17	17	31	40	41	37	31
Handy, 5y[2] (USDm)									9	11	12	11	11	13	20	26	26	37	44	21	26	23	18	18	20	13	10	14	15	16	15	24	31	32	28	24
OB[2]							**33**	**26**	**25**	**24**	**36**	**29**	**25**	**43**	**64**	**77**	**90**	**180**	**306**	**319**	**311**	**279**	**184**	**142**	**182**	**151**	**115**	**76**	**100**	**99**	**75**	**80**	**121**	**167**	**188**	**171**
OB/Fleet[2]							**13%**	**10%**	**9%**	**9%**	**13%**	**10%**	**8%**	**14%**	**20%**	**23%**	**25%**	**47%**	**75%**	**72%**	**60%**	**47%**	**27%**	**20%**	**24%**	**20%**	**15%**	**9%**	**12%**	**11%**	**8%**	**9%**	**13%**	**18%**	**19%**	**16%**

[1] Sum during period [2] Average during period

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Company Financials (annual estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
2020 NO	8	57	71	92	1	41	53	74	0	30	41	62	-1	19	30	52
BULK NO	155	121	139	200	98	68	86	148	55	24	42	104	42	13	32	95
DSX US	210	184	200	274	89	70	86	160	40	23	39	113	9	-7	12	91
EGLE US	210	249	237	268	50	83	111	147	10	33	60	96	-19	-3	27	66
GNK US	221	259	290	335	74	116	148	211	1	45	78	141	-26	21	57	123
GOGL US	484	455	498	653	203	177	213	351	108	68	103	241	52	12	47	189
SALT US	219	227	259	289	70	75	118	157	16	20	63	102	-21	-23	18	60
SB US	181	184	198	237	95	96	110	149	45	41	53	92	5	4	19	62
SBLK US	598	747	816	996	252	414	463	599	127	279	328	465	21	178	246	389
Average	254	276	301	372	104	127	154	222	45	62	90	157	7	24	54	125
Median	210	227	237	274	89	83	111	157	40	33	60	104	5	12	30	91

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
2020 NO	259	369	359	349	15	31	31	31	278	404	394	385	140	143	148	153
BULK NO	526	499	470	442	65	50	73	125	617	574	569	592	395	378	387	424
DSX US	929	893	849	804	124	123	96	121	1,101	1,063	992	973	604	603	621	680
EGLE US	862	836	797	759	45	29	62	109	1,055	1,012	1,006	1,015	487	482	510	549
GNK US	1,273	1,202	1,141	1,081	162	157	168	224	1,524	1,449	1,398	1,394	982	974	989	1,051
GOGL US	2,328	2,238	2,142	2,045	94	128	178	221	2,923	2,867	2,820	2,767	1,501	1,446	1,408	1,460
SALT US	1,350	1,364	1,321	1,276	43	43	87	126	1,663	1,677	1,679	1,673	875	847	849	905
SB US	948	917	861	804	82	101	88	112	1,068	1,056	987	955	488	504	525	582
SBLK US	2,969	2,902	2,802	2,702	81	216	408	495	3,204	3,272	3,364	3,351	1,531	1,701	1,912	2,008
Average	1,271	1,247	1,194	1,140	79	98	132	174	1,492	1,486	1,468	1,456	778	786	817	868
Median	948	917	861	804	81	101	88	125	1,101	1,063	1,006	1,015	604	603	621	680

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2020	2021	2020	2021
2020 NO	3	30	42	64	-185	-91	39	61	-54	16	0	1	21,369	24,229	14,957	15,156
BULK NO	90	57	76	139	127	41	61	123	22	-15	23	52	13,716	15,746	10,150	8,794
DSX US	57	46	65	144	86	35	62	142	-5	-2	-27	25	12,175	13,263	11,310	17,881
EGLE US	25	47	78	117	-197	22	66	104	-3	-17	33	47	11,326	12,698	10,938	10,296
GNK US	52	91	127	194	36	91	118	184	-41	-4	10	56	12,458	13,854	10,828	10,661
GOGL US	132	122	157	299	72	102	144	285	-226	34	49	43	14,228	15,443	13,535	13,683
SALT US	34	33	74	116	88	-37	61	105	-25	0	44	39	10,746	13,063	13,099	12,548
SB US	57	70	87	130	52	46	87	130	29	19	-13	24	12,515	13,294	11,740	13,193
SBLK US	96	313	380	523	-204	245	346	489	-125	135	192	87	17,564	19,089	13,547	12,870
Average	61	90	121	192	-14	50	109	180	-47	18	35	42	14,011	15,631	12,234	12,787
Median	57	57	78	139	52	41	66	130	-25	0	23	43	12,515	13,854	11,740	12,870

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Company Financials (quarterly estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
2020 NO		9	10	15		6	6	10		4	3	7		2	1	4
BULK NO	51	25	18	26	37	12	5	13	26	1	-6	2	23	-2	-9	-1
DSX US	50	43	39	40	19	15	11	12	7	3	-1	0	-1	-4	-8	-7
EGLE US	55	46	54	62	14	5	13	20	3	-7	0	8	-5	-17	-9	-1
GNK US	68	47	51	63	30	11	16	27	12	-7	-2	9	5	-13	-8	3
GOGL US	148	88	80	107	72	23	16	37	47	-4	-11	9	33	-18	-25	-5
SALT US		44	42	57		6	4	18		-8	-9	5		-18	-20	-6
SB US	45	38	38	44	24	17	16	22	11	3	2	8	1	-6	-7	-2
SBLK US	184	139	148	180	88	64	73	98	56	30	39	64	16	-3	16	42
Average	86	53	53	66	41	18	18	29	23	2	2	13	10	-9	-8	3
Median	55	44	42	57	30	12	13	20	12	1	-1	8	5	-6	-8	-1

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
2020 NO		332	375	372		15	30	30		351	409	406		140	140	141
BULK NO	526	520	513	506	65	45	30	27	617	590	568	558	395	373	360	357
DSX US	929	914	907	900	124	127	118	111	1,101	1,089	1,073	1,058	604	601	595	589
EGLE US	862	859	851	846	45	21	10	4	1,055	1,027	1,008	997	487	469	460	459
GNK US	1,273	1,255	1,238	1,220	162	143	128	125	1,524	1,487	1,455	1,435	982	962	947	943
GOGL US	2,328	2,306	2,282	2,257	94	55	61	87	2,923	2,861	2,843	2,845	1,501	1,459	1,420	1,401
SALT US		1,356	1,367	1,369		24	23	19		1,651	1,661	1,659		855	834	826
SB US	948	958	944	931	82	69	83	81	1,068	1,065	1,066	1,051	488	485	480	482
SBLK US	2,969	2,978	2,952	2,927	81	82	79	101	3,204	3,214	3,185	3,182	1,531	1,526	1,540	1,580
Average	1,405	1,275	1,270	1,259	93	64	63	65	1,642	1,482	1,474	1,466	855	763	753	753
Median	948	958	944	931	82	55	61	81	1,101	1,089	1,073	1,058	604	601	595	589

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	1Q20	2Q20	1Q20	2Q20
2020 NO		4	3	7		-71	-42	7		0	14	0	18,064	16,072	14,136	15,171
BULK NO	34	9	2	10	61	5	-2	6	11	-20	-14	-4	11,296	8,213	9,997	10,890
DSX US	12	9	5	6	9	11	1	1	-3	2	-9	-8	11,405	10,396	11,237	11,206
EGLE US	6	-5	4	12	-116	-15	0	4	-26	-24	-11	-6	8,512	9,927	11,001	11,071
GNK US	23	5	10	21	39	5	10	21	-4	-19	-14	-3	9,542	9,843	11,001	10,833
GOGL US	58	9	3	23	48	-1	-1	19	7	-39	6	26	11,566	10,327	13,193	13,297
SALT US		-4	-6	8		-25	-31	-8		-19	-1	-3	8,319	8,039	12,477	12,733
SB US	17	10	9	15	10	-14	9	15	5	-13	14	-1	10,998	10,144	11,913	11,747
SBLK US	44	31	50	76	-3	-12	43	67	-26	1	-2	22	13,541	13,968	13,218	13,172
Average	28	7	9	20	7	-13	-2	15	-5	-15	-2	3	11,472	10,770	12,019	12,236
Median	23	9	4	12	10	-12	0	7	-3	-19	-2	-3	11,296	10,144	11,913	11,747

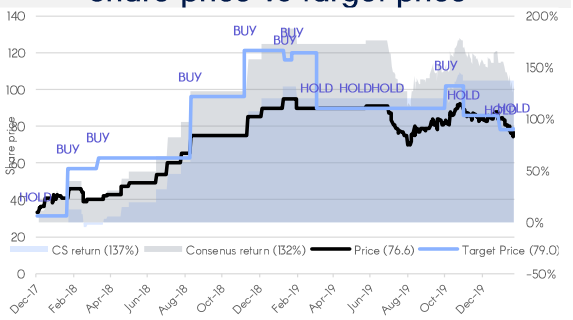
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

A bet on modern Newcastlemaxes with scrubbers & a strategy of no empire-building, instead returning cash to shareholders

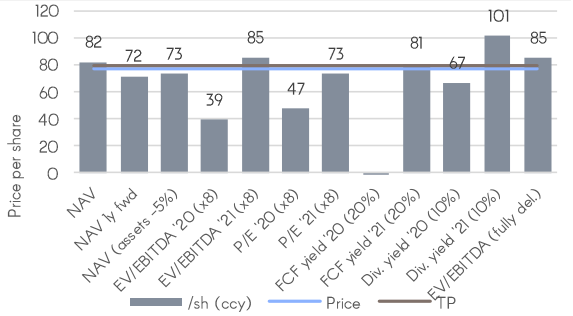
2020-NO HOLD/N79

2020 Bulkers

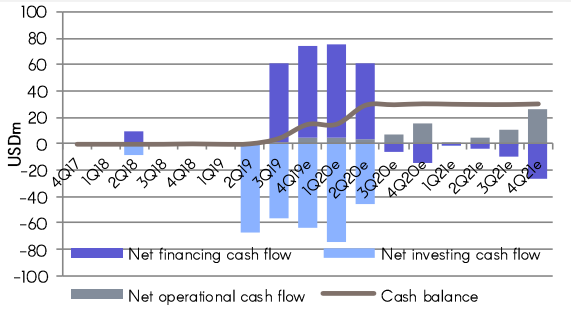
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	8	57	71	92
EBITDA (adj.)	1	41	53	74
EBIT (adj.)	0	30	41	62
PTP (adj.)	-1	19	30	52
Net earnings (adj.)	-1	19	30	52
EPS (adj.)	0.03	0.87	1.34	2.33
DPS	0.14	0.73	1.11	2.07
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	178	230	320	401
Adj. equity ratio	56%	47%	57%	63%
FCF yield	-99%	-49%	21%	33%
Dividend yield	2%	9%	13%	25%
EV/EBITDA		10.2	7.6	5.2
P/E (adj.)		9.7	6.3	3.6

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	3	30	42	64
Free cash flow	-185	-91	39	61
Net cash flow	-54	16	-0	1
TCE/day	#DIV/0!	21,369	24,229	31,509
Cash break-even	#DIV/0!	14,957	15,156	14,949
Liquidity	15	31	31	31
Property & Equip. (incl. NB	259	369	359	349
Total equity	140	143	148	153
Total assets	278	404	394	385
Interest bearing debt	136	259	244	230
Net interest bearing debt	121	228	214	198
Market Cap.	186	186	186	186
Enterprise value	308	415	400	385

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

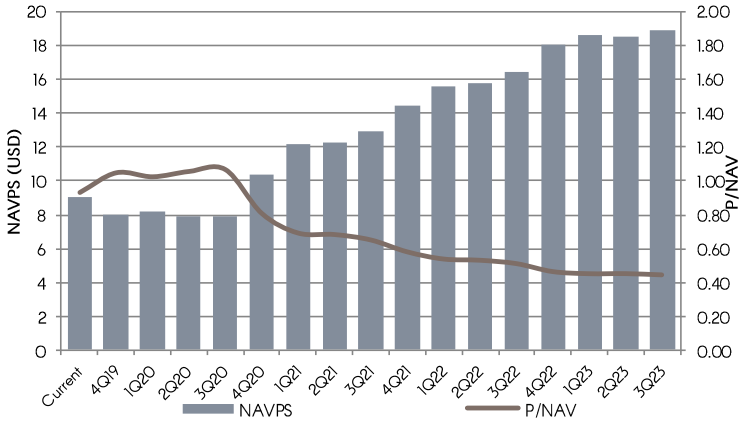
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

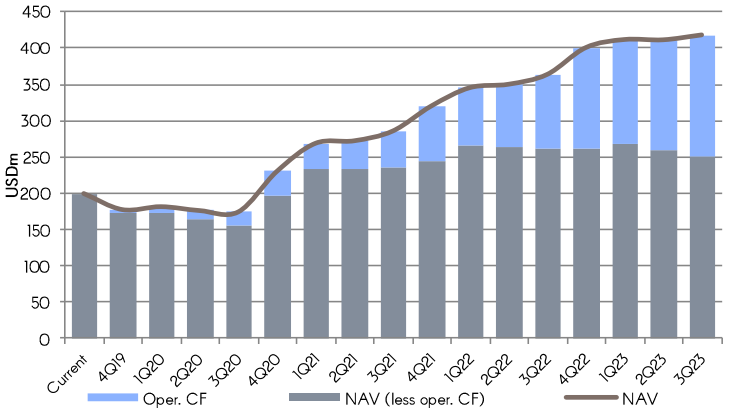
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	196	442	429
Contract value	0	3	3
Other	3	3	3
GAV	199	449	435
Net debt	-59	-59	-59
Capex	0	-189	-189
Other	-1	-1	-1
Equity	140	200	186
Shares	22	22	22
Equity/sh	6.30	9.01	8.40
lcl CCY	57.40	82.12	76.60
P/Equity	1.33	0.93	1.00
EV/GAV	2.18	0.97	1.00
Adj. Total Assets	205	451	438
Adj. Equity Ratio	68%	44%	43%
Fair Value	NOK	79	4%
	USD	8.7	

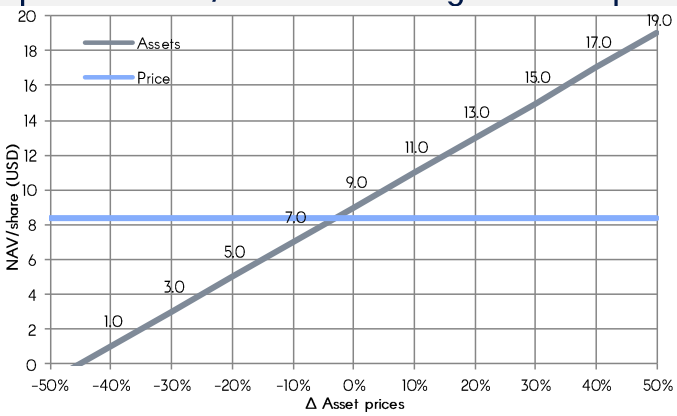
Quarterly forward NAV & P/NAV



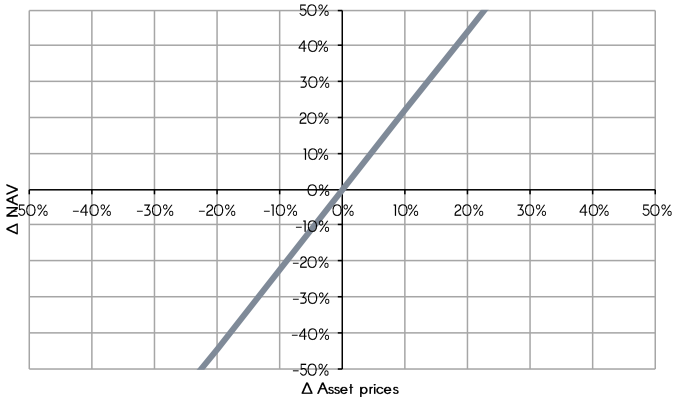
Quarterly forward NAV decomposition



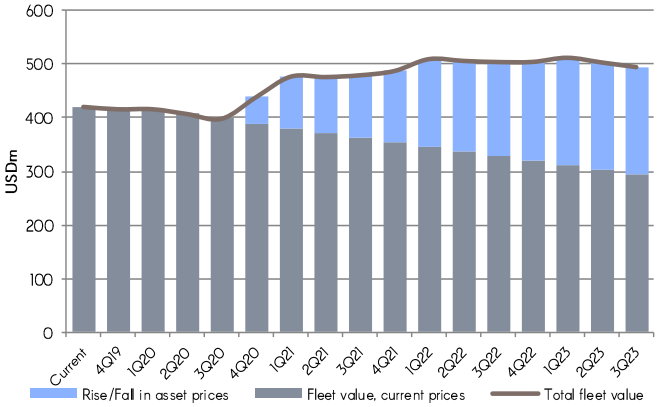
Impact on NAV/sh from % change in asset prices



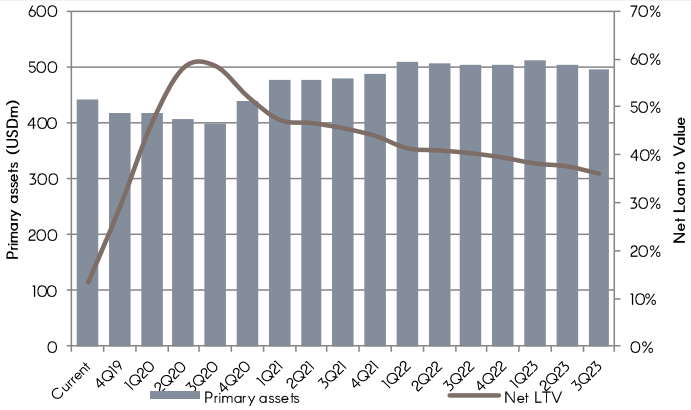
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	8	57	71	92	9	51	63	87	-1	6	8	5
EBITDA (adj.)	1	41	53	74	2	34	45	69	-1	7	8	5
EBIT (adj.)	0	30	41	62	-0	20	29	53	1	10	11	9
PTP (adj.)	-1	19	30	52	-2	9	18	43	1	10	12	9
Net earnings (adj.)	-1	19	30	52	-2	9	18	43	1	10	12	9
EPS (adj.)	0.03	0.87	1.34	2.33	-0.11	0.40	0.81	1.92	0.13	0.47	0.53	0.41
DPS	0.14	0.73	1.11	2.07	0.00	0.42	1.03	1.98	0.13	0.31	0.08	0.10
									2019E	2020E	2021E	2022E
								TCE revenue	-1	6	8	5
								Opex & G&A	-0	-0	-0	-0
								Depreciation	-2	-3	-3	-3
								Net finance	0	-0	-0	-0
								Taxes & Minorities	-0	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	3	30	42	64	3	23	33	58	-0	7	8	6
Free cash flow	-185	-91	39	61	-184	-98	33	58	-0	7	6	4
Net cash flow	-54	16	-0	1	16	16	-4	1	-70	-0	3	-0
TCE/day	#DIV/0!	21,369	24,229	31,509	#DIV/0!	19,110	21,635	29,836	#DIV/0!	2,259	2,594	1,673
Cash break-even	#DIV/0!	14,957	15,156	14,949	#DIV/0!	14,982	15,069	14,612	#DIV/0!	-25	87	337
Liquidity	15	31	31	31	17	33	29	30	-1	-2	2	1
Property & Equip. (incl. NB	259	369	359	349	252	359	344	328	6	10	15	21
Total equity	140	143	148	153	139	139	134	133	0	4	14	21
Total assets	278	404	394	385	273	396	377	363	5	8	17	22
Interest bearing debt	136	259	244	230	133	256	242	229	3	3	2	1
Net interest bearing debt	121	228	214	198	117	224	213	199	5	5	0	-1
Market Cap.	186	186	186	186	216	216	216	216	-30	-30	-30	-30
Enterprise value	308	415	400	385	333	440	429	415	-25	-25	-29	-31

Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	178	230	320	401	194	221	291	372	-17	9	30	28
Adj. equity ratio	56%	47%	57%	63%	59%	46%	54%	62%	-3%	1%	2%	2%
FCF yield	-99%	-49%	21%	33%	-85%	-45%	15%	27%	-14%	-4%	6%	6%
Dividend yield	2%	9%	13%	25%	0%	4%	11%	20%	2%	4%	3%	4%
EV/EBITDA		10.2	7.6	5.2		13.0	9.6	6.0	######	-2.7	-2.0	-0.8
P/E (adj.)		9.7	6.3	3.6		24.3	12.0	5.1	######	-14.7	-5.8	-1.5

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	0	0	0	2	8	9	10	15	23
Operational costs		-1	-1	-1	-2	-4	-4	-5	-5
EBITDA		-1	-1	1	5	6	6	10	19
Depreciation/Amortization		0	0	0	-1	-2	-3	-3	-3
EBIT	ting Data...	-1	-1	1	4	4	3	7	16
Net financials		0	0	0	-1	-2	-3	-3	-3
PTP	—	-1	-1	1	3	2	1	4	13
Taxes/Minorities		0	0	0	0	0	0	0	0
Net earnings	0	-1	-1	1	3	2	1	4	13
Non-recurring items		0	0	0	0	0	0	0	0
Net earnings (adj.)	ting Data...	-1	-1	1	3	2	1	4	13
EPS	0.00	-0.09	-0.05	0.03	0.13	0.09	0.02	0.18	0.58
EPS (adj.)		-0.09	-0.05	0.03	0.13	0.09	0.02	0.18	0.58
DPS	0.00	0.00	0.00	0.00	0.14	0.08	0.01	0.13	0.51

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	0	0	0	4	15	15	30	30	31
Other current assets	0	0	2	2	2	2	2	2	2
Total current assets	0	0	2	6	17	17	32	32	33
Property & equip. (incl. NBs)	68	0	135	196	259	332	375	372	369
Other non-current assets	0	0	2	2	2	2	2	2	2
Total non-current assets	68	0	137	199	261	334	377	374	371
TOTAL ASSETS	69	0	139	205	278	351	409	406	404
Total equity	68	0	139	140	140	140	140	141	143
Short-term debt	0	0	0	8	3	3	5	5	4
Other current liabilities	0	0	1	2	2	2	2	2	2
Total current liabilities	0	0	1	9	4	5	6	6	6
Long-term debt	0	0	0	56	134	206	262	258	255
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	56	134	206	262	259	256
TOTAL EQUITY & LIABILITIES	69	0	139	205	278	351	409	406	404
Working capital, receivables	0	0	0	1	1	1	1	1	1
Working capital, payables	0	0	0	1	1	1	1	1	1
Net working capital	0	0	0	0	0	0	0	0	0
Interest bearing debt	0	0	0	63	136	210	267	263	259
Liquidity	0	0	0	5	15	15	30	30	31
Net interest bearing debt	0	0	0	59	121	194	237	233	228

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	0	-1	-1	1	3	2	1	4	13
Depreciation	0	0	0	0	1	2	3	3	3
Other	0	1	1	0	0	0	0	0	0
Cash earnings	0	0	0	1	4	4	3	7	16
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	0	0	0	1	4	4	3	7	16
Capex	0	0	-66	-57	-63	-75	-46	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	0	0	-1	0	0	0	0	0	0
Net investing cash flow	0	0	-67	-57	-63	-75	-46	0	0
Repayment of debt	0	0	0	0	-1	-2	-3	-4	-4
Proceeds from debt	0	0	0	59	74	75	60	0	0
Dividends paid	0	0	0	0	-3	-2	0	-3	-11
New equity	0	0	60	1	0	0	0	0	0
Other	0	0	-60	0	0	0	0	0	0
Net financing cash flow	0	0	0	60	70	71	57	-7	-15
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	0	0	-67	4	11	0	14	0	1
Cash balance	0	0	0	4	15	15	30	30	31
Free cash flow	0	0	-67	-56	-59	-71	-42	7	16

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	0	0	0	0	0	8	57	71	92
Operational costs				0	-1	-6	-17	-18	-18
EBITDA				0	-1	1	41	53	74
Depreciation/Amortization				0	0	-1	-11	-12	-12
EBIT	—	—	—	0	-1	0	30	41	62
Net financials				0	0	-1	-10	-11	-10
PTP	—	—	—	0	-1	-1	19	30	52
Taxes/Minorities				0	0	0	0	0	0
Net earnings	—	—	—	0	-1	-1	19	30	52
Non-recurring items				0	0	0	0	0	0
Net earnings (adj.)	—	—	—	0	-1	-1	19	30	52
EPS					-0.05	0.03	0.87	1.34	2.33
EPS (adj.)					-0.05	0.03	0.87	1.34	2.33
DPS					0.00	0.14	0.73	1.11	2.07

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	6	0	15	31	31	31
Other current assets				0	0	2	2	2	2
Total current assets	—	—	—	6	0	17	33	33	33
Property & equip. (incl. NBs)	—	—	—	9	68	259	369	359	349
Other non-current assets				0	0	2	2	2	2
Total non-current assets	—	—	—	9	68	261	371	361	352
TOTAL ASSETS	—	—	—	15	69	278	404	394	385
Total equity	—	—	—	15	68	140	143	148	153
Short-term debt	—	—	—	0	0	3	3	3	3
Other current liabilities				0	0	2	2	2	2
Total current liabilities	—	—	—	0	0	4	4	4	4
Long-term debt	—	—	—	0	0	134	257	242	227
Other non-current liabilities				0	0	0	0	0	0
Total non-current liabilities	—	—	—	0	0	134	257	242	227
TOTAL EQUITY & LIABILITIES	—	—	—	15	69	278	404	394	385
Working capital, receivables				0	0	1	1	1	1
Working capital, payables	—	—	—	0	0	1	1	1	1
Net working capital				0	0	0	0	0	0
Interest bearing debt				0	0	136	259	244	230
Liquidity				6	0	15	31	31	31
Net interest bearing debt				-6	0	121	228	214	198

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	—	—	—	0	-1	-1	19	30	52
Depreciation				0	0	1	11	12	12
Other				0	0	3	0	0	0
Cash earnings				0	-1	3	30	42	64
Changes in working capital	—	—	—	0	0	0	0	0	0
Net operational cash flow	—	—	—	0	-1	3	30	42	64
Capex	—	—	—	-9	-59	-187	-121	-2	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	0	0	0	0	0	0
Other				0	0	0	0	0	0
Net investing cash flow	—	—	—	-9	-59	-187	-121	-2	-2
Repayment of debt	—	—	—	0	0	-1	-12	-15	-15
Proceeds from debt	—	—	—	0	0	133	135	0	0
Dividends paid	—	—	—	0	0	-3	-16	-25	-46
New equity	—	—	—	15	54	61	0	0	0
Other				0	0	0	0	0	0
Net financing cash flow	—	—	—	15	54	130	107	-39	-61
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				6	-6	-54	16	0	1
Cash balance	—	—	—	6	0	-54	-39	-39	-38
Free cash flow				-9	-60	-185	-91	39	61

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

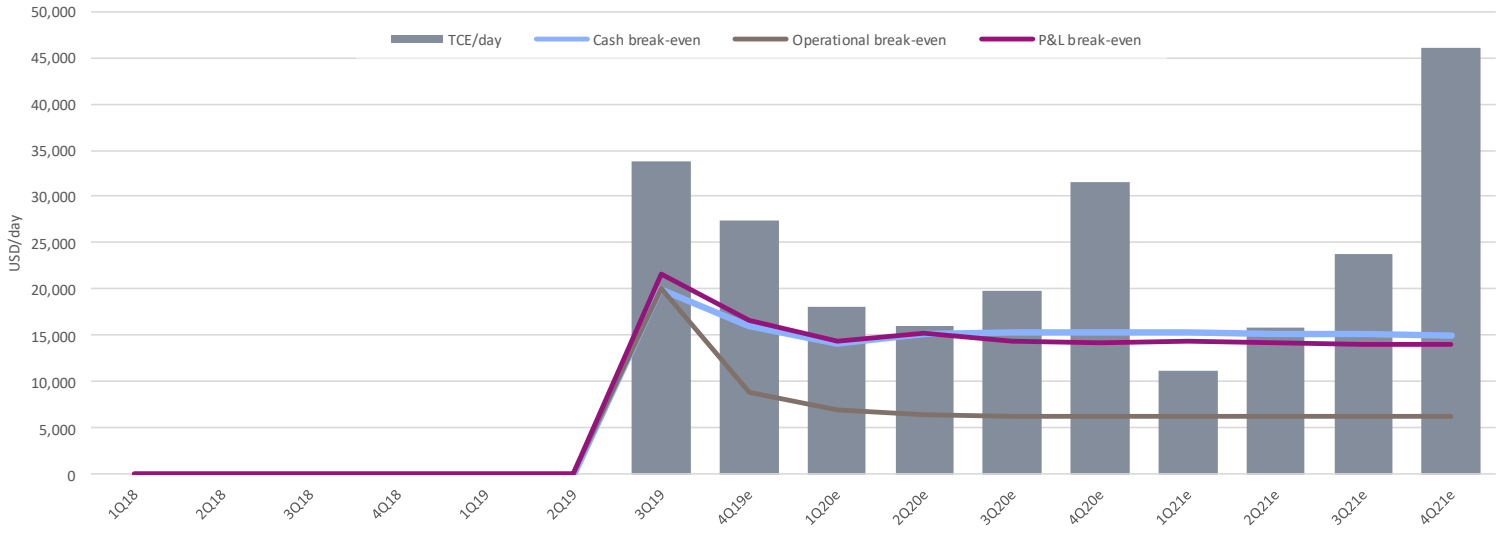
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	—	—	14	22	22	22	22
Share price, avg (USD)				4	6	9	8	8	8
Share price, end (USD)	—	—	—	—	10	8	8	8	8
Market Cap.					139	186	186	186	186
NIBD				-6	0	121	228	214	198
Minorities	—	—	—	0	0	0	0	0	0
Enterprise value					139	308	415	400	385

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)							9.7	6.3	3.6
P/E (adj.)							9.7	6.3	3.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						24.7	3.2	2.6	2.0
EV/Sales						40.7	7.2	5.6	4.2
EV/EBITDA							10.2	7.6	5.2
EV/EBIT							14.0	9.8	6.2
P/B					2.0	1.3	1.3	1.3	1.2
FCF yield					-43%	-99%	-49%	21%	33%
Dividend yield					0.0%	1.6%	8.7%	13.2%	24.7%
Return on equity (ROE)				-0.7%	-1.0%	-0.6%	13.5%	20.1%	33.7%
Return on capital employed (ROCE)				-1.2%	-1.0%	0.1%	8.0%	11.3%	17.7%
Return on assets (ROA)				-0.7%	-1.0%	-0.3%	4.8%	7.5%	13.4%
Sales growth							661%	24%	30%
EBITDA margin						19%	70%	74%	80%
EBIT margin						4%	51%	57%	67%
Net margin						-12%	33%	42%	56%
Net interest rate				0.0%	0.0%	0.9%	4.5%	5.2%	5.3%
Tax rate				0.0%	-0.5%	-0.2%	0.0%	0.0%	0.0%
Equity ratio				99%	99%	50%	35%	37%	40%
Leverage ratio				1%	1%	50%	65%	63%	60%
NIBD / EBITDA (past 1y)				57.8	0.4	82.4	5.6	4.1	2.7
Operating cash flow/NIBD				0.0	2.1	0.0	0.1	0.2	0.3
Net interest coverage ratio (EBITDA						1.3	3.9	4.8	7.1
Current ratio				56.7	1.2	3.9	7.5	7.5	7.7
Adj. equity ratio						56%	47%	57%	63%
Operating assets				9	69	263	373	363	354
Operating liabilities				0	0	2	2	2	2
Net operating assets				9	68	261	371	361	352

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

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



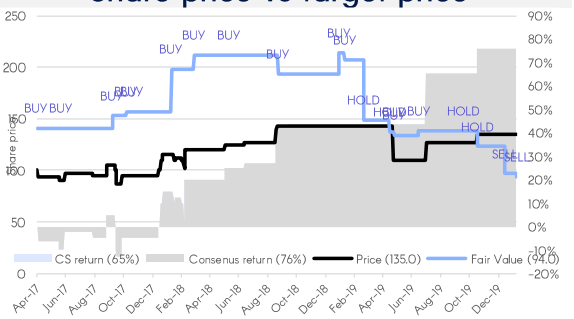
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Aggressive in DPS vs a low leverage. Unfortunately selling off its fleet ahead of the next expected market upturn. Zero share liquidity

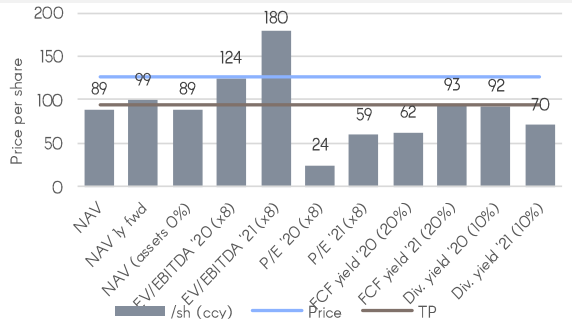
BULK-NO SELL/N94

GoodBulk

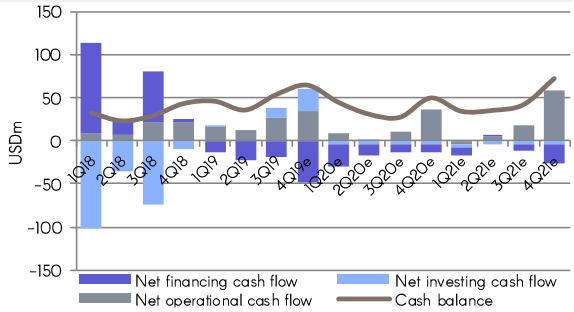
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	155	121	139	200
EBITDA (adj.)	98	68	86	148
EBIT (adj.)	55	24	42	104
PTP (adj.)	42	13	32	95
Net earnings (adj.)	42	13	32	95
EPS (adj.)	1.40	0.44	1.08	3.16
DPS	1.93	1.01	0.77	1.93

USDm	2019E	2020E	2021E	2022E
Fwd NAV	335	407	543	722
Adj. equity ratio	60%	67%	75%	81%
FCF yield	30%	10%	15%	30%
Dividend yield	14%	7%	6%	14%
EV/EBITDA	5.5	8.1	6.0	3.0
P/E (adj.)	9.9	31.5	12.9	4.4

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	90	57	76	139
Free cash flow	127	41	61	123
Net cash flow	22	-15	23	52
TCE/day	16,063	13,716	15,746	22,783
Cash break-even	11,408	10,150	8,794	8,574
Liquidity	65	50	73	125
Property & Equip. (incl. NB	526	499	470	442
Total equity	395	378	387	424
Total assets	617	574	569	592
Interest bearing debt	209	183	168	155
Net interest bearing debt	143	133	95	30
Market Cap.	417	417	417	417

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

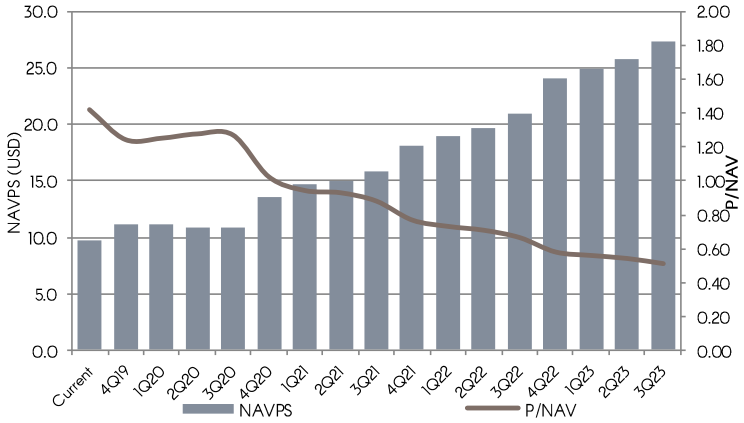
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the document

Company Valuation

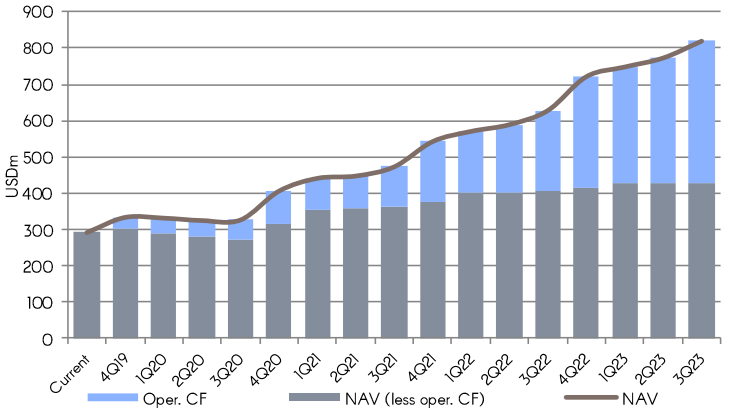
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	564	450	565
Contract value	0	10	13
Other	22	22	27
GAV	586	482	606
Net debt	-179	-179	-179
Capex	0	0	0
Other	-10	-10	-10
Equity	397	293	417
Shares	30	30	30
Equity/sh	13.22	9.76	13.89
lcl CCY	120.49	88.96	126.61
P/Equity	1.05	1.42	1.00
EV/GAV	1.03	1.26	1.00
Adj. Total Assets	643	529	645
Adj. Equity Ratio	62%	55%	65%
Fair Value	NOK	94	-26%
	USD	10	

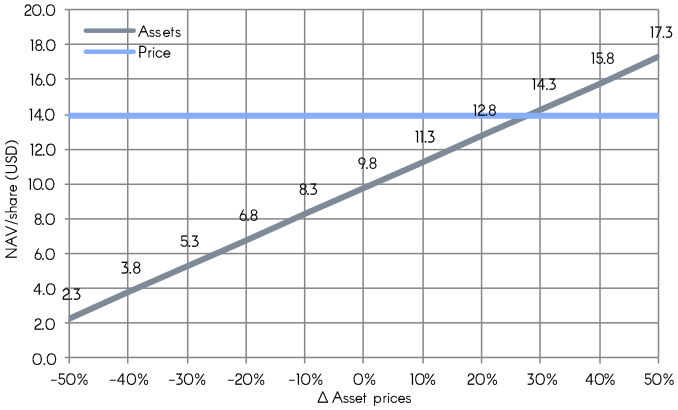
Quarterly forward NAV & P/NAV



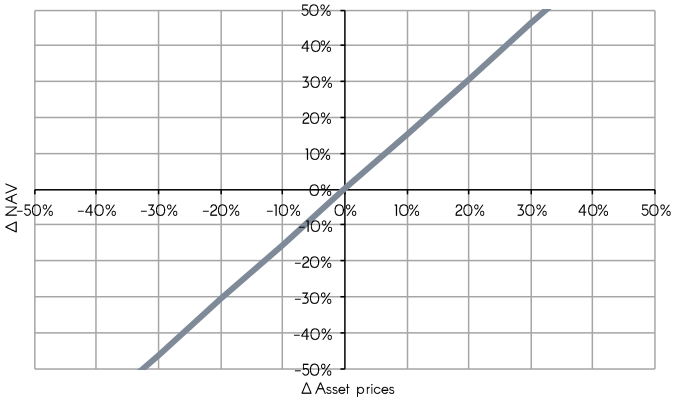
Quarterly forward NAV decomposition



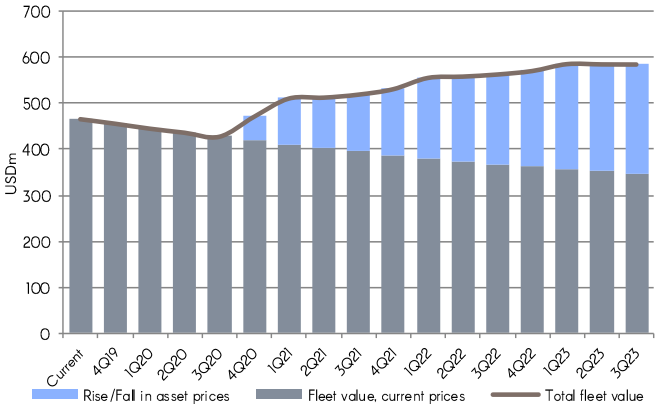
Impact on NAV/sh from % change in asset prices



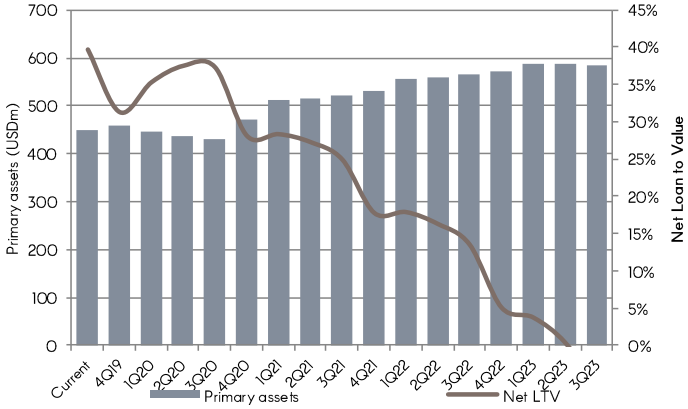
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	40.3	44.9	51.5	53.7				
EBITDA (adj.)	25.0	30.0	37.5	35.0				
EBIT (adj.)	14.1	19.3	26.5	24.1				
PTP (adj.)	9.6	16.1	23.5	21.0				
Net earnings (adj.)	9.6	16.1	23.5	21.0				
EPS (adj.)	0.32	0.54	0.78	0.70				
DPS	0.34	0.84	0.64	n.a.				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	40.3	44.9	51.5	53.7				
Opex & G&A	15.4	14.9	13.9	18.7				
Depreciation	10.8	10.7	11.0	10.9				
Net finance	4.5	3.2	3.0	3.1				
Taxes & Minorities	-	-	-	-				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	22	27	35					
Free cash flow	12	38	61					
Net cash flow	15	19	12					
TCE/day	16,098	18,531	21,519	*22,439*				
Fleet days	2,506	2,423	2,392					
Cash break-even	12,037	10,458	17,119					
Liquidity	43	54	66					
Interest bearing debt	249	233	209					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	155	121	139	200	154	125	147	214	1	-4	-8	-14
EBITDA (adj.)	98	68	86	148	97	69	92	159	1	-2	-6	-11
EBIT (adj.)	55	24	42	104	54	25	48	115	1	-2	-6	-11
PTP (adj.)	42	13	32	95	41	14	37	105	1	-1	-5	-10
Net earnings (adj.)	42	13	32	95	41	14	37	105	1	-1	-5	-10
EPS (adj.)	1.40	0.44	1.08	3.16	1.37	0.46	1.24	3.50	0.03	-0.02	-0.16	-0.33
DPS	1.93	1.01	0.77	1.93	1.94	0.60	0.91	2.49	-0.01	0.41	-0.14	-0.56

	2019E	2020E	2021E	2022E
TCE revenue	1	-4	-8	-14
Opex & G&A	0	-3	-3	-3
Depreciation	-	-	-	-
Net finance	-0	-1	-1	-1
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	90	57	76	139	93	58	81	149	-2	-1	-5	-10
Free cash flow	127	41	61	123	86	41	66	133	40	-1	-4	-10
Net cash flow	22	-15	23	52	-2	-1	22	43	24	-15	1	8
TCE/day	16,063	13,716	15,746	22,783	15,947	13,135	15,453	22,505	116	581	293	278
Cash break-even	11,408	10,150	8,794	8,574	9,617	9,592	8,660	8,437	1,790	558	134	138
Liquidity	65	50	73	125	42	41	63	106	24	9	11	19
Property & Equip. (incl. NB	526	499	470	442	565	538	509	481	-39	-39	-39	-40
Total equity	395	378	387	424	394	390	400	430	1	-12	-13	-6
Total assets	617	574	569	592	632	604	597	612	-15	-29	-29	-20
Interest bearing debt	209	183	168	155	226	201	185	170	-17	-18	-17	-15
Net interest bearing debt	143	133	95	30	184	161	122	64	-40	-28	-27	-34
Market Cap.	417	417	417	417	415	415	415	415	2	2	2	2
Enterprise value	560	550	512	446	599	576	537	479	-39	-26	-26	-33

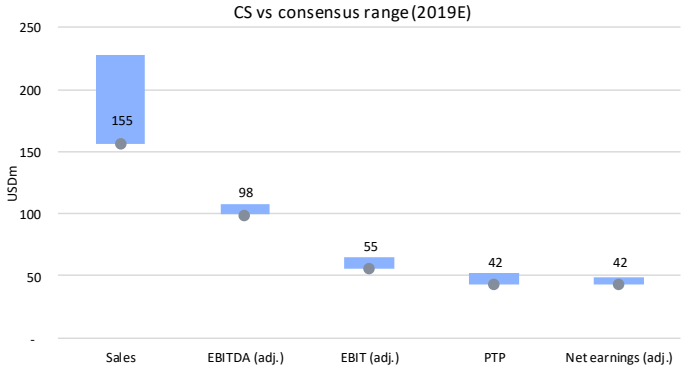
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	335	407	543	722	418	456	582	768	-83	-49	-39	-46
Adj. equity ratio	60%	67%	75%	81%	64%	68%	75%	81%	-4%	-1%	0%	0%
FCF yield	30%	10%	15%	30%	21%	10%	16%	32%	10%	0%	-1%	-2%
Dividend yield	14%	7%	6%	14%	14%	4%	7%	18%	0%	3%	-1%	-4%
EV/EBITDA	5.5	8.1	6.0	3.0	5.9	8.3	5.9	3.0	-0.4	-0.2	0.1	0.0
P/E (adj.)	9.9	31.5	12.9	4.4	10.1	29.8	11.2	4.0	-0.2	1.6	1.7	0.4

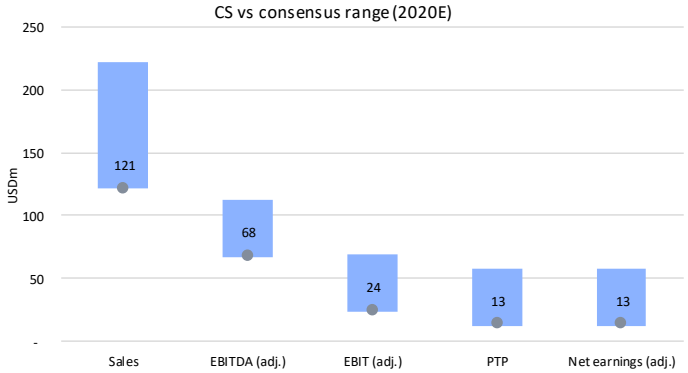
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

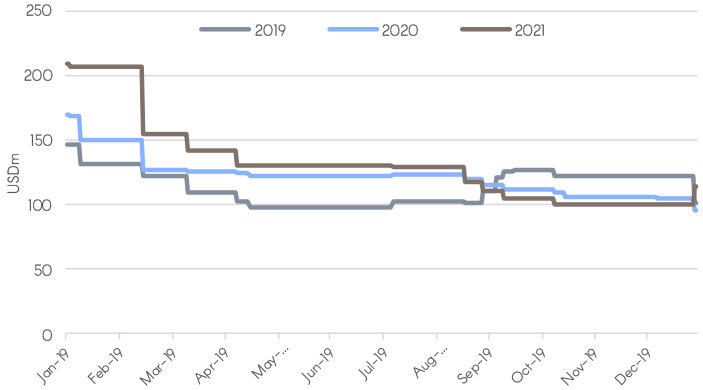
Profit & Loss, year I



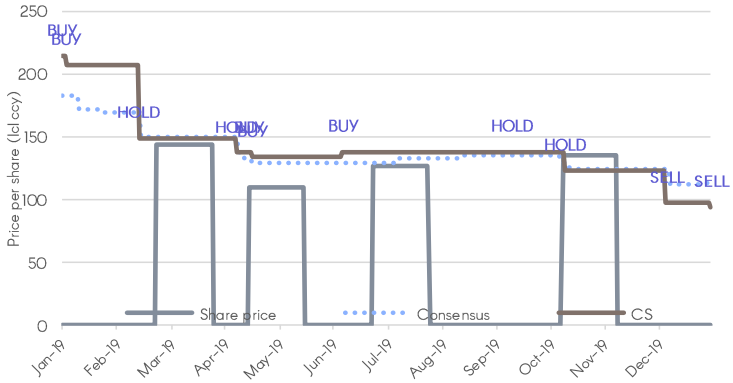
Profit & Loss, year II



Consensus EBITDA development



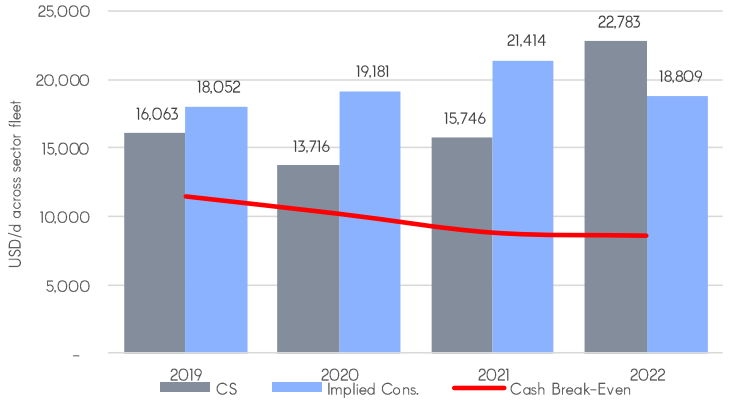
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	155	175	-19	-11%
Opex + G&A	57	73	-16	-22%
Depreciation	43	43	0	1%
Net finance	13	12	1	7%
Taxes & Minorities	0	2	-2	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	121	169	-48	-28%
Opex + G&A	53	74	-21	-28%
Depreciation	44	43	1	2%
Net finance	11	12	-2	-13%
Taxes & Minorities	0	0	0	#DIV/0!

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**40**	**31**	**28**	**45**	**51**	**25**	**18**	**26**	**52**
Operational costs	-14	-14	-14	-11	-14	-13	-13	-13	-13
EBITDA	**26**	**17**	**14**	**34**	**37**	**12**	**5**	**13**	**38**
Depreciation/Amortization	-11	-11	-11	-11	-11	-11	-11	-11	-11
EBIT	**15**	**6**	**4**	**23**	**26**	**1**	**-6**	**2**	**27**
Net financials	-5	-3	-3	-3	-3	-3	-3	-3	-3
PTP	**11**	**3**	**0**	**20**	**23**	**-2**	**-9**	**-1**	**25**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**11**	**3**	**0**	**20**	**23**	**-2**	**-9**	**-1**	**25**
Non-recurring items	-1	0	0	-4	0	0	0	0	0
Net earnings (adj.)	**10**	**3**	**0**	**16**	**23**	**-2**	**-9**	**-1**	**25**
EPS	0.35	0.09	0.01	0.66	0.77	-0.07	-0.30	-0.02	0.83
EPS (adj.)	0.32	0.09	0.01	0.54	0.77	-0.07	-0.30	-0.02	0.83
DPS	0.30	0.34	0.34	0.41	0.84	0.64	0.15	0.07	0.15

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	43	46	35	54	65	45	30	27	50
Other current assets	31	27	25	25	25	25	25	25	25
Total current assets	**74**	**73**	**60**	**79**	**91**	**70**	**56**	**52**	**75**
Property & equip. (incl. NBs)	603	592	581	564	526	520	513	506	499
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	**603**	**592**	**581**	**564**	**526**	**520**	**513**	**506**	**499**
TOTAL ASSETS	**677**	**665**	**642**	**643**	**617**	**590**	**568**	**558**	**574**
Total equity	**417**	**408**	**389**	**397**	**395**	**373**	**360**	**357**	**378**
Short-term debt	23	32	34	38	24	32	32	31	30
Other current liabilities	9	8	8	9	9	9	9	9	9
Total current liabilities	**33**	**40**	**42**	**47**	**33**	**41**	**41**	**40**	**39**
Long-term debt	226	214	206	195	185	171	163	156	153
Other non-current liabilities	2	3	4	5	5	5	5	5	5
Total non-current liabilities	**227**	**217**	**210**	**200**	**190**	**176**	**168**	**160**	**158**
TOTAL EQUITY & LIABILITIES	**677**	**665**	**642**	**643**	**617**	**590**	**568**	**558**	**574**
Working capital, receivables	29	26	24	25	25	25	25	25	25
Working capital, payables	5	4	3	3	3	3	3	3	3
Net working capital	**24**	**22**	**21**	**21**	**21**	**21**	**21**	**21**	**21**
Interest bearing debt	249	246	240	233	209	203	195	187	183
Liquidity	43	46	35	54	65	45	30	27	50
Net interest bearing debt	**206**	**200**	**204**	**179**	**143**	**158**	**164**	**160**	**133**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	11	3	0	20	23	-2	-9	-1	25
Depreciation	11	11	11	11	11	11	11	11	11
Other	-2	0	0	-4	0	0	0	0	0
Cash earnings	**20**	**14**	**11**	**27**	**34**	**9**	**2**	**10**	**36**
Changes in working capital	3	2	1	0	0	0	0	0	0
Net operational cash flow	**22**	**16**	**13**	**27**	**34**	**9**	**2**	**10**	**36**
Capex	-30	0	0	-1	-3	-4	-4	-4	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	5	0	0	12	29	0	0	0	0
Other	15	0	0	0	0	0	0	0	0
Net investing cash flow	**-10**	**0**	**-1**	**11**	**26**	**-4**	**-4**	**-4**	**-4**
Repayment of debt	-10	-3	-6	-7	-24	-6	-8	-8	-4
Proceeds from debt	24	0	0	0	0	0	0	0	0
Dividends paid	-9	-10	-10	-12	-25	-19	-5	-2	-5
New equity	0	0	0	0	0	0	0	0	0
Other	-2	0	-6	0	0	0	0	0	0
Net financing cash flow	**3**	**-13**	**-23**	**-20**	**-49**	**-25**	**-12**	**-10**	**-9**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**15**	**3**	**-11**	**19**	**11**	**-20**	**-14**	**-4**	**23**
Cash balance	43	46	35	54	65	45	30	27	50
Free cash flow	**12**	**16**	**12**	**38**	**61**	**5**	**-2**	**6**	**32**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	0	0	0	34	131	155	121	139	200
Operational costs					-45	-53	-53	-53	-53
EBITDA					87	102	68	86	148
Depreciation/Amortization					-36	-43	-44	-44	-44
EBIT	—	—	—	5	51	59	24	42	104
Net financials				-2	-13	-13	-11	-9	-9
PTP	—	—	—	3	38	46	13	32	95
Taxes/Minorities				0	0	0	0	0	0
Net earnings	—	—	—	3	38	46	13	32	95
Non-recurring items				0	-6	-4	0	0	0
Net earnings (adj.)	—	—	—	3	31	42	13	32	95
EPS				0.18	1.26	1.53	0.44	1.08	3.16
EPS (adj.)				0.18	1.05	1.40	0.44	1.08	3.16
DPS				0.00	0.52	1.93	1.01	0.77	1.93

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	20	43	65	50	73	125
Other current assets				21	31	25	25	25	25
Total current assets	—	—	—	41	74	91	75	99	150
Property & equip. (incl. NBs)	—	—	—	—	603	526	499	470	442
Other non-current assets					0	0	0	0	0
Total non-current assets	—	—	—	245	603	526	499	470	442
TOTAL ASSETS	—	—	—	286	677	617	574	569	592
Total equity	—	—	—	194	417	395	378	387	424
Short-term debt	—	—	—	0	23	24	16	16	20
Other current liabilities				7	9	9	9	9	9
Total current liabilities	—	—	—	7	33	33	25	25	29
Long-term debt	—	—	—	85	226	185	167	153	135
Other non-current liabilities				0	2	5	5	5	5
Total non-current liabilities	—	—	—	85	227	190	172	157	140
TOTAL EQUITY & LIABILITIES	—	—	—	286	677	617	574	569	592
Working capital, receivables				18	29	25	25	25	25
Working capital, payables	—	—	—	2	5	3	3	3	3
Net working capital				16	24	21	21	21	21
Interest bearing debt				85	249	209	183	168	155
Liquidity				20	43	65	50	73	125
Net interest bearing debt				65	206	143	133	95	30

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	—	—	—	3	38	46	13	32	95
Depreciation					36	43	44	44	44
Other					-5	-3	0	0	0
Cash earnings				12	68	86	57	76	139
Changes in working capital	—	—	—	-14	-9	4	0	0	0
Net operational cash flow	—	—	—	-2	60	90	57	76	139
Capex	—	—	—	-161	-256	-4	-17	-15	-15
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	—	35	41	0	0	0
Other				-4	6	4	0	0	0
Net investing cash flow	—	—	—	-165	-221	37	-17	-15	-15
Repayment of debt	—	—	—	86	-10	-40	-26	-15	-14
Proceeds from debt	—	—	—	86	176	0	0	0	0
Dividends paid	—	—	—	0	-16	-58	-30	-23	-58
New equity	—	—	—	83	42	0	0	0	0
Other				-90	6	4	0	0	0
Net financing cash flow	—	—	—	165	185	-105	-56	-38	-72
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				-3	24	22	-15	23	52
Cash balance			23	20	43	65	50	73	125
Free cash flow				-168	-161	127	41	61	123

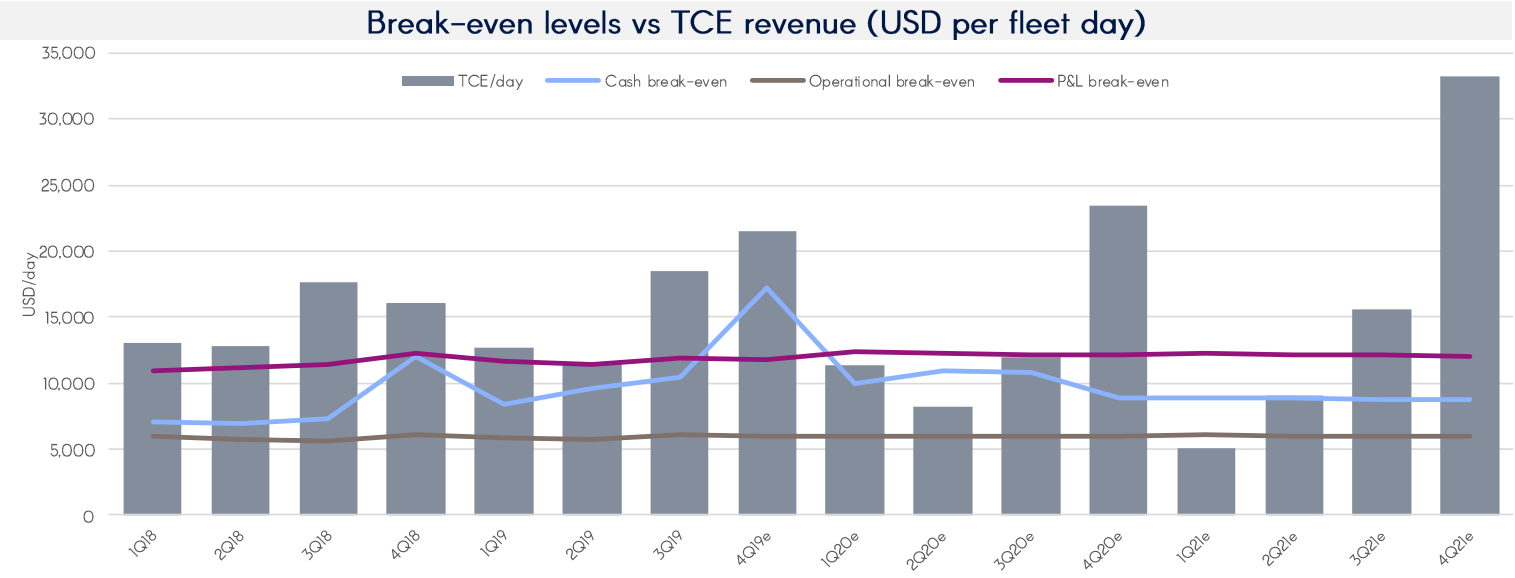
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	—	17	30	30	30	30	30
Share price, avg (USD)				10	14	14	14	14	14
Share price, end (USD)	—	—	—	11	17	14	14	14	14
Market Cap.				**195**	**522**	**417**	**417**	**417**	**417**
NIBD				65	206	143	133	95	30
Minorities	—	—	—	0	0	0	0	0	0
Enterprise value				**261**	**727**	**560**	**550**	**512**	**446**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)				62.1	13.8	9.1	31.5	12.9	4.4
P/E (adj.)				62.1	16.6	9.9	31.5	12.9	4.4
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				5.8	4.0	2.7	3.5	3.0	2.1
EV/Sales				7.7	5.5	3.6	4.6	3.7	2.2
EV/EBITDA					8.4	5.5	8.1	6.0	3.0
EV/EBIT				53.7	14.3	9.5	23.1	12.2	4.3
P/B				1.0	1.2	1.1	1.1	1.1	1.0
FCF yield				-86%	-31%	30%	10%	15%	30%
Dividend yield				0.0%	3.0%	13.9%	7.3%	5.6%	13.9%
Return on equity (ROE)				1.6%	9.0%	11.6%	3.5%	8.4%	22.4%
Return on capital employed (ROCE)				1.9%	8.1%	10.9%	4.7%	8.7%	22.9%
Return on assets (ROA)				1.1%	5.6%	7.4%	2.3%	5.7%	16.0%
Sales growth					289%	18%	-22%	15%	45%
EBITDA margin					66%	66%	56%	62%	74%
EBIT margin				14%	39%	38%	20%	30%	52%
Net margin				9%	29%	30%	11%	23%	47%
Net interest rate				0.0%	6.3%	8.9%	7.9%	9.9%	29.4%
Tax rate				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio				68%	62%	64%	66%	68%	72%
Leverage ratio				32%	38%	36%	34%	32%	28%
NIBD / EBITDA (past 1y)					2.4	1.4	2.0	1.1	0.2
Operating cash flow/NIBD				0.0	0.3	0.6	0.4	0.8	4.7
Net interest coverage ratio (EBITDA					6.7	8.0	6.4	9.1	17.0
Current ratio				5.5	2.3	2.8	3.1	4.0	5.3
Adj. equity ratio						60%	67%	75%	81%
Operating assets				266	634	552	524	495	467
Operating liabilities				7	11	14	14	14	14
Net operating assets				259	623	538	511	482	453

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



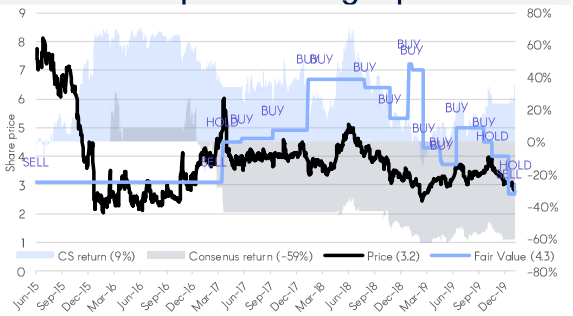
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Prudent chartering strategy has led to outperformance on revenue over the past decade, but suboptimal corporate governance/finance structure

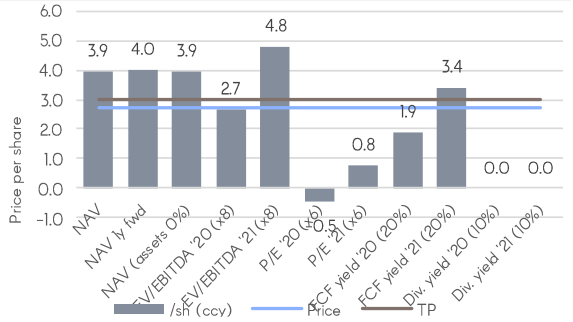
DSX-US HOLD/$3.0

Diana Shipping

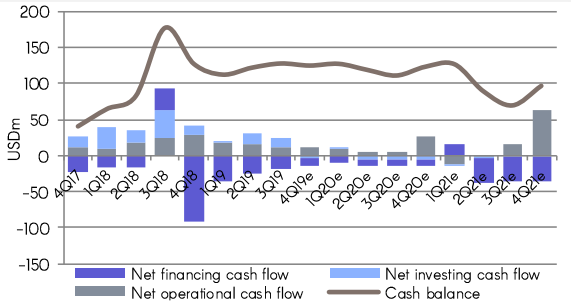
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	210	184	200	274
EBITDA (adj.)	89	70	86	160
EBIT (adj.)	40	23	39	113
PTP (adj.)	9	-7	12	91
Net earnings (adj.)	9	-7	12	91
EPS (adj.)	0.09	-0.08	0.13	1.00
DPS	-	-	-	0.42

USDm	2019E	2020E	2021E	2022E
Fwd NAV	390	437	569	761
Adj. equity ratio	44%	49%	61%	72%
FCF yield	34%	14%	25%	56%
Dividend yield	0%	0%	0%	15%
EV/EBITDA	7.6	8.1	5.8	2.5
P/E (adj.)	27.1		20.8	2.7

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	57	46	65	144
Free cash flow	86	35	62	142
Net cash flow	-5	-2	-27	25
TCE/day	12,908	12,175	13,263	18,183
Cash break-even	14,330	11,310	17,881	13,629
Liquidity	124	123	96	121
Property & Equip. (incl. NB	929	893	849	804
Total equity	604	603	621	680
Total assets	1,101	1,063	992	973
Interest bearing debt	474	438	349	270
Net interest bearing debt	349	315	252	149
Market Cap.	251	251	251	251

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

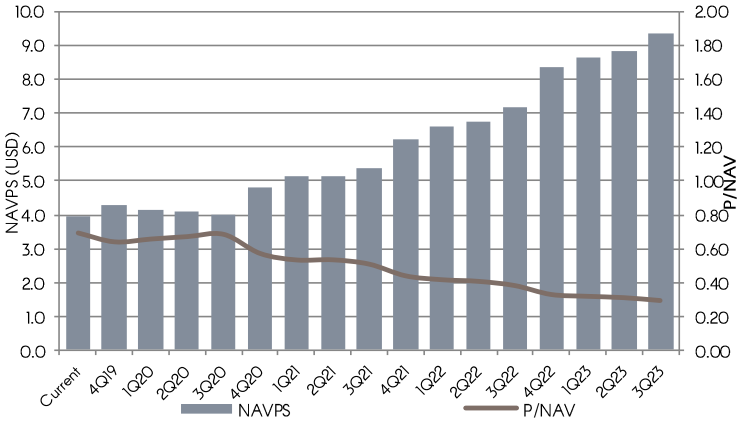
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

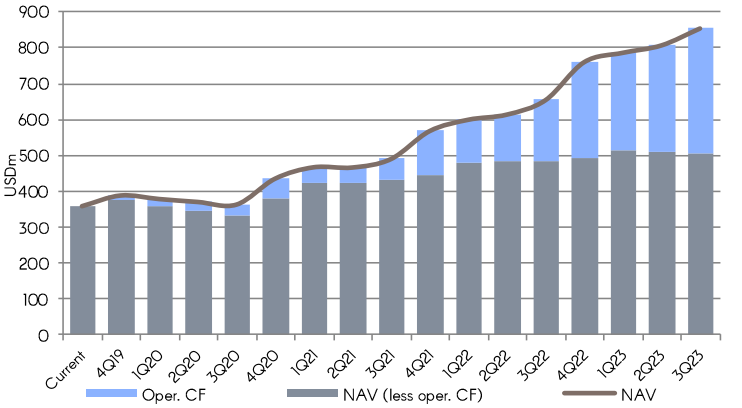
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	938	679	579
Contract value	0	14	12
Other	47	47	40
GAV	985	741	632
Net debt	-358	-358	-358
Capex	0	0	0
Other	-23	-23	-23
Equity	604	360	251
Shares	91	91	91
Equity/sh	6.62	3.95	2.75
lcl CCY	6.62	3.95	2.75
P/Equity	0.42	0.70	1.00
EV/GAV	0.64	0.85	1.00
Adj. Total Assets	1,112	854	754
Adj. Equity Ratio	54%	42%	33%
Fair Value	USD	3.0	9%

Quarterly forward NAV & P/NAV

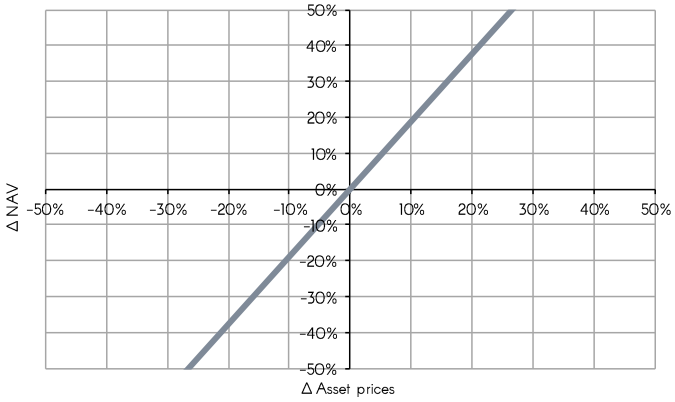


Quarterly forward NAV decomposition

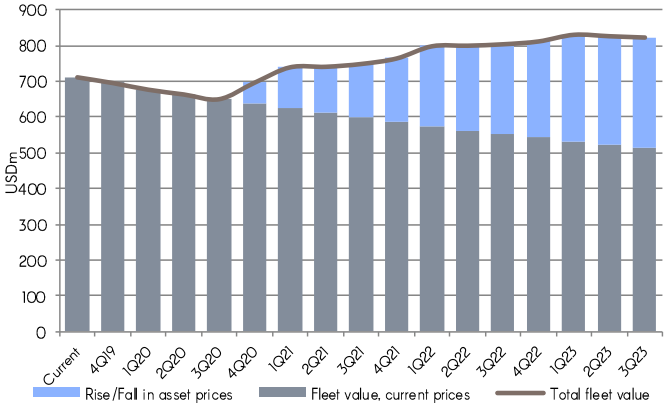


Impact on NAV/sh from % change in asset prices

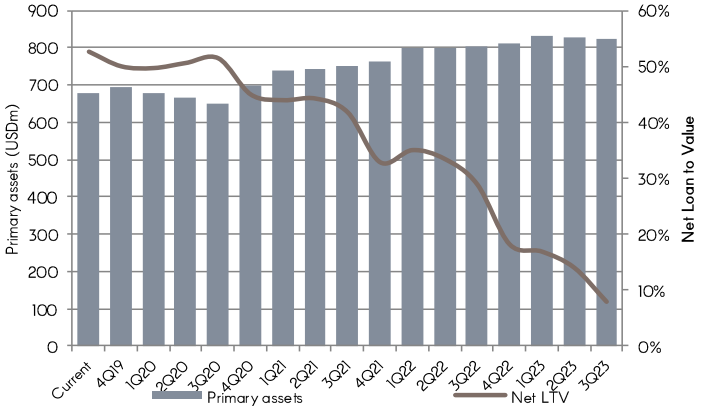
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	60.1	50.2	49.6	51.0				
EBITDA (adj.)	25.3	20.6	18.5	21.0				
EBIT (adj.)	12.3	8.5	6.6	9.1				
PTP (adj.)	2.9	0.6	-1.2	1.7				
Net earnings (adj.)	2.9	0.6	-1.2	1.2				
EPS (adj.)	0.03	0.01	-0.01	0.01				
DPS	-	-	-	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	60.1	50.2	49.6	51.0				
Opex & G&A	34.8	29.7	31.1	30.0				
Depreciation	13.0	12.1	11.9	11.9				
Net finance	9.4	7.9	7.8	7.4				
Taxes & Minorities	-	-	-	0.5				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	28	12	12					
Free cash flow	41	24	9					
Net cash flow	-51	5	-3					
TCE/day	13,650	12,694	12,512	12,843				
Utilization	96.7%	97.8%	98.0%					
Fleet days	4,554	4,027	4,048					
Cash break-even	17,976	13,663	12,182					
Liquidity	127	127	124					
Interest bearing debt	531	486	474					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	210	184	200	274	213	177	202	280	-3	6	-2	-6
EBITDA (adj.)	89	70	86	160	93	60	85	163	-4	10	1	-3
EBIT (adj.)	40	23	39	113	44	12	37	115	-4	11	2	-2
PTP (adj.)	9	-7	12	91	12	-19	8	92	-3	12	4	-1
Net earnings (adj.)	9	-7	12	91	12	-19	8	92	-3	12	4	-1
EPS (adj.)	0.09	-0.08	0.13	1.00	0.12	-0.20	0.09	0.95	-0.03	0.12	0.05	0.05
DPS	-	-	-	0.42	0.02	0.01	0.03	0.01	-0.02	-0.01	-0.03	0.41

	2019E	2020E	2021E	2022E
TCE revenue	-3	6	-2	-6
Opex & G&A	1	-3	-3	-3
Depreciation	0	-1	-1	-1
Net finance	-1	-2	-2	-1
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	57	46	65	144	62	34	62	146	-5	11	3	-1
Free cash flow	86	35	62	142	82	34	62	146	4	0	0	-4
Net cash flow	-5	-2	-27	25	-4	-2	-29	66	-1	1	3	-41
TCE/day	12,908	12,175	13,263	18,183	13,073	11,221	12,807	17,765	-165	954	455	418
Cash break-even	14,330	11,310	17,881	13,629	13,879	11,108	17,369	13,285	450	202	512	344
Liquidity	124	123	96	121	125	122	93	159	-0	1	4	-38
Property & Equip. (incl. NB	929	893	849	804	932	884	836	788	-3	9	13	16
Total equity	604	603	621	680	613	599	610	707	-8	5	11	-27
Total assets	1,101	1,063	992	973	1,110	1,060	982	1,001	-9	4	10	-28
Interest bearing debt	474	438	349	270	471	435	346	268	2	2	2	2
Net interest bearing debt	349	315	252	149	347	313	254	109	3	2	-1	40
Market Cap.	251	251	251	251	354	354	354	354	-103	-103	-103	-103
Enterprise value	600	565	503	400	701	667	608	463	-101	-102	-105	-63

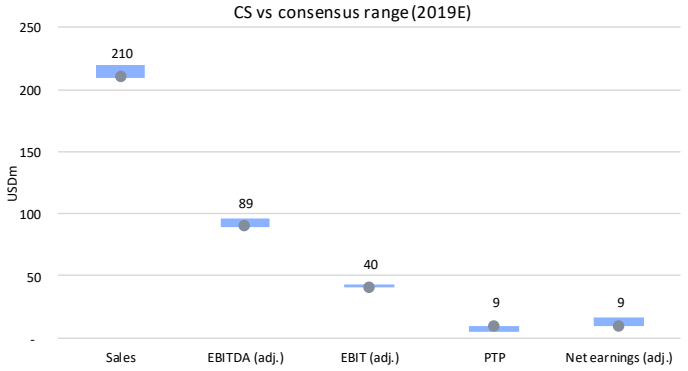
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	390	437	569	761	466	501	574	772	-76	-65	-5	-11
Adj. equity ratio	44%	49%	61%	72%	48%	52%	61%	72%	-4%	-3%	0%	0%
FCF yield	34%	14%	25%	56%	23%	10%	17%	41%	11%	4%	7%	15%
Dividend yield	0%	0%	0%	15%	1%	0%	1%	0%	-1%	0%	-1%	15%
EV/EBITDA	7.6	8.1	5.8	2.5	8.4	11.1	7.2	2.8	-0.9	-3.0	-1.3	-0.3
P/E (adj.)	27.1		20.8	2.7	28.6		42.9	3.8	-1.6	######	-22.2	-1.1

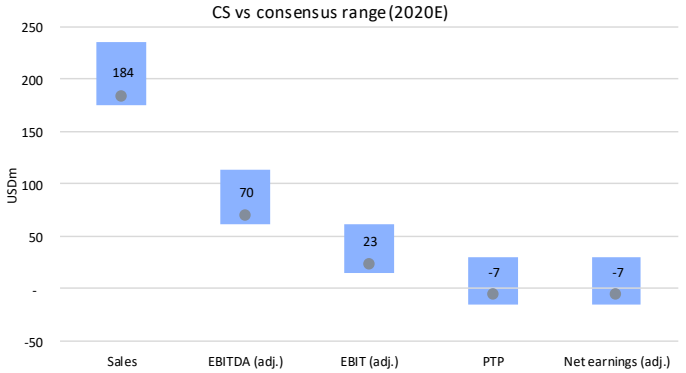
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

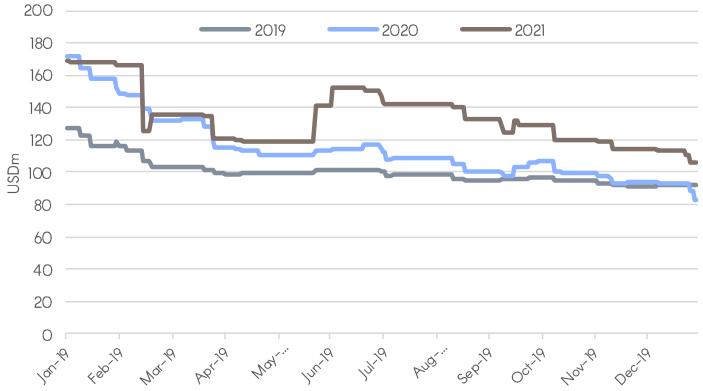
Profit & Loss, year I



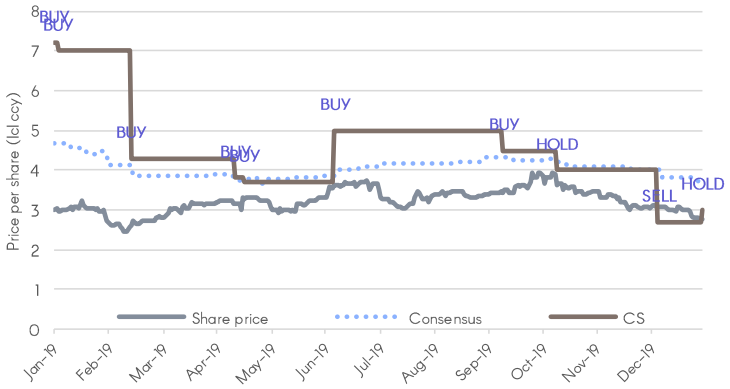
Profit & Loss, year II



Consensus EBITDA development



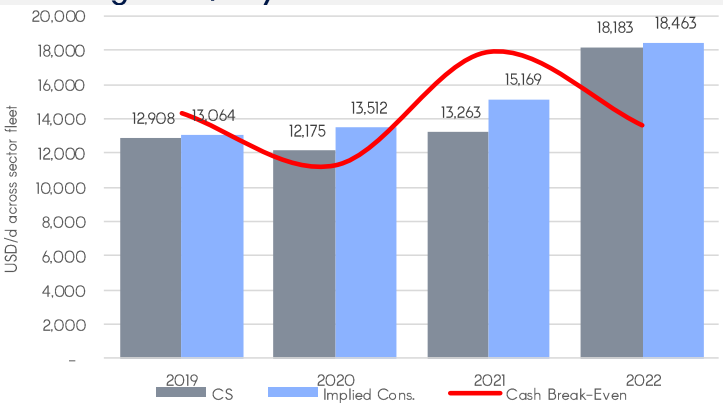
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	210	212	-3	-1%
Opex + G&A	121	121	0	0%
Depreciation	49	50	-1	-2%
Net finance	31	35	-4	-12%
Taxes & Minorities	0	-5	5	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	184	204	-20	-10%
Opex + G&A	114	121	-7	-6%
Depreciation	47	43	4	8%
Net finance	30	28	2	6%
Taxes & Minorities	0	1	-1	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**60**	**58**	**52**	**50**	**50**	**43**	**39**	**40**	**62**
Operational costs	-36	-35	-34	-30	-31	-28	-28	-28	-30
EBITDA	**24**	**22**	**18**	**20**	**19**	**15**	**11**	**12**	**32**
Depreciation/Amortization	-13	-12	-12	-12	-12	-12	-12	-12	-12
EBIT	**11**	**10**	**6**	**8**	**7**	**3**	**-1**	**0**	**20**
Net financials	-8	-7	-7	-6	-6	-6	-6	-6	-6
PTP	**3**	**3**	**-1**	**2**	**0**	**-3**	**-7**	**-6**	**14**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**3**	**3**	**-1**	**2**	**0**	**-3**	**-7**	**-6**	**14**
Non-recurring items	0	3	5	-1	-1	-1	-1	-1	-1
Net earnings (adj.)	**3**	**6**	**4**	**1**	**-1**	**-4**	**-8**	**-7**	**13**
EPS	0.03	0.03	-0.01	0.02	0.00	-0.03	-0.07	-0.06	0.16
EPS (adj.)	0.03	0.06	0.04	0.01	-0.01	-0.05	-0.09	-0.08	0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	127	112	121	127	124	127	118	111	123
Other current assets	15	28	23	17	17	17	17	17	17
Total current assets	**142**	**140**	**145**	**144**	**141**	**144**	**135**	**128**	**140**
Property & equip. (incl. NBs)	1,014	984	956	938	929	914	907	900	893
Other non-current assets	32	32	30	30	30	30	30	30	30
Total non-current assets	**1,046**	**1,015**	**985**	**968**	**959**	**945**	**938**	**931**	**924**
TOTAL ASSETS	**1,188**	**1,156**	**1,130**	**1,112**	**1,101**	**1,089**	**1,073**	**1,058**	**1,063**
Total equity	**628**	**621**	**609**	**604**	**604**	**601**	**595**	**589**	**603**
Short-term debt	96	0	0	0	24	6	8	9	12
Other current liabilities	29	0	0	0	0	0	0	0	0
Total current liabilities	**125**	**0**	**0**	**0**	**24**	**6**	**8**	**9**	**12**
Long-term debt	434	506	495	486	450	459	448	437	426
Other non-current liabilities	1	28	26	23	23	23	23	23	23
Total non-current liabilities	**435**	**535**	**521**	**508**	**472**	**481**	**471**	**460**	**448**
TOTAL EQUITY & LIABILITIES	**1,188**	**1,156**	**1,130**	**1,112**	**1,101**	**1,089**	**1,073**	**1,058**	**1,063**
Working capital, receivables	9	0	0	0	0	0	0	0	0
Working capital, payables	24	0	0	0	0	0	0	0	0
Net working capital	**-16**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	531	506	495	486	474	465	456	447	438
Liquidity	127	112	121	127	124	127	118	111	123
Net interest bearing debt	**404**	**394**	**374**	**358**	**349**	**338**	**337**	**336**	**315**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	3	3	-1	2	0	-3	-7	-6	14
Depreciation	13	12	12	12	12	12	12	12	12
Other	12	3	4	-2	0	0	0	0	0
Cash earnings	**28**	**18**	**15**	**12**	**12**	**9**	**5**	**6**	**26**
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	**28**	**18**	**15**	**12**	**12**	**9**	**5**	**6**	**26**
Capex	0	0	0	0	-3	-5	-5	-5	-5
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	7	0	0	0
Other	13	3	17	12	0	0	0	0	0
Net investing cash flow	**13**	**3**	**17**	**12**	**-3**	**3**	**-5**	**-5**	**-5**
Repayment of debt	0	0	0	0	-12	-9	-9	-9	-9
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	-92	-36	-24	-19	0	0	0	0	0
Net financing cash flow	**-92**	**-36**	**-24**	**-19**	**-12**	**-9**	**-9**	**-9**	**-9**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-51**	**-15**	**8**	**5**	**-3**	**2**	**-9**	**-8**	**12**
Cash balance	127	112	121	127	124	127	118	111	123
Free cash flow	**41**	**21**	**32**	**24**	**9**	**11**	**1**	**1**	**21**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**186**	**173**	**128**	**171**	**234**	**210**	**184**	**200**	**274**
Operational costs	-134	-145	-135	-567	-143	-130	-114	-114	-114
EBITDA	**52**	**28**	**-7**	**-397**	**90**	**79**	**70**	**86**	**160**
Depreciation/Amortization	-71	-76	-82	-87	-52	-49	-47	-47	-47
EBIT	**-19**	**-48**	**-89**	**-484**	**38**	**31**	**23**	**39**	**113**
Net financials	8	-15	-76	-28	-22	-27	-24	-21	-16
PTP	**-10**	**-63**	**-164**	**-512**	**17**	**4**	**-1**	**18**	**97**
Taxes/Minorities	0	-2	0	0	0	0	0	0	0
Net earnings	**-10**	**-65**	**-164**	**-512**	**17**	**4**	**-1**	**18**	**97**
Non-recurring items	-5	-4	-6	-6	-6	6	-6	-6	-6
Net earnings (adj.)	**-15**	**-69**	**-170**	**-517**	**11**	**9**	**-7**	**12**	**91**
EPS	-0.13	-0.78	-1.94	-4.82	0.16	0.04	-0.01	0.20	1.07
EPS (adj.)	-0.19	-0.83	-2.01	-4.88	0.10	0.09	-0.08	0.13	1.00
DPS	0.05	0.07	0.07	0.05	0.06	0.00	0.00	0.00	0.42

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	219	172	98	40	127	124	123	96	121
Other current assets	19	22	17	99	15	17	17	17	17
Total current assets	**238**	**194**	**115**	**139**	**142**	**141**	**140**	**113**	**138**
Property & equip. (incl. NBs)	1,373	1,441	1,404	1,076	1,014	929	893	849	804
Other non-current assets	176	203	149	32	32	30	30	30	30
Total non-current assets	**1,549**	**1,643**	**1,553**	**1,108**	**1,046**	**959**	**924**	**879**	**835**
TOTAL ASSETS	**1,787**	**1,837**	**1,669**	**1,247**	**1,188**	**1,101**	**1,063**	**992**	**973**
Total equity	**1,282**	**1,218**	**1,057**	**625**	**628**	**604**	**603**	**621**	**680**
Short-term debt	79	41	65	61	96	24	62	61	61
Other current liabilities	19	18	13	20	29	0	0	0	0
Total current liabilities	**98**	**59**	**78**	**80**	**125**	**24**	**62**	**61**	**61**
Long-term debt	406	559	533	541	434	450	376	288	209
Other non-current liabilities	1	1	1	1	1	23	23	23	23
Total non-current liabilities	**407**	**560**	**534**	**542**	**435**	**472**	**399**	**311**	**232**
TOTAL EQUITY & LIABILITIES	**1,787**	**1,837**	**1,669**	**1,247**	**1,188**	**1,101**	**1,063**	**992**	**973**
Working capital, receivables	14	11	12	11	9	0	0	0	0
Working capital, payables	10	15	12	16	24	0	0	0	0
Net working capital	**4**	**-5**	**-1**	**-5**	**-16**	**0**	**0**	**0**	**0**
Interest bearing debt	484	600	598	601	531	474	438	349	270
Liquidity	219	172	98	40	127	124	123	96	121
Net interest bearing debt	**265**	**428**	**500**	**561**	**404**	**349**	**315**	**252**	**149**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-10	-65	-164	-512	17	4	-1	18	97
Depreciation	71	76	82	87	52	49	47	47	47
Other	-5	17	69	447	6	4	0	0	0
Cash earnings	**55**	**29**	**-13**	**22**	**74**	**57**	**46**	**65**	**144**
Changes in working capital	-10	-5	-8	1	6	0	0	0	0
Net operational cash flow	**45**	**24**	**-21**	**23**	**80**	**57**	**46**	**65**	**144**
Capex	-113	-156	-51	-126	-3	-3	-19	-2	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	13	15	0	7	0	0
Other	-39	0	10	-40	88	-10	0	0	0
Net investing cash flow	**-153**	**-156**	**-42**	**-152**	**99**	**29**	**-11**	**-2**	**-2**
Repayment of debt	53	120	-3	2	-70	-12	-36	-139	-79
Proceeds from debt	—	441	39	57	100	0	0	50	0
Dividends paid	-4	-6	-6	-6	-6	0	0	0	-38
New equity	—	—	0	77	0	0	0	0	0
Other	37	-451	-40	-57	-118	-10	0	0	0
Net financing cash flow	**86**	**104**	**-9**	**74**	**-94**	**-91**	**-36**	**-89**	**-117**
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow		**-28**	**-72**	**-55**	**86**	**-5**	**-2**	**-27**	**25**
Cash balance	219	172	98	40	127	122	120	94	119
Free cash flow	**-108**	**-132**	**-63**	**-129**	**179**	**86**	**35**	**62**	**142**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

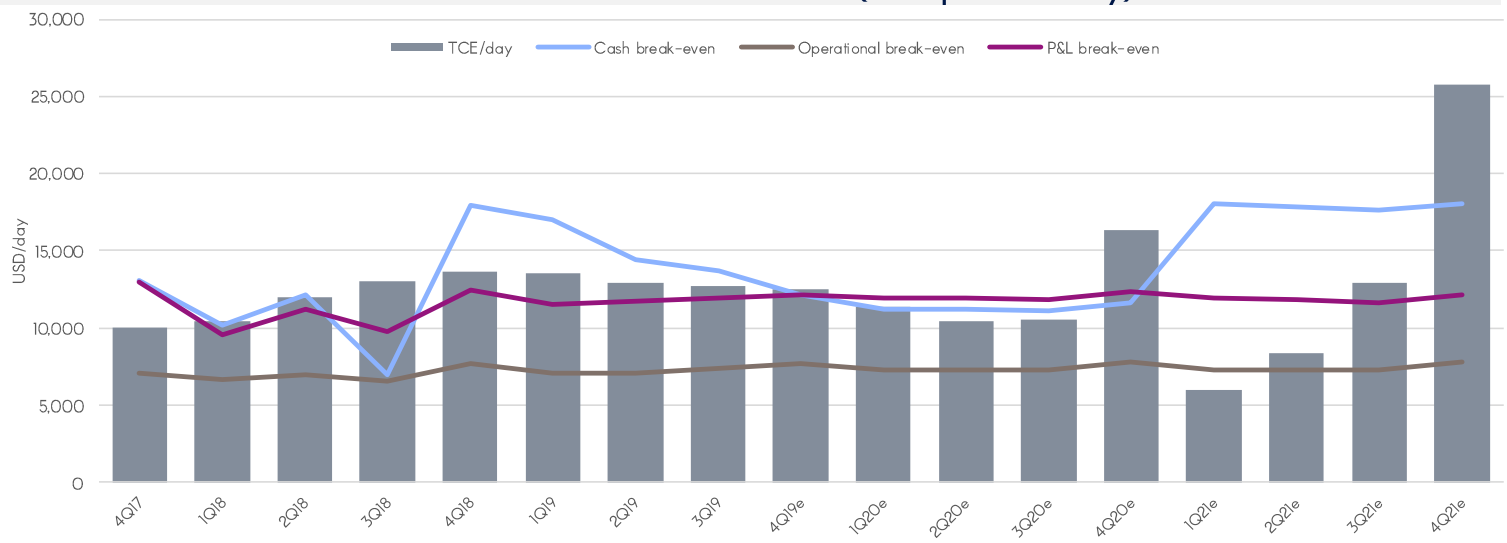
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	82	83	85	106	104	91	91	91	91
Share price, avg (USD)	10	6	3	4	4	3	3	3	3
Share price, end (USD)	7	4	3	4	3	3	3	3	3
Market Cap.	**549**	**359**	**256**	**432**	**330**	**251**	**251**	**251**	**251**
NIBD	265	428	500	561	404	349	315	252	149
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**815**	**787**	**756**	**993**	**734**	**600**	**565**	**503**	**400**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)					19.9	67.1		14.1	2.6
P/E (adj.)					30.5	27.1		20.8	2.7
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.9	2.1	2.0	2.5	1.4	1.2	1.4	1.3	0.9
EV/Sales	4.4	4.5	5.9	5.8	3.1	2.9	3.1	2.5	1.5
EV/EBITDA	15.7	28.0			8.1	7.6	8.1	5.8	2.5
EV/EBIT					19.2	19.6	24.8	12.8	3.5
P/B	0.4	0.3	0.2	0.7	0.5	0.4	0.4	0.4	0.4
FCF yield	-20%	-37%	-24%	-30%	54%	34%	14%	25%	56%
Dividend yield	0.7%	1.6%	2.3%	1.3%	1.7%	0.0%	0.0%	0.0%	15.2%
Return on equity (ROE)	-0.8%	-5.3%	-15.5%	-81.9%	2.6%	0.6%	-0.2%	2.9%	14.3%
Return on capital employed (ROCE)	-1.2%	-2.9%	-5.7%	-40.8%	3.7%	3.3%	2.5%	4.6%	14.0%
Return on assets (ROA)	-0.6%	-3.5%	-9.8%	-41.0%	1.4%	0.3%	-0.1%	1.8%	10.0%
Sales growth	8%	-7%	-26%	33%	37%	-10%	-13%	9%	37%
EBITDA margin	28%	16%	-5%	-233%	39%	38%	38%	43%	58%
EBIT margin	-10%	-28%	-69%	-284%	16%	15%	12%	20%	41%
Net margin	-6%	-37%	-128%	-300%	7%	2%	-1%	9%	35%
Net interest rate	0.0%	3.6%	4.4%	4.7%	7.6%	7.7%	7.6%	8.5%	10.8%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	72%	66%	63%	50%	53%	55%	57%	63%	70%
Leverage ratio	28%	34%	37%	50%	47%	45%	43%	37%	30%
NIBD / EBITDA (past 1y)	5.1	15.2	-71.5	-1.4	4.5	4.4	4.5	2.9	0.9
Operating cash flow/NIBD	0.2	0.1	0.0	0.0	0.2	0.2	0.1	0.3	1.0
Net interest coverage ratio (EBITDA		1.8	-0.3	-14.9	3.0	3.0	2.9	4.0	9.9
Current ratio	2.4	3.3	1.5	1.7	1.1	5.9	2.3	1.9	2.3
Adj. equity ratio						44%	49%	61%	72%
Operating assets	1,568	1,665	1,571	1,206	1,061	955	919	875	830
Operating liabilities	21	19	14	21	30	23	23	23	23
Net operating assets	1,548	1,647	1,557	1,186	1,031	932	896	852	808

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

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

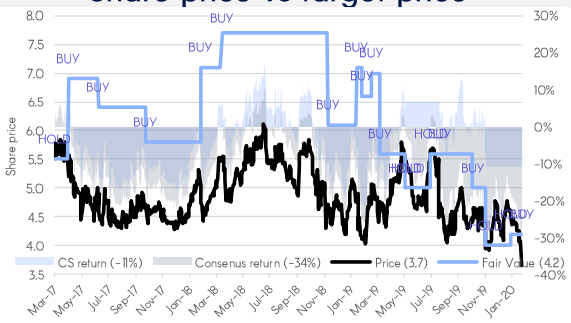


Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

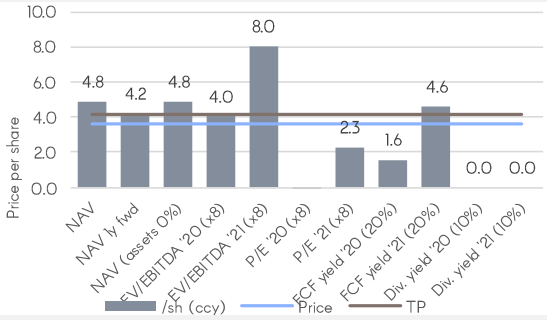
EGLE-US BUY/$4.2

Eagle Bulk

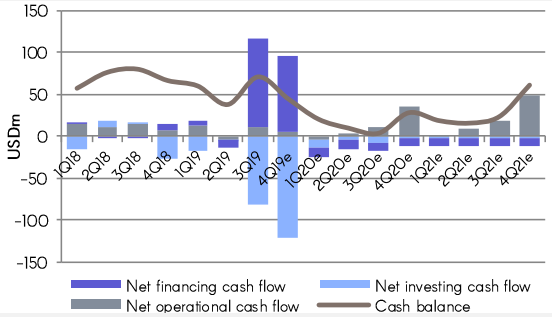
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	210	249	237	268
EBITDA (adj.)	50	83	111	147
EBIT (adj.)	10	33	60	96
PTP (adj.)	-19	-3	27	66
Net earnings (adj.)	-19	-3	27	66
EPS (adj.)	-0.26	-0.04	0.38	0.92
DPS	-	-	-	0.38
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	340	364	468	591
Adj. equity ratio	37%	41%	49%	56%
FCF yield	-76%	9%	25%	40%
Dividend yield	0%	0%	0%	10%
EV/EBITDA	11.8	7.8	5.2	3.4
P/E (adj.)			9.5	4.0

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	25	47	78	117
Free cash flow	-197	22	66	104
Net cash flow	-3	-17	33	47
TCE/day	10,105	11,326	12,698	14,674
Cash break-even	10,689	10,938	10,296	9,976
Liquidity	45	29	62	109
Property & Equip. (incl. NB	862	836	797	759
Total equity	487	482	510	549
Total assets	1,055	1,012	1,006	1,015
Interest bearing debt	446	407	374	344
Net interest bearing debt	401	378	313	235
Market Cap.	261	261	261	261

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

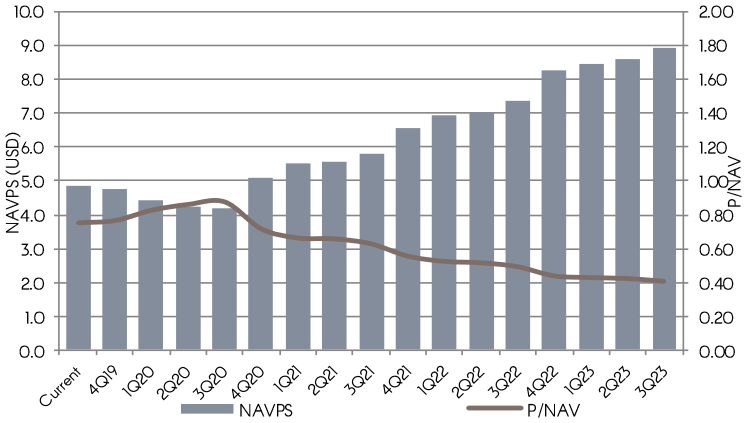
Disclaimer: The analyst currently has no investments in the company covered in this report. More disclaimers at the end of this document

Company Valuation

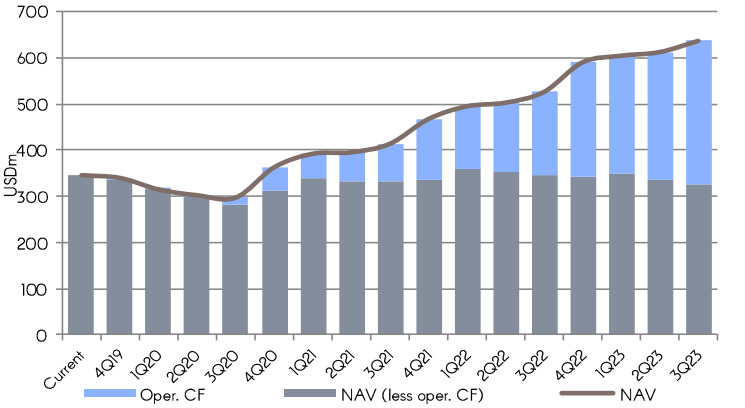
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	752	751	676
Contract value	0	-1	-1
Other	112	112	101
GAV	865	862	777
Net debt	-285	-285	-285
Capex	0	-143	-143
Other	-88	-88	-88
Equity	492	347	261
Shares	71	71	71
Equity/sh	6.88	4.85	3.65
lcl CCY	6.88	4.85	3.65
P/Equity	0.53	0.75	1.00
EV/GAV	0.90	0.90	1.00
Adj. Total Assets	970	969	895
Adj. Equity Ratio	51%	36%	29%
Fair Value	USD	4.2	15%

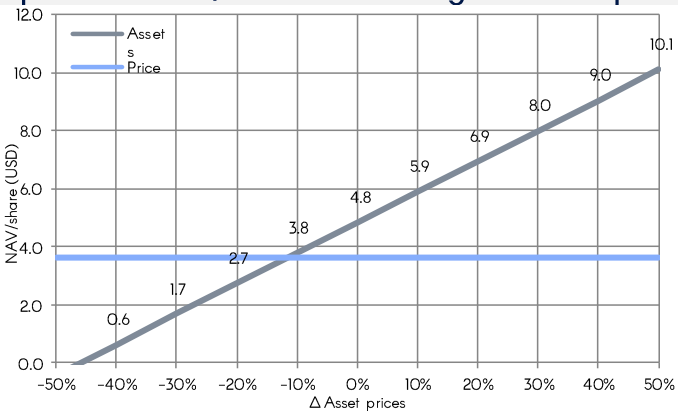
Quarterly forward NAV & P/NAV



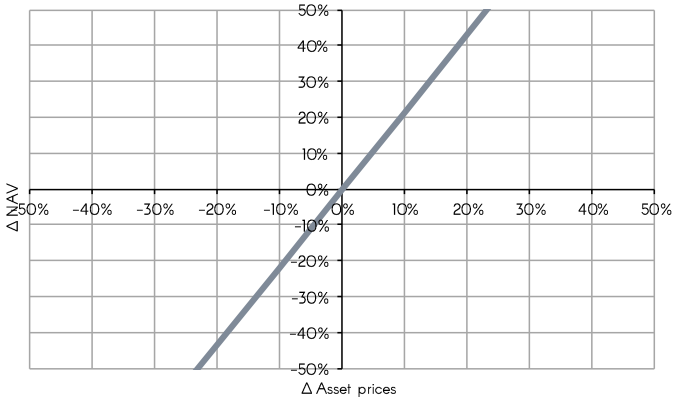
Quarterly forward NAV decomposition



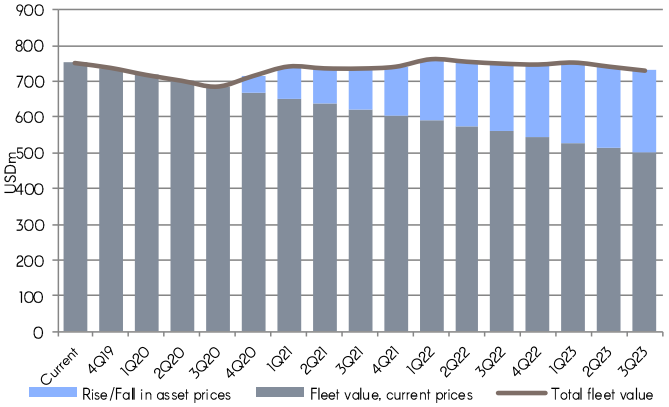
Impact on NAV/sh from % change in asset prices



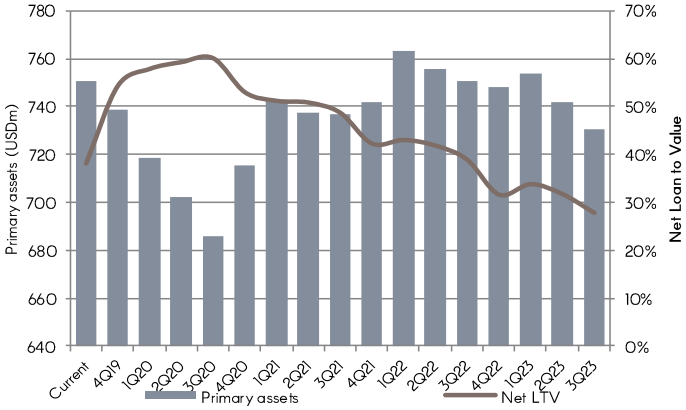
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	210	249	237	268	211	210	227	267	-2	39	10	1
EBITDA (adj.)	50	83	111	147	51	80	97	142	-1	3	13	5
EBIT (adj.)	10	33	60	96	9	30	47	91	1	3	13	4
PTP (adj.)	-19	-3	27	66	-20	-7	14	61	1	3	13	5
Net earnings (adj.)	-19	-3	27	66	-20	-7	14	61	1	3	13	5
EPS (adj.)	-0.26	-0.04	0.38	0.92	-0.27	-0.09	0.18	0.79	0.01	0.04	0.20	0.13
DPS	-	-	-	0.38	-	-	0.06	0.29	-	-	-0.06	0.09

	2019E	2020E	2021E	2022E
TCE revenue	-2	39	10	1
Opex & G&A	-1	36	-4	-4
Depreciation	-1	1	1	1
Net finance	-1	-1	-1	-1
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	25	47	78	117	20	44	64	111	5	3	14	6
Free cash flow	-197	22	66	104	-182	24	52	111	-15	-1	14	-7
Net cash flow	-3	-17	33	47	-16	-14	8	53	13	-2	25	-6
TCE/day	10,105	11,326	12,698	14,674	9,824	10,802	11,729	14,051	281	525	969	624
Cash break-even	10,689	10,938	10,296	9,976	10,820	10,610	10,467	10,131	-131	328	-171	-156
Liquidity	45	29	62	109	35	21	29	82	10	8	33	27
Property & Equip. (incl. NB	862	836	797	759	862	832	794	744	1	4	4	15
Total equity	487	482	510	549	464	458	467	506	22	25	42	42
Total assets	1,055	1,012	1,006	1,015	1,021	977	947	950	33	35	59	65
Interest bearing debt	446	407	374	344	525	487	448	412	-79	-80	-73	-67
Net interest bearing debt	401	378	313	235	490	466	419	330	-89	-88	-106	-94
Market Cap.	261	261	261	261	306	306	306	306	-46	-46	-46	-46
Enterprise value	662	639	574	496	796	773	725	636	-135	-133	-152	-140

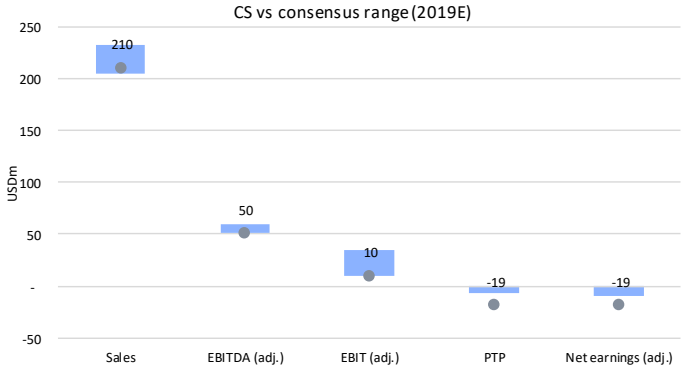
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	340	364	468	591	355	375	455	571	-15	-11	13	20
Adj. equity ratio	37%	41%	49%	56%	39%	42%	49%	56%	-1%	-1%	0%	0%
FCF yield	-76%	9%	25%	40%	-59%	8%	17%	36%	-16%	1%	8%	4%
Dividend yield	0%	0%	0%	10%	0%	0%	1%	7%	0%	0%	-1%	3%
EV/EBITDA	11.8	7.8	5.2	3.4	14.0	9.7	7.5	4.5	-2.2	-1.9	-2.3	-1.1
P/E (adj.)			9.5	4.0			22.0	5.0	######	######	-12.4	-1.1

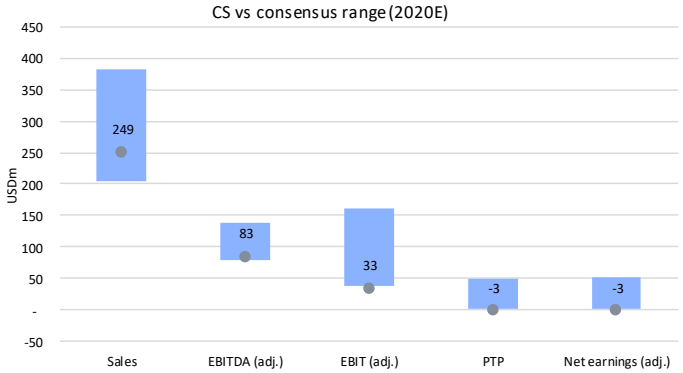
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

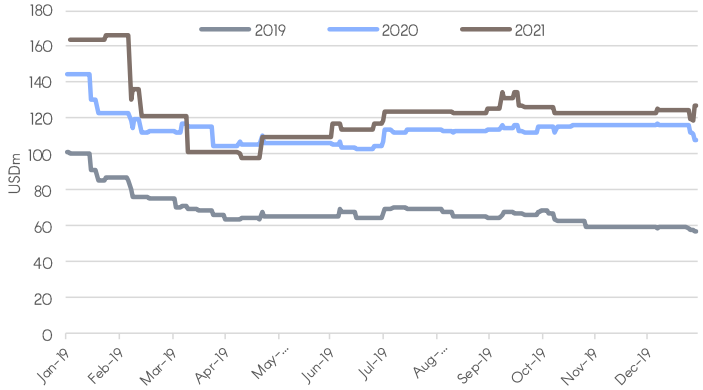
Profit & Loss, year I



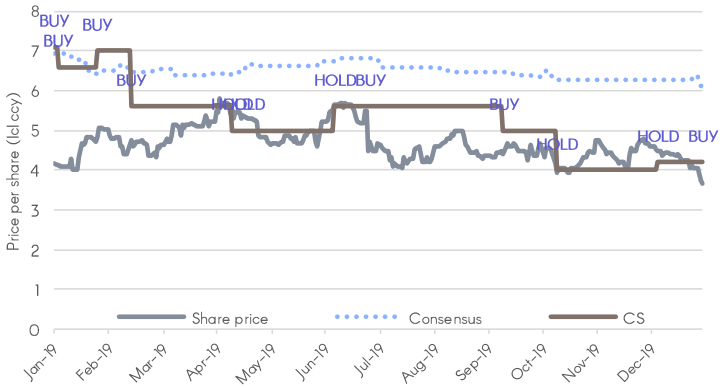
Profit & Loss, year II



Consensus EBITDA development



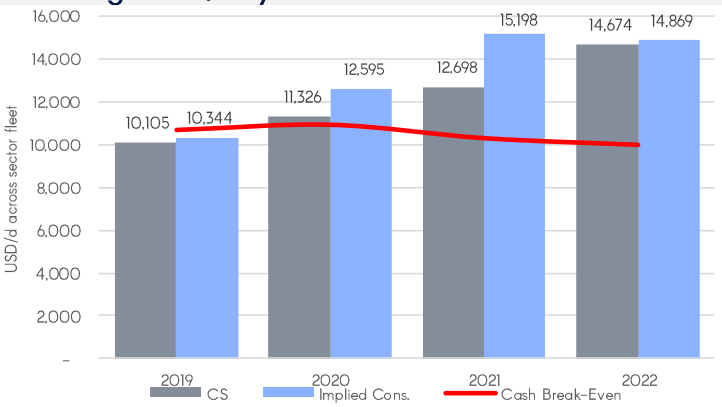
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	210	215	-5	-2%
Opex + G&A	160	158	2	1%
Depreciation	40	37	3	8%
Net finance	29	33	-4	-12%
Taxes & Minorities	0	-0	0	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	249	277	-28	-10%
Opex + G&A	166	169	-3	-2%
Depreciation	51	27	24	91%
Net finance	36	57	-21	-37%
Taxes & Minorities	0	-1	1	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	62.0	54.7	55.1	56.9				
EBITDA (adj.)	23.2	14.9	14.4	18.6				
EBIT (adj.)	13.5	4.9	3.2	7.6				
PTP (adj.)	6.5	-2.6	-5.2	-0.8				
Net earnings (adj.)	6.5	-2.6	-5.2	-0.8				
EPS (adj.)	0.09	-0.04	-0.07	-0.02				
DPS	-	-	-	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	62.0	54.7	55.1	56.9				
Opex & G&A	38.8	39.8	40.7	38.3				
Depreciation	9.7	10.1	11.2	11.1				
Net finance	7.0	7.5	8.4	8.4				
Taxes & Minorities	-	-	-	-0.0				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
TCE/day	12,026	10,746	10,331	10,663				
Utilization	99.3%	93.1%	83.7%					
Fleet days	5,153	5,087	5,336					
Cash break-even	10,505	10,277	11,184					
Liquidity	67	72	45					
Interest bearing debt	331	357	446					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**62**	**51**	**48**	**55**	**55**	**46**	**54**	**62**	**86**
Operational costs	-39	-36	-38	-39	-41	-42	-41	-42	-42
EBITDA	**23**	**16**	**10**	**16**	**14**	**4**	**13**	**20**	**45**
Depreciation/Amortization	-10	-9	-10	-10	-11	-13	-13	-13	-13
EBIT	**13**	**6**	**1**	**6**	**3**	**-9**	**0**	**8**	**32**
Net financials	-7	-6	-7	-10	-8	-9	-9	-9	-9
PTP	**6**	**0**	**-6**	**-5**	**-5**	**-18**	**-9**	**-1**	**23**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**6**	**0**	**-6**	**-5**	**-5**	**-18**	**-9**	**-1**	**23**
Non-recurring items	0	-4	-1	2	0	1	0	0	0
Net earnings (adj.)	**6**	**-4**	**-7**	**-3**	**-5**	**-17**	**-9**	**-1**	**23**
EPS	0.09	0.00	-0.08	-0.06	-0.07	-0.25	-0.12	-0.02	0.33
EPS (adj.)	0.09	-0.06	-0.09	-0.04	-0.07	-0.23	-0.12	-0.02	0.33
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	67	61	39	72	45	21	10	4	29
Other current assets	51	39	37	41	41	41	41	41	41
Total current assets	**118**	**100**	**76**	**112**	**86**	**62**	**51**	**45**	**69**
Property & equip. (incl. NBs)	683	721	701	752	862	859	851	846	836
Other non-current assets	45	62	87	106	106	106	106	106	106
Total non-current assets	**728**	**783**	**788**	**858**	**969**	**965**	**957**	**952**	**942**
TOTAL ASSETS	**846**	**883**	**864**	**970**	**1,055**	**1,027**	**1,008**	**997**	**1,012**
Total equity	**480**	**480**	**475**	**492**	**487**	**469**	**460**	**459**	**482**
Short-term debt	29	42	42	42	39	41	41	41	40
Other current liabilities	34	35	32	38	38	38	38	38	38
Total current liabilities	**63**	**77**	**74**	**80**	**77**	**79**	**79**	**79**	**79**
Long-term debt	302	299	315	315	407	395	385	375	367
Other non-current liabilities	2	27	0	84	84	84	84	84	84
Total non-current liabilities	**304**	**326**	**315**	**398**	**491**	**479**	**469**	**459**	**450**
TOTAL EQUITY & LIABILITIES	**846**	**883**	**864**	**970**	**1,055**	**1,027**	**1,008**	**997**	**1,012**
Working capital, receivables	36	32	31	34	34	34	34	34	34
Working capital, payables	26	30	29	34	34	34	34	34	34
Net working capital	**10**	**2**	**1**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	331	340	356	357	446	436	426	416	407
Liquidity	67	61	39	72	45	21	10	4	29
Net interest bearing debt	**264**	**280**	**318**	**285**	**401**	**415**	**416**	**412**	**378**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	6	0	-6	-5	-5	-18	-9	-1	23
Depreciation	10	9	10	10	11	13	13	13	13
Other	0	-3	2	-4	0	0	0	0	0
Cash earnings	**17**	**6**	**6**	**2**	**6**	**-5**	**4**	**12**	**36**
Changes in working capital	-10	6	-9	9	0	0	0	0	0
Net operational cash flow	**7**	**12**	**-3**	**10**	**6**	**-5**	**4**	**12**	**36**
Capex	-15	-30	-13	-90	-122	-10	-5	-7	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	13	10	7	0	0	0	0	0
Other	-12	0	1	1	0	0	0	0	0
Net investing cash flow	**-28**	**-17**	**-2**	**-82**	**-122**	**-10**	**-5**	**-7**	**-3**
Repayment of debt	0	-148	-9	-5	-11	-10	-10	-10	-9
Proceeds from debt	9	158	0	113	100	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	-2	-4	0	-1	0	0	0	0	0
Net financing cash flow	**7**	**7**	**-9**	**107**	**89**	**-10**	**-10**	**-10**	**-9**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-13**	**2**	**-15**	**36**	**-26**	**-24**	**-11**	**-6**	**24**
Cash balance	67	61	39	72	45	21	10	4	29
Free cash flow	**-21**	**-5**	**-5**	**-71**	**-116**	**-15**	**0**	**4**	**33**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**175**	**128**	**167**	**299**	**390**	**210**	**249**	**237**	**268**
Operational costs		-220	-329	-266	-314	-154	-167	-126	-122
EBITDA		**-93**	**-162**	**34**	**75**	**56**	**82**	**111**	**147**
Depreciation/Amortization		-43	-39	-34	-38	-40	-51	-51	-51
EBIT	**—**	**-136**	**-201**	**0**	**38**	**16**	**31**	**60**	**96**
Net financials		-13	-22	-44	-25	-31	-36	-32	-30
PTP	**-543**	**-148**	**-224**	**-44**	**13**	**-16**	**-4**	**27**	**66**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-543**	**-148**	**-224**	**-44**	**13**	**-16**	**-4**	**27**	**66**
Non-recurring items	0	0	0	0	0	-3	1	0	0
Net earnings (adj.)	**-543**	**-148**	**-224**	**-44**	**13**	**-19**	**-3**	**27**	**66**
EPS	-289.76	-78.76	-4.65	-0.62	0.18	-0.22	-0.06	0.38	0.92
EPS (adj.)	-289.76	-78.76	-4.65	-0.62	0.18	-0.26	-0.04	0.38	0.92
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.38

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	40	25	77	56	67	45	29	62	109
Other current assets	37	16	28	49	51	41	41	41	41
Total current assets	**77**	**41**	**104**	**105**	**118**	**86**	**69**	**102**	**149**
Property & equip. (incl. NBs)	834	734	568	690	683	862	836	797	759
Other non-current assets	3	12	15	13	45	106	106	106	106
Total non-current assets	**837**	**746**	**582**	**703**	**728**	**969**	**942**	**904**	**865**
TOTAL ASSETS	**914**	**787**	**686**	**808**	**846**	**1,055**	**1,012**	**1,006**	**1,015**
Total equity	**664**	**518**	**400**	**461**	**480**	**487**	**482**	**510**	**549**
Short-term debt	16	16	0	4	29	39	18	22	27
Other current liabilities	25	22	26	27	34	38	38	38	38
Total current liabilities	**41**	**38**	**26**	**31**	**63**	**77**	**56**	**61**	**65**
Long-term debt	204	226	256	314	302	407	389	352	317
Other non-current liabilities	5	5	4	3	2	84	84	84	84
Total non-current liabilities	**209**	**230**	**260**	**316**	**304**	**491**	**473**	**436**	**401**
TOTAL EQUITY & LIABILITIES	**914**	**787**	**686**	**808**	**846**	**1,055**	**1,012**	**1,006**	**1,015**
Working capital, receivables	20	13	16	31	36	34	34	34	34
Working capital, payables	21	19	19	21	26	34	34	34	34
Net working capital	**-1**	**-7**	**-3**	**10**	**10**	**0**	**0**	**0**	**0**
Interest bearing debt	220	241	256	318	331	446	407	374	344
Liquidity	40	25	77	56	67	45	29	62	109
Net interest bearing debt	**180**	**216**	**179**	**261**	**264**	**401**	**378**	**313**	**235**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-543	-148	-224	-44	13	-16	-4	27	66
Depreciation	70	43	39	34	38	40	51	51	51
Other	433	56	139	32	2	-5	0	0	0
Cash earnings	**-40**	**-50**	**-46**	**22**	**52**	**20**	**47**	**78**	**117**
Changes in working capital	20	6	0	-15	-7	5	0	0	0
Net operational cash flow	**-20**	**-44**	**-45**	**7**	**45**	**25**	**47**	**78**	**117**
Capex	0	-2	-22	-177	-44	-253	-24	-12	-12
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	4	13	26	21	30	0	0	0
Other	4	8	0	-5	-8	6	-1	0	0
Net investing cash flow	**4**	**10**	**-9**	**-155**	**-31**	**-222**	**-24**	**-12**	**-12**
Repayment of debt	37	20	24	36	12	-172	-39	-33	-30
Proceeds from debt	245	40	75	324	16	371	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	-27
New equity	—	—	86	96	0	0	0	0	0
Other	-245	-41	-78	-328	-21	6	-1	0	0
Net financing cash flow	**36**	**18**	**106**	**128**	**7**	**194**	**-39**	**-33**	**-57**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**20**	**-15**	**52**	**-20**	**22**	**-3**	**-17**	**33**	**47**
Cash balance	40	25	77	56	67	64	47	80	127
Free cash flow	**-16**	**-34**	**-55**	**-148**	**14**	**-197**	**22**	**66**	**104**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

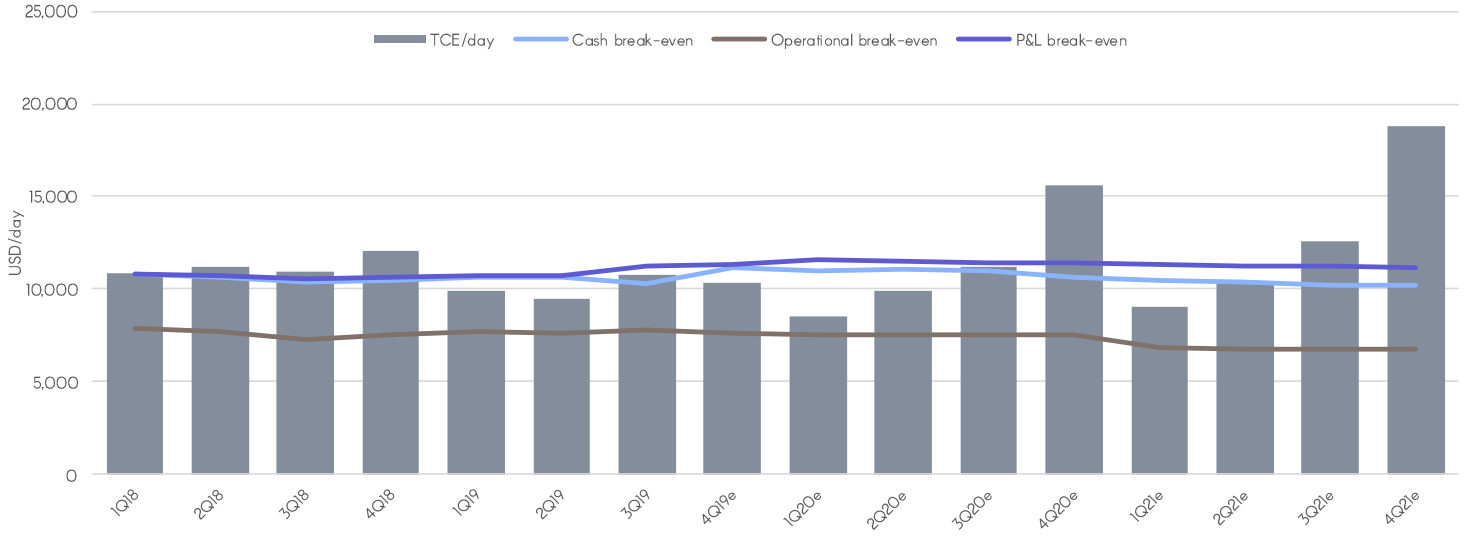
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	2	2	48	70	71	71	71	71	71
Share price, avg (USD)	107	156	12	5	5	5	4	4	4
Share price, end (USD)	293	70	6	4	5	4	4	4	4
Market Cap.	**550**	**133**	**281**	**315**	**328**	**261**	**261**	**261**	**261**
NIBD	180	216	179	261	264	401	378	313	235
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**730**	**349**	**461**	**577**	**591**	**662**	**639**	**574**	**496**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)					26.0			9.5	4.0
P/E (adj.)					26.0			9.5	4.0
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	3.1	1.0	1.7	1.1	0.8	1.2	1.0	1.1	1.0
EV/Sales	4.2	2.7	2.8	1.9	1.5	3.2	2.6	2.4	1.8
EV/EBITDA				17.2	7.8	11.8	7.8	5.2	3.4
EV/EBIT					15.7	42.0	20.4	9.6	5.2
P/B	0.8	0.3	0.7	0.7	0.7	0.5	0.5	0.5	0.5
FCF yield	-3%	-25%	-19%	-47%	4%	-76%	9%	25%	40%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.4%
Return on equity (ROE)	-81.8%	-28.6%	-55.8%	-9.5%	2.6%	-3.2%	-0.9%	5.4%	12.0%
Return on capital employed (ROCE)		-18.5%	-34.7%	0.0%	5.1%	1.8%	3.8%	7.5%	12.7%
Return on assets (ROA)	-59.5%	-18.9%	-32.6%	-5.4%	1.5%	-1.5%	-0.4%	2.7%	6.5%
Sales growth	-23%	-27%	30%	80%	30%	-46%	19%	-5%	13%
EBITDA margin		-72%	-97%	11%	19%	27%	33%	47%	55%
EBIT margin		-106%	-121%	0%	10%	8%	13%	25%	36%
Net margin	-310%	-116%	-134%	-15%	3%	-7%	-2%	12%	25%
Net interest rate	35.1%	5.5%	12.1%	11.2%	9.8%	7.1%	9.4%	10.4%	12.7%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	73%	66%	58%	57%	57%	46%	48%	51%	54%
Leverage ratio	27%	34%	42%	43%	43%	54%	52%	49%	46%
NIBD / EBITDA (past 1y)		-2.3	-1.1	7.8	3.5	7.1	4.6	2.8	1.6
Operating cash flow/NIBD	-0.1	-0.2	-0.3	0.0	0.2	0.1	0.1	0.2	0.5
Net interest coverage ratio (EBITDA		-7.8	-7.4	1.1	2.9	2.0	2.3	3.4	4.9
Current ratio	1.9	1.1	4.1	3.4	1.9	1.1	1.2	1.7	2.3
Adj. equity ratio						37%	41%	49%	56%
Operating assets	874	762	610	752	768	980	953	915	876
Operating liabilities	30	27	30	30	36	122	122	122	122
Net operating assets	844	735	580	723	732	858	831	793	754

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

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



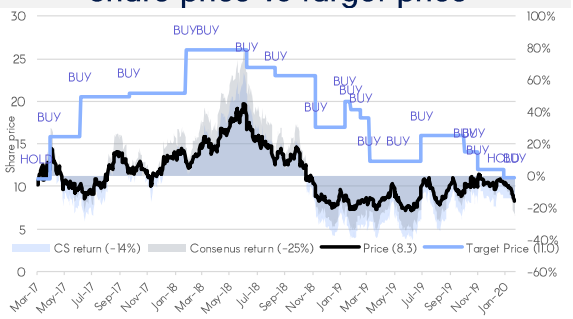
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

High operational leverage with a massive discount to steel

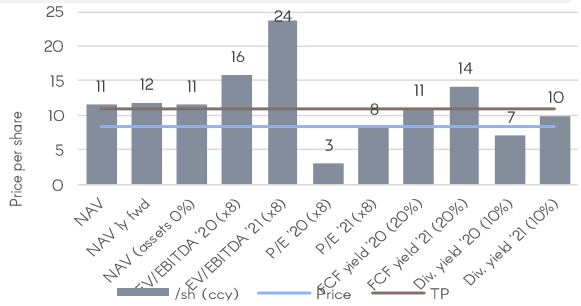
GNK-US BUY/$11

Genco Shipping

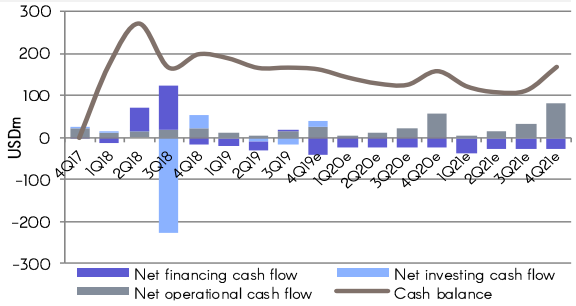
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	221	259	290	335
EBITDA (adj.)	74	116	148	211
EBIT (adj.)	1	45	78	141
PTP (adj.)	-26	21	57	123
Net earnings (adj.)	-26	21	57	123
EPS (adj.)	-0.63	0.50	1.36	2.96
DPS	0.50	0.70	0.98	1.47
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	515	596	782	1,009
Adj. equity ratio	49%	56%	66%	75%
FCF yield	10%	26%	34%	53%
Dividend yield	6%	8%	12%	18%
EV/EBITDA	13.9	5.3	3.6	2.0
P/E (adj.)		16.7	6.1	2.8

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	52	91	127	194
Free cash flow	36	91	118	184
Net cash flow	-41	-4	10	56
TCE/day	10,727	12,458	13,854	17,459
Cash break-even	10,940	10,828	10,661	10,531
Liquidity	162	157	168	224
Property & Equip. (incl. NB	1,273	1,202	1,141	1,081
Total equity	982	974	989	1,051
Total assets	1,524	1,449	1,398	1,394
Interest bearing debt	493	426	360	294
Net interest bearing debt	331	269	192	70
Market Cap.	347	347	347	347

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

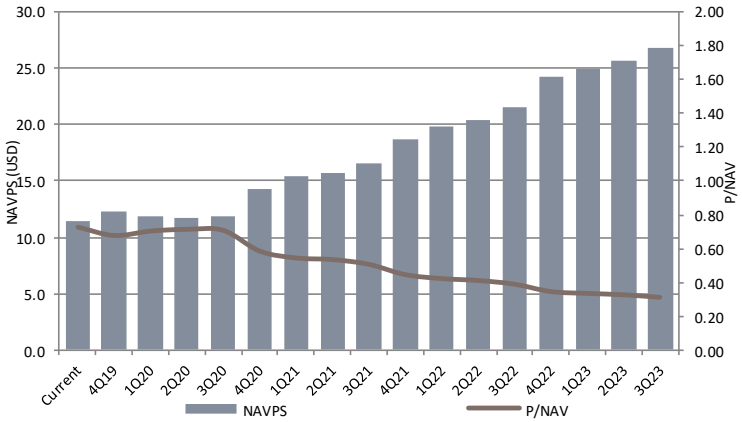
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

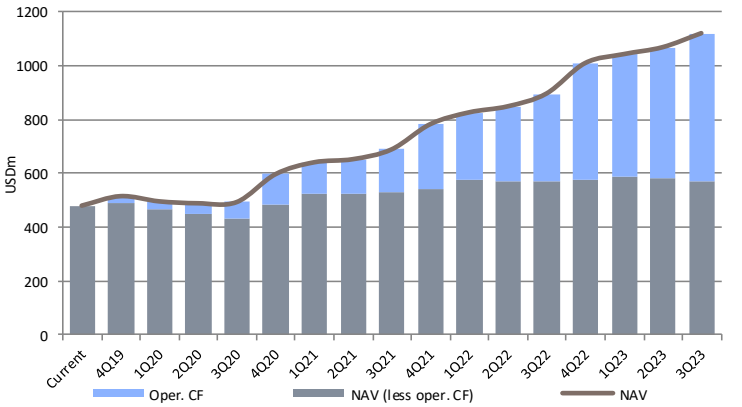
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,307	798	673
Contract value	0	0	0
Other	48	48	41
GAV	1,355	846	713
Net debt	-349	-349	-349
Capex	0	-9	-9
Other	-8	-8	-8
Equity	998	480	347
Shares	42	42	42
Equity/sh	23.90	11.49	8.31
lcl CCY	23.90	11.49	8.31
P/Equity	0.35	0.72	1.00
EV/GAV	0.53	0.84	1.00
Adj. Total Assets	1,562	1,053	928
Adj. Equity Ratio	64%	46%	37%
Fair Value	USD	10.8	30%

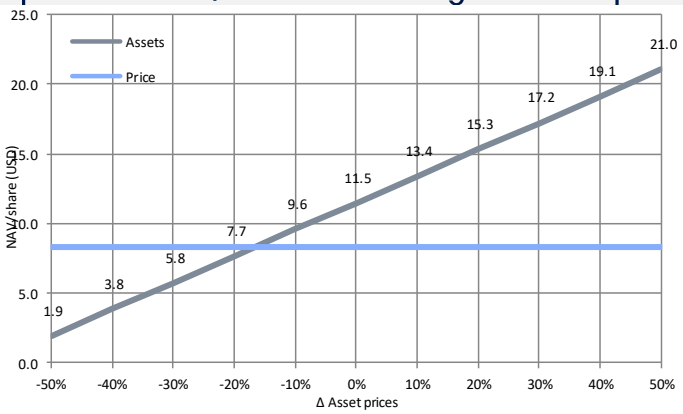
Quarterly forward NAV & P/NAV



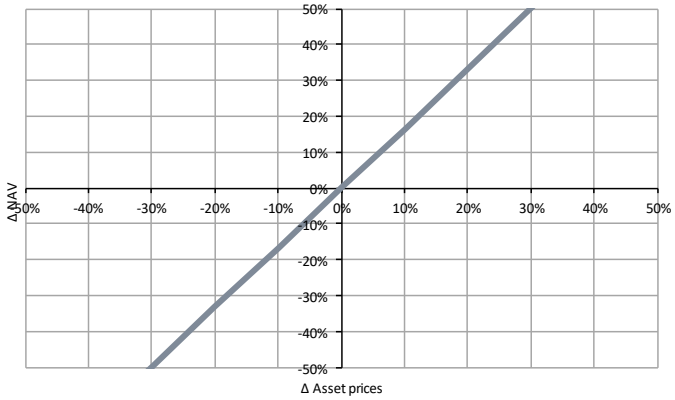
Quarterly forward NAV decomposition



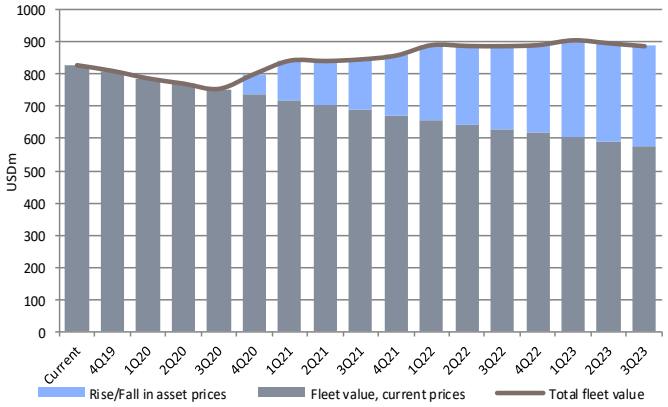
Impact on NAV/sh from % change in asset prices



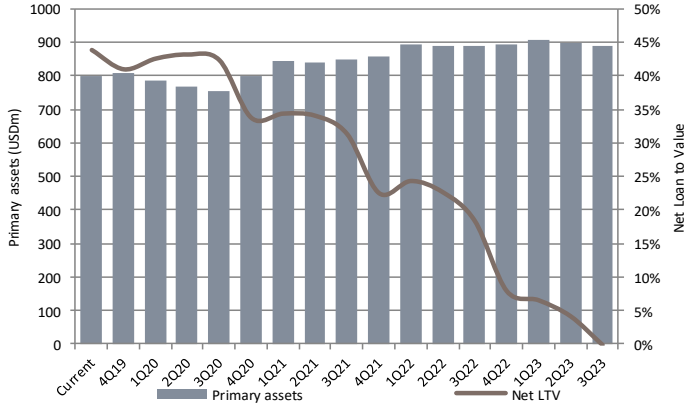
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	75.9	60.8	68.2	63.5				
EBITDA (adj.)	42.3	22.6	30.1	30.3				
EBIT (adj.)	24.0	4.4	11.7	13.4				
PTP (adj.)	16.3	-2.4	4.9	6.7				
Net earnings (adj.)	16.3	-2.4	4.9	5.4				
EPS (adj.)	0.39	-0.06	0.12	0.11				
DPS	-	0.50	0.18	0.29				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	75.9	60.8	68.2	63.5				
Opex & G&A	33.5	38.2	38.0	33.2				
Depreciation	18.4	18.2	18.5	16.9				
Net finance	7.7	6.8	6.7	6.7				
Taxes & Minorities	-	-	-	1.3				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	23	14	23					
Free cash flow	54	-4	39					
Net cash flow	37	1	-4					
TCE/day	13,345	12,012	13,610	12,678				
Utilization	99.2%	87.8%	89.3%					
Fleet days	5,734	5,766	5,612					
Cash break-even	10,098	10,701	11,073					
Liquidity	202	166	162					
Interest bearing debt	539	515	493					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019E	Old 2020E	Old 2021E	Old 2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	221	259	290	335	204	245	260	330	18	14	30	5
EBITDA (adj.)	74	116	148	211	59	109	139	209	15	7	9	2
EBIT (adj.)	1	45	78	141	-14	35	65	135	15	11	13	6
PTP (adj.)	-26	21	57	123	-41	9	43	116	15	12	14	7
Net earnings (adj.)	-26	21	57	123	-41	9	43	116	15	12	14	7
EPS (adj.)	-0.63	0.50	1.36	2.96	-0.99	0.22	1.02	2.79	0.36	0.28	0.34	0.17
DPS	0.50	0.70	0.98	1.47	0.50	0.70	0.75	1.18	-	-	0.23	0.29

	2019E	2020E	2021E	2022E
TCE revenue	18	14	30	5
Opex & G&A	3	7	21	2
Depreciation	-0	-4	-4	-4
Net finance	-0	-1	-1	-1
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	52	91	127	194	37	83	117	190	15	8	10	3
Free cash flow	36	91	118	184	2	83	117	190	34	8	1	-6
Net cash flow	-41	-4	10	56	-57	-12	19	75	17	8	-9	-18
TCE/day	10,727	12,458	13,854	17,459	9,880	11,829	13,320	16,926	847	629	534	534
Cash break-even	10,940	10,828	10,661	10,531	10,825	10,561	10,439	10,279	115	267	222	252
Liquidity	162	157	168	224	145	133	152	226	17	24	16	-2
Property & Equip. (incl. NB	1,273	1,202	1,141	1,081	1,291	1,217	1,143	1,069	-19	-15	-2	12
Total equity	982	974	989	1,051	967	947	958	1,025	15	27	31	26
Total assets	1,524	1,449	1,398	1,394	1,526	1,439	1,384	1,385	-2	10	14	9
Interest bearing debt	493	426	360	294	510	443	377	311	-17	-17	-17	-17
Net interest bearing debt	331	269	192	70	364	310	225	84	-34	-41	-33	-15
Market Cap.	347	347	347	347	448	448	448	448	-101	-101	-101	-101
Enterprise value	678	616	539	417	812	758	673	532	-135	-143	-134	-116

Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	515	596	782	1,009	605	638	784	1,004	-90	-42	-2	5
Adj. equity ratio	49%	56%	66%	75%	52%	56%	65%	74%	-3%	-1%	1%	1%
FCF yield	10%	26%	34%	53%	1%	19%	26%	42%	10%	8%	8%	11%
Dividend yield	6%	8%	12%	18%	5%	7%	7%	11%	1%	2%	5%	7%
EV/EBITDA	13.9	5.3	3.6	2.0	23.9	7.0	4.9	2.6	-10.0	-1.6	-1.2	-0.6
P/E (adj.)		16.7	6.1	2.8		49.2	10.5	3.9	######	-32.5	-4.4	-1.0

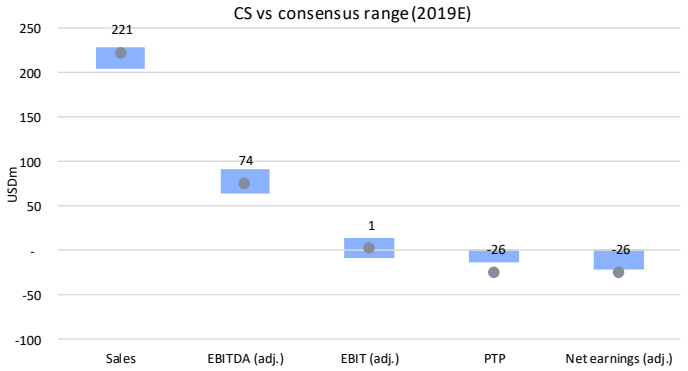
Various

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Opex/day (excl. TC-in)	-4,572	-4,611	-4,611	-4,611	-4,547	-4,418	-4,418	-4,418	-25	-193	-193	-193
G&A/day	-1,423	-1,493	-1,514	-1,671	-1,426	-1,493	-1,622	-1,638	3	-1	108	-33
Depreciation/day	-3,239	-3,262	-3,262	-3,564	-3,260	-3,434	-3,684	-3,684	22	172	422	120
Net interest/day	-1,240	-1,133	-969	-880	-1,252	-1,182	-1,091	-914	12	49	122	34
Amort./day	-3,180	-3,075	-3,084	-3,369	-3,159	-3,075	-3,308	-3,308	-21	-	224	-61

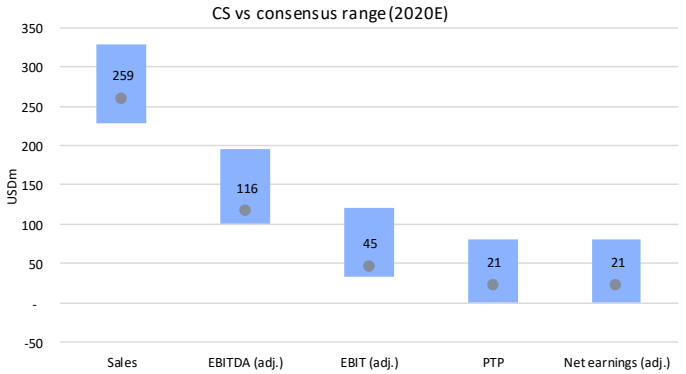
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

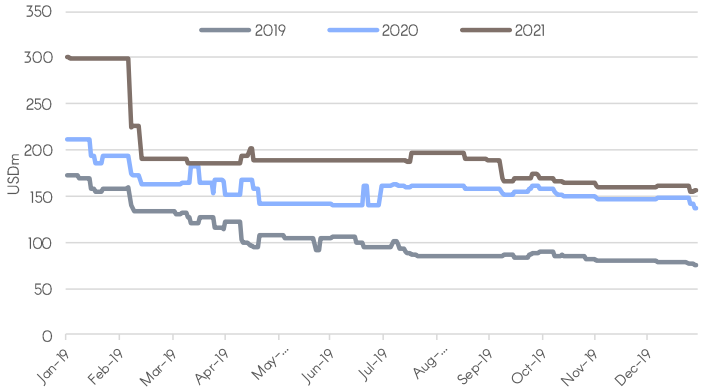
Profit & Loss, year I



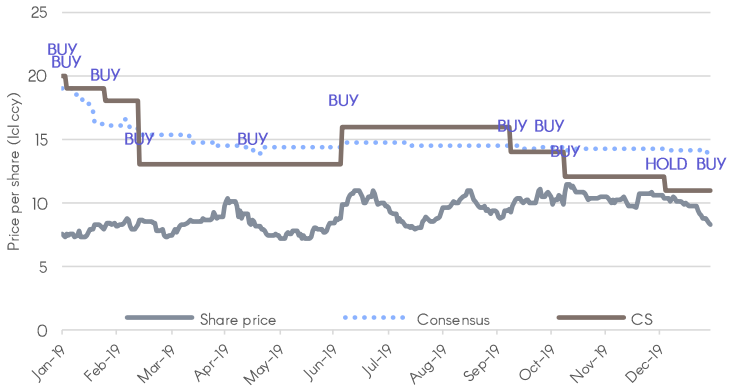
Profit & Loss, year II



Consensus EBITDA development



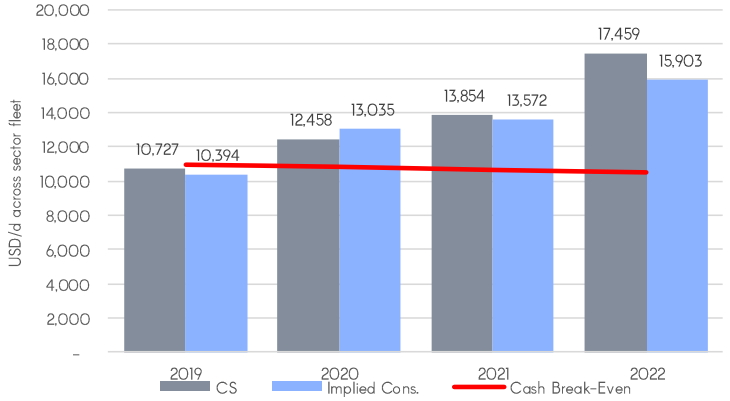
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	221	214	7	3%
Opex + G&A	147	138	9	6%
Depreciation	73	72	1	1%
Net finance	27	51	-23	-46%
Taxes & Minorities	0	-22	22	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	259	271	-12	-4%
Opex + G&A	143	133	9	7%
Depreciation	70	57	13	23%
Net finance	24	41	-16	-40%
Taxes & Minorities	0	3	-3	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**76**	**50**	**42**	**61**	**68**	**47**	**51**	**63**	**98**
Operational costs	-32	-33	-51	-50	-38	-36	-35	-36	-36
EBITDA	**44**	**17**	**-9**	**10**	**30**	**11**	**16**	**27**	**62**
Depreciation/Amortization	-18	-18	-18	-18	-18	-18	-18	-18	-18
EBIT	**26**	**-1**	**-27**	**-8**	**12**	**-7**	**-2**	**9**	**44**
Net financials	-8	-7	-7	-7	-7	-6	-6	-6	-6
PTP	**18**	**-8**	**-34**	**-15**	**5**	**-13**	**-8**	**3**	**38**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**18**	**-8**	**-34**	**-15**	**5**	**-13**	**-8**	**3**	**38**
Non-recurring items	-2	-1	14	12	0	0	0	0	0
Net earnings (adj.)	**16**	**-8**	**-20**	**-2**	**5**	**-13**	**-8**	**3**	**38**
EPS	0.44	-0.19	-0.83	-0.35	0.12	-0.31	-0.19	0.08	0.92
EPS (adj.)	0.39	-0.20	-0.49	-0.06	0.12	-0.31	-0.19	0.08	0.92
DPS	0.00	0.00	0.00	0.00	0.50	0.18	0.18	0.18	0.18

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	197	188	165	166	162	143	128	125	157
Other current assets	73	62	54	75	75	75	75	75	75
Total current assets	**270**	**250**	**219**	**241**	**237**	**218**	**204**	**201**	**233**
Property & equip. (incl. NBs)	1,357	1,356	1,345	1,307	1,273	1,255	1,238	1,220	1,202
Other non-current assets	0	0	0	14	14	14	14	14	14
Total non-current assets	**1,357**	**1,356**	**1,345**	**1,321**	**1,287**	**1,269**	**1,252**	**1,234**	**1,216**
TOTAL ASSETS	**1,627**	**1,606**	**1,564**	**1,562**	**1,524**	**1,487**	**1,455**	**1,435**	**1,449**
Total equity	**1,053**	**1,046**	**1,012**	**998**	**982**	**962**	**947**	**943**	**974**
Short-term debt	66	72	67	70	69	70	69	69	69
Other current liabilities	36	29	41	49	49	49	49	49	49
Total current liabilities	**102**	**101**	**109**	**119**	**118**	**119**	**118**	**119**	**118**
Long-term debt	472	460	444	445	424	407	391	374	357
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**472**	**460**	**444**	**445**	**424**	**407**	**391**	**374**	**357**
TOTAL EQUITY & LIABILITIES	**1,627**	**1,606**	**1,564**	**1,562**	**1,524**	**1,487**	**1,455**	**1,435**	**1,449**
Working capital, receivables	52	48	45	43	43	43	43	43	43
Working capital, payables	29	24	33	41	41	41	41	41	41
Net working capital	**23**	**24**	**12**	**2**	**2**	**2**	**2**	**2**	**2**
Interest bearing debt	539	532	511	515	493	476	460	443	426
Liquidity	202	193	165	166	162	143	128	125	157
Net interest bearing debt	**336**	**339**	**346**	**349**	**331**	**334**	**331**	**318**	**269**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	18	-8	-34	-15	5	-13	-8	3	38
Depreciation	18	18	18	18	18	18	18	18	18
Other	-1	0	11	1	0	0	0	0	0
Cash earnings	**36**	**11**	**-6**	**4**	**23**	**5**	**10**	**21**	**56**
Changes in working capital	-14	1	9	10	0	0	0	0	0
Net operational cash flow	**23**	**12**	**3**	**14**	**23**	**5**	**10**	**21**	**56**
Capex	-3	-10	-10	-14	-15	0	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	34	6	0	0	31	0	0	0	0
Other	0	0	1	-4	0	0	0	0	0
Net investing cash flow	**31**	**-4**	**-10**	**-18**	**16**	**0**	**0**	**0**	**0**
Repayment of debt	-17	-17	-21	-17	-34	-17	-17	-17	-17
Proceeds from debt	0	0	0	22	12	0	0	0	0
Dividends paid	0	0	0	0	-21	-7	-7	-7	-7
New equity	0	0	0	0	0	0	0	0	0
Other	0	-1	0	0	0	0	0	0	0
Net financing cash flow	**-17**	**-17**	**-21**	**5**	**-43**	**-24**	**-24**	**-24**	**-24**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**37**	**-10**	**-28**	**1**	**-4**	**-19**	**-14**	**-3**	**32**
Cash balance	197	188	165	166	162	143	128	125	157
Free cash flow	**54**	**7**	**-6**	**-4**	**39**	**5**	**10**	**21**	**56**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**233**	**174**	**149**	**235**	**482**	**221**	**259**	**290**	**335**
Operational costs	-379	-288	-259	-193	-413	-172	-143	-142	-124
EBITDA	**-146**	**-113**	**-110**	**42**	**69**	**49**	**116**	**148**	**211**
Depreciation/Amortization	-113	-80	-76	-72	-69	-73	-70	-70	-70
EBIT	**-259**	**-193**	**-186**	**-30**	**1**	**-24**	**45**	**78**	**141**
Net financials	-966	-60	-31	-29	-33	-28	-24	-21	-17
PTP	**-1,225**	**-253**	**-217**	**-59**	**-33**	**-52**	**21**	**57**	**123**
Taxes/Minorities	91	58	-1	0	0	0	0	0	0
Net earnings	**-1,133**	**-195**	**-218**	**-59**	**-33**	**-52**	**21**	**57**	**123**
Non-recurring items	0	0	0	0	0	26	0	0	0
Net earnings (adj.)	**-1,133**	**-195**	**-218**	**-59**	**-33**	**-26**	**21**	**57**	**123**
EPS	-184.18	-26.74	-29.61	-1.70	-0.79	-1.25	0.50	1.36	2.96
EPS (adj.)	-184.18	-26.74	-29.61	-1.70	-0.79	-0.63	0.50	1.36	2.96
DPS	0.50	0.00	0.00	0.00	0.00	0.50	0.70	0.98	1.47

