



**Key take:** Dry Bulk is our top pick, with all other segments negatively affected by the disarray in global energy markets

## Shipping Quarterly: Coronavirus Volatility

### Shipping Coverage

Ticker	Last		New		Old	
	Price	Rating	TP	Rating	TP	
2020 NO	48.0	BUY	89.0	BUY	77.0	
BULK NO	127	SELL	112.0	SELL	101.0	
DSX US	1.69	BUY	3.0	BUY	2.7	
EGLE US	1.5	BUY	3.5	BUY	3.1	
GNK US	5.6	BUY	10.0	BUY	9.0	
GOGL US	3.5	BUY	6.1	BUY	5.6	
SALT US	26.2	BUY	40.0	BUY	32.0	
SB US	1.1	HOLD	1.0	SELL	0.8	
SBLK US	5.3	BUY	10.0	BUY	9.0	
<b>Dry Bulk</b>						
ADSCME NO	29.8	BUY	33.0	BUY	28.0	
DHT US	7.7	SELL	6.3	SELL	5.8	
EURN US	11.3	HOLD	11.0	HOLD	11.0	
FRO US	10.6	SELL	8.0	SELL	7.0	
HAFNIA NO	22.3	BUY	34.0	BUY	21.0	
HUNT NO	4.3	BUY	5.3	BUY	5.3	
INSW US	26.1	HOLD	28.0	HOLD	26.0	
NAT US	5.9	SELL	2.6	SELL	2.6	
OET NO	76	HOLD	80.0	BUY	78.0	
TNK US	22.8	SELL	18.0	SELL	13.0	
TNP US	3.5	HOLD	3.2	BUY	4.1	
<b>Oil Tankers</b>						
ALNG NO	1.2	SELL	0.6	HOLD	1.6	
FLNG NO	53	BUY	106.0	BUY	132.0	
GLOG US	3.8	HOLD	3.9	BUY	7.0	
<b>LNG Carriers</b>						
AVANCE NO	21.8	BUY	31.0	BUY	49.0	
BWLPG NO	34.3	BUY	45.0	BUY	67.0	
LPG US	8.9	SELL	5.8	BUY	11.0	
<b>LPG Carriers</b>						

**Dry Bulk:** Average earnings in 1Q20 were identical to our [January](#) forecast, with Brazilian iron ore exports falling as expected to seven-year-lows. We forecast significant improvements for the remainder of the year and beyond as China is returning to work, implementing economic stimuli and restocking inventories against a very low fleet growth. We reiterate our BUY rating & believe our Dry Bulk share index could rally 125% over the next year & 203% over two years.

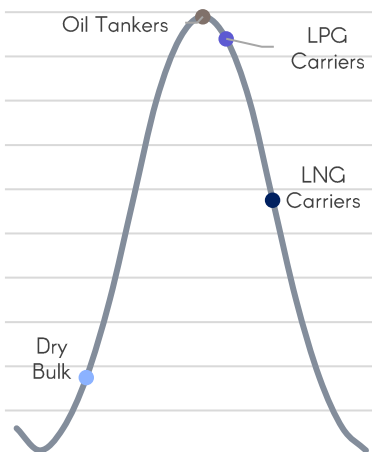
**Oil Tankers:** With the global oil market in disarray, the fundamentals for Oil Tankers is now all about floating storage in the short-term. We outline a few scenarios in this report and highlight the extraordinary wide range of potential outcomes. With the largest decline in Oil Tanker demand on record forecast for 2021E, our base case is for a collapse in earnings, asset and shares prices within a year. Only the lowest orderbook since 1996 is saving Oil Tankers from potentially the worst down-cycle in many decades. We do however reiterate our HOLD rating as the current immense cash generation is offsetting the expected fall in asset prices over our one-year rating horizon.

**LNG Carriers:** LNG shipping is not escaping the ramifications of the global energy oversupply, with regional price differentials now at their lowest since 2008. We expect dry gas production to fall in concert with oil production, with reduced shipping demand despite new liquefaction terminals coming on-stream. For 2021-2025, we have already seen 18% of planned new liquefaction capacity disappear since [January](#). We would only buy Flex LNG within our coverage.

**LPG Carriers:** Fleet utilization, earnings and asset prices in 1Q20 came in similar to our forecast, but the share index still averaged -12% q/q due to the COVID-19 outbreak. Our VLGC share index has fallen further, now -59% vs the peak in January. With the recent collapse in oil prices, we see US oil & gas production plummeting in the coming months, with significant negative implications for LPG exports. We forecast demand for VLGCs to contract 20% y/y by year end 2020 and earnings to average around opex-levels by then. Share prices do however reflect this scenario already, and we see 28% upside over the next year.

**Capital allocation:** We do major changes to our optimal portfolio allocation since our [January](#) report: A 50% allocation towards Dry Bulk (25%), 7% towards Oil Tankers (45%), 8% towards LNG Carriers (10%), 10% towards VLGCs (15%) & 25% held in cash / balanced against short positions. Our recommendations have outperformed the shipping market by 406% since 2014, returning 77%.

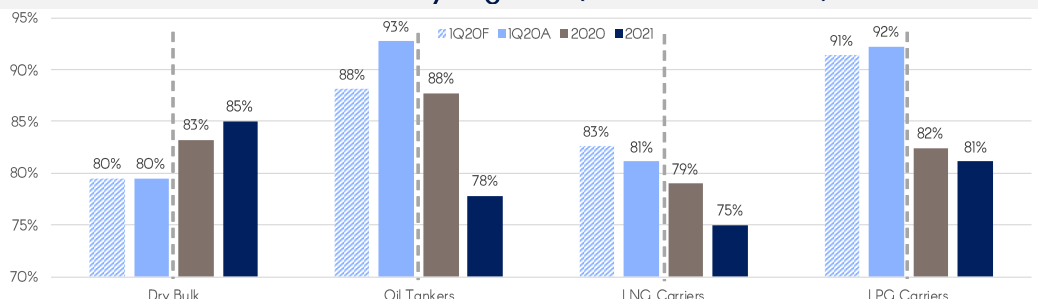
### Shipping Cycles



### Analysts

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### Fleet utilization by segment (actuals vs forecast)



Source: Cleaves Securities, 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



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# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

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## Our Universe at a Glance

Company	Sector	Return ly	Rec.	Target Price	Last Price	Target/Price	P/NAV			EV/GAV	adj. equity	EV/EBITDA			Dividend yield		
							Now	ly fwd	ε			2019	2020	2021	2019	2020	2021
ADSCME NO	Oil	60%	BUY	33.0	29.8	111%	0.78	0.66	0.13	0.84	65%	10.8	1.9	6.9	2%	22%	8%
DHT US	Oil	61%	SELL	6.3	7.7	-18%	1.16	1.11	0.14	0.98	61%	7.5	4.6	12.7	3%	15%	4%
EURN US	Oil	22%	HOLD	11.0	11.3	-3%	1.13	0.98	0.17	1.07	48%	7.8	3.8	18.3	1%	25%	1%
FRO US	Oil	39%	SELL	8.0	10.6	-25%	1.21	1.25	0.21	1.08	36%	12.3	5.9	22.7	1%	21%	0%
HAFNIA NO	Oil		BUY	34.0	22.3	52%	0.61	0.60	0.19	0.81	44%	13.9	3.1	18.1	0%	31%	0%
HUNT NO	Oil	17%	BUY	5.3	4.3	24%	0.63	0.78	0.19	0.81	48%		5.4	9.6	0%	9%	3%
INSW US	Oil	45%	HOLD	28.0	26.1	7%	0.81	0.78	0.13	0.89	56%	11.3	3.4	12.1	0%	16%	2%
NAT US	Oil	193%	SELL	2.6	5.9	-56%	1.86	1.88	0.17	1.49	52%	11.1	4.6	26.2	2%	7%	1%
OET NO	Oil	18%	HOLD	80.0	76.2	5%	0.61	1.05	0.34	0.88	28%	15.9	6.0	11.0	0%	17%	1%
TNK US	Oil	166%	SELL	18.0	22.8	-21%	1.10	1.00	0.22	1.04	36%	6.9	3.0	19.8	0%	0%	1%
TNP US	Oil	10%	HOLD	3.2	3.5	-8%	0.60	1.43	0.46	0.92	19%	7.4	3.5	7.2	1%	12%	6%
<b>Average, Oil Tankers</b>		<b>63%</b>				<b>-3%</b>	<b>0.95</b>	<b>1.05</b>	<b>0.21</b>	<b>0.98</b>	<b>45%</b>	<b>10.5</b>	<b>4.1</b>	<b>15.0</b>	<b>1%</b>	<b>16%</b>	<b>3%</b>
2020 NO	Dry	-45%	BUY	89	48.0	85%	0.51	0.40	0.22	0.78	43%		10.1	7.5		19%	20%
BULK NO	Dry		SELL	112	119.0	-6%	1.16	0.85	0.15	1.14	56%		8.1	5.8		13%	7%
DSX US	Dry	-47%	BUY	3.0	1.7	78%	0.44	0.35	0.19	0.74	42%		8.2	6.1		0%	0%
EGLE US	Dry	-72%	BUY	3.5	1.5	136%	0.32	0.32	0.22	0.72	38%		9.6	5.4		0%	0%
GNK US	Dry	-32%	BUY	10.0	5.6	79%	0.53	0.43	0.17	0.73	45%			3.7		9%	6%
GOGL US	Dry	-34%	BUY	6.1	3.5	75%	0.63	0.54	0.20	0.86	36%		14.3	9.4		1%	1%
SALT US	Dry	-39%	BUY	40.0	26.2	53%	0.50	0.44	0.28	0.83	28%			8.4		0%	0%
SB US	Dry	-33%	HOLD	1.0	1.1	-9%	1.17	0.99	0.64	1.02	13%		7.9	5.5		0%	0%
SBLK US	Dry	-35%	BUY	10.0	5.3	89%	0.67	0.52	0.29	0.89	30%		8.2	4.5		2%	2%
<b>Average, Dry Bulk</b>		<b>-42%</b>				<b>64%</b>	<b>0.66</b>	<b>0.54</b>	<b>0.26</b>	<b>0.86</b>	<b>37%</b>		<b>9.5</b>	<b>6.3</b>		<b>5%</b>	<b>4%</b>
ALNG NO	LNG	-76%	SELL	0.6	1.2	-48%	0.23		0.49	0.84	19%	11.4	13.4	25.3	0%	0%	0%
FLNG NO	LNG	-54%	BUY	106	53	100%	0.27		0.26	0.72	37%	14.4	13.1	12.3	1%	6%	2%
GLOG US	LNG	-73%	HOLD	4	3.8	3%	0.56		0.63	1.16	15%	13.3	9.1	9.0	10%	16%	16%
<b>Average, LNG Carriers</b>		<b>-68%</b>				<b>18%</b>	<b>0.35</b>		<b>0.46</b>	<b>0.91</b>	<b>23%</b>	<b>13.1</b>	<b>11.9</b>	<b>15.6</b>	<b>4%</b>	<b>7%</b>	<b>6%</b>
AVANCE NO	LPG	1%	BUY	31	22	42%	0.31	0.56	0.21	0.69	41%	5.7	6.5	9.1	0%	27%	6%
BWLPG NO	LPG	-2%	BUY	45	34	31%	0.36	0.56	0.16	0.67	48%	5.2	6.0	10.7	5%	29%	4%
LPG US	LPG	9%	SELL	5.8	8.9	-35%	0.50	0.90	0.15	0.69	59%	8.2	9.9	14.8	0%	9%	2%
<b>Average, LPG Carriers</b>		<b>3%</b>				<b>13%</b>	<b>0.39</b>	<b>0.67</b>	<b>0.17</b>	<b>0.68</b>	<b>49%</b>	<b>6.4</b>	<b>7.5</b>	<b>11.5</b>	<b>2%</b>	<b>22%</b>	<b>4%</b>

## Indicative Reporting Schedule

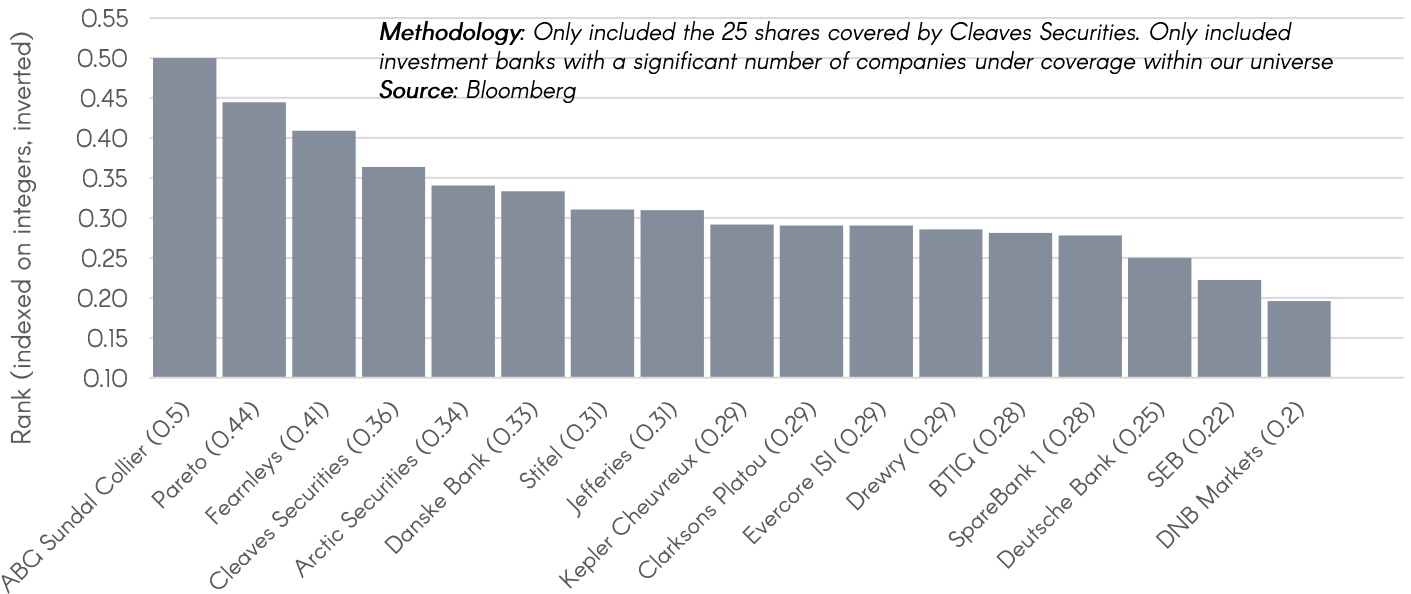
Company	Indicative* Reporting Schedule	Sector	TCE Revenue			Cleaves vs Cons.	EBITDA			Cleaves vs Cons.	Net Profit			Cleaves vs Cons.
			Cleaves	Consensus	Last year		Cleaves	Consensus	Last year		Cleaves	Consensus	Last year	
SALT US	29-Apr/20	Dry	43	44	50	-2%	5	5	8	-8%	-18	-20	-3	1
ALNG NO	05-May/20	LNG	12	14	n.a.	-14%	9	11	5	-18%	2	4	-3	-1
GNK US	06-May/20	Dry	47	46	50	2%	14	15	17	-10%	-11	-12	-8	1
GLOG US	07-May/20	LNG	164	169	n.a.	-3%	118	118	110	0%	10	8	-11	2
EGLE US	07-May/20	Dry	47	47	51	2%	9	10	16	-14%	-12	-10	0	-3
EURN US	07-May/20	Oil	360	359	195	0%	289	284	123	2%	187	188	20	-2
INSW US	07-May/20	Oil	155	125	94	24%	110	76	42	45%	79	46	11	32
DHT US	08-May/20	Oil	137	146	86	-6%	114	120	64	-5%	72	78	18	-6
DSX US	14-May/20	Dry	41	42	58	-2%	14	14	22	0%	-5	-5	3	0
OET NO	14-May/20	Oil	65	76	15	-14%	54	61	9	-11%	32	40	0	-8
NAT US	14-May/20	Oil	95	95	n.a.	-1%	75	63	34	19%	50	46	6	4
BULK NO	14-May/20	Dry	24	26	31	-8%	10	12	17	-17%	-4	-2	3	-2
TNK US	22-May/20	Oil	204	260	135	-21%	136	138	62	-1%	93	94	12	-1
LPG US	22-May/20	LPG												
BWLPG NO	22-May/20	LPG	183	162	60	13%	145	80	22	82%	102	79	-24	23
HAFNIA NO	25-May/20	Oil	187	171	n.a.	9%	119	107	74	11%	67	57	28	9
SBLK US	26-May/20	Dry	129	116	122	12%	54	50	47	9%	0	-4	-5	4
SB US	28-May/20	Dry	38	35	45	8%	16	13	25	22%	-6	-9	5	3
HUNT NO	28-May/20	Oil	24	21	n.a.	13%	21	18	0	19%	15	12	0	2
FLNG NO	29-May/20	LNG	39	39	n.a.	-1%	31	31	9	-2%	11	12	-3	-1
FRO US	29-May/20	Oil	264	311	141	-15%	205	250	97	-18%	141	187	40	-46
AVANCE NO	29-May/20	LPG	51	48	14	5%	39	37	3	8%	23	22	-15	0
GOGL US	29-May/20	Dry	83	92	92	-10%	16	10	31	61%	-21	-33	-7	12
TNP US	05-Jun/20	Oil	174	171	115	2%	119	100	63	19%	53	37	11	16
ADSCME NO	28-Aug/20	Oil												
2020 NO		Dry												

\* Extracted from Bloomberg. Not always up-to-date. Please see company websites to validate actual reporting dates



## Investment Bank Ranking in Shipping Equity Research

### Investment Bank Ranking in our Shipping Universe



### Detailed Ranking

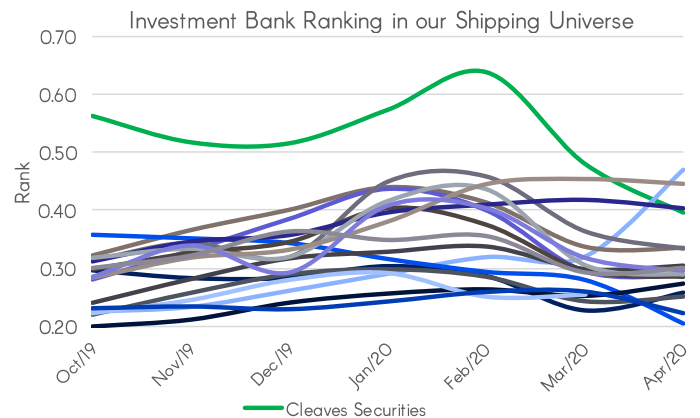
Ticker	Rating	Cleaves' Ranking (1y)			Consensus (1y)		
		Stock <sup>1</sup>	Global <sup>2</sup>	Return <sup>3</sup>	Best	Avg	Worst
2020 NO	BUY	#1 of 7	#2 of 7	-15%	-35%	-35%	-35%
BULK NO	SELL						
DSX US	BUY	#2 of 8	#4 of 8	5%	49%	-3%	-46%
EGLE US	BUY	#3 of 10	#2 of 10	-69%	-29%	-57%	-72%
GNK US	BUY	#3 of 10	#3 of 10	-13%	-2%	-25%	-33%
GOGL US	BUY	#5 of 15	#5 of 15	-8%	0%	-13%	-23%
SALT US	BUY	#1 of 13	#4 of 13	62%	4%	-30%	-38%
SB US	HOLD	#2 of 6	#3 of 6	31%	0%	-16%	-32%
SBLK US	BUY	#3 of 11	#3 of 11	6%	10%	-23%	-34%
Dry Bulk		#3 of 9	#3 of 9	0%	13%	-23%	-40%
ADSCME NO	BUY	#1 of 2	#1 of 2	60%	60%	60%	60%
DHT US	SELL	#3 of 15	#7 of 15	42%	60%	55%	7%
EURN US	HOLD	#3 of 19	#7 of 19	5%	21%	17%	-8%
FRO US	SELL	#7 of 19	#6 of 19	-5%	41%	31%	-12%
HUNT NO	BUY	#2 of 8		14%	86%	21%	-11%
INSW US	HOLD	#3 of 12	#4 of 12	13%	35%	35%	35%
NAT US	SELL	#3 of 9	#4 of 9	74%	185%	94%	-87%
OET NO	HOLD	#1 of 5		14%	14%	14%	14%
TNK US	SELL	#2 of 8	#3 of 8	79%	166%	133%	32%
TNP US	HOLD	#1 of 4	#2 of 4	10%	7%	7%	7%
Oil Tankers		#3 of 11	#5 of 11	31%	80%	39%	-6%
ALNG NO	SELL	#1 of 4	#2 of 4	14%	-38%	-63%	-76%
FLNG NO	BUY	#2 of 12	#3 of 12	-56%	-56%	-56%	-57%
GLOG US	HOLD	#6 of 13	#5 of 13	-74%	13%	-66%	-100%
LNG Carriers		#3 of 10	#3 of 10	-39%	-27%	-60%	-77%
AVANCE NO	BUY	#4 of 14	#6 of 14	-9%	86%	0%	-27%
BWLPG NO	BUY	#5 of 14	#6 of 14	-6%	74%	9%	-6%
LPG US	SELL	#2 of 10		39%	52%	21%	6%
LPG Carriers		#4 of 13	#6 of 13	8%	71%	5%	-15%
All Shipping				9%	27%	7%	-20%

<sup>1</sup> Bloomberg's analyst ranking for each stock: "The best total returns based solely on the performance of the security over the past year"

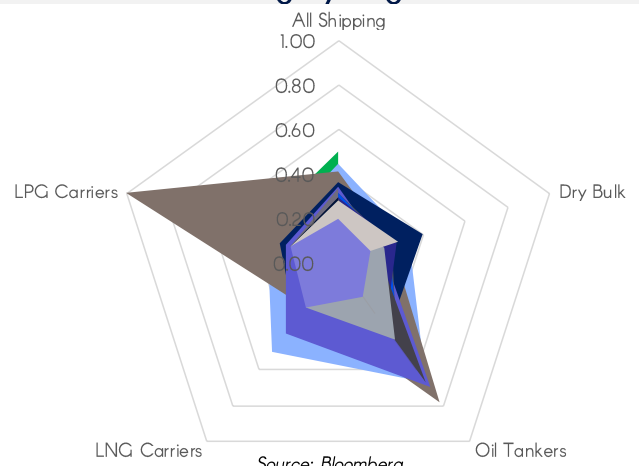
<sup>2</sup> Bloomberg's global ranking for all analysts covering each stock: "Highlights the analysts whose recommendations produced the best relative returns based on the performance of all the securities they covered over the past year"

<sup>3</sup> 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



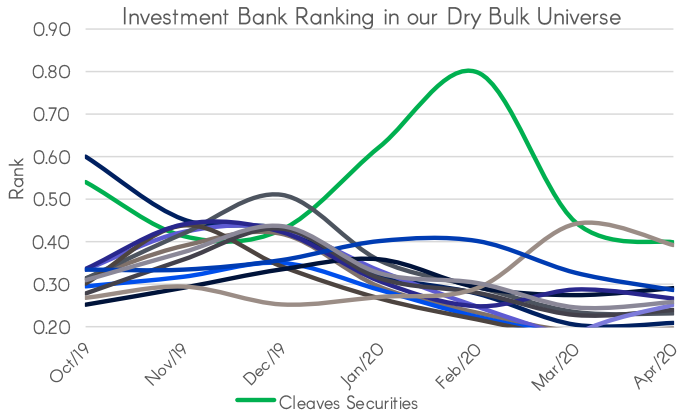


# Cleaves Securities

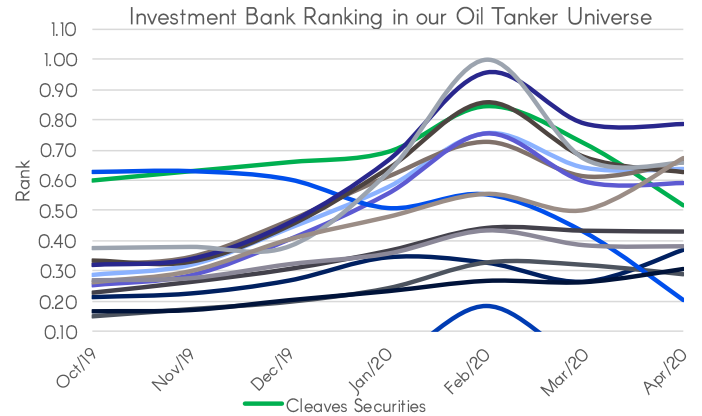
Shipping Quarterly: Coronavirus Volatility

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

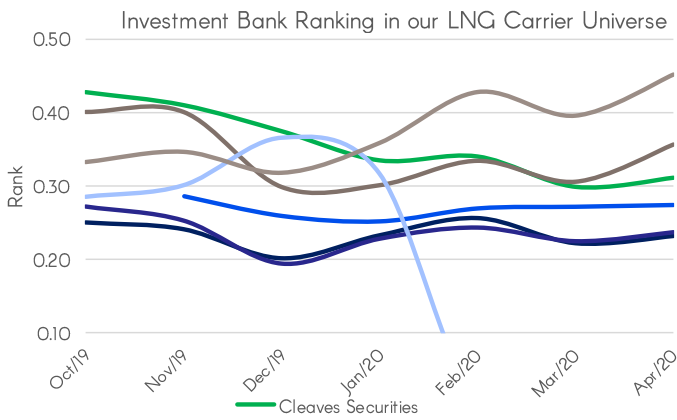
## Ranking in our Dry Bulk Universe



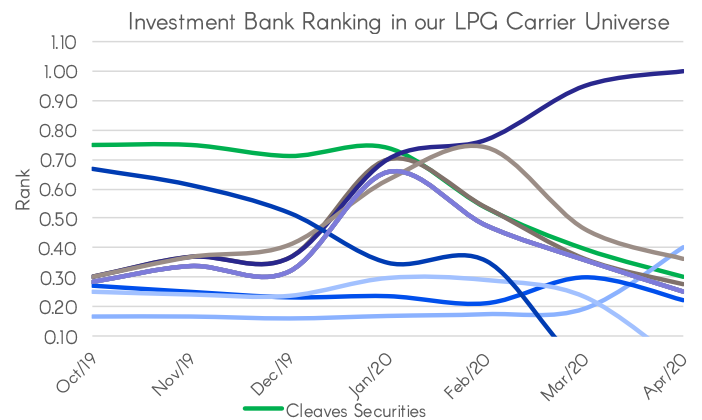
## Ranking in our Oil Tanker Universe



## Historical Ranking in our LNG Carrier Universe



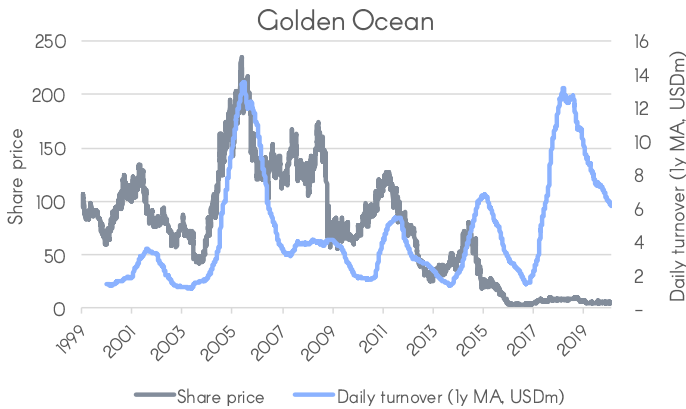
## Ranking in our LPG Carrier Universe



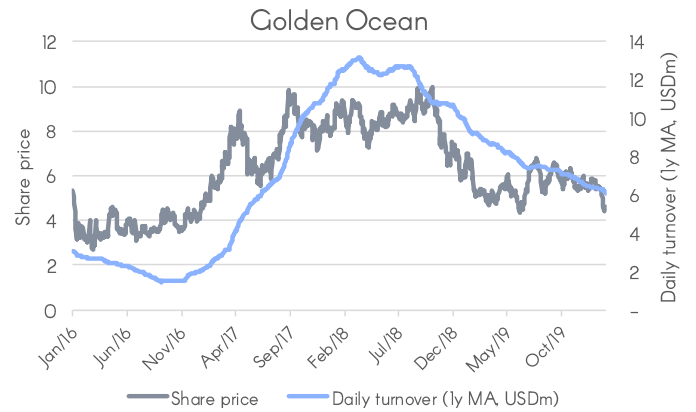


## Capital Flows in Shipping Equities

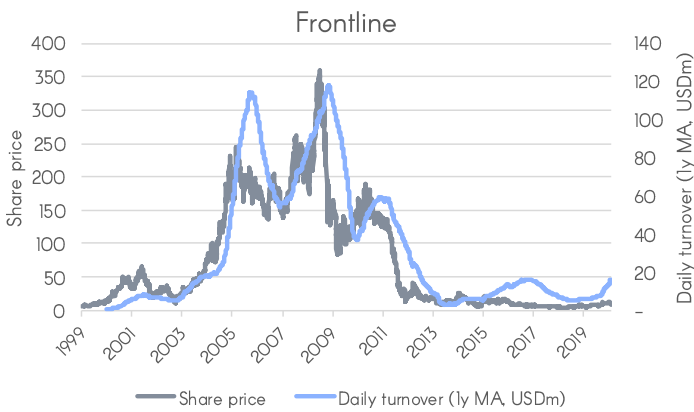
### Golden Ocean long-term turnover vs share price



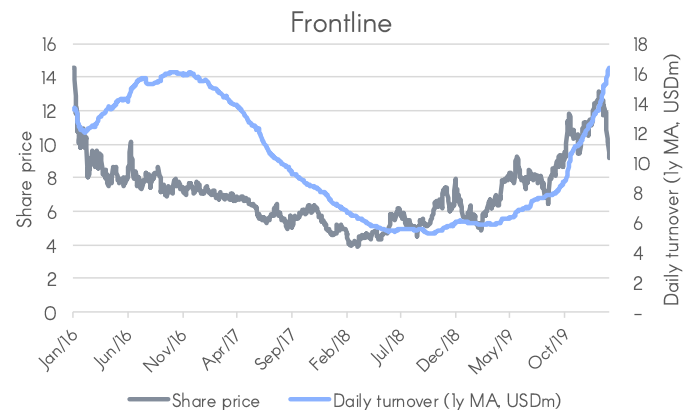
### Golden Ocean medium-term turnover vs share price



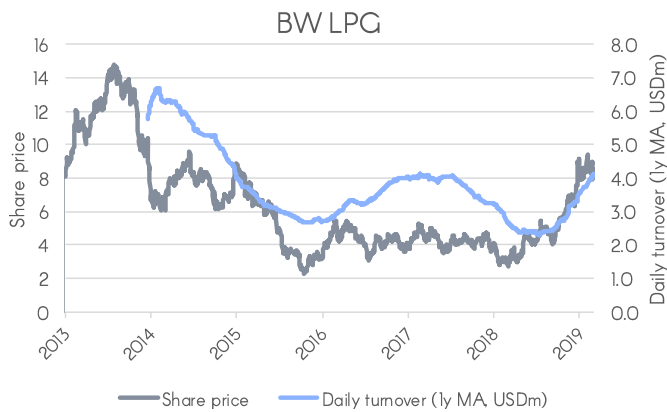
### Frontline long-term turnover vs share price



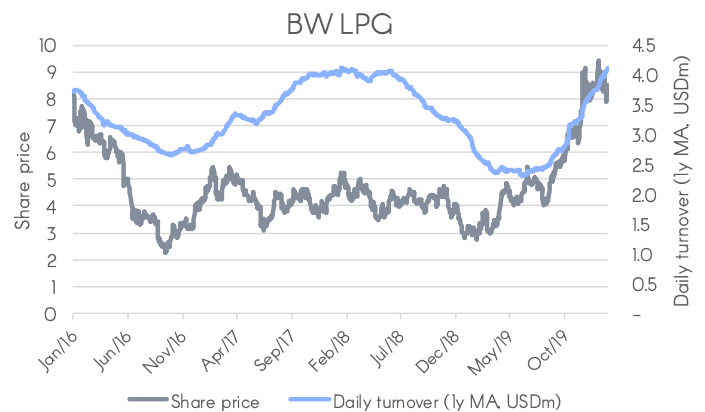
### Frontline medium-term turnover vs share price



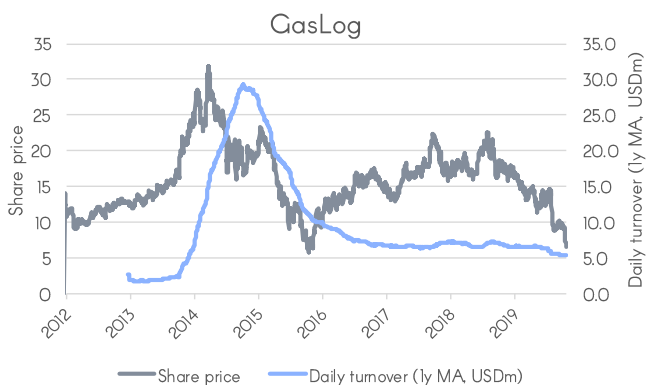
### BW LPG long-term turnover vs share price



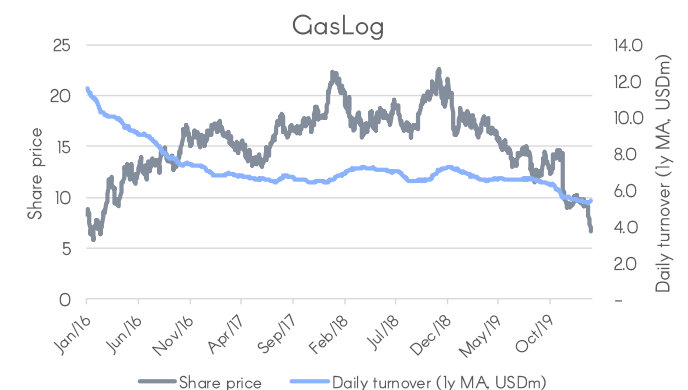
### BW LPG medium-term turnover vs share price



### GasLog long-term turnover vs share price



### GasLog medium-term turnover vs share price





## Dry Bulk: Third Time is the Charm

### The quarter in review

Net supply growth of +1.5% q/q in 1Q20 was below our +2.4% [forecast from January](#), impacted by higher slippage and scrubber-retrofitting vessels tied up at yards. Gross deliveries of 12.8m dwt compares with our 16.8m dwt forecast, while the 4.9m dwt scrapped was below our 6.7m dwt forecast as breakers were negatively affected by COVID-19. Positive in the quarter was only 1.6m dwt newbuildings ordered vs our 4.1m dwt forecast. Thus, the orderbook fell 1.4%p q/q to 8.5% of the fleet, marking the lowest levels since June 2002 and far below the historical average of 25%.

We estimate a -6.8% demand growth q/q in the quarter (vs our -6.0% forecast), and +0.0% y/y. The net effect was a fleet utilization of 79.5% (spot-on our forecast), -7.1%p q/q and -2.1%p y/y. Thus, the Baltic Dry Index averaged 592 in the quarter (-62% q/q, -26% y/y), identical to our [forecast from January](#). Capesizes averaged \$4,569/d in the quarter (-79% q/q, -48% y/y) vs our \$5,759/d forecast.

mDWT	2019		2020		$\Delta$	$\Delta$ %
	Q1	Q4	New 2020-Q1	Old 2020-Q1		
Deliveries <sup>1</sup>	9.0	11.8	12.8	16.8	(3.9)	-23%
Scrapping <sup>1</sup>	(2.5)	(2.6)	(4.9)	(6.7)	1.8	-27%
Contracting <sup>1</sup>	6.9	4.1	1.6	4.1	(2.5)	-61%
Other <sup>1</sup>	(0.1)	(5.3)	4.7	10.5	(5.8)	-55%
<b>Supply<sup>2</sup></b>	<b>852</b>	<b>862</b>	<b>874</b>	<b>883</b>	<b>(8.9)</b>	<b>-1.0%</b>
$\Delta$ q/q			1.5%	2.4%		
$\Delta$ y/y			2.7%	3.7%		
<b>Demand<sup>2</sup></b>	<b>695</b>	<b>746</b>	<b>695</b>	<b>702</b>	<b>(7.1)</b>	<b>-1.0%</b>
$\Delta$ q/q			-6.8%	-6.0%		
$\Delta$ y/y			0.0%	1.0%		
<b>Utilization<sup>2</sup></b>	<b>81.6%</b>	<b>86.5%</b>	<b>79.5%</b>	<b>79.5%</b>	<b>0.0%</b>	
BDI <sup>2</sup> (Index)	798	1,562	592	592	(0)	0%
Cape, spot <sup>2</sup> (TCE/d)	8,740	22,184	4,569	5,759	(1,190)	-21%
Pana, spot <sup>2</sup> (TCE/d)	7,007	11,717	5,744	5,559	185	3%
Supra, spot <sup>2</sup> (TCE/d)	7,931	10,764	6,557	6,459	98	2%
Handy, spot <sup>2</sup> (TCE/d)	6,029	8,190	4,547	5,088	(541)	-11%
Cape, 5y <sup>2</sup> (USDm)	32	31	28	28	-	0%
Pana, 5y <sup>2</sup> (USDm)	19	20	18	18	-	0%
Supra, 5y <sup>2</sup> (USDm)	17	18	17	17	-	0%
Handy, 5y <sup>2</sup> (USDm)	17	16	15	15	-	0%
Orderbook <sup>2</sup>	104	91	83	83	(0)	0%
Share Index <sup>2</sup>	114	141	108	116	(8)	-7%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Our dry bulk share index averaged 108 in the quarter (-24% q/q, -6% y/y), slightly below our [January](#) forecast of 116.

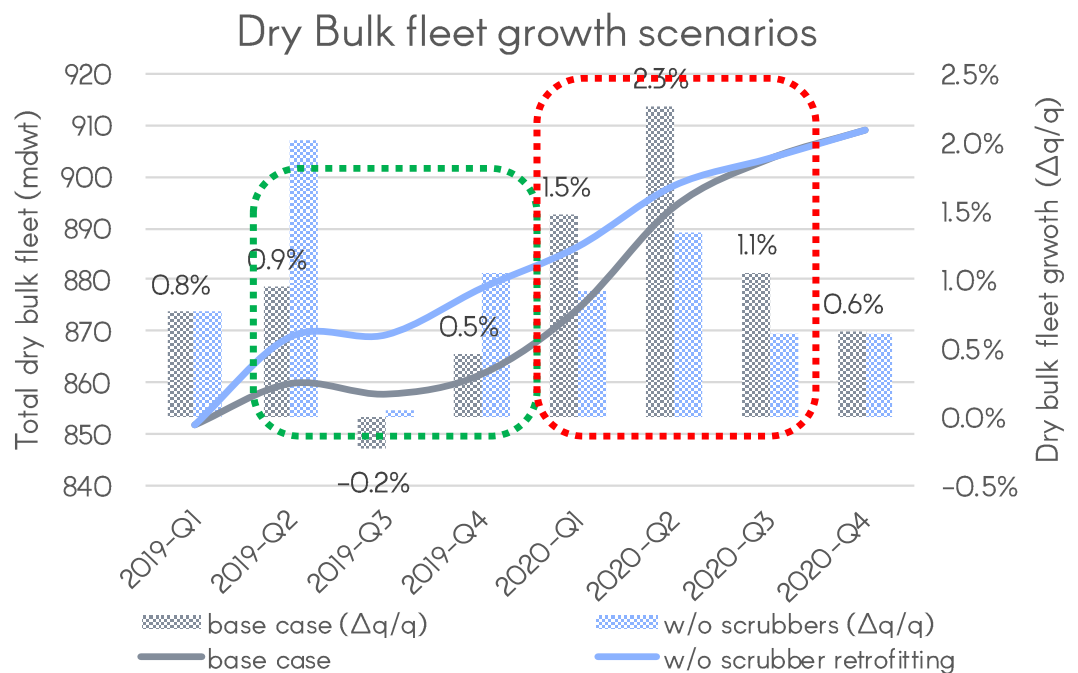


## Market outlook

### Supply

The dry bulk orderbook remains very low at only 8.5% of the fleet, which compares with the 25% historical average. However, 22% of the orderbook is scheduled for delivery during 2Q20 and 54% by year-end 2020. Also adding vessels returning from scrubber retrofitting leads to an expected 4.4% growth in the dry bulk fleet's carrying capacity in 2020 and an expected 5.5% net fleet growth y/y at year-end 2020. This would mark the highest net fleet growth since 4Q 2013.

### Scrubber retrofitting impact on fleet growth



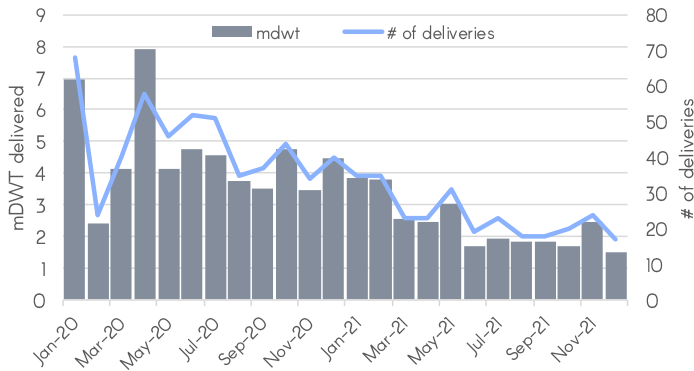
However, we see the fleet supply growth slowly abating as the year progresses and believe dry bulk demand will once more outpace fleet growth from 2Q20E. Newbuilding contracting was very low in 2019 and below our forecast, even during the nine-year high spot rates enjoyed by owners in 3Q19. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well.



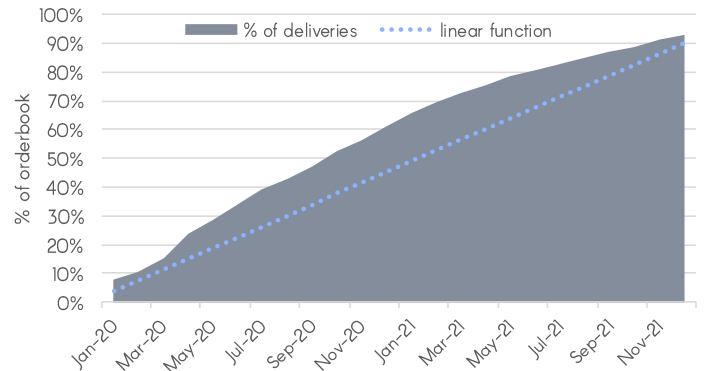
### Dry bulk vessel deliveries

### Dry bulk orderbook delivery schedule

Monthly overview of dry bulk delivery schedule

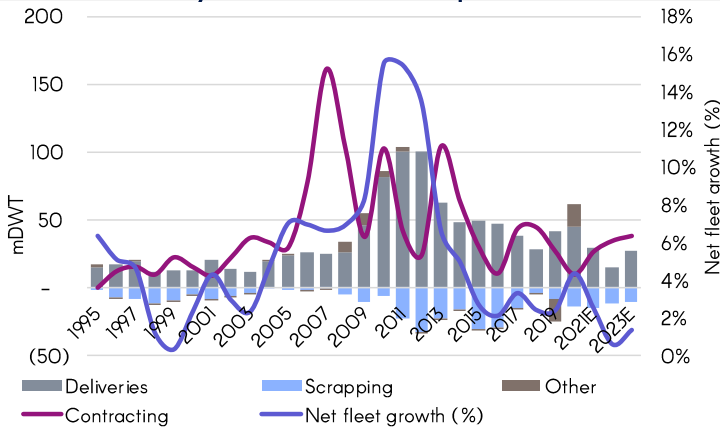


Cumulative dry bulk delivery schedule

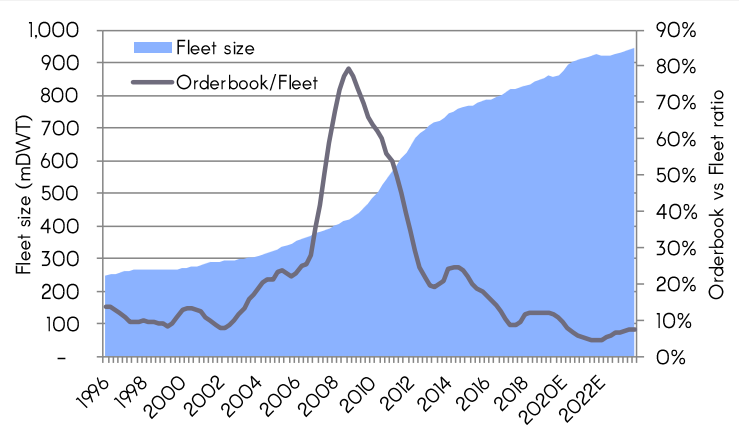


In sum, we forecast net supply growth of 4.4% for the full year 2020E, the highest level since 2014. Furthermore, we expect fleet growth of 2.2% in 2021E and only 0.8% in 2022E, with significantly improvements in fleet utilization as a result. Although highly uncertain given the approximately two years 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

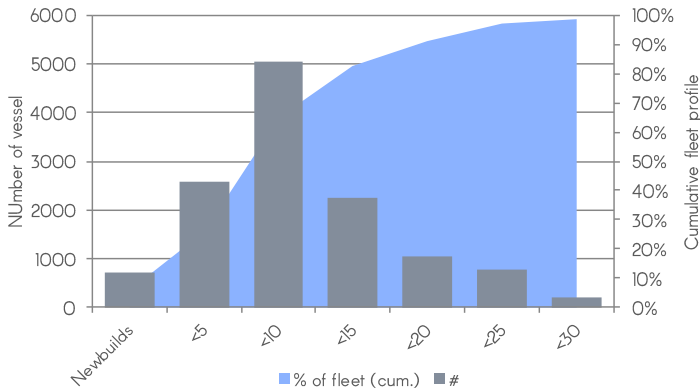




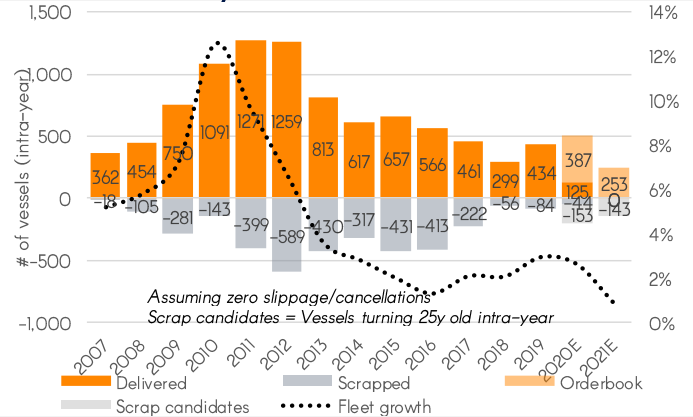


## Detailed Supply Side

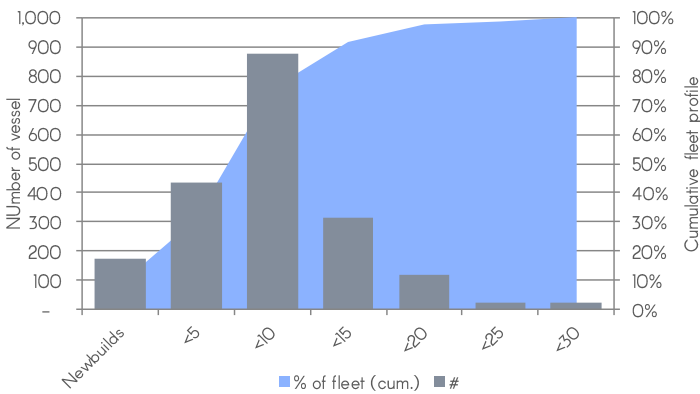
### Dry Bulk: Fleet profile



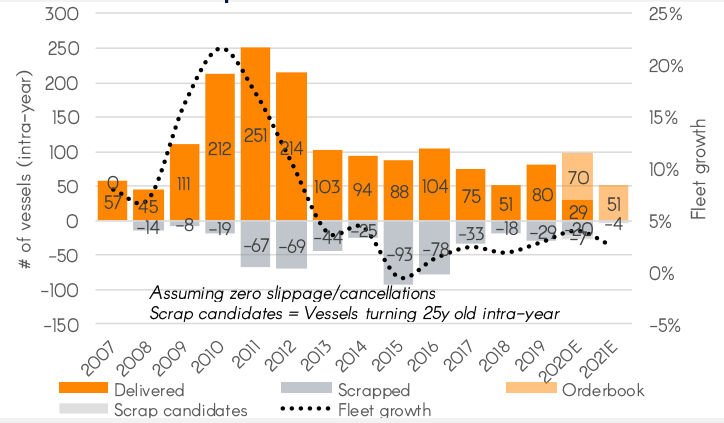
### Dry Bulk: Fleet evolution



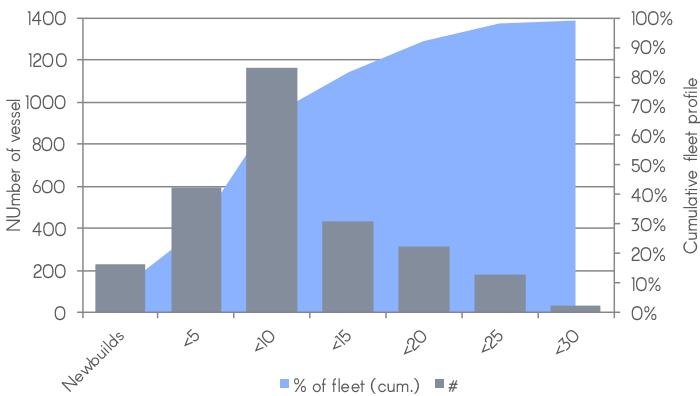
### Capesize: Fleet profile



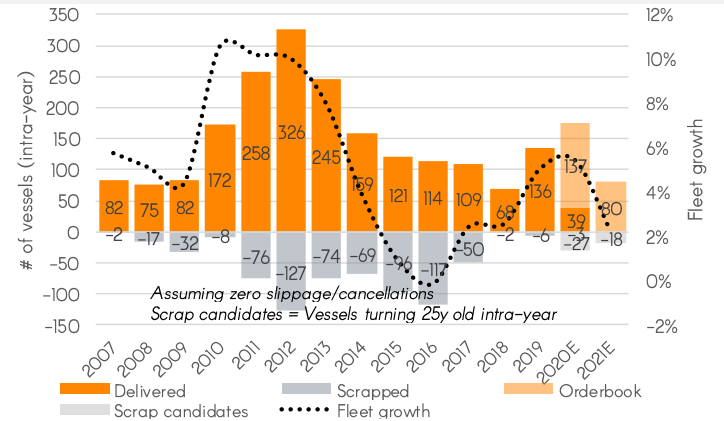
### Capesize: Fleet evolution



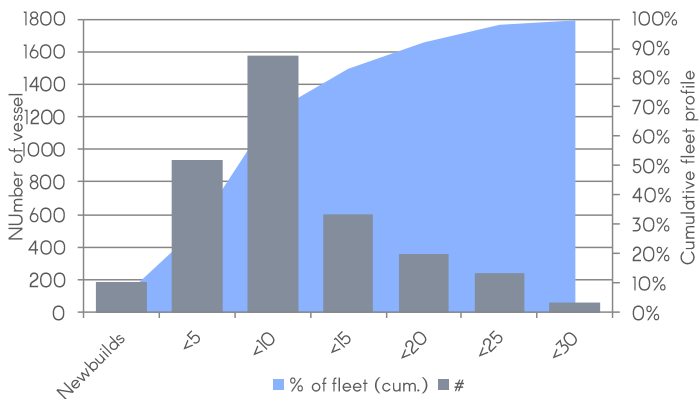
### Panamax: Fleet profile



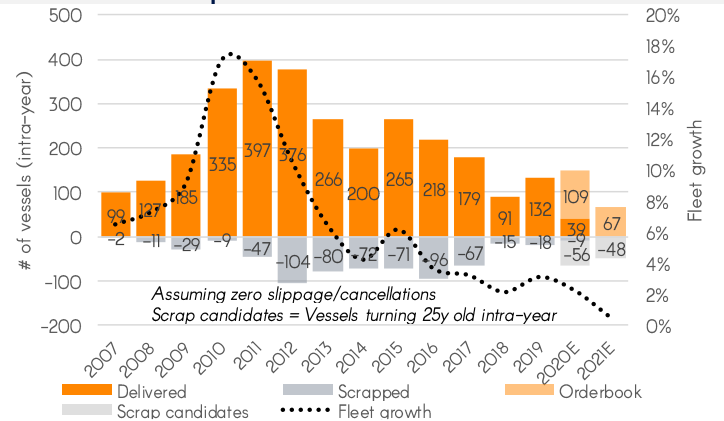
### Panamax: Fleet evolution



### Supramax: Fleet profile



### Supramax: Fleet evolution





## Demand – Summary & Scenario Overview

These are surely extraordinary times, more and more states going into lockdown mode and shutting down their economies in an effort to contain the outbreak of COVID-19. Against this backdrop, we outline our Base Case scenario where dry bulk earnings rise significantly in 2H20E with at least three potential years of consecutive gains. We also outline a Low Case scenario and a High Case scenario to provide investors with the tools to asses different outcomes during these uncertain times.

### Low Case scenario

- A second wave of COVID-19 outbreak in China closes the country down again in 2Q20, with negative ramifications for 2H20 as well.
- Miners experience halts to operations from COVID-19, disrupting supply of dry bulk commodities
- Chinese stimuli are less profound than in our base case, creating less consumption of dry bulk commodities
- The lack of supply from miners leads to a draw on domestic inventories in China and elsewhere, which will have to be replenished
- A disastrous 2020 for dry bulk shipping with limited positive seasonality during 2H20, but with a strong rebound in 2021

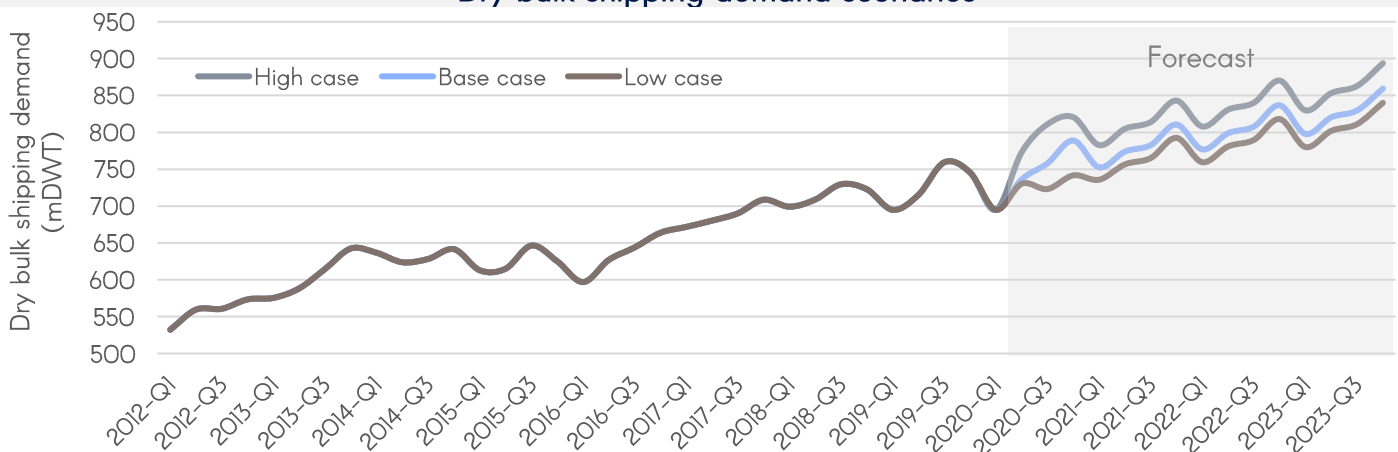
### Base Case scenario

- 1H20E largely impacted by COVID-19, but coinciding with what is nonetheless a seasonally low-earnings environment
- The Chinese economy slowly recovers during 2Q20, with a strong 2H20 from usual seasonality with added Chinese stimuli and restocking of inventories
- Limited impact on our pre-COVID forecasts

### High Case scenario

- The world economy recovers from COVID-19 during 2Q-3Q20
- Chinese stimuli are more profound than in our base case
- Vale is able to meet and exceed its forecast of 340-355mt of iron ore production in for 2020

Dry bulk shipping demand scenarios

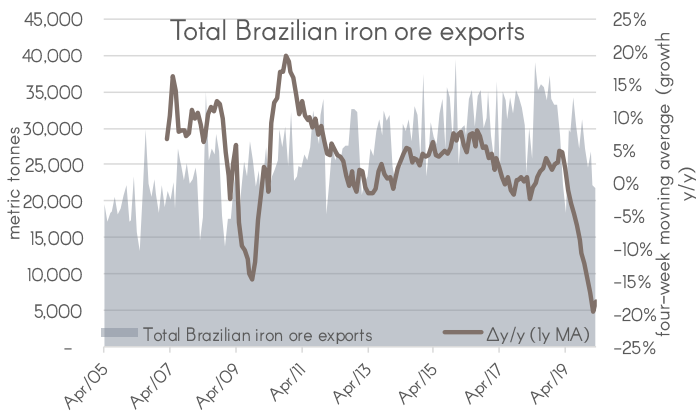




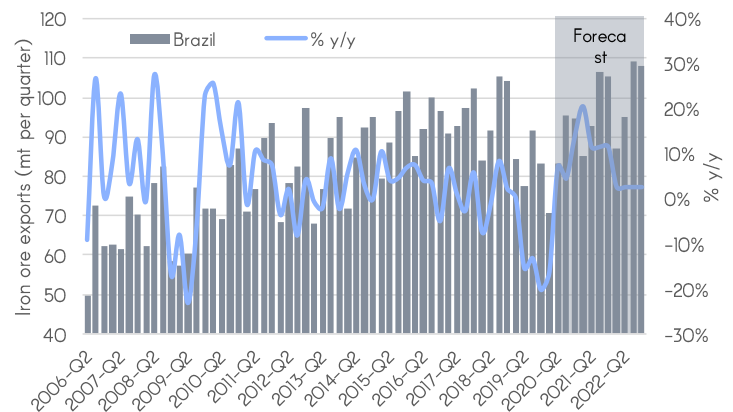
### Demand – Short Term

Demand for dry bulk shipping in 1Q20 fell back to 2017–levels, as expected. Brazilian iron ore exports are still reeling after the tragic dam collapse January 2019 in addition to the usual rainy season. Brazil exported only 70.5mt of iron ore in 1Q20 (-15% q/q and -16% in y/y), similar to our forecast from [January](#) and the lowest level in seven years. We do however see encouraging signs and forecast Brazilian exports to average 83mt in 2Q20E before rising to a quarterly average of 95mt in 2H20E.

#### Brazilian iron ore exports (monthly)



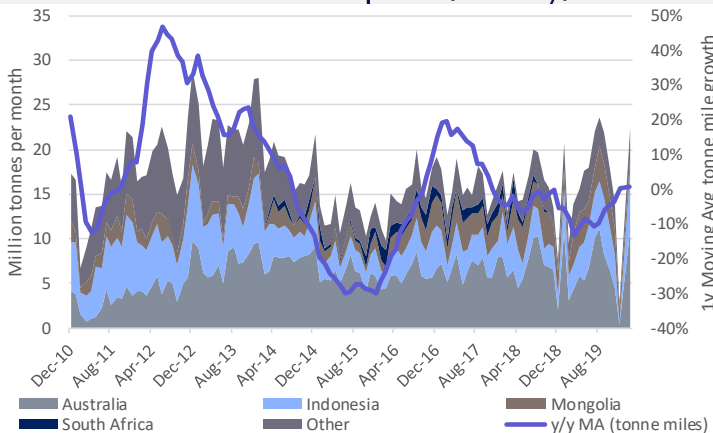
#### Brazilian iron ore exports (quarterly)



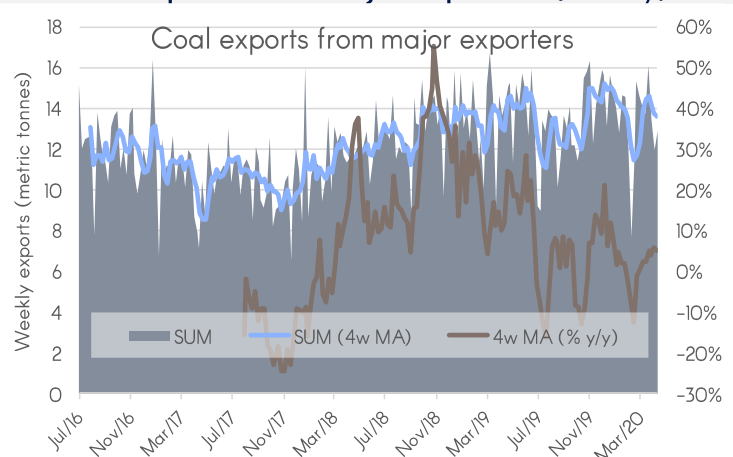
Coal exports from major exporters\* has been at similar level YTD as last year, a positive surprise given the COVID-19 outbreak. Our full year forecast is for seaborne coal transportation down 2% y/y in 2020, which seems reasonable but conservative.

\*Australia, Colombia, Indonesia & South Africa

#### Chinese coal imports (monthly)



#### Coal exports from major exporters (weekly)



### China

New cases of COVID-19 are close to zero in China, and the economy is slowly returning to something close to normal. As China constitutes around 40% of all seaborne dry bulk imports, its economy is pivotal for the dry bulk industry.



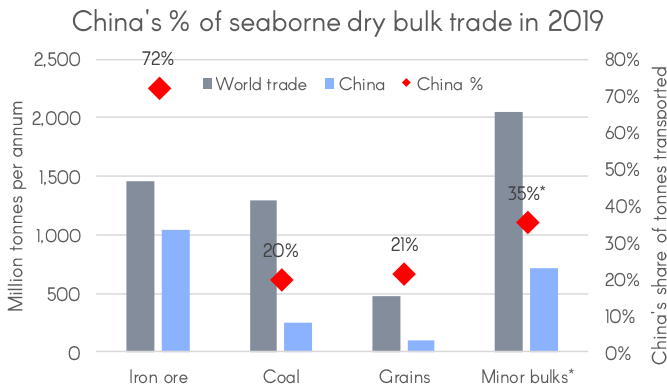
# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

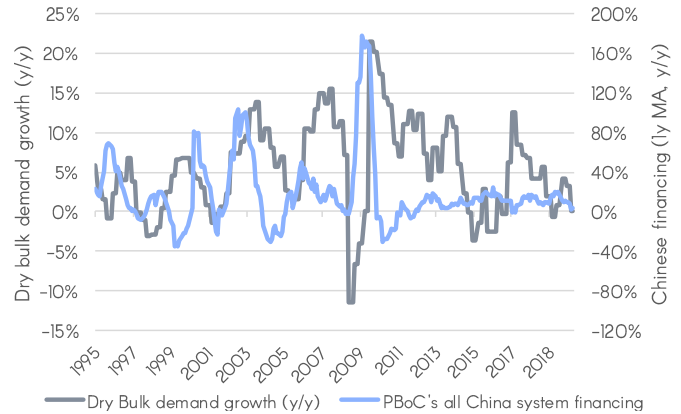
$$f(x) = a_0 + \beta_1 x^2, R^2 \approx 1$$

Our Base Case is for the Chinese economy to normalize over the next few months from a dry bulk shipping perspective, with significant stimuli from central and regional authorities boosting demand in 2H20E. Although the composition of the stimuli remains to be seen, it will surely involve a large element of infrastructure spending which is highly intensive for dry bulk commodities. Growth in Chinese debt has also been fairly sober over the past decade, leaving headroom to boost the economy going forward.

## World seaborne dry bulk trade 2019E



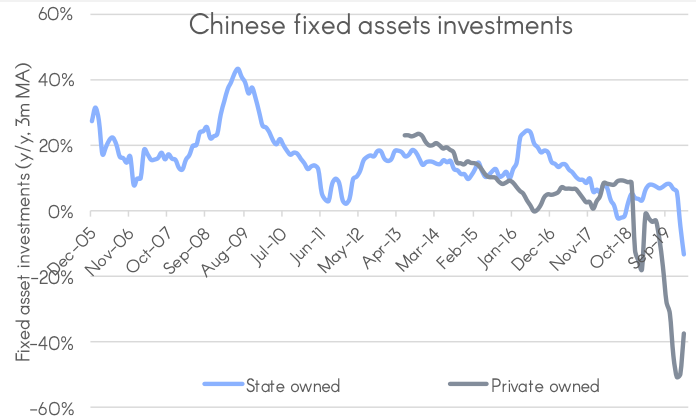
## Dry bulk demand vs Chinese finance growth



## Chinese fixed assets investments



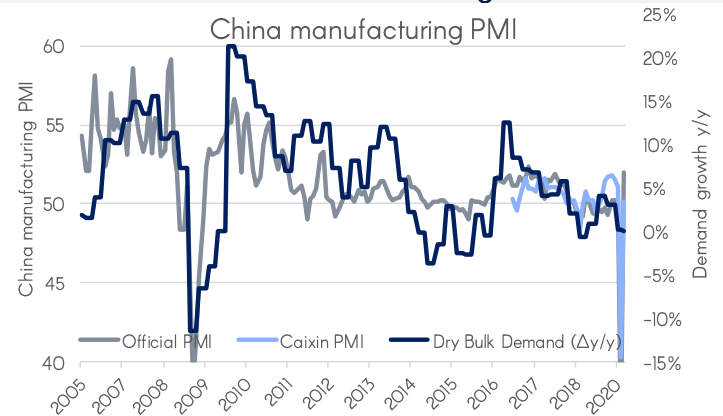
## Chinese fixed assets investments



## Chinese new export orders PMI



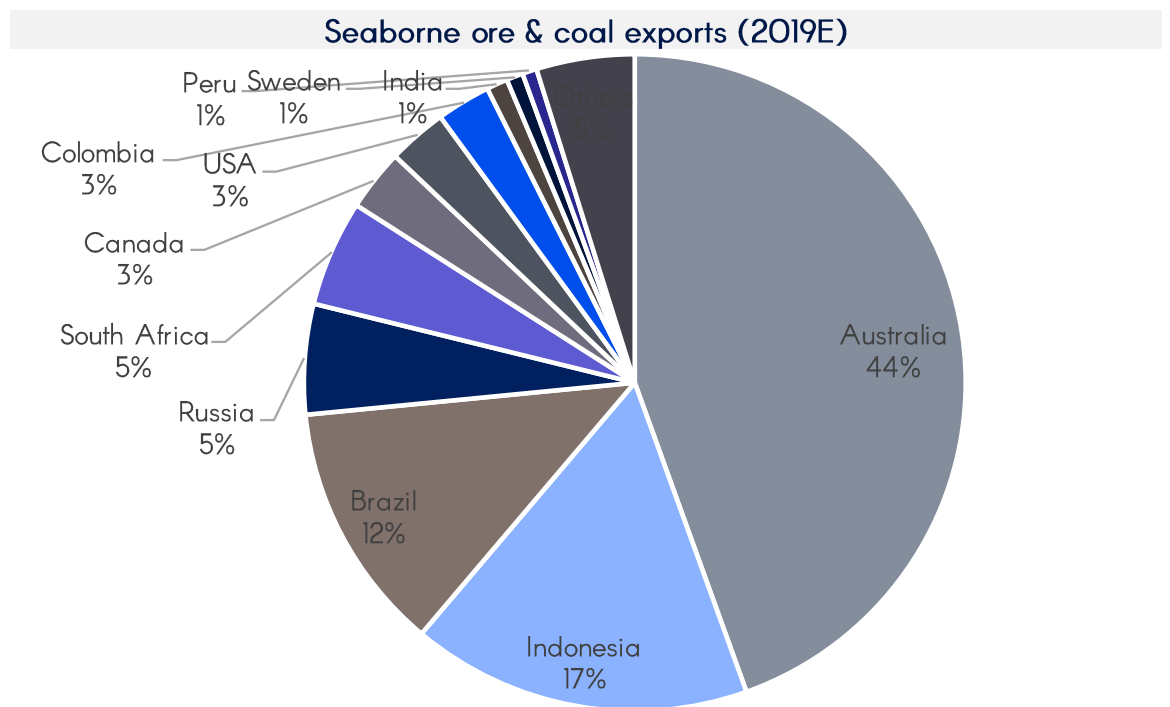
## Chinese manufacturing PMI





### Miners

With only five countries representing ~75% of the seaborne exports in ore and coal, negative impacts to the mining industry in any of these countries could significantly impact demand for dry bulk shipping. Although some lost volumes could be compensated by other exporters, it is highly feasible that the overall supply of ore and coal for seaborne transportation could be negatively impacted. South Africa's lockdown has already affected shipments, potentially impacting 5% of the global ore and coal trade. The big three to watch are Brazil (12% of seaborne ore & coal exports), Indonesia (17%) and most importantly Australia (44%). Our Base Case is for limited impact from mines closing down, but it is a major trait in our Low Case scenario





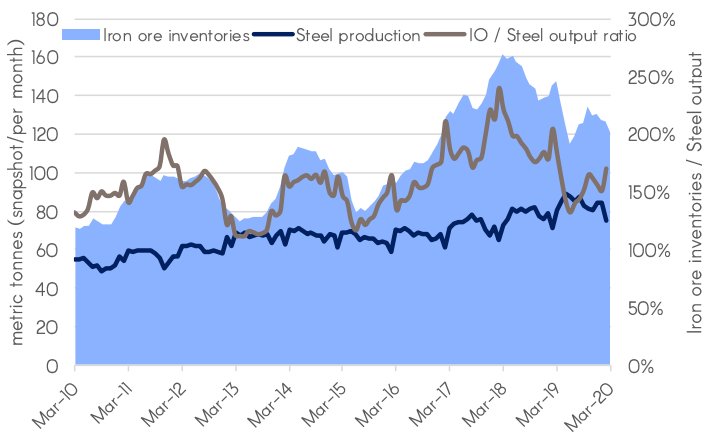


### Stockpiles

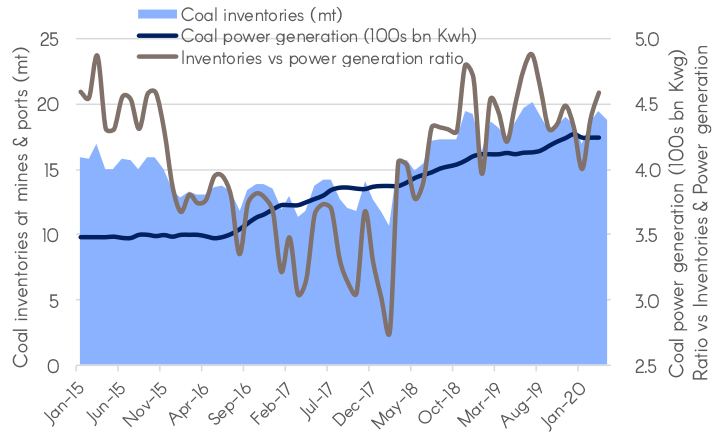
Currently, iron ore inventories in Chinese ports stand at around 119mt, 18% below same time last year. The ratio vs the average monthly Chinese steel output in 2019 stands at around 1.44x vs 1.78x one year ago. Coal inventories at Chinese mines currently stands at 16.3mt with another 2.6mt at ports (+9.0% y/y combined). Chinese steel inventories made a huge jump in February with further additions during March. Since the peak in March, steel inventories have declined an encouraging 13%, but still standing 59% higher than a year ago. Steel inventories usually rise significantly each year around Chinese New Year when people enjoy holidays. This year is however different, and it seems that around 50% of the jump in stockpiles YTD can be explained by the COVID-19 outbreak.

If global supply of ore and coal is negatively impacted as per our Low Case outlined above, China and other major importers will have to draw on stockpiles as long as demand for commodities outstrips global supply. Although potentially very painful for dry bulk shipping during 2020 and 1H21, the draw on inventories will need to be replenished at some point, which could lead to a surge in demand for shipping. It could also lead to high commodity prices, leading to increased investments in the mining sector and a potential large increase in commodity supply in the years to come.

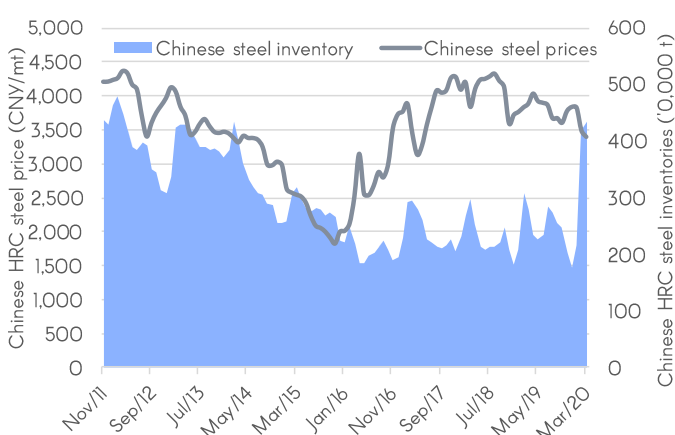
### Chinese iron ore stockpiles



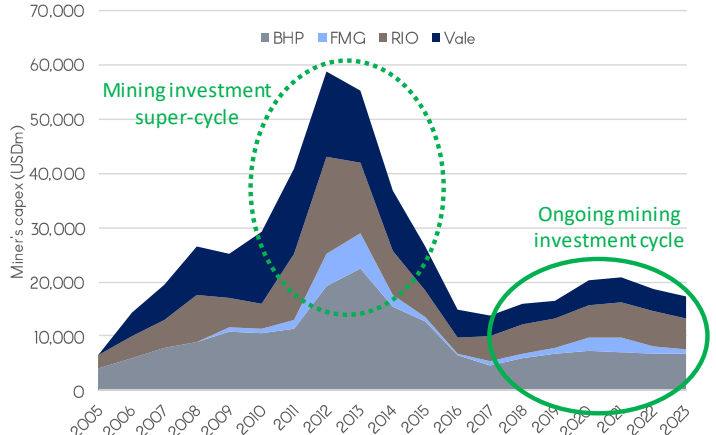
### Chinese coal stockpiles



### Chinese steel stockpiles



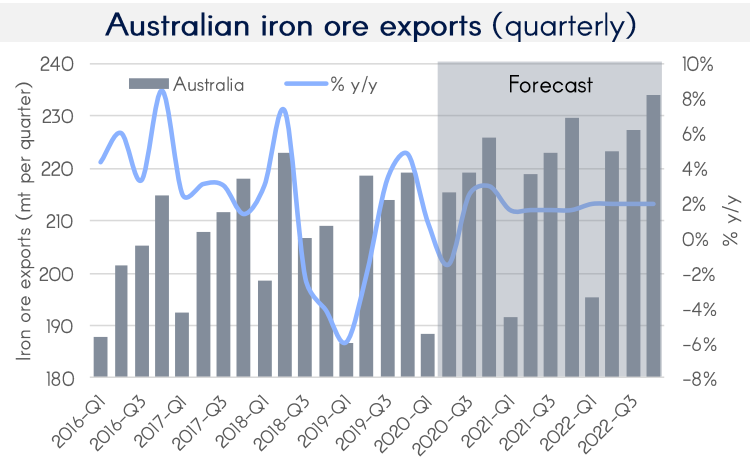
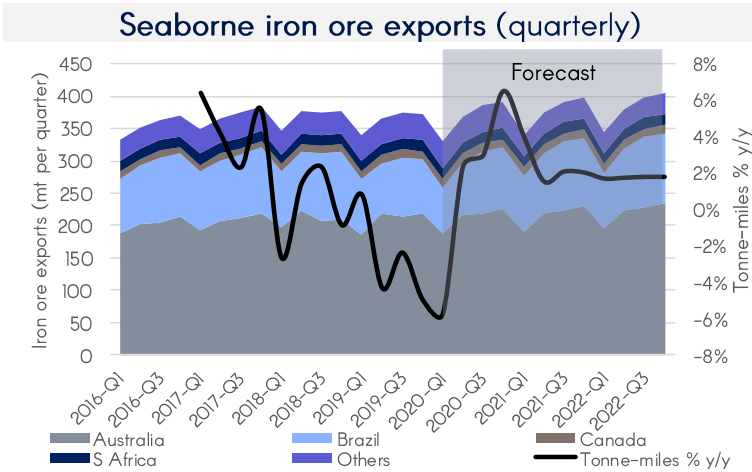
### Major miners' capex



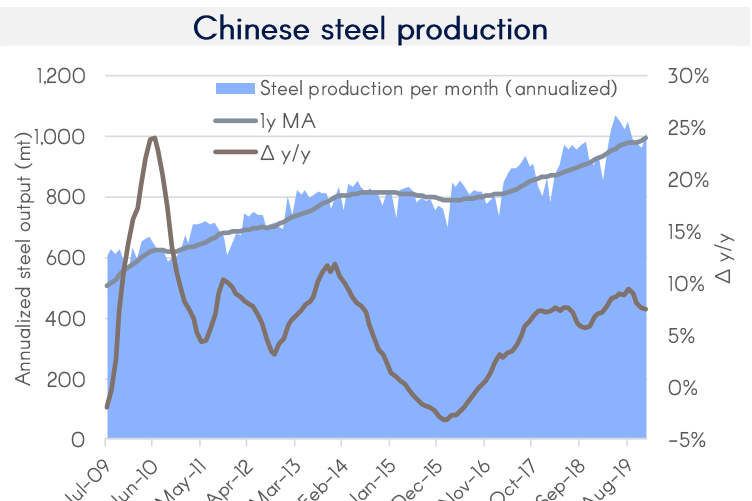
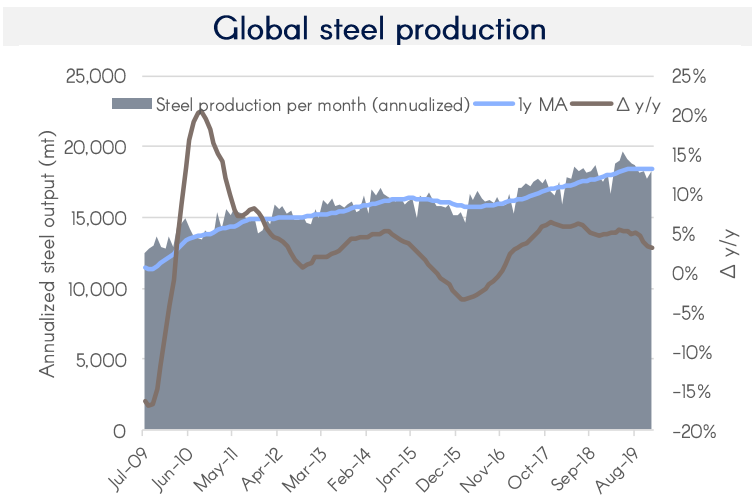


### Demand – Medium Term

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 during 2021E, rising further to 400mt in 2022E vs 386mt in 2018 and 336mt in 2019. We forecast Australian iron ore exports to reach 849mt in 2020E and 863mt in 2021E. Including minor producers and accounting for sailing distances, we forecast tonne–mile demand growth from the iron ore trade of 1.6% y/y in 2020E (vs –2.8% in 2019) and +2.4% in 2021E.

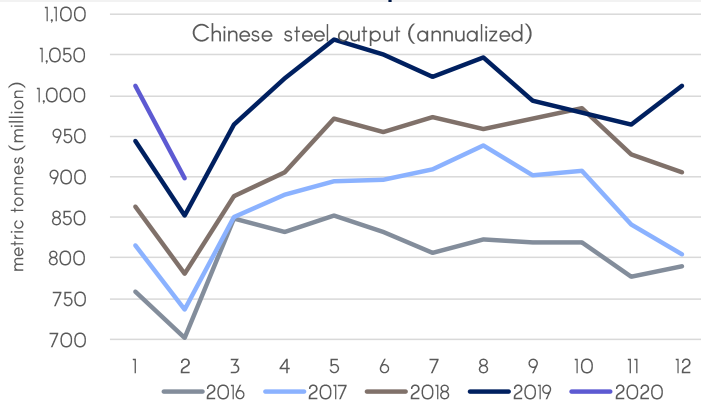


We see limited demand growth from coal, as Chinese steel production is expected to plateau going forward after many years of immense growth, and as power generation is shifting towards cleaner fuels. We forecast demand for seaborne coal transportation to contract by –2.0% in 2020E, further down from a 0.6% contraction in 2019. For 2021E and 2022E, we forecast demand growth from coal at 1.6% and 1.0%, respectively.

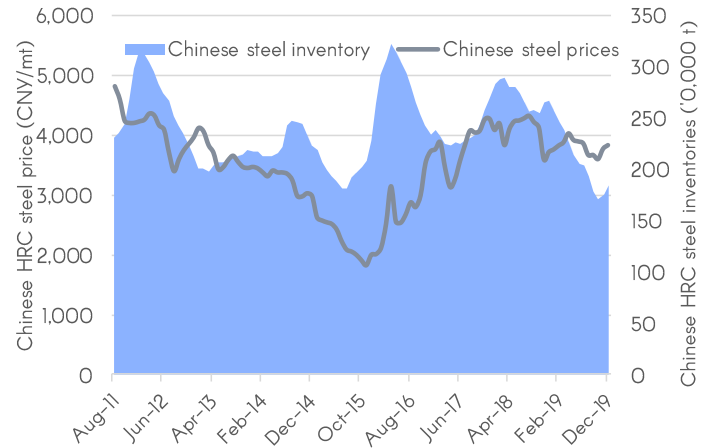




### Chinese steel production



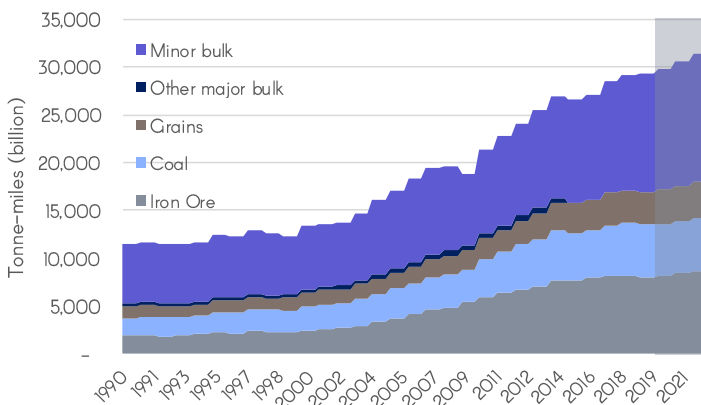
### Chinese steel inventories & prices



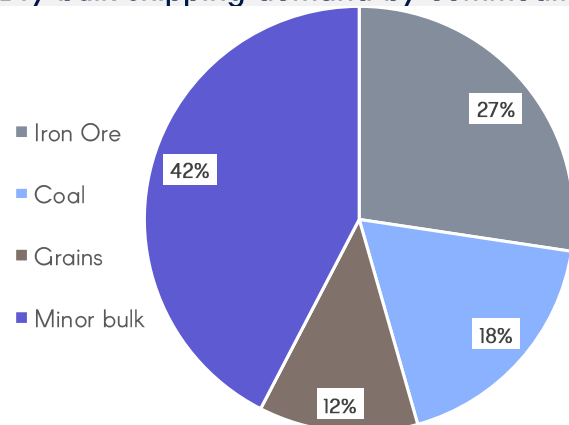
For other dry bulk commodities, we expect demand growth of 1.2% in 2020E and 3.5% in 2021E, similar to Shipping Intelligence Networks' forecast.

In sum, we do very few changes from our [11 April dry bulk update](#). We forecast overall dry bulk demand growth of 2.2% y/y in 2020E, 4.8% in 2021E and 3.2% in 2022E. This compares with 1.9% 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 83.2% in 2020E (-1.8% p y/y), 85.0% in 2021E and 87.2% in 2022E.

Our fleet utilization forecast implies the Baltic Dry Index to average 1,047 in 2020E (-22% y/y), Capesizes to average \$11.3k/d (-37% y/y), Panamaxs to average \$8.4k/d (-24% y/y) and Supramaxes to average \$9.4k/d (-6% y/y).



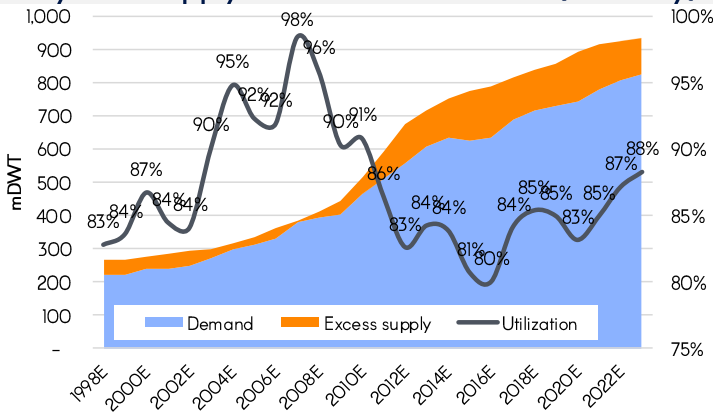
### Overview of our estimate changes

Delta table: Dry bulk shipping forecast summary

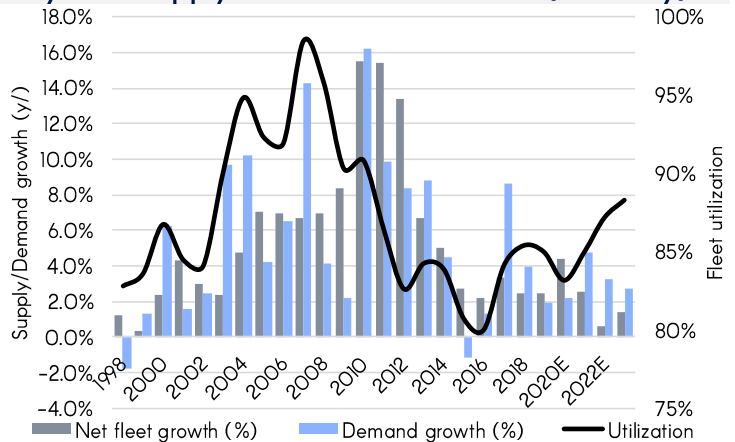
$\Delta$ y/y	2020E	2021E	2022E	2023E	Average	2020E	2021E	2022E	2023E
Supply	4.4%	2.5%	0.6%	1.4%	Baltic Dry Index	1,047	1,304	1,761	2,017
Supply, old	4.2%	2.5%	0.6%	1.4%	BDI, old	1,057	1,303	1,756	2,013
$\Delta$	0.1%p	0.0%p	0.0%p	0.0%p	$\Delta$	(10)	1	5	4
Demand	2.2%	4.8%	3.2%	2.7%	Capesize spot	11,343	15,431	23,415	27,891
Demand, old	2.0%	4.7%	3.2%	2.7%	Capesize spot, old	11,520	15,409	23,329	27,815
$\Delta$	0.1%p	0.0%p	0.0%p	0.0%p	$\Delta$	(178)	22	86	76
Utilization	83.2%	85.0%	87.2%	88.3%	Capesize 5y	29.9	36.8	42.1	46.5
Utilization, old	83.2%	85.0%	87.2%	88.3%	Capesize 5y, old	29.5	36.0	42.3	45.0
$\Delta$	0.0%p	0.0%p	0.0%p	0.0%p	$\Delta$	0.4	0.9	(0.2)	1.4
					Share Index	123	199	266	318
					Share Index, old	118	190	269	302
					$\Delta$	4%	5%	-1%	6%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

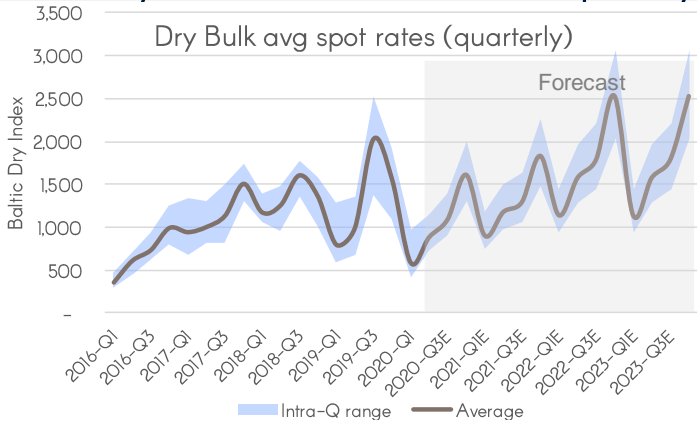
### Dry bulk supply/demand & utilization (annually)



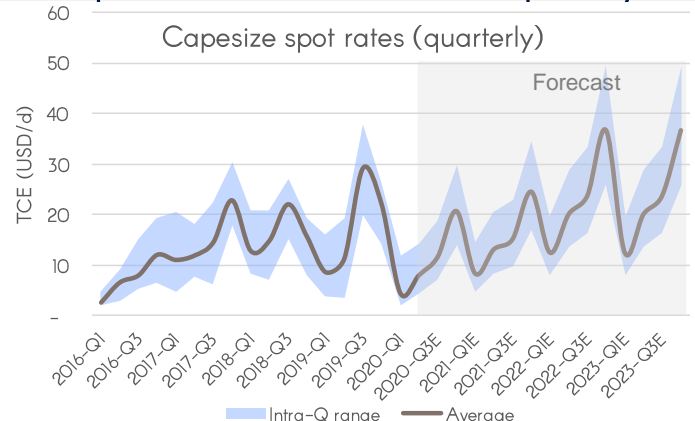
### Dry bulk supply/demand & utilization (annually)



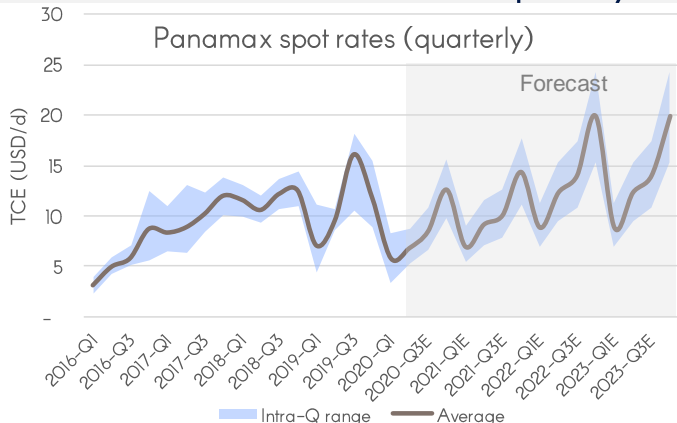
### Baltic Dry Index: Historical & forecast (quarterly)



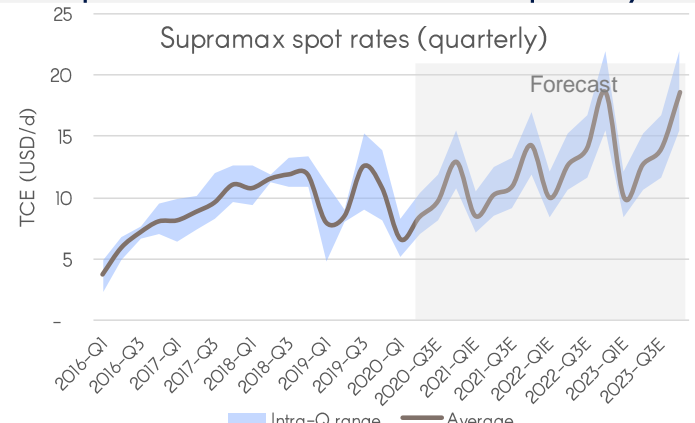
### Capesize: Historical & forecast (quarterly)



### Panamax: Historical & forecast (quarterly)



### Supramax: Historical & forecast (quarterly)





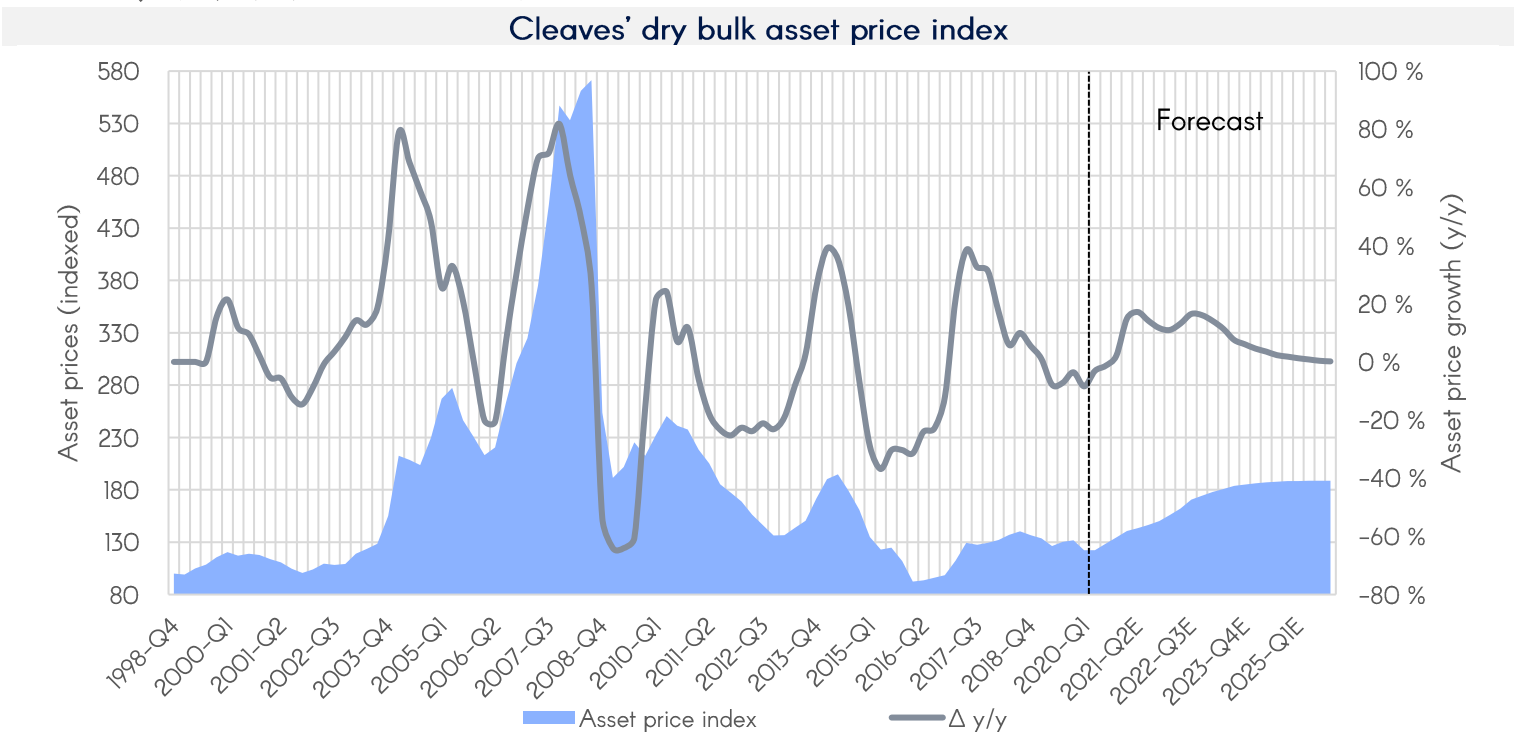
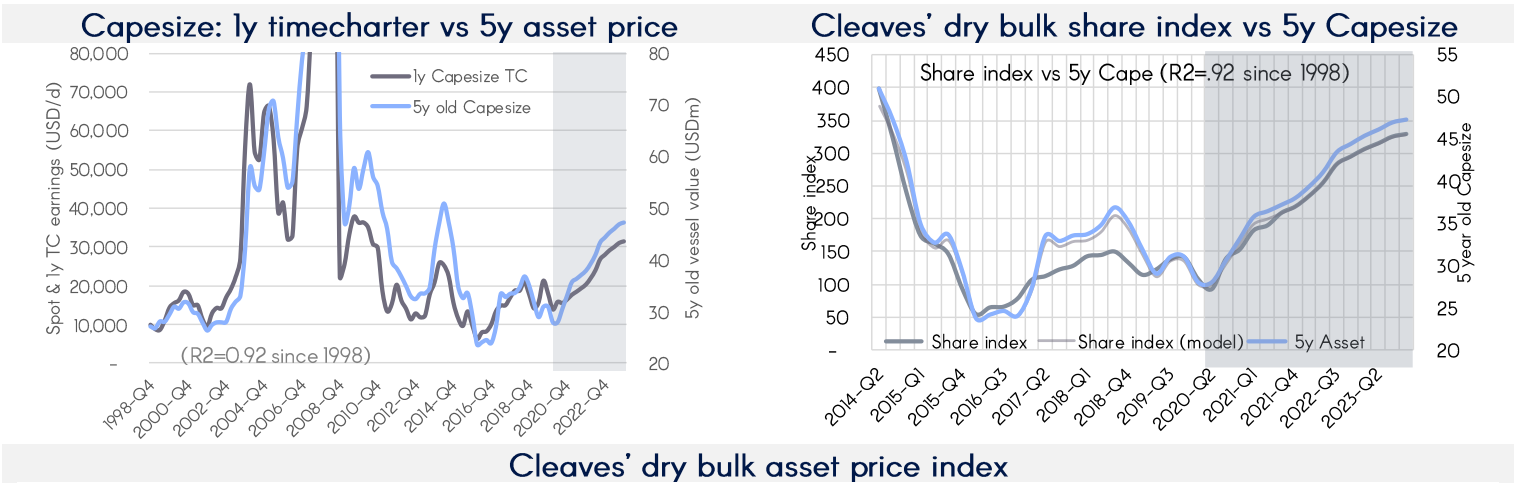
### Asset & share prices

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 came around the turn of the year, in-line with our [November](#) forecast. Although we expect asset prices to stay flat during 2Q20, we see our dry bulk asset price index +17% in one year and +33% in two years. Given the forward-looking nature of share and asset prices, and the historically significant relationship between the two;

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

we believe that our dry bulk share index could rally +125% in one year and +203% in two years from current levels.

After two Black Swan events represented by Vale's dam collapse in January 2019 and now the COVID-19 outbreak, we believe the time is finally here for a substantial recovery in dry bulk fortunes. Third time is the charm.





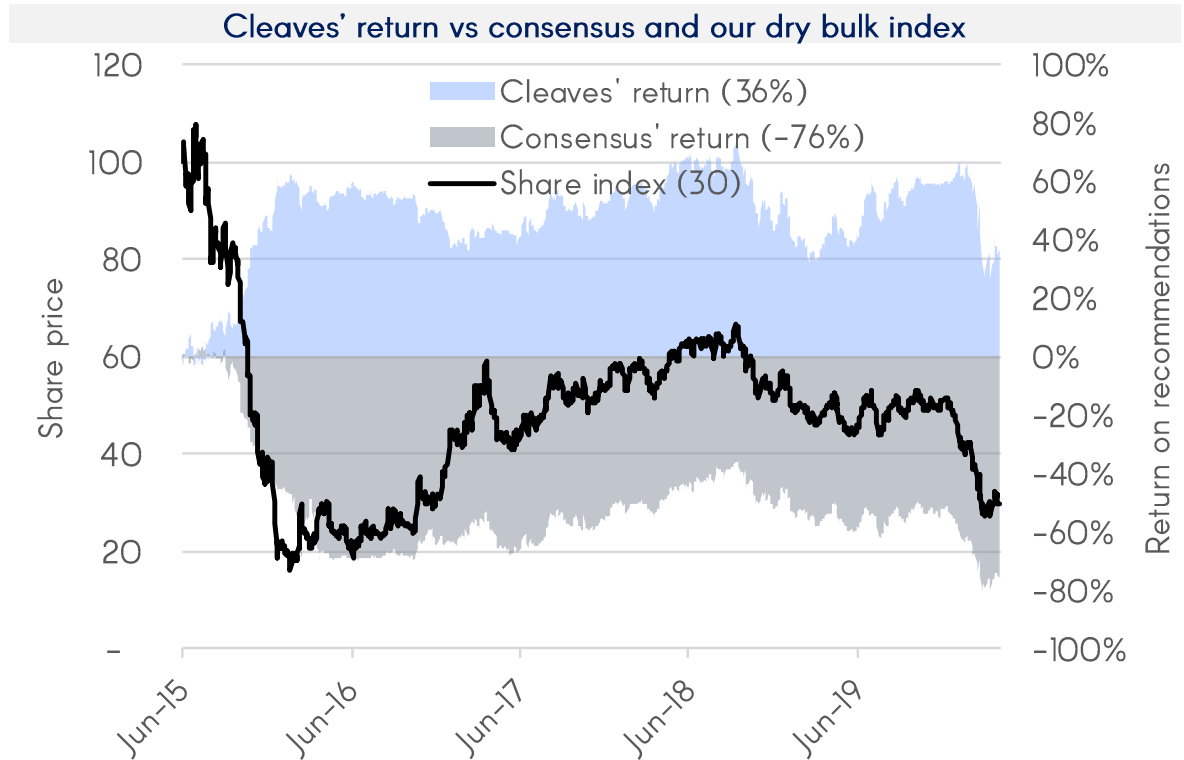


# Cleaves Securities

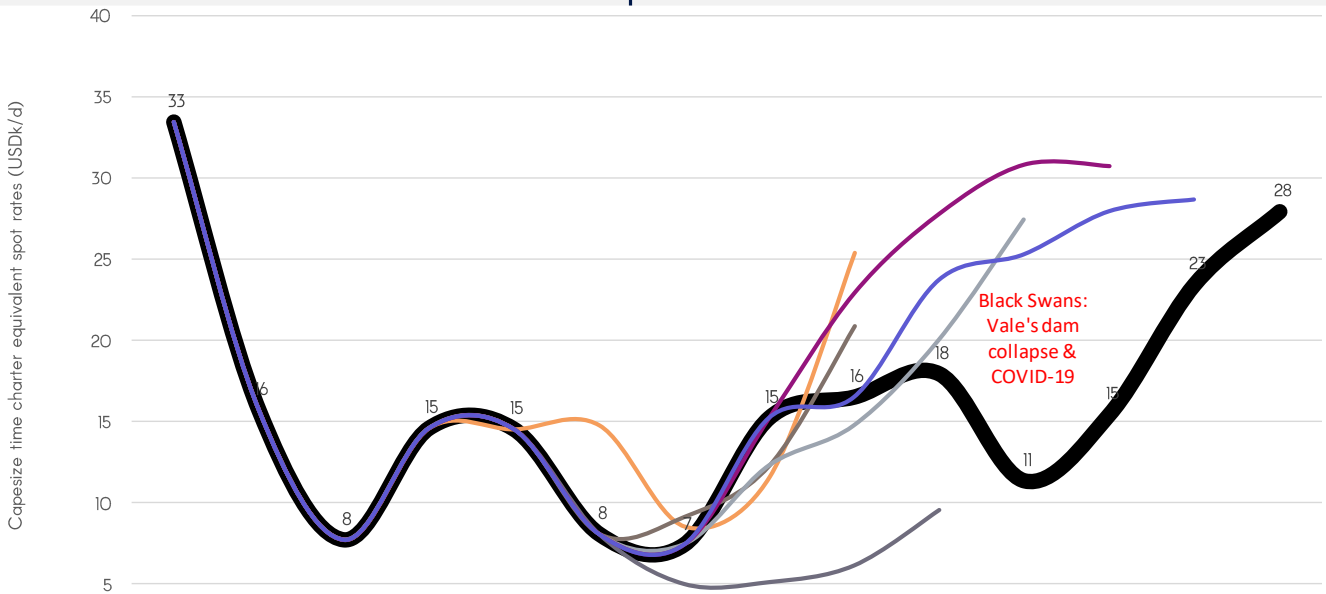
Shipping Quarterly: Coronavirus Volatility

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

Since we resumed coverage of dry bulk shipping shares in 2014, we have had a 36% return on our recommendations vs the market at -70% & consensus at -76%.



### 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	11,343	15,431	23,415	27,891
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	



# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

## 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 <sup>1</sup>	26	46	82	100	101	63	48	49	47	38	28	41	45	30	15	27
Scrapping <sup>1</sup>	(6)	(11)	(6)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(8)	(14)	(15)	(12)	(10)
Other <sup>1</sup>	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(17)	17	0	(0)	0
Contracting <sup>1</sup>	102	37	103	42	24	104	63	30	11	43	44	27	10	27	35	38
Supply <sup>2</sup>	411	445	514	594	674	718	754	774	791	817	837	858	895	918	924	937
Δ y/y	7.0%	8.4%	15.5%	15.5%	13.4%	6.7%	5.0%	2.7%	2.1%	3.3%	2.4%	2.4%	4.4%	2.5%	0.6%	1.4%
Demand <sup>2</sup>	394	402	467	513	556	605	633	625	633	688	715	729	745	780	805	827
Δ y/y	4.1%	2.1%	16.2%	9.9%	8.4%	8.8%	4.5%	-1.2%	1.3%	8.7%	4.0%	1.9%	2.2%	4.8%	3.2%	2.7%
Utilization <sup>2</sup>	96%	90%	91%	86%	83%	84%	84%	81%	80%	84%	85%	85%	83%	85%	87%	88%
BDI <sup>2</sup> (Index)	6,347	2,622	2,762	1,551	922	1,207	1,106	715	675	1,149	1,351	1,346	1,047	1,304	1,761	2,017
Cape, spot <sup>2</sup> (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	11,343	15,431	23,415	27,891
Pana, spot <sup>2</sup> (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	8,358	10,062	13,692	15,728
Supra, spot <sup>2</sup> (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	9,363	10,948	13,780	15,368
Handy, spot <sup>2</sup> (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	7,105	8,392	10,286	11,347
Cape, 5y <sup>2</sup> (USDm)	128	52	57	43	34	36	47	33	24	32	35	31	30	37	42	46
Pana, 5y <sup>2</sup> (USDm)	73	32	39	31	22	21	24	17	14	18	19	19	18	20	24	27
Supra, 5y <sup>2</sup> (USDm)	61	27	32	28	22	21	25	16	13	16	18	17	18	20	23	24
Handy, 5y <sup>2</sup> (USDm)	44	21	26	23	18	18	20	13	10	14	15	16	15	16	18	19
OB <sup>2</sup>	306	319	311	279	184	142	182	151	115	75	99	98	66	44	51	67
OB/Fleet <sup>2</sup>	75%	72%	60%	47%	27%	20%	24%	19%	15%	9%	12%	11%	7%	5%	5%	7%
Share Index <sup>2</sup>	1,125	512	581	381	258	297	354	144	65	117	142	129	123	199	266	318

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Old Demand/Supply (mDWT)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	26	46	82	100	101	63	48	49	47	38	28	41	45	30	15	27
Scrapping <sup>1</sup>	(6)	(11)	(6)	(23)	(33)	(23)	(16)	(31)	(29)	(15)	(4)	(8)	(16)	(15)	(12)	(10)
Other <sup>1</sup>	7	9	4	4	(1)	(0)	(0)	(1)	(1)	(0)	(0)	(17)	17	0	(0)	0
Contracting <sup>1</sup>	102	37	103	42	24	104	63	30	11	43	44	27	10	27	35	38
Supply <sup>2</sup>	411	445	514	594	674	718	754	774	791	817	837	858	894	917	922	935
Δ y/y	7.0%	8.4%	15.5%	15.5%	13.4%	6.7%	5.0%	2.7%	2.1%	3.3%	2.4%	2.4%	4.2%	2.5%	0.6%	1.4%
Demand <sup>2</sup>	394	402	467	513	556	605	633	625	633	688	715	729	744	779	804	826
Δ y/y	4.1%	2.1%	16.2%	9.9%	8.4%	8.8%	4.5%	-1.2%	1.3%	8.7%	4.0%	1.9%	2.0%	4.7%	3.2%	2.7%
Utilization <sup>2</sup>	96%	90%	91%	86%	83%	84%	84%	81%	80%	84%	85%	85%	83%	85%	87%	88%
BDI <sup>2</sup> (Index)	6,347	2,622	2,762	1,551	922	1,207	1,106	715	675	1,149	1,351	1,346	1,057	1,303	1,756	2,013
Cape, spot <sup>2</sup> (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	11,520	15,409	23,329	27,815
Pana, spot <sup>2</sup> (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	8,439	10,052	13,653	15,693
Supra, spot <sup>2</sup> (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	9,426	10,940	13,750	15,341
Handy, spot <sup>2</sup> (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	7,148	8,387	10,265	11,329
Cape, 5y <sup>2</sup> (USDm)	128	52	57	43	34	36	47	33	24	32	35	31	30	36	42	45
Pana, 5y <sup>2</sup> (USDm)	73	32	39	31	22	21	24	17	14	18	19	19	18	20	24	26
Supra, 5y <sup>2</sup> (USDm)	61	27	32	28	22	21	25	16	13	16	18	17	18	20	23	24
Handy, 5y <sup>2</sup> (USDm)	44	21	26	23	18	18	20	13	10	14	15	16	15	16	18	19
OB <sup>2</sup>	306	319	311	279	184	142	182	151	115	75	99	98	66	44	51	66
OB/Fleet <sup>2</sup>	75%	72%	60%	47%	27%	20%	24%	19%	15%	9%	12%	11%	7%	5%	6%	7%
Share Index <sup>2</sup>	1,125	512	581	381	258	297	354	144	65	117	142	129	118	190	269	302

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Δ Demand/Supply (mDWT)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	(0.0)
Scrapping <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	1.5	(0.0)	(0.0)	0.0
Other <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0	(0.0)	(0.0)
Contracting <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	(0.1)	0.0	0.0	0.1
Supply <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	1.2	1.4	1.4	1.3
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%	0.0%	0.0%	0.0%
Demand <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	0.8	1.2	1.2	1.2
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%	0.0%	0.0%	0.0%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
BDI <sup>2</sup> (Index)	-	-	-	-	-	-	-	-	-	-	-	-	(10)	1	5	4
Cape, spot <sup>2</sup> (TCE)	-	-	-	-	-	-	-	-	-	-	-	-	(178)	22	86	76
Pana, spot <sup>2</sup> (TCE)	-	-	-	-	-	-	-	-	-	-	-	-	(81)	10	39	35
Supra, spot <sup>2</sup> (TCE)	-	-	-	-	-	-	-	-	-	-	-	-	(63)	8	30	27
Handy, spot <sup>2</sup> (TCE)	-	-	-	-	-	-	-	-	-	-	-	-	(42)	5	20	18
Cape, 5y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	-	-	-	-	0	1	(0)	1
Pana, 5y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	-	-	-	-	0	(0)	(0)	1
Supra, 5y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	(1)	(0)
Handy, 5y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)
OB <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	(0)	(0)	(0)	0
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Share Index <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-	4	10	(2)	17

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Δ% Demand/Supply (mDWT)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Scrapping <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-10%	0%	0%	0%
Other <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	-485%	-85%
Contracting <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	0%	0%	0%
Supply <sup>2</sup>	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%	0%	3%	1%	-1%	-1%
Demand <sup>2</sup>	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%	0%	6%	1%	0%	0%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
BDI <sup>2</sup> (Index)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-2%	0%	0%	0%
Cape, spot <sup>2</sup> (TCE)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	0%	0%	0%
Pana, spot <sup>2</sup> (TCE)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	0%	0%	0%
Supra, spot <sup>2</sup> (TCE)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	0%	0%	0%
Handy, spot <sup>2</sup> (TCE)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	2%	0%	3%
Cape, 5y <sup>2</sup> (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-1%	-1%	4%
Pana, 5y <sup>2</sup> (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-2%	-4%	0%
Supra, 5y <sup>2</sup> (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
OB <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Share Index <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	4%	5%	-1%	6%

<sup>1</sup>Sum during period <sup>2</sup>Average during period



## Asset Valuation

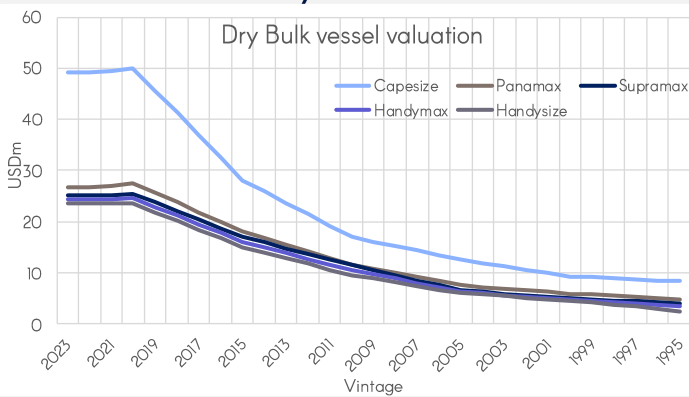
### Asset valuation overview

Summary	Capesize	Panamax	Supramax	Handymax	Handysize
<b>NB</b>	49.3	26.8	25.0	24.3	23.5
<b>resale</b>	50.0	27.5	25.5	24.5	23.5
<b>5y</b>	28.0	18.0	17.0	16.0	15.0
<b>10y</b>	17.0	11.5	11.5	10.5	9.5
<b>15y</b>	12.5	7.5	6.5	6.3	6.0
<b>20y</b>	9.3	5.9	5.0	4.8	4.5
<b>scrap</b>	8.3	4.9	4.0	3.4	2.5
<i>All prices are excluding scrubbers</i>					
<b>NB parity</b>	<b>19,928</b>	<b>13,076</b>	<b>12,132</b>	<b>11,439</b>	<b>10,760</b>

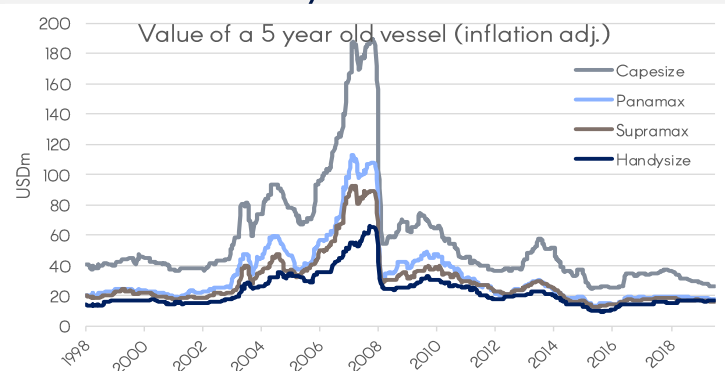
### Changes to our asset valuation

Changes	Capesize	Panamax	Supramax	Handymax	Handysize
<b>NB</b>	-0.5	-0.5	-0.3	-0.1	0.0
<b>resale</b>	0.0	0.0	0.0	0.0	0.0
<b>5y</b>	0.0	0.0	0.0	0.0	0.0
<b>10y</b>	0.0	0.0	0.0	0.0	0.0
<b>15y</b>	0.0	0.0	0.0	0.0	0.0
<b>20y</b>	0.0	0.0	0.0	0.0	0.0
<b>scrap</b>	0.0	0.0	0.0	0.0	0.0

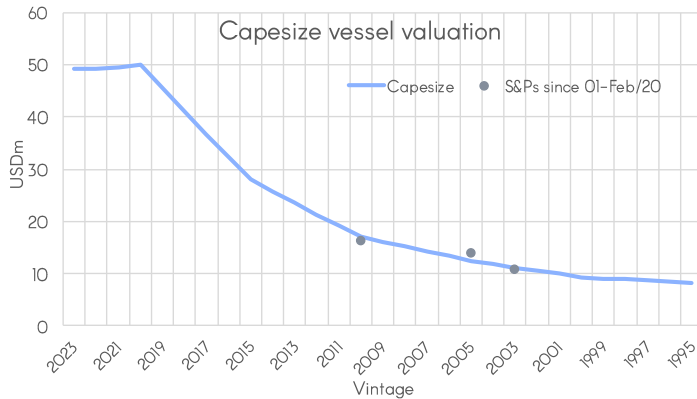
### Historical 5y old vessel values



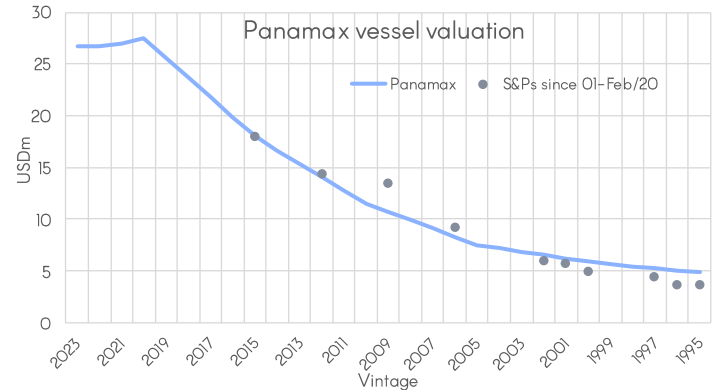
### Historical 5y old vessel values



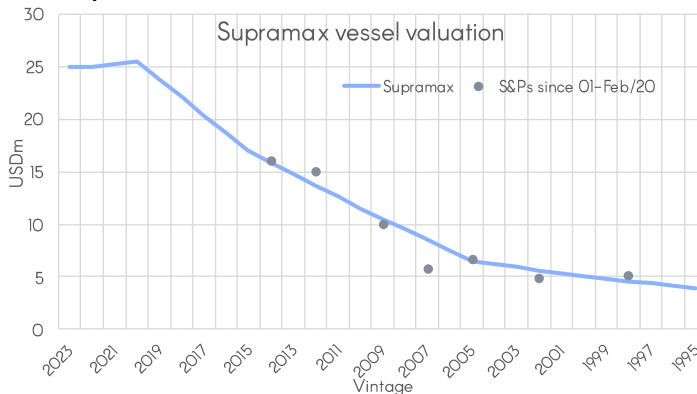
### Capesize valuation vs recent S&Ps



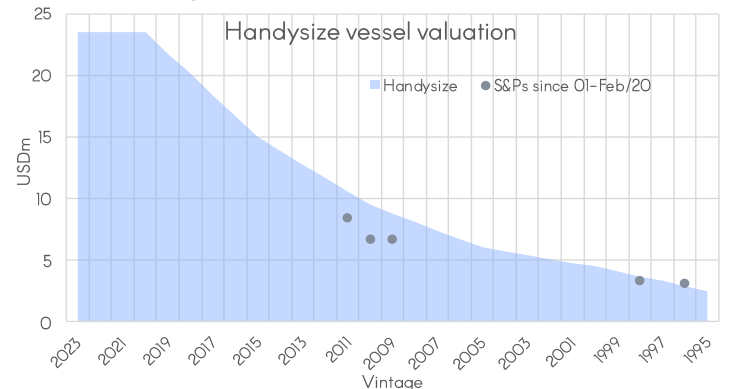
### Pana-/Kamsarmax valuation vs recent S&Ps



### Supra-/Ultramax valuation vs recent S&Ps



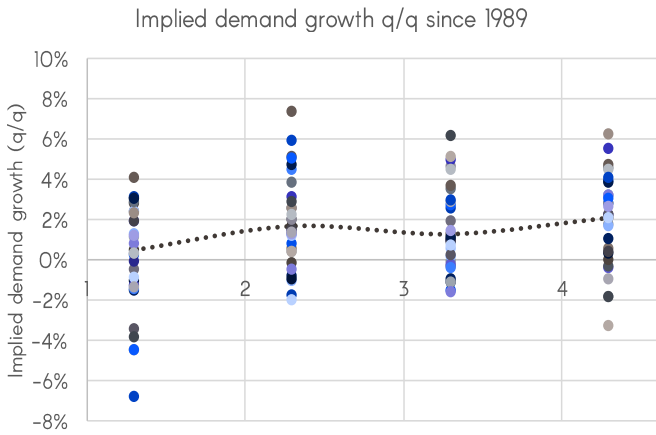
### Handysize valuation vs recent S&Ps



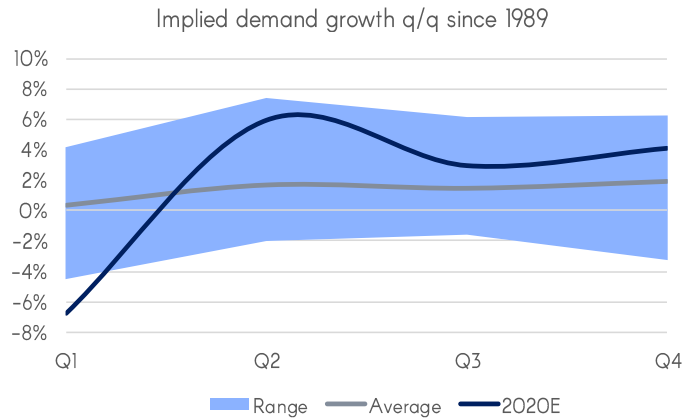


### Dry Bulk Seasonality

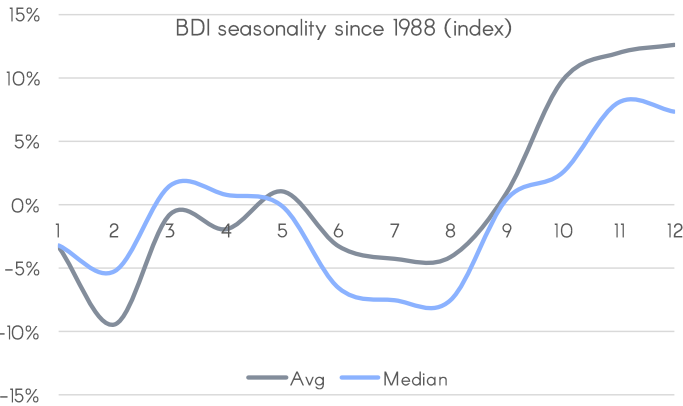
#### Historically strong demand growth in 2Q/4Q



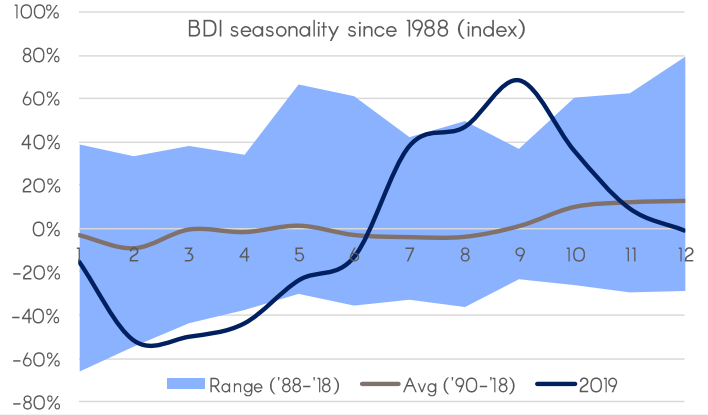
#### Historic demand growth vs 2019E



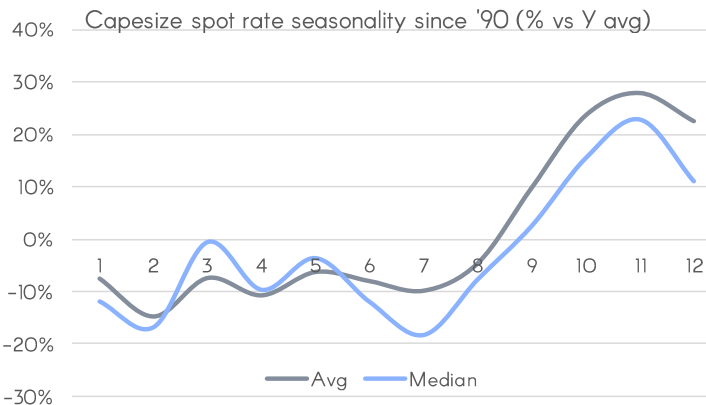
#### Historical Baltic Dry Index seasonality



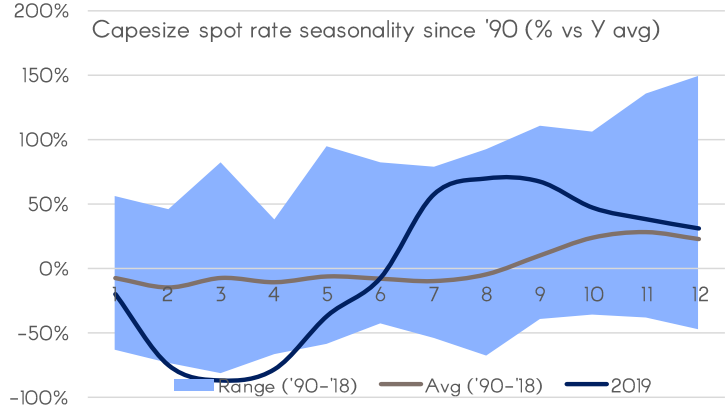
#### Historical Baltic Dry Index seasonality



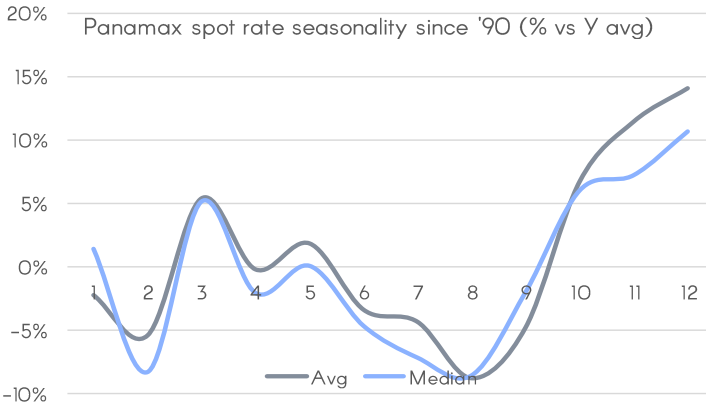
#### Historical Capesize spot rate seasonality



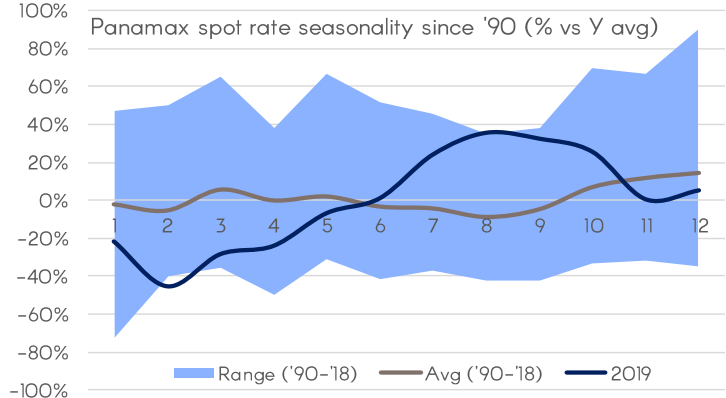
#### Historical Capesize spot rate seasonality



#### Historical Panamax spot rate seasonality



#### Historical Panamax spot rate seasonality





## Econometric Overview

Category	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	
Supply/Demand (LHM)	10	6	5	8	12	15	17	19	12	13	13	21	14	14	20	24	26	25	25	46	82	100	101	102	63	48	49	47	38	28	41	48	30	15	27	35	38
Delivered	(2)	(1)	(4)	(4)	(3)	(2)	(7)	(8)	(12)	(9)	(5)	(8)	(6)	(4)	(1)	(2)	(1)	(2)	(9)	(10)	(6)	(3)	(23)	(16)	(3)	(29)	(15)	(15)	(4)	(3)	(4)	(4)	(14)	(12)	(10)	(10)	(9)
Stockpiled	(1)	(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)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Contracting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supply	209	214	215	218	224	239	251	263	266	267	275	285	295	300	314	337	360	384	411	445	514	594	674	754	774	791	817	837	868	985	918	924	937	959	986	986	
2-yr	178	185	182	187	193	201	214	224	220	223	227	241	247	270	298	311	331	378	394	402	467	515	556	605	625	625	633	688	715	729	745	780	805	827	850	875	
Demand	858	878	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	888	
Utilization	1354	1392	1201	1401	1475	1982	1316	1337	947	1065	1608	1216	1159	2330	4509	3383	3188	7097	6347	2462	2742	1581	922	1207	1006	715	675	1449	1351	1346	948	885	876	865	848		
Case seat (TCE/d)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
Handy seat (TCE/d)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
Case seat (USDm)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
Handy seat (USDm)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
Handy 5yr (USDm)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
Handy 5yr (USDm)	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	1088	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	24	36	29	25	43	64	77	90	180	306	319	726	60%	27%	20%	24%	19%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
OR	15%	13%	33	33	26	26	26	26	25	2																											

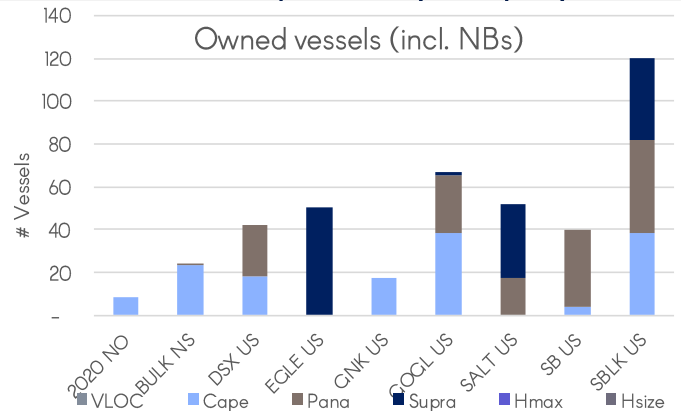


## Peer Group

Company	M.cap	Turnover	Return ly	Rec.	Target Price	Last Price	Target/Price	NAV /sh	P/NAV Now	P/NAV ly fwd	$\epsilon$	EV/GAV	adj. equity	$\tau$
2020 NO	100	3.0	-45%	BUY	89	48.0	85%	95	0.51	0.40	2.19	0.78	43%	0.72
BULK NO	357			SELL	112	126.6	-12%	103	1.23	0.91	1.52	1.14	56%	0.67
DSX US	151	0.8	-47%	BUY	3.0	1.7	78%	3.9	0.44	0.35	1.90	0.74	42%	0.51
EGLE US	114	1.5	-72%	BUY	3.5	1.5	136%	4.6	0.32	0.32	2.20	0.72	38%	1.00
GNK US	234	1.8	-32%	BUY	10.0	5.6	79%	10.6	0.53	0.43	1.74	0.73	45%	1.00
GOGL US	502	4.9	-34%	BUY	6.1	3.5	75%	5.5	0.63	0.54	2.02	0.86	36%	0.90
SALT US	190	2.6	-39%	BUY	40.0	26.2	53%	52.7	0.50	0.44	2.79	0.83	28%	1.00
SB US	114	0.4	-33%	HOLD	1.0	1.1	-9%	0.9	1.17	0.99	6.38	1.02	13%	0.89
SBLK US	508	4.6	-35%	BUY	10.0	5.3	89%	8.0	0.67	0.52	2.93	0.89	30%	1.00
Average	252		-42%				64%		0.66	0.54	2.63	0.86	37%	0.85
Median	190		-42%				64%		0.66	0.54	2.63	0.86	37%	0.85

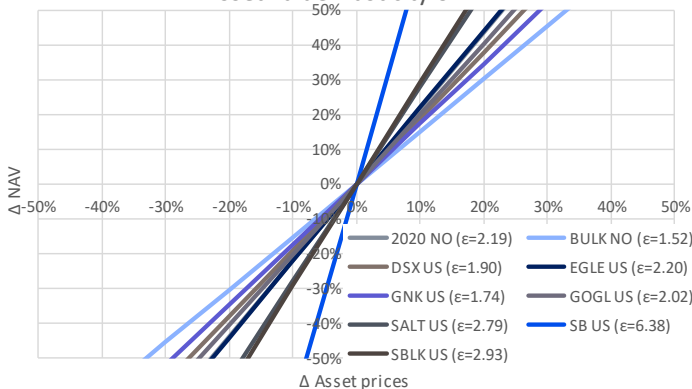
Company	EV/EBITDA				P/E				Dividend yield				FCF yield			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
2020 NO	10.1	7.5	4.6	3.7	6.9	4.1	2.0	1.6	19%	20%	43%	53%	-98%	30%	56%	70%
BULK NO	8.4	6.0	3.0	2.1	62.4	14.5	3.9	2.8	12%	7%	22%	33%	18%	18%	35%	47%
DSX US	8.2	6.1	2.4	1.3			1.9	1.2	0%	0%	20%	39%	23%	24%	76%	117%
EGLE US	9.6	5.4	3.1	2.2		17.0	2.0	1.4	0%	0%	19%	33%	-24%	40%	85%	116%
GNK US		3.7	1.7	0.7		8.1	2.2	1.5	9%	6%	20%	31%	20%	41%	74%	98%
GOGL US	14.3	9.4	4.3	3.0		22.2	2.7	1.9	1%	1%	20%	35%	11%	22%	55%	73%
SALT US		8.4	4.8	3.6			4.2	2.7	0%	0%	0%	17%	55%	21%	48%	61%
SB US	7.9	5.5	2.8	1.6		49.3	2.3	1.6	0%	0%	0%	21%	23%	63%	106%	128%
SBLK US	8.2	4.5	2.6	1.5	7.7	3.3	1.6	1.3	2%	2%	33%	3%	16%	50%	83%	98%
Average	9.5	6.3	3.2	2.2	25.7	16.9	2.5	1.8	5%	4%	19%	29%	5%	34%	69%	90%
Median	9.5	6.3	3.2	2.2	25.7	16.9	2.5	1.8	5%	4%	19%	29%	5%	34%	69%	90%

### Fleet composition by company



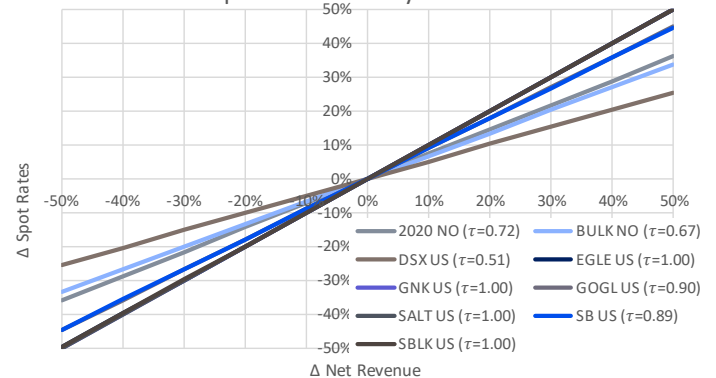
### Financial leverage ( $\epsilon$ )

#### Asset Value Elasticity of NAV



### Operational leverage ( $\tau$ )

#### Spot Rate Elasticity of Net Revenue







## Company Financials (annually)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
2020 NO	51	62	88	99	33	44	69	80	25	35	61	72	15	24	50	62
BULK NO	115	132	196	233	61	79	143	180	17	35	99	136	6	25	91	129
DSX US	169	184	261	305	59	73	150	194	11	26	102	146	-17	-1	78	123
EGLE US	213	221	261	279	57	91	136	154	9	43	87	105	-29	6	53	74
GNK US	219	255	319	363	87	123	199	243	14	50	125	169	-11	29	108	156
GOGL US	409	462	642	727	123	168	326	407	27	72	230	311	-25	23	184	268
SALT US	190	222	260	282	43	87	134	155	-7	35	79	100	-47	-1	46	70
SB US	162	182	228	252	74	93	139	163	20	35	80	103	-15	2	49	72
SBLK US	583	678	888	980	281	369	546	619	150	232	410	483	66	155	339	418
Average	235	266	349	391	91	125	205	244	29	62	141	181	-6	29	111	153
Median	190	221	261	282	61	91	143	180	17	35	99	136	-15	23	78	123

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
2020 NO	371	365	359	351	14	13	15	21	390	383	379	377	133	137	145	154
BULK NO	494	453	417	380	38	50	74	107	559	531	519	514	347	346	360	373
DSX US	858	827	795	748	96	92	145	232	1,014	978	1,000	1,039	558	564	618	688
EGLE US	852	815	779	730	71	78	113	150	1,009	980	979	967	451	457	491	531
GNK US	1,240	1,174	1,110	1,036	126	134	185	282	1,436	1,377	1,365	1,388	864	878	939	1,021
GOGL US	2,260	2,171	2,079	1,983	108	162	234	319	2,889	2,855	2,834	2,824	1,477	1,492	1,576	1,670
SALT US	1,121	1,081	1,036	991	87	74	115	152	1,559	1,506	1,502	1,494	765	764	809	847
SB US	934	875	815	756	106	110	167	248	1,084	1,029	1,027	1,048	469	483	544	606
SBLK US	2,901	2,799	2,697	2,594	137	264	417	816	3,186	3,211	3,262	3,558	1,549	1,696	1,861	2,261
Average	1,226	1,173	1,121	1,063	87	109	163	259	1,458	1,428	1,430	1,468	735	757	816	906
Median	934	875	815	756	96	92	145	232	1,084	1,029	1,027	1,048	558	564	618	688

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2021	2022	2021	2022
USDm																
2020 NO	23	33	59	70	-98	30	56	70	-6	-1	2	6	21,951	30,842	13,907	13,776
BULK NO	50	69	135	173	64	65	127	167	-9	12	24	33	15,112	22,337	10,478	17,292
DSX US	36	53	131	177	34	37	115	177	-11	-4	53	87	12,515	17,724	18,993	15,036
EGLE US	19	55	102	123	-25	43	90	123	12	8	35	37	11,830	14,259	10,773	21,482
GNK US	63	103	182	230	46	95	172	230	-35	7	52	97	12,914	17,088	11,220	11,074
GOGL US	71	118	280	364	56	111	276	364	3	55	72	85	14,094	19,766	11,629	13,984
SALT US	3	51	101	125	104	39	91	115	44	-13	41	37	11,831	14,514	11,938	11,695
SB US	50	72	121	146	27	72	121	146	-1	4	57	81	12,234	15,338	13,094	12,839
SBLK US	147	291	475	554	80	258	441	520	12	126	153	399	13,927	18,250	10,382	10,723
Average	51	94	176	218	32	83	165	212	1	21	54	96	14,045	18,902	12,491	14,211
Median	50	69	131	173	46	65	121	167	-1	7	52	81	12,914	17,724	11,629	13,776





## Company Financials (quarterly)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
2020 NO		11	14	18		7	9	13		4	7	11		2	4	8
BULK NO	24	23	28	40	10	10	15	27	-1	-1	4	16	-4	-4	1	13
DSX US	41	40	40	48	14	13	12	20	2	1	0	8	-5	-6	-7	1
EGLE US	47	44	52	70	9	6	12	30	-3	-7	0	18	-12	-16	-9	9
GNK US	47	41	53	78	14	8	20	45	-5	-10	2	27	-11	-16	-4	21
GOGL US	83	73	100	153	16	7	27	72	-8	-17	3	48	-21	-29	-10	36
SALT US	43	36	47	65	5	-1	10	29	-8	-13	-3	17	-18	-23	-12	7
SB US	38	31	39	54	16	9	17	32	3	-5	3	18	-6	-14	-6	10
SBLK US	129	106	140	207	54	37	66	125	21	4	33	92	0	-17	12	71
Average	56	45	57	82	17	11	21	44	0	-5	5	28	-10	-14	-4	20
Median	45	40	47	65	14	8	15	30	-2	-5	3	18	-8	-16	-6	10

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
2020 NO		376	373	371		17	15	14		397	392	390		135	133	133
BULK NO	516	508	501	494	41	33	29	38	584	568	558	559	350	341	338	347
DSX US	880	873	866	858	116	107	98	96	1,056	1,040	1,023	1,014	566	562	556	558
EGLE US	865	865	860	852	65	76	63	71	1,016	1,027	1,009	1,009	468	452	443	451
GNK US	1,292	1,283	1,267	1,248	152	119	113	126	1,506	1,464	1,441	1,436	878	855	850	864
GOGL US	2,322	2,300	2,278	2,255	85	47	80	108	2,928	2,868	2,878	2,884	1,481	1,451	1,441	1,477
SALT US	1,303	1,310	1,313	1,309	60	124	92	87	1,634	1,594	1,566	1,556	793	770	758	765
SB US	974	961	947	934	94	101	96	106	1,112	1,106	1,087	1,084	470	459	456	469
SBLK US	2,977	2,951	2,927	2,902	94	98	90	137	3,217	3,196	3,164	3,186	1,506	1,469	1,479	1,549
Average	1,391	1,270	1,259	1,247	88	80	75	87	1,632	1,473	1,458	1,458	814	722	717	735
Median	1,133	961	947	934	89	98	90	96	1,309	1,106	1,087	1,084	680	562	556	558

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	2Q20	3Q20	2Q20	3Q20
USDm																
2020 NO		4	6	10		-42	6	10		11	-2	0	17,419	19,268	13,583	13,972
BULK NO	7	7	12	24	32	3	8	21	-6	-9	-3	9	10,853	13,143	10,683	10,605
DSX US	8	7	6	14	20	3	2	10	9	-8	-10	-2	11,069	10,698	11,905	11,812
EGLE US	-1	-4	3	21	-22	-16	-5	17	6	11	-13	8	8,513	9,824	10,795	10,974
GNK US	7	2	14	39	2	-7	12	39	-10	-33	-6	13	8,664	10,813	11,450	11,352
GOGL US	3	-5	14	60	-7	-7	12	58	-20	-37	32	28	9,304	11,840	13,390	7,571
SALT US	-5	-11	0	20	28	80	-15	11	18	64	-31	-6	7,131	9,246	14,497	13,939
SB US	10	3	11	26	-13	3	11	26	-13	7	-5	10	8,869	10,465	11,602	11,534
SBLK US	-1	-1	44	104	-44	-8	36	96	-32	4	-8	47	8,774	11,396	11,100	11,389
Average	4	0	12	35	-1	1	8	32	-6	1	-5	12	10,066	11,855	12,112	11,461
Median	5	2	11	24	-2	-7	8	21	-8	4	-6	9	8,869	10,813	11,602	11,389



## Oil Tankers: Enjoy it While it Lasts

### The quarter in review

Net supply growth of 2.5% q/q in 1Q20 was spot-on [forecast from January](#), with y/y growth at 3.7%. Gross deliveries of 6.2m dwt was slightly below our 7.9m forecast, offset by only 0.6m dwt scrapped vs 2.4m forecast. Very positive in the quarter was only 3.6m dwt newbuilding orders despite a red-hot market, below our 8.2m dwt forecast. Thus, the orderbook fell 8% during the quarter, now standing at only 8.1% of the fleet, the lowest level since 1996.

We estimate a 0.0% demand growth q/q in the quarter (vs our -5.1% forecast) and 13.0% y/y (7.2%). The net effect was a fleet utilization of 92.7% (88.1% forecast), -2.4%p q/q and +7.6%p y/y. This was the highest 1Q oil tanker fleet utilization since 2007! Thus, oil tanker earnings averaged \$36,341/d in the quarter (-18% q/q, +98% y/y), above our \$24,086/d [forecast from January](#), with VLCCs averaging \$84,557/d (-18% q/q, +230% y/y) vs our \$50,492/d forecast.

mDWT			New	Old		
	2019-Q1	2019-Q4	2020-Q1	2020-Q1	Δ	Δ %
Deliveries <sup>1</sup>	12.6	5.1	6.2	7.9	(1.8)	-22%
Scrapping <sup>1</sup>	(0.3)	(0.9)	(0.6)	(2.4)	1.9	-77%
Contracting <sup>1</sup>	5.4	7.0	3.6	8.2	(4.6)	-56%
<b>Supply<sup>2</sup></b>	<b>566</b>	<b>572</b>	<b>587</b>	<b>586</b>	<b>0.9</b>	<b>0.2%</b>
Δ q/q			2.5%	2.5%	0.1%p	
Δ y/y			3.7%	3.6%	0.1%p	
<b>Demand<sup>2</sup></b>	<b>482</b>	<b>544</b>	<b>544</b>	<b>516</b>	<b>28.1</b>	<b>5.4%</b>
Δ q/q			0.0%	-5.1%	5.1%p	
Δ y/y			13.0%	7.2%	5.8%p	
<b>Utilization<sup>2</sup></b>	<b>85.2%</b>	<b>95.1%</b>	<b>92.7%</b>	<b>88.1%</b>	<b>4.6%p</b>	
Oil Tankers <sup>2</sup> (TCE)	18,380	44,496	36,341	24,086	12,256	51%
VLCC, spot <sup>2</sup> (TCE/d)	25,625	102,761	84,557	50,492	34,065	67%
Suezmax, spot <sup>2</sup> (TCE)	21,391	72,822	55,001	35,129	19,872	57%
Aframax, spot <sup>2</sup> (TCE)	22,661	52,853	41,610	27,212	14,397	53%
MR, spot <sup>2</sup> (TCE)	13,553	20,022	18,823	16,422	2,401	15%
VLCC, 5y <sup>2</sup> (USDm)	65	70	72	72	-	0%
Suezmax, 5y <sup>2</sup> (USDm)	45	49	50	50	-	0%
Aframax, 5y <sup>2</sup> (USDm)	33	38	40	40	-	0%
MR, 5y <sup>2</sup> (USDm)	27	29	29	29	-	0%
OB <sup>2</sup>	65	51	50	51	(0.8)	-2%
Share Index <sup>2</sup>	144	247	217	221	(4)	-2%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Second-hand values remained flat in the quarter, as expected. So far in 2Q20E, we do see a strong increase in vintage vessel values due to the strong storage economics, especially for vessels around 20 years old. We raise our asset prices for vintage vessels by 2%-19%. Please see [Asset Valuation](#) for further details

Our oil tanker share index averaged 217 in the quarter (-12% q/q, +51% y/y), very close to our 221 [forecast from January](#). We forecast the share index to average 219 in 2Q20, 14% below current pricing.



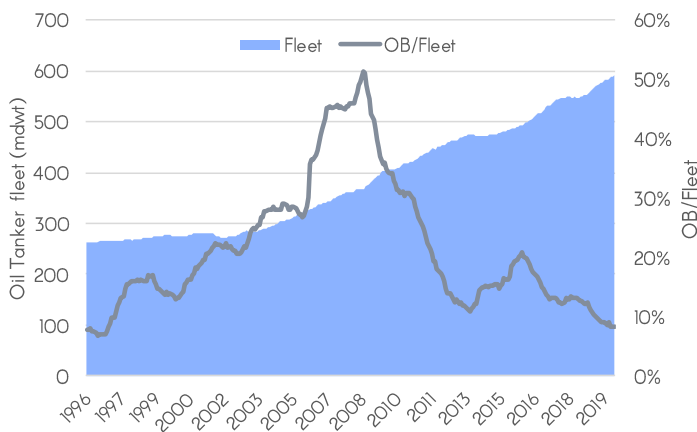
### Market outlook

#### Supply

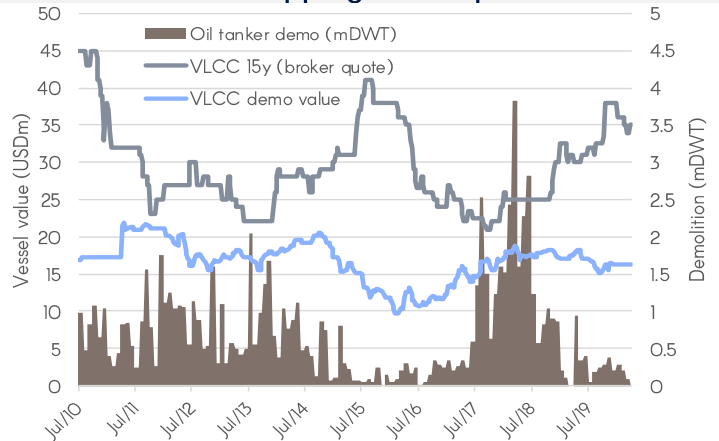
With a very sobering level of newbuilding contracting in recent quarters despite stellar earnings, the orderbook has fallen to very low levels. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well. The orderbook currently constitutes 8.1% of the fleet on the water, levels not seen since December 1996.

Although scrap yards have significantly reduced activity due to the COVID-19 outbreak, we expect scrapping to be a substantial factor in 2021 & 2022. In addition to a low earnings environment inducing scrapping, the implementation of IMO'2020 sulphur regulations also makes a higher portion of the fleet uneconomical. We forecast 6m dwt scrapped in 2020, 12m dwt in 2021 and 12m dwt in 2022. This compares with 20m dwt scrapped in the last earnings trough in 2018.

#### Orderbook vs fleet

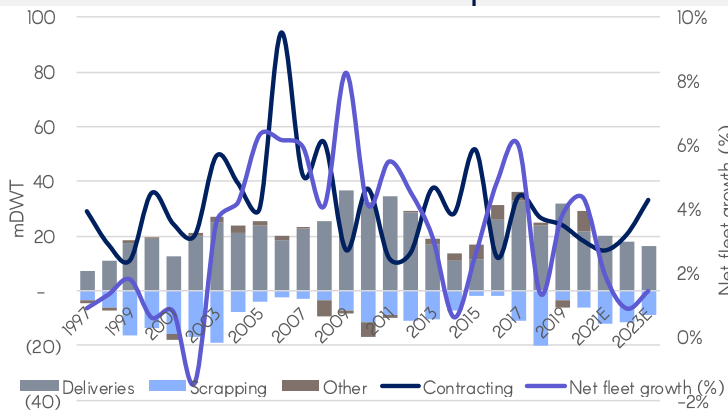


#### VLCC scrapping vs scrap value

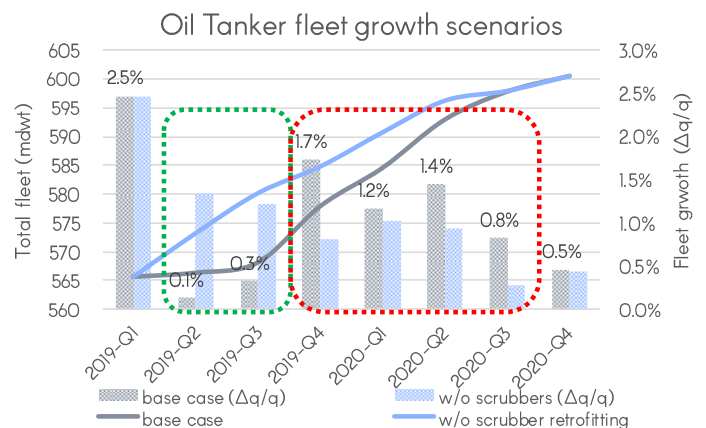


In sum, we forecast net supply growth of 4.3% in 2020E, 1.9% in 2021E and only 0.9% in 2022E.

#### Oil tanker fleet developments



#### Scrubber retrofitting impact on fleet growth





## Demand – Summary & Scenario Overview

These are surely extraordinary times, where the collapse in oil demand has left the supply side in tatters, struggling to rebalance the oil market. Against this backdrop, we outline three scenarios for when the oil market regains equilibrium, with different implications for floating storage demand, the upcoming destocking cycle and oil supply destruction. What is evident is how sensitive our forecast is towards small changes to one or more of the many variables. Thus, we once again need to highlight that our forecasting is highly uncertain under current circumstances, with a much wider range of outcomes than normal.

### Base Case scenario

- Oil demand recovers slowly from an April trough of around 27.5mbpd lost globally.
- Oil demand averages 90mbpd in 2020E and 97mbpd in 2021E (vs 101mbpd in 2019)
- The oil market rebalances in August 2020, around 90mbpd. Destocking cycle follows, which is negative for Oil Tanker demand
- A new “normalized” base demand reached in 2022E which is 2% below 2019-levels
- Onshore storage capacity is full by early May
- Additional floating storage above today’s level peaks at 362m barrels in July, equivalent to 172 additional VLCCs or 8.9% of the total Oil Tanker fleet
- VLCC spot rates very well supported in 2Q20E at a \$106k/d average but fall to a \$24k/d average in 2H20E, \$19k/d for full year 2021E and \$22k/d for 2022E. Strong rebound in 2023E to \$51k/d.

### Low Case scenario

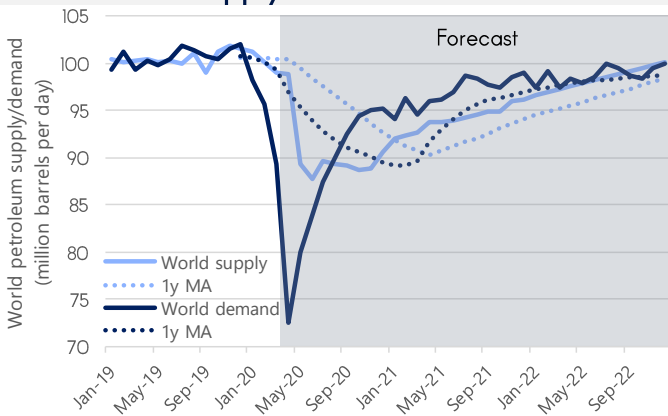
- Oil demand recovers slowly from an April trough of around 27.5mbpd lost globally.
- Oil demand averages 91mbpd in 2020E and 98mbpd in 2021E (vs 101mbpd in 2019)
- The oil market rebalances in June 2020, around 90mbpd. Destocking cycle follows, which is negative for Oil Tanker demand
- A new “normalized” base demand reached in 2022E which is 2% below 2019-levels
- Onshore storage capacity is full by mid-May
- Additional floating storage above today’s level peaks at 175m barrels in June, equivalent to 84 additional VLCCs or 4.4% of the total Oil Tanker fleet
- VLCC spot rates very well supported in 2Q20E at an \$89k/d average but fall to a \$10k/d average in 2H20E, \$12k/d for full year 2021E and \$24k/d for 2022E.



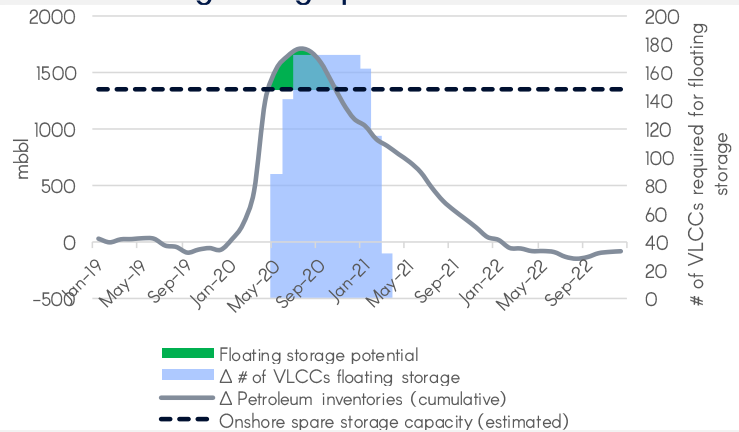
### High Case scenario

- Oil demand recovers very slowly from an April trough of around 27.5mbpd lost globally.
- Oil demand averages 88mbpd in 2020E and 95mbpd in 2021E (vs 101mbpd in 2019)
- The oil market rebalances in September 2020, around 90mbpd, but the destocking cycle only slowly commence in mid 2021E.
- A new “normalized” base demand reached in 2022E which is 2% below 2019-levels
- Onshore storage capacity is full by early May
- Additional floating storage above today’s level peaks at 653m barrels in August, equivalent to 311 additional VLCCs or 16.1% of the total Oil Tanker fleet
- VLCC spot rates remain in super-profit territory until 2Q 2022 (\$74k/d average). By then the destocking cycle is well underway and vessels are gradually freed from floating storage.

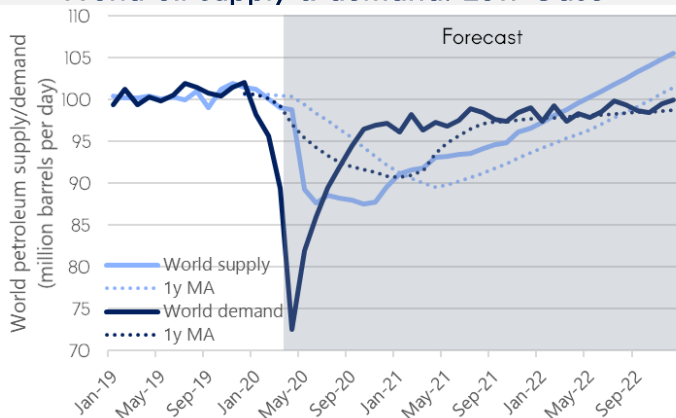
### World oil supply & demand: Base Case



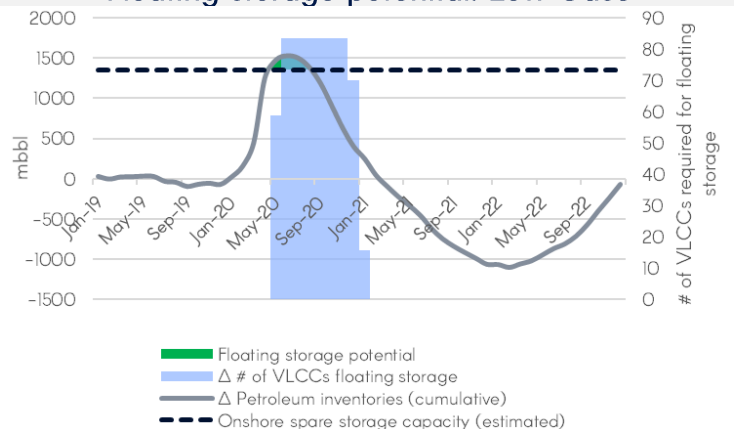
### Floating storage potential: Base Case



### World oil supply & demand: Low Case

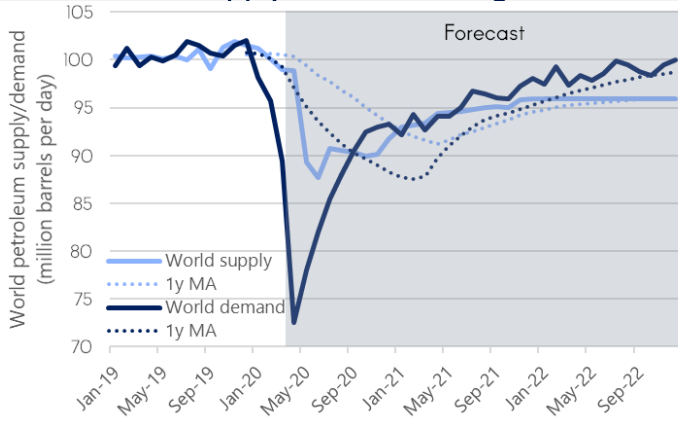


### Floating storage potential: Low Case

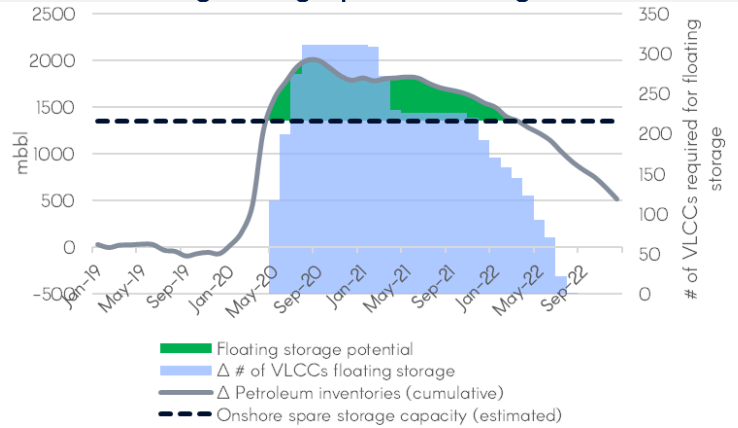




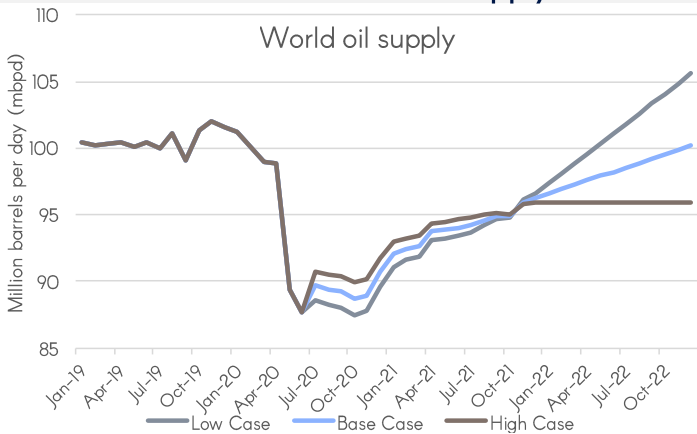
### World oil supply & demand: High Case



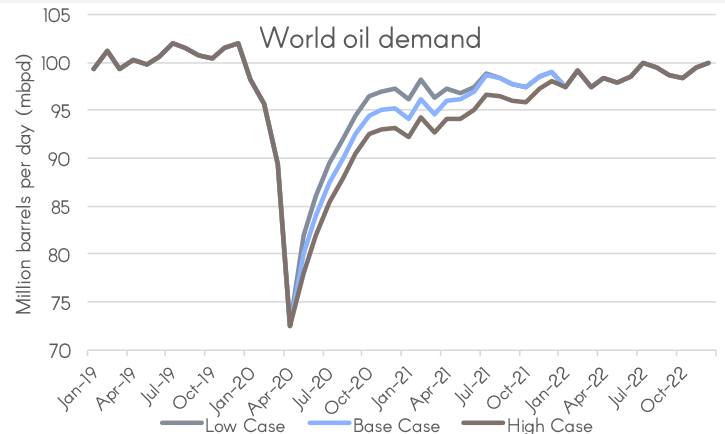
### Floating storage potential: High Case



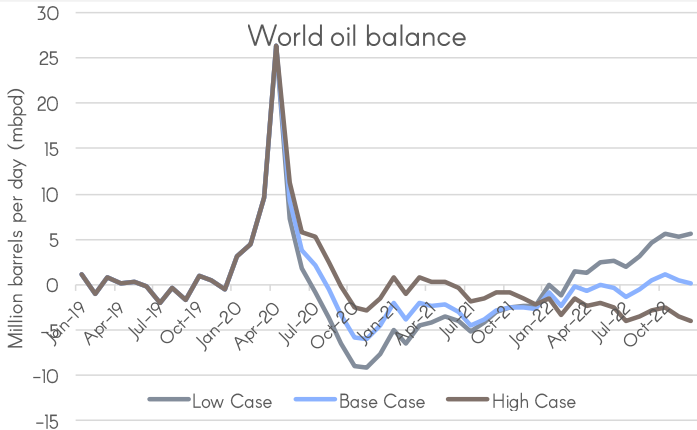
### Scenarios: World oil supply



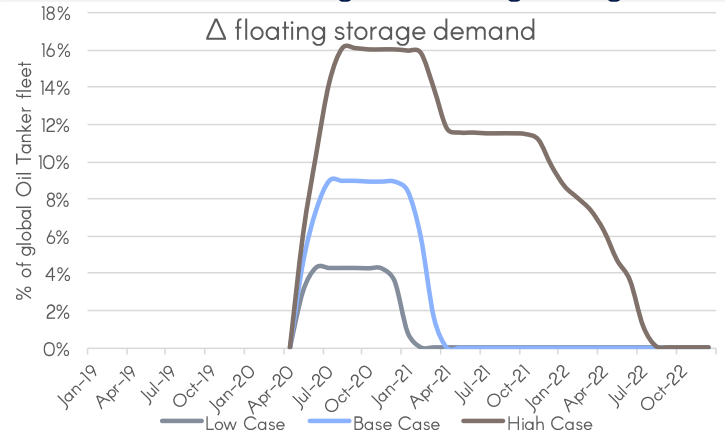
### Scenarios: World oil demand



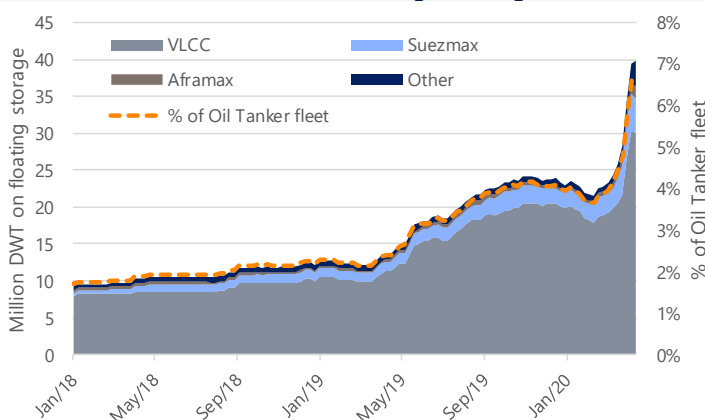
### Scenarios: World oil balance



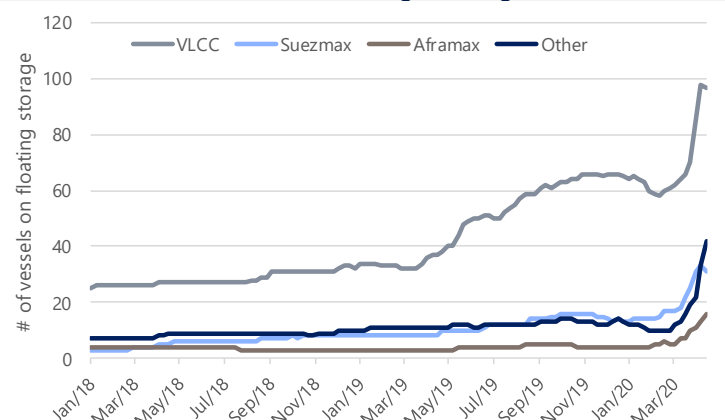
### Scenarios: Change in floating storage



### Historical & current floating storage: mDWT



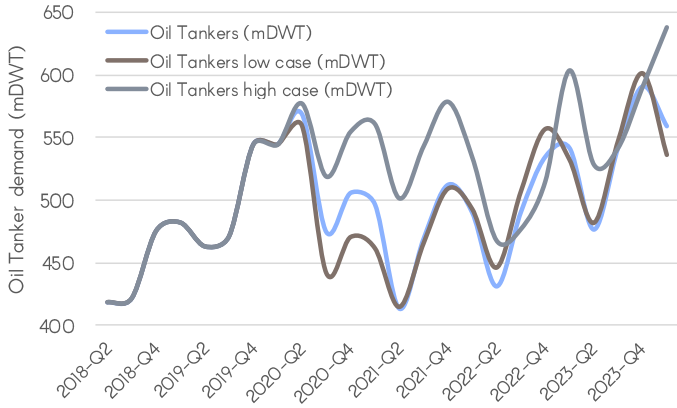
### Historical & current floating storage: # of vessels



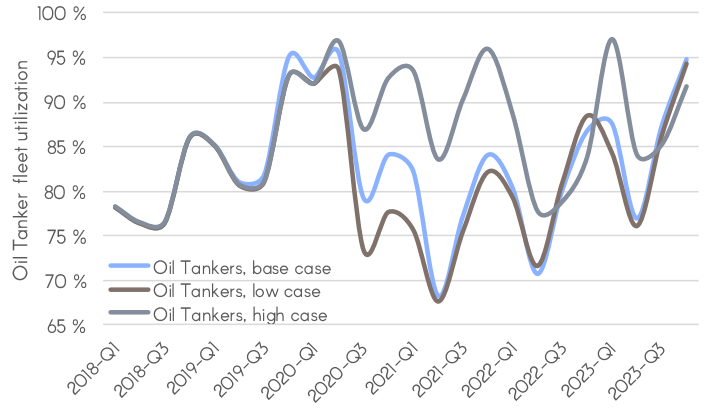




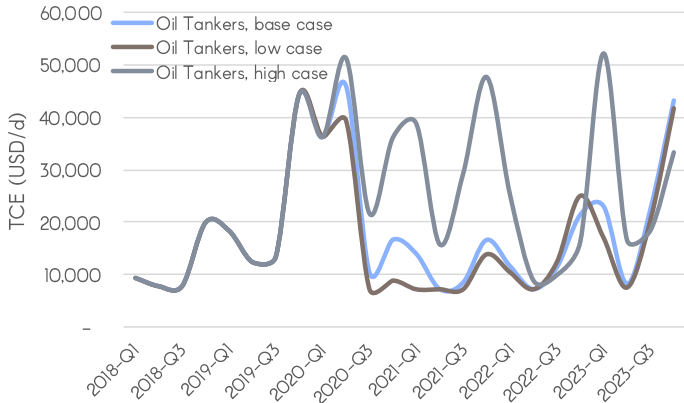
### Scenarios: Oil Tanker demand



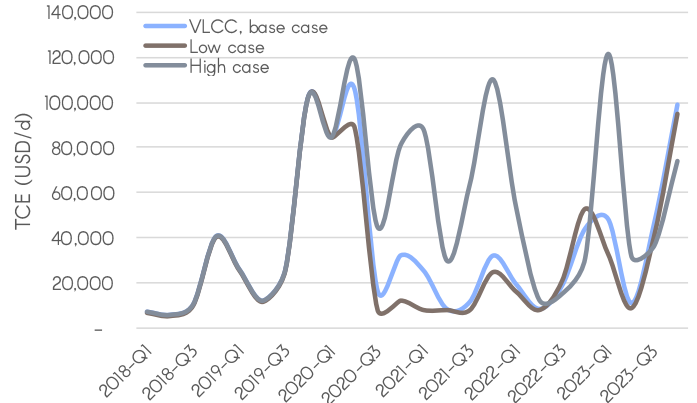
### Scenarios: Oil Tanker fleet utilization



### Scenarios: Oil Tanker average spot rates



### Scenarios: VLCC spot rates

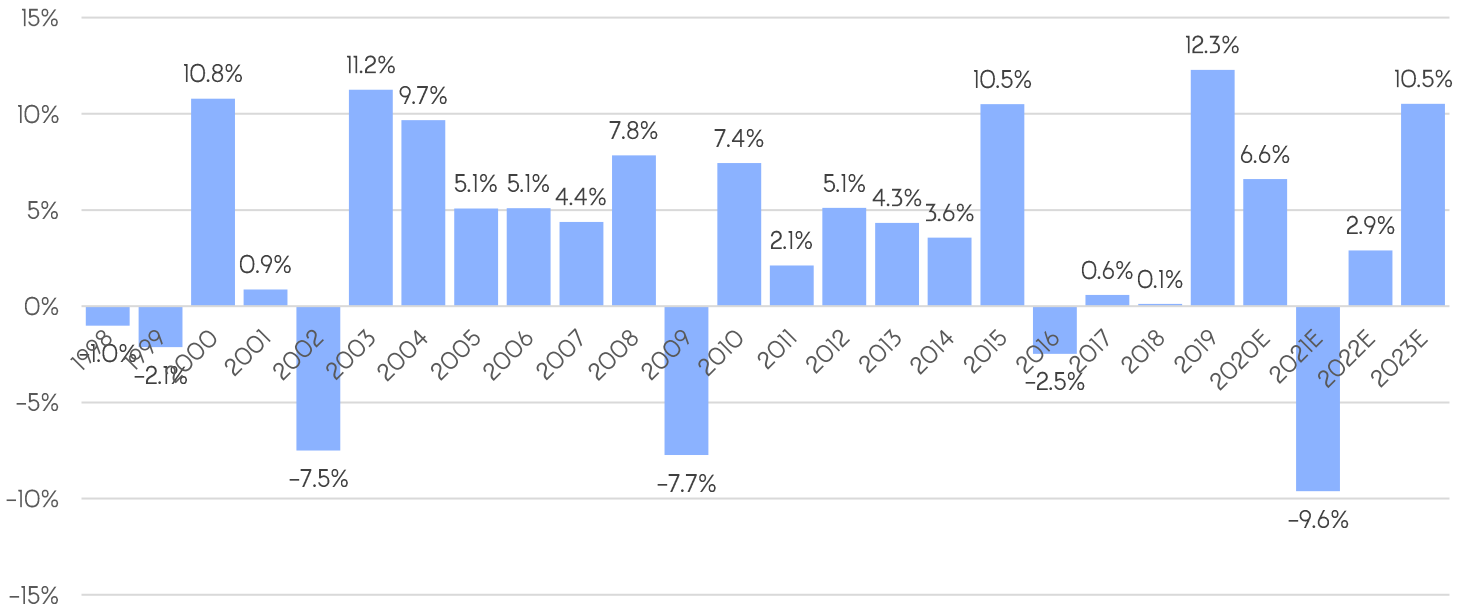




### Medium-Term Demand

With the short-term Oil Tanker demand side dictated by oil oversupply and storage economics which we have covered above, we turn our attention to the medium term and our base case of a 9.6% decline in Oil Tanker demand in 2021E. This would be the largest y/y decline on our record going back to 1997, surpassing previous collapses in demand of -7.7% in 2009 and -7.5% in 2002.

