



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

## Shipping Quarterly: Hydrocarbons Are Out of Favour

### Shipping Coverage

Ticker	Last		New		Old	
	Price	Rating	TP	Rating	TP	
2020 NO	54.6	BUY	93.0	BUY	89.0	
BULK NO	127	BUY	145	SELL	112	
DSX US	1.49	BUY	2.8	BUY	3.0	
EGLE US	21	BUY	3.6	BUY	3.5	
GNK US	6.4	BUY	15.0	BUY	10.0	
GOGL US	4.0	BUY	7.7	BUY	5.6	
SALT US	15.3	BUY	25.0	BUY	30.0	
SBLK US	6.7	BUY	13.0	BUY	10.0	
<b>Dry Bulk</b>						
ADSCME NO	18.7	HOLD	19.0	HOLD	20.0	
DHT US	5.2	HOLD	4.6	HOLD	4.6	
EURN US	8.5	HOLD	7.8	HOLD	8.2	
FRO US	7.1	SELL	4.1	SELL	4.8	
HAFNIA NO	16.4	SELL	12.0	SELL	11.0	
HUNT NO	3.3	HOLD	2.9	HOLD	3.0	
INSW US	15.7	HOLD	16.0	HOLD	16.0	
NAT US	4.1	SELL	1.4	SELL	1.6	
OET NO	55	SELL	29.0	SELL	38.0	
TNK US	12.9	HOLD	12.0	SELL	10.0	
TNP US	9.9	HOLD	8.5	HOLD	2.1	
<b>Oil Tankers</b>						
ALNG NO	1.3	SELL	1.0	HOLD	1.4	
FLNG NO	48.2	BUY	96	BUY	106	
GLOC US	2.8	BUY	4.2	HOLD	3.9	
<b>LNG Carriers</b>						
AVANCE NO	17.8	BUY	26.0	BUY	31.0	
BWLPG NO	31.6	BUY	36.0	BUY	45.0	
LPG US	7.5	SELL	5.7	SELL	5.8	
<b>LPG Carriers</b>						

**Dry Bulk:** Our [earlier](#) outlined Base Case is playing out before our eyes, with very strong Chinese demand for dry bulk as the economy is normalizing and authorities are adding stimuli. Chinese steel production reached a new all-time-high in May, and inventories of steel and iron ore have fallen rapidly. With Brazil finally ramping up iron ore exports from early June, earnings have surged. We believe 2H20E could be very strong, and see consecutive annual gains at least until 2023E. The segment remains our top pick within our shipping universe, and we believe our share index could rally a massive 182% over the next year & 275% over two years.

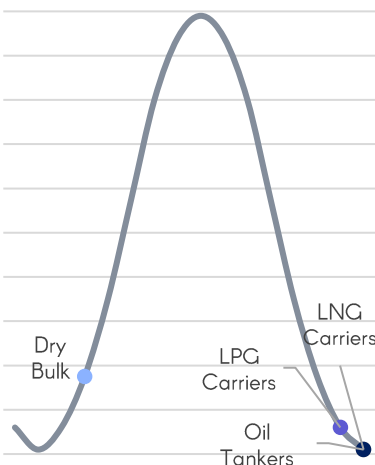
**Oil Tankers:** We downgraded the segment to HOLD in early [April](#) in the aftermath of the OPEC+ agreement, further down to SELL in [May](#) as the oil contango collapsed and our [2Q20 forecast](#) was similar to actuals for the quarter. We do major upwards revisions from 2022E and beyond as oil demand & inventory builds have developed favourably vs our Base Case. Combined with the lowest orderbook since 1997, we see our Oil Tanker share index +237% by 2024E. We do however argue that it is too early to discount this into share prices at present, and believe another -15% on asset prices amidst weak earnings over the next year means mid-2021E could be the inflection point with our share index 21% lower than today.

**LNG Carriers:** LNG shipping is not escaping the ramifications of the global energy oversupply, with regional price differentials having hovered around their lowest level since 2008 for months. With 77% of new liquefaction capacity initially planned for 2023E now postponed, we are eyeing 2024E before we see a meaningful recovery for LNG Carriers. Some shares are nevertheless undervalued.

**LPG Carriers:** Fleet utilization, earnings and share prices in 2Q20 were similar to our [forecast](#): Significantly down. With limited regional price differentials on LPG from low global energy prices, and with US LPG exports expected -15% y/y in 2021E, we look towards 2022E for a recovery in fortunes for VLGC owners. Most share prices do however reflect this gloomy outlook already, and we see our VLGC share index close to unchanged over the next year.

**Capital allocation:** We do limited changes to our optimal portfolio since our last [Shipping Quarterly](#). We now allocate 50% towards Dry Bulk (50%), 0% towards Oil Tankers (7%), 11% towards LNG Carriers (8%), 18% towards VLGCs (10%) & 21% held in cash / balanced against short positions (25%). Our recommendations have outperformed the shipping market by 484% since 2014, returning 81%. We are still ranked #1 globally on shipping equity research by Bloomberg.

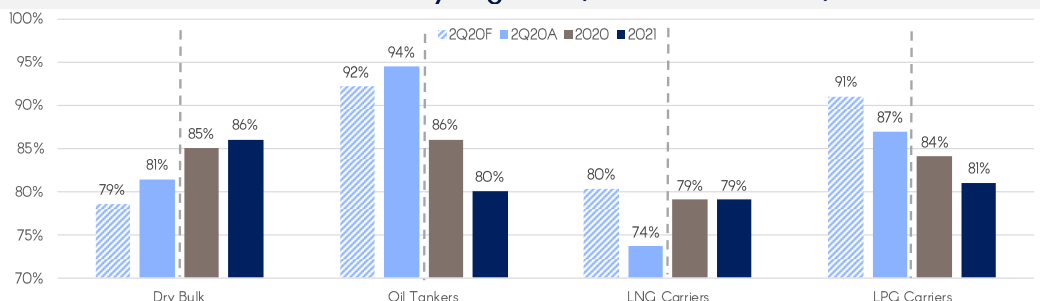
### Shipping Cycles



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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 document



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# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

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## Cleaves' Scorecard

What did we forecast, and what happened?

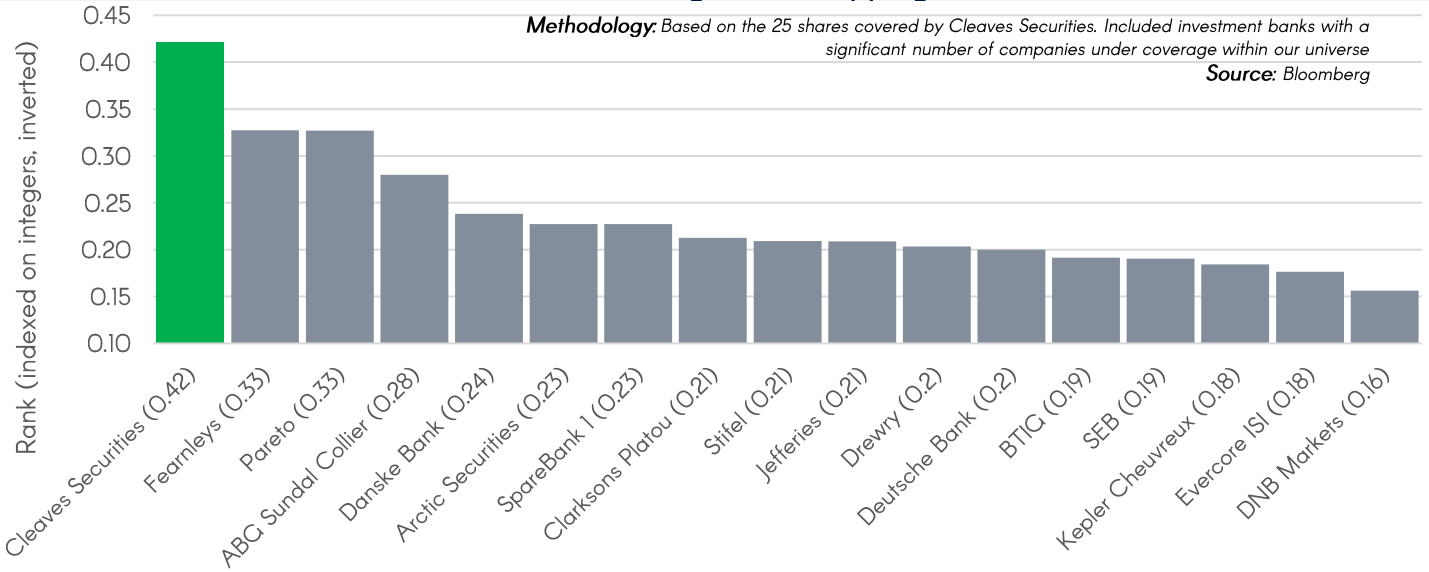
2020-Q2	Actual value	$\Delta$ q/q	Cleaves' $\Delta$ -forecast
<b>Dry Bulk</b>			
Supply	894	2.1%	2.1%
Demand	728	4.6%	5.8%
Fleet utilization	81.4%	1.9%p	2.9%p
Spot rates	783	32%	50%
Asset prices	27	-4%	0%
Share index	85	-21%	-14%
<b>Oil Tankers</b>			
Supply	588	0.7%	1.6%
Demand	555	2.5%	4.1%
Fleet utilization	94.4%	1.7%p	2.3%p
Spot rates	41,979	16%	22%
Asset prices	71	-2%	0%
Share index	213	-2%	1%
<b>LNG Carriers</b>			
Supply	90,630	1.5%	1.7%
Demand	66,694	-7.9%	-6.7%
Fleet utilization	73.6%	-7.5%p	-6.7%p
Spot rates	34,615	-39%	-36%
<b>LPG Carriers</b>			
Supply	24,952	1.3%	1.0%
Demand	21,672	-3.7%	-3.5%
Fleet utilization	86.9%	-4.6%p	-4.1%p
Spot rates	33,381	-34%	-31%
Asset prices	69	-6%	0%
Share index	43	-44%	-42%
<b>All Shipping</b>			

Comment
<b>Few surprises in 2Q20</b>
Actual numbers in 2Q20 was largely in line with our forecasts, with the Chinese economy ramping up with additional support from government stimuli. Brazil managed to increase iron ore exports from early June, leading to a massive surge in vessel earnings. Asset prices showed some softness in 1Q20, but this has already been reversed as we enter 3Q20
<b>Similar to our forecast</b>
Fleet supply growth came in slightly below our forecast, which offset by lower demand growth led to a fleet utilization very close to our forecast. In turn, spot rates also averaged very close to our expectations. Asset prices fell towards the end of the quarter as sentiment collapsed, leading to average asset prices slightly below our forecast in the quarter. The share index was largely unchanged q/q, as we predicted
<b>As expected</b>
Our forecast for 2Q20 was very much met by actual developments. With fleet supply in line and demand growth slightly lower, fleet utilization came in marginally below our forecast. Spot rates fell substantially in 2Q20, as we had predicted
<b>Actuals in line with our forecast</b>
We managed to hit the mark quite well with our LPG Carrier predictions for 2Q20, with fleet utilization down 5% vs our 4% prediction as both supply and demand growth performed as expected. Spot rates fell significantly in 2Q20, similar to our forecast. Although asset prices fell sooner than we had expected, the 44% q/q fall in our VLGC share index was in line with our -42% forecast



## Investment Bank Ranking in Shipping Equity Research

### Investment Bank Ranking in our Shipping Universe



### Detailed Ranking

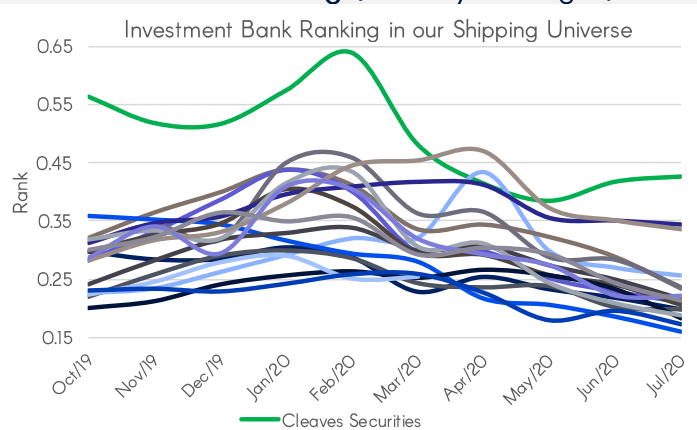
Ticker	Rating	Cleaves' Ranking (1y)			Consensus (1y)		
		Stock <sup>1</sup>	Global <sup>2</sup>	Return <sup>3</sup>	Best	Avg	Worst
2020 NO	BUY	#1 of 8	#1 of 8	-4%	-25%	-29%	-36%
BULK NO	BUY						
DSX US	BUY	#4 of 8	#2 of 8	-18%	36%	-25%	-58%
EGLE US	BUY	#5 of 9	#1 of 9	-54%	-34%	-48%	-60%
GNK US	BUY	#1 of 9	#2 of 9	-7%	-11%	-20%	-25%
GOGL US	BUY	#4 of 15	#1 of 15	-14%	6%	-22%	-39%
SALT US	BUY	#1 of 12	#1 of 12	8%	-48%	-65%	-71%
SB US		#2 of 6	#1 of 6	14%	0%	-17%	-35%
SBLK US	BUY	#3 of 11	#1 of 11	-9%	8%	-27%	-42%
Dry Bulk		#3 of 9	#1 of 9	-11%	-5%	-33%	-44%
ADSCME NO	HOLD	#1 of 2	#1 of 2	25%	12%	12%	12%
DHT US	HOLD	#1 of 15	#2 of 15	45%	26%	3%	-20%
EURN US	HOLD	#1 of 19	#1 of 19	22%	18%	3%	-15%
FRO US	SELL	#3 of 19	#2 of 19	22%	32%	4%	-23%
HUNT NO	SELL	#2 of 8	#2 of 8	10%	74%	1%	-20%
INSW US	HOLD	#2 of 12	#1 of 12	39%	51%	1%	-13%
NAT US	SELL	#2 of 9	#1 of 9	103%	108%	60%	-46%
OET NO	SELL	#1 of 5	#1 of 5	19%	-5%	-13%	-24%
TNK US	HOLD	#1 of 8	#1 of 8	87%	69%	28%	-22%
TNP US	HOLD	#1 of 4	#1 of 4	32%	-27%	-33%	-36%
Oil Tankers		#2 of 11	#1 of 11	40%	36%	5%	-19%
ALNG NO	SELL	#1 of 4	#1 of 4	32%	-14%	-48%	-64%
FLNG NO	BUY	#4 of 12	#1 of 12	-52%	-44%	-52%	-60%
GLOG US	BUY	#6 of 13	#1 of 13	-71%	27%	-68%	-102%
LNG Carriers		#4 of 10	#1 of 10	-30%	-13%	-56%	-73%
AVANCE NO	BUY	#4 of 14	#2 of 14	-21%	95%	-8%	-37%
BWLPG NO	BUY	#5 of 14	#2 of 14	-12%	84%	5%	-16%
LPG US	SELL	#1 of 9	#2 of 9	43%	41%	-1%	-28%
LPG Carriers		#3 of 12	#2 of 12	3%	73%	-3%	-26%
All Shipping				10%	7%	-14%	-29%

<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"

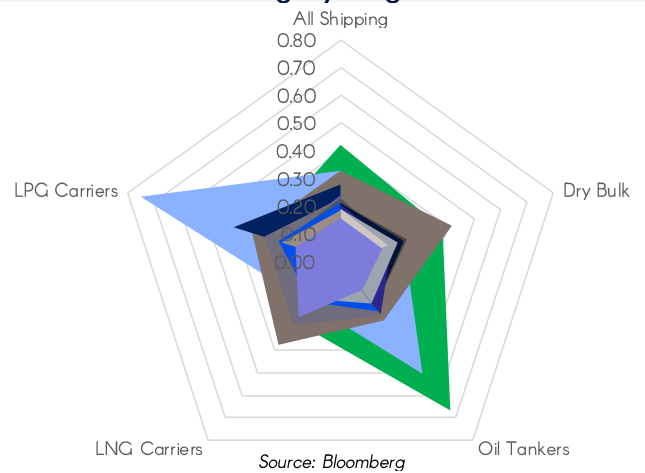
<sup>2</sup> Bloomberg's global ranking for all analysts covering each stock: "Highlights the analysts whose recommendations produced the best relative returns based on the performance of all the securities they covered over the past year"

<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



- Cleaves Securities (0.42)
- Fearnleys (0.33)
- Pareto (0.33)
- ABC Sundal Collier (0.28)
- Danske Bank (0.24)
- Arctic Securities (0.23)
- SpareBank 1 (0.23)
- Clarksons Platou (0.21)
- Stifel (0.21)
- Jefferies (0.21)
- Drewry (0.2)
- Deutsche Bank (0.2)
- BTIG (0.19)
- SEB (0.19)
- Kepler Cheuvreux (0.18)
- Evercore ISI (0.18)
- DNB Markets (0.16)



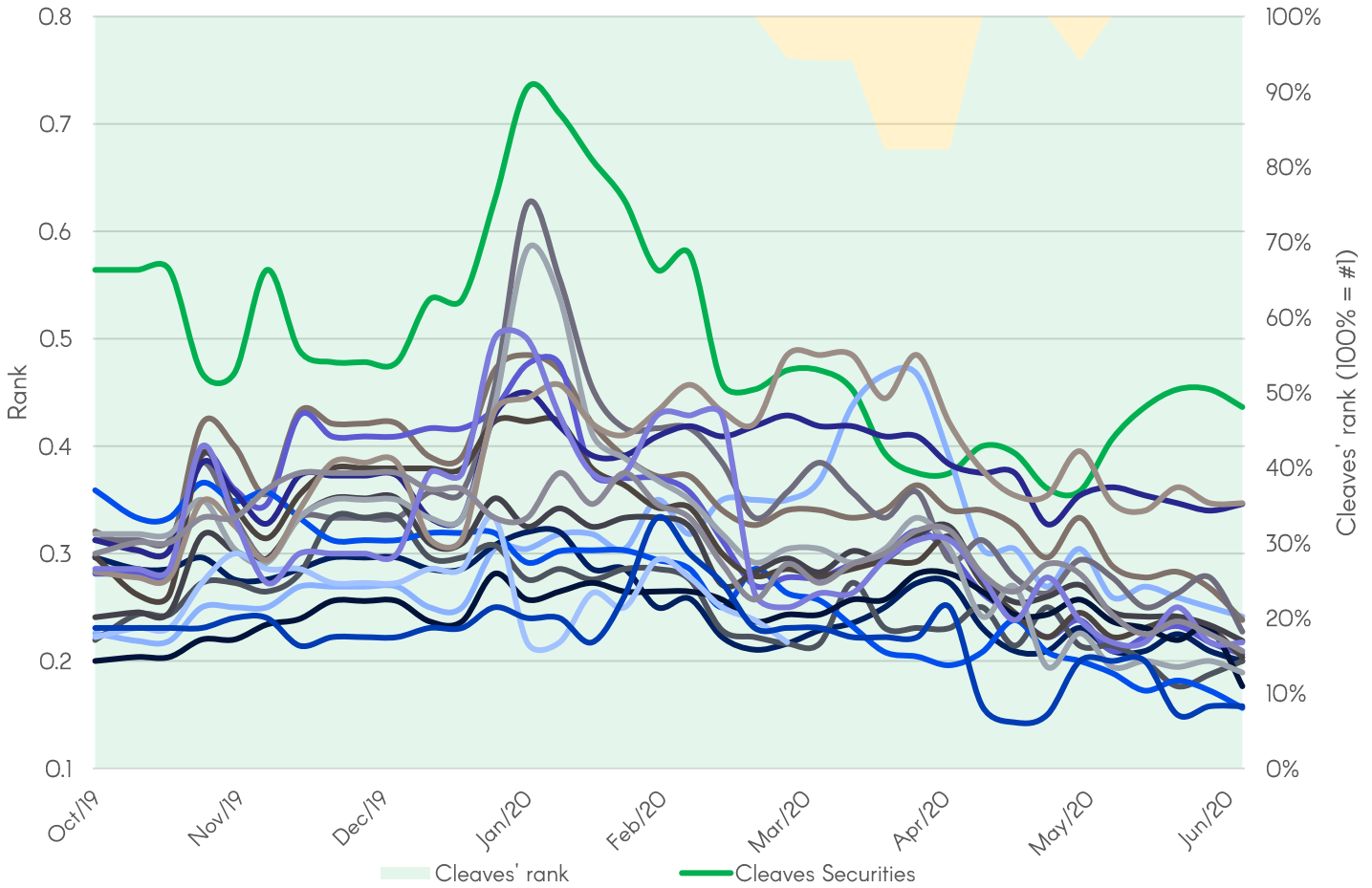


# Cleaves Securities

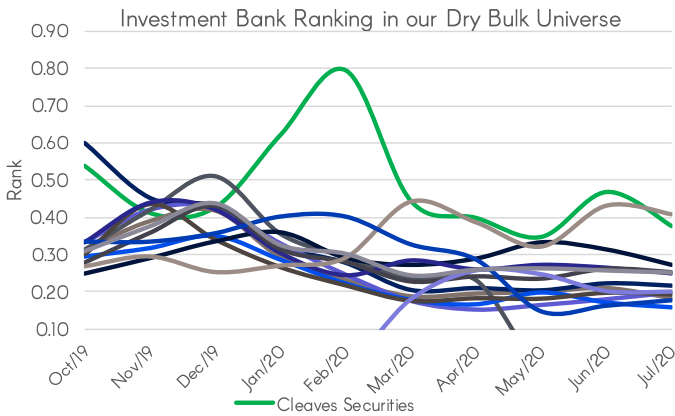
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

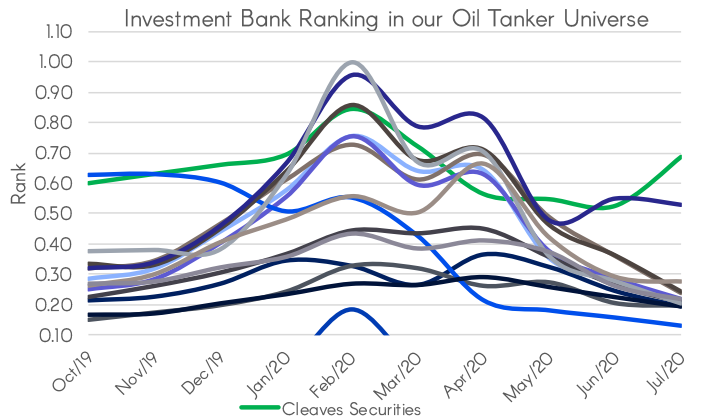
## Historical Ranking (weekly)



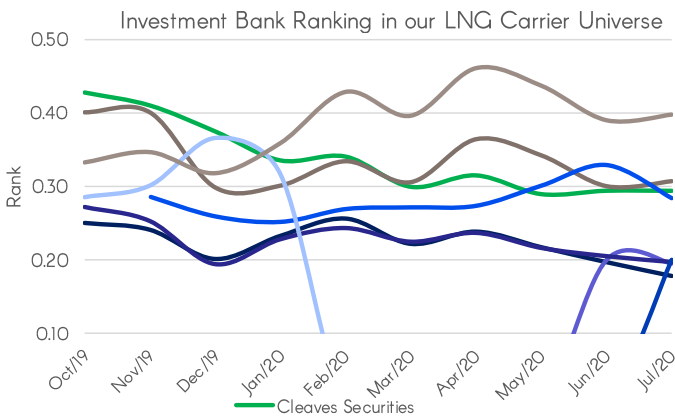
## Ranking in our Dry Bulk Universe (monthly)



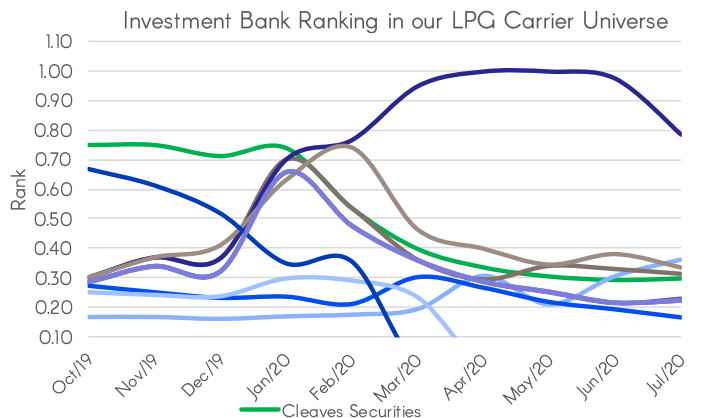
## Ranking in our Oil Tanker Universe (monthly)



## Ranking in our LNG Carrier Universe (monthly)



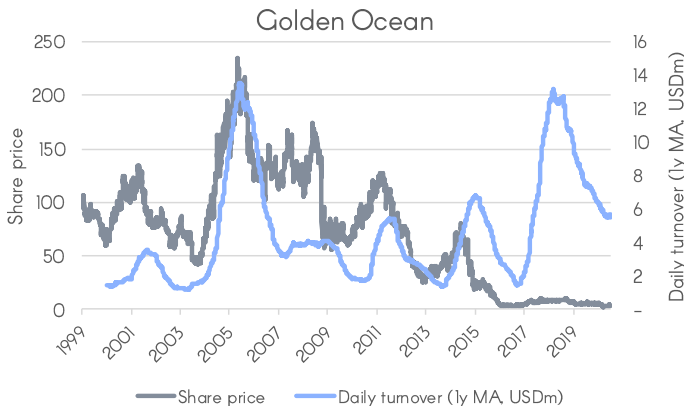
## Ranking in our LPG Carrier Universe (monthly)



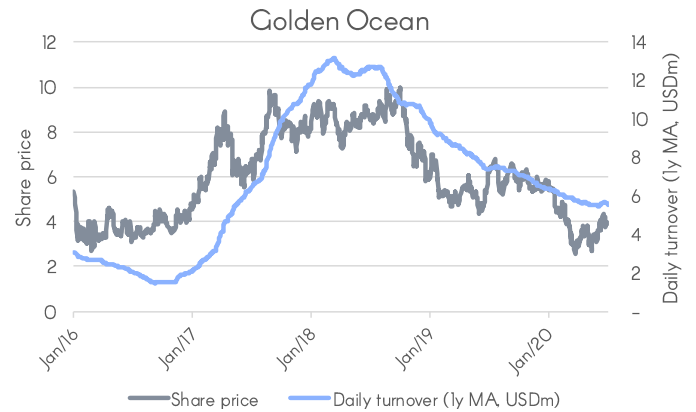


### Capital Flows in Shipping Equities

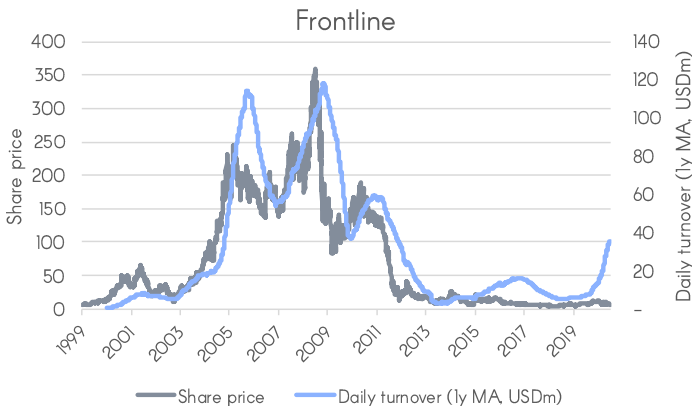
#### Golden Ocean long-term turnover vs share price



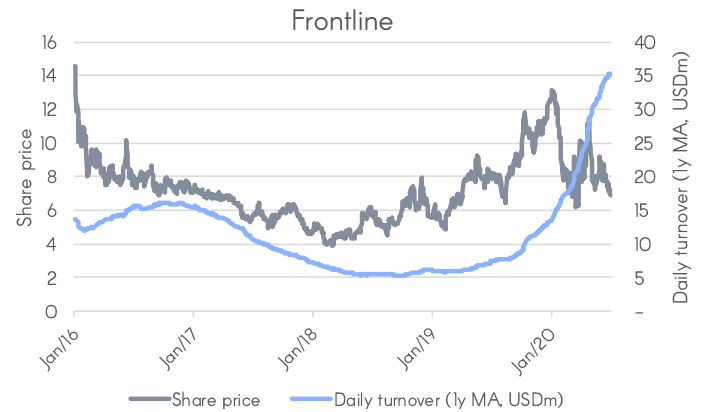
#### Golden Ocean medium-term turnover vs share price



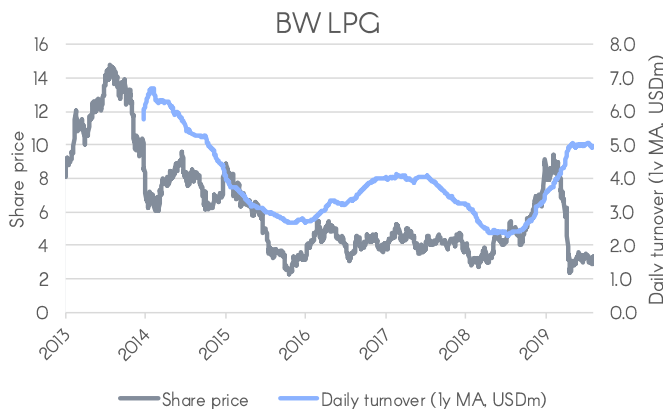
#### Frontline long-term turnover vs share price



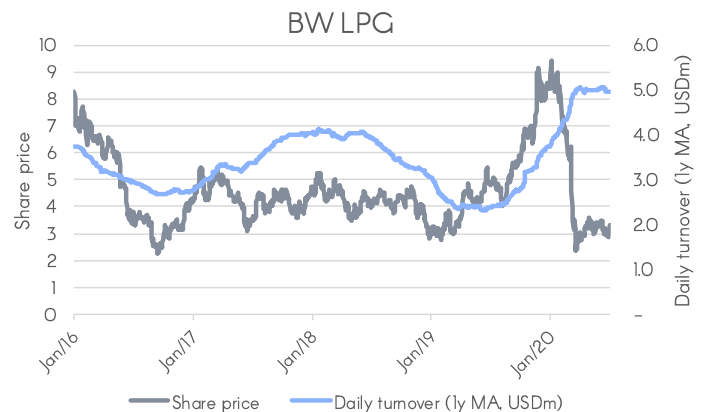
#### Frontline medium-term turnover vs share price



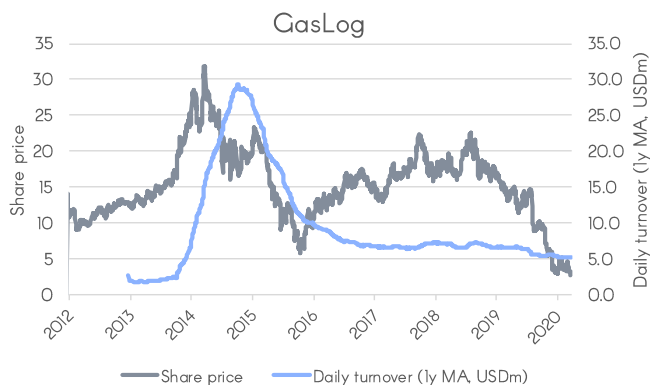
#### BW LPG long-term turnover vs share price



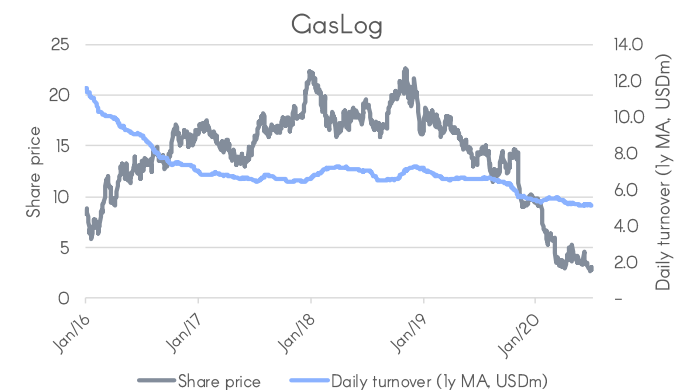
#### BW LPG medium-term turnover vs share price



#### GasLog long-term turnover vs share price



#### GasLog medium-term turnover vs share price





## Dry Bulk: We Have Lift Off

### The quarter in review

Net supply growth of 2.1% q/q in 2Q20 was slightly below our 2.3% [forecast from April](#). Gross deliveries of 14.1m dwt compares with our 12.8m dwt forecast, while the 3.3m dwt scrapped was above our 1.1m dwt forecast as breakers were more active than expected despite the negative impact from COVID-19. Positive in the quarter was the very low 3.2m dwt newbuildings ordered, although higher than our 1.7m dwt forecast. Thus, the orderbook fell 1.4%p q/q and now stands at only 7.4% of the fleet, marking the lowest levels since April 2002 and far below the historical average of 25%.

We estimate demand growth of 4.6% q/q in the quarter (vs our 6.0% forecast), and +1.9% y/y. The net effect was a fleet utilization of 81.4% (82.3% forecast), +1.9%p q/q and -1.7%p y/y. Thus, the Baltic Dry Index averaged 783 in the quarter (+32% q/q, -21% y/y), slightly below our [forecast from April](#). Capesizes averaged \$9,932/d in the quarter (+117% q/q, -13% y/y) after a very strong finish in June, comparative to our \$8,141/d forecast.

mDWT			New	Old		
	2019-Q2	2020-Q1	2020-Q2	2020-Q2	Δ	Δ %
Deliveries <sup>1</sup>	10.0	13.3	14.1	12.8	1.4	11%
Scrapping <sup>1</sup>	(1.9)	(4.3)	(3.3)	(1.1)	(2.3)	210%
Contracting <sup>1</sup>	8.2	2.4	3.2	1.7	1.5	88%
Other <sup>1</sup>	0.0	4.7	7.8	8.1	(0.3)	-4%
Supply <sup>2</sup>	860	876	894	894	(0.1)	0.0%
Δ q/q			2.1%	2.3%		
Δ y/y			4.0%	4.0%		
Demand <sup>2</sup>	715	696	728	736	(8.3)	-1.1%
Δ q/q			4.6%	6.0%		
Δ y/y			1.9%	2.9%		
Utilization <sup>2</sup>	83.1%	79.5%	81.4%	82.3%	-0.9%	
BDI <sup>2</sup> (Index)	995	592	783	886	(103)	-12%
Cape, spot <sup>2</sup> (TCE/d)	11,372	4,569	9,932	8,141	1,791	22%
Pana, spot <sup>2</sup> (TCE/d)	9,521	5,744	6,054	6,746	(692)	-10%
Supra, spot <sup>2</sup> (TCE/d)	8,485	6,557	5,484	8,361	(2,877)	-34%
Handy, spot <sup>2</sup> (TCE/d)	6,077	4,547	3,255	6,664	(3,409)	-51%
Cape, 5y <sup>2</sup> (USDm)	29	28	27	28	(1.0)	-4%
Pana, 5y <sup>2</sup> (USDm)	19	18	18	18	(0.5)	-3%
Supra, 5y <sup>2</sup> (USDm)	17	17	16	17	(1.0)	-6%
Handy, 5y <sup>2</sup> (USDm)	16	15	15	15	-	0%
Orderbook <sup>2</sup>	101	85	75	71	4	6%
Share Index <sup>2</sup>	122	108	85	92	(7)	-8%

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

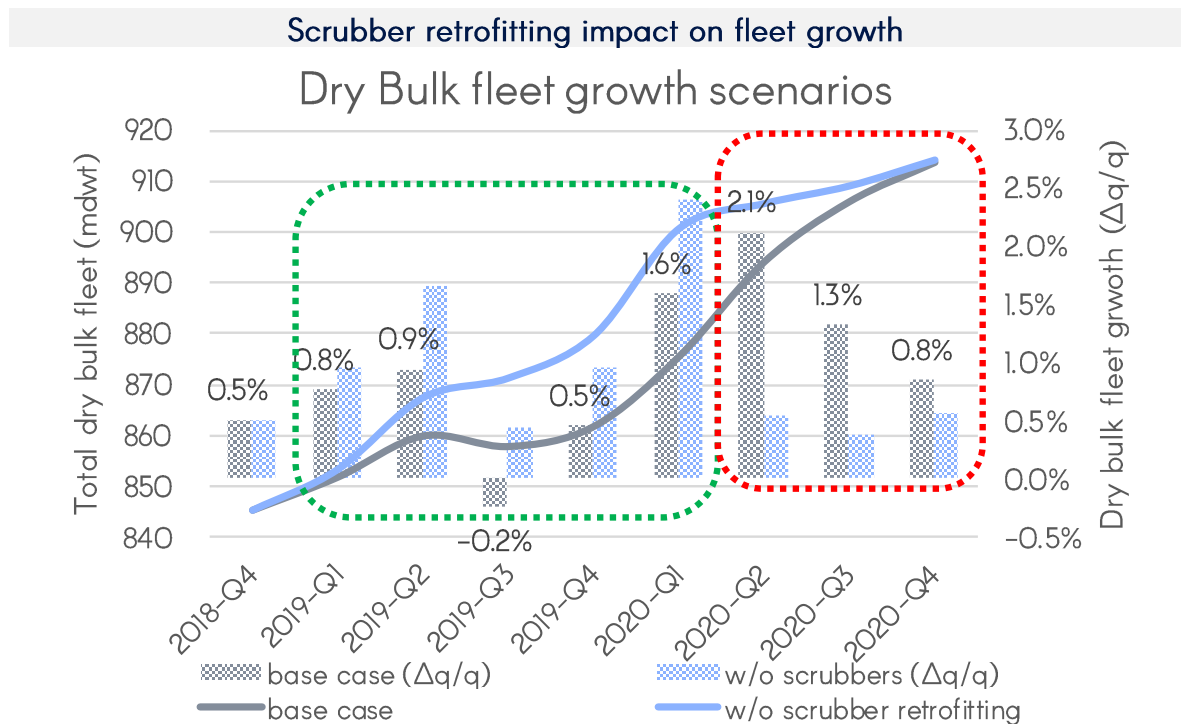
Our dry bulk share index averaged 85 in the quarter (-21% q/q, -30% y/y), slightly below our [April](#) forecast of 92.



## Market outlook

### Supply

The dry bulk orderbook continues to contract, now at only 7.4% of the fleet. Besides one single datapoint in April 2002, this is the lowest on our record going back to 1996 and compares with the 25% historical average. Looking at the newbuilding delivery schedule and adjusting for vessels returning from scrubber retrofitting leads to an expected 4.6% growth in the dry bulk fleet's carrying capacity in 2020 and an expected 6.0% net fleet growth y/y at year-end 2020. This would mark the highest net fleet growth since 2Q 2013.



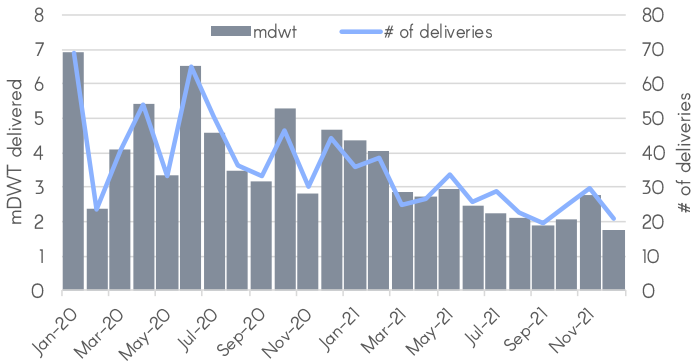
However, we see the fleet supply growth slowly abating as this year progresses and believe dry bulk demand will outpace fleet growth for the remainder of the year. Newbuilding contracting was very low in 2019 and below our forecast, even during the nine-year high spot rates enjoyed by owners in 3Q19.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



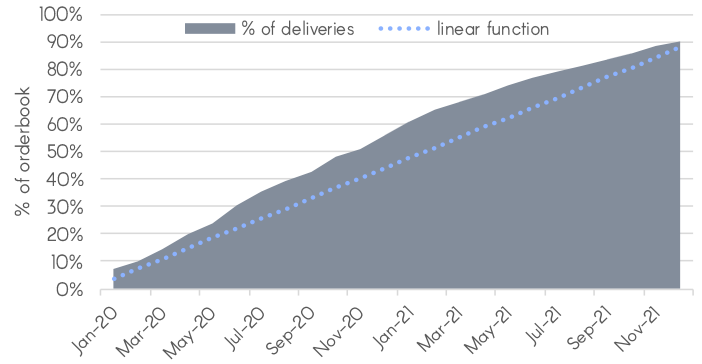
### Dry bulk vessel deliveries

### Dry bulk orderbook delivery schedule

Monthly overview of dry bulk deliveries



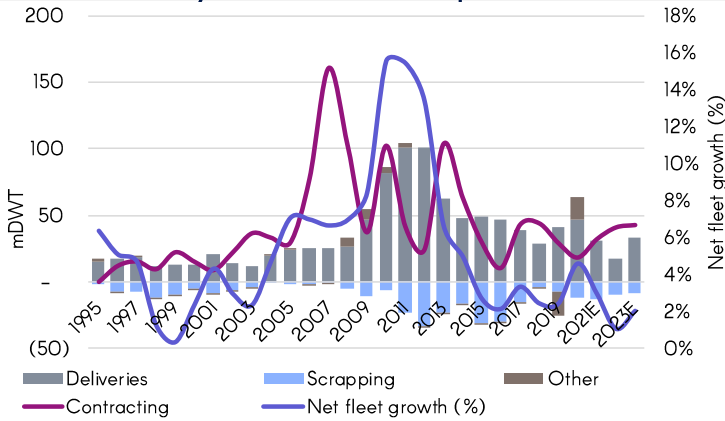
Cumulative dry bulk delivery schedule



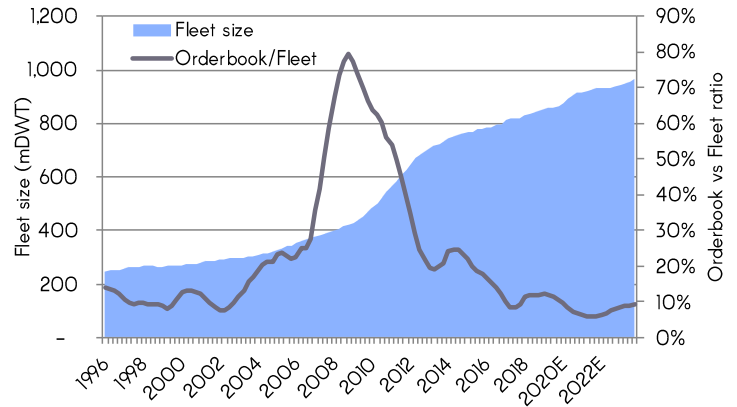
Our forecast of net supply growth of 4.6% for the full year 2020E would be the highest level since 2014. However, we expect fleet growth of 3.0% in 2021E and only 1.0% in 2022E, with significantly improvements in fleet utilization as a result. Given the historically low orderbook, very limited demand growth is needed in order to improve fleet utilization, earnings and asset prices going forward.

Although highly uncertain given the approximately two years it takes to build a new vessel, continued concern towards changes in technology and regulations leads us to model for only 2-3% fleet growth in 2023-25E despite a strong earnings environment.

### Dry bulk fleet developments



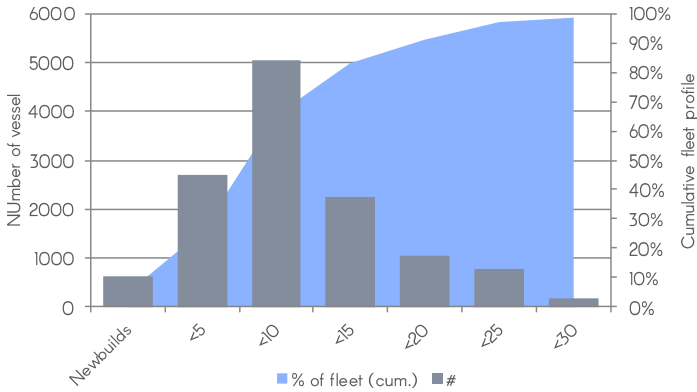
### Orderbook vs fleet



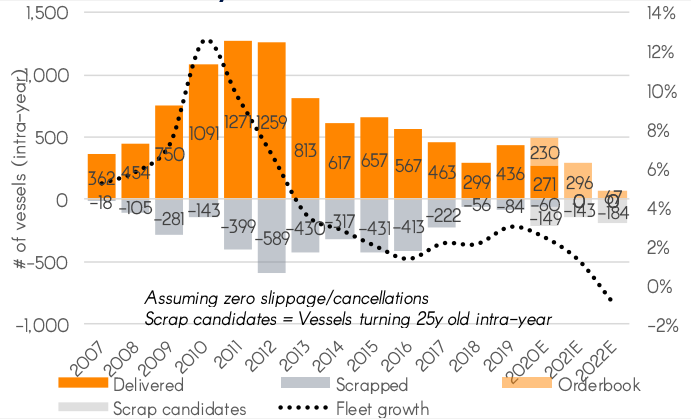


### Detailed Supply Side

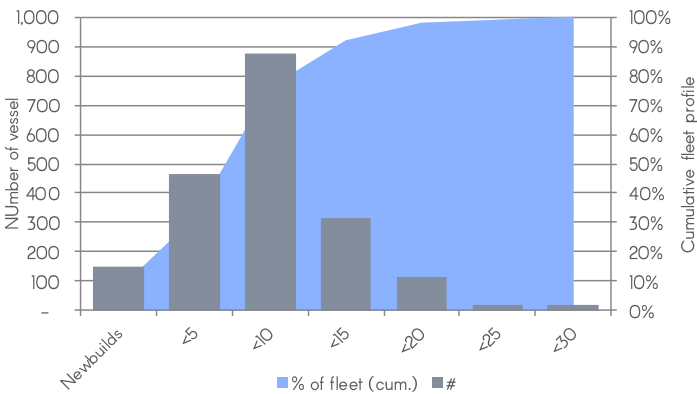
#### Dry Bulk: Fleet profile



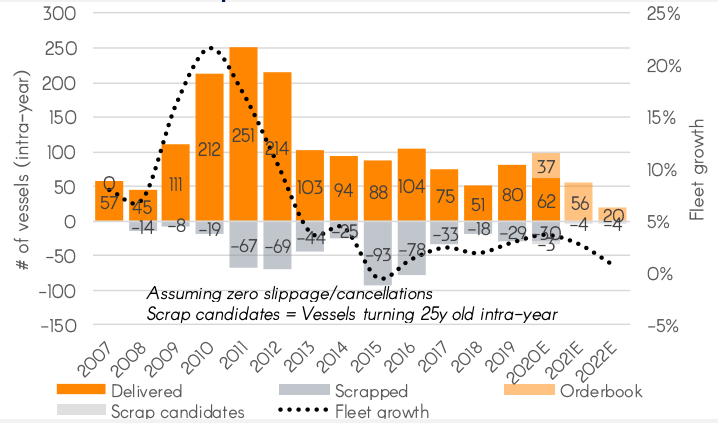
#### Dry Bulk: Fleet evolution



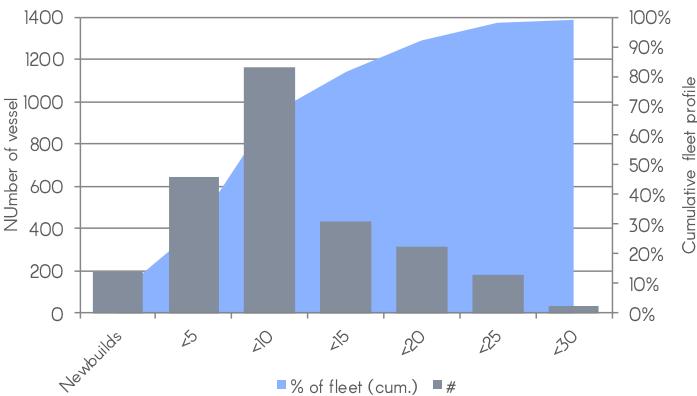
#### Capesize: Fleet profile



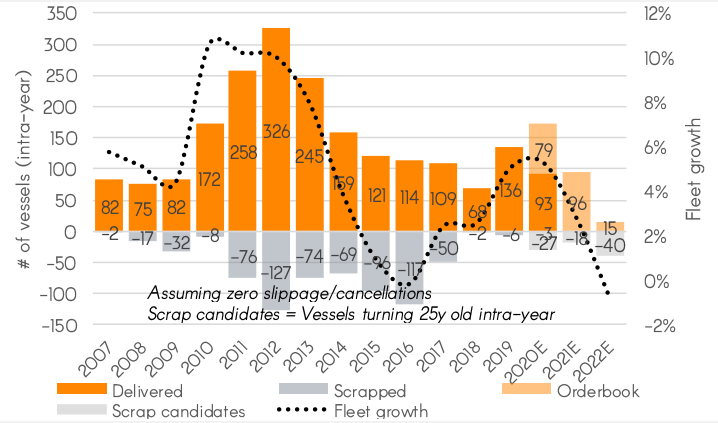
#### Capesize: Fleet evolution



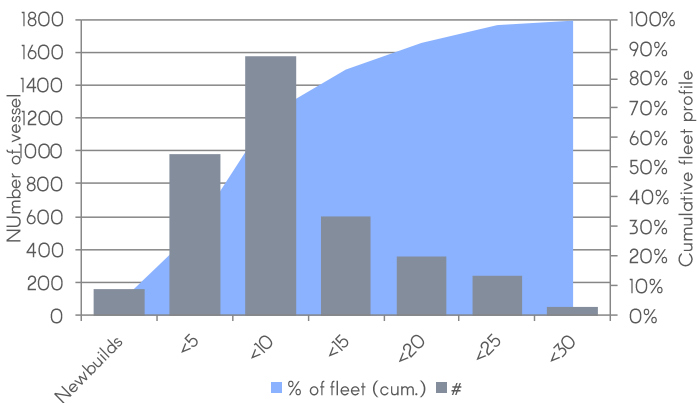
#### Panamax: Fleet profile



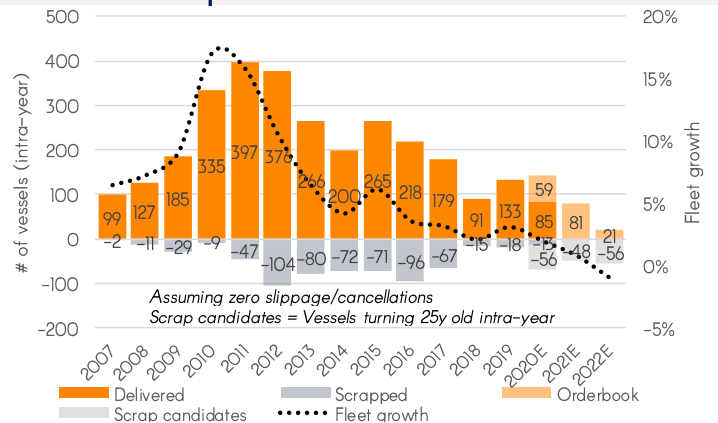
#### Panamax: Fleet evolution



#### Supramax: Fleet profile



#### Supramax: Fleet evolution





## Demand – Summary & Scenario Overview

These are surely extraordinary times. Despite some countries opening up their economies and normalizing social interactions amidst a very low infection rate, other countries are currently being ravaged by the COVID-19 virus and the global infection numbers are still moving up at an exponential rate. Please see our [COVID-19 section](#).

Against this backdrop, we outlined our Base Case scenario in [April](#) where dry bulk earnings rise significantly in 2H20E with at least three potential years of consecutive gains. So far developments have matched our Base Case scenario, with very strong Chinese demand for dry bulk commodities and a subsequent rise in earnings. We also outlined a Low Case scenario and a High Case scenario to provide investors with the tools to assess different outcomes during these uncertain times.

### Low Case scenario

- A second wave of COVID-19 outbreak in China closes the country down again in 2H20, with negative ramifications for dry bulk demand.
- 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

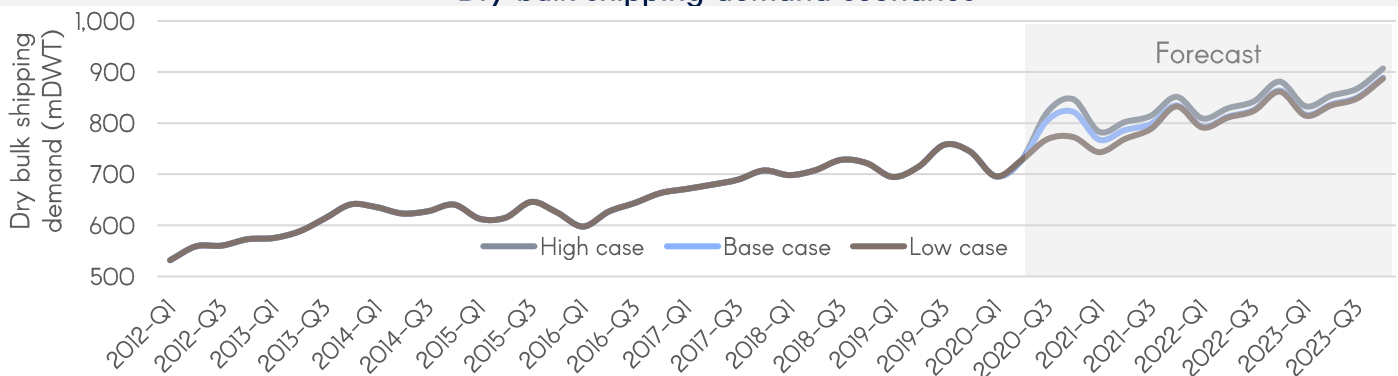
### Base Case scenario

- 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

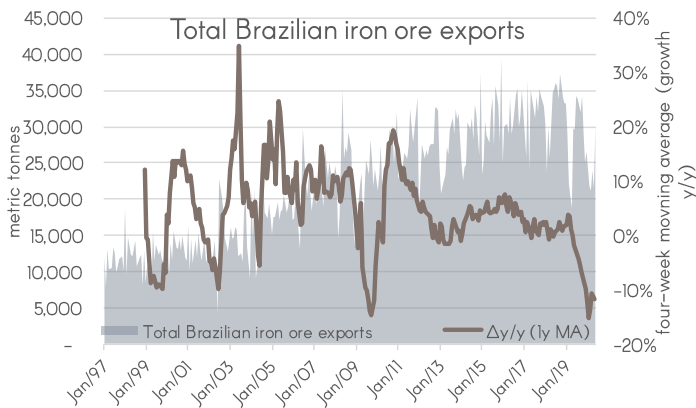




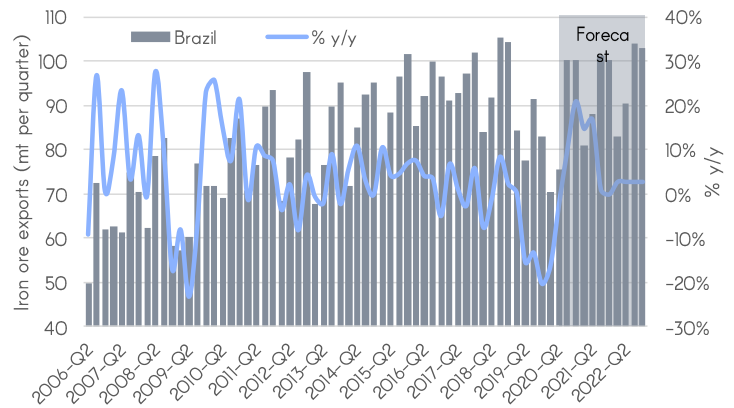
### Demand – Short Term

Demand for dry bulk shipping in 1Q20 fell back to 2017-levels, as expected. Brazilian iron ore exports are still suffering 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. Data for 2Q20 shows Brazil exported 76mt of iron ore, below our 83mt forecast from [April](#). This underperformance does however hide a very encouraging trend: Whereas monthly export numbers for April and May averaged only 22.7mt, exports surged in June to reach 30mt. At the time of writing, July iron ore exports MTD have averaged 1.87mt per working day, or a monthly run-rate of 43mt. We forecast exports to average 33.5mt per month for the remainder of the year.

#### Brazilian iron ore exports (monthly)



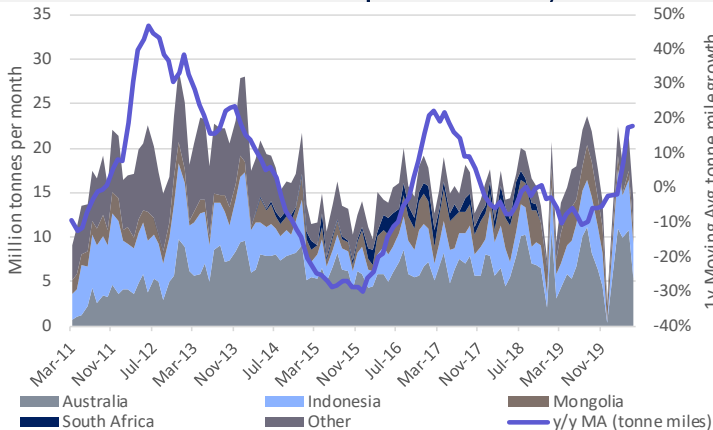
#### Brazilian iron ore exports (quarterly)



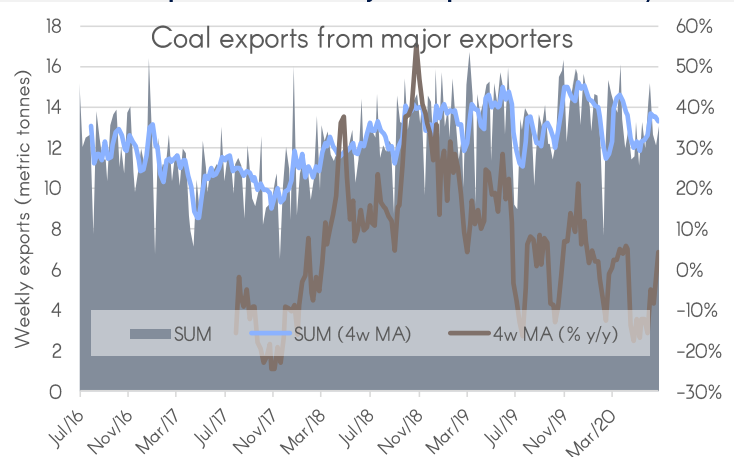
Coal exports from major exporters\* has been surprisingly strong YTD given the COVID-19 outbreak, only 4% lower vs the same period last year. Our full year forecast is for seaborne coal transportation to fall 8% y/y in 2020 on a tonne-mile basis, which seems reasonable and conservative.

\*Australia, Colombia, Indonesia & South Africa

#### Chinese coal imports (monthly)



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





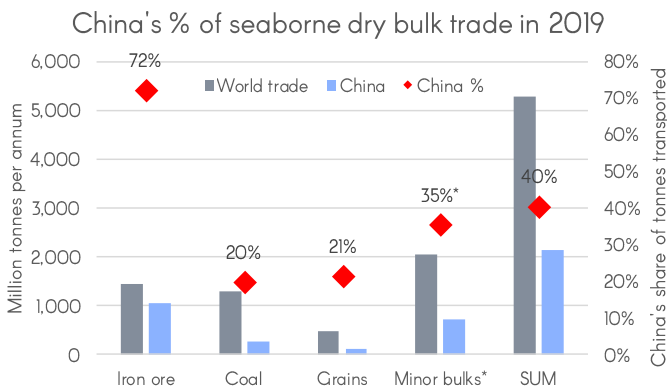


### China

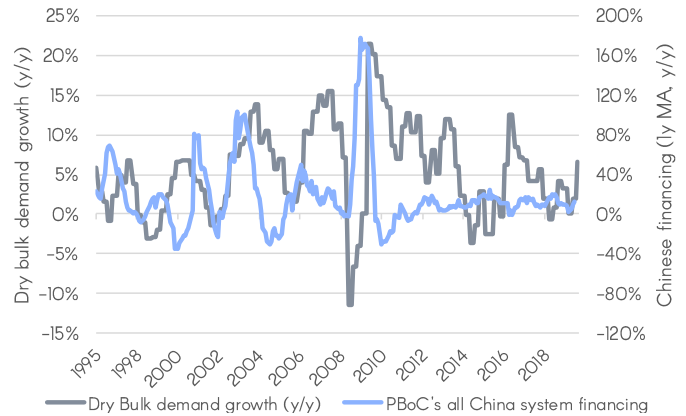
New cases of COVID-19 are close to zero in China, and the economy has returned to something close to normal. As China constitutes around 40% of all seaborne dry bulk imports, its economy is pivotal for the dry bulk industry.

Our Base Case from [April](#) is playing out before our eyes, with strong Chinese economic activity, especially within government spending on infrastructure. [Chinese steel production](#) reached new all-time-highs in May, and [iron ore inventories](#) at ports are 9% below the same time last year and 18% below the peak in October 2019. We expect government stimuli to continue to support strong demand for dry bulk commodities also in 2H20E and potentially into 2021E. Growth in Chinese debt has also been fairly sober over the past decade, leaving headroom to boost the economy going forward.

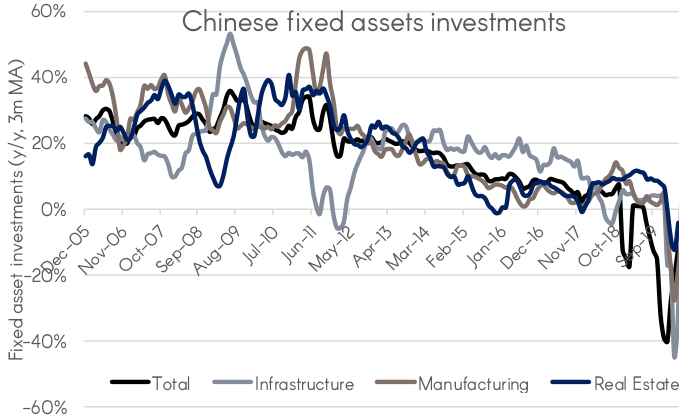
### World seaborne dry bulk trade 2019E



### Dry bulk demand vs Chinese finance growth



### Chinese fixed assets investments



### Chinese fixed assets investments



### Chinese new export orders PMI



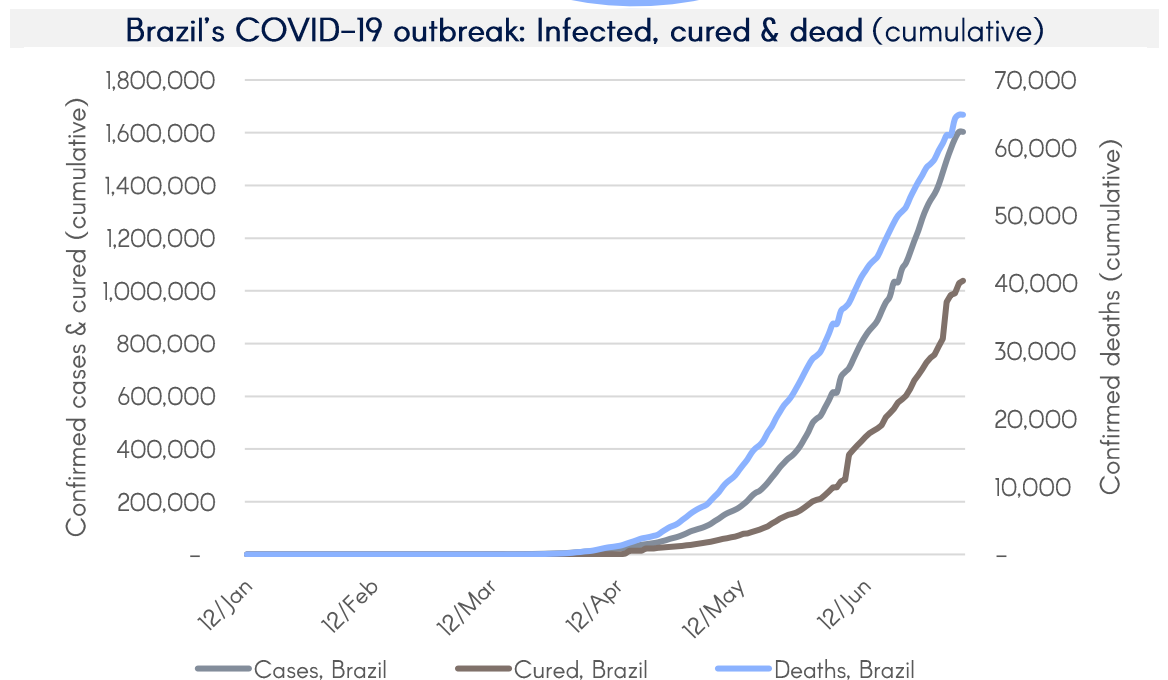
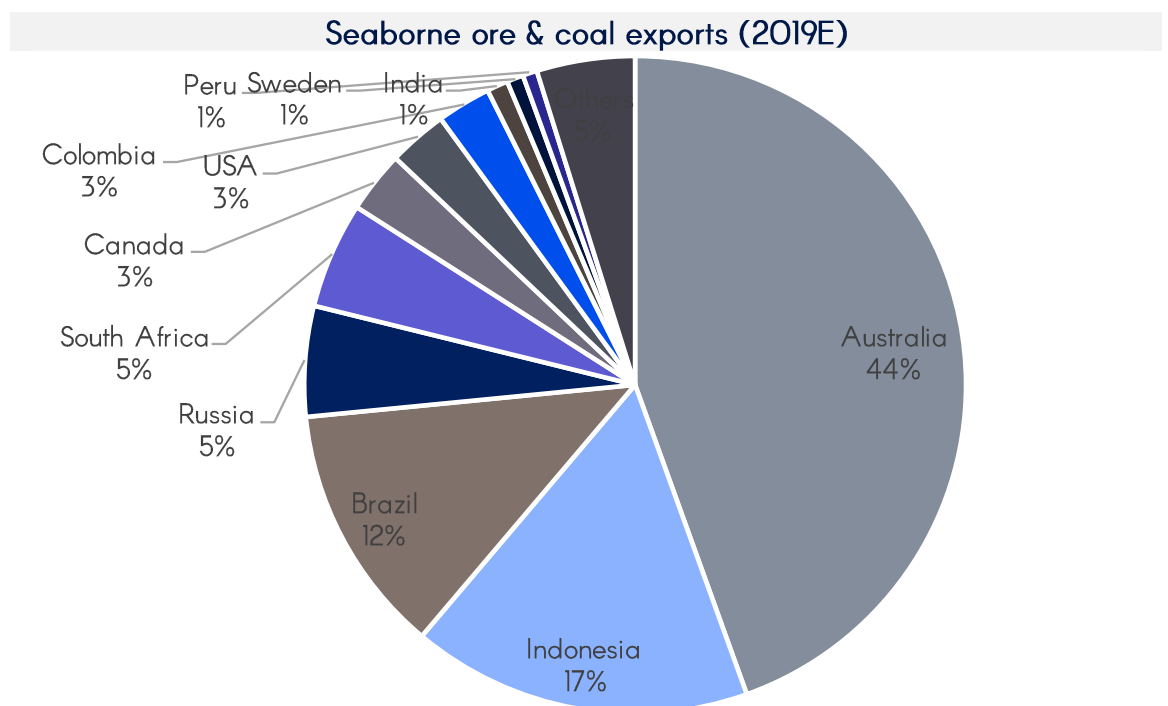
### Chinese manufacturing PMI





### Miners

With only five countries representing ~84% of the seaborne exports in ore and coal, similar to ~32% of the global seaborne dry bulk trade, 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. In example, South Africa's lockdown temporarily affected shipments earlier this year. 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 and the current COVID-19 situation in Brazil is not of any comfort.



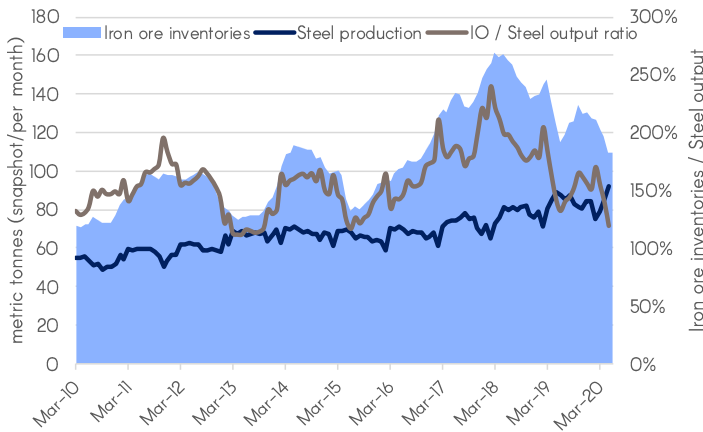


### Stockpiles

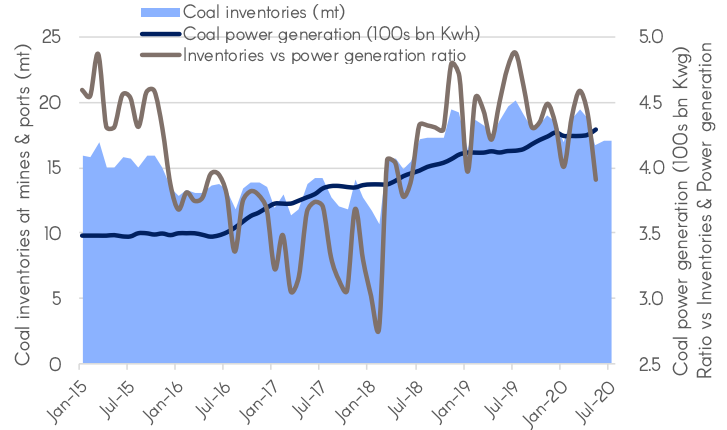
Currently, iron ore inventories in Chinese ports stand at around 110mt, 9% below the same time last year and 18% below the peak in October 2019. The ratio vs the average monthly Chinese steel output in 2019 stands at around 1.33x vs 1.40x one year ago and the 1.62x peak in October. Coal inventories at Chinese power generators currently stands at 15.7mt with another 1.8mt at ports (-11% 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 43% and now stands only 4% higher than same time last year. Steel inventories usually rise significantly each year around Chinese New Year when people enjoy holidays. This year was however different, and it seems that around 50% of the jump in stockpiles in February and March 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 coming years,

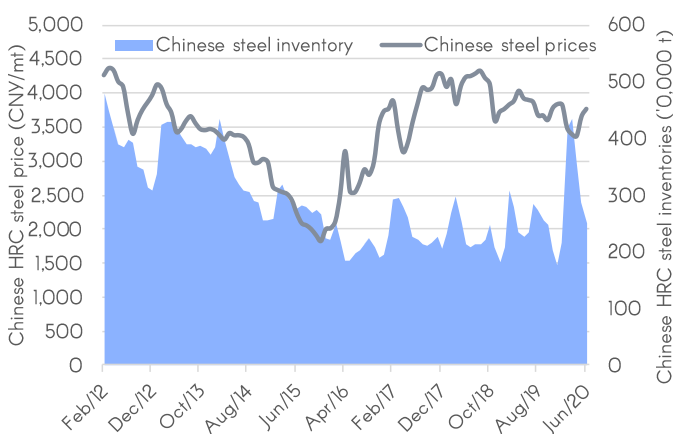
### Chinese iron ore stockpiles



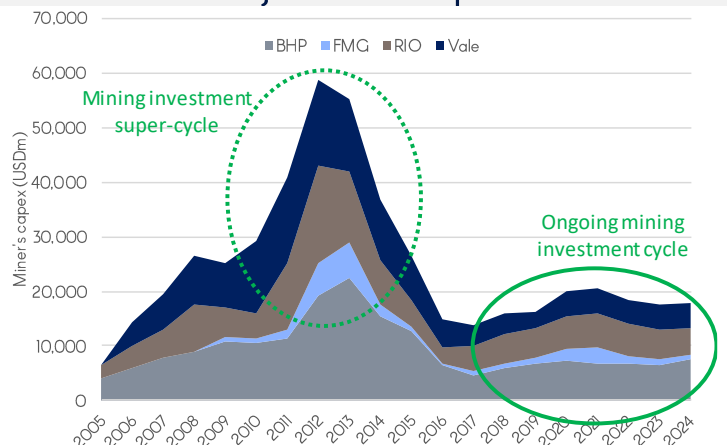
### Chinese coal stockpiles



### Chinese steel stockpiles



### Major miners' capex

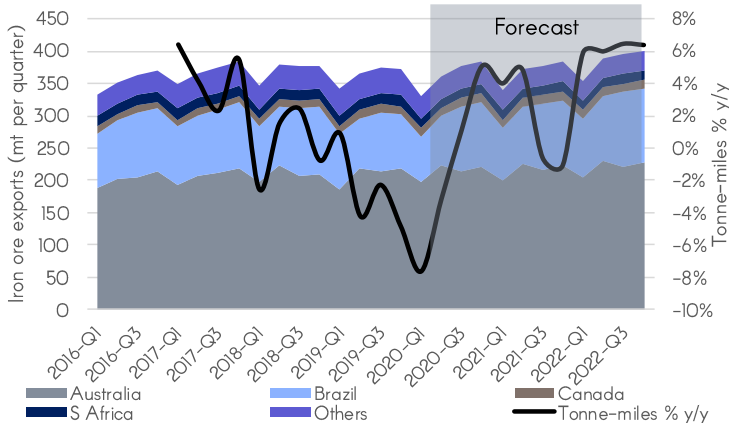




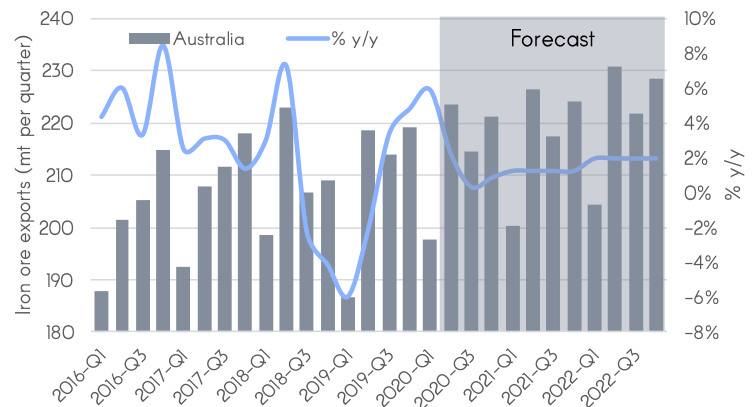
### Demand – Medium Term

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 +7% y/y in 2021E to reach 371mt, rising further to 420mt in 2022E vs 386mt in 2018 and 336mt in 2019. We forecast Australian iron ore exports to reach 857mt in 2020E and 868mt in 2021E. Including minor producers and accounting for sailing distances, we forecast tonne-mile demand growth from the iron ore trade of -1.0% y/y in 2020E (vs -2.7% in 2019), +1.6% in 2021E and +6.2% in 2022E.

#### Seaborne iron ore exports (quarterly)

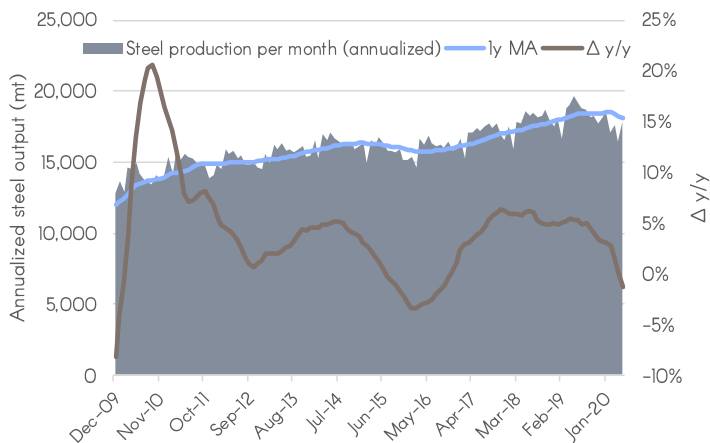


#### Australian iron ore exports (quarterly)

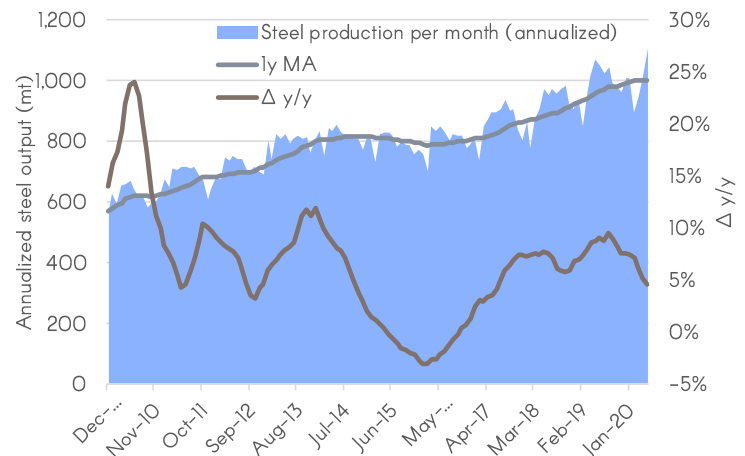


We see limited demand growth from coal, as Chinese steel production is expected to plateau going forward after many years of immense growth, and as power generation is shifting towards cleaner fuels. We forecast demand for seaborne coal transportation to contract by 8.4% in 2020E (impacted by COVID-19), further down from a 0.5% contraction in 2019. For 2021E and 2022E, we forecast demand growth from coal at 5.1% (reversal of COVID-19 impact) and 1.0%, respectively.

#### Global steel production

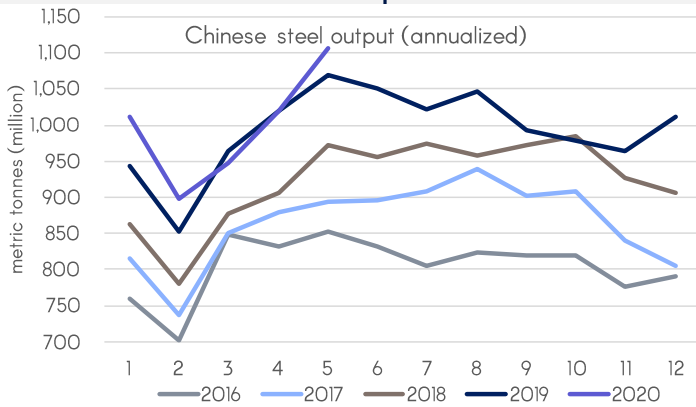


#### Chinese steel production

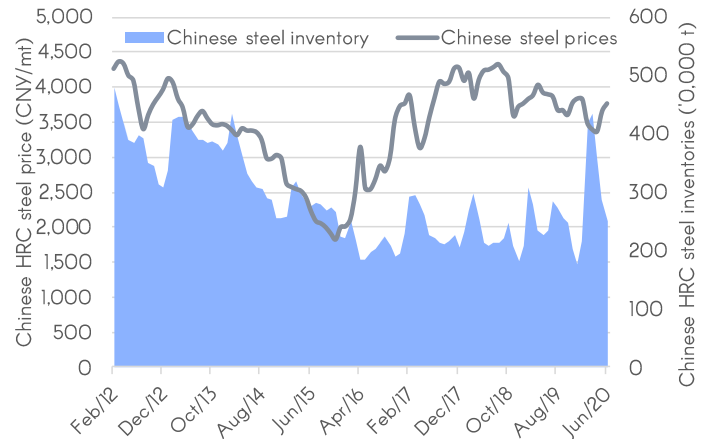




### Chinese steel production



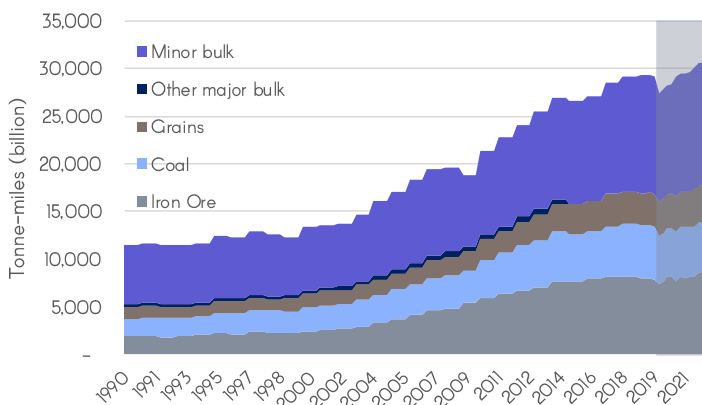
### Chinese steel inventories & prices



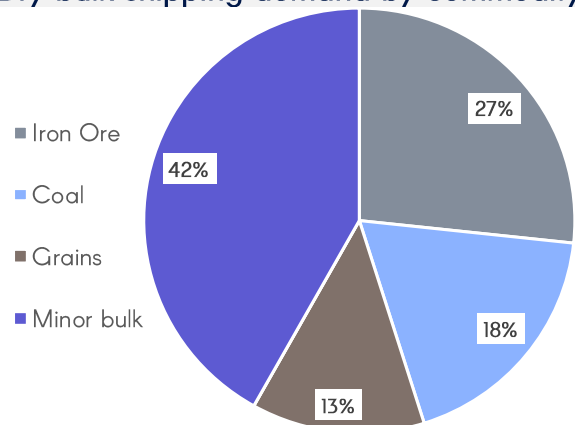
Looking towards agricultural commodities, we forecast demand growth of 3.1% in 2020E, 3.2% in 2021E and 3.8% in 2022E. For other minor dry bulk commodities, we expect demand contraction of 7.0% in 2020E, growth of 8.3% in 2021E and 2.6% in 2022E.

**In sum**, we forecast overall dry bulk demand growth of 4.8% y/y in 2020E due to a low base in 2019 and a strong 2H20E, 4.4% in 2021E and 3.4% 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 potentially 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 85.0% in 2020E (+0.2%p y/y), 86.2% in 2021E and 88.3% in 2022E.

Our fleet utilization forecast implies the Baltic Dry Index to average 1,525 in 2020E (+13% y/y), Capesizes to average \$20.6k/d (+15% y/y), Panamaxs to average \$12.2k/d (+10% y/y) and Supramaxes to average \$11.8k/d (+19% y/y).



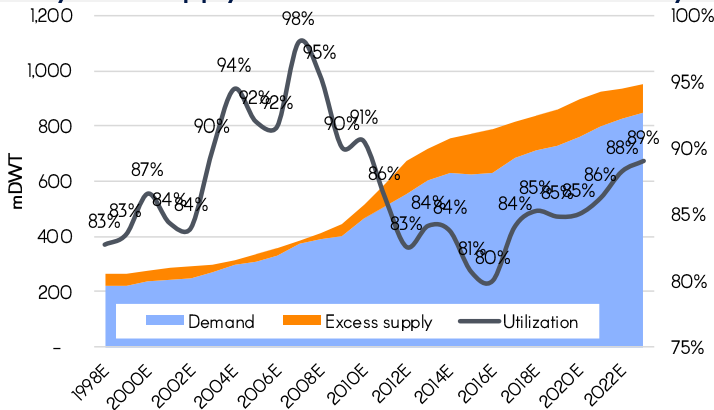
### Overview of our estimate changes

Delta table: Dry bulk shipping forecast summary

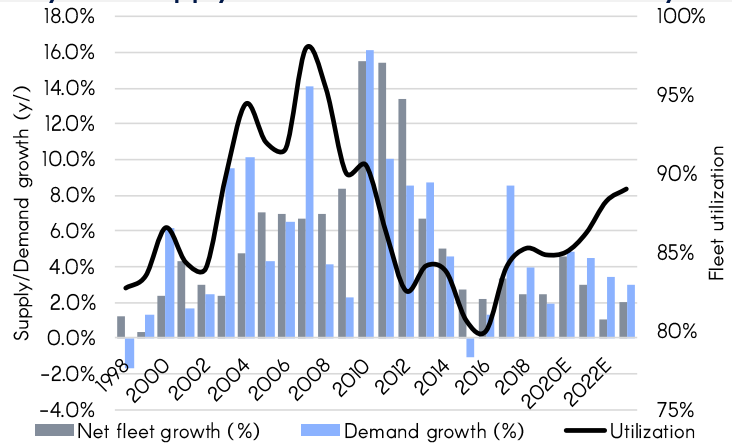
$\Delta$ y/y	2020E	2021E	2022E	2023E	Average	2020E	2021E	2022E	2023E
Supply	4.6%	3.0%	1.1%	2.0%	Baltic Dry Index	1,525	1,599	2,117	2,308
Supply, old	4.4%	2.5%	0.6%	1.4%	BDI, old	1,047	1,304	1,761	2,017
$\Delta$	0.2%p	0.4%p	0.5%p	0.6%p	$\Delta$	478	295	356	290
Demand	4.8%	4.4%	3.4%	2.9%	Capesize spot	20,589	20,582	29,633	32,957
Demand, old	2.2%	4.8%	3.2%	2.7%	Capesize spot, old	11,343	15,431	23,415	27,891
$\Delta$	2.7%p	-0.3%p	0.2%p	0.2%p	$\Delta$	9,246	5,150	6,218	5,066
Utilization	85.0%	86.2%	88.3%	89.0%	Capesize 5y	29.5	40.5	46.6	50.7
Utilization, old	83.2%	85.0%	87.2%	88.3%	Capesize 5y, old	29.9	36.8	42.1	46.5
$\Delta$	1.9%p	1.3%p	1.1%p	0.7%p	$\Delta$	(0.4)	3.7	4.6	4.2
					Share Index	121	248	320	368
					Share Index, old	123	199	266	318
					$\Delta$	-2%	25%	20%	16%

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

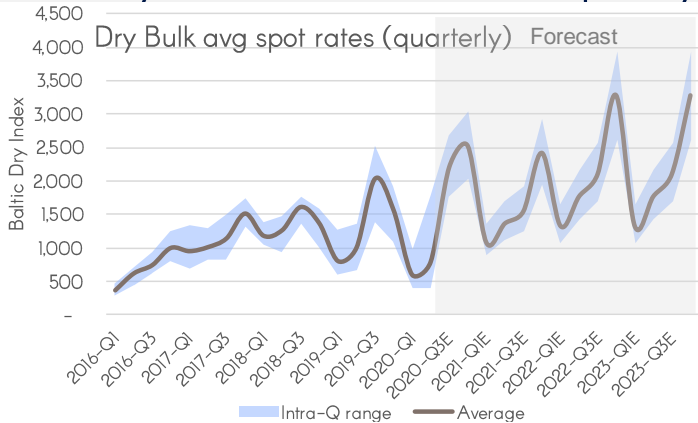
### Dry bulk supply/demand & utilization (annually)



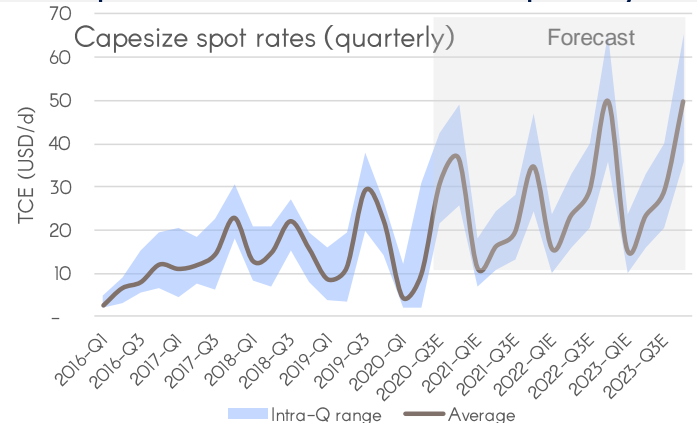
### Dry bulk supply/demand & utilization (annually)



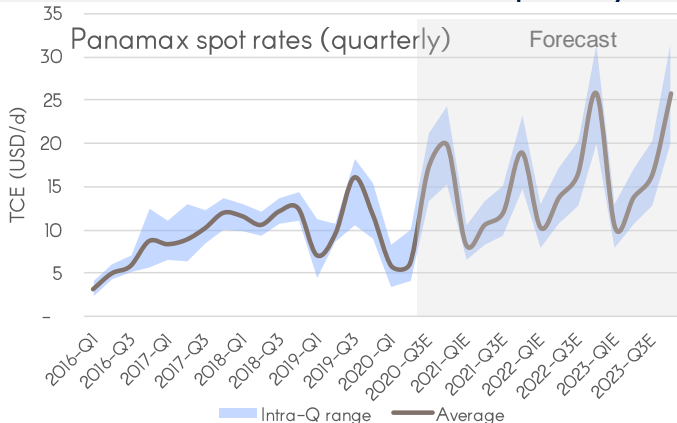
### Baltic Dry Index: Historical & forecast (quarterly)



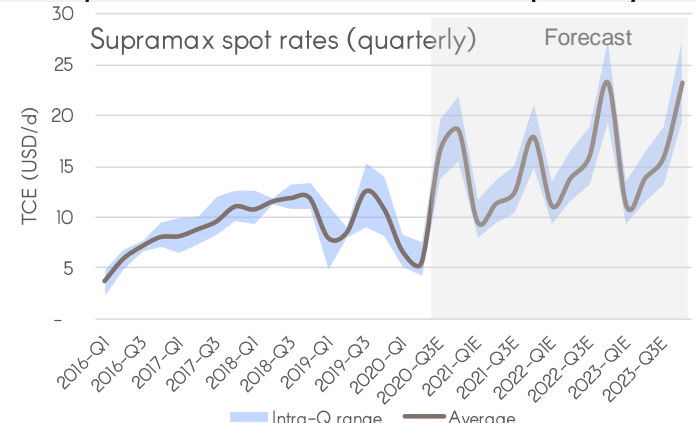
### Capesize: Historical & forecast (quarterly)



### Panamax: Historical & forecast (quarterly)



### Supramax: Historical & forecast (quarterly)





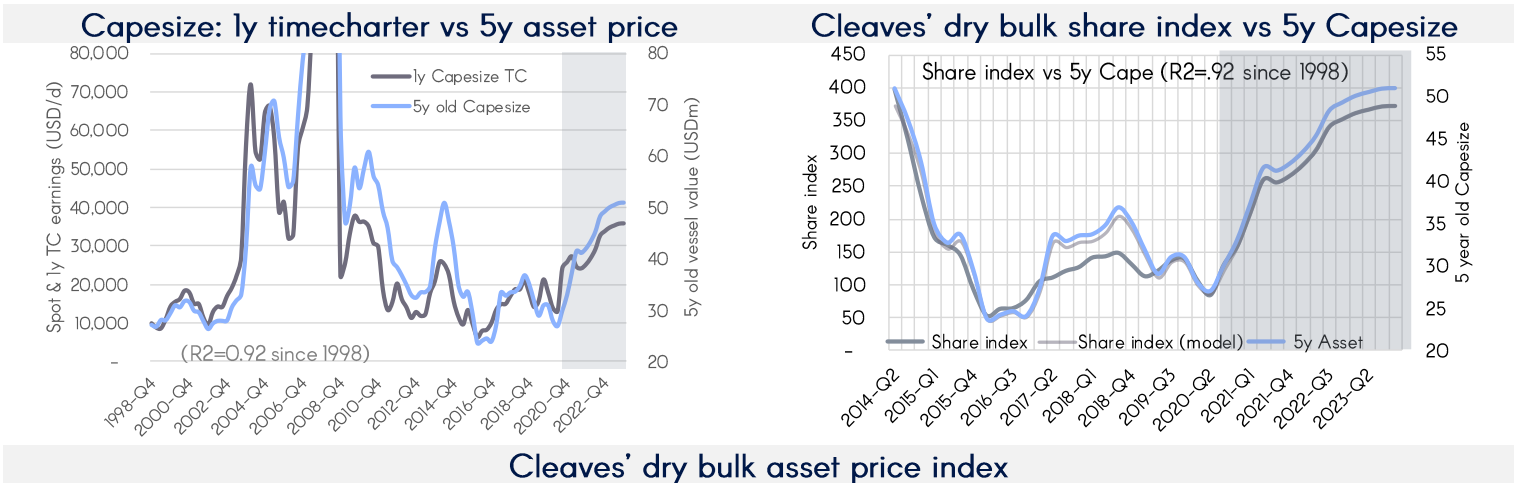
### Asset & share prices

Asset values troughed in 2016 and our dry bulk asset price index rose 52% until 3Q18, before retreating some 16% by 2Q20. The majority of the latest decline came around the turn of the year, in-line with our [November](#) forecast. In light of recent improvements and our positive view on the future, we see our dry bulk asset price index +33% in one year and +55% in two years. Given the forward-looking nature of share and asset prices, and the historically 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 +182% in one year and +275% 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.