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	83	121	133	174	197	162	157	168	224
Other current assets	47	51	39	43	73	75	75	75	75
Total current assets	**130**	**173**	**173**	**217**	**270**	**237**	**233**	**243**	**299**
Property & equip. (incl. NBs)	1,540	1,529	1,368	1,280	1,357	1,273	1,202	1,141	1,081
Other non-current assets	83	13	28	24	0	14	14	14	14
Total non-current assets	**1,623**	**1,542**	**1,396**	**1,304**	**1,357**	**1,287**	**1,216**	**1,156**	**1,095**
TOTAL ASSETS	1,753	1,715	1,569	1,521	1,627	1,524	1,449	1,398	1,394
Total equity	**1,293**	**1,106**	**1,030**	**975**	**1,053**	**982**	**974**	**989**	**1,051**
Short-term debt	34	579	5	24	66	69	41	50	57
Other current liabilities	30	29	24	28	36	49	49	49	49
Total current liabilities	**64**	**608**	**29**	**52**	**102**	**118**	**90**	**99**	**106**
Long-term debt	396	1	510	493	472	424	385	310	237
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**396**	**1**	**510**	**493**	**472**	**424**	**385**	**310**	**237**
TOTAL EQUITY & LIABILITIES	1,753	1,715	1,569	1,521	1,627	1,524	1,449	1,398	1,394
Working capital, receivables	15	11	10	13	52	43	43	43	43
Working capital, payables	28	27	23	23	29	41	41	41	41
Net working capital	**-13**	**-17**	**-13**	**-10**	**23**	**2**	**2**	**2**	**2**
Interest bearing debt	431	580	515	518	539	493	426	360	294
Liquidity	93	141	142	182	202	162	157	168	224
Net interest bearing debt	**337**	**440**	**373**	**336**	**336**	**331**	**269**	**192**	**70**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-1,133	-195	-218	-59	-33	-52	21	57	123
Depreciation	113	80	76	72	69	73	70	70	70
Other	971	52	90	20	56	12	0	0	0
Cash earnings	**-50**	**-64**	**-52**	**33**	**92**	**33**	**91**	**127**	**194**
Changes in working capital	-10	8	2	-9	-26	19	0	0	0
Net operational cash flow	**-60**	**-56**	**-50**	**24**	**66**	**52**	**91**	**127**	**194**
Capex	-55	-67	-1	-1	-243	-50	0	-9	-9
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	13	16	44	37	0	0	0
Other	-20	11	-5	2	4	-25	0	0	0
Net investing cash flow	**-75**	**-57**	**7**	**17**	**-195**	**-16**	**0**	**-9**	**-9**
Repayment of debt	6	158	-65	-4	32	-88	-66	-66	-66
Proceeds from debt	33	302	400	0	568	33	0	0	0
Dividends paid	-3	0	0	0	0	-21	-29	-41	-62
New equity	0	0	—	—	110	0	0	0	0
Other	59	-310	-280	-1	-583	-25	0	0	0
Net financing cash flow	**95**	**151**	**55**	**-6**	**127**	**-77**	**-96**	**-107**	**-128**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-39**	**38**	**12**	**36**	**-2**	**-41**	**-4**	**10**	**56**
Cash balance	83	121	150	185	197	157	153	163	219
Free cash flow	**-135**	**-113**	**-43**	**41**	**-129**	**36**	**91**	**118**	**184**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

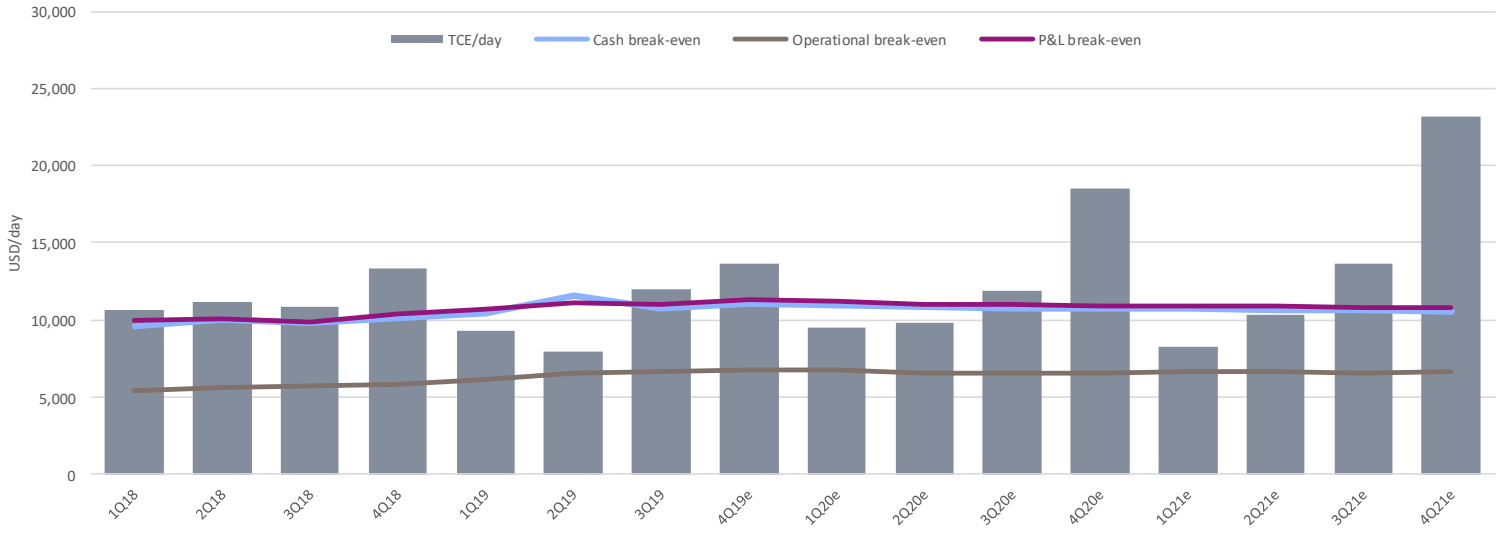
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	6	7	7	35	42	42	42	42	42
Share price, avg (USD)	180	62	7	11	14	9	8	8	8
Share price, end (USD)	135	15	7	13	8	8	8	8	8
Market Cap.	**831**	**109**	**54**	**460**	**329**	**347**	**347**	**347**	**347**
NIBD	337	440	373	336	336	331	269	192	70
Minorities	249	0	0	0	0	0	0	0	0
Enterprise value	**920**	**548**	**428**	**796**	**665**	**678**	**616**	**539**	**417**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)							16.7	6.1	2.8
P/E (adj.)							16.7	6.1	2.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	3.6	0.6	0.4	2.0	0.7	1.6	1.3	1.2	1.0
EV/Sales	4.0	3.1	2.9	3.4	1.4	3.1	2.4	1.9	1.2
EV/EBITDA				18.9	9.6	13.9	5.3	3.6	2.0
EV/EBIT							13.6	6.9	3.0
P/B	0.8	0.1	0.1	0.5	0.3	0.4	0.4	0.4	0.3
FCF yield	-16%	-104%	-79%	9%	-39%	10%	26%	34%	53%
Dividend yield	0.4%	0.0%	0.0%	0.0%	0.0%	6.0%	8.4%	11.8%	17.7%
Return on equity (ROE)	-108.5%	-17.6%	-21.1%	-6.0%	-3.1%	-5.3%	2.1%	5.7%	11.7%
Return on capital employed (ROCE)	-16.1%	-12.5%	-13.6%	-2.3%	0.0%	-1.9%	3.6%	6.6%	12.6%
Return on assets (ROA)	-64.7%	-11.4%	-13.9%	-3.9%	-2.0%	-3.4%	1.4%	4.1%	8.9%
Sales growth	-1%	-25%	-15%	58%	105%	-54%	17%	12%	15%
EBITDA margin	-63%	-65%	-74%	18%	14%	22%	45%	51%	63%
EBIT margin	-111%	-111%	-125%	-13%	0%	-11%	17%	27%	42%
Net margin	-487%	-112%	-146%	-25%	-7%	-23%	8%	20%	37%
Net interest rate	14.4%	4.6%	7.6%	9.1%	9.8%	8.4%	9.1%	10.8%	24.9%
Tax rate	-0.1%	-0.7%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	74%	65%	66%	64%	65%	64%	67%	71%	75%
Leverage ratio	26%	35%	34%	36%	35%	36%	33%	29%	25%
NIBD / EBITDA (past 1y)	-2.3	-3.9	-3.4	8.0	4.8	6.8	2.3	1.3	0.3
Operating cash flow/NIBD	-0.2	-0.1	-0.1	0.1	0.2	0.2	0.3	0.7	2.8
Net interest coverage ratio (EBITDA	-3.0	-5.7	-3.9	1.4	2.1	1.7	4.7	7.1	12.2
Current ratio	2.0	0.3	6.0	4.1	2.7	2.0	2.6	2.4	2.8
Adj. equity ratio						49%	56%	66%	75%
Operating assets	1,640	1,574	1,400	1,316	1,425	1,362	1,291	1,230	1,170
Operating liabilities	30	29	24	28	36	49	49	49	49
Net operating assets	1,610	1,545	1,376	1,288	1,389	1,313	1,242	1,181	1,121

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

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



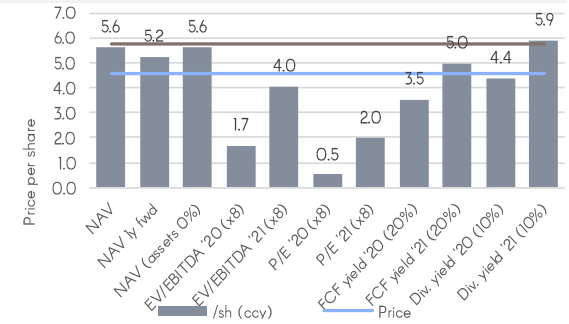
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

GOGL-US BUY/$5.8

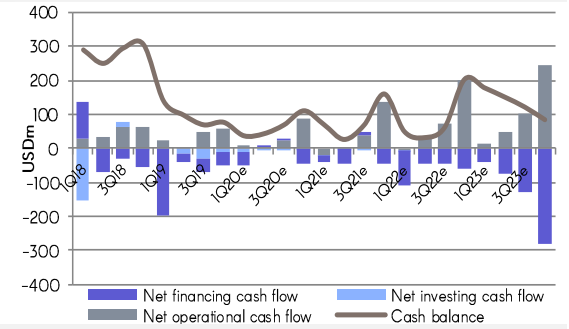
Golden Ocean

Share price vs target price

Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	484	455	498	653
EBITDA (adj.)	203	177	213	351
EBIT (adj.)	108	68	103	241
PTP (adj.)	52	12	47	189
Net earnings (adj.)	52	12	47	189
EPS (adj.)	0.36	0.09	0.33	1.31
DPS	0.45	0.44	0.59	0.95

USDm	2019E	2020E	2021E	2022E
Fwd NAV	841	959	1,260	1,631
Adj. equity ratio	37%	40%	47%	56%
FCF yield	11%	15%	22%	43%
Dividend yield	10%	10%	13%	21%
EV/EBITDA	9.7	10.6	8.4	4.6
P/E (adj.)	12.8	53.6	13.9	3.5

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	132	122	157	299
Free cash flow	72	102	144	285
Net cash flow	-226	34	49	43
TCE/day	15,442	14,228	15,443	20,468
Cash break-even	13,836	13,535	13,683	14,084
Liquidity	94	128	178	221
Property & Equip. (incl. NB	2,328	2,238	2,142	2,045
Total equity	1,501	1,446	1,408	1,460
Total assets	2,923	2,867	2,820	2,767
Interest bearing debt	1,309	1,304	1,295	1,190
Net interest bearing debt	1,215	1,176	1,117	969
Market Cap.	658	658	658	658

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

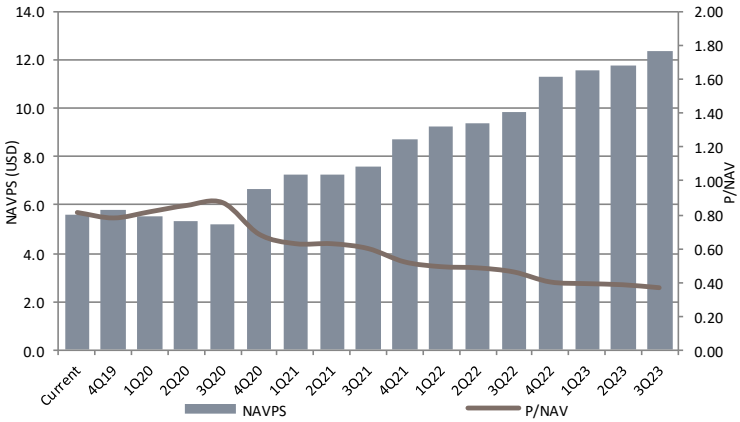
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the document

Company Valuation

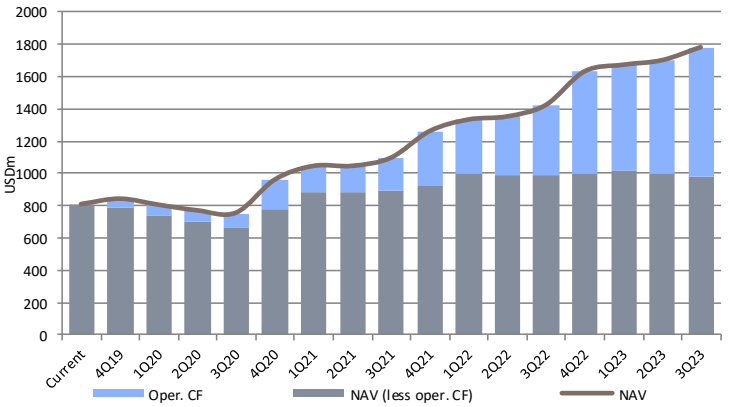
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,348	1,641	1,529
Contract value	0	34	32
Other	500	504	469
GAV	2,848	2,180	2,030
Net debt	-1,241	-1,241	-1,241
Capex	0	-19	-19
Other	-112	-112	-112
Equity	1,495	807	658
Shares	144	144	144
Equity/sh	10.36	5.60	4.56
lcl CCY	10.36	5.60	4.56
P/Equity	0.44	0.81	1.00
EV/GAV	0.71	0.93	1.00
Adj. Total Assets	2,935	2,229	2,117
Adj. Equity Ratio	51%	36%	31%
Fair Value	USD	5.8	26%
	NOK	52.4	

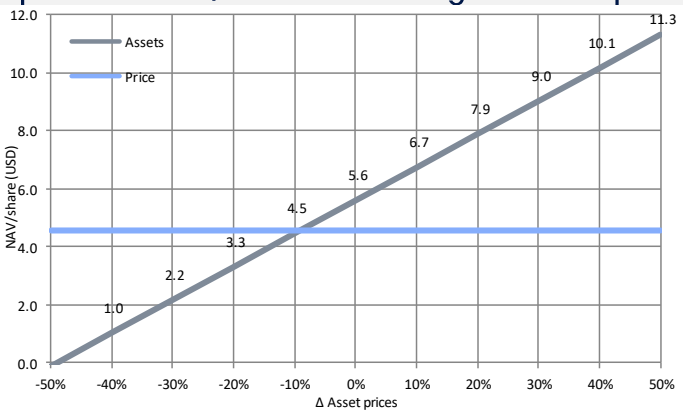
Quarterly forward NAV & P/NAV



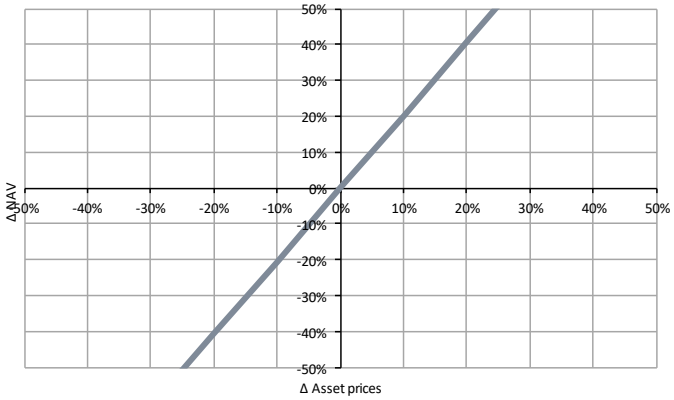
Quarterly forward NAV decomposition



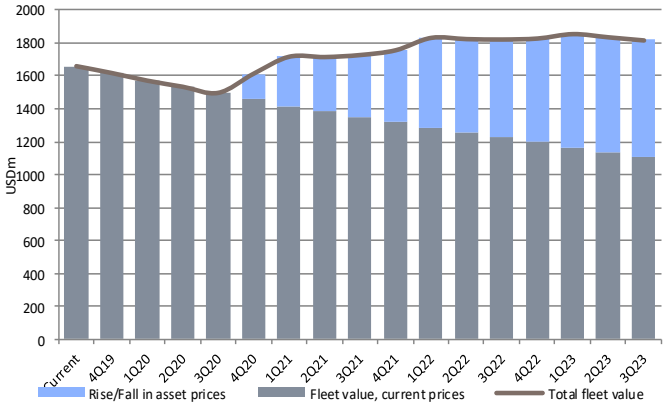
Impact on NAV/sh from % change in asset prices



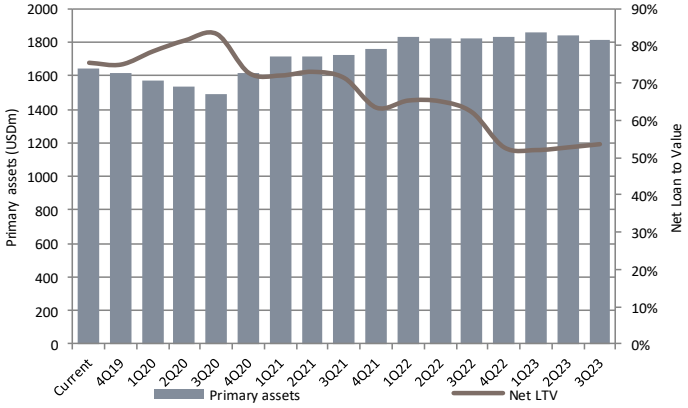
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	131.9	161.7	147.7	141.4				
EBITDA (adj.)	64.7	77.8	72.0	72.3				
EBIT (adj.)	41.4	54.5	46.9	48.3				
PTP (adj.)	24.5	41.6	32.9	35.7				
Net earnings (adj.)	24.3	41.5	32.9	33.5				
EPS (adj.)	0.17	0.29	0.23	0.23				
DPS	0.05	0.15	0.14	0.13				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	131.9	161.7	147.7	141.4				
Opex & G&A	67.2	83.9	75.7	69.1				
Depreciation	23.3	23.3	25.1	24.1				
Net finance	16.9	12.9	14.0	12.6				
Taxes & Minorities	0.2	0.0	0.0	2.2				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	61	46	58					
Free cash flow	59	14	48					
Net cash flow	4	-24	7					
TCE/day	17,185	19,151	19,066	18,253				
Utilization	97.0%	97.3%	92.4%					
Fleet days	7,914	8,674	8,388					
Cash break-even	14,444	13,911	14,155					
Liquidity	326	87	94					
Interest bearing debt	1,356	1,328	1,309					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019E	Old 2020E	Old 2021E	Old 2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	484	455	498	653	481	405	462	584	3	50	36	69
EBITDA (adj.)	203	177	213	351	215	134	184	296	-12	43	28	55
EBIT (adj.)	108	68	103	241	120	38	88	200	-12	30	14	41
PTP (adj.)	52	12	47	189	63	-16	37	151	-11	29	10	37
Net earnings (adj.)	52	12	47	189	63	-16	37	151	-11	29	10	37
EPS (adj.)	0.36	0.09	0.33	1.31	0.44	-0.11	0.26	1.05	-0.08	0.20	0.07	0.26
DPS	0.45	0.44	0.59	0.95	0.50	0.47	0.40	1.67	-0.05	-0.04	0.19	-0.72

	2019E	2020E	2021E	2022E
TCE revenue	3	50	36	69
Opex & G&A	15	7	8	14
Depreciation	0	14	14	14
Net finance	-1	1	4	4
Taxes & Minorities	0	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	132	122	157	299	164	80	133	247	-31	42	24	51
Free cash flow	72	102	144	285	125	58	118	247	-53	44	26	38
Net cash flow	-226	34	49	43	-179	-65	9	-89	-47	99	41	133
TCE/day	15,442	14,228	15,443	20,468	15,608	13,194	14,983	18,951	-166	1,034	460	1,516
Cash break-even	13,836	13,535	13,683	14,084	14,377	14,341	13,981	14,071	-541	-806	-298	13
Liquidity	94	128	178	221	148	83	92	3	-54	45	86	219
Property & Equip. (incl. NB	2,328	2,238	2,142	2,045	2,338	2,264	2,183	2,087	-11	-26	-42	-42
Total equity	1,501	1,446	1,408	1,460	1,502	1,411	1,390	1,301	-1	35	18	159
Total assets	2,923	2,867	2,820	2,767	2,906	2,767	2,695	2,510	17	100	125	258
Interest bearing debt	1,309	1,304	1,295	1,190	1,299	1,244	1,193	1,096	10	60	102	94
Net interest bearing debt	1,215	1,176	1,117	969	1,151	1,161	1,100	1,094	64	15	17	-125
Market Cap.	658	658	658	658	871	871	871	871	-214	-214	-214	-214
Enterprise value	1,873	1,834	1,775	1,627	2,022	2,032	1,972	1,965	-149	-198	-197	-338

Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	841	959	1,260	1,631	1,068	1,071	1,300	1,596	-228	-112	-40	35
Adj. equity ratio	37%	40%	47%	56%	43%	44%	50%	57%	-6%	-4%	-3%	-1%
FCF yield	11%	15%	22%	43%	14%	7%	14%	28%	-3%	9%	8%	15%
Dividend yield	10%	10%	13%	21%	8%	8%	7%	28%	2%	2%	6%	-7%
EV/EBITDA	9.7	10.6	8.4	4.6	10.3	16.0	10.7	6.6	-0.6	-5.4	-2.4	-2.0
P/E (adj.)	12.8	53.6	13.9	3.5	13.9		23.4	5.8	-1.1	######	-9.5	-2.3

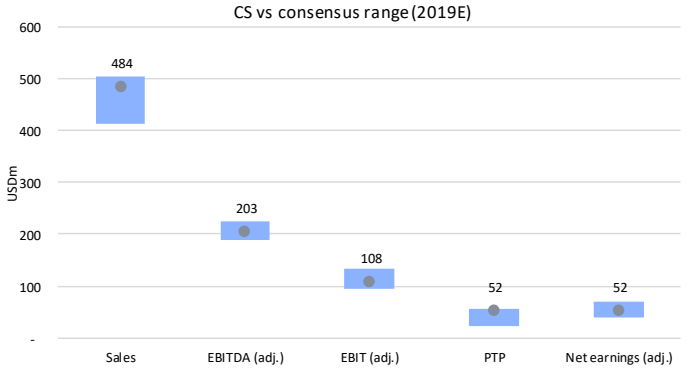
Various

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Opex/day (excl. TC-in)	-6,060	-6,060	-6,060	-6,060	-6,844	-6,850	-6,850	-6,850	784	790	790	790
G&A/day	-419	-412	-419	-427	-451	-459	-463	-468	31	48	44	41
Depreciation/day	-2,947	-3,318	-3,354	-3,382	-3,071	-3,127	-3,118	-3,118	124	-190	-235	-264
Net interest/day	-1,789	-1,672	-1,684	-1,608	-1,866	-1,765	-1,663	-1,569	77	93	-21	-38
Amort./day	-3,425	-3,474	-3,337	-3,217	-3,901	-3,740	-3,301	-3,132	476	266	-36	-85

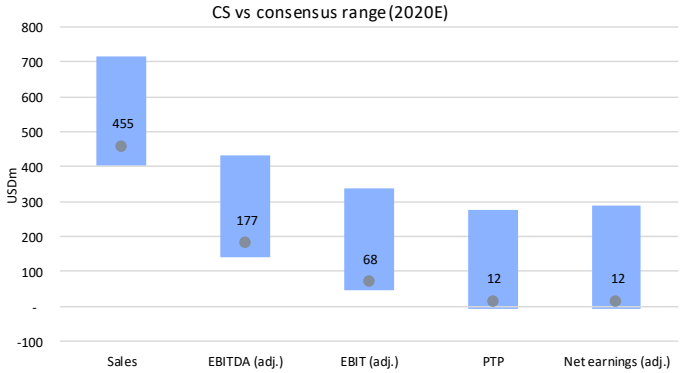
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

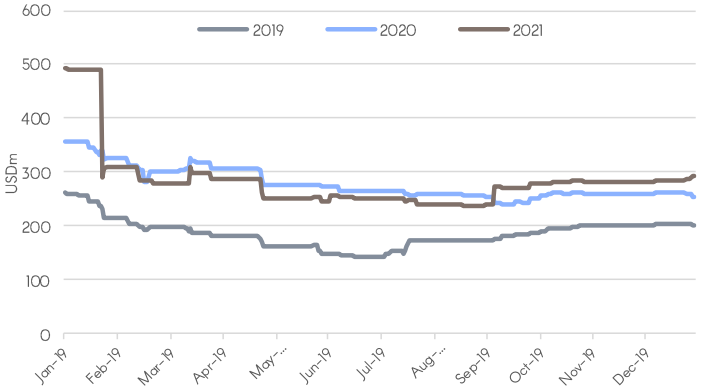
Profit & Loss, year I



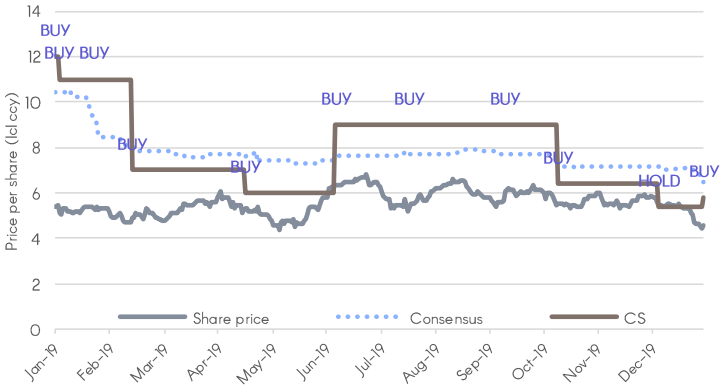
Profit & Loss, year II



Consensus EBITDA development



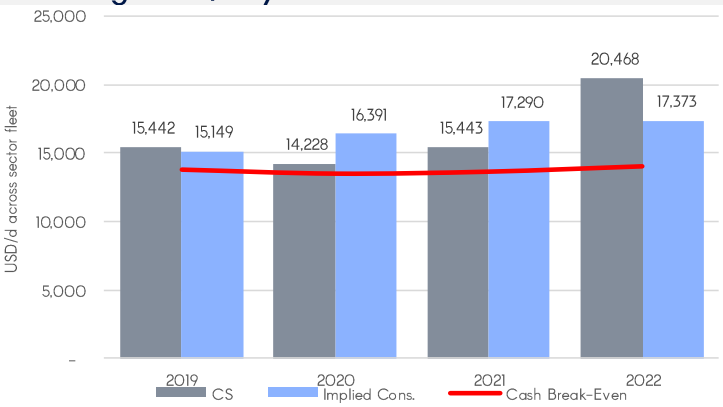
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	484	475	9	2%
Opex + G&A	281	273	8	3%
Depreciation	95	92	3	4%
Net finance	56	75	-19	-25%
Taxes & Minorities	0	-19	19	-101%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	455	524	-69	-13%
Opex + G&A	278	269	9	3%
Depreciation	110	93	17	18%
Net finance	55	55	0	0%
Taxes & Minorities	0	-1	1	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**132**	**92**	**83**	**162**	**148**	**88**	**80**	**107**	**180**
Operational costs	-66	-60	-66	-85	-80	-70	-64	-70	-79
EBITDA	**66**	**31**	**17**	**77**	**67**	**18**	**16**	**37**	**101**
Depreciation/Amortization	-23	-23	-24	-23	-25	-27	-28	-28	-28
EBIT	**43**	**8**	**-7**	**53**	**42**	**-9**	**-11**	**9**	**74**
Net financials	-19	-16	-26	-17	-14	-14	-14	-14	-14
PTP	**24**	**-7**	**-33**	**37**	**28**	**-23**	**-25**	**-5**	**60**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**24**	**-7**	**-33**	**37**	**28**	**-23**	**-25**	**-5**	**60**
Non-recurring items	1	1	17	5	5	5	0	0	0
Net earnings (adj.)	**24**	**-6**	**-16**	**42**	**33**	**-18**	**-25**	**-5**	**60**
EPS	0.16	-0.05	-0.23	0.25	0.20	-0.16	-0.17	-0.03	0.41
EPS (adj.)	0.17	-0.04	-0.11	0.29	0.23	-0.12	-0.17	-0.03	0.41
DPS	0.15	0.05	0.15	0.10	0.15	0.14	0.10	0.10	0.10

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	305	139	98	69	77	37	43	69	111
Other current assets	156	146	168	204	204	204	204	204	204
Total current assets	**461**	**285**	**266**	**274**	**281**	**241**	**247**	**273**	**315**
Property & equip. (incl. NBs)	2,408	2,385	2,366	2,348	2,328	2,306	2,282	2,257	2,233
Other non-current assets	83	266	271	314	314	314	314	314	314
Total non-current assets	**2,490**	**2,652**	**2,638**	**2,662**	**2,642**	**2,620**	**2,596**	**2,571**	**2,547**
TOTAL ASSETS	**2,951**	**2,937**	**2,904**	**2,935**	**2,923**	**2,861**	**2,843**	**2,845**	**2,862**
Total equity	**1,524**	**1,511**	**1,473**	**1,495**	**1,501**	**1,459**	**1,420**	**1,401**	**1,446**
Short-term debt	477	333	261	116	116	116	116	116	116
Other current liabilities	64	65	90	112	112	112	112	112	112
Total current liabilities	**542**	**398**	**351**	**228**	**228**	**228**	**228**	**228**	**228**
Long-term debt	879	1,028	1,079	1,212	1,193	1,174	1,195	1,216	1,188
Other non-current liabilities	7	0	0	0	0	0	0	0	0
Total non-current liabilities	**886**	**1,028**	**1,079**	**1,212**	**1,193**	**1,174**	**1,195**	**1,216**	**1,188**
TOTAL EQUITY & LIABILITIES	**2,951**	**2,937**	**2,904**	**2,935**	**2,923**	**2,861**	**2,843**	**2,845**	**2,862**
Working capital, receivables	0	0	0	0	0	0	0	0	0
Working capital, payables	0	0	0	0	0	0	0	0	0
Net working capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	1,356	1,362	1,340	1,328	1,309	1,290	1,311	1,332	1,304
Liquidity	326	153	118	87	94	55	61	87	128
Net interest bearing debt	**1,031**	**1,209**	**1,222**	**1,241**	**1,215**	**1,235**	**1,250**	**1,245**	**1,176**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	24	-7	-33	37	28	-23	-25	-5	60
Depreciation	23	23	24	23	25	27	28	28	28
Other	15	10	16	6	5	5	0	0	0
Cash earnings	**62**	**25**	**7**	**66**	**58**	**9**	**3**	**23**	**87**
Changes in working capital	-1	0	-3	-20	0	0	0	0	0
Net operational cash flow	**61**	**25**	**3**	**46**	**58**	**9**	**3**	**23**	**87**
Capex	-3	-1	-8	-12	-10	-10	-3	-3	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	1	0	-10	-20	0	0	0	0	0
Net investing cash flow	**-2**	**-1**	**-18**	**-32**	**-10**	**-10**	**-3**	**-3**	**-3**
Repayment of debt	-30	-186	-239	-23	-29	-29	-29	-29	-28
Proceeds from debt	0	0	226	0	10	10	50	50	0
Dividends paid	-22	-7	-22	-14	-22	-20	-14	-14	-14
New equity	0	0	0	0	0	0	0	0	0
Other	-3	-4	13	-1	0	0	0	0	0
Net financing cash flow	**-55**	**-198**	**-21**	**-38**	**-41**	**-39**	**7**	**7**	**-42**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**4**	**-173**	**-36**	**-24**	**7**	**-39**	**6**	**26**	**41**
Cash balance	305	139	98	69	77	37	43	69	111
Free cash flow	**59**	**24**	**-15**	**14**	**48**	**-1**	**-1**	**19**	**84**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	131	268	347	579	818	484	455	498	653
Operational costs	-92	-451	-354	-451	-581	-292	-283	-285	-302
EBITDA	39	-182	-7	128	237	192	173	213	351
Depreciation/Amortization	-20	-53	-63	-78	-92	-95	-110	-110	-110
EBIT	19	-235	-70	50	145	97	63	103	241
Net financials	-3	14	-58	-52	-60	-73	-55	-55	-52
PTP	16	-221	-128	-2	85	24	8	47	189
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	16	-221	-128	-2	85	24	8	47	189
Non-recurring items	0	0	0	0	0	27	5	0	0
Net earnings (adj.)	16	-221	-128	-2	85	52	12	47	189
EPS	1.00	-6.39	-1.21	-0.02	0.59	0.17	0.05	0.33	1.31
EPS (adj.)	1.00	-6.39	-1.21	-0.02	0.59	0.36	0.09	0.33	1.31
DPS	1.81	0.00	0.00	0.00	0.45	0.45	0.44	0.59	0.95

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	42	103	213	309	305	77	111	160	204
Other current assets	22	101	87	135	156	204	204	204	204
Total current assets	64	204	300	445	461	281	315	364	408
Property & equip. (incl. NBs)	853	1,488	1,759	2,215	2,406	2,328	2,238	2,142	2,045
Other non-current assets	346	481	303	211	84	314	314	314	314
Total non-current assets	1,198	1,969	2,062	2,426	2,490	2,642	2,552	2,456	2,359
TOTAL ASSETS	1,263	2,173	2,362	2,870	2,951	2,923	2,867	2,820	2,767
Total equity	884	1,159	1,239	1,494	1,524	1,501	1,446	1,408	1,460
Short-term debt	20	36	5	115	477	116	178	222	248
Other current liabilities	15	44	39	67	64	112	112	112	112
Total current liabilities	35	80	44	182	542	228	290	334	360
Long-term debt	344	926	1,071	1,186	879	1,193	1,126	1,073	942
Other non-current liabilities	0	9	8	8	7	0	0	0	0
Total non-current liabilities	344	934	1,079	1,194	886	1,193	1,126	1,073	942
TOTAL EQUITY & LIABILITIES	1,263	2,173	2,362	2,870	2,951	2,923	2,862	2,815	2,762
Working capital, receivables	16	25	33	44	56	0	0	0	0
Working capital, payables	9	20	21	30	34	0	0	0	0
Net working capital	7	4	12	14	21	0	0	0	0
Interest bearing debt	364	962	1,076	1,301	1,356	1,309	1,304	1,295	1,190
Liquidity	42	103	213	317	326	94	128	178	221
Net interest bearing debt	321	859	863	984	1,031	1,215	1,176	1,117	969

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	16	-221	-128	-2	85	24	8	47	189
Depreciation	20	53	63	78	92	95	110	110	110
Other	0	153	40	19	34	36	5	0	0
Cash earnings	35	-15	-24	95	210	156	122	157	299
Changes in working capital	-10	0	1	1	-24	-23	0	0	0
Net operational cash flow	25	-15	-23	95	187	132	122	157	299
Capex	-381	-519	-268	-160	-158	-31	-20	-14	-14
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	382	98	134	14	0	0	0	0
Other	65	250	-6	6	3	-11	-5	0	0
Net investing cash flow	-317	113	-175	-19	-141	-61	-20	-14	-14
Repayment of debt	269	-34	104	-94	23	-477	-115	-109	-105
Proceeds from debt	270	216	142	75	270	235	110	100	0
Dividends paid	-29	0	0	0	-65	-65	-63	-85	-137
New equity	0	0	205	123	0	0	0	0	0
Other	-274	-220	-143	-75	-273	-11	-5	0	0
Net financing cash flow	236	-37	309	29	-45	-298	-68	-94	-241
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-56	60	110	105	1	-226	34	49	43
Cash balance	42	103	213	309	305	79	113	163	206
Free cash flow	-292	98	-198	76	45	72	102	144	285

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

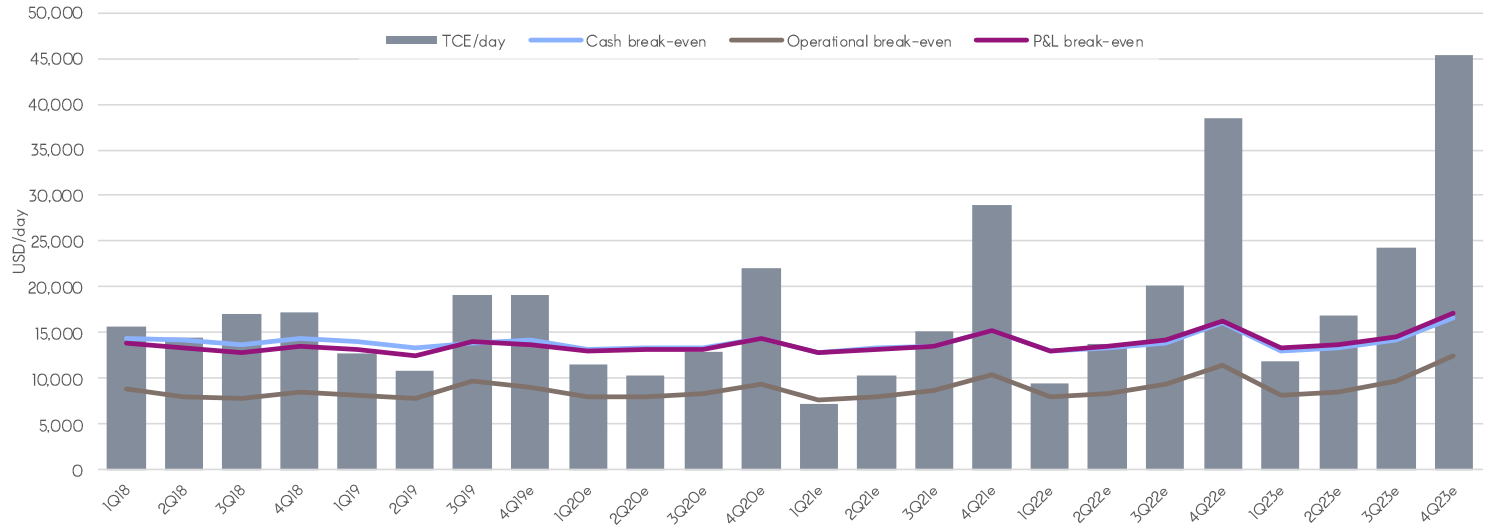
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	16	35	106	142	144	144	144	144	144
Share price, avg (USD)	53	18	4	7	8	5	5	5	5
Share price, end (USD)	sting Data...	sting Data...	sting Data...	sting Data...	sting Data...	5	5	5	5
Market Cap.						**658**	**658**	**658**	**658**
NIBD	321	859	863	984	1,031	1,215	1,176	1,117	969
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value						**1,873**	**1,834**	**1,775**	**1,627**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)						27.1	87.5	13.9	3.5
P/E (adj.)						12.8	53.6	13.9	3.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						1.4	1.4	1.3	1.0
EV/Sales						3.9	4.0	3.6	2.5
EV/EBITDA						9.7	10.6	8.4	4.6
EV/EBIT						19.3	29.2	17.3	6.8
P/B						0.4	0.5	0.5	0.5
FCF yield						11%	15%	22%	43%
Dividend yield						9.9%	9.6%	12.9%	20.8%
Return on equity (ROE)	1.8%	-19.1%	-10.3%	-0.2%	5.5%	1.6%	0.5%	3.4%	12.9%
Return on capital employed (ROCE)	1.6%	-11.9%	-3.4%	2.1%	5.8%	3.6%	2.4%	4.1%	10.1%
Return on assets (ROA)	1.3%	-10.2%	-5.4%	-0.1%	2.9%	0.8%	0.3%	1.7%	6.8%
Sales growth	195%	105%	29%	67%	41%	-41%	-6%	9%	31%
EBITDA margin	30%	-68%	-2%	22%	29%	40%	38%	43%	54%
EBIT margin	15%	-88%	-20%	9%	18%	20%	14%	21%	37%
Net margin	12%	-82%	-37%	0%	10%	5%	2%	10%	29%
Net interest rate	0.8%	3.3%	5.3%	6.1%	7.3%	4.7%	4.7%	4.9%	5.4%
Tax rate	0.0%	-0.1%	0.1%	-2.4%	0.3%	0.6%	0.0%	0.0%	0.0%
Equity ratio	70%	53%	52%	52%	52%	51%	50%	50%	53%
Leverage ratio	30%	47%	48%	48%	48%	49%	50%	50%	47%
NIBD / EBITDA (past 1y)	8.2	-4.7	-126.4	7.7	4.3	6.3	6.8	5.3	2.8
Operating cash flow/NIBD	0.1	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.3
Net interest coverage ratio (EBITDA	15.5	-6.4	-0.1	2.1	3.2	3.3	3.1	3.8	6.7
Current ratio	1.8	2.5	6.9	2.4	0.9	1.2	1.1	1.1	1.1
Adj. equity ratio						37%	40%	47%	56%
Operating assets	1,202	2,021	2,095	2,498	2,579	2,776	2,686	2,590	2,494
Operating liabilities	15	52	47	75	71	112	112	112	112
Net operating assets	1,187	1,969	2,048	2,423	2,507	2,664	2,574	2,478	2,382

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

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



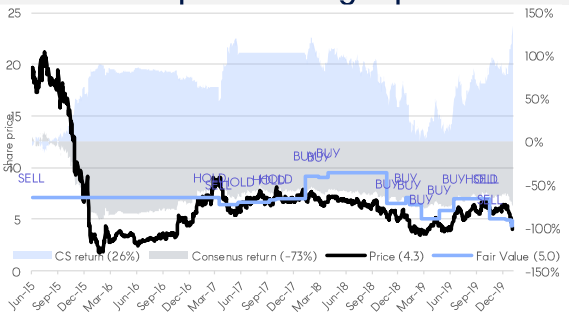
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Good support from NAV, but highly contingent on STNG-US, which constitutes 39% of current market cap

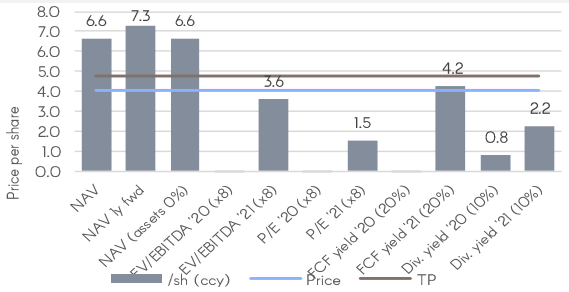
SALT-US BUY/$4.8

Scorpio Bulkers

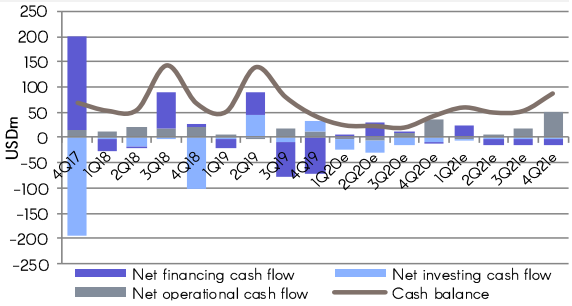
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	219	227	259	289
EBITDA (adj.)	70	75	118	157
EBIT (adj.)	16	20	63	102
PTP (adj.)	-21	-23	18	60
Net earnings (adj.)	-21	-23	18	60
EPS (adj.)	-0.29	-0.31	0.25	0.83
DPS	0.08	0.08	0.22	0.05
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	479	526	665	828
Adj. equity ratio	38%	39%	44%	52%
FCF yield	19%	-12%	21%	36%
Dividend yield	1%	2%	5%	1%
EV/EBITDA	35.0	13.6	8.3	5.6
P/E (adj.)			16.0	4.9

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	34	33	74	116
Free cash flow	88	-37	61	105
Net cash flow	-25	0	44	39
TCE/day	11,106	10,746	13,063	15,181
Cash break-even	13,497	13,099	12,548	12,408
Liquidity	43	43	87	126
Property & Equip. (incl. NB	1,350	1,364	1,321	1,276
Total equity	875	847	849	905
Total assets	1,663	1,677	1,679	1,673
Interest bearing debt	728	771	770	708
Net interest bearing debt	686	728	683	582
Market Cap.	462	296	296	296

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

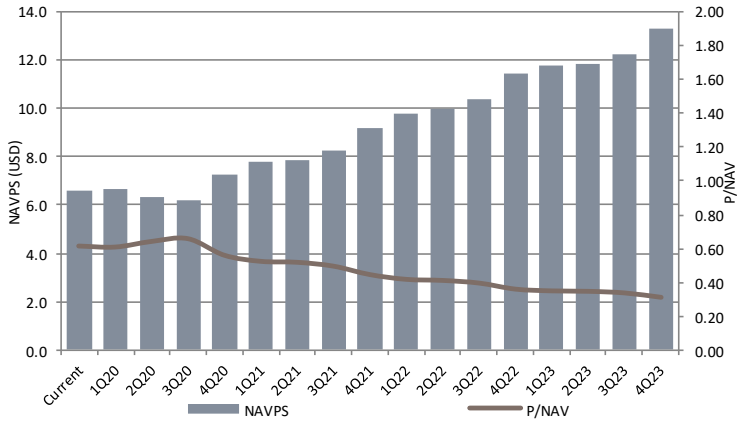
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

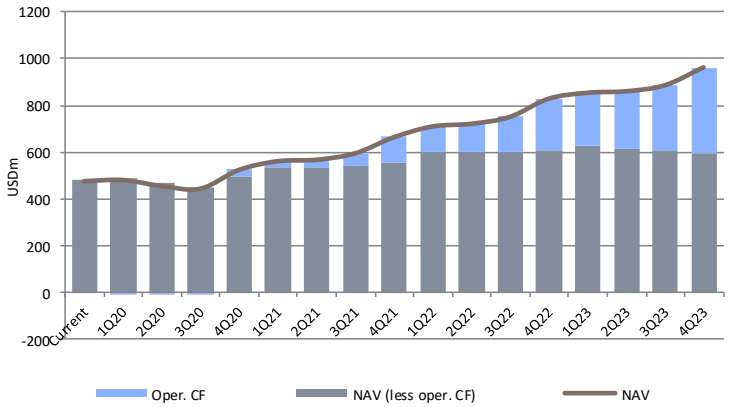
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,350	1,086	927
Contract value	0	-2	-2
Other	224	167	142
GAV	1,573	1,251	1,068
Net debt	-686	-686	-686
Capex	0	-74	-74
Other	-13	-13	-13
Equity	875	479	296
Shares	72	72	72
Equity/sh	12.07	6.61	4.08
lcl CCY	12.07	6.61	4.08
P/Equity	0.34	0.62	1.00
EV/GAV	0.68	0.85	1.00
Adj. Total Assets	1,663	1,400	1,241
Adj. Equity Ratio	53%	34%	24%
Fair Value	USD	4.8	17%

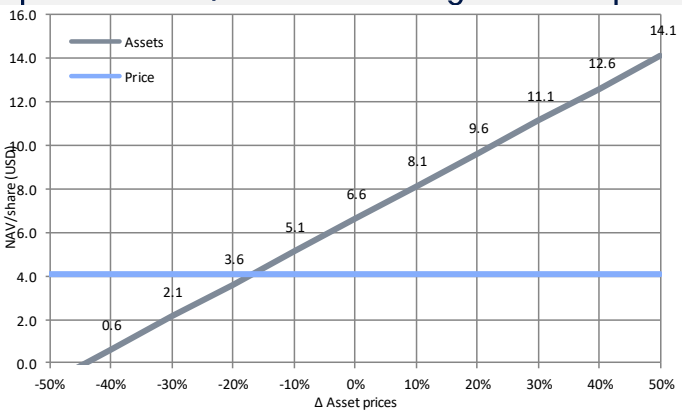
Quarterly forward NAV & P/NAV



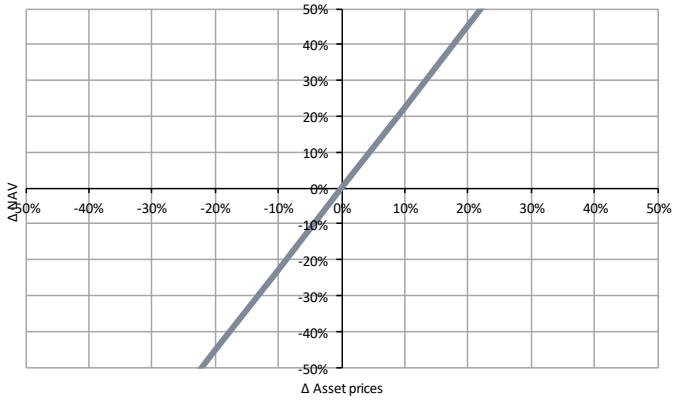
Quarterly forward NAV decomposition



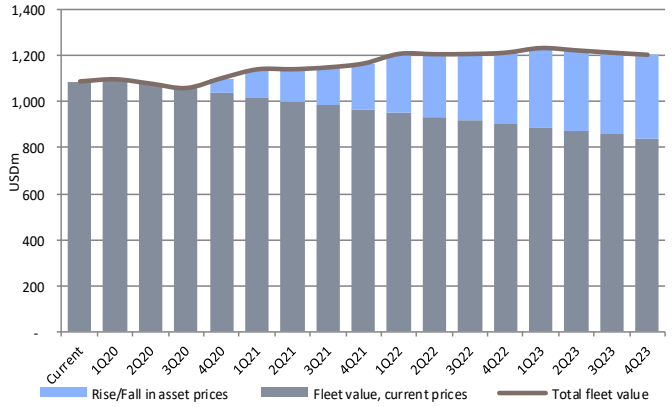
Impact on NAV/sh from % change in asset prices



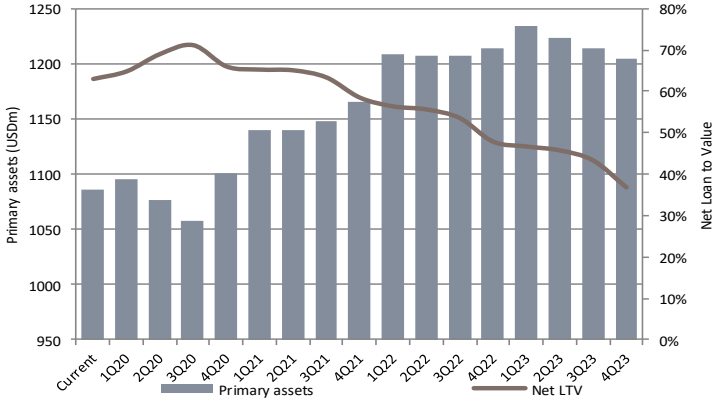
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Review			4Q19			Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Actuals	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	65.0	62.7	**56.9**	56.7	61.2	0.3	-4.3	0%	-7%
EBITDA (adj.)	28.2	22.1	**18.1**	16.9	21.3	1.1	-3.3	7%	-15%
EBIT (adj.)	13.8	8.6	**4.6**	3.4	7.9	1.2	-3.2	36%	-41%
PTP (adj.)	-7.4	-3.7	**-6.3**	-8.3	9.6	2.0	-15.9	24%	-166%
Net earnings (adj.)	-7.4	-3.7	**-6.3**	-8.3	-1.3	2.0	-5.0	24%	-374%
EPS (adj.)	-0.10	-0.05	**-0.09**	-0.11	-0.07	0.03	-0.02	24%	-26%
DPS	0.02	0.02	**0.02**	0.02	0.02	-	-	0%	0%
Implied, line by line	4Q18	3Q19	Actuals	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	65.0	62.7	**56.9**	56.7	61.2	0.3	-4.3	0%	-7%
Opex & G&A	36.8	40.6	**38.9**	39.7	39.9	-0.8	-1.0	-2%	-3%
Depreciation	14.4	13.5	**13.4**	13.5	13.4	-0.1	-0.0	-1%	0%
Net finance	21.2	12.3	**10.9**	11.7	-1.7	-0.8	12.6	-7%	741%
Taxes & Minorities	-	-	-	-	10.9	-	-10.9		-100%

CF & BS

4Q19 Review						Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Actuals	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	20	18	**12**	5		7		125%	
Free cash flow	-81	8	**34**	21		13		61%	
Net cash flow	-75	-59	**-38**	-15		-23		-158%	
TCE/day	13,329	12,251	**11,511**	10,617	11,471	894	40	8%	0%
Cash break-even	13,046	13,692	**13,424**	16,081		-2,657		-17%	
Liquidity	67	80	**43**	66		-23		-35%	
Interest bearing debt	829	817	**728**	783		-55		-7%	

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	219	227	259	289	218	227	260	287	0	-0	-1	2
EBITDA (adj.)	70	75	118	157	69	75	118	154	1	-0	-0	3
EBIT (adj.)	16	20	63	102	15	20	63	98	1	0	-0	3
PTP (adj.)	-21	-23	18	60	-23	-27	14	53	2	5	5	8
Net earnings (adj.)	-21	-23	18	60	-23	-27	14	53	2	5	5	8
EPS (adj.)	-0.29	-0.31	0.25	0.83	-0.32	-0.38	0.19	0.73	0.03	0.07	0.06	0.11
DPS	0.08	0.08	0.22	0.05	0.08	0.08	0.17	0.16	0.00	-	0.06	-0.11

	2019E	2020E	2021E	2022E
TCE revenue	0	-0	-1	2
Opex & G&A	-1	-0	-0	-1
Depreciation	-0	-0	-0	-0
Net finance	-1	-5	-5	-4
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	34	33	74	116	28	28	69	108	7	5	4	7
Free cash flow	88	-37	61	105	75	-49	48	17	13	12	14	88
Net cash flow	-25	0	44	39	-2	-12	31	-60	-23	12	14	100
TCE/day	11,106	10,746	13,063	15,181	10,883	10,761	13,067	15,078	224	-14	-3	104
Cash break-even	13,497	13,099	12,548	12,408	14,161	13,328	13,021	12,883	-664	-229	-473	-475
Liquidity	43	43	87	126	66	53	84	23	-23	-11	3	103
Property & Equip. (incl. NB	1,350	1,364	1,321	1,276	1,386	1,408	1,374	1,409	-37	-44	-53	-133
Total equity	875	847	849	905	883	850	851	893	-8	-3	-3	13
Total assets	1,663	1,677	1,679	1,673	1,714	1,723	1,720	1,695	-51	-46	-41	-22
Interest bearing debt	728	771	770	708	783	825	820	754	-55	-55	-50	-46
Net interest bearing debt	686	728	683	582	717	772	737	731	-31	-44	-53	-149
Market Cap.	462	296	296	296	355	355	355	355	107	-59	-59	-59
Enterprise value	1,148	1,024	979	877	1,073	1,127	1,092	1,086	75	-103	-113	-208

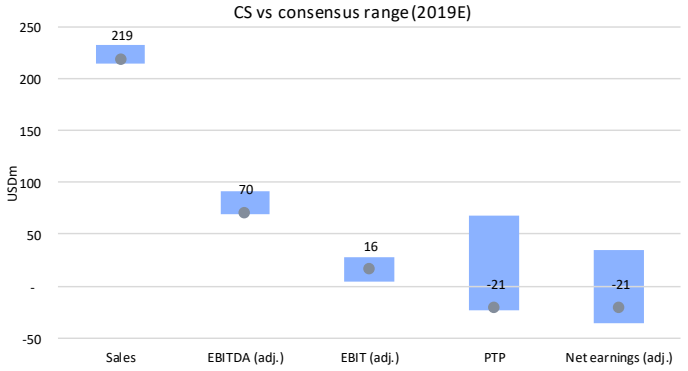
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	479	526	665	828	479	458	617	769	0	68	48	59
Adj. equity ratio	38%	39%	44%	52%	37%	34%	42%	49%	1%	4%	3%	3%
FCF yield	19%	-12%	21%	36%	21%	-14%	13%	5%	-2%	1%	7%	31%
Dividend yield	1%	2%	5%	1%	2%	2%	3%	3%	0%	0%	2%	-2%
EV/EBITDA	35.0	13.6	8.3	5.6	18.8	14.9	9.2	7.0	16.2	-1.3	-0.9	-1.5
P/E (adj.)			16.0	4.9			25.8	6.7	######	######	-9.8	-1.8

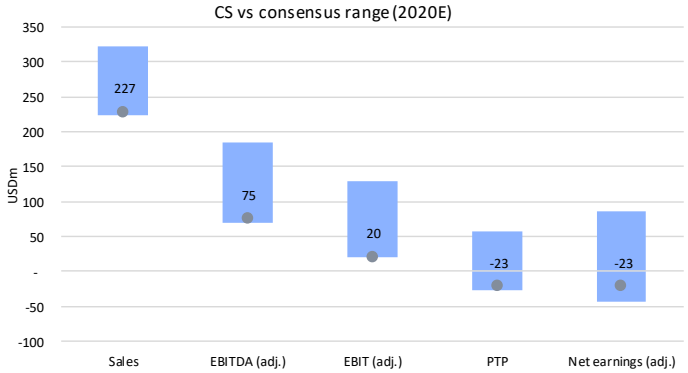
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

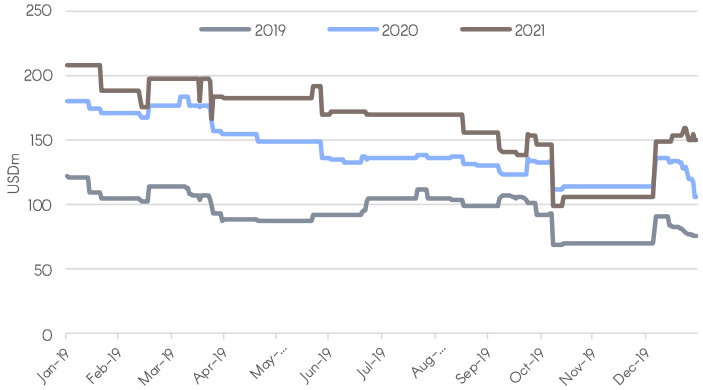
Profit & Loss, year I



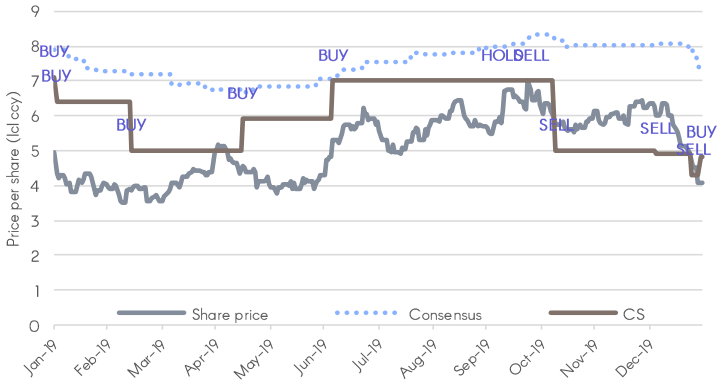
Profit & Loss, year II



Consensus EBITDA development



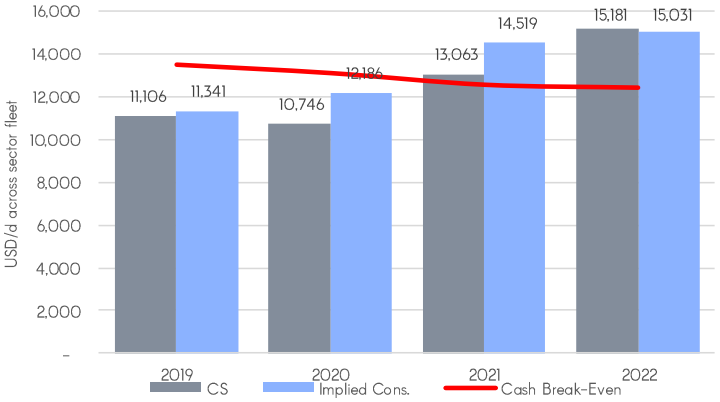
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	219	223	-5	-2%
Opex + G&A	149	148	1	1%
Depreciation	54	61	-6	-11%
Net finance	37	-24	61	-254%
Taxes & Minorities	0	47	-47	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	227	257	-30	-12%
Opex + G&A	152	152	-0	0%
Depreciation	55	49	7	14%
Net finance	43	38	4	12%
Taxes & Minorities	0	12	-12	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**65**	**50**	**49**	**63**	**57**	**44**	**42**	**57**	**84**
Operational costs	-37	-43	-39	-40	-64	-38	-38	-38	-37
EBITDA	**28**	**8**	**10**	**22**	**-7**	**6**	**4**	**18**	**47**
Depreciation/Amortization	-14	-14	-13	-14	-13	-14	-14	-14	-14
EBIT	**14**	**-6**	**-3**	**9**	**-21**	**-8**	**-9**	**5**	**33**
Net financials	-21	3	38	-11	36	-10	-10	-11	-11
PTP	**-7**	**-3**	**35**	**-2**	**15**	**-18**	**-20**	**-6**	**22**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-7**	**-3**	**35**	**-2**	**15**	**-18**	**-20**	**-6**	**22**
Non-recurring items	0	6	-48	-2	-21	0	0	0	0
Net earnings (adj.)	**-7**	**2**	**-13**	**-4**	**-6**	**-18**	**-20**	**-6**	**22**
EPS	-0.10	-0.05	0.49	-0.03	0.21	-0.25	-0.27	-0.09	0.30
EPS (adj.)	-0.10	0.03	-0.19	-0.05	-0.09	-0.25	-0.27	-0.09	0.30
DPS	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	67	51	139	80	43	24	23	19	43
Other current assets	17	15	19	23	20	20	20	20	20
Total current assets	**84**	**66**	**158**	**103**	**63**	**44**	**43**	**40**	**63**
Property & equip. (incl. NBs)	1,508	1,444	1,391	1,416	1,350	1,356	1,367	1,369	1,364
Other non-current assets	112	179	230	239	251	251	251	251	251
Total non-current assets	**1,620**	**1,623**	**1,621**	**1,655**	**1,600**	**1,607**	**1,618**	**1,620**	**1,614**
TOTAL ASSETS	**1,704**	**1,689**	**1,780**	**1,758**	**1,663**	**1,651**	**1,661**	**1,659**	**1,677**
Total equity	**861**	**858**	**894**	**893**	**875**	**855**	**834**	**826**	**847**
Short-term debt	138	139	137	66	74	104	95	85	90
Other current liabilities	14	14	21	48	47	47	47	47	47
Total current liabilities	**153**	**153**	**158**	**114**	**121**	**151**	**142**	**132**	**137**
Long-term debt	690	675	722	751	654	632	672	688	681
Other non-current liabilities	0	3	6	0	13	13	13	13	13
Total non-current liabilities	**690**	**678**	**728**	**751**	**667**	**644**	**684**	**701**	**694**
TOTAL EQUITY & LIABILITIES	**1,704**	**1,689**	**1,780**	**1,758**	**1,663**	**1,651**	**1,661**	**1,659**	**1,677**
Working capital, receivables	4	9	10	11	10	10	10	10	10
Working capital, payables	14	14	21	48	47	47	47	47	47
Net working capital	**-10**	**-6**	**-11**	**-37**	**-37**	**-37**	**-37**	**-37**	**-37**
Interest bearing debt	829	814	858	817	728	736	767	773	771
Liquidity	67	51	139	80	43	24	23	19	43
Net interest bearing debt	**761**	**763**	**719**	**737**	**686**	**712**	**744**	**754**	**728**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-7	-3	35	-2	15	-18	-20	-6	22
Depreciation	14	14	13	14	13	14	14	14	14
Other	12	-5	-45	0	-23	0	0	0	0
Cash earnings	**19**	**6**	**4**	**12**	**6**	**-4**	**-6**	**8**	**36**
Changes in working capital	0	0	-4	6	6	0	0	0	0
Net operational cash flow	**20**	**5**	**0**	**18**	**12**	**-4**	**-6**	**8**	**36**
Capex	0	0	0	0	0	-20	-25	-15	-9
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	47	0	37	0	0	0	0
Other	-101	-4	-3	-9	-14	0	0	0	0
Net investing cash flow	**-101**	**-4**	**44**	**-9**	**23**	**-20**	**-25**	**-15**	**-9**
Repayment of debt	-107	-16	-197	-119	-77	-18	-19	-19	-27
Proceeds from debt	145	0	242	58	7	25	50	25	25
Dividends paid	-1	-1	-1	-1	-1	-1	-1	-1	-1
New equity	0	0	0	0	0	0	0	0	0
Other	-30	0	0	-5	0	0	0	0	0
Net financing cash flow	**6**	**-17**	**44**	**-68**	**-72**	**6**	**30**	**5**	**-4**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-75**	**-17**	**88**	**-59**	**-38**	**-19**	**-1**	**-3**	**23**
Cash balance	67	51	139	80	43	24	23	19	43
Free cash flow	**-81**	**1**	**44**	**8**	**34**	**-25**	**-31**	**-8**	**27**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	53	63	78	162	243	219	227	259	289
Operational costs						-186	-152	-141	-132
EBITDA						33	75	118	157
Depreciation/Amortization						-54	-55	-55	-55
EBIT	-117	-492	-101	-26	43	-21	20	63	102
Net financials	1	-19	-24	-34	-56	66	-43	-44	-41
PTP	-117	-511	-125	-60	-13	45	-23	18	60
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-117	-511	-125	-60	-13	45	-23	18	60
Non-recurring items	0	0	0	0	0	-66	0	0	0
Net earnings (adj.)	-117	-511	-125	-60	-13	-21	-23	18	60
EPS	-7.76	-17.81	-1.66	-0.80	-0.18	0.62	-0.31	0.25	0.83
EPS (adj.)	-7.76	-17.81	-1.66	-0.80	-0.18	-0.29	-0.31	0.25	0.83
DPS	0.00	0.00	0.00	0.02	0.08	0.08	0.08	0.22	0.05

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	273	200	102	69	67	43	43	87	126
Other current assets	90	192	14	14	17	20	20	20	20
Total current assets	363	393	115	83	84	63	63	107	146
Property & equip. (incl. NBs)	933	1,053	1,414	1,541	1,508	1,350	1,364	1,321	1,276
Other non-current assets	28	28	18	19	112	251	251	251	251
Total non-current assets	962	1,080	1,432	1,561	1,620	1,600	1,614	1,571	1,527
TOTAL ASSETS	1,324	1,473	1,547	1,643	1,704	1,663	1,677	1,679	1,673
Total equity	1,200	935	957	917	861	875	847	849	905
Short-term debt	3	108	13	48	138	74	68	82	91
Other current liabilities	17	17	11	10	14	47	47	47	47
Total current liabilities	20	125	25	59	153	121	115	129	138
Long-term debt	104	414	566	667	690	654	702	688	617
Other non-current liabilities	0	0	0	0	0	13	13	13	13
Total non-current liabilities	104	414	566	667	690	667	715	700	630
TOTAL EQUITY & LIABILITIES	1,324	1,473	1,547	1,643	1,704	1,663	1,677	1,679	1,673
Working capital, receivables	0	0	0	4	4	10	10	10	10
Working capital, payables	16	16	10	10	14	47	47	47	47
Net working capital	-16	-16	-10	-6	-10	-37	-37	-37	-37
Interest bearing debt	107	522	579	716	829	728	771	770	708
Liquidity	273	200	102	69	67	43	43	87	126
Net interest bearing debt	-165	321	478	647	761	686	728	683	582

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-117	-511	-125	-60	-13	45	-23	18	60
Depreciation						54	55	55	55
Other						-72	0	0	0
Cash earnings	-52	-36	-46	17	68	27	33	74	116
Changes in working capital	1	1	-7	3	2	7	0	0	0
Net operational cash flow	-50	-35	-52	20	70	34	33	74	116
Capex	-652	-876	-408	-217	-22	0	-69	-12	-10
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	189	173	44	0	84	0	0	0
Other	-31	31	0	0	-101	-37	0	0	0
Net investing cash flow	-683	-656	-235	-173	-122	53	-69	-12	-10
Repayment of debt	107	427	62	135	110	-409	-83	-66	-62
Proceeds from debt	107	490	247	288	469	307	125	65	0
Dividends paid	0	0	0	-2	-6	-6	-6	-16	-4
New equity	188	218	128	0	0	0	0	0	0
Other	-130	-516	-248	-301	-523	-37	0	0	0
Net financing cash flow	272	619	189	120	51	-113	37	-17	-66
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-461	-72	-99	-33	-1	-25	0	44	39
Cash balance	273	200	102	69	67	43	43	87	126
Free cash flow	-733	-691	-288	-153	-52	88	-37	61	105

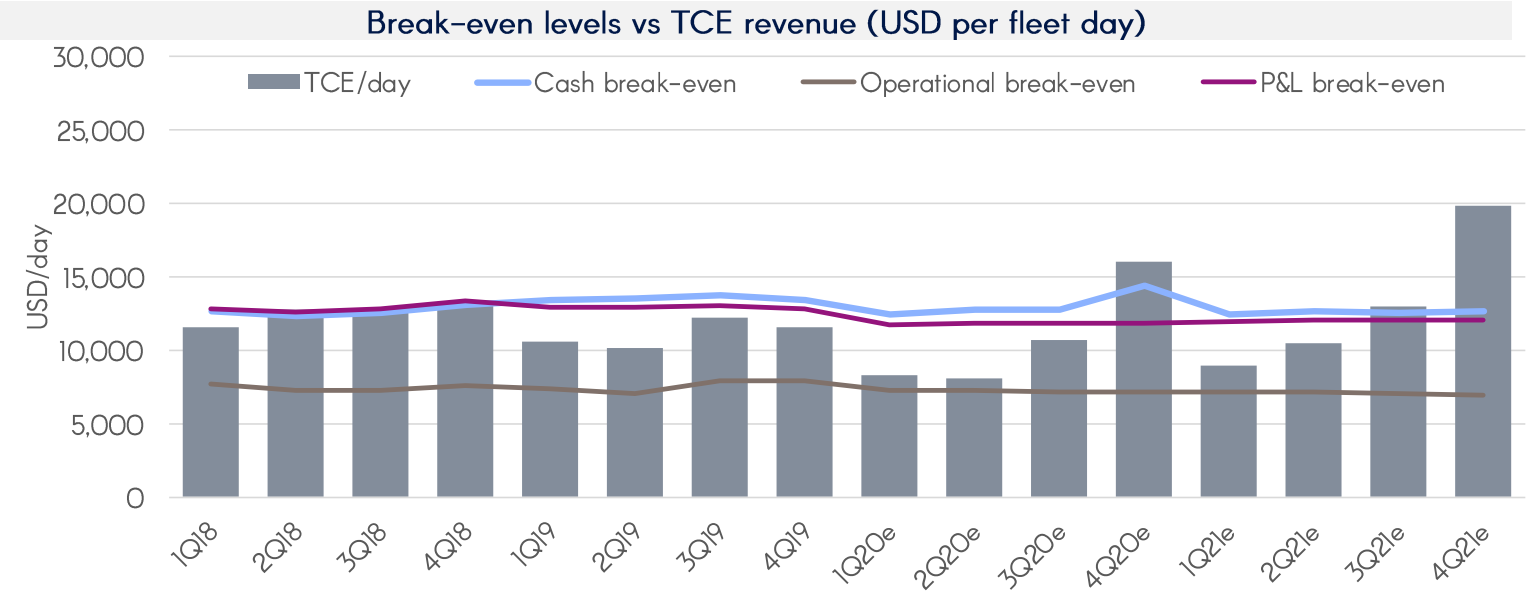
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	15	29	75	75	71	72	72	72	72
Share price, avg (USD)	85	20	3	7	7	5	4	4	4
Share price, end (USD)	22	9	5	7	5	6	4	4	4
Market Cap.	**330**	**264**	**353**	**515**	**366**	**462**	**296**	**296**	**296**
NIBD	-165	321	478	647	761	686	728	683	582
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**165**	**585**	**831**	**1,162**	**1,127**	**1,148**	**1,024**	**979**	**877**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)						10.3		16.0	4.9
P/E (adj.)								16.0	4.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	6.3	4.2	4.5	3.2	1.5	2.1	1.3	1.1	1.0
EV/Sales	3.1	9.4	10.6	7.2	4.6	5.2	4.5	3.8	3.0
EV/EBITDA						35.0	13.6	8.3	5.6
EV/EBIT					26.0		51.2	15.6	8.6
P/B	0.3	0.3	0.4	0.6	0.4	0.5	0.3	0.3	0.3
FCF yield	-222%	-262%	-81%	-30%	-14%	19%	-12%	21%	36%
Dividend yield	0.0%	0.0%	0.0%	0.3%	1.7%	1.2%	2.0%	5.5%	1.3%
Return on equity (ROE)	-9.7%	-54.7%	-13.0%	-6.5%	-1.5%	5.1%	-2.7%	2.2%	6.7%
Return on capital employed (ROCE)	-11.4%	-39.1%	-7.0%	-1.6%	2.7%	-1.5%	1.4%	4.6%	7.7%
Return on assets (ROA)	-8.8%	-34.7%	-8.1%	-3.6%	-0.7%	2.7%	-1.3%	1.1%	3.6%
Sales growth		19%	25%	107%	50%	-10%	4%	14%	12%
EBITDA margin						15%	33%	46%	54%
EBIT margin	-224%	-786%	-128%	-16%	18%	-10%	9%	24%	35%
Net margin	-222%	-817%	-159%	-37%	-5%	20%	-10%	7%	21%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	7.4%	5.8%	6.5%	7.1%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	91%	63%	62%	56%	51%	53%	50%	51%	54%
Leverage ratio	9%	37%	38%	44%	49%	47%	50%	49%	46%
NIBD / EBITDA (past 1y)						20.9	9.7	5.8	3.7
Operating cash flow/NIBD	0.3	-0.1	-0.1	0.0	0.1	0.1	0.0	0.1	0.2
Net interest coverage ratio (EBITDA						0.6	1.8	2.7	3.8
Current ratio	17.8	3.2	4.7	1.4	0.6	0.5	0.5	0.8	1.1
Adj. equity ratio						38%	39%	44%	52%
Operating assets	1,052	1,273	1,445	1,575	1,636	1,447	1,461	1,418	1,373
Operating liabilities	17	17	11	10	14	59	59	59	59
Net operating assets	1,034	1,256	1,434	1,564	1,622	1,388	1,402	1,359	1,314

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



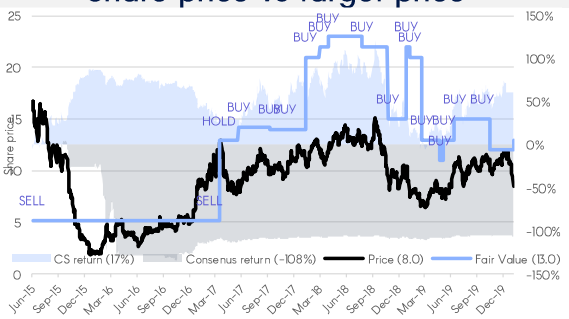
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Full scrubber penetration generates cash similar to break-even in current abysmal market. Strong earnings multiples

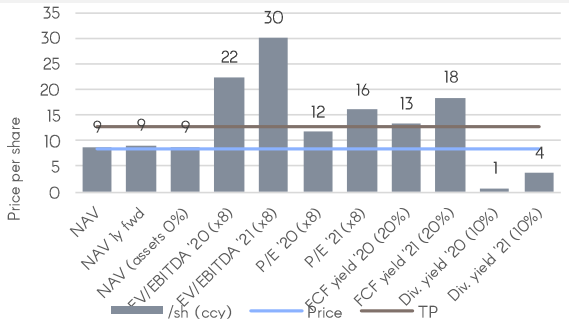
SBLK-US BUY/$13

Star Bulk

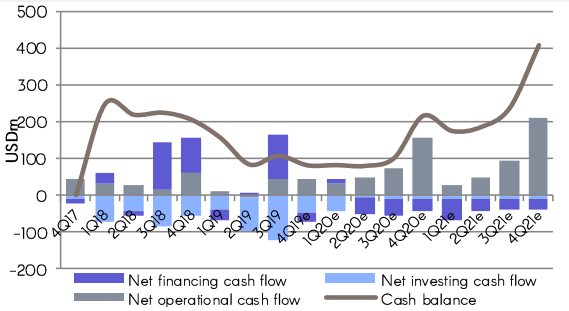
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	598	747	816	996
EBITDA (adj.)	252	414	463	599
EBIT (adj.)	127	279	328	465
PTP (adj.)	21	178	246	389
Net earnings (adj.)	21	178	246	389
EPS (adj.)	0.16	1.94	2.61	4.06
DPS	0.05	0.08	0.37	3.10
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	871	1,119	1,626	2,210
Adj. equity ratio	34%	42%	53%	62%
FCF yield	-26%	32%	44%	61%
Dividend yield	1%	1%	4%	36%
EV/EBITDA	12.0	5.0	3.7	2.6
P/E (adj.)	36.2	4.3	3.2	2.1

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	96	313	380	523
Free cash flow	-204	245	346	489
Net cash flow	-125	135	192	87
TCE/day	14,336	17,564	19,089	23,288
Cash break-even	15,881	13,547	12,870	13,489
Liquidity	81	216	408	495
Property & Equip. (incl. NB	2,969	2,902	2,802	2,702
Total equity	1,531	1,701	1,912	2,008
Total assets	3,204	3,272	3,364	3,351
Interest bearing debt	1,572	1,469	1,351	1,242
Net interest bearing debt	1,491	1,254	942	746
Market Cap.	773	773	790	807

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

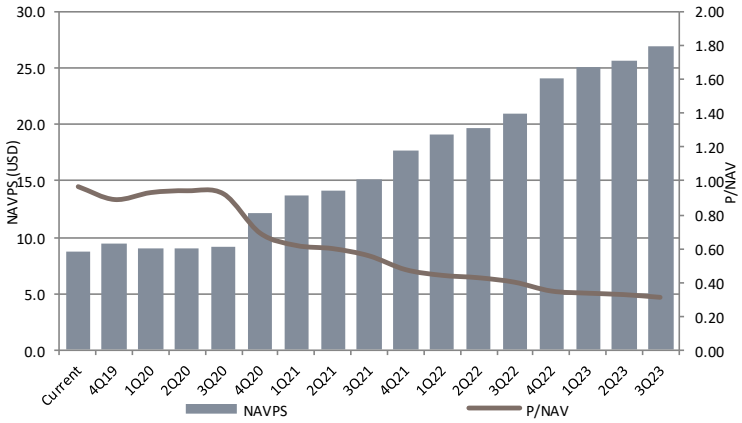
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

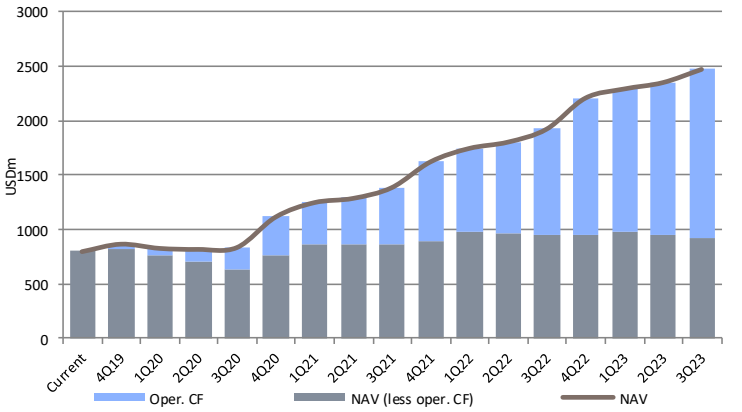
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,955	2,312	2,286
Contract value	0	3	3
Other	154	154	152
GAV	3,109	2,469	2,441
Net debt	-1,484	-1,484	-1,484
Capex	0	-82	-82
Other	-101	-101	-101
Equity	1,524	802	773
Shares	92	92	92
Equity/sh	16.61	8.74	8.43
lcl CCY	16.61	8.74	8.43
P/Equity	0.51	0.96	1.00
EV/GAV	0.79	0.99	1.00
Adj. Total Assets	3,216	2,573	2,547
Adj. Equity Ratio	47%	31%	30%
Fair Value	USD	12.7	50%

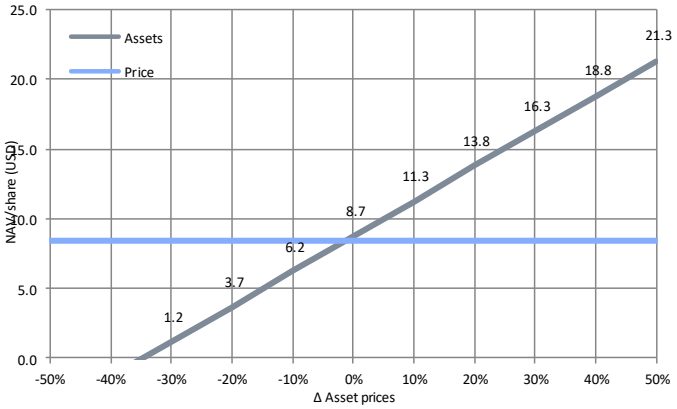
Quarterly forward NAV & P/NAV



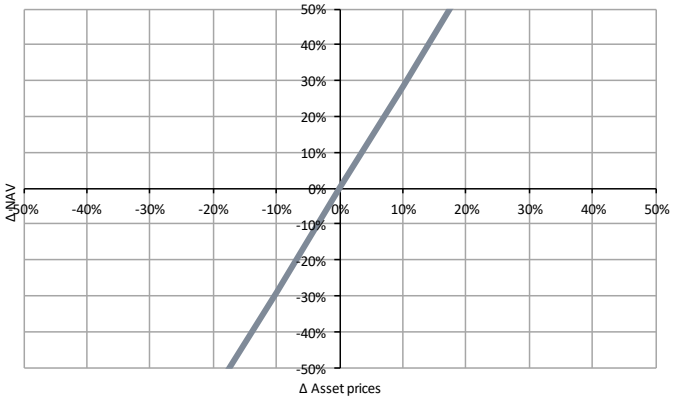
Quarterly forward NAV decomposition



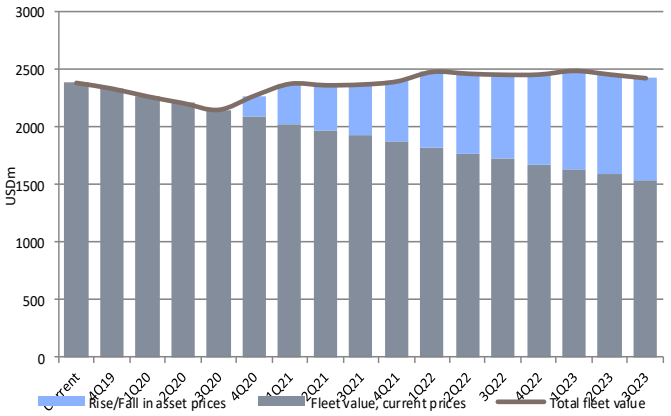
Impact on NAV/sh from % change in asset prices



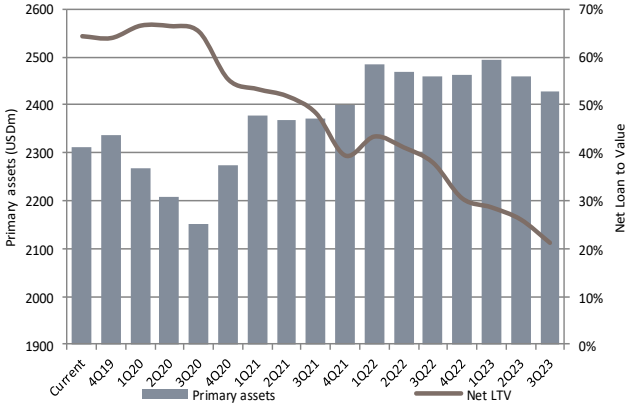
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	162.8	180.9	183.9	180.8				
EBITDA (adj.)	88.0	78.3	88.1	93.4				
EBIT (adj.)	57.2	46.1	55.9	66.3				
PTP (adj.)	32.3	23.5	15.9	45.7				
Net earnings (adj.)	32.2	23.5	15.9	40.7				
EPS (adj.)	0.35	0.25	0.17	0.34				
DPS	-	0.05	0.02	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	162.8	180.9	183.9	180.8				
Opex & G&A	74.8	102.6	95.8	87.5				
Depreciation	30.8	32.2	32.2	27.1				
Net finance	24.9	22.6	40.0	20.6				
Taxes & Minorities	0.1	0.0	0.0	5.0				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
TCE/day	14,637	16,014	19,357	19,028				
Utilization	98.6%	86.5%	86.8%					
Fleet days	11,281	13,057	10,948					
Cash break-even	12,553	13,624	24,965					
Liquidity	205	107	81					
Interest bearing debt	1,443	1,591	1,572					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate Changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net sales	598	747	816	996	563	640	689	857	35	108	128	139
EBITDA (adj.)	252	414	463	599	266	337	386	554	-14	77	77	46
EBIT (adj.)	127	279	328	465	144	212	261	429	-16	67	67	36
PTP (adj.)	21	178	246	389	57	128	184	359	-35	50	61	31
Net earnings (adj.)	21	178	246	389	53	115	166	322	-32	63	80	67
EPS (adj.)	0.16	1.94	2.61	4.06	0.44	1.11	1.60	3.11	-0.28	0.83	1.01	0.94
DPS	0.05	0.08	0.37	3.10	0.20	0.48	0.64	0.31	-0.15	-0.40	-0.26	2.78

	2019E	2020E	2021E	2022E
TCE revenue	35	108	128	139
Opex & G&A	49	31	51	93
Depreciation	2	10	10	10
Net finance	19	17	6	6
Taxes & Minorities	-4	-13	-18	-36

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	96	313	380	523	141	240	291	447	-45	73	89	76
Free cash flow	-204	245	346	489	-120	225	291	447	-84	20	55	42
Net cash flow	-125	135	192	87	-132	53	122	317	7	82	71	-230
TCE/day	14,336	17,564	19,089	23,288	12,802	13,787	15,856	19,736	1,534	3,777	3,233	3,551
Cash break-even	15,881	13,547	12,870	13,489	11,419	11,211	11,177	10,845	4,462	2,335	1,693	2,644
Liquidity	81	216	408	495	95	148	270	587	-14	68	139	-91
Property & Equip. (incl. NB	2,969	2,902	2,802	2,702	2,879	2,769	2,644	2,519	90	133	158	183
Total equity	1,531	1,701	1,912	2,008	1,529	1,599	1,707	2,000	2	102	206	8
Total assets	3,204	3,272	3,364	3,351	3,111	3,054	3,051	3,243	94	218	314	108
Interest bearing debt	1,572	1,469	1,351	1,242	1,492	1,364	1,254	1,153	81	105	97	89
Net interest bearing debt	1,491	1,254	942	746	1,397	1,216	984	566	94	37	-42	180
Market Cap.	773	773	790	807	944	944	944	944	-171	-171	-154	-137
Enterprise value	2,265	2,027	1,732	1,553	2,338	2,143	1,893	1,438	-73	-117	-161	115

Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	871	1,119	1,626	2,210	1,174	1,335	1,643	2,161	-303	-216	-17	49
Adj. equity ratio	34%	42%	53%	62%	43%	48%	55%	63%	-8%	-6%	-2%	-1%
FCF yield	-26%	32%	44%	61%	-13%	24%	31%	47%	-14%	8%	13%	13%
Dividend yield	1%	1%	4%	36%	2%	5%	6%	3%	-1%	-4%	-2%	33%
EV/EBITDA	12.0	5.0	3.7	2.6	9.7	6.4	4.9	2.6	2.3	-1.3	-1.2	-0.0
P/E (adj.)	36.2	4.3	3.2	2.1	17.8	8.2	5.7	2.9	18.4	-3.9	-2.5	-0.9

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Earnings Sensitivity Analysis

Profit & Loss

2021	Base*	Spot scenarios (2021 average)				
P&L (USDm)	$19,089/d	$5,000/d	$15,000/d	$25,000/d	$35,000/d	$45,000/d
Net sales	816	214	641	1,069	1,497	1,924
EBITDA	463	-140	288	715	1,143	1,571
EBIT	328	-274	153	581	1,009	1,436
PTP	246	-357	71	499	926	1,354
Net earnings	246	-357	71	498	926	1,354
EPS	2.62	-3.81	0.75	5.31	9.87	14.43
DPS	0.37	-	0.11	0.76	1.41	2.06
#DIV/0!						

Cash Flows

2021	Base*	Spot scenarios (2021 average)				
CF & BS (USDm)	$19,089/d	$5,000/d	$15,000/d	$25,000/d	$35,000/d	$45,000/d
Net operational cash flow	380	-222	205	633	1,060	1,488
Free cash flow	346	-257	171	598	1,026	1,454
Net cash flow	192	-410	18	445	873	1,301
TCE/day	19,089	5,000	15,000	25,000	35,000	45,000
Cash break-even	12,870	12,870	12,870	12,870	12,870	12,870
Liquidity	408	-194	233	661	1,089	1,516
#DIV/0!						

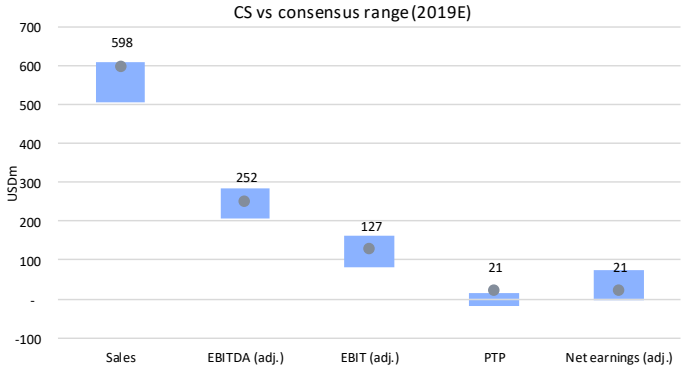
Valuation

Current valuation matrix				Spot scenarios (2021 average)				
	USDm	/sh (ccy)	weights	$5,000/d	$15,000/d	$25,000/d	$35,000/d	$45,000/d
NAV	802	8.7	20.0%	8.7	8.7	8.7	8.7	8.7
NAV 1y fwd	839	9.1	20.0%	-12.0	5.7	23.3	41.0	58.7
NAV (assets 0%)	802	8.7	20.0%	8.7	8.7	8.7	8.7	8.7
EV/EBITDA '20 (x8)	2,055	22.4	10.0%	22.4	22.4	22.4	22.4	22.4
EV/EBITDA '21 (x8)	2,759	30.1	10.0%	-25.9	11.4	48.7	86.0	123.3
P/E '20 (x8)	1,069	11.6	10.0%	11.6	11.6	11.6	11.6	11.6
P/E '21 (x8)	1,473	16.1	10.0%	-23.3	4.6	32.6	60.6	88.5
FCF yield '20 (20%)	32%	13.4	0.0%	13.4	13.4	13.4	13.4	13.4
FCF yield '21 (20%)	44%	18.4	0.0%	-14.0	9.3	32.6	55.9	79.2
Div. yield '20 (10%)	1%	0.8	0.0%	0.8	0.8	0.8	0.8	0.8
Div. yield '21 (10%)	4%	3.7	0.0%	0.0	1.1	7.6	14.1	20.6
Company specific discount/premium		-5%		-5%	-5%	-5%	-5%	-5%
Fair Value		12.7		-0.4	9.2	18.7	28.3	37.8
+/- vs share price		50%		-105%	9%	122%	235%	349%

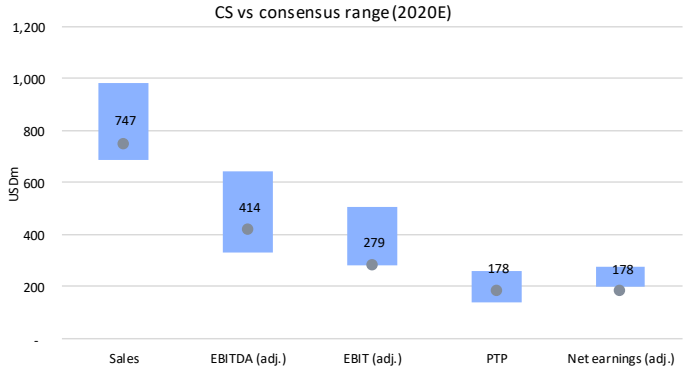
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

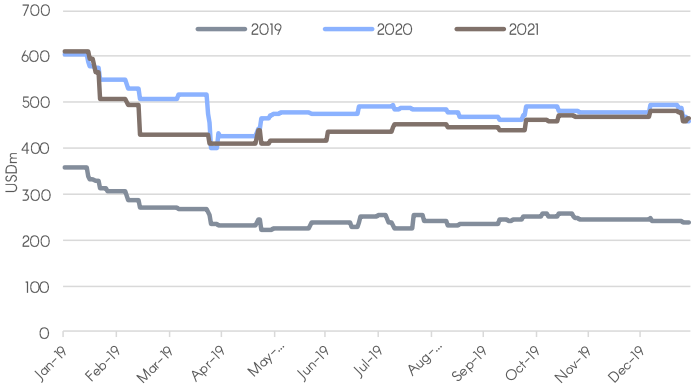
Profit & Loss, year I



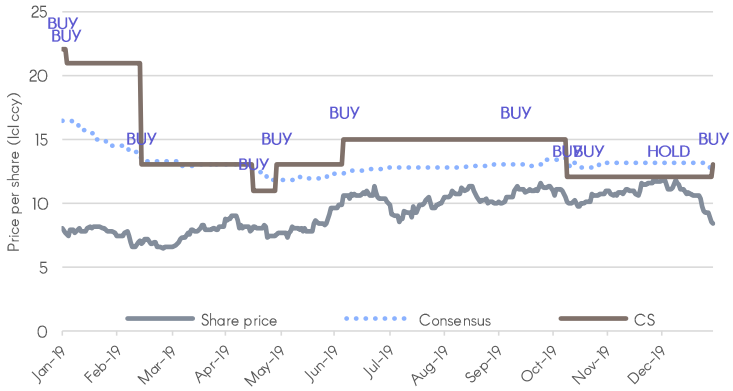
Profit & Loss, year II



Consensus EBITDA development



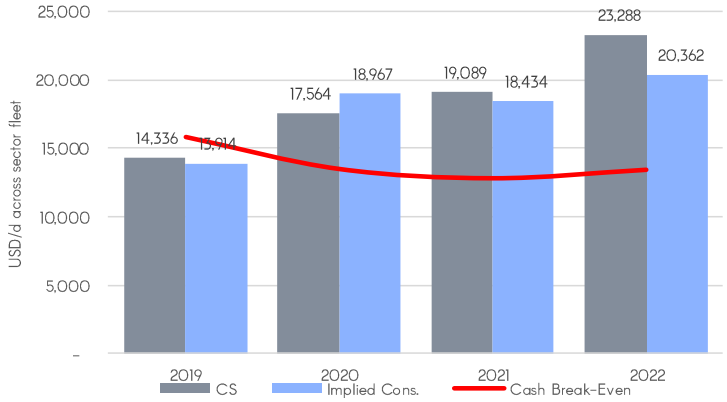
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	598	580	18	3%
Opex + G&A	346	343	4	1%
Depreciation	124	121	3	2%
Net finance	106	121	-15	-12%
Taxes & Minorities	0	-26	26	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	747	807	-60	-7%
Opex + G&A	334	348	-14	-4%
Depreciation	134	100	35	35%
Net finance	101	154	-53	-35%
Taxes & Minorities	0	-29	29	-101%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**163**	**122**	**111**	**181**	**184**	**139**	**148**	**180**	**279**
Operational costs	-98	-75	-98	-120	-117	-86	-76	-82	-101
EBITDA	**65**	**47**	**14**	**61**	**67**	**54**	**72**	**98**	**179**
Depreciation/Amortization	-31	-30	-30	-32	-32	-34	-34	-34	-34
EBIT	**34**	**17**	**-16**	**29**	**35**	**20**	**39**	**64**	**145**
Net financials	-22	-23	-24	-23	-23	-23	-23	-22	-22
PTP	**12**	**-5**	**-40**	**6**	**11**	**-3**	**16**	**42**	**123**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**12**	**-5**	**-40**	**6**	**11**	**-3**	**16**	**42**	**123**
Non-recurring items	20	-5	26	18	4	0	0	0	0
Net earnings (adj.)	**32**	**-11**	**-14**	**23**	**16**	**-3**	**16**	**42**	**123**
EPS	0.13	-0.06	-0.44	0.06	0.12	-0.03	0.18	0.46	1.34
EPS (adj.)	0.35	-0.11	-0.16	0.25	0.17	-0.03	0.18	0.46	1.34
DPS	0.00	0.00	0.00	0.00	0.05	0.02	0.02	0.02	0.02

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	205	155	83	107	81	82	79	101	216
Other current assets	94	98	124	142	142	142	142	142	142
Total current assets	**299**	**254**	**207**	**249**	**223**	**223**	**221**	**243**	**358**
Property & equip. (incl. NBs)	2,718	2,751	2,812	2,955	2,969	2,978	2,952	2,927	2,902
Other non-current assets	6	10	13	12	12	12	12	12	12
Total non-current assets	**2,724**	**2,761**	**2,826**	**2,967**	**2,981**	**2,991**	**2,964**	**2,939**	**2,914**
TOTAL ASSETS	**3,023**	**3,014**	**3,032**	**3,216**	**3,204**	**3,214**	**3,185**	**3,182**	**3,272**
Total equity	**1,521**	**1,523**	**1,476**	**1,524**	**1,531**	**1,526**	**1,540**	**1,580**	**1,701**
Short-term debt	176	169	167	182	174	173	174	176	174
Other current liabilities	56	63	85	96	96	96	96	96	96
Total current liabilities	**232**	**232**	**252**	**278**	**270**	**269**	**270**	**272**	**270**
Long-term debt	1,266	1,253	1,299	1,409	1,399	1,414	1,370	1,325	1,295
Other non-current liabilities	4	6	5	5	5	5	5	5	5
Total non-current liabilities	**1,271**	**1,259**	**1,305**	**1,414**	**1,404**	**1,419**	**1,375**	**1,330**	**1,300**
TOTAL EQUITY & LIABILITIES	**3,023**	**3,014**	**3,032**	**3,216**	**3,204**	**3,214**	**3,185**	**3,182**	**3,272**
Working capital, receivables	0	0	0	0	0	0	0	0	0
Working capital, payables	0	0	0	0	0	0	0	0	0
Net working capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	1,443	1,422	1,466	1,591	1,572	1,587	1,544	1,501	1,469
Liquidity	205	155	83	107	81	82	79	101	216
Net interest bearing debt	**1,238**	**1,267**	**1,383**	**1,484**	**1,491**	**1,506**	**1,465**	**1,400**	**1,254**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	12	-5	-40	6	11	-3	16	42	123
Depreciation	31	30	30	32	32	34	34	34	34
Other	17	-12	5	7	0	0	0	0	0
Cash earnings	**60**	**12**	**-5**	**45**	**44**	**31**	**50**	**76**	**157**
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	**60**	**12**	**-5**	**45**	**44**	**31**	**50**	**76**	**157**
Capex	-41	-63	-95	-147	-60	-43	-7	-9	-9
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	20	0	24	13	0	0	0	0
Other	-15	3	3	1	0	0	0	0	0
Net investing cash flow	**-56**	**-40**	**-92**	**-121**	**-46**	**-43**	**-7**	**-9**	**-9**
Repayment of debt	-280	-194	-174	-103	-154	-43	-43	-43	-31
Proceeds from debt	261	170	223	228	136	58	0	0	0
Dividends paid	0	0	0	0	-5	-2	-2	-2	-2
New equity	0	0	0	0	0	0	0	0	0
Other	118	-2	-42	-4	0	0	0	0	0
Net financing cash flow	**99**	**-26**	**7**	**121**	**-23**	**13**	**-45**	**-45**	**-33**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**103**	**-54**	**-90**	**45**	**-26**	**1**	**-2**	**22**	**115**
Cash balance	205	155	83	107	81	82	79	101	216
Free cash flow	**4**	**-28**	**-97**	**-77**	**-3**	**-12**	**43**	**67**	**148**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**190**	**307**	**288**	**397**	**773**	**598**	**747**	**816**	**996**
Operational costs	-154	-651	-315	-275	-538	-409	-344	-354	-397
EBITDA	**36**	**-344**	**-27**	**121**	**235**	**189**	**403**	**463**	**599**
Depreciation/Amortization	-37	-82	-82	-83	-103	-124	-134	-134	-134
EBIT	**-1**	**-426**	**-109**	**39**	**132**	**64**	**268**	**328**	**465**
Net financials	-10	-33	-45	-48	-73	-93	-90	-82	-76
PTP	**-12**	**-458**	**-154**	**-10**	**58**	**-28**	**178**	**246**	**389**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-12**	**-458**	**-154**	**-10**	**58**	**-28**	**178**	**246**	**389**
Non-recurring items	0	0	0	0	0	50	0	0	0
Net earnings (adj.)	**-12**	**-458**	**-154**	**-10**	**58**	**21**	**178**	**246**	**389**
EPS	-0.54	-10.46	-2.72	-0.15	0.63	-0.31	1.94	2.62	4.06
EPS (adj.)	-0.54	-10.46	-2.72	-0.15	0.63	0.16	1.94	2.61	4.06
DPS	0.00	0.00	0.00	0.00	0.00	0.05	0.08	0.37	3.10

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	86	208	182	258	205	81	216	408	495
Other current assets	48	44	47	55	94	142	142	142	142
Total current assets	**134**	**252**	**228**	**313**	**299**	**223**	**358**	**550**	**637**
Property & equip. (incl. NBs)	1,896	1,885	1,772	1,824	2,716	2,969	2,902	2,802	2,702
Other non-current assets	31	27	11	9	7	12	12	12	12
Total non-current assets	**1,928**	**1,913**	**1,783**	**1,833**	**2,723**	**2,981**	**2,914**	**2,814**	**2,714**
TOTAL ASSETS	**2,062**	**2,165**	**2,012**	**2,146**	**3,022**	**3,204**	**3,272**	**3,364**	**3,351**
Total equity	**1,154**	**1,135**	**1,037**	**1,088**	**1,520**	**1,531**	**1,701**	**1,912**	**2,008**
Short-term debt	88	132	6	189	167	174	134	166	160
Other current liabilities	52	35	22	30	56	96	96	96	96
Total current liabilities	**140**	**167**	**28**	**219**	**223**	**270**	**230**	**262**	**256**
Long-term debt	765	860	945	838	1,275	1,399	1,335	1,185	1,081
Other non-current liabilities	2	3	1	1	4	5	5	5	5
Total non-current liabilities	**768**	**863**	**946**	**838**	**1,279**	**1,404**	**1,340**	**1,190**	**1,086**
TOTAL EQUITY & LIABILITIES	**2,062**	**2,165**	**2,012**	**2,146**	**3,022**	**3,204**	**3,272**	**3,364**	**3,351**
Working capital, receivables	39	25	27	38	66	0	0	0	0
Working capital, payables	32	24	17	20	38	0	0	0	0
Net working capital	**7**	**1**	**10**	**17**	**28**	**0**	**0**	**0**	**0**
Interest bearing debt	854	991	951	1,027	1,442	1,572	1,469	1,351	1,242
Liquidity	89	212	187	265	211	81	216	408	495
Net interest bearing debt	**764**	**779**	**764**	**762**	**1,231**	**1,491**	**1,254**	**942**	**746**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-12	-458	-154	-10	58	-28	178	246	389
Depreciation	37	82	82	83	103	124	134	134	134
Other	1	363	47	10	29	0	0	0	0
Cash earnings	**27**	**-14**	**-26**	**83**	**190**	**96**	**313**	**380**	**523**
Changes in working capital	-14	-1	-8	0	-21	0	0	0	0
Net operational cash flow	**13**	**-15**	**-33**	**83**	**169**	**96**	**313**	**380**	**523**
Capex	-523	-474	-396	-144	-329	-364	-67	-34	-34
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	1	70	380	15	0	57	0	0	0
Other	85	6	3	1	3	-63	-11	0	0
Net investing cash flow	**-437**	**-398**	**-13**	**-127**	**-325**	**-300**	**-67**	**-34**	**-34**
Repayment of debt	463	129	-29	75	113	-625	-161	-119	-109
Proceeds from debt	637	374	152	161	988	756	58	0	0
Dividends paid	0	0	0	0	0	-5	-7	-34	-293
New equity	—	418	50	50	0	0	0	0	0
Other	-644	-387	-152	-164	-1,004	-63	-11	0	0
Net financing cash flow	**457**	**534**	**20**	**122**	**97**	**79**	**-110**	**-153**	**-402**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**32**	**122**	**-26**	**78**	**-60**	**-125**	**135**	**192**	**87**
Cash balance	86	208	182	259	205	80	215	408	494
Free cash flow	**-424**	**-412**	**-47**	**-44**	**-156**	**-204**	**245**	**346**	**489**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

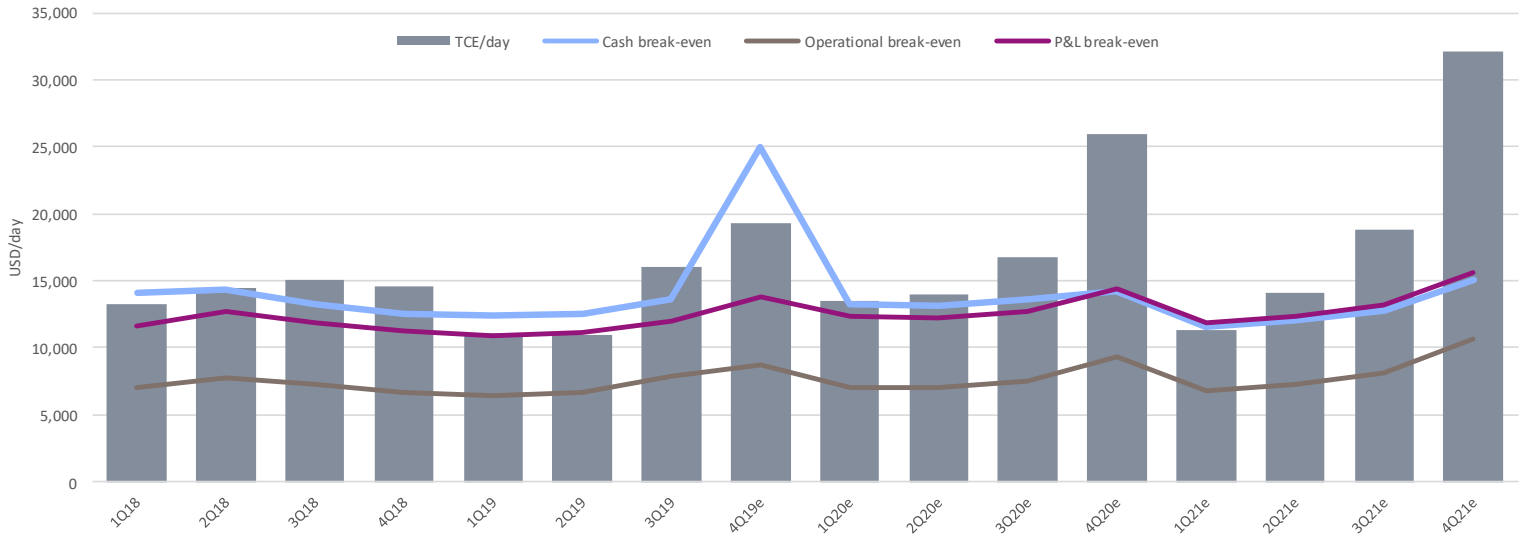
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	22	44	57	64	93	92	92	94	96
Share price, avg (USD)	58	15	4	10	12	9	8	8	8
Share price, end (USD)	33	3	5	11	9	8	8	8	8
Market Cap.	**718**	**133**	**289**	**722**	**847**	**773**	**773**	**790**	**807**
NIBD	764	779	764	762	1,231	1,491	1,254	942	746
Minorities	0	0	0	0	0	0	0	0	1
Enterprise value	**1,482**	**912**	**1,054**	**1,485**	**2,077**	**2,265**	**2,027**	**1,732**	**1,553**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)					14.5		4.3	3.2	2.1
P/E (adj.)					14.5	36.2	4.3	3.2	2.1
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	3.8	0.4	1.0	1.8	1.1	1.3	1.0	1.0	0.8
EV/Sales	7.8	3.0	3.7	3.7	2.7	3.8	2.7	2.1	1.6
EV/EBITDA	41.5			12.2	8.8	12.0	5.0	3.7	2.6
EV/EBIT				38.2	15.7	35.2	7.6	5.3	3.3
P/B	0.6	0.1	0.3	0.7	0.6	0.5	0.5	0.4	0.4
FCF yield	-59%	-311%	-16%	-6%	-18%	-26%	32%	44%	61%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.9%	4.4%	36.3%
Return on equity (ROE)	-1.0%	-40.4%	-14.9%	-0.9%	3.8%	-1.8%	10.5%	12.8%	19.4%
Return on capital employed (ROCE)	-0.1%	-22.3%	-6.1%	2.1%	4.8%	2.1%	9.1%	11.5%	16.9%
Return on assets (ROA)	-0.6%	-21.2%	-7.7%	-0.5%	1.9%	-0.9%	5.4%	7.3%	11.6%
Sales growth	145%	62%	-6%	38%	95%	-23%	25%	9%	22%
EBITDA margin	19%	-112%	-9%	31%	30%	32%	54%	57%	60%
EBIT margin	-1%	-139%	-38%	10%	17%	11%	36%	40%	47%
Net margin	-6%	-149%	-54%	-2%	8%	-5%	24%	30%	39%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	7.2%	8.7%	10.1%
Tax rate	0.0%	0.0%	-0.2%	-2.5%	0.1%	-0.3%	0.0%	0.0%	0.0%
Equity ratio	56%	52%	52%	51%	50%	48%	52%	57%	60%
Leverage ratio	44%	48%	48%	49%	50%	52%	48%	43%	40%
NIBD / EBITDA (past ly)	21.4	-2.3	-28.0	6.3	5.2	7.9	3.1	2.0	1.2
Operating cash flow/NIBD	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.4	0.7
Net interest coverage ratio (EBITDA						2.1	4.5	5.6	7.9
Current ratio	1.0	1.5	8.1	1.4	1.3	0.8	1.6	2.1	2.5
Adj. equity ratio						34%	42%	53%	62%
Operating assets	1,962	1,943	1,816	1,872	2,808	3,123	3,056	2,956	2,856
Operating liabilities	54	38	23	31	60	101	101	101	101
Net operating assets	1,908	1,905	1,793	1,842	2,748	3,022	2,955	2,855	2,755

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

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



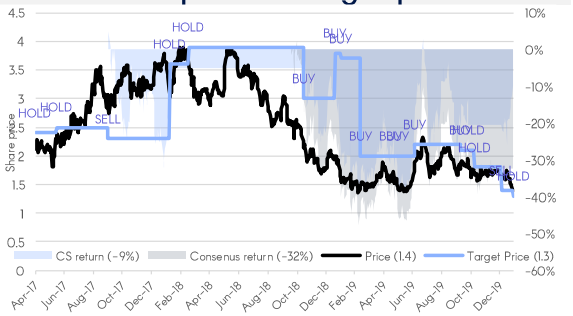
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

One of the riskiest bets in the dry bulk universe. Very low opex, offset by high G&A and pref shares

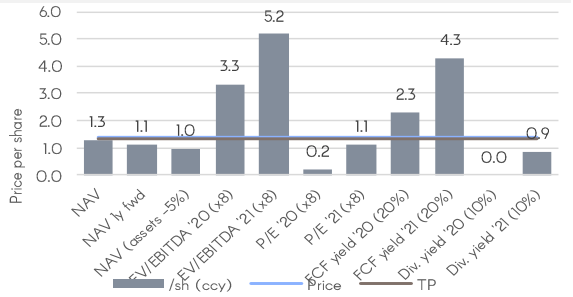
SB-US HOLD/$1.3

Safe Bulkers

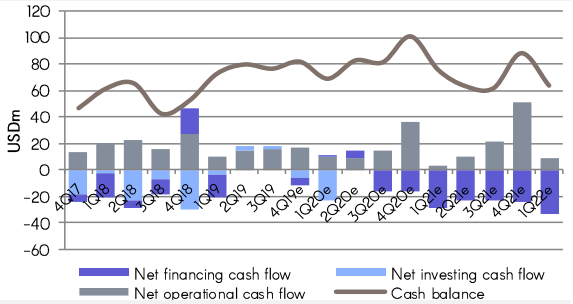
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	181	184	198	237
EBITDA (adj.)	95	96	110	149
EBIT (adj.)	45	41	53	92
PTP (adj.)	5	4	19	62
Net earnings (adj.)	5	4	19	62
EPS (adj.)	0.05	0.04	0.19	0.61
DPS	-	-	0.09	0.17
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	122	171	291	451
Adj. equity ratio	17%	24%	39%	55%
FCF yield	36%	33%	61%	92%
Dividend yield	0%	0%	6%	12%
EV/EBITDA	6.6	6.0	4.5	2.6
P/E (adj.)	29.4	38.5	7.5	2.3

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	57	70	87	130
Free cash flow	52	46	87	130
Net cash flow	29	19	-13	24
TCE/day	12,985	12,515	13,294	15,920
Cash break-even	8,933	11,740	13,193	12,820
Liquidity	82	101	88	112
Property & Equip. (incl. NB	948	917	861	804
Total equity	488	504	525	582
Total assets	1,068	1,056	987	955
Interest bearing debt	559	532	441	352
Net interest bearing debt	477	431	353	240
Market Cap.	142	142	142	142

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

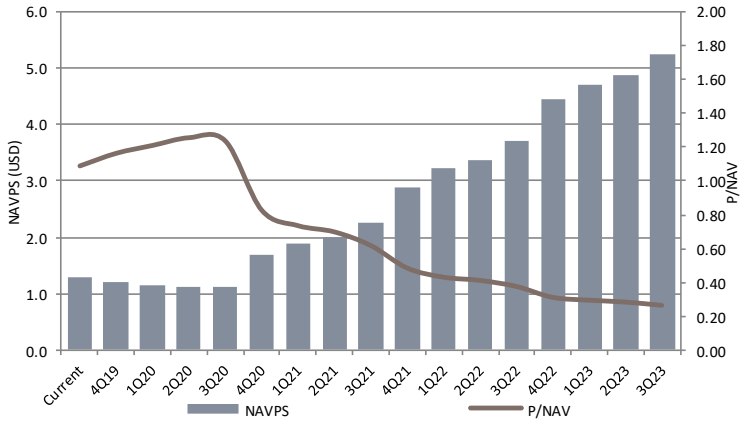
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

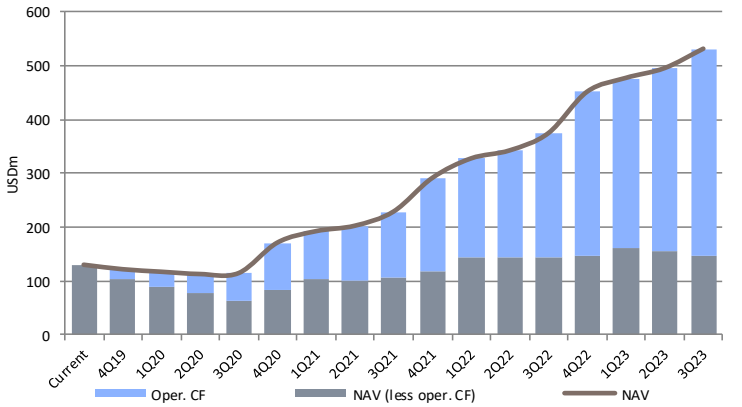
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	954	632	643
Contract value	0	20	20
Other	38	38	39
GAV	993	690	702
Net debt	-487	-487	-487
Capex	0	-52	-52
Other	-21	-21	-21
Equity	484	130	142
Shares	101	101	101
Equity/sh	4.78	1.28	1.40
lcl CCY	4.78	1.28	1.40
P/Equity	0.29	1.09	1.00
EV/GAV	0.71	1.02	1.00
Adj. Total Assets	1,069	747	757
Adj. Equity Ratio	45%	17%	19%
Fair Value	USD	1.3	-5%

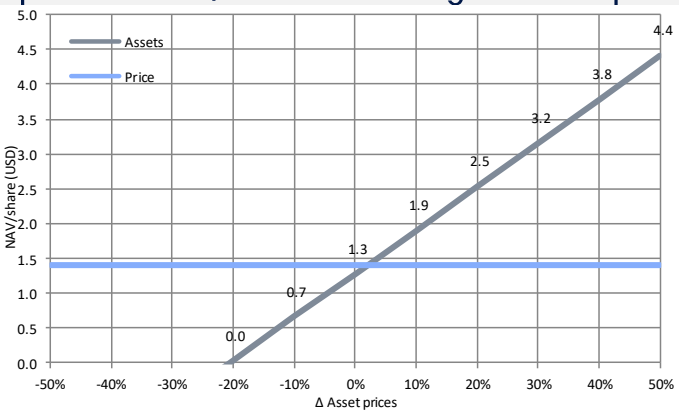
Quarterly forward NAV & P/NAV



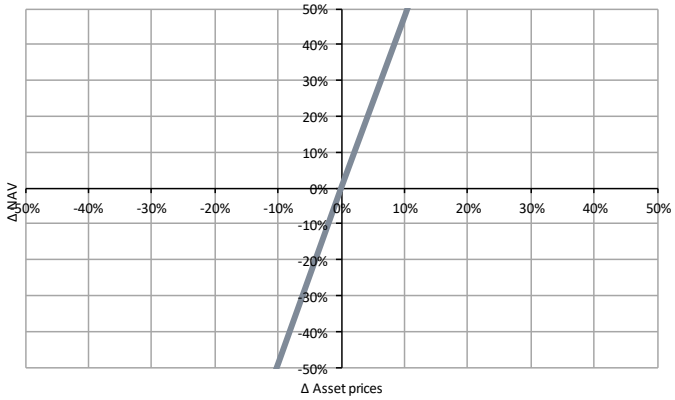
Quarterly forward NAV decomposition



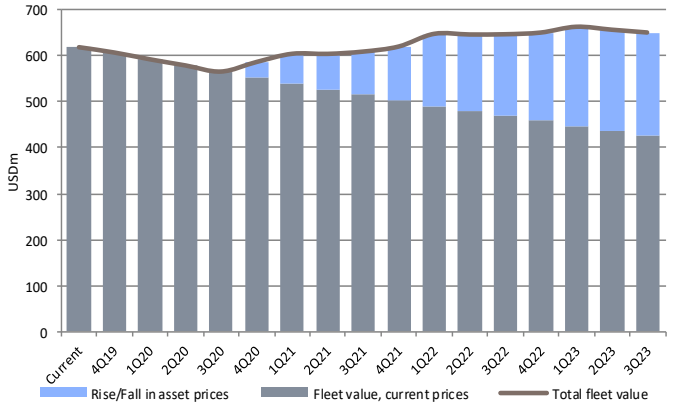
Impact on NAV/sh from % change in asset prices



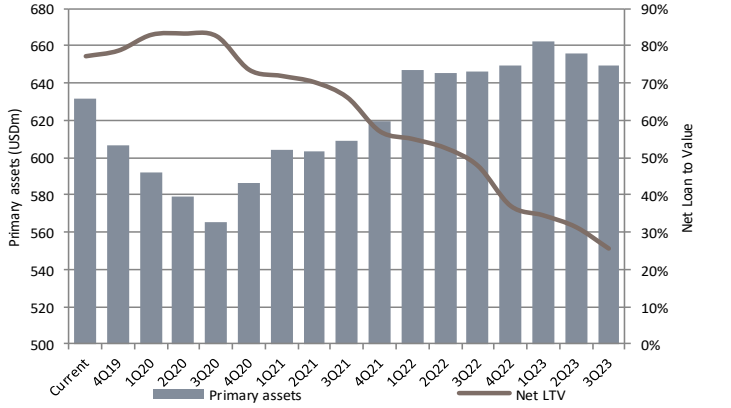
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	51.1	47.1	45.4	49.4				
EBITDA (adj.)	29.5	25.2	23.6	27.1				
EBIT (adj.)	17.0	12.5	10.8	14.4				
PTP (adj.)	6.7	2.4	1.2	2.8				
Net earnings (adj.)	6.7	2.4	1.2	5.5				
EPS (adj.)	0.06	0.02	0.01	0.06				
DPS	-	-	-	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	51.1	47.1	45.4	49.4				
Opex & G&A	21.6	21.9	21.8	22.3				
Depreciation	12.5	12.7	12.8	12.7				
Net finance	10.3	10.1	9.6	11.5				
Taxes & Minorities	-	-	-	-2.7				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	27	16	17					
Free cash flow	-4	18	10					
Net cash flow	16	18	5					
TCE/day	14,035	13,674	13,481	14,656				
Utilization	96.6%	91.4%	89.4%					
Fleet days	3,772	3,772	3,772					
Cash break-even	8,833	8,920	8,879					
Liquidity	52	76	82					
Interest bearing debt	575	564	559					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019E	Old 2020E	Old 2021E	Old 2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	181	184	198	237	180	171	187	229	2	14	11	9
EBITDA (adj.)	95	96	110	149	93	82	98	140	2	14	11	9
EBIT (adj.)	45	41	53	92	43	28	42	83	2	14	12	9
PTP (adj.)	5	4	19	62	3	-10	7	51	2	14	12	11
Net earnings (adj.)	5	4	19	62	3	-10	7	51	2	14	12	11
EPS (adj.)	0.05	0.04	0.19	0.61	0.03	-0.10	0.07	0.50	0.02	0.14	0.12	0.11
DPS	-	-	0.09	0.17	-	-	0.03	0.14	-	-	0.05	0.03

	2019E	2020E	2021E	2022E
TCE revenue	2	14	11	9
Opex & G&A	-	-	-	-0
Depreciation	0	-0	-0	-0
Net finance	-0	-0	-0	-2
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	57	70	87	130	55	56	75	121	2	14	11	9
Free cash flow	52	46	87	130	50	33	75	121	2	14	11	9
Net cash flow	29	19	-13	24	28	6	-19	18	2	14	6	6
TCE/day	12,985	12,515	13,294	15,920	12,870	11,618	12,541	15,350	115	898	753	570
Cash break-even	8,933	11,740	13,193	12,820	7,939	11,740	13,193	12,820	994	-0	-0	-0
Liquidity	82	101	88	112	80	86	67	85	2	15	21	27
Property & Equip. (incl. NB	948	917	861	804	948	917	860	804	-0	0	0	1
Total equity	488	504	525	582	487	489	504	555	2	15	21	27
Total assets	1,068	1,056	987	955	1,066	1,041	966	928	2	15	21	27
Interest bearing debt	559	532	441	352	559	532	441	352	-	-0	-0	-0
Net interest bearing debt	477	431	353	240	479	446	374	267	-2	-15	-21	-27
Market Cap.	142	142	142	142	172	172	172	172	-30	-30	-30	-30
Enterprise value	619	573	495	382	651	618	546	439	-32	-45	-52	-57

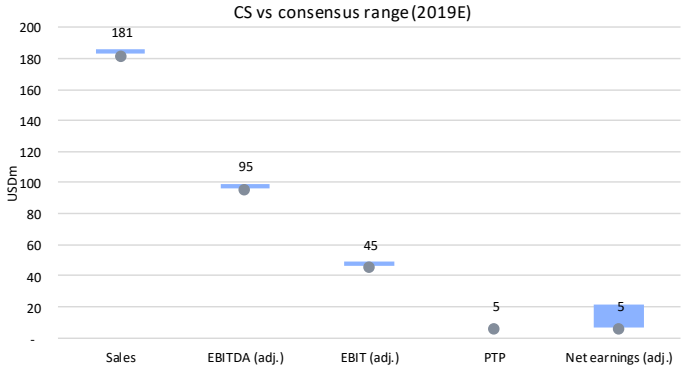
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	122	171	291	451	225	273	308	459	-103	-101	-17	-8
Adj. equity ratio	17%	24%	39%	55%	28%	33%	40%	55%	(24.3)	######	(18.0)	(1.1)
FCF yield	36%	33%	61%	92%	29%	19%	44%	70%	7%	14%	17%	21%
Dividend yield	0%	0%	6%	12%	0%	0%	2%	8%	0%	0%	4%	4%
EV/EBITDA	6.6	6.0	4.5	2.6	7.0	7.5	5.6	3.1	-0.5	-1.5	-1.1	-0.6
P/E (adj.)	29.4	38.5	7.5	2.3	53.7		25.5	3.4	-24.3	######	-18.0	-1.1

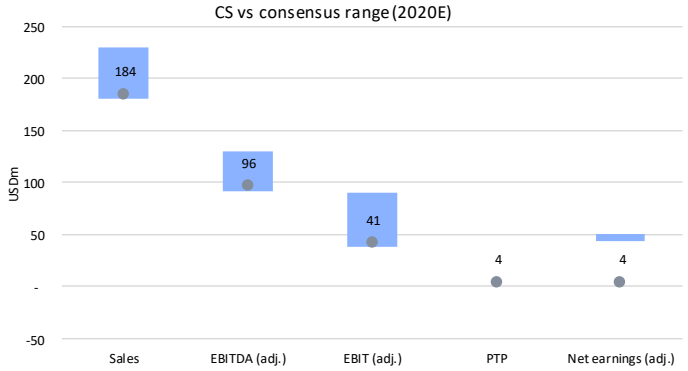
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

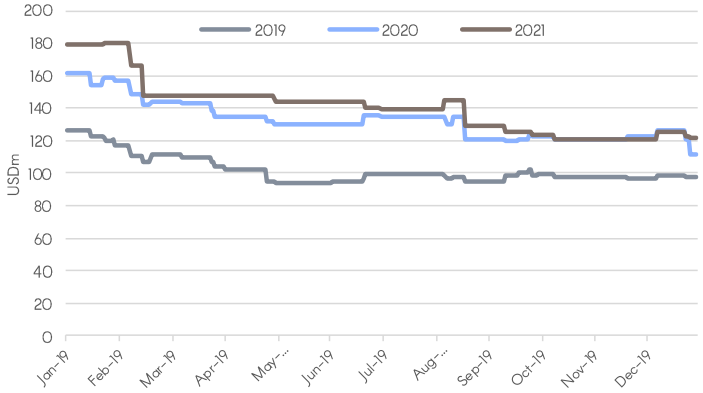
Profit & Loss, year I



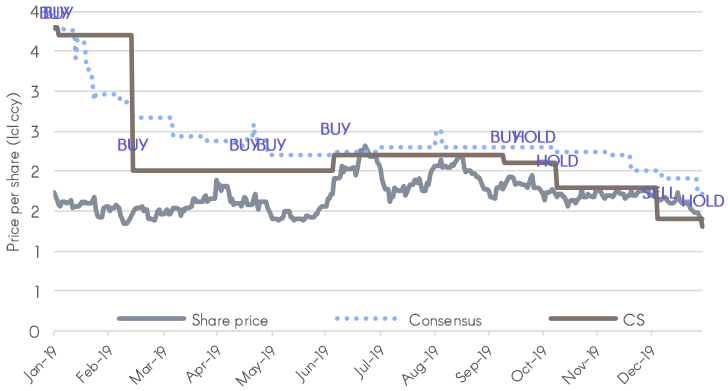
Profit & Loss, year II



Consensus EBITDA development



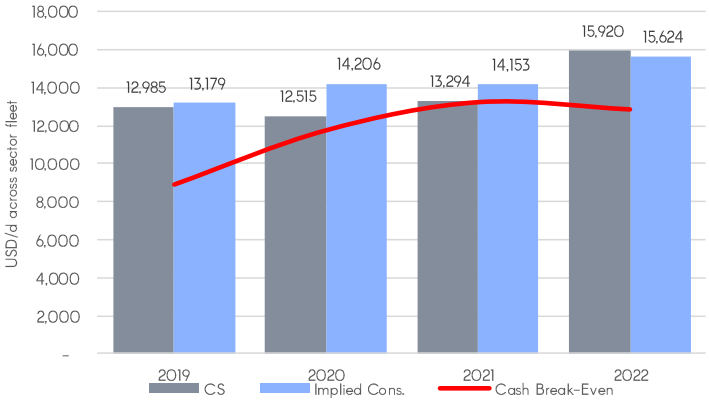
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	181	184	-3	-1%
Opex + G&A	86	86	0	0%
Depreciation	50	50	0	0%
Net finance	40	41	-2	-4%
Taxes & Minorities	0	-6	6	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	184	209	-25	-12%
Opex + G&A	88	98	-9	-10%
Depreciation	54	44	10	23%
Net finance	38	68	-30	-44%
Taxes & Minorities	0	-47	47	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**51**	**45**	**43**	**47**	**45**	**38**	**38**	**44**	**65**
Operational costs	-22	-20	-22	-22	-22	-22	-22	-22	-22
EBITDA	**29**	**25**	**21**	**25**	**24**	**17**	**16**	**22**	**42**
Depreciation/Amortization	-13	-12	-12	-13	-13	-13	-13	-14	-14
EBIT	**17**	**13**	**9**	**12**	**11**	**3**	**2**	**8**	**28**
Net financials	-7	-7	-7	-7	-7	-7	-7	-7	-6
PTP	**10**	**5**	**2**	**5**	**4**	**-3**	**-4**	**1**	**22**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**10**	**5**	**2**	**5**	**4**	**-3**	**-4**	**1**	**22**
Non-recurring items	-3	-3	-3	-3	-3	-3	-3	-3	-3
Net earnings (adj.)	**7**	**3**	**-1**	**2**	**1**	**-6**	**-7**	**-2**	**19**
EPS	0.09	0.05	0.02	0.05	0.04	-0.03	-0.04	0.01	0.22
EPS (adj.)	0.06	0.03	-0.01	0.02	0.01	-0.06	-0.07	-0.01	0.19
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	52	73	80	76	82	69	83	81	101
Other current assets	49	22	25	27	27	27	27	27	27
Total current assets	**101**	**94**	**104**	**103**	**109**	**96**	**110**	**108**	**128**
Property & equip. (incl. NBs)	964	954	951	954	948	958	944	931	917
Other non-current assets	11	11	12	11	11	11	11	11	11
Total non-current assets	**975**	**965**	**963**	**965**	**959**	**969**	**956**	**942**	**928**
TOTAL ASSETS	**1,076**	**1,059**	**1,067**	**1,069**	**1,068**	**1,065**	**1,066**	**1,051**	**1,056**
Total equity	**483**	**483**	**482**	**484**	**488**	**485**	**480**	**482**	**504**
Short-term debt	36	45	46	56	46	48	49	50	48
Other current liabilities	18	12	17	20	20	20	20	20	20
Total current liabilities	**55**	**57**	**62**	**77**	**66**	**69**	**69**	**70**	**69**
Long-term debt	539	518	523	508	513	511	515	498	484
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**539**	**519**	**523**	**508**	**513**	**512**	**516**	**499**	**484**
TOTAL EQUITY & LIABILITIES	**1,076**	**1,059**	**1,067**	**1,069**	**1,068**	**1,065**	**1,066**	**1,051**	**1,056**
Working capital, receivables	15	0	0	0	0	0	0	0	0
Working capital, payables	13	0	0	0	0	0	0	0	0
Net working capital	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	575	563	568	564	559	559	564	548	532
Liquidity	52	73	80	76	82	69	83	81	101
Net interest bearing debt	**523**	**491**	**489**	**487**	**477**	**491**	**482**	**467**	**431**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	10	5	2	5	4	-3	-4	1	22
Depreciation	13	12	12	13	13	13	13	14	14
Other	5	-8	0	-2	0	0	0	0	0
Cash earnings	**27**	**10**	**14**	**16**	**17**	**10**	**9**	**15**	**36**
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	**27**	**10**	**14**	**16**	**17**	**10**	**9**	**15**	**36**
Capex	0	0	0	0	-7	-24	0	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	-30	-4	3	2	0	0	0	0	0
Net investing cash flow	**-30**	**-4**	**3**	**2**	**-7**	**-24**	**0**	**0**	**0**
Repayment of debt	0	0	0	0	-5	-16	-16	-16	-16
Proceeds from debt	0	0	0	0	0	17	21	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	19	-17	0	0	0	0	0	0	0
Net financing cash flow	**19**	**-17**	**0**	**0**	**-5**	**1**	**5**	**-16**	**-16**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**16**	**-11**	**17**	**18**	**5**	**-13**	**14**	**-1**	**20**
Cash balance	52	73	80	76	82	69	83	81	101
Free cash flow	**-4**	**6**	**17**	**18**	**10**	**-14**	**9**	**15**	**36**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**174**	**145**	**117**	**152**	**200**	**181**	**184**	**198**	**237**
Operational costs	-104	-130	-99	-170	-96	-87	-88	-89	-89
EBITDA	**70**	**15**	**18**	**-18**	**104**	**94**	**96**	**110**	**149**
Depreciation/Amortization	-43	-47	-49	-51	-48	-50	-54	-56	-56
EBIT	**27**	**-32**	**-31**	**-69**	**56**	**44**	**41**	**53**	**92**
Net financials	-12	-16	-25	-15	-28	-28	-26	-23	-19
PTP	**15**	**-48**	**-56**	**-85**	**28**	**17**	**15**	**30**	**74**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**15**	**-48**	**-56**	**-85**	**28**	**17**	**15**	**30**	**74**
Non-recurring items	-9	-14	-14	-14	-11	-12	-12	-12	-12
Net earnings (adj.)	**5**	**-62**	**-70**	**-99**	**16**	**5**	**4**	**19**	**62**
EPS	0.18	-0.57	-0.56	-0.85	0.27	0.16	0.15	0.30	0.73
EPS (adj.)	0.06	-0.74	-0.71	-1.00	0.16	0.05	0.04	0.19	0.61
DPS	0.31	0.21	0.14	0.12	0.11	0.00	0.00	0.09	0.17

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	107	131	82	46	52	82	101	88	112
Other current assets	29	112	29	33	49	27	27	27	27
Total current assets	**136**	**243**	**111**	**79**	**101**	**109**	**128**	**115**	**139**
Property & equip. (incl. NBs)	1,035	1,057	1,052	947	964	948	917	861	804
Other non-current assets	12	10	11	9	11	11	11	11	11
Total non-current assets	**1,046**	**1,066**	**1,063**	**956**	**975**	**959**	**928**	**872**	**816**
TOTAL ASSETS	**1,182**	**1,310**	**1,174**	**1,035**	**1,076**	**1,068**	**1,056**	**987**	**955**
Total equity	**700**	**634**	**579**	**456**	**483**	**488**	**504**	**525**	**582**
Short-term debt	17	77	12	26	36	46	30	34	37
Other current liabilities	12	28	12	11	18	20	20	20	20
Total current liabilities	**29**	**106**	**24**	**37**	**55**	**66**	**50**	**55**	**57**
Long-term debt	452	569	570	542	539	513	502	407	316
Other non-current liabilities	1	0	2	0	0	0	0	0	0
Total non-current liabilities	**454**	**570**	**571**	**542**	**539**	**513**	**502**	**407**	**316**
TOTAL EQUITY & LIABILITIES	**1,182**	**1,310**	**1,174**	**1,035**	**1,076**	**1,068**	**1,056**	**987**	**955**
Working capital, receivables	16	12	13	15	15	0	0	0	0
Working capital, payables	7	9	10	8	13	0	0	0	0
Net working capital	**8**	**2**	**4**	**7**	**2**	**0**	**0**	**0**	**0**
Interest bearing debt	470	647	582	567	575	559	532	441	352
Liquidity	118	195	83	48	52	82	101	88	112
Net interest bearing debt	**351**	**452**	**499**	**520**	**523**	**477**	**431**	**353**	**240**

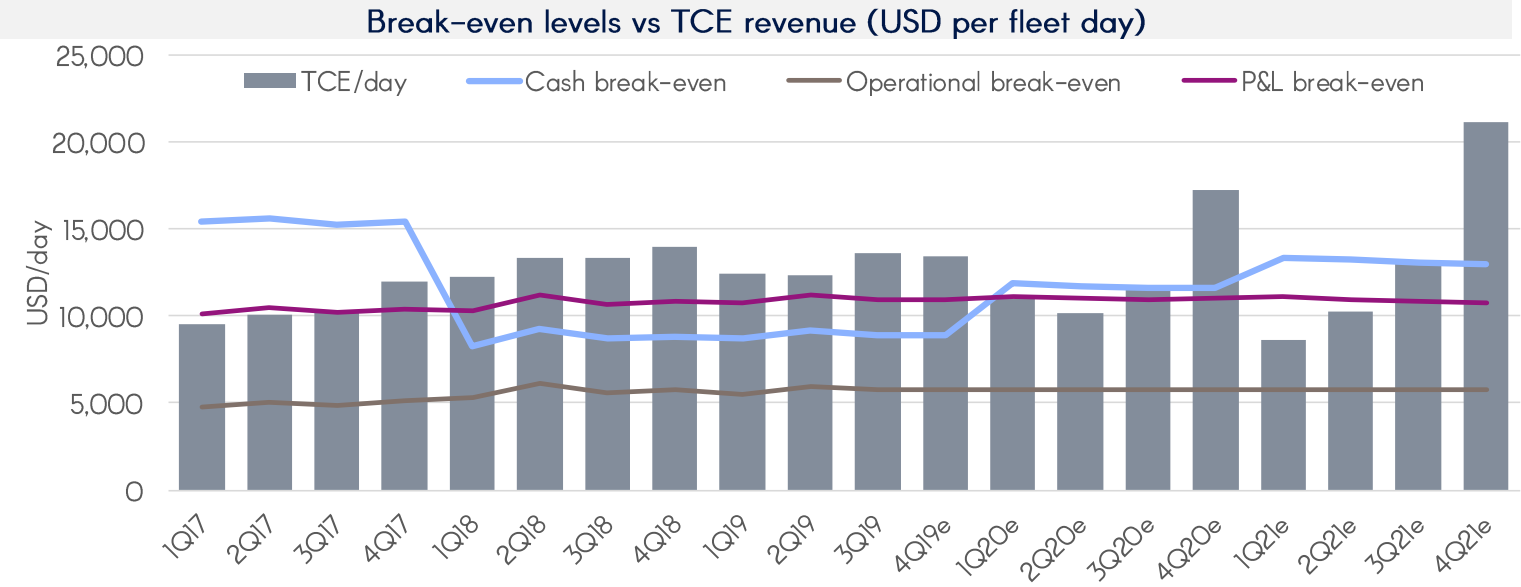
Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	15	-48	-56	-85	28	17	15	30	74
Depreciation	43	47	49	51	48	50	54	56	56
Other	-10	24	23	87	4	-10	0	0	0
Cash earnings	**48**	**23**	**16**	**54**	**80**	**57**	**70**	**87**	**130**
Changes in working capital	-4	3	-3	-4	5	0	0	0	0
Net operational cash flow	**44**	**26**	**13**	**50**	**85**	**57**	**70**	**87**	**130**
Capex	-146	-124	-58	-60	-46	-7	-24	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	36	0	29	21	0	0	0	0	0
Other	43	-59	-11	0	-18	0	0	0	0
Net investing cash flow	**-67**	**-182**	**-40**	**-40**	**-64**	**-5**	**-24**	**0**	**0**
Repayment of debt	-39	203	-84	-8	8	-5	-65	-91	-89
Proceeds from debt	94	447	65	115	188	0	38	0	0
Dividends paid	-26	-18	-14	-12	-11	0	0	-9	-17
New equity	0	0	16	0	0	0	0	0	0
Other	37	-453	-67	-142	-199	0	0	0	0
Net financing cash flow	**66**	**180**	**-84**	**-47**	**-16**	**-22**	**-27**	**-99**	**-106**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**43**	**23**	**-110**	**-36**	**6**	**29**	**19**	**-13**	**24**
Cash balance	107	131	82	46	52	81	101	88	111
Free cash flow	**-23**	**-157**	**-26**	**11**	**22**	**52**	**46**	**87**	**130**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	83	83	99	99	103	101	101	101	101
Share price, avg (USD)	8	3	1	2	3	2	1	1	1
Share price, end (USD)	4	1	1	3	2	1	1	1	1
Market Cap.	**326**	**68**	**114**	**321**	**183**	**142**	**142**	**142**	**142**
NIBD	351	452	499	520	523	477	431	353	240
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**678**	**519**	**613**	**840**	**706**	**619**	**573**	**495**	**382**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	22.3				6.6	8.6	9.3	4.7	1.9
P/E (adj.)	62.2				11.2	29.4	38.5	7.5	2.3
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.9	0.5	1.0	2.1	0.9	0.8	0.8	0.7	0.6
EV/Sales	3.9	3.6	5.2	5.5	3.5	3.4	3.1	2.5	1.6
EV/EBITDA	9.7	34.3	33.9		6.8	6.6	6.0	4.5	2.6
EV/EBIT	25.4				12.6	14.0	13.8	9.3	4.1
P/B	0.5	0.1	0.2	0.7	0.4	0.3	0.3	0.3	0.2
FCF yield	-7%	-232%	-23%	3%	12%	36%	33%	61%	92%
Dividend yield	7.9%	25.9%	12.3%	3.8%	6.2%	0.0%	0.0%	6.2%	12.1%
Return on equity (ROE)	2.1%	-7.6%	-9.7%	-18.6%	5.7%	3.4%	3.0%	5.8%	12.7%
Return on capital employed (ROCE)	2.6%	-3.0%	-2.9%	-7.2%	5.6%	4.6%	4.5%	6.1%	11.4%
Return on assets (ROA)	1.2%	-3.7%	-4.8%	-8.2%	2.6%	1.6%	1.4%	3.1%	7.7%
Sales growth	-12%	-16%	-19%	29%	31%	-9%	2%	8%	20%
EBITDA margin	40%	10%	15%	-12%	52%	52%	52%	55%	63%
EBIT margin	15%	-22%	-27%	-46%	28%	24%	23%	27%	39%
Net margin	8%	-33%	-48%	-56%	14%	9%	8%	15%	31%
Net interest rate	2.4%	2.6%	3.9%	4.5%	4.9%	5.7%	6.1%	6.5%	7.8%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	59%	48%	49%	44%	45%	46%	48%	53%	61%
Leverage ratio	41%	52%	51%	56%	55%	54%	52%	47%	39%
NIBD / EBITDA (past 1y)	5.0	29.9	27.6	-29.1	5.0	5.1	4.5	3.2	1.6
Operating cash flow/NIBD	0.1	0.1	0.0	0.1	0.2	0.1	0.2	0.2	0.5
Net interest coverage ratio (EBITDA	8.4	1.3	0.9	-0.8	4.0	3.4	3.7	4.8	7.9
Current ratio	4.7	2.3	4.7	2.1	1.9	1.6	2.5	2.1	2.4
Adj. equity ratio						17%	24%	39%	55%
Operating assets	1,060	1,107	1,081	979	1,014	976	945	888	832
Operating liabilities	13	29	13	11	19	21	21	21	21
Net operating assets	1,047	1,078	1,068	967	995	955	924	868	811

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



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Phase 1 of the cyclical expansion is over. Further asset price appreciation & cash distributions could push shares 96% higher

Oil Tankers

BUY

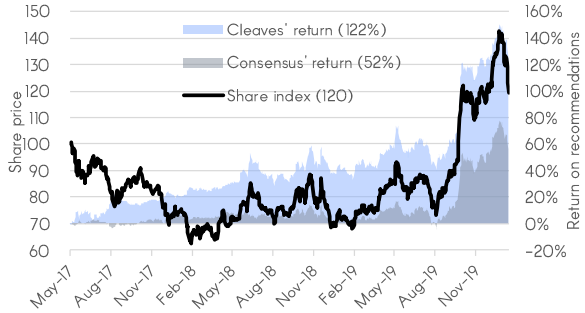
Highest Since '08, More to Come

With 4Q19 exhibiting the highest oil tanker spot earnings since 2008, we see trailing asset prices & upcoming cash distributions as the next catalysts to push shares even higher. Recent share price weakness is natural as shares outpaced our econometric model in 4Q19, but offers an opportunity for the opportunistic investor to increase exposure ahead of further gains. We reiterate our BUY rating & see our Oil Tanker share index +48% in one year & +96% in two years.

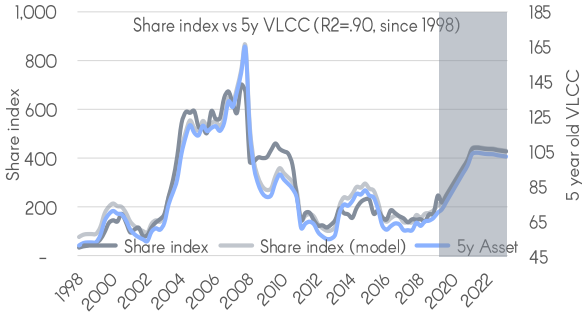
Market: Oil Tanker spot rates averaged $22k/d in 2019, even higher than our $16k/d forecast from January 2019 as implied demand growth was the highest on our record going back to 1998. Looking ahead, the lowest orderbook since 1997 is in itself a cause for great optimism, with strong oil supply growth in the Atlantic vs large oil demand growth in the Far East being highly beneficial for tonne-miles in 2020E. Adding scrubber premiums above our previous forecast and continuously rising asset prices, the outlook for both earnings and share prices looks very positive.

Investments: Our Oil Tanker share index averaged +25% y/y in 2019 at 185, very close to our 189 January 2019 forecast. With our share index outpacing our model by 20% in 4Q19, the recent correction in share prices fits very well within our modelling, and we still see shares +96% on average within two years. Our top picks are **ADS Crude Carriers** (BUY/N57) with a potential FCF-yield of 70-80% in 2020-21E and aggressive distribution policy, **Tsakos Energy Navigation** (BUY/$7.6) at a P/NAV of 0.44 (vs peers avg 1.12) and **Teekay Tankers** (BUY/$37) at EV/EBITDA 2.2x in both 2020E and '21E. Since we reinitiated coverage on Oil Tankers in 2017, we have a +122% return on our recommendations vs the market at +20% and consensus at +52%.