Oil Tanker demand growth (intra-year averages)



The collapse in demand comes from a significant reduction in world oil supply concurrent with an expected destocking effect.

We have already seen a dramatic reduction in the US rig count, falling from 792 in mid-March to 465 (-41%) as of April 24<sup>th</sup>. The US rig count has historically been highly correlated ( $R^2=0.90$  since 2010) with the oil price (WTI) with a best-fit lag of 16 weeks. These latest data suggest that producers are now responding even sooner to the collapse in oil prices. Based on our univariate linear regression model outline above and graphed below, we forecast that the US rig count could fall to 95 within months.

We have also already observed a dramatic reduction of US crude oil production, down from 13.0mbpd as of end-March to 12.2mbpd (-6%) on April 17<sup>th</sup>. The US crude oil production is also highly correlated with the rig count ( $R^2=0.89$  since 2015), and our forecast of 95 rigs above would imply a massive 23% decrease in US oil production from March levels. Our econometric models show that around 72.6% of incremental US crude oil production is exported ( $R^2=0.89$  since 2014). Thus, we forecast US crude oil exports to fall from a 2.97mbpd average in 2019 to 1.76mbpd in 2020E (-41% y/y) and to 2.06mbpd in 2021E (+17% y/y). Given the long sailing

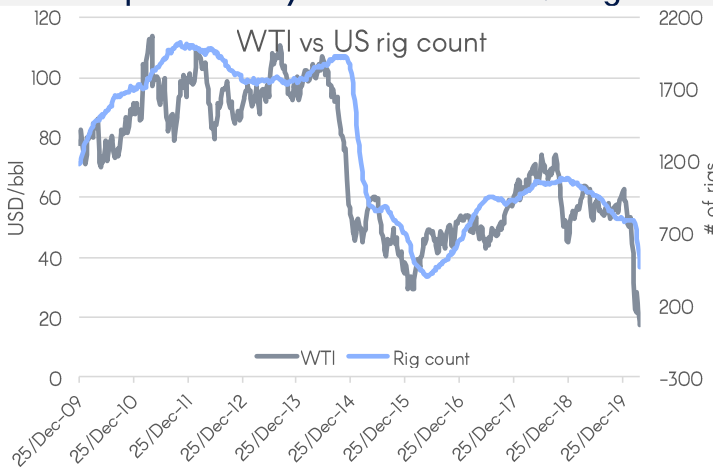


distances involved in US crude oil exports, the negative tonne-mile effect is substantial.

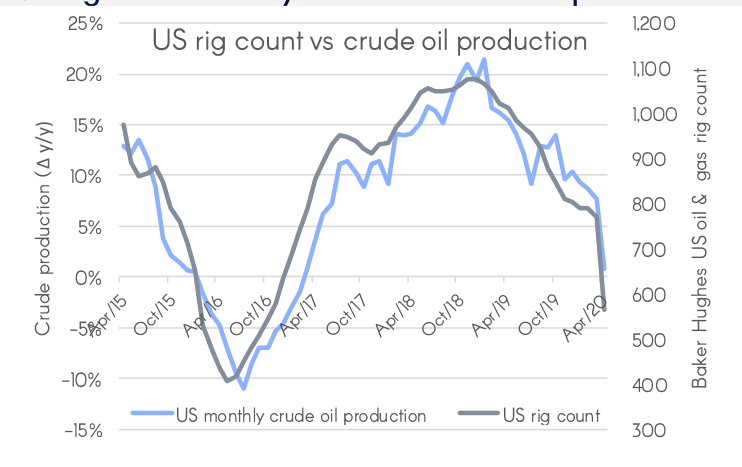
The decline in US volumes comes in addition to reduced supply from OPEC+ and other oil producers around the world. Further adding to Oil Tankers woes will be a substantial destocking cycle at some point, which we forecast to play out between August 2020 and August 2022. An estimated 1,714m bbls will be drawn from inventories to get back to inventory levels similar to the start of this year, equivalent to around 816 VLCC cargoes or around 3% of total Oil Tanker demand in 2018 and 2019.

The only thing that saves Oil Tankers from potentially the worst down-cycle in many decades is the very low orderbook as outlined under [Supply](#) above. Thus, we believe a strong demand rebound of +11% y/y in 2023E is enough to skyrocket earnings back into super-profit territory.

### WTI oil price closely correlated with US rig count



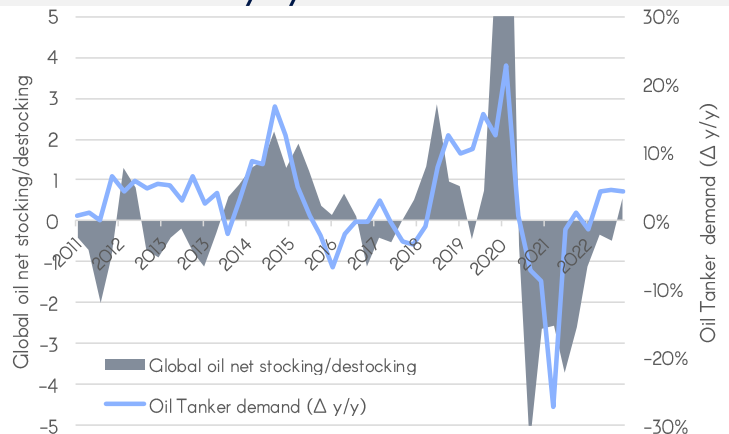
### US rig count closely correlated with oil production



### US crude oil production and exports



### Net oil inventory cycles vs Oil Tanker demand





### Fleet utilization

Combining the supply and demand sides of the equation leads us to forecast fleet utilization of 87.7% in 2020E (+1.9%p y/y), 77.8% in 2021E and 79.4% in 2022E.

Our fleet utilization forecast implies VLCCs to average \$59k/d in 2020E (+42% y/y) and \$19k/d in 2021E (-67% y/y), Suezmaxes to average \$40k/d (+26% y/y) and \$15k/d in 2021E (-63% y/y), and MRs to average \$22k/d (+63% y/y) and \$10k/d in 2021E (-56% y/y).

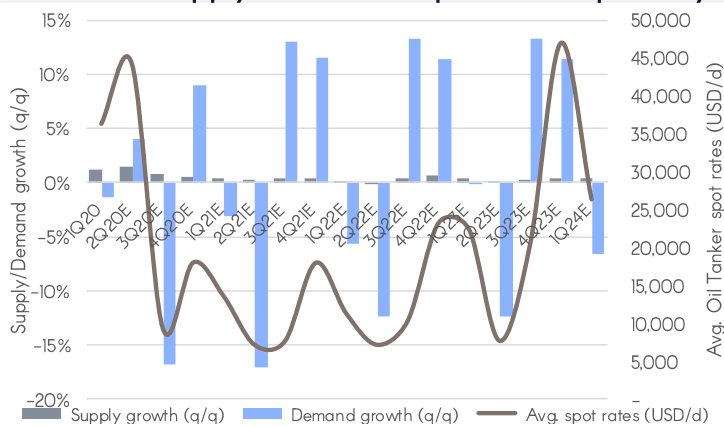
### Overview of our estimate changes

Delta table: Oil Tanker forecast summary

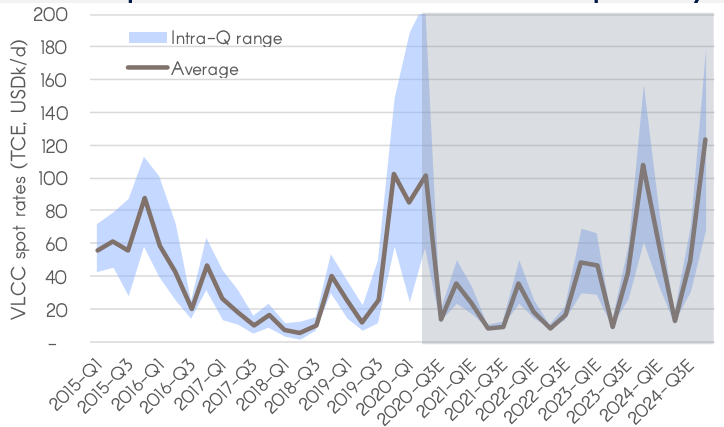
$\Delta$ y/y	2020E	2021E	2022E	2023E	Average spot rate	2020E	2021E	2022E	2023E
<b>Supply</b>	<b>4.3%</b>	<b>1.9%</b>	<b>0.9%</b>	<b>1.4%</b>	<b>VLCC, base case</b>	<b>58,648</b>	<b>19,093</b>	<b>22,619</b>	<b>51,345</b>
Supply, old	3.8%	2.2%	2.2%	4.1%	old	53,075	50,400	56,015	55,386
$\Delta$	0.5%p	-0.3%p	-1.4%p	-2.7%p	$\Delta$	5,574	(31,307)	(33,396)	(4,041)
<b>Demand</b>	<b>6.6%</b>	<b>-9.6%</b>	<b>2.9%</b>	<b>10.5%</b>	<b>Suezmax, base case</b>	<b>39,863</b>	<b>14,756</b>	<b>17,044</b>	<b>35,682</b>
Demand, old	5.7%	1.6%	3.7%	4.0%	old	36,805	35,069	38,712	38,304
$\Delta$	0.9%p	-11.2%p	-0.8%p	6.6%p	$\Delta$	3,059	(20,313)	(21,669)	(2,622)
<b>Utilization</b>	<b>87.7%</b>	<b>77.8%</b>	<b>79.4%</b>	<b>86.5%</b>	<b>MR, base case</b>	<b>22,339</b>	<b>9,891</b>	<b>10,624</b>	<b>16,600</b>
Utilization, old	87.4%	86.8%	88.1%	87.9%	old	16,960	16,403	17,571	17,440
$\Delta$	0.3%p	-9.0%p	-8.7%p	-1.4%p	$\Delta$	5,379	(6,513)	(6,947)	(841)
					<b>Share Index</b>	<b>190</b>	<b>138</b>	<b>189</b>	<b>426</b>
					Share Index, old	264	384	442	434
					$\Delta$	-28%	-64%	-57%	-2%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

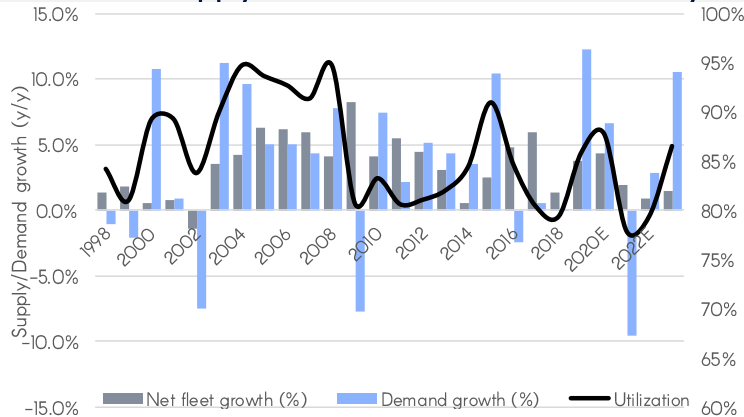
### Oil tanker supply/demand & spot rates (quarterly)



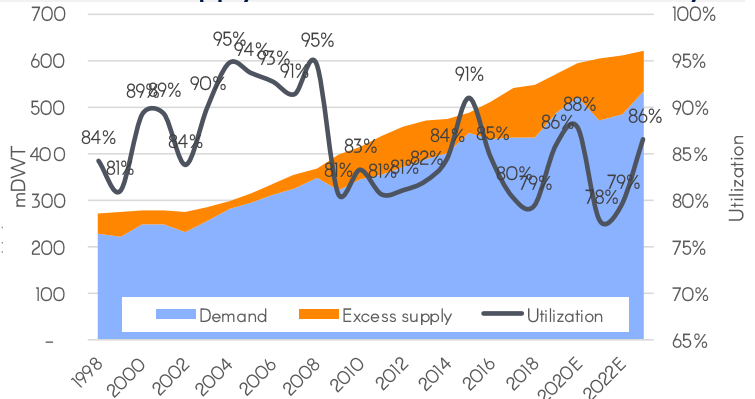
### VLCC spot rates: Historical & forecast (quarterly)



### Oil tanker supply/demand & utilization (annually)



### Oil tanker supply/demand & utilization (annually)





### Asset & share prices

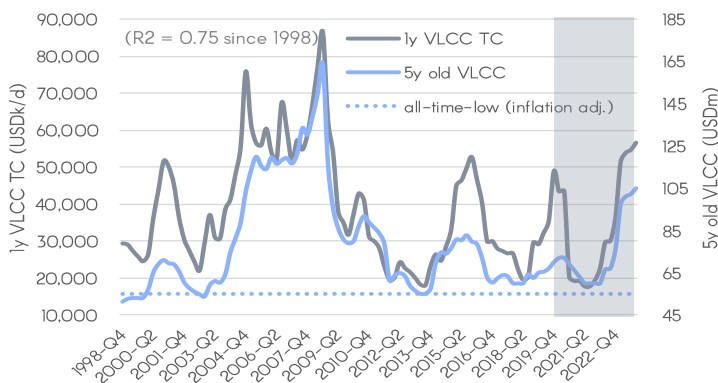
Asset values troughed in 2018 and our oil tanker asset price index has since risen 25%. Although there is strong appetite for vintage vessels from floating storage economics (see [Asset Valuation](#)), we forecast our asset price index to fall 20% over the next year in concert with a collapse in Oil Tanker earnings.

Given the forward-looking nature of share and asset prices, and the historically significant relationship between the two;

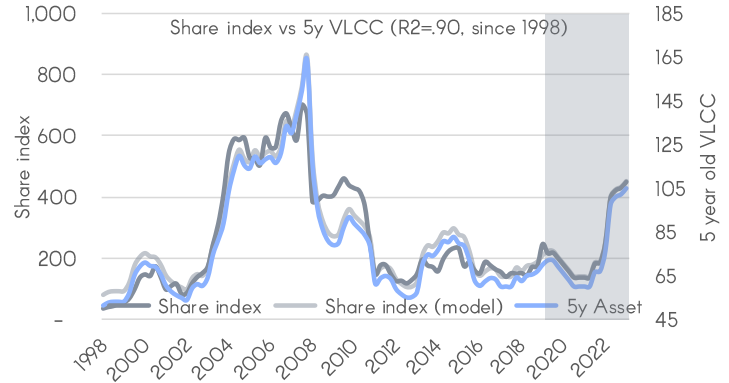
$$P_{shares} = f[P_{5y VLCC}] = f[1y TC_{5y VLCC}] = f[E(1y fwd spot revenue_{5y VLCC})], R^2 = 0.90 \text{ since 1998}$$

we believe that our oil tanker share index could decline 46% over the next year, although not adjusted for potentially substantial dividend payments during the same period. Please see our detailed [Company Valuations](#) section below for a quick overview of fair valuations including cash generation during 2020E, and also the [company section](#) further down for additional details on each individual company.

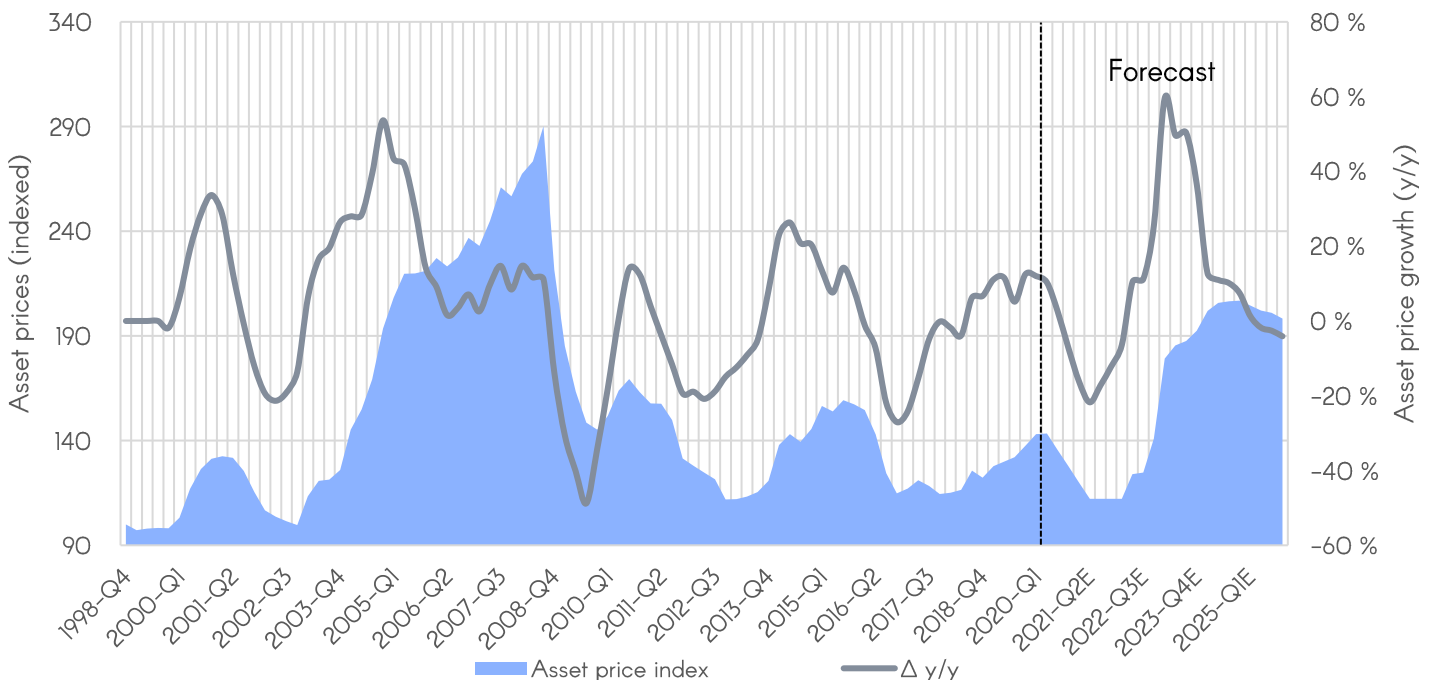
### VLCC: 1y timecharter vs 5y asset price



### Cleaves' oil tanker share index vs 5y VLCC



### Cleaves' oil tanker asset price index





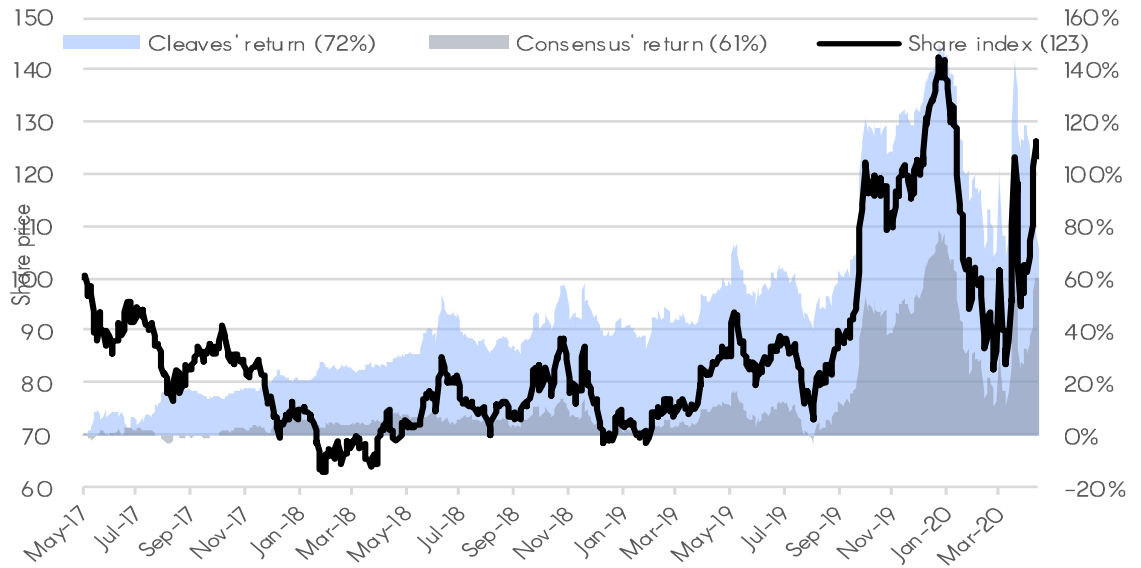
# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

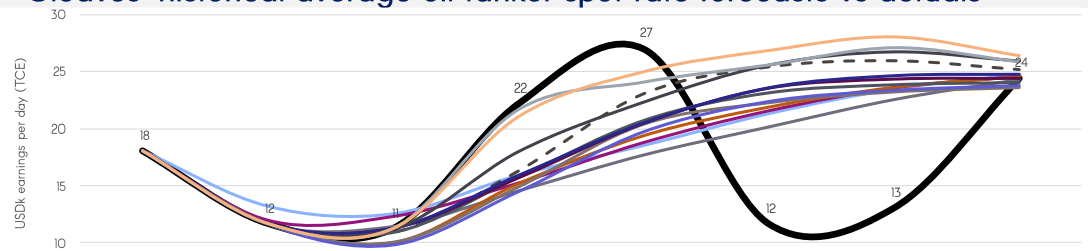
$$f(x) = a_0 + \beta_1 x^2, R^2 \approx 1$$

Since we reinitiated coverage on Oil Tankers in May 2017, we have a 72% return on our recommendations vs the market at +23% and consensus at +61%.

## Cleaves' return vs consensus and our oil tanker index

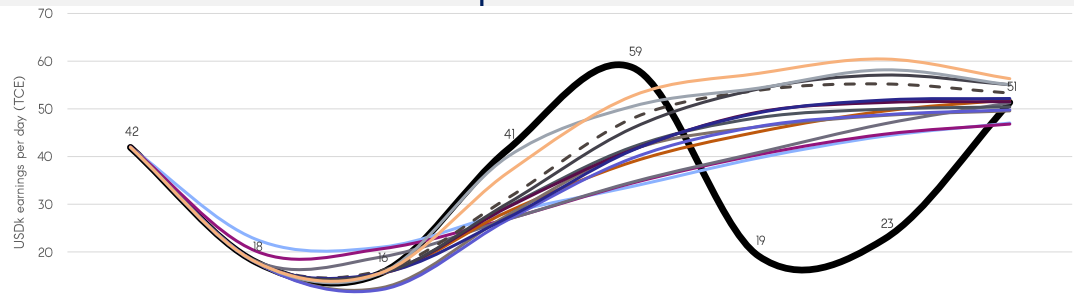


## Cleaves' historical average oil tanker spot rate forecasts vs actuals



	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	18.047	11.655	11.216	22.168	27.007	11.619	13.019	24.424
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	24.359	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	58.648	19.093	22.619	51.345
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







## Asset Valuation

Vintage vessels and especially VLCCs are extremely sought-after assets these days due to the storage economics. With one-year timecharter rates for a VLCC around \$80k/d, ship owners could theoretically generate EBITDA around \$26m and scrap the vessel at \$16m in one year with the added value from the optionality to further trade the vessel.

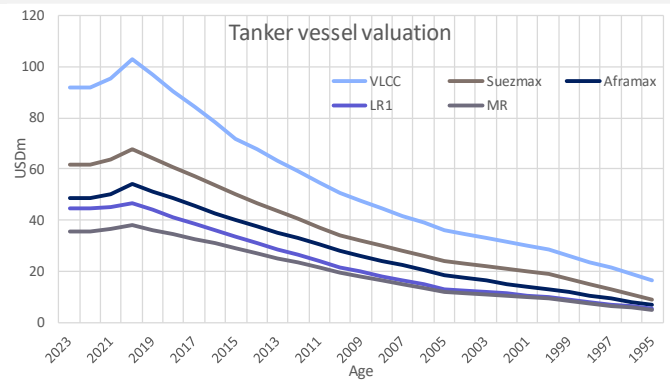
Cleaves' vessel valuations have been steady at elevated levels since 4Q19, but recent transactions prompt us to raise our value assessment for vintage vessels by 2-19%. We expect these valuations will soon reverse recent gains, but generating some very healthy cash flows for their new owners in the meantime.

### Asset valuation overview

Summary	VLCC	Suezmax	Aframax	LR2	LRI	MR	SR
NB	92.0	61.5	48.5	50.5	44.5	35.5	33.5
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	50.5	34.0	28.0	29.0	21.5	19.5	16.0
15y	36.0	24.0	18.5	19.5	13.0	12.0	10.0
20y	28.7	18.9	12.9	13.4	9.9	9.1	6.1
scrap	16.2	8.7	6.7	6.7	5.1	4.7	3.2

All prices are excluding scrubbers

### Asset valuation overview



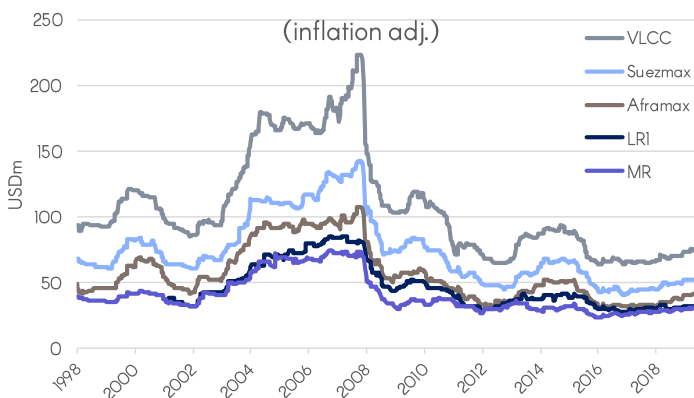
### Changes to our asset valuation (USDm)

Changes	VLCC	Suezmax	Aframax	LR2	LRI	MR	SR
NB	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3
resale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5y	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10y	1.0	0.0	0.0	0.0	0.0	0.0	0.0
15y	1.5	1.0	0.0	0.0	0.0	0.0	0.0
20y	4.5	2.4	1.9	1.9	1.4	1.3	0.9
scrap	0.0	0.0	0.0	0.0	0.0	0.0	0.0

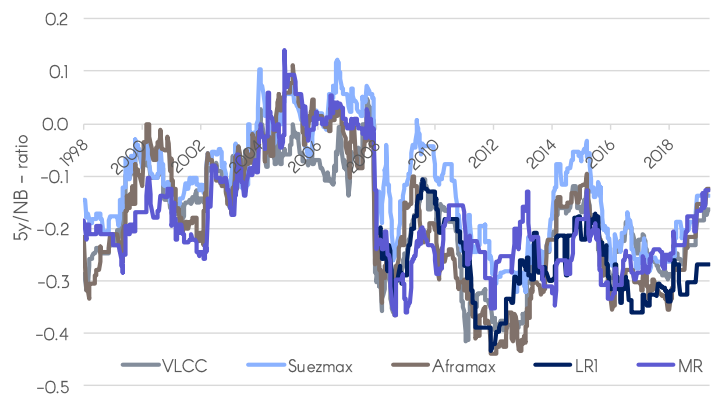
### Changes to our asset valuation (%)

Changes	VLCC	Suezmax	Aframax	LR2	LR1	MR	SR
NB	0%	0%	0%	0%	0%	-1%	-1%
resale	0%	0%	0%	0%	0%	0%	0%
5y	0%	0%	0%	0%	0%	0%	0%
10y	2%	0%	0%	0%	0%	0%	0%
15y	4%	4%	0%	0%	0%	0%	0%
20y	19%	15%	17%	16%	17%	17%	17%
scrap	0%	0%	0%	0%	0%	0%	0%

### Historical 5y old vessel valuation

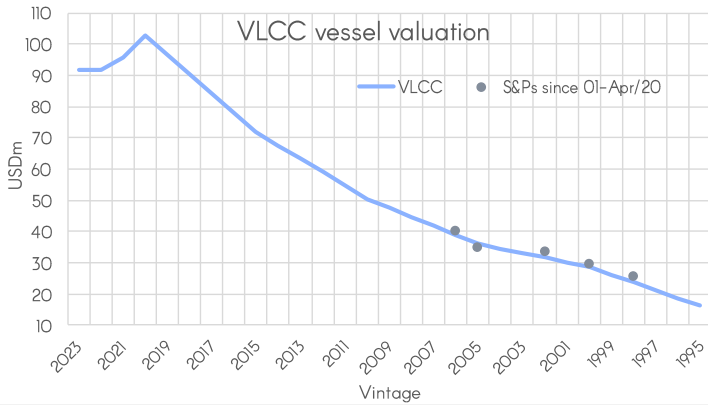


### Historical price ratio, 5y / newbuild

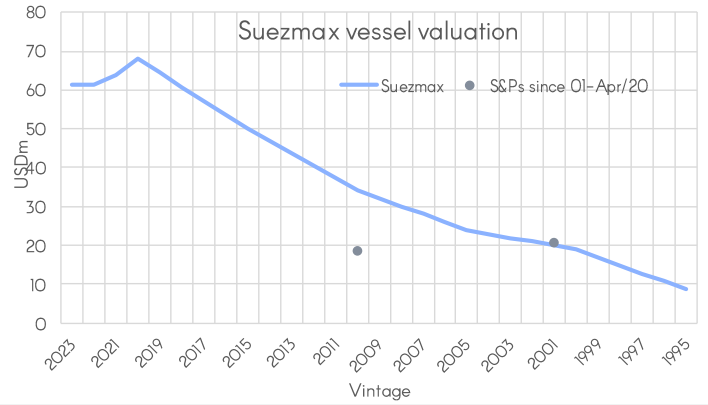




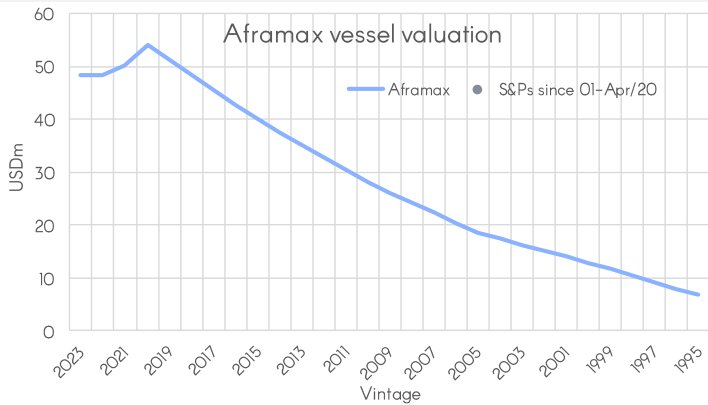
### VLCC valuation vs recent S&P



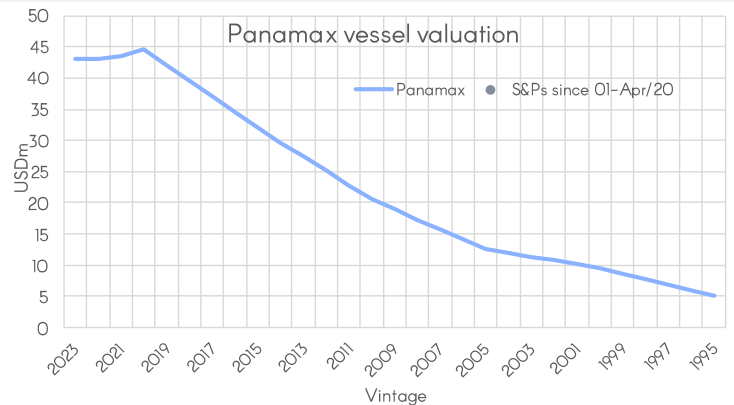
### Suezmax valuation vs recent S&P



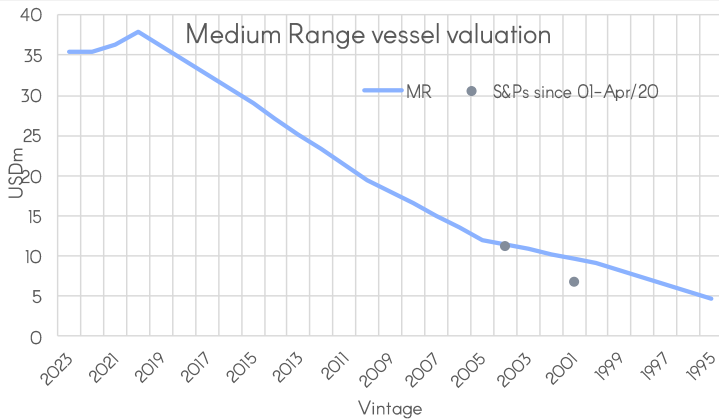
### Aframax valuation vs recent S&P



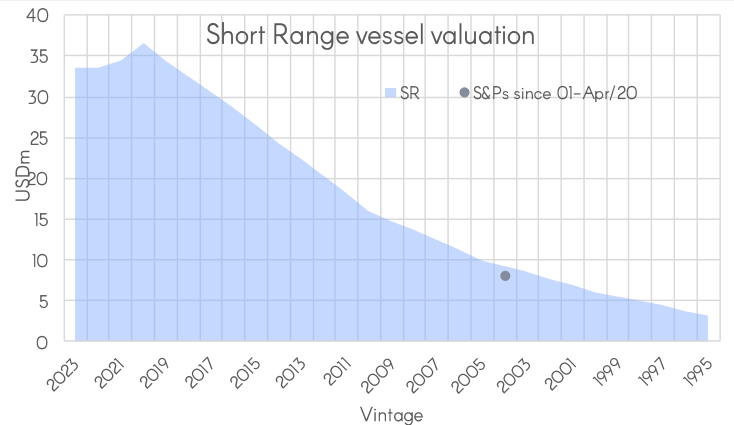
### Panamax valuation vs recent S&P



### MR valuation vs recent S&P



### SR valuation vs recent S&P





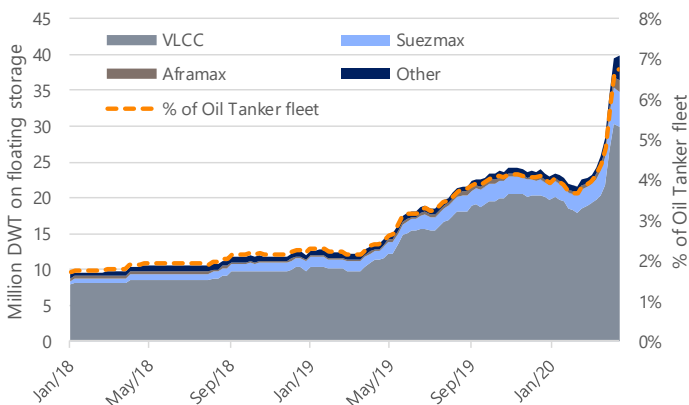
## Oil Tanker Storage Economics

### VLCC & Suezmax floating storage economics

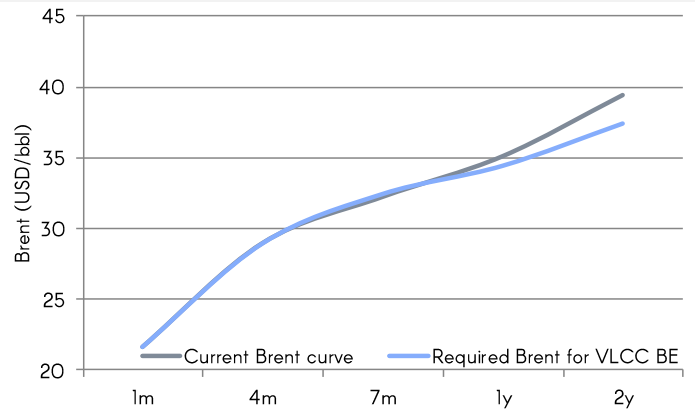
#### Crude tanker storage arbitrage (excl. cost of carry)

	1m	4m	7m	1y	2y
Brent (USD/bbl)	21.7	29.0	32.2	35.1	39.4
Time-spread against 1m		7.3	10.6	13.4	17.7
Profit/loss from storage at current rates (USDm)					
VLCC		0.1	-0.4	1.4	4.2
Suezmax		-1.9	-2.7	-1.3	-5.2
Required Brent fwd price for VLCC break-even					
Brent (USD/bbl)	21.7	28.9	32.4	34.4	37.4
Time-spread against 1m		7.3	10.8	12.7	15.7
Required tanker rates for storage to break-even					
VLCC		168,322	121,637	84,308	53,251
Suezmax		80,154	57,922	40,147	25,358

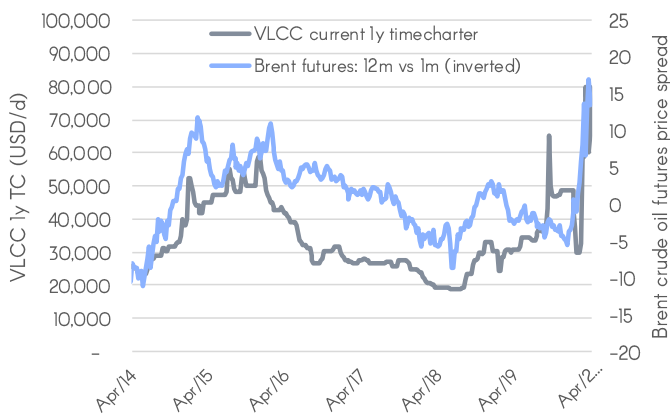
#### Historical & current Oil Tanker floating storage



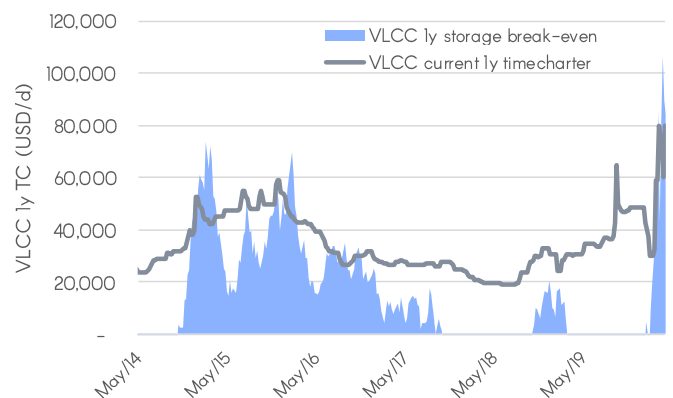
#### VLCC floating storage economics



#### Brent oil futures contango vs VLCC 1y TC



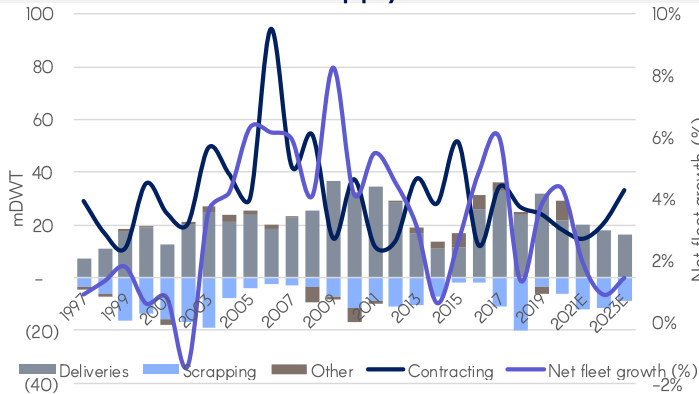
#### VLCC 1y floating storage breakeven vs 1y TC



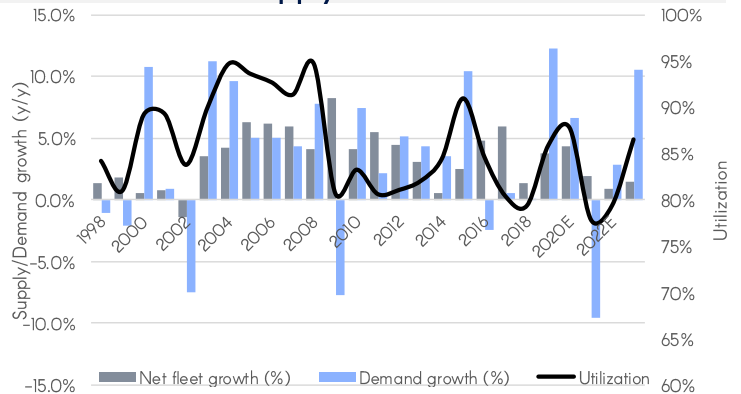


### Market Fundamentals & Forecasts

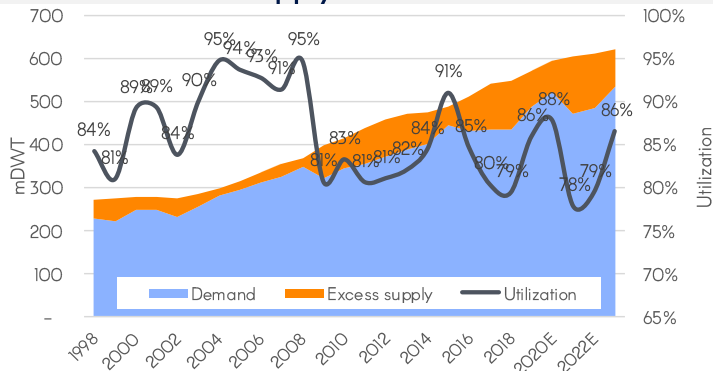
#### Supply



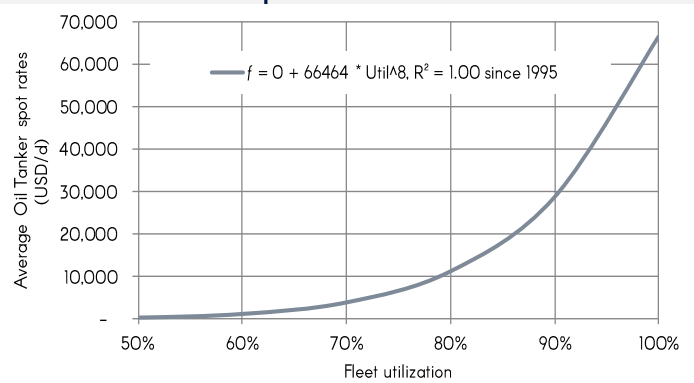
#### Supply/Demand



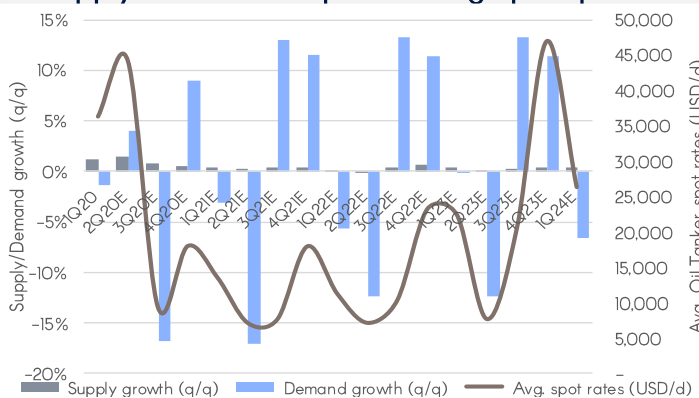
#### Supply/Demand



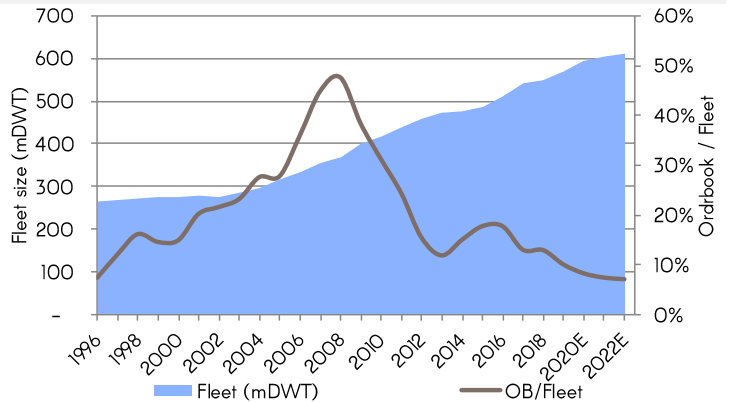
#### Econometrics: Spot rates vs fleet utilization



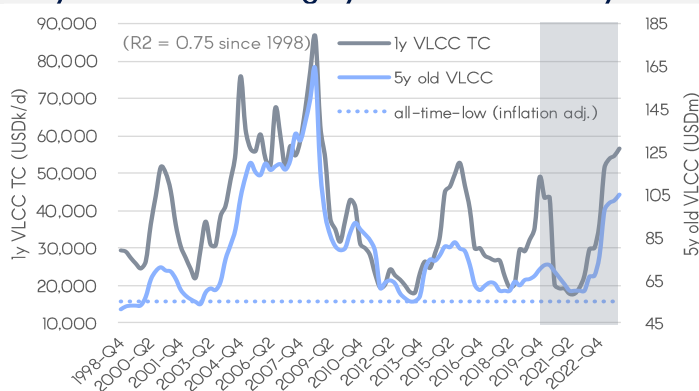
#### Supply/Demand & spot earnings per quarter



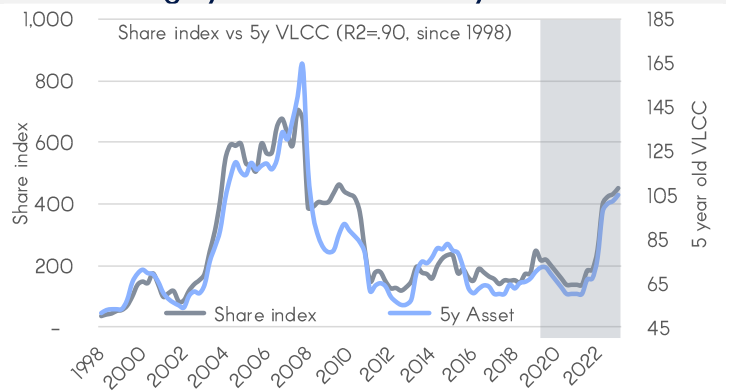
#### Orderbook vs fleet



#### 5y vessel values highly correlated with 1y TC



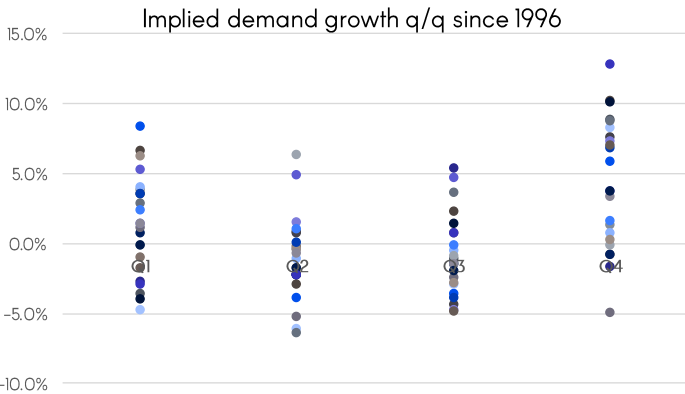
#### Shares highly correlated with 5y vessel values



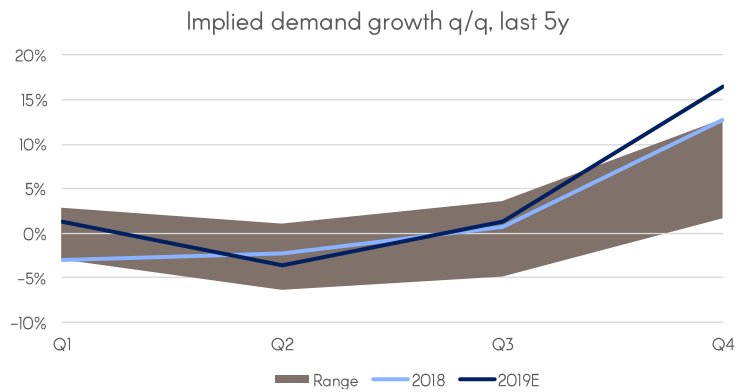


### Seasonality

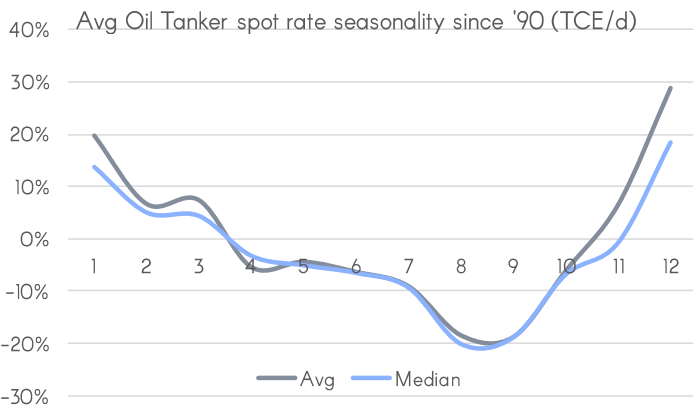
#### Historically strong demand growth in 4Q



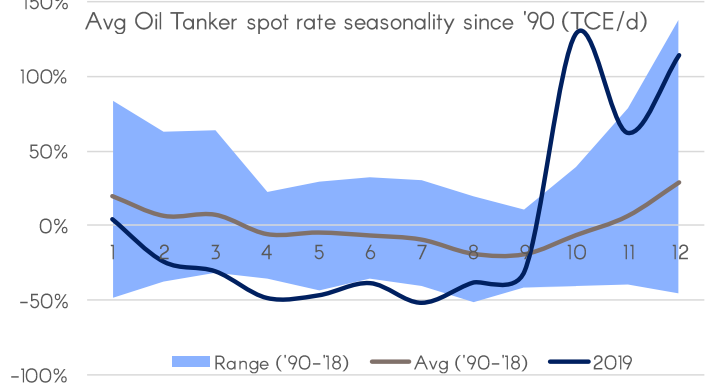
#### Historic demand growth vs 2019E



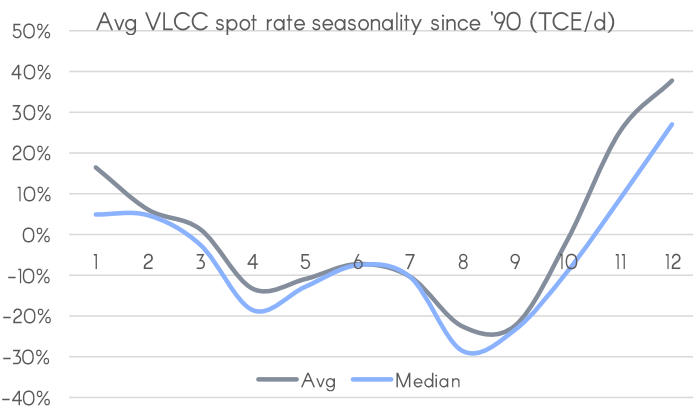
#### Historical Oil Tanker avg. spot rate seasonality



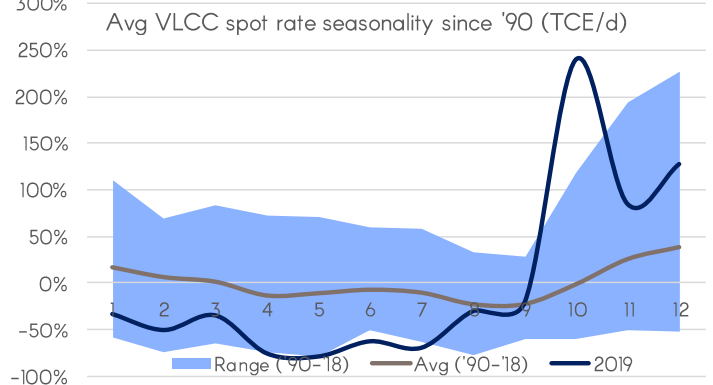
#### Historical Oil Tanker avg. spot rate seasonality



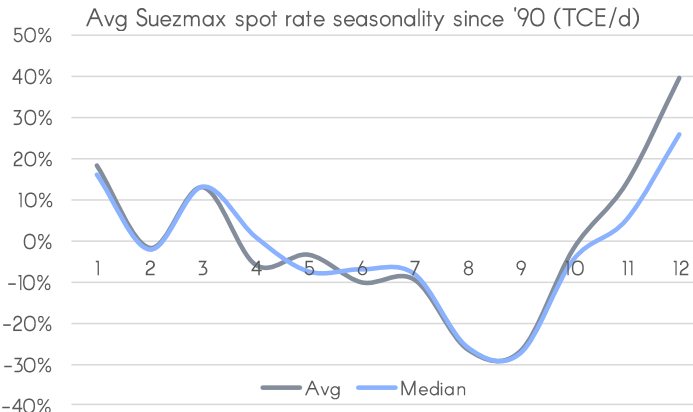
#### Historical VLCC spot rate seasonality



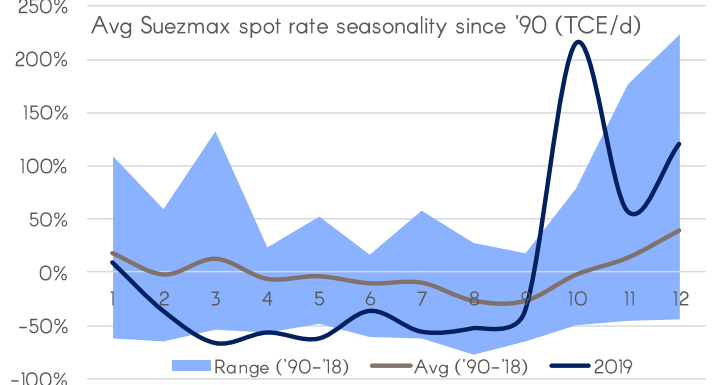
#### Historical VLCC spot rate seasonality



#### Historical Suezmax spot rate seasonality



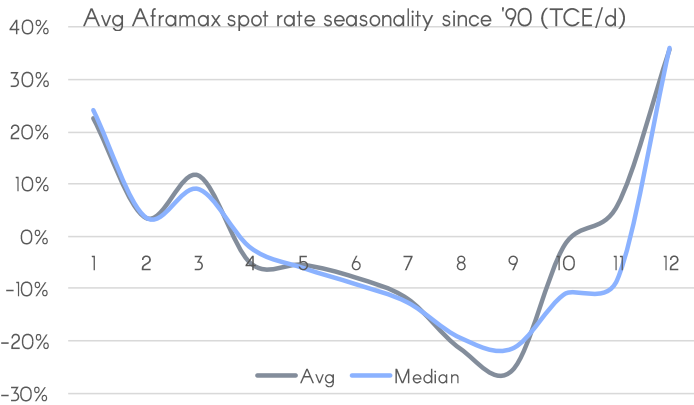
#### Historical Suezmax spot rate seasonality



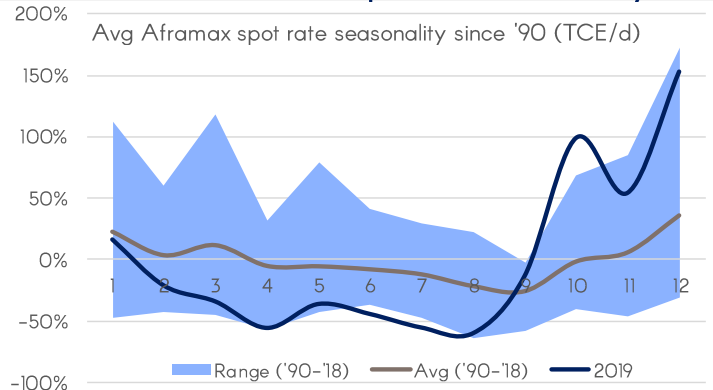




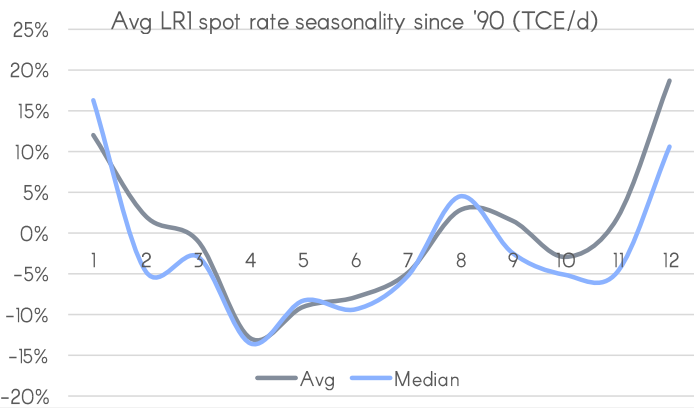
### Historical Aframax spot rate seasonality



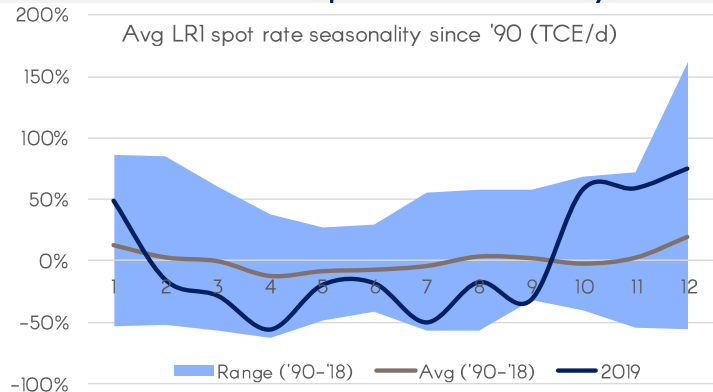
### Historical Aframax spot rate seasonality



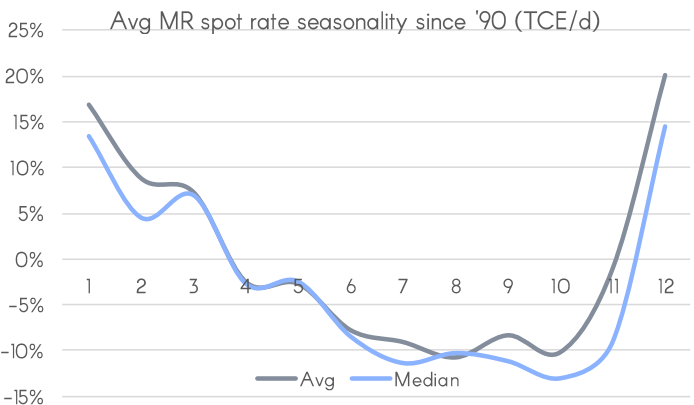
### Historical LRI spot rate seasonality



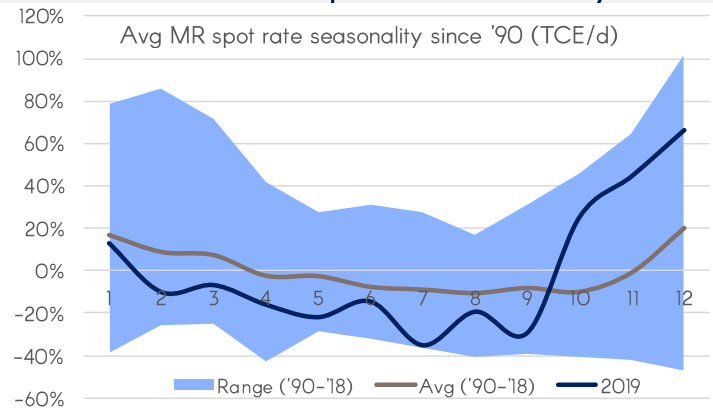
### Historical LRI spot rate seasonality



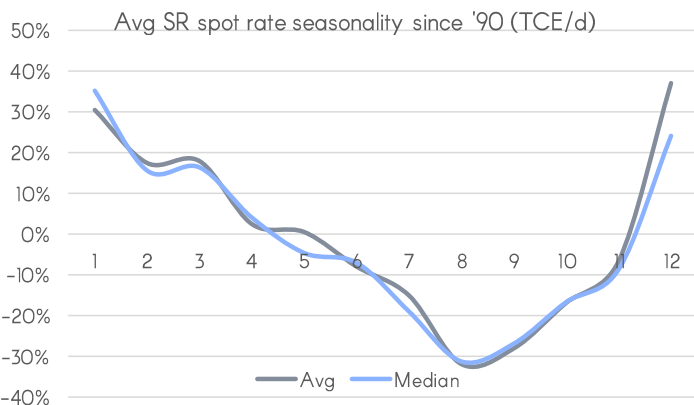
### Historical MR spot rate seasonality



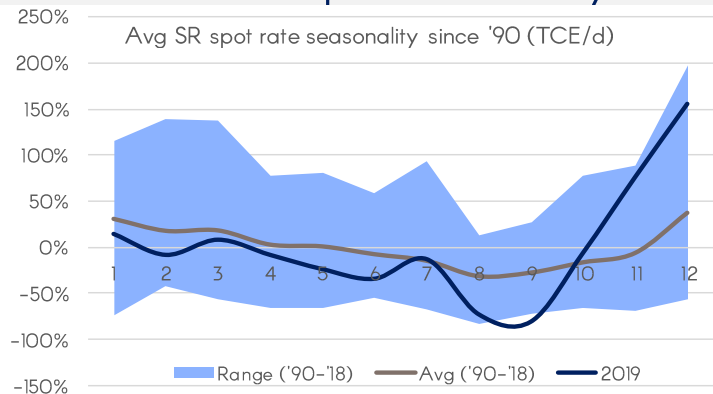
### Historical MR spot rate seasonality



### Historical SR spot rate seasonality



### Historical SR spot rate seasonality



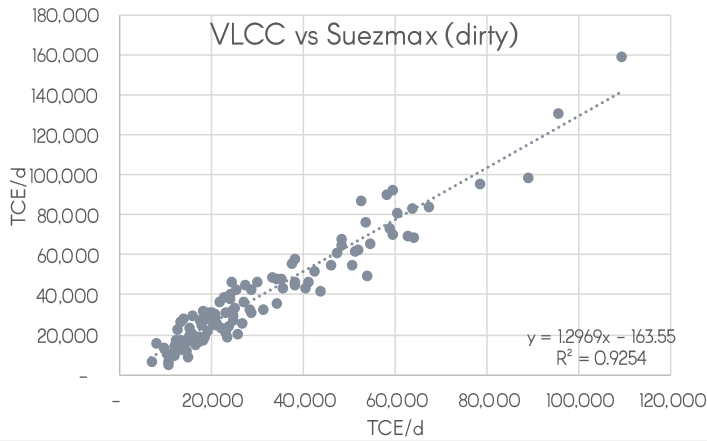


## Product Tanker Dynamics

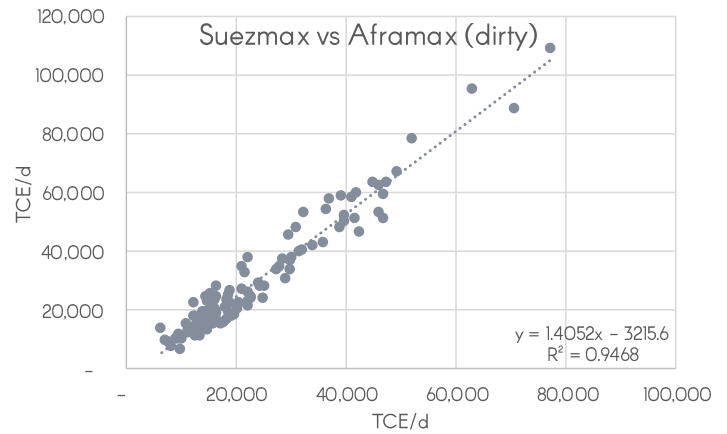
Oil Tanker spot earnings correlation matrix (quarterly since 1990)

	Crude/dirty tanker spot rates				Product/clean tanker spot rates			
	VLCC	Suezmax	Aframax	Panamax	LR2	LRI	MR	SR
VLCC		0.96	0.93	0.89	0.72	0.75	0.78	0.78
Suezmax	0.96		0.97	0.94	0.78	0.80	0.83	0.85
Aframax	0.93	0.97		0.96	0.81	0.83	0.86	0.88
Panamax	0.89	0.94	0.96		0.81	0.85	0.92	0.93
LR2	0.72	0.78	0.81	0.81		0.98	0.83	0.78
LRI	0.75	0.80	0.83	0.85	0.98		0.88	0.83
MR	0.78	0.83	0.86	0.92	0.83	0.88		0.94
SR	0.78	0.85	0.88	0.93	0.78	0.83	0.94	

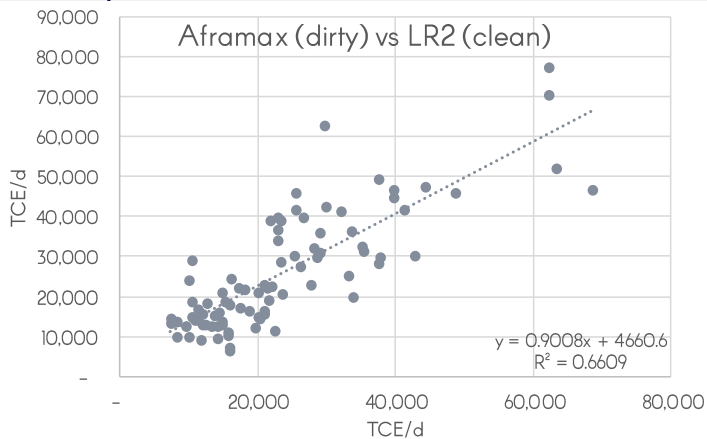
Spot rate correlation: VLCC vs Suezmax



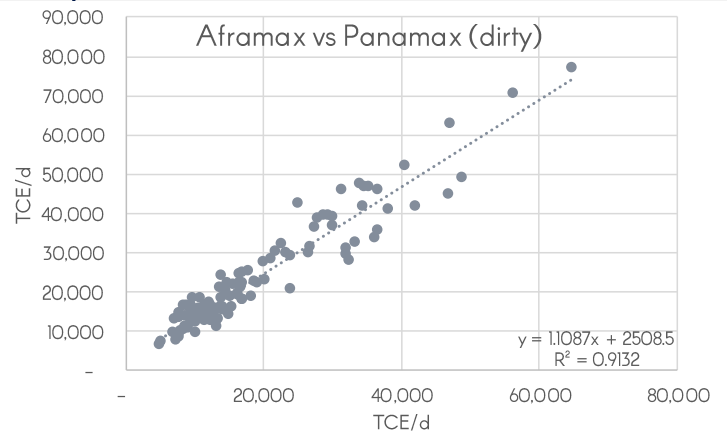
Spot rate correlation: Suezmax vs Aframax



Spot rate correlation: Aframax vs LR2



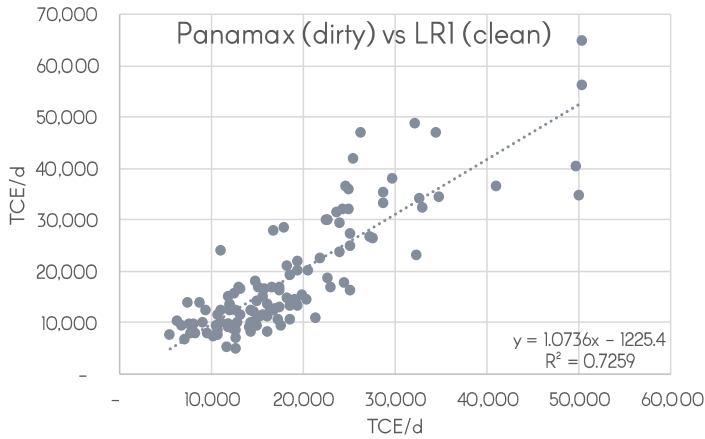
Spot rate correlation: Aframax vs Panamax



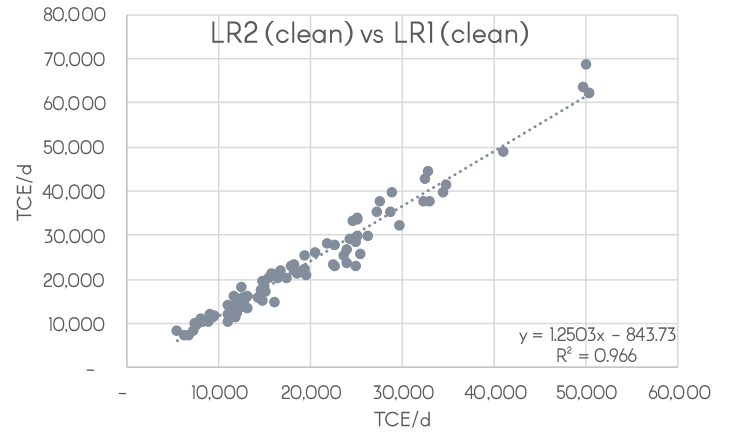


## Product Tanker Dynamics (continued)

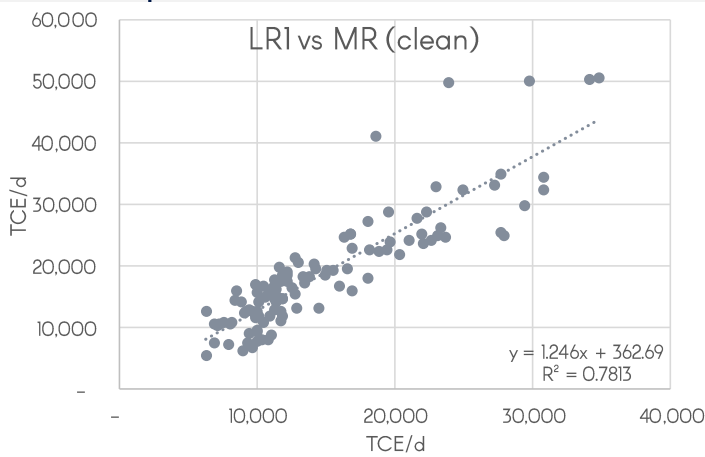
Spot rate correlation: Panamax vs LRI



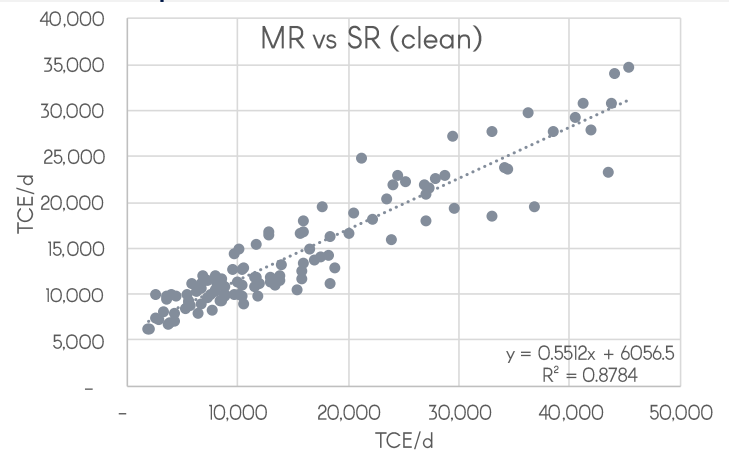
Spot rate correlation: LR2 vs LRI



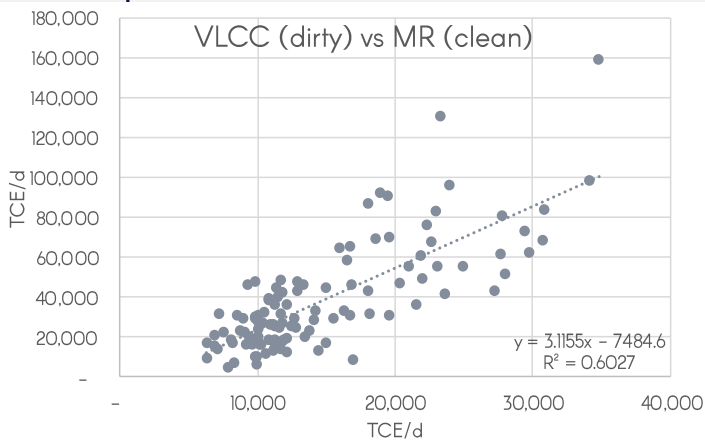
Spot rate correlation: LRI vs MR



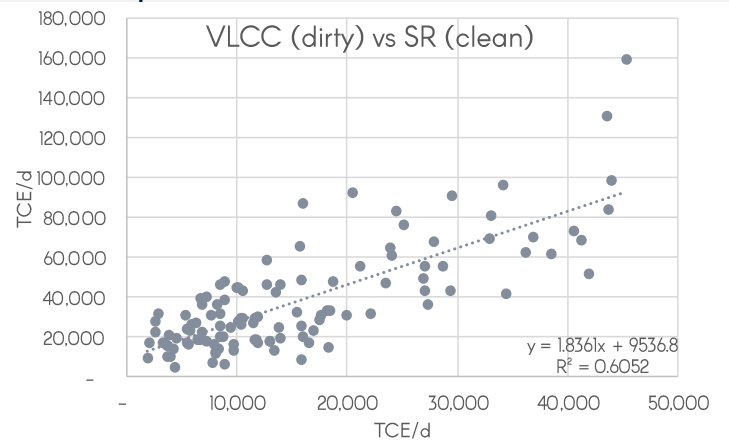
Spot rate correlation: MR vs SR



Spot rate correlation: VLCC vs MR



Spot rate correlation: VLCC vs SR







## Peer Group

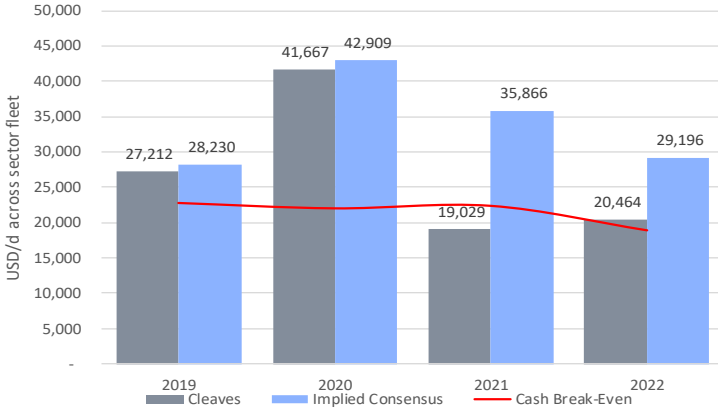
USDm						P/NAV					EV/ GAV	adj. Equity
	M.cap	Turnover	P/sh	TP	+/-	NAV	Now	1y fwd	+50%	ε		
ADSCME NO	66	0.6	29.8	33.0	11%	38.1	0.78	0.66	1.05	1.3	0.84	65%
DHT US	1,133	35.3	7.7	6.3	-18%	6.6	1.16	1.11	1.63	1.4	0.98	61%
EURN US	2,486	45.9	11.3	11.0	-3%	10.0	1.13	0.98	1.70	1.7	1.07	48%
FRO US	2,096	53.4	10.6	8.0	-25%	8.8	1.21	1.25	2.10	2.1	1.08	36%
HAFNIA NO	776	0.6	22.3	34.0	52%	36.9	0.61	0.60	0.86	1.9	0.81	44%
HUNT NO	232	2.7	4.3	5.3	24%	6.8	0.63	0.78	1.03	1.9	0.82	48%
INSW US	765	11.5	26.1	28.0	7%	32.3	0.81	0.78	1.10	1.3	0.89	56%
NAT US	861	20.0	5.9	3	-56%	3.1	1.86	1.88	2.78	1.7	1.49	52%
OET NO	236	1.0	76.2	80.0	5%	125.2	0.61	1.05	1.92	3.4	0.88	28%
TNK US	766	23.3	22.8	18.0	-21%	20.7	1.10	1.00	1.97	2.2	1.04	36%
TNP US	331	2.3	3.5	3.2	-8%	5.8	0.60	1.43	2.29	4.6	0.92	19%
Average	886	17.9			-3%		0.95	1.05	1.68	2.1	0.98	45%
Median	766	11.5			-3%		0.81	1.00	1.70	1.9	0.92	48%

USDm	EV/EBITDA				P/E (adj.)				Liquidity/(GIBD + eq. capex)			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	10.8	1.9	6.9	5.8		3.3			15%	19%	25%	33%
DHT US	7.5	4.6	12.7	12.1	13.1	5.1			4%	6%	-1%	1%
EURN US	7.8	3.8	18.3	13.9	27.5	4.8			7%	10%	8%	9%
FRO US	12.3	5.9	22.7	19.1	16.3	4.4			4%	3%	0%	-1%
HAFNIA NO	13.9	3.1	18.1	14.2	1.9	1.9			3%	7%	5%	4%
HUNT NO	24.1	5.4	9.6	10.3	0.0	3.7	26.6	60.3	11%	8%	9%	9%
INSW US	11.3	3.4	12.1	9.6	36.3	3.2		58.7	5%	8%	6%	5%
NAT US	11.1	4.6	26.2	17.8		6.3			6%	11%	9%	10%
OET NO	0.0	6.0	11.0	9.6	0.0	2.7	57.4	14.5	1%	2%	0%	-3%
TNK US	6.9	3.0	19.8	12.0	12.8	2.8			6%	6%	2%	-1%
TNP US	7.4	3.5	7.2	6.9		2.0			6%	8%	3%	2%
Average	11.3	4.1	15.0	11.9	18.0	3.6	42.0	44.5	6%	8%	6%	6%
Median	11.0	3.8	12.7	12.0	14.7	3.3	42.0	58.7	6%	8%	5%	4%

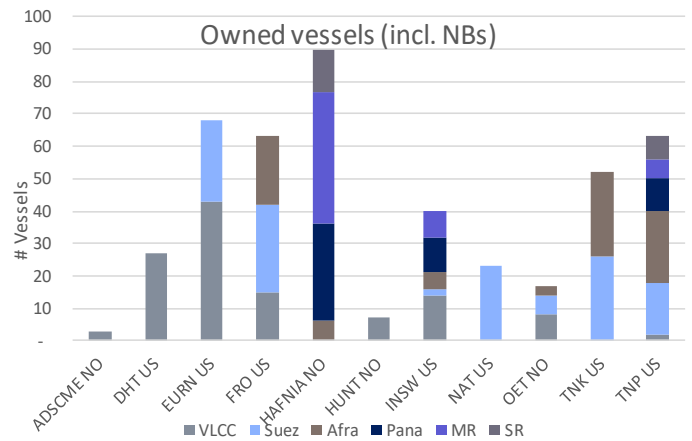
USDm	FCF yield				Dividend yield			
	2019	2020	2021	2022	2019	2020	2021	2022
ADSCME NO	-4%	42%	13%	15%	2%	22%	8%	13%
DHT US	9%	26%	8%	8%	3%	15%	4%	2%
EURN US	11%	33%	-4%	8%	1%	25%	1%	1%
FRO US	4%	-6%	-2%	4%	1%	21%	0%	0%
HAFNIA NO	61%	61%	7%	7%	0%	31%	0%	0%
HUNT NO	0%	-77%	16%	13%	0%	9%	3%	2%
INSW US	22%	31%	6%	9%	0%	16%	2%	2%
NAT US	7%	23%	1%	4%	2%	7%	1%	1%
OET NO	0%	-25%	20%	25%	0%	17%	1%	1%
TNK US	19%	50%	2%	8%	0%	0%	1%	1%
TNP US	19%	64%	27%	4%	1%	12%	6%	6%
Average	16%	20%	8%	10%	1%	16%	3%	3%
Median	11%	31%	7%	8%	1%	16%	1%	1%



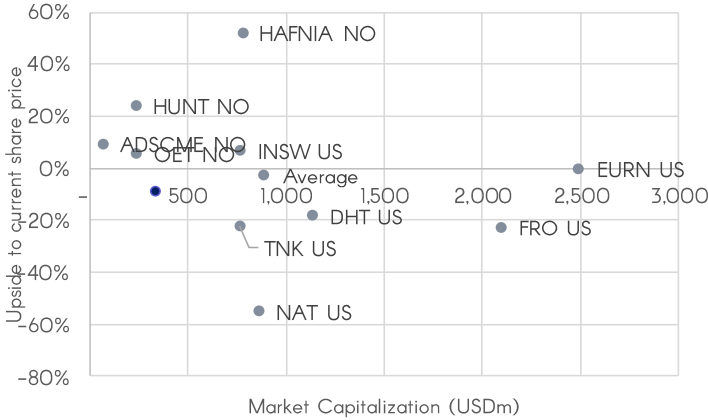
### Cleaves' average TCE/d forecast vs consensus



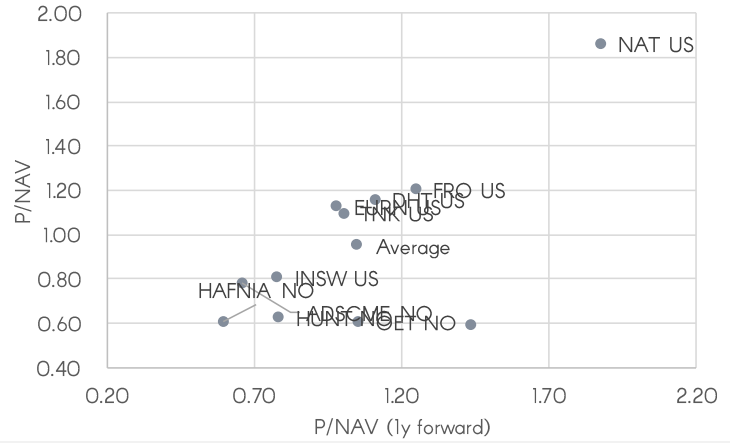
### Fleet composition by company



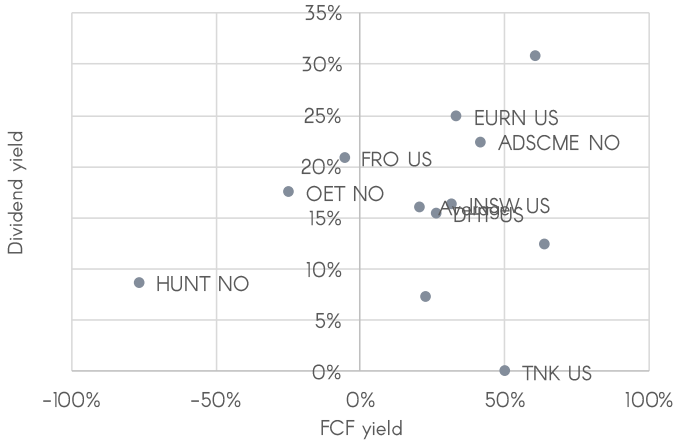
### Upside to share price vs current market cap.



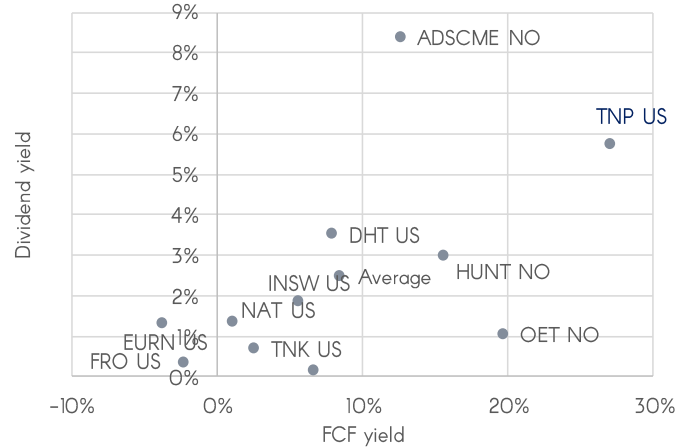
### P/NAV vs 1y forward P/NAV



### Dividend yield vs FCF yield (2020 estimate)



### Dividend yield vs FCF yield (2021 estimate)



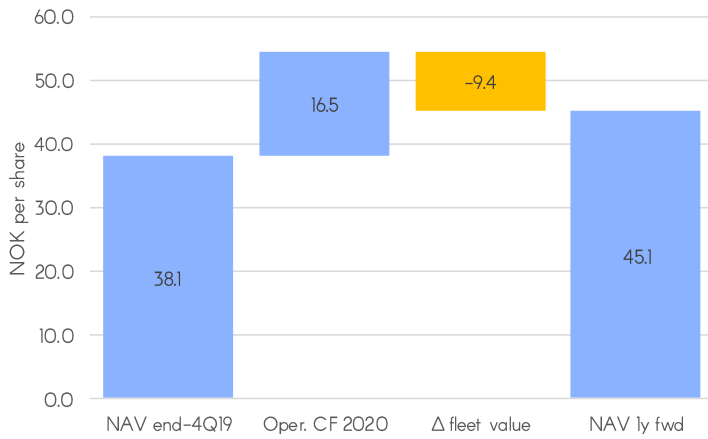




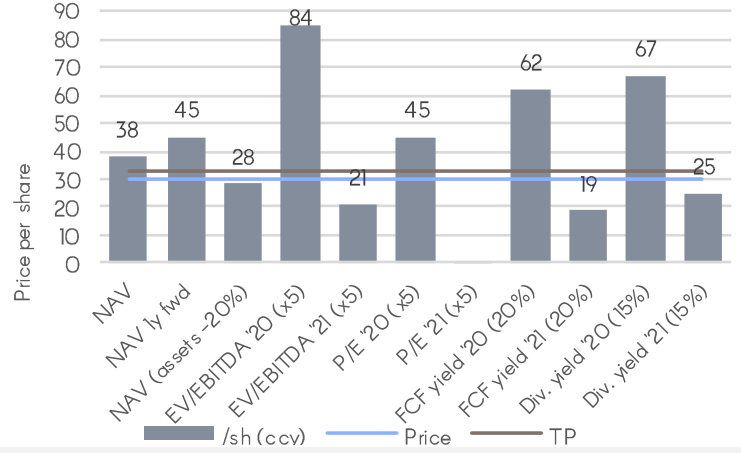
## Forward NAVs & Scenario Analysis of Company Valuations

"TP" (Target Price) line in graphs below represents the fair value in each scenario

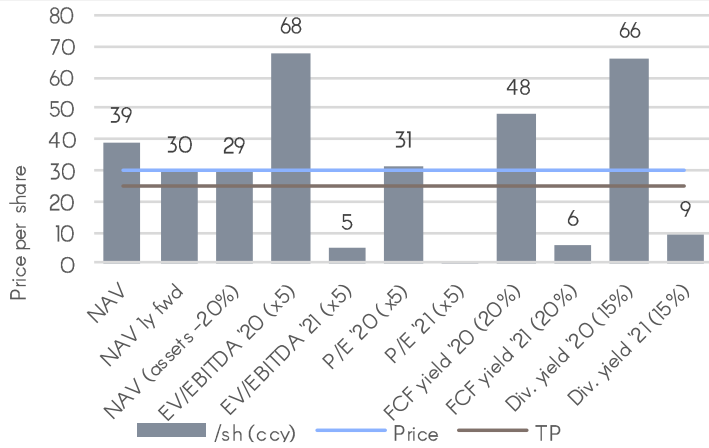
**ADS Crude Carriers: One-year forward NAV**



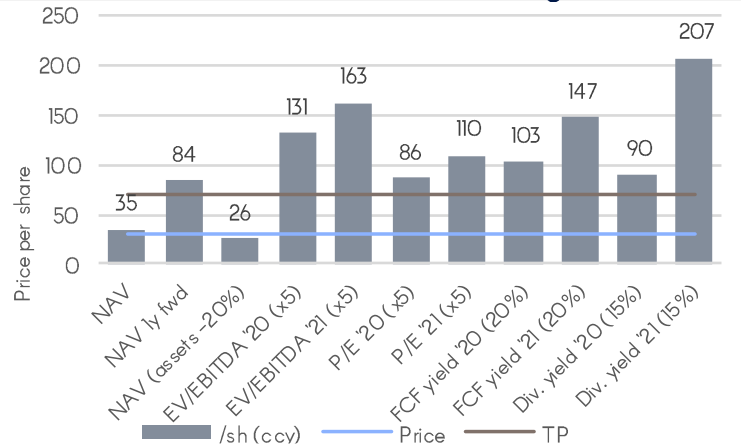
**ADS Crude Carriers valuation: Base Case**



**ADS Crude Carriers valuation: Low Case**

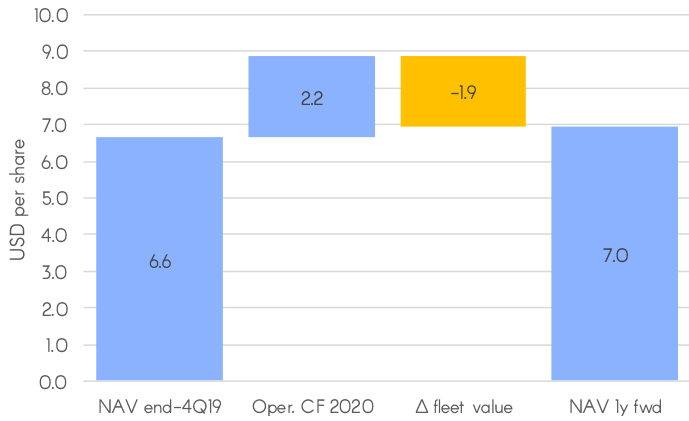


**ADS Crude Carriers valuation: High Case**

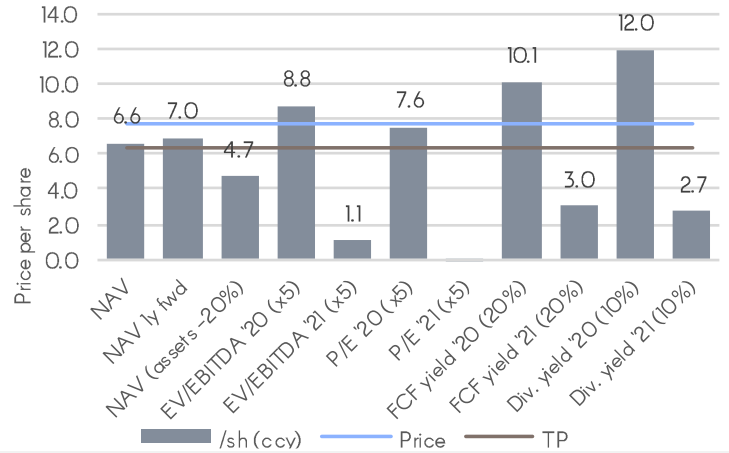




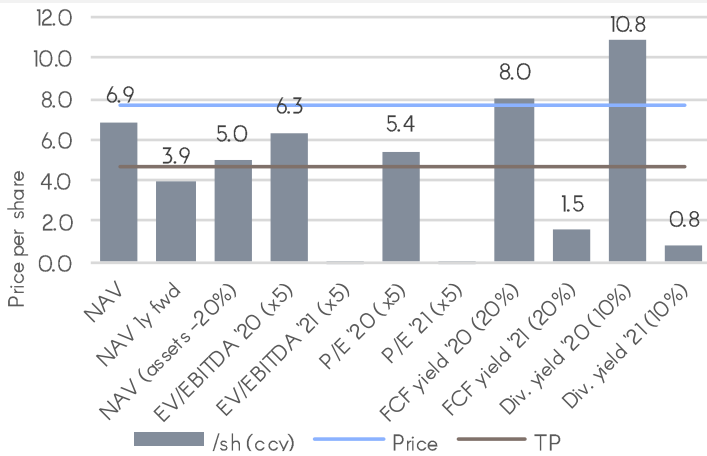
### DHT: One-year forward NAV



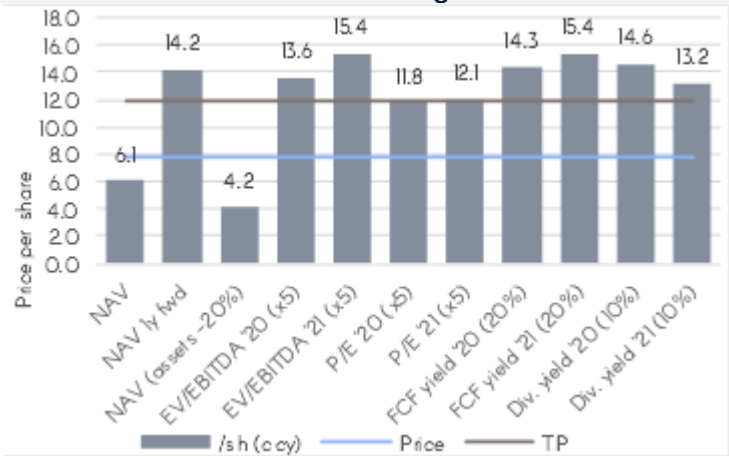
### DHT valuation: Base Case



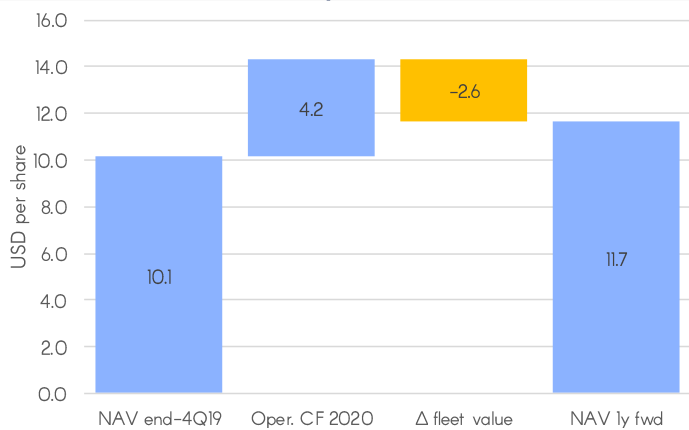
### DHT valuation: Low Case



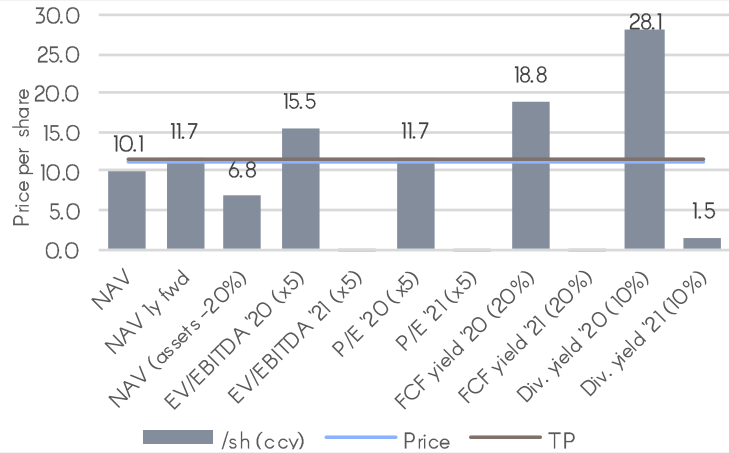
### DHT valuation: High Case



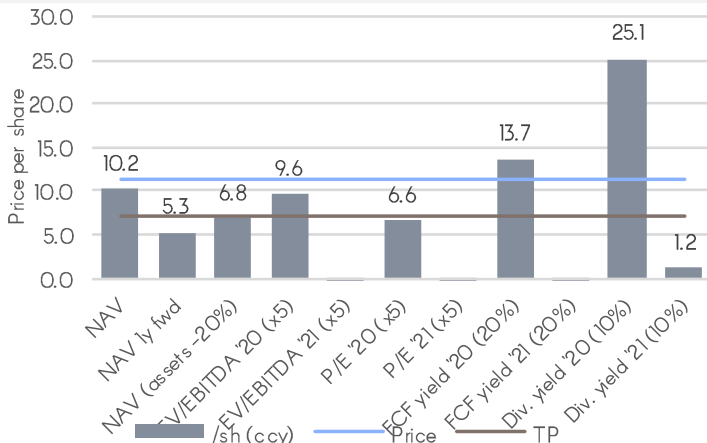
### Euronav: One-year forward NAV



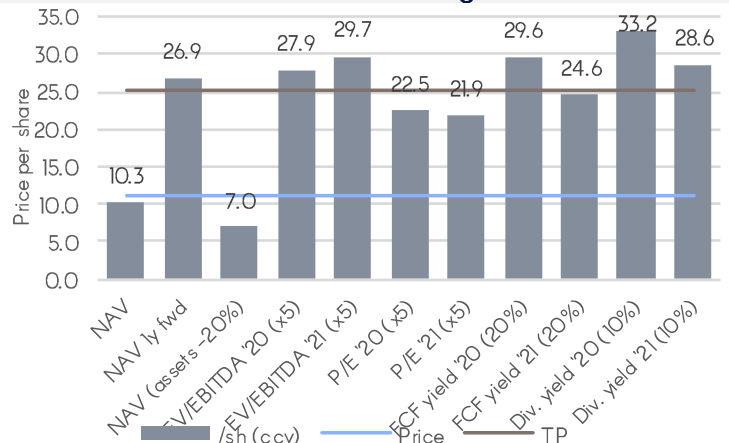
### Euronav valuation: Base Case



### Euronav valuation: Low Case

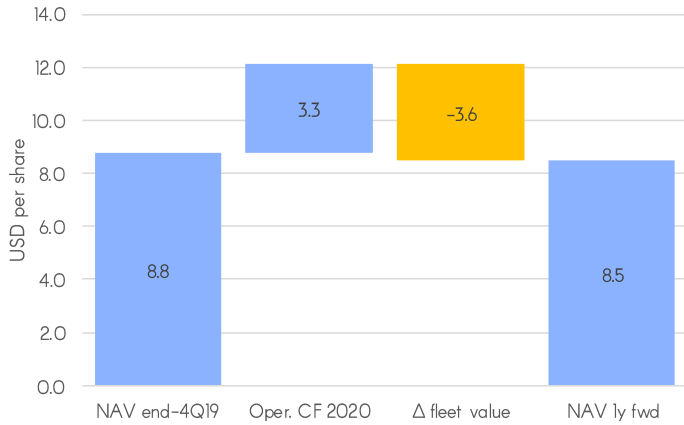


### Euronav valuation: High Case

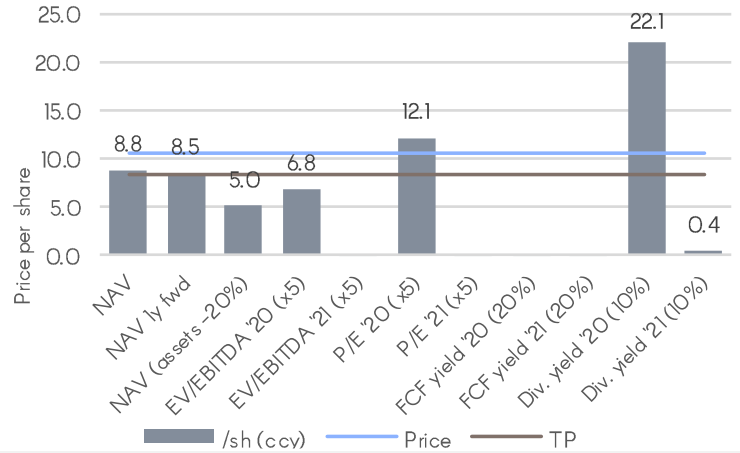




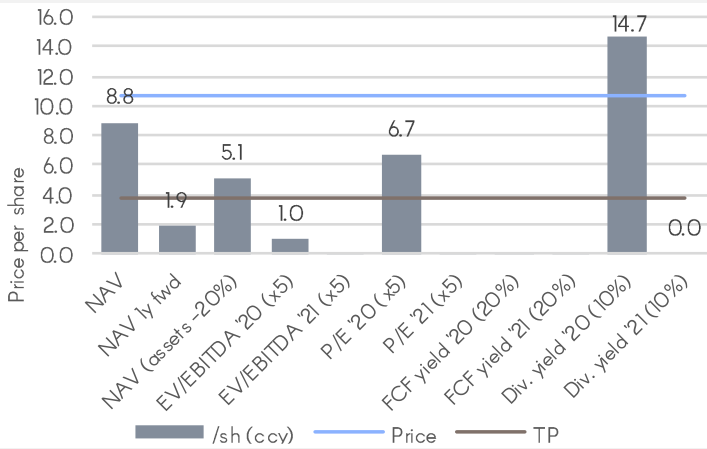
### Frontline: One-year forward NAV



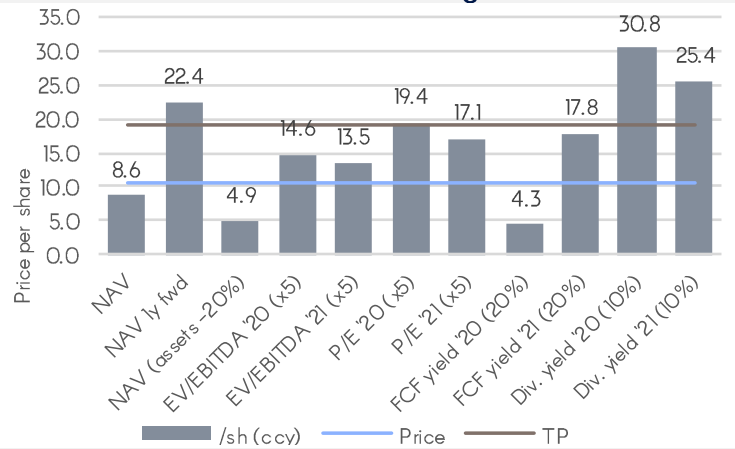
### Frontline valuation: Base Case



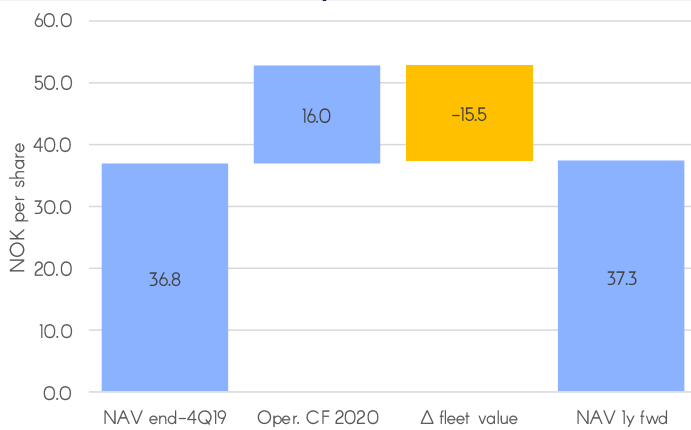
### Frontline valuation: Low Case



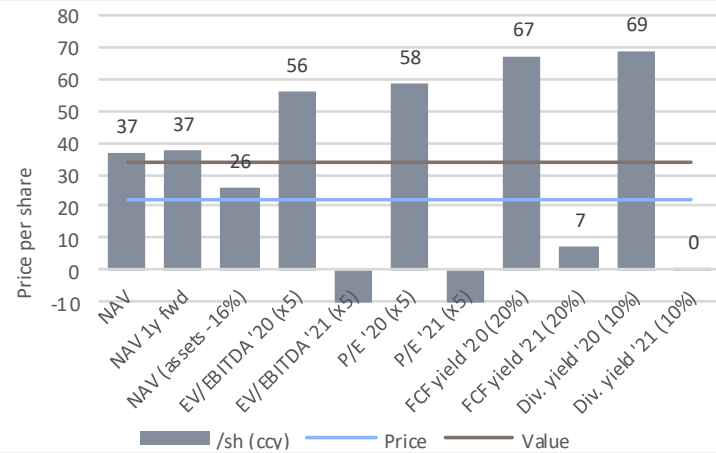
### Frontline valuation: High Case



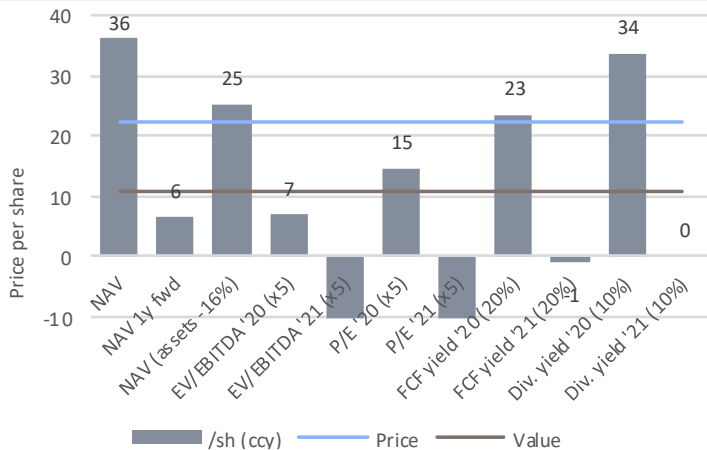
### Hafnia: One-year forward NAV



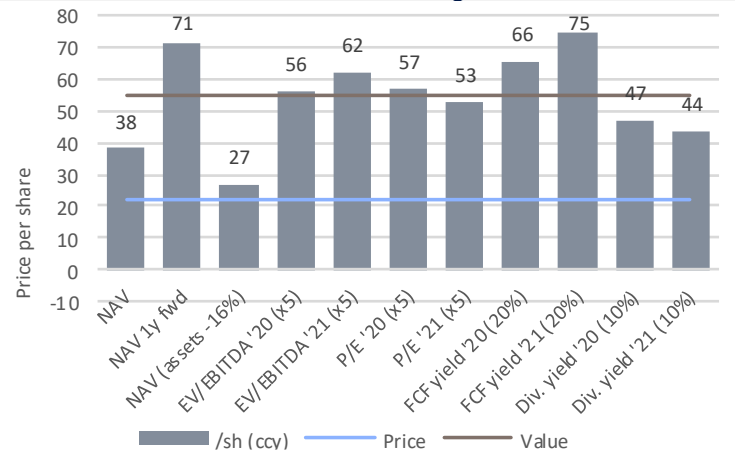
### Hafnia valuation: Base Case



### Hafnia valuation: Low Case

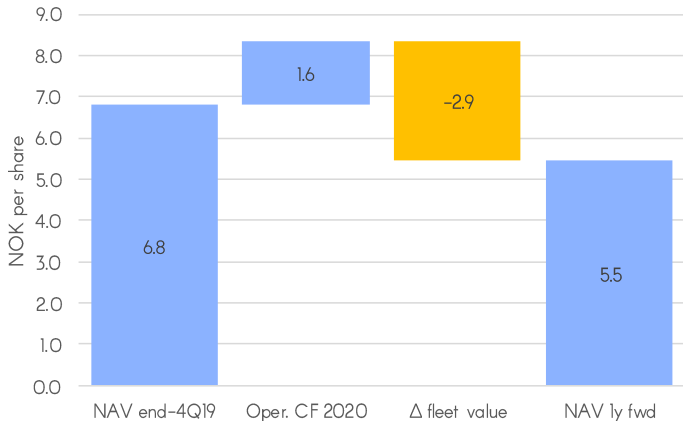


### Hafnia valuation: High Case

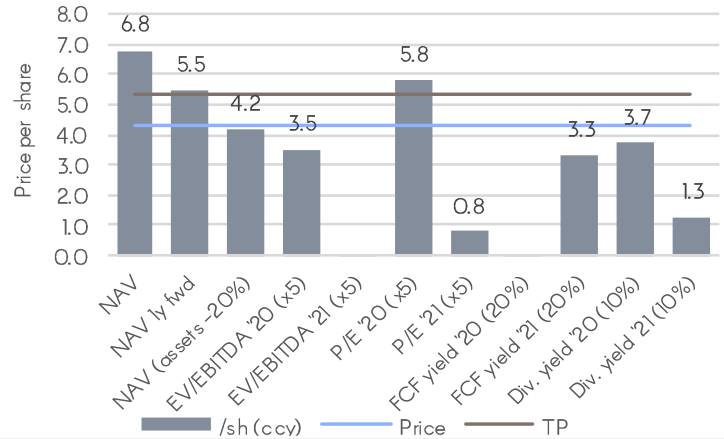




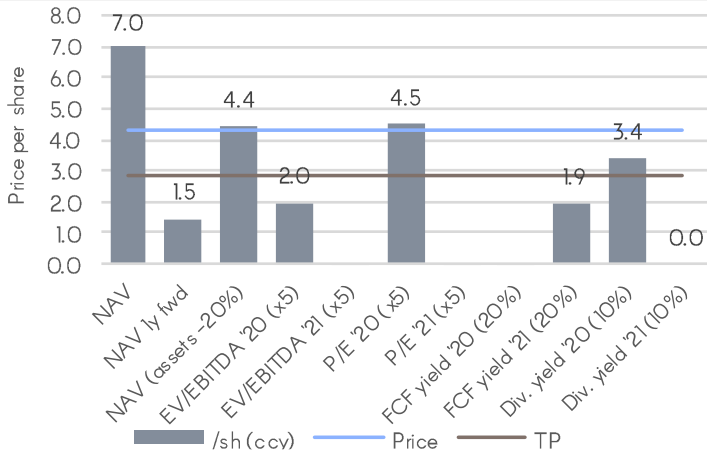
## Hunter: One-year forward NAV



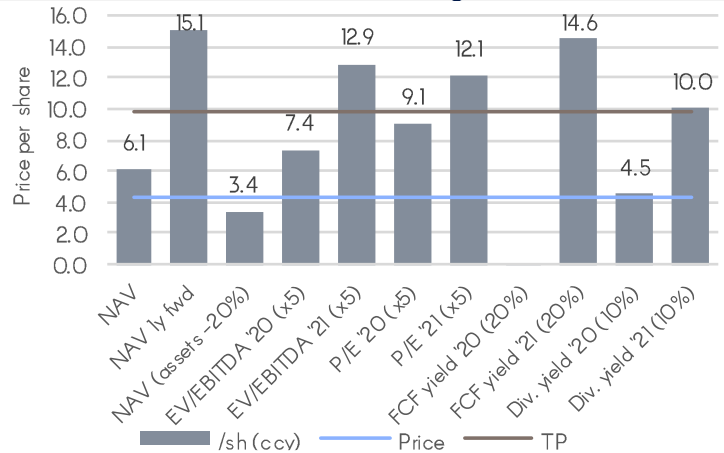
## Hunter valuation: Base Case



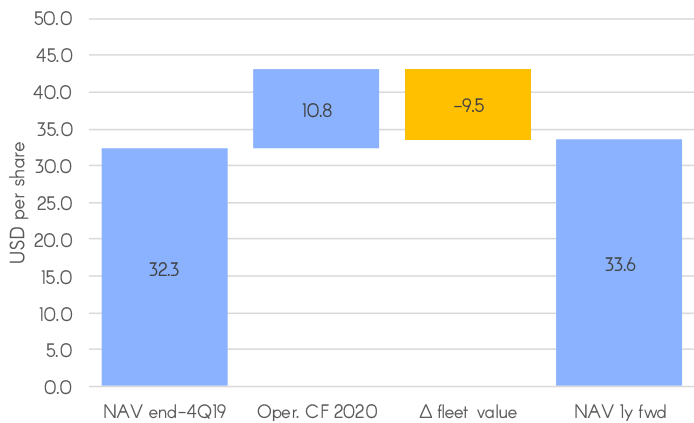
## Hunter valuation: Low Case



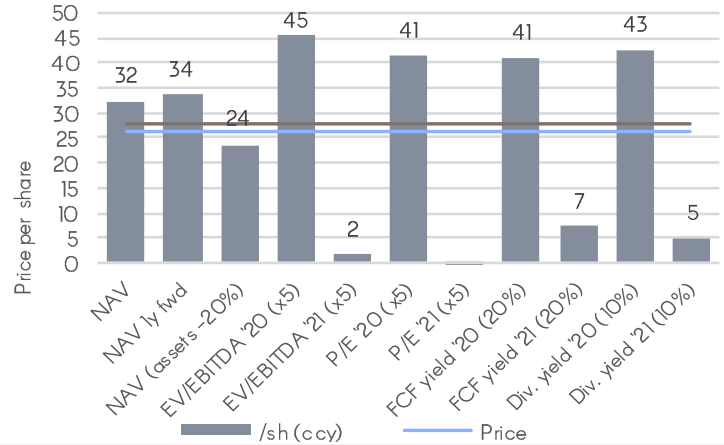
## Hunter valuation: High Case



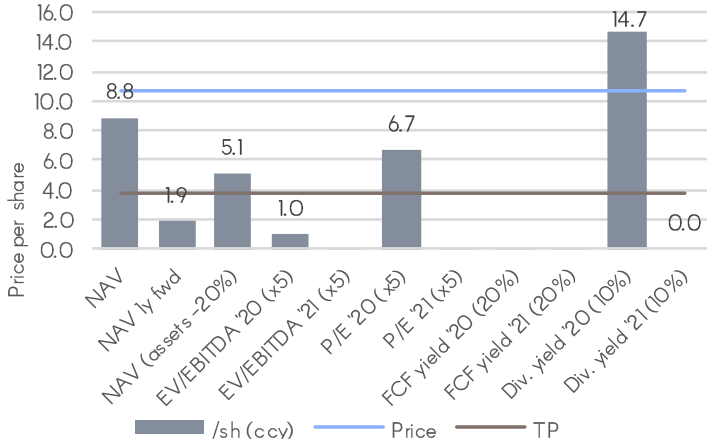
## International Seaways: One-year forward NAV



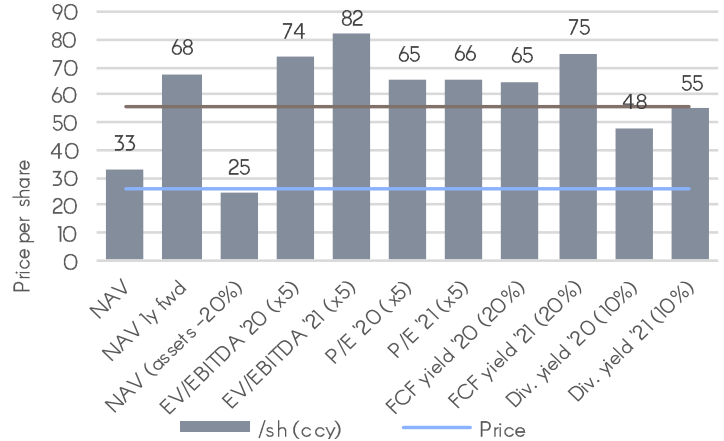
## International Seaways valuation: Base Case



## International Seaways valuation: Low Case

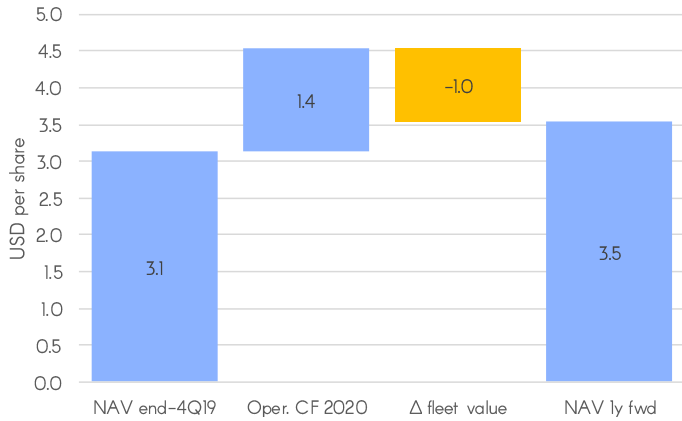


## International Seaways valuation: High Case

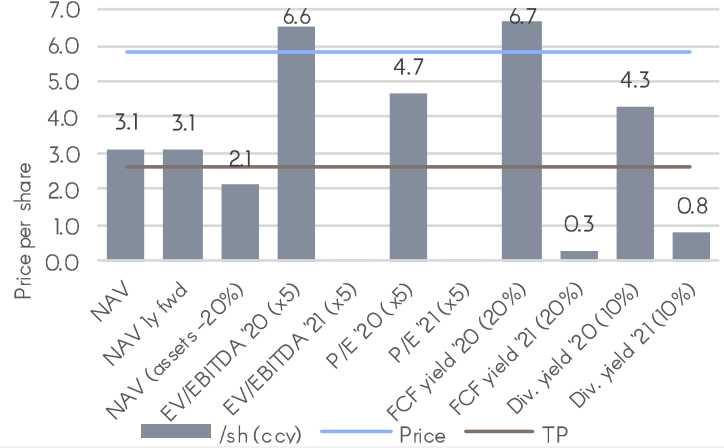




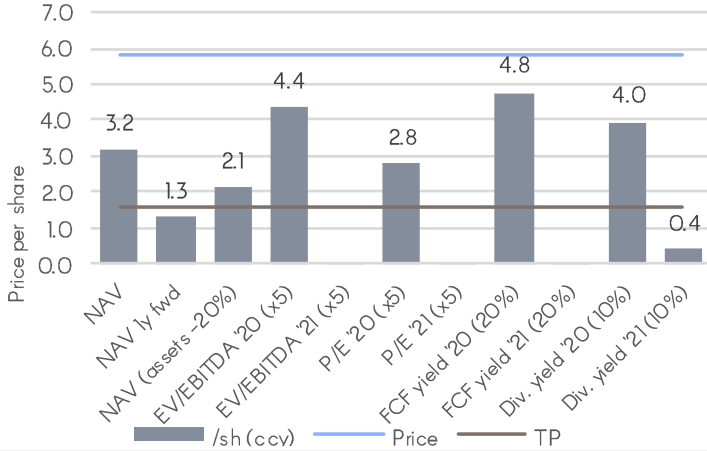
### Nordic American: One-year forward NAV



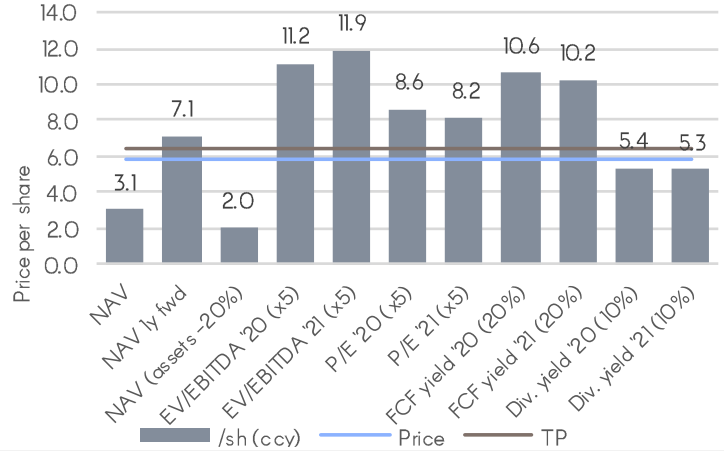
### Nordic American Tankers valuation: Base Case



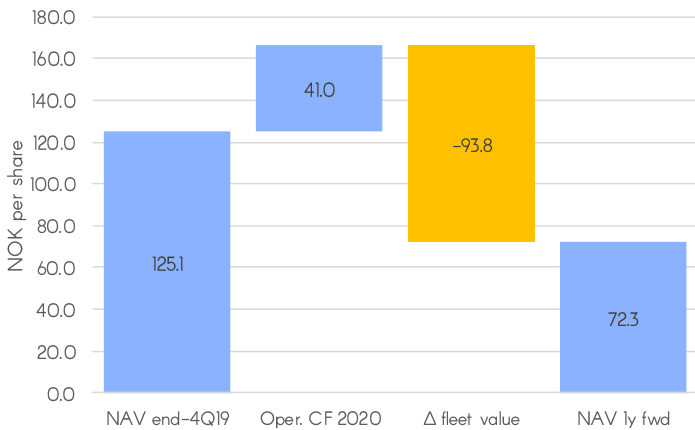
### Nordic American Tankers valuation: Low Case



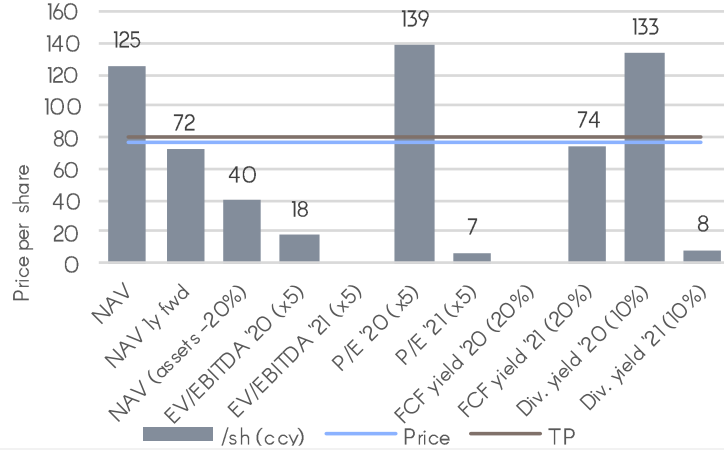
### Nordic American Tankers valuation: High Case



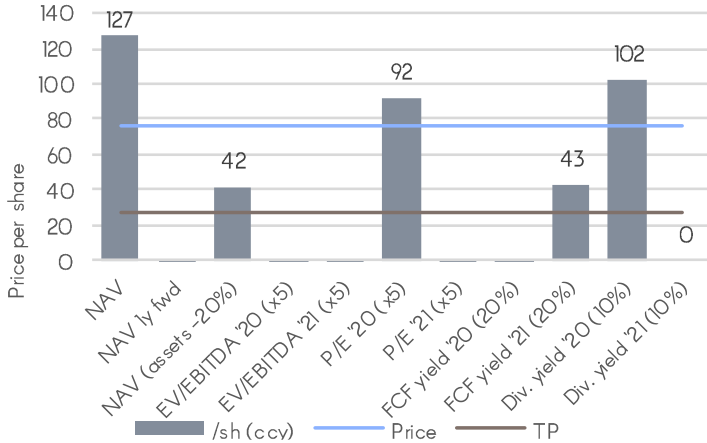
### Okeanis Eco Tankers: One-year forward NAV



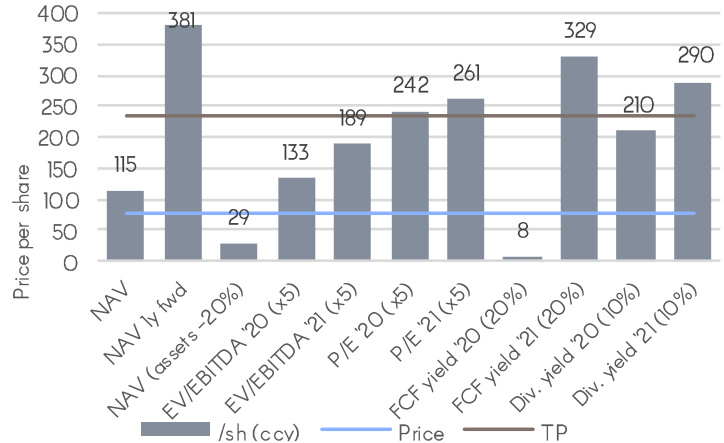
### Okeanis Eco Tankers valuation: Base Case



### Okeanis Eco Tankers valuation: Low Case

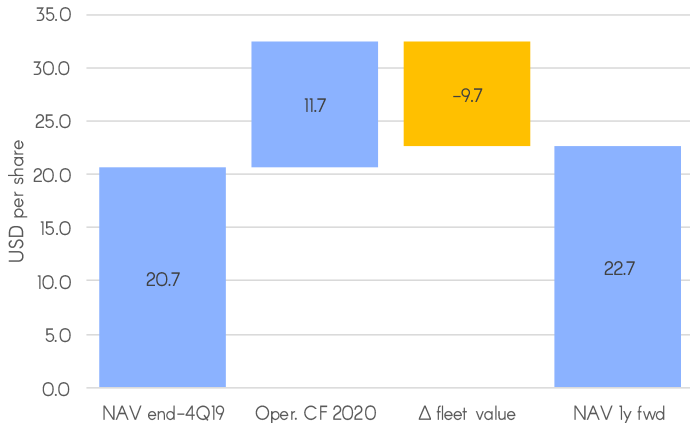


### Okeanis Eco Tankers valuation: High Case

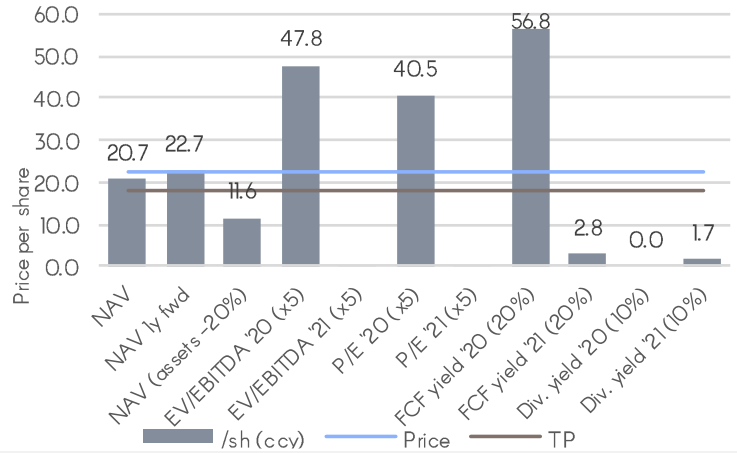




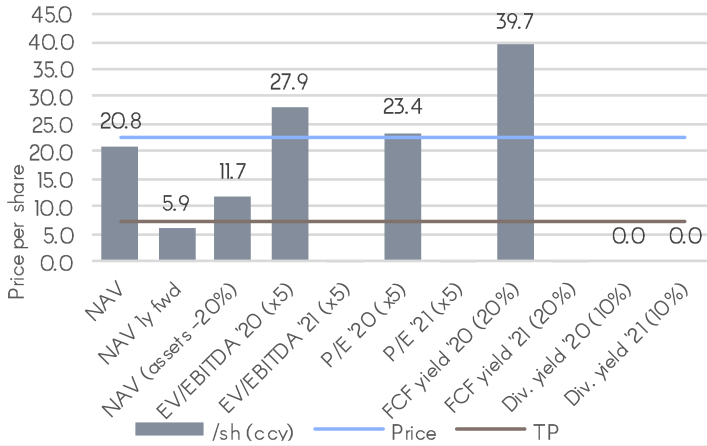
### Teekay Tankers: One-year forward NAV



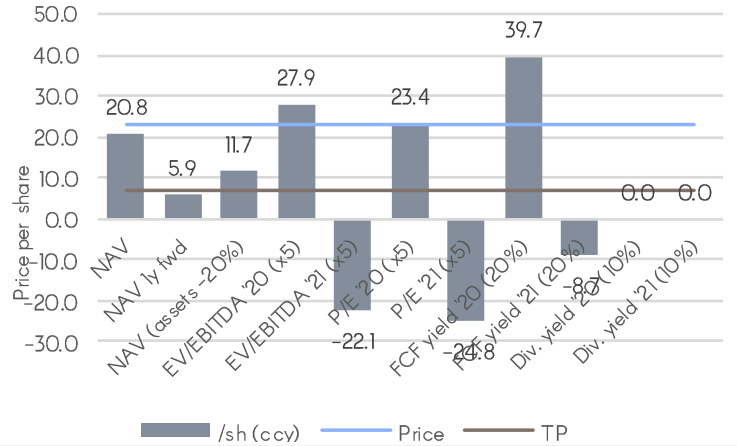
### Teekay Tankers valuation: Base Case



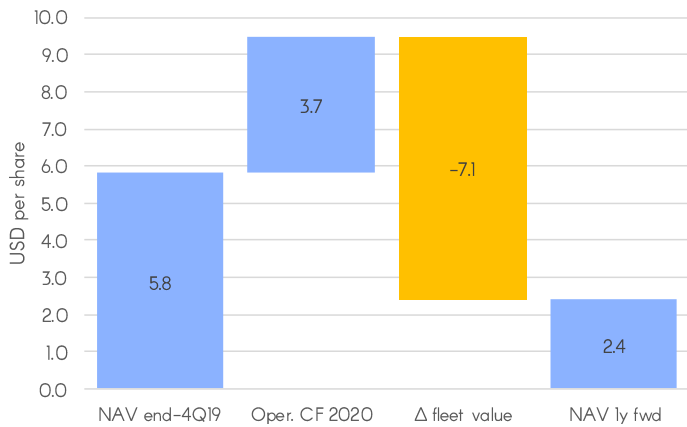
### Teekay Tankers valuation: Low Case



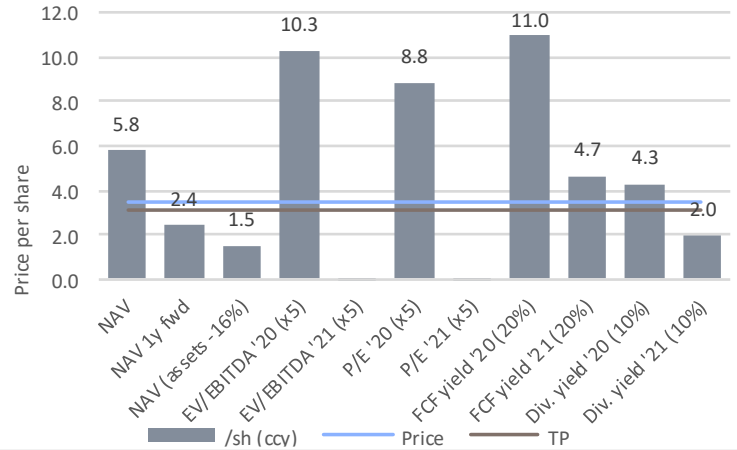
### Teekay Tankers valuation: High Case



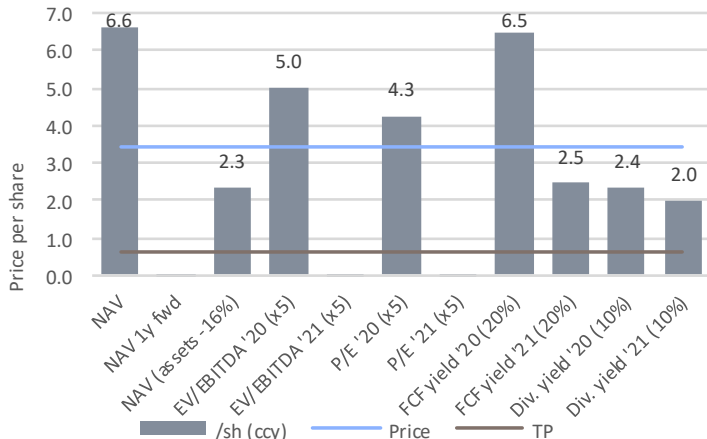
### Tsakos Energy Nav.: One-year forward NAV



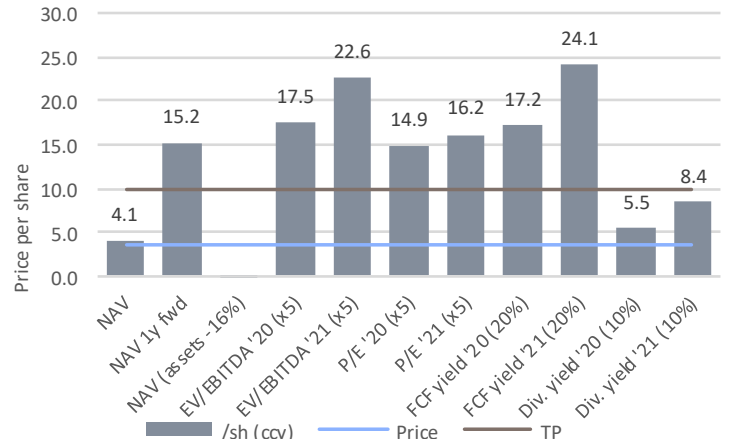
### Tsakos Energy Nav. valuation: Base Case



### Tsakos Energy Nav. valuation: Low Case



### Tsakos Energy Nav. valuation: High Case







## Company Financials (annually)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
ADSCME NO	51	22	24		39	10	12		23	-6	-4		20	-8	-6	
DHT US	531	246	246		440	154	154		313	25	26		269	-11	-3	
EURN US	1,202	498	545		923	210	267		580	-133	-47		515	-214	-124	
FRO US	1,000	427	463		757	202	237		598	39	73		480	-79	-40	
HUNT NO	121	75	69		105	56	50		83	28	22		65	9	4	
INSW US	535	256	273		364	101	122		289	26	47		242	-13	13	
NAT US	313	119	137		234	41	59		167	-26	-9		137	-52	-32	
OET NO	221	142	150		175	92	100		134	50	58		86	4	16	
TNP US	657	427	442		432	199	210		285	47	53		169	-61	-49	
TNK US	695	302	332		432	66	104		311	-54	-16		272	-89	-43	
Average	533	251	268	#####	390	113	131	#####	278	0	20	#####	226	-51	-26	#DIV/O!

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
ADSCME NO	71	54	38		19	21	22		95	81	66		59	45	30	
DHT US	1,511	1,393	1,274		108	-19	9		1,779	1,533	1,442		989	930	901	
EURN US	2,985	2,866	2,552		390	314	334		4,004	3,810	3,516		2,268	2,021	1,863	
FRO US	3,238	3,208	3,085		123	15	-27		4,255	4,117	3,952		1,570	1,483	1,443	
HUNT NO	581	553	526		59	61	57		648	622	592		255	257	257	
INSW US	1,318	1,263	1,208		149	97	79		1,815	1,708	1,635		1,140	1,113	1,110	
NAT US	841	780	713		112	88	86		1,023	938	868		670	605	562	
OET NO	1,209	1,167	1,125		26	0	-34		1,269	1,200	1,124		387	388	401	
TNP US	2,723	2,609	2,585		274	91	53		3,230	2,933	2,871		1,633	1,589	1,558	
TNK US	1,698	1,590	1,481		118	32	-18		2,070	1,877	1,718		1,262	1,167	1,119	
Average	1,618	1,548	1,459	#####	138	70	56	#####	2,019	1,882	1,778	#####	1,023	960	924	#DIV/O!

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2021	2022	2021	2022
USDm																
ADSCME NO	36	8	10		27	8	10		4	2	1		21,129	22,690	12,971	12,975
DHT US	396	118	125		359	108	116		41	-127	28		25,717	25,655	31,919	18,561
EURN US	918	129	191		828	-95	191		93	-76	20		19,443	22,245	19,590	19,657
FRO US	655	85	123		-115	-49	83		-55	-108	-42		18,663	19,791	21,998	21,382
HUNT NO	87	37	32		-182	37	31		7	2	-3		29,531	26,927	26,070	26,222
INSW US	317	63	88		240	42	68		59	-52	-18		20,256	21,970	20,931	19,912
NAT US	205	15	35		196	9	35		51	-24	-2		14,633	16,810	14,917	15,318
OET NO	127	46	58		-59	46	58		13	-26	-34		23,600	24,837	26,744	29,061
TNP US	352	127	145		211	89	12		96	-184	-38		18,391	18,774	22,677	18,639
TNK US	393	31	76		382	19	65		-12	-86	-50		16,100	18,007	24,372	19,371
Average	349	66	88	#####	189	21	67	#####	30	-68	-14	#####	20,746	21,770	22,219	20,110



## Company Financials (quarterly)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
ADSCME NO		16	9	9		13	6	6		9	2	2		9	2	1
DHT US	137	218	74	103	114	195	51	80	83	163	19	48	72	152	8	37
EURN US	360	550	104	188	289	482	35	117	203	396	-51	32	187	379	-67	16
FRO US	264	479	100	158	205	419	38	96	168	378	-3	55	141	347	-33	25
HUNT NO	24	37	33	26	21	34	29	21	18	29	22	14	15	25	17	9
INSW US	155	238	56	86	110	194	15	44	92	176	-4	25	79	164	-15	15
NAT US	95	137	34	47	75	118	14	28	58	101	-3	11	50	93	-10	4
OET NO	65	80	32	45	54	69	20	32	45	59	9	21	32	47	-3	9
TNP US	174	250	104	129	119	195	47	71	83	158	11	34	53	129	-18	5
TNK US	204	294	78	118	136	229	13	53	105	199	-17	23	93	192	-27	14
Average	164	230	62	91	125	195	27	55	95	167	-1	26	80	154	-15	14

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
ADSCME NO		79	75	71		25	15	19		110	95	95		67	58	59
DHT US	1,586	1,570	1,541	1,511	71	164	74	108	1,816	1,893	1,773	1,779	947	1,051	958	989
EURN US	3,227	3,082	2,996	2,985	529	714	366	390	4,386	4,426	3,991	4,004	2,521	2,628	2,258	2,268
FRO US	3,273	3,299	3,272	3,238	120	365	103	123	4,288	4,559	4,269	4,255	1,588	1,794	1,544	1,570
HUNT NO	417	489	588	581	39	45	56	59	464	542	653	648	226	250	255	255
INSW US	1,316	1,317	1,318	1,318	162	269	154	149	1,827	1,934	1,820	1,815	1,099	1,224	1,127	1,140
NAT US	885	871	856	841	91	132	101	112	1,046	1,072	1,026	1,023	635	708	667	670
OET NO	1,134	1,159	1,214	1,209	35	60	24	26	1,203	1,253	1,271	1,269	374	413	378	387
TNP US	2,739	2,703	2,713	2,723	216	334	310	274	3,188	3,270	3,257	3,230	1,531	1,664	1,655	1,633
TNK US	1,779	1,752	1,725	1,698	126	123	121	118	2,160	2,130	2,100	2,070	1,083	1,274	1,248	1,262
Average	1,817	1,632	1,630	1,618	155	223	132	138	2,264	2,119	2,026	2,019	1,112	1,107	1,015	1,023

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	2Q20	3Q20	2Q20	3Q20
ADSCME NO		13	6	5		13	6	5		9	-10	3	57,724	34,233	13,535	13,217
DHT US	103	184	40	69	87	168	38	67	4	93	-91	35	91,284	30,685	24,652	24,338
EURN US	295	501	19	102	221	561	19	27	232	185	-348	24	90,340	16,920	25,042	24,401
FRO US	194	388	8	66	-490	320	-6	59	-57	245	-262	20	83,504	16,957	22,693	22,420
HUNT NO	18	30	23	16	-68	-47	-83	16	-13	6	11	3	81,994	51,991	20,746	21,694
INSW US	97	182	4	34	78	163	-15	14	73	106	-115	-5	75,034	18,251	21,091	21,096
NAT US	67	110	7	21	65	108	5	18	29	41	-31	12	67,585	16,358	35,185	15,023
OET NO	42	57	8	20	-38	23	-58	14	22	25	-37	3	64,411	22,120	24,822	28,345
TNP US	98	175	28	51	51	175	-19	4	37	118	-23	-36	44,481	18,050	21,568	21,203
TNK US	124	222	3	44	121	219	1	41	-3	-3	-3	-3	59,330	16,144	18,350	17,963
Average	115	186	15	43	3	170	-11	27	36	83	-91	5	71,569	24,171	22,768	20,970



## LNG Carriers: Tough Times Ahead

### The quarter in review

Net supply growth of 0.7% q/q in 1Q20 was slightly below our 1.3% [forecast from January](#), with y/y growth at 6.1% (vs our 6.9% forecast). Gross deliveries of 1.0m cbm in the quarter was below our forecast (1.2m), while 126k cbm scrapped was above our 55k cbm expectation. Newbuild contracting faltered in the quarter, with 0.2m cbm firmed up (vs 1.4m cbm forecast). The orderbook thus contracted from 22.2m cbm (25.1% of fleet) as of end 4Q19 to 21.7m cbm (24.3% of fleet).

We estimate demand growth q/q at -11.1% (vs our -9.0% forecast) a but +6.6% y/y (+9.3%). The lower than expected demand growth was mainly due to low regional price differentials for natural gas and a negative impact on demand from COVID-19. The net effect was a fleet utilization of 81.1% (82.6% forecast), -10.8%p q/q & +0.4%p y/y. The average spot earnings for a TFDE vessel was \$57k/d in the quarter, 9% below our forecast (-47% q/q, +2% y/y), while MEGI/XDF spot rates of \$70k/d was 3% below our forecast (-43% q/q, +3% y/y).

kcbm			New	Old		
	2019-Q1	2019-Q4	2020-Q1	2020-Q1	$\Delta$	$\Delta$ %
Deliveries <sup>1</sup>	2,272	721	1,023	1,197	(174)	-15%
Scrapping <sup>1</sup>	(255)	-	(126)	(55)	(71)	129%
Contracting <sup>1</sup>	2,512	3,343	160	1,444	(1,284)	-89%
<b>Supply<sup>2</sup></b>	<b>84,168</b>	<b>88,685</b>	<b>89,291</b>	<b>89,954</b>	<b>(663)</b>	<b>-0.7%</b>
$\Delta$ q/q			0.7%	1.3%		
$\Delta$ y/y			6.1%	6.9%		
<b>Demand<sup>2</sup></b>	<b>67,938</b>	<b>81,454</b>	<b>72,400</b>	<b>74,269</b>	<b>(1,869)</b>	<b>-2.5%</b>
$\Delta$ q/q			-11.1%	-9.0%		
$\Delta$ y/y			6.6%	9.3%		
<b>Utilization<sup>2</sup></b>	<b>80.7%</b>	<b>91.8%</b>	<b>81.1%</b>	<b>82.6%</b>	<b>-1.5%p</b>	
Steam turbine, spot <sup>2</sup> (TCE/a)	37,397	77,885	39,923	43,604	(3,681)	-8%
TFDE, spot <sup>2</sup> (TCE/d)	55,615	107,885	56,923	62,458	(5,535)	-9%
MEGI/XDF, spot <sup>2</sup> (TCE/d)	67,851	123,808	70,192	72,177	(1,985)	-3%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

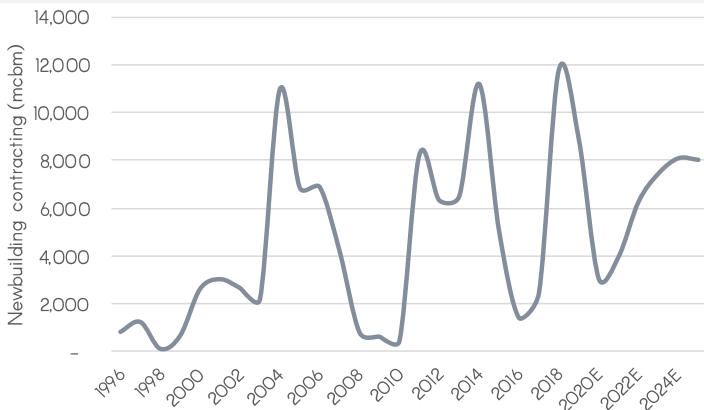


### Market outlook

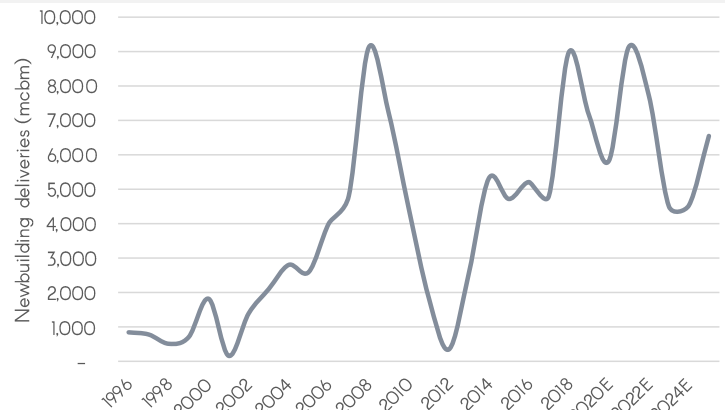
#### Supply

With 21m 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 2021E and 7% in 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 do not believe so and see fleet utilization deteriorating significantly. Please see [demand](#)-segment below.

#### Newbuilding ordering was all-time-high in 2018

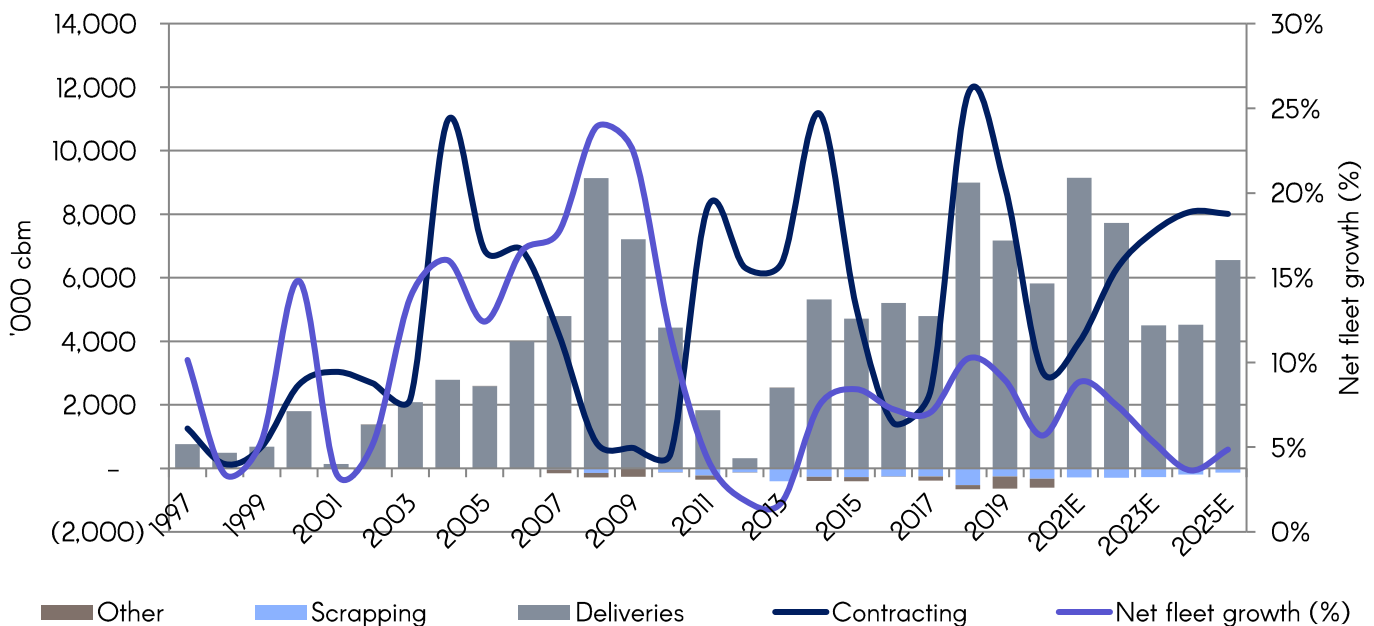


#### Gross deliveries expected to be all-time-high in 2022



The positive takeaway is that we expect a weaker earnings environment in 2020E-2022E to lead to an underinvestment in newbuildings, potentially laying the foundation for a strong rebound in fleet utilization in 2023E and beyond.

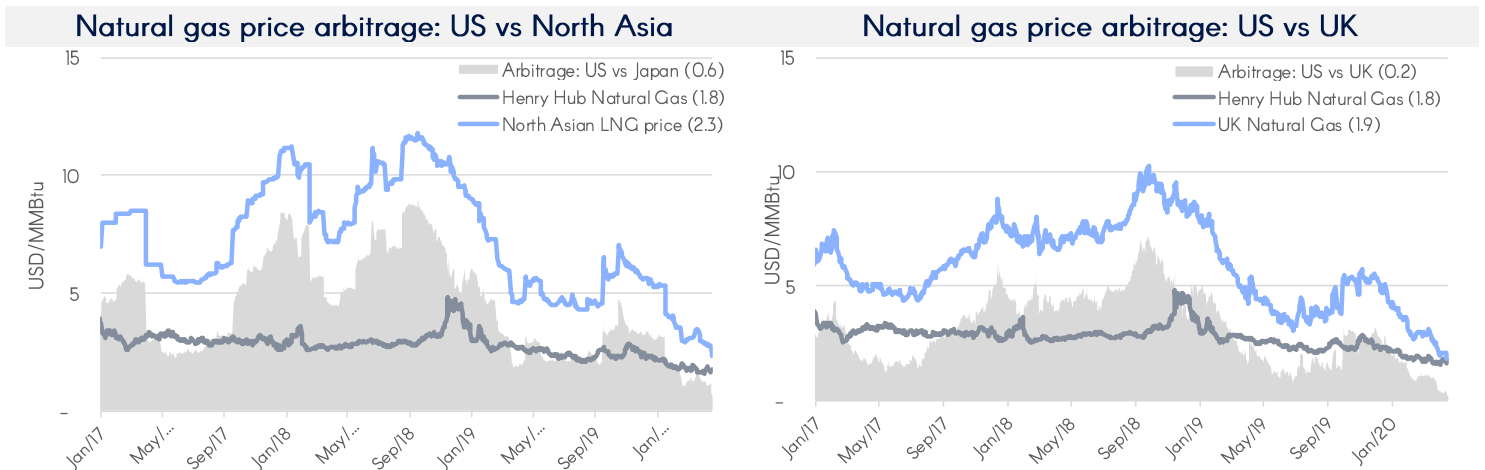
#### Detailed fleet dynamics





### 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. Regional price differentials are currently at their lowest levels since 2008.



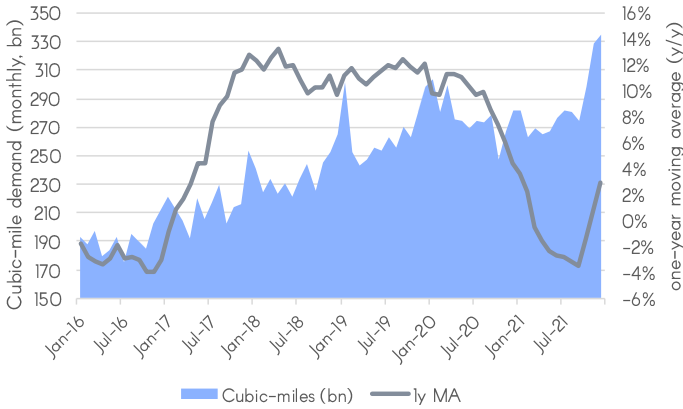
**Looking ahead,** we forecast demand contraction of -1% for LNG Carriers in 2020E, down from +9% in [January](#) due to the collapse in global energy prices and expected subsequent lack of investments into oil & gas exploration and production. The most profound effect will likely be on US shale production which is very sensitive and highly responsive to falling energy prices. Please see the [Oil Tanker](#) segment above for further details on oil supply.

The US rig count has already plummeted from March levels, and we now believe US dry gas production could fall 25% y/y by year end and US LNG exports collapsing in 2H20E before recouping some lost ground during 2021E.

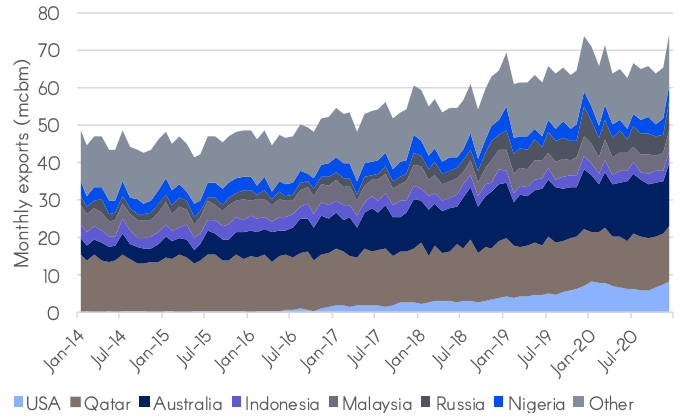
The many new LNG export projects finalizing in 2020, with the majority in the US, concurrent with a lower supply of gas will likely lead sustained low regional price differentials.



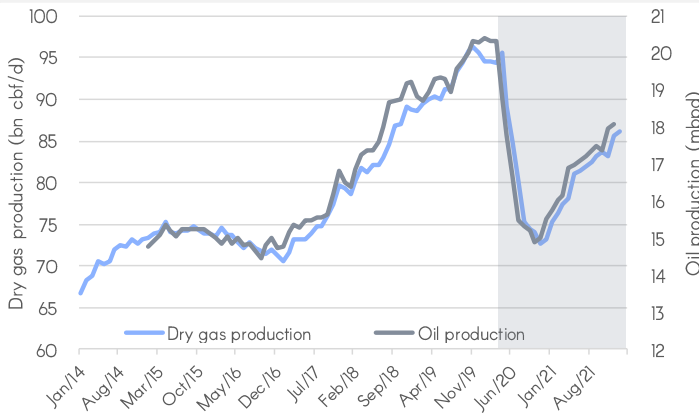
### Global seaborne LNG trade



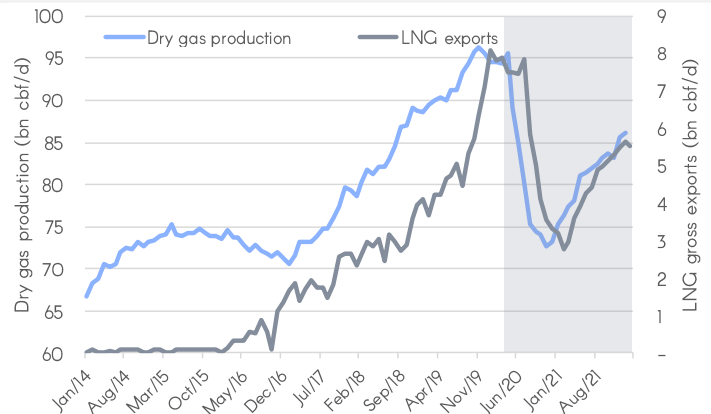
### LNG exports by exporter



### US oil & dry gas production

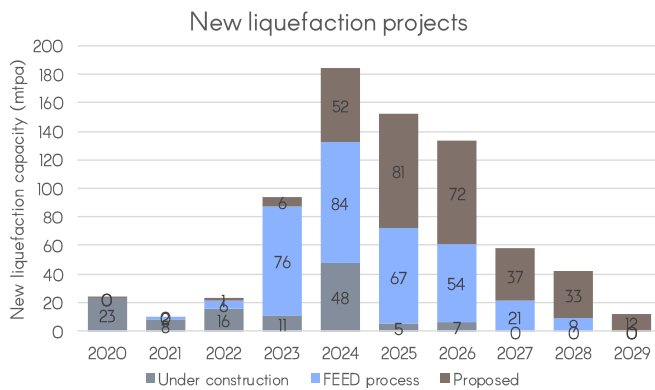


### US dry gas production & LNG exports

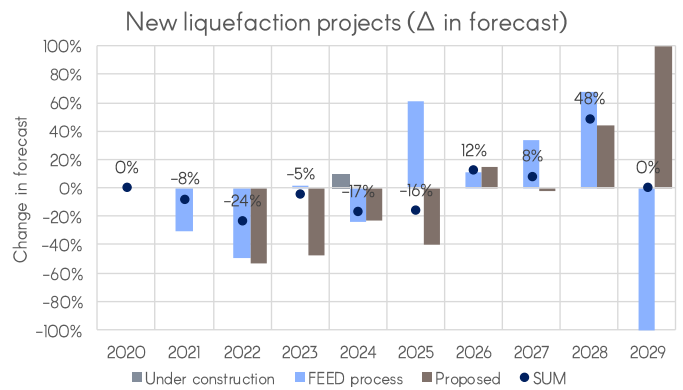


Looking at liquefaction terminal investments, the number of terminals under construction is unchanged from January. We would however be unsurprised if some terminals with projected start-up in 2021 and beyond will be delayed and/or cancelled. For terminals under Front End Engineering Design (FEED) process or at an even earlier stage, a total of 84mtpa of capacity has been removed from start-up in 2021-2025 since January, equivalent to 18% of the January backlog.

### New liquefaction projects



### New liquefaction projects: Change in our forecast



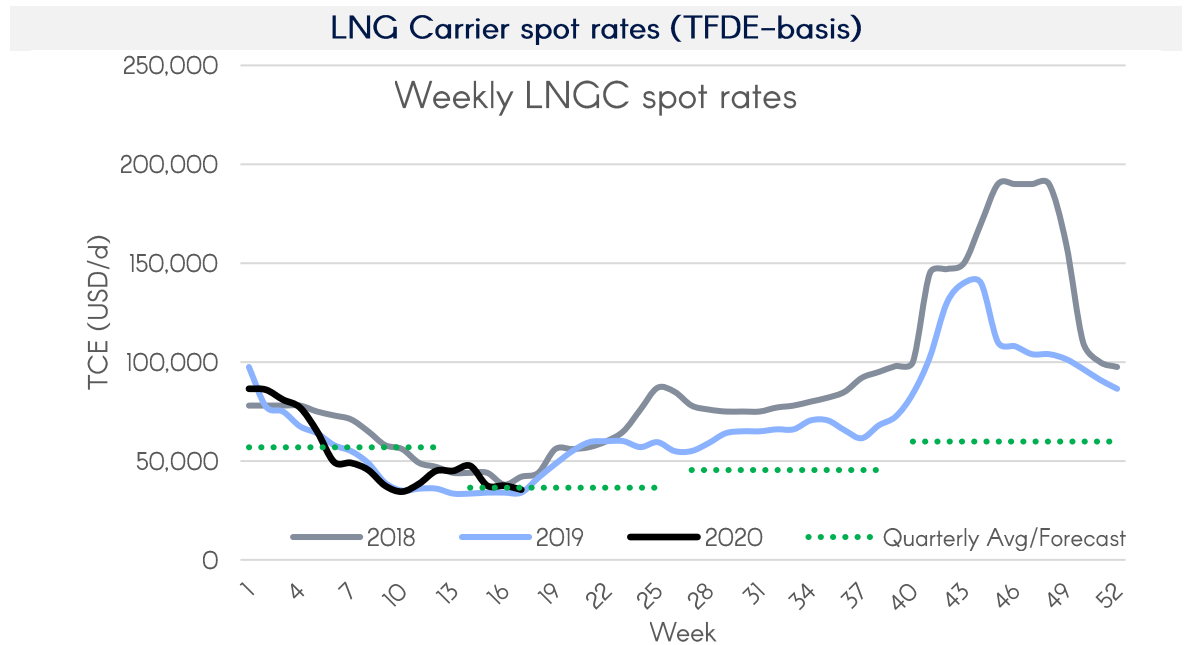




### Fleet utilization

We expect fleet utilization to fall 5%p y/y in 2020E as supply and demand for gas falters. Against the aforementioned 9% net fleet growth in 2021E and 7% in 2022E, representing a total of 15.6m cbm of new shipping capacity, we only see demand growth similar to ~7.5m cbm from new liquefaction capacity if all stars align perfectly. Although our demand forecast is positively impacted by rising sailing distances and improving regional price differentials, the net effect is for LNG Carrier demand growth of only 4% in 2021E and 7% in 2022E. Thus, the resulting LNG Carrier fleet utilization falls from 84% in 2019 to 79% in 2020E and 75% in 2021E.