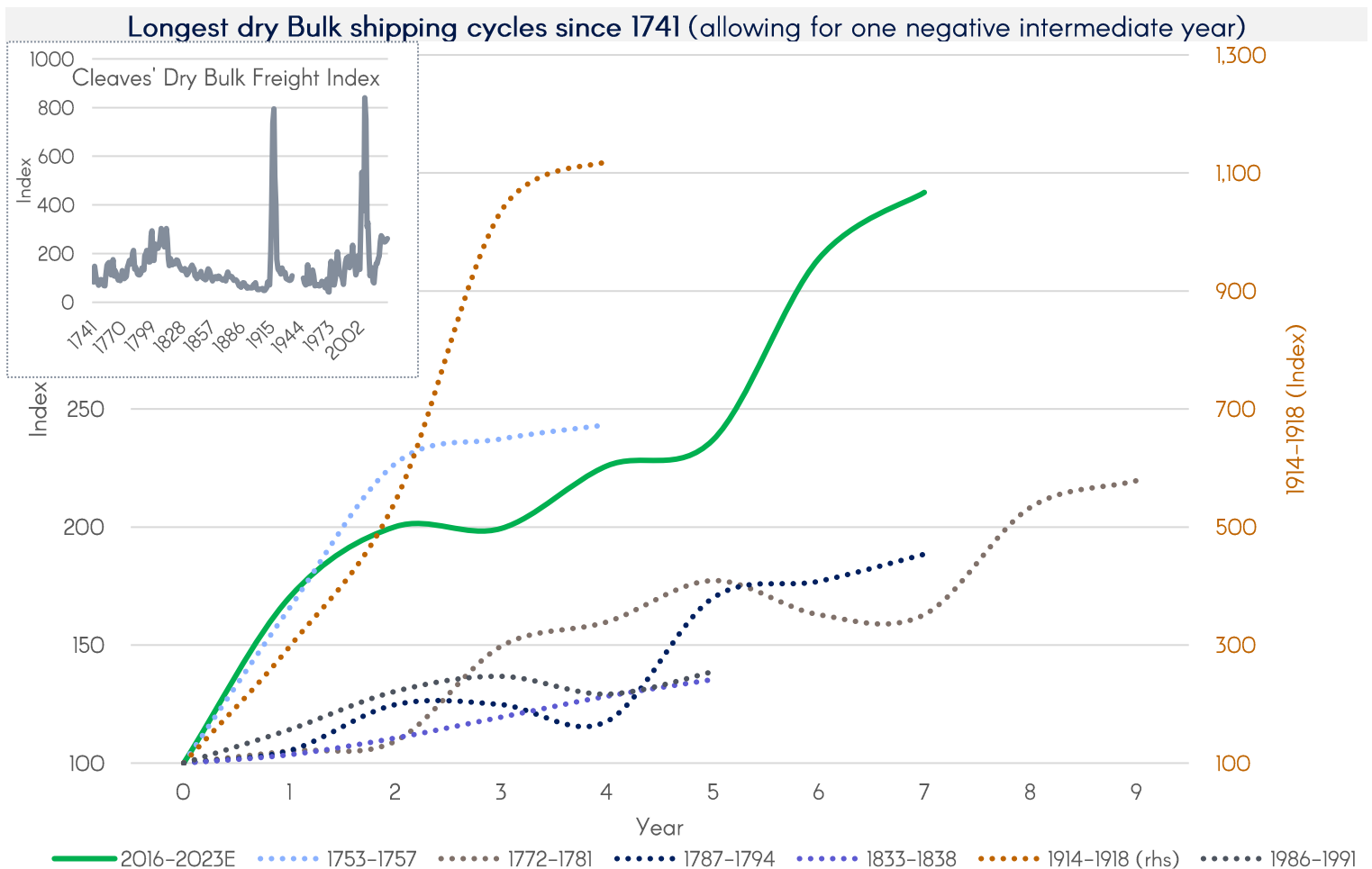
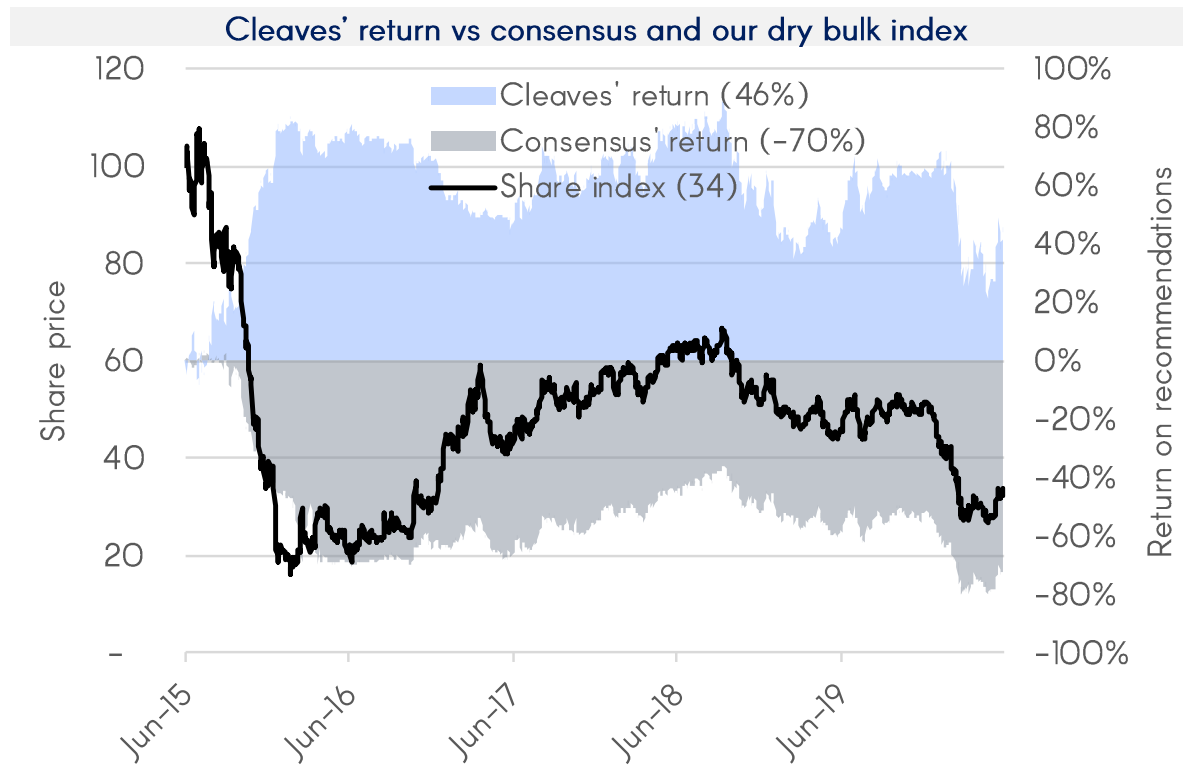


# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

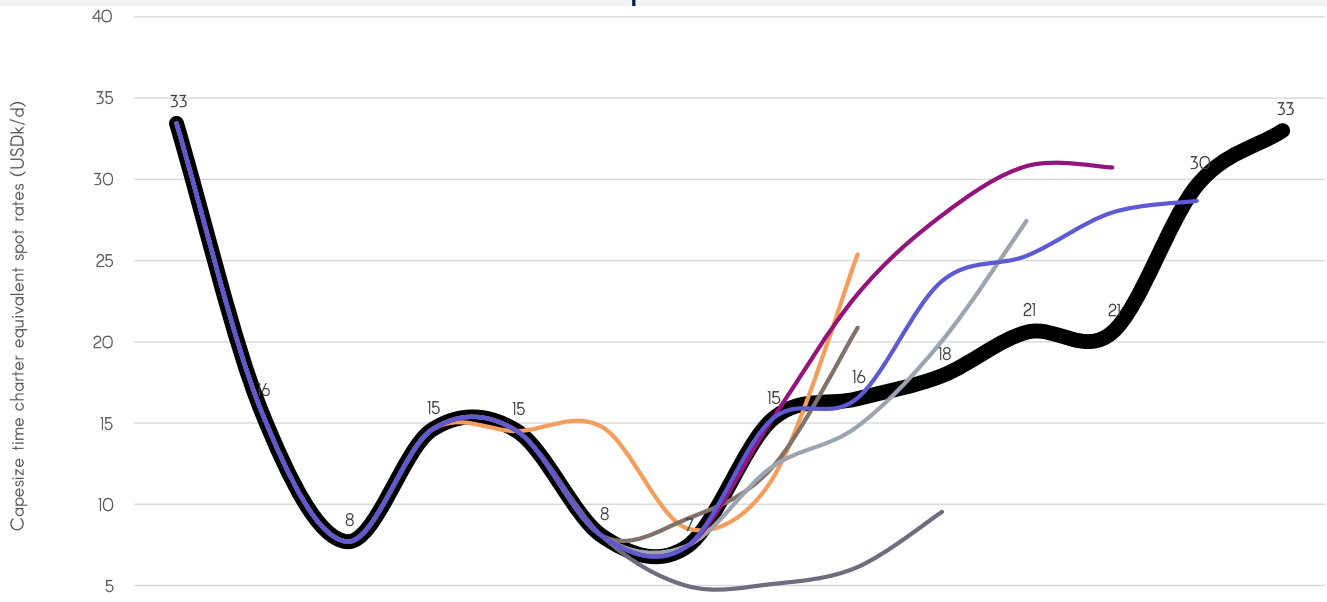
Since we resumed coverage of dry bulk shipping shares in 2014, we have had a 46% return on our recommendations vs the market at -66% & consensus at -70%.







## 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	20,589	20,582	29,633	32,957
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	





## Asset Valuation

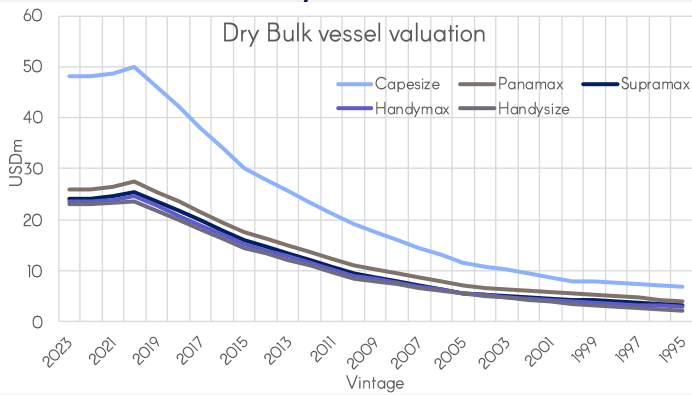
### Asset valuation overview

Summary	Capesize	Panamax	Supramax	Handymax	Handysize
<b>NB</b>	48.0	26.0	24.0	23.5	23.0
<b>resale</b>	50.0	27.5	25.5	24.5	23.5
<b>5y</b>	30.0	17.5	16.0	15.3	14.5
<b>10y</b>	19.0	11.0	9.5	9.0	8.5
<b>15y</b>	11.5	7.0	5.5	5.5	5.5
<b>20y</b>	8.0	5.5	4.3	3.9	3.5
<b>scrap</b>	6.9	4.1	3.3	2.9	2.1
<i>All prices are excluding scrubbers</i>					
<b>NB parity</b>	<b>19,650</b>	<b>12,908</b>	<b>11,893</b>	<b>11,262</b>	<b>10,644</b>

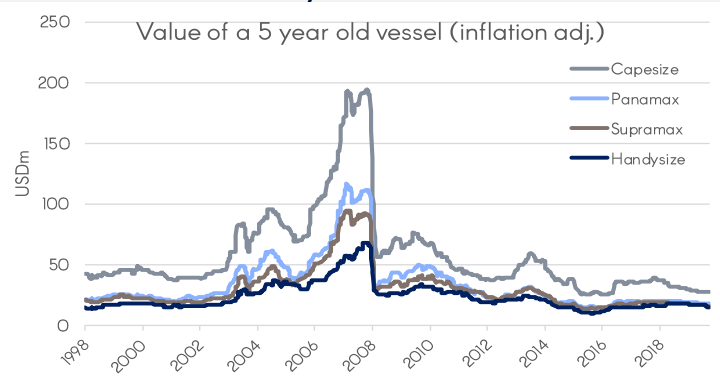
### Changes to our asset valuation

Changes	Capesize	Panamax	Supramax	Handymax	Handysize
<b>NB</b>	0.0	-0.3	-1.0	-0.8	-0.5
<b>resale</b>	1.0	0.5	0.0	0.0	0.0
<b>5y</b>	3.0	0.0	0.0	-0.3	-0.5
<b>10y</b>	3.0	0.0	0.0	-0.3	-0.5
<b>15y</b>	1.0	0.0	0.0	0.0	0.0
<b>20y</b>	0.2	0.5	0.1	-0.2	-0.5
<b>scrap</b>	0.1	0.1	0.1	0.0	0.0

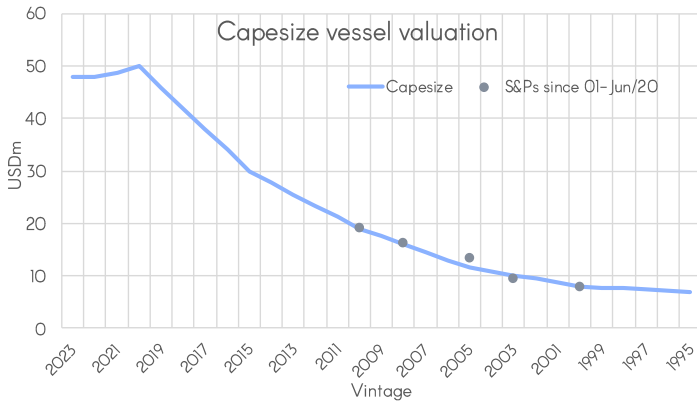
### Historical 5y old vessel values



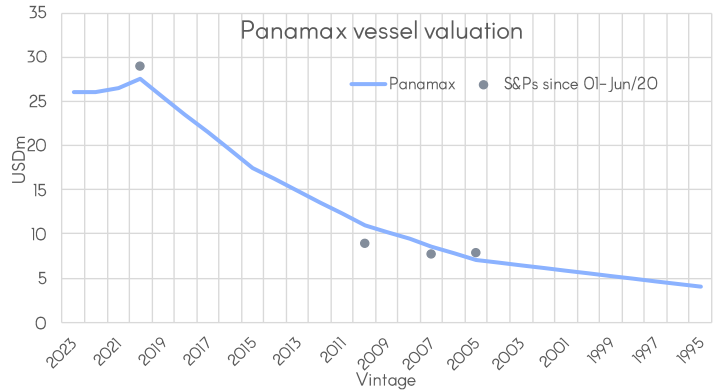
### Historical 5y old vessel values



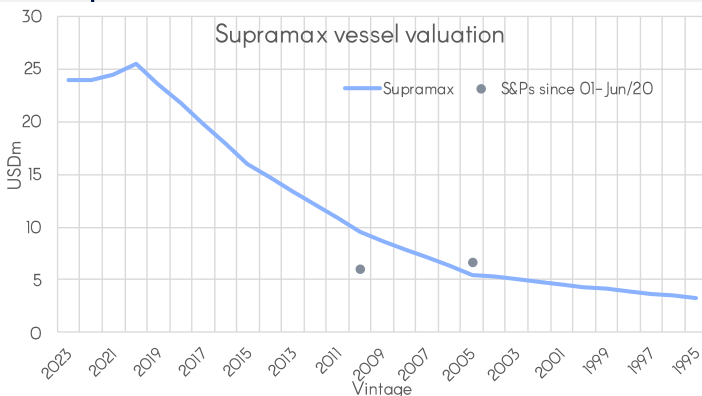
### Capesize valuation vs recent S&Ps



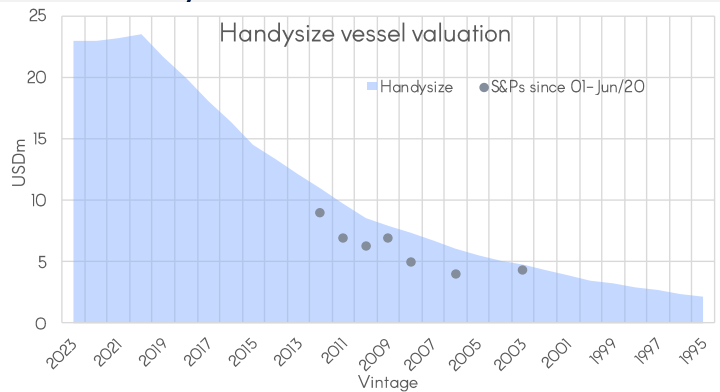
### Pana-/Kamsarmax valuation vs recent S&Ps



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



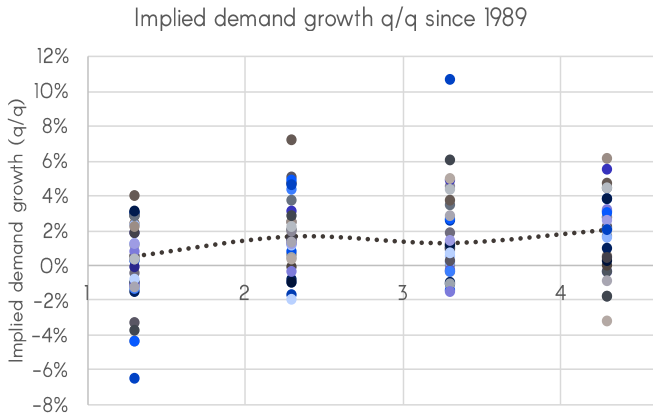
### Handysize valuation vs recent S&Ps



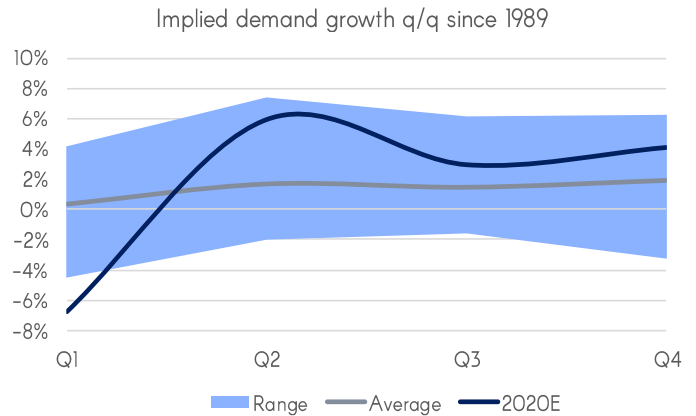


### Dry Bulk Seasonality

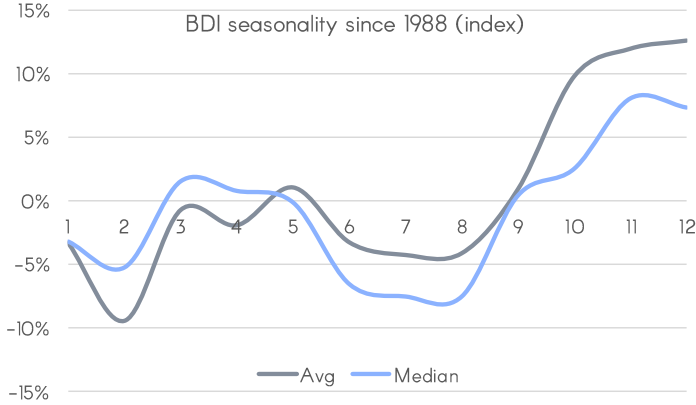
#### Historically strong demand growth in 2Q/4Q



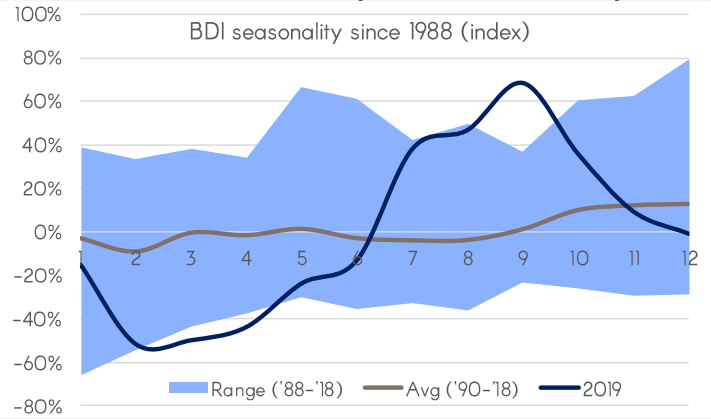
#### Historic demand growth vs 2019E



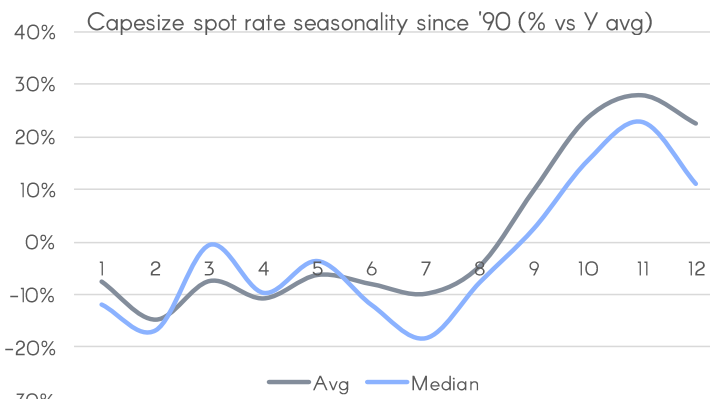
#### Historical Baltic Dry Index seasonality



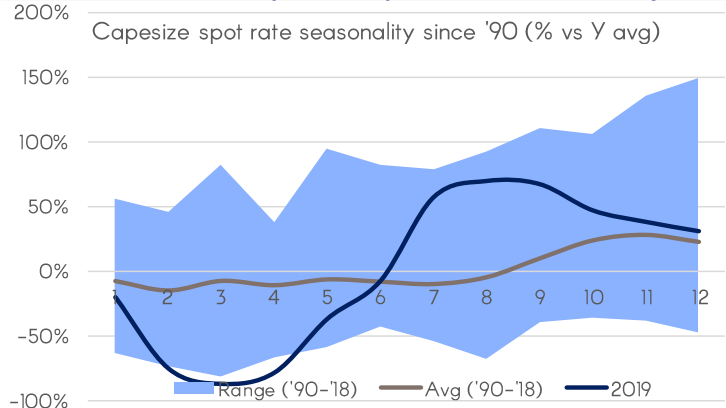
#### Historical Baltic Dry Index seasonality



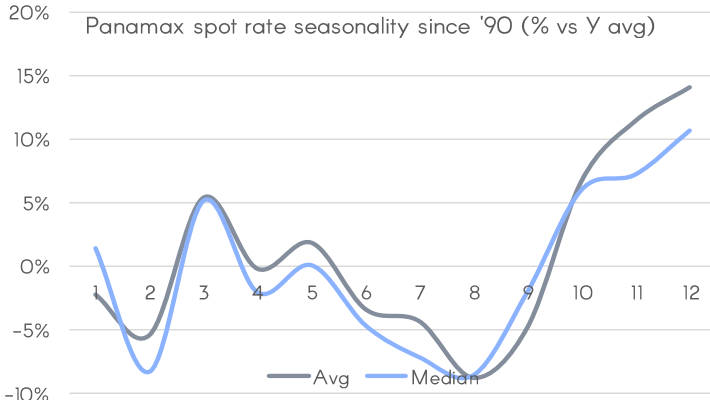
#### Historical Capesize spot rate seasonality



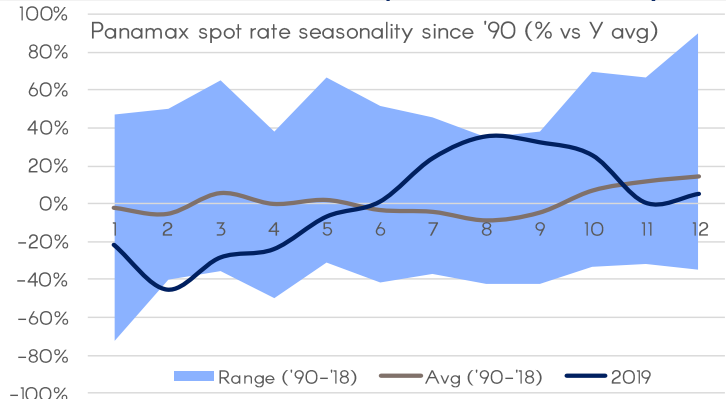
#### Historical Capesize spot rate seasonality



#### Historical Panamax spot rate seasonality



#### Historical Panamax spot rate seasonality





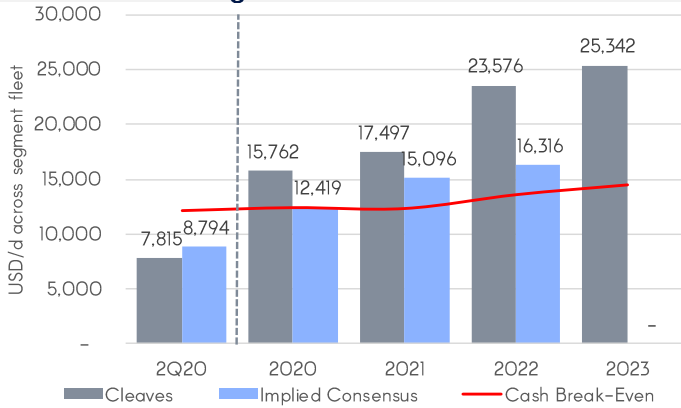


## Peer Group

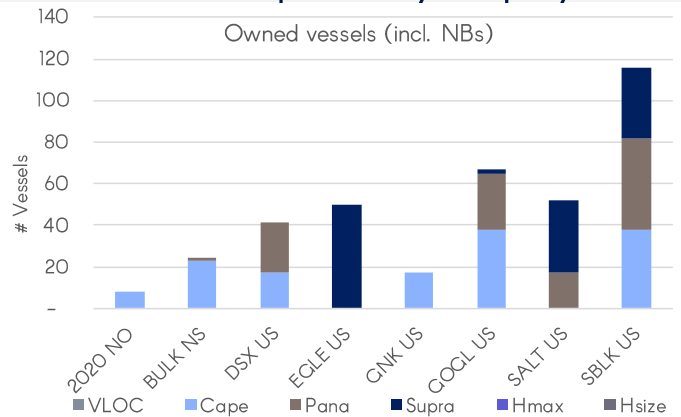
Company	M.cap	Turnover	Return ly	Rec.	Target Price	Last Price	Target/Price	NAV /sh	P/NAV Now	P/NAV ly fwd	EV/ GAV	adj. equity	$\tau$
2020 NO	128	0.2	-39%	BUY	93	54.6	70%	75	0.73	0.50	2.45	39%	0.72
BULK NO	401			BUY	145	126.6	15%	79	1.61	0.96	1.72	52%	0.67
DSX US	133	0.6	-59%	BUY	2.8	1.5	87%	2.6	0.57	0.35	2.73	30%	0.89
EGLE US	164	1.3	-62%	BUY	3.6	2.1	68%	2.8	0.76	0.47	2.87	28%	1.00
GNK US	265	1.6	-31%	BUY	15.0	6.3	137%	9.9	0.64	0.41	1.70	44%	1.00
GOGL US	571	6.3	-34%	BUY	7.7	4.0	94%	4.5	0.88	0.52	2.50	31%	0.90
SALT US	185	5.0	-70%	BUY	25.0	15.5	62%	36.0	0.43	0.28	2.33	31%	1.00
SBLK US	635	3.8	-37%	BUY	13.0	6.6	97%	7.4	0.89	0.51	3.03	29%	1.00
<b>Average</b>	<b>310</b>		<b>-47%</b>				<b>79%</b>		<b>0.81</b>	<b>0.50</b>	<b>2.42</b>	<b>35%</b>	<b>0.90</b>
<b>Median</b>	<b>225</b>		<b>-47%</b>				<b>79%</b>		<b>0.81</b>	<b>0.50</b>	<b>2.42</b>	<b>35%</b>	<b>0.90</b>

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	9.3	5.6	3.7	3.2	6.7	3.2	1.8	1.7	16%	28%	49%	54%	-74%	40%	61%	69%
BULK NO	5.0	4.1	2.2	1.6	7.5	5.8	2.8	2.3	18%	14%	26%	35%	28%	26%	44%	51%
DSX US		3.9	1.4	0.6		4.5	1.1	0.9	0%	0%	36%	62%	36%	49%	124%	163%
EGLE US	5.4	4.6	2.4	1.7	11.3	7.4	2.1	1.8	0%	0%	19%	30%	9%	33%	78%	88%
GNK US	9.2	2.4	0.9	0.2	3.8	3.5	1.6	1.4	12%	17%	25%	37%	55%	52%	86%	100%
GOGL US	8.5	5.3	2.7	2.0	4.7	5.0	1.9	1.6	12%	19%	29%	44%	36%	39%	72%	85%
SALT US	9.6	6.5	3.3	2.7	35.2	8.3	2.0	1.8	1%	0%	0%	27%	19%	26%	71%	76%
SBLK US	5.3	3.3	2.0	1.7	4.5	2.3	1.3	1.2	1%	15%	62%	85%	33%	62%	93%	101%
<b>Average</b>	<b>7.5</b>	<b>4.4</b>	<b>2.3</b>	<b>1.7</b>	<b>10.5</b>	<b>5.0</b>	<b>1.8</b>	<b>1.6</b>	<b>8%</b>	<b>12%</b>	<b>31%</b>	<b>47%</b>	<b>18%</b>	<b>41%</b>	<b>79%</b>	<b>92%</b>
<b>Median</b>	<b>7.5</b>	<b>4.4</b>	<b>2.3</b>	<b>1.7</b>	<b>10.5</b>	<b>5.0</b>	<b>1.8</b>	<b>1.6</b>	<b>8%</b>	<b>12%</b>	<b>31%</b>	<b>47%</b>	<b>18%</b>	<b>41%</b>	<b>79%</b>	<b>92%</b>

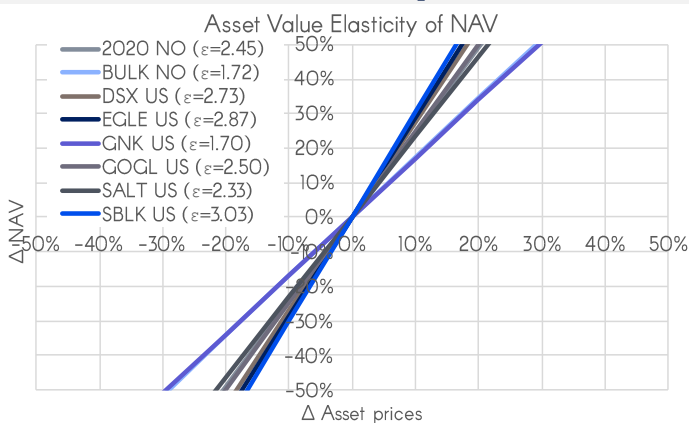
### Cleaves' average TCE/d forecast vs consensus



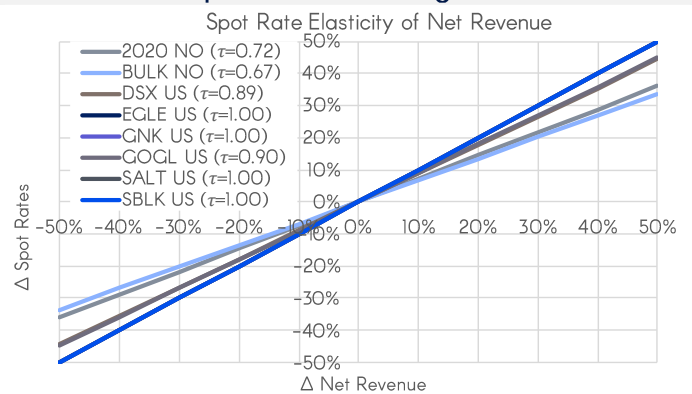
### Fleet composition by company



### Financial leverage ( $\epsilon$ )

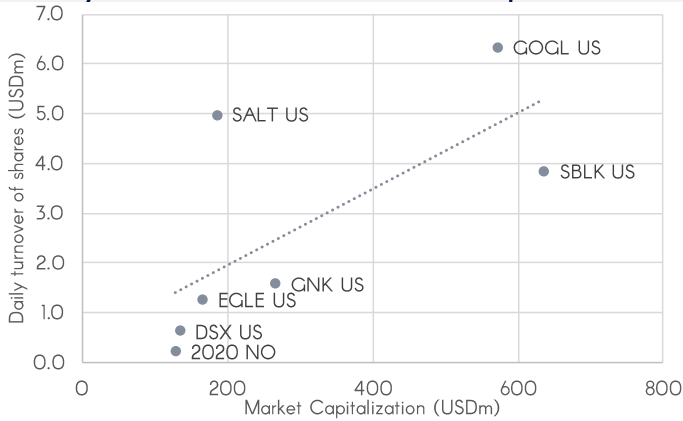


### Operational leverage ( $\tau$ )

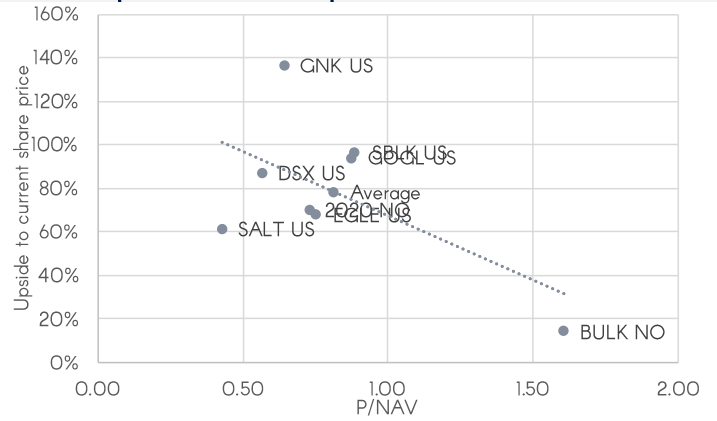




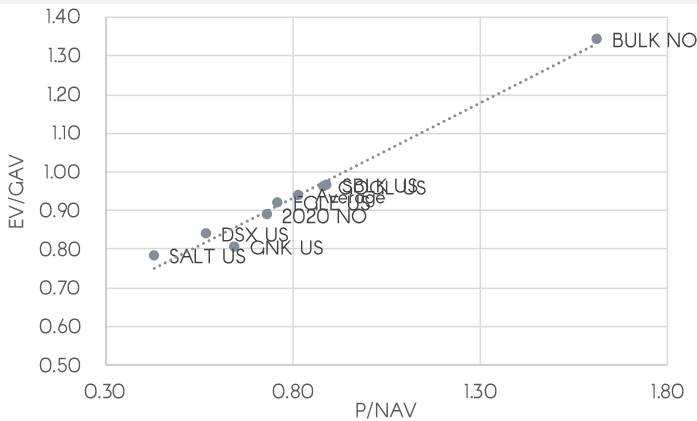
### Daily share turnover vs market capitalization



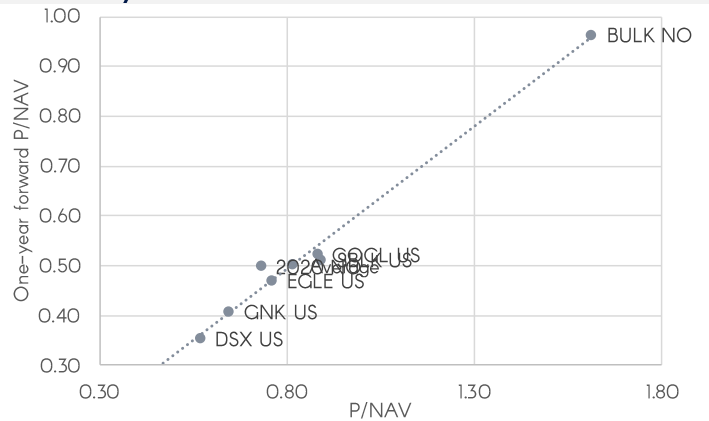
### Upside to share price current P/NAV



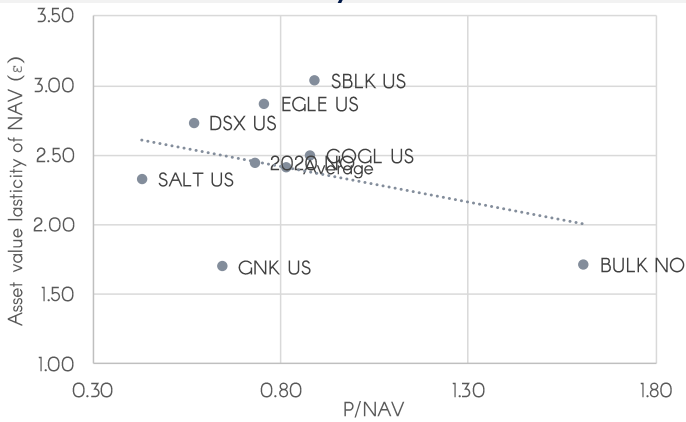
### EV/GAV vs P/NAV



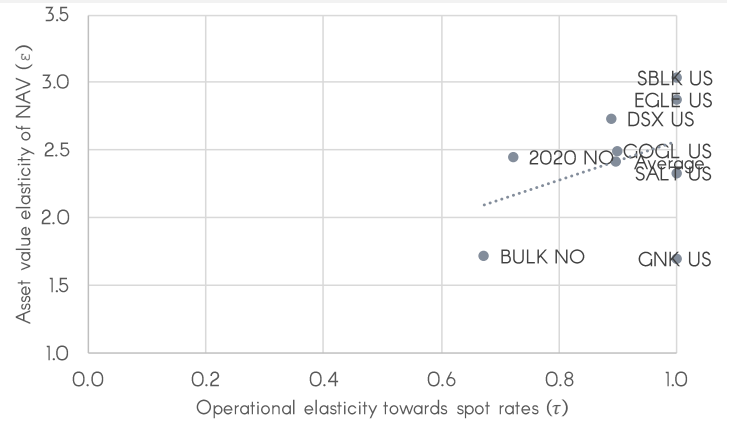
### One-year forward P/NAV vs current P/NAV



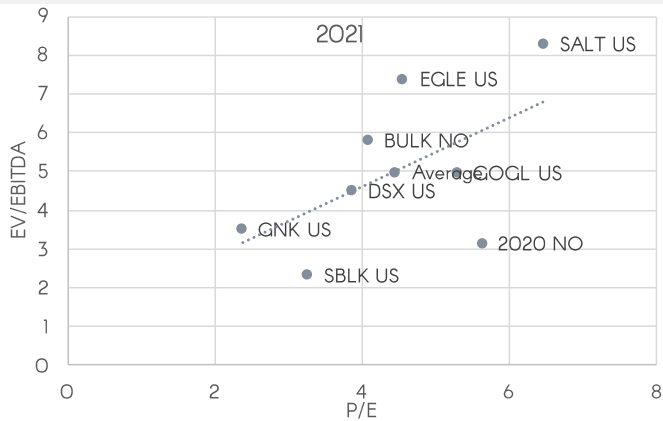
### Asset value elasticity of NAV vs P/NAV



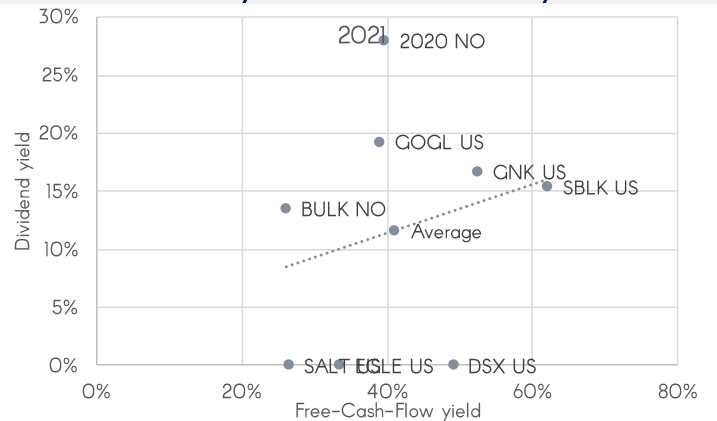
### Elasticities: NAV vs net revenue



### EV/EBITDA vs P/E



### Dividend yield vs free cash flow yield





## 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	55	80	109	116	39	62	91	98	30	51	80	87	19	41	70	78
BULK NO	160	173	248	276	106	120	195	222	66	81	156	183	53	69	145	174
DSX US	183	218	317	350	65	104	202	234	19	58	156	188	-10	31	132	165
EGLE US	267	252	297	309	104	110	168	180	54	60	118	131	16	24	84	100
GNK US	300	303	371	397	166	165	253	278	98	99	186	212	74	79	170	199
GOGL US	600	584	793	850	299	291	473	532	183	175	357	416	126	119	305	369
SALT US	246	246	299	305	96	109	175	181	46	60	126	132	5	22	92	101
SBLK US	643	782	1,017	1,077	361	490	699	749	222	351	560	611	143	279	494	550
Average	307	330	431	460	154	181	282	309	90	117	217	245	53	83	187	217
Median	256	249	308	329	105	115	199	228	60	71	156	186	36	55	139	169

### 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	372	362	354	343	13	16	20	28	389	382	378	375	136	141	149	157
BULK NO	487	452	422	389	70	97	147	192	590	582	601	613	363	378	419	453
DSX US	767	739	711	665	95	118	204	309	912	906	965	1,023	462	499	589	678
EGLE US	861	830	787	743	111	131	193	236	1,050	1,039	1,058	1,057	505	529	582	634
GNK US	1,076	1,017	959	893	214	234	321	430	1,382	1,344	1,373	1,415	908	942	1,045	1,147
GOGL US	2,256	2,153	2,046	1,930	217	279	423	551	2,857	2,817	2,854	2,865	1,439	1,448	1,589	1,705
SALT US	1,162	1,136	1,096	1,057	155	128	207	249	1,590	1,537	1,576	1,579	815	837	929	980
SBLK US	2,895	2,773	2,651	2,534	244	405	499	503	3,310	3,349	3,321	3,207	1,673	1,853	1,935	1,922
Average	1,235	1,183	1,128	1,069	140	176	252	312	1,510	1,495	1,516	1,517	788	829	905	959
Median	969	924	873	818	133	129	206	279	1,216	1,192	1,216	1,236	660	683	759	829

### 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	28	51	81	88	-95	51	78	88	-8	3	4	8	28,269	38,528	13,876	13,719
BULK NO	98	108	184	213	112	104	176	207	23	28	50	45	19,877	28,234	10,010	9,859
DSX US	46	83	184	217	48	65	166	217	-13	23	86	104		22,093	15,859	15,617
EGLE US	53	74	134	150	15	55	128	144	52	20	62	43	13,223	16,218	11,101	21,690
GNK US	127	145	237	266	145	139	227	266	52	21	87	109	15,665	20,692	11,725	11,371
GOGL US	236	235	422	485	208	222	413	485	97	63	144	128	17,784	24,337	11,766	14,215
SALT US	40	72	141	150	34	49	131	140	112	-27	79	42	13,115	16,670	13,234	11,754
SBLK US	273	418	633	689	211	401	616	667	119	161	93	4	16,806	21,834	10,763	10,510
Average	113	148	252	282	85	136	242	277	54	36	76	60	17,820	23,576	12,292	13,592
Median	75	96	184	215	80	85	171	212	52	22	83	44	16,806	21,963	11,745	12,737





## Company Financials (quarterly)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
2020 NO		18	19	12		13	14	7		10	12	4		8	9	2
BULK NO	20	54	63	25	7	41	50	12	-3	31	40	3	-6	28	37	0
DSX US	40	50	53	36	11	22	24	8	-1	10	12	-4	3	5	-11	
EGLE US	37	85	98	52	-4	44	54	11	-17	31	42	-1	-26	21	32	-11
GNK US	29	103	118	51	-3	68	83	17	-20	51	67	0	-26	46	61	-5
GOGL US	58	215	246	88	0	128	156	24	-29	99	126	-5	-44	85	112	-19
SALT US	24	86	97	48	-14	47	59	12	-27	35	47	0	-37	25	37	-10
SBLK US	102	209	226	128	36	131	151	63	1	97	116	29	-19	77	97	10
Average	44	102	115	55	5	62	74	19	-14	46	58	3	-26	36	49	-5
Median	37	85	97	50	0	45	57	12	-17	33	44	0	-26	26	37	-7

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
2020 NO		375	372	369		14	13	13		393	389	386		137	136	137
BULK NO	499	493	487	479	31	65	70	70	563	591	590	581	342	364	363	360
DSX US	794	777	767	760	83	90	95	82	926	916	912	891	451	456	462	453
EGLE US	877	871	861	851	59	78	111	102	1,014	1,027	1,050	1,031	451	473	505	494
GNK US	1,114	1,092	1,076	1,061	129	178	214	175	1,336	1,362	1,382	1,329	825	869	908	872
GOGL US	2,308	2,282	2,256	2,231	37	168	217	123	2,730	2,834	2,857	2,738	1,302	1,386	1,439	1,342
SALT US	1,177	1,173	1,162	1,150	111	125	155	139	1,561	1,571	1,590	1,562	754	778	815	805
SBLK US	2,950	2,925	2,895	2,864	115	171	244	174	3,235	3,267	3,310	3,209	1,503	1,580	1,673	1,625
Average	1,389	1,248	1,235	1,221	81	111	140	110	1,624	1,495	1,510	1,466	804	755	788	761
Median	1,114	981	969	956	83	108	133	113	1,336	1,195	1,216	1,180	754	625	660	650

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	3Q20	4Q20	3Q20	4Q20
USDm																
2020 NO		10	12	4		10	12	4		-1	-1	0	24,881	26,726	14,605	14,555
BULK NO	6	37	46	9	13	34	43	8	8	34	5	0	25,237	29,459	7,499	7,523
DSX US	5	16	18	2	3	22	16	-2	-8	7	5	-13	13,873	14,758	13,232	12,596
EGLE US	-14	34	45	2	-27	28	42	0	-13	19	33	-9	16,162	18,597	11,384	11,768
GNK US	-9	62	78	12	-1	68	77	10	-20	48	36	-39	21,263	24,332	11,842	11,793
GOGL US	-15	114	141	10	-18	110	138	7	-48	130	49	-93	25,402	29,315	9,293	15,546
SALT US	-25	37	49	2	-6	29	47	2	61	15	29	-16	16,904	19,434	13,259	13,297
SBLK US	-1	111	131	45	-17	102	127	41	-16	57	73	-70	17,605	19,415	12,245	12,377
Average	-7	53	65	11	-8	50	63	9	-5	39	29	-30	20,166	22,754	11,670	12,432
Median	-9	37	48	7	-6	31	45	6	-13	26	31	-15	19,434	21,883	12,044	12,486



## Oil Tankers: Weakness Now, Improvements in 2022E

### The quarter in review

Net supply growth of 1.2% q/q in 2Q20 was marginally below our 1.4% [forecast from April](#), with y/y growth at 4.5%. Gross deliveries of 4.8m dwt was below our 5.8m forecast, offset by only 0.1m dwt scrapped vs 0.3m forecast. Very positive in the quarter was only 4.9m dwt newbuilding orders despite a red-hot market, below our 6.9m dwt forecast. Thus, the orderbook was close to unchanged during the quarter, standing at only 8.4% of the fleet, the lowest level since January 1997.

We estimate a 3.0% demand growth q/q in the quarter (vs our 4.0% forecast from [April](#)) and 21.8% y/y. The net effect was a fleet utilization of 94.4% (95.0% forecast), +1.7%p q/q and +13.4%p y/y. This was the highest 2Q oil tanker fleet utilization since 2008! Thus, oil tanker earnings averaged \$41,979/d in the quarter (+16% q/q, +239% y/y), slightly below our \$44,186/d [forecast from April](#), with VLCCs averaging \$88,907/d (+5% q/q, +669% y/y) vs our \$105,773/d forecast from [April](#) and our \$80,927/d forecast from [May](#).

mDWT			New	Old		
	2019-Q2	2020-Q1	2020-Q2	2020-Q2	Δ	Δ %
Deliveries <sup>1</sup>	8.1	7.6	4.8	5.8	(0.9)	-16%
Scrapping <sup>1</sup>	(1.7)	(0.6)	(0.1)	(0.3)	0.2	-68%
Contracting <sup>1</sup>	6.4	3.9	4.9	6.9	(2.0)	-29%
<b>Supply<sup>2</sup></b>	<b>566</b>	<b>585</b>	<b>592</b>	<b>593</b>	<b>(1.1)</b>	<b>-0.2%</b>
Δ q/q			1.2%	1.4%	-0.2%p	
Δ y/y			4.5%	4.7%	-0.2%p	
<b>Demand<sup>2</sup></b>	<b>459</b>	<b>542</b>	<b>559</b>	<b>564</b>	<b>(4.6)</b>	<b>-0.8%</b>
Δ q/q			3.0%	4.0%	-0.9%p	
Δ y/y			21.8%	22.8%	-1.0%p	
<b>Utilization<sup>2</sup></b>	<b>81.0%</b>	<b>92.7%</b>	<b>94.4%</b>	<b>95.0%</b>	<b>-0.6%p</b>	
Oil Tankers <sup>2</sup> (TCE)	12,369	36,341	41,979	44,186	(2,208)	-5%
VLCC, spot <sup>2</sup> (TCE/d)	11,565	84,557	88,907	105,773	(16,866)	-16%
Suezmax, spot <sup>2</sup> (TCE)	15,425	55,001	47,275	70,998	(23,723)	-33%
Aframax, spot <sup>2</sup> (TCE)	14,636	41,610	32,710	52,256	(19,546)	-37%
MR, spot <sup>2</sup> (TCE)	11,342	18,823	26,688	50,261	(23,573)	-47%
VLCC, 5y <sup>2</sup> (USDm)	66	72	71	72	(1.5)	-2%
Suezmax, 5y <sup>2</sup> (USDm)	45	50	49	50	(1.5)	-3%
Aframax, 5y <sup>2</sup> (USDm)	36	40	39	40	(1.5)	-4%
MR, 5y <sup>2</sup> (USDm)	27	29	28	29	(1.0)	-3%
OB <sup>2</sup>	58	51	50	48	2.8	6%
Share Index <sup>2</sup>	173	217	213	219	(6)	-3%

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

Second-hand values averaged slightly down in the quarter due to weakness in May & June, with our oil tanker asset index -2.6% q/q (+23.7% y/y). We keep our asset prices unchanged from our [May report](#), when we reduced values by 6% on average. Please see [Asset Valuation](#) for further details

Our oil tanker share index averaged 213 in the quarter (-2% q/q, +24% y/y), very close to our 219 [forecast from April](#). We forecast the share index to average 183 in 2Q20, 4% above current pricing.



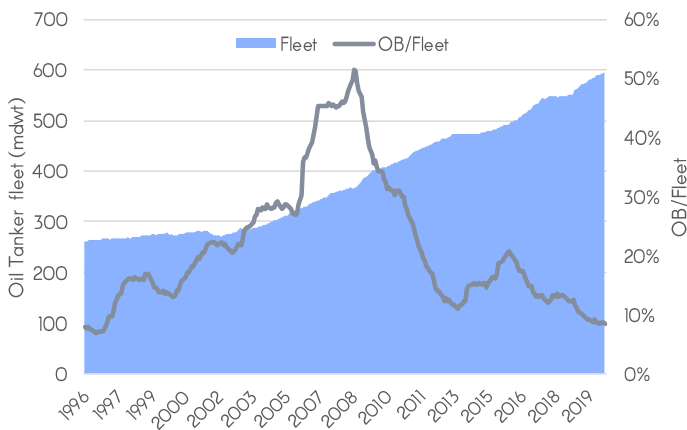
### Market outlook

#### Supply

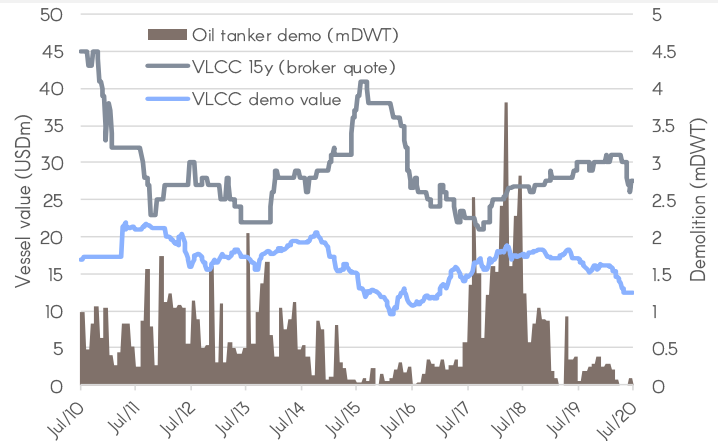
With a very sobering level of newbuilding contracting in recent quarters despite stellar earnings, the orderbook has fallen to very low levels. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well. The orderbook currently constitutes 8.4% of the fleet on the water, levels not seen since January 1997.

Scrap yards have significantly reduced activity YTD due to the COVID-19 outbreak, but 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 7m dwt scrapped in 2020, 12m dwt in 2021 and 8m dwt in 2022. This compares with 20m dwt scrapped in the last earnings trough in 2018.

#### Orderbook vs fleet

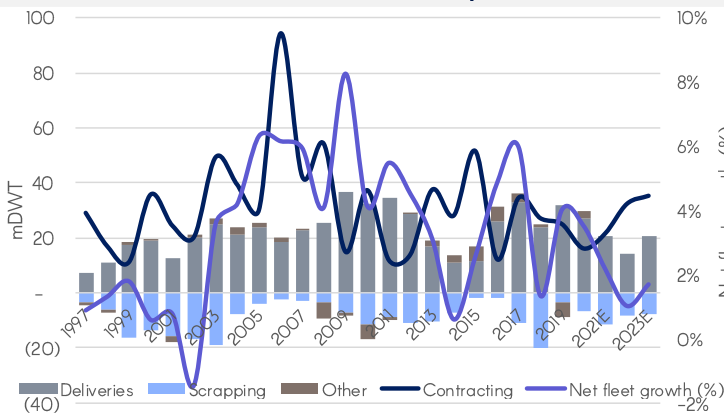


#### VLCC scrapping vs scrap value

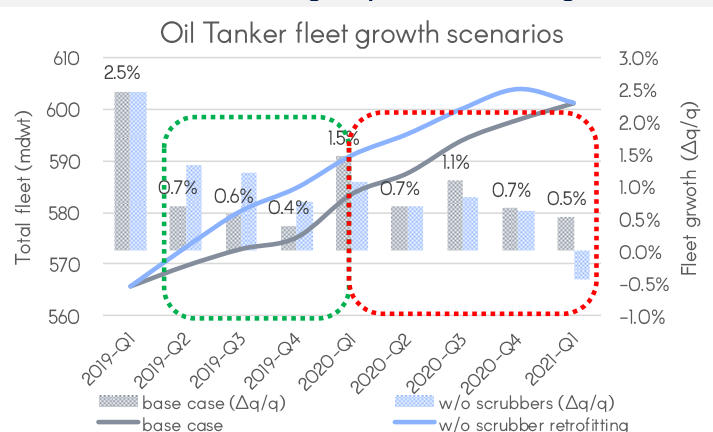


In sum, we forecast net supply growth of 3.5% in 2020E, 2.2% in 2021E and only 1.0% in 2022E and 1.7% in 2023E.

#### Oil tanker fleet developments



#### Scrubber retrofitting impact on fleet growth





## Demand

We have seen oil demand recover faster than expected, with subsequently less inventory build than our previous forecasts from [April](#) and [May](#).

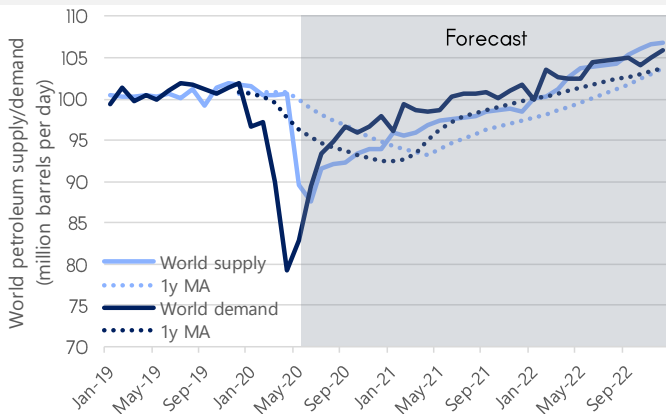
The result has been a collapse in oil tanker earnings (as expected in both our [April](#) & [May](#) reports), but the silver lining is that oil supply can recover much sooner than previously expected and that the ongoing destocking cycle will be much shorter than our earlier forecast.

We now forecast oil demand to average 92.5mbpd in 2020E and 99.7mbpd in 2021E (vs 100.9mbpd in 2019). For oil supply, we see an average of 94.8mbpd in 2020E and 97.4mbpd in 2021E (vs 100.6mbpd in 2019). We estimate that the oil market balanced already in early June at around 88mbpd (vs earlier forecasts of July & August), and that the destocking cycle has already commenced.

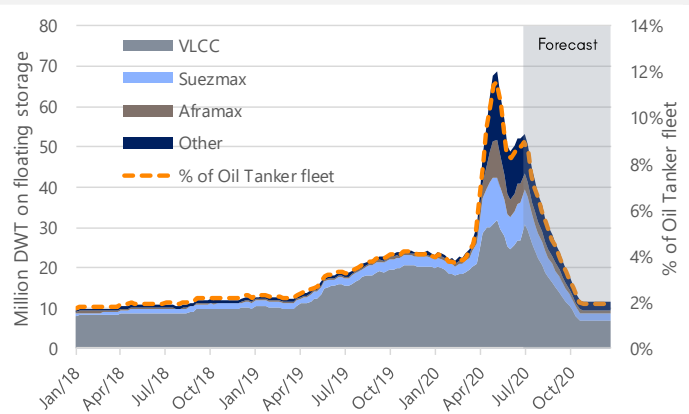
Floating storage peaked in May at 12% of the global oil tanker fleet, with an unwinding expected going forward. At the time of writing, 100 VLCCs, 55 Suezmaxes, 35 Aframaxes in addition to 152 other vessels are tied up in floating storage, according to Shipping Intelligence Network. This represents 9% of the global oil tanker fleet.

Our outlined base case above will be affected if a second wave of COVID-19 outbreak destroys oil demand in a similar fashion as in March/April/May. In such a scenario, oil supply cannot recover as soon, and the destocking cycle will be postponed and potentially prolonged. Although a steep contango in the oil futures curve might resurrect, supporting floating storage in the short term, the negative implications for the medium term will likely outweigh any short-term gains.

### World oil supply & demand: Base Case

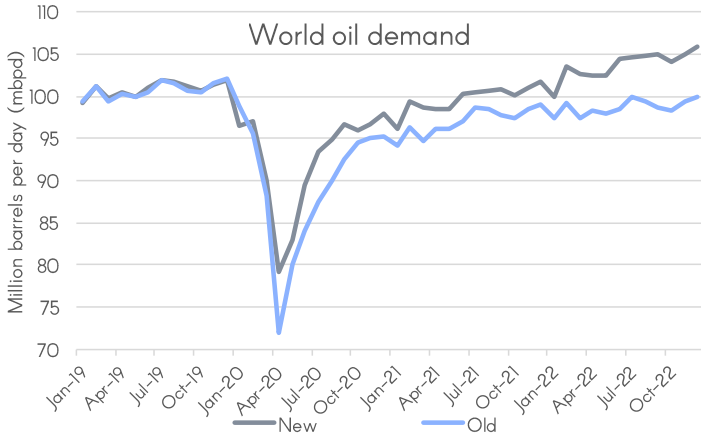


### Floating storage potential: Base Case

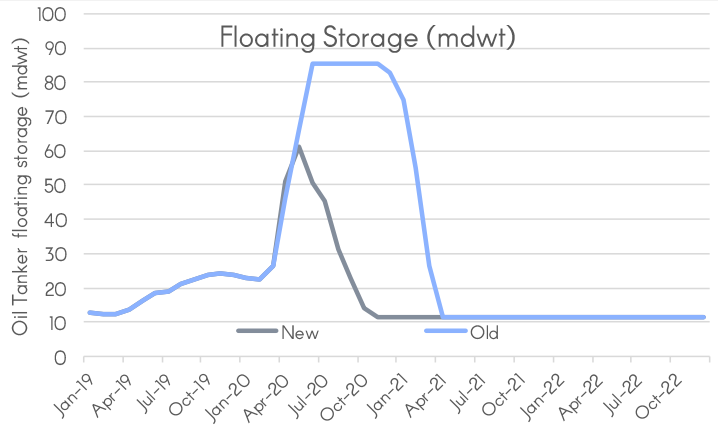
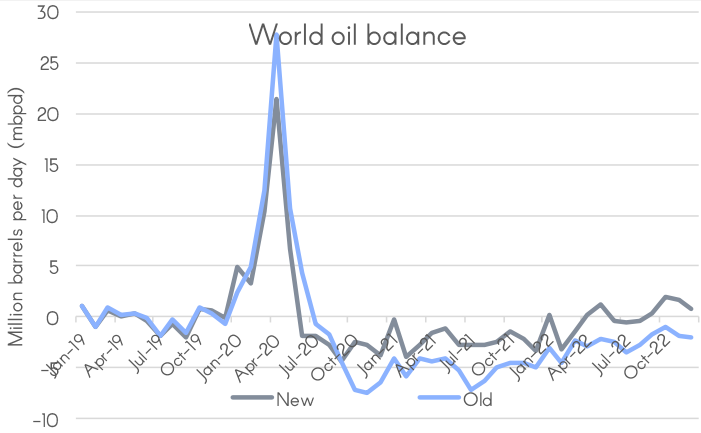
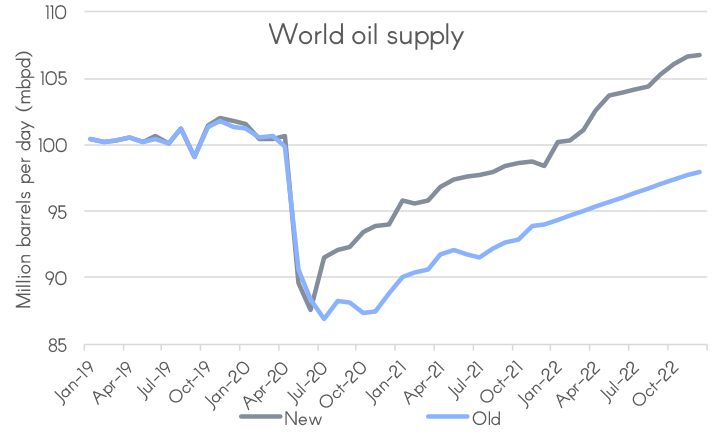




World oil demand: Changes to our forecast

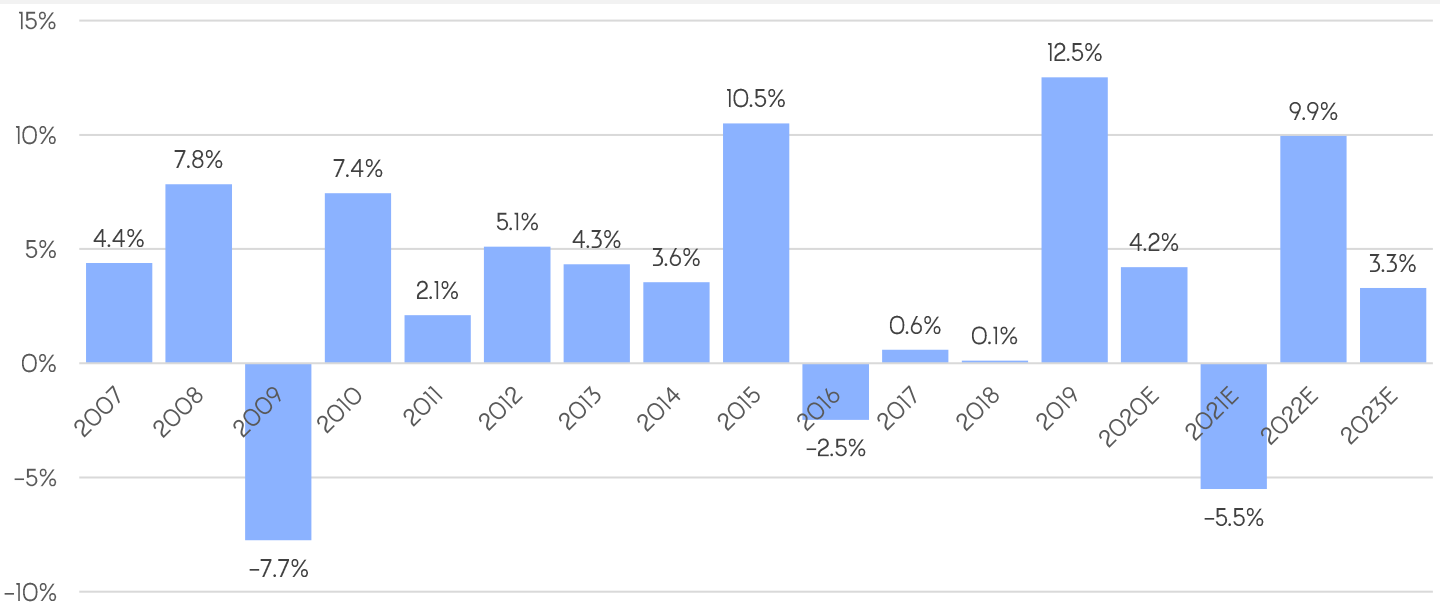


World oil supply: Changes to our forecast



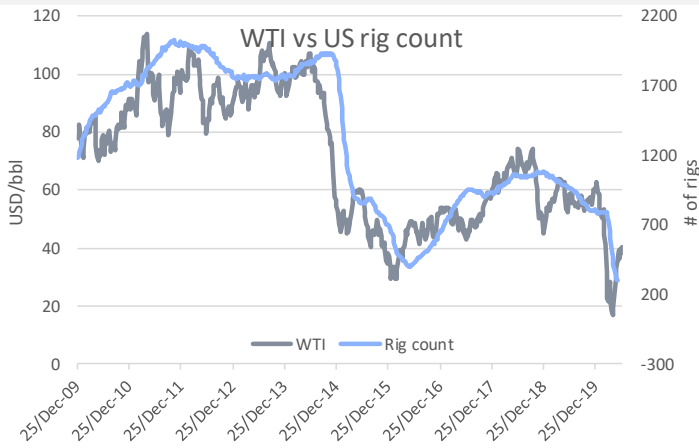
Looking at the bigger oil tanker demand picture, we forecast demand to contract 5.5% in 2021E as demand for oil transportation is negatively affected by lower oil supply and destocking of oil inventories. However, we forecast a massive 9.9% demand growth in 2022E as oil supply increases rapidly against the destocking cycle potentially ending towards the end of 2021E.

Oil Tanker demand growth (intra-year averages)

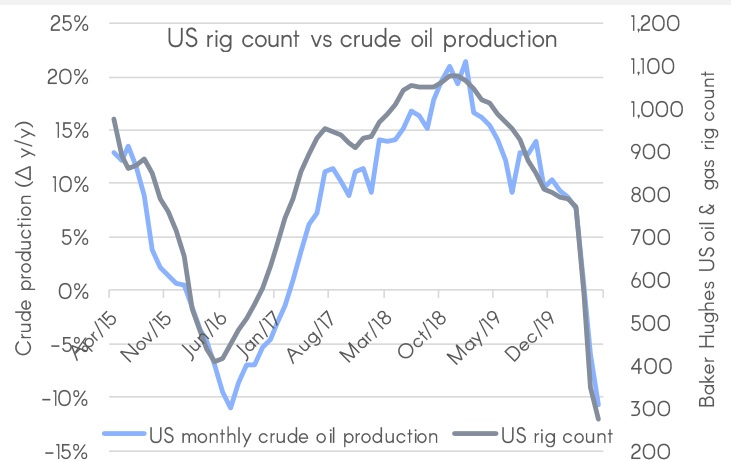




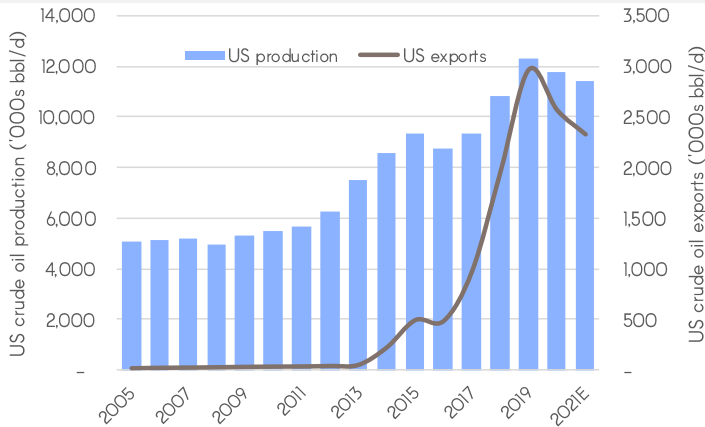
WTI oil price closely correlated with US rig count



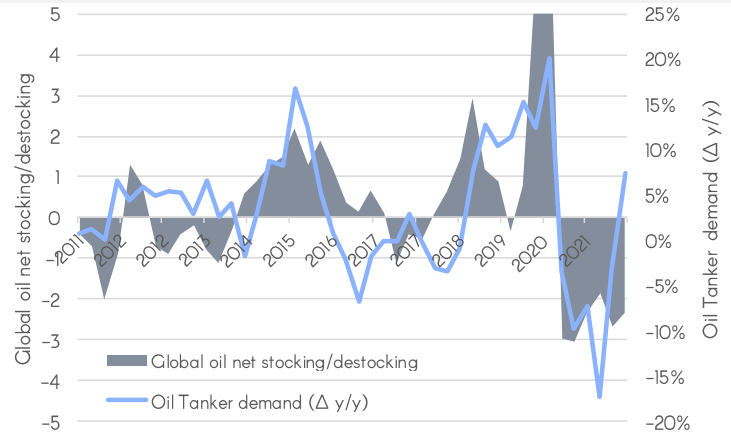
US oil production closely correlated with rig count



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 86.4% in 2020E (+0.6%p y/y), 79.9% in 2021E and 87.0% in 2022E.

Our fleet utilization forecast implies VLCCs to average \$52k/d in 2020E (+26% y/y) and \$23k/d in 2021E, Suezmaxes to average \$32k/d (+2% y/y) and \$17k/d, and MRs to average \$16k/d (+17% y/y) and \$11k/d.

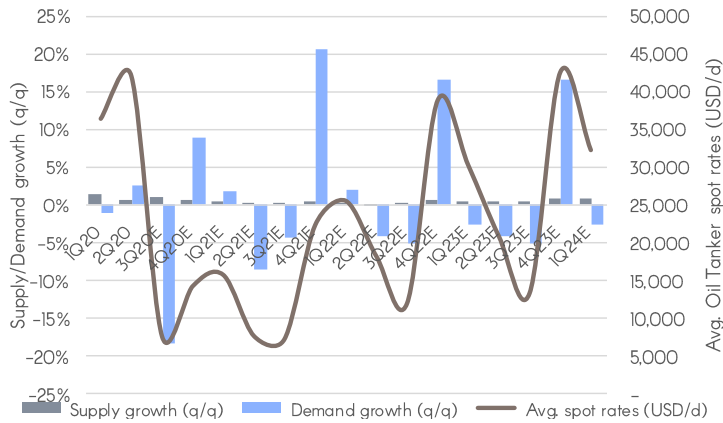
### Overview of our estimate changes

Delta table: Oil Tanker forecast summary					Average spot rate				
Δ y/y	2020E	2021E	2022E	2023E		2020E	2021E	2022E	2023E
Supply	3.5%	2.2%	1.0%	1.7%	VLCC, base case	51,969	23,041	49,204	56,990
Supply, old	4.3%	1.8%	0.8%	1.1%	old	49,648	17,411	22,524	52,104
Δ	-0.7%p	0.4%p	0.3%p	0.6%p	Δ	2,321	5,630	26,680	4,886
Demand	4.2%	-5.5%	9.9%	3.3%	Suezmax, base case	32,335	17,317	34,293	39,345
Demand, old	1.8%	-6.1%	3.4%	10.5%	old	32,679	13,664	16,982	36,175
Δ	2.5%p	0.6%p	6.5%p	-7.2%p	Δ	(344)	3,653	17,311	3,170
Utilization	86.4%	79.9%	87.0%	88.4%	MR, base case	16,127	10,712	16,155	17,774
Utilization, old	83.8%	77.3%	79.3%	86.7%	old	15,982	9,541	10,604	16,758
Δ	2.6%p	2.7%p	7.7%p	1.7%p	Δ	145	1,171	5,550	1,016
Asset Index	138	124	181	195	Share Index	203	164	403	458
Asset Index, old	137	114	125	186	Share Index, old	178	140	193	434
Δ	0%	8%	44%	5%	Δ	14%	17%	109%	6%

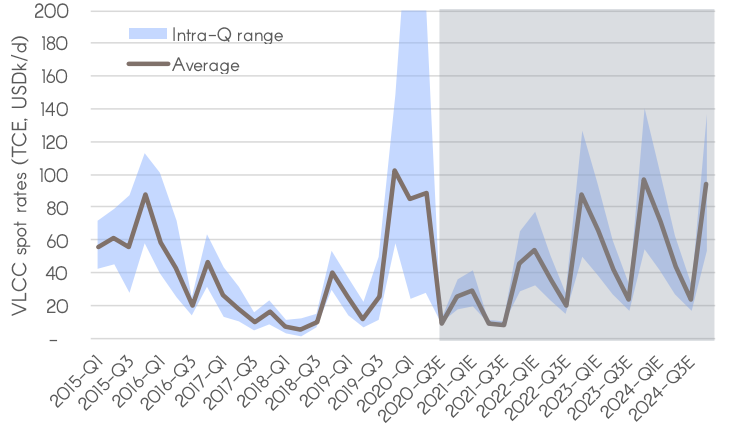
<sup>1</sup>Sum during period <sup>2</sup>Average during period



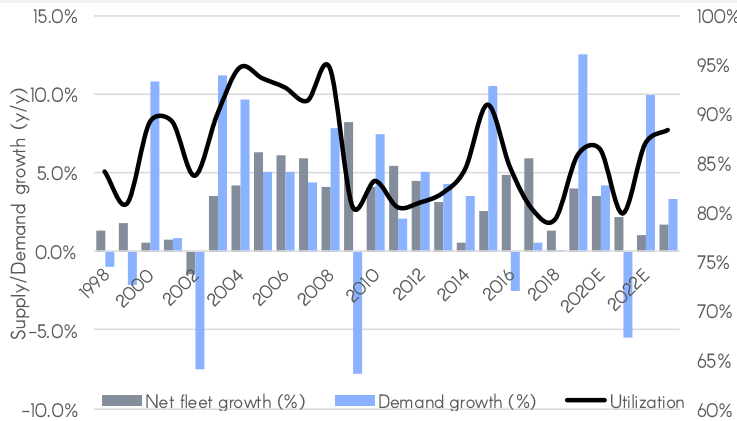
### Oil tanker supply/demand & spot rates (quarterly)



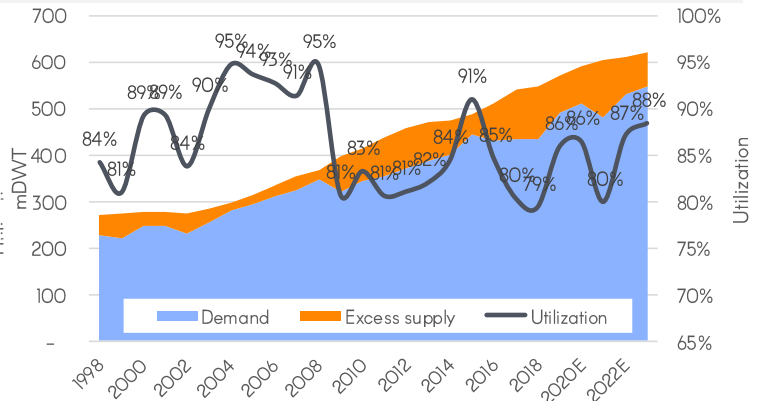
### VLCC spot rates: Historical & forecast (quarterly)



### 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 since rose 25% to the peak in 1Q20. Since then, asset values are down 6%, and we see the potential for another 14% downside to our asset index over the next year before potentially rising 70% by 2024E from the mid-2021E trough.

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 21% over the next year before potentially rising 237% by 2024E from the mid-2021E trough.

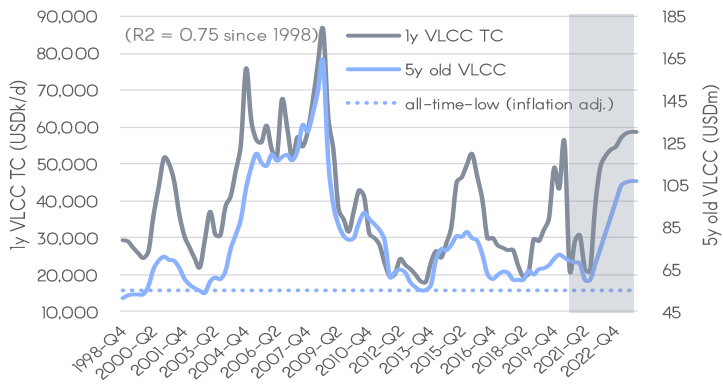


# Cleaves Securities

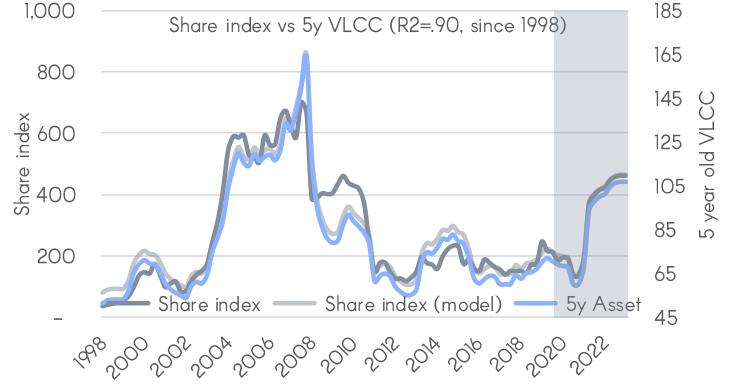
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

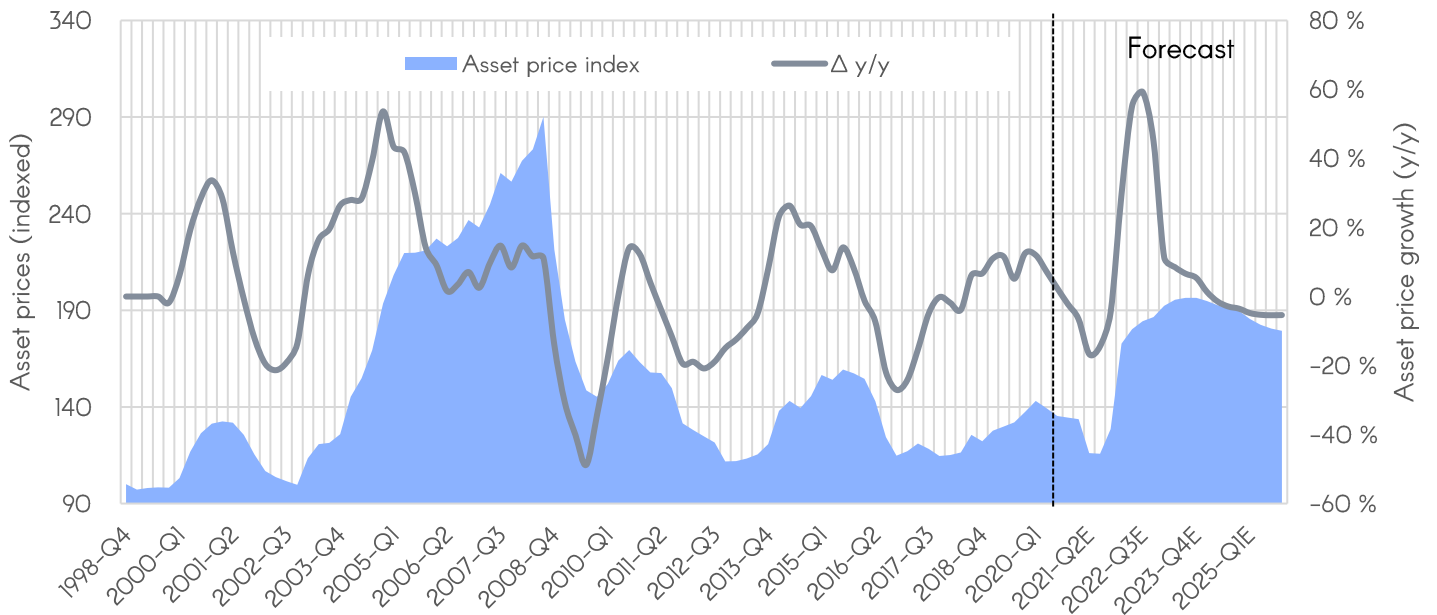
### VLCC: 1y timecharter vs 5y asset price



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

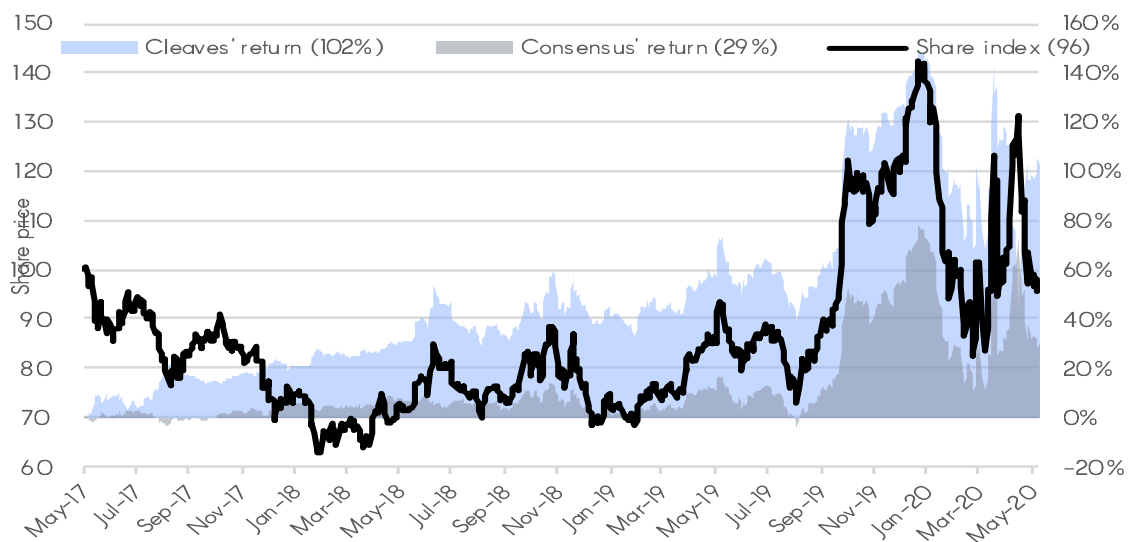


### Cleaves' oil tanker asset price index



Since we reinitiated coverage on Oil Tankers in May 2017, we have a 102% return on our recommendations vs the market at -4% and consensus at +29%.