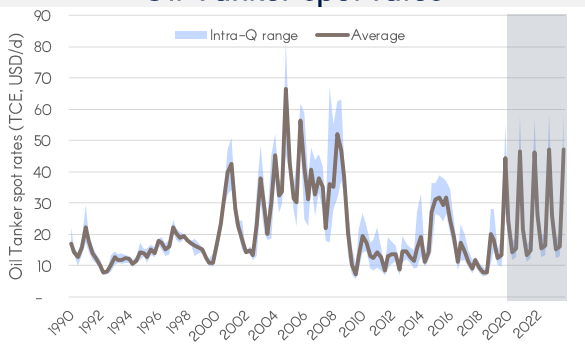
Segment share prices



Share prices vs 5y old VLCC



Oil Tanker spot rates



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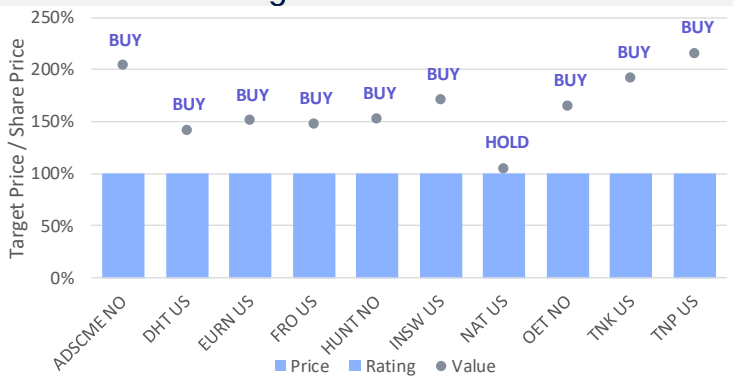
Segment overview

			Recommendations & upside				*old*	
	Mcap	Turnover	Rec.	P	TP	+/-	*Rec.*	*TP*
ADSCME NO	72	0.4	BUY	28.0	57	104%	*BUY*	*47*
DHT US	985	20.4	BUY	6.7	9.5	42%	*BUY*	*9.3*
EURN US	2,332	32.1	BUY	10.6	16	51%	*BUY*	*16*
FRO US	2,128	28.4	BUY	10.8	16	48%	*BUY*	*16*
HUNT NO	334	1.3	BUY	5.3	8.0	52%	*BUY*	*8.0*
INSW US	720	7.7	BUY	24.6	42	71%	*BUY*	*44*
NAT US	583	12.2	HOLD	4.1	4.3	5%	*HOLD*	*4.4*
OET NO	367	0.5	BUY	101	167	65%	*BUY*	*178*
TNK US	649	13.7	BUY	19.3	37	92%	*BUY*	*39*
TNP US	316	1.5	BUY	3.5	7.6	115%	*BUY*	*9.6*
Average	849	11.8				64%		
Median	616	10.0				59%		

Segment overview



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

We reiterate our recommendations on all our covered oil tanker companies, but do adjust our target prices slightly:

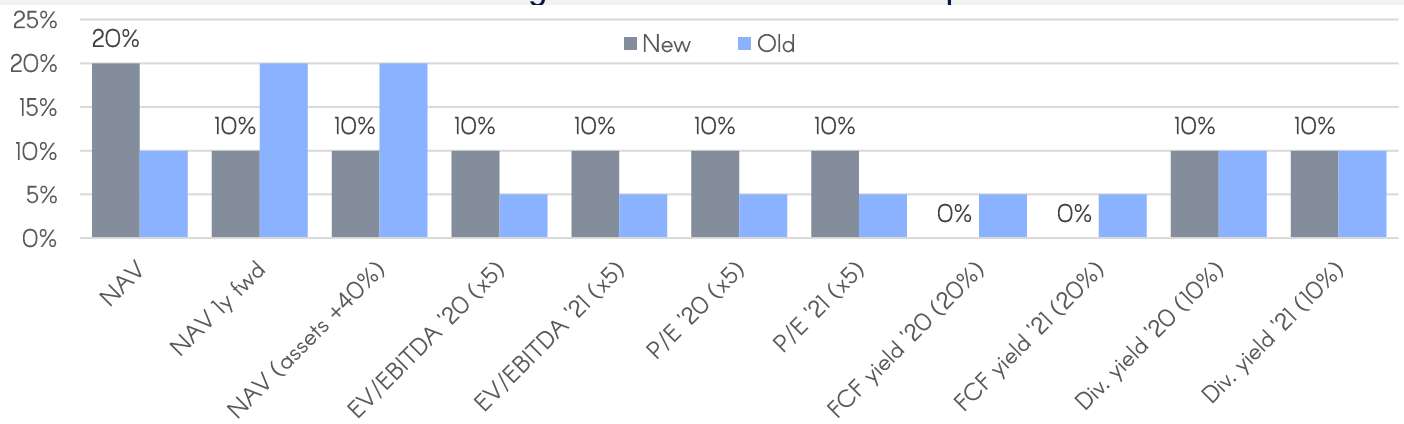
			Recommendations & upside				*old*	
	Mcap	Turnover	Rec.	P	TP	+/-	*Rec.*	*TP*
ADSCME NO	72	0.4	BUY	28.0	57	104%	*BUY*	*47*
DHT US	985	20.4	BUY	6.7	9.5	42%	*BUY*	*9.3*
EURN US	2,332	32.1	BUY	10.6	16	51%	*BUY*	*16*
FRO US	2,128	28.4	BUY	10.8	16	48%	*BUY*	*16*
HUNT NO	334	1.3	BUY	5.3	8.0	52%	*BUY*	*8.0*
INSW US	720	7.7	BUY	24.6	42	71%	*BUY*	*44*
NAT US	583	12.2	HOLD	4.1	4.3	5%	*HOLD*	*4.4*
OET NO	367	0.5	BUY	101	167	65%	*BUY*	*178*
TNK US	649	13.7	BUY	19.3	37	92%	*BUY*	*39*
TNP US	316	1.5	BUY	3.5	7.6	115%	*BUY*	*9.6*
Average	849	11.8				64%		
Median	616	10.0				59%		

There are several effects impacting the revision of our target prices:

- ➕ We roll our earnings multiples one year forward, from 2019/20E to 2020/21E. As we believe 2021E will be better than 2019E, it increases our valuation, all-else-equal.
- ➖ We reduce our EV/EBITDA valuation multiple from mid-cycle 8x to peak-cycle 5x, reducing our valuation, all-else-equal.
- ➖ We reduce our P/E valuation multiple from mid-cycle 6x to peak-cycle 5x, reducing our valuation, all-else-equal.
- ➖ We reduce our expected asset price appreciation from +50% to +40% as asset prices have risen

Our current weighted valuation matrix can be seen below, in addition to the valuation matrix for each company.

Valuation weight matrix for our VLCC companies

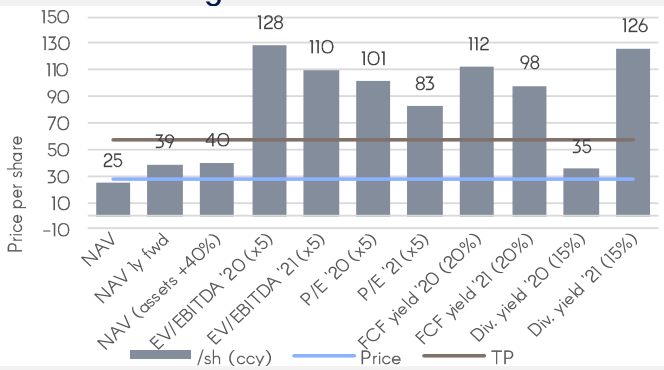


As we rolled 1y forward, "old" 2020 weights are for '19 & 2021 are '20

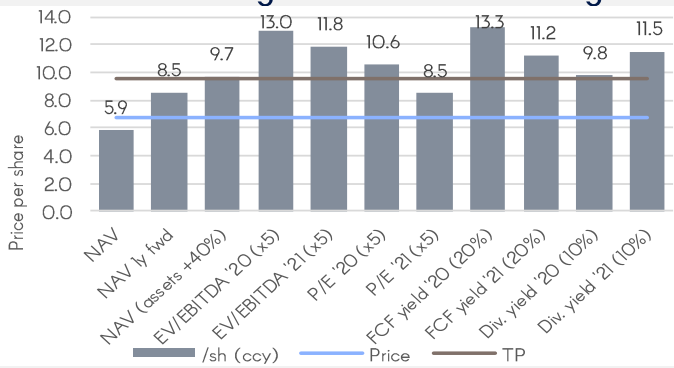
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

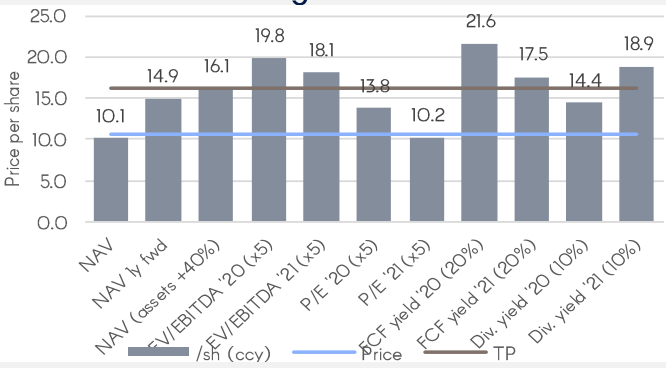
Valuation weight matrix: ADS Crude Carriers



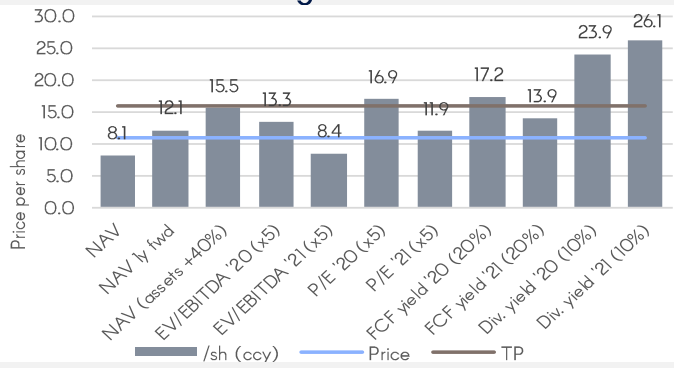
Valuation weight matrix: DHT Holdings



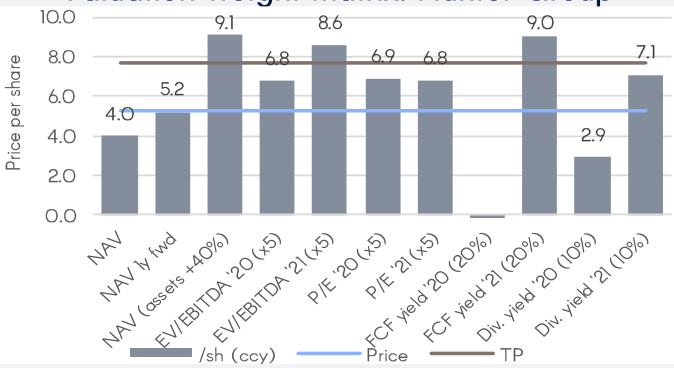
Valuation weight matrix: Euronav



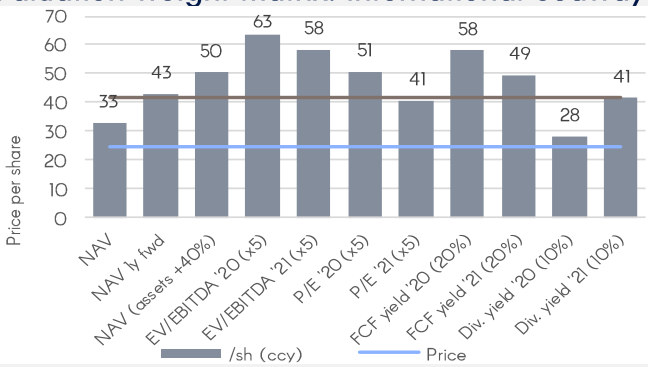
Valuation weight matrix: Frontline



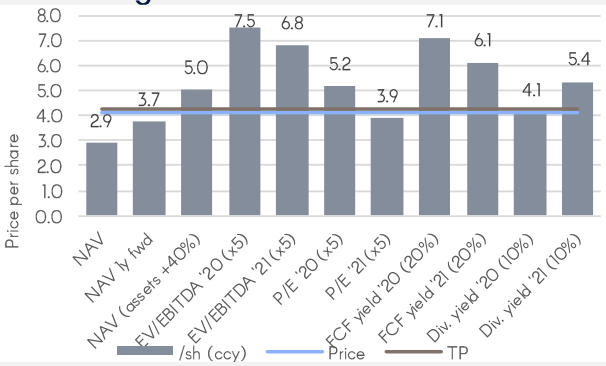
Valuation weight matrix: Hunter Group



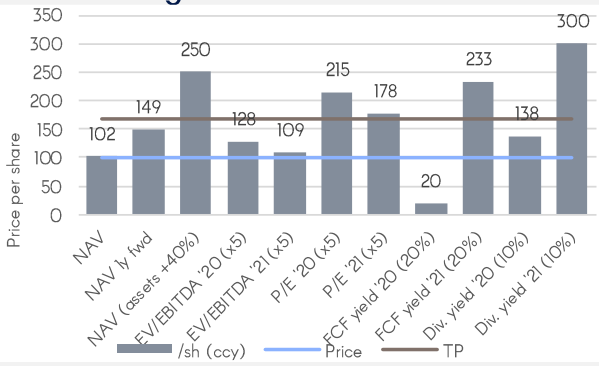
Valuation weight matrix: International Seaways



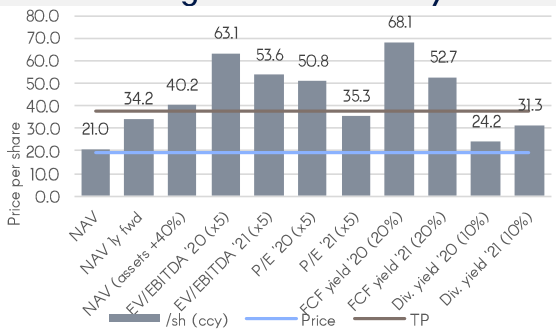
Valuation weight matrix: Nordic American Tankers



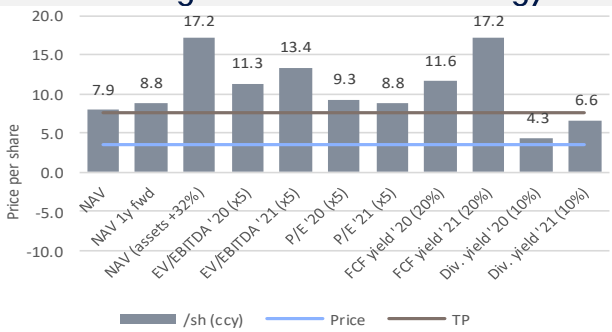
Valuation weight matrix: Okeanis Eco Tankers



Valuation weight matrix: Teekay Tankers



Valuation weight matrix: Tsakos Energy Navi.



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Peer Group

(compiled 26 January 2020)

							P/NAV				EV/	adj.
USDm	M.cap	Turnover	P/sh	TP	+/-	NAV	Now	1y fwd	+50%	ε	GAV	Equity
ADSCME NO	72	0.4	28.0	57.0	104%	24.8	1.13	0.72	0.70	1.6	1.08	54%
DHT US	985	20.4	6.7	9.5	42%	5.9	1.14	0.79	0.69	1.6	0.97	54%
EURN US	2,332	32.1	10.6	16.0	51%	10.1	1.05	0.71	0.66	1.5	1.03	54%
FRO US	2,128	28.4	10.8	16.0	48%	8.1	1.33	0.90	0.70	2.3	1.12	35%
HUNT NO	333	1.3	5.3	8.0	52%	4.0	1.32	1.01	0.58	3.2	1.10	30%
INSW US	720	7.7	24.6	42.0	71%	33.0	0.75	0.57	0.49	1.3	0.86	53%
NAT US	583	12.2	4.1	4.3	5%	2.9	1.42	1.09	0.82	1.8	1.22	48%
OET NO	367	0.5	101.0	167	65%	102.2	0.99	0.68	0.40	3.6	1.00	27%
TNK US	649	13.7	19.3	37.0	92%	21.0	0.92	0.56	0.48	2.3	0.97	36%
TNP US	316	1.5	3.5	7.6	115%	7.9	0.44	0.40	0.21	3.6	0.85	24%
Average	908	13.0			59%		1.12	0.78	0.61	2.1	1.04	43%

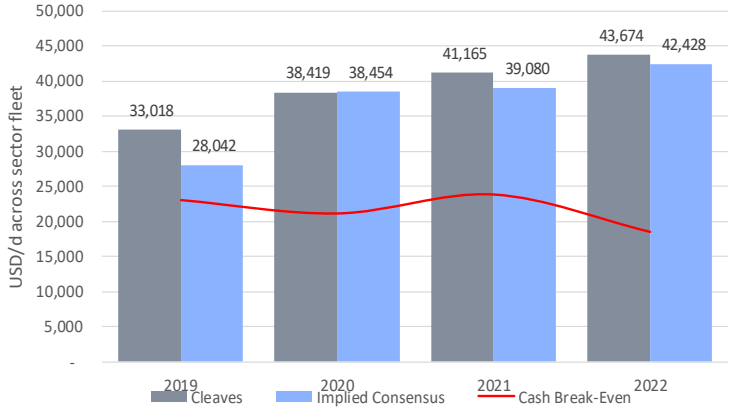
	EV/EBITDA				P/E (adj.)				Liquidity/(GIBD + eq. capex)			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	12.2	0.9	1.0	1.0		1.4	1.7	1.7	9%	33%	37%	39%
DHT US	7.2	2.9	3.1	2.4	12.5	3.2	4.0	3.5	10%	19%	20%	28%
EURN US	6.6	3.0	3.1	2.5	18.1	3.9	5.2	4.3	8%	19%	24%	31%
FRO US	10.5	4.5	5.6	5.2	10.4	3.2	4.6	4.2	7%	11%	11%	12%
HUNT NO	40.5	4.3	3.5	3.0		3.8	3.9	3.8	14%	16%	22%	27%
INSW US	7.2	2.4	2.3	1.6	13.3	2.4	3.0	2.6	8%	18%	23%	29%
NAT US	7.4	3.0	3.1	2.3	41.9	4.0	5.3	4.1	9%	19%	26%	33%
OET NO		4.6	4.9	3.8		2.3	2.8	2.2	3%	8%	8%	9%
TNK US	4.9	2.2	2.2	1.2	5.4	1.9	2.7	2.1	9%	18%	23%	30%
TNP US	6.0	3.4	2.9	2.1	24.5	1.9	2.0	1.4	7%	9%	10%	14%
Average	11.6	3.4	3.3	2.7	16.9	2.9	3.5	3.0	8%	16%	19%	24%

	FCF yield				Dividend yield			
USDm	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	-13%	80%	70%	70%	2%	19%	68%	71%
DHT US	14%	40%	33%	37%	3%	15%	17%	19%
EURN US	15%	41%	33%	37%	1%	14%	18%	19%
FRO US	-23%	32%	26%	31%	1%	22%	24%	24%
HUNT NO				35%				13%
INSW US	34%	47%	40%	45%	0%	11%	17%	16%
NAT US	17%	35%	30%	35%	2%	10%	13%	15%
OET NO			46%	55%		14%	30%	25%
TNK US	35%	71%	55%	65%	0%	13%	16%	18%
TNP US	32%	66%	97%	90%	1%	12%	19%	23%
Average	11%	36%	45%	49%	1%	13%	23%	24%

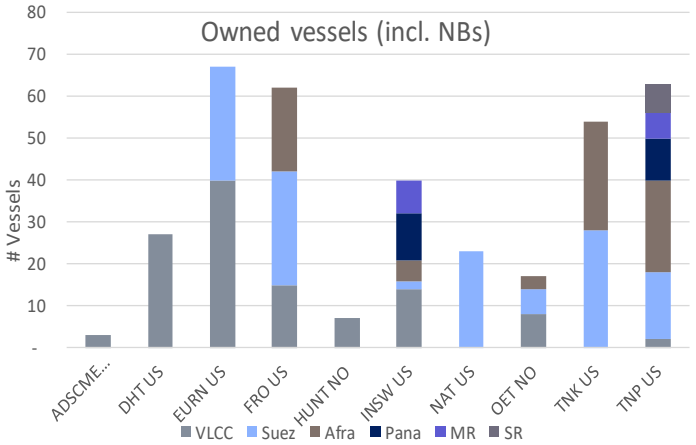
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

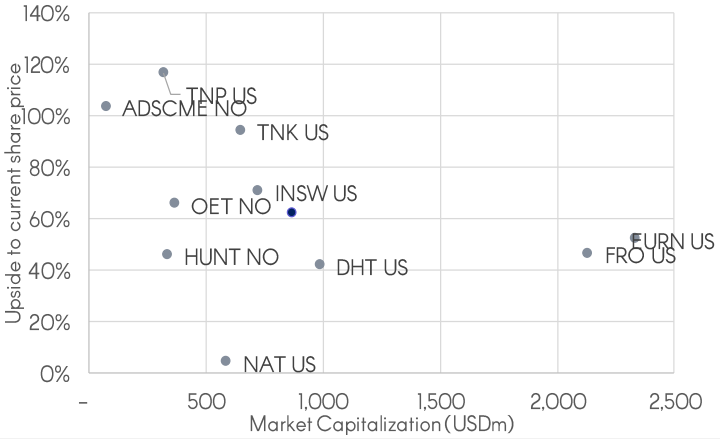
Cleaves' average TCE/d forecast vs consensus



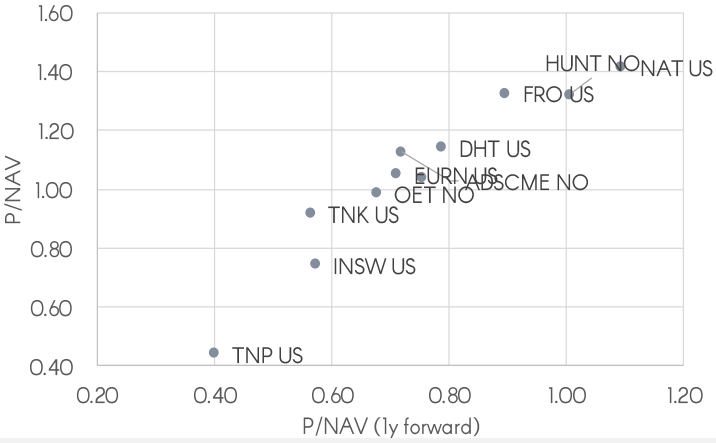
Fleet composition by company



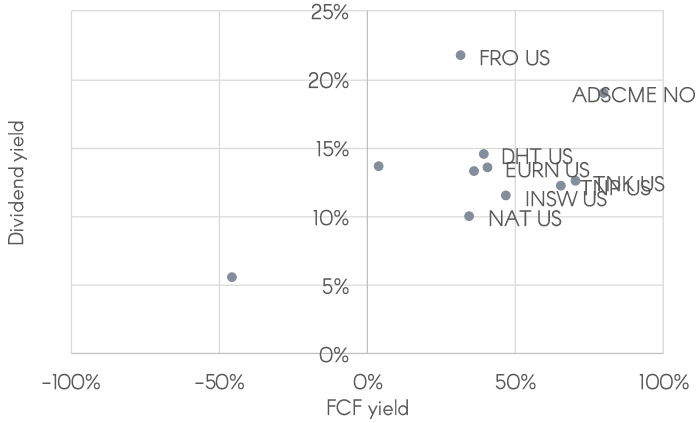
Upside to share price vs current market cap.



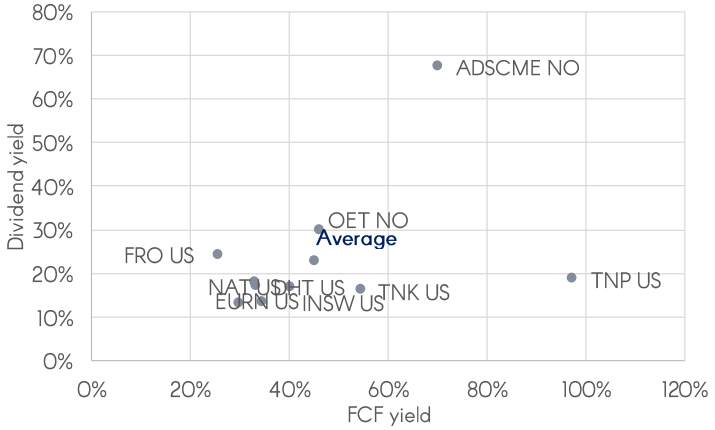
P/NAV vs 1y forward P/NAV



Dividend yield vs FCF yield (2019 estimate)



Dividend yield vs FCF yield (2020 estimate)



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Market Fundamentals

The quarter & year in review

Net supply growth of -0.5% q/q in **4Q19** was spot-on forecast from October, with y/y growth at 3.6%. Gross deliveries of 5.1m dwt was similar to our forecast (5.0m), while only 0.9m dwt scrapped was as expected given the strong earnings environment. Very positive in the quarter was only 5.7m dwt newbuildings ordered despite a red-hot market, below our 8.7m dwt forecast. Thus, the orderbook is close to unchanged q/q, standing at 8.7% of the fleet, the lowest level since January 1997.

We estimate a 15.6% demand growth q/q in 4Q19 (vs our +14.9% forecast) and 14.5% y/y (13.9%). The net effect was a fleet utilization of 95.1% (94.5% forecast), +13.2%p q/q and +9.1%p y/y. This was the highest quarterly oil tanker fleet utilization since 3Q 2008! Thus, oil tanker earnings averaged $44,496/d in the quarter (+231% q/q, +123% y/y), very close to our $42,444/d forecast from October, with VLCCs averaging $102,761/d (+303% q/q, +155% y/y) vs our $96,730/d October forecast.

			New	Old		
mDWT	2018-Q4	2019-Q3	2019-Q4	2019-Q4	Δ	Δ %
Deliveries[1]	4.0	6.1	5.1	5.0	0.2	3%
Scrapping[1]	(2.8)	(0.5)	(0.9)	(1.2)	0.4	-30%
Contracting[1]	5.2	5.0	5.7	8.6	(2.8)	-33%
Supply[2]	**552**	**574**	**572**	**572**	**(0.3)**	**-0.1%**
Δ q/q			*-0.5%*	*-0.5%*	0.0%p	
Δ y/y			*3.6%*	*3.6%*	-0.1%p	
Demand[2]	**475**	**470**	**544**	**541**	**2.9**	**0.5%**
Δ q/q			*15.6%*	*14.9%*	0.7%p	
Δ y/y			*14.5%*	*13.9%*	0.6%p	
Utilization[2]	**86.0%**	**81.9%**	**95.1%**	**94.5%**	**0.6%p**	
Oil Tankers[2] (TCE)	19,968	13,427	44,496	42,444	2,052	5%
VLCC, spot[2] (TCE/d)	40,331	25,504	102,761	96,730	6,031	6%
Suezmax, spot[2] (TCE)	37,422	16,602	72,822	65,130	7,692	12%
Aframax, spot[2] (TCE)	31,646	14,748	52,853	48,157	4,697	10%
MR, spot[2] (TCE)	10,862	10,045	20,022	26,047	(6,025)	-23%
VLCC, 5y[2] (USDm)	63	67	70	77	(6.5)	-9%
Suezmax, 5y[2] (USDm)	43	47	49	52	(3.5)	-7%
Aframax, 5y[2] (USDm)	31	36	38	41	(3.0)	-7%
MR, 5y[2] (USDm)	26	27	29	28	0.4	1%
OB[2]	68	54	50	52	(1.9)	-4%
Share Index[2]	152	175	249	241	7	3%

[1]Sum during period [2]Average during period

Second-hand values continue to climb, but less than our expectations for the quarter despite the incredible earnings. In example, a 5y old VLCC averaged $70m in 4Q19 (vs our $77m forecast), +4% q/q & +12% y/y. Asset prices are generally lagging timecharter rates at present, where the 1y TC for a VLCC has risen 60% in one year to $49k/d and currently implies a fair value for a VLCC resale +19% to $122m ($R^2$=0.82), a 5y old VLCC +30% to $94m ($R^2$=0.75) and a 10y old VLCC +48% to $73m ($R^2$=0.80).

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our oil tanker share index averaged 249 in the quarter (+42% q/q, +63% y/y), very close to our 241 forecast from October.

For the **full year 2019**, net supply growth of 3.9% y/y in 2019 was higher than our 2.8% forecast from January 2019 as owners scrapped a meagre 3m dwt amidst strong earnings (vs our 17m dwt forecast). Gross deliveries of 32m dwt was spot-on our forecast, as was newbuilding contracting of 22m dwt. Thus, the orderbook averaged 57m dwt in 2019 vs our 58m dwt forecast.

We estimate demand growth y/y in 2019 at +12.4% (vs our +7.6% forecast). The net effect was an average fleet utilization in 2019 of 85.8% (83.0% forecast), +6.5%p y/y. Oil tanker spot earnings averaged $22.2k/d in 2019 (vs our $15.7k/d forecast), 98% above 2018. Spot rates for a VLCC averaged $41.4k/d in 2019 (vs our $29.3k/d forecast), +166% y/y. A five-year-old VLCC averaged $67m in 2019 ($72m forecast) +8% y/y, while a five-year-old Suezmax averaged $46m in 2019 ($48m forecast) +12% y/y. Overall, actual earnings significantly overshot our forecast from January, while asset prices are lagging and undershot our forecast. We see near-term upside in our oil tanker asset price index, +18% in one year and +33% in two years. For VLCCs, the elasticity towards a tighter fleet utilization is higher than for other vessel classes, and we thus see a 5y old VLCC potentially +23% in one year and +45% in two years.

Our oil tanker share index averaged +25% y/y to 185, basically spot-on our 189 forecast from January 2019.

			Actual	Forecast		
mDWT	2017	2018	2019	2019	Δ	Δ %
Deliveries[1]	33	24	32	32	(0)	0%
Scrapping[1]	(11)	(20)	(3)	(17)	13	-80%
Contracting[1]	35	27	22	22	0	0%
Supply[2]	**541**	**549**	**570**	**564**	**6**	1%
Δ y/y	*6.0%*	*1.3%*	*3.9%*	*2.8%*	*1.1%*	
Demand[2]	**435**	**435**	**489**	**468**	**21**	4%
Δ y/y	*0.7%*	*0.1%*	*12.4%*	*7.6%*	*4.8%*	
Utilization[2]	**80.3%**	**79.3%**	**85.8%**	**83.0%**	**2.8%p**	
Oil Tankers[2] (TCE)	11,655	11,216	22,168	15,654	6,514	42%
VLCC, spot[2] (TCE/d)	17,794	15,561	41,364	29,257	12,107	41%
Suezmax, spot[2] (TCE)	15,436	16,466	31,560	21,351	10,209	48%
Aframax, spot[2] (TCE)	13,873	16,175	26,225	17,592	8,633	49%
MR, spot[2] (TCE)	10,220	8,750	13,740	12,020	1,721	14%
VLCC, 5y[2] (USDm)	62	62	67	72	(5)	-8%
Suezmax, 5y[2] (USDm)	41	41	46	48	(2)	-5%
Aframax, 5y[2] (USDm)	30	31	36	37	(2)	-5%
MR, 5y[2] (USDm)	24	25	27	27	0	0%
OB[2]	70	71	57	58	(1)	-2%
Share Index[2]	172	149	185	189	(4)	-2%

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

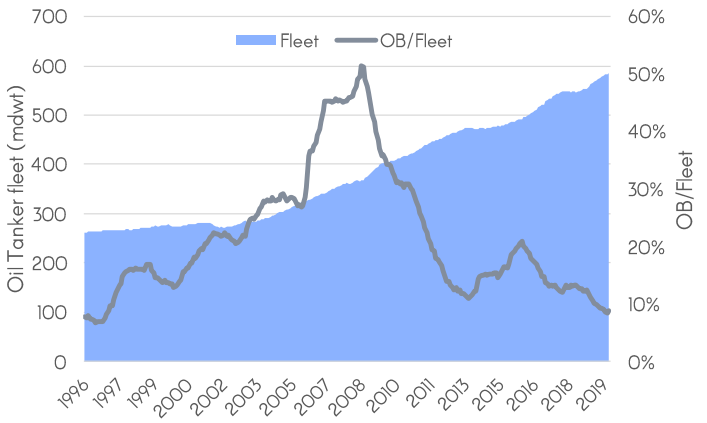
Market outlook

Supply

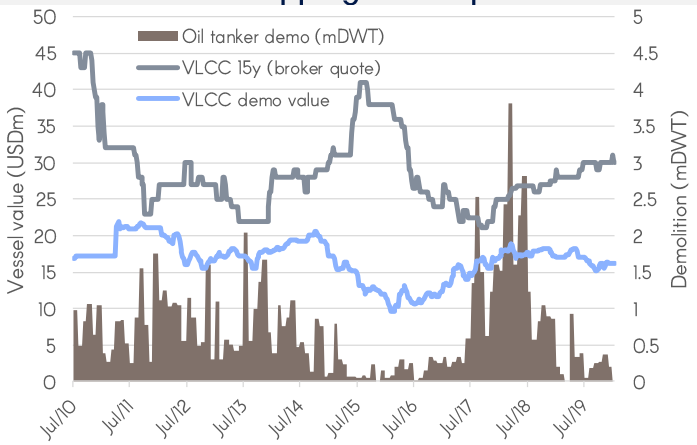
With a very sobering level of newbuilding contracting during 2019 despite stellar earnings, a historically low orderbook is still one of the main reasons we are highly positive towards the outlook for oil tankers. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well. The orderbook currently constitutes 8.7% of the fleet on the water, levels not seen since January 1997.

Despite our positive outlook, we still see decent scrapping in 2020E as the implementation of IMO'2020 sulphur regulations makes a higher portion of the fleet obsolete. Our econometric model suggests 8.2m dwt of oil tanker scrapped in 2020E, but we up our forecast to 9.4m dwt due to the higher fuel cost of switching to compliant fuel.

Orderbook vs fleet

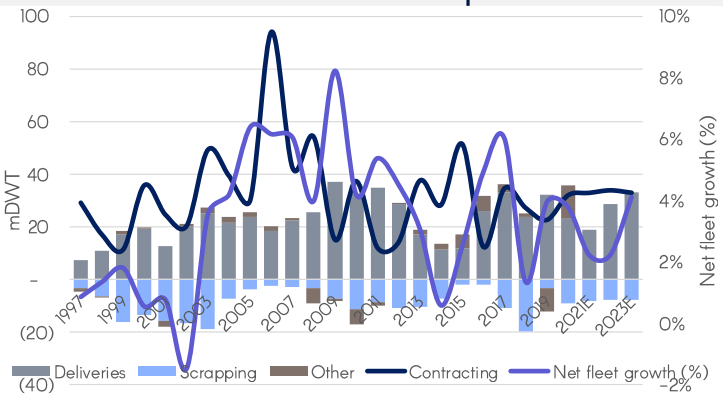


VLCC scrapping vs scrap value

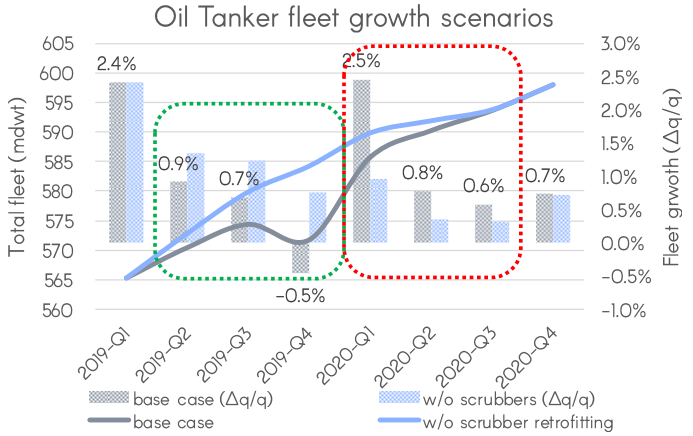


In sum, we forecast net supply growth of 3.8% in 2020E which includes an estimated 12.4m dwt of net fleet capacity returning from scrubber retrofitting. For 2021-22E, we forecast 2.2% net supply growth in both years, before a higher newbuilding contracting forecast amidst a stellar earnings environment in 2021-22E is expected to lift supply growth to 4.1% in 2023E.

Oil tanker fleet developments



Scrubber retrofitting impact on fleet growth



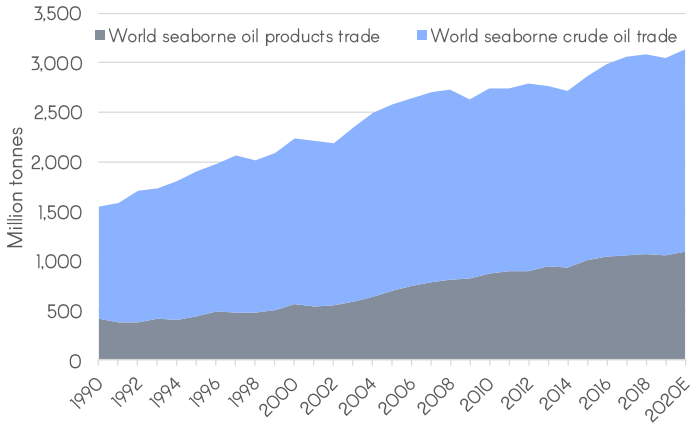
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Demand

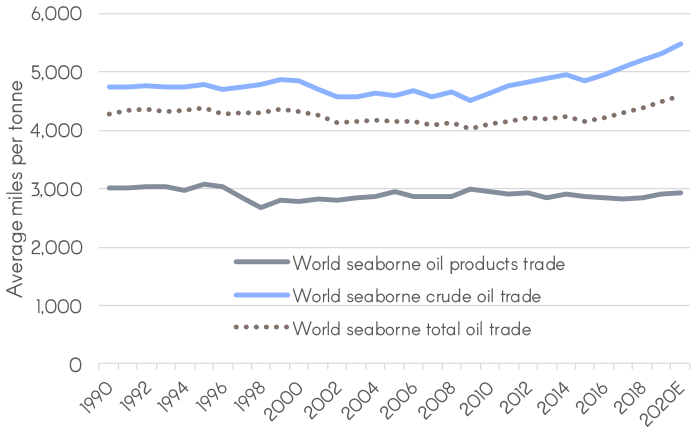
We estimate an implied demand growth of 12.4% y/y 2019, the highest implied demand growth on our record going back to 1998. The second highest growth rate was in 2003 with 11.2%, while the last cyclical peak in 2015 was marked by a 10.4% implied demand growth.

A major driver behind demand growth for seaborne oil transportation in 2019 was a 52% increase in US crude oil exports to an average of 2.97mbpd, having arisen from only 0.05mbpd in 2013. Against an increased US crude oil production (+13.5% y/y), OPEC+ effectuated several production cuts in order to keep the oil market balanced amidst a global oil demand growth of only 0.8% y/y in 2019 (101mbpd). However, with a major demand growth from new refinery capacity in the Far East, substituting barrels sourced from the Middle East to the US was highly beneficial for oil tanker tonne-mile demand. Furthermore, an extensive refinery maintenance season in 1H19, and a less extensive one in 2H19 as refineries geared up for IMO'2020, boosted oil tanker demand growth in 2H19. This of course came in addition to sanctions on Chinese shipping, war risk premium in the Middle East, Typhoon Hagibis, avoidance of vessels having traded Venezuela and other disruptions which added to the strength of tanker earnings in 2H19.

Seaborne oil transportation



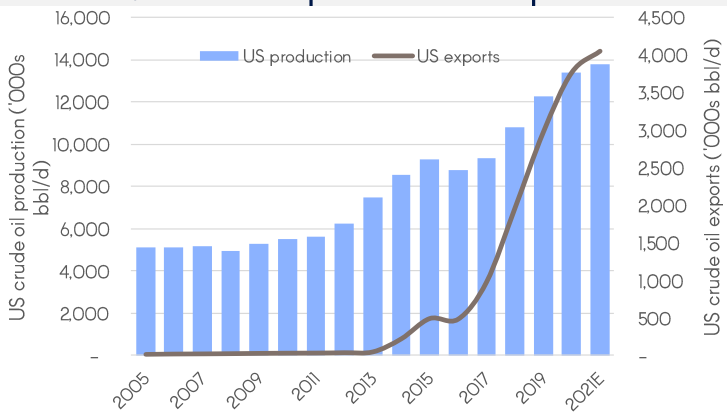
Average sailing distances



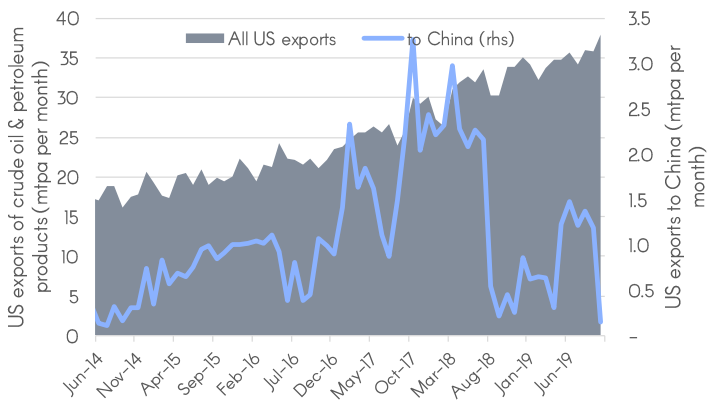
Looking ahead, EIA forecast an 8.9% y/y increase in US petroleum production in 2020E, from where we estimate a 27% increase in seaborne US crude oil exports for the year to a 3.77mbpd average. This is slightly higher than our previous forecast. Additionally, other Atlantic sources for crude oil supply are also growing, leading to a further increase in average sailing distances per barrel transported.

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

US crude oil production & exports



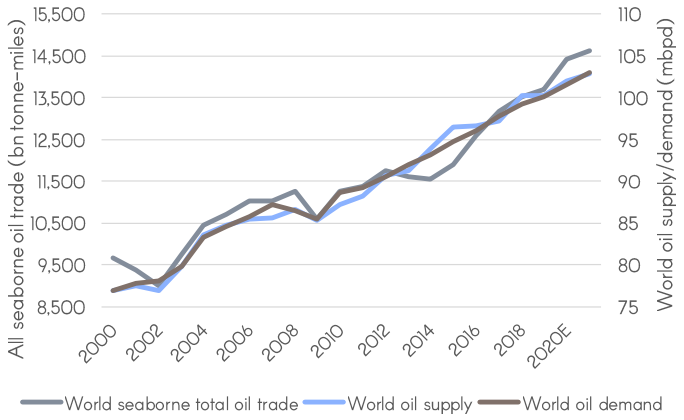
US petroleum exports



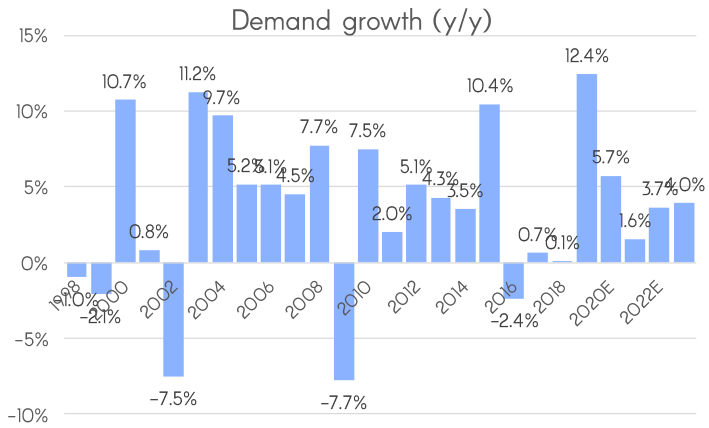
However, from 2021E, US petroleum production is expected to rise only 2.8% y/y, thus limiting our forecast for US crude oil exports to 4.05mbpd (+8% y/y). Furthermore, EIA forecast a mere 0.9% increase in global oil supply and 1.3% increase in global demand for 2021E. We thus revise our demand growth forecast for 2021E down by 1.5%p to 1.6% and see net destocking of oil inventories adding a minor headwind for oil tanker demand growth.

In our base case for oil tanker demand growth, we assume Chinese ships trade as normal and that a thaw in US-Sino trade relations opens up for some flow of oil on this tonne-mile-heavy trade. In sum, we forecast oil tanker demand growth of 5.7% in 2020E, 1.6% in 2021E and 4.0% in 2022E.

Global seaborne oil trade vs oil supply/demand



Oil tanker demand growth



Fleet utilization

Combining the supply and demand sides of the equation leads us to forecast fleet utilization of 87.4% in 2020E (+1.6%p y/y), 86.8% in 2021E and 88.1% in 2022E.

Our fleet utilization forecast implies VLCCs to average $53k/d in 2020E (+28% y/y), Suezmaxes to average $37k/d (+17% y/y) and MRs to average $17k/d (+23% y/y). Due to inherent seasonality in the oil tanker market, our annual averages disguise fleet utilization above 95% in all 4Qs in our forecast period until 2023E, with a corresponding massive spike in spot rates expected each year.

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Overview of our estimate changes

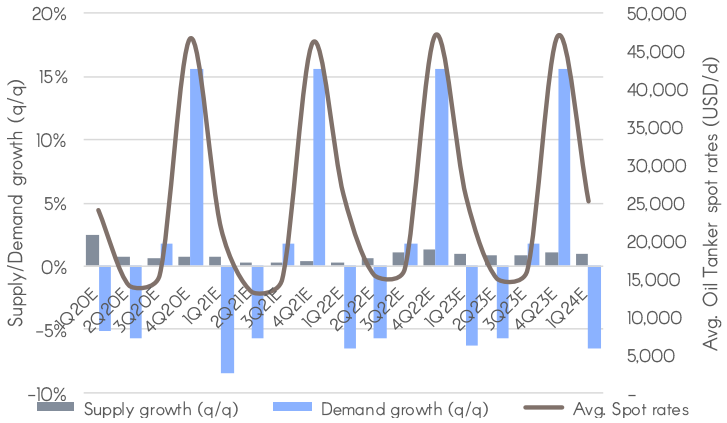
Delta table: Oil Tanker forecast summary

Δ y/y	2019	2020E	2021E	2022E
Supply	**3.9%**	**3.8%**	**2.2%**	**2.2%**
Supply, old	4.1%	2.9%	2.2%	2.8%
Δ	-0.1%p	0.8%p	0.0%p	-0.6%p
Demand	**12.4%**	**5.7%**	**1.6%**	**3.7%**
Demand, old	12.1%	5.5%	3.0%	3.7%
Δ	0.3%p	0.2%p	-1.5%p	0.0%p
Utilization	**85.8%**	**87.4%**	**86.8%**	**88.1%**
Utilization, old	85.5%	87.6%	88.3%	89.0%
Δ	0.3%p	-0.2%p	-1.4%p	-0.9%p

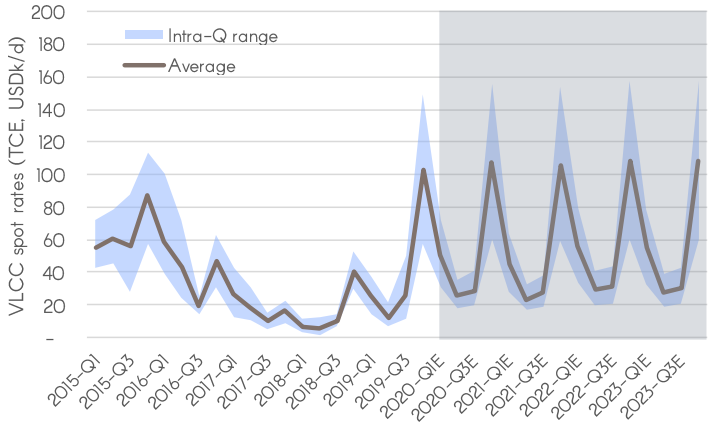
Average spot rate	2019	2020E	2021E	2022E
VLCC, base case	**41,364**	**53,075**	**50,400**	**56,015**
old	36,492	52,739	57,436	60,450
Δ	4,871	336	(7,036)	(4,435)
Suezmax, base case	**31,560**	**36,805**	**35,069**	**38,712**
old	27,282	36,587	39,634	41,590
Δ	4,278	218	(4,565)	(2,878)
MR, base case	**13,740**	**16,960**	**16,403**	**17,571**
old	13,526	16,902	17,878	18,505
Δ	214	58	(1,475)	(933)
Share Index	**185**	**264**	**384**	**442**
Share Index, old	178	323	472	469
Δ	4%	-18%	-19%	-6%

[1]Sum during period [2]Average during period

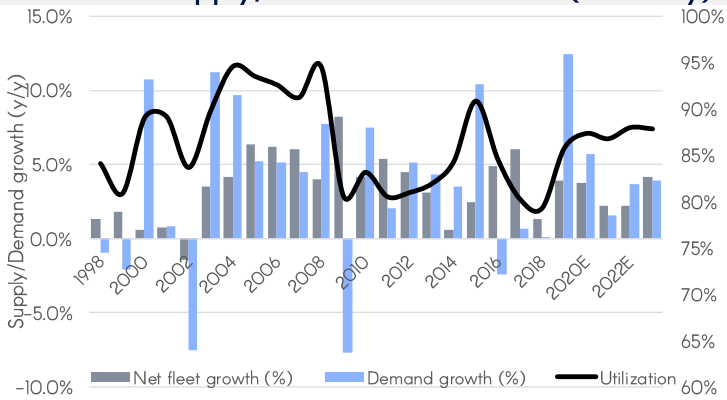
Oil tanker supply/demand & spot rates (quarterly)



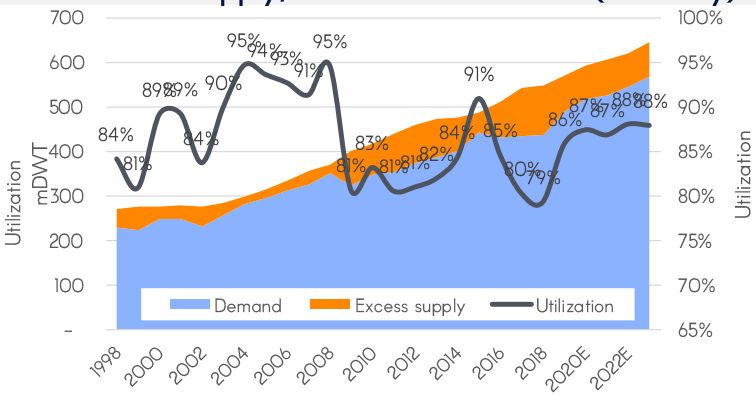
VLCC spot rates: Historical & forecast (quarterly)



Oil tanker supply/demand & utilization (annually)



Oil tanker supply/demand & utilization (annually)



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

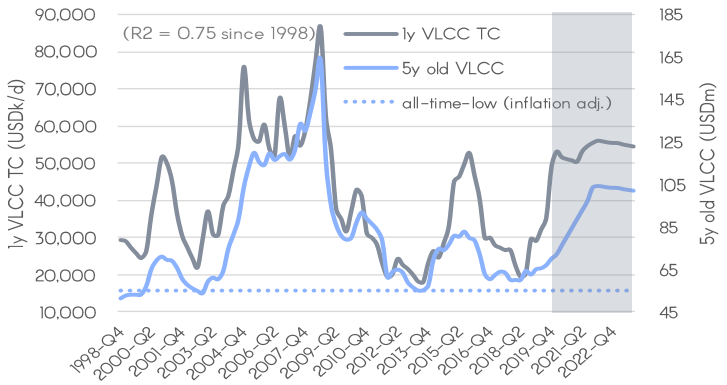
Asset & share prices

Asset values troughed in 2018 and our oil tanker asset price index has since risen 25%. Still, asset prices are trailing timecharter rates by some 29% vs the historical relationship. We see near-term upside in our oil tanker asset price index, +18% in one year and +33% in two years. The elasticity is higher for VLCCs than for other vessel classes, and we thus see a 5y old VLCC potentially +23% in one year and +45% in two years. Given the forward-looking nature of share and asset prices, and the historically significant relationship between the two;

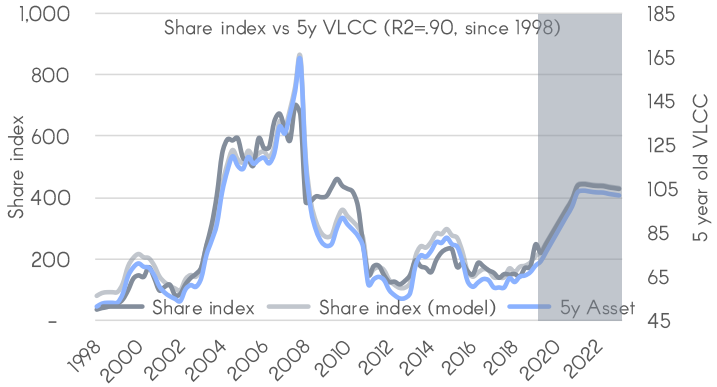
$$P_{shares} = f[P_{5y\ VLCC}] = f[1y\ TC_{5y\ VLCC}] = f[E(1y\ fwd\ spot\ revenue_{5y\ VLCC})], R^2 = 0.90\ since\ 1998$$

we believe that our oil tanker share index could rally 48% in one year and +96% in two years from current levels. However, our oil tanker share price index average of 249 in 4Q19 outpaced our model by 20%, and our model indicates our share index could average 221 in 1Q20E, before posting further gains ahead. Although such near-term forecasts are highly uncertain, it is in-line with the 19% fall in the share index over the past weeks, now 227.

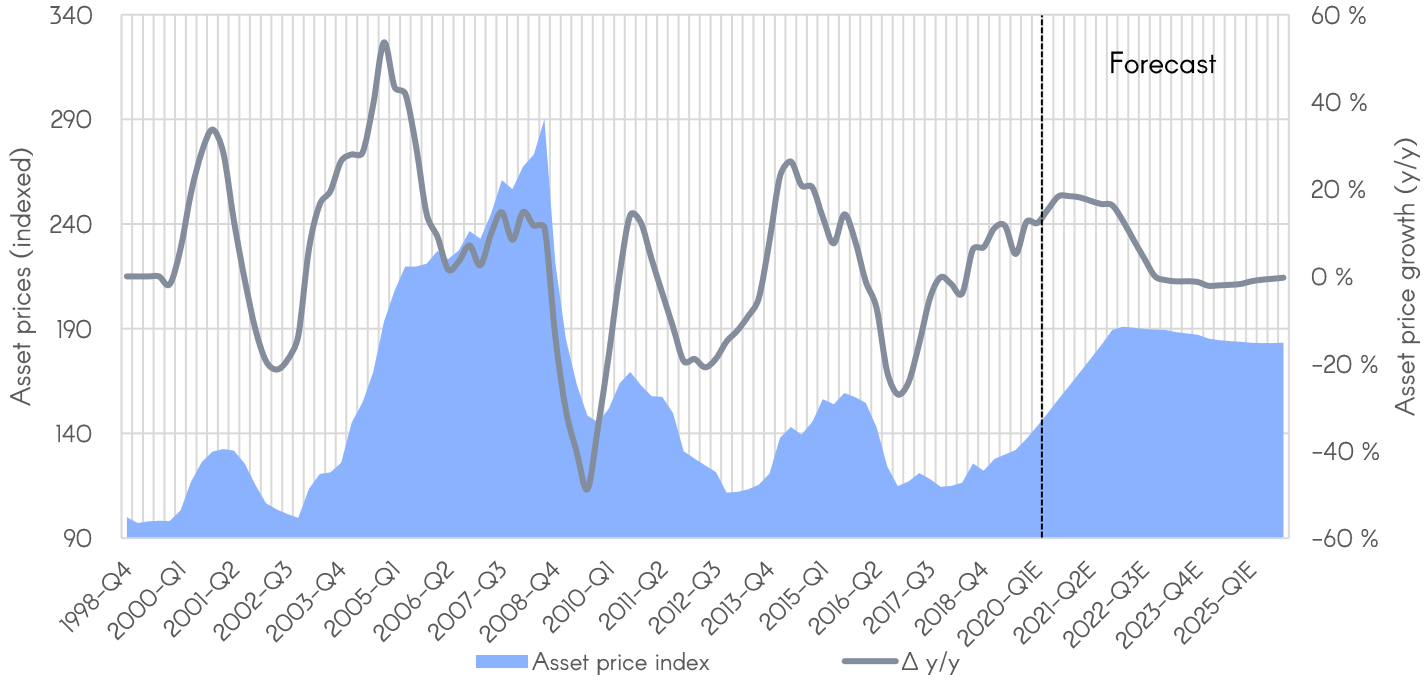
VLCC: 1y timecharter vs 5y asset price



Cleaves' oil tanker share index vs 5y VLCC



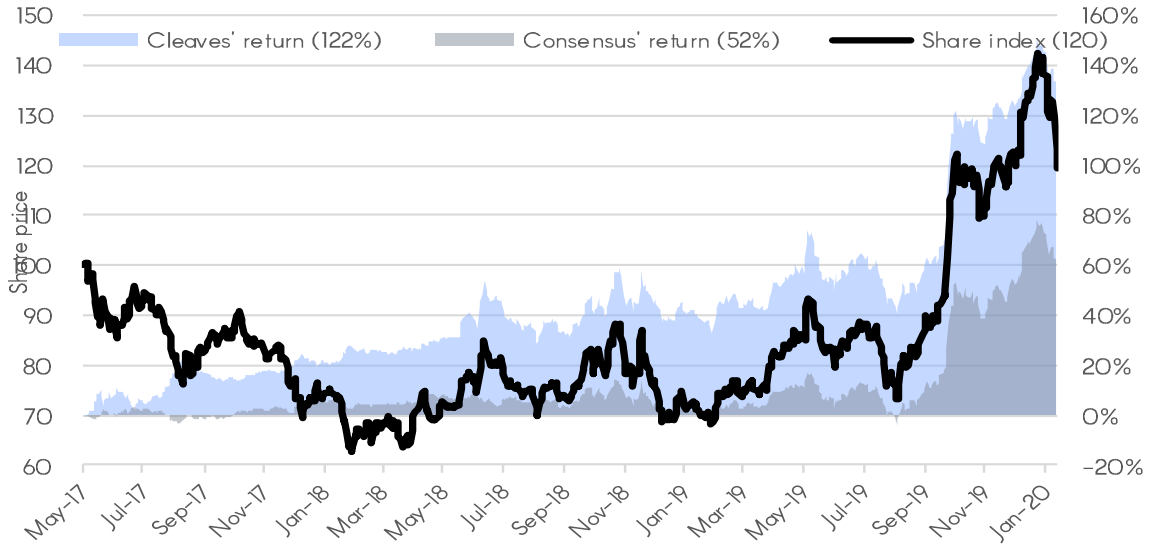
Cleaves' oil tanker asset price index



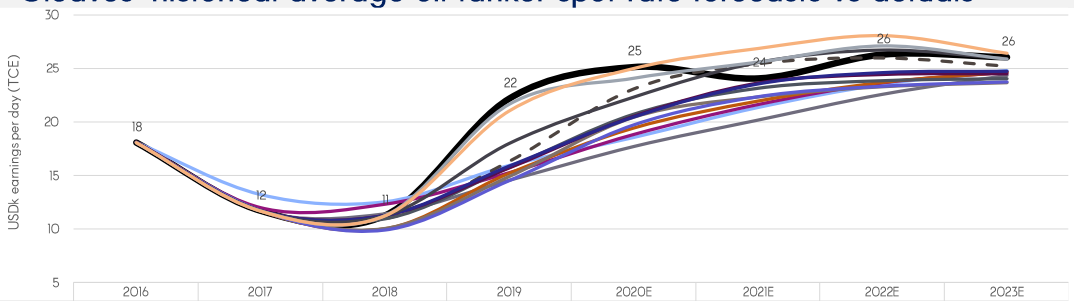
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Since we reinitiated coverage on Oil Tankers in May 2017, we have a 122% return on our recommendations vs the market at +20% and consensus at +52%.

Cleaves' return vs consensus and our oil tanker index

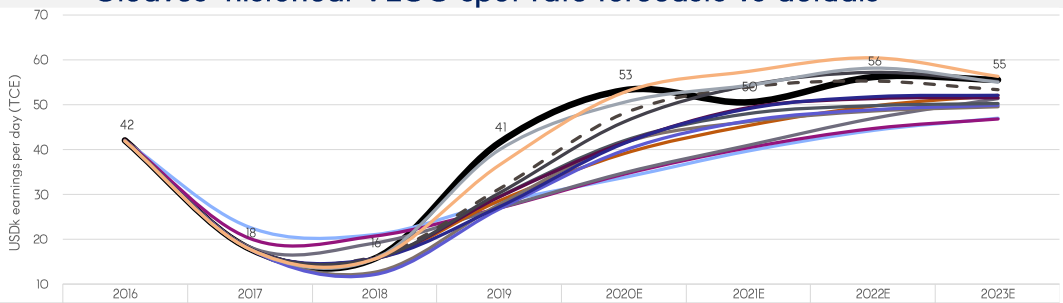


Cleaves' historical average oil tanker spot rate forecasts vs actuals



	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	18,047	11,655	11,216	22,168	25,111	24,049	26,278	26,029
May-17	18,047	13,153	12,481	15,882	18,492	21,296	23,455	24,745
Sep-17	18,047	11,933	12,258	15,206	18,773	21,571	23,592	24,595
Dec-17	18,047	11,644	11,381	14,518	17,673	20,146	22,553	24,321
Feb-18	18,047	11,655	9,992	15,174	19,393	21,907	23,648	24,603
May-18	18,047	11,655	10,913	16,283	23,043	25,398	25,935	25,164
Jul-18	18,047	11,655	9,992	14,865	20,400	22,298	23,250	23,631
Oct-18	18,047	11,655	9,831	14,476	19,703	22,350	23,330	23,741
Nov-18	18,047	11,655	10,918	15,717	20,677	23,096	23,799	23,993
Jan-19	18,047	11,655	11,216	15,654	20,465	23,572	24,369	24,437
Apr-19	18,047	11,655	11,216	15,845	20,441	23,537	24,595	24,724
Jul-19	18,047	11,655	11,216	17,986	22,315	25,558	26,717	25,908
Oct-19	18,047	11,655	11,216	21,655	24,079	25,587	27,107	25,866
Nov-19	18,047	11,655	11,216	21,023	24,978	26,843	28,039	26,398

Cleaves' historical VLCC spot rate forecasts vs actuals



	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	41,908	17,794	15,561	41,364	53,075	50,400	56,015	55,386
May-17	41,908	22,642	21,004	28,206	33,732	39,666	44,237	46,968
Sep-17	41,908	20,036	20,532	26,774	34,327	40,249	44,528	46,650
Dec-17	41,908	18,108	18,974	26,796	34,665	40,832	46,833	51,243
Feb-18	41,908	17,794	15,458	28,390	38,920	45,195	49,541	51,924
May-18	41,908	17,794	15,977	31,158	48,030	53,909	55,247	53,325
Jul-18	41,908	17,794	12,488	27,620	41,435	46,170	48,546	49,498
Oct-18	41,908	17,794	12,110	26,648	39,695	46,300	48,747	49,774
Nov-18	41,908	17,794	15,533	29,415	41,908	48,000	49,770	50,260
Jan-19	41,908	17,794	15,561	29,257	41,372	49,198	51,206	51,378
Apr-19	41,908	17,794	15,561	27,112	41,312	49,110	51,775	52,100
Jul-19	41,908	17,794	15,561	30,151	46,033	54,200	57,120	55,083
Oct-19	41,908	17,794	15,561	39,856	50,475	54,275	58,103	54,976
Nov-19	41,908	17,794	15,561	36,492	52,739	57,436	60,450	56,317

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Changes to our econometric model

New Demand/Supply (mDWT)

Oil Tankers, base case	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	22	26	37	32	35	28	17	11	12	26	33	24	32	23	19	28	33
Scrapping[1]	(3)	(4)	(7)	(11)	(9)	(11)	(11)	(7)	(2)	(2)	(11)	(20)	(3)	(9)	(8)	(8)	(8)
Other[1]	1	(6)	(1)	(6)	(1)	0	2	2	5	6	3	1	(9)	13	(0)	(0)	(0)
Contracting[1]	*42*	*54*	*15*	*37*	*12*	*14*	*37*	*28*	*51*	*12*	*35*	*27*	*22*	*32*	*33*	*34*	*34*
Supply[2]	**355**	**369**	**399**	**416**	**438**	**458**	**472**	**475**	**487**	**511**	**541**	**549**	**570**	**592**	**605**	**619**	**644**
Δ y/y	*6.0%*	*4.0%*	*8.2%*	*4.2%*	*5.4%*	*4.5%*	*3.1%*	*0.6%*	*2.5%*	*4.9%*	*6.0%*	*1.3%*	*3.9%*	*3.8%*	*2.2%*	*2.2%*	*4.1%*
Demand[2]	**324**	**349**	**322**	**346**	**353**	**371**	**387**	**401**	**443**	**432**	**435**	**435**	**489**	**517**	**525**	**545**	**566**
Δ y/y	*4.5%*	*7.7%*	*-7.7%*	*7.5%*	*2.0%*	*5.1%*	*4.3%*	*3.5%*	*10.4%*	*-2.4%*	*0.7%*	*0.1%*	*12.4%*	*5.7%*	*1.6%*	*3.7%*	*4.0%*
Utilization[2]	**91%**	**95%**	**81%**	**83%**	**81%**	**81%**	**82%**	**84%**	**91%**	**85%**	**80%**	**79%**	**86%**	**87%**	**87%**	**88%**	**88%**
Oil Tankers[2] (TCE)	**32,769**	**43,115**	**12,734**	**15,537**	**12,007**	**12,558**	**13,626**	**17,930**	**31,036**	**18,047**	**11,655**	**11,216**	**22,168**	**25,111**	**24,049**	**26,278**	**26,029**
VLCC, spot[2] (TCE)	**58,795**	**97,152**	**28,434**	**34,060**	**18,596**	**21,187**	**18,621**	**30,015**	**64,846**	**41,908**	**17,794**	**15,561**	**41,364**	**53,075**	**50,400**	**56,015**	**55,386**
Suezmax, spot[2] (TCE)	**43,437**	**73,863**	**25,733**	**27,864**	**18,432**	**16,908**	**15,511**	**27,791**	**46,713**	**27,799**	**15,436**	**16,466**	**31,560**	**36,805**	**35,069**	**38,712**	**38,304**
Aframax, spot[2] (TCE)	**33,311**	**50,010**	**14,370**	**17,690**	**12,378**	**12,541**	**14,131**	**24,705**	**37,977**	**23,142**	**13,873**	**16,175**	**26,225**	**28,382**	**27,171**	**29,714**	**29,429**
MR, spot[2] (TCE)	**23,669**	**21,168**	**9,176**	**10,692**	**10,638**	**10,589**	**13,277**	**12,360**	**21,405**	**12,166**	**10,220**	**8,750**	**13,740**	**16,960**	**16,403**	**17,571**	**17,440**
VLCC, 5y[2] (USDm)	**126**	**142**	**85**	**87**	**77**	**63**	**56**	**74**	**81**	**68**	**62**	**62**	**67**	**78**	**96**	**104**	**103**
Suezmax, 5y[2] (USDm)	**90**	**95**	**61**	**62**	**54**	**45**	**40**	**50**	**60**	**49**	**41**	**41**	**46**	**54**	**63**	**68**	**67**
Aframax, 5y[2] (USDm)	**68**	**71**	**44**	**44**	**39**	**31**	**29**	**39**	**46**	**36**	**30**	**31**	**36**	**43**	**51**	**53**	**53**
MR, 5y[2] (USDm)	**50**	**50**	**29**	**27**	**29**	**25**	**26**	**27**	**28**	**25**	**24**	**25**	**27**	**29**	**31**	**31**	**31**
OB[2]	**159**	**176**	**153**	**130**	**107**	**70**	**56**	**71**	**86**	**90**	**70**	**71**	**57**	**53**	**63**	**78**	**79**
OB/Fleet[2]	**45%**	**48%**	**38%**	**31%**	**24%**	**15%**	**12%**	**15%**	**18%**	**18%**	**13%**	**13%**	**10%**	**9%**	**10%**	**13%**	**12%**
Share Index[2]	**630**	**587**	**401**	**442**	**298**	**158**	**131**	**176**	**222**	**169**	**172**	**149**	**185**	**264**	**384**	**442**	**434**

[1]Sum during period [2]Average during period

Old Demand/Supply (mDWT)

Oil Tankers, base case	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	22	26	37	32	35	28	17	11	12	26	33	24	32	22	17	32	36
Scrapping[1]	(3)	(4)	(7)	(11)	(9)	(11)	(11)	(7)	(2)	(2)	(11)	(20)	(4)	(9)	(8)	(7)	(8)
Other[1]	1	(6)	(1)	(6)	(1)	0	2	2	5	6	3	1	(8)	10	0	0	0
Contracting[1]	*42*	*54*	*15*	*37*	*12*	*14*	*37*	*28*	*52*	*12*	*35*	*27*	*23*	*33*	*36*	*36*	*34*
Supply[2]	**355**	**369**	**399**	**416**	**438**	**458**	**472**	**475**	**487**	**511**	**542**	**549**	**571**	**588**	**601**	**618**	**646**
Δ y/y	*6.0%*	*4.0%*	*8.2%*	*4.2%*	*5.4%*	*4.5%*	*3.1%*	*0.6%*	*2.5%*	*4.9%*	*6.0%*	*1.3%*	*4.1%*	*2.9%*	*2.2%*	*2.8%*	*4.4%*
Demand[2]	**324**	**349**	**322**	**346**	**353**	**371**	**387**	**401**	**443**	**432**	**435**	**435**	**488**	**515**	**531**	**550**	**570**
Δ y/y	*4.5%*	*7.7%*	*-7.7%*	*7.5%*	*2.0%*	*5.1%*	*4.3%*	*3.5%*	*10.4%*	*-2.4%*	*0.7%*	*0.1%*	*12.1%*	*5.5%*	*3.0%*	*3.7%*	*3.7%*
Utilization[2]	**91%**	**95%**	**81%**	**83%**	**81%**	**81%**	**82%**	**84%**	**91%**	**85%**	**80%**	**79%**	**85%**	**88%**	**88%**	**89%**	**88%**
Oil Tankers[2] (TCE)	**32,769**	**43,115**	**12,734**	**15,537**	**12,007**	**12,558**	**13,626**	**17,930**	**31,036**	**18,047**	**11,655**	**11,216**	**21,023**	**24,978**	**26,843**	**28,039**	**26,398**
VLCC, spot[2] (TCE)	**58,795**	**97,152**	**28,434**	**34,059**	**18,596**	**21,187**	**18,621**	**30,015**	**64,846**	**41,908**	**17,794**	**15,561**	**36,492**	**52,739**	**57,436**	**60,450**	**56,317**
Suezmax, spot[2] (TCE)	**43,437**	**73,863**	**25,733**	**27,864**	**18,432**	**16,908**	**15,511**	**27,791**	**46,713**	**27,799**	**15,436**	**16,466**	**27,282**	**36,587**	**39,634**	**41,590**	**38,908**
Aframax, spot[2] (TCE)	**33,311**	**50,010**	**14,371**	**17,690**	**12,378**	**12,541**	**14,131**	**24,705**	**37,954**	**23,142**	**13,873**	**16,175**	**25,902**	**28,229**	**30,357**	**31,722**	**29,850**
MR, spot[2] (TCE)	**23,669**	**21,168**	**9,176**	**10,692**	**10,638**	**10,589**	**13,464**	**12,517**	**21,444**	**12,166**	**10,213**	**8,750**	**13,526**	**16,902**	**17,878**	**18,505**	**17,645**
VLCC, 5y[2] (USDm)	**126**	**142**	**85**	**87**	**77**	**63**	**56**	**74**	**81**	**68**	**62**	**62**	**68**	**88**	**110**	**109**	**104**
Suezmax, 5y[2] (USDm)	**90**	**95**	**61**	**62**	**54**	**45**	**40**	**50**	**60**	**49**	**41**	**41**	**47**	**60**	**73**	**71**	**67**
Aframax, 5y[2] (USDm)	**68**	**71**	**44**	**44**	**39**	**31**	**29**	**39**	**46**	**36**	**30**	**31**	**36**	**48**	**59**	**56**	**53**
MR, 5y[2] (USDm)	**50**	**50**	**29**	**27**	**29**	**25**	**26**	**27**	**28**	**25**	**24**	**25**	**27**	**31**	**37**	**32**	**31**
OB[2]	**159**	**176**	**153**	**130**	**107**	**70**	**56**	**71**	**86**	**91**	**71**	**71**	**57**	**59**	**71**	**87**	**88**
OB/Fleet[2]	**45%**	**48%**	**38%**	**31%**	**24%**	**15%**	**12%**	**15%**	**18%**	**18%**	**13%**	**13%**	**10%**	**10%**	**12%**	**14%**	**14%**
Share Index[2]	**630**	**587**	**401**	**442**	**298**	**158**	**131**	**176**	**222**	**169**	**172**	**149**	**178**	**323**	**472**	**469**	**429**

[1]Sum during period [2]Average during period

Δ Demand/Supply (mDWT)

Oil Tankers, base case	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	-	-	-	-	-	-	-	-	-	-	-	(0.0)	0.2	1.0	1.5	(3.4)	(2.5)
Scrapping[1]	-	-	-	-	-	-	-	-	-	-	-	-	0.4	(0.1)	(0.7)	(0.5)	(0.2)
Other[1]	0	-	(0)	-	0	(0)	0	(0)	(0)	0	(0)	0.0	(0.8)	2.3	(0.0)	(0.0)	(0.0)
Contracting[1]	*(0)*	*(0)*	-	-	-	-	-	*(0)*	*(0)*	*(0)*	*(0)*	*0.5*	*(1.0)*	*(0.7)*	*(3.4)*	*(1.8)*	*(0.2)*
Supply[2]	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(0)**	**(0.0)**	**(0.8)**	**4.0**	**3.9**	**0.5**	**(1.5)**
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-0.1%*	*0.8%*	*0.0%*	*-0.6%*	*-0.3%*
Demand[2]	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(0)**	**(0)**	**1**	**2**	**(5)**	**(5)**	**(4)**
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.3%*	*0.2%*	*-1.5%*	*0.0%*	*0.3%*
Utilization[2]	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.3%**	**-0.2%**	**-1.4%**	**-0.9%**	**-0.4%**
Oil Tankers[2] (TCE)	**(0)**	**0**	**(0)**	**0**	**(0)**	**0**	**(0)**	**(0)**	**0**	**(0)**	**(0)**	**0**	**1,145**	**133**	**(2,794)**	**(1,761)**	**(370)**
VLCC, spot[2] (TCE)	**0**	**(0)**	**0**	**0**	**0**	**0**	**0**	**0**	**(0)**	**0**	**(0)**	**0**	**4,871**	**336**	**(7,036)**	**(4,435)**	**(931)**
Suezmax, spot[2] (TCE)	**(0)**	**0**	**(0)**	**0**	**0**	**0**	**0**	**(0)**	**(0)**	**0**	**(0)**	**(0)**	**4,278**	**218**	**(4,565)**	**(2,878)**	**(604)**
Aframax, spot[2] (TCE)	**(0)**	**0**	**(0)**	**(0)**	**0**	**(0)**	**0**	**(0)**	**23**	**0**	**0**	**(0)**	**323**	**153**	**(3,186)**	**(2,008)**	**(421)**
MR, spot[2] (TCE)	**0**	**(0)**	**(0)**	**0**	**0**	**(0)**	**(187)**	**(157)**	**(40)**	**0**	**7**	**(0)**	**214**	**58**	**(1,475)**	**(933)**	**(205)**
VLCC, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(10)**	**(14)**	**(6)**	**(1)**
Suezmax, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0)**	**(6)**	**(10)**	**(3)**	**(0)**
Aframax, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(5)**	**(8)**	**(3)**	**(0)**
MR, 5y[2] (USDm)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0**	**(2)**	**(6)**	**(1)**	**(0)**
OB[2]	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**	**(1)**	**(1)**	**(0)**	**(5)**	**(8)**	**(9)**	**(8)**
OB/Fleet[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-1%**	**-1%**	**-1%**
Share Index[2]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**(58)**	**(88)**	**(27)**	**5**

[1]Sum during period [2]Average during period

Demand/Supply (mDWT)

Oil Tankers, base case	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	5%	9%	-11%	-7%
Scrapping[1]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-12%	1%	9%	6%	3%
Other[1]	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	2%	10%	22%	-210%	-398%	-104%
Contracting[1]	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-1%*	*-2%*	*0%*	*2%*	*-4%*	*-2%*	*-9%*	*-5%*	*0%*
Supply[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**1%**	**0%**	**0%**
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-3%*	*28%*	*-1%*	*-21%*	*-7%*
Demand[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-1%**	**-1%**
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-1%*	*-2%*	*2%*	*4%*	*-48%*	*0%*	*8%*
Utilization[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-2%**	**-1%**	**0%**
Oil Tankers[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**5%**	**1%**	**-10%**	**-6%**	**-1%**
VLCC, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**13%**	**1%**	**-12%**	**-7%**	**-2%**
Suezmax, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**16%**	**1%**	**-12%**	**-7%**	**-2%**
Aframax, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**1%**	**-10%**	**-6%**	**-1%**
MR, spot[2] (TCE)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-1%**	**0%**	**0%**	**0%**	**0%**	**2%**	**0%**	**-8%**	**-5%**	**-1%**
VLCC, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-11%**	**-13%**	**-5%**	**-1%**
Suezmax, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-10%**	**-14%**	**-5%**	**-1%**
Aframax, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-2%**	**-11%**	**-14%**	**-5%**	**-1%**
MR, 5y[2] (USDm)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**-6%**	**-16%**	**-4%**	**0%**
OB[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-1%**	**-1%**	**-1%**	**-1%**	**-9%**	**-11%**	**-11%**	**-10%**
OB/Fleet[2]	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Share Index[2]																	

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Asset Valuation Revised Up, Again

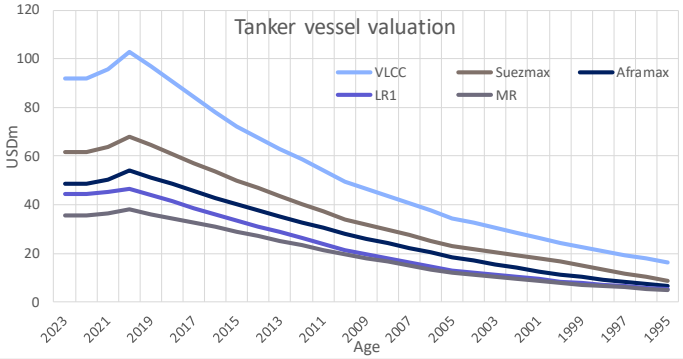
Considering the recent surge in spot rates and subsequent surge in timecharter rates, our longstanding view that asset prices would rise is playing out in front of our eyes. We once again in just a few months revise our asset valuations up again, between 1% and 16% depending on vintage and asset class (please see tables below). Our updated valuations are based on a balanced approach between last done and brokers' ask in a rising market.

Asset valuation overview

Summary	VLCC	Suezmax	Aframax	LR2	LR1	MR	SR
NB	92.0	61.5	48.5	50.5	44.5	35.8	33.8
resale	103.0	68.0	54.0	56.0	46.5	38.0	36.5
5y	72.0	50.0	40.0	41.5	33.5	29.0	26.5
10y	49.5	34.0	28.0	29.0	21.5	19.5	16.0
15y	34.5	23.0	18.5	19.5	13.0	12.0	10.0
20y	24.2	16.5	11.0	11.5	8.4	7.8	5.2
scrap	16.2	8.7	6.7	6.7	5.1	4.7	3.2

All prices are excluding scrubbers

Asset valuation overview



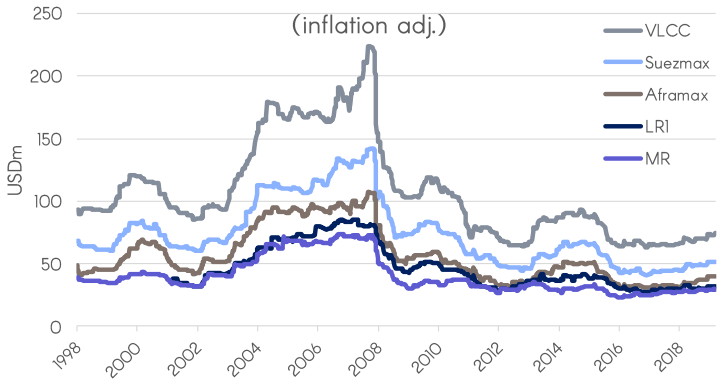
Changes to our asset valuation (USDm)

Changes	VLCC	Suezmax	Aframax	LR2	LR1	MR	SR
NB	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3
resale	3.0	1.0	2.5	2.5	0.0	0.0	0.0
5y	2.0	1.5	2.5	2.5	2.5	0.5	0.0
10y	1.5	2.0	2.5	2.5	3.0	0.5	0.0
15y	0.0	2.5	1.5	1.5	0.5	0.0	0.0
20y	0.4	1.7	1.2	1.2	0.9	0.8	0.6
scrap	0.4	0.2	0.2	0.2	0.1	0.1	0.1

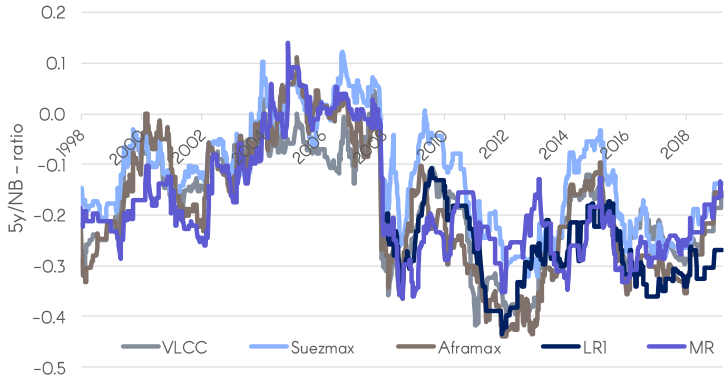
Changes to our asset valuation (%)

Changes	VLCC	Suezmax	Aframax	LR2	LR1	MR	SR
NB	0%	0%	0%	0%	0%	-1%	-1%
resale	3%	1%	5%	5%	0%	0%	0%
5y	3%	3%	7%	6%	8%	2%	0%
10y	3%	6%	10%	9%	16%	3%	0%
15y	0%	12%	9%	8%	4%	0%	0%
20y	2%	12%	12%	11%	12%	12%	12%
scrap	3%	3%	3%	3%	3%	3%	3%

Historical 5y old vessel valuation

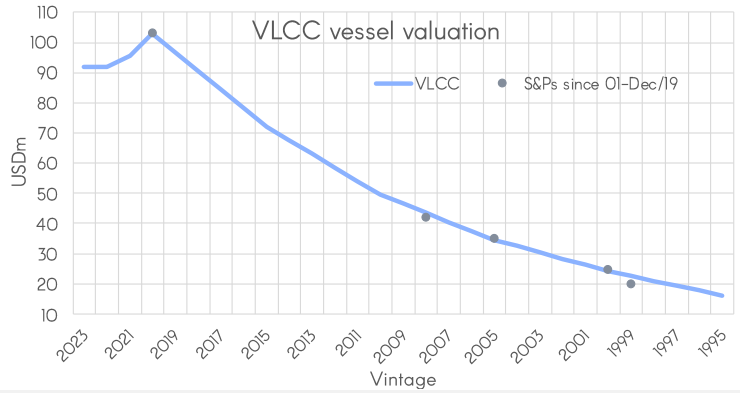


Historical price ratio, 5y / newbuild

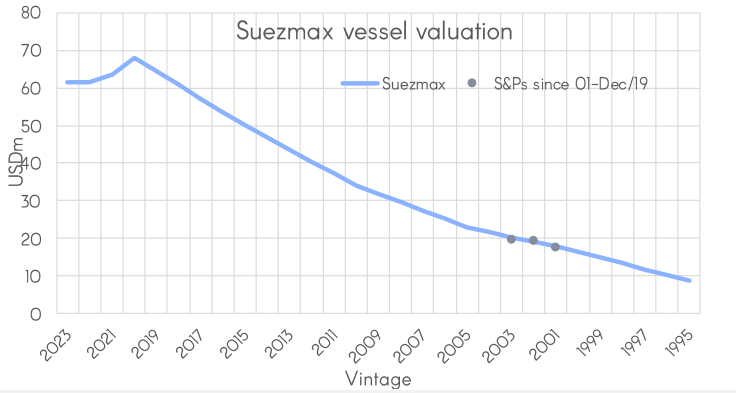


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

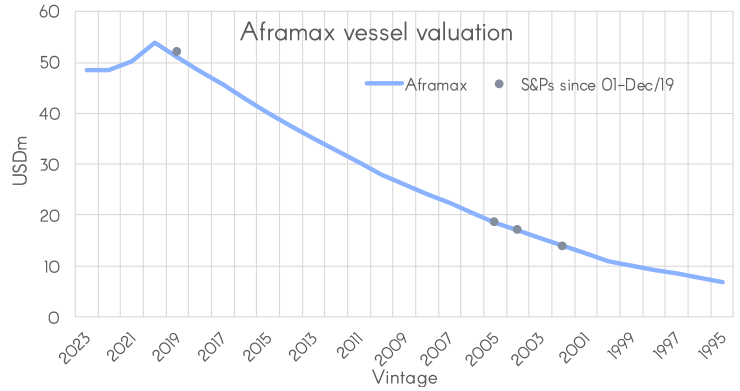
VLCC valuation vs recent S&P



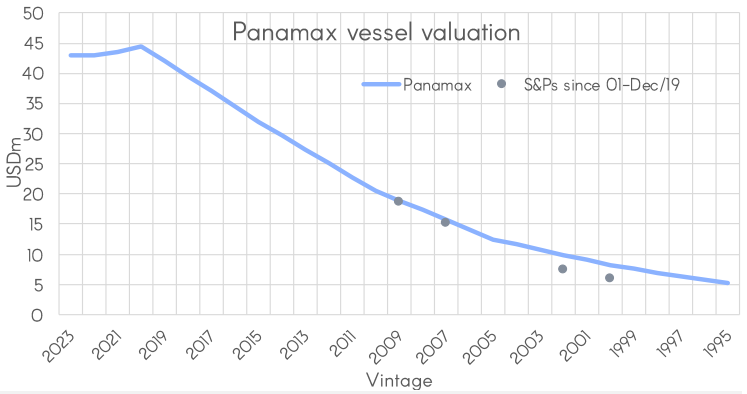
Suezmax valuation vs recent S&P



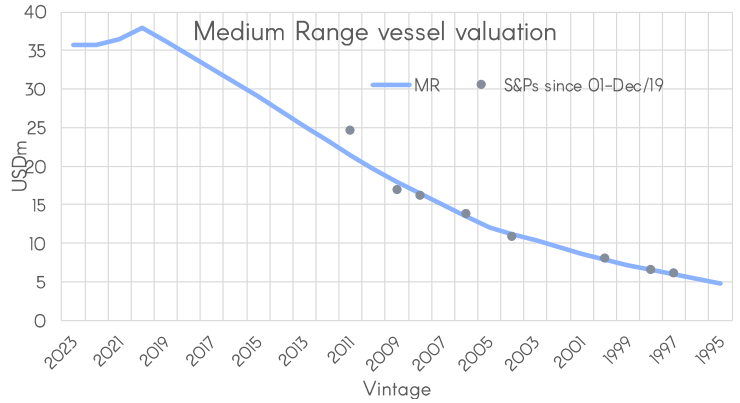
Aframax valuation vs recent S&P



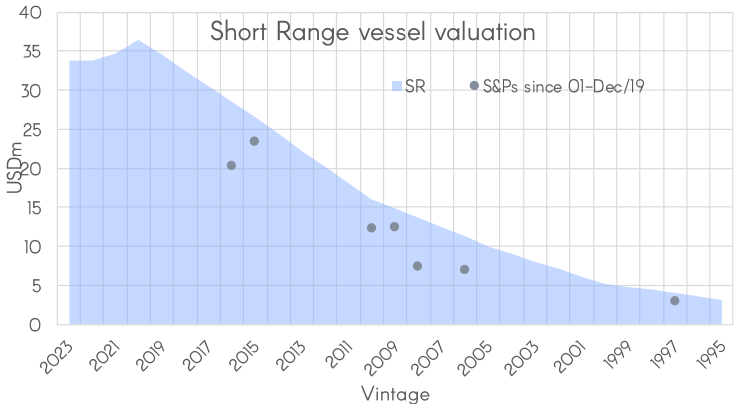
Panamax valuation vs recent S&P



MR valuation vs recent S&P



SR valuation vs recent S&P

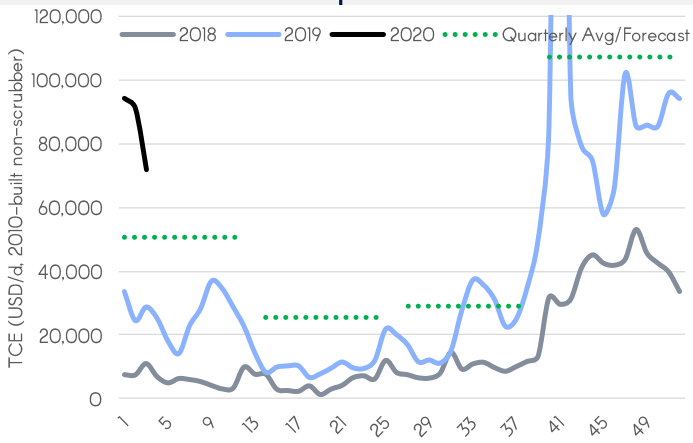


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

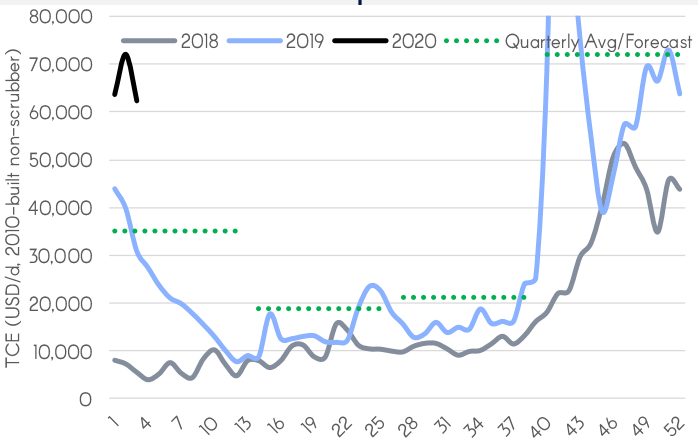
Oil Tankers

Earnings

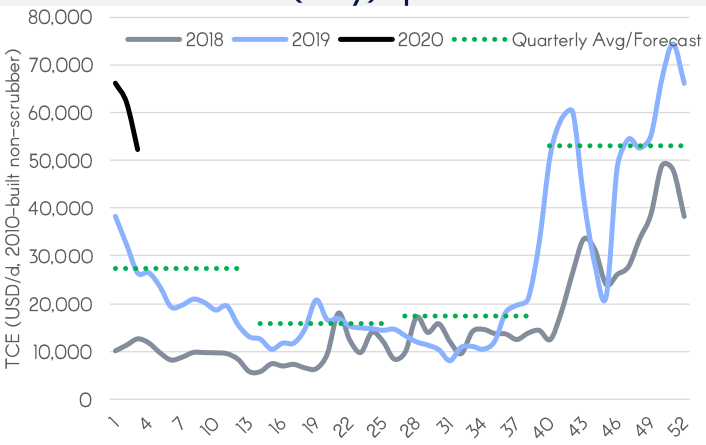
VLCC spot rates



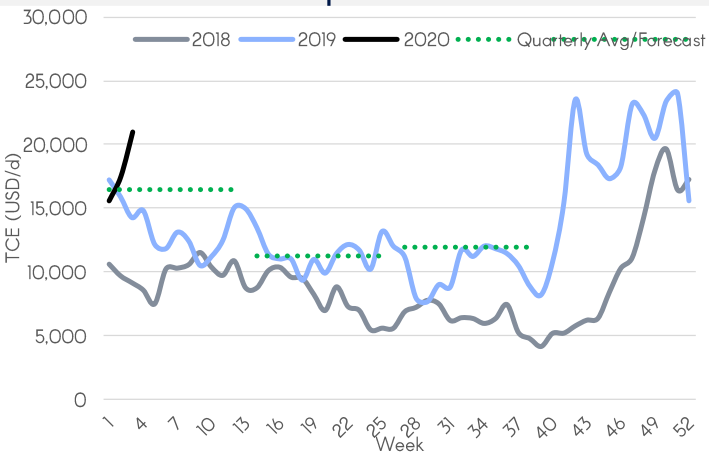
Suezmax spot rates



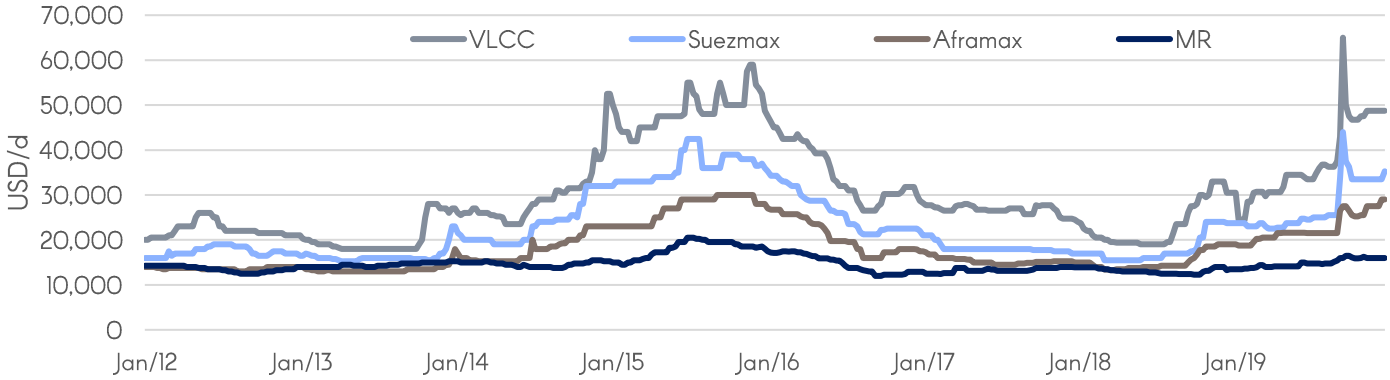
Aframax (dirty) spot rates



MR spot rates



Timecharter rates



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Generic Shipping Accounting

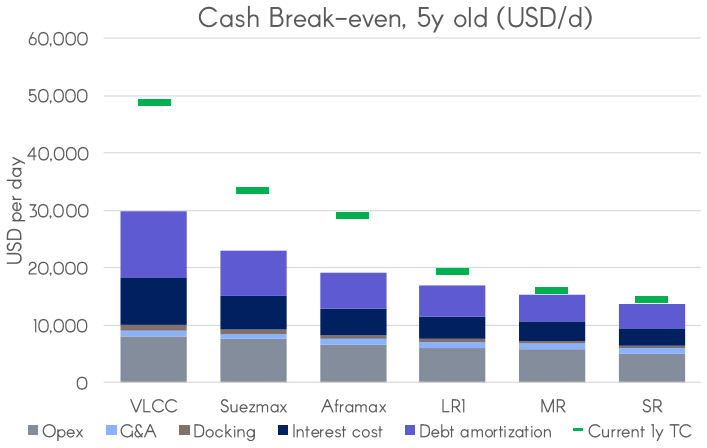
Current vessel economics (5y old)

Current vessel economics (5y old)						
Profit & Loss (USDm)	VLCC	Suezmax	Aframax	LR1	MR	SR
Revenue	17.6	12.1	10.4	6.9	5.8	5.2
Opex/G&A	-3.3	-3.1	-2.7	-2.6	-2.5	-2.2
EBITDA	**14.3**	**9.0**	**7.7**	**4.4**	**3.3**	**3.0**
Depreciation	-2.8	-2.1	-1.7	-1.4	-1.2	-1.2
EBIT	**11.5**	**6.9**	**6.0**	**3.0**	**2.1**	**1.9**
Financials (6% pa)	-3.0	-2.1	-1.7	-1.4	-1.2	-1.1
Net profit	**8.4**	**4.8**	**4.3**	**1.5**	**0.9**	**0.7**
Balance (USDm)	VLCC	Suezmax	Aframax	LR1	MR	SR
Asset (5y)	**72.0**	**50.0**	**40.0**	**33.5**	**29.0**	**26.5**
Equity (30%)	21.6	15.0	12.0	10.1	8.7	8.0
Debt (70%)	50.4	35.0	28.0	23.5	20.3	18.6
Cash Flow (USDm)	VLCC	Suezmax	Aframax	LR1	MR	SR
Net profit	8.4	4.8	4.3	1.5	0.9	0.7
Depreciation	2.8	2.1	1.7	1.4	1.2	1.2
Operational CF	**11.2**	**6.9**	**6.0**	**3.0**	**2.1**	**1.9**
Docking accruals	-0.4	-0.3	-0.3	-0.2	-0.2	-0.1
Debt repayments	-4.2	-2.9	-2.3	-2.0	-1.7	-1.5
Net Cash Flow	**6.7**	**3.6**	**3.4**	**0.8**	**0.2**	**0.2**
Key Ratios	VLCC	Suezmax	Aframax	LR1	MR	SR
EV/EBITDA	5.0	5.6	5.2	7.7	8.8	8.7
EV/EBIT	6.3	7.3	6.6	11.4	14.0	14.3
P/E	2.6	3.1	2.8	6.5	10.1	10.7
ROE	39%	32%	36%	15%	10%	9%
ROCE	16%	14%	15%	9%	7%	7%
FCF yield	50%	44%	48%	27%	22%	22%
Variables	VLCC	Suezmax	Aframax	LR1	MR	SR
1y TC (USD/d)	48,750	33,500	29,000	19,250	16,000	14,500
Opex (USD/d)	-8,000	-7,500	-6,500	-6,000	-5,750	-5,000
G&A (USD/d)	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Docking (USD/d)	-1,000	-800	-700	-600	-500	-400

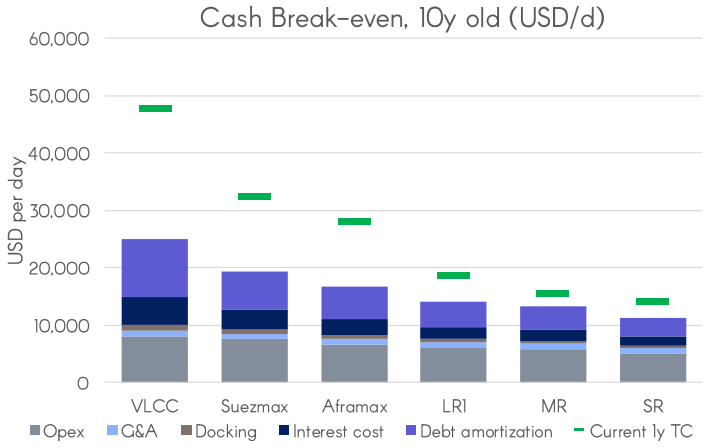
Assumptions: 25 years life, depreciated to scrap, 360 revenue days, 365 opex days, 12 years debt amortization

Cash Break-even, 5y old (USD/d)	VLCC	Suezmax	Aframax	LR1	MR	SR
Opex	8,000	7,500	6,500	6,000	5,750	5,000
G&A	1,000	1,000	1,000	1,000	1,000	1,000
Docking	1,000	800	700	600	500	400
Interest cost	8,285	5,753	4,603	3,855	3,337	3,049
Debt amortization	11,507	7,991	6,393	5,354	4,635	4,235
Cash Break-even	**29,792**	**23,044**	**19,195**	**16,809**	**15,222**	**13,684**
Current 1y TC	**48,750**	**33,500**	**29,000**	**19,250**	**16,000**	**14,500**
NB parity rate	**31,980**	**23,677**	**19,281**	**17,767**	**15,209**	**13,966**

Cash break-even vs 1y TC on a 5y old vessel



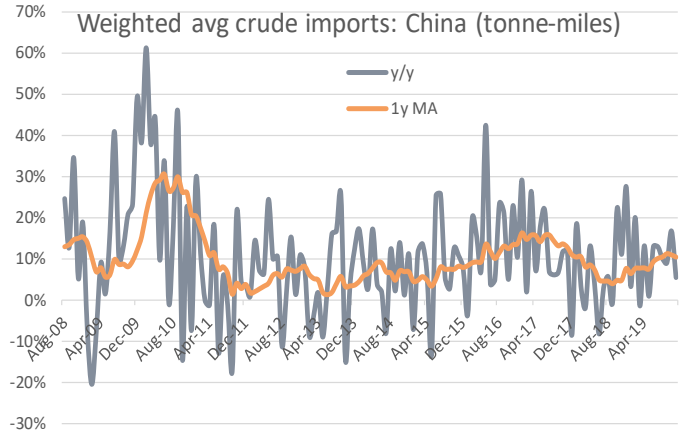
Cash break-even vs 1y TC on a 10y old vessel



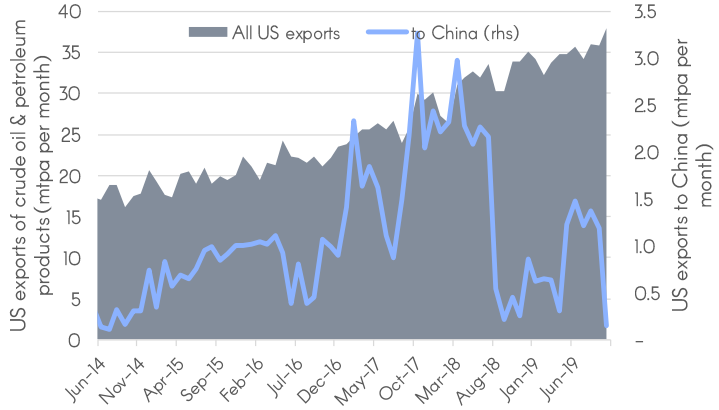
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Market Snapshots

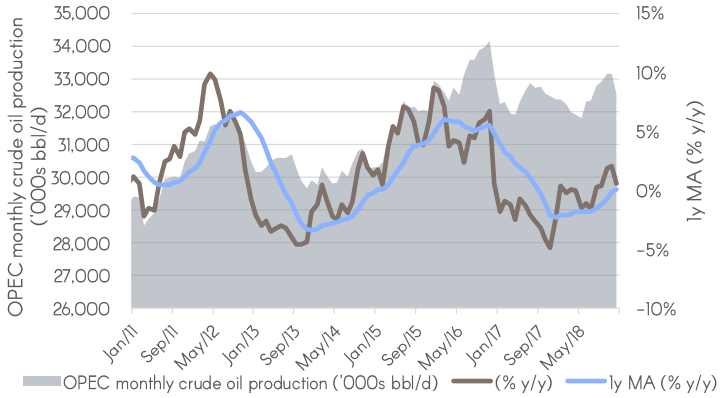
Chinese imports remain strong



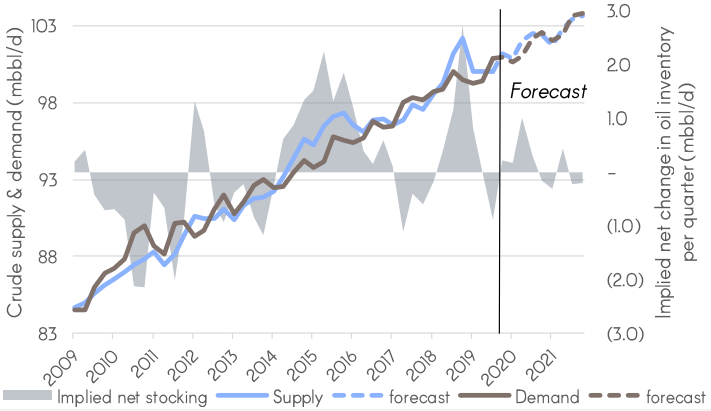
US exports rising rapidly



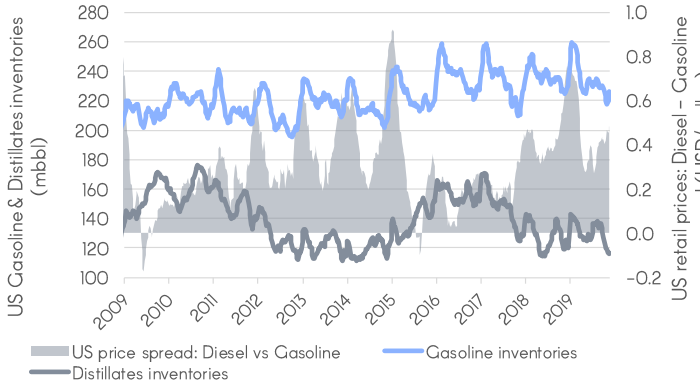
OPEC monthly crude oil production



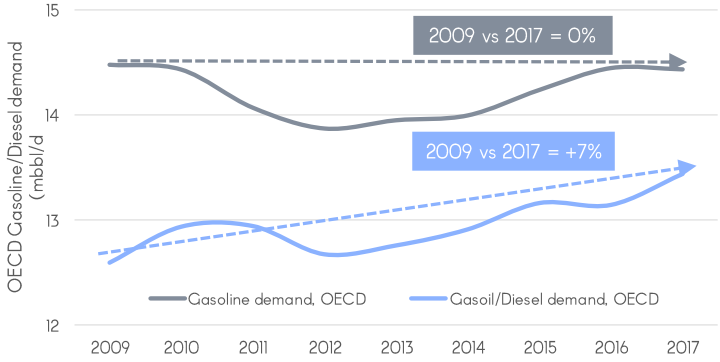
Global oil supply/demand & implied net stocking



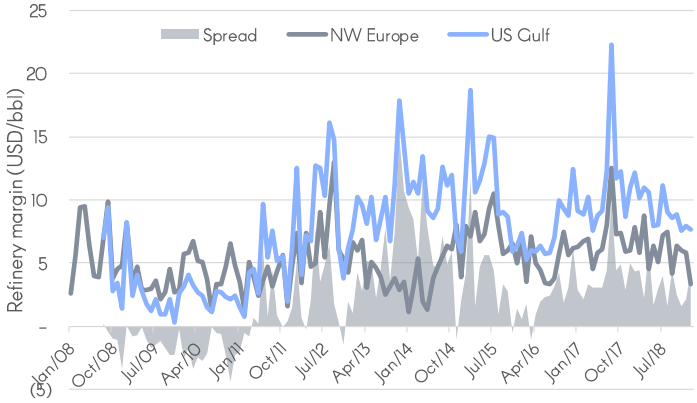
US light/sweet crude => less diesel



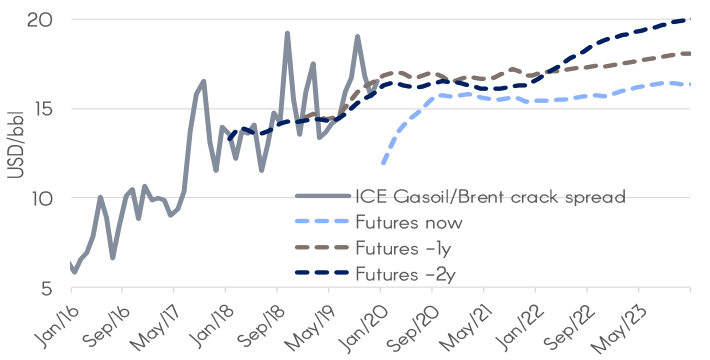
OECD demand for diesel outpacing gasoline



Refinery margins (FCC), US Gulf vs NW Europe



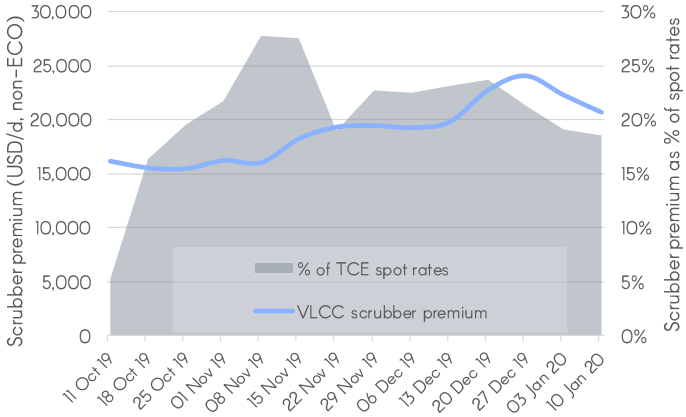
Gasoil crack spread futures



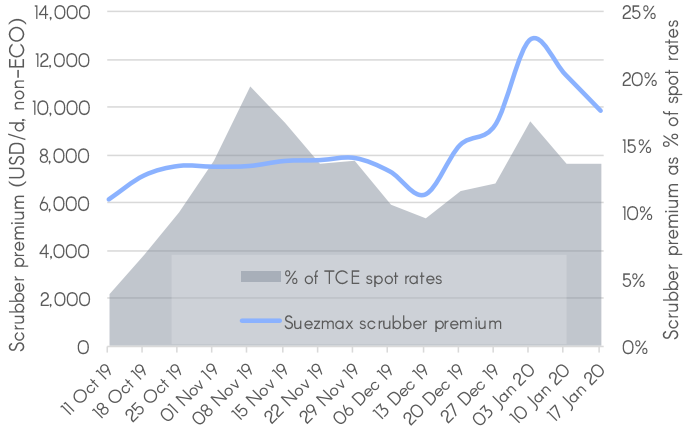
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

IMO 2020 Sulphur Regulations

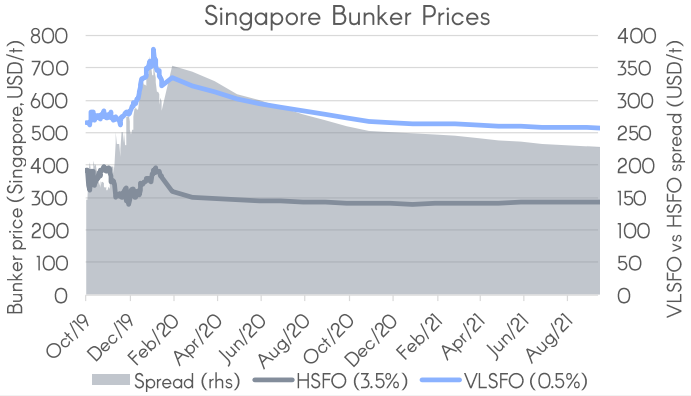
VLCC spot rate scrubber premium



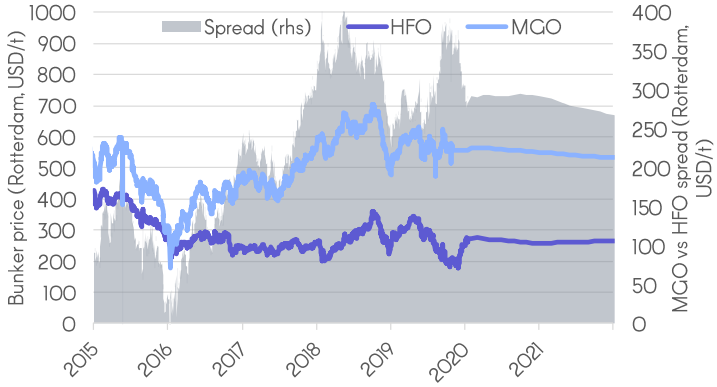
Suezmax spot rate scrubber premium



VLSFO vs HSFO in Singapore: Spot & futures



MGO vs HFO in Rotterdam: Spot vs futures



Scrubber economics

Dry bulk scrubber economics (2010-built)			
(USDm)	Capesize	Kamsarmax	Supramax
Cost of scrubber installation	-2.8	-2.6	-2.6
Offhire "cost"	-0.3	-0.3	-0.3
Annual savings	2.9	1.4	1.2
Payback time	1.1	2.1	2.4
VLSFO/HSFO spread from futures market	**311**		
Fuel consumption per day at sea, 2010-built (t)	43	24	22
Voyage days per annum	250	225	200
Scrubber running costs* (USD per calendar day)	-1,274	-675	-578
Savings per day at sea (USD/d)	11,521	6,217	5,791
Savings per calendar day (USD/d)	7,891	3,833	3,173

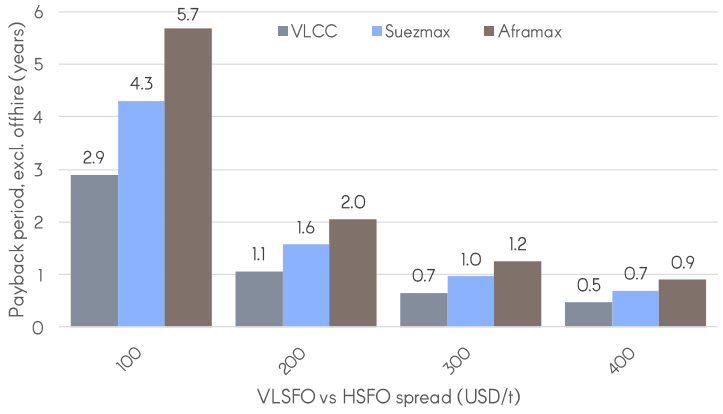
** Reflects added energy consumption & maintenance capex*

Oil tanker scrubber economics (2010-built)			
(USDm)	VLCC	Suezmax	Aframax
Cost of scrubber installation	-3.2	-3.1	-2.9
Offhire "cost"	-2.6	-1.9	-1.8
Annual savings	5.1	3.3	2.4
Payback time	1.1	1.5	1.9
VLSFO/HSFO spread from futures market	**311**		
Fuel consumption per day at sea, 2010-built (t)	65	45	35
Voyage days per annum	292	276	260
Scrubber running costs* (USD per calendar day)	-2,176	-1,457	-1,093
Savings per day at sea (USD/d)	17,507	12,077	9,357
Savings per calendar day (USD/d)	14,006	9,132	6,665

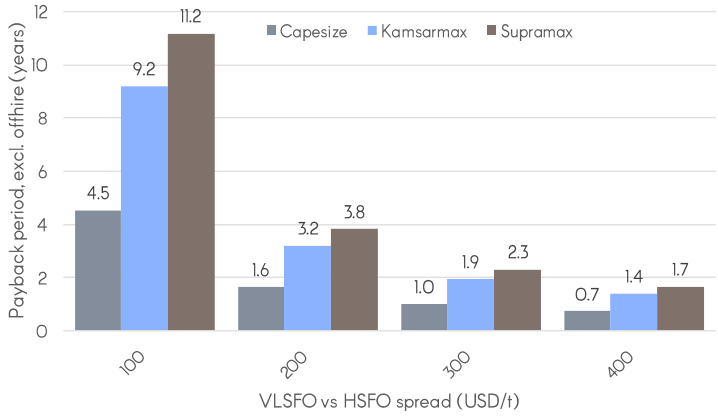
** Reflects added energy consumption & maintenance capex*

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Oil tankers: Scrubber payback sensitivity



Dry bulk: Scrubber payback sensitivity



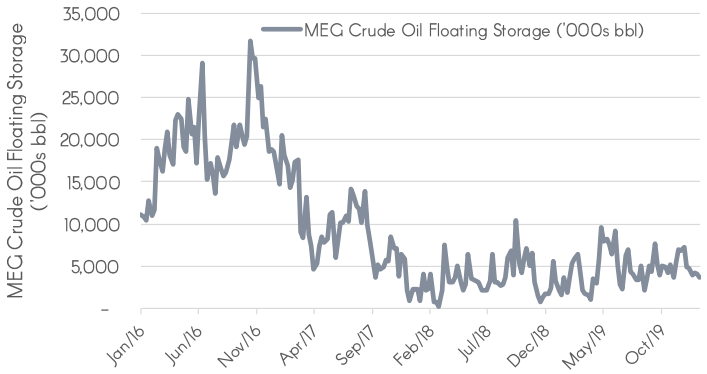
Oil Tanker Storage Economics

VLCC & Suezmax floating storage economics

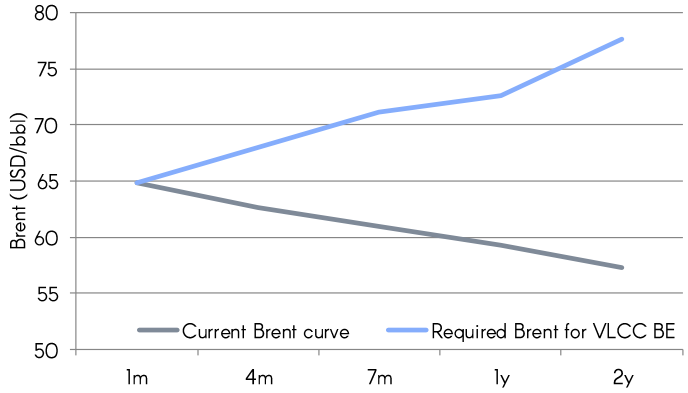
Crude tanker storage arbitrage (excl. cost of carry)

	1m	4m	7m	1y	2y
Brent (USD/bbl)	64.9	62.7	61.0	59.3	57.3
Time-spread against 1m		-2.2	-3.9	-5.6	-7.6
Profit/loss from storage at current rates (USDm)					
VLCC		-11.2	-21.2	-28.0	-42.8
Suezmax		-7.9	-15.2	-17.3	-29.0
Required Brent fwd price for VLCC break-even					
Brent (USD/bbl)	64.9	68.0	71.1	72.6	77.6
Time-spread against 1m		3.1	6.3	7.8	12.8
Required tanker rates for storage to break-even					
VLCC		(50,658)	(44,441)	(34,916)	(22,796)
Suezmax		(24,123)	(21,162)	(16,627)	(10,855)

Crude oil floating storage in the Middle East



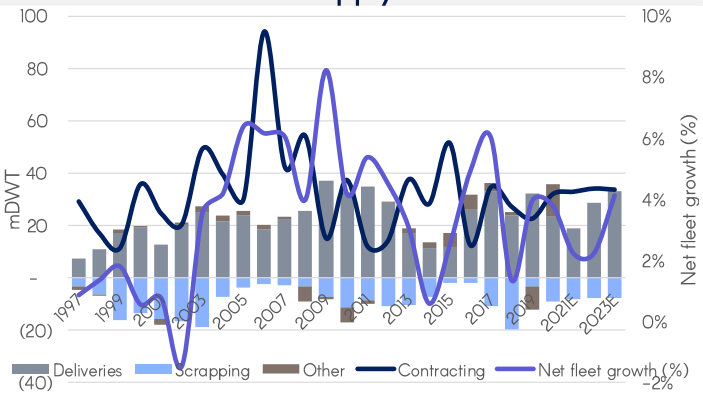
VLCC floating storage economics



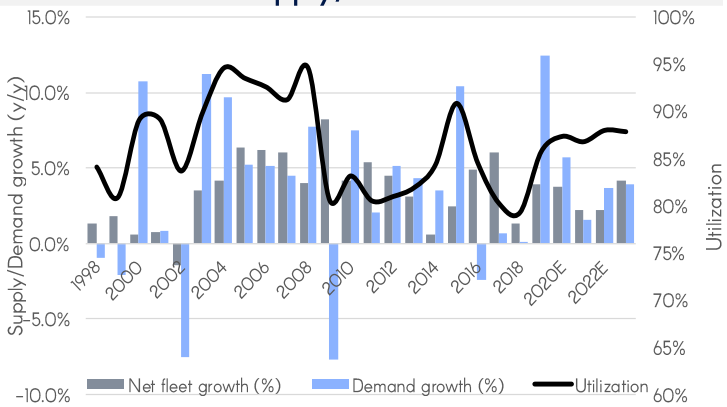
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Market Fundamentals & Forecasts

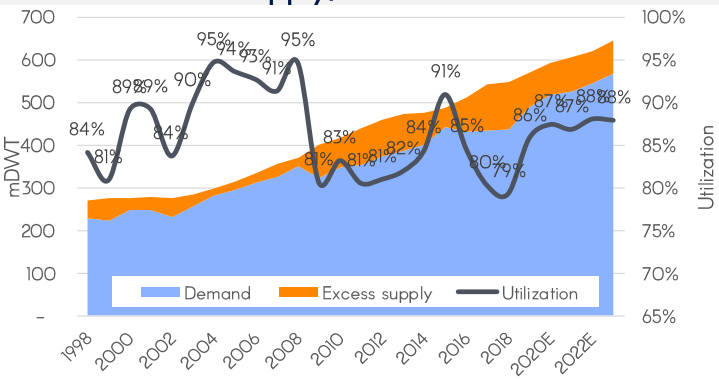
Supply



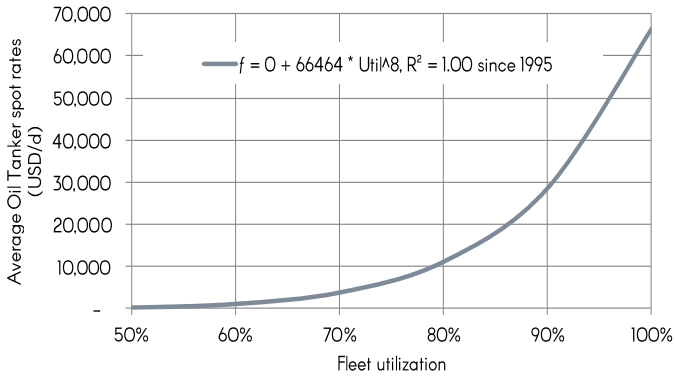
Supply/Demand



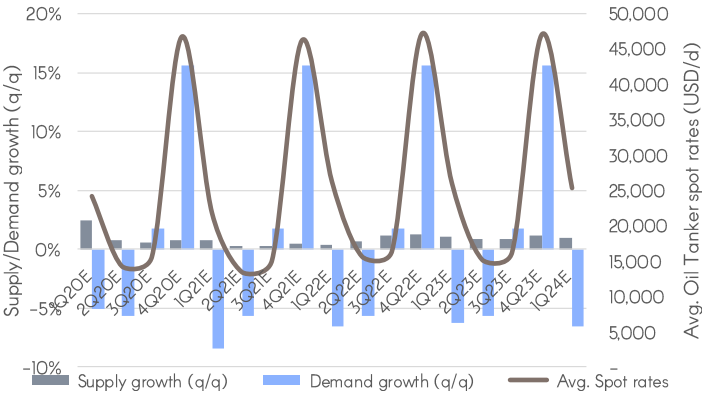
Supply/Demand



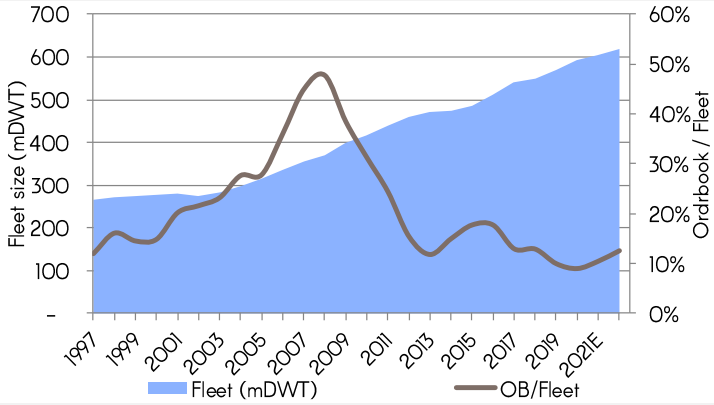
Econometrics: Spot rates vs fleet utilization



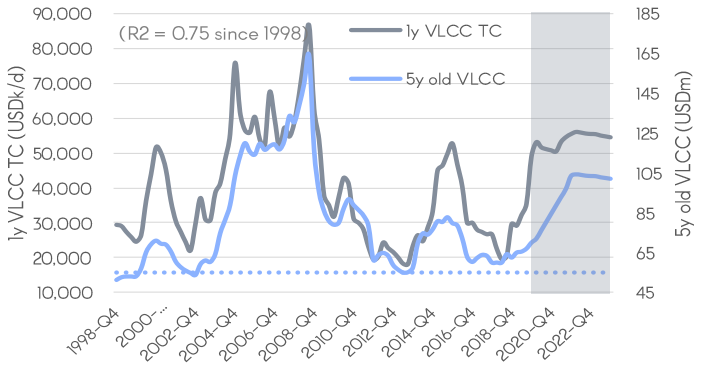
Supply/Demand & spot earnings per quarter



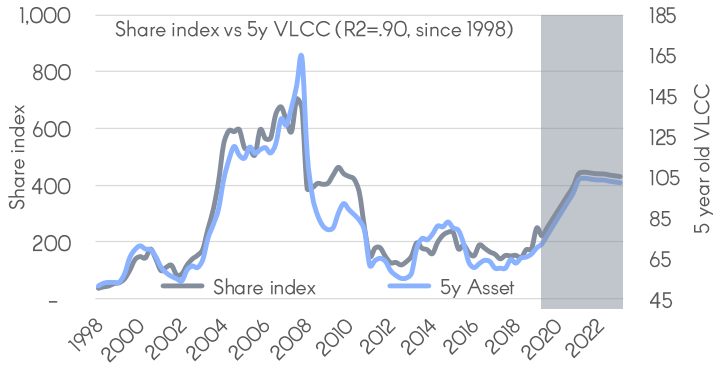
Orderbook vs fleet



5y vessel values highly correlated with 1y TC



Shares highly correlated with 5y vessel values



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Econometric Overview

Supply/Demand (mDWT)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Oil Tankers, base case																											
Deliveries[1]	7	11	17	19	12	20	25	21	24	18	22	26	37	32	35	28	17	11	12	26	33	24	32	23	19	28	33
Scrapping[1]	(3)	(6)	(16)	(14)	(16)	(17)	(19)	(8)	(4)	(3)	(3)	(4)	(7)	(11)	(9)	(11)	(11)	(7)	(2)	(2)	(11)	(20)	(3)	(9)	(8)	(8)	(8)
Other[1]	(1)	(1)	1	1	(2)	1	2	2	1	2	1	1	(3)	(6)	(1)	(1)	(1)	2	(2)	6	3	1	3	13	(0)	(0)	(0)
Contracting[1]	*29*	*17*	*11*	*36*	*24*	*20*	*49*	*39*	*30*	*94*	*42*	*54*	*15*	*37*	*12*	*14*	*37*	*28*	*51*	*12*	*35*	*27*	*22*	*32*	*33*	*34*	*34*
Supply[2]	**267**	**270**	**275**	**277**	**279**	**274**	**284**	**296**	**315**	**334**	**355**	**369**	**399**	**416**	**438**	**458**	**472**	**475**	**487**	**511**	**541**	**549**	**570**	**592**	**605**	**619**	**644**
Δ y/y	*0.9%*	*1.3%*	*1.8%*	*0.5%*	*0.8%*	*-1.5%*	*3.5%*	*4.2%*	*6.4%*	*6.2%*	*6.0%*	*4.0%*	*8.2%*	*4.2%*	*5.4%*	*4.5%*	*3.1%*	*0.6%*	*2.5%*	*4.9%*	*6.0%*	*1.3%*	*3.9%*	*3.8%*	*2.2%*	*2.2%*	*4.1%*
Demand[2]	**230**	**227**	**223**	**246**	**249**	**230**	**256**	**280**	**295**	**310**	**324**	**349**	**322**	**346**	**353**	**371**	**387**	**401**	**443**	**432**	**435**	**435**	**489**	**517**	**525**	**545**	**566**
Δ y/y	*-1.0%*	*-2.1%*	*10.7%*	*0.8%*	*0.8%*	*-7.5%*	*11.2%*	*9.7%*	*5.2%*	*5.1%*	*4.5%*	*7.7%*	*-7.7%*	*7.5%*	*2.0%*	*5.1%*	*4.3%*	*3.5%*	*10.4%*	*-2.4%*	*0.7%*	*0.1%*	*12.4%*	*5.7%*	*1.6%*	*3.7%*	*4.0%*
Utilization[2]	**86%**	**84%**	**81%**	**89%**	**89%**	**84%**	**90%**	**95%**	**94%**	**93%**	**91%**	**95%**	**81%**	**83%**	**81%**	**81%**	**82%**	**81%**	**91%**	**85%**	**80%**	**79%**	**86%**	**87%**	**87%**	**88%**	**88%**
Oil Tankers[1] (TCE)	**20,175**	**16,736**	**12,326**	**27,563**	**27,802**	**16,397**	**29,047**	**44,444**	**40,162**	**36,391**	**32,769**	**43,115**	**12,734**	**15,537**	**12,007**	**12,558**	**13,626**	**17,930**	**31,036**	**18,047**	**11,655**	**11,216**	**22,168**	**25,111**	**24,049**	**26,278**	**26,029**
VLCC, spot[2] (TCE)		21,280	55,440	55,440	38,829	23,293	52,453	97,146	63,054	64,914	58,795	97,152	28,434	34,060	18,596	21,187	18,621	30,015	64,846	41,908	17,794	15,561	41,364	53,075	50,400	56,015	55,386
Suezmax, spot[2] (TCE)		16,334	45,506	45,506	33,865	19,765	41,648	69,369	57,715	54,517	43,437	73,863	25,733	16,908	18,432	12,378	12,541	27,791	46,713	27,799	15,436	16,466	31,560	36,805	35,069	38,712	38,304
Aframax, spot[2] (TCE)									44,864	39,651	33,311	50,010	14,370	17,690	12,378	14,131	24,705	37,977	23,142	13,873	16,175	26,225	21,560	28,382	27,171	29,714	29,429
MR, spot[2] (TCE)										25,543	23,669	21,168	9,176	10,692	10,638	10,589	13,277	12,360	21,405	12,166	10,220	8,750	13,740	16,960	16,403	17,571	17,440
VLCC, 5y[2] (USDm)	51	53	66	66	66	56	61	87	116	119	126	142	85	87	77	54	45	45	40	60	49	41	41	54	64	63	68
Suezmax, 5y[2] (USDm)	37	36	44	45	39	44	59	75	77	90	95	61	61	62	39	29	25	31	46	36	30	24	31	46	43	51	53
Aframax, 5y[2] (USDm)	26	25	33	38	28	34	48	59	62	65	68	71	44	44	29	27	26	28	28	36	24	25	31	36	43	53	53
MR, 5y[2] (USDm)	22	20	23	23	25	33	44	47	50	50	50	59	31	29	27	25	26	28	25	20	24	41	46	57	29	31	31
OB[2]	**43**	**40**	**41**	**56**	**59**	**66**	**66**	**82**	**87**	**120**	**159**	**176**	**153**	**130**	**107**	**70**	**56**	**71**	**86**	**90**	**70**	**71**	**57**	**57**	**53**	**63**	**78**
OB/Fleet[2]	**16%**	**14%**	**15%**	**20%**	**22%**	**23%**	**28%**	**28%**	**28%**	**36%**	**45%**	**48%**	**38%**	**31%**	**24%**	**15%**	**12%**	**15%**	**18%**	**18%**	**13%**	**13%**	**10%**	**9%**	**10%**	**13%**	**12%**
Share Index[2]	**32**	**40**	**40**	**41**	**56**	**59**	**66**	**66**	**82**	**87**	**120**	**159**	**176**	**130**	**107**	**70**	**56**	**71**	**86**	**90**	**70**	**71**	**57**	**57**	**53**	**63**	**78**
[1]Sum during period [2]Average during period	**25**	**66**	**49**	**113**	**139**	**100**	**146**	**378**	**576**	**548**	**630**	**587**	**401**	**442**	**298**	**158**	**131**	**176**	**222**	**169**	**172**	**149**	**185**	**264**	**384**	**442**	**434**
Oil Tankers, low case	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Deliveries[1]	7	11	17	19	12	20	25	21	24	18	22	26	37	32	35	28	17	11	12	26	33	24	32	23	19	28	33
Scrapping[1]	(3)	(6)	(16)	(14)	(16)	(17)	(19)	(8)	(4)	(3)	(3)	(4)	(7)	(11)	(9)	(11)	(11)	(7)	(2)	(2)	(11)	(20)	(3)	(9)	(8)	(8)	(8)
Other[1]	(1)	(1)	1	1	(2)	1	2	2	1	2	1	1	(3)	(6)	(1)	(1)	(1)	2	(2)	6	3	1	3	13	(0)	(0)	(0)
Contracting[1]	*29*	*17*	*11*	*36*	*24*	*20*	*49*	*39*	*30*	*94*	*42*	*54*	*15*	*37*	*12*	*14*	*37*	*28*	*51*	*12*	*35*	*27*	*22*	*32*	*33*	*34*	*34*
Supply[2]	**267**	**270**	**275**	**277**	**279**	**274**	**284**	**296**	**315**	**334**	**355**	**369**	**399**	**416**	**438**	**458**	**472**	**475**	**487**	**511**	**541**	**549**	**570**	**592**	**605**	**619**	**644**
Δ y/y	*0.9%*	*1.3%*	*1.8%*	*0.5%*	*0.8%*	*-1.5%*	*3.5%*	*4.2%*	*6.4%*	*6.2%*	*6.0%*	*4.0%*	*8.2%*	*4.2%*	*5.4%*	*4.5%*	*3.1%*	*0.6%*	*2.5%*	*4.9%*	*6.0%*	*1.3%*	*3.9%*	*3.8%*	*2.2%*	*2.2%*	*4.1%*
Demand[2]	**230**	**227**	**223**	**246**	**249**	**230**	**256**	**280**	**295**	**310**	**324**	**349**	**322**	**346**	**353**	**371**	**387**	**401**	**443**	**432**	**435**	**435**	**489**	**517**	**525**	**545**	**566**
Δ y/y	*-1.0%*	*-2.1%*	*10.7%*	*0.8%*	*0.8%*	*-7.5%*	*11.2%*	*9.7%*	*5.2%*	*5.1%*	*4.5%*	*7.7%*	*-7.7%*	*7.5%*	*2.0%*	*5.1%*	*4.3%*	*3.5%*	*10.4%*	*-2.4%*	*0.7%*	*0.1%*	*12.4%*	*5.7%*	*1.6%*	*3.7%*	*4.0%*
Utilization[2]	**86%**	**84%**	**81%**	**89%**	**89%**	**84%**	**90%**	**95%**	**94%**	**93%**	**91%**	**95%**	**81%**	**83%**	**81%**	**81%**	**82%**	**81%**	**91%**	**85%**	**80%**	**79%**	**86%**	**87%**	**87%**	**88%**	**88%**
Oil Tankers[1] (TCE)	**20,175**	**16,736**	**12,326**	**27,563**	**27,802**	**16,397**	**29,047**	**44,444**	**40,162**	**36,391**	**32,769**	**43,115**	**12,734**	**15,537**	**12,007**	**12,558**	**13,626**	**17,930**	**31,036**	**18,047**	**11,655**	**11,216**	**22,168**	**25,111**	**24,049**	**26,278**	**26,029**
VLCC, spot[2] (TCE)		21,280	55,440	55,440	38,829	23,293	52,453	97,146	63,054	64,914	58,795	97,152	28,434	34,060	18,596	21,187	18,621	30,015	64,846	41,908	17,794	15,561	41,364	53,075	50,400	56,015	55,386
Suezmax, spot[2] (TCE)		16,334	45,506	45,506	33,865	19,765	41,648	69,369	57,715	54,517	43,437	73,863	25,733	16,908	18,432	12,378	12,541	27,791	46,713	27,799	15,436	16,466	31,560	36,805	35,069	38,712	38,304
Aframax, spot[2] (TCE)									44,864	39,651	33,311	50,010	14,370	17,690	12,378	14,131	24,705	37,977	23,142	13,873	16,175	26,225	21,560	28,382	27,171	29,714	29,429
MR, spot[2] (TCE)										25,543	23,669	21,168	9,176	10,692	10,638	10,589	13,277	12,360	21,405	12,166	10,220	8,750	13,740	16,960	16,403	17,571	17,440
VLCC, 5y[2] (USDm)	51	53	66	66	66	56	61	87	116	119	126	142	85	87	77	54	45	45	40	60	49	41	41	54	64	63	68
Suezmax, 5y[2] (USDm)	37	36	44	45	39	44	59	75	77	90	95	61	61	62	39	29	25	31	46	36	30	24	31	46	43	51	53
Aframax, 5y[2] (USDm)	26	25	33	38	28	34	48	59	62	65	68	71	44	44	29	27	26	28	28	36	24	25	31	36	43	53	53
MR, 5y[2] (USDm)	22	20	23	23	25	33	44	47	50	50	50	59	31	29	27	25	26	28	25	20	24	41	46	57	29	31	31
OB[2]	**43**	**40**	**41**	**56**	**59**	**66**	**66**	**82**	**87**	**120**	**159**	**176**	**153**	**130**	**107**	**70**	**56**	**71**	**86**	**90**	**70**	**71**	**57**	**57**	**53**	**63**	**78**
OB/Fleet[2]	**16%**	**14%**	**15%**	**20%**	**22%**	**23%**	**28%**	**28%**	**28%**	**36%**	**45%**	**48%**	**38%**	**31%**	**24%**	**15%**	**12%**	**15%**	**18%**	**18%**	**13%**	**13%**	**10%**	**9%**	**10%**	**13%**	**12%**
[1]Sum during period [2]Average during period																											
Oil Tankers, high case	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Deliveries[1]	7	11	17	19	12	20	25	21	24	18	22	26	37	32	35	28	17	11	12	26	33	24	32	23	19	28	33
Scrapping[1]	(3)	(6)	(16)	(14)	(16)	(17)	(19)	(8)	(4)	(3)	(3)	(4)	(7)	(11)	(9)	(11)	(11)	(7)	(2)	(2)	(11)	(20)	(3)	(9)	(8)	(8)	(8)
Other[1]	(1)	(1)	1	1	(2)	1	2	2	1	2	1	1	(3)	(6)	(1)	(1)	(1)	2	(2)	6	3	1	3	13	(0)	(0)	(0)
Contracting[1]	*29*	*17*	*11*	*36*	*24*	*20*	*49*	*39*	*30*	*94*	*42*	*54*	*15*	*37*	*12*	*14*	*37*	*28*	*51*	*12*	*35*	*27*	*22*	*32*	*33*	*34*	*34*
Supply[2]	**267**	**270**	**275**	**277**	**279**	**274**	**284**	**296**	**315**	**334**	**355**	**369**	**399**	**416**	**438**	**458**	**472**	**475**	**487**	**511**	**541**	**549**	**570**	**592**	**605**	**619**	**644**
Δ y/y	*0.9%*	*1.3%*	*1.8%*	*0.5%*	*0.8%*	*-1.5%*	*3.5%*	*4.2%*	*6.4%*	*6.2%*	*6.0%*	*4.0%*	*8.2%*	*4.2%*	*5.4%*	*4.5%*	*3.1%*	*0.6%*	*2.5%*	*4.9%*	*6.0%*	*1.3%*	*3.9%*	*3.8%*	*2.2%*	*2.2%*	*4.1%*
Demand[2]	**230**	**227**	**223**	**246**	**249**	**230**	**256**	**280**	**295**	**310**	**324**	**349**	**322**	**346**	**353**	**371**	**387**	**401**	**443**	**432**	**435**	**435**	**489**	**517**	**525**	**545**	**566**
Δ y/y	*-1.0%*	*-2.1%*	*10.7%*	*0.8%*	*0.8%*	*-7.5%*	*11.2%*	*9.7%*	*5.2%*	*5.1%*	*4.5%*	*7.7%*	*-7.7%*	*7.5%*	*2.0%*	*5.1%*	*4.3%*	*3.5%*	*10.4%*	*-2.4%*	*0.7%*	*0.1%*	*12.4%*	*5.7%*	*1.6%*	*3.7%*	*4.0%*
Utilization[2]	**86%**	**84%**	**81%**	**89%**	**89%**	**84%**	**90%**	**95%**	**94%**	**93%**	**91%**	**95%**	**81%**	**83%**	**81%**	**81%**	**82%**	**81%**	**91%**	**85%**	**80%**	**79%**	**86%**	**87%**	**87%**	**88%**	**88%**
Oil Tankers[1] (TCE)	**20,175**	**16,736**	**12,326**	**27,563**	**27,802**	**16,397**	**29,047**	**44,444**	**40,162**	**36,391**	**32,769**	**43,115**	**12,734**	**15,537**	**12,007**	**12,558**	**13,626**	**17,930**	**31,036**	**18,047**	**11,655**	**11,216**	**22,168**	**25,111**	**24,049**	**26,278**	**26,029**
VLCC, spot[2] (TCE)		21,280	55,440	55,440	38,829	23,293	52,453	97,146	63,054	64,914	58,795	97,152	28,434	34,060	18,596	21,187	18,621	30,015	64,846	41,908	17,794	15,561	41,364	53,075	50,400	56,015	55,386
Suezmax, spot[2] (TCE)		16,334	45,506	45,506	33,865	19,765	41,648	69,369	57,715	54,517	43,437	73,863	25,733	16,908	18,432	12,378	12,541	27,791	46,713	27,799	15,436	16,466	31,560	36,805	35,069	38,712	38,304
Aframax, spot[2] (TCE)									44,864	39,651	33,311	50,010	14,370	17,690	12,378	14,131	24,705	37,977	23,142	13,873	16,175	26,225	21,560	28,382	27,171	29,714	29,429
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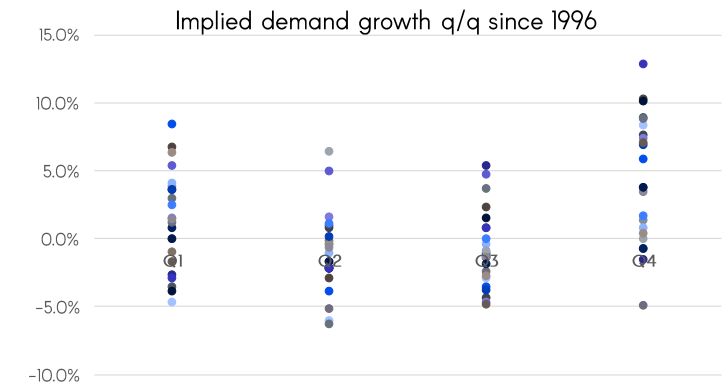
VLCC, 5y[2] (USDm)	51	53	66	66	66	56	61	87	116	119	126	142	85	87	77	54	45	45	40	60	49	41	41	54	64	63	68
Suezmax, 5y[2] (USDm)	37	36	44	45	39	44	59	75	77	90	95	61	61	62	39	29	25	31	46	36	30	24	31	46	43	51	53
Aframax, 5y[2] (USDm)	26	25	33	38	28	34	48	59	62	65	68	71	44	44	29	27	26	28	28	36	24	25	31	36	43	53	53
MR, 5y[2] (USDm)	22	20	23	23	25	33	44	47	50	50	50	59	31	29	27	25	26	28	25	20	24	41	46	57	29	31	31
OB[2]	**43**	**40**	**41**	**56**	**59**	**66**	**66**	**82**	**87**	**120**	**159**	**176**	**153**	**130**	**107**	**70**	**56**	**71**	**86**	**90**	**70**	**71**	**57**	**57**	**53**	**63**	**78**
OB/Fleet[2]	**16%**	**14%**	**15%**	**20%**	**22%**	**23%**	**28%**	**28%**	**28%**	**36%**	**45%**	**48%**	**38%**	**31%**	**24%**	**15%**	**12%**	**15%**	**18%**	**18%**	**13%**	**13%**	**10%**	**9%**	**10%**	**13%**	**12%**
[1]Sum during period [2]Average during period																											

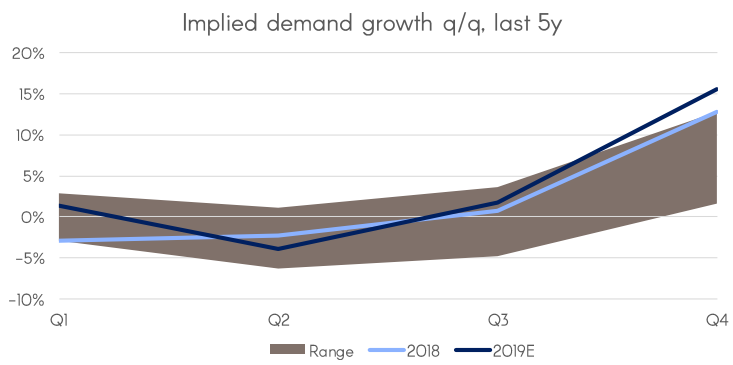
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Seasonality

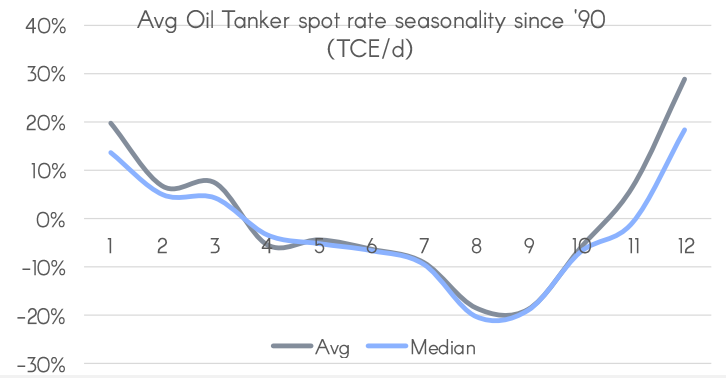
Historically strong demand growth in 4Q



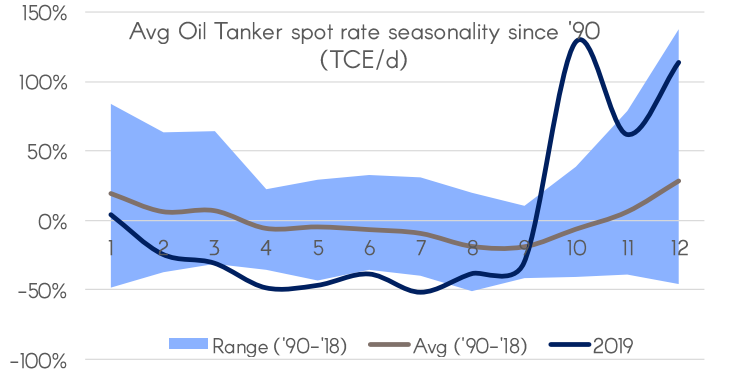
Historic demand growth vs 2018E



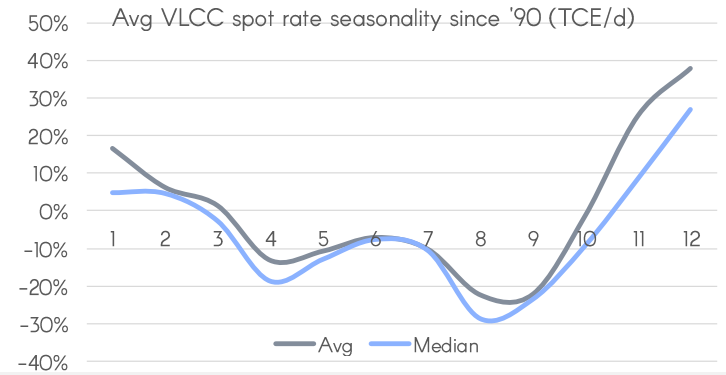
Historical Oil Tanker avg. spot rate seasonality



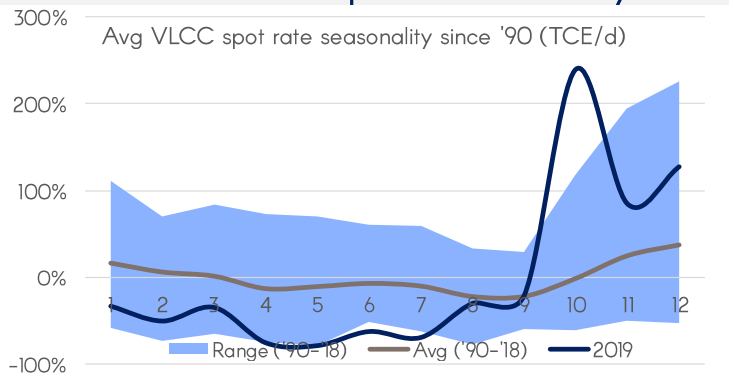
Historical Oil Tanker avg. spot rate seasonality



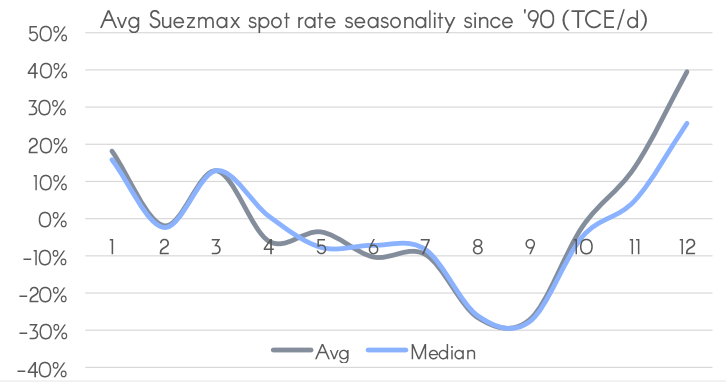
Historical VLCC spot rate seasonality



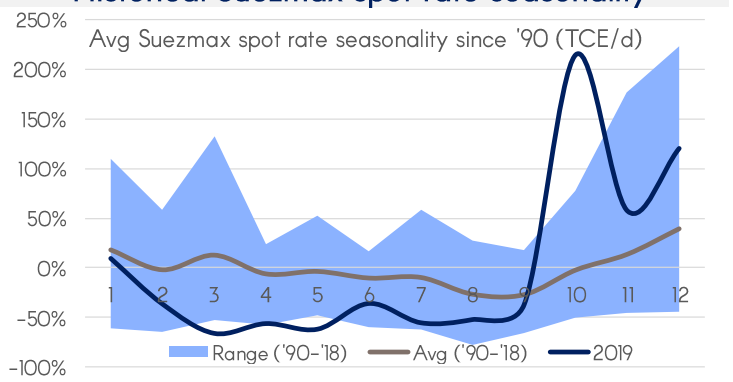
Historical VLCC spot rate seasonality



Historical Suezmax spot rate seasonality



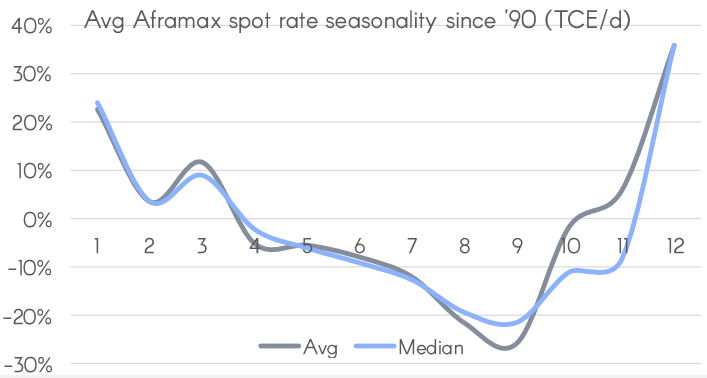
Historical Suezmax spot rate seasonality