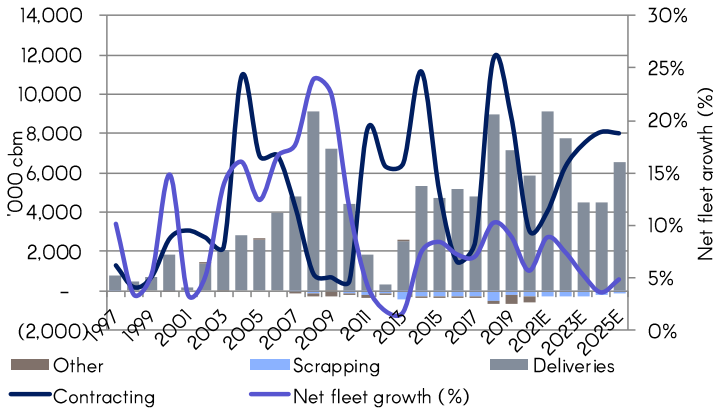
Delta table: LNG shipping forecast summary					Average spot rate				
$\Delta$ y/y	2020E	2021E	2022E	2023E		2020E	2021E	2022E	2023E
Supply growth	5.7%	8.8%	7.5%	5.3%	MEGI/XDF	60,594	52,093	52,506	62,806
Supply, old	6.4%	8.9%	9.3%	7.8%	old	88,544	70,955	57,552	62,855
$\Delta$	-0.7%p	-0.1%p	-1.8%p	-2.5%p	$\Delta$	(27,950)	(18,861)	(5,045)	(49)
Demand growth	-0.6%	3.7%	7.3%	8.6%	TFDE	49,661	41,939	42,352	52,652
Demand, old	8.9%	4.1%	4.1%	9.1%	old	78,825	61,236	47,833	53,136
$\Delta$	-9.5%p	-0.4%p	3.1%p	-0.5%p	$\Delta$	(29,164)	(19,297)	(5,481)	(484)
Utilization	79%	75%	75%	77%	Turbine 150k	31,270	26,942	28,228	38,177
Utilization, old	86%	82%	78%	79%	old	54,367	42,382	29,126	34,719
$\Delta$	-7.0%p	-6.8%p	-3.2%p	-1.8%p	$\Delta$	(23,097)	(15,439)	(898)	3,457



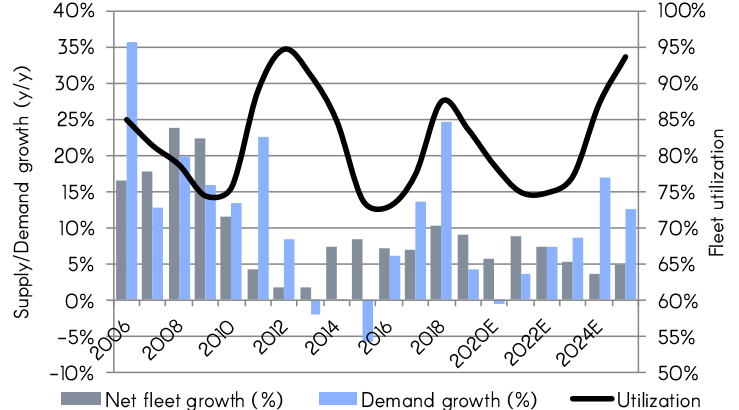


### Market Fundamentals & Forecasts

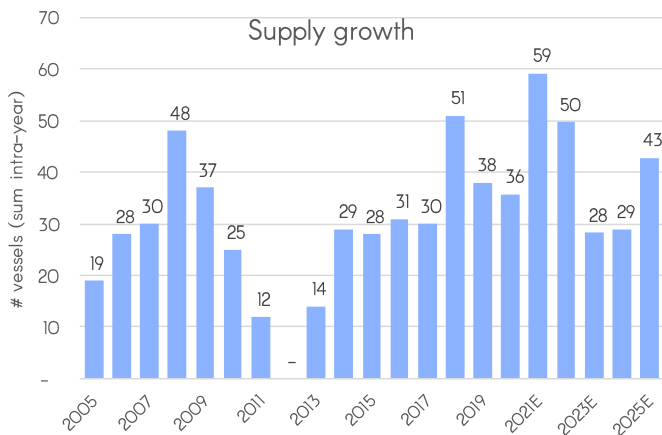
#### LNG Carrier supply dynamics



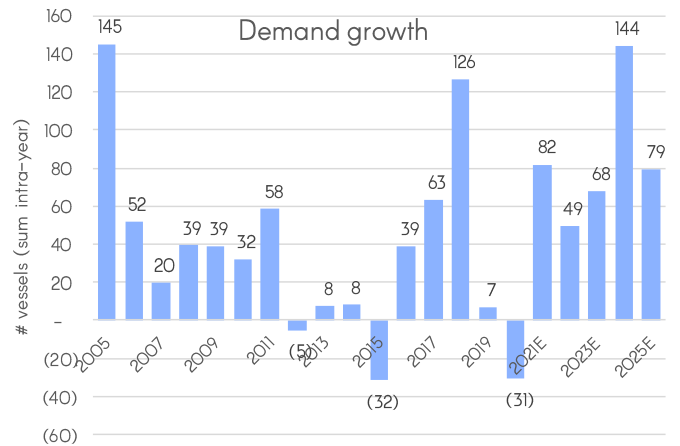
#### LNG Carrier supply/demand dynamics



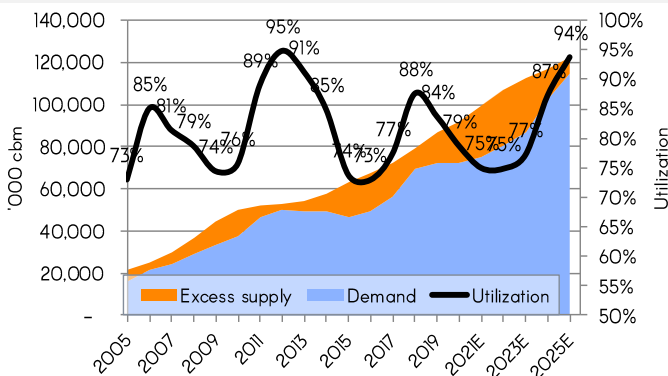
#### Net fleet supply growth per annum (# of vessels)



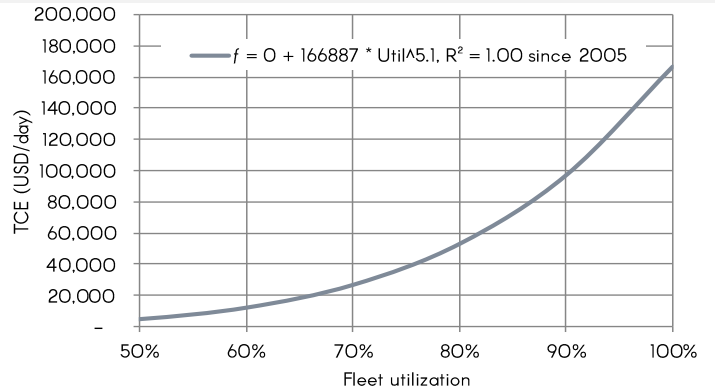
#### Demand growth per annum (# of vessels)



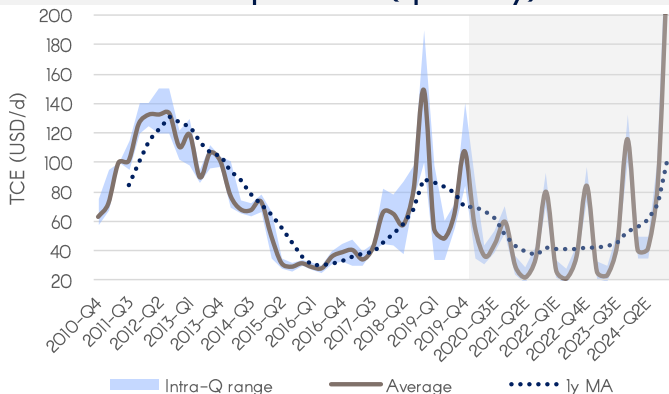
#### LNG Carrier supply/demand dynamics



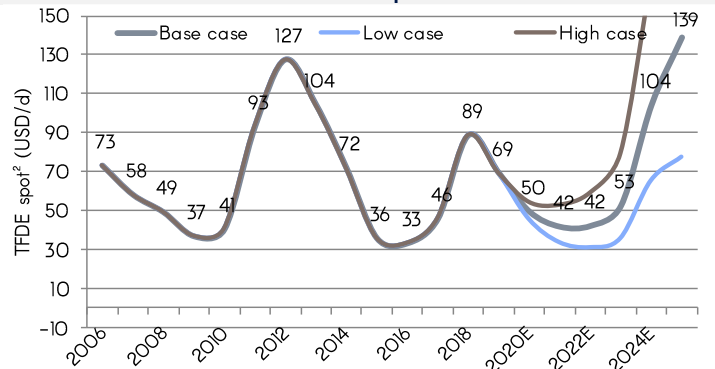
#### Econometrics: Spot rates vs fleet utilization



#### TFDE spot rates (quarterly)



#### LNG Carrier spot rates





## Econometric Overview

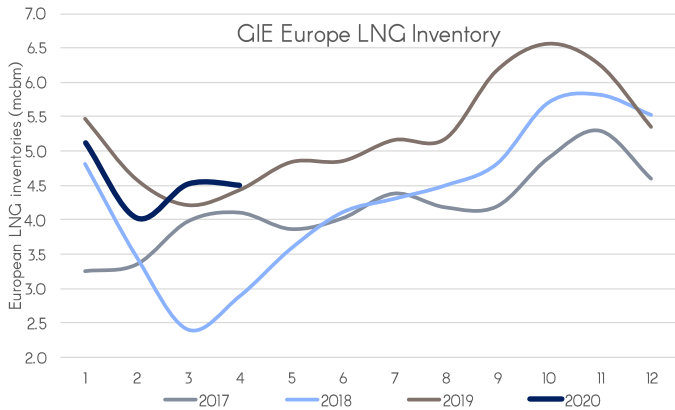
Supply/Demand (USD/cont)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Deliveries	824	761	490	684	1802	137	1376	2085	2791	2182	3594	4797	9134	725	4434	1830	323	239	534	474	5207	4795	8992	7172	5824	9149	7726	4499	4325	6352							
Storage	5185	(27)	0	(1)	(3)	(1)	(1)	(1)	(1)	0	(1)	(20)	(145)	(244)	(88)	(226)	(12)	(249)	(28)	(207)	(260)	(524)	(235)	1171	(32)	(20)	(25)	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(19)		
Contracting	841	1254	127	489	235	1037	2270	2793	10746	6879	4199	814	640	461	625	439	4497	5347	5047	5047	2460	1725	8872	3062	99731	10785	7443	8077	8009								
Supply	9442	10382	11375	13290	13751	14413	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	14479	
2.1 yr	10%	10%	5%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Utilization	2.241	2.330	2.828	2.735	2.722	5.440	7.828	7.527	11.382	17.653	22.551	21.003	18.723	9.937	5.897	5.189	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Ships used (USD/d)	2.241	2.330	2.828	2.735	2.722	5.440	7.828	7.527	11.382	17.653	22.551	21.003	18.723	9.937	5.897	5.189	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
MCA seat (USD/d)	2.241	2.330	2.828	2.735	2.722	5.440	7.828	7.527	11.382	17.653	22.551	21.003	18.723	9.937	5.897	5.189	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
CR	23%	22%	20%	24%	20%	40%	54%	46%	59%	82%	90%	78%	5%	22%	10%	15%	24%	33%	35%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	
OB/Inlet																																					

Sum during period / Average during period

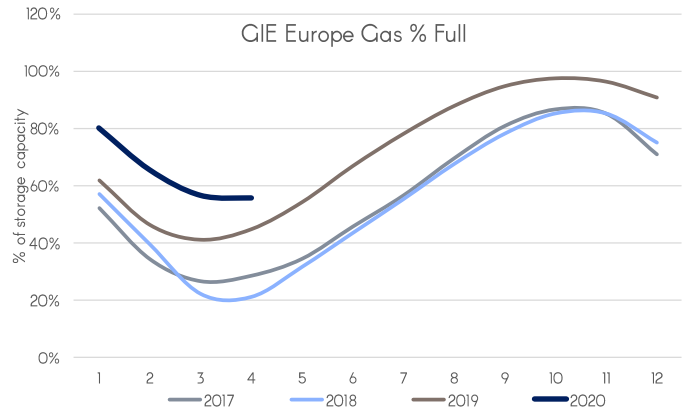


### Market Snapshots

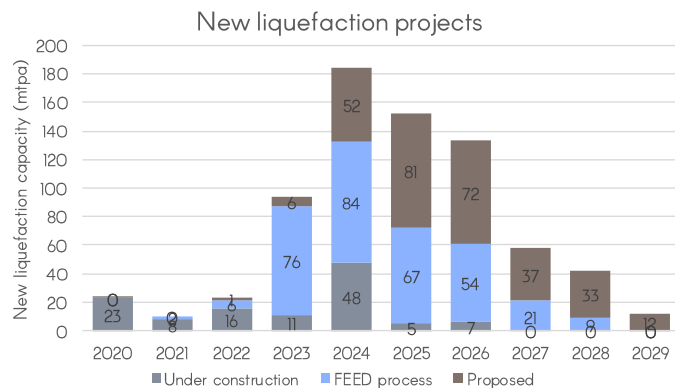
#### European LNG inventories



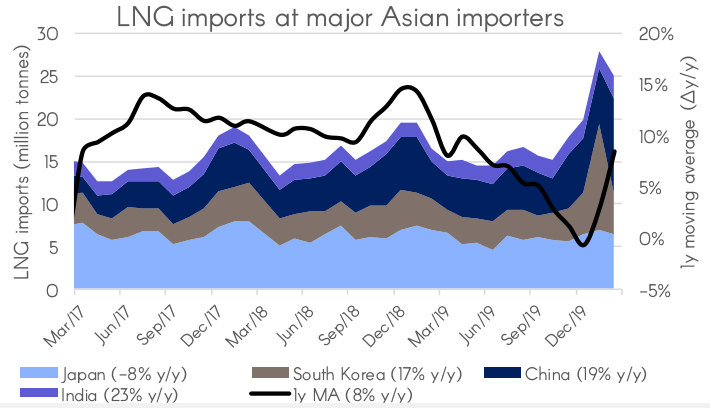
#### European LNG inventories: % of capacity



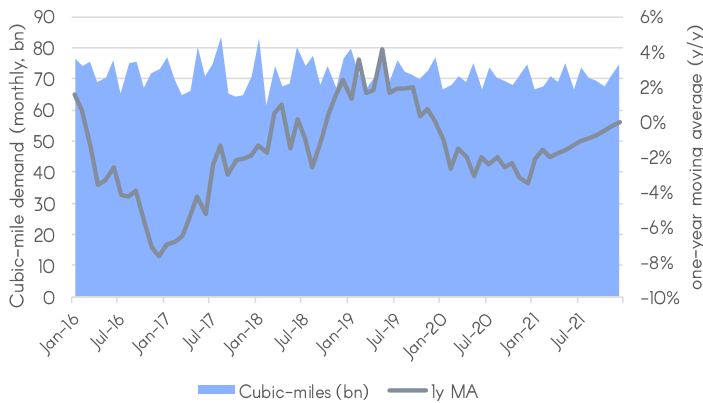
#### Expected & proposed new liquefaction capacity



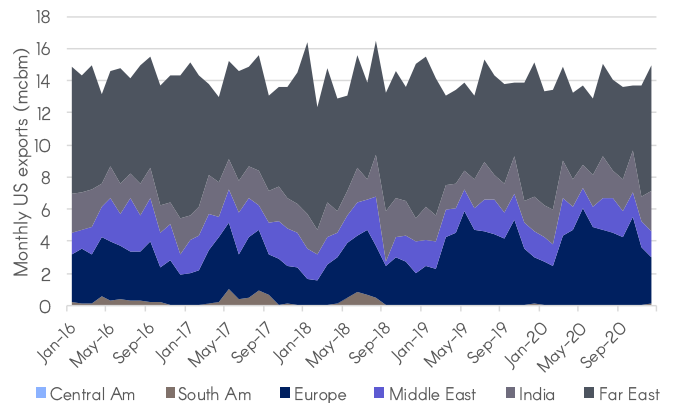
#### Major Asian LNG imports



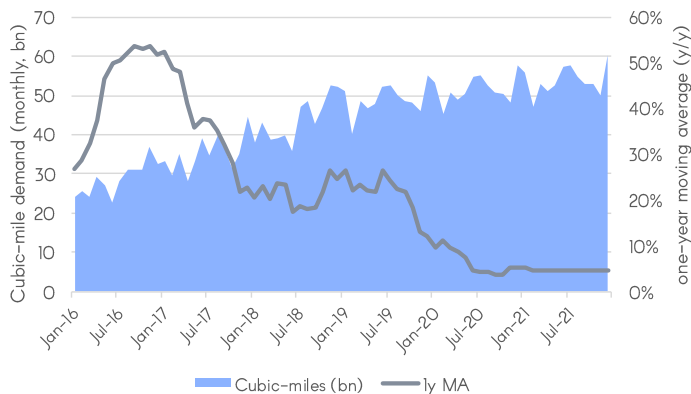
#### Qatari LNG exports



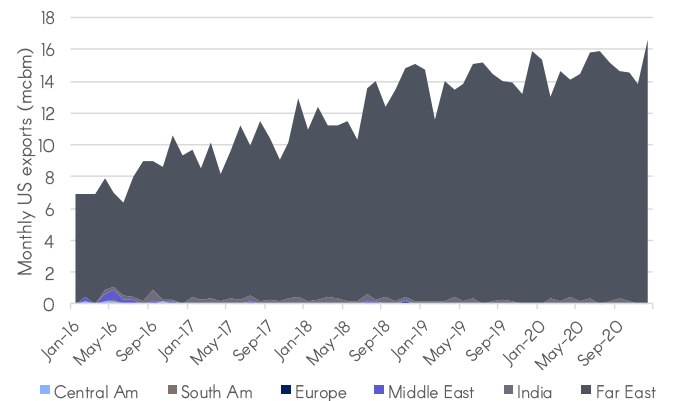
#### Qatari LNG exports by import destination



#### Australian LNG exports

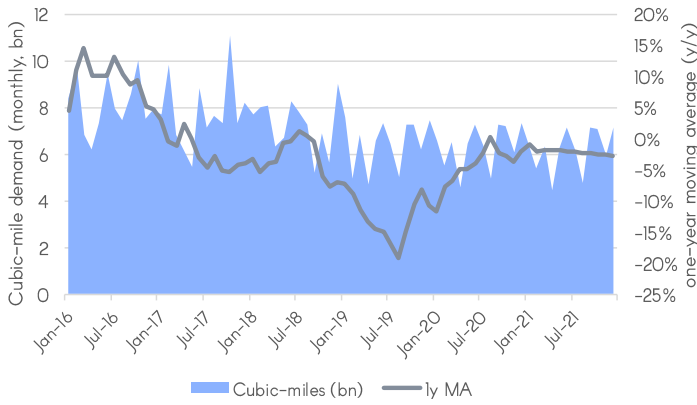


#### Australian LNG exports by import destination

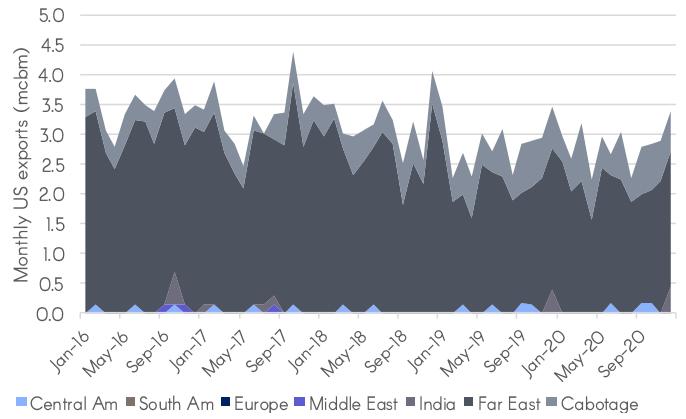




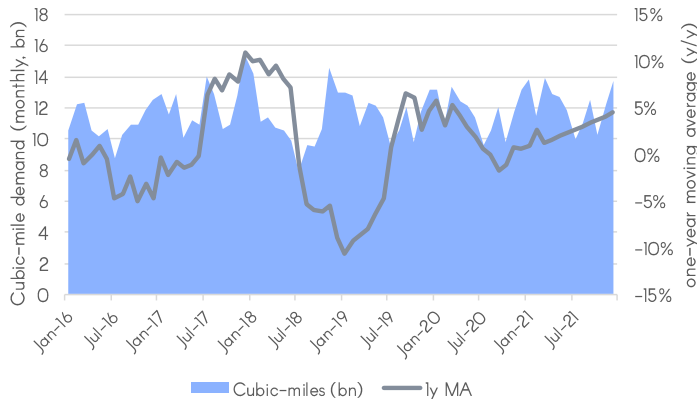
### Indonesian LNG exports



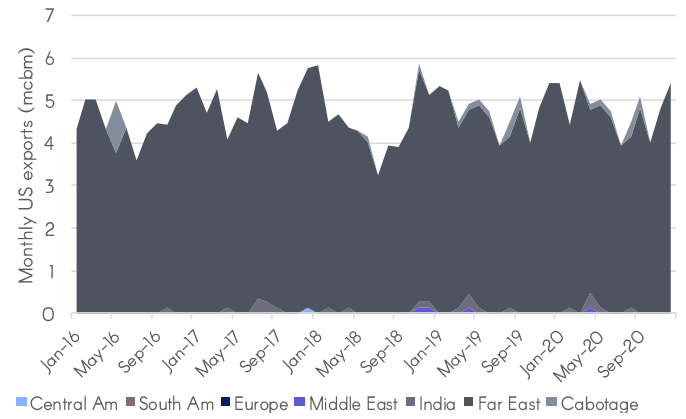
### Indonesian LNG exports by import destination



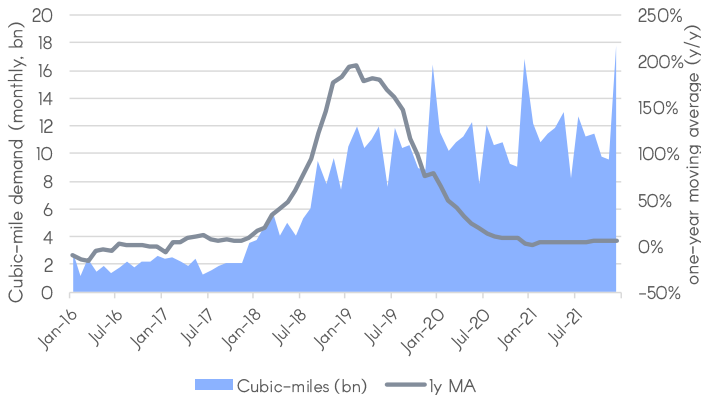
### Malaysian LNG exports



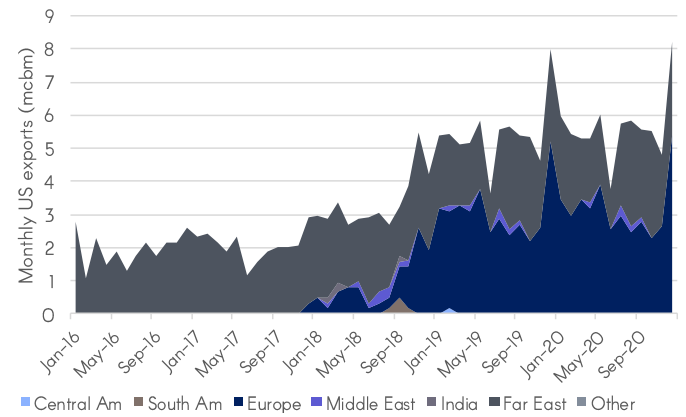
### Malaysian LNG exports by import destination



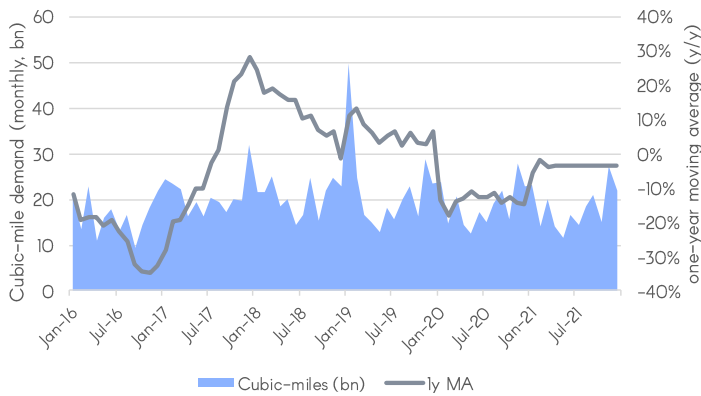
### Russian LNG exports



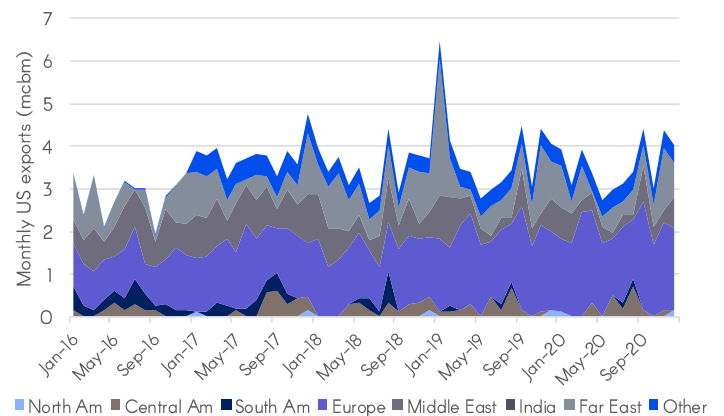
### Russian LNG exports by import destination



### Nigerian LNG exports



### Nigerian LNG exports by import destination





### Liquefaction projects under construction

Liquefaction projects under construction							
Project	Country	Expected start up	Output (mt/pt)	Required vessels (#)	Required vessels (mcbm/pt)	Started	
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	1Q20	
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	T2 1Q20	
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		
Nigeria LNG T7	Nigeria	2024	4.2	5	0.870		
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		
<b>SUM</b>			<b>118</b>	<b>156</b>	<b>29.5</b>		

### New liquefaction capacity: Summary tables

New liquefaction projects											
mt/pt	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	23	8	16	11	48	5	7	0	0	0	
FEED process	0	2	6	76	84	67	54	21	9	0	
Proposed	0	0	1	6	52	81	72	37	33	12	
<b>SUM</b>	<b>23</b>	<b>10</b>	<b>23</b>	<b>93</b>	<b>184</b>	<b>152</b>	<b>133</b>	<b>58</b>	<b>42</b>	<b>12</b>	<b>731</b>

Old	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	23	8	16	11	44	5	7	0	0	0	
FEED process	0	3	11	75	111	42	49	16	6	12	
Proposed	0	0	3	11	67	135	63	38	23	0	
<b>SUM</b>	<b>23</b>	<b>11</b>	<b>30</b>	<b>98</b>	<b>222</b>	<b>181</b>	<b>119</b>	<b>53</b>	<b>29</b>	<b>12</b>	<b>778</b>

Change	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0.0	0.0	0.0	0.0	4.2	0.0	0.0	0.0	0.0	0.0	
FEED process	0.0	-0.9	-5.7	0.9	-26.8	25.2	5.2	5.2	3.7	-12.0	
Proposed	0.0	0.0	-1.4	-5.4	-15.4	-54.2	9.2	-0.9	10.1	12.0	
<b>SUM</b>	<b>0.0</b>	<b>-0.9</b>	<b>-7.1</b>	<b>-4.5</b>	<b>-38.0</b>	<b>-29.1</b>	<b>14.4</b>	<b>4.3</b>	<b>13.8</b>	<b>0.0</b>	<b>-47</b>

Change	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0%	0%	0%	0%	10%	0%	0%	0%	0%	0%	
FEED process	0%	-31%	-49%	1%	-24%	61%	11%	33%	67%	-100%	
Proposed	0%	0%	-53%	-47%	-23%	-40%	15%	-2%	44%	100%	
<b>SUM</b>	<b>0%</b>	<b>-8%</b>	<b>-24%</b>	<b>-5%</b>	<b>-17%</b>	<b>-16%</b>	<b>12%</b>	<b>8%</b>	<b>48%</b>	<b>0%</b>	<b>-6%</b>

New liquefaction projects: LNG Carrier demand											
mcbm/pt	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	7	2	4	3	11	2	1	0	0	0	
FEED process	0	0	1	14	17	13	10	4	2	0	
Proposed	0	0	0	1	10	14	13	7	6	2	
<b>SUM</b>	<b>8</b>	<b>2</b>	<b>6</b>	<b>18</b>	<b>38</b>	<b>29</b>	<b>24</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>145</b>

# of modern vessels	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	43	10	23	15	64	10	5	0	0	0	
FEED process	0	2	7	83	98	74	56	25	13	0	
Proposed	1	0	2	6	57	80	75	38	35	10	
<b>SUM</b>	<b>44</b>	<b>12</b>	<b>32</b>	<b>104</b>	<b>219</b>	<b>165</b>	<b>136</b>	<b>63</b>	<b>48</b>	<b>10</b>	<b>833</b>

Source: Shipping Intelligence Network, Cleaves Securities





### 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/pt)	Required vessels (#)	Required vessels (mcbm/pt)	
Port Fourchon LNG Phase 1	United States	2021	2.0	2	0.348	
Western (FLNG)	Canada	2022	0.5	2	0.348	
Djibouti (FLNG)	Djibouti	2022	3.0	3	0.522	
Corpus Christi LNG Train 4	United States	2022	1.4	2	0.348	
Eagle LNG	United States	2022	0.9	1	0.040	
Woodfibre LNG	Canada	2023	2.1	3	0.522	
Daru Island (FLNG)	Papua N. Guinea	2023	1.5	2	0.348	
Corpus Christi LNG Train 5	United States	2023	1.4	2	0.348	
Driftwood LNG 1	United States	2023	5.5	6	1.044	
Driftwood LNG 2	United States	2023	5.5	6	1.044	
Freeport LNG Train 4	United States	2023	5.1	5	0.870	
Plaquemines LNG	United States	2023	10.0	10	1.740	
Plaquemines LNG Phase 2	United States	2023	10.0	10	1.740	
Port Arthur LNG	United States	2023	13.5	14	2.436	
Port Delfin 1 (FLNG)	United States	2023	3.3	4	0.696	
Rio Grande LNG Phase 1	United States	2023	13.5	16	2.784	
West Delta LNG	United States	2023	5.0	5	0.870	
Equus (FLNG)	Australia	2024	2.0	2	0.348	
Bear Head LNG	Canada	2024	8.0	8	1.392	
Goldboro LNG	Canada	2024	10.0	10	2.000	
NewAge Congo (FLNG)	Congo	2024	1.0	1	0.174	
Leviathan (FLNG)	Israel	2024	4.5	5	0.870	
North Field LNG Expansion Train 1	Qatar	2024	7.8	10	2.000	
North Field LNG Expansion Train 2	Qatar	2024	7.8	10	2.000	
North Field LNG Expansion Train 3	Qatar	2024	7.8	10	2.000	
Baltic LNG	Russia	2024	10.0	10	1.740	
Commonwealth LNG	United States	2024	8.4	9	1.566	
Corpus Christi LNG Train 6	United States	2024	1.4	2	0.348	
Driftwood LNG 3	United States	2024	5.5	6	1.044	
Gulf LNG Phase 1	United States	2024	5.8	5	0.870	
Magnolia LNG Trains 1-2	United States	2024	4.4	4	0.696	
Pluto LNG Expansion	Australia	2025	4.5	5	0.870	
Mamba LNG	Mozambique	2025	7.6	10	1.740	
North Field LNG Expansion Train 4	Qatar	2025	7.8	10	2.000	
Annova LNG	United States	2025	6.0	6	1.044	
Corpus Christi LNG Train 7	United States	2025	1.4	2	0.348	
Gulf LNG Phase 2	United States	2025	5.8	5	0.870	
Lake Charles LNG Train 1	United States	2025	5.5	5	0.870	
Magnolia LNG Trains 3-4	United States	2025	4.4	4	0.696	
Monkey Island LNG	United States	2025	15.8	16	2.784	
Pointe LNG	United States	2025	6.0	6	1.044	
Texas LNG	United States	2025	2.0	4	0.696	
Cameron LNG Trains 4-5	United States	2026	10.0	9	1.566	
Corpus Christi LNG Train 8	United States	2026	1.4	2	0.348	
Lake Charles LNG Train 2	United States	2026	5.5	5	0.870	
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 LNG Expansion Train 5	Qatar	2027	7.8	10	2.000	
Sakhalin I LNG	Russia	2027	6.2	6	1.044	
Sakhalin II LNG Expansion	Russia	2027	5.4	6	1.044	
Corpus Christi LNG Train 9	United States	2027	1.4	2	0.348	
North Field LNG Expansion Train 6	Qatar	2028	7.8	10	2.000	
Corpus Christi LNG Train 10	United States	2028	1.4	2	0.348	
SUM			320	350	62.6	

Source: Shipping Intelligence Network, Cleaves Securities



### 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	0.011	
Puerto Libertad LNG	Mexico	2023	3.0	3	0.522	
Port Fourchon LNG Phase 2	United States	2023	3.0	3	0.522	
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	0.696	
Tallaganda/Bunyip (FLNG)	Australia	2024	1.5	2	0.348	
AC LNG Canada	Canada	2024	13.5	14	2.436	
Tortue West Ahmeyim 2 (FLNG)	Mauritania	2024	2.5	3	0.522	
Coral South 2 (FLNG)	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	0.080	
Obsky LNG	Russia	2024	4.8	5	0.870	
Vladivostok LNG	Russia	2024	1.5	2	0.348	
Delta LNG Phase 1	United States	2024	10.0	10	1.740	
Port Delfin 2 (FLNG)	United States	2024	3.3	4	0.696	
Gorgon LNG Train 4	Australia	2025	5.2	3	0.522	
Stewart (FLNG)	Canada	2025	3.0	3	0.522	
Vasiliko LNG	Cyprus	2025	5.0	5	0.870	
Chabahar LNG	Iran	2025	1.5	2	0.348	
Pandora (FLNG)	Papua N. Guinea	2025	1.0	1	0.174	
Papua LNG	Papua N. Guinea	2025	8.0	8	1.392	
Alaska LNG	United States	2025	20.0	20	3.480	
Delta LNG Phase 2	United States	2025	10.0	10	1.740	
Driftwood LNG 4	United States	2025	5.5	6	1.044	
Jordan Cove LNG	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	
Energie Saguenay LNG	Canada	2026	11.0	11	1.914	
Orca Trains 1-6 (FLNG)	Canada	2026	24.0	24	4.176	
BirAllah Orca (FLNG)	Mauritania	2026	3.0	3	0.522	
Mamba Phase 2 (FLNG 1)	Mozambique	2026	2.0	2	0.348	
Nigeria LNG Train 8	Nigeria	2026	7.1	8	1.392	
Kumul (FLNG)	Papua N. Guinea	2026	1.5	2	0.348	
Tortue West Ahmeyim 3 (FLNG)	Senegal	2026	2.0	2	0.348	
Driftwood LNG 5	United States	2026	5.5	6	1.044	
Port Delfin 3 (FLNG)	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	1.218	
Kwispaa LNG	Canada	2027	12.0	12	2.088	
Boudji (FLNG)	Gabon	2027	2.0	2	0.348	
Galveston Bay LNG	United States	2027	16.5	17	2.958	
Ichthys LNG Train 3	Australia	2028	4.5	5	0.870	
Abadi LNG	Indonesia	2028	9.5	10	1.740	
Mamba Phase 2 (FLNG 2)	Mozambique	2028	2.0	2	0.348	
Tortue West Ahmeyim 4 (FLNG)	Senegal	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	
Port Delfin 4 (FLNG)	United States	2028	3.3	4	0.696	
Kitimat LNG Phase 1	Canada	2029	12.0	10	1.740	
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	
<b>SUM</b>			<b>328</b>	<b>340</b>	<b>58.6</b>	

Source: Shipping Intelligence Network, Cleaves Securities

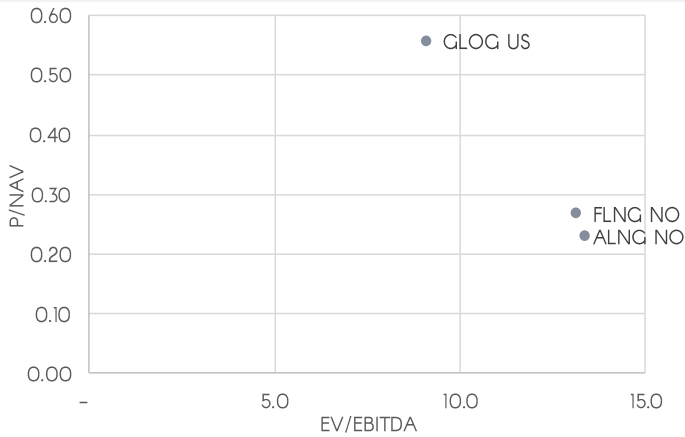


## Peer Group

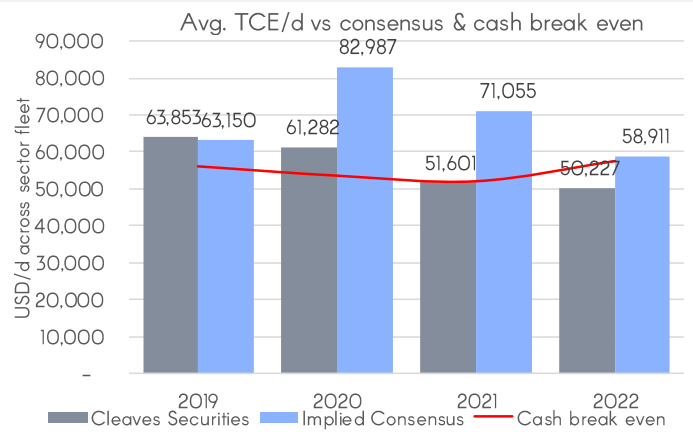
Peer table

USDm	Mcap	Turnover	P/sh	TP	+/-	P/NAV					EV/GAV	adj. Equity	EV/EBITDA			
						NAV	Now	1y fwd	0%	ε			2019	2020	2021	2022
ALNG NO	14	0.0	1.2	0.6	-48%	5.0	0.23	0.23	0.45	4.9	0.84	19%	11.4	13.4	25.3	25.5
FLNG NO	269	1.9	53	106	100%	197	0.27	0.26	0.36	2.6	0.72	37%	14.4	13.1	12.3	11.0
GLOG US	306	5.7	3.8	3.9	3%	6.8	0.56	0.66	1.52	6.3	0.93	15%	13.3	9.1	9.0	8.4
Average	197	2.5			18%		0.35	0.38	0.78	4.6	0.83	23%	13.1	11.9	15.5	15.0
Median	269	1.9			3%		0.27	0.26	0.45	4.9	0.84	19%	13.3	13.1	12.3	11.0

P/NAV vs EV/EBITDA (2020E)

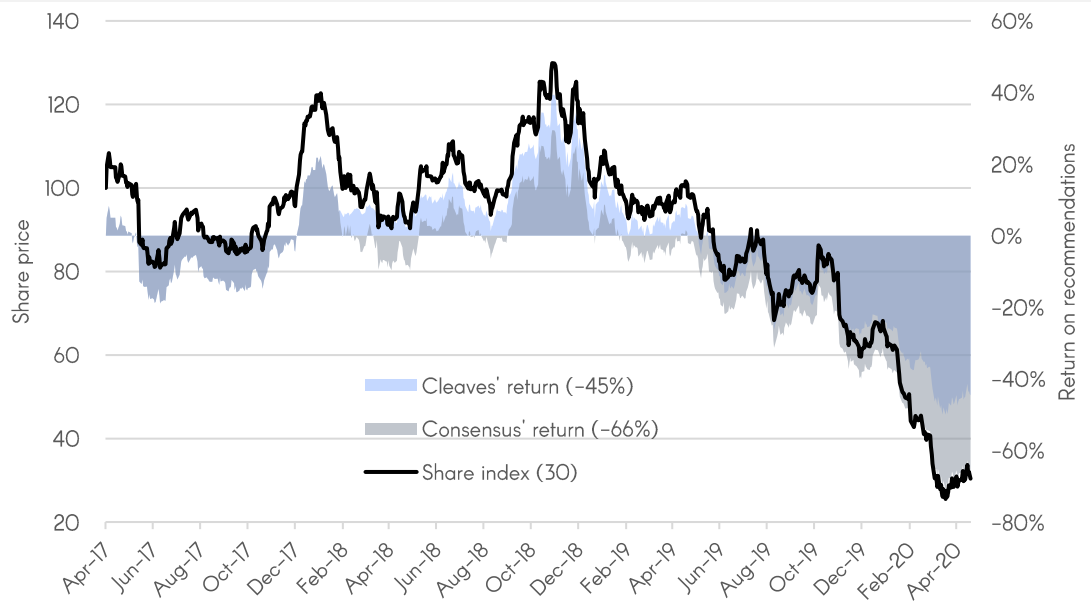


Cleaves' average TCE/d forecast vs consensus



Since our re-initiation of LNG shipping early 2017, we have generated a **-45%** loss on our recommendations vs the market at **-70%** and consensus at **-66%**.

Cleaves' return vs consensus and our LNG shipping index





# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

## 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 <sup>1</sup>	4,714	5,207	4,795	8,992	7,172	5,824	9,149	7,726	4,499	4,525	6,552
Scrapping <sup>1</sup>	(281)	(257)	(260)	(524)	(255)	(322)	(291)	(293)	(273)	(191)	(139)
Other <sup>1</sup>	(126)	(0)	(125)	(138)	(383)	(291)	0	(0)	(0)	(0)	0
Contracting <sup>1</sup>	5,047	1,421	2,460	11,763	8,876	3,062	3,977	6,269	7,443	8,077	8,009
Supply <sup>2</sup>	62,879	67,427	72,188	79,571	86,697	91,626	99,731	107,185	112,854	116,946	122,629
Δ y/y	8%	7%	7%	10%	9%	6%	9%	7%	5%	4%	5%
Demand <sup>2</sup>	46,429	49,245	55,924	69,651	72,561	72,141	74,834	80,288	87,153	101,997	114,872
Δ y/y	-6%	6%	14%	25%	4%	-1%	4%	7%	9%	17%	13%
Utilization <sup>2</sup>	74%	73%	77%	88%	84%	79%	75%	75%	77%	87%	94%
Steam spot <sup>2</sup> (USD/d)	27,314	20,088	28,596	52,000	47,695	31,270	26,942	28,228	38,177	85,193	119,793
TFDE spot <sup>2</sup> (USD/d)	36,038	33,470	46,058	88,692	69,337	49,661	41,939	42,352	52,652	104,047	138,647
MEGI spot <sup>2</sup> (USD/d)	-	-	-	-	81,915	60,594	52,093	52,506	62,806	114,202	148,801
OB <sup>2</sup>	25,287	22,799	19,748	18,347	20,642	20,772	16,919	13,579	13,579	16,840	19,851
OB/Fleet <sup>2</sup>	40%	34%	27%	23%	24%	23%	17%	13%	12%	14%	16%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Old Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries <sup>1</sup>	4,714	5,207	4,795	8,992	7,172	6,092	9,090	11,113	6,132	4,480	4,485
Scrapping <sup>1</sup>	(281)	(257)	(260)	(524)	(255)	(197)	(228)	(261)	(253)	(164)	(99)
Other <sup>1</sup>	(126)	(0)	(125)	(138)	(255)	(126)	(0)	(0)	0	0	0
Contracting <sup>1</sup>	5,047	1,421	2,460	11,763	9,048	5,460	4,572	4,309	5,803	9,065	9,344
Supply <sup>2</sup>	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 <sup>2</sup>	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 <sup>2</sup>	74%	73%	77%	88%	84%	86%	82%	78%	79%	90%	99%
Steam spot <sup>2</sup> (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 <sup>2</sup> (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 <sup>2</sup> (USD/d)	-	-	-	-	81,915	88,544	70,955	57,552	62,855	119,397	175,573
OB <sup>2</sup>	25,305	22,946	19,826	18,176	20,565	23,027	20,420	15,759	10,366	12,138	17,316
OB/Fleet <sup>2</sup>	40%	34%	27%	23%	24%	25%	20%	14%	9%	10%	14%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Δ Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries <sup>1</sup>	-	-	-	-	0	(268)	60	(3,387)	(1,632)	45	2,067
Scrapping <sup>1</sup>	-	-	-	-	-	(125)	(63)	(32)	(19)	(26)	(40)
Other <sup>1</sup>	-	-	-	-	(127)	(291)	0	(0)	(0)	(0)	(0)
Contracting <sup>1</sup>	-	0	0	0	(173)	(2,398)	(594)	1,960	1,641	(988)	(1,335)
Supply <sup>2</sup>	-	-	-	-	(32)	(661)	(795)	(2,644)	(5,504)	(6,097)	(4,649)
Δ y/y	0%	0%	0%	0%	0%	-1%	0%	-2%	-2%	0%	1%
Demand <sup>2</sup>	-	-	-	-	(29)	(6,937)	(7,482)	(5,443)	(6,379)	(8,861)	(10,764)
Δ y/y	0%	0%	0%	0%	0%	-10%	0%	3%	-1%	-1%	-1%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	-7%	-7%	-3%	-2%	-3%	-5%
Steam spot <sup>2</sup> (USD/d)	-	-	-	-	-	(23,097)	(15,439)	(898)	3,457	(5,631)	(27,207)
TFDE spot <sup>2</sup> (USD/d)	-	-	-	-	-	(29,164)	(19,297)	(5,481)	(484)	(5,631)	(27,207)
MEGI spot <sup>2</sup> (USD/d)	-	-	-	-	-	(27,950)	(18,861)	(5,045)	(49)	(5,196)	(26,771)
OB <sup>2</sup>	(18)	(147)	(79)	171	76	(2,255)	(3,501)	(2,181)	3,213	4,703	2,536
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	-2%	-3%	-2%	3%	5%	3%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries <sup>1</sup>	0%	0%	0%	0%	0%	-4%	1%	-30%	-27%	1%	46%
Scrapping <sup>1</sup>	0%	0%	0%	0%	0%	64%	28%	12%	8%	16%	40%
Other <sup>1</sup>	0%	0%	0%	0%	50%	#####	-579%	158%	-126%	-208%	-88%
Contracting <sup>1</sup>	0%	0%	0%	0%	-2%	-44%	-13%	45%	28%	-11%	-14%
Supply <sup>2</sup>	0%	0%	0%	0%	0%	-1%	-1%	-2%	-5%	-5%	-4%
Δ y/y	0%	0%	0%	0%	0%	-11%	-1%	-19%	-32%	-8%	41%
Demand <sup>2</sup>	0%	0%	0%	0%	0%	-9%	-9%	-6%	-7%	-8%	-9%
Δ y/y	0%	0%	0%	0%	-1%	-106%	-9%	76%	-6%	-8%	-5%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	-8%	-8%	-4%	-2%	-3%	-5%
Steam spot <sup>2</sup> (USD/d)	0%	0%	0%	0%	0%	-42%	-36%	-3%	10%	-6%	-19%
TFDE spot <sup>2</sup> (USD/d)	0%	0%	0%	0%	0%	-37%	-32%	-11%	-1%	-5%	-16%
MEGI spot <sup>2</sup> (USD/d)	0%	0%	0%	0%	0%	-32%	-27%	-9%	0%	-4%	-15%
OB <sup>2</sup>	0%	-1%	0%	1%	0%	-10%	-17%	-14%	31%	39%	15%
OB/Fleet <sup>2</sup>	0%	-1%	0%	1%	0%	-9%	-16%	-12%	37%	46%	19%

<sup>1</sup>Sum during period <sup>2</sup>Average during period



## Company Financials (annual estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
ALNG NO	31	22	22		18	10	10		5	-3	-3		-7	-14	-14	
FLNG NO	161	204	218		118	143	156		72	68	79		16	-18	-8	
GLOG US	657	691	711		454	467	482		269	260	264		10	10	17	
Average	283	306	317	#####	197	206	216	#####	116	108	113	#####	7	-7	-1	#DIV/O!
Median	161	204	218	#NUM!	118	143	156	#NUM!	72	68	79	#NUM!	10	-14	-8	#NUM!

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
ALNG NO	337	324	311		13	-7	-26		354	320	288		101	86	73	
FLNG NO	2,131	2,313	2,236		85	66	89		2,231	2,394	2,340		838	815	777	
GLOG US	5,560	5,592	5,406		117	86	112		5,777	5,779	5,619		1,612	1,573	1,542	
Average	2,676	2,743	2,651	#####	72	48	58	#####	2,787	2,831	2,749	#####	850	825	797	#DIV/O!
Median	2,131	2,313	2,236	#NUM!	85	66	89	#NUM!	2,231	2,394	2,340	#NUM!	838	815	777	#NUM!

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2021	2022	2021	2022
USDm																
ALNG NO	6	-1	0		6	-1	0		-11	-20	-19		40,261	40,658	58,063	56,921
FLNG NO	62	57	70		-618	-200	70		-44	-20	23		57,669	52,722	45,738	45,260
GLOG US	195	217	235		-691	-22	203		-147	-31	26		56,873	57,303	129,638	70,375
Average	88	91	101	#####	-434	-75	91	#####	-67	-23	10	#####	51,601	50,227	77,813	57,519
Median	62	57	70	#NUM!	-618	-22	70	#NUM!	-44	-20	23	#NUM!	56,873	52,722	58,063	56,921

## Company Financials (quarterly estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
ALNG NO	12	5	6	8	9	2	3	5	5	-1	0	2	2	-4	-3	-1
FLNG NO	39	26	38	58	31	17	26	44	22	8	14	29	11	-4	-1	10
GLOG US	164	154	151	188	118	104	99	133	74	59	52	84	10	-4	-10	14
Average	72	62	65	85	52	41	43	61	34	22	22	38	8	-4	-5	8
Median	39	26	38	58	31	17	26	44	22	8	14	29	10	-4	-3	10

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
ALNG NO	347	343	340	337	26	20	16	13	377	367	360	354	110	105	102	101
FLNG NO	1,488	1,626	2,018	2,131	131	99	73	85	1,635	1,740	2,106	2,231	838	829	828	838
GLOG US	4,951	5,216	5,319	5,560	199	175	94	117	5,251	5,492	5,514	5,777	1,647	1,632	1,610	1,612
Average	2,262	2,395	2,559	2,676	119	98	61	72	2,421	2,533	2,660	2,787	865	855	847	850
Median	1,488	1,626	2,018	2,131	131	99	73	85	1,635	1,740	2,106	2,231	838	829	828	838

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	2Q20	3Q20	2Q20	3Q20
USDm																
ALNG NO	6	-1	0	2	6	-1	0	2	3	-6	-5	-3	29,191	36,323	59,197	58,831
FLNG NO	20	5	11	26	20	-142	-393	-103	2	-32	-26	12	69,200	73,980	49,153	44,746
GLOG US	53	41	37	63	-83	-269	-113	-227	-65	-24	-81	23	58,640	56,065	46,267	64,411
Average	26	15	16	30	-19	-137	-169	-109	-20	-21	-37	11	52,344	55,456	51,539	55,996
Median	20	5	11	26	6	-142	-113	-103	2	-24	-26	12	58,640	56,065	49,153	58,831



## LPG Carriers: Demand Collapses

### The quarter in review

Net VLGC supply growth of 3.8% q/q in 1Q20 was slightly above our 3.2% [forecast from January](#), with y/y growth at 9.1%. Gross deliveries of 911k cbm was above our forecast (848k), while zero vessels scrapped was below our 97k cbm forecast. Contracting in the quarter slowed to a trickle with only 168k cbm added to the orderbook vs 894k cbm in 4Q19 and our forecast of 674k cbm. Thus, the VLGC orderbook contracted by 743k cbm in the quarter, now standing at 15.3% of the fleet (21% historical average).

We estimate a 0.4% demand growth q/q (vs our 0.6% forecast) and 28.1% y/y (28.3%). US LPG exports has been the main demand growth driver, with exports in 1Q20 +3% q/q and +53% y/y to new all-time-highs. We forecast US LPG exports peaked in March 2020 and could fall 9% q/q in 2Q20E due to lower E&P activity. Please see [Demand](#) below for further details.

The net effect in the quarter was a fleet utilization of 91.4% (92.2% forecast), -3.1%p q/q and +13.5%p y/y. The average spot earnings for a VLGC at \$51k/d in the quarter was 7% below our forecast (-24% q/q, +266% y/y). A three-year-old VLGC averaged \$73m in the quarter (similar to our forecast) 0% q/q and +17% y/y. Our VLGC share index averaged -12% q/q and +129% y/y to 76, below our 93 [forecast from January](#). The lower than expected share prices are largely due to the COVID-19 outbreak and subsequent deteriorating earnings environment, with the share index recently having collapsed to now stand at 44.

kcbm			New	Old	$\Delta$	$\Delta$ %
	2019-Q1	2019-Q4	2020-Q1	2020-Q1		
Deliveries <sup>1</sup>	334.0	330.7	910.7	848.1	62.7	7%
Scrapping <sup>1</sup>	-	-	-	(96.5)	96.5	-100%
Contracting <sup>1</sup>	756.6	894.0	168.0	674.4	(506.4)	-75%
<b>Supply<sup>2</sup></b>	<b>22,566</b>	<b>23,710</b>	<b>24,621</b>	<b>24,461</b>	<b>160</b>	<b>0.7%</b>
$\Delta$ q/q			3.8%	3.2%	0.7%	
$\Delta$ y/y			9.1%	8.4%	0.7%	
<b>Demand<sup>2</sup></b>	<b>17,580</b>	<b>22,417</b>	<b>22,516</b>	<b>22,560</b>	<b>(45)</b>	<b>-0.2%</b>
$\Delta$ q/q			0.4%	0.6%	-0.2%	
$\Delta$ y/y			28.1%	28.3%	-0.3%	
<b>Utilization<sup>2</sup></b>	<b>77.9%</b>	<b>94.5%</b>	<b>91.4%</b>	<b>92.2%</b>	<b>-0.8%p</b>	
VLGC, spot <sup>2</sup> (TCE/d)	13,852	66,290	50,642	54,237	(3,595)	-7%
VLGC, 3y <sup>2</sup> (USDm)	63	73	73	73	-	0%
Share index <sup>2</sup>	33	86	76	93	(17)	-18%

<sup>1</sup>Sum during period <sup>2</sup>Average during period



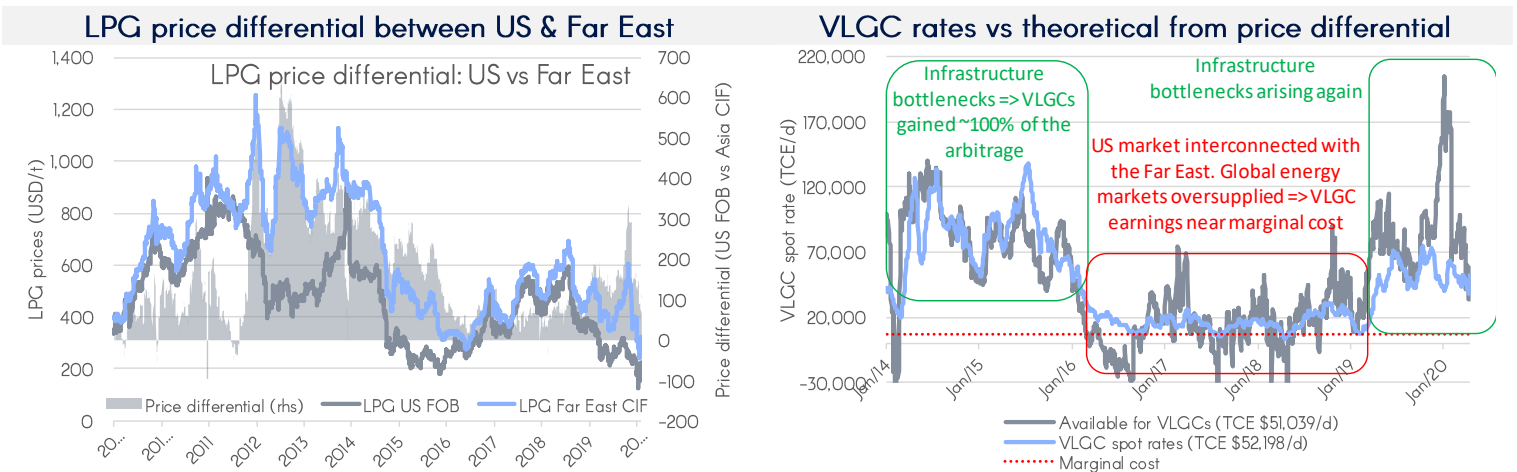


### Brief history

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.

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 were normalized, mirroring the dynamics seen in established commodity shipping such as dry bulk and oil tankers. After a short reversal in 2019 where US export capacity were once again close to 100%, we expect the VLGC market to normalize again in 2020 as new export capacity comes online concurrent with much less volume exported.





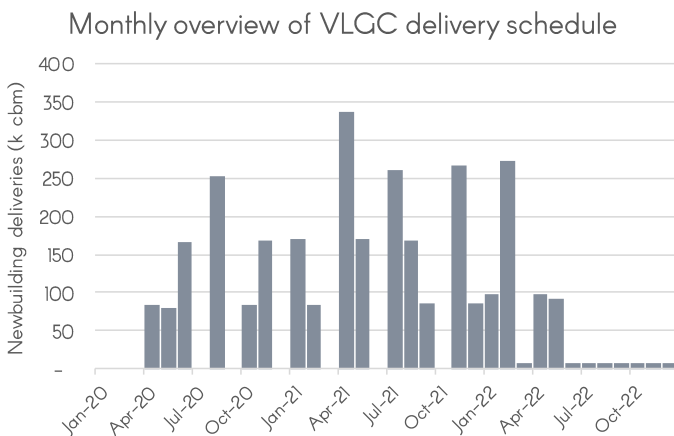
### Market outlook

#### Supply

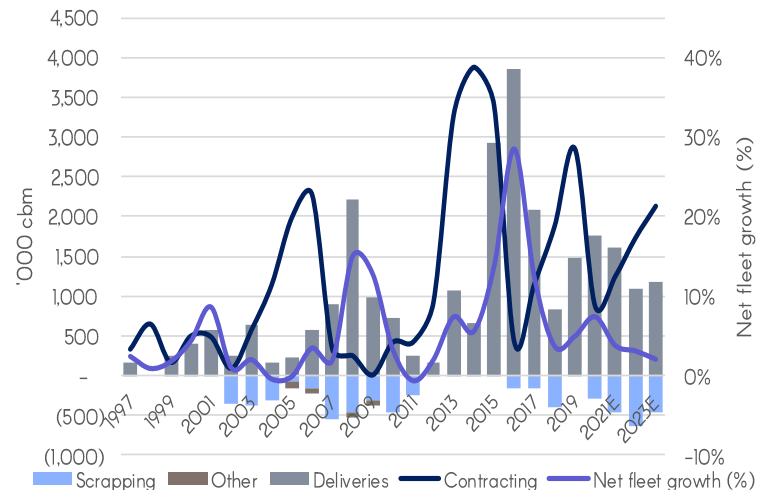
With 4.7m cbm of VLGC newbuildings having been contracted in 2018 & 2019 combined vs gross deliveries at 2.3m cbm, the orderbook has grown from 12% in 2017 to 15% of the fleet at present. This is still manageable vs the historical average of 21% but will require healthy demand growth to keep earnings elevated, something we don't think will happen.

For 2020E, we forecast net supply growth at a substantial 7.4%, far above our forecast for a 0.6% contraction in demand. Although the majority of deliveries are already behind us, with 911k cbm delivered in 1Q20 vs 848k cbm expected for the remainder of the year, an expected 20% decline in shipping demand from 1Q20 to 4Q20 should nevertheless leave earnings much lower. Looking further afield, we see a low 3.8% net supply growth in 2021E, 3.1% in 2022E and 2.0% in 2023E.

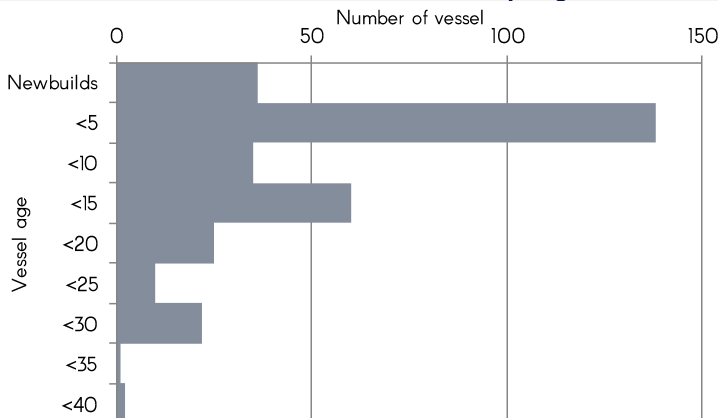
#### VLGC monthly delivery schedule



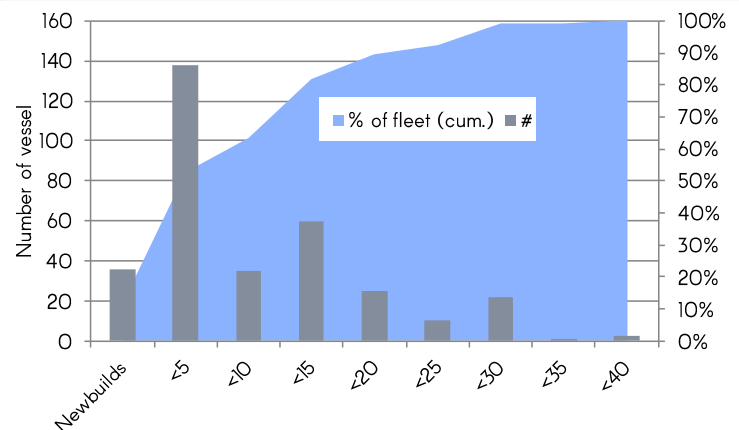
#### VLGC fleet developments



#### VLGC fleet distribution by age



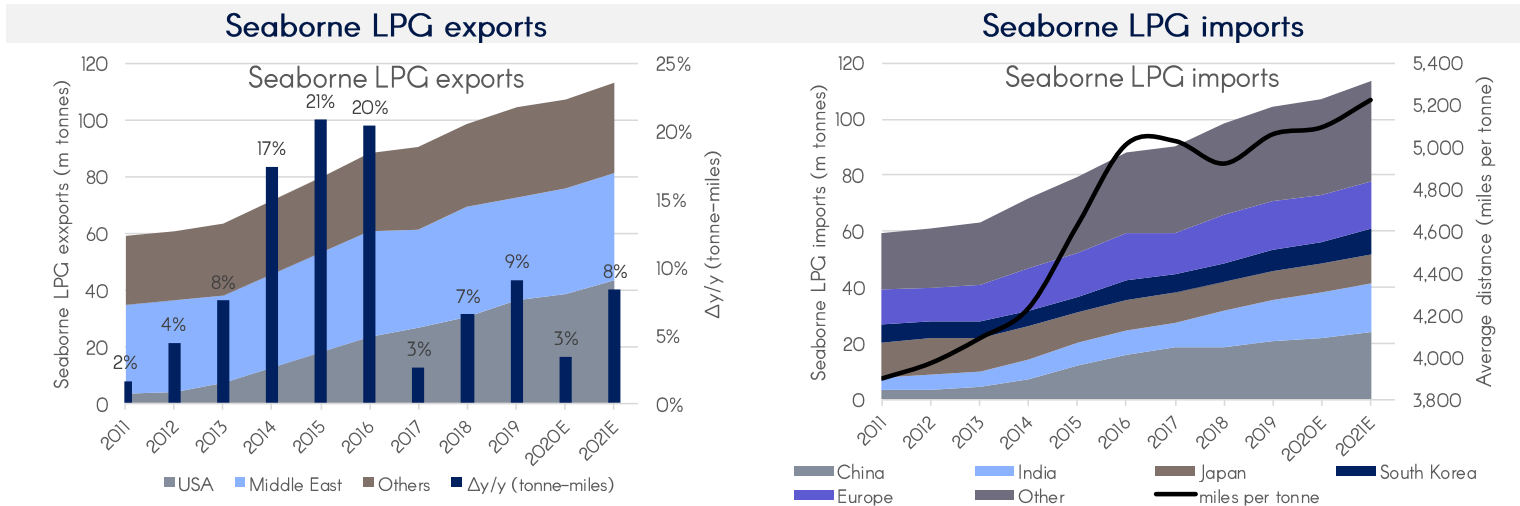
#### VLGC distribution by age





### Demand

Looking at total demand for seaborne 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 even higher than the tonne picture initially paints.



Source: Shipping Intelligence Network. *Not equal to Cleaves' estimates*

Source: Shipping Intelligence Network.

Looking ahead, we expect Middle Eastern exports to increase 3.3% y/y in 2020E and another 0.5% in 2021E. We expect other non-US sourced LPG exports to decrease 0.6% in 2020E and to rise 2.2% in 2021E, similar to Shipping Intelligence Network's forecast. The single most important demand growth driver for LPG shipping demand is however US LPG exports, where we forecast that volumes could decline to levels similar to 2017 by year end.

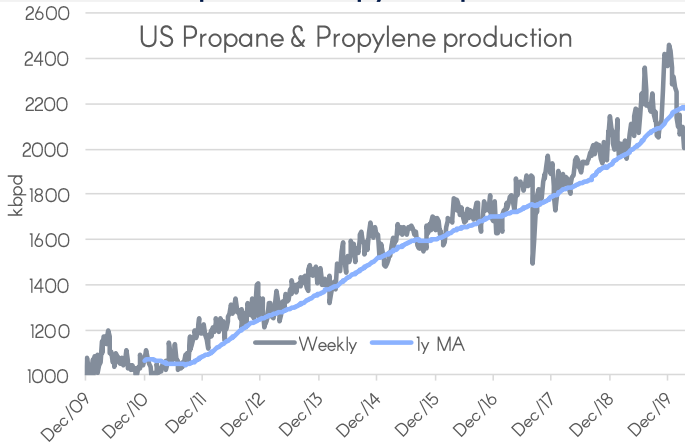
US propane/propylene production has risen continuously since 2011 at a CAGR of 8.0% (down from 10.6% in [January](#)), while US LPG exports have posted double-digit growth each year since 2014.

The outlook has however deteriorated significantly since our [January](#) report due to the collapse in global energy prices and expected subsequent lack of investments into oil & gas exploration and production. The most profound effect will likely be on US shale production which is very sensitive and highly responsive to falling energy prices. Please see the [Oil Tanker](#) segment above for further details on oil supply.

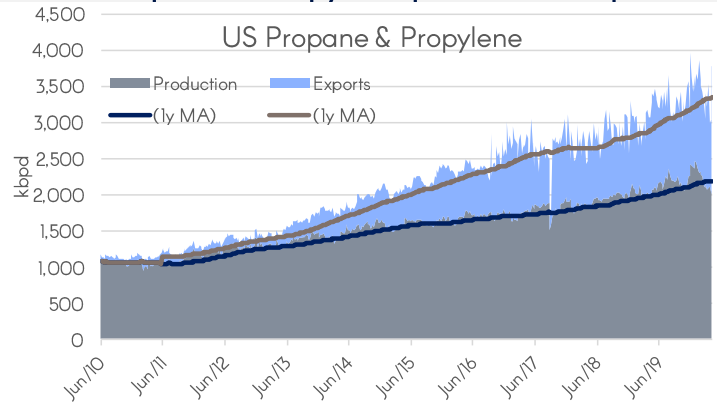
The US rig count has already plummeted from March levels, and we now believe US LPG production could fall 20% y/y by year end and US LPG exports potentially collapsing 50% y/y in December 2020 before recouping some lost ground during 2021E.



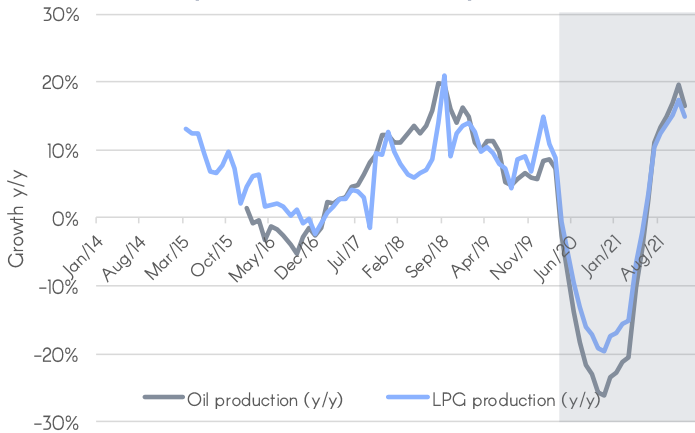
### US Propane & Propylene production



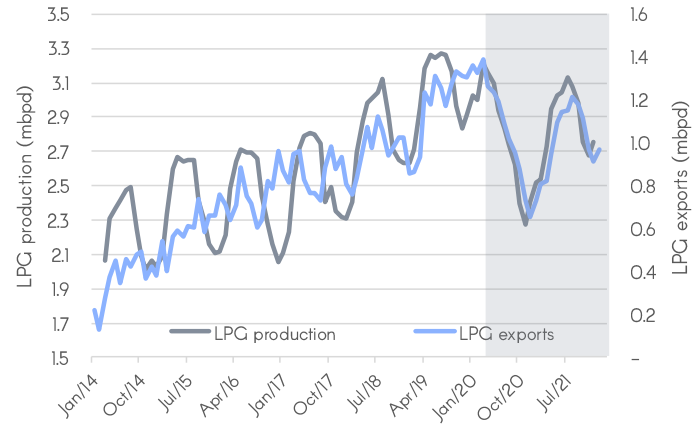
### US Propane & Propylene production/exports



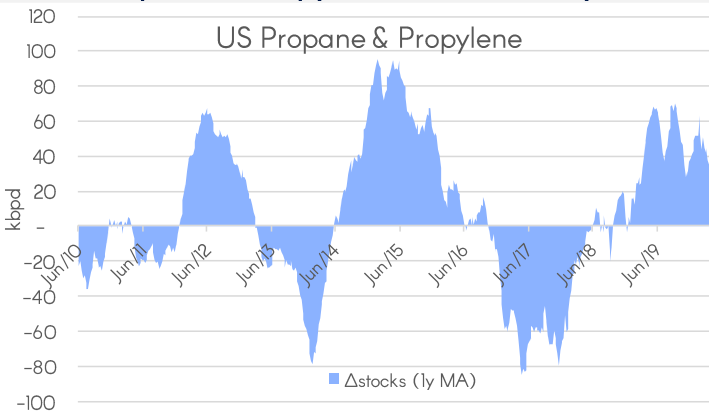
### US oil production vs LPG production



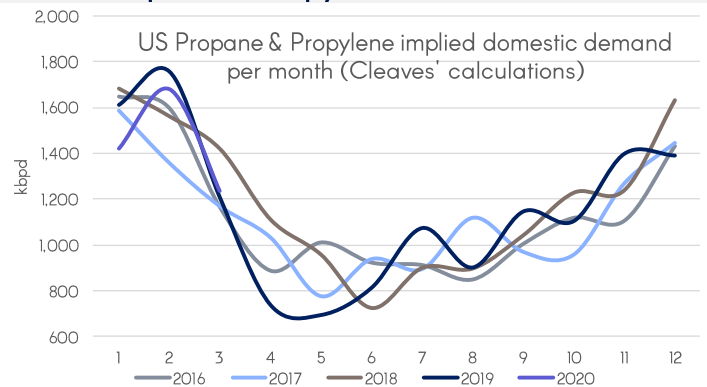
### US LPG production vs exports



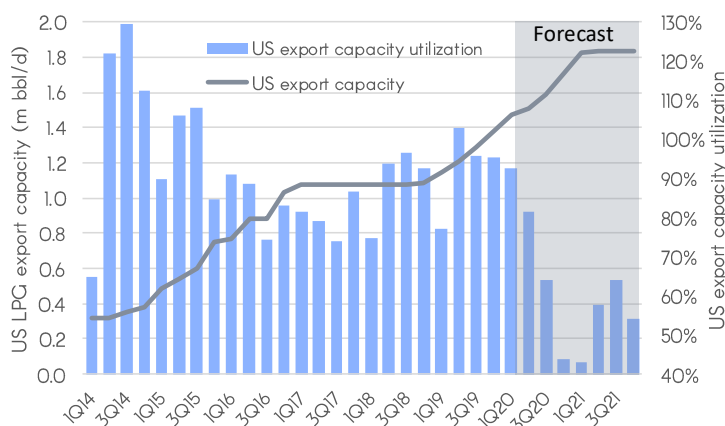
### US Propane & Propylene: Net inventory Δ y/y



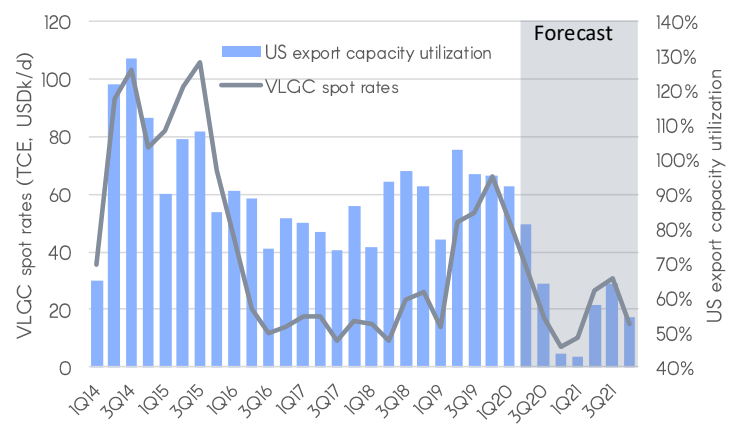
### US Propane & Propylene: Domestic demand



### US LPG seaborne export capacity & utilization



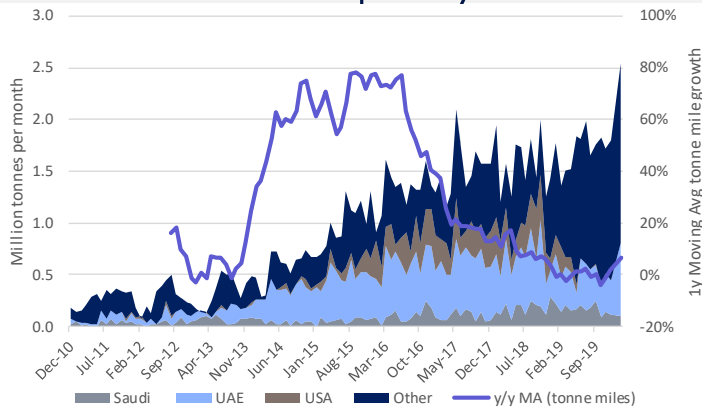
### US export capacity utilization vs VLGC spot rates



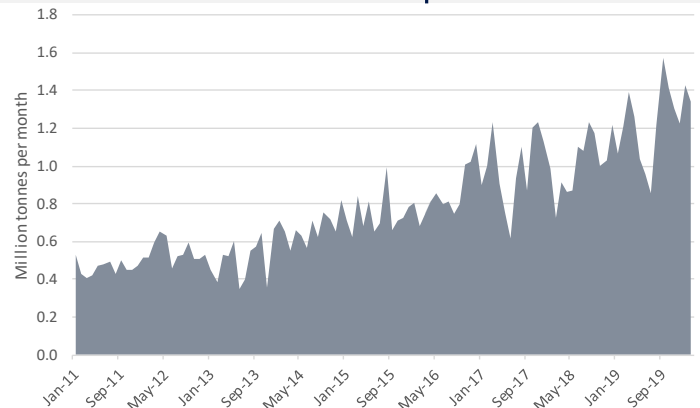


On the LPG demand side, the COVID-19 outbreak has caused a massive reduction in demand for energy, also impacting demand for LPG. Looking beyond COVID-19, we believe in a general increase in demand for energy globally in addition to a preference for LPG and LNG over coal and crude oil. The latter is 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



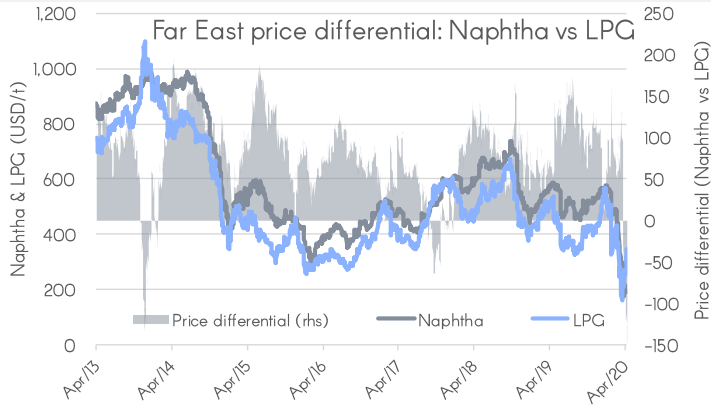
In addition to a general move towards LPG as a cleaner and energy rich fuel for the retail market, another important driver for LPG demand is the relative pricing towards other energy sources and especially naphtha which many crackers can use interchangeably to a certain degree. This effect is even more important when analysing short term demand fluctuations and potential arbitrage opportunities for LPG shipping.

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 -\$148/t! The lowest level on record going back to 2013 and unsupportive of LPG demand.

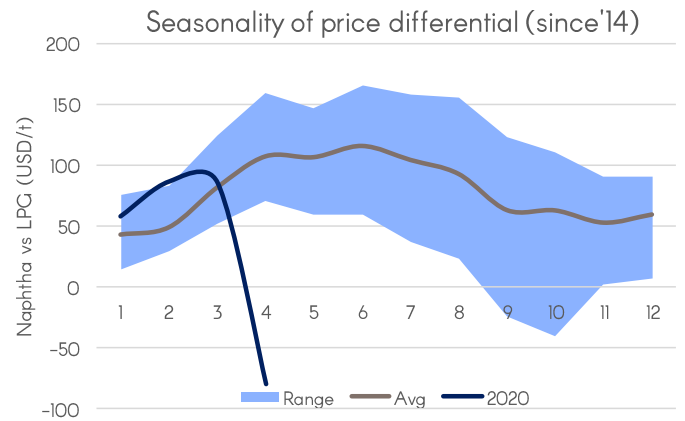
Looking to historical patterns, the price differential tends to rise in April and stay elevated throughout August. This fits well with the seasonal spike in demand and shipping earnings we have observed historically. This seasonality has however been highly diluted in recent years by the ramp-up in US exports. Please see the section on [Seasonality](#) below for further details.



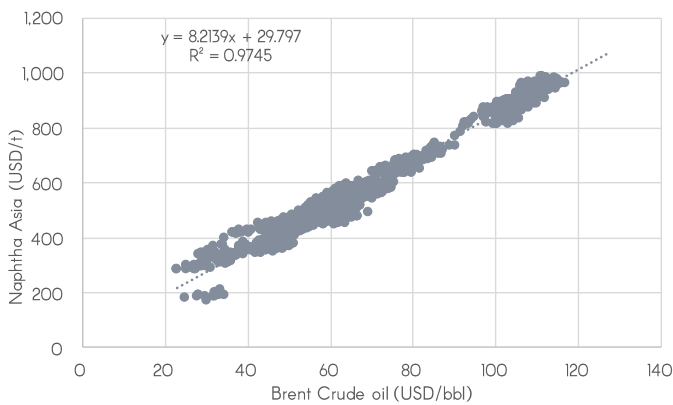
### Far Eastern feedstock switch occurs ~\$50-100



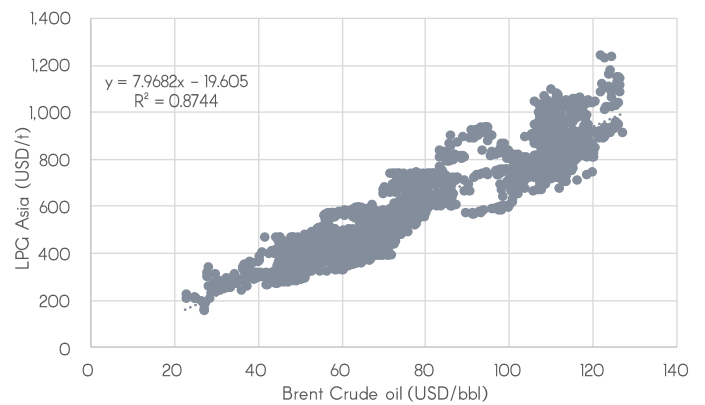
### Seasonality of Far Eastern price differential



### Correlation: Far East naphtha vs Brent Crude

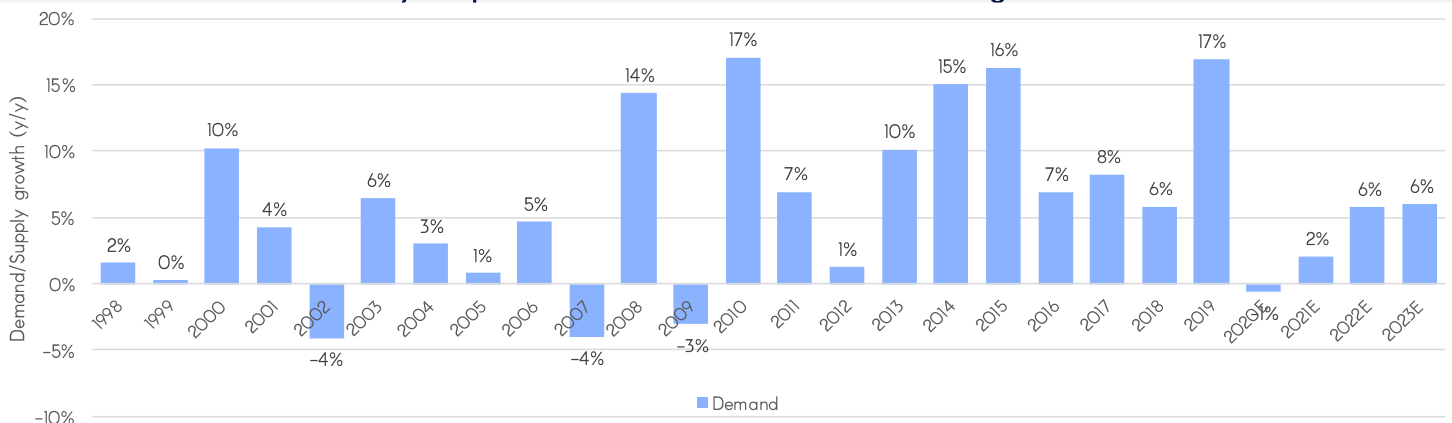


### Correlation: Far East LPG vs Brent Crude



In sum, we forecast demand contraction of  $-0.6\%$  y/y in 2020E, 10.2%p lower than our previous demand growth forecast from [March](#) due to the deteriorating LPG production and exports outlook. Expecting some of this demand destruction to be reversed, our demand growth forecast for 2021E is revised up 4.3%p to  $+2.1\%$ .

### Historically (implied) and Cleaves' VLGC demand growth forecast



### Fleet utilization

After a massive surge in fleet utilization from 80% in 2018 to 89% in 2019, we forecast a reversal of fortunes at 82% in 2020E. Within 2020E, we forecast fleet utilization to average 89% in 1H20E and 76% in 2H20E. Against our 7.4% net fleet growth forecast in 2020E, we see demand contraction of  $-0.6\%$ , with





# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

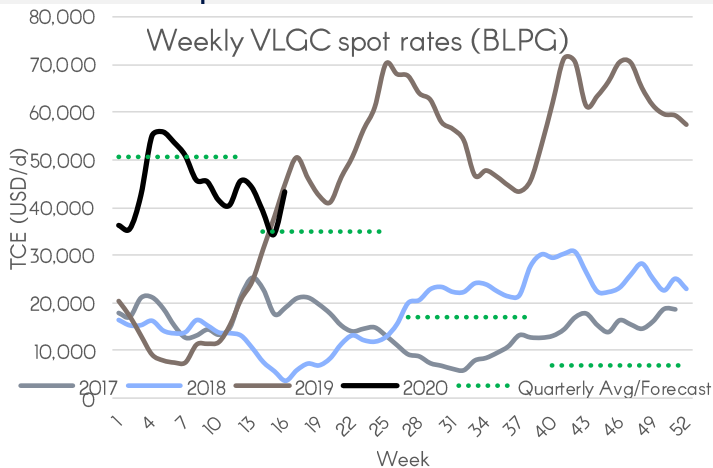
average spot rates of \$27k/d vs 46k/d in 2019. Demand growth y/y in 2021E at 2.1% vs expected net supply growth for 3.8% leads to a further deterioration of VLGC spot rates to a \$21k/d average.

Looking further afield, we expect that muted newbuild contracting in 2020E and 2021E will lead to a manageable fleet growth of 2-4% in 2021E-2023E. Against a forecast demand growth of 6% in both 2022E and 2023E, leading to gradually improving fortunes from 2021E.

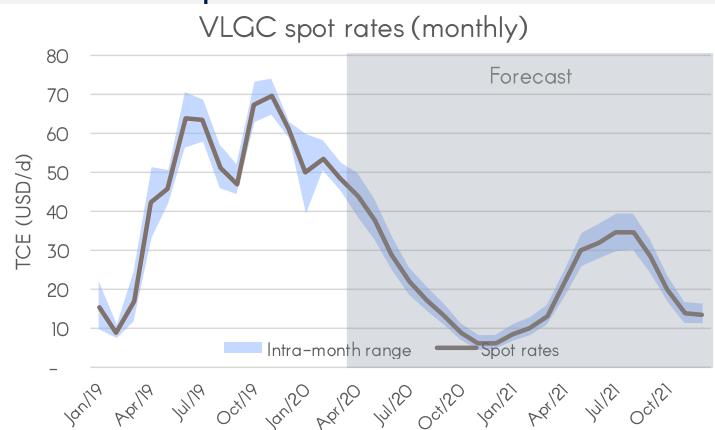
Delta table: VLGC Carrier forecast summary

$\Delta$ y/y	2020E	2021E	2022E	2023E	Avg spot	2020E	2021E	2022E	2023E
Supply	7.4%	3.8%	3.1%	2.0%	VLGC spot	27,297	20,652	25,915	35,110
Supply, old	7.3%	3.0%	4.9%	4.8%	old	48,855	32,361	30,502	33,677
$\Delta$	0.1%p	0.8%p	-1.8%p	-2.7%p	$\Delta$	(21,558)	(11,709)	(4,588)	1,434
Demand	-0.6%	2.1%	5.8%	6.0%	VLGC 3y	70	65	69	73
Demand, old	9.5%	-2.2%	4.2%	6.0%	old	73	71	71	72
$\Delta$	-10.2%p	4.3%p	1.6%p	0.0%p	$\Delta$	(3)	(6)	(1)	1
Utilization	82.4%	81.1%	83.2%	86.4%	Share index	55	58	69	81
Utilization, old	91.0%	86.3%	85.8%	86.8%	old	76	74	73	78
$\Delta$	-8.6%p	-5.3%p	-2.6%p	-0.4%p	$\Delta$	-27%	-22%	-5%	4%

VLGC spot rates: Historical & forecast



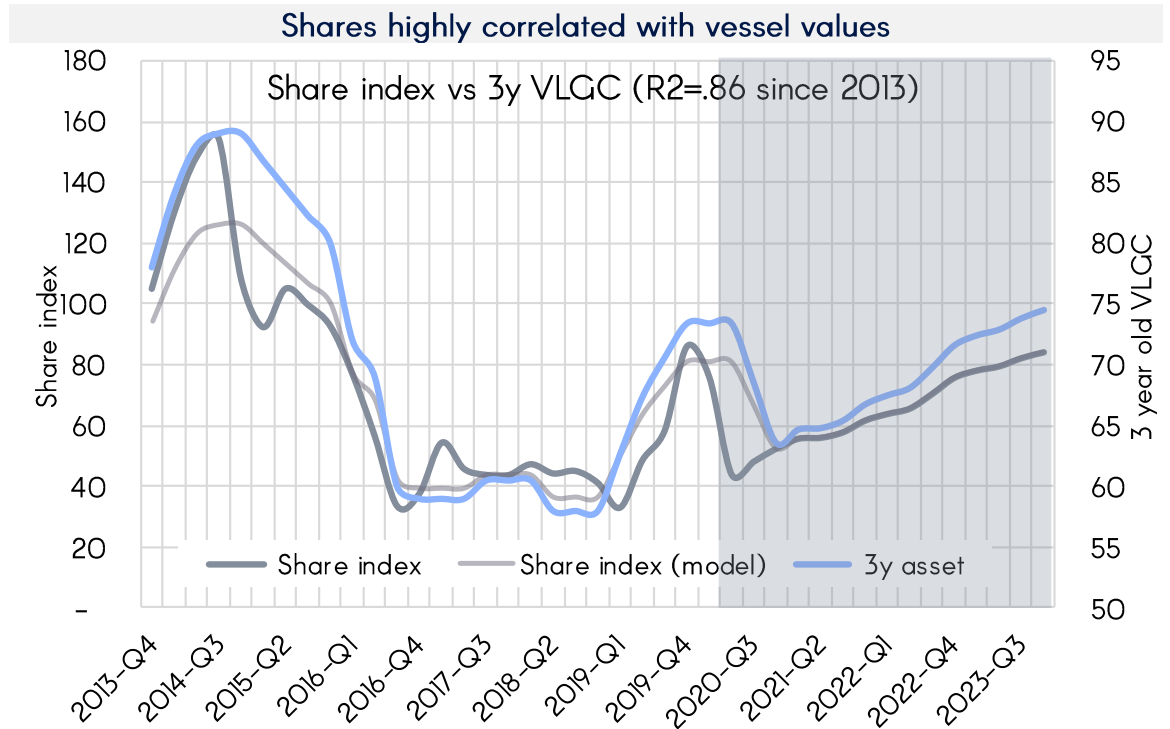
VLGC spot rates: Historical & forecast



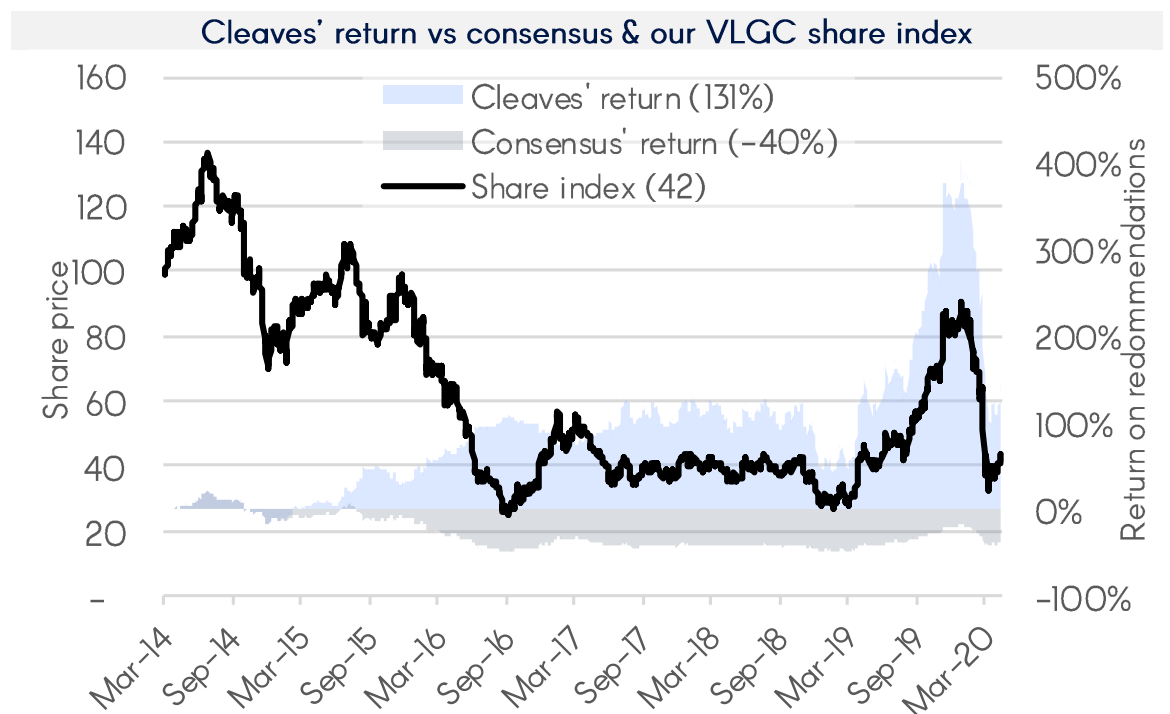


### Share index

Our VLGC share index currently stands at 44 after a 59% rout since the peak in January. The COVID-19 outbreak has undoubtedly had a profound negative impact, and depressed energy prices have added to the deteriorating outlook for LPG shipping. We do believe the share index decline is exaggerated, and see a 28% upside to our VLGC share index over the next year.



Since we started covering VLGC shipping shares in 2014, we have 131% return on our recommendations vs the market at -58% & consensus at -40%.



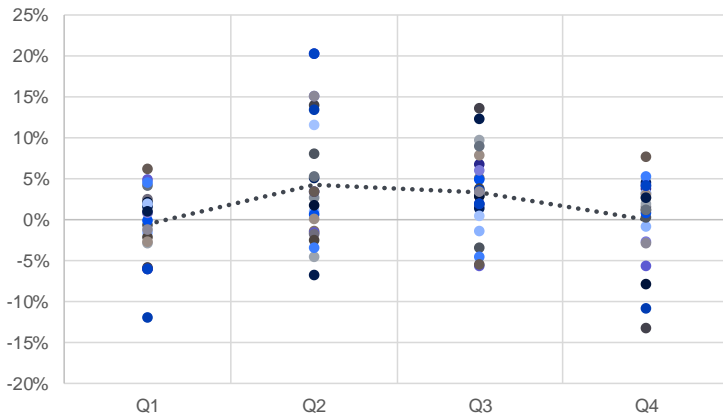


### Seasonality

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 negative in 2021E, we would expect more of the traditional seasonality again, although diluted.

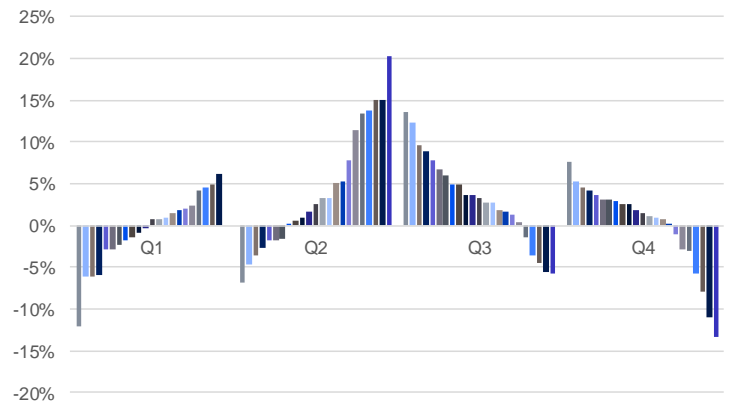
#### Historically strong demand growth in 2Q/3Q

Implied q/q demand growth since 1997



#### Historically strong demand growth in 2Q/3Q

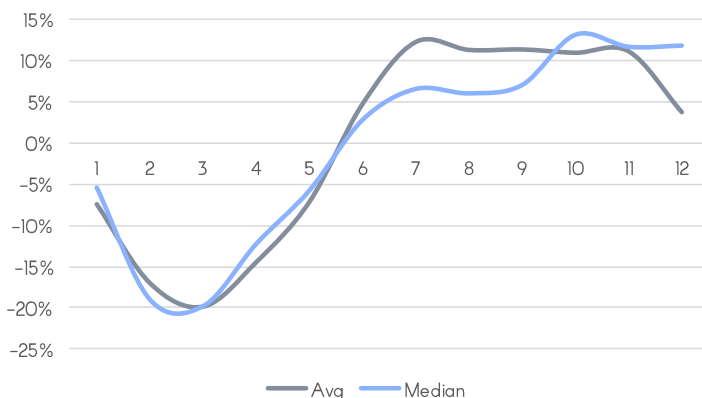
Implied q/q demand growth since 1997



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.

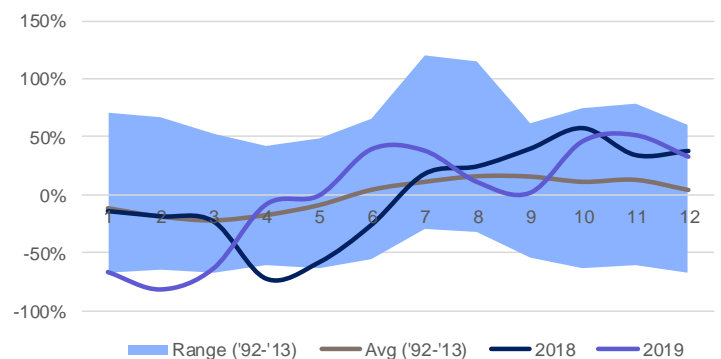
#### Historical VLGC spot rate seasonality

VLGC spot rate seasonality since '92 (% vs Y avg)



#### Historical VLGC spot rate seasonality

VLGC spot rate seasonality since '92 (% vs Y avg)





# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

## 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 <sup>1</sup>	162	1,073	669	2,935	3,863	2,081	829	1,478	1,759	1,611	1,092	1,181
Scrapping <sup>1</sup>	-	-	-	-	(161)	(154)	(391)	-	(289)	(468)	(627)	(464)
Other <sup>1</sup>	(0)	0	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	913	3,271	3,879	3,400	417	1,151	1,878	2,851	867	1,244	1,728	2,128
Supply <sup>2</sup>	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	24,921	25,862	26,662	27,208
Δ y/y	2.0%	7.4%	5.6%	13.7%	28.6%	12.3%	3.7%	5.0%	7.4%	3.8%	3.1%	2.0%
Demand <sup>2</sup>	9,794	10,788	12,410	14,433	15,433	16,702	17,675	20,667	20,537	20,965	22,180	23,511
Δ y/y	1.3%	10.1%	15.0%	16.3%	6.9%	8.2%	5.8%	16.9%	-0.6%	2.1%	5.8%	6.0%
Utilization <sup>2</sup>	86%	88%	96%	98%	81%	78%	80%	89%	82%	81%	83%	86%
Spot rate <sup>2</sup> (USD/day)	32,890	39,437	77,070	88,508	22,859	14,990	18,326	46,009	27,297	20,652	25,915	35,110
VLGC value, 3y <sup>2</sup> (USDm)	71	73	88	83	65	60	59	69	70	65	69	73
Share index <sup>2</sup>	-	-	135	98	51	47	45	57	55	58	69	81
OB <sup>2</sup>	1,454	2,490	6,787	7,317	5,275	2,830	3,412	3,763	3,822	3,555	3,720	4,652
OB/Fleet <sup>2</sup>	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	14%	17%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Old Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	162	1,073	669	2,935	3,863	2,081	829	1,478	1,866	1,272	2,048	1,674
Scrapping <sup>1</sup>	-	-	-	-	(161)	(154)	(391)	-	(386)	(468)	(627)	(464)
Other <sup>1</sup>	(0)	0	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	913	3,271	3,879	3,400	417	1,151	1,878	2,671	1,854	1,666	1,780	2,036
Supply <sup>2</sup>	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	24,889	25,639	26,894	28,173
Δ y/y	2.0%	7.4%	5.6%	13.7%	28.6%	12.3%	3.7%	5.0%	7.3%	3.0%	4.9%	4.8%
Demand <sup>2</sup>	9,794	10,788	12,410	14,433	15,433	16,702	17,675	20,667	22,640	22,138	23,068	24,452
Δ y/y	1.3%	10.1%	15.0%	16.3%	6.9%	8.2%	5.8%	16.9%	9.5%	-2.2%	4.2%	6.0%
Utilization <sup>2</sup>	86%	88%	96%	98%	81%	78%	80%	89%	91%	86%	86%	87%
Spot rate <sup>2</sup> (USD/day)	32,890	39,437	77,070	88,508	22,859	14,990	18,326	46,009	48,855	32,361	30,502	33,677
VLGC value, 3y <sup>2</sup> (USDm)	71	73	88	83	65	60	59	69	73	71	71	72
Share index <sup>2</sup>	-	-	135	98	51	47	45	57	76	74	73	78
OB <sup>2</sup>	1,454	2,490	6,787	7,317	5,275	2,830	3,411	3,747	3,820	4,319	4,206	4,350
OB/Fleet <sup>2</sup>	13%	20%	52%	50%	28%	13%	15%	16%	15%	17%	16%	15%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Δ Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	-	-	-	-	-	-	-	0	(107)	339	(956)	(493)
Scrapping <sup>1</sup>	-	-	-	-	-	-	-	-	96	-	-	-
Other <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	-	-	-	-	0	0	0	180	(987)	(422)	(52)	92
Supply <sup>2</sup>	-	-	-	-	-	-	-	0	32	223	(232)	(965)
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	-1.8%	-2.7%
Demand <sup>2</sup>	-	-	-	-	-	-	-	0	(2,103)	(1,174)	(888)	(941)
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-10.2%	4.3%	1.6%	0.0%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0.0%	-8.6%	-5.3%	-2.6%	-0.4%
Spot rate <sup>2</sup> (USD/day)	-	-	-	-	-	-	-	-	(21,558)	(11,709)	(4,588)	1,434
VLGC value, 3y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	(3)	(6)	(1)	1
Share index <sup>2</sup>	-	-	-	-	-	-	-	0	(21)	(16)	(4)	3
OB <sup>2</sup>	-	-	-	-	0	0	1	16	3	(764)	(486)	302
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	-3%	-2%	2%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

Δ Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-6%	27%	-47%	-29%
Scrapping <sup>1</sup>	-	-	-	-	0%	0%	0%	-	-25%	0%	0%	0%
Other <sup>1</sup>	0%	0%	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	7%	-53%	-25%	-3%	5%
Supply <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	-1%	-3%
Δ y/y	0%	0%	0%	0%	0%	0%	0%	0%	2%	25%	-37%	-57%
Demand <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-9%	-5%	-4%	-4%
Δ y/y	0%	0%	0%	0%	0%	0%	0%	0%	-107%	-194%	38%	0%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-9%	-6%	-3%	0%
Spot rate <sup>2</sup> (USD/day)	0%	0%	0%	0%	0%	0%	0%	0%	-44%	-36%	-15%	4%
VLGC value, 3y <sup>2</sup> (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	-4%	-8%	-2%	1%
Share index <sup>2</sup>	-	-	0%	0%	0%	0%	0%	0%	-27%	-22%	-5%	4%
OB <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	-18%	-12%	7%
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	-18%	-11%	11%

<sup>1</sup>Sum during period <sup>2</sup>Average during period

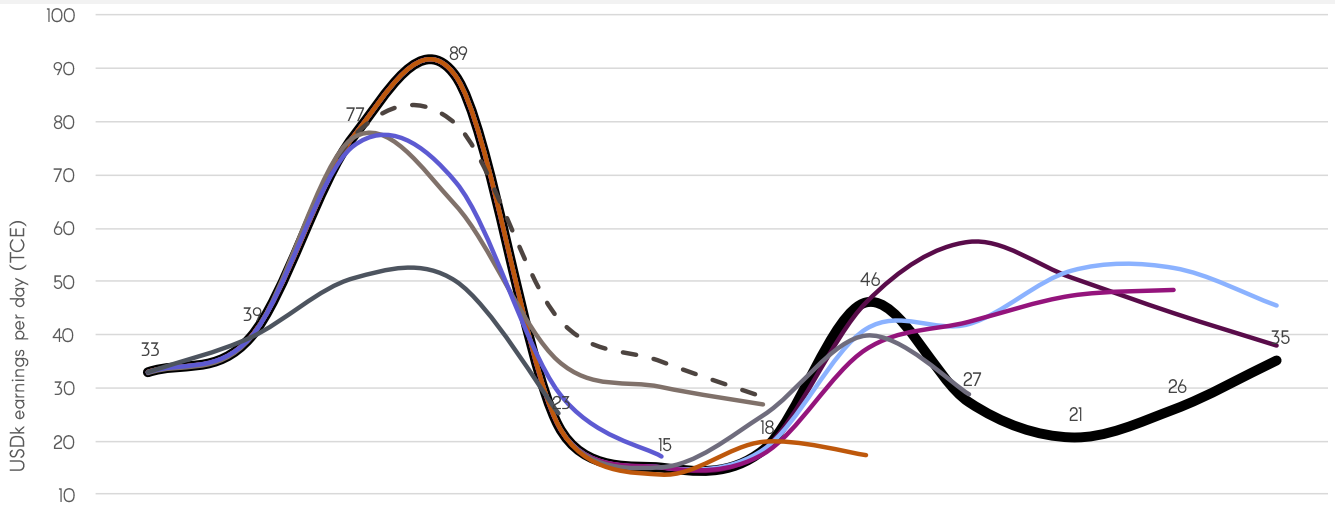


# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

## 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	27,297	20,652	25,915	35,110
Jan-20	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							



## Peer Group

Peer table I

USDm	Mcap	Turnover	P/sh	Value	+/-	P/NAV					EV/GAV	adj. Equity
						NAV	Now	ly fwd	+10%	ε		
AVANCE NO	132	4.5	21.8	31	42%	71	0.31	0.56	0.65	0.21	0.69	41%
BWLPG NO	456	6.3	34.3	45	31%	96	0.36	0.56	0.66	0.16	0.67	48%
LPG US	479	7.2	8.9	6	-35%	18	0.50	0.90	0.98	0.15	0.69	59%
Average	356	6.0			13%		0.39	0.67	0.77	0.17	0.68	0.49
Median	456	6.3			31%		0.36	0.56	0.66	0.16	0.69	0.48

Peer table II

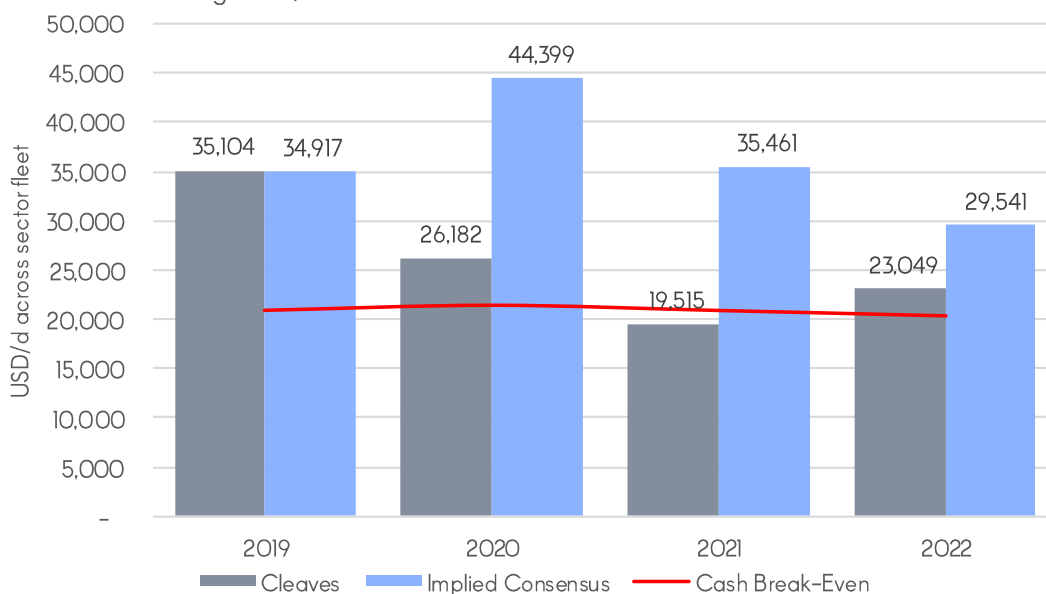
USDm	EV/EBITDA				P/E (adj.)				Liquidity/(CIBD + eq. capex)			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
AVANCE NO	5.7	6.4	9.1	6.7	6.5	9.5		12.3	9%	5%	3%	5%
BWLPG NO	5.2	6.0	###	6.7	5.5	5.8		10.8	4%	1%	2%	4%
LPG US	8.2	9.9	14.8	9.7	11.5	92.7			4%	1%	2%	3%
Average	6.4	7.5	11.5	7.7	7.8	36.0	#####	11.5	6%	2%	3%	4%
Median	5.7	6.4	10.7	6.7	6.5	9.5	#####	11.5	4%	1%	2%	4%

Peer table II

USDm	FCF yield				Dividend yield			
	2019	2020	2021	2022	2019	2020	2021	2022
AVANCE NO	21%	18%	-30%	3%	0%	27%	6%	12%
BWLPG NO	28%	44%	19%	33%	5%	29%	4%	9%
LPG US	6%	12%	6%	14%	0%	9%	2%	6%
Average	18%	24%	-2%	17%	2%	22%	4%	9%
Median	21%	18%	6%	14%	0%	27%	4%	9%

### Cleaves' average TCE/d forecast vs consensus

Avg. TCE/d vs consensus & cash break-even

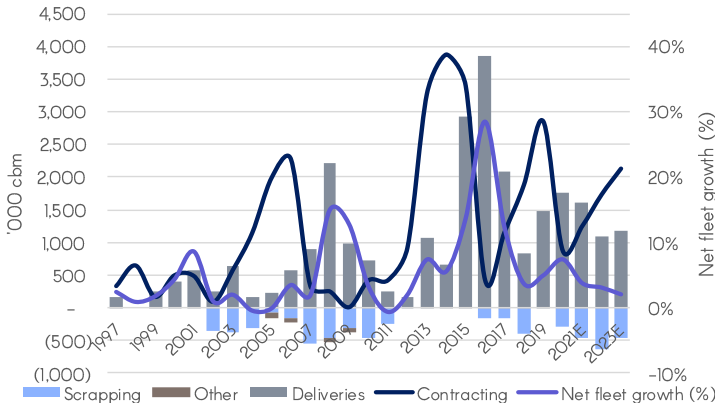




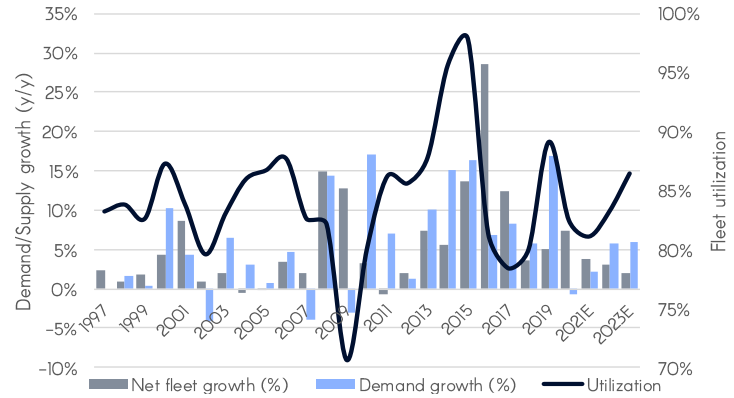


### Market Fundamentals & Forecasts

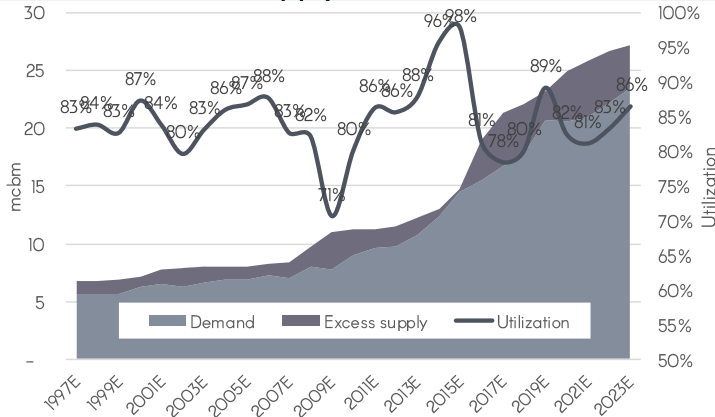
#### Supply



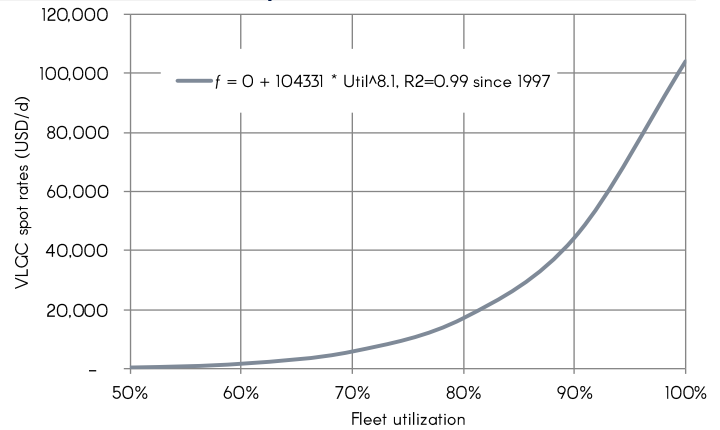
#### Supply/Demand



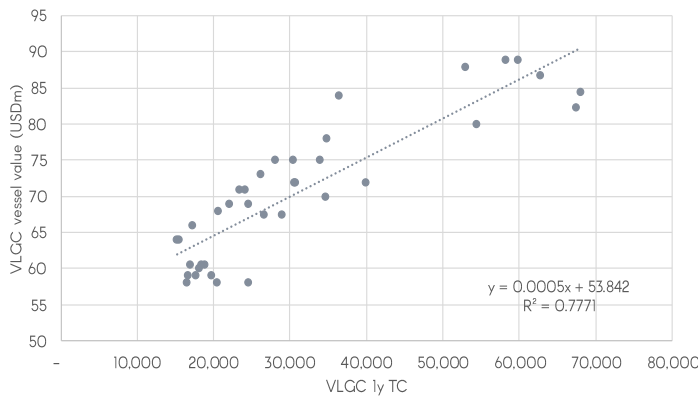
#### Supply/Demand



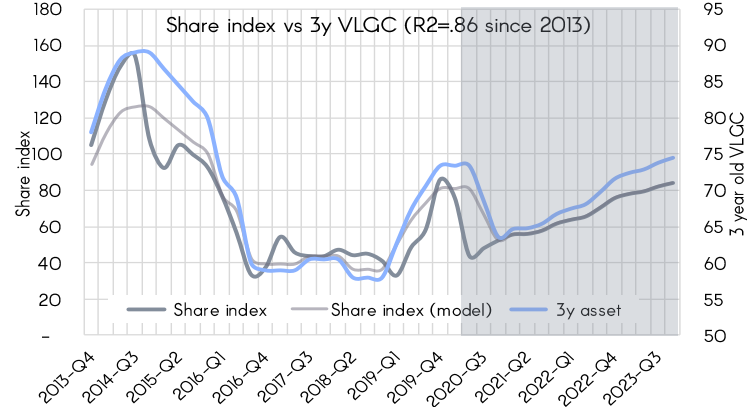
#### Econometrics: Spot rates vs fleet utilization



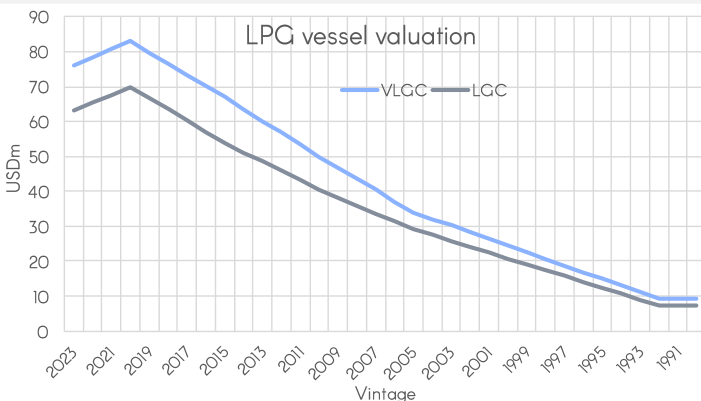
#### 1y TC vs 3y VLGC value (since 2009)



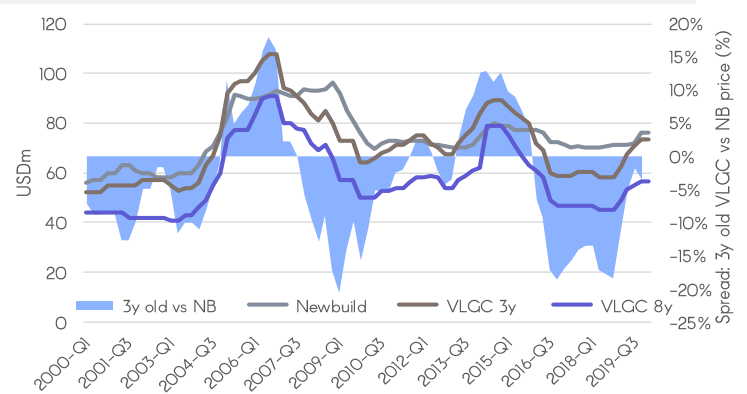
#### Shares highly correlated w 3y old vessel values



#### Cleaves' asset valuation overview



#### Historical asset values





# Econometric Overview

	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	
<b>Demand/Supply (000 ctn)</b>																												
Deliveries <sup>1</sup>	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	1,759	1,611	1,092	1,181	
Scrapping <sup>1</sup>	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(289)	(1,611)	(611)	(1,092)	(1,181)
Other <sup>1</sup>	(0)	(0)	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0
Contracting <sup>1</sup>	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	2,551	867	1,244	1,728	2,128		
Supply <sup>2</sup>	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	24,921	25,622	26,622	27,208	
Δ %	2%	1%	2%	4%	9%	1%	2%	0%	0%	3%	2%	15%	13%	3%	-1%	2%	7%	6%	14%	29%	12%	4%	5%	7%	4%	3%	2%	
Demand <sup>2</sup>	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	20,537	20,965	22,180	23,511	
Δ %	2%	0%	0%	10%	4%	-4%	6%	3%	1%	5%	-4%	14%	-3%	17%	7%	1%	10%	15%	16%	7%	8%	6%	17%	-1%	2%	6%	6%	
Utilization <sup>2</sup>	83%	84%	83%	87%	84%	80%	83%	86%	87%	89%	83%	82%	71%	80%	86%	86%	89%	96%	98%	81%	78%	80%	89%	82%	81%	83%	86%	
Spot rate <sup>2</sup> (USD/day)	23,855	24,574	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	27,297	20,552	25,915	35,110	
VLGC value, 3y <sup>2</sup> (USDm)	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	2,850	3,412	3,763	3,822	3,555	3,720	4,652	
OB/Fleet <sup>2</sup>	4%	9%	13%	13%	12%	10%	7%	18%	36%	53%	56%	32%	14%	7%	9%	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	14%	17%	
<b>High case</b>	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 <sup>1</sup>	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	1,759	1,611	1,092	1,181	
Scrapping <sup>1</sup>	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(289)	(1,611)	(611)	(1,092)	(1,181)
Other <sup>1</sup>	(0)	(0)	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0
Contracting <sup>1</sup>	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	2,551	867	1,244	1,728	2,128		
Supply <sup>2</sup>	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	24,921	25,622	26,622	27,208	
Δ %	2%	1%	2%	4%	9%	1%	2%	0%	0%	3%	2%	15%	13%	3%	-1%	2%	7%	6%	14%	29%	12%	4%	5%	7%	4%	3%	2%	
Demand <sup>2</sup>	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	20,537	20,965	22,180	23,511	
Δ %	2%	0%	0%	10%	4%	-4%	6%	3%	1%	5%	-4%	14%	-3%	17%	7%	1%	10%	15%	16%	7%	8%	6%	17%	-1%	2%	6%	6%	
Utilization <sup>2</sup>	83%	84%	83%	87%	84%	80%	83%	86%	87%	89%	83%	82%	71%	80%	86%	86%	89%	96%	98%	81%	78%	80%	89%	82%	81%	83%	86%	
Spot rate <sup>2</sup> (USD/day)	23,855	24,574	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	27,297	20,552	25,915	35,110	
VLGC value, 3y <sup>2</sup> (USDm)	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	2,850	3,412	3,763	3,822	3,555	3,720	4,652	
OB/Fleet <sup>2</sup>	4%	9%	13%	13%	12%	10%	7%	18%	36%	53%	56%	32%	14%	7%	9%	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	14%	17%	
<b>Low case</b>	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 <sup>1</sup>	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	1,759	1,611	1,092	1,181	
Scrapping <sup>1</sup>	-	-	-	-	-	(360)	(372)	(300)	(76)	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(391)	-	(289)	(1,611)	(611)	(1,092)	(1,181)
Other <sup>1</sup>	(0)	(0)	(0)	0	0	(0)	0	0	(76)	(71)	0	(76)	(80)	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0
Contracting <sup>1</sup>	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	2,551	867	1,244	1,728	2,128		
Supply <sup>2</sup>	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	24,921	25,622	26,622	27,208	
Δ %	2%	1%	2%	4%	9%	1%	2%	0%	0%	3%	2%	15%	13%	3%	-1%	2%	7%	6%	14%	29%	12%	4%	5%	7%	4%	3%	2%	
Demand <sup>2</sup>	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	20,537	20,965	22,180	23,511	
Δ %	2%	0%	0%	10%	4%	-4%	6%	3%	1%	5%	-4%	14%	-3%	17%	7%	1%	10%	15%	16%	7%	8%	6%	17%	-1%	2%	6%	6%	
Utilization <sup>2</sup>	83%	84%	83%	87%	84%	80%	83%	86%	87%	89%	83%	82%	71%	80%	86%	86%	89%	96%	98%	81%	78%	80%	89%	82%	81%	83%	86%	
Spot rate <sup>2</sup> (USD/day)	23,855	24,574	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	27,297	20,552	25,915	35,110	
VLGC value, 3y <sup>2</sup> (USDm)	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	2,850	3,412	3,763	3,822	3,555	3,720	4,652	
OB/Fleet <sup>2</sup>	4%	9%	13%	13%	12%	10%	7%	18%	36%	53%	56%	32%	14%	7%	9%	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	14%	17%	

<sup>1</sup>Sum during period <sup>2</sup>Average during period



## Company Financials (annual estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
AVANCE NO	126	109	138		79	61	85		38	19	38		14	-3	11	
BWLPG NO	392	262	326		249	140	205		126	17	82		79	-25	42	
LPG US	216	171	205		104	68	101		36	0	33		5	-30	3	
Average	245	181	223	#####	144	90	130	#####	67	12	51	#####	33	-19	19	#DIV/O!
Median	216	171	205	#NUM!	104	68	101	#NUM!	38	17	38	#NUM!	14	-25	11	#NUM!

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
USDm																
AVANCE NO	753	789	796		45	31	51		848	870	897		389	378	373	
BWLPG NO	1,792	1,681	1,572		26	47	91		2,351	2,261	2,196		1,131	1,087	1,087	
LPG US	1,397	1,339	1,276		15	34	48		1,555	1,516	1,467		944	904	879	
Average	1,314	1,270	1,215	#####	28	37	63	#####	1,585	1,549	1,520	#####	821	790	780	#DIV/O!
Median	1,397	1,339	1,276	#NUM!	26	34	51	#NUM!	1,555	1,516	1,467	#NUM!	944	904	879	#NUM!

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2021	2022	2021	2022
USDm																
AVANCE NO	55	39	58		24	-39	4		-41	-14	20		21,628	24,261	21,929	21,121
BWLPG NO	212	99	166		200	87	151		-86	21	44		17,403	21,838	19,944	19,553
LPG US	73	38	71		56	28	66		-52	19	14		20,999	25,062	21,895	21,916
Average	113	59	99	#####	93	25	74	#####	-60	9	26	#####	20,010	23,720	21,256	20,863
Median	73	39	71	#NUM!	56	28	66	#NUM!	-52	19	20	#NUM!	20,999	24,261	21,895	21,121

## Company Financials (quarterly estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
AVANCE NO	51	38	24	13	39	27	12	1	29	16	2	-9	23	10	-4	-15
BWLPG NO	183	117	62	29	145	81	25	-2	114	50	-6	-33	102	38	-17	-43
LPG US	89	68	38	21	61	40	10	-7	44	23	-7	-24	36	15	-15	-32
Average	108	75	41	21	82	49	16	-3	62	30	-4	-22	54	21	-12	-30
Median	89	68	38	21	61	40	12	-2	44	23	-6	-24	36	15	-15	-32

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
USDm																
AVANCE NO	769	766	756	753	83	78	68	45	902	894	874	848	415	413	404	389
BWLPG NO	1,876	1,848	1,820	1,792	153	126	79	26	2,562	2,507	2,433	2,351	1,228	1,211	1,175	1,131
LPG US	1,436	1,423	1,410	1,397	81	75	50	15	1,660	1,641	1,603	1,555	1,001	998	975	944
Average	1,360	1,346	1,329	1,314	106	93	66	28	1,708	1,681	1,637	1,585	881	874	851	821
Median	1,436	1,423	1,410	1,397	83	78	68	26	1,660	1,641	1,603	1,555	1,001	998	975	944

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	2Q20	3Q20	2Q20	3Q20
USDm																
AVANCE NO	33	20	6	-4	17	12	6	-12	-3	-5	-10	-23	32,754	19,036	22,521	22,306
BWLPG NO	141	69	14	-13	138	66	11	-16	41	-27	-46	-54	30,166	15,724	20,985	20,798
LPG US	53	32	2	-15	49	28	-2	-19	15	-6	-26	-35	32,236	17,783	23,971	23,677
Average	76	41	7	-11	68	36	5	-16	18	-13	-27	-37	31,719	17,514	22,493	22,260
Median	53	32	6	-13	49	28	6	-16	15	-6	-26	-35	32,236	17,783	22,521	22,306



## 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 daily 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%	0.1%	
Var	0.12	0.12	0.16	0.14	-	
sigma	0.3463	0.3505	0.3957	0.3795	-	
E(r) 1y	-46%	125%	52%	27%	0.1%	
Sharpe Ratio	1.34	3.56	1.31	0.71	-	
Beta	1.03	1.28	1.90	2.08	-	
E(r) 2y	-29%	202%	52%	50%	0.3%	

The next step is to 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 <sup>2</sup> )	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

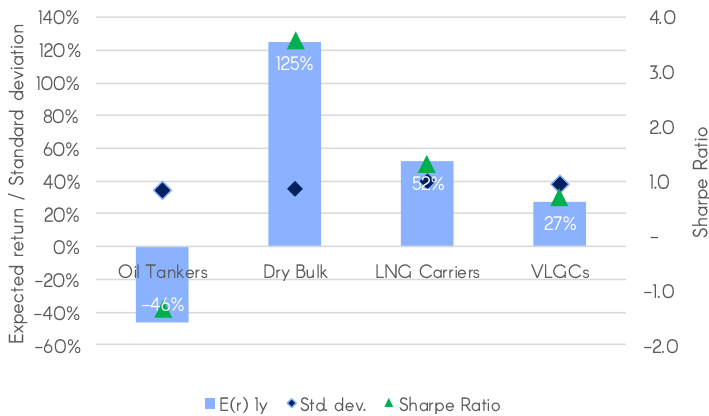


The last step is to calculate the efficient frontier, summarized in the table below.

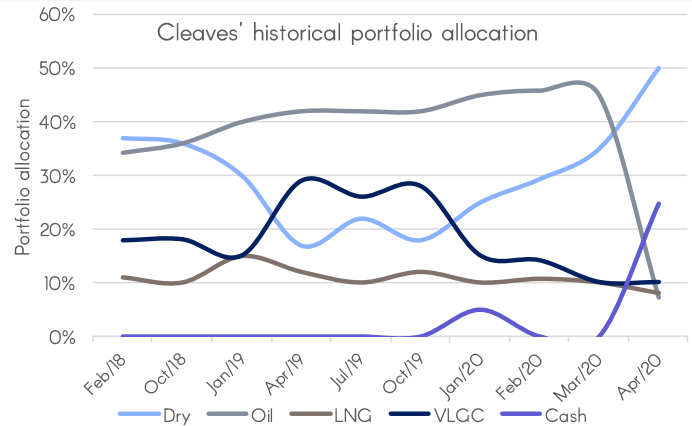
	Portfolios												
Weights	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
Oil	100%	78%	57%	35%	23%	12%	0%	0%	0%	0%	0%	0%	0%
Dry	0%	12%	23%	35%	56%	76%	97%	98%	99%	100%	100%	100%	100%
LNG	0%	3%	6%	10%	7%	5%	3%	2%	1%	0%	0%	0%	0%
VLGC	0%	7%	14%	21%	14%	7%	0%	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SUM	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Return	-46%	-18%	10%	38%	66%	95%	123%	124%	124%	125%	125%	125%	125%
sigma	0.35	0.31	0.28	0.26	0.27	0.30	0.34	0.34	0.34	0.35	0.35	0.35	0.35
Sharpe	-1.32	-0.59	0.36	1.45	2.42	3.13	3.60	3.60	3.60	3.60	3.60	3.60	3.60

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 towards Oil Tankers 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 Dry Bulk segment in portfolio #13. The intermediate portfolios are intended to produce a smooth efficient frontier in the graph below.

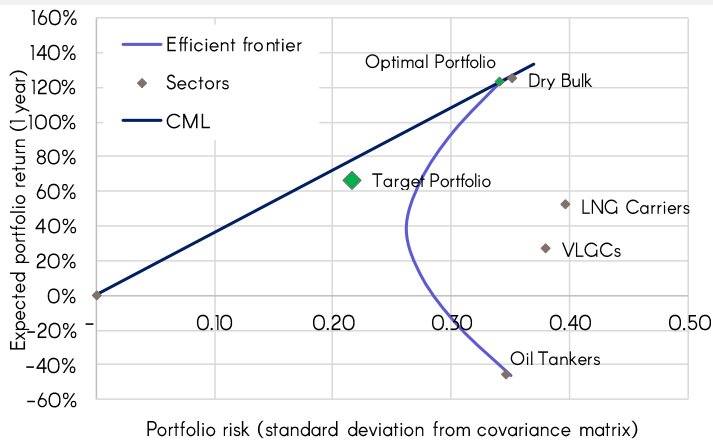
### Segment details



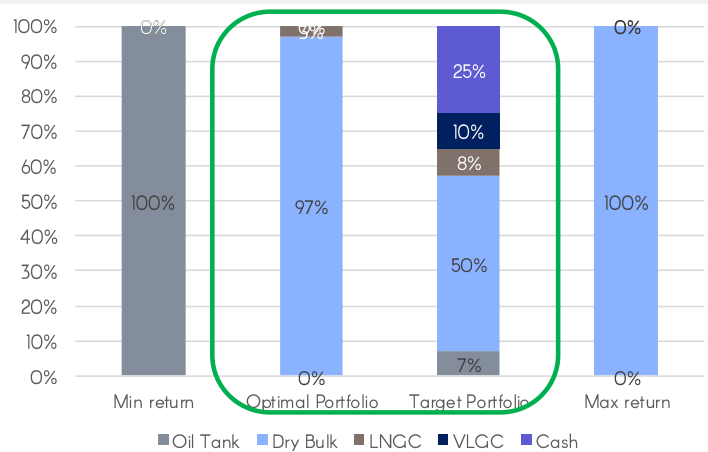
### Historical allocation per segment



### Portfolio optimization



### Portfolio allocation between segments





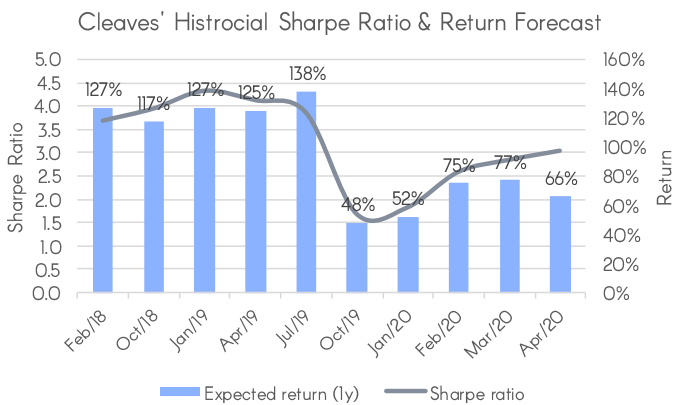
The attentive reader has noticed the “Target Portfolio” in the graphs above deviates somewhat from the model generated optimal portfolio. There are several reasons:

- 1) The model suggests a 97% portfolio allocation towards Dry Bulk. Far above any reasonable concentration risk. We have capped allocation towards one segment at 50%, which is in itself a questionable concentration risk.
- 2) The model suggests a 0% portfolio allocation towards VLGCs. We add 10% exposure as we believe the segment is priced too low despite a weak outlook, and to gain diversification.
- 3) We allocate 8% towards LNG Carriers, but view Flex LNG (BUY/N106) as the only company with attractive valuation. We normally cap allocation towards one company at 10%, should the Flex LNG share appreciate in value.
- 4) We end up with 25% in cash, mainly due to the lack of investment opportunities under the long-only approach. The pragmatic investor could however look towards opportunities in equity shorts and the sale of Forward Freight Agreements.

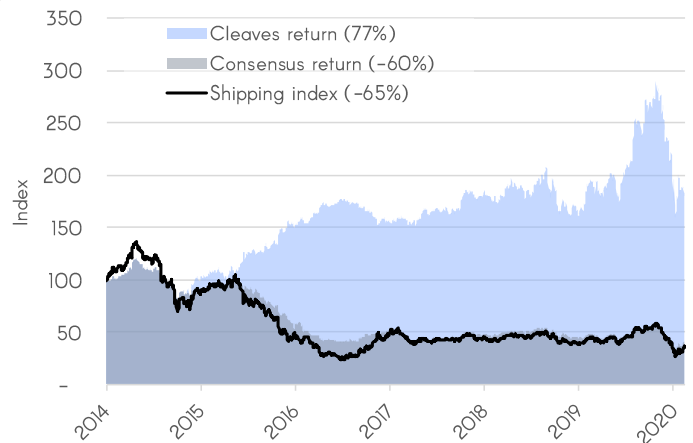
Thus, we have adjusted our allocation as per the “Target Portfolio” in the graphs above, but leave it to our readers to find the correct capital allocation for themselves.

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 5.06x since 2014.

### Historical portfolio: Sharpe ratio & expected return



### Shipping share index: Cleaves vs Consensus





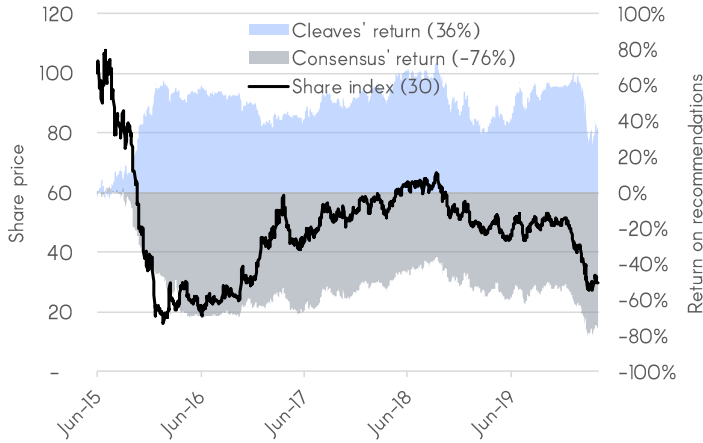


# Cleaves Securities

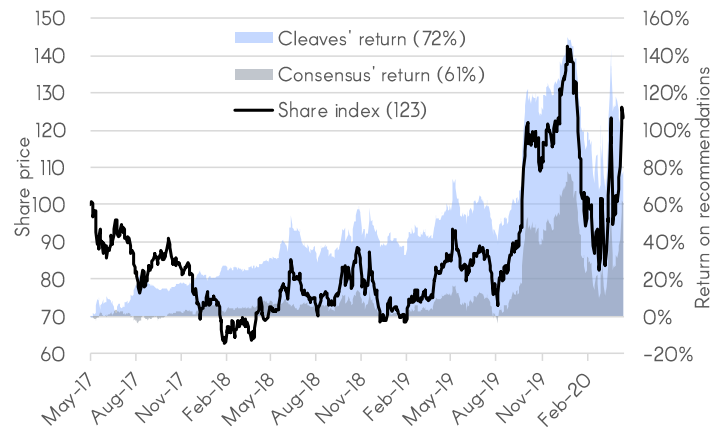
Shipping Quarterly: Coronavirus Volatility

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

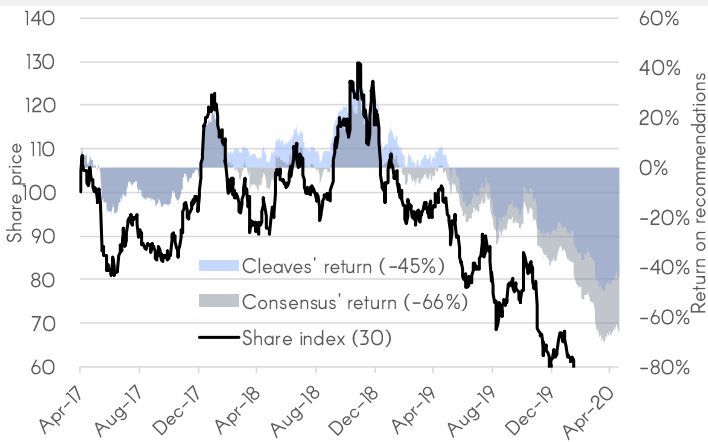
### Dry Bulk share index: Cleaves vs Consensus



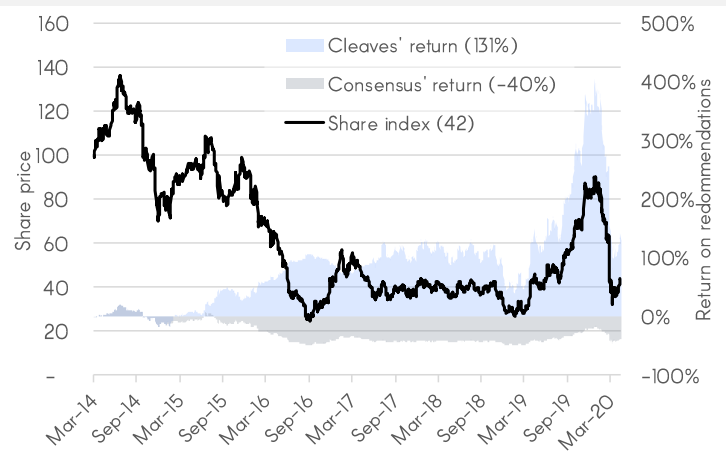
### Oil Tanker share index: Cleaves vs Consensus



### LNG Carrier share index: Cleaves vs Consensus



### VLGC share index: Cleaves vs Consensus





## Company Reports

### Our universe at a glance

Company	Sector	Return ly	Rec.	Target Price	Last Price	Target/Price	P/NAV			EV/GAV	adj. equity	EV/EBITDA			Dividend yield		
							Now	ly fwd	$\epsilon$			2019	2020	2021	2019	2020	2021
ADSCME NO	Oil	60%	BUY	33.0	29.8	11%	0.78	0.66	0.13	0.84	65%	10.8	1.9	6.9	2%	22%	8%
DHT US	Oil	61%	SELL	6.3	7.7	-18%	1.16	1.11	0.14	0.98	61%	7.5	4.6	12.7	3%	15%	4%
EURN US	Oil	22%	HOLD	11.0	11.3	-3%	1.13	0.98	0.17	1.07	48%	7.8	3.8	18.3	1%	25%	1%
FRO US	Oil	39%	SELL	8.0	10.6	-25%	1.21	1.25	0.21	1.08	36%	12.3	5.9	22.7	1%	21%	0%
HAFNIA NO	Oil		BUY	34.0	22.3	52%	0.61	0.60	0.19	0.81	44%	13.9	3.1	18.1	0%	31%	0%
HUNT NO	Oil	17%	BUY	5.3	4.3	24%	0.63	0.78	0.19	0.81	48%		5.4	9.6	0%	9%	3%
INSW US	Oil	45%	HOLD	28.0	26.1	7%	0.81	0.78	0.13	0.89	56%	11.3	3.4	12.1	0%	16%	2%
NAT US	Oil	193%	SELL	2.6	5.9	-56%	1.86	1.88	0.17	1.49	52%	11.1	4.6	26.2	2%	7%	1%
OET NO	Oil	18%	HOLD	80.0	76.2	5%	0.61	1.05	0.34	0.88	28%	15.9	6.0	11.0	0%	17%	1%
TNK US	Oil	166%	SELL	18.0	22.8	-21%	1.10	1.00	0.22	1.04	36%	6.9	3.0	19.8	0%	0%	1%
TNP US	Oil	10%	HOLD	3.2	3.5	-8%	0.60	1.43	0.46	0.92	19%	7.4	3.5	7.2	1%	12%	6%
<b>Average, Oil Tankers</b>		<b>63%</b>				<b>-3%</b>	<b>0.95</b>	<b>1.05</b>	<b>0.21</b>	<b>0.98</b>	<b>45%</b>	<b>10.5</b>	<b>4.1</b>	<b>15.0</b>	<b>1%</b>	<b>16%</b>	<b>3%</b>
2020 NO	Dry	-45%	BUY	89	48.0	85%	0.51	0.40	0.22	0.78	43%		10.1	7.5		19%	20%
BULK NO	Dry		SELL	112	119.0	-6%	1.16	0.85	0.15	1.14	56%		8.1	5.8		13%	7%
DSX US	Dry	-47%	BUY	3.0	1.7	78%	0.44	0.35	0.19	0.74	42%		8.2	6.1		0%	0%
EGLE US	Dry	-72%	BUY	3.5	1.5	136%	0.32	0.32	0.22	0.72	38%		9.6	5.4		0%	0%
GNK US	Dry	-32%	BUY	10.0	5.6	79%	0.53	0.43	0.17	0.73	45%			3.7		9%	6%
GOGL US	Dry	-34%	BUY	6.1	3.5	75%	0.63	0.54	0.20	0.86	36%		14.3	9.4		1%	1%
SALT US	Dry	-39%	BUY	40.0	26.2	53%	0.50	0.44	0.28	0.83	28%			8.4		0%	0%
SB US	Dry	-33%	HOLD	1.0	1.1	-9%	1.17	0.99	0.64	1.02	13%		7.9	5.5		0%	0%
SBLK US	Dry	-35%	BUY	10.0	5.3	89%	0.67	0.52	0.29	0.89	30%		8.2	4.5		2%	2%
<b>Average, Dry Bulk</b>		<b>-42%</b>				<b>64%</b>	<b>0.66</b>	<b>0.54</b>	<b>0.26</b>	<b>0.86</b>	<b>37%</b>		<b>9.5</b>	<b>6.3</b>		<b>5%</b>	<b>4%</b>
ALNG NO	LNG	-76%	SELL	0.6	1.2	-48%	0.23		0.49	0.84	19%	11.4	13.4	25.3	0%	0%	0%
FLNG NO	LNG	-54%	BUY	106	53	100%	0.27		0.26	0.72	37%	14.4	13.1	12.3	1%	6%	2%
GLOG US	LNG	-73%	HOLD	4	3.8	3%	0.56		0.63	1.16	15%	13.3	9.1	9.0	10%	16%	16%
<b>Average, LNG Carriers</b>		<b>-68%</b>				<b>18%</b>	<b>0.35</b>		<b>0.46</b>	<b>0.91</b>	<b>23%</b>	<b>13.1</b>	<b>11.9</b>	<b>15.6</b>	<b>4%</b>	<b>7%</b>	<b>6%</b>
AVANCE NO	LPG	1%	BUY	31	22	42%	0.31	0.56	0.21	0.69	41%	5.7	6.5	9.1	0%	27%	6%
BWLPG NO	LPG	-2%	BUY	45	34	31%	0.36	0.56	0.16	0.67	48%	5.2	6.0	10.7	5%	29%	4%
LPG US	LPG	9%	SELL	5.8	8.9	-35%	0.50	0.90	0.15	0.69	59%	8.2	9.9	14.8	0%	9%	2%
<b>Average, LPG Carriers</b>		<b>3%</b>				<b>13%</b>	<b>0.39</b>	<b>0.67</b>	<b>0.17</b>	<b>0.68</b>	<b>49%</b>	<b>6.4</b>	<b>7.5</b>	<b>11.5</b>	<b>2%</b>	<b>22%</b>	<b>4%</b>

### Indicative quarterly reporting schedule

Company	Indicative* Reporting Schedule	Sector	TCE Revenue			Cleaves vs Cons.			EBITDA			Cleaves vs Cons.			Net Profit			Cleaves vs Cons.		
			Cleaves	Consensus	Last year	Cleaves	vs Cons.	Cleaves	Consensus	Last year	Cleaves	vs Cons.	Cleaves	Consensus	Last year	Cleaves	vs Cons.			
SALT US	29-Apr/20	Dry	43	44	50	-2%	5	5	8	-8%	-18	-20	-3	1						
ALNG NO	05-May/20	LNG	12	14	n.a.	-14%	9	11	5	-18%	2	4	-3	-1						
GNK US	06-May/20	Dry	47	46	50	2%	14	15	17	-10%	-11	-12	-8	1						
GLOG US	07-May/20	LNG	164	169	n.a.	-3%	118	118	110	0%	10	8	-11	2						
EGLE US	07-May/20	Dry	47	47	51	2%	9	10	16	-14%	-12	-10	0	-3						
EURN US	07-May/20	Oil	360	359	195	0%	289	284	123	2%	187	188	20	-2						
INSW US	07-May/20	Oil	155	125	94	24%	110	76	42	45%	79	46	11	32						
DHT US	08-May/20	Oil	137	146	86	-6%	114	120	64	-5%	72	78	18	-6						
DSX US	14-May/20	Dry	41	42	58	-2%	14	14	22	0%	-5	-5	3	0						
OET NO	14-May/20	Oil	65	76	15	-14%	54	61	9	-11%	32	40	0	-8						
NAT US	14-May/20	Oil	95	95	n.a.	-1%	75	63	34	19%	50	46	6	4						
BULK NO	14-May/20	Dry	24	26	31	-8%	10	12	17	-17%	-4	-2	3	-2						
TNK US	22-May/20	Oil	204	260	135	-21%	136	138	62	-1%	93	94	12	-1						
LPG US	22-May/20	LPG																		
BWLPG NO	22-May/20	LPG	183	162	60	13%	145	80	22	82%	102	79	-24	23						
HAFNIA NO	25-May/20	Oil	187	171	n.a.	9%	119	107	74	11%	67	57	28	9						
SBLK US	26-May/20	Dry	129	116	122	12%	54	50	47	9%	0	-4	-5	4						
SB US	28-May/20	Dry	38	35	45	8%	16	13	25	22%	-6	-9	5	3						
HUNT NO	28-May/20	Oil	24	21	n.a.	13%	21	18	0	19%	15	12	0	2						
FLNG NO	29-May/20	LNG	39	39	n.a.	-1%	31	31	9	-2%	11	12	-3	-1						
FRO US	29-May/20	Oil	264	311	141	-15%	205	250	97	-18%	141	187	40	-46						
AVANCE NO	29-May/20	LPG	51	48	14	5%	39	37	3	8%	23	22	-15	0						
GOGL US	29-May/20	Dry	83	92	92	-10%	16	10	31	61%	-21	-33	-7	12						
TNP US	05-Jun/20	Oil	174	171	115	2%	119	100	63	19%	53	37	11	16						
ADSCME NO	28-Aug/20	Oil																		
2020 NO		Dry																		

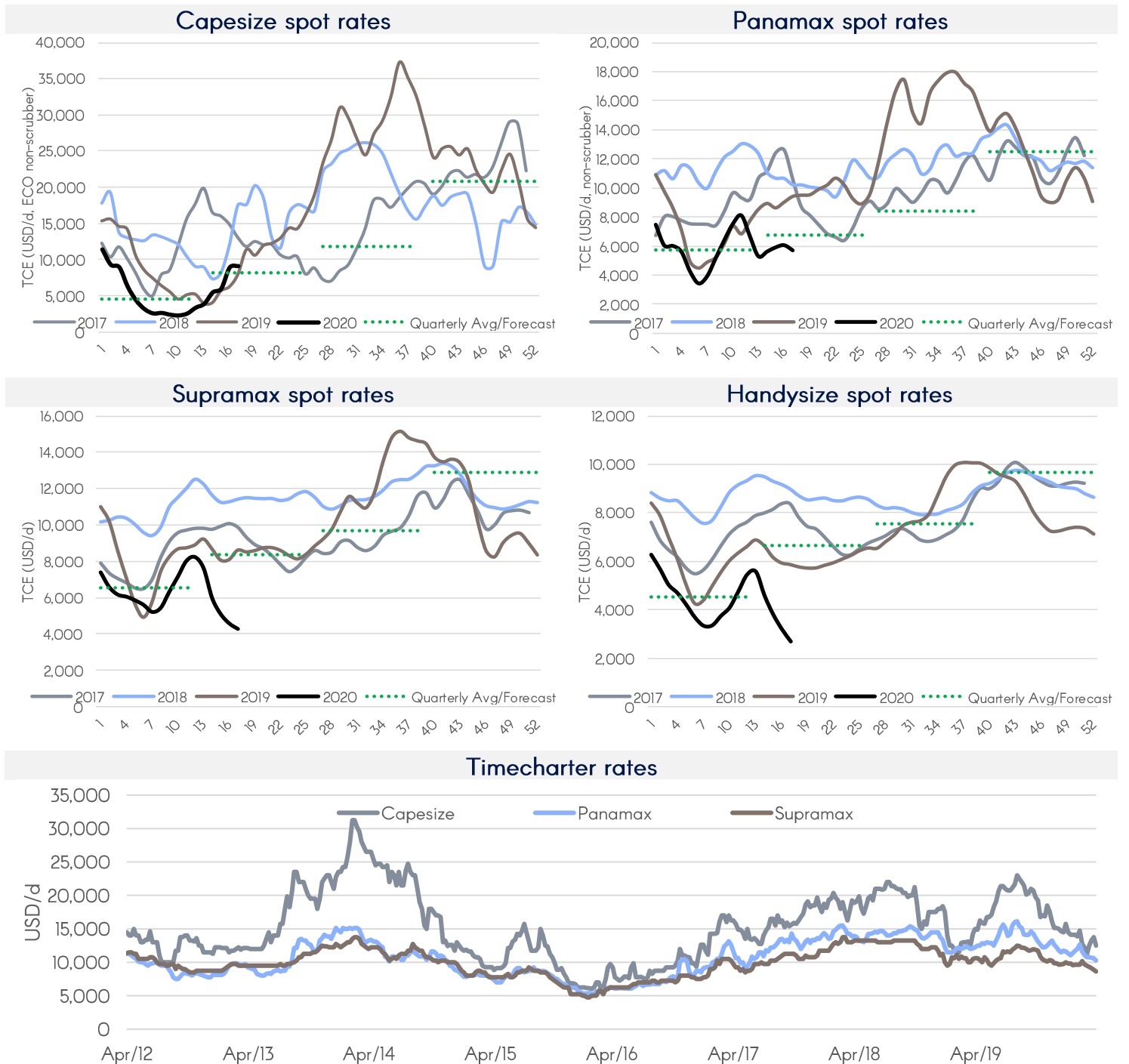
\* Extracted from Bloomberg. Not always up-to-date. Please see company websites to validate actual reporting dates



### Dry Bulk Companies



### Earnings





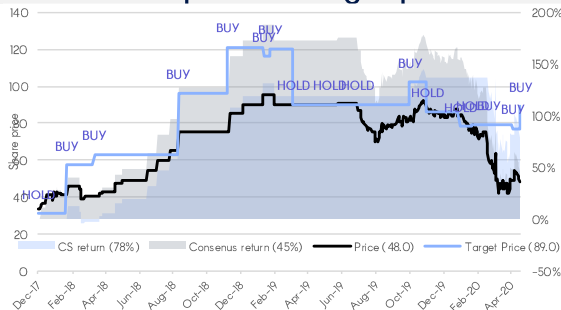
Top-notch fleet and investor-friendly policies. Now at a huge discount to NAV ahead of improving fundamentals

2020-NO

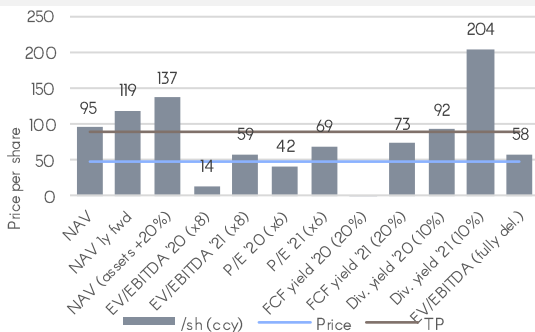
BUY/N89

2020 Bulklers

### Share price vs target price

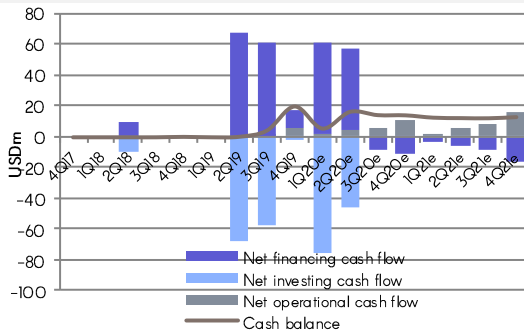


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

Joakim Hannisdahl  
Head of Research  
jh@cleaves.no

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	51	62	88	99
EBITDA (adj.)	33	44	69	80
EBIT (adj.)	25	35	61	72
PTP (adj.)	15	24	50	62
Net earnings (adj.)	15	24	50	62
EPS (adj.)	0.66	1.09	2.26	2.79
DPS	0.87	0.92	1.92	2.39
USDm	2020E	2021E	2022E	2023E
Fwd NAV	249	301	386	429
Adj. equity ratio	49%	55%	62%	66%
FCF yield	-98%	30%	56%	70%
Dividend yield	19%	20%	43%	53%
EV/EBITDA	10.1	7.5	4.6	3.7
P/E (adj.)	6.9	4.1	2.0	1.6

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	23	33	59	70
Free cash flow	-98	30	56	70
Net cash flow	-6	-1	2	6
TCE/day	19,487	21,951	30,842	34,782
Cash break-even	13,624	13,907	13,776	13,640
Liquidity	14	13	15	21
Property & Equip. (incl. NBs)	371	365	359	351
Total equity	133	137	145	154
Total assets	390	383	379	377
Interest bearing debt	252	241	229	218
Net interest bearing debt	237	227	214	197
Market Cap.	100	100	100	100
Enterprise value	337	328	314	297

Source: Cleaves, Bloomberg, Clarksons SIN, 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

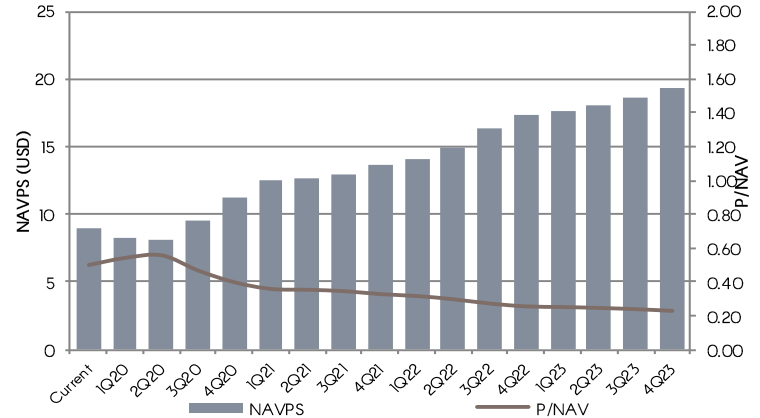


## Company Valuation

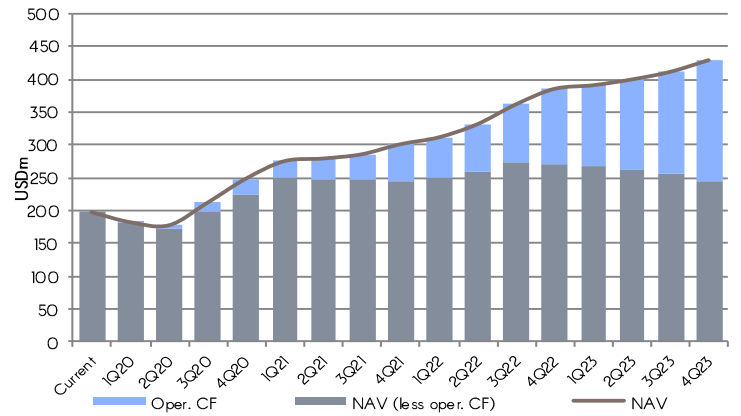
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	258	434	338
Contract value	0	11	8
Other	1	1	1
<b>GAV</b>	<b>260</b>	<b>446</b>	<b>348</b>
Net debt	-120	-120	-120
Capex	0	-126	-126
Other	-2	-2	-2
<b>Equity</b>	<b>138</b>	<b>198</b>	<b>100</b>
Shares	22	22	22
<b>Equity/sh</b>	<b>6.23</b>	<b>8.94</b>	<b>4.52</b>
lcl CCY	66.17	94.99	48.00
USDNOK		10.62	
P/Equity	0.73	0.51	1.00
EV/GAV	1.34	0.78	1.00
Adj. Total Assets	283	459	363
Adj. Equity Ratio	49%	43%	28%
<b>Fair Value</b>	<b>NOK</b>	<b>89</b>	<b>85%</b>
	<b>USD</b>	<b>8.3</b>	

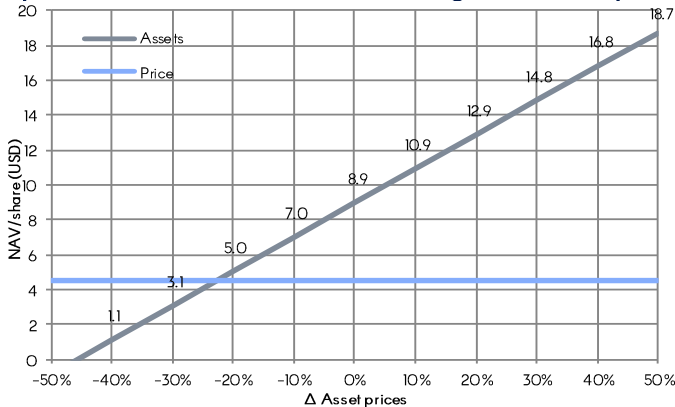
### Quarterly forward NAV & P/NAV



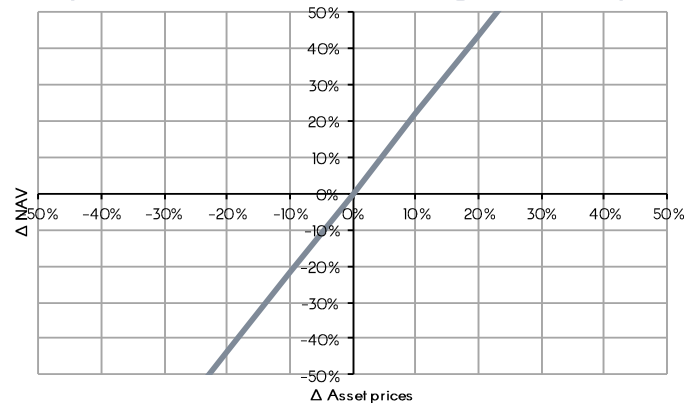
### Quarterly forward NAV decomposition



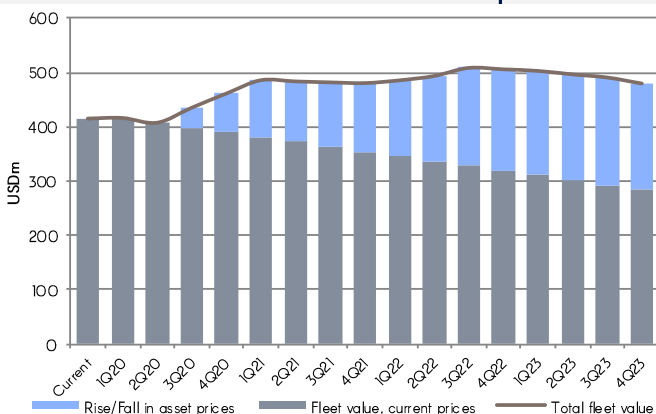
### Impact on NAV/sh from % change in asset prices



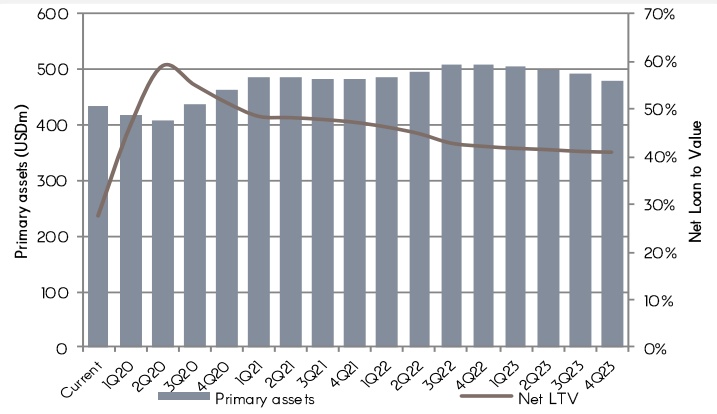
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	-	6.7	8.2	9.5				
EBITDA (adj.)	-1.4	3.5	4.5	5.8				
EBIT (adj.)	-1.4	2.5	2.8	4.0				
PTP (adj.)	-1.4	1.2	0.6	2.2				
Net earnings (adj.)	-1.4	1.2	0.6	2.2				
EPS (adj.)	-0.09	0.06	0.03	0.10				
DPS	-	0.03	0.03	0.07				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	-	6.7	8.2	9.5				
Opex & G&A	1.4	3.2	3.7	3.7				
Depreciation	0.0	1.0	1.7	1.7				
Net finance	0.0	1.3	2.2	1.8				
Taxes & Minorities	-0.0	-	-	0.0				

### CF & BS

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-	5	2					
Free cash flow	-	3	-73					
Net cash flow	-	16	-14					
TCE/day	#DIV/O!	22,483	16,239	18,803				
Utilization	97.0%	100.0%	97.0%					
Fleet days	-	298	519					
Cash break-even	#DIV/O!	31,980	13,006					
Liquidity	-	20	6					
Interest bearing debt	-	140	199					





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	51	62	88	99	51	62	87	98	-0	0	0	0	
EBITDA (adj.)	33	44	69	80	33	44	69	80	-0	0	0	0	
EBIT (adj.)	25	35	61	72	24	35	60	71	1	0	0	0	
PTP (adj.)	15	24	50	62	15	24	50	62	-1	0	0	0	
Net earnings (adj.)	15	24	50	62	15	24	50	62	-1	0	0	0	
EPS (adj.)	0.66	1.09	2.26	2.79	0.69	1.08	2.25	2.78	-0.04	0.00	0.01	0.01	
DPS	0.87	0.92	1.92	2.39	0.82	0.88	1.91	2.38	0.05	0.04	0.01	0.01	
DPS (NOK)	9.23	9.75	20.42	25.40	8.45	9.07	19.65	24.50					
									2020E	2021E	2022E	2023E	
									TCE revenue	-0	0	0	0
									Opex & G&A	-0	-	-	-
									Depreciation	-1	-	-	-
									Net finance	1	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	23	33	59	70	25	33	58	70	-2	0	0	0
Free cash flow	-98	30	56	70	-97	30	56	70	-2	0	0	0
Net cash flow	-6	-1	2	6	-3	-0	2	6	-3	-1	0	0
TCE/day	19,487	21,951	30,842	34,782	19,416	21,923	30,737	34,698	72	28	105	84
Cash break-even	13,624	13,907	13,776	13,640	12,903	13,907	13,776	13,640	721	-	-	-
Liquidity	14	13	15	21	17	17	19	25	-3	-3	-3	-3
Property & Equip. (incl. NBs)	371	365	359	351	370	364	358	350	1	1	1	1
Total equity	133	137	145	154	135	140	147	156	-2	-3	-3	-3
Total assets	390	383	379	377	392	385	382	379	-2	-3	-3	-3
Interest bearing debt	252	241	229	218	252	241	229	218	-	-	-	-
Net interest bearing debt	237	227	214	197	235	224	211	194	3	3	3	3
Market Cap.	100	100	100	100	118	118	118	118	-18	-18	-18	-18
Enterprise value	337	328	314	297	353	342	329	312	-16	-15	-15	-15

### Valuation

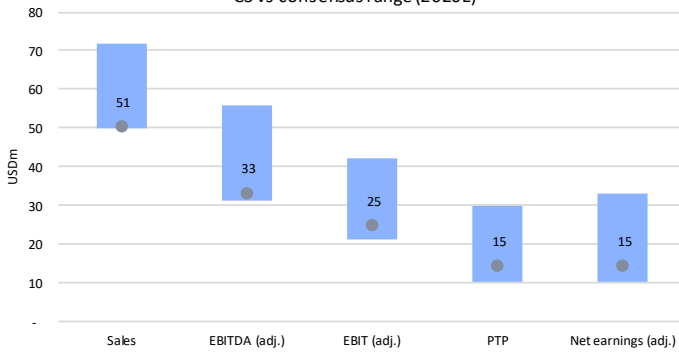
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	249	301	386	429	235	305	377	411	14	-3	9	18
Adj. equity ratio	49%	55%	62%	66%	48%	55%	62%	65%	1%	0%	1%	1%
FCF yield	-98%	30%	56%	70%	-82%	26%	47%	59%	-16%	5%	9%	11%
Dividend yield	19%	20%	43%	53%	15%	16%	36%	45%	4%	4%	7%	8%
EV/EBITDA	10.1	7.5	4.6	3.7	10.6	7.9	4.8	3.9	-0.5	-0.4	-0.2	-0.2
P/E (adj.)	6.9	4.1	2.0	1.6	7.7	4.9	2.4	1.9	-0.8	-0.8	-0.4	-0.3



## Our Estimates vs Consensus

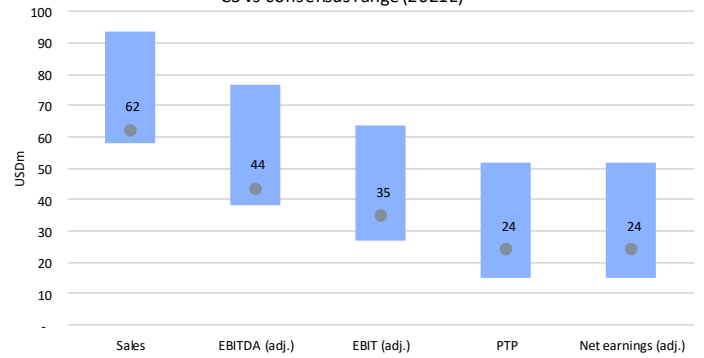
### Profit & Loss, year I

CS vs consensus range (2020E)

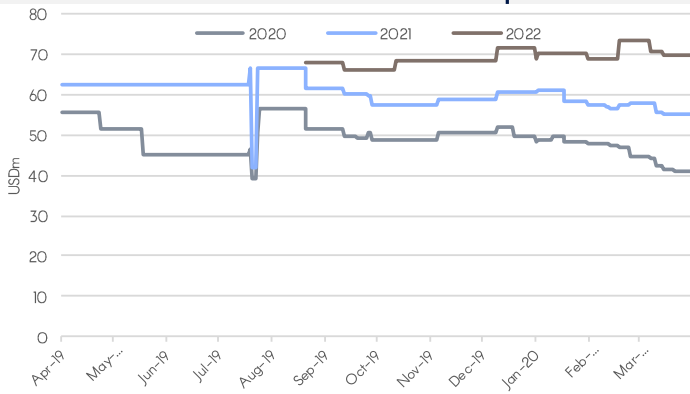


### Profit & Loss, year II

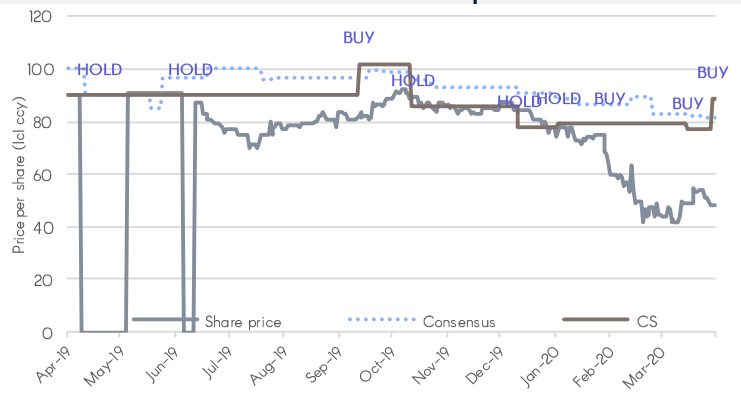
CS vs consensus range (2021E)



### Consensus EBITDA development



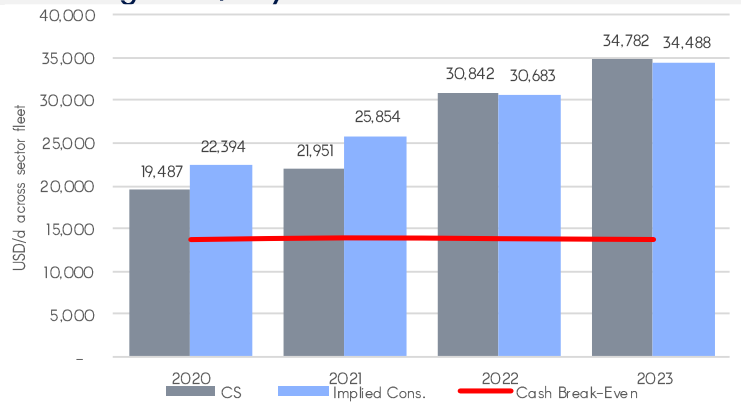
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	51	58	-8	-13%	
Opex + G&A	17	17	0	1%	
Depreciation	8	10	-2	-19%	
Net finance	10	13	-3	-21%	
Taxes & Minorities	0	-2	2	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	62	73	-11	-15%	
Opex + G&A	19	18	0	1%	
Depreciation	9	13	-4	-32%	
Net finance	11	11	-0	0%	
Taxes & Minorities	0	-1	1	-100%	

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	0	0	2	7	8	11	14	18	9
Operational costs	-1	-1	-1	-3	-4	-4	-5	-5	-5
EBITDA	-1	-1	1	4	5	7	9	13	5
Depreciation/Amortization	0	0	0	-1	-2	-2	-2	-2	-2
EBIT	-1	-1	1	3	3	4	7	11	2
Net financials	0	0	0	-1	-2	-3	-3	-3	-3
PTP	-1	-1	1	1	1	2	4	8	0
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-1	-1	1	1	1	2	4	8	0
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-1	-1	1	1	1	2	4	8	0
EPS	-0.09	-0.05	0.03	0.06	0.03	0.09	0.18	0.37	-0.01
EPS (adj.)	-0.09	-0.05	0.03	0.06	0.03	0.09	0.18	0.37	-0.01
DPS	0.00	0.00	0.00	0.14	0.03	0.24	0.25	0.35	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	0	0	4	20	6	17	14	14	13
Other current assets	0	2	2	3	3	3	3	3	3
Total current assets	0	2	6	23	8	19	17	17	16
Property & equip. (incl. NBs)	0	135	196	258	332	376	373	371	369
Other non-current assets	0	2	2	2	2	2	2	2	2
Total non-current assets	0	137	199	260	334	377	375	373	371
TOTAL ASSETS	0	139	205	283	342	397	392	390	387
Total equity	0	139	140	138	138	135	133	133	133
Short-term debt	0	0	8	8	5	7	7	7	7
Other current liabilities	0	1	2	5	5	5	5	5	5
Total current liabilities	0	1	9	13	10	12	12	12	11
Long-term debt	0	0	56	132	194	250	248	245	242
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	56	132	194	250	248	245	243
TOTAL EQUITY & LIABILITIES	0	139	205	283	342	397	392	390	387
Working capital, receivables	0	0	1	1	1	1	1	1	1
Working capital, payables	0	0	1	3	3	3	3	3	3
Net working capital	0	0	0	-3	-3	-3	-3	-3	-3
Interest bearing debt	0	0	63	140	199	257	254	252	249
Liquidity	0	0	5	20	6	17	15	14	13
Net interest bearing debt	0	0	59	120	193	241	240	237	236
<b>Cash Flow (USDm)</b>									
Net income	-1	-1	1	1	1	2	4	8	0
Depreciation	0	0	0	1	2	2	2	2	2
Other	1	0	0	1	0	0	0	0	0
Cash earnings	0	-1	1	3	2	4	6	10	2
Changes in working capital	0	0	0	2	0	0	0	0	0
Net operational cash flow	0	0	1	5	2	4	6	10	2
Capex	0	-66	-57	-2	-75	-46	0	0	-1
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	-1	0	0	0	0	0	0	0
Net investing cash flow	0	-67	-57	-2	-75	-46	0	0	-1
Repayment of debt	0	0	0	-6	-1	-2	-3	-3	-3
Proceeds from debt	0	7	59	22	60	60	0	0	0
Dividends paid	0	0	0	-3	-1	-5	-6	-8	0
New equity	0	60	1	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	0	67	60	13	58	53	-8	-11	-3
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	0	0	4	16	-14	11	-2	0	-2
Cash balance	0	0	4	20	6	17	14	14	13
Free cash flow	0	-67	-56	3	-73	-42	6	10	1



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	0	0	0	0	9	51	62	88	99
Operational costs			0	-1	-8	-17	-19	-19	-19
EBITDA			0	-1	1	33	44	69	80
Depreciation/Amortization			0	0	-1	-8	-9	-8	-8
EBIT	—	—	0	-1	0	25	35	61	72
Net financials			0	0	0	-10	-11	-10	-10
PTP	—	—	0	-1	0	15	24	50	62
Taxes/Minorities			0	0	0	0	0	0	0
Net earnings	—	—	0	-1	0	15	24	50	62
Non-recurring items			0	0	0	0	0	0	0
Net earnings (adj.)	—	—	0	-1	0	15	24	50	62
EPS				-0.05	-0.02	0.66	1.09	2.26	2.79
EPS (adj.)				-0.05	-0.02	0.66	1.09	2.26	2.79
DPS				0.00	0.14	0.87	0.92	1.92	2.39
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	—	—	6	0	20	14	13	15	21
Other current assets			0	0	3	3	3	3	3
Total current assets	—	—	6	0	23	17	16	18	24
Property & equip. (incl. NBs)	—	—	9	68	258	371	365	359	351
Other non-current assets			0	0	2	2	2	2	2
Total non-current assets	—	—	9	68	260	373	367	361	353
TOTAL ASSETS	—	—	15	69	283	390	383	379	377
Total equity	—	—	15	68	138	133	137	145	154
Short-term debt	—	—	0	0	8	8	8	8	8
Other current liabilities			0	0	5	5	5	5	5
Total current liabilities	—	—	0	0	13	13	13	13	13
Long-term debt	—	—	0	0	132	244	232	221	210
Other non-current liabilities			0	0	0	0	0	0	0
Total non-current liabilities	—	—	0	0	132	244	233	222	210
TOTAL EQUITY & LIABILITIES	—	—	15	69	283	390	383	379	377
Working capital, receivables			0	0	1	1	1	1	1
Working capital, payables	—	—	0	0	3	3	3	3	3
Net working capital			0	0	-3	-3	-3	-3	-3
Interest bearing debt			0	0	140	252	241	229	218
Liquidity			6	0	20	14	13	15	21
Net interest bearing debt			-6	0	120	237	227	214	197
<b>Cash Flow (USDm)</b>									
Net income	—	—	0	-1	0	15	24	50	62
Depreciation			0	0	1	8	9	8	8
Other			0	0	2	0	0	0	0
Cash earnings			0	-1	3	23	33	59	70
Changes in working capital	—	—	0	0	2	0	0	0	0
Net operational cash flow	—	—	0	-1	5	23	33	59	70
Capex	—	—	-9	-59	-125	-121	-3	-3	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	0	0	0	0	0	0	0
Other			0	0	-1	0	0	0	0
Net investing cash flow	—	—	-9	-59	-126	-121	-3	-3	0
Repayment of debt	—	—	0	0	81	-8	-11	-11	-11
Proceeds from debt	—	—	0	0	86	120	0	0	0
Dividends paid	—	—	0	0	-3	-19	-20	-43	-53
New equity	—	—	15	54	64	0	0	0	0
Other			0	0	-86	0	0	0	0
Net financing cash flow	—	—	15	54	141	92	-31	-54	-64
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			6	-6	20	-6	-1	2	6
Cash balance	—	—	6	0	20	14	13	15	21
Free cash flow			-9	-60	-121	-98	30	56	70



# Cleaves Securities

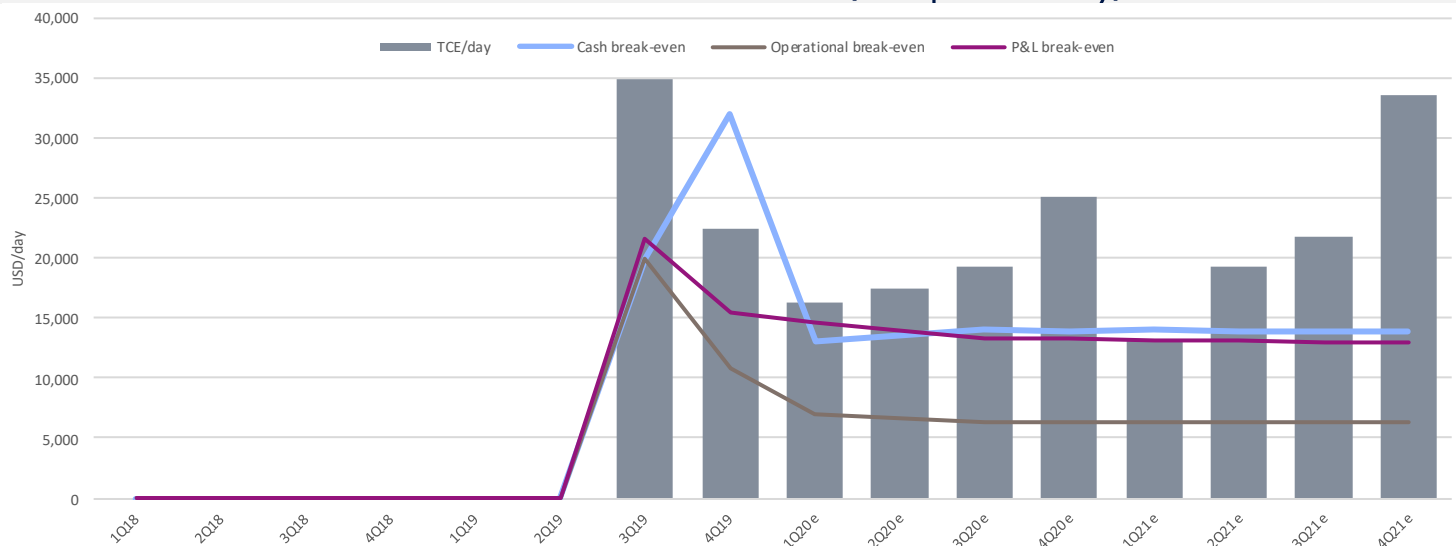
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	—	14	22	22	22	22	22
Share price, avg (USD)	—	—	3	5	8	5	5	5	5
Share price, end (USD)	—	—	—	10	10	5	5	5	5
<b>Market Cap.</b>				<b>139</b>	<b>221</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
NIBD			-6	0	120	237	227	214	197
Minorities	—	—	0	0	0	0	0	0	0
<b>Enterprise value</b>				<b>139</b>	<b>341</b>	<b>337</b>	<b>328</b>	<b>314</b>	<b>297</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)						6.9	4.1	2.0	1.6
P/E (adj.)						6.9	4.1	2.0	1.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					23.7	2.0	1.6	1.1	1.0
EV/Sales					36.6	6.7	5.3	3.6	3.0
EV/EBITDA						10.1	7.5	4.6	3.7
EV/EBIT						13.5	9.4	5.2	4.1
P/B				2.0	1.6	0.8	0.7	0.7	0.7
FCF yield				-43%	-55%	-98%	30%	56%	70%
Dividend yield				0.0%	1.4%	19.2%	20.3%	42.5%	52.9%
Return on equity (ROE)			-0.7%	-1.0%	-0.3%	10.9%	17.6%	34.7%	40.3%
Return on capital employed (ROCE)			-1.2%	-1.0%	0.0%	6.7%	9.6%	16.9%	20.5%
Return on assets (ROA)			-0.7%	-1.0%	-0.1%	3.7%	6.3%	13.2%	16.4%
Sales growth						444%	23%	41%	13%
EBITDA margin					14%	66%	70%	79%	81%
EBIT margin					1%	49%	56%	69%	73%
Net margin					-4%	29%	39%	57%	63%
Net interest rate			0.0%	0.0%	0.4%	4.4%	4.8%	4.8%	5.0%
Tax rate			0.0%	-0.5%	-33.3%	0.0%	0.0%	0.0%	0.0%
Equity ratio			99%	99%	49%	34%	36%	38%	41%
Leverage ratio			1%	1%	51%	66%	64%	62%	59%
NIBD / EBITDA (past 1y)			57.8	0.4	92.2	7.1	5.2	3.1	2.5
Operating cash flow/NIBD			0.0	2.1	0.0	0.1	0.1	0.3	0.4
Net interest coverage ratio (EBIT)					2.6	3.2	4.0	6.7	8.1
Current ratio			56.7	1.2	1.8	1.3	1.2	1.4	1.9
Adj. equity ratio					58%	49%	55%	62%	66%
Operating assets			9	69	263	376	369	364	355
Operating liabilities			0	0	5	5	5	5	5
Net operating assets			9	68	258	371	365	359	350

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)





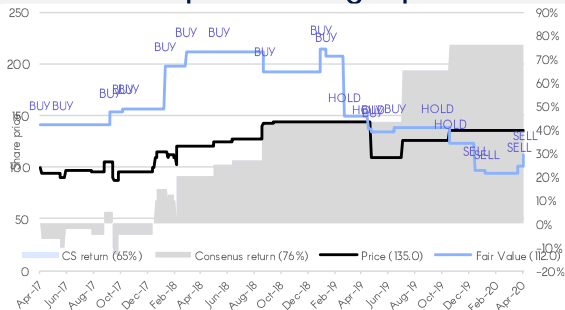
GoodBulk is a well-run company with low debt and massive cash distributions. No share liquidity means our TP is important, our rating is not

## BULK-NO

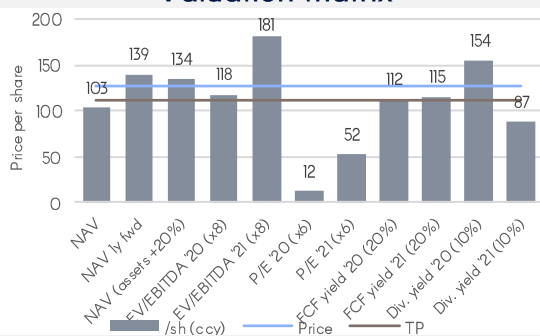
## SELL/NI12

## GoodBulk

### Share price vs target price

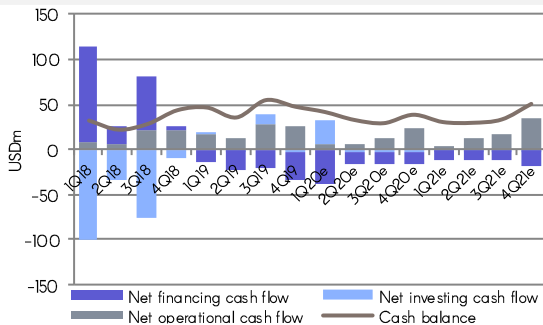


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	115	132	196	233
EBITDA (adj.)	61	79	143	180
EBIT (adj.)	17	35	99	136
PTP (adj.)	6	25	91	129
Net earnings (adj.)	6	25	91	129
EPS (adj.)	0.19	0.82	3.02	4.29
DPS	1.45	0.82	2.56	3.86
USDm	2020E	2021E	2022E	2023E
Fwd NAV	394	489	670	844
Adj. equity ratio	59%	67%	76%	81%
FCF yield	18%	18%	35%	47%
Dividend yield	12%	7%	22%	32%
EV/EBITDA	8.4	6.0	3.0	2.1
P/E (adj.)	62.6	14.5	4.0	2.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	50	69	135	173
Free cash flow	64	65	127	167
Net cash flow	-9	12	24	33
TCE/day	13,389	15,112	22,337	26,582
Cash break-even	10,590	10,478	17,292	17,395
Liquidity	38	50	74	107
Property & Equip. (incl. NBs)	-	-40	-76	-114
Total equity	347	346	360	373
Total assets	617	588	577	572
Interest bearing debt	197	168	143	125
Net interest bearing debt	159	118	69	18
Market Cap.	358	358	358	358

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



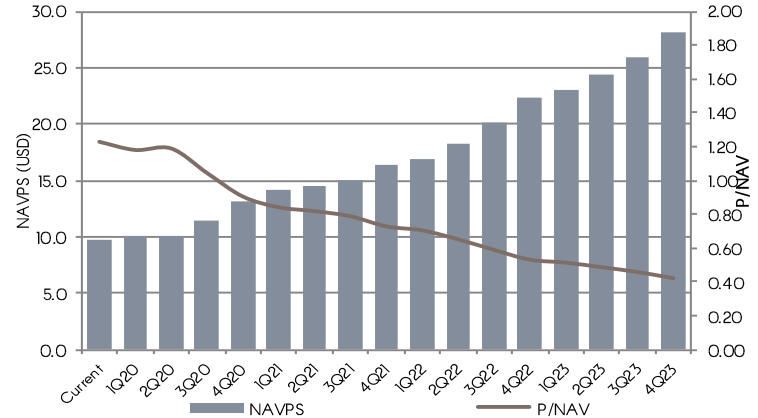


## Company Valuation

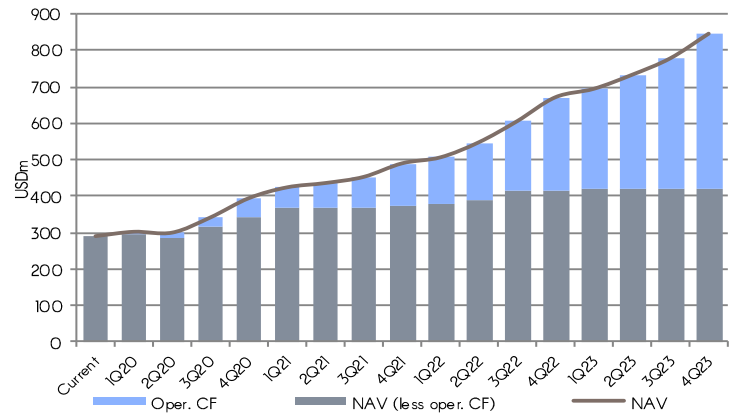
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	552	441	503
Contract value	0	17	19
Other	19	19	22
<b>GAV</b>	<b>571</b>	<b>477</b>	<b>544</b>
Net debt	-179	-179	-179
Capex	0	0	0
Other	-8	-8	-8
<b>Equity</b>	<b>384</b>	<b>290</b>	<b>358</b>
Shares	30	30	30
Equity/sh	12.8	9.7	11.9
lcl CCY	136.0	102.8	126.6
P/Equity	0.93	1.23	1.00
EV/GAV	0.95	1.14	1.00
Adj. Total Assets	626	515	577
Adj. Equity Ratio	61%	56%	62%
<b>Fair Value</b>	<b>NOK</b>	<b>112</b>	<b>-12%</b>
	<b>USD</b>	<b>11</b>	

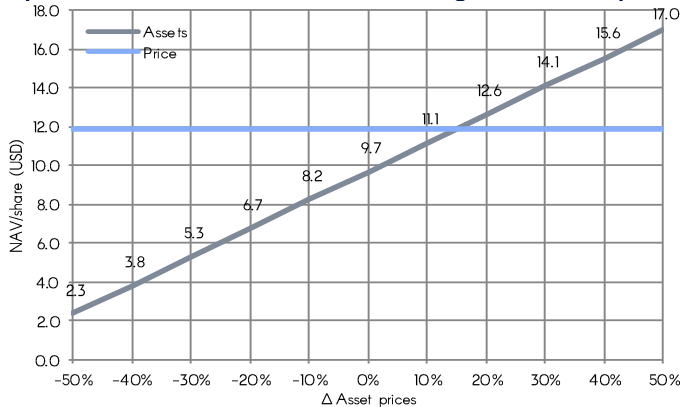
### Quarterly forward NAV & P/NAV



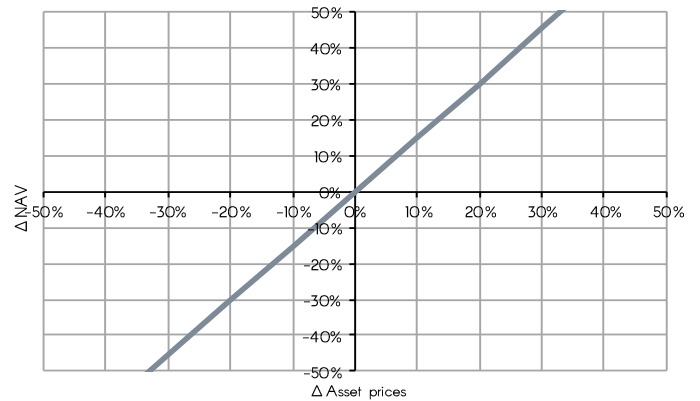
### Quarterly forward NAV decomposition



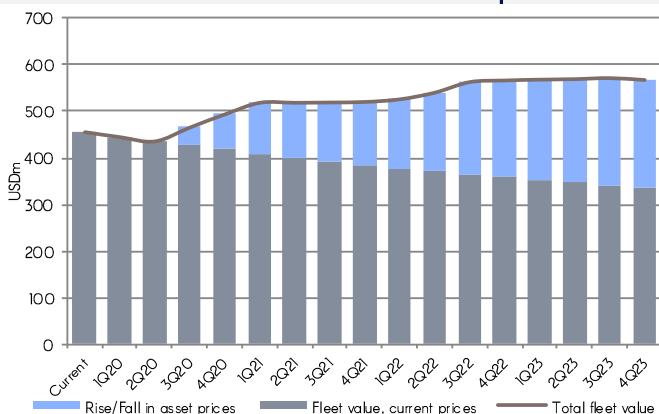
### Impact on NAV/sh from % change in asset prices



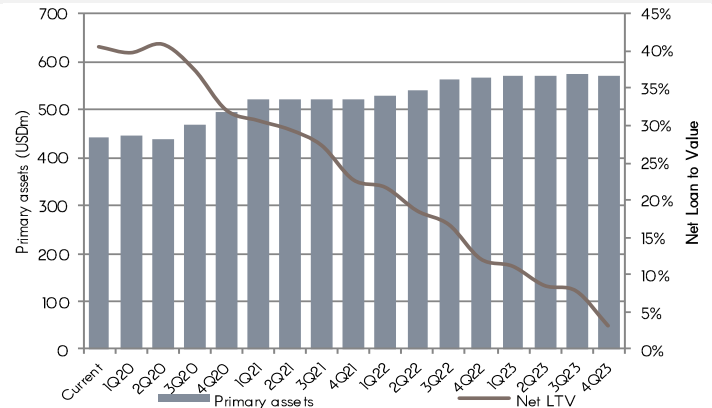
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net sales	30.8	45.5	23.5	25.5						
EBITDA (adj.)	16.7	31.3	9.8	11.8						
EBIT (adj.)	5.9	20.5	-1.2	1.0						
PTP (adj.)	2.6	17.3	-4.2	-2.0						
Net earnings (adj.)	2.6	17.3	-4.2	-2.0						
EPS (adj.)	0.09	0.58	-0.14	-0.11						
DPS	0.34	1.00	0.15	n.a.						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	30.8	45.5	23.5	25.5						
Opex & G&A	14.1	14.2	13.7	13.7						
Depreciation	10.8	10.8	11.0	10.8						
Net finance	3.3	3.2	3.1	3.0						
Taxes & Minorities	-	-	-	-						

CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	16	27	7							
Free cash flow	16	25	32							
Net cash flow	3	-8	-6							
TCE/day	12,657	19,018	10,651	11,552						
Fleet days	2,430	2,392	2,275							
Cash break-even	8,330	10,462	10,509							
Liquidity	46	47	41							
Interest bearing debt	246	226	218							



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	115	132	196	233	116	131	195	233	-1	1	1	1	
EBITDA (adj.)	61	79	143	180	62	78	142	179	-1	1	1	1	
EBIT (adj.)	17	35	99	136	18	34	98	135	-1	1	1	1	
PTP (adj.)	6	25	91	129	7	24	90	128	-1	1	1	1	
Net earnings (adj.)	6	25	91	129	7	24	90	128	-1	1	1	1	
EPS (adj.)	0.19	0.82	3.02	4.29	0.23	0.80	2.99	4.27	-0.03	0.02	0.03	0.02	
DPS	1.45	0.82	2.56	3.86	1.45	0.84	2.25	3.61	-	-0.02	0.32	0.25	
									2020E	2021E	2022E	2023E	
									TCE revenue	-1	1	1	1
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	50	69	135	173	51	68	134	172	-1	1	1	1
Free cash flow	64	65	127	167	65	64	126	166	-1	1	1	1
Net cash flow	-9	12	24	33	-8	11	33	40	-1	1	-9	-7
TCE/day	13,389	15,112	22,337	26,582	13,510	15,053	22,255	26,510	-121	58	81	72
Cash break-even	10,590	10,478	17,292	17,395	10,590	10,478	17,292	17,395	-	-	-	-
Liquidity	38	50	74	107	39	50	83	123	-1	-	-9	-16
Property & Equip. (incl. NBs)	-	-40	-76	-114	494	453	417	380	-494	-494	-494	-494
Total equity	347	346	360	373	348	346	369	389	-1	-	-9	-16
Total assets	617	588	577	572	560	531	527	530	57	58	49	42
Interest bearing debt	197	168	143	125	197	168	143	125	-	-	-	-
Net interest bearing debt	159	118	69	18	157	118	60	2	1	-	9	16
Market Cap.	358	358	358	358	369	369	369	369	-11	-11	-11	-11
Enterprise value	516	476	426	376	527	487	429	372	-10	-11	-3	4

### Valuation

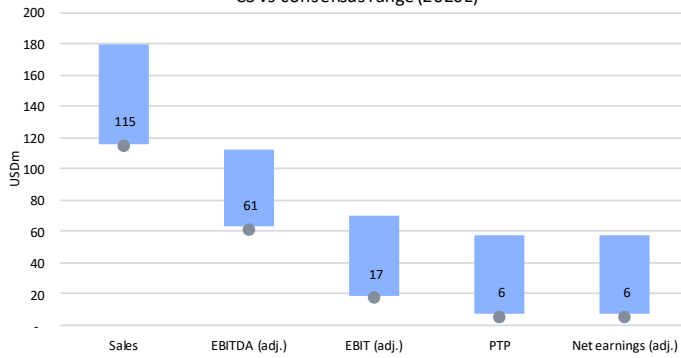
Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	394	489	670	844	378	492	658	820	16	-2	12	24
Adj. equity ratio	59%	67%	76%	81%	64%	73%	81%	85%	-5%	-6%	-5%	-4%
FCF yield	18%	18%	35%	47%	17%	17%	34%	45%	0%	1%	1%	2%
Dividend yield	12%	7%	22%	32%	12%	7%	18%	29%	0%	0%	3%	3%
EV/EBITDA	8.4	6.0	3.0	2.1	8.4	6.2	3.0	2.1	-0.0	-0.2	-0.0	0.0
P/E (adj.)	62.6	14.5	4.0	2.8	54.6	15.3	4.1	2.9	8.0	-0.8	-0.2	-0.1



## Our Estimates vs Consensus

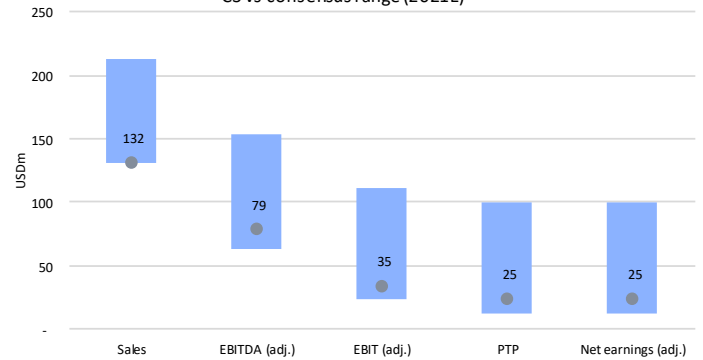
### Profit & Loss, year I

CS vs consensus range (2020E)

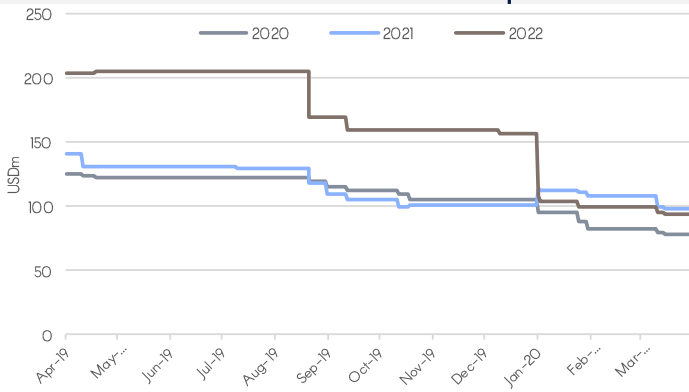


### Profit & Loss, year II

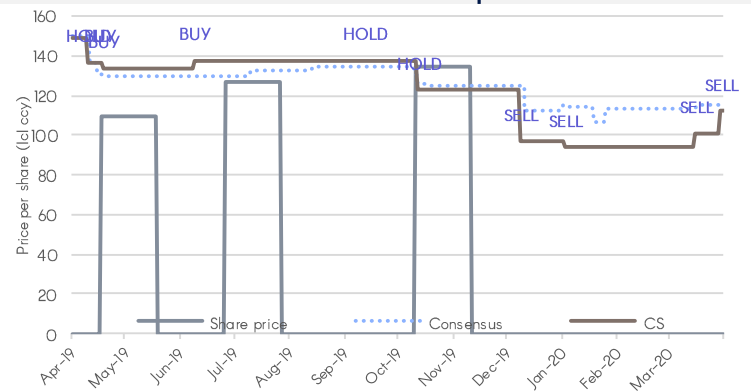
CS vs consensus range (2021E)



### Consensus EBITDA development



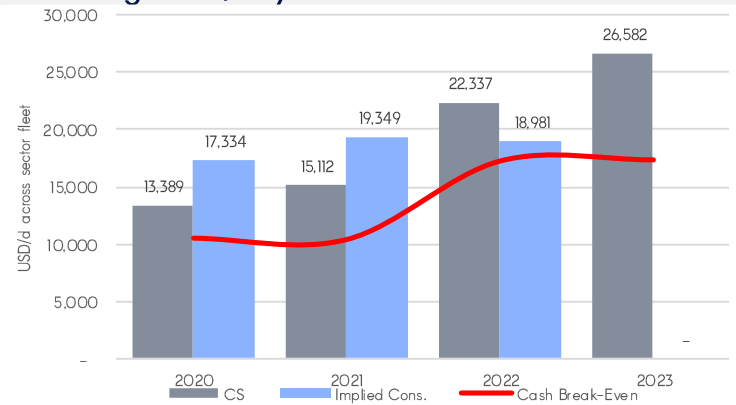
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	115	149	-34	-23%	
Opex + G&A	54	70	-17	-24%	
Depreciation	44	42	2	6%	
Net finance	12	11	1	6%	
Taxes & Minorities	0	0	0	#DIV/O!	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	132	169	-37	-22%	
Opex + G&A	53	70	-17	-25%	
Depreciation	44	42	2	6%	
Net finance	10	11	-1	-5%	
Taxes & Minorities	0	0	0	#DIV/O!	