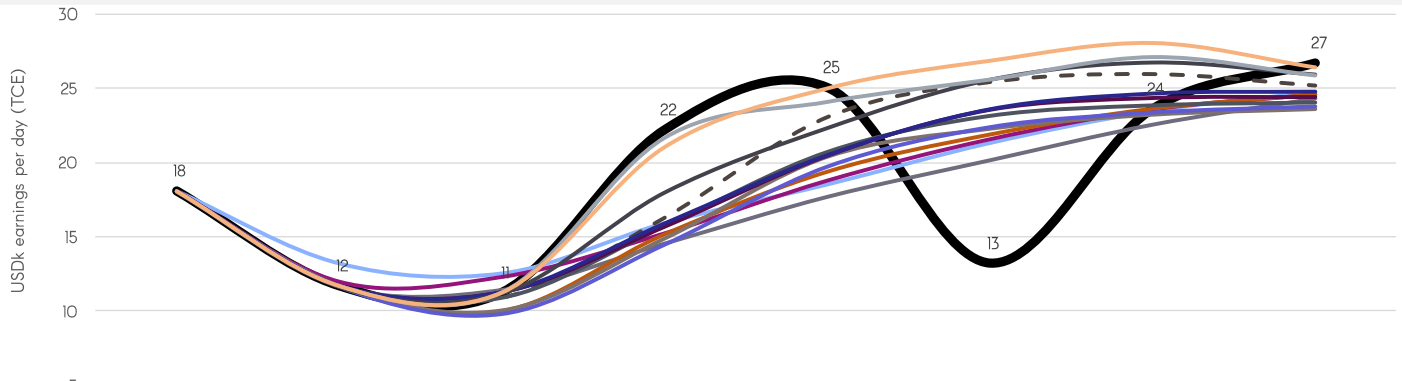
### Cleaves' return vs consensus and our oil tanker index





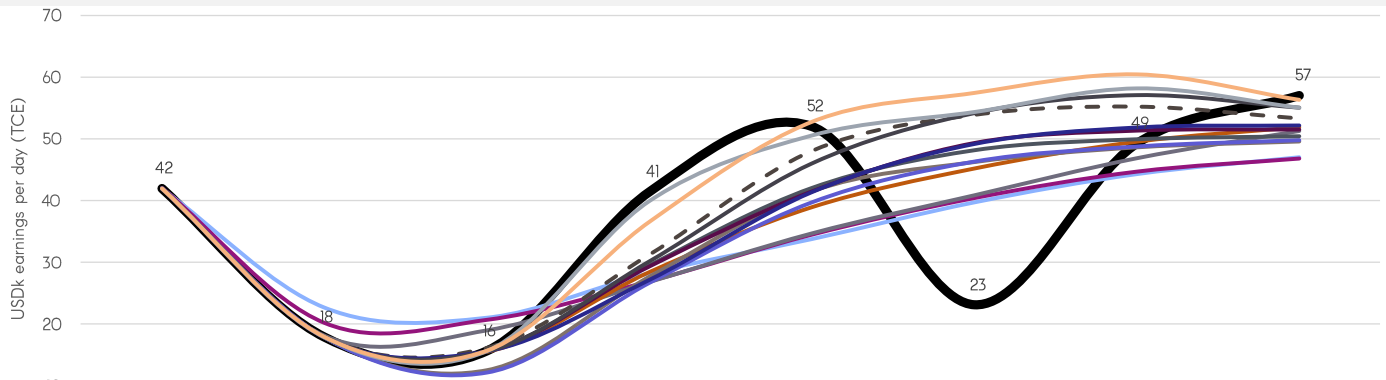


### Cleaves' historical average oil tanker spot rate forecasts vs actuals



	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	18,047	11,655	11,216	22,168	25,015	13,186	23,574	26,665
May-17	18,047	13,153	12,481	15,882	18,492	21,296	23,455	24,745
Sep-17	18,047	11,933	12,258	15,206	18,773	21,571	23,592	24,595
Dec-17	18,047	11,644	11,381	14,518	17,673	20,146	22,553	24,321
Feb-18	18,047	11,655	9,992	15,174	19,393	21,907	23,648	24,603
May-18	18,047	11,655	10,913	16,283	23,043	25,398	25,935	25,164
Jul-18	18,047	11,655	9,992	14,865	20,400	22,298	23,250	23,631
Oct-18	18,047	11,655	9,831	14,476	19,703	22,350	23,330	23,741
Nov-18	18,047	11,655	10,918	15,717	20,677	23,096	23,799	23,993
Jan-19	18,047	11,655	11,216	15,654	20,465	23,572	24,369	24,437
Apr-19	18,047	11,655	11,216	15,845	20,441	23,537	24,595	24,724
Jul-19	18,047	11,655	11,216	17,986	22,315	25,558	26,717	25,908
Oct-19	18,047	11,655	11,216	21,655	24,079	25,587	27,107	25,866
Nov-19	18,047	11,655	11,216	21,023	24,978	26,843	28,039	26,398

### Cleaves' historical VLCC spot rate forecasts vs actuals



	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Actuals/Forecast	41,908	17,794	15,561	41,364	51,969	23,041	49,204	56,990
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



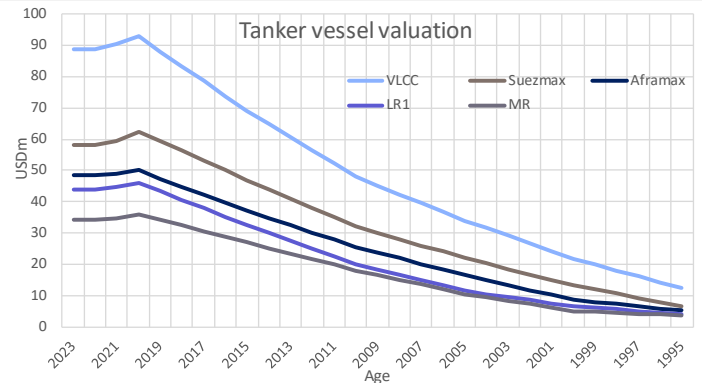


## Asset Valuation

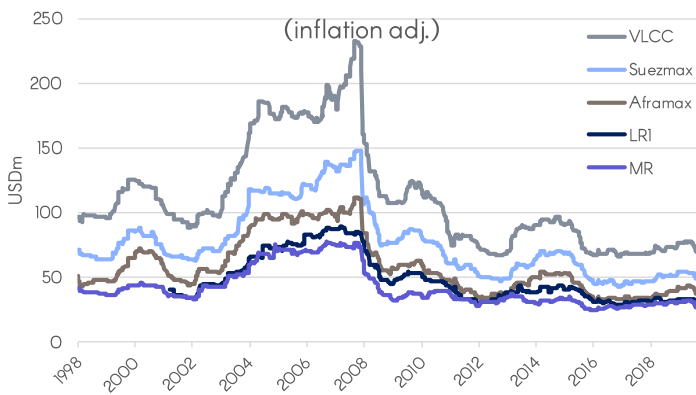
Asset valuation overview

Summary	VLCC	Suezmax	Aframax	LR2	LRI	MR	SR
NB	89.0	58.0	48.5	50.5	44.0	34.3	32.3
resale	93.0	62.5	50.0	52.0	46.0	36.0	34.0
5y	69.0	47.0	37.0	38.5	32.5	27.0	24.0
10y	48.0	32.0	25.5	26.5	20.0	18.0	15.0
15y	34.0	22.0	16.5	17.5	11.5	10.5	9.0
20y	21.8	13.2	8.5	9.0	6.5	5.0	3.4
scrap	12.3	6.6	5.1	5.1	3.9	3.6	2.4
All prices are excluding scrubbers							
NB parity	31,321	22,823	19,337	19,866	17,677	14,851	13,595

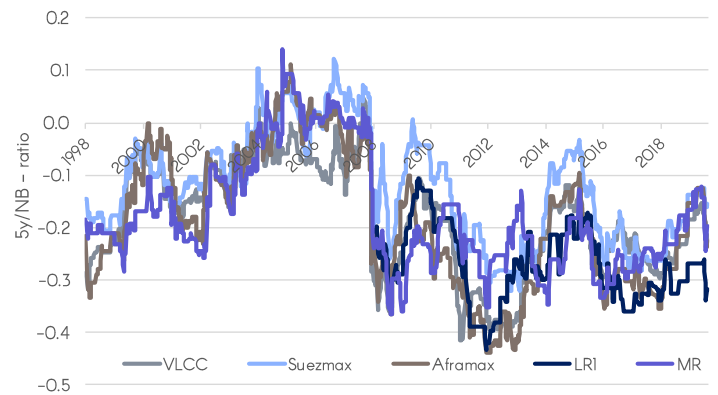
Asset valuation overview



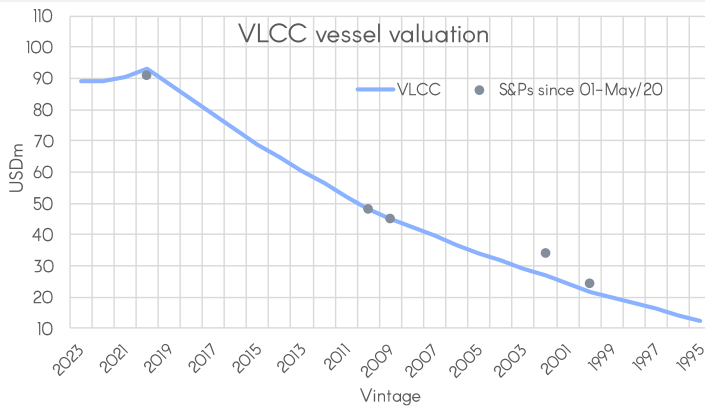
Historical 5y old vessel values



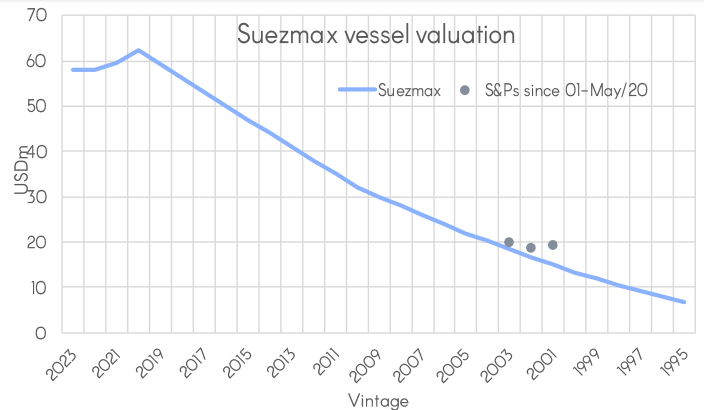
Historical price ratio, 5y/newbuild



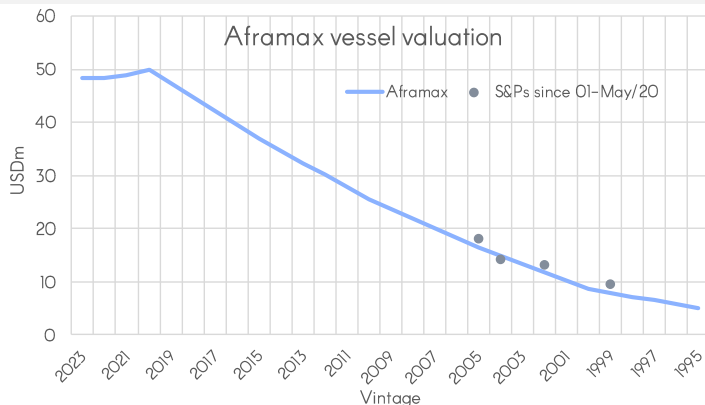
VLCC valuation vs recent S&P



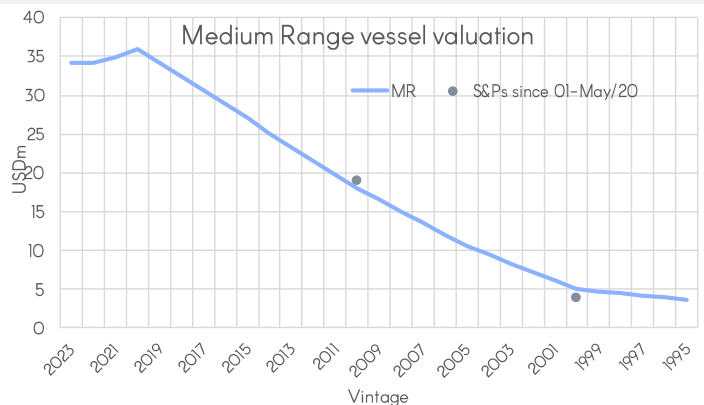
Suezmax valuation vs recent S&P



Aframax valuation vs recent S&P



MR 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)	42.8	43.2	43.7	44.4	46.2
Time-spread against 1m		0.4	0.9	1.6	3.4

#### Profit/loss from storage at current rates (USDm)

VLCC	-1.3	-3.6	-9.1	-17.4
Suezmax	-0.9	-2.6	-6.7	-14.5

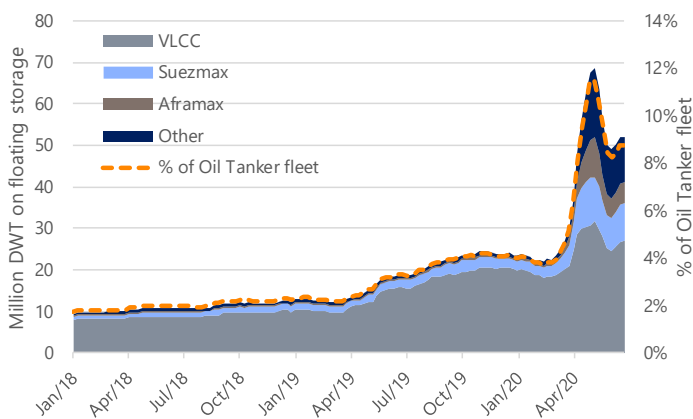
#### Required Brent fwd price for VLCC break-even

	1m	4m	7m	1y	2y
Brent (USD/bbl)	42.8	43.8	45.4	48.8	54.5
Time-spread against 1m		1.0	2.7	6.0	11.7

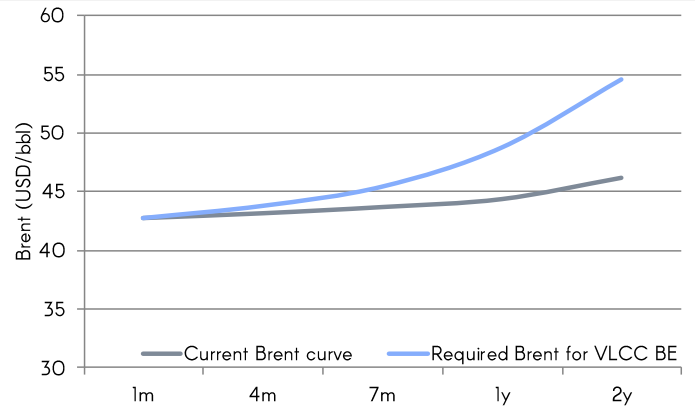
#### Required tanker rates for storage to break-even

VLCC	9,441	10,822	10,173	10,332
Suezmax	4,496	5,154	4,844	4,920

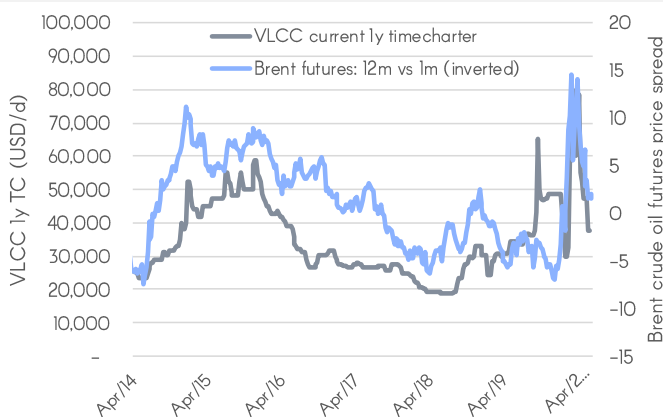
#### Oil Tanker floating storage



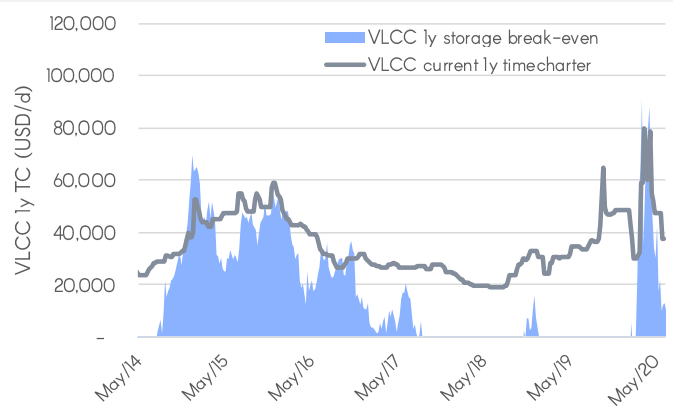
#### VLCC floating storage economics



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



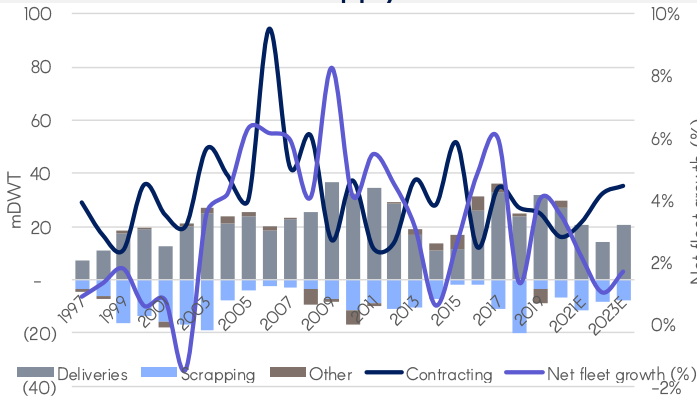
#### VLCC 1y floating storage breakeven vs 1y TC



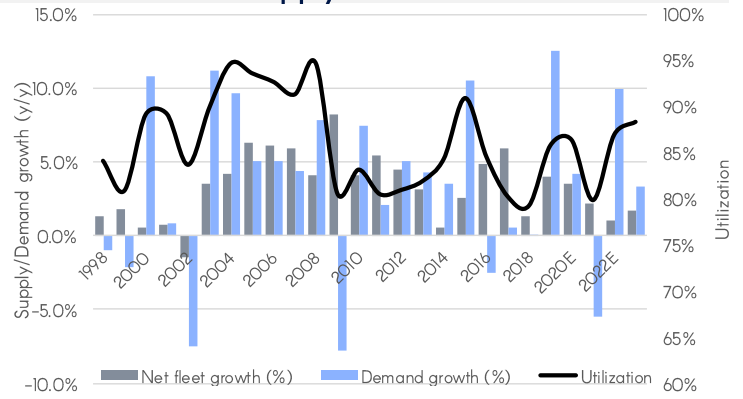


### Market Fundamentals & Forecasts

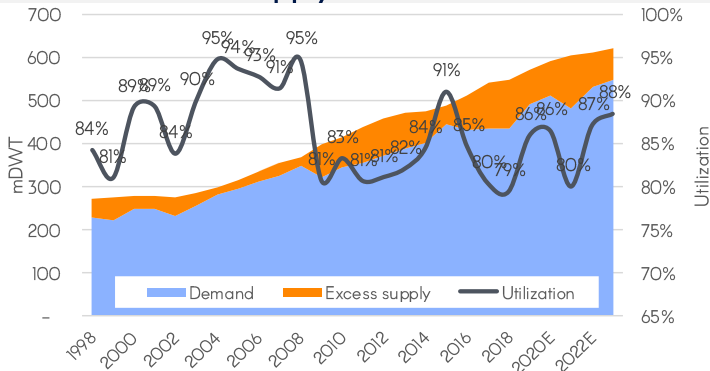
#### Supply



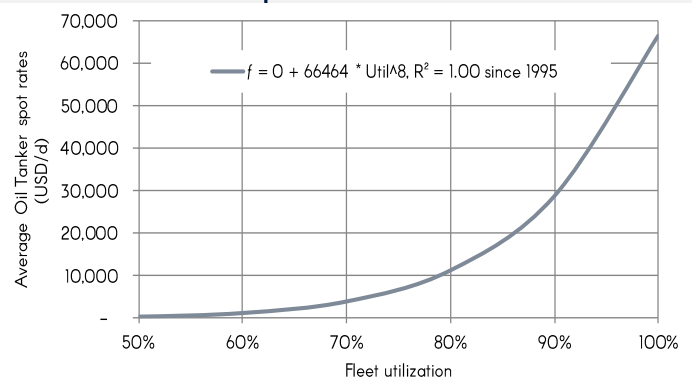
#### Supply/Demand



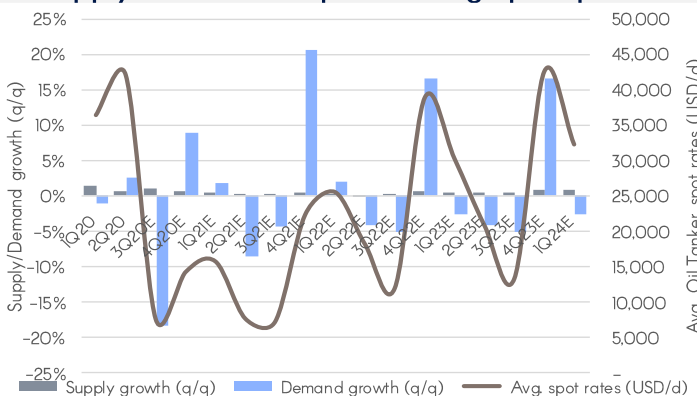
#### Supply/Demand



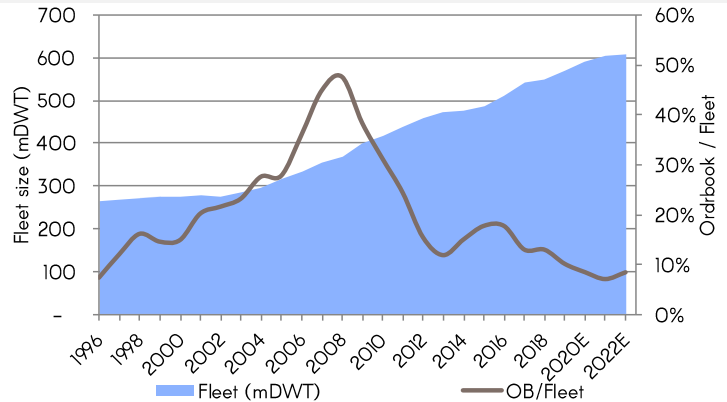
#### Econometrics: Spot rates vs fleet utilization



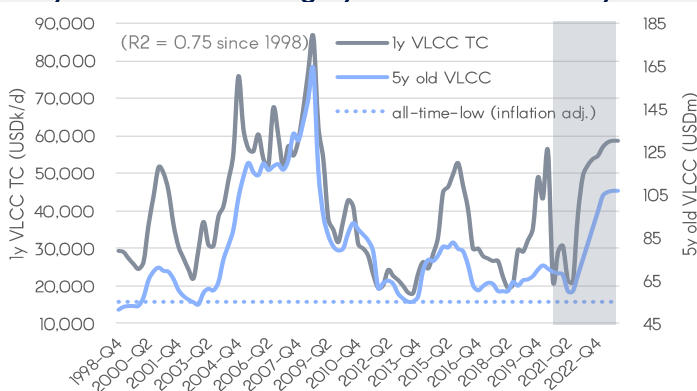
#### Supply/Demand & spot earnings per quarter



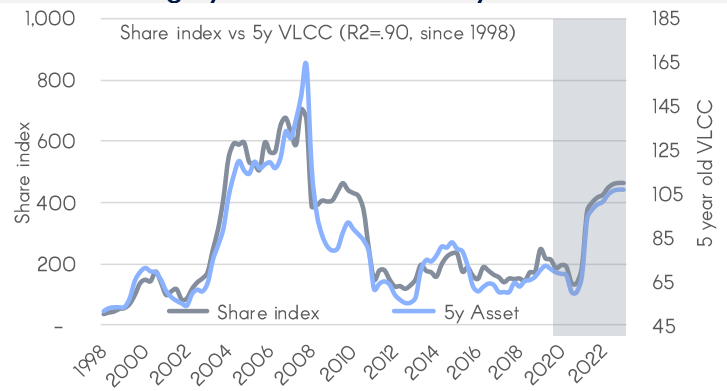
#### Orderbook vs fleet



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



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

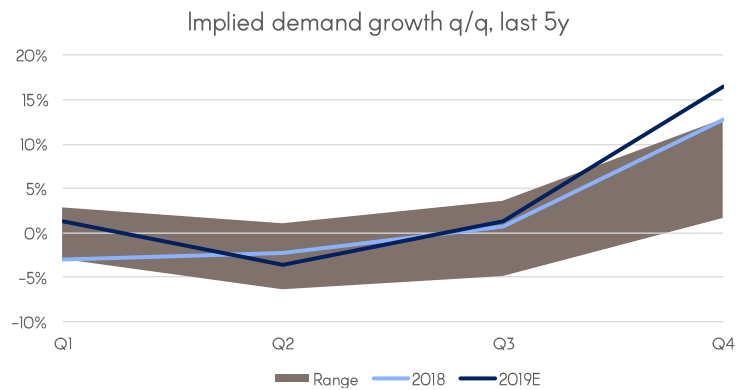
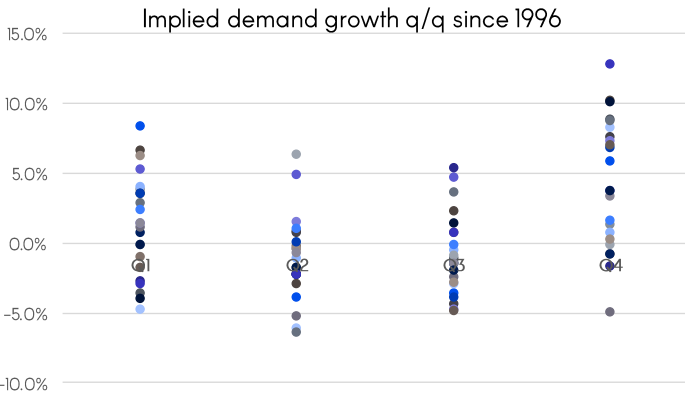




### Seasonality

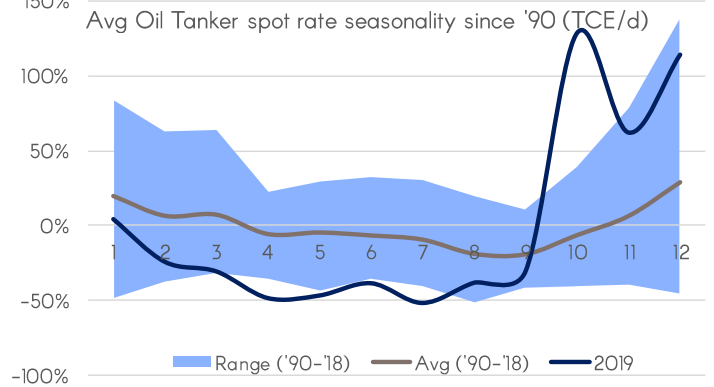
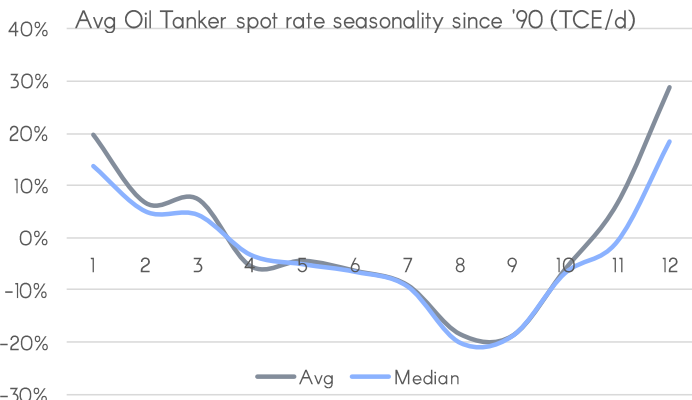
#### Historically strong demand growth in 4Q

#### Historic demand growth vs 2019E



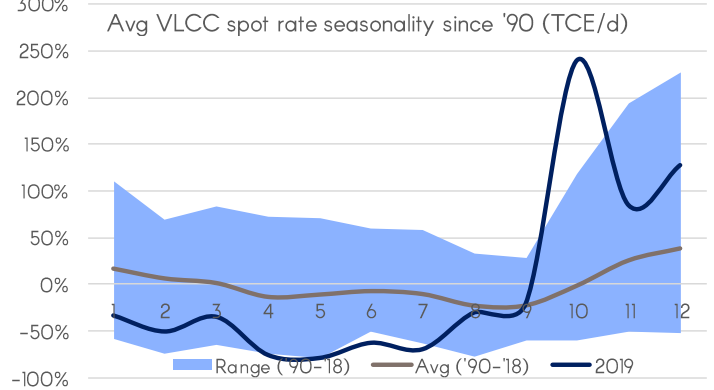
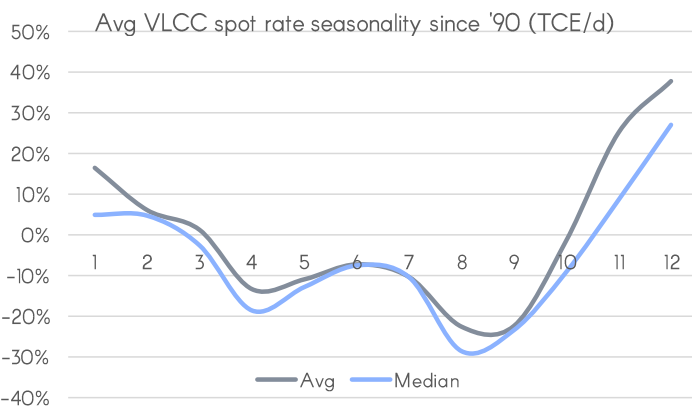
#### Historical Oil Tanker avg. spot rate seasonality

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



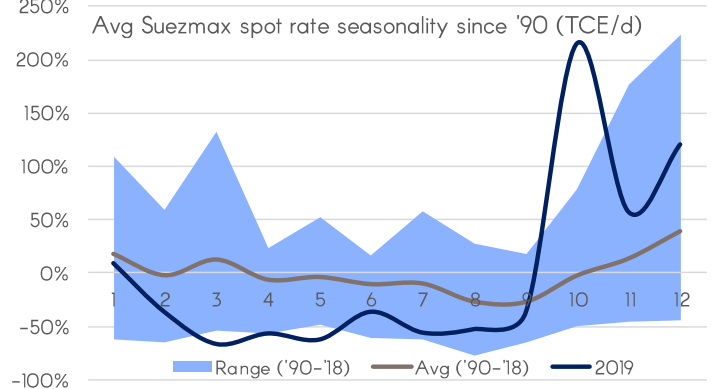
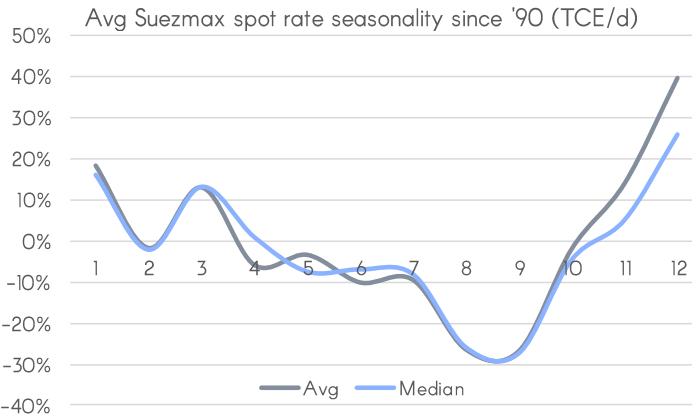
#### Historical VLCC spot rate seasonality

#### Historical VLCC spot rate seasonality



#### Historical Suezmax spot rate seasonality

#### Historical Suezmax spot rate seasonality



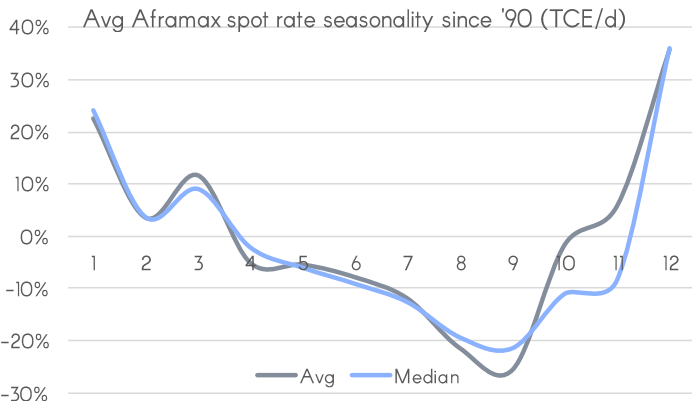


# Cleaves Securities

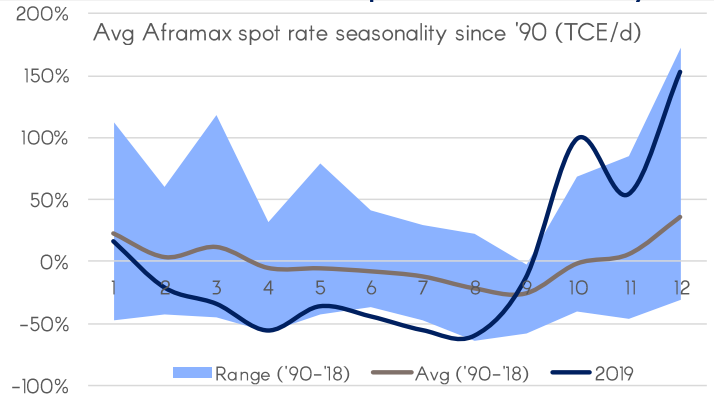
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

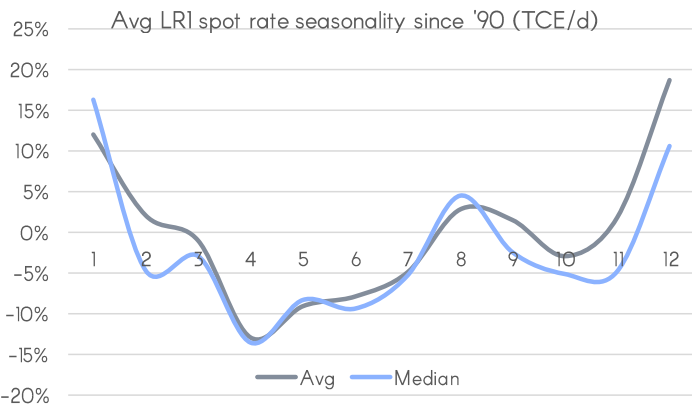
## Historical Aframax spot rate seasonality



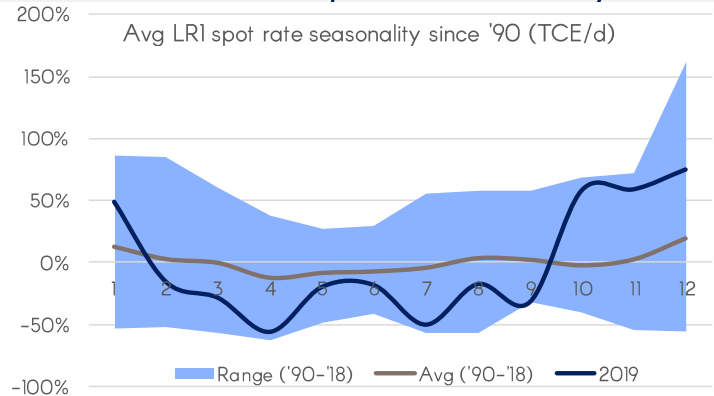
## Historical Aframax spot rate seasonality



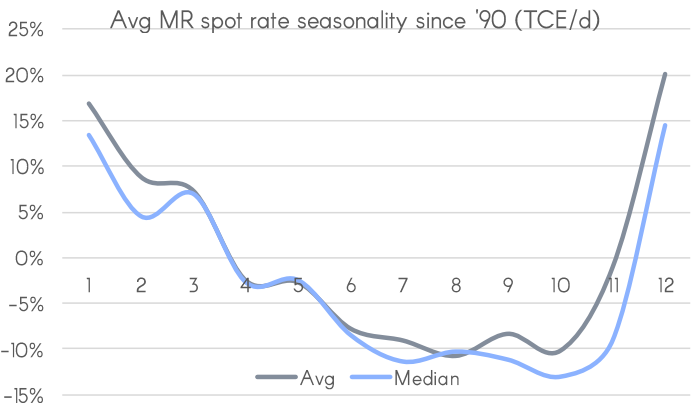
## Historical LRI spot rate seasonality



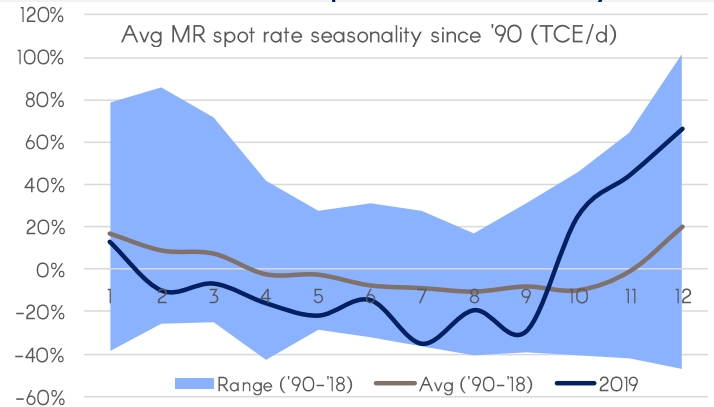
## Historical LRI spot rate seasonality



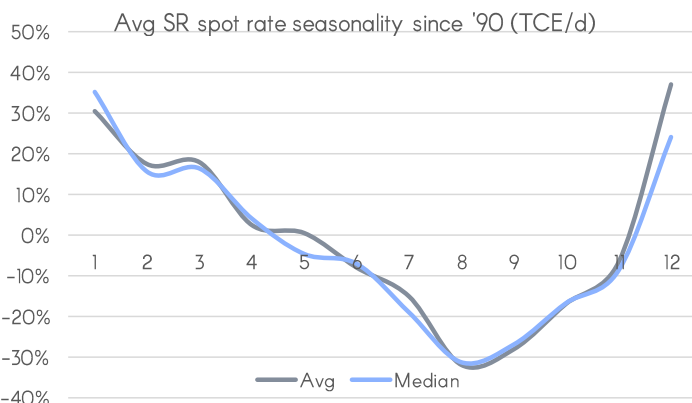
## Historical MR spot rate seasonality



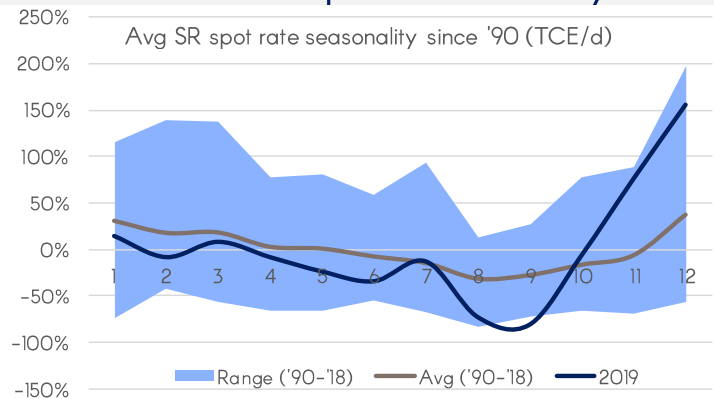
## Historical MR spot rate seasonality



## Historical SR spot rate seasonality



## Historical SR spot rate seasonality



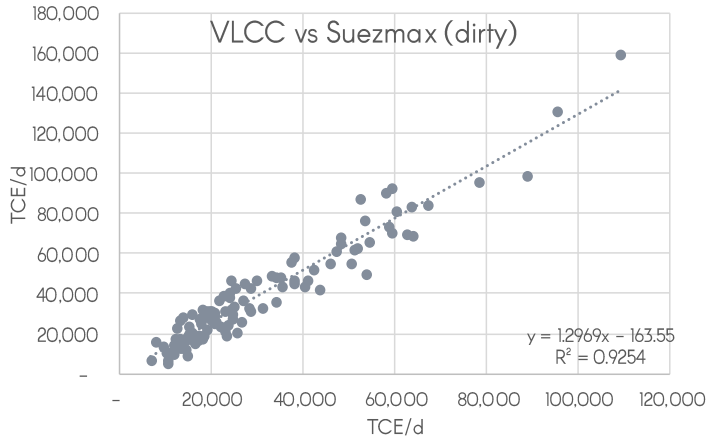


## Product Tanker Dynamics

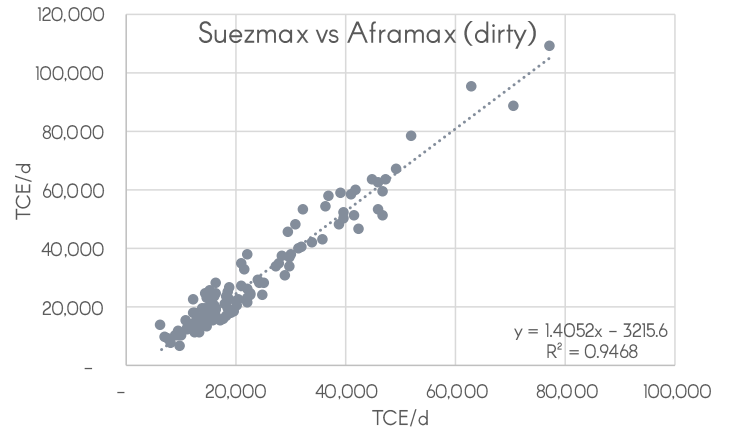
Oil Tanker spot earnings correlation matrix (quarterly since 1990)

	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	

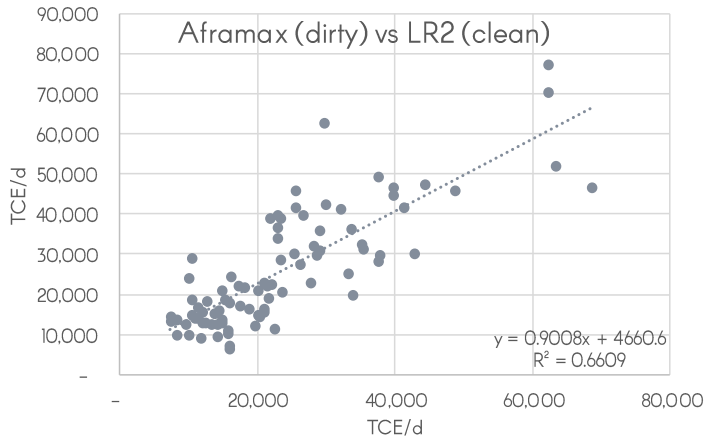
Spot rate correlation: VLCC vs Suezmax



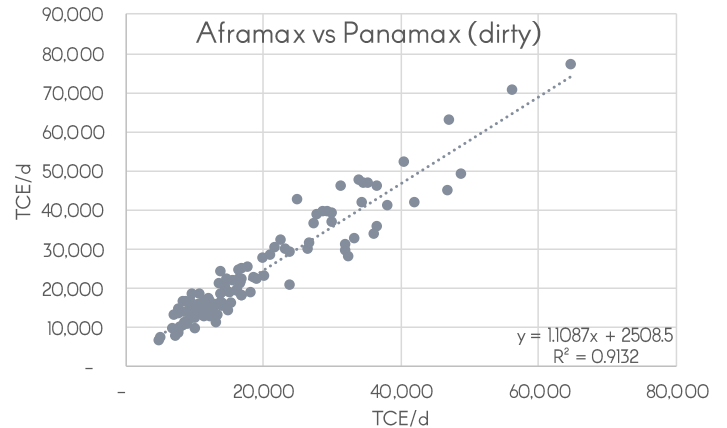
Spot rate correlation: Suezmax vs Aframax



Spot rate correlation: Aframax vs LR2



Spot rate correlation: Aframax vs Panamax

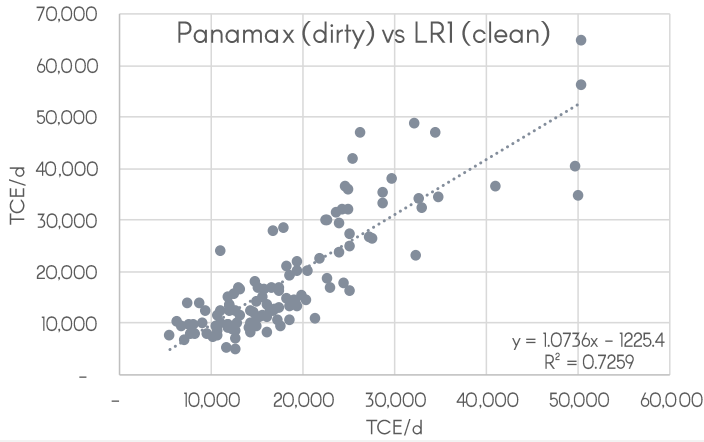




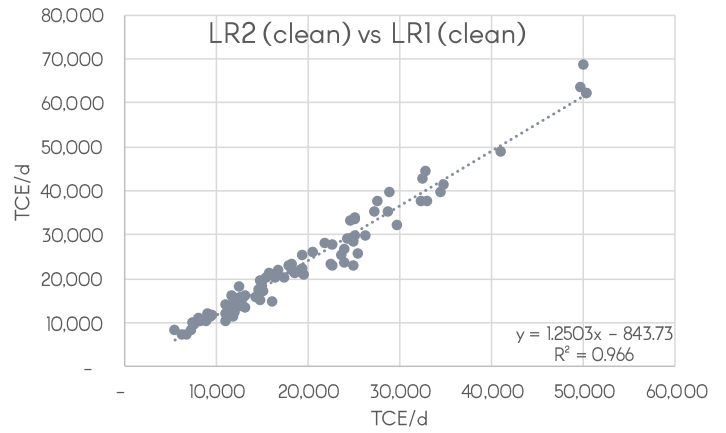


## Product Tanker Dynamics (continued)

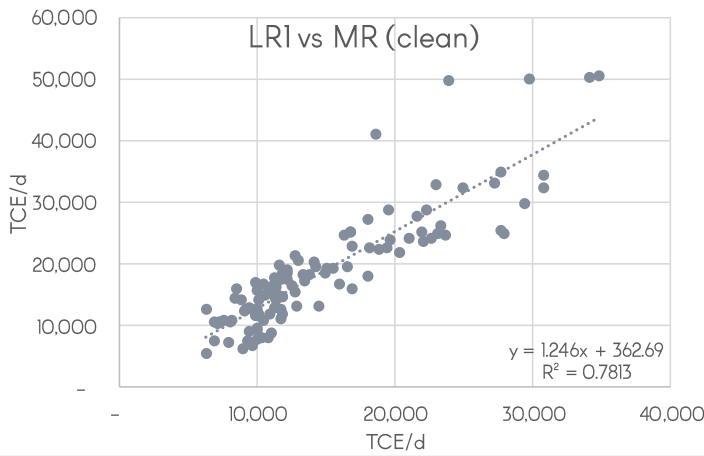
Spot rate correlation: Panamax vs LRI



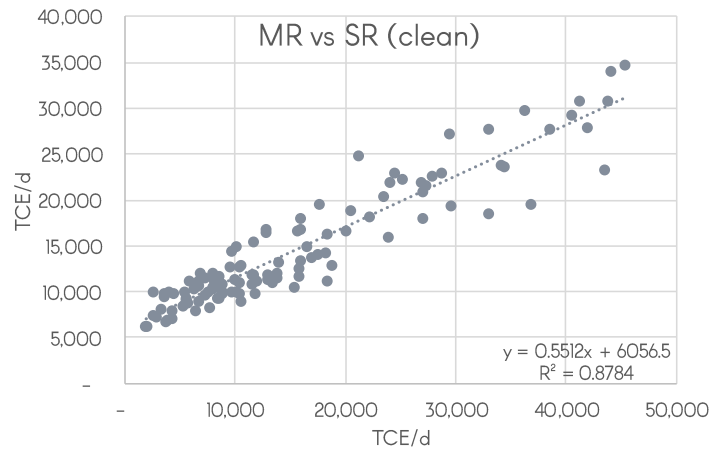
Spot rate correlation: LR2 vs LRI



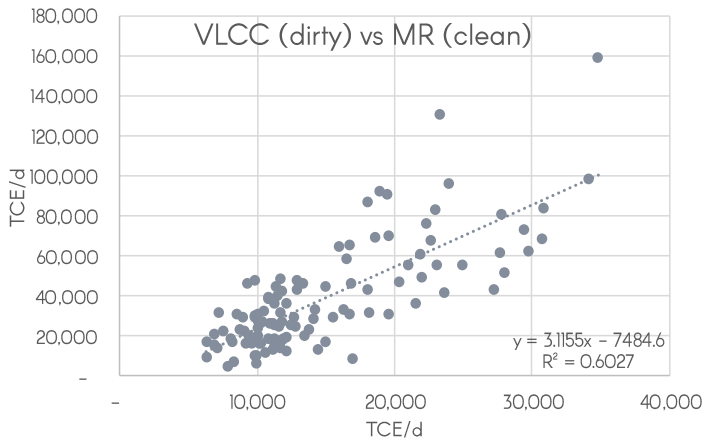
Spot rate correlation: LRI vs MR



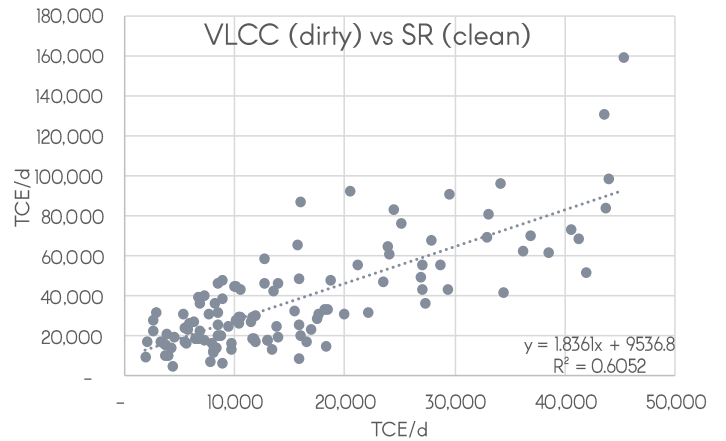
Spot rate correlation: MR vs SR



Spot rate correlation: VLCC vs MR



Spot rate correlation: VLCC vs SR





# Econometric Overview

Supply/Demand (mDWT)	1998	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>Supply</b>	284	267	270	275	277	279	275	285	297	315	335	354	369	399	416	439	458	473	475	488	511	542	549	576	599	617	628	639	
<b>Demand</b>	222	230	227	223	247	249	230	256	281	281	310	324	349	322	346	371	387	371	387	401	443	432	435	450	510	482	530	548	
<b>Utilization</b>	78%	86%	84%	81%	89%	89%	84%	90%	95%	95%	93%	91%	95%	95%	91%	91%	92%	91%	91%	91%	87%	87%	87%	87%	87%	87%	87%	87%	
<b>Oil Tankers (TCE)</b>	16,588	20,175	16,738	12,326	27,563	27,802	16,397	29,047	44,444	40,162	36,391	32,789	43,115	12,724	15,537	12,007	12,558	13,626	17,930	31,036	18,047	11,655	11,216	22,168	23,716	25,665	23,574	28,665	
<b>MR, 5yr (USDm)</b>	21,280	55,440	21,280	55,440	55,440	38,829	23,293	52,453	97,146	63,054	64,914	58,795	97,142	28,434	34,080	18,596	21,187	18,621	30,015	64,846	41,908	17,794	15,561	41,364	67,339	14,100	48,206	43,937	
<b>MR, 1yr (USDm)</b>	16,334	45,506	16,334	45,506	45,506	33,865	19,765	41,648	69,389	44,864	38,651	33,311	50,010	14,370	17,684	10,838	12,541	14,331	24,705	37,977	23,142	13,673	16,175	28,225	22,549	10,726	30,875	24,243	
<b>OB/Fleet</b>	19	32	43	40	41	56	59	66	82	87	120	159	176	153	130	107	107	107	107	107	107	107	107	107	107	107	107	107	107
<b>Share Index</b>	7%	12%	16%	14%	15%	20%	22%	23%	28%	28%	36%	45%	48%	38%	31%	24%	19%	12%	15%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
<b>Supply/Demand (mDWT)</b>	1998	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>Deliveries</b>	9	7	11	17	19	12	20	25	21	24	18	22	26	37	32	35	28	17	11	12	26	33	24	32	26	21	14	16	
<b>Scrapping</b>	0	0	0	0	1	1	1	2	2	1	2	4	5	6	6	0	0	2	3	5	6	3	3	4	2	0	0	0	
<b>Other</b>	13	29	17	11	36	24	20	49	39	30	34	42	54	15	14	14	14	2	2	5	12	35	27	25	14	18	30	27	
<b>Contracting</b>	264	267	270	275	277	279	275	285	297	315	335	354	369	399	416	439	458	473	475	488	511	542	549	576	599	617	628	639	
<b>Supply</b>	284	267	270	275	277	279	275	285	297	315	335	354	369	399	416	439	458	473	475	488	511	542	549	576	599	617	628	639	
<b>Demand</b>	222	230	227	223	247	249	230	256	281	281	310	324	349	322	346	371	387	371	387	401	443	432	435	450	510	482	530	548	
<b>Utilization</b>	78%	86%	84%	81%	89%	89%	84%	90%	95%	95%	93%	91%	95%	95%	91%	91%	92%	91%	91%	91%	87%	87%	87%	87%	87%	87%	87%	87%	
<b>Oil Tankers (TCE)</b>	16,588	20,175	16,738	12,326	27,563	27,802	16,397	29,047	44,444	40,162	36,391	32,789	43,115	12,724	15,537	12,007	12,558	13,626	17,930	31,036	18,047	11,655	11,216	22,168	23,716	25,665	23,574	28,665	
<b>MR, 5yr (USDm)</b>	21,280	55,440	21,280	55,440	55,440	38,829	23,293	52,453	97,146	63,054	64,914	58,795	97,142	28,434	34,080	18,596	21,187	18,621	30,015	64,846	41,908	17,794	15,561	41,364	67,339	14,100	48,206	43,937	
<b>MR, 1yr (USDm)</b>	16,334	45,506	16,334	45,506	45,506	33,865	19,765	41,648	69,389	44,864	38,651	33,311	50,010	14,370	17,684	10,838	12,541	14,331	24,705	37,977	23,142	13,673	16,175	28,225	22,549	10,726	30,875	24,243	
<b>OB/Fleet</b>	19	32	43	40	41	56	59	66	82	87	120	159	176	153	130	107	107	107	107	107	107	107	107	107	107	107	107	107	107
<b>Share Index</b>	7%	12%	16%	14%	15%	20%	22%	23%	28%	28%	36%	45%	48%	38%	31%	24%	19%	12%	15%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%

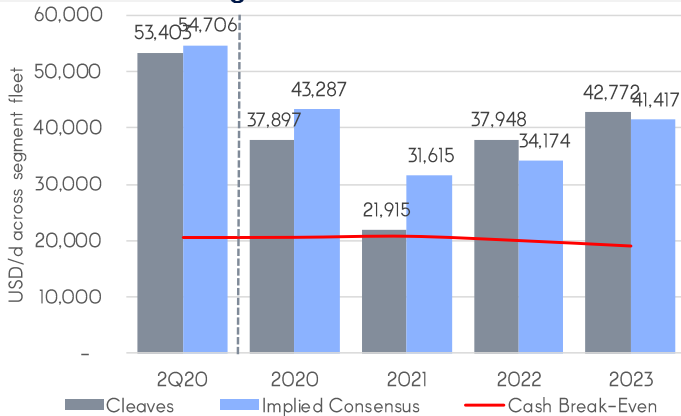


## Peer Group

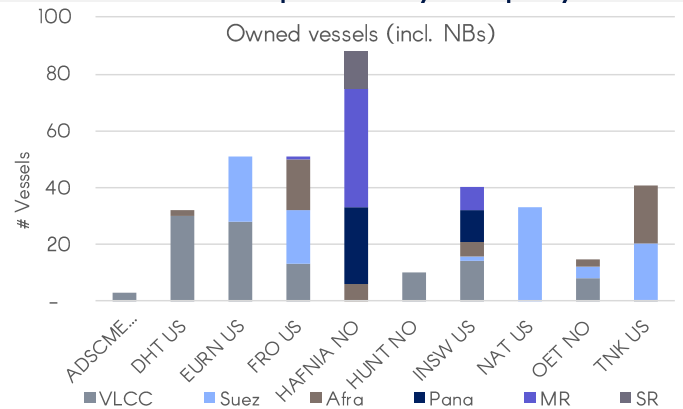
Company	M.cap	Turnover	Return ly	Rec.	Target Price	Last Price	Target/Price	NAV /sh	Now	P/NAV ly fwd	$\epsilon$	EV/GAV	adj. equity	$\tau$
ADSCME NO	46	0.6	12%	HOLD	19	18.7	2%	37	0.50	0.49	1.06	0.58	74%	1.00
DHT US	763	34.0	-3%	HOLD	4.6	5.2	-11%	7.3	0.71	0.69	1.47	0.82	60%	0.77
EURN US	1,865	32.7	7%	HOLD	7.8	8.5	-8%	11.9	0.71	0.70	1.31	0.81	59%	0.81
FRO US	1,413	46.1	2%	SELL	4.1	7.1	-43%	7.8	0.91	1.00	2.21	0.97	37%	0.91
HAFNIA NO	640	1.2		SELL	12	16.4	-27%	31	0.52	0.53	1.81	0.77	44%	0.96
HUNT NO	203	1.5	-10%	HOLD	2.9	3.3	-13%	6	0.60	0.58	1.90	0.80	49%	0.89
INSW US	457	11.0	-16%	HOLD	16.0	15.8	1%	34.4	0.46	0.48	1.16	0.64	63%	0.92
NAT US	604	67.1	94%	SELL	1.4	4.1	-66%	3.0	1.39	1.53	1.58	1.22	52%	1.00
OET NO	190	0.9	-15%	SELL	29	54.8	-47%	116	0.47	0.59	2.98	0.83	32%	0.71
TNK US	437	30.5	27%	HOLD	12.0	13.0	-8%	28.8	0.45	0.50	1.42	0.68	50%	0.93
TNP US	194	3.9	-37%	HOLD	8.5	10.1	-16%	46.6	0.22	0.36	2.68	0.73	31%	0.65
Average	619		6%				-21%		0.63	0.68	1.78	0.80	50%	0.87
Median	457		0%				-13%		0.52	0.58	1.58	0.80	50%	0.91

Company	EV/EBITDA			P/E			Dividend yield			FCF yield		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
ADSCME NO	1.5	3.8	1.1	2.3		2.3	33%	15%	53%	69%	26%	79%
DHT US	3.2	6.7	2.6	3.3	30.4	3.4	20%	6%	14%	47%	18%	46%
EURN US	3.5	9.8	3.0	4.5		4.1	19%	1%	12%	37%	1%	40%
FRO US	5.1	13.5	4.9	3.7		4.4	22%	0%	0%	-9%	1%	33%
HAFNIA NO	6.1	13.5	4.3	6.3		4.1	13%	0%	0%	27%	13%	44%
HUNT NO	5.5	7.2	3.2	3.1	6.2	2.4	0%	0%	1%	-94%	26%	51%
INSW US	4.3	11.9	2.7	4.2		3.0	2%	0%	0%	24%	9%	49%
NAT US	5.8	15.3	3.9	11.5		6.2	10%	1%	7%	16%	4%	28%
OET NO	6.1	9.5	4.3	2.7	20.9	2.0	14%	0%	0%	-36%	28%	77%
TNK US	3.3	9.9	2.1	2.9		2.3	0%	0%	0%	75%	10%	69%
TNP US	4.4	6.6	2.8	3.2		1.3	1%	0%	0%	62%	33%	88%
Average	4.4	9.8	3.2	4.3	19.2	3.3	12%	2%	8%	20%	16%	55%
Median	4.4	9.8	3.2	4.3	19.2	3.3	12%	2%	8%	20%	16%	55%

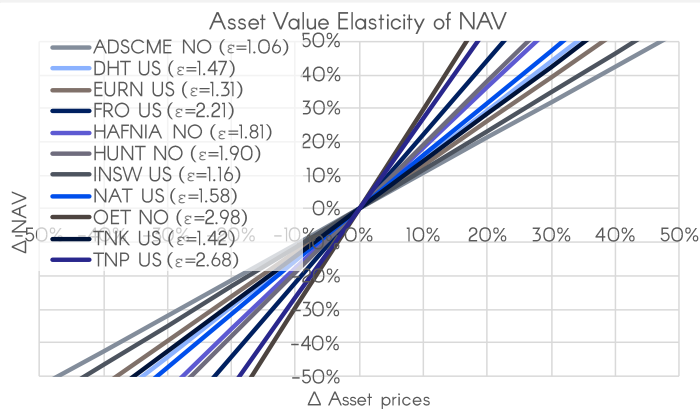
Cleaves' average TCE/d forecast vs consensus



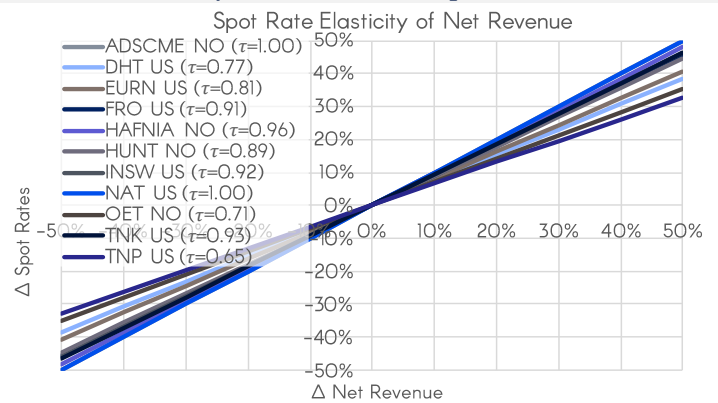
Fleet composition by company



Financial leverage ( $\epsilon$ )

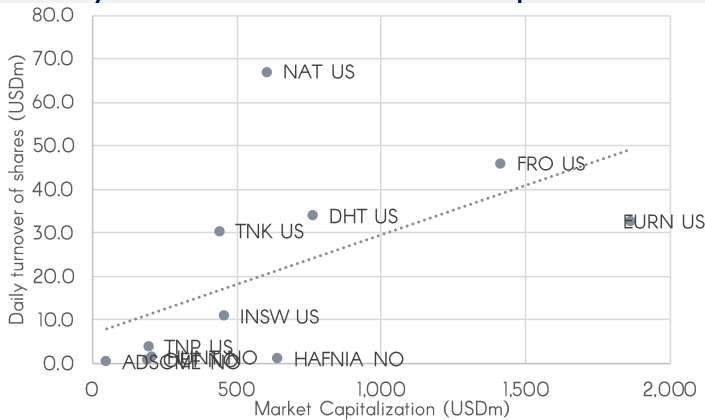


Operational leverage ( $\tau$ )

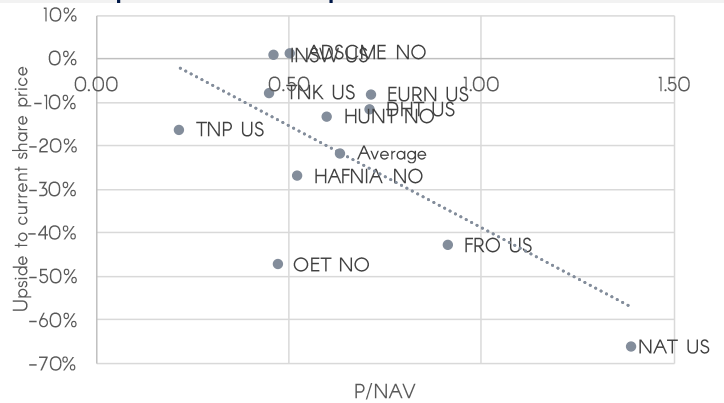




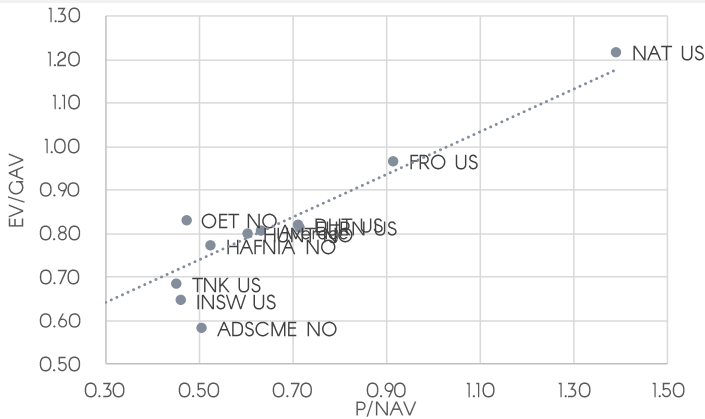
### Daily share turnover vs market capitalization



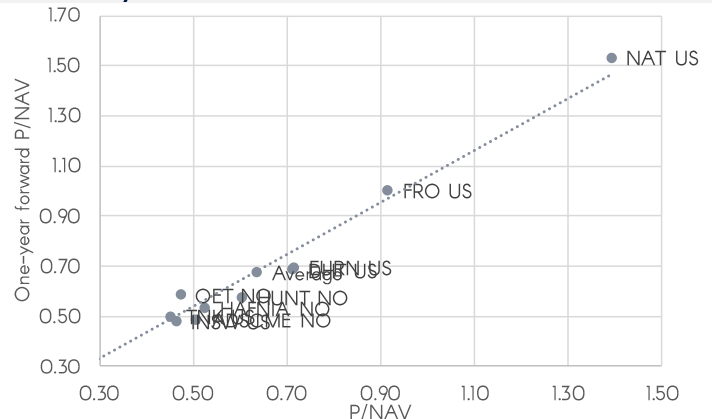
### Upside to share price current P/NAV



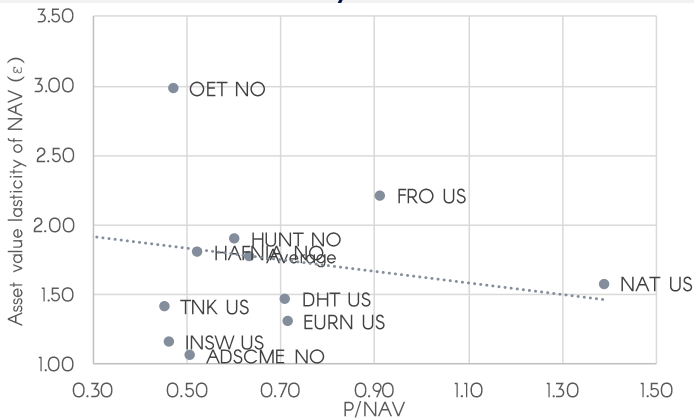
### EV/GAV vs P/NAV



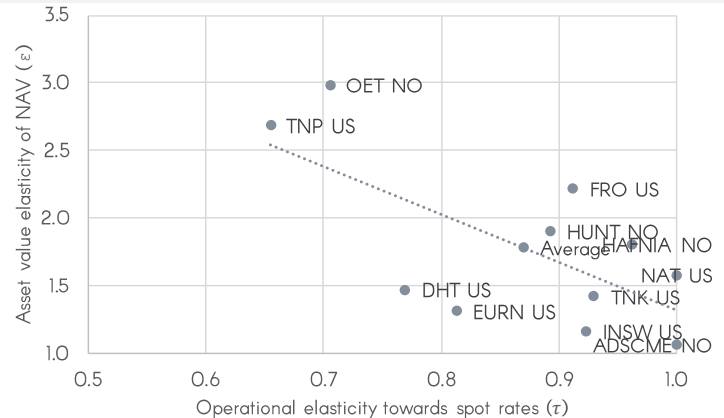
### One-year forward P/NAV vs current P/NAV



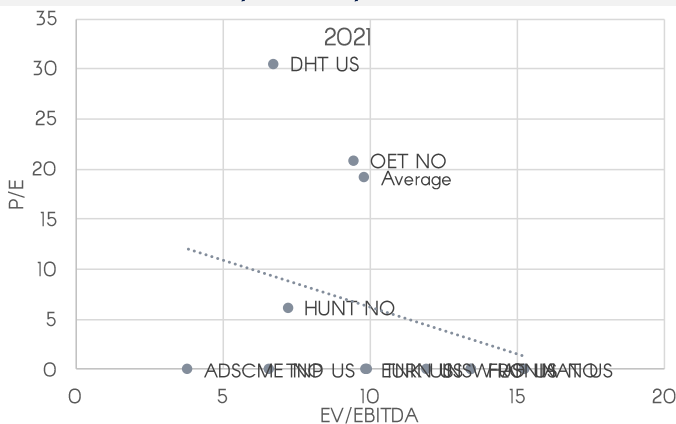
### Asset value elasticity of NAV vs P/NAV



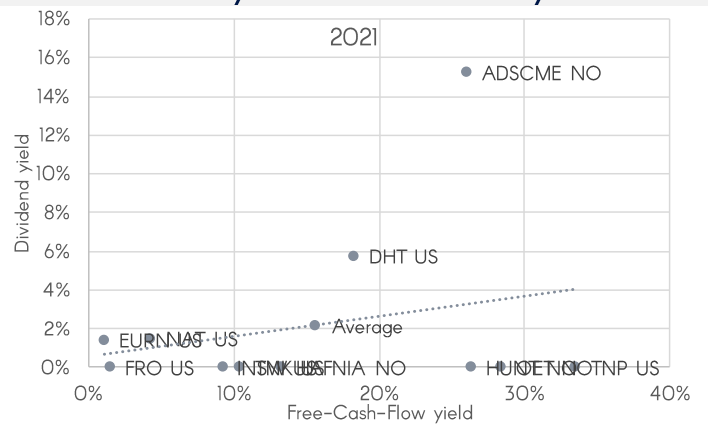
### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA



### Dividend yield vs free cash flow yield





## Changes to Company Target Prices & Rating

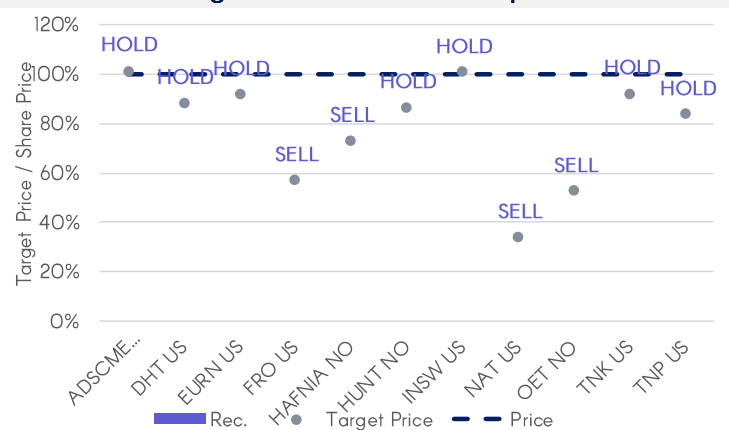
Given recent developments, we apply a trough-cycle pricing valuation method to our covered oil tanker companies. We have included any operational cash flow generation until the expected trough-cycle and also applied our asset price forecasting to estimate trough fleet value for each company. Furthermore, we have studied the historical trough P/NAV pricing of each company and added a company-specific discount factor to trough NAV based on historical low-cycle pricing and intra-cycle difference between peers.

The result is an average 24% downside for to our covered Oil Tanker shares, similar to the 21% downside on our Oil Tanker share index as [forecast by our econometric model](#). We to some minor target price changes, but keep all our ratings unchanged besides Teekay Tankers which we upgrade to HOLD. Please see supporting graphs and tables below.

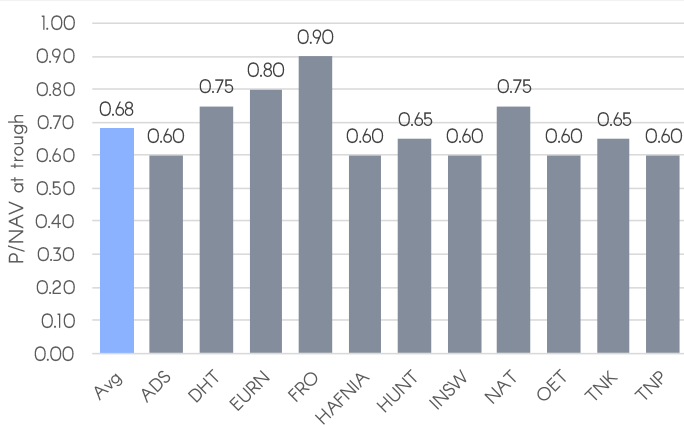
New vs old Target Prices and ratings

			New		Old		Pricing/Upside	
	M.cap	Turnover	Rec.	TP	Rec.	TP	P	+/-
ADSCME NO	46	0.6	HOLD	19	HOLD	20	19	2%
DHT US	763	34.0	HOLD	4.6	HOLD	4.6	5.2	-11%
EURN US	1,865	32.7	HOLD	7.8	HOLD	8.2	8.5	-8%
FRO US	1,413	46.1	SELL	4.1	SELL	4.8	7.1	-43%
HAFNIA NO	640	1.2	SELL	12	SELL	11	16	-27%
HUNT NO	203	1.5	HOLD	2.9	HOLD	3.0	3.3	-13%
INSW US	457	11.0	HOLD	16	HOLD	16	16	1%
NAT US	604	67.1	SELL	1.4	SELL	1.6	4.1	-66%
OET NO	190	0.9	SELL	29	SELL	38	55	-47%
TNK US	437	30.5	HOLD	12	SELL	10	13	-8%
TNP US	194	3.9	HOLD	8.5	HOLD	10.5	10.1	-16%
Average	687	22						-24%
Median	604	11						-13%

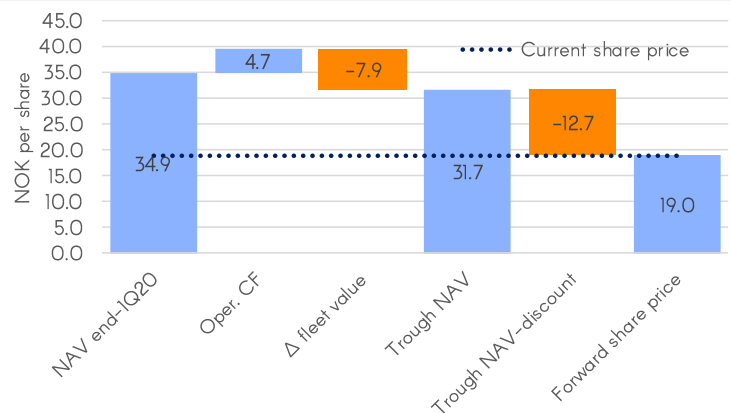
Target Prices vs current price



Oil Tanker trough pricing (P/NAV)



Trough pricing: ADS Crude Carriers



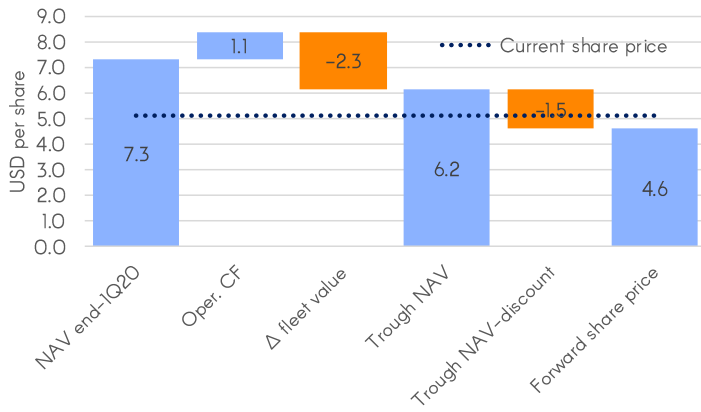


# Cleaves Securities

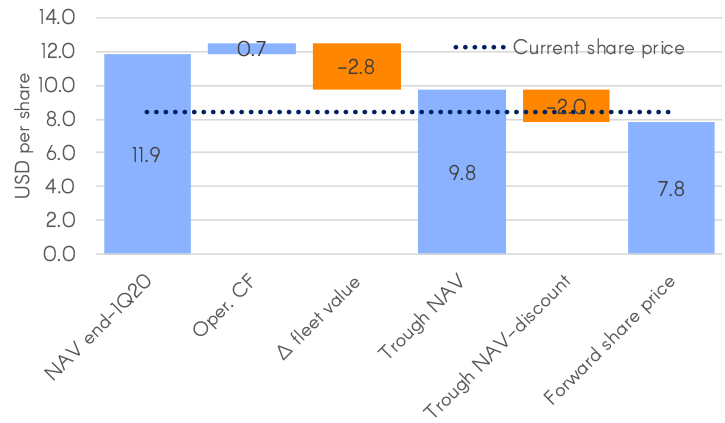
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

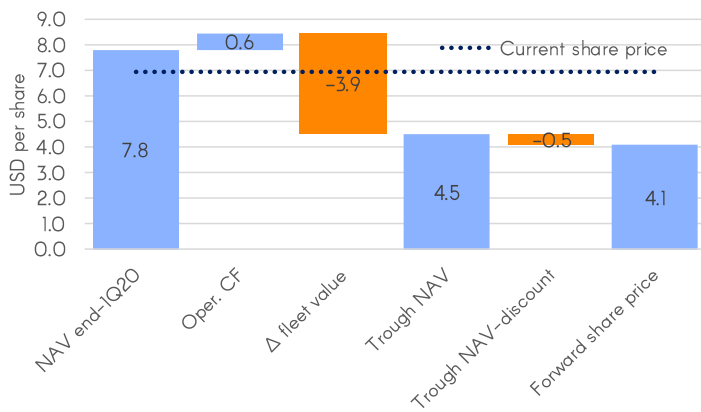
Trough pricing: DHT



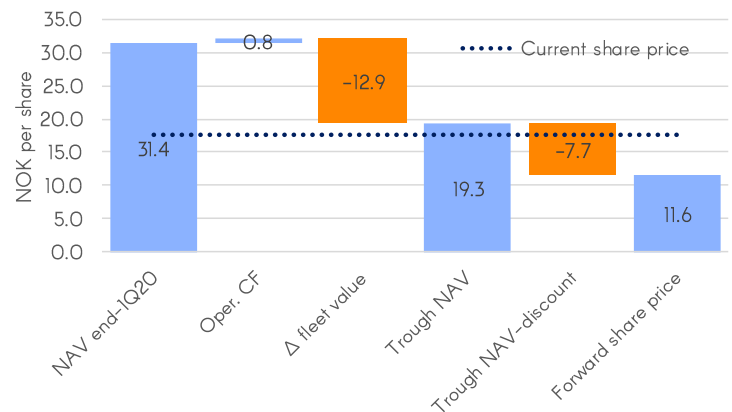
Trough pricing: Euronav



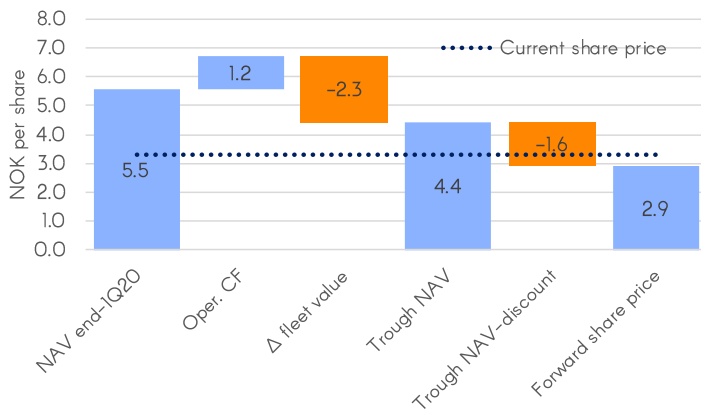
Trough pricing: Frontline



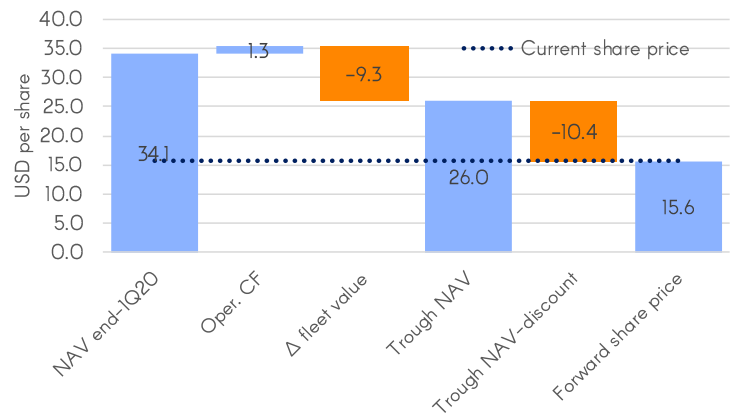
Trough pricing: Hafnia



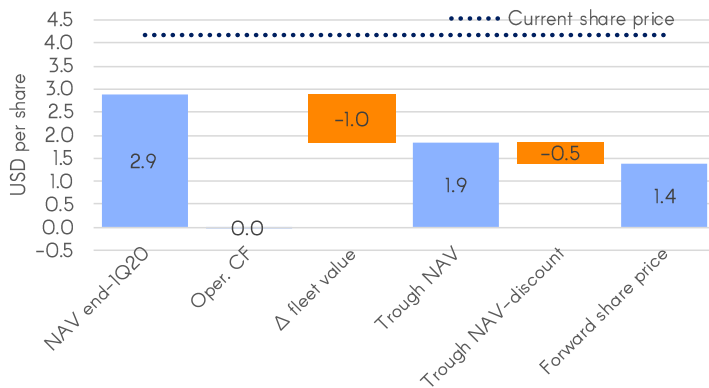
Trough pricing: Hunter



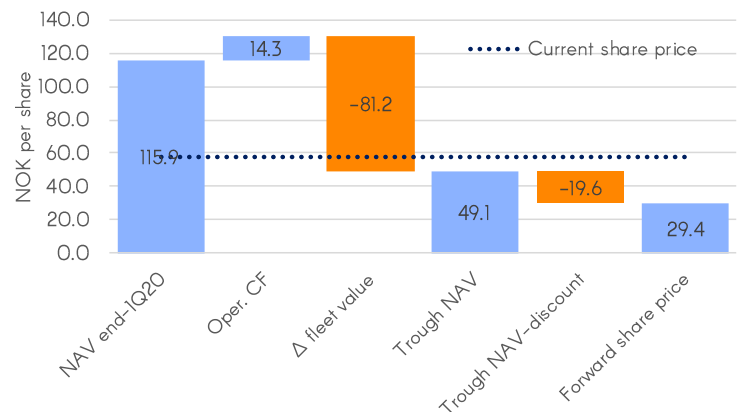
Trough pricing: International Seaways



Trough pricing: Nordic American Tankers

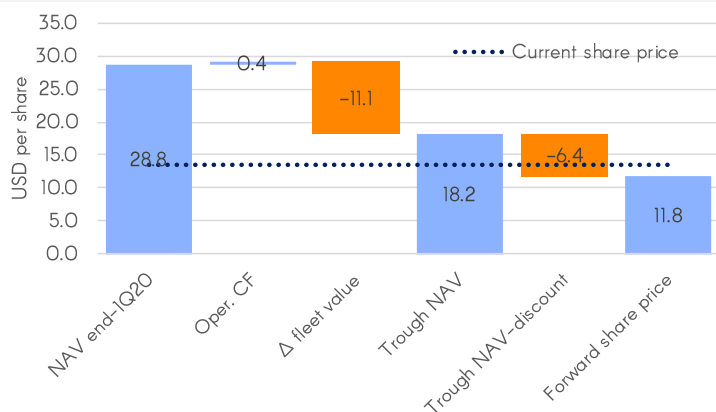


Trough pricing: Okeanis Eco Tankers

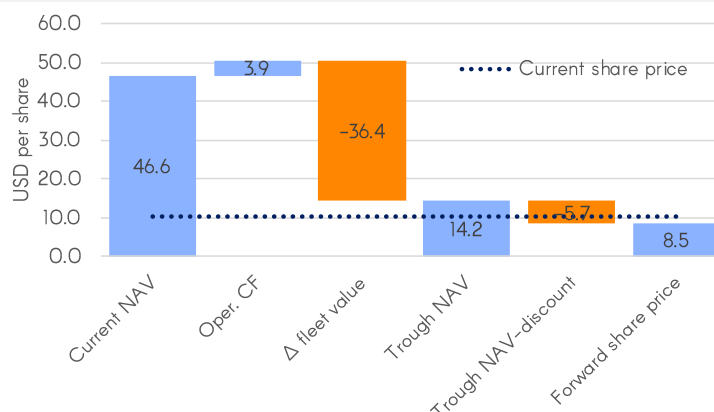




### Trough pricing: Teekay Tankers



### Trough pricing: Tsakos Energy



## 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
ADSCME NO	51	26	51	57	39	14	39	45	23	-2	23	28	20	-4	20	26
DHT US	509	278	485	554	415	185	393	461	293	63	271	340	248	27	236	309
EURN US	1,074	589	1,097	1,254	795	303	822	977	468	-23	525	680	411	-102	450	611
FRO US	900	479	833	921	668	254	607	694	516	94	446	534	417	-7	345	440
HAFNIA NO	589	416	642	708	312	138	363	430	157	-18	206	272	101	-72	155	226
HUNT NO	112	85	136	149	97	66	117	130	81	45	95	109	65	33	85	99
INSW US	395	233	409	460	217	75	255	306	144	1	181	232	120	-16	165	219
NAT US	239	141	279	320	155	58	197	237	87	-10	128	169	55	-40	101	145
OET NO	213	153	243	280	167	102	192	229	125	58	148	185	77	10	103	142
TNP US	541	429	635	695	312	199	402	477	168	48	245	319	61	-49	148	228
TNK US	593	344	582	661	322	102	348	427	207	-12	234	312	160	-58	200	286
Average	474	288	490	551	318	136	339	401	206	22	227	289	158	-25	183	248

### 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
ADSCME NO	66	49	33	16	14	19	31	33	90	78	74	59	58	47	42	28
DHT US	1,504	1,393	1,281	1,169	61	149	328	487	1,704	1,680	1,748	1,795	1,020	1,003	1,136	1,249
EURN US	2,961	2,840	2,543	2,246	307	390	786	1,109	3,948	3,910	4,009	4,035	2,413	2,285	2,506	2,645
FRO US	3,295	3,268	3,148	2,996	124	194	587	916	3,900	3,943	4,216	4,392	1,604	1,597	1,943	2,326
HAFNIA NO	2,094	1,938	1,813	1,656	105	121	332	546	2,630	2,489	2,575	2,632	1,108	1,036	1,191	1,417
HUNT NO	589	568	547	525	44	75	157	207	650	659	719	748	276	310	393	445
INSW US	1,316	1,258	1,201	1,127	120	132	334	544	1,759	1,714	1,858	1,994	1,101	1,085	1,250	1,467
NAT US	841	775	707	638	56	46	135	281	970	894	915	992	567	518	578	676
OET NO	1,196	1,152	1,108	1,064	6	40	148	216	1,258	1,248	1,312	1,336	391	401	504	569
TNP US	2,700	2,586	2,564	2,406	216	37	166	241	3,137	2,845	2,952	2,868	1,528	1,520	1,709	1,975
TNK US	1,599	1,496	1,393	1,290	304	193	386	567	2,245	2,031	2,121	2,199	1,146	1,088	1,288	1,464
Average	1,651	1,575	1,485	1,376	123	127	308	468	2,026	1,954	2,045	2,095	1,020	990	1,140	1,296

### 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
ADSCME NO	41	12	37	43	32	12	37	43	7	5	12	2	24,792	48,162	13,036	13,041
DHT US	386	148	358	431	362	138	348	421	-7	88	179	159	29,070	50,765	26,464	19,685
EURN US	776	224	747	909	688	19	747	909	10	82	396	324	22,968	44,912	19,930	18,977
FRO US	565	153	506	601	-127	20	465	593	-53	69	393	329	20,927	35,655	23,368	22,885
HAFNIA NO	229	84	312	383	170	84	280	383	14	15	211	214	11,992	18,486	13,956	13,880
HUNT NO	76	54	106	121	-196	54	106	121	-8	31	81	50	33,298	53,162	21,205	20,823
INSW US	170	58	238	293	108	42	222	293	-13	12	202	210	18,514	33,003	21,129	20,431
NAT US	103	28	169	214	97	25	169	214	-5	-10	89	146	17,317	34,293	16,431	20,762
OET NO	109	54	147	186	-69	54	147	186	-7	34	108	68	25,348	40,348	27,178	29,775
TNP US	202	102	304	386	120	65	170	386	5	-178	129	75	18,467	27,022	21,664	18,543
TNK US	274	57	315	400	327	45	303	389	213	-111	193	182	18,375	31,624	23,034	20,267
Average	266	89	295	361	137	51	272	358	14	3	181	160	21,915	37,948	20,672	19,915



## Company Financials (quarterly estimates)

Profit & Loss																
P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
USDm	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
ADSCME NO	17	9	7	8	14	6	4	5	10	2	0	1	9	1	-1	0
DHT US	191	77	88	94	168	53	65	71	138	23	34	41	126	13	25	32
EURN US	420	97	173	176	351	29	103	106	269	-53	21	25	253	-67	7	6
FRO US	356	101	155	144	298	41	95	86	258	1	55	46	232	-25	30	21
HAFNIA NO	210	75	111	117	142	6	41	48	103	-33	2	9	89	-47	-12	-5
HUNT NO	31	32	28	25	28	27	24	20	25	22	18	15	21	18	14	12
INSW US	147	56	72	70	104	13	30	31	86	-5	12	13	80	-10	7	8
NAT US	89	25	39	43	68	4	18	22	51	-13	1	6	43	-21	-7	-2
OET NO	65	30	45	42	53	19	32	30	43	8	21	19	32	-4	8	7
TNP US	184	95	116	117	128	37	58	60	92	1	21	23	64	-24	-5	-3
TNK US	182	79	109	110	115	12	42	48	86	-17	14	20	78	-30	1	8
Average	172	61	86	86	134	23	47	48	106	-6	18	20	93	-18	6	8

Balance Sheet																
BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
USDm	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
ADSCME NO	74	70	66	61	17	12	14	15	102	92	90	87	65	60	58	56
DHT US	1,561	1,533	1,504	1,477	88	51	61	102	1,788	1,723	1,704	1,718	1,034	1,004	1,020	1,035
EURN US	3,055	2,974	2,961	3,084	438	288	307	319	4,174	3,942	3,948	4,083	2,581	2,413	2,413	2,413
FRO US	3,334	3,328	3,295	3,340	285	113	124	120	4,100	3,922	3,900	3,941	1,701	1,575	1,604	1,626
HAFNIA NO	2,147	2,128	2,094	2,055	181	114	105	147	2,759	2,673	2,630	2,633	1,190	1,120	1,108	1,103
HUNT NO	494	595	589	584	26	36	44	55	535	647	650	655	244	262	276	288
INSW US	1,321	1,326	1,316	1,302	157	121	120	123	1,801	1,770	1,759	1,748	1,108	1,094	1,101	1,109
NAT US	872	856	841	825	94	54	56	63	1,039	983	970	961	626	576	567	564
OET NO	1,143	1,199	1,196	1,185	29	15	6	31	1,227	1,269	1,258	1,272	398	383	391	398
TNP US	2,669	2,682	2,700	2,662	284	242	216	190	3,174	3,146	3,137	3,073	1,537	1,523	1,528	1,536
TNK US	1,650	1,625	1,599	1,573	301	287	304	298	2,293	2,253	2,245	2,214	1,175	1,145	1,146	1,154
Average	1,665	1,665	1,651	1,650	173	121	123	133	2,090	2,038	2,026	2,035	1,060	1,014	1,020	1,026

Cash Flow																
CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
USDm	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	3Q20	4Q20	3Q20	4Q20
ADSCME NO	13	5	3	4	13	5	3	4	2	-5	2	1	32,975	25,860	13,229	13,099
DHT US	157	43	55	62	141	41	53	59	12	-37	9	41	31,799	36,685	27,700	27,517
EURN US	371	14	89	87	430	14	21	-118	126	-150	19	11	15,818	27,656	24,002	23,344
FRO US	275	15	70	62	187	-19	63	-24	54	-173	12	-4	17,075	26,346	23,321	23,256
HAFNIA NO	128	-8	27	34	105	-28	21	34	53	-67	-9	42	8,611	12,700	13,256	13,259
HUNT NO	24	23	20	17	-63	-83	20	17	-10	10	9	11	52,833	44,176	20,899	20,728
INSW US	98	8	25	27	83	-15	17	22	64	-36	-1	2	18,382	23,679	21,177	21,137
NAT US	60	-4	10	15	58	-5	9	14	16	-40	2	7	12,195	18,944	15,895	15,903
OET NO	42	7	19	18	20	-61	11	18	6	-14	-9	25	23,977	29,444	31,267	28,819
TNP US	100	12	32	35	100	-38	-22	35	51	-42	-27	-26	16,387	19,832	19,892	19,720
TNK US	107	-1	30	36	104	-4	27	34	94	-14	17	-5	16,794	21,829	17,411	17,384
Average	125	10	35	36	107	-18	20	9	43	-52	2	10	22,441	26,105	20,732	20,379





## LNG Carriers: Four Years in the Doldrums

### The quarter in review

Net supply growth of 1.5% q/q in 2Q20 was slightly below our 1.7% [forecast from April](#), with y/y growth at 5.9%. Gross deliveries of 1.7m cbm in the quarter was marginally above our forecast (1.6m), while 260k cbm scrapped was above our 73k cbm expectation. Newbuild contracting posted another quarter at very low levels, with 0.5m cbm firmed up (vs our 1.0m cbm forecast). The orderbook thus contracted from 21.9m cbm (24.3% of fleet) as of end 1Q20 to 21.0m cbm (22.7% of fleet) as of now.

We estimate demand growth q/q at -7.9% (vs our -6.7% forecast) and -0.9% y/y. The slightly lower than expected demand growth was mainly due to a marginally more profound direct and indirect impact from COVID-19, including lower consumption and a lack of regional pricing differentials with resulting cargo cancellations. The net effect was a fleet utilization of 73.6% (74.4% forecast), -7.5%p q/q & -5.0%p y/y. The average spot earnings for a TFDE vessel was \$35k/d in the quarter, 5% below our forecast (-39% q/q, -29% y/y), while MEGI/XDF spot rates of \$44k/d was 7% below our forecast (-38% q/q, -29% y/y).

kcbm			New	Old	Δ	Δ %
	2019-Q2	2020-Q1	2020-Q2	2020-Q2		
Deliveries <sup>1</sup>	1,548	732	1,740	1,600	139	9%
Scrapping <sup>1</sup>	-	(126)	(260)	(73)	(187)	255%
Contracting <sup>1</sup>	1,767	160	522	967	(445)	-46%
Other <sup>1</sup>	0	-	(145)	(4)	(141)	
<b>Supply<sup>2</sup></b>	<b>85,592</b>	<b>89,295</b>	<b>90,630</b>	<b>90,818</b>	<b>(188)</b>	<b>-0.2%</b>
Δ q/q			1.5%	1.7%		
Δ y/y			5.9%	6.0%		
<b>Demand<sup>2</sup></b>	<b>67,289</b>	<b>72,403</b>	<b>66,694</b>	<b>67,523</b>	<b>(829)</b>	<b>-1.2%</b>
Δ q/q			-7.9%	-6.7%		
Δ y/y			-0.9%	0.2%		
<b>Utilization<sup>2</sup></b>	<b>78.6%</b>	<b>81.1%</b>	<b>73.6%</b>	<b>74.4%</b>	<b>-0.8%p</b>	
Steam turbine, spot <sup>2</sup> (TCE/a)	32,731	39,923	23,269	17,635	5,634	32%
TFDE, spot <sup>2</sup> (TCE/d)	48,577	56,923	34,615	36,489	(1,874)	-5%
MEGI/XDF, spot <sup>2</sup> (TCE/d)	61,192	70,192	43,500	46,644	(3,144)	-7%

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

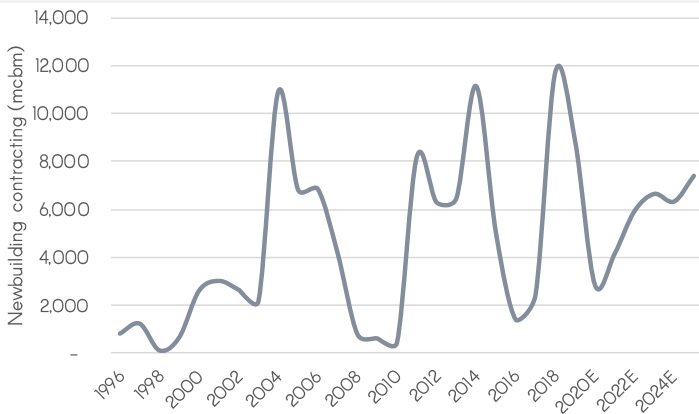


### Market outlook

#### Supply

With 21m cbm of LNG Carrier newbuildings having been contracted in 2018 & 2019 combined (vs current fleet at 91m cbm), we forecast 2021-2022 to exhibit similar to 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 supply growth. We do not believe so and see fleet utilization deteriorating significantly. Please see our [demand](#) segment below.

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

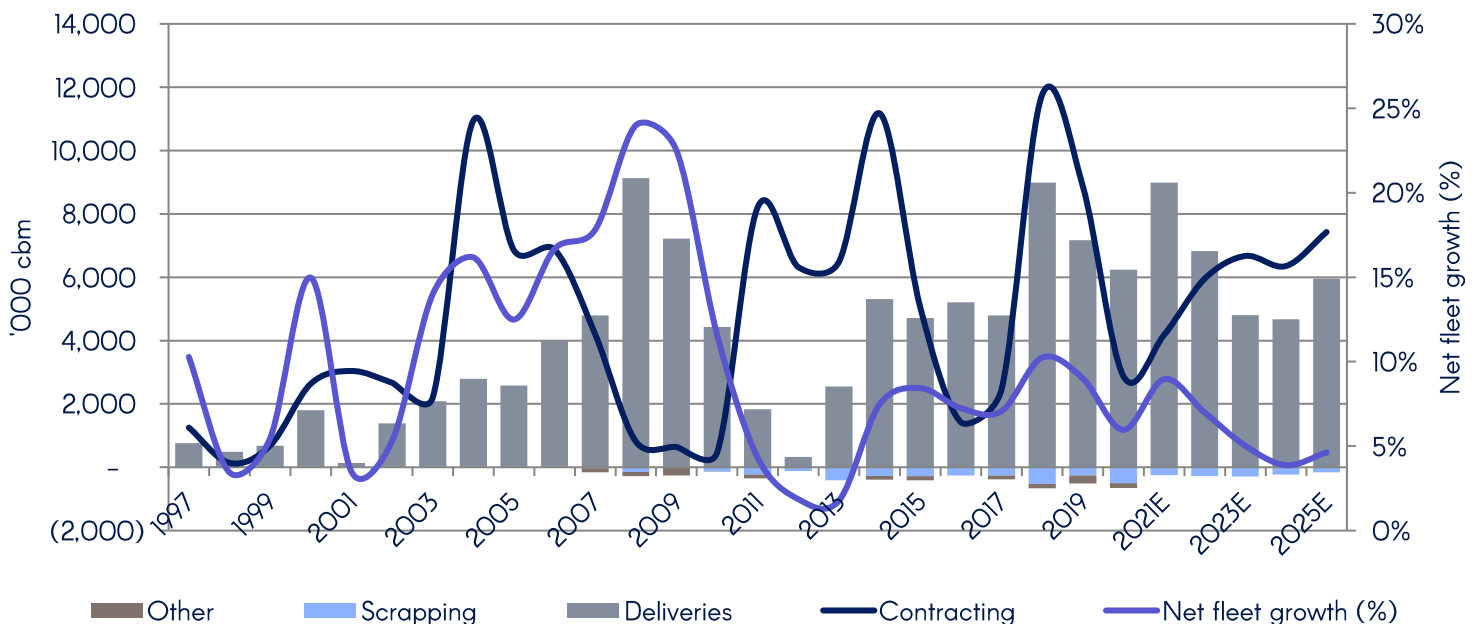


#### Gross deliveries expected to be all-time-high in 2022



The positive takeaway is that we expect a weaker earnings environment in 2020E-2023E to lead to an underinvestment in newbuildings, potentially laying the foundation for a strong rebound in fleet utilization in 2024E and beyond.