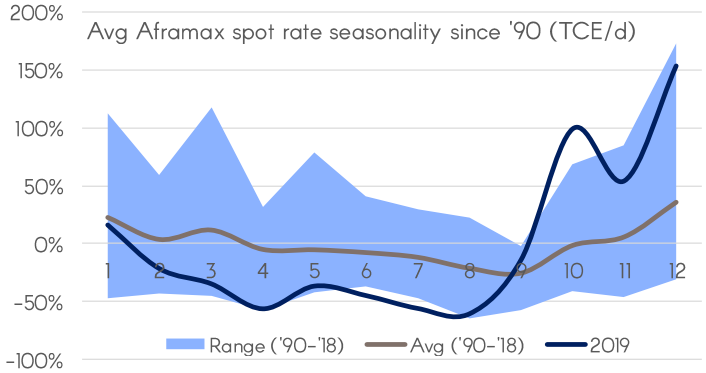


Historical Aframax spot rate seasonality

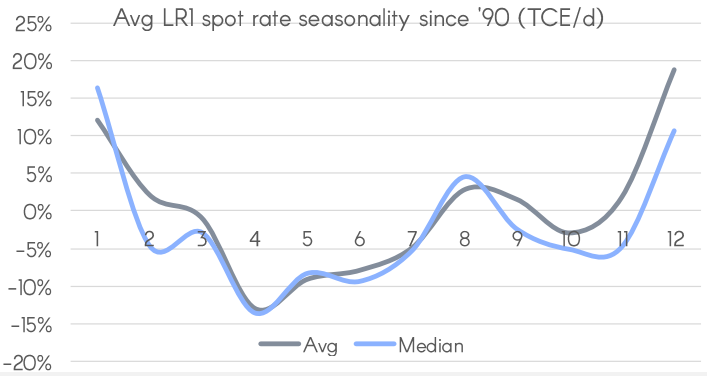
Historical Aframax spot rate seasonality

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

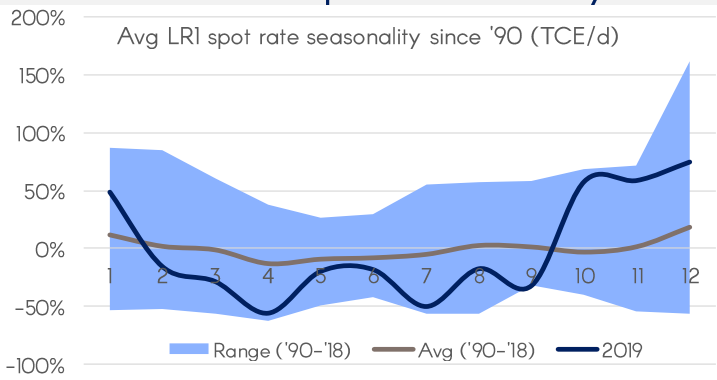




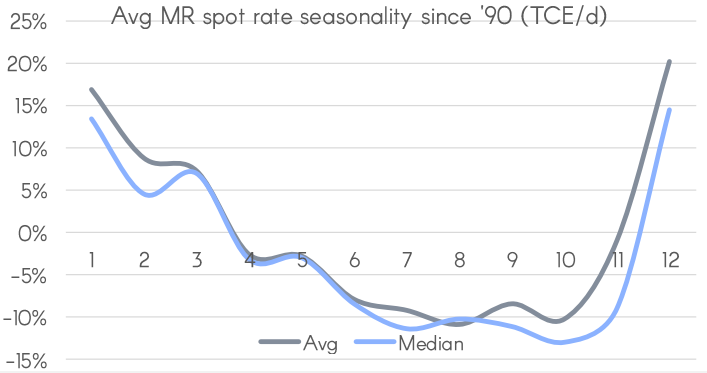
Historical LR1 spot rate seasonality



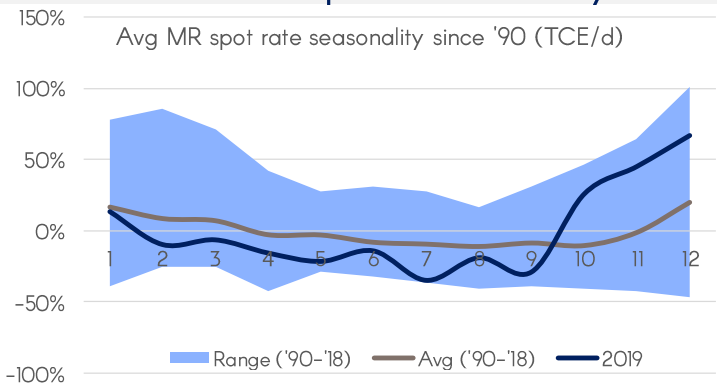
Historical LR1 spot rate seasonality



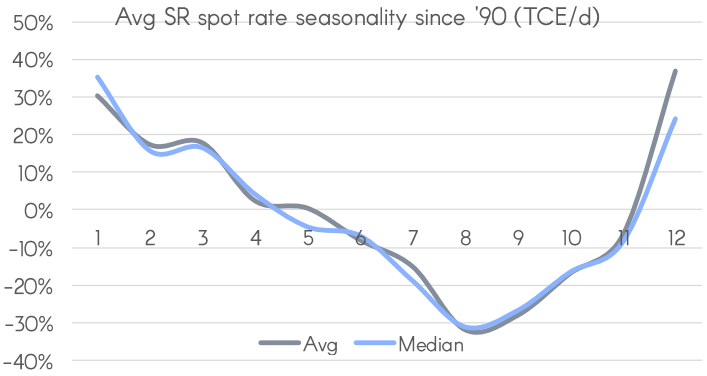
Historical MR spot rate seasonality



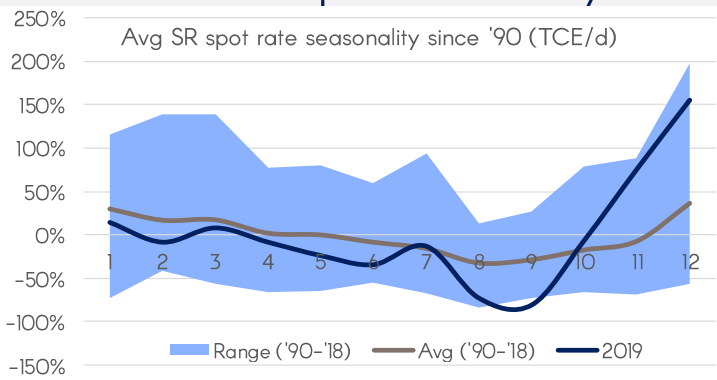
Historical MR spot rate seasonality



Historical SR spot rate seasonality



Historical SR spot rate seasonality



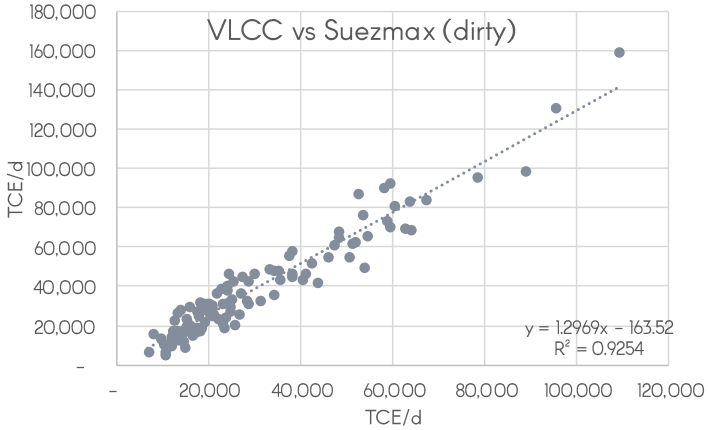
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Product Tanker Dynamics

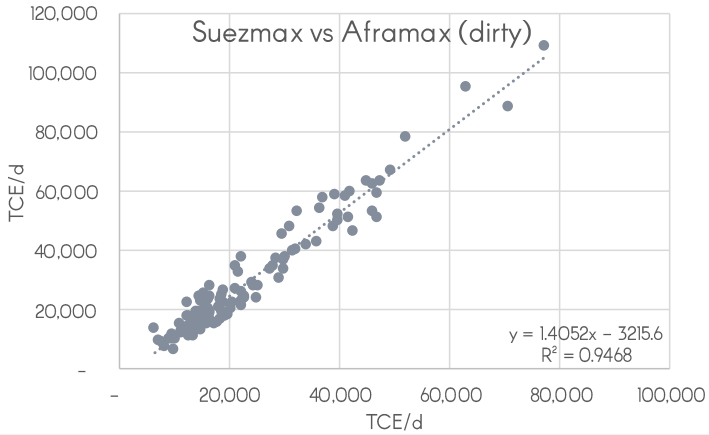
Oil Tanker spot earnings correlation matrix (quarterly since 1990)

	Crude/dirty tanker spot rates				Product/clean tanker spot rates			
	VLCC	Suezmax	Aframax	Panamax	LR2	LR1	MR	SR
VLCC		0.93	0.86	0.80	0.52	0.57	0.60	0.61
Suezmax	0.93		0.95	0.89	0.61	0.64	0.69	0.73
Aframax	0.86	0.95		0.91	0.66	0.70	0.74	0.78
Panamax	0.80	0.89	0.91		0.65	0.73	0.85	0.87
LR2	0.52	0.61	0.66	0.65		0.97	0.69	0.62
LR1	0.57	0.64	0.70	0.73	0.97		0.78	0.70
MR	0.60	0.69	0.74	0.85	0.69	0.78		0.88
SR	0.61	0.73	0.78	0.87	0.62	0.70	0.88	

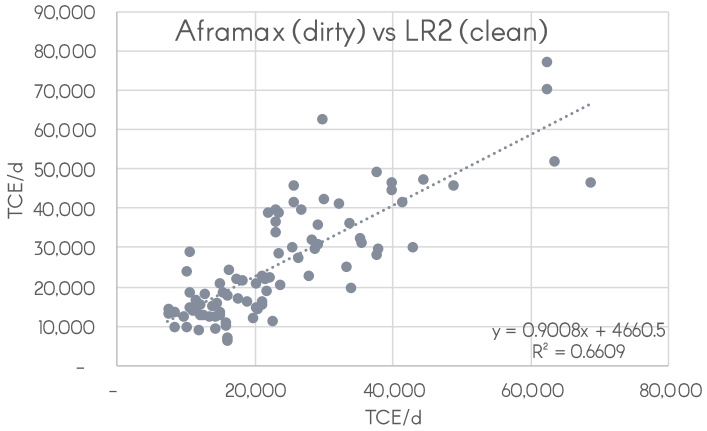
Spot rate correlation: VLCC vs Suezmax



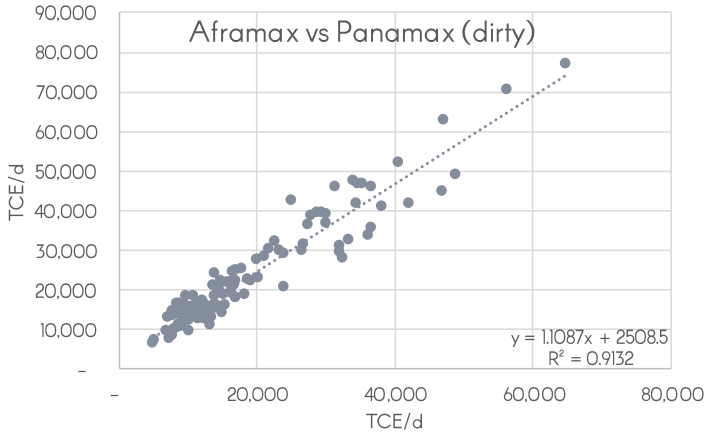
Spot rate correlation: Suezmax vs Aframax



Spot rate correlation: Aframax vs LR2



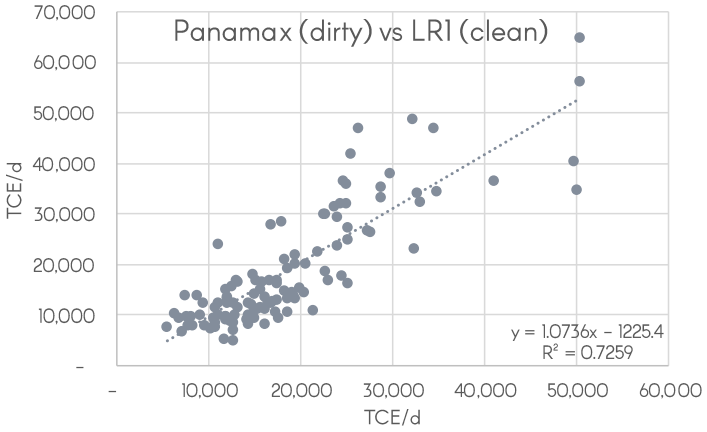
Spot rate correlation: Aframax vs Panamax



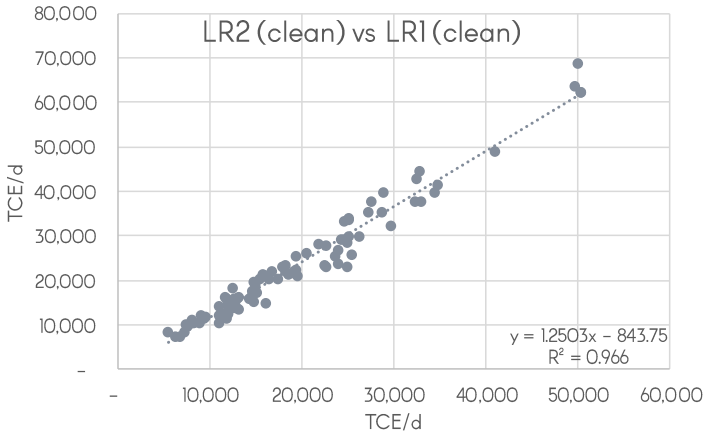
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Product Tanker Dynamics (continued)

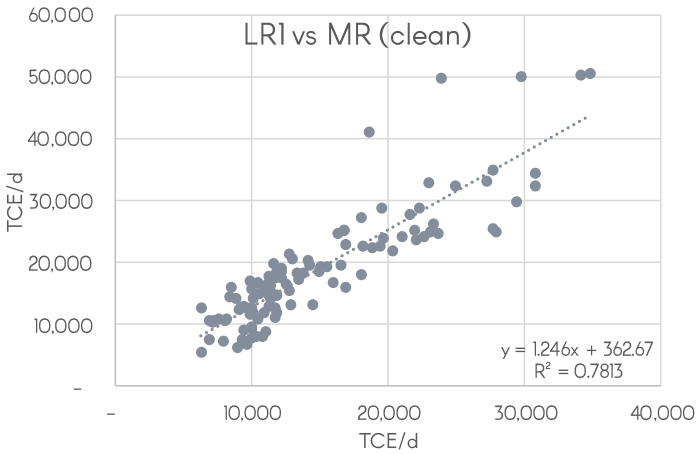
Spot rate correlation: Panamax vs LR1



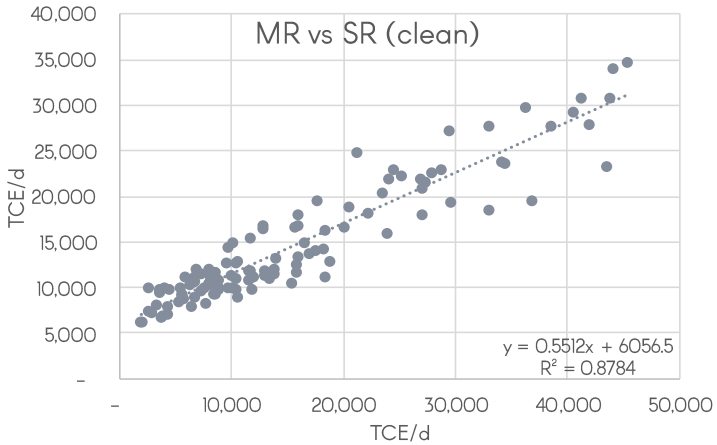
Spot rate correlation: LR2 vs LR1



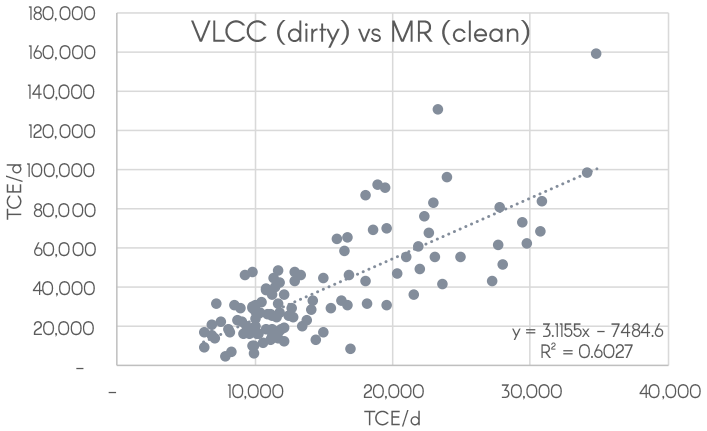
Spot rate correlation: LR1 vs MR



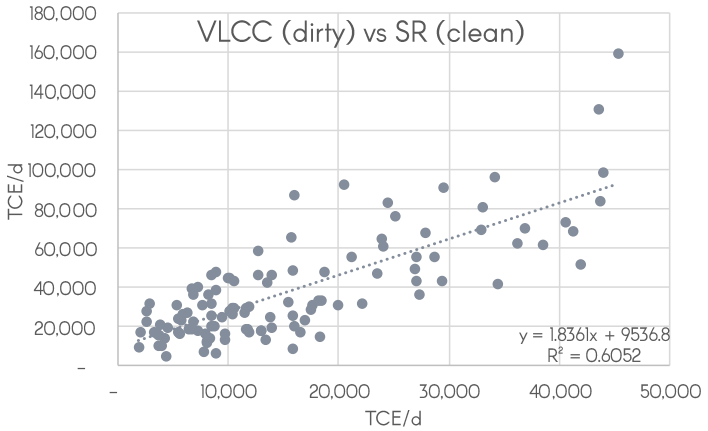
Spot rate correlation: MR vs SR



Spot rate correlation: VLCC vs MR



Spot rate correlation: VLCC vs SR



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Financials (annual estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	19	75	65	65	8	63	53	53	3	55	45	45	0	52	43	43
DHT US	357	639	558	589	267	548	466	497	152	426	344	375	95	375	301	340
EURN US	827	1,311	1,161	1,201	547	1,027	878	930	208	684	535	616	129	606	450	537
FRO US	636	1,173	949	981	411	937	739	774	291	785	586	622	205	664	467	508
HUNT NO	13	150	164	165	10	136	145	145	8	111	116	116	6	90	89	91
INSW US	369	592	523	551	170	429	366	397	95	354	290	322	54	297	238	274
NAT US	199	326	286	316	120	246	206	236	57	182	143	172	14	147	111	141
OET NO	99	288	266	295	69	242	216	246	45	202	176	206	10	156	129	163
TNP US	489	655	647	716	272	430	418	484	133	284	266	326	13	166	157	224
TNK US	598	788	647	702	310	520	406	464	186	392	278	336	120	342	237	302
Average	361	600	527	558	218	458	389	423	118	347	278	314	65	289	222	262

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	86	80	72	64	9	43	45	44	100	129	123	114	55	93	87	78
DHT US	1,610	1,514	1,417	1,321	196	388	394	547	1,899	1,995	1,905	1,961	939	1,140	1,237	1,355
EURN US	3,296	2,974	2,652	2,337	342	807	1,037	1,323	4,188	4,330	4,238	4,209	2,325	2,637	2,672	2,761
FRO US	3,289	3,273	3,194	3,049	330	538	510	525	4,474	4,666	4,558	4,429	1,753	1,955	1,908	1,907
HUNT NO	267	512	483	454	56	112	156	199	325	625	640	654	202	272	315	360
INSW US	1,281	1,238	1,187	1,135	142	347	464	625	1,792	1,955	2,020	2,129	1,058	1,273	1,389	1,546
NAT US	894	838	775	712	93	216	292	386	1,041	1,108	1,121	1,151	603	691	726	777
OET NO	1,052	1,194	1,154	1,114	36	112	102	124	1,111	1,329	1,279	1,261	341	447	467	538
TNP US	2,729	2,723	2,609	2,585	219	317	311	493	3,181	3,273	3,154	3,311	1,509	1,673	1,808	1,996
TNK US	1,807	1,691	1,574	1,458	206	444	540	748	2,269	2,390	2,369	2,461	1,067	1,327	1,459	1,643
Average	1,631	1,604	1,512	1,423	163	332	385	501	2,038	2,180	2,141	2,168	985	1,151	1,207	1,296

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2020	2021	2020	2021
ADSCME NO	9	60	51	51	-9	58	51	51	-7	35	2	-1	71,760	61,212	13,434	13,109
DHT US	221	497	423	462	168	471	397	436	101	192	6	153	66,848	58,235	25,106	32,489
EURN US	318	972	793	852	356	951	772	852	169	465	230	286	51,218	45,466	23,496	19,063
FRO US	368	817	620	661	-491	679	547	653	262	208	-28	15	49,834	41,699	20,603	20,107
HUNT NO	10	114	118	120	-177	-155	118	120	21	56	44	44	78,101	66,212	21,588	27,683
INSW US	138	372	314	350	242	340	289	325	80	205	116	161	44,044	40,339	19,541	19,442
NAT US	99	210	174	204	98	203	174	204	43	123	77	93	39,826	35,069	16,156	15,960
OET NO	34	196	169	203	-404	15	169	203	18	76	-10	22	51,613	44,085	24,163	26,819
TNP US	209	350	346	419	102	209	308	286	-11	98	-6	182	28,552	27,788	21,413	22,737
TNK US	235	470	365	430	225	458	354	418	149	238	96	209	38,247	33,515	21,949	37,036
Average	164	406	337	375	11	323	318	355	83	170	53	116	52,004	45,362	20,745	23,445

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Financials (quarterly estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
ADSCME NO		19	11	12		16	8	9		14	6	7		14	6	6
DHT US	151	179	94	100	129	156	71	77	98	126	40	47	85	113	28	34
EURN US	358	376	158	177	287	305	88	106	202	219	2	20	180	199	-18	1
FRO US	298	338	163	177	226	281	104	117	192	242	66	79	165	213	36	49
HUNT NO	13	23	17	31	10	21	14	26	8	17	8	19	7	14	4	13
INSW US	147	166	89	94	103	124	47	54	85	106	29	35	69	91	15	21
NAT US	82	95	39	43	62	76	19	23	46	60	3	8	37	51	-6	-1
OET NO	49	78	44	50	38	67	33	38	29	58	23	28	17	47	12	16
TNP US	164	167	114	122	109	112	59	66	75	76	22	29	44	46	-7	0
TNK US	258	245	101	112	186	178	35	44	154	146	3	12	140	133	-12	-1
Average	169	169	83	92	128	134	48	56	99	106	20	28	83	92	6	14

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
ADSCME NO		86	84	82		20	17	23		111	107	110		68	69	74
DHT US	1,610	1,586	1,562	1,538	196	249	199	212	1,899	1,928	1,854	1,843	939	995	947	963
EURN US	3,296	3,216	3,135	3,054	342	646	336	343	4,188	4,411	4,020	3,946	2,325	2,546	2,225	2,219
FRO US	3,289	3,262	3,336	3,310	330	373	209	217	4,474	4,489	4,401	4,381	1,753	1,801	1,625	1,637
HUNT NO	267	349	421	519	56	45	29	58	325	396	451	578	202	212	210	221
INSW US	1,281	1,270	1,260	1,249	142	212	178	190	1,792	1,851	1,807	1,808	1,058	1,131	1,100	1,113
NAT US	894	880	866	852	93	128	102	108	1,041	1,062	1,022	1,014	603	630	595	592
OET NO	1,052	1,095	1,085	1,204	36	55	42	40	1,111	1,174	1,150	1,268	341	379	368	374
TNP US	2,729	2,740	2,703	2,714	219	250	207	202	3,181	3,223	3,143	3,148	1,509	1,564	1,537	1,545
TNK US	1,807	1,778	1,749	1,720	206	306	235	229	2,269	2,339	2,239	2,204	1,067	1,172	1,107	1,106
Average	1,803	1,626	1,620	1,624	180	228	155	162	2,253	2,098	2,019	2,030	1,088	1,050	978	984

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	1Q20	2Q20	1Q20	2Q20
ADSCME NO		16	8	8		13	8	8		11	-2	6	78,357	42,486	13,881	13,507
DHT US	115	143	58	65	95	137	52	58	80	53	-50	13	75,964	39,310	25,422	25,264
EURN US	266	307	68	87	216	302	62	81	159	304	-310	7	59,142	24,853	24,729	25,197
FRO US	199	251	74	87	-499	240	-39	76	221	43	-163	7	59,016	27,931	20,827	20,711
HUNT NO	9	18	10	20	-13	-68	-67	-86	47	-11	-16	28	88,722	47,486	17,516	23,041
INSW US	95	110	33	40	187	102	25	32	74	70	-33	12	48,327	25,947	19,528	19,436
NAT US	53	67	10	14	52	65	8	13	44	36	-27	6	46,973	19,147	16,259	16,208
OET NO	26	57	22	26	-38	4	22	-103	24	20	-13	-2	60,941	33,922	24,654	24,637
TNP US	88	91	39	45	41	44	39	-2	32	31	-43	-5	29,740	20,308	21,691	21,633
TNK US	172	165	20	31	169	162	18	28	127	100	-70	-7	47,821	19,811	22,125	22,039
Average	113	122	34	42	23	100	13	11	90	66	-73	7	59,500	30,120	20,663	21,167

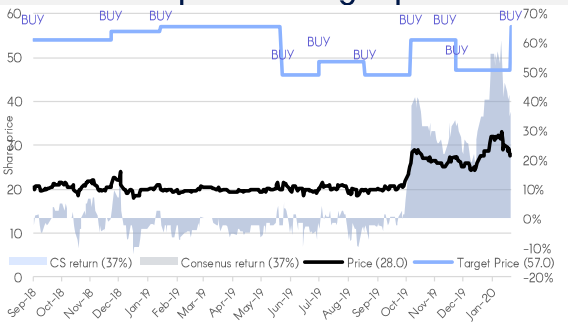
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Binary VLCC pure-play on rising asset prices and scrubber economics from IMO 2020. Top pick amongst peers

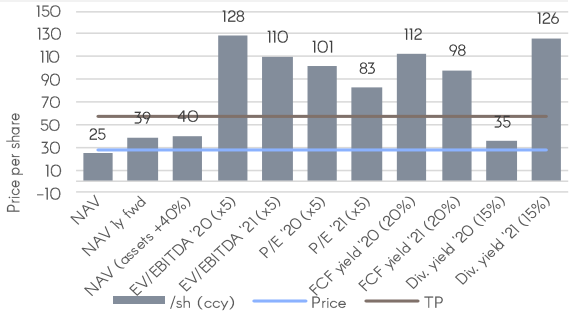
ADS-NO BUY/N57

ADS Crude Carriers

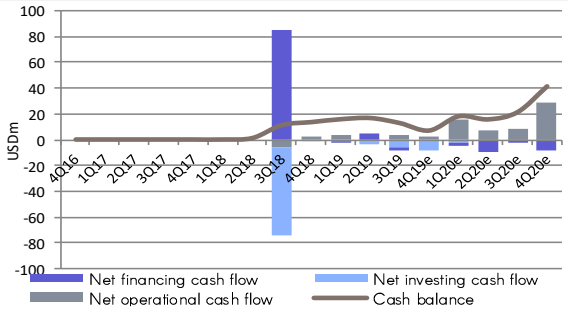
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	19	75	65	65
EBITDA (adj.)	8	63	53	53
EBIT (adj.)	3	55	45	45
PTP (adj.)	0	52	43	43
Net earnings (adj.)	0	52	43	43
EPS (adj.)	0.01	2.24	1.83	1.83
DPS	0.06	0.59	2.09	2.21
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	64	132	192	232
Adj. equity ratio	59%	79%	84%	87%
FCF yield	-13%	80%	70%	70%
Dividend yield	2%	19%	68%	71%
EV/EBITDA	12.2	0.9	1.0	1.0
P/E (adj.)		1.4	1.7	1.7

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	9	60	51	51
Free cash flow	-9	58	51	51
Net cash flow	-7	35	2	-1
TCE/day	21,989	71,760	61,212	61,327
Cash break-even	12,585	13,434	13,109	13,117
Liquidity	9	43	45	44
Property & Equip. (incl. NB	86	80	72	64
Total equity	55	93	87	78
Total assets	100	129	123	114
Interest bearing debt	36	27	27	27
Net interest bearing debt	28	-16	-18	-17
Market Cap.	72	72	72	72

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

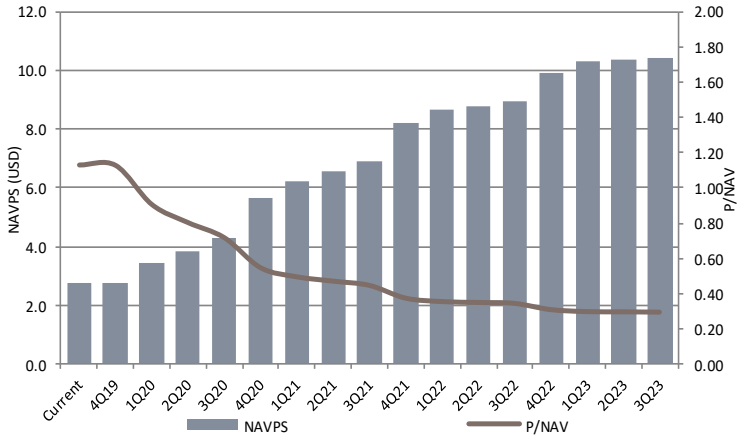
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

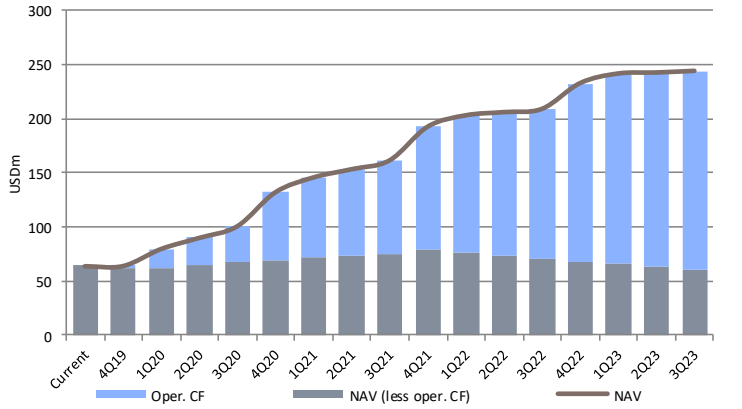
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	79	100	108
Contract value	0	0	0
Other	4	4	4
GAV	83	103	112
Net debt	-22	-22	-22
Capex	0	-10	-10
Other	-7	-7	-7
Equity	54	64	72
Shares	23	23	23
Equity/sh	2.31	2.74	3.09
lcl CCY	20.9	24.8	28.0
P/Equity	1.34	1.13	1.00
EV/GAV	1.35	1.08	1.00
Adj. Total Assets	99	119	127
Adj. Equity Ratio	55%	54%	57%
Fair Value	NOK	57	104%
	USD	6.3	

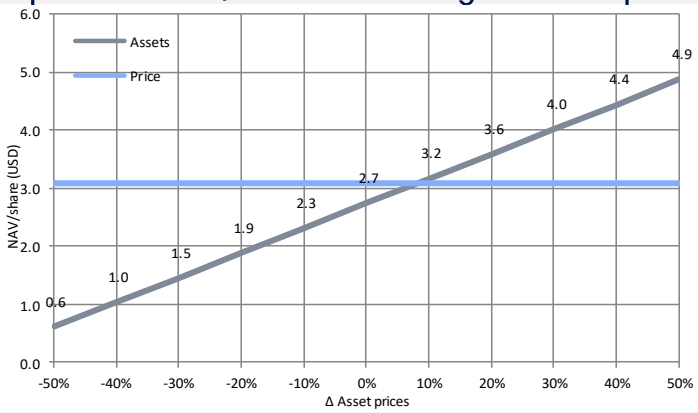
Quarterly forward NAV & P/NAV



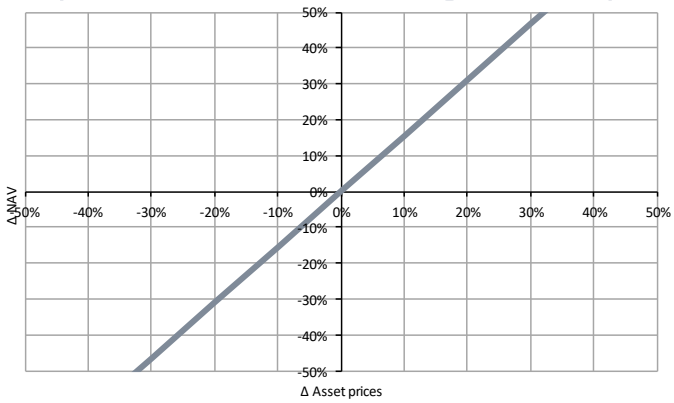
Quarterly forward NAV decomposition



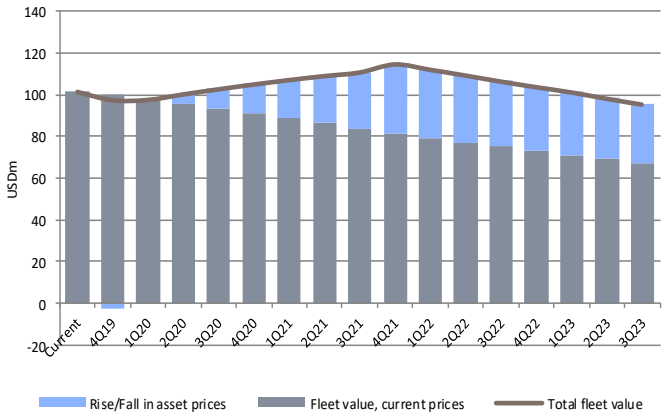
Impact on NAV/sh from % change in asset prices



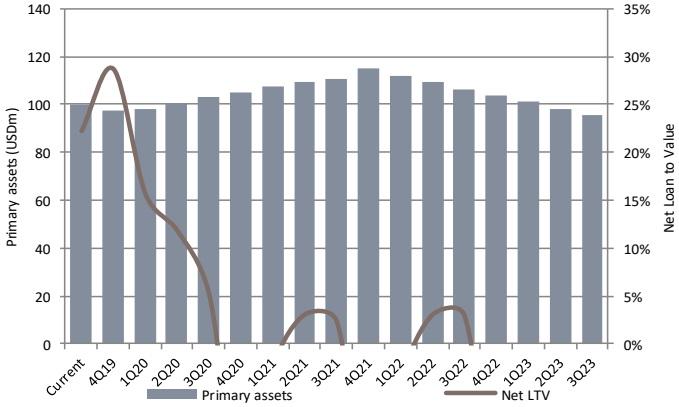
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview			4Q19		Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	6.8	2.1	5.9	5.0				
EBITDA (adj.)	3.9	-0.8	3.0	2.0				
EBIT (adj.)	2.6	-2.1	1.4	1.0				
PTP (adj.)	2.2	-2.9	0.6	#N/A N/				
Net earnings (adj.)	2.2	-2.9	0.6	#N/A N/				
EPS (adj.)	0.09	-0.12	0.03	#N/A N/				
DPS	-	-	0.02	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	6.8	2.1	5.9	5.0				
Opex & G&A	2.9	2.9	3.0	3.0				
Depreciation	1.3	1.3	1.5	1.0				
Net finance	0.5	0.8	0.8	#VALUE!				
Taxes & Minorities	-	-	-	#VALUE!				

CF & BS

4Q19 Preview					Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	3	4	2					
Free cash flow	2	-3	-6					
Net cash flow	2	-4	-6					
TCE/day	24,699	16,803	29,600	24,902				
Utilization	100.0%	46.0%	72.8%					
Fleet days	276	276	276					
Cash break-even	12,272	13,438	13,764					
Liquidity	14	14	9					
Interest bearing debt	30	36	36					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	19	75	65	65	19	58	60	61	1	17	5	4
EBITDA (adj.)	8	63	53	53	8	46	48	49	1	17	5	4
EBIT (adj.)	3	55	45	45	2	38	40	41	1	17	5	4
PTP (adj.)	0	52	43	43	-0	35	37	39	1	17	5	4
Net earnings (adj.)	0	52	43	43	-0	35	37	39	1	17	5	4
EPS (adj.)	0.01	2.24	1.83	1.83	-0.02	1.51	1.60	1.66	0.02	0.72	0.23	0.17
DPS	0.06	0.59	2.09	2.21	0.06	0.47	1.71	2.06	-	0.12	0.38	0.15
EPS (NOK)	*0.05*	*20.23*	*16.54*	*16.58*	*0.59*	*4.34*	*15.70*	*18.90*	2019E	2020E	2021E	2022E
DPS (NOK)	*0.58*	*5.32*	*18.91*	*19.99*				TCE revenue	1	17	5	4
								Opex & G&A	-	-	-	-
								Depreciation	-	-	-	-
								Net finance	-	-0	-	-
								Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	9	60	51	51	9	43	45	47	1	17	5	4
Free cash flow	-9	58	51	51	-10	41	45	47	1	17	5	4
Net cash flow	-7	35	2	-1	-7	21	5	-1	1	14	-3	0
TCE/day	21,989	71,760	61,212	61,327	21,339	54,640	56,148	57,685	650	17,120	5,064	3,642
Cash break-even	12,585	13,434	13,109	13,117	12,585	13,478	13,109	13,117	-	-44	-	-
Liquidity	9	43	45	44	8	29	34	33	1	15	11	12
Property & Equip. (incl. NB	86	80	72	64	86	80	72	64	-	-	-	-
Total equity	55	93	87	78	54	78	76	67	1	15	11	12
Total assets	100	129	123	114	99	114	111	102	1	15	11	12
Interest bearing debt	36	27	27	27	36	27	27	27	-	-	-	-
Net interest bearing debt	28	-16	-18	-17	28	-2	-7	-6	-1	-15	-11	-12
Market Cap.	72	72	72	72	69	69	69	69	3	3	3	3
Enterprise value	100	56	54	55	98	68	62	64	3	-12	-8	-9
Capex	19	2	-	-	19	2	-	-	-	-	-	-
Utilization	80%	95%	97%	97%	80%	97%	97%	97%	0%	-2%	0%	0%
Fleet days	1,095	1,098	1,095	1,095	1,095	1,098	1,095	1,095	-	-	-	-

Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	64	132	192	232	69	124	177	208	-5	8	16	24
Adj. equity ratio	59%	79%	84%	87%	60%	78%	83%	85%	-2%	1%	1%	1%
FCF yield	-13%	80%	70%	70%	-14%	59%	65%	68%	1%	21%	5%	3%
Dividend yield	2%	19%	68%	71%	2%	16%	58%	69%	0%	3%	10%	2%
EV/EBITDA	12.2	0.9	1.0	1.0	12.7	1.5	1.3	1.3	-0.5	-0.6	-0.3	-0.3
P/E (adj.)		1.4	1.7	1.7		2.0	1.9	1.8	######	-0.6	-0.2	-0.1

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	7	7	5	2	6	19	11	12	33
Operational costs	-3	-3	-2	-3	-3	-3	-3	-3	-3
EBITDA	4	4	2	-1	3	16	8	9	30
Depreciation/Amortization	-1	-1	-1	-1	-2	-2	-2	-2	-2
EBIT	3	2	1	-2	1	14	6	7	28
Net financials	0	-1	-1	-1	-1	-1	-1	-1	-1
PTP	2	2	1	-3	1	14	6	6	27
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	2	2	1	-3	1	14	6	6	27
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	2	2	1	-3	1	14	6	6	27
EPS	0.09	0.08	0.03	-0.12	0.03	0.58	0.24	0.27	1.15
EPS (adj.)	0.09	0.08	0.03	-0.12	0.03	0.58	0.24	0.27	1.15
DPS	0.00	0.00	0.04	0.02	0.00	0.02	0.18	0.07	0.32

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	14	16	17	13	7	18	16	22	42
Other current assets	11	7	14	7	7	7	7	7	7
Total current assets	24	23	31	20	14	25	23	28	49
Property & equip. (incl. NBs)	68	66	68	79	86	86	84	82	80
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	68	66	68	79	86	86	84	82	80
TOTAL ASSETS	92	90	99	99	100	111	107	110	129
Total equity	56	58	57	54	55	68	69	74	93
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	6	2	5	9	9	9	9	9	9
Total current liabilities	6	2	5	9	9	9	9	9	9
Long-term debt	30	30	36	36	36	35	29	28	27
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	30	30	36	36	36	35	29	28	27
TOTAL EQUITY & LIABILITIES	92	90	99	99	100	111	107	110	129
Working capital, receivables	5	0	6	0	0	0	0	0	0
Working capital, payables	5	1	4	2	2	2	2	2	2
Net working capital	0	-1	2	-2	-2	-2	-2	-2	-2
Interest bearing debt	30	30	36	36	36	35	29	28	27
Liquidity	14	16	18	14	9	20	17	23	43
Net interest bearing debt	16	13	18	22	28	15	12	5	-16

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	2	2	1	-3	1	14	6	6	27
Depreciation	1	1	1	1	2	2	2	2	2
Other	0	1	0	1	0	0	0	0	0
Cash earnings	4	4	2	-1	2	16	8	8	29
Changes in working capital	-1	0	-3	5	0	0	0	0	0
Net operational cash flow	3	4	-1	4	2	16	8	8	29
Capex	-1	-1	-3	-7	-8	-2	0	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	0	0	0	0	0	0	0	0	0
Net investing cash flow	-1	-1	-3	-7	-8	-2	0	0	0
Repayment of debt	0	0	-30	0	0	-1	-6	-1	-4
Proceeds from debt	0	0	38	0	0	0	0	0	2
Dividends paid	0	0	-1	-1	0	-1	-4	-2	-7
New equity	0	0	0	0	0	0	0	0	0
Other	0	-1	-2	-1	0	0	0	0	0
Net financing cash flow	0	-1	4	-1	0	-2	-10	-3	-9
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	2	2	1	-4	-6	11	-2	6	20
Cash balance	14	16	17	13	7	18	16	22	42
Free cash flow	2	3	-4	-3	-6	13	8	8	29

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales					8	19	75	65	65
Operational costs					-5	-11	-12	-12	-12
EBITDA					3	8	63	53	53
Depreciation/Amortization					-2	-5	-8	-8	-8
EBIT	—	—	—	—	1	3	55	45	45
Net financials					-1	-3	-3	-2	-2
PTP	—	—	—	—	0	0	52	43	43
Taxes/Minorities					0	0	0	0	0
Net earnings	—	—	—	—	0	0	52	43	43
Non-recurring items					0	0	0	0	0
Net earnings (adj.)	—	—	—	—	0	0	52	43	43
EPS					0.00	0.01	2.24	1.83	1.83
EPS (adj.)					0.00	0.01	2.24	1.83	1.83
DPS					0.00	0.06	0.59	2.09	2.21

Balance Sheet (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	—	14	7	42	44	43
Other current assets					11	7	7	7	7
Total current assets	—	—	—	—	24	14	49	51	50
Property & equip. (incl. NBs)	—	—	—	—	68	86	80	72	64
Other non-current assets					0	0	0	0	0
Total non-current assets	—	—	—	—	68	86	80	72	64
TOTAL ASSETS	—	—	—	—	92	100	129	123	114
Total equity	—	—	—	—	56	55	93	87	78
Short-term debt	—	—	—	—	0	0	0	0	0
Other current liabilities					6	9	9	9	9
Total current liabilities	—	—	—	—	6	9	9	9	9
Long-term debt	—	—	—	—	30	36	27	27	27
Other non-current liabilities					0	0	0	0	0
Total non-current liabilities	—	—	—	—	30	36	27	27	27
TOTAL EQUITY & LIABILITIES	—	—	—	—	92	100	129	123	114
Working capital, receivables					5	0	0	0	0
Working capital, payables	—	—	—	—	5	2	2	2	2
Net working capital					0	-2	-2	-2	-2
Interest bearing debt					30	36	27	27	27
Liquidity					14	9	43	45	44
Net interest bearing debt					16	28	-16	-18	-17

Cash Flow (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net income	—	—	—	—	0	0	52	43	43
Depreciation					2	5	8	8	8
Other					0	2	0	0	0
Cash earnings					2	7	60	51	51
Changes in working capital	—	—	—	—	-5	2	0	0	0
Net operational cash flow	—	—	—	—	-3	9	60	51	51
Capex	—	—	—	—	-68	-19	-2	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	—	0	0	0	0	0
Other					0	0	0	0	0
Net investing cash flow	—	—	—	—	-68	-18	-2	0	0
Repayment of debt	—	—	—	—	0	-30	-12	0	0
Proceeds from debt	—	—	—	—	30	38	2	0	0
Dividends paid	—	—	—	—	0	-2	-14	-49	-52
New equity	—	—	—	—	57	0	0	0	0
Other					0	0	0	0	0
Net financing cash flow	—	—	—	—	85	3	-23	-49	-52
Currency effect	—	—	—	—	0	0	0	0	0
Net cash flow					14	-7	35	2	-1
Cash balance				0	14	7	42	44	43
Free cash flow					-71	-9	58	51	51

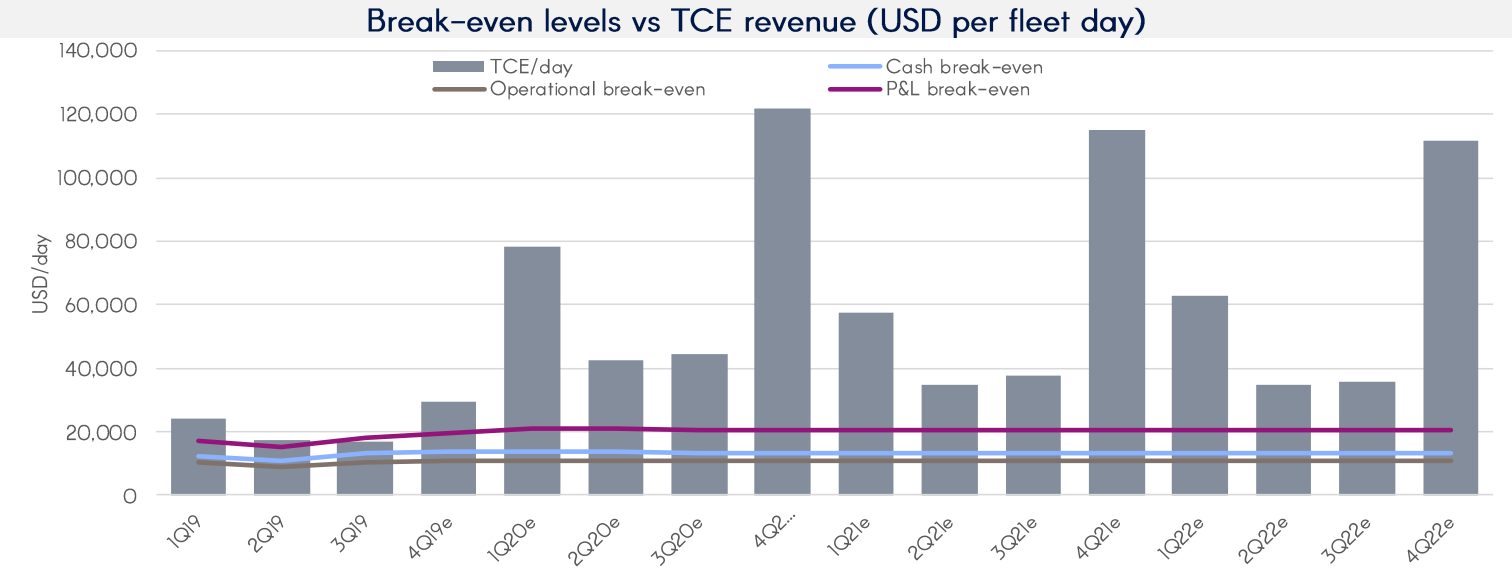
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	—	—	23	23	23	23	23
Share price, avg (USD)						2	3	3	3
Share price, end (USD)	—	—	—	—	2	3	3	3	3
Market Cap.					**53**	**72**	**72**	**72**	**72**
NIBD					16	28	-16	-18	-17
Minorities	—	—	—	—	0	0	0	0	0
Enterprise value					**69**	**100**	**56**	**54**	**55**

Key Figures & Ratios	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
P/E (reported)							1.4	1.7	1.7
P/E (adj.)							1.4	1.7	1.7
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					6.7	3.7	1.0	1.1	1.1
EV/Sales					8.7	5.2	0.7	0.8	0.8
EV/EBITDA					25.0	12.2	0.9	1.0	1.0
EV/EBIT					75.9	35.8	1.0	1.2	1.2
P/B					0.9	1.3	0.8	0.8	0.9
FCF yield					-134%	-13%	80%	70%	70%
Dividend yield					0.0%	2.1%	19.0%	67.5%	71.4%
Return on equity (ROE)					0.2%	0.2%	56.1%	49.1%	54.8%
Return on capital employed (ROCE)					1.3%	3.4%	71.6%	65.6%	74.3%
Return on assets (ROA)					0.1%	0.1%	40.6%	34.9%	37.7%
Sales growth						145%	288%	-13%	0%
EBITDA margin					35%	43%	84%	82%	82%
EBIT margin					11%	14%	73%	69%	69%
Net margin					1%	1%	70%	66%	66%
Net interest rate					5.2%	9.6%	-16.9%	-13.2%	-13.8%
Tax rate					0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio					61%	55%	72%	71%	69%
Leverage ratio					39%	45%	28%	29%	31%
NIBD / EBITDA (past 1y)					5.7	3.4	-0.3	-0.3	-0.3
Operating cash flow/NIBD					-0.2	0.3	-3.7	-2.8	-2.9
Net interest coverage ratio (EBITDA					3.4	3.1	22.9	22.3	22.3
Current ratio					3.8	1.6	5.7	5.9	5.8
Adj. equity ratio						59%	79%	84%	87%
Operating assets					78	91	85	77	69
Operating liabilities					6	9	9	9	9
Net operating assets					72	83	77	69	61

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



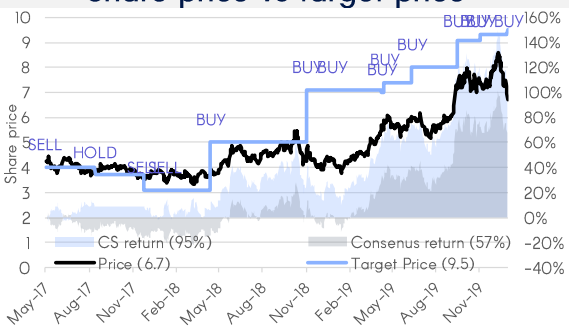
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

VLCC pure-play with a large fleet on the water. Scrubbers planned on most of the fleet. Top pick amongst Oil Tanker peers

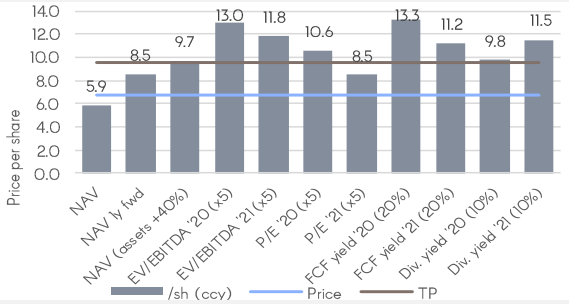
DHT-US BUY/$9.5

DHT Holdings

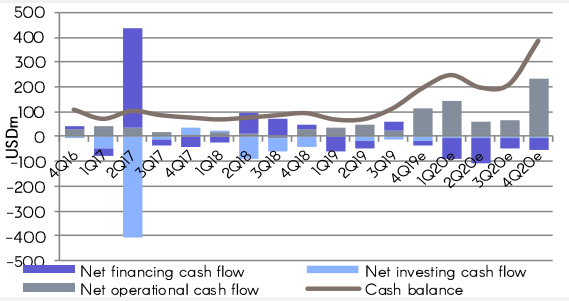
Share price vs target price



Valuation matrix



Cash & cash flows



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Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	357	639	558	589
EBITDA (adj.)	267	548	466	497
EBIT (adj.)	152	426	344	375
PTP (adj.)	96	375	301	340
Net earnings (adj.)	95	375	301	340
EPS (adj.)	0.55	2.11	1.69	1.91
DPS	0.20	0.98	1.15	1.25
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	1,120	1,797	2,450	2,756
Adj. equity ratio	1	1	1	1
FCF yield	14%	40%	33%	37%
Dividend yield	3%	15%	17%	19%
EV/EBITDA	7.2	2.9	3.1	2.4
P/E (adj.)	12.5	3.2	4.0	3.5

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	221	497	423	462
Free cash flow	168	471	397	436
Net cash flow	101	192	6	153
TCE/day	37,834	66,848	58,235	61,510
Cash break-even	28,251	25,106	32,489	19,092
Liquidity	196	388	394	547
Property & Equip. (incl. NB	1,610	1,514	1,417	1,321
Total equity	939	1,140	1,237	1,355
Total assets	1,899	1,995	1,905	1,961
Interest bearing debt	917	811	624	563
Net interest bearing debt	721	423	231	16
Market Cap.	1,192	1,192	1,192	1,192

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the document

Quarterly Preview

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	85.2	58.9	151.4	155.5				
EBITDA (adj.)	61.3	36.0	128.6	129.6				
EBIT (adj.)	33.1	6.3	98.5	101.1				
PTP (adj.)	12.0	-7.9	84.7	82.6				
Net earnings (adj.)	12.0	-7.9	84.7	85.4				
EPS (adj.)	0.08	-0.06	0.48	0.56				
DPS	0.05	0.05	0.32	0.25				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	85.2	58.9	151.4	155.5				
Opex & G&A	23.9	22.9	22.9	25.9				
Depreciation	28.3	29.7	30.1	28.4				
Net finance	21.1	14.2	13.8	18.5				
Taxes & Minorities	-0.0	0.0	-	-2.7				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	28	22	115					
Free cash flow	-14	8	95					
Net cash flow	8	44	80					
TCE/day	33,459	25,904	63,499	65,202				
Utilization	96.9%	93.2%	96.0%					
Fleet days	2,629	2,484	2,484					
Cash break-even	26,009	20,966	34,703					
Liquidity	95	115	196					
Interest bearing debt	967	949	917					
Net interest bearing debt	872	833	721					

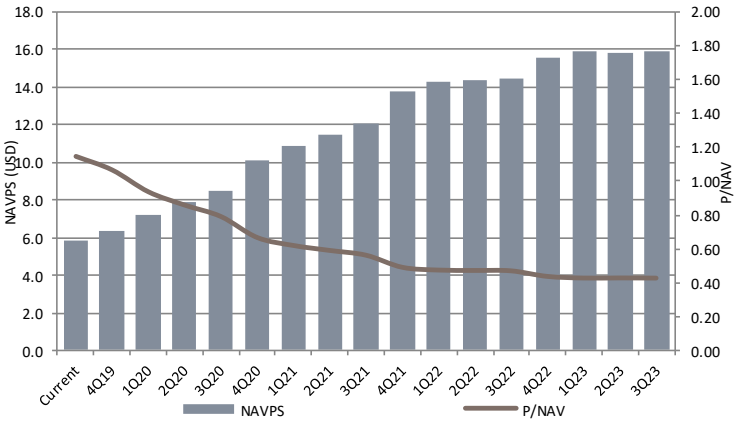
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

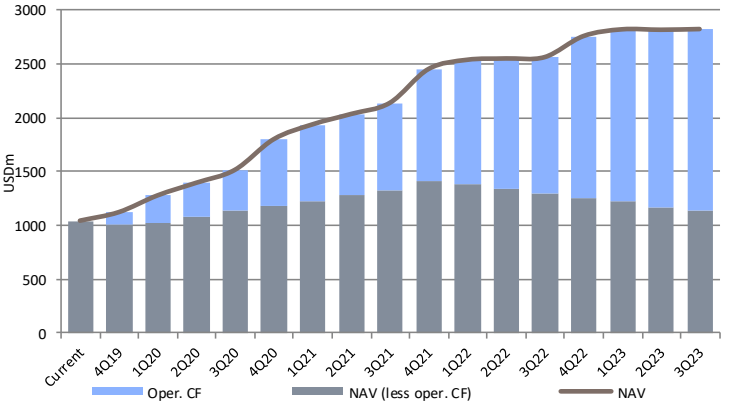
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,620	1,708	1,853
Contract value	0	0	0
Other	69	69	75
GAV	1,689	1,778	1,928
Net debt	-833	-682	-682
Capex	0	-36	-36
Other	-19	-19	-19
Equity	837	1,041	1,192
Shares	178	178	178
Equity/sh	4.71	5.86	6.71
lcl CCY	4.71	5.86	6.71
P/Equity	1.42	1.14	1.00
EV/GAV	1.14	1.08	1.00
Adj. Total Assets	1,828	1,917	2,062
Adj. Equity Ratio	46%	54%	58%
Fair Value	USD	9.5	42%

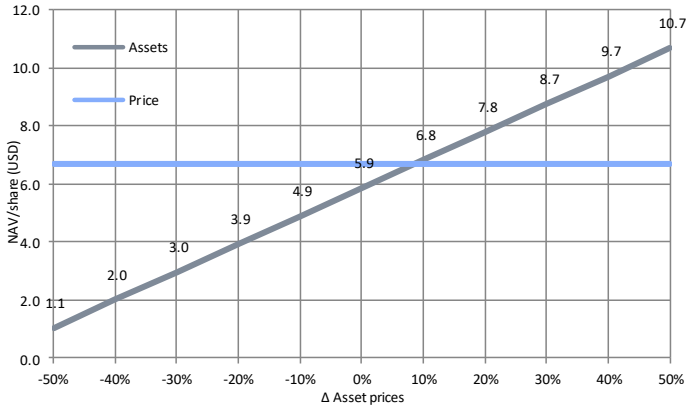
Quarterly forward NAV & P/NAV



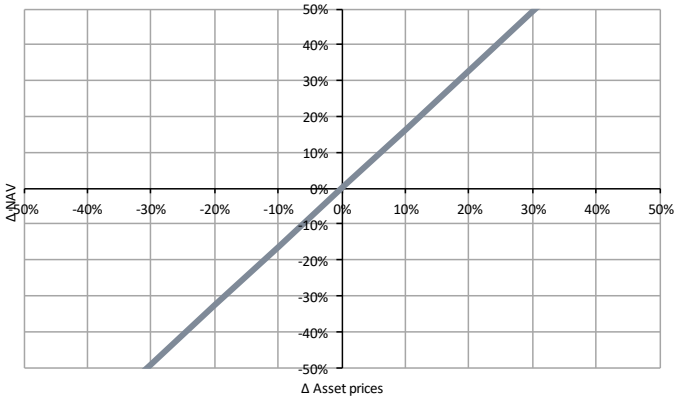
Quarterly forward NAV decomposition



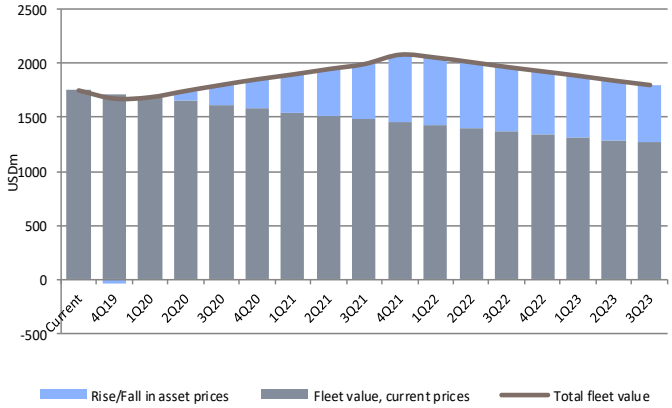
Impact on NAV/sh from % change in asset prices



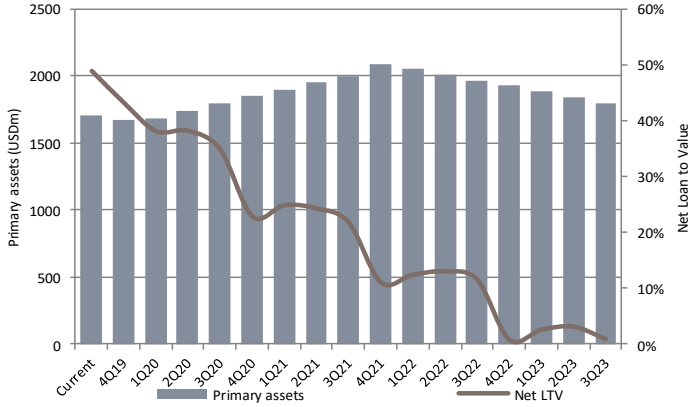
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	357	639	558	589	348	504	530	563	9	135	27	26
EBITDA (adj.)	267	548	466	497	258	413	439	471	9	135	27	26
EBIT (adj.)	152	426	344	375	143	291	317	349	9	135	27	26
PTP (adj.)	96	375	301	340	87	240	274	312	9	135	27	28
Net earnings (adj.)	95	375	301	340	87	240	274	312	9	135	27	28
EPS (adj.)	0.55	2.11	1.69	1.91	0.50	1.35	1.54	1.76	0.05	0.76	0.15	0.16
DPS	0.20	0.98	1.15	1.25	0.20	0.77	0.94	1.18	–	0.21	0.21	0.07

	2019E	2020E	2021E	2022E
TCE revenue	9	135	27	26
Opex & G&A	–	–	–	–
Depreciation	–	–	–	–
Net finance	–	–	–	-3
Taxes & Minorities	–	–	–	–

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	221	497	423	462	212	362	396	434	9	135	27	28
Free cash flow	168	471	397	436	159	341	375	413	9	130	22	23
Net cash flow	101	192	6	153	92	99	22	142	9	93	-16	11
TCE/day	37,834	66,848	58,235	61,510	36,910	52,746	55,438	58,888	924	14,102	2,797	2,622
Cash break-even	28,251	25,106	32,489	19,092	28,251	25,106	32,489	19,352	–	–	–	-260
Liquidity	196	388	394	547	187	285	307	449	9	102	86	97
Property & Equip. (incl. NB	1,610	1,514	1,417	1,321	1,610	1,508	1,407	1,306	–	5	10	15
Total equity	939	1,140	1,237	1,355	930	1,033	1,140	1,243	9	107	97	113
Total assets	1,899	1,995	1,905	1,961	1,890	1,887	1,808	1,849	9	107	97	113
Interest bearing debt	917	811	624	563	917	811	624	563	–	–	–	–
Net interest bearing debt	721	423	231	16	730	526	317	114	-9	-102	-86	-97
Market Cap.	1,192	1,192	1,192	1,192	1,311	1,311	1,311	1,311	-119	-119	-119	-119
Enterprise value	1,913	1,615	1,423	1,208	2,041	1,837	1,628	1,424	-128	-221	-205	-216

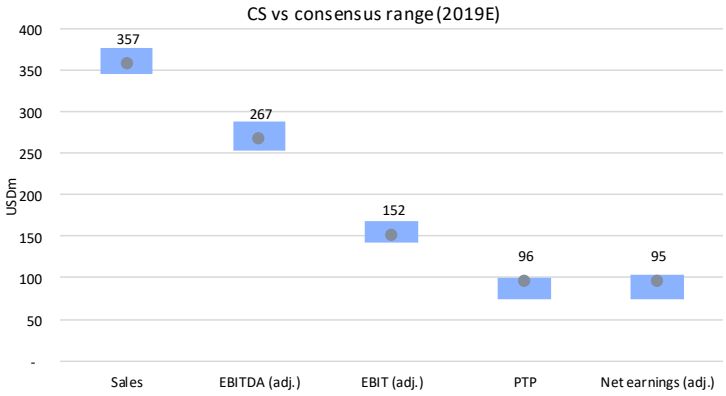
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,120	1,797	2,450	2,756	1,177	1,803	2,395	2,592	-57	-6	55	164
Adj. equity ratio	1	1	1	1	55%	68%	78%	81%	-1%	0%	0%	1%
FCF yield	14%	40%	33%	37%	12%	26%	29%	32%	2%	13%	5%	5%
Dividend yield	3%	15%	17%	19%	2%	10%	13%	16%	0%	4%	4%	3%
EV/EBITDA	7.2	2.9	3.1	2.4	7.9	4.5	3.7	3.0	-0.7	-1.5	-0.7	-0.6
P/E (adj.)	12.5	3.2	4.0	3.5	15.1	5.5	4.8	4.2	-2.6	-2.3	-0.8	-0.7

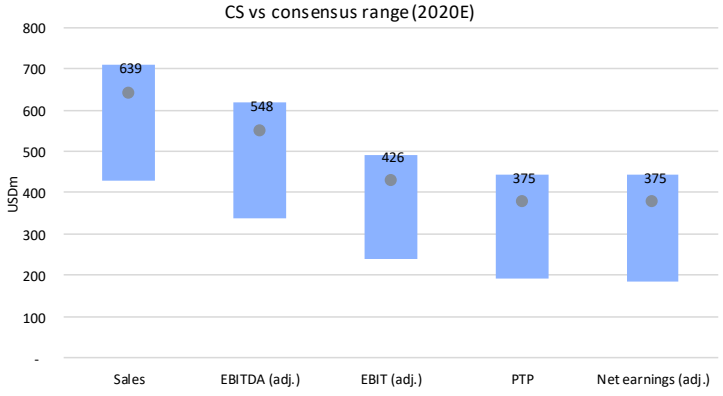
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

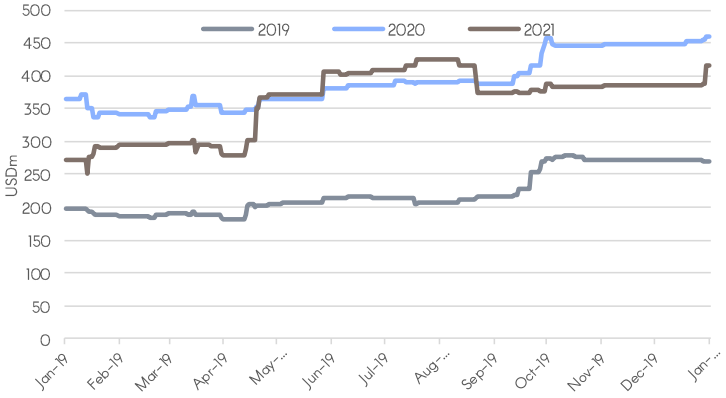
Profit & Loss, year I



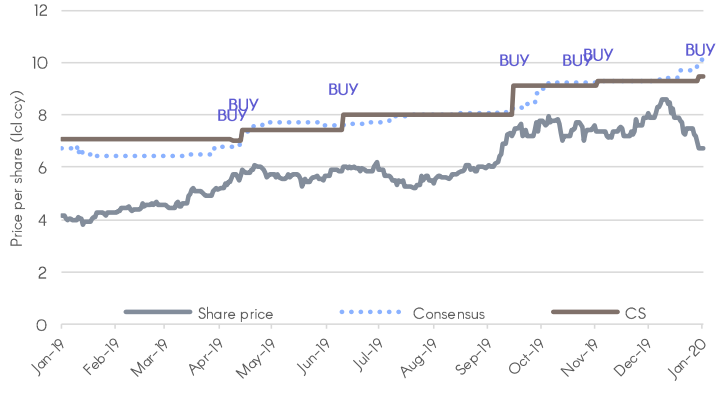
Profit & Loss, year II



Consensus EBITDA development



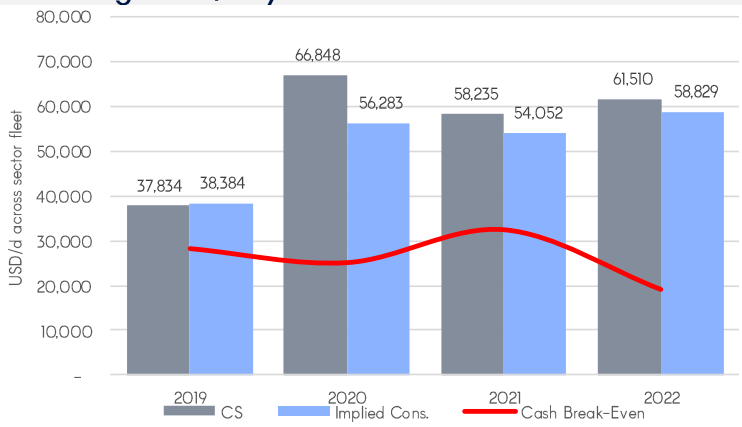
Target price vs share price (past 1y)



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	357	363	-5	-1%
Opex + G&A	91	93	-3	-3%
Depreciation	115	113	2	1%
Net finance	56	70	-14	-20%
Taxes & Minorities	0	-8	8	-101%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	639	538	101	19%
Opex + G&A	92	79	12	16%
Depreciation	122	107	15	14%
Net finance	51	33	17	53%
Taxes & Minorities	0	38	-38	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**85**	**86**	**61**	**59**	**151**	**179**	**94**	**100**	**266**
Operational costs	-24	-22	-23	-23	-23	-23	-23	-23	-23
EBITDA	**61**	**64**	**38**	**36**	**129**	**156**	**71**	**77**	**243**
Depreciation/Amortization	-28	-28	-28	-30	-30	-30	-30	-30	-30
EBIT	**33**	**37**	**10**	**6**	**98**	**126**	**40**	**47**	**213**
Net financials	-21	-19	-21	-16	-14	-13	-13	-13	-12
PTP	**12**	**18**	**-10**	**-9**	**85**	**113**	**28**	**34**	**201**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**12**	**18**	**-11**	**-9**	**85**	**113**	**28**	**34**	**201**
Non-recurring items	0	4	7	2	0	0	0	0	0
Net earnings (adj.)	**12**	**22**	**-4**	**-8**	**85**	**113**	**28**	**34**	**201**
EPS	0.08	0.12	-0.07	-0.07	0.48	0.63	0.15	0.19	1.13
EPS (adj.)	0.08	0.16	-0.02	-0.06	0.48	0.63	0.15	0.19	1.13
DPS	0.02	0.05	0.08	0.02	0.05	0.32	0.42	0.10	0.13

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	95	69	71	115	196	249	199	212	388
Other current assets	98	114	86	88	88	88	88	88	88
Total current assets	**193**	**184**	**157**	**204**	**284**	**338**	**287**	**300**	**476**
Property & equip. (incl. NBs)	1,666	1,638	1,631	1,620	1,610	1,586	1,562	1,538	1,514
Other non-current assets	4	6	5	5	5	5	5	5	5
Total non-current assets	**1,671**	**1,645**	**1,635**	**1,625**	**1,615**	**1,591**	**1,567**	**1,543**	**1,518**
TOTAL ASSETS	**1,864**	**1,828**	**1,793**	**1,828**	**1,899**	**1,928**	**1,854**	**1,843**	**1,995**
Total equity	**862**	**870**	**849**	**837**	**939**	**995**	**947**	**963**	**1,140**
Short-term debt	94	94	97	100	106	95	84	198	187
Other current liabilities	30	30	25	29	29	29	29	29	29
Total current liabilities	**124**	**125**	**122**	**129**	**134**	**123**	**112**	**226**	**215**
Long-term debt	873	825	808	848	811	796	780	640	624
Other non-current liabilities	5	10	14	14	14	14	14	14	14
Total non-current liabilities	**878**	**834**	**822**	**863**	**825**	**810**	**795**	**654**	**639**
TOTAL EQUITY & LIABILITIES	**1,864**	**1,828**	**1,793**	**1,828**	**1,899**	**1,928**	**1,854**	**1,843**	**1,995**
Working capital, receivables	60	66	42	55	55	55	55	55	55
Working capital, payables	23	28	21	24	24	24	24	24	24
Net working capital	**38**	**39**	**21**	**31**	**31**	**31**	**31**	**31**	**31**
Interest bearing debt	967	919	906	949	917	890	864	837	811
Liquidity	95	69	71	115	196	249	199	212	388
Net interest bearing debt	**872**	**850**	**835**	**833**	**721**	**641**	**665**	**625**	**423**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	12	18	-11	-9	85	113	28	34	201
Depreciation	28	28	28	30	30	30	30	30	30
Other	8	7	11	4	0	0	0	0	0
Cash earnings	**48**	**52**	**28**	**24**	**115**	**143**	**58**	**65**	**231**
Changes in working capital	-20	-15	19	-3	0	0	0	0	0
Net operational cash flow	**28**	**37**	**48**	**22**	**115**	**143**	**58**	**65**	**231**
Capex	-68	-2	-18	-14	-20	-6	-6	-6	-6
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	26	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-42**	**-2**	**-18**	**-14**	**-20**	**-6**	**-6**	**-6**	**-6**
Repayment of debt	-25	-50	-17	-16	-50	-26	-26	-26	-26
Proceeds from debt	55	0	0	55	18	0	0	0	0
Dividends paid	-3	-7	-11	-3	-9	-57	-75	-18	-23
New equity	0	0	0	0	26	0	0	0	0
Other	-5	-3	0	0	0	0	0	0	0
Net financing cash flow	**22**	**-61**	**-28**	**37**	**-15**	**-83**	**-102**	**-45**	**-49**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**8**	**-26**	**2**	**44**	**80**	**53**	**-50**	**13**	**176**
Cash balance	95	69	71	115	196	249	199	212	388
Free cash flow	**-14**	**35**	**30**	**8**	**95**	**137**	**52**	**58**	**225**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**101**	**296**	**291**	**242**	**214**	**357**	**639**	**558**	**589**
Operational costs	-29	-82	-166	-102	-94	-91	-92	-92	-92
EBITDA	**73**	**214**	**125**	**140**	**120**	**267**	**548**	**466**	**497**
Depreciation/Amortization	-45	-79	-84	-97	-103	-115	-122	-122	-122
EBIT	**27**	**135**	**41**	**43**	**16**	**152**	**426**	**344**	**375**
Net financials	-14	-30	-31	-37	-63	-69	-51	-43	-35
PTP	**13**	**105**	**9**	**7**	**-47**	**83**	**375**	**301**	**340**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**13**	**105**	**9**	**7**	**-47**	**83**	**375**	**301**	**340**
Non-recurring items	0	0	0	0	0	13	0	0	0
Net earnings (adj.)	**13**	**105**	**9**	**7**	**-47**	**95**	**375**	**301**	**340**
EPS	0.14	1.13	0.10	0.05	-0.33	0.46	2.11	1.69	1.91
EPS (adj.)	0.14	1.13	0.10	0.05	-0.33	0.55	2.11	1.69	1.91
DPS	0.06	0.53	0.71	0.16	0.08	0.20	0.98	1.15	1.25

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	167	167	109	77	95	196	388	394	547
Other current assets	46	51	69	90	98	88	88	88	88
Total current assets	**212**	**218**	**179**	**167**	**193**	**284**	**476**	**482**	**635**
Property & equip. (incl. NBs)	1,163	1,203	1,222	1,559	1,666	1,610	1,514	1,417	1,321
Other non-current assets	3	3	3	4	4	5	5	5	5
Total non-current assets	**1,166**	**1,206**	**1,225**	**1,563**	**1,671**	**1,615**	**1,518**	**1,422**	**1,326**
TOTAL ASSETS	1,378	1,424	1,404	1,730	1,864	1,899	1,995	1,905	1,961
Total equity	**675**	**738**	**685**	**926**	**862**	**939**	**1,140**	**1,237**	**1,355**
Short-term debt	32	32	58	65	94	106	80	86	92
Other current liabilities	36	21	17	18	30	29	29	29	29
Total current liabilities	**68**	**53**	**74**	**83**	**124**	**134**	**109**	**115**	**120**
Long-term debt	629	630	644	721	873	811	730	538	471
Other non-current liabilities	6	3	0	0	5	14	14	14	14
Total non-current liabilities	**635**	**633**	**644**	**722**	**878**	**825**	**745**	**553**	**486**
TOTAL EQUITY & LIABILITIES	1,378	1,424	1,404	1,730	1,864	1,899	1,995	1,905	1,961
Working capital, receivables	29	40	34	42	60	55	55	55	55
Working capital, payables	30	12	12	17	23	24	24	24	24
Net working capital	**-1**	**28**	**23**	**25**	**38**	**31**	**31**	**31**	**31**
Interest bearing debt	661	662	701	786	967	917	811	624	563
Liquidity	167	167	109	77	95	196	388	394	547
Net interest bearing debt	**495**	**496**	**592**	**709**	**872**	**721**	**423**	**231**	**16**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	13	105	9	7	-47	83	375	301	340
Depreciation	45	79	84	97	103	115	122	122	122
Other	-29	11	96	20	26	22	0	0	0
Cash earnings	**29**	**195**	**189**	**124**	**82**	**219**	**497**	**423**	**462**
Changes in working capital	2	-14	5	-22	-28	1	0	0	0
Net operational cash flow	**31**	**182**	**194**	**102**	**54**	**221**	**497**	**423**	**462**
Capex	-295	-145	-236	-298	-235	-53	-26	-26	-26
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	27	22	111	46	0	0	0	0
Other	-256	-7	0	0	0	0	0	0	0
Net investing cash flow	**-551**	**-126**	**-213**	**-187**	**-188**	**-53**	**-26**	**-26**	**-26**
Repayment of debt	207	-6	55	93	168	-132	-106	-187	-62
Proceeds from debt	489	99	219	200	617	72	0	0	0
Dividends paid	-6	-49	-66	-23	-11	-30	-173	-204	-222
New equity	360	0	0	0	0	26	0	0	0
Other	-489	-99	-247	-218	-622	0	0	0	0
Net financing cash flow	**561**	**-56**	**-38**	**53**	**152**	**-67**	**-279**	**-391**	**-283**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**41**	**0**	**-57**	**-32**	**18**	**101**	**192**	**6**	**153**
Cash balance	167	167	109	77	95	196	388	394	547
Free cash flow	**-521**	**56**	**-19**	**-85**	**-134**	**168**	**471**	**397**	**436**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

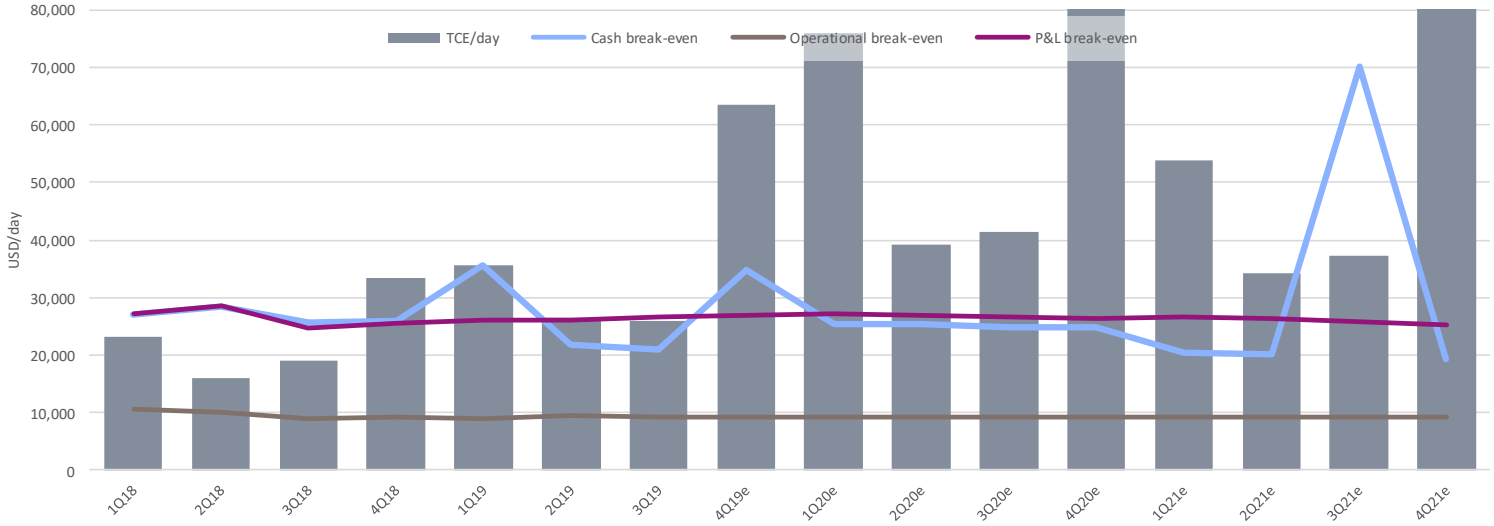
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	93	93	93	142	143	178	178	178	178
Share price, avg (USD)	7	8	5	4	4	6	7	7	7
Share price, end (USD)	7	8	4	4	4	7	7	7	7
Market Cap.	**676**	**752**	**387**	**511**	**559**	**1,192**	**1,192**	**1,192**	**1,192**
NIBD	495	496	592	709	872	721	423	231	16
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**1,171**	**1,247**	**979**	**1,220**	**1,432**	**1,913**	**1,615**	**1,423**	**1,208**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	52.5	7.1	41.8	77.4		14.4	3.2	4.0	3.5
P/E (adj.)	52.5	7.1	41.8	77.4		12.5	3.2	4.0	3.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	6.7	2.5	1.3	2.1	2.6	3.3	1.9	2.1	2.0
EV/Sales	11.5	4.2	3.4	5.0	6.7	5.4	2.5	2.6	2.1
EV/EBITDA	16.1	5.8	7.8	8.7	12.0	7.2	2.9	3.1	2.4
EV/EBIT	42.7	9.2	24.2	28.2	87.9	12.6	3.8	4.1	3.2
P/B	1.0	1.0	0.6	0.6	0.6	1.3	1.0	1.0	0.9
FCF yield	-77%	7%	-5%	-17%	-24%	14%	40%	33%	37%
Dividend yield	0.9%	6.5%	17.2%	4.6%	2.1%	2.5%	14.6%	17.2%	18.6%
Return on equity (ROE)	1.9%	14.3%	1.4%	0.7%	-5.4%	8.8%	32.9%	24.3%	25.1%
Return on capital employed (ROCE)	2.3%	11.0%	3.2%	2.6%	0.9%	9.1%	27.2%	23.4%	27.3%
Return on assets (ROA)	0.9%	7.4%	0.7%	0.4%	-2.5%	4.3%	18.8%	15.8%	17.3%
Sales growth	65%	192%	-2%	-17%	-11%	67%	79%	-13%	6%
EBITDA margin	71%	72%	43%	58%	56%	75%	86%	84%	84%
EBIT margin	27%	46%	14%	18%	8%	42%	67%	62%	64%
Net margin	13%	36%	3%	3%	-22%	23%	59%	54%	58%
Net interest rate	2.9%	6.8%	5.9%	5.7%	6.2%	7.7%	12.0%	18.6%	213.7%
Tax rate	0.7%	0.1%	1.0%	1.9%	-0.2%	0.1%	0.0%	0.0%	0.0%
Equity ratio	49%	52%	49%	54%	46%	49%	57%	65%	69%
Leverage ratio	51%	48%	51%	46%	54%	51%	43%	35%	31%
NIBD / EBITDA (past ly)	6.8	2.3	4.7	5.1	7.3	2.7	0.8	0.5	0.0
Operating cash flow/NIBD	0.1	0.4	0.3	0.1	0.1	0.3	1.2	1.8	28.4
Net interest coverage ratio (EBITDA	5.1	6.4	3.6	3.5	2.2	4.8	10.8	10.8	14.3
Current ratio	3.1	4.1	2.4	2.0	1.6	2.1	4.4	4.2	5.3
Adj. equity ratio						54%	68%	79%	82%
Operating assets	1,211	1,257	1,294	1,653	1,769	1,703	1,607	1,511	1,415
Operating liabilities	42	23	17	18	35	43	43	43	43
Net operating assets	1,169	1,234	1,277	1,635	1,734	1,660	1,564	1,468	1,372

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

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



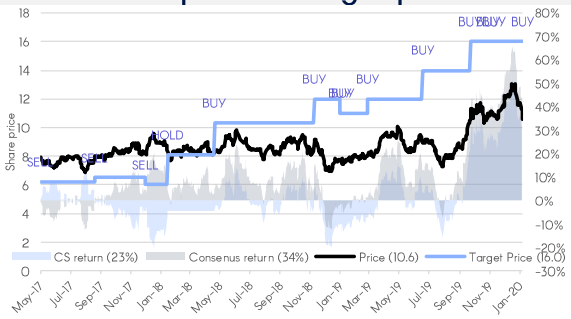
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Largest fleet in our covered universe, mainly VLCCs and Suezmaxes. Too low financial leverage as the cycle expands

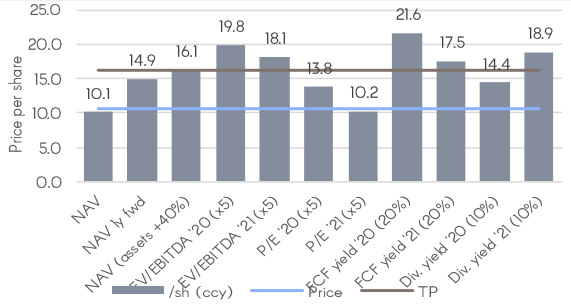
EURN-US BUY/$16

Euronav

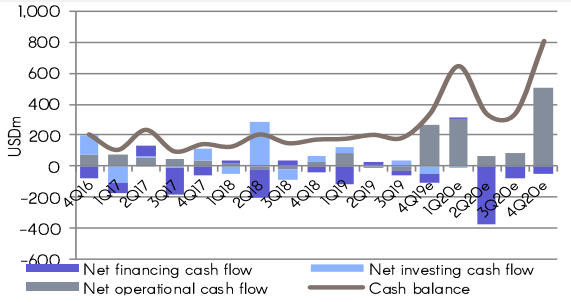
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

Joakim Hannisdahl
Head of Research
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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	827	1,311	1,161	1,201
EBITDA (adj.)	547	1,027	878	930
EBIT (adj.)	208	684	535	616
PTP (adj.)	129	606	450	537
Net earnings (adj.)	129	606	450	537
EPS (adj.)	0.59	2.75	2.05	2.44
DPS	0.12	1.44	1.89	2.04
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	2,550	3,907	5,176	5,733
Adj. equity ratio	58%	70%	77%	80%
FCF yield	15%	41%	33%	37%
Dividend yield	1%	14%	18%	19%
EV/EBITDA	6.6	3.0	3.1	2.5
P/E (adj.)	18.1	3.9	5.2	4.3

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	318	972	793	852
Free cash flow	356	951	772	852
Net cash flow	169	465	230	286
TCE/day	33,364	51,218	45,466	49,825
Cash break-even	23,898	23,496	19,063	19,019
Liquidity	342	807	1,037	1,323
Property & Equip. (incl. NB	3,296	2,974	2,652	2,337
Total equity	2,325	2,637	2,672	2,761
Total assets	4,188	4,330	4,238	4,209
Interest bearing debt	1,749	1,580	1,452	1,335
Net interest bearing debt	1,407	772	415	12
Market Cap.	2,332	2,332	2,332	2,332

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Preview

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	191.6	140.0	357.6	349.3				
EBITDA (adj.)	114.0	74.1	286.7	266.6				
EBIT (adj.)	35.5	-10.5	201.5	146.4				
PTP (adj.)	15.2	-30.4	180.3	158.7				
Net earnings (adj.)	15.3	-31.8	180.3	139.0				
EPS (adj.)	0.07	-0.14	0.82	0.69				
DPS	0.06	-	-	0.28				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	191.6	140.0	357.6	349.3				
Opex & G&A	77.7	65.9	70.9	82.7				
Depreciation	78.5	84.6	85.2	120.2				
Net finance	20.3	19.9	21.2	-12.2				
Taxes & Minorities	-0.1	1.4	-	19.6				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	31	-33	266					
Free cash flow	66	7	216					
Net cash flow	23	-20	159					
TCE/day	30,242	22,094	56,045	54,749				
Fleet days	6,532	6,532	6,578					
Cash break-even	24,805	23,255	24,055					
Liquidity	173	184	342					
Interest bearing debt	1,769	1,793	1,749					
Net interest bearing debt	1,595	1,610	1,407					

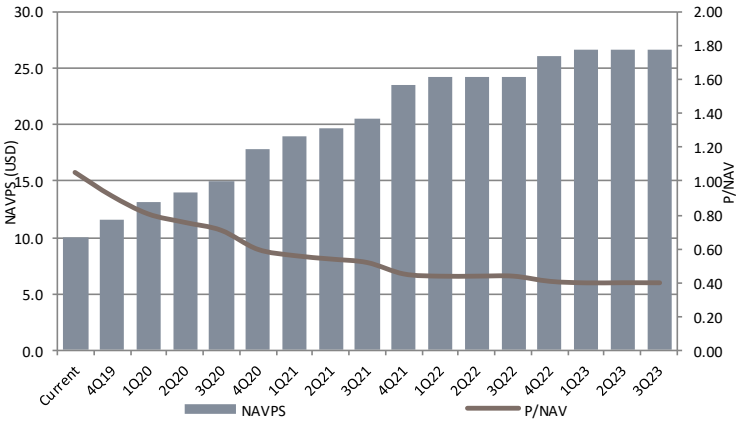
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

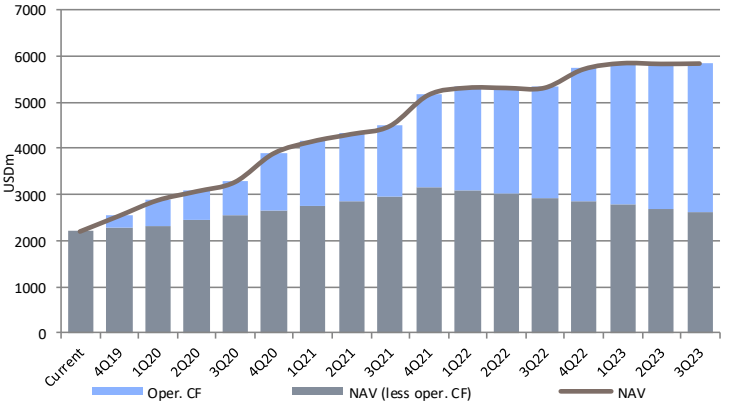
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	3,332	3,347	3,449
Contract value	0	74	76
Other	447	455	469
GAV	3,779	3,876	3,994
Net debt	-1,610	-1,610	-1,610
Capex	0	-41	-41
Other	-12	-12	-12
Equity	2,157	2,214	2,332
Shares	220	220	220
Equity/sh	9.81	10.06	10.60
lcl CCY	9.81	10.06	10.60
P/Equity	1.08	1.05	1.00
EV/GAV	1.06	1.03	1.00
Adj. Total Assets	4,065	4,080	4,182
Adj. Equity Ratio	53%	54%	56%
Fair Value	USD	16.1	52%

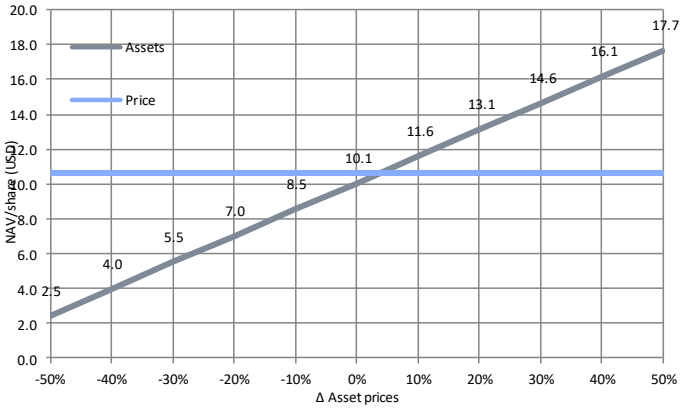
Quarterly forward NAV & P/NAV



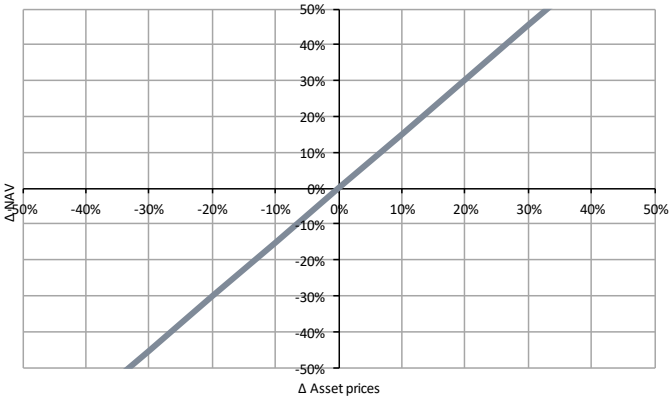
Quarterly forward NAV decomposition



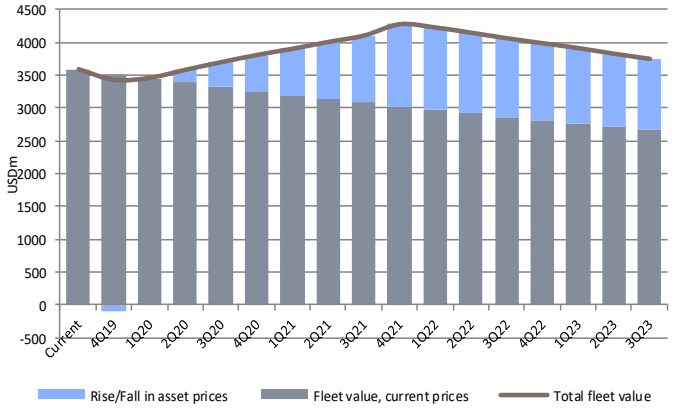
Impact on NAV/sh from % change in asset prices



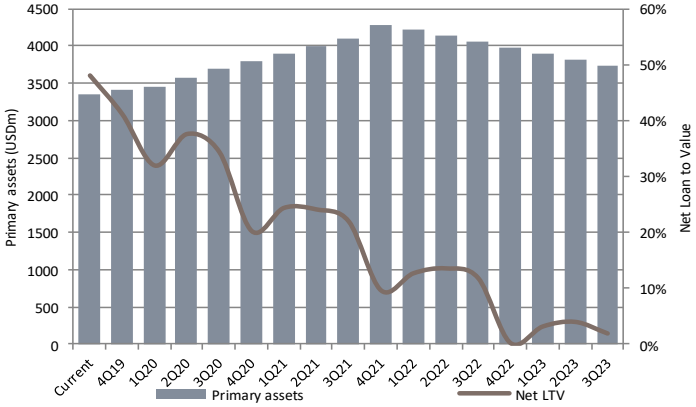
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	827	1,311	1,161	1,201	821	1,161	1,243	1,241	6	149	-82	-40
EBITDA (adj.)	547	1,027	878	930	540	878	960	970	6	149	-82	-40
EBIT (adj.)	208	684	535	616	202	535	617	656	6	149	-82	-40
PTP (adj.)	129	606	450	537	122	460	535	581	6	146	-85	-43
Net earnings (adj.)	129	606	450	537	123	460	535	581	6	146	-85	-43
EPS (adj.)	0.59	2.75	2.05	2.44	0.56	2.09	2.43	2.64	0.03	0.66	-0.39	-0.20
DPS	0.12	1.44	1.89	2.04	0.29	0.49	1.09	1.39	-0.17	0.95	0.79	0.65

	2019E	2020E	2021E	2022E
TCE revenue	6	149	-82	-40
Opex & G&A	-	-	-	-
Depreciation	-	-	-	-
Net finance	0	3	4	3
Taxes & Minorities	0	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	318	972	793	852	312	803	878	895	6	169	-85	-43
Free cash flow	356	951	772	852	353	780	855	895	2	171	-83	-43
Net cash flow	169	465	230	286	129	437	493	477	40	28	-263	-192
TCE/day	33,364	51,218	45,466	49,825	33,116	45,403	48,719	51,558	248	5,816	-3,254	-1,733
Cash break-even	23,898	23,496	19,063	19,019	23,898	23,317	18,723	18,689	0	180	340	331
Liquidity	342	807	1,037	1,323	302	739	1,231	1,709	40	69	-194	-386
Property & Equip. (incl. NB	3,296	2,974	2,652	2,337	3,292	2,972	2,652	2,338	4	2	-1	-1
Total equity	2,325	2,637	2,672	2,761	2,282	2,633	2,928	3,203	43	4	-256	-442
Total assets	4,188	4,330	4,238	4,209	4,143	4,260	4,433	4,596	44	70	-195	-386
Interest bearing debt	1,749	1,580	1,452	1,335	1,748	1,513	1,391	1,279	1	66	61	56
Net interest bearing debt	1,407	772	415	12	1,446	774	160	-430	-39	-2	255	442
Market Cap.	2,332	2,332	2,332	2,332	2,403	2,403	2,403	2,403	-70	-70	-70	-70
Enterprise value	3,739	3,104	2,747	2,344	3,849	3,177	2,562	1,973	-110	-73	185	372

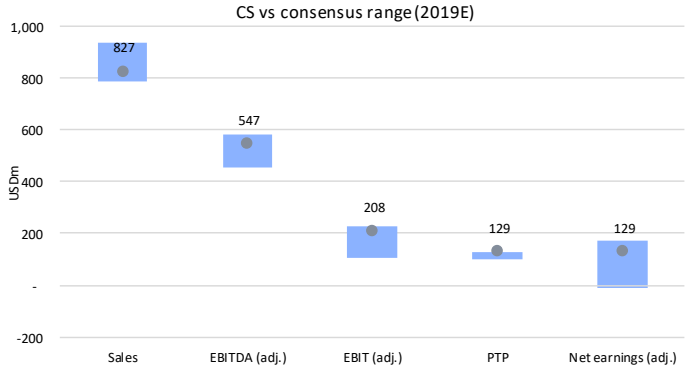
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	2,550	3,907	5,176	5,733	2,609	3,952	5,227	5,665	-60	-45	-51	68
Adj. equity ratio	58%	70%	77%	80%	58%	71%	78%	80%	-1%	-1%	-1%	0%
FCF yield	15%	41%	33%	37%	15%	32%	36%	37%	1%	8%	-2%	-1%
Dividend yield	1%	14%	18%	19%	3%	5%	10%	13%	-1%	9%	8%	7%
EV/EBITDA	6.6	3.0	3.1	2.5	6.9	3.6	2.7	2.0	-0.3	-0.7	0.5	0.5
P/E (adj.)	18.1	3.9	5.2	4.3	19.6	5.2	4.5	4.1	-1.5	-1.4	0.7	0.2

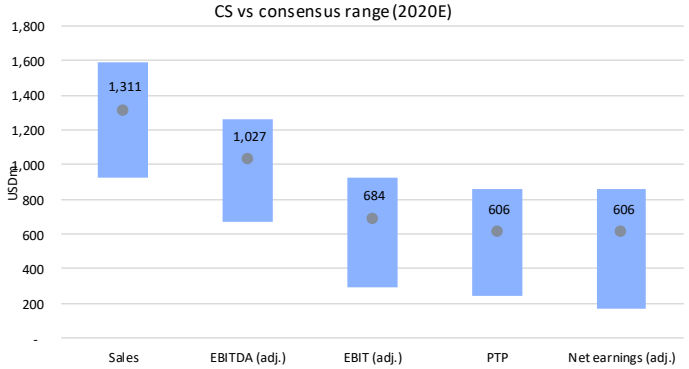
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

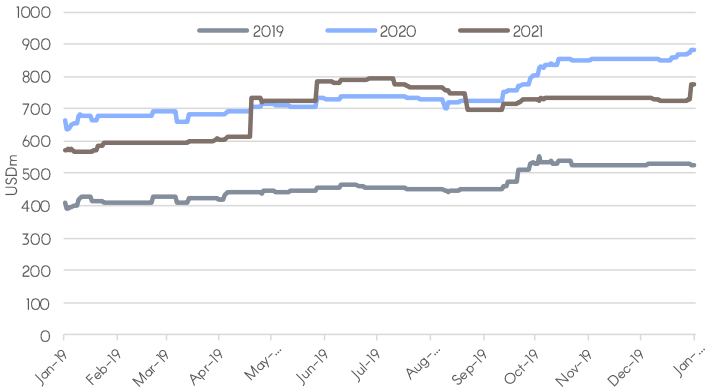
Profit & Loss, year I



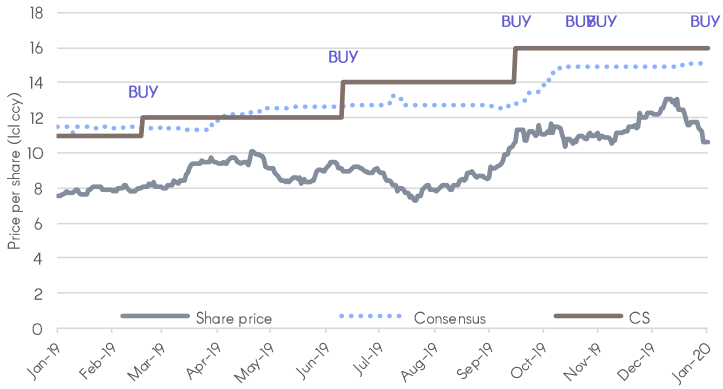
Profit & Loss, year II



Consensus EBITDA development



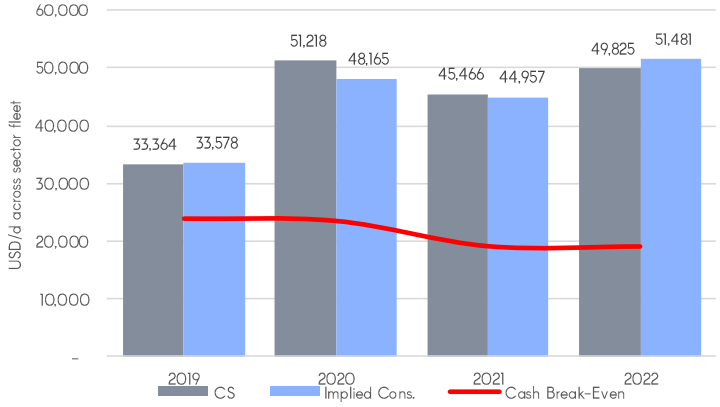
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	827	832	-5	-1%
Opex + G&A	281	306	-26	-8%
Depreciation	338	340	-2	-1%
Net finance	80	71	9	13%
Taxes & Minorities	-1	15	-16	-104%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	1,311	1,232	78	6%
Opex + G&A	283	353	-70	-20%
Depreciation	343	345	-2	0%
Net finance	79	30	48	160%
Taxes & Minorities	0	35	-35	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**192**	**197**	**132**	**140**	**358**	**376**	**158**	**177**	**600**
Operational costs	-93	-74	-68	-50	-71	-48	-70	-71	-71
EBITDA	**99**	**123**	**64**	**90**	**287**	**328**	**88**	**106**	**529**
Depreciation/Amortization	-78	-84	-85	-85	-85	-86	-86	-86	-86
EBIT	**20**	**39**	**-20**	**5**	**202**	**242**	**2**	**20**	**443**
Net financials	-20	-20	-20	-27	-21	-21	-20	-19	-19
PTP	**0**	**19**	**-40**	**-22**	**180**	**222**	**-18**	**1**	**424**
Taxes/Minorities	0	0	2	-1	0	0	0	0	0
Net earnings	**0**	**20**	**-39**	**-23**	**180**	**222**	**-18**	**1**	**424**
Non-recurring items	15	0	0	-9	0	-23	0	0	0
Net earnings (adj.)	**15**	**20**	**-39**	**-32**	**180**	**199**	**-18**	**1**	**424**
EPS	0.00	0.09	-0.18	-0.10	0.82	1.01	-0.08	0.00	1.93
EPS (adj.)	0.07	0.09	-0.18	-0.14	0.82	0.90	-0.08	0.00	1.93
DPS	0.06	0.00	0.06	0.00	0.06	0.00	1.38	0.03	0.03

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	173	178	204	184	342	646	336	343	807
Other current assets	352	360	413	468	468	468	468	468	468
Total current assets	**525**	**539**	**617**	**651**	**810**	**1,114**	**803**	**811**	**1,275**
Property & equip. (incl. NBs)	3,520	3,523	3,416	3,332	3,296	3,216	3,135	3,054	2,974
Other non-current assets	82	87	83	82	82	82	82	82	82
Total non-current assets	**3,602**	**3,610**	**3,499**	**3,414**	**3,378**	**3,297**	**3,216**	**3,136**	**3,055**
TOTAL ASSETS	**4,127**	**4,148**	**4,116**	**4,065**	**4,188**	**4,411**	**4,020**	**3,946**	**4,330**
Total equity	**2,260**	**2,260**	**2,195**	**2,158**	**2,325**	**2,546**	**2,225**	**2,219**	**2,637**
Short-term debt	194	307	299	244	261	278	271	263	268
Other current liabilities	88	109	104	103	103	103	103	103	103
Total current liabilities	**283**	**417**	**403**	**347**	**364**	**381**	**373**	**366**	**371**
Long-term debt	1,574	1,463	1,507	1,550	1,488	1,472	1,410	1,350	1,311
Other non-current liabilities	10	8	10	11	11	11	11	11	11
Total non-current liabilities	**1,584**	**1,471**	**1,518**	**1,561**	**1,499**	**1,484**	**1,421**	**1,361**	**1,322**
TOTAL EQUITY & LIABILITIES	**4,127**	**4,148**	**4,116**	**4,065**	**4,188**	**4,411**	**4,020**	**3,946**	**4,330**
Working capital, receivables	310	354	390	222	222	222	222	222	222
Working capital, payables	87	109	88	102	102	102	102	102	102
Net working capital	**222**	**245**	**301**	**120**	**120**	**120**	**120**	**120**	**120**
Interest bearing debt	1,769	1,770	1,807	1,793	1,749	1,750	1,681	1,613	1,580
Liquidity	173	178	204	184	342	646	336	343	807
Net interest bearing debt	**1,595**	**1,592**	**1,603**	**1,610**	**1,407**	**1,104**	**1,345**	**1,270**	**772**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	0	20	-39	-23	180	222	-18	1	424
Depreciation	78	84	85	85	85	86	86	86	86
Other	13	6	-2	-11	0	0	0	0	0
Cash earnings	**91**	**110**	**44**	**51**	**266**	**307**	**68**	**87**	**510**
Changes in working capital	-61	-23	-45	-83	0	0	0	0	0
Net operational cash flow	**31**	**87**	**-1**	**-33**	**266**	**307**	**68**	**87**	**510**
Capex	-1	-3	-1	0	-49	-5	-5	-5	-5
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	6	42	7	38	0	0	0	0	0
Other	30	0	3	2	0	0	0	0	0
Net investing cash flow	**35**	**39**	**8**	**39**	**-49**	**-5**	**-5**	**-5**	**-5**
Repayment of debt	-28	-104	34	-14	-61	-65	-69	-68	-34
Proceeds from debt	0	0	0	0	16	67	0	0	0
Dividends paid	-13	0	-13	0	-13	0	-303	-7	-7
New equity	0	0	0	0	0	0	0	0	0
Other	-2	-17	-3	-11	0	0	0	0	0
Net financing cash flow	**-43**	**-120**	**18**	**-26**	**-58**	**1**	**-373**	**-74**	**-40**
Currency effect	0	0	0	-1	0	0	0	0	0
Net cash flow	**23**	**5**	**25**	**-20**	**159**	**304**	**-310**	**7**	**465**
Cash balance	173	178	204	184	342	646	336	343	807
Free cash flow	**66**	**126**	**7**	**7**	**216**	**302**	**62**	**81**	**505**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**592**	**918**	**744**	**575**	**741**	**827**	**1,311**	**1,161**	**1,201**
Operational costs						-263	-260	-283	-271
EBITDA						**564**	**1,050**	**878**	**930**
Depreciation/Amortization						-338	-343	-343	-314
EBIT	**12**	**352**	**208**	**13**	**-75**	**226**	**707**	**535**	**616**
Net financials	-63	4	-4	-13	-35	-88	-79	-85	-78
PTP	**-52**	**356**	**204**	**0**	**-110**	**138**	**629**	**450**	**537**
Taxes/Minorities	6	-6	0	1	0	1	0	0	0
Net earnings	**-46**	**350**	**204**	**1**	**-110**	**138**	**629**	**450**	**537**
Non-recurring items	0	0	0	0	0	-9	-23	0	0
Net earnings (adj.)	**-46**	**350**	**204**	**1**	**-110**	**129**	**606**	**450**	**537**
EPS	-0.35	2.20	1.28	0.01	-0.50	0.63	2.86	2.05	2.44
EPS (adj.)	-0.35	2.20	1.28	0.01	-0.50	0.59	2.75	2.05	2.44
DPS	0.00	0.87	1.36	0.28	0.10	0.12	1.44	1.89	2.04

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	254	132	207	144	173	342	807	1,037	1,323
Other current assets	284	243	167	137	348	468	468	468	468
Total current assets	**538**	**375**	**373**	**281**	**521**	**810**	**1,275**	**1,505**	**1,791**
Property & equip. (incl. NBs)	2,276	2,383	2,470	2,337	3,522	3,296	2,974	2,652	2,337
Other non-current assets	282	283	203	194	84	82	82	82	82
Total non-current assets	**2,559**	**2,666**	**2,674**	**2,530**	**3,606**	**3,378**	**3,055**	**2,733**	**2,419**
TOTAL ASSETS	**3,096**	**3,041**	**3,047**	**2,811**	**4,127**	**4,188**	**4,330**	**4,238**	**4,209**
Total equity	**1,473**	**1,906**	**1,888**	**1,846**	**2,261**	**2,325**	**2,637**	**2,672**	**2,761**
Short-term debt	169	100	119	97	199	261	169	182	203
Other current liabilities	126	79	70	61	88	103	103	103	103
Total current liabilities	**295**	**180**	**189**	**159**	**287**	**364**	**272**	**284**	**306**
Long-term debt	1,319	952	966	801	1,570	1,488	1,410	1,270	1,132
Other non-current liabilities	9	3	3	5	10	11	11	11	11
Total non-current liabilities	**1,328**	**955**	**970**	**806**	**1,580**	**1,499**	**1,422**	**1,282**	**1,143**
TOTAL EQUITY & LIABILITIES	**3,096**	**3,041**	**3,047**	**2,811**	**4,127**	**4,188**	**4,330**	**4,238**	**4,209**
Working capital, receivables	48	36	39	33	65	222	222	222	222
Working capital, payables	85	62	56	51	80	102	102	102	102
Net working capital	**-37**	**-26**	**-17**	**-19**	**-15**	**120**	**120**	**120**	**120**
Interest bearing debt	1,489	1,052	1,086	899	1,769	1,749	1,580	1,452	1,335
Liquidity	254	132	207	144	173	342	807	1,037	1,323
Net interest bearing debt	**1,235**	**921**	**879**	**755**	**1,595**	**1,407**	**772**	**415**	**12**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-46	350	204	1	-110	138	629	450	537
Depreciation						338	343	343	314
Other						-7	0	0	0
Cash earnings	**127**	**508**	**400**	**189**	**115**	**470**	**972**	**793**	**852**
Changes in working capital	-112	-58	38	22	-115	-151	0	0	0
Net operational cash flow	**15**	**451**	**438**	**211**	**1**	**318**	**972**	**793**	**852**
Capex	-1,177	-360	-343	-178	-238	-54	-21	-21	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	124	113	223	97	27	86	0	0	0
Other	31	41	19	41	401	17	23	0	0
Net investing cash flow	**-1,023**	**-206**	**-101**	**-40**	**190**	**37**	**-21**	**-21**	**0**
Repayment of debt	580	-445	-38	-191	-136	-145	-236	-128	-117
Proceeds from debt	1,395	931	—	—	—	16	67	0	0
Dividends paid	0	-138	-217	-44	-23	-26	-316	-415	-449
New equity	475	237	—	—	—	0	0	0	0
Other	-1,262	-951	-6	0	-2	17	23	0	0
Net financing cash flow	**1,189**	**-365**	**-261**	**-235**	**-160**	**-186**	**-486**	**-542**	**-566**
Currency effect	-1	-2	-1	1	-1	-1	0	0	0
Net cash flow	**180**	**-122**	**75**	**-63**	**29**	**169**	**465**	**230**	**286**
Cash balance	254	132	207	144	173	342	807	1,037	1,323
Free cash flow	**-1,008**	**245**	**338**	**171**	**191**	**356**	**951**	**772**	**852**

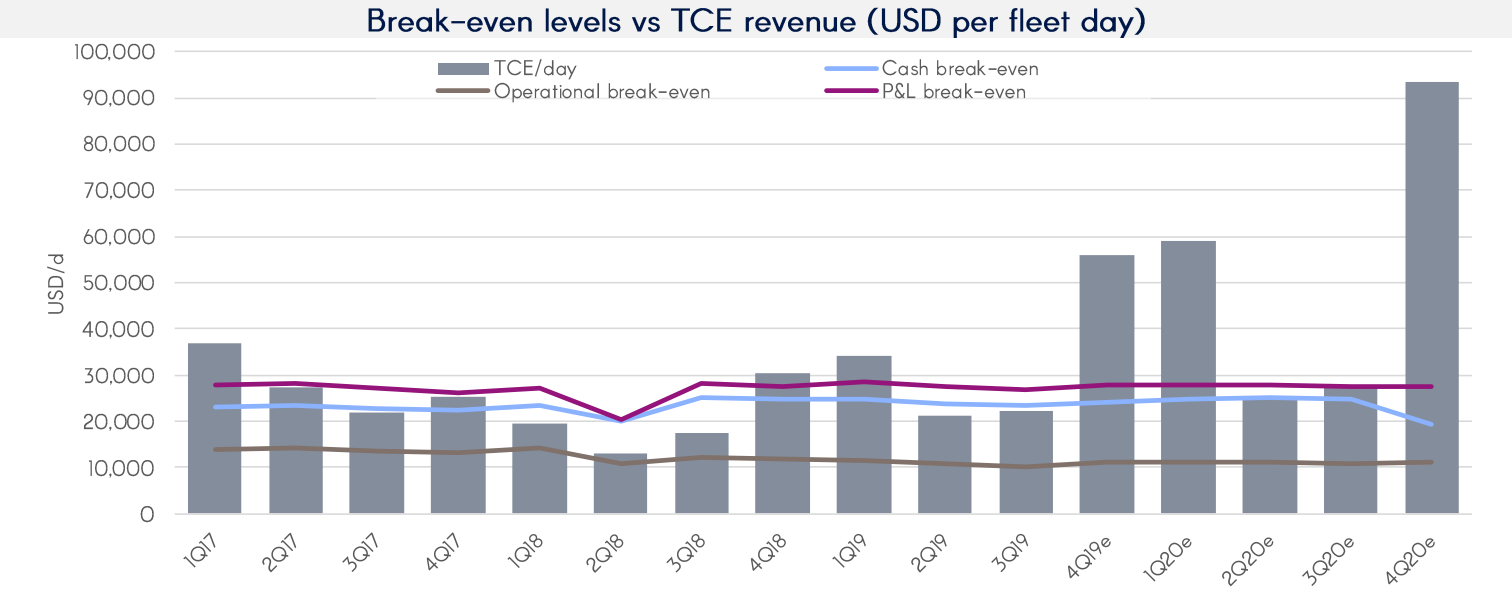
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	131	159	159	159	220	220	220	220	220
Share price, avg (USD)		14	9	8	9	9	11	11	11
Share price, end (USD)	—	14	8	9	7	11	11	11	11
Market Cap.		**2,183**	**1,266**	**1,473**	**1,525**	**2,332**	**2,332**	**2,332**	**2,332**
NIBD	1,235	921	879	755	1,595	1,407	772	415	12
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value		**3,103**	**2,145**	**2,228**	**3,120**	**3,739**	**3,104**	**2,747**	**2,344**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		6.2	6.2			16.9	3.7	5.2	4.3
P/E (adj.)		6.2	6.2			18.1	3.9	5.2	4.3
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales		2.4	1.7	2.6	2.1	2.8	1.8	2.0	1.9
EV/Sales		3.4	2.9	3.9	4.2	4.5	2.4	2.4	2.0
EV/EBITDA						6.6	3.0	3.1	2.5
EV/EBIT		8.8	10.3			16.6	4.4	5.1	3.8
P/B		1.1	0.7	0.8	0.7	1.0	0.9	0.9	0.8
FCF yield		11%	27%	12%	13%	15%	41%	33%	37%
Dividend yield		6.3%	17.1%	3.0%	1.5%	1.1%	13.6%	17.8%	19.3%
Return on equity (ROE)	-3.1%	18.4%	10.8%	0.1%	-4.9%	6.0%	23.8%	16.8%	19.5%
Return on capital employed (ROCE)	0.4%	12.5%	7.5%	0.5%	-1.9%	6.1%	21.0%	17.6%	22.6%
Return on assets (ROA)	-1.5%	11.5%	6.7%	0.0%	-2.7%	3.3%	14.5%	10.6%	12.8%
Sales growth	54%	55%	-19%	-23%	29%	12%	58%	-11%	3%
EBITDA margin						68%	80%	76%	77%
EBIT margin	2%	38%	28%	2%	-10%	27%	54%	46%	51%
Net margin	-8%	38%	27%	0%	-15%	17%	48%	39%	45%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	7.0%	12.2%	20.5%	658.0%
Tax rate	11.1%	1.6%	-0.1%	-5432.0%	-0.2%	-0.4%	0.0%	0.0%	0.0%
Equity ratio	48%	63%	62%	66%	55%	56%	61%	63%	66%
Leverage ratio	52%	37%	38%	34%	45%	44%	39%	37%	34%
NIBD / EBITDA (past 1y)						2.5	0.7	0.5	0.0
Operating cash flow/NIBD	0.0	0.5	0.5	0.3	0.0	0.2	1.3	1.9	71.8
Net interest coverage ratio (EBITDA						5.8	11.1	10.3	11.9
Current ratio	1.8	2.1	2.0	1.8	1.8	2.2	4.7	5.3	5.9
Adj. equity ratio						58%	70%	77%	80%
Operating assets	2,842	2,909	2,840	2,667	3,954	3,802	3,480	3,158	2,844
Operating liabilities	135	83	73	66	98	114	114	114	114
Net operating assets	2,707	2,827	2,767	2,601	3,856	3,688	3,366	3,044	2,730

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



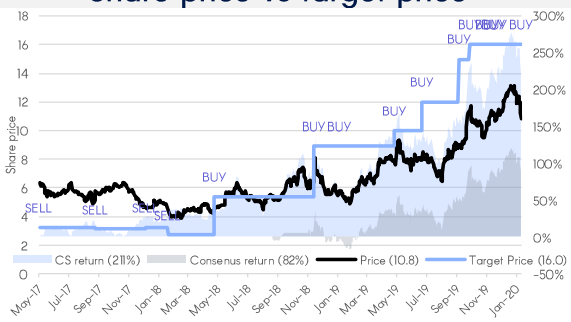
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Stock listed since 1989 & with Fredriksen as main sponsor, this large oil tanker play is the most tradable name amongst peers

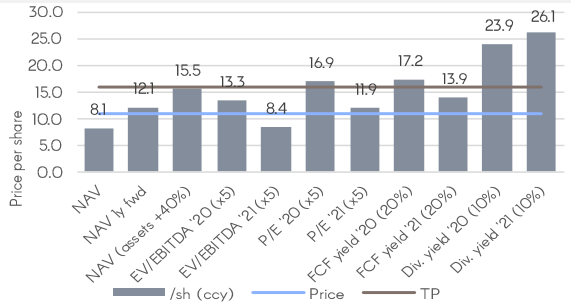
FRO-US BUY/$16

Frontline

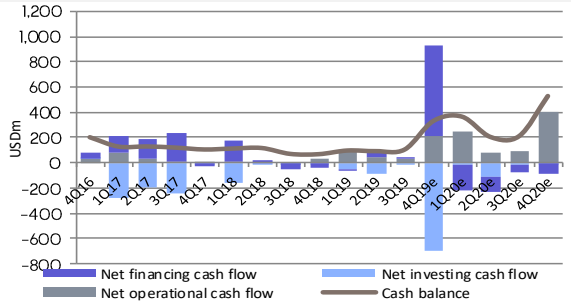
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	636	1,173	949	981
EBITDA (adj.)	411	937	739	774
EBIT (adj.)	291	785	586	622
PTP (adj.)	205	665	468	509
Net earnings (adj.)	205	664	467	508
EPS (adj.)	1.08	3.37	2.37	2.58
DPS	0.10	2.35	2.61	2.58
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	1,642	2,891	3,939	4,306
Adj. equity ratio	38%	52%	60%	63%
FCF yield	-23%	32%	26%	31%
Dividend yield	1%	22%	24%	24%
EV/EBITDA	10.5	4.5	5.6	5.2
P/E (adj.)	10.4	3.2	4.6	4.2

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	368	817	620	661
Free cash flow	-491	679	547	653
Net cash flow	262	208	-28	15
TCE/day	30,286	49,834	41,699	43,309
Cash break-even	21,527	20,603	20,107	19,823
Liquidity	330	538	510	525
Property & Equip. (incl. NB	3,289	3,273	3,194	3,049
Total equity	1,753	1,955	1,908	1,907
Total assets	4,474	4,666	4,558	4,429
Interest bearing debt	2,616	2,608	2,547	2,418
Net interest bearing debt	2,286	2,069	2,037	1,893
Market Cap.	2,128	2,128	2,128	2,128

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

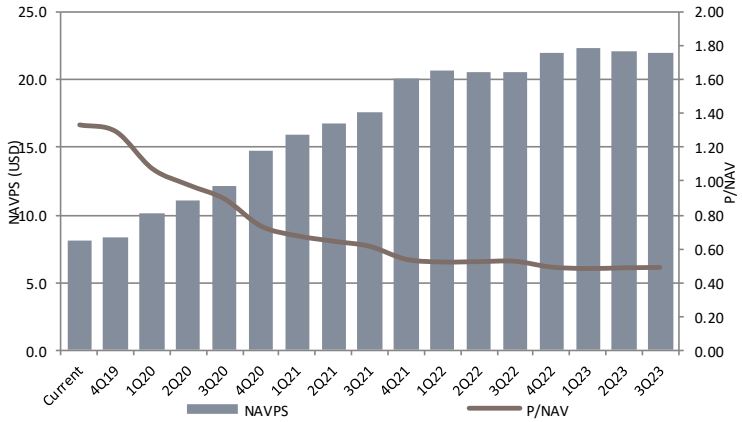
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the report

Company Valuation

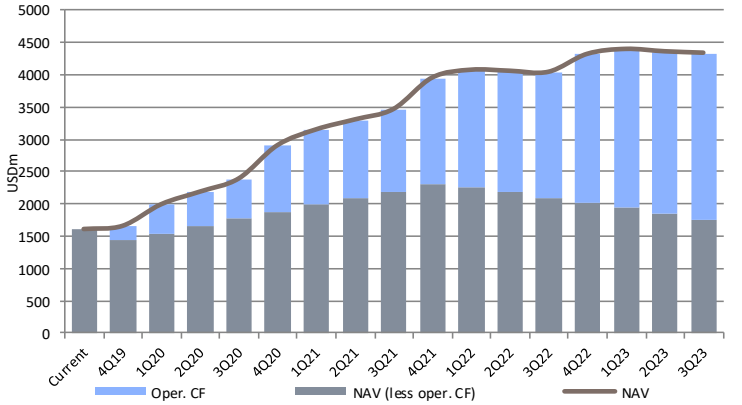
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,625	3,612	4,049
Contract value	0	10	12
Other	742	742	832
GAV	3,367	4,365	4,892
Net debt	-1,996	-1,768	-1,768
Capex	0	-892	-892
Other	-104	-104	-104
Equity	1,267	1,601	2,128
Shares	197	197	197
Equity/sh	6.44	8.13	10.81
lcl CCY	6.44	8.13	10.81
P/Equity	1.68	1.33	1.00
EV/GAV	1.45	1.12	1.00
Adj. Total Assets	3,588	4,576	5,013
Adj. Equity Ratio	35%	35%	42%
Fair Value	USD	15.9	47%
	NOK	144	

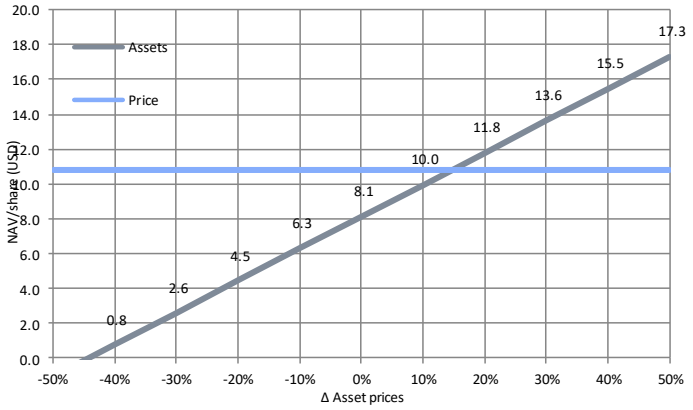
Quarterly forward NAV & P/NAV



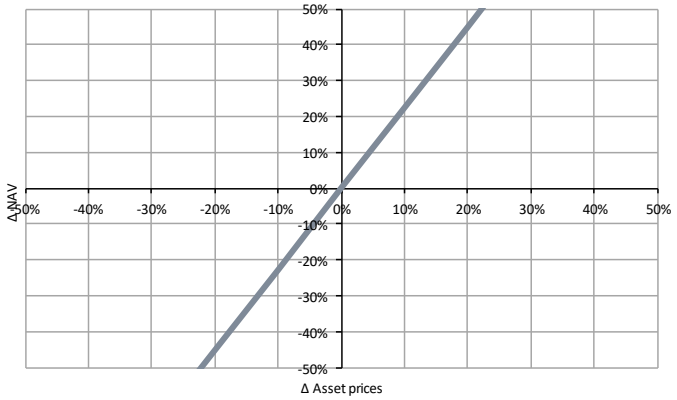
Quarterly forward NAV decomposition



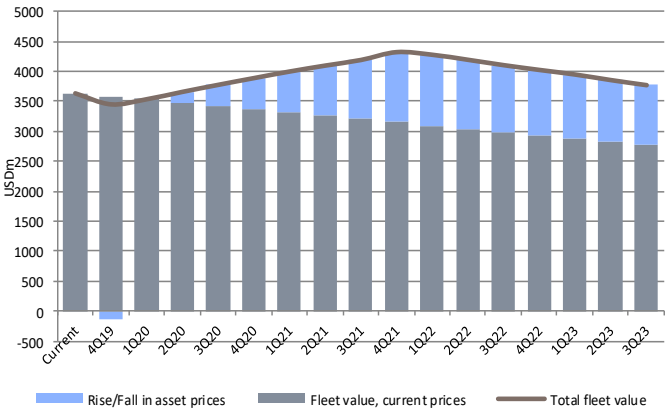
Impact on NAV/sh from % change in asset prices



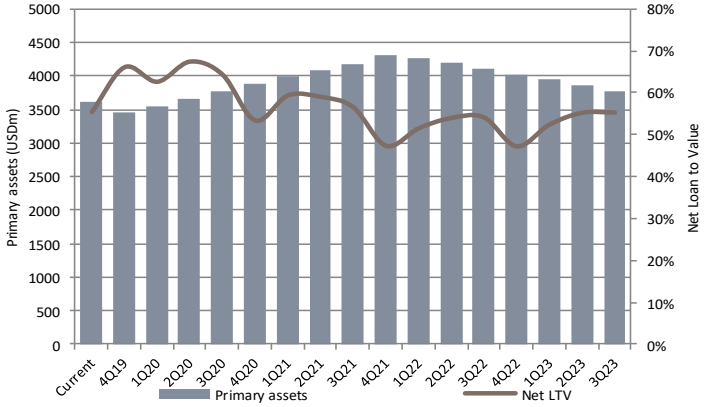
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Pre-/Review

4Q19 Preview			4Q19		Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	122.3	94.2	298.4	252.8				
EBITDA (adj.)	75.5	41.9	226.1	186.1				
EBIT (adj.)	47.2	12.1	192.1	155.1				
PTP (adj.)	24.5	-10.6	165.1	133.7				
Net earnings (adj.)	24.2	-10.6	164.8	132.5				
EPS (adj.)	0.14	-0.06	0.84	0.70				
DPS	-	0.10	0.84	0.41				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	122.3	94.2	298.4	252.8				
Opex & G&A	46.9	52.2	72.3	66.7				
Depreciation	28.3	29.8	34.0	31.0				
Net finance	22.7	22.7	27.1	21.4				
Taxes & Minorities	0.3	0.0	0.3	1.3				

CF & BS

4Q19 Preview					Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	26,074	18,276	51,486	43,612				
Fleet days	4,692	5,152	5,796					
Cash break-even	20,961	21,567	22,702					
Liquidity	68	109	330					
Interest bearing debt	1,831	2,105	2,616					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	636	1,173	949	981	647	933	921	955	-11	240	28	26
EBITDA (adj.)	411	937	739	774	422	698	711	749	-11	240	28	26
EBIT (adj.)	291	785	586	622	303	545	558	596	-11	240	28	26
PTP (adj.)	205	665	468	509	216	425	440	483	-11	240	28	26
Net earnings (adj.)	205	664	467	508	216	424	440	482	-11	239	28	26
EPS (adj.)	1.08	3.37	2.37	2.58	1.14	2.16	2.23	2.45	-0.06	1.22	0.14	0.13
DPS	0.10	2.35	2.61	2.58	-	2.01	2.15	2.50	0.10	0.34	0.47	0.08

	2019E	2020E	2021E	2022E
TCE revenue	-11	240	28	26
Opex & G&A	-	-	-	-
Depreciation	-	-	-	-
Net finance	-	0	0	0
Taxes & Minorities	-0	0	0	0

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	368	817	620	661	379	577	592	635	-11	239	28	26
Free cash flow	-491	679	547	653	-480	440	519	627	-11	239	28	26
Net cash flow	262	208	-28	15	293	29	36	5	-31	179	-64	10
TCE/day	30,286	49,834	41,699	43,309	30,776	39,656	40,490	42,214	-490	10,178	1,209	1,095
Cash break-even	21,527	20,603	20,107	19,823	21,527	20,596	20,095	19,811	-	7	12	12
Liquidity	330	538	510	525	361	390	426	431	-31	148	84	94
Property & Equip. (incl. NB	3,289	3,273	3,194	3,049	3,289	3,273	3,194	3,049	-	-	-	-
Total equity	1,753	1,955	1,908	1,907	1,784	1,813	1,830	1,819	-31	142	78	88
Total assets	4,474	4,666	4,558	4,429	4,505	4,518	4,475	4,335	-31	148	84	94
Interest bearing debt	2,616	2,608	2,547	2,418	2,616	2,601	2,541	2,412	-	6	6	6
Net interest bearing debt	2,286	2,069	2,037	1,893	2,255	2,212	2,115	1,981	31	-142	-78	-88
Market Cap.	2,128	2,128	2,128	2,128	2,211	2,211	2,211	2,211	-83	-83	-83	-83
Enterprise value	4,414	4,196	4,163	4,018	4,466	4,422	4,324	4,189	-52	-225	-161	-171

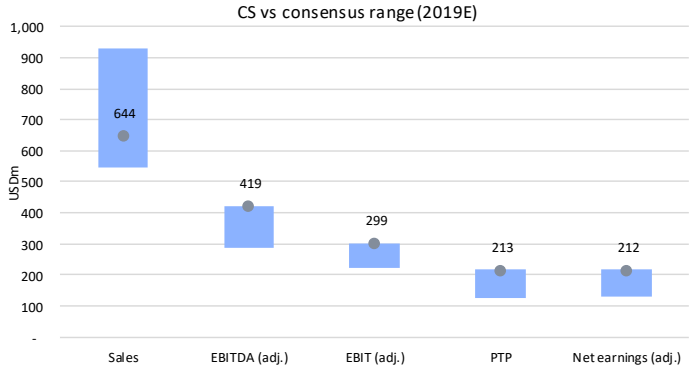
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,642	2,891	3,939	4,306	1,819	2,939	3,910	4,078	-176	-49	30	228
Adj. equity ratio	38%	52%	60%	63%	40%	52%	60%	62%	-2%	0%	0%	1%
FCF yield	-23%	32%	26%	31%	-22%	20%	23%	28%	-1%	12%	2%	2%
Dividend yield	1%	22%	24%	24%	0%	18%	19%	22%	1%	4%	5%	2%
EV/EBITDA	10.5	4.5	5.6	5.2	10.3	6.3	6.1	5.6	0.2	-1.9	-0.4	-0.4
P/E (adj.)	10.4	3.2	4.6	4.2	10.2	5.2	5.0	4.6	0.2	-2.0	-0.5	-0.4

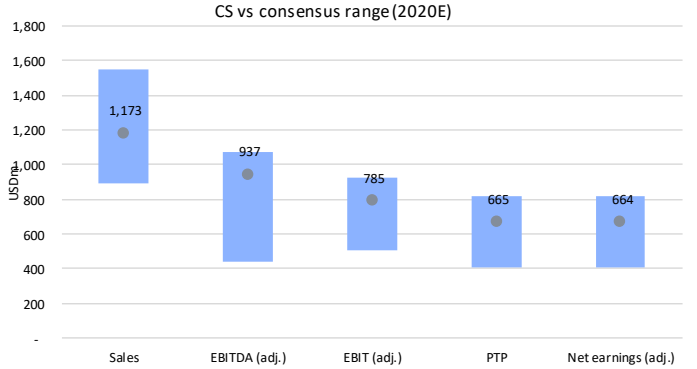
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

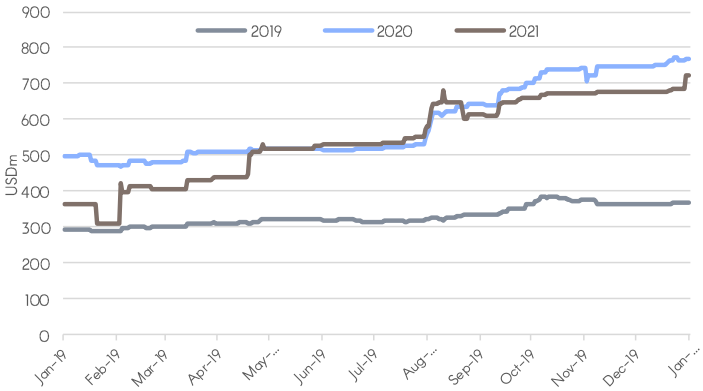
Profit & Loss, year I



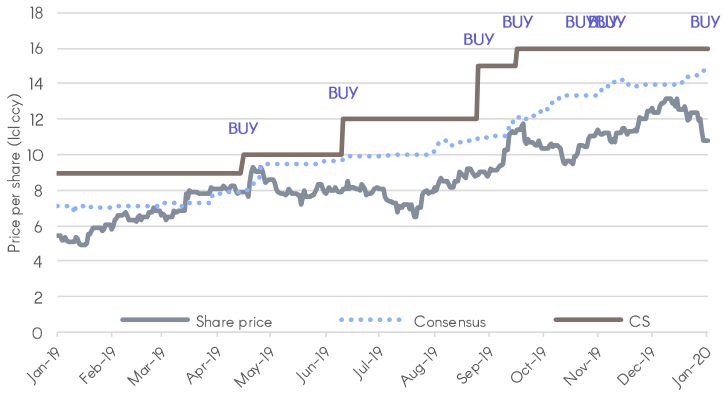
Profit & Loss, year II



Consensus EBITDA development



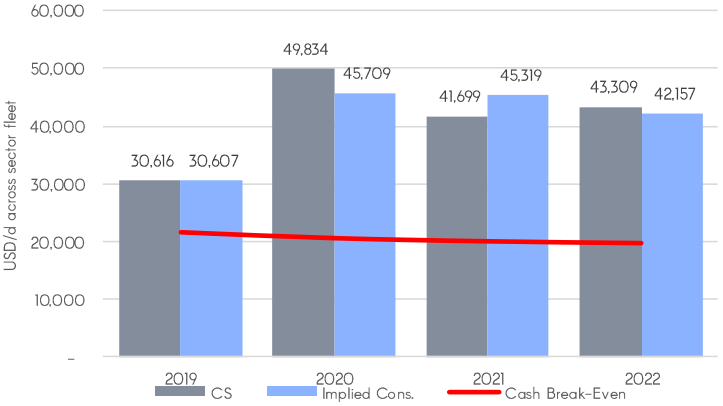
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	644	644	0	0%
Opex + G&A	225	276	-51	-18%
Depreciation	120	113	7	6%
Net finance	86	99	-13	-13%
Taxes & Minorities	0	-9	9	-104%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	1,173	1,076	97	9%
Opex + G&A	236	306	-70	-23%
Depreciation	153	108	45	42%
Net finance	120	84	35	42%
Taxes & Minorities	1	36	-35	-97%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**122**	**141**	**103**	**94**	**298**	**338**	**163**	**177**	**495**
Operational costs	-36	-44	-48	-52	-72	-58	-59	-60	-60
EBITDA	**86**	**97**	**55**	**42**	**226**	**281**	**104**	**117**	**435**
Depreciation/Amortization	-28	-27	-28	-30	-34	-38	-38	-38	-38
EBIT	**58**	**70**	**27**	**12**	**192**	**242**	**66**	**79**	**397**
Net financials	-32	-29	-26	-22	-27	-29	-30	-30	-30
PTP	**26**	**41**	**1**	**-10**	**165**	**213**	**36**	**49**	**367**
Taxes/Minorities	0	0	0	0	0	0	0	0	-1
Net earnings	**25**	**41**	**1**	**-10**	**165**	**213**	**36**	**49**	**366**
Non-recurring items	-1	6	3	-1	0	0	0	0	0
Net earnings (adj.)	**24**	**46**	**4**	**-11**	**165**	**213**	**36**	**49**	**366**
EPS	0.15	0.24	0.01	-0.05	0.84	1.08	0.18	0.25	1.86
EPS (adj.)	0.14	0.27	0.02	-0.06	0.84	1.08	0.18	0.25	1.86
DPS	0.00	0.00	0.00	0.00	0.10	0.84	1.08	0.18	0.25

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	66	96	91	104	325	368	204	212	533
Other current assets	242	216	203	213	213	213	213	213	213
Total current assets	**308**	**312**	**294**	**317**	**538**	**581**	**417**	**425**	**746**
Property & equip. (incl. NBs)	2,620	2,666	2,632	2,625	3,289	3,262	3,336	3,310	3,273
Other non-current assets	150	145	244	647	647	647	647	647	647
Total non-current assets	**2,770**	**2,810**	**2,875**	**3,271**	**3,935**	**3,908**	**3,983**	**3,956**	**3,920**
TOTAL ASSETS	**3,078**	**3,122**	**3,169**	**3,588**	**4,474**	**4,489**	**4,401**	**4,381**	**4,666**
Total equity	**1,164**	**1,204**	**1,215**	**1,380**	**1,753**	**1,801**	**1,625**	**1,637**	**1,955**
Short-term debt	132	144	148	423	432	432	432	432	432
Other current liabilities	82	83	90	103	103	103	103	103	103
Total current liabilities	**214**	**226**	**238**	**526**	**535**	**535**	**535**	**535**	**535**
Long-term debt	1,698	1,690	1,715	1,682	2,184	2,152	2,240	2,208	2,175
Other non-current liabilities	1	1	1	1	1	1	1	1	1
Total non-current liabilities	**1,699**	**1,692**	**1,716**	**1,683**	**2,185**	**2,153**	**2,241**	**2,209**	**2,177**
TOTAL EQUITY & LIABILITIES	**3,078**	**3,122**	**3,169**	**3,588**	**4,474**	**4,489**	**4,401**	**4,381**	**4,666**
Working capital, receivables	141	0	0	0	0	0	0	0	0
Working capital, payables	78	0	0	0	0	0	0	0	0
Net working capital	**63**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Interest bearing debt	1,831	1,834	1,863	2,105	2,616	2,584	2,672	2,640	2,608
Liquidity	68	97	92	109	330	373	209	217	538
Net interest bearing debt	**1,763**	**1,737**	**1,771**	**1,996**	**2,286**	**2,211**	**2,463**	**2,423**	**2,069**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	25	41	1	-10	165	213	36	49	366
Depreciation	28	27	28	30	34	38	38	38	38
Other	-2	6	3	10	0	0	0	0	0
Cash earnings	**51**	**74**	**32**	**30**	**199**	**251**	**74**	**87**	**405**
Changes in working capital	-17	24	11	-2	0	0	0	0	0
Net operational cash flow	**35**	**98**	**43**	**28**	**199**	**251**	**74**	**87**	**405**
Capex	-12	-60	-88	-19	-698	-11	-113	-11	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	3	3	2	0	0	0	0	0	0
Net investing cash flow	**-9**	**-57**	**-86**	**-19**	**-698**	**-11**	**-113**	**-11**	**-2**
Repayment of debt	-29	-11	28	-31	-32	-32	-32	-32	-32
Proceeds from debt	0	0	0	0	544	0	120	0	0
Dividends paid	0	0	0	0	-20	-165	-213	-36	-49
New equity	0	0	9	42	228	0	0	0	0
Other	0	0	0	-3	0	0	0	0	0
Net financing cash flow	**-29**	**-11**	**37**	**7**	**720**	**-197**	**-125**	**-68**	**-81**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-3**	**29**	**-5**	**17**	**221**	**43**	**-163**	**7**	**321**
Cash balance	66	96	91	104	325	368	204	212	533
Free cash flow	**25**	**41**	**-42**	**10**	**-499**	**240**	**-39**	**76**	**403**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**346**	**569**	**916**	**906**	**1,120**	**636**	**1,173**	**949**	**981**
Operational costs	-193	-229	-597	-960	-915	-216	-236	-209	-207
EBITDA	**153**	**340**	**319**	**-55**	**205**	**420**	**937**	**739**	**774**
Depreciation/Amortization	-32	-53	-141	-142	-123	-120	-153	-153	-153
EBIT	**121**	**287**	**177**	**-196**	**83**	**301**	**785**	**586**	**622**
Net financials	17	-32	-60	-68	-91	-104	-120	-118	-113
PTP	**137**	**256**	**118**	**-264**	**-8**	**197**	**665**	**468**	**509**
Taxes/Minorities	12	-101	-1	-1	-1	0	-1	-1	-1
Net earnings	**149**	**155**	**117**	**-265**	**-9**	**197**	**664**	**467**	**508**
Non-recurring items	0	0	0	0	0	8	0	0	0
Net earnings (adj.)	**149**	**155**	**117**	**-265**	**-9**	**205**	**664**	**467**	**508**
EPS	6.65	0.99	0.69	-1.56	-0.05	1.03	3.37	2.37	2.58
EPS (adj.)	6.65	0.99	0.69	-1.56	-0.05	1.08	3.37	2.37	2.58
DPS	1.65	0.25	0.97	0.30	0.00	0.10	2.35	2.61	2.58

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	236	265	202	104	66	325	533	505	520
Other current assets	201	203	181	217	242	213	213	213	213
Total current assets	**437**	**467**	**384**	**322**	**308**	**538**	**746**	**718**	**733**
Property & equip. (incl. NBs)	1,089	2,150	2,322	2,673	2,620	3,289	3,273	3,194	3,049
Other non-current assets	976	266	261	139	150	647	647	647	647
Total non-current assets	**2,065**	**2,416**	**2,583**	**2,812**	**2,770**	**3,935**	**3,920**	**3,841**	**3,696**
TOTAL ASSETS	2,502	2,883	2,966	3,134	3,078	4,474	4,666	4,558	4,429
Total equity	**1,447**	**1,446**	**1,500**	**1,188**	**1,164**	**1,753**	**1,955**	**1,908**	**1,907**
Short-term debt	44	147	124	156	132	432	211	233	252
Other current liabilities	193	95	59	66	82	103	103	103	103
Total current liabilities	**237**	**242**	**183**	**222**	**214**	**535**	**314**	**336**	**355**
Long-term debt	474	1,192	1,281	1,723	1,698	2,184	2,396	2,314	2,166
Other non-current liabilities	344	3	3	1	1	1	1	1	1
Total non-current liabilities	**817**	**1,195**	**1,284**	**1,724**	**1,699**	**2,185**	**2,398**	**2,315**	**2,167**
TOTAL EQUITY & LIABILITIES	2,502	2,883	2,966	3,134	3,078	4,474	4,666	4,558	4,429
Working capital, receivables	36	103	102	125	141	0	0	0	0
Working capital, payables	18	68	49	60	78	0	0	0	0
Net working capital	**18**	**35**	**53**	**66**	**63**	**0**	**0**	**0**	**0**
Interest bearing debt	518	1,340	1,405	1,879	1,831	2,616	2,608	2,547	2,418
Liquidity	272	265	203	105	68	330	538	510	525
Net interest bearing debt	**246**	**1,075**	**1,201**	**1,774**	**1,763**	**2,286**	**2,069**	**2,037**	**1,893**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	149	155	117	-265	-9	197	664	467	508
Depreciation	32	53	141	142	123	120	153	153	153
Other	-99	5	43	252	-29	19	0	0	0
Cash earnings	**82**	**212**	**302**	**129**	**85**	**335**	**817**	**620**	**661**
Changes in working capital	-23	-5	-16	2	-39	33	0	0	0
Net operational cash flow	**59**	**207**	**286**	**130**	**46**	**368**	**817**	**620**	**661**
Capex	-202	-787	-622	-714	-216	-864	-138	-73	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	174	515	217	0	0	0	0	0	0
Other	-35	-188	9	-9	17	9	0	0	0
Net investing cash flow	**-64**	**-459**	**-396**	**-723**	**-199**	**-859**	**-138**	**-73**	**-8**
Repayment of debt	-75	114	125	568	116	-46	-129	-129	-129
Proceeds from debt	—	—	—	—	—	544	120	68	0
Dividends paid	-37	-39	-165	-51	0	-20	-462	-514	-508
New equity	0	0	98	0	0	279	0	0	0
Other	66	145	-10	-23	0	9	0	0	0
Net financing cash flow	**-46**	**220**	**49**	**494**	**116**	**754**	**-471**	**-575**	**-637**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-51**	**-32**	**-62**	**-98**	**-37**	**262**	**208**	**-28**	**15**
Cash balance	236	265	202	104	66	329	537	508	524
Free cash flow	**-5**	**-252**	**-110**	**-592**	**-153**	**-491**	**679**	**547**	**653**

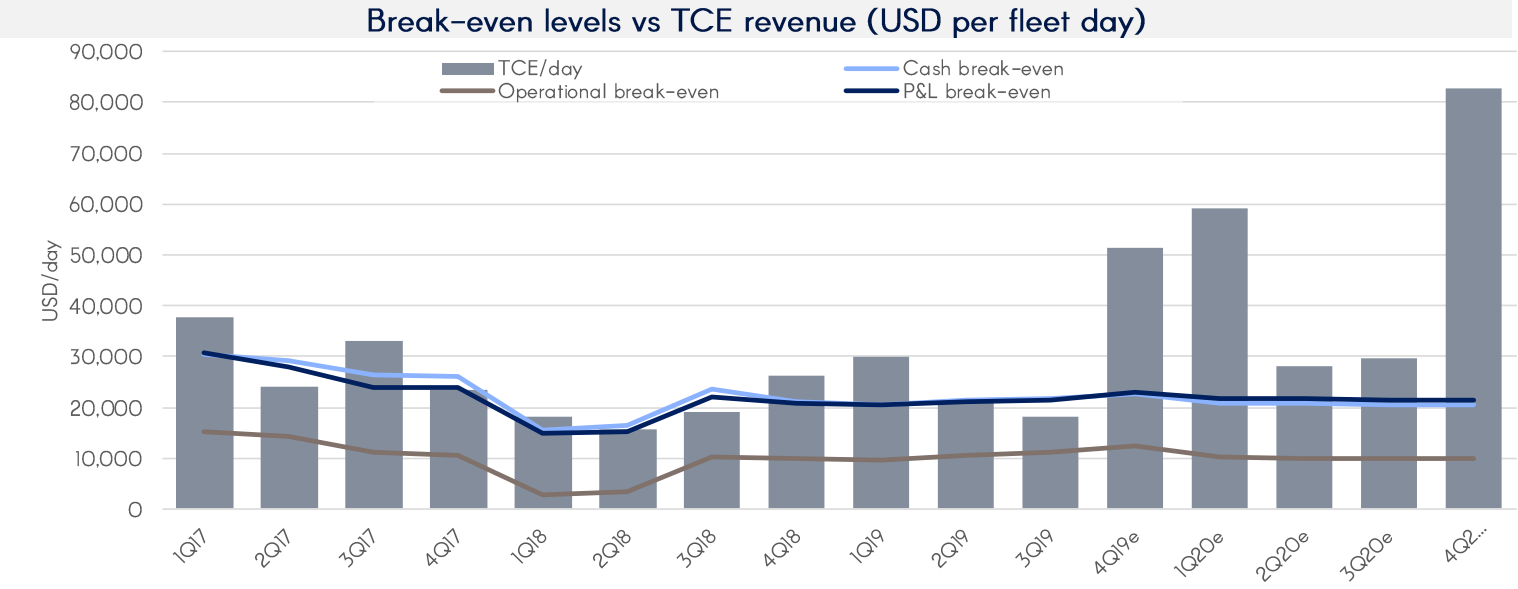
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	22	156	170	170	170	197	197	197	197
Share price, avg (USD)	14	14	8	6	5	8	11	11	11
Share price, end (USD)	13	15	7	5	6	11	11	11	11
Market Cap.	**282**	**2,338**	**1,207**	**779**	**939**	**2,128**	**2,128**	**2,128**	**2,128**
NIBD	246	1,075	1,201	1,774	1,763	2,286	2,069	2,037	1,893
Minorities	324	0	0	0	0	1	2	2	3
Enterprise value	**204**	**3,413**	**2,409**	**2,553**	**2,701**	**4,414**	**4,196**	**4,163**	**4,018**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	1.9	15.1	10.3			10.8	3.2	4.6	4.2
P/E (adj.)	1.9	15.1	10.3			10.4	3.2	4.6	4.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.8	4.1	1.3	0.9	0.8	3.3	1.8	2.2	2.2
EV/Sales	0.6	6.0	2.6	2.8	2.4	6.9	3.6	4.4	4.1
EV/EBITDA	1.3	10.0	7.6		13.2	10.5	4.5	5.6	5.2
EV/EBIT	1.7	11.9	13.6		32.7	14.7	5.3	7.1	6.5
P/B	0.3	1.6	0.8	0.7	0.8	1.2	1.1	1.1	1.1
FCF yield	-2%	-11%	-9%	-76%	-16%	-23%	32%	26%	31%
Dividend yield	13.1%	1.7%	13.6%	6.6%	0.0%	0.9%	21.7%	24.2%	23.9%
Return on equity (ROE)	13.3%	10.7%	7.8%	-22.3%	-0.8%	11.2%	34.0%	24.5%	26.7%
Return on capital employed (ROCE)	7.1%	11.4%	6.6%	-6.6%	2.8%	7.4%	19.5%	14.9%	16.4%
Return on assets (ROA)	6.0%	5.4%	3.9%	-8.5%	-0.3%	4.4%	14.2%	10.2%	11.5%
Sales growth	-58%	65%	61%	-1%	24%	-43%	84%	-19%	3%
EBITDA margin	44%	60%	35%	-6%	18%	66%	80%	78%	79%
EBIT margin	35%	51%	19%	-22%	7%	47%	67%	62%	63%
Net margin	43%	27%	13%	-29%	-1%	31%	57%	49%	52%
Net interest rate	3.0%	1.6%	4.7%	3.9%	5.3%	4.2%	5.8%	5.8%	6.0%
Tax rate	0.0%	0.1%	0.3%	-0.1%	-3.9%	0.0%	0.0%	0.0%	0.0%
Equity ratio	58%	50%	51%	38%	38%	39%	42%	42%	43%
Leverage ratio	42%	50%	49%	62%	62%	61%	58%	58%	57%
NIBD / EBITDA (past ly)	1.6	3.2	3.8	-32.5	8.6	5.4	2.2	2.8	2.4
Operating cash flow/NIBD	0.2	0.2	0.2	0.1	0.0	0.2	0.4	0.3	0.3
Net interest coverage ratio (EBITDA	20.6	19.3	5.6	-0.8	2.2	4.4	7.8	6.2	6.9
Current ratio	1.8	1.9	2.1	1.4	1.4	1.0	2.4	2.1	2.1
Adj. equity ratio						38%	52%	60%	63%
Operating assets	2,230	2,619	2,763	3,029	3,010	4,143	4,128	4,049	3,904
Operating liabilities	537	98	62	67	83	104	104	104	104
Net operating assets	1,693	2,521	2,701	2,962	2,927	4,039	4,024	3,945	3,800