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

$$f(\lambda) = \alpha_0 + \beta_1 \lambda^T, R^2 \approx 1$$

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	31	28	45	45	24	23	28	40	20
Operational costs	-14	-14	-11	-21	-14	-13	-13	-13	-13
EBITDA	17	14	34	25	10	10	15	27	7
Depreciation/Amortization	-11	-11	-11	-11	-11	-11	-11	-11	-11
EBIT	6	4	23	14	-1	-1	4	16	-4
Net financials	-3	-3	-3	-3	-3	-3	-3	-3	-3
PTP	3	0	20	11	-4	-4	1	13	-6
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	3	0	20	11	-4	-4	1	13	-6
Non-recurring items	0	0	-4	6	0	0	0	0	0
Net earnings (adj.)	3	0	16	17	-4	-4	1	13	-6
EPS	0.09	0.01	0.66	0.36	-0.14	-0.14	0.03	0.44	-0.21
EPS (adj.)	0.09	0.01	0.54	0.58	-0.14	-0.14	0.03	0.44	-0.21
DPS	0.34	0.34	0.41	0.83	1.00	0.15	0.15	0.15	0.15
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	46	35	54	47	41	33	29	38	31
Other current assets	27	25	25	27	27	27	27	27	27
Total current assets	73	60	79	74	69	60	57	66	58
Property & equip. (incl. NBs)	592	581	564	552	516	508	501	494	484
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	592	581	564	552	516	508	501	494	484
TOTAL ASSETS	665	642	643	626	584	568	558	559	541
Total equity	408	389	397	384	350	341	338	347	336
Short-term debt	32	34	38	38	35	36	37	37	36
Other current liabilities	8	8	9	13	13	13	13	13	13
Total current liabilities	40	42	47	51	48	49	49	49	49
Long-term debt	214	206	195	187	183	175	167	160	153
Other non-current liabilities	3	4	5	3	3	3	3	3	3
Total non-current liabilities	217	210	200	191	186	178	171	164	157
TOTAL EQUITY & LIABILITIES	665	642	643	626	584	568	558	559	541
Working capital, receivables	26	24	25	24	24	24	24	24	24
Working capital, payables	4	3	3	8	8	8	8	8	8
Net working capital	22	21	21	16	16	16	16	16	16
Interest bearing debt	246	240	233	226	218	211	204	197	190
Liquidity	46	35	54	47	41	33	29	38	31
Net interest bearing debt	200	204	179	179	177	178	175	159	159
<b>Cash Flow (USDm)</b>									
Net income	3	0	20	11	-4	-4	1	13	-6
Depreciation	11	11	11	11	11	11	11	11	11
Other	0	0	-4	6	0	0	0	0	0
Cash earnings	14	11	27	28	7	7	12	24	5
Changes in working capital	2	1	0	-1	0	0	0	0	0
Net operational cash flow	16	13	27	27	7	7	12	24	5
Capex	0	0	-1	-2	-4	-4	-4	-4	-1
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	12	0	28	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	0	-1	11	-2	25	-4	-4	-4	-1
Repayment of debt	-3	-6	-7	-8	-7	-7	-7	-7	-7
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	-10	-10	-12	-25	-30	-5	-5	-5	-5
New equity	0	0	0	0	0	0	0	0	0
Other	0	-6	0	0	0	0	0	0	0
Net financing cash flow	-13	-23	-20	-32	-37	-12	-12	-12	-12
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	3	-11	19	-8	-6	-9	-3	9	-8
Cash balance	46	35	54	47	41	33	29	38	31
Free cash flow	16	12	38	25	32	3	8	21	4



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	0	0	34	232	305	115	132	196	233
Operational costs						-54	-53	-53	-53
EBITDA						61	79	143	180
Depreciation/Amortization						-44	-44	-44	-44
EBIT	—	—	5	51	47	17	35	99	136
Net financials			-2	-13	-13	-12	-10	-9	-7
PTP	—	—	3	38	34	6	25	91	129
Taxes/Minorities			0	0	0	0	0	0	0
Net earnings	—	—	3	38	34	6	25	91	129
Non-recurring items			0	0	0	0	0	0	0
Net earnings (adj.)	—	—	3	38	34	6	25	91	129
EPS			0.18	1.26	1.12	0.19	0.82	3.02	4.29
EPS (adj.)			0.18	1.26	1.12	0.19	0.82	3.02	4.29
DPS			0.00	0.52	1.92	1.45	0.82	2.56	3.86
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	—	20	43	47	38	50	74	107
Other current assets			21	31	27	27	27	27	27
Total current assets	—	—	41	74	74	66	77	101	134
Property & equip. (incl. NBs)	—	—	—	—	—	0	-40	-76	-114
Other non-current assets						552	552	552	552
Total non-current assets	—	—	245	603	552	552	511	475	438
TOTAL ASSETS	—	—	286	677	626	617	588	577	572
Total equity	—	—	194	417	384	347	346	360	373
Short-term debt	—	—	0	23	38	20	20	26	26
Other current liabilities			7	9	13	13	13	13	13
Total current liabilities	—	—	7	33	51	33	33	38	39
Long-term debt	—	—	85	226	187	176	148	117	99
Other non-current liabilities			0	2	3	3	3	3	3
Total non-current liabilities	—	—	85	227	191	180	151	121	102
TOTAL EQUITY & LIABILITIES	—	—	286	677	626	559	531	519	514
Working capital, receivables			18	29	25	25	25	25	25
Working capital, payables	—	—	2	9	3	3	3	3	3
Net working capital			16	21	22	22	22	22	22
Interest bearing debt			85	249	226	197	168	143	125
Liquidity			20	43	47	38	50	74	107
Net interest bearing debt			65	206	179	159	118	69	18
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	—	3	38	34	6	25	91	129
Depreciation						44	44	44	44
Other						0	0	0	0
Cash earnings			12	68	80	50	69	135	173
Changes in working capital	—	—	-14	-9	3	0	0	0	0
Net operational cash flow	—	—	-2	60	83	50	69	135	173
Capex	—	—	-161	-256	-4	-15	-4	-8	-6
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	35	12	28	0	0	0
Other			-4	0	1	0	0	0	0
Net investing cash flow	—	—	-165	-221	9	14	-4	-8	-6
Repayment of debt	—	—	86	162	-24	-29	-29	-90	-92
Proceeds from debt	—	—	86	—	—	0	0	64	74
Dividends paid	—	—	0	-16	-58	-44	-25	-77	-116
New equity	—	—	83	42	0	0	0	0	0
Other			-90	-4	-6	0	0	0	0
Net financing cash flow	—	—	165	185	-88	-72	-53	-103	-133
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			-3	24	4	-9	12	24	33
Cash balance		23	20	43	47	38	50	74	107
Free cash flow			-168	-161	92	64	65	127	167





# Cleaves Securities

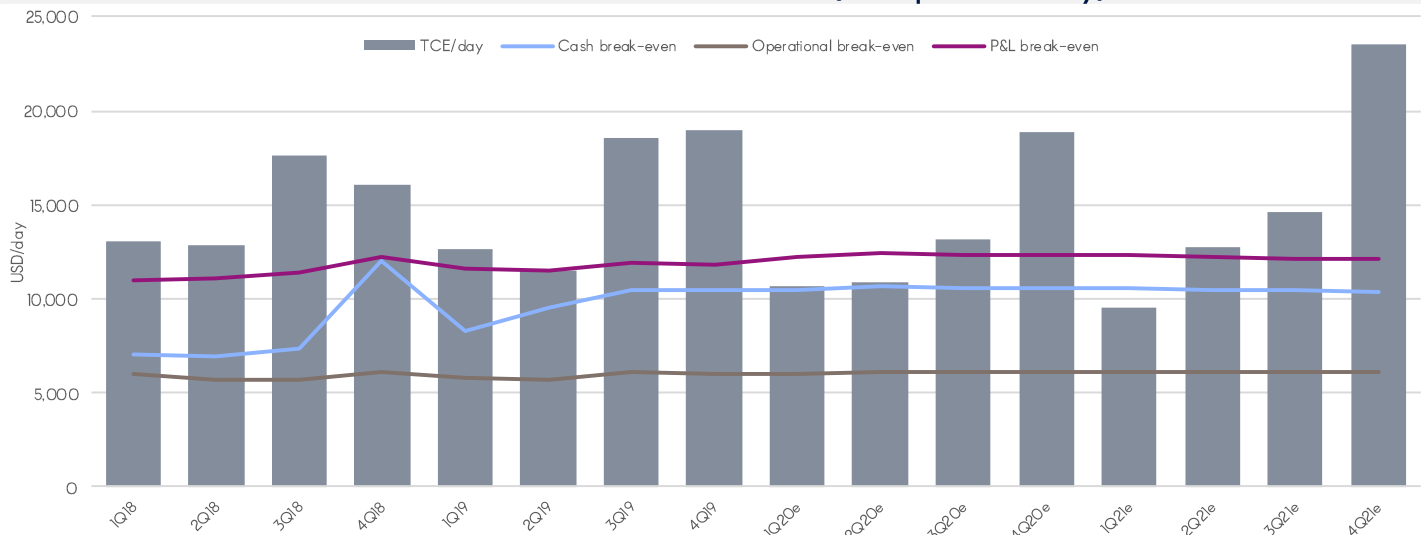
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	17	30	30	30	30	30	30
Share price, avg (USD)			9	11	12	12	12	12	12
Share price, end (USD)	—	—	11	17	15	12	12	12	12
<b>Market Cap.</b>			<b>195</b>	<b>522</b>	<b>442</b>	<b>358</b>	<b>358</b>	<b>358</b>	<b>358</b>
NIBD			65	206	179	159	118	69	18
Minorities	—	—	0	0	0	0	0	0	0
<b>Enterprise value</b>			<b>261</b>	<b>727</b>	<b>620</b>	<b>516</b>	<b>476</b>	<b>426</b>	<b>376</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)			62.1	13.8	13.1	62.6	14.5	4.0	2.8
P/E (adj.)			62.1	13.8	13.1	62.6	14.5	4.0	2.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales			5.8	2.2	1.4	3.1	2.7	1.8	1.5
EV/Sales			7.7	3.1	2.0	4.5	3.6	2.2	1.6
EV/EBITDA						8.4	6.0	3.0	2.1
EV/EBIT			53.7	14.3	13.3	29.7	13.7	4.3	2.8
P/B			1.0	1.2	1.1	1.0	1.0	1.0	1.0
FCF yield			-86%	-31%	21%	18%	18%	35%	47%
Dividend yield			0.0%	3.0%	13.0%	12.2%	6.9%	21.5%	32.4%
Return on equity (ROE)			1.6%	9.1%	8.8%	1.6%	7.1%	25.1%	34.5%
Return on capital employed (ROCE)			1.9%	8.1%	8.3%	3.1%	6.6%	20.4%	30.3%
Return on assets (ROA)			1.1%	5.6%	5.4%	0.9%	4.2%	15.7%	22.5%
Sales growth				587%	31%	-62%	15%	49%	19%
EBITDA margin						53%	60%	73%	77%
EBIT margin			14%	22%	15%	15%	26%	50%	58%
Net margin			9%	16%	11%	5%	19%	46%	55%
Net interest rate			0.0%	0.0%	0.0%	7.4%	8.5%	12.4%	40.8%
Tax rate			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio			68%	62%	61%	56%	59%	62%	65%
Leverage ratio			32%	38%	39%	44%	41%	38%	35%
NIBD / EBITDA (past 1y)						2.6	1.5	0.5	0.1
Operating cash flow/NIBD			0.0	0.3	0.5	0.3	0.6	2.0	9.6
Net interest coverage ratio (EBIT)						5.3	7.8	16.8	24.5
Current ratio			5.5	2.3	1.5	2.0	2.3	2.7	3.5
Adj. equity ratio					55%	59%	67%	76%	81%
Operating assets			266	634	579	579	538	503	465
Operating liabilities			7	11	16	16	16	16	16
Net operating assets			259	623	563	563	523	487	449

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)





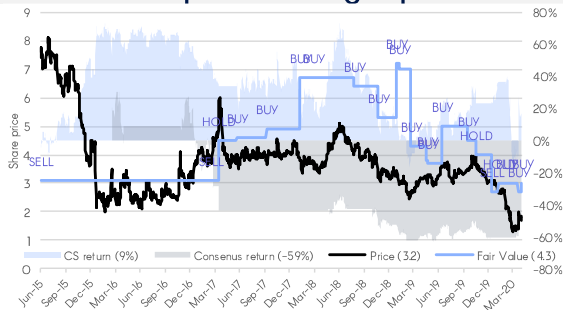
Strong charter backlog over the next year amidst uncertainty over short-term spot rates. Huge discount to current NAV

## DSX-US

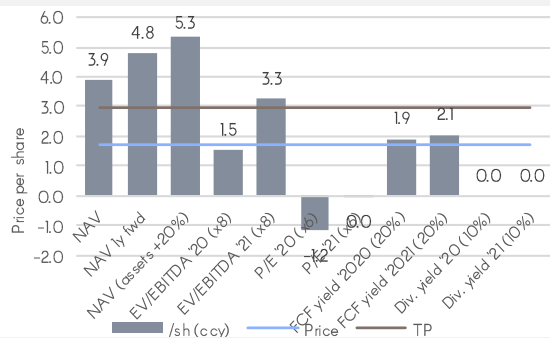
BUY/\$3.0

## Diana Shipping

### Share price vs target price

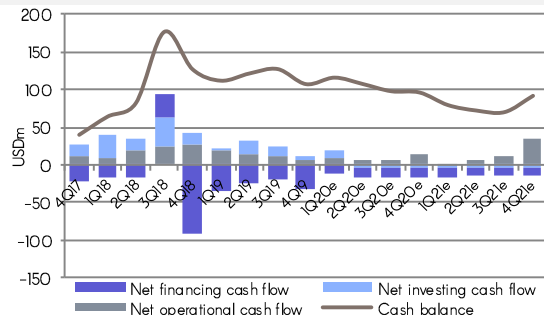


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	169	184	261	305
EBITDA (adj.)	59	73	150	194
EBIT (adj.)	11	26	102	146
PTP (adj.)	-17	-1	78	123
Net earnings (adj.)	-17	-1	78	123
EPS (adj.)	-0.19	-0.01	0.87	1.38
DPS	-	-	0.33	0.66
USDm	2020E	2021E	2022E	2023E
Fwd NAV	426	503	699	868
Adj. equity ratio	48%	55%	65%	71%
FCF yield	23%	24%	76%	117%
Dividend yield	0%	0%	20%	39%
EV/EBITDA	8.2	6.1	2.4	1.3
P/E (adj.)			1.9	1.2

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	36	53	131	177
Free cash flow	34	37	115	177
Net cash flow	-11	-4	53	87
TCE/day	11,514	12,515	17,724	20,771
Cash break-even	11,922	18,993	15,036	20,205
Liquidity	96	92	145	232
Property & Equip. (incl. NBs)	858	827	795	748
Total equity	558	564	618	688
Total assets	1,014	978	1,000	1,039
Interest bearing debt	430	388	356	325
Net interest bearing debt	333	297	211	93
Market Cap.	151	151	151	151

Source: Cleaves, Bloomberg, Clarksons SIN, 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

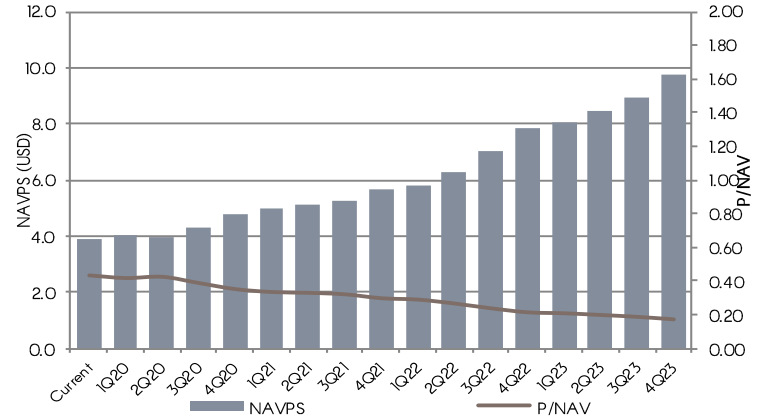


## Company Valuation

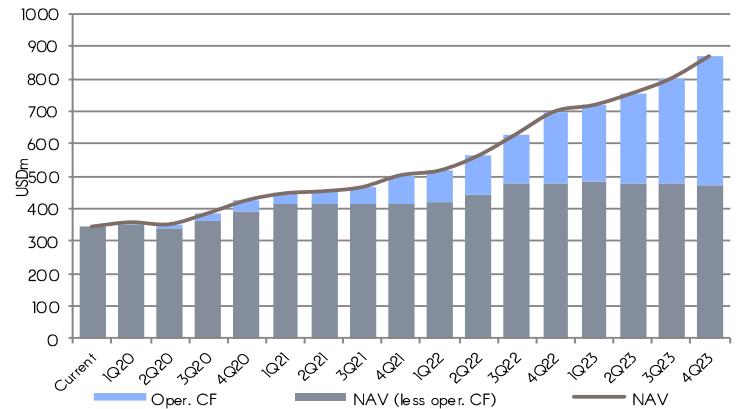
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	904	657	484
Contract value	0	23	17
Other	60	60	44
<b>GAV</b>	<b>964</b>	<b>740</b>	<b>545</b>
Net debt	-368	-368	-368
Capex	0	0	0
Other	-26	-26	-26
<b>Equity</b>	<b>570</b>	<b>346</b>	<b>151</b>
Shares	89	89	89
<b>Equity/sh</b>	<b>6.39</b>	<b>3.87</b>	<b>1.69</b>
lcl CCY	6.39	3.87	1.69
P/Equity	0.26	0.44	1.00
EV/GAV	0.57	0.74	1.00
Adj. Total Assets	1,071	824	651
<b>Adj. Equity Ratio</b>	<b>53%</b>	<b>42%</b>	<b>23%</b>
<b>Fair Value</b>	<b>USD</b>	<b>3.0</b>	<b>77%</b>

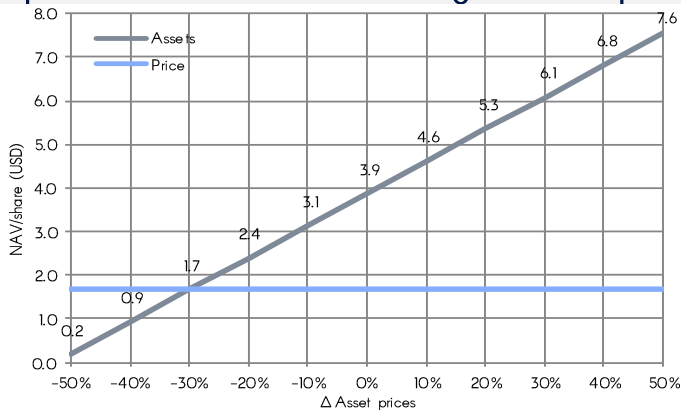
### Quarterly forward NAV & P/NAV



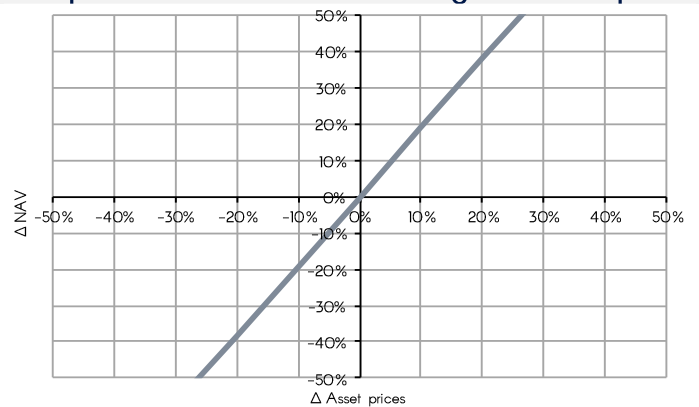
### Quarterly forward NAV decomposition



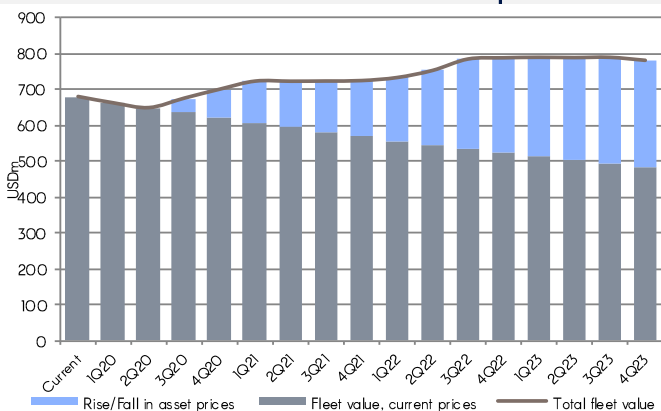
### Impact on NAV/sh from % change in asset prices



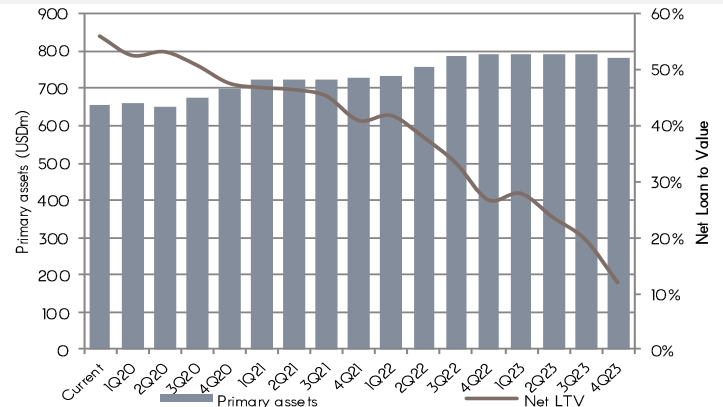
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net sales	57.5	47.0	41.1	42.1						
EBITDA (adj.)	27.1	15.2	13.8	13.8						
EBIT (adj.)	14.7	3.2	1.9	1.5						
PTP (adj.)	6.3	-4.4	-5.4	-6.3						
Net earnings (adj.)	6.3	-4.4	-5.4	-5.2						
EPS (adj.)	0.06	-0.05	-0.06	-0.06						
DPS	-	-	-	-						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>		
TCE revenue	57.5	47.0	41.1	42.1						
Opex & G&A	30.4	31.8	27.3	28.3						
Depreciation	12.4	12.1	11.9	12.3						
Net finance	8.4	7.6	7.4	7.8						
Taxes & Minorities	-	-	-	-1.1						

### CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net operational cash flow	18	5	8							
Free cash flow	21	11	20							
Net cash flow	-15	-21	9							
TCE/day	13,494	13,147	11,243	11,514						
Utilization	98.7%	94.9%	98.0%							
Fleet days	4,320	3,915	3,731							
Cash break-even	17,006	17,978	11,943							
Liquidity	112	107	116							
Interest bearing debt	506	475	464							



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	169	184	261	305	172	183	260	304	-3	1	1	1	
EBITDA (adj.)	59	73	150	194	62	73	149	193	-3	1	1	1	
EBIT (adj.)	11	26	102	146	14	25	101	145	-3	1	1	1	
PTP (adj.)	-17	-1	78	123	-15	-1	77	122	-3	1	1	1	
Net earnings (adj.)	-17	-1	78	123	-15	-1	77	122	-3	1	1	1	
EPS (adj.)	-0.19	-0.01	0.87	1.38	-0.16	-0.01	0.86	1.37	-0.03	0.01	0.01	0.01	
DPS	-	-	0.33	0.66	-	-	0.31	0.65	-	-	0.02	0.01	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-3	1	1	1
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	36	53	131	177	39	52	130	176	-3	1	1	1
Free cash flow	34	37	115	177	37	36	114	176	-3	1	1	1
Net cash flow	-11	-4	53	87	-8	-5	54	86	-3	1	-1	0
TCE/day	11,514	12,515	17,724	20,771	11,701	12,463	17,665	20,719	-187	52	58	52
Cash break-even	11,922	18,993	15,036	20,205	11,922	18,993	15,036	20,205	-	-	-	-
Liquidity	96	92	145	232	99	94	148	234	-3	-2	-3	-3
Property & Equip. (incl. NBs)	858	827	795	748	858	827	795	748	-	-	-	-
Total equity	558	564	618	688	561	566	621	691	-3	-2	-3	-3
Total assets	1,014	978	1,000	1,039	1,017	980	1,003	1,042	-3	-2	-3	-3
Interest bearing debt	430	388	356	325	430	388	356	325	-	-	-	-
Net interest bearing debt	333	297	211	93	331	295	208	90	3	2	3	3
Market Cap.	151	151	151	151	136	136	136	136	15	15	15	15
Enterprise value	484	447	362	244	466	430	344	226	18	17	18	18

### Valuation

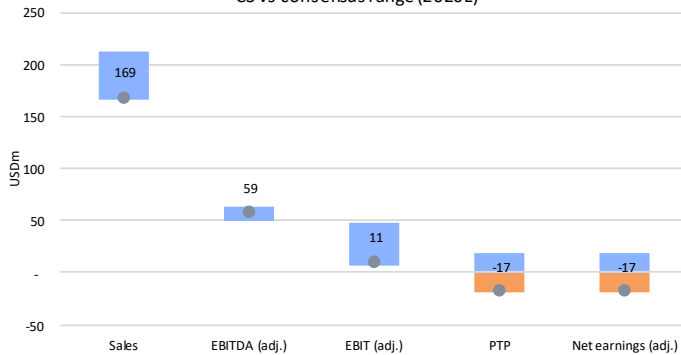
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	426	503	699	868	415	518	685	834	11	-14	14	34
Adj. equity ratio	48%	55%	65%	71%	48%	56%	64%	70%	1%	-1%	0%	1%
FCF yield	23%	24%	76%	117%	27%	26%	84%	129%	-5%	-2%	-8%	-12%
Dividend yield	0%	0%	20%	39%	0%	0%	20%	43%	0%	0%	-1%	-4%
EV/EBITDA	8.2	6.1	2.4	1.3	7.6	5.9	2.3	1.2	0.7	0.2	0.1	0.1
P/E (adj.)			1.9	1.2			1.8	1.1	#####	#####	0.2	0.1



## Our Estimates vs Consensus

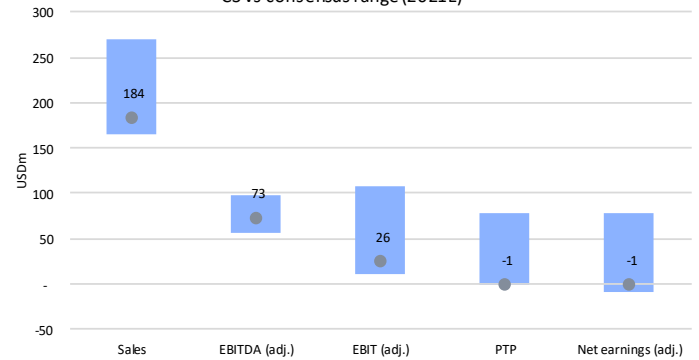
### Profit & Loss, year I

CS vs consensus range (2020E)

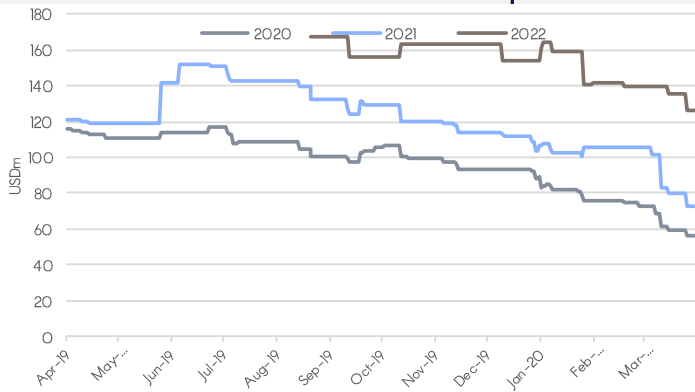


### Profit & Loss, year II

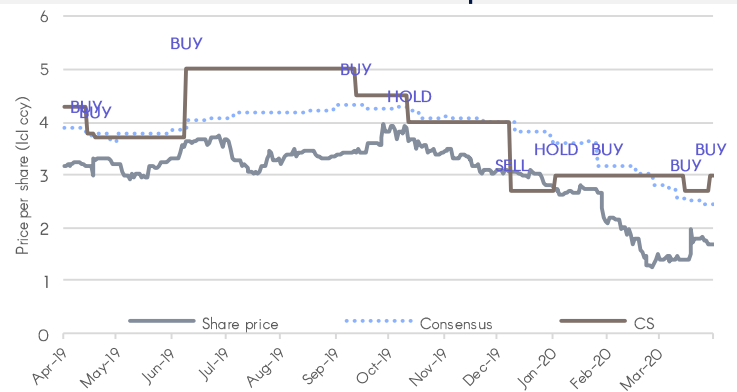
CS vs consensus range (2021E)



### Consensus EBITDA development



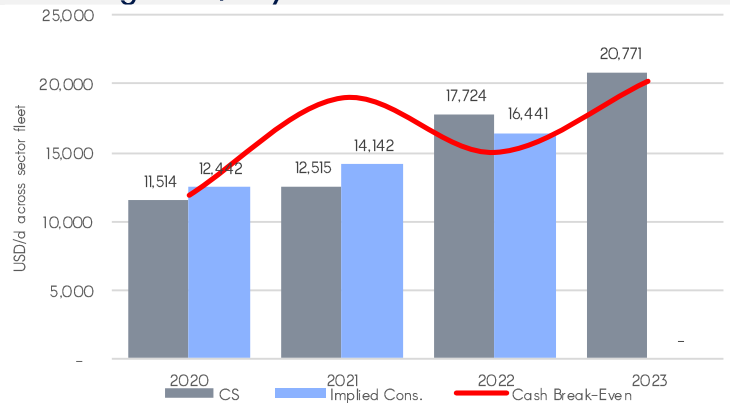
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	169	183	183	-14	-7%
Opex + G&A	111	127	127	-16	-13%
Depreciation	47	35	35	13	37%
Net finance	29	27	27	2	6%
Taxes & Minorities	0	2	2	-2	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	184	208	208	-24	-12%
Opex + G&A	111	135	135	-25	-18%
Depreciation	47	29	29	18	61%
Net finance	26	12	12	14	116%
Taxes & Minorities	0	12	12	-12	-100%

### Avg. TCE/day across fleet vs consensus







# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	58	52	50	47	41	40	40	48	31
Operational costs	-35	-34	-30	-41	-27	-27	-28	-28	-27
EBITDA	22	18	20	6	14	13	12	20	4
Depreciation/Amortization	-12	-12	-12	-12	-12	-12	-12	-12	-12
EBIT	10	6	8	-6	2	1	0	8	-8
Net financials	-7	-7	-6	-8	-6	-6	-6	-6	-5
PTP	3	-1	2	-14	-4	-4	-6	2	-13
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	3	-1	2	-14	-4	-4	-6	2	-13
Non-recurring items	3	5	-1	10	-1	-1	-1	-1	-1
Net earnings (adj.)	6	4	1	-4	-5	-6	-7	1	-15
EPS	0.03	-0.01	0.02	-0.16	-0.04	-0.05	-0.06	0.03	-0.15
EPS (adj.)	0.06	0.04	0.01	-0.05	-0.06	-0.07	-0.08	0.01	-0.16
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	112	121	127	107	116	107	98	96	80
Other current assets	28	23	17	30	30	30	30	30	30
Total current assets	140	145	144	137	146	137	128	126	109
Property & equip. (incl. NBs)	984	956	938	904	880	873	866	858	851
Other non-current assets	32	30	30	30	30	30	30	30	30
Total non-current assets	1,015	985	968	934	910	903	896	888	880
TOTAL ASSETS	1,156	1,130	1,112	1,071	1,056	1,040	1,023	1,014	990
Total equity	621	609	604	570	566	562	556	558	545
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0	0	0
Total current liabilities	0	0	0	0	0	0	0	0	0
Long-term debt	506	495	486	475	464	452	441	430	418
Other non-current liabilities	28	26	23	26	26	26	26	26	26
Total non-current liabilities	535	521	508	501	490	479	467	456	444
TOTAL EQUITY & LIABILITIES	1,156	1,130	1,112	1,071	1,056	1,040	1,023	1,014	990
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	506	495	486	475	464	452	441	430	418
Liquidity	112	121	127	107	116	107	98	96	80
Net interest bearing debt	394	374	358	368	348	345	343	333	339
<b>Cash Flow (USDm)</b>									
Net income	3	-1	2	-14	-4	-4	-6	2	-13
Depreciation	12	12	12	12	12	12	12	12	12
Other	3	4	-2	7	0	0	0	0	0
Cash earnings	18	15	12	5	8	7	6	14	-1
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	18	15	12	5	8	7	6	14	-1
Capex	0	0	0	0	-5	-5	-5	-5	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	17	0	0	0	0
Other	3	17	12	6	0	0	0	0	0
Net investing cash flow	3	17	12	6	12	-5	-5	-5	-4
Repayment of debt	0	0	0	0	-11	-11	-11	-11	-86
Proceeds from debt	0	0	0	0	0	0	0	0	75
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	-36	-24	-19	-32	0	0	0	0	0
Net financing cash flow	-36	-24	-19	-32	-11	-11	-11	-11	-11
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-15	8	5	-21	9	-8	-10	-2	-17
Cash balance	112	121	127	107	116	107	98	96	80
Free cash flow	21	32	24	11	20	3	2	10	-5



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	173	128	171	234	234	169	184	261	305
Operational costs	-145	-135	-567	-143	-168	-111	-111	-111	-111
EBITDA	28	-7	-397	90	67	59	73	150	194
Depreciation/Amortization	-76	-82	-87	-52	-49	-47	-47	-47	-47
EBIT	-48	-89	-484	38	18	11	26	102	146
Net financials	-15	-76	-28	-22	-28	-23	-21	-19	-17
PTP	-63	-164	-512	17	-11	-12	5	84	129
Taxes/Minorities	-2	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-65</b>	<b>-164</b>	<b>-512</b>	<b>17</b>	<b>-11</b>	<b>-12</b>	<b>5</b>	<b>84</b>	<b>129</b>
Non-recurring items	-4	-6	-6	-6	-6	-6	-6	-6	-6
<b>Net earnings (adj.)</b>	<b>-69</b>	<b>-170</b>	<b>-517</b>	<b>11</b>	<b>-16</b>	<b>-17</b>	<b>-1</b>	<b>78</b>	<b>123</b>
EPS	-0.78	-1.94	-4.82	0.16	-0.12	-0.13	0.06	0.94	1.45
EPS (adj.)	-0.83	-2.01	-4.88	0.10	-0.18	-0.19	-0.01	0.87	1.38
DPS	0.07	0.07	0.05	0.06	0.06	0.00	0.00	0.33	0.66
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	172	98	40	127	107	96	92	145	232
Other current assets	22	17	99	15	30	30	30	30	30
<b>Total current assets</b>	<b>194</b>	<b>115</b>	<b>139</b>	<b>142</b>	<b>137</b>	<b>126</b>	<b>122</b>	<b>175</b>	<b>261</b>
Property & equip. (incl. NBs)	1,441	1,404	1,076	1,014	904	858	827	795	748
Other non-current assets	203	149	32	32	30	30	30	30	30
<b>Total non-current assets</b>	<b>1,643</b>	<b>1,553</b>	<b>1,108</b>	<b>1,046</b>	<b>934</b>	<b>888</b>	<b>857</b>	<b>825</b>	<b>778</b>
<b>TOTAL ASSETS</b>	<b>1,837</b>	<b>1,669</b>	<b>1,247</b>	<b>1,188</b>	<b>1,071</b>	<b>1,014</b>	<b>978</b>	<b>1,000</b>	<b>1,039</b>
<b>Total equity</b>	<b>1,218</b>	<b>1,057</b>	<b>625</b>	<b>628</b>	<b>570</b>	<b>558</b>	<b>564</b>	<b>618</b>	<b>688</b>
Short-term debt	41	65	61	96	40	66	66	67	60
Other current liabilities	18	13	20	29	25	25	25	25	25
<b>Total current liabilities</b>	<b>59</b>	<b>78</b>	<b>80</b>	<b>125</b>	<b>65</b>	<b>91</b>	<b>91</b>	<b>92</b>	<b>85</b>
Long-term debt	559	533	541	434	435	364	323	289	265
Other non-current liabilities	1	1	1	1	1	1	1	1	1
<b>Total non-current liabilities</b>	<b>560</b>	<b>534</b>	<b>542</b>	<b>435</b>	<b>436</b>	<b>365</b>	<b>324</b>	<b>290</b>	<b>266</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,837</b>	<b>1,669</b>	<b>1,247</b>	<b>1,188</b>	<b>1,071</b>	<b>1,014</b>	<b>978</b>	<b>1,000</b>	<b>1,039</b>
Working capital, receivables	11	12	11	9	13	13	13	13	13
Working capital, payables	15	12	16	24	23	23	23	23	23
<b>Net working capital</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>	<b>-16</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>
Interest bearing debt	600	598	601	531	475	430	388	356	325
Liquidity	172	98	40	127	107	96	92	145	232
<b>Net interest bearing debt</b>	<b>428</b>	<b>500</b>	<b>561</b>	<b>404</b>	<b>368</b>	<b>333</b>	<b>297</b>	<b>211</b>	<b>93</b>
<b>Cash Flow (USDm)</b>									
Net income	-65	-164	-512	17	-11	-12	5	84	129
Depreciation	76	82	87	52	49	47	47	47	47
Other	17	69	447	6	28	0	0	0	0
<b>Cash earnings</b>	<b>29</b>	<b>-13</b>	<b>22</b>	<b>74</b>	<b>66</b>	<b>36</b>	<b>53</b>	<b>131</b>	<b>177</b>
Changes in working capital	-5	-8	1	6	-16	0	0	0	0
<b>Net operational cash flow</b>	<b>24</b>	<b>-21</b>	<b>23</b>	<b>80</b>	<b>50</b>	<b>36</b>	<b>53</b>	<b>131</b>	<b>177</b>
Capex	-156	-51	-126	-3	-3	-18	-16	-16	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	13	15	41	17	0	0	0
Other	0	10	-40	88	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-156</b>	<b>-42</b>	<b>-152</b>	<b>99</b>	<b>38</b>	<b>-1</b>	<b>-16</b>	<b>-16</b>	<b>0</b>
Repayment of debt	120	-3	2	-70	-57	-45	-152	-95	-175
Proceeds from debt	441	39	57	100	44	0	111	63	144
Dividends paid	-6	-6	-6	-6	-6	0	0	-29	-59
New equity	—	0	77	0	1	0	0	0	0
Other	-451	-40	-57	-118	-94	0	0	0	0
<b>Net financing cash flow</b>	<b>104</b>	<b>-9</b>	<b>74</b>	<b>-94</b>	<b>-111</b>	<b>-45</b>	<b>-41</b>	<b>-62</b>	<b>-90</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-28</b>	<b>-72</b>	<b>-55</b>	<b>86</b>	<b>-23</b>	<b>-11</b>	<b>-4</b>	<b>53</b>	<b>87</b>
Cash balance	172	98	40	127	107	96	92	145	232
<b>Free cash flow</b>	<b>-132</b>	<b>-63</b>	<b>-129</b>	<b>179</b>	<b>88</b>	<b>34</b>	<b>37</b>	<b>115</b>	<b>177</b>



# Cleaves Securities

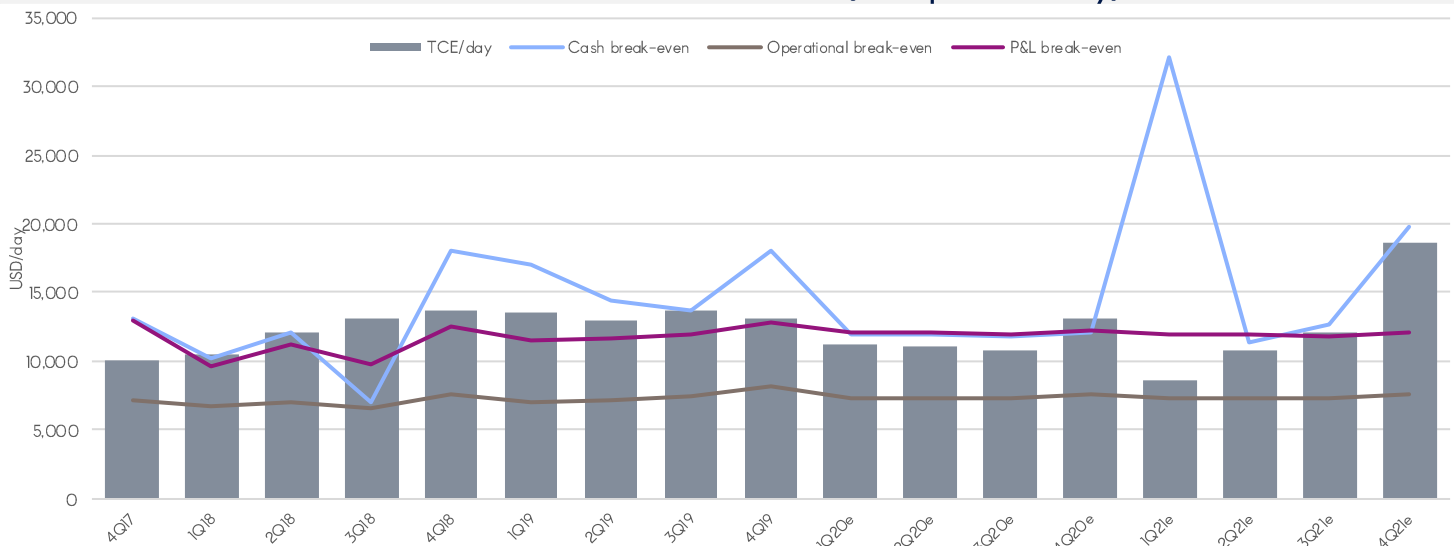
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	83	85	106	104	91	89	89	89	89
Share price, avg (USD)	6	3	4	4	3	2	2	2	2
Share price, end (USD)	4	3	4	3	3	2	2	2	2
Market Cap.	359	256	432	330	284	151	151	151	151
NIBD	428	500	561	404	368	333	297	211	93
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	787	756	993	734	651	484	447	362	244
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				19.9			28.6	1.8	1.2
P/E (adj.)				30.5				1.9	1.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.1	2.0	2.5	1.4	1.2	0.9	0.8	0.6	0.5
EV/Sales	4.5	5.9	5.8	3.1	2.8	2.9	2.4	1.4	0.8
EV/EBITDA	28.0			8.1	9.8	8.2	6.1	2.4	1.3
EV/EBIT				19.2	37.0	42.8	17.3	3.5	1.7
P/B	0.3	0.2	0.7	0.5	0.5	0.3	0.3	0.2	0.2
FCF yield	-37%	-24%	-30%	54%	31%	23%	24%	76%	117%
Dividend yield	1.6%	2.3%	1.3%	1.7%	2.0%	0.0%	0.0%	19.5%	38.9%
Return on equity (ROE)	-5.3%	-15.5%	-81.9%	2.6%	-1.8%	-2.1%	0.9%	13.5%	18.8%
Return on capital employed (ROCE)	-2.9%	-5.7%	-40.8%	3.7%	1.9%	1.3%	3.1%	12.7%	19.2%
Return on assets (ROA)	-3.5%	-9.8%	-41.0%	1.4%	-1.0%	-1.1%	0.5%	8.4%	12.4%
Sales growth	-7%	-26%	33%	37%	0%	-28%	9%	42%	17%
EBITDA margin	16%	-5%	-233%	39%	28%	35%	40%	57%	63%
EBIT margin	-28%	-69%	-284%	16%	8%	7%	14%	39%	48%
Net margin	-37%	-128%	-300%	7%	-4%	-7%	3%	32%	42%
Net interest rate	3.6%	4.4%	4.7%	7.6%	8.0%	6.9%	7.0%	8.9%	18.5%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	66%	63%	50%	53%	53%	55%	58%	62%	66%
Leverage ratio	34%	37%	50%	47%	47%	45%	42%	38%	34%
NIBD / EBITDA (past 1y)	15.2	-71.5	-1.4	4.5	5.5	5.7	4.0	1.4	0.5
Operating cash flow/NIBD	0.1	0.0	0.0	0.2	0.1	0.1	0.2	0.6	1.9
Net interest coverage ratio (EBIT)	1.8	-0.3	-14.9	3.0	2.3	2.6	3.6	8.0	11.2
Current ratio	3.3	1.5	1.7	1.1	2.1	1.4	1.3	1.9	3.1
Adj. equity ratio					41%	48%	55%	65%	71%
Operating assets	1,665	1,571	1,206	1,061	943	897	866	834	787
Operating liabilities	19	14	21	30	26	26	26	26	26
Net operating assets	1,647	1,557	1,186	1,031	917	871	839	808	760

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)





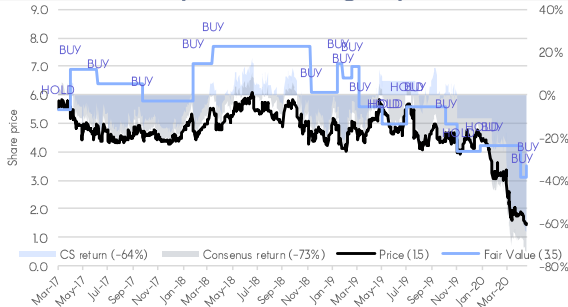
Pure-play on Supramaxes with large scrubber penetration. Lower operational elasticity and higher financial elasticity than many peers

EGLE-US

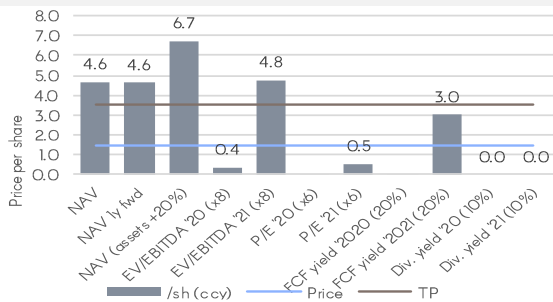
BUY/\$3.5

Eagle Bulk

### Share price vs target price

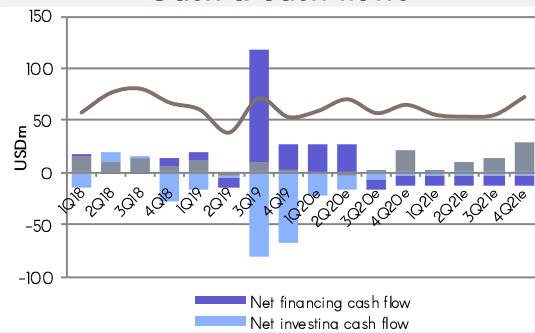


### Valuation matrix



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### Cash & cash flows



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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	213	221	261	279
EBITDA (adj.)	57	91	136	154
EBIT (adj.)	9	43	87	105
PTP (adj.)	-29	6	53	74
Net earnings (adj.)	-29	6	53	74
EPS (adj.)	-0.41	0.09	0.74	1.04
DPS	-	-	0.27	0.48
USDm	2020E	2021E	2022E	2023E
Fwd NAV	330	371	484	562
Adj. equity ratio	37%	41%	50%	56%
FCF yield	-24%	40%	85%	116%
Dividend yield	0%	0%	19%	33%
EV/EBITDA	9.6	5.4	3.1	2.2
P/E (adj.)		17.0	2.0	1.4

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	19	55	102	123
Free cash flow	-25	43	90	123
Net cash flow	12	8	35	37
TCE/day	10,180	11,830	14,259	15,250
Cash break-even	10,820	10,773	21,482	11,369
Liquidity	71	78	113	150
Property & Equip. (incl. NBs)	852	815	779	730
Total equity	451	457	491	531
Total assets	1,009	980	979	967
Interest bearing debt	504	469	434	383
Net interest bearing debt	434	391	321	233
Market Cap.	106	106	106	106

Source: Cleaves, Bloomberg, Clarksons SIN, company data

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

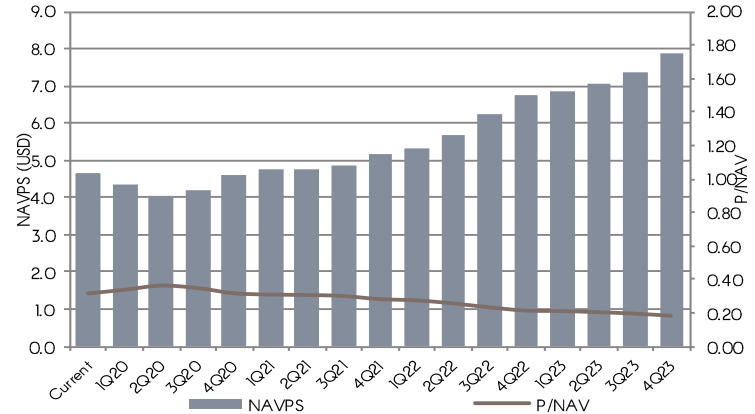


## Company Valuation

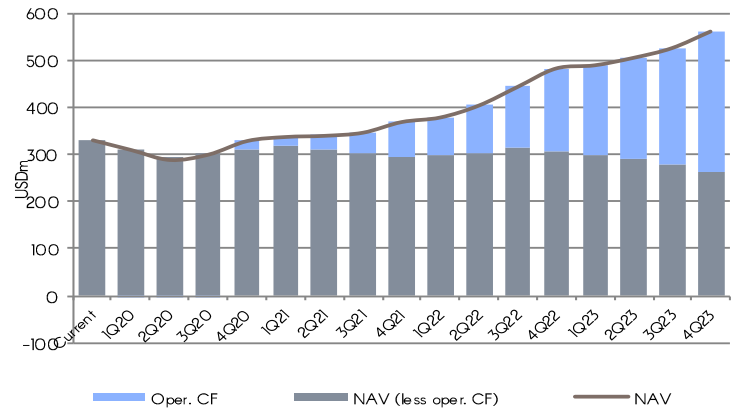
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	856	732	517
Contract value	0	-1	-1
Other	39	39	27
<b>GAV</b>	<b>895</b>	<b>769</b>	<b>543</b>
Net debt	-408	-408	-408
Capex	0	-24	-24
Other	-5	-5	-5
<b>Equity</b>	<b>482</b>	<b>332</b>	<b>106</b>
Shares	71	71	71
<b>Equity/sh</b>	<b>6.74</b>	<b>4.64</b>	<b>1.48</b>
Incl CCY	6.74	4.64	1.48
<b>P/Equity</b>	<b>0.22</b>	<b>0.32</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.61</b>	<b>0.71</b>	<b>1.00</b>
Adj. Total Assets	1,002	877	662
Adj. Equity Ratio	48%	38%	16%
<b>Fair Value</b>	<b>USD</b>	<b>3.5</b>	<b>137%</b>

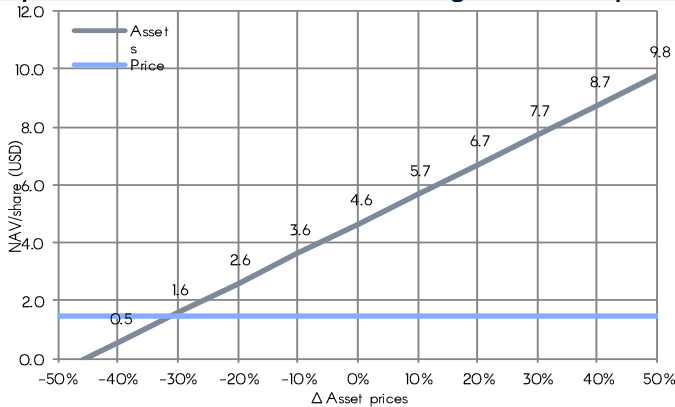
### Quarterly forward NAV & P/NAV



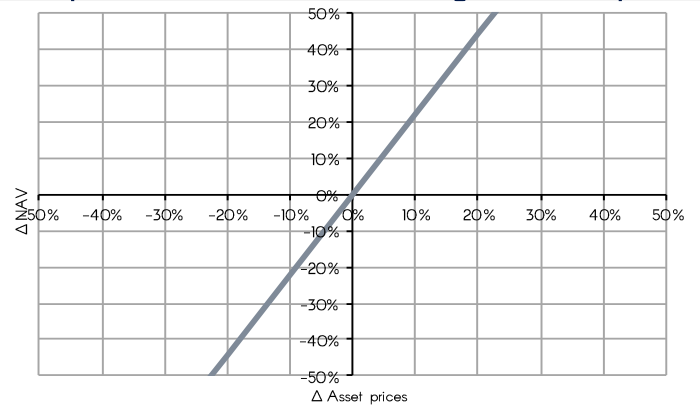
### Quarterly forward NAV decomposition



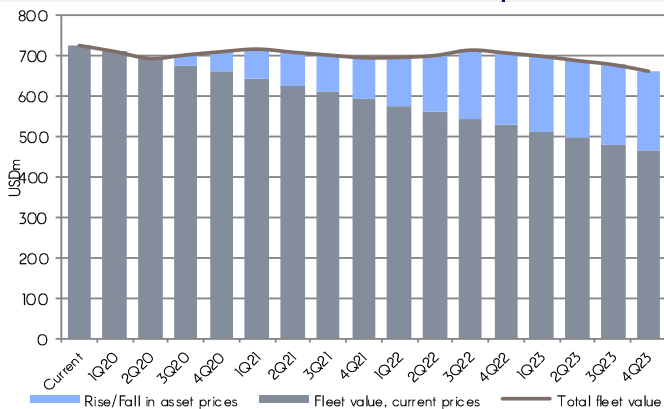
### Impact on NAV/sh from % change in asset prices



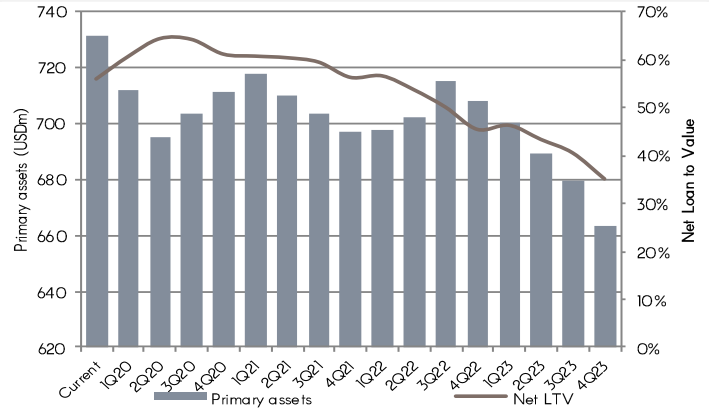
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	213	221	261	279	214	220	260	278	-1	0	1	1	
EBITDA (adj.)	57	91	136	154	59	91	135	153	-1	0	1	1	
EBIT (adj.)	9	43	87	105	10	42	86	104	-1	0	1	1	
PTP (adj.)	-29	6	53	74	-28	6	53	74	-1	0	1	1	
Net earnings (adj.)	-29	6	53	74	-28	6	53	74	-1	0	1	1	
EPS (adj.)	-0.41	0.09	0.74	1.04	-0.39	0.08	0.74	1.03	-0.02	0.00	0.01	0.01	
DPS	-	-	0.27	0.48	-	-	0.26	0.48	-	-	0.02	0.00	
									2020E	2021E	2022E	2023E	
									TCE revenue	-1	0	1	1
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	19	55	102	123	20	55	101	122	-1	0	1	1
Free cash flow	-25	43	90	123	-24	43	89	122	-1	0	1	1
Net cash flow	12	8	35	37	13	7	36	36	-1	0	-1	0
TCE/day	10,180	11,830	14,259	15,250	10,240	11,823	14,229	15,224	-59	8	30	26
Cash break-even	10,820	10,773	21,482	11,369	10,820	10,773	21,482	11,369	-	-	-	-
Liquidity	71	78	113	150	72	79	115	152	-1	-1	-2	-2
Property & Equip. (incl. NBs)	852	815	779	730	852	815	779	730	-	-	-	-
Total equity	451	457	491	531	453	459	493	532	-1	-1	-2	-2
Total assets	1,009	980	979	967	1,010	981	981	968	-1	-1	-2	-2
Interest bearing debt	504	469	434	383	504	469	434	383	-	-	-	-
Net interest bearing debt	434	391	321	233	433	390	319	231	1	1	2	2
Market Cap.	106	106	106	106	127	127	127	127	-21	-21	-21	-21
Enterprise value	540	497	427	338	559	517	446	358	-19	-20	-19	-19

### Valuation

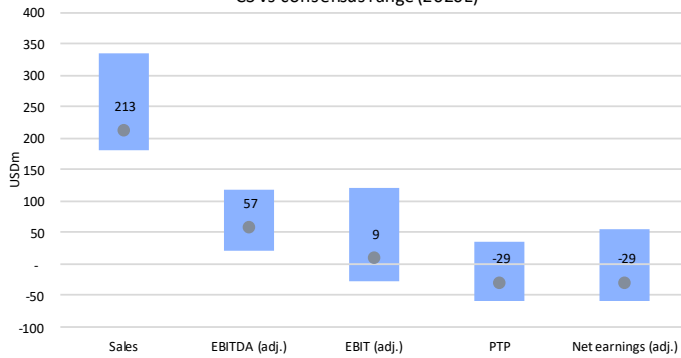
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	330	371	484	562	332	398	495	560	-2	-28	-11	2
Adj. equity ratio	37%	41%	50%	56%	37%	43%	50%	56%	0%	-2%	-1%	0%
FCF yield	-24%	40%	85%	116%	-19%	34%	70%	97%	-5%	7%	14%	19%
Dividend yield	0%	0%	19%	33%	0%	0%	14%	27%	0%	0%	4%	6%
EV/EBITDA	9.6	5.4	3.1	2.2	9.7	5.7	3.3	2.3	-0.1	-0.2	-0.2	-0.1
P/E (adj.)		17.0	2.0	1.4		21.0	2.4	1.7	#####	-4.0	-0.4	-0.3



## Our Estimates vs Consensus

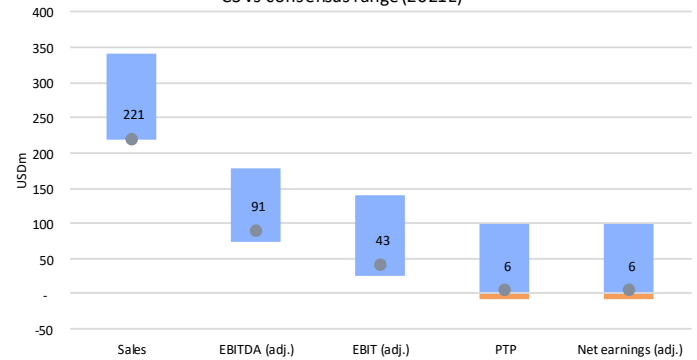
### Profit & Loss, year I

CS vs consensus range (2020E)

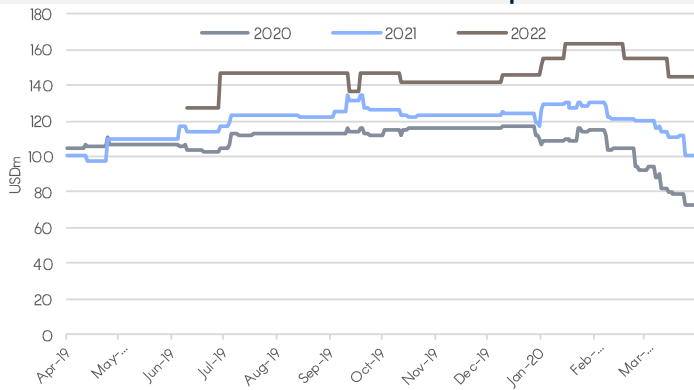


### Profit & Loss, year II

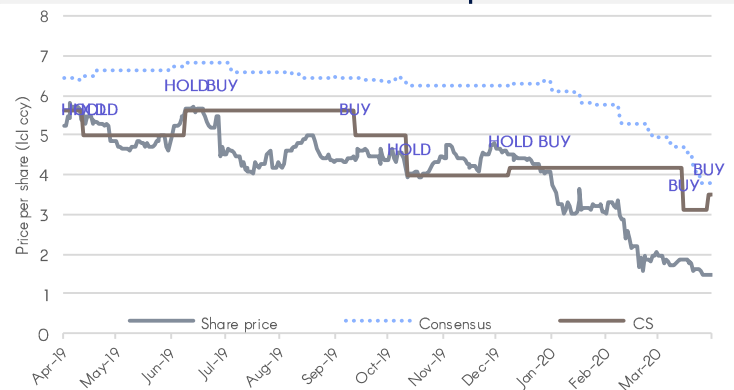
CS vs consensus range (2021E)



### Consensus EBITDA development



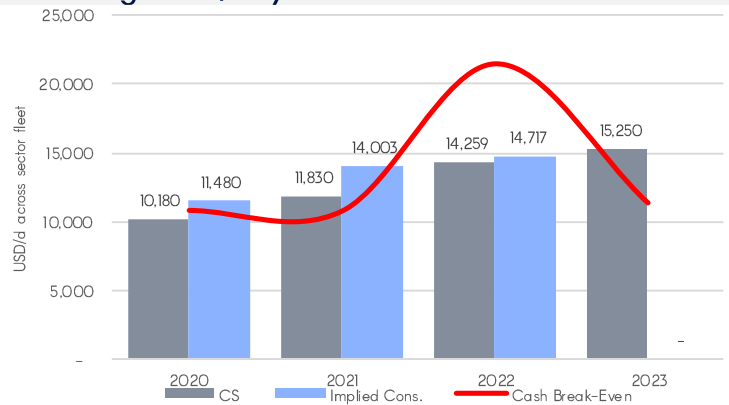
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	213	213	240	-27	-11%
Opex + G&A	155	155	166	-11	-7%
Depreciation	49	49	30	19	63%
Net finance	38	38	61	-23	-38%
Taxes & Minorities	0	0	-28	28	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	221	221	261	-40	-16%
Opex + G&A	129	129	161	-32	-20%
Depreciation	49	49	16	33	206%
Net finance	36	36	52	-15	-29%
Taxes & Minorities	0	0	-3	3	-100%

### Avg. TCE/day across fleet vs consensus







## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	51.5	50.0	47.3	46.5				
EBITDA (adj.)	11.5	9.4	8.9	10.4				
EBIT (adj.)	2.1	-1.9	-3.3	-1.2				
PTP (adj.)	-4.2	-11.1	-12.3	-9.5				
Net earnings (adj.)	-4.2	-11.1	-12.3	-9.8				
EPS (adj.)	-0.06	-0.16	-0.17	-0.13				
DPS	-	-	-	-				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	51.5	50.0	47.3	46.5				
Opex & G&A	40.0	40.6	38.4	36.1				
Depreciation	9.4	11.3	12.2	11.5				
Net finance	6.3	9.2	9.0	8.3				
Taxes & Minorities	-	-	-	0.3				

### CF & BS

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	12	3	-1					
Free cash flow	-5	-65	-22					
Net cash flow	2	-42	6					
TCE/day	9,908	9,801	9,115	8,965				
Utilization	99.3%	84.5%	91.9%					
Fleet days	5,196	5,106	5,187					
Cash break-even	10,676	11,406	10,537					
Liquidity	61	59	65					
Interest bearing debt	340	467	495					



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

$$f(\lambda) = \alpha_0 + \beta_1 \lambda^T, R^2 \approx 1$$

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	51	48	55	50	47	44	52	70	43
Operational costs	-36	-38	-39	-42	-39	-38	-39	-39	-32
EBITDA	16	10	16	8	8	6	12	30	11
Depreciation/Amortization	-9	-10	-10	-11	-12	-12	-12	-12	-12
EBIT	6	1	6	-3	-4	-7	0	18	-1
Net financials	-6	-7	-10	-8	-9	-9	-10	-10	-9
PTP	0	-6	-5	-11	-13	-16	-9	9	-10
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	0	-6	-5	-11	-13	-16	-9	9	-10
Non-recurring items	-4	-1	2	0	1	0	0	0	0
Net earnings (adj.)	-4	-7	-3	-11	-12	-16	-9	9	-10
EPS	0.00	-0.08	-0.06	-0.16	-0.19	-0.22	-0.13	0.12	-0.14
EPS (adj.)	-0.06	-0.09	-0.04	-0.16	-0.17	-0.22	-0.13	0.12	-0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	61	39	72	54	59	71	57	65	56
Other current assets	39	37	41	47	47	47	47	47	47
Total current assets	100	76	112	101	106	118	104	112	103
Property & equip. (incl. NBs)	721	701	752	856	865	865	860	852	842
Other non-current assets	62	87	106	45	45	45	45	45	45
Total non-current assets	783	788	858	902	910	910	905	897	888
TOTAL ASSETS	883	864	970	1,002	1,016	1,027	1,009	1,009	990
Total equity	480	475	492	482	468	452	443	451	441
Short-term debt	42	42	42	49	44	44	45	45	45
Other current liabilities	35	32	38	53	53	53	53	53	53
Total current liabilities	77	74	80	102	97	97	98	99	98
Long-term debt	299	315	398	418	451	478	468	459	451
Other non-current liabilities	27	0	0	0	0	0	0	0	0
Total non-current liabilities	326	315	398	418	451	478	468	459	451
TOTAL EQUITY & LIABILITIES	883	864	970	1,002	1,016	1,027	1,009	1,009	990
Working capital, receivables	32	31	34	36	36	36	36	36	36
Working capital, payables	30	29	34	48	48	48	48	48	48
Net working capital	2	1	0	-12	-12	-12	-12	-12	-12
Interest bearing debt	340	356	440	467	495	522	513	504	496
Liquidity	61	39	72	59	65	76	63	71	61
Net interest bearing debt	280	318	369	408	430	446	450	434	435
<b>Cash Flow (USDm)</b>									
Net income	0	-6	-5	-11	-13	-16	-9	9	-10
Depreciation	9	10	10	11	12	12	12	12	12
Other	-3	2	-4	-1	0	0	0	0	0
Cash earnings	6	6	2	-1	-1	-4	3	21	2
Changes in working capital	6	-9	9	4	0	0	0	0	0
Net operational cash flow	12	-3	10	3	-1	-4	3	21	2
Capex	-30	-13	-90	-70	-21	-12	-7	-4	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	13	10	7	0	0	0	0	0	0
Other	0	1	1	2	0	0	0	0	0
Net investing cash flow	-17	-2	-82	-68	-21	-12	-7	-4	-3
Repayment of debt	-148	-9	-5	-9	-7	-8	-9	-9	-9
Proceeds from debt	158	0	113	34	35	35	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	-4	0	-1	-2	0	0	0	0	0
Net financing cash flow	7	-9	107	24	28	27	-9	-9	-9
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	2	-15	36	-42	6	11	-13	8	-10
Cash balance	61	39	72	54	59	71	57	65	56
Free cash flow	-5	-5	-71	-65	-22	-16	-5	17	-1



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	128	167	299	390	205	213	221	261	279
Operational costs	-220	-329	-266	-314	-155	-156	-129	-125	-125
EBITDA	-93	-162	34	75	50	56	91	136	154
Depreciation/Amortization	-43	-39	-34	-38	-41	-49	-49	-49	-49
EBIT	-136	-201	0	38	9	8	43	87	105
Net financials	-13	-22	-44	-25	-31	-38	-36	-34	-31
PTP	-148	-224	-44	13	-22	-30	6	53	74
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-148</b>	<b>-224</b>	<b>-44</b>	<b>13</b>	<b>-22</b>	<b>-30</b>	<b>6</b>	<b>53</b>	<b>74</b>
Non-recurring items	0	0	0	0	-3	1	0	0	0
<b>Net earnings (adj.)</b>	<b>-148</b>	<b>-224</b>	<b>-44</b>	<b>13</b>	<b>-25</b>	<b>-29</b>	<b>6</b>	<b>53</b>	<b>74</b>
EPS	-78.76	-4.65	-0.62	0.18	-0.30	-0.42	0.09	0.74	1.04
EPS (adj.)	-78.76	-4.65	-0.62	0.18	-0.35	-0.41	0.09	0.74	1.04
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.27	0.48
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	25	77	56	67	54	65	73	108	145
Other current assets	16	28	49	51	47	47	47	47	47
<b>Total current assets</b>	<b>41</b>	<b>104</b>	<b>105</b>	<b>118</b>	<b>101</b>	<b>112</b>	<b>120</b>	<b>155</b>	<b>192</b>
Property & equip. (incl. NBs)	734	568	690	683	856	852	815	779	730
Other non-current assets	12	15	13	45	45	45	45	45	45
<b>Total non-current assets</b>	<b>746</b>	<b>582</b>	<b>703</b>	<b>728</b>	<b>902</b>	<b>897</b>	<b>860</b>	<b>824</b>	<b>775</b>
<b>TOTAL ASSETS</b>	<b>787</b>	<b>686</b>	<b>808</b>	<b>846</b>	<b>1,002</b>	<b>1,009</b>	<b>980</b>	<b>979</b>	<b>967</b>
<b>Total equity</b>	<b>518</b>	<b>400</b>	<b>461</b>	<b>480</b>	<b>482</b>	<b>451</b>	<b>457</b>	<b>491</b>	<b>531</b>
Short-term debt	16	0	4	29	49	21	26	31	32
Other current liabilities	22	26	27	34	53	53	53	53	53
<b>Total current liabilities</b>	<b>38</b>	<b>26</b>	<b>31</b>	<b>63</b>	<b>102</b>	<b>74</b>	<b>79</b>	<b>84</b>	<b>85</b>
Long-term debt	226	256	314	302	418	484	444	403	351
Other non-current liabilities	5	4	3	2	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>230</b>	<b>260</b>	<b>316</b>	<b>304</b>	<b>418</b>	<b>484</b>	<b>444</b>	<b>403</b>	<b>351</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>787</b>	<b>686</b>	<b>808</b>	<b>846</b>	<b>1,002</b>	<b>1,009</b>	<b>980</b>	<b>979</b>	<b>967</b>
Working capital, receivables	13	16	31	36	36	36	36	36	36
Working capital, payables	19	19	21	26	48	48	48	48	48
<b>Net working capital</b>	<b>-7</b>	<b>-3</b>	<b>10</b>	<b>10</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
Interest bearing debt	241	256	318	331	467	504	469	434	383
Liquidity	25	77	56	67	59	71	78	113	150
<b>Net interest bearing debt</b>	<b>216</b>	<b>179</b>	<b>261</b>	<b>264</b>	<b>408</b>	<b>434</b>	<b>391</b>	<b>321</b>	<b>233</b>
<b>Cash Flow (USDm)</b>									
Net income	-148	-224	-44	13	-22	-30	6	53	74
Depreciation	43	39	34	38	41	49	49	49	49
Other	56	139	32	2	-6	0	0	0	0
<b>Cash earnings</b>	<b>-50</b>	<b>-46</b>	<b>22</b>	<b>52</b>	<b>13</b>	<b>19</b>	<b>55</b>	<b>102</b>	<b>123</b>
Changes in working capital	6	0	-15	-7	9	0	0	0	0
<b>Net operational cash flow</b>	<b>-44</b>	<b>-45</b>	<b>7</b>	<b>45</b>	<b>22</b>	<b>19</b>	<b>55</b>	<b>102</b>	<b>123</b>
Capex	-2	-22	-177	-44	-202	-44	-12	-12	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	4	13	26	21	30	0	0	0	0
Other	8	0	-5	-8	5	-1	0	0	0
<b>Net investing cash flow</b>	<b>10</b>	<b>-9</b>	<b>-155</b>	<b>-31</b>	<b>-169</b>	<b>-44</b>	<b>-12</b>	<b>-12</b>	<b>0</b>
Repayment of debt	20	24	36	12	-171	-33	-35	-235	-52
Proceeds from debt	40	75	324	16	305	70	0	200	0
Dividends paid	0	0	0	0	0	0	0	-20	-35
New equity	—	86	96	0	0	0	0	0	0
Other	-41	-78	-328	-21	5	-1	0	0	0
<b>Net financing cash flow</b>	<b>18</b>	<b>106</b>	<b>128</b>	<b>7</b>	<b>128</b>	<b>37</b>	<b>-35</b>	<b>-55</b>	<b>-86</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-15</b>	<b>52</b>	<b>-20</b>	<b>22</b>	<b>-19</b>	<b>12</b>	<b>8</b>	<b>35</b>	<b>37</b>
Cash balance	25	77	56	67	48	60	68	103	139
<b>Free cash flow</b>	<b>-34</b>	<b>-55</b>	<b>-148</b>	<b>14</b>	<b>-147</b>	<b>-25</b>	<b>43</b>	<b>90</b>	<b>123</b>



# Cleaves Securities

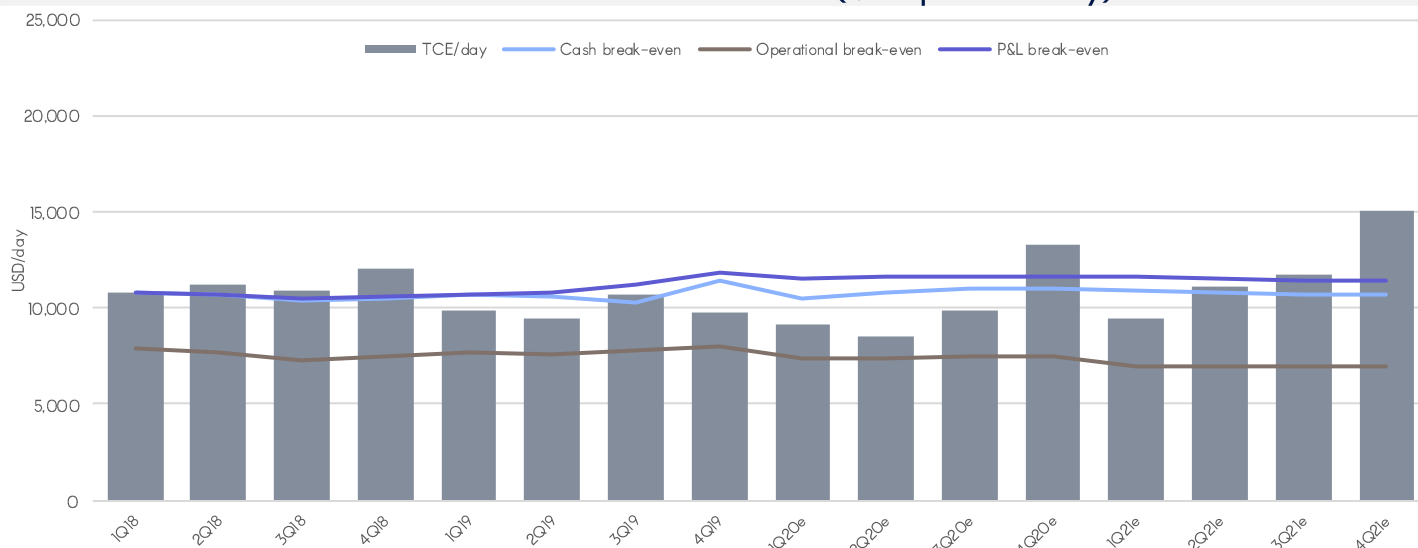
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Shares outstanding, end	2	48	70	71	72	71	71	71	71
Share price, avg (USD)	156	12	5	5	5	1	1	1	1
Share price, end (USD)	70	6	4	5	5	1	1	1	1
<b>Market Cap.</b>	<b>133</b>	<b>281</b>	<b>315</b>	<b>328</b>	<b>329</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>
NIBD	216	179	261	264	408	434	391	321	233
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>349</b>	<b>461</b>	<b>577</b>	<b>591</b>	<b>737</b>	<b>540</b>	<b>497</b>	<b>427</b>	<b>338</b>
Key Figures & Ratios	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
P/E (reported)				26.0			17.0	2.0	1.4
P/E (adj.)				26.0			17.0	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	1.0	1.7	1.1	0.8	1.6	0.5	0.5	0.4	0.4
EV/Sales	2.7	2.8	1.9	1.5	3.6	2.5	2.3	1.6	1.2
EV/EBITDA			17.2	7.8	14.8	9.6	5.4	3.1	2.2
EV/EBIT				15.7	78.2	71.1	11.6	4.9	3.2
P/B	0.3	0.7	0.7	0.7	0.7	0.2	0.2	0.2	0.2
FCF yield	-25%	-19%	-47%	4%	-45%	-24%	40%	85%	116%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.5%	32.6%
Return on equity (ROE)	-28.6%	-55.8%	-9.5%	2.6%	-4.5%	-6.7%	1.4%	10.8%	14.0%
Return on capital employed (ROCE)	-18.5%	-34.7%	0.0%	5.1%	1.1%	0.9%	5.0%	10.7%	13.7%
Return on assets (ROA)	-18.9%	-32.6%	-5.4%	1.5%	-2.2%	-3.0%	0.6%	5.4%	7.7%
Sales growth	-27%	30%	80%	30%	-47%	4%	4%	18%	7%
EBITDA margin	-72%	-97%	11%	19%	24%	27%	41%	52%	55%
EBIT margin	-106%	-121%	0%	10%	5%	4%	19%	33%	38%
Net margin	-116%	-134%	-15%	3%	-11%	-14%	3%	20%	27%
Net interest rate	5.5%	12.1%	11.2%	9.8%	7.0%	8.7%	9.3%	10.5%	13.2%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	66%	58%	57%	57%	48%	45%	47%	50%	55%
Leverage ratio	34%	42%	43%	43%	52%	55%	53%	50%	45%
NIBD / EBITDA (past 1y)	-2.3	-1.1	7.8	3.5	8.2	7.7	4.3	2.4	1.5
Operating cash flow/NIBD	-0.2	-0.3	0.0	0.2	0.1	0.0	0.1	0.3	0.5
Net interest coverage ratio (EBIT)	-7.8	-7.4	1.1	2.9	1.7	1.5	2.5	4.0	5.0
Current ratio	1.1	4.1	3.4	1.9	1.0	1.5	1.5	1.8	2.3
Adj. equity ratio					39%	37%	41%	50%	56%
Operating assets	762	610	752	768	943	938	902	865	816
Operating liabilities	27	30	30	36	53	53	53	53	53
Net operating assets	735	580	723	732	890	885	848	812	763

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)



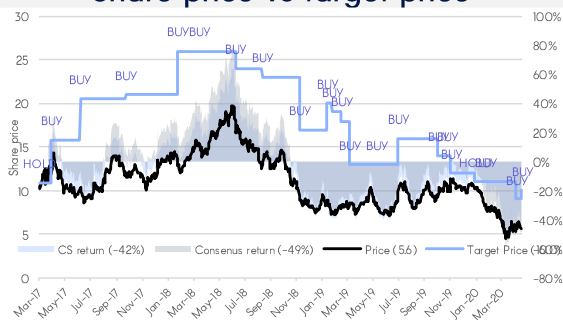


## GNK-US

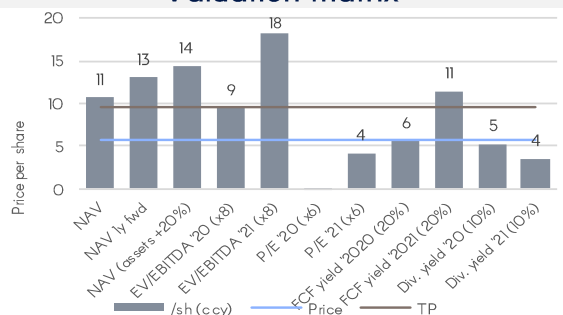
## BUY/\$10

## Genco Shipping

### Share price vs target price

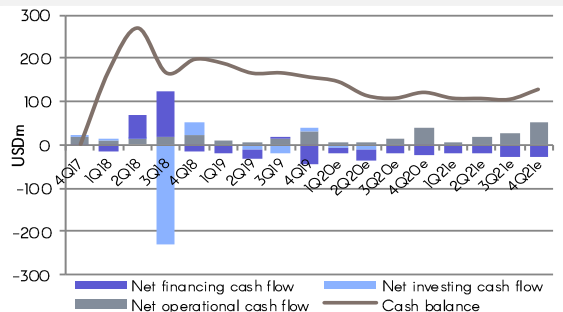


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	219	255	319	363
EBITDA (adj.)	87	123	199	243
EBIT (adj.)	14	50	125	169
PTP (adj.)	-11	29	108	156
Net earnings (adj.)	-11	29	108	156
EPS (adj.)	-0.26	0.69	2.59	3.74
DPS	0.53	0.35	1.13	1.75
USDm	2020E	2021E	2022E	2023E
Fwd NAV	541	657	879	1,076
Adj. equity ratio	49%	57%	67%	75%
FCF yield	20%	41%	74%	98%
Dividend yield	9%	6%	20%	31%
EV/EBITDA		3.7	1.7	0.7
P/E (adj.)		8.1	2.2	1.5

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	63	103	182	230
Free cash flow	46	95	172	230
Net cash flow	-35	7	52	97
TCE/day	11,214	12,914	17,088	19,485
Cash break-even	11,318	11,220	11,074	23,396
Liquidity	126	134	185	282
Property & Equip. (incl. NBs)	1,240	1,174	1,110	1,036
Total equity	864	878	939	1,021
Total assets	1,436	1,377	1,365	1,388
Interest bearing debt	434	361	288	228
Net interest bearing debt	308	227	102	-54
Market Cap.	234	234	234	234

Source: Cleaves, Bloomberg, Clarksons SIN, 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

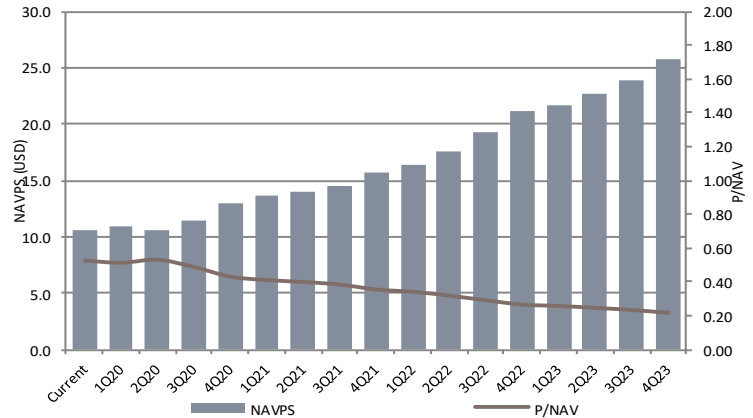


## Company Valuation

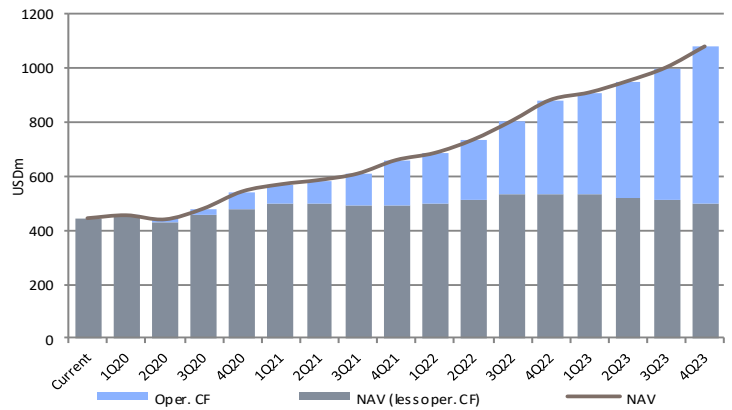
### Valuation & target price

Valuation				
USDm	Book Value	Net Asset Value	Market cap.	
Primary assets	1,305	770	564	
Contract value	0	0	0	
Other	12	12	9	
<b>GAV</b>	<b>1,317</b>	<b>782</b>	<b>573</b>	
Net debt	-332	-332	-332	
Capex	0	0	0	
Other	-7	-7	-7	
<b>Equity</b>	<b>978</b>	<b>443</b>	<b>234</b>	
Shares	42	42	42	
<b>Equity/sh</b>	<b>23.45</b>	<b>10.62</b>	<b>5.60</b>	
Incl CCY	23.45	10.62	5.60	
<b>P/Equity</b>	<b>0.24</b>	<b>0.53</b>	<b>1.00</b>	
<b>EV/GAV</b>	<b>0.43</b>	<b>0.73</b>	<b>1.00</b>	
Adj. Total Assets	1,529	994	787	
Adj. Equity Ratio	64%	45%	30%	
<b>Fair Value</b>	<b>USD</b>	<b>9.5</b>	<b>70%</b>	

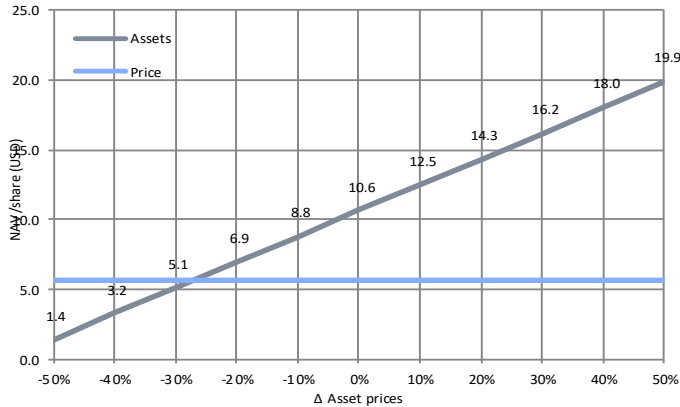
### Quarterly forward NAV & P/NAV



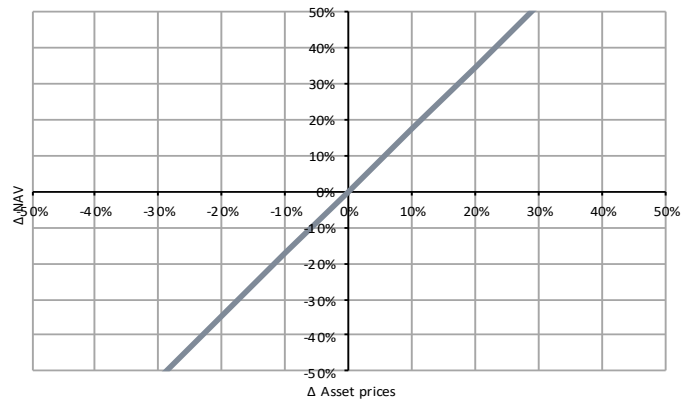
### Quarterly forward NAV decomposition



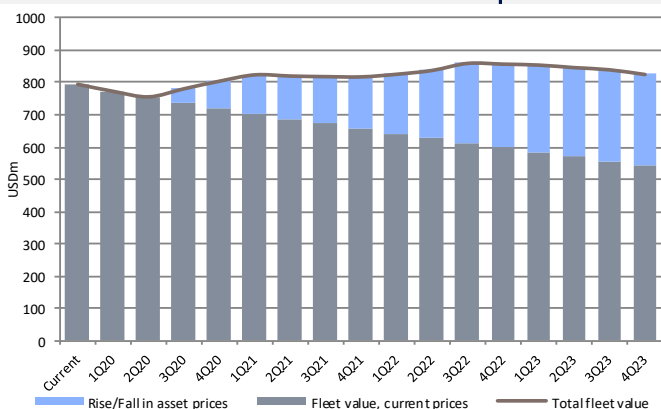
### Impact on NAV/sh from % change in asset prices



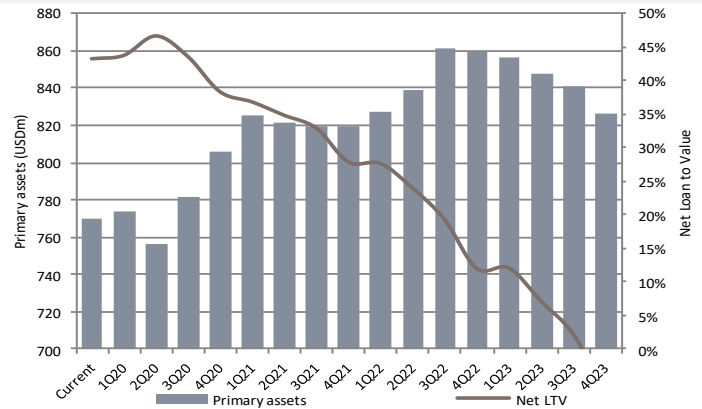
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	50.4	63.5	47.0	46.0				
EBITDA (adj.)	16.6	27.9	13.9	15.4				
EBIT (adj.)	-1.5	9.7	-4.5	-2.8				
PTP (adj.)	-8.4	3.0	-10.9	-6.3				
Net earnings (adj.)	-8.4	3.0	-10.9	-12.2				
EPS (adj.)	-0.20	0.07	-0.26	-0.25				
DPS	-	0.18	0.18	0.18				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	50.4	63.5	47.0	46.0				
Opex & G&A	33.9	35.5	33.1	30.6				
Depreciation	18.1	18.3	18.4	18.2				
Net finance	6.9	6.7	6.4	3.5				
Taxes & Minorities	-	-	-	5.9				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	9,307	13,047	9,669	9,458				
Utilization	97.8%	89.8%	95.4%					
Fleet days	5,540	5,416	5,096					
Cash break-even	10,412	11,206	11,174					
Liquidity	193	162	152					
Interest bearing debt	532	494	489					





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	219	255	319	363	221	254	318	362	-2	0	1	1	
EBITDA (adj.)	87	123	199	243	89	123	198	242	-2	0	1	1	
EBIT (adj.)	14	50	125	169	16	49	124	168	-2	0	1	1	
PTP (adj.)	-11	29	108	156	-9	29	107	155	-2	0	1	1	
Net earnings (adj.)	-11	29	108	156	-9	29	107	155	-2	0	1	1	
EPS (adj.)	-0.26	0.69	2.59	3.74	-0.22	0.68	2.56	3.71	-0.05	0.01	0.02	0.02	
DPS	0.53	0.35	1.13	1.75	0.53	0.45	1.08	1.71	-	-0.10	0.05	0.05	
									2020E	2021E	2022E	2023E	
									TCE revenue	-2	0	1	1
									Opex & G&A	-0	-0	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	63	103	182	230	65	102	181	229	-2	0	1	1
Free cash flow	46	95	172	230	48	93	171	229	-2	2	1	1
Net cash flow	-35	7	52	97	-34	1	53	98	-2	6	-1	-1
TCE/day	11,214	12,914	17,088	19,485	11,310	12,902	17,041	19,443	-95	12	47	42
Cash break-even	11,318	11,220	11,074	23,396	11,322	11,225	11,074	23,396	-4	-4	-	-
Liquidity	126	134	185	282	128	129	182	280	-2	5	3	2
Property & Equip. (incl. NBs)	1,240	1,174	1,110	1,036	1,248	1,184	1,120	1,046	-8	-10	-10	-10
Total equity	864	878	939	1,021	865	875	937	1,021	-2	3	2	1
Total assets	1,436	1,377	1,365	1,388	1,438	1,374	1,363	1,387	-2	3	2	1
Interest bearing debt	434	361	288	228	434	361	288	228	-	-	-	-
Net interest bearing debt	308	227	102	-54	306	232	106	-52	2	-5	-3	-2
Market Cap.	234	234	234	234	236	236	236	236	-3	-3	-3	-3
Enterprise value	541	461	336	180	542	468	342	185	-1	-7	-6	-5

### Valuation

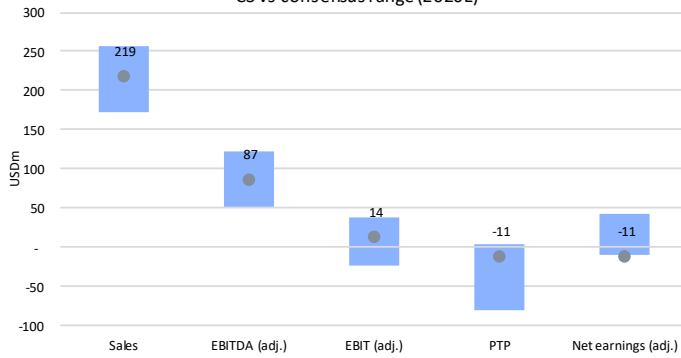
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	541	657	879	1,076	532	674	877	1,058	10	-16	2	18
Adj. equity ratio	49%	57%	67%	75%	48%	57%	67%	74%	0%	-1%	0%	0%
FCF yield	20%	41%	74%	98%	20%	39%	73%	97%	-1%	1%	1%	1%
Dividend yield	9%	6%	20%	31%	9%	8%	19%	30%	0%	-2%	1%	1%
EV/EBITDA		3.7	1.7	0.7	74.6	3.8	1.7	0.8	#####	-0.1	-0.0	-0.0
P/E (adj.)		8.1	2.2	1.5		8.3	2.2	1.5	#####	-0.2	-0.0	-0.0



## Our Estimates vs Consensus

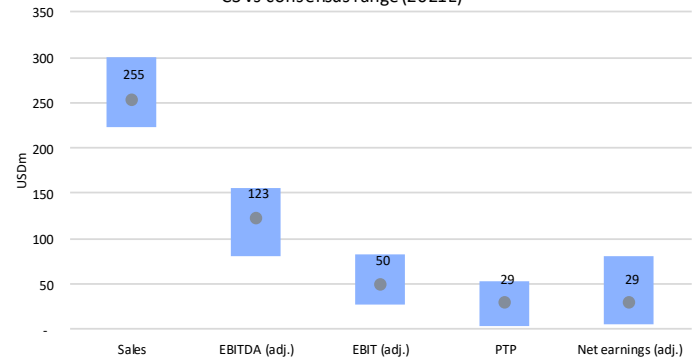
### Profit & Loss, year I

CS vs consensus range (2020E)

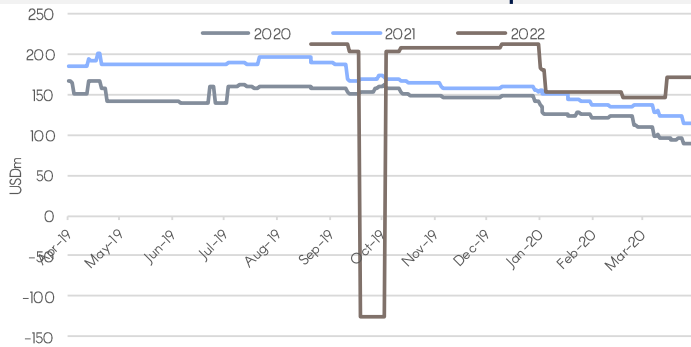


### Profit & Loss, year II

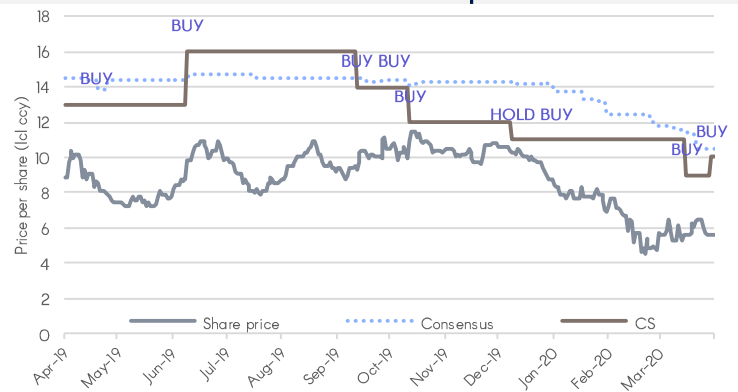
CS vs consensus range (2021E)



### Consensus EBITDA development



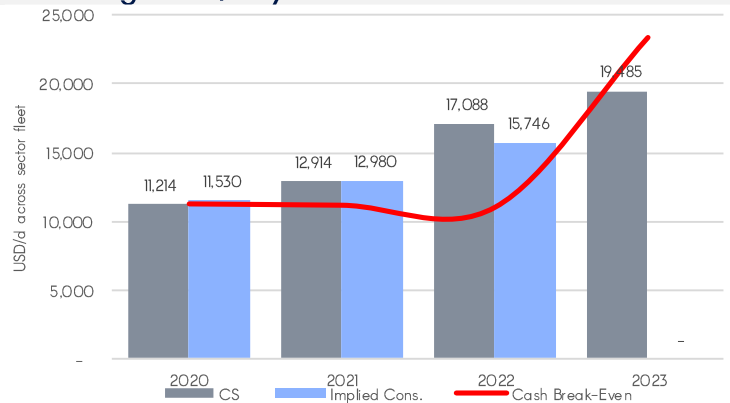
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	219	225	225	-6	-3%
Opex + G&A	132	135	135	-3	-2%
Depreciation	74	76	76	-3	-3%
Net finance	25	49	49	-24	-49%
Taxes & Minorities	0	-43	-43	43	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	255	256	256	-1	-1%
Opex + G&A	131	142	142	-11	-8%
Depreciation	74	65	65	9	14%
Net finance	21	21	21	0	1%
Taxes & Minorities	0	-9	-9	9	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	50	42	61	63	47	41	53	78	45
Operational costs	-33	-51	-50	-38	-115	-33	-33	-33	-32
EBITDA	17	-9	10	26	-68	8	20	45	12
Depreciation/Amortization	-18	-18	-18	-18	-18	-18	-18	-18	-18
EBIT	-1	-27	-8	8	-87	-10	2	27	-6
Net financials	-7	-7	-7	-7	-6	-6	-6	-6	-5
PTP	-8	-34	-15	1	-93	-16	-4	21	-12
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-8</b>	<b>-34</b>	<b>-15</b>	<b>1</b>	<b>-93</b>	<b>-16</b>	<b>-4</b>	<b>21</b>	<b>-12</b>
Non-recurring items	-1	14	12	2	82	0	0	0	0
<b>Net earnings (adj.)</b>	<b>-8</b>	<b>-20</b>	<b>-2</b>	<b>3</b>	<b>-11</b>	<b>-16</b>	<b>-4</b>	<b>21</b>	<b>-12</b>
EPS	-0.19	-0.83	-0.35	0.02	-2.23	-0.39	-0.10	0.50	-0.28
EPS (adj.)	-0.20	-0.49	-0.06	0.07	-0.26	-0.39	-0.10	0.50	-0.28
DPS	0.00	0.00	0.00	0.50	0.18	0.18	0.00	0.18	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	188	165	166	156	146	113	107	120	107
Other current assets	62	54	75	67	67	67	67	67	67
<b>Total current assets</b>	<b>250</b>	<b>219</b>	<b>241</b>	<b>223</b>	<b>213</b>	<b>180</b>	<b>174</b>	<b>188</b>	<b>174</b>
Property & equip. (incl. NBs)	1,356	1,345	1,307	1,305	1,292	1,283	1,267	1,248	1,232
Other non-current assets	0	0	14	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>1,356</b>	<b>1,345</b>	<b>1,321</b>	<b>1,306</b>	<b>1,293</b>	<b>1,283</b>	<b>1,267</b>	<b>1,248</b>	<b>1,232</b>
<b>TOTAL ASSETS</b>	<b>1,606</b>	<b>1,564</b>	<b>1,562</b>	<b>1,529</b>	<b>1,506</b>	<b>1,464</b>	<b>1,441</b>	<b>1,436</b>	<b>1,406</b>
<b>Total equity</b>	<b>1,046</b>	<b>1,012</b>	<b>998</b>	<b>978</b>	<b>878</b>	<b>855</b>	<b>850</b>	<b>864</b>	<b>852</b>
Short-term debt	72	67	70	71	70	70	70	70	70
Other current liabilities	29	41	49	56	56	56	56	56	56
<b>Total current liabilities</b>	<b>101</b>	<b>109</b>	<b>119</b>	<b>128</b>	<b>126</b>	<b>126</b>	<b>127</b>	<b>127</b>	<b>126</b>
Long-term debt	460	444	445	423	419	401	382	364	346
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>460</b>	<b>444</b>	<b>445</b>	<b>423</b>	<b>419</b>	<b>401</b>	<b>382</b>	<b>364</b>	<b>346</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,606</b>	<b>1,564</b>	<b>1,562</b>	<b>1,529</b>	<b>1,424</b>	<b>1,382</b>	<b>1,359</b>	<b>1,354</b>	<b>1,324</b>
Working capital, receivables	48	45	43	41	41	41	41	41	41
Working capital, payables	24	33	41	50	50	50	50	50	50
<b>Net working capital</b>	<b>24</b>	<b>12</b>	<b>2</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>
Interest bearing debt	532	511	515	494	489	471	453	434	416
Liquidity	193	165	166	162	152	119	113	126	113
<b>Net interest bearing debt</b>	<b>339</b>	<b>346</b>	<b>349</b>	<b>332</b>	<b>338</b>	<b>352</b>	<b>340</b>	<b>308</b>	<b>303</b>
<b>Cash Flow (USDm)</b>									
Net income	-8	-34	-15	1	-93	-16	-4	21	-12
Depreciation	18	18	18	18	18	18	18	18	18
Other	0	11	1	1	82	0	0	0	0
<b>Cash earnings</b>	<b>11</b>	<b>-6</b>	<b>4</b>	<b>20</b>	<b>7</b>	<b>2</b>	<b>14</b>	<b>39</b>	<b>7</b>
Changes in working capital	1	9	10	11	0	0	0	0	0
<b>Net operational cash flow</b>	<b>12</b>	<b>3</b>	<b>14</b>	<b>31</b>	<b>7</b>	<b>2</b>	<b>14</b>	<b>39</b>	<b>7</b>
Capex	-10	-10	-14	-12	-6	-9	-2	0	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	6	0	0	21	0	0	0	0	0
Other	0	1	-4	0	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-4</b>	<b>-10</b>	<b>-18</b>	<b>9</b>	<b>-6</b>	<b>-9</b>	<b>-2</b>	<b>0</b>	<b>-2</b>
Repayment of debt	-17	-21	-17	-23	-17	-18	-18	-18	-18
Proceeds from debt	0	0	22	0	13	0	0	0	0
Dividends paid	0	0	0	-21	-7	-7	0	-7	0
New equity	0	0	0	0	0	0	0	0	0
Other	-1	0	0	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-17</b>	<b>-21</b>	<b>5</b>	<b>-44</b>	<b>-12</b>	<b>-26</b>	<b>-18</b>	<b>-26</b>	<b>-18</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-10</b>	<b>-28</b>	<b>1</b>	<b>-4</b>	<b>-10</b>	<b>-33</b>	<b>-6</b>	<b>13</b>	<b>-13</b>
Cash balance	188	165	166	156	146	113	107	120	107
<b>Free cash flow</b>	<b>7</b>	<b>-6</b>	<b>-4</b>	<b>40</b>	<b>2</b>	<b>-7</b>	<b>12</b>	<b>39</b>	<b>5</b>



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	174	149	235	482	563	219	255	319	363
Operational costs	-288	-259	-193	-413	-518	-214	-131	-120	-120
EBITDA	-113	-110	42	69	44	5	123	199	243
Depreciation/Amortization	-80	-76	-72	-69	-73	-74	-74	-74	-74
EBIT	-193	-186	-30	1	-28	-68	50	125	169
Net financials	-60	-31	-29	-33	-28	-25	-21	-17	-13
PTP	-253	-217	-59	-33	-56	-93	29	108	156
Taxes/Minorities	58	-1	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-195</b>	<b>-218</b>	<b>-59</b>	<b>-33</b>	<b>-56</b>	<b>-93</b>	<b>29</b>	<b>108</b>	<b>156</b>
Non-recurring items	0	0	0	0	0	82	0	0	0
<b>Net earnings (adj.)</b>	<b>-195</b>	<b>-218</b>	<b>-59</b>	<b>-33</b>	<b>-56</b>	<b>-11</b>	<b>29</b>	<b>108</b>	<b>156</b>
EPS	-26.74	-29.61	-1.70	-0.79	-1.34	-2.23	0.69	2.59	3.74
EPS (adj.)	-26.74	-29.61	-1.70	-0.79	-1.34	-0.26	0.69	2.59	3.74
DPS	0.00	0.00	0.00	0.00	0.50	0.53	0.35	1.13	1.75
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	121	133	174	197	156	120	127	179	276
Other current assets	51	39	43	73	67	67	67	67	67
<b>Total current assets</b>	<b>173</b>	<b>173</b>	<b>217</b>	<b>270</b>	<b>223</b>	<b>188</b>	<b>195</b>	<b>247</b>	<b>343</b>
Property & equip. (incl. NBs)	1,529	1,368	1,280	1,357	1,297	1,240	1,174	1,110	1,036
Other non-current assets	13	28	24	0	9	9	9	9	9
<b>Total non-current assets</b>	<b>1,542</b>	<b>1,396</b>	<b>1,304</b>	<b>1,357</b>	<b>1,306</b>	<b>1,248</b>	<b>1,182</b>	<b>1,118</b>	<b>1,044</b>
<b>TOTAL ASSETS</b>	<b>1,715</b>	<b>1,569</b>	<b>1,521</b>	<b>1,627</b>	<b>1,529</b>	<b>1,436</b>	<b>1,377</b>	<b>1,365</b>	<b>1,388</b>
<b>Total equity</b>	<b>1,106</b>	<b>1,030</b>	<b>975</b>	<b>1,053</b>	<b>978</b>	<b>864</b>	<b>878</b>	<b>939</b>	<b>1,021</b>
Short-term debt	579	5	24	66	71	42	51	58	55
Other current liabilities	29	24	28	36	56	56	56	56	56
<b>Total current liabilities</b>	<b>608</b>	<b>29</b>	<b>52</b>	<b>102</b>	<b>128</b>	<b>98</b>	<b>107</b>	<b>114</b>	<b>112</b>
Long-term debt	1	510	493	472	423	393	310	230	173
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>1</b>	<b>510</b>	<b>493</b>	<b>472</b>	<b>423</b>	<b>393</b>	<b>310</b>	<b>230</b>	<b>173</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,715</b>	<b>1,569</b>	<b>1,521</b>	<b>1,627</b>	<b>1,529</b>	<b>1,354</b>	<b>1,295</b>	<b>1,283</b>	<b>1,306</b>
Working capital, receivables	11	10	13	52	41	41	41	41	41
Working capital, payables	27	23	23	29	50	50	50	50	50
<b>Net working capital</b>	<b>-17</b>	<b>-13</b>	<b>-10</b>	<b>23</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>
Interest bearing debt	580	515	518	539	494	434	361	288	228
Liquidity	141	142	182	202	162	126	134	185	282
<b>Net interest bearing debt</b>	<b>440</b>	<b>373</b>	<b>336</b>	<b>336</b>	<b>332</b>	<b>308</b>	<b>227</b>	<b>102</b>	<b>-54</b>
<b>Cash Flow (USDm)</b>									
Net income	-195	-218	-59	-33	-56	-93	29	108	156
Depreciation	80	76	72	69	73	74	74	74	74
Other	52	90	20	56	19	82	0	0	0
<b>Cash earnings</b>	<b>-64</b>	<b>-52</b>	<b>33</b>	<b>92</b>	<b>36</b>	<b>63</b>	<b>103</b>	<b>182</b>	<b>230</b>
Changes in working capital	8	2	-9	-26	24	0	0	0	0
<b>Net operational cash flow</b>	<b>-56</b>	<b>-50</b>	<b>24</b>	<b>66</b>	<b>60</b>	<b>63</b>	<b>103</b>	<b>182</b>	<b>230</b>
Capex	-67	-1	-1	-243	-50	-16	-8	-9	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	13	16	44	27	0	0	0	0
Other	11	-5	2	4	1	-82	0	0	0
<b>Net investing cash flow</b>	<b>-57</b>	<b>7</b>	<b>17</b>	<b>-195</b>	<b>-23</b>	<b>-16</b>	<b>-8</b>	<b>-9</b>	<b>0</b>
Repayment of debt	158	-65	-4	32	-56	-72	-73	-73	-311
Proceeds from debt	302	400	0	568	22	13	0	0	251
Dividends paid	0	0	0	0	-21	-22	-15	-47	-73
New equity	0	—	—	110	—	0	0	0	0
Other	-310	-280	-1	-583	-22	-82	0	0	0
<b>Net financing cash flow</b>	<b>151</b>	<b>55</b>	<b>-6</b>	<b>127</b>	<b>-77</b>	<b>-82</b>	<b>-88</b>	<b>-120</b>	<b>-133</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>38</b>	<b>12</b>	<b>36</b>	<b>-2</b>	<b>-41</b>	<b>-35</b>	<b>7</b>	<b>52</b>	<b>97</b>
Cash balance	121	150	185	197	156	120	127	179	276
<b>Free cash flow</b>	<b>-113</b>	<b>-43</b>	<b>41</b>	<b>-129</b>	<b>37</b>	<b>46</b>	<b>95</b>	<b>172</b>	<b>230</b>



# Cleaves Securities

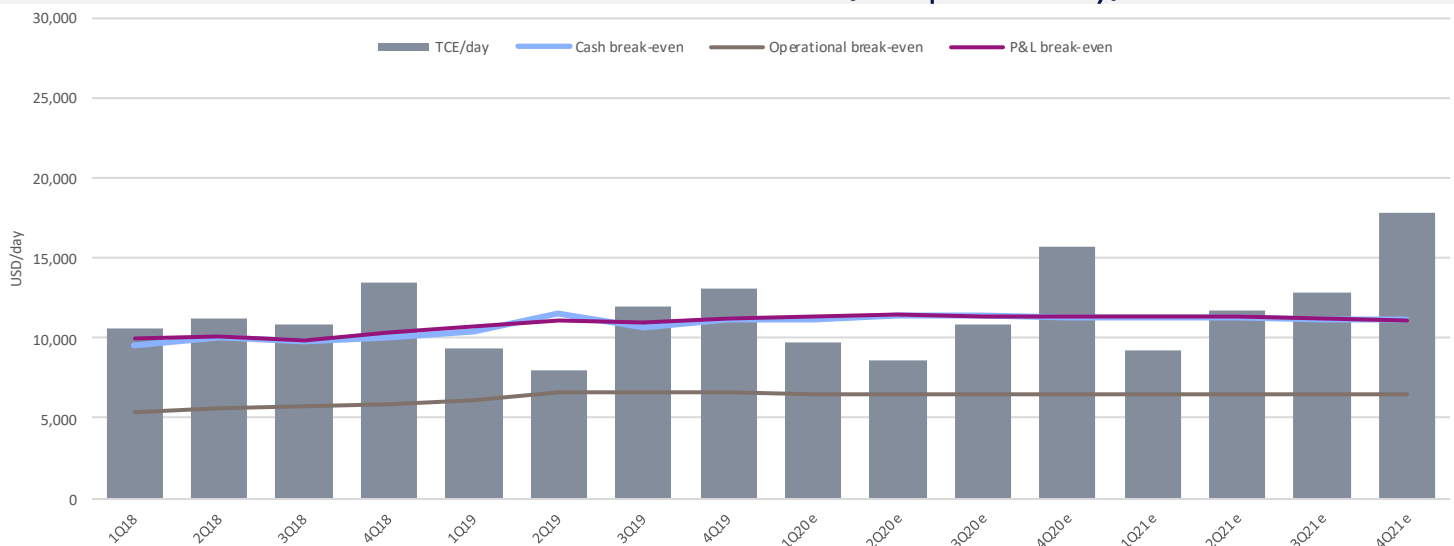
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	7	7	35	42	42	42	42	42	42
Share price, avg (USD)	62	7	11	14	9	6	6	6	6
Share price, end (USD)	15	7	13	8	11	6	6	6	6
Market Cap.	109	54	460	329	443	234	234	234	234
NIBD	440	373	336	336	332	308	227	102	-54
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	548	428	796	665	776	541	461	336	180
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)							8.1	2.2	1.5
P/E (adj.)							8.1	2.2	1.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.6	0.4	2.0	0.7	0.8	1.1	0.9	0.7	0.6
EV/Sales	3.1	2.9	3.4	1.4	1.4	2.5	1.8	1.1	0.5
EV/EBITDA			18.9	9.6	17.5		3.7	1.7	0.7
EV/EBIT							9.3	2.7	1.1
P/B	0.1	0.1	0.5	0.3	0.5	0.3	0.3	0.2	0.2
FCF yield	-104%	-79%	9%	-39%	8%	20%	41%	74%	98%
Dividend yield	0.0%	0.0%	0.0%	0.0%	4.7%	9.4%	6.3%	20.1%	31.3%
Return on equity (ROE)	-17.6%	-21.1%	-6.0%	-3.1%	-5.7%	-10.8%	3.3%	11.5%	15.3%
Return on capital employed (ROCE)	-12.5%	-13.6%	-2.3%	0.0%	-2.2%	-5.5%	4.2%	11.1%	16.1%
Return on assets (ROA)	-11.4%	-13.9%	-3.9%	-2.0%	-3.7%	-6.5%	2.1%	7.9%	11.2%
Sales growth	-25%	-15%	58%	105%	17%	-61%	16%	25%	14%
EBITDA margin	-65%	-74%	18%	14%	8%	2%	48%	62%	67%
EBIT margin	-111%	-125%	-13%	0%	-5%	-31%	20%	39%	47%
Net margin	-112%	-146%	-25%	-7%	-10%	-42%	11%	34%	43%
Net interest rate	4.6%	7.6%	9.1%	9.8%	9.6%	8.0%	9.1%	16.6%	-24.7%
Tax rate	-0.7%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	65%	66%	64%	65%	64%	60%	64%	69%	74%
Leverage ratio	35%	34%	36%	35%	36%	40%	36%	31%	26%
NIBD / EBITDA (past 1y)	-3.9	-3.4	8.0	4.8	7.5	57.3	1.8	0.5	-0.2
Operating cash flow/NIBD	-0.1	-0.1	0.1	0.2	0.2	0.2	0.5	1.8	-4.2
Net interest coverage ratio (EBIT)	-5.7	-3.9	1.4	2.1	1.4	0.2	5.9	11.7	18.2
Current ratio	0.3	6.0	4.1	2.7	1.7	1.9	1.8	2.2	3.1
Adj. equity ratio					45%	49%	57%	67%	75%
Operating assets	1,574	1,400	1,316	1,425	1,367	1,309	1,243	1,179	1,105
Operating liabilities	29	24	28	36	56	56	56	56	56
Net operating assets	1,545	1,376	1,288	1,389	1,310	1,253	1,187	1,123	1,049

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)



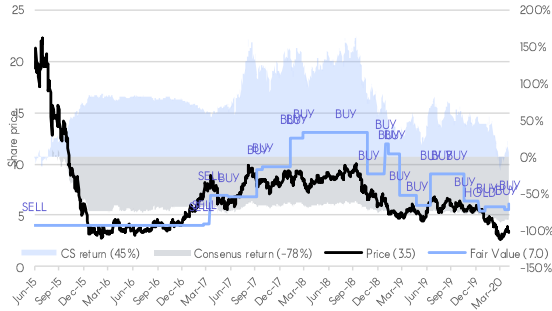


## GOGL-US

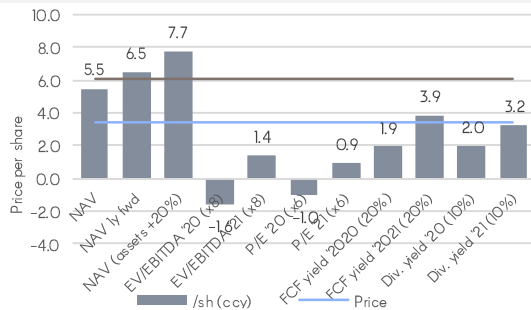
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## Golden Ocean

Share price vs target price

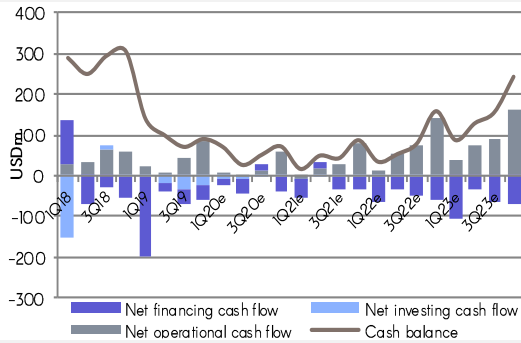


Valuation matrix



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Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	409	462	642	727
EBITDA (adj.)	123	168	326	407
EBIT (adj.)	27	72	230	311
PTP (adj.)	-25	23	184	268
Net earnings (adj.)	-25	23	184	268
EPS (adj.)	-0.17	0.16	1.28	1.86
DPS	0.20	0.32	0.70	1.21
USDm	2020E	2021E	2022E	2023E
Fwd NAV	936	1,100	1,496	1,804
Adj. equity ratio	40%	45%	54%	61%
FCF yield	11%	22%	55%	73%
Dividend yield	6%	9%	20%	35%
EV/EBITDA	14.5	9.8	4.5	3.1
P/E (adj.)		22.2	2.7	1.9

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	71	118	280	364
Free cash flow	56	111	276	364
Net cash flow	-18	15	72	85
TCE/day	12,533	14,094	19,766	22,942
Cash break-even	12,118	11,629	13,984	14,365
Liquidity	86	101	173	258
Property & Equip. (incl. NBs)	2,260	2,171	2,079	1,983
Total equity	1,455	1,431	1,515	1,609
Total assets	2,867	2,794	2,773	2,763
Interest bearing debt	1,293	1,244	1,140	1,035
Net interest bearing debt	1,207	1,142	967	777
Market Cap.	502	502	502	502

Source: Cleaves, Bloomberg, Clarksons SIN, 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

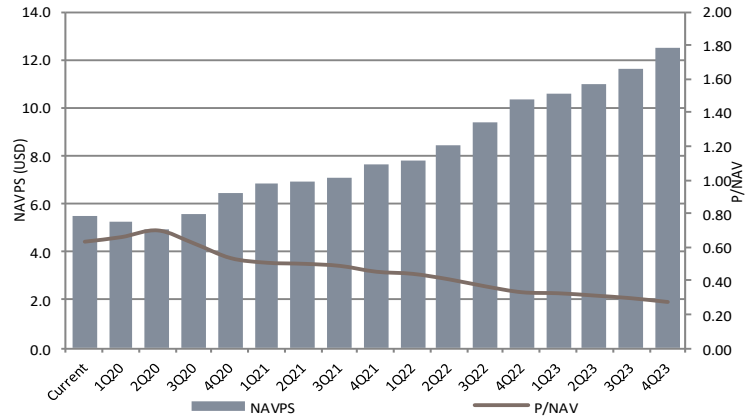


## Company Valuation

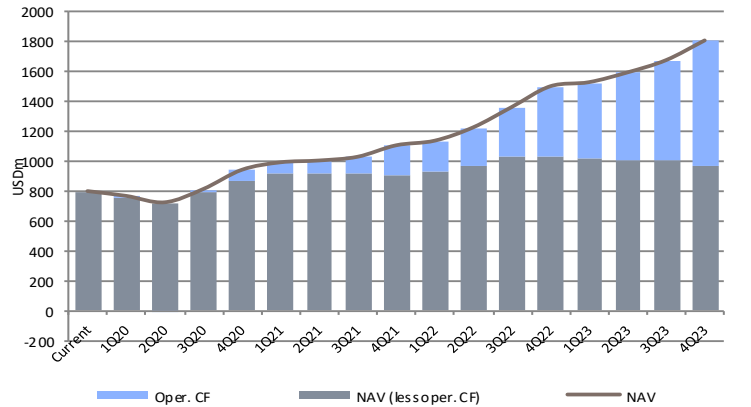
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,341	1,605	1,383
Contract value	0	31	26
Other	460	463	399
<b>GAV</b>	<b>2,800</b>	<b>2,099</b>	<b>1,808</b>
Net debt	-1,235	-1,235	-1,235
Capex	0	-15	-15
Other	-57	-57	-57
<b>Equity</b>	<b>1,509</b>	<b>793</b>	<b>502</b>
Shares	144	144	144
<b>Equity/sh</b>	<b>10.46</b>	<b>5.49</b>	<b>3.48</b>
ICL CCY	10.46	5.49	3.48
P/Equity	0.33	0.63	1.00
EV/GAV	0.65	0.86	1.00
Adj. Total Assets	2,966	2,230	2,008
Adj. Equity Ratio	51%	36%	25%
<b>Fair Value</b>	<b>USD</b>	<b>6.1</b>	<b>74%</b>
	<b>NOK</b>	<b>64.4</b>	

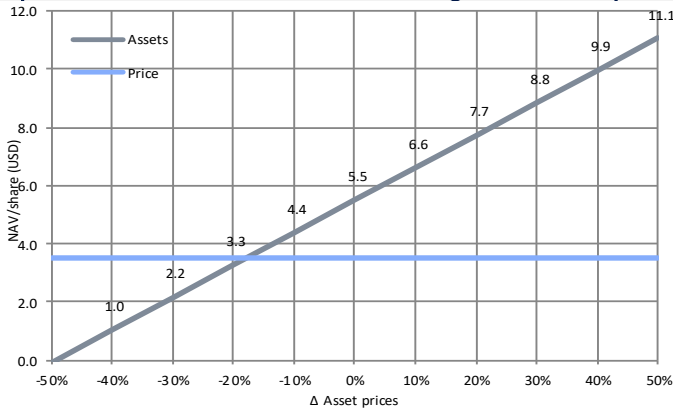
### Quarterly forward NAV & P/NAV



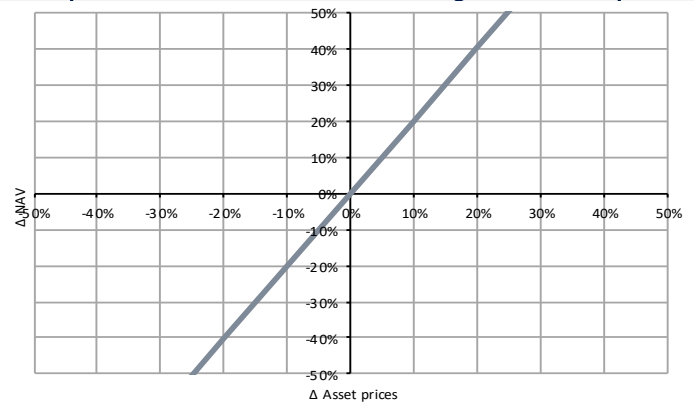
### Quarterly forward NAV decomposition



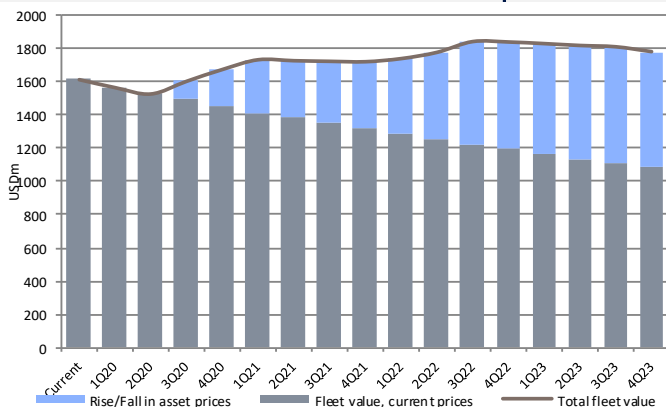
### Impact on NAV/sh from % change in asset prices



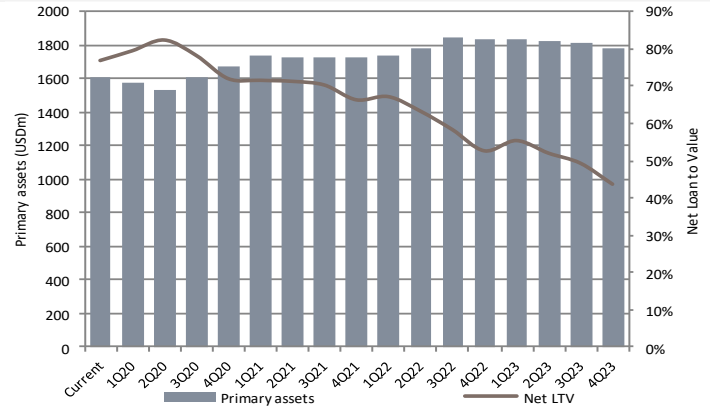
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	91.8	184.3	82.9	92.0				
EBITDA (adj.)	31.8	72.9	16.3	10.1				
EBIT (adj.)	8.9	49.2	-7.7	-13.3				
PTP (adj.)	-6.4	36.1	-20.6	-23.4				
Net earnings (adj.)	-6.4	36.0	-20.6	-33.0				
EPS (adj.)	-0.04	0.25	-0.14	-0.18				
DPS	0.15	0.05	0.05	0.07				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	91.8	184.3	82.9	92.0				
Opex & G&A	60.0	111.5	66.6	82.0				
Depreciation	22.9	23.7	24.0	23.3				
Net finance	15.3	13.1	13.0	10.2				
Taxes & Minorities	0.0	0.1	-	9.6				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	25	84	3					
Free cash flow	24	62	-7					
Net cash flow	-173	24	-20					
TCE/day	12,726	21,701	10,743	11,933				
Utilization	97.0%	96.1%	93.2%					
Fleet days	7,438	8,843	8,271					
Cash break-even	13,946	16,554	13,233					
Liquidity	153	104	85					
Interest bearing debt	1,362	1,339	1,333					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	409	462	642	727	414	461	639	724	-5	1	3	3	
EBITDA (adj.)	123	168	326	407	126	167	324	405	-4	1	2	2	
EBIT (adj.)	27	72	230	311	31	72	228	309	-4	1	2	2	
PTP (adj.)	-25	23	184	268	-21	22	182	267	-4	1	2	2	
Net earnings (adj.)	-25	23	184	268	-21	22	182	267	-4	1	2	2	
EPS (adj.)	-0.17	0.16	1.28	1.86	-0.14	0.15	1.26	1.85	-0.03	0.00	0.01	0.01	
DPS	0.20	0.32	0.70	1.21	0.05	0.05	0.65	1.20	0.15	0.27	0.04	0.01	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-5	1	3	3
									Opex & G&A	-1	0	1	1
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	71	118	280	364	75	118	278	362	-4	1	2	2
Free cash flow	56	111	276	364	60	111	274	362	-4	1	2	2
Net cash flow	-18	15	72	85	7	54	76	85	-25	-39	-4	0
TCE/day	12,533	14,094	19,766	22,942	12,660	14,080	19,703	22,889	-127	14	63	54
Cash break-even	12,118	11,629	13,984	14,365	12,146	11,618	13,964	14,343	-28	11	20	23
Liquidity	86	101	173	258	111	165	241	326	-25	-64	-68	-68
Property & Equip. (incl. NBs)	2,260	2,171	2,079	1,983	2,260	2,171	2,079	1,983	-	-	-	-
Total equity	1,455	1,431	1,515	1,609	1,481	1,495	1,583	1,677	-25	-64	-68	-68
Total assets	2,867	2,794	2,773	2,763	2,892	2,857	2,842	2,830	-25	-64	-68	-68
Interest bearing debt	1,293	1,244	1,140	1,035	1,293	1,244	1,140	1,035	-	-	-	-
Net interest bearing debt	1,207	1,142	967	777	1,182	1,078	899	709	25	64	68	68
Market Cap.	502	502	502	502	489	489	489	489	13	13	13	13
Enterprise value	1,709	1,644	1,469	1,279	1,671	1,568	1,388	1,198	38	77	81	81

### Valuation

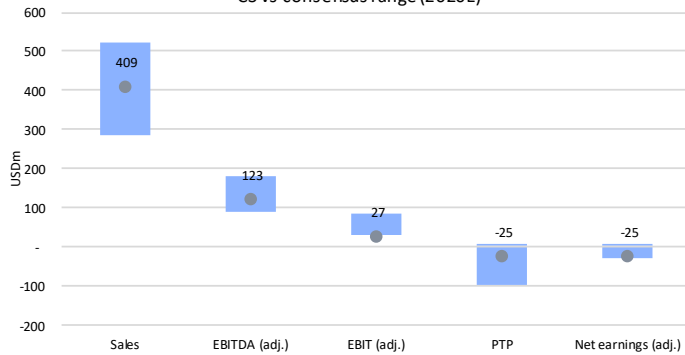
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	936	1,100	1,496	1,804	897	1,124	1,463	1,730	38	-24	34	74
Adj. equity ratio	40%	45%	54%	61%	39%	45%	54%	60%	1%	-1%	1%	1%
FCF yield	11%	22%	55%	73%	12%	23%	56%	74%	-1%	0%	-1%	-2%
Dividend yield	6%	9%	20%	35%	1%	1%	19%	35%	4%	8%	1%	-1%
EV/EBITDA	14.5	9.8	4.5	3.1	13.7	9.4	4.3	3.0	0.7	0.4	0.2	0.2
P/E (adj.)		22.2	2.7	1.9		22.3	2.7	1.8	#####	-0.1	0.0	0.0



## Our Estimates vs Consensus

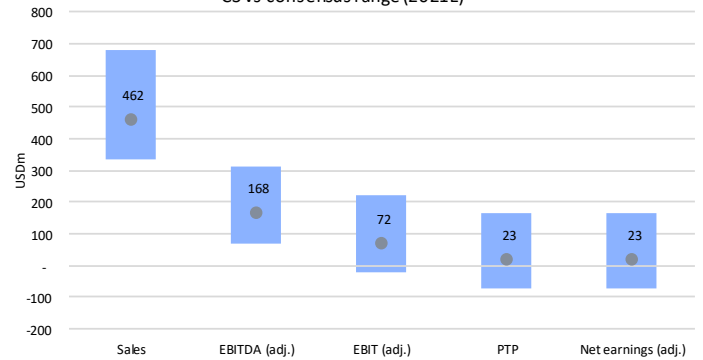
### Profit & Loss, year I

CS vs consensus range (2020E)

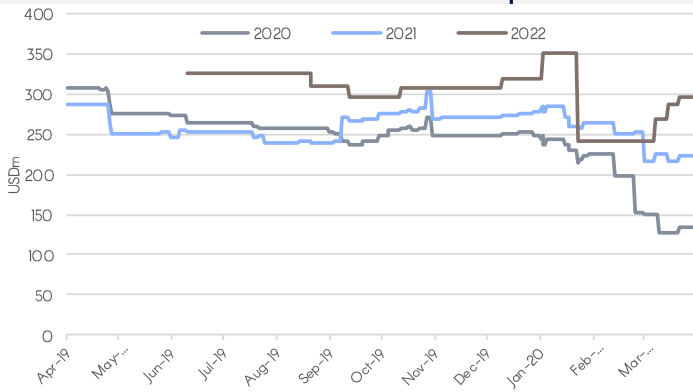


### Profit & Loss, year II

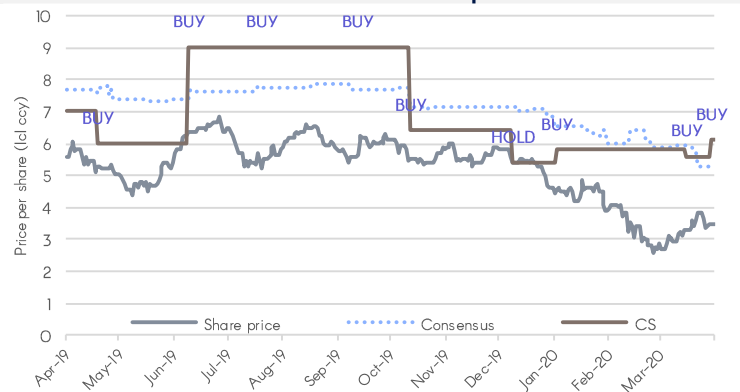
CS vs consensus range (2021E)



### Consensus EBITDA development



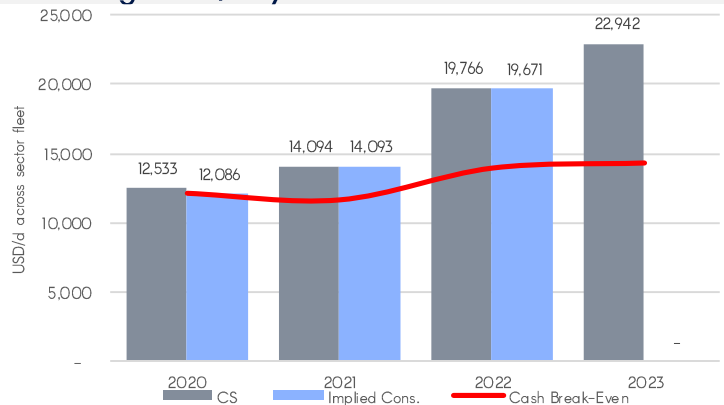
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	409		395	15	4%
Opex + G&A	286		260	26	10%
Depreciation	96		86	10	11%
Net finance	51		81	-29	-36%
Taxes & Minorities	0		-16	16	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	462		462	0	0%
Opex + G&A	294		238	56	23%
Depreciation	96		122	-26	-21%
Net finance	50		33	17	50%
Taxes & Minorities	0		-1	1	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	92	83	162	184	83	73	100	153	71
Operational costs	-60	-66	-85	-115	-71	-66	-73	-81	-66
EBITDA	31	17	77	69	12	7	27	72	5
Depreciation/Amortization	-23	-24	-23	-24	-24	-24	-24	-24	-24
EBIT	8	-7	53	46	-12	-17	3	48	-19
Net financials	-16	-26	-17	-5	-13	-13	-13	-13	-12
PTP	-7	-33	37	41	-25	-29	-10	36	-31
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-7	-33	37	41	-25	-29	-10	36	-31
Non-recurring items	1	17	5	-5	5	0	0	0	0
Net earnings (adj.)	-6	-16	42	36	-21	-29	-10	36	-31
EPS	-0.05	-0.23	0.25	0.28	-0.18	-0.20	-0.07	0.25	-0.22
EPS (adj.)	-0.04	-0.11	0.29	0.25	-0.14	-0.20	-0.07	0.25	-0.22
DPS	0.05	0.15	0.10	0.15	0.05	0.05	0.05	0.05	0.17
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	139	98	69	89	69	25	50	71	15
Other current assets	146	168	204	184	184	184	184	184	184
Total current assets	285	266	274	273	253	209	234	255	199
Property & equip. (incl. NBs)	2,385	2,366	2,348	2,341	2,322	2,300	2,278	2,255	2,233
Other non-current assets	266	271	314	352	352	352	352	352	352
Total non-current assets	2,652	2,638	2,662	2,693	2,674	2,652	2,630	2,608	2,585
TOTAL ASSETS	2,937	2,904	2,935	2,966	2,928	2,861	2,864	2,862	2,784
Total equity	1,511	1,473	1,495	1,513	1,481	1,444	1,427	1,455	1,399
Short-term debt	333	261	116	120	120	120	119	119	119
Other current liabilities	65	90	112	114	114	114	114	114	114
Total current liabilities	398	351	228	233	233	233	232	233	233
Long-term debt	1,028	1,079	1,212	1,219	1,213	1,183	1,204	1,174	1,152
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	1,028	1,079	1,212	1,219	1,213	1,183	1,204	1,174	1,152
TOTAL EQUITY & LIABILITIES	2,937	2,904	2,935	2,966	2,928	2,861	2,864	2,862	2,784
Working capital, receivables	0	0	0	74	74	74	74	74	74
Working capital, payables	0	0	0	57	57	57	57	57	57
Net working capital	0	0	0	17	17	17	17	17	17
Interest bearing debt	1,362	1,340	1,328	1,339	1,333	1,303	1,323	1,293	1,272
Liquidity	153	118	87	104	85	40	65	86	30
Net interest bearing debt	1,209	1,222	1,241	1,235	1,248	1,263	1,258	1,207	1,241
<b>Cash Flow (USDm)</b>									
Net income	-7	-33	37	41	-25	-29	-10	36	-31
Depreciation	23	24	23	24	24	24	24	24	24
Other	10	16	6	-3	5	0	0	0	0
Cash earnings	25	7	66	61	3	-5	14	60	-7
Changes in working capital	0	-3	-20	23	0	0	0	0	0
Net operational cash flow	25	3	46	84	3	-5	14	60	-7
Capex	-1	-8	-12	-23	-10	-2	-2	-2	-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	0	-10	-20	1	0	0	0	0	0
Net investing cash flow	-1	-18	-32	-22	-10	-2	-2	-2	-2
Repayment of debt	-186	-239	-23	-178	-30	-30	-30	-30	-319
Proceeds from debt	0	226	0	164	24	0	50	0	297
Dividends paid	-7	-22	-14	-21	-7	-7	-7	-7	-25
New equity	0	0	0	1	0	0	0	0	0
Other	-4	13	-1	-4	0	0	0	0	0
Net financing cash flow	-198	-21	-38	-38	-13	-37	13	-37	-47
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-173	-36	-24	24	-20	-44	25	21	-56
Cash balance	139	98	69	89	69	25	50	71	15
Free cash flow	24	-15	14	62	-7	-7	12	58	-9



# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	268	347	579	818	521	409	462	642	727
Operational costs	-451	-354	-451	-581	-326	-291	-294	-316	-320
EBITDA	-182	-7	128	237	195	118	168	326	407
Depreciation/Amortization	-53	-63	-78	-92	-94	-96	-96	-96	-96
EBIT	-235	-70	50	145	101	22	72	230	311
Net financials	14	-58	-52	-60	-63	-51	-50	-46	-42
PTP	-221	-128	-2	85	37	-29	23	184	268
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-221</b>	<b>-128</b>	<b>-2</b>	<b>85</b>	<b>37</b>	<b>-29</b>	<b>23</b>	<b>184</b>	<b>268</b>
Non-recurring items	0	0	0	0	17	5	0	0	0
<b>Net earnings (adj.)</b>	<b>-221</b>	<b>-128</b>	<b>-2</b>	<b>85</b>	<b>55</b>	<b>-25</b>	<b>23</b>	<b>184</b>	<b>268</b>
EPS	-6.39	-1.21	-0.02	0.59	0.26	-0.20	0.16	1.28	1.86
EPS (adj.)	-6.39	-1.21	-0.02	0.59	0.38	-0.17	0.16	1.28	1.86
DPS	0.00	0.00	0.00	0.45	0.45	0.20	0.32	0.70	1.21
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	103	213	309	305	89	71	86	158	243
Other current assets	101	87	135	156	184	184	184	184	184
<b>Total current assets</b>	<b>204</b>	<b>300</b>	<b>445</b>	<b>461</b>	<b>273</b>	<b>255</b>	<b>270</b>	<b>342</b>	<b>427</b>
Property & equip. (incl. NBs)	1,488	1,759	2,215	2,406	2,341	2,260	2,171	2,079	1,983
Other non-current assets	481	303	211	84	352	352	352	352	352
<b>Total non-current assets</b>	<b>1,969</b>	<b>2,062</b>	<b>2,426</b>	<b>2,490</b>	<b>2,693</b>	<b>2,612</b>	<b>2,523</b>	<b>2,432</b>	<b>2,336</b>
<b>TOTAL ASSETS</b>	<b>2,173</b>	<b>2,362</b>	<b>2,870</b>	<b>2,951</b>	<b>2,966</b>	<b>2,867</b>	<b>2,794</b>	<b>2,773</b>	<b>2,763</b>
<b>Total equity</b>	<b>1,159</b>	<b>1,239</b>	<b>1,494</b>	<b>1,524</b>	<b>1,513</b>	<b>1,455</b>	<b>1,431</b>	<b>1,515</b>	<b>1,609</b>
Short-term debt	36	5	115	477	120	179	223	250	193
Other current liabilities	44	39	67	64	114	114	114	114	114
<b>Total current liabilities</b>	<b>80</b>	<b>44</b>	<b>182</b>	<b>542</b>	<b>233</b>	<b>293</b>	<b>337</b>	<b>363</b>	<b>307</b>
Long-term debt	926	1,071	1,186	879	1,219	1,114	1,021	890	843
Other non-current liabilities	9	8	8	7	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>934</b>	<b>1,079</b>	<b>1,194</b>	<b>886</b>	<b>1,219</b>	<b>1,114</b>	<b>1,021</b>	<b>890</b>	<b>843</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,173</b>	<b>2,362</b>	<b>2,870</b>	<b>2,951</b>	<b>2,966</b>	<b>2,862</b>	<b>2,789</b>	<b>2,769</b>	<b>2,758</b>
Working capital, receivables	25	33	44	56	74	74	74	74	74
Working capital, payables	20	21	30	34	57	57	57	57	57
<b>Net working capital</b>	<b>4</b>	<b>12</b>	<b>14</b>	<b>21</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
Interest bearing debt	962	1,076	1,301	1,356	1,339	1,293	1,244	1,140	1,035
Liquidity	103	213	317	326	104	86	101	173	258
<b>Net interest bearing debt</b>	<b>859</b>	<b>863</b>	<b>984</b>	<b>1,031</b>	<b>1,235</b>	<b>1,207</b>	<b>1,142</b>	<b>967</b>	<b>777</b>
<b>Cash Flow (USDm)</b>									
Net income	-221	-128	-2	85	37	-29	23	184	268
Depreciation	53	63	78	92	94	96	96	96	96
Other	153	40	19	34	28	5	0	0	0
<b>Cash earnings</b>	<b>-15</b>	<b>-24</b>	<b>95</b>	<b>210</b>	<b>159</b>	<b>71</b>	<b>118</b>	<b>280</b>	<b>364</b>
Changes in working capital	0	1	1	-24	-1	0	0	0	0
<b>Net operational cash flow</b>	<b>-15</b>	<b>-23</b>	<b>95</b>	<b>187</b>	<b>159</b>	<b>71</b>	<b>118</b>	<b>280</b>	<b>364</b>
Capex	-519	-268	-160	-158	-44	-15	-7	-4	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	382	98	134	14	0	0	0	0	0
Other	250	-6	6	3	-20	-5	0	0	0
<b>Net investing cash flow</b>	<b>113</b>	<b>-175</b>	<b>-19</b>	<b>-141</b>	<b>-73</b>	<b>-15</b>	<b>-7</b>	<b>-4</b>	<b>0</b>
Repayment of debt	-34	104	-94	23	-625	-120	-397	-104	-349
Proceeds from debt	216	142	75	270	390	74	347	0	245
Dividends paid	0	0	0	-65	-65	-29	-47	-100	-174
New equity	0	205	123	0	1	0	0	0	0
Other	-220	-143	-75	-273	-20	-5	0	0	0
<b>Net financing cash flow</b>	<b>-37</b>	<b>309</b>	<b>29</b>	<b>-45</b>	<b>-295</b>	<b>-75</b>	<b>-96</b>	<b>-204</b>	<b>-279</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>60</b>	<b>110</b>	<b>105</b>	<b>1</b>	<b>-209</b>	<b>-18</b>	<b>15</b>	<b>72</b>	<b>85</b>
Cash balance	103	213	309	305	96	78	93	165	250
<b>Free cash flow</b>	<b>98</b>	<b>-198</b>	<b>76</b>	<b>45</b>	<b>85</b>	<b>56</b>	<b>111</b>	<b>276</b>	<b>364</b>