#### Detailed fleet dynamics

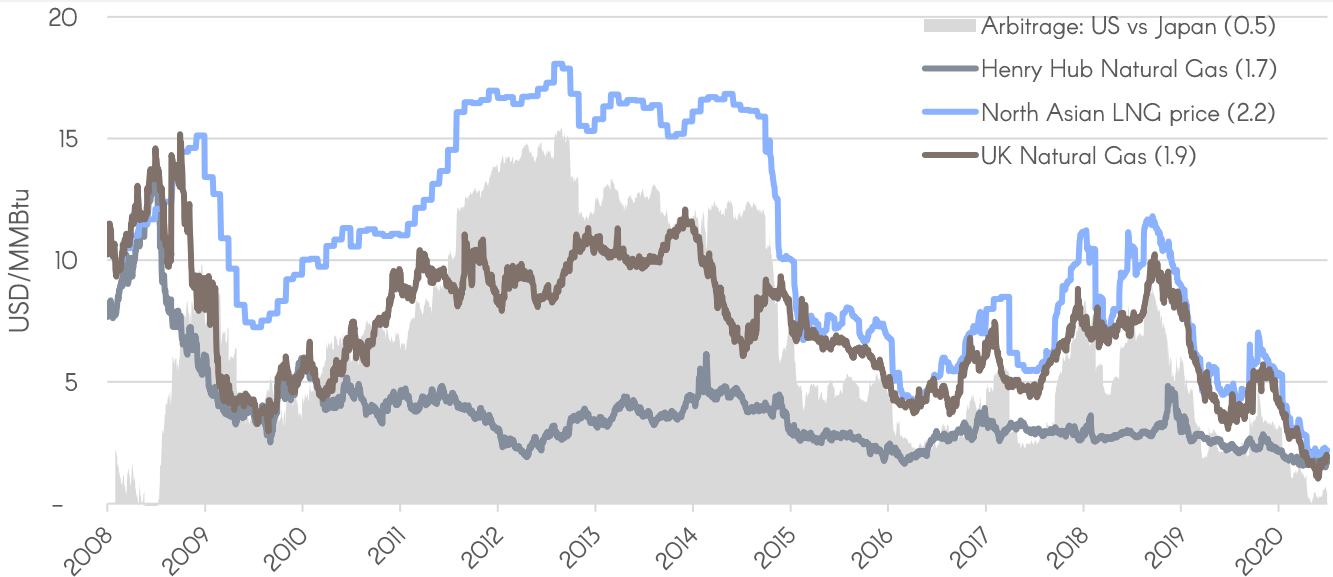




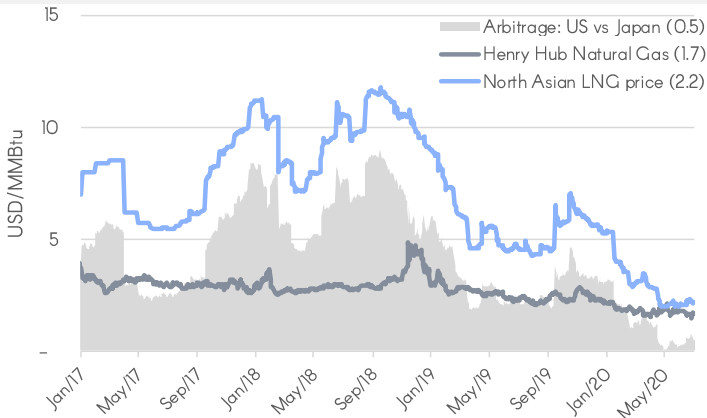
### Demand

Demand growth for LNG disappointed significantly in 2019, impacted by a decline in average mile per cbm of LNG transported and lower demand in the Far East. The latter was affected by a myriad of events, including warmer than expected weather and the restart of nuclear capacity in Japan. The weak demand trend has persisted into 1H20, largely impacted by the COVID-19 outbreak. The lower demand has 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. This has led to a number of cargo cancellations so far in 2020, as regional price differentials have been hovering around their lowest levels since 2008 for months.

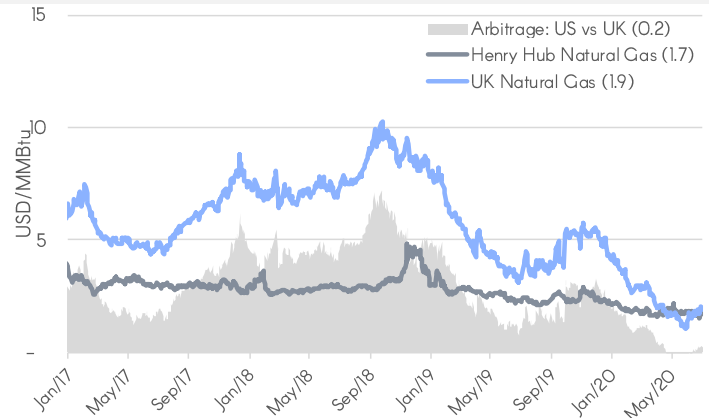
### Regional natural gas pricing since 2008



### Natural gas price arbitrage: US vs North Asia



### Natural gas price arbitrage: US vs UK



There is at present a steep contango structure in the natural gas futures curve at major importers and in the US. The contango steepness is most profound in October 2020 vs September, and should lend support to floating storage and slow steaming in the months ahead with a September/October peak, given that the contango persists.

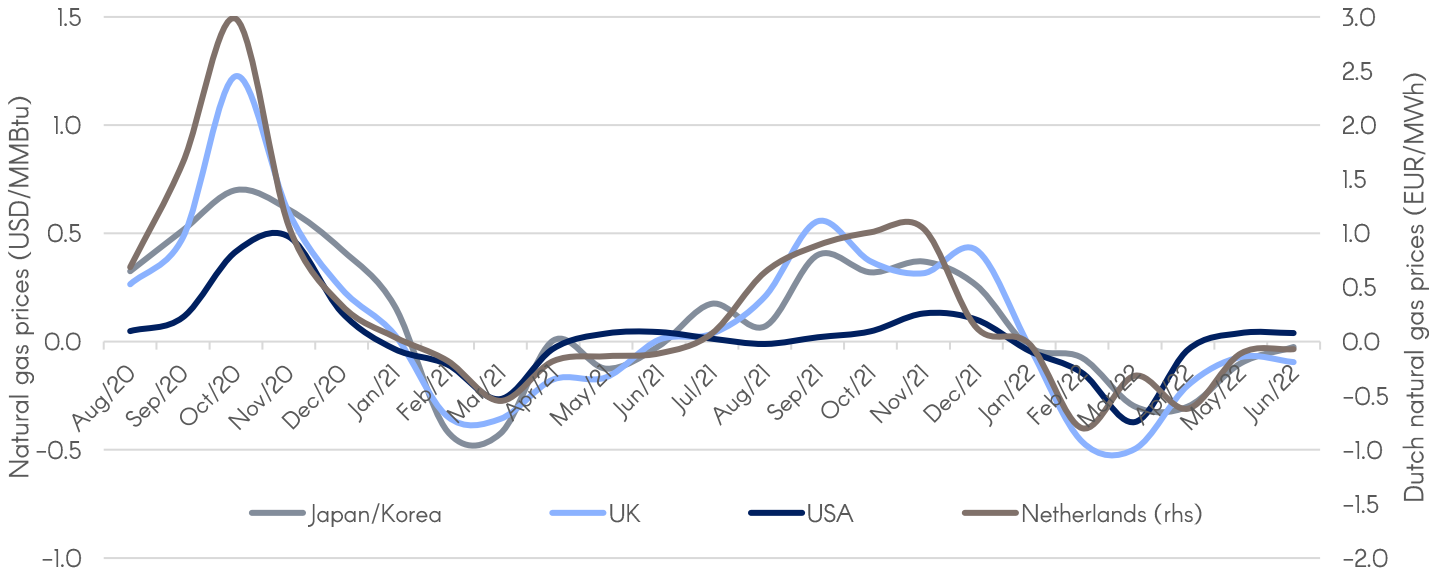


# Cleaves Securities

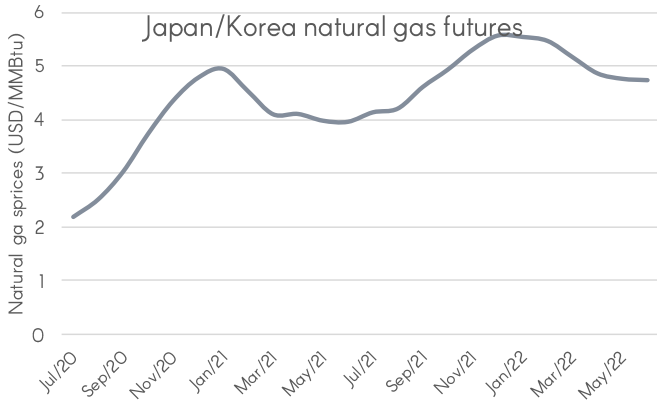
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

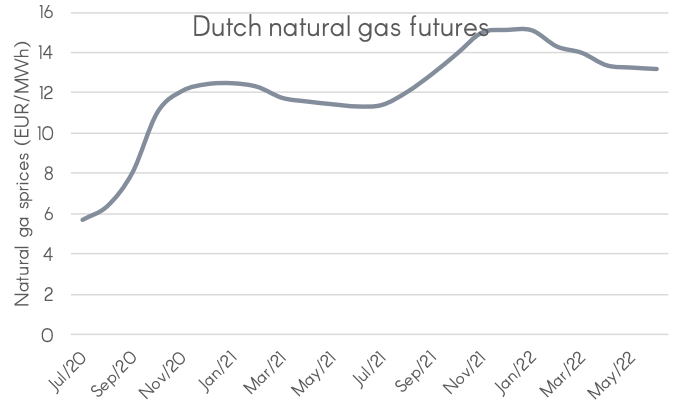
### Natural gas futures curve: $\Delta$ m/m



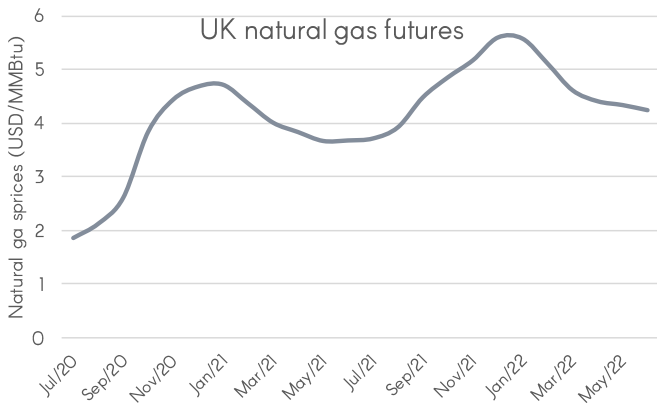
### Natural gas futures curve: Japan/Korea



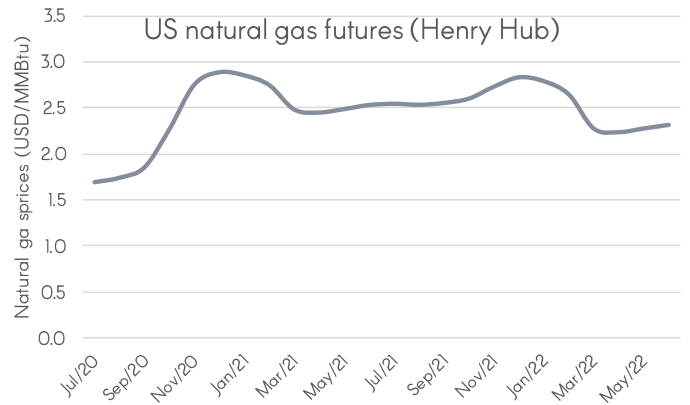
### Natural gas futures curve: Netherlands



### Natural gas futures curve: United Kingdom



### Natural gas futures curve: USA



Looking further ahead, we retain our [April](#) forecast of a demand contraction of around -0.3% for LNG Carriers in 2020E. This is down 9%p from our [January](#) forecast due to the COVID-19 outbreak and subsequent collapse in global energy prices. We expect demand in 2020E to trough at 244bn cubic miles in July (-8% y/y), before recovering to 291bn cubic miles by December (-3% y/y).



# Cleaves Securities

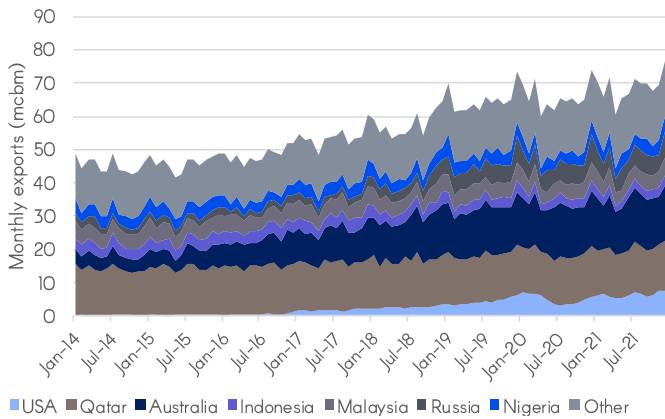
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

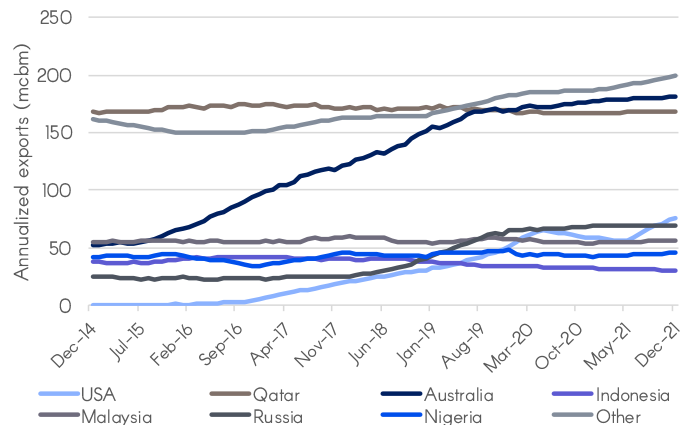
Breaking it down, we forecast LNG exports to total 789mcbm in 2020E (+1.4% y/y), with average miles at 4,012 (-1.6% y/y). Thus, total weighted cubic mile demand falls 0.3% y/y in 2020E from 3,171bn to 3,163bn.

Looking towards 2021E, we forecast LNG exports to rise to 826mcbm (+4.8% y/y) with average miles at 4,182 (+4.2% y/y), and a total weighted cubic mile demand at 3,455bn (+9.2% y/y).

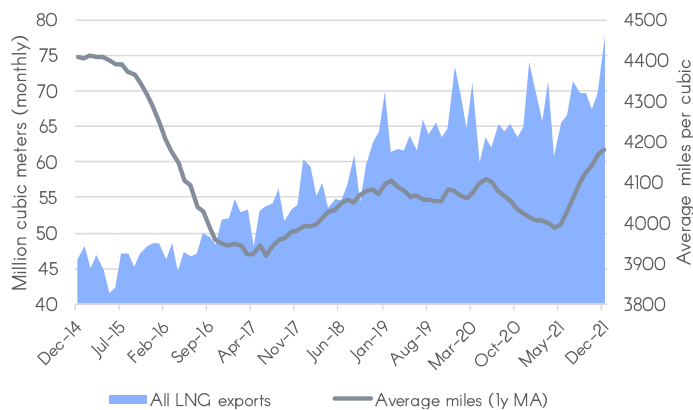
### Global LNG exports by country (monthly)



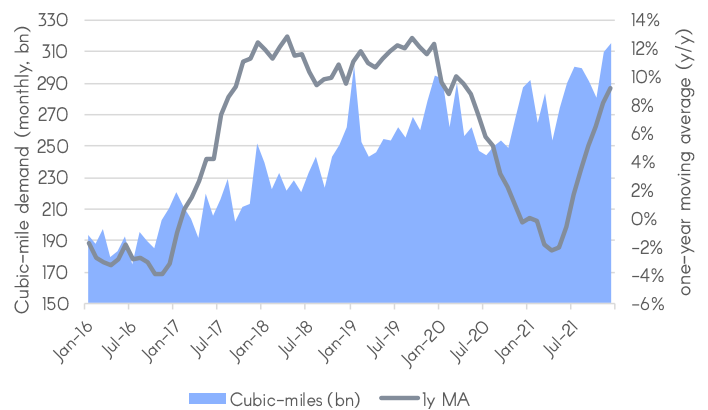
### Global LNG exports by country (annualized)



### Global LNG exports & average miles



### Global LNG exports (bn cubic miles)



Looking at the change in expected new liquefaction projects from January to now reveals that 2020E is close to unchanged as projects that are close to completion are unaffected. Looking towards 2021E and 2022E, we see minor changes to projects currently under construction, while some under FEED studies have been postponed. These years nevertheless had limited new liquefaction projects expected, so the impact on our estimates is limited.

The major changes are for 2023E and 2024E, where the total new liquefaction capacity either under construction or planned is down from 98mtpa to 23mtpa in 2023E (-77%) and down from 222mtpa to 189mtpa (-15%) in 2024E. It is however important to notice that the total new liquefaction capacity under construction or planned for the full decade is actually up 7mtpa since January, implying that the expansion plans have not been cancelled, just postponed.



### Overview of new liquefaction capacity and changes to our forecast

New liquefaction projects											
mtpa	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	SUM
Under construction	23	5	17	14	17	36	7	0	0	0	
FEED process	0	0	2	6	129	69	94	31	8	0	
Proposed	0	0	2	3	43	73	94	37	40	39	
<b>SUM</b>	<b>23</b>	<b>5</b>	<b>21</b>	<b>23</b>	<b>189</b>	<b>178</b>	<b>194</b>	<b>67</b>	<b>48</b>	<b>39</b>	<b>786</b>

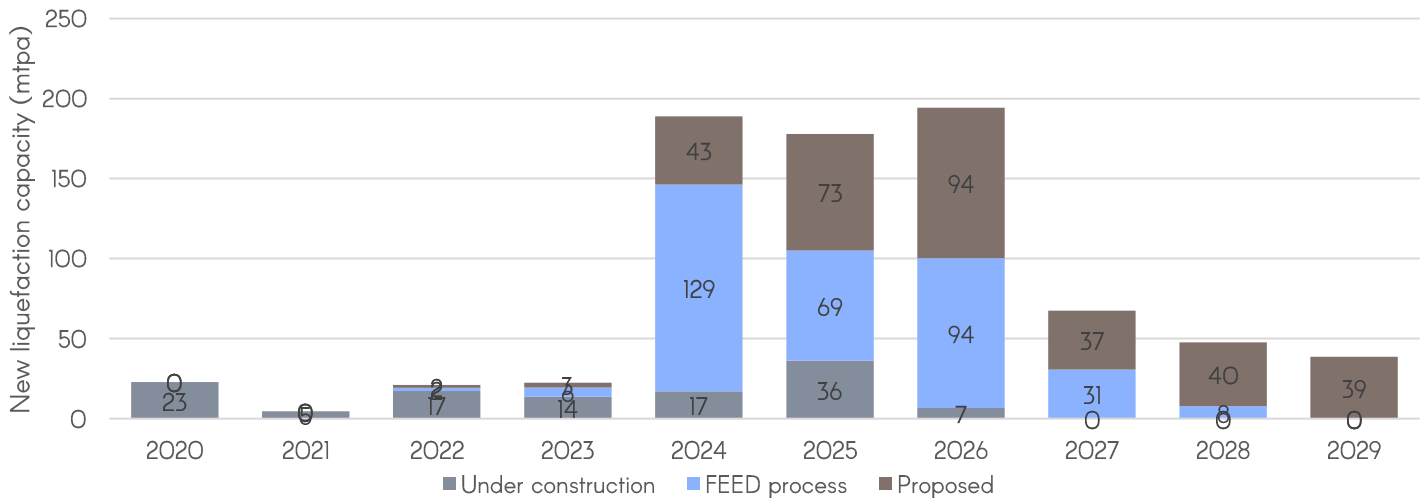
Old. Jan 2020											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	23	8	16	11	44	5	7	0	0	0	
FEED process	0	3	11	75	111	42	49	16	6	12	
Proposed	0	0	3	11	67	135	63	38	23	0	
<b>SUM</b>	<b>23</b>	<b>11</b>	<b>30</b>	<b>98</b>	<b>222</b>	<b>181</b>	<b>119</b>	<b>53</b>	<b>29</b>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

Change											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0.0	-3.8	1.3	2.5	-26.9	31.1	0.0	0.0	0.0	0.0	
FEED process	0.0	-2.9	-9.5	-69.6	18.3	27.3	44.4	15.1	2.3	-12.0	
Proposed	-0.2	0.2	-0.9	-8.4	-24.5	-62.0	30.9	-0.9	16.8	38.7	
<b>SUM</b>	<b>-0.2</b>	<b>-6.6</b>	<b>-9.0</b>	<b>-75.5</b>	<b>-33.1</b>	<b>-3.6</b>	<b>75.3</b>	<b>14.2</b>	<b>19.1</b>	<b>26.7</b>	<b>7</b>

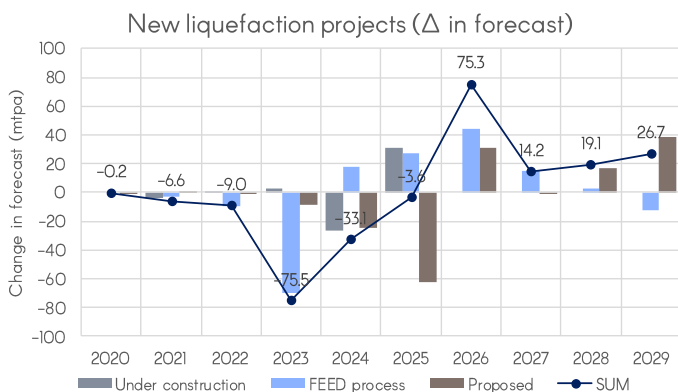
Change											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0%	-46%	8%	23%	-61%	598%	0%	0%	0%	0%	
FEED process	0%	-100%	-83%	-92%	16%	66%	90%	96%	42%	-100%	
Proposed	-100%	100%	-32%	-74%	-36%	-46%	49%	-2%	73%	100%	
<b>SUM</b>	<b>-1%</b>	<b>-58%</b>	<b>-30%</b>	<b>-77%</b>	<b>-15%</b>	<b>-2%</b>	<b>63%</b>	<b>27%</b>	<b>67%</b>	<b>223%</b>	<b>1%</b>

Source: Shipping Intelligence Network, Cleaves

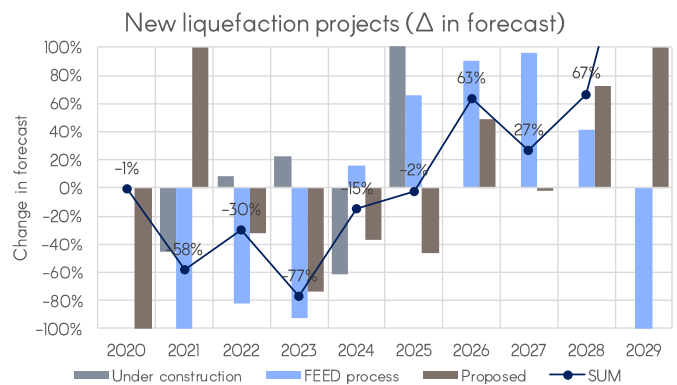
### New liquefaction projects



### Change in our forecast since January (mtpa)



### Change in our forecast since January (%)

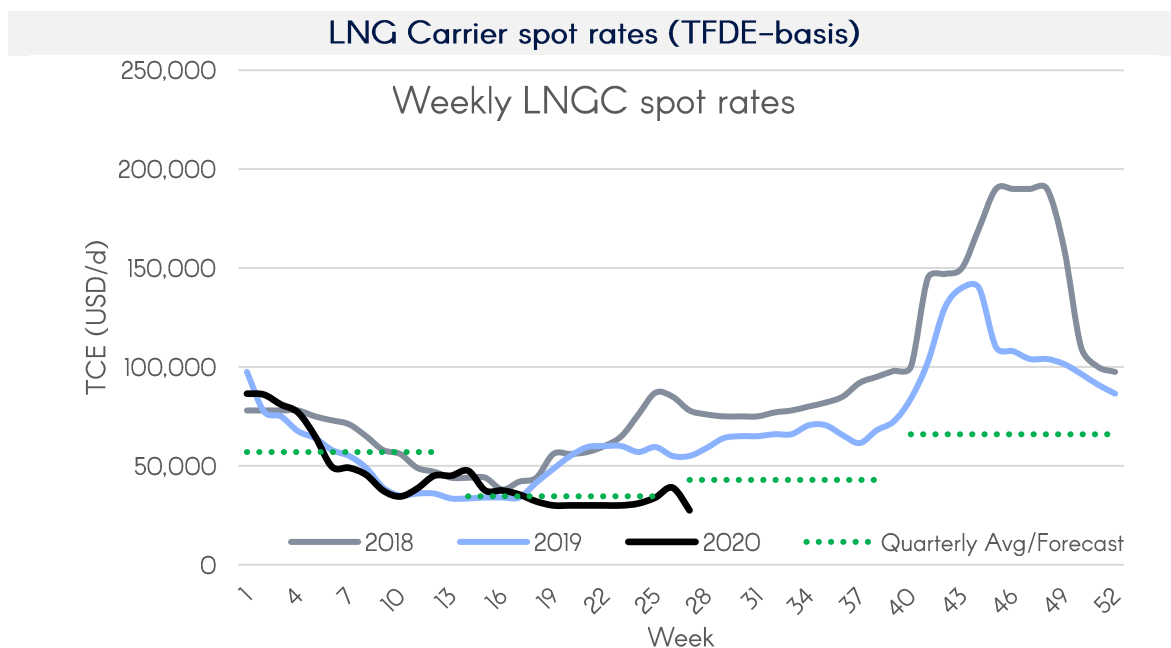




## Fleet utilization

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 15.8mcbm of new shipping capacity, we only see demand growth similar to ~5.5mcbm 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 9% in 2021E and 3% in 2022E. Thus, the resulting LNG Carrier fleet utilization falls from 84% in 2019 to 79% in 2020E, 79% in 2021E and 76% in 2022E.

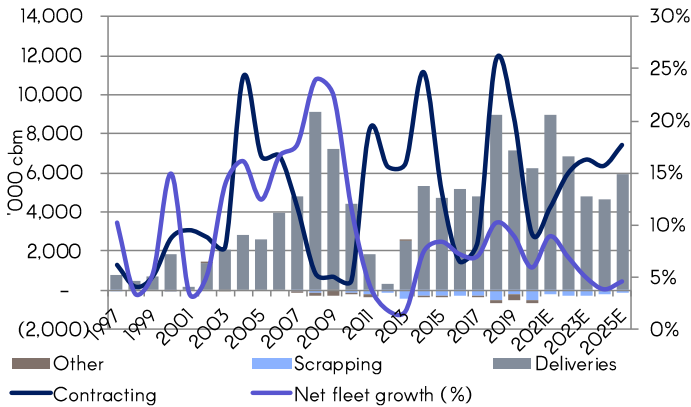
Delta table: LNG shipping forecast summary					Average spot rate				
$\Delta$ y/y	2020E	2021E	2022E	2023E		2020E	2021E	2022E	2023E
Supply growth	6.0%	9.0%	7.0%	5.0%	MEGI/XDF	60,133	60,072	51,864	49,499
Supply, old	5.7%	8.8%	7.5%	5.3%	old	60,594	52,093	52,506	62,806
$\Delta$	0.3%p	0.1%p	-0.5%p	-0.3%p	$\Delta$	(461)	7,979	(642)	(13,307)
Demand growth	-0.3%	9.1%	3.0%	3.7%	TFDE	50,091	51,064	42,857	40,491
Demand, old	-0.6%	3.7%	7.3%	8.6%	old	49,661	41,939	42,352	52,652
$\Delta$	0.3%p	5.4%p	-4.3%p	-4.8%p	$\Delta$	430	9,126	505	(12,160)
Utilization	79%	79%	76%	75%	Turbine 150k	33,577	32,826	26,423	25,199
Utilization, old	79%	75%	75%	77%	old	31,270	26,942	28,228	38,177
$\Delta$	0.0%p	3.8%p	1.0%p	-2.3%p	$\Delta$	2,307	5,884	(1,805)	(12,977)



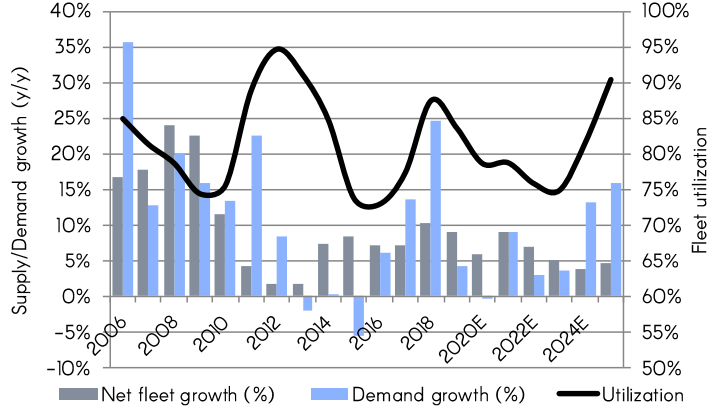


### Market Fundamentals & Forecasts

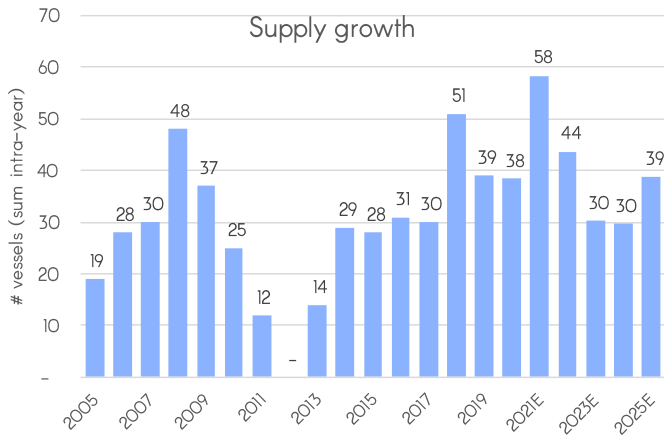
#### LNG Carrier supply dynamics



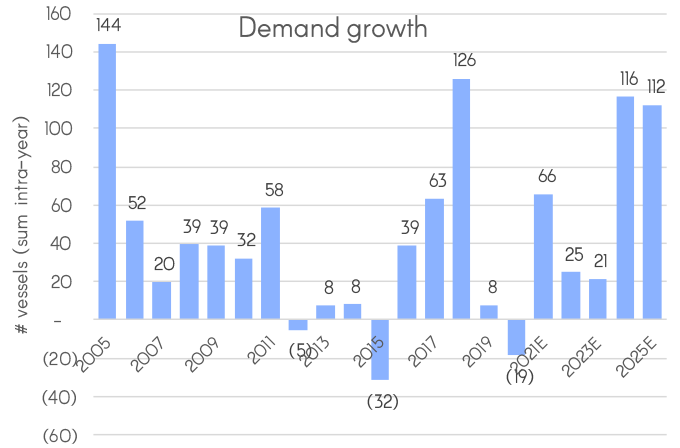
#### LNG Carrier supply/demand dynamics



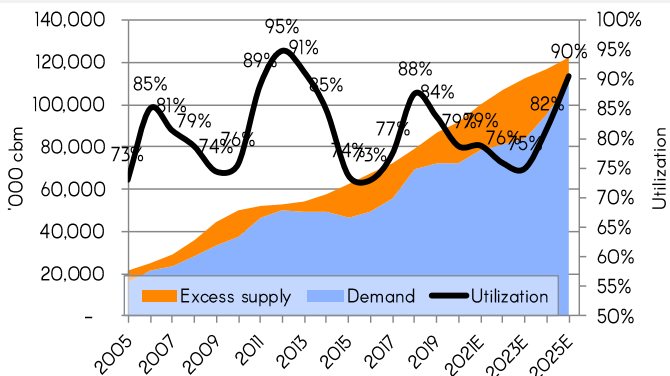
#### Net fleet supply growth per annum (# of vessels)



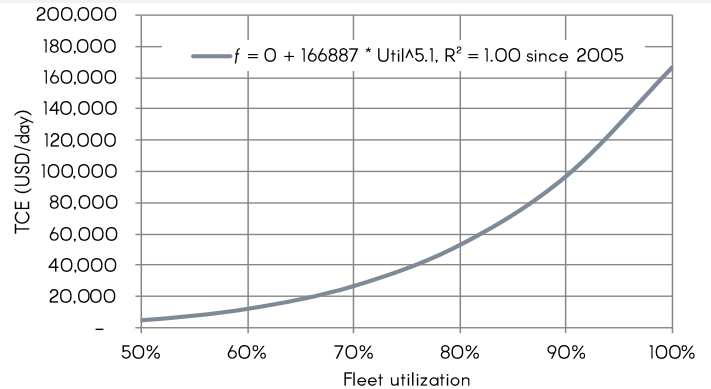
#### Demand growth per annum (# of vessels)



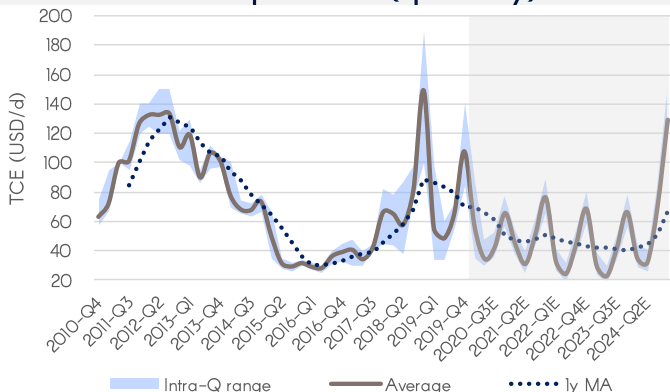
#### LNG Carrier supply/demand dynamics



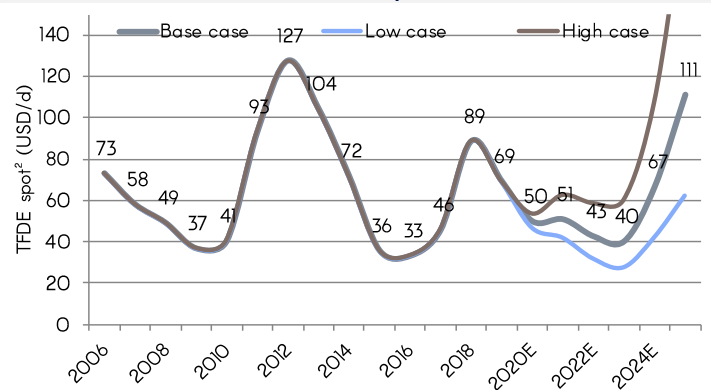
#### Econometrics: Spot rates vs fleet utilization



#### TFDE spot rates (quarterly)



#### LNG Carrier spot rates







# Econometric Overview

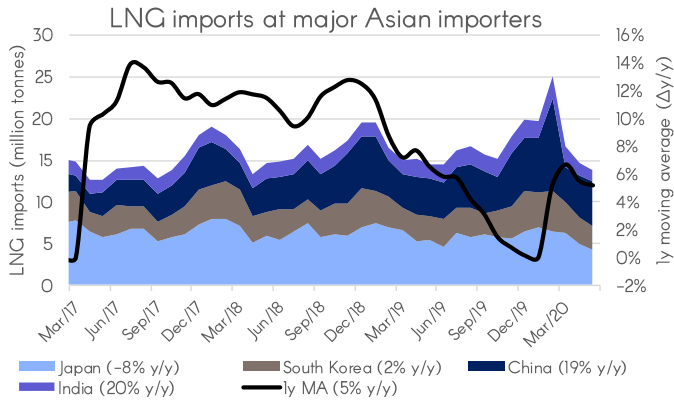
Supply/Demand (0000 stam)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
Supply	824	761	490	684	1802	137	1376	2085	2793	2582	3994	4797	9134	7215	4134	1830	323	2539	5314	4714	5207	2627	8992	7172	6241	8397	6822	4808	4672	5399		
Demand	9059	(27)	0	(0)	(3)	-	0	(0)	0	(0)	(0)	(29)	(145)	(264)	(28)	(225)	(122)	(412)	(269)	(281)	(257)	(260)	(324)	(255)	(507)	(254)	(281)	(290)	(213)	(161)		
Contracting	841	1254	137	686	2535	3040	2670	2193	10246	6849	6975	4199	814	640	461	8215	639	6487	1174	5047	1421	2460	1137	8976	6276	4179	5559	4302	4802	7426		
Supply	9316	10494	10856	11449	13164	13624	14346	16353	18798	21371	24935	29376	36425	44624	49801	51944	52908	53948	57873	62756	67303	72065	71447	86505	91879	100519	107520	123538	136549	152586		
Δ %	10%	10%	3%	5%	15%	3%	5%	14%	16%	12%	17%	18%	24%	23%	22%	23%	23%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%		
Utilization																																
Steam spot (USD/d)																																
Time spot (USD/d)																																
MEC spot (USD/d)	2241	2330	2828	2735	2722	5463	7831	7530	11352	17663	22551	23003	18723	9377	5189	6772	12528	17604	20255	25287	22799	19748	18347	20531	20253	20253	20253	20253	20253	20253		
OB/Heat	24%	22%	28%	24%	21%	40%	55%	48%	60%	83%	90%	78%	51%	22%	10%	13%	24%	33%	35%	40%	34%	27%	23%	24%	22%	22%	17%	13%	11%	12%	17%	

Sum during period / Average during period

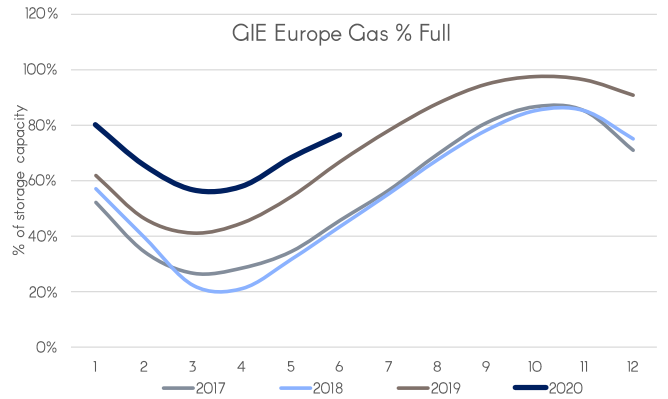


### Market Snapshots

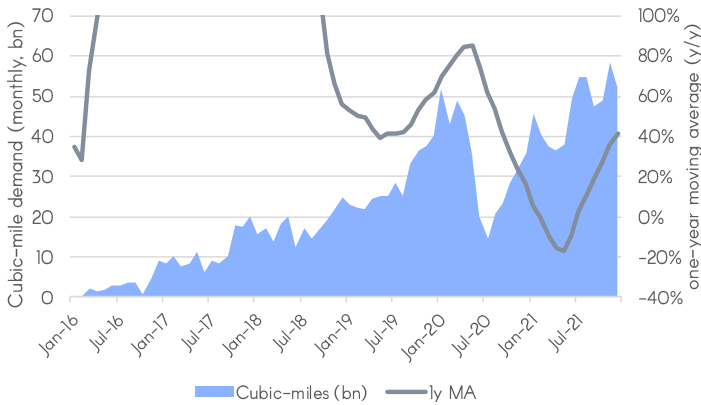
#### Major Asian LNG imports



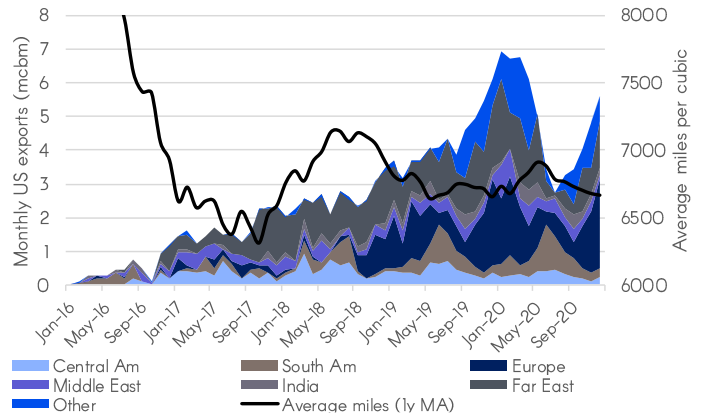
#### European LNG inventories: % of capacity



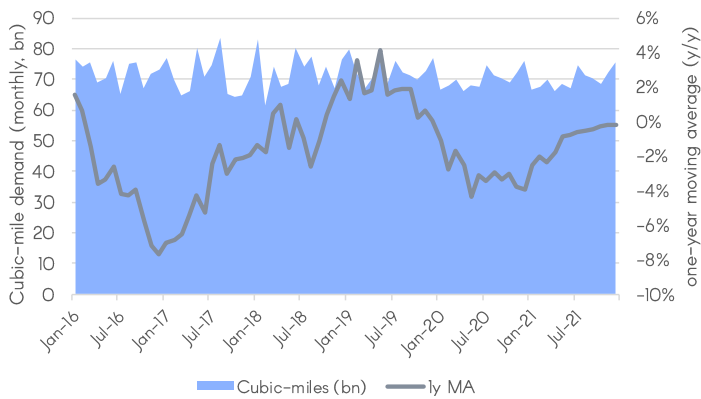
#### US LNG exports



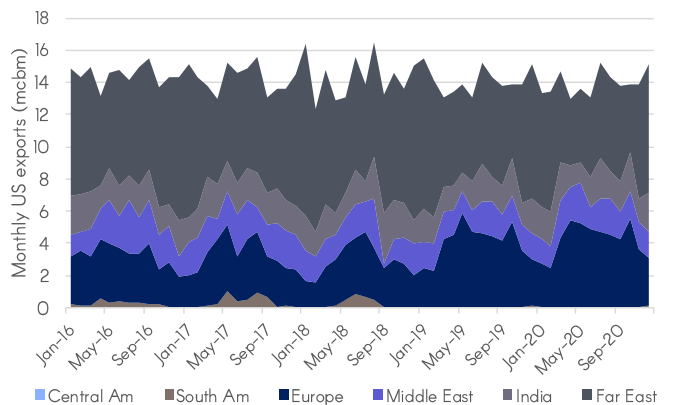
#### US LNG exports by import destination



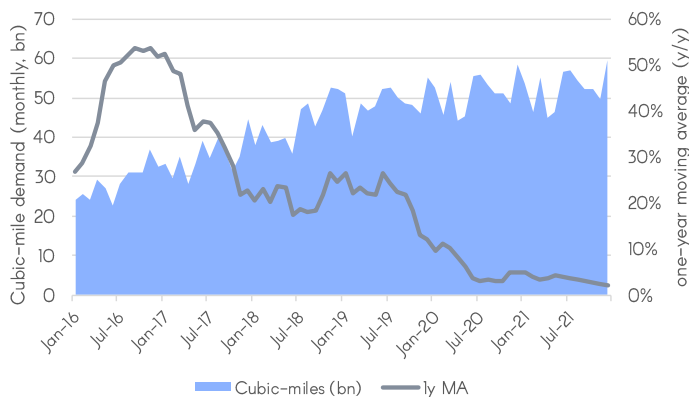
#### Qatari LNG exports



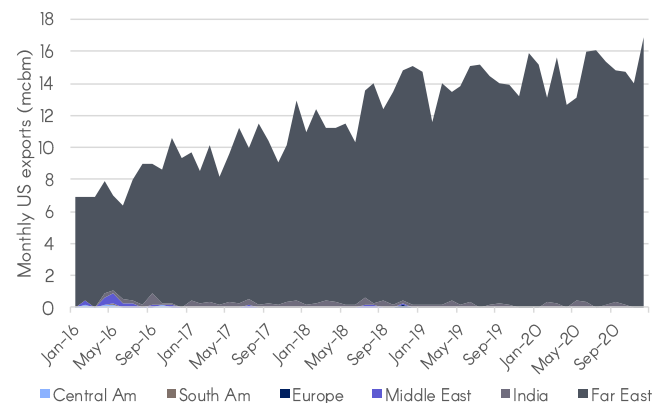
#### Qatari LNG exports by import destination



#### Australian LNG exports

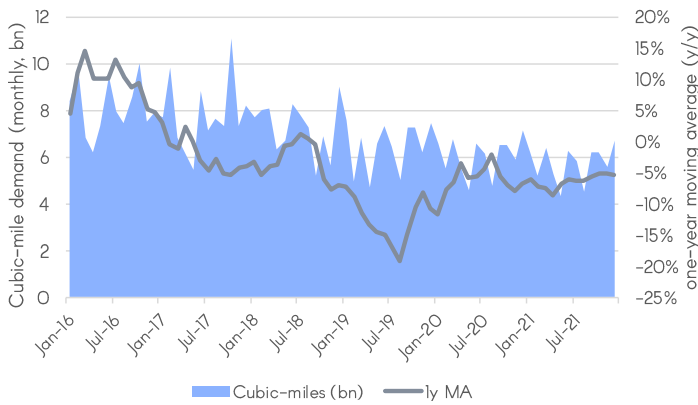


#### Australian LNG exports by import destination

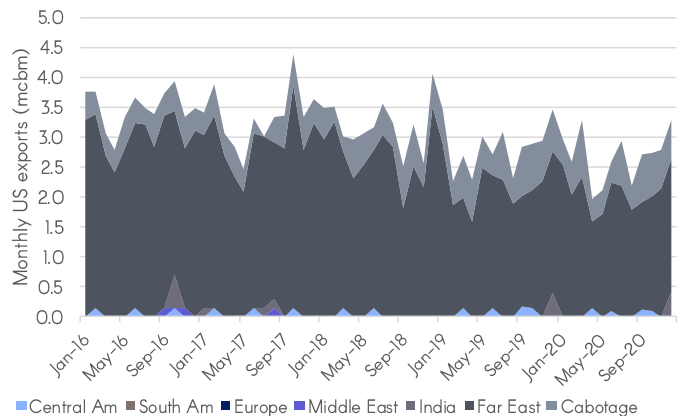




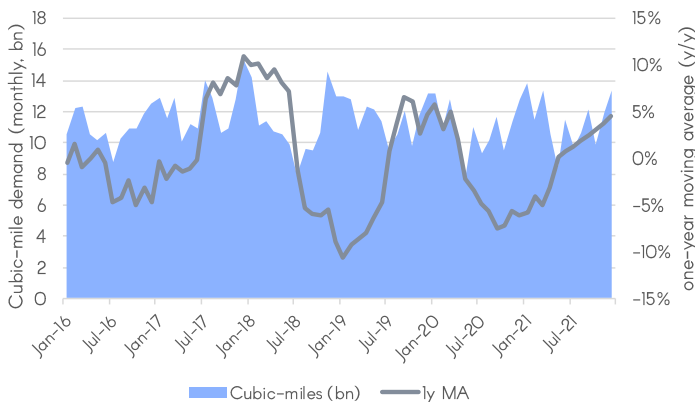
### Indonesian LNG exports



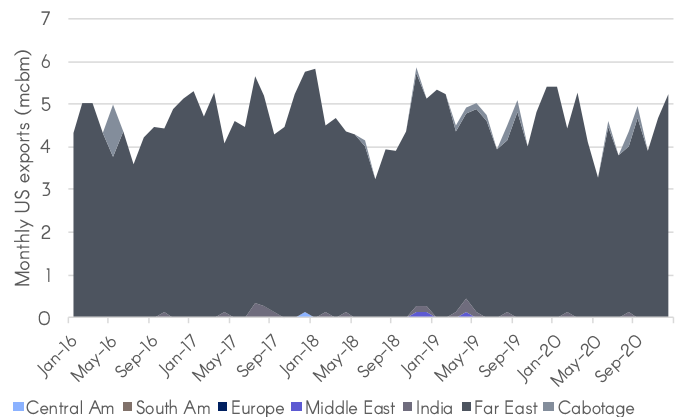
### Indonesian LNG exports by import destination



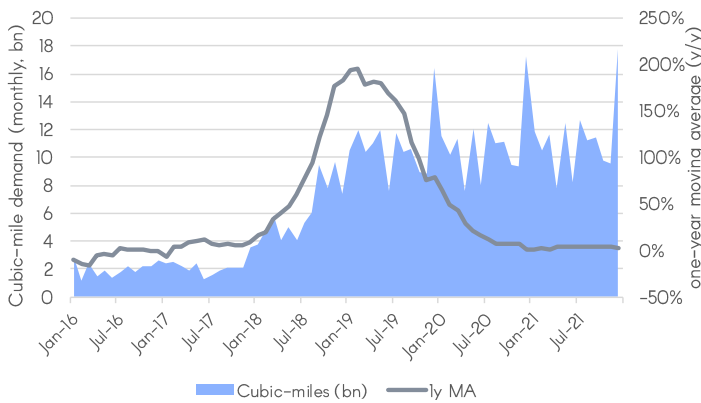
### Malaysian LNG exports



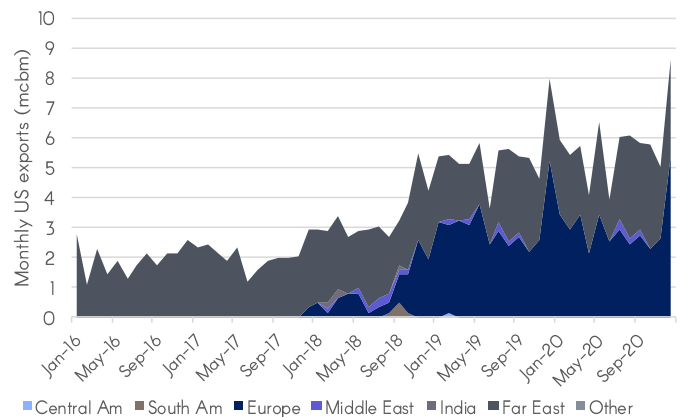
### Malaysian LNG exports by import destination



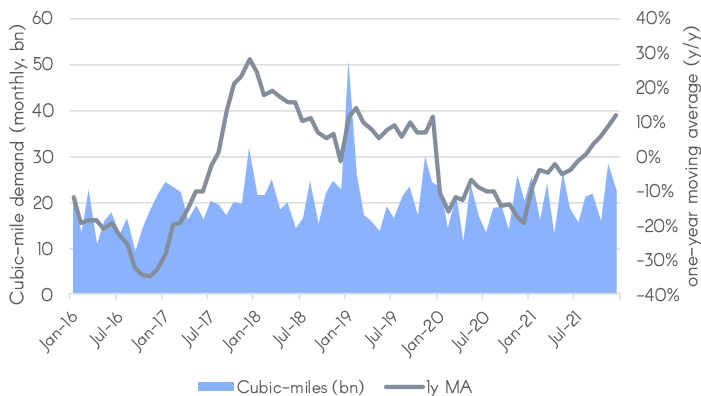
### Russian LNG exports



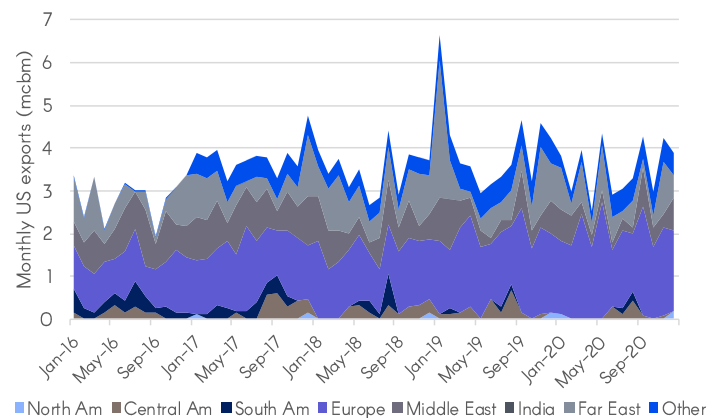
### Russian LNG exports by import destination



### Nigerian LNG exports



### Nigerian LNG exports by import destination





### Liquefaction projects under construction

Liquefaction projects under construction							
Project	Country	Expected start up	Output (mt/pa)	Required vessels (#)	Required vessels (mcbm/pa)	Started	
Cameron LNG Train 2	United States	2020	4.5	8	1.600	1Q20	
Freeport LNG Train 2	United States	2020	4.6	17	3.400	1Q20	
Cameron LNG Train 3	United States	2020	4.5	7	1.218	2Q20	
Freeport LNG Train 3	United States	2020	4.6	8	1.392	2Q20	
Sengkang LNG Train 1	Indonesia	2020	0.5	1	0.174		
PFLNG Dua (FLNG)	Malaysia	2020	1.5	3	0.435		
Portovaya LNG (FSU)	Russia	2020	1.5	1	0.174		
Yamal LNG Train 4	Russia	2020	1.0	1	0.174		
Corpus Christi LNG Train 3	United States	2021	4.5	5	0.870		
Tangguh LNG Train 3	Indonesia	2022	3.8	4	0.620		
Coral South 1 (FLNG)	Mozambique	2022	3.4	4	0.696		
Calcasieu Pass LNG	United States	2022	10.0	15	2.610		
Tortue West Ahmeyim 1 (FLNG)	Mauritania	2023	2.5	3	0.522		
Arctic LNG 2 Train 1	Russia	2023	6.6	6	1.044		
Sabine Pass LNG Train 6	United States	2023	4.5	8	1.392		
Arctic LNG 2 Train 2	Russia	2024	6.6	6	1.044		
Golden Pass LNG Train 1	United States	2024	5.2	9	1.566		
Golden Pass LNG Train 2	United States	2024	5.2	9	1.566		
LNG Canada	Canada	2025	14.0	14	2.436		
Mozambique LNG	Mozambique	2025	12.9	17	2.958		
Nigeria LNG Train 7	Nigeria	2025	4.2	5	0.870		
Golden Pass LNG Train 3	United States	2025	5.2	9	1.566		
Arctic LNG 2 Train 3	Russia	2026	6.6	5	0.870		
SUM			118	165	29.2		

### New liquefaction capacity: Summary tables

New liquefaction projects											
mtpa	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	SUM
Under construction	23	5	17	14	17	36	7	0	0	0	
FEED process	0	0	2	6	129	69	94	31	8	0	
Proposed	0	0	2	3	43	73	94	37	40	39	
SUM	23	5	21	23	189	178	194	67	48	39	786

Old, Apr 2020	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	
SUM	23	10	23	93	184	152	133	58	42	12	731

Change	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0.0	-3.8	1.3	2.5	-31.1	31.1	0.0	0.0	0.0	0.0	
FEED process	0.0	-2.0	-3.8	-70.5	45.0	2.2	39.3	9.9	-1.4	0.0	
Proposed	-0.2	0.2	0.6	-3.0	-9.1	-7.8	21.7	0.0	6.7	26.7	
SUM	-0.2	-5.7	-2.0	-71.0	4.9	25.5	61.0	9.9	5.3	26.7	54

Change	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	0%	-46%	8%	23%	-65%	598%	0%	0%	0%	0%	
FEED process	0%	-100%	-66%	-92%	53%	3%	72%	47%	-15%	0%	
Proposed	-100%	100%	44%	-50%	-18%	-10%	30%	0%	20%	223%	
SUM	-1%	-55%	-9%	-76%	3%	17%	46%	17%	13%	223%	7%

New liquefaction projects: LNG Carrier demand											
mcbm of shipping pa	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	9	1	4	3	4	8	1	0	0	0	
FEED process	0	0	0	1	24	14	17	6	2	0	
Proposed	0	0	0	1	8	13	17	7	7	6	
SUM	9	1	5	4	36	34	35	12	9	6	152

# of modern vessels	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Under construction	49	5	23	17	24	45	5	0	0	0	
FEED process	0	0	2	5	137	79	99	32	10	0	
Proposed	0	1	1	3	46	73	98	38	42	37	
SUM	49	6	26	25	207	197	202	70	52	37	872
Newbuild deliveries	36	52	39	28	27	34	38	39	43	43	

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/ya)	Required vessels (#)	Required vessels (mcbm/ya)	
Port Fourchon LNG Phase 1	United States	2022	2.0	2	0.348	
Eagle LNG	United States	2023	0.9	1	0.040	
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	
Western (FLNG)	Canada	2024	0.5	2	0.348	
NewAge Congo (FLNG)	Congo	2024	1.0	1	0.174	
Leviathan (FLNG)	Israel	2024	4.5	5	0.870	
Amigo LNG Train 1	Mexico	2024	3.9	4	0.696	
Energia Costa Azul LNG Liquefaction	Mexico	2024	2.4	3	0.522	
Puerto Libertad LNG	Mexico	2024	3.0	3	0.522	
Daru Island (FLNG)	Papua N. Guinea	2024	1.5	2	0.348	
Baltic LNG	Russia	2024	13.0	10	1.740	
Obsky LNG	Russia	2024	4.8	5	0.870	
Port Arthur LNG	United States	2024	13.5	14	2.436	
Commonwealth LNG	United States	2024	8.4	9	1.566	
Corpus Christi LNG Train 4	United States	2024	1.4	2	0.348	
Corpus Christi LNG Train 5	United States	2024	1.4	2	0.348	
Corpus Christi LNG Train 6	United States	2024	1.4	2	0.348	
Corpus Christi LNG Train 7	United States	2024	1.4	2	0.348	
Driftwood LNG 1	United States	2024	5.5	6	1.044	
Driftwood LNG 2	United States	2024	5.5	6	1.044	
Freeport LNG Train 4	United States	2024	5.1	5	0.870	
Magnolia LNG Trains 1-2	United States	2024	4.4	4	0.696	
Plaquemines LNG	United States	2024	10.0	10	1.740	
Plaquemines LNG Phase 2	United States	2024	10.0	10	1.740	
Port Delfin 1 (FLNG)	United States	2024	3.3	4	0.696	
Rio Grande LNG Phase 1	United States	2024	13.5	16	2.784	
Pluto LNG Train 2	Australia	2025	5.0	5	0.870	
Woodfibre LNG	Canada	2025	2.1	2	0.348	
North Field LNG Expansion Train 1	Qatar	2025	7.8	10	1.740	
North Field LNG Expansion Train 2	Qatar	2025	7.8	10	1.740	
North Field LNG Expansion Train 3	Qatar	2025	7.8	10	1.740	
Annova LNG	United States	2025	6.5	6	1.044	
Corpus Christi LNG Train 10	United States	2025	1.4	2	0.348	
Corpus Christi LNG Train 8	United States	2025	1.4	2	0.348	
Corpus Christi LNG Train 9	United States	2025	1.4	2	0.348	
Driftwood LNG 3	United States	2025	5.5	6	1.044	
Magnolia LNG Trains 3-4	United States	2025	4.4	4	0.696	
Monkey Island LNG	United States	2025	15.8	16	2.784	
Texas LNG	United States	2025	2.0	4	0.696	
Goldboro LNG	Canada	2026	9.6	10	1.740	
Amigo LNG Train 2	Mexico	2026	3.9	4	0.696	
Rovuma LNG	Mozambique	2026	7.6	10	1.740	
North Field LNG Expansion Train 4	Qatar	2026	7.8	10	1.740	
Cameron LNG Trains 4-5	United States	2026	10.0	9	1.566	
Gulf LNG Phase 1	United States	2026	5.8	5	0.870	
Lake Charles LNG Train 1	United States	2026	5.5	5	0.870	
Main Pass (FLNG)	United States	2026	24.0	24	4.176	
Pointe LNG	United States	2026	6.0	6	1.044	
Rio Grande LNG Phase 2	United States	2026	13.5	16	2.784	
North Field LNG Expansion Train 5	Qatar	2027	7.8	10	1.740	
Sakhalin I LNG	Russia	2027	6.2	6	1.044	
Sakhalin II LNG Expansion	Russia	2027	5.4	6	1.044	
Gulf LNG Phase 2	United States	2027	5.8	5	0.870	
Lake Charles LNG Train 2	United States	2027	5.5	5	0.870	
North Field LNG Expansion Train 6	Qatar	2028	7.8	10	1.740	
<b>SUM</b>			<b>338</b>	<b>365</b>	<b>63.4</b>	

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	2021	0.2	1	0.174	
WesPac LNG	Canada	2022	0.8	1	0.090	
Donggi Senoro LNG Phase 2	Indonesia	2022	0.7	1	0.130	
Vysotsk LNG Train 3	Russia	2022	0.3	1	0.011	
Port Fourchon LNG Phase 2	United States	2023	3.0	3	0.522	
Patagonia LNG	Argentina	2024	4.2	5	0.870	
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	
Djibouti (FLNG)	Djibouti	2024	3.0	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	
Vladivostok LNG	Russia	2024	1.5	2	0.348	
Delta LNG Phase 1	United States	2024	10.0	10	1.740	
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	
Tortue West Ahmeyim 2 (FLNG)	Mauritania	2025	2.5	3	0.522	
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 Delfin 2 (FLNG)	United States	2025	3.3	4	0.696	
Vaca Muerta LNG	Argentina	2026	5.0	5	0.870	
Arnhem/Pinhoe (FLNG)	Australia	2026	1.5	2	0.348	
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	
Arctic LNG 1 Train 1	Russia	2026	6.7	7	1.218	
Tortue West Ahmeyim 3 (FLNG)	Senegal	2026	2.0	2	0.348	
Driftwood LNG 5	United States	2026	5.5	6	1.044	
Port Arthur LNG Phase 2	United States	2026	13.5	14	2.436	
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	
Arctic LNG 1 Train 2	Russia	2028	6.7	7	1.218	
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	
Arctic LNG 1 Train 3	Russia	2029	6.7	7	1.218	
Arctic LNG 3	Russia	2029	20.0	20	3.480	
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>364</b>	<b>376</b>	<b>64.9</b>	

Source: Shipping Intelligence Network, Cleaves Securities

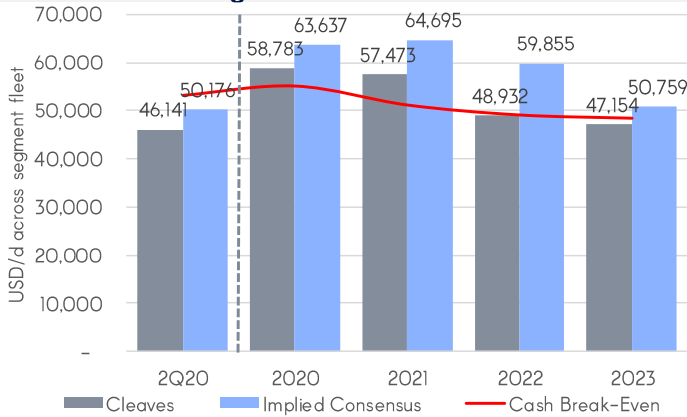


## Peer Group

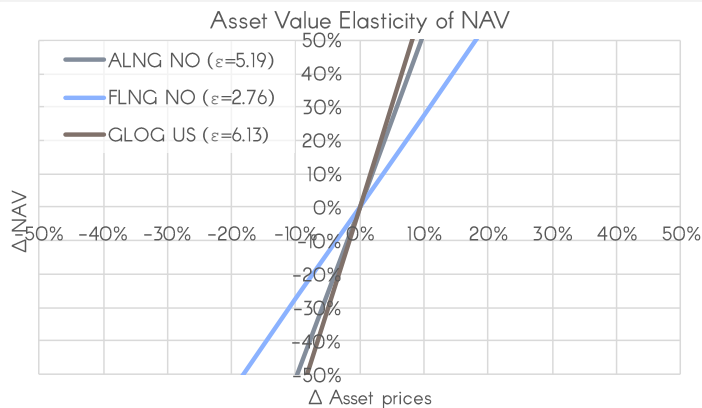
Company	M.cap	Turnover	Return ly	Rec.	Target	Last	Target/	NAV	P/NAV		EV/GAV	adj. equity	$\tau$	
					Price	Price	Price	/sh	Now	ly fwd				$\epsilon$
ALNG NO	18	0.1	-64%	SELL	1	1.3	-21%	4	0.31	0.29	5.19	0.87	18%	1.00
FLNG NO	277	0.9	-52%	BUY	96	48.2	99%	157	0.31	0.31	2.76	0.75	34%	0.80
GLOG US	226	4.8	-78%	BUY	4.2	2.8	50%	6.8	0.41	0.46	6.13	0.92	14%	0.36
Average	173	2	-65%				43%		0.35	0.35	4.69	0.85	22%	0.72
Median	226	1	-64%				50%		0.31	0.31	5.19	0.87	18%	0.80

Company	EV/EBITDA			P/E			Dividend yield			FCF yield		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
ALNG NO	12.5	16.8	24.6				0%	0%	0%	19%	21%	0%
FLNG NO	13.6	12.3	18.8	15.2			2%	0%	0%	-224%	-71%	4%
GLOG US	8.9	8.6	9.0	9.6	13.2		7%	10%	13%	-321%	-38%	76%
Average	11.7	12.6	17.5	12.4	13.2	#####	3%	3%	4%	-175%	-29%	27%
Median	11.7	12.6	17.5	12.4	13.2	#####	3%	3%	4%	-175%	-29%	27%

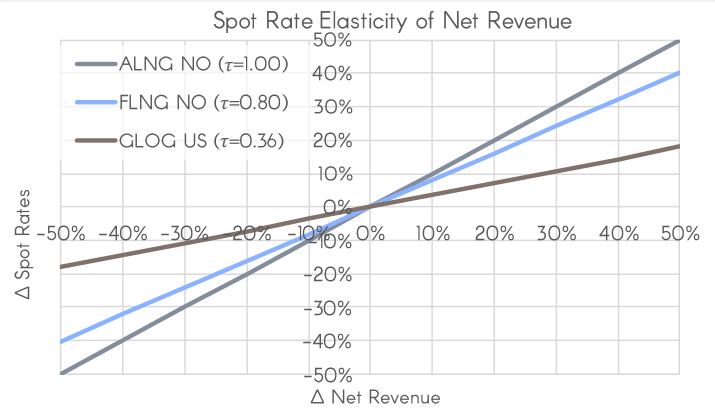
### Cleaves' average TCE/d forecast vs consensus



### Financial leverage ( $\epsilon$ )

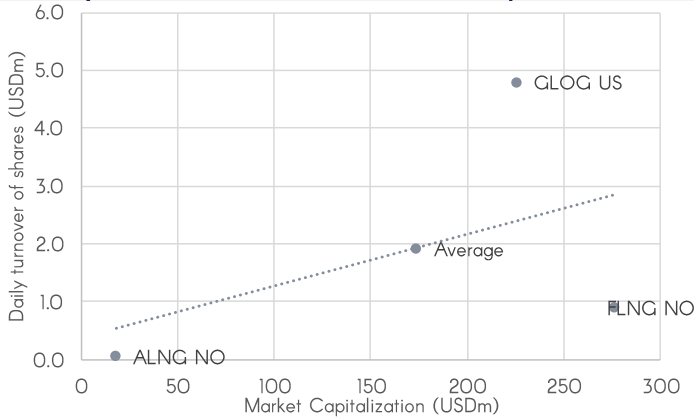


### Operational leverage ( $\tau$ )

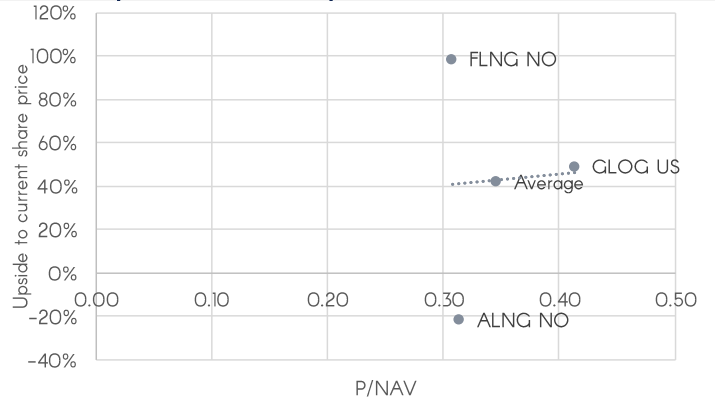




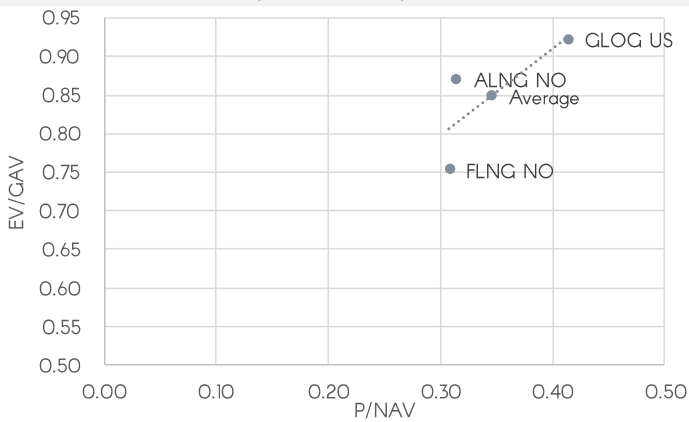
### Daily share turnover vs market capitalization



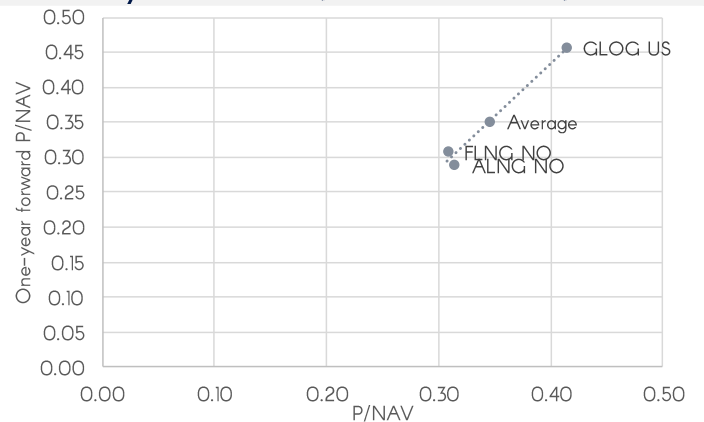
### Upside to share price current P/NAV



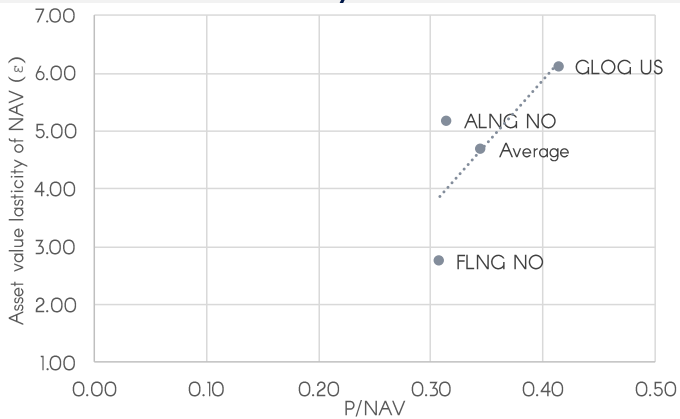
### EV/GAV vs P/NAV



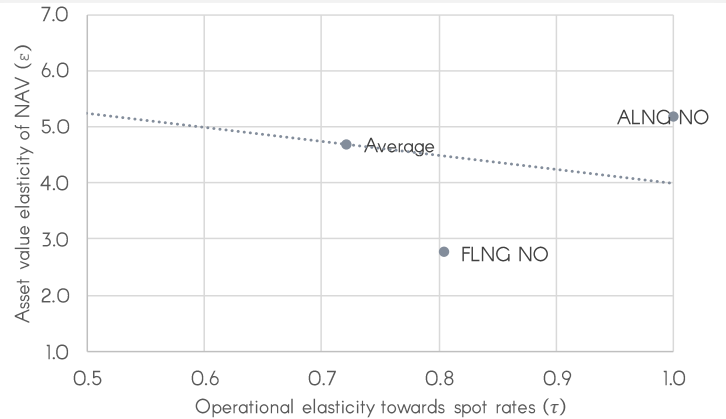
### One-year forward P/NAV vs current P/NAV



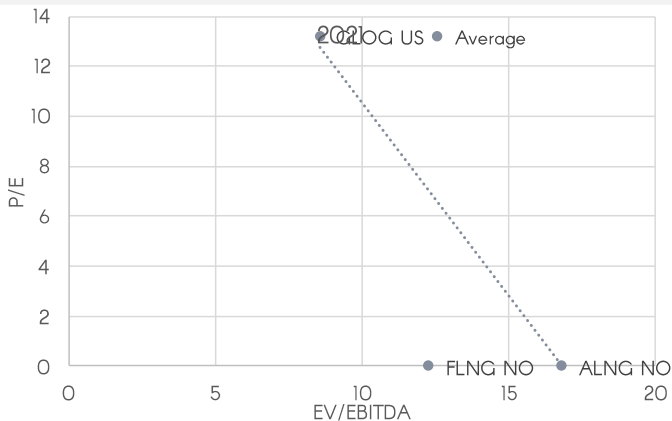
### Asset value elasticity of NAV vs P/NAV



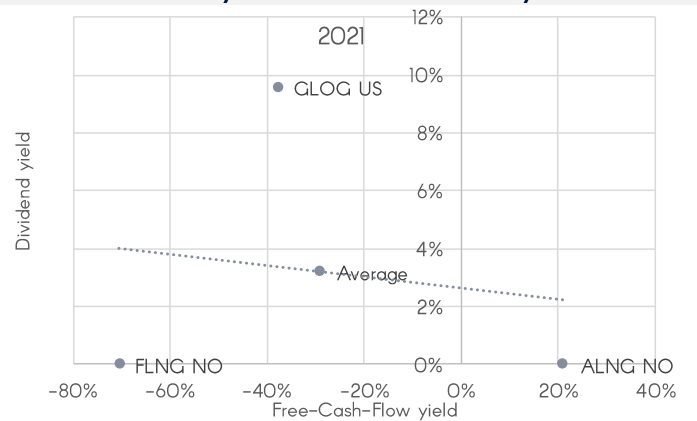
### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA



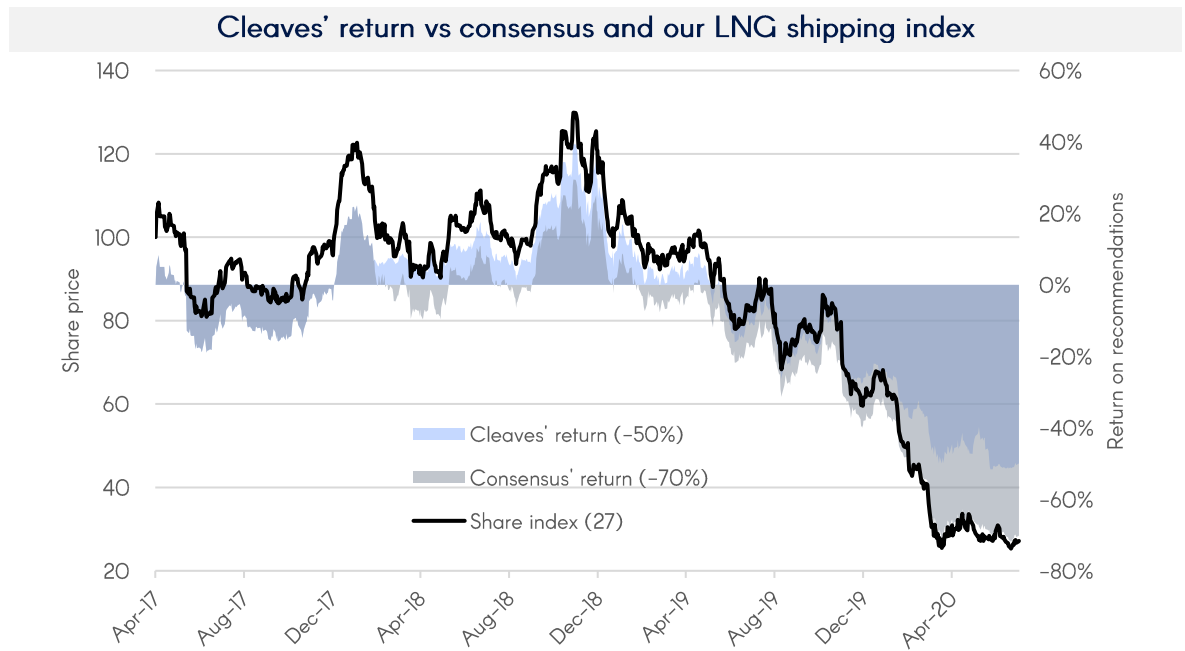
### Dividend yield vs free cash flow yield







Since our re-initiation of LNG shipping early 2017, we have generated a -50% loss on our recommendations vs the market at -73% and consensus at -70%.





### 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	6,241	8,987	6,822	4,808	4,672	5,959
Scrapping <sup>1</sup>	(281)	(257)	(260)	(524)	(255)	(507)	(254)	(281)	(290)	(233)	(161)
Other <sup>1</sup>	(126)	0	(125)	(137)	(255)	(145)	0	0	(0)	0	(0)
Contracting <sup>1</sup>	5,047	1,421	2,460	11,763	8,876	2,876	4,179	5,953	6,672	6,354	7,426
Supply <sup>2</sup>	62,756	67,303	72,065	79,447	86,605	91,771	99,998	106,985	112,357	116,710	122,112
Δ y/y	8.4%	7.2%	7.1%	10.2%	9.0%	6.0%	9.0%	7.0%	5.0%	3.9%	4.6%
Demand <sup>2</sup>	46,338	49,154	55,828	69,543	72,487	72,257	78,833	81,223	84,239	95,273	110,486
Δ y/y	-5.6%	6.1%	13.6%	24.6%	4.2%	-0.3%	9.1%	3.0%	3.7%	13.1%	16.0%
Utilization <sup>2</sup>	74%	73%	77%	88%	84%	79%	79%	76%	75%	82%	90%
Steam spot <sup>2</sup> (USD/d)	27,314	20,088	28,596	52,000	47,695	33,577	32,826	26,423	25,199	48,355	92,111
TFDE spot <sup>2</sup> (USD/d)	36,038	33,470	46,058	88,692	69,337	50,091	51,064	42,857	40,491	66,855	110,965
MEGI spot <sup>2</sup> (USD/d)	-	-	-	-	81,915	60,133	60,072	51,864	49,499	75,862	119,972
OB <sup>2</sup>	25,287	22,799	19,748	18,347	20,631	20,311	16,152	13,179	13,035	14,941	16,623
OB/Fleet <sup>2</sup>	40%	34%	27%	23%	24%	22%	16%	12%	12%	13%	14%

<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	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	8.4%	7.2%	7.1%	10.2%	9.0%	5.7%	8.8%	7.5%	5.3%	3.6%	4.9%
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	-5.6%	6.1%	13.6%	24.5%	4.2%	-0.6%	3.7%	7.3%	8.6%	17.0%	12.6%
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

Δ Demand/Supply ('000 cbm)											
Base case	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Deliveries <sup>1</sup>	-	-	-	-	0	417	(162)	(903)	309	148	(593)
Scrapping <sup>1</sup>	-	-	-	-	-	(185)	36	12	(17)	(43)	(23)
Other <sup>1</sup>	(0)	0	(0)	0	127	146	(0)	0	(0)	0	(0)
Contracting <sup>1</sup>	-	0	0	0	-	(186)	202	(316)	(771)	(1,724)	(583)
Supply <sup>2</sup>	(124)	(124)	(124)	(124)	(92)	145	267	(200)	(497)	(236)	(517)
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.1%	-0.5%	-0.3%	0.2%	-0.2%
Demand <sup>2</sup>	(91)	(90)	(96)	(108)	(74)	116	3,999	935	(2,914)	(6,724)	(4,387)
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	5.4%	-4.3%	-4.8%	-3.9%	3.3%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	4%	1%	-2%	-6%	-3%
Steam spot <sup>2</sup> (USD/d)	-	-	-	-	-	2,307	5,884	(1,805)	(12,977)	(36,838)	(27,682)
TFDE spot <sup>2</sup> (USD/d)	-	-	-	-	-	430	9,126	505	(12,160)	(37,192)	(27,682)
MEGI spot <sup>2</sup> (USD/d)	-	-	-	-	-	(461)	7,979	(642)	(13,307)	(38,339)	(28,829)
OB <sup>2</sup>	-	0	0	0	(11)	(462)	(767)	(399)	(544)	(1,899)	(3,228)
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	-1%	-1%	0%	0%	-2%	-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%	7%	-2%	-12%	7%	3%	-9%
Scrapping <sup>1</sup>	0%	0%	0%	0%	0%	58%	-12%	-4%	6%	22%	16%
Other <sup>1</sup>	0%	-100%	0%	0%	-33%	-50%	-34%	-140%	675%	-466%	-906%
Contracting <sup>1</sup>	0%	0%	0%	0%	0%	-6%	5%	-5%	-10%	-21%	-7%
Supply <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Δ y/y	0%	0%	0%	0%	1%	5%	1%	-7%	-5%	7%	-5%
Demand <sup>2</sup>	0%	0%	0%	0%	0%	0%	5%	1%	-3%	-7%	-4%
Δ y/y	0%	0%	0%	0%	1%	-45%	144%	-58%	-57%	-23%	26%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	5%	1%	-3%	-6%	-3%
Steam spot <sup>2</sup> (USD/d)	0%	0%	0%	0%	0%	7%	22%	-6%	-34%	-43%	-23%
TFDE spot <sup>2</sup> (USD/d)	0%	0%	0%	0%	0%	1%	22%	1%	-23%	-36%	-20%
MEGI spot <sup>2</sup> (USD/d)	-	-	-	-	0%	-1%	15%	-1%	-21%	-34%	-19%
OB <sup>2</sup>	0%	0%	0%	0%	0%	-2%	-5%	-3%	-4%	-11%	-16%
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	-2%	-5%	-3%	-4%	-11%	-16%

<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	33	27	23	22	20	15	10	9	7	2	-3	-4	-6	-9	-13	-13
FLNG NO	161	215	167	158	115	143	93	85	69	69	16	8	18	-12	-65	-72
GLOG US	647	698	665	656	453	482	446	436	272	283	235	219	23	17	-31	-40
Average	280	313	285	279	196	213	183	176	116	118	83	74	12	-1	-36	-42
Median	161	215	167	158	115	143	93	85	69	69	16	8	18	-9	-31	-40

### 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	338	325	312	299	9	-6	-25	-43	353	326	294	262	102	93	80	67
FLNG NO	2,131	2,314	2,237	2,160	115	105	101	40	2,265	2,438	2,357	2,219	828	816	751	679
GLOG US	5,319	5,422	5,219	5,003	243	170	183	185	5,917	5,946	5,757	5,542	1,590	1,586	1,525	1,439
Average	2,596	2,687	2,589	2,487	122	90	86	61	2,845	2,903	2,802	2,675	840	832	785	728
Median	2,131	2,314	2,237	2,160	115	105	101	40	2,265	2,438	2,357	2,219	828	816	751	679

### 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	4	4	0	0	3	4	0	0	-14	-15	-19	-19	49,022	41,143	57,824	56,686
FLNG NO	60	62	12	5	-620	-195	12	5	-14	-10	-4	-61	65,994	51,988	47,009	46,542
GLOG US	113	216	179	176	-725	-85	171	176	-21	-73	13	2	57,404	53,664	48,458	43,902
Average	59	94	64	61	-447	-92	61	61	-16	-33	-3	-26	57,473	48,932	51,097	49,043
Median	60	62	12	5	-620	-85	12	5	-14	-15	-4	-19	57,404	51,988	48,458	46,542

## Company Financials (quarterly estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
ALNG NO	5	6	9	6	2	3	6	3	-1	-1	3	0	-4	-3	0	-3
FLNG NO	26	34	64	47	17	22	48	30	8	9	33	13	-2	-4	15	-5
GLOG US	153	144	192	155	106	94	139	104	62	48	90	56	-2	-14	19	-10
Average	62	61	88	69	42	40	64	46	23	19	42	23	-3	-7	11	-6
Median	26	34	64	47	17	22	48	30	8	9	33	13	-2	-4	15	-5

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
ALNG NO	344	341	338	334	16	11	9	5	367	358	353	346	106	102	102	99
FLNG NO	1,479	2,018	2,131	2,242	117	98	115	107	1,615	2,135	2,265	2,368	817	813	828	823
GLOG US	4,942	5,079	5,319	5,271	259	207	243	190	5,555	5,640	5,917	5,815	1,593	1,575	1,590	1,570
Average	2,255	2,479	2,596	2,616	131	105	122	100	2,512	2,711	2,845	2,843	838	830	840	830
Median	1,479	2,018	2,131	2,242	117	98	115	107	1,615	2,135	2,265	2,368	817	813	828	823

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	3Q20	4Q20	3Q20	4Q20
USDm																
ALNG NO	-1	0	3	0	-1	0	3	0	-6	-5	-2	-5	34,295	52,765	58,652	58,514
FLNG NO	7	8	31	12	7	-543	-98	-117	-3	-20	17	-8	70,557	79,720	48,913	43,400
GLOG US	42	33	69	38	-268	-151	-221	38	7	-52	36	-53	55,657	64,846	63,314	43,816
Average	16	14	34	16	-87	-231	-106	-26	-1	-26	17	-22	53,503	65,777	56,960	48,576
Median	7	8	31	12	-1	-151	-98	0	-3	-20	17	-8	55,657	64,846	58,652	43,816



## LPG Carriers: Headwinds for Now

### The quarter in review

Net VLGC supply growth of 1.3% q/q in 2Q20 was slightly above our 1.0% [forecast from April](#), with y/y growth at 7.8%. Gross deliveries of 331kcbm was similar to our forecast (339k), while zero vessels scrapped was below our 96kcbm forecast. Contracting in the quarter slowed to a trickle with only 84kcbm added to the orderbook vs 894k cbm in 4Q19, although not too far off our forecast of 192k cbm. Thus, the VLGC orderbook contracted by 247k cbm in the quarter, now standing at 14.5% of the fleet (21% historical average).

We estimate a -3.7% demand growth q/q (vs our -3.5% forecast), +2.5% y/y. The COVID-19 outbreak had a significantly negative impact on seaborne LPG trade in the quarter, as expected.

The net effect in the quarter was a fleet utilization of 86.9% (87.4% forecast), -4.6%p q/q and -4.5%p y/y. The average spot earnings for a VLGC of \$33k/d in the quarter was only 5% below our \$35k/d forecast (-34% q/q, -34% y/y). A three-year-old VLGC averaged \$69m in the quarter (\$73m forecast) -6% q/q and +3% y/y. Our VLGC share index averaged -44% q/q and -12% y/y to 43, close to our 44 [forecast from April](#). We forecast the share index to average 45 in 2Q20, 10% above current pricing.

kcbm	2019-Q2	2020-Q1	New 2020-Q2	Old 2020-Q2	$\Delta$	$\Delta$ %
Deliveries <sup>1</sup>	573	911	331	339	(7.9)	-2%
Scrapping <sup>1</sup>	-	-	-	(96)	96.5	-100%
Contracting <sup>1</sup>	509	259	84	192	(108.2)	-56%
<b>Supply<sup>2</sup></b>	<b>23,139</b>	<b>24,621</b>	<b>24,952</b>	<b>24,864</b>	<b>89</b>	<b>0.4%</b>
$\Delta$ q/q			1.3%	1.0%	0.4%	
$\Delta$ y/y			7.8%	7.5%	0.4%	
<b>Demand<sup>2</sup></b>	<b>21,144</b>	<b>22,516</b>	<b>21,672</b>	<b>21,719</b>	<b>(47)</b>	<b>-0.2%</b>
$\Delta$ q/q			-3.7%	-3.5%	-0.2%	
$\Delta$ y/y			2.5%	2.7%	-0.2%	
<b>Utilization<sup>2</sup></b>	<b>91.4%</b>	<b>91.4%</b>	<b>86.9%</b>	<b>87.4%</b>	<b>-0.5%p</b>	
VLGC, spot <sup>2</sup> (TCE/d)	50,310	50,642	33,381	34,964	(1,583)	-5%
VLGC, 3y <sup>2</sup> (USDm)	67	73	69	73	(4.1)	-6%
Share index <sup>2</sup>	49	76	43	44	(1)	-3%

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

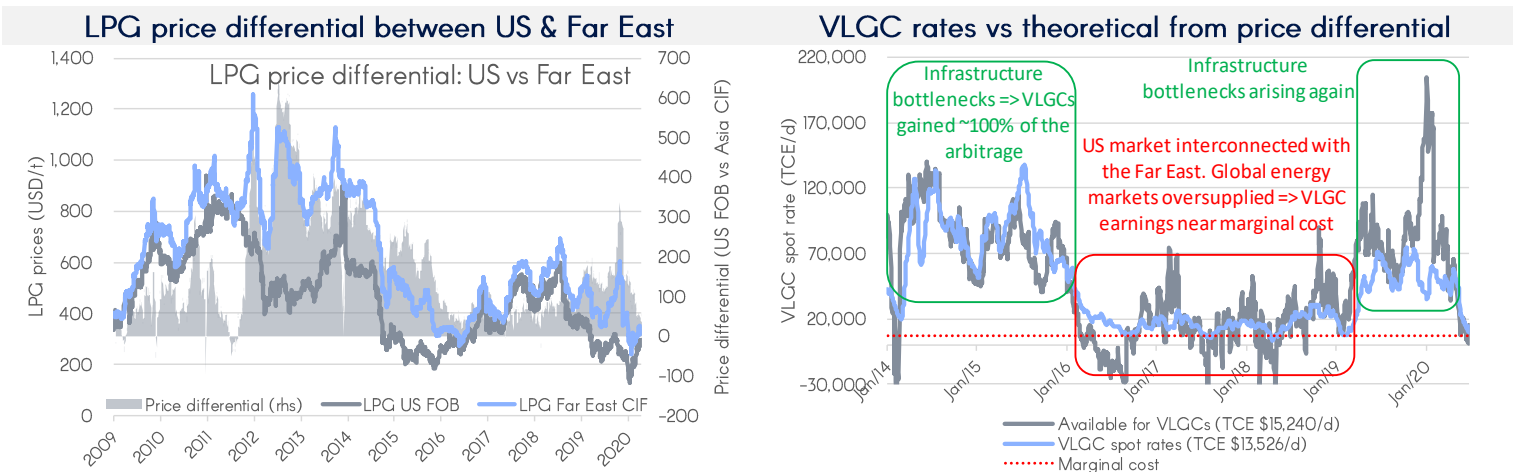


### Brief history

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 suppliers scrambled to offload volumes in order to avoid cost of carry.

During this period, waterborne LPG export capacity was a bottleneck, and the VLGCs 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%, the VLGC market has again normalized in 2020 as new export capacity is coming online concurrent with lower energy prices at major importers.





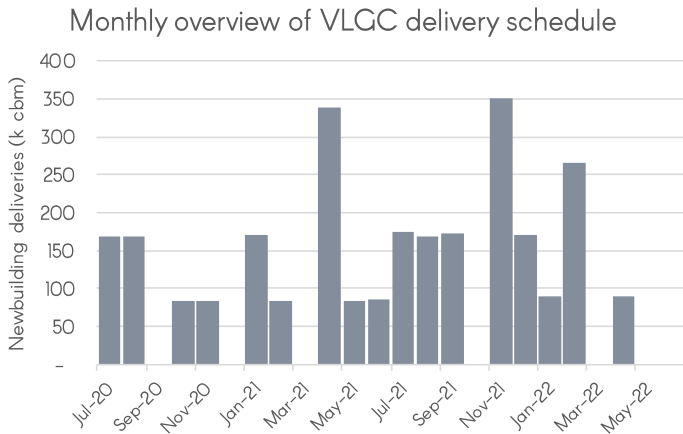
### Market outlook

#### Supply

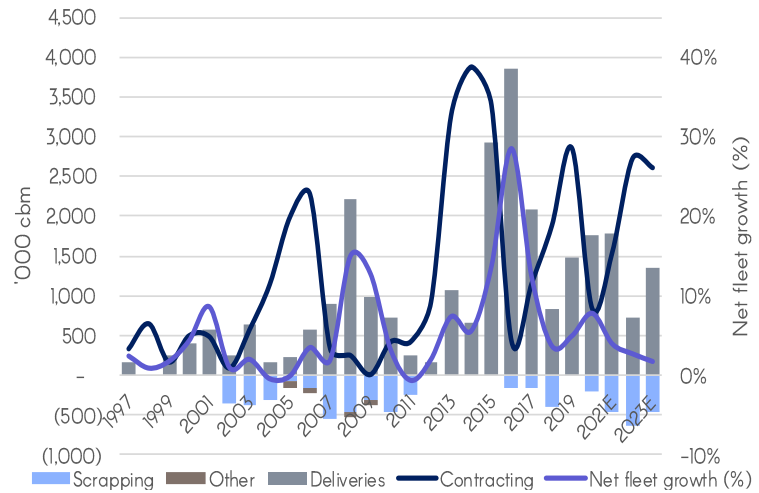
With 4.7m cbm of VLGC newbuildings having been ordered in 2018 & 2019 combined vs gross deliveries at 2.3m cbm, the orderbook has grown from 12% in 2017 to 14.5% of the fleet at present. This is still manageable vs the historical average of 21% but will require healthy demand growth to keep earnings elevated, something we don't think will happen.