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



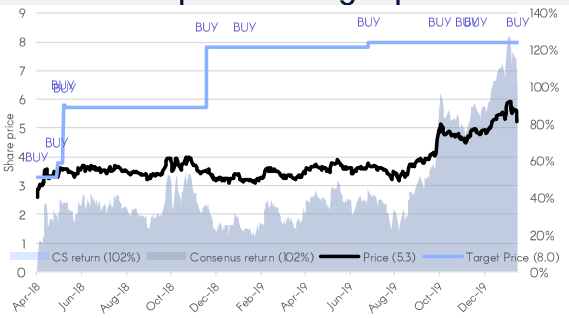
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

VLCC pure-play with full scrubber coverage leaves this a top pick in this post-IMO'20 era

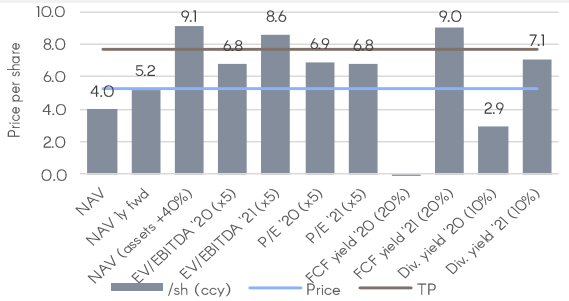
HUNT-NO BUY/N8

Hunter Group

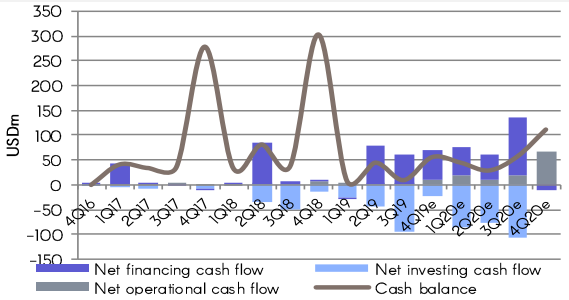
Share price vs target price



Valuation matrix



Cash & cash flows



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Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	13	150	164	165
EBITDA (adj.)	10	136	145	145
EBIT (adj.)	8	111	116	116
PTP (adj.)	7	94	93	95
Net earnings (adj.)	6	90	89	91
EPS (adj.)	0.01	0.15	0.15	0.15
DPS	-	0.03	0.08	0.08
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	200	444	700	749
Adj. equity ratio	62%	56%	68%	72%
FCF yield	-52%	-45%	34%	35%
Dividend yield	0%	6%	13%	13%
EV/EBITDA	40.5	4.3	3.5	3.0
P/E (adj.)	53.3	3.8	3.9	3.8

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	10	114	118	120
Free cash flow	-177	-155	118	120
Net cash flow	21	56	44	44
TCE/day	#DIV/0!	78,101	66,212	66,327
Cash break-even	#DIV/0!	21,588	27,683	27,616
Liquidity	56	112	156	199
Property & Equip. (incl. NB	267	512	483	454
Total equity	202	272	315	360
Total assets	325	625	640	654
Interest bearing debt	120	350	322	292
Net interest bearing debt	64	238	166	92
Market Cap.	342	342	342	342

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Pre-/Review

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	0.1	0.1	12.6	12.8				
EBITDA (adj.)	-3.5	-0.2	10.5	10.8				
EBIT (adj.)	-3.5	-0.2	8.5	9.1				
PTP (adj.)	9.1	-1.7	6.9	7.6				
Net earnings (adj.)	9.1	-1.6	6.6	7.3				
EPS (adj.)	0.02	-0.00	0.01	0.01				
DPS	-	-	0.01	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	0.1	0.1	12.6	12.8				
Opex & G&A	3.5	0.3	2.2	2.0				
Depreciation	-	0.0	2.0	1.7				
Net finance	-12.5	1.4	1.6	1.5				
Taxes & Minorities	-0.1	-0.1	0.3	0.3				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	8	0	9					
Free cash flow	-5	-95	-13					
Net cash flow	-2	-35	47					
TCE/day	#DIV/0!	#DIV/0!	72,430	73,425				
Fleet days	-	-	180					
Cash break-even	#DIV/0!	#DIV/0!	20,961					
Liquidity	304	10	56					
Interest bearing debt	-	60	120					

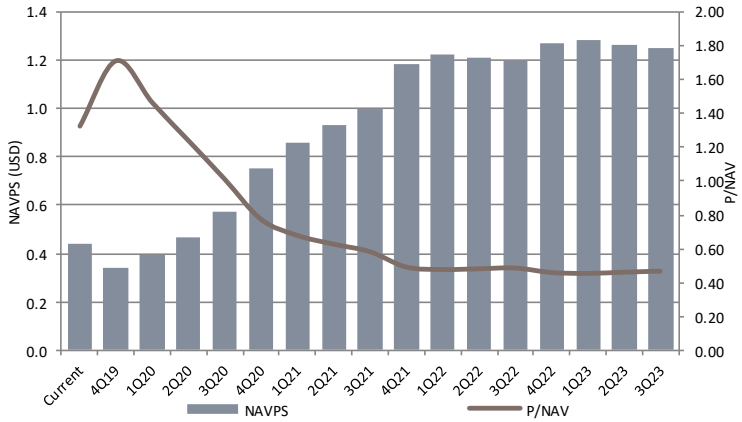
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

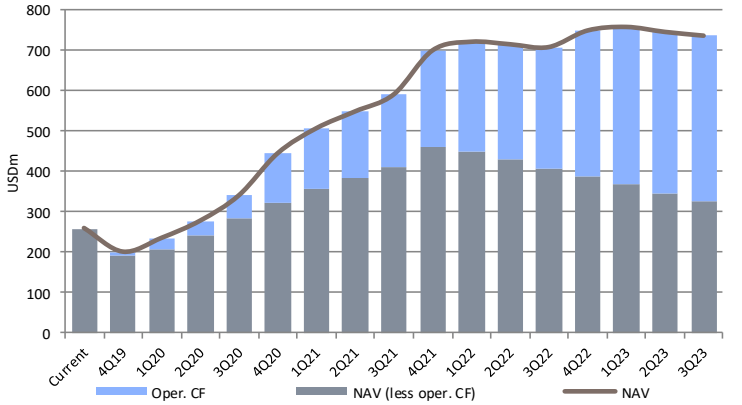
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	247	841	924
Contract value	0	0	0
Other	1	1	1
GAV	248	841	925
Net debt	-50	-46	-46
Capex	0	-534	-534
Other	-2	-2	-2
Equity	195	259	342
Shares	590	590	590
Equity/sh	0.33	0.44	0.58
lcl CCY	2.99	3.97	5.25
P/Equity	1.76	1.32	1.00
EV/GAV	3.73	1.10	1.00
Adj. Total Assets	258	852	935
Adj. Equity Ratio	76%	30%	37%
Fair Value	NOK	7.7	46%
	USD	0.85	

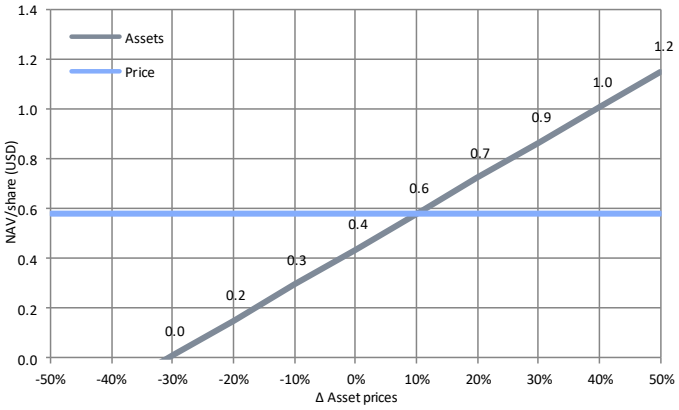
Quarterly forward NAV & P/NAV



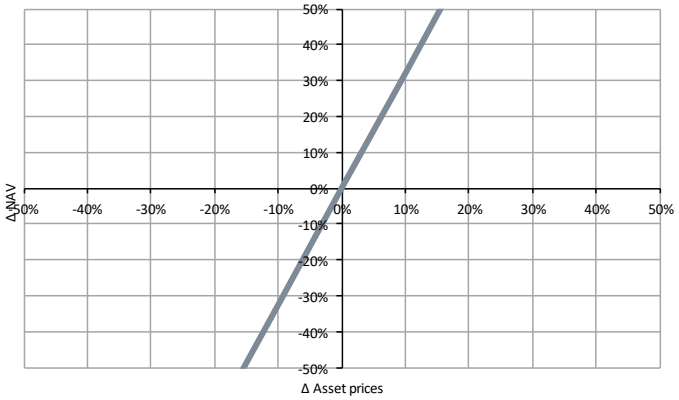
Quarterly forward NAV decomposition



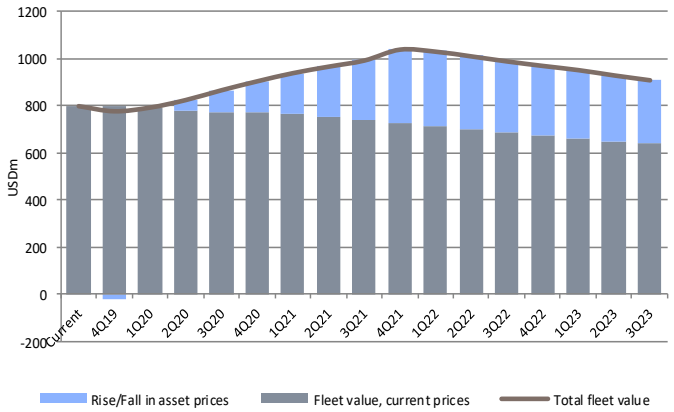
Impact on NAV/sh from % change in asset prices



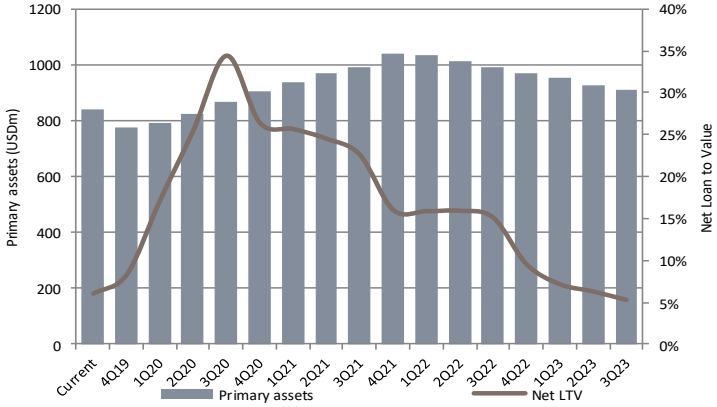
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019	Old 2020	Old 2021	Old 2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	13	150	164	165	19	109	147	152	-6	42	17	12
EBITDA (adj.)	10	136	145	145	16	94	128	133	-6	42	17	12
EBIT (adj.)	8	111	116	116	14	71	100	105	-6	41	16	11
PTP (adj.)	7	94	93	95	12	49	72	80	-5	45	20	15
Net earnings (adj.)	6	90	89	91	12	49	72	80	-6	41	16	11
EPS (adj.)	0.01	0.15	0.15	0.15	0.02	0.08	0.12	0.13	-0.01	0.07	0.03	0.02
DPS	-	0.03	0.08	0.08	-	0.02	0.06	0.07	-	0.01	0.02	0.01

	2019E	2020E	2021E	2022E
TCE revenue	-6	42	17	12
Opex & G&A	0	-	-	-
Depreciation	0	1	1	1
Net finance	-1	-4	-4	-4
Taxes & Minorities	0	4	4	4

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	10	114	118	120	14	72	100	108	-4	42	18	12
Free cash flow	-177	-155	118	120	-223	-197	100	108	46	42	18	12
Net cash flow	21	56	44	44	36	18	39	37	-15	38	5	7
TCE/day	#DIV/0!	78,101	66,212	66,327	#DIV/0!	57,187	59,309	61,459	#DIV/0!	20,914	6,903	4,868
Cash break-even	#DIV/0!	21,588	27,683	27,616	#DIV/0!	24,085	29,324	29,257	#DIV/0!	-2,496	-1,641	-1,641
Liquidity	56	112	156	199	71	89	128	165	-15	23	28	35
Property & Equip. (incl. NB	267	512	483	454	317	562	534	506	-49	-50	-51	-53
Total equity	202	272	315	360	208	242	281	319	-6	31	34	40
Total assets	325	625	640	654	388	651	662	671	-63	-26	-23	-17
Interest bearing debt	120	350	322	292	180	410	382	352	-60	-60	-60	-60
Net interest bearing debt	64	238	166	92	109	321	254	187	-45	-83	-87	-95
Market Cap.	342	342	342	342	315	315	315	315	28	28	28	28
Enterprise value	406	580	509	435	424	636	569	502	-18	-55	-60	-67

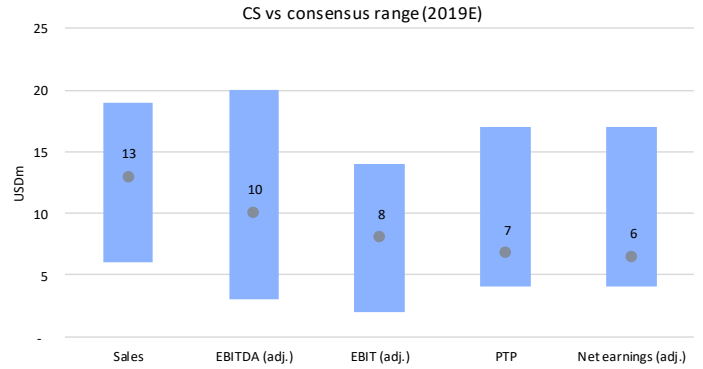
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	200	444	700	749	330	580	794	790	-129	-135	-94	-41
Adj. equity ratio	62%	56%	68%	72%	65%	59%	68%	69%	-3%	-3%	1%	3%
FCF yield	-52%	-45%	34%	35%	-71%	-63%	32%	34%	19%	17%	3%	1%
Dividend yield	0%	6%	13%	13%	0%	5%	11%	13%	0%	1%	3%	1%
EV/EBITDA	40.5	4.3	3.5	3.0	26.2	6.8	4.4	3.8	14.4	-2.5	-0.9	-0.8
P/E (adj.)	53.3	3.8	3.9	3.8	25.9	6.5	4.4	4.0	27.4	-2.7	-0.5	-0.2

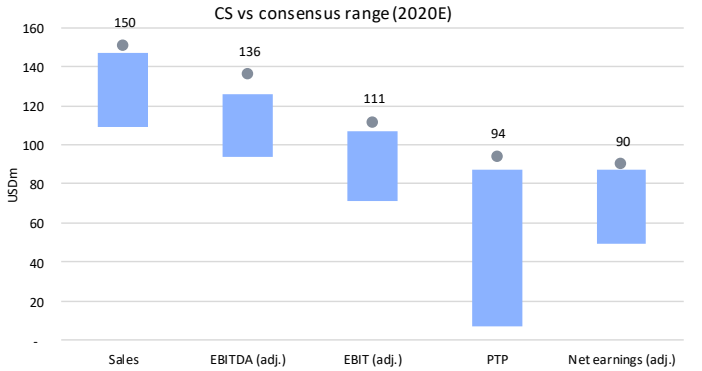
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

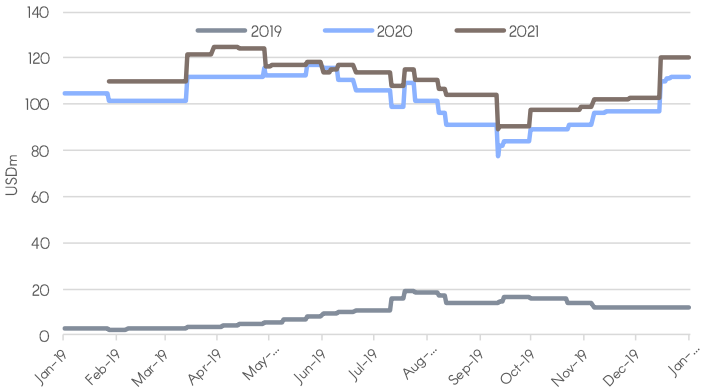
Profit & Loss, year I



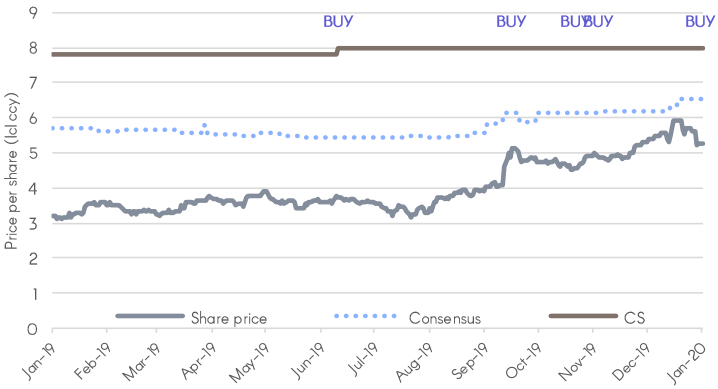
Profit & Loss, year II



Consensus EBITDA development



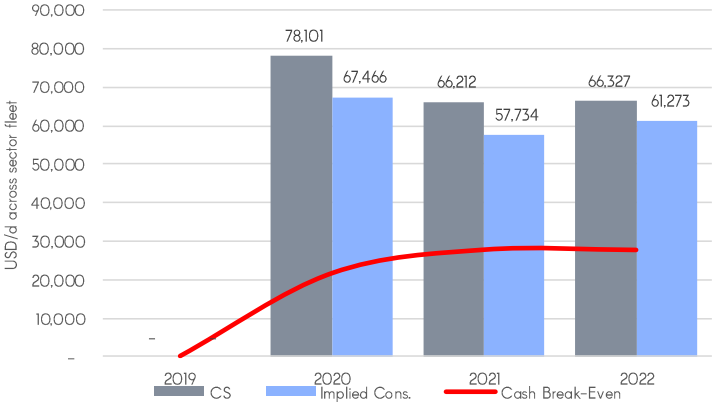
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	13	13	-0	-1%
Opex + G&A	3	1	2	147%
Depreciation	2	3	-1	-37%
Net finance	1	-1	2	-341%
Taxes & Minorities	0	0	-0	-33%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	150	130	20	16%
Opex + G&A	15	18	-4	-20%
Depreciation	24	20	5	24%
Net finance	18	27	-10	-35%
Taxes & Minorities	4	-9	13	-143%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**0**	**0**	**0**	**0**	**13**	**23**	**17**	**31**	**79**
Operational costs	-4	0	0	0	-2	-2	-3	-5	-5
EBITDA	**-4**	**0**	**0**	**0**	**10**	**21**	**14**	**26**	**74**
Depreciation/Amortization	0	0	0	0	-2	-4	-6	-7	-7
EBIT	**-4**	**0**	**0**	**0**	**8**	**17**	**8**	**19**	**67**
Net financials	14	1	1	-1	-2	-3	-4	-5	-6
PTP	**10**	**0**	**1**	**-2**	**7**	**15**	**5**	**14**	**61**
Taxes/Minorities	0	0	0	0	0	-1	0	-1	-3
Net earnings	**10**	**0**	**1**	**-2**	**7**	**14**	**4**	**13**	**58**
Non-recurring items	-1	0	0	0	0	0	0	0	0
Net earnings (adj.)	**9**	**0**	**1**	**-2**	**7**	**14**	**4**	**13**	**58**
EPS	0.03	0.00	0.00	0.00	0.01	0.02	0.01	0.02	0.10
EPS (adj.)	0.02	0.00	0.00	0.00	0.01	0.02	0.01	0.02	0.10
DPS	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.01

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	304	8	45	10	56	45	29	58	112
Other current assets	217	0	0	1	1	1	1	1	1
Total current assets	**521**	**9**	**45**	**11**	**58**	**46**	**30**	**59**	**113**
Property & equip. (incl. NBs)	493	109	152	247	267	349	421	519	512
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	**493**	**109**	**152**	**247**	**267**	**349**	**421**	**519**	**512**
TOTAL ASSETS	**1,014**	**117**	**197**	**258**	**325**	**396**	**451**	**578**	**625**
Total equity	**1,012**	**117**	**197**	**195**	**202**	**212**	**210**	**221**	**272**
Short-term debt	0	0	0	1	10	16	22	25	28
Other current liabilities	2	0	0	3	3	3	3	3	3
Total current liabilities	**2**	**0**	**0**	**5**	**13**	**19**	**25**	**28**	**31**
Long-term debt	0	0	0	59	110	164	217	329	322
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**0**	**0**	**0**	**59**	**110**	**164**	**217**	**329**	**322**
TOTAL EQUITY & LIABILITIES	**1,014**	**117**	**197**	**258**	**325**	**396**	**451**	**578**	**625**
Working capital, receivables	1	0	0	0	0	0	0	0	0
Working capital, payables	1	0	0	1	1	1	1	1	1
Net working capital	**0**	**0**	**0**	**-1**	**-1**	**-1**	**-1**	**-1**	**-1**
Interest bearing debt	0	0	0	60	120	180	238	355	350
Liquidity	304	8	45	10	56	45	29	58	112
Net interest bearing debt	**-304**	**-8**	**-45**	**50**	**64**	**135**	**209**	**297**	**238**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	10	0	1	-2	7	14	4	13	58
Depreciation	0	0	0	0	2	4	6	7	7
Other	0	0	0	0	0	0	0	0	0
Cash earnings	**10**	**0**	**1**	**-2**	**9**	**18**	**10**	**20**	**66**
Changes in working capital	-2	0	0	2	0	0	0	0	0
Net operational cash flow	**8**	**0**	**1**	**0**	**9**	**18**	**10**	**20**	**66**
Capex	-210	-52	-43	-95	-120	-86	-77	-106	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	98	0	0	0	0
Other	196	25	0	0	0	0	0	0	0
Net investing cash flow	**-13**	**-27**	**-43**	**-95**	**-22**	**-86**	**-77**	**-106**	**0**
Repayment of debt	0	0	0	0	0	0	-2	-4	-5
Proceeds from debt	0	0	0	60	60	60	60	120	0
Dividends paid	0	0	0	0	0	-3	-7	-2	-7
New equity	0	0	79	0	0	0	0	0	0
Other	3	0	0	0	0	0	0	0	0
Net financing cash flow	**3**	**0**	**79**	**60**	**60**	**57**	**51**	**114**	**-11**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-2**	**-27**	**37**	**-35**	**47**	**-11**	**-16**	**28**	**54**
Cash balance	304	8	45	10	56	45	29	58	112
Free cash flow	**-5**	**-27**	**-42**	**-95**	**-13**	**-68**	**-67**	**-86**	**66**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales					1	13	150	164	165
Operational costs					-11	-3	-15	-19	-19
EBITDA			-1	-93	-11	10	136	145	145
Depreciation/Amortization			0	0	0	-2	-24	-29	-29
EBIT	-3	-2	-1	-93	-11	8	111	116	116
Net financials	0	0	0	2	3	-1	-18	-24	-21
PTP	-4	-2	-1	-91	-7	7	94	93	95
Taxes/Minorities	0	0	0	-6	0	0	-4	-4	-4
Net earnings	-4	-2	-1	-96	-8	6	90	89	91
Non-recurring items	0	0	0	0	2	0	0	0	0
Net earnings (adj.)	-4	-2	-1	-96	-6	6	90	89	91
EPS	-0.48	-0.21	-0.39	-0.73	-0.02	0.01	0.15	0.15	0.15
EPS (adj.)	-0.48	-0.21	-0.39	-0.73	-0.02	0.01	0.15	0.15	0.15
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.08	0.08

Balance Sheet (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & short-term investments	1	0	0	279	304	56	112	156	199
Other current assets	1	0	0	46	217	1	1	1	1
Total current assets	1	0	0	326	521	58	113	157	201
Property & equip. (incl. NBs)	0	0	0	28	493	267	512	483	454
Other non-current assets	19	17	17	95	0	0	0	0	0
Total non-current assets	19	17	17	123	493	267	512	483	454
TOTAL ASSETS	20	17	18	449	1,014	325	625	640	654
Total equity	11	7	7	415	1,012	202	272	315	360
Short-term debt	0	1	1	4	0	10	4	4	5
Other current liabilities	1	1	0	19	2	3	3	3	3
Total current liabilities	1	1	1	22	2	13	7	7	8
Long-term debt	0	0	0	12	0	110	346	317	287
Other non-current liabilities	9	8	9	0	0	0	0	0	0
Total non-current liabilities	9	8	9	12	0	110	346	317	287
TOTAL EQUITY & LIABILITIES	20	17	18	449	1,014	325	625	640	654
Working capital, receivables			0	41	1	0	0	0	0
Working capital, payables	0	0	0	12	1	1	1	1	1
Net working capital			0	30	0	-1	-1	-1	-1
Interest bearing debt	0	1	1	15	0	120	350	322	292
Liquidity	1	0	0	279	304	56	112	156	199
Net interest bearing debt	-1	1	1	-264	-304	64	238	166	92

Cash Flow (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net income	-4	-2	-1	-96	-8	6	90	89	91
Depreciation			0	0	0	2	24	29	29
Other			0	64	4	0	0	0	0
Cash earnings	-3	-2	-1	-32	-4	8	114	118	120
Changes in working capital	-1	0	0	6	-2	2	0	0	0
Net operational cash flow	-4	-2	-1	-26	-6	10	114	118	120
Capex	—	—	0	-6	-269	-310	-269	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	98	0	0	0
Other	-4	-2	0	-51	-5	0	0	0	0
Net investing cash flow	-4	-2	0	-56	-97	-188	-269	0	0
Repayment of debt	0	1	0	-10	0	0	-10	-28	-30
Proceeds from debt	—	—	0	0	0	120	240	0	0
Dividends paid	0	0	0	0	0	0	-19	-46	-46
New equity	—	—	—	385	93	79	0	0	0
Other	4	2	1	-14	-5	0	0	0	0
Net financing cash flow	4	3	1	361	94	199	211	-74	-76
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			0	279	-10	21	56	44	44
Cash balance	1	0	0	279	270	291	347	390	434
Free cash flow	-7	-3	-1	-82	-103	-177	-155	118	120

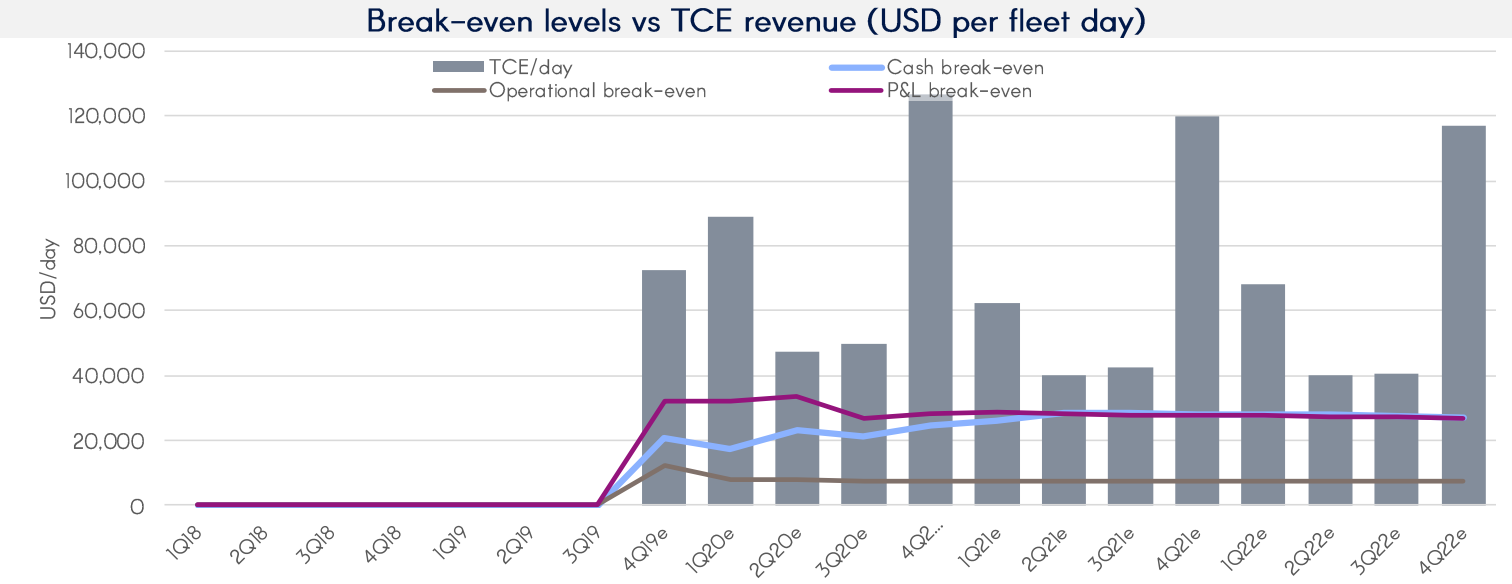
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Shares outstanding, end	8	8	2	131	385	590	590	590	590
Share price, avg (USD)	2	1	0	0	0	0	1	1	1
Share price, end (USD)	1	0	1	0	0	1	1	1	1
Market Cap.	**10**	**2**	**2**	**37**	**143**	**342**	**342**	**342**	**342**
NIBD	-1	1	1	-264	-304	64	238	166	92
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**9**	**3**	**2**	**-227**	**-161**	**406**	**580**	**509**	**435**

Key Figures & Ratios	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
P/E (reported)					0.0	53.3	3.8	3.9	3.8
P/E (adj.)					0.0	53.3	3.8	3.9	3.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					0.0	26.5	2.3	2.1	2.1
EV/Sales					0.0	31.4	3.9	3.1	2.6
EV/EBITDA				2.4	0.0	40.5	4.3	3.5	3.0
EV/EBIT				2.4	0.0	50.8	5.2	4.4	3.7
P/B	0.9	0.3	0.2	0.1	0.0	1.7	1.3	1.1	1.0
FCF yield	-79%	-170%	-90%	-221%	0%	-52%	-45%	34%	35%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	13.5%	13.4%
Return on equity (ROE)	-35.3%	-22.0%	-12.3%	-23.2%	0.0%	3.2%	32.9%	28.1%	25.2%
Return on capital employed (ROCE)	-34.2%	-19.5%	-10.4%	-61.7%	0.0%	3.0%	21.8%	24.1%	25.7%
Return on assets (ROA)	-18.5%	-9.6%	-4.8%	-21.5%	0.0%	2.0%	14.3%	13.9%	13.9%
Sales growth					0%	1537%	1063%	9%	0%
EBITDA margin					0%	78%	90%	88%	88%
EBIT margin					0%	62%	74%	71%	71%
Net margin					0%	50%	60%	54%	55%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	7.4%	14.2%	23.3%
Tax rate	0.0%	0.0%	0.0%	-4.8%	0.0%	4.3%	4.2%	4.2%	4.2%
Equity ratio	52%	43%	39%	92%	0%	62%	44%	49%	55%
Leverage ratio	48%	57%	61%	8%	0%	38%	56%	51%	45%
NIBD / EBITDA (past 1y)			-1.0	2.8	0.0	6.4	1.8	1.1	0.6
Operating cash flow/NIBD	6.3	-2.3	-1.3	0.1	0.0	0.2	0.5	0.7	1.3
Net interest coverage ratio (EBITDA					0.0	6.3	7.7	6.2	6.8
Current ratio	1.9	0.4	0.1	14.7	0.0	4.3	16.8	21.0	26.2
Adj. equity ratio					0%	62%	56%	68%	72%
Operating assets	20	17	17	170	0	269	513	484	455
Operating liabilities	10	9	10	19	0	3	3	3	3
Net operating assets	10	8	8	151	0	266	510	481	452

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



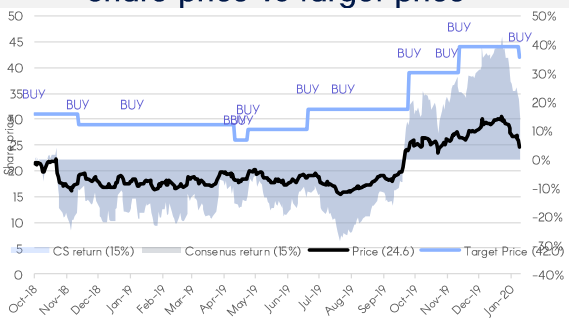
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Significantly undervalued vs NAV, multiples & peers as the expansionary cycle unfolds

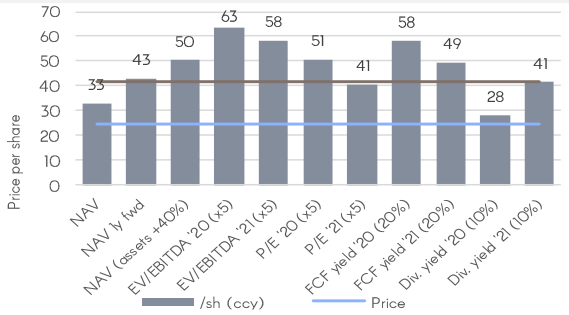
INSW-US BUY/$42

International Seaways

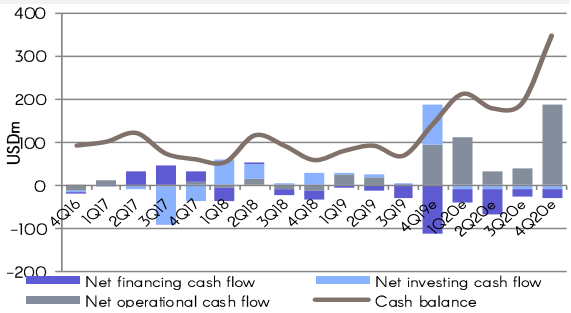
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	369	592	523	551
EBITDA (adj.)	170	429	366	397
EBIT (adj.)	95	354	290	322
PTP (adj.)	54	297	238	274
Net earnings (adj.)	54	297	238	274
EPS (adj.)	1.85	10.15	8.13	9.36
DPS	-	2.82	4.15	4.00
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	987	1,478	1,922	2,167
Adj. equity ratio	57%	68%	75%	79%
FCF yield	34%	47%	40%	45%
Dividend yield	0%	11%	17%	16%
EV/EBITDA	7.2	2.4	2.3	1.6
P/E (adj.)	13.3	2.4	3.0	2.6

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	138	372	314	350
Free cash flow	242	340	289	325
Net cash flow	80	205	116	161
TCE/day	25,569	44,044	40,339	43,154
Cash break-even	28,351	19,541	19,442	18,901
Liquidity	142	347	464	625
Property & Equip. (incl. NB	1,281	1,238	1,187	1,135
Total equity	1,058	1,273	1,389	1,546
Total assets	1,792	1,955	2,020	2,129
Interest bearing debt	689	637	586	538
Net interest bearing debt	547	290	122	-86
Market Cap.	720	720	720	720

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

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

Quarterly Review

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consensus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	93.0	65.8	147.0	127.6				
EBITDA (adj.)	39.0	14.6	103.5	76.8				
EBIT (adj.)	20.4	-4.3	84.7	61.7				
PTP (adj.)	9.3	-12.2	69.1	47.8				
Net earnings (adj.)	9.5	-12.2	69.1	47.2				
EPS (adj.)	0.32	-0.42	2.36	1.52				
DPS	-	-	0.65	0.13				
Implied, line by line	4Q18	3Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	93.0	65.8	147.0	127.6				
Opex & G&A	54.0	51.2	43.5	50.8				
Depreciation	18.7	19.0	18.8	15.1				
Net finance	11.0	7.8	15.5	13.9				
Taxes & Minorities	-0.1	-	-	0.6				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consensus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	-14	-0	95					
Free cash flow	13	3	187					
Net cash flow	-6	-26	74					
TCE/day	21,582	17,530	42,866	37,201				
Cash break-even	20,556	24,902	46,735					
Liquidity	58	68	142					
Interest bearing debt	811	802	689					

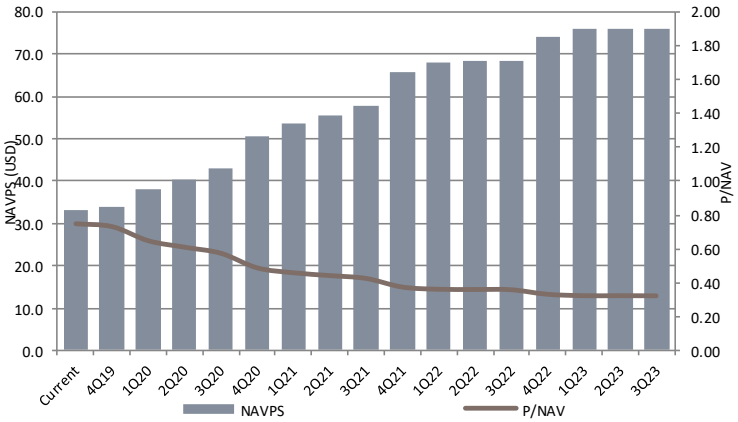
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

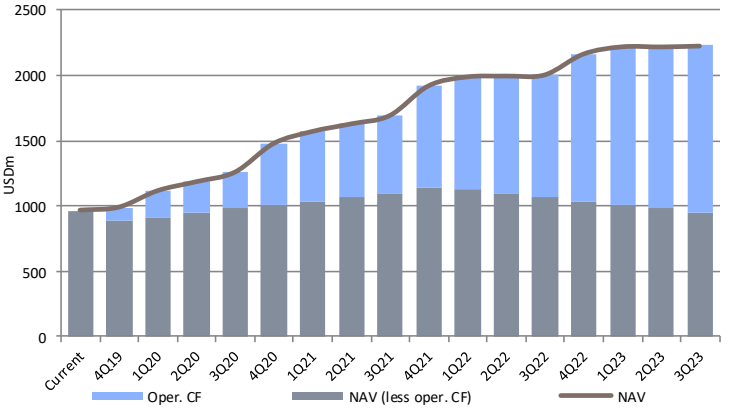
Valuation

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,268	1,269	1,092
Contract value	0	20	17
Other	462	462	398
GAV	1,730	1,752	1,507
Net debt	-733	-733	-733
Capex	0	-39	-39
Other	-15	-15	-15
Equity	982	965	720
Shares	29	29	29
Equity/sh	33.5	33.0	24.6
lcl CCY	33.5	33.0	24.6
P/Equity	0.73	0.75	1.00
EV/GAV	0.87	0.86	1.00
Adj. Total Assets	1,829	1,830	1,653
Adj. Equity Ratio	54%	53%	44%
Fair Value	USD	42	71%

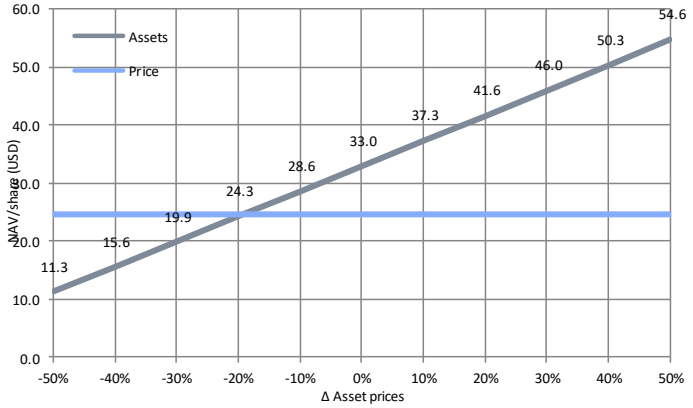
Quarterly forward NAV & P/NAV



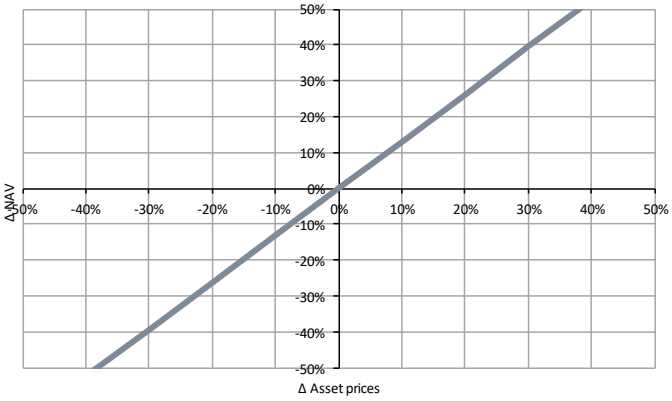
Quarterly forward NAV decomposition



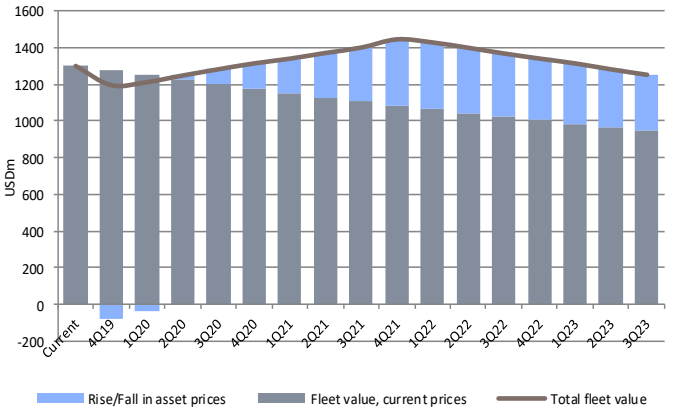
Impact on NAV/sh from % change in asset prices



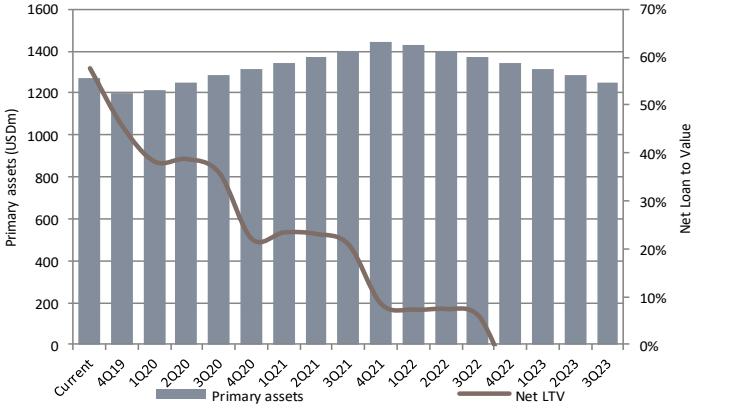
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	369	592	523	551	362	507	525	549	7	85	-2	2
EBITDA (adj.)	170	429	366	397	163	344	368	396	7	85	-2	2
EBIT (adj.)	95	354	290	322	88	269	293	320	7	85	-3	2
PTP (adj.)	54	297	238	274	47	212	241	272	7	85	-3	2
Net earnings (adj.)	54	297	238	274	47	212	241	272	7	85	-3	2
EPS (adj.)	1.85	10.15	8.13	9.36	1.61	7.25	8.22	9.31	0.24	2.89	-0.09	0.05
DPS	-	2.82	4.15	4.00	-	3.13	3.77	3.83	-	-0.31	0.38	0.18

	2019E	2020E	2021E	2022E
TCE revenue	7	85	-2	2
Opex & G&A	-	-	-	-
Depreciation	-	0	0	0
Net finance	-	-	-	-
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	138	372	314	350	131	287	316	348	7	85	-2	2
Free cash flow	242	340	289	325	235	258	292	348	7	82	-3	-22
Net cash flow	80	205	116	161	73	114	130	188	7	91	-14	-28
TCE/day	25,569	44,044	40,339	43,154	25,057	37,682	40,460	43,055	511	6,362	-122	98
Cash break-even	28,351	19,541	19,442	18,901	28,351	19,541	19,442	18,901	-	-	-	-
Liquidity	142	347	464	625	135	249	380	568	7	98	84	57
Property & Equip. (incl. NB	1,281	1,238	1,187	1,135	1,281	1,235	1,184	1,109	-	3	3	27
Total equity	1,058	1,273	1,389	1,546	1,051	1,172	1,302	1,463	7	101	87	83
Total assets	1,792	1,955	2,020	2,129	1,785	1,854	1,933	2,046	7	101	87	83
Interest bearing debt	689	637	586	538	689	637	586	538	-	-	-	-
Net interest bearing debt	547	290	122	-86	554	388	206	-30	-7	-98	-84	-57
Market Cap.	720	720	720	720	774	774	774	774	-54	-54	-54	-54
Enterprise value	1,267	1,010	842	634	1,328	1,162	980	744	-61	-152	-138	-110

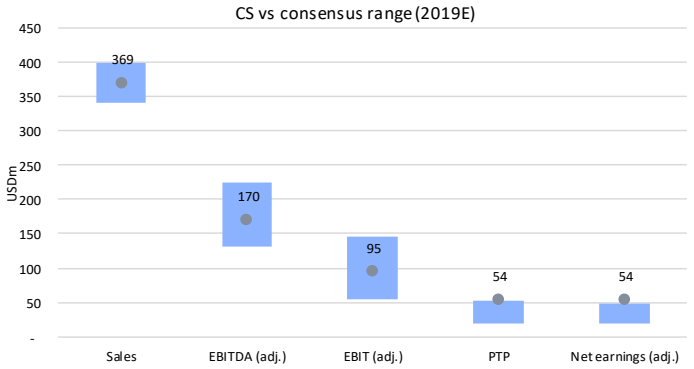
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	987	1,478	1,922	2,167	1,027	1,475	1,904	2,092	-39	3	18	75
Adj. equity ratio	57%	68%	75%	79%	58%	68%	75%	78%	-1%	0%	0%	1%
FCF yield	34%	47%	40%	45%	30%	33%	38%	45%	3%	14%	2%	0%
Dividend yield	0%	11%	17%	16%	0%	12%	14%	14%	0%	0%	3%	2%
EV/EBITDA	7.2	2.4	2.3	1.6	7.9	3.4	2.7	1.9	-0.7	-1.0	-0.4	-0.3
P/E (adj.)	13.3	2.4	3.0	2.6	16.4	3.6	3.2	2.8	-3.1	-1.2	-0.2	-0.2

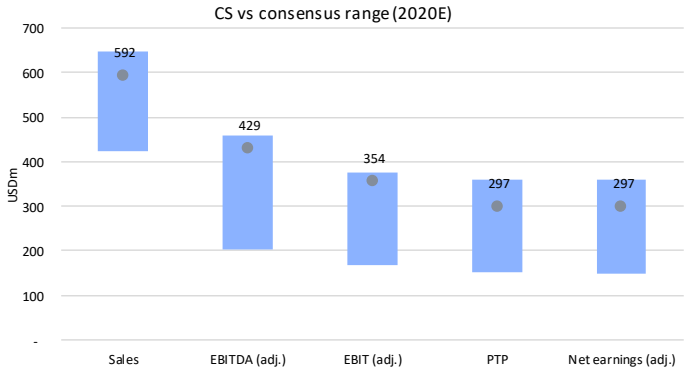
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

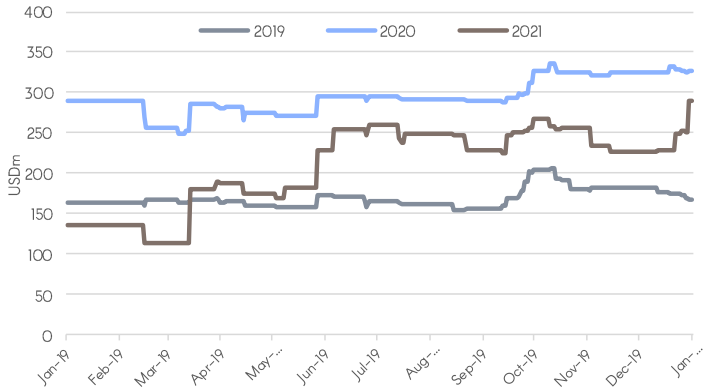
Profit & Loss, year I



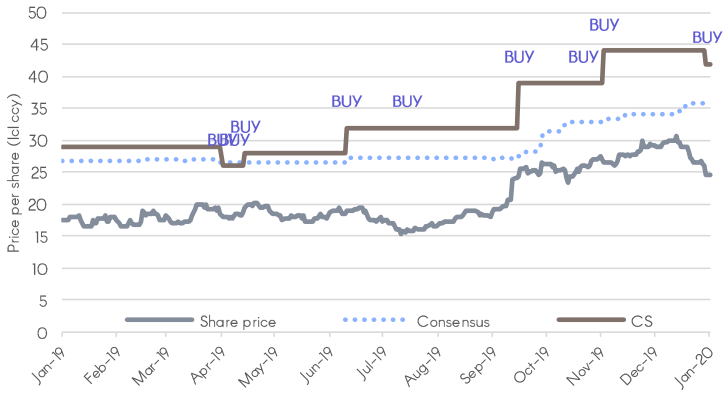
Profit & Loss, year II



Consensus EBITDA development



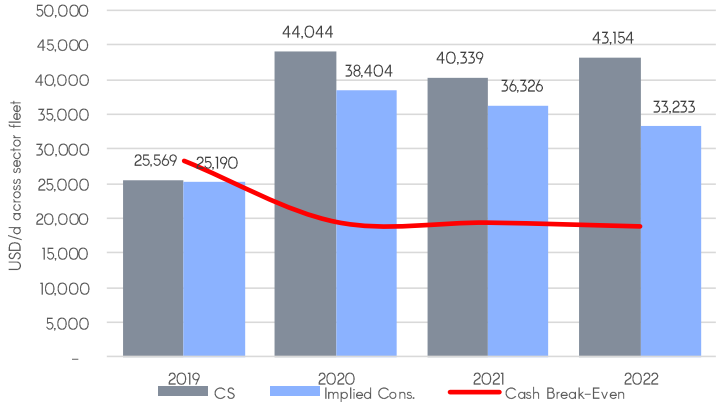
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	369	364	5	2%
Opex + G&A	199	196	3	2%
Depreciation	76	76	0	0%
Net finance	40	60	-19	-33%
Taxes & Minorities	0	2	-2	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	592	516	76	15%
Opex + G&A	163	189	-26	-14%
Depreciation	75	54	21	38%
Net finance	57	44	13	29%
Taxes & Minorities	0	10	-10	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	58	80	92	68	142	212	178	190	347
Other current assets	109	113	91	88	88	88	88	88	88
Total current assets	**168**	**193**	**183**	**157**	**230**	**300**	**267**	**278**	**436**
Property & equip. (incl. NBs)	1,331	1,321	1,292	1,268	1,281	1,270	1,260	1,249	1,238
Other non-current assets	350	378	391	404	281	281	281	281	281
Total non-current assets	**1,681**	**1,699**	**1,682**	**1,672**	**1,561**	**1,551**	**1,541**	**1,530**	**1,519**
TOTAL ASSETS	1,849	1,891	1,865	1,829	1,792	1,851	1,807	1,808	1,955
Total equity	**1,010**	**1,018**	**995**	**982**	**1,058**	**1,131**	**1,100**	**1,113**	**1,273**
Short-term debt	52	66	69	64	63	66	66	65	65
Other current liabilities	24	34	36	33	33	33	33	33	33
Total current liabilities	**75**	**100**	**106**	**98**	**96**	**99**	**99**	**98**	**98**
Long-term debt	759	767	756	737	626	610	598	586	573
Other non-current liabilities	4	5	9	11	11	11	11	11	11
Total non-current liabilities	**763**	**773**	**764**	**749**	**637**	**622**	**609**	**597**	**584**
TOTAL EQUITY & LIABILITIES	1,849	1,891	1,865	1,829	1,792	1,851	1,807	1,808	1,955
Working capital, receivables	98	104	84	79	79	79	79	79	79
Working capital, payables	10	33	34	30	30	30	30	30	30
Net working capital	**88**	**71**	**50**	**49**	**49**	**49**	**49**	**49**	**49**
Interest bearing debt	811	833	825	802	689	676	663	650	637
Liquidity	58	80	92	68	142	212	178	190	347
Net interest bearing debt	**752**	**754**	**733**	**733**	**547**	**464**	**485**	**460**	**290**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	7	11	-17	-11	76	91	15	21	170
Depreciation	19	19	19	19	19	19	19	19	19
Other	-19	-8	-5	-7	0	0	0	0	0
Cash earnings	**6**	**22**	**-3**	**1**	**95**	**110**	**33**	**40**	**189**
Changes in working capital	-21	2	23	-1	0	0	0	0	0
Net operational cash flow	**-14**	**24**	**20**	**0**	**95**	**110**	**33**	**40**	**189**
Capex	-14	-3	-2	-5	-31	-8	-8	-8	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	36	0	9	7	123	0	0	0	0
Other	6	6	0	1	0	0	0	0	0
Net investing cash flow	**27**	**3**	**6**	**3**	**92**	**-8**	**-8**	**-8**	**-8**
Repayment of debt	-19	-7	-13	-29	-113	-13	-13	-13	-13
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	-19	-46	-7	-11
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	**-19**	**-7**	**-13**	**-29**	**-113**	**-32**	**-59**	**-20**	**-23**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-6**	**20**	**13**	**-26**	**74**	**70**	**-33**	**12**	**157**
Cash balance	58	80	92	68	142	212	178	190	347
Free cash flow	**13**	**27**	**26**	**3**	**187**	**102**	**25**	**32**	**181**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**347**	**476**	**385**	**275**	**243**	**369**	**592**	**523**	**551**
Operational costs						-194	-163	-157	-153
EBITDA						**176**	**429**	**366**	**397**
Depreciation/Amortization						-76	-75	-76	-76
EBIT	**5**	**176**	**6**	**-108**	**-55**	**100**	**354**	**290**	**322**
Net financials	-123	-3	-24	2	-35	-41	-57	-52	-48
PTP	**-118**	**173**	**-18**	**-106**	**-89**	**59**	**297**	**238**	**274**
Taxes/Minorities	-1	0	0	0	0	0	0	0	0
Net earnings	**-119**	**173**	**-18**	**-106**	**-89**	**59**	**297**	**238**	**274**
Non-recurring items	0	0	0	0	0	-5	0	0	0
Net earnings (adj.)	**-119**	**173**	**-18**	**-106**	**-89**	**54**	**297**	**238**	**274**
EPS			-0.62	-3.65	-3.05	2.03	10.15	8.13	9.36
EPS (adj.)			-0.62	-3.65	-3.05	1.85	10.15	8.13	9.36
DPS			6.92	0.00	0.00	0.00	2.82	4.15	4.00

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	178	309	92	60	58	142	347	464	625
Other current assets	107	88	79	72	109	88	88	88	88
Total current assets	**285**	**397**	**171**	**132**	**168**	**230**	**436**	**552**	**713**
Property & equip. (incl. NBs)	1,317	1,240	1,100	1,105	1,331	1,281	1,238	1,187	1,135
Other non-current assets	433	393	392	428	350	281	281	281	281
Total non-current assets	**1,750**	**1,633**	**1,492**	**1,533**	**1,681**	**1,561**	**1,519**	**1,468**	**1,416**
TOTAL ASSETS	2,035	2,030	1,663	1,664	1,849	1,792	1,955	2,020	2,129
Total equity	**1,391**	**1,384**	**1,180**	**1,086**	**1,010**	**1,058**	**1,273**	**1,389**	**1,546**
Short-term debt	6	6	6	24	52	63	36	44	49
Other current liabilities	31	42	39	23	24	33	33	33	33
Total current liabilities	**37**	**48**	**45**	**47**	**75**	**96**	**69**	**77**	**82**
Long-term debt	595	589	433	529	759	626	601	542	490
Other non-current liabilities	12	9	4	3	4	11	11	11	11
Total non-current liabilities	**607**	**598**	**438**	**532**	**763**	**637**	**613**	**553**	**501**
TOTAL EQUITY & LIABILITIES	2,035	2,030	1,663	1,664	1,849	1,792	1,955	2,020	2,129
Working capital, receivables	95	78	68	61	98	79	79	79	79
Working capital, payables	10	19	16	9	10	30	30	30	30
Net working capital	**85**	**59**	**52**	**53**	**88**	**49**	**49**	**49**	**49**
Interest bearing debt	601	595	440	553	811	689	637	586	538
Liquidity	178	309	92	60	58	142	347	464	625
Net interest bearing debt	**423**	**286**	**348**	**493**	**752**	**547**	**290**	**122**	**-86**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-119	173	-18	-106	-89	59	297	238	274
Depreciation						76	75	76	76
Other						-20	0	0	0
Cash earnings	**-271**	**204**	**109**	**14**	**25**	**115**	**372**	**314**	**350**
Changes in working capital	18	19	8	4	-38	24	0	0	0
Net operational cash flow	**-253**	**223**	**117**	**17**	**-12**	**138**	**372**	**314**	**350**
Capex	-21	-1	-3	-174	-150	-41	-33	-24	-24
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	78	17	0	18	169	139	0	0	0
Other	-41	98	27	19	104	6	0	0	0
Net investing cash flow	**16**	**114**	**24**	**-137**	**124**	**104**	**-33**	**-24**	**-24**
Repayment of debt	288	-6	-155	102	-64	-162	-52	-52	-47
Proceeds from debt	—	—	—	—	—	0	0	0	0
Dividends paid	0	-200	-202	0	0	0	-83	-121	-117
New equity	0	0	0	0	0	0	0	0	0
Other	-47	0	0	-4	-1	6	0	0	0
Net financing cash flow	**241**	**-206**	**-357**	**98**	**-64**	**-162**	**-134**	**-173**	**-165**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**4**	**131**	**-217**	**-21**	**47**	**80**	**205**	**116**	**161**
Cash balance			92	60	58	139	344	460	621
Free cash flow	**-237**	**337**	**140**	**-119**	**111**	**242**	**340**	**289**	**325**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

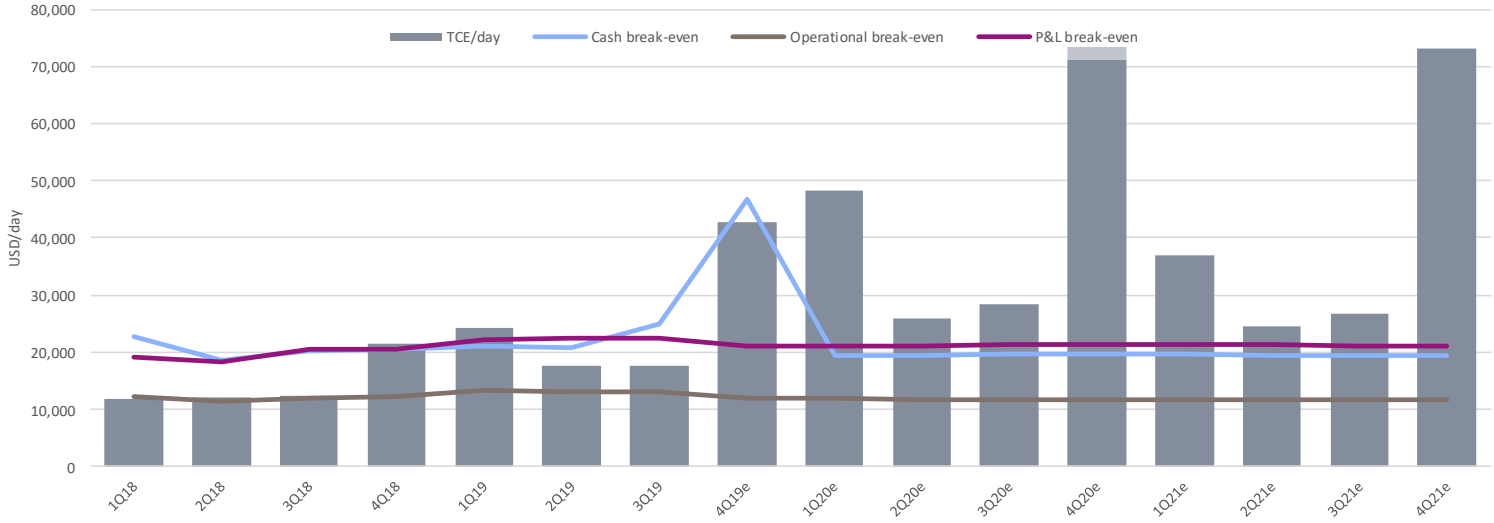
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	29	29	29	29	29	29	29
Share price, avg (USD)			14	19	19	20	25	25	25
Share price, end (USD)	—	—	14	18	17	25	25	25	25
Market Cap.			**410**	**537**	**491**	**720**	**720**	**720**	**720**
NIBD	423	286	348	493	752	547	290	122	-86
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value			**758**	**1,030**	**1,244**	**1,267**	**1,010**	**842**	**634**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)						12.1	2.4	3.0	2.6
P/E (adj.)						13.3	2.4	3.0	2.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales			1.1	2.0	2.0	1.9	1.2	1.4	1.3
EV/Sales			2.0	3.7	5.1	3.4	1.7	1.6	1.2
EV/EBITDA						7.2	2.4	2.3	1.6
EV/EBIT						12.6	2.9	2.9	2.0
P/B			0.3	0.5	0.5	0.7	0.6	0.5	0.5
FCF yield			34%	-22%	23%	34%	47%	40%	45%
Dividend yield			49.3%	0.0%	0.0%	0.0%	11.5%	16.9%	16.3%
Return on equity (ROE)	-8.6%	12.5%	-1.5%	-9.8%	-8.8%	5.6%	23.3%	17.1%	17.7%
Return on capital employed (ROCE)	0.3%	10.6%	0.4%	-6.9%	-3.2%	6.5%	23.5%	19.9%	22.9%
Return on assets (ROA)	-5.9%	8.5%	-1.1%	-6.4%	-4.8%	3.3%	15.2%	11.8%	12.9%
Sales growth	-4%	37%	-19%	-29%	-12%	52%	60%	-12%	5%
EBITDA margin						48%	72%	70%	72%
EBIT margin	1%	37%	2%	-39%	-22%	27%	60%	56%	58%
Net margin	-34%	36%	-5%	-39%	-37%	16%	50%	46%	50%
Net interest rate	13.3%	15.0%	11.4%	8.4%	8.0%	12.3%	19.6%	42.8%	-55.6%
Tax rate	-0.6%	0.1%	-2.5%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	68%	68%	71%	65%	55%	59%	65%	69%	73%
Leverage ratio	32%	32%	29%	35%	45%	41%	35%	31%	27%
NIBD / EBITDA (past 1y)						3.1	0.7	0.3	-0.2
Operating cash flow/NIBD	-0.6	0.8	0.3	0.0	0.0	0.3	1.3	2.6	-4.1
Net interest coverage ratio (EBITDA						2.6	7.6	7.0	8.3
Current ratio	7.7	8.2	3.8	2.8	2.2	2.4	6.3	7.2	8.7
Adj. equity ratio						57%	68%	75%	79%
Operating assets	1,787	1,712	1,571	1,594	1,731	1,594	1,551	1,500	1,449
Operating liabilities	43	51	43	26	28	45	45	45	45
Net operating assets	1,744	1,661	1,527	1,568	1,703	1,549	1,507	1,455	1,404

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

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

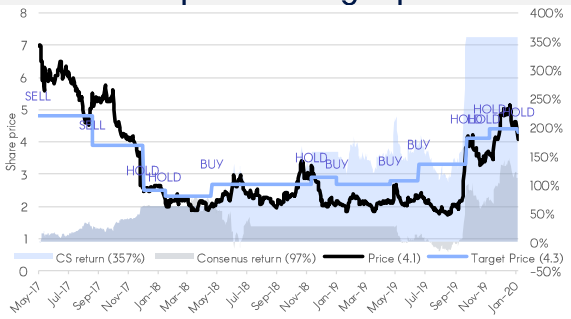


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

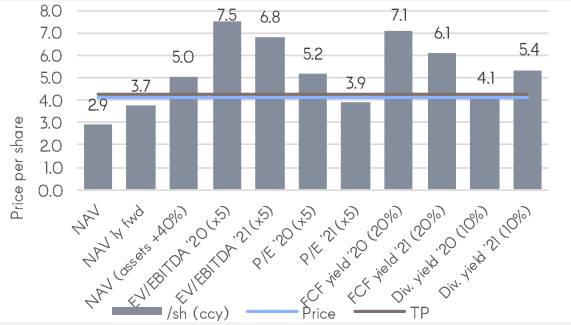
A massive surge in share price has closed the discount to NAV and the historical premium is back. We thus see better tanker exposure elsewhere

NAT-US HOLD/$4.3 Nordic American Tankers

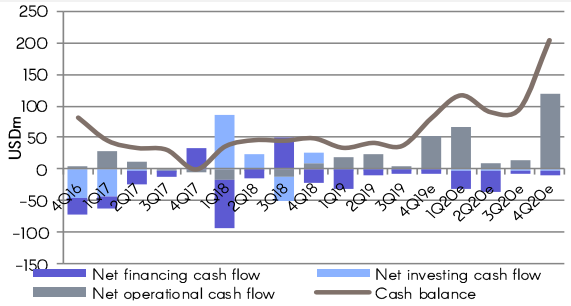
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	199	326	286	316
EBITDA (adj.)	120	246	206	236
EBIT (adj.)	57	182	143	172
PTP (adj.)	14	147	111	141
Net earnings (adj.)	14	147	111	141
EPS (adj.)	0.10	1.03	0.78	0.99
DPS	0.10	0.41	0.54	0.63
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	444	669	851	903
Adj. equity ratio	50%	62%	68%	71%
FCF yield	17%	35%	30%	35%
Dividend yield	2%	10%	13%	15%
EV/EBITDA	7.4	3.0	3.1	2.3
P/E (adj.)	41.9	4.0	5.3	4.1

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	99	210	174	204
Free cash flow	98	203	174	204
Net cash flow	43	123	77	93
TCE/day	24,232	39,826	35,069	38,712
Cash break-even	16,682	16,156	15,960	15,753
Liquidity	93	216	292	386
Property & Equip. (incl. NB	894	838	775	712
Total equity	603	691	726	777
Total assets	1,041	1,108	1,121	1,151
Interest bearing debt	400	379	358	337
Net interest bearing debt	307	163	65	-49
Market Cap.	583	583	583	583

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

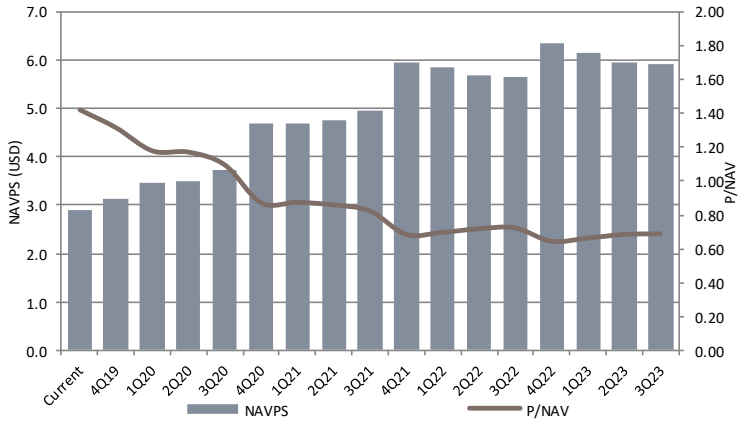
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

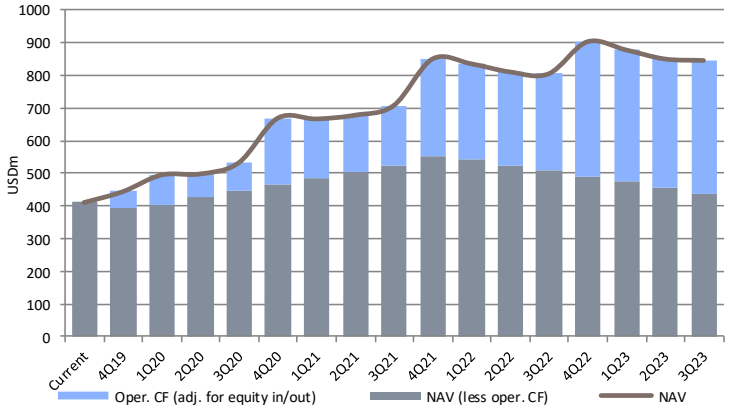
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	910	757	921
Contract value	0	-2	-2
Other	38	36	44
GAV	948	791	963
Net debt	-357	-357	-357
Capex	0	-1	-1
Other	-22	-22	-22
Equity	569	411	583
Shares	143	143	143
Equity/sh	3.99	2.88	4.09
lcl CCY	3.99	2.88	4.09
P/Equity	1.03	1.42	1.00
EV/GAV	1.02	1.22	1.00
Adj. Total Assets	1,012	859	1,023
Adj. Equity Ratio	56%	48%	57%
Fair Value	USD	4.3	4%

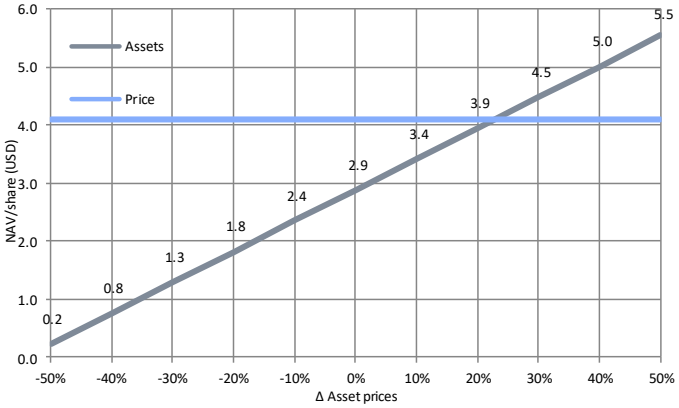
Quarterly forward NAV & P/NAV



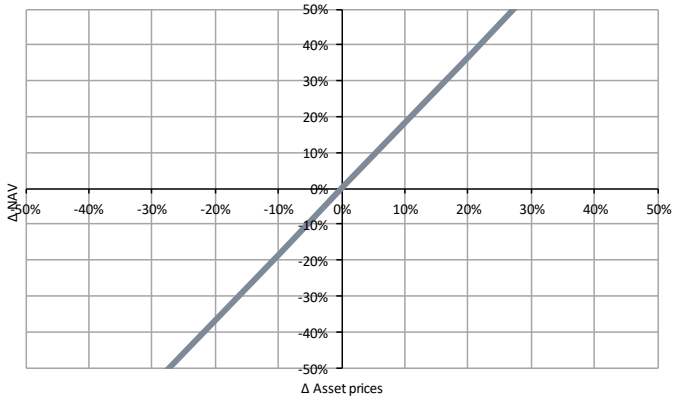
Quarterly forward NAV decomposition



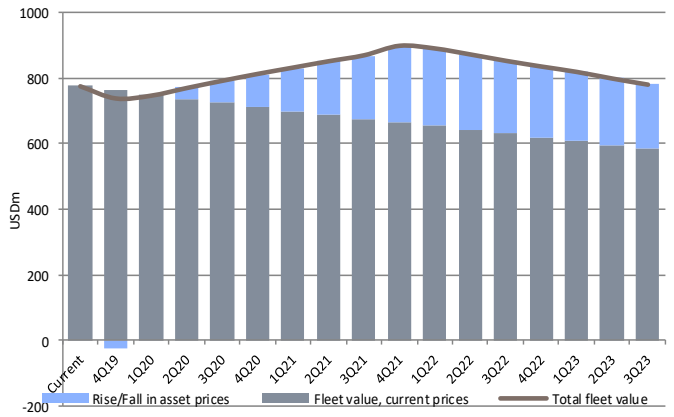
Impact on NAV/sh from % change in asset prices



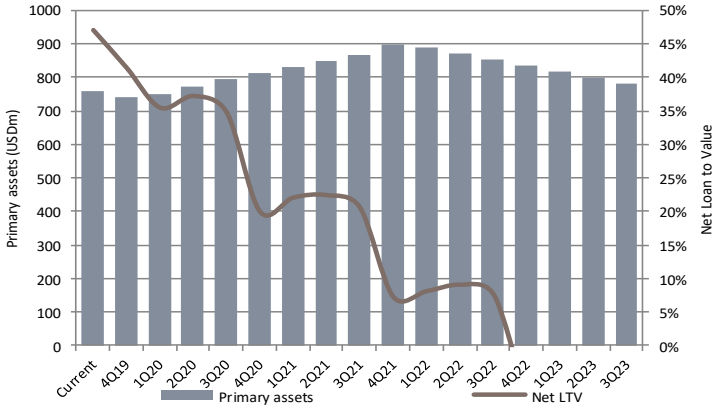
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Preview

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	44.2	32.3	82.5	74.7				
EBITDA (adj.)	24.4	13.1	62.2	53.8				
EBIT (adj.)	8.7	-2.9	46.4	40.7				
PTP (adj.)	-7.9	-13.7	37.0	31.2				
Net earnings (adj.)	-7.9	-13.7	37.0	29.7				
EPS (adj.)	-0.06	-0.10	0.26	0.21				
DPS	0.04	0.02	0.17	0.11				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	44.2	32.3	82.5	74.7				
Opex & G&A	19.8	19.2	20.3	20.8				
Depreciation	15.8	16.0	15.8	13.2				
Net finance	16.6	10.9	9.4	9.5				
Taxes & Minorities	-	-	-	1.5				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
TCE/day	20,100	15,900	40,178	36,370				
Utilization	96.4%	96.1%	97.0%					
Fleet days	2,280	2,116	2,116					
Cash break-even	24,511	16,307	16,395					
Liquidity	49	48	93					
Interest bearing debt	437	405	400					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019	Old 2020	Old 2021	Old 2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	199	326	286	316	195	286	306	326	4	40	-20	-11
EBITDA (adj.)	120	246	206	236	116	206	227	246	4	40	-20	-11
EBIT (adj.)	57	182	143	172	52	143	163	183	4	40	-20	-11
PTP (adj.)	14	147	111	141	10	107	130	152	4	40	-19	-11
Net earnings (adj.)	14	147	111	141	10	107	130	152	4	40	-19	-11
EPS (adj.)	0.10	1.03	0.78	0.99	0.07	0.75	0.91	1.06	0.03	0.28	-0.14	-0.07
DPS	0.10	0.41	0.54	0.63	0.10	0.39	0.54	0.69	-	0.02	-0.01	-0.06

	2019E	2020E	2021E	2022E
TCE revenue	4	40	-20	-11
Opex & G&A	-	-	-	0
Depreciation	-	-	-	-
Net finance	0	0	-1	-
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	99	210	174	204	95	171	193	215	4	40	-19	-11
Free cash flow	98	203	174	204	93	157	193	215	5	46	-19	-11
Net cash flow	43	123	77	93	38	79	95	96	5	44	-19	-2
TCE/day	24,232	39,826	35,069	38,712	23,693	34,953	37,583	40,067	538	4,873	-2,514	-1,355
Cash break-even	16,682	16,156	15,960	15,753	16,682	16,156	15,960	15,753	-	-	-	-
Liquidity	93	216	292	386	88	167	262	358	5	49	30	28
Property & Equip. (incl. NB	894	838	775	712	895	846	782	719	-1	-7	-7	-7
Total equity	603	691	726	777	599	650	703	756	4	42	23	21
Total assets	1,041	1,108	1,121	1,151	1,036	1,066	1,098	1,131	4	42	23	21
Interest bearing debt	400	379	358	337	400	379	358	337	-	-	-	-
Net interest bearing debt	307	163	65	-49	312	212	95	-21	-5	-49	-30	-28
Market Cap.	583	583	583	583	512	512	512	512	71	71	71	71
Enterprise value	890	746	648	534	824	723	607	491	66	23	41	43

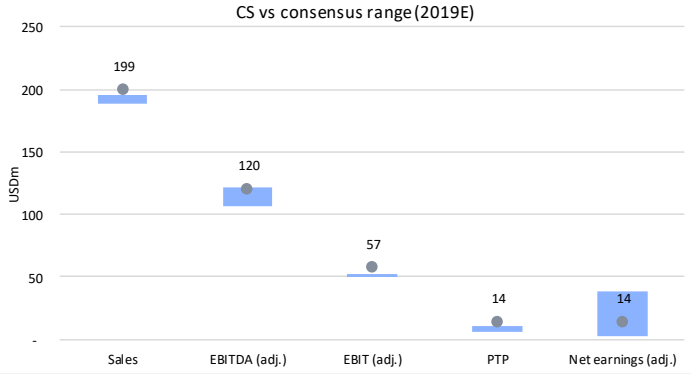
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	444	669	851	903	444	653	837	860	1	16	14	43
Adj. equity ratio	50%	62%	68%	71%	50%	61%	68%	70%	0%	1%	0%	1%
FCF yield	17%	35%	30%	35%	18%	31%	38%	42%	-1%	4%	-8%	-7%
Dividend yield	2%	10%	13%	15%	3%	11%	15%	19%	0%	-1%	-2%	-4%
EV/EBITDA	7.4	3.0	3.1	2.3	7.1	3.5	2.7	2.0	0.3	-0.5	0.5	0.3
P/E (adj.)	41.9	4.0	5.3	4.1	52.8	4.8	3.9	3.4	-10.8	-0.8	1.3	0.8

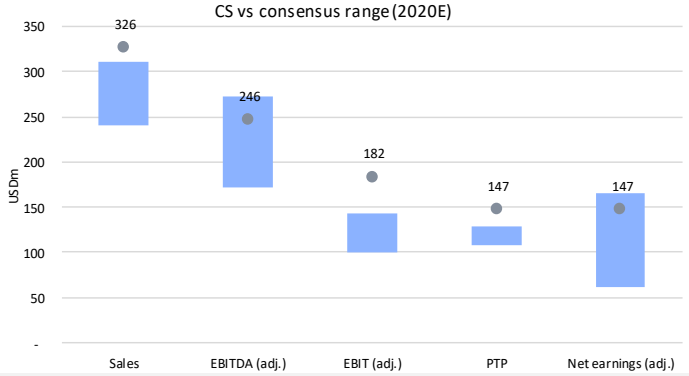
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

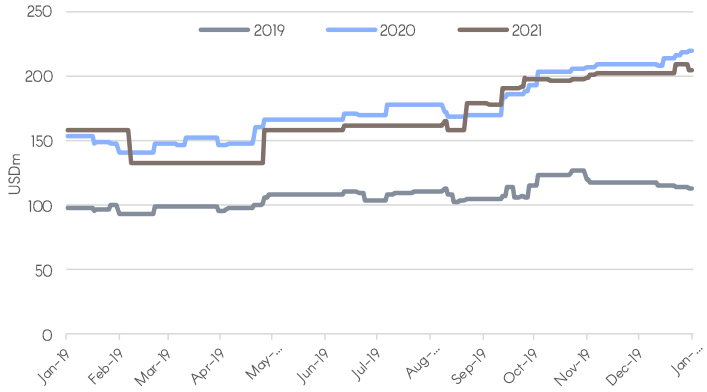
Profit & Loss, year I



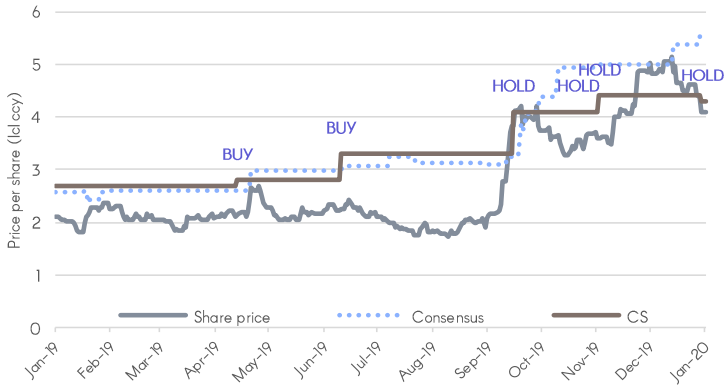
Profit & Loss, year II



Consensus EBITDA development



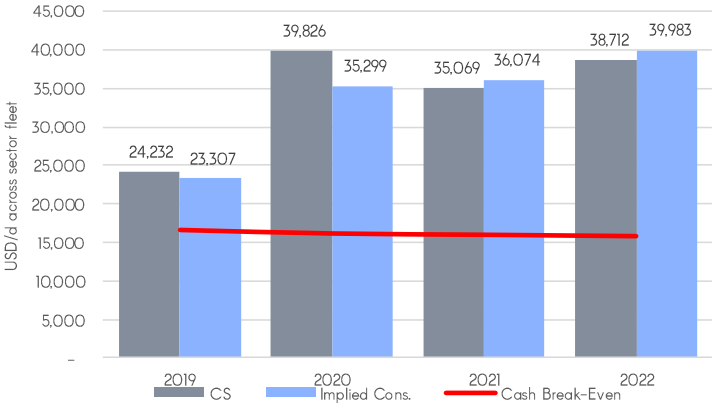
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	199	192	8	4%
Opex + G&A	79	78	1	1%
Depreciation	63	62	1	2%
Net finance	43	43	0	1%
Taxes & Minorities	0	-3	3	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	326	289	37	13%
Opex + G&A	80	69	10	15%
Depreciation	63	98	-35	-35%
Net finance	35	4	32	885%
Taxes & Minorities	0	-2	2	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**44**	**54**	**31**	**32**	**82**	**95**	**39**	**43**	**148**
Operational costs	-23	-20	-20	-19	-20	-20	-20	-20	-20
EBITDA	**21**	**34**	**11**	**13**	**62**	**76**	**19**	**23**	**128**
Depreciation/Amortization	-16	-16	-16	-16	-16	-16	-16	-16	-16
EBIT	**5**	**18**	**-5**	**-3**	**46**	**60**	**3**	**8**	**112**
Net financials	-16	-13	-10	-11	-9	-9	-9	-9	-9
PTP	**-10**	**6**	**-15**	**-14**	**37**	**51**	**-6**	**-1**	**103**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-10**	**6**	**-15**	**-14**	**37**	**51**	**-6**	**-1**	**103**
Non-recurring items	3	0	0	0	0	0	0	0	0
Net earnings (adj.)	**-8**	**6**	**-15**	**-14**	**37**	**51**	**-6**	**-1**	**103**
EPS	-0.07	0.04	-0.11	-0.10	0.26	0.36	-0.04	-0.01	0.72
EPS (adj.)	-0.06	0.04	-0.11	-0.10	0.26	0.36	-0.04	-0.01	0.72
DPS	0.01	0.04	0.03	0.01	0.02	0.17	0.21	0.01	0.03

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	49	34	42	37	82	117	91	97	205
Other current assets	64	74	58	62	62	62	62	62	62
Total current assets	**113**	**108**	**100**	**99**	**144**	**179**	**153**	**159**	**267**
Property & equip. (incl. NBs)	954	938	923	910	894	880	866	852	838
Other non-current assets	4	5	5	3	3	3	3	3	3
Total non-current assets	**958**	**943**	**928**	**913**	**897**	**883**	**869**	**855**	**841**
TOTAL ASSETS	**1,071**	**1,051**	**1,028**	**1,012**	**1,041**	**1,062**	**1,022**	**1,014**	**1,108**
Total equity	**602**	**602**	**583**	**569**	**603**	**630**	**595**	**592**	**691**
Short-term debt	19	20	20	20	20	20	20	20	20
Other current liabilities	18	19	19	23	23	23	23	23	23
Total current liabilities	**36**	**39**	**39**	**43**	**42**	**42**	**42**	**42**	**42**
Long-term debt	418	396	390	385	380	374	369	364	359
Other non-current liabilities	15	15	15	15	15	15	15	15	15
Total non-current liabilities	**433**	**411**	**406**	**400**	**395**	**390**	**385**	**379**	**374**
TOTAL EQUITY & LIABILITIES	**1,071**	**1,051**	**1,028**	**1,012**	**1,041**	**1,062**	**1,022**	**1,014**	**1,108**
Working capital, receivables	42	46	38	35	35	35	35	35	35
Working capital, payables	9	11	13	16	16	16	16	16	16
Net working capital	**34**	**35**	**25**	**19**	**19**	**19**	**19**	**19**	**19**
Interest bearing debt	437	416	410	405	400	394	389	384	379
Liquidity	49	37	49	48	93	128	102	108	216
Net interest bearing debt	**387**	**379**	**361**	**357**	**307**	**266**	**287**	**276**	**163**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-10	6	-15	-14	37	51	-6	-1	103
Depreciation	16	16	16	16	16	16	16	16	16
Other	4	-3	22	3	0	0	0	0	0
Cash earnings	**9**	**18**	**23**	**5**	**53**	**67**	**10**	**14**	**119**
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	**9**	**18**	**23**	**5**	**53**	**67**	**10**	**14**	**119**
Capex	-1	0	0	0	0	-2	-2	-2	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	18	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**17**	**0**	**0**	**0**	**0**	**-2**	**-2**	**-2**	**-2**
Repayment of debt	-26	-325	-6	-6	-5	-5	-5	-5	-5
Proceeds from debt	4	300	0	0	0	0	0	0	0
Dividends paid	-1	-6	-4	-1	-3	-24	-30	-2	-4
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	1	0	0	0	0	0
Net financing cash flow	**-23**	**-30**	**-10**	**-6**	**-8**	**-29**	**-35**	**-7**	**-9**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**4**	**-12**	**13**	**-1**	**44**	**36**	**-27**	**6**	**108**
Cash balance	49	34	42	37	82	117	91	97	205
Free cash flow	**27**	**18**	**22**	**5**	**52**	**65**	**8**	**13**	**117**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**550**	**604**	**231**	**155**	**124**	**199**	**326**	**286**	**316**
Operational costs	-475	-394	-87	-230	-102	-79	-80	-80	-80
EBITDA	**76**	**211**	**144**	**-75**	**22**	**120**	**246**	**206**	**236**
Depreciation/Amortization	-81	-83	-91	-101	-61	-63	-63	-63	-63
EBIT	**-5**	**128**	**53**	**-176**	**-39**	**57**	**182**	**143**	**172**
Net financials	-10	-11	-11	-21	-49	-43	-35	-33	-31
PTP	**-15**	**117**	**42**	**-196**	**-88**	**14**	**147**	**111**	**141**
Taxes/Minorities	2	-3	-47	-9	-8	0	0	0	0
Net earnings	**-13**	**115**	**-4**	**-205**	**-95**	**14**	**147**	**111**	**141**
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	**-13**	**115**	**-4**	**-205**	**-95**	**14**	**147**	**111**	**141**
EPS	-0.15	1.29	-0.04	-1.44	-0.67	0.10	1.03	0.78	0.99
EPS (adj.)	-0.15	1.29	-0.04	-1.44	-0.67	0.10	1.03	0.78	0.99
DPS	0.61	1.38	1.23	0.38	0.07	0.10	0.41	0.54	0.63

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	101	30	82	58	49	82	205	282	375
Other current assets	76	88	82	69	64	62	62	62	62
Total current assets	**176**	**118**	**164**	**127**	**113**	**144**	**267**	**343**	**437**
Property & equip. (incl. NBs)	910	963	1,058	936	954	894	838	775	712
Other non-current assets	89	164	128	78	4	3	3	3	3
Total non-current assets	**999**	**1,126**	**1,186**	**1,014**	**958**	**897**	**841**	**778**	**715**
TOTAL ASSETS	**1,176**	**1,245**	**1,350**	**1,141**	**1,071**	**1,041**	**1,108**	**1,121**	**1,151**
Total equity	**889**	**881**	**871**	**711**	**602**	**603**	**691**	**726**	**777**
Short-term debt	0	0	0	0	19	20	10	12	15
Other current liabilities	24	21	22	25	18	23	23	23	23
Total current liabilities	**24**	**21**	**22**	**25**	**36**	**42**	**32**	**35**	**38**
Long-term debt	250	330	443	389	418	380	369	346	322
Other non-current liabilities	13	13	15	16	15	15	15	15	15
Total non-current liabilities	**263**	**343**	**457**	**405**	**433**	**395**	**385**	**361**	**337**
TOTAL EQUITY & LIABILITIES	**1,176**	**1,245**	**1,350**	**1,141**	**1,071**	**1,041**	**1,108**	**1,121**	**1,151**
Working capital, receivables	38	43	38	45	42	35	35	35	35
Working capital, payables	24	21	22	14	9	16	16	16	16
Net working capital	**14**	**22**	**17**	**31**	**34**	**19**	**19**	**19**	**19**
Interest bearing debt	250	330	443	389	437	400	379	358	337
Liquidity	101	30	82	58	49	93	216	292	386
Net interest bearing debt	**149**	**300**	**361**	**330**	**387**	**307**	**163**	**65**	**-49**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-13	115	-4	-205	-95	14	147	111	141
Depreciation	81	83	91	101	61	63	63	63	63
Other	-4	-7	34	122	26	22	0	0	0
Cash earnings	**63**	**190**	**121**	**18**	**-8**	**99**	**210**	**174**	**204**
Changes in working capital	-6	-16	7	14	-8	0	0	0	0
Net operational cash flow	**57**	**174**	**128**	**32**	**-16**	**99**	**210**	**174**	**204**
Capex	-74	-123	-138	-38	-5	-1	-7	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	90	0	0	0	0
Other	-8	-74	-49	-9	0	0	0	0	0
Net investing cash flow	**-82**	**-197**	**-187**	**-47**	**85**	**-1**	**-7**	**0**	**0**
Repayment of debt	0	80	117	-55	-78	-341	-21	-21	-21
Proceeds from debt	0	80	117	0	0	300	0	0	0
Dividends paid	-54	-123	-126	-54	-10	-14	-59	-76	-90
New equity	113	0	120	104	13	0	0	0	0
Other	0	-85	-117	-13	-2	0	0	0	0
Net financing cash flow	**59**	**-48**	**111**	**-19**	**-78**	**-54**	**-80**	**-97**	**-111**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**35**	**-71**	**52**	**-34**	**-9**	**43**	**123**	**77**	**93**
Cash balance	101	30	82	48	49	92	216	292	386
Free cash flow	**-24**	**-23**	**-59**	**-15**	**69**	**98**	**203**	**174**	**204**

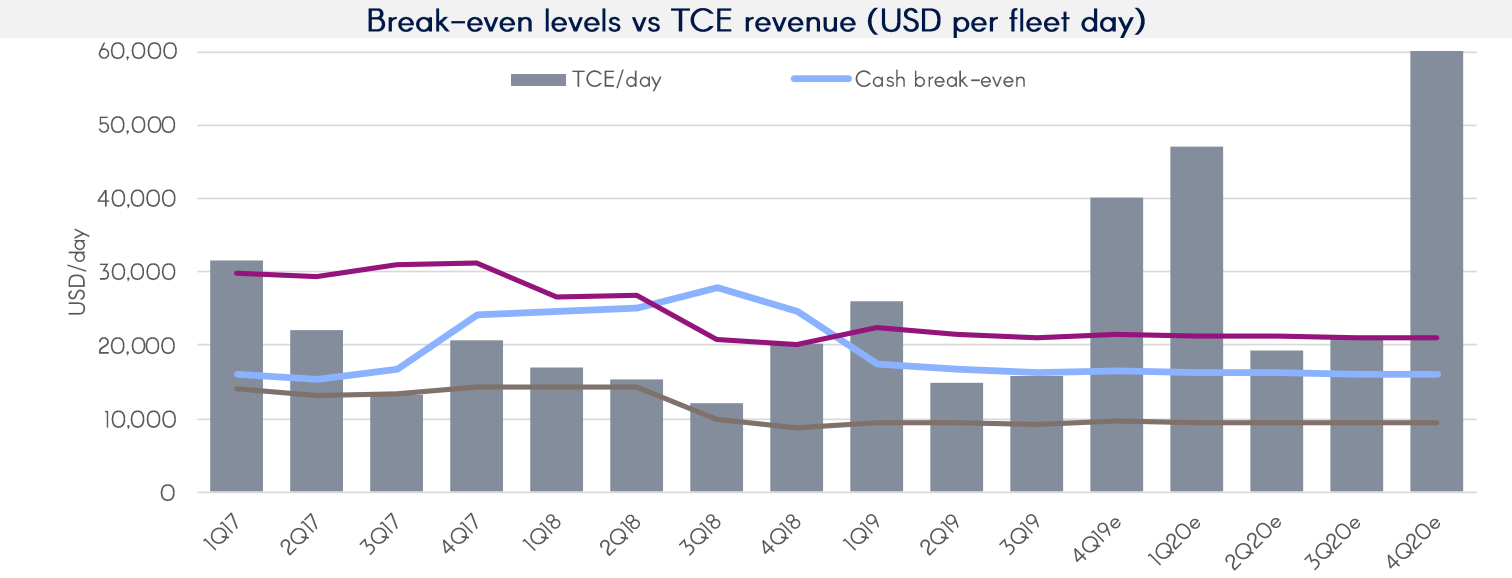
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	89	89	102	142	142	143	143	143	143
Share price, avg (USD)	9	13	12	6	2	3	4	4	4
Share price, end (USD)	10	15	8	2	2	4	4	4	4
Market Cap.	**890**	**1,374**	**849**	**349**	**284**	**583**	**583**	**583**	**583**
NIBD	149	300	361	330	387	307	163	65	-49
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**1,039**	**1,674**	**1,210**	**680**	**671**	**890**	**746**	**648**	**534**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		12.0				41.9	4.0	5.3	4.1
P/E (adj.)		12.0				41.9	4.0	5.3	4.1
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.6	2.3	3.7	2.3	2.3	2.9	1.8	2.0	1.8
EV/Sales	1.9	2.8	5.2	4.4	5.4	4.5	2.3	2.3	1.7
EV/EBITDA	13.7	7.9	8.4		30.4	7.4	3.0	3.1	2.3
EV/EBIT		13.1	22.7			15.7	4.1	4.5	3.1
P/B	1.0	1.6	1.0	0.5	0.5	1.0	0.8	0.8	0.8
FCF yield	-3%	-2%	-7%	-4%	24%	17%	35%	30%	35%
Dividend yield	6.1%	9.0%	14.8%	15.5%	3.5%	2.4%	10.0%	13.1%	15.4%
Return on equity (ROE)	-1.5%	13.0%	-0.5%	-28.8%	-15.8%	2.3%	21.3%	15.2%	18.2%
Return on capital employed (ROCE)	-0.5%	10.8%	4.3%	-16.9%	-3.9%	6.3%	21.4%	18.1%	23.7%
Return on assets (ROA)	-1.1%	9.2%	-0.3%	-18.0%	-8.9%	1.3%	13.3%	9.9%	12.3%
Sales growth	32%	10%	-62%	-33%	-20%	61%	63%	-12%	10%
EBITDA margin	14%	35%	62%	-49%	18%	60%	75%	72%	75%
EBIT margin	-1%	21%	23%	-114%	-31%	29%	56%	50%	55%
Net margin	-2%	19%	-2%	-133%	-77%	7%	45%	39%	45%
Net interest rate	8.2%	3.6%	3.1%	6.2%	8.9%	12.6%	21.7%	51.0%	-63.7%
Tax rate	-0.3%	0.1%	0.2%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	76%	71%	65%	62%	56%	58%	62%	65%	67%
Leverage ratio	24%	29%	35%	38%	44%	42%	38%	35%	33%
NIBD / EBITDA (past 1y)	2.0	1.4	2.5	-4.4	17.5	2.6	0.7	0.3	-0.2
Operating cash flow/NIBD	0.4	0.6	0.4	0.1	0.0	0.3	1.3	2.7	-4.2
Net interest coverage ratio (EBITDA	6.2	19.4	12.9	-3.7	0.6	3.1	7.0	6.2	7.5
Current ratio	7.3	5.7	7.6	5.0	3.1	3.4	8.3	10.0	11.6
Adj. equity ratio						50%	62%	68%	71%
Operating assets	1,075	1,215	1,268	1,083	1,022	948	892	829	766
Operating liabilities	37	34	36	41	33	38	38	38	38
Net operating assets	1,038	1,181	1,232	1,042	989	910	854	791	728

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

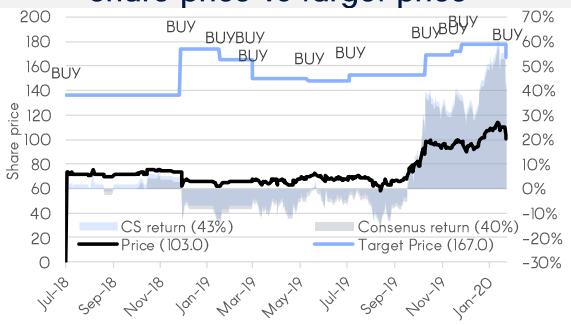


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

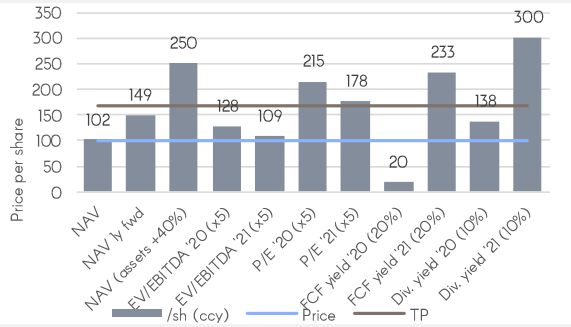
Very investor friendly policies and close to full scrubber coverage leaves Okeanis a top pick amongst tanker companies

OET-NO BUY/N167 Okeanis Eco Tankers

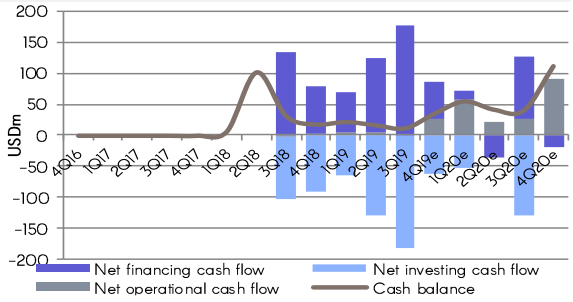
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	99	288	266	295
EBITDA (adj.)	69	242	216	246
EBIT (adj.)	45	202	176	206
PTP (adj.)	10	156	129	163
Net earnings (adj.)	10	156	129	163
EPS (adj.)	0.31	4.76	3.93	4.97
DPS	-	1.53	3.32	2.82
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	306	678	1,031	1,126
Adj. equity ratio	28%	43%	56%	61%
FCF yield	-110%	4%	46%	55%
Dividend yield	0%	14%	30%	25%
EV/EBITDA	15.6	4.6	4.9	3.8
P/E (adj.)	35.5	2.3	2.8	2.2

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	34	196	169	203
Free cash flow	-404	15	169	203
Net cash flow	18	76	-10	22
TCE/day	27,404	51,613	44,085	48,996
Cash break-even	26,010	24,163	26,819	29,142
Liquidity	36	112	102	124
Property & Equip. (incl. NB	1,052	1,194	1,154	1,114
Total equity	341	447	467	538
Total assets	1,111	1,329	1,279	1,261
Interest bearing debt	744	856	786	697
Net interest bearing debt	708	744	684	573
Market Cap.	367	367	367	367

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in the report. More disclaimers at the end of the document

Quarterly Pre-/Review

4Q19 Preview			4Q19		Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	12.4	21.6	48.5	52.0				
EBITDA (adj.)	7.4	14.1	37.5	37.3				
EBIT (adj.)	3.4	7.1	28.7	29.1				
PTP (adj.)	-0.6	-3.2	16.7	18.1				
Net earnings (adj.)	-0.6	-3.2	16.7	18.1				
EPS (adj.)	-0.02	-0.10	0.51	0.56				
DPS	-	-	0.25	0.19				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	12.4	21.6	48.5	52.0				
Opex & G&A	5.0	7.5	11.0	14.7				
Depreciation	3.9	7.0	8.9	8.2				
Net finance	4.0	10.3	12.0	11.0				
Taxes & Minorities	-	-	-	-				

CF & BS

4Q19 Preview					Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	3	-1	26					
Free cash flow	-89	-181	-38					
Net cash flow	-13	-5	24					
TCE/day	20,640	23,175	42,142	*45,205*				
Utilization	93.0%	100.0%	91.2%					
Fleet days	644	1,022	1,262					
Cash break-even	26,017	23,702	26,123					
Liquidity	18	12	36					
Interest bearing debt	339	683	744					

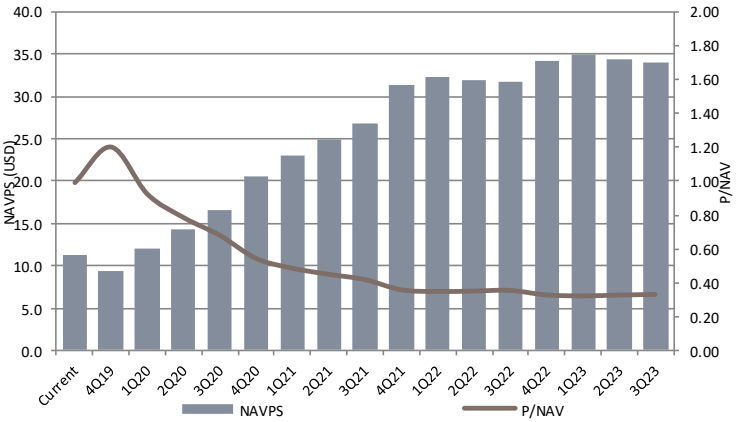
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

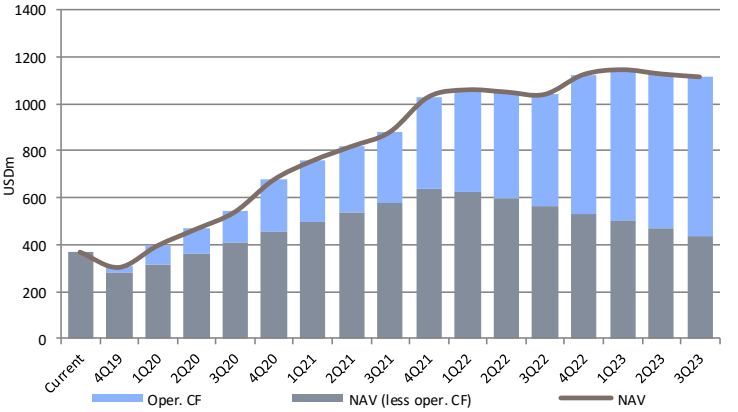
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	998	1,344	1,340
Contract value	0	-54	-54
Other	2	2	2
GAV	1,000	1,291	1,287
Net debt	-671	-671	-671
Capex	0	-245	-245
Other	-5	-5	-5
Equity	324	371	367
Shares	33	33	33
Equity/sh	9.85	11.28	11.16
lcl CCY	89.16	102.08	101.00
P/Equity	1.13	0.99	1.00
EV/GAV	1.29	1.00	1.00
Adj. Total Assets	1,033	1,379	1,375
Adj. Equity Ratio	31%	27%	27%
Fair Value	NOK	167	66%
	USD	18.5	

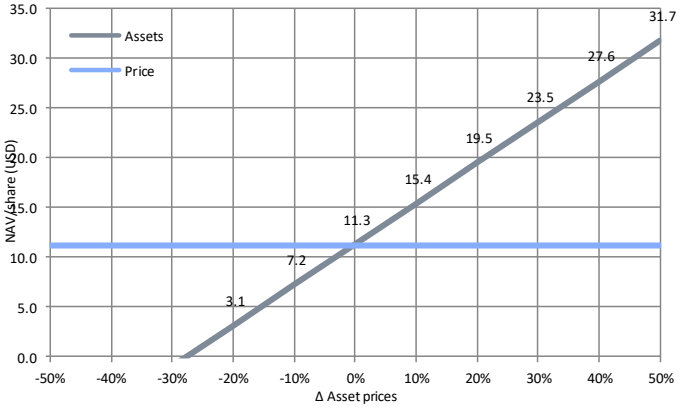
Quarterly forward NAV & P/NAV



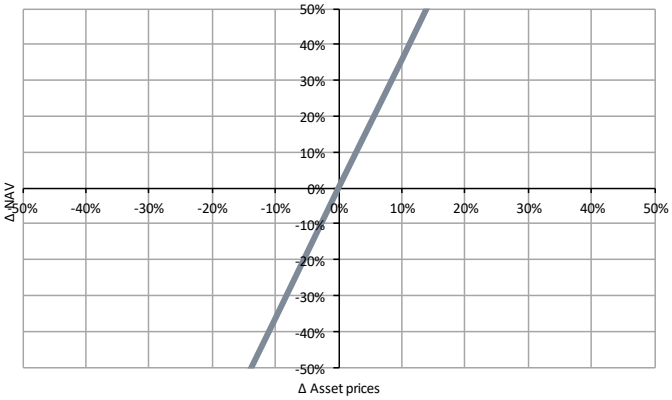
Quarterly forward NAV decomposition



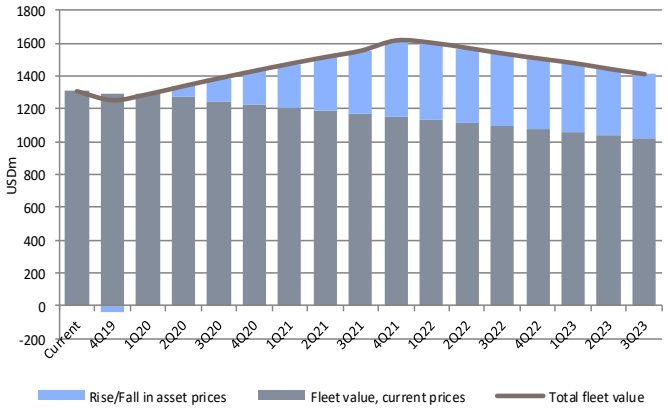
Impact on NAV/sh from % change in asset prices



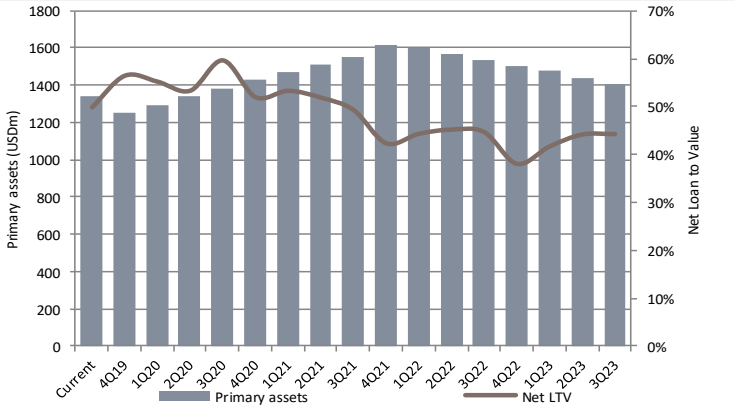
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019	Old 2020	Old 2021	Old 2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	99	288	266	295	97	221	247	275	3	67	18	21
EBITDA (adj.)	69	242	216	246	67	175	198	225	2	67	18	21
EBIT (adj.)	45	202	176	206	43	135	158	185	2	67	18	21
PTP (adj.)	10	156	129	163	10	89	111	143	0	67	18	21
Net earnings (adj.)	10	156	129	163	10	89	111	143	0	67	18	21
EPS (adj.)	0.31	4.76	3.93	4.97	0.30	2.72	3.38	4.34	0.01	2.04	0.55	0.63
DPS	-	1.53	3.32	2.82	-	0.46	2.32	2.49	-	1.07	1.00	0.33

	2019E	2020E	2021E	2022E
TCE revenue	3	67	18	21
Opex & G&A	1	-	-	-
Depreciation	1	-	-	-
Net finance	1	-	-	-
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	34	196	169	203	33	129	151	183	1	67	18	21
Free cash flow	-404	15	169	203	-419	-38	148	183	15	53	21	21
Net cash flow	18	76	-10	22	3	58	2	12	15	18	-12	10
TCE/day	27,404	51,613	44,085	48,996	26,799	39,740	41,083	45,602	605	11,873	3,002	3,393
Cash break-even	26,010	24,163	26,819	29,142	25,636	24,163	26,819	29,142	374	-	-	-
Liquidity	36	112	102	124	21	79	81	93	15	33	21	31
Property & Equip. (incl. NB	1,052	1,194	1,154	1,114	1,067	1,194	1,157	1,117	-15	-1	-3	-3
Total equity	341	447	467	538	340	414	449	510	0	32	18	27
Total assets	1,111	1,329	1,279	1,261	1,111	1,297	1,261	1,234	0	32	18	27
Interest bearing debt	744	856	786	697	744	856	786	697	-	-	-	-
Net interest bearing debt	708	744	684	573	723	777	705	604	-15	-33	-21	-31
Market Cap.	367	367	367	367	348	348	348	348	20	20	20	20
Enterprise value	1,076	1,111	1,051	940	1,071	1,125	1,053	952	5	-13	-2	-11

Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	306	678	1,031	1,126	359	718	1,028	1,038	-53	-40	3	88
Adj. equity ratio	28%	43%	56%	61%	32%	45%	56%	59%	-3%	-1%	0%	2%
FCF yield	-110%	4%	46%	55%	-121%	-11%	43%	53%	10%	15%	3%	3%
Dividend yield	0%	14%	30%	25%	0%	4%	22%	24%	0%	9%	8%	2%
EV/EBITDA	15.6	4.6	4.9	3.8	16.0	6.4	5.3	4.2	-0.4	-1.8	-0.5	-0.4
P/E (adj.)	35.5	2.3	2.8	2.2	35.0	3.9	3.1	2.4	0.5	-1.5	-0.3	-0.2

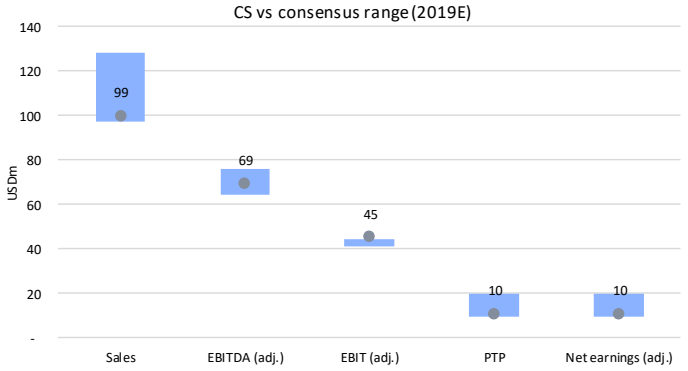
Various

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Opex/day (excl. TC-in)	-6,916	-7,255	-7,235	-7,235	-6,791	-7,255	-7,235	-7,235	-125	-	-	-
G&A/day	-1,513	-819	-761	-768	-1,513	-819	-761	-768	-	-	-	-
Depreciation/day	-6,560	-6,914	-6,447	-6,447	-6,461	-6,914	-6,447	-6,447	-99	-	-	-
Net interest/day	-9,368	-7,912	-7,540	-6,810	-9,119	-7,912	-7,540	-6,810	-249	-	-	-
Amort./day	-8,212	-8,178	-11,282	-14,328	-8,212	-8,178	-11,282	-14,328	-	-	-	-

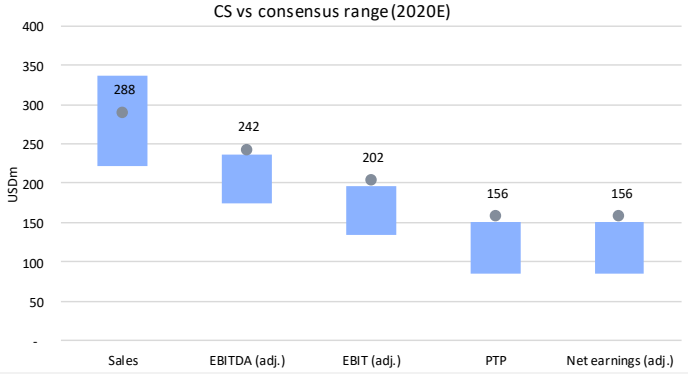
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

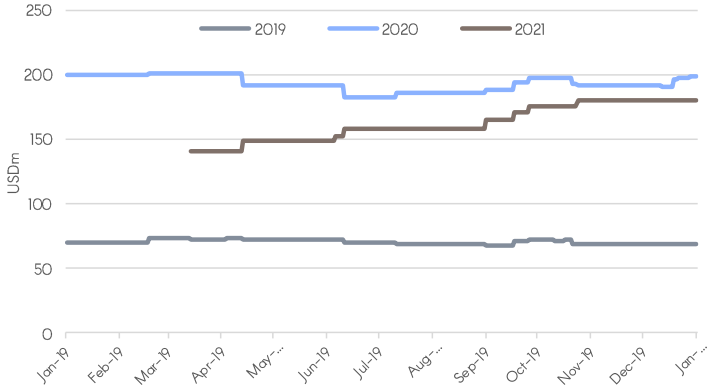
Profit & Loss, year I



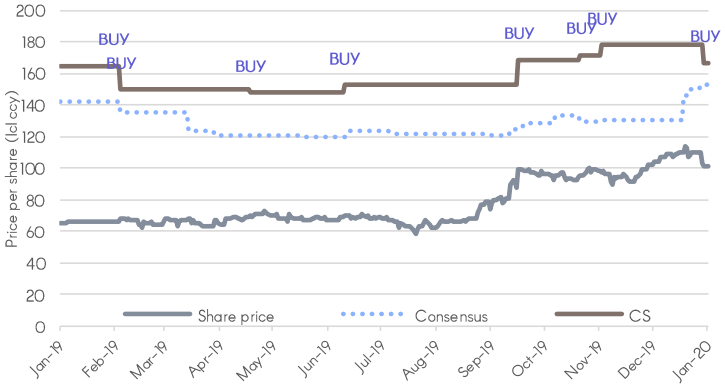
Profit & Loss, year II



Consensus EBITDA development



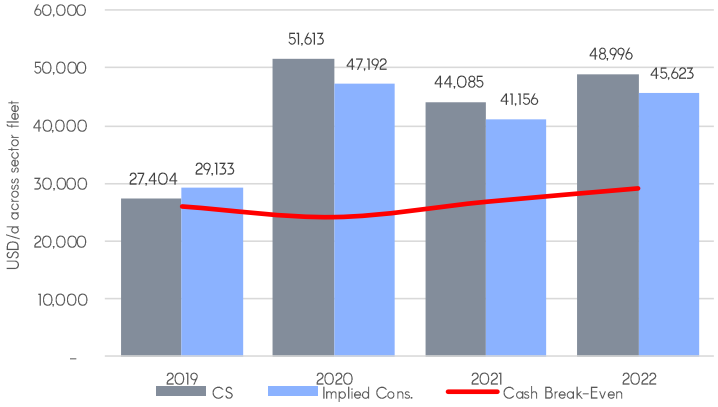
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	99	106	-6	-6%
Opex + G&A	30	37	-7	-18%
Depreciation	24	26	-2	-7%
Net finance	34	31	3	11%
Taxes & Minorities	0	0	0	#DIV/0!
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	288	264	25	9%
Opex + G&A	47	66	-19	-29%
Depreciation	40	41	-1	-2%
Net finance	46	47	-1	-3%
Taxes & Minorities	0	0	0	#DIV/0!

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**12**	**15**	**14**	**22**	**49**	**78**	**44**	**50**	**116**
Operational costs	-5	-6	-6	-7	-11	-11	-11	-12	-13
EBITDA	**7**	**9**	**8**	**14**	**38**	**67**	**33**	**38**	**104**
Depreciation/Amortization	-4	-4	-5	-7	-9	-10	-10	-10	-10
EBIT	**3**	**5**	**4**	**7**	**29**	**58**	**23**	**28**	**94**
Net financials	-4	-5	-7	-10	-12	-11	-11	-12	-12
PTP	**-1**	**0**	**-4**	**-3**	**17**	**47**	**12**	**16**	**82**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-1**	**0**	**-4**	**-3**	**17**	**47**	**12**	**16**	**82**
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	**-1**	**0**	**-4**	**-3**	**17**	**47**	**12**	**16**	**82**
EPS	-0.02	0.02	-0.11	-0.10	0.51	1.42	0.36	0.49	2.48
EPS (adj.)	-0.02	0.02	-0.11	-0.10	0.51	1.42	0.36	0.49	2.48
DPS	0.00	0.00	0.00	0.00	0.00	0.25	0.71	0.31	0.26

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	18	22	17	12	36	55	42	40	112
Other current assets	12	18	15	17	17	17	17	17	17
Total current assets	**30**	**40**	**32**	**29**	**53**	**73**	**59**	**58**	**129**
Property & equip. (incl. NBs)	635	697	824	998	1,052	1,095	1,085	1,204	1,194
Other non-current assets	3	4	4	6	6	6	6	6	6
Total non-current assets	**638**	**701**	**828**	**1,004**	**1,058**	**1,101**	**1,091**	**1,210**	**1,200**
TOTAL ASSETS	**668**	**741**	**860**	**1,033**	**1,111**	**1,174**	**1,150**	**1,268**	**1,329**
Total equity	**317**	**317**	**328**	**324**	**341**	**379**	**368**	**374**	**447**
Short-term debt	22	26	31	39	30	31	33	33	32
Other current liabilities	12	15	16	26	26	26	26	26	26
Total current liabilities	**34**	**41**	**47**	**65**	**56**	**58**	**59**	**60**	**58**
Long-term debt	317	382	485	644	715	737	724	834	824
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**317**	**382**	**485**	**644**	**715**	**737**	**724**	**834**	**824**
TOTAL EQUITY & LIABILITIES	**668**	**741**	**860**	**1,033**	**1,111**	**1,174**	**1,150**	**1,268**	**1,329**
Working capital, receivables	10	16	9	8	8	8	8	8	8
Working capital, payables	8	14	14	22	22	22	22	22	22
Net working capital	**3**	**2**	**-5**	**-13**	**-13**	**-13**	**-13**	**-13**	**-13**
Interest bearing debt	339	409	516	683	744	768	756	868	856
Liquidity	18	22	17	12	36	55	42	40	112
Net interest bearing debt	**321**	**387**	**499**	**671**	**708**	**713**	**714**	**827**	**744**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-1	0	-4	-3	17	47	12	16	82
Depreciation	4	4	5	7	9	10	10	10	10
Other	-1	1	0	0	0	0	0	0	0
Cash earnings	**3**	**5**	**1**	**4**	**26**	**57**	**22**	**26**	**92**
Changes in working capital	0	0	3	-5	0	0	0	0	0
Net operational cash flow	**3**	**5**	**4**	**-1**	**26**	**57**	**22**	**26**	**92**
Capex	-93	-66	-128	-176	-63	-53	0	-129	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	1	1	-1	-4	0	0	0	0	0
Net investing cash flow	**-92**	**-65**	**-129**	**-180**	**-63**	**-53**	**0**	**-129**	**0**
Repayment of debt	-8	-35	-5	-7	-10	-12	-12	-12	-12
Proceeds from debt	58	104	113	180	71	36	0	123	0
Dividends paid	0	0	0	0	0	-8	-23	-10	-8
New equity	29	0	15	0	0	0	0	0	0
Other	-4	-4	-4	3	0	0	0	0	0
Net financing cash flow	**76**	**64**	**120**	**176**	**61**	**16**	**-35**	**101**	**-20**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-13**	**4**	**-5**	**-5**	**24**	**20**	**-13**	**-2**	**71**
Cash balance	18	22	17	12	36	55	42	40	112
Free cash flow	**-89**	**-60**	**-125**	**-181**	**-38**	**4**	**22**	**-103**	**92**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales					22	99	288	266	295
Operational costs					-10	-30	-47	-50	-50
EBITDA					12	69	242	216	246
Depreciation/Amortization					-7	-24	-40	-40	-40
EBIT	—	—	—	—	4	45	202	176	206
Net financials					-7	-34	-46	-47	-42
PTP	—	—	—	—	-3	10	156	129	163
Taxes/Minorities					0	0	0	0	0
Net earnings	—	—	—	—	-3	10	156	129	163
Non-recurring items					0	0	0	0	0
Net earnings (adj.)	—	—	—	—	-3	10	156	129	163
EPS					-0.10	0.31	4.76	3.93	4.97
EPS (adj.)					-0.10	0.31	4.76	3.93	4.97
DPS					0.00	0.00	1.53	3.32	2.82

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	—	18	36	112	102	124
Other current assets					12	17	17	17	17
Total current assets	—	—	—	—	30	53	129	119	141
Property & equip. (incl. NBs)	—	—	—	—	635	1,052	1,194	1,154	1,114
Other non-current assets					4	6	6	6	6
Total non-current assets	—	—	—	—	638	1,058	1,200	1,160	1,120
TOTAL ASSETS	—	—	—	—	668	1,111	1,329	1,279	1,261
Total equity	—	—	—	—	316	341	447	467	538
Short-term debt	—	—	—	—	22	30	26	26	26
Other current liabilities					12	26	26	26	26
Total current liabilities	—	—	—	—	34	56	52	52	52
Long-term debt	—	—	—	—	318	715	830	760	671
Other non-current liabilities					0	0	0	0	0
Total non-current liabilities	—	—	—	—	318	715	830	760	671
TOTAL EQUITY & LIABILITIES	—	—	—	—	668	1,111	1,329	1,279	1,261
Working capital, receivables					6	8	8	8	8
Working capital, payables	—	—	—	—	9	22	22	22	22
Net working capital					-3	-13	-13	-13	-13
Interest bearing debt					340	744	856	786	697
Liquidity					18	36	112	102	124
Net interest bearing debt					322	708	744	684	573

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	—	—	—	—	-3	10	156	129	163
Depreciation					7	24	40	40	40
Other					1	2	0	0	0
Cash earnings					5	36	196	169	203
Changes in working capital	—	—	—	—	-7	-2	0	0	0
Net operational cash flow	—	—	—	—	-2	34	196	169	203
Capex	—	—	—	—	-192	-434	-182	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	—	0	0	0	0	0
Other					2	0	0	0	0
Net investing cash flow	—	—	—	—	-190	-438	-182	0	0
Repayment of debt	—	—	—	—	84	-56	-47	-70	-89
Proceeds from debt	—	—	—	—	100	468	159	0	0
Dividends paid	—	—	—	—	0	0	-50	-109	-93
New equity	—	—	—	—	126	15	0	0	0
Other					-99	0	0	0	0
Net financing cash flow	—	—	—	—	210	422	61	-179	-182
Currency effect	—	—	—	—	—	0	0	0	0
Net cash flow						18	76	-10	22
Cash balance					18	36	112	102	124
Free cash flow					-192	-404	15	169	203

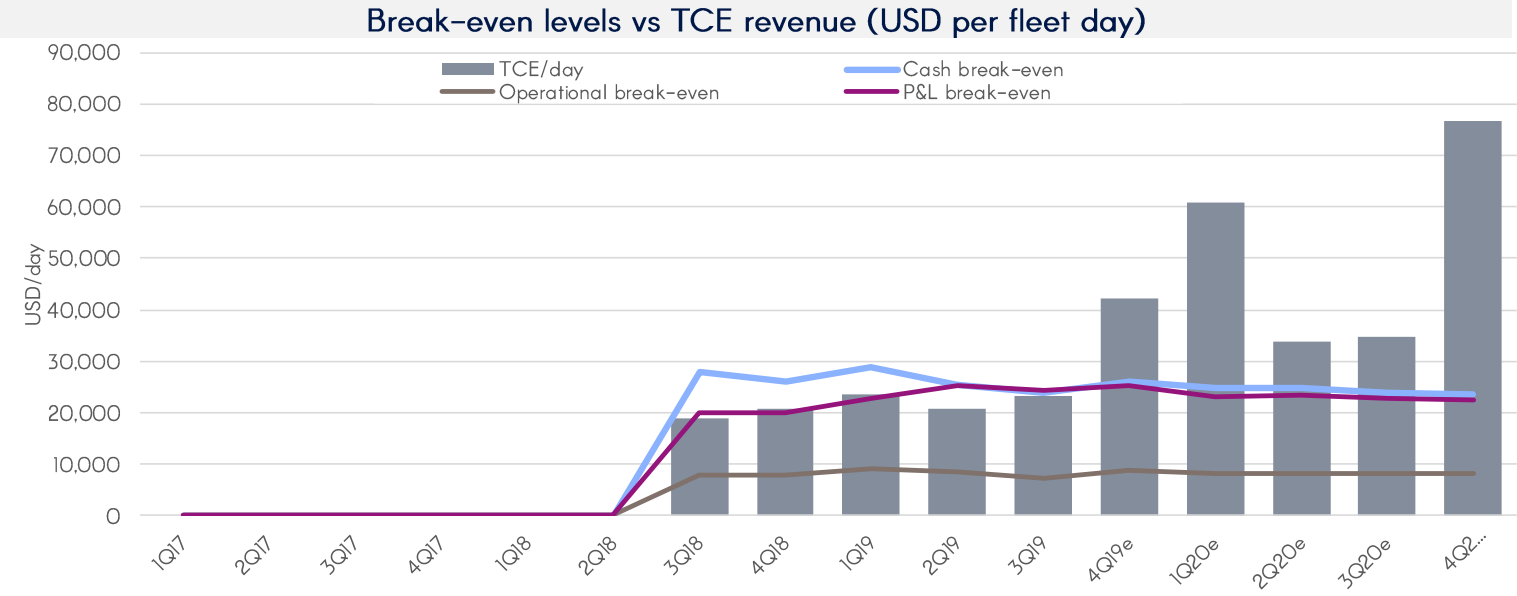
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	—	—	31	33	33	33	33
Share price, avg (USD)					8	8	11	11	11
Share price, end (USD)	—	—	—	—	8	11	11	11	11
Market Cap.					**241**	**367**	**367**	**367**	**367**
NIBD					322	708	744	684	573
Minorities	—	—	—	—	0	0	0	0	0
Enterprise value					**563**	**1,076**	**1,111**	**1,051**	**940**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)						35.5	2.3	2.8	2.2
P/E (adj.)						35.5	2.3	2.8	2.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					11.2	3.7	1.3	1.4	1.2
EV/Sales					26.1	10.8	3.9	4.0	3.2
EV/EBITDA					48.3	15.6	4.6	4.9	3.8
EV/EBIT						24.0	5.5	6.0	4.6
P/B					0.8	1.1	0.8	0.8	0.7
FCF yield					-80%	-110%	4%	46%	55%
Dividend yield					0.0%	0.0%	13.7%	29.7%	25.3%
Return on equity (ROE)					-1.0%	3.0%	35.0%	27.7%	30.4%
Return on capital employed (ROCE)					0.7%	4.3%	17.0%	15.4%	18.6%
Return on assets (ROA)					-0.5%	0.9%	11.8%	10.1%	13.0%
Sales growth						361%	190%	-8%	11%
EBITDA margin					54%	69%	84%	81%	83%
EBIT margin					20%	45%	70%	66%	70%
Net margin					-14%	10%	54%	49%	55%
Net interest rate					0.0%	4.9%	6.1%	6.8%	7.4%
Tax rate					0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio					47%	31%	34%	37%	43%
Leverage ratio					53%	69%	66%	63%	57%
NIBD / EBITDA (past 1y)					27.6	10.3	3.1	3.2	2.3
Operating cash flow/NIBD					0.0	0.0	0.3	0.2	0.4
Net interest coverage ratio (EBITDA						2.0	5.3	4.6	5.8
Current ratio					0.9	0.9	2.5	2.3	2.7
Adj. equity ratio						28%	43%	56%	61%
Operating assets					647	1,071	1,212	1,172	1,132
Operating liabilities					12	26	26	26	26
Net operating assets					635	1,044	1,186	1,146	1,106

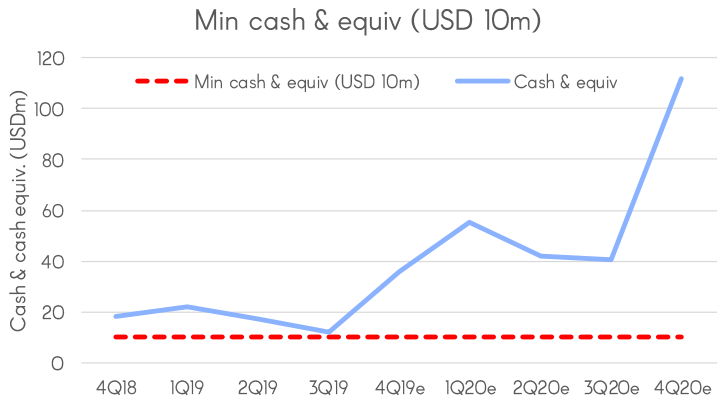
Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Cleaves Securities



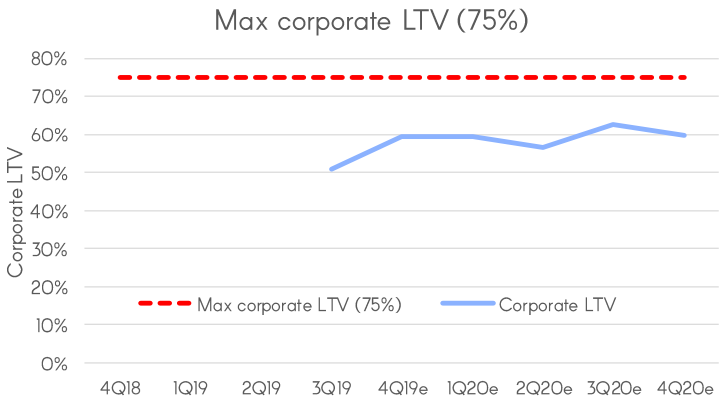
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Debt Covenants Overview

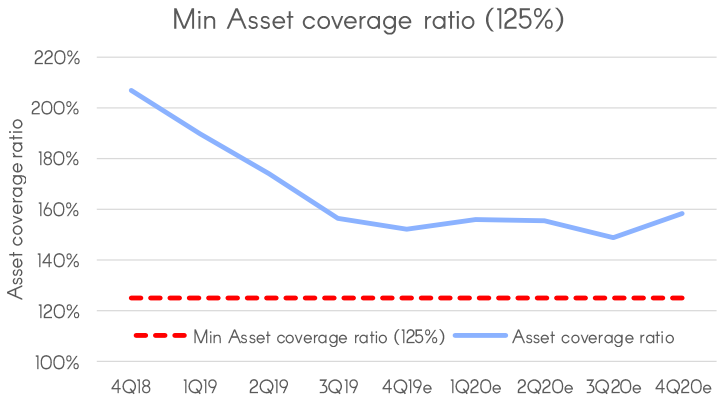
Minimum cash covenant



Maximum corporate LTV covenant



Minimum asset coverage ratio covenant



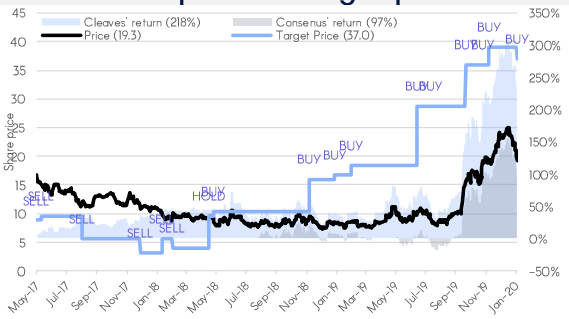
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

High financial and operational leverage leaves this investment case highly sensitive to the improving oil tanker fundamentals

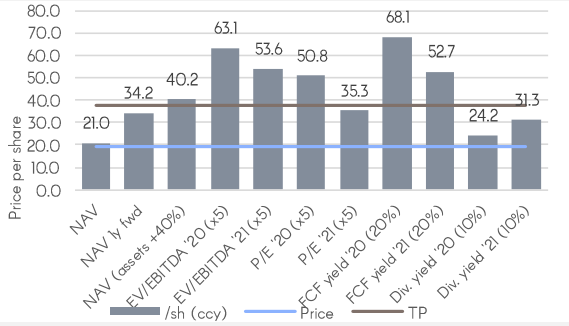
TNK-US BUY/$37

Teekay Tankers

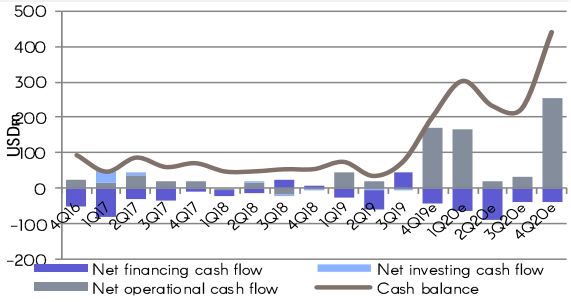
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	598	788	647	702
EBITDA (adj.)	310	520	406	464
EBIT (adj.)	186	392	278	336
PTP (adj.)	120	342	237	302
Net earnings (adj.)	120	342	237	302
EPS (adj.)	4.10	10.16	7.06	8.99
DPS	-	2.42	3.13	3.50
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	807	1,443	1,951	2,239
Adj. equity ratio	40%	58%	68%	73%
FCF yield	35%	71%	55%	65%
Dividend yield	0%	13%	16%	18%
EV/EBITDA	4.9	2.2	2.2	1.2
P/E (adj.)	5.4	1.9	2.7	2.1

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	235	470	365	430
Free cash flow	225	458	354	418
Net cash flow	149	238	96	209
TCE/day	27,643	38,247	33,515	36,682
Cash break-even	23,717	21,949	37,036	18,886
Liquidity	206	444	540	748
Property & Equip. (incl. NB	1,807	1,691	1,574	1,458
Total equity	1,067	1,327	1,459	1,643
Total assets	2,269	2,390	2,369	2,461
Interest bearing debt	1,061	922	769	677
Net interest bearing debt	855	479	230	-71
Market Cap.	648	648	648	648

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Review

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	129.1	94.6	258.3	198.6				
EBITDA (adj.)	61.1	26.7	185.6	127.1				
EBIT (adj.)	31.2	-4.9	153.8	103.8				
PTP (adj.)	14.2	-21.3	140.4	90.3				
Net earnings (adj.)	14.2	-21.3	140.4	81.7				
EPS (adj.)	0.42	-0.08	4.18	2.44				
DPS	-	-	0.84	0.34				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	129.1	94.6	258.3	198.6				
Opex & G&A	68.0	67.9	72.8	71.5				
Depreciation	29.9	31.5	31.8	23.3				
Net finance	17.0	16.4	13.3	13.5				
Taxes & Minorities	-	-	-	8.7				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	-2	-2	172					
Free cash flow	-4	-2	169					
Net cash flow	2	42	127					
TCE/day	23,720	17,275	46,597	35,823				
Utilization	97.0%	96.0%	97.2%					
Fleet days	5,612	5,704	5,704					
Cash break-even	22,452	24,586	22,937					
Liquidity	57	79	206					
Interest bearing debt	1,111	1,103	1,061					

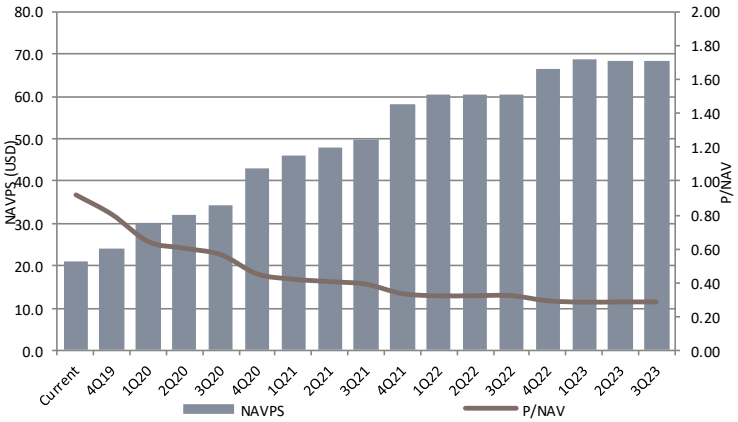
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

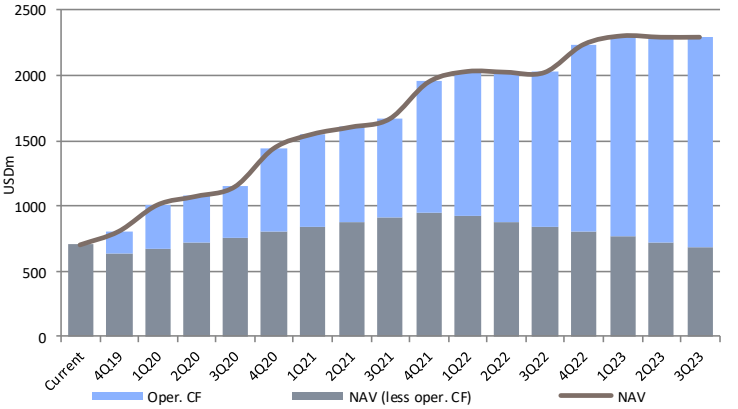
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,836	1,620	1,569
Contract value	0	12	12
Other	134	134	130
GAV	1,970	1,766	1,711
Net debt	-1,024	-1,024	-1,024
Capex	0	0	0
Other	-38	-38	-38
Equity	908	704	648
Shares	34	34	34
Equity/sh	27.03	20.96	19.30
lcl CCY	27.03	20.96	19.30
P/Equity	0.71	0.92	1.00
EV/GAV	0.87	0.97	1.00
Adj. Total Assets	2,170	1,954	1,903
Adj. Equity Ratio	42%	36%	34%
Fair Value	USD	37.5	94%

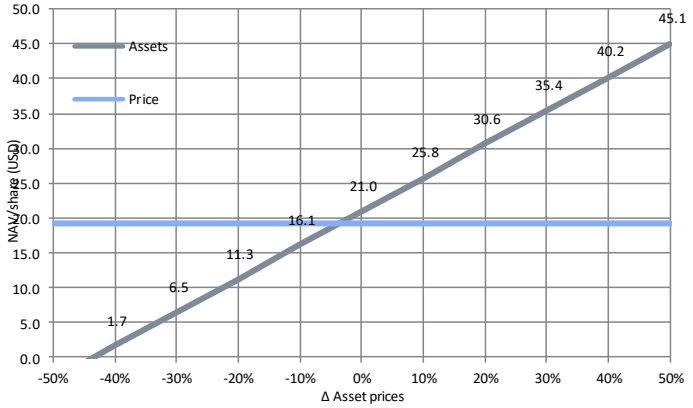
Quarterly forward NAV & P/NAV



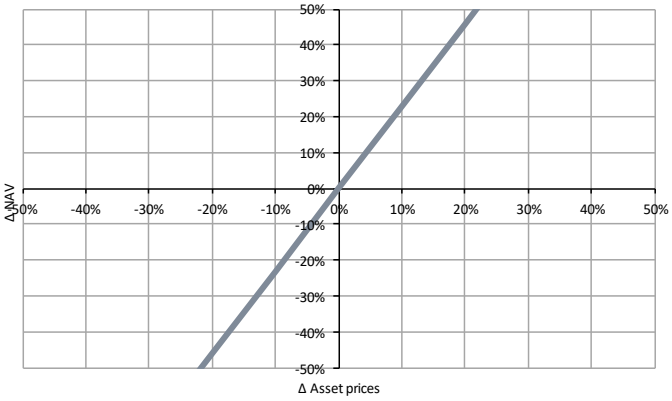
Quarterly forward NAV decomposition



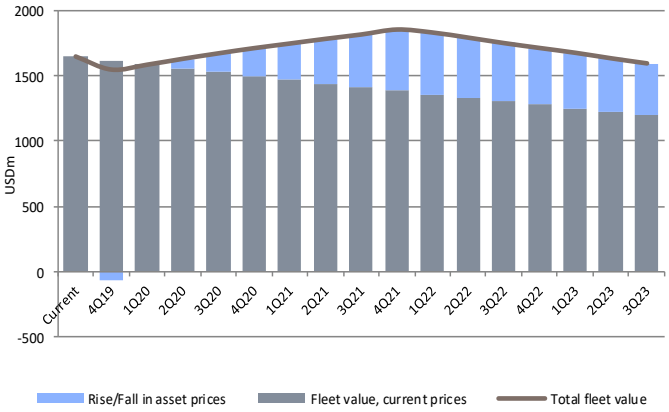
Impact on NAV/sh from % change in asset prices



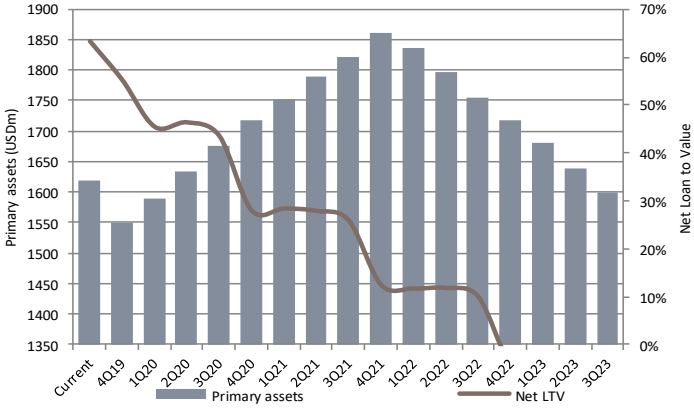
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019	Old 2020	Old 2021	Old 2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	598	788	647	702	573	708	715	752	25	80	-68	-50
EBITDA (adj.)	310	520	406	464	283	424	458	498	27	96	-52	-34
EBIT (adj.)	186	392	278	336	159	296	330	370	27	96	-52	-34
PTP (adj.)	120	342	237	302	93	244	290	336	27	97	-52	-34
Net earnings (adj.)	120	342	237	302	93	244	290	336	27	97	-52	-34
EPS (adj.)	4.10	10.16	7.06	8.99	3.30	7.27	8.63	10.00	0.81	2.90	-1.56	-1.01
DPS	-	2.42	3.13	3.50	-	2.01	2.35	3.05	-	0.41	0.78	0.45

	2019E	2020E	2021E	2022E
TCE revenue	25	80	-68	-50
Opex & G&A	-2	-16	-16	-16
Depreciation	-	-	-	-
Net finance	-0	-1	1	0
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	235	470	365	430	208	372	418	464	27	97	-52	-34
Free cash flow	225	458	354	418	198	361	406	452	27	97	-52	-34
Net cash flow	149	238	96	209	122	154	174	258	27	84	-79	-49
TCE/day	27,643	38,247	33,515	36,682	26,517	33,226	35,722	37,918	1,127	5,020	-2,207	-1,237
Cash break-even	23,717	21,949	37,036	18,886	23,807	21,949	36,520	18,996	-90	-0	516	-110
Liquidity	206	444	540	748	179	333	508	766	27	111	32	-17
Property & Equip. (incl. NB	1,807	1,691	1,574	1,458	1,807	1,691	1,574	1,458	-	-	-	-
Total equity	1,067	1,327	1,459	1,643	1,040	1,216	1,427	1,661	27	111	32	-17
Total assets	2,269	2,390	2,369	2,461	2,241	2,279	2,337	2,478	27	111	32	-17
Interest bearing debt	1,061	922	769	677	1,061	922	769	677	-	-	-	-
Net interest bearing debt	855	479	230	-71	882	589	262	-88	-27	-111	-32	17
Market Cap.	648	648	648	648	655	655	655	655	-7	-7	-7	-7
Enterprise value	1,504	1,127	878	578	1,537	1,244	917	567	-34	-117	-39	10

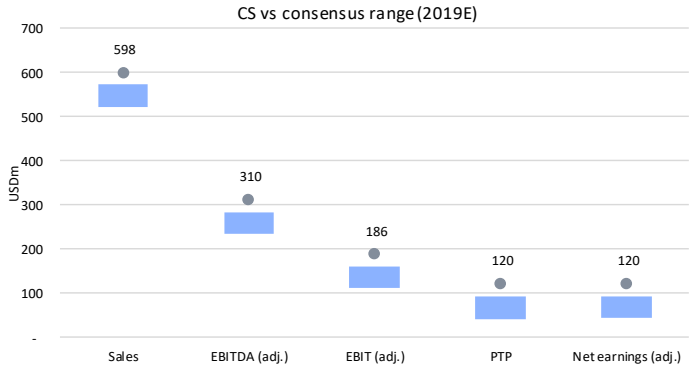
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	807	1,443	1,951	2,239	793	1,355	1,891	2,143	15	88	60	96
Adj. equity ratio	40%	58%	68%	73%	40%	56%	68%	72%	0%	2%	1%	1%
FCF yield	35%	71%	55%	65%	30%	55%	62%	69%	4%	16%	-7%	-5%
Dividend yield	0%	13%	16%	18%	0%	10%	12%	16%	0%	2%	4%	3%
EV/EBITDA	4.9	2.2	2.2	1.2	5.4	2.9	2.0	1.1	-0.6	-0.8	0.2	0.1
P/E (adj.)	5.4	1.9	2.7	2.1	7.1	2.7	2.3	2.0	-1.7	-0.8	0.5	0.2

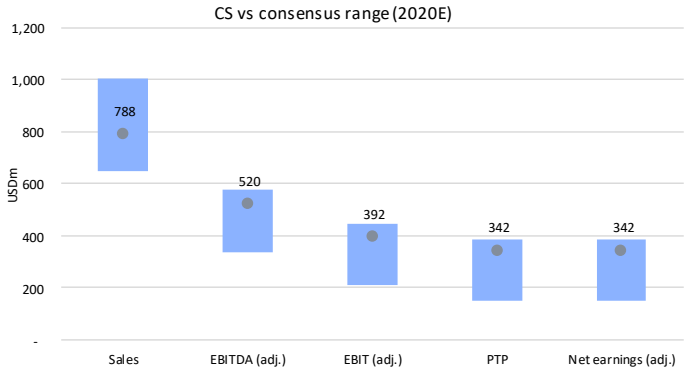
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