# Cleaves Securities

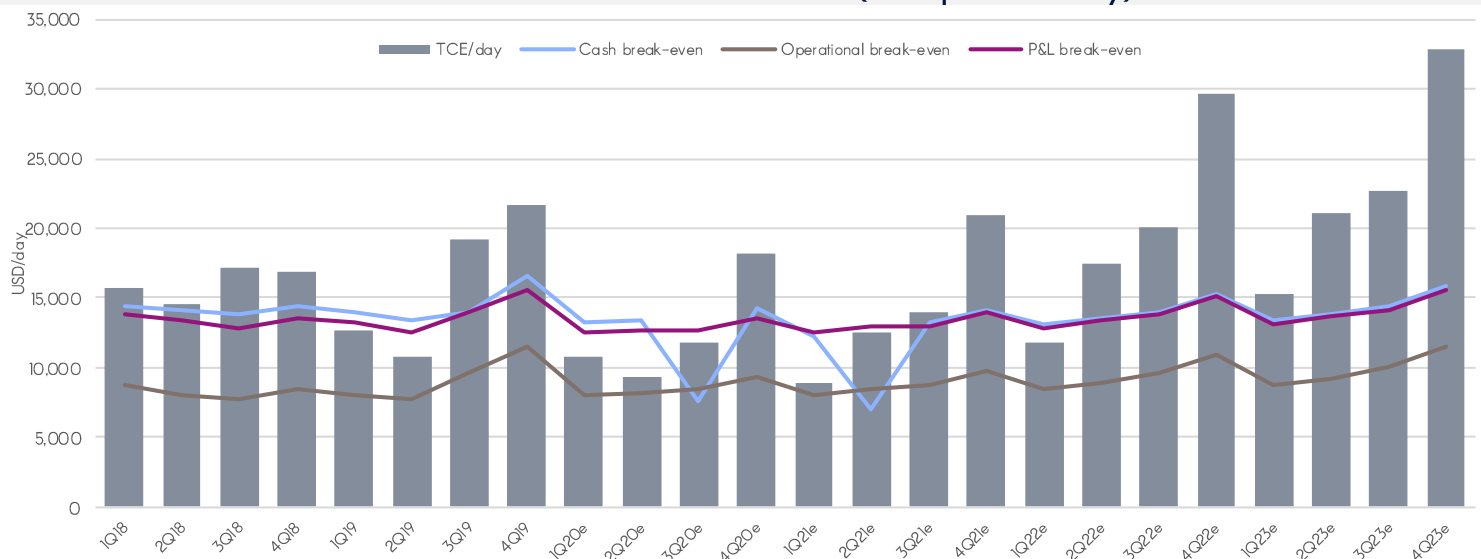
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Shares outstanding, end	35	106	142	144	144	144	144	144	144
Share price, avg (USD)	18	4	7	8	6	3	3	3	3
Share price, end (USD)	18	4	7	8	6	3	3	3	3
Market Cap.					838	502	502	502	502
NIBD	859	863	984	1,031	1,235	1,207	1,142	967	777
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value					2,073	1,709	1,644	1,469	1,279
Key Figures & Ratios	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
P/E (reported)					22.5		22.2	2.7	1.9
P/E (adj.)					15.3		22.2	2.7	1.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					1.6	1.2	1.1	0.8	0.7
EV/Sales					4.0	4.2	3.6	2.3	1.8
EV/EBITDA					10.7	14.5	9.8	4.5	3.1
EV/EBIT					20.6	77.1	22.8	6.4	4.1
P/B					0.6	0.3	0.4	0.3	0.3
FCF yield					10%	11%	22%	55%	73%
Dividend yield					7.7%	5.7%	9.3%	20.0%	34.7%
Return on equity (ROE)	-19.1%	-10.3%	-0.2%	5.5%	2.5%	-2.0%	1.6%	12.2%	16.7%
Return on capital employed (ROCE)	-11.9%	-3.4%	2.1%	5.8%	3.7%	0.8%	2.9%	9.5%	13.3%
Return on assets (ROA)	-10.2%	-5.4%	-0.1%	2.9%	1.3%	-1.0%	0.8%	6.6%	9.7%
Sales growth	105%	29%	67%	41%	-36%	-21%	13%	39%	13%
EBITDA margin	-68%	-2%	22%	29%	37%	29%	36%	51%	56%
EBIT margin	-88%	-20%	9%	18%	19%	5%	16%	36%	43%
Net margin	-82%	-37%	0%	10%	7%	-7%	5%	29%	37%
Net interest rate	3.3%	5.3%	6.1%	7.3%	4.6%	4.3%	4.3%	4.8%	5.4%
Tax rate	-0.1%	0.1%	-2.4%	0.3%	0.6%	0.0%	0.0%	0.0%	0.0%
Equity ratio	53%	52%	52%	52%	51%	51%	51%	55%	58%
Leverage ratio	47%	48%	48%	48%	49%	49%	49%	45%	42%
NIBD / EBITDA (past 1y)	-4.7	-126.4	7.7	4.3	6.3	10.2	6.8	3.0	1.9
Operating cash flow/NIBD	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.3	0.5
Net interest coverage ratio (EBITDA/Net interest)	-6.4	-0.1	2.1	3.2	3.4	2.3	3.4	7.0	9.6
Current ratio	2.5	6.9	2.4	0.9	1.2	0.9	0.8	0.9	1.4
Adj. equity ratio					35%	40%	45%	54%	61%
Operating assets	2,021	2,095	2,498	2,579	2,803	2,722	2,633	2,541	2,446
Operating liabilities	52	47	75	71	114	114	114	114	114
Net operating assets	1,969	2,048	2,423	2,507	2,689	2,608	2,520	2,428	2,332

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)





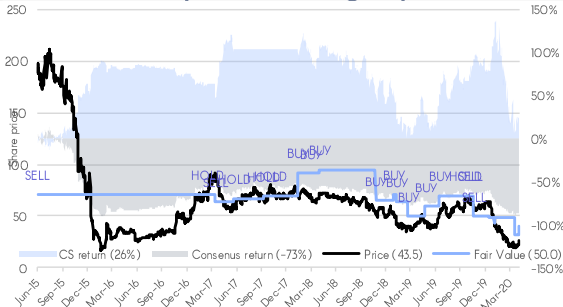
Fair value of SALT-US changes fast based on its STNG-US shareholding

SALT-US

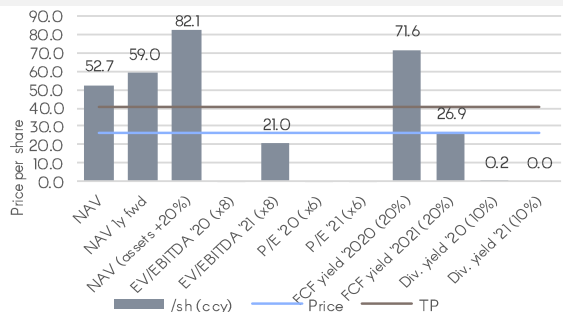
BUY/\$40

Scorpio Bulkers

Share price vs target price

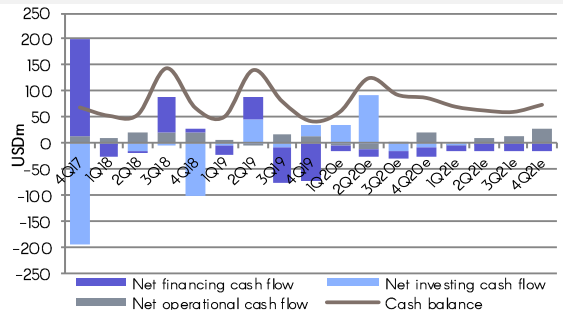


Valuation matrix



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Cash & cash flows



Cleaves / Analysts

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Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	190	222	260	282
EBITDA (adj.)	43	87	134	155
EBIT (adj.)	-7	35	79	100
PTP (adj.)	-47	-1	46	70
Net earnings (adj.)	-47	-1	46	70
EPS (adj.)	-6.46	-0.20	6.32	9.65
DPS	0.02	-	-	4.40
USDm	2020E	2021E	2022E	2023E
Fwd NAV	427	491	670	774
Adj. equity ratio	35%	40%	49%	54%
FCF yield	55%	21%	48%	61%
Dividend yield	0%	0%	0%	17%
EV/EBITDA		8.4	4.8	3.6
P/E (adj.)			4.2	2.7

Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	3	51	101	125
Free cash flow	104	39	91	115
Net cash flow	44	-13	41	37
TCE/day	9,393	11,831	14,514	15,735
Cash break-even	16,680	11,938	11,695	11,339
Liquidity	87	74	115	152
Property & Equip. (incl. NBs)	1,121	1,081	1,036	991
Total equity	765	764	809	847
Total assets	1,559	1,506	1,502	1,494
Interest bearing debt	669	617	567	521
Net interest bearing debt	582	543	452	369
Market Cap.	190	190	190	190

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



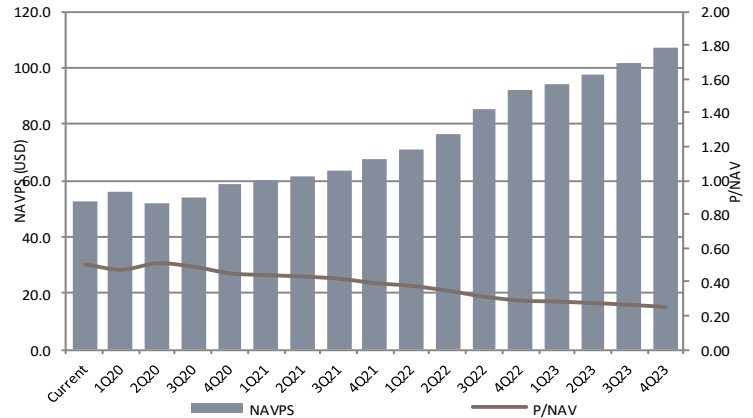


## Company Valuation

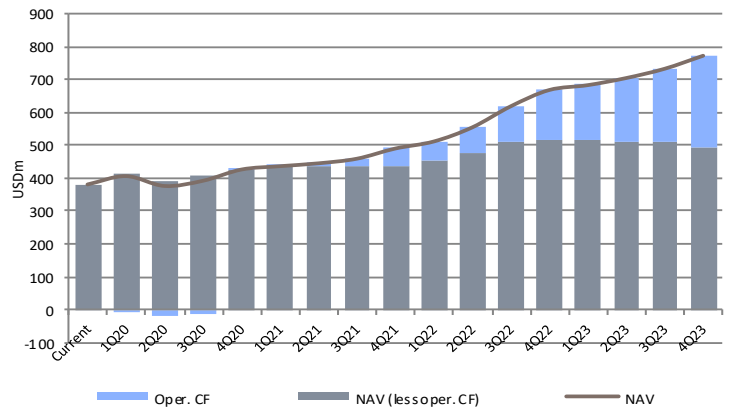
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,350	1,065	887
Contract value	0	-1	-1
Other	224	83	69
<b>GAV</b>	<b>1,573</b>	<b>1,147</b>	<b>955</b>
Net debt	-686	-686	-686
Capex	0	-66	-66
Other	-13	-13	-13
<b>Equity</b>	<b>875</b>	<b>382</b>	<b>190</b>
Shares	7	7	7
<b>Equity/sh</b>	<b>120.72</b>	<b>52.69</b>	<b>26.22</b>
lcl CCY	120.72	52.69	26.22
<b>P/Equity</b>	<b>0.22</b>	<b>0.50</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.61</b>	<b>0.83</b>	<b>1.00</b>
Adj. Total Assets	1,663	1,378	1,200
Adj. Equity Ratio	53%	28%	16%
<b>Fair Value</b>	<b>USD</b>	<b>40.3</b>	<b>54%</b>

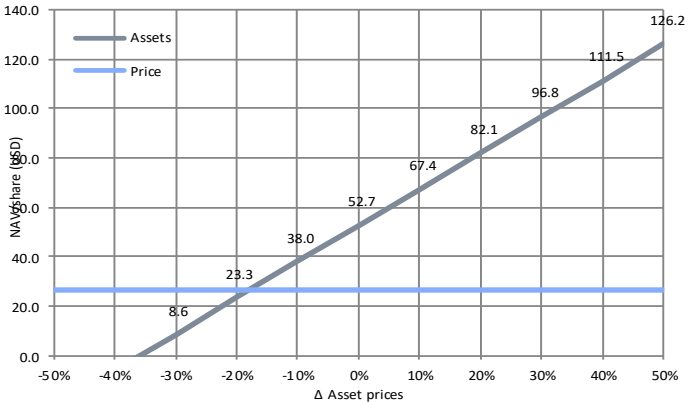
### Quarterly forward NAV & P/NAV



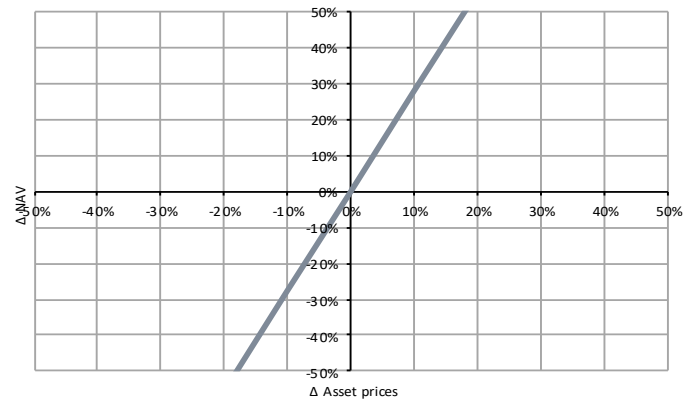
### Quarterly forward NAV decomposition



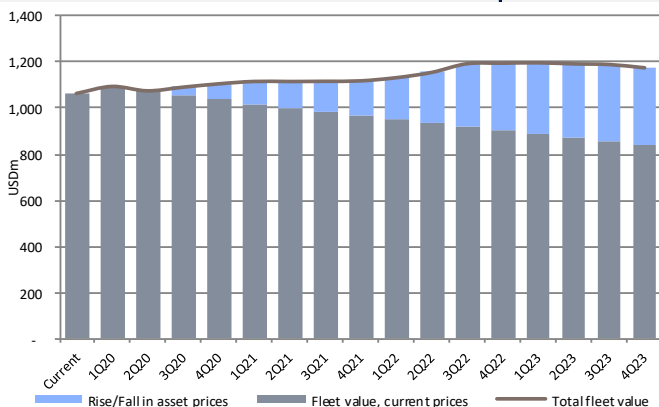
### Impact on NAV/sh from % change in asset prices



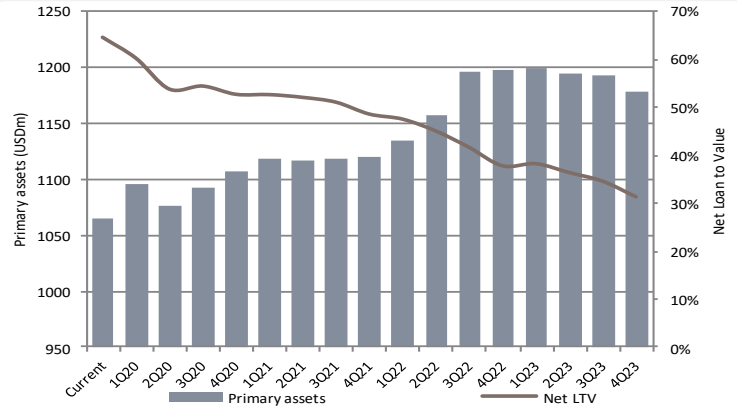
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net sales	50.2	56.9	42.7	43.6						
EBITDA (adj.)	15.2	18.1	4.7	5.1						
EBIT (adj.)	1.2	4.6	-8.3	-9.0						
PTP (adj.)	2.5	-6.3	-18.4	-63.6						
Net earnings (adj.)	2.5	-6.3	-18.4	-19.7						
EPS (adj.)	0.03	-0.09	-2.54	-1.62						
DPS	0.02	0.02	-	0.11						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	50.2	56.9	42.7	43.6						
Opex & G&A	35.1	38.9	38.0	38.6						
Depreciation	13.9	13.4	12.9	14.0						
Net finance	-1.2	10.9	10.1	54.6						
Taxes & Minorities	-	-	-	-43.8						

### CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	5	12	-5							
Free cash flow	1	34	28							
Net cash flow	-17	-38	18							
TCE/day	10,533	11,511	8,082	8,268						
Utilization			88.2%							
Fleet days	4,770	4,944	5,278							
Cash break-even	13,374	13,424	24,847							
Liquidity	51	43	60							
Interest bearing debt	814	728	718							



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	190	222	260	282	192	222	259	281	-1	0	1	1	
EBITDA (adj.)	43	87	134	155	44	87	133	155	-1	0	1	1	
EBIT (adj.)	-7	35	79	100	-6	37	84	105	-1	-2	-5	-5	
PTP (adj.)	-47	-1	46	70	-46	1	50	75	-1	-2	-5	-5	
Net earnings (adj.)	-47	-1	46	70	-46	1	50	75	-1	-2	-5	-5	
EPS (adj.)	-6.46	-0.20	6.32	9.65	-6.29	0.14	6.95	10.29	-0.17	-0.34	-0.63	-0.64	
DPS	0.02	-	-	4.40	0.02	-	-	4.66	-	-	-	-0.26	
									2020E	2021E	2022E	2023E	
									TCE revenue	-1	0	1	1
									Opex & G&A	-0	-0	-	-
									Depreciation	0	3	5	5
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	3	51	101	125	5	51	100	124	-1	0	1	1
Free cash flow	104	39	91	115	70	39	90	114	34	0	1	1
Net cash flow	44	-13	41	37	10	-13	40	35	34	0	1	2
TCE/day	9,393	11,831	14,514	15,735	9,462	11,823	14,482	15,706	-70	8	32	29
Cash break-even	16,680	11,938	11,695	11,339	16,687	11,942	11,695	11,339	-8	-3	-	-
Liquidity	87	74	115	152	53	39	80	115	34	34	35	37
Property & Equip. (incl. NBs)	1,121	1,081	1,036	991	1,234	1,196	1,157	1,117	-113	-115	-121	-126
Total equity	765	764	809	847	731	732	782	823	34	32	27	24
Total assets	1,559	1,506	1,502	1,494	1,558	1,507	1,507	1,502	1	-1	-6	-8
Interest bearing debt	669	617	567	521	669	617	567	521	-	-	-	-
Net interest bearing debt	582	543	452	369	616	577	487	406	-34	-34	-35	-37
Market Cap.	190	190	190	190	139	139	139	139	51	51	51	51
Enterprise value	772	733	642	559	756	717	626	546	17	17	16	13

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	427	491	670	774	393	496	638	717	34	-5	32	57
Adj. equity ratio	35%	40%	49%	54%	32%	39%	47%	51%	3%	1%	2%	3%
FCF yield	55%	21%	48%	61%	50%	28%	65%	82%	5%	-7%	-17%	-22%
Dividend yield	0%	0%	0%	17%	0%	0%	0%	24%	0%	0%	0%	-7%
EV/EBITDA		8.4	4.8	3.6		8.3	4.7	3.5	#####	0.2	0.1	0.1
P/E (adj.)			4.2	2.7			2.8	1.9	#####	#####	1.4	0.8

### Various

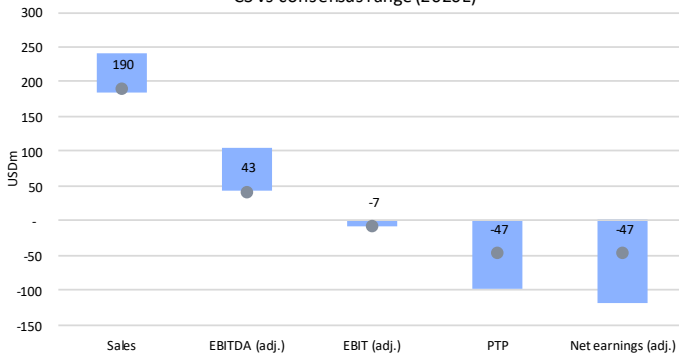
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	-	-	-	-
G&A/day	-1,591	-1,729	-1,842	-1,860	-1,591	-1,729	-1,842	-1,860	-	-	-	-
Depreciation/day	-2,471	-2,776	-3,071	-3,071	-2,471	-2,633	-2,778	-2,778	-	-142	-293	-293
Net interest/day	-1,940	-1,910	-1,854	-1,704	-1,940	-1,910	-1,854	-1,704	-	-	-	-
Amort./day	-7,477	-2,868	-2,786	-2,561	-7,477	-2,868	-2,786	-2,561	-	-	-	-



## Our Estimates vs Consensus

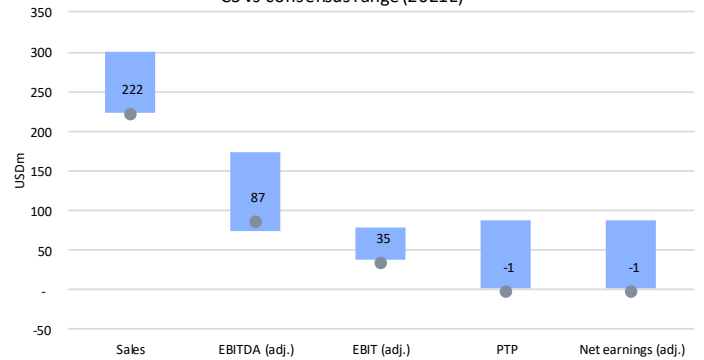
### Profit & Loss, year I

CS vs consensus range (2020E)

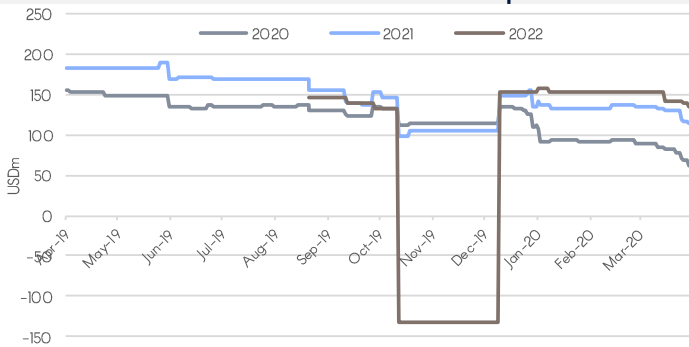


### Profit & Loss, year II

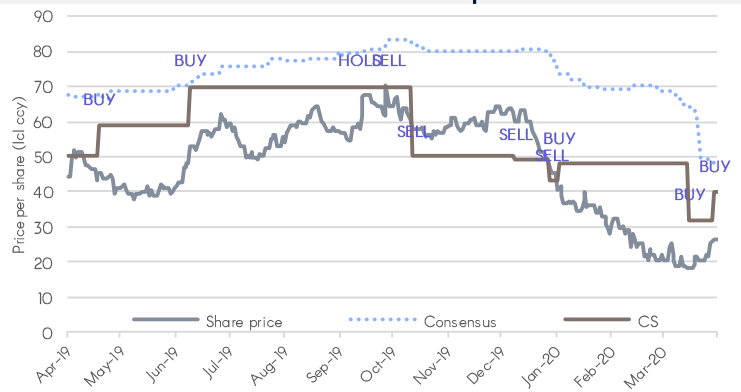
CS vs consensus range (2021E)



### Consensus EBITDA development



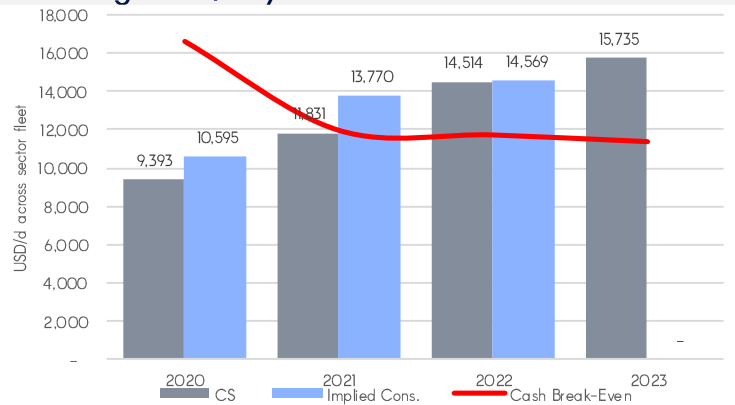
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	190	215	215	-24	-11%
Opex + G&A	148	152	152	-4	-3%
Depreciation	50	74	74	-24	-32%
Net finance	39	55	55	-16	-29%
Taxes & Minorities	0	-24	-24	24	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	222	259	259	-36	-14%
Opex + G&A	135	144	144	-9	-6%
Depreciation	52	59	59	-7	-12%
Net finance	36	10	10	26	266%
Taxes & Minorities	0	16	16	-16	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	50	49	63	57	43	36	47	65	44
Operational costs	-43	-39	-40	-64	-101	-37	-37	-36	-35
EBITDA	8	10	22	-7	-58	-1	10	29	9
Depreciation/Amortization	-14	-13	-14	-13	-13	-12	-12	-12	-12
EBIT	-6	-3	9	-21	-71	-13	-3	17	-4
Net financials	3	38	-11	36	-10	-10	-10	-10	-9
PTP	-3	35	-2	15	-81	-23	-12	7	-13
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-3</b>	<b>35</b>	<b>-2</b>	<b>15</b>	<b>-81</b>	<b>-23</b>	<b>-12</b>	<b>7</b>	<b>-13</b>
Non-recurring items	6	-48	-2	-21	63	0	0	0	0
<b>Net earnings (adj.)</b>	<b>2</b>	<b>-13</b>	<b>-4</b>	<b>-6</b>	<b>-18</b>	<b>-23</b>	<b>-12</b>	<b>7</b>	<b>-13</b>
EPS	-0.05	0.49	-0.03	0.21	-11.23	-3.21	-1.70	0.99	-1.77
EPS (adj.)	0.03	-0.19	-0.05	-0.09	-2.54	-3.21	-1.70	0.99	-1.77
DPS	0.02	0.02	0.02	0.02	0.02	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	51	139	80	43	60	124	92	87	70
Other current assets	15	19	23	20	20	20	20	20	20
<b>Total current assets</b>	<b>66</b>	<b>158</b>	<b>103</b>	<b>63</b>	<b>80</b>	<b>144</b>	<b>113</b>	<b>107</b>	<b>90</b>
Property & equip. (incl. NBs)	1,444	1,391	1,416	1,350	1,303	1,310	1,313	1,309	1,301
Other non-current assets	179	230	239	251	251	140	140	140	140
<b>Total non-current assets</b>	<b>1,623</b>	<b>1,621</b>	<b>1,655</b>	<b>1,600</b>	<b>1,554</b>	<b>1,450</b>	<b>1,453</b>	<b>1,450</b>	<b>1,442</b>
<b>TOTAL ASSETS</b>	<b>1,689</b>	<b>1,780</b>	<b>1,758</b>	<b>1,663</b>	<b>1,634</b>	<b>1,594</b>	<b>1,566</b>	<b>1,556</b>	<b>1,532</b>
<b>Total equity</b>	<b>858</b>	<b>894</b>	<b>893</b>	<b>875</b>	<b>793</b>	<b>770</b>	<b>758</b>	<b>765</b>	<b>752</b>
Short-term debt	139	137	66	74	104	95	85	90	93
Other current liabilities	14	21	48	47	47	47	47	47	47
<b>Total current liabilities</b>	<b>153</b>	<b>158</b>	<b>114</b>	<b>121</b>	<b>151</b>	<b>142</b>	<b>132</b>	<b>137</b>	<b>140</b>
Long-term debt	675	722	751	654	614	606	601	579	564
Other non-current liabilities	3	6	0	13	13	13	13	13	13
<b>Total non-current liabilities</b>	<b>678</b>	<b>728</b>	<b>751</b>	<b>667</b>	<b>627</b>	<b>619</b>	<b>613</b>	<b>592</b>	<b>576</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,689</b>	<b>1,780</b>	<b>1,758</b>	<b>1,663</b>	<b>1,571</b>	<b>1,531</b>	<b>1,503</b>	<b>1,493</b>	<b>1,469</b>
Working capital, receivables	9	10	11	10	10	10	10	10	10
Working capital, payables	14	21	48	47	47	47	47	47	47
<b>Net working capital</b>	<b>-6</b>	<b>-11</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>
Interest bearing debt	814	858	817	728	718	702	686	669	657
Liquidity	51	139	80	43	60	124	92	87	70
<b>Net interest bearing debt</b>	<b>763</b>	<b>719</b>	<b>737</b>	<b>686</b>	<b>658</b>	<b>578</b>	<b>593</b>	<b>582</b>	<b>587</b>
<b>Cash Flow (USDm)</b>									
Net income	-3	35	-2	15	-81	-23	-12	7	-13
Depreciation	14	13	14	13	13	12	12	12	12
Other	-5	-45	0	-23	63	0	0	0	0
<b>Cash earnings</b>	<b>6</b>	<b>4</b>	<b>12</b>	<b>6</b>	<b>-5</b>	<b>-11</b>	<b>0</b>	<b>20</b>	<b>0</b>
Changes in working capital	0	-4	6	6	0	0	0	0	0
<b>Net operational cash flow</b>	<b>5</b>	<b>0</b>	<b>18</b>	<b>12</b>	<b>-5</b>	<b>-11</b>	<b>0</b>	<b>20</b>	<b>0</b>
Capex	0	0	0	0	-20	-19	-15	-9	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	47	0	37	54	110	0	0	0
Other	-4	-3	-9	-14	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-4</b>	<b>44</b>	<b>-9</b>	<b>23</b>	<b>33</b>	<b>91</b>	<b>-15</b>	<b>-9</b>	<b>-4</b>
Repayment of debt	-16	-197	-119	-77	-83	-26	-24	-21	-14
Proceeds from debt	0	242	58	7	73	10	8	4	2
Dividends paid	-1	-1	-1	-1	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	-5	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-17</b>	<b>44</b>	<b>-68</b>	<b>-72</b>	<b>-10</b>	<b>-16</b>	<b>-16</b>	<b>-17</b>	<b>-12</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-17</b>	<b>88</b>	<b>-59</b>	<b>-38</b>	<b>18</b>	<b>64</b>	<b>-31</b>	<b>-6</b>	<b>-17</b>
Cash balance	51	139	80	43	60	124	92	87	70
<b>Free cash flow</b>	<b>1</b>	<b>44</b>	<b>8</b>	<b>34</b>	<b>28</b>	<b>80</b>	<b>-15</b>	<b>11</b>	<b>-5</b>



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

$$f(\lambda) = \alpha_0 + \beta_1 \lambda^2, R^2 \approx 1$$

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	63	78	162	243	225	190	222	260	282
Operational costs						-211	-135	-126	-127
EBITDA						-20	87	134	155
Depreciation/Amortization						-50	-52	-55	-55
EBIT	-492	-101	-26	43	-21	-70	35	79	100
Net financials	-19	-24	-34	-56	66	-39	-36	-33	-30
PTP	-511	-125	-60	-13	45	-110	-1	46	70
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-511	-125	-60	-13	45	-110	-1	46	70
Non-recurring items	0	0	0	0	0	63	0	0	0
Net earnings (adj.)	-511	-125	-60	-13	45	-47	-1	46	70
EPS	-17.81	-1.66	-0.80	-0.18	6.16	-15.16	-0.20	6.32	9.65
EPS (adj.)	-17.81	-1.66	-0.80	-0.18	6.16	-6.46	-0.20	6.32	9.65
DPS	0.00	0.00	0.02	0.08	0.79	0.02	0.00	0.00	4.40
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	200	102	69	67	43	87	74	115	152
Other current assets	192	14	14	17	23	23	23	23	23
Total current assets	393	115	83	84	65	109	96	137	175
Property & equip. (incl. NBs)	1,053	1,414	1,541	1,508	1,272	1,121	1,081	1,036	991
Other non-current assets	28	18	19	112	328	328	328	328	328
Total non-current assets	1,080	1,432	1,561	1,620	1,600	1,450	1,409	1,364	1,319
TOTAL ASSETS	1,473	1,547	1,643	1,704	1,666	1,559	1,506	1,502	1,494
Total equity	935	957	917	861	875	765	764	809	847
Short-term debt	108	13	48	138	74	68	82	91	79
Other current liabilities	17	11	10	14	50	50	50	50	50
Total current liabilities	125	25	59	153	124	118	132	140	129
Long-term debt	414	566	667	690	654	600	535	476	442
Other non-current liabilities	0	0	0	0	13	13	13	13	13
Total non-current liabilities	414	566	667	690	667	613	547	489	455
TOTAL EQUITY & LIABILITIES	1,473	1,547	1,643	1,704	1,666	1,496	1,443	1,439	1,431
Working capital, receivables	0	0	4	4	6	6	6	6	6
Working capital, payables	16	10	10	14	49	49	49	49	49
Net working capital	-16	-10	-6	-10	-42	-42	-42	-42	-42
Interest bearing debt	522	579	716	829	728	669	617	567	521
Liquidity	200	102	69	67	43	87	74	115	152
Net interest bearing debt	321	478	647	761	686	582	543	452	369
<b>Cash Flow (USDm)</b>									
Net income	-511	-125	-60	-13	45	-110	-1	46	70
Depreciation						50	52	55	55
Other						63	0	0	0
Cash earnings	-36	-46	17	68	34	3	51	101	125
Changes in working capital	1	-7	3	2	2	0	0	0	0
Net operational cash flow	-35	-52	20	70	36	3	51	101	125
Capex	-876	-408	-217	-22	0	-63	-12	-10	-10
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	189	173	44	0	84	164	0	0	0
Other	31	0	0	-101	-33	-63	0	0	0
Net investing cash flow	-656	-235	-173	-122	52	100	-12	-10	-10
Repayment of debt	427	62	135	110	-102	-154	-54	-50	-46
Proceeds from debt	490	247	288	469	307	94	2	0	0
Dividends paid	0	0	-2	-6	-6	0	0	0	-32
New equity	218	128	0	0	—	0	0	0	0
Other	-516	-248	-301	-523	-311	-63	0	0	0
Net financing cash flow	619	189	120	51	-113	-60	-52	-50	-78
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-72	-99	-33	-1	-25	44	-13	41	37
Cash balance	200	102	69	67	43	87	74	115	152
Free cash flow	-691	-288	-153	-52	88	104	39	91	115



# Cleaves Securities

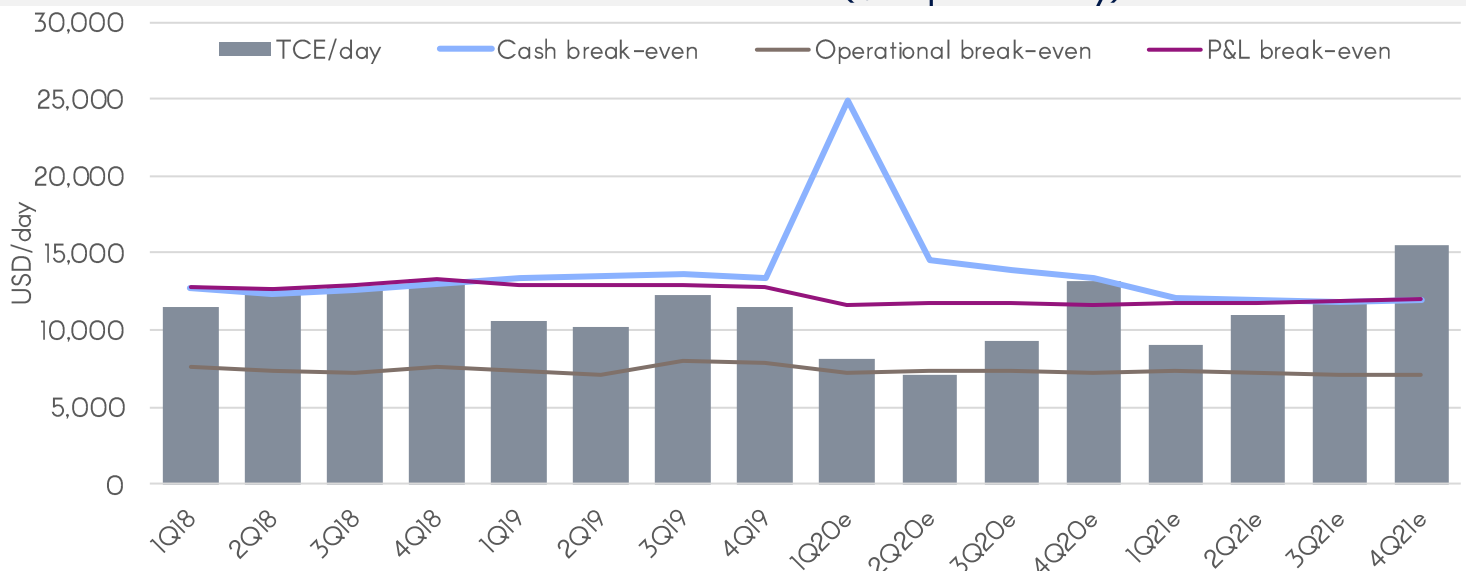
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	29	75	75	71	7	7	7	7	7
Share price, avg (USD)	198	35	69	66	51	26	26	26	26
Share price, end (USD)	9	5	7	5	64	26	26	26	26
Market Cap.	264	353	515	366	462	190	190	190	190
NIBD	321	478	647	761	686	582	543	452	369
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	585	831	1,162	1,127	1,148	772	733	642	559
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)					10.3			4.2	2.7
P/E (adj.)					10.3			4.2	2.7
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	4.2	4.5	3.2	1.5	2.1	1.0	0.9	0.7	0.7
EV/Sales	9.4	10.6	7.2	4.6	5.1	4.1	3.3	2.5	2.0
EV/EBITDA							8.4	4.8	3.6
EV/EBIT				26.0			21.2	8.1	5.6
P/B	0.3	0.4	0.6	0.4	0.5	0.2	0.2	0.2	0.2
FCF yield	-262%	-81%	-30%	-14%	19%	55%	21%	48%	61%
Dividend yield	0.0%	0.0%	0.3%	1.7%	1.2%	0.1%	0.0%	0.0%	16.8%
Return on equity (ROE)	-54.7%	-13.0%	-6.5%	-1.5%	5.1%	-14.4%	-0.2%	5.7%	8.3%
Return on capital employed (ROCE)	-39.1%	-7.0%	-1.6%	2.7%	-1.4%	-5.0%	2.5%	6.0%	7.8%
Return on assets (ROA)	-34.7%	-8.1%	-3.6%	-0.7%	2.7%	-7.0%	-0.1%	3.0%	4.7%
Sales growth	19%	25%	107%	50%	-7%	-15%	17%	17%	8%
EBITDA margin						-11%	39%	51%	55%
EBIT margin	-786%	-128%	-16%	18%	-10%	-37%	16%	30%	36%
Net margin	-817%	-159%	-37%	-5%	20%	-58%	-1%	18%	25%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.8%	6.6%	7.3%	8.3%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	63%	62%	56%	51%	53%	49%	51%	54%	57%
Leverage ratio	37%	38%	44%	49%	47%	51%	49%	46%	43%
NIBD / EBITDA (past ly)						-28.7	6.3	3.4	2.4
Operating cash flow/NIBD	-0.1	-0.1	0.0	0.1	0.1	0.0	0.1	0.2	0.3
Net interest coverage ratio (EBITDA)						-0.5	2.4	4.0	5.1
Current ratio	3.2	4.7	1.4	0.6	0.5	0.9	0.7	1.0	1.4
Adj. equity ratio					33%	35%	40%	49%	54%
Operating assets	1,273	1,445	1,575	1,636	1,623	1,472	1,432	1,387	1,342
Operating liabilities	17	11	10	14	62	62	62	62	62
Net operating assets	1,256	1,434	1,564	1,622	1,561	1,410	1,370	1,325	1,280

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)







# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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



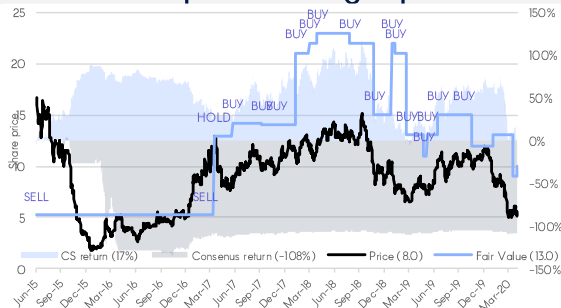
Significant earnings power and discount to NAV makes Star Bulk a cash cow if fortunes improve

## SBLK-US

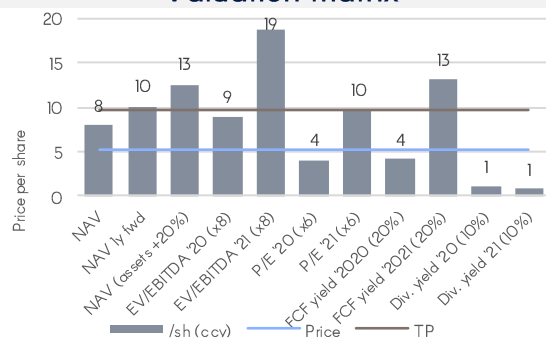
## BUY/\$10

## Star Bulk

### Share price vs target price

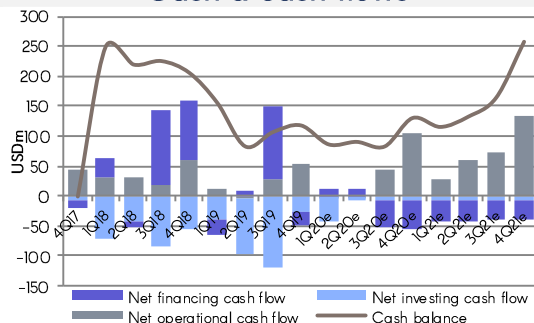


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	583	678	888	980
EBITDA (adj.)	281	369	546	619
EBIT (adj.)	150	232	410	483
PTP (adj.)	66	155	339	418
Net earnings (adj.)	66	155	339	418
EPS (adj.)	0.69	1.58	3.39	4.18
DPS	0.11	0.08	1.75	0.17
USDm	2020E	2021E	2022E	2023E
Fwd NAV	977	1,268	1,853	2,303
Adj. equity ratio	37%	46%	57%	64%
FCF yield	16%	50%	83%	98%
Dividend yield	2%	2%	33%	3%
EV/EBITDA	8.2	4.5	2.6	1.5
P/E (adj.)	7.7	3.3	1.6	1.3

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	147	291	475	554
Free cash flow	80	258	441	520
Net cash flow	12	126	153	399
TCE/day	12,037	13,927	18,250	20,148
Cash break-even	11,650	10,382	10,723	10,802
Liquidity	137	264	417	816
Property & Equip. (incl. NBs)	2,901	2,799	2,697	2,594
Total equity	1,549	1,696	1,861	2,261
Total assets	3,186	3,211	3,262	3,558
Interest bearing debt	1,526	1,403	1,290	1,185
Net interest bearing debt	1,389	1,139	872	369
Market Cap.	508	519	529	529

Source: Cleaves, Bloomberg, Clarksons SIN, 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

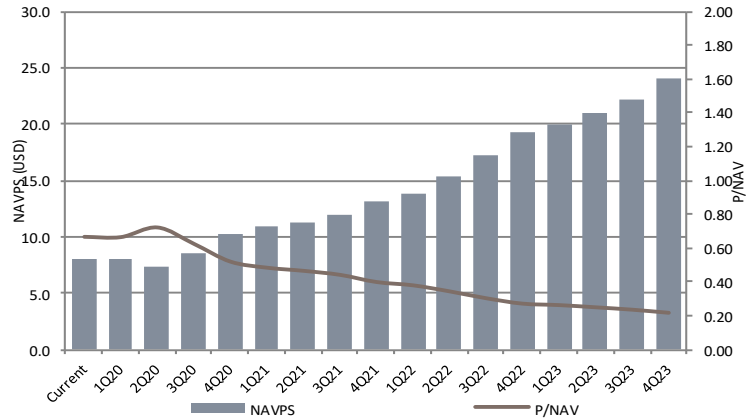


## Company Valuation

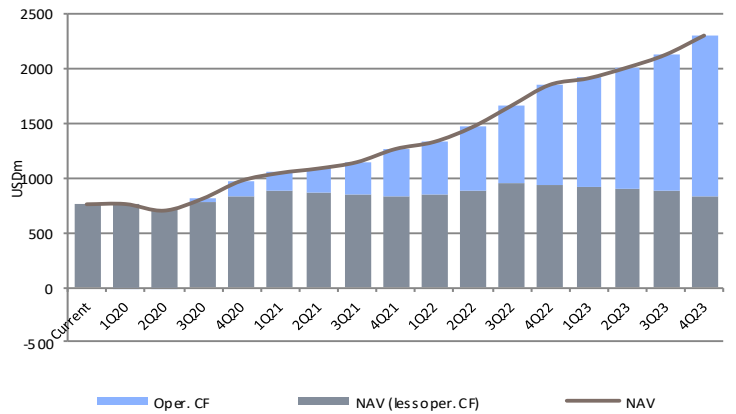
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,967	2,236	1,987
Contract value	0	2	2
Other	57	57	51
<b>GAV</b>	<b>3,024</b>	<b>2,295</b>	<b>2,039</b>
Net debt	-1,458	-1,458	-1,458
Capex	0	-51	-51
Other	-22	-22	-22
<b>Equity</b>	<b>1,544</b>	<b>764</b>	<b>508</b>
Shares	96	96	96
Equity/sh	16.07	7.95	5.29
lcl CCY	16.07	7.95	5.29
P/Equity	0.33	0.67	1.00
EV/GAV	0.67	0.89	1.00
Adj. Total Assets	3,239	2,508	2,258
Adj. Equity Ratio	48%	30%	23%
<b>Fair Value</b>	<b>USD</b>	<b>9.8</b>	<b>85%</b>

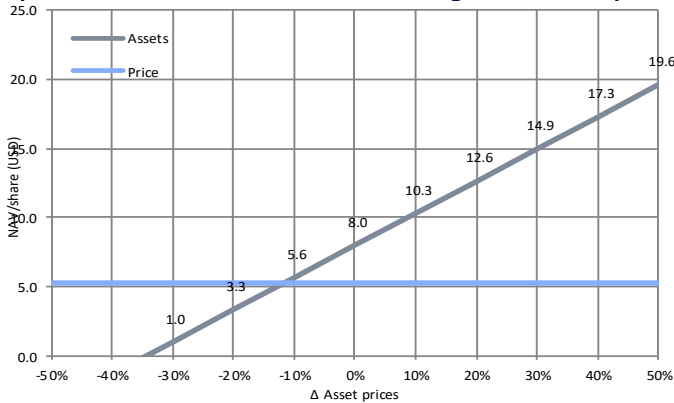
### Quarterly forward NAV & P/NAV



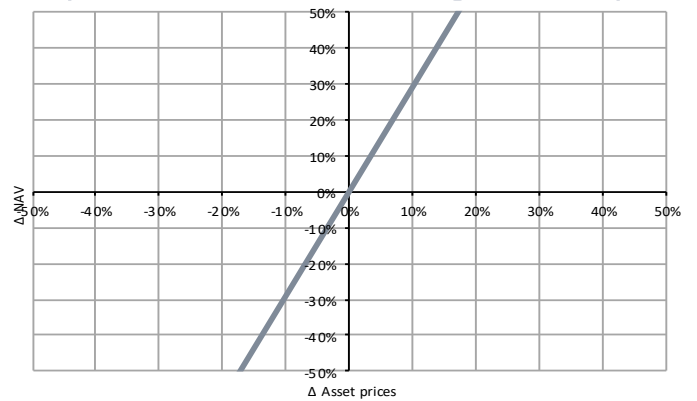
### Quarterly forward NAV decomposition



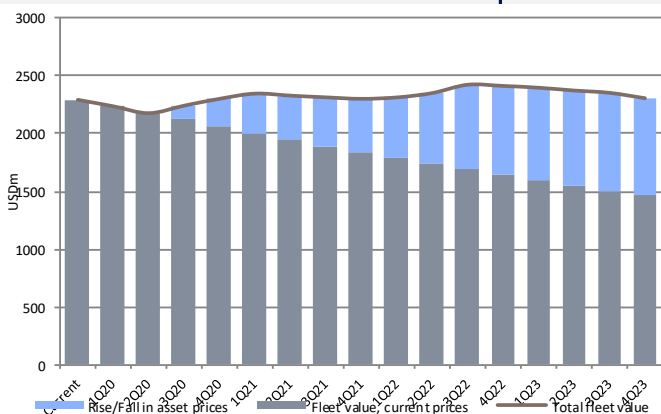
### Impact on NAV/sh from % change in asset prices



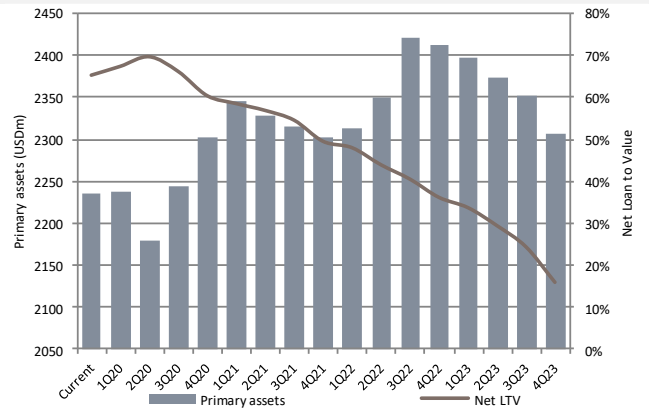
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net sales	121.6	184.6	129.5	115.8						
EBITDA (adj.)	48.6	95.8	54.2	49.9						
EBIT (adj.)	18.7	63.6	21.3	19.6						
PTP (adj.)	-10.5	42.5	0.4	-1.8						
Net earnings (adj.)	-10.5	42.4	0.4	-3.8						
EPS (adj.)	-0.11	0.44	0.00	-0.06						
DPS	-	0.05	0.02	-						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>		
TCE revenue	121.6	184.6	129.5	115.8						
Opex & G&A	73.0	88.8	75.3	65.9						
Depreciation	29.8	32.3	32.9	30.3						
Net finance	29.3	21.1	20.9	21.5						
Taxes & Minorities	-	0.0	-	2.0						

### CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net operational cash flow	12	53	-1							
Free cash flow	-28	27	-44							
Net cash flow	-54	3	-32							
TCE/day	11,054	17,405	10,975	9,816						
Utilization	96.5%	87.8%	96.2%							
Fleet days	11,398	12,081	12,267							
Cash break-even	12,442	21,807	11,968							
Liquidity	155	125	94							
Interest bearing debt	1,422	1,583	1,600							



## Estimate Changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	583	678	888	980	588	677	886	978	-5	1	3	3	
EBITDA (adj.)	281	369	546	619	286	368	544	617	-5	1	2	2	
EBIT (adj.)	150	232	410	483	154	236	412	486	-5	-4	-2	-2	
PTP (adj.)	66	155	339	418	71	159	341	421	-5	-4	-2	-2	
Net earnings (adj.)	66	155	339	418	71	159	341	421	-5	-4	-2	-2	
EPS (adj.)	0.69	1.58	3.39	4.18	0.73	1.62	3.42	4.20	-0.05	-0.04	-0.02	-0.02	
DPS	0.11	0.08	1.75	0.17	0.11	0.08	1.73	0.19	-	-	0.02	-0.01	
									2020E	2021E	2022E	2023E	
									TCE revenue	-5	1	3	3
									Opex & G&A	-1	0	0	0
									Depreciation	-	5	5	5
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	147	291	475	554	151	291	473	552	-5	1	2	2
Free cash flow	80	258	441	520	84	257	439	518	-5	1	2	2
Net cash flow	12	126	153	399	17	126	153	395	-5	1	0	3
TCE/day	12,037	13,927	18,250	20,148	12,145	13,914	18,198	20,101	-108	13	52	46
Cash break-even	11,650	10,382	10,723	10,802	11,664	10,380	10,717	10,797	-14	1	6	6
Liquidity	137	264	417	816	142	268	421	816	-5	-4	-4	-0
Property & Equip. (incl. NBs)	2,901	2,799	2,697	2,594	2,901	2,803	2,706	2,608	-	-5	-9	-14
Total equity	1,549	1,696	1,861	2,261	1,553	1,705	1,873	2,275	-5	-9	-13	-14
Total assets	3,186	3,211	3,262	3,558	3,191	3,219	3,275	3,572	-5	-9	-13	-14
Interest bearing debt	1,526	1,403	1,290	1,185	1,526	1,403	1,290	1,185	-	-	-	-
Net interest bearing debt	1,389	1,139	872	369	1,384	1,135	869	369	5	4	4	0
Market Cap.	508	519	529	529	558	570	581	581	-50	-51	-52	-52
Enterprise value	1,897	1,658	1,402	899	1,942	1,705	1,450	951	-45	-47	-48	-52

### Valuation

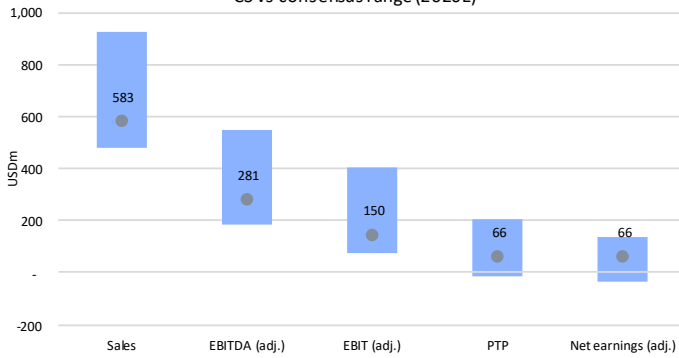
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	977	1,268	1,853	2,303	945	1,317	1,828	2,224	32	-49	25	78
Adj. equity ratio	37%	46%	57%	64%	37%	47%	57%	63%	1%	-1%	0%	1%
FCF yield	16%	50%	83%	98%	15%	45%	75%	89%	1%	5%	8%	9%
Dividend yield	2%	2%	33%	3%	2%	1%	30%	3%	0%	0%	3%	0%
EV/EBITDA	8.2	4.5	2.6	1.5	8.3	4.6	2.7	1.5	-0.0	-0.1	-0.1	-0.1
P/E (adj.)	7.7	3.3	1.6	1.3	7.9	3.6	1.7	1.4	-0.2	-0.2	-0.1	-0.1



## Our Estimates vs Consensus

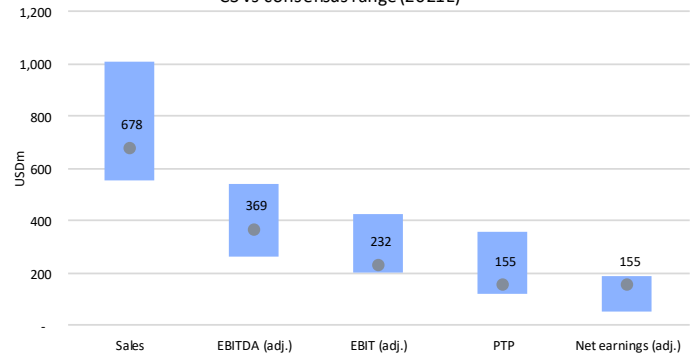
### Profit & Loss, year I

CS vs consensus range (2020E)

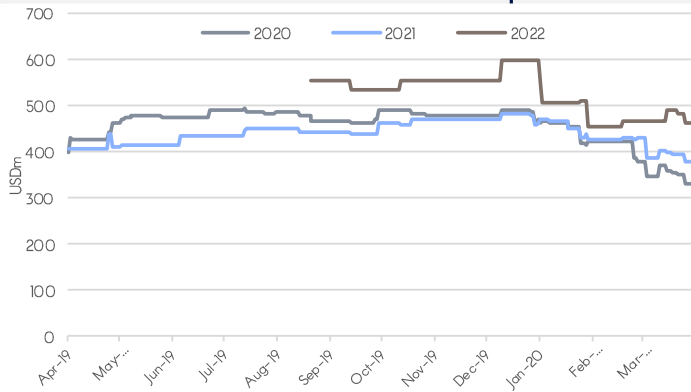


### Profit & Loss, year II

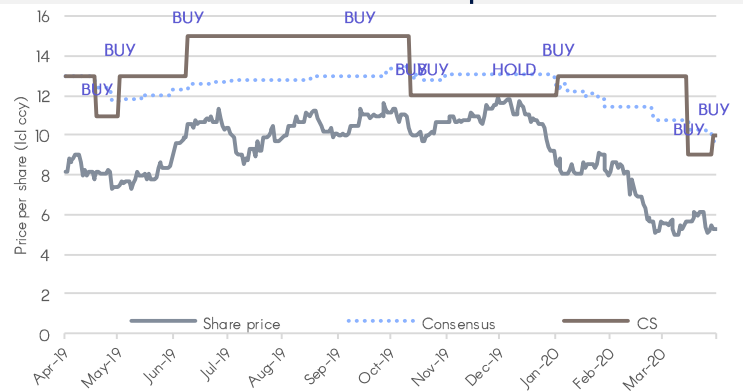
CS vs consensus range (2021E)



### Consensus EBITDA development



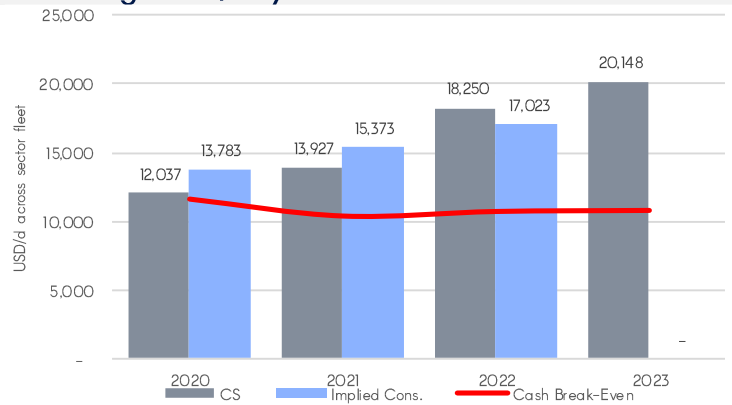
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	583	668	-85	-13%	
Opex + G&A	302	338	-36	-11%	
Depreciation	132	110	21	19%	
Net finance	84	121	-38	-31%	
Taxes & Minorities	0	19	-19	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	678	748	-70	-9%	
Opex + G&A	309	371	-62	-17%	
Depreciation	136	90	46	51%	
Net finance	77	89	-12	-14%	
Taxes & Minorities	0	53	-53	-100%	

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	122	111	181	185	129	106	140	207	117
Operational costs	-75	-98	-120	-106	-109	-87	-75	-82	-70
EBITDA	47	14	61	79	20	20	66	125	47
Depreciation/Amortization	-30	-30	-32	-32	-33	-33	-33	-33	-34
EBIT	17	-16	29	46	-13	-13	33	92	13
Net financials	-23	-24	-23	-23	-21	-21	-21	-21	-20
PTP	-5	-40	6	24	-34	-34	12	71	-7
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	-5	-40	6	24	-34	-34	12	71	-7
Non-recurring items	-5	26	18	19	34	17	0	0	0
<b>Net earnings (adj.)</b>	-11	-14	23	42	0	-17	12	71	-7
EPS	-0.06	-0.44	0.06	0.25	-0.35	-0.36	0.12	0.74	-0.07
EPS (adj.)	-0.11	-0.16	0.25	0.44	0.00	-0.18	0.12	0.74	-0.07
DPS	0.00	0.00	0.00	0.05	0.05	0.02	0.02	0.02	0.02
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	155	83	107	118	86	91	83	130	115
Other current assets	98	124	142	148	148	148	148	148	148
<b>Total current assets</b>	<b>254</b>	<b>207</b>	<b>249</b>	<b>266</b>	<b>235</b>	<b>239</b>	<b>231</b>	<b>278</b>	<b>264</b>
Property & equip. (incl. NBs)	2,751	2,812	2,955	2,967	2,977	2,951	2,927	2,902	2,877
Other non-current assets	10	13	12	6	6	6	6	6	6
<b>Total non-current assets</b>	<b>2,761</b>	<b>2,826</b>	<b>2,967</b>	<b>2,973</b>	<b>2,983</b>	<b>2,957</b>	<b>2,933</b>	<b>2,908</b>	<b>2,883</b>
<b>TOTAL ASSETS</b>	<b>3,014</b>	<b>3,032</b>	<b>3,216</b>	<b>3,239</b>	<b>3,217</b>	<b>3,196</b>	<b>3,164</b>	<b>3,186</b>	<b>3,146</b>
<b>Total equity</b>	<b>1,523</b>	<b>1,476</b>	<b>1,524</b>	<b>1,544</b>	<b>1,506</b>	<b>1,469</b>	<b>1,479</b>	<b>1,549</b>	<b>1,540</b>
Short-term debt	169	167	182	202	180	183	187	188	185
Other current liabilities	63	85	96	108	108	108	108	108	108
<b>Total current liabilities</b>	<b>232</b>	<b>252</b>	<b>278</b>	<b>311</b>	<b>289</b>	<b>291</b>	<b>295</b>	<b>297</b>	<b>293</b>
Long-term debt	1,253	1,299	1,409	1,380	1,420	1,431	1,386	1,338	1,310
Other non-current liabilities	6	5	5	3	3	3	3	3	3
<b>Total non-current liabilities</b>	<b>1,259</b>	<b>1,305</b>	<b>1,414</b>	<b>1,384</b>	<b>1,423</b>	<b>1,435</b>	<b>1,389</b>	<b>1,341</b>	<b>1,313</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3,014</b>	<b>3,032</b>	<b>3,216</b>	<b>3,239</b>	<b>3,217</b>	<b>3,196</b>	<b>3,164</b>	<b>3,186</b>	<b>3,146</b>
Working capital, receivables	0	0	0	110	110	110	110	110	110
Working capital, payables	0	0	0	90	90	90	90	90	90
<b>Net working capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Interest bearing debt	1,422	1,466	1,591	1,583	1,600	1,614	1,573	1,526	1,494
Liquidity	155	83	107	125	94	98	90	137	123
<b>Net interest bearing debt</b>	<b>1,267</b>	<b>1,383</b>	<b>1,484</b>	<b>1,458</b>	<b>1,506</b>	<b>1,517</b>	<b>1,483</b>	<b>1,389</b>	<b>1,372</b>
<b>Cash Flow (USDm)</b>									
Net income	-5	-40	6	24	-34	-34	12	71	-7
Depreciation	30	30	32	32	33	33	33	33	34
Other	-12	5	-10	-3	0	0	0	0	0
<b>Cash earnings</b>	<b>12</b>	<b>-5</b>	<b>28</b>	<b>53</b>	<b>-1</b>	<b>-1</b>	<b>44</b>	<b>104</b>	<b>27</b>
Changes in working capital	0	0	0	0	0	0	0	0	0
<b>Net operational cash flow</b>	<b>12</b>	<b>-5</b>	<b>28</b>	<b>53</b>	<b>-1</b>	<b>-1</b>	<b>44</b>	<b>104</b>	<b>27</b>
Capex	-63	-95	-147	-43	-43	-7	-9	-9	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	20	0	24	12	0	0	0	0	0
Other	3	3	1	4	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-40</b>	<b>-92</b>	<b>-121</b>	<b>-26</b>	<b>-43</b>	<b>-7</b>	<b>-9</b>	<b>-9</b>	<b>-8</b>
Repayment of debt	-194	-174	-103	-154	-51	-45	-46	-47	-32
Proceeds from debt	170	223	228	148	68	59	4	0	0
Dividends paid	0	0	0	-5	-5	-2	-2	-2	-2
New equity	0	0	0	0	0	0	0	0	0
Other	-2	-42	-4	-13	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-26</b>	<b>7</b>	<b>121</b>	<b>-23</b>	<b>12</b>	<b>12</b>	<b>-44</b>	<b>-49</b>	<b>-34</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-54</b>	<b>-90</b>	<b>28</b>	<b>3</b>	<b>-32</b>	<b>4</b>	<b>-8</b>	<b>47</b>	<b>-15</b>
Cash balance	155	83	107	118	86	91	83	130	115
<b>Free cash flow</b>	<b>-28</b>	<b>-97</b>	<b>-94</b>	<b>27</b>	<b>-44</b>	<b>-8</b>	<b>36</b>	<b>96</b>	<b>19</b>





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	161	156	267	530	598	583	678	888	980
Operational costs	-505	-184	-146	-295	-400	-352	-309	-342	-361
EBITDA	-344	-27	121	235	198	231	369	546	619
Depreciation/Amortization	-82	-82	-83	-103	-124	-132	-136	-136	-136
EBIT	-426	-109	39	132	74	99	232	410	483
Net financials	-33	-45	-48	-73	-90	-84	-77	-71	-65
PTP	-458	-154	-10	58	-16	15	155	339	418
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-458</b>	<b>-154</b>	<b>-10</b>	<b>58</b>	<b>-16</b>	<b>15</b>	<b>155</b>	<b>339</b>	<b>418</b>
Non-recurring items	0	0	0	0	0	51	0	0	0
<b>Net earnings (adj.)</b>	<b>-458</b>	<b>-154</b>	<b>-10</b>	<b>58</b>	<b>-16</b>	<b>66</b>	<b>155</b>	<b>339</b>	<b>418</b>
EPS	-10.46	-2.72	-0.15	0.63	-0.17	0.16	1.58	3.39	4.18
EPS (adj.)	-10.46	-2.72	-0.15	0.63	-0.17	0.69	1.58	3.39	4.18
DPS	0.00	0.00	0.00	0.00	0.05	0.11	0.08	1.75	0.17
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	208	182	258	205	118	130	256	410	809
Other current assets	44	47	55	94	148	148	148	148	148
<b>Total current assets</b>	<b>252</b>	<b>228</b>	<b>313</b>	<b>299</b>	<b>266</b>	<b>278</b>	<b>405</b>	<b>558</b>	<b>957</b>
Property & equip. (incl. NBs)	1,885	1,772	1,824	2,716	2,966	2,901	2,799	2,697	2,594
Other non-current assets	27	11	9	7	7	7	7	7	7
<b>Total non-current assets</b>	<b>1,913</b>	<b>1,783</b>	<b>1,833</b>	<b>2,723</b>	<b>2,973</b>	<b>2,908</b>	<b>2,806</b>	<b>2,704</b>	<b>2,601</b>
<b>TOTAL ASSETS</b>	<b>2,165</b>	<b>2,012</b>	<b>2,146</b>	<b>3,022</b>	<b>3,239</b>	<b>3,186</b>	<b>3,211</b>	<b>3,262</b>	<b>3,558</b>
<b>Total equity</b>	<b>1,135</b>	<b>1,037</b>	<b>1,088</b>	<b>1,520</b>	<b>1,544</b>	<b>1,549</b>	<b>1,696</b>	<b>1,861</b>	<b>2,261</b>
Short-term debt	132	6	189	167	202	141	175	171	173
Other current liabilities	35	22	30	56	108	108	108	108	108
<b>Total current liabilities</b>	<b>167</b>	<b>28</b>	<b>219</b>	<b>223</b>	<b>311</b>	<b>250</b>	<b>283</b>	<b>280</b>	<b>281</b>
Long-term debt	860	945	838	1,275	1,380	1,385	1,228	1,118	1,013
Other non-current liabilities	3	1	1	4	3	3	3	3	3
<b>Total non-current liabilities</b>	<b>863</b>	<b>946</b>	<b>838</b>	<b>1,279</b>	<b>1,384</b>	<b>1,388</b>	<b>1,231</b>	<b>1,121</b>	<b>1,016</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,165</b>	<b>2,012</b>	<b>2,146</b>	<b>3,022</b>	<b>3,239</b>	<b>3,186</b>	<b>3,211</b>	<b>3,262</b>	<b>3,558</b>
Working capital, receivables	25	27	38	66	110	110	110	110	110
Working capital, payables	24	17	20	38	90	90	90	90	90
<b>Net working capital</b>	<b>1</b>	<b>10</b>	<b>17</b>	<b>28</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Interest bearing debt	991	951	1,027	1,442	1,583	1,526	1,403	1,290	1,185
Liquidity	212	187	265	211	125	137	264	417	816
<b>Net interest bearing debt</b>	<b>779</b>	<b>764</b>	<b>762</b>	<b>1,231</b>	<b>1,458</b>	<b>1,389</b>	<b>1,139</b>	<b>872</b>	<b>369</b>
<b>Cash Flow (USDm)</b>									
Net income	-458	-154	-10	58	-16	15	155	339	418
Depreciation	82	82	83	103	124	132	136	136	136
Other	363	47	10	29	23	0	0	0	0
<b>Cash earnings</b>	<b>-14</b>	<b>-26</b>	<b>83</b>	<b>190</b>	<b>131</b>	<b>147</b>	<b>291</b>	<b>475</b>	<b>554</b>
Changes in working capital	-1	-8	0	-21	-43	0	0	0	0
<b>Net operational cash flow</b>	<b>-15</b>	<b>-33</b>	<b>83</b>	<b>169</b>	<b>89</b>	<b>147</b>	<b>291</b>	<b>475</b>	<b>554</b>
Capex	-474	-396	-144	-329	-347	-67	-34	-34	-34
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	70	380	15	0	57	0	0	0	0
Other	6	3	1	3	11	-51	0	0	0
<b>Net investing cash flow</b>	<b>-398</b>	<b>-13</b>	<b>-127</b>	<b>-325</b>	<b>-280</b>	<b>-67</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>
Repayment of debt	129	-29	75	113	144	-188	-123	-113	-104
Proceeds from debt	374	152	161	988	768	131	0	0	0
Dividends paid	0	0	0	0	-5	-11	-8	-175	-17
New equity	418	50	50	0	0	0	0	0	0
Other	-387	-152	-164	-1,004	-804	-51	0	0	0
<b>Net financing cash flow</b>	<b>534</b>	<b>20</b>	<b>122</b>	<b>97</b>	<b>104</b>	<b>-67</b>	<b>-131</b>	<b>-288</b>	<b>-122</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>122</b>	<b>-26</b>	<b>78</b>	<b>-60</b>	<b>-88</b>	<b>12</b>	<b>126</b>	<b>153</b>	<b>399</b>
Cash balance	208	182	259	205	118	130	256	410	809
<b>Free cash flow</b>	<b>-412</b>	<b>-47</b>	<b>-44</b>	<b>-156</b>	<b>-191</b>	<b>80</b>	<b>258</b>	<b>441</b>	<b>520</b>



# Cleaves Securities

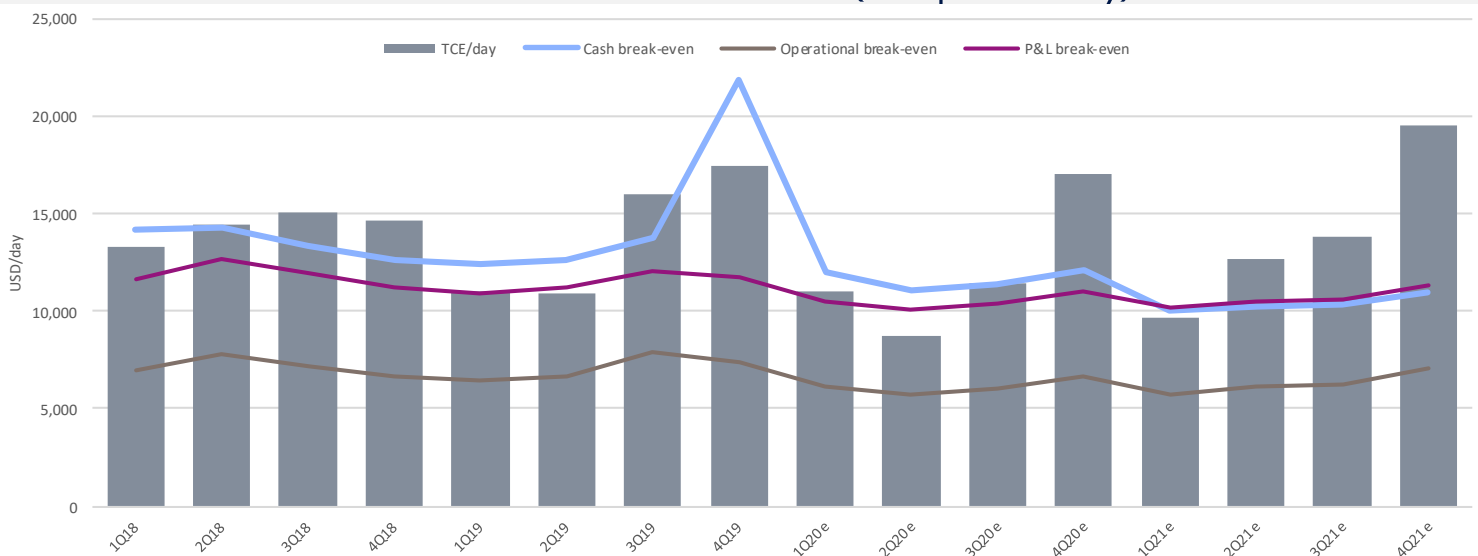
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	44	57	64	93	96	96	98	100	100
Share price, avg (USD)	15	4	10	12	9	5	5	5	5
Share price, end (USD)	3	5	11	9	12	5	5	5	5
<b>Market Cap.</b>	<b>133</b>	<b>289</b>	<b>722</b>	<b>847</b>	<b>1,135</b>	<b>508</b>	<b>519</b>	<b>529</b>	<b>529</b>
NIBD	779	764	762	1,231	1,458	1,389	1,139	872	369
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>912</b>	<b>1,054</b>	<b>1,485</b>	<b>2,077</b>	<b>2,592</b>	<b>1,897</b>	<b>1,658</b>	<b>1,402</b>	<b>899</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				14.5		33.4	3.3	1.6	1.3
P/E (adj.)				14.5		7.7	3.3	1.6	1.3
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.8	1.9	2.7	1.6	1.9	0.9	0.8	0.6	0.5
EV/Sales	5.7	6.7	5.6	3.9	4.3	3.3	2.4	1.6	0.9
EV/EBITDA			12.2	8.8	13.1	8.2	4.5	2.6	1.5
EV/EBIT			38.2	15.7	35.2	19.2	7.1	3.4	1.9
P/B	0.1	0.3	0.7	0.6	0.7	0.3	0.3	0.3	0.2
FCF yield	-311%	-16%	-6%	-18%	-17%	16%	50%	83%	98%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.4%	2.1%	1.5%	33.0%	3.3%
Return on equity (ROE)	-40.4%	-14.9%	-0.9%	3.8%	-1.0%	1.0%	9.2%	18.2%	18.5%
Return on capital employed (ROCE)	-22.3%	-6.1%	2.1%	4.8%	2.5%	3.4%	8.2%	15.0%	18.4%
Return on assets (ROA)	-21.2%	-7.7%	-0.5%	1.9%	-0.5%	0.5%	4.8%	10.4%	11.8%
Sales growth	54%	-3%	71%	98%	13%	-3%	16%	31%	10%
EBITDA margin	-213%	-17%	45%	44%	33%	40%	54%	61%	63%
EBIT margin	-264%	-70%	15%	25%	12%	17%	34%	46%	49%
Net margin	-284%	-99%	-4%	11%	-3%	3%	23%	38%	43%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	6.8%	8.1%	17.7%
Tax rate	0.0%	-0.2%	-2.5%	0.1%	-0.7%	0.0%	0.0%	0.0%	0.0%
Equity ratio	52%	52%	51%	50%	48%	49%	53%	57%	64%
Leverage ratio	48%	48%	49%	50%	52%	51%	47%	43%	36%
NIBD / EBITDA (past 1y)	-2.3	-28.0	6.3	5.2	7.4	6.0	3.1	1.6	0.6
Operating cash flow/NIBD	0.0	0.0	0.1	0.1	0.1	0.1	0.3	0.5	1.5
Net interest coverage ratio (EBIT)						2.8	4.8	7.7	9.5
Current ratio	1.5	8.1	1.4	1.3	0.9	1.1	1.4	2.0	3.4
Adj. equity ratio					31%	37%	46%	57%	64%
Operating assets	1,943	1,816	1,872	2,808	3,112	3,048	2,946	2,843	2,741
Operating liabilities	38	23	31	60	112	112	112	112	112
Net operating assets	1,905	1,793	1,842	2,748	3,001	2,936	2,834	2,732	2,629

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)



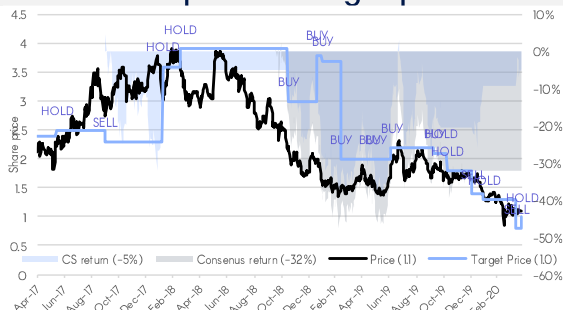


## SB-US

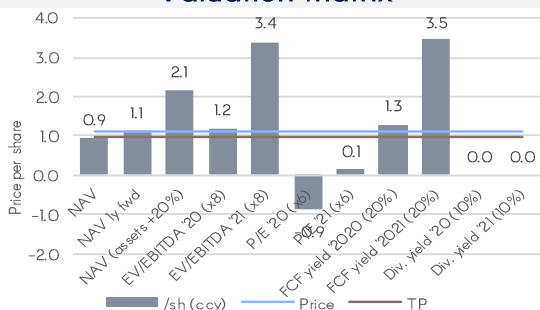
## HOLD/\$1.0

## Safe Bulkers

### Share price vs target price

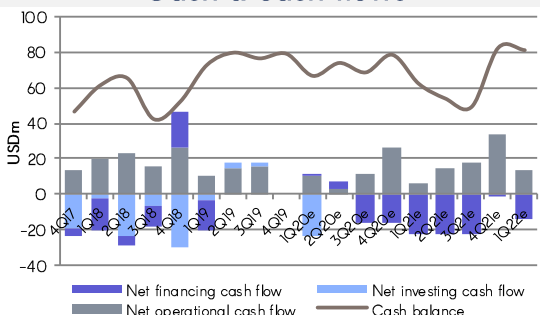


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	162	182	228	252
EBITDA (adj.)	74	93	139	163
EBIT (adj.)	20	35	80	103
PTP (adj.)	-15	2	49	72
Net earnings (adj.)	-15	2	49	72
EPS (adj.)	-0.15	0.02	0.48	0.70
DPS	-	-	-	0.23
USDm	2020E	2021E	2022E	2023E
Fwd NAV	115	193	368	501
Adj. equity ratio	16%	26%	43%	53%
FCF yield	23%	63%	106%	128%
Dividend yield	0%	0%	0%	21%
EV/EBITDA	7.9	5.5	2.8	1.6
P/E (adj.)		49.3	2.3	1.6

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	50	72	121	146
Free cash flow	27	72	121	146
Net cash flow	-1	4	57	81
TCE/day	11,135	12,234	15,338	16,919
Cash break-even	11,599	13,094	12,839	11,962
Liquidity	106	110	167	248
Property & Equip. (incl. NBs)	934	875	815	756
Total equity	469	483	544	606
Total assets	1,084	1,029	1,027	1,048
Interest bearing debt	574	506	442	401
Net interest bearing debt	468	396	275	153
Market Cap.	114	114	114	114

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

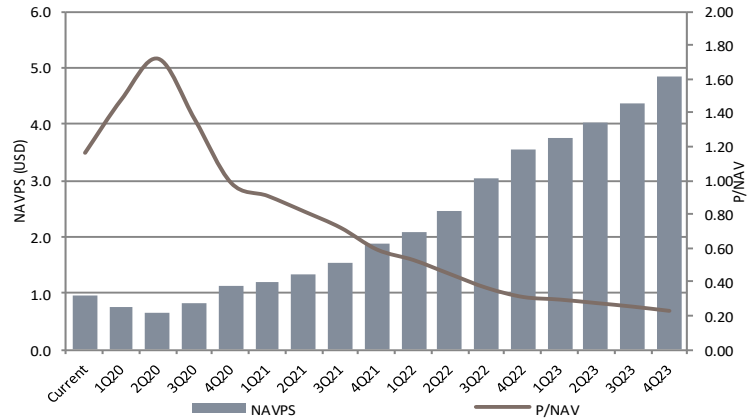


## Company Valuation

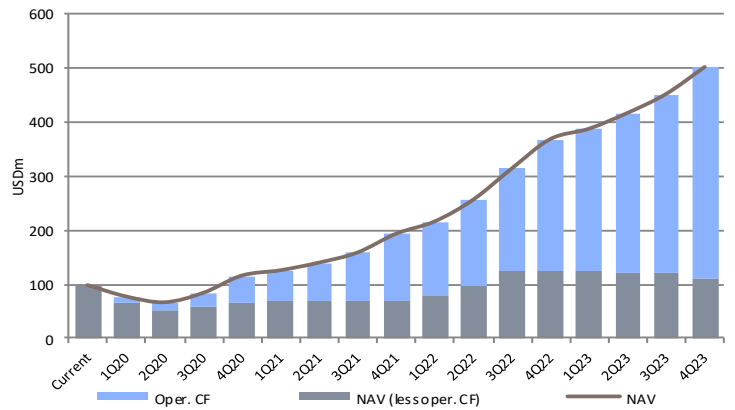
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	964	623	638
Contract value	0	18	19
Other	31	31	32
<b>GAV</b>	<b>995</b>	<b>672</b>	<b>688</b>
Net debt	-495	-495	-495
Capex	0	-52	-52
Other	-28	-28	-28
<b>Equity</b>	<b>473</b>	<b>98</b>	<b>114</b>
Shares	103	103	103
<b>Equity/sh</b>	<b>4.57</b>	<b>0.94</b>	<b>1.10</b>
lcl CCY	4.57	0.94	1.10
<b>P/Equity</b>	<b>0.24</b>	<b>1.17</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.69</b>	<b>1.02</b>	<b>1.00</b>
Adj. Total Assets	1,115	773	788
Adj. Equity Ratio	42%	13%	14%
<b>Fair Value</b>	<b>USD</b>	<b>1.0</b>	<b>-11%</b>

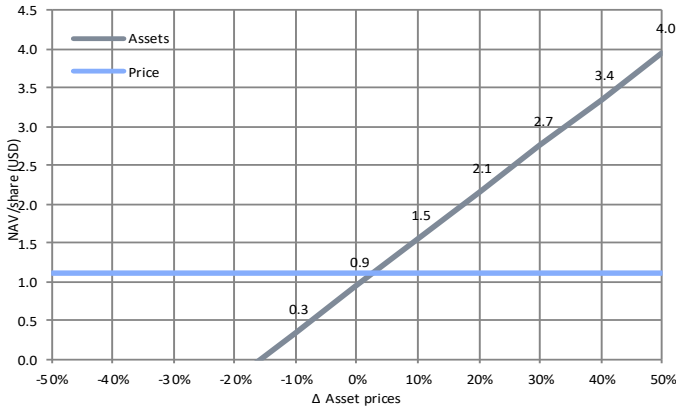
### Quarterly forward NAV & P/NAV



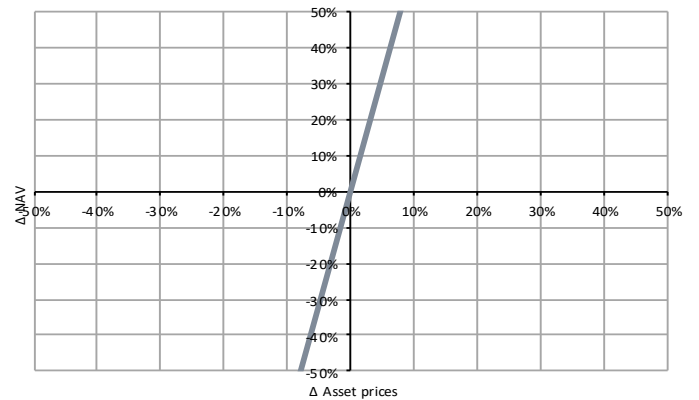
### Quarterly forward NAV decomposition



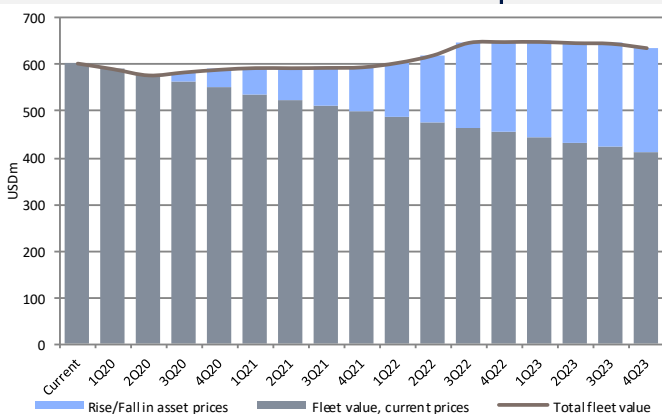
### Impact on NAV/sh from % change in asset prices



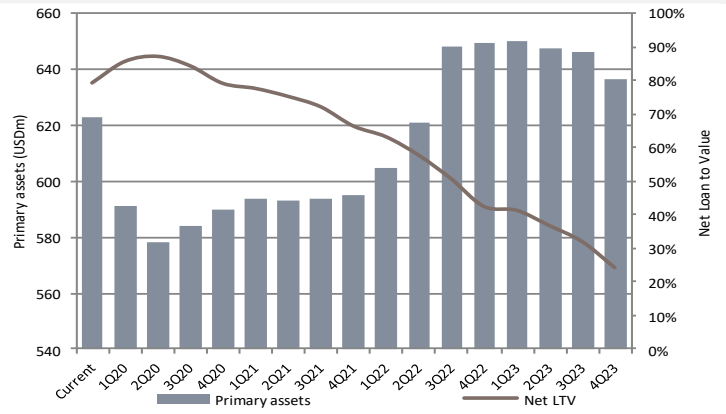
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	45.3	48.2	38.0	35.3				
EBITDA (adj.)	24.9	23.6	16.4	13.5				
EBIT (adj.)	12.6	10.7	3.0	-0.3				
PTP (adj.)	2.5	0.8	-5.9	-4.0				
Net earnings (adj.)	2.5	0.8	-5.9	-9.4				
EPS (adj.)	0.03	#DIV/0!	-0.06	-0.10				
DPS	-	-	-	-				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	45.3	48.2	38.0	35.3				
Opex & G&A	20.4	24.6	21.7	21.8				
Depreciation	12.3	12.9	13.4	13.7				
Net finance	10.1	9.9	8.9	3.8				
Taxes & Minorities	-	-	-	5.4				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	10	-	10					
Free cash flow	6	-	-13					
Net cash flow	-11	-	-13					
TCE/day	12,442	14,146	10,694	9,922				
Utilization	98.7%	90.3%	95.4%					
Fleet days	3,690	3,772	3,731					
Cash break-even	11,787	12,422	11,763					
Liquidity	73	106	94					
Interest bearing debt	563	601	602					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	162	182	228	252	164	182	228	251	-1	0	1	1	
EBITDA (adj.)	74	93	139	163	75	93	139	162	-1	0	1	1	
EBIT (adj.)	20	35	80	103	21	39	84	108	-1	-4	-5	-5	
PTP (adj.)	-15	2	49	72	-14	6	54	77	-1	-4	-5	-5	
Net earnings (adj.)	-15	2	49	72	-14	6	54	77	-1	-4	-5	-5	
EPS (adj.)	-0.15	0.02	0.48	0.70	-0.14	0.06	0.52	0.75	-0.01	-0.04	-0.05	-0.05	
DPS	-	-	-	0.23	-	-	-	0.25	-	-	-	-0.01	
									2020E	2021E	2022E	2023E	
									TCE revenue	-1	0	1	1
									Opex & G&A	-	-	-	-
									Depreciation	-	4	6	6
									Net finance	-0	-0	-0	-0
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	50	72	121	146	52	72	120	146	-1	0	1	1
Free cash flow	27	72	121	146	28	72	120	146	-1	0	1	1
Net cash flow	-1	4	57	81	1	4	57	78	-1	0	1	2
TCE/day	11,135	12,234	15,338	16,919	11,217	12,224	15,291	16,884	-82	10	46	35
Cash break-even	11,599	13,094	12,839	11,962	11,599	13,094	12,839	11,962	-0	-0	-0	-0
Liquidity	106	110	167	248	107	111	168	246	-1	-1	-0	2
Property & Equip. (incl. NBs)	934	875	815	756	934	879	825	771	-	-4	-10	-15
Total equity	469	483	544	606	470	488	554	620	-1	-5	-10	-13
Total assets	1,084	1,029	1,027	1,048	1,085	1,035	1,037	1,061	-1	-5	-10	-14
Interest bearing debt	574	506	442	401	574	506	442	401	-0	-0	-0	-0
Net interest bearing debt	468	396	275	153	467	395	275	155	1	1	0	-2
Market Cap.	114	114	114	114	114	114	114	114	-	-	-	-
Enterprise value	582	510	389	267	580	508	388	268	1	1	0	-2

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	115	193	368	501	113	211	354	469	3	-18	13	32
Adj. equity ratio	16%	26%	43%	53%	15%	28%	42%	51%	#####	30.8	0.2	0.1
FCF yield	23%	63%	106%	128%	25%	63%	105%	128%	-1%	0%	1%	1%
Dividend yield	0%	0%	0%	21%	0%	0%	0%	22%	0%	0%	0%	-1%
EV/EBITDA	7.9	5.5	2.8	1.6	7.7	5.5	2.8	1.7	0.2	0.0	-0.0	-0.0
P/E (adj.)		49.3	2.3	1.6		18.5	2.1	1.5	#####	30.8	0.2	0.1

### Various

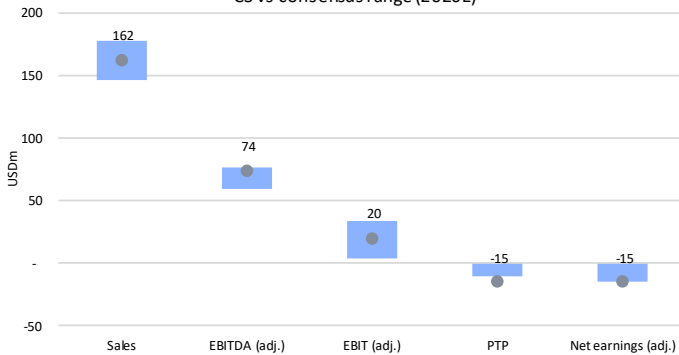
Estimate changes USDm									Change			
	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20	1Q20	2Q20	3Q20	4Q20
Opex/day (excl. TC-in)	-4,416	-4,415	-4,415	-4,415	-4,416	-4,415	-4,415	-4,415	-	-	-	-
G&A/day	-1,392	-1,366	-1,360	-1,367	-1,392	-1,366	-1,360	-1,367	-	-	-	-
Depreciation/day	-3,597	-3,512	-3,510	-3,510	-3,597	-3,512	-3,510	-3,510	-	-	-	-
Net interest/day	-1,600	-1,569	-1,554	-1,512	-1,600	-1,569	-1,554	-1,512	-	-	-	-
Amort./day	-4,355	-4,252	-4,205	-4,205	-4,355	-4,252	-4,205	-4,205	-	-	-	-



## Our Estimates vs Consensus

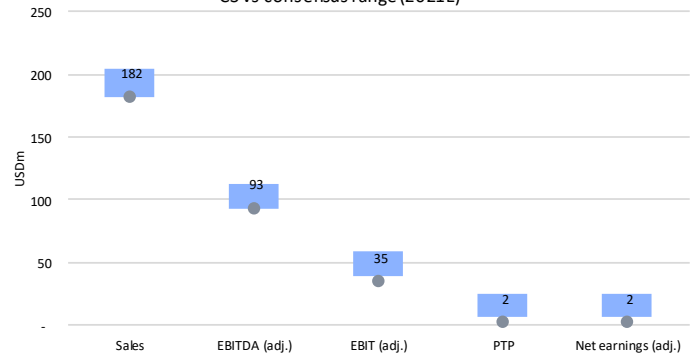
### Profit & Loss, year I

CS vs consensus range (2020E)

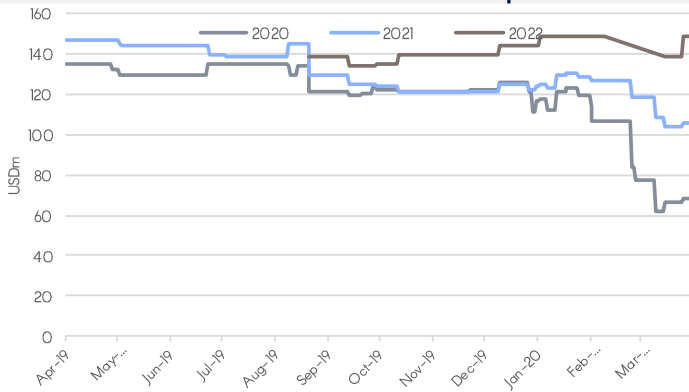


### Profit & Loss, year II

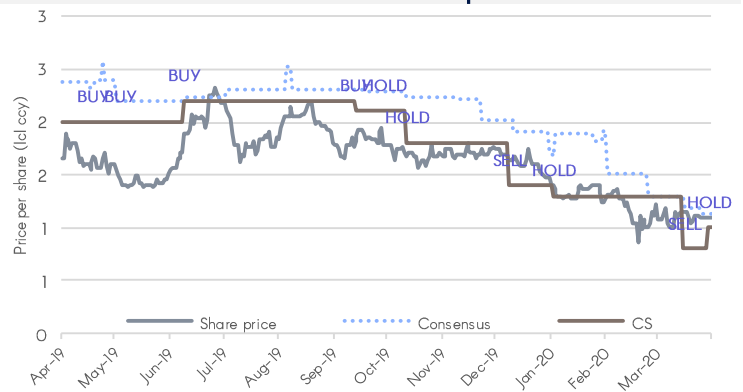
CS vs consensus range (2021E)



### Consensus EBITDA development



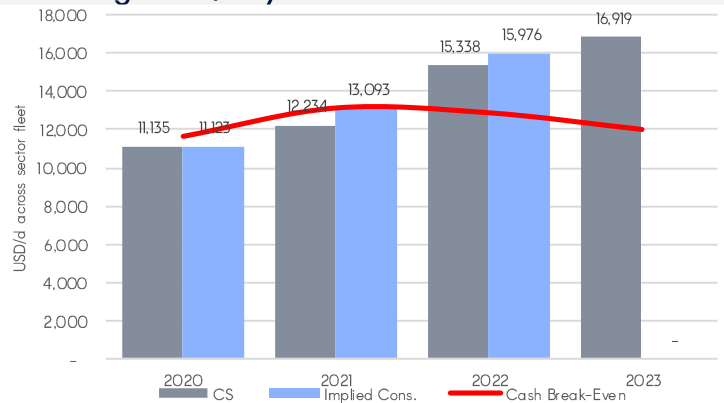
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	162	162	162	0	0%
Opex + G&A	88	94	94	-5	-6%
Depreciation	54	50	50	4	9%
Net finance	35	38	38	-3	-8%
Taxes & Minorities	0	-2	-2	2	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	182	195	195	-13	-7%
Opex + G&A	89	89	89	-0	0%
Depreciation	58	55	55	3	5%
Net finance	33	35	35	-2	-7%
Taxes & Minorities	0	-2	-2	2	-100%

### Avg. TCE/day across fleet vs consensus







# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	45	43	47	48	38	31	39	54	34
Operational costs	-20	-22	-22	-25	-22	-22	-22	-22	-22
EBITDA	25	21	25	24	16	9	17	32	12
Depreciation/Amortization	-12	-12	-13	-13	-13	-13	-14	-14	-14
EBIT	13	9	12	11	3	-5	3	18	-2
Net financials	-7	-7	-7	-7	-6	-6	-6	-6	-6
PTP	5	2	5	4	-3	-11	-3	13	-8
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	5	2	5	4	-3	-11	-3	13	-8
Non-recurring items	-3	-3	-3	-3	-3	-3	-3	-3	-3
Net earnings (adj.)	3	-1	2	1	-6	-14	-6	10	-11
EPS	0.05	0.02	0.05		-0.03	-0.10	-0.03	0.12	-0.08
EPS (adj.)	0.03	-0.01	0.02		-0.06	-0.13	-0.05	0.09	-0.10
DPS	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	73	80	76	79	66	74	68	78	62
Other current assets	22	25	27	57	57	57	57	57	57
Total current assets	94	104	103	136	123	131	125	135	119
Property & equip. (incl. NBs)	954	951	954	964	974	961	947	934	919
Other non-current assets	11	12	11	15	15	15	15	15	15
Total non-current assets	965	963	965	979	989	975	962	948	934
TOTAL ASSETS	1,059	1,067	1,069	1,115	1,112	1,106	1,087	1,084	1,053
Total equity	483	482	484	473	470	459	456	469	461
Short-term debt	45	46	56	64	53	55	57	57	55
Other current liabilities	12	17	20	23	23	23	23	23	23
Total current liabilities	57	62	77	87	75	77	80	80	78
Long-term debt	518	523	508	537	549	552	533	517	496
Other non-current liabilities	0	0	0	18	18	18	18	18	18
Total non-current liabilities	519	523	508	555	567	570	551	535	514
TOTAL EQUITY & LIABILITIES	1,059	1,067	1,069	1,115	1,112	1,106	1,087	1,084	1,053
Working capital, receivables	0	0	0	25	25	25	25	25	25
Working capital, payables	0	0	0	13	13	13	13	13	13
Net working capital	0	0	0	12	12	12	12	12	12
Interest bearing debt	563	568	564	601	602	606	590	574	551
Liquidity	73	80	76	106	94	101	96	106	89
Net interest bearing debt	491	489	487	495	508	505	494	468	462
<b>Cash Flow (USDm)</b>									
Net income	5	2	5	4	-3	-11	-3	13	-8
Depreciation	12	12	13	13	13	13	14	14	14
Other	-8	0	-2	-16	0	0	0	0	0
Cash earnings	10	14	16	0	10	3	11	26	6
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	10	14	16	0	10	3	11	26	6
Capex	0	0	0	0	-24	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	-4	3	2	0	0	0	0	0	0
Net investing cash flow	-4	3	2	0	-24	0	0	0	0
Repayment of debt	0	0	0	0	-16	-16	-16	-16	-23
Proceeds from debt	0	0	0	0	17	21	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	-17	0	0	0	0	0	0	0	0
Net financing cash flow	-17	0	0	0	1	5	-16	-16	-23
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-11	17	18	0	-13	7	-5	10	-16
Cash balance	73	80	76	79	66	74	68	78	62
Free cash flow	6	17	18	0	-13	3	11	26	6



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	145	117	152	200	184	162	182	228	252
Operational costs	-130	-99	-170	-96	-90	-88	-89	-89	-89
EBITDA	15	18	-18	104	94	74	93	139	163
Depreciation/Amortization	-47	-49	-51	-48	-50	-54	-58	-60	-60
EBIT	-32	-31	-69	56	44	20	35	80	103
Net financials	-16	-25	-15	-28	-28	-24	-21	-19	-17
PTP	-48	-56	-85	28	16	-4	14	61	86
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-48</b>	<b>-56</b>	<b>-85</b>	<b>28</b>	<b>16</b>	<b>-4</b>	<b>14</b>	<b>61</b>	<b>86</b>
Non-recurring items	-14	-14	-14	-11	-12	-12	-12	-12	-14
<b>Net earnings (adj.)</b>	<b>-62</b>	<b>-70</b>	<b>-99</b>	<b>16</b>	<b>4</b>	<b>-15</b>	<b>2</b>	<b>49</b>	<b>72</b>
EPS	-0.57	-0.56	-0.85	0.27		-0.04	0.13	0.59	0.84
EPS (adj.)	-0.74	-0.71	-1.00	0.16		-0.15	0.02	0.48	0.70
DPS	0.21	0.14	0.12	0.11		0.00	0.00	0.00	0.23
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	131	82	46	52	79	78	82	140	220
Other current assets	112	29	33	49	57	57	57	57	57
<b>Total current assets</b>	<b>243</b>	<b>111</b>	<b>79</b>	<b>101</b>	<b>136</b>	<b>135</b>	<b>139</b>	<b>197</b>	<b>277</b>
Property & equip. (incl. NBs)	1,057	1,052	947	964	964	934	875	815	756
Other non-current assets	10	11	9	11	15	15	15	15	15
<b>Total non-current assets</b>	<b>1,066</b>	<b>1,063</b>	<b>956</b>	<b>975</b>	<b>979</b>	<b>948</b>	<b>890</b>	<b>830</b>	<b>770</b>
<b>TOTAL ASSETS</b>	<b>1,310</b>	<b>1,174</b>	<b>1,035</b>	<b>1,076</b>	<b>1,115</b>	<b>1,084</b>	<b>1,029</b>	<b>1,027</b>	<b>1,048</b>
<b>Total equity</b>	<b>634</b>	<b>579</b>	<b>456</b>	<b>483</b>	<b>473</b>	<b>469</b>	<b>483</b>	<b>544</b>	<b>606</b>
Short-term debt	77	12	26	36	64	35	40	44	46
Other current liabilities	28	12	11	18	23	23	23	23	23
<b>Total current liabilities</b>	<b>106</b>	<b>24</b>	<b>37</b>	<b>55</b>	<b>87</b>	<b>57</b>	<b>63</b>	<b>66</b>	<b>68</b>
Long-term debt	569	570	542	539	537	539	465	399	355
Other non-current liabilities	0	2	0	0	18	18	18	18	18
<b>Total non-current liabilities</b>	<b>570</b>	<b>571</b>	<b>542</b>	<b>539</b>	<b>555</b>	<b>557</b>	<b>484</b>	<b>417</b>	<b>373</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,310</b>	<b>1,174</b>	<b>1,035</b>	<b>1,076</b>	<b>1,115</b>	<b>1,084</b>	<b>1,029</b>	<b>1,027</b>	<b>1,048</b>
Working capital, receivables	12	13	15	15	25	25	25	25	25
Working capital, payables	9	10	8	13	13	13	13	13	13
<b>Net working capital</b>	<b>2</b>	<b>4</b>	<b>7</b>	<b>2</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Interest bearing debt	647	582	567	575	601	574	506	442	401
Liquidity	195	83	48	52	106	106	110	167	248
<b>Net interest bearing debt</b>	<b>452</b>	<b>499</b>	<b>520</b>	<b>523</b>	<b>495</b>	<b>468</b>	<b>396</b>	<b>275</b>	<b>153</b>
<b>Cash Flow (USDm)</b>									
Net income	-48	-56	-85	28	16	-4	14	61	86
Depreciation	47	49	51	48	50	54	58	60	60
Other	24	23	87	4	-26	0	0	0	0
<b>Cash earnings</b>	<b>23</b>	<b>16</b>	<b>54</b>	<b>80</b>	<b>40</b>	<b>50</b>	<b>72</b>	<b>121</b>	<b>146</b>
Changes in working capital	3	-3	-4	5	0	0	0	0	0
<b>Net operational cash flow</b>	<b>26</b>	<b>13</b>	<b>50</b>	<b>85</b>	<b>40</b>	<b>50</b>	<b>72</b>	<b>121</b>	<b>146</b>
Capex	-124	-58	-60	-46	0	-24	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	29	21	0	0	0	0	0	0
Other	-59	-11	0	-18	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-182</b>	<b>-40</b>	<b>-40</b>	<b>-64</b>	<b>1</b>	<b>-24</b>	<b>0</b>	<b>0</b>	<b>0</b>
Repayment of debt	203	-84	-8	8	0	-65	-91	-89	-78
Proceeds from debt	447	65	115	188	0	38	23	26	36
Dividends paid	-18	-14	-12	-11	0	0	0	0	-24
New equity	0	16	0	0	0	0	0	0	0
Other	-453	-67	-142	-199	0	0	0	0	0
<b>Net financing cash flow</b>	<b>180</b>	<b>-84</b>	<b>-47</b>	<b>-16</b>	<b>-17</b>	<b>-27</b>	<b>-68</b>	<b>-63</b>	<b>-66</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>23</b>	<b>-110</b>	<b>-36</b>	<b>6</b>	<b>24</b>	<b>-1</b>	<b>4</b>	<b>57</b>	<b>81</b>
Cash balance	131	82	46	52	76	75	79	137	217
<b>Free cash flow</b>	<b>-157</b>	<b>-26</b>	<b>11</b>	<b>22</b>	<b>41</b>	<b>27</b>	<b>72</b>	<b>121</b>	<b>146</b>



# Cleaves Securities

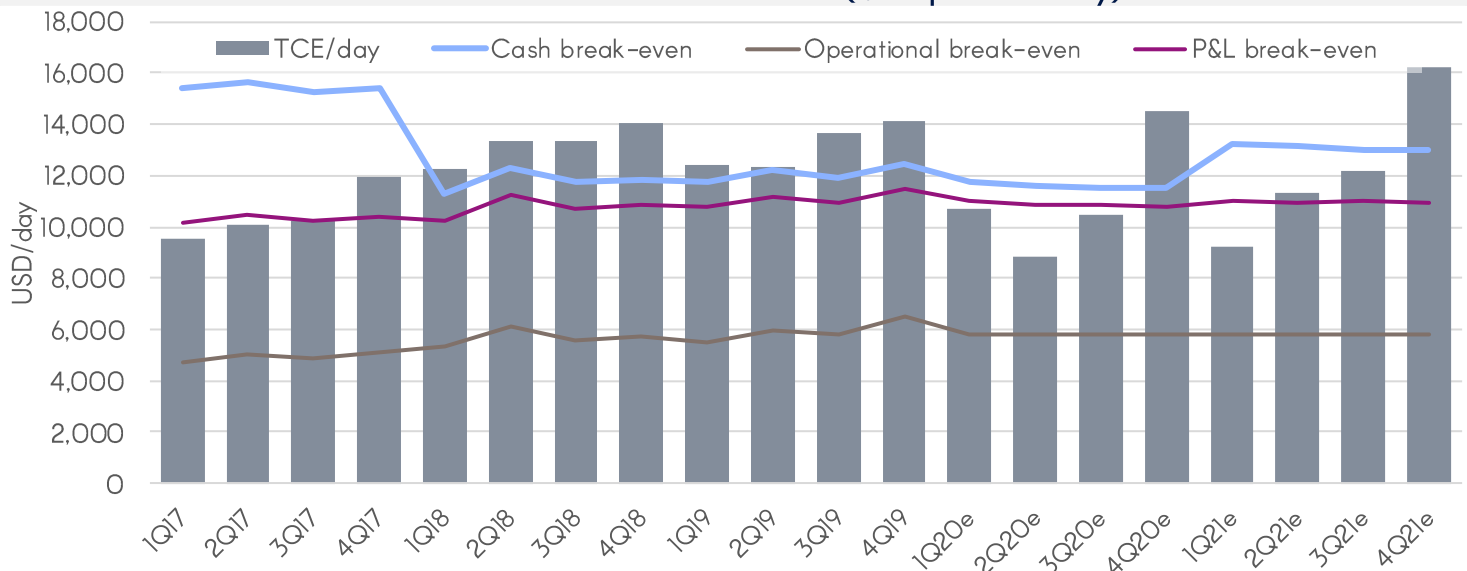
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Shares outstanding, end	83	99	99	103	0	103	103	103	103
Share price, avg (USD)	3	1	2	3	2	1	1	1	1
Share price, end (USD)	1	1	3	2	2	1	1	1	1
<b>Market Cap.</b>	<b>68</b>	<b>114</b>	<b>321</b>	<b>183</b>	<b>0</b>	<b>114</b>	<b>114</b>	<b>114</b>	<b>114</b>
NIBD	452	499	520	523	495	468	396	275	153
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>519</b>	<b>613</b>	<b>840</b>	<b>706</b>	<b>495</b>	<b>582</b>	<b>510</b>	<b>389</b>	<b>267</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
P/E (reported)				6.6			8.2	1.9	1.3
P/E (adj.)				11.2			49.3	2.3	1.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.5	1.0	2.1	0.9		0.7	0.6	0.5	0.5
EV/Sales	3.6	5.2	5.5	3.5	2.7	3.6	2.8	1.7	1.1
EV/EBITDA	34.3	33.9		6.8	5.2	7.9	5.5	2.8	1.6
EV/EBIT				12.6	11.2	29.0	14.5	4.9	2.6
P/B	0.1	0.2	0.7	0.4		0.2	0.2	0.2	0.2
FCF yield	-232%	-23%	3%	12%		23%	63%	106%	128%
Dividend yield	25.9%	12.3%	3.8%	6.2%		0.0%	0.0%	0.0%	21.0%
Return on equity (ROE)	-7.6%	-9.7%	-18.6%	5.7%	3.4%	-0.8%	2.9%	11.2%	14.2%
Return on capital employed (ROCE)	-3.0%	-2.9%	-7.2%	5.6%	4.6%	2.1%	4.0%	9.7%	13.6%
Return on assets (ROA)	-3.7%	-4.8%	-8.2%	2.6%	1.4%	-0.3%	1.4%	5.9%	8.2%
Sales growth	-16%	-19%	29%	31%	-8%	-12%	12%	25%	10%
EBITDA margin	10%	15%	-12%	52%	51%	46%	51%	61%	65%
EBIT margin	-22%	-27%	-46%	28%	24%	12%	19%	35%	41%
Net margin	-33%	-48%	-56%	14%	9%	-2%	8%	27%	34%
Net interest rate	2.6%	3.9%	4.5%	4.9%	5.4%	5.1%	5.3%	6.8%	10.8%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	48%	49%	44%	45%	42%	43%	47%	53%	58%
Leverage ratio	52%	51%	56%	55%	58%	57%	53%	47%	42%
NIBD / EBITDA (past 1y)	29.9	27.6	-29.1	5.0	5.2	6.3	4.2	2.0	0.9
Operating cash flow/NIBD	0.1	0.0	0.1	0.2	0.1	0.1	0.2	0.4	1.0
Net interest coverage ratio (EBIT)	1.3	0.9	-0.8	4.0	3.5	3.1	4.4	7.4	9.8
Current ratio	2.3	4.7	2.1	1.9	1.6	2.4	2.2	3.0	4.1
Adj. equity ratio					13%	16%	26%	43%	53%
Operating assets	1,107	1,081	979	1,014	1,008	977	919	859	800
Operating liabilities	29	13	11	19	41	41	41	41	41
Net operating assets	1,078	1,068	967	995	967	937	878	819	759

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)



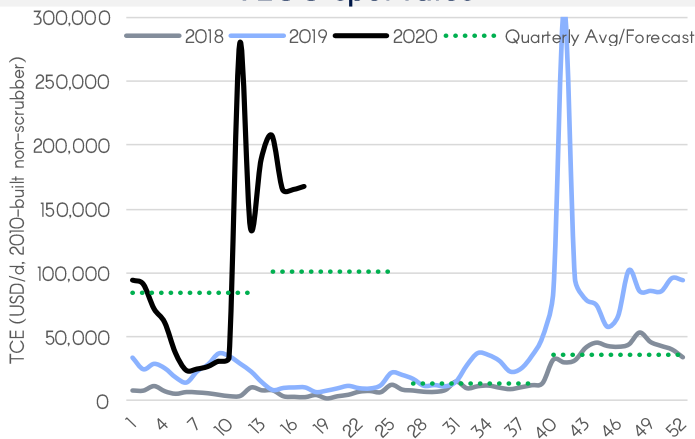


### Oil Tanker Companies

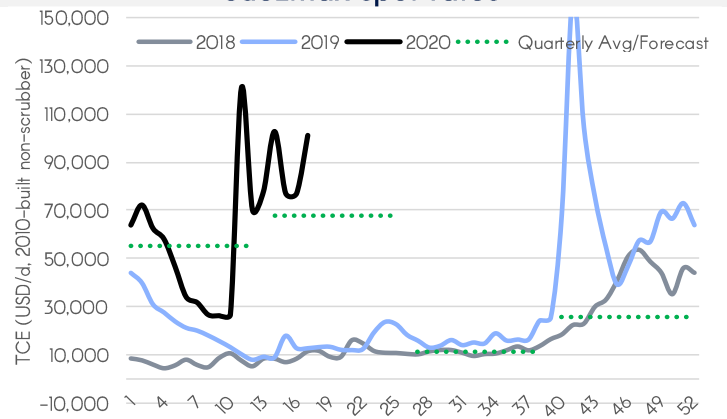


## Earnings

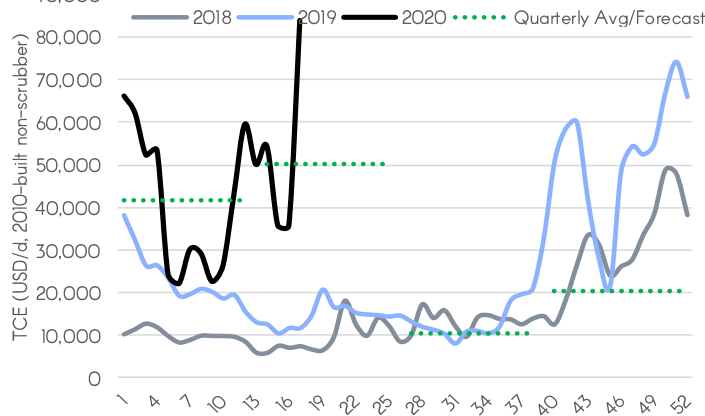
### VLCC spot rates



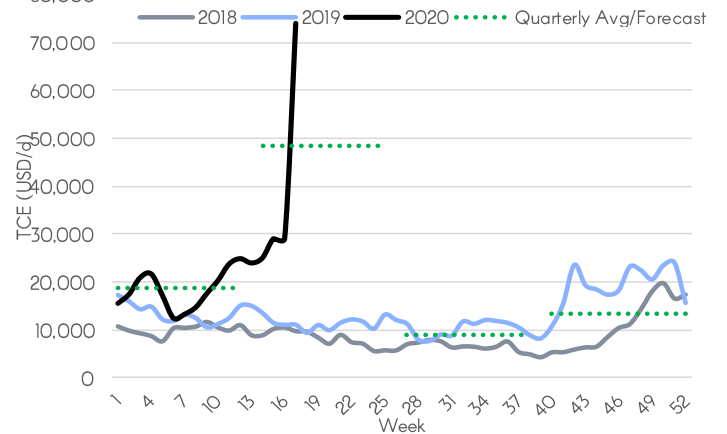
### Suezmax spot rates



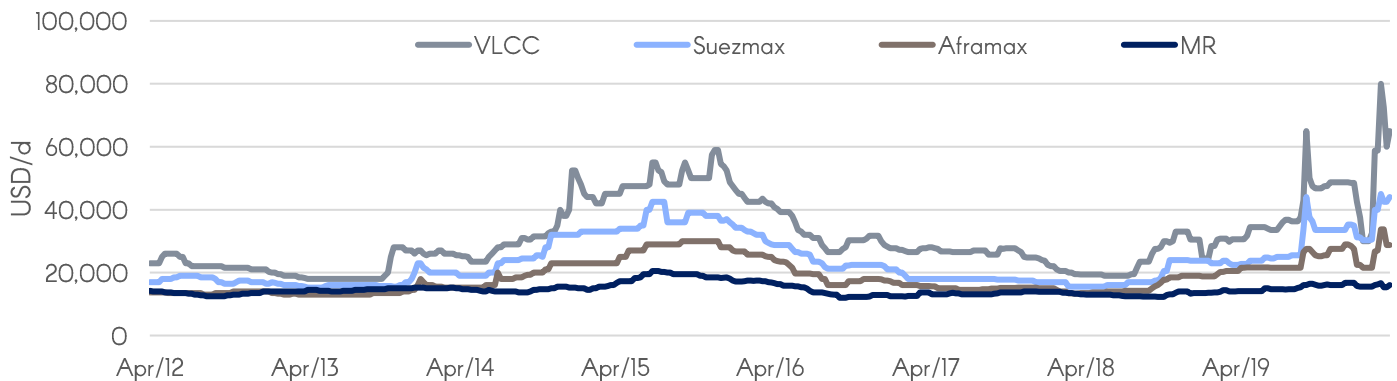
### Aframax (dirty) spot rates



### MR spot rates



### Timecharter rates





ADS has certainly hit the sweet point at the moment. Despite our weak outlook, cash flow + scrap value still supports N28/sh

## ADS-NO

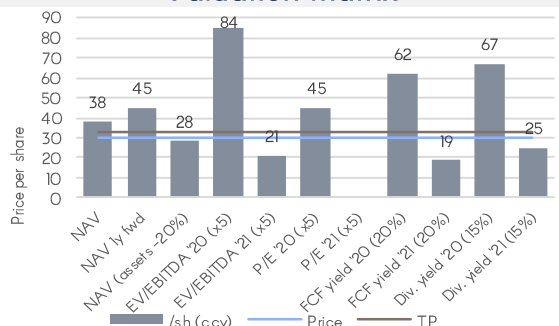
## BUY/N33

## ADS Crude Carriers

Share price vs target price

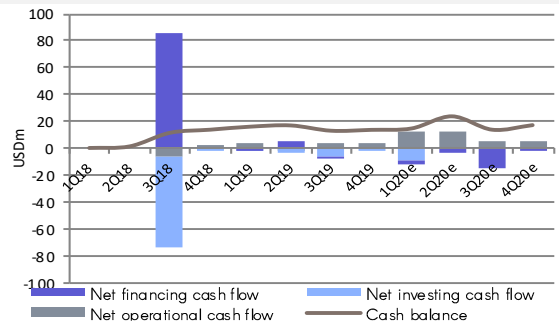


Valuation matrix



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Cash & cash flows



## Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	20	51	22	24
EBITDA (adj.)	9	39	10	12
EBIT (adj.)	2	23	-6	-4
PTP (adj.)	-1	20	-8	-6
Net earnings (adj.)	-1	20	-8	-6
EPS (adj.)	-0.04	0.85	-0.35	-0.28
DPS	0.06	0.63	0.24	0.37
USDm	2019E	2020E	2021E	2022E
Fwd NAV	84	99	100	122
Adj. equity ratio	65%	73%	74%	77%
FCF yield	-4%	42%	13%	15%
Dividend yield	2%	22%	8%	13%
EV/EBITDA	10.8	1.9	6.9	5.8
P/E (adj.)		3.3		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	10	36	8	10
Free cash flow	-3	27	8	10
Net cash flow	-0	4	2	1
TCE/day	22,311	50,225	21,129	22,690
Cash break-even	12,443	13,380	12,971	12,975
Liquidity	15	19	21	22
Property & Equip. (incl. NBs)	78	71	54	38
Total equity	54	59	45	30
Total assets	99	95	81	66
Interest bearing debt	36	27	27	27
Net interest bearing debt	21	9	6	5
Market Cap.	77	66	66	66

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

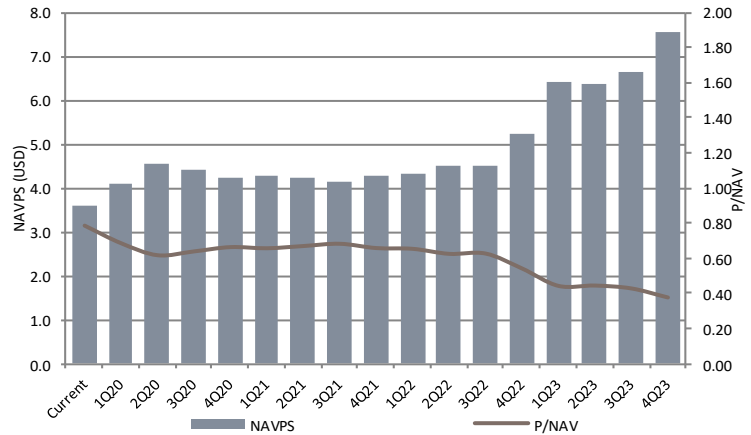


## Company Valuation

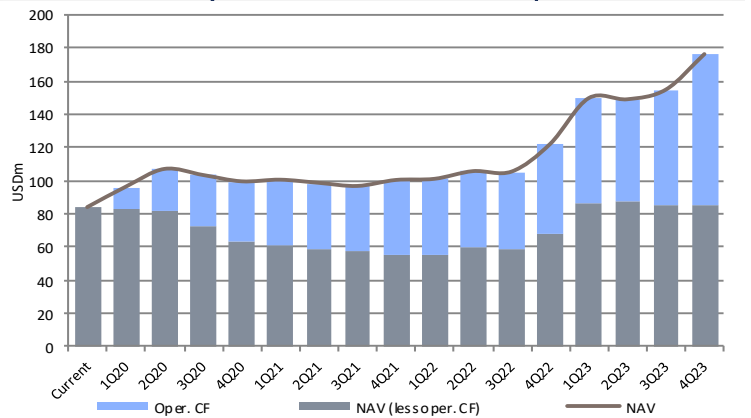
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	78	108	91
Contract value	0	5	4
Other	4	4	3
<b>GAV</b>	<b>82</b>	<b>117</b>	<b>98</b>
Net debt	-21	-21	-21
Capex	0	-5	-5
Other	-7	-7	-7
<b>Equity</b>	<b>54</b>	<b>84</b>	<b>66</b>
Shares	23	23	23
<b>Equity/sh</b>	<b>2.29</b>	<b>3.58</b>	<b>2.81</b>
lcl CCY	24.3	38.1	29.8
USDNOK		10.6	
P/Equity	1.23	0.78	1.00
EV/GAV	1.20	0.84	1.00
Adj. Total Assets	99	128	111
Adj. Equity Ratio	54%	65%	59%
<b>Fair Value</b>	<b>NOK</b>	<b>33</b>	<b>9%</b>
	<b>USD</b>	<b>3.1</b>	

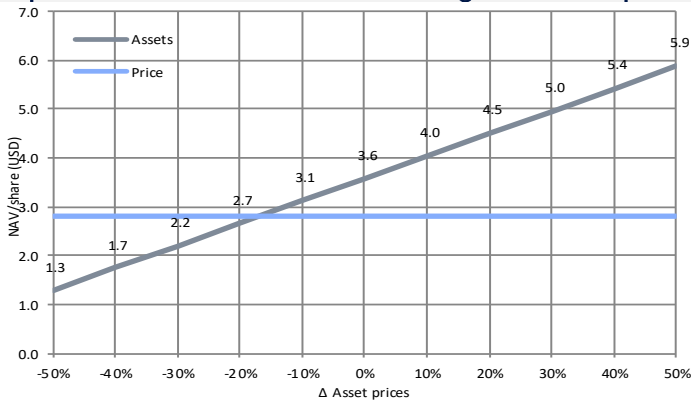
### Quarterly forward NAV & P/NAV



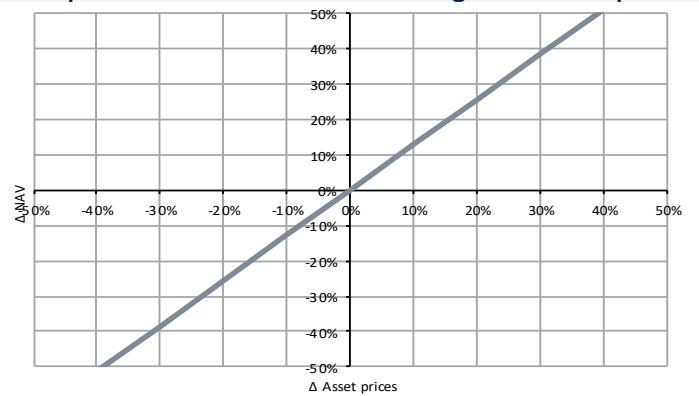
### Quarterly forward NAV decomposition



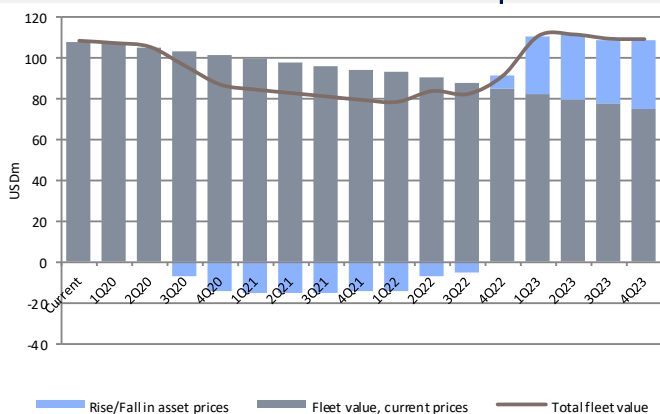
### Impact on NAV/sh from % change in asset prices



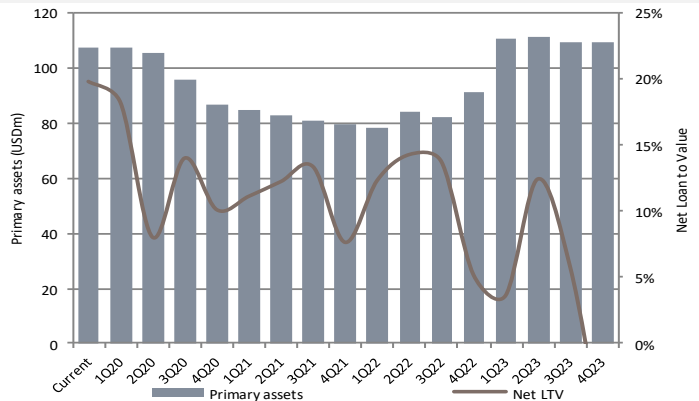
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





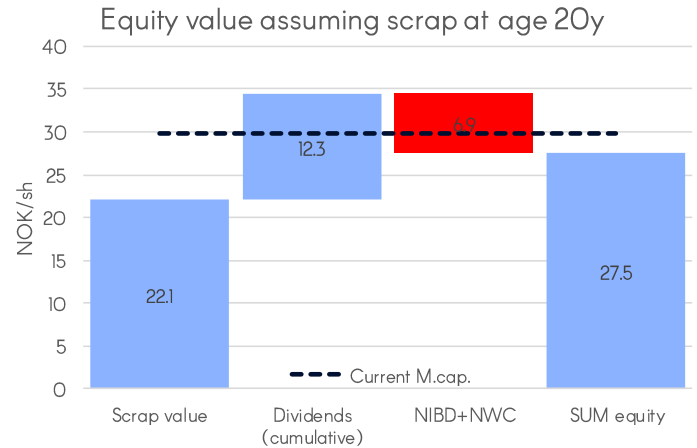
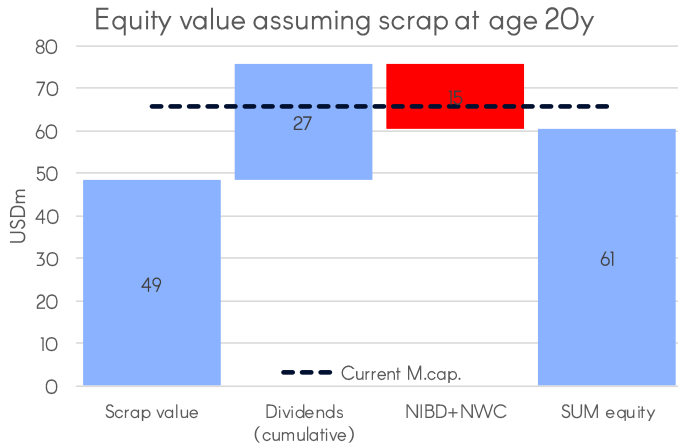
# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

Equity value on our forecast and assuming scrap

Equity value on our forecast and assuming scrap



## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net sales	6.5	6.6	16.5	17.0						
EBITDA (adj.)	3.7	3.8	13.5	14.0						
EBIT (adj.)	2.4	0.3	9.4	10.0						
PTP (adj.)	1.8	-0.5	8.7	10.0						
Net earnings (adj.)	1.8	-0.5	8.7	10.0						
EPS (adj.)	0.08	-0.02	0.37	0.37						
DPS	0.04	0.09	0.07	0.09						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	6.5	6.6	16.5	17.0						
Opex & G&A	2.8	2.9	3.0	3.0						
Depreciation	1.3	3.5	4.1	4.0						
Net finance	0.5	0.8	0.7	-						
Taxes & Minorities	-	-	-	-						

### Other

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
TCE/day	24,093	30,888	75,852	77,945						
Utilization	100.0%	77.9%	79.9%							
Fleet days	270	276	273							
Cash break-even	12,507	13,196	13,715							
Liquidity	16	15	16							
Interest bearing debt	30	36	36							





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	20	51	22	24	20	64	57	60	-	-13	-34	-36
EBITDA (adj.)	9	39	10	12	9	52	45	48	-	-13	-34	-36
EBIT (adj.)	2	23	-6	-4	2	36	28	32	-	-13	-34	-36
PTP (adj.)	-1	20	-8	-6	-1	33	26	30	-	-13	-34	-36
Net earnings (adj.)	-1	20	-8	-6	-1	33	26	30	-	-13	-34	-36
EPS (adj.)	-0.04	0.85	-0.35	-0.28	-0.04	1.42	1.11	1.27	-	-0.57	-1.46	-1.54
DPS	0.06	0.63	0.24	0.37	0.06	0.58	1.22	1.97	-	0.05	-0.98	-1.60
DPS (NOK)	0.68	6.69	2.50	3.91	0.67	6.01	12.72	20.56				
									2019E	2020E	2021E	2022E
									TCE revenue	-13	-34	-36
									Opex & G&A	-	-	-
									Depreciation	-	-	-
									Net finance	-	-0	-
									Taxes & Minorities	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	10	36	8	10	10	50	42	46	-	-13	-34	-36
Free cash flow	-3	27	8	10	-3	41	42	46	-	-13	-34	-36
Net cash flow	-0	4	2	1	-0	19	12	0	-	-16	-10	1
TCE/day	22,311	50,225	21,129	22,690	22,311	63,845	53,165	56,730	-	#####	#####	#####
Cash break-even	12,443	13,380	12,971	12,975	12,443	13,400	12,981	12,975	-	-20	-10	-
Liquidity	15	19	21	22	15	34	46	46	-	-16	-26	-24
Property & Equip. (incl. NBs)	78	71	54	38	78	71	54	38	-	-	-	-
Total equity	54	59	45	30	54	73	71	54	-	-15	-26	-24
Total assets	99	95	81	66	99	110	106	90	-	-16	-26	-24
Interest bearing debt	36	27	27	27	36	28	27	27	-	-1	-	-
Net interest bearing debt	21	9	6	5	21	-6	-19	-19	-	15	26	24
Market Cap.	77	66	66	66	77	50	50	50	-	16	16	16
Enterprise value	98	74	72	70	98	44	30	30	-	30	41	40
Capex	13	9	-	-	13	9	-	-	-	-	-	-
Utilization	81%	95%	97%	97%	81%	93%	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 USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	84	99	100	122	70	121	171	214	14	-21	-71	-92
Adj. equity ratio	65%	73%	74%	77%	61%	77%	83%	86%	4%	-3%	-9%	-8%
FCF yield	-4%	42%	13%	15%	-4%	82%	85%	93%	0%	-40%	-73%	-77%
Dividend yield	2%	22%	8%	13%	2%	27%	57%	93%	0%	-5%	-49%	-79%
EV/EBITDA	10.8	1.9	6.9	5.8	10.8	0.8	0.7	0.6	-	1.1	6.2	5.2
P/E (adj.)		3.3				1.5	1.9	1.7	#####	1.8	#####	#####



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
Net sales	7	5	2	7	17	16	9	9	7
Operational costs	-3	-2	-3	-3	-3	-3	-3	-3	-3
EBITDA	4	2	-1	4	14	13	6	6	4
Depreciation/Amortization	-1	-1	-1	-3	-4	-4	-4	-4	-4
EBIT	2	1	-2	0	9	9	2	2	0
Net financials	-1	-1	-1	-1	-1	-1	-1	-1	-1
PTP	2	1	-3	0	9	9	2	1	-1
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	2	1	-3	0	9	9	2	1	-1
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	2	1	-3	0	9	9	2	1	-1
EPS	0.08	0.03	-0.12	-0.02	0.37	0.36	0.06	0.05	-0.03
EPS (adj.)	0.08	0.03	-0.12	-0.02	0.37	0.36	0.06	0.05	-0.03
DPS	0.00	0.04	0.02	0.00	0.09	0.07	0.45	0.02	0.17
Balance Sheet (USDm)	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
Cash & short-term investments	16	17	13	14	15	24	14	17	16
Other current assets	7	14	7	7	7	7	7	7	7
Total current assets	23	31	20	20	22	31	21	24	23
Property & equip. (incl. NBs)	66	68	79	78	83	79	75	71	67
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	66	68	79	78	83	79	75	71	67
TOTAL ASSETS	90	99	99	99	105	110	95	95	90
Total equity	58	57	54	54	60	67	58	59	54
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	2	5	9	9	9	9	9	9	9
Total current liabilities	2	5	9	9	9	9	9	9	9
Long-term debt	30	36	36	36	36	34	29	27	27
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	30	36	36	36	36	34	29	27	27
TOTAL EQUITY & LIABILITIES	90	99	99	99	105	110	95	95	90
Working capital, receivables	0	6	0	0	0	0	0	0	0
Working capital, payables	1	4	2	2	2	2	2	2	2
Net working capital	-1	2	-2	-2	-2	-2	-2	-2	-2
Interest bearing debt	30	36	36	36	36	34	29	27	27
Liquidity	16	18	14	15	16	25	15	19	18
Net interest bearing debt	13	18	22	21	20	9	14	9	9
Cash Flow (USDm)	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
Net income	2	1	-3	0	9	9	2	1	-1
Depreciation	1	1	1	3	4	4	4	4	4
Other	1	0	1	0	0	0	0	0	0
Cash earnings	4	2	-1	3	13	13	6	5	3
Changes in working capital	0	-3	5	0	0	0	0	0	0
Net operational cash flow	4	-1	4	3	13	13	6	5	3
Capex	-1	-3	-7	-2	-9	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	-1	-3	-7	-2	-9	0	0	0	0
Repayment of debt	0	-30	0	0	-1	-2	-5	-1	-10
Proceeds from debt	0	38	0	0	0	0	0	0	9
Dividends paid	0	-1	-1	0	-2	-2	-11	-1	-4
New equity	0	0	0	0	0	0	0	0	0
Other	-1	-2	-1	0	0	0	0	0	0
Net financing cash flow	-1	4	-1	0	-3	-4	-16	-2	-4
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	2	1	-4	1	1	9	-10	3	-1
Cash balance	16	17	13	14	15	24	14	17	16
Free cash flow	3	-4	-3	1	4	13	6	5	3



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales					8	20	51	22	24
Operational costs					-5	-11	-12	-12	-12
EBITDA					3	9	39	10	12
Depreciation/Amortization					-2	-7	-16	-16	-16
EBIT	—	—	—	—	1	2	23	-6	-4
Net financials					-1	-3	-3	-2	-2
PTP	—	—	—	—	0	-1	20	-8	-6
Taxes/Minorities					0	0	0	0	0
Net earnings	—	—	—	—	0	-1	20	-8	-6
Non-recurring items					0	0	0	0	0
Net earnings (adj.)	—	—	—	—	0	-1	20	-8	-6
EPS					0.00	-0.04	0.85	-0.35	-0.28
EPS (adj.)					0.00	-0.04	0.85	-0.35	-0.28
DPS					0.00	0.06	0.63	0.24	0.37
Balance Sheet (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	—	14	14	17	19	21
Other current assets					11	7	7	7	7
Total current assets	—	—	—	—	24	20	24	26	28
Property & equip. (incl. NBs)	—	—	—	—	68	78	71	54	38
Other non-current assets					0	0	0	0	0
Total non-current assets	—	—	—	—	68	78	71	54	38
TOTAL ASSETS	—	—	—	—	92	99	95	81	66
Total equity	—	—	—	—	56	54	59	45	30
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	99	95	81	66
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	15	19	21	22
Net interest bearing debt					16	21	9	6	5
Cash Flow (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net income	—	—	—	—	0	-1	20	-8	-6
Depreciation					2	7	16	16	16
Other					0	2	0	0	0
Cash earnings					2	8	36	8	10
Changes in working capital	—	—	—	—	-5	2	0	0	0
Net operational cash flow	—	—	—	—	-3	10	36	8	10
Capex	—	—	—	—	-68	-13	-9	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	-13	-9	0	0
Repayment of debt	—	—	—	—	0	-30	-9	-10	0
Proceeds from debt	—	—	—	—	30	38	0	9	0
Dividends paid	—	—	—	—	0	-2	-15	-6	-9
New equity	—	—	—	—	57	0	0	0	0
Other					0	0	0	0	0
Net financing cash flow	—	—	—	—	85	3	-24	-6	-9
Currency effect	—	—	—	—	0	0	0	0	0
Net cash flow					14	0	4	2	1
Cash balance				0	14	14	17	19	21
Free cash flow					-71	-3	27	8	10



# Cleaves Securities

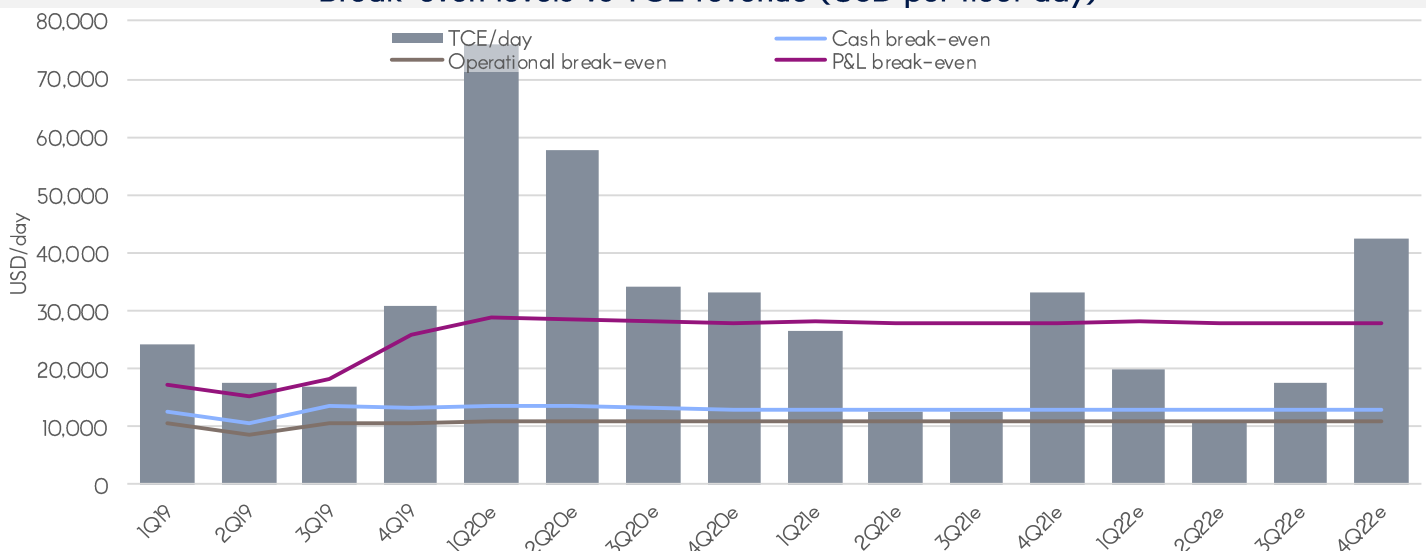
## Shipping Quarterly: Coronavirus Volatility

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

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
<b>Market Cap.</b>					<b>53</b>	<b>77</b>	<b>66</b>	<b>66</b>	<b>66</b>
NIBD					16	21	9	6	5
Minorities	—	—	—	—	0	0	0	0	0
<b>Enterprise value</b>					<b>69</b>	<b>98</b>	<b>74</b>	<b>72</b>	<b>70</b>
Key Figures & Ratios	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
P/E (reported)							3.3		
P/E (adj.)							3.3		
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					6.7	3.8	1.3	2.9	2.7
EV/Sales					8.7	4.9	1.5	3.2	2.9
EV/EBITDA					25.0	10.8	1.9	6.9	5.8
EV/EBIT					75.9	58.5	3.3		
P/B					0.9	1.4	1.1	1.5	2.2
FCF yield					-134%	-4%	42%	13%	15%
Dividend yield					0.0%	2.0%	22.4%	8.4%	13.1%
Return on equity (ROE)					0.2%	-1.8%	33.9%	-18.1%	-21.6%
Return on capital employed (ROCE)					1.3%	2.2%	33.4%	-11.6%	-12.2%
Return on assets (ROA)					0.1%	-1.0%	21.0%	-10.1%	-9.9%
Sales growth						154%	154%	-56%	8%
EBITDA margin					35%	45%	76%	47%	50%
EBIT margin					11%	8%	44%	-26%	-18%
Net margin					1%	-5%	39%	-36%	-27%
Net interest rate					5.2%	12.3%	30.3%	36.3%	46.4%
Tax rate					0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio					61%	54%	62%	56%	46%
Leverage ratio					39%	46%	38%	44%	54%
NIBD / EBITDA (past 1y)					5.7	2.4	0.2	0.6	0.4
Operating cash flow/NIBD					-0.2	0.5	4.1	1.3	2.1
Net interest coverage ratio (EBITDA/Net interest)					3.4	3.4	14.5	4.7	5.5
Current ratio					3.8	2.4	2.8	3.1	3.2
Adj. equity ratio						65%	73%	74%	77%
Operating assets					78	84	76	60	43
Operating liabilities					6	9	9	9	9
Net operating assets					72	75	68	51	35

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)





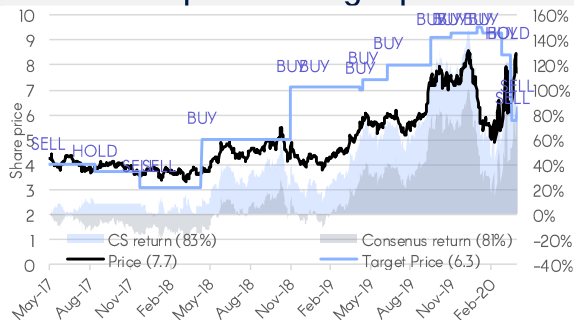
VLCC pure-play with a large fleet on the water. Raking in the cash at the moment, but pricing just too high

DHT-US

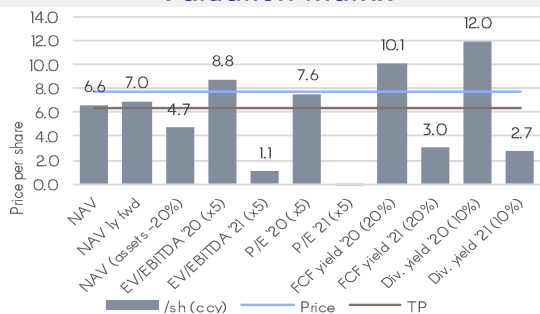
SELL/\$6.3

DHT Holdings

### Share price vs target price

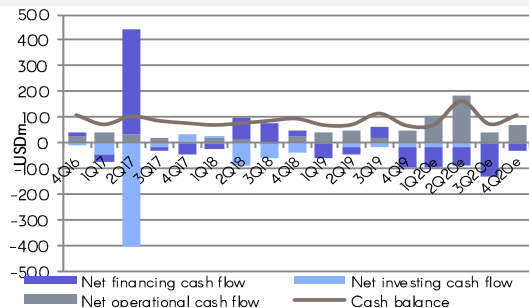


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	348	531	246	246
EBITDA (adj.)	254	440	154	154
EBIT (adj.)	139	313	25	26
PTP (adj.)	87	269	-11	-3
Net earnings (adj.)	87	269	-11	-3
EPS (adj.)	0.59	1.52	-0.06	-0.02
DPS	0.20	1.20	0.27	0.15
USDm	2019E	2020E	2021E	2022E
Fwd NAV	1,180	1,237	1,238	1,599
Adj. equity ratio	57%	61%	67%	75%
FCF yield	9%	26%	8%	8%
Dividend yield	3%	15%	4%	2%
EV/EBITDA	7.5	4.6	12.7	12.1
P/E (adj.)	13.1	5.1		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	156	396	118	125
Free cash flow	103	359	108	116
Net cash flow	-28	41	-127	28
TCE/day	36,463	55,692	25,717	25,655
Cash break-even	25,090	24,498	31,919	18,561
Liquidity	67	108	-19	9
Property & Equip. (incl. NBs)	1,601	1,511	1,393	1,274
Total equity	932	989	930	901
Total assets	1,827	1,779	1,533	1,442
Interest bearing debt	851	745	559	497
Net interest bearing debt	784	637	578	488
Market Cap.	1,135	1,371	1,371	1,371

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

1Q20 Preview USDm	1Q20		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	85.8	141.7	137.2	145.8				
EBITDA (adj.)	64.2	116.3	114.3	120.0				
EBIT (adj.)	36.6	85.6	83.2	89.5				
PTP (adj.)	22.1	75.9	71.8	72.9				
Net earnings (adj.)	22.1	75.9	71.8	78.2				
EPS (adj.)	0.16	0.52	0.40	0.50				
DPS	0.08	0.32	0.27	0.30				
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	85.8	141.7	137.2	145.8				
Opex & G&A	21.6	25.4	22.9	25.8				
Depreciation	27.6	30.7	31.1	30.5				
Net finance	14.5	9.8	11.4	16.6				
Taxes & Minorities	0.0	0.0	0.0	-5.3				

### CF & BS

1Q20 Preview USDm	1Q20		1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	37	50	103					
Free cash flow	35	30	87					
Net cash flow	-26	-48	4					
TCE/day	35,489	58,467	58,179	61,841				
Utilization	99.5%	97.6%	96.0%					
Fleet days	2,430	2,484	2,457					
Cash break-even	35,586	22,041	24,801					
Liquidity	69	67	71					
Interest bearing debt	919	851	825					
Net interest bearing debt	850	784	753					

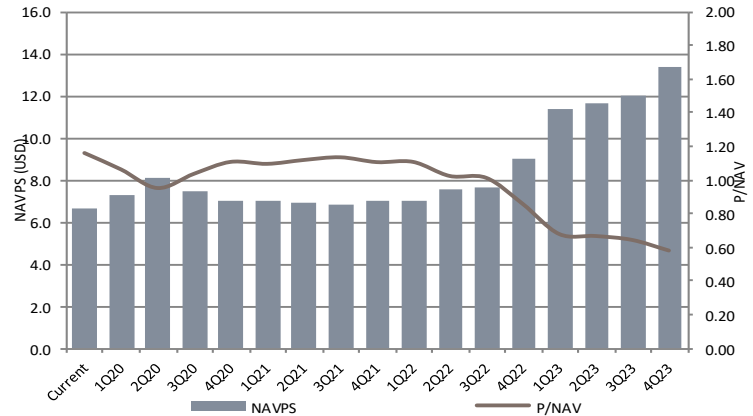


## Company Valuation

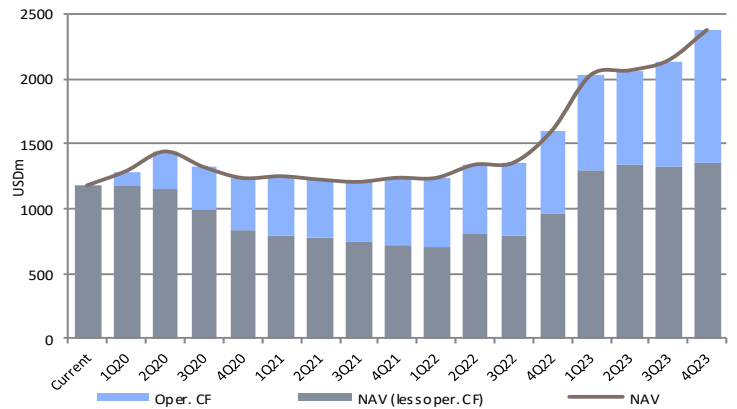
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,601	1,699	1,871
Contract value	0	47	52
Other	135	135	148
<b>GAV</b>	<b>1,736</b>	<b>1,881</b>	<b>2,072</b>
Net debt	-784	-659	-659
Capex	0	-22	-22
Other	-20	-20	-20
<b>Equity</b>	<b>932</b>	<b>1,180</b>	<b>1,371</b>
Shares (diluted)	178	178	178
<b>Equity/sh</b>	<b>5.25</b>	<b>6.64</b>	<b>7.72</b>
lcl CCY	5.25	6.64	7.72
<b>P/Equity</b>	<b>1.47</b>	<b>1.16</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.19</b>	<b>1.10</b>	<b>1.00</b>
Adj. Total Assets	1,827	1,925	2,097
Adj. Equity Ratio	51%	61%	65%
<b>Fair Value</b>	<b>USD</b>	<b>6.3</b>	<b>-18%</b>

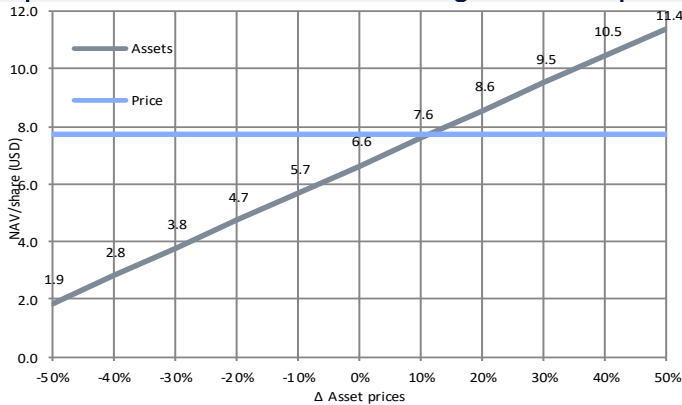
### Quarterly forward NAV & P/NAV



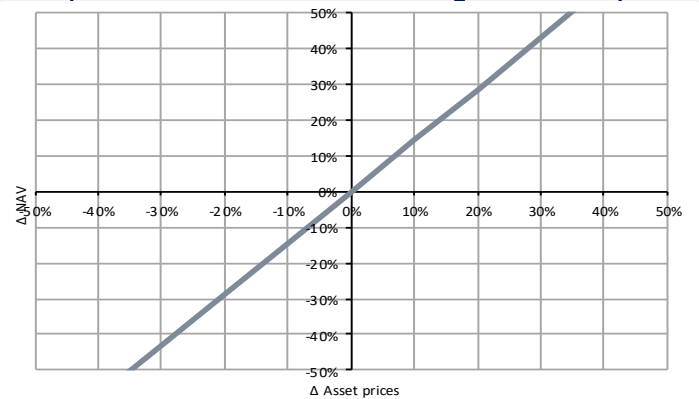
### Quarterly forward NAV decomposition



### Impact on NAV/sh from % change in asset prices



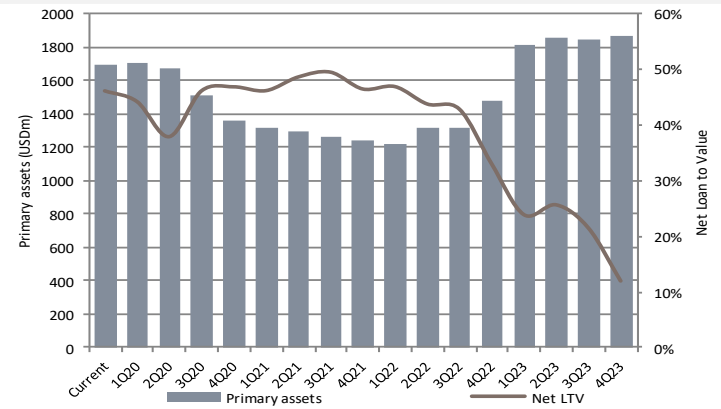
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	348	531	246	246	348	551	512	562	-	-20	-266	-316	
EBITDA (adj.)	254	440	154	154	254	459	420	470	-	-20	-266	-316	
EBIT (adj.)	139	313	25	26	139	333	292	341	-	-20	-266	-316	
PTP (adj.)	87	269	-11	-3	87	289	255	313	-	-20	-266	-316	
Net earnings (adj.)	87	269	-11	-3	87	289	255	313	-	-20	-266	-316	
EPS (adj.)	0.59	1.52	-0.06	-0.02	0.59	1.63	1.44	1.76	-	-0.11	-1.50	-1.78	
DPS	0.20	1.20	0.27	0.15	0.20	0.86	0.90	1.14	-	0.34	-0.62	-0.99	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-20	-266	-316
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	0	-0	-0

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	156	396	118	125	156	416	384	441	-	-20	-266	-316
Free cash flow	103	359	108	116	103	379	374	431	-	-20	-266	-316
Net cash flow	-28	41	-127	28	-28	121	28	167	-	-80	-155	-139
TCE/day	36,463	55,692	25,717	25,655	36,463	57,644	53,469	58,726	-	-1,952	#####	#####
Cash break-even	25,090	24,498	31,919	18,561	25,090	24,498	31,919	18,561	-	-	-	-
Liquidity	67	108	-19	9	67	188	216	383	-	-80	-235	-374
Property & Equip. (incl. NBs)	1,601	1,511	1,393	1,274	1,601	1,511	1,393	1,274	-	-	-	-
Total equity	932	989	930	901	932	1,069	1,165	1,275	-	-80	-235	-374
Total assets	1,827	1,779	1,533	1,442	1,827	1,858	1,768	1,816	-	-80	-235	-374
Interest bearing debt	851	745	559	497	851	745	559	497	-	-	-	-
Net interest bearing debt	784	637	578	488	784	557	343	114	-	80	235	374
Market Cap.	1,135	1,371	1,371	1,371	977	1,180	1,180	1,180	158	191	191	191
Enterprise value	1,918	2,008	1,949	1,860	1,760	1,738	1,523	1,294	158	271	426	565

### Valuation

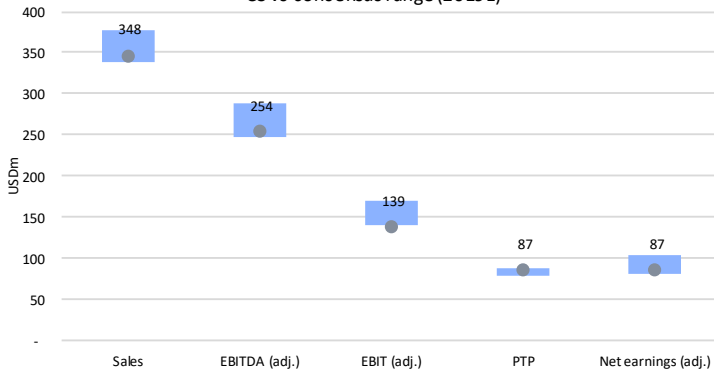
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,180	1,237	1,238	1,599	1,111	1,605	2,187	2,632	69	-369	-949	-1,033
Adj. equity ratio	57%	61%	67%	75%	55%	67%	78%	83%	1%	-6%	-11%	-8%
FCF yield	9%	26%	8%	8%	11%	32%	32%	37%	-1%	-6%	-24%	-28%
Dividend yield	3%	15%	4%	2%	3%	13%	13%	17%	0%	3%	-10%	-15%
EV/EBITDA	7.5	4.6	12.7	12.1	6.9	3.8	3.6	2.8	0.6	0.8	9.0	9.3
P/E (adj.)	13.1	5.1			11.3	4.1	4.6	3.8	1.8	1.0	#####	#####



## Our Estimates vs Consensus

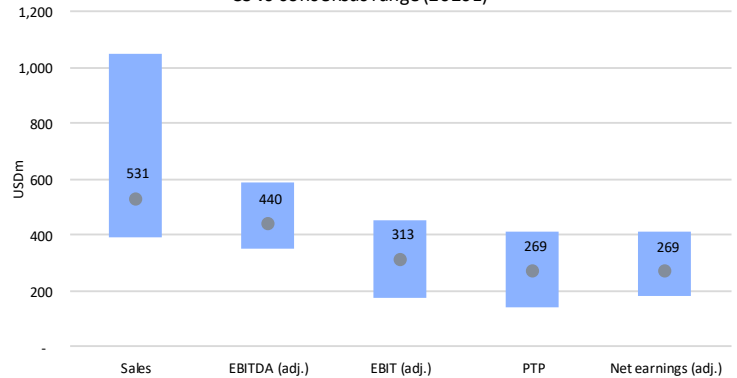
### Profit & Loss, year I

CS vs consensus range (2019E)

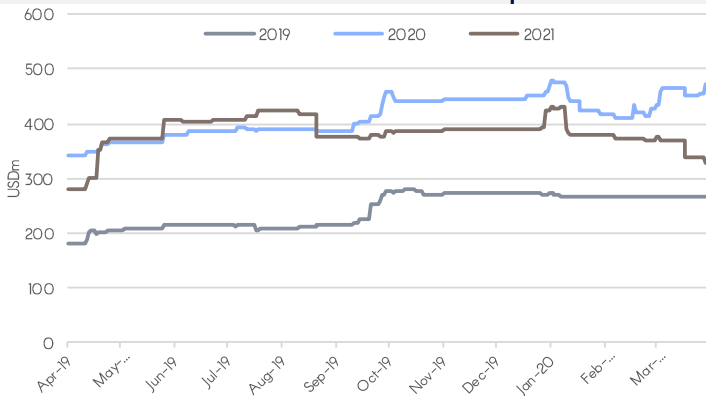


### Profit & Loss, year II

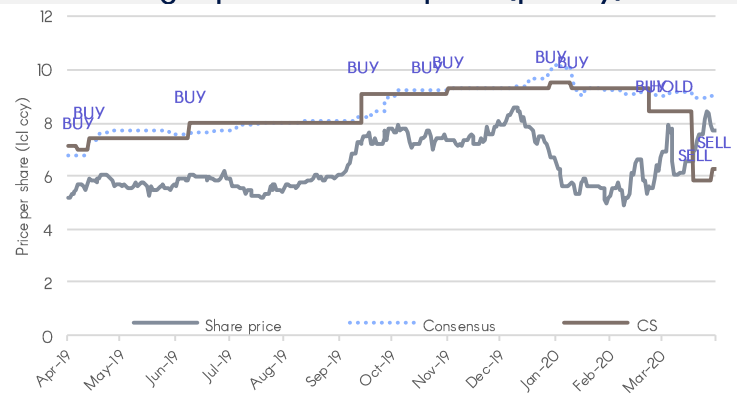
CS vs consensus range (2020E)



### Consensus EBITDA development



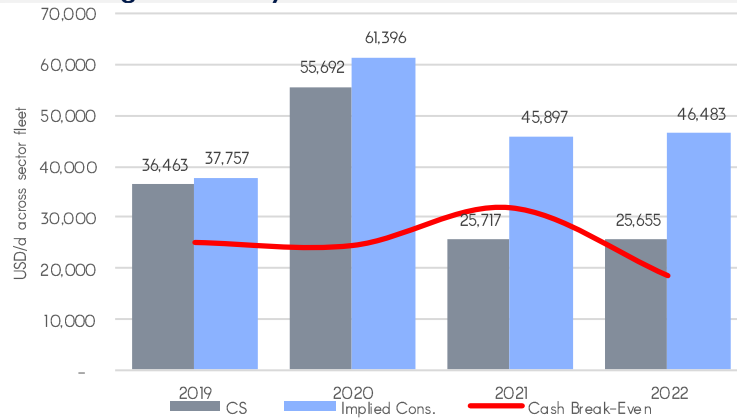
### Target price vs share price (past ly)



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	348	348	360	-12	-3%
Opex + G&A	93	93	93	-0	0%
Depreciation	116	116	113	2	2%
Net finance	52	52	70	-18	-26%
Taxes & Minorities	0	0	-11	11	-101%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	531	531	586	-54	-9%
Opex + G&A	92	92	115	-23	-20%
Depreciation	127	127	167	-40	-24%
Net finance	44	44	25	19	75%
Taxes & Minorities	0	0	-19	19	-101%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	86	61	59	142	137	218	74	103	89
Operational costs	-22	-23	-23	-25	-23	-23	-23	-23	-23
EBITDA	64	38	36	116	114	195	51	80	67
Depreciation/Amortization	-28	-28	-30	-31	-31	-32	-32	-32	-32
EBIT	37	10	6	86	83	163	19	48	34
Net financials	-19	-21	-16	-10	-11	-11	-11	-10	-10
PTP	18	-10	-9	76	72	152	8	37	25
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	18	-11	-9	76	72	152	8	37	25
Non-recurring items	4	7	2	0	0	0	0	0	0
Net earnings (adj.)	22	-4	-8	76	72	152	8	37	25
EPS	0.12	-0.07	-0.07	0.52	0.40	0.86	0.05	0.21	0.14
EPS (adj.)	0.16	-0.02	-0.06	0.52	0.40	0.86	0.05	0.21	0.14
DPS	0.05	0.08	0.02	0.05	0.32	0.27	0.57	0.03	0.14
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	69	71	115	67	71	164	74	108	122
Other current assets	114	86	88	151	151	151	151	151	151
Total current assets	184	157	204	218	222	315	225	259	273
Property & equip. (incl. NBs)	1,638	1,631	1,620	1,601	1,586	1,570	1,541	1,511	1,482
Other non-current assets	6	5	5	8	8	8	8	8	8
Total non-current assets	1,645	1,635	1,625	1,609	1,594	1,578	1,549	1,519	1,490
TOTAL ASSETS	1,828	1,793	1,828	1,827	1,816	1,893	1,773	1,779	1,763
Total equity	870	849	837	932	947	1,051	958	989	989
Short-term debt	94	97	100	100	95	84	198	187	187
Other current liabilities	30	25	29	30	30	30	30	30	30
Total current liabilities	125	122	129	130	124	113	227	216	216
Long-term debt	825	808	848	751	730	715	574	559	543
Other non-current liabilities	10	14	14	14	14	14	14	14	14
Total non-current liabilities	834	822	863	765	744	729	588	573	557
TOTAL EQUITY & LIABILITIES	1,828	1,793	1,828	1,827	1,816	1,893	1,773	1,779	1,763
Working capital, receivables	66	42	55	108	108	108	108	108	108
Working capital, payables	28	21	24	24	24	24	24	24	24
Net working capital	39	21	31	84	84	84	84	84	84
Interest bearing debt	919	906	949	851	825	798	772	745	730
Liquidity	69	71	115	67	71	164	74	108	122
Net interest bearing debt	850	835	833	784	753	634	698	637	608
<b>Cash Flow (USDm)</b>									
Net income	18	-11	-9	76	72	152	8	37	25
Depreciation	28	28	30	31	31	32	32	32	32
Other	7	11	4	-1	0	0	0	0	0
Cash earnings	52	28	24	106	103	184	40	69	57
Changes in working capital	-15	19	-3	-56	0	0	0	0	0
Net operational cash flow	37	48	22	50	103	184	40	69	57
Capex	-2	-18	-14	-20	-16	-16	-2	-2	-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	0	0	0	0	0	0	0	0	0
Net investing cash flow	-2	-18	-14	-20	-16	-16	-2	-2	-2
Repayment of debt	-50	-17	-16	-80	-26	-26	-26	-26	-15
Proceeds from debt	0	0	55	10	0	0	0	0	0
Dividends paid	-7	-11	-3	-7	-57	-48	-102	-6	-25
New equity	0	0	0	0	0	0	0	0	0
Other	-3	0	0	0	0	0	0	0	0
Net financing cash flow	-61	-28	37	-78	-83	-75	-128	-32	-40
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-26	2	44	-48	4	93	-91	35	14
Cash balance	69	71	115	67	71	164	74	108	122
Free cash flow	35	30	8	30	87	168	38	67	54



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	101	296	291	242	214	348	531	246	246
Operational costs	-29	-82	-166	-102	-94	-93	-92	-92	-92
EBITDA	73	214	125	140	120	254	440	154	154
Depreciation/Amortization	-45	-79	-84	-97	-103	-116	-127	-128	-128
EBIT	27	135	41	43	16	139	313	25	26
Net financials	-14	-30	-31	-37	-63	-65	-44	-36	-28
PTP	13	105	9	7	-47	74	269	-11	-3
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>13</b>	<b>105</b>	<b>9</b>	<b>7</b>	<b>-47</b>	<b>74</b>	<b>269</b>	<b>-11</b>	<b>-3</b>
Non-recurring items	0	0	0	0	0	13	0	0	0
<b>Net earnings (adj.)</b>	<b>13</b>	<b>105</b>	<b>9</b>	<b>7</b>	<b>-47</b>	<b>87</b>	<b>269</b>	<b>-11</b>	<b>-3</b>
EPS	0.14	1.13	0.10	0.05	-0.33	0.50	1.52	-0.06	-0.02
EPS (adj.)	0.14	1.13	0.10	0.05	-0.33	0.59	1.52	-0.06	-0.02
DPS	0.06	0.53	0.71	0.16	0.08	0.20	1.20	0.27	0.15
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	167	167	109	77	95	67	108	-19	9
Other current assets	46	51	69	90	98	151	151	151	151
<b>Total current assets</b>	<b>212</b>	<b>218</b>	<b>179</b>	<b>167</b>	<b>193</b>	<b>218</b>	<b>259</b>	<b>132</b>	<b>160</b>
Property & equip. (incl. NBs)	1,163	1,203	1,222	1,559	1,666	1,601	1,511	1,393	1,274
Other non-current assets	3	3	3	4	4	8	8	8	8
<b>Total non-current assets</b>	<b>1,166</b>	<b>1,206</b>	<b>1,225</b>	<b>1,563</b>	<b>1,671</b>	<b>1,609</b>	<b>1,519</b>	<b>1,401</b>	<b>1,282</b>
<b>TOTAL ASSETS</b>	<b>1,378</b>	<b>1,424</b>	<b>1,404</b>	<b>1,730</b>	<b>1,864</b>	<b>1,827</b>	<b>1,779</b>	<b>1,533</b>	<b>1,442</b>
<b>Total equity</b>	<b>675</b>	<b>738</b>	<b>685</b>	<b>926</b>	<b>862</b>	<b>932</b>	<b>989</b>	<b>930</b>	<b>901</b>
Short-term debt	32	32	58	65	94	100	79	85	90
Other current liabilities	36	21	17	18	30	30	30	30	30
<b>Total current liabilities</b>	<b>68</b>	<b>53</b>	<b>74</b>	<b>83</b>	<b>124</b>	<b>130</b>	<b>109</b>	<b>114</b>	<b>119</b>
Long-term debt	629	630	644	721	873	751	666	474	408
Other non-current liabilities	6	3	0	0	5	14	14	14	14
<b>Total non-current liabilities</b>	<b>635</b>	<b>633</b>	<b>644</b>	<b>722</b>	<b>878</b>	<b>765</b>	<b>680</b>	<b>488</b>	<b>422</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,378</b>	<b>1,424</b>	<b>1,404</b>	<b>1,730</b>	<b>1,864</b>	<b>1,827</b>	<b>1,779</b>	<b>1,533</b>	<b>1,442</b>
Working capital, receivables	29	40	34	42	60	108	108	108	108
Working capital, payables	30	12	12	17	23	24	24	24	24
<b>Net working capital</b>	<b>-1</b>	<b>28</b>	<b>23</b>	<b>25</b>	<b>38</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>84</b>
Interest bearing debt	661	662	701	786	967	851	745	559	497
Liquidity	167	167	109	77	95	67	108	-19	9
<b>Net interest bearing debt</b>	<b>495</b>	<b>496</b>	<b>592</b>	<b>709</b>	<b>872</b>	<b>784</b>	<b>637</b>	<b>578</b>	<b>488</b>
<b>Cash Flow (USDm)</b>									
Net income	13	105	9	7	-47	74	269	-11	-3
Depreciation	45	79	84	97	103	116	127	128	128
Other	-29	11	96	20	26	21	0	0	0
<b>Cash earnings</b>	<b>29</b>	<b>195</b>	<b>189</b>	<b>124</b>	<b>82</b>	<b>210</b>	<b>396</b>	<b>118</b>	<b>125</b>
Changes in working capital	2	-14	5	-22	-28	-54	0	0	0
<b>Net operational cash flow</b>	<b>31</b>	<b>182</b>	<b>194</b>	<b>102</b>	<b>54</b>	<b>156</b>	<b>396</b>	<b>118</b>	<b>125</b>
Capex	-295	-145	-236	-298	-235	-54	-37	-10	-10
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
<b>Net investing cash flow</b>	<b>-551</b>	<b>-126</b>	<b>-213</b>	<b>-187</b>	<b>-188</b>	<b>-53</b>	<b>-37</b>	<b>-10</b>	<b>-10</b>
Repayment of debt	207	-6	55	93	168	-163	-106	-187	-62
Proceeds from debt	489	99	219	200	617	65	0	0	0
Dividends paid	-6	-49	-66	-23	-11	-28	-212	-48	-26
New equity	360	0	0	0	0	0	0	0	0
Other	-489	-99	-247	-218	-622	0	0	0	0
<b>Net financing cash flow</b>	<b>561</b>	<b>-56</b>	<b>-38</b>	<b>53</b>	<b>152</b>	<b>-130</b>	<b>-318</b>	<b>-235</b>	<b>-88</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>41</b>	<b>0</b>	<b>-57</b>	<b>-32</b>	<b>18</b>	<b>-28</b>	<b>41</b>	<b>-127</b>	<b>28</b>
Cash balance	167	167	109	77	95	67	108	-19	9
<b>Free cash flow</b>	<b>-521</b>	<b>56</b>	<b>-19</b>	<b>-85</b>	<b>-134</b>	<b>103</b>	<b>359</b>	<b>108</b>	<b>116</b>