For 2020E, we forecast net supply growth at a substantial 7.8%, far above our forecast of 1.3% demand growth. The majority of deliveries are however already behind us, with 1,242k cbm delivered in 1H20 vs 254k cbm expected for the remainder of the year. Looking further afield, we see a 3.9% net supply growth in 2021E, 2.7% in 2022E and 1.7% in 2023E.

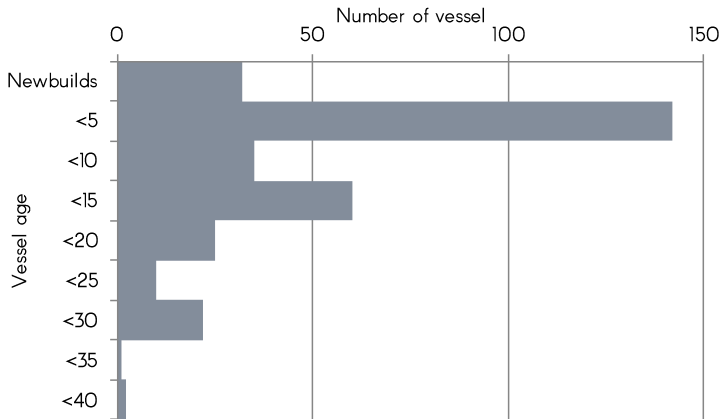
#### VLGC monthly delivery schedule



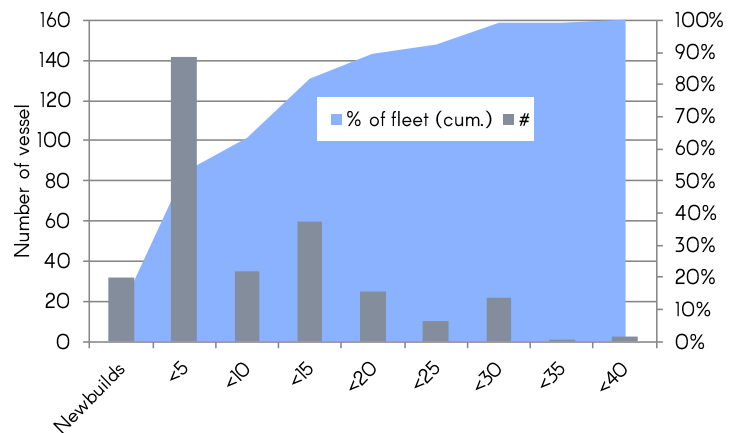
#### VLGC fleet developments



#### VLGC fleet distribution by age



#### VLGC distribution by age

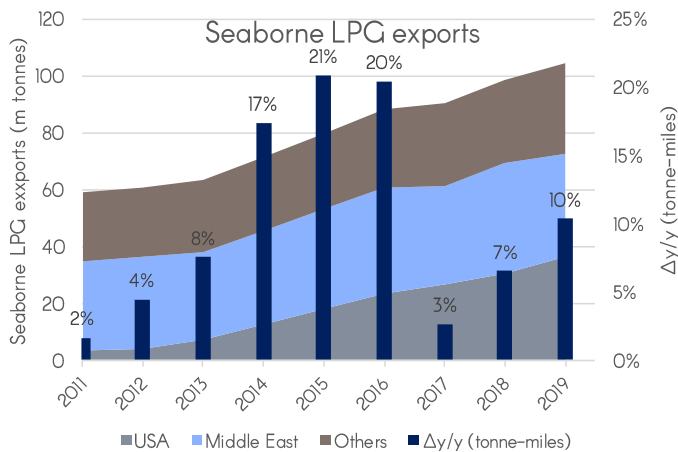




### Demand

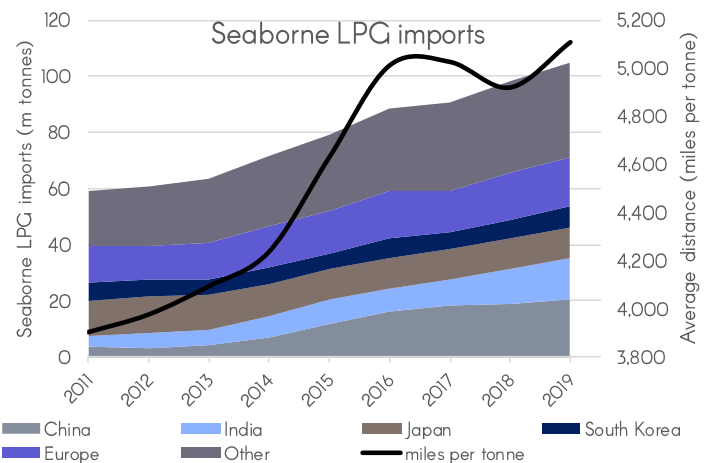
Looking at total demand for seaborne LPG transportation, The Middle East has traditionally been the main supplier but US exports have risen significantly over the past ten years. While ME exports made up 53% of all seaborne volumes in 2011 and the US a mere 5%, the split is now around 34% ME and 37% 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 painted.

### Seaborne LPG exports



Source: Shipping Intelligence Network

### Seaborne LPG imports



Source: Shipping Intelligence Network.

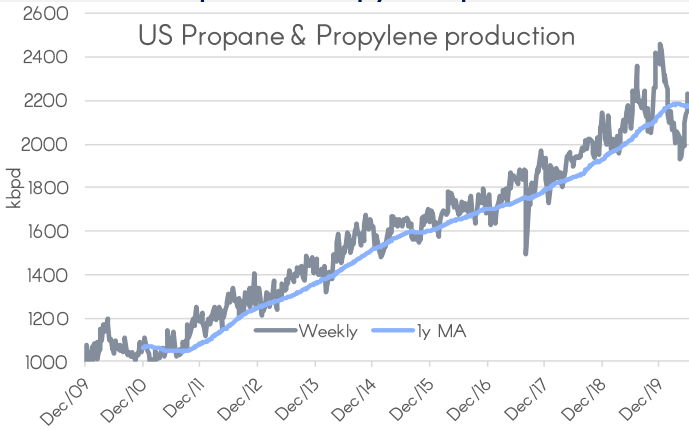
Looking ahead, we expect Middle Eastern exports to decrease 1.7% y/y in 2020E with a similar reversal in 2021E. We expect other non-US sourced LPG exports to contract 0.9% in 2020E and to rise 6.0% in 2021E, similar to Shipping Intelligence Network's forecast. The single most important demand growth driver for LPG shipping demand is however US LPG exports, where we forecast that volumes could decline to levels similar to end 2018 / early 2019 by year end, and fall a further 15% y/y in 2021E

US propane/propylene production has risen continuously since 2011 at a CAGR of 8.9% (down from 10.6% in [January](#)), while US LPG exports have posted double-digit growth each year since 2014.

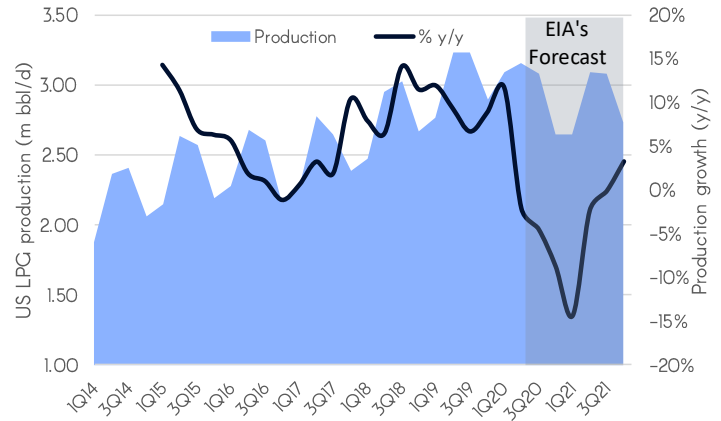
The outlook has however deteriorated significantly YTD due to the COVID-19 related collapse in global energy prices and the subsequent reduction in oil & gas exploration and production. US shale production has been adversely affected, being highly elastic towards change in energy prices. The US rig count has plummet from 792 in March to 263 at the time of writing.



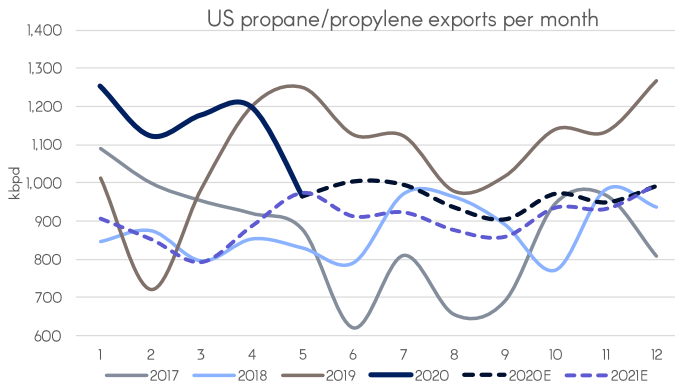
### US Propane & Propylene production



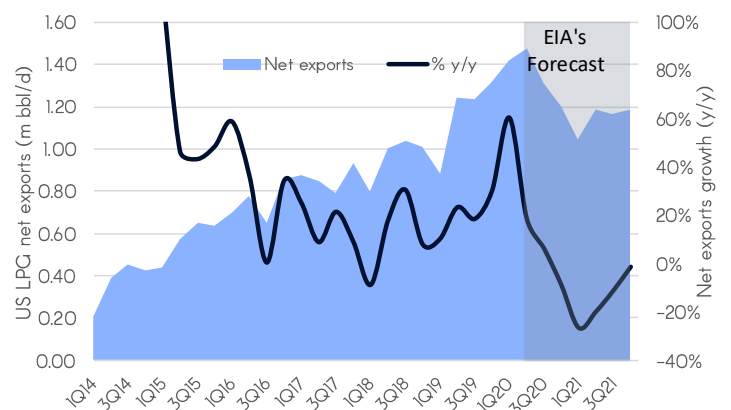
### US LPG production & EIA's forecast



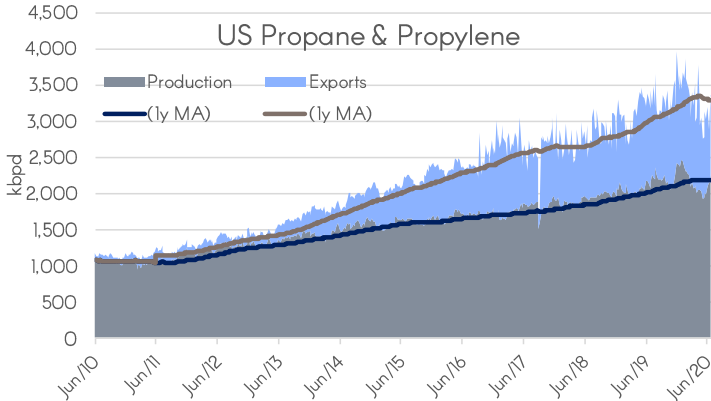
### US Propane & Propylene exports



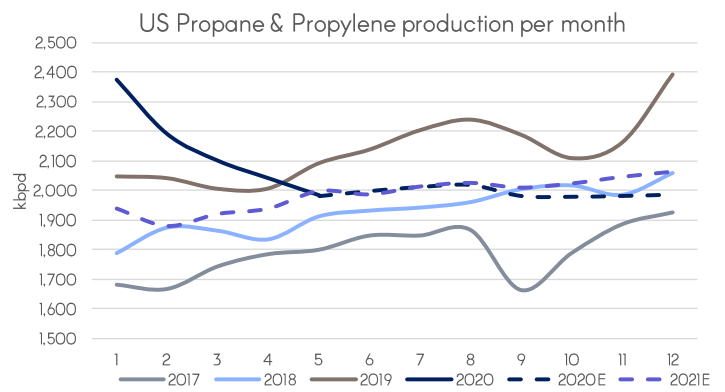
### US Propane net exports & EIA's forecast



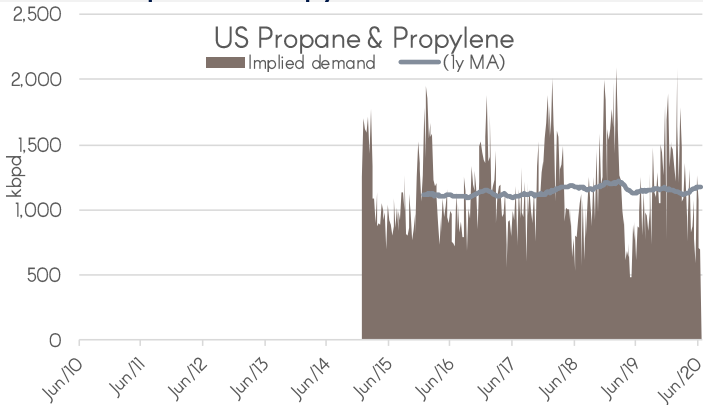
### US Propane & Propylene production/exports



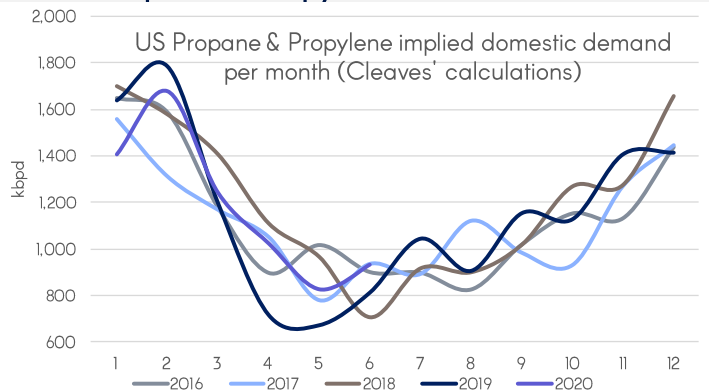
### US Propane & Propylene production



### US Propane & Propylene: Domestic demand



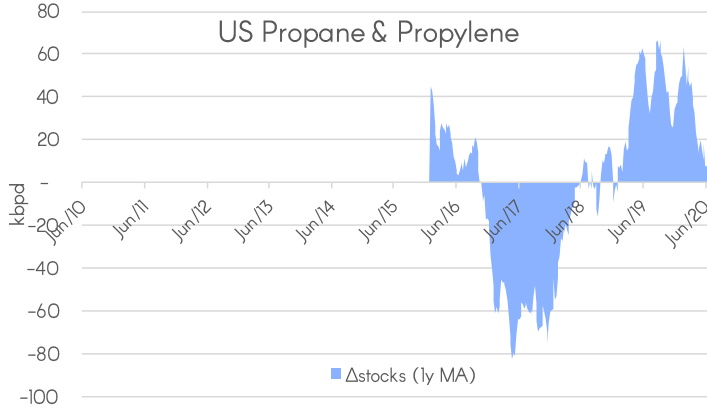
### US Propane & Propylene: Domestic demand



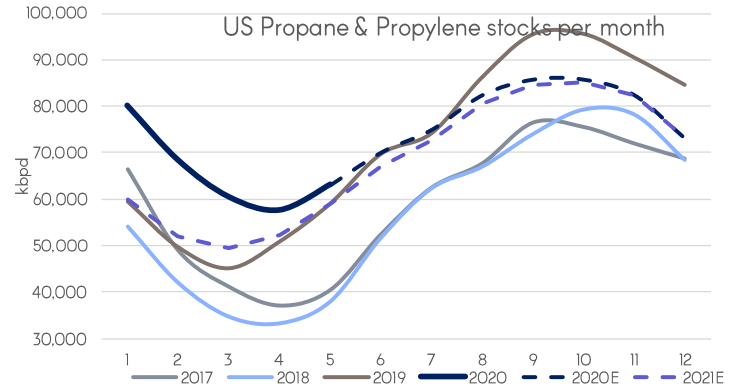




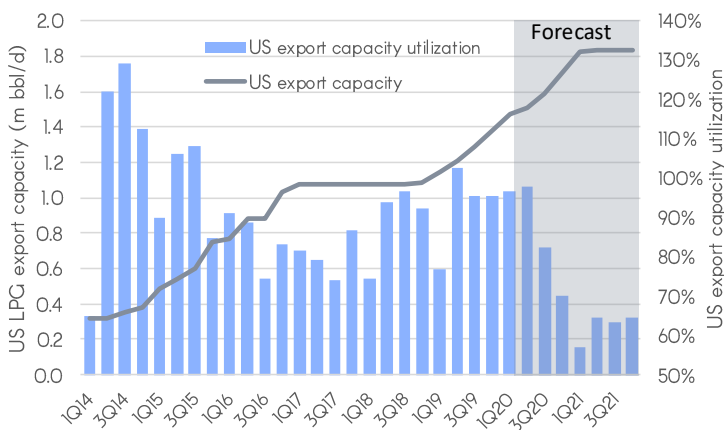
### US Propane & Propylene: Net inventory $\Delta$ y/y



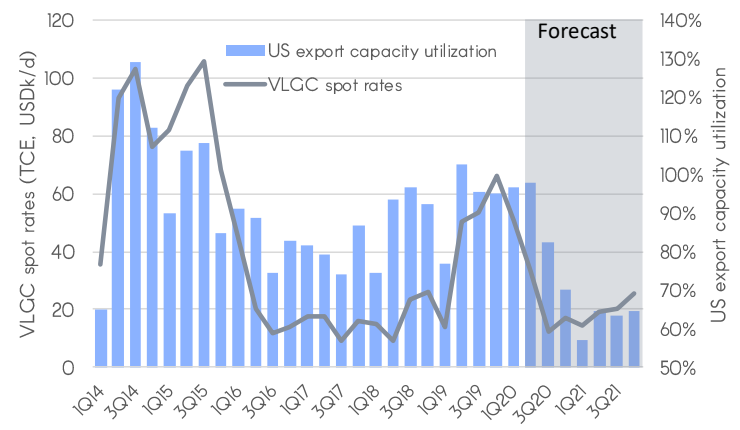
### US Propane & Propylene: Inventory



### US LPG seaborne export capacity & utilization

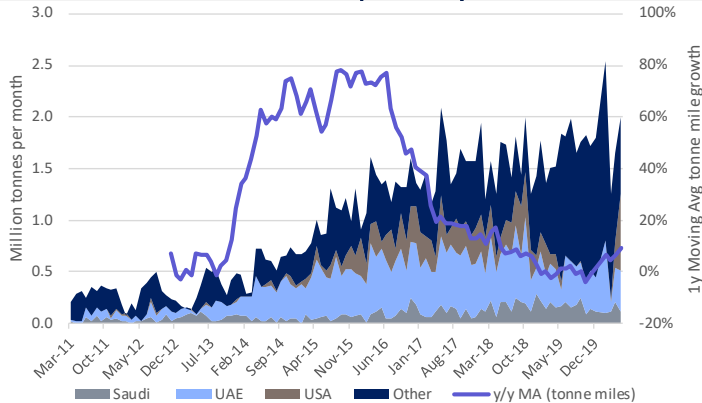


### US export capacity utilization vs VLGC spot rates

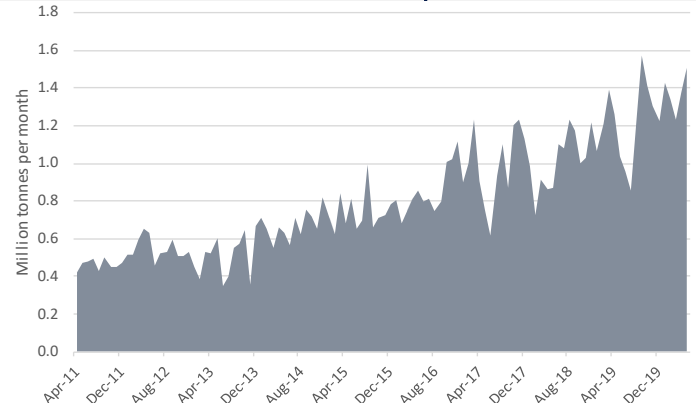


On the LPG demand side, the COVID-19 outbreak has caused a massive reduction in demand for energy, also impacting demand for LPG. Looking beyond COVID-19, we believe in a general increase in demand for energy globally in addition to a preference for LPG and LNG over coal and crude oil. The latter is 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 potential thaw in US-Sino trade relations could revive this trade which is very tonne-mile intensive.

### Chinese LPG imports by source



### Indian LPG imports





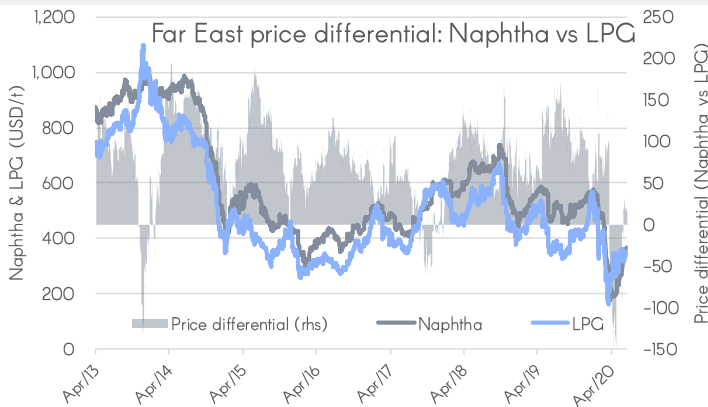
## Shipping Quarterly: Hydrocarbons Are Out of Favour

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.

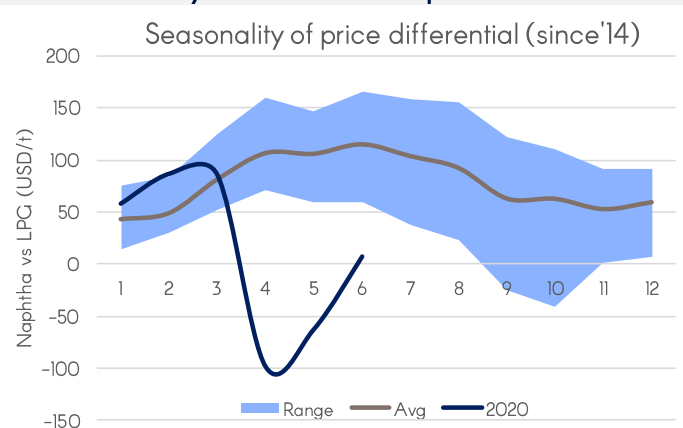
In our analysis, we find that a switch from naphtha to LPG in the Far East occurs at around \$50-100 price differential. At the time of writing, the price differential stands at only \$14/t, and we would likely need higher oil prices for the situation to swing in favour of LPG consumption.

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, and this year's COVID-19 outbreak means seasonality has diminished in importance for 2020E. Please see the section on [Seasonality](#) below for further details.

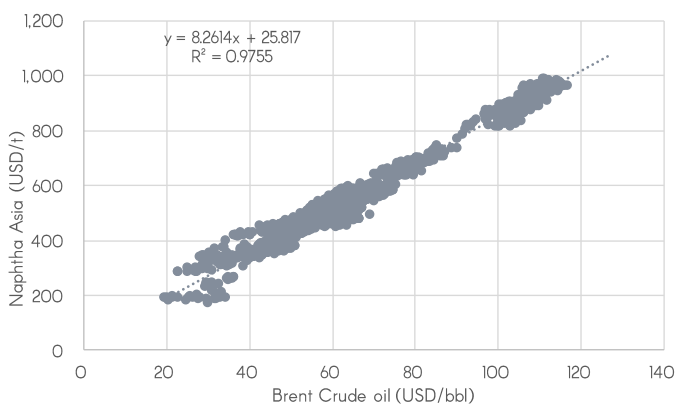
### Far Eastern feedstock switch occurs ~\$50-100



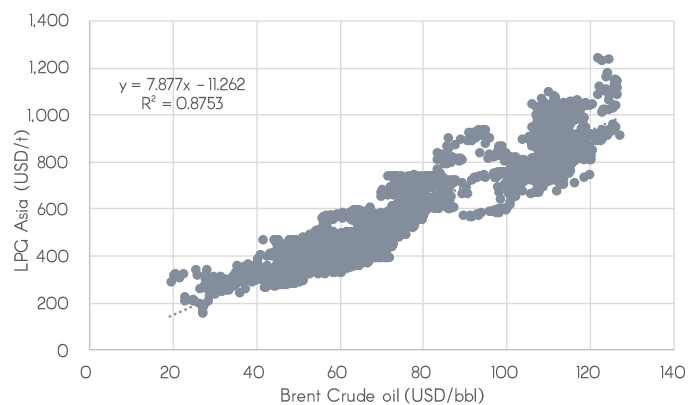
### Seasonality of Far Eastern price differential



### Correlation: Far East naphtha vs Brent Crude



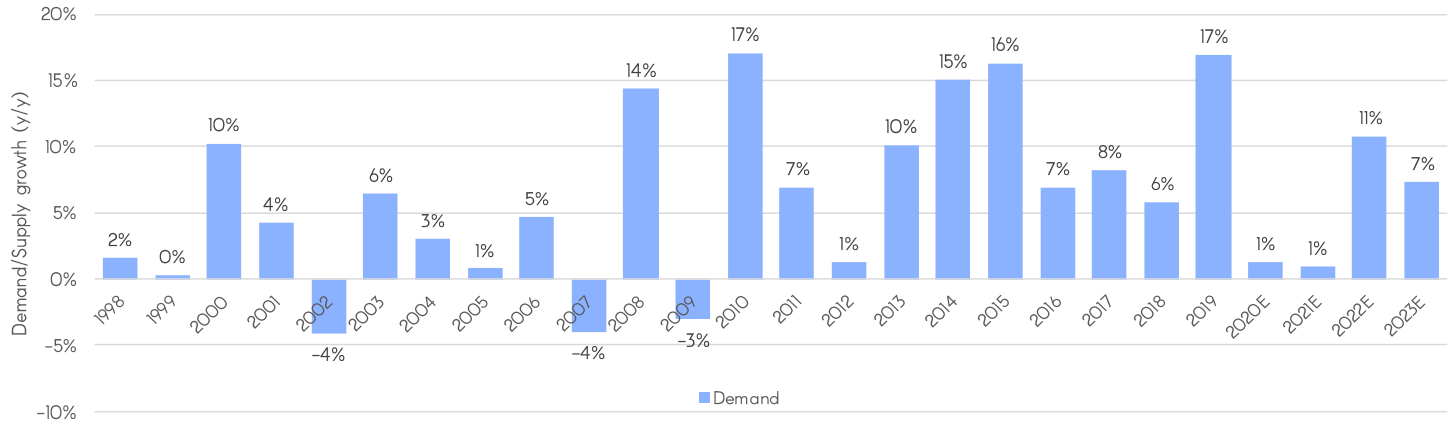
### Correlation: Far East LPG vs Brent Crude





In sum, we forecast demand growth of only 1.3% y/y in 2020E and 1.0% in 2021E. Expecting the COVID-19 related demand destruction to be reversed, our demand growth forecast is +10.8% for 2022E and 7.3% for 2023E.

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



### Fleet utilization

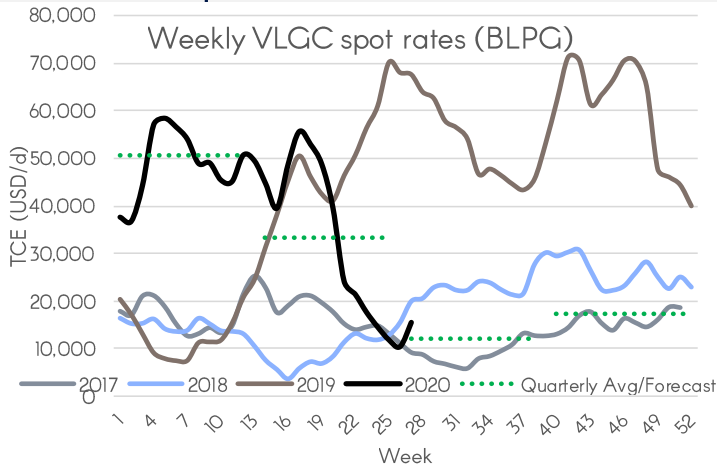
After a massive surge in fleet utilization from 80% in 2018 to 89% in 2019, we forecast a reversal of fortunes at 84% in 2020E. Within 2020E, we forecast fleet utilization to average 89% in 1H20E and 78% in 2H20E. Against our 7.8% net fleet growth forecast in 2020E, we see demand growth of only 1.3%, with average spot rates of \$28k/d vs 46k/d in 2019. Demand growth y/y in 2021E at 1.0% vs expected net supply growth for 3.9% leads to a further deterioration of VLGC spot rates to a \$20k/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 11% in 2022E and 7% in 2023E, potentially leading to improving fortunes from early 2022E.

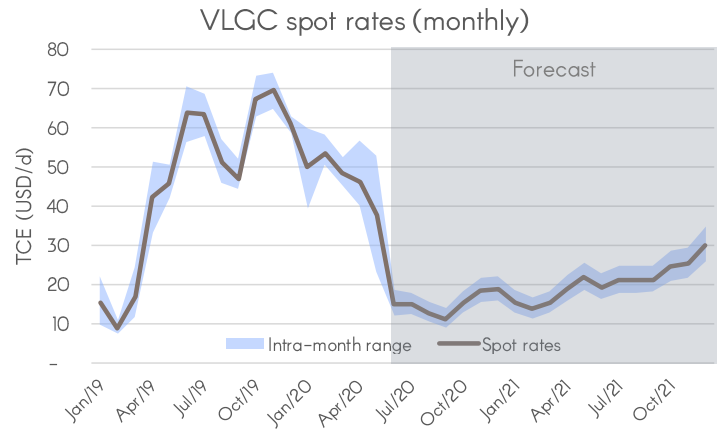
Delta table: VLGC Carrier forecast summary									
$\Delta$ y/y	2020E	2021E	2022E	2023E	Avg spot	2020E	2021E	2022E	2023E
Supply	7.8%	3.9%	2.7%	1.7%	VLGC spot	28,362	19,850	38,054	57,085
Supply, old	7.4%	3.8%	3.1%	2.0%	old	27,297	20,652	25,915	35,110
$\Delta$	0.4%p	0.2%p	-0.4%p	-0.3%p	$\Delta$	1,065	(802)	12,139	21,975
Demand	1.3%	1.0%	10.8%	7.3%	VLGC 3y	68	67	78	81
Demand, old	-0.6%	2.1%	5.8%	6.0%	old	70	65	69	73
$\Delta$	1.9%p	-1.1%p	5.0%p	1.3%p	$\Delta$	(2)	1	8	8
Utilization	83.7%	81.3%	87.7%	92.5%	Share index	51	56	92	103
Utilization, old	82.4%	81.1%	83.2%	86.4%	old	55	58	69	81
$\Delta$	1.3%p	0.2%p	4.5%p	6.1%p	$\Delta$	-7%	-3%	34%	27%



### VLGC spot rates: Historical & forecast



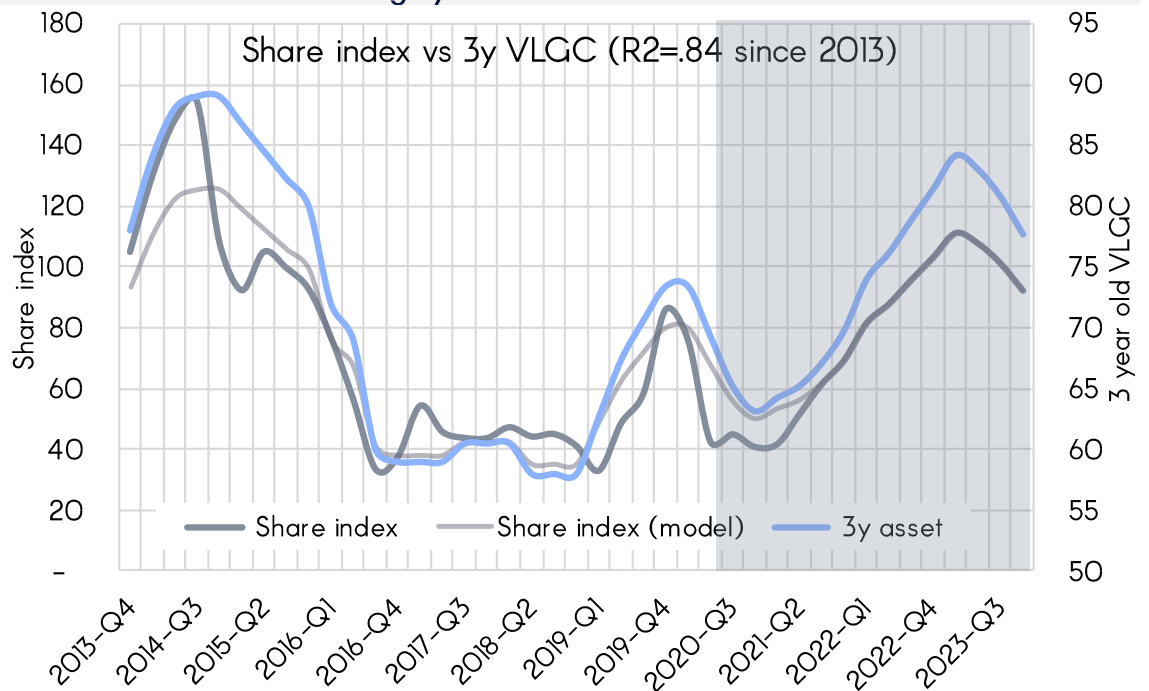
### VLGC spot rates: Historical & forecast



### Share index

Our VLGC share index currently stands at 44 after a 62% 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 believe our VLGC share index could hover around current levels until 2Q21E.

### Shares highly correlated with vessel values



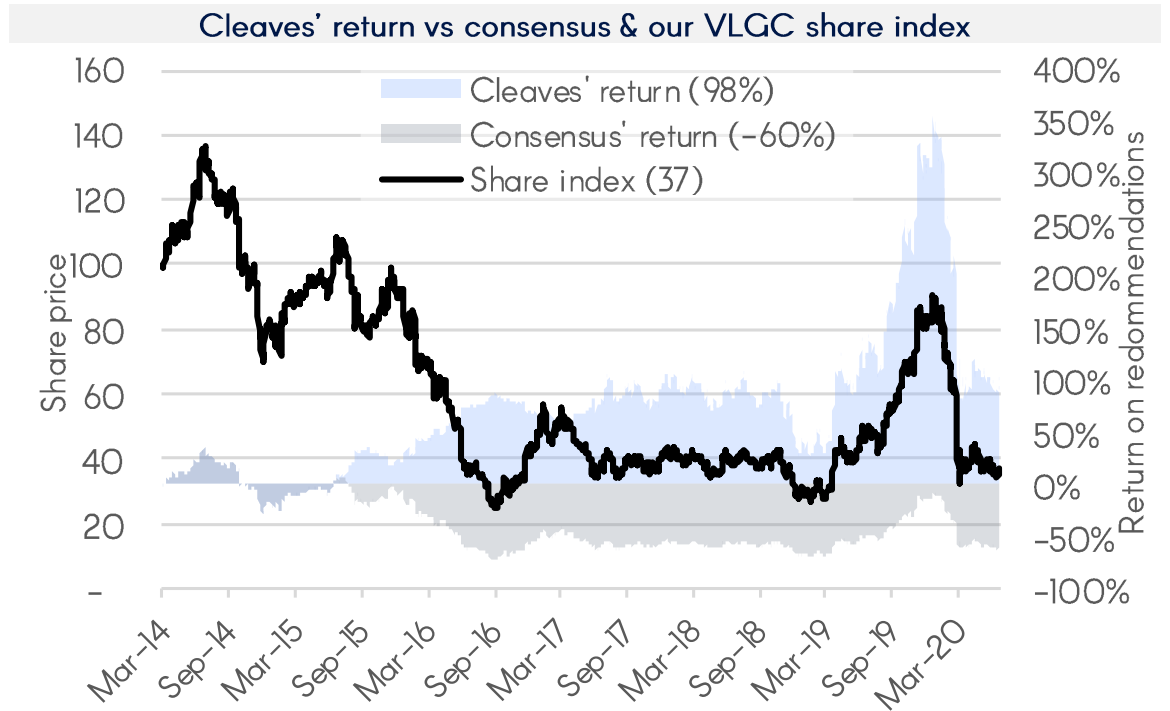


# Cleaves Securities

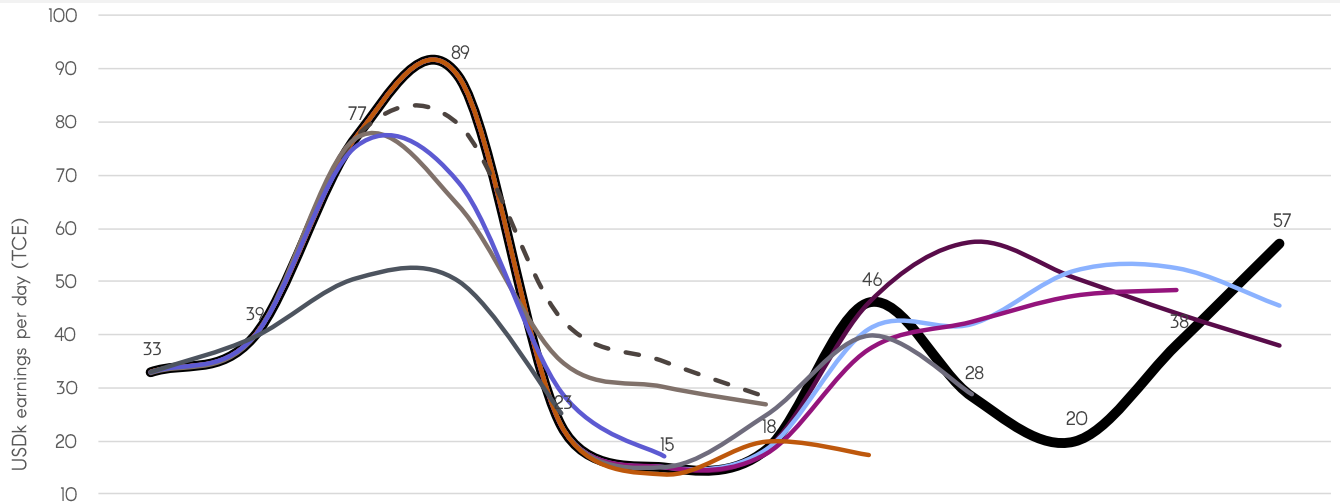
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Since we started covering VLGC shipping shares in 2014, we have 98% return on our recommendations vs the market at -63% & consensus at -60%.



### 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	28,362	19,850	38,054	57,085
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							

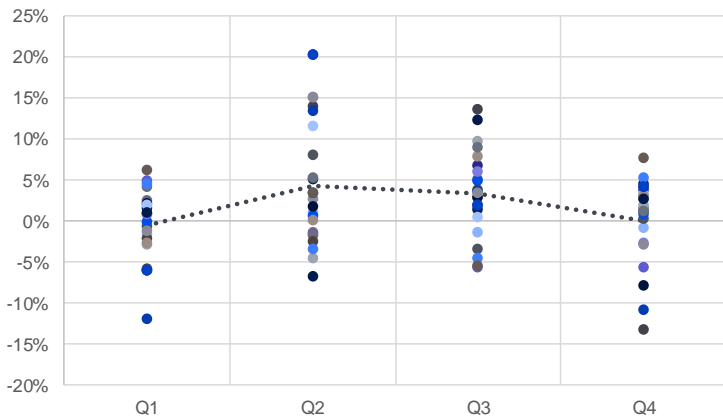


### Seasonality

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 could see more of the traditional seasonality again, although diluted.

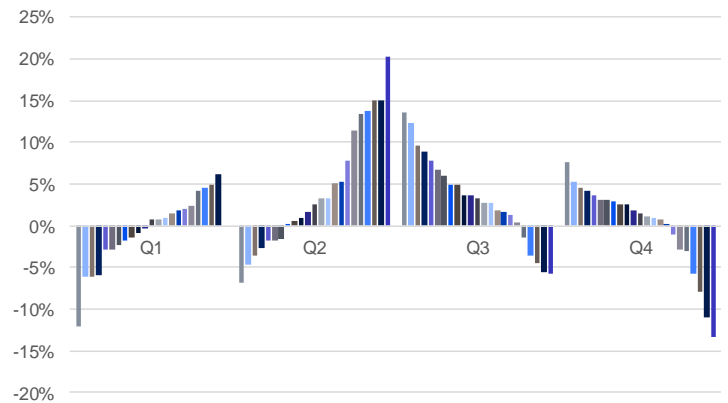
#### Historically strong demand growth in 2Q/3Q

Implied q/q demand growth since 1997



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

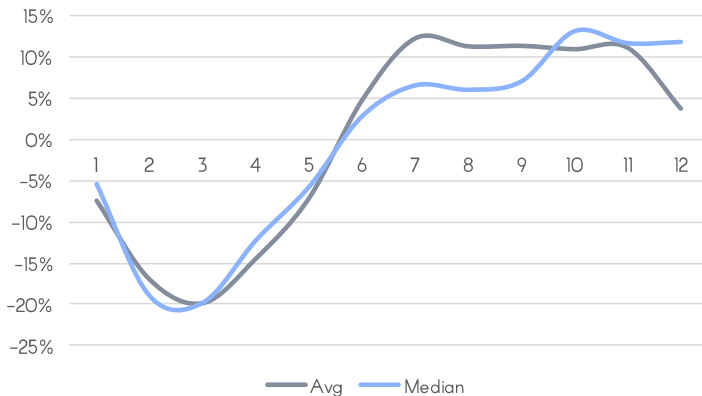
Implied q/q demand growth since 1997



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.

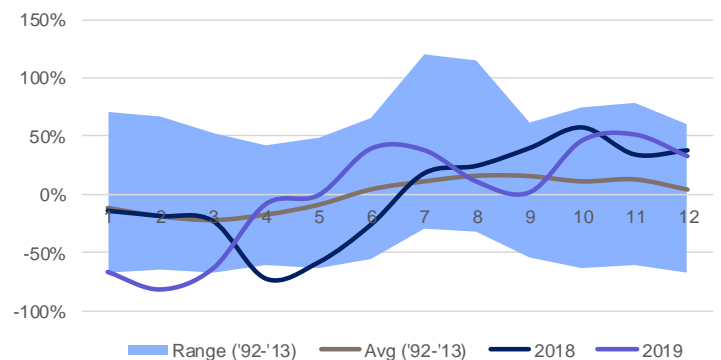
#### Historical VLGC spot rate seasonality

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: Hydrocarbons Are Out of Favour

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

## 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	1,751	1,781	719	1,349
Scrapping <sup>1</sup>	-	-	-	-	(161)	(154)	(391)	-	(193)	(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	832	1,546	2,724	2,608
Supply <sup>2</sup>	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	25,009	25,993	26,695	27,155
Δ y/y	2.0%	7.4%	5.6%	13.7%	28.6%	12.3%	3.7%	5.0%	7.8%	3.9%	2.7%	1.7%
Demand <sup>2</sup>	9,794	10,788	12,410	14,433	15,433	16,702	17,675	20,667	20,934	21,135	23,417	25,127
Δ y/y	1.3%	10.1%	15.0%	16.3%	6.9%	8.2%	5.8%	16.9%	1.3%	1.0%	10.8%	7.3%
Utilization <sup>2</sup>	86%	88%	96%	98%	81%	78%	80%	89%	84%	81%	88%	93%
Spot rate <sup>2</sup> (USD/day)	32,890	39,437	77,070	88,508	22,859	14,990	18,326	46,009	28,362	19,850	38,054	57,085
VLGC value, 3y <sup>2</sup> (USDm)	71	73	88	83	65	60	59	69	68	67	78	81
Share index <sup>2</sup>	-	-	135	98	51	47	45	57	51	56	92	103
OB <sup>2</sup>	1,454	2,490	6,787	7,317	5,275	2,830	3,412	3,763	3,755	3,558	4,585	6,435
OB/Fleet <sup>2</sup>	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	17%	24%

<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	1,759	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

Δ Demand/Supply ('000 cbm)												
Base case	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Deliveries <sup>1</sup>	-	-	-	-	-	-	-	-	(8)	170	(373)	168
Scrapping <sup>1</sup>	-	-	-	-	-	-	-	-	96	-	-	-
Other <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	-	-	-	-	-	0	0	-	(35)	303	996	480
Supply <sup>2</sup>	-	-	-	-	-	-	-	-	88	131	33	(53)
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.2%	-0.4%	-0.3%
Demand <sup>2</sup>	-	-	-	-	-	-	-	-	397	170	1,237	1,615
Δ y/y	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	-1.1%	5.0%	1.3%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	1.3%	0.2%	4.5%	6.1%
Spot rate <sup>2</sup> (USD/day)	-	-	-	-	-	-	-	-	1,065	(802)	12,139	21,975
VLGC value, 3y <sup>2</sup> (USDm)	-	-	-	-	-	-	-	-	(2)	1	8	8
Share index <sup>2</sup>	-	-	-	-	-	-	-	-	(4)	(2)	23	22
OB <sup>2</sup>	-	-	-	-	-	0	0	0	(67)	3	865	1,783
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	7%

<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%	0%	11%	-34%	14%
Scrapping <sup>1</sup>	-	-	-	-	0%	0%	0%	-	-33%	0%	0%	0%
Other <sup>1</sup>	0%	0%	-	-	-	-	-	-	-	-	-	-
Contracting <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-4%	24%	58%	23%
Supply <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Δ y/y	0%	0%	0%	0%	0%	0%	0%	0%	5%	4%	-13%	-16%
Demand <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%	6%	7%
Δ y/y	0%	0%	0%	0%	0%	0%	0%	0%	-304%	-54%	86%	22%
Utilization <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	5%	7%
Spot rate <sup>2</sup> (USD/day)	0%	0%	0%	0%	0%	0%	0%	0%	4%	-4%	47%	63%
VLGC value, 3y <sup>2</sup> (USDm)	0%	0%	0%	0%	0%	0%	0%	0%	-3%	2%	12%	11%
Share index <sup>2</sup>	-	-	0%	0%	0%	0%	0%	0%	-7%	-3%	34%	27%
OB <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-2%	0%	23%	38%
OB/Fleet <sup>2</sup>	0%	0%	0%	0%	0%	0%	0%	0%	-2%	0%	23%	39%

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



## Asset Valuation

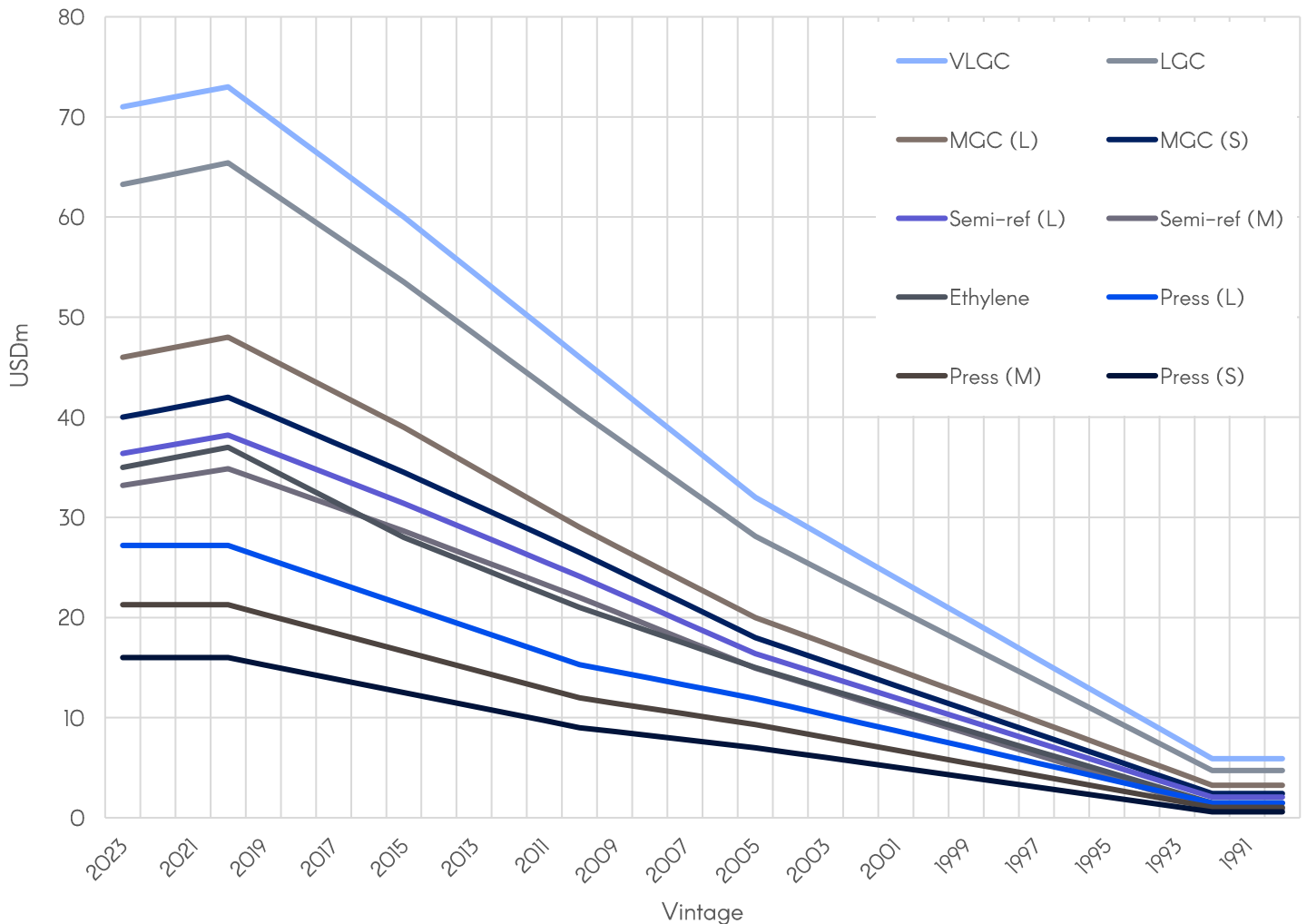
Asset valuation overview

Current	VLGC	LGC	MGC (L)	MGC (S)	Semi-ref (L)	Semi-ref (M)	Ethylene	Press (L)	Press (M)	Press (S)
<b>NB</b>	71.0	63.3	46.0	40.0	36.4	33.2	35.0	27.2	21.3	16.0
<b>resale</b>	73.0	65.4	48.0	42.0	38.2	34.9	37.0	27.2	21.3	16.0
<b>5y</b>	60.0	53.5	39.0	34.5	31.4	28.6	28.0	21.3	16.6	12.5
<b>10y</b>	46.0	40.5	29.0	26.5	24.1	22.0	21.0	15.3	12.0	9.0
<b>15y</b>	32.0	28.1	20.0	18.0	16.4	14.9	15.0	11.9	9.3	7.0
<b>20y</b>	22.0	19.1	13.6	12.0	10.9	9.5	9.8	7.9	6.1	4.5
<b>scrap</b>	11.9	10.1	7.1	6.0	5.4	4.1	4.6	3.9	2.9	2.1

Changes to our asset valuation

Delta	VLGC	LGC	MGC (L)	MGC (S)	Semi-ref (L)	Semi-ref (M)	Ethylene	Press (L)	Press (M)	Press (S)
<b>NB</b>	-5.0	0.0	-4.0	-3.5	-3.2	-2.9	3.0	0.9	0.7	0.5
<b>resale</b>	-10.0	-4.4	-8.0	-4.0	-3.6	-3.3	3.0	0.0	0.0	0.0
<b>5y</b>	-7.0	-0.4	-1.5	-2.5	-2.3	-2.1	2.0	0.0	0.0	0.0
<b>10y</b>	-4.0	0.0	-1.7	-2.5	-2.3	-2.1	1.0	-0.9	-0.7	-0.5
<b>15y</b>	-2.0	-1.0	-4.0	-3.0	-2.7	-2.5	1.0	0.0	0.0	0.0
<b>20y</b>	-2.5	-1.6	-3.2	-2.4	-2.1	-1.7	0.3	-0.3	-0.2	-0.1
<b>scrap</b>	-3.0	-2.3	-2.3	-1.7	-1.5	-1.0	-0.4	-0.6	-0.4	-0.3

Asset valuation overview





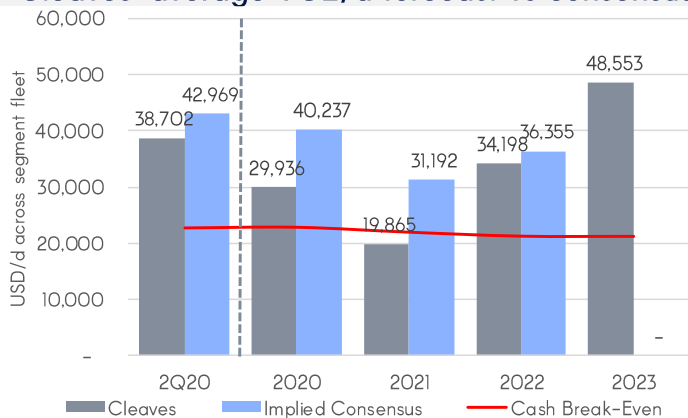


## Peer Group

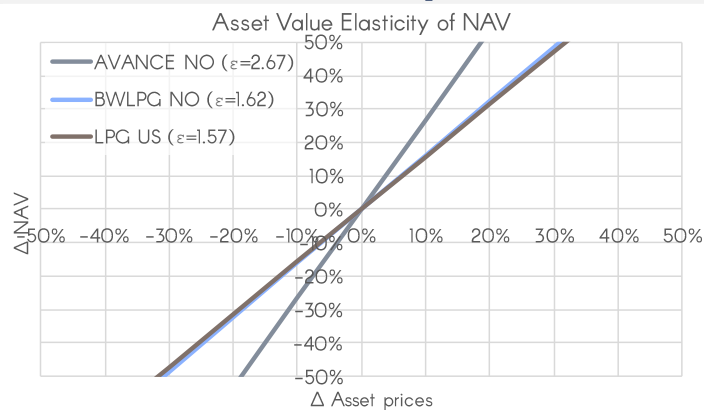
Company	M.cap	Turnover	Return ly	Rec.	Target	Last	Target/	NAV	P/NAV			EV/GAV	adj. equity	$\tau$
					Price	Price	Price	/sh	Now	ly fwd	$\epsilon$			
AVANCE NO	122	1.9	-22%	BUY	26	17.8	46%	45	0.40	0.55	2.67	0.78	33%	0.91
BWLPG NO	476	3.5	-9%	BUY	36	31.6	14%	74	0.43	0.61	1.62	0.72	44%	0.96
LPG US	388	5.3	-16%	SELL	5.7	7.6	-25%	16.1	0.47	0.73	1.57	0.70	54%	0.91
Average	328	4	-16%				12%		0.43	0.63	1.95	0.74	44%	0.93
Median	388	4	-16%				14%		0.43	0.61	1.62	0.72	44%	0.91

Company	EV/EBITDA			P/E			Dividend yield			FCF yield		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
AVANCE NO	5.4	8.6	3.2	5.0		1.7	29%	0%	15%	33%	-33%	54%
BWLPG NO	5.7	15.3	4.5	6.5		4.0	18%	0%	5%	52%	-6%	48%
LPG US	6.9	14.6	3.9	17.7		4.2	0%	0%	0%	21%	6%	40%
Average	6.0	12.9	3.9	9.7		3.3	16%	0%	7%	35%	-11%	47%
Median	6.0	12.9	3.9	9.7		3.3	16%	0%	7%	35%	-11%	47%

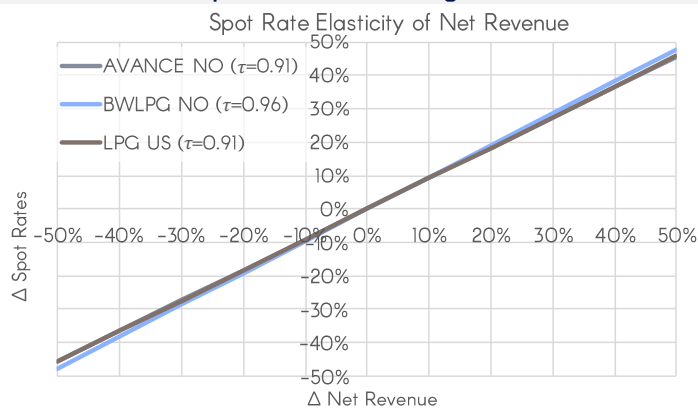
### Cleaves' average TCE/d forecast vs consensus



### Financial leverage ( $\epsilon$ )

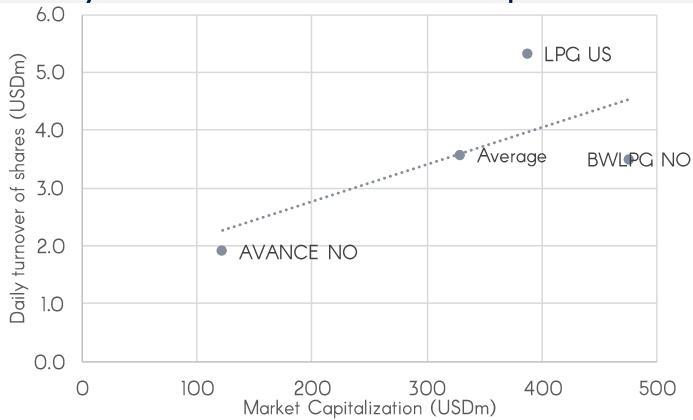


### Operational leverage ( $\tau$ )

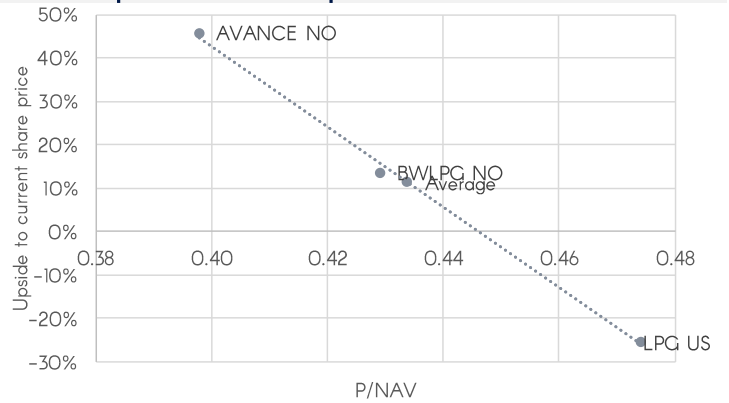




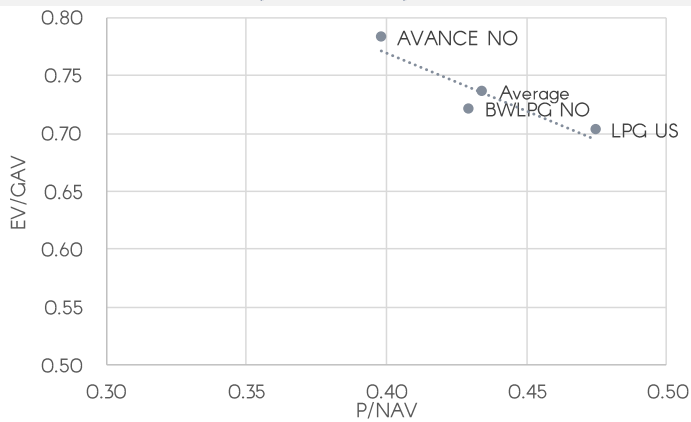
### Daily share turnover vs market capitalization



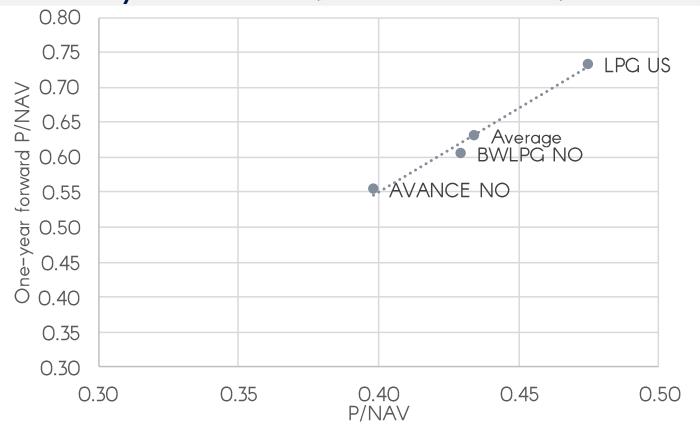
### Upside to share price current P/NAV



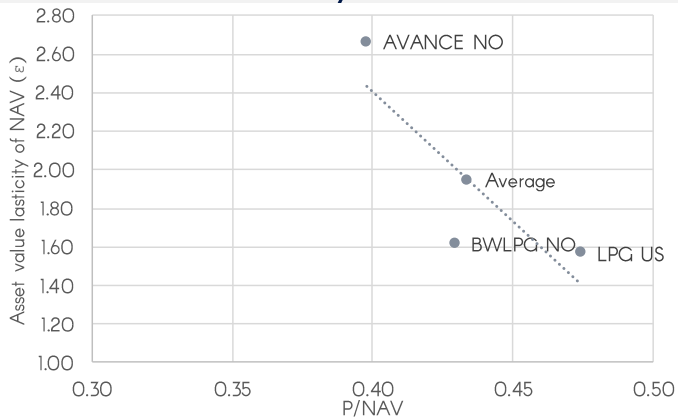
### EV/GAV vs P/NAV



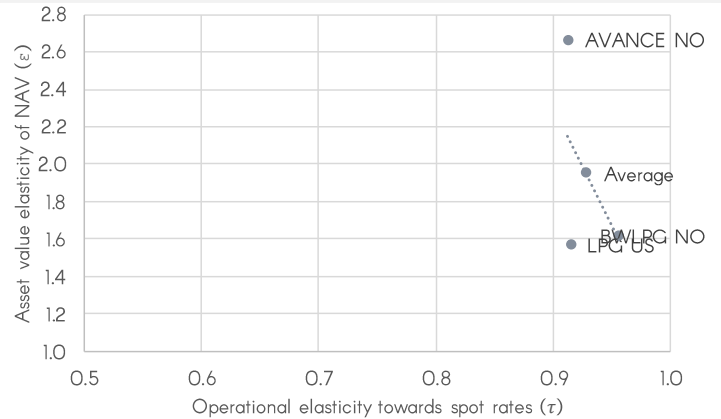
### One-year forward P/NAV vs current P/NAV



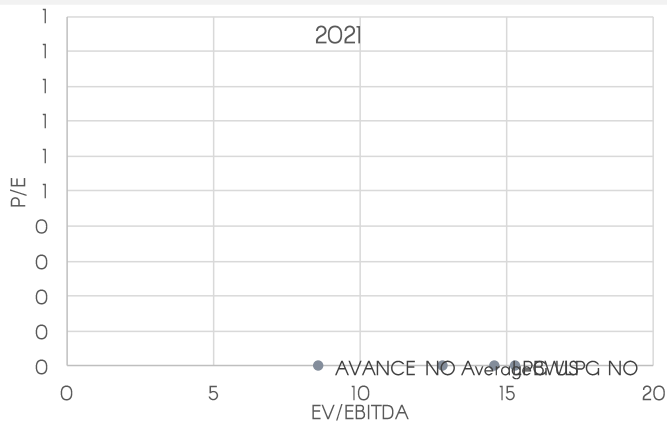
### Asset value elasticity of NAV vs P/NAV



### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA



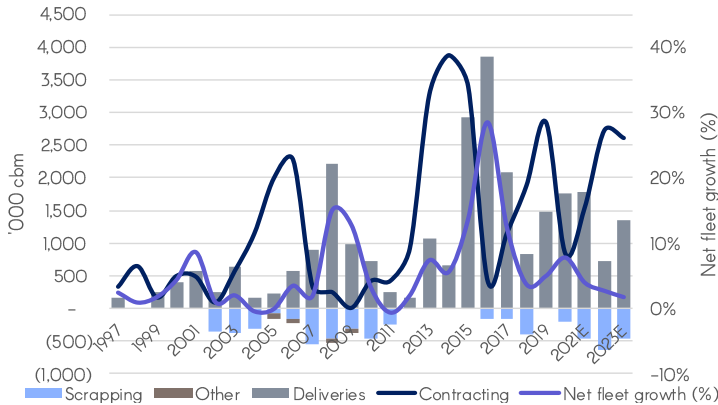
### Dividend yield vs free cash flow yield



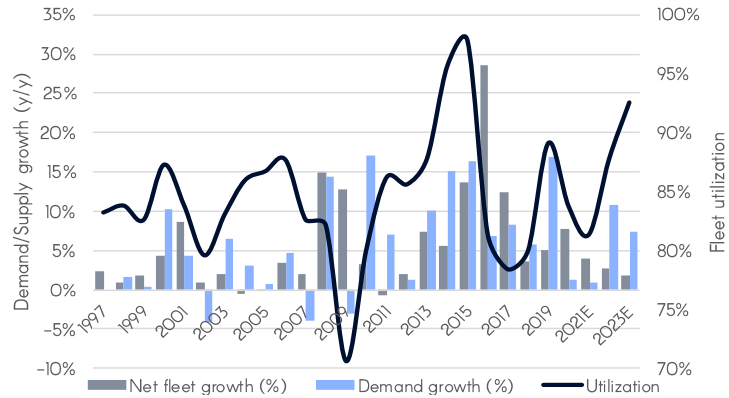


### Market Fundamentals & Forecasts

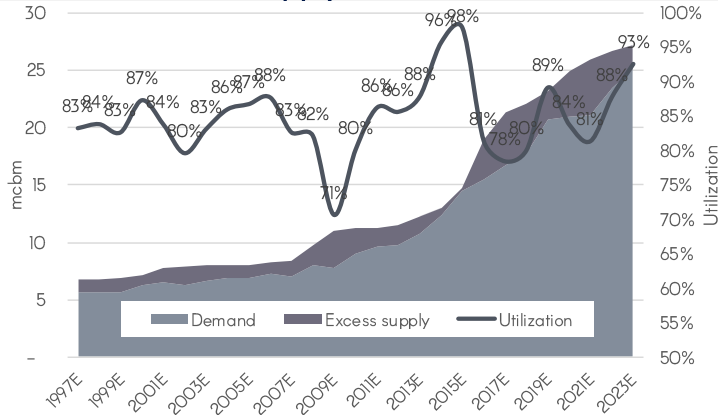
#### Supply



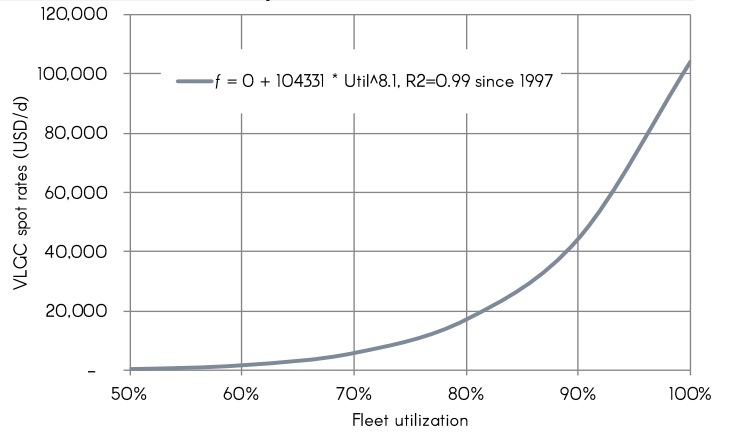
#### Supply/Demand



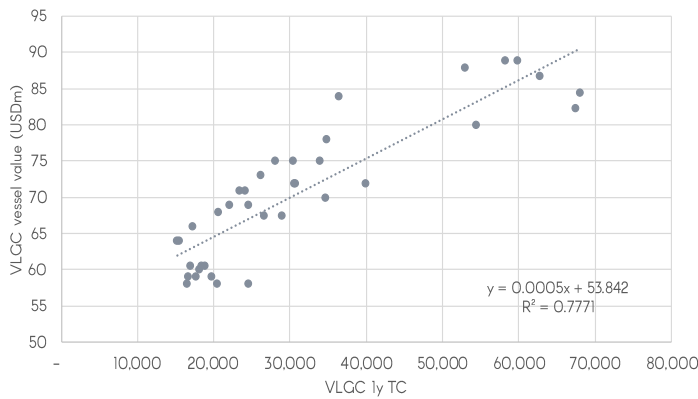
#### Supply/Demand



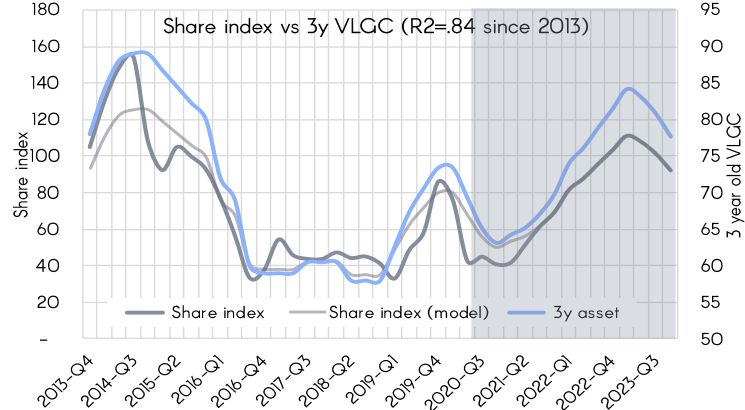
#### Econometrics: Spot rates vs fleet utilization



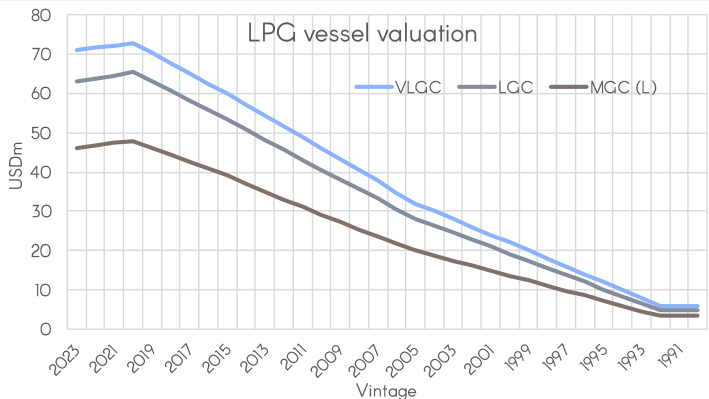
#### 1y TC vs 3y VLGC value (since 2009)



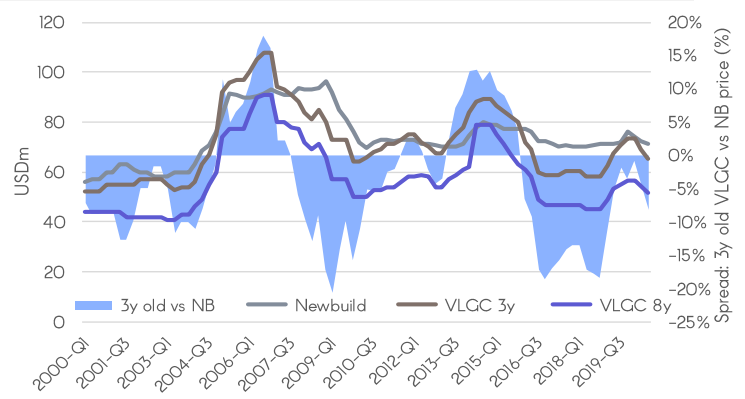
#### Shares highly correlated w 3y old vessel values



#### Cleaves' asset valuation overview



#### Historical asset values





### Econometric Overview

Base case	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Demand/Supply ('000 cbm)	158	-	240	398	567	241	646	161	235	575	904	2,206	975	733	244	162	1,073	699	2,935	3,883	2,081	829	1,478	1,751	1,781	1,562	1,381	903	773
Deliveries <sup>1</sup>	-	-	(20)	398	567	241	646	161	235	575	904	2,206	975	733	244	162	1,073	699	2,935	3,883	2,081	829	1,478	1,751	1,781	1,562	1,381	903	
Scrapping <sup>1</sup>	(0)	(0)	-	0	-	(360)	(372)	(300)	(78)	(157)	(546)	(453)	(304)	(461)	(241)	(0)	-	-	(161)	(154)	(391)	-	-	(193)	(468)	(627)	(464)	(75)	(157)
Other <sup>1</sup>	-	-	-	0	0	(0)	0	0	(78)	(171)	325	242	(80)	0	(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	8437	9,704	10,945	11,223	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	25,009	25,993	26,724	27,155	29,009	31,740	
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	11,223	11,446	12,292	12,979	14,760	18,977	21,316	22,101	23,199	25,009	25,993	26,724	27,155	29,009	31,740	
Δ VV <sup>3</sup>	2%	1%	2%	4%	9%	1%	2%	0%	0%	3%	2%	15%	13%	3%	-1%	2%	7%	6%	14%	29%	7%	4%	5%	8%	9%	4%	3%	7%	
Demand <sup>2</sup>	5,585	5,674	5,691	6,275	6,543	6,275	6,543	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	20,667	20,934	21,155	23,417	25,911	
Δ VV <sup>3</sup>	2%	2%	0%	10%	4%	4%	4%	3%	1%	5%	-4%	14%	-3%	7%	7%	10%	15%	15%	16%	7%	8%	6%	17%	0%	-2%	0%	1%	1%	
Utilization <sup>2</sup>	83%	84%	83%	87%	84%	80%	83%	86%	87%	88%	83%	82%	71%	80%	86%	88%	89%	96%	98%	81%	78%	80%	89%	84%	81%	82%	86%	82%	87%
Spot rate <sup>3</sup> (USD/day)	23,855	24,974	22,284	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	27,001	14,451	22,495	30,410	20,242	12,820
VLCG value <sup>3y</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	7,317	5,275	2,830	3,412	3,763	3,755	3,558	4,585	6,304	4,783	3,124	
OB <sup>2</sup>	4%	9%	13%	13%	12%	10%	18%	18%	38%	53%	56%	32%	14%	7%	9%	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	17%	14%	24%	15%
OB/Fleet	4%	9%	13%	13%	12%	10%	18%	18%	38%	53%	56%	32%	14%	7%	9%	13%	20%	52%	50%	28%	13%	15%	16%	15%	14%	17%	14%	22%	15%
Sum during period / Average during period	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	7,317	5,275	2,830	3,412	3,763	3,755	3,558	4,585	6,304	4,783	3,124	



## 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	138	108	200	259	90	61	147	207	49	19	100	159	24	-4	73	134
BWLPG NO	412	242	444	648	262	102	305	509	109	-51	152	356	73	-84	118	327
LPG US	252	167	288	408	132	59	186	313	64	-8	119	246	22	-36	93	220
Average	267	173	311	439	161	74	213	343	74	-13	124	254	40	-41	95	227
Median	252	167	288	408	132	61	186	313	64	-8	119	246	24	-36	93	220

### 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	758	794	801	753	66	54	129	206	857	881	963	993	386	382	436	510
BWLPG NO	1,805	1,750	1,640	1,511	110	80	236	401	2,451	2,366	2,412	2,448	1,123	1,039	1,132	1,322
LPG US	1,385	1,325	1,264	1,196	116	97	214	466	1,672	1,593	1,648	1,833	970	934	1,028	1,248
Average	1,316	1,290	1,235	1,154	97	77	193	358	1,660	1,613	1,674	1,758	826	785	865	1,027
Median	1,385	1,325	1,264	1,196	110	80	214	401	1,672	1,593	1,648	1,833	970	934	1,028	1,248

### 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	77	38	121	182	40	-40	66	182	-20	-12	75	78	21,378	35,186	21,976	21,091
BWLPG NO	252	69	271	479	250	-29	228	455	15	-30	157	164	18,085	32,067	22,904	22,825
LPG US	102	31	161	287	82	24	155	287	38	-19	116	252	20,133	35,342	21,098	20,013
Average	144	46	184	316	124	-15	150	308	11	-20	116	165	19,865	34,198	21,993	21,310
Median	102	38	161	287	82	-29	155	287	15	-19	116	164	20,133	35,186	21,976	21,091

## Company Financials (quarterly estimates)

### Profit & Loss

P&L	TCE Revenue				EBITDA				EBIT				Net Profit			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
AVANCE NO	46	21	26	22	35	10	14	11	24	-1	4	0	18	-7	-2	-5
BWLPG NO	135	52	64	48	96	13	28	13	58	-25	-10	-25	49	-34	-19	-34
LPG US	86	32	40	33	55	1	10	4	38	-16	-7	-12	31	-24	-14	-19
Average	89	35	43	34	62	8	17	9	40	-14	-4	-12	33	-21	-12	-19
Median	86	32	40	33	55	10	14	11	38	-16	-7	-12	31	-24	-14	-19

### Balance Sheet

BS	Property & Equip. (incl. NBs)				Liquidity				Total Assets				Total Equity			
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21
USDm																
AVANCE NO	771	761	758	756	93	76	66	52	897	870	857	841	404	388	386	381
BWLPG NO	1,856	1,830	1,805	1,791	188	141	110	52	2,580	2,508	2,451	2,379	1,176	1,142	1,123	1,090
LPG US	1,421	1,404	1,385	1,370	144	124	116	100	1,736	1,699	1,672	1,640	1,008	985	970	951
Average	1,349	1,332	1,316	1,306	141	114	97	68	1,738	1,692	1,660	1,620	863	838	826	807
Median	1,421	1,404	1,385	1,370	144	124	110	52	1,736	1,699	1,672	1,640	1,008	985	970	951

### Cash Flow

CF	Net Operational CF				Free Cash Flow				Net Cash Flow				TCE/d		Cash B/E	
	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	2Q20	3Q20	4Q20	1Q21	3Q20	4Q20	3Q20	4Q20
USDm																
AVANCE NO	29	3	8	5	21	3	0	-3	7	-17	-11	-14	16,991	20,777	22,366	22,272
BWLPG NO	87	4	19	4	74	-8	7	-20	8	-46	-31	-58	14,955	18,144	22,981	22,782
LPG US	48	-7	2	-3	48	-7	5	-4	80	-19	-8	-17	14,174	18,121	22,390	22,224
Average	54	0	10	2	47	-4	4	-9	32	-28	-17	-29	15,373	19,014	22,579	22,426
Median	48	3	8	4	48	-7	5	-4	8	-19	-11	-17	14,955	18,144	22,390	22,272



## 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	-23%	172%	69%	48%	0.1%
Sharpe Ratio	-0.68	4.91	1.74	1.25	-
Beta	1.03	1.28	1.90	2.08	-
E(r) 2y	131%	263%	69%	129%	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

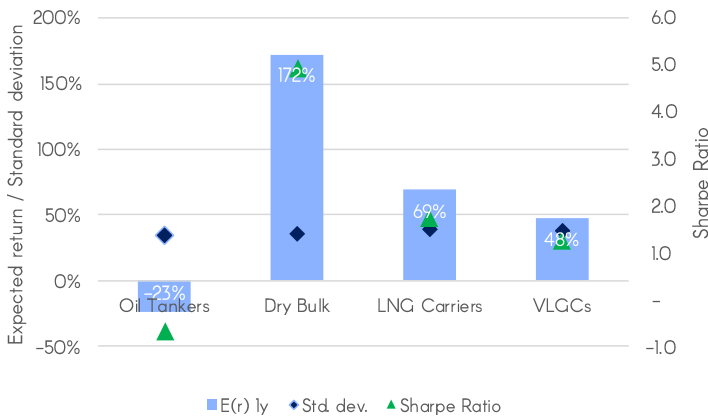


The last step is to calculate the efficient frontier, summarized in the table below.

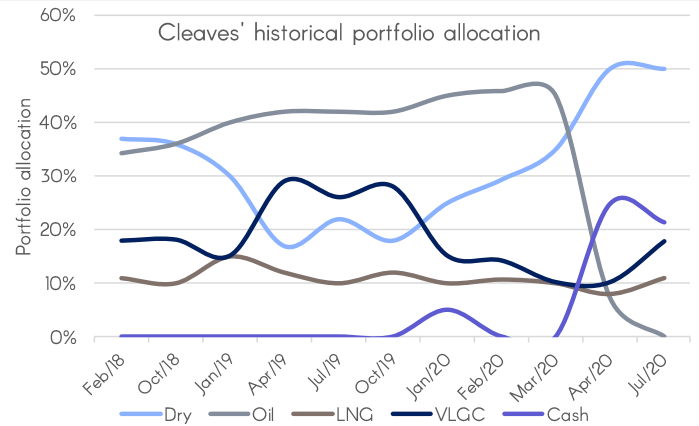
	Portfolios												
Weights	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13
Oil	100%	76%	53%	29%	19%	10%	0%	0%	0%	0%	0%	0%	0%
Dry	0%	9%	19%	28%	52%	76%	100%	100%	100%	100%	100%	100%	100%
LNG	0%	6%	13%	19%	13%	6%	0%	0%	0%	0%	0%	0%	0%
VLGC	0%	8%	16%	24%	16%	8%	0%	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
SUM	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Return	-23%	6%	36%	66%	101%	137%	172%	172%	172%	172%	172%	172%	172%
sigma	0.35	0.30	0.27	0.26	0.27	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Sharpe	-0.67	0.21	1.33	2.54	3.75	4.54	4.97	4.97	4.97	4.97	4.97	4.97	4.97

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.

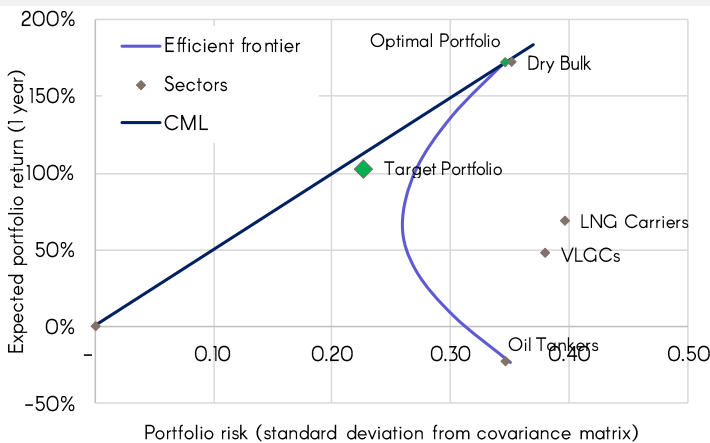
### Segment details



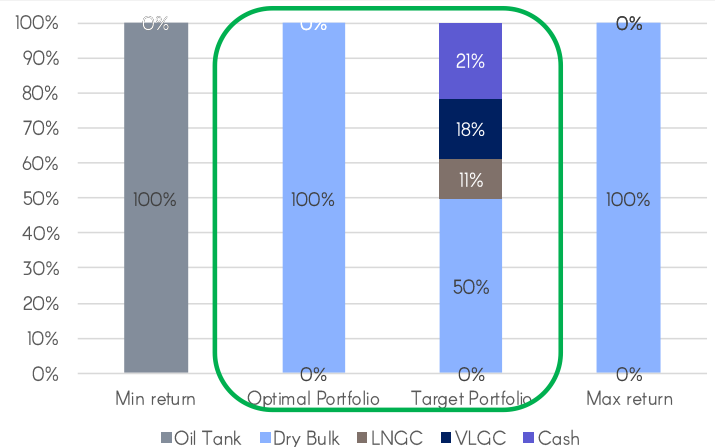
### Historical allocation per segment



### Portfolio optimization



### Portfolio allocation between segments





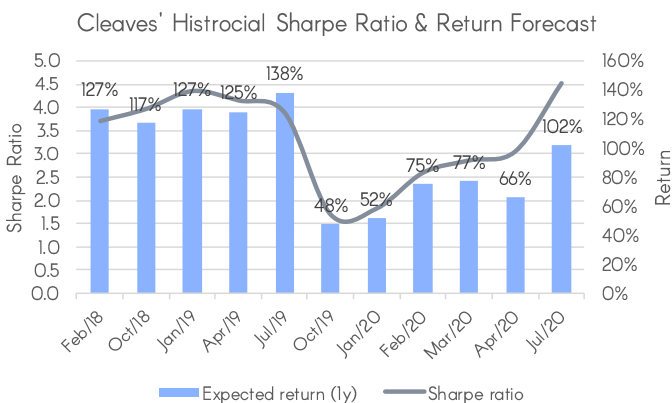
The attentive reader has noticed the “Target Portfolio” in the graphs above deviates somewhat from the model generated optimal portfolio. There are several reasons:

- 1) The model suggests a 100% 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 18% exposure as we believe the segment is priced too low despite a weak outlook, and to gain diversification.
- 3) We allocate 11% towards LNG Carriers, with especially Flex LNG an interesting investment despite weak short- and medium-term outlook.
- 4) We end up with 21% 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.

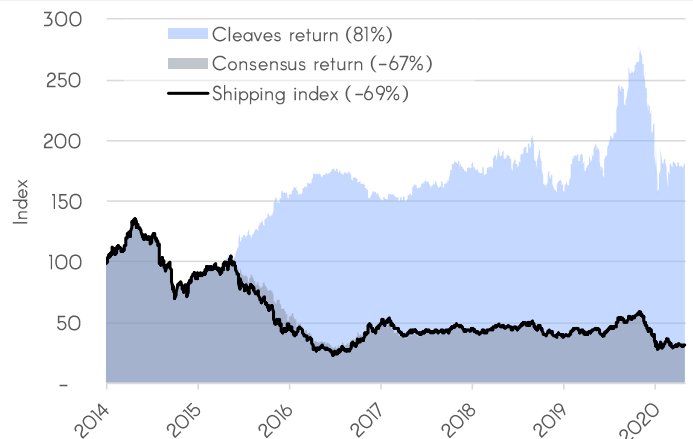
Thus, we have adjusted our allocation as per the “Target Portfolio” in the graphs above, but leave it to our readers to find the correct capital allocation for themselves.

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 5.84x since 2014.

### Historical portfolio: Sharpe ratio & expected return



### Shipping share index: Cleaves vs Consensus





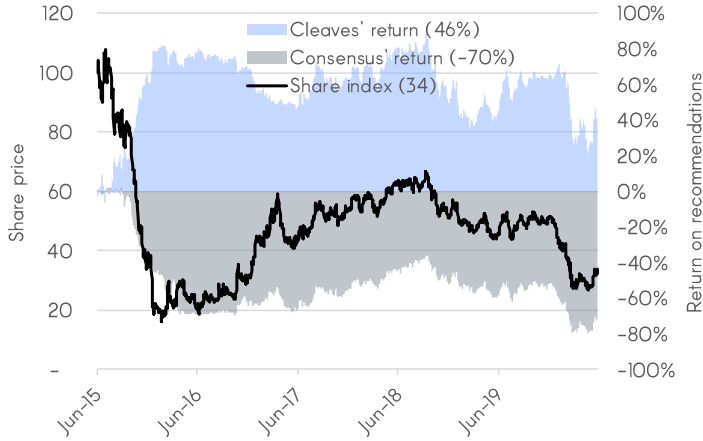


# Cleaves Securities

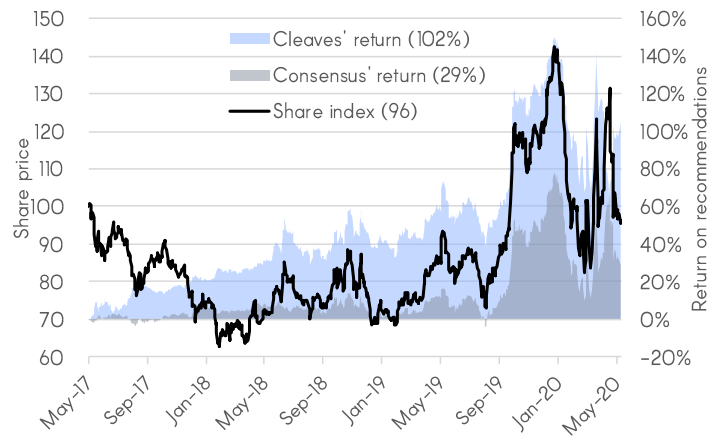
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

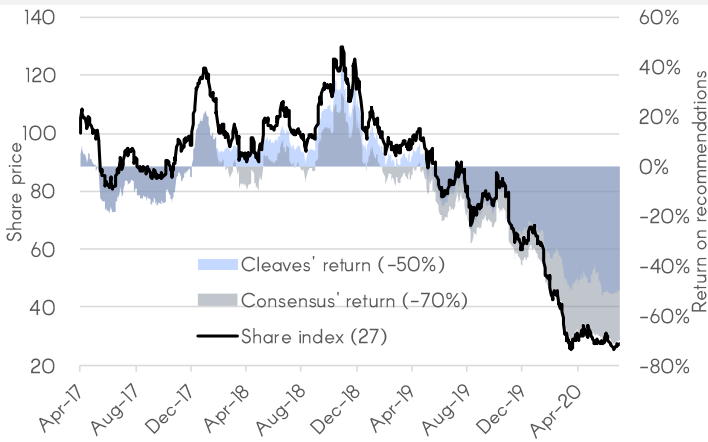
### Dry Bulk share index: Cleaves vs Consensus



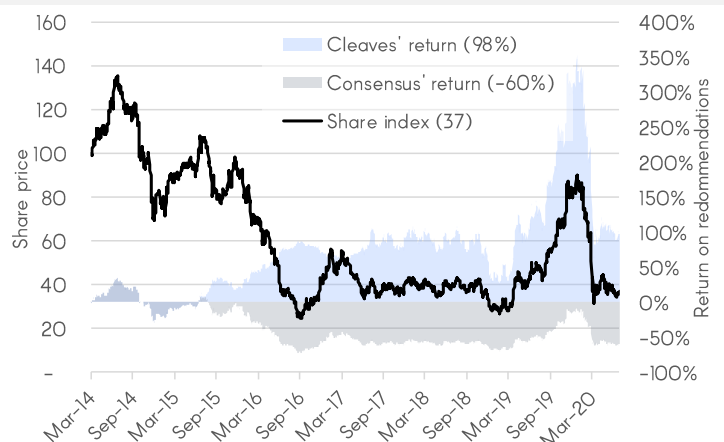
### Oil Tanker share index: Cleaves vs Consensus



### LNG Carrier share index: Cleaves vs Consensus



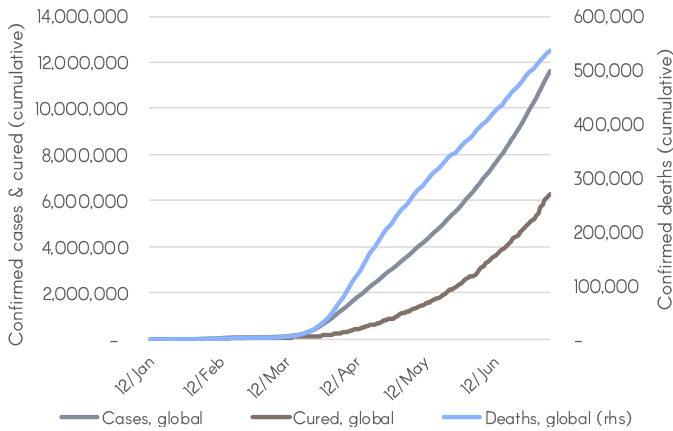
### VLGC share index: Cleaves vs Consensus



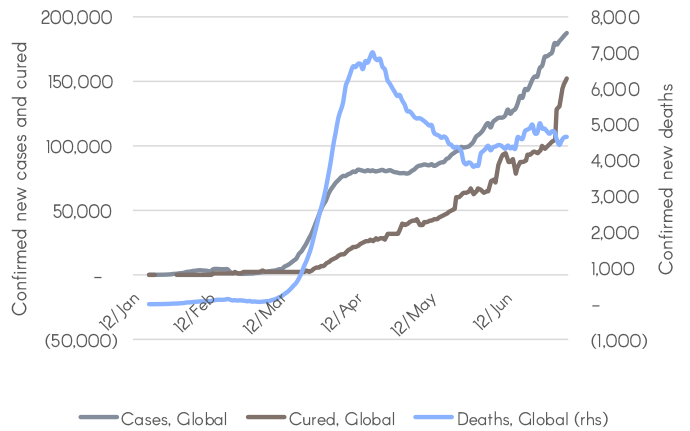


### Coronavirus Monitor (COVID-19)

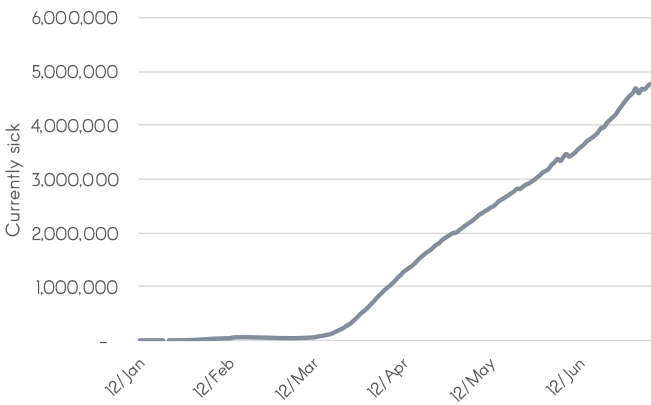
#### Infected, cured & dead, globally (cumulative)



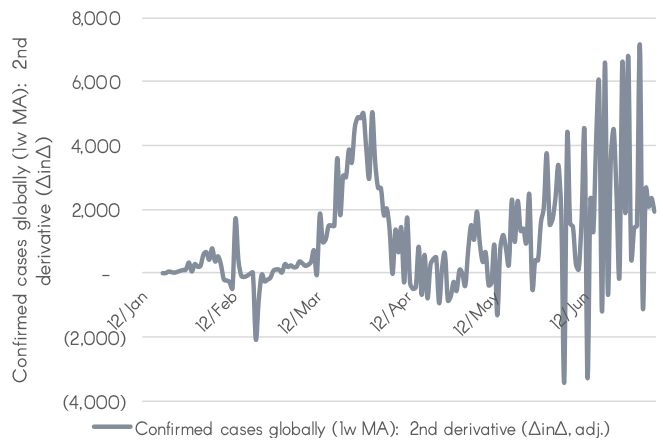
#### New infected, cured & dead globally (1w MA)



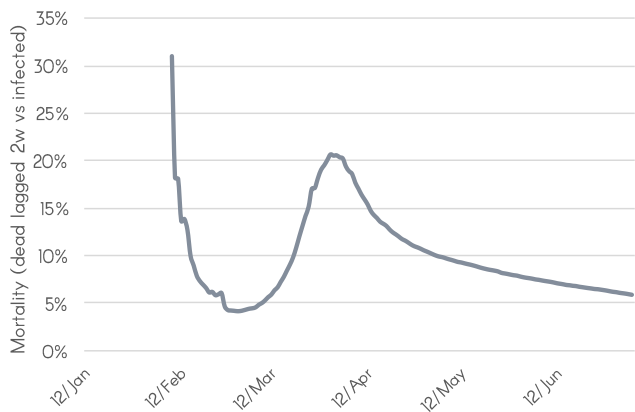
#### Currently infected globally



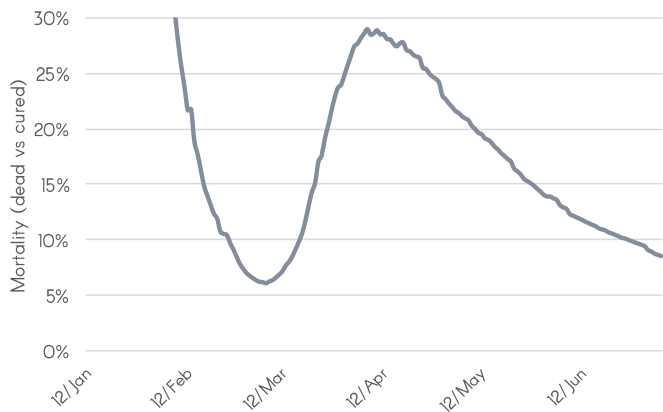
#### Change in new cases daily (2nd derivative)



#### Mortality (dead vs infected)



#### Mortality (dead vs cured)



Source: Bloomberg Newsroom

Note: There are some inconsistencies in the data, which is especially evident when calculation implied date outside China by taking available global data less available Chinese data. The source of these inconsistencies is unknown, but likely stems from inferior underlying data gathered by third parties. All data presented here is indicative and should be viewed with caution. We focus most on deltas rather than the absolute values.