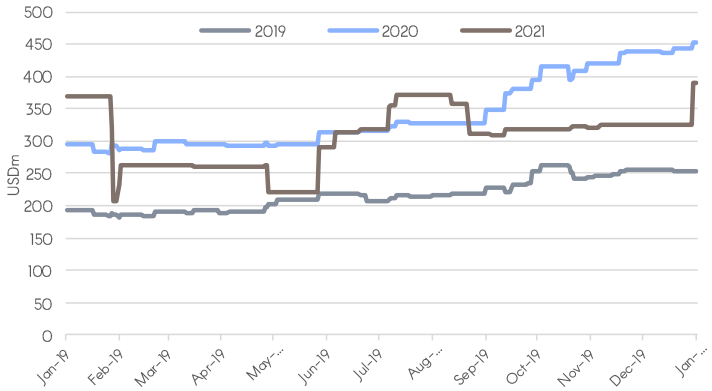
Profit & Loss, year I



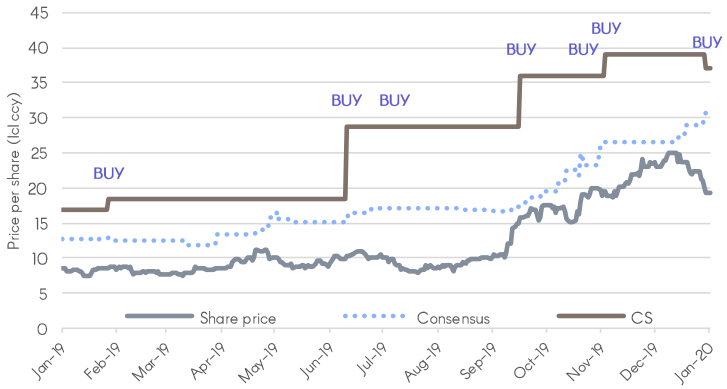
Profit & Loss, year II



Consensus EBITDA development



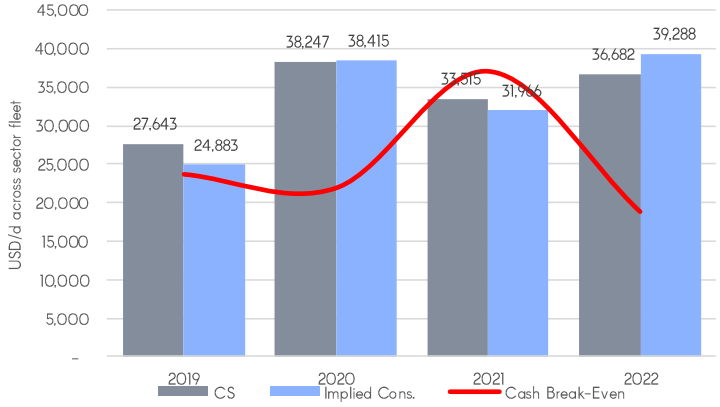
Target price vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	598	538	60	11%
Opex + G&A	288	286	2	1%
Depreciation	124	116	8	7%
Net finance	66	75	-9	-12%
Taxes & Minorities	0	-1	1	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	788	792	-3	0%
Opex + G&A	268	339	-70	-21%
Depreciation	128	153	-25	-17%
Net finance	50	55	-5	-9%
Taxes & Minorities	0	-18	18	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**129**	**135**	**110**	**95**	**258**	**245**	**101**	**112**	**330**
Operational costs	-68	-73	-74	-68	-73	-67	-67	-67	-68
EBITDA	**61**	**62**	**36**	**27**	**186**	**178**	**35**	**44**	**262**
Depreciation/Amortization	-30	-30	-31	-32	-32	-32	-32	-32	-32
EBIT	**31**	**32**	**5**	**-5**	**154**	**146**	**3**	**12**	**230**
Net financials	-20	-20	-19	-15	-13	-13	-14	-14	-10
PTP	**12**	**12**	**-14**	**-20**	**140**	**133**	**-12**	**-1**	**221**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**12**	**12**	**-14**	**-20**	**140**	**133**	**-12**	**-1**	**221**
Non-recurring items	3	1	2	-1	0	0	0	0	0
Net earnings (adj.)	**14**	**13**	**-13**	**-21**	**140**	**133**	**-12**	**-1**	**221**
EPS	0.34	0.05	-0.05	-0.07	4.18	3.97	-0.34	-0.04	6.57
EPS (adj.)	0.42	0.05	-0.05	-0.08	4.18	3.97	-0.34	-0.04	6.57
DPS	0.00	0.00	0.00	0.00	0.00	0.84	1.59	0.00	0.00

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	55	75	35	77	204	304	233	226	442
Other current assets	171	189	193	185	185	185	185	185	185
Total current assets	**226**	**264**	**228**	**262**	**389**	**488**	**418**	**411**	**626**
Property & equip. (incl. NBs)	1,884	1,864	1,857	1,836	1,807	1,778	1,749	1,720	1,691
Other non-current assets	52	74	69	72	72	72	72	72	72
Total non-current assets	**1,935**	**1,938**	**1,925**	**1,909**	**1,880**	**1,851**	**1,821**	**1,792**	**1,763**
TOTAL ASSETS	**2,161**	**2,203**	**2,154**	**2,170**	**2,269**	**2,339**	**2,239**	**2,204**	**2,390**
Total equity	**947**	**960**	**946**	**926**	**1,067**	**1,172**	**1,107**	**1,106**	**1,327**
Short-term debt	127	159	153	193	158	166	167	171	165
Other current liabilities	71	98	117	103	103	103	103	103	103
Total current liabilities	**198**	**257**	**270**	**295**	**261**	**268**	**270**	**274**	**268**
Long-term debt	984	949	901	911	904	861	825	786	757
Other non-current liabilities	33	36	37	38	38	38	38	38	38
Total non-current liabilities	**1,016**	**986**	**939**	**948**	**941**	**899**	**862**	**824**	**795**
TOTAL EQUITY & LIABILITIES	**2,161**	**2,203**	**2,154**	**2,170**	**2,269**	**2,339**	**2,239**	**2,204**	**2,390**
Working capital, receivables	17	120	131	105	105	105	105	105	105
Working capital, payables	52	98	116	103	103	103	103	103	103
Net working capital	**-35**	**22**	**15**	**2**	**2**	**2**	**2**	**2**	**2**
Interest bearing debt	1,111	1,108	1,054	1,103	1,061	1,027	992	957	922
Liquidity	57	77	37	79	206	306	235	229	444
Net interest bearing debt	**1,054**	**1,031**	**1,017**	**1,024**	**855**	**721**	**756**	**729**	**479**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	12	12	-14	-20	140	133	-12	-1	221
Depreciation	30	30	31	32	32	32	32	32	32
Other	-6	-2	-15	-9	0	0	0	0	0
Cash earnings	**36**	**40**	**1**	**3**	**172**	**165**	**20**	**31**	**253**
Changes in working capital	-38	6	17	-5	0	0	0	0	0
Net operational cash flow	**-2**	**46**	**18**	**-2**	**172**	**165**	**20**	**31**	**253**
Capex	-2	-1	-6	-1	-3	-3	-3	-3	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-2**	**-1**	**-6**	**-1**	**-3**	**-3**	**-3**	**-3**	**-3**
Repayment of debt	-114	-56	-167	-56	-42	-35	-35	-35	-35
Proceeds from debt	35	30	115	100	0	0	0	0	0
Dividends paid	0	0	0	0	0	-28	-53	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	85	0	0	0	0	0	0	0	0
Net financing cash flow	**6**	**-26**	**-52**	**44**	**-42**	**-63**	**-88**	**-35**	**-35**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**2**	**20**	**-40**	**42**	**127**	**100**	**-70**	**-7**	**215**
Cash balance	55	75	35	77	204	304	233	226	442
Free cash flow	**-4**	**46**	**12**	**-2**	**169**	**162**	**18**	**28**	**250**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**261**	**534**	**604**	**509**	**1,116**	**598**	**788**	**647**	**702**
Operational costs	-146	-273	-403	-407	-991	-288	-268	-241	-238
EBITDA	**115**	**261**	**201**	**102**	**126**	**310**	**520**	**406**	**464**
Depreciation/Amortization	-53	-74	-104	-100	-119	-124	-128	-128	-128
EBIT	**62**	**187**	**97**	**1**	**7**	**186**	**392**	**278**	**336**
Net financials	-2	-8	-29	-59	-60	-67	-50	-41	-34
PTP	**61**	**180**	**68**	**-58**	**-53**	**119**	**342**	**237**	**302**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**61**	**180**	**68**	**-58**	**-53**	**119**	**342**	**237**	**302**
Non-recurring items	-3	-3	0	0	0	1	0	0	0
Net earnings (adj.)	**57**	**177**	**68**	**-58**	**-53**	**120**	**342**	**237**	**302**
EPS	4.32	9.21	3.41	-1.73	-1.57	4.10	10.16	7.06	8.99
EPS (adj.)	4.08	9.07	3.41	-1.73	-1.57	4.10	10.16	7.06	8.99
DPS	0.73	0.78	2.35	0.62	0.24	0.00	2.42	3.13	3.50

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	163	96	94	71	55	204	442	537	746
Other current assets	99	183	164	105	171	185	185	185	185
Total current assets	**262**	**280**	**258**	**177**	**226**	**389**	**626**	**722**	**931**
Property & equip. (incl. NBs)	897	1,768	1,605	1,738	1,402	1,807	1,691	1,574	1,458
Other non-current assets	82	122	101	283	534	72	72	72	72
Total non-current assets	**979**	**1,890**	**1,706**	**2,021**	**1,935**	**1,880**	**1,763**	**1,647**	**1,530**
TOTAL ASSETS	**1,241**	**2,169**	**1,964**	**2,197**	**2,161**	**2,269**	**2,390**	**2,369**	**2,461**
Total equity	**478**	**877**	**933**	**1,007**	**947**	**1,067**	**1,327**	**1,459**	**1,643**
Short-term debt	47	174	171	174	127	158	157	154	149
Other current liabilities	39	116	85	63	71	103	103	103	103
Total current liabilities	**86**	**290**	**256**	**237**	**198**	**261**	**260**	**257**	**252**
Long-term debt	661	991	762	927	984	904	765	615	528
Other non-current liabilities	16	12	14	27	33	38	38	38	38
Total non-current liabilities	**677**	**1,002**	**776**	**954**	**1,016**	**941**	**803**	**653**	**566**
TOTAL EQUITY & LIABILITIES	**1,241**	**2,169**	**1,964**	**2,197**	**2,161**	**2,269**	**2,390**	**2,369**	**2,461**
Working capital, receivables	4	28	34	19	17	105	105	105	105
Working capital, payables	20	79	43	42	52	103	103	103	103
Net working capital	**-16**	**-50**	**-9**	**-23**	**-35**	**2**	**2**	**2**	**2**
Interest bearing debt	709	1,165	933	1,101	1,111	1,061	922	769	677
Liquidity	163	97	95	73	57	206	444	540	748
Net interest bearing debt	**546**	**1,067**	**838**	**1,028**	**1,054**	**855**	**479**	**230**	**-71**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	61	180	68	-58	-53	119	342	237	302
Depreciation	53	74	104	100	119	124	128	128	128
Other	-40	-69	5	31	-18	-26	0	0	0
Cash earnings	**74**	**184**	**177**	**74**	**48**	**216**	**470**	**365**	**430**
Changes in working capital	-53	-17	30	7	-55	19	0	0	0
Net operational cash flow	**21**	**167**	**207**	**80**	**-7**	**235**	**470**	**365**	**430**
Capex	-2	-848	-9	-5	-6	-10	-12	-12	-12
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	154	11	28	52	1	0	0	0	0
Other	-42	-45	4	31	1	0	0	0	0
Net investing cash flow	**110**	**-882**	**22**	**79**	**-4**	**-10**	**-12**	**-12**	**-12**
Repayment of debt	-82	452	-236	-324	-237	-321	-139	-453	-92
Proceeds from debt	109	689	906	233	81	246	0	300	0
Dividends paid	-10	-15	-47	-21	-8	0	-81	-105	-118
New equity	111	242	8	14	0	0	0	0	0
Other	-122	-719	-922	-80	160	0	0	0	0
Net financing cash flow	**6**	**649**	**-291**	**-178**	**-3**	**-76**	**-220**	**-258**	**-210**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**137**	**-66**	**-62**	**-19**	**-15**	**149**	**238**	**96**	**209**
Cash balance	163	96	94	71	55	204	442	537	746
Free cash flow	**131**	**-715**	**228**	**159**	**-12**	**225**	**458**	**354**	**418**

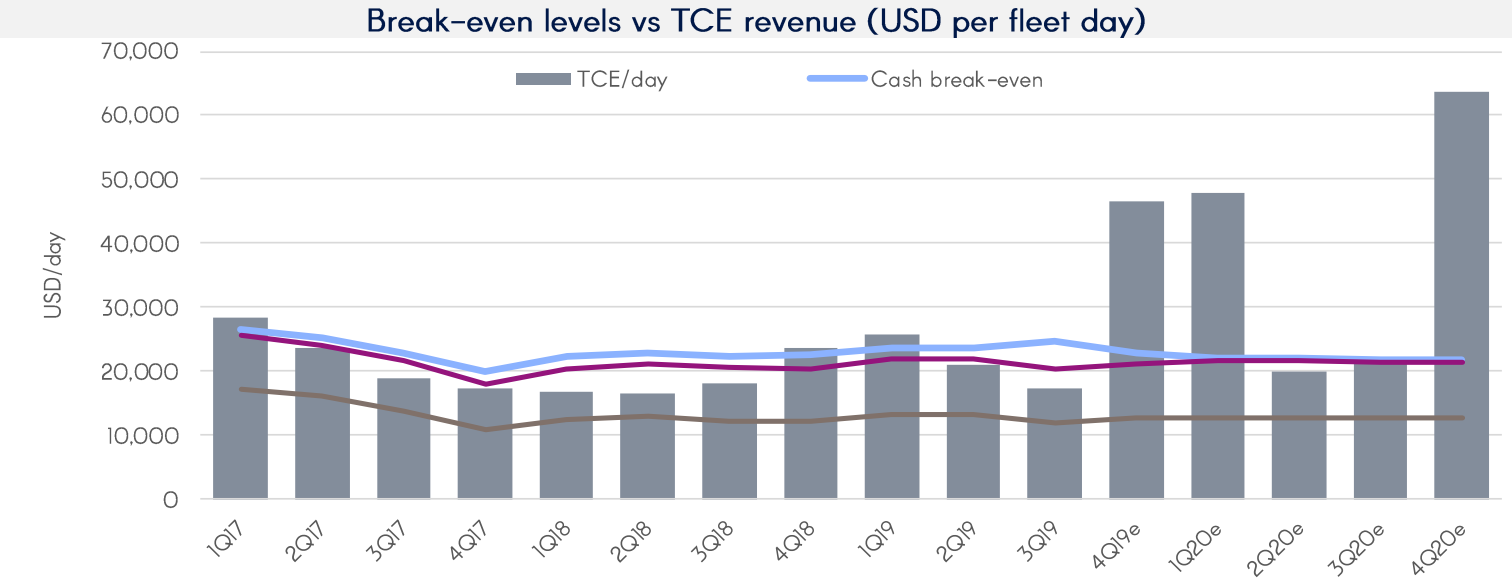
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	14	20	20	34	34	34	34	34	34
Share price, avg (USD)	32	53	26	15	9	12	19	19	19
Share price, end (USD)	40	55	18	11	7	19	19	19	19
Market Cap.	**567**	**1,073**	**360**	**375**	**249**	**648**	**648**	**648**	**648**
NIBD	546	1,067	838	1,028	1,054	855	479	230	-71
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**1,112**	**2,141**	**1,198**	**1,404**	**1,303**	**1,504**	**1,127**	**878**	**578**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	9.4	6.0	5.3			5.5	1.9	2.7	2.1
P/E (adj.)	9.9	6.1	5.3			5.4	1.9	2.7	2.1
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.2	2.0	0.6	0.7	0.2	1.1	0.8	1.0	0.9
EV/Sales	4.3	4.0	2.0	2.8	1.2	2.5	1.4	1.4	0.8
EV/EBITDA	9.6	8.2	6.0	13.8	10.4	4.9	2.2	2.2	1.2
EV/EBIT	17.9	11.4	12.4			8.1	2.9	3.2	1.7
P/B	1.2	1.2	0.4	0.4	0.3	0.6	0.5	0.4	0.4
FCF yield	23%	-67%	63%	42%	-5%	35%	71%	55%	65%
Dividend yield	1.8%	1.4%	13.0%	5.5%	3.2%	0.0%	12.6%	16.2%	18.1%
Return on equity (ROE)	12.7%	20.5%	7.3%	-5.8%	-5.5%	11.1%	25.7%	16.3%	18.4%
Return on capital employed (ROCE)	6.1%	9.6%	5.5%	0.1%	0.4%	9.7%	21.7%	16.5%	21.4%
Return on assets (ROA)	4.9%	8.3%	3.5%	-2.6%	-2.4%	5.2%	14.3%	10.0%	12.3%
Sales growth	46%	104%	13%	-16%	120%	-46%	32%	-18%	8%
EBITDA margin	44%	49%	33%	20%	11%	52%	66%	63%	66%
EBIT margin	24%	35%	16%	0%	1%	31%	50%	43%	48%
Net margin	23%	34%	11%	-11%	-5%	20%	43%	37%	43%
Net interest rate	1.7%	1.6%	3.6%	3.0%	5.6%	7.6%	12.2%	20.8%	-60.0%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	39%	40%	47%	46%	44%	47%	56%	62%	67%
Leverage ratio	61%	60%	53%	54%	56%	53%	44%	38%	33%
NIBD / EBITDA (past 1y)	4.7	4.1	4.2	10.1	8.4	2.8	0.9	0.6	-0.2
Operating cash flow/NIBD	0.0	0.2	0.2	0.1	0.0	0.3	1.0	1.6	-6.1
Net interest coverage ratio (EBITDA	12.6	15.0	6.7	3.3	2.1	4.8	8.9	8.5	10.9
Current ratio	3.1	1.0	1.0	0.7	1.1	1.5	2.4	2.8	3.7
Adj. equity ratio						40%	58%	68%	73%
Operating assets	1,078	2,072	1,869	2,122	2,101	2,059	1,942	1,826	1,709
Operating liabilities	54	127	99	90	103	140	140	140	140
Net operating assets	1,024	1,945	1,771	2,032	1,997	1,918	1,802	1,685	1,569

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



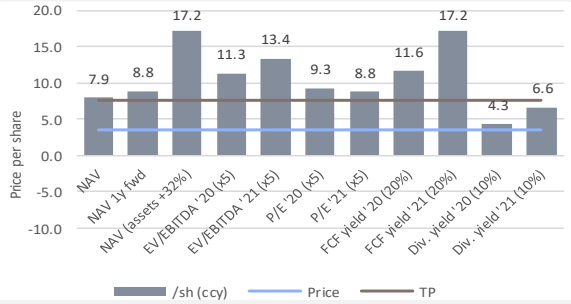
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

TEN is highly undervalued vs peers, even after adjusting for an unfavourably capital structure. A top pick amongst tanker companies

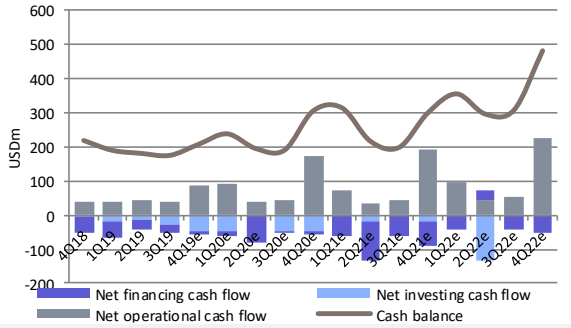
TNP-US BUY/$7.6 Tsakos Energy Navigation

Share price vs target price

Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	489	655	647	716
EBITDA (adj.)	272	430	418	484
EBIT (adj.)	133	284	266	326
PTP (adj.)	11	164	156	223
Net earnings (adj.)	13	166	157	224
EPS (adj.)	0.14	1.85	1.75	2.50
DPS	0.05	0.43	0.66	0.82
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	425	1,018	1,556	1,827
Adj. equity ratio	20%	39%	54%	58%
FCF yield	32%	66%	97%	90%
Dividend yield	1%	12%	19%	23%
EV/EBITDA	6.0	3.4	2.9	2.1
P/E (adj.)	24.5	1.9	2.0	1.4

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	209	350	346	419
Free cash flow	102	209	308	286
Net cash flow	-11	98	-6	182
TCE/day	22,039	28,552	27,788	30,416
Cash break-even	18,949	21,413	22,737	18,693
Liquidity	219	317	311	493
Property & Equip. (incl. NB	2,729	2,723	2,609	2,585
Total equity	1,509	1,673	1,808	1,996
Total assets	3,181	3,273	3,154	3,311
Interest bearing debt	1,525	1,453	1,199	1,168
Net interest bearing debt	1,306	1,136	888	675
Market Cap.	316	316	316	316

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the document

Quarterly Pre-/Review

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	119.0	100.9	164.2	167.0				
EBITDA (adj.)	63.6	46.2	109.0	97.1				
EBIT (adj.)	26.3	11.7	74.5	64.1				
PTP (adj.)	58.4	-19.9	43.9	35.0				
Net earnings (adj.)	58.6	-19.7	44.3	33.7				
EPS (adj.)	0.67	-0.22	0.49	0.39				
DPS	-	0.05	-					
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	119.0	100.9	164.2	167.0				
Opex & G&A	55.4	54.6	55.2	69.9				
Depreciation	37.2	34.5	34.5	33.0				
Net finance	-32.1	31.7	30.6	29.1				
Taxes & Minorities	-0.1	-0.2	-0.4	1.3				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	39	37	88					
Free cash flow	33	9	41					
Net cash flow	-12	-16	32					
TCE/day	21,772	18,401	29,354	29,846				
Utilization	94.2%	93.1%	95.0%					
Fleet days	5,798	5,888	5,890					
Cash break-even	19,920	17,150	19,961					
Liquidity	221	187	219					
Interest bearing debt	1,596	1,529	1,525					

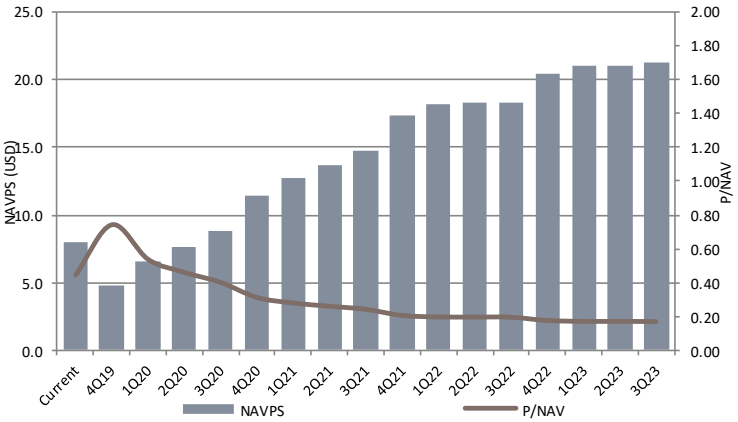
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Valuation

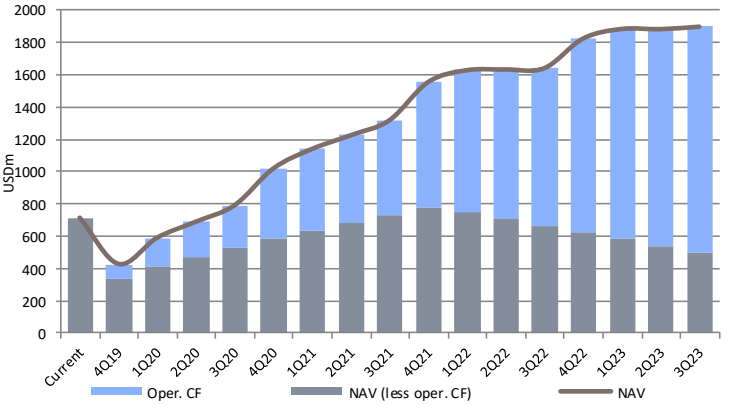
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,717	2,590	2,202
Contract value	0	-143	-122
Other	194	194	165
GAV	2,910	2,640	2,245
Net debt	-1,343	-1,343	-1,343
Capex	0	-299	-299
Other	-108	-287	-287
Equity	1,460	712	316
Shares	90	90	90
Equity/sh	16.30	7.94	3.53
lcl CCY	16.30	7.94	3.53
P/Equity	0.22	0.44	1.00
EV/GAV	0.77	0.85	1.00
Adj. Total Assets	3,136	3,009	2,621
Adj. Equity Ratio	47%	24%	12%
Fair Value	USD	7.6	117%

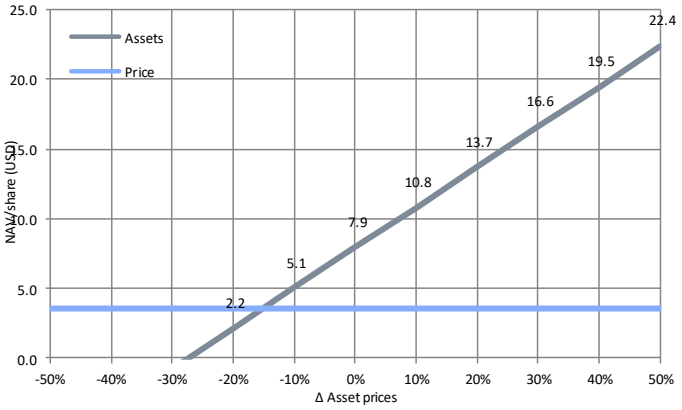
Quarterly forward NAV & P/NAV



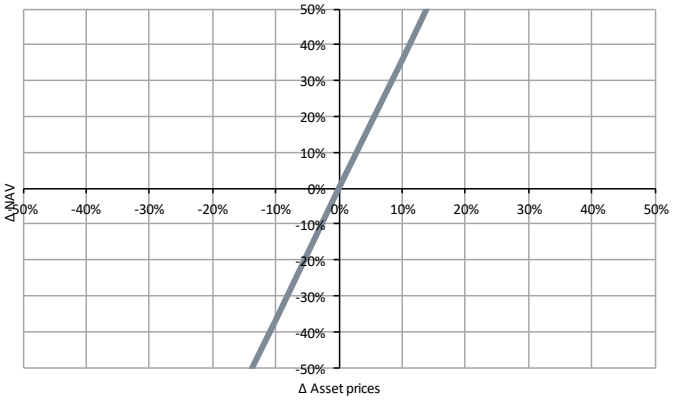
Quarterly forward NAV decomposition



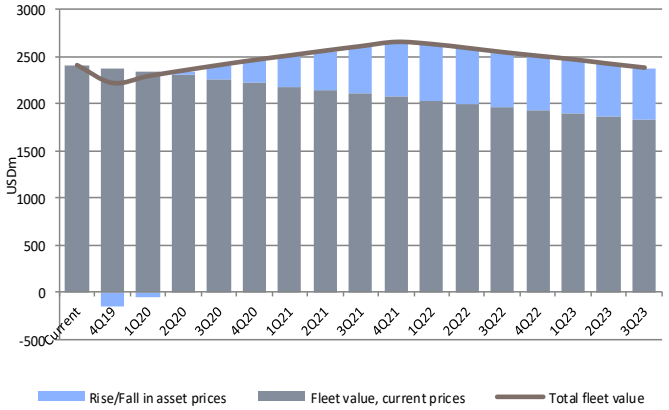
Impact on NAV/sh from % change in asset prices



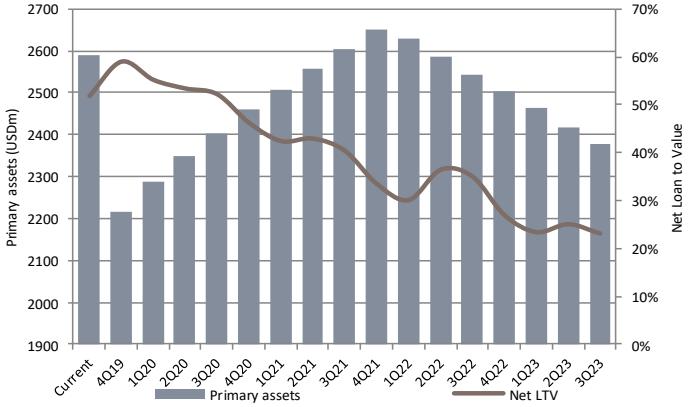
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019E	Old 2020E	Old 2021E	Old 2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	489	655	647	716	472	643	742	765	18	12	-95	-49
EBITDA (adj.)	272	430	418	484	253	414	509	532	18	16	-91	-48
EBIT (adj.)	133	284	266	326	115	270	359	382	18	14	-93	-56
PTP (adj.)	11	164	156	223	-7	151	250	288	18	14	-95	-65
Net earnings (adj.)	13	166	157	224	-6	153	252	290	18	14	-95	-65
EPS (adj.)	0.14	1.85	1.75	2.50	-0.06	1.70	2.81	3.23	0.21	0.15	-1.06	-0.73
DPS	0.05	0.43	0.66	0.82	0.05	0.32	0.79	1.05	-	0.11	-0.12	-0.23

	2019E	2020E	2021E	2022E
TCE revenue	18	12	-95	-49
Opex & G&A	-1	-4	-4	-1
Depreciation	-	2	2	8
Net finance	0	0	2	9
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	209	350	346	419	191	334	439	476	18	16	-93	-57
Free cash flow	102	209	308	286	105	193	439	476	-3	16	-131	-190
Net cash flow	-11	98	-6	182	-10	79	82	140	-2	19	-88	42
TCE/day	22,039	28,552	27,788	30,416	21,255	28,052	31,892	32,910	784	500	-4,104	-2,494
Cash break-even	18,949	21,413	22,737	18,693	18,987	21,693	24,150	21,780	-38	-280	-1,413	-3,087
Liquidity	219	317	311	493	221	299	381	522	-2	17	-70	-29
Property & Equip. (incl. NB	2,729	2,723	2,609	2,585	2,707	2,704	2,554	2,404	22	20	56	181
Total equity	1,509	1,673	1,808	1,996	1,491	1,651	1,869	2,102	18	22	-61	-106
Total assets	3,181	3,273	3,154	3,311	3,161	3,236	3,168	3,158	20	37	-14	152
Interest bearing debt	1,525	1,453	1,199	1,168	1,524	1,438	1,152	910	1	15	47	258
Net interest bearing debt	1,306	1,136	888	675	1,303	1,139	771	388	3	-3	117	287
Market Cap.	316	316	316	316	318	318	318	318	-2	-2	-2	-2
Enterprise value	1,623	1,455	1,208	997	1,621	1,459	1,092	711	1	-5	115	285

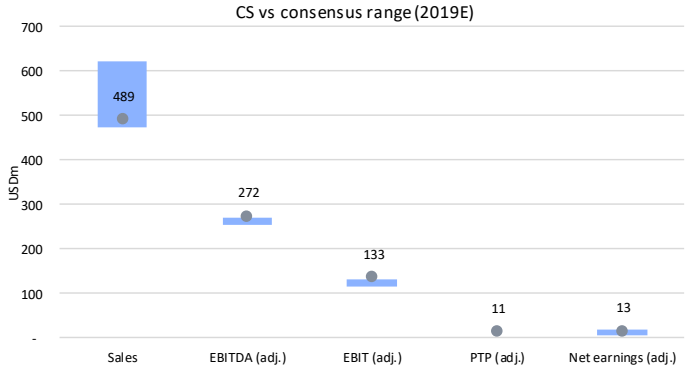
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	425	1,018	1,556	1,827	721	1,334	1,952	2,189	-297	-316	-395	-362
Adj. equity ratio	20%	39%	54%	58%	30%	46%	60%	67%	-10%	-7%	-6%	-9%
FCF yield	32%	66%	97%	90%	33%	61%	138%	150%	-1%	5%	-41%	-59%
Dividend yield	1%	12%	19%	23%	1%	9%	22%	29%	0%	3%	-3%	-6%
EV/EBITDA	6.0	3.4	2.9	2.1	6.4	3.5	2.1	1.3	-0.4	-0.1	0.7	0.7
P/E (adj.)	24.5	1.9	2.0	1.4		2.1	1.3	1.1	######	-0.2	0.7	0.3

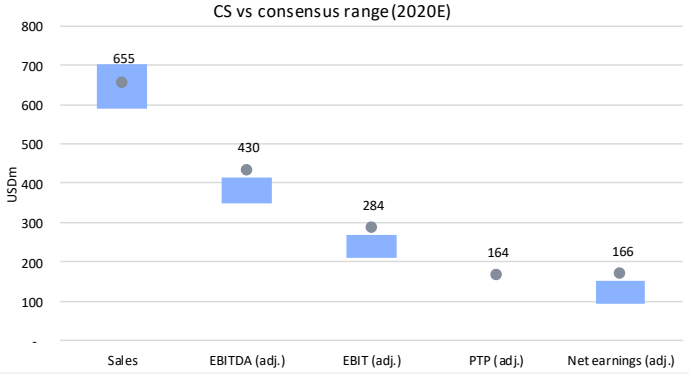
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

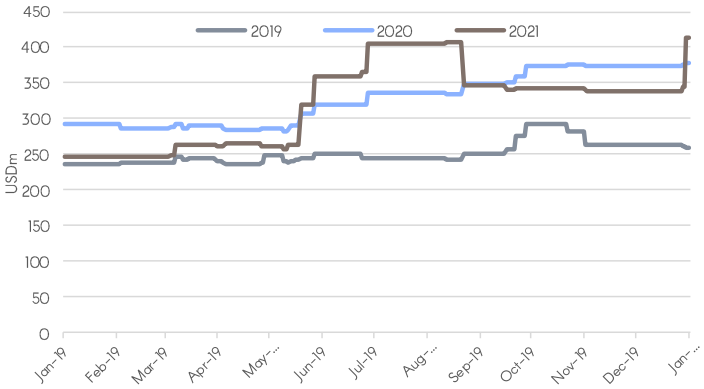
Profit & Loss, year I



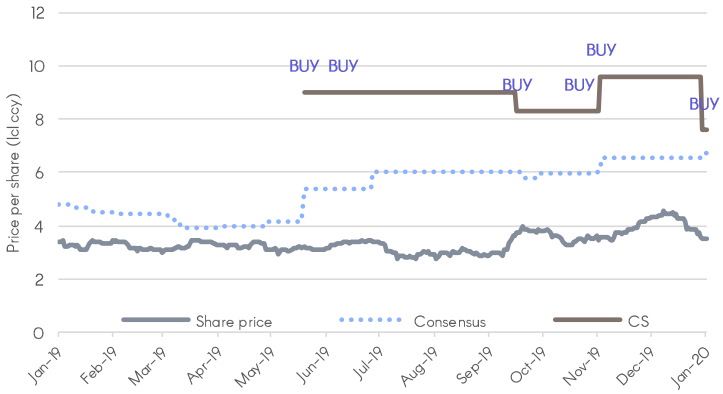
Profit & Loss, year II



Consensus EBITDA development



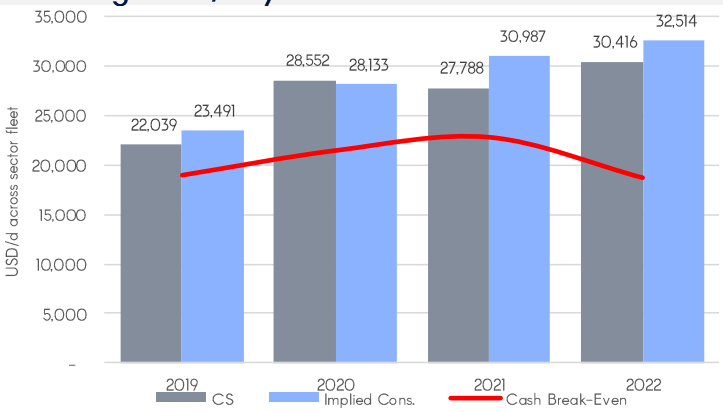
Target price vs share price (past 1y)



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	489	522	-32	-6%
Opex + G&A	218	262	-44	-17%
Depreciation	139	137	2	1%
Net finance	122	88	34	39%
Taxes & Minorities	-2	26	-27	-107%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	655	646	10	1%
Opex + G&A	225	267	-42	-16%
Depreciation	147	144	3	2%
Net finance	119	46	73	157%
Taxes & Minorities	-2	70	-72	-102%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	119	115	109	101	164	167	114	122	252
Operational costs	-55	-52	-56	-55	-55	-55	-55	-57	-57
EBITDA	64	63	53	46	109	112	59	66	194
Depreciation/Amortization	-37	-35	-34	-35	-35	-36	-37	-37	-37
EBIT	26	28	19	12	75	76	22	29	157
Net financials	-24	-17	-19	-21	-21	-21	-21	-20	-20
PTP	3	11	0	-10	53	55	2	8	137
Taxes/Minorities	0	0	1	0	0	0	0	0	0
Net earnings	3	11	0	-10	53	55	2	9	137
Non-recurring items	56	-10	-13	-10	-9	-9	-9	-9	-9
Net earnings (adj.)	59	1	-13	-20	44	46	-7	0	128
EPS	0.03	0.13	0.00	-0.11	0.60	0.62	0.02	0.10	1.53
EPS (adj.)	0.67	0.01	-0.14	-0.22	0.49	0.51	-0.08	0.00	1.43
DPS	0.00	0.00	0.00	0.00	0.05	0.00	0.33	0.00	0.10

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	221	192	183	177	209	240	197	192	307
Other current assets	-221	-221	195	203	203	203	203	203	203
Total current assets	0	-29	378	380	412	443	400	395	510
Property & equip. (incl. NBs)	2,846	2,834	2,747	2,717	2,729	2,740	2,703	2,714	2,723
Other non-current assets	0	386	39	39	39	39	39	39	39
Total non-current assets	2,846	3,220	2,787	2,756	2,769	2,779	2,743	2,753	2,763
TOTAL ASSETS	3,205	3,191	3,165	3,136	3,181	3,223	3,143	3,148	3,273
Total equity	1,507	1,499	1,443	1,460	1,509	1,564	1,537	1,545	1,673
Short-term debt	0	150	193	193	208	220	231	243	254
Other current liabilities	0	1,727	157	114	114	114	114	114	114
Total current liabilities	0	1,878	350	306	322	333	345	356	368
Long-term debt	1,596	1,409	1,339	1,336	1,317	1,292	1,229	1,214	1,199
Other non-current liabilities	-1,596	-1,596	33	33	33	33	33	33	33
Total non-current liabilities	0	-186	1,372	1,370	1,350	1,325	1,262	1,247	1,232
TOTAL EQUITY & LIABILITIES	3,205	3,191	3,165	3,136	3,181	3,223	3,143	3,148	3,273
Working capital, receivables	0	0	70	70	70	70	70	70	70
Working capital, payables	0	0	39	39	39	39	39	39	39
Net working capital	0	0	31	31	31	31	31	31	31
Interest bearing debt	1,596	1,560	1,532	1,529	1,525	1,512	1,460	1,456	1,453
Liquidity	221	192	193	187	219	250	207	202	317
Net interest bearing debt	1,375	1,368	1,339	1,343	1,306	1,262	1,253	1,255	1,136

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	3	11	0	-10	53	55	2	9	137
Depreciation	37	35	34	35	35	36	37	37	37
Other	-1	-7	11	12	0	0	0	0	0
Cash earnings	39	39	45	37	88	91	39	45	174
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	39	39	45	37	88	91	39	45	174
Capex	0	-21	-12	-27	-47	-47	0	-47	-47
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	-6	0	0	0	0	0	0	0	0
Net investing cash flow	-6	-21	-12	-27	-47	-47	0	-47	-47
Repayment of debt	-45	-47	-33	-25	-41	-52	-52	-52	-52
Proceeds from debt	0	0	0	0	37	39	0	49	49
Dividends paid	0	0	0	0	-4	0	-30	0	-9
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	-45	-47	-33	-25	-9	-13	-82	-3	-12
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-12	-29	1	-16	32	31	-43	-5	115
Cash balance	221	192	183	177	209	240	197	192	307
Free cash flow	33	18	33	9	41	44	39	-2	127

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**366**	**456**	**375**	**416**	**405**	**489**	**655**	**647**	**716**
Operational costs	-187	-162	-172	-213	-286	-218	-225	-228	-232
EBITDA	**179**	**294**	**203**	**202**	**119**	**272**	**430**	**418**	**484**
Depreciation/Amortization	-103	-106	-113	-139	-147	-139	-147	-152	-158
EBIT	**76**	**188**	**90**	**63**	**-28**	**133**	**284**	**266**	**326**
Net financials	-42	-30	-33	-54	-73	-79	-82	-74	-67
PTP	**34**	**158**	**56**	**9**	**-101**	**54**	**201**	**192**	**260**
Taxes/Minorities	0	0	-1	-2	2	2	2	2	2
Net earnings	**34**	**158**	**56**	**8**	**-99**	**55**	**203**	**194**	**261**
Non-recurring items	-8	-13	-16	-24	-34	-43	-37	-37	-37
Net earnings (adj.)	**25**	**145**	**40**	**-16**	**-133**	**13**	**166**	**157**	**224**
EPS	0.40	1.81	0.67	0.09	-1.13	0.62	2.26	2.17	2.91
EPS (adj.)	0.30	1.66	0.48	-0.19	-1.52	0.14	1.85	1.75	2.50
DPS	0.25	0.38	0.48	0.46	0.51	0.05	0.43	0.66	0.82

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	202	290	188	190	205	209	307	302	483
Other current assets	88	163	171	115	113	203	203	203	203
Total current assets	**290**	**452**	**358**	**304**	**318**	**412**	**510**	**505**	**686**
Property & equip. (incl. NBs)	2,388	2,425	2,894	3,030	2,846	2,729	2,723	2,609	2,585
Other non-current assets	21	24	26	39	42	39	39	39	39
Total non-current assets	**2,409**	**2,448**	**2,919**	**3,069**	**2,888**	**2,769**	**2,763**	**2,649**	**2,624**
TOTAL ASSETS	2,699	2,901	3,278	3,374	3,205	3,181	3,273	3,154	3,311
Total equity	**1,178**	**1,415**	**1,417**	**1,508**	**1,507**	**1,509**	**1,673**	**1,808**	**1,996**
Short-term debt	228	320	288	226	161	208	221	204	198
Other current liabilities	99	82	105	113	94	114	114	114	114
Total current liabilities	**327**	**402**	**393**	**339**	**254**	**322**	**334**	**317**	**312**
Long-term debt	1,190	1,081	1,466	1,526	1,435	1,317	1,232	995	970
Other non-current liabilities	4	3	1	1	9	33	33	33	33
Total non-current liabilities	**1,194**	**1,084**	**1,467**	**1,527**	**1,444**	**1,350**	**1,266**	**1,028**	**1,003**
TOTAL EQUITY & LIABILITIES	2,699	2,901	3,278	3,374	3,205	3,181	3,273	3,154	3,311
Working capital, receivables	58	60	57	44	56	70	70	70	70
Working capital, payables	33	63	87	91	83	39	39	39	39
Net working capital	**25**	**-3**	**-30**	**-47**	**-28**	**31**	**31**	**31**	**31**
Interest bearing debt	1,418	1,400	1,754	1,752	1,596	1,525	1,453	1,199	1,168
Liquidity	214	305	198	203	221	219	317	311	493
Net interest bearing debt	**1,204**	**1,095**	**1,556**	**1,549**	**1,375**	**1,306**	**1,136**	**888**	**675**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	34	158	56	8	-99	55	203	194	261
Depreciation	103	106	113	139	147	139	147	152	158
Other	0	-21	-14	3	64	15	0	0	0
Cash earnings	**137**	**243**	**155**	**149**	**112**	**209**	**350**	**346**	**419**
Changes in working capital	-30	-9	15	21	-38	0	0	0	0
Net operational cash flow	**107**	**234**	**170**	**171**	**74**	**209**	**350**	**346**	**419**
Capex	-254	-218	-576	-293	-17	-107	-141	-38	-133
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	43	0	52	17	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-254**	**-175**	**-576**	**-242**	**0**	**-107**	**-141**	**-38**	**-133**
Repayment of debt	38	-15	366	-3	-156	-146	-208	-254	-164
Proceeds from debt	—	227	778	397	353	37	136	0	133
Dividends paid	-21	-33	-40	-40	-44	-4	-39	-60	-73
New equity	176	0	0	11	5	0	0	0	0
Other	-6	-151	-799	-289	-213	0	0	0	0
Net financing cash flow	**187**	**28**	**304**	**76**	**-56**	**-113**	**-111**	**-314**	**-104**
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow		**88**	**-102**	**5**	**18**	**-11**	**98**	**-6**	**182**
Cash balance	202	290	188	190	221	209	307	302	483
Free cash flow	**-147**	**60**	**-406**	**-71**	**74**	**102**	**209**	**308**	**286**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

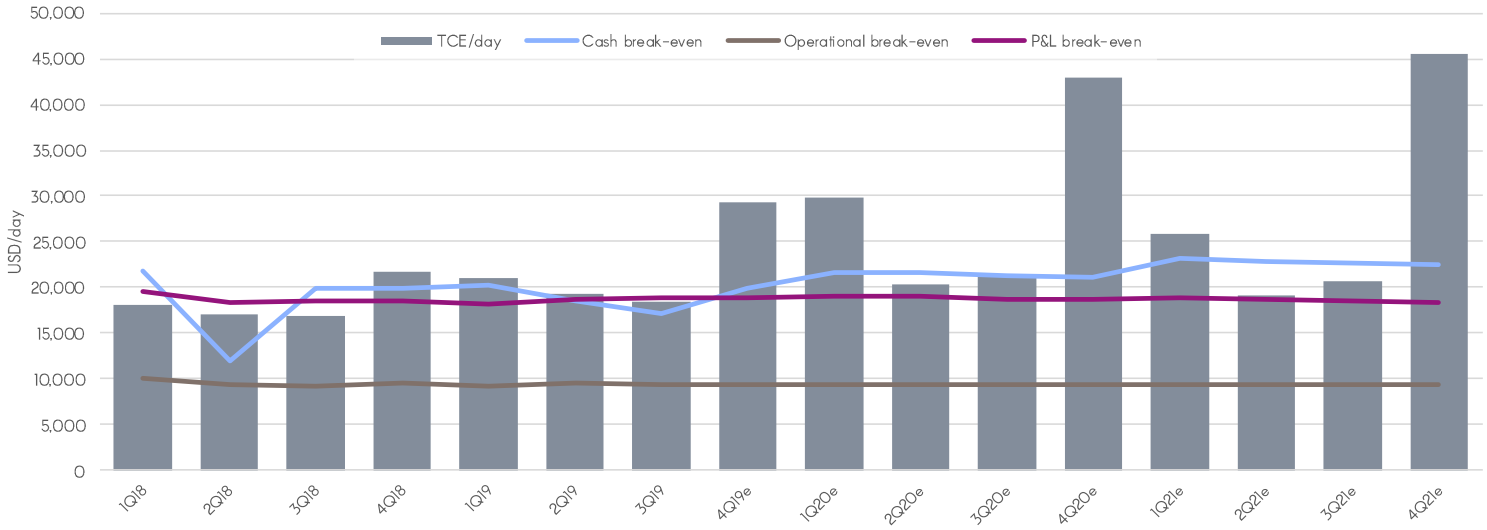
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	85	87	84	86	88	90	90	90	90
Share price, avg (USD)	7	8	5	5	3	3	4	4	4
Share price, end (USD)	7	8	5	4	3	4	4	4	4
Market Cap.	**591**	**692**	**393**	**338**	**233**	**316**	**316**	**316**	**316**
NIBD	1,204	1,095	1,556	1,549	1,375	1,306	1,136	888	675
Minorities	11	12	12	14	12	0	-2	-4	-5
Enterprise value	**1,784**	**1,775**	**1,936**	**1,873**	**1,596**	**1,623**	**1,455**	**1,208**	**997**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	17.6	4.4	7.0	44.3		5.7	1.6	1.6	1.2
P/E (adj.)	23.6	4.8	9.8			24.5	1.9	2.0	1.4
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.6	1.5	1.0	0.8	0.6	0.6	0.5	0.5	0.4
EV/Sales	4.9	3.9	5.2	4.5	3.9	3.3	2.2	1.9	1.4
EV/EBITDA	10.0	6.0	9.5	9.2	13.5	6.0	3.4	2.9	2.1
EV/EBIT	23.6	9.4	21.6	29.5		12.2	5.1	4.5	3.1
P/B	0.5	0.5	0.3	0.2	0.2	0.2	0.2	0.2	0.2
FCF yield	-25%	9%	-103%	-21%	32%	32%	66%	97%	90%
Dividend yield	3.6%	4.8%	10.3%	11.8%	19.1%	1.4%	12.2%	18.8%	23.1%
Return on equity (ROE)	2.9%	11.3%	4.0%	0.5%	-6.6%	3.7%	12.1%	10.7%	13.1%
Return on capital employed (ROCE)	3.2%	7.5%	3.0%	2.1%	-1.0%	4.7%	10.1%	9.9%	12.2%
Return on assets (ROA)	1.2%	5.5%	1.7%	0.2%	-3.1%	1.7%	6.2%	6.2%	7.9%
Sales growth	21%	25%	-18%	11%	-3%	21%	34%	-1%	11%
EBITDA margin	49%	64%	54%	49%	29%	55%	66%	65%	68%
EBIT margin	21%	41%	24%	15%	-7%	27%	43%	41%	46%
Net margin	9%	35%	15%	2%	-25%	11%	31%	30%	36%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.1%	7.3%	8.3%	9.9%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	44%	49%	43%	45%	47%	47%	51%	57%	60%
Leverage ratio	56%	51%	57%	55%	53%	53%	49%	43%	40%
NIBD / EBITDA (past 1y)	6.7	3.7	7.7	7.7	11.6	4.8	2.6	2.1	1.4
Operating cash flow/NIBD	0.1	0.2	0.1	0.1	0.1	0.2	0.3	0.4	0.6
Net interest coverage ratio (EBITDA						3.4	5.2	5.7	7.3
Current ratio	0.9	1.1	0.9	0.9	1.2	1.3	1.5	1.6	2.2
Adj. equity ratio						20%	39%	54%	58%
Operating assets	2,485	2,596	3,080	3,171	2,985	2,962	2,956	2,842	2,818
Operating liabilities	103	86	106	114	103	147	147	147	147
Net operating assets	2,382	2,510	2,974	3,057	2,882	2,815	2,810	2,696	2,671

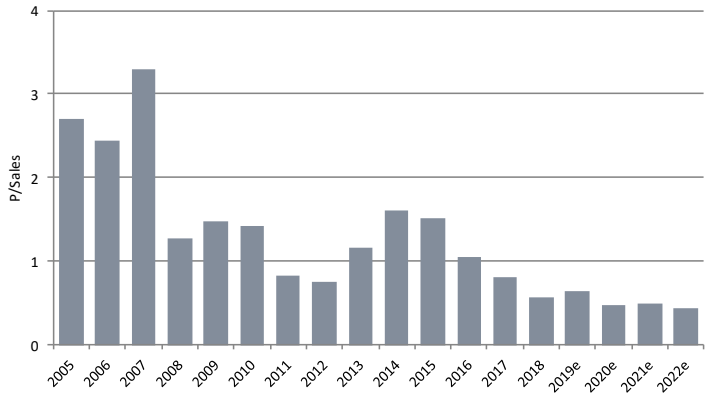
Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Cleaves Securities

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

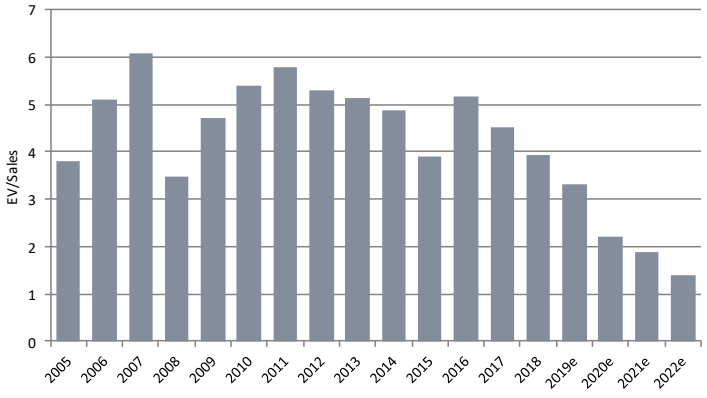


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

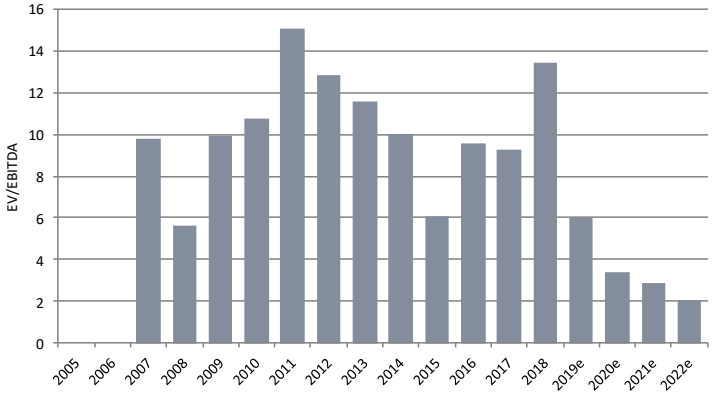
P/Sales



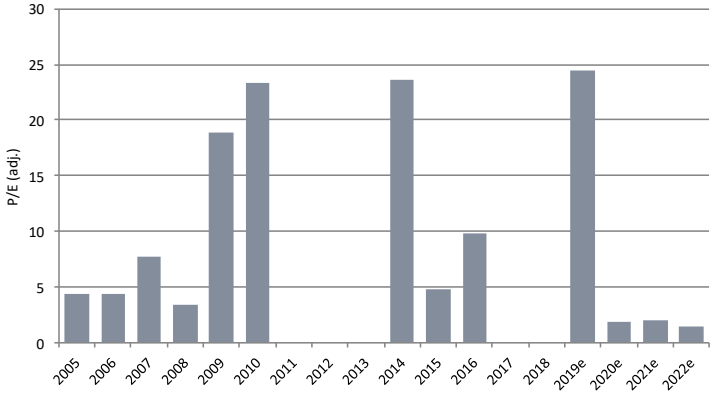
EV/Sales



EV/EBITDA



P/E (adj.)



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Cleaves Securities

15 January 2020

Professionalism & Quality

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

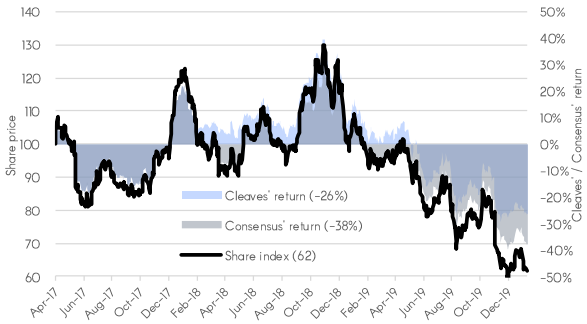
LNG Carriers should enjoy a strong 2020E, before a lack of demand & massive supply growth deteriorates earnings. Super-profits in 2025E..?

LNG Carriers

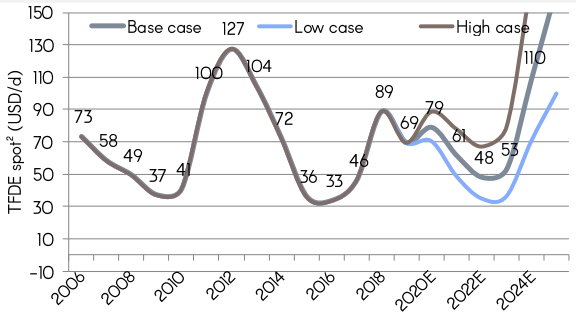
BUY

Strong Year Ahead, Before...

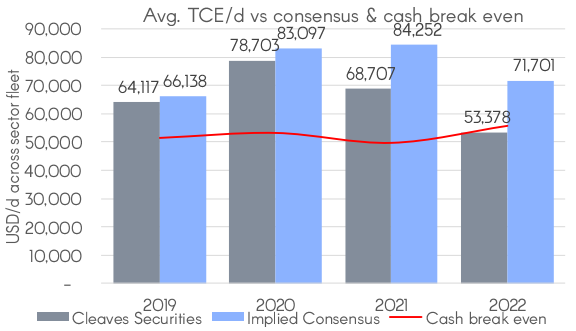
LNG shipping share index



LNG Carrier spot rates



TCE/d across peers: CS vs consensus



Cleaves Securities / Analysts

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Despite disappointing high expectations in '19, LNG Carriers are still enjoying a strong marked which could potentially peak in '20E. We forecast fortunes to turn in '21E & a cyclical trough for '22E, before the expected high fleet growth abates & demand growth once again accelerates from '23E to potential super-profits in '25E. We believe Flex LNG & GasLog are oversold, but downgrade Awilco LNG to SELL.

Market: Demand growth of 4% in 2019 disappointed our 13% forecast, mainly due to lower demand in the Far East and as Europe increased its imports, thus reducing average mile per tonne transported. The lower Far Eastern demand also led to lower prices for natural gas, deteriorating the regional price differentials and impeding an important incentive for lucrative deep sea transportation. We believe the thaw in US-Sino trade relations could reverse the negative trend in miles, and a myriad of new liquefaction projects in the US leads us to forecast that demand growth of 9% in 2020E outpaces supply growth at 6%. But, after one last strong year for LNG Carriers, we see significant weakness in 2021-23E from an influx of newbuildings vs limited new liquefaction capacity coming online. Weaker earnings will likely lead to lower newbuild contracting in this period, thus potentially laying the foundation for a massive upsurge in fleet utilization in 2024-25E as a rush of new liquefaction capacity comes online. The long-term trend towards cleaner hydrocarbons should nevertheless be highly favourable for ship owners during the 2020s.

Investments: Despite expected headwinds in 2021-23E, locking in earnings and utilization on 3-5y durations during a strong 2020E could be beneficial. **Flex LNG** (BUY/N132) has already taken steps in this direction, and has an attractive fleet of modern vessels trading at a massive discount to NAV despite the strong sponsor. **GasLog** (BUY/$14) has a very solid contract coverage, bridging the potential market weakness ahead. We downgrade **Awilco LNG** (SELL/N2.3) from HOLD, despite having successfully refinanced its fleet, as the cash break-even is still too high comparative to our earnings forecast for the coming years.

Segment overview

			Recommendations & upside				Valuation		
USDm	Mcap	Turnover	Rec.	TP	P	+/-	NAV	P/NAV	ε
ALNG NO	40	0.0	SELL	2.3	2.7	-14%	3.6	0.74	5.5
FLNG NO	512	3.7	BUY	132	83.7	58%	160.0	0.52	2.7
GLOG US	761	5.4	BUY	14	9.4	49%	3.0	3.17	23.0
Average	438	3.0	BUY			31%		1.48	10.4
Median	512	3.7	BUY			49%		0.74	5.5

Segment overview

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Market Fundamentals

The year in review

Net supply growth of 0.7% q/q in **4Q19** was slightly below our 1.1% forecast from October, with y/y growth at 8.1% (vs our 8.4% forecast). Gross deliveries of 0.7m cbm in the quarter was below our forecast (1.0m), while zero scrapping was below our 25k cbm expectation. Newbuild contracting rebounded strongly in the quarter, with 3.5m cbm firmed in the quarter (1.6m), representing the second highest level in five years. The orderbook thus grew from 19.6m cbm (22.2% of fleet) as of end 3Q19 to 22.4m cbm (25.2% of fleet).

We estimate demand growth q/q in 4Q19 at +11.0% (vs our +19.4% forecast) and +1.5% y/y (8.9%). The lower than expected demand growth was mainly due to lower demand for natural gas and abundant inventories at main importers, in addition to reduced sailing distances as early data indicates growth in European imports outpaced Far Eastern. The net effect was a fleet utilization of 91.8% (98.4% forecast), +8.6%p q/q & -6.0%p y/y. The average spot earnings for a TFDE vessel was $108k/d in the quarter, 30% below our forecast (+65% q/q, -28% y/y), and MEGI/XDF spot rates of $124k/d was also 30% below our forecast (+66% q/q, -29% y/y).

			New	Old		
kcbm	2018-Q4	2019-Q3	2019-Q4	2019-Q4	Δ	Δ %
Deliveries[1]	2,074	2,630	721	999	(277)	-28%
Scrapping[1]	(130)	-	-	(25)	25	-100%
Contracting[1]	3,893	1,254	3,517	1,566	1,951	125%
Supply[2]	**82,152**	**88,219**	**88,812**	**89,017**	**(205)**	**-0.2%**
Δ q/q			*0.7%*	*1.1%*		
Δ y/y			*8.1%*	*8.4%*		
Demand[2]	**80,396**	**73,464**	**81,571**	**87,549**	**(5,978)**	**-6.8%**
Δ q/q			*11.0%*	*19.4%*		
Δ y/y			*1.5%*	*8.9%*		
Utilization[2]	**97.9%**	**83.3%**	**91.8%**	**98.4%**	**-6.5%p**	
Steam turbine, spot[2] (TCE/a	83,077	42,769	77,885	94,188	(16,304)	-17%
TFDE, spot[2] (TCE/d)	149,385	65,269	107,885	153,242	(45,357)	-30%
MEGI/XDF, spot[2] (TCE/d)	173,389	74,808	123,808	177,609	(53,801)	-30%

[1]Sum during period [2]Average during period

For the **full year 2019**, net supply growth of 9.0% y/y in 2019 was similar to our 9.1% forecast from January 2019. Gross deliveries of 7.2m cbm was above our forecast (6.1m), but the average carrying capacity of the fleet was nevertheless similar to our forecast as vessels were delivered later in the year than expected. Scrapping during the year came in at 0.3m cbm vs our 0.2m cbm forecast. Newbuild contracting posted another strong year with 9.0m cbm of orders placed at yards (7.6m), marking the second highest year for newbuilding orders on record, only beaten by the 11.8m cbm ordered in 2018.

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

We estimate demand growth y/y in 2019 at +4.2% (vs our +12.9% forecast). The lower than expected demand growth is mainly due to aforementioned reasons, but the year also started on a weaker than expected note due to a warm winter in the Far East. The net effect was an average fleet utilization in 2019 of 83.7% (90.5% forecast), -3.8%p y/y (+3.0%p). The average spot earnings for a TFDE vessel averaged $69k/d in 2019, -22% below 2018 (+18% forecast). MEGI/XDF spot rates of $82k/d were -23% vs 2018 (+16%).

			Actual	Forecast		
kcbm	2017	2018	2019	2019	Δ	Δ %
Deliveries[1]	4,795	8,992	7,172	6,088	1,083	18%
Scrapping[1]	(260)	(524)	(255)	(159)	(97)	61%
Contracting[1]	2,460	11,763	9,048	7,550	1,498	20%
Supply[2]	**72,188**	**79,571**	**86,729**	**86,847**	**(118)**	**-0.1%**
Δ y/y	*7.1%*	*10.2%*	*9.0%*	*9.1%*		
Demand[2]	**55,924**	**69,651**	**72,590**	**78,627**	**(6,037)**	**-7.7%**
Δ y/y	*13.6%*	*24.5%*	*4.2%*	*12.9%*		
Utilization[2]	**77.5%**	**87.5%**	**83.7%**	**90.5%**	**-6.8%p**	
Steam turbine, spot[2] (TCE/d)	28,596	52,000	47,695	78,449	(30,753)	-39%
TFDE, spot[2] (TCE/d)	46,058	88,692	69,337	104,605	(35,268)	-34%
MEGI/XDF, spot[2] (TCE/d)	60,376	107,007	81,915	124,412	(42,497)	-34%

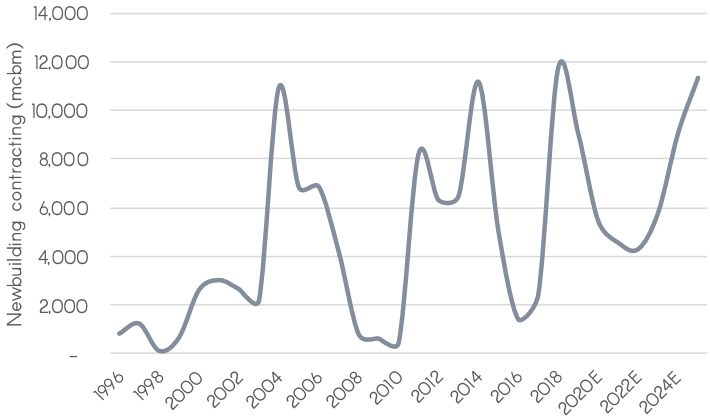
[1]Sum during period [2]Average during period

Market outlook

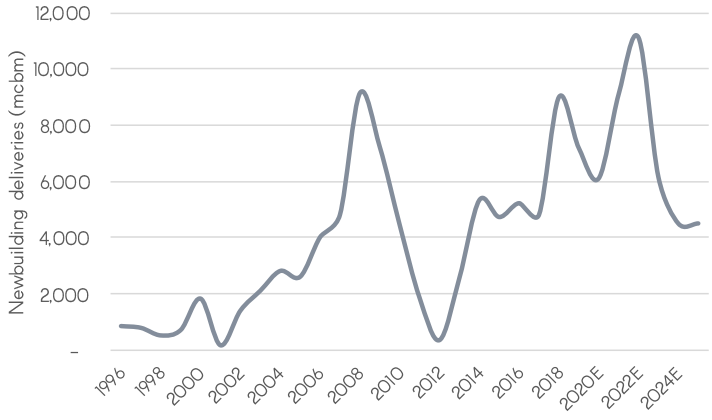
Supply

With 20.8m cbm of LNG Carrier newbuildings having been contracted in 2018 & 2019 combined (vs current fleet at 89m cbm), we forecast 2021-2022 to exhibit all-time-high gross deliveries of vessels into the fleet, thus increasing the net effective fleet capacity by 9% y/y in both 2021E & 2022E. Also, 2020E is expected to display significant net fleet growth at 6%. The question thus is if expected demand growth will be able to absorb this growth. We believe so in 2020E, but not in 2021E & 2022E. Please see demand-segment below.

Newbuilding ordering was all-time-high in 2018



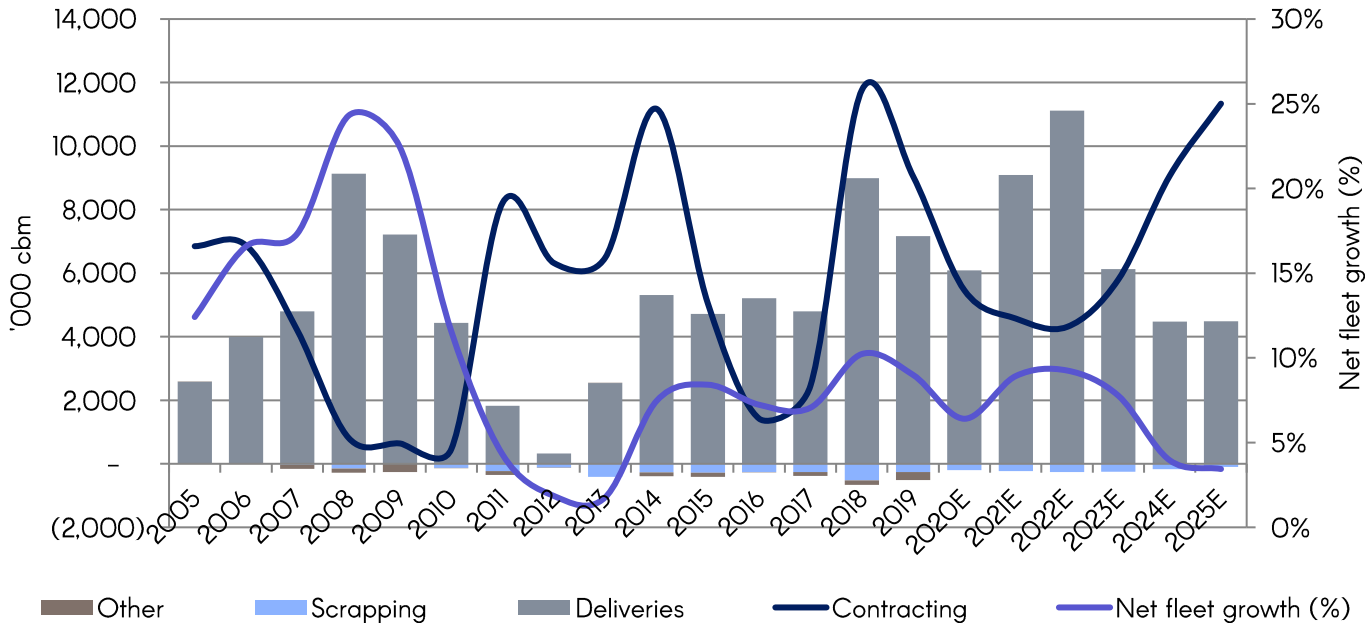
Gross deliveries expected to be all-time-high in 2022



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

The positive takeaway is that we expect a weaker earnings environment in 2021E-2023E to lead to an underinvestment in newbuildings, potentially laying the foundation for a strong rebound in fleet utilization in 2024E and beyond.

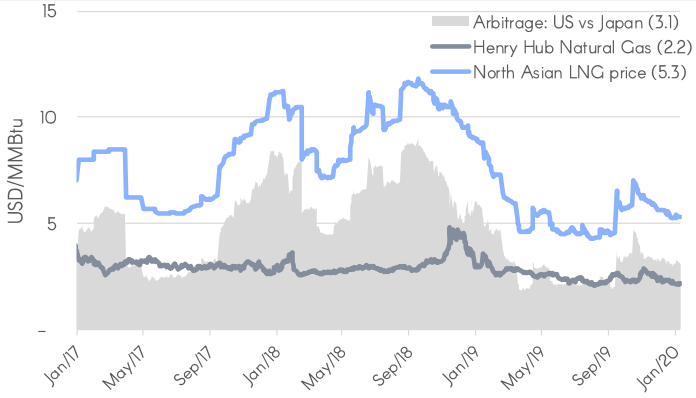
Detailed fleet dynamics



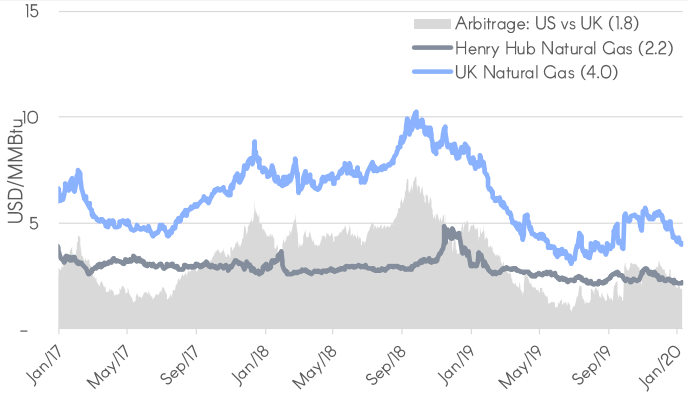
Demand

Demand growth for LNG disappointed significantly in 2019, impacted by a decline in average mile per cbm of LNG transported and lower demand in the Far East. The latter was affected by a myriad of events, including warmer than expected weather and the restart of nuclear capacity in Japan. The lower demand also led to lower prices for natural gas at major importers, deteriorating the regional price differentials and impeding an important incentive for deep sea transportation of the commodity.

Natural gas price arbitrage: US vs North Asia



Natural gas price arbitrage: US vs UK



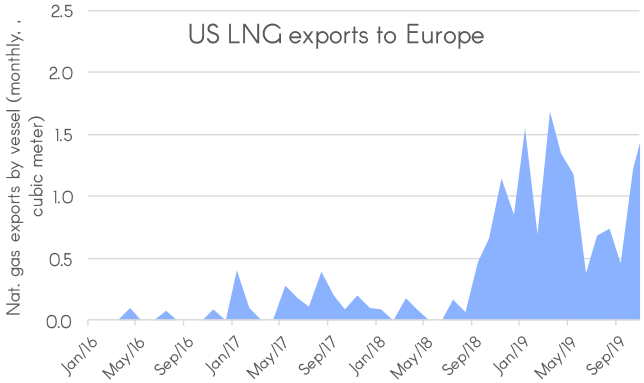
The US-Sino trade war also contributed negatively, with volumes on the tonne-mile intensive trade route falling to zero, with a lot of the US volumes rerouted to the much shorter trans-Atlantic trade.

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

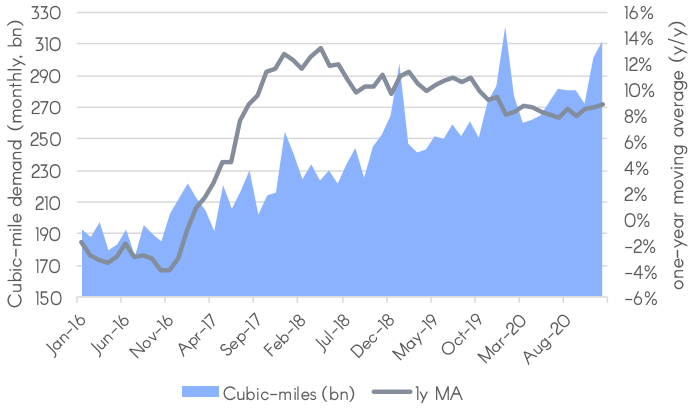
US natural gas exports to China have stopped

US natural gas exports to Europe have surged

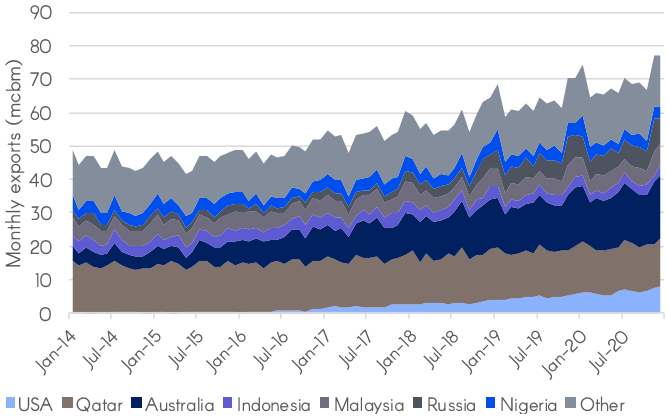


Looking ahead, we forecast strong demand growth of 9% for LNG Carriers in 2020E, driven by a number of new LNG export projects finalizing, mainly in the US. We expect a total of 23mtpa of new liquefaction capacity coming online during the year, including Cameron Train 2 & 3 and Freeport Train 2 & 3. These four trains would alone require around 6.4m cbm of shipping, outpacing our 6.1m cbm newbuilding delivery forecast for the year. We also see an additional 1.0m cbm of new shipping requirements in 2020E in countries such as Russia, Indonesia and Malaysia.

Global seaborne LNG trade

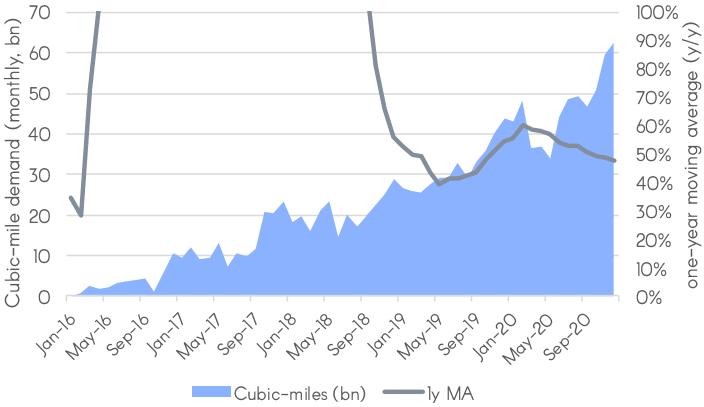


LNG exports by exporter

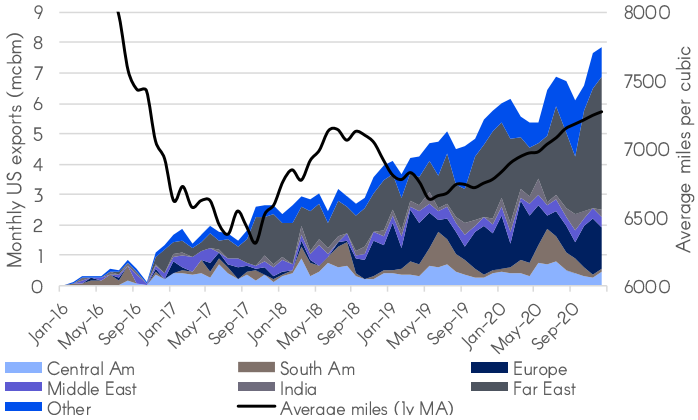


A US-Sino trade deal could be very positive for LNG Carriers, and we expect the US-Sino LNG trade to open up again in 2020, increasing the average mile on US exports which fell ~4% y/y in 2019.

US LNG exports



US LNG exports by import destination



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

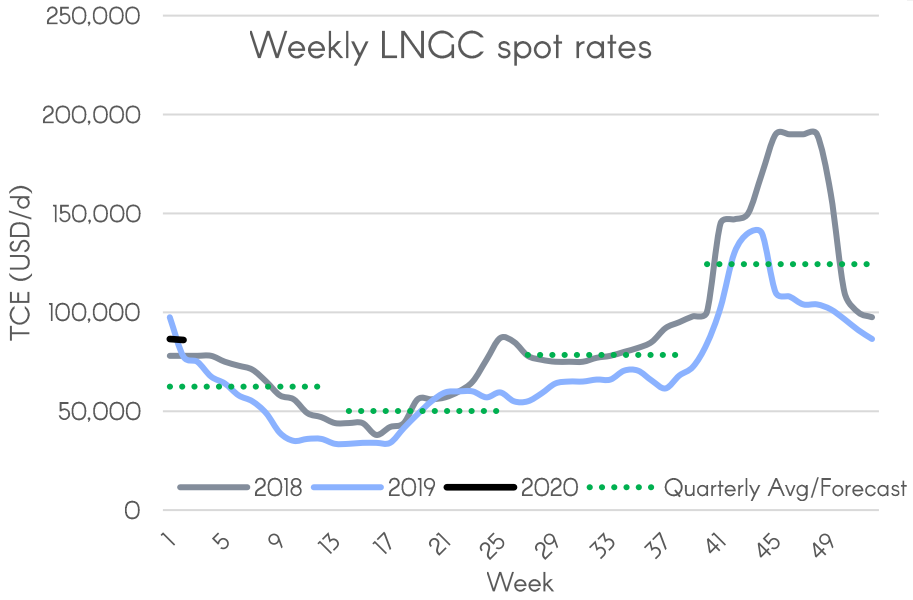
Fleet utilization

After a relatively strong 2020E where we forecast fleet utilization to average 2%p higher than 2019, outlook for 2021E-23E is much weaker. Against the aforementioned 9% net fleet growth in both 2021E and 2022E, representing a total of 19.7m cbm of new shipping capacity, we only see demand growth similar to ~8.9m cbm from new liquefaction capacity if all stars align perfectly. In our modelling, we add slippage and a risk-discount to projects without FID, and our base case is for only 6.5m cbm of new shipping demand between end-2020E and end-2022E. Thus, our demand growth forecast for LNG Carriers is only 4% in both 2021E and 2022E, resulting in a fleet utilization that falls from 86% in 2020E to 82% in 2021E and 78% in 2022E.

Although we keep our supply and demand growth forecasts close to unchanged in 2020E, we still revise our fleet utilization down for both 2020E and 2021E as the outset point from end-2019E shows lower absolute demand than our October forecast.

Delta table: LNG shipping forecast summary									
Δ y/y	2019	2020E	2021E	2022E	Average spot rate	2019	2020E	2021E	2022E
Supply growth	**9.0%**	**6.4%**	**8.9%**	**9.3%**	**MEGI/XDF**	**81,915**	**88,544**	**70,955**	**57,552**
Supply, old	9.0%	6.3%	8.9%	8.5%	old	95,365	105,616	90,085	65,913
Δ	0.0%p	0.1%p	0.0%p	0.7%p	Δ	(13,450)	(17,072)	(19,131)	(8,362)
Demand growth	**4.2%**	**8.9%**	**4.1%**	**4.1%**	**TFDE**	**69,337**	**78,825**	**61,236**	**47,833**
Demand, old	6.3%	8.6%	5.4%	1.0%	old	80,676	87,420	73,221	51,121
Δ	-2.1%p	0.3%p	-1.3%p	3.1%p	Δ	(11,339)	(8,596)	(11,985)	(3,288)
Utilization	**84%**	**86%**	**82%**	**78%**	**Turbine 150k**	**47,695**	**54,367**	**42,382**	**29,126**
Utilization, old	85%	87%	84%	79%	old	51,771	55,258	46,112	32,167
Δ	-1.7%p	-1.5%p	-2.5%p	-0.5%p	Δ	(4,076)	(891)	(3,730)	(3,040)

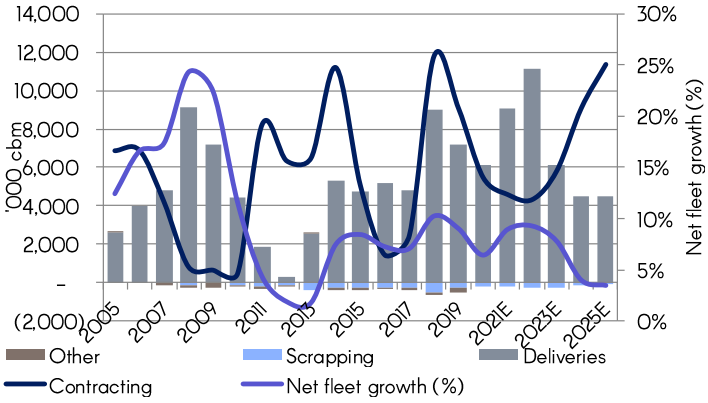
We expect seasonally weakness ahead before a rebound in 2H20E (TFDE)



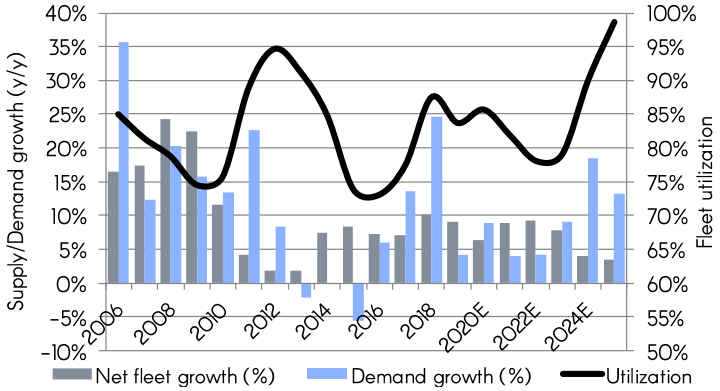
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Market Fundamentals & Forecasts

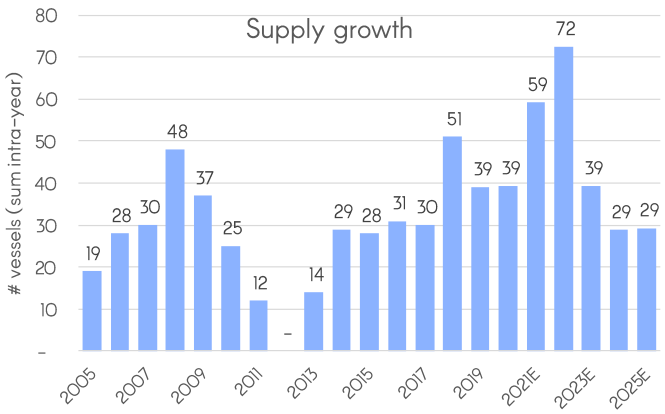
LNG Carrier supply dynamics



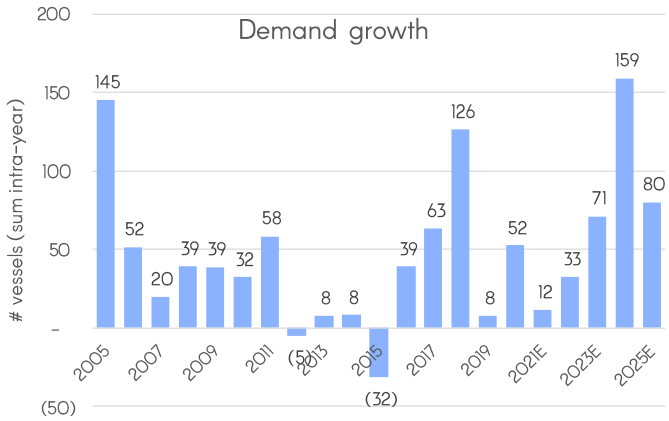
LNG Carrier supply/demand dynamics



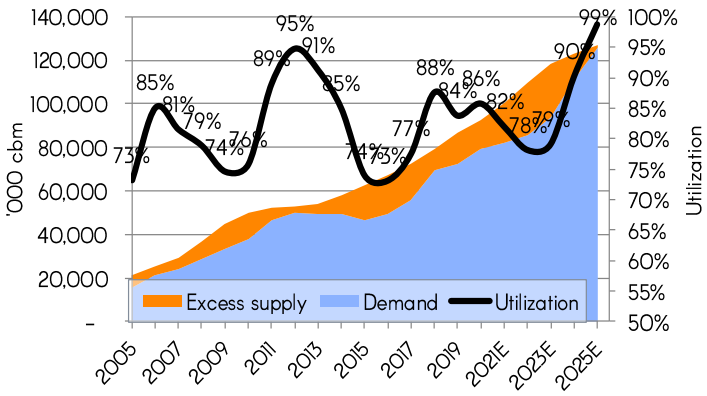
Net fleet supply growth per annum (# of vessels)



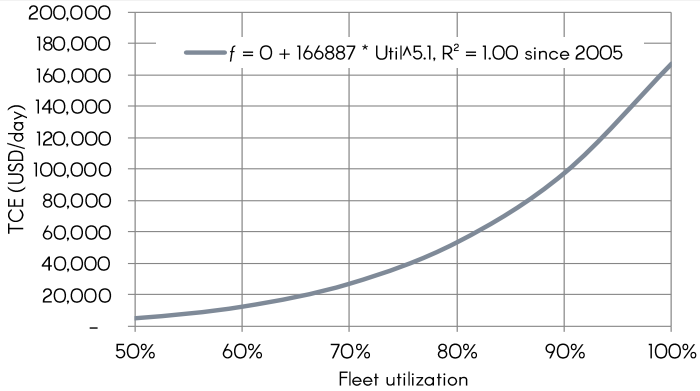
Demand growth per annum (# of vessels)



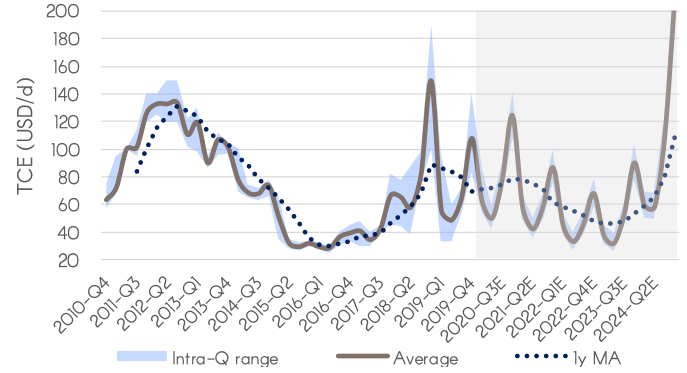
LNG Carrier supply/demand dynamics



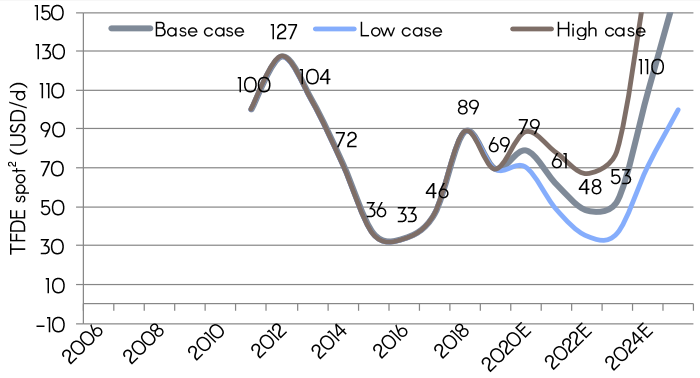
Econometrics: Spot rates vs fleet utilization



TFDE spot rates (quarterly)



LNG Carrier spot rates



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Econometric Overview

Supply/Demand ('000 cbm)																					
Base case	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	2,582	3,994	4,797	9,134	7,215	4,434	1,830	323	2,539	5,314	4,714	5,207	4,795	8,992	7,172	6,092	9,090	11,113	6,132	4,480	4,485
Scrapping[1]	–	–	(29)	(145)	–	(128)	(225)	(122)	(412)	(269)	(281)	(257)	(260)	(524)	(255)	(197)	(228)	(261)	(253)	(164)	(99)
Other[1]	0	(0)	(129)	(139)	(264)	(0)	(126)	(0)	0	(126)	(126)	(0)	(125)	(138)	(255)	(0)	(0)	(0)	0	0	0
Contracting[1]	*6,849*	*6,875*	*4,199*	*814*	*640*	*461*	*8,215*	*6,319*	*6,487*	*11,174*	*5,047*	*1,421*	*2,460*	*11,763*	*9,048*	*5,460*	*4,572*	*4,309*	*5,803*	*9,065*	*9,344*
Supply[2]	21,495	25,058	29,403	36,549	44,748	49,924	52,067	53,032	53,971	57,997	62,879	67,427	72,188	79,571	86,729	92,287	100,526	109,829	118,358	123,043	127,278
Δ y/y	*12%*	*17%*	*17%*	*24%*	*22%*	*12%*	*4%*	*2%*	*2%*	*7%*	*8.4%*	*7.2%*	*7.1%*	*10.2%*	*9.0%*	*6.4%*	*8.9%*	*9.3%*	*7.8%*	*4.0%*	*3.4%*
Demand[2]	15,710	21,301	23,936	28,785	33,336	37,795	46,325	50,234	49,209	49,206	46,429	49,245	55,924	69,651	72,590	79,078	82,316	85,731	93,532	110,858	125,637
Δ y/y		*36%*	*12%*	*20%*	*16%*	*13%*	*23%*	*8%*	*-2%*	*0%*	*-5.6%*	*6.1%*	*13.6%*	*24.5%*	*4.2%*	*8.9%*	*4.1%*	*4.1%*	*9.1%*	*18.5%*	*13.3%*
Utilization[2]	73%	85%	81%	79%	74%	76%	89%	95%	91%	85%	74%	73%	77%	88%	84%	86%	82%	78%	79%	90%	99%
Steam spot[2] (USD/d)	33,663	73,207	58,303	49,370	37,072	40,673	93,135	128,404	100,433	55,626	27,314	20,088	28,596	52,000	47,695	54,367	42,382	29,126	34,719	90,825	147,000
TFDE spot[2] (USD/d)							100,020	127,375	104,346	71,942	36,038	33,470	46,058	88,692	69,337	78,825	61,236	47,833	53,136	109,679	165,854
MEGI spot[2] (USD/d)															81,915	88,544	70,955	57,552	62,855	119,397	175,573
OB[2]	17,564	22,412	23,045	19,114	10,183	5,348	6,543	12,276	17,399	19,960	25,305	22,946	19,826	18,176	20,565	23,027	20,420	15,759	10,366	12,138	17,316
OB/Fleet[2]	82%	89%	78%	52%	23%	11%	13%	23%	32%	34%	40%	34%	27%	23%	24%	25%	20%	14%	9%	10%	14%

Low case	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	2,582	3,994	4,797	9,134	7,215	4,434	1,830	323	2,539	5,314	4,714	5,207	4,795	8,992	7,172	6,430	9,219	10,540	5,332	3,820	3,691
Scrapping[1]	–	–	(29)	(145)	–	(128)	(225)	(122)	(412)	(269)	(281)	(257)	(260)	(524)	(255)	(197)	(228)	(261)	(253)	(164)	(99)
Other[1]	0	(0)	(129)	(139)	(264)	(0)	(126)	(0)	0	(126)	(126)	(0)	(125)	(138)	(255)	(0)	(0)	(0)	0	0	0
Contracting[1]	*6,849*	*6,875*	*4,199*	*814*	*640*	*461*	*8,215*	*6,319*	*6,487*	*11,174*	*5,047*	*1,421*	*2,460*	*11,763*	*9,048*	*4,912*	*3,939*	*3,600*	*4,469*	*6,340*	*6,271*
Supply[2]	21,495	25,058	29,403	36,549	44,748	49,924	52,067	53,032	53,971	57,997	62,879	67,427	72,188	79,571	86,729	92,554	101,146	110,215	118,189	122,248	125,836
Δ y/y	*12%*	*17%*	*17%*	*24%*	*22%*	*12%*	*4%*	*2%*	*2%*	*7%*	*8.4%*	*7.2%*	*7.1%*	*10.2%*	*9.0%*	*6.7%*	*9.3%*	*9.0%*	*7.2%*	*3.4%*	*2.9%*
Demand[2]	15,710	21,301	23,936	28,785	33,336	37,795	46,325	50,234	49,209	49,206	46,429	49,245	55,924	69,651	72,590	77,626	79,252	80,955	86,702	101,029	112,475
Δ y/y		*36%*	*12%*	*20%*	*16%*	*13%*	*23%*	*8%*	*-2%*	*0%*	*-5.6%*	*6.1%*	*13.6%*	*24.5%*	*4.2%*	*6.9%*	*2.1%*	*2.1%*	*7.1%*	*16.5%*	*11.3%*
Utilization[2]	73%	85%	81%	79%	74%	76%	89%	95%	91%	85%	74%	73%	77%	88%	84%	84%	78%	73%	73%	83%	89%
Steam spot[2] (USD/d)	33,663	73,207	58,303	49,370	37,072	40,673	93,135	128,404	100,433	55,626	27,314	20,088	28,596	52,000	47,695	49,506	29,972	18,953	22,652	51,905	81,155
TFDE spot[2] (USD/d)							100,020	127,375	104,346	71,942	36,038	33,470	46,058	88,692	69,337	70,502	48,826	35,044	36,405	70,759	100,009
MEGI spot[2] (USD/d)															81,915	80,221	58,545	44,763	46,124	80,477	109,727
OB[2]	17,564	22,412	23,045	19,114	10,183	5,348	6,543	12,276	17,399	19,960	25,305	22,946	19,826	18,176	20,565	22,720	19,221	14,101	8,476	9,158	12,007
OB/Fleet[2]	82%	89%	78%	52%	23%	11%	13%	23%	32%	34%	40%	34%	27%	23%	24%	25%	19%	13%	7%	7%	10%

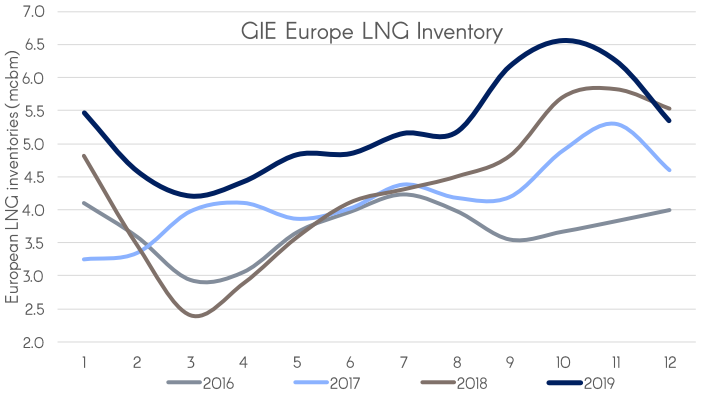
High case	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	2,582	3,994	4,797	9,134	7,215	4,434	1,830	323	2,539	5,314	4,714	5,207	4,795	8,992	7,172	5,584	8,727	11,391	7,106	5,440	5,712
Scrapping[1]	–	–	(29)	(145)	–	(128)	(225)	(122)	(412)	(269)	(281)	(257)	(260)	(524)	(255)	(197)	(228)	(261)	(253)	(164)	(99)
Other[1]	0	(0)	(129)	(139)	(264)	(0)	(126)	(0)	0	(126)	(126)	(0)	(125)	(138)	(255)	(0)	(0)	(0)	0	0	0
Contracting[1]	*6,849*	*6,875*	*4,199*	*814*	*640*	*461*	*8,215*	*6,319*	*6,487*	*11,174*	*5,047*	*1,421*	*2,460*	*11,763*	*9,048*	*6,161*	*5,482*	*5,396*	*7,894*	*13,422*	*14,284*
Supply[2]	21,495	25,058	29,403	36,549	44,748	49,924	52,067	53,032	53,971	57,997	62,879	67,427	72,188	79,571	86,729	91,919	99,582	108,771	117,923	123,496	128,749
Δ y/y	*12%*	*17%*	*17%*	*24%*	*22%*	*12%*	*4%*	*2%*	*2%*	*7%*	*8.4%*	*7.2%*	*7.1%*	*10.2%*	*9.0%*	*6.0%*	*8.3%*	*9.2%*	*8.4%*	*4.7%*	*4.3%*
Demand[2]	15,710	21,301	23,936	28,785	33,336	37,795	46,325	50,234	49,209	49,206	46,429	49,245	55,924	69,651	72,590	80,530	85,438	90,691	100,757	121,437	140,057
Δ y/y		*36%*	*12%*	*20%*	*16%*	*13%*	*23%*	*8%*	*-2%*	*0%*	*-5.6%*	*6.1%*	*13.6%*	*24.5%*	*4.2%*	*10.9%*	*6.1%*	*6.1%*	*11.1%*	*20.5%*	*15.3%*
Utilization[2]	73%	85%	81%	79%	74%	76%	89%	95%	91%	85%	74%	73%	77%	88%	84%	88%	86%	83%	85%	98%	109%
Steam spot[2] (USD/d)	33,663	73,207	58,303	49,370	37,072	40,673	93,135	128,404	100,433	55,626	27,314	20,088	28,596	52,000	47,695	59,931	59,005	48,163	60,116	151,834	252,798
TFDE spot[2] (USD/d)							100,020	127,375	104,346	71,942	36,038	33,470	46,058	88,692	69,337	88,551	77,859	67,017	78,970	170,688	271,652
MEGI spot[2] (USD/d)															81,915	98,270	87,578	76,736	88,689	180,407	281,371
OB[2]	17,564	22,412	23,045	19,114	10,183	5,348	6,543	12,276	17,399	19,960	25,305	22,946	19,826	18,176	20,565	23,381	21,868	18,123	13,407	17,109	26,098
OB/Fleet[2]	82%	89%	78%	52%	23%	11%	13%	23%	32%	34%	40%	34%	27%	23%	24%	25%	22%	17%	11%	14%	20%

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

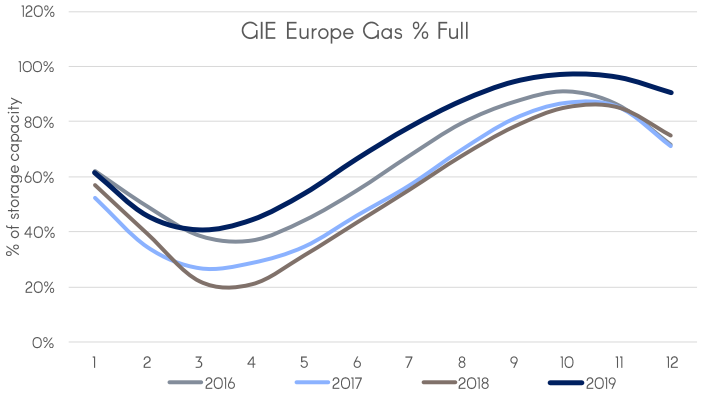
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Market Snapshots

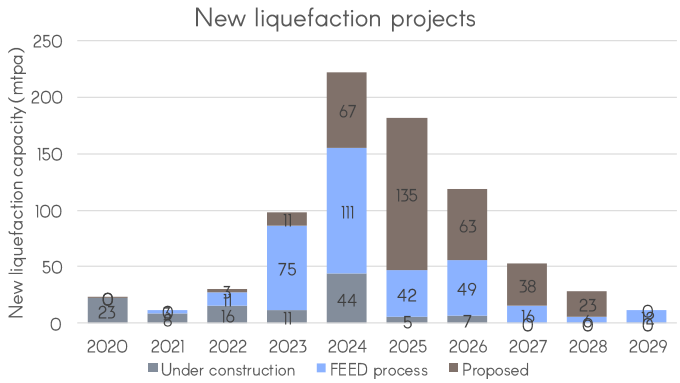
European LNG inventories



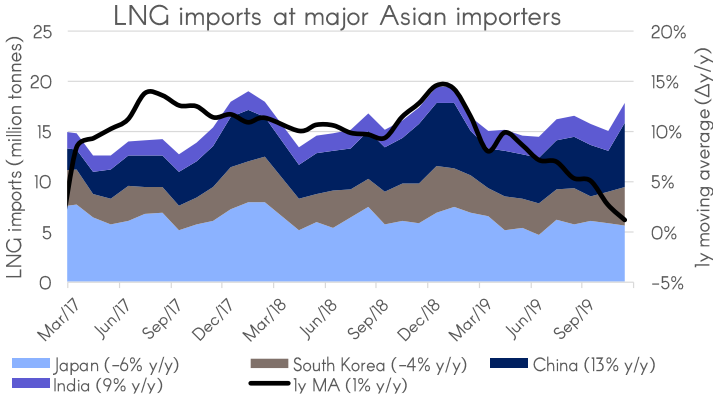
European LNG inventories: % of capacity



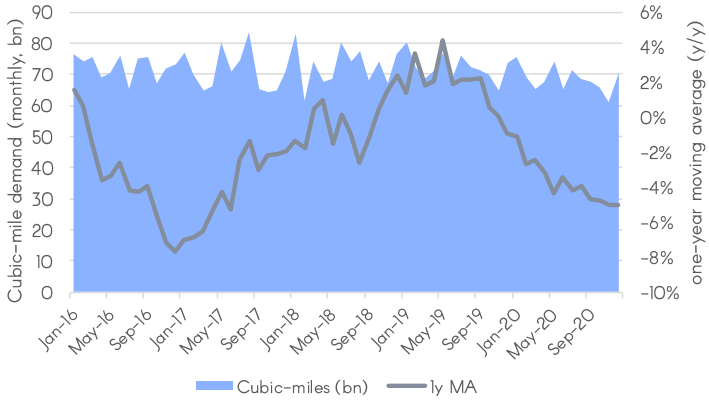
Expected & proposed new liquefaction capacity



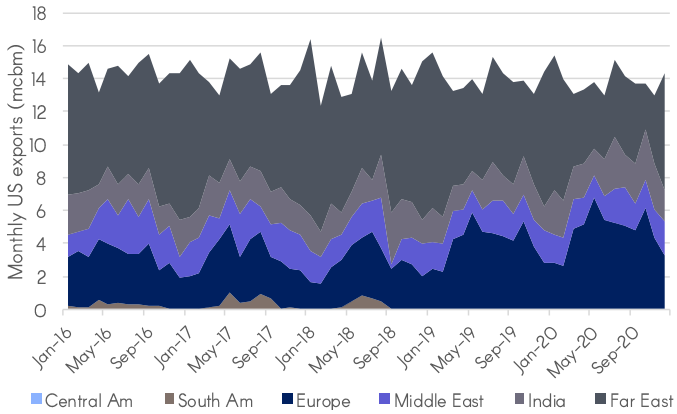
Major Asian LNG imports



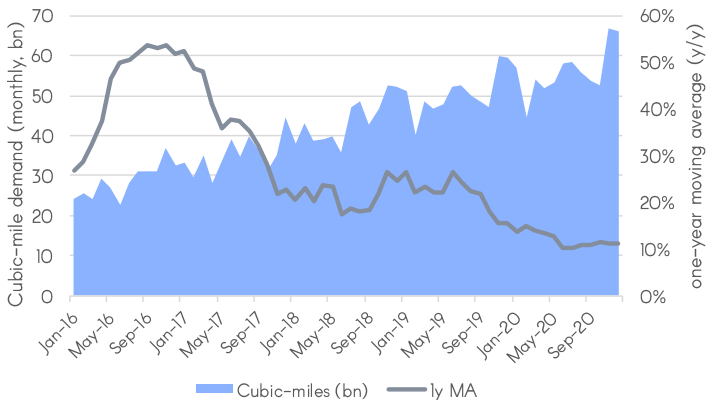
Qatari LNG exports



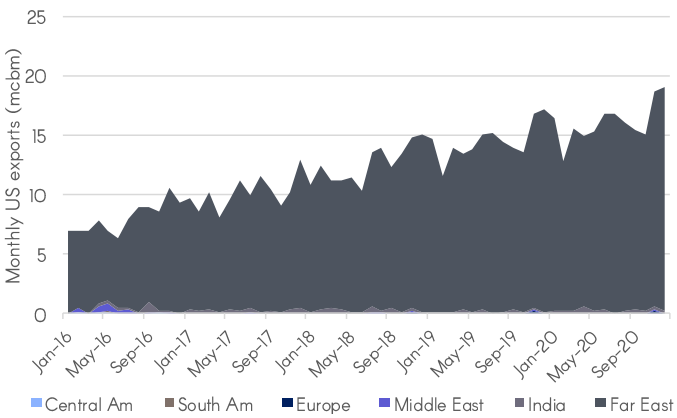
Qatari LNG exports by import destination



Australian LNG exports



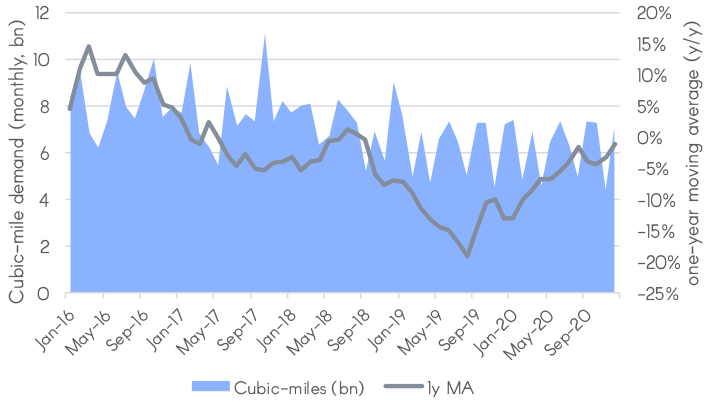
Australian LNG exports by import destination



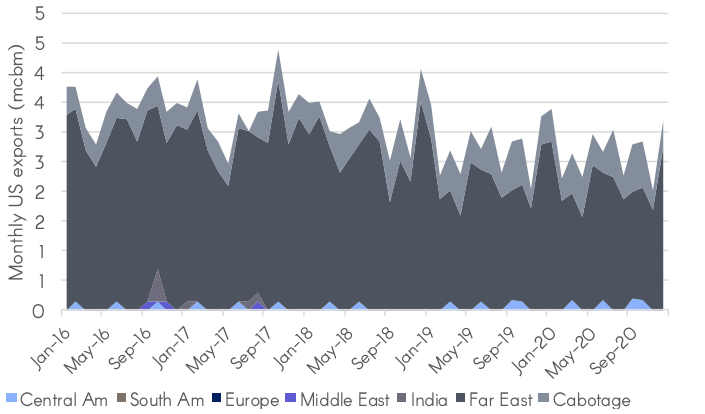
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

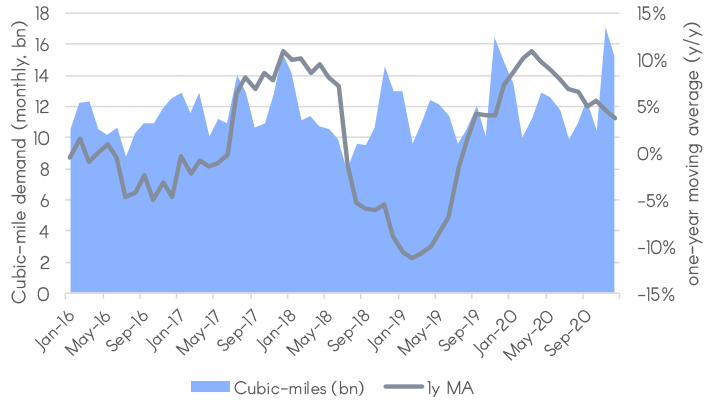
Indonesian LNG exports



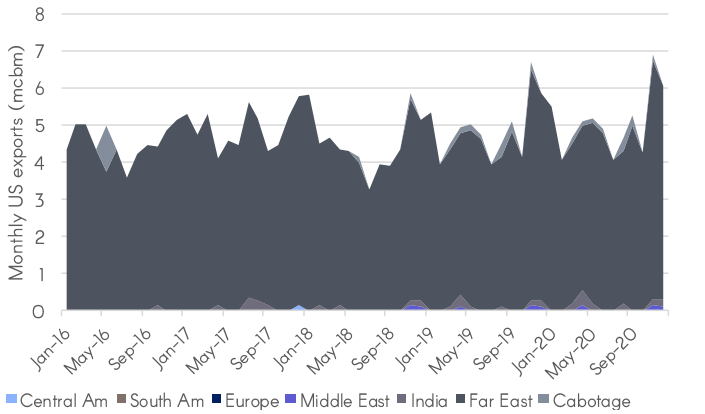
Indonesian LNG exports by import destination



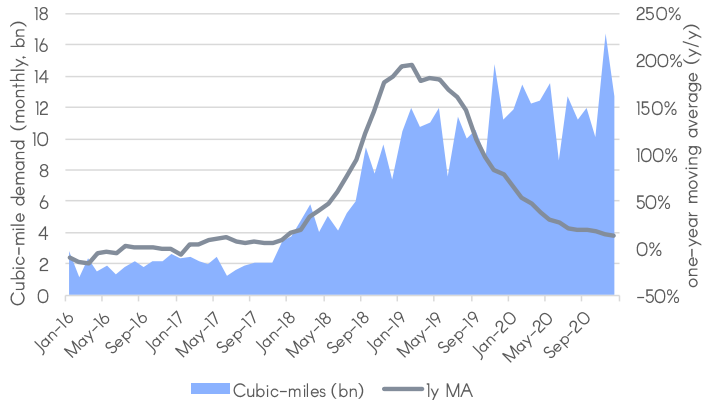
Malaysian LNG exports



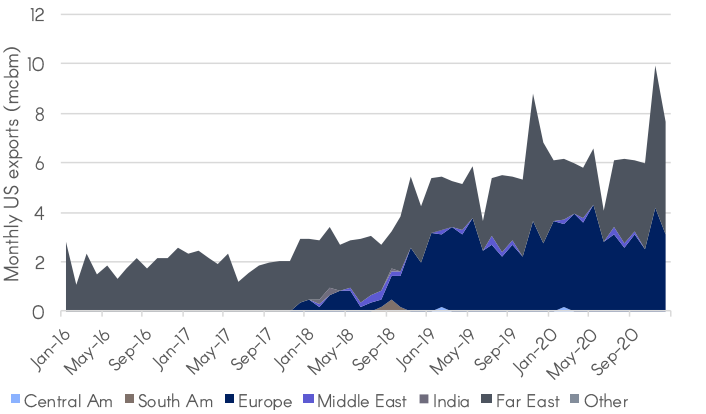
Malaysian LNG exports by import destination



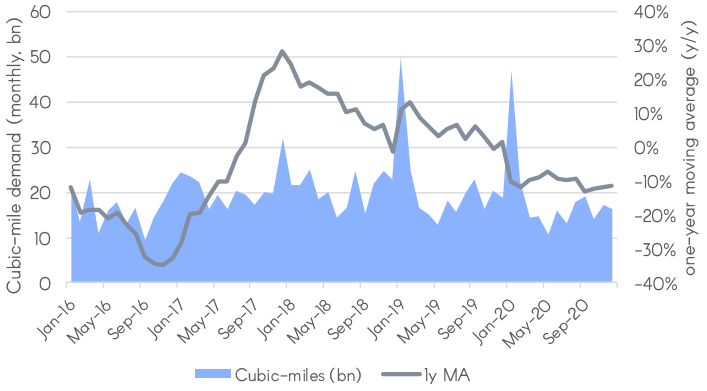
Russian LNG exports



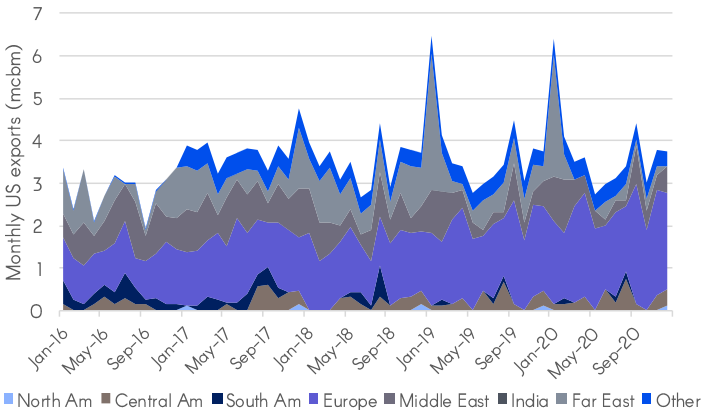
Russian LNG exports by import destination



Nigerian LNG exports



Nigerian LNG exports by import destination



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Liquefaction projects under construction

Liquefaction projects under construction					
Project	Country	Expected start up	Output (mt/pa)	Required vessels (#)	Required vessels (mcbm/pa)
Sengkang LNG Train 1	Indonesia	2020	0.5	1	0.174
PFLNG Dua	Malaysia	2020	1.5	3	0.522
Portovaya LNG (FSU)	Russia	2020	1.5	1	0.174
Yamal LNG Train 4	Russia	2020	1.0	1	0.173
Cameron LNG Train 2	United States	2020	4.5	8	1.600
Cameron LNG Train 3	United States	2020	4.5	7	1.400
Freeport LNG Trains 2-3	United States	2020	9.3	17	3.400
Tangguh LNG Train 3	Indonesia	2021	3.8	4	0.668
Corpus Christi LNG Train 3	United States	2021	4.5	5	1.000
Tortue West Ahmeyim FLNG 1	Mauritania	2022	2.5	3	0.522
Coral South FLNG 1	Mozambique	2022	3.4	4	0.696
Calcasieu Pass LNG	United States	2022	10.0	15	2.775
Arctic 2 LNG Train 1	Russia	2023	6.6	6	1.044
Sabine Pass Train 6	United States	2023	4.5	8	1.600
LNG Canada	Canada	2024	14.0	14	2.800
Mozambique LNG	Mozambique	2024	12.9	16	2.784
Arctic 2 LNG Train 2	Russia	2024	6.6	6	1.044
Golden Pass LNG Train 1	United States	2024	5.2	9	1.800
Golden Pass LNG Train 2	United States	2024	5.2	9	1.800
Golden Pass LNG Train 3	United States	2025	5.2	9	1.800
Arctic 2 LNG Train 3	Russia	2026	6.6	5	0.870
SUM			114	151	28.6

Source: Shipping Intelligence Network

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Liquefaction projects with FEED status and/or with agreements signed

Liquefaction projects in FEED process underway and/or agreements signed					
Project	Country	Expected start up	Output (mt/pa)	Required vessels (#)	Required vessels (mcbm/pa)
Eagle LNG	United States	2021	0.9	1	0.040
Port Fourchon LNG Phase 1	United States	2021	2.0	2	0.360
Western FLNG	Canada	2022	1.5	2	0.348
Cameron LNG Trains 4-5	United States	2022	10.0	9	1.800
Woodfibre LNG	Canada	2023	2.1	3	0.522
Driftwood LNG 1	United States	2023	5.5	6	1.200
Driftwood LNG 2	United States	2023	5.5	6	1.200
Freeport LNG Train 4	United States	2023	5.1	5	1.000
Plaquemines LNG	United States	2023	10.0	10	1.820
Plaquemines LNG Phase 2	United States	2023	10.0	10	1.820
Port Arthur LNG	United States	2023	13.5	14	2.436
Port Delfin FLNG 1	United States	2023	3.3	4	0.696
Rio Grande LNG Phase 1	United States	2023	13.5	16	2.784
Texas LNG	United States	2023	2.0	4	0.720
West Delta LNG	United States	2023	5.0	5	0.900
Equus (FLNG)	Australia	2024	2.0	2	0.348
NewAge Cameroon FLNG	Cameroon	2024	1.4	2	0.348
Bear Head LNG	Canada	2024	8.0	8	1.600
Goldboro LNG	Canada	2024	10.0	10	1.820
NewAge Congo (FLNG)	Congo	2024	1.0	1	0.174
Djibouti FLNG	Djibouti	2024	3.0	3	0.522
Leviathan FLNG	Israel	2024	4.5	5	0.870
Nigeria LNG Train 7	Nigeria	2024	7.5	8	1.160
North Field Expansion Train 1	Qatar	2024	7.8	10	2.000
North Field Expansion Train 2	Qatar	2024	7.8	10	2.000
North Field Expansion Train 3	Qatar	2024	7.8	10	2.000
Baltic LNG	Russia	2024	10.0	10	1.740
Annova LNG	United States	2024	6.0	6	1.062
Commonwealth LNG	United States	2024	8.4	9	1.800
Gulf LNG Phase 1	United States	2024	5.8	5	0.910
Magnolia LNG Trains 1-2	United States	2024	4.4	4	0.728
Monkey Island LNG	United States	2024	15.8	16	2.912
Pluto LNG Expansion (Scarborough)	Australia	2025	4.5	5	0.900
Mamba LNG	Mozambique	2025	7.6	10	1.740
North Field Expansion Train 4	Qatar	2025	7.8	10	2.000
Gulf LNG Phase 2	United States	2025	5.8	5	0.910
Lake Charles LNG Train 1	United States	2025	5.5	5	0.910
Magnolia LNG Trains 3-4	United States	2025	4.4	4	0.728
Pointe LNG	United States	2025	6.0	6	1.200
Sakhalin I LNG	Russia	2026	6.2	6	1.044
Lake Charles LNG Train 2	United States	2026	5.5	5	0.910
Main Pass FLNG	United States	2026	24.0	24	4.176
Rio Grande LNG Phase 2	United States	2026	13.5	16	2.784
North Field Expansion Train 5	Qatar	2027	7.8	10	2.000
North Field Expansion Train 6	Qatar	2027	7.8	10	2.000
Lake Charles LNG Train 3	United States	2028	5.5	5	0.910
Kitimat LNG Phase 1	Canada	2029	12.0	10	1.740
SUM			325	347	63.6

Source: Shipping Intelligence Network

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Proposed liquefaction projects

Proposed liquefaction projects					
Project	Country	Expected start up	Output (mt/pa)	Required vessels (#)	Required vessels (mcbm/pa)
Nacala FLNG	Mozambique	2020	0.2	1	0.174
WesPac LNG	Canada	2022	0.3	1	0.090
Donggi Senoro LNG Phase 2	Indonesia	2022	0.7	1	0.174
Vysotsk LNG Train 3	Russia	2022	0.3	1	0.022
Corpus Christi LNG Train 4	United States	2022	1.4	2	0.400
Tortue West Ahmeyim FLNG 2	Mauritania	2023	2.5	3	0.522
Puerto Libertad LNG	Mexico	2023	3.0	3	0.546
Daru Island FLNG	Papua N. Guinea	2023	1.5	2	0.348
Corpus Christi LNG Train 5	United States	2023	1.4	2	0.400
Port Fourchon LNG Phase 2	United States	2023	3.0	3	0.540
Patagonia LNG	Argentina	2024	4.2	5	0.870
Arnhem/Pinhoe (FLNG)	Australia	2024	1.5	2	0.348
Queensland Curtis LNG Train 3	Australia	2024	3.5	4	0.740
Tallaganda/Bunyip (FLNG)	Australia	2024	1.5	2	0.348
AC LNG Canada	Canada	2024	13.5	14	2.436
Energie Saguenay LNG	Canada	2024	11.0	11	2.200
Coral South FLNG 2	Mozambique	2024	3.4	4	0.696
Palendag/Dabakan FLNG	Philippines	2024	1.5	2	0.348
Black Sea LNG	Russia	2024	0.5	2	0.044
Obsky LNG	Russia	2024	4.8	5	0.850
Vladivostok LNG	Russia	2024	1.5	2	0.348
Corpus Christi LNG Train 6	United States	2024	1.4	2	0.400
Delta LNG Phase 1	United States	2024	10.0	10	1.740
Driftwood LNG 3	United States	2024	5.5	6	1.092
Port Delfin FLNG 2	United States	2024	3.3	4	0.696
Gorgon LNG Train 4	Australia	2025	5.2	3	0.600
Kitsault Energy	Canada	2025	24.0	24	4.176
Kwispaa LNG	Canada	2025	12.0	12	2.088
Stewart (FLNG)	Canada	2025	3.0	3	0.522
Vasiliko LNG Export	Cyprus	2025	5.0	5	0.870
Chabahar LNG	Iran	2025	1.5	2	0.348
Iran LNG	Iran	2025	10.8	11	1.914
Pandora (FLNG)	Papua N. Guinea	2025	1.0	1	0.174
Papua LNG	Papua N. Guinea	2025	8.0	8	1.392
Pechora LNG	Russia	2025	4.0	4	0.696
Tortue West Ahmeyim FLNG 3	Senegal	2025	2.0	2	0.348
Alaska LNG	United States	2025	20.0	20	4.000
Corpus Christi LNG Train 7	United States	2025	1.4	2	0.400
Delta LNG Phase 2	United States	2025	10.0	10	1.740
Driftwood LNG 4	United States	2025	5.5	6	1.092
Jordan Cove Energy Project	United States	2025	7.8	8	1.392
Port Arthur LNG Phase 2	United States	2025	13.5	14	2.436
Vaca Muerta LNG	Argentina	2026	5.0	5	0.870
Cedar (FLNG)	Canada	2026	4.0	4	0.696
Orca FLNG Trains 1-6	Canada	2026	24.0	24	4.176
Mamba Phase 2 FLNG 1	Mozambique	2026	2.0	2	0.348
Nigeria LNG Train 8	Nigeria	2026	7.1	8	1.160
Kumul (FLNG)	Papua N. Guinea	2026	1.5	2	0.348
Sakhalin II Expansion	Russia	2026	5.4	6	1.044
Corpus Christi LNG Train 8	United States	2026	1.4	2	0.400
Driftwood LNG 5	United States	2026	5.5	6	1.092
Port Delfin FLNG 3	United States	2026	3.3	4	0.696
Qilak LNG	United States	2026	4.0	4	0.696
Darwin LNG Phase 2	Australia	2027	6.3	7	1.015
Boudji FLNG	Gabon	2027	2.0	2	0.348
Abadi LNG Project	Indonesia	2027	9.5	10	1.740
Tortue West Ahmeyim FLNG 4	Senegal	2027	2.0	2	0.348
Corpus Christi LNG Train 9	United States	2027	1.4	2	0.400
Galveston Bay LNG	United States	2027	16.5	17	2.958
Ichthys LNG Train 3	Australia	2028	4.5	5	1.000
Mamba Phase 2 FLNG 2	Mozambique	2028	2.0	2	0.348
Tanzania Block 1 (FLNG)	Tanzania	2028	2.0	2	0.348
Tanzania LNG	Tanzania	2028	10.0	10	1.740
Corpus Christi LNG Train 10	United States	2028	1.4	2	0.400
Port Delfin FLNG 4	United States	2028	3.3	4	0.696
Discovery LNG	Canada	2030	20.0	20	3.480
Greater Sunrise LNG	Timor-Leste	2030	8.0	8	1.392
Kitimat LNG Phase 2	Canada	2032	6.0	5	0.870
SUM			374	394	69.2

Source: Shipping Intelligence Network

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

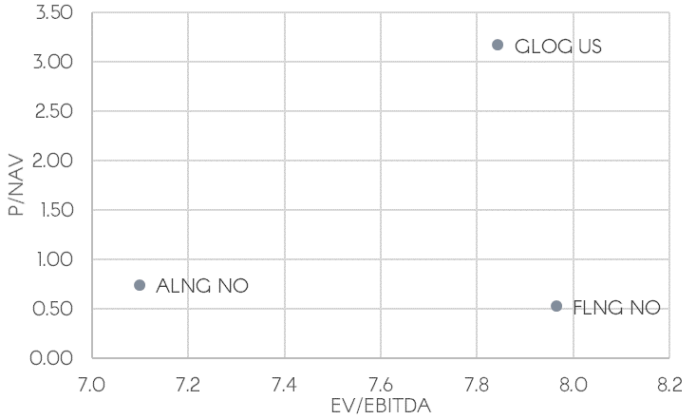
Peer Group

(compiled 15 January 2020)

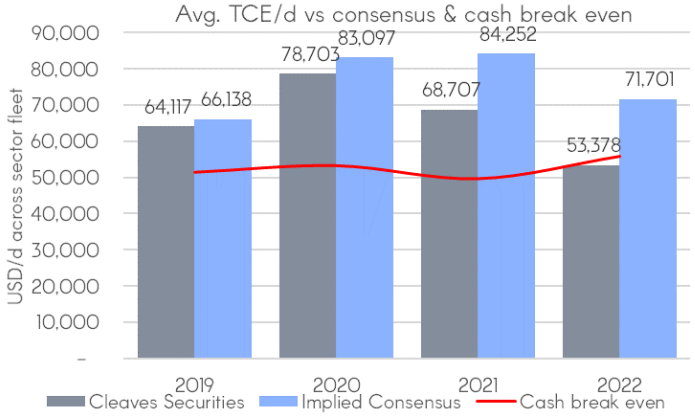
Peer table

						P/NAV					EV/	adj.	EV/EBITDA				P/E (adj.)			
USDm	Mcap	Turnover	P/sh	TP	+/-	NAV	Now	1y fwd	0%	ε	GAV	Equity	2019	2020	2021	2022	2019	2020	2021	2022
ALNG NO	40	0.0	2.7	2.3	-14%	3.6	0.74	0.60	0.74	0.55	0.95	17%	12.3	7.1	12.4	19.4		3.8		
FLNG NO	511	3.8	84	132	58%	160	0.52	0.49	0.52	0.27	0.82	37%	13.5	8.0	9.4	19.3	20.7	4.4	11.8	
GLOG US	761	5.4	9.4	14.0	49%	3.0	3.17	2.49	3.17	2.30	1.09	4%	8.4	7.8	8.3	9.8	25.3	7.8	16.0	
Average	437	3.1			31%		1.48	1.19	1.48	1.04	0.96	19%	11.4	7.6	10.0	16.1	23.0	5.3	13.9	####
Median	511	3.8			49%		0.74	0.60	0.74	0.55	0.95	17%	12.3	7.8	9.4	19.3	23.0	4.4	13.9	####

P/NAV vs EV/EBITDA (2020E)

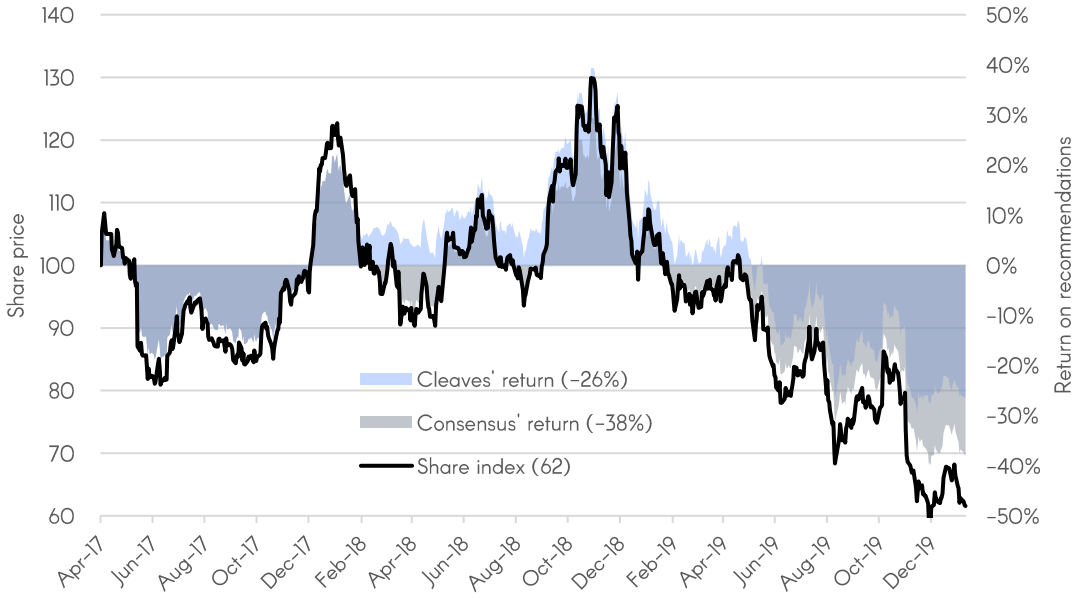


Cleaves' average TCE/d forecast vs consensus



Since our re-initiation of LNG shipping early 2017, we have generated a -26% loss on our recommendations vs the market at -38% and consensus at -38%.

Cleaves' return vs consensus and our LNG shipping index



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Detailed changes to our supply/demand balance

New Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	4,714	5,207	4,795	8,992	7,172	6,092	9,090	11,113	6,132	4,480	4,485
Scrapping[1]	(281)	(257)	(260)	(524)	(255)	(197)	(228)	(261)	(253)	(164)	(99)
Other[1]	(126)	(0)	(125)	(138)	(255)	(0)	(0)	(0)	0	0	0
Contracting[1]	*5,047*	*1,421*	*2,460*	*11,763*	*9,048*	*5,460*	*4,572*	*4,309*	*5,803*	*9,065*	*9,344*
Supply[2]	62,879	67,427	72,188	79,571	86,729	92,287	100,526	109,829	118,358	123,043	127,278
Δ y/y	*8%*	*7%*	*7%*	*10%*	*9%*	*6%*	*9%*	*9%*	*8%*	*4%*	*3%*
Demand[2]	46,429	49,245	55,924	69,651	72,590	79,078	82,316	85,731	93,532	110,858	125,637
Δ y/y	*-6%*	*6%*	*14%*	*25%*	*4%*	*9%*	*4%*	*4%*	*9%*	*19%*	*13%*
Utilization[2]	74%	73%	77%	88%	84%	86%	82%	78%	79%	90%	99%
Steam spot[2] (USD/d)	27,314	20,088	28,596	52,000	47,695	54,367	42,382	29,126	34,719	90,825	147,000
TFDE spot[2] (USD/d)	36,038	33,470	46,058	88,692	69,337	78,825	61,236	47,833	53,136	109,679	165,854
MEGI spot[2] (USD/d)	–	–	–	–	81,915	88,544	70,955	57,552	62,855	119,397	175,573
OB[2]	25,305	22,946	19,826	18,176	20,565	23,027	20,420	15,759	10,366	12,138	17,316
OB/Fleet[2]	40%	34%	27%	23%	24%	25%	20%	14%	9%	10%	14%

[1]Sum during period [2]Average during period

Old Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	4,714	5,207	4,795	8,992	7,276	5,818	9,301	8,336	6,093	4,480	4,485
Scrapping[1]	(281)	(257)	(260)	(524)	(280)	(185)	(208)	(258)	(250)	(164)	(99)
Other[1]	(126)	(0)	(125)	(138)	(128)	(0)	(0)	0	0	0	0
Contracting[1]	*5,047*	*1,422*	*2,460*	*11,762*	*7,097*	*5,922*	*4,952*	*4,522*	*4,840*	*9,065*	*9,344*
Supply[2]	62,877	67,425	72,186	79,569	86,735	92,216	100,449	108,998	115,733	123,043	127,278
Δ y/y	*3%*	*7%*	*7%*	*10%*	*9%*	*6%*	*9%*	*9%*	*6%*	*4%*	*3%*
Demand[2]	46,428	49,243	55,922	69,649	74,047	80,416	84,762	85,610	91,828	110,858	125,637
Δ y/y	*-6%*	*6%*	*14%*	*25%*	*6%*	*9%*	*5%*	*1%*	*7%*	*19%*	*13%*
Utilization[2]	74%	73%	77%	88%	85%	87%	84%	79%	79%	90%	99%
Steam spot[2] (USD/d)	27,314	20,088	28,596	52,000	48,994	56,734	54,367	32,494	35,221	90,825	147,000
TFDE spot[2] (USD/d)	36,038	33,470	46,058	88,692	80,676	87,420	73,221	51,121	54,075	109,679	165,854
MEGI spot[2] (USD/d)	–	–	–	–	92,268	99,399	85,199	63,099	66,054	119,397	175,573
OB[2]	25,305	22,946	19,827	18,177	20,335	20,239	18,264	13,920	10,989	12,138	17,316
OB/Fleet[2]	40%	34%	27%	23%	23%	22%	18%	13%	9%	10%	14%

[1]Sum during period [2]Average during period

Δ Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	–	–	–	(0)	(104)	274	(211)	2,776	39	–	–
Scrapping[1]	–	–	–	–	25	(12)	(20)	(3)	(3)	–	–
Other[1]	–	0	(0)	0	(128)	0	0	(0)	0	–	–
Contracting[1]	*0*	*(1)*	*0*	*1*	*1,951*	*(462)*	*(380)*	*(213)*	*963*	–	–
Supply[2]	2	2	2	2	(6)	71	77	831	2,626	–	–
Δ y/y	*5%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*2%*	*0%*	*0%*
Demand[2]	2	2	2	2	(1,457)	(1,338)	(2,446)	121	1,704	–	–
Δ y/y	*0%*	*0%*	*0%*	*0%*	*-2%*	*0%*	*-1%*	*3%*	*2%*	*0%*	*0%*
Utilization[2]	0%	0%	0%	0%	-2%	-2%	-2%	0%	0%	0%	0%
Steam spot[2] (USD/d)	–	–	–	–	(1,298)	(2,366)	(11,985)	(3,368)	(502)	–	–
TFDE spot[2] (USD/d)	–	–	–	–	(11,339)	(8,596)	(11,985)	(3,288)	(939)	–	–
MEGI spot[2] (USD/d)	–	–	–	–	(10,353)	(10,855)	(14,245)	(5,548)	(3,199)	–	–
OB[2]	(0)	(1)	(1)	(1)	231	2,788	2,156	1,840	(622)	–	–
OB/Fleet[2]	0%	0%	0%	0%	0%	3%	2%	2%	-1%	0%	0%

[1]Sum during period [2]Average during period

Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries[1]	0%	0%	0%	0%	-1%	5%	-2%	33%	1%	0%	0%
Scrapping[1]	0%	0%	0%	0%	-9%	6%	9%	1%	1%	0%	0%
Other[1]	0%	0%	0%	0%	100%	-53%	-71%	-136%	556%	0%	0%
Contracting[1]	*0%*	*0%*	*0%*	*0%*	*27%*	*-8%*	*-8%*	*-5%*	*20%*	*0%*	*0%*
Supply[2]	0%	0%	0%	0%	0%	0%	0%	1%	2%	0%	0%
Δ y/y	*181%*	*0%*	*0%*	*0%*	*0%*	*1%*	*0%*	*9%*	*26%*	*0%*	*0%*
Demand[2]	0%	0%	0%	0%	-2%	-2%	-3%	0%	2%	0%	0%
Δ y/y	*0%*	*0%*	*0%*	*0%*	*-33%*	*4%*	*-24%*	*315%*	*25%*	*0%*	*0%*
Utilization[2]	0%	0%	0%	0%	-2%	-2%	-3%	-1%	0%	0%	0%
Steam spot[2] (USD/d)	0%	0%	0%	0%	-3%	-4%	-22%	-10%	-1%	0%	0%
TFDE spot[2] (USD/d)	0%	0%	0%	0%	-14%	-10%	-16%	-6%	-2%	0%	0%
MEGI spot[2] (USD/d)					-11%	-11%	-17%	-9%	-5%	0%	0%
OB[2]	0%	0%	0%	0%	1%	14%	12%	13%	-6%	0%	0%
OB/Fleet[2]	0%	0%	0%	0%	1%	14%	12%	12%	-8%	0%	0%

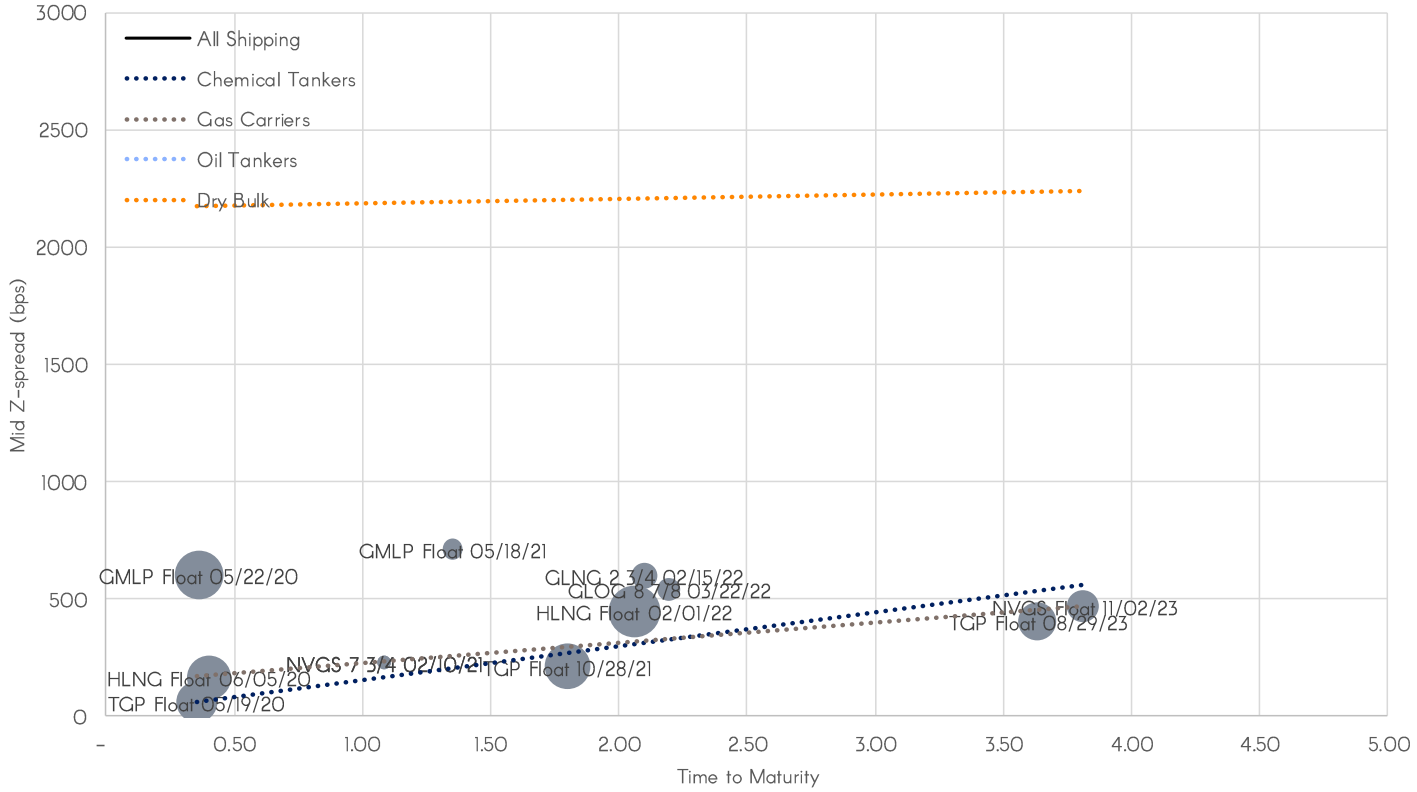
[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

The Credit Market

Gas Carrier bond pricing (by amount outstanding)



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Company Financials (annual estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ALNG NO	36	49	33	25	24	37	20	13	11	23	7	0	-10	11	-4	-11
FLNG NO	119	260	264	164	86	215	201	100	57	169	126	23	25	116	43	-62
GLOG US	635	756	751	663	456	560	535	443	289	378	342	250	28	106	48	-43
Average	263	355	349	284	189	271	252	185	119	190	158	91	14	78	29	-39
Median	119	260	264	164	86	215	201	100	57	169	126	23	25	106	43	-43

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ALNG NO	350	337	324	311	19	25	14	-2	379	371	348	318	105	116	112	101
FLNG NO	1,497	2,131	2,314	2,237	79	121	149	78	1,592	2,269	2,479	2,332	840	926	926	821
GLOG US	4,994	5,582	5,627	5,434	192	255	316	289	5,294	5,945	6,052	5,831	1,844	1,902	1,902	1,810
Average	2,280	2,683	2,755	2,661	97	134	160	122	2,422	2,862	2,960	2,827	930	981	980	910
Median	1,497	2,131	2,314	2,237	79	121	149	78	1,592	2,269	2,479	2,332	840	926	926	821

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2020	2021	2020	2021
ALNG NO	1	24	9	2	0	24	9	2	-6	5	-10	-17	72,443	58,786	59,664	58,533
FLNG NO	43	162	117	15	-249	-518	-140	15	24	43	27	-70	93,270	74,095	45,277	40,602
GLOG US	212	289	242	150	-234	-481	3	150	-143	63	61	-28	70,018	61,733	54,537	128,688
Average	85	158	122	56	-161	-325	-43	56	-42	37	26	-38	78,577	64,872	53,159	75,941
Median	43	162	117	15	-234	-481	3	15	-6	43	27	-28	72,443	61,733	54,537	58,533

Company Financials (quarterly estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
ALNG NO	14	15	7	11	11	12	4	8	8	8	0	4	3	5	-3	1
FLNG NO	53	33	31	69	44	24	21	57	35	16	12	44	25	6	1	30
GLOG US	172	158	162	190	127	113	114	140	83	69	69	94	15	4	5	25
Average	80	69	67	90	61	50	46	68	42	31	27	47	14	5	1	19
Median	53	33	31	69	44	24	21	57	35	16	12	44	15	5	1	25

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
ALNG NO	350	347	344	340	19	23	19	19	379	380	372	369	105	110	108	109
FLNG NO	1,497	1,488	1,626	2,018	79	75	50	55	1,592	1,579	1,693	2,089	840	833	831	861
GLOG US	4,994	4,971	5,236	5,340	192	126	150	141	5,294	5,205	5,494	5,589	1,844	1,836	1,829	1,842
Average	2,280	2,269	2,402	2,566	97	74	73	71	2,422	2,388	2,520	2,682	930	926	923	937
Median	1,497	1,488	1,626	2,018	79	75	50	55	1,592	1,579	1,693	2,089	840	833	831	861

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	1Q20	2Q20	1Q20	2Q20
ALNG NO	6	8	1	4	6	8	1	4	5	4	-4	0	87,500	40,071	60,283	59,847
FLNG NO	34	14	10	42	34	14	-137	-362	22	-4	-25	5	82,051	75,056	45,484	49,038
GLOG US	58	47	50	72	48	27	-260	-78	8	-66	24	-9	63,959	62,114	66,915	44,717
Average	33	23	20	40	29	17	-132	-145	12	-22	-1	-2	77,837	59,080	57,561	51,201
Median	34	14	10	42	34	14	-137	-78	8	-4	-4	0	82,051	62,114	60,283	49,038

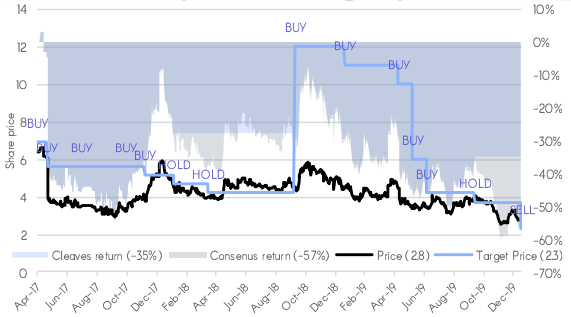
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Successfully refinanced debt, but cash break-even is still too high. With a challenging market from 2021E, maintaining liquidity will be key

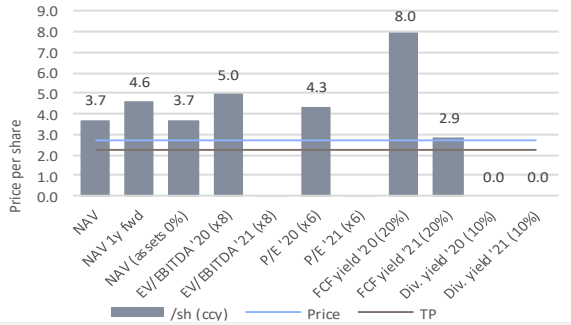
ALNG-NO SELL/N2.3

Awilco LNG

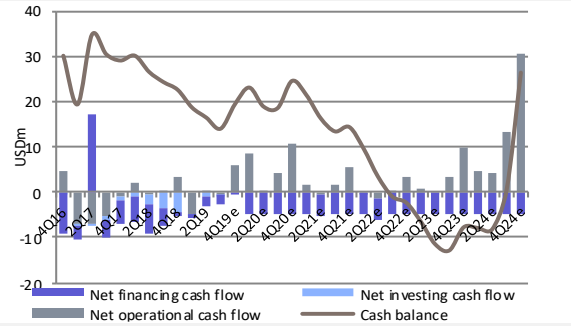
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	36	49	33	25
EBITDA (adj.)	24	37	20	13
EBIT (adj.)	11	23	7	-0
PTP (adj.)	-10	11	-4	-11
Net earnings (adj.)	-10	11	-4	-11
EPS (adj.)	-0.07	0.08	-0.03	-0.08
DPS	-	-	-	-

USDm	2019E	2020E	2021E	2022E
Fwd NAV	62	77	78	71
Adj. equity ratio	0	0	0	0
FCF yield	1%	58%	21%	5%
Dividend yield	0%	0%	0%	0%
EV/EBITDA	12.3	7.1	12.4	19.4
P/E (adj.)		3.8		

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	1	24	9	2
Free cash flow	0	24	9	2
Net cash flow	-6	5	-10	-17
TCE/day	57,956	72,443	58,786	45,919
Cash break-even	56,463	59,664	58,533	57,303
Liquidity	19	25	14	-2
Property & Equip. (incl. NBs	350	337	324	311
Total equity	105	116	112	101
Total assets	379	371	348	318
Interest bearing debt	262	243	224	205
Net interest bearing debt	242	218	210	208
Market Cap.	41	41	41	41
Enterprise value	283	259	251	249

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Preview

P&L

4Q19 Preview			4Q19		Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	10.4	11.1	14.3	16.8				
EBITDA (adj.)	7.1	7.9	11.1	12.8				
EBIT (adj.)	3.9	4.6	7.8	9.6				
PTP (adj.)	-1.2	-0.3	2.7	4.2				
Net earnings (adj.)	-1.2	-0.3	2.7	4.2				
EPS (adj.)	-0.01	-0.00	0.02	0.03				
DPS	-	-	-	-				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	10.4	11.1	14.3	16.8				
Opex & G&A	3.3	3.2	3.2	4.0				
Depreciation	3.2	3.3	3.3	3.2				
Net finance	5.1	4.9	5.1	5.4				
Taxes & Minorities	-	-	-	-				

CF & BS

4Q19 Preview					Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	77,170	69,500	84,007	98,629				
Utilization	73.1%	86.7%	92.4%					
Fleet days	184	184	184					
Cash break-even	51,005	57,130	57,133					
Liquidity	23	14	19					
Interest bearing debt	267	262	262					

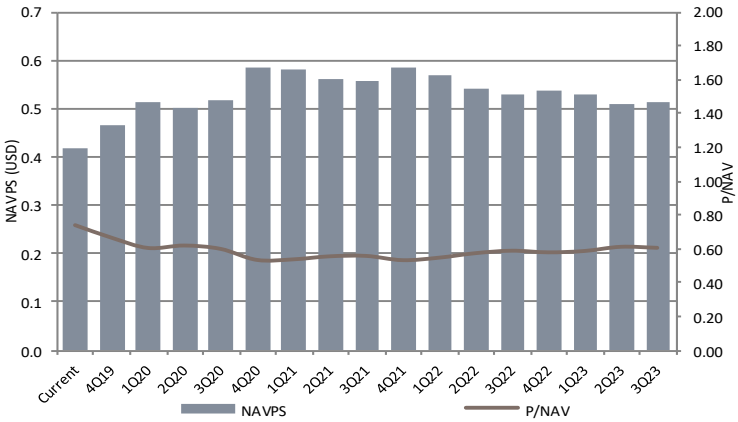
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Company Valuation

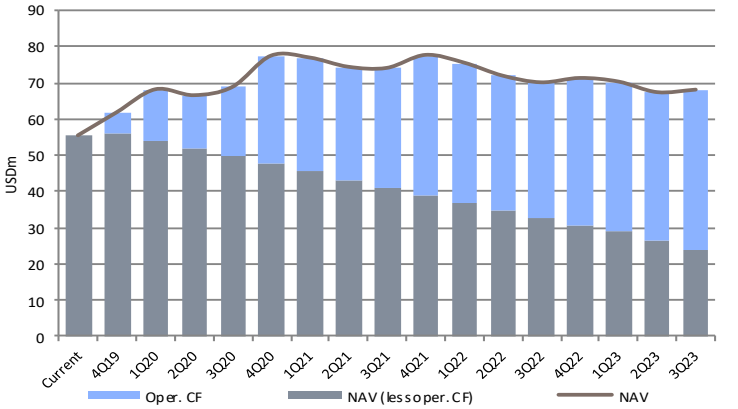
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	353	307	293
Contract value	0	-1	-1
Other	6	6	6
GAV	359	312	298
Net debt	-248	-248	-248
Capex	0	0	0
Other	-9	-9	-9
Equity	103	56	41
Shares	133	133	133
Equity/sh	0.77	0.42	0.31
Icl CCY	6.86	3.71	2.75
P/Equity	0.40	0.74	1.00
EV/GAV	0.83	0.95	1.00
Adj. Total Assets	377	331	317
Adj. Equity Ratio	27%	17%	13%
Fair Value	NOK	2.3	-17%
	USD	0.26	

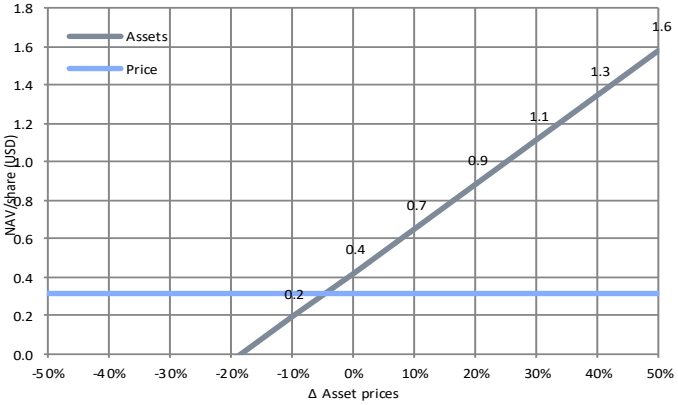
Quarterly forward NAV & P/NAV



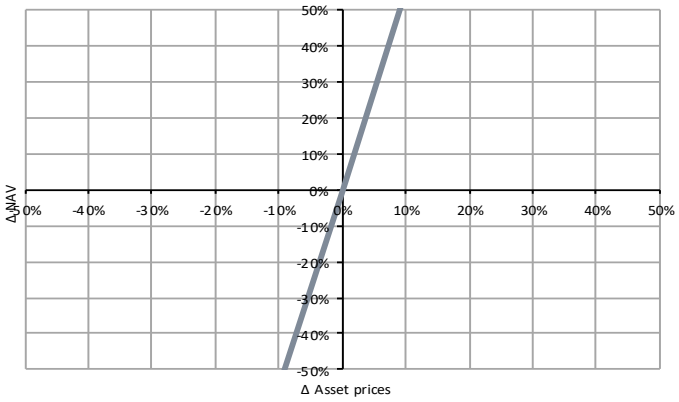
Quarterly forward NAV decomposition



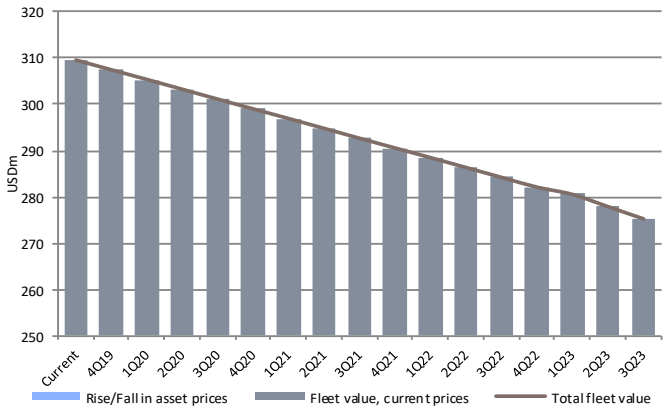
Impact on NAV/sh from % change in asset prices



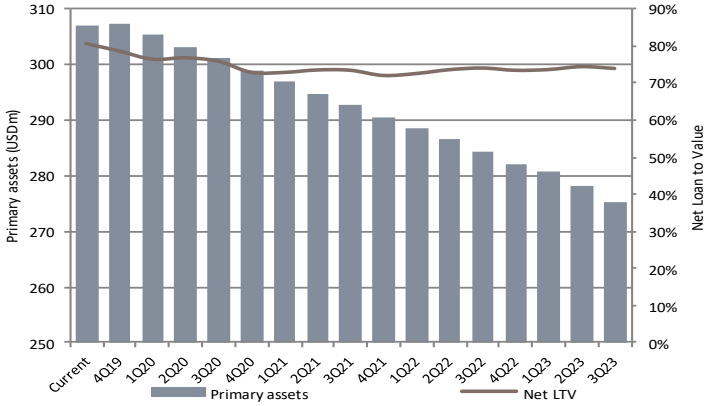
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	36	49	33	25	39	49	39	28	-3	-0	-7	-2
EBITDA (adj.)	24	37	20	13	26	37	27	15	-2	-0	-7	-2
EBIT (adj.)	11	23	7	-0	14	25	15	3	-3	-1	-8	-3
PTP (adj.)	-10	11	-4	-11	-8	4	-5	-16	-2	7	1	5
Net earnings (adj.)	-10	11	-4	-11	-8	4	-5	-16	-2	7	1	5
EPS (adj.)	-0.07	0.08	-0.03	-0.08	-0.05	0.03	-0.04	-0.12	-0.02	0.05	0.00	0.04
DPS	-	-	-	-	0	0	0.017	0.01	-	-	-0.02	-0.01

	2019E	2020E	2021E	2022E
TCE revenue	-2.5	-0.3	-6.8	-2.4
Opex & G&A	-0.1	-0.3	-0.3	-0.3
Depreciation	0.5	1.1	1.0	1.0
Net finance	-0.8	-8.4	-8.2	-8.1
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	1	24	9	2	6	16	7	-4	-5	8	2	6
Free cash flow	0	24	9	2	6	16	7	-4	-6	8	2	6
Net cash flow	-6	5	-10	-17	1	2	-8	-18	-7	3	-2	2
TCE/day	57,956	72,443	58,786	45,919	61,157	72,822	70,292	49,076	-3,201	-378	-11,506	-3,156
Cash break-even	56,463	59,664	58,533	57,303	57,023	63,818	62,485	61,064	-560	-4,154	-3,952	-3,761
Liquidity	19	25	14	-2	26	28	20	1	-6	-4	-5	-4
Property & Equip. (incl. NBs	350	337	324	311	350	338	326	314	0	-1	-2	-3
Total equity	105	116	112	101	108	112	105	87	-3	4	7	13
Total assets	379	371	348	318	389	379	359	329	-10	-8	-11	-10
Interest bearing debt	262	243	224	205	262	249	236	223	-0	-6	-12	-17
Net interest bearing debt	242	218	210	208	236	221	216	221	6	-2	-6	-13
Market Cap.	41	41	41	41	56	56	56	56	-15	-15	-15	-15
Enterprise value	283	259	251	249	292	277	272	277	-9	-17	-21	-28
Capex	1	-	-	-	0	-	-	-	1	-	-	-
Utilization	81%	92%	87%	82%	82%	92%	92%	92%	-1%	0%	-5%	-10%
Fleet days	730	732	730	730	730	732	730	730	-	-	-	-

Valuation

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	62	77	78	71	77	137	89	57	-16	-60	-11	15
Adj. equity ratio	0	0	0	0	22%	34%	26%	19%	-3%	-11%	-1%	6%
FCF yield	1%	58%	21%	5%	11%	28%	12%	-7%	-11%	30%	9%	12%
Dividend yield	0%	0%	0%	0%	0%	0%	4%	2%	0%	0%	-4%	-2%
EV/EBITDA	12.3	7.1	12.4	19.4	11.1	7.6	10.1	18.6	1.2	-0.5	2.2	0.8
P/E (adj.)		3.8				15.8			#VALUE!	-12.0	#VALUE!	#VALUE!