# Cleaves Securities

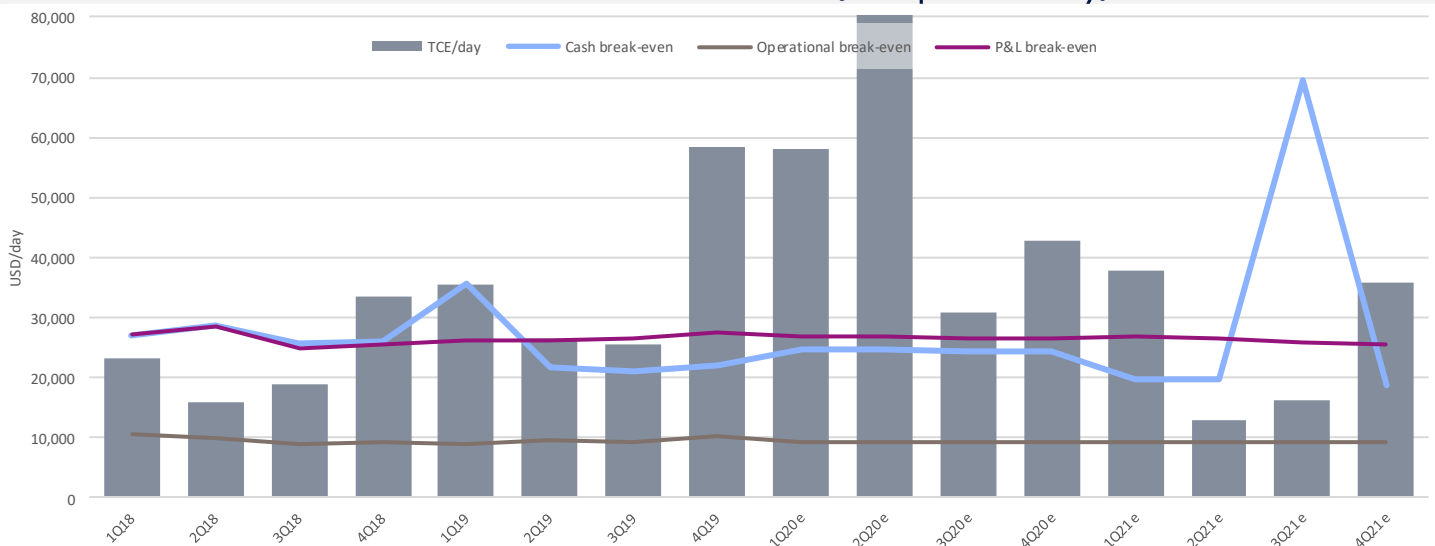
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	93	93	93	142	143	147	178	178	178
Share price, avg (USD)	7	8	5	4	4	6	8	8	8
Share price, end (USD)	7	8	4	4	4	8	8	8	8
<b>Market Cap.</b>	<b>676</b>	<b>752</b>	<b>387</b>	<b>511</b>	<b>559</b>	<b>1,135</b>	<b>1,371</b>	<b>1,371</b>	<b>1,371</b>
NIBD	495	496	592	709	872	784	637	578	488
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,171</b>	<b>1,247</b>	<b>979</b>	<b>1,220</b>	<b>1,432</b>	<b>1,918</b>	<b>2,008</b>	<b>1,949</b>	<b>1,860</b>
<b>Key Figures &amp; Ratios</b>	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	52.5	7.1	41.8	77.4		15.4	5.1		
P/E (adj.)	52.5	7.1	41.8	77.4		13.1	5.1		
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	2.6	5.6	5.6
EV/Sales	11.5	4.2	3.4	5.0	6.7	5.5	3.8	7.9	7.6
EV/EBITDA	16.1	5.8	7.8	8.7	12.0	7.5	4.6	12.7	12.1
EV/EBIT	42.7	9.2	24.2	28.2	87.9	13.8	6.4	76.5	72.9
P/B	1.0	1.0	0.6	0.6	0.6	1.2	1.4	1.5	1.5
FCF yield	-77%	7%	-5%	-17%	-24%	9%	26%	8%	8%
Dividend yield	0.9%	6.5%	17.2%	4.6%	2.1%	2.5%	15.5%	3.5%	1.9%
Return on equity (ROE)	1.9%	14.3%	1.4%	0.7%	-5.4%	7.9%	27.2%	-1.1%	-0.3%
Return on capital employed (ROCE)	2.3%	11.0%	3.2%	2.6%	0.9%	8.1%	19.2%	1.7%	1.8%
Return on assets (ROA)	0.9%	7.4%	0.7%	0.4%	-2.5%	4.0%	15.1%	-0.7%	-0.2%
Sales growth	65%	192%	-2%	-17%	-11%	62%	53%	-54%	0%
EBITDA margin	71%	72%	43%	58%	56%	73%	83%	63%	63%
EBIT margin	27%	46%	14%	18%	8%	40%	59%	10%	10%
Net margin	13%	36%	3%	3%	-22%	21%	51%	-4%	-1%
Net interest rate	2.9%	6.8%	5.9%	5.7%	6.2%	6.9%	7.0%	6.4%	6.0%
Tax rate	0.7%	0.1%	1.0%	1.9%	-0.2%	0.2%	0.0%	-0.1%	0.0%
Equity ratio	49%	52%	49%	54%	46%	51%	56%	61%	62%
Leverage ratio	51%	48%	51%	46%	54%	49%	44%	39%	38%
NIBD / EBITDA (past 1y)	6.8	2.3	4.7	5.1	7.3	3.1	1.4	3.8	3.2
Operating cash flow/NIBD	0.1	0.4	0.3	0.1	0.1	0.2	0.6	0.2	0.3
Net interest coverage ratio (EBIT)	5.1	6.4	3.6	3.5	2.2	4.7	9.8	4.1	5.2
Current ratio	3.1	4.1	2.4	2.0	1.6	1.7	2.4	1.2	1.3
Adj. equity ratio						57%	61%	67%	75%
Operating assets	1,211	1,257	1,294	1,653	1,769	1,760	1,670	1,552	1,433
Operating liabilities	42	23	17	18	35	44	44	44	44
Net operating assets	1,169	1,234	1,277	1,635	1,734	1,716	1,626	1,508	1,389

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)



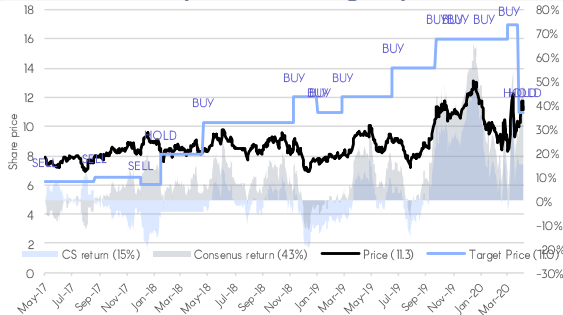


## EURN-US

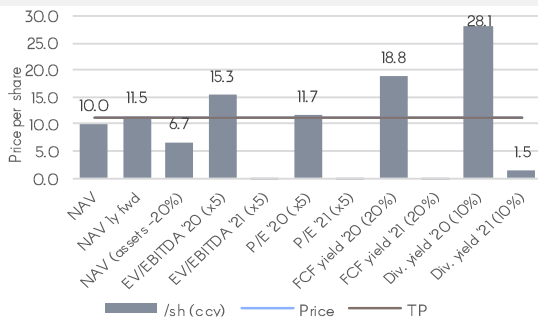
## HOLD/\$11

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### Share price vs target price

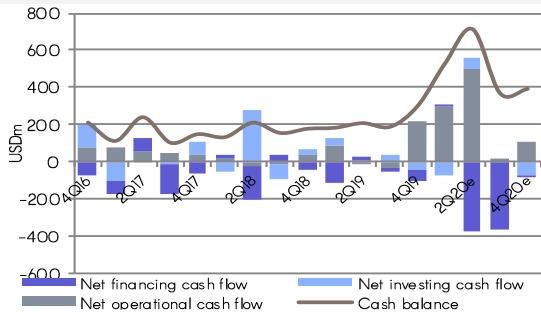


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	790	1,202	498	545
EBITDA (adj.)	507	923	210	267
EBIT (adj.)	170	580	-133	-47
PTP (adj.)	100	516	-214	-124
Net earnings (adj.)	100	515	-214	-124
EPS (adj.)	0.46	2.34	-0.97	-0.56
DPS	0.12	2.81	0.15	0.16
USDm	2019E	2020E	2021E	2022E
Fwd NAV	2,201	2,537	2,401	3,192
Adj. equity ratio	54%	59%	57%	66%
FCF yield	11%	33%	-4%	8%
Dividend yield	1%	25%	1%	1%
EV/EBITDA	7.8	3.8	18.3	13.9
P/E (adj.)	27.5	4.8		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	272	918	129	191
Free cash flow	316	828	-95	191
Net cash flow	124	93	-76	20
TCE/day	32,356	48,692	19,443	22,245
Cash break-even	23,270	24,034	19,590	19,657
Liquidity	297	390	314	334
Property & Equip. (incl. NBs)	3,238	2,985	2,866	2,552
Total equity	2,312	2,268	2,021	1,863
Total assets	4,165	4,004	3,810	3,516
Interest bearing debt	1,745	1,628	1,681	1,545
Net interest bearing debt	1,448	1,238	1,367	1,211
Market Cap.	2,759	2,486	2,486	2,486

Source: Cleaves, Bloomberg, Clarksons SIN, 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

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	197.0	320.3	359.9	359.3				
EBITDA (adj.)	122.9	247.4	289.2	284.0				
EBIT (adj.)	39.1	168.5	203.5	212.5				
PTP (adj.)	19.1	151.7	187.1	185.3				
Net earnings (adj.)	19.6	151.4	186.8	188.1				
EPS (adj.)	0.09	0.69	0.85	0.86				
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	197.0	320.3	359.9	359.3				
Opex & G&A	74.1	72.9	70.6	75.3				
Depreciation	83.9	78.9	85.8	71.5				
Net finance	19.9	16.9	16.4	27.3				
Taxes & Minorities	-0.5	0.2	0.3	-2.8				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	87	219	296					
Free cash flow	126	176	221					
Net cash flow	5	113	230					
TCE/day	34,667	50,906	57,419	57,328				
Fleet days	6,300	6,486	6,461					
Cash break-even	24,101	23,041	23,121					
Liquidity	178	297	527					
Interest bearing debt	1,770	1,745	1,722					
Net interest bearing debt	1,592	1,448	1,194					



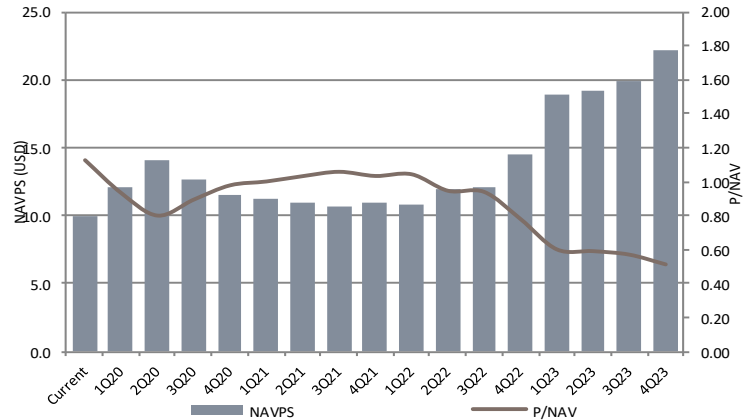


## Company Valuation

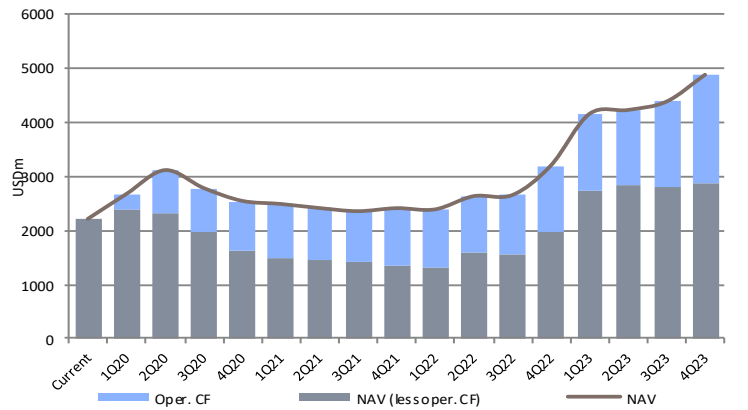
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	3,238	3,684	3,943
Contract value	0	29	31
Other	553	342	366
<b>GAV</b>	<b>3,791</b>	<b>4,054</b>	<b>4,339</b>
Net debt	-1,448	-1,448	-1,448
Capex	0	-374	-374
Other	-32	-32	-32
<b>Equity</b>	<b>2,312</b>	<b>2,201</b>	<b>2,486</b>
Shares	220	220	220
<b>Equity/sh</b>	<b>10.51</b>	<b>10.01</b>	<b>11.30</b>
1cl CCY	10.51	10.01	11.30
<b>P/Equity</b>	<b>1.08</b>	<b>1.13</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.14</b>	<b>1.07</b>	<b>1.00</b>
Adj. Total Assets	4,165	4,610	4,869
Adj. Equity Ratio	56%	48%	51%
<b>Fair Value</b>	<b>USD</b>	<b>11.3</b>	<b>0%</b>

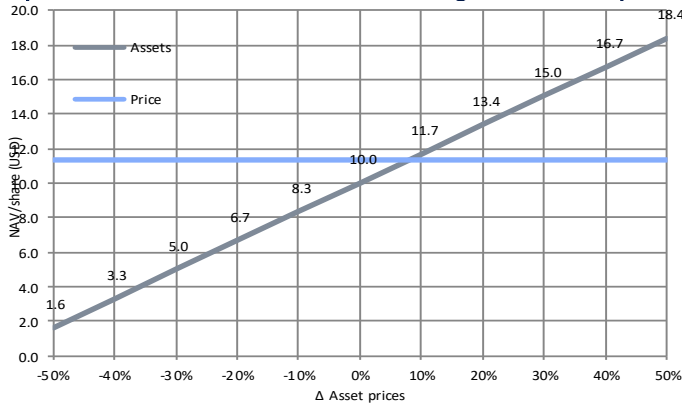
### Quarterly forward NAV & P/NAV



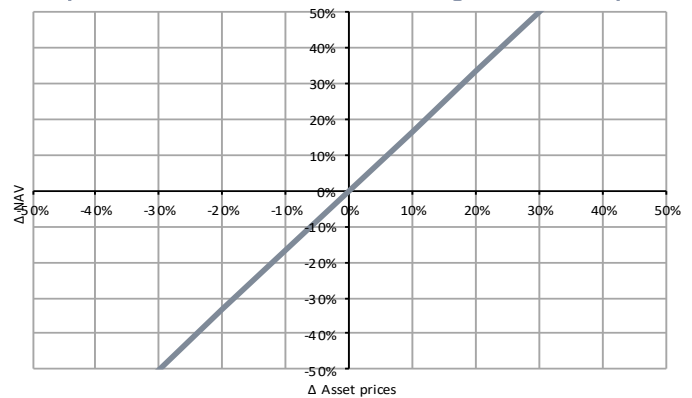
### Quarterly forward NAV decomposition



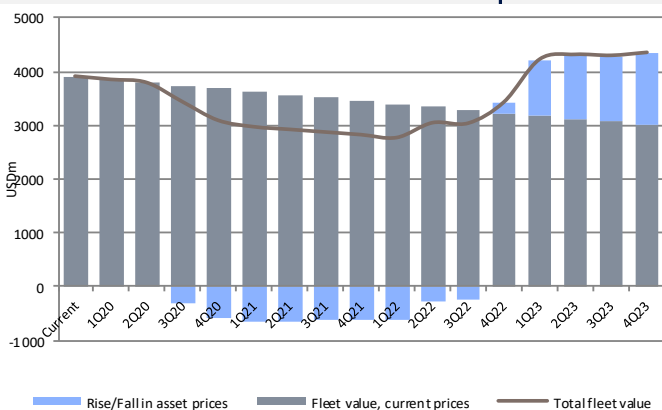
### Impact on NAV/sh from % change in asset prices



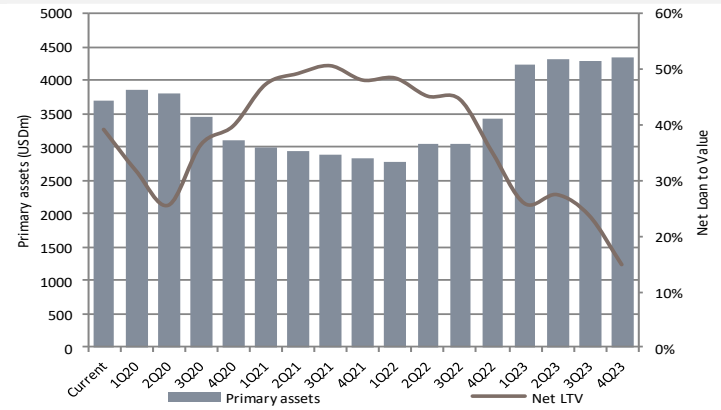
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	790	1,202	498	545	790	1,290	1,231	1,294	-	-87	-733	-750	
EBITDA (adj.)	507	923	210	267	507	1,006	937	1,010	-	-83	-727	-744	
EBIT (adj.)	170	580	-133	-47	170	663	594	696	-	-83	-727	-744	
PTP (adj.)	100	516	-214	-124	100	600	514	621	-	-84	-728	-744	
Net earnings (adj.)	100	515	-214	-124	100	600	514	621	-	-84	-728	-744	
EPS (adj.)	0.46	2.34	-0.97	-0.56	0.46	2.73	2.33	2.82	-	-0.38	-3.31	-3.38	
DPS	0.12	2.81	0.15	0.16	0.12	1.84	1.82	2.41	-	0.97	-1.67	-2.25	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-87	-733	-750
									Opex & G&A	-	-5	-6	-6
									Depreciation	-	-0	-	-
									Net finance	-	1	1	1
									Taxes & Minorities	-	0	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	272	918	129	191	273	966	857	935	-1	-48	-728	-744
Free cash flow	316	828	-95	191	441	816	633	935	-125	12	-728	-744
Net cash flow	124	93	-76	20	124	292	289	272	-	-199	-364	-251
TCE/day	32,356	48,692	19,443	22,245	32,356	50,890	46,661	51,470	-	-2,198	#####	#####
Cash break-even	23,270	24,034	19,590	19,657	23,535	23,788	19,146	19,202	-264	247	444	455
Liquidity	297	390	314	334	297	589	877	1,149	-	-199	-563	-815
Property & Equip. (incl. NBs)	3,238	2,985	2,866	2,552	3,216	3,022	2,903	2,589	22	-37	-37	-37
Total equity	2,312	2,268	2,021	1,863	2,318	2,537	2,651	2,741	-7	-269	-630	-879
Total assets	4,165	4,004	3,810	3,516	4,140	4,238	4,408	4,365	25	-234	-598	-849
Interest bearing debt	1,745	1,628	1,681	1,545	1,712	1,592	1,648	1,515	33	36	33	30
Net interest bearing debt	1,448	1,238	1,367	1,211	1,415	1,003	770	366	33	235	596	845
Market Cap.	2,759	2,486	2,486	2,486	2,759	2,256	2,256	2,256	-	230	230	230
Enterprise value	4,207	3,725	3,853	3,697	4,174	3,260	3,027	2,622	33	465	826	1,075

### Valuation

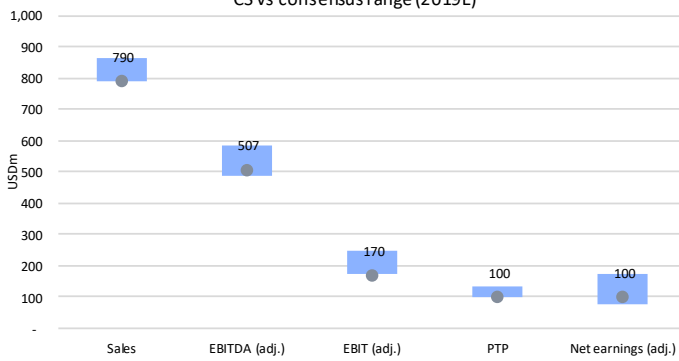
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	2.201	2.537	2.401	3.192	2.412	3.757	5.110	6.077	-210	-1,220	#####	-2,885
Adj. equity ratio	54%	59%	57%	66%	57%	69%	74%	79%	-3%	-9%	-17%	-13%
FCF yield	11%	33%	-4%	8%	16%	36%	28%	41%	-5%	-3%	-32%	-34%
Dividend yield	1%	25%	1%	1%	1%	18%	18%	24%	0%	7%	-16%	-22%
EV/EBITDA	7.8	3.8	18.3	13.9	7.7	3.2	3.2	2.6	0.1	0.6	15.1	11.3
P/E (adj.)	27.5	4.8			27.5	3.8	4.4	3.6	-	1.1	#####	#####



## Our Estimates vs Consensus

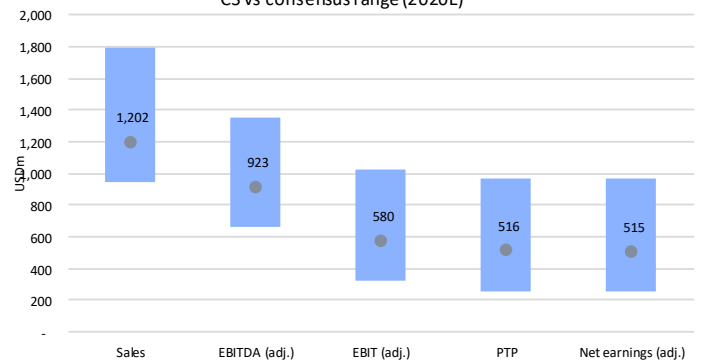
### Profit & Loss, year I

CS vs consensus range (2019E)

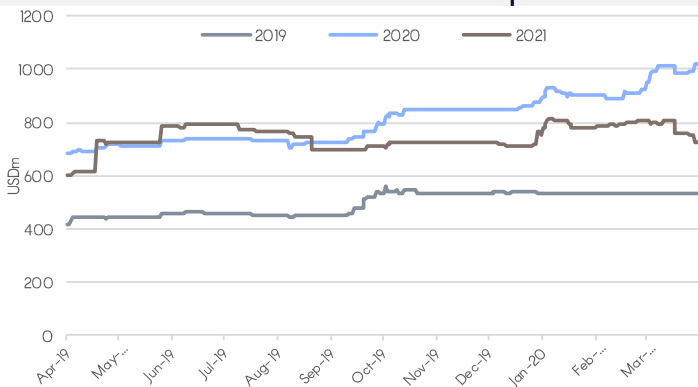


### Profit & Loss, year II

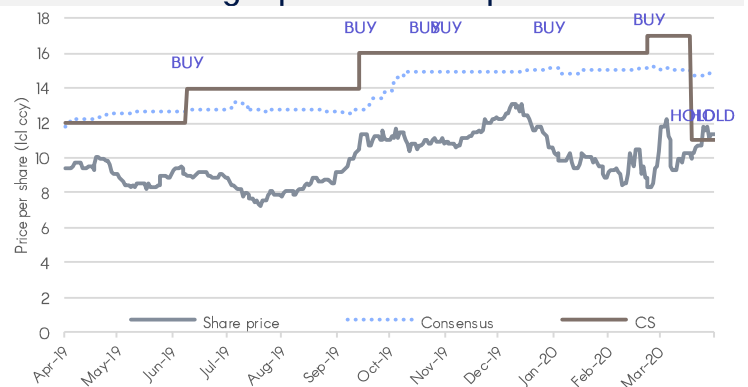
CS vs consensus range (2020E)



### Consensus EBITDA development



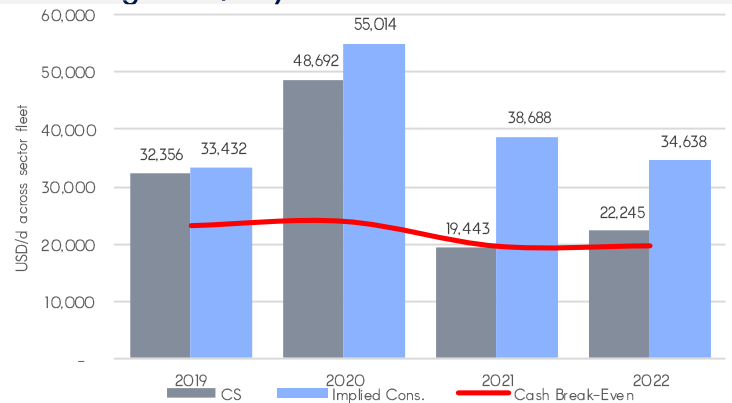
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	790	816	-26	-3%	
Opex + G&A	283	281	2	1%	
Depreciation	338	331	7	2%	
Net finance	70	86	-16	-19%	
Taxes & Minorities	-0	9	-10	-104%	
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	1,202	1,358	-156	-11%	
Opex + G&A	279	336	-56	-17%	
Depreciation	343	337	6	2%	
Net finance	64	49	15	30%	
Taxes & Minorities	1	37	-36	-98%	

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	197	132	140	320	360	550	104	188	151
Operational costs	-74	-68	-50	-58	-48	-32	-69	-71	-70
EBITDA	123	64	90	262	312	518	35	117	81
Depreciation/Amortization	-84	-85	-85	-84	-86	-86	-86	-86	-86
EBIT	39	-20	5	178	226	432	-51	32	-4
Net financials	-20	-20	-27	-17	-17	-16	-16	-15	-20
PTP	19	-40	-22	161	210	416	-67	16	-24
Taxes/Minorities	0	2	-1	0	0	-1	0	0	0
Net earnings	20	-39	-23	161	210	416	-67	16	-24
Non-recurring items	0	0	-9	-9	-23	-37	0	0	0
Net earnings (adj.)	20	-39	-32	151	187	379	-67	16	-24
EPS	0.09	-0.18	-0.10	0.73	0.95	1.89	-0.30	0.07	-0.11
EPS (adj.)	0.09	-0.18	-0.14	0.69	0.85	1.72	-0.30	0.07	-0.11
DPS	0.00	0.06	0.00	0.06	0.00	1.40	1.38	0.03	0.06
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	178	204	184	297	529	714	366	390	376
Other current assets	360	413	468	505	505	505	505	505	505
Total current assets	539	617	651	802	1,034	1,219	871	895	882
Property & equip. (incl. NBs)	3,523	3,416	3,332	3,238	3,227	3,082	2,996	2,985	3,124
Other non-current assets	87	83	82	124	124	124	124	124	124
Total non-current assets	3,610	3,499	3,414	3,363	3,352	3,206	3,120	3,109	3,248
TOTAL ASSETS	4,148	4,116	4,065	4,165	4,386	4,426	3,991	4,004	4,129
Total equity	2,260	2,195	2,158	2,312	2,521	2,628	2,258	2,268	2,231
Short-term debt	307	299	244	221	268	258	248	249	256
Other current liabilities	109	104	103	95	95	95	95	95	95
Total current liabilities	417	403	347	316	363	353	343	344	350
Long-term debt	1,463	1,507	1,550	1,524	1,488	1,431	1,377	1,379	1,535
Other non-current liabilities	8	10	11	13	13	13	13	13	13
Total non-current liabilities	1,471	1,518	1,561	1,537	1,501	1,444	1,390	1,393	1,548
TOTAL EQUITY & LIABILITIES	4,148	4,116	4,065	4,165	4,386	4,426	3,991	4,004	4,129
Working capital, receivables	354	390	222	289	289	289	289	289	289
Working capital, payables	109	88	102	76	76	76	76	76	76
Net working capital	245	301	120	213	213	213	213	213	213
Interest bearing debt	1,770	1,807	1,793	1,745	1,756	1,689	1,625	1,628	1,790
Liquidity	178	204	184	297	529	714	366	390	376
Net interest bearing debt	1,592	1,603	1,610	1,448	1,227	975	1,259	1,238	1,414
<b>Cash Flow (USDm)</b>									
Net income	20	-39	-23	161	210	416	-67	16	-24
Depreciation	84	85	85	84	86	86	86	86	86
Other	6	-2	-11	-12	0	0	0	0	0
Cash earnings	110	44	51	233	295	501	19	102	61
Changes in working capital	-23	-45	-83	-14	0	0	0	0	0
Net operational cash flow	87	-1	-33	219	295	501	19	102	61
Capex	-3	-1	0	-3	-75	0	0	-75	-224
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	42	7	38	0	0	60	0	0	0
Other	0	3	2	-39	0	0	0	0	0
Net investing cash flow	39	8	39	-43	-75	60	0	-75	-224
Repayment of debt	-104	34	-14	-175	-55	-67	-65	-62	-34
Proceeds from debt	0	0	0	0	67	0	0	65	196
Dividends paid	0	-13	0	-13	0	-309	-303	-7	-13
New equity	0	0	0	0	0	0	0	0	0
Other	-17	-3	-11	124	0	0	0	0	0
Net financing cash flow	-120	18	-26	-63	11	-376	-368	-3	149
Currency effect	0	0	-1	0	0	0	0	0	0
Net cash flow	5	25	-20	113	232	185	-348	24	-13
Cash balance	178	204	184	297	529	714	366	390	376
Free cash flow	126	7	7	176	221	561	19	27	-163



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	592	918	744	575	741	790	1,202	498	545
Operational costs						-250	-220	-288	-278
EBITDA						539	983	210	267
Depreciation/Amortization						-338	-343	-343	-314
EBIT	12	352	208	13	-75	202	639	-133	-47
Net financials	-63	4	-4	-13	-35	-83	-64	-82	-76
PTP	-52	356	204	0	-110	118	576	-214	-124
Taxes/Minorities	6	-6	0	1	0	0	-1	0	0
Net earnings	-46	350	204	1	-110	119	575	-214	-124
Non-recurring items	0	0	0	0	0	-19	-60	0	0
Net earnings (adj.)	-46	350	204	1	-110	100	515	-214	-124
EPS	-0.35	2.20	1.28	0.01	-0.50	0.54	2.61	-0.97	-0.56
EPS (adj.)	-0.35	2.20	1.28	0.01	-0.50	0.46	2.34	-0.97	-0.56
DPS	0.00	0.87	1.36	0.28	0.10	0.12	2.81	0.15	0.16
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	254	132	207	144	173	297	390	314	334
Other current assets	284	243	167	137	348	505	505	505	505
Total current assets	538	375	373	281	521	802	895	819	840
Property & equip. (incl. NBs)	2,276	2,383	2,470	2,337	3,522	3,238	2,985	2,866	2,552
Other non-current assets	282	283	203	194	84	124	124	124	124
Total non-current assets	2,559	2,666	2,674	2,530	3,606	3,363	3,109	2,990	2,676
TOTAL ASSETS	3,096	3,041	3,047	2,811	4,127	4,165	4,004	3,810	3,516
Total equity	1,473	1,906	1,888	1,846	2,261	2,312	2,268	2,021	1,863
Short-term debt	169	100	119	97	199	221	159	169	187
Other current liabilities	126	79	70	61	88	95	95	95	95
Total current liabilities	295	180	189	159	287	316	254	264	282
Long-term debt	1,319	952	966	801	1,570	1,524	1,469	1,512	1,358
Other non-current liabilities	9	3	3	5	10	13	13	13	13
Total non-current liabilities	1,328	955	970	806	1,580	1,537	1,482	1,525	1,371
TOTAL EQUITY & LIABILITIES	3,096	3,041	3,047	2,811	4,127	4,165	4,004	3,810	3,516
Working capital, receivables	48	36	39	33	65	289	289	289	289
Working capital, payables	85	62	56	51	80	76	76	76	76
Net working capital	-37	-26	-17	-19	-15	213	213	213	213
Interest bearing debt	1,489	1,052	1,086	899	1,769	1,745	1,628	1,681	1,545
Liquidity	254	132	207	144	173	297	390	314	334
Net interest bearing debt	1,235	921	879	755	1,595	1,448	1,238	1,367	1,211
<b>Cash Flow (USDm)</b>									
Net income	-46	350	204	1	-110	119	575	-214	-124
Depreciation						338	343	343	314
Other						-19	0	0	0
Cash earnings	127	508	400	189	115	437	918	129	191
Changes in working capital	-112	-58	38	22	-115	-165	0	0	0
Net operational cash flow	15	451	438	211	1	272	918	129	191
Capex	-1,177	-360	-343	-178	-238	-8	-150	-224	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	124	113	223	97	27	86	60	0	0
Other	31	41	19	41	401	32	60	0	0
Net investing cash flow	-1,023	-206	-101	-40	190	44	-90	-224	0
Repayment of debt	580	-445	-38	-191	-136	-259	-249	-143	-136
Proceeds from debt	1,395	931	—	—	—	0	132	196	0
Dividends paid	0	-138	-217	-44	-23	-26	-619	-33	-35
New equity	475	237	—	—	—	0	0	0	0
Other	-1,262	-951	-6	0	-2	32	60	0	0
Net financing cash flow	1,189	-365	-261	-235	-160	-191	-735	20	-171
Currency effect	-1	-2	-1	1	-1	-1	0	0	0
Net cash flow	180	-122	75	-63	29	124	93	-76	20
Cash balance	254	132	207	144	173	297	390	314	334
Free cash flow	-1,008	245	338	171	191	316	828	-95	191



# Cleaves Securities

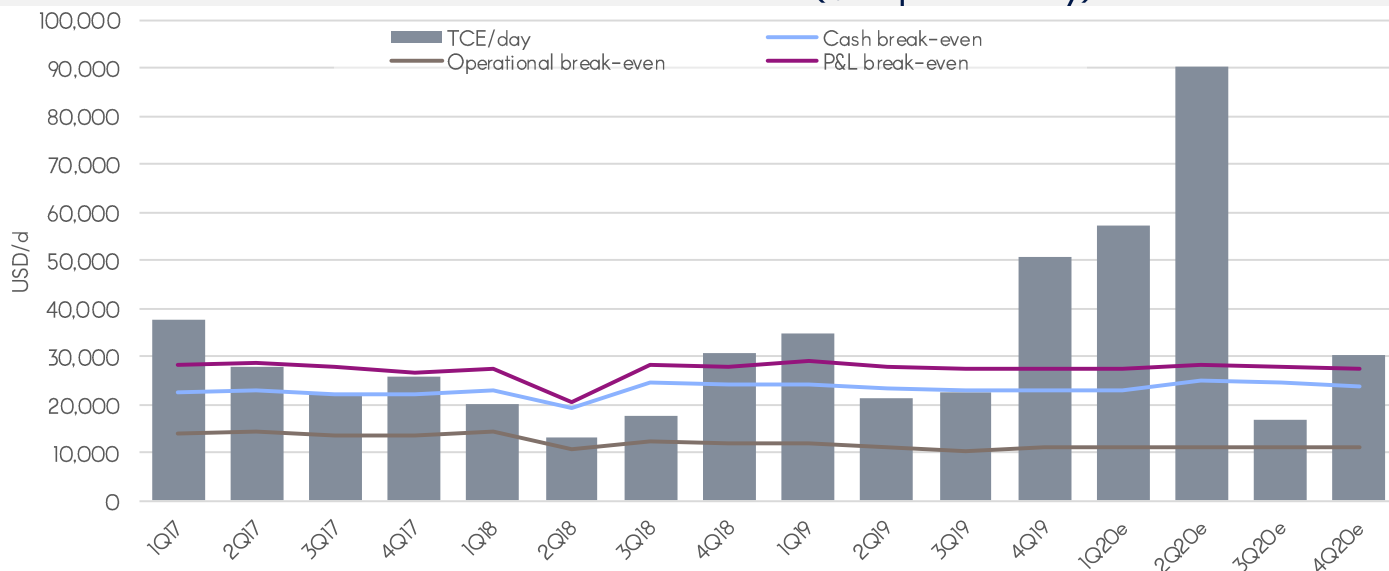
## Shipping Quarterly: Coronavirus Volatility

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

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	13	11	11	11
<b>Market Cap.</b>		<b>2,183</b>	<b>1,266</b>	<b>1,473</b>	<b>1,525</b>	<b>2,759</b>	<b>2,486</b>	<b>2,486</b>	<b>2,486</b>
NIBD	1,235	921	879	755	1,595	1,448	1,238	1,367	1,211
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>		<b>3,103</b>	<b>2,145</b>	<b>2,228</b>	<b>3,120</b>	<b>4,207</b>	<b>3,725</b>	<b>3,853</b>	<b>3,697</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		6.2	6.2			23.2	4.3		
P/E (adj.)		6.2	6.2			27.5	4.8		
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	3.5	2.1	5.0	4.6
EV/Sales		3.4	2.9	3.9	4.2	5.3	3.1	7.7	6.8
EV/EBITDA						7.8	3.8	18.3	13.9
EV/EBIT		8.8	10.3			20.8	5.8		
P/B		1.1	0.7	0.8	0.7	1.2	1.1	1.2	1.3
FCF yield		11%	27%	12%	13%	11%	33%	-4%	8%
Dividend yield		6.3%	17.1%	3.0%	1.5%	0.9%	24.9%	1.3%	1.4%
Return on equity (ROE)	-3.1%	18.4%	10.8%	0.1%	-4.9%	5.1%	25.3%	-10.6%	-6.6%
Return on capital employed (ROCE)	0.4%	12.5%	7.5%	0.5%	-1.9%	5.4%	18.5%	-4.0%	-1.6%
Return on assets (ROA)	-1.5%	11.5%	6.7%	0.0%	-2.7%	2.9%	14.4%	-5.6%	-3.5%
Sales growth	54%	55%	-19%	-23%	29%	7%	52%	-59%	9%
EBITDA margin						68%	82%	42%	49%
EBIT margin	2%	38%	28%	2%	-10%	26%	53%	-27%	-9%
Net margin	-8%	38%	27%	0%	-15%	15%	48%	-43%	-23%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%	6.5%	6.0%	6.3%
Tax rate	11.1%	1.6%	-0.1%	-5432.0%	-0.2%	-0.3%	0.1%	0.0%	0.0%
Equity ratio	48%	63%	62%	66%	55%	56%	57%	53%	53%
Leverage ratio	52%	37%	38%	34%	45%	44%	43%	47%	47%
NIBD / EBITDA (past ly)						2.7	1.3	6.5	4.5
Operating cash flow/NIBD	0.0	0.5	0.5	0.3	0.0	0.2	0.7	0.1	0.2
Net interest coverage ratio (EBITDA)						5.7	12.3	2.6	3.5
Current ratio	1.8	2.1	2.0	1.8	1.8	2.5	3.5	3.1	3.0
Adj. equity ratio						54%	59%	57%	66%
Operating assets	2,842	2,909	2,840	2,667	3,954	3,818	3,564	3,445	3,131
Operating liabilities	135	83	73	66	98	108	108	108	108
Net operating assets	2,707	2,827	2,767	2,601	3,856	3,709	3,456	3,337	3,023

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)



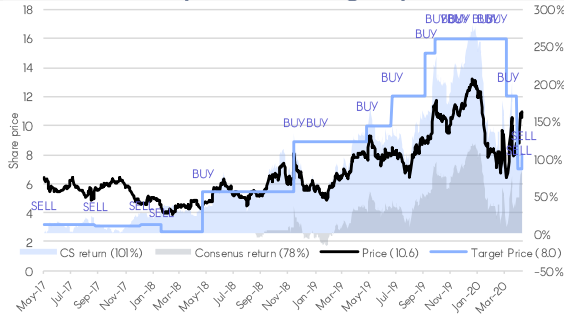


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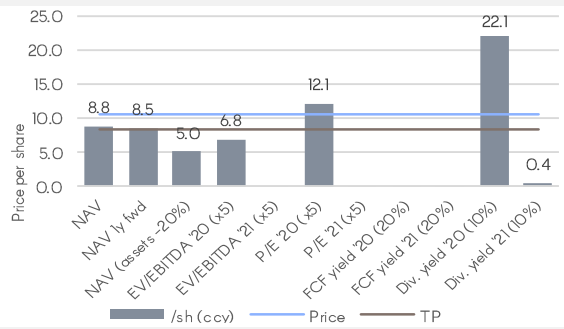
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Frontline

### Share price vs target price

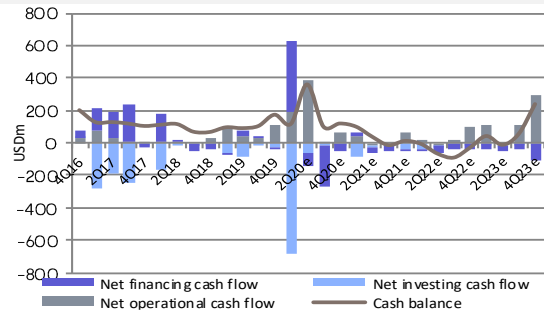


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	562	1,000	427	463
EBITDA (adj.)	351	757	202	237
EBIT (adj.)	233	598	39	73
PTP (adj.)	156	481	-79	-40
Net earnings (adj.)	156	480	-79	-40
EPS (adj.)	0.83	2.43	-0.40	-0.20
DPS	0.10	2.21	0.04	-
USDm	2019E	2020E	2021E	2022E
Fwd NAV	1,738	1,676	1,398	2,113
Adj. equity ratio	44%	38%	35%	46%
FCF yield	4%	-6%	-2%	4%
Dividend yield	1%	21%	0%	0%
EV/EBITDA	12.3	5.9	22.7	19.1
P/E (adj.)	16.3	4.4	-	-

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	280	655	85	123
Free cash flow	90	-115	-49	83
Net cash flow	109	-55	-108	-42
TCE/day	28,542	43,508	18,663	19,791
Cash break-even	22,127	22,102	21,998	21,382
Liquidity	177	123	15	-27
Property & Equip. (incl. NBs)	2,626	3,238	3,208	3,085
Total equity	1,510	1,570	1,483	1,443
Total assets	3,698	4,255	4,117	3,952
Interest bearing debt	2,066	2,563	2,512	2,387
Net interest bearing debt	1,888	2,440	2,497	2,415
Market Cap.	2,532	2,096	2,096	2,096





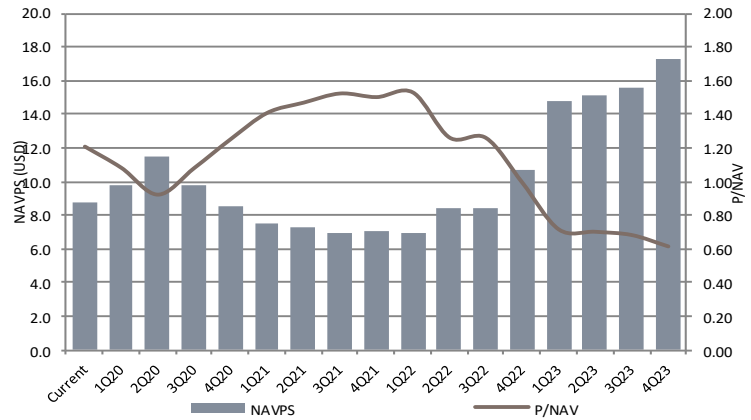
Disclaimer: The analyst currently has investments in some of the companies covered in this report. More disclaimers at the end of the report

## Company Valuation

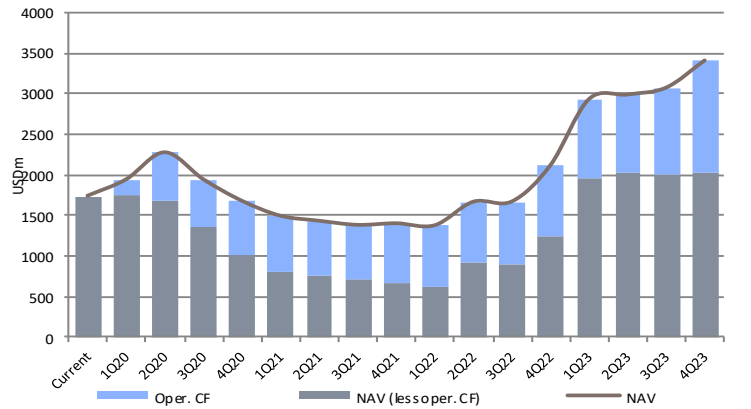
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,626	3,710	4,009
Contract value	0	49	53
Other	673	673	727
<b>GAV</b>	<b>3,299</b>	<b>4,432</b>	<b>4,790</b>
Net debt	-1,888	-1,841	-1,841
Capex	0	-840	-840
Other	-13	-13	-13
<b>Equity</b>	<b>1,398</b>	<b>1,738</b>	<b>2,096</b>
Shares	198	198	198
<b>Equity/sh</b>	<b>7.07</b>	<b>8.79</b>	<b>10.60</b>
Icl CCY	7.07	8.79	10.60
<b>P/Equity</b>	<b>1.50</b>	<b>1.21</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.45</b>	<b>1.08</b>	<b>1.00</b>
Adj. Total Assets	3,698	4,781	5,081
Adj. Equity Ratio	38%	36%	41%
<b>Fair Value</b>	<b>USD</b>	<b>8.2</b>	<b>-22%</b>
	<b>NOK</b>	<b>72</b>	

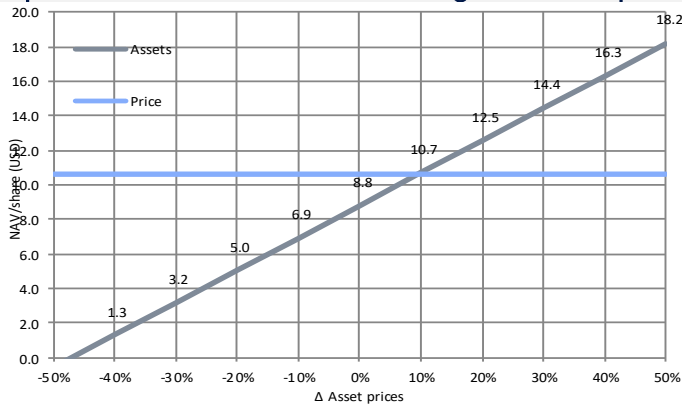
### Quarterly forward NAV & P/NAV



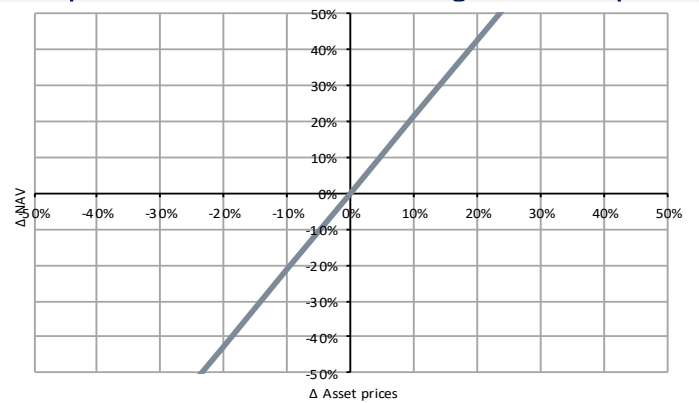
### Quarterly forward NAV decomposition



### Impact on NAV/sh from % change in asset prices



### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition

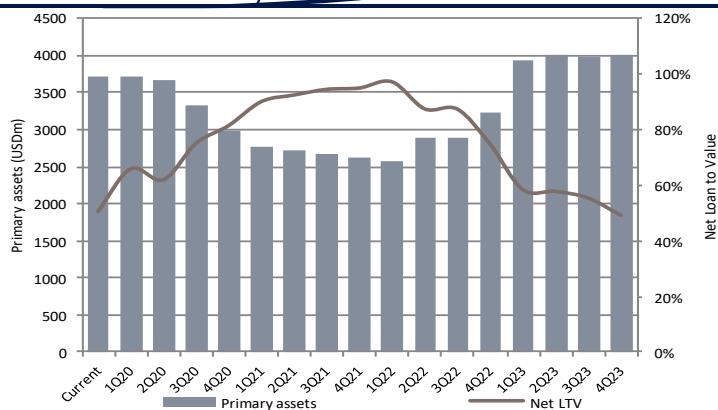
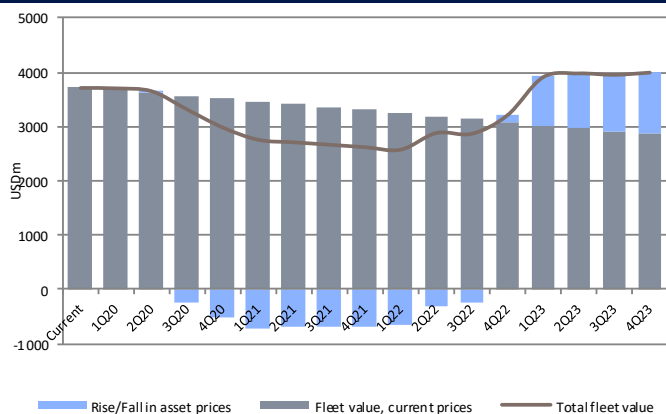
### Forward fleet value & net loan to value



# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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



## Quarterly Pre-/Review

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	140.8	224.2	263.7	310.5						
EBITDA (adj.)	97.1	172.6	204.6	249.6						
EBIT (adj.)	69.7	140.3	168.0	212.2						
PTP (adj.)	46.5	116.1	141.4	192.5						
Net earnings (adj.)	46.4	115.9	140.9	186.6						
EPS (adj.)	0.27	0.59	0.71	0.95						
DPS	-	0.40	0.71	0.81						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	140.8	224.2	263.7	310.5						
Opex & G&A	43.7	51.5	59.1	60.9						
Depreciation	27.4	32.3	36.6	37.5						
Net finance	23.2	24.2	26.7	19.7						
Taxes & Minorities	0.1	0.3	0.4	5.9						

### Other

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	98	111	194							
Free cash flow	41	82	-490							
Net cash flow	29	69	-57							
TCE/day	30,667	43,512	46,737	55,034						
Fleet days	4,590	5,152	5,642							
Cash break-even	20,824	24,523	20,916							
Liquidity	97	177	120							
Interest bearing debt	1,834	2,066	2,578							



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	562	1,000	427	463	562	1,007	883	953	-	-6	-457	-490	
EBITDA (adj.)	351	757	202	237	351	764	659	727	-	-6	-457	-490	
EBIT (adj.)	233	598	39	73	233	605	495	564	-	-6	-457	-490	
PTP (adj.)	156	481	-79	-40	156	488	378	450	-	-6	-457	-490	
Net earnings (adj.)	156	480	-79	-40	156	487	378	450	-	-7	-457	-490	
EPS (adj.)	0.83	2.43	-0.40	-0.20	0.83	2.46	1.91	2.28	-	-0.03	-2.31	-2.48	
DPS	0.10	2.21	0.04	-	0.10	1.11	1.66	2.22	-	1.10	-1.62	-2.22	
DPS (NOK)	0.88	19.42	0.36	-	1.042	11.6	17.33	23.1					
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-6	-457	-490
									Opex & G&A	-	-	-	-
									Depreciation	-	-0	-0	-0
									Net finance	-	-	0	0
									Taxes & Minorities	-	1	0	-0

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	280	655	85	123	280	662	541	614	-	-7	-457	-490
Free cash flow	90	-115	-49	83	90	-108	408	573	-	-7	-457	-490
Net cash flow	109	-55	-108	-42	109	169	27	10	-	-224	-135	-52
TCE/day	28,542	43,508	18,663	19,791	28,542	43,495	38,557	40,803	-	13	#####	#####
Cash break-even	22,127	22,102	21,998	21,382	22,127	22,102	21,997	21,380	-	-	1	1
Liquidity	177	123	15	-27	177	346	374	383	-	-224	-359	-411
Property & Equip. (incl. NBs)	2,626	3,238	3,208	3,085	2,626	3,237	3,208	3,085	-	0	0	0
Total equity	1,510	1,570	1,483	1,443	1,510	1,793	1,843	1,854	-	-224	-360	-411
Total assets	3,698	4,255	4,117	3,952	3,698	4,478	4,476	4,363	-	-224	-359	-410
Interest bearing debt	2,066	2,563	2,512	2,387	2,066	2,563	2,511	2,387	-	-	1	1
Net interest bearing debt	1,888	2,440	2,497	2,415	1,888	2,217	2,138	2,003	-	224	360	412
Market Cap.	2,532	2,096	2,096	2,096	2,532	1,686	1,686	1,686	-	409	409	409
Enterprise value	4,420	4,536	4,593	4,510	4,420	3,903	3,824	3,689	-	633	769	821

### Valuation

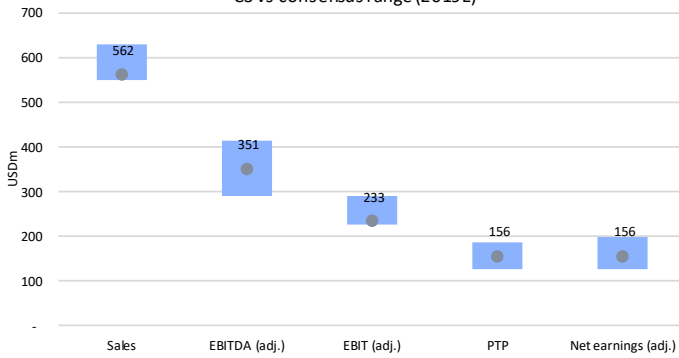
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,738	1,676	1,398	2,113	1,691	2,531	3,484	4,103	47	-855	#####	-1,990
Adj. equity ratio	44%	38%	35%	46%	44%	49%	57%	62%	1%	-10%	-22%	-16%
FCF yield	4%	-6%	-2%	4%	4%	-6%	24%	34%	0%	1%	-27%	-30%
Dividend yield	1%	21%	0%	0%	1%	13%	19%	26%	0%	8%	-19%	-26%
EV/EBITDA	12.3	5.9	22.7	19.1	12.3	5.0	5.8	5.1	-	0.9	16.9	14.0
P/E (adj.)	16.3	4.4			16.3	3.5	4.5	3.7	-	0.9	#####	#####



## Our Estimates vs Consensus

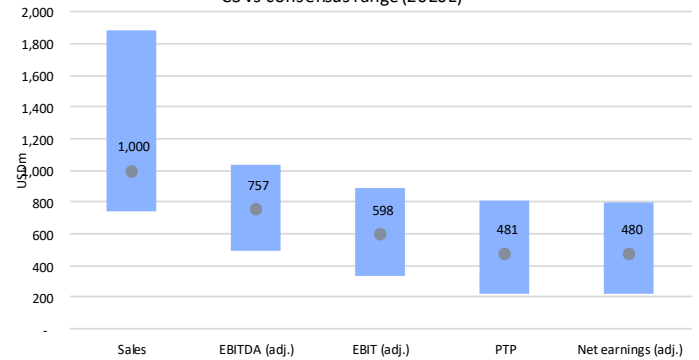
### Profit & Loss, year I

CS vs consensus range (2019E)

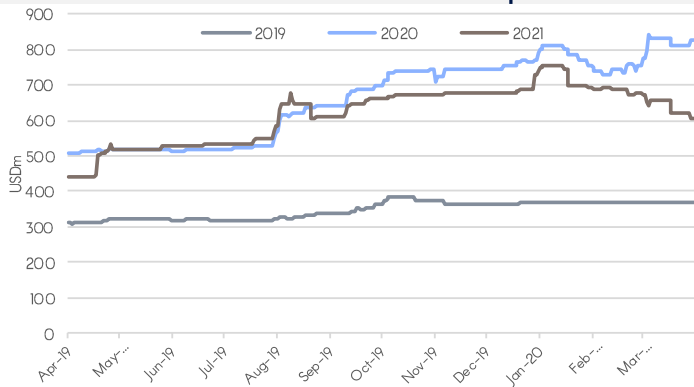


### Profit & Loss, year II

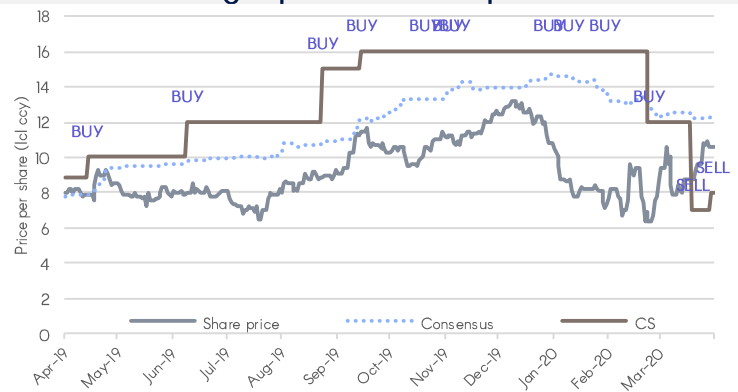
CS vs consensus range (2020E)



### Consensus EBITDA development



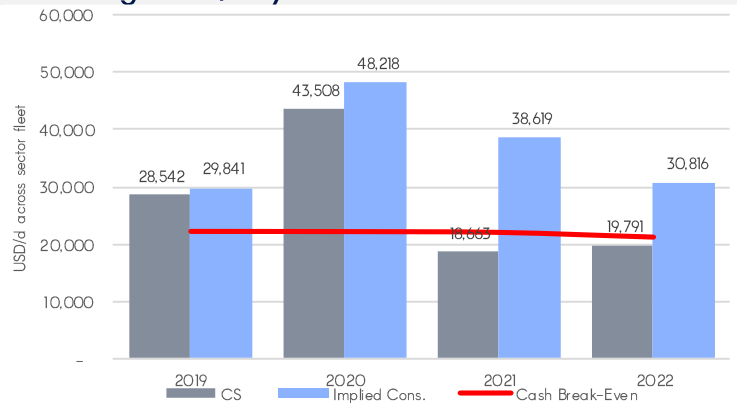
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	562	587	-26	-4%	
Opex + G&A	210	217	-7	-3%	
Depreciation	118	113	4	4%	
Net finance	77	102	-25	-24%	
Taxes & Minorities	0	-9	9	-104%	
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	1,000	1,109	-108	-10%	
Opex + G&A	243	279	-36	-13%	
Depreciation	159	156	3	2%	
Net finance	117	110	7	6%	
Taxes & Minorities	1	7	-6	-83%	

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	141	103	94	224	264	479	100	158	129
Operational costs	-44	-48	-52	-60	-43	-60	-62	-62	-58
EBITDA	97	55	42	164	221	419	38	96	71
Depreciation/Amortization	-27	-28	-30	-32	-37	-41	-41	-41	-41
EBIT	70	27	12	132	184	378	-3	55	30
Net financials	-29	-26	-22	-23	-27	-30	-30	-30	-29
PTP	41	1	-10	109	157	348	-33	25	1
Taxes/Minorities	0	0	0	0	0	-1	0	0	0
Net earnings	41	1	-10	109	157	347	-33	25	1
Non-recurring items	6	3	-1	7	-16	0	0	0	0
Net earnings (adj.)	46	4	-11	116	141	347	-33	25	1
EPS	0.24	0.01	-0.05	0.55	0.79	1.75	-0.17	0.13	0.00
EPS (adj.)	0.27	0.02	-0.06	0.59	0.71	1.75	-0.17	0.13	0.00
DPS	0.00	0.00	0.00	0.10	0.40	0.71	1.10	0.00	0.04
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	96	91	104	174	117	362	100	120	100
Other current assets	216	203	213	274	274	274	274	274	274
Total current assets	312	294	317	448	392	636	374	394	374
Property & equip. (incl. NBs)	2,666	2,632	2,625	2,626	3,273	3,299	3,272	3,238	3,282
Other non-current assets	145	244	647	623	623	623	623	623	623
Total non-current assets	2,810	2,875	3,271	3,249	3,896	3,923	3,895	3,861	3,906
TOTAL ASSETS	3,122	3,169	3,588	3,698	4,288	4,559	4,269	4,255	4,280
Total equity	1,204	1,215	1,380	1,510	1,588	1,794	1,544	1,570	1,562
Short-term debt	144	148	423	727	361	415	481	496	438
Other current liabilities	83	90	103	121	121	121	121	121	121
Total current liabilities	226	238	526	848	481	536	602	617	559
Long-term debt	1,690	1,715	1,682	1,338	2,217	2,228	2,122	2,067	2,157
Other non-current liabilities	1	1	1	1	1	1	1	1	1
Total non-current liabilities	1,692	1,716	1,683	1,339	2,218	2,229	2,123	2,068	2,158
TOTAL EQUITY & LIABILITIES	3,122	3,169	3,588	3,698	4,288	4,559	4,269	4,255	4,280
Working capital, receivables	0	0	0	146	146	146	146	146	146
Working capital, payables	0	0	0	109	109	109	109	109	109
Net working capital	0	0	0	37	37	37	37	37	37
Interest bearing debt	1,834	1,863	2,105	2,066	2,578	2,643	2,603	2,563	2,596
Liquidity	97	92	109	177	120	365	103	123	103
Net interest bearing debt	1,737	1,771	1,996	1,888	2,457	2,278	2,500	2,440	2,492
<b>Cash Flow (USDm)</b>									
Net income	41	1	-10	109	157	347	-33	25	1
Depreciation	27	28	30	32	37	41	41	41	41
Other	6	3	10	7	0	0	0	0	0
Cash earnings	74	32	30	148	194	388	8	66	42
Changes in working capital	24	11	-2	-37	0	0	0	0	0
Net operational cash flow	98	43	28	111	194	388	8	66	42
Capex	-60	-88	-19	-30	-683	-67	-13	-7	-86
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	2	0	0	0	0	0	0	0
Net investing cash flow	-57	-86	-19	-29	-683	-67	-13	-7	-86
Repayment of debt	-11	28	-31	-45	-32	-40	-40	-40	-40
Proceeds from debt	0	0	0	0	544	105	0	0	72
Dividends paid	0	0	0	-20	-79	-141	-217	0	-8
New equity	0	9	42	47	0	0	0	0	0
Other	0	0	-3	3	0	0	0	0	0
Net financing cash flow	-11	37	7	-13	433	-75	-257	-40	24
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	29	-5	17	69	-57	245	-262	20	-20
Cash balance	96	91	104	174	117	362	100	120	100
Free cash flow	41	-42	10	82	-490	320	-6	59	-44



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	346	569	916	906	1,120	562	1,000	427	463
Operational costs	-193	-229	-597	-960	-915	-204	-227	-225	-226
EBITDA	153	340	319	-55	205	358	774	202	237
Depreciation/Amortization	-32	-53	-141	-142	-123	-118	-159	-163	-163
EBIT	121	287	177	-196	83	240	615	39	73
Net financials	17	-32	-60	-68	-91	-99	-117	-117	-113
PTP	137	256	118	-264	-8	141	497	-79	-40
Taxes/Minorities	12	-101	-1	-1	-1	0	-1	0	0
<b>Net earnings</b>	<b>149</b>	<b>155</b>	<b>117</b>	<b>-265</b>	<b>-9</b>	<b>141</b>	<b>496</b>	<b>-79</b>	<b>-40</b>
Non-recurring items	0	0	0	0	0	15	-16	0	0
<b>Net earnings (adj.)</b>	<b>149</b>	<b>155</b>	<b>117</b>	<b>-265</b>	<b>-9</b>	<b>156</b>	<b>480</b>	<b>-79</b>	<b>-40</b>
EPS	6.65	0.99	0.69	-1.56	-0.05	0.75	2.51	-0.40	-0.20
EPS (adj.)	6.65	0.99	0.69	-1.56	-0.05	0.83	2.43	-0.40	-0.20
DPS	1.65	0.25	0.97	0.30	0.00	0.10	2.21	0.04	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	236	265	202	104	66	174	120	11	-31
Other current assets	201	203	181	217	242	274	274	274	274
<b>Total current assets</b>	<b>437</b>	<b>467</b>	<b>384</b>	<b>322</b>	<b>308</b>	<b>448</b>	<b>394</b>	<b>286</b>	<b>244</b>
Property & equip. (incl. NBs)	1,089	2,150	2,322	2,673	2,620	2,626	3,238	3,208	3,085
Other non-current assets	976	266	261	139	150	623	623	623	623
<b>Total non-current assets</b>	<b>2,065</b>	<b>2,416</b>	<b>2,583</b>	<b>2,812</b>	<b>2,770</b>	<b>3,249</b>	<b>3,861</b>	<b>3,831</b>	<b>3,709</b>
<b>TOTAL ASSETS</b>	<b>2,502</b>	<b>2,883</b>	<b>2,966</b>	<b>3,134</b>	<b>3,078</b>	<b>3,698</b>	<b>4,255</b>	<b>4,117</b>	<b>3,952</b>
<b>Total equity</b>	<b>1,447</b>	<b>1,446</b>	<b>1,500</b>	<b>1,188</b>	<b>1,164</b>	<b>1,510</b>	<b>1,570</b>	<b>1,483</b>	<b>1,443</b>
Short-term debt	44	147	124	156	132	727	285	325	367
Other current liabilities	193	95	59	66	82	121	121	121	121
<b>Total current liabilities</b>	<b>237</b>	<b>242</b>	<b>183</b>	<b>222</b>	<b>214</b>	<b>848</b>	<b>406</b>	<b>446</b>	<b>488</b>
Long-term debt	474	1,192	1,281	1,723	1,698	1,338	2,278	2,187	2,020
Other non-current liabilities	344	3	3	1	1	1	1	1	1
<b>Total non-current liabilities</b>	<b>817</b>	<b>1,195</b>	<b>1,284</b>	<b>1,724</b>	<b>1,699</b>	<b>1,339</b>	<b>2,279</b>	<b>2,188</b>	<b>2,021</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,502</b>	<b>2,883</b>	<b>2,966</b>	<b>3,134</b>	<b>3,078</b>	<b>3,698</b>	<b>4,255</b>	<b>4,117</b>	<b>3,952</b>
Working capital, receivables	36	103	102	125	141	146	146	146	146
Working capital, payables	18	68	49	60	78	109	109	109	109
<b>Net working capital</b>	<b>18</b>	<b>35</b>	<b>53</b>	<b>66</b>	<b>63</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>
Interest bearing debt	518	1,340	1,405	1,879	1,831	2,066	2,563	2,512	2,387
Liquidity	272	265	203	105	68	177	123	15	-27
<b>Net interest bearing debt</b>	<b>246</b>	<b>1,075</b>	<b>1,201</b>	<b>1,774</b>	<b>1,763</b>	<b>1,888</b>	<b>2,440</b>	<b>2,497</b>	<b>2,415</b>
<b>Cash Flow (USDm)</b>									
Net income	149	155	117	-265	-9	141	496	-79	-40
Depreciation	32	53	141	142	123	118	159	163	163
Other	-99	5	43	252	-29	26	0	0	0
<b>Cash earnings</b>	<b>82</b>	<b>212</b>	<b>302</b>	<b>129</b>	<b>85</b>	<b>284</b>	<b>655</b>	<b>85</b>	<b>123</b>
Changes in working capital	-23	-5	-16	2	-39	-4	0	0	0
<b>Net operational cash flow</b>	<b>59</b>	<b>207</b>	<b>286</b>	<b>130</b>	<b>46</b>	<b>280</b>	<b>655</b>	<b>85</b>	<b>123</b>
Capex	-202	-787	-622	-714	-216	-196	-771	-134	-41
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	7	16	0	0
<b>Net investing cash flow</b>	<b>-64</b>	<b>-459</b>	<b>-396</b>	<b>-723</b>	<b>-199</b>	<b>-191</b>	<b>-771</b>	<b>-134</b>	<b>-41</b>
Repayment of debt	-75	114	125	568	116	-59	-152	-160	-160
Proceeds from debt	—	—	—	—	—	0	649	108	35
Dividends paid	-37	-39	-165	-51	0	-20	-437	-8	0
New equity	0	0	98	0	0	98	0	0	0
Other	66	145	-10	-23	0	7	16	0	0
<b>Net financing cash flow</b>	<b>-46</b>	<b>220</b>	<b>49</b>	<b>494</b>	<b>116</b>	<b>20</b>	<b>61</b>	<b>-59</b>	<b>-125</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-51</b>	<b>-32</b>	<b>-62</b>	<b>-98</b>	<b>-37</b>	<b>109</b>	<b>-55</b>	<b>-108</b>	<b>-42</b>
Cash balance	236	265	202	104	66	176	121	13	-29
<b>Free cash flow</b>	<b>-5</b>	<b>-252</b>	<b>-110</b>	<b>-592</b>	<b>-153</b>	<b>90</b>	<b>-115</b>	<b>-49</b>	<b>83</b>



# Cleaves Securities

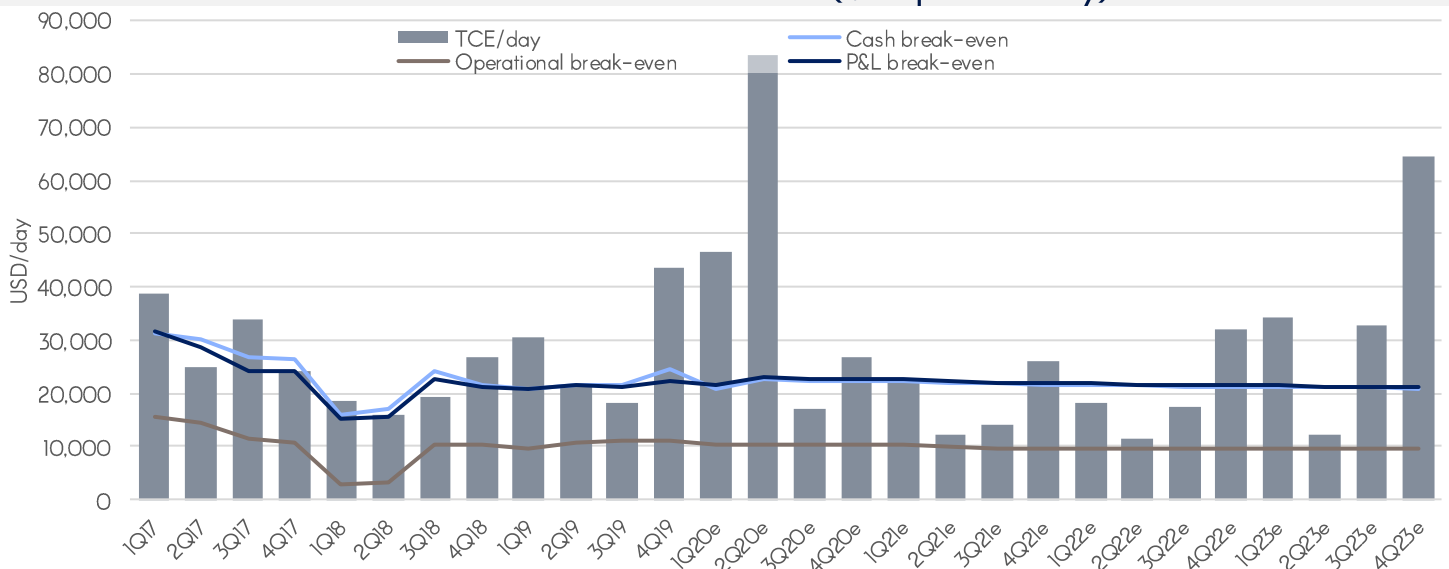
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	22	156	170	170	170	197	198	198	198
Share price, avg (USD)	14	14	8	6	5	8	11	11	11
Share price, end (USD)	13	15	7	5	6	13	11	11	11
<b>Market Cap.</b>	<b>282</b>	<b>2,338</b>	<b>1,207</b>	<b>779</b>	<b>939</b>	<b>2,532</b>	<b>2,096</b>	<b>2,096</b>	<b>2,096</b>
NIBD	246	1,075	1,201	1,774	1,763	1,888	2,440	2,497	2,415
Minorities	324	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>204</b>	<b>3,413</b>	<b>2,409</b>	<b>2,553</b>	<b>2,701</b>	<b>4,420</b>	<b>4,536</b>	<b>4,593</b>	<b>4,510</b>
<b>Key Figures &amp; Ratios</b>	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	1.9	15.1	10.3			18.0	4.2		
P/E (adj.)	1.9	15.1	10.3			16.3	4.4		
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	4.5	2.1	4.9	4.5
EV/Sales	0.6	6.0	2.6	2.8	2.4	7.9	4.5	10.8	9.7
EV/EBITDA	1.3	10.0	7.6		13.2	12.3	5.9	22.7	19.1
EV/EBIT	1.7	11.9	13.6		32.7	18.4	7.4		61.5
P/B	0.3	1.6	0.8	0.7	0.8	1.7	1.3	1.4	1.5
FCF yield	-2%	-11%	-9%	-76%	-16%	4%	-6%	-2%	4%
Dividend yield	13.1%	1.7%	13.6%	6.6%	0.0%	0.8%	20.8%	0.4%	0.0%
Return on equity (ROE)	13.3%	10.7%	7.8%	-22.3%	-0.8%	9.3%	31.6%	-5.3%	-2.8%
Return on capital employed (ROCE)	7.1%	11.4%	6.6%	-6.6%	2.8%	7.1%	15.3%	1.0%	1.9%
Return on assets (ROA)	6.0%	5.4%	3.9%	-8.5%	-0.3%	3.8%	11.7%	-1.9%	-1.0%
Sales growth	-58%	65%	61%	-1%	24%	-50%	78%	-57%	9%
EBITDA margin	44%	60%	35%	-6%	18%	64%	77%	47%	51%
EBIT margin	35%	51%	19%	-22%	7%	43%	61%	9%	16%
Net margin	43%	27%	13%	-29%	-1%	25%	50%	-18%	-9%
Net interest rate	3.0%	1.6%	4.7%	3.9%	5.3%	4.9%	4.8%	4.7%	4.7%
Tax rate	0.0%	0.1%	0.3%	-0.1%	-3.9%	0.2%	0.3%	0.0%	0.0%
Equity ratio	58%	50%	51%	38%	38%	41%	37%	36%	37%
Leverage ratio	42%	50%	49%	62%	62%	59%	63%	64%	63%
NIBD / EBITDA (past 1y)	1.6	3.2	3.8	-32.5	8.6	5.3	3.2	12.4	10.2
Operating cash flow/NIBD	0.2	0.2	0.2	0.1	0.0	0.1	0.3	0.0	0.1
Net interest coverage ratio (EBIT)	20.6	19.3	5.6	-0.8	2.2	3.9	6.6	1.7	2.1
Current ratio	1.8	1.9	2.1	1.4	1.4	0.5	1.0	0.6	0.5
Adj. equity ratio						44%	38%	35%	46%
Operating assets	2,230	2,619	2,763	3,029	3,010	3,520	4,132	4,102	3,980
Operating liabilities	537	98	62	67	83	122	122	122	122
Net operating assets	1,693	2,521	2,701	2,962	2,927	3,399	4,010	3,981	3,858

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)





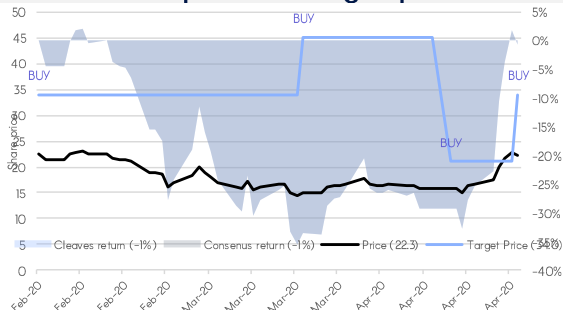
An oil product tanker behemoth, still valued at a significant discount to NAV

HAFNIA-  
NO

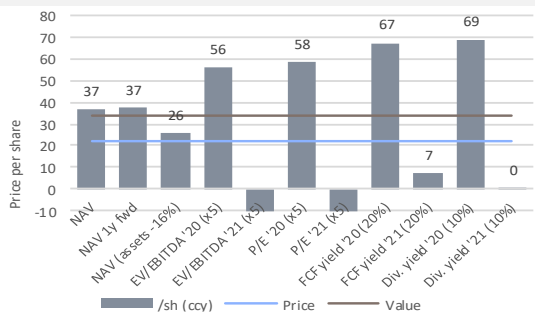
BUY/N34

Hafnia

### Share price vs target price

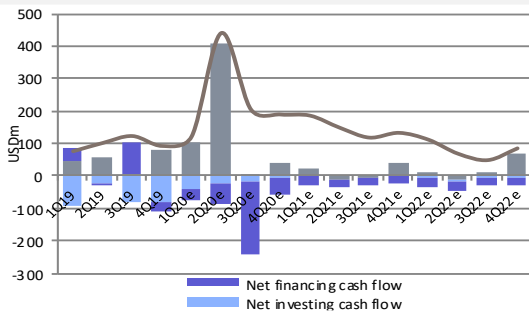


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	447	890	377	403
EBITDA (adj.)	198	616	103	128
EBIT (adj.)	96	465	-49	-25
PTP (adj.)	6	407	-101	-72
Net earnings (adj.)	5	407	-101	-72
EPS (adj.)	0.02	1.10	-0.27	-0.20
DPS	-	0.65	0.00	0.00
USDm	2019E	2020E	2021E	2022E
Fwd NAV	1,283	1,300	1,098	1,339
Adj. equity ratio	45%	48%	45%	52%
FCF yield	-8%	60%	7%	7%
Dividend yield	0%	31%	0%	0%
EV/EBITDA	13.9	3.1	18.1	14.2
P/E (adj.)		1.9		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	188	558	51	80
Free cash flow	-96	469	51	51
Net cash flow	6	97	-57	-48
TCE/day	14,053	25,671	10,880	11,599
Cash break-even	11,062	15,432	12,104	11,759
Liquidity	92	189	132	84
Property & Equip. (incl. NBs)	2,182	2,121	1,969	1,846
Total equity	1,119	1,286	1,184	1,110
Total assets	2,681	2,717	2,509	2,337
Interest bearing debt	1,448	1,316	1,210	1,112
Net interest bearing debt	1,357	1,127	1,078	1,028
Market Cap.	1,149	777	777	777

Source: Cleaves, Bloomberg, Clarksons SIN, 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

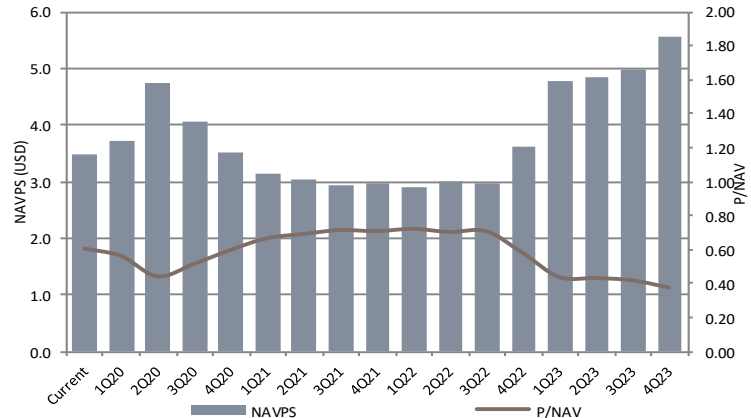


## Company Valuation

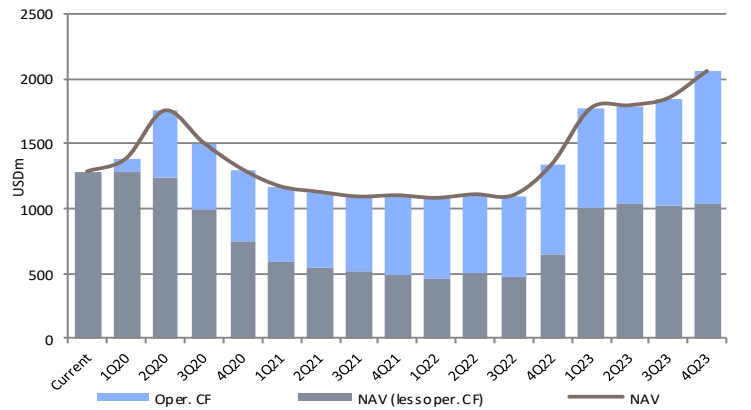
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,182	2,411	1,960
Contract value	0	-2	-1
Other	297	297	242
<b>GAV</b>	<b>2,480</b>	<b>2,706</b>	<b>2,200</b>
Net debt	-1,357	-1,357	-1,357
Capex	0	-59	-59
Other	-8	-8	-8
<b>Equity</b>	<b>1,115</b>	<b>1,283</b>	<b>777</b>
Shares	370	370	370
<b>Equity/sh</b>	<b>3.01</b>	<b>3.47</b>	<b>2.10</b>
lcl CCY	32.00	36.81	22.30
USDNOK		10.62	
P/Equity	0.70	0.61	1.00
EV/GAV	0.89	0.81	1.00
Adj. Total Assets	2,681	2,909	2,459
<b>Adj. Equity Ratio</b>	<b>42%</b>	<b>44%</b>	<b>32%</b>
<b>Fair Value</b>	<b>NOK</b>	<b>33.8</b>	<b>52%</b>
	<b>USD</b>	<b>3.2</b>	

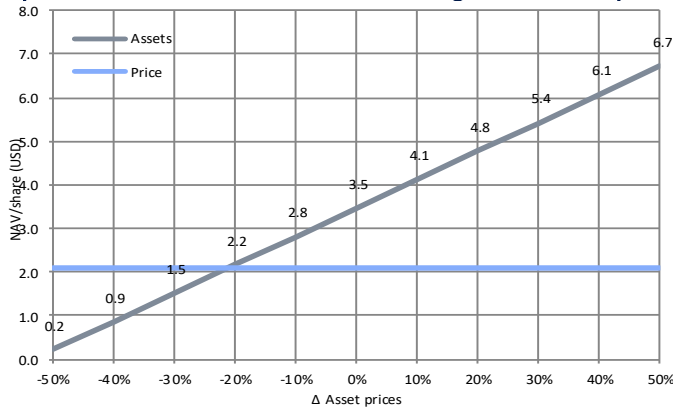
### Quarterly forward NAV & P/NAV



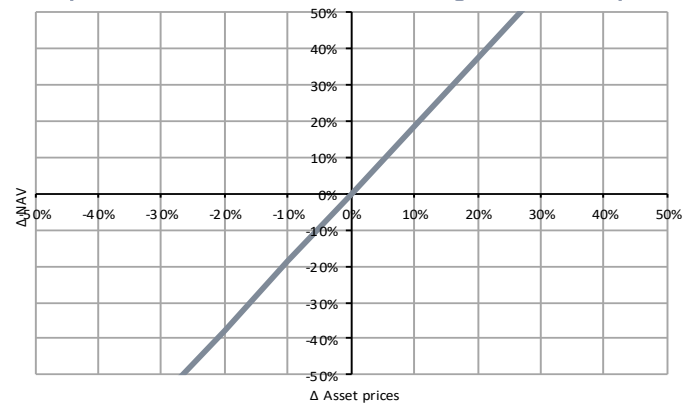
### Quarterly forward NAV decomposition



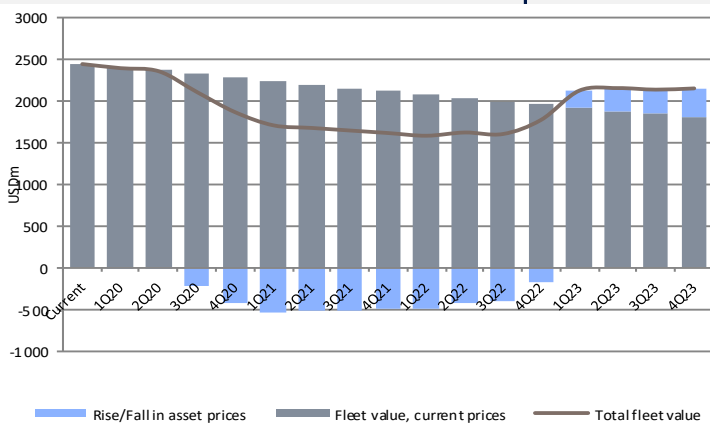
### Impact on NAV/sh from % change in asset prices



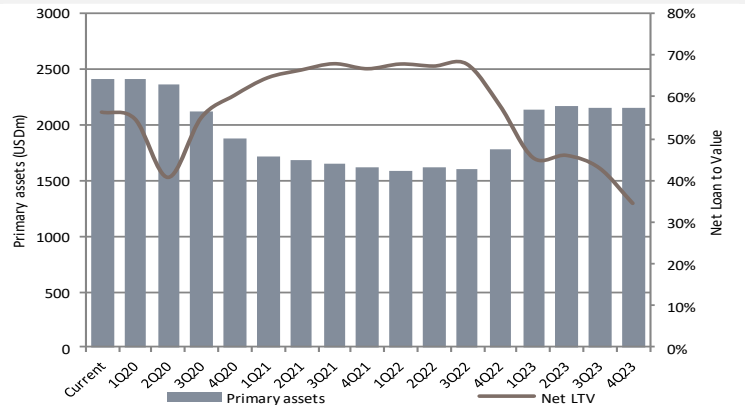
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net sales	132.6	89.7	186.9	171.2						
EBITDA (adj.)	74.1	27.4	118.7	106.7						
EBIT (adj.)	74.1	-9.6	81.3	71.4						
PTP (adj.)	27.9	-24.3	66.6	54.3						
Net earnings (adj.)	27.9	-24.9	66.6	57.1						
EPS (adj.)	0.08	-0.07	0.18	0.18						
DPS	-	0.06	0.09	0.08						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>		
TCE revenue	132.6	89.7	186.9	171.2						
Opex & G&A	58.5	62.3	68.2	64.5						
Depreciation	-	37.0	37.4	35.4						
Net finance	46.1	14.7	14.7	17.1						
Taxes & Minorities	0.0	0.5	-	-2.8						

### CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net operational cash flow	45	81	104							
Free cash flow	-49	-2	63							
Net cash flow	-11	-31	29							
TCE/day	17,866	10,562	21,609	19,791						
Cash break-even	4,116	15,499	15,280							
Liquidity	75	92	121							
Interest bearing debt	1,366	1,448	1,435							



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	
Net sales	447	890	377	403	447	701	658	712	-	189	-280	-309	
EBITDA (adj.)	198	616	103	128	198	426	383	436	-	189	-280	-309	
EBIT (adj.)	96	465	-49	-25	96	276	231	284	-	189	-280	-309	
PTP (adj.)	6	407	-101	-72	6	218	179	236	-	189	-280	-309	
Net earnings (adj.)	5	407	-101	-72	5	218	179	236	-	189	-280	-309	
EPS (adj.)	0.02	1.10	-0.27	-0.20	0.02	0.59	0.48	0.64	-	0.51	-0.76	-0.83	
DPS	-	0.65	0.00	0.00	-	0.20	0.25	0.33	-	0.44	-0.24	-0.33	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	189	-280	-309
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	188	558	51	80	188	369	331	389	-	189	-280	-309
Free cash flow	-96	469	51	51	-96	280	331	360	-	189	-280	-309
Net cash flow	6	97	-57	-48	6	73	133	140	-	25	-190	-188
TCE/day	14,053	25,671	10,880	11,599	14,053	20,161	18,941	20,504	-	5,511	-8,061	#####
Cash break-even	11,062	15,432	12,104	11,759	11,062	15,432	12,104	11,759	-	-	-	-
Liquidity	92	189	132	84	92	164	297	437	-	25	-165	-353
Property & Equip. (incl. NBs)	2,182	2,121	1,969	1,846	2,182	2,121	1,969	1,846	-	-	-	-
Total equity	1,119	1,286	1,184	1,110	1,119	1,261	1,349	1,464	-	25	-165	-353
Total assets	2,681	2,717	2,509	2,337	2,681	2,692	2,674	2,690	-	25	-165	-353
Interest bearing debt	1,448	1,316	1,210	1,112	1,448	1,316	1,210	1,112	-	-	-	-
Net interest bearing debt	1,357	1,127	1,078	1,028	1,357	1,152	912	675	-	-25	165	353
Market Cap.	1,149	777	777	777	1,149	581	581	581	-	196	196	196
Enterprise value	2,505	1,905	1,855	1,805	2,505	1,733	1,494	1,256	-	171	361	549

### Valuation

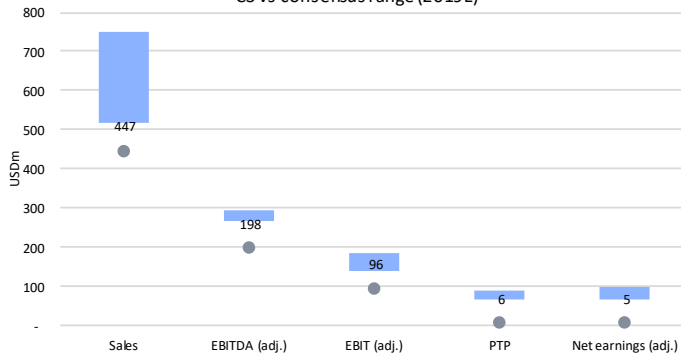
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,283	1,300	1,098	1,339	1,320	1,652	2,024	2,319	-37	-352	-926	-980
Adj. equity ratio	45%	48%	45%	52%	46%	54%	60%	65%	-1%	-6%	-15%	-13%
FCF yield	-8%	60%	7%	7%	-8%	48%	57%	62%	0%	12%	-50%	-55%
Dividend yield	0%	31%	0%	0%	0%	13%	16%	21%	0%	18%	-16%	-21%
EV/EBITDA	13.9	3.1	18.1	14.2	13.9	4.1	3.9	2.9	-	-1.0	14.2	11.3
P/E (adj.)		1.9				2.7	3.2	2.5	#####	-0.8	#####	#####



## Our Estimates vs Consensus

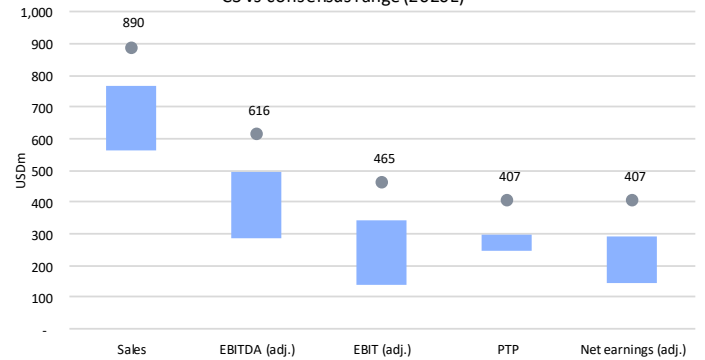
### Profit & Loss, year I

CS vs consensus range (2019E)

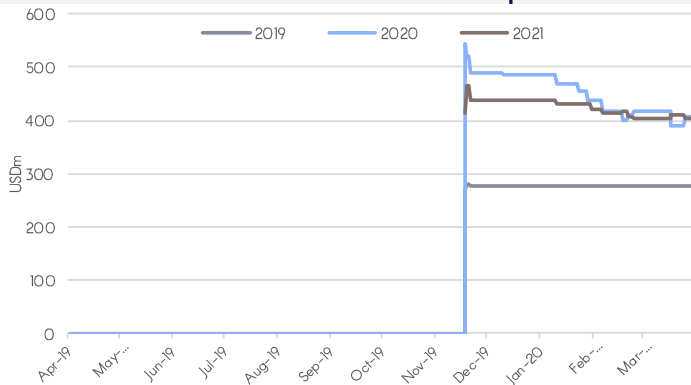


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



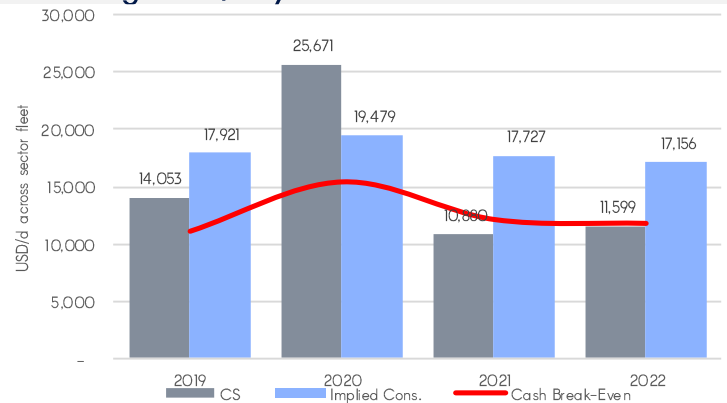
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	447	447	570	-123	-22%
Opex + G&A	249	249	293	-44	-15%
Depreciation	102	102	124	-22	-18%
Net finance	90	90	77	13	17%
Taxes & Minorities	1	1	-4	5	-126%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	890	890	675	215	32%
Opex + G&A	274	274	267	7	3%
Depreciation	151	151	151	0	0%
Net finance	57	57	-7	65	-875%
Taxes & Minorities	0	0	30	-30	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	133	118	107	90	187	491	88	123	106
Operational costs	-88	-59	-57	-62	-68	-68	-69	-69	-68
EBITDA	45	59	49	27	119	423	20	54	38
Depreciation/Amortization	0	-31	-34	-37	-37	-38	-38	-38	-38
EBIT	45	28	15	-10	81	385	-18	16	0
Net financials	-17	-16	-26	-15	-15	-14	-14	-14	-13
PTP	28	12	-10	-25	67	371	-32	3	-13
Taxes/Minorities	0	0	0	-1	0	0	0	0	0
<b>Net earnings</b>	<b>28</b>	<b>12</b>	<b>-11</b>	<b>-25</b>	<b>67</b>	<b>371</b>	<b>-32</b>	<b>3</b>	<b>-13</b>
Non-recurring items	0	0	0	0	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>28</b>	<b>12</b>	<b>-10</b>	<b>-25</b>	<b>67</b>	<b>371</b>	<b>-32</b>	<b>3</b>	<b>-13</b>
EPS	0.08	0.03	-0.03	-0.07	0.18	1.00	-0.09	0.01	-0.03
EPS (adj.)	0.08	0.03	-0.03	-0.07	0.18	1.00	-0.09	0.01	-0.03
DPS	0.00	0.00	0.00	0.00	0.06	0.09	0.50	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	75	101	122	92	121	441	205	189	186
Other current assets	190	188	218	243	243	243	243	243	243
<b>Total current assets</b>	<b>265</b>	<b>289</b>	<b>341</b>	<b>335</b>	<b>364</b>	<b>685</b>	<b>448</b>	<b>432</b>	<b>429</b>
Property & equip. (incl. NBs)	0	2,077	2,130	2,182	2,186	2,171	2,153	2,121	2,083
Other non-current assets	2,185	117	154	164	164	164	164	164	164
<b>Total non-current assets</b>	<b>2,185</b>	<b>2,194</b>	<b>2,283</b>	<b>2,346</b>	<b>2,350</b>	<b>2,335</b>	<b>2,317</b>	<b>2,285</b>	<b>2,247</b>
<b>TOTAL ASSETS</b>	<b>2,450</b>	<b>2,483</b>	<b>2,624</b>	<b>2,681</b>	<b>2,714</b>	<b>3,020</b>	<b>2,765</b>	<b>2,717</b>	<b>2,676</b>
<b>Total equity</b>	<b>1,006</b>	<b>1,014</b>	<b>1,003</b>	<b>1,119</b>	<b>1,164</b>	<b>1,501</b>	<b>1,284</b>	<b>1,286</b>	<b>1,272</b>
Short-term debt	195	231	240	213	220	226	225	221	223
Other current liabilities	72	79	83	107	107	107	107	107	107
<b>Total current liabilities</b>	<b>268</b>	<b>311</b>	<b>322</b>	<b>320</b>	<b>327</b>	<b>333</b>	<b>332</b>	<b>328</b>	<b>330</b>
Long-term debt	1,171	1,149	1,289	1,235	1,216	1,178	1,142	1,095	1,066
Other non-current liabilities	6	9	10	8	8	8	8	8	8
<b>Total non-current liabilities</b>	<b>1,177</b>	<b>1,158</b>	<b>1,299</b>	<b>1,243</b>	<b>1,223</b>	<b>1,185</b>	<b>1,150</b>	<b>1,103</b>	<b>1,074</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,450</b>	<b>2,483</b>	<b>2,624</b>	<b>2,681</b>	<b>2,714</b>	<b>3,020</b>	<b>2,765</b>	<b>2,717</b>	<b>2,676</b>
Working capital, receivables	190	188	218	240	240	240	240	240	240
Working capital, payables	72	79	83	107	107	107	107	107	107
<b>Net working capital</b>	<b>118</b>	<b>109</b>	<b>136</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>
Interest bearing debt	1,366	1,380	1,528	1,448	1,435	1,404	1,367	1,316	1,289
Liquidity	75	101	122	92	121	441	205	189	186
<b>Net interest bearing debt</b>	<b>1,291</b>	<b>1,280</b>	<b>1,406</b>	<b>1,357</b>	<b>1,314</b>	<b>962</b>	<b>1,162</b>	<b>1,127</b>	<b>1,103</b>
<b>Cash Flow (USDm)</b>									
Net income	28	12	-11	-25	67	371	-32	3	-13
Depreciation	0	31	34	37	37	38	38	38	38
Other	34	2	11	70	0	0	0	0	0
<b>Cash earnings</b>	<b>62</b>	<b>46</b>	<b>35</b>	<b>82</b>	<b>104</b>	<b>409</b>	<b>5</b>	<b>40</b>	<b>25</b>
Changes in working capital	-17	11	-29	-2	0	0	0	0	0
<b>Net operational cash flow</b>	<b>45</b>	<b>57</b>	<b>5</b>	<b>81</b>	<b>104</b>	<b>409</b>	<b>5</b>	<b>40</b>	<b>25</b>
Capex	-64	-42	-90	-82	-41	-23	-20	-6	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	10	0	0	0	0	0	0
Other	-30	19	-3	-1	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-94</b>	<b>-23</b>	<b>-84</b>	<b>-82</b>	<b>-41</b>	<b>-23</b>	<b>-20</b>	<b>-6</b>	<b>0</b>
Repayment of debt	43	-2	-463	-121	-53	-55	-57	-56	-27
Proceeds from debt	0	0	569	21	41	23	20	6	0
Dividends paid	0	0	0	0	-21	-33	-185	0	-1
New equity	0	0	0	72	0	0	0	0	0
Other	-5	-6	-6	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>38</b>	<b>-8</b>	<b>100</b>	<b>-29</b>	<b>-34</b>	<b>-65</b>	<b>-222</b>	<b>-51</b>	<b>-29</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-11</b>	<b>26</b>	<b>21</b>	<b>-31</b>	<b>29</b>	<b>320</b>	<b>-237</b>	<b>-16</b>	<b>-3</b>
Cash balance	75	101	122	92	121	441	205	189	186
<b>Free cash flow</b>	<b>-49</b>	<b>34</b>	<b>-78</b>	<b>-2</b>	<b>63</b>	<b>385</b>	<b>-14</b>	<b>35</b>	<b>25</b>



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales						447	890	377	403
Operational costs						-267	-274	-275	-275
EBITDA			-107	84	69	180	616	103	128
Depreciation/Amortization			-60	-54	-57	-102	-151	-152	-152
EBIT	—	—	-166	30	12	78	465	-49	-25
Net financials			-20	-27	-32	-73	-57	-52	-47
PTP	—	—	-187	3	-20	5	407	-101	-72
Taxes/Minorities			0	0	0	-1	0	0	0
Net earnings	—	—	-187	3	-20	4	407	-101	-72
Non-recurring items			0	0	0	1	0	0	0
Net earnings (adj.)	—	—	-187	3	-20	5	407	-101	-72
EPS						0.02	1.10	-0.27	-0.20
EPS (adj.)						0.02	1.10	-0.27	-0.20
DPS						0.00	0.65	0.00	0.00
Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	37	41	52	92	189	132	84
Other current assets			64	72	87	243	243	243	243
Total current assets	—	—	101	113	139	335	432	375	327
Property & equip. (incl. NBs)	—	—	1,042	1,106	1,172	2,182	2,121	1,969	1,846
Other non-current assets			0	1	3	164	164	164	164
Total non-current assets	—	—	1,042	1,107	1,175	2,346	2,285	2,133	2,010
TOTAL ASSETS	—	—	1,142	1,220	1,314	2,681	2,717	2,509	2,337
Total equity	—	—	367	398	571	1,119	1,286	1,184	1,110
Short-term debt	—	—	69	158	77	213	129	144	141
Other current liabilities			39	45	49	107	107	107	107
Total current liabilities	—	—	108	203	126	320	236	251	248
Long-term debt	—	—	661	614	613	1,235	1,187	1,066	971
Other non-current liabilities			6	5	4	8	8	8	8
Total non-current liabilities	—	—	667	619	617	1,243	1,195	1,073	979
TOTAL EQUITY & LIABILITIES	—	—	1,142	1,220	1,314	2,681	2,717	2,509	2,337
Working capital, receivables			64	72	87	240	240	240	240
Working capital, payables	—	—	39	45	49	107	107	107	107
Net working capital			24	27	38	134	134	134	134
Interest bearing debt			730	772	690	1,448	1,316	1,210	1,112
Liquidity			37	41	52	92	189	132	84
Net interest bearing debt			693	731	638	1,357	1,127	1,078	1,028
Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	—	—	-187	3	-20	4	407	-101	-72
Depreciation			60	54	57	102	151	152	152
Other			196	0	8	118	0	0	0
Cash earnings			69	57	45	224	558	51	80
Changes in working capital	—	—	13	-1	-15	-36	0	0	0
Net operational cash flow	—	—	81	56	30	188	558	51	80
Capex	—	—	-112	-118	-17	-279	-89	0	-29
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	0	0	0	10	0	0	0
Other			60	0	0	-18	0	0	0
Net investing cash flow	—	—	-52	-118	-17	-284	-89	0	-29
Repayment of debt	—	—	-15	41	-47	-543	-221	-106	-98
Proceeds from debt	—	—	—	—	—	590	89	0	0
Dividends paid	—	—	0	0	0	0	-240	-1	-1
New equity	—	—	0	0	0	72	0	0	0
Other			-2	25	45	-18	0	0	0
Net financing cash flow	—	—	-17	66	-2	101	-372	-108	-99
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			12	4	11	6	97	-57	-48
Cash balance									
Free cash flow			30	-62	13	-96	469	51	51





# Cleaves Securities

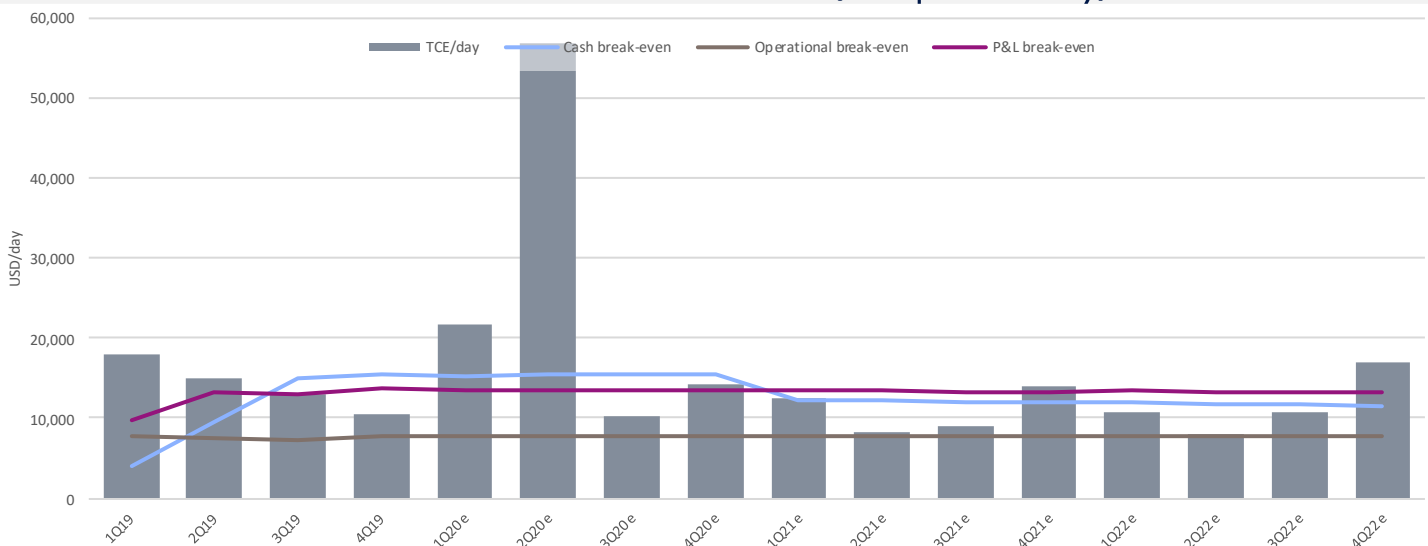
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	—	—	—	—	—	370	370	370	370
Share price, avg (USD)							2	2	2
Share price, end (USD)	—	—	—	—	—	3	2	2	2
<b>Market Cap.</b>						<b>1,149</b>	<b>777</b>	<b>777</b>	<b>777</b>
NIBD			693	731	638	1,357	1,127	1,078	1,028
Minorities	—	—	0	0	0	0	0	0	0
<b>Enterprise value</b>						<b>2,505</b>	<b>1,905</b>	<b>1,855</b>	<b>1,805</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)							1.9		
P/E (adj.)							1.9		
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						2.6	0.9	2.1	1.9
EV/Sales						5.6	2.1	4.9	4.5
EV/EBITDA						13.9	3.1	18.1	14.2
EV/EBIT						32.1	4.1		
P/B						1.0	0.6	0.7	0.7
FCF yield						-8%	60%	7%	7%
Dividend yield						0.0%	30.9%	0.2%	0.2%
Return on equity (ROE)			-50.9%	0.7%	-3.5%	0.4%	31.7%	-8.5%	-6.5%
Return on capital employed (ROCE)			-15.7%	2.6%	1.0%	3.2%	19.3%	-2.2%	-1.2%
Return on assets (ROA)			-16.3%	0.2%	-1.5%	0.2%	15.0%	-4.0%	-3.1%
Sales growth							99%	-58%	7%
EBITDA margin						40%	69%	27%	32%
EBIT margin						17%	52%	-13%	-6%
Net margin						1%	46%	-27%	-18%
Net interest rate			2.7%	3.6%	4.9%	4.7%	5.1%	4.8%	4.6%
Tax rate			0.0%	0.7%	-0.1%	19.2%	0.0%	0.0%	0.0%
Equity ratio			32%	33%	43%	42%	47%	47%	48%
Leverage ratio			68%	67%	57%	58%	53%	53%	52%
NIBD / EBITDA (past 1y)			-6.5	8.7	9.2	7.5	1.8	10.5	8.1
Operating cash flow/NIBD			0.1	0.1	0.0	0.1	0.5	0.0	0.1
Net interest coverage ratio (EBIT)			-5.6	3.2	2.2	2.9	10.7	2.0	2.7
Current ratio			0.9	0.6	1.1	1.0	1.8	1.5	1.3
Adj. equity ratio						45%	48%	45%	52%
Operating assets			1,105	1,178	1,262	2,590	2,528	2,376	2,253
Operating liabilities			45	50	53	115	115	115	115
Net operating assets			1,060	1,128	1,209	2,475	2,413	2,262	2,138

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)





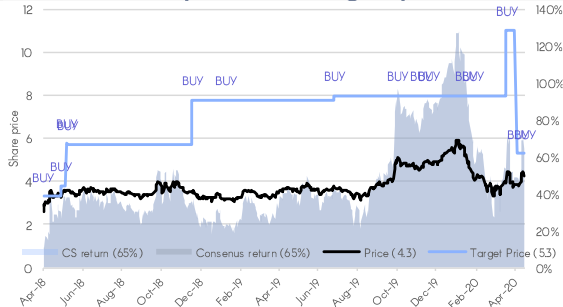
VLCC pure-play with full scrubber coverage. Very prudent strategy of fixing out some vessels for term at fantastic rates

## HUNT-NO

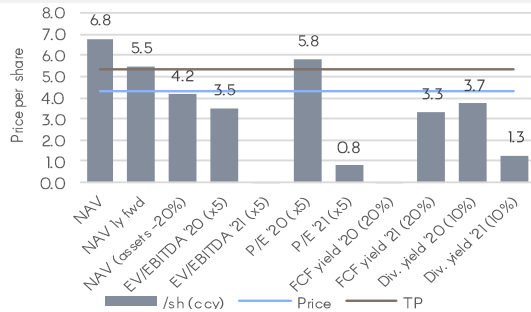
## BUY/N5.3

## Hunter Group

### Share price vs target price

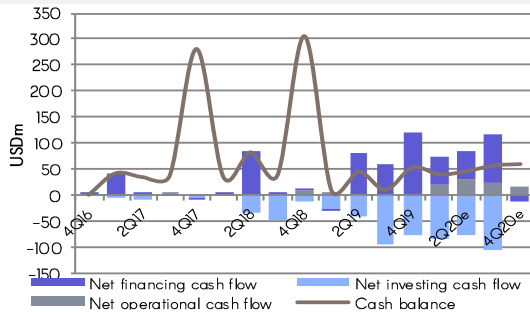


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	10	121	75	69
EBITDA (adj.)	8	105	56	50
EBIT (adj.)	6	83	28	22
PTP (adj.)	4	65	9	4
Net earnings (adj.)	4	65	9	4
EPS (adj.)	0.01	0.11	0.02	0.01
DPS	-	0.04	0.01	0.01
USDm	2019E	2020E	2021E	2022E
Fwd NAV	378	304	300	439
Adj. equity ratio	67%	44%	45%	57%
FCF yield	-67%	-77%	16%	13%
Dividend yield	0%	9%	3%	2%
EV/EBITDA	24.1	5.4	9.6	10.3
P/E (adj.)		3.7	26.7	60.5

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	0	87	37	32
Free cash flow	-242	-182	37	31
Net cash flow	17	7	2	-3
TCE/day	#DIV/O!	65,317	29,531	26,927
Cash break-even	#DIV/O!	21,756	26,070	26,222
Liquidity	52	59	61	57
Property & Equip. (incl. NBs)	334	581	553	526
Total equity	211	255	257	257
Total assets	395	648	622	592
Interest bearing debt	180	390	362	332
Net interest bearing debt	128	331	301	275
Market Cap.	358	238	238	238

Source: Cleaves, Bloomberg, Clarksons SIN, 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

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	0.1	10.1	23.6	20.8				
EBITDA (adj.)	-0.2	8.2	21.5	18.0				
EBIT (adj.)	-0.2	6.3	18.1	15.0				
PTP (adj.)	0.3	3.7	14.6	12.5				
Net earnings (adj.)	0.3	3.7	14.6	12.1				
EPS (adj.)	0.00	0.01	0.02	0.02				
DPS	-	-	-	0.01				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	0.1	10.1	23.6	20.8				
Opex & G&A	0.3	1.9	2.2	2.8				
Depreciation	-	1.9	3.4	3.0				
Net finance	-0.6	2.6	3.5	2.5				
Taxes & Minorities	-	-	-	0.4				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	0	-1	18					
Free cash flow	-27	-78	-68					
Net cash flow	-27	43	-13					
TCE/day	#DIV/O!	55,569	86,527	76,348				
Utilization	100.0%	78.4%	100.0%					
Fleet days	-	231	273					
Cash break-even	#DIV/O!	19,095	20,767					
Liquidity	8	52	39					
Interest bearing debt	0	180	235					

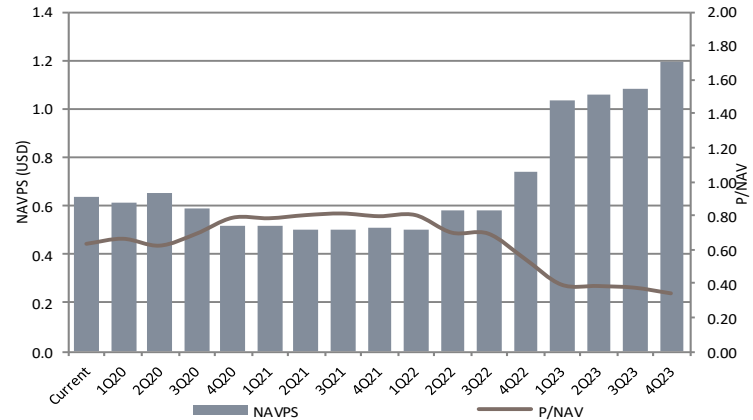


## Company Valuation

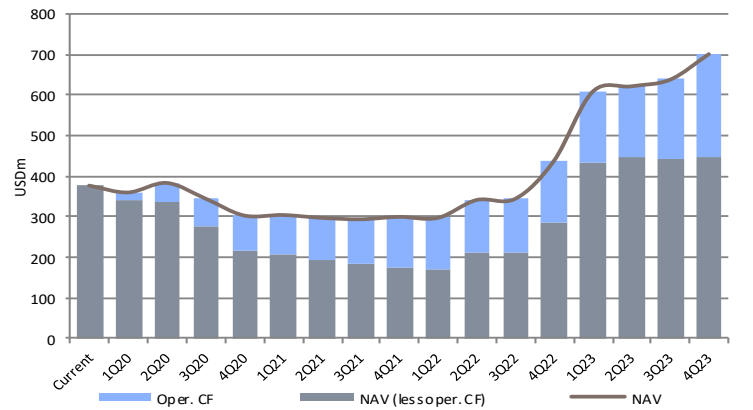
### Valuation & target price

Valuation				
USDm	Book Value	Net Asset Value	Market cap.	
Primary assets	334	732	599	
Contract value	0	34	28	
Other	5	5	4	
<b>GAV</b>	<b>339</b>	<b>771</b>	<b>631</b>	
Net debt	-128	-124	-124	
Capex	0	-269	-269	
Other	0	0	0	
<b>Equity</b>	<b>211</b>	<b>378</b>	<b>238</b>	
Shares	590	590	590	
<b>Equity/sh</b>	<b>0.36</b>	<b>0.64</b>	<b>0.40</b>	
lcl CCY	3.80	6.80	4.28	
USDNOK		10.6		
P/Equity	1.13	0.63	1.00	
EV/GAV	1.86	0.82	1.00	
Adj. Total Assets	395	793	660	
<b>Adj. Equity Ratio</b>	<b>54%</b>	<b>48%</b>	<b>36%</b>	
<b>Fair Value</b>	<b>NOK</b>	<b>5.3</b>	<b>24%</b>	
	<b>USD</b>	<b>0.50</b>		

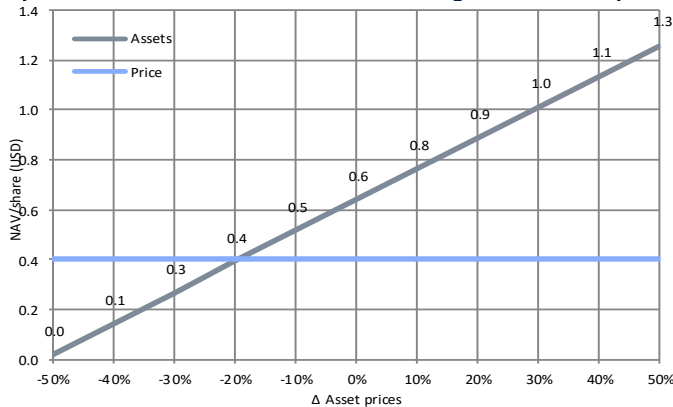
### Quarterly forward NAV & P/NAV



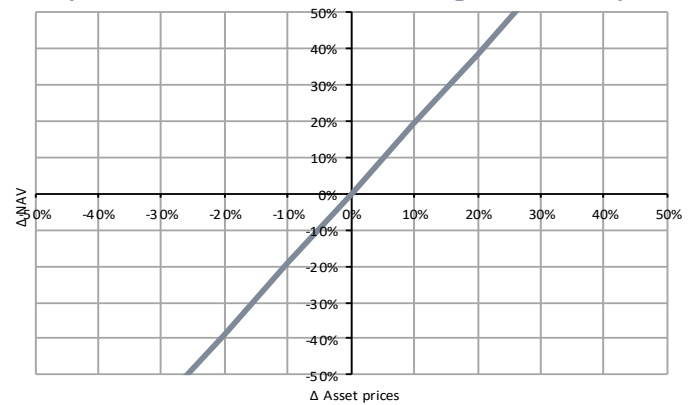
### Quarterly forward NAV decomposition



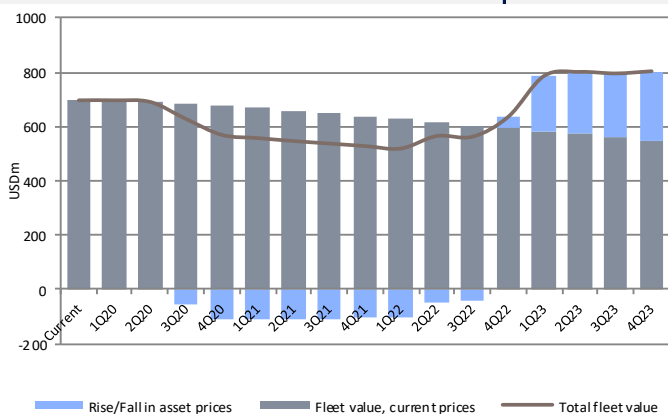
### Impact on NAV/sh from % change in asset prices



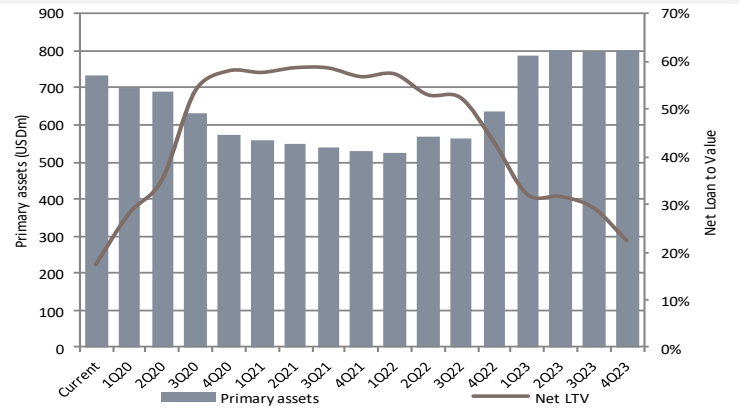
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	10	121	75	69	10	148	149	158	-	-27	-73	-89	
EBITDA (adj.)	8	105	56	50	8	133	130	139	-	-28	-73	-89	
EBIT (adj.)	6	83	28	22	6	112	104	113	-	-29	-75	-91	
PTP (adj.)	4	65	9	4	4	93	84	95	-	-29	-75	-91	
Net earnings (adj.)	4	65	9	4	4	93	84	95	-	-29	-75	-91	
EPS (adj.)	0.01	0.11	0.02	0.01	0.01	0.16	0.14	0.16	-	-0.05	-0.13	-0.15	
DPS	-	0.04	0.01	0.01	-	0.03	0.06	0.08	-	0.01	-0.05	-0.07	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-27	-73	-89
									Opex & G&A	-	1	-	-
									Depreciation	-	1	2	2
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	0	87	37	32	0	114	110	121	-	-28	-73	-89
Free cash flow	-242	-182	37	31	-242	-155	110	119	-	-28	-73	-89
Net cash flow	17	7	2	-3	17	39	44	42	-	-32	-42	-46
TCE/day	#DIV/O!	65,317	29,531	26,927	#DIV/O!	78,017	58,165	61,730	#DIV/O!	#####	#####	#####
Cash break-even	#DIV/O!	21,756	26,070	26,222	#DIV/O!	22,615	26,070	26,222	#DIV/O!	-859	-	-
Liquidity	52	59	61	57	52	91	135	177	-	-32	-74	-120
Property & Equip. (incl. NBs)	334	581	553	526	334	582	556	531	-	-1	-3	-5
Total equity	211	255	257	257	211	288	334	382	-0	-33	-77	-125
Total assets	395	648	622	592	395	681	699	717	0	-33	-77	-125
Interest bearing debt	180	390	362	332	180	390	362	332	-	-	-	-
Net interest bearing debt	128	331	301	275	128	299	227	155	-	32	74	120
Market Cap.	358	238	238	238	358	221	221	221	-	17	17	17
Enterprise value	486	569	539	513	486	520	448	376	-	49	91	137

### Valuation

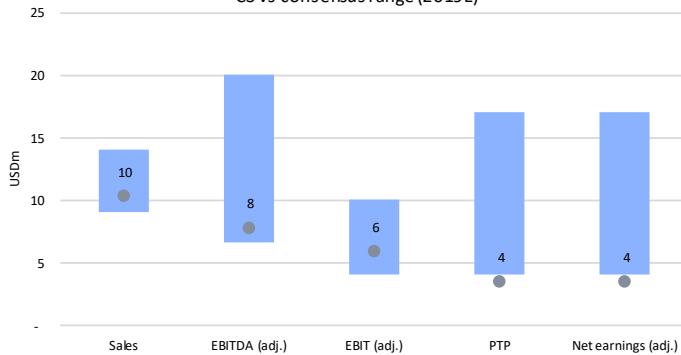
Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	378	304	300	439	346	486	698	832	32	-183	-398	-393
Adj. equity ratio	67%	44%	45%	57%	65%	55%	66%	71%	2%	-12%	-21%	-15%
FCF yield	-67%	-77%	16%	13%	-67%	-70%	50%	54%	0%	-7%	-34%	-41%
Dividend yield	0%	9%	3%	2%	0%	7%	17%	21%	0%	1%	-14%	-20%
EV/EBITDA	24.1	5.4	9.6	10.3	24.1	3.9	3.5	2.7	-	1.5	6.1	7.6
P/E (adj.)		3.7	26.7	60.5		2.4	2.6	2.3	#####	1.3	24.0	58.1



## Our Estimates vs Consensus

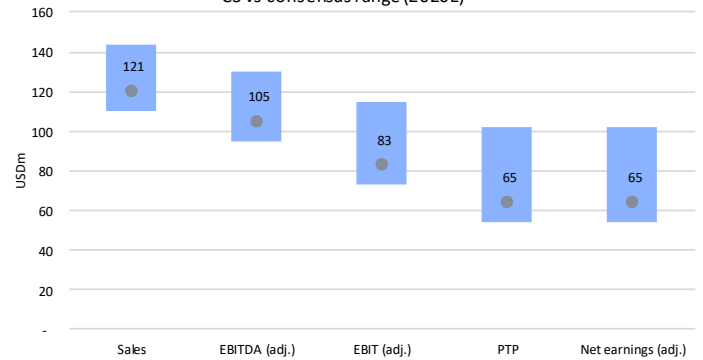
### Profit & Loss, year I

CS vs consensus range (2019E)

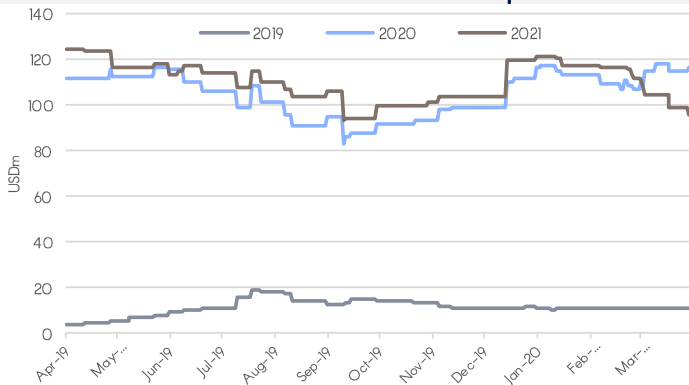


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



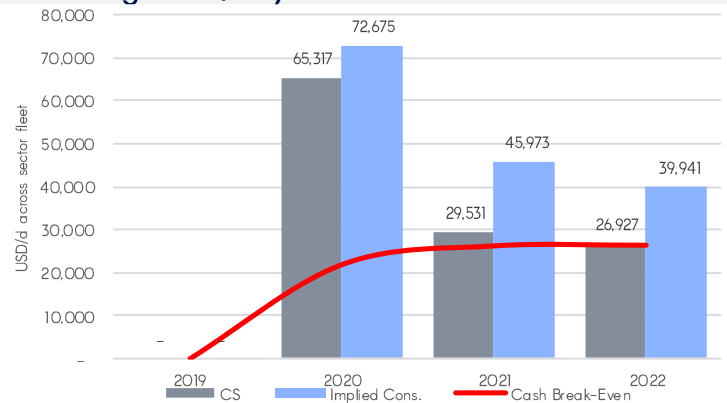
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	10	12	12	-2	-16%
Opex + G&A	3	1	1	1	101%
Depreciation	2	4	4	-2	-48%
Net finance	2	-1	-1	3	-439%
Taxes & Minorities	0	-0	-0	0	-100%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	121	134	134	-14	-10%
Opex + G&A	15	18	18	-2	-13%
Depreciation	22	20	20	2	10%
Net finance	19	15	15	4	25%
Taxes & Minorities	0	0	0	0	#DIV/0!

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	0	0	0	10	24	37	33	26	22
Operational costs	0	0	0	11	-2	-3	-5	-5	-5
EBITDA	0	0	0	21	21	34	29	21	18
Depreciation/Amortization	0	0	0	-2	-3	-5	-7	-7	-7
EBIT	0	0	0	19	18	29	22	14	11
Net financials	1	1	-1	-3	-4	-4	-5	-6	-5
PTP	0	1	-2	16	15	25	17	9	6
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>0</b>	<b>1</b>	<b>-2</b>	<b>16</b>	<b>15</b>	<b>25</b>	<b>17</b>	<b>9</b>	<b>6</b>
Non-recurring items	0	0	0	-12	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>0</b>	<b>1</b>	<b>-2</b>	<b>4</b>	<b>15</b>	<b>25</b>	<b>17</b>	<b>9</b>	<b>6</b>
EPS	0.00	0.00	0.00	0.03	0.02	0.04	0.03	0.01	0.01
EPS (adj.)	0.00	0.00	0.00	0.01	0.02	0.04	0.03	0.01	0.01
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.01	0.01
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	8	45	10	52	39	45	56	59	62
Other current assets	0	0	1	8	8	8	8	8	8
<b>Total current assets</b>	<b>9</b>	<b>45</b>	<b>11</b>	<b>61</b>	<b>48</b>	<b>53</b>	<b>65</b>	<b>67</b>	<b>70</b>
Property & equip. (incl. NBs)	109	152	247	334	417	489	588	581	574
Other non-current assets	0	0	0	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>109</b>	<b>152</b>	<b>247</b>	<b>334</b>	<b>417</b>	<b>489</b>	<b>588</b>	<b>581</b>	<b>574</b>
<b>TOTAL ASSETS</b>	<b>117</b>	<b>197</b>	<b>258</b>	<b>395</b>	<b>464</b>	<b>542</b>	<b>653</b>	<b>648</b>	<b>644</b>
<b>Total equity</b>	<b>117</b>	<b>197</b>	<b>195</b>	<b>211</b>	<b>226</b>	<b>250</b>	<b>255</b>	<b>255</b>	<b>256</b>
Short-term debt	0	0	1	6	16	22	25	28	30
Other current liabilities	0	0	3	3	3	3	3	3	3
<b>Total current liabilities</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>9</b>	<b>19</b>	<b>25</b>	<b>28</b>	<b>31</b>	<b>33</b>
Long-term debt	0	0	59	174	219	267	369	362	354
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>174</b>	<b>219</b>	<b>267</b>	<b>369</b>	<b>362</b>	<b>354</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>117</b>	<b>197</b>	<b>258</b>	<b>395</b>	<b>464</b>	<b>542</b>	<b>653</b>	<b>648</b>	<b>644</b>
Working capital, receivables	0	0	0	7	7	7	7	7	7
Working capital, payables	0	0	1	3	3	3	3	3	3
<b>Net working capital</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Interest bearing debt	0	0	60	180	235	289	395	390	384
Liquidity	8	45	10	52	39	45	56	59	62
<b>Net interest bearing debt</b>	<b>-8</b>	<b>-45</b>	<b>50</b>	<b>128</b>	<b>196</b>	<b>243</b>	<b>338</b>	<b>331</b>	<b>323</b>
<b>Cash Flow (USDm)</b>									
Net income	0	1	-2	16	15	25	17	9	6
Depreciation	0	0	0	2	3	5	7	7	7
Other	0	0	0	-13	0	0	0	0	0
<b>Cash earnings</b>	<b>0</b>	<b>1</b>	<b>-2</b>	<b>5</b>	<b>18</b>	<b>30</b>	<b>23</b>	<b>16</b>	<b>13</b>
Changes in working capital	0	0	2	-7	0	0	0	0	0
<b>Net operational cash flow</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>-1</b>	<b>18</b>	<b>30</b>	<b>23</b>	<b>16</b>	<b>13</b>
Capex	-52	-43	-95	-122	-86	-77	-106	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	46	0	0	0	0	0
Other	25	0	0	0	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-27</b>	<b>-43</b>	<b>-95</b>	<b>-76</b>	<b>-86</b>	<b>-77</b>	<b>-106</b>	<b>0</b>	<b>0</b>
Repayment of debt	0	0	0	0	0	-2	-4	-5	-6
Proceeds from debt	0	0	60	120	55	55	110	0	0
Dividends paid	0	0	0	0	0	0	-12	-8	-4
New equity	0	79	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>0</b>	<b>79</b>	<b>60</b>	<b>120</b>	<b>55</b>	<b>53</b>	<b>94</b>	<b>-13</b>	<b>-10</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-27</b>	<b>37</b>	<b>-35</b>	<b>43</b>	<b>-13</b>	<b>6</b>	<b>11</b>	<b>3</b>	<b>3</b>
Cash balance	8	45	10	52	39	45	56	59	62
<b>Free cash flow</b>	<b>-27</b>	<b>-42</b>	<b>-95</b>	<b>-78</b>	<b>-68</b>	<b>-47</b>	<b>-83</b>	<b>16</b>	<b>13</b>





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales					1	10	121	75	69
Operational costs					-11	10	-15	-19	-19
EBITDA			-1	-93	-11	20	105	56	50
Depreciation/Amortization			0	0	0	-2	-22	-28	-28
EBIT	-3	-2	-1	-93	-11	18	83	28	22
Net financials	0	0	0	2	3	-2	-19	-19	-18
PTP	-4	-2	-1	-91	-7	16	65	9	4
Taxes/Minorities	0	0	0	-6	0	0	0	0	0
Net earnings	-4	-2	-1	-96	-8	16	65	9	4
Non-recurring items	0	0	0	0	2	-12	0	0	0
Net earnings (adj.)	-4	-2	-1	-96	-6	4	65	9	4
EPS	-0.48	-0.21	-0.39	-0.73	-0.02	0.03	0.11	0.02	0.01
EPS (adj.)	-0.48	-0.21	-0.39	-0.73	-0.02	0.01	0.11	0.02	0.01
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.01	0.01
Balance Sheet (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & short-term investments	1	0	0	279	304	52	59	61	57
Other current assets	1	0	0	46	217	8	8	8	8
Total current assets	1	0	0	326	521	61	67	69	66
Property & equip. (incl. NBs)	0	0	0	28	493	334	581	553	526
Other non-current assets	19	17	17	95	0	0	0	0	0
Total non-current assets	19	17	17	123	493	334	581	553	526
TOTAL ASSETS	20	17	18	449	1,014	395	648	622	592
Total equity	11	7	7	415	1,012	211	255	257	257
Short-term debt	0	1	1	4	0	6	3	3	3
Other current liabilities	1	1	0	19	2	3	3	3	3
Total current liabilities	1	1	1	22	2	9	6	6	6
Long-term debt	0	0	0	12	0	174	388	359	329
Other non-current liabilities	9	8	9	0	0	0	0	0	0
Total non-current liabilities	9	8	9	12	0	174	388	359	329
TOTAL EQUITY & LIABILITIES	20	17	18	449	1,014	395	648	622	592
Working capital, receivables			0	41	1	7	7	7	7
Working capital, payables	0	0	0	12	1	3	3	3	3
Net working capital			0	30	0	4	4	4	4
Interest bearing debt	0	1	1	15	0	180	390	362	332
Liquidity	1	0	0	279	304	52	59	61	57
Net interest bearing debt	-1	1	1	-264	-304	128	331	301	275
Cash Flow (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net income	-4	-2	-1	-96	-8	16	65	9	4
Depreciation			0	0	0	2	22	28	28
Other			0	64	4	-13	0	0	0
Cash earnings	-3	-2	-1	-32	-4	5	87	37	32
Changes in working capital	-1	0	0	6	-2	-5	0	0	0
Net operational cash flow	-4	-2	-1	-26	-6	0	87	37	32
Capex	—	—	0	-6	-269	-313	-269	0	-1
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	46	0	0	0
Other	-4	-2	0	-51	-5	12	0	0	0
Net investing cash flow	-4	-2	0	-56	-97	-242	-269	0	-1
Repayment of debt	0	1	0	-10	0	0	-10	-28	-30
Proceeds from debt	—	—	0	0	0	180	220	0	0
Dividends paid	0	0	0	0	0	0	-21	-7	-4
New equity	—	—	—	385	93	79	0	0	0
Other	4	2	1	-14	-5	12	0	0	0
Net financing cash flow	4	3	1	361	94	259	189	-35	-34
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			0	279	-10	17	7	2	-3
Cash balance	1	0	0	279	270	287	294	295	292
Free cash flow	-7	-3	-1	-82	-103	-242	-182	37	31



# Cleaves Securities

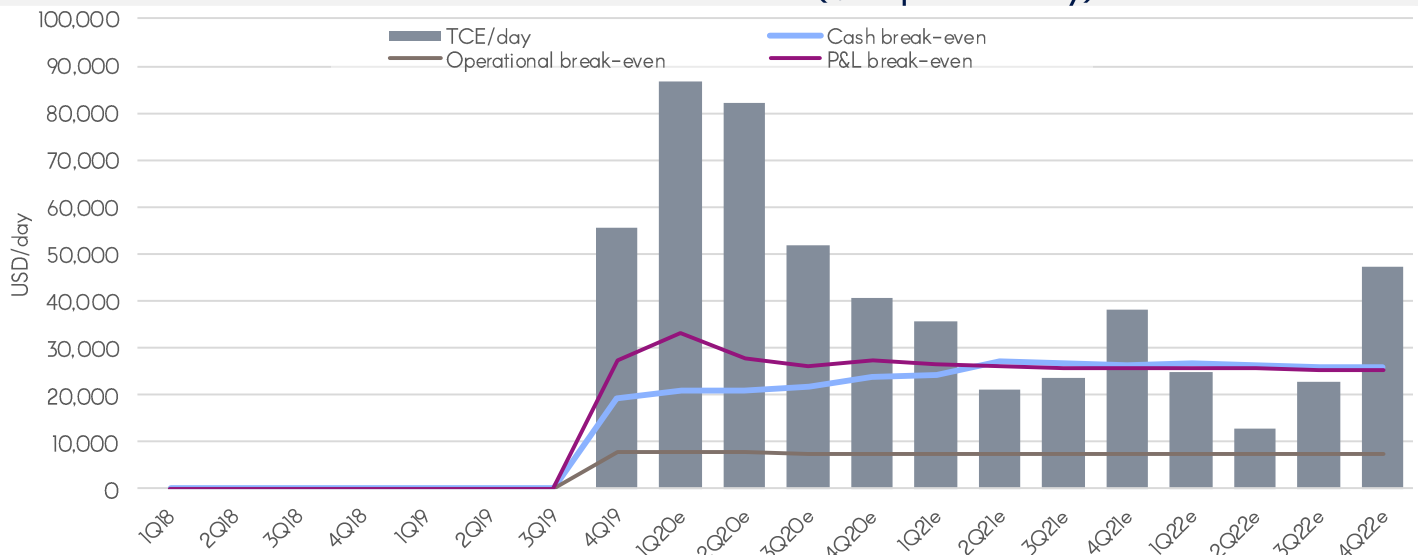
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Shares outstanding, end	8	8	2	131	385	575	590	590	590
Share price, avg (USD)	1	1	0	0	0	0	0	0	0
Share price, end (USD)	1	0	1	0	0	1	0	0	0
<b>Market Cap.</b>	<b>10</b>	<b>2</b>	<b>2</b>	<b>37</b>	<b>143</b>	<b>358</b>	<b>238</b>	<b>238</b>	<b>238</b>
NIBD	-1	1	1	-264	-304	128	331	301	275
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>-227</b>	<b>-161</b>	<b>486</b>	<b>569</b>	<b>539</b>	<b>513</b>
Key Figures & Ratios	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
P/E (reported)					0.0	22.5	3.7	26.7	60.5
P/E (adj.)					0.0		3.7	26.7	60.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					0.0	34.7	2.0	3.2	3.5
EV/Sales					0.0	47.0	4.7	7.1	7.4
EV/EBITDA				2.4	0.0	24.1	5.4	9.6	10.3
EV/EBIT				2.4	0.0	26.6	6.8	19.1	23.5
P/B	0.9	0.3	0.2	0.1	0.0	1.7	0.9	0.9	0.9
FCF yield	-79%	-170%	-90%	-221%	0%	-67%	-77%	16%	13%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.7%	3.0%	1.7%
Return on equity (ROE)	-35.3%	-22.0%	-12.3%	-23.2%	0.0%	7.6%	25.3%	3.5%	1.5%
Return on capital employed (ROCE)	-34.2%	-19.5%	-10.4%	-61.7%	0.0%	5.4%	14.2%	5.1%	4.1%
Return on assets (ROA)	-18.5%	-9.6%	-4.8%	-21.5%	0.0%	4.0%	10.0%	1.4%	0.7%
Sales growth					0%	1209%	1067%	-37%	-9%
EBITDA margin					0%	195%	87%	75%	72%
EBIT margin					0%	177%	69%	38%	32%
Net margin					0%	154%	53%	12%	6%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	5.7%	6.4%	6.5%
Tax rate	0.0%	0.0%	0.0%	-4.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	52%	43%	39%	92%	0%	54%	39%	41%	43%
Leverage ratio	48%	57%	61%	8%	0%	46%	61%	59%	57%
NIBD / EBITDA (past 1y)			-1.0	2.8	0.0	6.3	3.1	5.4	5.5
Operating cash flow/NIBD	6.3	-2.3	-1.3	0.1	0.0	0.0	0.3	0.1	0.1
Net interest coverage ratio (EBITDA)					0.0	7.9	5.6	2.9	2.8
Current ratio	1.9	0.4	0.1	14.7	0.0	6.7	11.7	11.2	10.9
Adj. equity ratio					0%	67%	44%	45%	57%
Operating assets	20	17	17	170	0	342	589	561	535
Operating liabilities	10	9	10	19	0	3	3	3	3
Net operating assets	10	8	8	151	0	339	586	558	531

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)





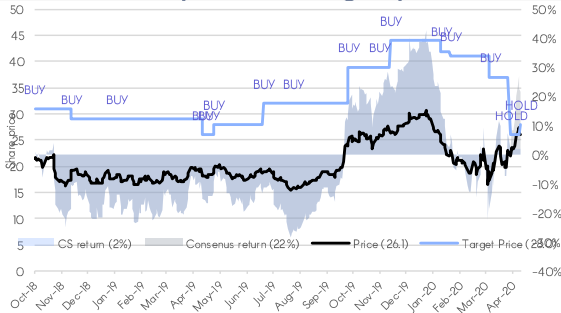
Strong balance sheet and cash generation in 2020E, but cyclical downside still looms. Fairly reflected in current share price

INSW-US

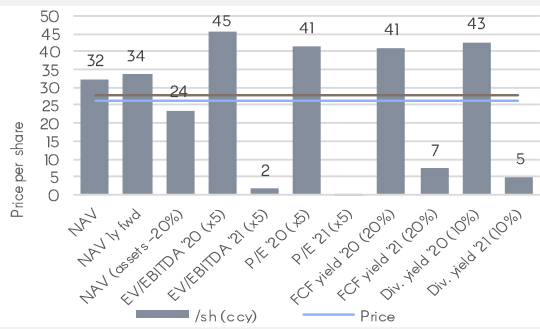
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International Seaways

### Share price vs target price

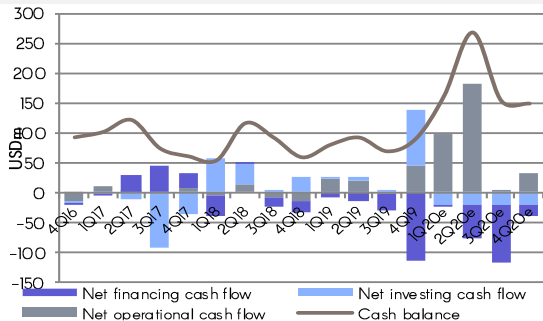


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	340	535	256	273
EBITDA (adj.)	132	364	101	122
EBIT (adj.)	57	289	26	47
PTP (adj.)	24	242	-13	13
Net earnings (adj.)	24	242	-13	13
EPS (adj.)	0.82	8.28	-0.43	0.44
DPS	-	4.26	0.49	0.54
USDm	2019E	2020E	2021E	2022E
Fwd NAV	945	984	950	1,200
Adj. equity ratio	56%	59%	61%	70%
FCF yield	22%	31%	6%	9%
Dividend yield	0%	16%	2%	2%
EV/EBITDA	11.3	3.4	12.1	9.6
P/E (adj.)	36.3	3.2		58.7

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	87	317	63	88
Free cash flow	195	240	42	68
Net cash flow	33	59	-52	-18
TCE/day	23,646	42,055	20,256	21,970
Cash break-even	28,919	21,082	20,931	19,912
Liquidity	90	149	97	79
Property & Equip. (incl. NBs)	1,316	1,318	1,263	1,208
Total equity	1,022	1,140	1,113	1,110
Total assets	1,754	1,815	1,708	1,635
Interest bearing debt	692	636	556	486
Net interest bearing debt	602	487	459	407
Market Cap.	871	765	765	765

Source: Cleaves, Bloomberg, Clarksons SIN, company data

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



## Quarterly Review

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	94.0	117.6	154.8	124.8				
EBITDA (adj.)	39.5	72.2	110.4	76.3				
EBIT (adj.)	20.6	52.3	91.7	57.6				
PTP (adj.)	12.2	39.0	78.6	47.0				
Net earnings (adj.)	12.2	39.0	78.6	46.2				
EPS (adj.)	0.42	1.33	2.68	1.81				
DPS	-	0.06	1.34	0.12				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	94.0	117.6	154.8	124.8				
Opex & G&A	54.5	45.4	44.3	48.5				
Depreciation	18.9	19.9	18.7	18.7				
Net finance	8.4	13.3	13.1	10.7				
Taxes & Minorities	-	0.0	0.0	0.8				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	24	44	97					
Free cash flow	27	140	78					
Net cash flow	20	26	77					
TCE/day	24,316	35,176	47,488	38,302				
Cash break-even	20,952	49,008	19,817					
Liquidity	80	90	167					
Interest bearing debt	833	692	693					

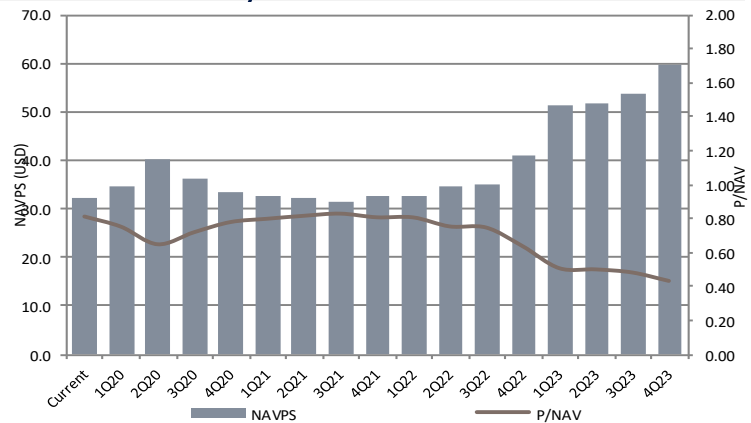


## Company Valuation

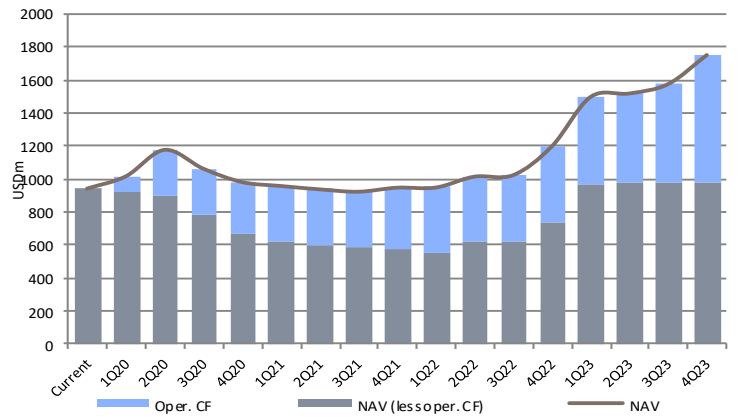
### Valuation

Valuation	Book Value	Net Asset Value	Market cap.
<b>USDm</b>			
Primary assets	1,316	1,256	1,114
Contract value	0	1	1
Other	334	334	296
<b>GAV</b>	<b>1,649</b>	<b>1,591</b>	<b>1,410</b>
Net debt	-602	-602	-602
Capex	0	-19	-19
Other	-25	-25	-25
<b>Equity</b>	<b>1,022</b>	<b>945</b>	<b>765</b>
Shares	29	29	29
<b>Equity/sh</b>	<b>34.9</b>	<b>32.3</b>	<b>26.1</b>
ICL CCY	34.9	32.3	26.1
<b>P/Equity</b>	<b>0.75</b>	<b>0.81</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.86</b>	<b>0.89</b>	<b>1.00</b>
Adj. Total Assets	1,754	1,694	1,552
Adj. Equity Ratio	58%	56%	49%
<b>Fair Value</b>	<b>USD</b>	<b>28</b>	<b>7%</b>

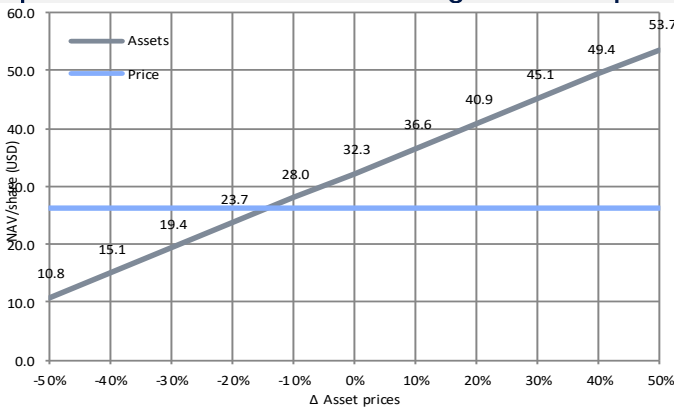
### Quarterly forward NAV & P/NAV



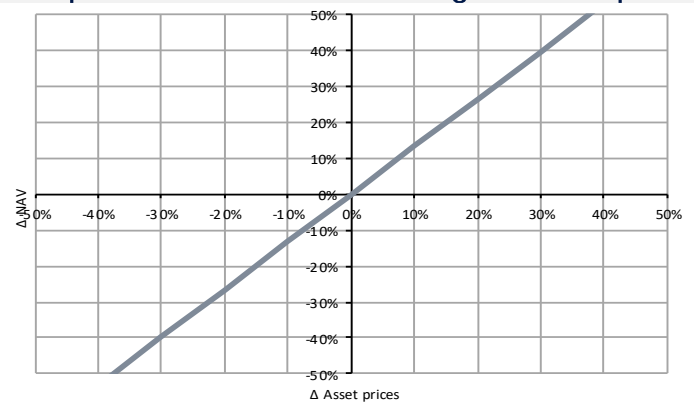
### Quarterly forward NAV decomposition



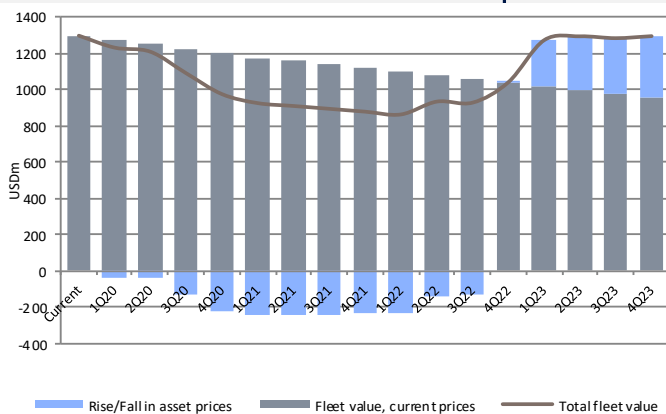
### Impact on NAV/sh from % change in asset prices



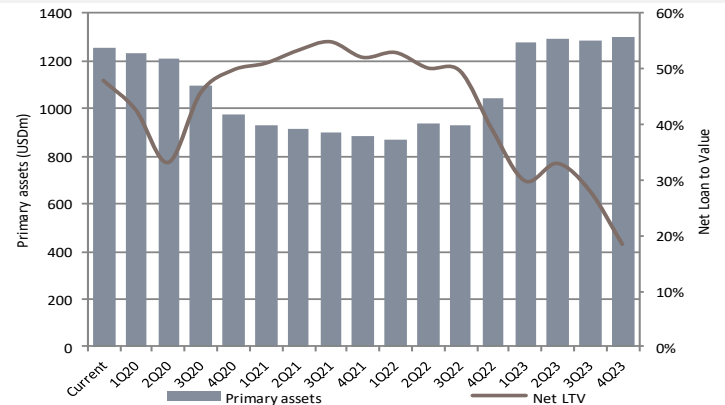
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	340	535	256	273	340	540	493	531	-	-5	-238	-258	
EBITDA (adj.)	132	364	101	122	132	369	339	380	-	-5	-238	-258	
EBIT (adj.)	57	289	26	47	57	293	264	305	-	-5	-237	-258	
PTP (adj.)	24	242	-13	13	24	246	223	267	-	-4	-235	-254	
Net earnings (adj.)	24	242	-13	13	24	246	223	267	-	-4	-235	-254	
EPS (adj.)	0.82	8.28	-0.43	0.44	0.82	8.41	7.60	9.12	-	-0.13	-8.04	-8.68	
DPS	-	4.26	0.49	0.54	-	2.30	3.39	4.46	-	1.96	-2.90	-3.92	
									<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	
									TCE revenue	-	-5	-238	-258
									Opex & G&A	-	-	-	-
									Depreciation	-	-0	-0	-0
									Net finance	-	-1	-2	-4
									Taxes & Minorities	-	0	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	87	317	63	88	87	321	298	343	-	-4	-236	-254
Free cash flow	195	240	42	68	195	260	277	322	-	-20	-235	-254
Net cash flow	33	59	-52	-18	33	155	126	143	-	-96	-178	-160
TCE/day	23,646	42,055	20,256	21,970	23,646	42,568	39,159	42,824	-	-513	#####	#####
Cash break-even	28,919	21,082	20,931	19,912	28,919	19,777	18,917	18,537	-	1,305	2,013	1,375
Liquidity	90	149	97	79	90	245	371	514	-	-96	-275	-435
Property & Equip. (incl. NBs)	1,316	1,318	1,263	1,208	1,316	1,302	1,247	1,192	-	16	16	16
Total equity	1,022	1,140	1,113	1,110	1,022	1,201	1,325	1,461	-	-61	-212	-351
Total assets	1,754	1,815	1,708	1,635	1,754	1,895	1,967	2,055	-	-80	-259	-419
Interest bearing debt	692	636	556	486	692	655	603	554	-	-19	-47	-68
Net interest bearing debt	602	487	459	407	602	410	231	40	-	78	228	367
Market Cap.	871	765	765	765	871	595	595	595	-	169	169	169
Enterprise value	1,474	1,252	1,224	1,172	1,474	1,005	827	636	-	247	397	536

### Valuation

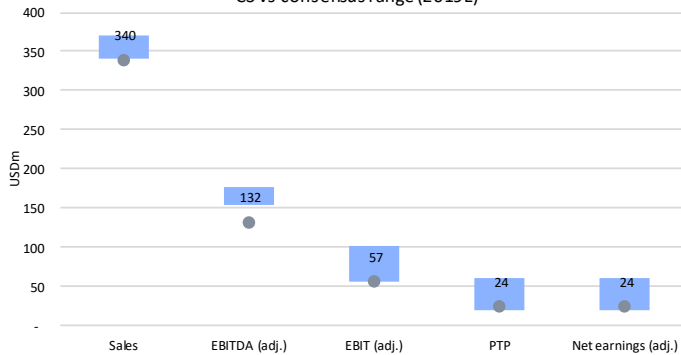
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	945	984	950	1,200	950	1,285	1,699	2,035	-5	-301	-749	-835
Adj. equity ratio	56%	59%	61%	70%	57%	65%	73%	77%	0%	-6%	-11%	-8%
FCF yield	22%	31%	6%	9%	22%	44%	47%	54%	0%	-12%	-41%	-45%
Dividend yield	0%	16%	2%	2%	0%	11%	17%	22%	0%	5%	-15%	-20%
EV/EBITDA	11.3	3.4	12.1	9.6	11.3	2.7	2.4	1.7	-	0.7	9.6	7.9
P/E (adj.)	36.3	3.2		58.7	36.3	2.4	2.7	2.2	-	0.7	#####	56.5



## Our Estimates vs Consensus

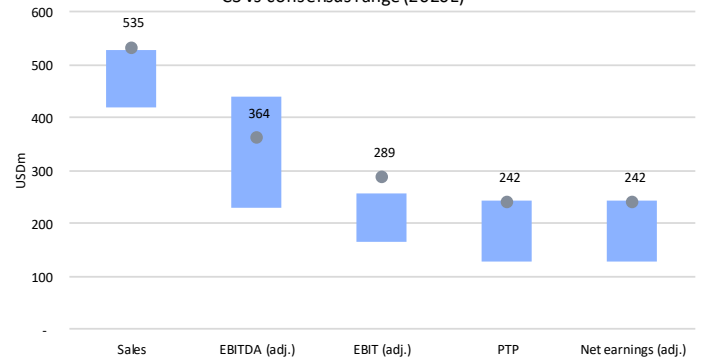
### Profit & Loss, year I

CS vs consensus range (2019E)

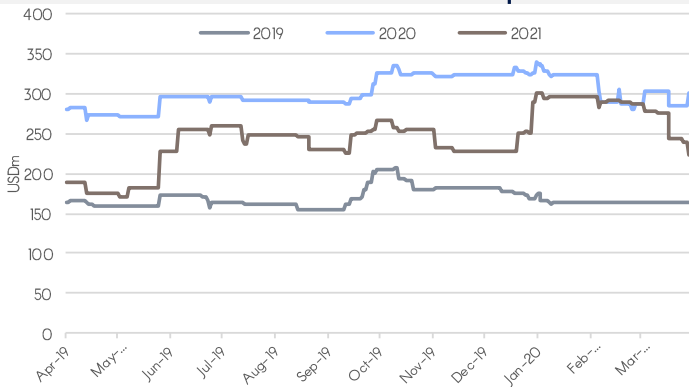


### Profit & Loss, year II

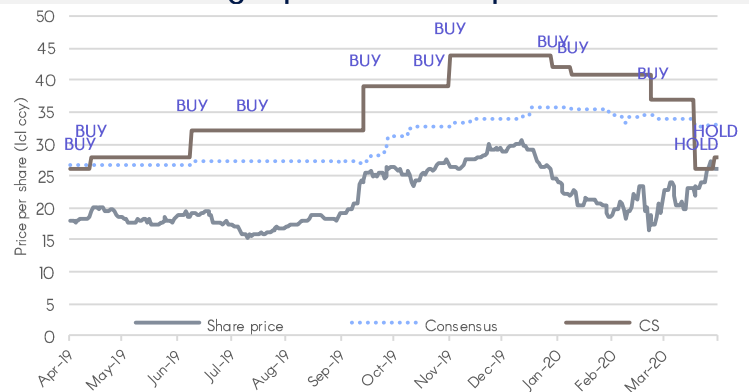
CS vs consensus range (2020E)



### Consensus EBITDA development



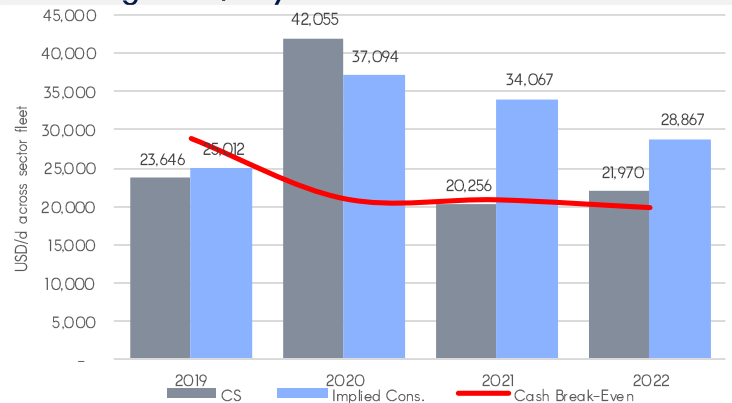
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	340	360	-20	-5%	
Opex + G&A	208	195	13	6%	
Depreciation	76	79	-4	-5%	
Net finance	33	52	-20	-37%	
Taxes & Minorities	0	1	-1	-100%	
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	535	472	63	13%	
Opex + G&A	171	171	0	0%	
Depreciation	75	85	-10	-11%	
Net finance	46	26	21	80%	
Taxes & Minorities	0	10	-10	-100%	

### Avg. TCE/day across fleet vs consensus







# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Balance Sheet (USDm)	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
Cash & short-term investments	80	92	68	90	162	269	154	149	142
Other current assets	113	91	88	98	98	98	98	98	98
<b>Total current assets</b>	<b>193</b>	<b>183</b>	<b>157</b>	<b>187</b>	<b>260</b>	<b>366</b>	<b>252</b>	<b>247</b>	<b>240</b>
Property & equip. (incl. NBs)	1,321	1,292	1,268	1,316	1,316	1,317	1,318	1,318	1,304
Other non-current assets	378	391	404	251	251	251	251	251	251
<b>Total non-current assets</b>	<b>1,699</b>	<b>1,682</b>	<b>1,672</b>	<b>1,566</b>	<b>1,567</b>	<b>1,567</b>	<b>1,568</b>	<b>1,569</b>	<b>1,555</b>
<b>TOTAL ASSETS</b>	<b>1,891</b>	<b>1,865</b>	<b>1,829</b>	<b>1,754</b>	<b>1,827</b>	<b>1,934</b>	<b>1,820</b>	<b>1,815</b>	<b>1,795</b>
<b>Total equity</b>	<b>1,018</b>	<b>995</b>	<b>982</b>	<b>1,022</b>	<b>1,099</b>	<b>1,224</b>	<b>1,127</b>	<b>1,140</b>	<b>1,139</b>
Short-term debt	66	69	64	83	71	72	73	75	72
Other current liabilities	34	36	33	31	31	31	31	31	31
<b>Total current liabilities</b>	<b>100</b>	<b>106</b>	<b>98</b>	<b>114</b>	<b>102</b>	<b>103</b>	<b>104</b>	<b>106</b>	<b>104</b>
Long-term debt	767	756	737	609	618	599	581	561	544
Other non-current liabilities	5	9	11	8	8	8	8	8	8
<b>Total non-current liabilities</b>	<b>773</b>	<b>764</b>	<b>749</b>	<b>617</b>	<b>626</b>	<b>607</b>	<b>589</b>	<b>569</b>	<b>552</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,891</b>	<b>1,865</b>	<b>1,829</b>	<b>1,754</b>	<b>1,827</b>	<b>1,934</b>	<b>1,820</b>	<b>1,815</b>	<b>1,795</b>
Working capital, receivables	104	84	79	88	88	88	88	88	88
Working capital, payables	33	34	30	15	15	15	15	15	15
<b>Net working capital</b>	<b>71</b>	<b>50</b>	<b>49</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>	<b>73</b>
Interest bearing debt	833	825	802	692	689	671	654	636	616
Liquidity	80	92	68	90	162	269	154	149	142
<b>Net interest bearing debt</b>	<b>754</b>	<b>733</b>	<b>733</b>	<b>602</b>	<b>526</b>	<b>402</b>	<b>500</b>	<b>487</b>	<b>474</b>
<b>Cash Flow (USDm)</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20E</b>	<b>2Q20E</b>	<b>3Q20E</b>	<b>4Q20E</b>	<b>1Q21E</b>
Net income	11	-17	-11	16	79	164	-15	15	7
Depreciation	19	19	19	19	19	19	19	19	19
Other	-8	-5	-7	18	0	0	0	0	0
<b>Cash earnings</b>	<b>22</b>	<b>-3</b>	<b>1</b>	<b>53</b>	<b>97</b>	<b>182</b>	<b>4</b>	<b>34</b>	<b>26</b>
Changes in working capital	2	23	-1	-8	0	0	0	0	0
<b>Net operational cash flow</b>	<b>24</b>	<b>20</b>	<b>0</b>	<b>44</b>	<b>97</b>	<b>182</b>	<b>4</b>	<b>34</b>	<b>26</b>
Capex	-3	-2	-5	-27	-19	-19	-19	-19	-5
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	9	7	0	0	0	0	0	0
Other	6	0	1	122	0	0	0	0	0
<b>Net investing cash flow</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>95</b>	<b>-19</b>	<b>-19</b>	<b>-19</b>	<b>-19</b>	<b>-5</b>
Repayment of debt	-7	-13	-29	-113	-18	-18	-18	-18	-20
Proceeds from debt	0	0	0	0	14	0	0	0	0
Dividends paid	0	0	0	0	-2	-39	-82	-2	-7
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-7</b>	<b>-13</b>	<b>-29</b>	<b>-113</b>	<b>-5</b>	<b>-57</b>	<b>-99</b>	<b>-19</b>	<b>-27</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>20</b>	<b>13</b>	<b>-26</b>	<b>26</b>	<b>73</b>	<b>106</b>	<b>-115</b>	<b>-5</b>	<b>-7</b>
Cash balance	80	92	68	90	162	269	154	149	142
<b>Free cash flow</b>	<b>27</b>	<b>26</b>	<b>3</b>	<b>140</b>	<b>78</b>	<b>163</b>	<b>-15</b>	<b>14</b>	<b>21</b>



# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	347	476	385	275	243	340	535	256	273
Operational costs						-209	-171	-154	-150
EBITDA						131	364	101	122
Depreciation/Amortization						-76	-75	-75	-75
EBIT	5	176	6	-108	-55	55	289	26	47
Net financials	-123	-3	-24	2	-35	-56	-46	-39	-34
PTP	-118	173	-18	-106	-89	-1	242	-13	13
Taxes/Minorities	-1	0	0	0	0	0	0	0	0
Net earnings	-119	173	-18	-106	-89	-1	242	-13	13
Non-recurring items	0	0	0	0	0	25	0	0	0
Net earnings (adj.)	-119	173	-18	-106	-89	24	242	-13	13
EPS			-0.62	-3.65	-3.05	-0.03	8.28	-0.43	0.44
EPS (adj.)			-0.62	-3.65	-3.05	0.82	8.28	-0.43	0.44
DPS			6.92	0.00	0.00	0.00	4.26	0.49	0.54
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	178	309	92	60	58	90	149	97	79
Other current assets	107	88	79	72	109	98	98	98	98
Total current assets	285	397	171	132	168	187	247	195	177
Property & equip. (incl. NBs)	1,317	1,240	1,100	1,105	1,331	1,316	1,318	1,263	1,208
Other non-current assets	433	393	392	428	350	251	251	251	251
Total non-current assets	1,750	1,633	1,492	1,533	1,681	1,566	1,569	1,514	1,458
TOTAL ASSETS	2,035	2,030	1,663	1,664	1,849	1,754	1,815	1,708	1,635
Total equity	1,391	1,384	1,180	1,086	1,010	1,022	1,140	1,113	1,110
Short-term debt	6	6	6	24	52	83	41	50	57
Other current liabilities	31	42	39	23	24	31	31	31	31
Total current liabilities	37	48	45	47	75	114	72	81	88
Long-term debt	595	589	433	529	759	609	595	506	430
Other non-current liabilities	12	9	4	3	4	8	8	8	8
Total non-current liabilities	607	598	438	532	763	617	603	514	438
TOTAL EQUITY & LIABILITIES	2,035	2,030	1,663	1,664	1,849	1,754	1,815	1,708	1,635
Working capital, receivables	95	78	68	61	98	88	88	88	88
Working capital, payables	10	19	16	9	10	15	15	15	15
Net working capital	85	59	52	53	88	73	73	73	73
Interest bearing debt	601	595	440	553	811	692	636	556	486
Liquidity	178	309	92	60	58	90	149	97	79
Net interest bearing debt	423	286	348	493	752	602	487	459	407
<b>Cash Flow (USDm)</b>									
Net income	-119	173	-18	-106	-89	-1	242	-13	13
Depreciation						76	75	75	75
Other						-3	0	0	0
Cash earnings	-271	204	109	14	25	72	317	63	88
Changes in working capital	18	19	8	4	-38	15	0	0	0
Net operational cash flow	-253	223	117	17	-12	87	317	63	88
Capex	-21	-1	-3	-174	-150	-37	-78	-20	-20
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	78	17	0	18	169	16	0	0	0
Other	-41	98	27	19	104	-2	0	0	0
Net investing cash flow	16	114	24	-137	124	108	-78	-20	-20
Repayment of debt	288	-6	-155	102	-64	-162	-70	-80	-70
Proceeds from debt	—	—	—	—	—	0	14	0	0
Dividends paid	0	-200	-202	0	0	0	-125	-14	-16
New equity	0	0	0	0	0	0	0	0	0
Other	-47	0	0	-4	-1	-2	0	0	0
Net financing cash flow	241	-206	-357	98	-64	-163	-181	-94	-86
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	4	131	-217	-21	47	33	59	-52	-18
Cash balance			92	60	58	91	150	98	80
Free cash flow	-237	337	140	-119	111	195	240	42	68



# Cleaves Securities

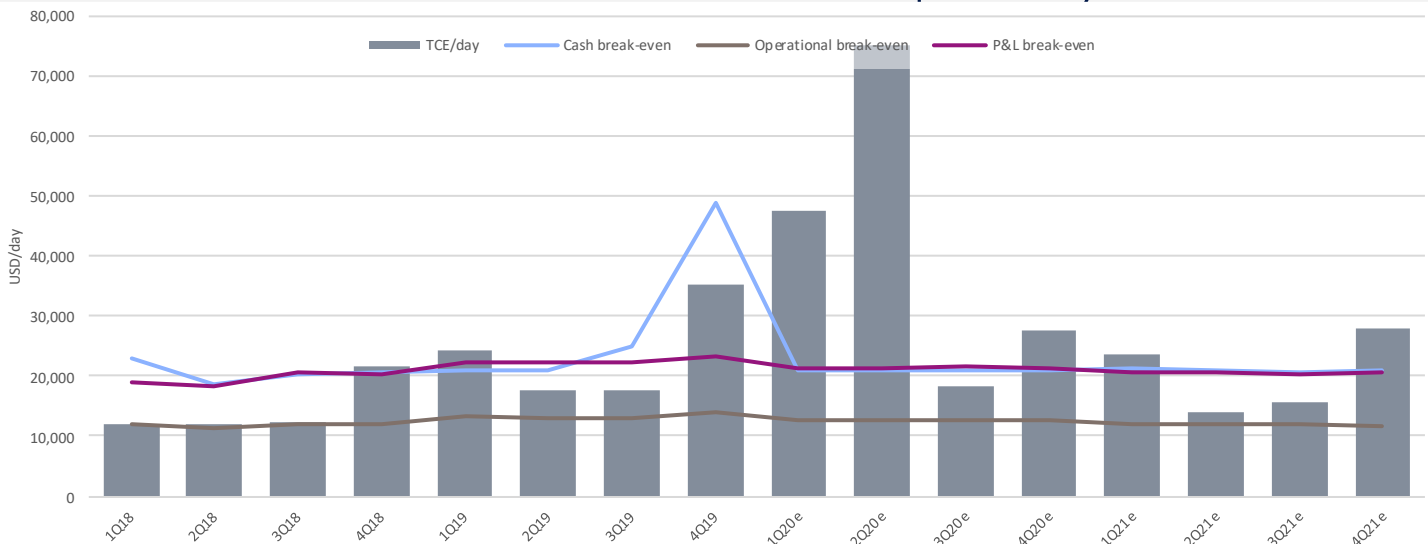
## Shipping Quarterly: Coronavirus Volatility

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

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	26	26	26
Share price, end (USD)	—	—	14	18	17	30	26	26	26
<b>Market Cap.</b>			<b>410</b>	<b>537</b>	<b>491</b>	<b>871</b>	<b>765</b>	<b>765</b>	<b>765</b>
NIBD	423	286	348	493	752	602	487	459	407
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>			<b>758</b>	<b>1,030</b>	<b>1,244</b>	<b>1,474</b>	<b>1,252</b>	<b>1,224</b>	<b>1,172</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)							3.2		58.7
P/E (adj.)						36.3	3.2		58.7
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	2.6	1.4	3.0	2.8
EV/Sales			2.0	3.7	5.1	4.3	2.3	4.8	4.3
EV/EBITDA						11.3	3.4	12.1	9.6
EV/EBIT						26.7	4.3	46.9	25.0
P/B			0.3	0.5	0.5	0.9	0.7	0.7	0.7
FCF yield			34%	-22%	23%	22%	31%	6%	9%
Dividend yield			49.3%	0.0%	0.0%	0.0%	16.3%	1.9%	2.1%
Return on equity (ROE)	-8.6%	12.5%	-1.5%	-9.8%	-8.8%	-0.1%	21.3%	-1.1%	1.2%
Return on capital employed (ROCE)	0.3%	10.6%	0.4%	-6.9%	-3.2%	3.5%	18.4%	1.7%	3.2%
Return on assets (ROA)	-5.9%	8.5%	-1.1%	-6.4%	-4.8%	0.0%	13.3%	-0.7%	0.8%
Sales growth	-4%	37%	-19%	-29%	-12%	40%	57%	-52%	7%
EBITDA margin						38%	68%	40%	45%
EBIT margin	1%	37%	2%	-39%	-22%	16%	54%	10%	17%
Net margin	-34%	36%	-5%	-39%	-37%	0%	45%	-5%	5%
Net interest rate	13.3%	15.0%	11.4%	8.4%	8.0%	11.0%	9.5%	8.4%	8.3%
Tax rate	-0.6%	0.1%	-2.5%	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%
Equity ratio	68%	68%	71%	65%	55%	58%	63%	65%	68%
Leverage ratio	32%	32%	29%	35%	45%	42%	37%	35%	32%
NIBD / EBITDA (past 1y)						4.6	1.3	4.5	3.3
Operating cash flow/NIBD	-0.6	0.8	0.3	0.0	0.0	0.1	0.7	0.1	0.2
Net interest coverage ratio (EBIT)						2.0	7.8	2.6	3.6
Current ratio	7.7	8.2	3.8	2.8	2.2	1.6	3.4	2.4	2.0
Adj. equity ratio						56%	59%	61%	70%
Operating assets	1,787	1,712	1,571	1,594	1,731	1,603	1,606	1,551	1,496
Operating liabilities	43	51	43	26	28	39	39	39	39
Net operating assets	1,744	1,661	1,527	1,568	1,703	1,564	1,567	1,511	1,456