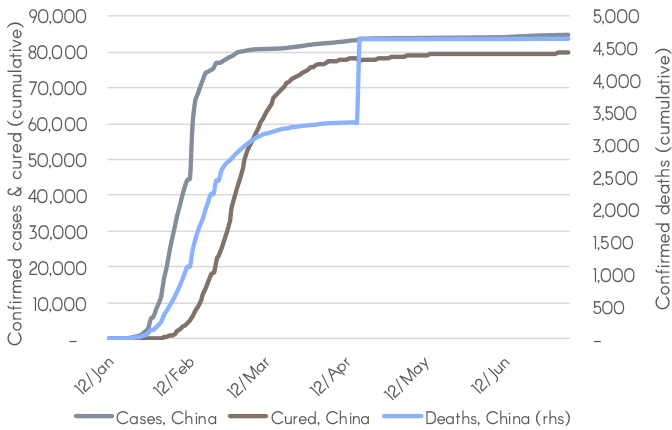


### Currently infected globally

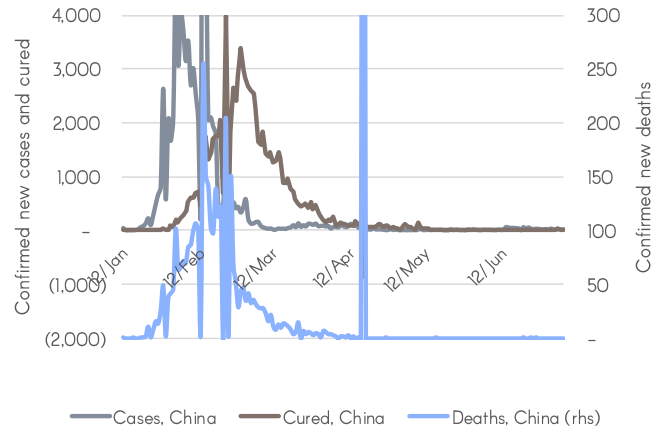


Source: John Hopkins University: Coronavirus Resource Center (<https://coronavirus.jhu.edu/map.html>)

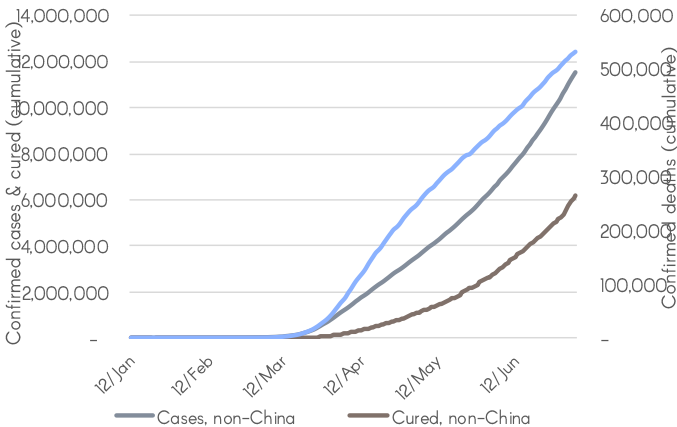
### China: Infected, cured & dead (cumulative)



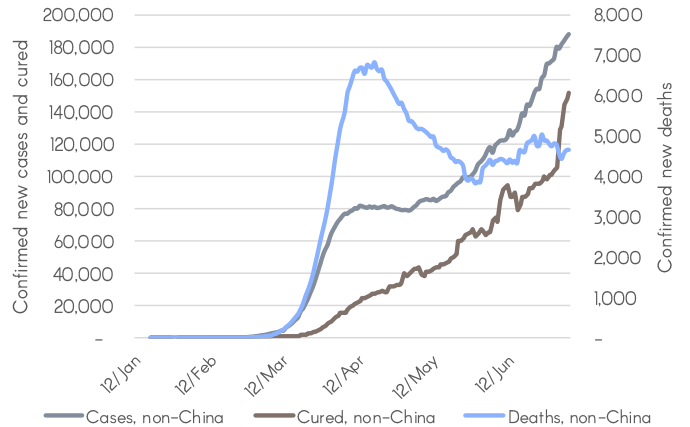
### China: New infected, cured & dead



### Non-China: Infected, cured & dead (cumulative)



### Non-China: New infected, cured & dead (1wMA)



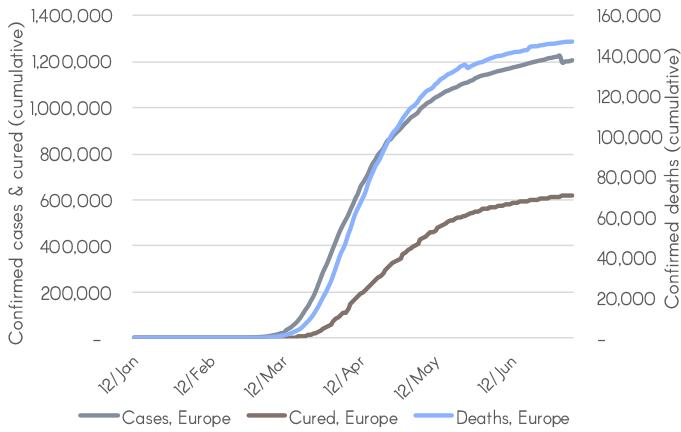


# Cleaves Securities

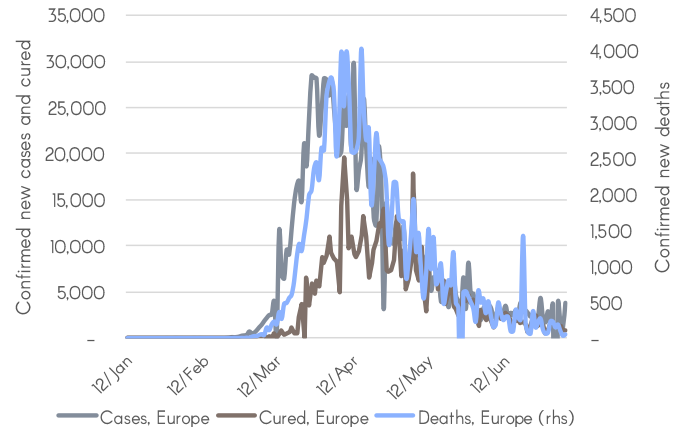
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

### Europe\*: Infected, cured & dead (cumulative)



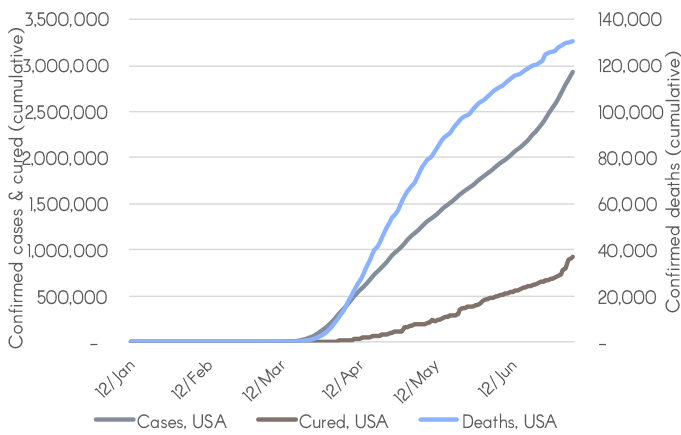
### Europe\*: New infected, cured & dead



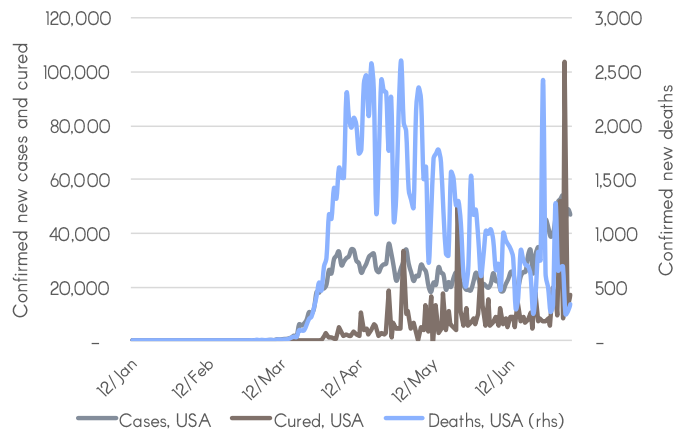
\*Selected countries

\*Selected countries

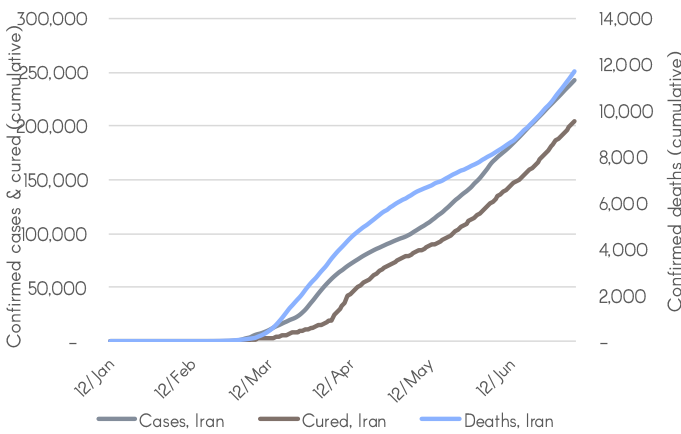
### USA: Infected, cured & dead (cumulative)



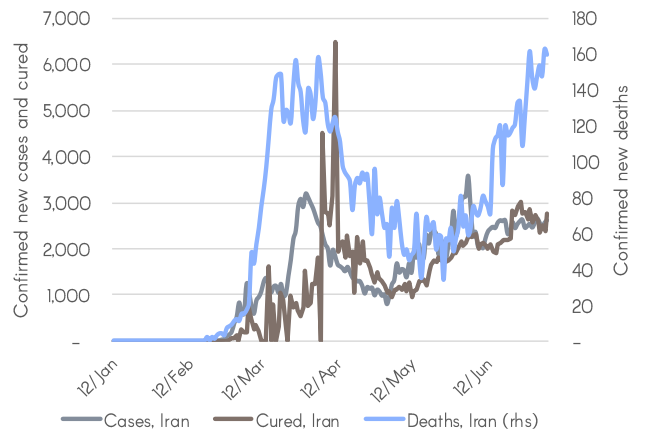
### USA: New infected, cured & dead



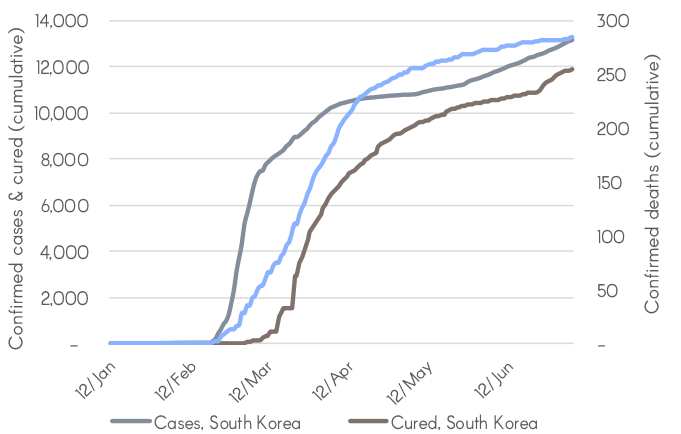
### Iran: Infected, cured & dead (cumulative)



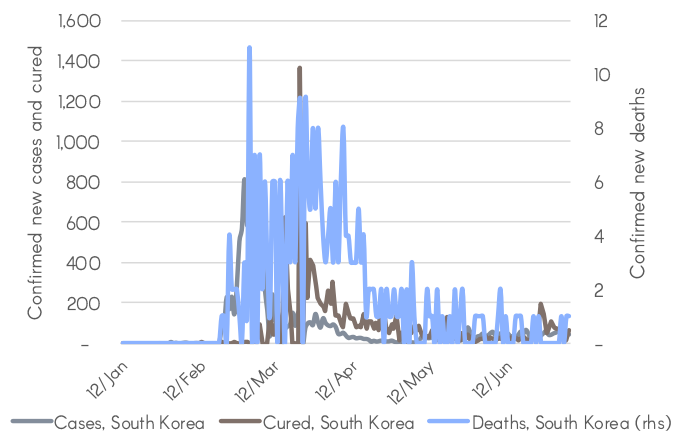
### Iran: New infected, cured & dead



### South Korea: Infected, cured & dead (cumulative)



### South Korea: New infected, cured & dead





## Company Reports

### Our universe at a glance

Company	Sector	Return ly	Target Rec.	Last Price	Target/ Price	P/NAV			EV/ GAV	adj. equity	EV/EBITDA			Dividend yield			
						Now	ly fwd	ε			2020	2021	2022	2020	2021	2022	
ADSCME NO	Oil	12%	HOLD	19.0	18.7	2%	0.50	0.49	0.11	0.58	74%	1.5	3.8	1.1	33%	15%	53%
DHT US	Oil	-3%	HOLD	4.6	5.2	-11%	0.71	0.68	0.15	0.82	60%	3.2	6.7	2.6	20%	6%	14%
EURN US	Oil	7%	HOLD	7.8	8.5	-8%	0.71	0.69	0.13	0.81	59%	3.5	9.8	3.0	19%	1%	12%
FRO US	Oil	1%	SELL	4.1	7.1	-42%	0.91	0.99	0.22	0.96	37%	5.1	13.4	4.9	23%	0%	0%
HAFNIA NO	Oil		SELL	12.0	16.4	-27%	0.52	0.53	0.18	0.77	44%	6.1	13.5	4.3	13%	0%	0%
HUNT NO	Oil	-10%	HOLD	2.9	3.3	-13%	0.60	0.57	0.19	0.80	49%	5.5	7.2	3.2	0%	0%	1%
INSW US	Oil	-17%	HOLD	16.0	15.8	1%	0.46	0.48	0.12	0.64	63%	4.3	11.9	2.7	2%	0%	0%
NAT US	Oil	91%	SELL	1.4	4.1	-66%	1.37	1.51	0.16	1.21	52%	5.8	15.2	3.9	10%	2%	7%
OET NO	Oil	-15%	SELL	29.0	54.8	-47%	0.47	0.58	0.30	0.83	32%	6.1	9.5	4.3	14%	0%	0%
TNK US	Oil	26%	HOLD	12.0	12.9	-7%	0.45	0.50	0.14	0.68	50%	3.3	9.9	2.1	0%	0%	0%
TNP US	Oil	-38%	HOLD	8.5	9.9	-14%	0.21	0.35	0.27	0.73	31%	4.4	6.6	2.8	1%	0%	0%
Average, Oil Tankers		5%				-21%	0.63	0.67	0.18	0.80	50%	4.4	9.8	3.2	12%	2%	8%
2020 NO	Dry	-39%	BUY	93	55	70%	0.73	0.50	0.24	0.89	39%	9.3	5.6	3.7	16%	28%	49%
BULK NO	Dry		BUY	145	119	22%	1.51	0.90	0.17	1.34	52%	4.8	3.9	2.1	19%	14%	27%
DSX US	Dry	-59%	BUY	2.8	1.5	87%	0.57	0.36	0.27	0.84	30%		3.9	1.4	0%	0%	35%
EGLE US	Dry	-63%	BUY	3.6	2.1	71%	0.74	0.46	0.29	0.92	28%	5.4	4.5	2.4	0%	0%	19%
GNK US	Dry	-31%	BUY	15.0	6.3	139%	0.64	0.41	0.17	0.80	44%	9.2	2.4	0.9	12%	17%	26%
GOGL US	Dry	-34%	BUY	7.7	4.0	95%	0.88	0.52	0.25	0.96	31%	8.5	5.3	2.7	12%	19%	29%
SALT US	Dry	-71%	BUY	25.0	15.3	64%	0.42	0.28	0.23	0.78	31%	9.6	6.5	3.3	1%	0%	0%
SBLK US	Dry	-36%	BUY	13.0	6.7	94%	0.90	0.52	0.30	0.97	29%	5.3	3.3	2.0	1%	15%	62%
Average, Dry Bulk		-47%				80%	0.80	0.49	0.24	0.94	35%	7.4	4.4	2.3	8%	12%	31%
ALNG NO	LNG	-64%	SELL	1.0	1.3	-21%	0.31		0.52	0.87	18%	12.5	16.8	24.6	0%	0%	0%
FLNG NO	LNG	-52%	BUY	96	48	99%	0.31		0.28	0.75	34%	13.6	12.3	18.8	2%	0%	0%
GLOG US	LNG	-78%	BUY	4.2	2.9	46%	0.42		0.61	1.16	14%	8.9	8.6	9.0	7%	9%	13%
Average, LNG Carriers		-64%				41%	0.35		0.47	0.93	22%	11.7	12.6	17.5	3%	3%	4%
AVANCE NO	LPG	-22%	BUY	26	18	46%	0.40	0.55	0.27	0.78	33%	5.4	8.6	3.2	29%	0%	15%
BWLPG NO	LPG	-9%	BUY	36	32	14%	0.43	0.60	0.16	0.72	44%	5.7	15.3	4.5	18%	0%	5%
LPG US	LPG	-18%	SELL	5.7	7.5	-24%	0.47	0.72	0.16	0.70	54%	6.8	14.5	3.9	0%	0%	0%
Average, LPG Carriers		-16%				12%	0.43	0.62	0.20	0.73	44%	6.0	12.8	3.9	16%	0%	7%
Average of all segments		-31%				28%	0.55	0.60	0.27	0.85	38%	7.4	9.9	6.7	10%	4%	12%

### 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	Consensus	Last year		Cleaves	Consensus	Last year	
SALT US	22-Jul/20	Dry	24	27	49	-9%	-14	-8	10	77%	-37	-32	35	-5
DSX US	27-Jul/20	Dry	40	40	52	-1%	11	11	18	1%	-8	-7	-1	-1
EGLE US	29-Jul/20	Dry	37	36	48	2%	-4	4	10	-215%	-26	-18	-6	-8
TNK US	31-Jul/20	Oil	182	246	110	-26%	115	148	36	-22%	78	102	-14	-24
GLOG US	31-Jul/20	LNG	153	159	n.a.	-4%	106	107	107	-1%	-2	-1	-26	-1
SBLK US	05-Aug/20	Dry	102	97	111	6%	36	33	12	8%	-19	-27	-40	8
LPG US	06-Aug/20	LPG												
EURN US	06-Aug/20	Oil	420	424	132	-1%	351	358	64	-2%	253	257	-39	-4
DHT US	06-Aug/20	Oil	191	197	61	-3%	168	167	38	1%	126	131	-11	-5
INSW US	07-Aug/20	Oil	147	146	62	1%	104	99	15	6%	80	74	-17	5
GNK US	07-Aug/20	Dry	29	39	42	-25%	-3	3	-9	-182%	-26	-21	-34	-5
BULK NO	07-Aug/20	Dry	20	25	29	-18%	7	11	14	-37%	-6	-2	0	-4
OET NO	14-Aug/20	Oil	65	65	15	-1%	53	54	8	-1%	32	33	-4	-1
NAT US	17-Aug/20	Oil	89	88	n.a.	1%	68	67	11	1%	43	42	-15	0
HUNT NO	27-Aug/20	Oil	31	31	n.a.	1%	28	28	0	3%	21	20	1	1
HAFNIA NO	28-Aug/20	Oil	210	222	n.a.	-6%	142	155	59	-8%	89	105	12	-16
BWLPG NO	28-Aug/20	LPG	135	153	111	-12%	96	99	75	-2%	49	49	26	0
AVANCE NO	28-Aug/20	LPG	46	51	40	-8%	35	30	28	16%	18	14	10	5
ALNG NO	28-Aug/20	LNG	5	6	n.a.	-17%	2	3	0	-37%	-4	-4	-9	-1
ADSCME NO	28-Aug/20	Oil	17	17	5	-1%	14	14	2	-2%	9	10	1	0
GOGL US	31-Aug/20	Dry	58	81	83	-28%	0	10	17	-102%	-44	-34	-33	-10
FLNG NO	31-Aug/20	LNG	26	28	18	-7%	17	18	11	-7%	-2	-1	-4	-1
FRO US	31-Aug/20	Oil	356	341	103	4%	298	274	56	9%	232	212	1	20
TNP US	08-Sep/20	Oil	184	181	109	2%	128	124	53	4%	64	69	0	-5
2020 NO		Dry												

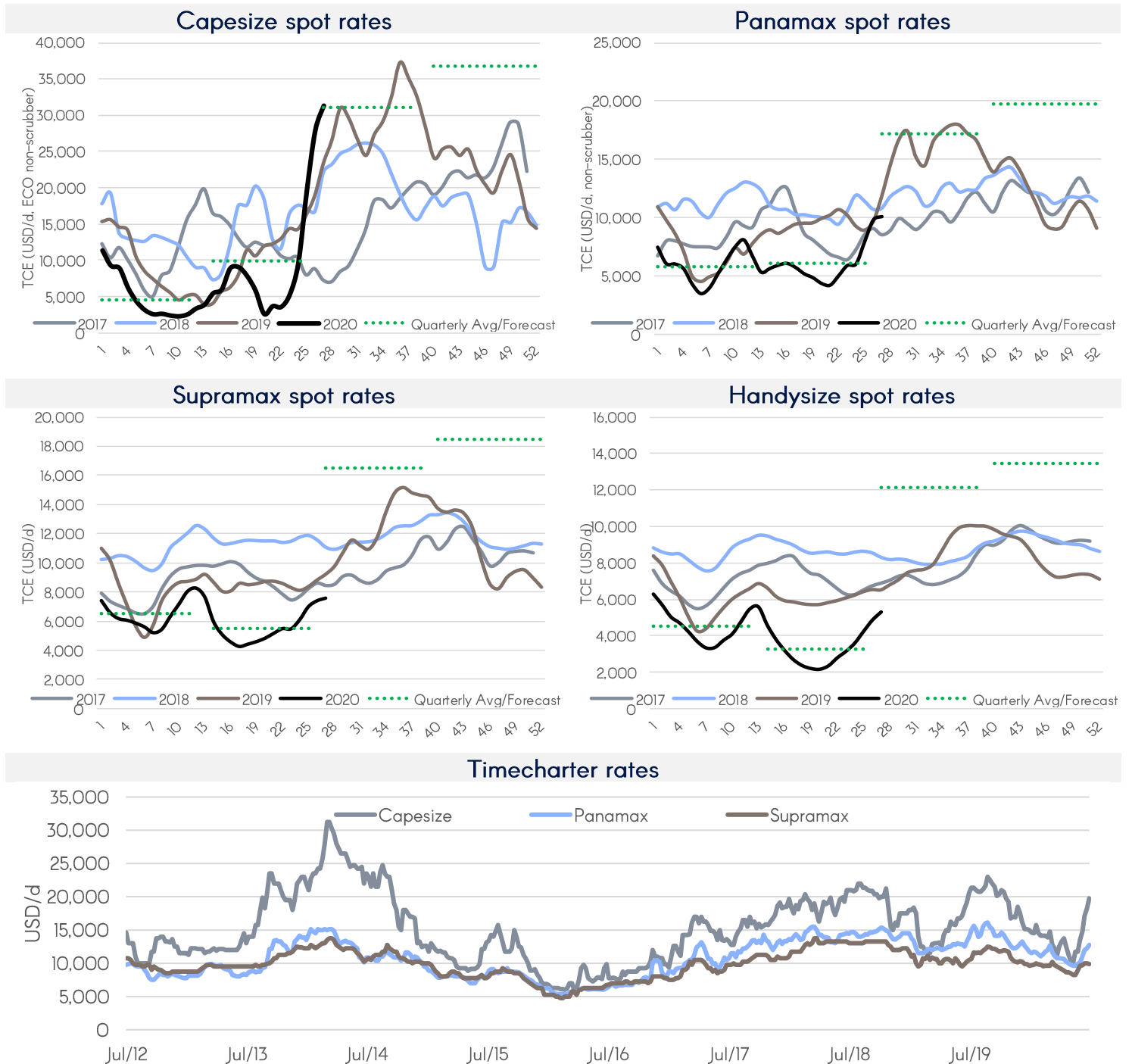
\* Extracted from Bloomberg. Not always up-to-date. Please see company websites to validate actual reporting dates



### Dry Bulk Companies



### Earnings



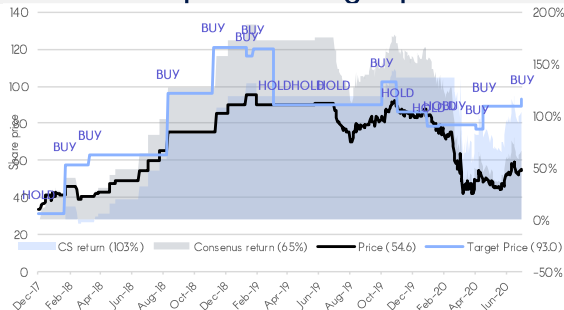


## 2020-NO

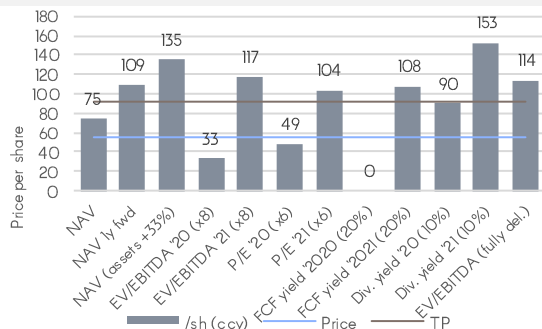
## BUY/N93

## 2020 Bulkers

### Share price vs target price

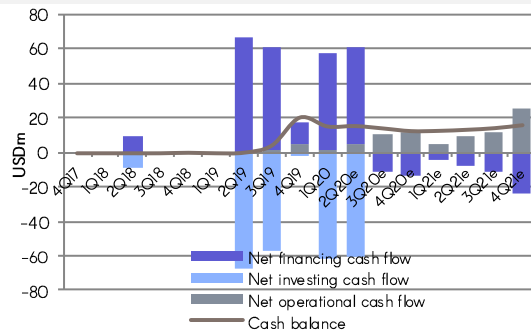


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	55	80	109	116
EBITDA (adj.)	39	62	91	98
EBIT (adj.)	30	51	80	87
PTP (adj.)	19	41	70	78
Net earnings (adj.)	19	41	70	78
EPS (adj.)	0.86	1.83	3.17	3.50
DPS	0.95	1.61	2.82	3.12
USDm	2020E	2021E	2022E	2023E
Fwd NAV	205	331	446	498
Adj. equity ratio	45%	58%	66%	70%
FCF yield	-74%	40%	61%	69%
Dividend yield	16%	28%	49%	54%
EV/EBITDA	9.3	5.6	3.7	3.2
P/E (adj.)	6.7	3.2	1.8	1.7

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	28	51	81	88
Free cash flow	-95	51	78	88
Net cash flow	-8	3	4	8
TCE/day	21,551	28,269	38,528	40,997
Cash break-even	14,504	13,876	13,719	13,561
Liquidity	13	16	20	28
Property & Equip. (incl. NBs)	372	362	354	343
Total equity	136	141	149	157
Total assets	389	382	378	375
Interest bearing debt	249	237	226	214
Net interest bearing debt	236	221	205	186
Market Cap.	128	128	128	128
Enterprise value	364	349	333	314

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

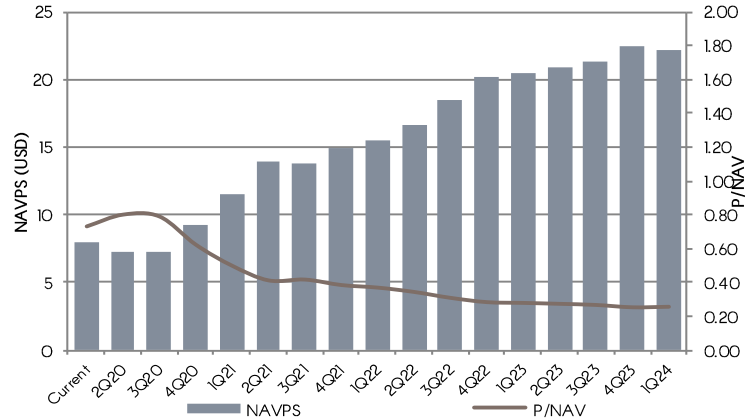


## Company Valuation

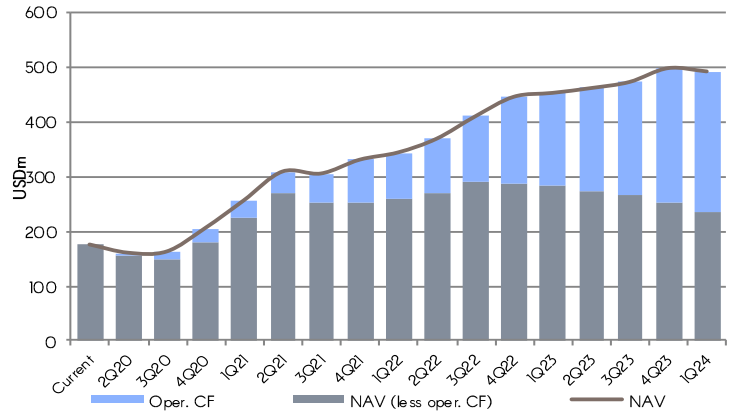
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	319	429	381
Contract value	0	-11	-10
Other	3	3	3
<b>GAV</b>	<b>322</b>	<b>420</b>	<b>374</b>
Net debt	-182	-182	-182
Capex	0	-61	-61
Other	-3	-3	-3
<b>Equity</b>	<b>137</b>	<b>175</b>	<b>128</b>
Shares	22	22	22
<b>Equity/sh</b>	<b>6.18</b>	<b>7.90</b>	<b>5.78</b>
lcl CCY	58.42	74.59	54.60
USDNOK		9.45	
P/Equity	0.93	0.73	1.00
EV/GAV	1.16	0.89	1.00
Adj. Total Assets	338	448	400
Adj. Equity Ratio	41%	39%	32%
<b>Fair Value</b>	<b>NOK</b>	<b>93</b>	<b>70%</b>
	<b>USD</b>	<b>9.8</b>	

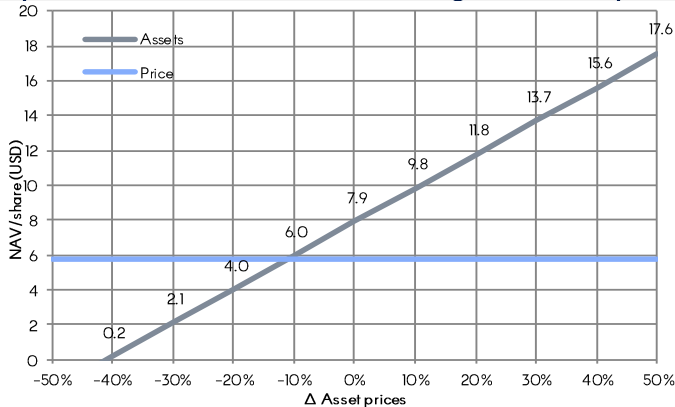
### Quarterly forward NAV & P/NAV



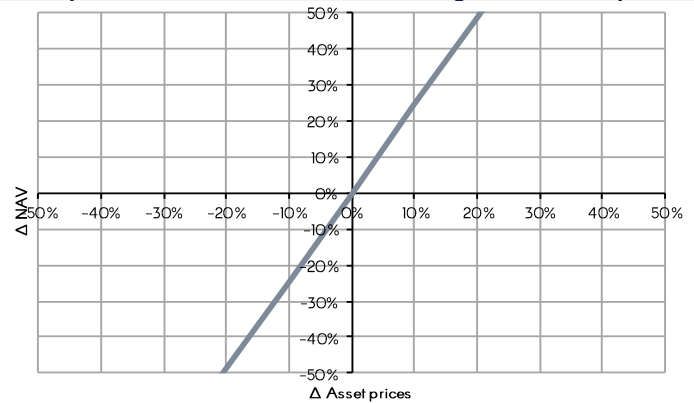
### Quarterly forward NAV decomposition



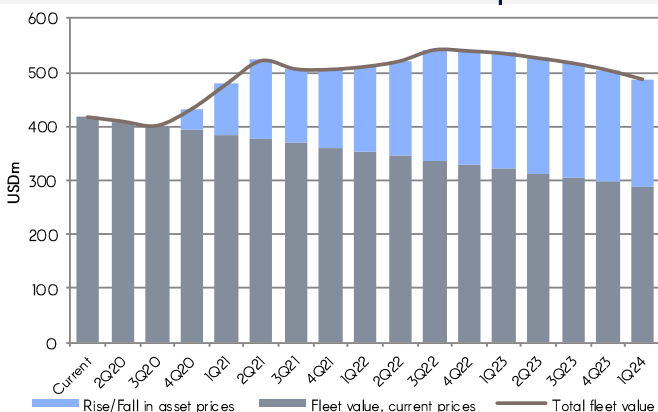
### Impact on NAV/sh from % change in asset prices



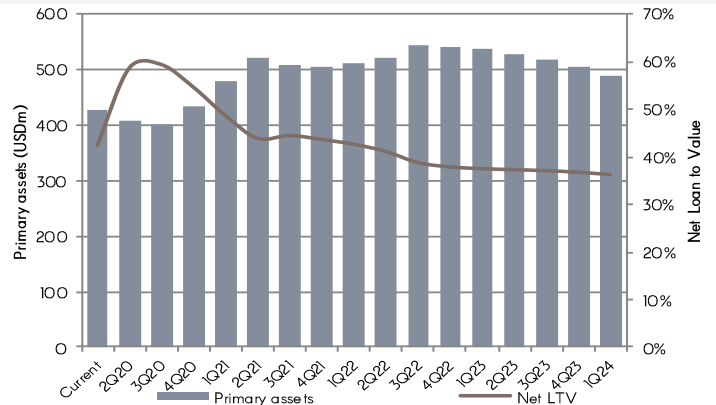
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	-	7.6	11.0	11.1				
EBITDA (adj.)	-1.0	4.4	7.2	7.2				
EBIT (adj.)	-1.0	2.5	5.0	4.2				
PTP (adj.)	-1.0	0.3	2.2	2.3				
Net earnings (adj.)	-1.0	0.3	2.2	2.2				
EPS (adj.)	-0.05	0.01	0.10	0.08				
DPS	-	0.06	0.06	-				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	-	7.6	11.0	11.1				
Opex & G&A	1.0	3.2	3.9	3.9				
Depreciation	0.0	1.9	2.1	3.0				
Net finance	0.0	2.2	2.8	1.9				
Taxes & Minorities	0.0	-	-	0.1				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-0	2	4					
Free cash flow	-67	-61	-56					
Net cash flow	-0	-5	0					
TCE/day	#DIV/O!	15,096	19,501	19,551				
Utilization	97.0%	97.0%	97.0%					
Fleet days	-	519	584					
Cash break-even	#DIV/O!	14,066	14,788					
Liquidity	0	15	16					
Interest bearing debt	-	197	255					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	55	80	109	116	51	62	88	99	5	18	22	18	
EBITDA (adj.)	39	62	91	98	33	44	69	80	6	18	22	18	
EBIT (adj.)	30	51	80	87	25	35	61	72	5	16	20	15	
PTP (adj.)	19	41	70	78	15	24	50	62	5	16	20	16	
Net earnings (adj.)	19	41	70	78	15	24	50	62	5	16	20	16	
EPS (adj.)	0.86	1.83	3.17	3.50	0.66	1.09	2.26	2.79	0.21	0.74	0.90	0.71	
DPS	0.95	1.61	2.82	3.12	0.87	0.92	1.92	2.39	0.08	0.70	0.89	0.73	
DPS (NOK)	8.99	15.25	26.61	29.45	8.99	9.49	19.89	24.74					
									2020E	2021E	2022E	2023E	
									TCE revenue	5	18	22	18
									Opex & G&A	-1	-0	-0	-0
									Depreciation	1	2	2	3
									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	28	51	81	88	23	33	59	70	5	18	22	18
Free cash flow	-95	51	78	88	-98	30	56	70	3	21	22	18
Net cash flow	-8	3	4	8	-6	-1	2	6	-2	5	2	2
TCE/day	21,551	28,269	38,528	40,997	19,487	21,951	30,842	34,782	2,064	6,318	7,686	6,215
Cash break-even	14,504	13,876	13,719	13,561	13,624	13,907	13,776	13,640	880	-31	-58	-79
Liquidity	13	16	20	28	14	13	15	21	-2	3	5	7
Property & Equip. (incl. NBs)	372	362	354	343	371	365	359	351	1	-3	-6	-8
Total equity	136	141	149	157	133	137	145	154	3	4	4	4
Total assets	389	382	378	375	390	383	379	377	-1	-1	-1	-1
Interest bearing debt	249	237	226	214	252	241	229	218	-3	-4	-4	-4
Net interest bearing debt	236	221	205	186	237	228	214	197	-1	-7	-9	-11
Market Cap.	128	128	128	128	108	108	108	108	21	21	21	21
Enterprise value	364	349	333	314	345	335	322	305	19	14	11	9

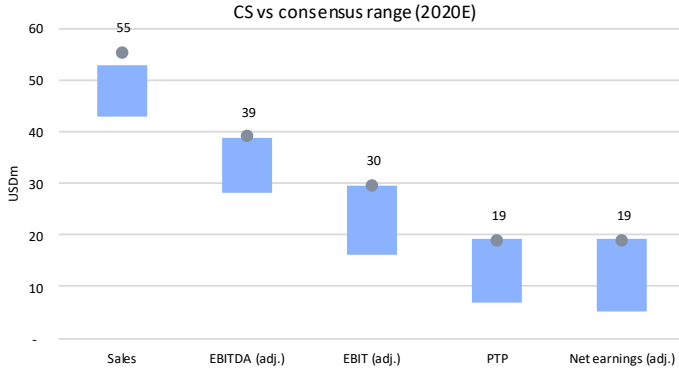
### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	205	331	446	498	249	301	385	429	-43	29	61	70
Adj. equity ratio	45%	58%	66%	70%	49%	55%	62%	66%	-4%	3%	4%	4%
FCF yield	-74%	40%	61%	69%	-91%	28%	52%	65%	17%	12%	9%	4%
Dividend yield	16%	28%	49%	54%	18%	19%	40%	49%	-1%	9%	9%	5%
EV/EBITDA	9.3	5.6	3.7	3.2	10.3	7.7	4.7	3.8	-1.1	-2.0	-1.0	-0.6
P/E (adj.)	6.7	3.2	1.8	1.7	7.4	4.5	2.1	1.7	-0.7	-1.3	-0.3	-0.1

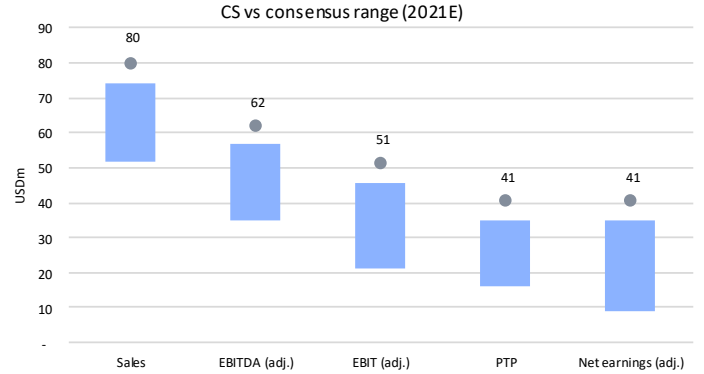


## Our Estimates vs Consensus

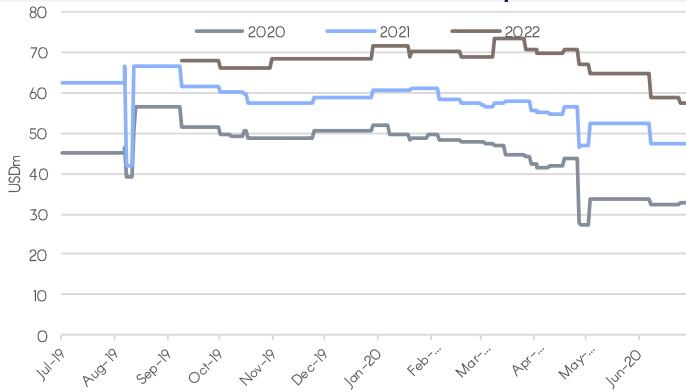
### Profit & Loss, year I



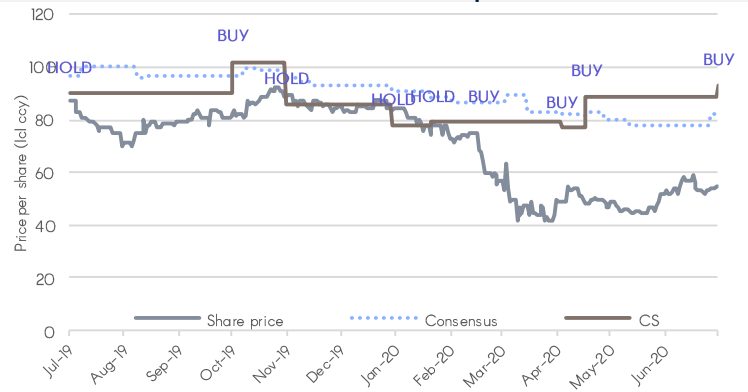
### Profit & Loss, year II



### Consensus EBITDA development



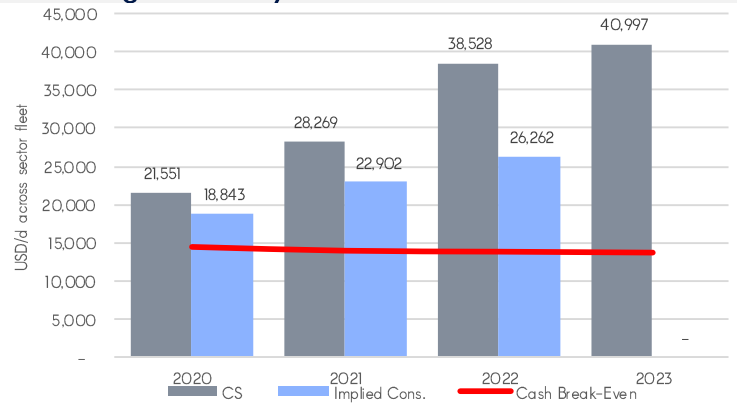
### Fair value vs share price



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

2020	CS	Consensus	Diff.	Diff.
TCE revenue	55	49	7	14%
Opex + G&A	16	16	1	3%
Depreciation	9	11	-1	-13%
Net finance	11	9	2	18%
Taxes & Minorities	0	1	-1	-100%
2021	CS	Consensus	Diff.	Diff.
TCE revenue	80	65	15	23%
Opex + G&A	18	18	1	4%
Depreciation	11	12	-2	-14%
Net finance	11	8	3	42%
Taxes & Minorities	0	3	-3	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	0	2	7	8	11	18	19	12	16
Operational costs	-1	-1	-3	-3	-4	-5	-5	-5	-5
EBITDA	-1	1	4	4	7	13	14	7	12
Depreciation/Amortization	0	0	-1	-2	-2	-3	-3	-3	-3
EBIT	-1	1	3	3	5	10	12	4	9
Net financials	0	0	-1	-2	-3	-3	-3	-3	-3
PTP	-1	1	1	0	2	8	9	2	6
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-1	1	1	0	2	8	9	2	6
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-1	1	1	0	2	8	9	2	6
EPS	-0.05	0.03	0.06	0.01	0.10	0.35	0.41	0.08	0.28
EPS (adj.)	-0.05	0.03	0.06	0.01	0.10	0.35	0.41	0.08	0.28
DPS	0.00	0.00	0.14	0.07	0.06	0.38	0.44	0.06	0.25
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	0	4	20	15	15	14	12	13	13
Other current assets	2	2	3	3	3	3	3	3	3
Total current assets	2	6	23	18	18	17	15	16	16
Property & equip. (incl. NBs)	135	196	258	319	377	375	372	369	367
Other non-current assets	2	2	2	1	1	1	1	1	1
Total non-current assets	137	199	260	320	379	376	373	371	368
TOTAL ASSETS	139	205	283	338	397	393	389	386	384
Total equity	139	140	138	137	138	137	136	137	138
Short-term debt	0	8	8	12	9	9	9	10	9
Other current liabilities	1	2	5	4	4	4	4	4	4
Total current liabilities	1	9	13	15	13	13	13	13	13
Long-term debt	0	56	132	186	246	243	239	236	233
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	56	132	186	246	243	239	236	234
TOTAL EQUITY & LIABILITIES	139	205	283	338	397	393	389	386	384
Working capital, receivables	0	1	1	0	0	0	0	0	0
Working capital, payables	0	1	3	1	1	1	1	1	1
Net working capital	0	0	-3	-1	-1	-1	-1	-1	-1
Interest bearing debt	0	63	140	197	255	252	249	246	243
Liquidity	0	5	20	15	16	14	13	13	13
Net interest bearing debt	0	59	120	182	240	238	236	233	229
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-1	1	1	0	2	8	9	2	6
Depreciation	0	0	1	2	2	3	3	3	3
Other	0	0	1	-2	0	0	0	0	0
Cash earnings	-1	1	3	0	4	10	12	4	9
Changes in working capital	0	0	2	1	0	0	0	0	0
Net operational cash flow	0	1	5	2	4	10	12	4	9
Capex	-66	-57	-2	-62	-61	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	-1	0	0	0	0	0	0	0	0
Net investing cash flow	-67	-57	-2	-62	-61	0	0	0	0
Repayment of debt	0	0	-6	-2	-2	-3	-3	-3	-3
Proceeds from debt	7	59	22	59	60	0	0	0	0
Dividends paid	0	0	-3	-2	-1	-8	-10	-1	-5
New equity	60	1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	67	60	13	56	57	-12	-13	-4	-8
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	0	4	16	-5	0	-1	-1	0	1
Cash balance	0	4	20	15	15	14	12	13	13
Free cash flow	-67	-56	3	-61	-56	10	12	4	9



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	0	0	0	0	9	55	80	109	116
Operational costs			0	-1	-7	-16	-18	-18	-18
EBITDA			0	-1	2	39	62	91	98
Depreciation/Amortization			0	0	-1	-9	-11	-11	-11
EBIT	—	—	0	-1	1	30	51	80	87
Net financials			0	0	-1	-11	-11	-10	-10
PTP	—	—	0	-1	0	19	41	70	78
Taxes/Minorities			0	0	0	0	0	0	0
Net earnings	—	—	0	-1	0	19	41	70	78
Non-recurring items			0	0	0	0	0	0	0
Net earnings (adj.)	—	—	0	-1	0	19	41	70	78
EPS				-0.05	-0.02	0.86	1.83	3.17	3.50
EPS (adj.)				-0.05	-0.02	0.86	1.83	3.17	3.50
DPS				0.00	0.14	0.95	1.61	2.82	3.12
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	—	6	0	20	12	16	20	28
Other current assets			0	0	3	3	3	3	3
Total current assets	—	—	6	0	23	15	19	23	31
Property & equip. (incl. NBs)	—	—	9	68	258	372	362	354	343
Other non-current assets			0	0	2	1	1	1	1
Total non-current assets	—	—	9	68	260	373	363	355	344
TOTAL ASSETS	—	—	15	69	283	389	382	378	375
Total equity	—	—	15	68	138	136	141	149	157
Short-term debt	—	—	0	0	8	9	9	9	9
Other current liabilities			0	0	5	4	4	4	4
Total current liabilities	—	—	0	0	13	13	12	12	12
Long-term debt	—	—	0	0	132	239	228	217	205
Other non-current liabilities			0	0	0	0	0	0	0
Total non-current liabilities	—	—	0	0	132	239	229	217	206
TOTAL EQUITY & LIABILITIES	—	—	15	69	283	389	382	378	375
Working capital, receivables			0	0	1	0	0	0	0
Working capital, payables	—	—	0	0	3	1	1	1	1
Net working capital			0	0	-3	-1	-1	-1	-1
Interest bearing debt			0	0	140	249	237	226	214
Liquidity			6	0	20	13	16	20	28
Net interest bearing debt			-6	0	120	236	221	205	186
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	—	0	-1	0	19	41	70	78
Depreciation			0	0	1	9	11	11	11
Other			0	0	2	-2	0	0	0
Cash earnings			0	-1	3	27	51	81	88
Changes in working capital	—	—	0	0	2	1	0	0	0
Net operational cash flow	—	—	0	-1	5	28	51	81	88
Capex	—	—	-9	-59	-125	-123	-1	-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	-123	-1	-3	0
Repayment of debt	—	—	0	0	81	-11	-12	-12	-12
Proceeds from debt	—	—	0	0	86	119	0	0	0
Dividends paid	—	—	0	0	-3	-21	-36	-62	-69
New equity	—	—	15	54	64	0	0	0	0
Other			0	0	-86	0	0	0	0
Net financing cash flow	—	—	15	54	141	88	-47	-74	-81
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			6	-6	20	-8	3	4	8
Cash balance	—	—	6	0	20	13	16	20	28
Free cash flow			-9	-60	-121	-95	51	78	88



# Cleaves Securities

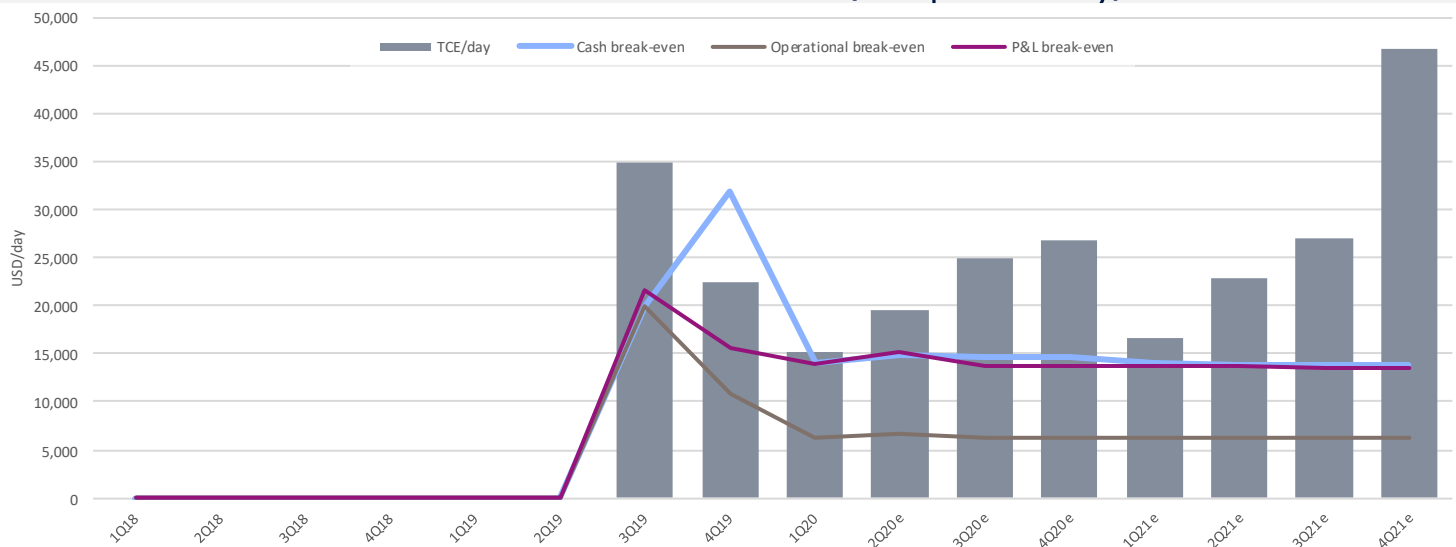
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

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)			4	6	9	6	6	6	6
Share price, end (USD)	—	—	—	10	10	6	6	6	6
<b>Market Cap.</b>				<b>139</b>	<b>221</b>	<b>128</b>	<b>128</b>	<b>128</b>	<b>128</b>
NIBD			-6	0	120	236	221	205	186
Minorities	—	—	0	0	0	0	0	0	0
<b>Enterprise value</b>				<b>139</b>	<b>341</b>	<b>364</b>	<b>349</b>	<b>333</b>	<b>314</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)						6.7	3.2	1.8	1.7
P/E (adj.)						6.7	3.2	1.8	1.7
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					24.8	2.3	1.6	1.2	1.1
EV/Sales					38.3	6.6	4.3	3.0	2.7
EV/EBITDA						9.3	5.6	3.7	3.2
EV/EBIT						12.2	6.8	4.1	3.6
P/B				2.0	1.6	0.9	0.9	0.9	0.8
FCF yield				-43%	-55%	-74%	40%	61%	69%
Dividend yield				0.0%	1.4%	16.5%	27.9%	48.7%	53.9%
Return on equity (ROE)			-0.7%	-1.0%	-0.3%	14.1%	28.8%	47.1%	49.3%
Return on capital employed (ROCE)			-1.2%	-1.0%	0.3%	8.0%	14.2%	22.7%	25.4%
Return on assets (ROA)			-0.7%	-1.0%	-0.1%	4.9%	10.6%	18.6%	20.7%
Sales growth						523%	45%	36%	6%
EBITDA margin					24%	71%	77%	83%	84%
EBIT margin					10%	54%	64%	73%	75%
Net margin					-4%	35%	51%	64%	67%
Net interest rate			0.0%	0.0%	0.4%	4.5%	4.8%	5.0%	5.2%
Tax rate			0.0%	-0.5%	-33.3%	0.0%	0.0%	0.0%	0.0%
Equity ratio			99%	99%	49%	35%	37%	39%	42%
Leverage ratio			1%	1%	51%	65%	63%	61%	58%
NIBD / EBITDA (past 1y)			57.8	0.4	57.1	6.0	3.6	2.3	1.9
Operating cash flow/NIBD			0.0	2.1	0.0	0.1	0.2	0.4	0.5
Net interest coverage ratio (EBITDA)					4.2	3.7	5.8	9.0	10.1
Current ratio			56.7	1.2	1.8	1.2	1.5	1.9	2.5
Adj. equity ratio						45%	58%	66%	70%
Operating assets			9	69	263	376	366	358	347
Operating liabilities			0	0	5	4	4	4	4
Net operating assets			9	68	258	372	362	354	343

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)





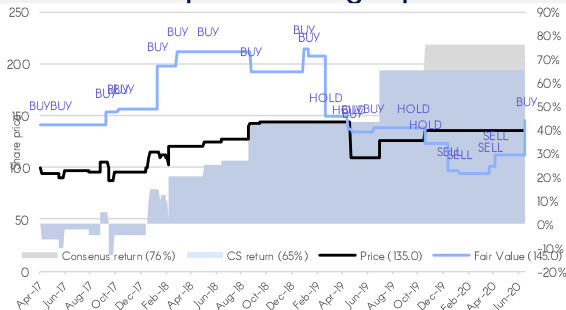
GoodBulk is a well-run company with low debt and massive cash distributions. No share liquidity means our TP is important, our rating less so

## BULK-NO

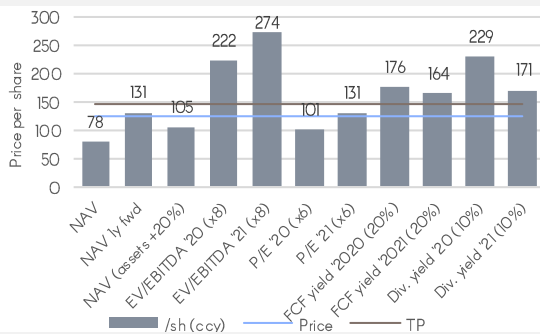
## BUY/NI45

## GoodBulk

### Share price vs target price

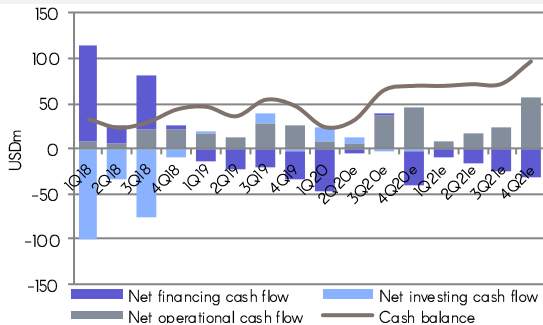


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	160	173	248	276
EBITDA (adj.)	106	120	195	222
EBIT (adj.)	66	81	156	183
PTP (adj.)	53	69	145	174
Net earnings (adj.)	53	69	145	174
EPS (adj.)	1.78	2.31	4.84	5.80
DPS	2.43	1.81	3.47	4.65
USDm	2020E	2021E	2022E	2023E
Fwd NAV	362	542	763	946
Adj. equity ratio	61%	73%	81%	86%
FCF yield	28%	26%	44%	51%
Dividend yield	18%	14%	26%	35%
EV/EBITDA	5.0	4.1	2.2	1.6
P/E (adj.)	7.5	5.8	2.8	2.3

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	98	108	184	213
Free cash flow	112	104	176	207
Net cash flow	23	28	50	45
TCE/day	18,559	19,877	28,234	31,388
Cash break-even	9,944	10,010	9,859	9,707
Liquidity	70	97	147	192
Property & Equip. (incl. NBs)	487	452	422	389
Total equity	363	378	419	453
Total assets	590	582	601	613
Interest bearing debt	209	187	165	142
Net interest bearing debt	140	90	18	-49
Market Cap.	403	403	403	403

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

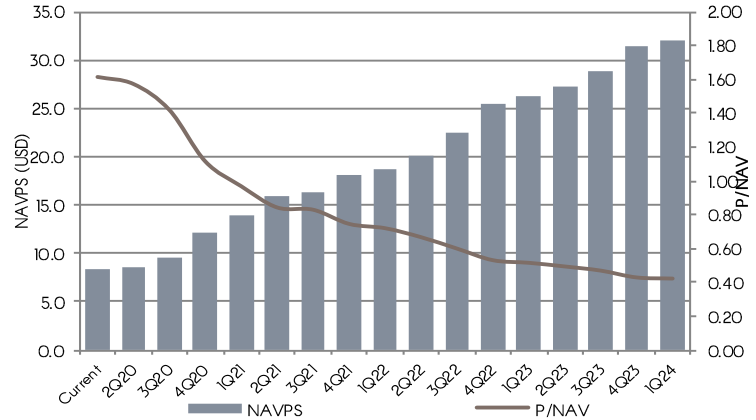


## Company Valuation

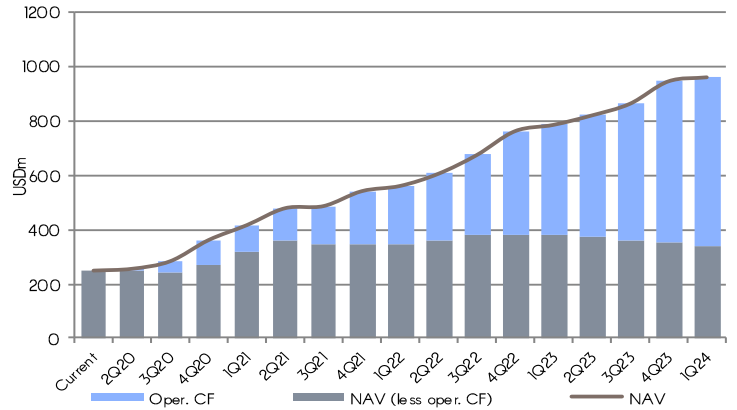
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	516	428	575
Contract value	0	-8	-11
Other	28	28	37
<b>GAV</b>	<b>544</b>	<b>448</b>	<b>601</b>
Net debt	-186	-186	-186
Capex	0	0	0
Other	-13	-13	-13
<b>Equity</b>	<b>346</b>	<b>249</b>	<b>403</b>
Shares	30	30	30
Equity/sh	11.5	8.3	13.4
ICL CCY	108.7	78.4	126.6
USDNOK		9.44	
P/Equity	1.17	1.61	1.00
EV/GAV	1.10	1.34	1.00
Adj. Total Assets	572	484	631
Adj. Equity Ratio	60%	52%	64%
<b>Fair Value</b>	<b>NOK</b>	<b>145</b>	<b>15%</b>
	<b>USD</b>	<b>15</b>	

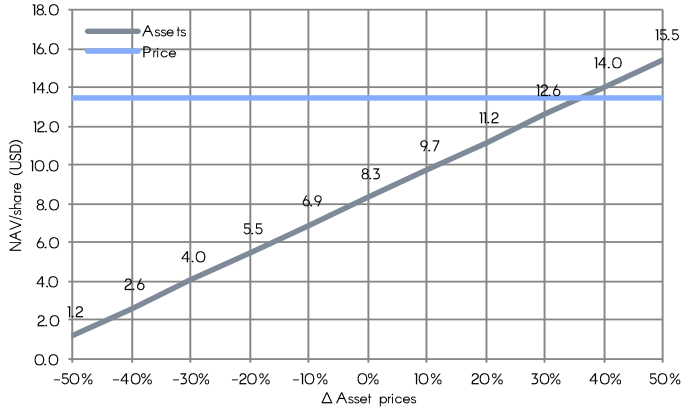
### Quarterly forward NAV & P/NAV



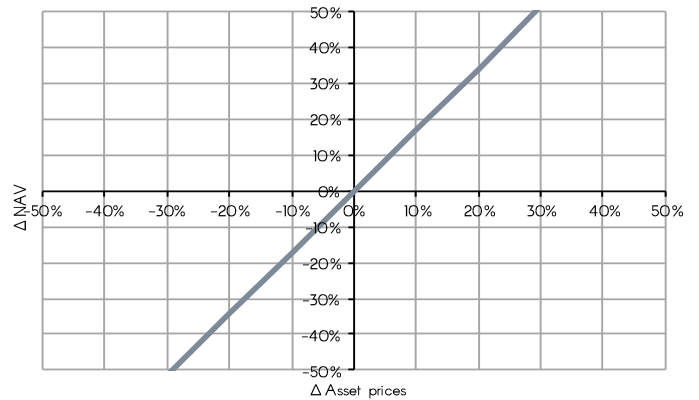
### Quarterly forward NAV decomposition



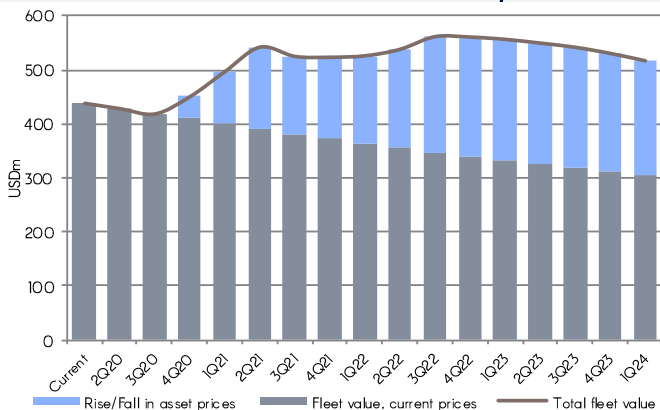
### Impact on NAV/sh from % change in asset prices



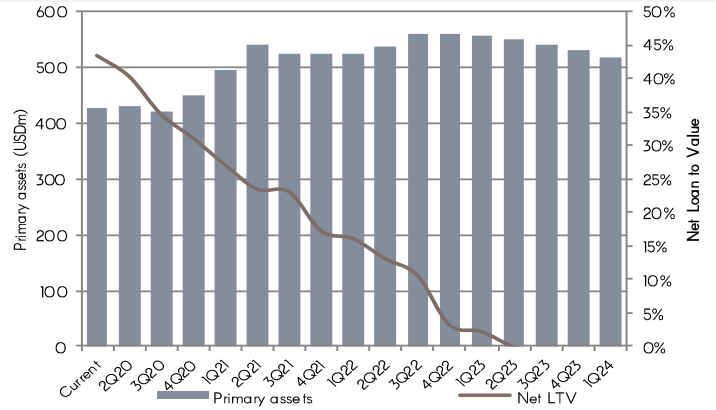
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	28.4	22.3	20.3	24.7				
EBITDA (adj.)	14.4	8.4	7.0	11.2				
EBIT (adj.)	3.5	-1.8	-2.7	0.9				
PTP (adj.)	0.2	-5.1	-5.8	-2.0				
Net earnings (adj.)	0.2	-5.1	-5.8	-2.0				
EPS (adj.)	0.01	-0.17	-0.19	0.13				
DPS	0.41	-	0.20	n.a.				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	28.4	22.3	20.3	24.7				
Opex & G&A	14.0	13.9	13.2	13.5				
Depreciation	10.9	10.2	9.7	10.3				
Net finance	3.3	3.3	3.1	2.9				
Taxes & Minorities	-	-	-	-				

### CF & BS

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	13	8	6					
Free cash flow	12	23	13					
Net cash flow	-11	-24	8					
TCE/day	11,546	9,969	9,570	11,670				
Fleet days	2,457	2,302	2,184					
Cash break-even	9,574	14,786	9,966					
Liquidity	35	23	31					
Interest bearing debt	240	209	203					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	160	173	248	276	115	132	196	233	45	42	52	42	
EBITDA (adj.)	106	120	195	222	61	79	143	180	44	42	52	42	
EBIT (adj.)	66	81	156	183	17	35	99	136	49	47	57	47	
PTP (adj.)	53	69	145	174	6	25	91	129	48	45	55	45	
Net earnings (adj.)	53	69	145	174	6	25	91	129	48	45	55	45	
EPS (adj.)	1.78	2.31	4.84	5.80	0.19	0.82	3.02	4.29	1.59	1.49	1.83	1.50	
DPS	2.43	1.81	3.47	4.65	1.45	0.82	2.56	3.86	0.98	0.99	0.90	0.79	
									2020E	2021E	2022E	2023E	
									TCE revenue	45	42	52	42
									Opex & G&A	0	0	0	0
									Depreciation	-5	-5	-5	-5
									Net finance	1	2	2	2
									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	98	108	184	213	50	69	135	173	48	40	50	40
Free cash flow	112	104	176	207	64	65	127	167	48	40	49	40
Net cash flow	23	28	50	45	-9	12	24	33	31	16	26	11
TCE/day	18,559	19,877	28,234	31,388	13,389	15,112	22,337	26,582	5,170	4,766	5,898	4,805
Cash break-even	9,944	10,010	9,859	9,707	10,590	10,478	17,292	17,395	-646	-468	-7,433	-7,688
Liquidity	70	97	147	192	38	50	74	107	31	47	73	84
Property & Equip. (incl. NBs)	487	452	422	389	494	453	417	380	-6	-1	4	9
Total equity	363	378	419	453	347	346	360	373	16	31	59	80
Total assets	590	582	601	613	559	531	519	514	30	52	83	99
Interest bearing debt	209	187	165	142	197	168	143	125	13	19	22	17
Net interest bearing debt	140	90	18	-49	159	118	69	18	-19	-29	-51	-67
Market Cap.	403	403	403	403	367	367	367	367	35	35	35	35
Enterprise value	542	492	420	353	526	486	436	385	17	7	-16	-32

### Valuation

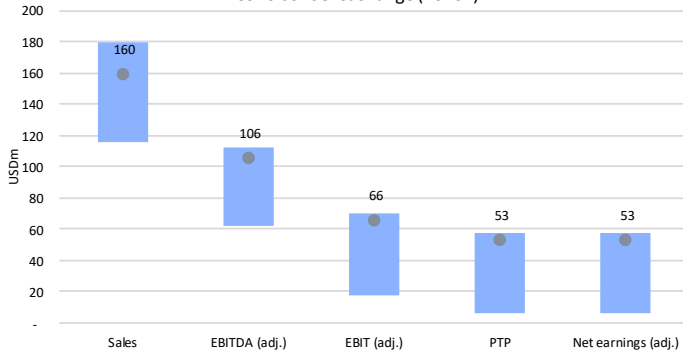
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	362	542	763	946	394	489	670	844	-32	53	93	102
Adj. equity ratio	61%	73%	81%	86%	65%	73%	81%	86%	-3%	0%	0%	0%
FCF yield	28%	26%	44%	51%	17%	18%	34%	45%	11%	8%	9%	6%
Dividend yield	18%	14%	26%	35%	12%	7%	21%	32%	6%	7%	5%	3%
EV/EBITDA	5.0	4.1	2.2	1.6	8.6	6.2	3.0	2.1	-3.5	-2.1	-0.9	-0.6
P/E (adj.)	7.5	5.8	2.8	2.3	64.3	14.9	4.1	2.9	-56.8	-9.1	-1.3	-0.5



## Our Estimates vs Consensus

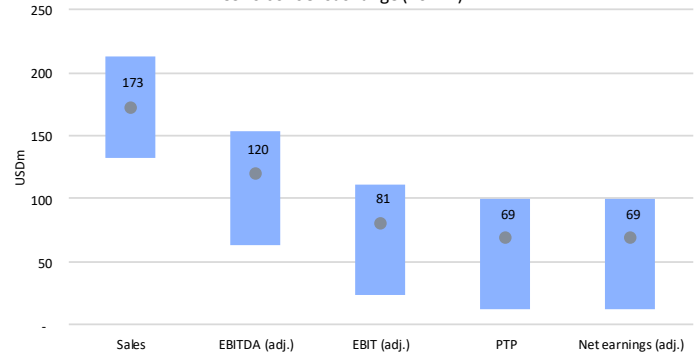
### Profit & Loss, year I

CS vs consensus range (2020E)

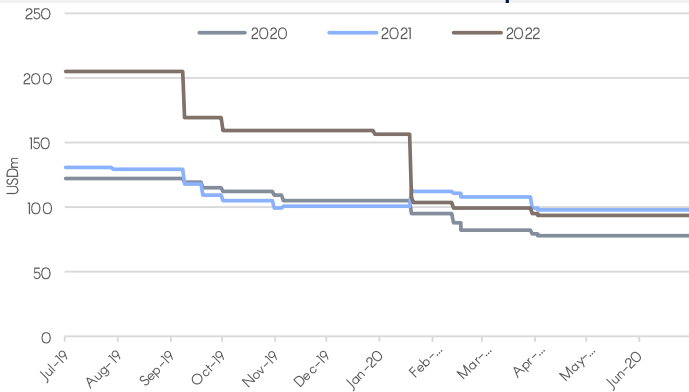


### Profit & Loss, year II

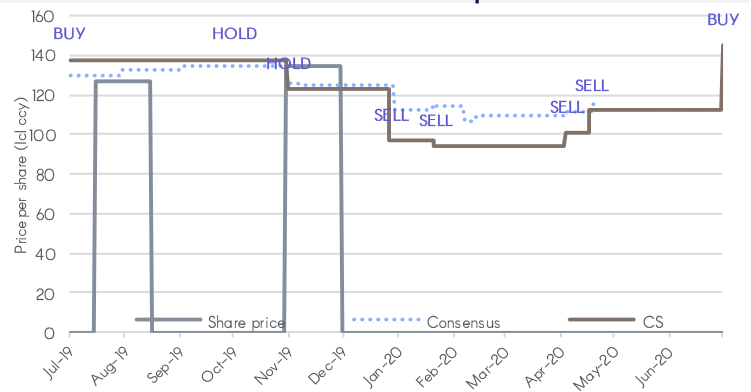
CS vs consensus range (2021E)



### Consensus EBITDA development



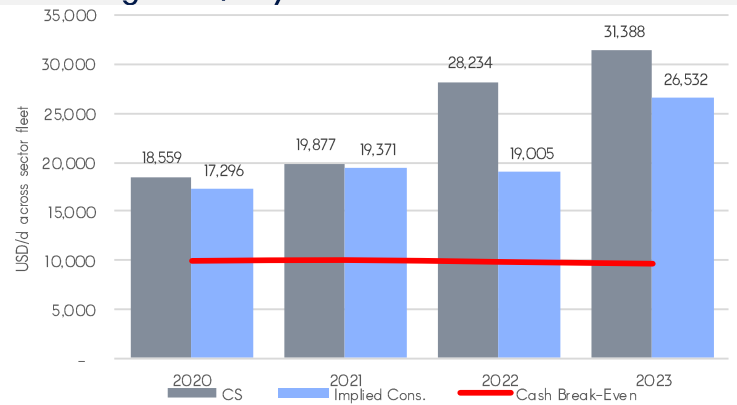
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	160		149	11	7%
Opex + G&A	54		70	-16	-23%
Depreciation	39		42	-2	-5%
Net finance	13		11	2	17%
Taxes & Minorities	0		0	0	#DIV/O!
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	173		169	4	3%
Opex + G&A	53		71	-17	-25%
Depreciation	39		42	-3	-7%
Net finance	12		11	1	14%
Taxes & Minorities	0		0	0	#DIV/O!

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	28	45	45	22	20	54	63	25	34
Operational costs	-14	-11	-21	-14	-11	-13	-13	-13	-13
EBITDA	14	34	25	8	9	41	50	12	21
Depreciation/Amortization	-11	-11	-11	-10	-10	-10	-10	-10	-10
EBIT	4	23	14	-2	-1	31	40	3	11
Net financials	-3	-3	-3	-3	-3	-3	-3	-3	-3
PTP	0	20	11	-5	-4	28	37	0	8
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	0	20	11	-5	-4	28	37	0	8
Non-recurring items	0	-4	6	0	-2	0	0	0	0
Net earnings (adj.)	0	16	17	-5	-6	28	37	0	8
EPS	0.01	0.66	0.36	-0.17	-0.12	0.92	1.22	-0.01	0.27
EPS (adj.)	0.01	0.54	0.58	-0.17	-0.19	0.92	1.22	-0.01	0.27
DPS	0.34	0.41	0.83	0.98	0.00	0.20	1.25	0.09	0.31
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	35	54	47	23	31	65	70	70	72
Other current assets	25	25	27	33	33	33	33	33	33
Total current assets	60	79	74	56	64	97	102	102	104
Property & equip. (incl. NBs)	581	564	552	516	499	493	487	479	470
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	581	564	552	516	499	493	487	479	470
TOTAL ASSETS	642	643	626	572	563	591	590	581	574
Total equity	389	397	384	346	342	364	363	360	359
Short-term debt	34	38	38	32	35	36	35	35	35
Other current liabilities	8	9	13	12	12	12	12	12	12
Total current liabilities	42	47	51	44	47	48	47	47	47
Long-term debt	206	195	187	177	168	174	174	169	163
Other non-current liabilities	4	5	3	6	6	6	6	6	6
Total non-current liabilities	210	200	191	183	174	179	180	175	169
TOTAL EQUITY & LIABILITIES	642	643	626	572	563	591	590	581	574
Working capital, receivables	24	25	24	22	22	22	22	22	22
Working capital, payables	3	3	8	5	5	5	5	5	5
Net working capital	21	21	16	17	17	17	17	17	17
Interest bearing debt	240	233	226	209	203	209	209	204	198
Liquidity	35	54	47	23	31	65	70	70	72
Net interest bearing debt	204	179	179	186	173	145	140	134	127
<b>Cash Flow (USDm)</b>									
Net income	0	20	11	-5	-4	28	37	0	8
Depreciation	11	11	11	10	10	10	10	10	10
Other	0	-4	6	0	0	0	0	0	0
Cash earnings	11	27	28	5	6	37	46	9	18
Changes in working capital	1	0	-1	3	0	0	0	0	0
Net operational cash flow	13	27	27	8	6	37	46	9	18
Capex	0	-1	-2	-3	-4	-4	-4	-1	-1
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	12	0	18	11	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	-1	11	-2	15	7	-4	-4	-1	-1
Repayment of debt	-6	-7	-8	-17	-5	-194	0	-6	-6
Proceeds from debt	0	0	0	0	0	200	0	0	0
Dividends paid	-10	-12	-25	-30	0	-6	-37	-3	-9
New equity	0	0	0	0	0	0	0	0	0
Other	-6	0	0	0	0	0	0	0	0
Net financing cash flow	-23	-20	-32	-46	-5	0	-37	-8	-15
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-11	19	-8	-24	8	34	5	0	2
Cash balance	35	54	47	23	31	65	70	70	72
Free cash flow	12	38	25	23	13	34	43	8	17



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Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales				132	144	160	173	248	276
Operational costs				-45	-54	-52	-53	-53	-53
EBITDA			13	87	90	108	120	195	222
Depreciation/Amortization			-8	-36	-43	-39	-39	-39	-39
EBIT	—	—	5	51	47	68	81	156	183
Net financials			-2	-13	-13	-13	-12	-11	-9
PTP	—	—	3	38	34	56	69	145	174
Taxes/Minorities			0	0	0	0	0	0	0
Net earnings	—	—	3	38	34	56	69	145	174
Non-recurring items			0	0	0	-2	0	0	0
Net earnings (adj.)	—	—	3	38	34	53	69	145	174
EPS			0.18	1.26	1.12	1.85	2.31	4.84	5.80
EPS (adj.)			0.18	1.26	1.12	1.78	2.31	4.84	5.80
DPS			0.00	0.52	1.92	2.43	1.81	3.47	4.65
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	—	20	43	47	70	97	147	192
Other current assets			21	31	27	33	33	33	33
Total current assets	—	—	41	74	74	102	130	180	224
Property & equip. (incl. NBs)	—	—	—	—	—	487	452	422	389
Other non-current assets						0	0	0	0
Total non-current assets	—	—	245	603	552	487	452	422	389
TOTAL ASSETS	—	—	286	677	626	590	582	601	613
Total equity	—	—	194	417	384	363	378	419	453
Short-term debt	—	—	0	23	38	35	24	30	32
Other current liabilities			7	9	13	12	12	12	12
Total current liabilities	—	—	7	33	51	47	36	42	44
Long-term debt	—	—	85	226	187	174	163	134	110
Other non-current liabilities			0	2	3	6	6	6	6
Total non-current liabilities	—	—	85	227	191	180	169	140	116
TOTAL EQUITY & LIABILITIES	—	—	286	677	626	590	582	601	613
Working capital, receivables			18	29	25	22	22	22	22
Working capital, payables	—	—	2	9	3	5	5	5	5
Net working capital			16	21	22	17	17	17	17
Interest bearing debt			85	249	226	209	187	165	142
Liquidity			20	43	47	70	97	147	192
Net interest bearing debt			65	206	179	140	90	18	-49
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	—	3	38	34	56	69	145	174
Depreciation			8	36	43	39	39	39	39
Other			1	-5	3	0	0	0	0
Cash earnings			12	68	80	95	108	184	213
Changes in working capital	—	—	-14	-9	3	3	0	0	0
Net operational cash flow	—	—	-2	60	83	98	108	184	213
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	2	0	0	0
Net investing cash flow	—	—	-165	-221	9	14	-4	-8	-6
Repayment of debt	—	—	86	162	-24	-216	-22	-22	-22
Proceeds from debt	—	—	86	—	—	200	0	0	0
Dividends paid	—	—	0	-16	-58	-73	-54	-104	-140
New equity	—	—	83	42	0	0	0	0	0
Other			-90	-4	-6	2	0	0	0
Net financing cash flow	—	—	165	185	-88	-89	-77	-126	-162
Currency effect	—	—	0	0	0	0	0	0	0
Net cash flow			-3	24	4	23	28	50	45
Cash balance		23	20	43	47	70	97	147	192
Free cash flow			-168	-161	92	112	104	176	207



# Cleaves Securities

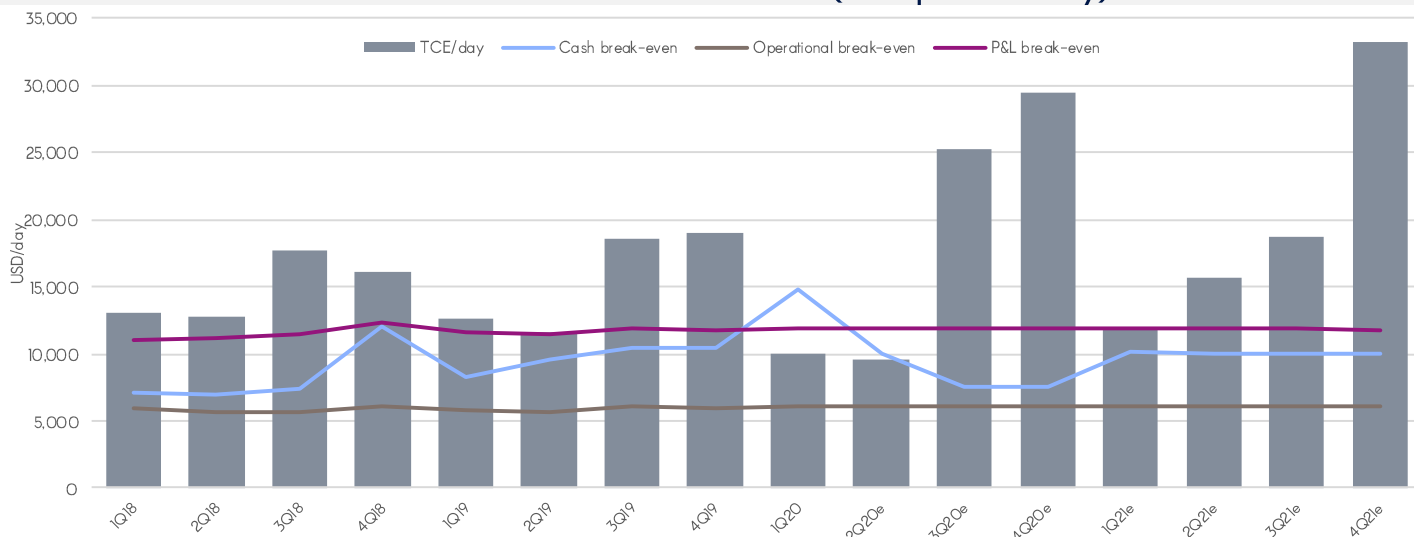
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Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	17	30	30	30	30	30	30
Share price, avg (USD)			10	13	13	14	13	13	13
Share price, end (USD)	—	—	11	17	15	13	13	13	13
<b>Market Cap.</b>			<b>195</b>	<b>522</b>	<b>442</b>	<b>403</b>	<b>403</b>	<b>403</b>	<b>403</b>
NIBD			65	206	179	140	90	18	-49
Minorities	—	—	0	0	0	0	0	0	0
<b>Enterprise value</b>			<b>261</b>	<b>727</b>	<b>620</b>	<b>542</b>	<b>492</b>	<b>420</b>	<b>353</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)			62.1	13.8	13.1	7.2	5.8	2.8	2.3
P/E (adj.)			62.1	13.8	13.1	7.5	5.8	2.8	2.3
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				3.9	3.1	2.5	2.3	1.6	1.5
EV/Sales				5.5	4.3	3.4	2.8	1.7	1.3
EV/EBITDA			20.0	8.4	6.9	5.0	4.1	2.2	1.6
EV/EBIT			53.7	14.3	13.3	7.9	6.0	2.7	1.9
P/B			1.0	1.2	1.1	1.1	1.1	1.0	0.9
FCF yield			-86%	-31%	21%	28%	26%	44%	51%
Dividend yield			0.0%	3.0%	13.0%	18.1%	13.5%	25.8%	34.7%
Return on equity (ROE)			1.6%	9.1%	8.8%	15.3%	18.4%	34.7%	38.4%
Return on capital employed (ROCE)			1.9%	8.1%	8.3%	13.6%	17.4%	35.7%	45.4%
Return on assets (ROA)			1.1%	5.6%	5.4%	9.4%	11.9%	24.2%	28.4%
Sales growth					9%	11%	9%	43%	11%
EBITDA margin				66%	62%	68%	69%	79%	81%
EBIT margin				38%	32%	43%	47%	63%	66%
Net margin				29%	23%	35%	40%	59%	63%
Net interest rate			0.0%	0.0%	0.0%	9.2%	13.5%	60.5%	-18.9%
Tax rate			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio			68%	62%	61%	62%	65%	70%	74%
Leverage ratio			32%	38%	39%	38%	35%	30%	26%
NIBD / EBITDA (past 1y)			5.0	2.4	2.0	1.3	0.7	0.1	-0.2
Operating cash flow/NIBD			0.0	0.3	0.5	0.7	1.2	10.4	-4.3
Net interest coverage ratio (EBIT)						8.4	10.0	18.2	23.8
Current ratio			5.5	2.3	1.5	2.2	3.6	4.3	5.1
Adj. equity ratio						61%	73%	81%	86%
Operating assets			266	634	579	520	485	454	422
Operating liabilities			7	11	16	18	18	18	18
Net operating assets			259	623	563	503	467	437	404

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

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





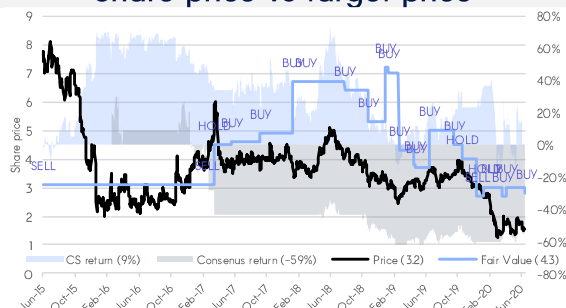
Low operational risk over the next year through extensive charter backlog. Huge discount to current NAV

DSX-US

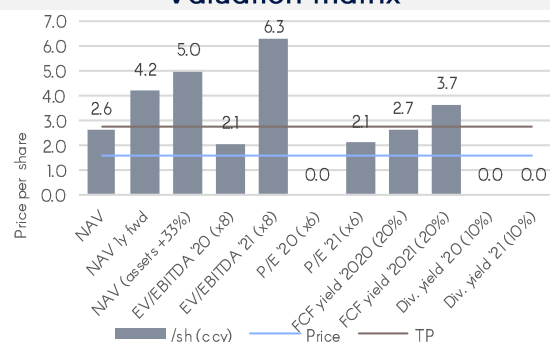
BUY/\$2.8

Diana Shipping

### Share price vs target price

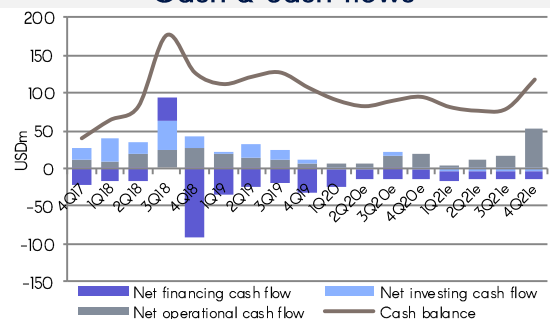


### Valuation matrix



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### Cash & cash flows



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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	183	218	317	350
EBITDA (adj.)	65	104	202	234
EBIT (adj.)	19	58	156	188
PTP (adj.)	-10	31	132	165
Net earnings (adj.)	-10	31	132	165
EPS (adj.)	-0.11	0.35	1.47	1.85
DPS	-	-	0.53	0.92
USDm	2020E	2021E	2022E	2023E
Fwd NAV	310	494	744	920
Adj. equity ratio	41%	55%	66%	73%
FCF yield	35%	48%	120%	158%
Dividend yield	0%	0%	35%	60%
EV/EBITDA		3.9	1.4	0.7
P/E (adj.)		4.4	1.0	0.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	46	83	184	217
Free cash flow	48	65	166	217
Net cash flow	-13	23	86	104
TCE/day	12,883	15,233	22,093	24,375
Cash break-even	12,748	15,859	15,617	20,919
Liquidity	95	118	204	309
Property & Equip. (incl. NBs)	767	739	711	665
Total equity	462	499	589	678
Total assets	912	906	965	1,023
Interest bearing debt	428	386	354	324
Net interest bearing debt	333	268	150	15
Market Cap.	137	137	137	137