Various

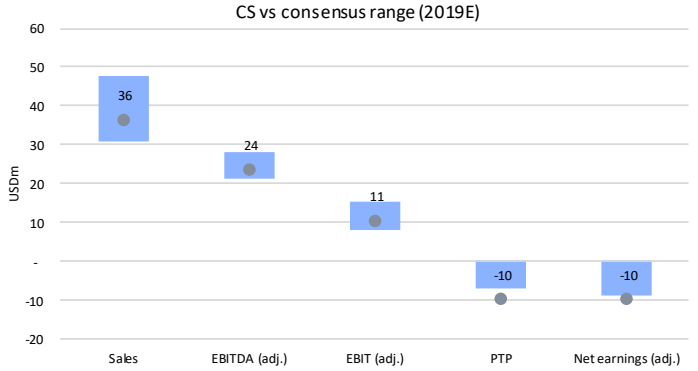
Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-12,873	-12,000	-12,000	-12,000	-12,684	-12,000	-12,000	-12,000	-189	-	-	-
G&A/day	-4,724	-4,769	-4,851	-4,906	-4,995	-5,111	-5,207	-5,266	271	341	356	360
Depreciation/day	-17,909	-17,866	-17,858	-17,857	-17,162	-16,394	-16,440	-16,440	-747	-1,473	-1,419	-1,417
Net interest/day	-28,550	-17,280	-15,995	-14,711	-29,324	-28,743	-27,264	-25,784	774	11,464	11,269	11,073
Amort./day	-10,316	-25,616	-25,687	-25,687	-10,020	-17,964	-18,014	-18,014	-296	-7,652	-7,673	-7,673

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

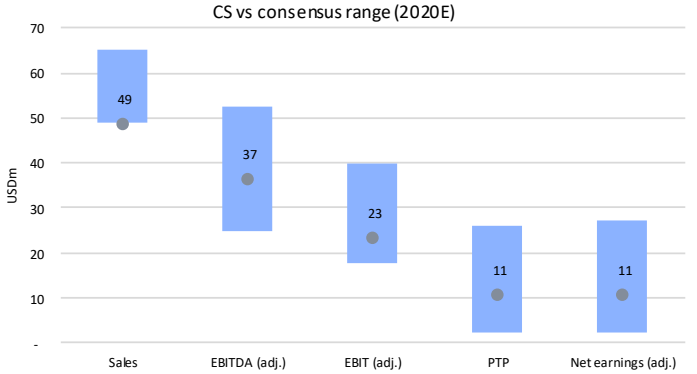
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Our Estimates vs Consensus

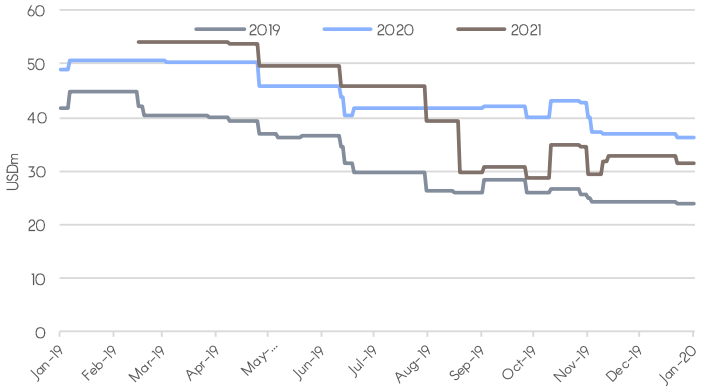
Profit & Loss, year I



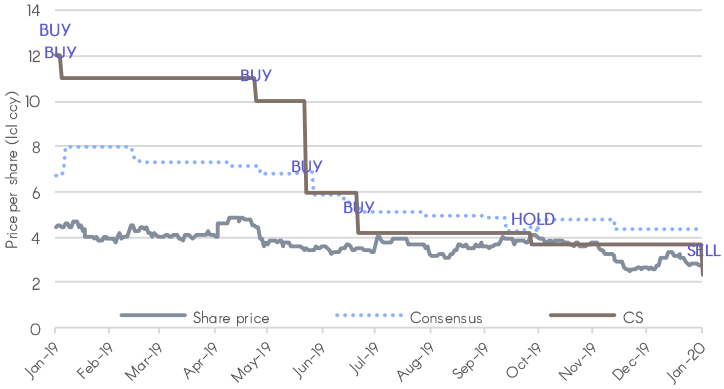
Profit & Loss, year II



Consensus EBITDA development



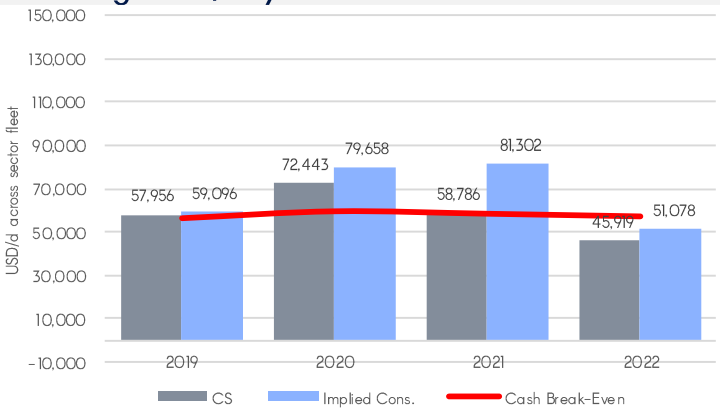
Fair value vs share price past 1y



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	36	37	-1	-2%
Opex + G&A	13	13	-0	-3%
Depreciation	13	13	0	3%
Net finance	20	20	0	1%
Taxes & Minorities	0	1	-1	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	49	54	-5	-9%
Opex + G&A	12	17	-5	-29%
Depreciation	13	11	2	22%
Net finance	13	16	-3	-20%
Taxes & Minorities	0	-0	0	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	10	8	3	11	14	15	7	11	17
Operational costs	-3	-3	-3	-4	-3	-3	-3	-3	-3
EBITDA	7	5	0	7	11	12	4	8	14
Depreciation/Amortization	-3	-3	-3	-3	-3	-3	-3	-3	-3
EBIT	4	2	-3	4	8	8	0	4	10
Net financials	-5	-5	-5	-5	-5	-3	-3	-3	-3
PTP	-1	-3	-9	-1	3	5	-3	1	7
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-1	-3	-9	-1	3	5	-3	1	7
Non-recurring items	0	0	0	1	0	0	0	0	0
Net earnings (adj.)	-1	-3	-9	0	3	5	-3	1	7
EPS	-0.01	-0.03	-0.06	-0.01	0.02	0.04	-0.02	0.01	0.06
EPS (adj.)	-0.01	-0.02	-0.06	0.00	0.02	0.04	-0.02	0.01	0.06
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	23	19	16	14	19	23	19	19	25
Other current assets	9	8	14	10	10	10	10	10	10
Total current assets	31	27	30	24	29	33	29	28	34
Property & equip. (incl. NBs)	362	359	356	353	350	347	344	340	337
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	362	359	356	353	350	347	344	340	337
TOTAL ASSETS	394	386	387	377	379	380	372	369	371
Total equity	116	112	104	103	105	110	108	109	116
Short-term debt	267	266	264	262	19	19	19	19	19
Other current liabilities	11	8	18	12	12	12	12	12	12
Total current liabilities	278	273	283	274	31	31	31	31	31
Long-term debt	0	0	0	0	243	238	233	229	224
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	243	239	234	229	224
TOTAL EQUITY & LIABILITIES	394	386	387	377	379	380	372	369	371
Working capital, receivables	4	3	4	2	2	2	2	2	2
Working capital, payables	1	0	7	4	4	4	4	4	4
Net working capital	3	3	-3	-2	-2	-2	-2	-2	-2
Interest bearing debt	267	266	264	262	262	257	252	248	243
Liquidity	23	19	16	14	19	23	19	19	25
Net interest bearing debt	244	247	248	248	242	234	233	229	218

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-1	-3	-9	-1	3	5	-3	1	7
Depreciation	3	3	3	3	3	3	3	3	3
Other	0	0	0	0	0	0	0	0	0
Cash earnings	2	0	-5	2	6	8	1	4	11
Changes in working capital	1	-5	6	-3	0	0	0	0	0
Net operational cash flow	3	-5	0	0	6	8	1	4	11
Capex	-4	0	-1	0	0	0	0	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	0	0	0	0	0	0	0	0	0
Net investing cash flow	-4	0	-1	0	0	0	0	0	0
Repayment of debt	-1	-1	-2	-2	-263	-5	-5	-5	-5
Proceeds from debt	0	0	0	0	263	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	-1	-1	-2	-2	-1	-5	-5	-5	-5
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-2	-6	-3	-3	5	4	-4	0	6
Cash balance	23	19	16	14	19	23	19	19	25
Free cash flow	-1	-5	0	-1	6	8	1	4	11

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**78**	**37**	**35**	**20**	**40**	**36**	**49**	**33**	**25**
Operational costs	-37	-33	-22	-19	-18	-13	-12	-12	-12
EBITDA	**41**	**4**	**13**	**2**	**22**	**23**	**37**	**20**	**13**
Depreciation/Amortization	-18	-17	-13	-12	-13	-13	-13	-13	-13
EBIT	**23**	**-12**	**0**	**-11**	**9**	**10**	**23**	**7**	**0**
Net financials	-25	-24	-23	-21	-21	-20	-13	-12	-11
PTP	**-3**	**-36**	**-23**	**-32**	**-11**	**-10**	**11**	**-4**	**-11**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-3**	**-36**	**-23**	**-32**	**-11**	**-10**	**11**	**-4**	**-11**
Non-recurring items	0	0	0	0	0	1	0	0	0
Net earnings (adj.)	**-3**	**-36**	**-23**	**-32**	**-11**	**-10**	**11**	**-4**	**-11**
EPS	-0.04	-0.54	-0.34	-0.24	-0.09	-0.08	0.08	-0.03	-0.08
EPS (adj.)	-0.04	-0.54	-0.34	-0.24	-0.09	-0.07	0.08	-0.03	-0.08
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	21	17	30	29	23	19	25	14	-2
Other current assets	9	6	6	7	9	10	10	10	10
Total current assets	**30**	**23**	**36**	**36**	**31**	**29**	**34**	**24**	**7**
Property & equip. (incl. NBs)	—	—	372	—	—	350	337	324	311
Other non-current assets			0			0	0	0	0
Total non-current assets	**467**	**423**	**372**	**364**	**362**	**350**	**337**	**324**	**311**
TOTAL ASSETS	**498**	**445**	**408**	**400**	**394**	**379**	**371**	**348**	**318**
Total equity	**192**	**156**	**133**	**127**	**116**	**105**	**116**	**112**	**101**
Short-term debt	35	35	14	3	267	19	75	91	113
Other current liabilities	8	4	3	4	11	12	12	12	12
Total current liabilities	**43**	**39**	**16**	**6**	**278**	**31**	**87**	**103**	**125**
Long-term debt	263	251	259	264	0	243	167	133	92
Other non-current liabilities	0	0	0	2	0	0	0	0	0
Total non-current liabilities	**263**	**251**	**259**	**266**	**0**	**243**	**168**	**134**	**93**
TOTAL EQUITY & LIABILITIES	**498**	**445**	**408**	**400**	**394**	**379**	**371**	**348**	**318**
Working capital, receivables	5	4	2	4	4	2	2	2	2
Working capital, payables	0	0	1	0	1	4	4	4	4
Net working capital	**5**	**4**	**1**	**4**	**3**	**-2**	**-2**	**-2**	**-2**
Interest bearing debt	297	286	273	267	267	262	243	224	205
Liquidity	21	17	30	29	23	19	25	14	-2
Net interest bearing debt	**276**	**268**	**243**	**238**	**244**	**242**	**218**	**210**	**208**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-3	-36	-23	-32	-11	-10	11	-4	-11
Depreciation	18	17	13	12	13	13	13	13	13
Other	25	36	30	22	22	0	0	0	0
Cash earnings	**41**	**16**	**20**	**3**	**23**	**3**	**24**	**9**	**2**
Changes in working capital	5	-4	0	-1	3	-2	0	0	0
Net operational cash flow	**46**	**12**	**20**	**2**	**27**	**1**	**24**	**9**	**2**
Capex	-7	0	0	-2	-11	-1	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	18	32	0	0	0	0	0	0
Other	0	0	0	0	0	-1	0	0	0
Net investing cash flow	**-7**	**18**	**32**	**-2**	**-11**	**-1**	**0**	**0**	**0**
Repayment of debt	-11	-11	-14	-6	-3	-268	-19	-19	-19
Proceeds from debt	—	—	0	0	0	263	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	—	—	—	27	0	0	0	0	0
Other	-25	-22	-25	-22	-19	-1	0	0	0
Net financing cash flow	**-36**	**-33**	**-39**	**-1**	**-22**	**-6**	**-19**	**-19**	**-19**
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			**13**	**-1**	**-6**	**-6**	**5**	**-10**	**-17**
Cash balance	21	17	30	29	23	17	22	12	-5
Free cash flow	**38**	**29**	**52**	**0**	**15**	**0**	**24**	**9**	**2**

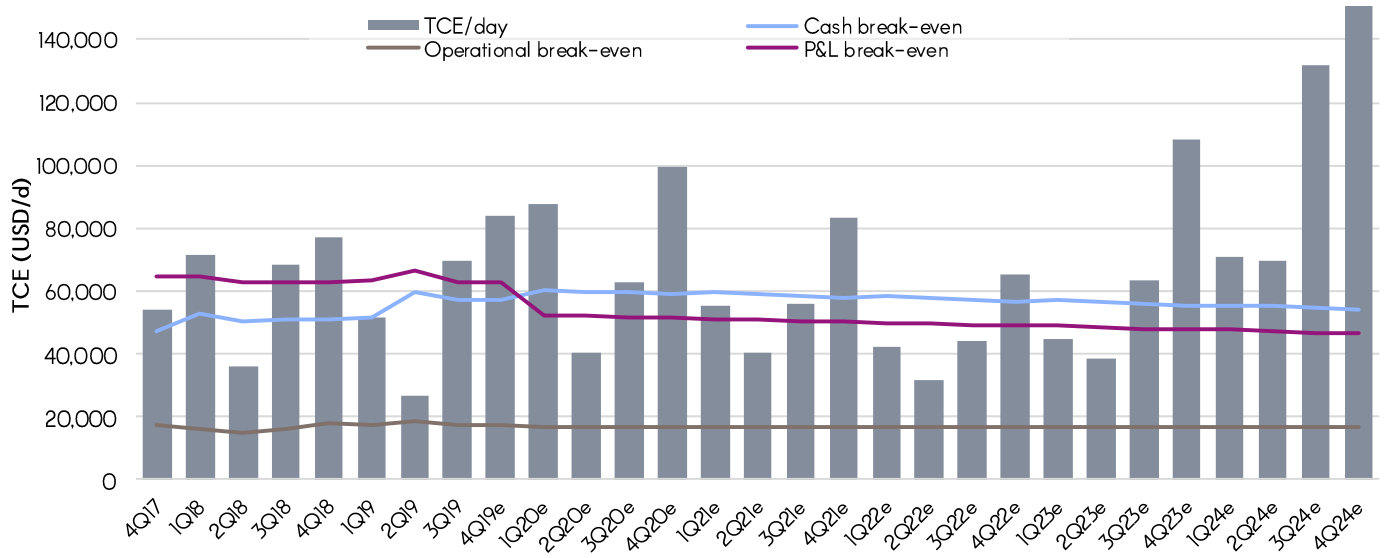
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	68	68	68	133	133	133	133	133	133
Share price, avg (USD)	1	1	1	1	1	0	0	0	0
Share price, end (USD)	1	0	1	1	1	0	0	0	0
Market Cap.	**91**	**30**	**54**	**82**	**76**	**41**	**41**	**41**	**41**
NIBD	276	268	243	238	244	242	218	210	208
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**368**	**298**	**297**	**319**	**320**	**283**	**259**	**251**	**249**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)							3.8		
P/E (adj.)							3.8		
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.2	0.8	1.5	4.0	1.9	1.1	0.8	1.3	1.6
EV/Sales	4.7	8.0	8.5	15.6	8.0	7.8	5.3	7.7	9.9
EV/EBITDA	9.0	69.6	22.4		14.3	12.3	7.1	12.4	19.4
EV/EBIT	16.3				33.9	28.4	11.1	34.6	
P/B	0.5	0.2	0.4	0.6	0.7	0.4	0.4	0.4	0.4
FCF yield	42%	98%	96%	0%	20%	1%	58%	21%	5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Return on equity (ROE)	-1.4%	-23.3%	-17.2%	-25.0%	-9.9%	-9.8%	9.3%	-4.0%	-10.9%
Return on capital employed (ROC	4.8%	-2.9%	0.1%	-2.9%	2.6%	2.9%	7.0%	2.3%	-0.1%
Return on assets (ROA)	-0.5%	-8.1%	-5.6%	-8.0%	-2.9%	-2.7%	2.9%	-1.3%	-3.4%
Sales growth	43%	-52%	-7%	-41%	95%	-9%	34%	-33%	-23%
EBITDA margin	52%	11%	38%	8%	56%	63%	75%	62%	51%
EBIT margin	29%	-33%	1%	-52%	24%	27%	48%	22%	-1%
Net margin	-3%	-97%	-66%	-156%	-29%	-28%	22%	-14%	-43%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	5.8%	5.6%	5.2%
Tax rate	-2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	39%	35%	33%	32%	29%	28%	31%	32%	32%
Leverage ratio	61%	65%	67%	68%	71%	72%	69%	68%	68%
NIBD / EBITDA (past 1y)	6.7	62.6	18.3	140.6	10.9	10.5	6.0	10.3	16.2
Operating cash flow/NIBD	0.2	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Net interest coverage ratio (EBIT						1.1	2.9	1.7	1.2
Current ratio	0.7	0.6	2.2	5.6	0.1	0.9	0.4	0.2	0.1
Adj. equity ratio						18%	23%	25%	25%
Operating assets	477	428	378	371	371	360	347	334	321
Operating liabilities	8	4	3	6	11	12	12	12	12
Net operating assets	468	424	376	365	360	348	334	321	308

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

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



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

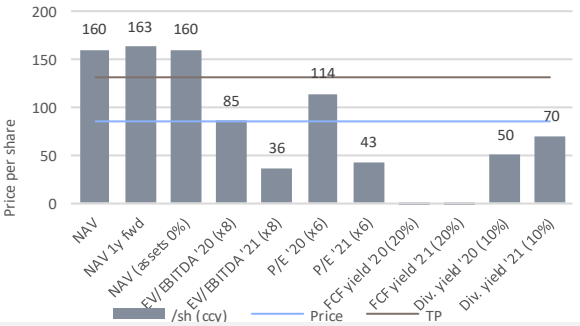
An attractive fleet of modern LNG Carriers trading at a massive discount despite strong sponsor

FLNG-NO BUY/N132

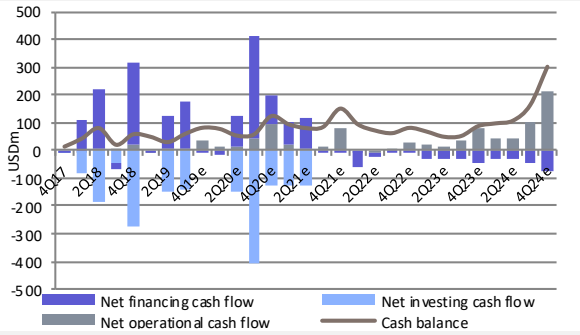
Flex LNG

Share price vs target price

Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	119	260	264	164
EBITDA (adj.)	86	215	201	100
EBIT (adj.)	57	169	126	23
PTP (adj.)	25	116	43	-62
Net earnings (adj.)	25	116	43	-62
EPS (adj.)	0.46	2.14	0.80	-1.14
DPS	0.10	0.57	0.79	0.80
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	946	1,072	1,118	1,051
Adj. equity ratio	56%	44%	42%	41%
FCF yield	-48%	-99%	-27%	3%
Dividend yield	1%	6%	8%	8%
EV/EBITDA	13.7	8.0	9.5	19.4
P/E (adj.)	21.1	4.5	12.1	

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	43	162	117	15
Free cash flow	-249	-518	-140	15
Net cash flow	24	43	27	-70
TCE/day	63,701	93,270	74,095	57,552
Cash break-even	50,087	45,277	40,602	40,298
Liquidity	79	121	149	78
Property & Equip. (incl. NBs	1,497	2,131	2,314	2,237
Total equity	840	926	926	821
Total assets	1,592	2,269	2,479	2,332
Interest bearing debt	731	1,323	1,532	1,490
Net interest bearing debt	652	1,201	1,384	1,412
Market Cap.	521	521	521	521

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Preview

P&L

4Q19 Preview			4Q19		Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net sales	36.1	28.8	52.7	53.0				
EBITDA (adj.)	28.3	21.9	43.9	41.9				
EBIT (adj.)	21.5	14.1	35.3	34.1				
PTP (adj.)	15.2	4.9	24.9	24.7				
Net earnings (adj.)	15.2	4.9	24.9	24.4				
EPS (adj.)	0.28	0.09	0.46	0.45				
DPS	-	0.10	0.23	0.16				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	36.1	28.8	52.7	53.0				
Opex & G&A	7.8	6.9	8.9	11.1				
Depreciation	6.9	7.8	8.6	7.8				
Net finance	6.2	9.2	10.3	9.4				
Taxes & Minorities	-0.0	-0.0	-	0.2				

CF & BS

4Q19 Preview					Actuals vs		Actuals vs	
USDm	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	23	3	34					
Free cash flow	-251	-142	34					
Net cash flow	39	30	22					
TCE/day	98,101	58,222	95,500	95,937				
Utilization	100.0%	100.0%	100.0%					
Fleet days	368	495	552					
Cash break-even	54,054	43,176	45,467					
Liquidity	55	57	79					
Interest bearing debt	455	737	731					

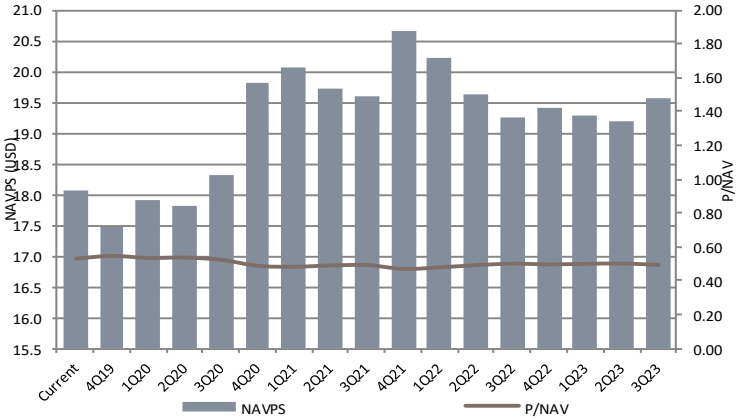
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Company Valuation

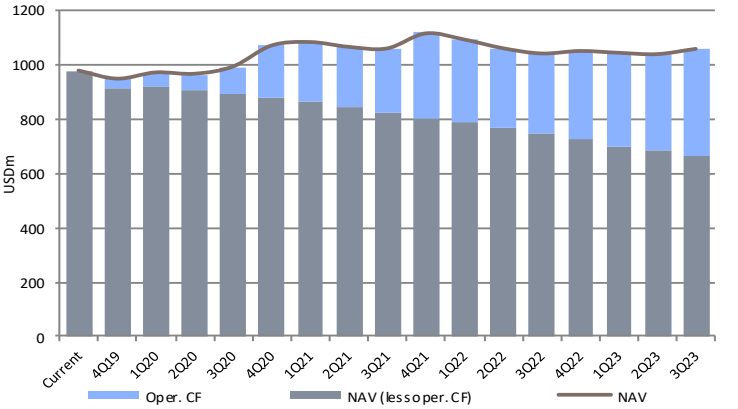
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,505	2,598	2,146
Contract value	0	0	0
Other	16	16	13
GAV	1,521	2,614	2,159
Net debt	-681	-681	-681
Capex	0	-937	-937
Other	-20	-20	-20
Equity	821	977	521
Shares	54	54	54
Equity/sh	15.17	18.05	9.63
Icl CCY	134.76	160.37	85.60
P/Equity	0.64	0.53	1.00
EV/GAV	1.42	0.83	1.00
Adj. Total Assets	1,579	2,672	2,219
Adj. Equity Ratio	52%	37%	23%
Fair Value	NOK	132	54%
	USD	15	

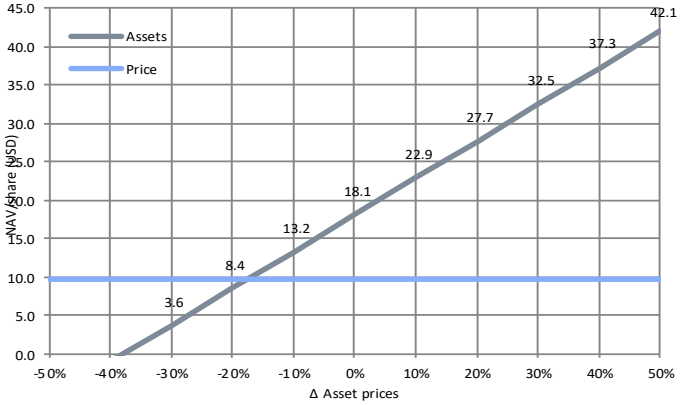
Quarterly forward NAV & P/NAV



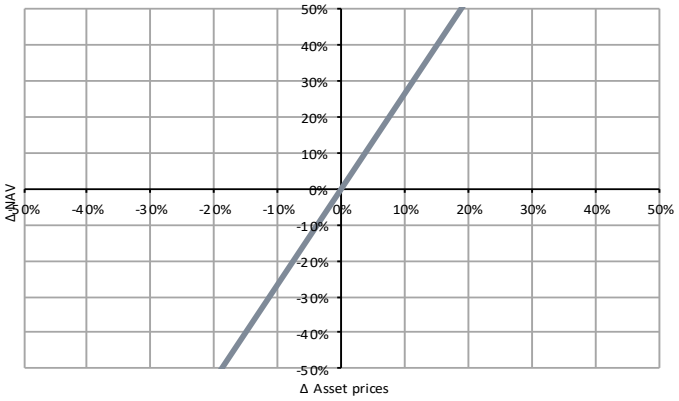
Quarterly forward NAV decomposition



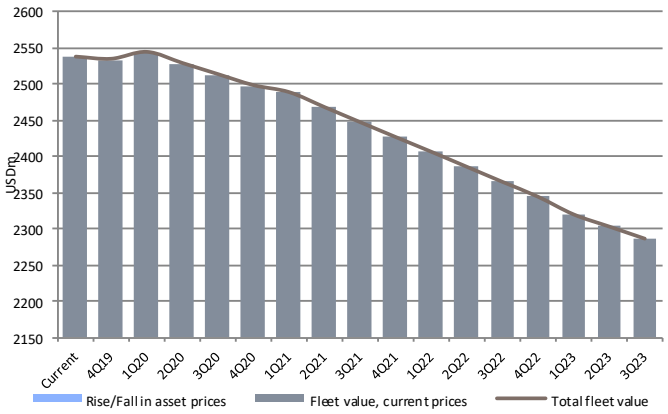
Impact on NAV/sh from % change in asset prices



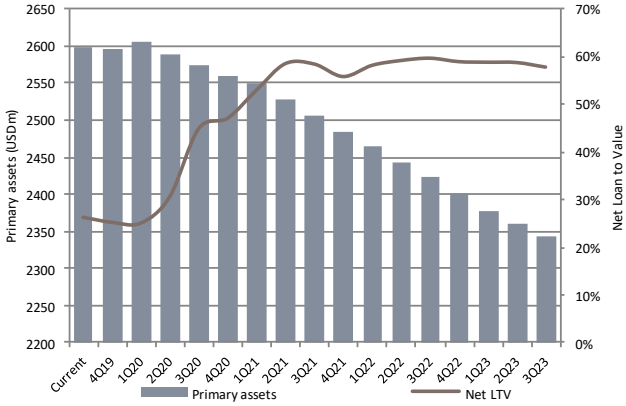
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019E	Old 2020E	Old 2021E	Old 2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	119	260	264	164	119	264	294	206	-	-4	-30	-41
EBITDA (adj.)	86	215	201	100	84	209	214	124	2	6	-14	-25
EBIT (adj.)	57	169	126	23	55	163	140	47	2	6	-14	-25
PTP (adj.)	25	116	43	-62	23	110	59	-35	2	6	-16	-27
Net earnings (adj.)	25	116	43	-62	23	110	59	-35	2	6	-16	-27
EPS (adj.)	0.46	2.14	0.80	-1.14	0.42	2.03	1.09	-0.64	0.04	0.11	-0.29	-0.50
DPS	0.10	0.57	0.79	0.80	0.10	0.43	0.94	1.06	-	0.14	-0.15	-0.26

	2019E	2020E	2021E	2022E
TCE revenue	-	-4	-30	-41
Opex & G&A	-2	-11	-16	-17
Depreciation	-	0	0	-
Net finance	-0	0	2	2
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	43	162	117	15	37	156	133	42	5	6	-16	-27
Free cash flow	-249	-518	-140	15	-253	-524	-124	42	4	6	-16	-27
Net cash flow	24	43	27	-70	73	44	35	-57	-49	-1	-8	-13
TCE/day	63,701	93,270	74,095	57,552	65,742	95,554	82,906	63,271	-2,041	-2,284	-8,810	-5,719
Cash break-even	50,087	45,277	40,602	40,298	51,012	48,734	43,657	43,347	-925	-3,457	-3,056	-3,049
Liquidity	79	121	149	78	128	172	207	150	-49	-50	-58	-71
Property & Equip. (incl. NBs	1,497	2,131	2,314	2,237	1,495	2,130	2,313	2,235	1	1	1	1
Total equity	840	926	926	821	838	925	933	841	2	1	-7	-20
Total assets	1,592	2,269	2,479	2,332	1,633	2,311	2,529	2,395	-41	-42	-50	-63
Interest bearing debt	731	1,323	1,532	1,490	786	1,378	1,587	1,545	-55	-55	-55	-55
Net interest bearing debt	652	1,201	1,384	1,412	658	1,206	1,380	1,395	-6	-4	4	17
Market Cap.	521	521	521	521	465	465	465	465	56	56	56	56
Enterprise value	1,174	1,723	1,905	1,933	1,124	1,671	1,846	1,861	50	52	59	73
Capex	291	680	257	-	290	680	257	-	1	-	-	-
Utilization	99%	83%	73%	58%	96%	79%	72%	62%	4%	3%	2%	-3%
Fleet days	1,794	3,023	4,655	4,745	1,794	3,023	4,655	4,745	-	-	-	-

Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	1,007	1,132	1,176	1,108	1,038	1,598	1,270	1,062	-31	-466	-93	46
Adj. equity ratio	57%	46%	43%	42%	57%	54%	44%	41%	1%	-8%	-1%	2%
FCF yield	-48%	-99%	-27%	3%	-54%	-113%	-27%	9%	7%	13%	0%	-6%
Dividend yield	1%	6%	8%	8%	1%	5%	11%	12%	0%	1%	-3%	-4%
EV/EBITDA	13.7	8.0	9.5	19.4	13.4	8.0	8.6	14.9	0.3	0.0	0.9	4.5
P/E (adj.)	21.1	4.5	12.1		20.5	4.2	7.9		0.6	0.3	4.2	#VALUE!

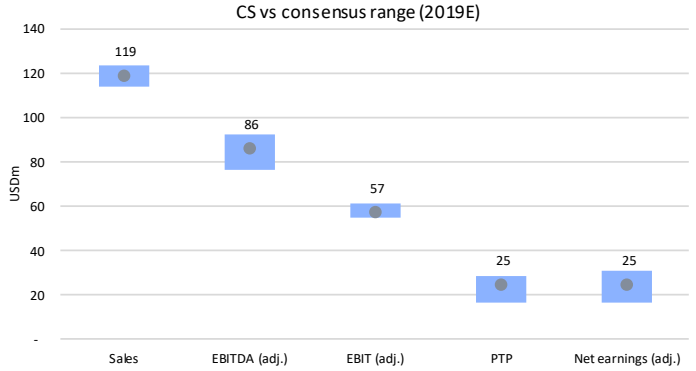
Various

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Opex/day (excl. TC-in)	-14,318	-11,500	-11,500	-11,500	-15,193	-15,000	-15,000	-15,000	875	3,500	3,500	3,500
G&A/day	-4,561	-3,523	-2,189	-2,165	-4,561	-3,523	-2,189	-2,165	-	-	-	-
Depreciation/day	-16,039	-15,183	-15,905	-16,252	-16,039	-15,183	-15,905	-16,252	-	-	-	-
Net interest/day	-17,943	-17,666	-17,873	-17,781	-17,993	-17,622	-17,429	-17,330	50	-43	-444	-451
Amort./day	-13,265	-12,589	-9,039	-8,852	-13,265	-12,589	-9,039	-8,852	-	-	-	-

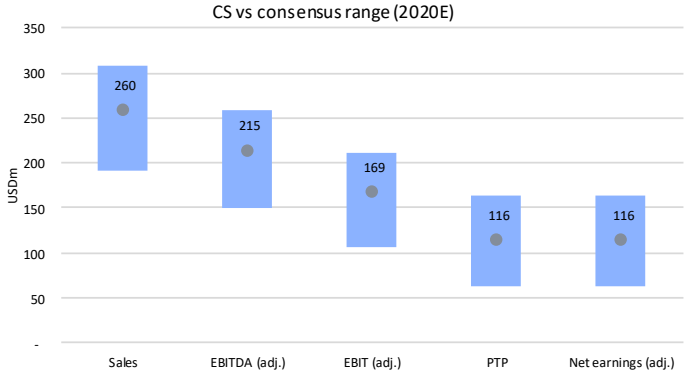
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

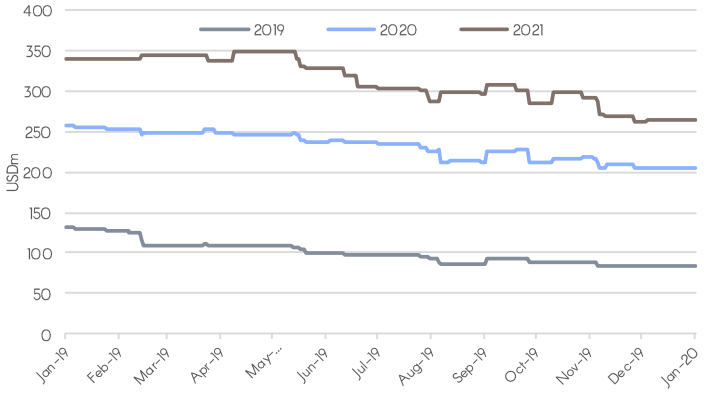
Profit & Loss, year I



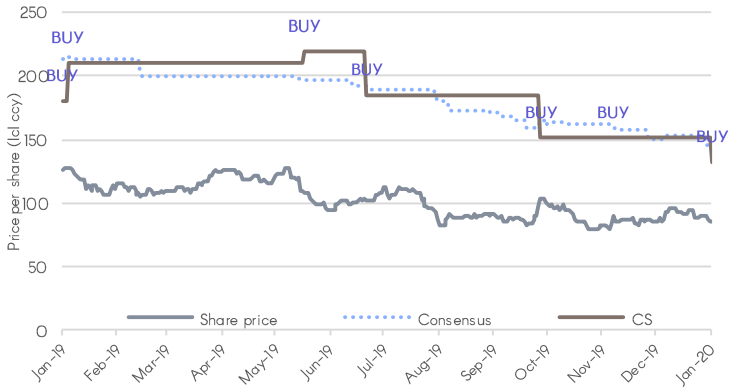
Profit & Loss, year II



Consensus EBITDA development



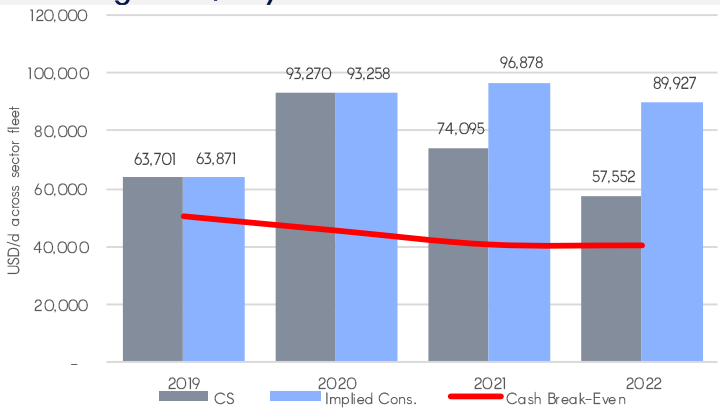
Fair value vs share price past 1y



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	119	119	-0	0%
Opex + G&A	33	34	-2	-5%
Depreciation	29	28	1	3%
Net finance	33	36	-4	-10%
Taxes & Minorities	-0	-4	4	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	260	260	0	0%
Opex + G&A	45	54	-9	-17%
Depreciation	46	42	4	9%
Net finance	53	47	6	13%
Taxes & Minorities	0	0	0	#DIV/0!

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**36**	**19**	**18**	**29**	**53**	**33**	**31**	**69**	**127**
Operational costs	-8	-10	-7	-7	-9	-9	-10	-12	-14
EBITDA	**28**	**9**	**11**	**22**	**44**	**24**	**21**	**57**	**113**
Depreciation/Amortization	-7	-6	-6	-8	-9	-9	-9	-12	-15
EBIT	**21**	**3**	**5**	**14**	**35**	**16**	**12**	**44**	**97**
Net financials	-6	-6	-9	-14	-10	-10	-11	-14	-18
PTP	**15**	**-3**	**-4**	**0**	**25**	**6**	**1**	**30**	**80**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**15**	**-3**	**-4**	**0**	**25**	**6**	**1**	**30**	**80**
Non-recurring items	0	0	2	4	0	0	0	0	0
Net earnings (adj.)	**15**	**-3**	**-2**	**5**	**25**	**6**	**1**	**30**	**80**
EPS	0.28	-0.06	-0.07	0.01	0.46	0.10	0.01	0.56	1.47
EPS (adj.)	0.28	-0.06	-0.03	0.09	0.46	0.10	0.01	0.56	1.47
DPS	0.00	0.00	0.00	0.00	0.10	0.23	0.05	0.01	0.28

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	55	46	26	57	79	75	50	55	121
Other current assets	5	8	10	17	17	17	17	17	17
Total current assets	**60**	**54**	**36**	**73**	**95**	**91**	**67**	**71**	**138**
Property & equip. (incl. NBs)	1,234	1,228	1,368	1,505	1,497	1,488	1,626	2,018	2,131
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	**1,234**	**1,228**	**1,368**	**1,506**	**1,497**	**1,488**	**1,626**	**2,018**	**2,131**
TOTAL ASSETS	1,294	1,282	1,404	1,579	1,592	1,579	1,693	2,089	2,269
Total equity	**827**	**824**	**820**	**821**	**840**	**833**	**831**	**861**	**926**
Short-term debt	23	23	30	34	28	29	30	30	29
Other current liabilities	12	9	17	21	21	21	21	21	21
Total current liabilities	**35**	**32**	**47**	**55**	**49**	**50**	**51**	**51**	**50**
Long-term debt	432	426	537	703	704	697	810	1,177	1,294
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**432**	**426**	**537**	**703**	**704**	**697**	**810**	**1,177**	**1,294**
TOTAL EQUITY & LIABILITIES	1,294	1,282	1,404	1,579	1,592	1,579	1,693	2,089	2,269
Working capital, receivables	1	0	2	2	2	2	2	2	2
Working capital, payables	0	0	2	1	1	1	1	1	1
Net working capital	**1**	**0**	**0**	**1**	**1**	**1**	**1**	**1**	**1**
Interest bearing debt	455	449	567	737	731	725	841	1,208	1,323
Liquidity	55	46	26	57	79	75	50	55	121
Net interest bearing debt	**400**	**404**	**540**	**681**	**652**	**651**	**791**	**1,153**	**1,201**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	15	-3	-4	0	25	6	1	30	80
Depreciation	7	6	6	8	9	9	9	12	15
Other	0	0	2	0	0	0	0	0	0
Cash earnings	**22**	**3**	**5**	**8**	**34**	**14**	**10**	**42**	**95**
Changes in working capital	1	-6	5	-5	0	0	0	0	0
Net operational cash flow	**23**	**-4**	**9**	**3**	**34**	**14**	**10**	**42**	**95**
Capex	-275	0	-146	-145	0	0	-147	-404	-129
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	1	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-274**	**0**	**-146**	**-145**	**0**	**0**	**-147**	**-404**	**-129**
Repayment of debt	-6	-6	-6	-353	-6	-6	-11	-11	-11
Proceeds from debt	0	0	124	525	0	0	126	377	126
Dividends paid	0	0	0	0	-5	-12	-3	0	-15
New equity	295	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	**290**	**-6**	**118**	**172**	**-11**	**-18**	**113**	**367**	**100**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**39**	**-9**	**-19**	**30**	**22**	**-4**	**-25**	**5**	**67**
Cash balance	55	46	26	57	79	75	50	55	121
Free cash flow	**-251**	**-4**	**-137**	**-142**	**34**	**14**	**-137**	**-362**	**-34**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**0**	**0**	**0**	**27**	**77**	**119**	**260**	**264**	**164**
Operational costs			-1	-40	-31	-33	-45	-64	-65
EBITDA			**-1**	**-13**	**46**	**86**	**215**	**201**	**100**
Depreciation/Amortization			0	0	-17	-29	-46	-74	-77
EBIT	**-3**	**-2**	**-1**	**-13**	**29**	**57**	**169**	**126**	**23**
Net financials	0	0	0	2	-17	-39	-53	-83	-84
PTP	**-3**	**-2**	**-2**	**-10**	**12**	**18**	**116**	**43**	**-62**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-3**	**-2**	**-2**	**-10**	**12**	**18**	**116**	**43**	**-62**
Non-recurring items	0	0	0	0	0	7	0	0	0
Net earnings (adj.)	**-3**	**-2**	**-2**	**-10**	**12**	**25**	**116**	**43**	**-62**
EPS	-0.19	-0.18	-0.13	-0.28	0.22	0.33	2.14	0.80	-1.14
EPS (adj.)	-0.19	-0.18	-0.13	-0.28	0.22	0.46	2.14	0.80	-1.14
DPS	0.00	0.00	0.00	0.00	0.00	0.10	0.57	0.79	0.80

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	7	4	1	10	55	79	121	149	78
Other current assets	0	0	0	8	5	17	17	17	17
Total current assets	**7**	**4**	**2**	**18**	**60**	**95**	**138**	**165**	**95**
Property & equip. (incl. NBs)	211	211	212	667	1,234	1,497	2,131	2,314	2,237
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	**211**	**211**	**212**	**667**	**1,234**	**1,497**	**2,131**	**2,314**	**2,237**
TOTAL ASSETS	**218**	**215**	**214**	**685**	**1,294**	**1,592**	**2,269**	**2,479**	**2,332**
Total equity	**210**	**208**	**206**	**520**	**827**	**840**	**926**	**926**	**821**
Short-term debt	0	0	0	0	23	28	13	16	20
Other current liabilities	1	1	1	4	12	21	21	21	21
Total current liabilities	**1**	**1**	**1**	**4**	**35**	**49**	**34**	**37**	**41**
Long-term debt	7	7	7	160	432	704	1,310	1,516	1,470
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**7**	**7**	**7**	**160**	**432**	**704**	**1,310**	**1,516**	**1,470**
TOTAL EQUITY & LIABILITIES	**218**	**215**	**214**	**685**	**1,294**	**1,592**	**2,269**	**2,479**	**2,332**
Working capital, receivables			0	1	1	2	2	2	2
Working capital, payables	—	0	1	0	0	1	1	1	1
Net working capital			**-1**	**1**	**1**	**1**	**1**	**1**	**1**
Interest bearing debt	7	7	7	160	455	731	1,323	1,532	1,490
Liquidity	7	4	1	10	55	79	121	149	78
Net interest bearing debt	**0**	**3**	**6**	**150**	**400**	**652**	**1,201**	**1,384**	**1,412**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	-3	-2	-2	-10	12	18	116	43	-62
Depreciation			0	0	17	29	46	74	77
Other			0	-2	0	2	0	0	0
Cash earnings	**-2**	**-2**	**-2**	**-13**	**29**	**49**	**162**	**117**	**15**
Changes in working capital	0	0	1	-5	7	-6	0	0	0
Net operational cash flow	**-1**	**-3**	**-1**	**-18**	**36**	**43**	**162**	**117**	**15**
Capex	-1	0	-1	-6	-232	-291	-680	-257	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	0	0	0	-72	-352	0	0	0	0
Net investing cash flow	**-1**	**0**	**-1**	**-78**	**-584**	**-291**	**-680**	**-257**	**0**
Repayment of debt	7	0	0	-117	299	-371	-37	-42	-42
Proceeds from debt	—	—	0	0	585	649	629	252	0
Dividends paid	0	0	0	0	0	-5	-31	-43	-44
New equity	0	0	0	221	295	0	0	0	0
Other	0	0	0	0	-585	0	0	0	0
Net financing cash flow	**7**	**0**	**0**	**104**	**594**	**272**	**561**	**167**	**-86**
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				**9**	**45**	**24**	**43**	**27**	**-70**
Cash balance	7	4	1	10	55	79	121	149	78
Free cash flow	**-2**	**-3**	**-2**	**-95**	**-549**	**-249**	**-518**	**-140**	**15**

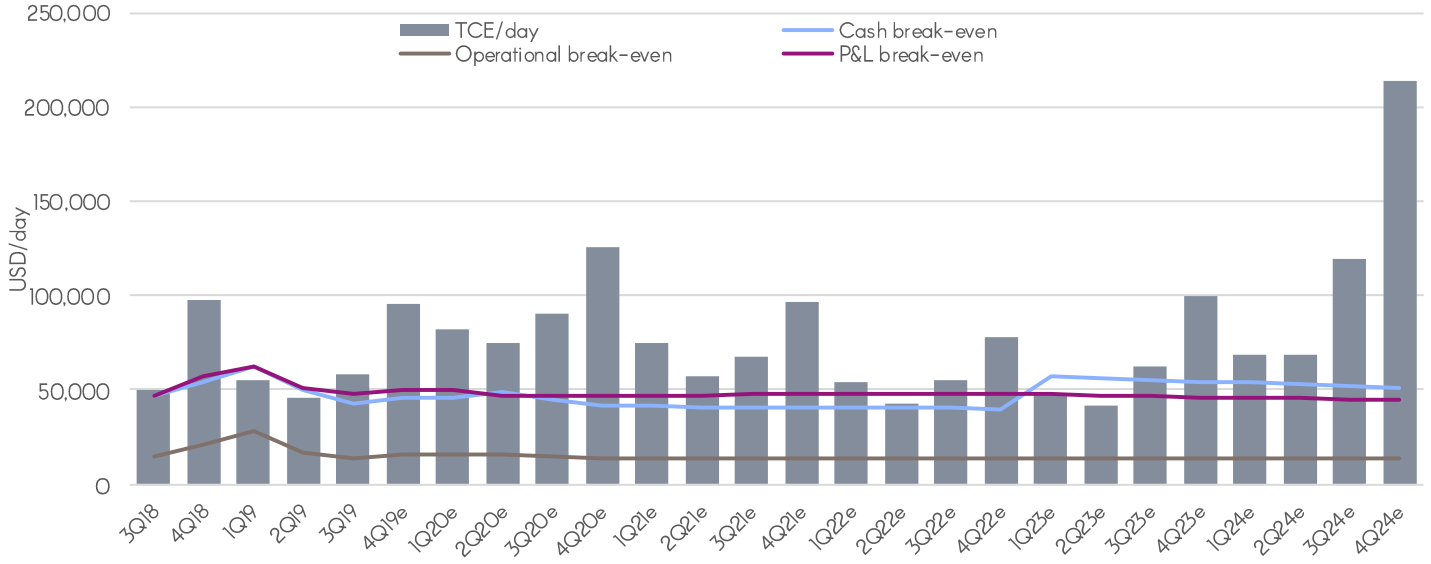
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	14	14	14	37	54	54	54	54	54
Share price, avg (USD)	7	11	11	12	14	12	10	10	10
Share price, end (USD)	10	11	12	16	14	10	10	10	10
Market Cap.	**136**	**160**	**163**	**582**	**765**	**521**	**521**	**521**	**521**
NIBD	0	3	6	150	400	652	1,201	1,384	1,412
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**137**	**163**	**169**	**732**	**1,165**	**1,174**	**1,723**	**1,905**	**1,933**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)					65.0	28.9	4.5	12.1	
P/E (adj.)					65.0	21.1	4.5	12.1	
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				21.3	9.9	4.4	2.0	2.0	3.2
EV/Sales				26.8	15.1	9.9	6.6	7.2	11.8
EV/EBITDA					25.1	13.7	8.0	9.5	19.4
EV/EBIT					40.2	20.5	10.2	15.1	85.8
P/B	0.6	0.8	0.8	1.1	0.9	0.6	0.6	0.6	0.6
FCF yield	-1%	-2%	-1%	-16%	-72%	-48%	-99%	-27%	3%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	5.9%	8.2%	8.4%
Return on equity (ROE)	-1.3%	-1.2%	-0.9%	-2.0%	1.4%	2.1%	12.5%	4.7%	-7.5%
Return on capital employed (ROC	-1.4%	-1.1%	-0.7%	-1.9%	2.4%	3.8%	8.0%	5.5%	1.0%
Return on assets (ROA)	-1.2%	-1.2%	-0.8%	-1.5%	0.9%	1.1%	5.1%	1.7%	-2.7%
Sales growth					183%	54%	119%	2%	-38%
EBITDA margin				-46%	60%	72%	83%	76%	61%
EBIT margin				-46%	38%	48%	65%	48%	14%
Net margin				-38%	15%	15%	45%	16%	-38%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	4.4%	6.0%	6.0%
Tax rate	-0.5%	-0.3%	0.1%	-0.2%	-0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	96%	96%	96%	76%	64%	53%	41%	37%	35%
Leverage ratio	4%	4%	4%	24%	36%	47%	59%	63%	65%
NIBD / EBITDA (past 1y)			-3.7	-11.9	8.6	7.6	5.6	6.9	14.2
Operating cash flow/NIBD	-4.7	-0.9	-0.2	-0.1	0.1	0.1	0.1	0.1	0.0
Net interest coverage ratio (EBIT						2.7	4.0	2.4	1.2
Current ratio	8.1	6.5	1.4	4.0	1.7	2.0	4.1	4.5	2.3
Adj. equity ratio						56%	44%	42%	41%
Operating assets	211	212	213	675	1,239	1,514	2,148	2,331	2,254
Operating liabilities	1	1	1	4	12	21	21	21	21
Net operating assets	210	211	212	670	1,227	1,493	2,127	2,310	2,233

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

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



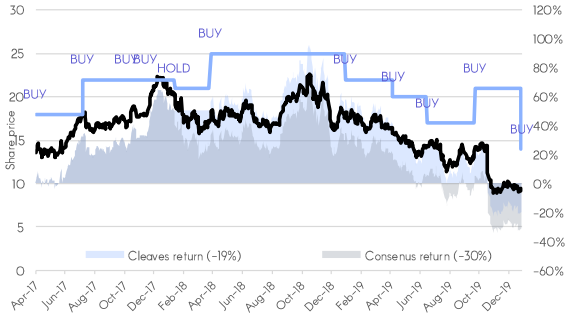
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

LNG shipping with low operational leverage & advanced financial structure. Good contract coverage will bridge potential weak market in 2021-23E

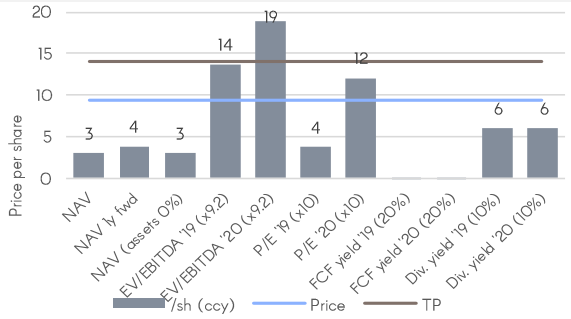
GLOG-NO BUY/$14

GasLog

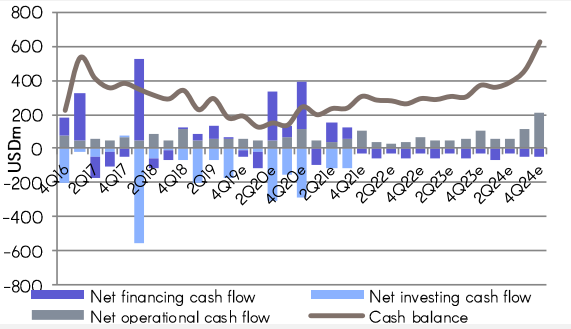
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	635	756	751	663
EBITDA (adj.)	456	560	535	443
EBIT (adj.)	289	378	342	250
PTP (adj.)	106	188	128	36
Net earnings (adj.)	28	106	48	-43
EPS (adj.)	0.35	1.32	0.60	-0.53
DPS	0.60	0.60	0.60	0.60
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	236	380	440	395
Adj. equity ratio	0	0	0	0
FCF yield	-31%	-63%	0%	20%
Dividend yield	6%	6%	6%	6%
EV/EBITDA	8.4	7.8	8.3	9.8
P/E (adj.)	27.1	7.1	15.8	

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	212	289	242	150
Free cash flow	-234	-481	3	150
Net cash flow	-143	63	61	-28
TCE/day	67,492	70,018	61,733	53,507
Cash break-even	47,513	54,537	128,688	69,574
Liquidity	192	255	316	289
Property & Equip. (incl. NB	4,994	5,582	5,627	5,434
Total equity	1,844	1,902	1,902	1,810
Total assets	5,294	5,945	6,052	5,831
Interest bearing debt	3,287	3,880	3,987	3,858
Net interest bearing debt	3,095	3,625	3,671	3,570
Market Cap.	761	761	761	761
Enterprise value	3,856	4,386	4,432	4,331
Capex	457	770	239	-

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Quarterly Preview

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	183.3	158.7	172.1	178.6				
EBITDA (adj.)	144.5	113.6	126.8	131.6				
EBIT (adj.)	105.0	70.4	83.4	89.1				
PTP (adj.)	60.0	25.6	38.0	43.8				
Net earnings (adj.)	43.4	3.2	15.0	20.6				
EPS (adj.)	0.54	0.04	0.19	0.23				
DPS	0.15	0.15	0.15	0.15				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	183.3	158.7	172.1	178.6				
Opex & G&A	38.8	45.1	45.4	47.0				
Depreciation	39.5	43.2	43.4	42.5				
Net finance	45.0	44.7	45.4	45.3				
Taxes & Minorities	16.6	22.4	23.0	23.2				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	111	55	58					
Free cash flow	43	-114	48					
Net cash flow	49	-105	8					
TCE/day	79,017	69,140	70,094	72,708				
Fleet days	2,392	2,421	2,576					
Cash break-even	44,990	48,239	46,144					
Liquidity	343	184	192					
Interest bearing debt	3,035	3,315	3,287					

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

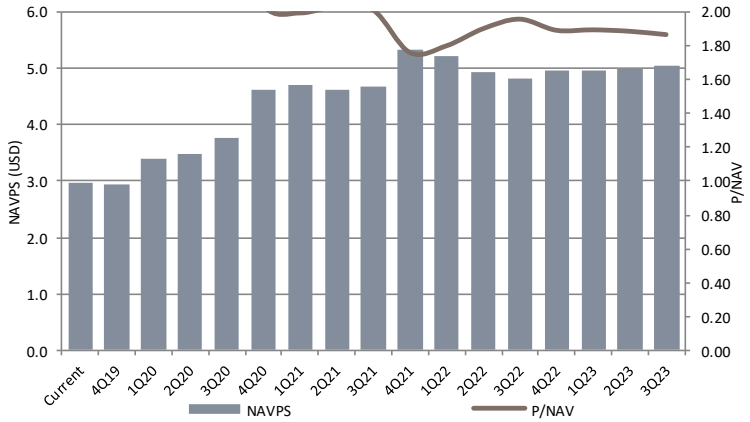
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

Company Valuation

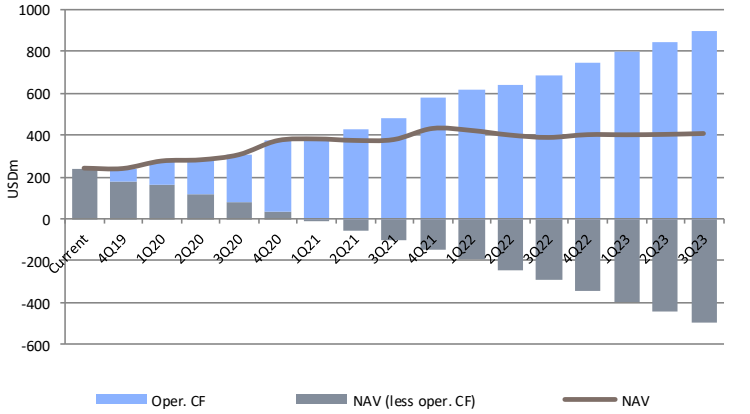
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	5,028	5,515	6,029
Contract value	0	0	0
Other	77	77	84
GAV	5,104	5,591	6,112
Net debt	-3,132	-3,132	-3,132
Capex	0	-1,019	-1,019
Other	-1,201	-1,201	-1,201
Equity	772	240	761
Shares	81	81	81
Equity/sh	9.54	2.97	9.41
lcl CCY	9.54	2.97	9.41
P/Equity	0.99	3.17	1.00
EV/GAV	1.20	1.09	1.00
Adj. Total Assets	5,319	5,807	6,320
Adj. Equity Ratio	15%	4%	12%
Fair Value	USD	14	50%

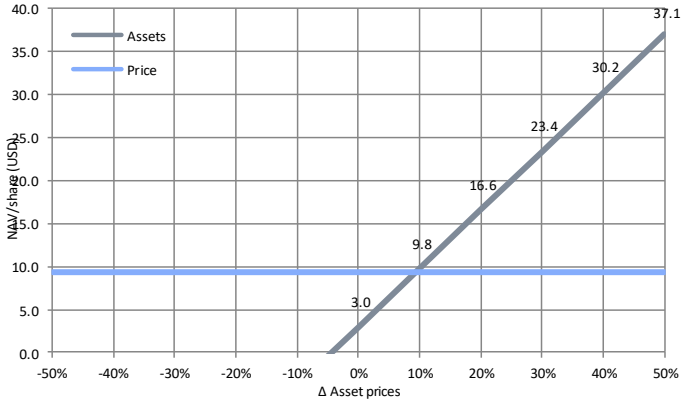
Quarterly forward NAV & P/NAV



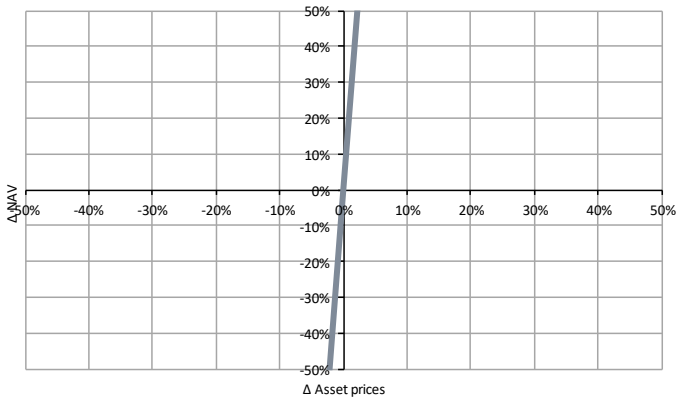
Quarterly forward NAV decomposition



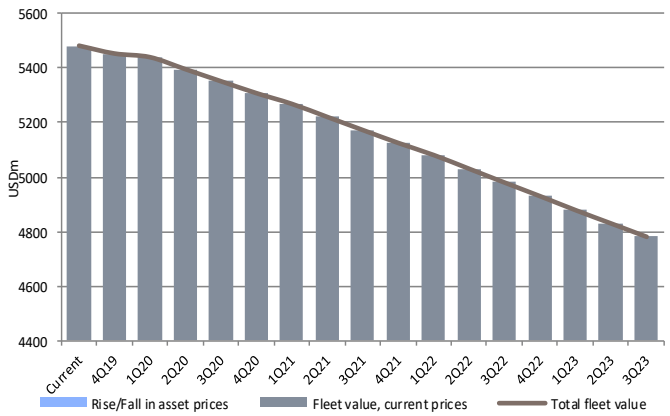
Impact on NAV/sh from % change in asset prices



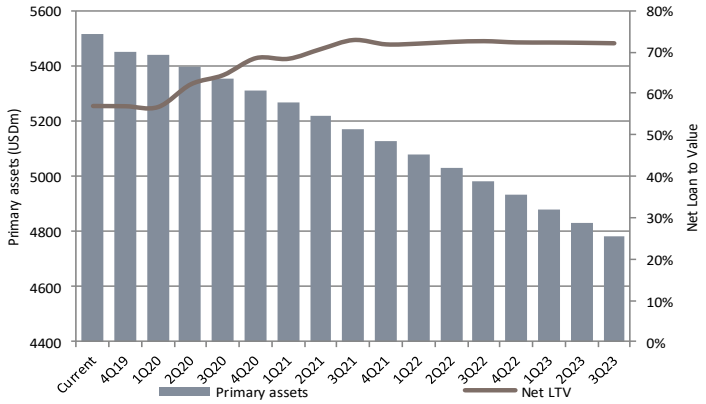
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Estimate changes

Profit & Loss

Estimate changes USDm	New 2019E	New 2020E	New 2021E	New 2022E	Old 2019	Old 2020	Old 2021	Old 2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net sales	635	756	751	663	692	780	788	697	-58	-25	-37	-34
EBITDA (adj.)	456	560	535	443	513	584	571	476	-57	-24	-36	-33
EBIT (adj.)	289	378	342	250	348	404	381	286	-59	-26	-39	-36
PTP (adj.)	106	188	128	36	160	204	158	65	-54	-17	-30	-29
Net earnings (adj.)	28	106	48	-43	78	111	73	-4	-50	-4	-24	-39
EPS (adj.)	0.35	1.32	0.60	-0.53	0.96	1.37	0.90	-0.05	-0.62	-0.06	-0.30	-0.48
DPS	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.00	0.00	0.00	0.00

	2019E	2020E	2021E	2022E
TCE revenue	-58	-25	-37	-34
Opex & G&A	-1	-1	-1	-1
Depreciation	2	2	3	3
Net finance	-5	-9	-9	-7
Taxes & Minorities	-4	-12	-6	10

Cash Flows & Balance Sheet

Estimate changes USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Net operational cash flow	212	289	242	150	252	291	263	186	-40	-2	-21	-36
Free cash flow	-234	-481	3	150	-210	-479	24	186	-24	-2	-21	-36
Net cash flow	-143	63	61	-28	-55	29	85	-45	-88	34	-23	17
TCE/day	67,492	70,018	61,733	53,507	69,412	69,161	62,721	54,522	-1,919	857	-988	-1,015
Cash break-even	47,513	54,537	128,688	69,574	54,210	51,825	49,732	48,840	-6,696	2,713	78,956	20,734
Liquidity	192	255	316	289	287	317	401	357	-96	-62	-85	-68
Property & Equip. (incl. NB	4,994	5,582	5,627	5,434	4,993	5,582	5,631	5,441	2	-1	-4	-6
Total equity	1,844	1,902	1,902	1,810	1,926	1,989	2,013	1,960	-82	-87	-111	-150
Total assets	5,294	5,945	6,052	5,831	5,404	6,023	6,156	5,921	-110	-78	-104	-90
Interest bearing debt	3,287	3,880	3,987	3,858	3,323	3,880	3,989	3,807	-36	0	-2	51
Net interest bearing debt	3,095	3,625	3,671	3,570	3,036	3,563	3,588	3,450	59	62	83	119
Market Cap.	761	761	761	761	1,137	1,137	1,137	1,137	-376	-376	-376	-376
Enterprise value	3,856	4,386	4,432	4,331	4,173	4,700	4,724	4,587	-317	-314	-293	-257
Capex	457	770	239	-	452	770	239	-	5	-	-	-
Utilization	96%	96%	97%	97%	97%	97%	97%	97%	-1%	-1%	0%	0%
Fleet days	9,794	11,166	12,504	12,775	9,949	11,166	12,504	12,775	-155	-	-	-

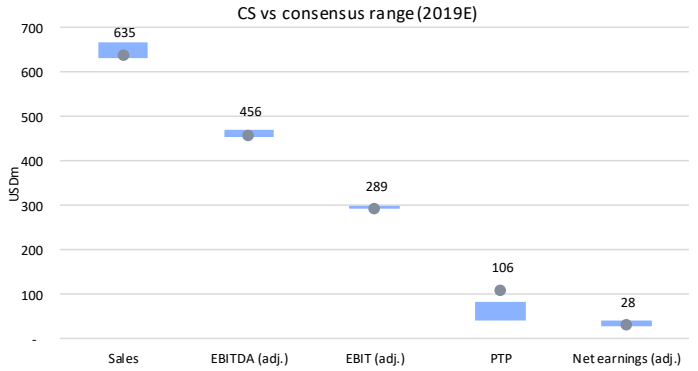
Valuation

Estimate changes USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	Change 2019E	Change 2020E	Change 2021E	Change 2022E
Fwd NAV	236	380	440	395	537	1,615	866	501	-301	-1,235	-426	-106
Adj. equity ratio	0	0	0	0	13%	29%	17%	11%	-7%	-20%	-8%	-2%
FCF yield	-31%	-63%	0%	20%	-18%	-42%	2%	16%	-12%	-21%	-2%	3%
Dividend yield	6%	6%	6%	6%	4%	4%	4%	4%	2%	2%	2%	2%
EV/EBITDA	8.4	7.8	8.3	9.8	8.1	8.0	8.3	9.6	0.3	-0.2	0.0	0.1
P/E (adj.)	27.1	7.1	15.8		14.6	10.2	15.7		12.5	-3.1	0.1	#VALUE!

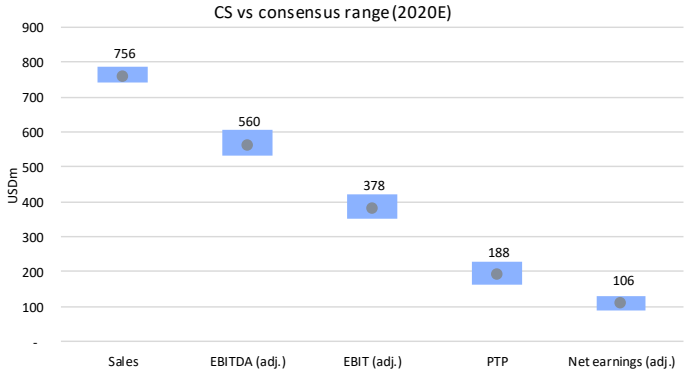
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Our Estimates vs Consensus

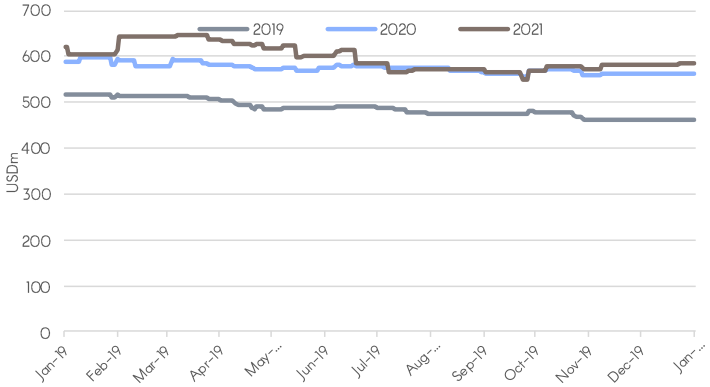
Profit & Loss, year I



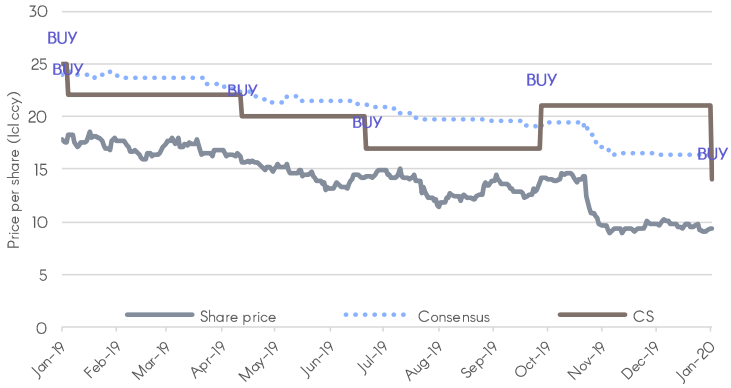
Profit & Loss, year II



Consensus EBITDA development



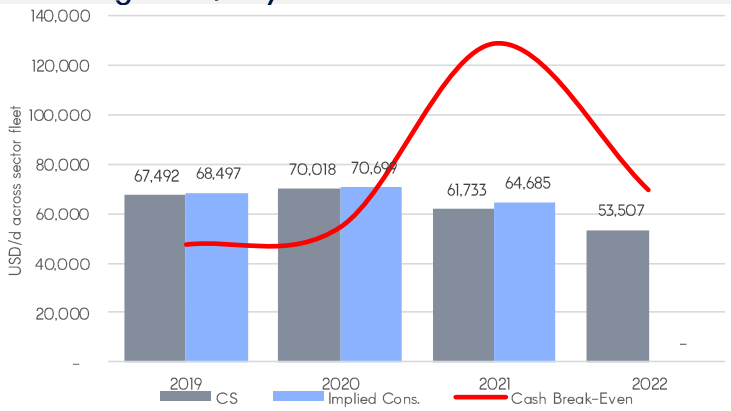
Fair value vs share price past 1y



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	635	644	-9	-1%
Opex + G&A	178	182	-4	-2%
Depreciation	168	168	0	0%
Net finance	183	241	-58	-24%
Taxes & Minorities	78	21	57	268%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	756	763	-7	-1%
Opex + G&A	196	201	-5	-3%
Depreciation	183	181	2	1%
Net finance	190	187	3	2%
Taxes & Minorities	81	88	-7	-7%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**183**	**153**	**151**	**159**	**172**	**158**	**162**	**190**	**246**
Operational costs	-39	-43	-45	-45	-45	-45	-48	-50	-52
EBITDA	**145**	**110**	**107**	**114**	**127**	**113**	**114**	**140**	**193**
Depreciation/Amortization	-40	-40	-41	-43	-43	-43	-45	-46	-48
EBIT	**105**	**70**	**65**	**70**	**83**	**69**	**69**	**94**	**145**
Net financials	-75	-64	-76	-62	-45	-44	-46	-49	-51
PTP	**30**	**6**	**-11**	**9**	**38**	**25**	**24**	**45**	**94**
Taxes/Minorities	-17	-17	-15	-22	-23	-21	-18	-20	-22
Net earnings	**14**	**-11**	**-26**	**-14**	**15**	**4**	**5**	**25**	**72**
Non-recurring items	30	19	28	17	0	0	0	0	0
Net earnings (adj.)	**43**	**8**	**2**	**3**	**15**	**4**	**5**	**25**	**72**
EPS	0.17	-0.14	-0.32	-0.17	0.19	0.05	0.07	0.31	0.89
EPS (adj.)	0.54	0.09	0.03	0.04	0.19	0.05	0.07	0.31	0.89
DPS	0.55	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	343	231	296	184	192	126	150	141	255
Other current assets	96	56	89	64	64	64	64	64	64
Total current assets	**439**	**287**	**385**	**247**	**255**	**189**	**213**	**204**	**318**
Property & equip. (incl. NBs)	4,710	4,890	4,883	5,028	4,994	4,971	5,236	5,340	5,582
Other non-current assets	26	17	35	45	45	45	45	45	45
Total non-current assets	**4,736**	**4,907**	**4,918**	**5,072**	**5,039**	**5,016**	**5,281**	**5,385**	**5,626**
TOTAL ASSETS	**5,175**	**5,194**	**5,302**	**5,319**	**5,294**	**5,205**	**5,494**	**5,589**	**5,945**
Total equity	**1,983**	**1,944**	**1,882**	**1,841**	**1,844**	**1,836**	**1,829**	**1,842**	**1,902**
Short-term debt	527	182	206	217	219	206	212	213	212
Other current liabilities	142	87	101	92	92	92	92	92	92
Total current liabilities	**669**	**268**	**307**	**309**	**311**	**298**	**304**	**306**	**305**
Long-term debt	2,507	2,951	3,060	3,098	3,068	3,000	3,291	3,370	3,667
Other non-current liabilities	15	31	53	71	71	71	71	71	71
Total non-current liabilities	**2,522**	**2,982**	**3,113**	**3,169**	**3,139**	**3,071**	**3,361**	**3,441**	**3,738**
TOTAL EQUITY & LIABILITIES	**5,175**	**5,194**	**5,302**	**5,319**	**5,294**	**5,205**	**5,494**	**5,589**	**5,945**
Working capital, receivables	9	31	28	32	32	32	32	32	32
Working capital, payables	12	20	17	22	22	22	22	22	22
Net working capital	**-3**	**11**	**11**	**10**	**10**	**10**	**10**	**10**	**10**
Interest bearing debt	3,035	3,133	3,266	3,315	3,287	3,206	3,502	3,584	3,880
Liquidity	343	231	296	184	192	126	150	141	255
Net interest bearing debt	**2,692**	**2,902**	**2,970**	**3,132**	**3,095**	**3,080**	**3,352**	**3,443**	**3,625**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	14	-11	-26	-14	15	4	5	25	72
Depreciation	40	40	41	43	43	43	45	46	48
Other	67	26	67	28	0	0	0	0	0
Cash earnings	**121**	**54**	**82**	**58**	**58**	**47**	**50**	**72**	**120**
Changes in working capital	-9	-12	-26	-4	0	0	0	0	0
Net operational cash flow	**111**	**43**	**56**	**55**	**58**	**47**	**50**	**72**	**120**
Capex	-55	-221	-36	-190	-10	-20	-310	-150	-290
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	10	0	0	0	0	0
Other	-13	23	-33	11	0	0	0	0	0
Net investing cash flow	**-68**	**-198**	**-69**	**-169**	**-10**	**-20**	**-310**	**-150**	**-290**
Repayment of debt	-25	100	132	-72	-28	-81	-28	-81	-28
Proceeds from debt	0	0	0	130	0	0	325	162	325
Dividends paid	-44	-12	-12	-12	-12	-12	-12	-12	-12
New equity	1	0	0	0	0	0	0	0	0
Other	75	-44	-43	-35	0	0	0	0	0
Net financing cash flow	**6**	**44**	**78**	**10**	**-40**	**-93**	**284**	**69**	**284**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**49**	**-112**	**65**	**-105**	**8**	**-66**	**24**	**-9**	**114**
Cash balance	343	231	296	184	192	126	150	141	255
Free cash flow	**43**	**-155**	**-13**	**-114**	**48**	**27**	**-260**	**-78**	**-170**

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**329**	**415**	**466**	**525**	**618**	**635**	**756**	**751**	**663**
Operational costs	-113	-154	-166	-170	-173	-178	-196	-216	-220
EBITDA	**216**	**261**	**300**	**355**	**446**	**456**	**560**	**535**	**443**
Depreciation/Amortization	-71	-107	-123	-137	-153	-168	-183	-193	-193
EBIT	**145**	**154**	**177**	**218**	**293**	**289**	**378**	**342**	**250**
Net financials	-95	-101	-149	-133	-166	-247	-190	-214	-214
PTP	**51**	**54**	**28**	**84**	**126**	**42**	**188**	**128**	**36**
Taxes/Minorities	-9	-43	-50	-69	-79	-78	-81	-79	-79
Net earnings	**42**	**11**	**-21**	**16**	**48**	**-35**	**106**	**48**	**-43**
Non-recurring items	0	-7	-10	-10	-10	64	0	0	0
Net earnings (adj.)	**42**	**3**	**-32**	**5**	**38**	**28**	**106**	**48**	**-43**
EPS	0.52	0.13	-0.27	0.19	0.59	-0.44	1.32	0.60	-0.53
EPS (adj.)	0.52	0.04	-0.39	0.07	0.47	0.35	1.32	0.60	-0.53
DPS	0.41	0.56	0.56	0.56	0.99	0.60	0.60	0.60	0.60

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	212	303	227	384	343	192	255	316	289
Other current assets	77	95	43	33	96	64	64	64	64
Total current assets	**288**	**398**	**270**	**417**	**439**	**255**	**318**	**380**	**352**
Property & equip. (incl. NBs)	2,952	3,579	3,985	3,939	4,483	4,994	5,582	5,627	5,434
Other non-current assets	29	63	260	279	253	45	45	45	45
Total non-current assets	**2,981**	**3,641**	**4,245**	**4,218**	**4,736**	**5,039**	**5,626**	**5,672**	**5,479**
TOTAL ASSETS	**3,270**	**4,040**	**4,515**	**4,635**	**5,175**	**5,294**	**5,945**	**6,052**	**5,831**
Total equity	**1,253**	**1,508**	**1,510**	**1,763**	**1,983**	**1,844**	**1,902**	**1,902**	**1,810**
Short-term debt	116	637	153	186	527	219	271	301	330
Other current liabilities	85	97	109	109	142	92	92	92	92
Total current liabilities	**201**	**734**	**263**	**295**	**669**	**311**	**364**	**393**	**422**
Long-term debt	1,779	1,738	2,719	2,575	2,507	3,068	3,609	3,686	3,529
Other non-current liabilities	37	60	24	2	15	71	71	71	71
Total non-current liabilities	**1,816**	**1,797**	**2,743**	**2,577**	**2,522**	**3,139**	**3,679**	**3,757**	**3,600**
TOTAL EQUITY & LIABILITIES	**3,270**	**4,040**	**4,515**	**4,635**	**5,175**	**5,294**	**5,945**	**6,052**	**5,831**
Working capital, receivables	19	23	18	8	9	32	32	32	32
Working capital, payables	67	12	7	12	12	22	22	22	22
Net working capital	**-48**	**10**	**10**	**-4**	**-3**	**10**	**10**	**10**	**10**
Interest bearing debt	1,895	2,374	2,872	2,761	3,035	3,287	3,880	3,987	3,858
Liquidity	235	366	227	384	343	192	255	316	289
Net interest bearing debt	**1,660**	**2,009**	**2,645**	**2,377**	**2,692**	**3,095**	**3,625**	**3,671**	**3,570**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	42	11	-21	16	48	-35	106	48	-43
Depreciation	71	107	123	137	153	168	183	193	193
Other	28	36	147	69	80	121	0	0	0
Cash earnings	**141**	**154**	**249**	**222**	**281**	**253**	**289**	**242**	**150**
Changes in working capital	7	8	8	2	3	-42	0	0	0
Net operational cash flow	**148**	**162**	**257**	**224**	**284**	**212**	**289**	**242**	**150**
Capex	-1,364	-728	-762	-82	-674	-457	-770	-239	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	10	0	0	0
Other	-22	24	-10	8	-19	0	0	0	0
Net investing cash flow	**-1,387**	**-704**	**-771**	**-75**	**-693**	**-446**	**-770**	**-239**	**0**
Repayment of debt	1,434	502	505	-118	292	132	-219	-1,193	-454
Proceeds from debt	2,114	606	—	—	—	130	812	1,301	325
Dividends paid	-33	-45	-45	-45	-80	-48	-49	-49	-49
New equity	—	173	0	1	1	0	0	0	0
Other	-2,169	-602	-20	170	155	0	0	0	0
Net financing cash flow	**1,347**	**634**	**440**	**7**	**368**	**91**	**544**	**59**	**-178**
Currency effect	0	-1	-1	1	0	0	0	0	0
Net cash flow	**108**	**91**	**-76**	**157**	**-41**	**-143**	**63**	**61**	**-28**
Cash balance	212	303	227	384	343	199	262	324	296
Free cash flow	**-1,238**	**-542**	**-515**	**149**	**-409**	**-234**	**-481**	**3**	**150**

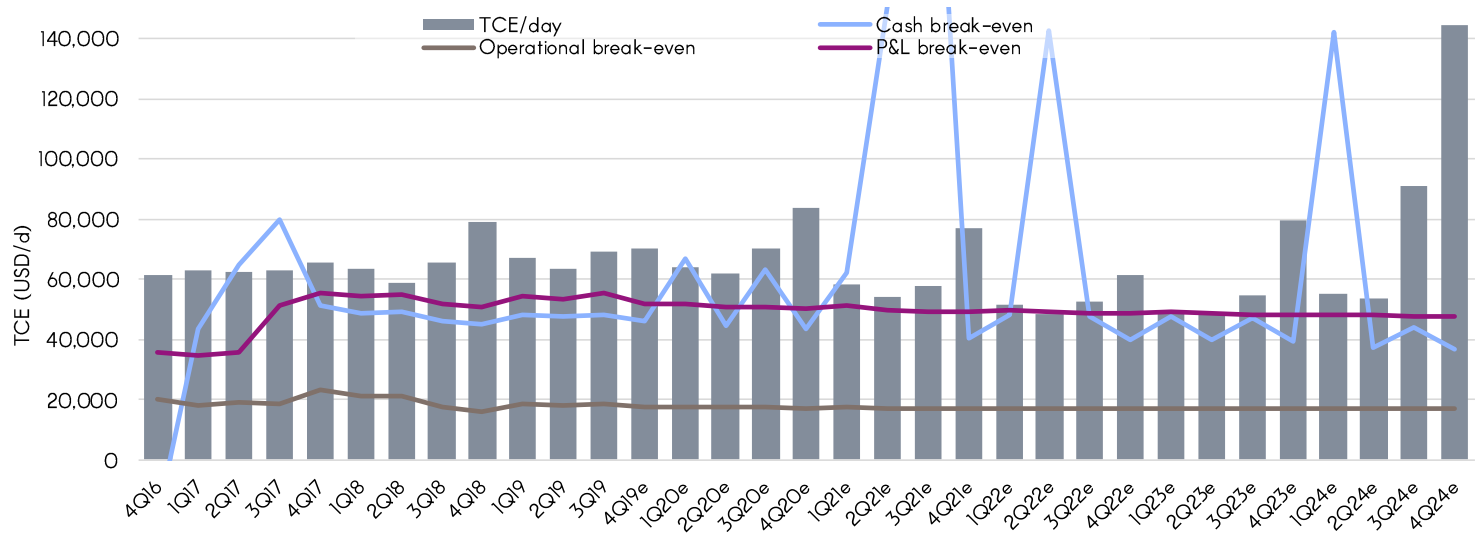
Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	80	80	81	81	81	81	81	81	81
Share price, avg (USD)	23	16	13	16	19	14	9	9	9
Share price, end (USD)	20	8	16	22	16	9	9	9	9
Market Cap.	**1,638**	**668**	**1,297**	**1,796**	**1,331**	**761**	**761**	**761**	**761**
NIBD	1,660	2,009	2,645	2,377	2,692	3,095	3,625	3,671	3,570
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**3,299**	**2,677**	**3,942**	**4,173**	**4,023**	**3,856**	**4,386**	**4,432**	**4,331**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	38.9	61.7			27.9		7.1	15.8	
P/E (adj.)	38.9				35.4	27.1	7.1	15.8	
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	5.0	1.6	2.8	3.4	2.2	1.2	1.0	1.0	1.1
EV/Sales	10.0	6.4	8.5	7.9	6.5	6.1	5.8	5.9	6.5
EV/EBITDA	15.3	10.3	13.2	11.8	9.0	8.4	7.8	8.3	9.8
EV/EBIT	22.7	17.3	22.3	19.2	13.8	13.3	11.6	13.0	17.3
P/B	1.8	0.7	1.4	2.0	1.5	1.0	1.0	1.2	1.6
FCF yield	-76%	-81%	-40%	8%	-31%	-31%	-63%	0%	20%
Dividend yield	2.0%	6.7%	3.5%	2.5%	6.0%	6.4%	6.4%	6.4%	6.4%
Return on equity (ROE)	4.5%	1.1%	-2.3%	1.7%	5.4%	-4.7%	14.4%	7.3%	-8.9%
Return on capital employed (ROCE)	5.0%	4.4%	4.3%	5.3%	6.3%	5.8%	6.8%	6.1%	4.6%
Return on assets (ROA)	1.3%	0.3%	-0.5%	0.3%	0.9%	-0.7%	1.8%	0.8%	-0.7%
Sales growth	109%	26%	12%	13%	18%	3%	19%	-1%	-12%
EBITDA margin	66%	63%	64%	68%	72%	72%	74%	71%	67%
EBIT margin	44%	37%	38%	41%	47%	46%	50%	46%	38%
Net margin	13%	3%	-5%	3%	8%	-6%	14%	6%	-7%
Net interest rate	4.3%	4.6%	0.0%	0.0%	0.0%	5.8%	5.2%	5.8%	6.0%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	38%	37%	33%	38%	38%	35%	32%	31%	31%
Leverage ratio	62%	63%	67%	62%	62%	65%	68%	69%	69%
NIBD / EBITDA (past 1y)	7.7	7.7	8.8	6.7	6.0	6.8	6.5	6.9	8.1
Operating cash flow/NIBD	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Net interest coverage ratio (EBITDA	3.0	2.8				2.5	2.9	2.5	2.1
Current ratio	1.4	0.5	1.0	1.4	0.7	0.8	0.9	1.0	0.8
Adj. equity ratio						5%	7%	8%	7%
Operating assets	3,035	3,674	4,288	4,251	4,832	5,102	5,690	5,736	5,542
Operating liabilities	122	157	133	111	157	163	163	163	163
Net operating assets	2,914	3,517	4,155	4,140	4,675	4,939	5,527	5,573	5,379

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

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



Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data, www

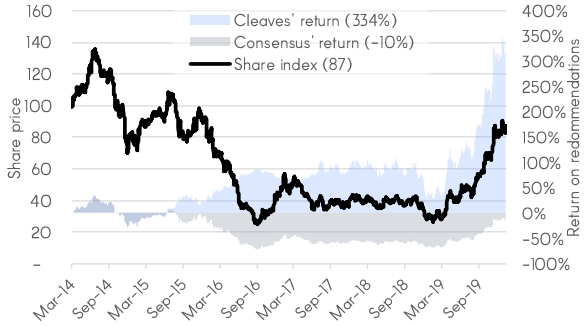
Cleaves Securities
21 January 2020
Professionalism & Quality
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau}, R^2 \approx 1$

VLGCs could be closing in on the cyclical peak, but still some upside left. The contractionary phase of the cycle could be less painful than usual

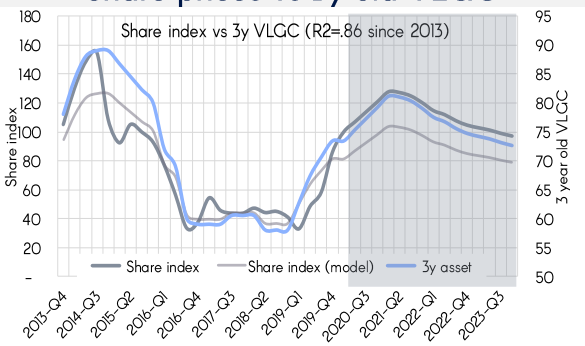
LPG Carriers

BUY

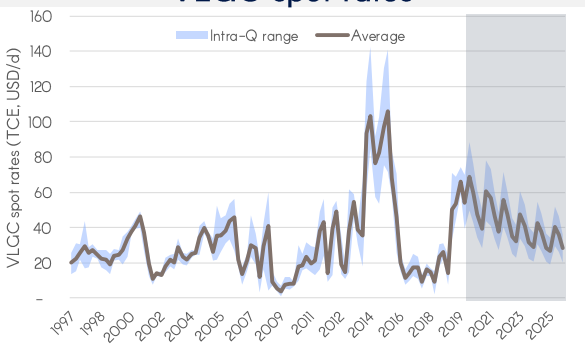
Segment share prices



Share prices vs 3y old VLGC



VLGC spot rates



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Close to Cyclical Peak

VLGC earnings & share prices performed even better than expected in 2019, & 2020E could show further improvements. We do however believe that this year will mark the cyclical peak as demand growth abates, but that earnings will stay elevated at least until 2023E. We reiterate our BUY rating, but see more upside in Avance than peers BW LPG & Dorian.

Market: VLGC spot rates averaged $46k/d in 2019, far above our $25k/d forecast from January 2019 as US exports came in even higher than we had expected. With 32% of all fleet growth in 2020 scheduled for January, we believe the YTD weakness in spot rates will soon be forgotten as US exports could reach new all-time-highs in March and spot rates a stellar $84k/d in April. We do however forecast this to be **the peak of this cycle**. Demand growth is expected to stay muted in 2021E while supply growth picks up in 2022E and outpaces demand growth in 2021-23E. The good news is that our current forecast is for a slow decline from very strong earnings, and spot rates to average well above historical average levels ($31k/d) for the duration of our forecast period.

Investments: Our VLGC share index averaged +27% y/y in 2019 at 57, spot-on our 56 January 2019 forecast. With a massive surge from mid-August, our share index now stands at 100 (+194% y/y), strongly supported by rising asset prices and timecharter rates. Despite share prices having already reached our 2y forecast from last year, we still see another 28% upside as company valuations remains at sub-peak levels and as asset prices could rise another 10%. **Our top pick** is **Avance Gas** (BUY/N84) with an EV/EBITDA of 3.6x and a dividend yield of 28% in 2020E. **BW LPG** (BUY/N18) and **Dorian LPG** (BUY/$18) are also enticing investments, although at a smaller 18-20% upside to target vs Avance with a 56% upside. Short term share price triggers could include a rise in spot rates, upwards revisions of analysts' target prices and earnings forecasts, and companies' strong dividend declarations at 4Q19 reporting.

Segment overview

			Recommendations & upside			
USDm	Mcap	Turnover	Rec.	TP	P	+/-
AVANCE NO	386	5.3	BUY	84	53.7	56%
BWLPG NO	1,256	5.9	BUY	94	79.5	18%
LPG US	816	10.0	BUY	18	15.0	20%
Average	820	7.1	BUY			32%
Median	816	5.9	BUY			20%

Segment overview

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

We reiterate our BUY recommendation on all our covered VLGC companies, but adjust our target prices slightly:

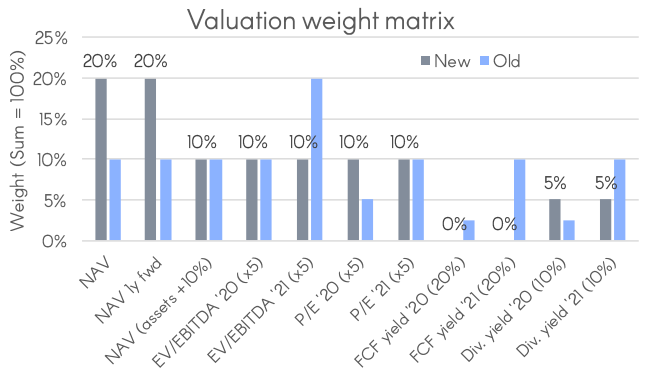
Avance Gas: Target price revised up to NOK 84 from NOK 81 (56% upside)
BW LPG: Target price revised down to NOK 94 from NOK 108 (18% upside)
Dorian LPG: Target price unchanged at USD 18 (20% upside)

There are several effects impacting the revision of our target prices:

- ➕ We roll our earnings multiples one year forward, from 2019/20E to 2020/21E. As we believe 2021E will be better than 2019E, it increases our valuation, all-else-equal.
- ➖ We reduce our EV/EBITDA valuation multiple from mid-cycle 8x to peak-cycle 5x, reducing our valuation, all-else-equal.
- ➖ We reduce our P/E valuation multiple from mid-cycle 6x to peak-cycle 5x, reducing our valuation, all-else-equal.
- ➖ We reduce our expected asset price appreciation from +20% to +10% as asset prices have risen

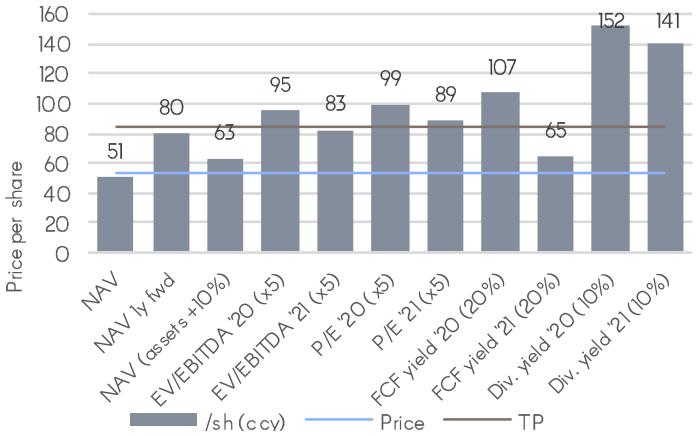
Our current weighted valuation matrix can be seen below, in addition to the valuation matrix for each company

Valuation weight matrix for our VLGC companies

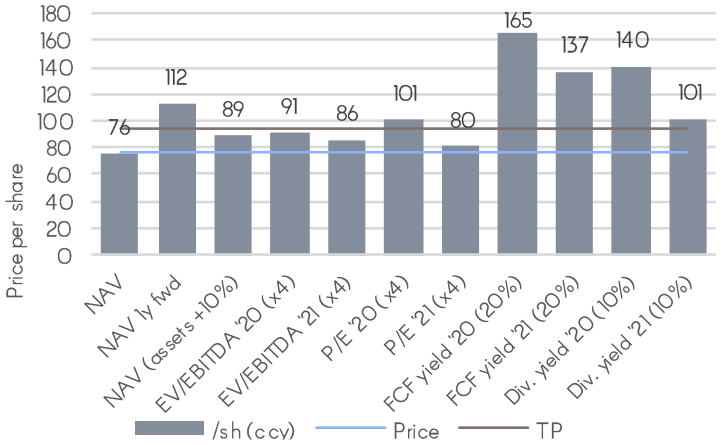


As we rolled 1y forward, "old" 2020 weights are for '19 & 2021 are '20

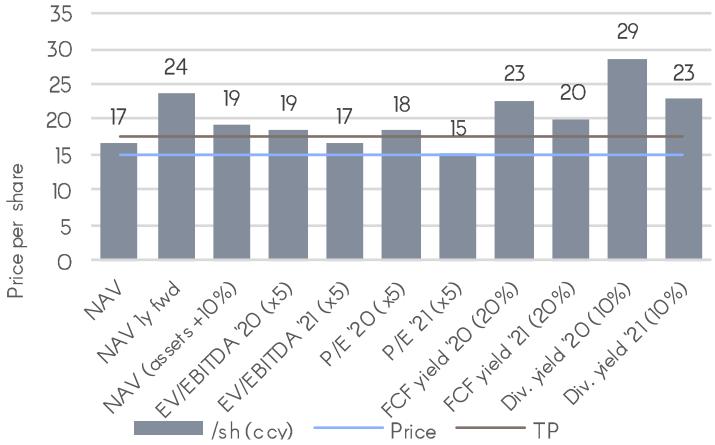
Valuation weight matrix: Avance Gas



Valuation weight matrix: BW LPG



Valuation weight matrix: Dorian LPG



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Market Fundamentals

The quarter & year in review

Net VLGC supply growth of 1.4% q/q in **4Q19** was slightly below our 1.8% forecast from October, with y/y growth at 6.6%. Gross deliveries of 330k cbm was below our forecast (412k) as one vessel slipped into 2Q20, while zero vessels scrapped was as expected given the strong earnings environment. Contracting in the quarter significantly outpaced deliveries and the orderbook growth is a concern for 2022-23E. Eight VLGCs were added to the orderbook in 4Q19, one more than our forecast. The VLGC orderbook is thus up 1%p q/q to 17% of the fleet (21% historical average).

We estimate a 4.1% demand growth q/q in 4Q19 (vs our +5.5% forecast) and 19.7% y/y (21.3%). US LPG exports has been the main demand growth driver, with exports in 4Q19 +10% q/q and +35% y/y to all-time-highs. We forecast US LPG exports to stay at similar levels in 1Q20 and to reach new all-time-highs in 2Q20.

The net effect in 4Q19 was a fleet utilization of 94.5% (95.5% forecast), +2.5%p q/q and +10.3%p y/y. This was the highest quarterly fleet utilization since 4Q 2015. The average spot earnings for a VLGC at $66k/d in the quarter was 7% below our forecast (+24% q/q, +155% y/y). A three-year-old VLGC averaged $73m in the quarter ($74m forecast) +4% q/q and +27% y/y. Our VLGC share index averaged +47% q/q and +109% y/y to 86, fairly close to our 82 forecast from October.

			New	Old		
kcbm	2018-Q4	2019-Q3	2019-Q4	2019-Q4	Δ	Δ %
Deliveries[1]	249.5	240.0	330.4	412.1	(81.7)	-20%
Scrapping[1]	-	-	-	-	-	0%
Contracting[1]	246.0	692.0	714.0	599.6	114.4	19%
Supply[2]	**22,232**	**23,379**	**23,710**	**23,791**	**(82)**	**-0.3%**
Δ q/q			*1.4%*	*1.8%*	*-0.3%*	
Δ y/y			*6.6%*	*7.0%*	*-0.4%*	
Demand[2]	**18,727**	**21,530**	**22,416**	**22,710**	**(294)**	**-1.3%**
Δ q/q			*4.1%*	*5.5%*	*-1.4%*	
Δ y/y			*19.7%*	*21.3%*	*-1.6%*	
Utilization[2]	**84.2%**	**92.1%**	**94.5%**	**95.5%**	**-0.9%p**	
VLGC, spot[2] (TCE/d)	26,052	53,585	66,290	71,634	(5,344)	-7%
VLGC, 3y[2] (USDm)	58	71	73	74	(0.3)	0%
Share index[2]	41	58	86	82	4	6%

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

For the **full year 2019**, net supply growth of 5.0% y/y in 2019 was higher than our 3.7% forecast from January 2019. Gross deliveries of 1.5m cbm was similar to our forecast (1.4m), but zero scrapping (vs our 0.45m cbm forecast) led the fleet to average 23.2m cbm during the year vs our 22.9m cbm forecast. Newbuild contracting posted another strong year with 2.7m cbm of orders placed at yards (1.3m forecast), marking the highest year for newbuilding orders since 2015.

We estimate demand growth y/y in 2019 at +16.9% (vs our +8.9% forecast). The higher than expected demand growth mainly stems from US exports which were +22% y/y in 2019 vs our +7% forecast. The net effect was an average fleet utilization in 2019 of 89.1% (84.0% forecast), +9.1%p y/y (+4.0%p). The average spot earnings for a VLGC vessel averaged $46k/d in 2019 (vs our $26k/d forecast), 151% above 2018. A three-year-old VLGC averaged $69m in the quarter ($66m forecast) +17% y/y. Our VLGC share index averaged +27% y/y to 57, basically spot-on our 56 forecast from January 2019.

			Actual	Forecast		
kcbm	2017	2018	2019	2019	Δ	Δ %
Deliveries[1]	2,081	829	1,478	1,400	77	6%
Scrapping[1]	(154)	(391)	-	(451)	451	-100%
Contracting[1]	1,151	1,878	2,671	1,321	1,351	102%
Supply[2]	**21,316**	**22,101**	**23,199**	**22,916**	**282**	**1.2%**
Δ y/y	*12.3%*	*3.7%*	*5.0%*	*3.7%*		
Demand[2]	**16,702**	**17,675**	**20,667**	**19,239**	**1,428**	**7.4%**
Δ y/y	*8.2%*	*5.8%*	*16.9%*	*8.9%*		
Utilization[2]	**78.4%**	**80.0%**	**89.1%**	**84.0%**	**5.1%p**	
VLGC, spot[2] (TCE/d)	14,990	18,326	46,009	25,494	20,515	80%
VLGC, 3y[2] (USDm)	60	59	69	66	2	3%
Share index[2]	47	45	57	56	1	2%

[1]Sum during period [2]Average during period

Brief history

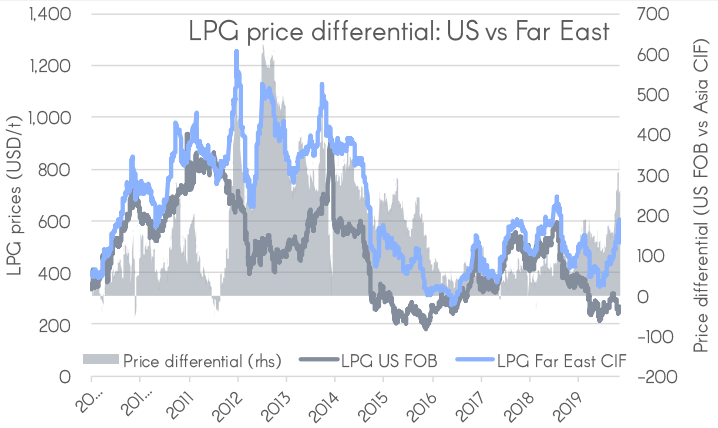
The Middle East was historically the main exporter of seaborne LPG cargoes, stemming from oil/gas production and refining. The LPG industry was primarily supply driven, as prices were set as to clear available LPG to avoid expensive storage or environmentally unfriendly (and sometimes prohibited) flaring.

The US shale revolution from the mid-2000s and onwards has transformed the industry. LPG (mainly propane) is a by-product of US shale production and huge amounts were left stranded in the grid. In Canada, propane prices actually turned negative for a short period in 2015 as supplier scrambled to offload volumes in order to avoid cost of carry.

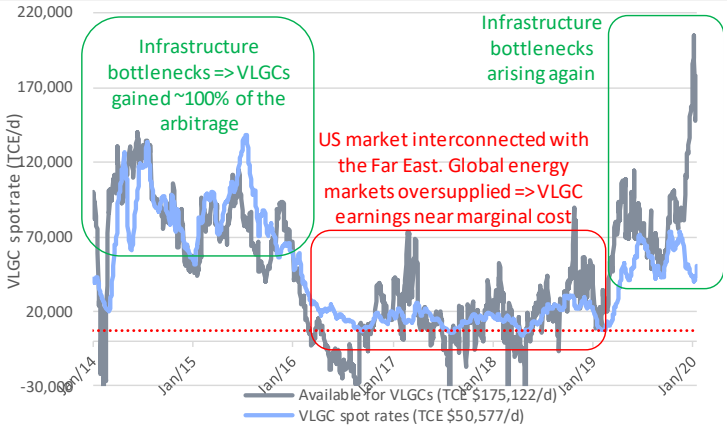
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

During this period, waterborne LPG export capacity was a bottleneck, and the VLGCs and LGCs on the water were able to capture close to 100% of the huge price differential between export markets such as US/Middle East and the main importers. Then followed a period from 2016 where a massive increase in US export facilities took place, and exports was running below full capacity utilization. Also, the VLGC fleet nearly doubled, interconnecting regional markets across the globe. The result was a shipping segment where supply/demand dynamics was normalized, mirroring the dynamics seen in established commodity shipping such as dry bulk and oil tankers. The latest development is however for a reversion to infrastructure bottlenecks and tight shipping, with VLGCs reaping the benefits.

LPG price differential between US & Far East



VLGC rates vs theoretical from price differential



Looking ahead, we see positive developments for VLGCs as demand growth is forecast to continue to outpace supply growth in 2020E.

Market outlook

Supply

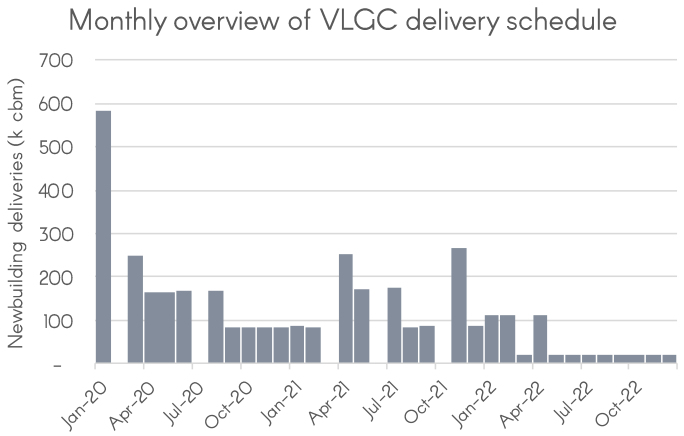
With 4.5m cbm of VLGC newbuildings having been contracted in 2018 & 2019 combined vs gross deliveries at 2.3m cbm, the orderbook has grown from 12% in 2017 to 17% of the fleet at present. This is still manageable vs the historical average of 21%, but will require healthy demand growth to keep earnings elevated.

For 2020E, we forecast net supply growth at a substantial 7.3%, still significantly outpaced by a 11.7% growth in demand. Looking at the delivery schedule, we expect 32% of all deliveries for the year to happen in January, one of several reasons that VLGC spot rates have dropped from a $61k/d December average to the $34k/d lows in January, a level we forecast could represent some of the lowest spot rates during 2020E.

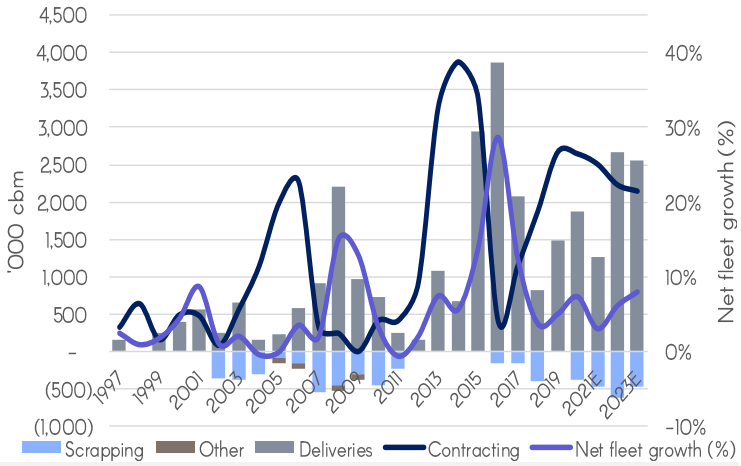
Looking further afield, we see a low 3.0% net supply growth in 2021E, before increasing to 6.1% in 2022E and 7.9% in 2023E.

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

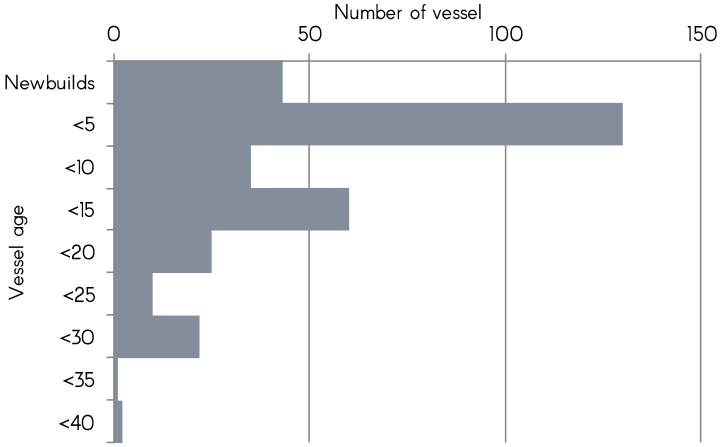
VLGC monthly delivery schedule



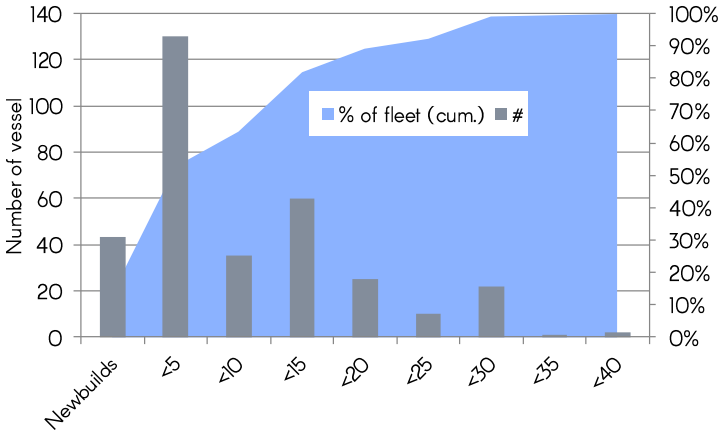
VLGC fleet developments



VLGC fleet distribution by age



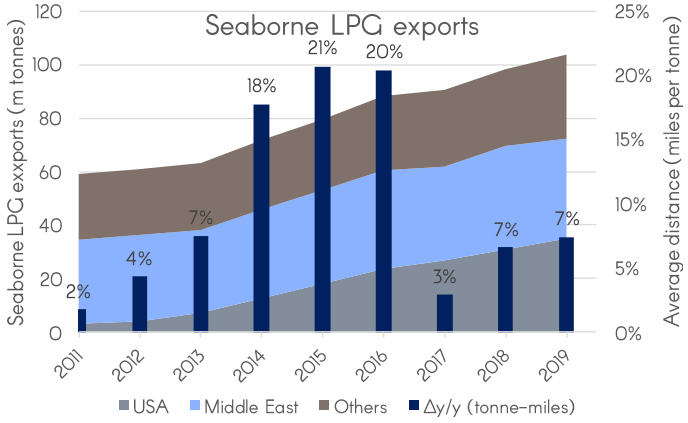
VLGC distribution by age



Demand

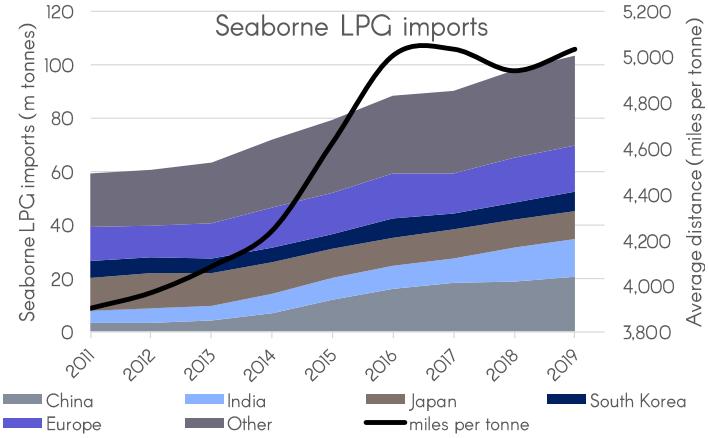
Looking at total demand for seaborn LPG transportation, The Middle East has traditionally been the main supplier but US exports have risen significantly over the past ten years. While ME exports made up 53% of all seaborne volumes in 2011 and the US a mere 5%, the split is now around 35% ME and 35% US in terms of tonnes transported. Adjusting for the longer sailing distances attributable to US exports, the importance of the immense growth in US exports is higher than the tonne picture initially paints.

Seaborne LPG exports



Source: Shipping Intelligence Network

Seaborne LPG imports



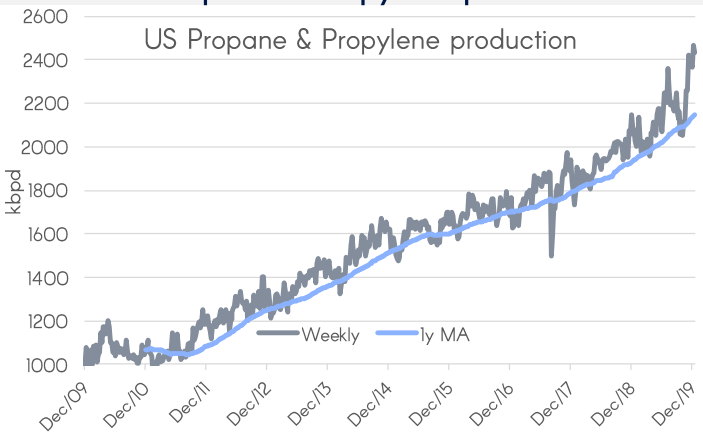
Source: Shipping Intelligence Network

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

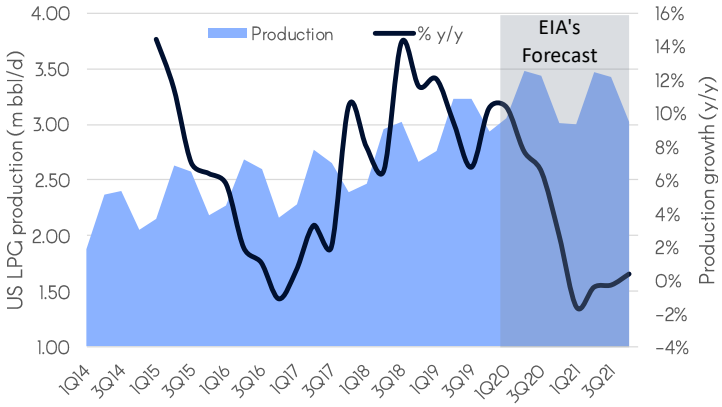
Looking ahead, we expect Middle Eastern exports to increase a mere 0.8% y/y in 2020E and to stay flat in 2021E. We also expect other non-US sourced LPG exports to increase 5% in 2020E and to stay flat in 2021E. The single most important demand growth driver in the coming years is still expected to be **US LPG exports.**

US propane/propylene production has risen continuously since 2011 at a CAGR of 10.6%, while US LPG exports have posted double-digit growth each year since 2014. For 2020E, we expect US LPG production to increase 7% y/y and US exports to rise 25% y/y, reaching new all-time-highs.

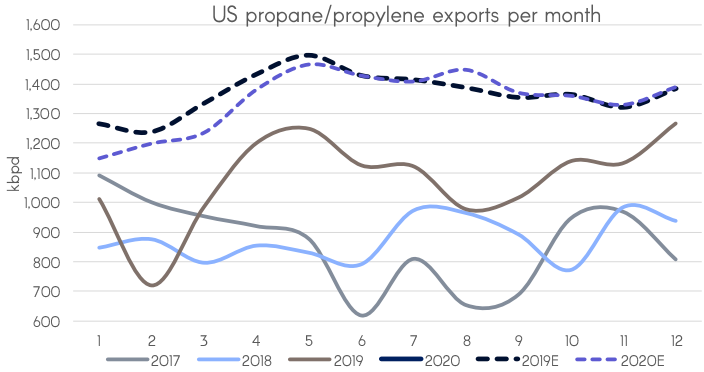
US Propane & Propylene production



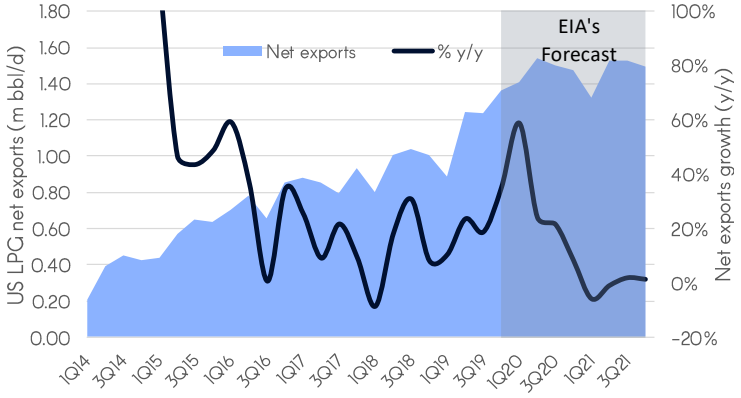
US LPG production & EIA's forecast



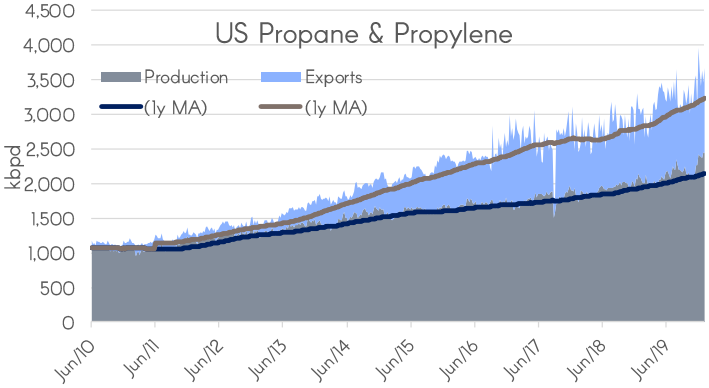
US Propane & Propylene exports



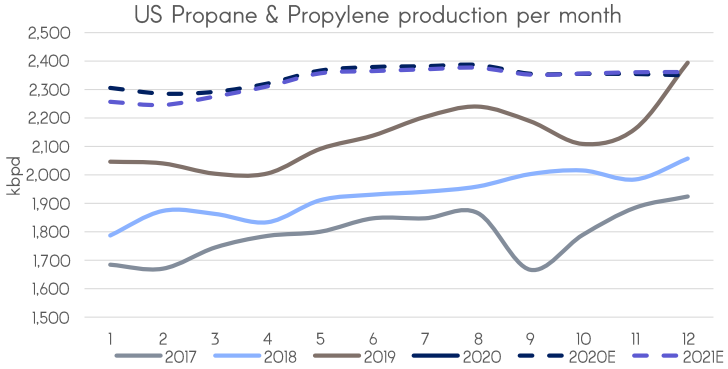
US Propane net exports & EIA's forecast



US Propane & Propylene production/exports

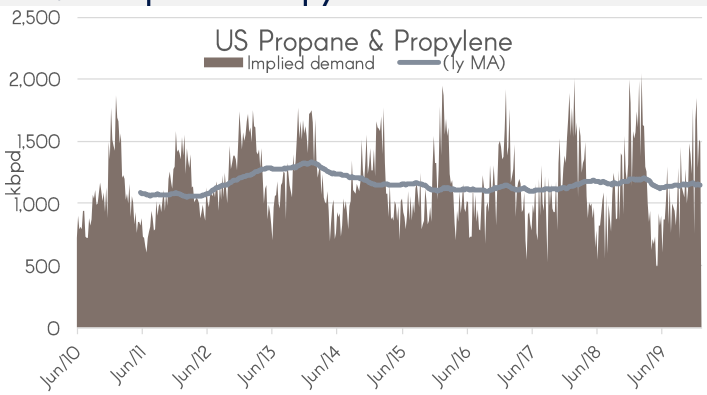


US Propane & Propylene production

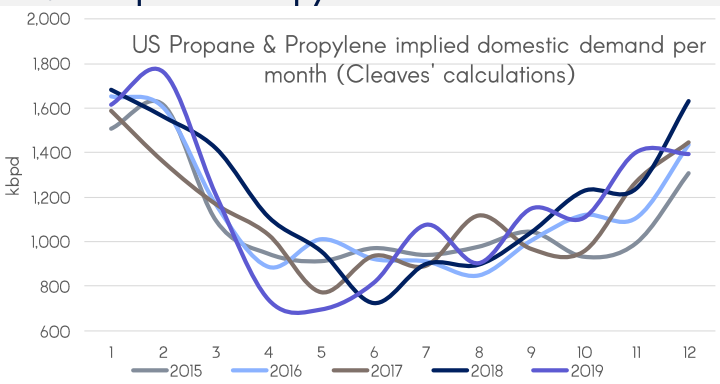


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

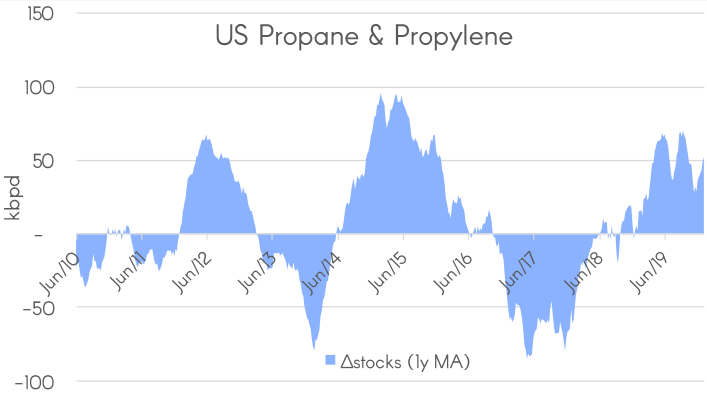
US Propane & Propylene: Domestic demand



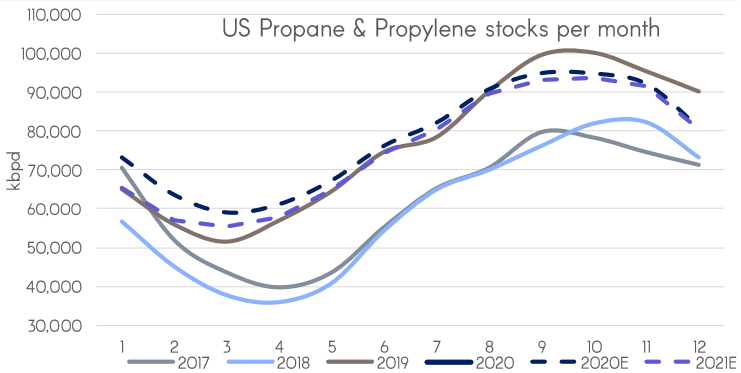
US Propane & Propylene: Domestic demand



US Propane & Propylene: Net inventory Δ y/y

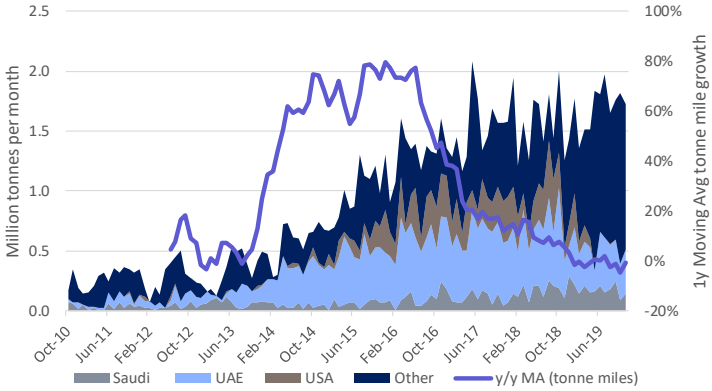


US Propane & Propylene: Inventory

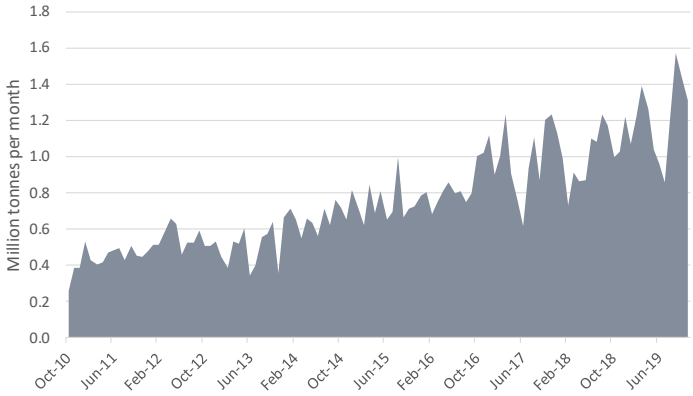


On the LPG demand side, we believe in a general increase in demand for energy globally in addition to a preference for LPG and LNG over coal and crude oil. The latter is evident in the massive increase of imports into China and India in recent years, which again can be viewed as proxies for a wider movement in developing economies at present and in the future. Chinese LPG imports from the US however dwindled to zero during 2018, and a thaw in US-Sino trade relations could revive this trade which is very tonne-mile intensive.

Chinese LPG imports by source



Indian LPG imports

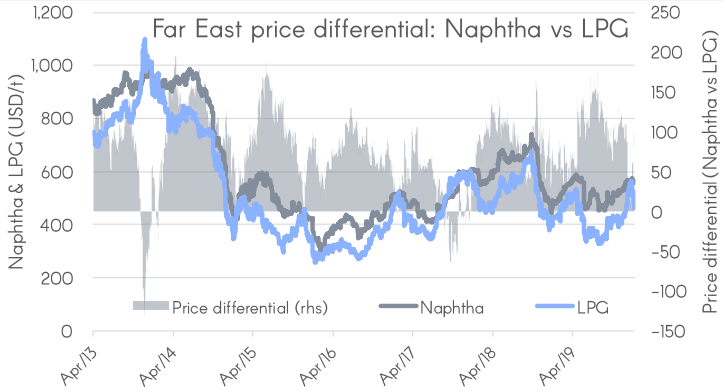


In addition to a general move towards LPG as a cleaner and energy rich fuel for the retail market, another important driver for LPG demand is the relative pricing towards other energy sources and especially naphtha which many crackers can use interchangeably to a certain degree. This effect is even more important when analysing short term demand fluctuations and potential arbitrage opportunities for LPG shipping.

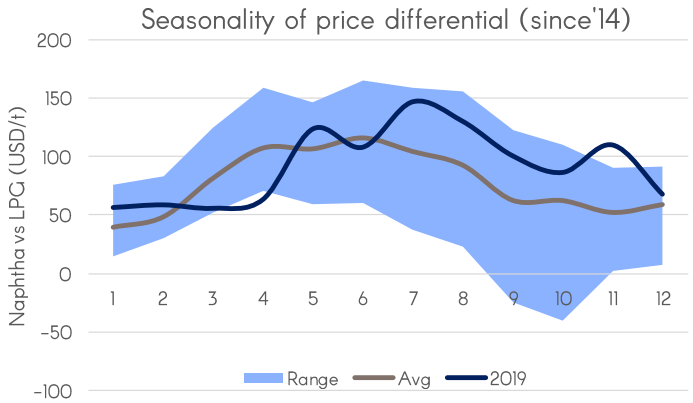
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

In our analysis, we find that a switch from naphtha to LPG in the Far East occurs at around $50-100 price differential. At the time of writing, the price differential stands at $99/t. Looking to history for guidance, the price differential tends to rise in April and stay elevated throughout August. This fits well with the seasonal spike in demand and shipping earnings we have observed historically. This seasonality has however been highly diluted in recent years by the ramp-up in US exports. Please see the section on Seasonality below for further details.

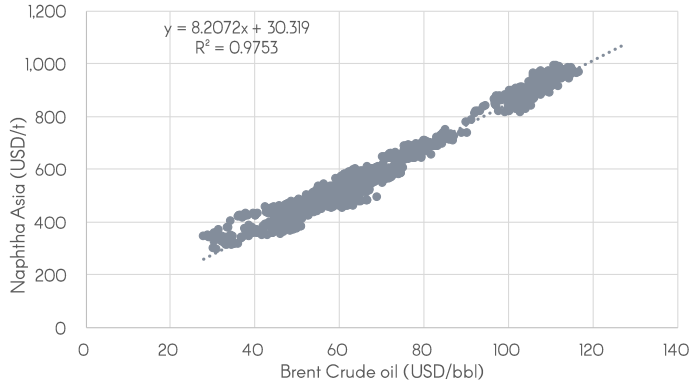
Far Eastern feedstock switch occurs ~$50-100



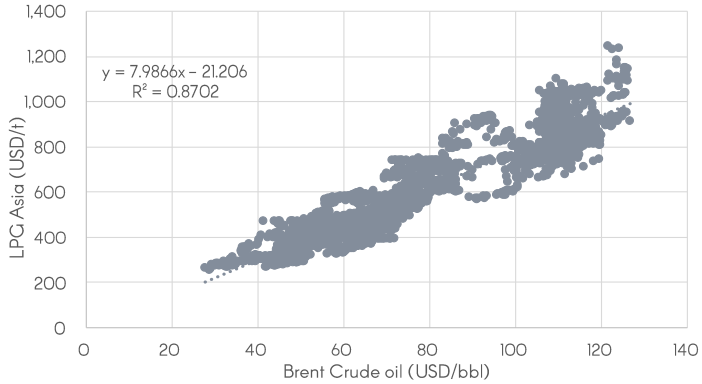
Seasonality of Far Eastern price differential



Correlation: Far East naphtha vs Brent Crude



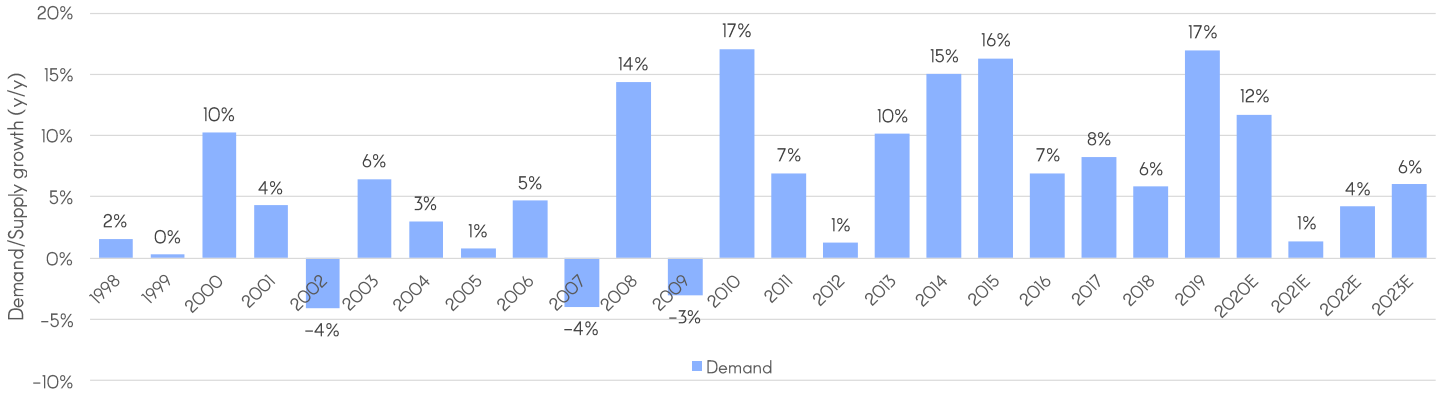
Correlation: Far East LPG vs Brent Crude



In sum, we forecast strong demand growth y/y of 11.7% in 2020E, 2.6%p higher than our previous demand growth forecast for 2020E. However, our demand growth forecast for 2021E is revised down 3.6%p to 1.4%, mainly as we now expect the ramp-up of US exports to be front-loaded in 2020E and to stay flat in 2021E. With our forecast of flat growth in other export areas as well, we thus expect that the mere 1.4% demand growth y/y in 2021E will increase to 4.2% in 2022E and 6.0% in 2023E.

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Historically (implied) and Cleaves' VLGC demand growth forecast

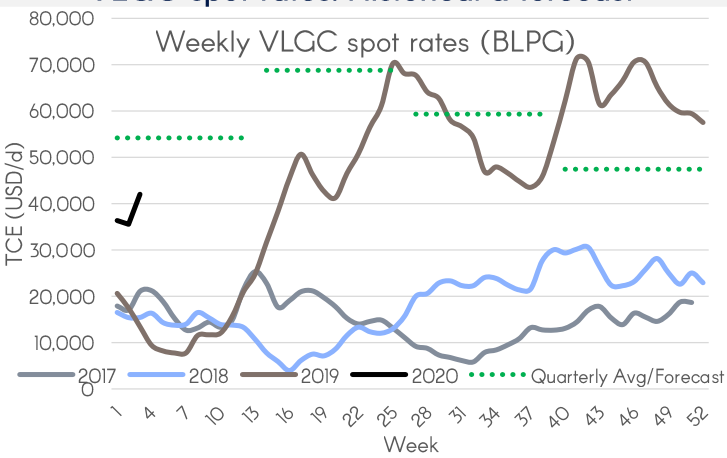


Fleet utilization

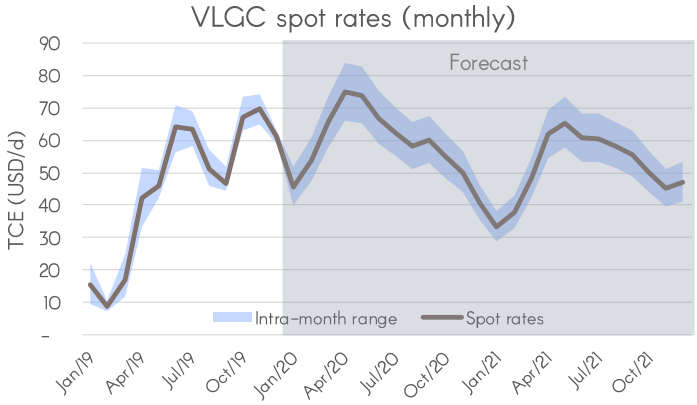
After a massive surge in fleet utilization from 80% to 89% in 2019, we forecast further but more modest gains in 2020E to 93%. Against our 7.3% net fleet growth forecast in 2020E, we see demand growth of 11.7%, with average spot rates of $57k/d vs 46k/d in 2019. A very low demand growth y/y in 2021E at 1.6% is almost matched by the expected low supply growth for 3.0%, supporting spot rates at a very strong $51k/d. Looking further afield, higher than expected newbuilding contracting in 2019 will impact supply growth in 2021E and beyond. For 2022E and 2023E, we expect supply growth of 6% and 8% to outpace demand growth at 4% and 6%, respectively. Thus, our VLGC fleet utilization and spot rate forecasts peak in April 2020E at $84k/d, with corresponding spot rates falling to a $38k/d average in 2023E, still above the $31k/d historical average.

Delta table: VLGC Carrier forecast summary									
Δ y/y	2019	2020E	2021E	2022E	Avg spot	2019	2020E	2021E	2022E
Supply	**5.0%**	**7.3%**	**3.0%**	**6.1%**	**VLGC spot**	**46,009**	**57,377**	**50,677**	**43,972**
Supply, old	5.1%	7.1%	2.5%	5.4%	old	47,345	48,974	59,237	61,765
Δ	-0.1%p	0.2%p	0.5%p	0.7%p	Δ	(1,336)	8,403	(8,561)	(17,793)
Demand	**16.9%**	**11.7%**	**1.4%**	**4.2%**	**VLGC 3y**	**69**	**76**	**80**	**76**
Demand, old	17.3%	9.1%	5.0%	6.0%	old	69	81	87	84
Δ	-0.4%p	2.6%p	-3.6%p	-1.8%p	Δ	(0)	(5)	(7)	(8)
Utilization	**89.1%**	**92.8%**	**91.3%**	**89.7%**	**Share index**	**57**	**110**	**125**	**110**
Utilization, old	89.3%	91.0%	93.2%	93.7%	old	56	104	121	113
Δ	-0.2%p	1.8%p	-1.9%p	-4.0%p	Δ	2%	6%	3%	-3%

VLGC spot rates: Historical & forecast



VLGC spot rates: Historical & forecast



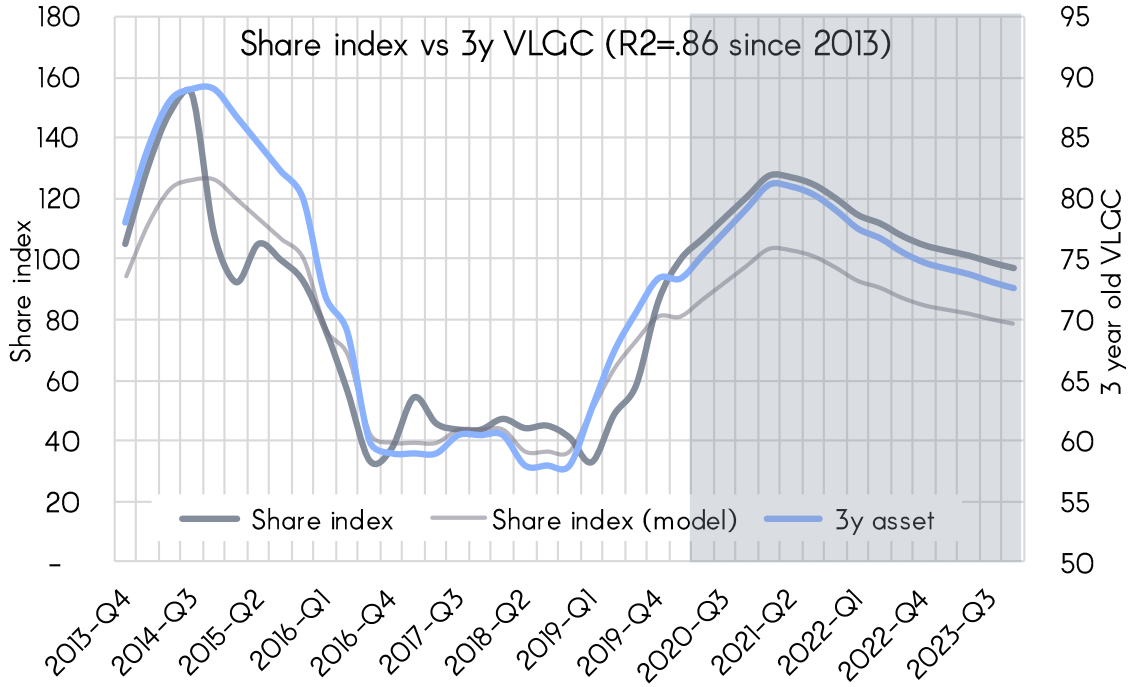
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Share index

Our VLGC share index currently stands at 100, rising even faster than our forecast from January 2019 that our share index would rise 170% by end-2020E to reach 97.

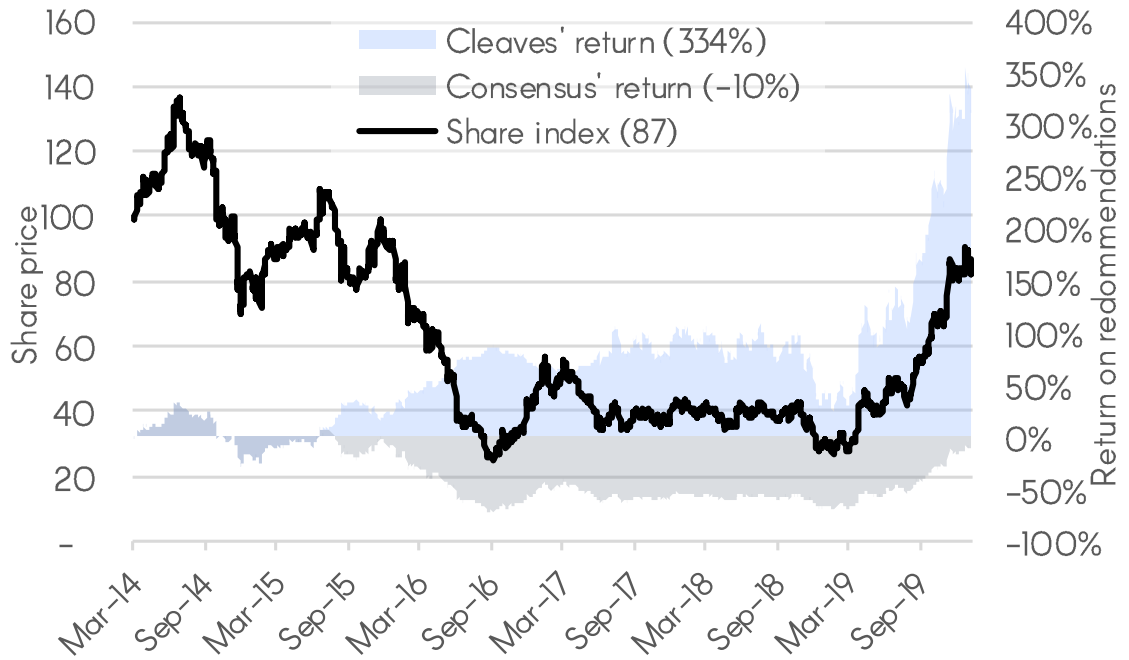
Our share index has closed the gap vs our econometric model and is now leading the model. We do however see support for further upside in asset prices and company valuations, which are still attractive and below peak. We thus see another 28% upside to our VLGC share index over the next year.

Cleaves' return vs consensus & our VLGC share index



Since we started covering VLGC shipping shares in 2014, we have 334% return on our recommendations vs the market at -13% & consensus at -10%.

Cleaves' return vs consensus & our VLGC share index

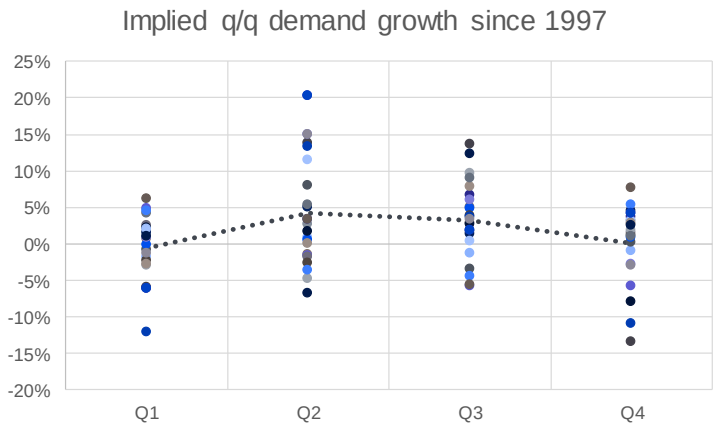


Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

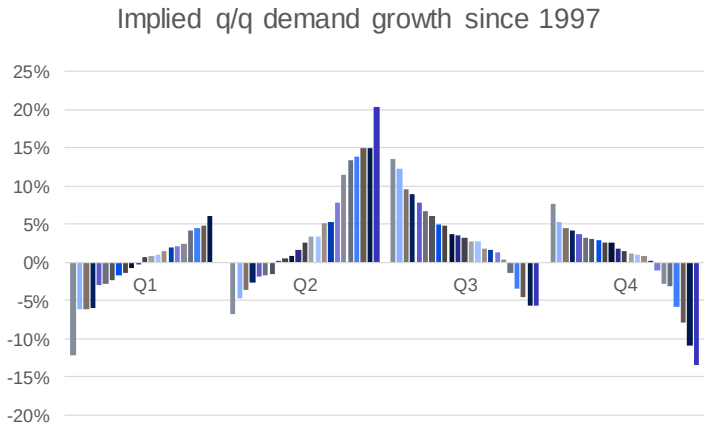
Seasonality

Looking at the history, demand for LPG shipping has exhibited strong seasonal properties. Since 1997, demand has on average grown by 4.2% q/q in 2Q and 3.2% in 3Q, vs -0.6% in 1Q and 0.0% in 4Q. This has partly been driven by seasonal refinery runs and stock building in the northern hemisphere ahead of the winter season. The increase in US LPG exports has however led to a significantly dilution of this seasonality, with the ramp-up of new US export infrastructure often more important than traditional seasonality. As we see US exports growth flat in 2021E, we would expect more of the traditional seasonality again, although diluted.

Historically strong demand growth in 2Q/3Q

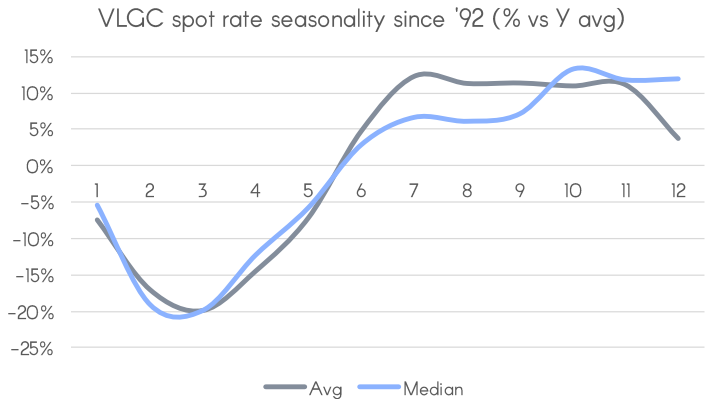


Historically strong demand growth in 2Q/3Q

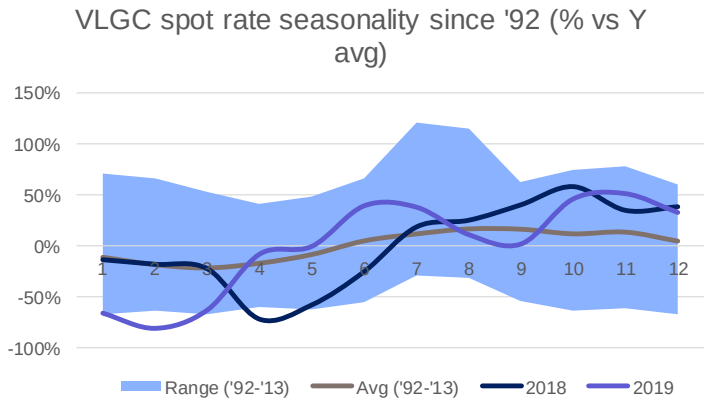


We can find a similar seasonal pattern in historical VLGC spot earnings. Since 1992, spot rates have averaged 10-20% below the yearly average in February to April, and 0-15% above in June to December. One significant difference to the demand seasonality is the bigger decline in 1Q and higher trend in 4Q. This can be explained by supply growth which across shipping tends to be higher in 1Q than in 4Q as owners push delivery into the new year to get a better "timestamp" on their asset.