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)





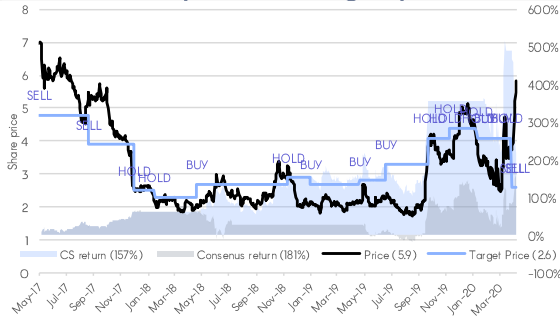
Significantly overpriced vs peers and NAV. Historically priced on dividend yield, but unsustainable without exponential share growth

NAT-US

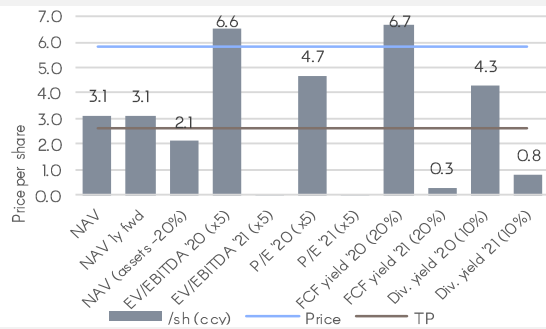
SELL/\$2.6

## Nordic American Tankers

### Share price vs target price

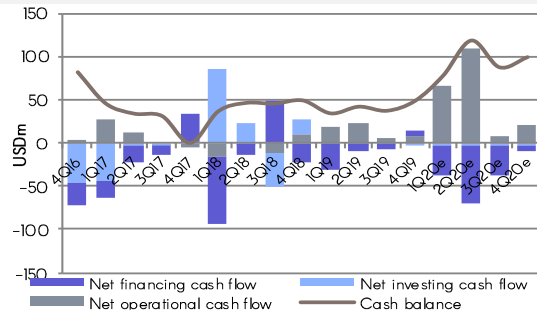


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	175	313	119	137
EBITDA (adj.)	96	234	41	59
EBIT (adj.)	32	167	-26	-9
PTP (adj.)	-10	137	-52	-32
Net earnings (adj.)	-10	137	-52	-32
EPS (adj.)	-0.08	0.93	-0.36	-0.22
DPS	0.10	0.43	0.08	0.08
USDm	2019E	2020E	2021E	2022E
Fwd NAV	462	459	381	533
Adj. equity ratio	51%	56%	53%	63%
FCF yield	7%	23%	1%	4%
Dividend yield	2%	7%	1%	1%
EV/EBITDA	11.1	4.6	26.2	17.8
P/E (adj.)		6.3		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	53	205	15	35
Free cash flow	51	196	9	35
Net cash flow	12	51	-24	-2
TCE/day	22,112	38,388	14,633	16,810
Cash break-even	16,734	22,603	14,917	15,318
Liquidity	62	112	88	86
Property & Equip. (incl. NBs)	900	841	780	713
Total equity	595	670	605	562
Total assets	1,031	1,023	938	868
Interest bearing debt	400	318	297	271
Net interest bearing debt	338	205	208	185
Market Cap.	724	861	861	861

Source: Cleaves, Bloomberg, Clarksons SIN, 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

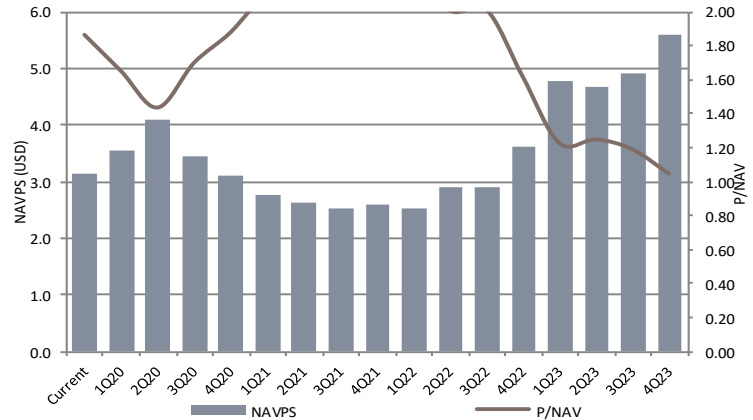


## Company Valuation

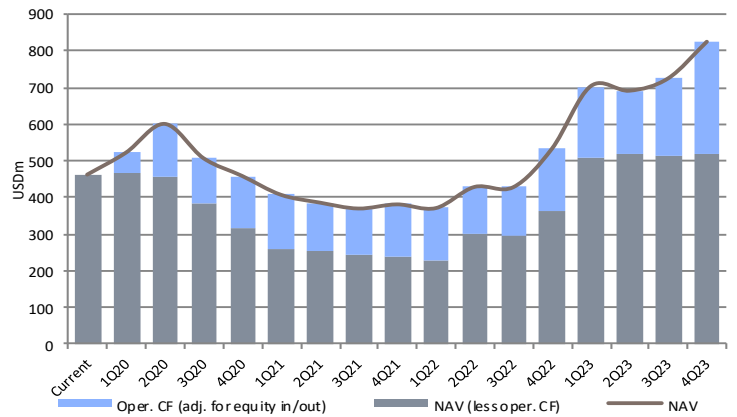
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	900	764	1,138
Contract value	0	5	8
Other	49	47	70
<b>GAV</b>	<b>949</b>	<b>817</b>	<b>1,216</b>
Net debt	-338	-338	-338
Capex	0	-1	-1
Other	-16	-16	-16
<b>Equity</b>	<b>595</b>	<b>462</b>	<b>861</b>
Shares	147	147	147
<b>Equity/sh</b>	<b>4.04</b>	<b>3.14</b>	<b>5.85</b>
Icl CCY	4.04	3.14	5.85
P/Equity	1.45	1.86	1.00
EV/GAV	1.28	1.49	1.00
Adj. Total Assets	1,031	895	1,269
<b>Adj. Equity Ratio</b>	<b>58%</b>	<b>52%</b>	<b>68%</b>
<b>Fair Value</b>	<b>USD</b>	<b>2.6</b>	<b>-55%</b>

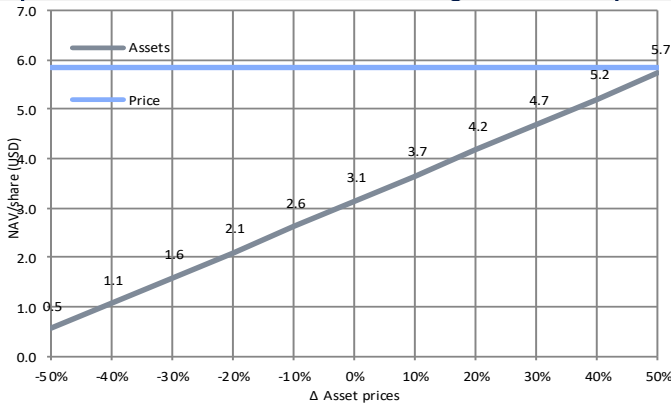
### Quarterly forward NAV & P/NAV



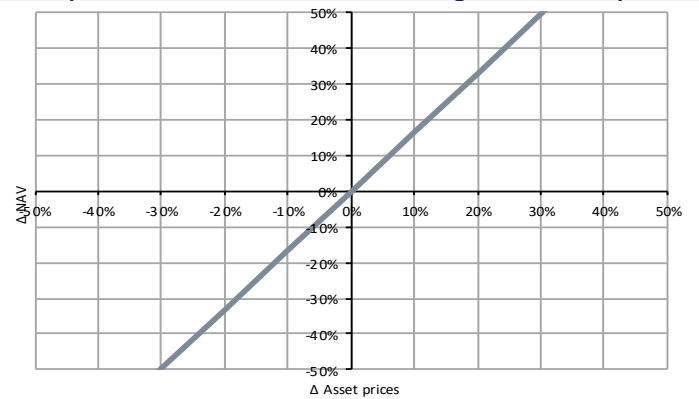
### Quarterly forward NAV decomposition



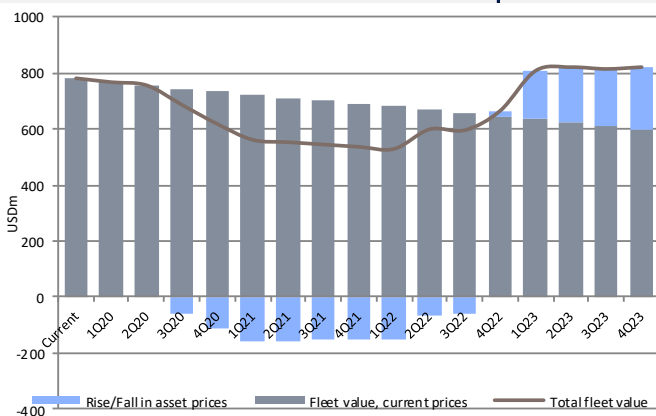
### Impact on NAV/sh from % change in asset prices



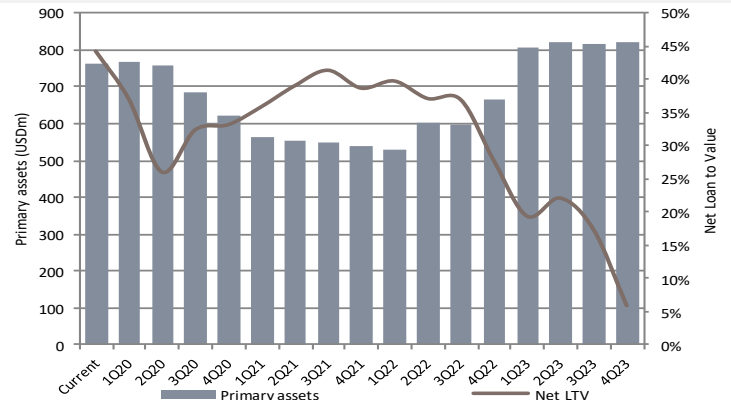
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	53.6	58.8	94.7	95.2				
EBITDA (adj.)	34.1	37.9	75.1	63.2				
EBIT (adj.)	18.3	21.5	58.2	30.8				
PTP (adj.)	5.6	12.7	50.0	41.5				
Net earnings (adj.)	5.6	12.7	50.0	46.4				
EPS (adj.)	0.04	0.09	0.34	0.27				
DPS	0.03	0.07	0.14	0.20				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	53.6	58.8	94.7	95.2				
Opex & G&A	19.5	20.9	19.6	32.0				
Depreciation	15.8	16.5	16.8	32.4				
Net finance	12.7	8.7	8.2	-10.7				
Taxes & Minorities	-	-	-	-4.9				

### CF & BS

1Q20 Preview USDm					Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	18	7	67					
Free cash flow	18	5	65					
Net cash flow	-12	13	29					
TCE/day	26,025	31,698	46,633	46,892				
Utilization	99.6%	87.7%	97.0%					
Fleet days	2,070	2,116	2,093					
Cash break-even	17,335	16,606	25,214					
Liquidity	37	62	91					
Interest bearing debt	416	400	375					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	175	313	119	137	175	322	289	321	-	-9	-170	-184	
EBITDA (adj.)	96	234	41	59	96	244	211	242	-	-9	-170	-184	
EBIT (adj.)	32	167	-26	-9	32	177	144	176	-	-11	-171	-185	
PTP (adj.)	-10	137	-52	-32	-10	146	120	160	-	-9	-172	-192	
Net earnings (adj.)	-10	137	-52	-32	-10	146	120	160	-	-9	-172	-192	
EPS (adj.)	-0.08	0.93	-0.36	-0.22	-0.07	0.99	0.82	1.08	-0.00	-0.06	-1.17	-1.30	
DPS	0.10	0.43	0.08	0.08	0.10	0.29	0.33	0.44	-0.00	0.14	-0.25	-0.37	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-9	-170	-184
									Opex & G&A	-	-0	-	-
									Depreciation	-	1	1	1
									Net finance	-	-1	1	7
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	53	205	15	35	53	213	186	226	-	-8	-171	-191
Free cash flow	51	196	9	35	51	197	180	226	-	-0	-171	-191
Net cash flow	12	51	-24	-2	12	71	54	70	-	-20	-78	-72
TCE/day	22,112	38,388	14,633	16,810	22,112	39,444	35,444	39,379	-	-1,056	#####	#####
Cash break-even	16,734	22,603	14,917	15,318	16,734	22,808	21,538	22,177	-	-205	#####	-6,859
Liquidity	62	112	88	86	62	132	186	256	-	-20	-98	-170
Property & Equip. (incl. NBs)	900	841	780	713	900	850	790	724	-	-9	-10	-11
Total equity	595	670	605	562	595	699	771	865	-	-29	-165	-303
Total assets	1,031	1,023	938	868	1,031	1,051	1,045	1,049	-	-28	-107	-181
Interest bearing debt	400	318	297	271	400	317	239	148	-	1	58	123
Net interest bearing debt	338	205	208	185	338	185	53	-108	-	20	156	292
Market Cap.	724	861	861	861	702	506	506	506	23	355	355	355
Enterprise value	1,063	1,067	1,069	1,046	1,040	691	559	399	23	375	510	647

### Valuation

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	462	459	381	533	440	639	851	1,008	22	-180	-470	-475
Adj. equity ratio	51%	56%	53%	63%	50%	64%	76%	85%	1%	-8%	-22%	-21%
FCF yield	7%	23%	1%	4%	7%	39%	36%	45%	0%	-16%	-35%	-40%
Dividend yield	2%	7%	1%	1%	2%	9%	9%	13%	0%	-1%	-8%	-12%
EV/EBITDA	11.1	4.6	26.2	17.8	10.8	2.8	2.7	1.6	0.2	1.7	23.5	16.1
P/E (adj.)		6.3				3.5	4.2	3.2	#####	2.8	#####	#####

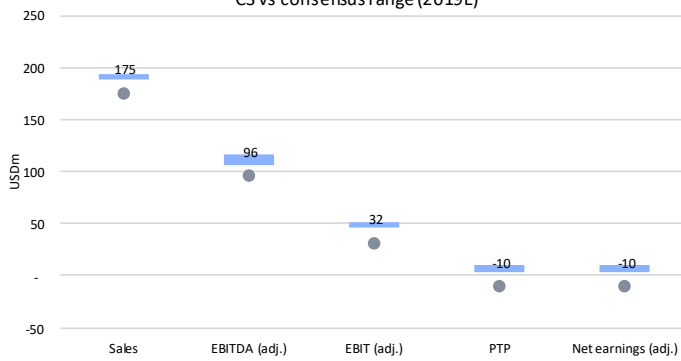




## Our Estimates vs Consensus

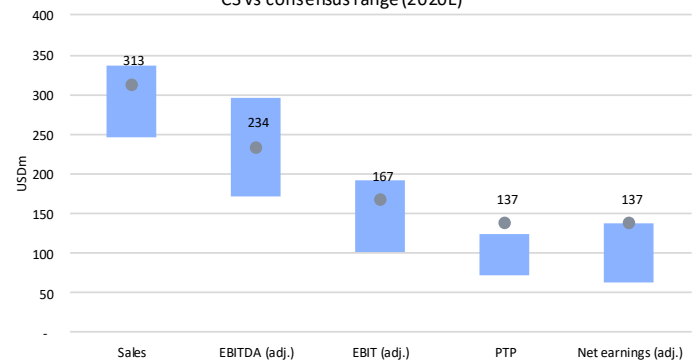
### Profit & Loss, year I

CS vs consensus range (2019E)

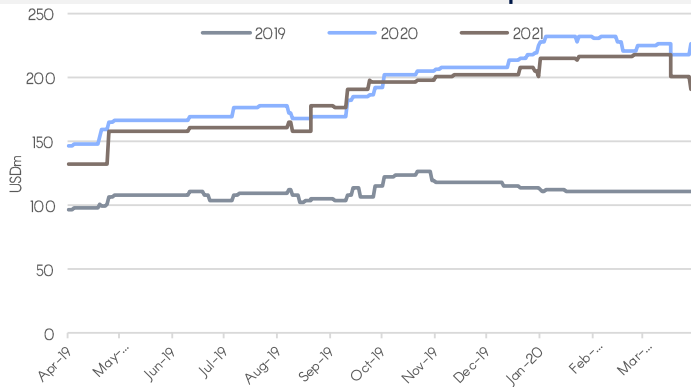


### Profit & Loss, year II

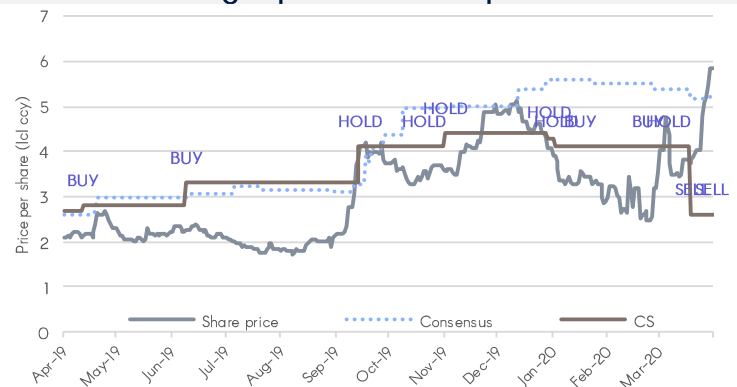
CS vs consensus range (2020E)



### Consensus EBITDA development



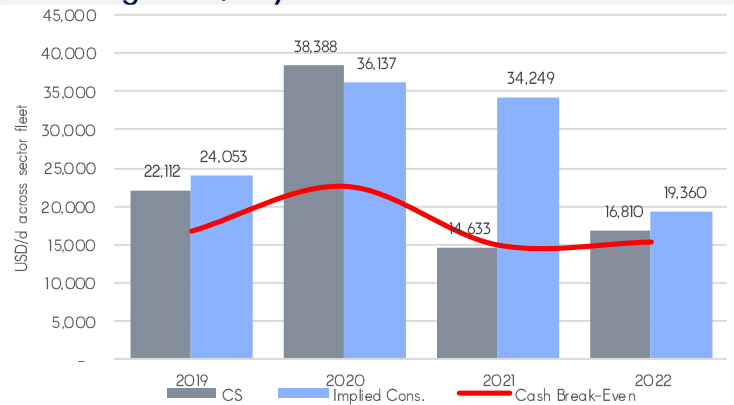
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	175	175	191	-15	-8%
Opex + G&A	80	80	79	0	0%
Depreciation	64	64	63	1	2%
Net finance	42	42	43	-1	-1%
Taxes & Minorities	0	0	0	-0	-100%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	313	313	294	18	6%
Opex + G&A	78	78	68	11	16%
Depreciation	67	67	80	-13	-16%
Net finance	30	30	49	-20	-40%
Taxes & Minorities	0	0	-12	12	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	54	31	32	59	95	137	34	47	37
Operational costs	-20	-20	-19	-21	-20	-20	-20	-20	-19
EBITDA	34	11	13	38	75	118	14	28	18
Depreciation/Amortization	-16	-16	-16	-16	-17	-17	-17	-17	-17
EBIT	18	-5	-3	21	58	101	-3	11	1
Net financials	-13	-10	-11	-9	-8	-7	-7	-7	-7
PTP	6	-15	-14	13	50	93	-10	4	-6
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	6	-15	-14	13	50	93	-10	4	-6
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	6	-15	-14	13	50	93	-10	4	-6
EPS	0.04	-0.11	-0.10	0.09	0.34	0.63	-0.07	0.03	-0.04
EPS (adj.)	0.04	-0.11	-0.10	0.09	0.34	0.63	-0.07	0.03	-0.04
DPS	0.04	0.03	0.01	0.02	0.07	0.14	0.21	0.01	0.04
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	34	42	37	49	78	119	88	100	98
Other current assets	74	58	62	81	81	81	81	81	81
Total current assets	108	100	99	129	159	200	168	180	178
Property & equip. (incl. NBs)	938	923	910	900	885	871	856	841	826
Other non-current assets	5	5	3	2	2	2	2	2	2
Total non-current assets	943	928	913	902	887	872	857	843	827
TOTAL ASSETS	1,051	1,028	1,012	1,031	1,046	1,072	1,026	1,023	1,006
Total equity	602	583	569	595	635	708	667	670	658
Short-term debt	20	20	20	24	21	21	21	22	21
Other current liabilities	19	19	23	35	35	35	35	35	35
Total current liabilities	39	39	43	59	56	57	57	57	57
Long-term debt	396	390	385	376	354	307	302	296	291
Other non-current liabilities	15	15	15	0	0	0	0	0	0
Total non-current liabilities	411	406	400	376	354	307	302	296	291
TOTAL EQUITY & LIABILITIES	1,051	1,028	1,012	1,031	1,046	1,072	1,026	1,023	1,006
Working capital, receivables	46	38	35	47	47	47	47	47	47
Working capital, payables	11	13	16	20	20	20	20	20	20
Net working capital	35	25	19	27	27	27	27	27	27
Interest bearing debt	416	410	405	400	375	328	323	318	312
Liquidity	37	49	48	62	91	132	101	112	110
Net interest bearing debt	379	361	357	338	284	196	222	205	202
<b>Cash Flow (USDm)</b>									
Net income	6	-15	-14	13	50	93	-10	4	-6
Depreciation	16	16	16	16	17	17	17	17	17
Other	-3	22	3	-22	0	0	0	0	0
Cash earnings	18	23	5	7	67	110	7	21	11
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	18	23	5	7	67	110	7	21	11
Capex	0	0	0	-2	-2	-2	-2	-2	-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	0	0	0	0	0	0	0	0	0
Net investing cash flow	0	0	0	-1	-2	-2	-2	-2	-2
Repayment of debt	-325	-6	-6	-6	-25	-47	-5	-5	-5
Proceeds from debt	300	0	0	0	0	0	0	0	0
Dividends paid	-6	-4	-1	-3	-10	-21	-31	-1	-7
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	1	17	0	0	0	0	0
Net financing cash flow	-30	-10	-6	8	-35	-67	-36	-7	-12
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-12	13	-1	13	29	41	-31	12	-2
Cash balance	34	42	37	49	78	119	88	100	98
Free cash flow	18	22	5	5	65	108	5	18	10



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	550	604	231	155	124	175	313	119	137
Operational costs	-475	-394	-87	-230	-102	-80	-78	-78	-78
EBITDA	76	211	144	-75	22	96	234	41	59
Depreciation/Amortization	-81	-83	-91	-101	-61	-64	-67	-67	-67
EBIT	-5	128	53	-176	-39	32	167	-26	-9
Net financials	-10	-11	-11	-21	-49	-42	-30	-26	-24
PTP	-15	117	42	-196	-88	-10	137	-52	-32
Taxes/Minorities	2	-3	-47	-9	-8	0	0	0	0
<b>Net earnings</b>	<b>-13</b>	<b>115</b>	<b>-4</b>	<b>-205</b>	<b>-95</b>	<b>-10</b>	<b>137</b>	<b>-52</b>	<b>-32</b>
Non-recurring items	0	0	0	0	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>-13</b>	<b>115</b>	<b>-4</b>	<b>-205</b>	<b>-95</b>	<b>-10</b>	<b>137</b>	<b>-52</b>	<b>-32</b>
EPS	-0.15	1.29	-0.04	-1.44	-0.67	-0.08	0.93	-0.36	-0.22
EPS (adj.)	-0.15	1.29	-0.04	-1.44	-0.67	-0.08	0.93	-0.36	-0.22
DPS	0.61	1.38	1.23	0.38	0.07	0.10	0.43	0.08	0.08
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	101	30	82	58	49	49	100	76	73
Other current assets	76	88	82	69	64	81	81	81	81
<b>Total current assets</b>	<b>176</b>	<b>118</b>	<b>164</b>	<b>127</b>	<b>113</b>	<b>129</b>	<b>180</b>	<b>156</b>	<b>154</b>
Property & equip. (incl. NBs)	910	963	1,058	936	954	900	841	780	713
Other non-current assets	89	164	128	78	4	2	2	2	2
<b>Total non-current assets</b>	<b>999</b>	<b>1,126</b>	<b>1,186</b>	<b>1,014</b>	<b>958</b>	<b>902</b>	<b>843</b>	<b>782</b>	<b>714</b>
<b>TOTAL ASSETS</b>	<b>1,176</b>	<b>1,245</b>	<b>1,350</b>	<b>1,141</b>	<b>1,071</b>	<b>1,031</b>	<b>1,023</b>	<b>938</b>	<b>868</b>
<b>Total equity</b>	<b>889</b>	<b>881</b>	<b>871</b>	<b>711</b>	<b>602</b>	<b>595</b>	<b>670</b>	<b>605</b>	<b>562</b>
Short-term debt	0	0	0	0	19	24	11	13	16
Other current liabilities	24	21	22	25	18	35	35	35	35
<b>Total current liabilities</b>	<b>24</b>	<b>21</b>	<b>22</b>	<b>25</b>	<b>36</b>	<b>59</b>	<b>46</b>	<b>49</b>	<b>52</b>
Long-term debt	250	330	443	389	418	376	307	283	254
Other non-current liabilities	13	13	15	16	15	0	0	0	0
<b>Total non-current liabilities</b>	<b>263</b>	<b>343</b>	<b>457</b>	<b>405</b>	<b>433</b>	<b>376</b>	<b>307</b>	<b>284</b>	<b>254</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,176</b>	<b>1,245</b>	<b>1,350</b>	<b>1,141</b>	<b>1,071</b>	<b>1,031</b>	<b>1,023</b>	<b>938</b>	<b>868</b>
Working capital, receivables	38	43	38	45	42	47	47	47	47
Working capital, payables	24	21	22	14	9	20	20	20	20
<b>Net working capital</b>	<b>14</b>	<b>22</b>	<b>17</b>	<b>31</b>	<b>34</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
Interest bearing debt	250	330	443	389	437	400	318	297	271
Liquidity	101	30	82	58	49	62	112	88	86
<b>Net interest bearing debt</b>	<b>149</b>	<b>300</b>	<b>361</b>	<b>330</b>	<b>387</b>	<b>338</b>	<b>205</b>	<b>208</b>	<b>185</b>
<b>Cash Flow (USDm)</b>									
Net income	-13	115	-4	-205	-95	-10	137	-52	-32
Depreciation	81	83	91	101	61	64	67	67	67
Other	-4	-7	34	122	26	-1	0	0	0
<b>Cash earnings</b>	<b>63</b>	<b>190</b>	<b>121</b>	<b>18</b>	<b>-8</b>	<b>53</b>	<b>205</b>	<b>15</b>	<b>35</b>
Changes in working capital	-6	-16	7	14	-8	0	0	0	0
<b>Net operational cash flow</b>	<b>57</b>	<b>174</b>	<b>128</b>	<b>32</b>	<b>-16</b>	<b>53</b>	<b>205</b>	<b>15</b>	<b>35</b>
Capex	-74	-123	-138	-38	-5	-3	-9	-6	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
<b>Net investing cash flow</b>	<b>-82</b>	<b>-197</b>	<b>-187</b>	<b>-47</b>	<b>85</b>	<b>-2</b>	<b>-9</b>	<b>-6</b>	<b>0</b>
Repayment of debt	0	80	117	-55	-78	-342	-82	-21	-26
Proceeds from debt	0	80	117	0	0	300	0	0	0
Dividends paid	-54	-123	-126	-54	-10	-14	-63	-12	-11
New equity	113	0	120	104	13	0	0	0	0
Other	0	-85	-117	-13	-2	0	0	0	0
<b>Net financing cash flow</b>	<b>59</b>	<b>-48</b>	<b>111</b>	<b>-19</b>	<b>-78</b>	<b>-38</b>	<b>-145</b>	<b>-33</b>	<b>-38</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>35</b>	<b>-71</b>	<b>52</b>	<b>-34</b>	<b>-9</b>	<b>12</b>	<b>51</b>	<b>-24</b>	<b>-2</b>
Cash balance	101	30	82	48	49	62	112	88	86
<b>Free cash flow</b>	<b>-24</b>	<b>-23</b>	<b>-59</b>	<b>-15</b>	<b>69</b>	<b>51</b>	<b>196</b>	<b>9</b>	<b>35</b>



# Cleaves Securities

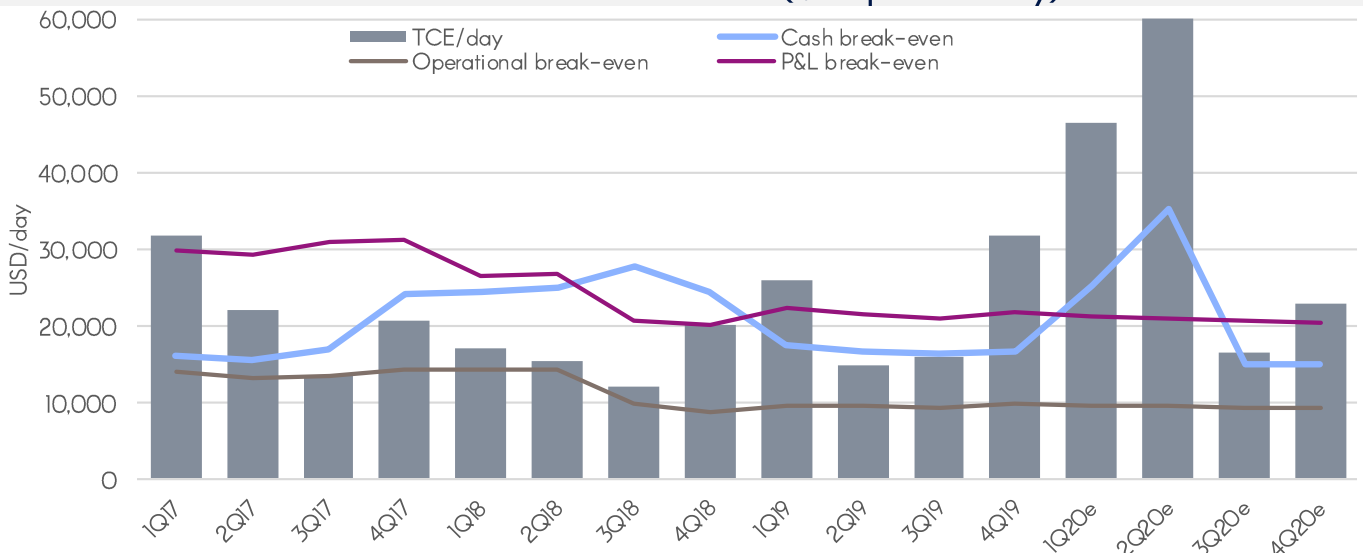
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	89	89	102	142	142	147	147	147	147
Share price, avg (USD)	9	13	12	6	2	3	6	6	6
Share price, end (USD)	10	15	8	2	2	5	6	6	6
<b>Market Cap.</b>	<b>890</b>	<b>1,374</b>	<b>849</b>	<b>349</b>	<b>284</b>	<b>724</b>	<b>861</b>	<b>861</b>	<b>861</b>
NIBD	149	300	361	330	387	338	205	208	185
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,039</b>	<b>1,674</b>	<b>1,210</b>	<b>680</b>	<b>671</b>	<b>1,063</b>	<b>1,067</b>	<b>1,069</b>	<b>1,046</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		12.0					6.3		
P/E (adj.)		12.0					6.3		
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	4.1	2.8	7.2	6.3
EV/Sales	1.9	2.8	5.2	4.4	5.4	6.1	3.4	9.0	7.6
EV/EBITDA	13.7	7.9	8.4		30.4	11.1	4.6	26.2	17.8
EV/EBIT		13.1	22.7			33.2	6.4		
P/B	1.0	1.6	1.0	0.5	0.5	1.2	1.3	1.4	1.5
FCF yield	-3%	-2%	-7%	-4%	24%	7%	23%	1%	4%
Dividend yield	6.1%	9.0%	14.8%	15.5%	3.5%	2.0%	7.3%	1.4%	1.3%
Return on equity (ROE)	-1.5%	13.0%	-0.5%	-28.8%	-15.8%	-1.7%	20.5%	-8.6%	-5.7%
Return on capital employed (ROCE)	-0.5%	10.8%	4.3%	-16.9%	-3.9%	3.4%	19.1%	-3.3%	-1.1%
Return on assets (ROA)	-1.1%	9.2%	-0.3%	-18.0%	-8.9%	-1.0%	13.4%	-5.6%	-3.7%
Sales growth	32%	10%	-62%	-33%	-20%	41%	78%	-62%	15%
EBITDA margin	14%	35%	62%	-49%	18%	55%	75%	34%	43%
EBIT margin	-1%	21%	23%	-114%	-31%	18%	53%	-22%	-6%
Net margin	-2%	19%	-2%	-133%	-77%	-6%	44%	-44%	-23%
Net interest rate	8.2%	3.6%	3.1%	6.2%	8.9%	11.3%	14.3%	12.5%	13.1%
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%	65%	65%	65%
Leverage ratio	24%	29%	35%	38%	44%	42%	35%	35%	35%
NIBD / EBITDA (past ly)	2.0	1.4	2.5	-4.4	17.5	3.5	0.9	5.1	3.1
Operating cash flow/NIBD	0.4	0.6	0.4	0.1	0.0	0.2	1.0	0.1	0.2
Net interest coverage ratio (EBITDA)	6.2	19.4	12.9	-3.7	0.6	2.5	8.0	1.6	2.4
Current ratio	7.3	5.7	7.6	5.0	3.1	2.2	3.9	3.2	3.0
Adj. equity ratio						51%	56%	53%	63%
Operating assets	1,075	1,215	1,268	1,083	1,022	969	911	849	782
Operating liabilities	37	34	36	41	33	36	36	36	36
Net operating assets	1,038	1,181	1,232	1,042	989	934	875	814	746

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)



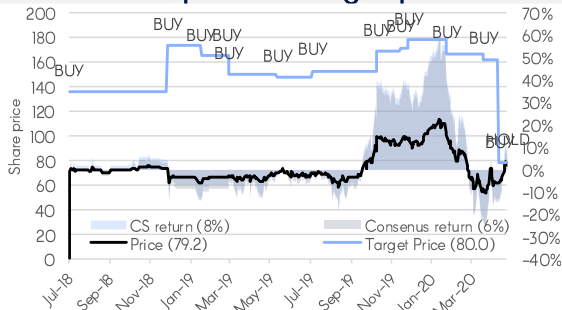


## OET-NO

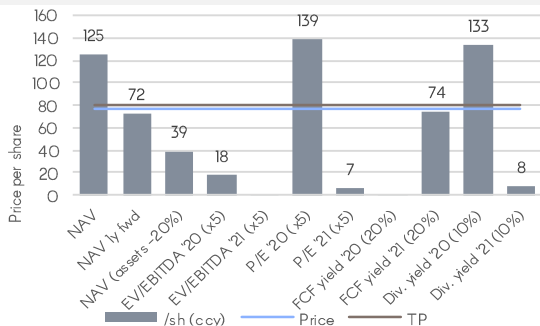
## HOLD/N80

# Okeanis Eco Tankers

### Share price vs target price

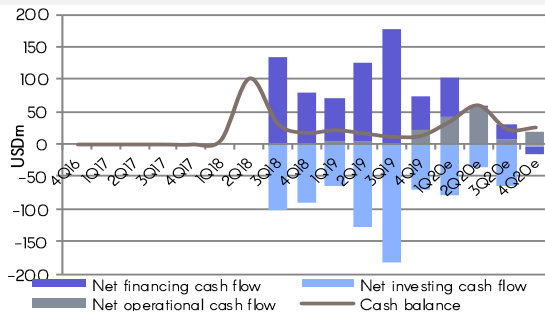


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	100	221	142	150
EBITDA (adj.)	70	175	92	100
EBIT (adj.)	46	134	50	58
PTP (adj.)	11	86	4	16
Net earnings (adj.)	11	86	4	16
EPS (adj.)	0.35	2.62	0.12	0.49
DPS	-	1.25	0.08	0.10
USDm	2019E	2020E	2021E	2022E
Fwd NAV	387	224	167	426
Adj. equity ratio	33%	20%	17%	37%
FCF yield	-104%	-25%	20%	25%
Dividend yield	0%	17%	1%	1%
EV/EBITDA	15.9	6.0	11.0	9.6
P/E (adj.)	35.0	2.7	57.6	14.5

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	30	127	46	58
Free cash flow	-415	-59	46	58
Net cash flow	-4	13	-26	-34
TCE/day	27,307	41,653	23,600	24,837
Cash break-even	25,778	25,558	26,744	29,061
Liquidity	13	26	-0	-34
Property & Equip. (incl. NBs)	1,064	1,209	1,167	1,125
Total equity	342	387	388	401
Total assets	1,111	1,269	1,200	1,124
Interest bearing debt	733	845	775	686
Net interest bearing debt	719	819	776	721
Market Cap.	398	236	236	236

Source: Cleaves, Bloomberg, Clarksons SIN, 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

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	14.9	49.5	65.3	75.6				
EBITDA (adj.)	9.0	38.9	54.3	60.8				
EBIT (adj.)	5.2	29.6	44.6	51.0				
PTP (adj.)	0.5	17.7	32.4	39.9				
Net earnings (adj.)	0.5	17.7	32.4	39.9				
EPS (adj.)	0.02	0.54	0.98	1.10				
DPS	-	-	0.25	0.15				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	14.9	49.5	65.3	75.6				
Opex & G&A	5.8	10.6	10.9	14.8				
Depreciation	3.8	9.3	9.8	9.8				
Net finance	4.8	11.9	12.2	11.1				
Taxes & Minorities	-	-	-	-				

### CF & BS

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	23,589	41,753	50,507	58,464				
Utilization	100.0%	99.5%	94.7%					
Fleet days	630	1,272	1,365					
Cash break-even	28,840	25,198	25,461					
Liquidity	22	13	35					
Interest bearing debt	409	733	792					

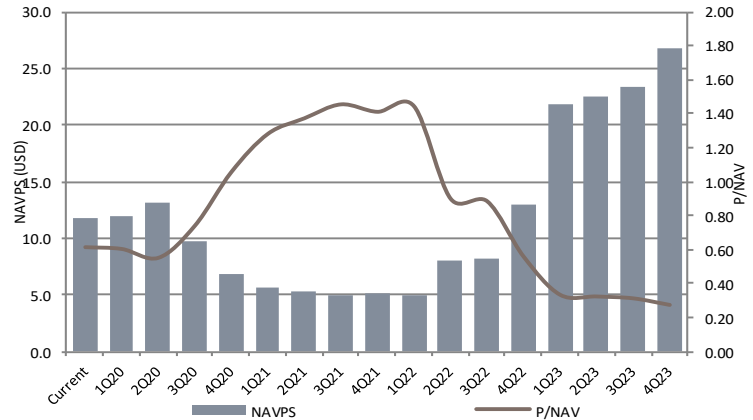


## Company Valuation

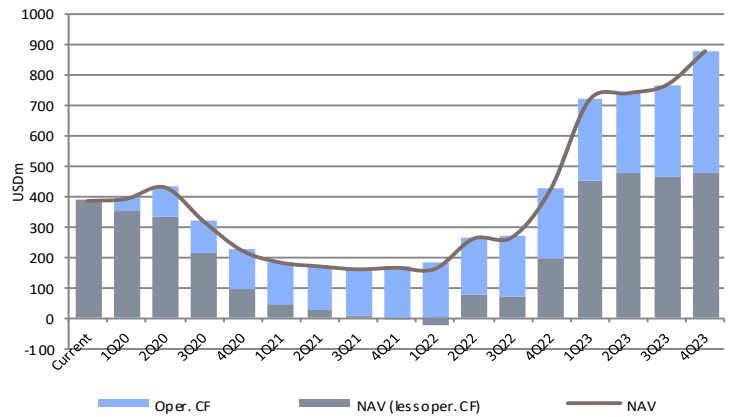
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,064	1,324	1,171
Contract value	0	-33	-29
Other	15	17	15
<b>GAV</b>	<b>1,079</b>	<b>1,308</b>	<b>1,157</b>
Net debt	-719	-719	-719
Capex	0	-183	-183
Other	-18	-18	-18
<b>Equity</b>	<b>342</b>	<b>387</b>	<b>236</b>
Shares	33	33	33
<b>Equity/sh</b>	<b>10.39</b>	<b>11.77</b>	<b>7.17</b>
lcl CCY	110.4	125.0	76.2
USDNOK		10.6	
<b>P/Equity</b>	<b>0.69</b>	<b>0.61</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.07</b>	<b>0.88</b>	<b>1.00</b>
Adj. Total Assets	1,111	1,371	1,218
Adj. Equity Ratio	31%	28%	19%
<b>Fair Value</b>	<b>NOK</b>	<b>80</b>	<b>5%</b>
	<b>USD</b>	<b>7.6</b>	

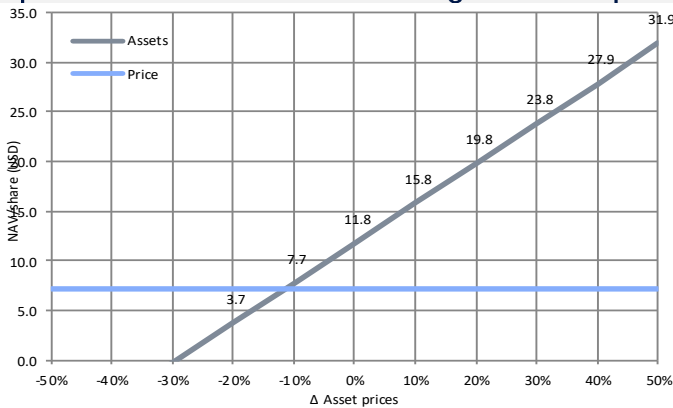
### Quarterly forward NAV & P/NAV



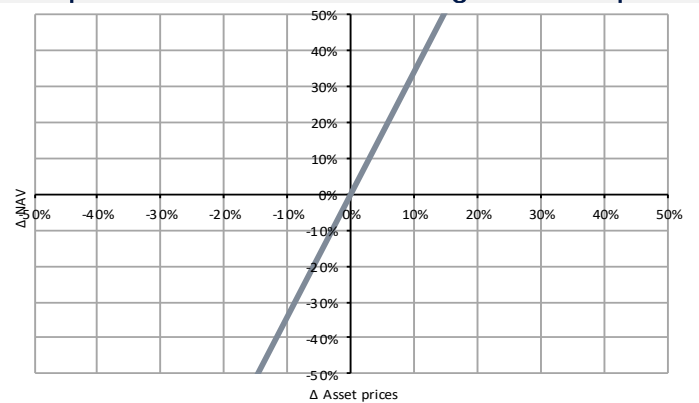
### Quarterly forward NAV decomposition



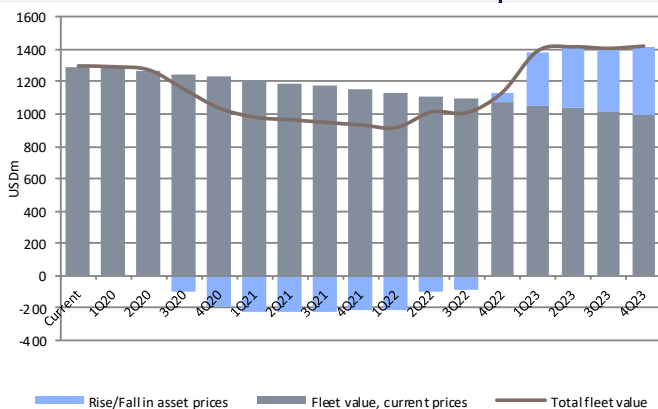
### Impact on NAV/sh from % change in asset prices



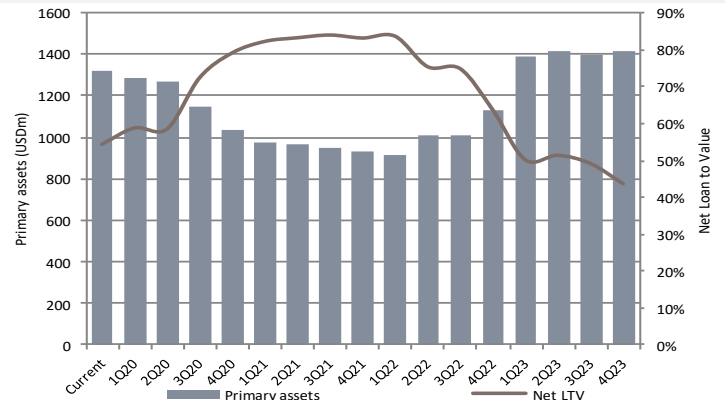
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	100	221	142	150	99	288	266	295	1	-67	-124	-146	
EBITDA (adj.)	70	175	92	100	69	242	216	246	1	-67	-124	-146	
EBIT (adj.)	46	134	50	58	45	202	176	206	1	-68	-126	-148	
PTP (adj.)	11	86	4	16	10	156	129	163	1	-70	-125	-147	
Net earnings (adj.)	11	86	4	16	10	156	129	163	1	-70	-125	-147	
EPS (adj.)	0.35	2.62	0.12	0.49	0.31	4.76	3.93	4.97	0.03	-2.13	-3.81	-4.47	
DPS	-	1.25	0.08	0.10	-	1.53	3.32	2.82	-	-0.27	-3.24	-2.72	
									2019E	2020E	2021E	2022E	
									TCE revenue	1	-67	-124	-146
									Opex & G&A	-0	0	0	0
									Depreciation	0	1	2	2
									Net finance	-0	2	-1	-1
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	30	127	46	58	34	196	169	203	-3	-69	-123	-145
Free cash flow	-415	-59	46	58	-404	15	169	203	-11	-73	-123	-145
Net cash flow	-4	13	-26	-34	18	76	-10	22	-22	-63	-17	-56
TCE/day	27,307	41,653	23,600	24,837	27,404	51,613	44,085	48,996	-97	#####	#####	#####
Cash break-even	25,778	25,558	26,744	29,061	26,010	24,163	26,819	29,142	-231	1,395	-74	-82
Liquidity	13	26	-0	-34	36	112	102	124	-22	-85	-102	-158
Property & Equip. (incl. NBs)	1,064	1,209	1,167	1,125	1,052	1,194	1,154	1,114	12	15	13	11
Total equity	342	387	388	401	341	447	467	538	1	-60	-79	-136
Total assets	1,111	1,269	1,200	1,124	1,111	1,329	1,279	1,261	-0	-61	-79	-137
Interest bearing debt	733	845	775	686	744	856	786	697	-11	-10	-10	-10
Net interest bearing debt	719	819	776	721	708	744	684	573	11	75	92	147
Market Cap.	398	236	236	236	324	324	324	324	74	-88	-88	-88
Enterprise value	1,117	1,055	1,011	957	1,033	1,068	1,008	897	85	-13	3	59

### Valuation

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	387	224	167	426	306	678	1,031	1,126	81	-454	-864	-700
Adj. equity ratio	33%	20%	17%	37%	28%	43%	56%	61%	5%	-23%	-39%	-24%
FCF yield	-104%	-25%	20%	25%	-125%	5%	52%	63%	20%	-29%	-33%	-38%
Dividend yield	0%	17%	1%	1%	0%	15%	34%	29%	0%	2%	-33%	-27%
EV/EBITDA	15.9	6.0	11.0	9.6	15.0	4.4	4.7	3.7	0.9	1.6	6.3	5.9
P/E (adj.)	35.0	2.7	57.6	14.5	31.3	2.1	2.5	2.0	3.6	0.7	55.1	12.5

### Various

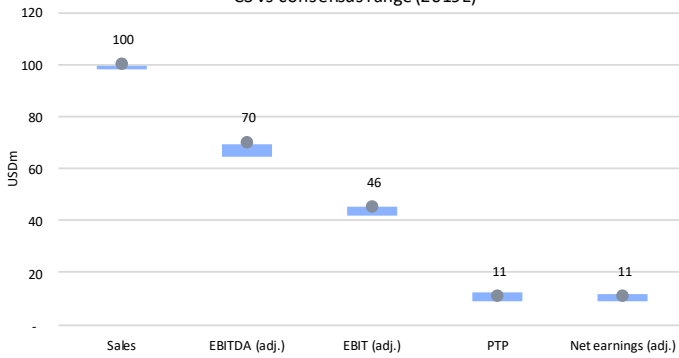
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-6,715	-7,255	-7,235	-7,235	-6,916	-7,255	-7,235	-7,235	201	-	-	-
G&A/day	-1,627	-836	-783	-783	-1,513	-819	-761	-768	-114	-17	-22	-15
Depreciation/day	-6,619	-7,079	-6,769	-6,769	-6,560	-6,914	-6,447	-6,447	-59	-165	-322	-322
Net interest/day	-9,241	-8,290	-7,444	-6,714	-9,368	-7,912	-7,540	-6,810	127	-379	96	96
Amort./day	-8,196	-9,177	-11,282	-14,328	-8,212	-8,178	-11,282	-14,328	17	#####	-	-



## Our Estimates vs Consensus

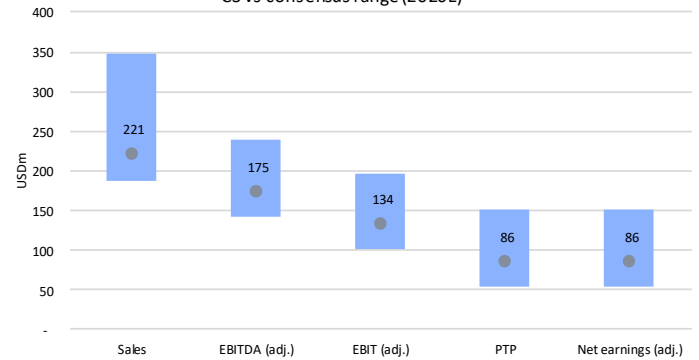
### Profit & Loss, year I

CS vs consensus range (2019E)

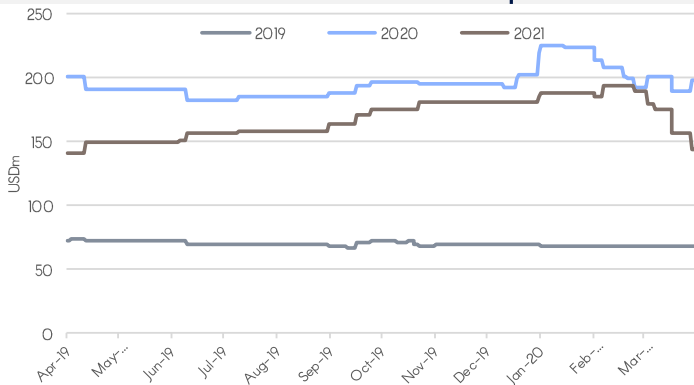


### Profit & Loss, year II

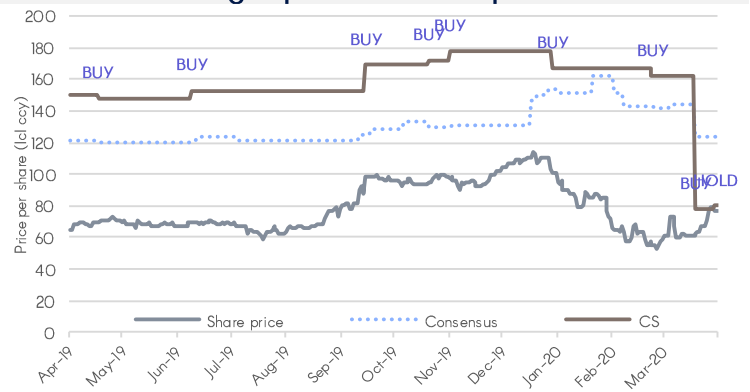
CS vs consensus range (2020E)



### Consensus EBITDA development



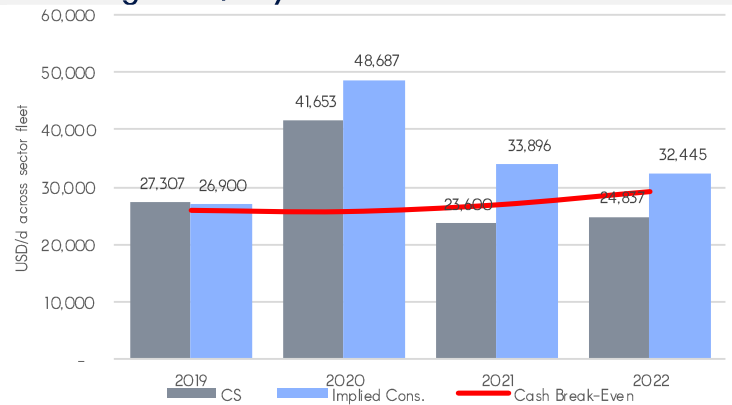
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	100	99	99	1	2%
Opex + G&A	30	31	31	-1	-4%
Depreciation	25	24	24	1	3%
Net finance	34	34	34	1	2%
Taxes & Minorities	0	0	0	-0	-100%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	221	259	259	-37	-14%
Opex + G&A	47	60	60	-13	-22%
Depreciation	41	42	42	-1	-3%
Net finance	48	47	47	0	1%
Taxes & Minorities	0	-6	-6	6	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	15	14	22	49	65	80	32	45	39
Operational costs	-6	-6	-7	-11	-11	-11	-12	-13	-12
EBITDA	9	8	14	39	54	69	20	32	27
Depreciation/Amortization	-4	-5	-7	-9	-10	-10	-11	-11	-11
EBIT	5	4	7	30	45	59	9	21	17
Net financials	-5	-7	-10	-12	-12	-11	-12	-12	-12
PTP	0	-4	-3	18	32	47	-3	9	5
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	0	-4	-3	18	32	47	-3	9	5
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	0	-4	-3	18	32	47	-3	9	5
EPS	0.02	-0.11	-0.10	0.54	0.98	1.44	-0.08	0.28	0.15
EPS (adj.)	0.02	-0.11	-0.10	0.54	0.98	1.44	-0.08	0.28	0.15
DPS	0.00	0.00	0.00	0.00	0.00	0.25	1.01	0.00	0.08
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	22	17	12	13	35	60	24	26	22
Other current assets	18	15	17	29	29	29	29	29	29
Total current assets	40	32	29	42	64	89	53	55	51
Property & equip. (incl. NBs)	697	824	998	1,064	1,134	1,159	1,214	1,209	1,199
Other non-current assets	4	4	6	4	4	4	4	4	4
Total non-current assets	701	828	1,004	1,068	1,139	1,163	1,218	1,213	1,203
TOTAL ASSETS	741	860	1,033	1,111	1,203	1,253	1,271	1,269	1,253
Total equity	317	328	324	342	374	413	378	387	389
Short-term debt	26	31	39	49	36	39	41	41	39
Other current liabilities	15	16	26	36	36	36	36	36	36
Total current liabilities	41	47	65	85	73	75	77	78	76
Long-term debt	382	485	644	684	756	764	816	804	789
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	382	485	644	684	756	764	816	804	789
TOTAL EQUITY & LIABILITIES	741	860	1,033	1,111	1,203	1,253	1,271	1,269	1,253
Working capital, receivables	16	9	8	25	25	25	25	25	25
Working capital, payables	14	14	22	18	18	18	18	18	18
Net working capital	2	-5	-13	6	6	6	6	6	6
Interest bearing debt	409	516	683	733	792	803	857	845	828
Liquidity	22	17	12	13	35	60	24	26	22
Net interest bearing debt	387	499	671	719	757	742	833	819	806
<b>Cash Flow (USDm)</b>									
Net income	0	-4	-3	18	32	47	-3	9	5
Depreciation	4	5	7	9	10	10	11	11	11
Other	1	0	0	1	0	0	0	0	0
Cash earnings	5	1	4	28	42	57	8	20	15
Changes in working capital	0	3	-5	-6	0	0	0	0	0
Net operational cash flow	5	4	-1	22	42	57	8	20	15
Capex	-66	-128	-176	-73	-80	-35	-66	-5	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	-4	2	0	0	0	0	0
Net investing cash flow	-65	-129	-180	-71	-80	-35	-66	-5	0
Repayment of debt	-35	-5	-7	-10	-12	-12	-18	-12	-18
Proceeds from debt	104	113	180	60	71	22	72	0	0
Dividends paid	0	0	0	0	0	-8	-33	0	-3
New equity	0	15	0	0	0	0	0	0	0
Other	-4	-4	3	0	0	0	0	0	0
Net financing cash flow	64	120	176	50	60	2	21	-12	-20
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	4	-5	-5	2	22	25	-37	3	-5
Cash balance	22	17	12	13	35	60	24	26	22
Free cash flow	-60	-125	-181	-48	-38	23	-58	14	15



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales					22	100	221	142	150
Operational costs					-10	-30	-47	-50	-50
EBITDA					12	70	175	92	100
Depreciation/Amortization					-7	-25	-41	-42	-42
EBIT	—	—	—	—	4	46	134	50	58
Net financials					-7	-34	-48	-46	-42
PTP	—	—	—	—	-3	11	86	4	16
Taxes/Minorities					0	0	0	0	0
Net earnings	—	—	—	—	-3	11	86	4	16
Non-recurring items					0	0	0	0	0
Net earnings (adj.)	—	—	—	—	-3	11	86	4	16
EPS					-0.10	0.35	2.62	0.12	0.49
EPS (adj.)					-0.10	0.35	2.62	0.12	0.49
DPS					0.00	0.00	1.25	0.08	0.10
Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	—	—	—	—	18	13	26	0	-34
Other current assets					12	29	29	29	29
Total current assets	—	—	—	—	30	42	55	29	-5
Property & equip. (incl. NBs)	—	—	—	—	635	1,064	1,209	1,167	1,125
Other non-current assets					4	4	4	4	4
Total non-current assets	—	—	—	—	638	1,068	1,213	1,171	1,129
TOTAL ASSETS	—	—	—	—	668	1,111	1,269	1,200	1,124
Total equity	—	—	—	—	316	342	387	388	401
Short-term debt	—	—	—	—	22	49	36	36	36
Other current liabilities					12	36	36	36	36
Total current liabilities	—	—	—	—	34	85	72	72	72
Long-term debt	—	—	—	—	318	684	810	740	651
Other non-current liabilities					0	0	0	0	0
Total non-current liabilities	—	—	—	—	318	684	810	740	651
TOTAL EQUITY & LIABILITIES	—	—	—	—	668	1,111	1,269	1,200	1,124
Working capital, receivables					6	25	25	25	25
Working capital, payables	—	—	—	—	9	18	18	18	18
Net working capital					-3	6	6	6	6
Interest bearing debt					340	733	845	775	686
Liquidity					18	13	26	0	-34
Net interest bearing debt					322	719	819	776	721
Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income	—	—	—	—	-3	11	86	4	16
Depreciation					7	25	41	42	42
Other					1	3	0	0	0
Cash earnings					5	39	127	46	58
Changes in working capital	—	—	—	—	-7	-8	0	0	0
Net operational cash flow	—	—	—	—	-2	30	127	46	58
Capex	—	—	—	—	-192	-443	-186	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	-445	-186	0	0
Repayment of debt	—	—	—	—	84	-56	-53	-70	-89
Proceeds from debt	—	—	—	—	100	456	165	0	0
Dividends paid	—	—	—	—	0	0	-41	-3	-3
New equity	—	—	—	—	126	15	0	0	0
Other					-99	0	0	0	0
Net financing cash flow	—	—	—	—	210	411	71	-73	-92
Currency effect	—	—	—	—	—	0	0	0	0
Net cash flow						-4	13	-26	-34
Cash balance					18	14	27	0	-34
Free cash flow					-192	-415	-59	46	58



# Cleaves Securities

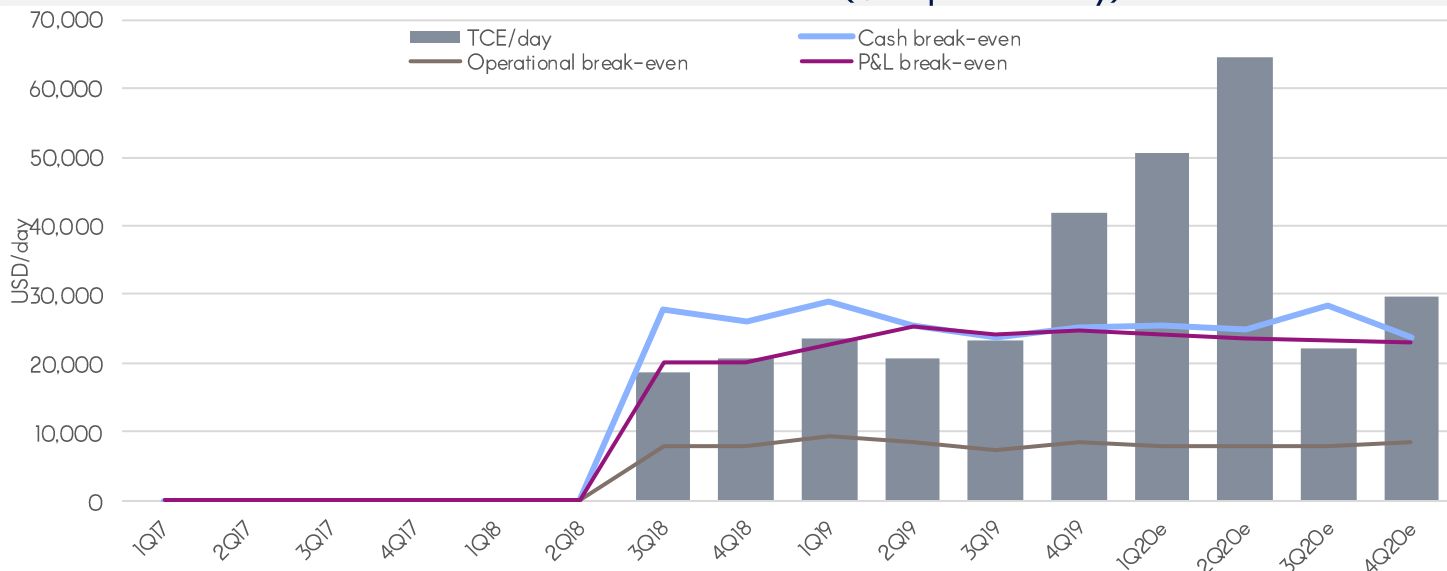
## Shipping Quarterly: Coronavirus Volatility

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

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)	—	—	—	—	7	7	7	7	7
Share price, end (USD)	—	—	—	—	8	12	7	7	7
<b>Market Cap.</b>					<b>241</b>	<b>398</b>	<b>236</b>	<b>236</b>	<b>236</b>
NIBD					322	719	819	776	721
Minorities	—	—	—	—	0	0	0	0	0
<b>Enterprise value</b>					<b>563</b>	<b>1,117</b>	<b>1,055</b>	<b>1,011</b>	<b>957</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)						35.0	2.7	57.6	14.5
P/E (adj.)						35.0	2.7	57.6	14.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					11.2	4.0	1.1	1.7	1.6
EV/Sales					26.1	11.1	4.8	7.1	6.4
EV/EBITDA					48.3	15.9	6.0	11.0	9.6
EV/EBIT						24.4	7.9	20.1	16.5
P/B					0.8	1.2	0.6	0.6	0.6
FCF yield					-80%	-104%	-25%	20%	25%
Dividend yield					0.0%	0.0%	17.5%	1.1%	1.4%
Return on equity (ROE)					-1.0%	3.3%	22.3%	1.1%	4.1%
Return on capital employed (ROCE)					0.7%	4.3%	11.1%	4.3%	5.2%
Return on assets (ROA)					-0.5%	1.0%	6.8%	0.3%	1.4%
Sales growth						366%	121%	-36%	5%
EBITDA margin					54%	70%	79%	65%	67%
EBIT margin					20%	46%	61%	35%	39%
Net margin					-14%	11%	39%	3%	11%
Net interest rate					0.0%	4.7%	5.8%	6.0%	5.8%
Tax rate					0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio					47%	31%	30%	32%	36%
Leverage ratio					53%	69%	70%	68%	64%
NIBD / EBITDA (past 1y)					27.6	10.2	4.7	8.4	7.2
Operating cash flow/NIBD					0.0	0.0	0.2	0.1	0.1
Net interest coverage ratio (EBIT)						2.1	3.7	2.0	2.4
Current ratio					0.9	0.5	0.8	0.4	-0.1
Adj. equity ratio						33%	20%	17%	37%
Operating assets					647	1,094	1,239	1,197	1,155
Operating liabilities					12	36	36	36	36
Net operating assets					635	1,058	1,202	1,160	1,118

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)

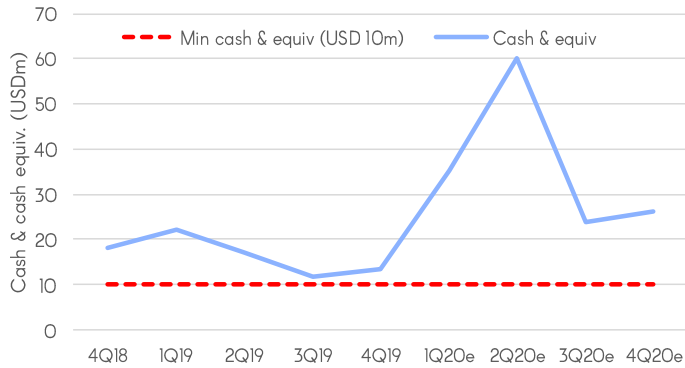




## Debt Covenants Overview

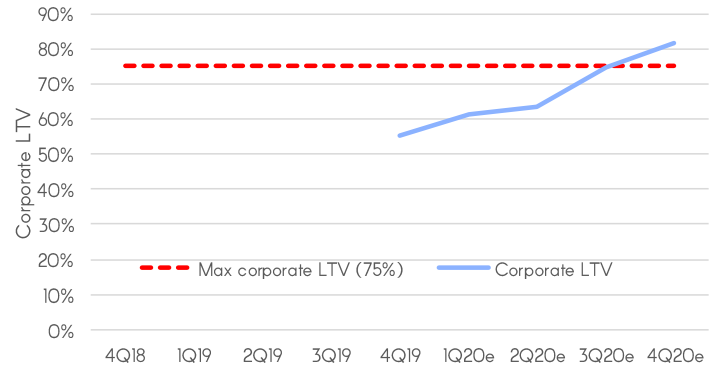
### Minimum cash covenant

Min cash & equiv (USD 10m)



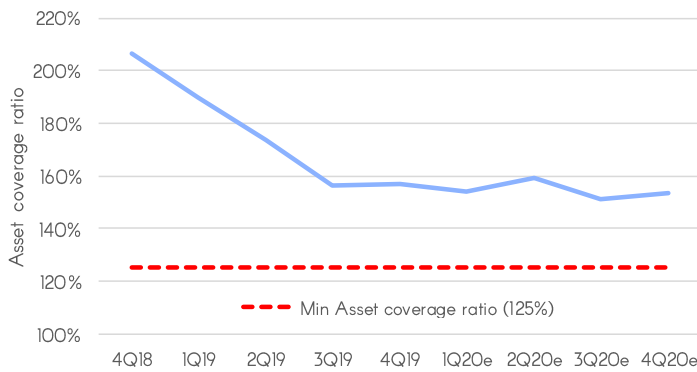
### Maximum corporate LTV covenant

Max corporate LTV (75%)



### Minimum asset coverage ratio covenant

Min Asset coverage ratio (125%)



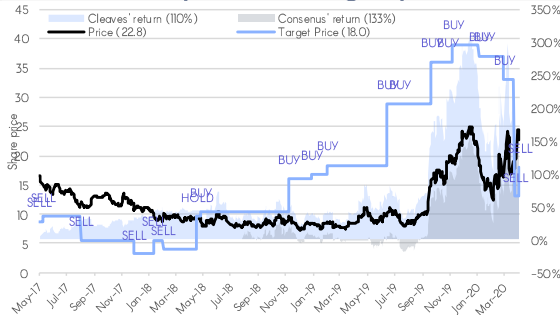


## TNK-US

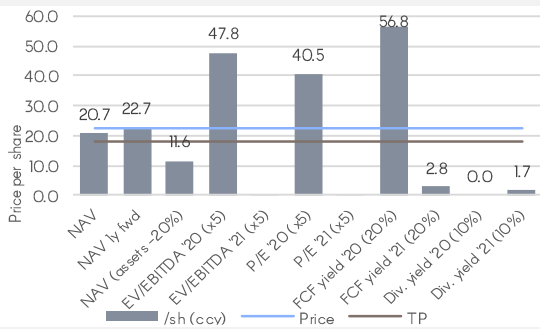
## SELL/\$18

## Teekay Tankers

### Share price vs target price

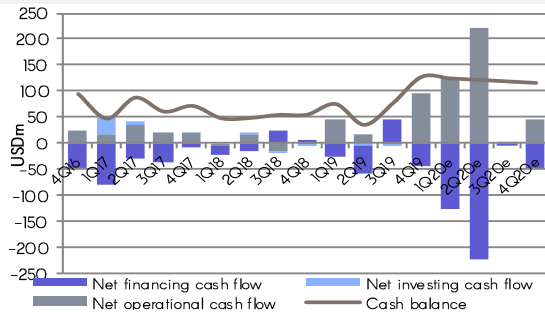


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	540	695	302	332
EBITDA (adj.)	252	432	66	104
EBIT (adj.)	128	311	-54	-16
PTP (adj.)	73	272	-89	-43
Net earnings (adj.)	60	272	-89	-43
EPS (adj.)	2.32	8.11	-2.65	-1.29
DPS	-	-	0.17	0.15
USDm	2019E	2020E	2021E	2022E
Fwd NAV	696	763	611	937
Adj. equity ratio	37%	49%	46%	61%
FCF yield	19%	50%	2%	8%
Dividend yield	0%	0%	1%	1%
EV/EBITDA	6.9	3.0	19.8	12.0
P/E (adj.)	12.8	2.8		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	158	393	31	76
Free cash flow	148	382	19	65
Net cash flow	72	-12	-86	-50
TCE/day	25,677	34,474	16,100	18,007
Cash break-even	24,099	18,333	24,372	19,371
Liquidity	129	118	32	-18
Property & Equip. (incl. NBs)	1,807	1,698	1,590	1,481
Total equity	989	1,262	1,167	1,119
Total assets	2,191	2,070	1,877	1,718
Interest bearing debt	1,061	668	569	459
Net interest bearing debt	932	551	537	477
Market Cap.	765	765	765	765

Source: Cleaves, Bloomberg, Clarksons SIN, 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

1Q20 Preview USDm			1Q20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	135.2	201.1	204.2	259.8				
EBITDA (adj.)	62.0	127.9	136.1	137.5				
EBIT (adj.)	32.1	95.9	105.1	110.5				
PTP (adj.)	13.3	80.4	93.2	100.0				
Net earnings (adj.)	13.3	80.4	93.2	94.1				
EPS (adj.)	0.05	2.39	2.77	2.74				
DPS	-	-	-	-				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	135.2	201.1	204.2	259.8				
Opex & G&A	73.2	73.2	68.2	122.3				
Depreciation	29.9	31.9	30.9	27.1				
Net finance	18.8	15.5	11.9	10.5				
Taxes & Minorities	-	-	-	5.8				

### CF & BS

1Q20 Preview USDm					Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	46	95	124					
Free cash flow	46	92	121					
Net cash flow	20	50	-3					
TCE/day	27,087	37,343	39,284	49,971				
Utilization	95.6%	97.3%	99.2%					
Fleet days	5,220	5,534	5,239					
Cash break-even	24,562	23,620	19,105					
Liquidity	77	129	126					
Interest bearing debt	1,108	1,061	937					

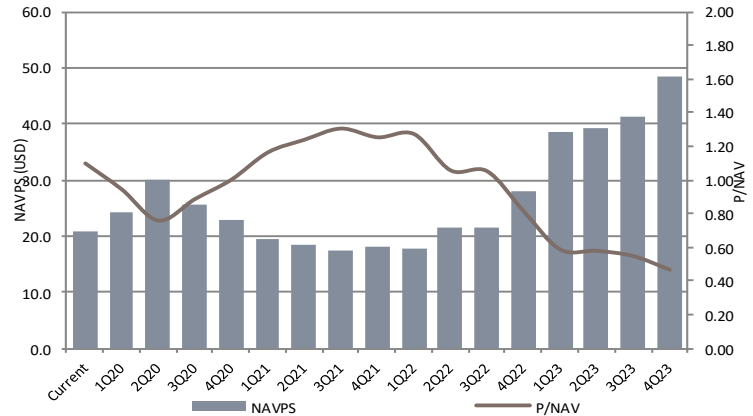


## Company Valuation

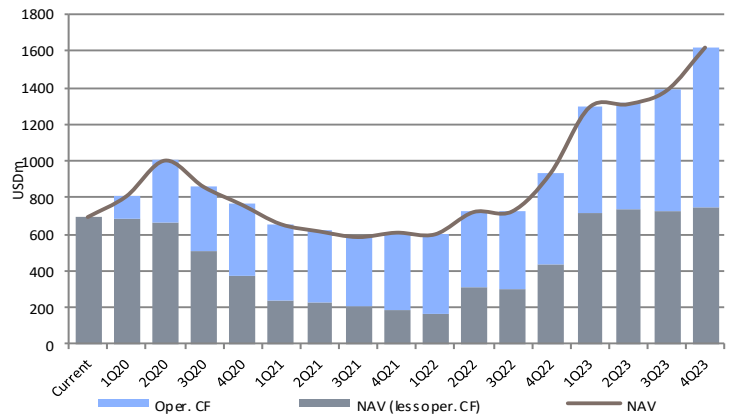
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,807	1,535	1,599
Contract value	0	-4	-4
Other	134	134	140
<b>GAV</b>	<b>1,941</b>	<b>1,666</b>	<b>1,735</b>
Net debt	-932	-932	-932
Capex	0	0	0
Other	-38	-38	-38
<b>Equity</b>	<b>971</b>	<b>696</b>	<b>765</b>
Shares	34	34	34
Equity/sh	28.91	20.72	22.77
incl CCY	28.91	20.72	22.77
P/Equity	0.79	1.10	1.00
EV/GAV	0.89	1.04	1.00
Adj. Total Assets	2,191	1,919	1,983
Adj. Equity Ratio	44%	36%	39%
<b>Fair Value</b>	<b>USD</b>	<b>17.7</b>	<b>-22%</b>

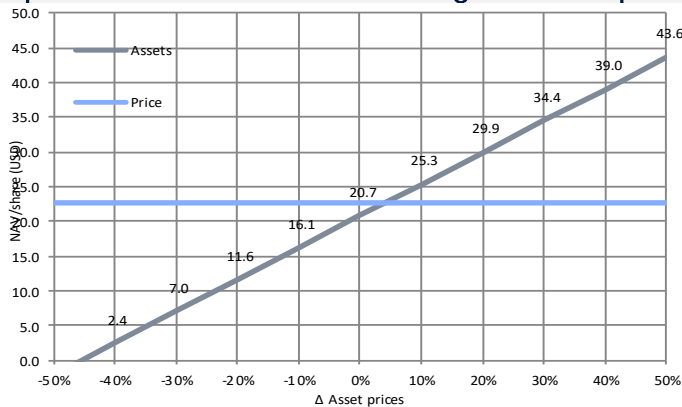
### Quarterly forward NAV & P/NAV



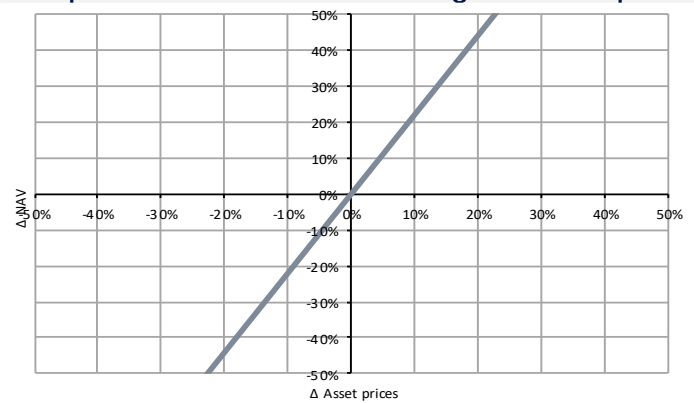
### Quarterly forward NAV decomposition



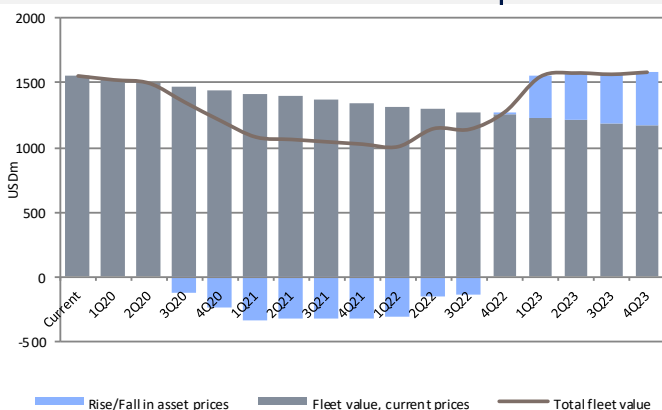
### Impact on NAV/sh from % change in asset prices



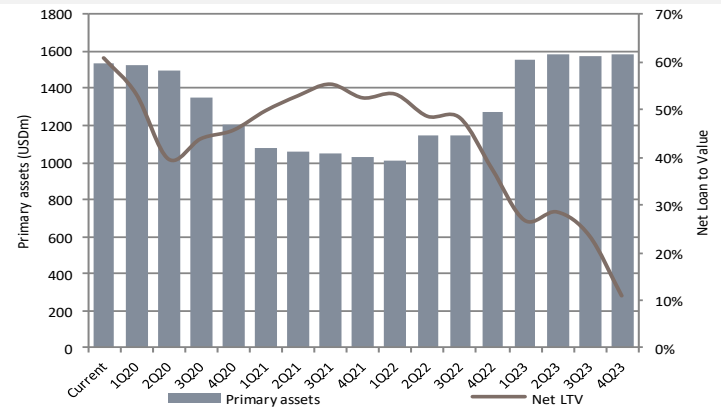
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	540	695	302	332	540	733	631	684	-	-38	-329	-352	
EBITDA (adj.)	252	432	66	104	252	470	395	456	-	-38	-329	-352	
EBIT (adj.)	128	311	-54	-16	128	349	276	336	-	-38	-329	-352	
PTP (adj.)	73	272	-89	-43	73	308	248	317	-	-35	-337	-361	
Net earnings (adj.)	60	272	-89	-43	60	308	248	317	-	-35	-337	-361	
EPS (adj.)	2.32	8.11	-2.65	-1.29	2.32	9.16	7.39	9.45	-	-1.06	-10.04	-10.74	
DPS	-	-	0.17	0.15	-	-	2.93	3.77	-	-	-2.77	-3.62	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-38	-329	-352
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-3	8	8
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	158	393	31	76	158	429	368	437	-	-35	-337	-361
Free cash flow	148	382	19	65	148	417	356	426	-	-35	-337	-361
Net cash flow	72	-12	-86	-50	72	-12	159	189	-	-0	-244	-239
TCE/day	25,677	34,474	16,100	18,007	25,677	36,199	33,729	37,169	-	-1,725	#####	-19,163
Cash break-even	24,099	18,333	24,372	19,371	24,099	18,498	24,268	19,265	-	-165	104	106
Liquidity	129	118	32	-18	129	118	277	466	-	-0	-244	-484
Property & Equip. (incl. NBs)	1,807	1,698	1,590	1,481	1,807	1,698	1,590	1,481	-	-	-	-
Total equity	989	1,262	1,167	1,119	989	1,297	1,447	1,638	-	-35	-280	-519
Total assets	2,191	2,070	1,877	1,718	2,191	2,070	2,121	2,202	-	-	-244	-484
Interest bearing debt	1,061	668	569	459	1,061	633	534	424	-	35	35	35
Net interest bearing debt	932	551	537	477	932	515	257	-42	-	35	280	519
Market Cap.	765	765	765	765	642	642	642	642	123	123	123	123
Enterprise value	1,697	1,316	1,302	1,242	1,574	1,157	899	600	123	159	403	642

### Valuation

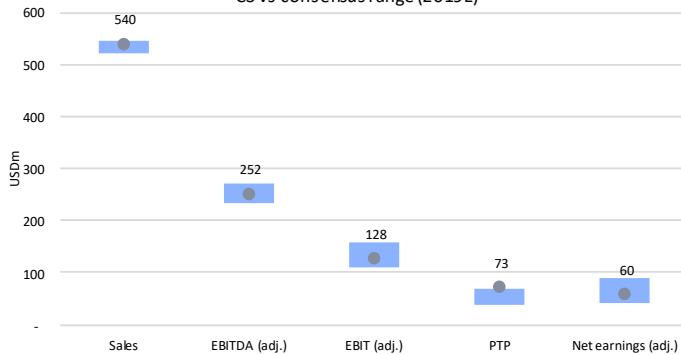
Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	696	763	611	937	703	1,159	1,652	2,066	-7	-397	-1,042	-1,129
Adj. equity ratio	37%	49%	46%	61%	37%	60%	71%	79%	0%	-11%	-25%	-18%
FCF yield	19%	50%	2%	8%	23%	65%	56%	66%	-4%	-15%	-53%	-58%
Dividend yield	0%	0%	1%	1%	0%	0%	15%	20%	0%	0%	-15%	-19%
EV/EBITDA	6.9	3.0	19.8	12.0	6.4	2.5	2.3	1.3	0.5	0.6	17.5	10.7
P/E (adj.)	12.8	2.8			10.7	2.1	2.6	2.0	2.1	0.7	#####	#####



## Our Estimates vs Consensus

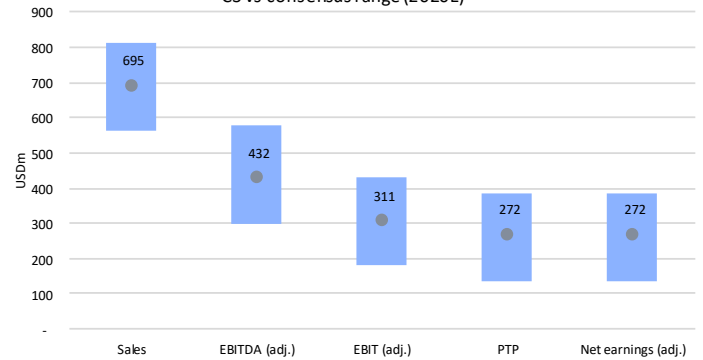
### Profit & Loss, year I

CS vs consensus range (2019E)

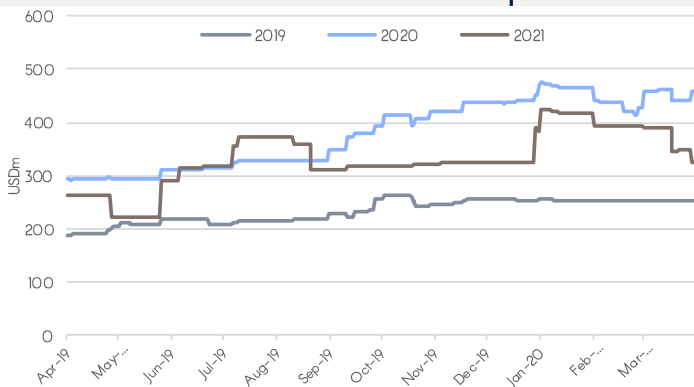


### Profit & Loss, year II

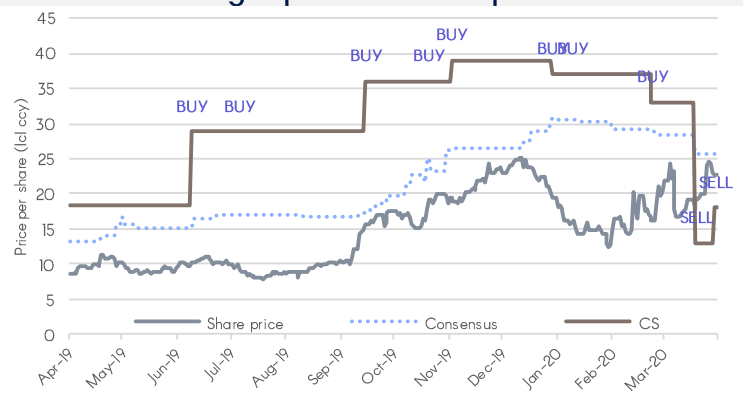
CS vs consensus range (2020E)



### Consensus EBITDA development



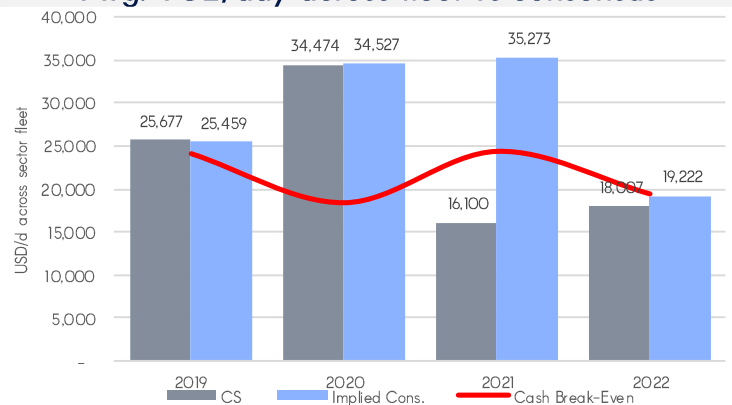
### Target price vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	540	536	536	5	1%
Opex + G&A	288	284	284	4	1%
Depreciation	124	117	117	7	6%
Net finance	55	75	75	-20	-27%
Taxes & Minorities	13	-2	-2	15	-859%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	695	696	696	-1	0%
Opex + G&A	263	236	236	27	11%
Depreciation	121	175	175	-54	-31%
Net finance	38	60	60	-22	-36%
Taxes & Minorities	0	-21	-21	21	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	135	110	95	201	204	294	78	118	91
Operational costs	-73	-74	-68	-79	-68	-65	-65	-65	-60
EBITDA	62	36	27	122	136	229	13	53	31
Depreciation/Amortization	-30	-31	-32	-32	-31	-30	-30	-30	-30
EBIT	32	5	-5	90	105	199	-17	23	1
Net financials	-20	-19	-15	-14	-12	-7	-10	-9	-9
PTP	12	-14	-20	76	93	192	-27	14	-8
Taxes/Minorities	0	0	0	-13	0	0	0	0	0
Net earnings	12	-14	-20	63	93	192	-27	14	-8
Non-recurring items	1	2	-1	17	0	0	0	0	0
Net earnings (adj.)	13	-13	-21	80	93	192	-27	14	-8
EPS	0.05	-0.05	-0.07	1.88	2.77	5.71	-0.79	0.42	-0.23
EPS (adj.)	0.05	-0.05	-0.08	2.39	2.77	5.71	-0.79	0.42	-0.23
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	75	35	77	127	124	121	118	115	129
Other current assets	189	193	185	185	185	185	185	185	185
Total current assets	264	228	262	312	309	306	303	300	314
Property & equip. (incl. NBs)	1,864	1,857	1,836	1,807	1,779	1,752	1,725	1,698	1,671
Other non-current assets	74	69	72	72	72	72	72	72	72
Total non-current assets	1,938	1,925	1,909	1,880	1,851	1,824	1,797	1,770	1,743
TOTAL ASSETS	2,203	2,154	2,170	2,191	2,160	2,130	2,100	2,070	2,057
Total equity	960	946	926	989	1,083	1,274	1,248	1,262	1,249
Short-term debt	159	153	193	158	166	167	171	165	167
Other current liabilities	98	117	103	103	103	103	103	103	103
Total current liabilities	257	270	295	261	268	270	274	268	270
Long-term debt	949	901	911	904	772	548	541	503	501
Other non-current liabilities	36	37	38	38	38	38	38	38	38
Total non-current liabilities	986	939	948	941	809	586	579	540	539
TOTAL EQUITY & LIABILITIES	2,203	2,154	2,170	2,191	2,160	2,130	2,100	2,070	2,057
Working capital, receivables	120	131	105	105	105	105	105	105	105
Working capital, payables	98	116	103	103	103	103	103	103	103
Net working capital	22	15	2	2	2	2	2	2	2
Interest bearing debt	1,108	1,054	1,103	1,061	937	716	712	668	668
Liquidity	77	37	79	129	126	123	121	118	132
Net interest bearing debt	1,031	1,017	1,024	932	811	592	592	551	537
<b>Cash Flow (USDm)</b>									
Net income	12	-14	-20	63	93	192	-27	14	-8
Depreciation	30	31	32	32	31	30	30	30	30
Other	-2	-15	-9	0	0	0	0	0	0
Cash earnings	40	1	3	95	124	222	3	44	22
Changes in working capital	6	17	-5	0	0	0	0	0	0
Net operational cash flow	46	18	-2	95	124	222	3	44	22
Capex	-1	-6	-1	-3	-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	-1	-6	-1	-3	-3	-3	-3	-3	-3
Repayment of debt	-56	-167	-56	-42	-472	-17	-17	-17	-50
Proceeds from debt	30	115	100	0	348	-205	14	-27	50
Dividends paid	0	0	0	0	0	0	0	0	-6
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	-26	-52	44	-42	-124	-222	-3	-44	-5
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	20	-40	42	50	-3	-3	-3	-3	14
Cash balance	75	35	77	127	124	121	118	115	129
Free cash flow	46	12	-2	92	121	219	1	41	19



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	261	534	604	509	1,158	540	695	302	332
Operational costs	-146	-273	-403	-407	-1,032	-294	-263	-236	-228
EBITDA	115	261	201	102	126	247	432	66	104
Depreciation/Amortization	-53	-74	-104	-100	-119	-124	-121	-120	-120
EBIT	62	187	97	1	7	123	311	-54	-16
Net financials	-2	-8	-29	-59	-50	-68	-38	-35	-27
PTP	61	180	68	-58	-43	55	272	-89	-43
Taxes/Minorities	0	0	0	0	-9	-13	0	0	0
<b>Net earnings</b>	<b>61</b>	<b>180</b>	<b>68</b>	<b>-58</b>	<b>-53</b>	<b>41</b>	<b>272</b>	<b>-89</b>	<b>-43</b>
Non-recurring items	-3	-3	0	0	0	19	0	0	0
<b>Net earnings (adj.)</b>	<b>57</b>	<b>177</b>	<b>68</b>	<b>-58</b>	<b>-53</b>	<b>60</b>	<b>272</b>	<b>-89</b>	<b>-43</b>
EPS	4.32	9.21	3.41	-1.73	-12.51	1.80	8.11	-2.65	-1.29
EPS (adj.)	4.08	9.07	3.41	-1.73	-12.51	2.32	8.11	-2.65	-1.29
DPS	0.73	0.78	2.35	0.62	1.92	0.00	0.00	0.17	0.15
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	163	96	94	71	55	127	115	30	-20
Other current assets	99	183	164	105	171	185	185	185	185
<b>Total current assets</b>	<b>262</b>	<b>280</b>	<b>258</b>	<b>177</b>	<b>226</b>	<b>312</b>	<b>300</b>	<b>215</b>	<b>165</b>
Property & equip. (incl. NBs)	897	1,768	1,605	1,738	1,884	1,807	1,698	1,590	1,481
Other non-current assets	82	122	101	283	52	72	72	72	72
<b>Total non-current assets</b>	<b>979</b>	<b>1,890</b>	<b>1,706</b>	<b>2,021</b>	<b>1,935</b>	<b>1,880</b>	<b>1,770</b>	<b>1,662</b>	<b>1,554</b>
<b>TOTAL ASSETS</b>	<b>1,241</b>	<b>2,169</b>	<b>1,964</b>	<b>2,197</b>	<b>2,161</b>	<b>2,191</b>	<b>2,070</b>	<b>1,877</b>	<b>1,718</b>
<b>Total equity</b>	<b>478</b>	<b>877</b>	<b>933</b>	<b>1,007</b>	<b>947</b>	<b>989</b>	<b>1,262</b>	<b>1,167</b>	<b>1,119</b>
Short-term debt	47	174	171	174	127	158	157	154	149
Other current liabilities	39	116	85	63	71	103	103	103	103
<b>Total current liabilities</b>	<b>86</b>	<b>290</b>	<b>256</b>	<b>237</b>	<b>198</b>	<b>261</b>	<b>260</b>	<b>257</b>	<b>252</b>
Long-term debt	661	991	762	927	984	904	511	415	310
Other non-current liabilities	16	12	14	27	33	38	38	38	38
<b>Total non-current liabilities</b>	<b>677</b>	<b>1,002</b>	<b>776</b>	<b>954</b>	<b>1,016</b>	<b>941</b>	<b>548</b>	<b>453</b>	<b>348</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,241</b>	<b>2,169</b>	<b>1,964</b>	<b>2,197</b>	<b>2,161</b>	<b>2,191</b>	<b>2,070</b>	<b>1,877</b>	<b>1,718</b>
Working capital, receivables	4	28	34	19	41	105	105	105	105
Working capital, payables	20	79	43	42	52	103	103	103	103
<b>Net working capital</b>	<b>-16</b>	<b>-50</b>	<b>-9</b>	<b>-23</b>	<b>-11</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Interest bearing debt	709	1,165	933	1,101	1,111	1,061	668	569	459
Liquidity	163	97	95	73	57	129	118	32	-18
<b>Net interest bearing debt</b>	<b>546</b>	<b>1,067</b>	<b>838</b>	<b>1,028</b>	<b>1,054</b>	<b>932</b>	<b>551</b>	<b>537</b>	<b>477</b>
<b>Cash Flow (USDm)</b>									
Net income	61	180	68	-58	-53	41	272	-89	-43
Depreciation	53	74	104	100	119	124	121	120	120
Other	-40	-69	5	31	-79	-26	0	0	0
<b>Cash earnings</b>	<b>74</b>	<b>184</b>	<b>177</b>	<b>74</b>	<b>-13</b>	<b>139</b>	<b>393</b>	<b>31</b>	<b>76</b>
Changes in working capital	-53	-17	30	7	6	19	0	0	0
<b>Net operational cash flow</b>	<b>21</b>	<b>167</b>	<b>207</b>	<b>80</b>	<b>-7</b>	<b>158</b>	<b>393</b>	<b>31</b>	<b>76</b>
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	-6	0	0	0
<b>Net investing cash flow</b>	<b>110</b>	<b>-882</b>	<b>22</b>	<b>79</b>	<b>-4</b>	<b>-10</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
Repayment of debt	-82	452	-236	-324	-237	-321	-524	-199	-110
Proceeds from debt	109	689	906	233	81	246	131	100	0
Dividends paid	-10	-15	-47	-21	-8	0	0	-6	-5
New equity	111	242	8	14	0	0	0	0	0
Other	-122	-719	-922	-80	160	-6	0	0	0
<b>Net financing cash flow</b>	<b>6</b>	<b>649</b>	<b>-291</b>	<b>-178</b>	<b>-3</b>	<b>-76</b>	<b>-393</b>	<b>-105</b>	<b>-115</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>137</b>	<b>-66</b>	<b>-62</b>	<b>-19</b>	<b>-15</b>	<b>72</b>	<b>-12</b>	<b>-86</b>	<b>-50</b>
Cash balance	163	96	94	71	55	127	115	30	-20
<b>Free cash flow</b>	<b>131</b>	<b>-715</b>	<b>228</b>	<b>159</b>	<b>-12</b>	<b>148</b>	<b>382</b>	<b>19</b>	<b>65</b>



# Cleaves Securities

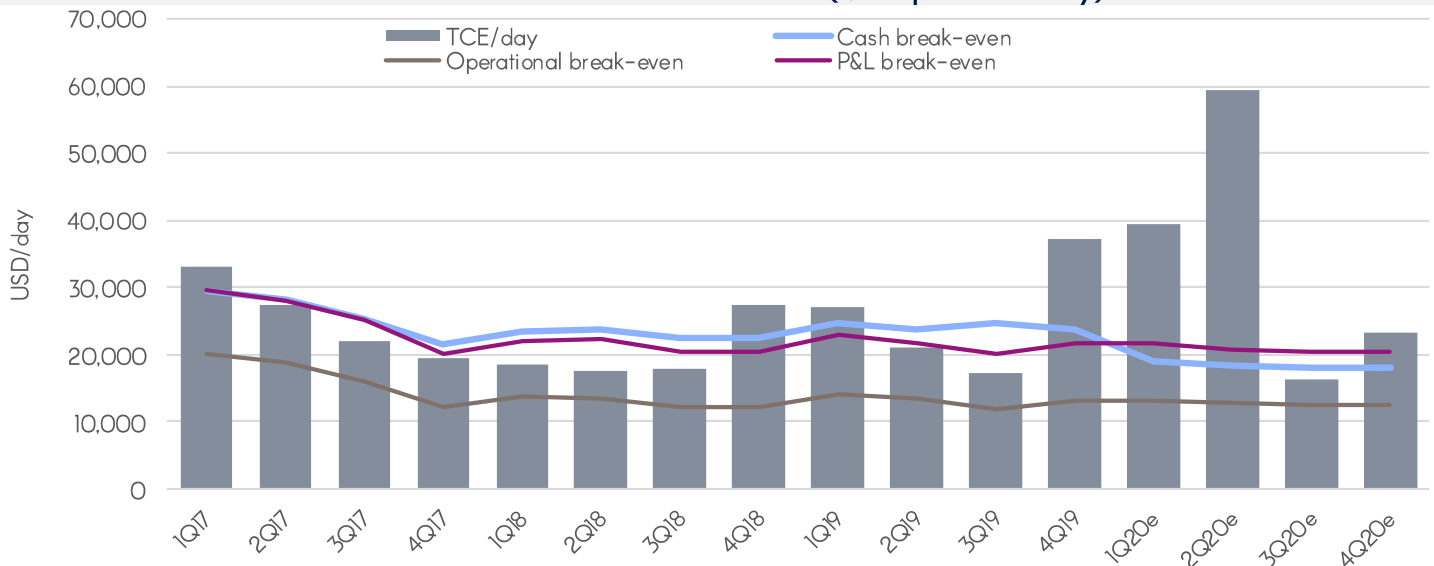
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	14	20	20	34	4	34	34	34	34
Share price, avg (USD)	32	53	26	15	9	12	23	23	23
Share price, end (USD)	40	55	18	11	7	23	23	23	23
<b>Market Cap.</b>	<b>567</b>	<b>1,073</b>	<b>360</b>	<b>375</b>	<b>31</b>	<b>765</b>	<b>765</b>	<b>765</b>	<b>765</b>
NIBD	546	1,067	838	1,028	1,054	932	551	537	477
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,112</b>	<b>2,141</b>	<b>1,198</b>	<b>1,404</b>	<b>1,085</b>	<b>1,697</b>	<b>1,316</b>	<b>1,302</b>	<b>1,242</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	9.4	6.0	5.3			18.5	2.8		
P/E (adj.)	9.9	6.1	5.3			12.8	2.8		
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	0.0	1.4	1.1	2.5	2.3
EV/Sales	4.3	4.0	2.0	2.8	0.9	3.1	1.9	4.3	3.7
EV/EBITDA	9.6	8.2	6.0	13.8	8.6	6.9	3.0	19.8	12.0
EV/EBIT	17.9	11.4	12.4			13.8	4.2		
P/B	1.2	1.2	0.4	0.4	0.0	0.8	0.6	0.7	0.7
FCF yield	23%	-67%	63%	42%	-38%	19%	50%	2%	8%
Dividend yield	1.8%	1.4%	13.0%	5.5%	25.8%	0.0%	0.0%	0.7%	0.7%
Return on equity (ROE)	12.7%	20.5%	7.3%	-5.8%	-5.5%	4.2%	21.6%	-7.6%	-3.9%
Return on capital employed (ROCE)	6.1%	9.6%	5.5%	0.1%	0.4%	6.4%	17.2%	-3.2%	-1.0%
Return on assets (ROA)	4.9%	8.3%	3.5%	-2.6%	-2.4%	1.9%	13.2%	-4.7%	-2.5%
Sales growth	46%	104%	13%	-16%	128%	-53%	29%	-57%	10%
EBITDA margin	44%	49%	33%	20%	11%	46%	62%	22%	31%
EBIT margin	24%	35%	16%	0%	1%	23%	45%	-18%	-5%
Net margin	23%	34%	11%	-11%	-5%	8%	39%	-30%	-13%
Net interest rate	1.7%	1.6%	3.6%	3.0%	5.6%	6.9%	8.4%	6.8%	6.1%
Tax rate	0.0%	0.0%	0.0%	0.0%	-21.8%	24.2%	0.0%	0.0%	0.0%
Equity ratio	39%	40%	47%	46%	44%	45%	61%	62%	65%
Leverage ratio	61%	60%	53%	54%	56%	55%	39%	38%	35%
NIBD / EBITDA (past 1y)	4.7	4.1	4.2	10.1	8.4	3.8	1.3	8.2	4.6
Operating cash flow/NIBD	0.0	0.2	0.2	0.1	0.0	0.2	0.7	0.1	0.2
Net interest coverage ratio (EBIT)	12.6	15.0	6.7	3.3	2.1	3.8	9.4	1.8	3.5
Current ratio	3.1	1.0	1.0	0.7	1.1	1.2	1.2	0.8	0.7
Adj. equity ratio						37%	49%	46%	61%
Operating assets	1,078	2,072	1,869	2,122	2,101	2,059	1,949	1,841	1,733
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	1,809	1,701	1,593

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)





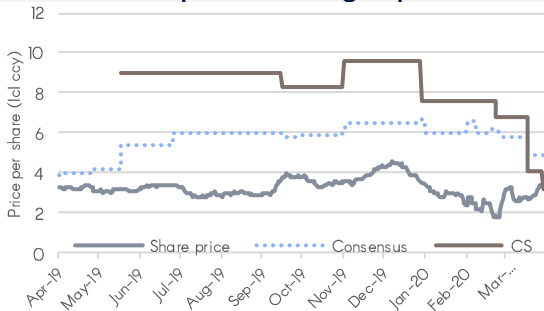


TNP-US

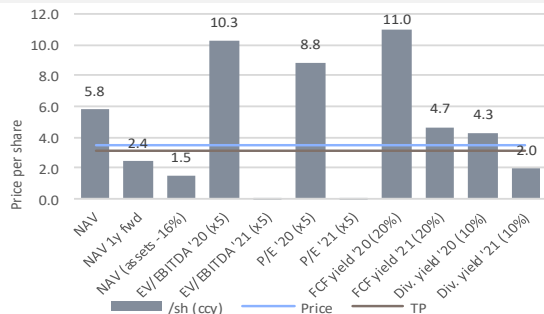
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## Tsakos Energy Navigation

### Share price vs target price

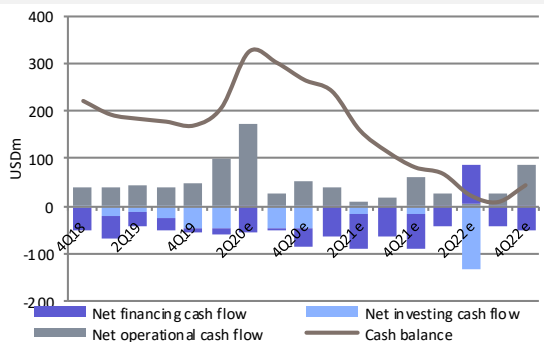


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	472	657	427	442
EBITDA (adj.)	253	432	199	210
EBIT (adj.)	113	285	47	53
PTP (adj.)	-8	168	-62	-49
Net earnings (adj.)	-7	169	-61	-49
EPS (adj.)	-0.10	1.76	-0.64	-0.51
DPS	0.05	0.43	0.20	0.20
USDm	2019E	2020E	2021E	2022E
Fwd NAV	555	231	146	612
Adj. equity ratio	25%	13%	10%	32%
FCF yield	19%	64%	27%	4%
Dividend yield	1%	12%	6%	6%
EV/EBITDA	7.4	3.5	7.2	6.9
P/E (adj.)		2.0		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	170	352	127	145
Free cash flow	63	211	89	12
Net cash flow	-52	96	-184	-38
TCE/day	21,686	28,861	18,391	18,774
Cash break-even	18,932	21,348	22,677	18,639
Liquidity	179	274	91	53
Property & Equip. (incl. NBs)	2,728	2,723	2,609	2,585
Total equity	1,469	1,633	1,589	1,558
Total assets	3,140	3,230	2,933	2,871
Interest bearing debt	1,524	1,451	1,197	1,166
Net interest bearing debt	1,346	1,176	1,106	1,113
Market Cap.	331	331	331	331

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

IQ20 Preview USDm	1Q19		4Q19		IQ20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net sales	115.5	146.5	173.9	171.0						
EBITDA (adj.)	63.1	90.4	118.6	99.5						
EBIT (adj.)	27.8	55.0	82.6	64.0						
PTP (adj.)	0.7	24.2	52.7	#N/A N/						
Net earnings (adj.)	1.0	24.0	53.0	36.9						
EPS (adj.)	0.01	0.25	0.55	0.47						
DPS	-	-	-							
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	115.5	146.5	173.9	171.0						
Opex & G&A	52.4	56.1	55.3	71.5						
Depreciation	35.3	35.4	36.0	35.5						
Net finance	27.1	30.8	29.8	#VALUE!						
Taxes & Minorities	-0.3	0.2	-0.3	#VALUE!						

### CF & BS

IQ20 Preview USDm	1Q19		4Q19		IQ20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	39	48	98							
Free cash flow	18	1	51							
Net cash flow	-29	-8	37							
TCE/day	21,054	27,940	30,943	30,422						
Utilization	95.2%	95.0%	95.0%							
Fleet days	5,760	5,890	5,917							
Cash break-even	20,214	19,894	21,625							
Liquidity	192	179	216							
Interest bearing debt	1,560	1,524	1,511							

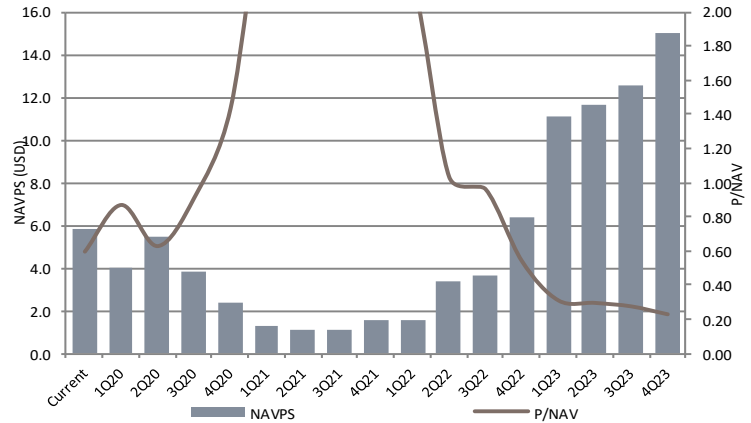


## Company Valuation

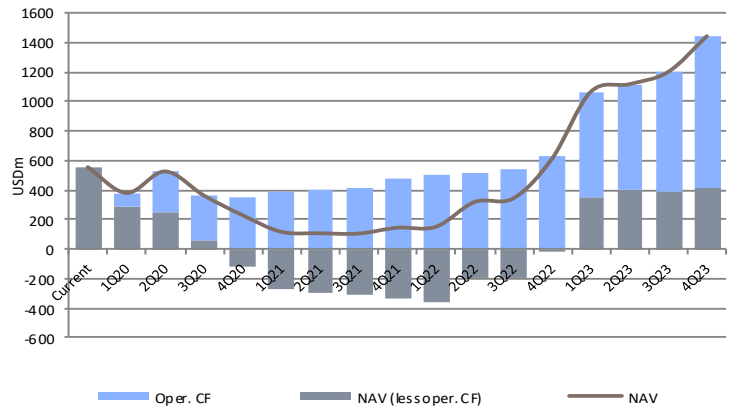
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,728	2,562	2,350
Contract value	0	-48	-44
Other	194	194	178
<b>GAV</b>	<b>2,922</b>	<b>2,708</b>	<b>2,484</b>
Net debt	-1,346	-1,346	-1,346
Capex	0	-299	-299
Other	-108	-508	-508
<b>Equity</b>	<b>1,468</b>	<b>555</b>	<b>331</b>
Shares	96	96	96
<b>Equity/sh</b>	<b>15.35</b>	<b>5.80</b>	<b>3.46</b>
ICL CCY	15.35	5.80	3.46
<b>P/Equity</b>	<b>0.23</b>	<b>0.60</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.85</b>	<b>0.92</b>	<b>1.00</b>
Adj. Total Assets	3,140	2,974	2,762
Adj. Equity Ratio	47%	19%	12%
<b>Fair Value</b>	<b>USD</b>	<b>3.2</b>	<b>-9%</b>

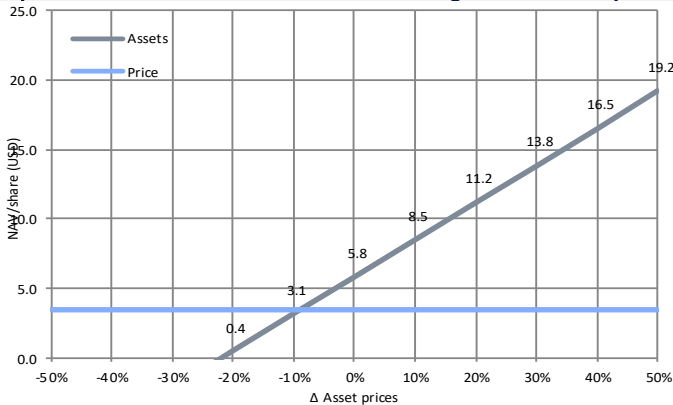
### Quarterly forward NAV & P/NAV



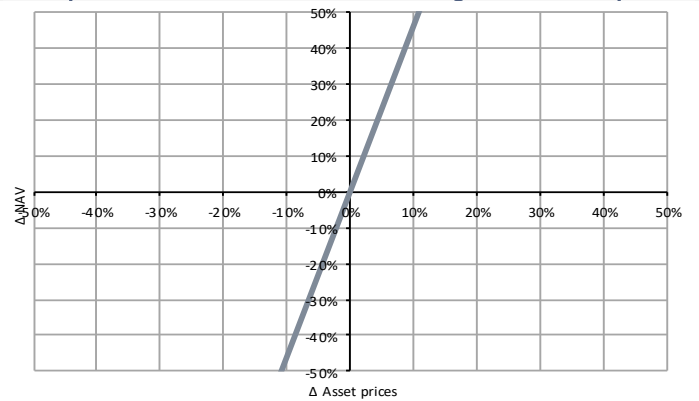
### Quarterly forward NAV decomposition



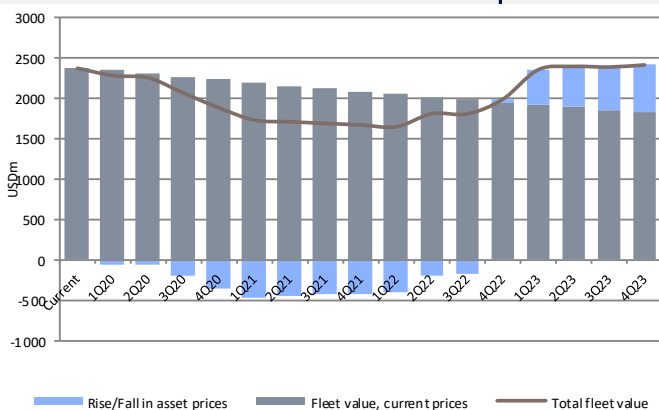
### Impact on NAV/sh from % change in asset prices



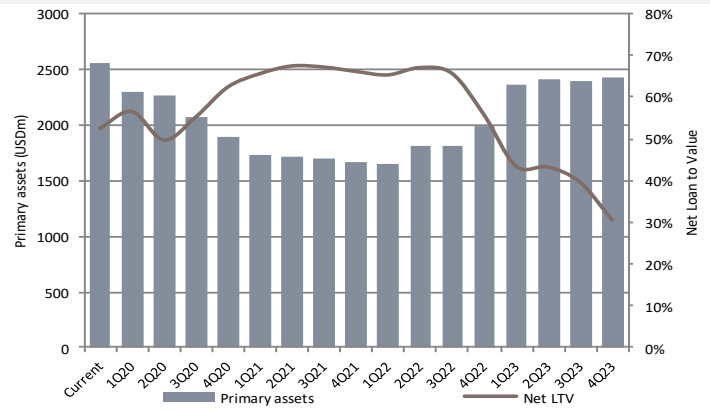
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value



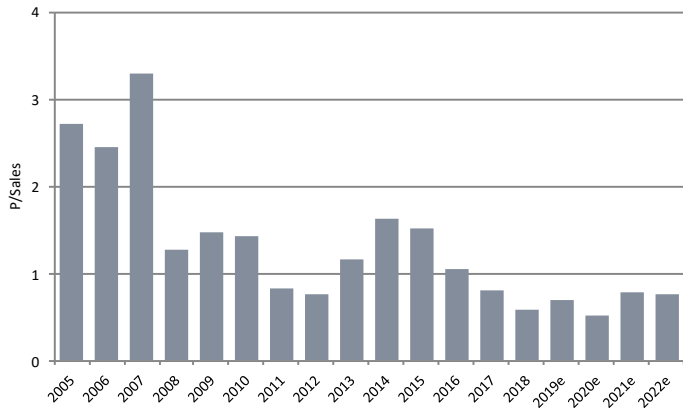


# Cleaves Securities

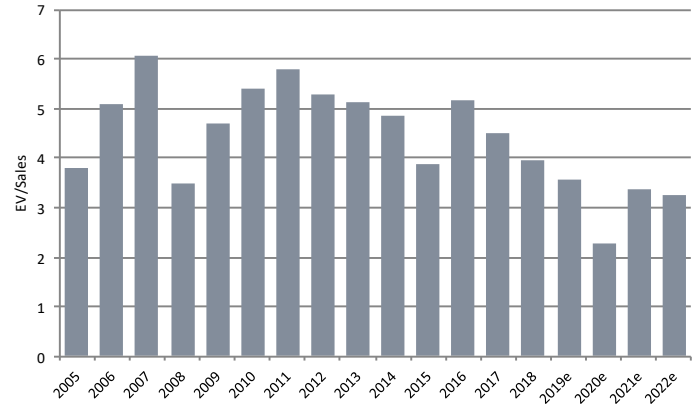
Shipping Quarterly: Coronavirus Volatility

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

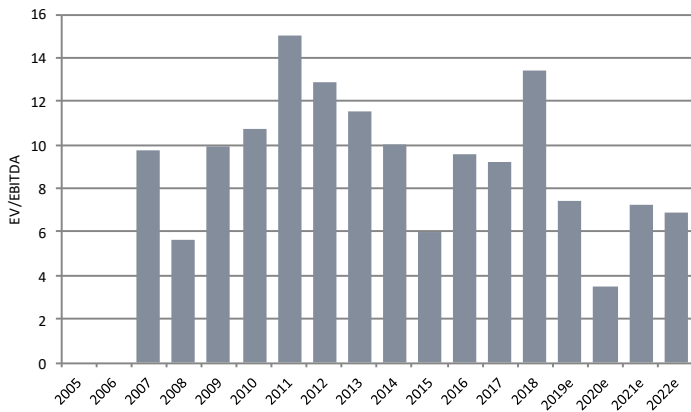
### P/Sales



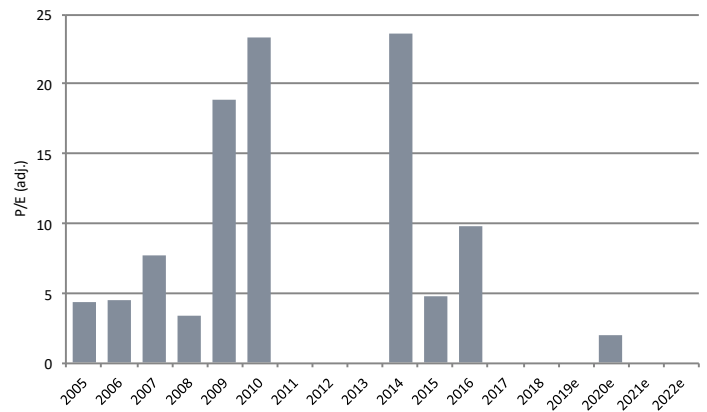
### EV/Sales



### EV/EBITDA



### P/E (adj.)





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	
Net sales	472	657	427	442	472	662	651	722	-	-6	-223	-280	
EBITDA (adj.)	253	432	199	210	253	437	422	490	-	-6	-223	-280	
EBIT (adj.)	113	285	47	53	113	290	270	332	-	-5	-223	-279	
PTP (adj.)	-8	168	-62	-49	-8	173	161	230	-	-5	-223	-279	
Net earnings (adj.)	-7	169	-61	-49	-7	173	161	231	-	-5	-223	-279	
EPS (adj.)	-0.10	1.76	-0.64	-0.51	-0.09	1.94	1.80	2.57	-0.02	-0.17	-2.44	-3.08	
DPS	0.05	0.43	0.20	0.20	0.05	0.15	0.64	0.89	-	0.28	-0.44	-0.69	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-6	-223	-280
									Opex & G&A	-	-	-	-
									Depreciation	-	-1	-1	-1
									Net finance	-	-0	-0	-0
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	170	352	127	145	170	357	351	425	-	-6	-223	-280
Free cash flow	63	211	89	12	63	216	313	292	-	-6	-223	-280
Net cash flow	-52	96	-184	-38	-51	130	2	181	-0	-34	-185	-219
TCE/day	21,686	28,861	18,391	18,774	21,686	28,927	27,980	30,715	-	-66	-9,588	-11,942
Cash break-even	18,932	21,348	22,677	18,639	18,932	21,349	22,679	18,641	-	-1	-2	-2
Liquidity	179	274	91	53	179	309	310	492	-0	-34	-220	-439
Property & Equip. (incl. NBs)	2,728	2,723	2,609	2,585	2,728	2,722	2,608	2,583	-	1	1	2
Total equity	1,469	1,633	1,589	1,558	1,469	1,666	1,807	1,994	-0	-33	-218	-436
Total assets	3,140	3,230	2,933	2,871	3,140	3,264	3,151	3,307	-0	-34	-218	-437
Interest bearing debt	1,524	1,451	1,197	1,166	1,525	1,451	1,197	1,166	-0	-1	-1	-1
Net interest bearing debt	1,346	1,176	1,106	1,113	1,346	1,143	887	675	0	34	219	438
Market Cap.	331	331	331	331	251	251	251	251	80	80	80	80
Enterprise value	1,677	1,508	1,438	1,446	1,596	1,394	1,139	928	80	114	299	518

### Valuation

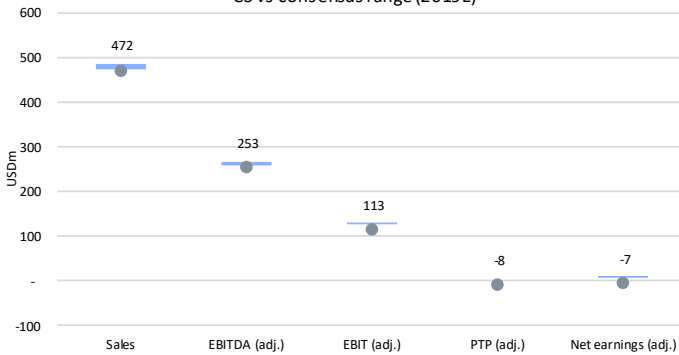
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	555	231	146	612	502	651	1,186	1,608	53	-420	-1,039	-996
Adj. equity ratio	25%	13%	10%	32%	23%	29%	47%	55%	2%	-16%	-37%	-23%
FCF yield	19%	64%	27%	4%	25%	86%	125%	117%	-6%	-23%	-98%	-113%
Dividend yield	1%	12%	6%	6%	2%	5%	23%	32%	0%	7%	-17%	-26%
EV/EBITDA	7.4	3.5	7.2	6.9	7.1	3.2	2.7	1.9	0.4	0.3	4.5	5.0
P/E (adj.)		2.0				1.4	1.6	1.1	#####	0.5	#####	#####



## Our Estimates vs Consensus

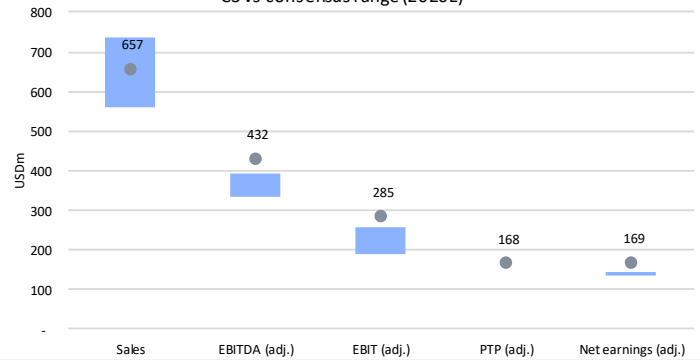
### Profit & Loss, year I

CS vs consensus range (2019E)

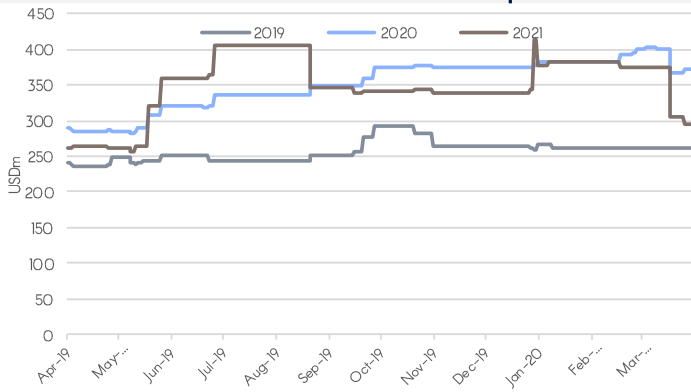


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



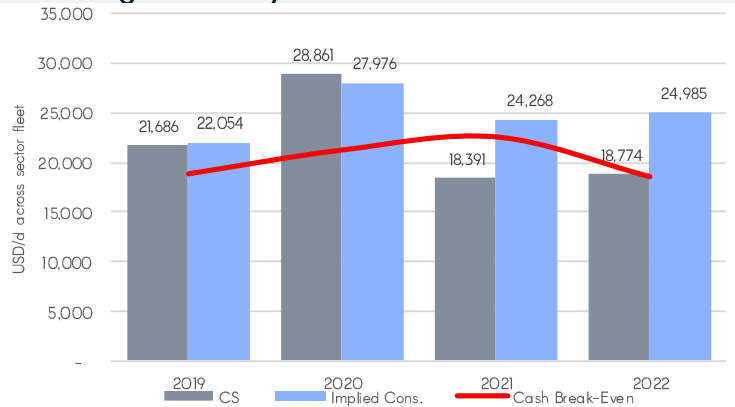
### Target price vs share price (past ly)



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	472	480	480	-8	-2%
Opex + G&A	219	218	218	1	0%
Depreciation	139	137	137	2	2%
Net finance	122	123	123	-1	-1%
Taxes & Minorities	-1	-3	-3	2	-65%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	657	637	637	20	3%
Opex + G&A	225	264	264	-39	-15%
Depreciation	146	143	143	4	3%
Net finance	118	160	160	-43	-27%
Taxes & Minorities	-1	-69	-69	68	-99%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	115	109	101	146	174	250	104	129	115
Operational costs	-52	-56	-55	-84	-55	-55	-57	-57	-56
EBITDA	63	53	46	63	119	195	47	71	58
Depreciation/Amortization	-35	-34	-35	-35	-36	-37	-37	-37	-38
EBIT	28	19	12	27	83	158	11	34	20
Net financials	-17	-19	-21	-14	-21	-20	-20	-20	-19
PTP	11	0	-10	13	62	138	-9	14	1
Taxes/Minorities	0	1	0	0	0	0	0	0	0
Net earnings	11	0	-10	13	62	138	-9	14	2
Non-recurring items	-10	-13	-10	11	-9	-9	-9	-9	-9
Net earnings (adj.)	1	-13	-20	24	53	129	-18	5	-8
EPS	0.13	0.00	-0.11	0.14	0.65	1.44	-0.09	0.15	0.02
EPS (adj.)	0.01	-0.14	-0.22	0.25	0.55	1.35	-0.19	0.05	-0.08
DPS	0.00	0.00	0.00	0.05	0.00	0.05	0.00	0.38	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	192	183	177	169	206	324	301	265	241
Other current assets	-221	195	203	203	203	203	203	203	203
Total current assets	-29	378	380	372	409	527	504	468	444
Property & equip. (incl. NBs)	2,834	2,747	2,717	2,728	2,739	2,703	2,713	2,723	2,685
Other non-current assets	386	39	39	39	39	39	39	39	39
Total non-current assets	3,220	2,787	2,756	2,768	2,779	2,742	2,753	2,762	2,724
TOTAL ASSETS	3,191	3,165	3,136	3,140	3,188	3,270	3,257	3,230	3,168
Total equity	1,499	1,443	1,460	1,469	1,531	1,664	1,655	1,633	1,634
Short-term debt	150	193	193	208	220	231	243	254	232
Other current liabilities	1,727	157	114	114	114	114	114	114	114
Total current liabilities	1,878	350	306	322	333	345	356	368	345
Long-term debt	1,409	1,339	1,336	1,316	1,291	1,228	1,212	1,197	1,156
Other non-current liabilities	-1,596	33	33	33	33	33	33	33	33
Total non-current liabilities	-186	1,372	1,370	1,350	1,324	1,261	1,245	1,230	1,189
TOTAL EQUITY & LIABILITIES	3,191	3,165	3,136	3,140	3,188	3,270	3,257	3,230	3,168
Working capital, receivables	0	70	70	70	70	70	70	70	70
Working capital, payables	0	39	39	39	39	39	39	39	39
Net working capital	0	31	31	31	31	31	31	31	31
Interest bearing debt	1,560	1,532	1,529	1,524	1,511	1,459	1,455	1,451	1,387
Liquidity	192	193	187	179	216	334	310	274	250
Net interest bearing debt	1,368	1,339	1,343	1,346	1,295	1,125	1,144	1,176	1,137
<b>Cash Flow (USDm)</b>									
Net income	11	0	-10	13	62	138	-9	14	2
Depreciation	35	34	35	35	36	37	37	37	38
Other	-7	11	12	0	0	0	0	0	0
Cash earnings	39	45	37	48	98	175	28	51	40
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	39	45	37	48	98	175	28	51	40
Capex	-21	-12	-27	-47	-47	0	-47	-47	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	-21	-12	-27	-47	-47	0	-47	-47	0
Repayment of debt	-47	-33	-25	-41	-52	-52	-52	-52	-64
Proceeds from debt	0	0	0	36	38	0	48	48	0
Dividends paid	0	0	0	-5	0	-5	0	-37	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	-47	-33	-25	-10	-14	-57	-4	-40	-64
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-29	1	-16	-8	37	118	-23	-36	-24
Cash balance	192	183	177	169	206	324	301	265	241
Free cash flow	18	33	9	1	51	175	-19	4	40





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	366	456	375	416	405	472	657	427	442
Operational costs	-187	-162	-172	-213	-286	-246	-225	-228	-232
EBITDA	179	294	203	202	119	225	432	199	210
Depreciation/Amortization	-103	-106	-113	-139	-147	-139	-146	-152	-157
EBIT	76	188	90	63	-28	86	285	47	53
Net financials	-42	-30	-33	-54	-73	-72	-81	-72	-65
PTP	34	158	56	9	-101	14	205	-25	-13
Taxes/Minorities	0	0	-1	-2	2	1	1	1	1
<b>Net earnings</b>	<b>34</b>	<b>158</b>	<b>56</b>	<b>8</b>	<b>-99</b>	<b>15</b>	<b>205</b>	<b>-24</b>	<b>-12</b>
Non-recurring items	-8	-13	-16	-24	-34	-22	-37	-37	-37
<b>Net earnings (adj.)</b>	<b>25</b>	<b>145</b>	<b>40</b>	<b>-16</b>	<b>-133</b>	<b>-7</b>	<b>169</b>	<b>-61</b>	<b>-49</b>
EPS	0.40	1.81	0.67	0.09	-1.13	0.16	2.15	-0.25	-0.13
EPS (adj.)	0.30	1.66	0.48	-0.19	-1.52	-0.10	1.76	-0.64	-0.51
DPS	0.25	0.38	0.48	0.46	0.51	0.05	0.43	0.20	0.20
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	202	290	188	190	205	169	265	81	43
Other current assets	88	163	171	115	113	203	203	203	203
<b>Total current assets</b>	<b>290</b>	<b>452</b>	<b>358</b>	<b>304</b>	<b>318</b>	<b>372</b>	<b>468</b>	<b>284</b>	<b>247</b>
Property & equip. (incl. NBs)	2,388	2,425	2,894	3,030	2,846	2,728	2,723	2,609	2,585
Other non-current assets	21	24	26	39	42	39	39	39	39
<b>Total non-current assets</b>	<b>2,409</b>	<b>2,448</b>	<b>2,919</b>	<b>3,069</b>	<b>2,888</b>	<b>2,768</b>	<b>2,762</b>	<b>2,649</b>	<b>2,624</b>
<b>TOTAL ASSETS</b>	<b>2,699</b>	<b>2,901</b>	<b>3,278</b>	<b>3,374</b>	<b>3,205</b>	<b>3,140</b>	<b>3,230</b>	<b>2,933</b>	<b>2,871</b>
<b>Total equity</b>	<b>1,178</b>	<b>1,415</b>	<b>1,417</b>	<b>1,508</b>	<b>1,507</b>	<b>1,469</b>	<b>1,633</b>	<b>1,589</b>	<b>1,558</b>
Short-term debt	228	320	288	226	161	208	221	204	198
Other current liabilities	99	82	105	113	94	114	114	114	114
<b>Total current liabilities</b>	<b>327</b>	<b>402</b>	<b>393</b>	<b>339</b>	<b>254</b>	<b>322</b>	<b>334</b>	<b>317</b>	<b>312</b>
Long-term debt	1,190	1,081	1,466	1,526	1,435	1,316	1,230	993	967
Other non-current liabilities	4	3	1	1	9	33	33	33	33
<b>Total non-current liabilities</b>	<b>1,194</b>	<b>1,084</b>	<b>1,467</b>	<b>1,527</b>	<b>1,444</b>	<b>1,350</b>	<b>1,263</b>	<b>1,026</b>	<b>1,001</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,699</b>	<b>2,901</b>	<b>3,278</b>	<b>3,374</b>	<b>3,205</b>	<b>3,140</b>	<b>3,230</b>	<b>2,933</b>	<b>2,871</b>
Working capital, receivables	58	60	57	44	56	70	70	70	70
Working capital, payables	33	63	87	91	83	39	39	39	39
<b>Net working capital</b>	<b>25</b>	<b>-3</b>	<b>-30</b>	<b>-47</b>	<b>-28</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
Interest bearing debt	1,418	1,400	1,754	1,752	1,596	1,524	1,451	1,197	1,166
Liquidity	214	305	198	203	221	179	274	91	53
<b>Net interest bearing debt</b>	<b>1,204</b>	<b>1,095</b>	<b>1,556</b>	<b>1,549</b>	<b>1,375</b>	<b>1,346</b>	<b>1,176</b>	<b>1,106</b>	<b>1,113</b>
<b>Cash Flow (USDm)</b>									
Net income	34	158	56	8	-99	15	205	-24	-12
Depreciation	103	106	113	139	147	139	146	152	157
Other	0	-21	-14	3	64	15	0	0	0
<b>Cash earnings</b>	<b>137</b>	<b>243</b>	<b>155</b>	<b>149</b>	<b>112</b>	<b>170</b>	<b>352</b>	<b>127</b>	<b>145</b>
Changes in working capital	-30	-9	15	21	-38	0	0	0	0
<b>Net operational cash flow</b>	<b>107</b>	<b>234</b>	<b>170</b>	<b>171</b>	<b>74</b>	<b>170</b>	<b>352</b>	<b>127</b>	<b>145</b>
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	-28	0	0	0
<b>Net investing cash flow</b>	<b>-254</b>	<b>-175</b>	<b>-576</b>	<b>-242</b>	<b>0</b>	<b>-107</b>	<b>-141</b>	<b>-38</b>	<b>-133</b>
Repayment of debt	38	-15	366	-3	-156	-146	-208	-254	-164
Proceeds from debt	—	227	778	397	353	36	134	0	133
Dividends paid	-21	-33	-40	-40	-44	-5	-41	-19	-19
New equity	176	0	0	11	5	0	0	0	0
Other	-6	-151	-799	-289	-213	-28	0	0	0
<b>Net financing cash flow</b>	<b>187</b>	<b>28</b>	<b>304</b>	<b>76</b>	<b>-56</b>	<b>-114</b>	<b>-115</b>	<b>-273</b>	<b>-50</b>
Currency effect	—	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>—</b>	<b>88</b>	<b>-102</b>	<b>5</b>	<b>18</b>	<b>-52</b>	<b>96</b>	<b>-184</b>	<b>-38</b>
Cash balance	202	290	188	190	221	169	265	81	43
<b>Free cash flow</b>	<b>-147</b>	<b>60</b>	<b>-406</b>	<b>-71</b>	<b>74</b>	<b>63</b>	<b>211</b>	<b>89</b>	<b>12</b>



# Cleaves Securities

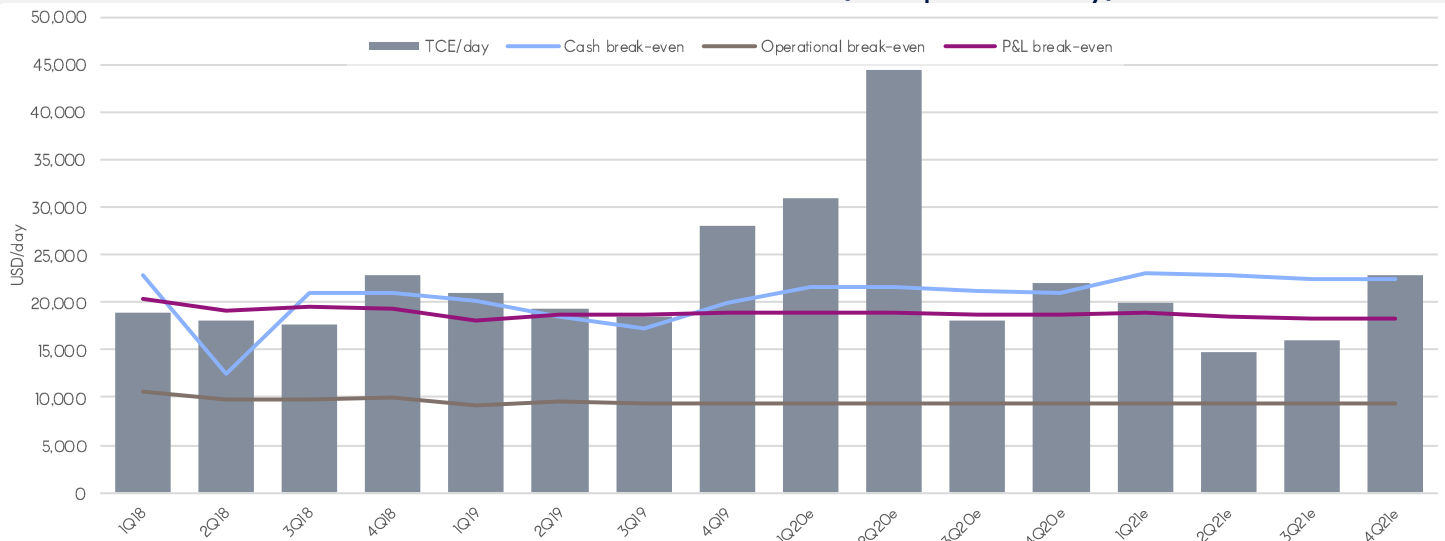
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	85	87	84	86	88	96	96	96	96
Share price, avg (USD)	7	8	5	5	3	3	3	3	3
Share price, end (USD)	7	8	5	4	3	3	3	3	3
Market Cap.	591	692	393	338	233	331	331	331	331
NIBD	1,204	1,095	1,556	1,549	1,375	1,346	1,176	1,106	1,113
Minorities	11	12	12	14	12	0	-1	-1	-2
Enterprise value	1,784	1,775	1,936	1,873	1,596	1,677	1,508	1,438	1,446
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	17.6	4.4	7.0	44.3		21.9	1.6		
P/E (adj.)	23.6	4.8	9.8				2.0		
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	0.7	0.5	0.8	0.7
EV/Sales	4.9	3.9	5.2	4.5	3.9	3.6	2.3	3.4	3.3
EV/EBITDA	10.0	6.0	9.5	9.2	13.5	7.4	3.5	7.2	6.9
EV/EBIT	23.6	9.4	21.6	29.5		19.5	5.3	30.5	27.4
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%	19%	64%	27%	4%
Dividend yield	3.6%	4.8%	10.3%	11.8%	19.1%	1.4%	12.5%	5.8%	5.8%
Return on equity (ROE)	2.9%	11.3%	4.0%	0.5%	-6.6%	1.0%	12.6%	-1.5%	-0.8%
Return on capital employed (ROCE)	3.2%	7.5%	3.0%	2.1%	-1.0%	3.1%	10.2%	1.8%	2.0%
Return on assets (ROA)	1.2%	5.5%	1.7%	0.2%	-3.1%	0.5%	6.4%	-0.8%	-0.4%
Sales growth	21%	25%	-18%	11%	-3%	17%	39%	-35%	3%
EBITDA margin	49%	64%	54%	49%	29%	48%	66%	47%	48%
EBIT margin	21%	41%	24%	15%	-7%	18%	43%	11%	12%
Net margin	9%	35%	15%	2%	-25%	3%	31%	-6%	-3%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	6.9%	6.5%	5.9%
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%	54%	54%
Leverage ratio	56%	51%	57%	55%	53%	53%	49%	46%	46%
NIBD / EBITDA (past ly)	6.7	3.7	7.7	7.7	11.6	6.0	2.7	5.6	5.3
Operating cash flow/NIBD	0.1	0.2	0.1	0.1	0.1	0.1	0.3	0.1	0.1
Net interest coverage ratio (EBITDA/Net interest)						2.9	5.3	2.8	3.2
Current ratio	0.9	1.1	0.9	0.9	1.2	1.2	1.4	0.9	0.8
Adj. equity ratio						25%	13%	10%	32%
Operating assets	2,485	2,596	3,080	3,171	2,985	2,961	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	2,809	2,695	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)

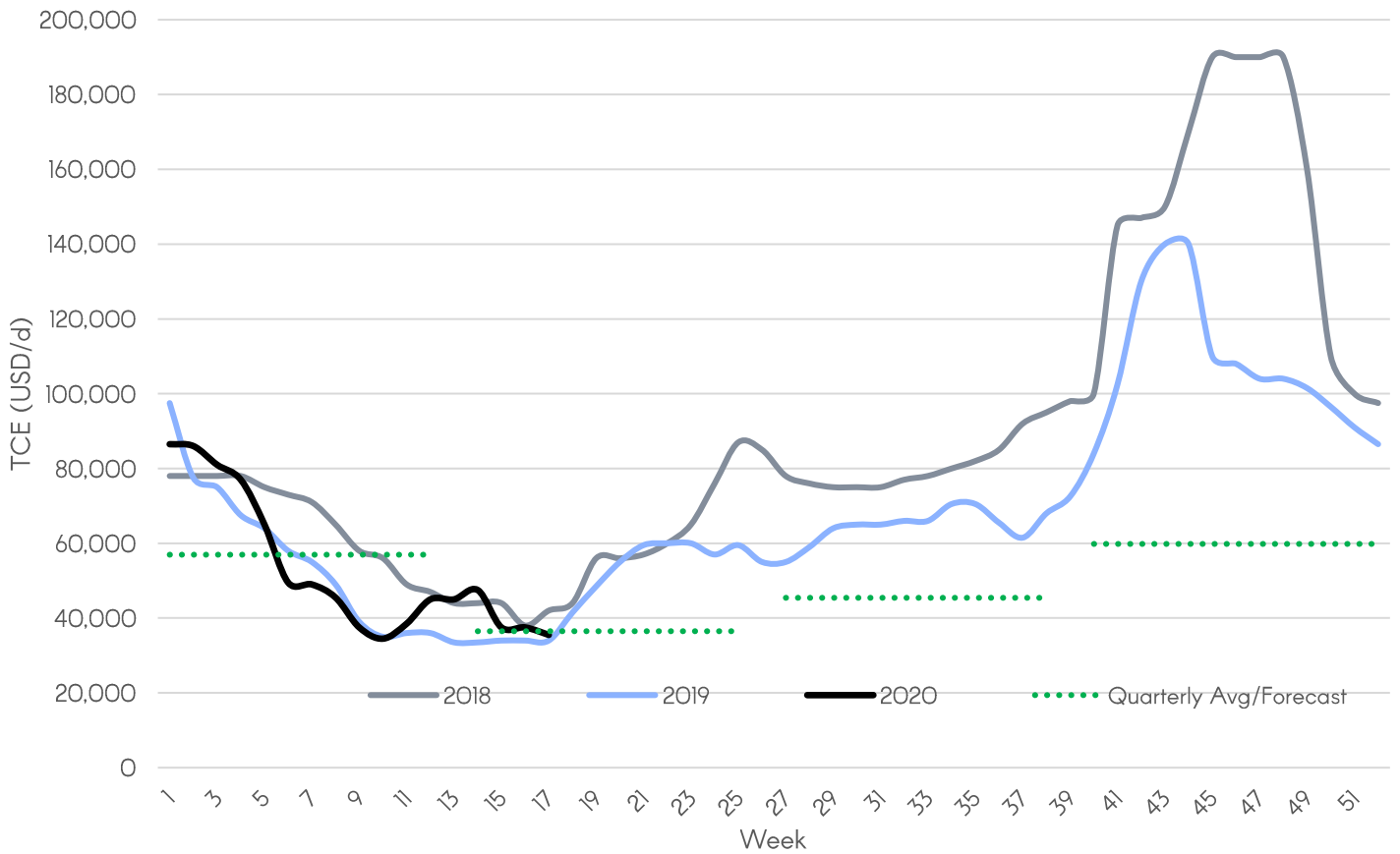


# LNG Carrier Companies



## Earnings

Spot rates (Tri-Fuel Diesel Electric Propulsion, 160k cbm)





Successfully refinanced debt, but cash break-even is still high. With a challenging market ahead, maintaining liquidity will be key

ALNG-NO

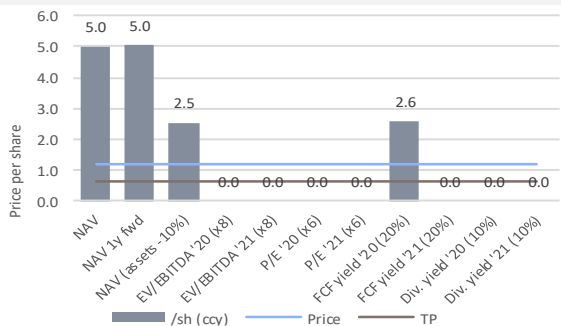
SELL/NO.6

Awilco LNG

### Share price vs target price

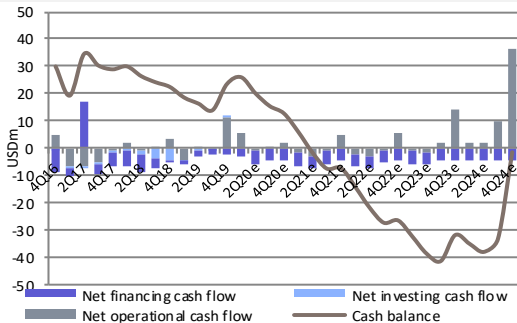


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	38	31	22	22
EBITDA (adj.)	25	18	10	10
EBIT (adj.)	12	5	-3	-3
PTP (adj.)	-8	-7	-14	-14
Net earnings (adj.)	-8	-7	-14	-14
EPS (adj.)	-0.05	-0.05	-0.11	-0.10
DPS	-	-	-	-
USDm	2019E	2020E	2021E	2022E
Fwd NAV	62	63	53	44
Adj. equity ratio	0	0	0	0
FCF yield	12%	45%	-9%	-3%
Dividend yield	0%	0%	0%	0%
EV/EBITDA	11.4	13.4	25.3	25.5
P/E (adj.)				

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	7	6	-1	-0
Free cash flow	6	6	-1	-0
Net cash flow	-2	-11	-20	-19
TCE/day	60,219	45,844	40,261	40,658
Cash break-even	57,166	59,001	58,063	56,921
Liquidity	24	13	-7	-26
Property & Equip. (incl. NBs)	350	337	324	311
Total equity	107	101	86	73
Total assets	377	354	320	288
Interest bearing debt	260	243	224	206
Net interest bearing debt	237	230	231	232
Market Cap.	48	14	14	14
Enterprise value	285	245	246	246

Source: Cleaves, Bloomberg, Clarksons SIN, 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

IQ20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net sales	8.4	16.3	11.7	13.7						
EBITDA (adj.)	5.3	12.5	8.6	10.6						
EBIT (adj.)	2.0	9.3	5.4	6.9						
PTP (adj.)	-3.1	4.7	2.4	3.7						
Net earnings (adj.)	-3.1	4.7	2.4	3.7						
EPS (adj.)	-0.02	0.04	0.02	0.02						
DPS	-	-	-	-						
<b>Implied, line by line</b>	<b>1Q19</b>	<b>4Q19</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>		
TCE revenue	8.4	16.3	11.7	13.7						
Opex & G&A	3.1	3.7	3.1	3.1						
Depreciation	3.3	3.3	3.3	3.7						
Net finance	5.1	4.5	3.0	3.2						
Taxes & Minorities	-	-	-	-						

### Other

IQ20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs		Actuals vs	
	Cleaves	Consensus	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.		
Net operational cash flow	-5	11	6							
Free cash flow	-5	12	6							
Net cash flow	-6	9	3							
TCE/day	51,580	93,061	70,000	81,522						
Utilization	90.0%	95.0%	92.0%							
Fleet days	180	184	182							
Cash break-even	51,611	59,946	59,238							
Liquidity	19	24	26							
Interest bearing debt	266	260	257							

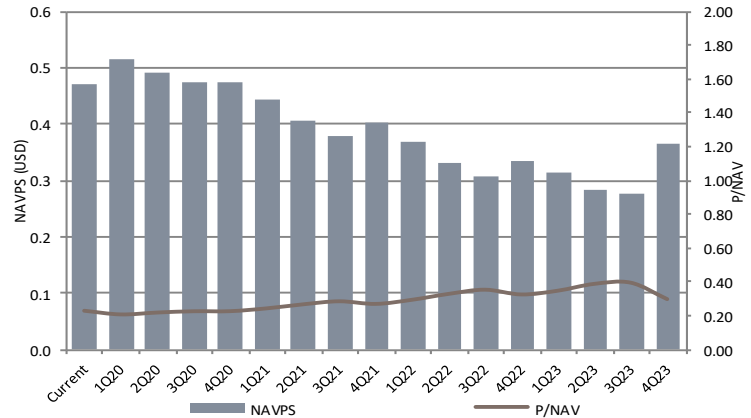


## Company Valuation

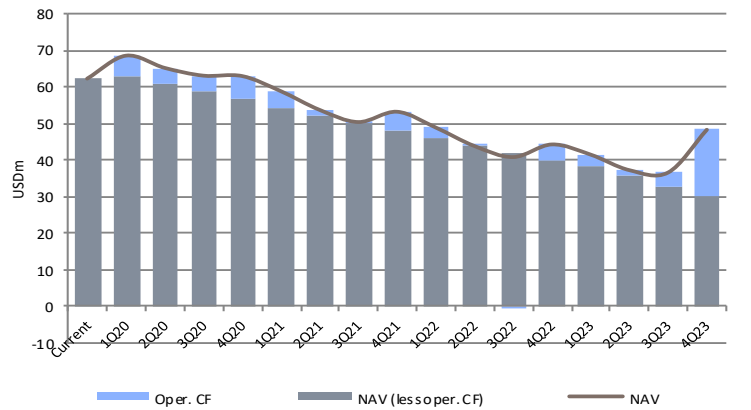
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	350	305	257
Contract value	0	0	0
Other	1	1	1
<b>GAV</b>	<b>351</b>	<b>306</b>	<b>259</b>
Net debt	-237	-237	-237
Capex	0	0	0
Other	-8	-8	-8
<b>Equity</b>	<b>107</b>	<b>62</b>	<b>14</b>
Shares	133	133	133
<b>Equity/sh</b>	<b>0.81</b>	<b>0.47</b>	<b>0.11</b>
lcl CCY	8.60	4.98	1.16
<b>P/Equity</b>	<b>0.13</b>	<b>0.23</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.74</b>	<b>0.84</b>	<b>1.00</b>
Adj. Total Assets	377	332	285
Adj. Equity Ratio	28%	19%	5%
<b>Fair Value</b>	<b>NOK</b>	<b>0.6</b>	<b>-48%</b>
	<b>USD</b>	<b>0.06</b>	

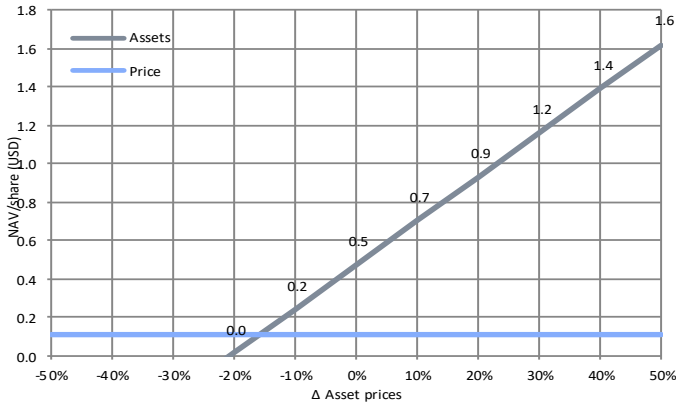
### Quarterly forward NAV & P/NAV



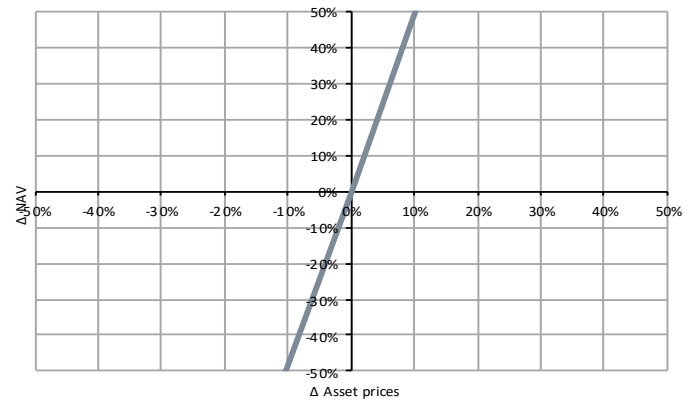
### Quarterly forward NAV decomposition



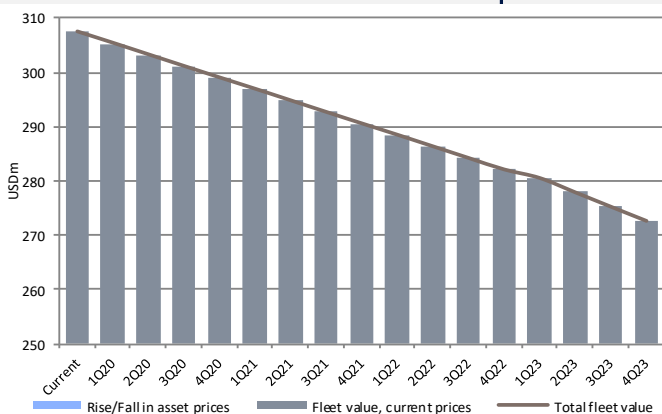
### Impact on NAV/sh from % change in asset prices



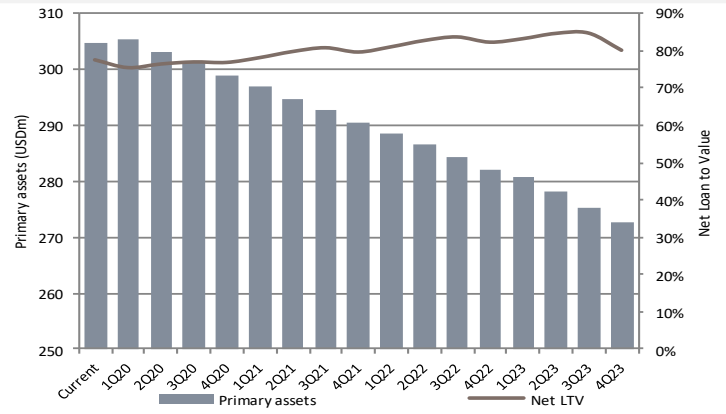
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net sales	38	31	22	22	38	46	33	25	-	-15	-10	-3
EBITDA (adj.)	25	18	10	10	25	33	20	12	-	-15	-10	-3
EBIT (adj.)	12	5	-3	-3	12	20	7	-1	-	-15	-10	-3
PTP (adj.)	-8	-7	-14	-14	-8	6	-6	-13	-	-13	-8	-1
Net earnings (adj.)	-8	-7	-14	-14	-8	6	-6	-13	-	-13	-8	-1
EPS (adj.)	-0.05	-0.05	-0.11	-0.10	-0.05	0.05	-0.05	-0.09	-	-0.10	-0.06	-0.01
DPS	-	-	-	-	-	-	-	-	-	-	-	-
									2019E	2020E	2021E	2022E
									TCE revenue	-15.0	-10.2	-2.8
									Opex & G&A	-	-	-
									Depreciation	-	-	-
									Net finance	-2.2	-2.0	-1.9
									Taxes & Minorities	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	7	6	-1	-0	7	19	7	1	-	-13	-8	-1
Free cash flow	6	6	-1	-0	6	19	7	1	-	-13	-8	-1
Net cash flow	-2	-11	-20	-19	-2	2	-12	-18	-	-13	-8	-1
TCE/day	60,219	45,844	40,261	40,658	60,219	68,068	58,786	45,919	-	-22,224	-18,525	-5,262
Cash break-even	57,166	59,001	58,063	56,921	57,166	61,983	60,836	59,472	-	-2,982	-2,773	-2,551
Liquidity	24	13	-7	-26	24	26	14	-4	-	-13	-21	-22
Property & Equip. (incl. NBs)	350	337	324	311	350	337	324	311	-	-	-	-
Total equity	107	101	86	73	107	114	107	95	-	-13	-21	-22
Total assets	377	354	320	288	377	366	342	310	-	-13	-21	-22
Interest bearing debt	260	243	224	206	260	243	224	206	-	-	-	-
Net interest bearing debt	237	230	231	232	237	217	210	210	-	13	21	22
Market Cap.	48	14	14	14	48	25	25	25	-	-11	-11	-11
Enterprise value	285	245	246	246	285	243	236	235	-	2	10	11
Capex	1	-	-	-	1	-	-	-	-	-	-	-
Utilization	82%	92%	87%	82%	82%	92%	87%	82%	0%	0%	0%	0%
Fleet days	730	732	730	730	730	732	730	730	-	-	-	-

### Valuation

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	62	63	53	44	64	76	74	66	-1	-13	-21	-22
Adj. equity ratio	0	0	0	0	19%	23%	24%	24%	0%	-3%	-6%	-6%
FCF yield	12%	45%	-9%	-3%	12%	76%	27%	2%	0%	-32%	-36%	-5%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
EV/EBITDA	11.4	13.4	25.3	25.5	11.4	7.3	11.8	18.8	-	6.1	13.5	6.7
P/E (adj.)						4.1			#VALUE!	#VALUE!	#VALUE!	#VALUE!