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

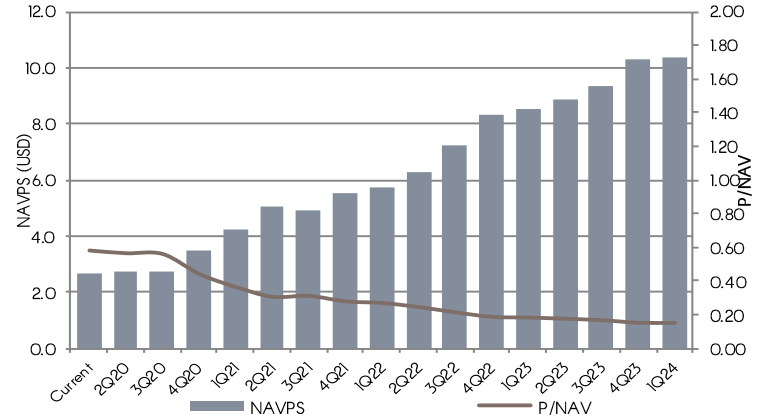


## Company Valuation

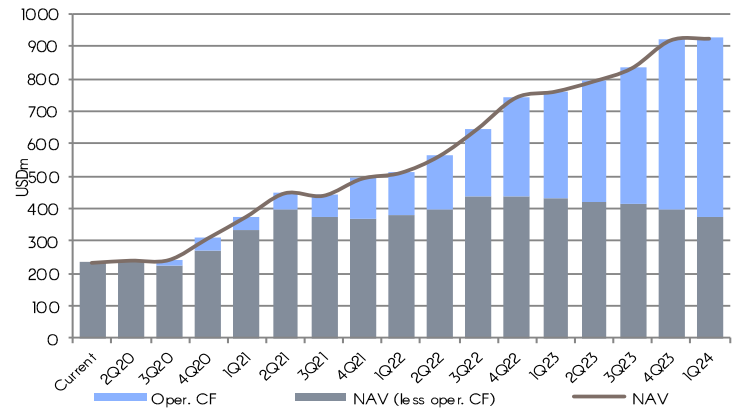
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	804	642	543
Contract value	0	-60	-51
Other	50	50	42
<b>GAV</b>	<b>854</b>	<b>631</b>	<b>533</b>
Net debt	-375	-375	-375
Capex	0	0	0
Other	-21	-21	-21
<b>Equity</b>	<b>458</b>	<b>235</b>	<b>137</b>
Shares	89	89	89
<b>Equity/sh</b>	<b>5.13</b>	<b>2.63</b>	<b>1.54</b>
lcl CCY	5.13	2.63	1.54
P/Equity	0.30	0.59	1.00
EV/GAV	0.62	0.85	1.00
Adj. Total Assets	944	782	683
<b>Adj. Equity Ratio</b>	<b>48%</b>	<b>30%</b>	<b>20%</b>
<b>Fair Value</b>	<b>USD</b>	<b>2.8</b>	<b>80%</b>

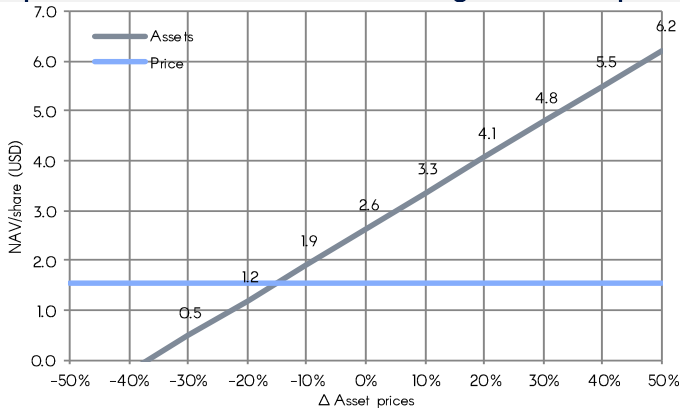
### Quarterly forward NAV & P/NAV



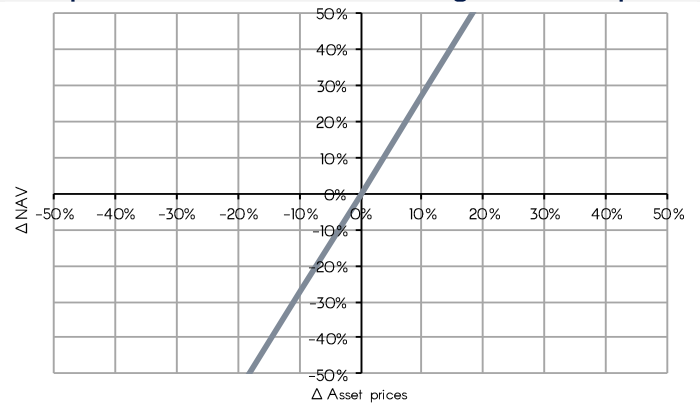
### Quarterly forward NAV decomposition



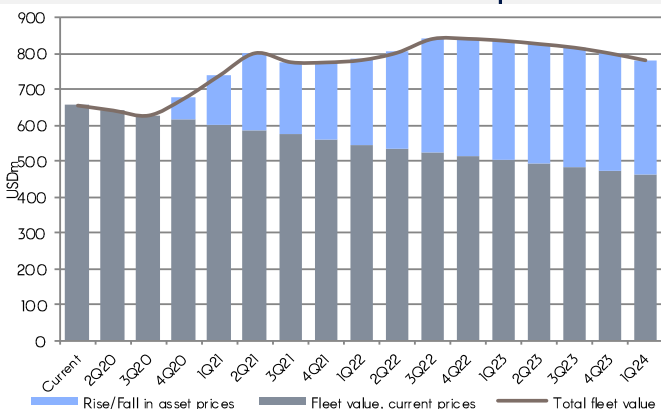
### Impact on NAV/sh from % change in asset prices



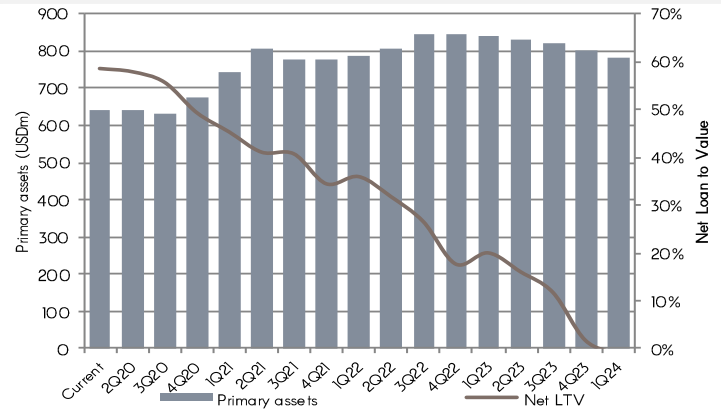
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	52.4	40.0	39.7	40.0				
EBITDA (adj.)	22.9	8.6	10.9	10.8				
EBIT (adj.)	10.6	-2.9	-0.6	-0.4				
PTP (adj.)	3.6	-10.3	-7.8	-6.4				
Net earnings (adj.)	3.6	-10.3	-7.8	-6.6				
EPS (adj.)	0.04	-0.12	-0.09	-0.08				
DPS	-	-	-	1.44				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	52.4	40.0	39.7	40.0				
Opex & G&A	29.5	31.4	28.8	29.2				
Depreciation	12.3	11.5	11.5	11.2				
Net finance	7.0	7.4	7.2	6.0				
Taxes & Minorities	-	-	-	0.3				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	15	7	5					
Free cash flow	32	6	3					
Net cash flow	8	-17	-8					
TCE/day	12,930	12,034	10,867	10,945				
Utilization	97.0%	89.2%	98.0%					
Fleet days	4,179	3,801	3,731					
Cash break-even	14,467	12,854	12,309					
Liquidity	121	91	83					
Interest bearing debt	495	465	454					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	183	218	317	350	169	184	261	305	14	35	56	44	
EBITDA (adj.)	65	104	202	234	59	73	150	194	6	31	52	40	
EBIT (adj.)	19	58	156	188	11	26	102	146	7	32	54	42	
PTP (adj.)	-10	31	132	165	-17	-1	78	123	7	32	54	42	
Net earnings (adj.)	-10	31	132	165	-17	-1	78	123	7	32	54	42	
EPS (adj.)	-0.11	0.35	1.47	1.85	-0.19	-0.01	0.87	1.38	0.08	0.36	0.60	0.47	
DPS	-	-	0.53	0.92	-	-	0.33	0.66	-	-	0.20	0.27	
									2020E	2021E	2022E	2023E	
									TCE revenue	14	35	56	44
									Opex & G&A	8	4	4	4
									Depreciation	-1	-1	-1	-1
									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	46	83	184	217	36	53	131	177	11	31	53	40
Free cash flow	48	65	166	217	34	36	114	177	13	30	52	40
Net cash flow	-13	23	86	104	-11	-5	52	87	-2	28	34	18
TCE/day	12,883	15,233	22,093	24,375	11,514	12,515	17,724	20,771	1,369	2,718	4,369	3,604
Cash break-even	12,748	15,859	15,617	20,919	11,922	18,993	15,036	20,205	825	-3,134	581	714
Liquidity	95	118	204	309	96	91	143	230	-1	27	61	79
Property & Equip. (incl. NBs)	767	739	711	665	858	828	797	750	-91	-89	-87	-85
Total equity	462	499	589	678	558	564	618	688	-96	-64	-28	-10
Total assets	912	906	965	1,023	1,014	978	1,000	1,039	-103	-72	-35	-17
Interest bearing debt	428	386	354	324	430	388	356	325	-1	-3	-2	-1
Net interest bearing debt	333	268	150	15	333	297	213	95	0	-30	-63	-80
Market Cap.	137	137	137	137	158	158	158	158	-20	-20	-20	-20
Enterprise value	471	405	287	153	491	455	371	253	-20	-50	-84	-100

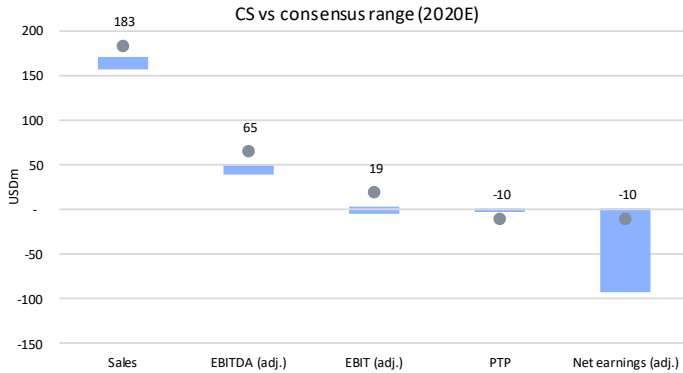
### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	310	494	744	920	426	503	699	869	-116	-9	44	51
Adj. equity ratio	41%	55%	66%	73%	48%	55%	65%	71%	-8%	0%	2%	2%
FCF yield	35%	48%	120%	158%	22%	23%	72%	112%	13%	25%	48%	46%
Dividend yield	0%	0%	35%	60%	0%	0%	19%	37%	0%	0%	16%	23%
EV/EBITDA		3.9	1.4	0.7	8.4	6.2	2.5	1.3	#####	-2.3	-1.1	-0.7
P/E (adj.)		4.4	1.0	0.8			2.0	1.3	#####	#####	-1.0	-0.4

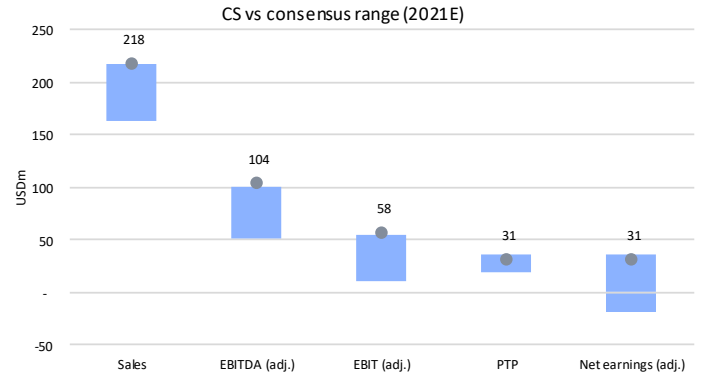


## Our Estimates vs Consensus

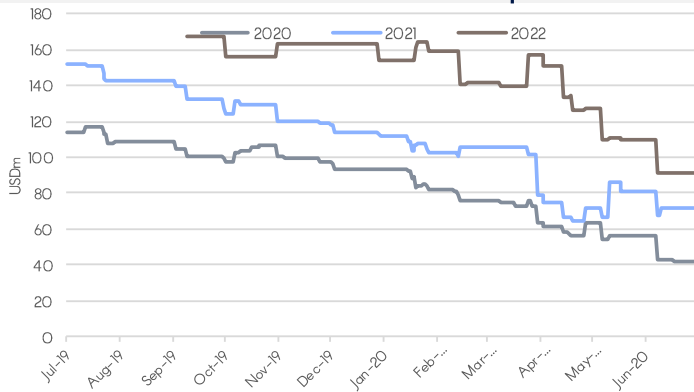
### Profit & Loss, year I



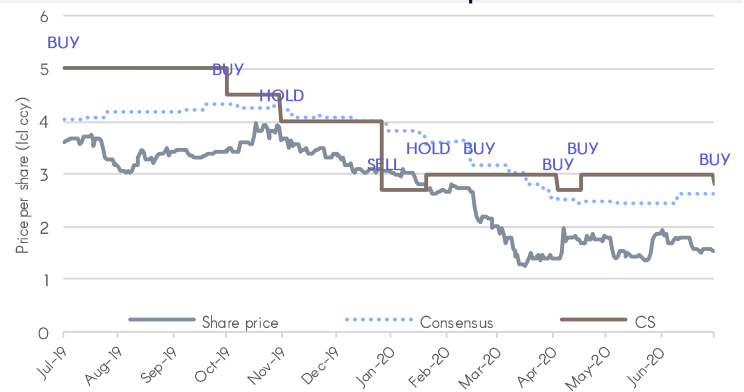
### Profit & Loss, year II



### Consensus EBITDA development



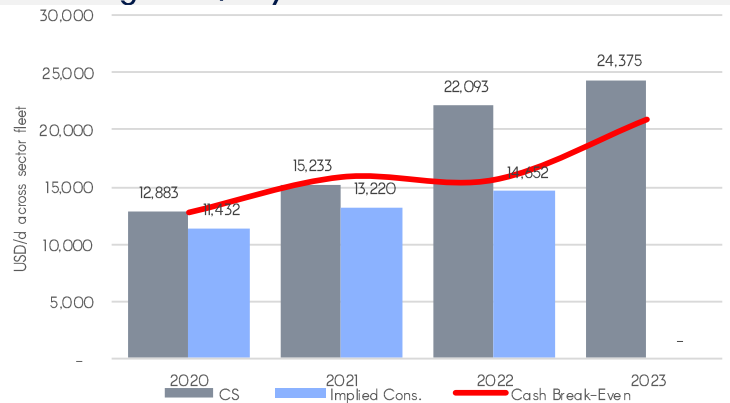
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	183		162	21	13%
Opex + G&A	118		121	-3	-2%
Depreciation	46		46	0	1%
Net finance	29		119	-90	-76%
Taxes & Minorities	0		-76	76	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	218		190	29	15%
Opex + G&A	115		118	-3	-3%
Depreciation	46		39	7	19%
Net finance	26		5	21	415%
Taxes & Minorities	0		24	-24	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	52	50	47	40	40	50	53	36	44
Operational costs	-34	-30	-41	-125	-29	-29	-29	-28	-28
EBITDA	18	20	6	-85	11	22	24	8	15
Depreciation/Amortization	-12	-12	-12	-12	-12	-12	-12	-12	-12
EBIT	6	8	-6	-97	-1	10	12	-4	4
Net financials	-7	-6	-8	-6	-6	-6	-6	-5	-5
PTP	-1	2	-14	-103	-6	4	7	-9	-1
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-1	2	-14	-103	-6	4	7	-9	-1
Non-recurring items	5	-1	10	93	-1	-1	-1	-1	-1
Net earnings (adj.)	4	1	-4	-10	-8	3	5	-11	-3
EPS	-0.01	0.02	-0.15	-1.15	-0.07	0.05	0.07	-0.10	-0.02
EPS (adj.)	0.04	0.01	-0.05	-0.12	-0.09	0.03	0.06	-0.12	-0.03
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	121	127	107	91	83	90	95	82	77
Other current assets	23	17	30	24	24	24	24	24	24
Total current assets	145	144	137	114	106	113	118	105	100
Property & equip. (incl. NBs)	956	938	904	804	794	777	767	760	753
Other non-current assets	30	30	30	26	26	26	26	26	26
Total non-current assets	985	968	934	830	820	803	793	786	779
TOTAL ASSETS	1,130	1,112	1,071	944	926	916	912	891	879
Total equity	609	604	570	458	451	456	462	453	452
Short-term debt	0	0	40	0	10	13	16	10	12
Other current liabilities	0	0	25	0	0	0	0	0	0
Total current liabilities	0	0	65	0	10	13	16	10	12
Long-term debt	495	486	435	465	444	427	413	407	394
Other non-current liabilities	26	23	1	21	21	21	21	21	21
Total non-current liabilities	521	508	436	487	465	448	434	428	416
TOTAL EQUITY & LIABILITIES	1,130	1,112	1,071	944	926	916	912	891	879
Working capital, receivables	0	0	13	0	0	0	0	0	0
Working capital, payables	0	0	23	0	0	0	0	0	0
Net working capital	0	0	-9	0	0	0	0	0	0
Interest bearing debt	495	486	475	465	454	440	428	417	406
Liquidity	121	127	107	91	83	90	95	82	77
Net interest bearing debt	374	358	368	375	371	350	333	335	330
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-1	2	-14	-103	-6	4	7	-9	-1
Depreciation	12	12	12	12	12	12	12	12	12
Other	4	-2	7	99	0	0	0	0	0
Cash earnings	15	12	5	7	5	16	18	2	10
Changes in working capital	0	0	0	0	0	0	0	0	0
Net operational cash flow	15	12	5	7	5	16	18	2	10
Capex	0	0	0	0	-2	-2	-2	-5	-5
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	8	0	0	0
Other	17	12	6	-1	0	0	0	0	0
Net investing cash flow	17	12	6	-1	-2	6	-2	-5	-5
Repayment of debt	0	0	0	0	-11	-14	-11	-60	-10
Proceeds from debt	0	0	0	0	0	0	0	48	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	-24	-19	-32	-23	0	0	0	0	0
Net financing cash flow	-24	-19	-32	-23	-11	-14	-11	-11	-10
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	8	5	-21	-17	-8	7	5	-13	-5
Cash balance	121	127	107	91	83	90	95	82	77
Free cash flow	32	24	11	6	3	22	16	-2	6



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	142	100	153	219	207	183	218	317	350
Operational costs	-114	-107	-550	-128	-141	-212	-115	-115	-115
EBITDA	28	-7	-397	90	67	-29	104	202	234
Depreciation/Amortization	-76	-82	-87	-52	-49	-46	-46	-46	-46
EBIT	-48	-89	-484	38	18	-75	58	156	188
Net financials	-15	-76	-28	-22	-28	-23	-21	-19	-17
PTP	-63	-164	-512	17	-11	-98	37	137	171
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>-98</b>	<b>37</b>	<b>137</b>	<b>171</b>
Non-recurring items	-4	-6	-6	-6	-6	88	-6	-6	-6
<b>Net earnings (adj.)</b>	<b>-69</b>	<b>-170</b>	<b>-517</b>	<b>11</b>	<b>-16</b>	<b>-10</b>	<b>31</b>	<b>132</b>	<b>165</b>
EPS	-0.78	-1.94	-4.82	0.16	-0.12	-1.10	0.42	1.54	1.91
EPS (adj.)	-0.83	-2.01	-4.88	0.10	-0.18	-0.11	0.35	1.47	1.85
DPS	0.07	0.07	0.05	0.06	0.06	0.00	0.00	0.53	0.92
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	172	98	40	127	107	95	118	204	309
Other current assets	22	17	99	15	30	24	24	24	24
<b>Total current assets</b>	<b>194</b>	<b>115</b>	<b>139</b>	<b>142</b>	<b>137</b>	<b>118</b>	<b>141</b>	<b>228</b>	<b>332</b>
Property & equip. (incl. NBs)	1,441	1,404	1,076	1,014	904	767	739	711	665
Other non-current assets	203	149	32	32	30	26	26	26	26
<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>793</b>	<b>765</b>	<b>737</b>	<b>691</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>912</b>	<b>906</b>	<b>965</b>	<b>1,023</b>
<b>Total equity</b>	<b>1,218</b>	<b>1,057</b>	<b>625</b>	<b>628</b>	<b>570</b>	<b>462</b>	<b>499</b>	<b>589</b>	<b>678</b>
Short-term debt	41	65	61	96	40	16	53	51	40
Other current liabilities	18	13	20	29	25	0	0	0	0
<b>Total current liabilities</b>	<b>59</b>	<b>78</b>	<b>80</b>	<b>125</b>	<b>65</b>	<b>16</b>	<b>53</b>	<b>51</b>	<b>40</b>
Long-term debt	559	533	541	434	435	413	333	303	284
Other non-current liabilities	1	1	1	1	1	21	21	21	21
<b>Total non-current liabilities</b>	<b>560</b>	<b>534</b>	<b>542</b>	<b>435</b>	<b>436</b>	<b>434</b>	<b>354</b>	<b>324</b>	<b>305</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>912</b>	<b>906</b>	<b>965</b>	<b>1,023</b>
Working capital, receivables	11	12	11	9	13	0	0	0	0
Working capital, payables	15	12	16	24	23	0	0	0	0
<b>Net working capital</b>	<b>-5</b>	<b>-1</b>	<b>-5</b>	<b>-16</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest bearing debt	600	598	601	531	475	428	386	354	324
Liquidity	172	98	40	127	107	95	118	204	309
<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>268</b>	<b>150</b>	<b>15</b>
<b>Cash Flow (USDm)</b>									
Net income	-65	-164	-512	17	-11	-98	37	137	171
Depreciation	76	82	87	52	49	46	46	46	46
Other	17	69	447	6	28	99	0	0	0
<b>Cash earnings</b>	<b>29</b>	<b>-13</b>	<b>22</b>	<b>74</b>	<b>66</b>	<b>46</b>	<b>83</b>	<b>184</b>	<b>217</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>46</b>	<b>83</b>	<b>184</b>	<b>217</b>
Capex	-156	-51	-126	-3	-3	-6	-18	-18	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	13	15	41	8	0	0	0
Other	0	10	-40	88	0	-94	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>-18</b>	<b>-18</b>	<b>0</b>
Repayment of debt	120	-3	2	-70	-57	-37	-96	-94	-174
Proceeds from debt	441	39	57	100	44	0	53	63	144
Dividends paid	-6	-6	-6	-6	-6	0	0	-47	-82
New equity	—	0	77	0	1	0	0	0	0
Other	-451	-40	-57	-118	-94	-94	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>-60</b>	<b>-42</b>	<b>-79</b>	<b>-113</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>-13</b>	<b>23</b>	<b>86</b>	<b>104</b>
Cash balance	172	98	40	127	107	94	117	204	308
<b>Free cash flow</b>	<b>-132</b>	<b>-63</b>	<b>-129</b>	<b>179</b>	<b>88</b>	<b>48</b>	<b>65</b>	<b>166</b>	<b>217</b>



# Cleaves Securities

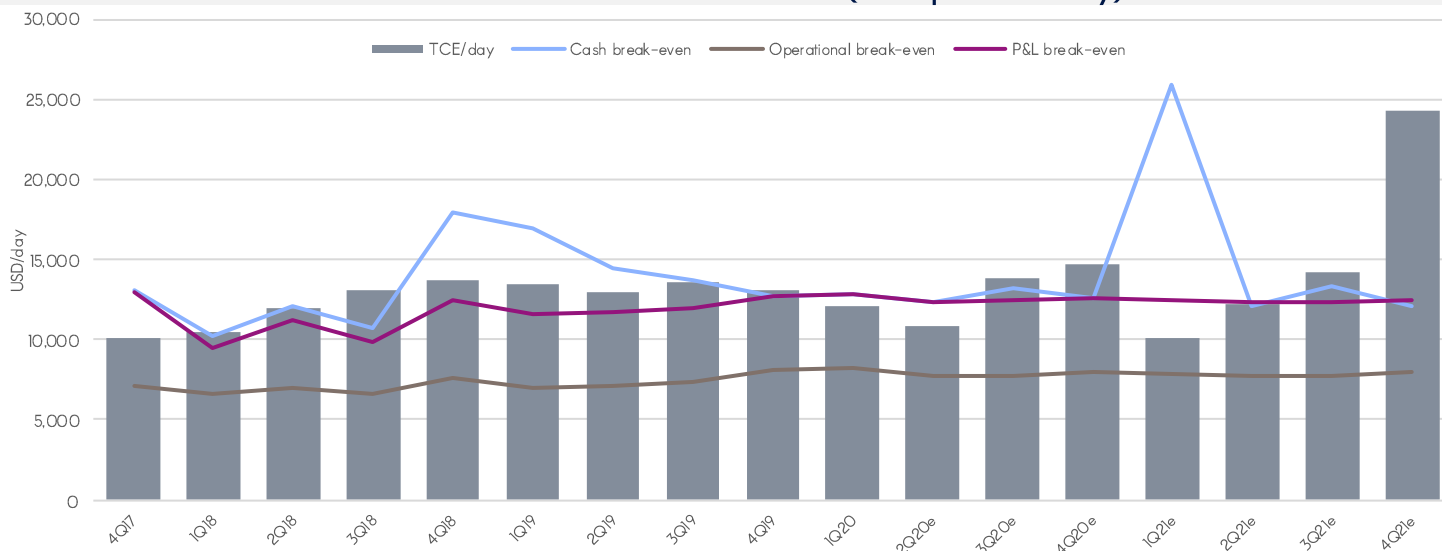
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	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
<b>Market Cap.</b>	<b>359</b>	<b>256</b>	<b>432</b>	<b>330</b>	<b>284</b>	<b>137</b>	<b>137</b>	<b>137</b>	<b>137</b>
NIBD	428	500	561	404	368	333	268	150	15
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>787</b>	<b>756</b>	<b>993</b>	<b>734</b>	<b>651</b>	<b>471</b>	<b>405</b>	<b>287</b>	<b>153</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				19.9			3.7	1.0	0.8
P/E (adj.)				30.5			4.4	1.0	0.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.5	2.5	2.8	1.5	1.4	0.8	0.6	0.4	0.4
EV/Sales	5.5	7.5	6.5	3.4	3.1	2.6	1.9	0.9	0.4
EV/EBITDA	28.0			8.1	9.8		3.9	1.4	0.7
EV/EBIT				19.2	37.0		7.0	1.8	0.8
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%	35%	48%	120%	158%
Dividend yield	1.6%	2.3%	1.3%	1.7%	2.0%	0.0%	0.0%	34.5%	60.0%
Return on equity (ROE)	-5.3%	-15.5%	-81.9%	2.6%	-1.8%	-21.3%	7.5%	23.3%	25.2%
Return on capital employed (ROCE)	-2.9%	-5.7%	-40.8%	3.7%	1.9%	-9.7%	7.7%	21.7%	27.9%
Return on assets (ROA)	-3.5%	-9.8%	-41.0%	1.4%	-1.0%	-10.8%	4.1%	14.2%	16.7%
Sales growth	-14%	-29%	53%	43%	-5%	-12%	19%	45%	10%
EBITDA margin	20%	-7%	-259%	41%	32%	-16%	48%	64%	67%
EBIT margin	-34%	-88%	-316%	17%	9%	-41%	26%	49%	54%
Net margin	-46%	-164%	-334%	8%	-5%	-54%	17%	43%	49%
Net interest rate	3.6%	4.4%	4.7%	7.6%	8.0%	6.9%	7.7%	12.5%	112.4%
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%	51%	55%	61%	66%
Leverage ratio	34%	37%	50%	47%	47%	49%	45%	39%	34%
NIBD / EBITDA (past 1y)	15.2	-71.5	-1.4	4.5	5.5	-11.4	2.6	0.7	0.1
Operating cash flow/NIBD	0.1	0.0	0.0	0.2	0.1	0.1	0.3	1.2	14.2
Net interest coverage ratio (EBIT)	1.8	-0.3	-14.9	3.0	2.3	-1.3	5.1	10.8	13.7
Current ratio	3.3	1.5	1.7	1.1	2.1	7.5	2.7	4.4	8.3
Adj. equity ratio						41%	55%	66%	73%
Operating assets	1,665	1,571	1,206	1,061	943	796	768	740	694
Operating liabilities	19	14	21	30	26	21	21	21	21
Net operating assets	1,647	1,557	1,186	1,031	917	775	747	719	673

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)



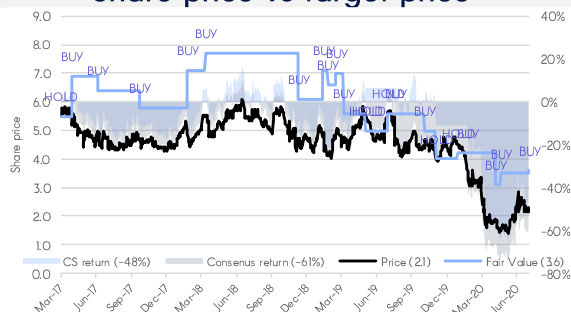


Pure-play on Supramaxes with large scrubber penetration. Lower operational elasticity and higher financial elasticity than many peers

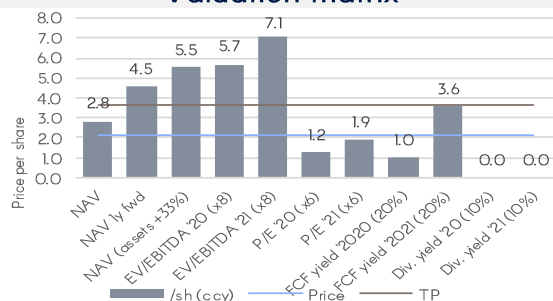
## EGLE-US BUY/\$3.6

## Eagle Bulk

### Share price vs target price

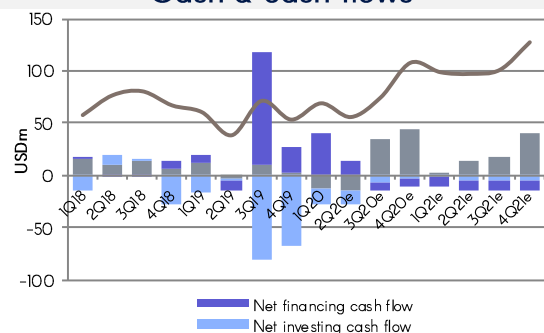


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	267	252	297	309
EBITDA (adj.)	104	110	168	180
EBIT (adj.)	54	60	118	131
PTP (adj.)	16	24	84	100
Net earnings (adj.)	16	24	84	100
EPS (adj.)	0.20	0.32	1.10	1.31
DPS	-	-	0.40	0.64
USDm	2020E	2021E	2022E	2023E
Fwd NAV	300	433	574	657
Adj. equity ratio	35%	46%	55%	61%
FCF yield	9%	34%	79%	89%
Dividend yield	0%	0%	19%	30%
EV/EBITDA	5.4	4.5	2.4	1.7
P/E (adj.)	10.2	6.6	1.9	1.6

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	53	74	134	150
Free cash flow	15	55	128	144
Net cash flow	52	20	62	43
TCE/day	12,778	13,223	16,218	16,925
Cash break-even	11,189	11,101	21,690	11,557
Liquidity	111	131	193	236
Property & Equip. (incl. NBs)	861	830	787	743
Total equity	505	529	582	634
Total assets	1,050	1,039	1,058	1,057
Interest bearing debt	503	468	433	382
Net interest bearing debt	392	338	240	145
Market Cap.	162	162	162	162

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

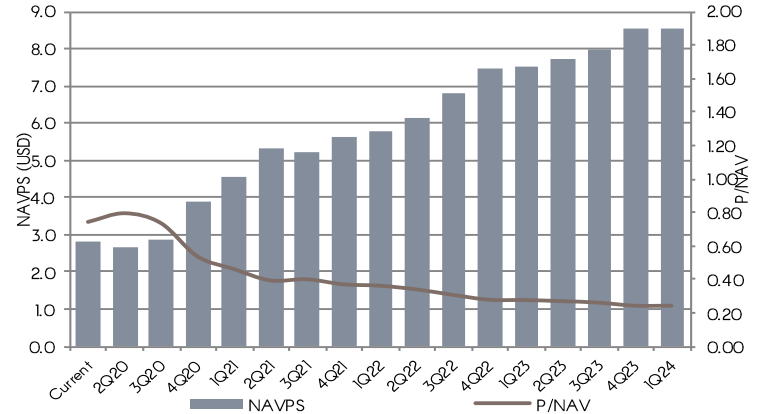


## Company Valuation

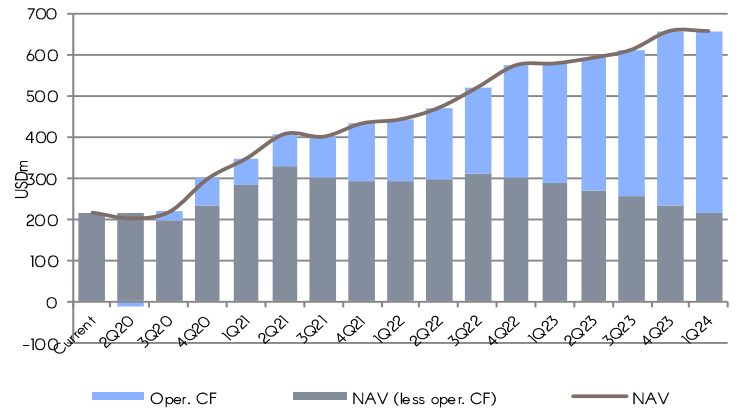
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	876	624	572
Contract value	0	1	1
Other	43	43	39
<b>GAV</b>	<b>919</b>	<b>668</b>	<b>612</b>
Net debt	-435	-435	-435
Capex	0	-9	-9
Other	-7	-7	-7
<b>Equity</b>	<b>477</b>	<b>217</b>	<b>162</b>
Shares	77	77	77
<b>Equity/sh</b>	<b>6.22</b>	<b>2.83</b>	<b>2.11</b>
lcl CCY	6.22	2.83	2.11
P/Equity	0.34	0.74	1.00
EV/GAV	0.67	0.92	1.00
Adj. Total Assets	1,026	775	723
Adj. Equity Ratio	47%	28%	22%
<b>Fair Value</b>	<b>USD</b>	<b>3.6</b>	<b>72%</b>

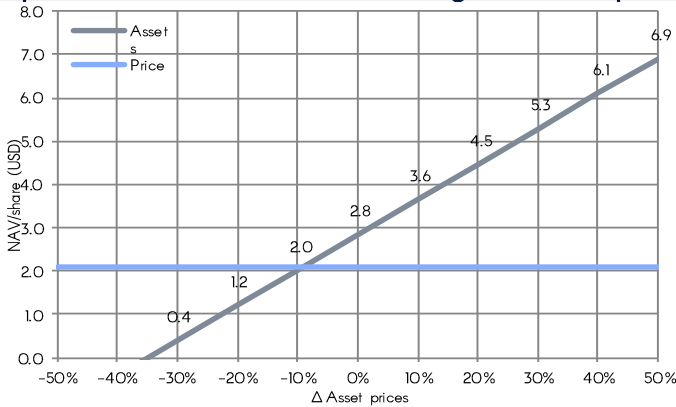
### Quarterly forward NAV & P/NAV



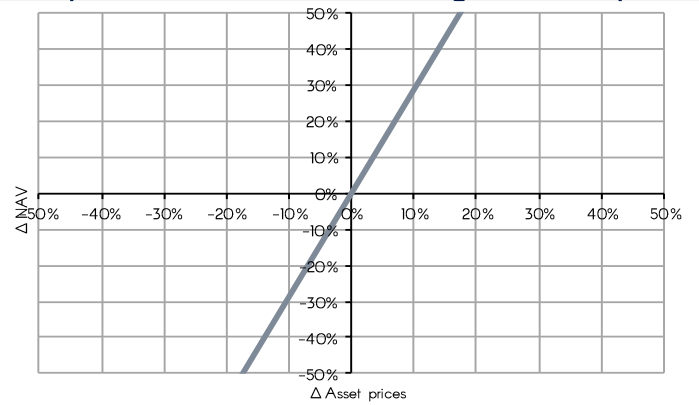
### Quarterly forward NAV decomposition



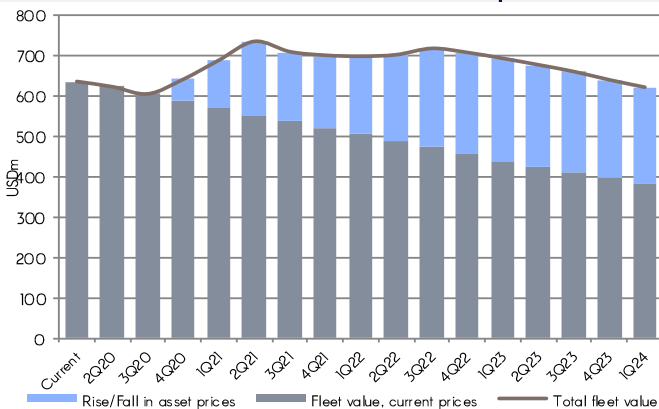
### Impact on NAV/sh from % change in asset prices



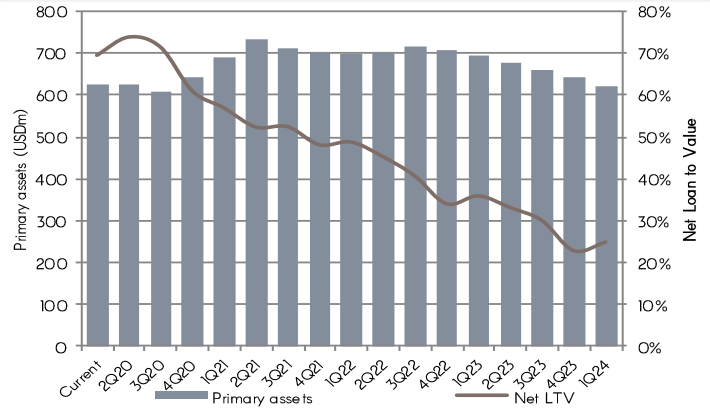
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	267	252	297	309	213	221	261	279	54	31	36	31	
EBITDA (adj.)	104	110	168	180	57	91	136	154	46	19	32	27	
EBIT (adj.)	54	60	118	131	9	43	87	105	45	18	31	26	
PTP (adj.)	16	24	84	100	-29	6	53	74	45	18	31	26	
Net earnings (adj.)	16	24	84	100	-29	6	53	74	45	18	31	26	
EPS (adj.)	0.20	0.32	1.10	1.31	-0.41	0.09	0.74	1.04	0.60	0.23	0.35	0.27	
DPS	-	-	0.40	0.64	-	-	0.27	0.48	-	-	0.13	0.16	
									2020E	2021E	2022E	2023E	
									TCE revenue	54	31	36	31
									Opex & G&A	8	13	4	4
									Depreciation	1	1	1	1
									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	53	74	134	150	19	55	102	123	34	19	32	27
Free cash flow	15	55	128	144	-25	43	90	123	41	12	38	21
Net cash flow	52	20	62	43	12	8	35	37	40	12	27	7
TCE/day	12,778	13,223	16,218	16,925	10,180	11,830	14,259	15,250	2,598	1,393	1,959	1,675
Cash break-even	11,189	11,101	21,690	11,557	10,820	10,773	21,482	11,369	369	328	208	188
Liquidity	111	131	193	236	71	78	113	150	40	52	79	86
Property & Equip. (incl. NBs)	861	830	787	743	852	815	779	730	9	15	8	13
Total equity	505	529	582	634	451	457	491	531	53	72	91	103
Total assets	1,050	1,039	1,058	1,057	1,009	980	979	967	41	59	79	91
Interest bearing debt	503	468	433	382	504	469	434	383	-1	-1	-1	-1
Net interest bearing debt	392	338	240	145	434	391	321	233	-41	-53	-81	-87
Market Cap.	162	162	162	162	118	118	118	118	44	44	44	44
Enterprise value	554	500	402	307	552	509	439	350	3	-9	-37	-43

### Valuation

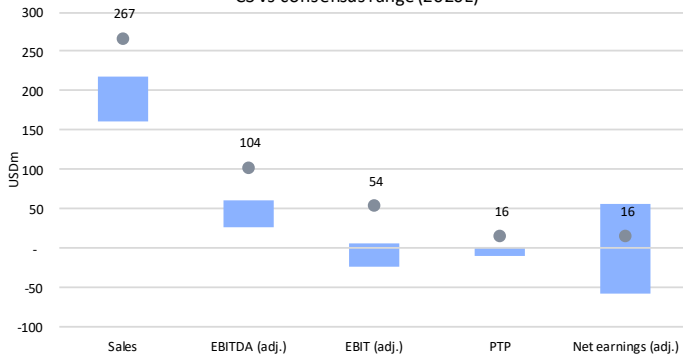
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	300	433	574	657	312	349	459	536	-12	85	116	121
Adj. equity ratio	35%	46%	55%	61%	36%	40%	48%	55%	0%	6%	6%	6%
FCF yield	9%	34%	79%	89%	-22%	36%	76%	104%	31%	-2%	3%	-15%
Dividend yield	0%	0%	19%	30%	0%	0%	17%	29%	0%	0%	2%	1%
EV/EBITDA	5.4	4.5	2.4	1.7	9.8	5.6	3.2	2.3	-4.4	-1.0	-0.8	-0.6
P/E (adj.)	10.2	6.6	1.9	1.6		18.9	2.2	1.6	#####	-12.3	-0.3	0.0



## Our Estimates vs Consensus

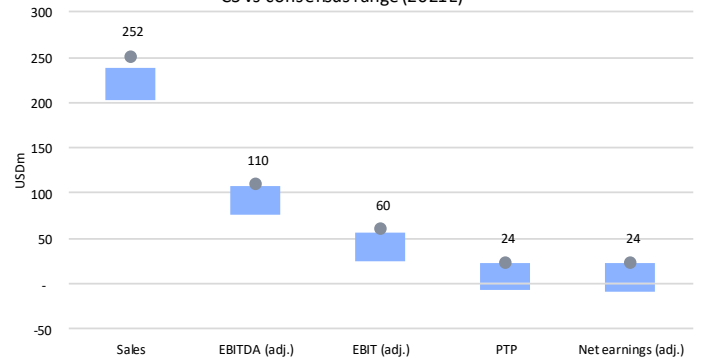
### Profit & Loss, year I

CS vs consensus range (2020E)

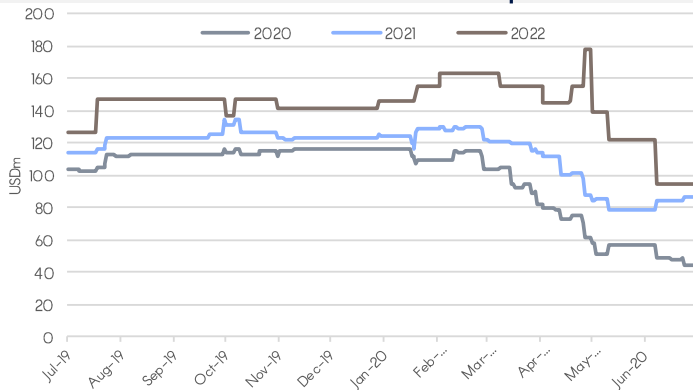


### Profit & Loss, year II

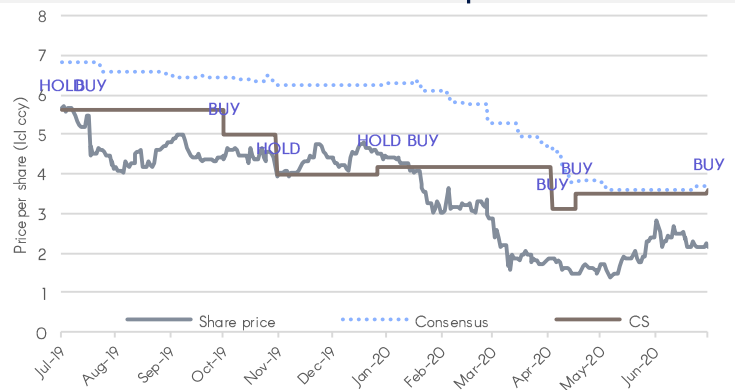
CS vs consensus range (2021E)



### Consensus EBITDA development



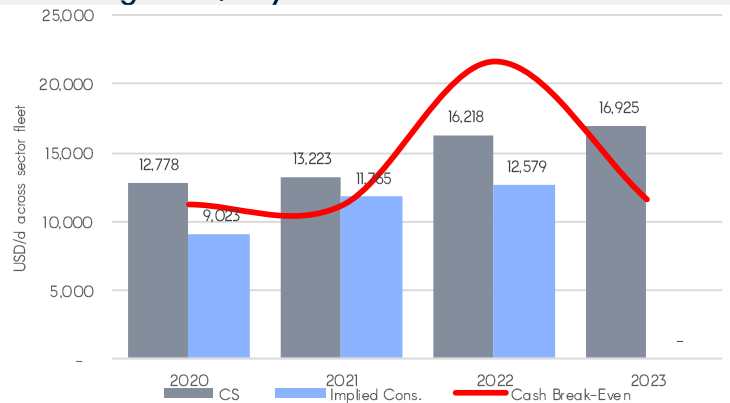
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	267	188	188	78	42%
Opex + G&A	163	144	144	20	14%
Depreciation	50	58	58	-8	-14%
Net finance	38	40	40	-2	-5%
Taxes & Minorities	0	-29	-29	29	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	252	224	224	28	12%
Opex + G&A	142	138	138	4	3%
Depreciation	50	50	50	0	0%
Net finance	36	29	29	7	23%
Taxes & Minorities	0	5	5	-5	-100%

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





## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	48.5	47.8	36.7	35.9				
EBITDA (adj.)	9.3	10.1	-4.2	3.7				
EBIT (adj.)	-0.5	-2.4	-16.7	-11.6				
PTP (adj.)	-6.8	-11.4	-26.2	-19.9				
Net earnings (adj.)	-6.8	-11.4	-26.2	-17.8				
EPS (adj.)	-0.09	-0.16	-0.37	-0.25				
DPS	-	-	-	-				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	48.5	47.8	36.7	35.9				
Opex & G&A	39.2	37.7	40.9	32.2				
Depreciation	9.8	12.5	12.5	15.2				
Net finance	6.3	9.0	9.5	8.3				
Taxes & Minorities	-	-	-	-2.1				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-3	-12	-14					
Free cash flow	-5	-27	-27					
Net cash flow	-15	13	-13					
TCE/day	9,435	9,277	7,076	6,917				
Utilization	96.0%	93.7%	96.2%					
Fleet days	5,139	5,154	5,187					
Cash break-even	10,618	10,196	11,410					
Liquidity	39	72	59					
Interest bearing debt	356	507	521					



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	48	55	50	48	37	85	98	52	55
Operational costs	-38	-39	-42	-38	-41	-41	-43	-41	-33
EBITDA	10	16	8	10	-4	44	54	11	22
Depreciation/Amortization	-10	-10	-11	-12	-12	-12	-12	-12	-12
EBIT	1	6	-3	-2	-17	31	42	-1	10
Net financials	-7	-10	-8	-1	-10	-10	-10	-9	-9
PTP	-6	-5	-11	-4	-26	21	32	-11	0
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-6	-5	-11	-4	-26	21	32	-11	0
Non-recurring items	-1	-1	0	-8	0	0	0	0	0
Net earnings (adj.)	-7	-5	-11	-11	-26	21	32	-11	0
EPS	-0.08	-0.06	-0.16	-0.05	-0.34	0.28	0.42	-0.14	0.01
EPS (adj.)	-0.09	-0.07	-0.16	-0.16	-0.34	0.28	0.42	-0.14	0.01
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	39	72	54	69	56	75	108	99	97
Other current assets	37	41	47	55	55	55	55	55	55
Total current assets	76	112	101	124	111	130	163	154	153
Property & equip. (incl. NBs)	701	752	856	876	877	871	861	851	844
Other non-current assets	87	106	45	26	26	26	26	26	26
Total non-current assets	788	858	902	902	903	897	887	877	870
TOTAL ASSETS	864	970	1,002	1,026	1,014	1,027	1,050	1,031	1,023
Total equity	475	492	482	477	451	473	505	494	495
Short-term debt	42	42	49	51	46	47	48	48	47
Other current liabilities	32	38	53	42	42	42	42	42	42
Total current liabilities	74	80	102	92	88	89	90	90	89
Long-term debt	315	398	418	456	475	465	455	447	439
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	315	398	418	457	475	465	455	447	439
TOTAL EQUITY & LIABILITIES	864	970	1,002	1,026	1,014	1,027	1,050	1,031	1,023
Working capital, receivables	31	34	36	34	34	34	34	34	34
Working capital, payables	29	34	48	35	35	35	35	35	35
Net working capital	1	0	-12	-2	-2	-2	-2	-2	-2
Interest bearing debt	356	440	467	507	521	512	503	495	486
Liquidity	39	72	59	72	59	78	111	102	100
Net interest bearing debt	318	369	408	435	462	434	392	393	385
<b>Cash Flow (USDm)</b>									
Net income	-6	-5	-11	-4	-26	21	32	-11	0
Depreciation	10	10	11	12	12	12	12	12	12
Other	2	-4	-1	-7	0	0	0	0	0
Cash earnings	6	2	-1	2	-14	34	45	2	13
Changes in working capital	-9	9	4	-14	0	0	0	0	0
Net operational cash flow	-3	10	3	-12	-14	34	45	2	13
Capex	-13	-90	-70	-19	-13	-6	-3	-2	-6
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	10	7	0	0	0	0	0	0	0
Other	1	1	2	4	0	0	0	0	0
Net investing cash flow	-2	-82	-68	-15	-13	-6	-3	-2	-6
Repayment of debt	-9	-5	-9	-6	-9	-9	-9	-9	-9
Proceeds from debt	0	113	34	48	23	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	-1	-2	-1	0	0	0	0	0
Net financing cash flow	-9	107	24	41	14	-9	-9	-9	-9
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-15	36	-42	13	-13	19	33	-9	-2
Cash balance	39	72	54	69	56	75	108	99	97
Free cash flow	-5	-71	-65	-27	-27	28	42	0	7



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	80	82	174	231	205	267	252	297	309
Operational costs	-173	-245	-141	-155	-155	-163	-142	-129	-129
EBITDA	-93	-162	34	75	50	104	110	168	180
Depreciation/Amortization	-43	-39	-34	-38	-41	-50	-50	-50	-50
EBIT	-136	-201	0	38	9	54	60	118	131
Net financials	-13	-22	-44	-25	-31	-30	-36	-34	-30
PTP	-148	-224	-44	13	-22	24	24	84	100
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-148	-224	-44	13	-22	24	24	84	100
Non-recurring items	0	0	0	0	0	-8	0	0	0
Net earnings (adj.)	-148	-224	-44	13	-22	16	24	84	100
EPS	-78.76	-4.65	-0.62	0.18	-0.30	0.31	0.32	1.10	1.31
EPS (adj.)	-78.76	-4.65	-0.62	0.18	-0.30	0.20	0.32	1.10	1.31
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.64
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	25	77	56	67	54	108	128	190	233
Other current assets	16	28	49	51	47	55	55	55	55
Total current assets	41	104	105	118	101	163	183	245	288
Property & equip. (incl. NBs)	734	568	690	683	836	861	830	787	743
Other non-current assets	12	15	13	45	66	26	26	26	26
Total non-current assets	746	582	703	728	902	887	856	813	769
TOTAL ASSETS	787	686	808	846	1,002	1,050	1,039	1,058	1,057
Total equity	518	400	461	480	482	505	529	582	634
Short-term debt	16	0	4	29	49	48	33	40	42
Other current liabilities	22	26	27	34	53	42	42	42	42
Total current liabilities	38	26	31	63	102	90	74	82	84
Long-term debt	226	256	314	302	302	455	436	394	339
Other non-current liabilities	5	4	3	2	117	0	0	0	0
Total non-current liabilities	230	260	316	304	418	455	436	394	339
TOTAL EQUITY & LIABILITIES	787	686	808	846	1,002	1,050	1,039	1,058	1,057
Working capital, receivables	13	16	31	36	36	34	34	34	34
Working capital, payables	19	19	21	26	48	35	35	35	35
Net working capital	-7	-3	10	10	-12	-2	-2	-2	-2
Interest bearing debt	241	256	318	331	351	503	468	433	382
Liquidity	25	77	56	67	59	111	131	193	236
Net interest bearing debt	216	179	261	264	291	392	338	240	145
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	-148	-224	-44	13	-22	24	24	84	100
Depreciation	43	39	34	38	41	50	50	50	50
Other	56	139	32	2	-6	-7	0	0	0
Cash earnings	-50	-46	22	52	13	67	74	134	150
Changes in working capital	6	0	-15	-7	9	-14	0	0	0
Net operational cash flow	-44	-45	7	45	22	53	74	134	150
Capex	-2	-22	-177	-44	-202	-41	-20	-6	-6
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	4	0	0	0	0
Net investing cash flow	10	-9	-155	-31	-169	-37	-20	-6	-6
Repayment of debt	20	24	36	12	131	-32	-35	-235	-52
Proceeds from debt	40	75	324	16	—	70	0	200	0
Dividends paid	0	0	0	0	0	0	0	-31	-49
New equity	—	86	96	0	0	0	0	0	0
Other	-41	-78	-328	-21	-3	0	0	0	0
Net financing cash flow	18	106	128	7	128	37	-35	-66	-101
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-15	52	-20	22	-19	52	20	62	43
Cash balance	25	77	56	67	54	106	125	187	231
Free cash flow	-34	-55	-148	14	-147	15	55	128	144



# Cleaves Securities

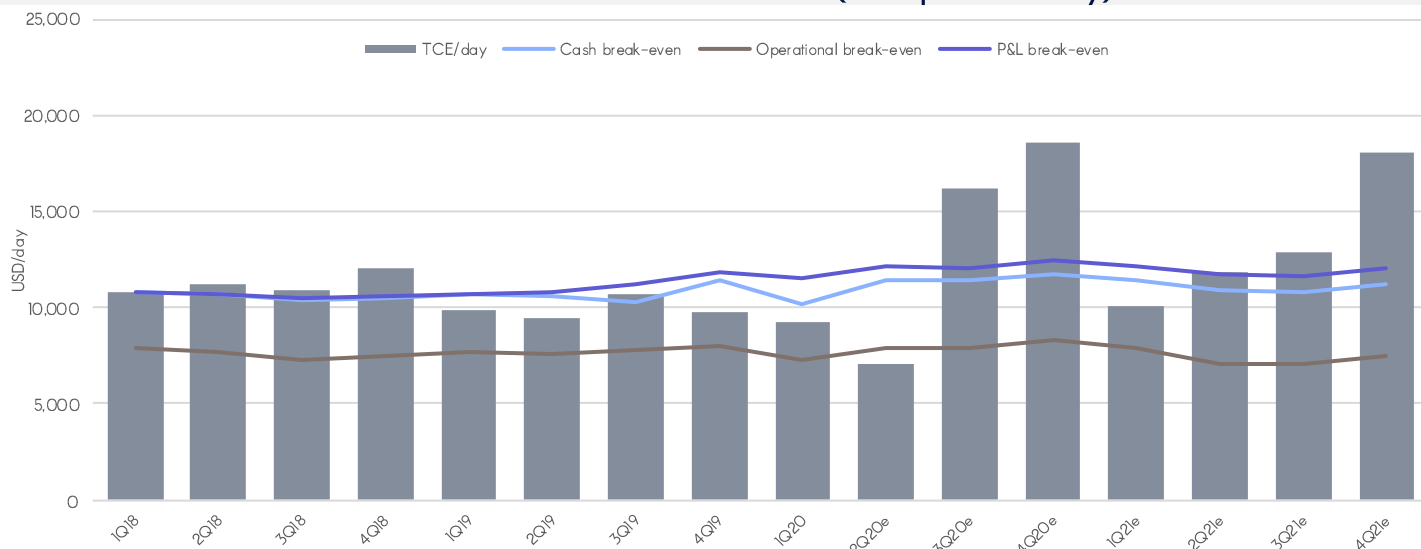
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	2	48	70	71	72	77	77	77	77
Share price, avg (USD)	156	12	5	5	5	2	2	2	2
Share price, end (USD)	70	6	4	5	5	2	2	2	2
<b>Market Cap.</b>	<b>133</b>	<b>281</b>	<b>315</b>	<b>328</b>	<b>329</b>	<b>162</b>	<b>162</b>	<b>162</b>	<b>162</b>
NIBD	216	179	261	264	291	392	338	240	145
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>620</b>	<b>554</b>	<b>500</b>	<b>402</b>	<b>307</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				26.0		6.8	6.6	1.9	1.6
P/E (adj.)				26.0		10.2	6.6	1.9	1.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.7	3.4	1.8	1.4	1.6	0.6	0.6	0.5	0.5
EV/Sales	4.4	5.6	3.3	2.6	3.0	2.1	2.0	1.4	1.0
EV/EBITDA			17.2	7.8	12.4	5.4	4.5	2.4	1.7
EV/EBIT				15.7	65.8	10.3	8.3	3.4	2.4
P/B	0.3	0.7	0.7	0.7	0.7	0.3	0.3	0.3	0.3
FCF yield	-25%	-19%	-47%	4%	-45%	9%	34%	79%	89%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	19.0%	30.3%
Return on equity (ROE)	-28.6%	-55.8%	-9.5%	2.6%	-4.5%	4.7%	4.6%	14.5%	15.8%
Return on capital employed (ROCE)	-18.5%	-34.7%	0.0%	5.1%	1.2%	6.0%	7.0%	14.3%	16.8%
Return on assets (ROA)	-18.9%	-32.6%	-5.4%	1.5%	-2.2%	2.3%	2.3%	8.0%	9.5%
Sales growth	-40%	3%	112%	32%	-11%	30%	-6%	18%	4%
EBITDA margin	-116%	-197%	19%	33%	24%	39%	44%	57%	58%
EBIT margin	-169%	-244%	0%	16%	5%	20%	24%	40%	42%
Net margin	-185%	-271%	-25%	5%	-11%	9%	10%	28%	32%
Net interest rate	5.5%	12.1%	11.2%	9.8%	10.5%	9.6%	10.7%	13.9%	20.8%
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%	48%	51%	55%	60%
Leverage ratio	34%	42%	43%	43%	52%	52%	49%	45%	40%
NIBD / EBITDA (past 1y)	-2.3	-1.1	7.8	3.5	5.8	3.8	3.1	1.4	0.8
Operating cash flow/NIBD	-0.2	-0.3	0.0	0.2	0.1	0.1	0.2	0.6	1.0
Net interest coverage ratio (EBIT)	-7.8	-7.4	1.1	2.9	1.6	2.7	3.1	5.0	6.0
Current ratio	1.1	4.1	3.4	1.9	1.0	1.8	2.5	3.0	3.4
Adj. equity ratio						35%	46%	55%	61%
Operating assets	762	610	752	768	943	939	909	865	821
Operating liabilities	27	30	30	36	170	42	42	42	42
Net operating assets	735	580	723	732	773	897	867	823	779

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)



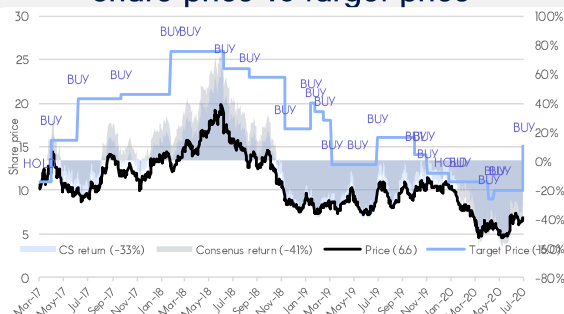


## GNK-US

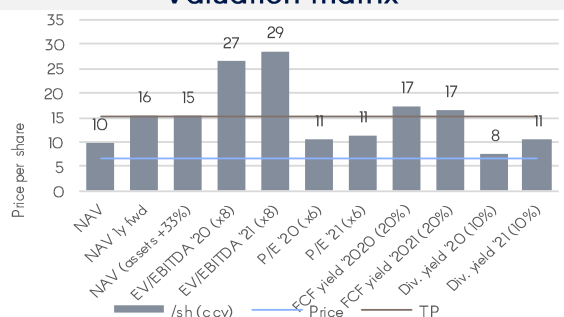
## BUY/\$15

## Genco Shipping

### Share price vs target price

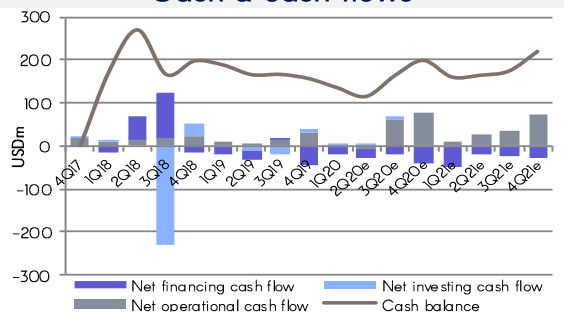


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	300	303	371	397
EBITDA (adj.)	166	165	253	278
EBIT (adj.)	98	99	186	212
PTP (adj.)	74	79	170	199
Net earnings (adj.)	74	79	170	199
EPS (adj.)	1.77	1.89	4.07	4.77
DPS	0.76	1.06	1.61	2.33
USDm	2020E	2021E	2022E	2023E
Fwd NAV	577	812	1,083	1,286
Adj. equity ratio	55%	67%	77%	83%
FCF yield	54%	51%	84%	98%
Dividend yield	12%	16%	25%	36%
EV/EBITDA	9.3	2.4	0.9	0.2
P/E (adj.)	3.7	3.4	1.6	1.4

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	127	145	237	266
Free cash flow	145	139	227	266
Net cash flow	52	21	87	109
TCE/day	15,340	15,665	20,692	22,141
Cash break-even	11,326	11,725	11,371	24,195
Liquidity	214	234	321	430
Property & Equip. (incl. NBs)	1,076	1,017	959	893
Total equity	908	942	1,045	1,147
Total assets	1,382	1,344	1,373	1,415
Interest bearing debt	433	359	286	227
Net interest bearing debt	219	125	-35	-203
Market Cap.	271	271	271	271

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

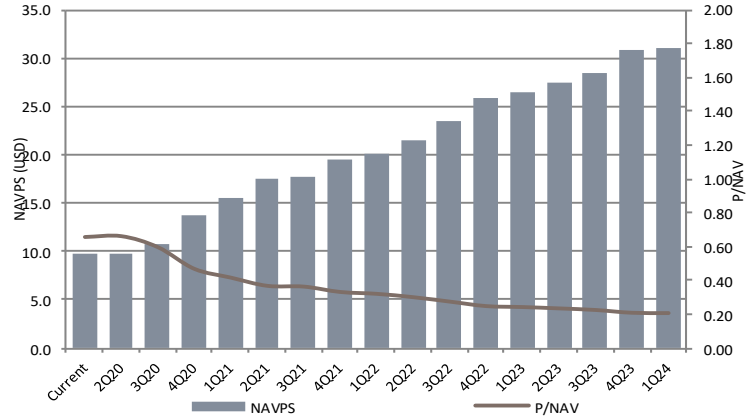


## Company Valuation

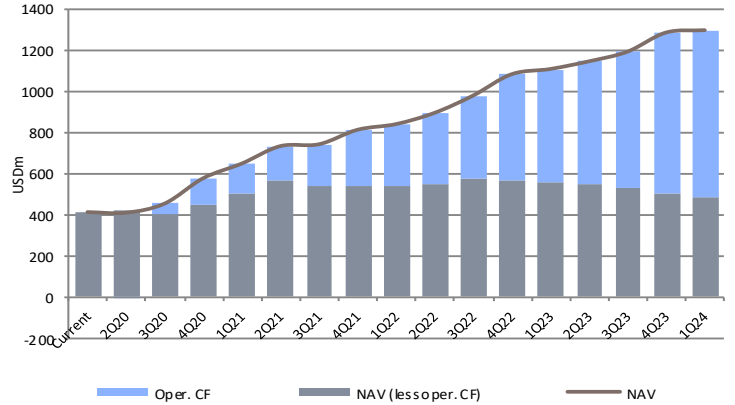
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,139	700	570
Contract value	0	0	0
Other	58	58	48
<b>GAV</b>	<b>1,198</b>	<b>758</b>	<b>617</b>
Net debt	-338	-338	-338
Capex	0	0	0
Other	-8	-8	-8
<b>Equity</b>	<b>851</b>	<b>412</b>	<b>271</b>
Shares	42	42	42
Equity/sh	20.37	9.85	6.49
lcl CCY	20.37	9.85	6.49
P/Equity	0.32	0.66	1.00
EV/GAV	0.52	0.81	1.00
Adj. Total Assets	1,381	941	812
Adj. Equity Ratio	62%	44%	33%
<b>Fair Value</b>	<b>USD</b>	<b>15.2</b>	<b>135%</b>

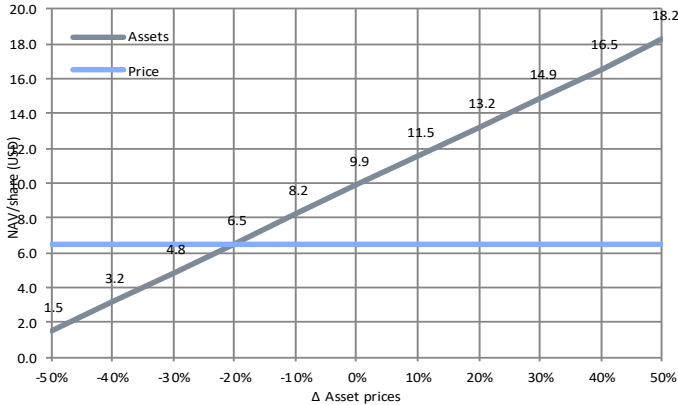
### Quarterly forward NAV & P/NAV



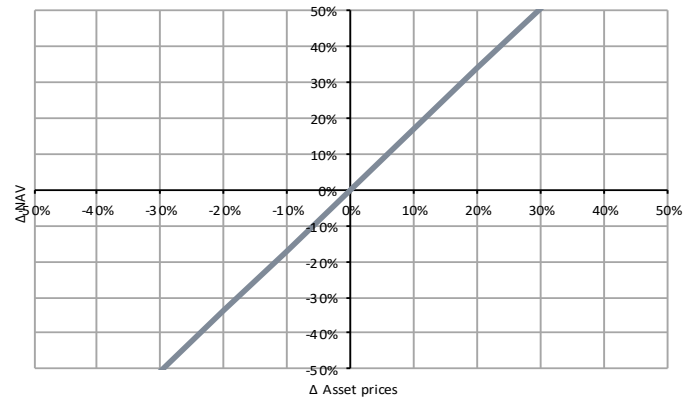
### Quarterly forward NAV decomposition



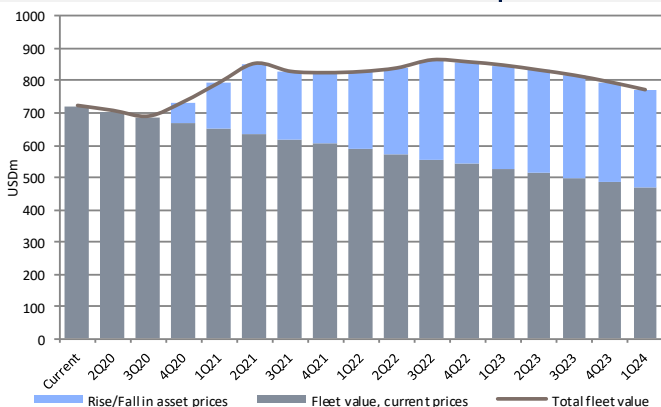
### Impact on NAV/sh from % change in asset prices



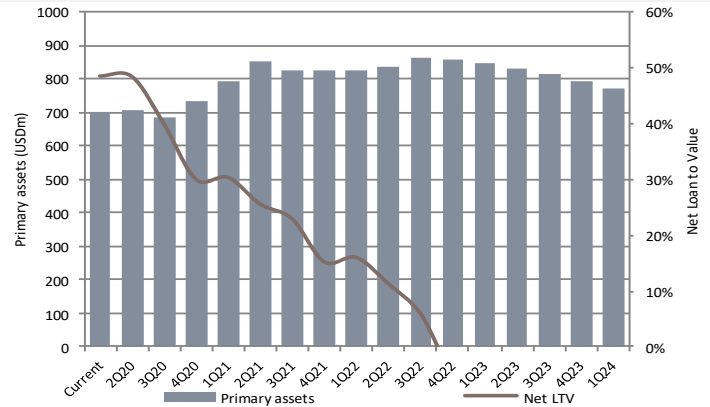
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	41.8	50.0	29.2	38.7				
EBITDA (adj.)	4.9	17.5	-2.7	3.3				
EBIT (adj.)	-13.4	-0.1	-19.8	-14.5				
PTP (adj.)	-20.4	-7.1	-25.8	-20.8				
Net earnings (adj.)	-20.4	-7.1	-25.8	-20.9				
EPS (adj.)	-0.49	-0.17	-0.62	-0.50				
DPS	#DIV/O!	0.02	0.02	0.02				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	41.8	50.0	29.2	38.7				
Opex & G&A	36.9	32.5	31.9	35.4				
Depreciation	18.3	17.6	17.1	17.8				
Net finance	6.9	6.9	6.0	6.3				
Taxes & Minorities	-	-	-	0.1				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	7,973	9,749	6,015	7,968				
Utilization	93.1%	95.6%	95.2%					
Fleet days	5,625	5,364	5,096					
Cash break-even	11,573	10,645	11,023					
Liquidity	165	149	129					
Interest bearing debt	511	488	469					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	300	303	371	397	209	249	311	355	91	55	60	42	
EBITDA (adj.)	166	165	253	278	79	120	193	237	87	46	60	41	
EBIT (adj.)	98	99	186	212	7	47	120	164	91	52	66	48	
PTP (adj.)	74	79	170	199	-18	26	104	151	92	53	66	48	
Net earnings (adj.)	74	79	170	199	-18	26	104	151	92	53	66	48	
EPS (adj.)	1.77	1.89	4.07	4.77	-0.44	0.63	2.48	3.61	2.21	1.26	1.59	1.16	
DPS	0.76	1.06	1.61	2.33	0.23	0.14	0.93	1.66	0.52	0.92	0.68	0.67	
									2020E	2021E	2022E	2023E	
									TCE revenue	91	55	60	42
									Opex & G&A	4	9	-	0
									Depreciation	-4	-6	-7	-6
									Net finance	-1	-1	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	127	145	237	266	39	99	176	213	88	46	60	53
Free cash flow	145	139	227	266	35	92	167	213	110	46	60	53
Net cash flow	52	21	87	109	-37	13	54	87	88	8	33	22
TCE/day	15,340	15,665	20,692	22,141	10,796	13,085	17,360	19,201	4,543	2,581	3,331	2,940
Cash break-even	11,326	11,725	11,371	24,195	11,326	11,513	11,403	24,220	-0	212	-33	-26
Liquidity	214	234	321	430	125	138	192	279	88	96	129	151
Property & Equip. (incl. NBs)	1,076	1,017	959	893	1,096	1,032	971	900	-20	-16	-12	-7
Total equity	908	942	1,045	1,147	839	862	927	1,003	68	81	118	144
Total assets	1,382	1,344	1,373	1,415	1,314	1,263	1,256	1,272	68	81	118	144
Interest bearing debt	433	359	286	227	433	359	286	226	0	0	0	0
Net interest bearing debt	219	125	-35	-203	307	221	94	-53	-88	-96	-129	-151
Market Cap.	271	271	271	271	291	291	291	291	-19	-19	-19	-19
Enterprise value	491	396	236	68	598	511	384	238	-107	-115	-148	-170

### Valuation

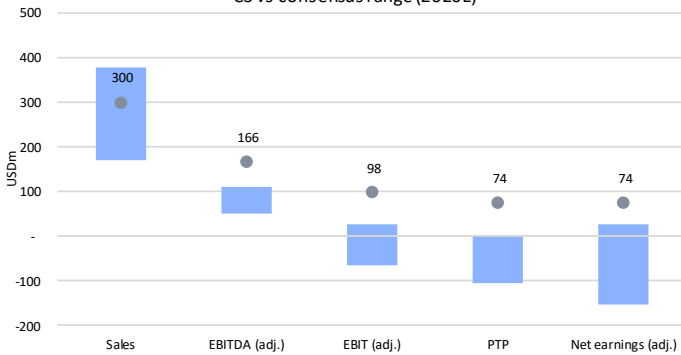
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	577	812	1,083	1,286	493	597	803	979	84	215	281	307
Adj. equity ratio	55%	67%	77%	83%	51%	60%	71%	78%	4%	7%	6%	4%
FCF yield	54%	51%	84%	98%	12%	32%	57%	73%	41%	19%	26%	25%
Dividend yield	12%	16%	25%	36%	3%	2%	14%	23%	8%	14%	11%	13%
EV/EBITDA	9.3	2.4	0.9	0.2		4.3	2.0	1.1	#####	-1.9	-1.1	-0.8
P/E (adj.)	3.7	3.4	1.6	1.4		10.2	2.7	2.0	#####	-6.8	-1.2	-0.7



## Our Estimates vs Consensus

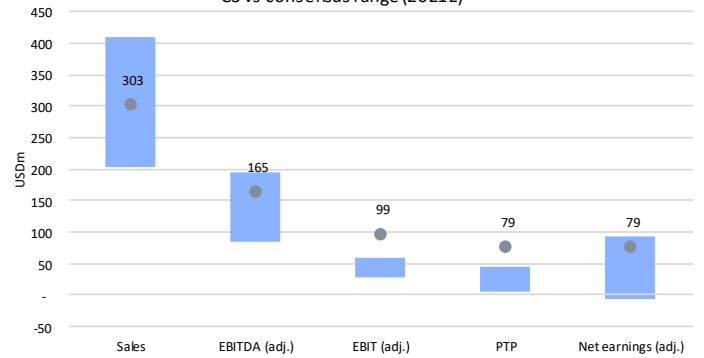
### Profit & Loss, year I

CS vs consensus range (2020E)

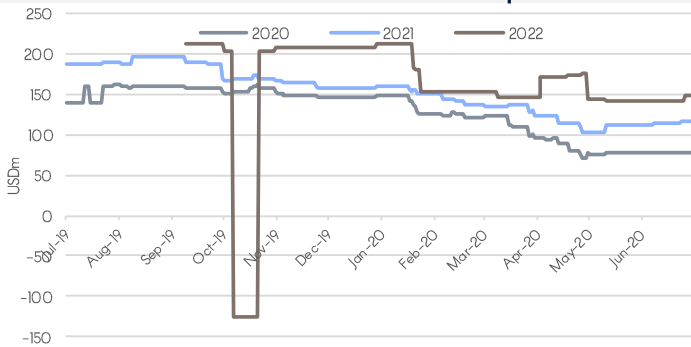


### Profit & Loss, year II

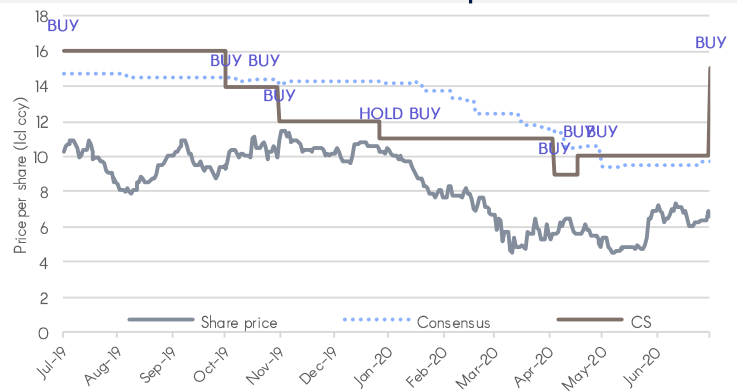
CS vs consensus range (2021E)



### Consensus EBITDA development



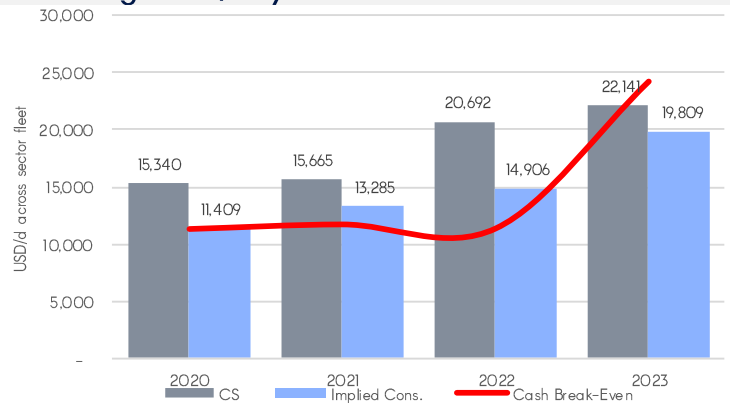
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	300	223	77	34%	
Opex + G&A	134	146	-12	-8%	
Depreciation	68	91	-23	-25%	
Net finance	24	66	-42	-64%	
Taxes & Minorities	0	-28	28	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	303	257	46	18%	
Opex + G&A	138	141	-3	-2%	
Depreciation	67	74	-8	-10%	
Net finance	20	17	3	19%	
Taxes & Minorities	0	-3	3	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	42	61	63	50	29	103	118	51	65
Operational costs	-51	-50	-38	-146	-32	-35	-35	-34	-34
EBITDA	-9	10	26	-96	-3	68	83	17	30
Depreciation/Amortization	-18	-18	-18	-18	-17	-17	-17	-17	-17
EBIT	-27	-8	8	-113	-20	51	67	0	13
Net financials	-7	-7	-7	-7	-6	-6	-6	-5	-5
PTP	-34	-15	1	-120	-26	46	61	-5	8
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-34	-15	1	-120	-26	46	61	-5	8
Non-recurring items	14	12	2	113	0	0	0	0	0
Net earnings (adj.)	-20	-2	3	-7	-26	46	61	-5	8
EPS	-0.83		0.02	-2.88	-0.62	1.09	1.46	-0.12	0.20
EPS (adj.)	-0.49		0.07	-0.17	-0.62	1.09	1.46	-0.12	0.20
DPS	0.00		0.50	0.17	0.02	0.02	0.54	0.73	0.02
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	165	166	156	134	114	163	199	160	164
Other current assets	54	75	67	93	93	93	93	93	93
Total current assets	219	241	223	228	207	256	292	253	257
Property & equip. (incl. NBs)	1,345	1,307	1,305	1,139	1,114	1,092	1,076	1,061	1,047
Other non-current assets	0	14	0	14	14	14	14	14	14
Total non-current assets	1,345	1,321	1,306	1,153	1,129	1,106	1,091	1,076	1,061
TOTAL ASSETS	1,564	1,562	1,529	1,381	1,336	1,362	1,382	1,329	1,318
Total equity	1,012	998	978	851	825	869	908	872	880
Short-term debt	67	70	71	75	71	72	72	72	72
Other current liabilities	41	49	56	42	42	42	42	42	42
Total current liabilities	109	119	128	117	113	114	114	114	114
Long-term debt	444	445	423	413	399	379	361	342	324
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	444	445	423	413	399	379	361	342	324
TOTAL EQUITY & LIABILITIES	1,564	1,562	1,529	1,381	1,336	1,362	1,382	1,329	1,318
Working capital, receivables	45	43	41	44	44	44	44	44	44
Working capital, payables	33	41	50	34	34	34	34	34	34
Net working capital	12	2	-9	10	10	10	10	10	10
Interest bearing debt	511	515	494	488	469	451	433	414	396
Liquidity	165	166	162	149	129	178	214	175	179
Net interest bearing debt	346	349	332	338	340	274	219	240	217
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-34	-15	1	-120	-26	46	61	-5	8
Depreciation	18	18	18	18	17	17	17	17	17
Other	11	1	1	115	0	0	0	0	0
Cash earnings	-6	4	20	12	-9	62	78	12	25
Changes in working capital	9	10	11	-16	0	0	0	0	0
Net operational cash flow	3	14	31	-4	-9	62	78	12	25
Capex	-10	-14	-12	-9	-8	-2	-1	-2	-2
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	21	15	15	8	0	0	0
Other	1	-4	0	0	0	0	0	0	0
Net investing cash flow	-10	-18	9	6	8	5	-1	-2	-2
Repayment of debt	-21	-17	-23	-18	-18	-18	-18	-18	-18
Proceeds from debt	0	22	0	11	0	0	0	0	0
Dividends paid	0	0	-21	-7	-1	-1	-23	-31	-1
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	-21	5	-44	-14	-19	-19	-41	-49	-19
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-28	1	-4	-13	-20	48	36	-39	4
Cash balance	165	166	156	134	114	163	199	160	164
Free cash flow	-6	-4	40	2	-1	68	77	10	23



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	134	122	184	253	216	300	303	371	397
Operational costs	-247	-233	-142	-183	-172	-247	-138	-118	-118
EBITDA	-113	-110	42	69	44	53	165	253	278
Depreciation/Amortization	-80	-76	-72	-69	-73	-68	-67	-67	-67
EBIT	-193	-186	-30	1	-28	-15	99	186	212
Net financials	-60	-31	-29	-33	-28	-24	-20	-16	-13
PTP	-253	-217	-59	-33	-56	-40	79	170	199
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>-40</b>	<b>79</b>	<b>170</b>	<b>199</b>
Non-recurring items	0	0	0	0	0	113	0	0	0
<b>Net earnings (adj.)</b>	<b>-195</b>	<b>-218</b>	<b>-59</b>	<b>-33</b>	<b>-56</b>	<b>74</b>	<b>79</b>	<b>170</b>	<b>199</b>
EPS	-26.74	-29.61	-1.70	-0.79	-1.34	-0.95	1.89	4.07	4.77
EPS (adj.)	-26.74	-29.61	-1.70	-0.79	-1.34	1.77	1.89	4.07	4.77
DPS	0.00	0.00	0.00	0.00	0.50	0.76	1.06	1.61	2.33
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	121	133	174	197	156	199	220	306	415
Other current assets	51	39	43	73	67	93	93	93	93
<b>Total current assets</b>	<b>173</b>	<b>173</b>	<b>217</b>	<b>270</b>	<b>223</b>	<b>292</b>	<b>313</b>	<b>400</b>	<b>508</b>
Property & equip. (incl. NBs)	1,529	1,368	1,280	1,357	1,297	1,076	1,017	959	893
Other non-current assets	13	28	24	0	9	14	14	14	14
<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>1,091</b>	<b>1,031</b>	<b>974</b>	<b>907</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>1,382</b>	<b>1,344</b>	<b>1,373</b>	<b>1,415</b>
<b>Total equity</b>	<b>1,106</b>	<b>1,030</b>	<b>975</b>	<b>1,053</b>	<b>978</b>	<b>908</b>	<b>942</b>	<b>1,045</b>	<b>1,147</b>
Short-term debt	579	5	24	66	71	72	59	67	67
Other current liabilities	29	24	28	36	56	42	42	42	42
<b>Total current liabilities</b>	<b>608</b>	<b>29</b>	<b>52</b>	<b>102</b>	<b>128</b>	<b>114</b>	<b>101</b>	<b>109</b>	<b>109</b>
Long-term debt	1	510	493	472	423	361	301	219	159
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>361</b>	<b>301</b>	<b>219</b>	<b>159</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>1,382</b>	<b>1,344</b>	<b>1,373</b>	<b>1,415</b>
Working capital, receivables	11	10	13	52	41	44	44	44	44
Working capital, payables	27	23	23	29	50	34	34	34	34
<b>Net working capital</b>	<b>-17</b>	<b>-13</b>	<b>-10</b>	<b>23</b>	<b>-9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
Interest bearing debt	580	515	518	539	494	433	359	286	227
Liquidity	141	142	182	202	162	214	234	321	430
<b>Net interest bearing debt</b>	<b>440</b>	<b>373</b>	<b>336</b>	<b>336</b>	<b>332</b>	<b>219</b>	<b>125</b>	<b>-35</b>	<b>-203</b>
<b>Cash Flow (USDm)</b>									
Net income	-195	-218	-59	-33	-56	-40	79	170	199
Depreciation	80	76	72	69	73	68	67	67	67
Other	52	90	20	56	19	115	0	0	0
<b>Cash earnings</b>	<b>-64</b>	<b>-52</b>	<b>33</b>	<b>92</b>	<b>36</b>	<b>144</b>	<b>145</b>	<b>237</b>	<b>266</b>
Changes in working capital	8	2	-9	-26	24	-16	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>127</b>	<b>145</b>	<b>237</b>	<b>266</b>
Capex	-67	-1	-1	-243	-50	-20	-7	-9	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	13	16	44	27	38	0	0	0
Other	11	-5	2	4	1	-113	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>18</b>	<b>-7</b>	<b>-9</b>	<b>0</b>
Repayment of debt	158	-65	-4	32	-56	-73	-73	-73	-311
Proceeds from debt	302	400	0	568	22	11	0	0	251
Dividends paid	0	0	0	0	-21	-32	-44	-67	-98
New equity	0	—	—	110	—	0	0	0	0
Other	-310	-280	-1	-583	-22	-113	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>-94</b>	<b>-118</b>	<b>-141</b>	<b>-157</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>52</b>	<b>21</b>	<b>87</b>	<b>109</b>
Cash balance	121	150	185	197	156	207	228	315	424
<b>Free cash flow</b>	<b>-113</b>	<b>-43</b>	<b>41</b>	<b>-129</b>	<b>37</b>	<b>145</b>	<b>139</b>	<b>227</b>	<b>266</b>



# Cleaves Securities

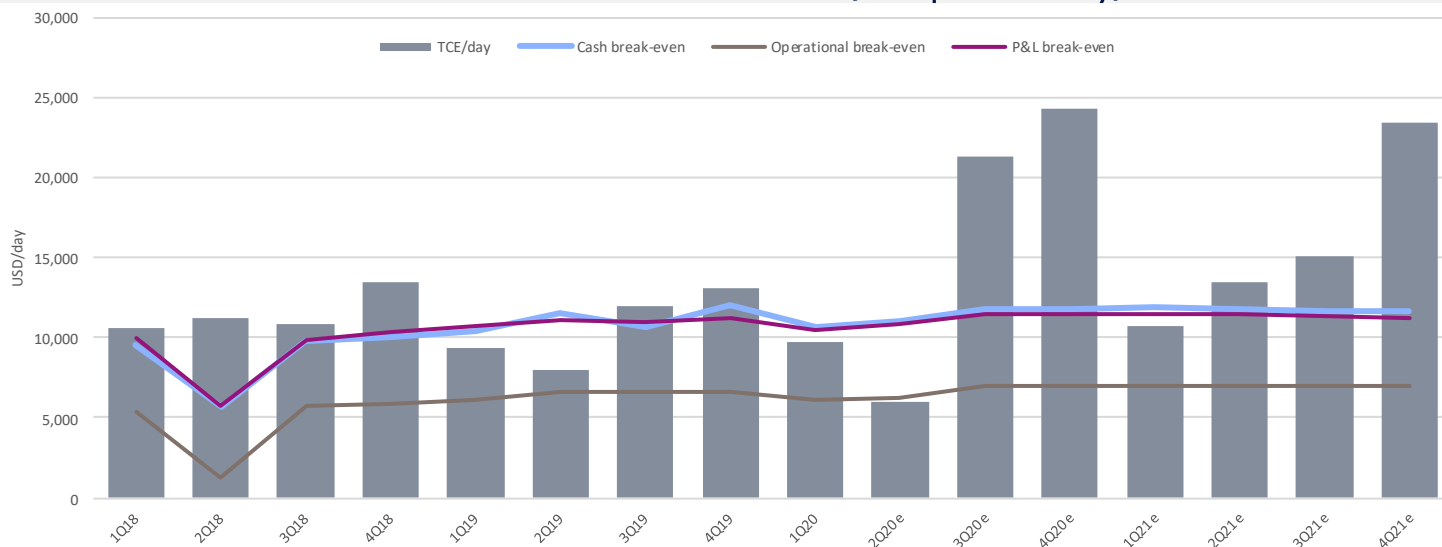
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

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	7	6	6	6
Share price, end (USD)	15	7	13	8	11	6	6	6	6
Market Cap.	109	54	460	329	443	271	271	271	271
NIBD	440	373	336	336	332	219	125	-35	-203
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	548	428	796	665	776	491	396	236	68
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)							3.4	1.6	1.4
P/E (adj.)						3.7	3.4	1.6	1.4
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.8	0.4	2.5	1.3	2.0	0.9	0.9	0.7	0.7
EV/Sales	4.1	3.5	4.3	2.6	3.6	1.6	1.3	0.6	0.2
EV/EBITDA			18.9	9.6	17.5	9.3	2.4	0.9	0.2
EV/EBIT							4.0	1.3	0.3
P/B	0.1	0.1	0.5	0.3	0.5	0.3	0.3	0.3	0.2
FCF yield	-104%	-79%	9%	-39%	8%	54%	51%	84%	98%
Dividend yield	0.0%	0.0%	0.0%	0.0%	4.7%	11.7%	16.3%	24.8%	36.0%
Return on equity (ROE)	-17.6%	-21.1%	-6.0%	-3.1%	-5.7%	-4.4%	8.4%	16.3%	17.4%
Return on capital employed (ROCE)	-12.5%	-13.6%	-2.3%	0.0%	-2.2%	-1.4%	9.3%	18.5%	22.5%
Return on assets (ROA)	-11.4%	-13.9%	-3.9%	-2.0%	-3.7%	-2.9%	5.9%	12.4%	14.1%
Sales growth	-36%	-8%	51%	37%	-14%	39%	1%	22%	7%
EBITDA margin	-85%	-90%	23%	28%	21%	18%	55%	68%	70%
EBIT margin	-144%	-152%	-16%	0%	-13%	-5%	33%	50%	53%
Net margin	-146%	-178%	-32%	-13%	-26%	-13%	26%	46%	50%
Net interest rate	4.6%	7.6%	9.1%	9.8%	9.6%	10.8%	15.8%	-46.0%	-6.2%
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%	66%	70%	76%	81%
Leverage ratio	35%	34%	36%	35%	36%	34%	30%	24%	19%
NIBD / EBITDA (past ly)	-3.9	-3.4	8.0	4.8	7.5	4.2	0.8	-0.1	-0.7
Operating cash flow/NIBD	-0.1	-0.1	0.1	0.2	0.2	0.6	1.2	-6.7	-1.3
Net interest coverage ratio (EBIT)	-5.7	-3.9	1.4	2.1	1.4	2.2	8.3	15.7	22.0
Current ratio	0.3	6.0	4.1	2.7	1.7	2.6	3.1	3.7	4.6
Adj. equity ratio						55%	67%	77%	83%
Operating assets	1,574	1,400	1,316	1,425	1,367	1,169	1,109	1,052	985
Operating liabilities	29	24	28	36	56	42	42	42	42
Net operating assets	1,545	1,376	1,288	1,389	1,310	1,127	1,067	1,010	943

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)