Historical VLGC spot rate seasonality



Historical VLGC spot rate seasonality



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Changes to our econometric model

New Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	162	1,073	669	2,935	3,863	2,081	829	1,478	1,866	1,272	2,664	2,560
Scrapping[1]	–	–	–	–	(161)	(154)	(391)	–	(386)	(468)	(627)	(464)
Other[1]	(0)	0	–	–	–	–	–	–	–	–	–	–
Contracting[1]	*913*	*3,271*	*3,879*	*3,400*	*417*	*1,151*	*1,878*	*2,671*	*2,647*	*2,509*	*2,233*	*2,148*
Supply[2]	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	24,889	25,639	27,201	29,359
Δ y/y	*2.0%*	*7.4%*	*5.6%*	*13.7%*	*28.6%*	*12.3%*	*3.7%*	*5.0%*	*7.3%*	*3.0%*	*6.1%*	*7.9%*
Demand[2]	9,794	10,788	12,410	14,433	15,433	16,702	17,675	20,667	23,091	23,413	24,397	25,860
Δ y/y	*1.3%*	*10.1%*	*15.0%*	*16.3%*	*6.9%*	*8.2%*	*5.8%*	*16.9%*	*11.7%*	*1.4%*	*4.2%*	*6.0%*
Utilization[2]	86%	88%	96%	98%	81%	78%	80%	89%	93%	91%	90%	88%
Spot rate[2] (USD/day)	32,890	39,437	77,070	88,508	22,859	14,990	18,326	46,009	57,377	50,677	43,972	37,907
VLGC value, 3y[2] (USDm)	71	73	88	83	65	60	59	69	76	80	76	73
Share index[2]	–	–	135	98	51	47	45	57	110	125	110	100
OB[2]	1,454	2,490	6,787	7,317	5,275	2,830	3,411	3,747	4,268	5,663	5,854	5,345
OB/Fleet[2]	13%	20%	52%	50%	28%	13%	15%	16%	17%	22%	22%	18%

[1]Sum during period [2]Average during period

Old Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	162	1,073	669	2,935	3,863	2,081	829	1,559	1,731	1,124	2,541	3,256
Scrapping[1]	–	–	–	–	(161)	(154)	(391)	–	(386)	(468)	(627)	(464)
Other[1]	(0)	0	–	–	–	–	–	–	–	–	–	–
Contracting[1]	*913*	*3,271*	*3,879*	*3,400*	*416*	*1,151*	*1,878*	*2,299*	*2,816*	*3,296*	*2,947*	*2,381*
Supply[2]	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,219	24,869	25,496	26,880	29,429
Δ y/y	*2.0%*	*7.4%*	*5.6%*	*13.7%*	*28.6%*	*12.3%*	*3.7%*	*5.1%*	*7.1%*	*2.5%*	*5.4%*	*9.5%*
Demand[2]	9,794	10,788	12,410	14,433	15,433	16,702	17,675	20,741	22,637	23,757	25,183	26,694
Δ y/y	*1.3%*	*10.1%*	*15.0%*	*16.3%*	*6.9%*	*8.2%*	*5.8%*	*17.3%*	*9.1%*	*5.0%*	*6.0%*	*6.0%*
Utilization[2]	86%	88%	96%	98%	81%	78%	80%	89%	91%	93%	94%	91%
Spot rate[2] (USD/day)	32,890	39,437	77,070	88,508	22,859	14,990	18,326	47,345	48,974	59,237	61,765	47,683
VLGC value, 3y[2] (USDm)	71	73	88	83	65	60	59	69	81	87	84	77
Share index[2]	–	–	135	98	51	47	45	56	104	121	113	90
OB[2]	1,454	2,490	6,787	7,317	5,275	2,829	3,411	3,651	4,205	6,305	7,482	6,994
OB/Fleet[2]	13%	20%	52%	50%	28%	13%	15%	16%	17%	25%	28%	24%

[1]Sum during period [2]Average during period

Δ Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	–	–	–	–	–	–	–	(82)	135	148	122	(695)
Scrapping[1]	–	–	–	–	–	–	–	–	–	–	–	–
Other[1]	–	–	–	–	–	–	–	–	–	–	–	–
Contracting[1]	–	–	–	–	*0*	–	–	*372*	*(169)*	*(787)*	*(714)*	*(233)*
Supply[2]	–	–	–	–	–	–	–	(20)	20	143	321	(71)
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-0.1%*	*0.2%*	*0.5%*	*0.7%*	*-1.6%*
Demand[2]	–	–	–	–	–	–	–	(73)	454	(344)	(786)	(833)
Δ y/y	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*-0.4%*	*2.6%*	*-3.6%*	*-1.8%*	*0.0%*
Utilization[2]	0%	0%	0%	0%	0%	0%	0%	-0.2%	1.8%	-1.9%	-4.0%	-2.6%
Spot rate[2] (USD/day)	–	–	–	–	–	–	–	(1,336)	8,403	(8,561)	(17,793)	(9,776)
VLGC value, 3y[2] (USDm)	–	–	–	–	–	–	–	(0)	(5)	(7)	(8)	(3)
Share index[2]	–	–	–	–	–	–	–	1	6	4	(3)	10
OB[2]	–	–	–	–	0	0	0	96	63	(642)	(1,627)	(1,649)
OB/Fleet[2]	0%	0%	0%	0%	0%	0%	0%	0%	0%	-3%	-6%	-6%

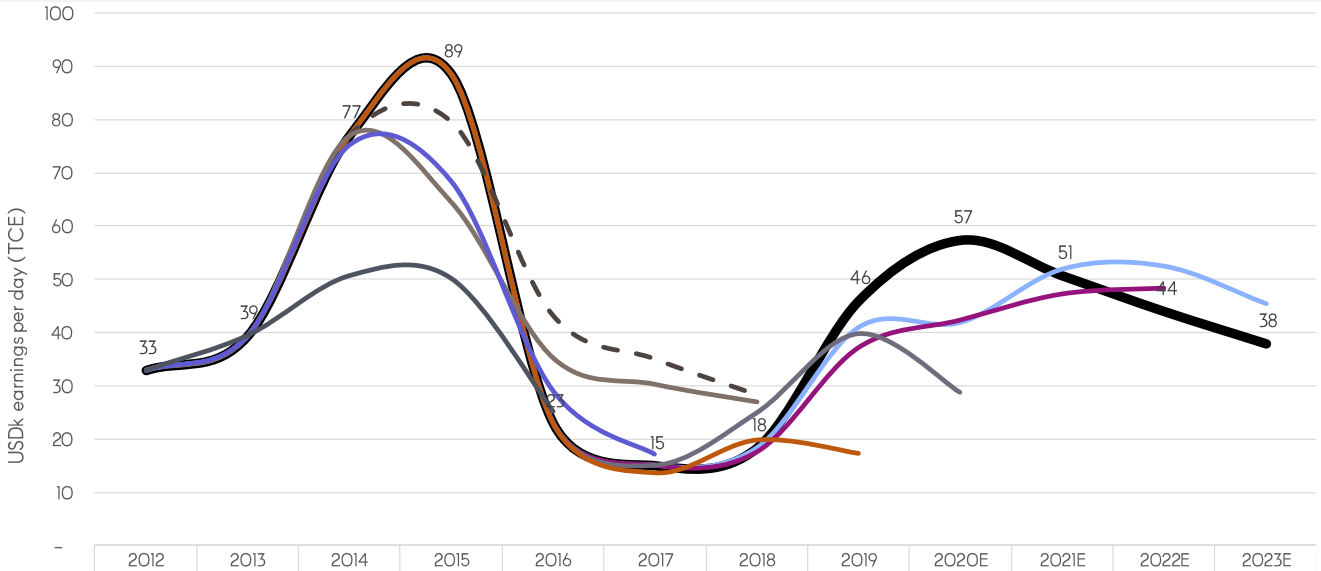
[1]Sum during period [2]Average during period

Δ Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries[1]	0%	0%	0%	0%	0%	0%	0%	-5%	8%	13%	5%	-21%
Scrapping[1]					0%	0%	0%		0%	0%	0%	0%
Other[1]	0%	0%										
Contracting[1]	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*16%*	*-6%*	*-24%*	*-24%*	*-10%*
Supply[2]	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	0%
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-2%*	*3%*	*20%*	*12%*	*-16%*
Demand[2]	0%	0%	0%	0%	0%	0%	0%	0%	2%	-1%	-3%	-3%
Δ y/y	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*-2%*	*28%*	*-72%*	*-30%*	*0%*
Utilization[2]	0%	0%	0%	0%	0%	0%	0%	0%	2%	-2%	-4%	-3%
Spot rate[2] (USD/day)	0%	0%	0%	0%	0%	0%	0%	-3%	17%	-14%	-29%	-21%
VLGC value, 3y[2] (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	-6%	-8%	-10%	-4%
Share index[2]			0%	0%	0%	0%	0%	2%	6%	3%	-3%	11%
OB[2]	0%	0%	0%	0%	0%	0%	0%	3%	2%	-10%	-22%	-24%
OB/Fleet[2]	0%	0%	0%	0%	0%	0%	0%	3%	1%	-11%	-23%	-23%

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Cleaves' historical VLGC forecasts vs actuals



	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	32,890	39,437	77,070	88,508	22,859	14,990	18,326	46,009	57,377	50,677	43,972	37,907
Jul-19	32,890	39,437	77,070	88,508	22,859	14,990	18,326	40,988	41,895	51,925	52,436	45,383
Oct-18	32,890	39,437	77,070	88,508	22,859	14,990	17,482	37,129	42,312	47,223	48,318	
Mar-18	32,890	39,437	77,070	88,508	22,859	14,990	24,819	39,744	28,705			
Feb-17	32,890	39,437	77,070	88,508	22,859	13,572	19,737	17,221				
Jun-15	32,890	39,437	77,070	79,557	43,082	34,967	28,264					
Jan-15	32,890	39,437	77,070	64,463	35,206	30,292	26,995					
Aug-14	32,890	39,437	75,300	68,475	29,081	17,095						
Mar-14	32,890	39,437	50,647	50,107	25,086							

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Peer Group

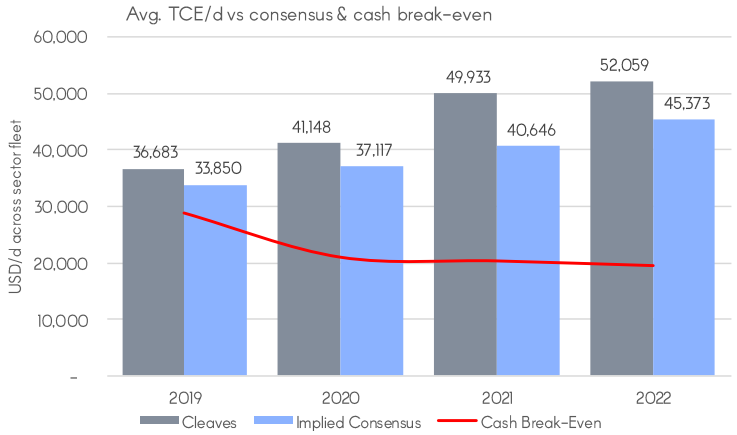
Valuation matrix I

						P/NAV					EV/	adj.	EV/EBITDA			
USDm	Mcap	Turnover	P/sh	Value	+/-	NAV	Now	1y fwd	+10%	ε	GAV	Equity	2019	2020	2021	2022
AVANCE NO	387	5.3	53.7	84	56%	51	1.06	0.68	0.85	0.25	1.03	35%	6.1	3.6	3.9	4.1
BWLPG NO	1,259	5.9	79.5	94	18%	76	1.05	0.71	0.89	0.17	1.02	47%	5.9	3.6	3.8	3.9
LPG US	827	10.0	15.2	18	19%	17	0.91	0.64	0.79	0.16	0.95	56%	7.6	4.3	4.6	4.8
Average	824	7.1			31%		1.01	0.67	0.85	0.19	1.00	0.46	6.5	3.8	4.1	4.3
Median	827	5.9			19%		1.05	0.68	0.85	0.17	1.02	0.47	6.1	3.6	3.9	4.1

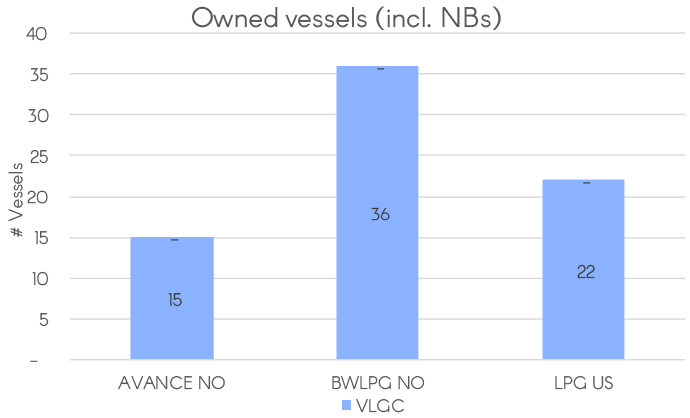
Valuation matrix II

	P/E (adj.)				Liquidity/(GIBD + eq. capex)				FCF yield				Dividend yield			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
AVANCE NO	7.0	2.7	3.1	3.6	7%	7%	7%	8%	15%	39%	24%	26%	0%	28%	26%	25%
BWLPG NO	5.9	3.2	4.0	5.2	4%	10%	15%	20%	25%	41%	34%	29%	5%	18%	13%	7%
LPG US	10.0	4.1	5.0	6.6	5%	7%	10%	17%	8%	30%	27%	22%	0%	19%	15%	2%
Average	7.6	3.3	4.0	5.1	6%	8%	11%	15%	16%	37%	28%	26%	2%	22%	18%	12%
Median	7.0	3.2	4.0	5.2	5%	7%	10%	17%	15%	39%	27%	26%	0%	19%	15%	7%

Avg. TCE/day across peer fleet vs consensus



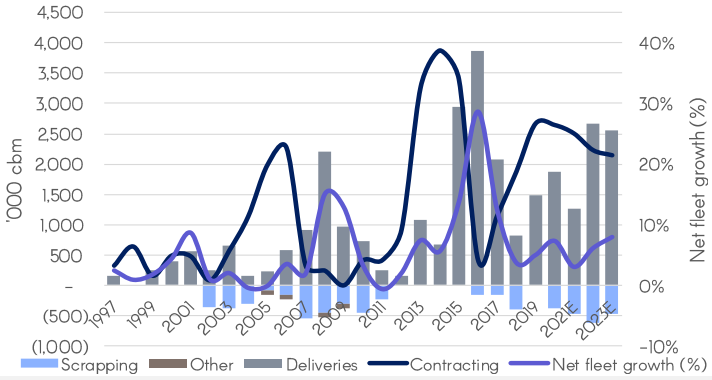
Fleet overview



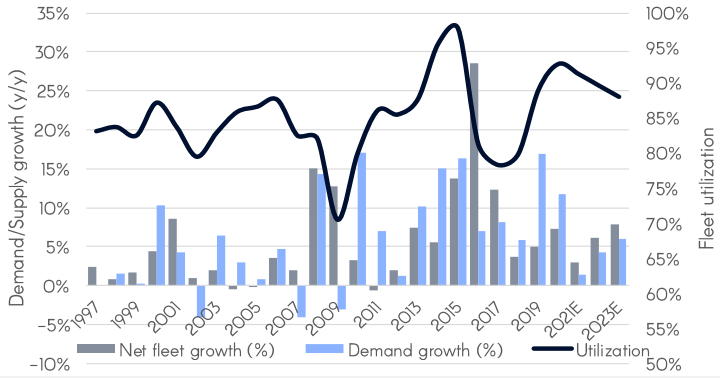
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Market Fundamentals & Forecasts

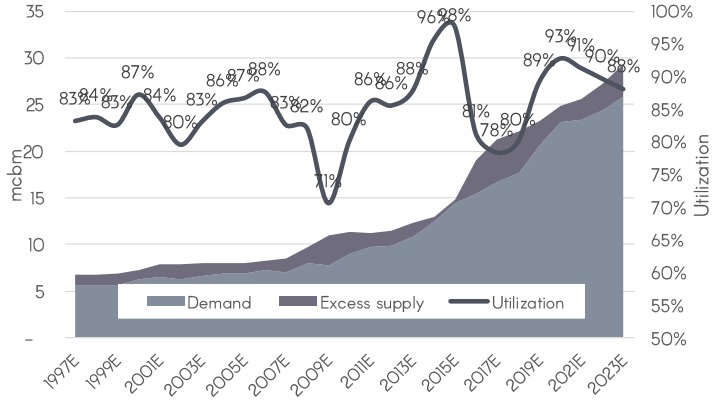
Supply



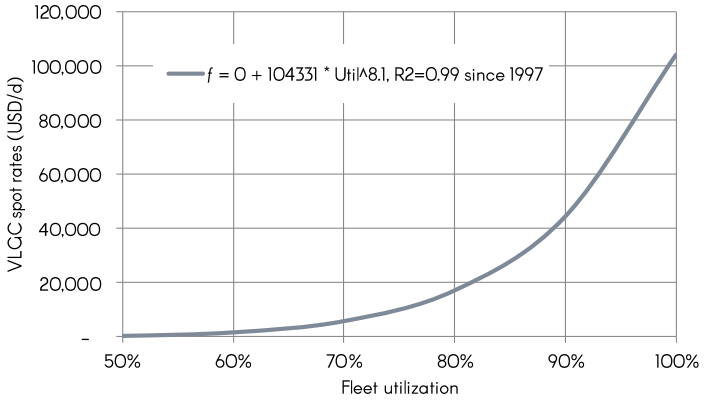
Supply/Demand



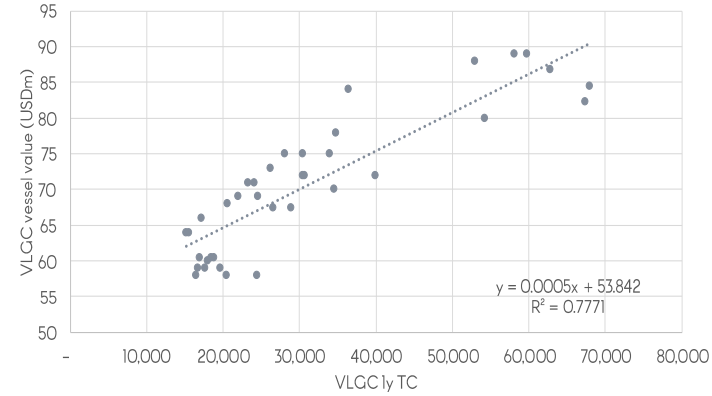
Supply/Demand



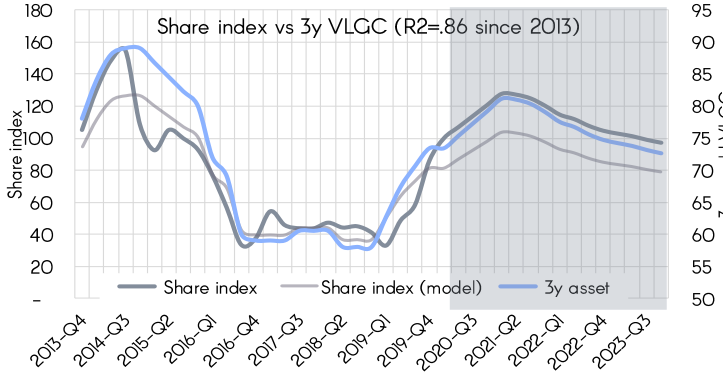
Econometrics: Spot rates vs fleet utilization



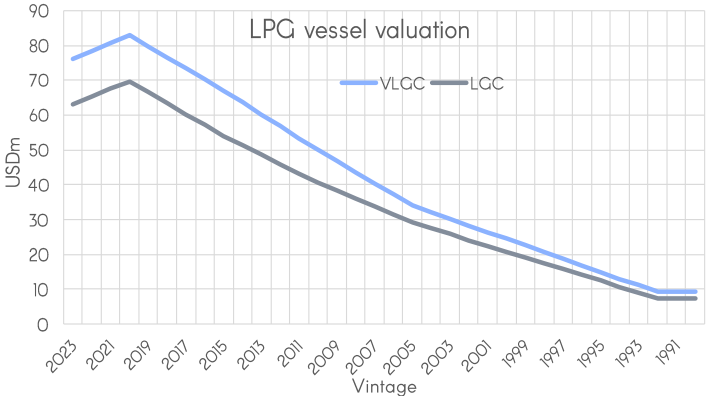
1y TC vs 3y VLGC value (since 2009)



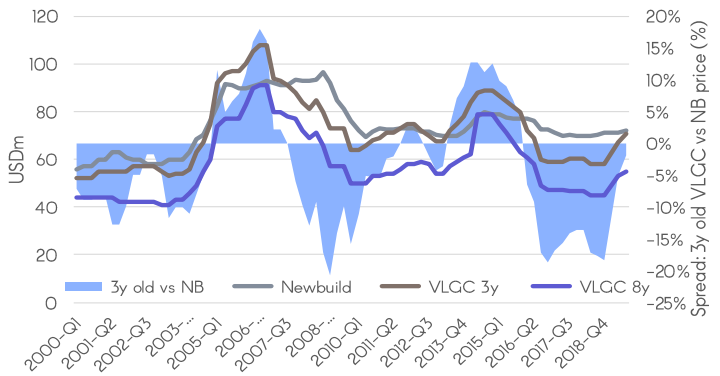
Shares highly correlated w 3y old vessel values



Cleaves' asset valuation overview



Historical asset values



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Econometric Overview

Demand/Supply ('000 cbm)	Econometric model																										
Base case	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Deliveries[1]	158	-	240	398	567	241	646	161	235	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	829	1,478	1,866	1,272	2,664	2,560
Scrapping[1]	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(386)	(468)	(627)	(464)
Other[1]	(0)	-	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	-	-	-	-	-	-	-	-	-	-
Contracting[1]	*324*	*640*	*158*	*490*	*479*	*83*	*568*	*1,137*	*1,985*	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,400*	*417*	*1,151*	*1,878*	*2,671*	*2,647*	*2,509*	*2,233*	*2,148*
Supply[2]	**6,714**	**6,773**	**6,892**	**7,192**	**7,812**	**7,888**	**8,045**	**8,008**	**8,000**	**8,279**	**8,437**	**9,704**	**10,945**	**11,297**	**11,223**	**11,446**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**22,101**	**23,199**	**24,889**	**25,639**	**27,201**	**29,359**
Δ y/y	*2%*	*1%*	*2%*	*4%*	*9%*	*1%*	*2%*	*0%*	*0%*	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*4%*	*5%*	*7%*	*3%*	*6%*	*8%*
Demand[2]	**5,585**	**5,674**	**5,691**	**6,275**	**6,543**	**6,275**	**6,680**	**6,881**	**6,934**	**7,258**	**6,967**	**7,967**	**7,724**	**9,043**	**9,670**	**9,794**	**10,788**	**12,410**	**14,433**	**15,433**	**16,702**	**17,675**	**20,667**	**23,091**	**23,413**	**24,397**	**25,860**
Δ y/y		*2%*	*0%*	*10%*	*4%*	*-4%*	*6%*	*3%*	*1%*	*5%*	*-4%*	*14%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*6%*	*17%*	*12%*	*1%*	*4%*	*6%*
Utilization[2]	**83%**	**84%**	**83%**	**87%**	**84%**	**80%**	**83%**	**86%**	**87%**	**88%**	**83%**	**82%**	**71%**	**80%**	**86%**	**86%**	**88%**	**96%**	**98%**	**81%**	**78%**	**80%**	**89%**	**93%**	**91%**	**90%**	**88%**
Spot rate[2] (USD/day)	**23,855**	**24,974**	**22,264**	**34,860**	**28,495**	**16,688**	**23,358**	**31,102**	**33,076**	**37,347**	**23,031**	**24,797**	**6,482**	**18,333**	**32,937**	**32,890**	**39,437**	**77,070**	**88,508**	**22,859**	**14,990**	**18,326**	**46,009**	**57,377**	**50,677**	**43,972**	**37,907**
VLGC value, 3y[2] (USDm)				**53**	**55**	**57**	**54**	**65**	**96**	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**59**	**69**	**76**	**80**	**76**	**73**
Share index[2]																		**135**	**98**	**51**	**47**	**45**	**57**	**110**	**125**	**110**	**100**
OB[2]	**241**	**622**	**886**	**942**	**948**	**808**	**569**	**1,470**	**2,916**	**4,361**	**4,724**	**3,123**	**1,492**	**807**	**1,006**	**1,454**	**2,490**	**6,787**	**7,317**	**5,275**	**2,830**	**3,411**	**3,747**	**4,268**	**5,663**	**5,854**	**5,345**
OB/Fleet[2]	**4%**	**9%**	**13%**	**13%**	**12%**	**10%**	**7%**	**18%**	**36%**	**53%**	**56%**	**32%**	**14%**	**7%**	**9%**	**13%**	**20%**	**52%**	**50%**	**28%**	**13%**	**15%**	**16%**	**17%**	**22%**	**22%**	**18%**

Low case	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Deliveries[1]	158	-	240	398	567	241	646	161	235	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	829	1,478	1,866	1,272	2,097	1,604
Scrapping[1]	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(386)	(468)	(627)	(464)
Other[1]	(0)	-	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	-	-	-	-	-	-	-	-	-	-
Contracting[1]	*324*	*640*	*158*	*490*	*479*	*83*	*568*	*1,137*	*1,985*	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,400*	*417*	*1,151*	*1,878*	*2,671*	*1,916*	*1,537*	*1,325*	*1,288*
Supply[2]	**6,714**	**6,773**	**6,892**	**7,192**	**7,812**	**7,888**	**8,045**	**8,008**	**8,000**	**8,279**	**8,437**	**9,704**	**10,945**	**11,297**	**11,223**	**11,446**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**22,101**	**23,199**	**24,889**	**25,639**	**26,905**	**28,205**
Δ y/y	*2%*	*1%*	*2%*	*4%*	*9%*	*1%*	*2%*	*0%*	*0%*	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*4%*	*5%*	*7%*	*3%*	*5%*	*5%*
Demand[2]	**5,585**	**5,674**	**5,691**	**6,275**	**6,543**	**6,275**	**6,680**	**6,881**	**6,934**	**7,258**	**6,967**	**7,967**	**7,724**	**9,043**	**9,670**	**9,794**	**10,788**	**12,410**	**14,433**	**15,433**	**16,702**	**17,675**	**20,667**	**22,514**	**22,257**	**22,612**	**23,370**
Δ y/y		*2%*	*0%*	*10%*	*4%*	*-4%*	*6%*	*3%*	*1%*	*5%*	*-4%*	*14%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*6%*	*17%*	*9%*	*-1%*	*2%*	*3%*
Utilization[2]	**83%**	**84%**	**83%**	**87%**	**84%**	**80%**	**83%**	**86%**	**87%**	**88%**	**83%**	**82%**	**71%**	**80%**	**86%**	**86%**	**88%**	**96%**	**98%**	**81%**	**78%**	**80%**	**89%**	**90%**	**87%**	**84%**	**83%**
Spot rate[2] (USD /day)	**23,855**	**24,974**	**22,264**	**34,860**	**28,495**	**16,688**	**23,358**	**31,102**	**33,076**	**37,347**	**23,031**	**24,797**	**6,482**	**18,333**	**32,937**	**32,890**	**39,437**	**77,070**	**88,508**	**22,859**	**14,990**	**18,326**	**46,009**	**46,755**	**33,650**	**25,919**	**23,099**
VLGC value, 3y[2] (USDm)				**53**	**55**	**57**	**54**	**65**	**96**	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**59**	**69**	**73**	**70**	**67**	**66**
OB[2]	**241**	**622**	**886**	**942**	**948**	**808**	**569**	**1,470**	**2,916**	**4,361**	**4,724**	**3,123**	**1,492**	**807**	**1,006**	**1,454**	**2,490**	**6,787**	**7,317**	**5,275**	**2,830**	**3,411**	**3,747**	**3,843**	**4,327**	**3,874**	**3,348**
OB/Fleet[2]	**4%**	**9%**	**13%**	**13%**	**12%**	**10%**	**7%**	**18%**	**36%**	**53%**	**56%**	**32%**	**14%**	**7%**	**9%**	**13%**	**20%**	**52%**	**50%**	**28%**	**13%**	**15%**	**16%**	**15%**	**17%**	**14%**	**12%**

High case	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Deliveries[1]	158	-	240	398	567	241	646	161	235	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	829	1,478	1,866	1,272	3,439	4,031
Scrapping[1]	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(386)	(468)	(627)	(464)
Other[1]	(0)	-	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	-	-	-	-	-	-	-	-	-	-
Contracting[1]	*324*	*640*	*158*	*490*	*479*	*83*	*568*	*1,137*	*1,985*	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,400*	*417*	*1,151*	*1,878*	*2,671*	*3,665*	*4,017*	*3,430*	*2,997*
Supply[2]	**6,714**	**6,773**	**6,892**	**7,192**	**7,812**	**7,888**	**8,045**	**8,008**	**8,000**	**8,279**	**8,437**	**9,704**	**10,945**	**11,297**	**11,223**	**11,446**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**22,101**	**23,199**	**24,889**	**25,639**	**27,599**	**31,029**
Δ y/y	*2%*	*1%*	*2%*	*4%*	*9%*	*1%*	*2%*	*0%*	*0%*	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*4%*	*5%*	*7%*	*3%*	*8%*	*12%*
Demand[2]	**5,585**	**5,674**	**5,691**	**6,275**	**6,543**	**6,275**	**6,680**	**6,881**	**6,934**	**7,258**	**6,967**	**7,967**	**7,724**	**9,043**	**9,670**	**9,794**	**10,788**	**12,410**	**14,433**	**15,433**	**16,702**	**17,675**	**20,667**	**23,668**	**24,599**	**26,273**	**28,545**
Δ y/y		*2%*	*0%*	*10%*	*4%*	*-4%*	*6%*	*3%*	*1%*	*5%*	*-4%*	*14%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*6%*	*17%*	*15%*	*4%*	*7%*	*9%*
Utilization[2]	**83%**	**84%**	**83%**	**87%**	**84%**	**80%**	**83%**	**86%**	**87%**	**88%**	**83%**	**82%**	**71%**	**80%**	**86%**	**86%**	**88%**	**96%**	**98%**	**81%**	**78%**	**80%**	**89%**	**95%**	**96%**	**95%**	**92%**
Spot rate[2] (USD /day)	**23,855**	**24,974**	**22,264**	**34,860**	**28,495**	**16,688**	**23,358**	**31,102**	**33,076**	**37,347**	**23,031**	**24,797**	**6,482**	**18,333**	**32,937**	**32,890**	**39,437**	**77,070**	**88,508**	**22,859**	**14,990**	**18,326**	**46,009**	**70,057**	**75,550**	**71,813**	**54,379**
VLGC value, 3y[2] (USDm)				**53**	**55**	**57**	**54**	**65**	**96**	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**59**	**69**	**79**	**95**	**89**	**81**
OB[2]	**241**	**622**	**886**	**942**	**948**	**808**	**569**	**1,470**	**2,916**	**4,361**	**4,724**	**3,123**	**1,492**	**807**	**1,006**	**1,454**	**2,490**	**6,787**	**7,317**	**5,275**	**2,830**	**3,411**	**3,747**	**4,846**	**7,616**	**8,769**	**7,945**
OB/Fleet[2]	**4%**	**9%**	**13%**	**13%**	**12%**	**10%**	**7%**	**18%**	**36%**	**53%**	**56%**	**32%**	**14%**	**7%**	**9%**	**13%**	**20%**	**52%**	**50%**	**28%**	**13%**	**15%**	**16%**	**19%**	**30%**	**32%**	**26%**

[1]Sum during period [2]Average during period

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Company Financials (annual estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
AVANCE NO	174	252	236	230	128	205	189	178	85	163	146	129	56	143	128	109
BWLPG NO	545	715	607	523	394	572	485	403	267	446	359	277	214	401	319	243
LPG US	279	397	350	308	182	297	258	216	117	231	192	150	83	201	164	124
Average	333	454	397	354	234	358	311	265	156	280	232	185	118	248	204	159
Median	279	397	350	308	182	297	258	216	117	231	192	150	83	201	164	124

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
AVANCE NO	773	762	797	803	69	69	68	80	884	873	907	925	408	441	467	479
BWLPG NO	1,915	1,801	1,687	1,568	99	248	374	502	2,437	2,472	2,484	2,493	1,123	1,310	1,468	1,617
LPG US	1,444	1,396	1,340	1,280	86	117	165	287	1,671	1,654	1,646	1,708	999	1,043	1,082	1,188
Average	1,377	1,320	1,275	1,217	85	145	202	290	1,664	1,666	1,679	1,708	843	931	1,006	1,095
Median	1,444	1,396	1,340	1,280	86	117	165	287	1,671	1,654	1,646	1,708	999	1,043	1,082	1,188

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022	2020	2021	2020	2021
AVANCE NO	78	186	171	158	58	154	93	103	22	0	-1	12	52,377	46,754	21,380	20,870
BWLPG NO	310	535	445	369	312	523	433	362	48	149	126	128	45,452	40,306	20,559	19,742
LPG US	75	267	230	190	62	249	220	185	-9	31	47	123	49,758	44,899	22,991	21,105
Average	154	329	282	239	144	309	249	217	20	60	58	87	49,196	43,987	21,643	20,572
Median	78	267	230	190	62	249	220	185	22	31	47	123	49,758	44,899	21,380	20,870

Company Financials (quarterly estimates)

Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
AVANCE NO	65	51	77	68	54	39	66	56	43	29	55	46	36	24	50	41
BWLPG NO	189	174	212	185	150	136	175	149	118	104	144	117	106	92	132	106
LPG US	94	87	120	105	69	62	95	80	53	45	78	64	45	38	71	56
Average	116	104	136	120	91	79	112	95	71	59	92	75	62	51	84	68
Median	94	87	120	105	69	62	95	80	53	45	78	64	45	38	71	56

Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20
AVANCE NO	773	787	776	765	69	50	81	81	884	878	898	888	408	413	444	445
BWLPG NO	1,915	1,887	1,858	1,830	99	138	210	240	2,437	2,447	2,491	2,493	1,123	1,171	1,253	1,293
LPG US	1,444	1,432	1,420	1,408	86	86	125	124	1,671	1,659	1,685	1,672	999	1,003	1,046	1,049
Average	1,377	1,368	1,351	1,334	85	91	138	148	1,664	1,662	1,692	1,684	843	863	914	929
Median	1,444	1,432	1,420	1,408	86	86	125	124	1,671	1,659	1,685	1,672	999	1,003	1,046	1,049

Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	4Q19	1Q20	2Q20	3Q20	1Q20	2Q20	1Q20	2Q20
AVANCE NO	47	34	61	52	31	10	61	52	-15	-19	31	1	48,146	62,372	21,572	21,475
BWLPG NO	138	133	164	137	135	130	161	134	51	38	72	30	42,737	54,483	20,890	20,909
LPG US	61	54	87	73	54	50	83	68	38	0	38	-1	47,177	59,058	23,596	23,548
Average	82	74	104	87	73	63	101	85	25	7	47	10	46,020	58,637	22,019	21,977
Median	61	54	87	73	54	50	83	68	38	0	38	1	47,177	59,058	21,572	21,475

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

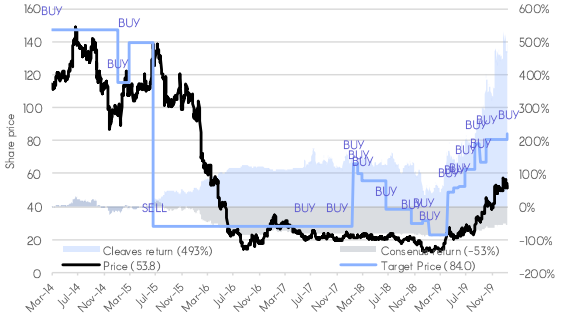
Immense earnings power and investor friendly distribution history leaves Avance a top pick in the VLGC space

AVANCE-NO

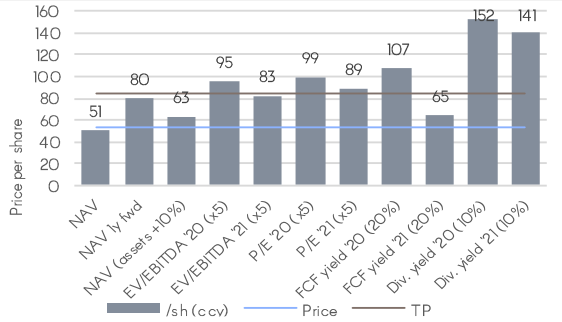
BUY/N84

Avance Gas

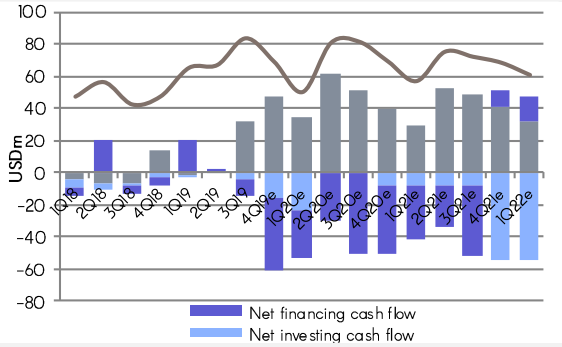
Share price vs target price



Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	174	252	236	230
EBITDA (adj.)	128	205	189	178
EBIT (adj.)	85	163	146	129
PTP (adj.)	56	143	128	109
Net earnings (adj.)	56	143	128	109
EPS (adj.)	0.86	2.22	1.98	1.69
DPS	-	1.70	1.58	1.51
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	414	630	753	811
Adj. equity ratio	47%	59%	63%	65%
FCF yield	15%	40%	24%	27%
Dividend yield	0%	29%	26%	25%
EV/EBITDA	6.0	3.5	3.9	4.1
P/E (adj.)	6.9	2.7	3.0	3.5

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	78	186	171	158
Free cash flow	58	154	93	103
Net cash flow	22	0	-1	12
TCE/day	35,202	52,377	46,754	40,512
Cash break-even	31,098	21,380	20,870	19,809
Liquidity	69	69	68	80
Property & Equip. (incl. NBs	773	762	797	803
Total equity	408	441	467	479
Total assets	884	873	907	925
Interest bearing debt	453	409	416	423
Net interest bearing debt	384	339	348	343
Market Cap.	385	385	385	385

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

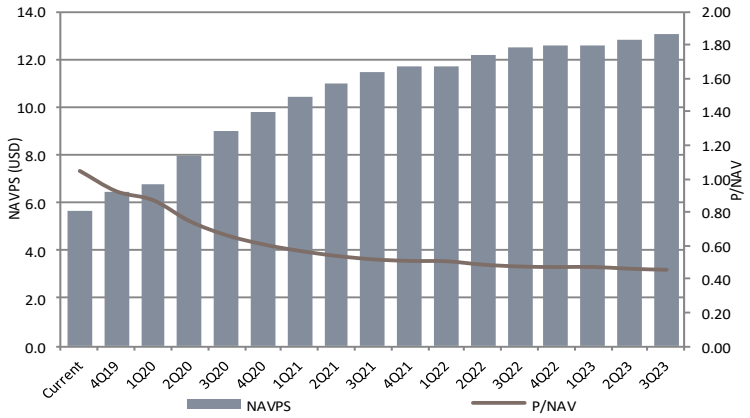
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

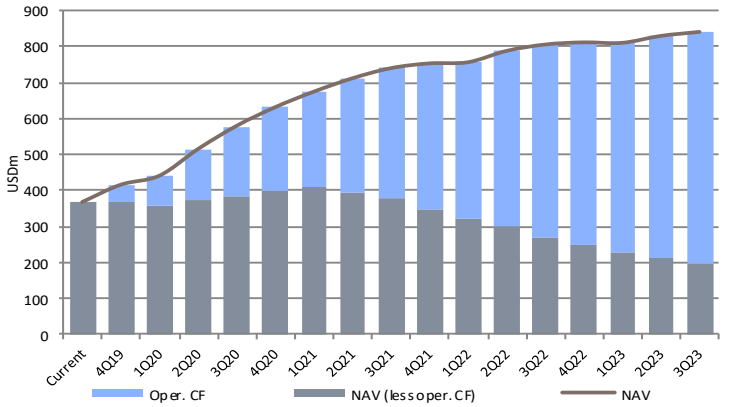
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	768	924	943
Contract value	0	-6	-6
Other	32	32	33
GAV	801	951	970
Net debt	-415	-415	-415
Capex	0	-156	-156
Other	-14	-14	-14
Equity	372	366	385
Shares	65	65	65
Equity/sh	5.76	5.67	5.96
Icl CCY	51.48	50.67	53.30
P/Equity	1.04	1.05	1.00
EV/GAV	1.21	1.02	1.00
Adj. Total Assets	893	1,050	1,068
Adj. Equity Ratio	42%	35%	36%
Fair Value	NOK	84	57%
	USD	9	

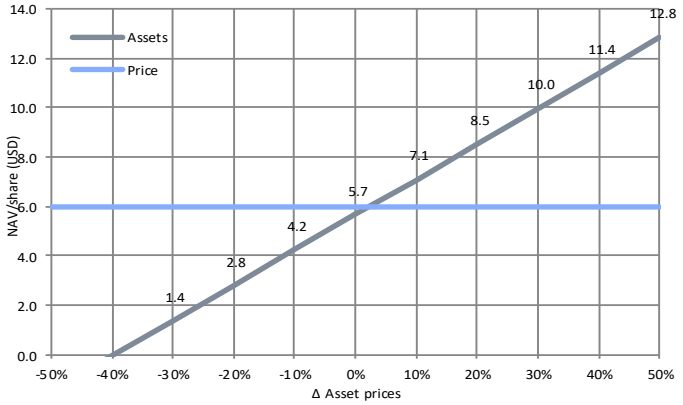
Quarterly forward NAV & P/NAV



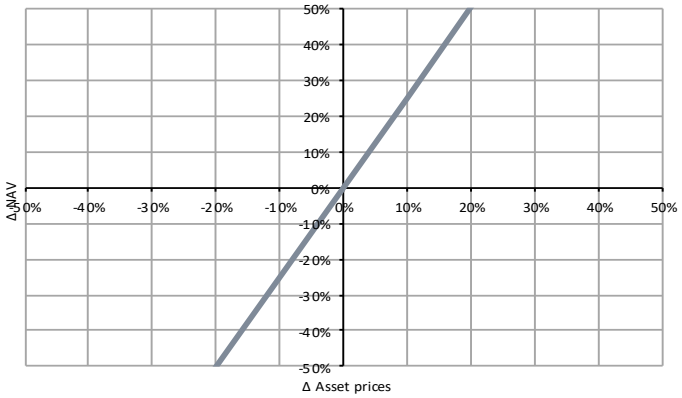
Quarterly forward NAV decomposition



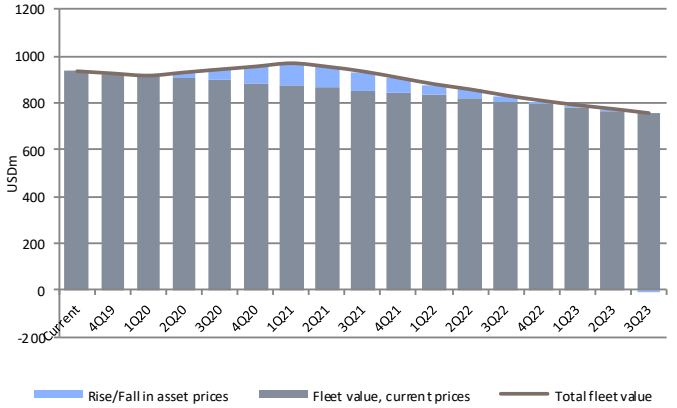
Impact on NAV/sh from % change in asset prices



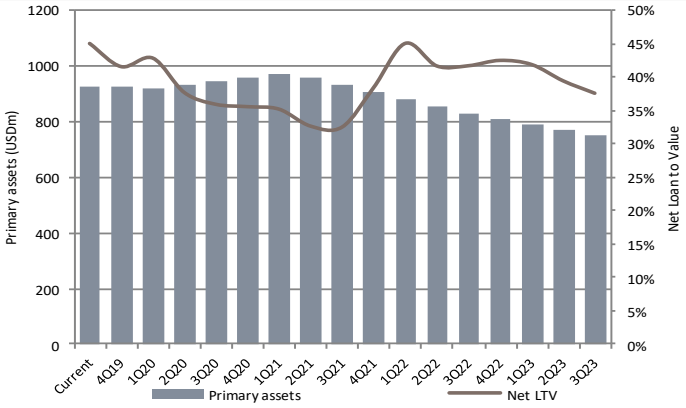
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	26.8	54.3	65.3	63.6				
EBITDA (adj.)	14.9	42.6	53.7	51.5				
EBIT (adj.)	4.4	31.9	43.0	36.4				
PTP (adj.)	-2.7	24.7	36.2	34.5				
Net earnings (adj.)	-2.8	24.7	36.2	34.5				
EPS (adj.)	-0.04	0.38	0.56	0.54				
DPS	-	-	0.28	0.18				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	26.8	54.3	65.3	63.6				
Opex & G&A	11.8	11.7	11.6	12.1				
Depreciation	10.6	10.6	10.6	15.2				
Net finance	7.1	7.2	6.8	1.9				
Taxes & Minorities	0.1	-	-	-0.0				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
TCE/day	21,557	44,268	52,231	50,892				
Utilization	96.4%	95.2%	97.0%					
Fleet days	1,288	1,288	1,288					
Cash break-even	18,938	42,664	42,255					
Liquidity	47	84	69					
Interest bearing debt	492	499	453					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	174	252	236	230	187	219	264	275	-13	33	-29	-46
EBITDA (adj.)	128	205	189	178	141	173	219	230	-14	32	-30	-52
EBIT (adj.)	85	163	146	129	100	132	178	189	-15	31	-32	-60
PTP (adj.)	56	143	128	109	73	111	159	172	-17	32	-31	-63
Net earnings (adj.)	56	143	128	109	73	111	159	172	-17	32	-31	-63
EPS (adj.)	0.86	2.22	1.98	1.69	1.13	1.72	2.46	2.66	-0.27	0.50	-0.48	-0.97
DPS	-	1.70	1.58	1.51	0.34	1.55	1.81	2.22	-0.34	0.15	-0.23	-0.71

	2019E	2020E	2021E	2022E
TCE revenue	-13	33	-29	-46
Opex & G&A	0	1	1	6
Depreciation	1	2	2	8
Net finance	3	-2	-1	3
Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	78	186	171	158	98	152	200	213	-20	34	-29	-55
Free cash flow	58	154	93	103	92	134	195	213	-34	20	-102	-110
Net cash flow	22	0	-1	12	69	-10	35	25	-48	10	-35	-14
TCE/day	35,202	52,377	46,754	40,512	37,668	43,982	53,314	55,588	-2,466	8,396	#####	#####
Cash break-even	31,098	21,380	20,870	19,809	20,774	21,586	21,237	20,860	10,324	-206	-367	#####
Liquidity	69	69	68	80	116	107	141	167	-48	-38	-73	-87
Property & Equip. (incl. NBs	773	762	797	803	759	736	700	659	14	27	97	144
Total equity	408	441	467	479	406	417	459	487	2	25	8	-9
Total assets	884	873	907	925	912	879	878	862	-29	-6	29	62
Interest bearing debt	453	409	416	423	487	443	399	355	-35	-35	17	67
Net interest bearing debt	384	339	348	343	371	337	258	189	13	3	90	154
Market Cap.	385	385	385	385	310	310	310	310	74	74	74	74
Enterprise value	768	724	733	727	681	647	568	499	87	77	164	228

Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	414	630	753	811	484	712	905	1,010	-71	-81	-152	-198
Adj. equity ratio	47%	59%	63%	65%	49%	61%	68%	73%	-2%	-1%	-5%	-8%
FCF yield	15%	40%	24%	27%	30%	43%	63%	69%	-15%	-3%	-39%	-42%
Dividend yield	0%	29%	26%	25%	7%	32%	38%	46%	-7%	-4%	-11%	-21%
EV/EBITDA	6.0	3.5	3.9	4.1	4.8	3.7	2.6	2.2	1.2	-0.2	1.3	1.9
P/E (adj.)	6.9	2.7	3.0	3.5	4.3	2.8	2.0	1.8	2.7	-0.1	1.1	1.7

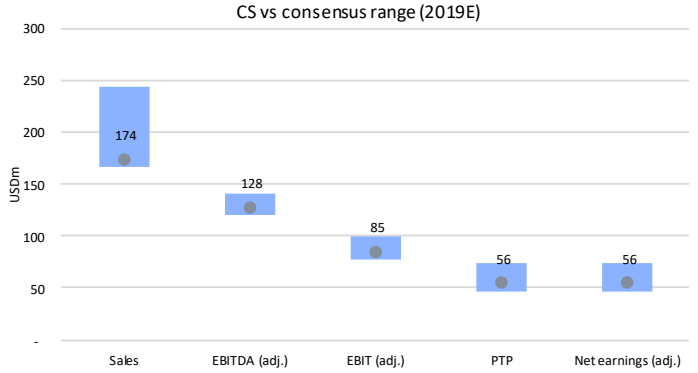
Various

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-8,064	-8,000	-8,000	-8,000	-7,991	-7,900	-7,900	-7,900	-72	-100	-100	-100
G&A/day	-1,033	-1,001	-998	-897	-1,032	-1,000	-1,014	-1,025	-1	-0	17	128
Depreciation/day	-8,245	-8,303	-8,330	-8,354	-8,092	-7,996	-8,018	-8,018	-153	-308	-312	-336
Net interest/day	-5,842	-3,792	-3,404	-3,378	-5,296	-4,099	-3,711	-3,324	-546	307	308	-54
Amort./day	-16,160	-8,587	-8,469	-7,535	-6,455	-8,587	-8,611	-8,611	#####	-	142	1,076

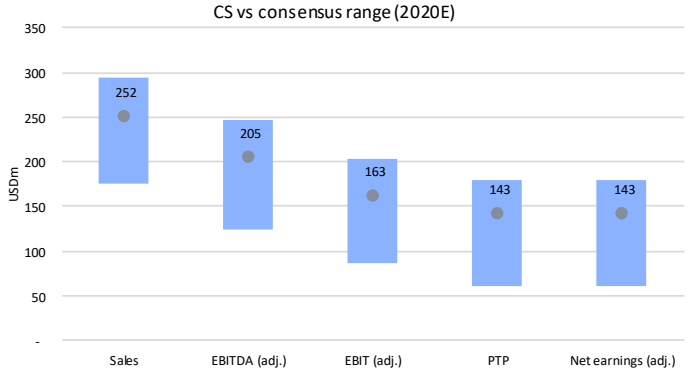
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

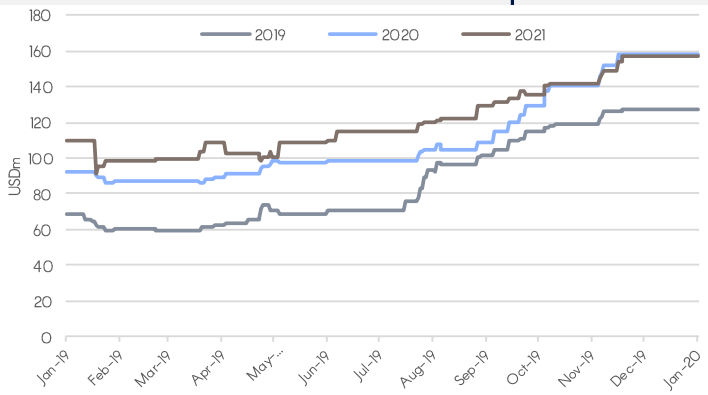
Profit & Loss, year I



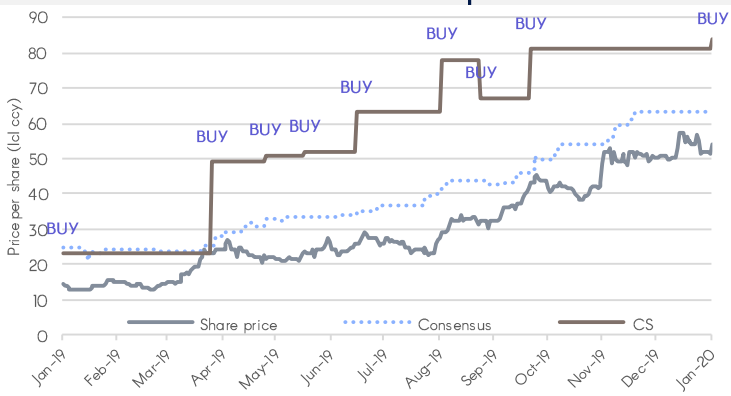
Profit & Loss, year II



Consensus EBITDA development



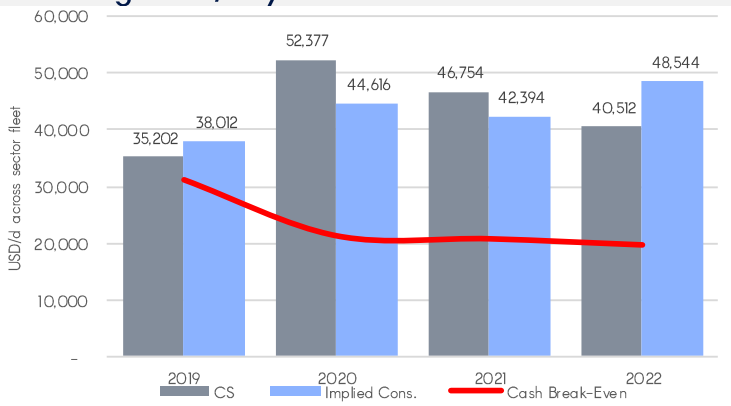
Fair value vs share price



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	174	188	-14	-7%
Opex + G&A	46	60	-14	-23%
Depreciation	42	42	0	0%
Net finance	30	29	1	2%
Taxes & Minorities	0	-0	0	-100%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	252	214	37	17%
Opex + G&A	46	56	-10	-18%
Depreciation	43	40	2	6%
Net finance	19	24	-4	-19%
Taxes & Minorities	0	0	-0	-100%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**27**	**14**	**40**	**54**	**65**	**51**	**77**	**68**	**56**
Operational costs	-12	-11	-12	-12	-12	-11	-11	-12	-12
EBITDA	**15**	**3**	**28**	**43**	**54**	**39**	**66**	**56**	**44**
Depreciation/Amortization	-11	-11	-10	-11	-11	-11	-11	-11	-11
EBIT	**4**	**-8**	**18**	**32**	**43**	**29**	**55**	**46**	**33**
Net financials	-7	-7	-8	-7	-7	-5	-5	-5	-5
PTP	**-3**	**-15**	**10**	**25**	**36**	**24**	**50**	**41**	**29**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-3**	**-15**	**10**	**25**	**36**	**24**	**50**	**41**	**29**
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	**-3**	**-15**	**10**	**25**	**36**	**24**	**50**	**41**	**29**
EPS	-0.04	-0.24	0.15	0.38	0.56	0.37	0.78	0.64	0.45
EPS (adj.)	-0.04	-0.24	0.15	0.38	0.56	0.37	0.78	0.64	0.45
DPS	0.00	0.00	0.00	0.00	0.00	0.28	0.29	0.62	0.51

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	47	65	67	84	69	50	81	81	69
Other current assets	28	21	37	42	42	42	42	42	42
Total current assets	**75**	**86**	**104**	**125**	**110**	**92**	**122**	**123**	**111**
Property & equip. (incl. NBs)	795	785	774	768	773	787	776	765	762
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	**795**	**785**	**774**	**768**	**773**	**787**	**776**	**765**	**762**
TOTAL ASSETS	**871**	**871**	**878**	**893**	**884**	**878**	**898**	**888**	**873**
Total equity	**365**	**345**	**349**	**372**	**408**	**413**	**444**	**445**	**441**
Short-term debt	32	326	43	43	44	44	43	44	44
Other current liabilities	12	8	10	12	12	12	12	12	12
Total current liabilities	**44**	**334**	**53**	**54**	**56**	**56**	**55**	**55**	**55**
Long-term debt	461	186	467	456	409	398	387	376	365
Other non-current liabilities	2	5	10	12	12	12	12	12	12
Total non-current liabilities	**462**	**191**	**476**	**468**	**420**	**409**	**399**	**388**	**377**
TOTAL EQUITY & LIABILITIES	**871**	**871**	**878**	**893**	**884**	**878**	**898**	**888**	**873**
Working capital, receivables	20	14	32	33	33	33	33	33	33
Working capital, payables	7	2	3	9	9	9	9	9	9
Net working capital	**13**	**12**	**29**	**24**	**24**	**24**	**24**	**24**	**24**
Interest bearing debt	492	512	509	499	453	442	431	420	409
Liquidity	47	65	67	84	69	50	81	81	69
Net interest bearing debt	**445**	**447**	**442**	**415**	**384**	**392**	**350**	**338**	**339**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-3	-15	10	25	36	24	50	41	29
Depreciation	11	11	10	11	11	11	11	11	11
Other	0	1	-3	0	0	0	0	0	0
Cash earnings	**8**	**-4**	**17**	**36**	**47**	**34**	**61**	**52**	**39**
Changes in working capital	5	2	-17	-4	0	0	0	0	0
Net operational cash flow	**13**	**-1**	**0**	**32**	**47**	**34**	**61**	**52**	**39**
Capex	-3	0	0	-4	-16	-24	0	0	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-3**	**0**	**0**	**-4**	**-16**	**-24**	**0**	**0**	**-8**
Repayment of debt	-6	-6	-514	-36	-46	-11	-11	-11	-11
Proceeds from debt	0	25	515	25	0	0	0	0	0
Dividends paid	0	0	0	0	0	-18	-19	-40	-33
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	**-6**	**19**	**1**	**-11**	**-46**	**-29**	**-30**	**-51**	**-44**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**5**	**18**	**2**	**17**	**-15**	**-19**	**31**	**1**	**-12**
Cash balance	47	65	67	84	69	50	81	81	69
Free cash flow	**10**	**-2**	**0**	**28**	**31**	**10**	**61**	**52**	**32**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**139**	**265**	**93**	**54**	**70**	**174**	**252**	**236**	**230**
Operational costs	-30	-37	-100	-44	-45	-46	-46	-47	-52
EBITDA	**109**	**228**	**-7**	**9**	**25**	**128**	**205**	**189**	**178**
Depreciation/Amortization	-21	-31	-42	-40	-41	-42	-43	-43	-49
EBIT	**88**	**196**	**-48**	**-31**	**-16**	**85**	**163**	**146**	**129**
Net financials	-6	-13	-20	-24	-27	-30	-19	-18	-20
PTP	**82**	**183**	**-68**	**-55**	**-43**	**56**	**143**	**128**	**109**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**82**	**183**	**-68**	**-55**	**-43**	**56**	**143**	**128**	**109**
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	**82**	**183**	**-68**	**-55**	**-43**	**56**	**143**	**128**	**109**
EPS	2.20	5.04	-1.07	-0.86	-0.68	0.86	2.22	1.98	1.69
EPS (adj.)	2.20	5.04	-1.07	-0.86	-0.68	0.86	2.22	1.98	1.69
DPS	1.63	4.74	0.51	0.00	0.00	0.00	1.70	1.58	1.51

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	162	70	149	62	47	69	69	68	80
Other current assets	28	81	23	22	28	42	42	42	42
Total current assets	**190**	**151**	**172**	**84**	**75**	**110**	**111**	**110**	**122**
Property & equip. (incl. NBs)	366	966	861	823	795	773	762	797	803
Other non-current assets	142	2	0	0	0	0	0	0	0
Total non-current assets	**507**	**968**	**861**	**824**	**795**	**773**	**762**	**797**	**803**
TOTAL ASSETS	**697**	**1,119**	**1,033**	**908**	**871**	**884**	**873**	**907**	**925**
Total equity	**509**	**500**	**457**	**402**	**365**	**408**	**441**	**467**	**479**
Short-term debt	18	93	21	21	32	44	29	31	34
Other current liabilities	5	10	11	14	12	12	12	12	12
Total current liabilities	**23**	**103**	**32**	**35**	**44**	**56**	**41**	**43**	**46**
Long-term debt	165	508	537	467	461	409	379	385	389
Other non-current liabilities	0	8	7	5	2	12	12	12	12
Total non-current liabilities	**165**	**516**	**544**	**472**	**462**	**420**	**391**	**397**	**400**
TOTAL EQUITY & LIABILITIES	**697**	**1,119**	**1,033**	**908**	**871**	**884**	**873**	**907**	**925**
Working capital, receivables	25	76	19	16	20	33	33	33	33
Working capital, payables	5	9	8	10	11	9	9	9	9
Net working capital	**20**	**67**	**11**	**6**	**9**	**24**	**24**	**24**	**24**
Interest bearing debt	183	601	558	488	492	453	409	416	423
Liquidity	162	70	149	62	47	69	69	68	80
Net interest bearing debt	**21**	**531**	**409**	**425**	**445**	**384**	**339**	**348**	**343**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	82	183	-68	-55	-43	56	143	128	109
Depreciation	21	31	42	40	41	42	43	43	49
Other	-8	1	54	2	2	-2	0	0	0
Cash earnings	**94**	**216**	**28**	**-12**	**-1**	**96**	**186**	**171**	**158**
Changes in working capital	-8	-48	57	1	-5	-18	0	0	0
Net operational cash flow	**87**	**167**	**85**	**-12**	**-6**	**78**	**186**	**171**	**158**
Capex	-5	-492	-1	-3	-12	-20	-32	-78	-55
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	-139	0	13	0	0	0	0	0	0
Net investing cash flow	**-144**	**-492**	**12**	**-3**	**-12**	**-20**	**-32**	**-78**	**-55**
Repayment of debt	-14	417	-44	-72	3	-601	-44	-44	-44
Proceeds from debt	200	450	0	0	0	565	0	52	50
Dividends paid	-61	-172	-33	0	0	0	-110	-102	-98
New equity	95	0	59	—	0	0	0	0	0
Other	-200	-462	0	0	0	0	0	0	0
Net financing cash flow	**20**	**232**	**-18**	**-72**	**3**	**-36**	**-154**	**-94**	**-91**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-38**	**-92**	**79**	**-87**	**-15**	**22**	**0**	**-1**	**12**
Cash balance	162	70	149	62	47	69	69	68	80
Free cash flow	**-57**	**-324**	**97**	**-15**	**-18**	**58**	**154**	**93**	**103**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

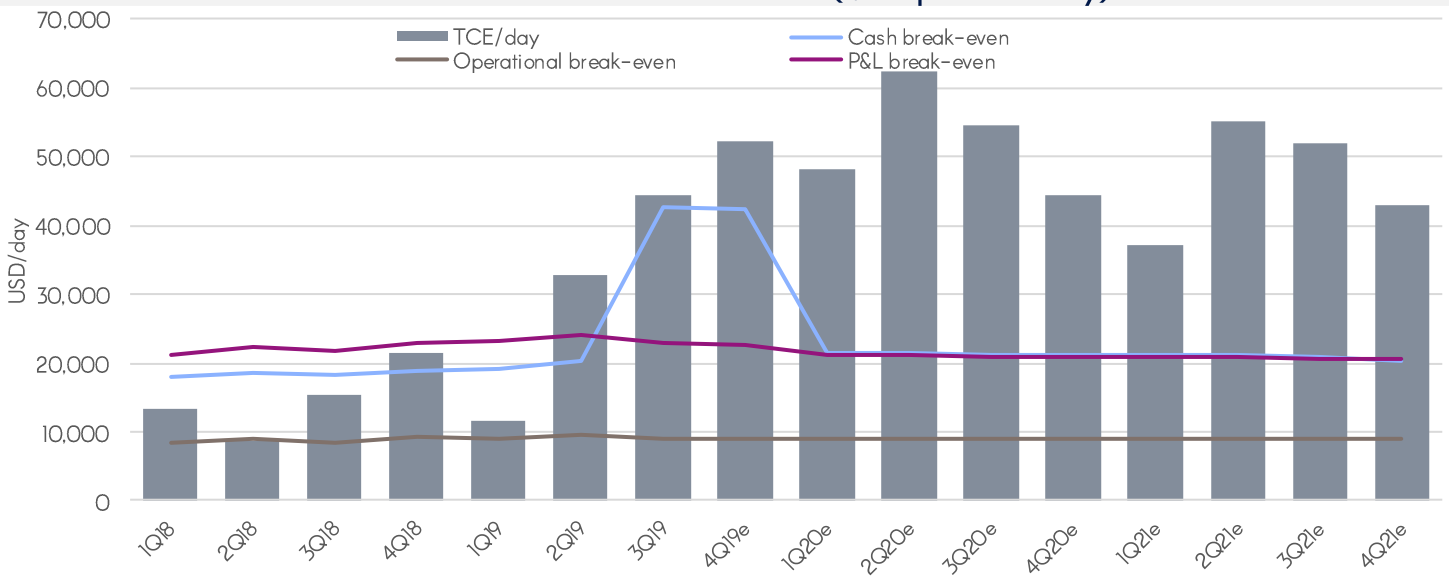
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	37	36	64	64	64	65	65	65	65
Share price, avg (USD)	14	12	4	3	2	3	6	6	6
Share price, end (USD)	15	12	3	3	1	6	6	6	6
Market Cap.	**561**	**445**	**196**	**182**	**90**	**385**	**385**	**385**	**385**
NIBD	21	531	409	425	445	384	339	348	343
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	**582**	**977**	**604**	**607**	**535**	**768**	**724**	**733**	**727**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	6.9	2.4				6.9	2.7	3.0	3.5
P/E (adj.)	6.9	2.4				6.9	2.7	3.0	3.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	4.0	1.7	2.1	3.4	1.3	2.2	1.5	1.6	1.7
EV/Sales	4.2	3.7	6.5	11.3	7.7	4.4	2.9	3.1	3.2
EV/EBITDA	5.3	4.3		64.0	21.4	6.0	3.5	3.9	4.1
EV/EBIT	6.6	5.0				9.0	4.4	5.0	5.6
P/B	1.1	0.9	0.4	0.5	0.2	0.9	0.9	0.8	0.8
FCF yield	-10%	-73%	50%	-8%	-20%	15%	40%	24%	27%
Dividend yield	10.8%	38.7%	16.7%	0.0%	0.0%	0.0%	28.6%	26.5%	25.4%
Return on equity (ROE)	16.1%	36.6%	-14.9%	-13.6%	-11.9%	13.6%	32.5%	27.4%	22.8%
Return on capital employed (ROC	16.7%	19.0%	-5.6%	-3.7%	-1.9%	10.8%	20.9%	17.9%	15.7%
Return on assets (ROA)	11.7%	16.4%	-6.6%	-6.0%	-5.0%	6.3%	16.4%	14.1%	11.8%
Sales growth		91%	-65%	-42%	29%	150%	45%	-6%	-3%
EBITDA margin	79%	86%	-7%	18%	36%	73%	82%	80%	77%
EBIT margin	64%	74%	-52%	-57%	-23%	49%	65%	62%	56%
Net margin	59%	69%	-73%	-101%	-62%	32%	57%	54%	48%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	7.8%	5.7%	5.1%	5.8%
Tax rate	0.3%	0.0%	-0.2%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	73%	45%	44%	44%	42%	46%	51%	52%	52%
Leverage ratio	27%	55%	56%	56%	58%	54%	49%	48%	48%
NIBD / EBITDA (past 1y)	0.2	2.3	-59.8	44.8	17.8	3.0	1.7	1.8	1.9
Operating cash flow/NIBD	4.1	0.3	0.2	0.0	0.0	0.2	0.5	0.5	0.5
Net interest coverage ratio (EBIT						4.3	10.6	10.7	9.0
Current ratio	8.1	1.5	5.4	2.4	1.7	2.0	2.7	2.6	2.7
Adj. equity ratio						47%	59%	63%	65%
Operating assets	535	1,049	884	846	824	815	804	839	845
Operating liabilities	5	17	18	19	14	23	23	23	23
Net operating assets	530	1,031	866	827	809	791	781	815	821

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

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



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

A cash cow as earnings are now close to cyclical peaks

BWLPG-NO

BUY/N94

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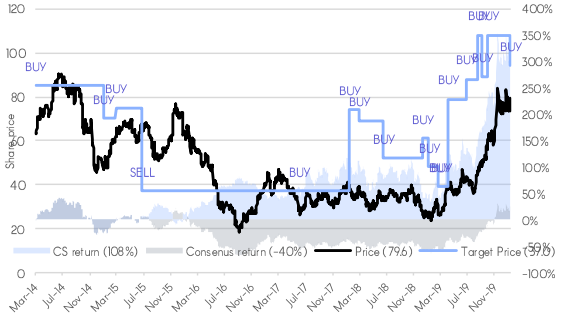
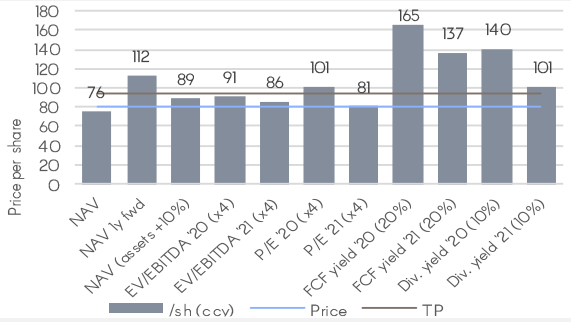
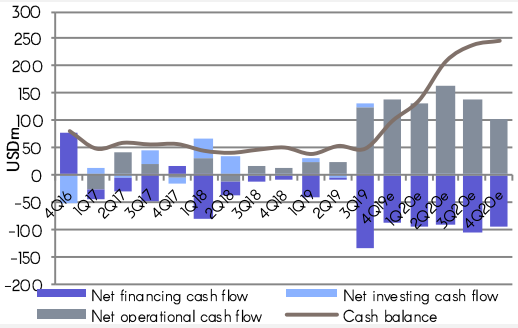
Share price vs target price



Valuation matrix



Cash & cash flows



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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	545	715	607	523
EBITDA (adj.)	394	572	485	403
EBIT (adj.)	267	446	359	277
PTP (adj.)	215	402	320	244
Net earnings (adj.)	214	401	319	243
EPS (adj.)	1.51	2.82	2.25	1.71
DPS	0.43	1.57	1.13	0.66
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	1,335	1,908	2,222	2,367
Adj. equity ratio	50%	62%	69%	73%
FCF yield	25%	41%	34%	29%
Dividend yield	5%	18%	13%	7%
EV/EBITDA	5.9	3.6	3.8	3.9
P/E (adj.)	5.9	3.1	4.0	5.2

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	310	535	445	369
Free cash flow	312	523	433	362
Net cash flow	48	149	126	128
TCE/day	34,540	45,452	40,306	35,177
Cash break-even	26,599	20,559	19,742	19,127
Liquidity	99	248	374	502
Property & Equip. (incl. NBs	1,915	1,801	1,687	1,568
Total equity	1,123	1,310	1,468	1,617
Total assets	2,437	2,472	2,484	2,493
Interest bearing debt	1,247	1,095	949	809
Net interest bearing debt	1,148	847	575	307

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

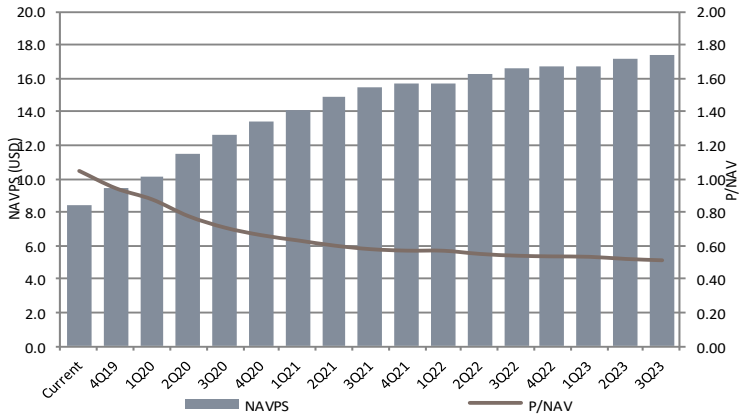
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the document

Company Valuation

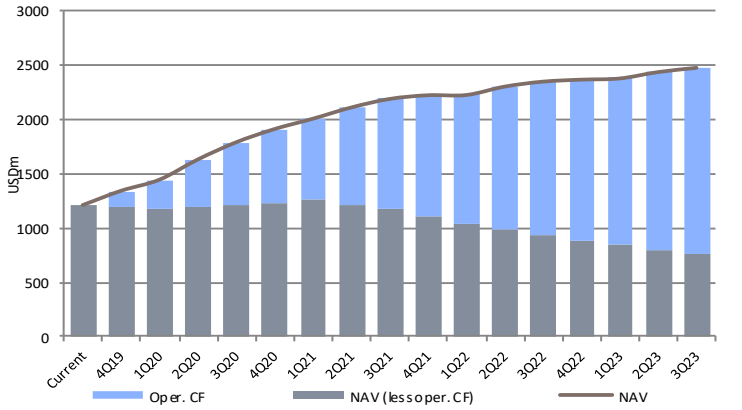
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,944	2,094	2,145
Contract value	0	-13	-13
Other	373	373	383
GAV	2,317	2,455	2,515
Net debt	-1,236	-1,236	-1,236
Capex	0	0	0
Other	-17	-17	-17
Equity	1,064	1,202	1,261
Shares	142	142	142
Equity/sh	7.50	8.47	8.89
Icl CCY	67.05	75.73	79.50
P/Equity	1.19	1.05	1.00
EV/GAV	1.09	1.02	1.00
Adj. Total Assets	2,415	2,565	2,616
Adj. Equity Ratio	44%	47%	48%
Fair Value	NOK	94	19%
	USD	11	

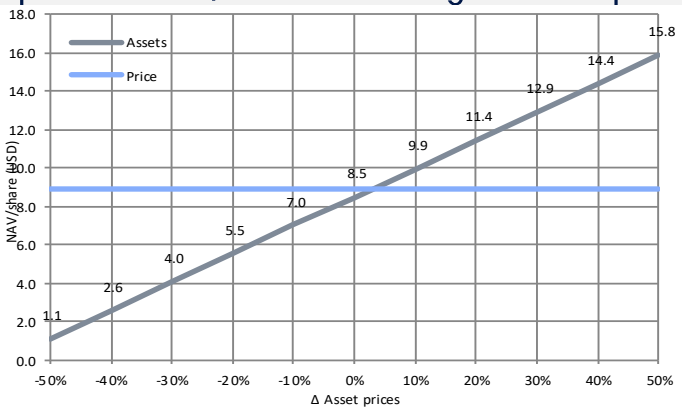
Quarterly forward NAV & P/NAV



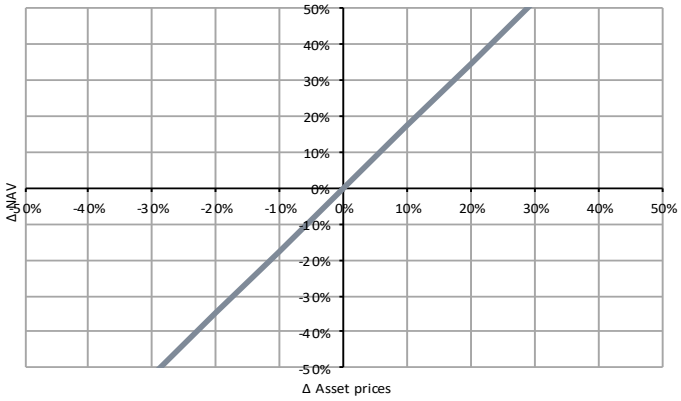
Quarterly forward NAV decomposition



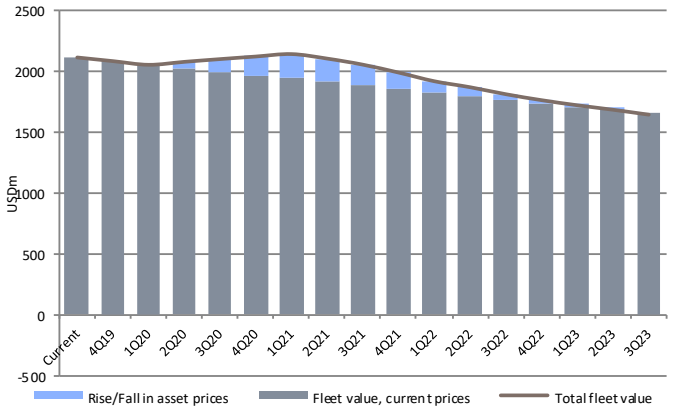
Impact on NAV/sh from % change in asset prices



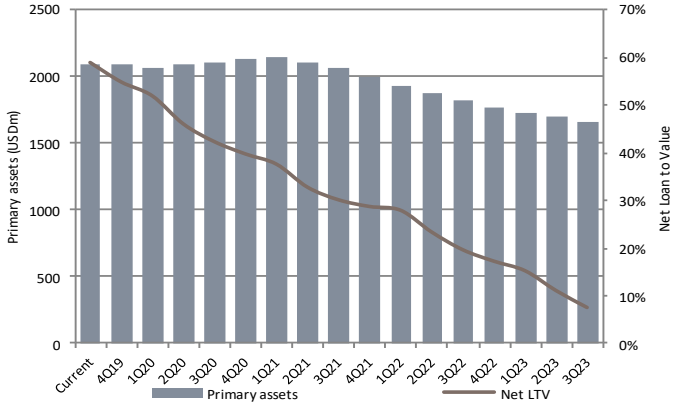
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Pre-/Review

P&L

4Q19 Preview USDm	4Q18	3Q19	4Q19 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	84.6	184.7	189.1	189.8				
EBITDA (adj.)	35.7	149.1	150.0	149.3				
EBIT (adj.)	11.1	117.6	118.5	116.6				
PTP (adj.)	-0.7	107.2	106.7	108.7				
Net earnings (adj.)	-0.6	106.8	106.3	105.8				
EPS (adj.)	-0.00	0.75	0.75	0.75				
DPS	-	0.33	0.37	0.42				
Implied, line by line	4Q18	3Q19	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	84.6	184.7	189.1	189.8				
Opex & G&A	49.0	35.6	39.1	40.5				
Depreciation	24.6	31.5	31.5	32.8				
Net finance	11.8	10.4	11.7	7.9				
Taxes & Minorities	-0.1	0.4	0.4	2.8				

CF & BS

4Q19 Preview USDm	4Q18	3Q19	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	13	125	138					
Free cash flow	12	130	135					
Net cash flow	4	-5	51					
TCE/day	23,500	46,432	47,092	47,263				
Utilization (incl. TCs and CO	84.0%	98.1%	97.0%					
Fleet days	4,287	4,055	4,140					
Cash break-even	21,733	44,371	21,226					
Liquidity	50	48	99					
Interest bearing debt	1,235	1,284	1,247					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	545	715	607	523	566	599	700	721	-21	116	-94	-198
EBITDA (adj.)	394	572	485	403	406	442	563	586	-13	130	-78	-183
EBIT (adj.)	267	446	359	277	279	314	435	457	-12	132	-76	-181
PTP (adj.)	215	402	320	244	219	259	385	412	-4	143	-64	-168
Net earnings (adj.)	214	401	319	243	217	257	381	408	-3	144	-62	-165
EPS (adj.)	1.51	2.82	2.25	1.71	1.53	1.81	2.69	2.87	-0.02	1.01	-0.44	-1.16
DPS	0.43	1.57	1.13	0.66	0.42	1.03	1.23	1.00	0.01	0.54	-0.09	-0.33

	2019E	2020E	2021E	2022E
TCE revenue	-21	116	-94	-198
Opex & G&A	-9	-14	-16	-16
Depreciation	-1	-2	-2	-2
Net finance	-8	-11	-12	-13
Taxes & Minorities	-1	-1	-2	-3

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	310	535	445	369	327	385	509	536	-17	151	-64	-167
Free cash flow	312	523	433	362	321	373	497	531	-9	151	-64	-168
Net cash flow	48	149	126	128	154	96	228	302	-106	53	-102	-174
TCE/day	34,540	45,452	40,306	35,177	35,744	38,351	46,553	48,530	-1,204	7,101	-6,246	#####
Cash break-even	26,599	20,559	19,742	19,127	20,688	22,498	18,217	17,555	5,911	-1,939	1,524	1,572
Liquidity	99	248	374	502	205	301	529	831	-106	-53	-155	-329
Property & Equip. (incl. NBs	1,915	1,801	1,687	1,568	1,910	1,794	1,678	1,555	5	7	9	13
Total equity	1,123	1,310	1,468	1,617	1,119	1,228	1,435	1,702	5	82	33	-85
Total assets	2,437	2,472	2,484	2,493	2,501	2,481	2,593	2,772	-64	-9	-109	-279
Interest bearing debt	1,247	1,095	949	809	1,306	1,176	1,081	994	-59	-81	-132	-185
Net interest bearing debt	1,148	847	575	307	1,101	875	552	163	47	-28	23	144
Market Cap.	1,261	1,261	1,261	1,261	957	957	957	957	305	305	305	305
Enterprise value	2,410	2,109	1,836	1,569	2,058	1,832	1,509	1,120	351	277	327	449

Valuation

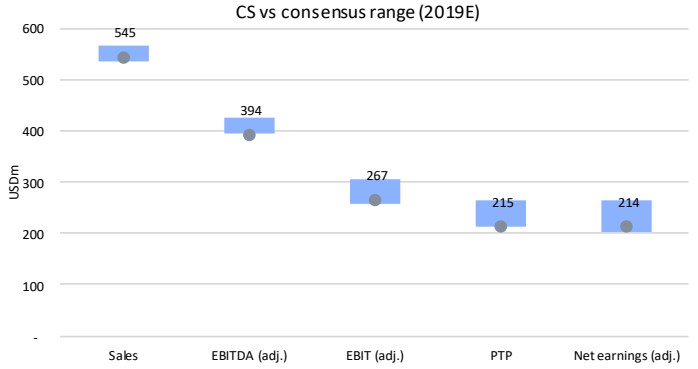
Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,335	1,908	2,222	2,367	1,472	2,067	2,570	2,815	-137	-159	-347	-448
Adj. equity ratio	50%	62%	69%	73%	52%	62%	69%	72%	-1%	0%	0%	1%
FCF yield	25%	41%	34%	29%	34%	39%	52%	55%	-9%	3%	-18%	-27%
Dividend yield	5%	18%	13%	7%	6%	15%	18%	15%	-1%	2%	-5%	-7%
EV/EBITDA	5.9	3.6	3.8	3.9	5.0	4.1	2.7	1.9	0.9	-0.5	1.1	2.0
P/E (adj.)	5.9	3.1	4.0	5.2	4.4	3.7	2.5	2.3	1.5	-0.6	1.4	2.8

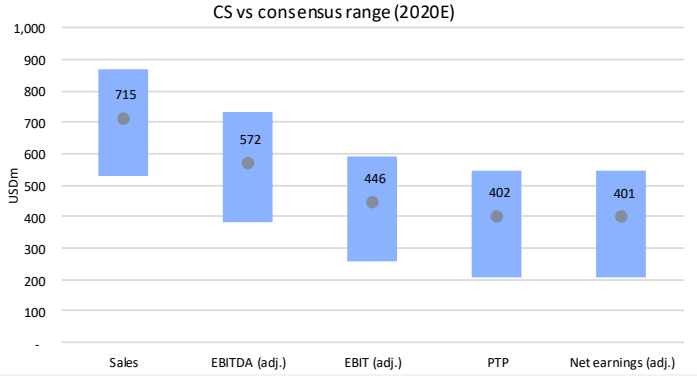
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Our Estimates vs Consensus

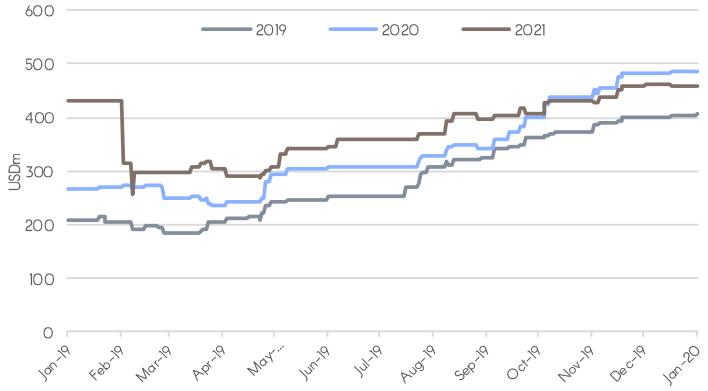
Profit & Loss, year I



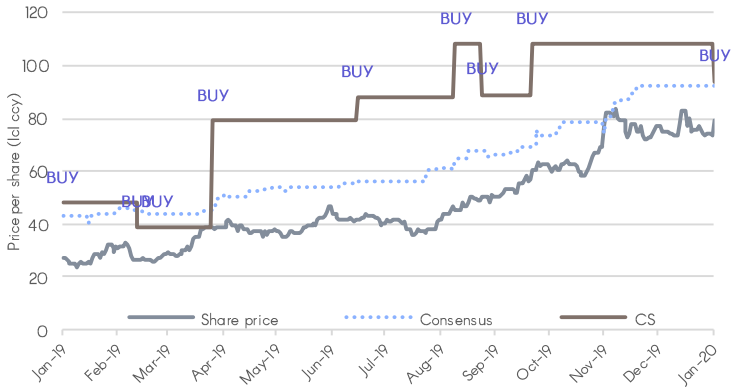
Profit & Loss, year II



Consensus EBITDA development



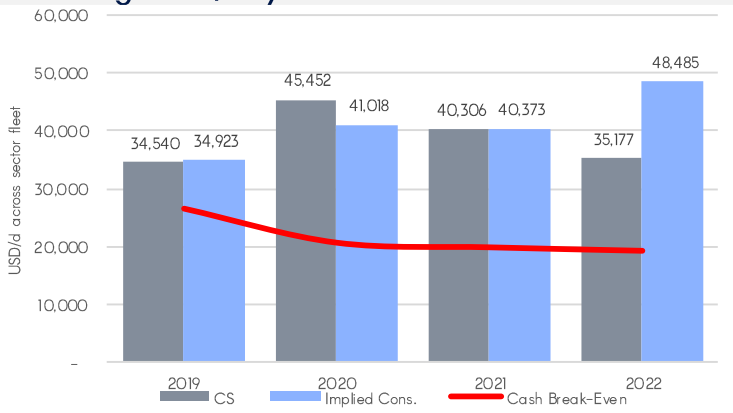
Target vs share price past 1y



Cleaves vs consensus: P&L break-down

2019	CS	Consensus	Diff.	Diff.
TCE revenue	545	551	-6	-1%
Opex + G&A	151	145	6	4%
Depreciation	127	125	2	2%
Net finance	51	48	3	6%
Taxes & Minorities	1	7	-5	-82%
2020	**CS**	**Consensus**	**Diff.**	**Diff.**
TCE revenue	715	645	70	11%
Opex + G&A	143	160	-17	-11%
Depreciation	126	120	6	5%
Net finance	44	45	-1	-3%
Taxes & Minorities	1	2	-0	-8%

Avg. TCE/day across fleet vs consensus



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net sales	**85**	**60**	**111**	**185**	**189**	**174**	**212**	**185**	**144**
Operational costs	-82	-38	-36	-25	-39	-29	-36	-37	-31
EBITDA	**2**	**22**	**75**	**160**	**150**	**144**	**175**	**149**	**113**
Depreciation/Amortization	-25	-32	-32	-32	-32	-32	-32	-32	-32
EBIT	**-22**	**-9**	**43**	**128**	**118**	**113**	**144**	**117**	**81**
Net financials	-12	-14	-16	-11	-12	-11	-11	-11	-11
PTP	**-34**	**-23**	**27**	**118**	**107**	**101**	**133**	**106**	**70**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-34**	**-24**	**26**	**117**	**106**	**101**	**132**	**106**	**70**
Non-recurring items	34	-2	0	-10	0	-9	0	0	0
Net earnings (adj.)	**-1**	**-25**	**26**	**107**	**106**	**92**	**132**	**106**	**70**
EPS	-0.24	-0.17	0.19	0.83	0.75	0.71	0.93	0.74	0.49
EPS (adj.)	0.00	-0.18	0.19	0.75	0.75	0.65	0.93	0.74	0.49
DPS	0.00	0.00	0.00	0.10	0.33	0.37	0.36	0.47	0.37

Balance Sheet (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Cash & short-term investments	50	38	53	48	99	138	210	240	248
Other current assets	139	121	173	212	212	212	212	212	212
Total current assets	**189**	**159**	**226**	**260**	**311**	**349**	**422**	**452**	**460**
Property & equip. (incl. NBs)	2,006	1,976	1,968	1,944	1,915	1,887	1,858	1,830	1,801
Other non-current assets	65	234	213	211	211	211	211	211	211
Total non-current assets	**2,071**	**2,210**	**2,181**	**2,155**	**2,127**	**2,098**	**2,070**	**2,041**	**2,013**
TOTAL ASSETS	**2,260**	**2,369**	**2,408**	**2,415**	**2,437**	**2,447**	**2,491**	**2,493**	**2,472**
Total equity	**984**	**949**	**962**	**1,064**	**1,123**	**1,171**	**1,253**	**1,293**	**1,310**
Short-term debt	133	165	160	157	154	159	158	157	157
Other current liabilities	40	44	63	50	50	50	50	50	50
Total current liabilities	**173**	**209**	**223**	**207**	**204**	**209**	**208**	**207**	**207**
Long-term debt	1,101	1,206	1,209	1,127	1,093	1,050	1,014	976	938
Other non-current liabilities	2	5	14	16	16	16	16	16	16
Total non-current liabilities	**1,103**	**1,211**	**1,222**	**1,143**	**1,110**	**1,067**	**1,030**	**993**	**955**
TOTAL EQUITY & LIABILITIES	**2,260**	**2,369**	**2,408**	**2,415**	**2,437**	**2,447**	**2,491**	**2,493**	**2,472**
Working capital, receivables	125	114	166	208	208	208	208	208	208
Working capital, payables	39	43	61	49	49	49	49	49	49
Net working capital	**86**	**71**	**105**	**158**	**158**	**158**	**158**	**158**	**158**
Interest bearing debt	1,235	1,371	1,369	1,284	1,247	1,209	1,171	1,133	1,095
Liquidity	50	38	53	48	99	138	210	240	248
Net interest bearing debt	**1,185**	**1,333**	**1,316**	**1,236**	**1,148**	**1,072**	**961**	**893**	**847**

Cash Flow (USDm)	4Q18	1Q19	2Q19	3Q19	4Q19E	1Q20E	2Q20E	3Q20E	4Q20E
Net income	-34	-24	26	117	106	101	132	106	70
Depreciation	25	32	32	32	32	32	32	32	32
Other	29	1	2	0	0	0	0	0	0
Cash earnings	**20**	**9**	**60**	**149**	**138**	**133**	**164**	**137**	**102**
Changes in working capital	-7	15	-37	-24	0	0	0	0	0
Net operational cash flow	**13**	**24**	**23**	**125**	**138**	**133**	**164**	**137**	**102**
Capex	-2	-1	-7	-2	-3	-3	-3	-3	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	7	0	0	0	0	0	0	0
Other	1	1	1	7	0	0	0	0	0
Net investing cash flow	**-1**	**6**	**-6**	**5**	**-3**	**-3**	**-3**	**-3**	**-3**
Repayment of debt	-33	-33	-348	-133	-37	-38	-38	-38	-38
Proceeds from debt	25	0	334	26	0	0	0	0	0
Dividends paid	0	0	0	-14	-47	-53	-51	-66	-53
New equity	0	0	0	0	0	0	0	0	0
Other	0	-9	11	-14	0	0	0	0	0
Net financing cash flow	**-8**	**-42**	**-3**	**-135**	**-84**	**-91**	**-89**	**-104**	**-91**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**4**	**-12**	**14**	**-5**	**51**	**38**	**72**	**30**	**8**
Cash balance	50	38	53	48	99	138	210	240	248
Free cash flow	**12**	**30**	**17**	**130**	**135**	**130**	**161**	**134**	**99**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**956**	**920**	**606**	**648**	**743**	**545**	**715**	**607**	**523**
Operational costs	-616	-490	-453	-517	-666	-138	-134	-122	-120
EBITDA	**340**	**430**	**153**	**131**	**76**	**407**	**581**	**485**	**403**
Depreciation/Amortization	-71	-85	-99	-127	-101	-127	-126	-126	-126
EBIT	**269**	**346**	**53**	**4**	**-24**	**280**	**455**	**359**	**277**
Net financials	-13	-19	-29	-48	-48	-52	-44	-38	-33
PTP	**256**	**327**	**24**	**-44**	**-72**	**228**	**411**	**320**	**244**
Taxes/Minorities	-2	-3	0	2	1	-1	-1	-1	-1
Net earnings	**255**	**324**	**24**	**-43**	**-71**	**226**	**409**	**319**	**243**
Non-recurring items	0	0	0	0	0	-12	-9	0	0
Net earnings (adj.)	**255**	**324**	**24**	**-43**	**-71**	**214**	**401**	**319**	**243**
EPS	1.87	2.38	0.17	-0.30	-0.50	1.60	2.88	2.25	1.71
EPS (adj.)	1.87	2.38	0.17	-0.30	-0.50	1.51	2.82	2.25	1.71
DPS	0.91	1.88	0.74	0.00	0.00	0.43	1.57	1.13	0.66

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	70	94	81	57	50	99	248	374	502
Other current assets	103	107	85	219	139	212	212	212	212
Total current assets	**173**	**201**	**166**	**276**	**189**	**311**	**460**	**586**	**714**
Property & equip. (incl. NBs)	1,473	1,864	2,413	2,136	2,006	1,915	1,801	1,687	1,568
Other non-current assets	18	45	15	44	65	211	211	211	211
Total non-current assets	**1,491**	**1,909**	**2,428**	**2,179**	**2,071**	**2,127**	**2,013**	**1,898**	**1,779**
TOTAL ASSETS	**1,664**	**2,110**	**2,594**	**2,455**	**2,260**	**2,437**	**2,472**	**2,484**	**2,493**
Total equity	**1,081**	**1,171**	**1,117**	**1,074**	**984**	**1,123**	**1,310**	**1,468**	**1,617**
Short-term debt	60	120	431	265	133	154	246	200	183
Other current liabilities	52	51	65	41	40	50	50	50	50
Total current liabilities	**112**	**171**	**497**	**305**	**173**	**204**	**296**	**250**	**233**
Long-term debt	470	767	980	1,076	1,101	1,093	849	750	626
Other non-current liabilities	2	1	0	0	2	16	16	16	16
Total non-current liabilities	**471**	**768**	**980**	**1,076**	**1,103**	**1,110**	**866**	**766**	**643**
TOTAL EQUITY & LIABILITIES	**1,664**	**2,110**	**2,594**	**2,455**	**2,260**	**2,437**	**2,472**	**2,484**	**2,493**
Working capital, receivables	88	91	64	93	98	208	208	208	208
Working capital, payables	50	44	60	40	39	49	49	49	49
Net working capital	**38**	**47**	**5**	**53**	**59**	**158**	**158**	**158**	**158**
Interest bearing debt	529	887	1,411	1,341	1,235	1,247	1,095	949	809
Liquidity	70	94	81	57	50	99	248	374	502
Net interest bearing debt	**459**	**793**	**1,330**	**1,285**	**1,185**	**1,148**	**847**	**575**	**307**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	255	324	24	-43	-71	226	409	319	243
Depreciation	71	85	99	127	101	127	126	126	126
Other	4	9	58	-2	33	2	0	0	0
Cash earnings	**329**	**417**	**182**	**82**	**62**	**356**	**535**	**445**	**369**
Changes in working capital	43	-11	35	-53	-15	-46	0	0	0
Net operational cash flow	**372**	**407**	**217**	**29**	**47**	**310**	**535**	**445**	**369**
Capex	-181	-467	-230	-89	-12	-13	-12	-12	-7
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	43	152	114	7	0	0	0
Other	-3	-37	-46	-38	-32	13	9	0	0
Net investing cash flow	**-184**	**-505**	**-233**	**24**	**70**	**2**	**-12**	**-12**	**-7**
Repayment of debt	-80	359	118	-67	-110	-550	-152	-146	-140
Proceeds from debt	—	—	—	—	—	359	0	0	0
Dividends paid	-124	-256	-105	0	0	-61	-223	-161	-94
New equity	0	27	0	—	—	0	0	0	0
Other	-25	-8	-11	-10	-15	13	9	0	0
Net financing cash flow	**-229**	**122**	**3**	**-77**	**-124**	**-264**	**-375**	**-307**	**-234**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-41**	**24**	**-13**	**-24**	**-6**	**48**	**149**	**126**	**128**
Cash balance	70	94	81	57	50	98	247	373	501
Free cash flow	**188**	**-98**	**-16**	**53**	**118**	**312**	**523**	**433**	**362**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

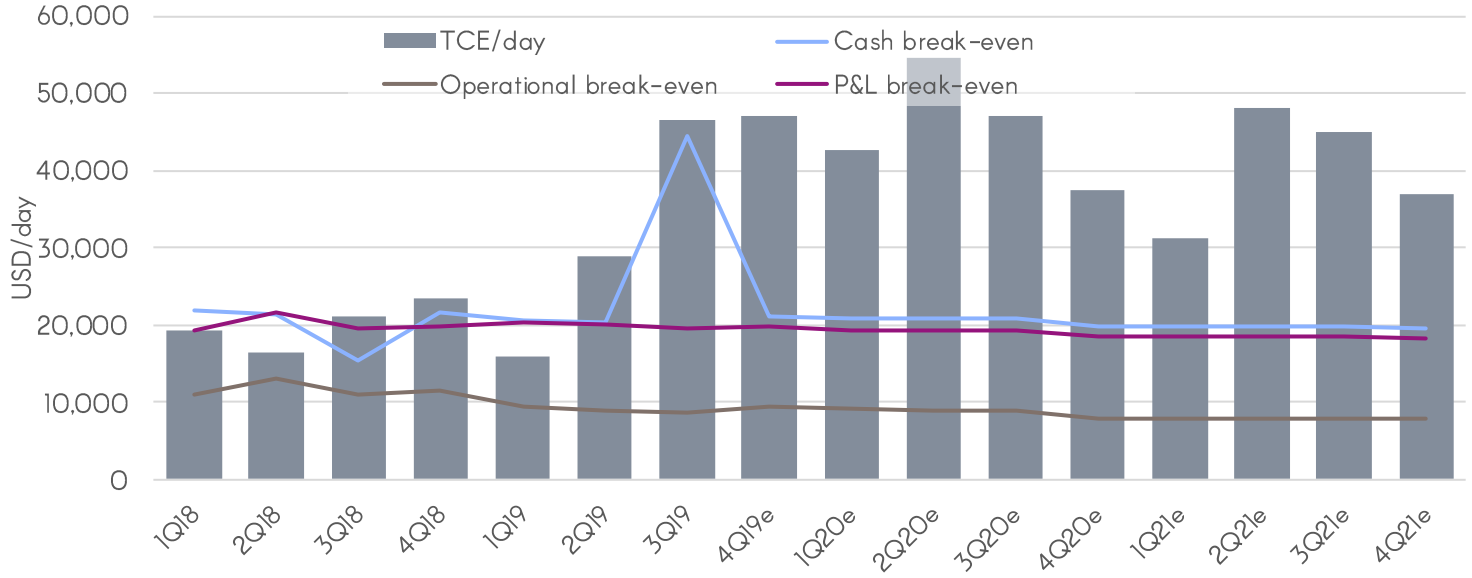
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	136	136	142	142	142	142	142	142	142
Share price, avg (USD)	8	7	4	4	4	5	9	9	9
Share price, end (USD)	7	8	4	5	3	9	9	9	9
Market Cap.	**960**	**1,129**	**598**	**670**	**424**	**1,261**	**1,261**	**1,261**	**1,261**
NIBD	459	793	1,330	1,285	1,185	1,148	847	575	307
Minorities	10	10	7	3	0	0	0	0	0
Enterprise value	**1,410**	**1,912**	**1,921**	**1,951**	**1,608**	**2,410**	**2,109**	**1,836**	**1,569**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	3.8	3.5	24.6			5.6	3.1	4.0	5.2
P/E (adj.)	3.8	3.5	24.6			5.9	3.1	4.0	5.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.0	1.2	1.0	1.0	0.6	2.3	1.8	2.1	2.4
EV/Sales	1.5	2.1	3.2	3.0	2.2	4.4	3.0	3.0	3.0
EV/EBITDA	4.1	4.4	12.6	14.9	21.1	5.9	3.6	3.8	3.9
EV/EBIT	5.2	5.5	36.0			8.6	4.6	5.1	5.7
P/B	0.9	1.0	0.5	0.6	0.4	1.1	1.0	0.9	0.8
FCF yield	20%	-9%	-3%	8%	28%	25%	41%	34%	29%
Dividend yield	12.9%	22.7%	17.5%	0.0%	0.0%	4.8%	17.7%	12.8%	7.5%
Return on equity (ROE)	23.8%	27.9%	2.2%	-4.0%	-7.3%	20.2%	31.3%	21.7%	15.0%
Return on capital employed (RO	17.5%	17.6%	2.2%	0.2%	-1.1%	12.3%	21.1%	17.6%	14.4%
Return on assets (ROA)	15.3%	15.4%	0.9%	-1.7%	-3.2%	9.3%	16.6%	12.9%	9.7%
Sales growth	57%	-4%	-34%	7%	15%	-27%	31%	-15%	-14%
EBITDA margin	36%	47%	25%	20%	10%	75%	81%	80%	77%
EBIT margin	28%	38%	9%	1%	-3%	51%	64%	59%	53%
Net margin	27%	35%	4%	-7%	-10%	42%	57%	53%	46%
Net interest rate	2.3%	2.1%	2.1%	3.7%	4.3%	4.5%	5.2%	6.7%	10.7%
Tax rate	0.3%	0.2%	1.0%	-1.2%	-0.2%	0.5%	0.4%	0.4%	0.4%
Equity ratio	65%	55%	43%	44%	44%	46%	53%	59%	65%
Leverage ratio	35%	45%	57%	56%	56%	54%	47%	41%	35%
NIBD / EBITDA (past 1y)	1.4	1.8	8.7	9.8	15.5	2.8	1.5	1.2	0.8
Operating cash flow/NIBD	0.8	0.5	0.2	0.0	0.0	0.3	0.6	0.8	1.2
Net interest coverage ratio (EBIT	32.8	25.5	5.5	2.8	1.5	7.8	13.2	12.7	12.2
Current ratio	1.5	1.2	0.3	0.9	1.1	1.5	1.6	2.3	3.1
Adj. equity ratio						50%	62%	69%	73%
Operating assets	1,594	2,016	2,513	2,399	2,210	2,338	2,224	2,110	1,991
Operating liabilities	54	52	66	41	42	67	67	67	67
Net operating assets	1,540	1,964	2,448	2,358	2,168	2,272	2,157	2,043	1,924

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

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



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

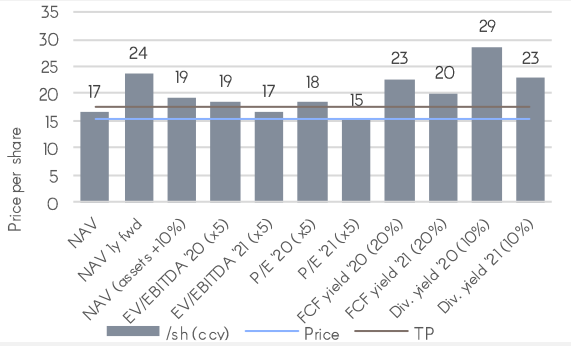
Good operational leverage leads to opportune elasticity towards rising spot earnings. Getting close to fully priced after surge in share price

LPG-US BUY/$18

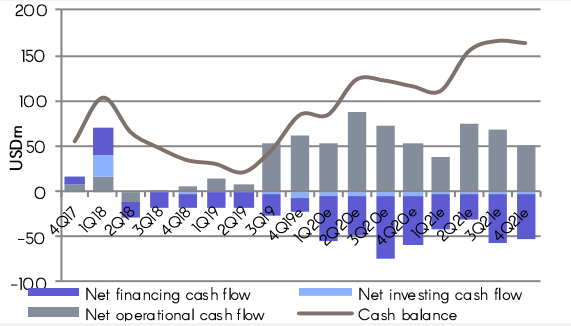
Dorian LPG

Share price vs target price

Valuation matrix



Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	279	397	350	308
EBITDA (adj.)	182	297	258	216
EBIT (adj.)	117	231	192	150
PTP (adj.)	83	201	164	124
Net earnings (adj.)	83	201	164	124
EPS (adj.)	1.52	3.67	3.01	2.28
DPS	-	2.87	2.28	0.35
USDm	**2019E**	**2020E**	**2021E**	**2022E**
Fwd NAV	1,047	1,314	1,379	1,454
Adj. equity ratio	1	1	1	1
Dividend yield	0%	19%	15%	2%
EV/EBITDA	7.6	4.4	4.7	4.8
P/E (adj.)	10.0	4.2	5.1	6.7

Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	75	267	230	190
Free cash flow	62	249	220	185
Net cash flow	-9	31	47	123
TCE/day	37,130	49,758	44,899	39,529
Cash break-even	23,828	22,991	21,105	20,356
Liquidity	86	117	165	287
Property & Equip. (incl. NBs	1,444	1,396	1,340	1,280
Total equity	999	1,043	1,082	1,188
Total assets	1,671	1,654	1,646	1,708
Interest bearing debt	650	589	541	498
Net interest bearing debt	564	472	377	210
Market Cap.	834	834	834	834

Source: Cleaves, Bloomberg, Shipping Intelligence Network, company data

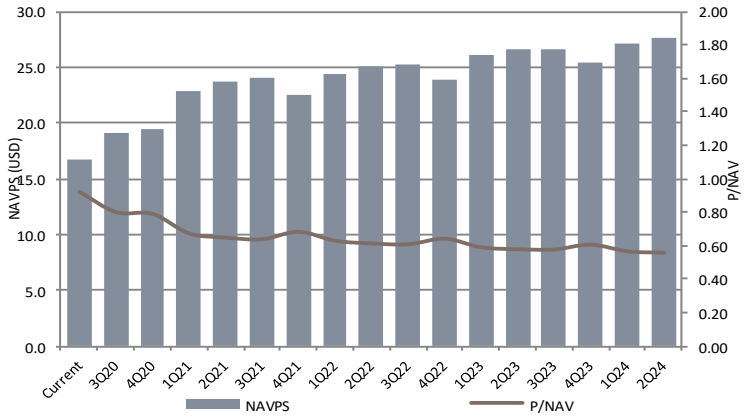
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of this document

Company Valuation

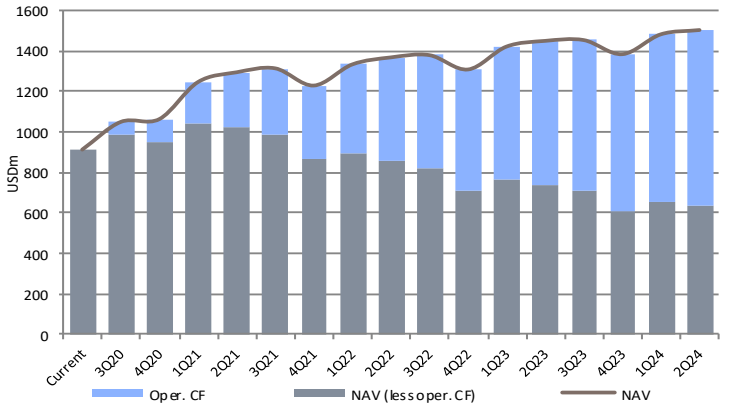
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,453	1,424	1,354
Contract value	0	-16	-15
Other	126	126	120
GAV	1,580	1,534	1,459
Net debt	-618	-618	-618
Capex	0	0	0
Other	-8	-8	-8
Equity	954	909	834
Shares	55	55	55
Equity/sh	17.48	16.64	15.27
Icl CCY	17.48	16.64	15.27
P/Equity	0.87	0.92	1.00
EV/GAV	0.92	0.95	1.00
Adj. Total Assets	1,642	1,612	1,543
Adj. Equity Ratio	58%	56%	54%
Fair Value	USD	17.5	15%

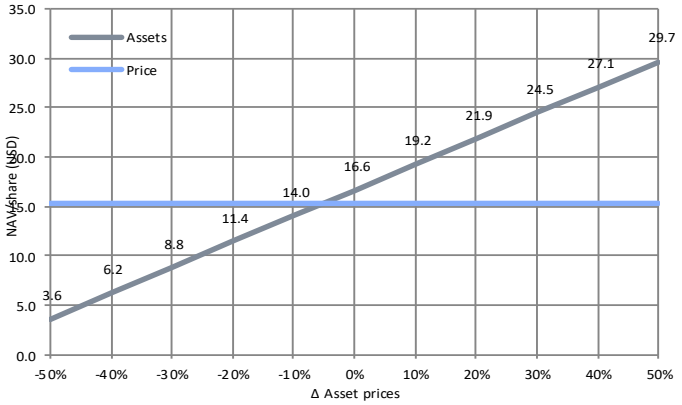
Quarterly forward NAV & P/NAV



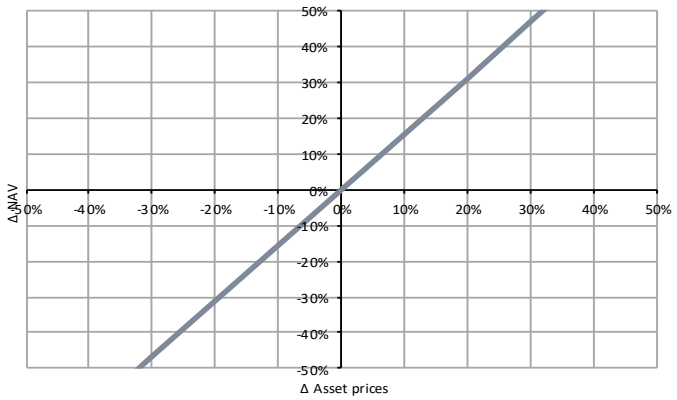
Quarterly forward NAV decomposition



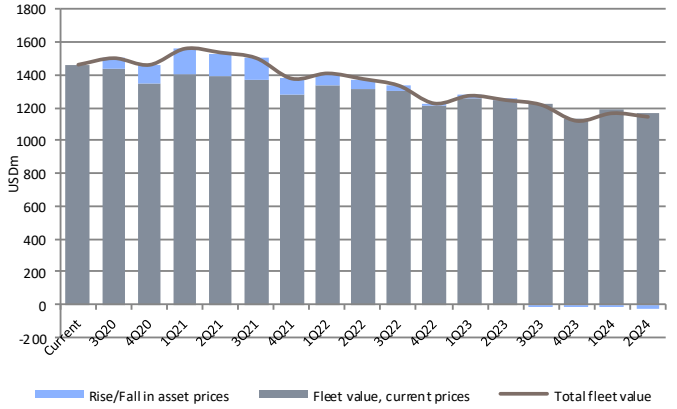
Impact on NAV/sh from % change in asset prices



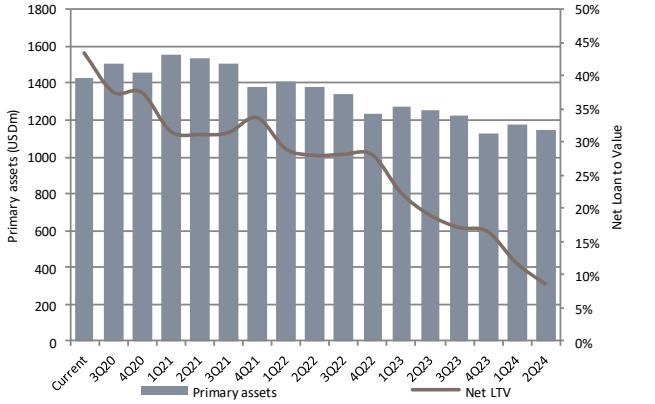
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Quarterly Preview

P&L

3Q20 Preview USDm	3Q19	2Q20	3Q20 Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net sales	54.8	90.8	94.1	95.7				
EBITDA (adj.)	32.9	65.4	69.2	70.2				
EBIT (adj.)	16.5	49.0	52.7	54.0				
PTP (adj.)	7.5	40.0	44.6	40.5				
Net earnings (adj.)	7.5	40.0	44.6	46.7				
EPS (adj.)	0.14	0.73	0.82	0.85				
DPS	-	-	0.61	0.24				
Implied, line by line	3Q19	2Q20	Cleaves	Consenus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	54.8	90.8	94.1	95.7				
Opex & G&A	21.9	25.3	25.0	25.6				
Depreciation	16.4	16.5	16.5	16.1				
Net finance	9.0	9.0	8.1	13.6				
Taxes & Minorities	-	-	-	-6.2				

CF & BS

3Q20 Preview USDm	3Q19	2Q20	Cleaves	Consenus	Actuals vs Cleaves	Cons.	Actuals vs Cleaves	Cons.
Net operational cash flow	5	52	61					
Free cash flow	3	49	54					
Net cash flow	-13	26	38					
TCE/day	30,108	47,623	52,342	53,219				
Utilization	90.0%	90.1%	85.0%					
Fleet days	2,024	2,116	2,116					
Cash break-even	23,473	23,769	23,484					
Liquidity	35	48	86					
Interest bearing debt	711	666	650					

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Estimate changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	279	397	350	308	318	338	407	431	-39	60	-57	-123
EBITDA (adj.)	182	297	258	216	221	243	315	338	-39	54	-57	-122
EBIT (adj.)	117	231	192	150	156	178	249	273	-39	53	-58	-123
PTP (adj.)	83	201	164	124	122	147	221	247	-39	54	-57	-122
Net earnings (adj.)	83	201	164	124	122	147	221	247	-39	54	-57	-122
EPS (adj.)	1.52	3.67	3.01	2.28	2.22	2.66	4.02	4.48	-0.70	1.01	-1.01	-2.20
DPS	-	2.87	2.28	0.35	0.46	2.32	2.72	0.59	-0.46	0.55	-0.43	-0.25
									2019E	2020E	2021E	2022E
								TCE revenue	-39	60	-57	-123
								Opex & G&A	-0	5	-1	-1
								Depreciation	0	1	1	1
								Net finance	0	-1	-1	-1
								Taxes & Minorities	-	-	-	-

Cash Flows & Balance Sheet

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	75	267	230	190	118	212	286	312	-43	55	-56	-121
Free cash flow	62	249	220	185	108	190	280	312	-46	59	-60	-126
Net cash flow	-9	31	47	123	21	5	83	235	-30	26	-35	-112
TCE/day	37,130	49,758	44,899	39,529	39,388	42,806	52,254	55,301	-2,258	6,952	-7,354	#####
Cash break-even	23,828	22,991	21,105	20,356	23,677	22,745	21,393	20,628	151	246	-287	-272
Liquidity	86	117	165	287	152	157	239	474	-66	-40	-75	-187
Property & Equip. (incl. NBs	1,444	1,396	1,340	1,280	1,438	1,395	1,336	1,271	6	1	4	8
Total equity	999	1,043	1,082	1,188	1,018	1,036	1,108	1,322	-19	7	-25	-134
Total assets	1,671	1,654	1,646	1,708	1,688	1,650	1,673	1,843	-17	4	-27	-135
Interest bearing debt	650	589	541	498	651	595	547	502	-2	-6	-5	-5
Net interest bearing debt	564	472	377	210	499	438	307	28	64	34	70	182
Market Cap.	834	834	834	834	672	672	672	672	161	161	161	161
Enterprise value	1,397	1,305	1,210	1,044	1,172	1,110	979	700	226	195	231	344

Valuation

Estimate changes									Change			
USDm	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,047	1,314	1,379	1,454	1,255	1,513	1,633	1,730	-209	-199	-254	-275
Adj. equity ratio	1	1	1	1	65%	71%	74%	77%	-4%	-3%	-3%	-3%
Dividend yield	0%	19%	15%	2%	4%	19%	22%	5%	-4%	0%	-7%	-3%
EV/EBITDA	7.6	4.4	4.7	4.8	5.3	4.5	3.1	2.1	2.3	-0.2	1.6	2.7
P/E (adj.)	10.0	4.2	5.1	6.7	5.5	4.6	3.0	2.7	4.5	-0.4	2.0	4.0

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Profit & Loss (USDm)	3Q19	4Q19	1Q20	2Q20	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E
Net sales	**55**	**34**	**61**	**91**	**94**	**87**	**120**	**105**	**85**
Operational costs	-29	-21	-25	-25	-24	-24	-25	-25	-25
EBITDA	**26**	**12**	**36**	**66**	**70**	**63**	**95**	**81**	**61**
Depreciation/Amortization	-16	-16	-16	-16	-16	-16	-16	-16	-16
EBIT	**9**	**-4**	**20**	**49**	**53**	**46**	**79**	**64**	**44**
Net financials	-15	-12	-14	-9	-9	-8	-8	-8	-8
PTP	**-6**	**-16**	**5**	**41**	**45**	**38**	**71**	**56**	**36**
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	**-6**	**-16**	**5**	**41**	**45**	**38**	**71**	**56**	**36**
Non-recurring items	14	4	5	-1	0	0	0	0	0
Net earnings (adj.)	**7**	**-12**	**10**	**40**	**45**	**38**	**71**	**56**	**36**
EPS	-0.11	-0.29	0.10	0.75	0.82	0.69	1.29	1.03	0.66
EPS (adj.)	0.14	-0.22	0.19	0.73	0.82	0.69	1.29	1.03	0.66
DPS	0.00	0.00	0.00	0.00	0.00	0.61	0.52	0.97	0.77

Please note that Dorian LPG has diverging accounting year. I.e. FY 2017 ended 31/03/2017

Balance Sheet (USDm)	3Q19	4Q19	1Q20	2Q20	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E
Cash & short-term investments	35	31	22	46	85	85	123	122	116
Other current assets	63	52	71	78	78	78	78	78	78
Total current assets	**98**	**83**	**93**	**124**	**163**	**163**	**201**	**200**	**194**
Property & equip. (incl. NBs)	1,493	1,479	1,465	1,453	1,444	1,432	1,420	1,408	1,396
Other non-current assets	69	64	61	64	64	64	64	64	64
Total non-current assets	**1,562**	**1,543**	**1,526**	**1,518**	**1,508**	**1,496**	**1,484**	**1,472**	**1,460**
TOTAL ASSETS	**1,660**	**1,625**	**1,619**	**1,642**	**1,671**	**1,659**	**1,685**	**1,672**	**1,654**
Total equity	**927**	**913**	**919**	**954**	**999**	**1,003**	**1,046**	**1,049**	**1,043**
Short-term debt	64	64	64	64	64	64	64	64	64
Other current liabilities	20	15	16	18	18	18	18	18	18
Total current liabilities	**84**	**79**	**80**	**82**	**82**	**82**	**82**	**82**	**82**
Long-term debt	647	632	618	602	586	569	553	537	525
Other non-current liabilities	1	1	3	4	4	4	4	4	4
Total non-current liabilities	**649**	**633**	**620**	**606**	**590**	**574**	**558**	**542**	**529**
TOTAL EQUITY & LIABILITIES	**1,660**	**1,625**	**1,619**	**1,642**	**1,671**	**1,659**	**1,685**	**1,672**	**1,654**
Working capital, receivables	2	48	2	72	72	72	72	72	72
Working capital, payables	15	8	12	15	15	15	15	15	15
Net working capital	**-13**	**40**	**-9**	**57**	**57**	**57**	**57**	**57**	**57**
Interest bearing debt	711	696	682	666	650	634	618	602	589
Liquidity	35	31	57	48	86	86	125	124	117
Net interest bearing debt	**676**	**665**	**625**	**618**	**564**	**547**	**493**	**478**	**472**

Cash Flow (USDm)	3Q19	4Q19	1Q20	2Q20	3Q20E	4Q20E	1Q21E	2Q21E	3Q21E
Net income	-6	-16	5	41	45	38	71	56	36
Depreciation	16	16	16	16	16	16	16	16	16
Other	9	6	8	3	0	0	0	0	0
Cash earnings	**19**	**6**	**29**	**60**	**61**	**54**	**87**	**73**	**53**
Changes in working capital	-14	-53	-21	-8	0	0	0	0	0
Net operational cash flow	**5**	**13**	**9**	**52**	**61**	**54**	**87**	**73**	**53**
Capex	-2	-1	-2	-3	-7	-4	-4	-4	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	**-2**	**-1**	**-2**	**-3**	**-7**	**-4**	**-4**	**-4**	**-4**
Repayment of debt	-16	-16	-16	-16	-16	-16	-16	-16	-13
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	-33	-28	-53	-42
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	-7	0	0	0	0	0
Net financing cash flow	**-16**	**-16**	**-16**	**-23**	**-16**	**-49**	**-44**	**-69**	**-55**
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	**-13**	**-4**	**-9**	**26**	**38**	**0**	**38**	**-1**	**-6**
Cash balance	35	31	22	46	85	85	123	122	116
Free cash flow	**3**	**12**	**7**	**49**	**54**	**50**	**83**	**68**	**48**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	**54**	**221**	**202**	**165**	**161**	**279**	**397**	**350**	**308**
Operational costs		-63	-90	-88	-100	-96	-98	-90	-90
EBITDA		**158**	**112**	**78**	**62**	**184**	**299**	**260**	**218**
Depreciation/Amortization		-31	-65	-65	-65	-65	-66	-66	-66
EBIT		**127**	**47**	**12**	**-3**	**118**	**233**	**194**	**152**
Net financials		-8	-30	-27	-35	-44	-33	-30	-27
PTP		**118**	**17**	**-15**	**-38**	**75**	**201**	**164**	**124**
Taxes/Minorities		0	0	0	0	0	0	0	0
Net earnings		**118**	**17**	**-15**	**-38**	**75**	**201**	**164**	**124**
Non-recurring items		0	-15	-6	5	8	0	0	0
Net earnings (adj.)		**118**	**2**	**-21**	**-33**	**83**	**201**	**164**	**124**
EPS	0.28	2.06	0.30	-0.27	-0.69	1.37	3.67	3.01	2.28
EPS (adj.)		2.05	0.02	-0.39	-0.60	1.52	3.67	3.01	2.28
DPS	0.00	0.00	0.00	0.00	0.00	0.00	2.87	2.28	0.35

Please note that Dorian LPG has diverging accounting year. I.e. FY 2017 ended 31/03/2017. This table shows calendar years

Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	183	22	32	56	35	85	116	163	286
Other current assets	15	76	31	37	63	78	78	78	78
Total current assets	**198**	**98**	**63**	**92**	**98**	**163**	**194**	**241**	**364**
Property & equip. (incl. NBs)	805	1,632	1,620	1,555	1,493	1,444	1,396	1,340	1,280
Other non-current assets	7	93	78	59	69	64	64	64	64
Total non-current assets	**812**	**1,725**	**1,697**	**1,614**	**1,562**	**1,508**	**1,460**	**1,405**	**1,344**
TOTAL ASSETS	**1,010**	**1,823**	**1,760**	**1,706**	**1,660**	**1,671**	**1,654**	**1,646**	**1,708**
Total equity	**864**	**975**	**973**	**962**	**927**	**999**	**1,043**	**1,082**	**1,188**
Short-term debt	10	66	66	127	64	64	80	84	73
Other current liabilities	11	22	20	16	20	18	18	18	18
Total current liabilities	**21**	**88**	**86**	**143**	**84**	**82**	**98**	**102**	**91**
Long-term debt	113	748	701	601	647	586	509	458	425
Other non-current liabilities	13	11	0	1	1	4	4	4	4
Total non-current liabilities	**126**	**760**	**701**	**601**	**649**	**590**	**513**	**462**	**429**
TOTAL EQUITY & LIABILITIES	**1,010**	**1,823**	**1,760**	**1,706**	**1,660**	**1,671**	**1,654**	**1,646**	**1,708**
Working capital, receivables	3	2	3	2	2	72	72	72	72
Working capital, payables	10	17	11	10	15	15	15	15	15
Net working capital	**-6**	**-15**	**-9**	**-8**	**-13**	**57**	**57**	**57**	**57**
Interest bearing debt	123	814	767	727	711	650	589	541	498
Liquidity	183	72	32	56	35	86	117	165	287
Net interest bearing debt	**-60**	**742**	**735**	**672**	**676**	**564**	**472**	**377**	**210**

Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income		118	17	-15	-38	75	201	164	124
Depreciation	9	31	65	65	65	65	66	66	66
Other	2	24	-24	3	9	16	0	0	0
Cash earnings		**174**	**57**	**54**	**36**	**156**	**267**	**230**	**190**
Changes in working capital	-6	-87	60	-10	-24	-82	0	0	0
Net operational cash flow		**87**	**117**	**44**	**12**	**75**	**267**	**230**	**190**
Capex	-295	-859	-58	-1	-3	-12	-18	-11	-5
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	3	0	0	0	0	0	0
Other	0	-1	2	3	-5	2	2	2	2
Net investing cash flow	**-266**	**-903**	**-56**	**-1**	**22**	**-12**	**-18**	**-11**	**-5**
Repayment of debt	-6	-24	-69	-186	-197	-64	-61	-48	-44
Proceeds from debt	0	715	42	149	177	0	0	0	0
Dividends paid	0	0	0	0	0	0	-157	-125	-19
New equity	156	0	0	0	0	0	0	0	0
Other	0	-1	2	3	-5	2	2	2	2
Net financing cash flow	**148**	**656**	**-51**	**-42**	**-22**	**-71**	**-217**	**-172**	**-63**
Currency effect	-1	-1	0	0	0	0	0	0	0
Net cash flow		**-161**	**10**	**2**	**11**	**-9**	**31**	**47**	**123**
Cash balance	183	22	32	34	45	36	67	114	237
Free cash flow		**-816**	**61**	**43**	**34**	**62**	**249**	**220**	**185**

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

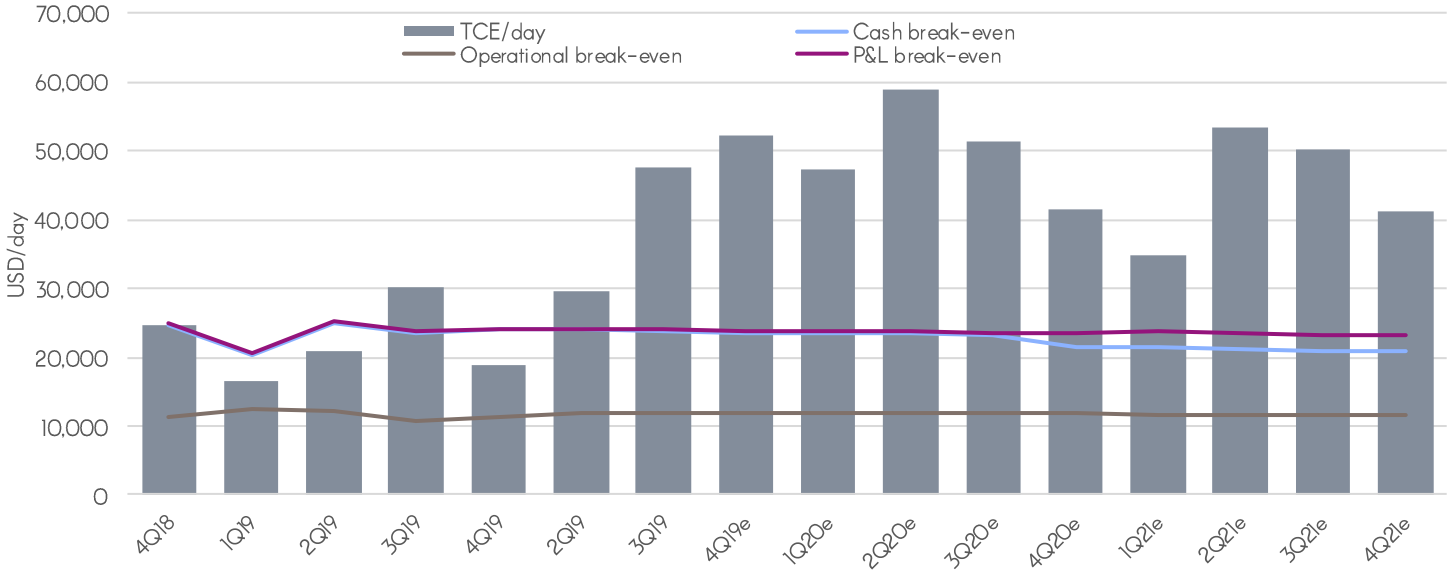
$f(\lambda) = a_0 + \beta_1 \lambda^{\tau},\ R^2 \approx 1$

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	48	58	56	55	55	55	55	55	55
Share price, avg (USD)	18	13	8	8	8	12	15	15	15
Share price, end (USD)	—	13	9	11	7	15	15	15	15
Market Cap.		**756**	**528**	**579**	**413**	**834**	**834**	**834**	**834**
NIBD	-60	742	735	672	676	564	472	377	210
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value		**1,499**	**1,262**	**1,251**	**1,089**	**1,397**	**1,305**	**1,210**	**1,044**

Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		6.4	31.5			11.1	4.2	5.1	6.7
P/E (adj.)		6.4				10.0	4.2	5.1	6.7
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales		3.4	2.6	3.5	2.6	3.0	2.1	2.4	2.7
EV/Sales		6.8	6.2	7.6	6.7	5.0	3.3	3.5	3.4
EV/EBITDA		9.5	11.3	16.1	17.6	7.6	4.4	4.7	4.8
EV/EBIT		11.8	27.0			11.8	5.6	6.2	6.9
P/B		0.8	0.5	0.6	0.4	0.8	0.8	0.8	0.7
FCF yield		-108%	12%	7%	8%	7%	30%	26%	22%
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	18.8%	15.0%	2.3%
Return on equity (ROE)		12.1%	1.7%	-1.6%	-4.1%	7.5%	19.2%	15.2%	10.5%
Return on capital employed (ROC		7.6%	2.8%	0.8%	-0.2%	7.8%	15.8%	13.6%	11.1%
Return on assets (ROA)		6.5%	1.0%	-0.9%	-2.3%	4.5%	12.1%	10.0%	7.3%
Sales growth		309%	-8%	-18%	-2%	73%	42%	-12%	-12%
EBITDA margin		72%	55%	47%	38%	66%	75%	74%	71%
EBIT margin		57%	23%	8%	-2%	42%	59%	55%	49%
Net margin		54%	8%	-9%	-24%	27%	50%	47%	40%
Net interest rate	0.0%	0.1%	1.0%	0.0%	4.4%	6.5%	6.9%	7.9%	13.0%
Tax rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	86%	54%	55%	56%	56%	60%	63%	66%	70%
Leverage ratio	14%	46%	45%	44%	44%	40%	37%	34%	30%
NIBD / EBITDA (past 1y)		4.7	6.6	8.6	11.0	3.1	1.6	1.4	1.0
Operating cash flow/NIBD		0.1	0.2	0.1	0.0	0.1	0.6	0.6	0.9
Net interest coverage ratio (EBIT		179.0	15.7		2.1	5.0	9.2	8.7	8.0
Current ratio	9.6	1.1	0.7	0.6	1.2	2.0	2.0	2.4	4.0
Adj. equity ratio						61%	68%	71%	74%
Operating assets	821	1,702	1,678	1,621	1,589	1,549	1,501	1,445	1,385
Operating liabilities	24	34	21	17	21	22	22	22	22
Net operating assets	798	1,668	1,657	1,605	1,568	1,527	1,479	1,423	1,362

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

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



Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

Portfolio Allocation

Method

We use a variant of Markowitz' portfolio optimization method including the use of a covariance matrix between our covered segments, calculating the efficient frontier and the capital market line (CML). We use a generic US treasury note with one-year tenor as a proxy for the risk-free rate as our goal is to allocate capital efficiently over a one-year horizon.

Portfolio optimization

Our data inputs are our Cleaves' share index for each segment we cover, with history from 1990 for Dry Bulk, 1998 for Oil Tankers, 2003 for LNG Carriers and 2014 for VLGCs. We calculate annualized standard deviation based on quarterly returns and use our forecast return for each segment to reach the Sharpe Ratio.

	Key statistics from time series				
(annualized)	Oil Tankers	Dry Bulk	LNG Carriers	VLGCs	Cash
Mean	9.1%	11.2%	13.9%	-1.1%	1.5%
Var	0.12	0.12	0.16	0.14	-
sigma	0.3463	0.3505	0.3957	0.3795	-
E(r) 1y	56%	51%	43%	23%	1.5%
Sharpe Ratio	1.58	1.42	1.05	0.56	-
Beta	1.03	1.28	1.90	2.08	-
E(r) 2y	106%	121%	86%	10%	2.9%

The next step is the calculate the covariance between the segments in order to optimize the risk/return through efficient portfolio allocation. As we can see below, the segments are not highly correlated, which is a good thing in terms of optimizing risk/return. We note that our VLGC share index has a relatively short history, which undermines the statistical significance in the correlation matrix.

Covariance matrix					
	S&P 500	Dry Bulk	Oil Tankers	LNG Carriers	VLGCs
S&P 500	0.03	0.01	0.03	0.03	0.01
Dry Bulk	0.01	0.12	0.05	0.04	0.04
Oil Tankers	0.03	0.05	0.12	0.05	0.04
LNG Carriers	0.03	0.04	0.05	0.16	0.04
VLGCs	0.01	0.04	0.04	0.04	0.14

Correlation matrix					
(R^2)	S&P 500	Dry Bulk	Oil Tankers	LNG Carriers	VLGCs
S&P 500	1.00	0.05	0.16	0.17	0.09
Dry Bulk	0.05	1.00	0.16	0.10	0.12
Oil Tankers	0.16	0.16	1.00	0.14	0.15
LNG Carriers	0.16	0.10	0.14	1.00	0.18
VLGCs	0.09	0.12	0.15	0.18	1.00

The last step is to calculate the efficient frontier, summarized in the table below.

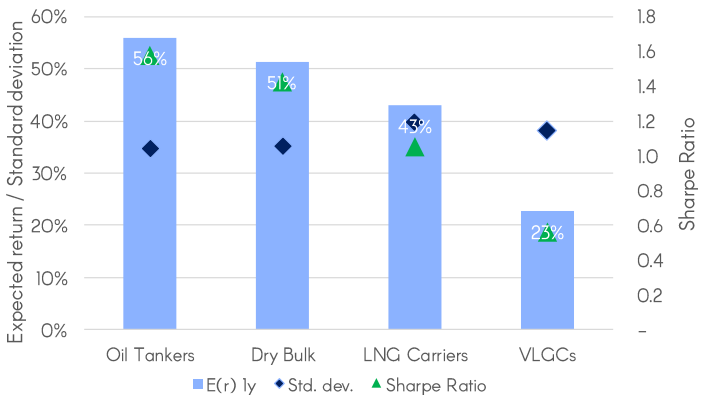
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

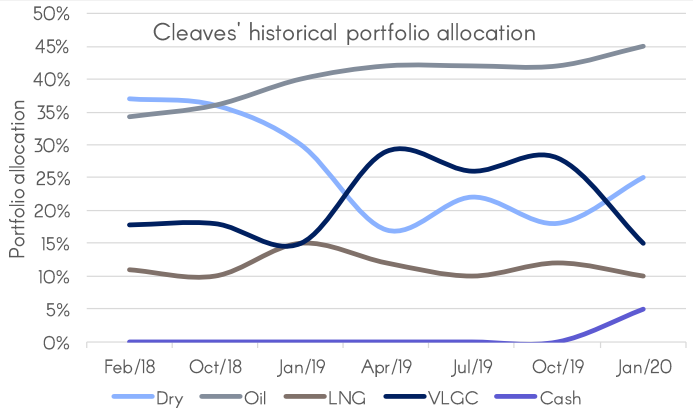
Portfolios													
Weights	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
Oil	0%	10%	19%	29%	35%	41%	47%	65%	82%	100%	100%	100%	100%
Dry	0%	9%	19%	28%	31%	35%	38%	25%	13%	0%	0%	0%	0%
LNG	0%	6%	13%	19%	18%	16%	15%	10%	5%	0%	0%	0%	0%
VLGC	100%	75%	49%	24%	16%	8%	0%	0%	0%	0%	0%	0%	0%
Cash													
SUM	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Return	23%	30%	37%	44%	47%	50%	52%	54%	55%	56%	56%	56%	56%
sigma	0.38	0.32	0.27	0.26	0.26	0.27	0.28	0.29	0.32	0.35	0.35	0.35	0.35
Sharpe	0.56	0.89	1.30	1.66	1.75	1.81	1.84	1.80	1.69	1.56	1.56	1.56	1.56

Portfolio #1 is obtained by minimizing return. Not the best portfolio allocation strategy, but merely to produce the minimum point of our efficient frontier with the constraint of no short selling. The result is 100% allocation to VLGCs as can be seen in the graph below. Next, we calculate portfolio #7 which is the "Optimal Portfolio" which maximizes the Sharpe Ratio. Lastly, we solve for the portfolio with the highest return, which is 100% allocation to the Oil Tanker segment in portfolio #11. The intermediate portfolios are intended to produce a smooth efficient frontier in the graph below.

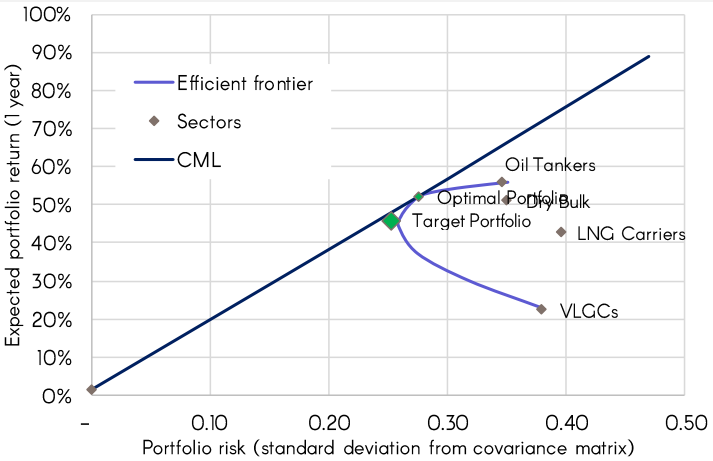
Segment details



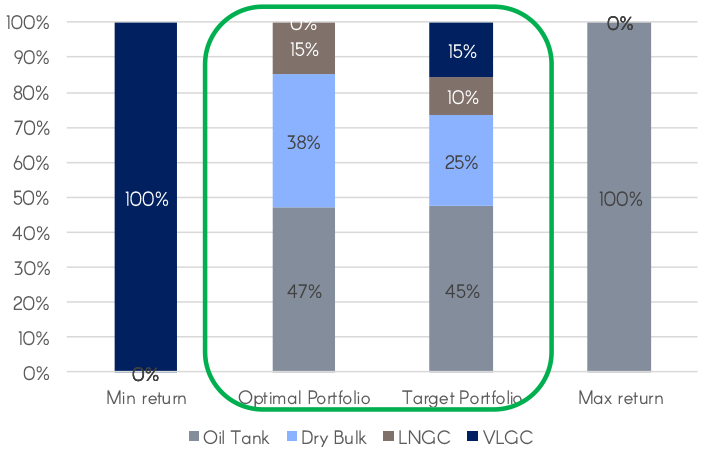
Historical allocation per segment



Portfolio optimization



Portfolio allocation between segments



The attentive reader has noticed the "Target Portfolio" in the graphs above deviates somewhat from the model generated optimal portfolio. There are several reasons:

1) The model suggests a 38% portfolio allocation towards Dry Bulk. As this is based on a 1y expected return, and with our view that this upside is more

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

likely in 2H20E than in 1H20E, we would rather allocate the capital otherwise in the near term.

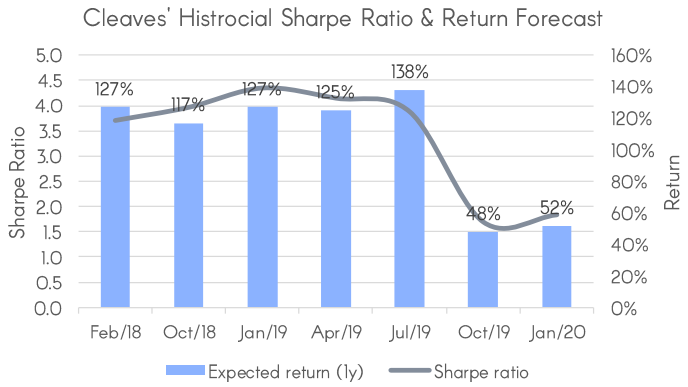
2) The model suggests a 0% portfolio allocation towards VLGCs. As this is based on a 1y expected return, and with our view that share prices could peak in 1H20E, we would rather allocate some capital to VLGCs in the near term. Also contributes to greater diversification.
3) We also keep 5% in cash in order to take advantage of potential opportunities. At present, we would expect zero cash allocation before the end of 3Q20E

Thus, we have adjusted our allocation as per the "Target Portfolio" in the graphs above, but leave it to our readers to find the correct capital allocation for themselves.

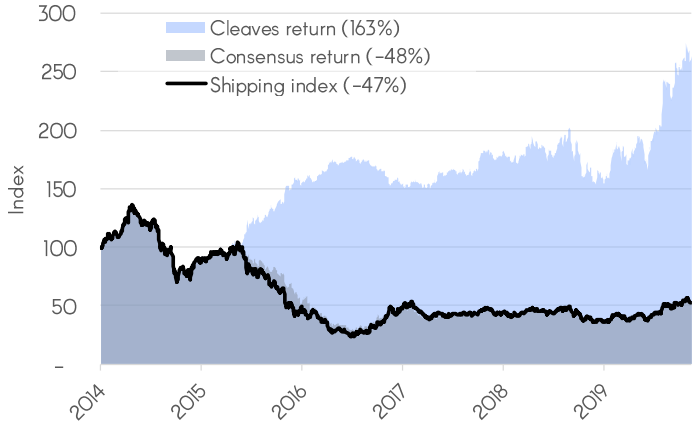
We also want to caution our readers of the inherent uncertainty in forward share price predictions & extrapolating historical statistical patterns into the future. Nevertheless, besides having a sound theoretical foundation, it has proven a valuable tool for our view on efficient capital allocation in the past, where we have outperformed our shipping index by a factor of 4.96x since 2014.

It is worth noting that though there are still attractive opportunities in the shipping sector, some of the most obvious under-pricing was corrected during 2019 (oil tankers & VLGCs), and thus our Sharpe Ratio is down from around 4.0x from early 2018 and until mid-2019, to around 1.5x in recent months.

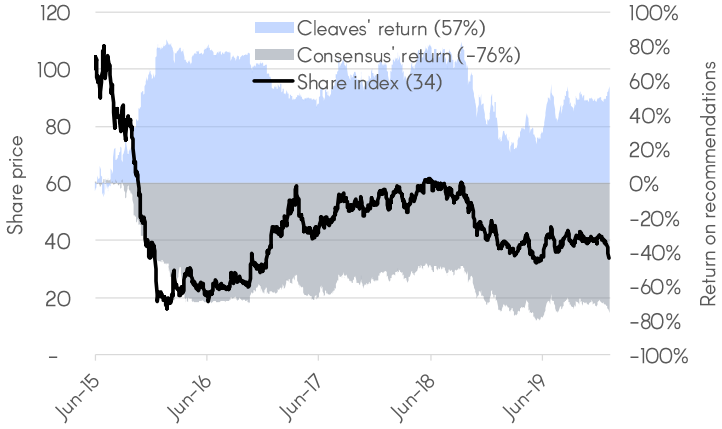
Historical portfolio: Sharpe ratio & expected return



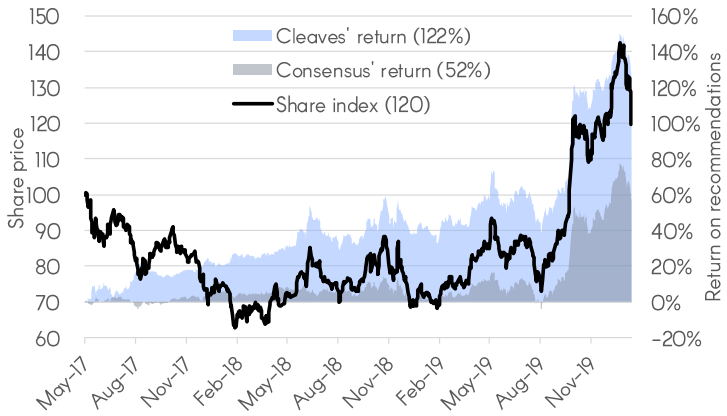
Shipping share index: Cleaves vs Consensus



Dry Bulk share index: Cleaves vs Consensus



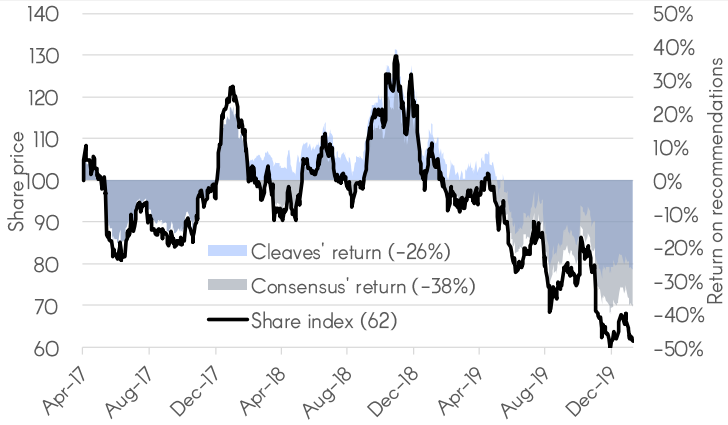
Oil Tanker share index: Cleaves vs Consensus



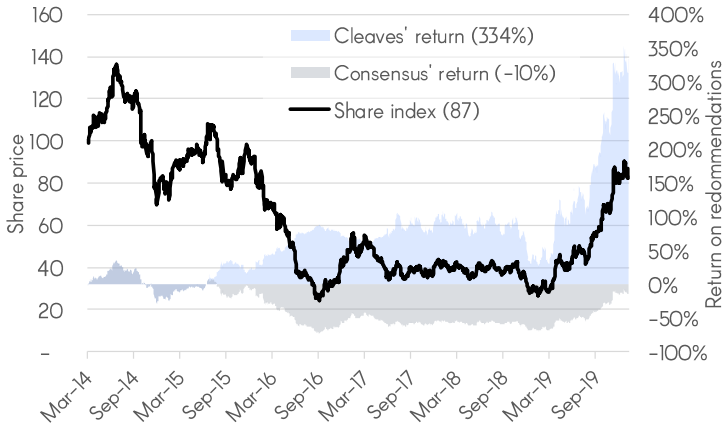
Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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

LNG Carrier share index: Cleaves vs Consensus



VLGC share index: Cleaves vs Consensus



Risks

Investments in shipping are associated by high volatility with inherent big potential losses/gains. The supply side is generally rather transparent for the next two years, with demand growth forecasting much less certain.

At present, the most significant risks to our forecasts are:

1. General cool-down to global GDP and hence seaborne trade
2. Trade war
3. A change in Chinese policies
4. The Corona virus
5. + a myriad of other unforeseen events

Source: Cleaves, Bloomberg, Clarksons SIN, company data, www

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Financial instruments held by the analyst(s) and/or close associate in the issuer/ issuers herein:

Ticker	Company name
ADS NO	ADS Crude Carriers
AVANCE NO	Avance Gas
BWLPG NO	BW LPG
DHT US	DHT Holdings
LPG US	Dorian LPG
EURN US	Euronav
FLNG NO	Flex LNG
FRO NO	Frontline
GLOG US	GasLog
GNK US	Genco Shipping
GOGL NO	Golden Ocean
BULK NO	GoodBulk
HUNT NO	Hunter Group
INSW US	International Seaways
OET NO	Okeanis Eco Tankers
SBLK US	Star Bulk
TNK US	Teekay Tankers
TNP US	Tsakos Energy Navigation

Other material interest (if any): None

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Current recommendations of the Research Department: (refers to Recommendations published prior to this report and required disclosed in accordance with the Securities Trading ST Regulations section 3-11 (4)

Current recommendations of the Research Department (updated 31 January 2020)

Recommendation	Percent
BUY	76%
HOLD	16%
SELL	8%

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