### Various

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-13,348	-12,000	-12,000	-12,000	-13,348	-12,000	-12,000	-12,000	-	-	-	-
G&A/day	-5,008	-5,184	-5,308	-5,375	-5,008	-5,184	-5,308	-5,375	-	-	-	-
Depreciation/day	-17,912	-17,871	-17,864	-17,862	-17,912	-17,871	-17,864	-17,862	-	-	-	-
Net interest/day	-28,374	-16,201	-15,068	-13,859	-28,374	-19,183	-17,841	-16,409	-	2,982	2,773	2,551
Amort./day	-10,436	-25,616	-25,687	-25,687	-10,436	-25,616	-25,687	-25,687	-	-	-	-

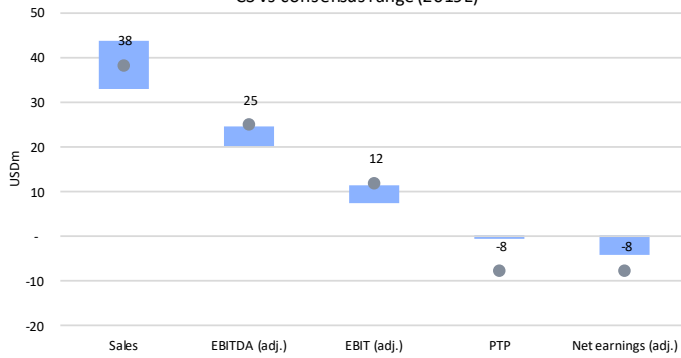




## Our Estimates vs Consensus

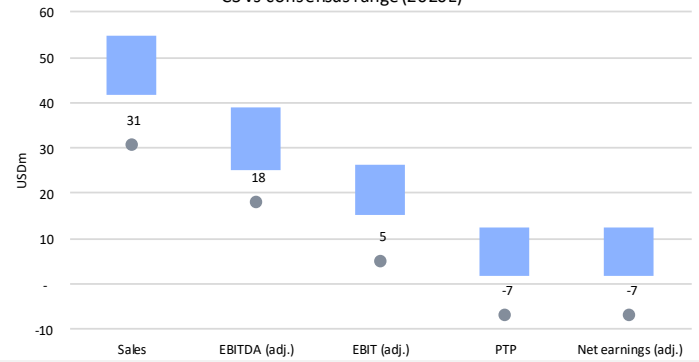
### Profit & Loss, year I

CS vs consensus range (2019E)

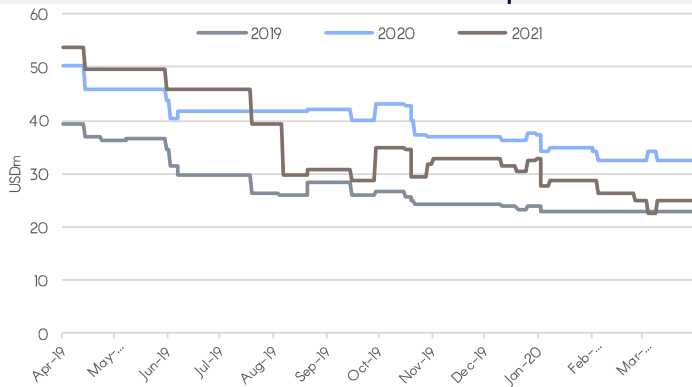


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



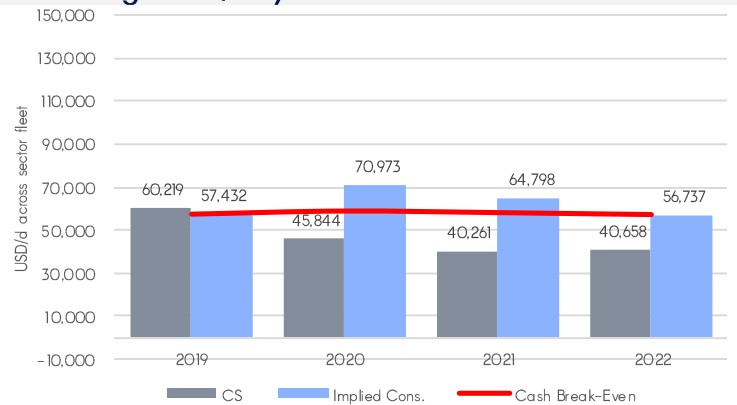
### Fair value vs share price past ly



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	38	37	37	2	5%
Opex + G&A	13	14	14	-1	-4%
Depreciation	13	13	13	0	2%
Net finance	20	20	20	0	1%
Taxes & Minorities	0	2	2	-2	-100%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	31	48	48	-17	-35%
Opex + G&A	13	15	15	-3	-17%
Depreciation	13	11	11	2	18%
Net finance	12	14	14	-2	-17%
Taxes & Minorities	0	-0	-0	0	-100%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	8	3	11	16	12	5	6	8	4
Operational costs	-3	-3	-4	-3	-3	-3	-3	-3	-3
EBITDA	5	0	7	13	9	2	3	5	1
Depreciation/Amortization	-3	-3	-3	-3	-3	-3	-3	-3	-3
EBIT	2	-3	4	10	5	-1	0	2	-2
Net financials	-5	-5	-5	-5	-3	-3	-3	-3	-3
PTP	-3	-9	-1	5	2	-4	-3	-1	-5
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-3	-9	-1	5	2	-4	-3	-1	-5
Non-recurring items	0	0	1	0	0	0	0	0	0
Net earnings (adj.)	-3	-9	0	5	2	-4	-3	-1	-5
EPS	-0.03	-0.06	-0.01	0.04	0.02	-0.03	-0.02	-0.01	-0.04
EPS (adj.)	-0.02	-0.06	0.00	0.04	0.02	-0.03	-0.02	-0.01	-0.04
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	19	16	14	24	26	20	16	13	6
Other current assets	8	14	10	4	4	4	4	4	4
Total current assets	27	30	24	27	30	24	19	17	10
Property & equip. (incl. NBs)	359	356	353	350	347	343	340	337	334
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	359	356	353	350	347	344	340	337	334
TOTAL ASSETS	386	387	377	377	377	367	360	354	344
Total equity	112	104	103	107	110	105	102	101	95
Short-term debt	266	264	262	260	19	19	19	79	34
Other current liabilities	8	18	12	9	9	9	9	9	9
Total current liabilities	273	283	274	270	28	28	28	89	43
Long-term debt	0	0	0	0	238	234	229	164	205
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	239	234	229	164	205
TOTAL EQUITY & LIABILITIES	386	387	377	377	377	367	360	354	344
Working capital, receivables	3	4	2	1	1	1	1	1	1
Working capital, payables	0	7	4	2	2	2	2	2	2
Net working capital	3	-3	-2	-1	-1	-1	-1	-1	-1
Interest bearing debt	266	264	262	260	257	252	248	243	238
Liquidity	19	16	14	24	26	20	16	13	6
Net interest bearing debt	247	248	248	237	231	232	232	230	232
<b>Cash Flow (USDm)</b>									
Net income	-3	-9	-1	5	2	-4	-3	-1	-5
Depreciation	3	3	3	3	3	3	3	3	3
Other	0	0	0	0	0	0	0	0	0
Cash earnings	0	-5	2	8	6	-1	0	2	-2
Changes in working capital	-5	6	-3	4	0	0	0	0	0
Net operational cash flow	-5	0	0	11	6	-1	0	2	-2
Capex	0	-1	0	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	0	-1	0	0	0	0	0	0	0
Repayment of debt	-1	-2	-2	-2	-266	-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	-2	-2	-2	-3	-5	-5	-5	-5
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-6	-3	-3	9	3	-6	-5	-3	-7
Cash balance	19	16	14	24	26	20	16	13	6
Free cash flow	-5	0	-1	12	6	-1	0	2	-2



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	78	37	35	20	40	38	31	22	22
Operational costs	-37	-33	-22	-19	-18	-13	-13	-13	-13
EBITDA	41	4	13	2	22	25	18	10	10
Depreciation/Amortization	-18	-17	-13	-12	-13	-13	-13	-13	-13
EBIT	23	-12	0	-11	9	12	5	-3	-3
Net financials	-25	-24	-23	-21	-21	-20	-12	-11	-10
PTP	-3	-36	-23	-32	-11	-8	-7	-14	-14
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-3	-36	-23	-32	-11	-8	-7	-14	-14
Non-recurring items	0	0	0	0	0	1	0	0	0
Net earnings (adj.)	-3	-36	-23	-32	-11	-8	-7	-14	-14
EPS	-0.04	-0.54	-0.34	-0.24	-0.09	-0.06	-0.05	-0.11	-0.10
EPS (adj.)	-0.04	-0.54	-0.34	-0.24	-0.09	-0.05	-0.05	-0.11	-0.10
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	21	17	30	29	23	24	13	-7	-26
Other current assets	9	6	6	7	9	4	4	4	4
Total current assets	30	23	36	36	31	27	17	-3	-23
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	377	354	320	288
Total equity	192	156	133	127	116	107	101	86	73
Short-term debt	35	35	14	3	267	260	136	166	207
Other current liabilities	8	4	3	4	11	9	9	9	9
Total current liabilities	43	39	16	6	278	270	145	176	217
Long-term debt	263	251	259	264	0	0	107	58	-2
Other non-current liabilities	0	0	0	2	0	0	0	0	0
Total non-current liabilities	263	251	259	266	0	0	108	58	-1
TOTAL EQUITY & LIABILITIES	498	445	408	400	394	377	354	320	288
Working capital, receivables	5	4	2	4	4	1	1	1	1
Working capital, payables	0	0	1	0	1	2	2	2	2
Net working capital	5	4	1	4	3	-1	-1	-1	-1
Interest bearing debt	297	286	273	267	267	260	243	224	206
Liquidity	21	17	30	29	23	24	13	-7	-26
Net interest bearing debt	276	268	243	238	244	237	230	231	232
<b>Cash Flow (USDm)</b>									
Net income	-3	-36	-23	-32	-11	-8	-7	-14	-14
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	5	6	-1	0
Changes in working capital	5	-4	0	-1	3	2	0	0	0
Net operational cash flow	46	12	20	2	27	7	6	-1	0
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	0	0	0	0
Net investing cash flow	-7	18	32	-2	-11	-1	0	0	0
Repayment of debt	-11	-11	-14	-6	-3	-8	-280	-19	-19
Proceeds from debt	—	—	0	0	0	0	263	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	0	0	0	0
Net financing cash flow	-36	-33	-39	-1	-22	-8	-17	-19	-19
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			13	-1	-6	-2	-11	-20	-19
Cash balance	21	17	30	29	23	21	10	-10	-29
Free cash flow	38	29	52	0	15	6	6	-1	0



# Cleaves Securities

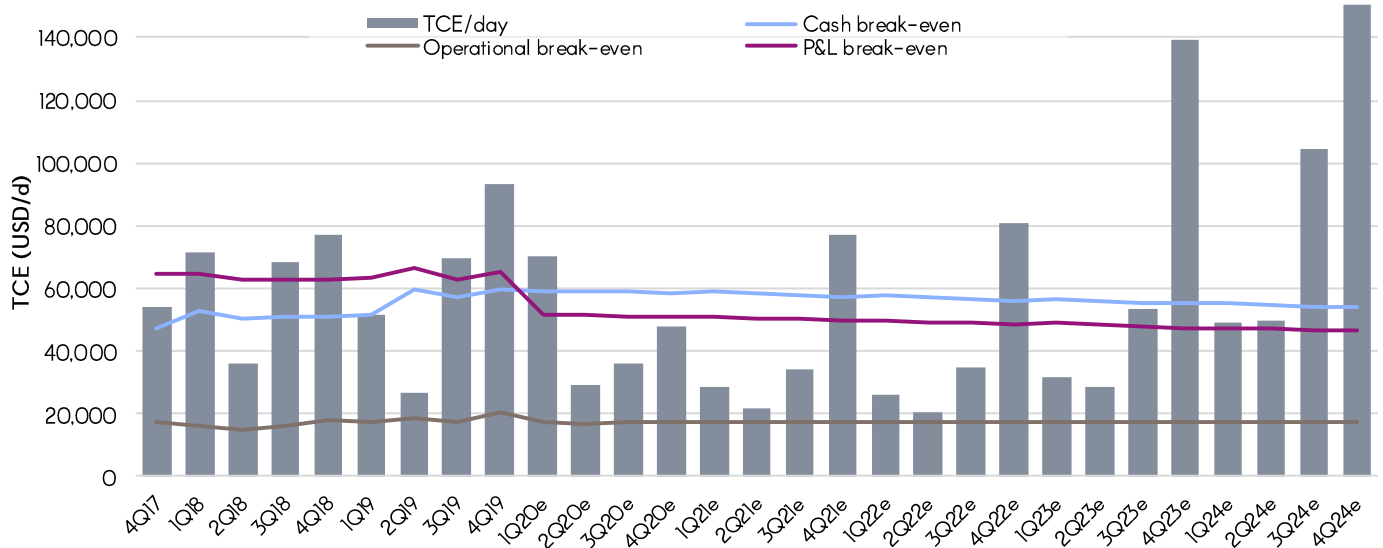
## Shipping Quarterly: Coronavirus Volatility

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

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	0	0	0	0	0	0	0
Share price, end (USD)	1	0	1	1	1	0	0	0	0
<b>Market Cap.</b>	<b>91</b>	<b>30</b>	<b>54</b>	<b>82</b>	<b>76</b>	<b>48</b>	<b>14</b>	<b>14</b>	<b>14</b>
NIBD	276	268	243	238	244	237	230	231	232
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>368</b>	<b>298</b>	<b>297</b>	<b>319</b>	<b>320</b>	<b>285</b>	<b>245</b>	<b>246</b>	<b>246</b>
<b>Key Figures &amp; Ratios</b>	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)									
P/E (adj.)									
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	1.3	0.5	0.6	0.6
EV/Sales	4.7	8.0	8.5	15.6	8.0	7.4	7.9	11.0	11.0
EV/EBITDA	9.0	69.6	22.4		14.3	11.4	13.4	25.3	25.5
EV/EBIT	16.3				33.9	24.0	47.1		
P/B	0.5	0.2	0.4	0.6	0.7	0.4	0.1	0.2	0.2
FCF yield	42%	98%	96%	0%	20%	12%	45%	-9%	-3%
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%	-7.7%	-6.6%	-16.6%	-18.5%
Return on capital employed (ROCE)	4.8%	-2.9%	0.1%	-2.9%	2.6%	3.5%	1.6%	-1.0%	-1.1%
Return on assets (ROA)	-0.5%	-8.1%	-5.6%	-8.0%	-2.9%	-2.2%	-1.9%	-4.5%	-4.7%
Sales growth	43%	-52%	-7%	-41%	95%	-4%	-20%	-28%	0%
EBITDA margin	52%	11%	38%	8%	56%	65%	59%	43%	43%
EBIT margin	29%	-33%	1%	-52%	24%	31%	17%	-15%	-15%
Net margin	-3%	-97%	-66%	-156%	-29%	-22%	-22%	-64%	-60%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	8.8%	5.2%	4.8%	4.4%
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%	28%	27%	25%
Leverage ratio	61%	65%	67%	68%	71%	72%	72%	73%	75%
NIBD / EBITDA (past ly)	6.7	62.6	18.3	140.6	10.9	9.5	12.6	23.8	24.0
Operating cash flow/NIBD	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Net interest coverage ratio (EBITDA)						1.2	1.5	0.9	1.0
Current ratio	0.7	0.6	2.2	5.6	0.1	0.1	0.1	0.0	-0.1
Adj. equity ratio						19%	20%	19%	17%
Operating assets	477	428	378	371	371	354	341	328	315
Operating liabilities	8	4	3	6	11	10	10	10	10
Net operating assets	468	424	376	365	360	344	331	318	305

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)



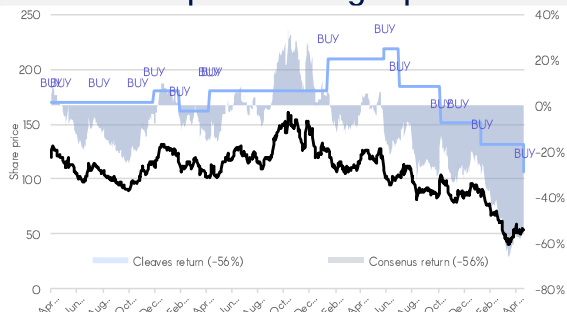


## FLNG-NO

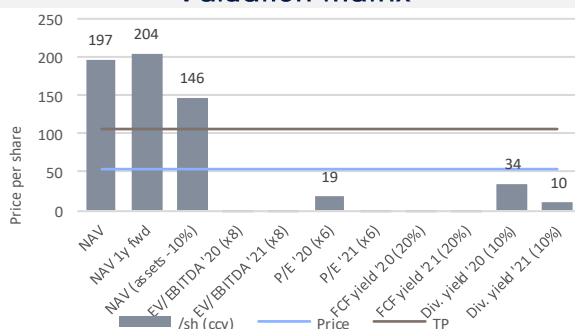
## BUY/NI06

## Flex LNG

### Share price vs target price

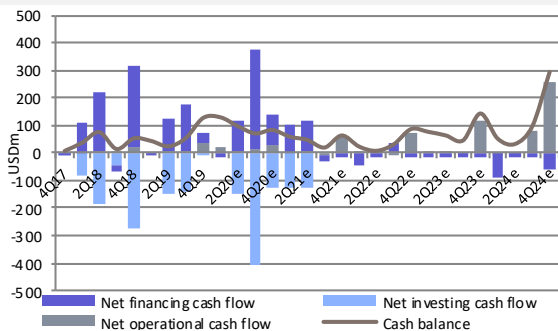


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	117	161	204	218
EBITDA (adj.)	84	118	143	156
EBIT (adj.)	55	72	68	79
PTP (adj.)	22	16	-18	-8
Net earnings (adj.)	22	16	-18	-8
EPS (adj.)	0.40	0.29	-0.33	-0.14
DPS	0.10	0.32	0.09	0.56
USDm	2019E	2020E	2021E	2022E
Fwd NAV	1,002	1,037	1,023	1,009
Adj. equity ratio	56%	43%	39%	39%
FCF yield	-44%	-229%	-74%	26%
Dividend yield	1%	6%	2%	11%
EV/EBITDA	14.4	13.1	12.3	11.0
P/E (adj.)	25.6	17.0		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	47	62	57	70
Free cash flow	-245	-618	-200	70
Net cash flow	74	-44	-20	23
TCE/day	63,326	76,832	57,669	52,722
Cash break-even	53,180	45,399	45,738	45,260
Liquidity	2019E	2020E	2021E	2022E
Property & Equip. (incl. NBs)	1,497	2,131	2,313	2,236
Total equity	839	838	815	777
Total assets	1,641	2,231	2,394	2,340
Interest bearing debt	779	1,370	1,556	1,540
Net interest bearing debt	650	1,285	1,490	1,451
Market Cap.	559	270	270	270

Source: Cleaves, Bloomberg, Clarksons SIN, 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

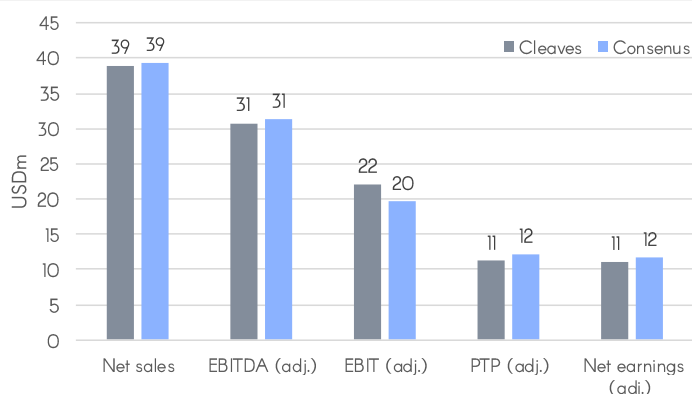
### P&L

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	19.1	51.6	38.9	39.3				
EBITDA (adj.)	9.0	41.6	30.8	31.3				
EBIT (adj.)	3.0	33.0	22.1	19.7				
PTP (adj.)	-3.4	22.2	11.2	12.2				
Net earnings (adj.)	-3.4	22.0	11.1	11.7				
EPS (adj.)	-0.06	0.41	0.21	0.25				
DPS	-	0.22	0.10	0.17				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	19.1	51.6	38.9	39.3				
Opex & G&A	10.2	10.0	8.1	8.0				
Depreciation	5.9	8.7	8.7	11.7				
Net finance	6.5	10.7	10.9	7.5				
Taxes & Minorities	-	0.2	0.1	0.5				

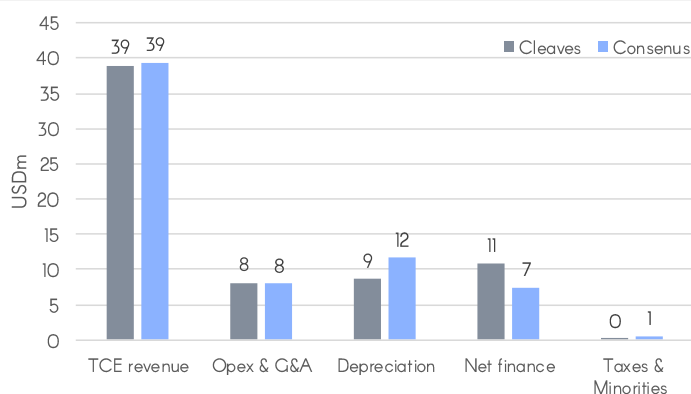
### CF & BS

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-4	37	20					
Free cash flow	-4	37	20					
Net cash flow	-9	73	2					
TCE/day	54,814	94,000	86,962	87,771				
Utilization	97.0%	99.5%	81.9%					
Fleet days	360	552	546					
Cash break-even	62,025	53,018	45,610					
Liquidity	46	129	131					
Interest bearing debt	449	779	773					

Cleaves vs consensus



Cleaves vs consensus



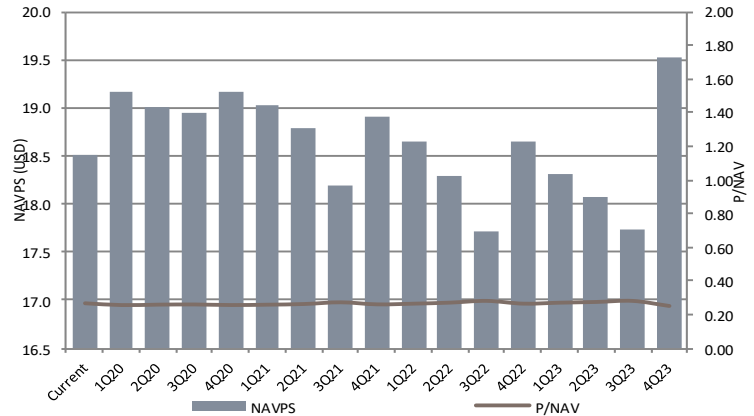


## Company Valuation

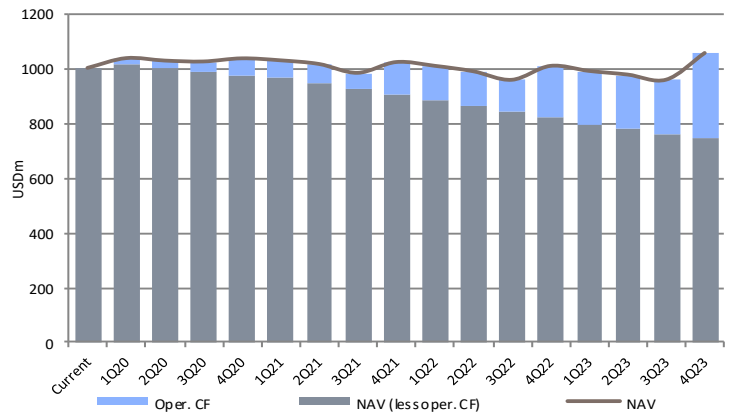
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,497	2,576	1,854
Contract value	0	21	15
Other	15	15	11
<b>GAV</b>	<b>1,512</b>	<b>2,611</b>	<b>1,879</b>
Net debt	-650	-650	-650
Capex	0	-937	-937
Other	-22	-22	-22
<b>Equity</b>	<b>839</b>	<b>1,002</b>	<b>270</b>
Shares	54	54	54
Equity/sh	15.51	18.52	4.98
Icl CCY	164.76	196.72	52.95
P/Equity	0.32	0.27	1.00
EV/GAV	1.24	0.72	1.00
Adj. Total Assets	1,641	2,720	1,998
Adj. Equity Ratio	51%	37%	13%
<b>Fair Value</b>	<b>NOK</b>	<b>106</b>	<b>101%</b>
	<b>USD</b>	<b>10</b>	

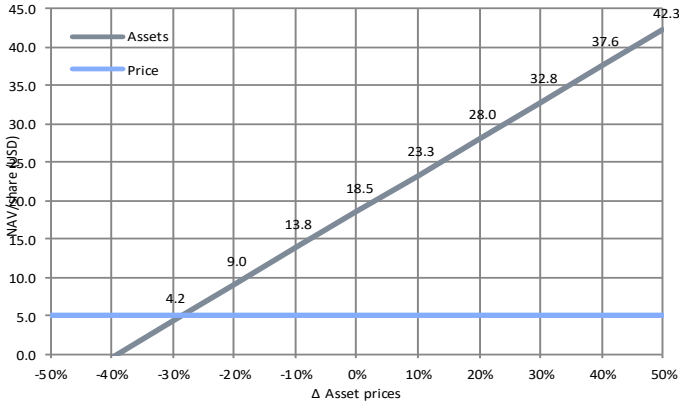
### Quarterly forward NAV & P/NAV



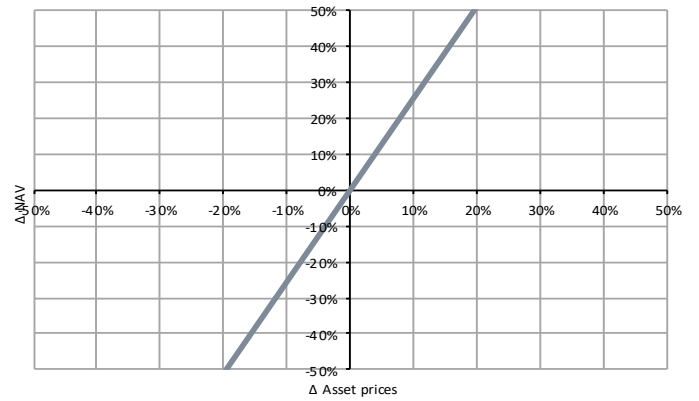
### Quarterly forward NAV decomposition



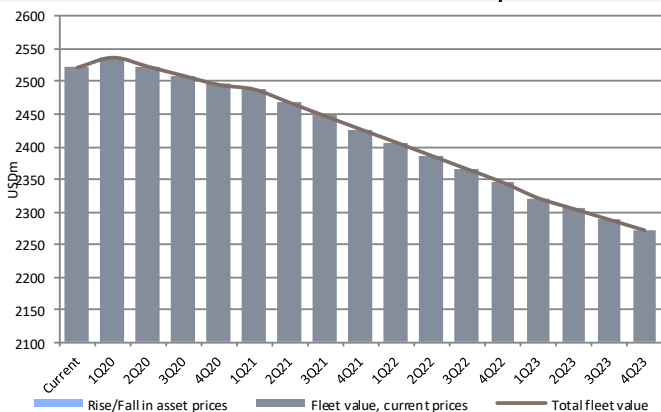
### Impact on NAV/sh from % change in asset prices



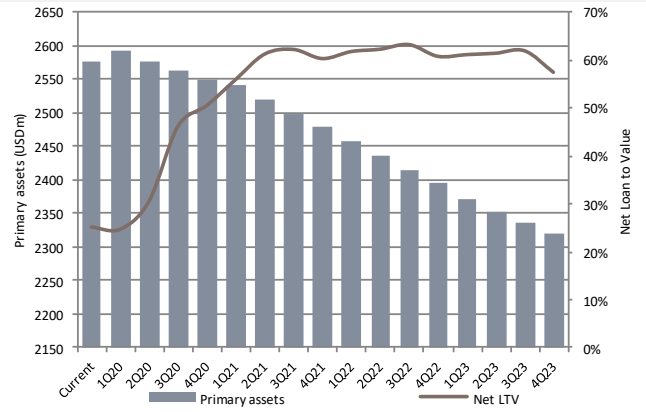
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	
Net sales	117	161	204	218	117	260	264	164	-	-99	-61	54	
EBITDA (adj.)	84	118	143	156	84	215	201	100	-	-97	-58	57	
EBIT (adj.)	55	72	68	79	55	169	126	23	-	-97	-58	56	
PTP (adj.)	22	16	-18	-8	22	116	43	-62	-	-100	-61	54	
Net earnings (adj.)	22	16	-18	-8	22	116	43	-62	-	-100	-61	54	
EPS (adj.)	0.40	0.29	-0.33	-0.14	0.40	2.14	0.80	-1.14	-	-1.85	-1.12	1.00	
DPS	0.10	0.32	0.09	0.56	0.10	0.57	0.79	0.80	-	-0.24	-0.70	-0.24	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-99	-61	54
									Opex & G&A	-	-3	-3	-3
									Depreciation	-	0	0	0
									Net finance	-	3	3	2
									Taxes & Minorities	-	0	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Net operational cash flow	47	62	57	70	47	162	117	15	-	-100	-61	54
Free cash flow	-245	-618	-200	70	-245	-518	-140	15	-	-100	-61	54
Net cash flow	74	-44	-20	23	74	43	27	-70	-	-87	-47	93
TCE/day	63,326	76,832	57,669	52,722	63,326	93,270	74,095	57,552	-	-16,438	-16,426	-4,830
Cash break-even	53,180	45,399	45,738	45,260	53,180	45,277	40,602	40,298	-	122	5,136	4,962
Liquidity	129	85	66	89	129	121	149	78	-	-36	-83	10
Property & Equip. (incl. NBs)	1,497	2,131	2,313	2,236	1,497	2,131	2,314	2,237	-	-0	-1	-1
Total equity	839	838	815	777	839	926	926	821	-	-88	-111	-44
Total assets	1,641	2,231	2,394	2,340	1,641	2,269	2,479	2,332	-	-38	-85	8
Interest bearing debt	779	1,370	1,556	1,540	779	1,323	1,532	1,490	-	48	24	50
Net interest bearing debt	650	1,285	1,490	1,451	650	1,201	1,384	1,412	-	84	107	39
Market Cap.	559	270	270	270	559	524	524	524	-	-255	-255	-255
Enterprise value	1,209	1,555	1,760	1,721	1,209	1,726	1,908	1,936	-	-171	-148	-215
Capex	292	680	257	-	292	680	257	-	-	-	-	-
Utilization	99%	69%	74%	86%	99%	83%	73%	58%	0%	-13%	0%	28%
Fleet days	1,794	3,023	4,655	4,745	1,794	3,023	4,655	4,745	-	-	-	-

### Valuation

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,002	1,037	1,023	1,009	1,002	1,132	1,176	1,107	-	-95	-153	-98
Adj. equity ratio	56%	43%	39%	39%	56%	46%	43%	42%	0%	-3%	-4%	-3%
FCF yield	-44%	-229%	-74%	26%	-44%	-99%	-27%	3%	0%	-130%	-48%	23%
Dividend yield	1%	6%	2%	11%	1%	6%	8%	8%	0%	1%	-6%	3%
EV/EBITDA	14.4	13.1	12.3	11.0	14.4	8.0	9.5	19.4	-	5.1	2.8	-8.4
P/E (adj.)	25.6	17.0			25.6	4.5	12.1		-	12.5	#VALUE!	#VALUE!

### Various

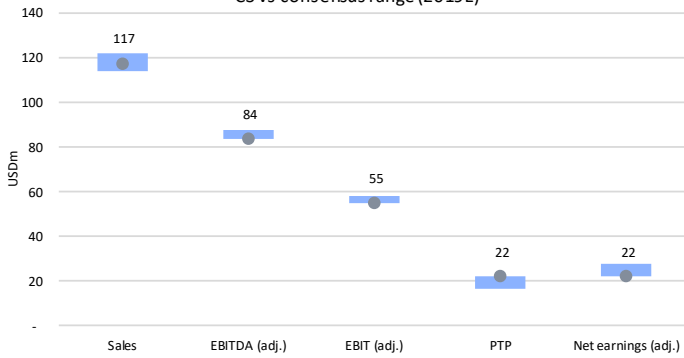
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-15,118	-11,500	-11,500	-11,500	-15,118	-11,500	-11,500	-11,500	-	-	-	-
G&A/day	-4,260	-2,592	-1,610	-1,593	-4,260	-3,523	-2,189	-2,165	-	931	579	572
Depreciation/day	-16,075	-15,296	-15,974	-16,320	-16,075	-15,183	-15,905	-16,252	-	-113	-69	-68
Net interest/day	-18,127	-18,719	-18,423	-18,257	-18,127	-17,666	-17,873	-17,781	-	-1,053	-550	-476
Amort./day	-15,676	-12,589	-14,204	-13,911	-15,676	-12,589	-9,039	-8,852	-	-	-5,165	-5,058



## Our Estimates vs Consensus

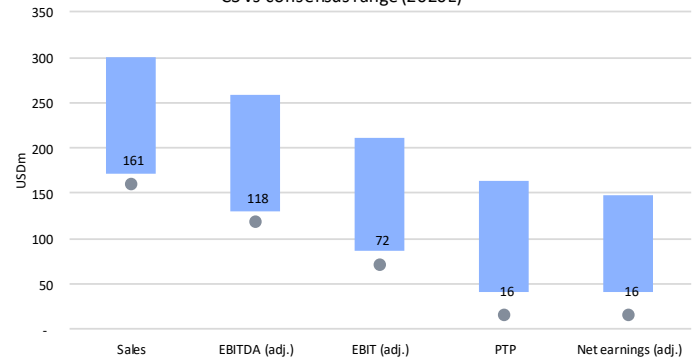
### Profit & Loss, year I

CS vs consensus range (2019E)

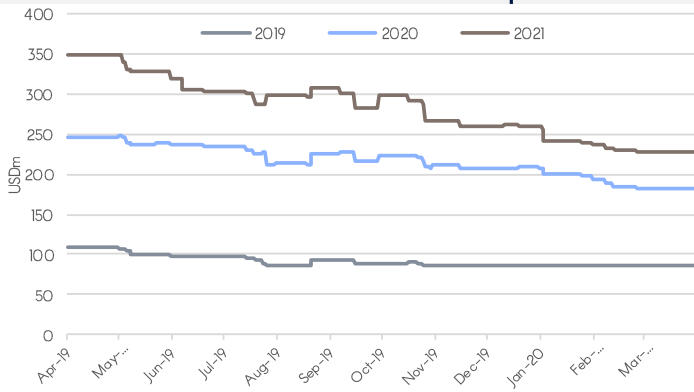


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



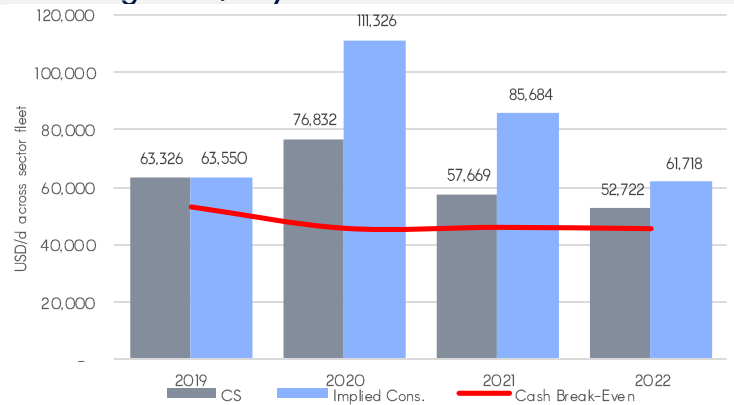
### Fair value vs share price past 1y



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	117	118	118	-0	0%
Opex + G&A	34	32	32	1	4%
Depreciation	29	29	29	-0	-1%
Net finance	33	38	38	-5	-13%
Taxes & Minorities	0	0	-6	7	-103%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	161	161	233	-72	-31%
Opex + G&A	42	42	50	-8	-15%
Depreciation	46	46	45	1	2%
Net finance	56	56	47	9	20%
Taxes & Minorities	0	0	7	-7	-99%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	19	18	29	52	39	26	38	58	34
Operational costs	-10	-7	-7	-10	-8	-9	-11	-13	-14
EBITDA	9	11	22	42	31	17	26	44	20
Depreciation/Amortization	-6	-6	-8	-9	-9	-9	-12	-16	-17
EBIT	3	5	14	33	22	8	14	29	3
Net financials	-6	-9	-14	-9	-11	-12	-15	-19	-20
PTP	-3	-4	0	24	11	-4	-1	10	-17
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-3</b>	<b>-4</b>	<b>0</b>	<b>24</b>	<b>11</b>	<b>-4</b>	<b>-1</b>	<b>10</b>	<b>-17</b>
Non-recurring items	0	2	4	-2	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>-3</b>	<b>-2</b>	<b>5</b>	<b>22</b>	<b>11</b>	<b>-4</b>	<b>-1</b>	<b>10</b>	<b>-17</b>
EPS	-0.06	-0.07	0.01	0.44	0.21	-0.07	-0.02	0.19	-0.31
EPS (adj.)	-0.06	-0.03	0.09	0.41	0.21	-0.07	-0.02	0.19	-0.31
DPS	0.00	0.00	0.00	0.10	0.22	0.10	0.00	0.00	0.09
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	46	26	57	129	131	99	73	85	61
Other current assets	8	10	17	15	15	15	15	15	15
<b>Total current assets</b>	<b>54</b>	<b>36</b>	<b>73</b>	<b>144</b>	<b>146</b>	<b>114</b>	<b>88</b>	<b>100</b>	<b>76</b>
Property & equip. (incl. NBs)	1,228	1,368	1,505	1,497	1,488	1,626	2,018	2,131	2,242
Other non-current assets	0	0	0	1	1	1	1	1	1
<b>Total non-current assets</b>	<b>1,228</b>	<b>1,368</b>	<b>1,506</b>	<b>1,497</b>	<b>1,489</b>	<b>1,626</b>	<b>2,018</b>	<b>2,131</b>	<b>2,243</b>
<b>TOTAL ASSETS</b>	<b>1,282</b>	<b>1,404</b>	<b>1,579</b>	<b>1,641</b>	<b>1,635</b>	<b>1,740</b>	<b>2,106</b>	<b>2,231</b>	<b>2,319</b>
<b>Total equity</b>	<b>824</b>	<b>820</b>	<b>821</b>	<b>839</b>	<b>838</b>	<b>829</b>	<b>828</b>	<b>838</b>	<b>816</b>
Short-term debt	23	30	34	35	31	32	33	33	32
Other current liabilities	9	17	21	23	23	23	23	23	23
<b>Total current liabilities</b>	<b>32</b>	<b>47</b>	<b>55</b>	<b>58</b>	<b>54</b>	<b>56</b>	<b>56</b>	<b>56</b>	<b>55</b>
Long-term debt	426	537	703	744	742	856	1,222	1,338	1,448
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>426</b>	<b>537</b>	<b>703</b>	<b>744</b>	<b>742</b>	<b>856</b>	<b>1,222</b>	<b>1,338</b>	<b>1,448</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,282</b>	<b>1,404</b>	<b>1,579</b>	<b>1,641</b>	<b>1,635</b>	<b>1,740</b>	<b>2,106</b>	<b>2,231</b>	<b>2,319</b>
Working capital, receivables	0	2	2	3	3	3	3	3	3
Working capital, payables	0	2	1	1	1	1	1	1	1
<b>Net working capital</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Interest bearing debt	449	567	737	779	773	888	1,255	1,370	1,480
Liquidity	46	26	57	129	131	99	73	85	61
<b>Net interest bearing debt</b>	<b>404</b>	<b>540</b>	<b>681</b>	<b>650</b>	<b>642</b>	<b>789</b>	<b>1,182</b>	<b>1,285</b>	<b>1,419</b>
<b>Cash Flow (USDm)</b>									
Net income	-3	-4	0	24	11	-4	-1	10	-17
Depreciation	6	6	8	9	9	9	12	16	17
Other	0	2	0	-1	0	0	0	0	0
<b>Cash earnings</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>32</b>	<b>20</b>	<b>5</b>	<b>11</b>	<b>26</b>	<b>0</b>
Changes in working capital	-6	5	-5	5	0	0	0	0	0
<b>Net operational cash flow</b>	<b>-4</b>	<b>9</b>	<b>3</b>	<b>37</b>	<b>20</b>	<b>5</b>	<b>11</b>	<b>26</b>	<b>0</b>
Capex	0	-146	-145	0	0	-147	-404	-129	-129
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
<b>Net investing cash flow</b>	<b>0</b>	<b>-146</b>	<b>-145</b>	<b>0</b>	<b>0</b>	<b>-147</b>	<b>-404</b>	<b>-129</b>	<b>-129</b>
Repayment of debt	-6	-6	-353	-9	-6	-11	-11	-11	-17
Proceeds from debt	0	124	525	49	0	126	377	126	126
Dividends paid	0	0	0	-5	-12	-6	0	0	-5
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-6</b>	<b>118</b>	<b>172</b>	<b>35</b>	<b>-18</b>	<b>110</b>	<b>367</b>	<b>115</b>	<b>104</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-9</b>	<b>-19</b>	<b>30</b>	<b>73</b>	<b>2</b>	<b>-32</b>	<b>-26</b>	<b>12</b>	<b>-24</b>
Cash balance	46	26	57	129	131	99	73	85	61
<b>Free cash flow</b>	<b>-4</b>	<b>-137</b>	<b>-142</b>	<b>37</b>	<b>20</b>	<b>-142</b>	<b>-393</b>	<b>-103</b>	<b>-128</b>



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	0	0	0	27	77	117	161	204	218
Operational costs			-1	-40	-31	-34	-42	-61	-62
EBITDA			-1	-13	46	84	118	143	156
Depreciation/Amortization			0	0	-17	-29	-46	-74	-77
EBIT	-3	-2	-1	-13	29	55	72	68	79
Net financials	0	0	0	2	-17	-38	-56	-86	-87
PTP	-3	-2	-2	-10	12	17	16	-18	-8
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-3	-2	-2	-10	12	17	16	-18	-8
Non-recurring items	0	0	0	0	0	5	0	0	0
Net earnings (adj.)	-3	-2	-2	-10	12	22	16	-18	-8
EPS	-0.19	-0.18	-0.13	-0.28	0.22	0.31	0.29	-0.33	-0.14
EPS (adj.)	-0.19	-0.18	-0.13	-0.28	0.22	0.40	0.29	-0.33	-0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.10	0.32	0.09	0.56
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	7	4	1	10	55	129	85	66	89
Other current assets	0	0	0	8	5	15	15	15	15
Total current assets	7	4	2	18	60	144	100	80	103
Property & equip. (incl. NBs)	211	211	212	667	1,234	1,497	2,131	2,313	2,236
Other non-current assets	0	0	0	0	0	1	1	1	1
Total non-current assets	211	211	212	667	1,234	1,497	2,131	2,314	2,236
TOTAL ASSETS	218	215	214	685	1,294	1,641	2,231	2,394	2,340
Total equity	210	208	206	520	827	839	838	815	777
Short-term debt	0	0	0	0	23	35	14	18	23
Other current liabilities	1	1	1	4	12	23	23	23	23
Total current liabilities	1	1	1	4	35	58	38	41	46
Long-term debt	7	7	7	160	432	744	1,356	1,538	1,517
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	7	7	7	160	432	744	1,356	1,538	1,517
TOTAL EQUITY & LIABILITIES	218	215	214	685	1,294	1,641	2,231	2,394	2,340
Working capital, receivables			0	1	1	3	3	3	3
Working capital, payables	—	0	1	0	0	1	1	1	1
Net working capital			-1	1	1	2	2	2	2
Interest bearing debt	7	7	7	160	455	779	1,370	1,556	1,540
Liquidity	7	4	1	10	55	129	85	66	89
Net interest bearing debt	0	3	6	150	400	650	1,285	1,490	1,451
<b>Cash Flow (USDm)</b>									
Net income	-3	-2	-2	-10	12	17	16	-18	-8
Depreciation			0	0	17	29	46	74	77
Other			0	-2	0	2	0	0	0
Cash earnings	-2	-2	-2	-13	29	47	62	57	70
Changes in working capital	0	0	1	-5	7	-1	0	0	0
Net operational cash flow	-1	-3	-1	-18	36	47	62	57	70
Capex	-1	0	-1	-6	-232	-292	-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	-292	-680	-257	0
Repayment of debt	7	0	0	-117	299	-373	-37	-66	-66
Proceeds from debt	—	—	0	0	585	698	629	252	50
Dividends paid	0	0	0	0	0	-5	-17	-5	-30
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	319	574	181	-46
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				9	45	74	-44	-20	23
Cash balance	7	4	1	10	55	129	85	66	89
Free cash flow	-2	-3	-2	-95	-549	-245	-618	-200	70



# Cleaves Securities

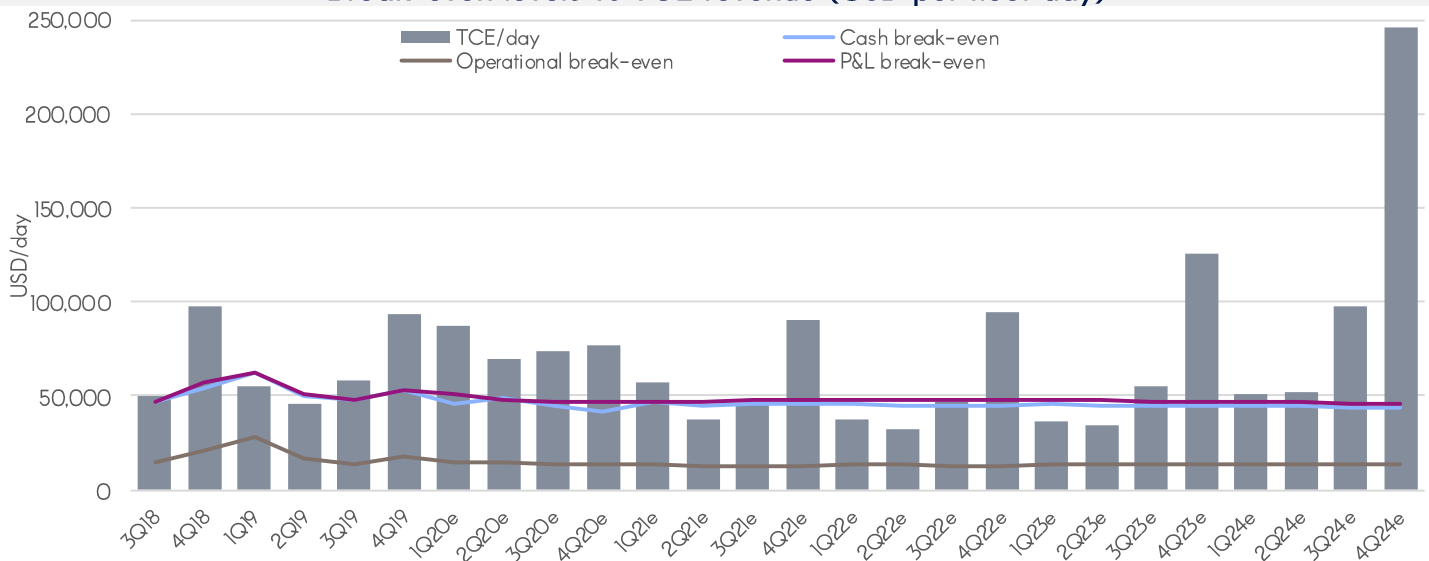
## Shipping Quarterly: Coronavirus Volatility

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

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)	6	9	9	10	12	10	5	5	5
Share price, end (USD)	10	11	12	16	14	10	5	5	5
Market Cap.	136	160	163	582	765	559	270	270	270
NIBD	0	3	6	150	400	650	1,285	1,490	1,451
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	137	163	169	732	1,165	1,209	1,555	1,760	1,721
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)					65.0	32.9	17.0		
P/E (adj.)					65.0	25.6	17.0		
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	4.8	1.7	1.3	1.2
EV/Sales				26.8	15.1	10.3	9.7	8.6	7.9
EV/EBITDA					25.1	14.4	13.1	12.3	11.0
EV/EBIT					40.2	22.0	21.5	25.8	21.8
P/B	0.6	0.8	0.8	1.1	0.9	0.7	0.3	0.3	0.3
FCF yield	-1%	-2%	-1%	-16%	-72%	-44%	-229%	-74%	26%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	6.5%	1.9%	11.3%
Return on equity (ROE)	-1.3%	-1.2%	-0.9%	-2.0%	1.4%	2.0%	1.9%	-2.2%	-1.0%
Return on capital employed (ROCE)	-1.4%	-1.1%	-0.7%	-1.9%	2.4%	3.7%	3.4%	3.0%	3.5%
Return on assets (ROA)	-1.2%	-1.2%	-0.8%	-1.5%	0.9%	1.0%	0.7%	-0.7%	-0.3%
Sales growth					183%	52%	37%	27%	7%
EBITDA margin				-46%	60%	71%	74%	70%	72%
EBIT margin				-46%	38%	47%	45%	33%	36%
Net margin				-38%	15%	14%	10%	-9%	-4%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	4.4%	5.8%	6.0%
Tax rate	-0.5%	-0.3%	0.1%	-0.2%	-0.1%	1.1%	0.5%	0.0%	0.0%
Equity ratio	96%	96%	96%	76%	64%	51%	38%	34%	33%
Leverage ratio	4%	4%	4%	24%	36%	49%	62%	66%	67%
NIBD / EBITDA (past ly)			-3.7	-11.9	8.6	7.8	10.9	10.5	9.3
Operating cash flow/NIBD	-4.7	-0.9	-0.2	-0.1	0.1	0.1	0.0	0.0	0.0
Net interest coverage ratio (EBIT)						2.6	2.1	1.7	1.8
Current ratio	8.1	6.5	1.4	4.0	1.7	2.5	2.7	1.9	2.3
Adj. equity ratio						56%	43%	39%	39%
Operating assets	211	212	213	675	1,239	1,512	2,146	2,329	2,251
Operating liabilities	1	1	1	4	12	23	23	23	23
Net operating assets	210	211	212	670	1,227	1,489	2,123	2,305	2,228

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)





With the MLP structure in tatters, GLOG is facing same pricing reality as peers. Good backlog bridges weak market, but still pricey

GLOG-NO

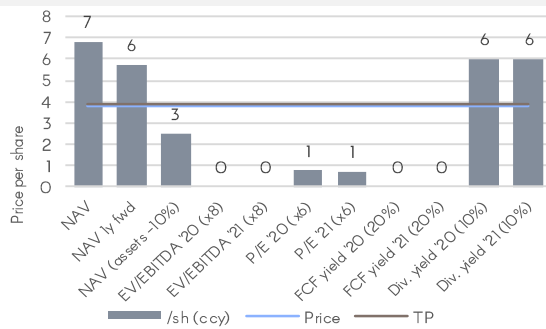
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GasLog

### Share price vs target price

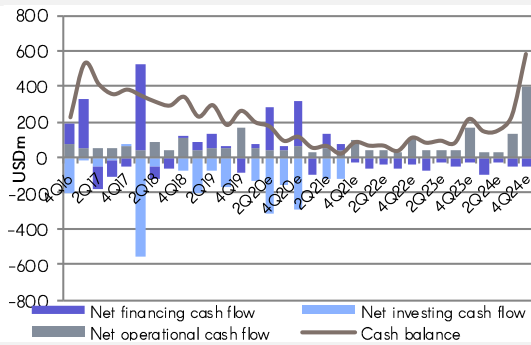


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	641	657	691	711
EBITDA (adj.)	454	454	467	482
EBIT (adj.)	286	269	260	264
PTP (adj.)	5	71	43	49
Net earnings (adj.)	20	10	10	17
EPS (adj.)	0.25	0.13	0.12	0.21
DPS	0.98	0.60	0.60	0.60
USDm	2019E	2020E	2021E	2022E
Fwd NAV	549	461	439	472
Adj. equity ratio	0	0	0	0
FCF yield	-16%	-226%	-7%	66%
Dividend yield	10%	16%	16%	16%
EV/EBITDA	13.3	9.1	9.0	8.4
P/E (adj.)	38.9	29.5	31.0	17.7

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	317	195	217	235
Free cash flow	-126	-691	-22	203
Net cash flow	-79	-147	-31	26
TCE/day	68,013	61,170	56,873	57,303
Cash break-even	57,787	55,950	129,638	70,375
Liquidity	264	117	86	112
Property & Equip. (incl. NBs)	4,859	5,560	5,592	5,406
Total equity	1,650	1,612	1,573	1,542
Total assets	5,223	5,777	5,779	5,619
Interest bearing debt	3,352	3,944	3,984	3,855
Net interest bearing debt	3,089	3,828	3,898	3,744
Market Cap.	792	306	306	306
Enterprise value	3,880	4,134	4,205	4,050
Capex	481	886	239	32

Source: Cleaves, Bloomberg, Clarksons SIN, 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

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	152.9	177.9	164.4	169.0				
EBITDA (adj.)	109.5	123.9	117.7	117.6				
EBIT (adj.)	69.9	80.0	74.3	75.1				
PTP (adj.)	24.5	29.4	28.2	29.6				
Net earnings (adj.)	7.6	7.2	8.4	7.9				
EPS (adj.)	0.09	0.09	0.10	0.09				
DPS	0.15	0.15	0.15	0.15				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	152.9	177.9	164.4	169.0				
Opex & G&A	43.3	54.1	46.7	51.4				
Depreciation	39.6	43.9	43.4	42.5				
Net finance	45.5	50.7	46.2	45.5				
Taxes & Minorities	16.8	22.1	19.8	21.7				

### CF & BS

1Q20 Preview USDm	1Q19	4Q19	1Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	43	164	52					
Free cash flow	-155	157	-84					
Net cash flow	-112	73	-66					
TCE/day	67,359	72,179	66,882	68,755				
Utilization	97.0%	95.7%	96.5%					
Fleet days	2,340	2,576	2,548					
Cash break-even	67,129	49,991	68,271					
Liquidity	231	264	197					
Interest bearing debt	3,133	3,352	3,382					



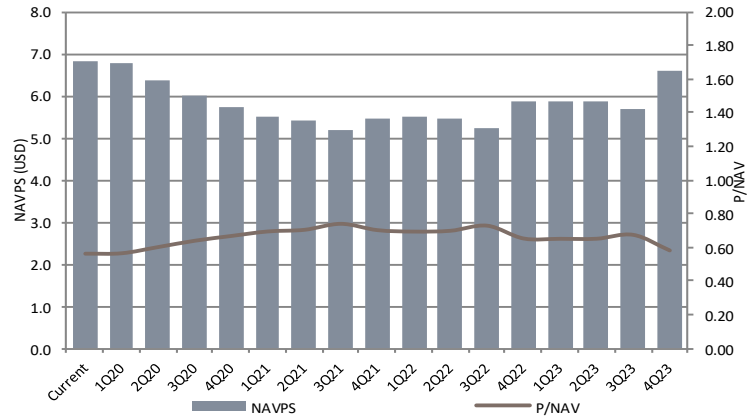


## Company Valuation

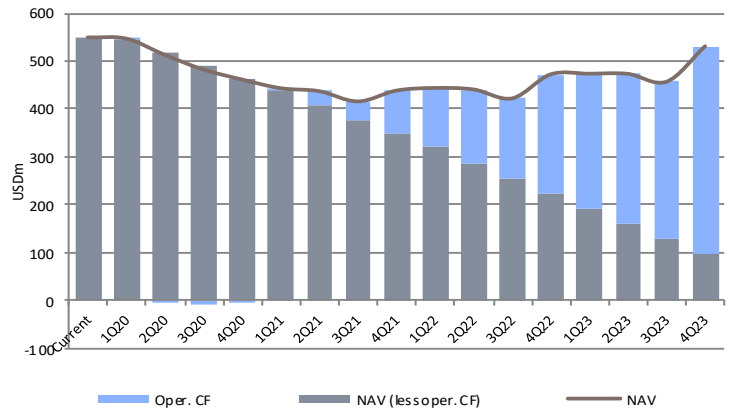
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,571	3,470	4,037
Contract value	0	48	114
Other	119	119	-755
<b>GAV</b>	<b>2,690</b>	<b>3,638</b>	<b>3,395</b>
Net debt	-1,839	-1,839	-1,839
Capex	0	-1,125	-1,125
Other	-178	-125	-125
<b>Equity</b>	<b>674</b>	<b>549</b>	<b>306</b>
Shares	81	81	81
<b>Equity/sh</b>	<b>8.37</b>	<b>6.81</b>	<b>3.80</b>
lcl CCY	8.37	6.81	3.80
<b>P/Equity</b>	<b>0.45</b>	<b>0.56</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.26</b>	<b>0.93</b>	<b>1.00</b>
Adj. Total Assets	2,826	3,726	4,292
Adj. Equity Ratio	24%	15%	7%
<b>Fair Value</b>	<b>USD</b>	<b>3.9</b>	<b>3%</b>

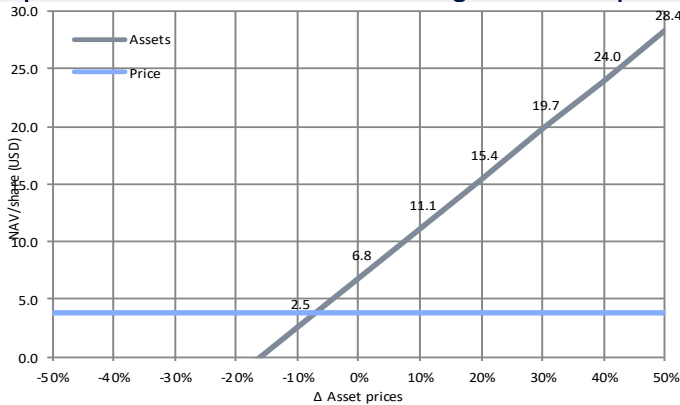
### Quarterly forward NAV & P/NAV



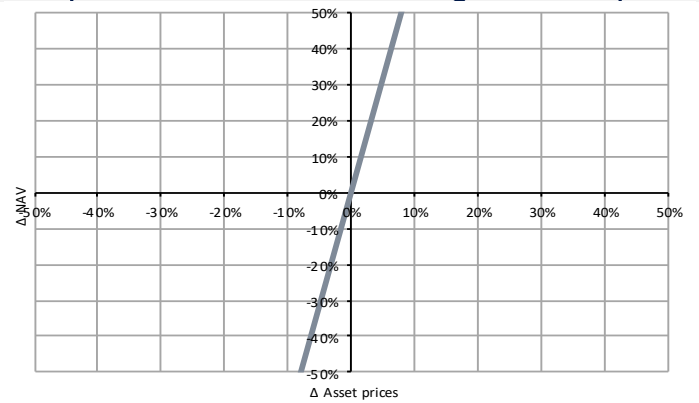
### Quarterly forward NAV decomposition



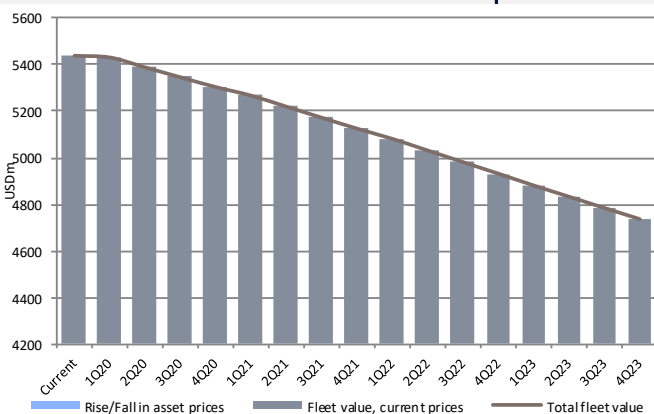
### Impact on NAV/sh from % change in asset prices



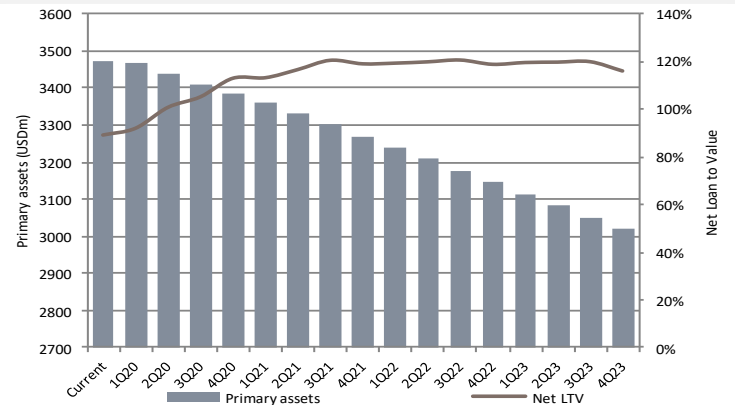
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	641	657	691	711	641	769	752	664	-	-112	-60	46	
EBITDA (adj.)	454	454	467	482	454	566	527	435	-	-112	-60	46	
EBIT (adj.)	286	269	260	264	286	381	324	226	-	-112	-63	38	
PTP (adj.)	5	71	43	49	5	183	107	11	-	-112	-63	38	
Net earnings (adj.)	20	10	10	17	20	112	64	16	-	-102	-54	1	
EPS (adj.)	0.25	0.13	0.12	0.21	0.25	1.39	0.79	0.20	-	-1.26	-0.66	0.01	
DPS	0.98	0.60	0.60	0.60	0.98	0.60	0.60	0.60	-	-	-	-	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-112	-60	46
									Opex & G&A	-	-	-	-
									Depreciation	-	-	3	8
									Net finance	-	-	0	0
									Taxes & Minorities	-	-10	-10	37

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	317	195	217	235	317	297	267	226	-	-102	-50	9
Free cash flow	-126	-691	-22	203	-126	-589	28	226	-	-102	-50	-23
Net cash flow	-79	-147	-31	26	-79	-46	17	48	-	-102	-48	-23
TCE/day	68,013	61,170	56,873	57,303	68,013	70,995	61,815	53,575	-	-9,825	-4,942	3,727
Cash break-even	57,787	55,950	129,638	70,375	57,787	55,950	129,633	70,366	-	-	5	9
Liquidity	264	117	86	112	264	218	236	284	-	-102	-150	-172
Property & Equip. (incl. NBs)	4,859	5,560	5,592	5,406	4,859	5,560	5,595	5,386	-	-	-3	20
Total equity	1,650	1,612	1,573	1,542	1,650	1,713	1,729	1,696	-	-102	-155	-154
Total assets	5,223	5,777	5,779	5,619	5,223	5,879	5,932	5,771	-	-102	-153	-152
Interest bearing debt	3,352	3,944	3,984	3,855	3,352	3,944	3,982	3,853	-	-	2	2
Net interest bearing debt	3,089	3,828	3,898	3,744	3,089	3,726	3,747	3,570	-	102	152	174
Market Cap.	792	306	306	306	792	501	501	501	-	-194	-194	-194
Enterprise value	3,880	4,134	4,205	4,050	3,880	4,227	4,247	4,070	-	-93	-43	-20
Capex	481	886	239	32	481	886	239	-	-	-	-	32
Utilization	96%	96%	97%	97%	96%	96%	97%	97%	0%	0%	0%	0%
Fleet days	9,794	11,166	12,504	12,775	9,794	11,166	12,504	12,775	-	-	-	-

### Valuation

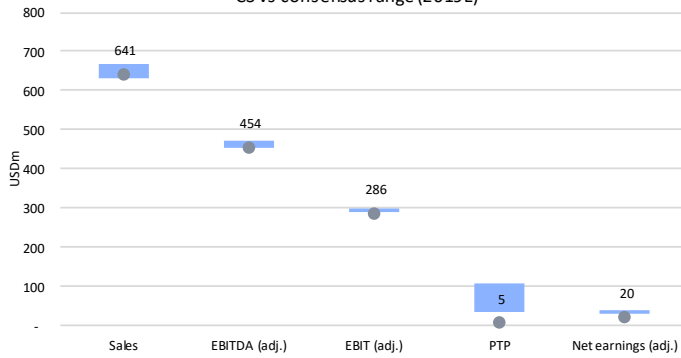
Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	549	461	439	472	534	530	530	546	15	-68	-91	-74
Adj. equity ratio	0	0	0	0	13%	11%	11%	12%	0%	-1%	-2%	-1%
FCF yield	-16%	-226%	-7%	66%	-16%	-118%	6%	45%	0%	-108%	-13%	21%
Dividend yield	10%	16%	16%	16%	10%	10%	10%	10%	0%	6%	6%	6%
EV/EBITDA	13.3	9.1	9.0	8.4	13.3	7.5	8.1	9.3	-	1.6	0.9	-0.9
P/E (adj.)	38.9	29.5	31.0	17.7	38.9	4.5	7.9	30.5	-	25.0	23.1	-12.7



## Our Estimates vs Consensus

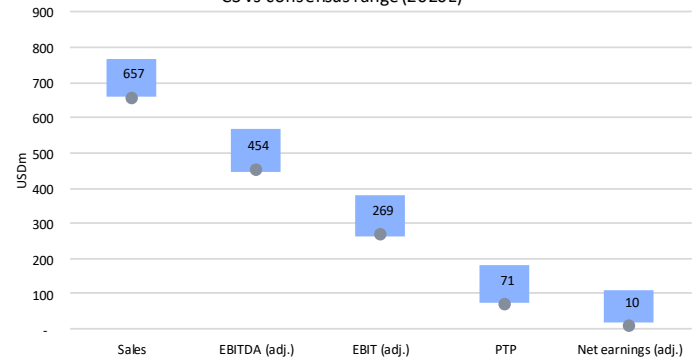
### Profit & Loss, year I

CS vs consensus range (2019E)

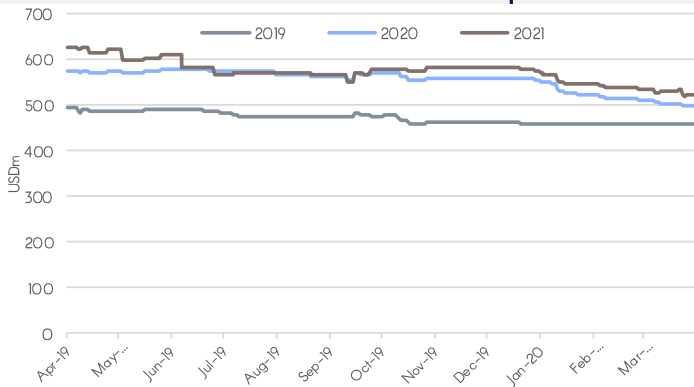


### Profit & Loss, year II

CS vs consensus range (2020E)



### Consensus EBITDA development



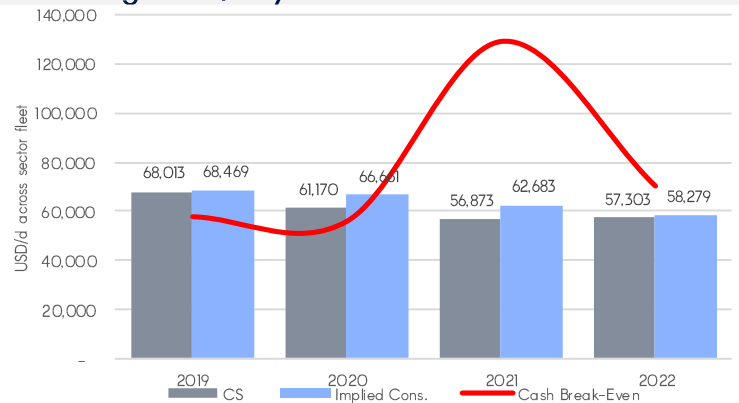
### Fair value vs share price past ly



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	641	645	645	-4	-1%
Opex + G&A	187	185	185	2	1%
Depreciation	168	168	168	0	0%
Net finance	280	230	230	50	22%
Taxes & Minorities	-15	30	30	-45	-149%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	657	716	716	-59	-8%
Opex + G&A	203	219	219	-15	-7%
Depreciation	185	178	178	7	4%
Net finance	198	198	198	0	0%
Taxes & Minorities	61	74	74	-13	-17%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	153	151	159	178	164	154	151	188	147
Operational costs	-43	-45	-45	-216	-47	-50	-52	-55	-54
EBITDA	110	107	114	-38	118	104	99	133	93
Depreciation/Amortization	-40	-41	-43	-44	-43	-45	-47	-49	-51
EBIT	70	65	70	-82	74	59	52	84	42
Net financials	-64	-76	-62	-38	-46	-48	-51	-53	-53
PTP	6	-11	9	-120	28	11	1	31	-11
Taxes/Minorities	-17	-15	-22	70	-18	-14	-11	-17	-9
<b>Net earnings</b>	<b>-11</b>	<b>-26</b>	<b>-14</b>	<b>-50</b>	<b>10</b>	<b>-4</b>	<b>-10</b>	<b>14</b>	<b>-20</b>
Non-recurring items	19	28	17	57	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>-4</b>	<b>-10</b>	<b>14</b>	<b>-20</b>
EPS	-0.14	-0.32	-0.17	-0.62	0.12	-0.04	-0.12	0.17	-0.25
EPS (adj.)	0.09	0.03	0.04	0.09	0.12	-0.04	-0.12	0.17	-0.25
DPS	0.15	0.15	0.15	0.53	0.15	0.15	0.15	0.15	0.15
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	231	296	184	264	199	175	94	117	54
Other current assets	56	89	64	52	52	52	52	52	52
<b>Total current assets</b>	<b>287</b>	<b>385</b>	<b>247</b>	<b>316</b>	<b>251</b>	<b>227</b>	<b>146</b>	<b>169</b>	<b>106</b>
Property & equip. (incl. NBs)	4,890	4,883	5,028	4,859	4,951	5,216	5,319	5,560	5,509
Other non-current assets	17	35	45	49	49	49	49	49	49
<b>Total non-current assets</b>	<b>4,907</b>	<b>4,918</b>	<b>5,072</b>	<b>4,907</b>	<b>5,000</b>	<b>5,265</b>	<b>5,368</b>	<b>5,609</b>	<b>5,558</b>
<b>TOTAL ASSETS</b>	<b>5,194</b>	<b>5,302</b>	<b>5,319</b>	<b>5,223</b>	<b>5,251</b>	<b>5,492</b>	<b>5,514</b>	<b>5,777</b>	<b>5,664</b>
<b>Total equity</b>	<b>1,944</b>	<b>1,882</b>	<b>1,841</b>	<b>1,650</b>	<b>1,647</b>	<b>1,632</b>	<b>1,610</b>	<b>1,612</b>	<b>1,580</b>
Short-term debt	182	206	217	265	217	226	231	235	227
Other current liabilities	87	101	92	173	173	173	173	173	173
<b>Total current liabilities</b>	<b>268</b>	<b>307</b>	<b>309</b>	<b>438</b>	<b>390</b>	<b>399</b>	<b>404</b>	<b>408</b>	<b>400</b>
Long-term debt	2,951	3,060	3,098	3,088	3,165	3,413	3,452	3,710	3,636
Other non-current liabilities	31	53	71	48	48	48	48	48	48
<b>Total non-current liabilities</b>	<b>2,982</b>	<b>3,113</b>	<b>3,169</b>	<b>3,136</b>	<b>3,213</b>	<b>3,461</b>	<b>3,500</b>	<b>3,758</b>	<b>3,684</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>5,194</b>	<b>5,302</b>	<b>5,319</b>	<b>5,223</b>	<b>5,251</b>	<b>5,492</b>	<b>5,514</b>	<b>5,777</b>	<b>5,664</b>
Working capital, receivables	31	28	32	33	33	33	33	33	33
Working capital, payables	20	17	22	28	28	28	28	28	28
<b>Net working capital</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Interest bearing debt	3,133	3,266	3,315	3,352	3,382	3,639	3,683	3,944	3,863
Liquidity	231	296	184	264	199	175	94	117	54
<b>Net interest bearing debt</b>	<b>2,902</b>	<b>2,970</b>	<b>3,132</b>	<b>3,089</b>	<b>3,184</b>	<b>3,464</b>	<b>3,589</b>	<b>3,828</b>	<b>3,809</b>
<b>Cash Flow (USDm)</b>									
Net income	-11	-26	-14	-50	10	-4	-10	14	-20
Depreciation	40	41	43	44	43	45	47	49	51
Other	26	67	28	99	0	0	0	0	0
<b>Cash earnings</b>	<b>54</b>	<b>82</b>	<b>58</b>	<b>93</b>	<b>53</b>	<b>41</b>	<b>37</b>	<b>63</b>	<b>31</b>
Changes in working capital	-12	-26	-4	72	0	0	0	0	0
<b>Net operational cash flow</b>	<b>43</b>	<b>56</b>	<b>55</b>	<b>164</b>	<b>53</b>	<b>41</b>	<b>37</b>	<b>63</b>	<b>31</b>
Capex	-221	-36	-190	-34	-136	-310	-150	-290	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	10	0	0	0	0	0	0
Other	23	-33	11	26	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-198</b>	<b>-69</b>	<b>-169</b>	<b>-7</b>	<b>-136</b>	<b>-310</b>	<b>-150</b>	<b>-290</b>	<b>0</b>
Repayment of debt	100	132	-72	25	-81	-28	-81	-28	-81
Proceeds from debt	0	0	130	0	111	285	125	290	0
Dividends paid	-12	-12	-12	-43	-12	-12	-12	-12	-12
New equity	0	0	0	0	0	0	0	0	0
Other	-44	-43	-35	-63	0	0	0	0	0
<b>Net financing cash flow</b>	<b>44</b>	<b>78</b>	<b>10</b>	<b>-81</b>	<b>18</b>	<b>245</b>	<b>32</b>	<b>250</b>	<b>-93</b>
Currency effect	0	0	0	-3	0	0	0	0	0
<b>Net cash flow</b>	<b>-112</b>	<b>65</b>	<b>-105</b>	<b>73</b>	<b>-65</b>	<b>-24</b>	<b>-81</b>	<b>23</b>	<b>-62</b>
Cash balance	231	296	184	264	199	175	94	117	54
<b>Free cash flow</b>	<b>-155</b>	<b>-13</b>	<b>-114</b>	<b>157</b>	<b>-83</b>	<b>-269</b>	<b>-113</b>	<b>-227</b>	<b>31</b>



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	329	415	466	525	618	641	657	691	711
Operational costs	-113	-154	-166	-170	-173	-349	-203	-224	-229
EBITDA	216	261	300	355	446	291	454	467	482
Depreciation/Amortization	-71	-107	-123	-137	-153	-168	-185	-207	-218
EBIT	145	154	177	218	293	123	269	260	264
Net financials	-95	-101	-149	-133	-166	-239	-198	-217	-215
PTP	51	54	28	84	126	-116	71	43	49
Taxes/Minorities	-9	-43	-50	-69	-79	15	-61	-33	-31
<b>Net earnings</b>	<b>42</b>	<b>11</b>	<b>-21</b>	<b>16</b>	<b>48</b>	<b>-101</b>	<b>10</b>	<b>10</b>	<b>17</b>
Non-recurring items	0	-7	-10	-10	-10	121	0	0	0
<b>Net earnings (adj.)</b>	<b>42</b>	<b>3</b>	<b>-32</b>	<b>5</b>	<b>38</b>	<b>20</b>	<b>10</b>	<b>10</b>	<b>17</b>
EPS	0.52	0.13	-0.27	0.19	0.59	-1.25	0.13	0.12	0.21
EPS (adj.)	0.52	0.04	-0.39	0.07	0.47	0.25	0.13	0.12	0.21
DPS	0.41	0.56	0.56	0.56	0.99	0.98	0.60	0.60	0.60
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	212	303	227	384	343	264	117	86	112
Other current assets	77	95	43	33	96	52	52	52	52
<b>Total current assets</b>	<b>288</b>	<b>398</b>	<b>270</b>	<b>417</b>	<b>439</b>	<b>316</b>	<b>169</b>	<b>138</b>	<b>164</b>
Property & equip. (incl. NBs)	2,952	3,579	3,985	3,939	4,483	4,859	5,560	5,592	5,406
Other non-current assets	29	63	260	279	253	49	49	49	49
<b>Total non-current assets</b>	<b>2,981</b>	<b>3,641</b>	<b>4,245</b>	<b>4,218</b>	<b>4,736</b>	<b>4,907</b>	<b>5,609</b>	<b>5,641</b>	<b>5,455</b>
<b>TOTAL ASSETS</b>	<b>3,270</b>	<b>4,040</b>	<b>4,515</b>	<b>4,635</b>	<b>5,175</b>	<b>5,223</b>	<b>5,777</b>	<b>5,779</b>	<b>5,619</b>
<b>Total equity</b>	<b>1,253</b>	<b>1,508</b>	<b>1,510</b>	<b>1,763</b>	<b>1,983</b>	<b>1,650</b>	<b>1,612</b>	<b>1,573</b>	<b>1,542</b>
Short-term debt	116	637	153	186	527	265	283	315	347
Other current liabilities	85	97	109	109	142	173	173	173	173
<b>Total current liabilities</b>	<b>201</b>	<b>734</b>	<b>263</b>	<b>295</b>	<b>669</b>	<b>438</b>	<b>456</b>	<b>488</b>	<b>520</b>
Long-term debt	1,779	1,738	2,719	2,575	2,507	3,088	3,662	3,669	3,508
Other non-current liabilities	37	60	24	2	15	48	48	48	48
<b>Total non-current liabilities</b>	<b>1,816</b>	<b>1,797</b>	<b>2,743</b>	<b>2,577</b>	<b>2,522</b>	<b>3,136</b>	<b>3,710</b>	<b>3,717</b>	<b>3,556</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3,270</b>	<b>4,040</b>	<b>4,515</b>	<b>4,635</b>	<b>5,175</b>	<b>5,223</b>	<b>5,777</b>	<b>5,779</b>	<b>5,619</b>
Working capital, receivables	19	23	18	8	9	33	33	33	33
Working capital, payables	67	12	7	12	12	28	28	28	28
<b>Net working capital</b>	<b>-48</b>	<b>10</b>	<b>10</b>	<b>-4</b>	<b>-3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Interest bearing debt	1,895	2,374	2,872	2,761	3,035	3,352	3,944	3,984	3,855
Liquidity	235	366	227	384	343	264	117	86	112
<b>Net interest bearing debt</b>	<b>1,660</b>	<b>2,009</b>	<b>2,645</b>	<b>2,377</b>	<b>2,692</b>	<b>3,089</b>	<b>3,828</b>	<b>3,898</b>	<b>3,744</b>
<b>Cash Flow (USDm)</b>									
Net income	42	11	-21	16	48	-101	10	10	17
Depreciation	71	107	123	137	153	168	185	207	218
Other	28	36	147	69	80	220	0	0	0
<b>Cash earnings</b>	<b>141</b>	<b>154</b>	<b>249</b>	<b>222</b>	<b>281</b>	<b>287</b>	<b>195</b>	<b>217</b>	<b>235</b>
Changes in working capital	7	8	8	2	3	30	0	0	0
<b>Net operational cash flow</b>	<b>148</b>	<b>162</b>	<b>257</b>	<b>224</b>	<b>284</b>	<b>317</b>	<b>195</b>	<b>217</b>	<b>235</b>
Capex	-1,364	-728	-762	-82	-674	-481	-886	-239	-32
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	-162	0	0	0
<b>Net investing cash flow</b>	<b>-1,387</b>	<b>-704</b>	<b>-771</b>	<b>-75</b>	<b>-693</b>	<b>-443</b>	<b>-886</b>	<b>-239</b>	<b>-32</b>
Repayment of debt	1,434	502	505	-118	292	185	-219	-1,193	-454
Proceeds from debt	2,114	606	—	—	—	130	811	1,233	325
Dividends paid	-33	-45	-45	-45	-80	-79	-48	-48	-49
New equity	—	173	0	1	1	0	0	0	0
Other	-2,169	-602	-20	170	155	-162	0	0	0
<b>Net financing cash flow</b>	<b>1,347</b>	<b>634</b>	<b>440</b>	<b>7</b>	<b>368</b>	<b>50</b>	<b>544</b>	<b>-8</b>	<b>-177</b>
Currency effect	0	-1	-1	1	0	-3	0	0	0
<b>Net cash flow</b>	<b>108</b>	<b>91</b>	<b>-76</b>	<b>157</b>	<b>-41</b>	<b>-79</b>	<b>-147</b>	<b>-31</b>	<b>26</b>
Cash balance	212	303	227	384	343	264	117	86	112
<b>Free cash flow</b>	<b>-1,238</b>	<b>-542</b>	<b>-515</b>	<b>149</b>	<b>-409</b>	<b>-126</b>	<b>-691</b>	<b>-22</b>	<b>203</b>



# Cleaves Securities

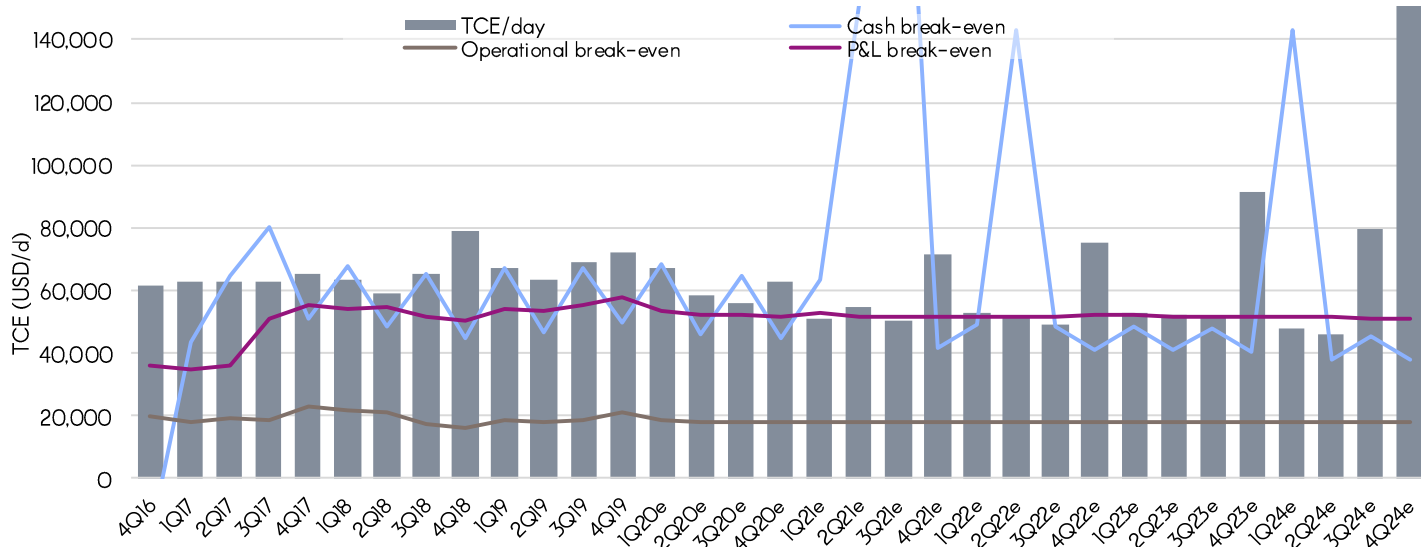
Shipping Quarterly: Coronavirus Volatility

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

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	4	4	4
Share price, end (USD)	20	8	16	22	16	10	4	4	4
Market Cap.	1,638	668	1,297	1,796	1,331	792	306	306	306
NIBD	1,660	2,009	2,645	2,377	2,692	3,089	3,828	3,898	3,744
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	3,299	2,677	3,942	4,173	4,023	3,880	4,134	4,205	4,050
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)	38.9	61.7			27.9		29.5	31.0	17.7
P/E (adj.)	38.9				35.4	38.9	29.5	31.0	17.7
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	0.5	0.4	0.4
EV/Sales	10.0	6.4	8.5	7.9	6.5	6.1	6.3	6.1	5.7
EV/EBITDA	15.3	10.3	13.2	11.8	9.0	13.3	9.1	9.0	8.4
EV/EBIT	22.7	17.3	22.3	19.2	13.8	31.5	15.3	16.1	15.3
P/B	1.8	0.7	1.4	2.0	1.5	1.2	0.5	0.6	0.7
FCF yield	-76%	-81%	-40%	8%	-31%	-16%	-226%	-7%	66%
Dividend yield	2.0%	6.7%	3.5%	2.5%	6.0%	10.0%	15.8%	15.8%	15.9%
Return on equity (ROE)	4.5%	1.1%	-2.3%	1.7%	5.4%	-14.6%	1.8%	1.9%	3.8%
Return on capital employed (ROCE)	5.0%	4.4%	4.3%	5.3%	6.3%	2.6%	5.0%	4.8%	5.0%
Return on assets (ROA)	1.3%	0.3%	-0.5%	0.3%	0.9%	-1.9%	0.2%	0.2%	0.3%
Sales growth	109%	26%	12%	13%	18%	4%	3%	5%	3%
EBITDA margin	66%	63%	64%	68%	72%	45%	69%	68%	68%
EBIT margin	44%	37%	38%	41%	47%	19%	41%	38%	37%
Net margin	13%	3%	-5%	3%	8%	-16%	2%	1%	2%
Net interest rate	4.3%	4.6%	0.0%	0.0%	0.0%	6.0%	5.2%	5.6%	5.7%
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%	32%	28%	27%	27%
Leverage ratio	62%	63%	67%	62%	62%	68%	72%	73%	73%
NIBD / EBITDA (past 1y)	7.7	7.7	8.8	6.7	6.0	10.6	8.4	8.3	7.8
Operating cash flow/NIBD	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net interest coverage ratio (EBIT)	3.0	2.8				1.6	2.3	2.2	2.2
Current ratio	1.4	0.5	1.0	1.4	0.7	0.7	0.4	0.3	0.3
Adj. equity ratio						11%	8%	8%	8%
Operating assets	3,035	3,674	4,288	4,251	4,832	4,959	5,661	5,693	5,507
Operating liabilities	122	157	133	111	157	221	221	221	221
Net operating assets	2,914	3,517	4,155	4,140	4,675	4,738	5,440	5,472	5,286

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)





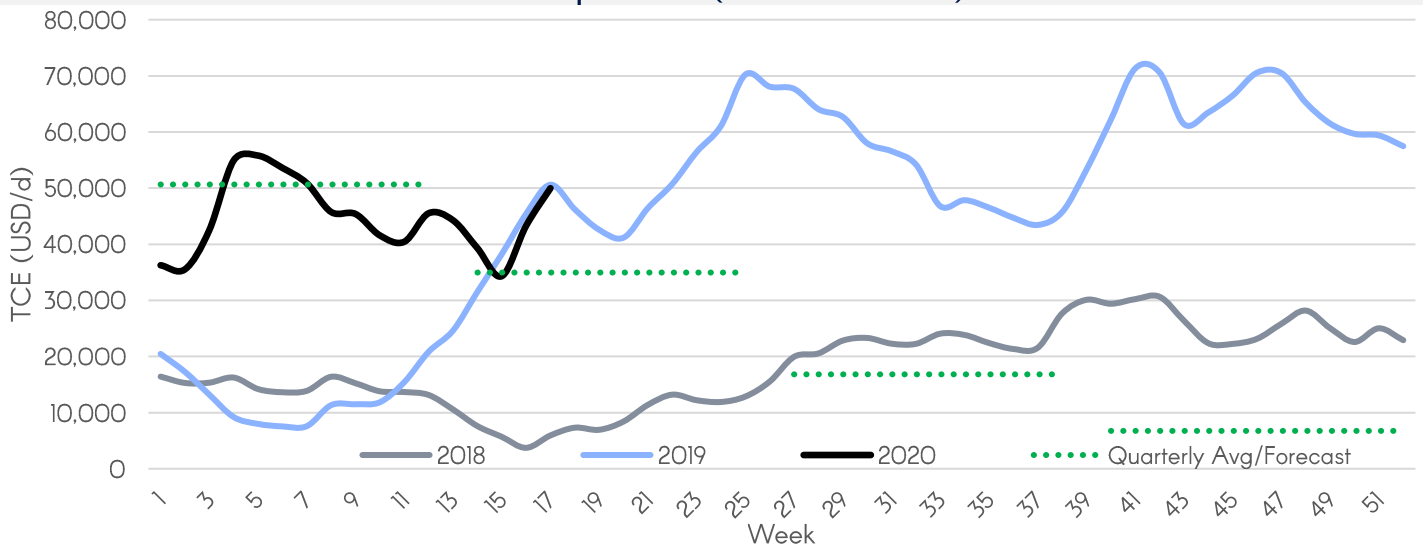


### LPG Carriers



### Earnings

#### VLGC spot rates (Baltic LPG Index)



#### VLGC one-year timecharter rates





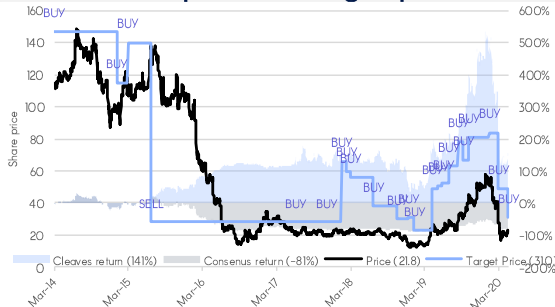


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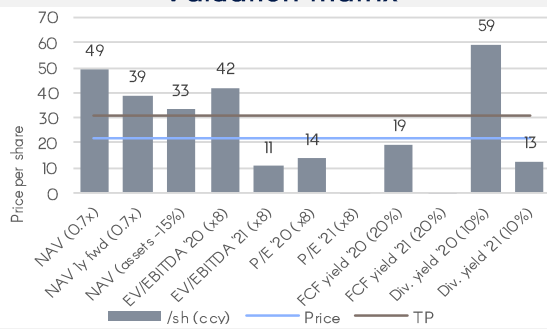
BUY/N31

Avance Gas

### Share price vs target price

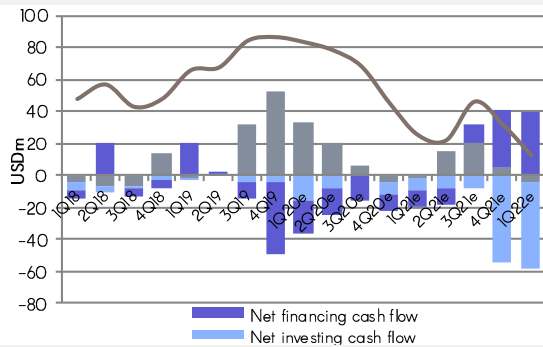


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	174	126	109	138
EBITDA (adj.)	168	79	61	85
EBIT (adj.)	126	38	19	38
PTP (adj.)	56	14	-3	11
Net earnings (adj.)	56	14	-3	11
EPS (adj.)	0.88	0.22	-0.05	0.17
DPS	-	0.56	0.12	0.24
USDm	2019E	2020E	2021E	2022E
Fwd NAV	427	336	374	441
Adj. equity ratio	47%	42%	43%	46%
FCF yield	21%	18%	-29%	3%
Dividend yield	0%	27%	6%	12%
EV/EBITDA	5.7	6.5	9.1	6.7
P/E (adj.)	6.5	9.5		12.3

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	83	55	39	58
Free cash flow	75	24	-39	4
Net cash flow	39	-41	-14	20
TCE/day	34,904	27,687	21,628	24,261
Cash break-even	21,341	22,388	21,929	21,121
Liquidity	86	45	31	51
Property & Equip. (incl. NBs)	763	753	789	796
Total equity	411	389	378	373
Total assets	899	848	870	897
Interest bearing debt	453	424	457	489
Net interest bearing debt	367	379	426	438
Market Cap.	362	133	133	133

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

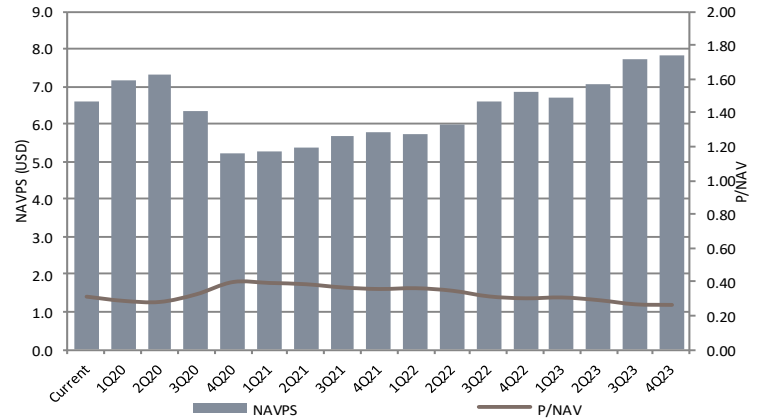


## Company Valuation

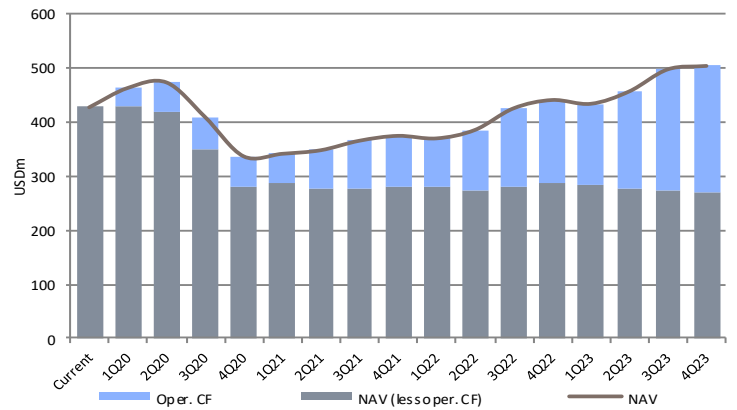
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	763	914	631
Contract value	0	12	9
Other	27	27	19
<b>GAV</b>	<b>790</b>	<b>953</b>	<b>659</b>
Net debt	-367	-367	-367
Capex	0	-147	-147
Other	-11	-11	-11
<b>Equity</b>	<b>411</b>	<b>427</b>	<b>133</b>
Shares	65	65	65
<b>Equity/sh</b>	<b>6.37</b>	<b>6.62</b>	<b>2.06</b>
lcl CCY	67.68	70.33	21.84
P/Equity	0.32	0.31	1.00
EV/GAV	0.83	0.69	1.00
Adj. Total Assets	899	1,050	768
Adj. Equity Ratio	46%	41%	17%
<b>Fair Value</b>	<b>NOK</b>	<b>31</b>	<b>41%</b>
	<b>USD</b>	<b>2.9</b>	

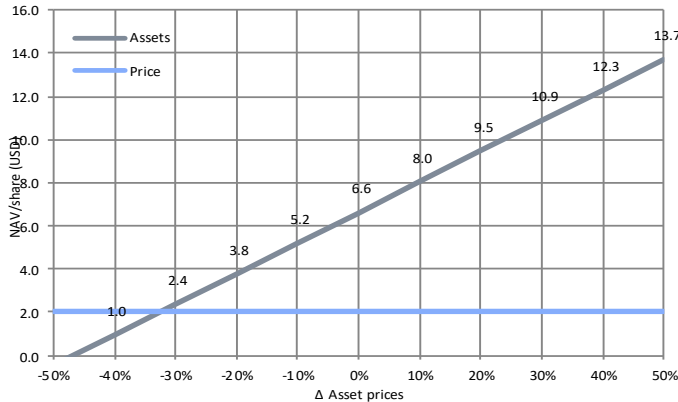
### Quarterly forward NAV & P/NAV



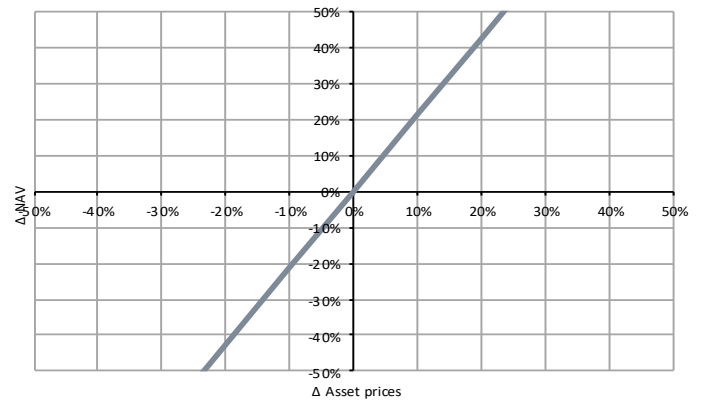
### Quarterly forward NAV decomposition



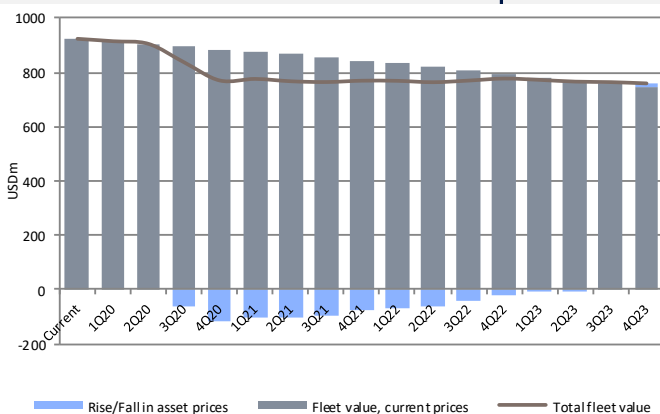
### Impact on NAV/sh from % change in asset prices



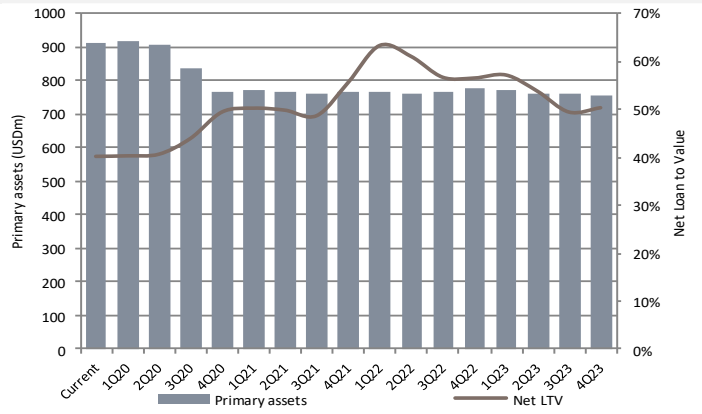
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

IQ20 Preview USDm			IQ20		Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	14.0	65.0	50.9	48.5				
EBITDA (adj.)	2.9	53.6	39.3	36.5				
EBIT (adj.)	-7.8	43.2	29.0	23.1				
PTP (adj.)	-15.2	36.8	22.9	20.3				
Net earnings (adj.)	-15.2	36.7	22.9	22.4				
EPS (adj.)	-0.24	0.57	0.35	0.31				
DPS	-	0.30	0.18	0.20				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	14.0	65.0	50.9	48.5				
Opex & G&A	11.2	11.4	11.6	12.0				
Depreciation	10.6	10.4	10.4	13.4				
Net finance	7.4	6.5	6.1	2.8				
Taxes & Minorities	-	0.0	0.0	-2.1				

### CF & BS

IQ20 Preview USDm					Actuals vs		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	11,485	51,039	48,363	46,035				
Utilization	96.9%	98.9%	82.7%					
Fleet days	1,260	1,288	1,274					
Cash break-even	19,117	22,543	22,509					
Liquidity	65	86	83					
Interest bearing debt	512	453	452					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	174	126	109	138	174	218	159	161	-0	-92	-51	-23	
EBITDA (adj.)	168	79	61	85	127	172	112	109	41	-92	-51	-24	
EBIT (adj.)	126	38	19	38	86	130	70	61	41	-92	-51	-24	
PTP (adj.)	56	14	-3	11	56	110	52	41	-0	-96	-55	-30	
Net earnings (adj.)	56	14	-3	11	56	110	52	41	-0	-96	-55	-30	
EPS (adj.)	0.88	0.22	-0.05	0.17	0.87	1.71	0.80	0.63	0.01	-1.49	-0.85	-0.46	
DPS	-	0.56	0.12	0.24	-	0.98	0.40	0.35	-	-0.43	-0.28	-0.11	
DPS (NOK)	-	5.90	1.27	2.54	0	9.535	3.909	3.4					
									TCE revenue	-0	-92	-51	-23
									Opex & G&A	-41	0	0	0
									Depreciation	-	-	-	-
									Net finance	41	4	4	6
									Taxes & Minorities	-	-0	-0	-0

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	83	55	39	58	78	152	94	88	5	-96	-55	-30
Free cash flow	75	24	-39	4	58	120	16	34	16	-96	-55	-30
Net cash flow	39	-41	-14	20	22	27	-2	18	17	-69	-12	2
TCE/day	34,904	27,687	21,628	24,261	34,904	45,377	31,440	28,390	-	#####	-9,812	-4,129
Cash break-even	21,341	22,388	21,929	21,121	21,341	21,524	21,038	19,964	-	864	892	1,157
Liquidity	86	45	31	51	69	96	94	112	17	-52	-63	-61
Property & Equip. (incl. NBs)	763	753	789	796	774	764	800	807	-11	-11	-11	-11
Total equity	411	389	378	373	408	455	481	499	3	-66	-103	-125
Total assets	899	848	870	897	884	902	936	960	15	-54	-65	-63
Interest bearing debt	453	424	457	489	453	424	432	438	0	0	26	51
Net interest bearing debt	367	379	426	438	383	327	337	326	-16	52	89	112
Market Cap.	362	133	133	133	367	155	155	155	-5	-23	-23	-23
Enterprise value	729	512	559	571	750	483	493	481	-21	30	66	89

### Valuation

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	427	336	374	441	401	499	539	587	27	-163	-165	-146
Adj. equity ratio	47%	42%	43%	46%	46%	53%	54%	56%	1%	-10%	-11%	-10%
FCF yield	21%	18%	-29%	3%	16%	77%	10%	22%	5%	-59%	-40%	-19%
Dividend yield	0%	27%	6%	12%	0%	41%	17%	15%	0%	-14%	-11%	-3%
EV/EBITDA	5.7	6.5	9.1	6.7	5.9	2.8	4.4	4.4	-0.2	3.6	4.7	2.3
P/E (adj.)	6.5	9.5		12.3	6.5	1.4	3.0	3.8	-0.1	8.1	#####	8.5

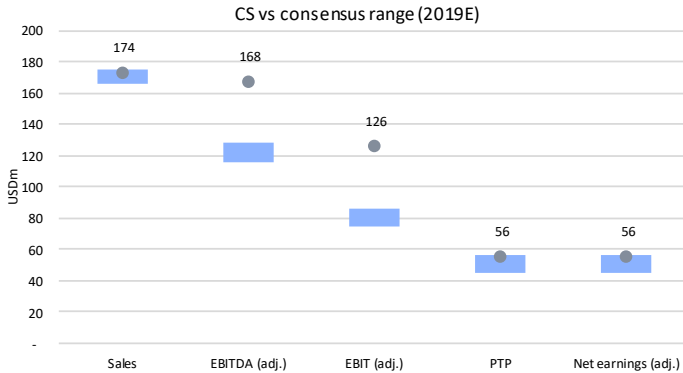
### Various

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Opex/day (excl. TC-in)	-7,984	-8,000	-8,000	-8,000	-7,984	-8,000	-8,000	-8,000	-	-	-	-
G&A/day	-1,082	-1,120	-1,121	-1,008	-1,082	-1,029	-1,035	-932	-	-92	-86	-76
Depreciation/day	-8,190	-8,083	-8,113	-8,161	-8,190	-8,083	-8,113	-8,161	-	-	-	-
Net interest/day	-5,773	-4,680	-4,339	-4,578	-5,773	-3,908	-3,534	-3,496	-	-772	-806	-1,082
Amort./day	-6,502	-8,587	-8,469	-7,535	-6,502	-8,587	-8,469	-7,535	-	-	-	-

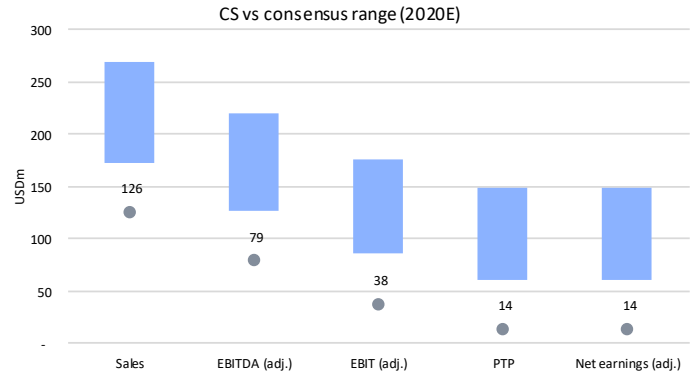


## Our Estimates vs Consensus

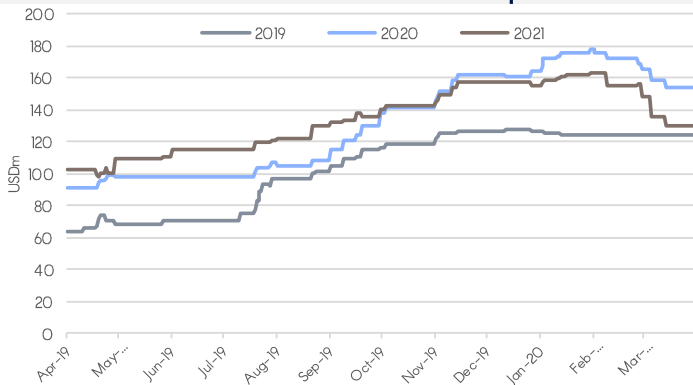
### Profit & Loss, year I



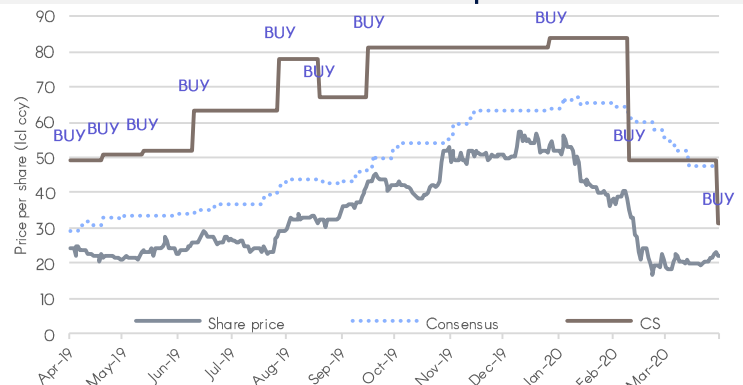
### Profit & Loss, year II



### Consensus EBITDA development



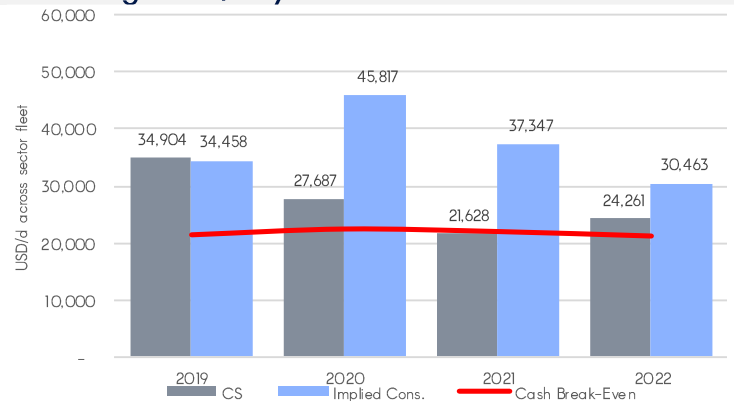
### Fair value vs share price



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	174	171	171	2	1%
Opex + G&A	6	47	47	-42	-88%
Depreciation	42	42	42	-0	-1%
Net finance	70	30	30	40	136%
Taxes & Minorities	0	0	0	0	#DIV/O!
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	126	209	209	-83	-40%
Opex + G&A	47	55	55	-8	-14%
Depreciation	41	41	41	1	2%
Net finance	24	24	24	0	2%
Taxes & Minorities	0	-2	-2	2	-102%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	14	40	54	65	51	38	24	13	16
Operational costs	-11	-12	-12	-11	-12	-12	-12	-12	-12
EBITDA	3	28	43	54	39	27	12	1	4
Depreciation/Amortization	-11	-10	-11	-10	-10	-10	-10	-10	-10
EBIT	-8	18	32	43	29	16	2	-9	-6
Net financials	-7	-8	-7	-6	-6	-6	-6	-6	-6
PTP	-15	10	25	37	23	10	-4	-15	-12
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-15	10	25	37	23	10	-4	-15	-12
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-15	10	25	37	23	10	-4	-15	-12
EPS	-0.24	0.15	0.38	0.57	0.35	0.16	-0.07	-0.23	-0.18
EPS (adj.)	-0.24	0.15	0.38	0.57	0.35	0.16	-0.07	-0.23	-0.18
DPS	0.00	0.00	0.00	0.00	0.30	0.18	0.08	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	65	67	84	86	83	78	68	45	25
Other current assets	21	37	42	50	50	50	50	50	50
Total current assets	86	104	125	136	133	128	118	95	75
Property & equip. (incl. NBs)	785	774	768	763	769	766	756	753	751
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	785	774	768	763	769	766	756	753	751
TOTAL ASSETS	871	878	893	899	902	894	874	848	826
Total equity	345	349	372	411	415	413	404	389	378
Short-term debt	326	43	43	43	44	43	43	43	43
Other current liabilities	8	10	12	24	24	24	24	24	24
Total current liabilities	334	53	54	67	68	67	67	68	68
Long-term debt	186	467	456	410	408	403	392	381	370
Other non-current liabilities	5	10	12	11	11	11	11	11	11
Total non-current liabilities	191	476	468	421	419	414	402	391	380
TOTAL EQUITY & LIABILITIES	871	878	893	899	902	894	874	848	826
Working capital, receivables	14	32	33	35	35	35	35	35	35
Working capital, payables	2	3	9	23	23	23	23	23	23
Net working capital	12	29	24	12	12	12	12	12	12
Interest bearing debt	512	509	499	453	452	446	435	424	413
Liquidity	65	67	84	86	83	78	68	45	25
Net interest bearing debt	447	442	415	367	369	368	367	379	388
<b>Cash Flow (USDm)</b>									
Net income	-15	10	25	37	23	10	-4	-15	-12
Depreciation	11	10	11	10	10	10	10	10	10
Other	1	-3	0	0	0	0	0	0	0
Cash earnings	-4	17	36	47	33	20	6	-4	-1
Changes in working capital	2	-17	-4	5	0	0	0	0	0
Net operational cash flow	-1	0	32	52	33	20	6	-4	-1
Capex	0	0	-4	-4	-16	-8	0	-8	-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	0	0	-4	-4	-16	-8	0	-8	-8
Repayment of debt	-6	-514	-36	-46	-11	-11	-11	-11	-11
Proceeds from debt	25	515	25	0	10	5	0	0	0
Dividends paid	0	0	0	0	-19	-11	-5	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	19	1	-11	-46	-20	-17	-16	-11	-11
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	18	2	17	2	-3	-5	-10	-23	-20
Cash balance	65	67	84	86	83	78	68	45	25
Free cash flow	-2	0	28	48	17	12	6	-12	-9



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	139	265	93	54	70	174	126	109	138
Operational costs	-30	-37	-100	-44	-45	-46	-47	-47	-53
EBITDA	109	228	-7	9	25	127	79	61	85
Depreciation/Amortization	-21	-31	-42	-40	-41	-42	-41	-42	-48
EBIT	88	196	-48	-31	-16	85	38	19	38
Net financials	-6	-13	-20	-24	-27	-29	-24	-23	-27
PTP	82	183	-68	-55	-43	56	14	-3	11
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>82</b>	<b>183</b>	<b>-68</b>	<b>-55</b>	<b>-43</b>	<b>56</b>	<b>14</b>	<b>-3</b>	<b>11</b>
Non-recurring items	0	0	0	0	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>82</b>	<b>183</b>	<b>-68</b>	<b>-55</b>	<b>-43</b>	<b>56</b>	<b>14</b>	<b>-3</b>	<b>11</b>
EPS	2.20	5.04	-1.07	-0.86	-0.68	0.88	0.22	-0.05	0.17
EPS (adj.)	2.20	5.04	-1.07	-0.86	-0.68	0.88	0.22	-0.05	0.17
DPS	1.63	4.74	0.51	0.00	0.00	0.00	0.56	0.12	0.24
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	162	70	149	62	47	86	45	31	51
Other current assets	28	81	23	22	28	50	50	50	50
<b>Total current assets</b>	<b>190</b>	<b>151</b>	<b>172</b>	<b>84</b>	<b>75</b>	<b>136</b>	<b>95</b>	<b>81</b>	<b>101</b>
Property & equip. (incl. NBs)	366	966	861	823	795	763	753	789	796
Other non-current assets	142	2	0	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>507</b>	<b>968</b>	<b>861</b>	<b>824</b>	<b>795</b>	<b>763</b>	<b>753</b>	<b>789</b>	<b>796</b>
<b>TOTAL ASSETS</b>	<b>697</b>	<b>1,119</b>	<b>1,033</b>	<b>908</b>	<b>871</b>	<b>899</b>	<b>848</b>	<b>870</b>	<b>897</b>
<b>Total equity</b>	<b>509</b>	<b>500</b>	<b>457</b>	<b>402</b>	<b>365</b>	<b>411</b>	<b>389</b>	<b>378</b>	<b>373</b>
Short-term debt	18	93	21	21	32	43	29	31	34
Other current liabilities	5	10	11	14	12	24	24	24	24
<b>Total current liabilities</b>	<b>23</b>	<b>103</b>	<b>32</b>	<b>35</b>	<b>44</b>	<b>67</b>	<b>53</b>	<b>55</b>	<b>58</b>
Long-term debt	165	508	537	467	461	410	395	426	455
Other non-current liabilities	0	8	7	5	2	11	11	11	11
<b>Total non-current liabilities</b>	<b>165</b>	<b>516</b>	<b>544</b>	<b>472</b>	<b>462</b>	<b>421</b>	<b>406</b>	<b>437</b>	<b>466</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>697</b>	<b>1,119</b>	<b>1,033</b>	<b>908</b>	<b>871</b>	<b>899</b>	<b>848</b>	<b>870</b>	<b>897</b>
Working capital, receivables	25	76	19	16	20	35	35	35	35
Working capital, payables	5	9	8	10	11	23	23	23	23
<b>Net working capital</b>	<b>20</b>	<b>67</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Interest bearing debt	183	601	558	488	492	453	424	457	489
Liquidity	162	70	149	62	47	86	45	31	51
<b>Net interest bearing debt</b>	<b>21</b>	<b>531</b>	<b>409</b>	<b>425</b>	<b>445</b>	<b>367</b>	<b>379</b>	<b>426</b>	<b>438</b>
<b>Cash Flow (USDm)</b>									
Net income	82	183	-68	-55	-43	56	14	-3	11
Depreciation	21	31	42	40	41	42	41	42	48
Other	-8	1	54	2	2	-4	0	0	0
<b>Cash earnings</b>	<b>94</b>	<b>216</b>	<b>28</b>	<b>-12</b>	<b>-1</b>	<b>94</b>	<b>55</b>	<b>39</b>	<b>58</b>
Changes in working capital	-8	-48	57	1	-5	-11	0	0	0
<b>Net operational cash flow</b>	<b>87</b>	<b>167</b>	<b>85</b>	<b>-12</b>	<b>-6</b>	<b>83</b>	<b>55</b>	<b>39</b>	<b>58</b>
Capex	-5	-492	-1	-3	-12	-9	-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
<b>Net investing cash flow</b>	<b>-144</b>	<b>-492</b>	<b>12</b>	<b>-3</b>	<b>-12</b>	<b>-9</b>	<b>-32</b>	<b>-78</b>	<b>-55</b>
Repayment of debt	-14	417	-44	-72	3	-36	-44	-44	-44
Proceeds from debt	200	450	0	0	0	540	15	77	76
Dividends paid	-61	-172	-33	0	0	0	-36	-8	-15
New equity	95	0	59	—	0	—	0	0	0
Other	-200	-462	0	0	0	-540	0	0	0
<b>Net financing cash flow</b>	<b>20</b>	<b>232</b>	<b>-18</b>	<b>-72</b>	<b>3</b>	<b>-36</b>	<b>-65</b>	<b>25</b>	<b>16</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-38</b>	<b>-92</b>	<b>79</b>	<b>-87</b>	<b>-15</b>	<b>39</b>	<b>-41</b>	<b>-14</b>	<b>20</b>
Cash balance	162	70	149	62	47	86	45	31	51
<b>Free cash flow</b>	<b>-57</b>	<b>-324</b>	<b>97</b>	<b>-15</b>	<b>-18</b>	<b>75</b>	<b>24</b>	<b>-39</b>	<b>4</b>





# Cleaves Securities

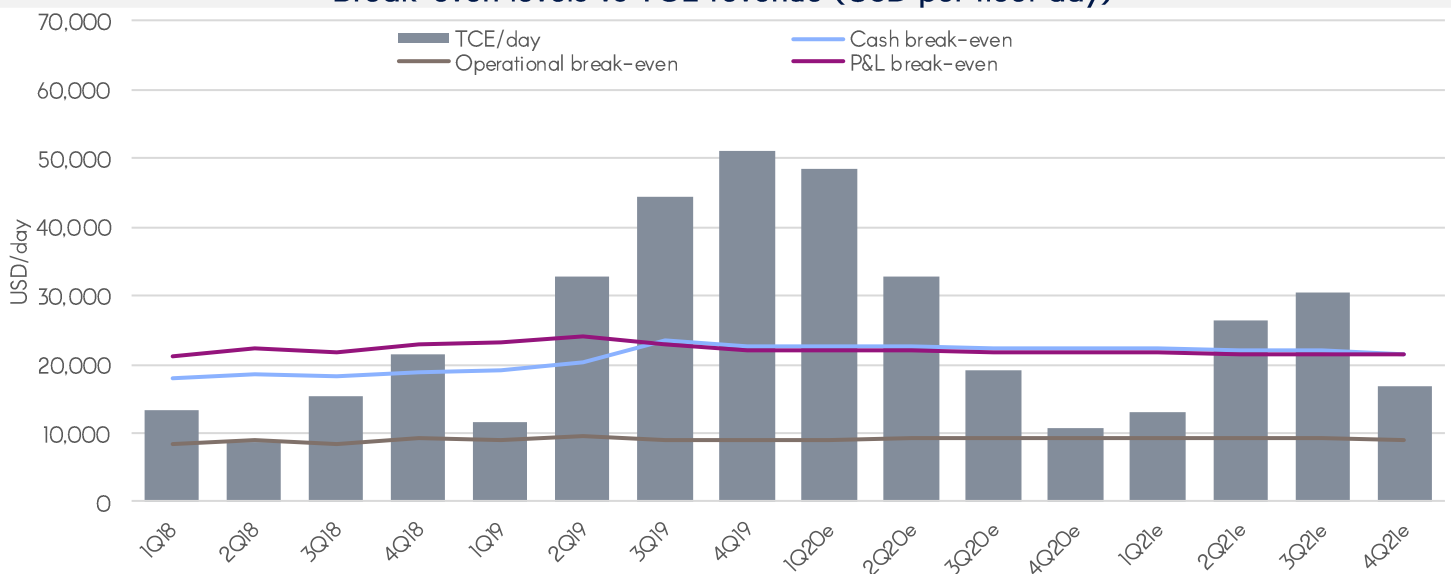
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Shares outstanding, end	37	36	64	64	64	64	65	65	65
Share price, avg (USD)	11	11	4	2	2	3	2	2	2
Share price, end (USD)	15	12	3	3	1	6	2	2	2
<b>Market Cap.</b>	<b>561</b>	<b>445</b>	<b>196</b>	<b>182</b>	<b>90</b>	<b>362</b>	<b>133</b>	<b>133</b>	<b>133</b>
NIBD	21	531	409	425	445	367	379	426	438
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>582</b>	<b>977</b>	<b>604</b>	<b>607</b>	<b>535</b>	<b>729</b>	<b>512</b>	<b>559</b>	<b>571</b>
<b>Key Figures &amp; Ratios</b>	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (reported)	6.9	2.4				6.5	9.5		12.3
P/E (adj.)	6.9	2.4				6.5	9.5		12.3
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	2.1	1.1	1.2	1.0
EV/Sales	4.2	3.7	6.5	11.3	7.7	4.2	4.1	5.1	4.1
EV/EBITDA	5.3	4.3		64.0	21.4	5.7	6.5	9.1	6.7
EV/EBIT	6.6	5.0				8.5	13.5	29.1	15.2
P/B	1.1	0.9	0.4	0.5	0.2	0.9	0.3	0.4	0.4
FCF yield	-10%	-73%	50%	-8%	-20%	21%	18%	-29%	3%
Dividend yield	10.8%	38.7%	16.7%	0.0%	0.0%	0.0%	27.0%	5.8%	11.6%
Return on equity (ROE)	16.1%	36.6%	-14.9%	-13.6%	-11.9%	13.6%	3.6%	-0.9%	2.9%
Return on capital employed (ROCE)	16.7%	19.0%	-5.6%	-3.7%	-1.9%	11.0%	4.9%	2.4%	4.6%
Return on assets (ROA)	11.7%	16.4%	-6.6%	-6.0%	-5.0%	6.2%	1.6%	-0.4%	1.2%
Sales growth		91%	-65%	-42%	29%	150%	-27%	-14%	27%
EBITDA margin	79%	86%	-7%	18%	36%	73%	63%	56%	62%
EBIT margin	64%	74%	-52%	-57%	-23%	49%	30%	18%	27%
Net margin	59%	69%	-73%	-101%	-62%	32%	11%	-3%	8%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.3%	5.3%	6.1%
Tax rate	0.3%	0.0%	-0.2%	-0.1%	-0.1%	0.1%	0.3%	0.0%	0.0%
Equity ratio	73%	45%	44%	44%	42%	46%	46%	43%	42%
Leverage ratio	27%	55%	56%	56%	58%	54%	54%	57%	58%
NIBD / EBITDA (past 1y)	0.2	2.3	-59.8	44.8	17.8	2.9	4.8	6.9	5.1
Operating cash flow/NIBD	4.1	0.3	0.2	0.0	0.0	0.2	0.1	0.1	0.1
Net interest coverage ratio (EBIT)							3.3	2.7	3.2
Current ratio	8.1	1.5	5.4	2.4	1.7	2.0	1.8	1.5	1.7
Adj. equity ratio						47%	42%	43%	46%
Operating assets	535	1,049	884	846	824	813	804	839	846
Operating liabilities	5	17	18	19	14	35	35	35	35
Net operating assets	530	1,031	866	827	809	778	769	804	811

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)





Under-priced despite weaker earnings ahead

BWLPG-  
NO

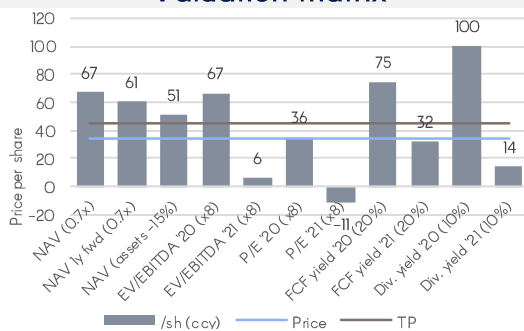
BUY/N45

BW LPG

### Share price vs target price

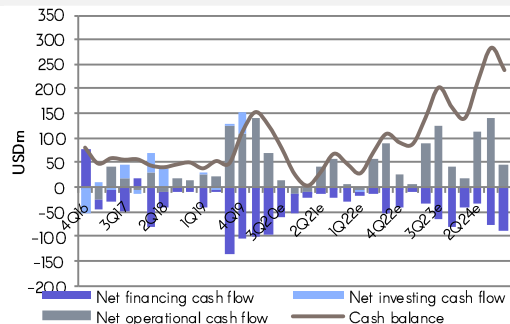


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	547	392	262	326
EBITDA (adj.)	396	249	140	205
EBIT (adj.)	270	126	17	82
PTP (adj.)	220	81	-25	42
Net earnings (adj.)	217	79	-25	42
EPS (adj.)	1.53	0.56	-0.18	0.30
DPS	0.42	0.94	0.14	0.30
USDm	2019E	2020E	2021E	2022E
Fwd NAV	1,282	1,159	1,237	1,415
Adj. equity ratio	48%	49%	51%	56%
FCF yield	28%	44%	19%	33%
Dividend yield	5%	29%	4%	9%
EV/EBITDA	5.2	6.0	10.7	6.7
P/E (adj.)	5.5	5.8		10.8

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	283	212	99	166
Free cash flow	328	200	87	151
Net cash flow	43	-86	21	44
TCE/day	35,305	24,677	17,403	21,838
Cash break-even	20,562	20,635	19,944	19,553
Liquidity	112	26	47	91
Property & Equip. (incl. NBs)	1,904	1,792	1,681	1,572
Total equity	1,177	1,131	1,087	1,087
Total assets	2,549	2,351	2,261	2,196
Interest bearing debt	1,282	1,130	1,084	1,019
Net interest bearing debt	1,170	1,104	1,037	928

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

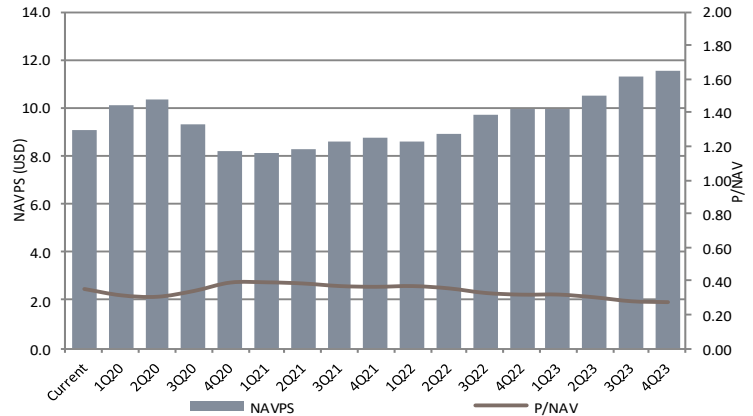


## Company Valuation

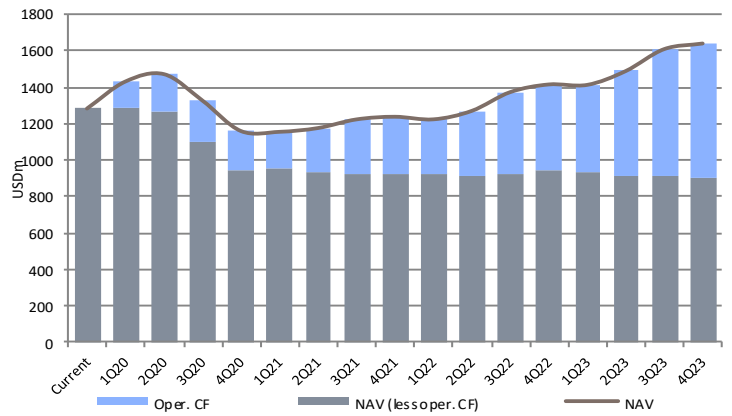
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,904	2,001	1,336
Contract value	0	9	6
Other	471	471	315
<b>GAV</b>	<b>2,375</b>	<b>2,481</b>	<b>1,657</b>
Net debt	-1,170	-1,170	-1,170
Capex	0	0	0
Other	-29	-29	-29
<b>Equity</b>	<b>1,176</b>	<b>1,282</b>	<b>458</b>
Shares	142	142	142
Equity/sh	8.29	9.03	3.23
Icl CCY	88.03	95.97	34.26
P/Equity	0.39	0.36	1.00
EV/GAV	0.70	0.67	1.00
Adj. Total Assets	2,549	2,646	1,981
Adj. Equity Ratio	46%	48%	23%
<b>Fair Value</b>	<b>NOK</b>	<b>45</b>	<b>32%</b>
	<b>USD</b>	<b>4</b>	

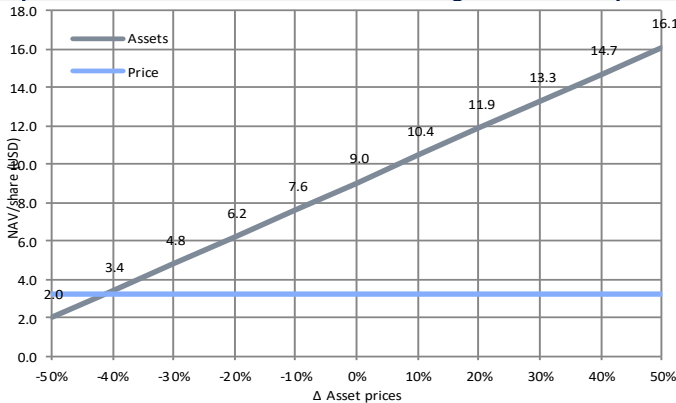
### Quarterly forward NAV & P/NAV



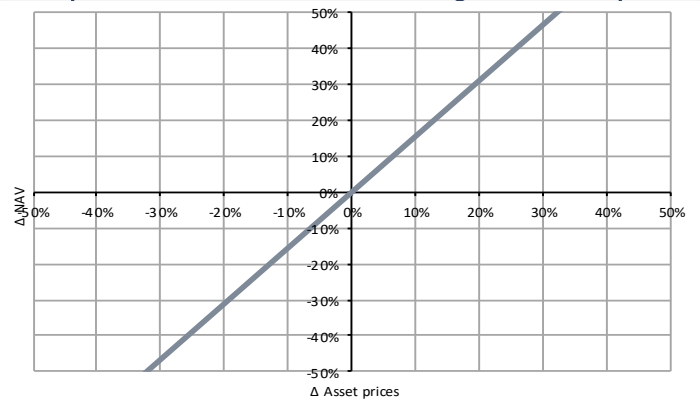
### Quarterly forward NAV decomposition



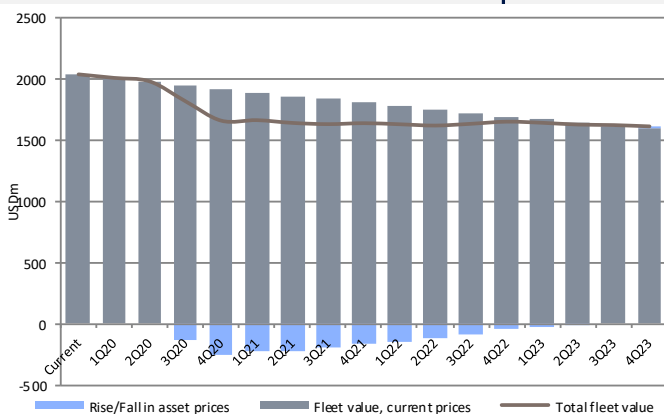
### Impact on NAV/sh from % change in asset prices



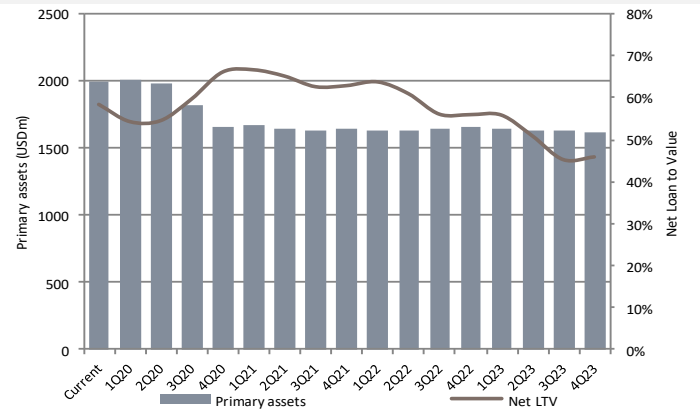
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	60.2	191.6	183.3	162.3				
EBITDA (adj.)	20.7	152.6	145.4	80.0				
EBIT (adj.)	-11.2	121.7	114.5	94.0				
PTP (adj.)	-25.2	110.8	102.7	82.2				
Net earnings (adj.)	-25.3	109.3	101.6	78.7				
EPS (adj.)	-0.18	0.77	0.72	0.55				
DPS	-	0.42	0.39	0.36				
Implied, line by line	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	60.2	191.6	183.3	162.3				
Opex & G&A	39.5	39.0	38.0	82.3				
Depreciation	31.8	30.9	30.9	-14.0				
Net finance	14.0	10.9	11.8	11.8				
Taxes & Minorities	0.1	1.5	1.1	3.5				

### CF & BS

1Q20 Preview USDm	1Q19		4Q19		1Q20		Actuals vs	
	1Q19	4Q19	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	15,829	50,149	45,153	39,979				
Utilization (incl. TCs and COAs)	91.4%	96.4%	97.0%					
Fleet days	4,160	3,963	4,186					
Cash break-even	20,515	21,968	20,964					
Liquidity	38	112	153					
Interest bearing debt	1,371	1,282	1,244					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	547	392	262	326	547	613	390	363	-	-221	-128	-38	
EBITDA (adj.)	396	249	140	205	396	470	269	243	-	-221	-128	-38	
EBIT (adj.)	270	126	17	82	270	347	145	120	-	-221	-128	-38	
PTP (adj.)	220	81	-25	42	220	302	106	86	-	-221	-131	-44	
Net earnings (adj.)	217	79	-25	42	217	299	105	85	-	-220	-130	-43	
EPS (adj.)	1.53	0.56	-0.18	0.30	1.53	2.11	0.74	0.60	-	-1.55	-0.92	-0.30	
DPS	0.42	0.94	0.14	0.30	0.43	1.32	0.38	0.41	-0.01	-0.38	-0.25	-0.12	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-221	-128	-38
									Opex & G&A	-	-1	-	-
									Depreciation	-	-	-	-
									Net finance	-	1	3	6
									Taxes & Minorities	-	-2	-1	-1

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	283	212	99	166	357	431	229	209	-74	-220	-130	-43
Free cash flow	328	200	87	151	359	419	217	195	-31	-220	-130	-44
Net cash flow	43	-86	21	44	95	80	16	-4	-51	-166	5	48
TCE/day	35,305	24,677	17,403	21,838	35,305	38,820	25,965	24,402	-	-14,143	-8,563	-2,564
Cash break-even	20,562	20,635	19,944	19,553	20,627	20,525	19,773	19,154	-65	111	171	399
Liquidity	112	26	47	91	146	226	242	238	-34	-200	-194	-147
Property & Equip. (incl. NBs)	1,904	1,792	1,681	1,572	1,916	1,804	1,693	1,583	-12	-12	-12	-11
Total equity	1,177	1,131	1,087	1,087	1,171	1,291	1,341	1,368	6	-159	-254	-281
Total assets	2,549	2,351	2,261	2,196	2,485	2,453	2,357	2,244	65	-101	-96	-48
Interest bearing debt	1,282	1,130	1,084	1,019	1,247	1,095	949	809	35	35	135	210
Net interest bearing debt	1,170	1,104	1,037	928	1,101	870	708	572	68	234	329	356
Market Cap.	1,191	458	458	458	1,191	491	491	491	-	-33	-33	-33
Enterprise value	2,361	1,562	1,494	1,386	2,292	1,361	1,199	1,063	68	201	296	323

### Valuation

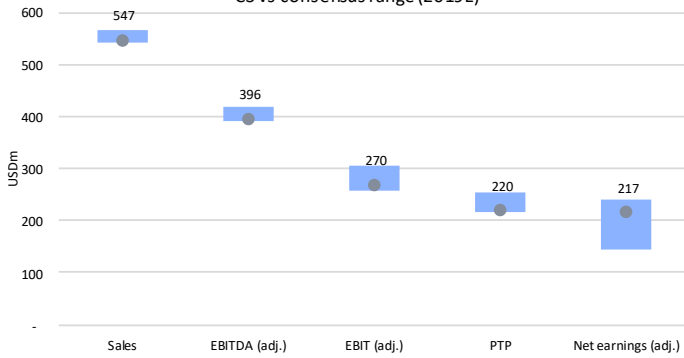
Estimate changes USDm									Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	1,282	1,159	1,237	1,415	1,300	1,587	1,677	1,792	-18	-429	-440	-377
Adj. equity ratio	48%	49%	51%	56%	50%	58%	62%	67%	-1%	-9%	-11%	-11%
FCF yield	28%	44%	19%	33%	30%	85%	44%	40%	-3%	-42%	-25%	-7%
Dividend yield	5%	29%	4%	9%	5%	38%	11%	12%	0%	-9%	-7%	-3%
EV/EBITDA	5.2	6.0	10.7	6.7	5.0	2.8	4.5	4.4	0.2	3.2	6.2	2.4
P/E (adj.)	5.5	5.8		10.8	5.5	1.6	4.7	5.8	-	4.1	#####	5.1



## Our Estimates vs Consensus

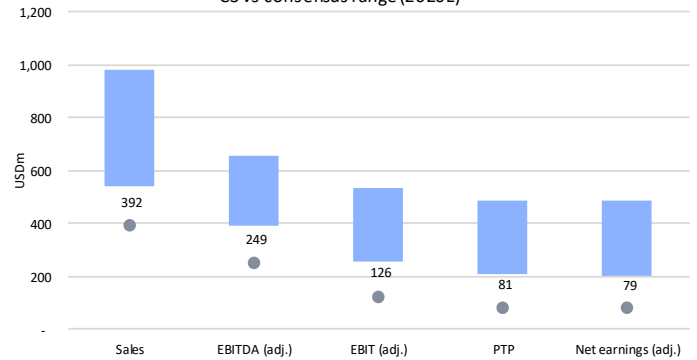
### Profit & Loss, year I

CS vs consensus range (2019E)

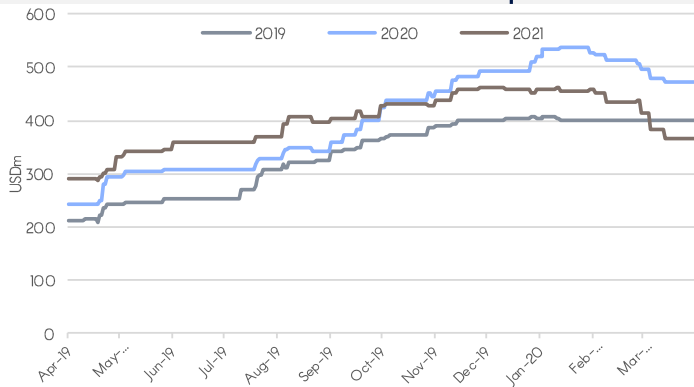


### Profit & Loss, year II

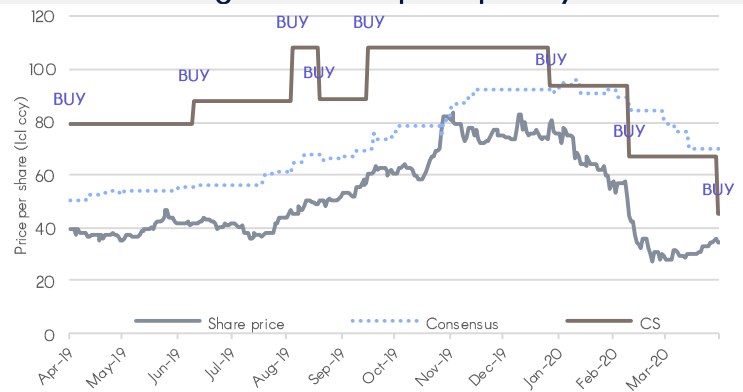
CS vs consensus range (2020E)



### Consensus EBITDA development



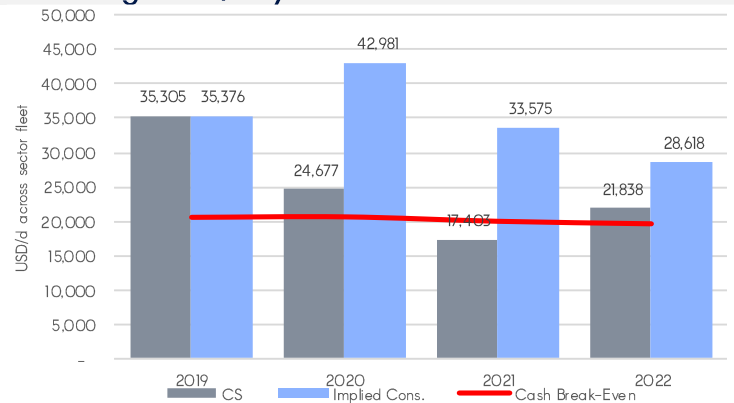
### Target vs share price past 1y



### Cleaves vs consensus: P&L break-down

	2019	CS	Consensus	Diff.	Diff.
TCE revenue	547	548	548	-1	0%
Opex + G&A	151	147	147	4	3%
Depreciation	126	123	123	3	2%
Net finance	50	47	47	3	7%
Taxes & Minorities	2	17	17	-14	-86%
	2020	CS	Consensus	Diff.	Diff.
TCE revenue	392	683	683	-291	-43%
Opex + G&A	143	212	212	-69	-33%
Depreciation	124	126	126	-2	-2%
Net finance	45	43	43	2	5%
Taxes & Minorities	1	-5	-5	6	-133%

### Avg. TCE/day across fleet vs consensus





# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

	1Q19	2Q19	3Q19	4Q19	1Q20E	2Q20E	3Q20E	4Q20E	1Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	60	111	185	192	183	117	62	29	32
Operational costs	-38	-36	-25	6	-29	-36	-37	-31	-30
EBITDA	22	75	160	197	154	81	25	-2	2
Depreciation/Amortization	-32	-32	-32	-31	-31	-31	-31	-31	-31
EBIT	-9	43	128	166	123	50	-6	-33	-29
Net financials	-14	-16	-11	-11	-12	-11	-11	-11	-10
PTP	-23	27	118	155	112	39	-17	-43	-39
Taxes/Minorities	0	0	0	-2	-1	0	0	0	0
Net earnings	-24	26	117	154	110	38	-17	-43	-39
Non-recurring items	-2	0	-10	-44	-9	0	0	0	0
Net earnings (adj.)	-25	26	107	109	102	38	-17	-43	-39
EPS	-0.17	0.19	0.83	1.08	0.78	0.27	-0.12	-0.31	-0.28
EPS (adj.)	-0.18	0.19	0.75	0.77	0.72	0.27	-0.12	-0.31	-0.28
DPS	0.00	0.00	0.10	0.32	0.42	0.39	0.13	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	38	53	48	112	153	126	79	26	3
Other current assets	121	173	212	276	276	276	276	276	276
Total current assets	159	226	260	388	429	402	355	302	279
Property & equip. (incl. NBs)	1,976	1,968	1,944	1,904	1,876	1,848	1,820	1,792	1,764
Other non-current assets	234	213	211	257	257	257	257	257	257
Total non-current assets	2,210	2,181	2,155	2,161	2,133	2,106	2,078	2,050	2,022
TOTAL ASSETS	2,369	2,408	2,415	2,549	2,562	2,507	2,433	2,351	2,300
Total equity	949	962	1,064	1,177	1,228	1,211	1,175	1,131	1,092
Short-term debt	165	160	157	191	168	169	172	175	171
Other current liabilities	44	63	50	79	79	79	79	79	79
Total current liabilities	209	223	207	270	247	248	250	254	250
Long-term debt	1,206	1,209	1,127	1,091	1,076	1,037	996	955	947
Other non-current liabilities	5	14	16	11	11	11	11	11	11
Total non-current liabilities	1,211	1,222	1,143	1,102	1,087	1,048	1,008	966	959
TOTAL EQUITY & LIABILITIES	2,369	2,408	2,415	2,549	2,562	2,507	2,433	2,351	2,300
Working capital, receivables	114	166	208	198	198	198	198	198	198
Working capital, payables	43	61	49	61	61	61	61	61	61
Net working capital	71	105	158	138	138	138	138	138	138
Interest bearing debt	1,371	1,369	1,284	1,282	1,244	1,206	1,168	1,130	1,118
Liquidity	38	53	48	112	153	126	79	26	3
Net interest bearing debt	1,333	1,316	1,236	1,170	1,091	1,080	1,089	1,104	1,116
<b>Cash Flow (USDm)</b>									
Net income	-24	26	117	154	110	38	-17	-43	-39
Depreciation	32	32	32	31	31	31	31	31	31
Other	1	2	0	-55	0	0	0	0	0
Cash earnings	9	60	149	130	141	69	14	-13	-9
Changes in working capital	15	-37	-24	-20	0	0	0	0	0
Net operational cash flow	24	23	125	110	141	69	14	-13	-9
Capex	-1	-7	-2	0	-3	-3	-3	-3	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	7	0	0	32	0	0	0	0	0
Other	1	1	7	8	0	0	0	0	0
Net investing cash flow	6	-6	5	40	-3	-3	-3	-3	-3
Repayment of debt	-33	-348	-133	-91	-38	-38	-38	-38	-37
Proceeds from debt	0	334	26	0	0	0	0	0	25
Dividends paid	0	0	-14	-46	-60	-55	-19	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	-9	11	-14	33	0	0	0	0	0
Net financing cash flow	-42	-3	-135	-104	-98	-93	-57	-38	-12
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-12	14	-5	47	41	-27	-46	-54	-23
Cash balance	38	53	48	112	153	126	79	26	3
Free cash flow	30	17	130	151	138	66	11	-16	-12





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
<b>Profit &amp; Loss (USDm)</b>									
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
<b>Net earnings</b>	<b>255</b>	<b>324</b>	<b>24</b>	<b>-43</b>	<b>-71</b>	<b>226</b>	<b>409</b>	<b>319</b>	<b>243</b>
Non-recurring items	0	0	0	0	0	-12	-9	0	0
<b>Net earnings (adj.)</b>	<b>255</b>	<b>324</b>	<b>24</b>	<b>-43</b>	<b>-71</b>	<b>214</b>	<b>401</b>	<b>319</b>	<b>243</b>
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
<b>Balance Sheet (USDm)</b>									
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
<b>Total current assets</b>	<b>173</b>	<b>201</b>	<b>166</b>	<b>276</b>	<b>189</b>	<b>311</b>	<b>460</b>	<b>586</b>	<b>714</b>
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
<b>Total non-current assets</b>	<b>1,491</b>	<b>1,909</b>	<b>2,428</b>	<b>2,179</b>	<b>2,071</b>	<b>2,127</b>	<b>2,013</b>	<b>1,898</b>	<b>1,779</b>
<b>TOTAL ASSETS</b>	<b>1,664</b>	<b>2,110</b>	<b>2,594</b>	<b>2,455</b>	<b>2,260</b>	<b>2,437</b>	<b>2,472</b>	<b>2,484</b>	<b>2,493</b>
<b>Total equity</b>	<b>1,081</b>	<b>1,171</b>	<b>1,117</b>	<b>1,074</b>	<b>984</b>	<b>1,123</b>	<b>1,310</b>	<b>1,468</b>	<b>1,617</b>
Short-term debt	60	120	431	265	133	154	246	200	183
Other current liabilities	52	51	65	41	40	50	50	50	50
<b>Total current liabilities</b>	<b>112</b>	<b>171</b>	<b>497</b>	<b>305</b>	<b>173</b>	<b>204</b>	<b>296</b>	<b>250</b>	<b>233</b>
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
<b>Total non-current liabilities</b>	<b>471</b>	<b>768</b>	<b>980</b>	<b>1,076</b>	<b>1,103</b>	<b>1,110</b>	<b>866</b>	<b>766</b>	<b>643</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,664</b>	<b>2,110</b>	<b>2,594</b>	<b>2,455</b>	<b>2,260</b>	<b>2,437</b>	<b>2,472</b>	<b>2,484</b>	<b>2,493</b>
Working capital, receivables	88	91	64	93	98	208	208	208	208
Working capital, payables	50	44	60	40	39	49	49	49	49
<b>Net working capital</b>	<b>38</b>	<b>47</b>	<b>5</b>	<b>53</b>	<b>59</b>	<b>158</b>	<b>158</b>	<b>158</b>	<b>158</b>
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
<b>Net interest bearing debt</b>	<b>459</b>	<b>793</b>	<b>1,330</b>	<b>1,285</b>	<b>1,185</b>	<b>1,148</b>	<b>847</b>	<b>575</b>	<b>307</b>
<b>Cash Flow (USDm)</b>									
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
<b>Cash earnings</b>	<b>329</b>	<b>417</b>	<b>182</b>	<b>82</b>	<b>62</b>	<b>356</b>	<b>535</b>	<b>445</b>	<b>369</b>
Changes in working capital	43	-11	35	-53	-15	-46	0	0	0
<b>Net operational cash flow</b>	<b>372</b>	<b>407</b>	<b>217</b>	<b>29</b>	<b>47</b>	<b>310</b>	<b>535</b>	<b>445</b>	<b>369</b>
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
<b>Net investing cash flow</b>	<b>-184</b>	<b>-505</b>	<b>-233</b>	<b>24</b>	<b>70</b>	<b>2</b>	<b>-12</b>	<b>-12</b>	<b>-7</b>
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
<b>Net financing cash flow</b>	<b>-229</b>	<b>122</b>	<b>3</b>	<b>-77</b>	<b>-124</b>	<b>-264</b>	<b>-375</b>	<b>-307</b>	<b>-234</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-41</b>	<b>24</b>	<b>-13</b>	<b>-24</b>	<b>-6</b>	<b>48</b>	<b>149</b>	<b>126</b>	<b>128</b>
Cash balance	70	94	81	57	50	98	247	373	501
<b>Free cash flow</b>	<b>188</b>	<b>-98</b>	<b>-16</b>	<b>53</b>	<b>118</b>	<b>312</b>	<b>523</b>	<b>433</b>	<b>362</b>



# Cleaves Securities

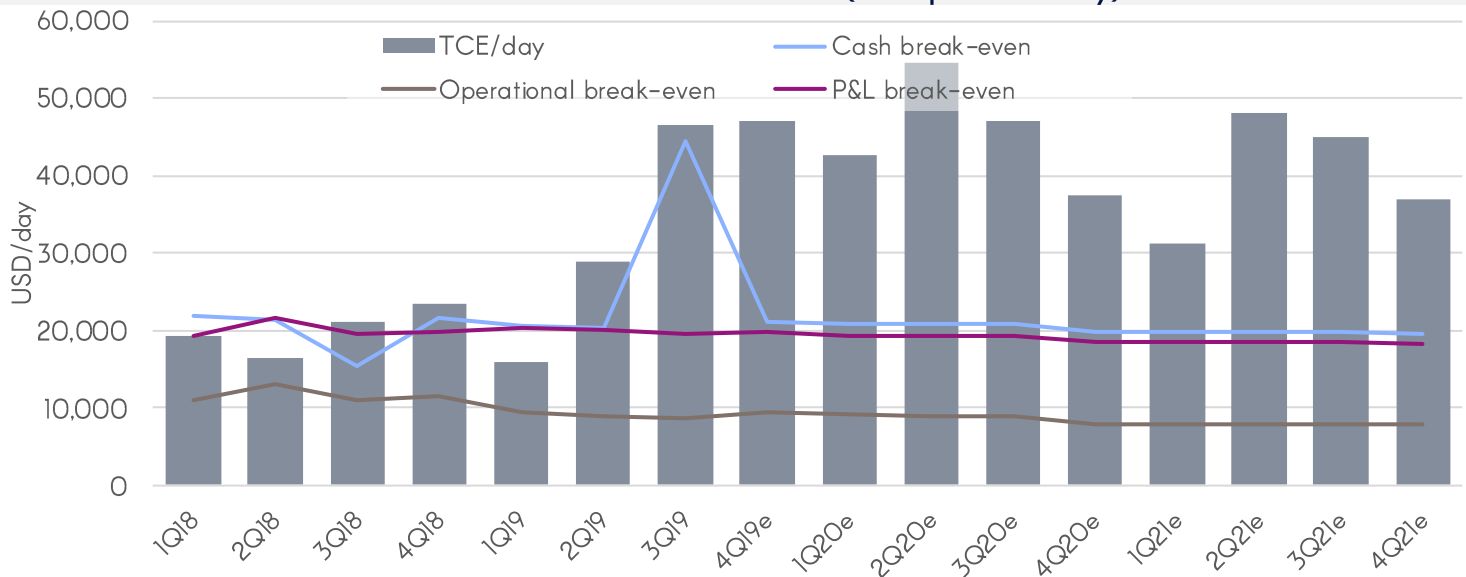
## Shipping Quarterly: Coronavirus Volatility

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

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
<b>Market Cap.</b>	<b>960</b>	<b>1,129</b>	<b>598</b>	<b>670</b>	<b>424</b>	<b>1,261</b>	<b>1,261</b>	<b>1,261</b>	<b>1,261</b>
NIBD	459	793	1,330	1,285	1,185	1,148	847	575	307
Minorities	10	10	7	3	0	0	0	0	0
<b>Enterprise value</b>	<b>1,410</b>	<b>1,912</b>	<b>1,921</b>	<b>1,951</b>	<b>1,608</b>	<b>2,410</b>	<b>2,109</b>	<b>1,836</b>	<b>1,569</b>
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 (ROCE)	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 ly)	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)





Good value on the steel, but higher cost base vs peers comparatively underscores on earnings multiples & our valuation matrix

LPG-US

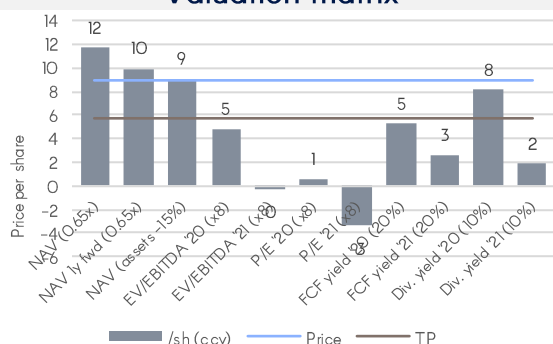
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Dorian LPG

### Share price vs target price

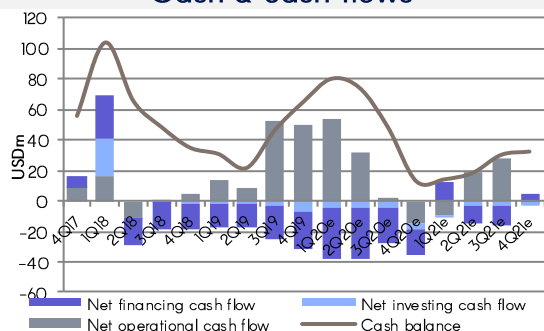


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2019E	2020E	2021E	2022E
Net sales	269	216	171	205
EBITDA (adj.)	171	104	68	101
EBIT (adj.)	105	36	-0	33
PTP (adj.)	73	5	-30	3
Net earnings (adj.)	73	5	-30	3
EPS (adj.)	1.34	0.10	-0.55	0.06
DPS	-	0.81	0.19	0.53
USDm	2019E	2020E	2021E	2022E
Fwd NAV	966	822	871	941
Adj. equity ratio	59%	57%	59%	62%
Dividend yield	0%	9%	2%	6%
EV/EBITDA	8.2	9.9	14.8	9.7
P/E (adj.)	11.5	92.7		

### Key numbers

USDm	2019E	2020E	2021E	2022E
Net operational cash flow	63	73	38	71
Free cash flow	51	56	28	66
Net cash flow	-29	-52	19	14
TCE/day	34,897	27,085	20,999	25,062
Cash break-even	23,937	23,766	21,895	21,916
Liquidity	66	15	34	48
Property & Equip. (incl. NBs)	1,448	1,397	1,339	1,276
Total equity	982	944	904	879
Total assets	1,658	1,555	1,516	1,467
Interest bearing debt	651	587	588	564
Net interest bearing debt	585	573	554	516
Market Cap.	836	479	479	479

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

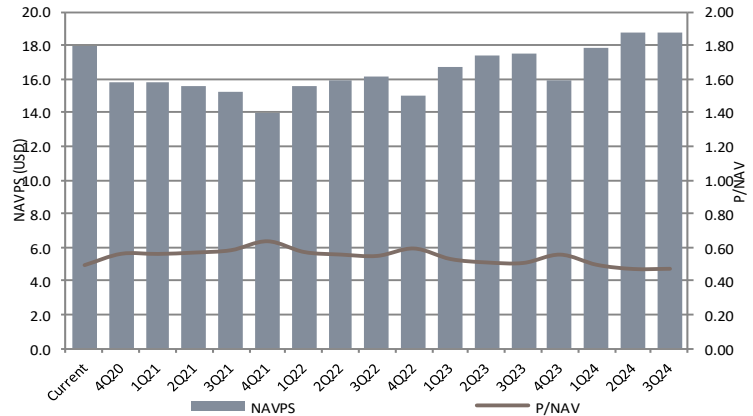


## Company Valuation

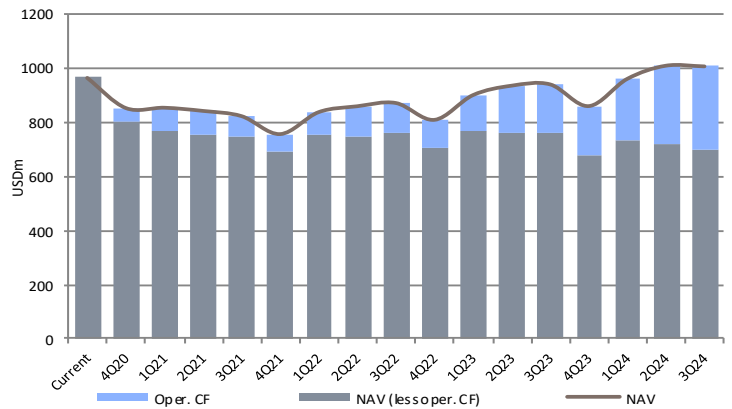
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,448	1,440	993
Contract value	0	7	5
Other	123	123	85
<b>GAV</b>	<b>1,572</b>	<b>1,571</b>	<b>1,084</b>
Net debt	-585	-585	-585
Capex	0	-15	-15
Other	-5	-5	-5
<b>Equity</b>	<b>982</b>	<b>966</b>	<b>479</b>
Shares	54	54	54
<b>Equity/sh</b>	<b>18.24</b>	<b>17.94</b>	<b>8.89</b>
lcl CCY	18.24	17.94	8.89
<b>P/Equity</b>	<b>0.49</b>	<b>0.50</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.69</b>	<b>0.69</b>	<b>1.00</b>
Adj. Total Assets	1,658	1,649	1,203
<b>Adj. Equity Ratio</b>	<b>59%</b>	<b>59%</b>	<b>40%</b>
<b>Fair Value</b>	<b>USD</b>	<b>5.8</b>	<b>-35%</b>

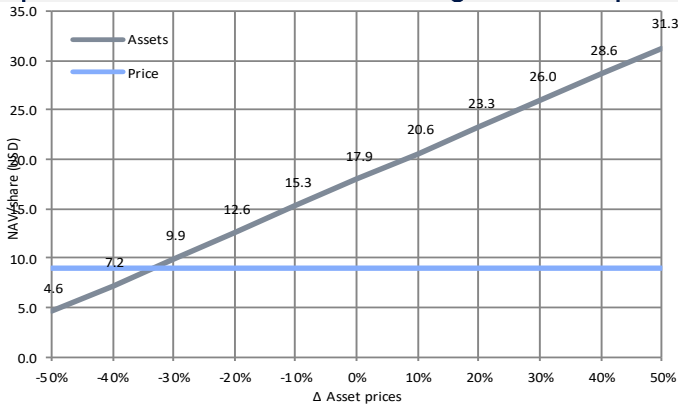
### Quarterly forward NAV & P/NAV



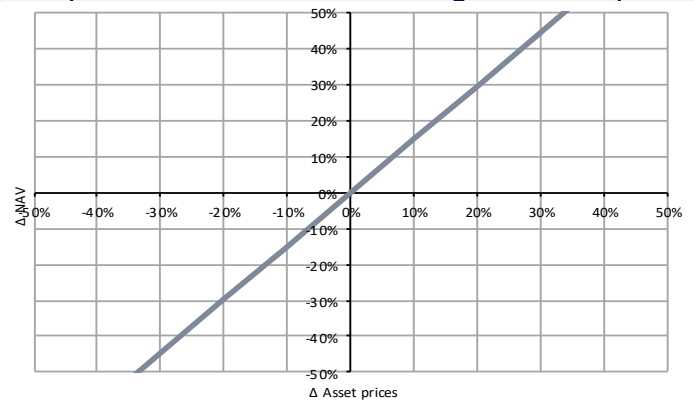
### Quarterly forward NAV decomposition



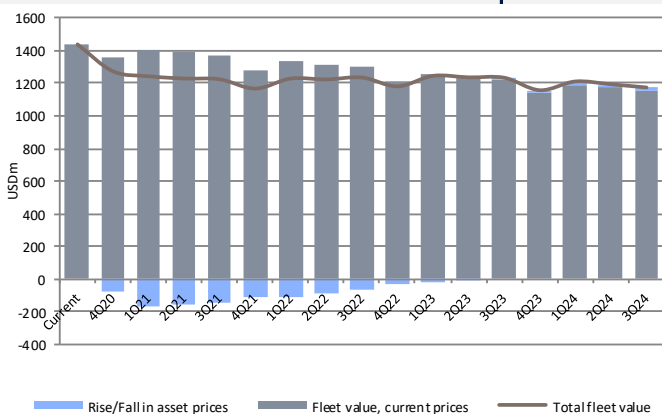
### Impact on NAV/sh from % change in asset prices



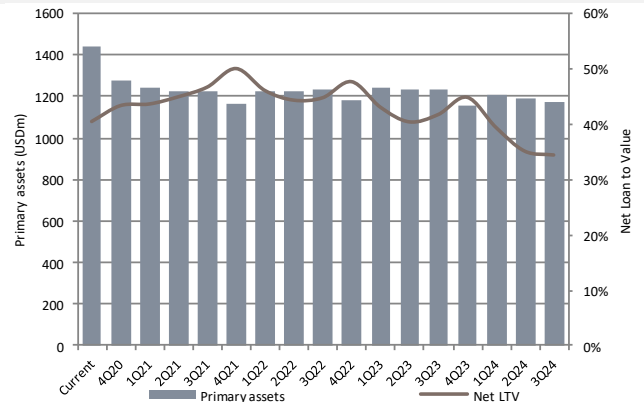
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

### P&L

4Q20 Preview USDm			4Q20		Actuals vs		Actuals vs	
	4Q19	3Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	33.6	84.3	88.8	83.2				
EBITDA (adj.)	11.4	58.0	60.9	56.9				
EBIT (adj.)	-4.7	41.3	43.9	40.4				
PTP (adj.)	-12.0	34.2	36.3	30.8				
Net earnings (adj.)	-12.0	34.2	36.3	32.4				
EPS (adj.)	-0.22	0.63	0.67	0.60				
DPS	-	0.33	0.34	-				
<b>Implied, line by line</b>	<b>4Q19</b>	<b>3Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	33.6	84.3	88.8	83.2				
Opex & G&A	22.2	26.2	27.9	26.3				
Depreciation	16.1	16.7	17.0	16.6				
Net finance	7.4	7.1	7.6	9.6				
Taxes & Minorities	-	-	-	-1.6				

### CF & BS

4Q20 Preview USDm			4Q20		Actuals vs		Actuals vs	
	4Q19	3Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	13	50	53					
Free cash flow	12	43	49					
Net cash flow	-4	18	15					
TCE/day	18,883	43,410	48,684	45,614				
Utilization	89.4%	91.7%	83.5%					
Fleet days	1,990	2,116	2,184					
Cash break-even	24,056	23,922	23,861					
Liquidity	31	66	81					
Interest bearing debt	696	651	635					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E	
Net sales	269	216	171	205	269	379	258	239	-	-163	-87	-34	
EBITDA (adj.)	171	104	68	101	171	267	155	135	-	-163	-87	-34	
EBIT (adj.)	105	36	-0	33	105	200	87	67	-	-164	-87	-34	
PTP (adj.)	73	5	-30	3	73	168	58	41	-	-163	-88	-37	
Net earnings (adj.)	73	5	-30	3	73	168	58	41	-	-163	-88	-37	
EPS (adj.)	1.34	0.10	-0.55	0.06	1.34	3.12	1.08	0.75	-	-3.03	-1.63	-0.69	
DPS	-	0.81	0.19	0.53	-	1.61	0.72	0.67	-	-0.79	-0.54	-0.14	
									2019E	2020E	2021E	2022E	
									TCE revenue	-	-163	-87	-34
									Opex & G&A	-	-	-	-
									Depreciation	-	1	0	-
									Net finance	-	-1	1	3
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019	2020	2021	2022	2019E	2020E	2021E	2022E
Net operational cash flow	63	73	38	71	63	235	126	109	-	-162	-88	-37
Free cash flow	51	56	28	66	51	220	115	104	-	-164	-87	-37
Net cash flow	-29	-52	19	14	-29	69	29	24	-	-121	-10	-10
TCE/day	34,897	27,085	20,999	25,062	35,268	45,424	31,648	29,252	-371	#####	#####	-4,190
Cash break-even	23,937	23,766	21,895	21,916	23,688	23,875	21,617	20,890	249	-109	279	1,026
Liquidity	66	15	34	48	66	136	165	189	-	-121	-131	-141
Property & Equip. (incl. NBs)	1,448	1,397	1,339	1,276	1,448	1,397	1,339	1,276	-	1	-0	-0
Total equity	982	944	904	879	982	1,064	1,083	1,087	-	-120	-179	-209
Total assets	1,658	1,555	1,516	1,467	1,658	1,675	1,647	1,608	-	-120	-131	-141
Interest bearing debt	651	587	588	564	651	587	540	496	-	-	48	68
Net interest bearing debt	585	573	554	516	585	452	375	308	-	121	179	209
Market Cap.	836	479	479	479	836	429	429	429	-	50	50	50
Enterprise value	1,421	1,051	1,033	995	1,421	881	804	737	-	170	229	258

### Valuation

Estimate changes USDm	New				Old				Change			
	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Fwd NAV	966	822	871	941	966	1,079	1,128	1,198	0	-257	-257	-256
Adj. equity ratio	59%	57%	59%	62%	59%	64%	67%	70%	0%	-6%	-8%	-8%
Dividend yield	0%	9%	2%	6%	0%	20%	9%	8%	0%	-11%	-7%	-2%
EV/EBITDA	8.2	9.9	14.8	9.7	8.2	3.3	5.1	5.4	-	6.7	9.7	4.3
P/E (adj.)	11.5	92.7			11.5	2.6	7.4	10.6	-	90.1	#####	#####



# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	4Q19	1Q20	2Q20	3Q20	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Net sales	34	61	91	84	89	68	38	21	24
Operational costs	-21	-25	-25	-26	-27	-28	-28	-27	-25
EBITDA	12	36	66	58	61	41	11	-7	-1
Depreciation/Amortization	-16	-16	-16	-17	-17	-17	-17	-17	-17
EBIT	-4	20	49	42	44	24	-6	-24	-18
Net financials	-12	-14	-9	-6	-8	-8	-8	-8	-8
PTP	-16	5	41	36	36	15	-15	-32	-26
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-16	5	41	36	36	15	-15	-32	-26
Non-recurring items	4	5	-1	-1	0	0	0	0	0
Net earnings (adj.)	-12	10	40	34	36	15	-15	-32	-26
EPS	-0.29	0.10	0.75	0.66	0.67	0.29	-0.27	-0.59	-0.48
EPS (adj.)	-0.22	0.19	0.73	0.63	0.67	0.29	-0.27	-0.59	-0.48
DPS	0.00	0.00	0.00	0.00	0.33	0.34	0.14	0.00	0.00
Please note that Dorian LPG has diverging accounting year. i.e. FY 2017 ended 31/03/2017									
Balance Sheet (USDm)	4Q19	1Q20	2Q20	3Q20	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Cash & short-term investments	31	22	46	65	80	74	48	13	14
Other current assets	52	71	78	79	79	79	79	79	79
Total current assets	83	93	124	144	159	153	127	92	93
Property & equip. (incl. NBs)	1,479	1,465	1,453	1,448	1,436	1,423	1,410	1,397	1,383
Other non-current assets	64	61	64	66	66	66	66	66	66
Total non-current assets	1,543	1,526	1,518	1,514	1,501	1,488	1,476	1,463	1,448
TOTAL ASSETS	1,625	1,619	1,642	1,658	1,660	1,641	1,603	1,555	1,542
Total equity	913	919	954	982	1,001	998	975	944	918
Short-term debt	64	64	64	64	64	64	64	64	64
Other current liabilities	15	16	18	22	22	22	22	22	22
Total current liabilities	79	80	82	86	86	86	86	86	86
Long-term debt	632	618	602	587	571	555	539	523	536
Other non-current liabilities	1	3	4	3	3	3	3	3	3
Total non-current liabilities	633	620	606	590	574	558	542	526	538
TOTAL EQUITY & LIABILITIES	1,625	1,619	1,642	1,658	1,660	1,641	1,603	1,555	1,542
Working capital, receivables	48	2	72	72	72	72	72	72	72
Working capital, payables	8	12	15	20	20	20	20	20	20
Net working capital	40	-9	57	53	53	53	53	53	53
Interest bearing debt	696	682	666	651	635	619	603	587	600
Liquidity	31	57	48	66	81	75	50	15	16
Net interest bearing debt	665	625	618	585	554	544	553	573	584
Cash Flow (USDm)	4Q19	1Q20	2Q20	3Q20	4Q20E	1Q21E	2Q21E	3Q21E	4Q21E
Net income	-16	5	41	36	36	15	-15	-32	-26
Depreciation	16	16	16	17	17	17	17	17	17
Other	6	8	3	-1	0	0	0	0	0
Cash earnings	6	29	60	52	53	32	2	-15	-9
Changes in working capital	-53	-21	-8	-3	0	0	0	0	0
Net operational cash flow	13	9	52	50	53	32	2	-15	-9
Capex	-1	-2	-3	-8	-4	-4	-4	-4	-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	1	0	0	0	0	0
Net investing cash flow	-1	-2	-3	-7	-4	-4	-4	-4	-3
Repayment of debt	-16	-16	-16	-16	-16	-16	-16	-16	-12
Proceeds from debt	0	0	0	0	0	0	0	0	25
Dividends paid	0	0	0	0	-18	-18	-8	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	-7	-9	0	0	0	0	0
Net financing cash flow	-16	-16	-23	-25	-34	-34	-24	-16	13
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-4	-9	26	18	15	-6	-26	-35	1
Cash balance	31	22	46	65	80	74	48	13	14
Free cash flow	12	7	49	43	49	28	-2	-19	-11





# Cleaves Securities

## Shipping Quarterly: Coronavirus Volatility

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

Profit & Loss (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net sales	54	221	202	165	161	269	216	171	205
Operational costs		-63	-90	-88	-100	-97	-110	-102	-102
EBITDA		158	112	78	62	172	106	70	103
Depreciation/Amortization		-31	-65	-65	-65	-66	-68	-68	-68
EBIT		127	47	12	-3	107	38	2	35
Net financials		-8	-30	-27	-35	-41	-33	-31	-31
PTP		118	17	-15	-38	66	5	-30	3
Taxes/Minorities		0	0	0	0	0	0	0	0
Net earnings		118	17	-15	-38	66	5	-30	3
Non-recurring items		0	-15	-6	5	7	0	0	0
Net earnings (adj.)		118	2	-21	-33	73	5	-30	3
EPS	0.28	2.06	0.30	-0.27	-0.69	1.21	0.10	-0.55	0.06
EPS (adj.)		2.05	0.02	-0.39	-0.60	1.34	0.10	-0.55	0.06
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.81	0.19	0.53
<i>Please note that Dorian LPG has diverging accounting year. i.e. FY 2017 ended 31/03/2017. This table shows calendar years</i>									
Balance Sheet (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Cash & short-term investments	183	22	32	56	35	65	13	32	46
Other current assets	15	76	31	37	63	79	79	79	79
Total current assets	198	98	63	92	98	144	92	112	125
Property & equip. (incl. NBs)	805	1,632	1,620	1,555	1,493	1,448	1,397	1,339	1,276
Other non-current assets	7	93	78	59	69	66	66	66	66
Total non-current assets	812	1,725	1,697	1,614	1,562	1,514	1,463	1,405	1,342
TOTAL ASSETS	1,010	1,823	1,760	1,706	1,660	1,658	1,555	1,516	1,467
Total equity	864	975	973	962	927	982	944	904	879
Short-term debt	10	66	66	127	64	64	80	84	73
Other current liabilities	11	22	20	16	20	22	22	22	22
Total current liabilities	21	88	86	143	84	86	102	105	95
Long-term debt	113	748	701	601	647	587	507	504	491
Other non-current liabilities	13	11	0	1	1	3	3	3	3
Total non-current liabilities	126	760	701	601	649	590	510	507	494
TOTAL EQUITY & LIABILITIES	1,010	1,823	1,760	1,706	1,660	1,658	1,555	1,516	1,467
Working capital, receivables	3	2	3	2	2	72	72	72	72
Working capital, payables	10	17	11	10	15	20	20	20	20
Net working capital	-6	-15	-9	-8	-13	53	53	53	53
Interest bearing debt	123	814	767	727	711	651	587	588	564
Liquidity	183	72	32	56	35	66	15	34	48
Net interest bearing debt	-60	742	735	672	676	585	573	554	516
Cash Flow (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Net income		118	17	-15	-38	66	5	-30	3
Depreciation	9	31	65	65	65	66	68	68	68
Other	2	24	-24	3	2	16	0	0	0
Cash earnings		174	57	54	29	147	73	38	71
Changes in working capital	-6	-87	60	-10	-17	-84	0	0	0
Net operational cash flow		87	117	44	12	63	73	38	71
Capex	-295	-859	-58	-1	-3	-14	-17	-10	-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	-17	-10	-5
Repayment of debt	-6	-24	-69	-186	-197	-64	-64	-49	-49
Proceeds from debt	0	715	42	149	177	0	0	50	25
Dividends paid	0	0	0	0	0	0	-44	-10	-28
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	-80	-108	-9	-53
Currency effect	-1	-1	0	0	0	0	0	0	0
Net cash flow		-161	10	2	11	-29	-52	19	14
Cash balance	183	22	32	34	45	15	-36	-17	-3
Free cash flow		-816	61	43	34	51	56	28	66



# Cleaves Securities

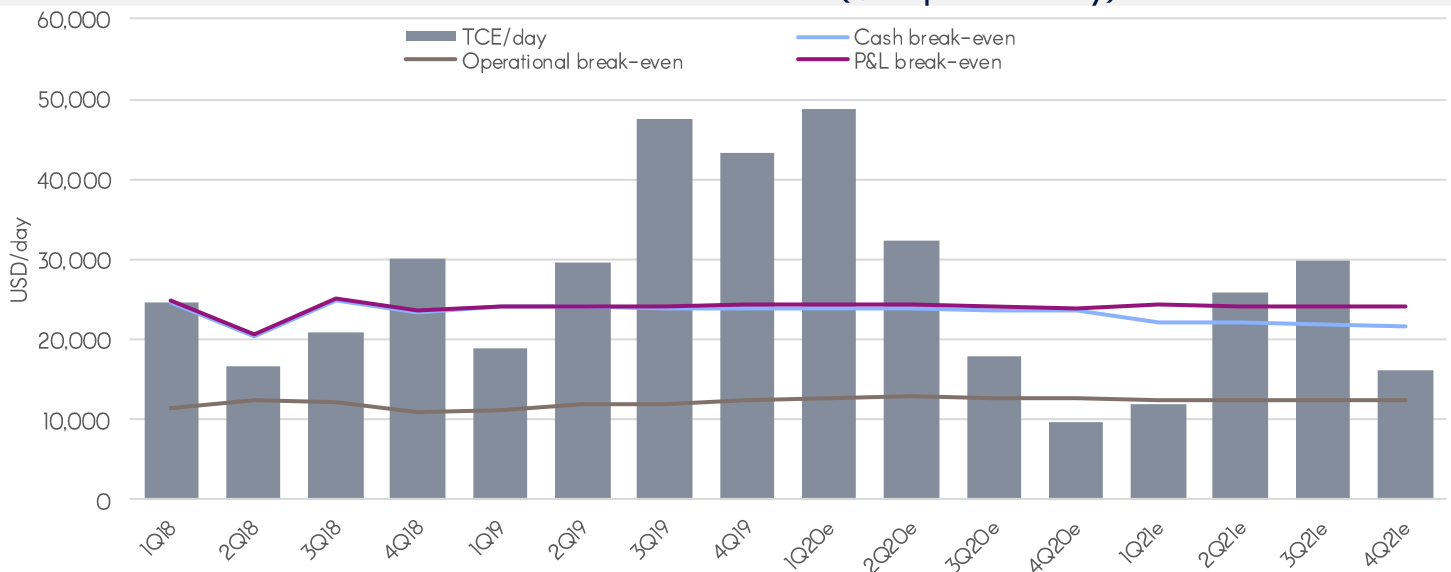
## Shipping Quarterly: Coronavirus Volatility

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

Share Data & Valuation (USDm)	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Shares outstanding, end	48	58	56	55	55	54	54	54	54
Share price, avg (USD)	18	13	8	8	8	11	9	9	9
Share price, end (USD)	—	13	9	11	7	15	9	9	9
<b>Market Cap.</b>		<b>756</b>	<b>528</b>	<b>579</b>	<b>413</b>	<b>836</b>	<b>479</b>	<b>479</b>	<b>479</b>
NIBD	-60	742	735	672	676	585	573	554	516
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>		<b>1,499</b>	<b>1,262</b>	<b>1,251</b>	<b>1,089</b>	<b>1,421</b>	<b>1,051</b>	<b>1,033</b>	<b>995</b>
Key Figures & Ratios	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
P/E (reported)		6.4	31.5			12.7	92.7		
P/E (adj.)		6.4				11.5	92.7		
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	3.1	2.2	2.8	2.3
EV/Sales		6.8	6.2	7.6	6.7	5.3	4.9	6.0	4.9
EV/EBITDA		9.5	11.3	16.1	17.6	8.2	9.9	14.8	9.7
EV/EBIT		11.8	27.0			13.3	27.8		28.7
P/B		0.8	0.5	0.6	0.4	0.9	0.5	0.5	0.5
FCF yield		-108%	12%	7%	8%	6%	12%	6%	14%
Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%	9.1%	2.1%	5.9%
Return on equity (ROE)		12.1%	1.7%	-1.6%	-4.1%	6.7%	0.5%	-3.3%	0.4%
Return on capital employed (ROCE)		7.6%	2.8%	0.8%	-0.2%	7.0%	2.6%	0.1%	2.6%
Return on assets (ROA)		6.5%	1.0%	-0.9%	-2.3%	4.0%	0.3%	-2.0%	0.2%
Sales growth		309%	-8%	-18%	-2%	67%	-20%	-21%	19%
EBITDA margin		72%	55%	47%	38%	64%	49%	41%	50%
EBIT margin		57%	23%	8%	-2%	40%	18%	1%	17%
Net margin		54%	8%	-9%	-24%	24%	2%	-17%	2%
Net interest rate	0.0%	0.1%	1.0%	0.0%	4.4%	6.2%	5.7%	5.7%	6.1%
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%	59%	61%	60%	60%
Leverage ratio	14%	46%	45%	44%	44%	41%	39%	40%	40%
NIBD / EBITDA (past 1y)		4.7	6.6	8.6	11.0	3.4	5.4	8.0	5.0
Operating cash flow/NIBD		0.1	0.2	0.1	0.0	0.1	0.1	0.1	0.1
Net interest coverage ratio (EBIT)		179.0	15.7		2.1	4.7	3.2	2.2	3.3
Current ratio	9.6	1.1	0.7	0.6	1.2	1.7	0.9	1.1	1.3
Adj. equity ratio						59%	57%	59%	62%
Operating assets	821	1,702	1,678	1,621	1,589	1,556	1,505	1,447	1,384
Operating liabilities	24	34	21	17	21	24	24	24	24
Net operating assets	798	1,668	1,657	1,605	1,568	1,531	1,480	1,422	1,359

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)





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LPG US	Dorian LPG
EGLE US	Eagle Bulk
FLNG NO	Flex LNG
GLOG US	GasLog
GNK US	Genco Shipping
GOGL NO	Golden Ocean
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Current recommendations of the Research Department (updated 26 April 2020)

Recommendation Percent

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SELL 27%

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# Cleaves Securities

Shipping Quarterly: Coronavirus Volatility

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

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