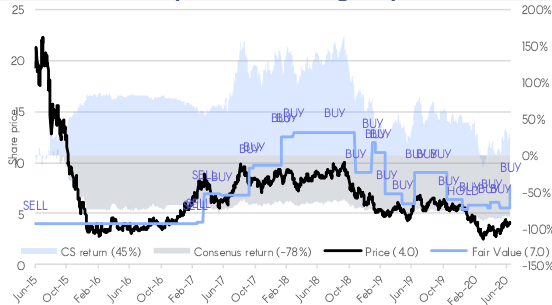


## GOGL-US

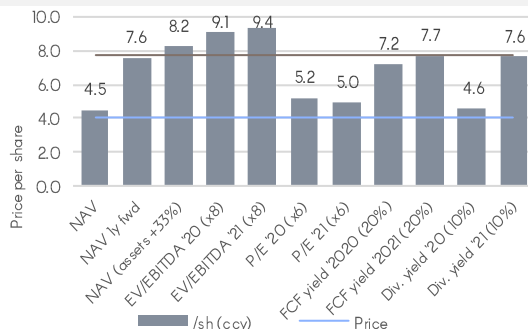
BUY/\$7.7

## Golden Ocean

Share price vs target price

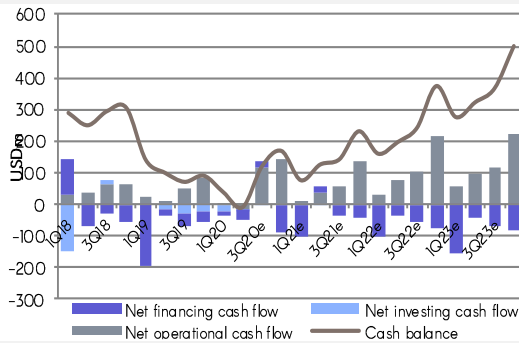


Valuation matrix



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Cash & cash flows



## Cleaves / Analysts

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## Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	600	584	793	850
EBITDA (adj.)	299	291	473	532
EBIT (adj.)	183	175	357	416
PTP (adj.)	126	119	305	369
Net earnings (adj.)	126	119	305	369
EPS (adj.)	0.87	0.83	2.12	2.56
DPS	0.46	0.76	1.14	1.75
USDm	2020E	2021E	2022E	2023E
Fwd NAV	926	1,412	1,975	2,343
Adj. equity ratio	39%	51%	61%	67%
FCF yield	36%	38%	71%	83%
Dividend yield	11%	19%	28%	43%
EV/EBITDA	8.5	5.3	2.8	2.0
P/E (adj.)	4.6	4.9	1.9	1.6

## Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	236	235	422	485
Free cash flow	208	222	413	485
Net cash flow	97	63	144	128
TCE/day	18,191	17,784	24,337	26,744
Cash break-even	13,046	11,766	14,215	14,393
Liquidity	217	279	423	551
Property & Equip. (incl. NBs)	2,256	2,153	2,046	1,930
Total equity	1,439	1,448	1,589	1,705
Total assets	2,857	2,817	2,854	2,865
Interest bearing debt	1,297	1,248	1,144	1,039
Net interest bearing debt	1,081	968	720	488
Market Cap.	581	581	581	581

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

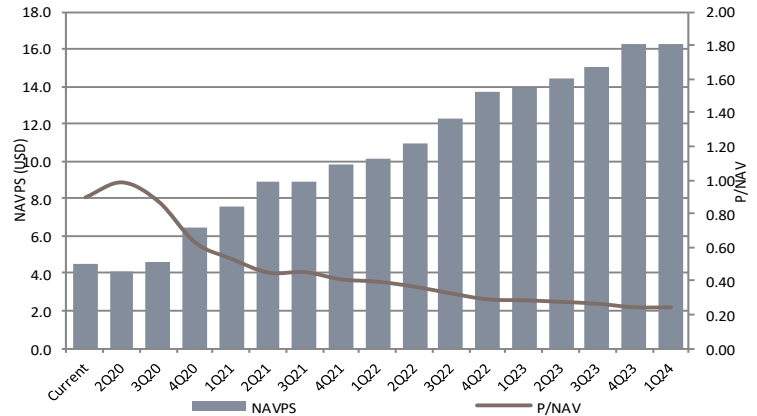


## Company Valuation

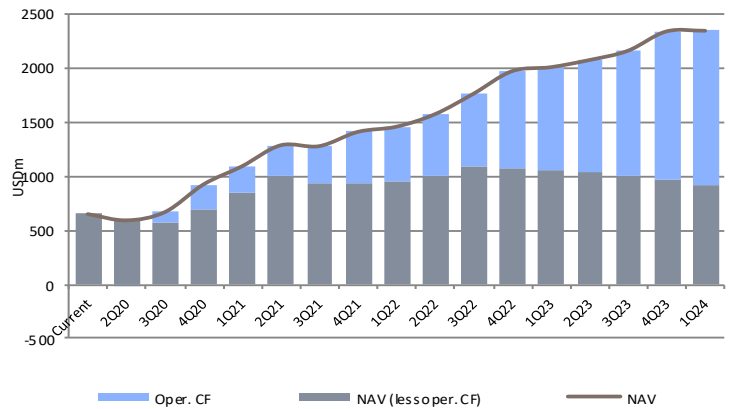
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,334	1,624	1,569
Contract value	0	11	11
Other	384	388	375
<b>GAV</b>	<b>2,718</b>	<b>2,024</b>	<b>1,954</b>
Net debt	-1,252	-1,252	-1,252
Capex	0	0	0
Other	-121	-121	-121
<b>Equity</b>	<b>1,345</b>	<b>651</b>	<b>581</b>
Shares	144	144	144
<b>Equity/sh</b>	<b>9.32</b>	<b>4.51</b>	<b>4.03</b>
lcl CCY	9.32	4.51	4.03
<b>P/Equity</b>	<b>0.43</b>	<b>0.89</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.72</b>	<b>0.97</b>	<b>1.00</b>
Adj. Total Assets	2,803	2,093	2,038
Adj. Equity Ratio	48%	31%	29%
<b>Fair Value</b>	<b>USD</b>	<b>7.7</b>	<b>92%</b>
	<b>NOK</b>	<b>72.9</b>	

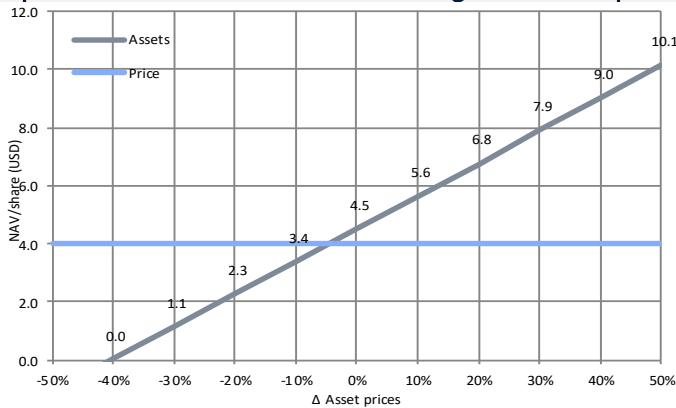
Quarterly forward NAV & P/NAV



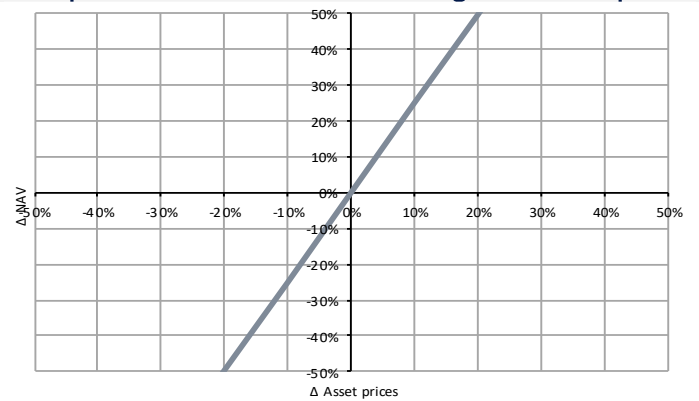
Quarterly forward NAV decomposition



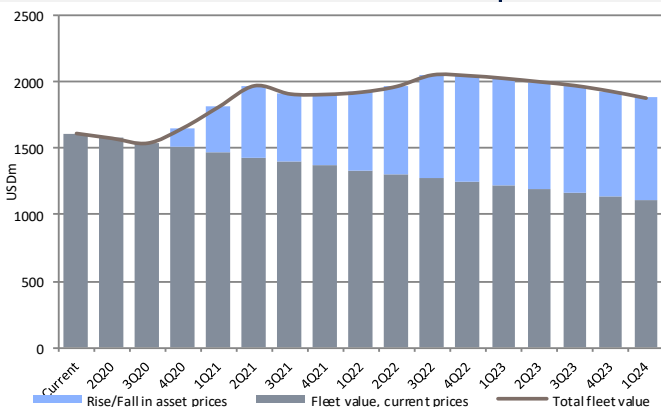
Impact on NAV/sh from % change in asset prices



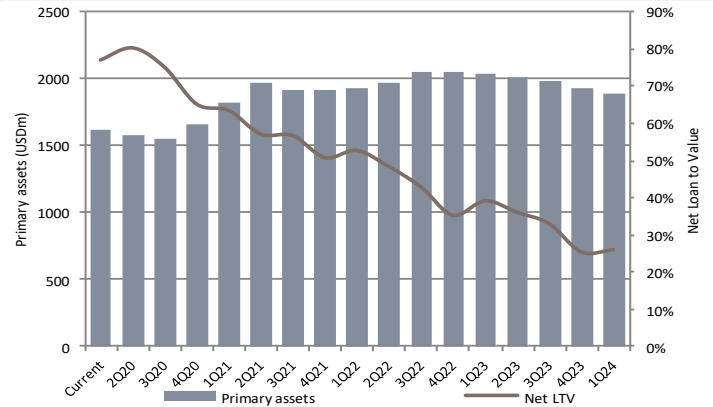
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	82.9	81.1	58.2	80.7				
EBITDA (adj.)	21.8	16.1	-0.2	10.4				
EBIT (adj.)	-2.2	-13.0	-29.3	-20.1				
PTP (adj.)	-16.4	-27.4	-43.6	-22.1				
Net earnings (adj.)	-16.5	-27.5	-43.6	-33.7				
EPS (adj.)	-0.11	-0.19	-0.30	-0.23				
DPS	0.10	-	-	-				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	82.9	81.1	58.2	80.7				
Opex & G&A	61.1	65.1	58.4	70.3				
Depreciation	24.0	29.1	29.1	30.4				
Net finance	14.2	14.4	14.3	2.0				
Taxes & Minorities	0.0	0.0	0.0	11.6				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	3	-5	-15					
Free cash flow	-15	-22	-18					
Net cash flow	-36	-35	-48					
TCE/day	10,826	10,618	7,431					
Utilization	96.7%	93.0%	97.0%					
Fleet days	7,916	8,216	8,070					
Cash break-even	13,331	14,635	12,711					
Liquidity	118	85	37					
Interest bearing debt	1,340	1,337	1,307					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	600	584	793	850	407	462	643	728	192	122	150	122	
EBITDA (adj.)	299	291	473	532	149	217	375	455	150	74	99	77	
EBIT (adj.)	183	175	357	416	33	100	258	339	150	74	99	77	
PTP (adj.)	126	119	305	369	-14	45	207	292	139	74	99	77	
Net earnings (adj.)	126	119	305	369	-14	45	207	292	139	74	99	77	
EPS (adj.)	0.87	0.83	2.12	2.56	-0.10	0.31	1.43	2.02	0.97	0.51	0.68	0.53	
DPS	0.46	0.76	1.14	1.75	0.10	0.35	0.78	1.32	0.36	0.41	0.36	0.43	
									2020E	2021E	2022E	2023E	
									TCE revenue	192	122	150	122
									Opex & G&A	42	48	51	45
									Depreciation	-	-	-	-
									Net finance	11	-	-	-
									Taxes & Minorities	0	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	236	235	422	485	96	161	323	408	139	74	99	77
Free cash flow	208	222	413	485	69	149	315	408	139	73	98	77
Net cash flow	97	63	144	128	10	49	99	113	87	14	46	15
TCE/day	18,191	17,784	24,337	26,744	12,508	14,092	19,763	22,938	5,684	3,693	4,574	3,806
Cash break-even	13,046	11,766	14,215	14,393	11,507	10,357	12,685	13,027	1,539	1,409	1,530	1,366
Liquidity	217	279	423	551	130	179	277	390	87	100	146	161
Property & Equip. (incl. NBs)	2,256	2,153	2,046	1,930	2,256	2,151	2,044	1,927	1	2	2	2
Total equity	1,439	1,448	1,589	1,705	1,352	1,346	1,440	1,541	88	102	148	163
Total assets	2,857	2,817	2,854	2,865	2,770	2,715	2,705	2,702	88	102	148	163
Interest bearing debt	1,297	1,248	1,144	1,039	1,297	1,248	1,144	1,039	-	-	-	-
Net interest bearing debt	1,081	968	720	488	1,167	1,069	866	649	-87	-100	-146	-161
Market Cap.	581	581	581	581	499	499	499	499	82	82	82	82
Enterprise value	1,662	1,550	1,302	1,070	1,667	1,568	1,366	1,148	-5	-18	-64	-79

### Valuation

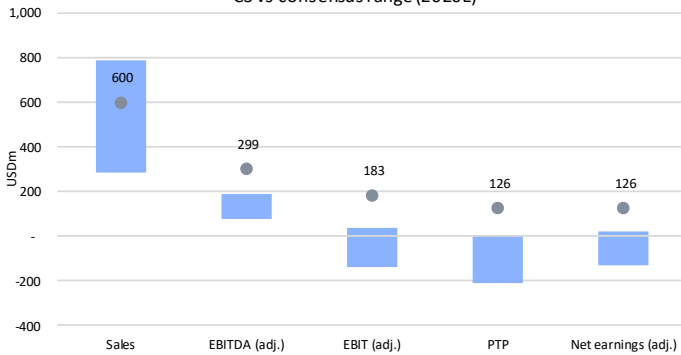
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	926	1,412	1,975	2,343	813	1,019	1,458	1,809	113	393	516	534
Adj. equity ratio	39%	51%	61%	67%	36%	43%	54%	61%	3%	8%	7%	6%
FCF yield	36%	38%	71%	83%	14%	30%	63%	82%	22%	8%	8%	2%
Dividend yield	11%	19%	28%	43%	3%	10%	23%	38%	9%	9%	6%	5%
EV/EBITDA	8.5	5.3	2.8	2.0	30.3	7.2	3.6	2.5	-21.8	-1.9	-0.9	-0.5
P/E (adj.)	4.6	4.9	1.9	1.6		11.1	2.4	1.7	#####	-6.2	-0.5	-0.1



## Our Estimates vs Consensus

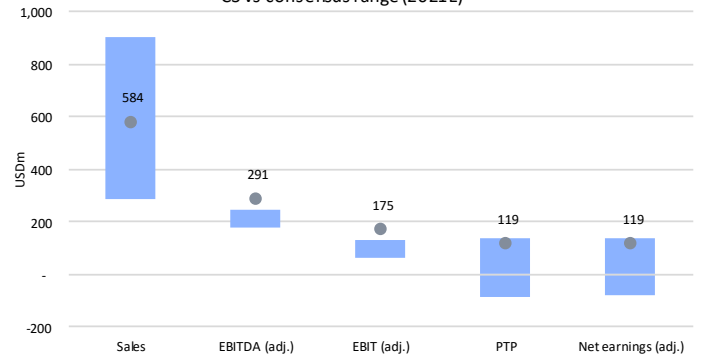
### Profit & Loss, year I

CS vs consensus range (2020E)

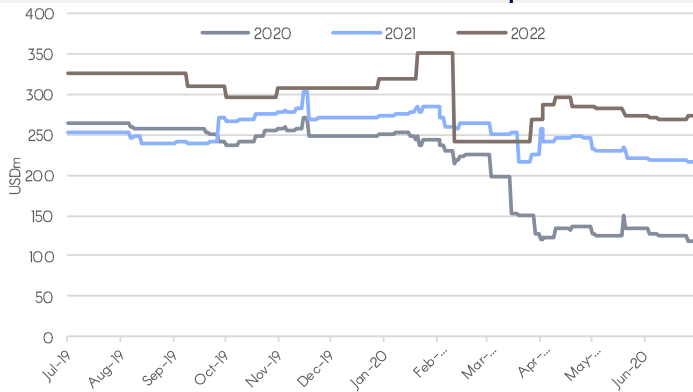


### Profit & Loss, year II

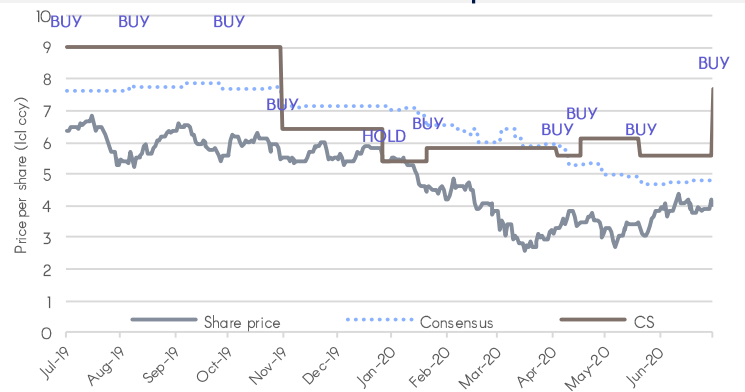
CS vs consensus range (2021E)



### Consensus EBITDA development



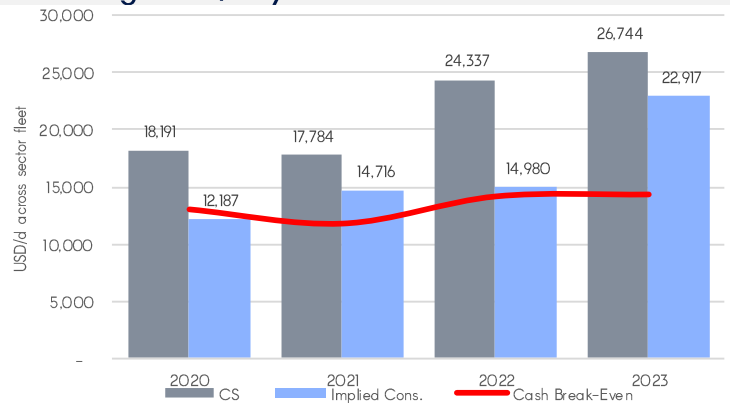
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	600	402	198	49%	
Opex + G&A	300	283	17	6%	
Depreciation	116	177	-61	-34%	
Net finance	57	84	-27	-32%	
Taxes & Minorities	0	-91	91	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	584	483	101	21%	
Opex + G&A	293	266	27	10%	
Depreciation	116	119	-3	-2%	
Net finance	55	51	4	8%	
Taxes & Minorities	0	-1	1	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	83	162	184	81	58	215	246	88	115
Operational costs	-66	-85	-115	-170	-58	-87	-90	-64	-65
EBITDA	17	77	69	-89	0	128	156	24	50
Depreciation/Amortization	-24	-23	-24	-29	-29	-29	-29	-29	-29
EBIT	-7	53	46	-118	-29	99	126	-5	21
Net financials	-26	-17	-5	-43	-14	-14	-14	-14	-14
PTP	-33	37	41	-161	-44	85	112	-19	7
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>-33</b>	<b>37</b>	<b>41</b>	<b>-161</b>	<b>-44</b>	<b>85</b>	<b>112</b>	<b>-19</b>	<b>7</b>
Non-recurring items	17	6	-5	133	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>-16</b>	<b>43</b>	<b>36</b>	<b>-27</b>	<b>-44</b>	<b>85</b>	<b>112</b>	<b>-19</b>	<b>7</b>
EPS	-0.23	0.25	0.28	-1.12	-0.30	0.59	0.78	-0.13	0.05
EPS (adj.)	-0.11	0.30	0.25	-0.19	-0.30	0.59	0.78	-0.13	0.05
DPS	0.15	0.10	0.15	0.05	0.00	0.00	0.41	0.54	0.05
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	98	69	89	36	-11	119	168	75	125
Other current assets	168	204	184	193	193	193	193	193	193
<b>Total current assets</b>	<b>266</b>	<b>274</b>	<b>273</b>	<b>229</b>	<b>181</b>	<b>312</b>	<b>361</b>	<b>267</b>	<b>317</b>
Property & equip. (incl. NBs)	2,366	2,348	2,341	2,334	2,308	2,282	2,256	2,231	2,205
Other non-current assets	271	314	352	240	240	240	240	240	240
<b>Total non-current assets</b>	<b>2,638</b>	<b>2,662</b>	<b>2,693</b>	<b>2,574</b>	<b>2,548</b>	<b>2,522</b>	<b>2,497</b>	<b>2,471</b>	<b>2,445</b>
<b>TOTAL ASSETS</b>	<b>2,904</b>	<b>2,935</b>	<b>2,966</b>	<b>2,803</b>	<b>2,730</b>	<b>2,834</b>	<b>2,857</b>	<b>2,738</b>	<b>2,762</b>
<b>Total equity</b>	<b>1,473</b>	<b>1,495</b>	<b>1,513</b>	<b>1,345</b>	<b>1,302</b>	<b>1,386</b>	<b>1,439</b>	<b>1,342</b>	<b>1,342</b>
Short-term debt	261	116	120	428	428	273	312	361	344
Other current liabilities	90	112	114	121	121	121	121	121	121
<b>Total current liabilities</b>	<b>351</b>	<b>228</b>	<b>233</b>	<b>549</b>	<b>549</b>	<b>394</b>	<b>433</b>	<b>482</b>	<b>465</b>
Long-term debt	1,079	1,212	1,219	909	879	1,054	985	915	956
Other non-current liabilities	0	0	0	0	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>1,079</b>	<b>1,212</b>	<b>1,219</b>	<b>909</b>	<b>879</b>	<b>1,054</b>	<b>985</b>	<b>915</b>	<b>956</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,904</b>	<b>2,935</b>	<b>2,966</b>	<b>2,803</b>	<b>2,730</b>	<b>2,834</b>	<b>2,857</b>	<b>2,738</b>	<b>2,762</b>
Working capital, receivables	0	0	74	0	0	0	0	0	0
Working capital, payables	0	0	57	0	0	0	0	0	0
<b>Net working capital</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest bearing debt	1,340	1,328	1,339	1,337	1,307	1,327	1,297	1,276	1,300
Liquidity	118	87	104	85	37	168	217	123	173
<b>Net interest bearing debt</b>	<b>1,222</b>	<b>1,241</b>	<b>1,235</b>	<b>1,252</b>	<b>1,270</b>	<b>1,159</b>	<b>1,081</b>	<b>1,152</b>	<b>1,127</b>
<b>Cash Flow (USDm)</b>									
Net income	-33	37	41	-161	-44	85	112	-19	7
Depreciation	24	23	24	29	29	29	29	29	29
Other	16	6	-3	130	0	0	0	0	0
<b>Cash earnings</b>	<b>7</b>	<b>66</b>	<b>61</b>	<b>-2</b>	<b>-15</b>	<b>114</b>	<b>141</b>	<b>10</b>	<b>36</b>
Changes in working capital	-3	-20	23	-3	0	0	0	0	0
<b>Net operational cash flow</b>	<b>3</b>	<b>46</b>	<b>84</b>	<b>-5</b>	<b>-15</b>	<b>114</b>	<b>141</b>	<b>10</b>	<b>36</b>
Capex	-8	-12	-23	-17	-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	-10	-20	1	-1	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-18</b>	<b>-32</b>	<b>-22</b>	<b>-18</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>
Repayment of debt	-239	-23	-178	-41	-30	-30	-30	-319	-26
Proceeds from debt	226	0	164	36	0	50	0	297	50
Dividends paid	-22	-14	-21	-7	0	0	-59	-79	-7
New equity	0	0	1	0	0	0	0	0	0
Other	13	-1	-4	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-21</b>	<b>-38</b>	<b>-38</b>	<b>-12</b>	<b>-30</b>	<b>20</b>	<b>-89</b>	<b>-100</b>	<b>17</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-36</b>	<b>-24</b>	<b>24</b>	<b>-35</b>	<b>-48</b>	<b>130</b>	<b>49</b>	<b>-93</b>	<b>50</b>
Cash balance	98	69	89	36	-11	119	168	75	125
<b>Free cash flow</b>	<b>-15</b>	<b>14</b>	<b>62</b>	<b>-22</b>	<b>-18</b>	<b>110</b>	<b>138</b>	<b>7</b>	<b>33</b>



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	112	167	341	494	521	600	584	793	850
Operational costs	-294	-174	-213	-257	-326	-405	-293	-320	-317
EBITDA	-182	-7	128	237	195	194	291	473	532
Depreciation/Amortization	-53	-63	-78	-92	-94	-116	-116	-116	-116
EBIT	-235	-70	50	145	101	78	175	357	416
Net financials	14	-58	-52	-60	-63	-86	-55	-52	-47
PTP	-221	-128	-2	85	37	-8	119	305	369
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>-8</b>	<b>119</b>	<b>305</b>	<b>369</b>
Non-recurring items	0	0	0	0	0	133	0	0	0
<b>Net earnings (adj.)</b>	<b>-221</b>	<b>-128</b>	<b>-2</b>	<b>85</b>	<b>37</b>	<b>126</b>	<b>119</b>	<b>305</b>	<b>369</b>
EPS	-6.39	-1.21	-0.02	0.59	0.26	-0.06	0.83	2.12	2.56
EPS (adj.)	-6.39	-1.21	-0.02	0.59	0.26	0.87	0.83	2.12	2.56
DPS	0.00	0.00	0.00	0.45	0.32	0.46	0.76	1.14	1.75
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	103	213	309	305	89	168	231	375	503
Other current assets	101	87	135	156	184	193	193	193	193
<b>Total current assets</b>	<b>204</b>	<b>300</b>	<b>445</b>	<b>461</b>	<b>273</b>	<b>361</b>	<b>423</b>	<b>568</b>	<b>695</b>
Property & equip. (incl. NBs)	1,488	1,759	2,215	2,406	2,341	2,256	2,153	2,046	1,930
Other non-current assets	481	303	211	84	352	240	240	240	240
<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>2,497</b>	<b>2,393</b>	<b>2,286</b>	<b>2,170</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>2,857</b>	<b>2,817</b>	<b>2,854</b>	<b>2,865</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>1,439</b>	<b>1,448</b>	<b>1,589</b>	<b>1,705</b>
Short-term debt	36	5	115	477	120	312	256	291	245
Other current liabilities	44	39	67	64	114	121	121	121	121
<b>Total current liabilities</b>	<b>80</b>	<b>44</b>	<b>182</b>	<b>542</b>	<b>233</b>	<b>433</b>	<b>377</b>	<b>412</b>	<b>366</b>
Long-term debt	926	1,071	1,186	879	1,219	985	992	852	794
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>985</b>	<b>992</b>	<b>852</b>	<b>794</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>2,857</b>	<b>2,817</b>	<b>2,854</b>	<b>2,865</b>
Working capital, receivables	25	33	44	56	74	0	0	0	0
Working capital, payables	20	21	30	34	57	0	0	0	0
<b>Net working capital</b>	<b>4</b>	<b>12</b>	<b>14</b>	<b>21</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest bearing debt	962	1,076	1,301	1,356	1,339	1,297	1,248	1,144	1,039
Liquidity	103	213	317	326	104	217	279	423	551
<b>Net interest bearing debt</b>	<b>859</b>	<b>863</b>	<b>984</b>	<b>1,031</b>	<b>1,235</b>	<b>1,081</b>	<b>968</b>	<b>720</b>	<b>488</b>
<b>Cash Flow (USDm)</b>									
Net income	-221	-128	-2	85	37	-8	119	305	369
Depreciation	53	63	78	92	94	116	116	116	116
Other	153	40	19	34	10	130	0	0	0
<b>Cash earnings</b>	<b>-15</b>	<b>-24</b>	<b>95</b>	<b>210</b>	<b>141</b>	<b>238</b>	<b>235</b>	<b>422</b>	<b>485</b>
Changes in working capital	0	1	1	-24	18	-3	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>236</b>	<b>235</b>	<b>422</b>	<b>485</b>
Capex	-519	-268	-160	-158	-44	-26	-13	-9	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	-29	-105	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>-27</b>	<b>-13</b>	<b>-9</b>	<b>0</b>
Repayment of debt	-34	104	-94	23	-237	-130	-397	-104	-349
Proceeds from debt	216	142	75	270	390	86	347	0	245
Dividends paid	0	0	0	-65	-47	-66	-110	-165	-253
New equity	0	205	123	0	1	0	0	0	0
Other	-220	-143	-75	-273	-402	-105	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>-111</b>	<b>-160</b>	<b>-268</b>	<b>-357</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>97</b>	<b>63</b>	<b>144</b>	<b>128</b>
Cash balance	103	213	309	305	89	186	248	393	520
<b>Free cash flow</b>	<b>98</b>	<b>-198</b>	<b>76</b>	<b>45</b>	<b>85</b>	<b>208</b>	<b>222</b>	<b>413</b>	<b>485</b>



# Cleaves Securities

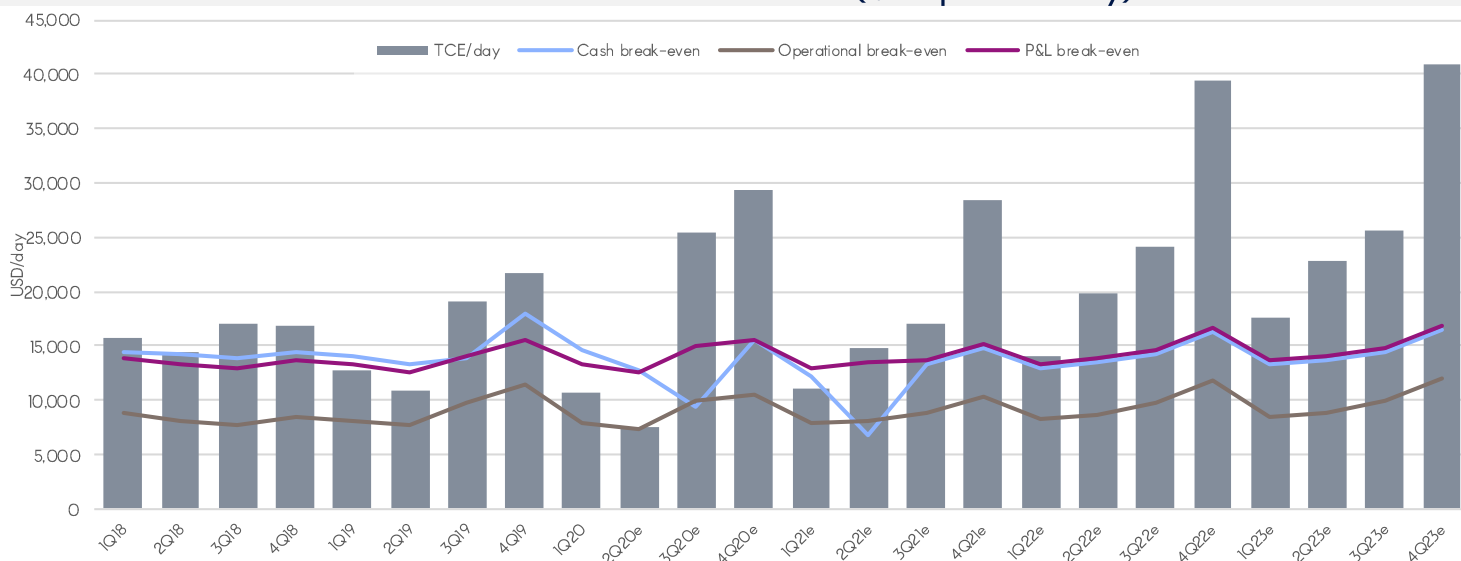
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	35	106	142	144	144	144	144	144	144
Share price, avg (USD)	18	4	7	8	6	4	4	4	4
Share price, end (USD)	5	5	8	6	6	4	4	4	4
<b>Market Cap.</b>	<b>185</b>	<b>499</b>	<b>1,159</b>	<b>889</b>	<b>838</b>	<b>581</b>	<b>581</b>	<b>581</b>	<b>581</b>
NIBD	859	863	984	1,031	1,235	1,081	968	720	488
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,044</b>	<b>1,362</b>	<b>2,143</b>	<b>1,920</b>	<b>2,073</b>	<b>1,662</b>	<b>1,550</b>	<b>1,302</b>	<b>1,070</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				10.5	22.5		4.9	1.9	1.6
P/E (adj.)				10.5	22.5	4.6	4.9	1.9	1.6
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.6	3.0	3.4	1.8	1.6	1.0	1.0	0.7	0.7
EV/Sales	9.3	8.2	6.3	3.9	4.0	2.8	2.7	1.6	1.3
EV/EBITDA			16.7	8.1	10.7	8.5	5.3	2.8	2.0
EV/EBIT			42.8	13.2	20.6	21.2	8.9	3.6	2.6
P/B	0.2	0.4	0.8	0.6	0.6	0.4	0.4	0.4	0.3
FCF yield	53%	-40%	7%	5%	10%	36%	38%	71%	83%
Dividend yield	0.0%	0.0%	0.0%	7.3%	5.6%	11.4%	18.9%	28.3%	43.5%
Return on equity (ROE)	-19.1%	-10.3%	-0.2%	5.5%	2.5%	-0.5%	8.2%	19.2%	21.6%
Return on capital employed (ROCE)	-11.9%	-3.4%	2.1%	5.8%	3.7%	3.2%	7.4%	15.8%	19.3%
Return on assets (ROA)	-10.2%	-5.4%	-0.1%	2.9%	1.3%	-0.3%	4.2%	10.7%	12.9%
Sales growth	79%	49%	104%	45%	5%	15%	-3%	36%	7%
EBITDA margin	-162%	-4%	38%	48%	37%	32%	50%	60%	63%
EBIT margin	-209%	-42%	15%	29%	19%	13%	30%	45%	49%
Net margin	-197%	-76%	-1%	17%	7%	-1%	20%	39%	43%
Net interest rate	3.3%	5.3%	6.1%	7.3%	4.8%	5.3%	5.7%	7.2%	9.7%
Tax rate	-0.1%	0.1%	-2.4%	0.3%	0.6%	-0.7%	0.0%	0.0%	0.0%
Equity ratio	53%	52%	52%	52%	51%	50%	51%	56%	60%
Leverage ratio	47%	48%	48%	48%	49%	50%	49%	44%	40%
NIBD / EBITDA (past 1y)	-4.7	-126.4	7.7	4.3	6.3	5.6	3.3	1.5	0.9
Operating cash flow/NIBD	0.0	0.0	0.1	0.2	0.1	0.2	0.2	0.6	1.0
Net interest coverage ratio (EBIT)	-6.4	-0.1	2.1	3.2	3.3	3.4	5.3	9.2	11.3
Current ratio	2.5	6.9	2.4	0.9	1.2	0.8	1.1	1.4	1.9
Adj. equity ratio						39%	51%	61%	67%
Operating assets	2,021	2,095	2,498	2,579	2,803	2,597	2,494	2,387	2,270
Operating liabilities	52	47	75	71	114	121	121	121	121
Net operating assets	1,969	2,048	2,423	2,507	2,689	2,476	2,373	2,266	2,150

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)





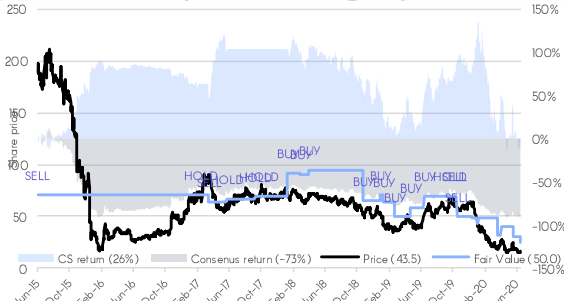
Fair value of SALT-US changes fast based on its STNG-US shareholding

SALT-US

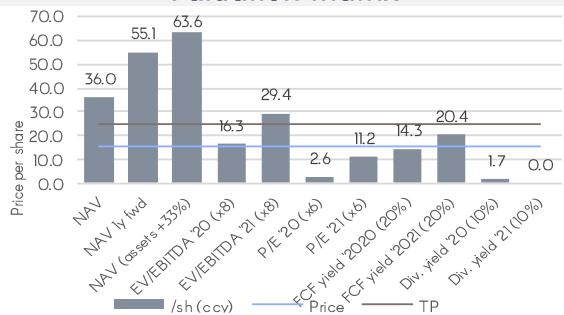
BUY/\$25

Scorpio Bulkers

### Share price vs target price

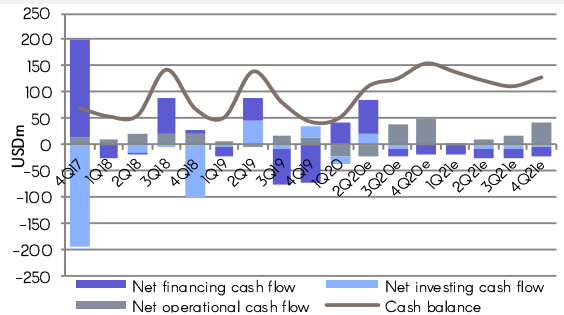


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	246	246	299	305
EBITDA (adj.)	96	109	175	181
EBIT (adj.)	46	60	126	132
PTP (adj.)	5	22	92	101
Net earnings (adj.)	5	22	92	101
EPS (adj.)	-0.59	1.86	7.66	8.40
DPS	0.25	-	-	4.16
USDm	2020E	2021E	2022E	2023E
Fwd NAV	574	774	986	1,064
Adj. equity ratio	43%	53%	60%	64%
FCF yield	19%	26%	71%	76%
Dividend yield	1%	0%	0%	27%
EV/EBITDA	9.6	6.5	3.3	2.7
P/E (adj.)	35.2	8.3	2.0	1.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	40	72	141	150
Free cash flow	34	49	131	140
Net cash flow	112	-27	79	42
TCE/day	12,510	13,115	16,670	17,032
Cash break-even	13,936	13,234	11,754	11,381
Liquidity	155	128	207	249
Property & Equip. (incl. NBs)	1,162	1,136	1,096	1,057
Total equity	815	837	929	980
Total assets	1,590	1,537	1,576	1,579
Interest bearing debt	726	650	598	549
Net interest bearing debt	571	522	391	300
Market Cap.	185	185	185	185

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

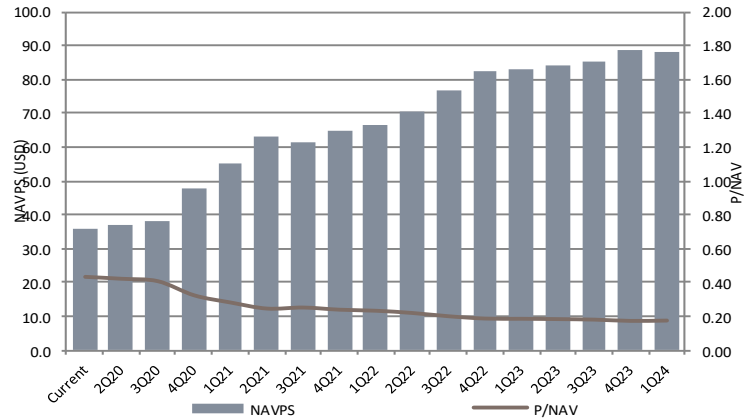


## Company Valuation

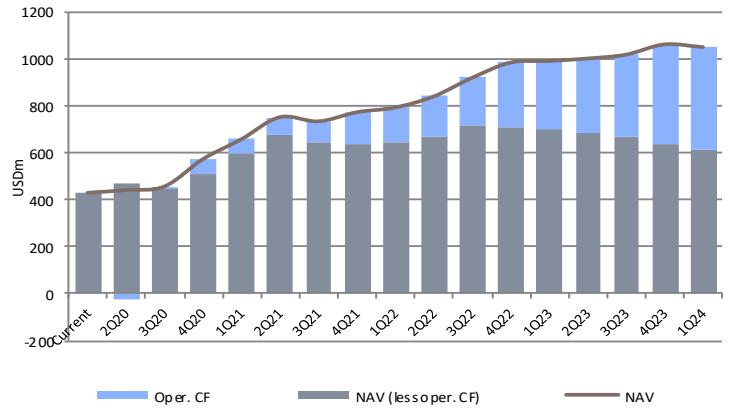
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,208	1,002	785
Contract value	0	1	1
Other	273	130	102
<b>GAV</b>	<b>1,481</b>	<b>1,134</b>	<b>888</b>
Net debt	-723	-640	-640
Capex	0	-57	-57
Other	-6	-6	-6
<b>Equity</b>	<b>751</b>	<b>430</b>	<b>185</b>
Shares	12	12	12
<b>Equity/sh</b>	<b>62.77</b>	<b>35.96</b>	<b>15.45</b>
incl CCY	62.77	35.96	15.45
P/Equity	0.25	0.43	1.00
EV/GAV	0.60	0.78	1.00
Adj. Total Assets	1,574	1,368	1,151
<b>Adj. Equity Ratio</b>	<b>48%</b>	<b>31%</b>	<b>16%</b>
<b>Fair Value</b>	<b>USD</b>	<b>24.7</b>	<b>60%</b>

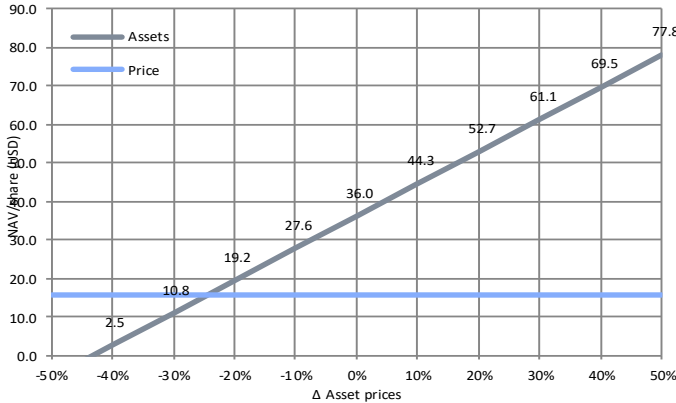
### Quarterly forward NAV & P/NAV



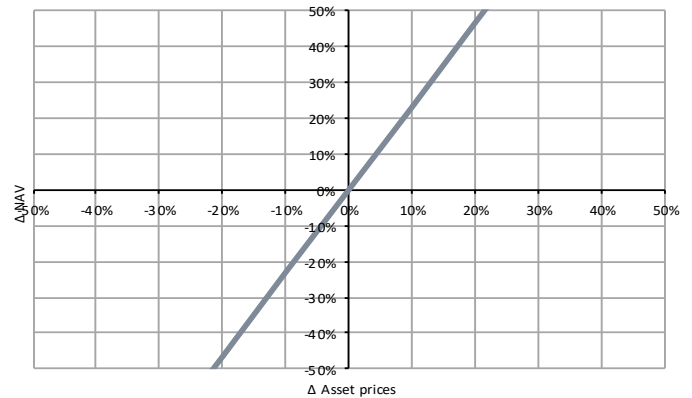
### Quarterly forward NAV decomposition



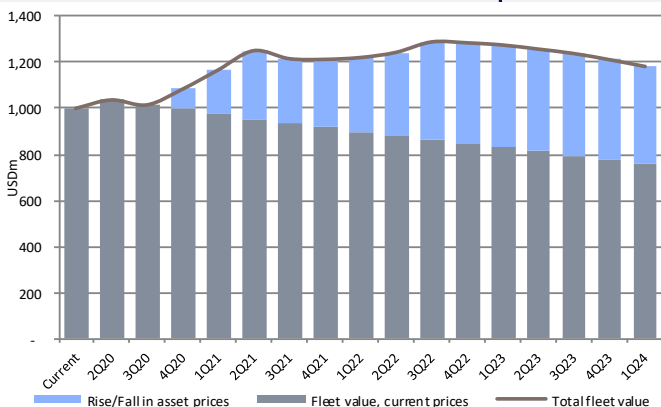
### Impact on NAV/sh from % change in asset prices



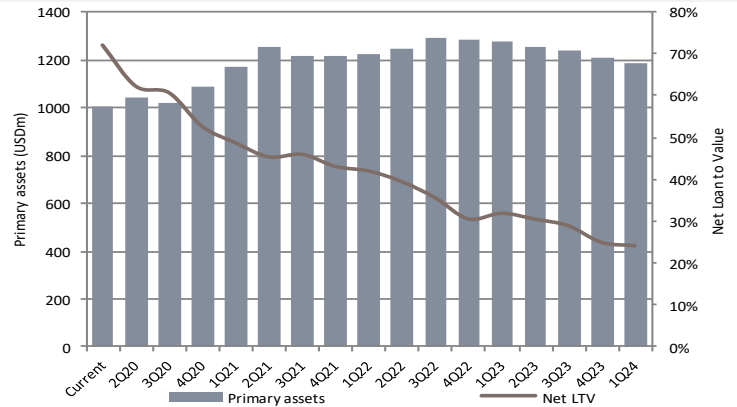
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	48.9	39.5	24.3	26.8				
EBITDA (adj.)	14.7	3.6	-14.3	-8.1				
EBIT (adj.)	1.4	-8.8	-26.7	-19.0				
PTP (adj.)	-13.4	-19.0	-37.1	-29.2				
Net earnings (adj.)	-13.4	-19.0	-37.1	-32.2				
EPS (adj.)	-1.88	-2.62	-3.10	-3.23				
DPS	0.20	0.05	-	0.05				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	48.9	39.5	24.3	26.8				
Opex & G&A	34.1	35.9	38.6	34.9				
Depreciation	13.4	12.3	12.3	10.9				
Net finance	14.8	10.2	10.4	10.2				
Taxes & Minorities	-	-	-	3.0				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-0	-21	-25					
Free cash flow	44	-36	-6					
Net cash flow	88	8	61					
TCE/day	10,131	8,939	4,764	5,249				
Utilization			90.1%					
Fleet days	4,823	4,415	5,096					
Cash break-even	13,498	14,088	15,099					
Liquidity	139	50	111					
Interest bearing debt	858	774	758					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	246	246	299	305	190	222	260	282	56	24	39	23	
EBITDA (adj.)	96	109	175	181	43	87	134	155	53	22	41	26	
EBIT (adj.)	46	60	126	132	-7	35	79	100	54	25	47	31	
PTP (adj.)	5	22	92	101	-47	-1	46	70	52	24	46	31	
Net earnings (adj.)	5	22	92	101	-47	-1	46	70	52	24	46	31	
EPS (adj.)	-0.59	1.86	7.66	8.40	-6.46	-0.20	6.32	9.65	5.86	2.07	1.35	-1.25	
DPS	0.25	-	-	4.16	0.02	-	-	4.40	0.23	-	-	-0.24	
									2020E	2021E	2022E	2023E	
									TCE revenue	56	24	39	23
									Opex & G&A	3	1	-2	-3
									Depreciation	-1	-3	-6	-6
									Net finance	2	2	1	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	40	72	141	150	3	51	101	125	37	21	40	25
Free cash flow	34	49	131	140	92	39	91	115	-58	10	40	25
Net cash flow	112	-27	79	42	32	-13	41	37	80	-14	38	5
TCE/day	12,510	13,115	16,670	17,032	9,393	11,831	14,514	15,735	3,117	1,284	2,155	1,297
Cash break-even	13,936	13,234	11,754	11,381	16,680	11,938	11,695	11,339	-2,744	1,295	60	42
Liquidity	155	128	207	249	75	62	103	140	80	66	104	109
Property & Equip. (incl. NBs)	1,162	1,136	1,096	1,057	1,133	1,093	1,048	1,003	29	43	49	54
Total equity	815	837	929	980	753	752	797	835	62	86	132	144
Total assets	1,590	1,537	1,576	1,579	1,559	1,506	1,502	1,494	31	31	75	85
Interest bearing debt	726	650	598	549	669	617	567	521	57	33	31	28
Net interest bearing debt	571	522	391	300	594	555	464	381	-23	-33	-74	-81
Market Cap.	185	185	185	185	185	185	185	185	0	0	0	0
Enterprise value	756	707	576	485	779	740	649	566	-23	-33	-74	-81

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	574	774	986	1,064	416	474	645	742	158	300	341	321
Adj. equity ratio	43%	53%	60%	64%	34%	39%	48%	53%	9%	14%	13%	11%
FCF yield	19%	26%	71%	76%	50%	21%	49%	62%	-31%	5%	22%	14%
Dividend yield	1%	0%	0%	27%	0%	0%	0%	17%	1%	0%	0%	10%
EV/EBITDA	9.6	6.5	3.3	2.7		8.5	4.9	3.6	#####	-2.0	-1.6	-1.0
P/E (adj.)	35.2	8.3	2.0	1.8			4.0	2.6	#####	#####	-2.0	-0.8

### Various

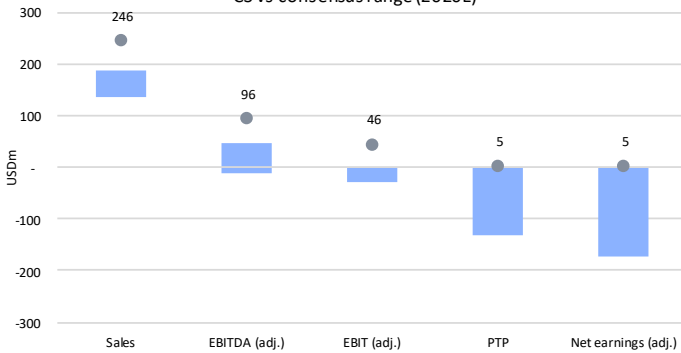
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	-5,213	0	-	-	-
G&A/day	-1,500	-1,595	-1,702	-1,720	-1,591	-1,729	-1,842	-1,860	91	134	139	140
Depreciation/day	-2,535	-2,617	-2,761	-2,761	-2,471	-2,776	-3,071	-3,071	-64	159	310	310
Net interest/day	-2,109	-1,989	-1,903	-1,749	-1,940	-1,910	-1,854	-1,704	-169	-79	-49	-45
Amort./day	-4,130	-4,009	-2,936	-2,699	-7,477	-2,868	-2,786	-2,561	3,347	-1,141	-150	-138



## Our Estimates vs Consensus

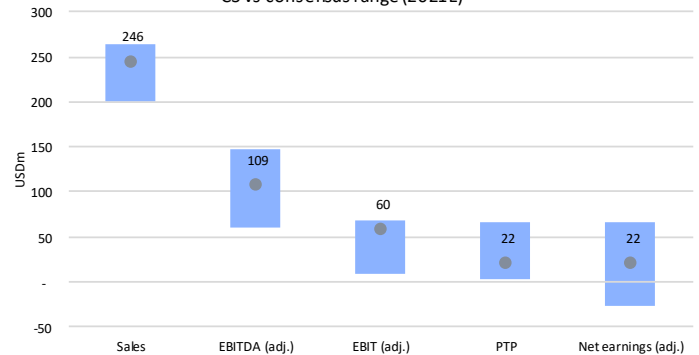
### Profit & Loss, year I

CS vs consensus range (2020E)

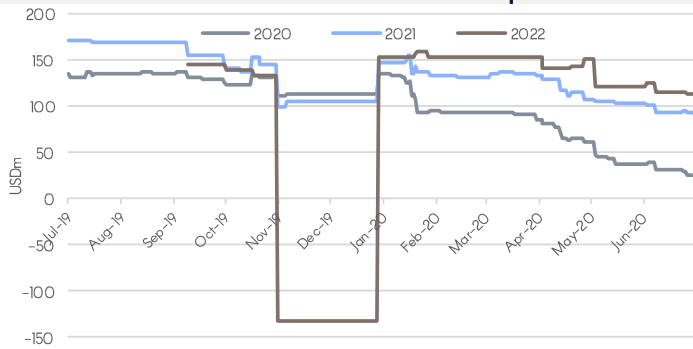


### Profit & Loss, year II

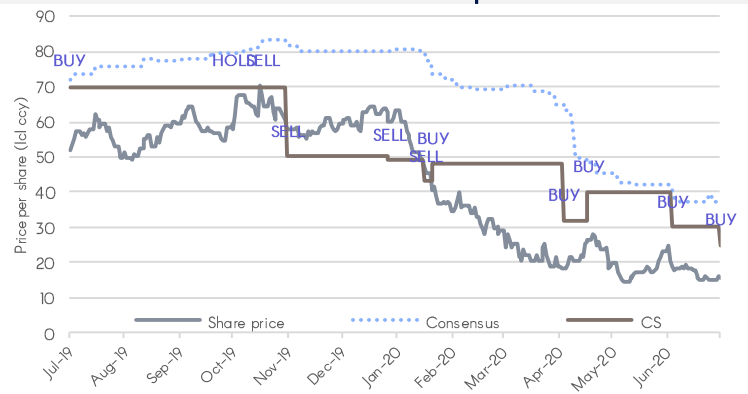
CS vs consensus range (2021E)



### Consensus EBITDA development



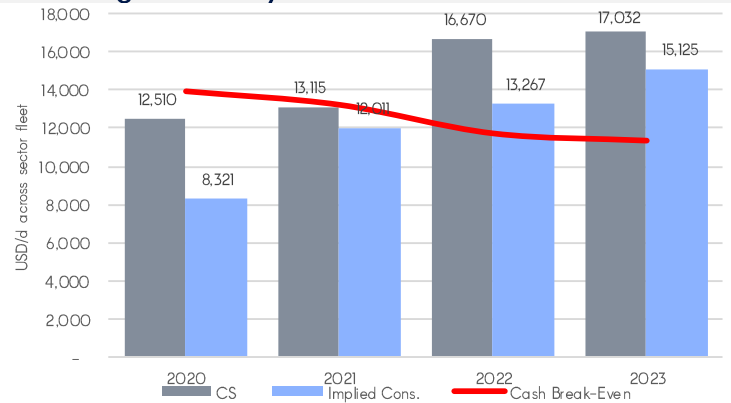
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	246	164	164	82	50%
Opex + G&A	150	139	139	12	8%
Depreciation	49	47	47	2	4%
Net finance	41	90	90	-49	-54%
Taxes & Minorities	0	-12	-12	12	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	246	225	225	21	9%
Opex + G&A	137	133	133	4	3%
Depreciation	49	53	53	-3	-6%
Net finance	38	9	9	28	307%
Taxes & Minorities	0	21	21	-21	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	49	63	57	39	24	86	97	48	56
Operational costs	-39	-40	-64	-53	-39	-38	-37	-36	-36
EBITDA	10	22	-7	-13	-14	47	59	12	21
Depreciation/Amortization	-13	-14	-13	-12	-12	-12	-12	-12	-12
EBIT	-3	9	-21	-26	-27	35	47	0	8
Net financials	38	-11	36	-99	-10	-10	-10	-10	-9
PTP	35	-2	15	-125	-37	25	37	-10	-1
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	35	-2	15	-125	-37	25	37	-10	-1
Non-recurring items	-48	-2	-21	106	0	0	0	0	0
Net earnings (adj.)	-13	-4	-6	-19	-37	25	37	-10	-1
EPS	4.90	-0.27	2.08	-17.21	-3.10	2.05	3.08	-0.83	-0.11
EPS (adj.)	-1.88	-0.51	-0.87	-2.62	-3.10	2.05	3.08	-0.83	-0.11
DPS	0.20	0.20	0.20	0.20	0.05	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	139	80	43	50	111	125	155	139	122
Other current assets	19	23	23	31	31	31	31	31	31
Total current assets	158	103	65	81	142	157	186	170	153
Property & equip. (incl. NBs)	1,391	1,416	1,272	1,208	1,177	1,173	1,162	1,150	1,147
Other non-current assets	230	239	328	285	242	242	242	242	242
Total non-current assets	1,621	1,655	1,600	1,493	1,419	1,414	1,404	1,392	1,389
TOTAL ASSETS	1,780	1,758	1,666	1,574	1,561	1,571	1,590	1,562	1,542
Total equity	894	893	875	751	754	778	815	805	804
Short-term debt	137	66	74	69	87	74	76	77	78
Other current liabilities	21	48	50	43	43	43	43	43	43
Total current liabilities	158	114	124	113	130	117	119	120	122
Long-term debt	722	751	654	704	671	669	650	630	610
Other non-current liabilities	6	0	13	6	6	6	6	6	6
Total non-current liabilities	728	751	667	711	678	676	656	637	616
TOTAL EQUITY & LIABILITIES	1,780	1,758	1,666	1,574	1,561	1,571	1,590	1,562	1,542
Working capital, receivables	10	11	6	22	22	22	22	22	22
Working capital, payables	21	48	49	43	43	43	43	43	43
Net working capital	-11	-37	-42	-21	-21	-21	-21	-21	-21
Interest bearing debt	858	817	728	774	758	743	726	707	688
Liquidity	139	80	43	50	111	125	155	139	122
Net interest bearing debt	719	737	686	723	647	618	571	568	566
<b>Cash Flow (USDm)</b>									
Net income	35	-2	15	-125	-37	25	37	-10	-1
Depreciation	13	14	13	12	12	12	12	12	12
Other	-45	0	-23	106	0	0	0	0	0
Cash earnings	4	12	6	-7	-25	37	49	2	11
Changes in working capital	-4	6	6	-14	0	0	0	0	0
Net operational cash flow	0	18	12	-21	-25	37	49	2	11
Capex	0	0	0	-15	-24	-8	-2	0	-9
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	47	0	37	0	43	0	0	0	0
Other	-3	-9	-14	0	0	0	0	0	0
Net investing cash flow	44	-9	23	-14	18	-8	-2	0	-9
Repayment of debt	-197	-119	-77	-34	-28	-18	-19	-19	-19
Proceeds from debt	242	58	7	79	12	4	1	0	0
Dividends paid	-1	-1	-1	-1	-1	0	0	0	0
New equity	0	0	0	0	83	0	0	0	0
Other	0	-5	0	0	0	0	0	0	0
Net financing cash flow	44	-68	-72	43	67	-15	-18	-19	-19
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	88	-59	-38	8	61	15	29	-16	-17
Cash balance	139	80	43	50	111	125	155	139	122
Free cash flow	44	8	34	-36	-6	29	47	2	2



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales						246	246	299	305
Operational costs						-167	-137	-124	-124
EBITDA						79	109	175	181
Depreciation/Amortization						-49	-49	-49	-49
EBIT	-492	-101	-26	43	-21	29	60	126	132
Net financials	-19	-24	-34	-56	66	-130	-38	-34	-31
PTP	-511	-125	-60	-13	45	-100	22	92	101
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-511	-125	-60	-13	45	-100	22	92	101
Non-recurring items	0	0	0	0	0	106	0	0	0
Net earnings (adj.)	-511	-125	-60	-13	45	5	22	92	101
EPS	-178.06	-16.58	-7.97	-1.78	6.16	-15.18	1.86	7.66	8.40
EPS (adj.)	-178.06	-16.58	-7.97	-1.78	6.16	-0.59	1.86	7.66	8.40
DPS	0.00	0.00	0.20	0.85	0.79	0.25	0.00	0.00	4.16
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	200	102	69	67	43	155	128	207	249
Other current assets	192	14	14	17	23	31	31	31	31
Total current assets	393	115	83	84	65	186	159	238	280
Property & equip. (incl. NBs)	1,053	1,414	1,541	1,508	1,272	1,162	1,136	1,096	1,057
Other non-current assets	28	18	19	112	328	242	242	242	242
Total non-current assets	1,080	1,432	1,561	1,620	1,600	1,404	1,378	1,338	1,299
TOTAL ASSETS	1,473	1,547	1,643	1,704	1,666	1,590	1,537	1,576	1,579
Total equity	935	957	917	861	875	815	837	929	980
Short-term debt	108	13	48	138	74	76	84	93	82
Other current liabilities	17	11	10	14	50	43	43	43	43
Total current liabilities	125	25	59	153	124	119	127	136	125
Long-term debt	414	566	667	690	654	650	566	504	467
Other non-current liabilities	0	0	0	0	13	6	6	6	6
Total non-current liabilities	414	566	667	690	667	656	572	511	474
TOTAL EQUITY & LIABILITIES	1,473	1,547	1,643	1,704	1,666	1,590	1,537	1,576	1,579
Working capital, receivables	0	0	4	4	6	22	22	22	22
Working capital, payables	16	10	10	14	49	43	43	43	43
Net working capital	-16	-10	-6	-10	-42	-21	-21	-21	-21
Interest bearing debt	522	579	716	829	728	726	650	598	549
Liquidity	200	102	69	67	43	155	128	207	249
Net interest bearing debt	321	478	647	761	686	571	522	391	300
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	-511	-125	-60	-13	45	-100	22	92	101
Depreciation						49	49	49	49
Other						106	0	0	0
Cash earnings	-36	-46	17	68	34	55	72	141	150
Changes in working capital	1	-7	3	2	2	-14	0	0	0
Net operational cash flow	-35	-52	20	70	36	40	72	141	150
Capex	-876	-408	-217	-22	0	-49	-23	-10	-10
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	189	173	44	0	84	43	0	0	0
Other	31	0	0	-101	-33	-17	0	0	0
Net investing cash flow	-656	-235	-173	-122	52	-6	-23	-10	-10
Repayment of debt	427	62	135	110	-102	-99	-76	-52	-48
Proceeds from debt	490	247	288	469	307	96	0	0	0
Dividends paid	0	0	-2	-6	-6	-2	0	0	-50
New equity	218	128	0	0	—	83	0	0	0
Other	-516	-248	-301	-523	-311	-17	0	0	0
Net financing cash flow	619	189	120	51	-113	78	-76	-52	-98
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-72	-99	-33	-1	-25	112	-27	79	42
Cash balance	200	102	69	67	43	155	128	207	249
Free cash flow	-691	-288	-153	-52	88	34	49	131	140



# Cleaves Securities

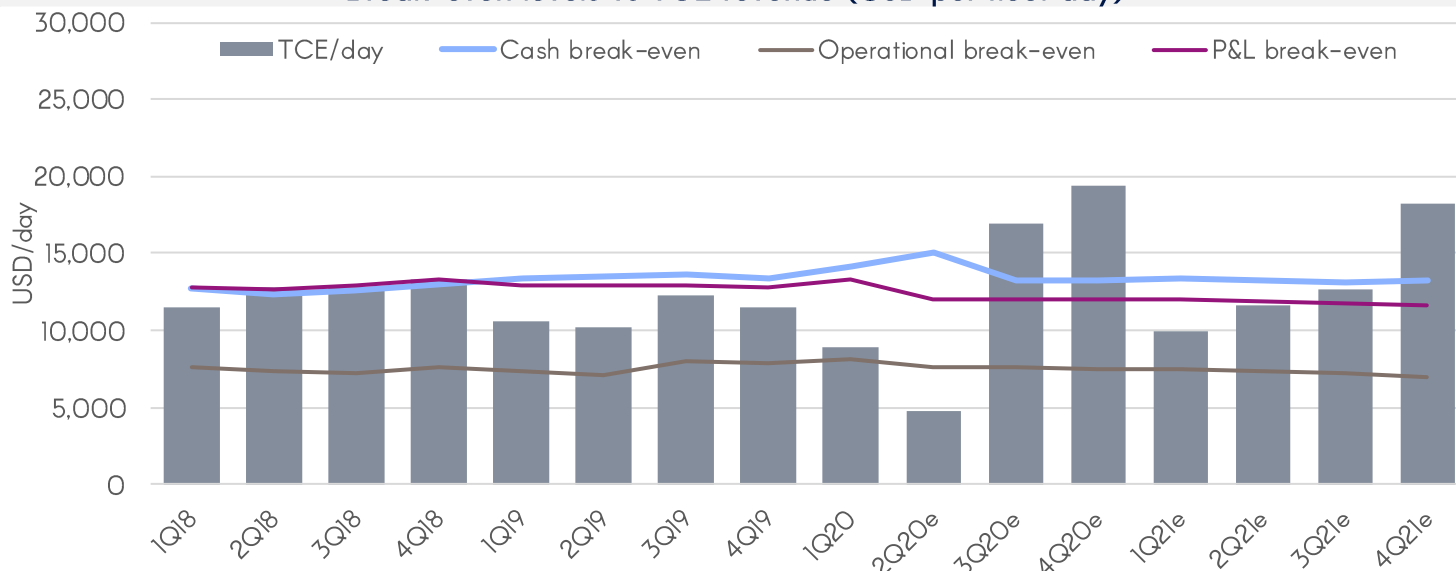
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	3	8	7	7	7	12	12	12	12
Share price, avg (USD)	198	35	69	66	51	21	15	15	15
Share price, end (USD)	92	47	69	51	64	15	15	15	15
<b>Market Cap.</b>	<b>264</b>	<b>353</b>	<b>515</b>	<b>366</b>	<b>462</b>	<b>185</b>	<b>185</b>	<b>185</b>	<b>185</b>
NIBD	321	478	647	761	686	571	522	391	300
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>585</b>	<b>831</b>	<b>1,162</b>	<b>1,127</b>	<b>1,148</b>	<b>756</b>	<b>707</b>	<b>576</b>	<b>485</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)					10.3		8.3	2.0	1.8
P/E (adj.)					10.3	35.2	8.3	2.0	1.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales						0.8	0.8	0.6	0.6
EV/Sales						3.1	2.9	1.9	1.6
EV/EBITDA						9.6	6.5	3.3	2.7
EV/EBIT				26.0		25.8	11.8	4.6	3.7
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%	19%	26%	71%	76%
Dividend yield	0.0%	0.0%	0.3%	1.7%	1.2%	1.1%	0.0%	0.0%	26.9%
Return on equity (ROE)	-54.7%	-13.0%	-6.5%	-1.5%	5.1%	-12.3%	2.7%	9.9%	10.3%
Return on capital employed (ROCE)	-39.1%	-7.0%	-1.6%	2.7%	-1.4%	2.3%	4.7%	10.2%	11.0%
Return on assets (ROA)	-34.7%	-8.1%	-3.6%	-0.7%	2.7%	-6.3%	1.5%	5.8%	6.4%
Sales growth							0%	21%	2%
EBITDA margin						32%	44%	59%	59%
EBIT margin						12%	24%	42%	43%
Net margin						-41%	9%	31%	33%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	7.2%	7.2%	8.7%	10.4%
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%	51%	54%	59%	62%
Leverage ratio	37%	38%	44%	49%	47%	49%	46%	41%	38%
NIBD / EBITDA (past ly)						7.3	4.8	2.2	1.7
Operating cash flow/NIBD	-0.1	-0.1	0.0	0.1	0.1	0.1	0.1	0.4	0.5
Net interest coverage ratio (EBITDA)						1.9	2.9	5.1	5.8
Current ratio	3.2	4.7	1.4	0.6	0.5	1.6	1.3	1.7	2.2
Adj. equity ratio						43%	53%	60%	64%
Operating assets	1,273	1,445	1,575	1,636	1,623	1,351	1,325	1,285	1,246
Operating liabilities	17	11	10	14	62	50	50	50	50
Net operating assets	1,256	1,434	1,564	1,622	1,561	1,302	1,275	1,235	1,196

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)





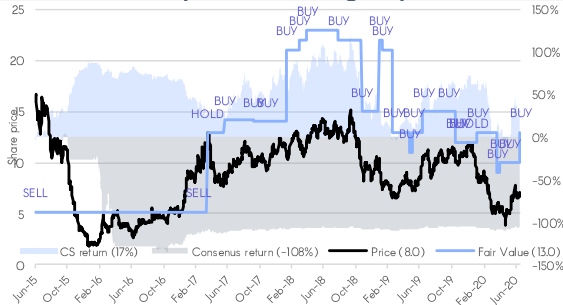
Significant earnings power and discount to NAV makes Star Bulk a cash cow when fortunes improve

## SBLK-US

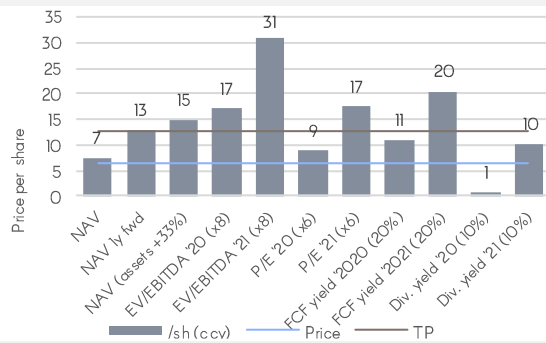
## BUY/\$13

## Star Bulk

### Share price vs target price

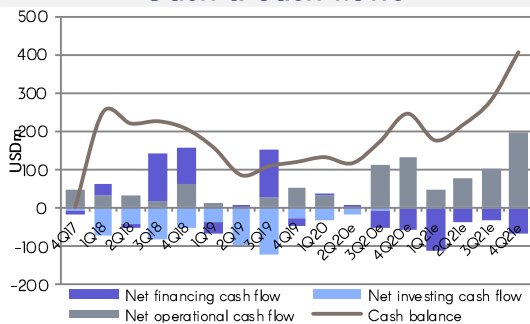


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	643	782	1,017	1,077
EBITDA (adj.)	361	490	699	749
EBIT (adj.)	222	351	560	611
PTP (adj.)	143	279	494	550
Net earnings (adj.)	143	279	494	550
EPS (adj.)	1.48	2.85	4.95	5.50
DPS	0.08	1.03	4.16	5.62
USDm	2020E	2021E	2022E	2023E
Fwd NAV	1,018	1,679	2,425	2,919
Adj. equity ratio	38%	53%	64%	69%
FCF yield	33%	62%	93%	101%
Dividend yield	1%	15%	62%	85%
EV/EBITDA	5.3	3.3	2.0	1.7
P/E (adj.)	4.5	2.3	1.3	1.2

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	273	418	633	689
Free cash flow	211	401	616	667
Net cash flow	119	161	93	4
TCE/day	14,283	16,806	21,834	23,137
Cash break-even	12,283	10,763	10,510	10,416
Liquidity	244	405	499	503
Property & Equip. (incl. NBs)	2,895	2,773	2,651	2,534
Total equity	1,673	1,853	1,935	1,922
Total assets	3,310	3,349	3,321	3,207
Interest bearing debt	1,496	1,356	1,246	1,146
Net interest bearing debt	1,252	950	747	643
Market Cap.	637	650	663	663

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

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

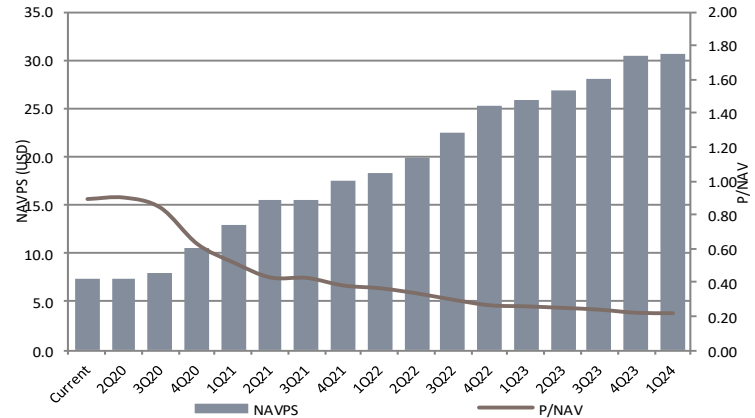


## Company Valuation

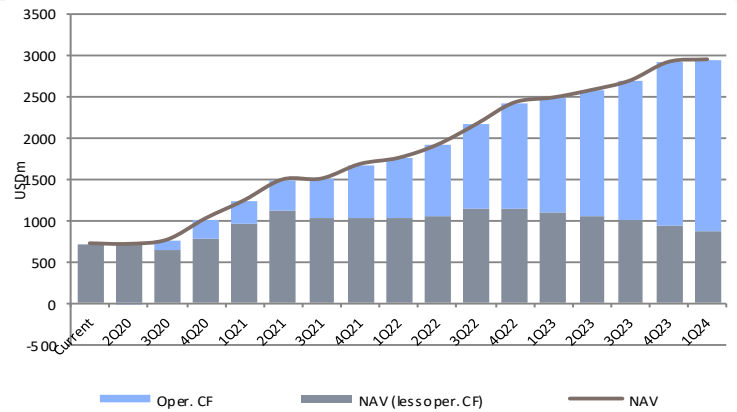
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,969	2,168	2,096
Contract value	0	1	1
Other	171	171	165
<b>GAV</b>	<b>3,139</b>	<b>2,340</b>	<b>2,263</b>
Net debt	-1,460	-1,460	-1,460
Capex	0	-26	-26
Other	-140	-140	-140
<b>Equity</b>	<b>1,539</b>	<b>715</b>	<b>637</b>
Shares	96	96	96
<b>Equity/sh</b>	<b>16.02</b>	<b>7.44</b>	<b>6.63</b>
lcl CCY	16.02	7.44	6.63
<b>P/Equity</b>	<b>0.41</b>	<b>0.89</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.72</b>	<b>0.97</b>	<b>1.00</b>
Adj. Total Assets	3,270	2,469	2,397
Adj. Equity Ratio	47%	29%	27%
<b>Fair Value</b>	<b>USD</b>	<b>12.9</b>	<b>94%</b>

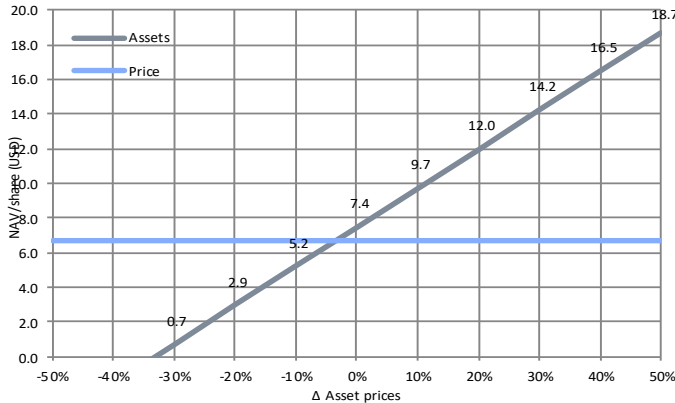
### Quarterly forward NAV & P/NAV



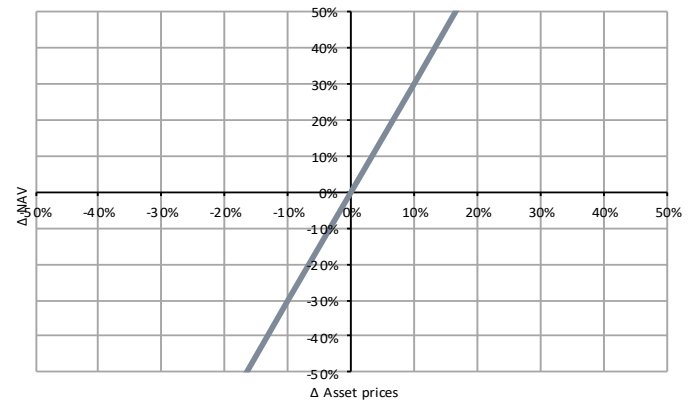
### Quarterly forward NAV decomposition



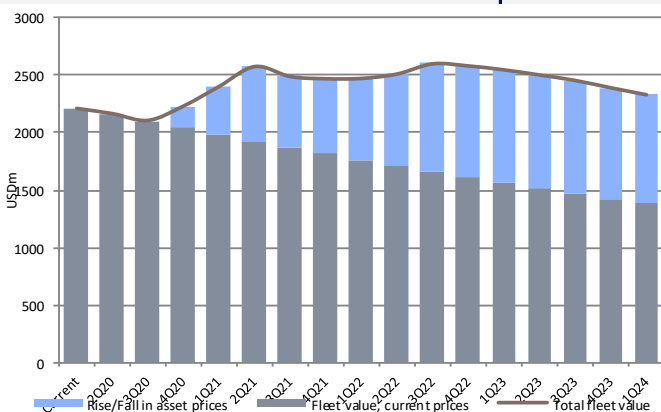
### Impact on NAV/sh from % change in asset prices



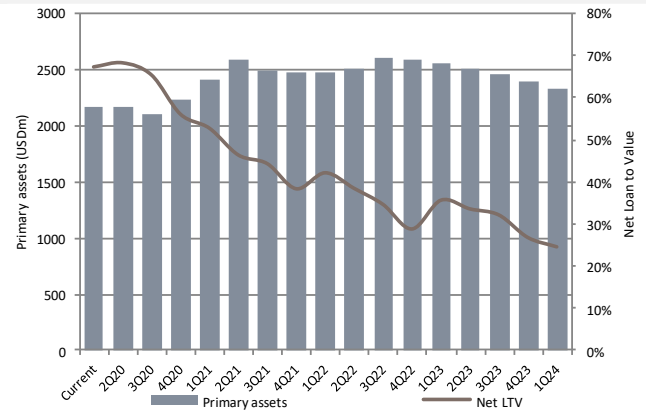
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	111.4	105.6	102.1	96.7				
EBITDA (adj.)	36.6	43.4	35.6	32.9				
EBIT (adj.)	6.6	8.8	1.0	0.1				
PTP (adj.)	-14.4	-11.3	-19.2	-17.8				
Net earnings (adj.)	-14.4	-11.4	-19.2	-27.2				
EPS (adj.)	-0.16	-0.12	-0.20	-0.23				
DPS	-	-	-	-				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	111.4	105.6	102.1	96.7				
Opex & G&A	74.8	62.1	66.5	63.7				
Depreciation	30.0	34.6	34.6	32.9				
Net finance	21.0	20.1	20.2	17.9				
Taxes & Minorities	0.0	0.0	-	9.4				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-5	32	-1					
Free cash flow	-97	0	-17					
Net cash flow	-90	5	-16					
TCE/day	10,918	11,128	8,986	8,504				
Utilization	90.9%	86.8%	95.3%					
Fleet days	11,222	10,923	11,923					
Cash break-even	13,389	12,383	12,125					
Liquidity	83	130	115					
Interest bearing debt	1,466	1,590	1,592					



## Estimate Changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	643	782	1,017	1,077	583	678	888	980	60	104	128	96	
EBITDA (adj.)	361	490	699	749	281	369	546	619	80	121	153	130	
EBIT (adj.)	222	351	560	611	150	232	410	483	73	119	150	127	
PTP (adj.)	143	279	494	550	66	155	339	418	77	124	155	132	
Net earnings (adj.)	143	279	494	550	66	155	339	418	77	124	155	132	
EPS (adj.)	1.48	2.85	4.95	5.50	0.69	1.58	3.39	4.18	0.80	1.27	1.55	1.32	
DPS	0.08	1.03	4.16	5.62	0.11	0.08	1.75	0.17	-0.03	0.95	2.41	5.45	
									2020E	2021E	2022E	2023E	
									TCE revenue	60	104	128	96
									Opex & G&A	-20	-18	-24	-33
									Depreciation	7	2	2	2
									Net finance	-4	-5	-5	-4
									Taxes & Minorities	0	-	-	-

### 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	273	418	633	689	147	291	475	554	127	127	158	134
Free cash flow	211	401	616	667	80	258	441	520	132	144	174	147
Net cash flow	119	161	93	4	12	126	153	399	107	35	-60	-395
TCE/day	14,283	16,806	21,834	23,137	12,037	13,927	18,250	20,148	2,246	2,878	3,584	2,989
Cash break-even	12,283	10,763	10,510	10,416	11,650	10,382	10,723	10,802	632	381	-213	-386
Liquidity	244	405	499	503	137	264	417	816	107	142	82	-313
Property & Equip. (incl. NBs)	2,895	2,773	2,651	2,534	2,901	2,799	2,696	2,594	-6	-26	-45	-60
Total equity	1,673	1,853	1,935	1,922	1,549	1,696	1,860	2,261	125	157	74	-339
Total assets	3,310	3,349	3,321	3,207	3,186	3,211	3,262	3,558	123	139	59	-351
Interest bearing debt	1,496	1,356	1,246	1,146	1,526	1,403	1,290	1,185	-30	-47	-43	-40
Net interest bearing debt	1,252	950	747	643	1,389	1,139	872	369	-137	-189	-125	274
Market Cap.	637	650	663	663	550	562	573	573	86	88	90	90
Enterprise value	1,889	1,600	1,411	1,306	1,939	1,701	1,446	943	-50	-100	-35	364

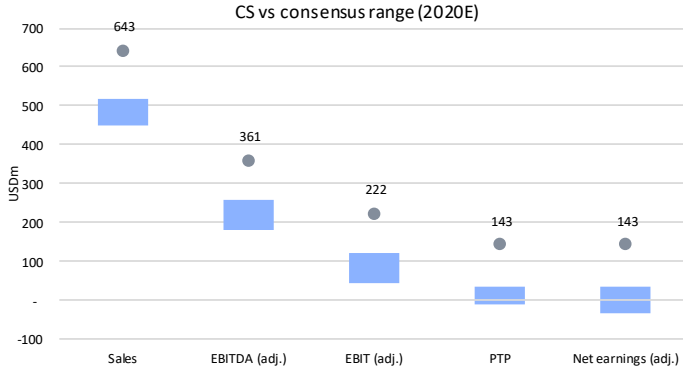
### Valuation

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	1,018	1,679	2,425	2,919	969	1,255	1,834	2,281	50	424	591	638
Adj. equity ratio	38%	53%	64%	69%	37%	45%	57%	64%	1%	8%	7%	6%
FCF yield	33%	62%	93%	101%	14%	46%	77%	91%	19%	16%	16%	10%
Dividend yield	1%	15%	62%	85%	2%	1%	30%	3%	-1%	14%	32%	82%
EV/EBITDA	5.3	3.3	2.0	1.7	8.4	4.6	2.6	1.5	-3.2	-1.3	-0.6	0.2
P/E (adj.)	4.5	2.3	1.3	1.2	8.4	3.6	1.7	1.4	-3.9	-1.3	-0.3	-0.2

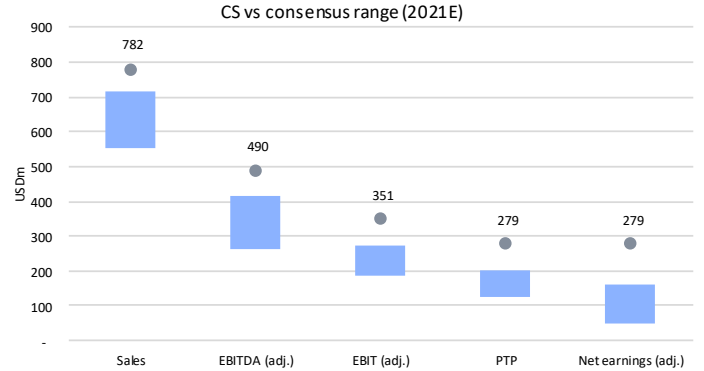


## Our Estimates vs Consensus

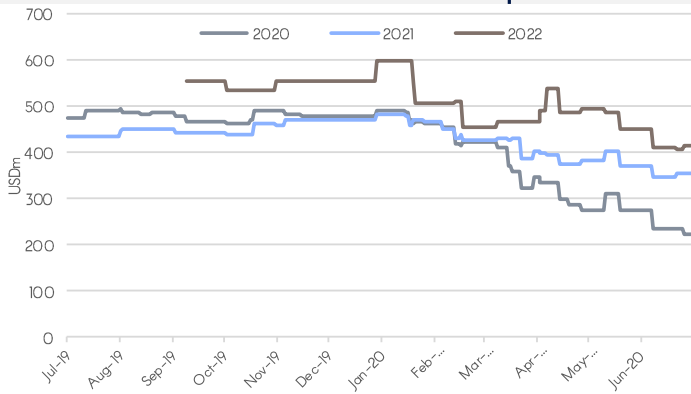
### Profit & Loss, year I



### Profit & Loss, year II



### Consensus EBITDA development



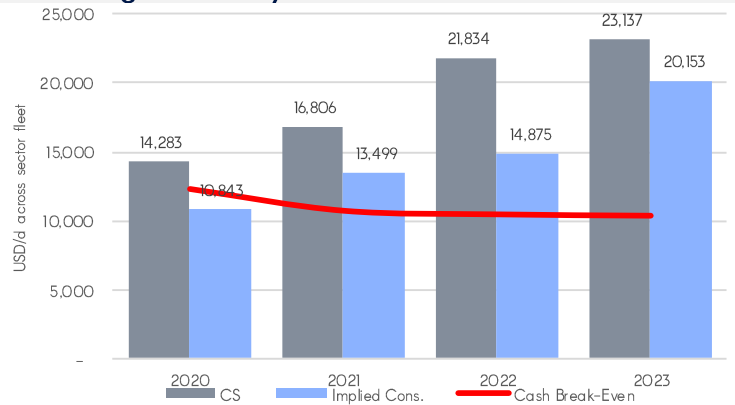
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	643		488	155	32%
Opex + G&A	282		264	18	7%
Depreciation	139		132	7	5%
Net finance	80		77	3	4%
Taxes & Minorities	0		25	-25	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	782		628	154	24%
Opex + G&A	292		275	17	6%
Depreciation	139		124	14	12%
Net finance	72		66	6	9%
Taxes & Minorities	0		34	-34	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	111	181	185	106	102	209	226	128	166
Operational costs	-98	-120	-106	-47	-83	-78	-75	-65	-71
EBITDA	14	61	79	58	19	131	151	63	95
Depreciation/Amortization	-30	-32	-32	-35	-35	-35	-35	-35	-35
EBIT	-16	29	46	23	-16	97	116	29	61
Net financials	-24	-23	-23	-21	-20	-20	-19	-18	-18
PTP	-40	6	24	3	-36	77	97	10	43
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-40	6	24	3	-36	77	97	10	43
Non-recurring items	26	18	19	-14	17	0	0	0	0
Net earnings (adj.)	-14	23	42	-11	-19	77	97	10	43
EPS	-0.44	0.06	0.25	0.03	-0.37	0.80	1.01	0.11	0.43
EPS (adj.)	-0.16	0.25	0.44	-0.12	-0.20	0.80	1.01	0.11	0.43
DPS	0.00	0.00	0.05	0.05	0.00	0.00	0.03	0.61	0.02
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	83	107	118	130	115	171	244	174	215
Other current assets	124	142	148	167	167	167	167	167	167
Total current assets	207	249	266	297	282	338	412	341	382
Property & equip. (incl. NBs)	2,812	2,955	2,967	2,969	2,950	2,925	2,895	2,864	2,834
Other non-current assets	13	12	6	4	4	4	4	4	4
Total non-current assets	2,826	2,967	2,973	2,972	2,954	2,929	2,898	2,868	2,837
TOTAL ASSETS	3,032	3,216	3,239	3,270	3,235	3,267	3,310	3,209	3,220
Total equity	1,476	1,524	1,544	1,539	1,503	1,580	1,673	1,625	1,666
Short-term debt	167	182	202	232	196	203	208	210	204
Other current liabilities	85	96	108	135	135	135	135	135	135
Total current liabilities	252	278	311	366	330	338	343	344	339
Long-term debt	1,299	1,409	1,380	1,359	1,396	1,344	1,288	1,234	1,210
Other non-current liabilities	5	5	3	6	6	6	6	6	6
Total non-current liabilities	1,305	1,414	1,384	1,364	1,402	1,350	1,294	1,240	1,215
TOTAL EQUITY & LIABILITIES	3,032	3,216	3,239	3,270	3,235	3,267	3,310	3,209	3,220
Working capital, receivables	0	0	110	0	0	0	0	0	0
Working capital, payables	0	0	90	0	0	0	0	0	0
Net working capital	0	0	20	0	0	0	0	0	0
Interest bearing debt	1,466	1,591	1,583	1,590	1,592	1,547	1,496	1,444	1,414
Liquidity	83	107	125	130	115	171	244	174	215
Net interest bearing debt	1,383	1,484	1,458	1,460	1,477	1,376	1,252	1,270	1,199
<b>Cash Flow (USDm)</b>									
Net income	-40	6	24	3	-36	77	97	10	43
Depreciation	30	32	32	35	35	35	35	35	35
Other	5	-10	-3	-3	0	0	0	0	0
Cash earnings	-5	28	53	34	-1	111	131	45	77
Changes in working capital	0	0	0	-2	0	0	0	0	0
Net operational cash flow	-5	28	53	32	-1	111	131	45	77
Capex	-95	-147	-43	-34	-16	-10	-4	-4	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	24	12	0	0	0	0	0	0
Other	3	1	4	2	0	0	0	0	0
Net investing cash flow	-92	-121	-26	-32	-16	-10	-4	-4	-4
Repayment of debt	-174	-103	-154	-97	-58	-49	-51	-52	-30
Proceeds from debt	223	228	148	107	59	4	0	0	0
Dividends paid	0	0	-5	-5	0	0	-3	-59	-2
New equity	0	0	0	0	0	0	0	0	0
Other	-42	-4	-13	-1	0	0	0	0	0
Net financing cash flow	7	121	-23	5	2	-45	-54	-111	-32
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-90	28	3	5	-16	57	73	-70	41
Cash balance	83	107	118	130	115	171	244	174	215
Free cash flow	-97	-94	27	0	-17	102	127	41	73



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	234	222	332	652	821	643	782	1,017	1,077
Operational costs	-578	-249	-211	-417	-623	-284	-292	-318	-328
EBITDA	-344	-27	121	235	198	359	490	699	749
Depreciation/Amortization	-82	-82	-83	-103	-124	-139	-139	-139	-139
EBIT	-426	-109	39	132	74	220	351	560	611
Net financials	-33	-45	-48	-73	-90	-80	-72	-66	-61
PTP	-458	-154	-10	58	-16	140	279	494	550
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>140</b>	<b>279</b>	<b>494</b>	<b>550</b>
Non-recurring items	0	0	0	0	0	3	0	0	0
<b>Net earnings (adj.)</b>	<b>-458</b>	<b>-154</b>	<b>-10</b>	<b>58</b>	<b>-16</b>	<b>143</b>	<b>279</b>	<b>494</b>	<b>550</b>
EPS	-10.46	-2.72	-0.15	0.63	-0.17	1.46	2.85	4.95	5.50
EPS (adj.)	-10.46	-2.72	-0.15	0.63	-0.17	1.48	2.85	4.95	5.50
DPS	0.00	0.00	0.00	0.00	0.05	0.08	1.03	4.16	5.62
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	208	182	258	205	118	244	405	499	503
Other current assets	44	47	55	94	148	167	167	167	167
<b>Total current assets</b>	<b>252</b>	<b>228</b>	<b>313</b>	<b>299</b>	<b>266</b>	<b>412</b>	<b>573</b>	<b>666</b>	<b>670</b>
Property & equip. (incl. NBs)	1,885	1,772	1,824	2,716	2,966	2,895	2,773	2,651	2,534
Other non-current assets	27	11	9	7	7	4	4	4	4
<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>2,898</b>	<b>2,777</b>	<b>2,655</b>	<b>2,538</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>3,310</b>	<b>3,349</b>	<b>3,321</b>	<b>3,207</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>1,673</b>	<b>1,853</b>	<b>1,935</b>	<b>1,922</b>
Short-term debt	132	6	189	167	202	208	192	192	199
Other current liabilities	35	22	30	56	108	135	135	135	135
<b>Total current liabilities</b>	<b>167</b>	<b>28</b>	<b>219</b>	<b>223</b>	<b>311</b>	<b>343</b>	<b>326</b>	<b>327</b>	<b>333</b>
Long-term debt	860	945	838	1,275	1,380	1,288	1,164	1,054	947
Other non-current liabilities	3	1	1	4	3	6	6	6	6
<b>Total non-current liabilities</b>	<b>863</b>	<b>946</b>	<b>838</b>	<b>1,279</b>	<b>1,384</b>	<b>1,294</b>	<b>1,170</b>	<b>1,060</b>	<b>952</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>3,310</b>	<b>3,349</b>	<b>3,321</b>	<b>3,207</b>
Working capital, receivables	25	27	38	66	110	0	0	0	0
Working capital, payables	24	17	20	38	90	0	0	0	0
<b>Net working capital</b>	<b>1</b>	<b>10</b>	<b>17</b>	<b>28</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest bearing debt	991	951	1,027	1,442	1,583	1,496	1,356	1,246	1,146
Liquidity	212	187	265	211	125	244	405	499	503
<b>Net interest bearing debt</b>	<b>779</b>	<b>764</b>	<b>762</b>	<b>1,231</b>	<b>1,458</b>	<b>1,252</b>	<b>950</b>	<b>747</b>	<b>643</b>
<b>Cash Flow (USDm)</b>									
Net income	-458	-154	-10	58	-16	140	279	494	550
Depreciation	82	82	83	103	124	139	139	139	139
Other	363	47	10	29	23	-3	0	0	0
<b>Cash earnings</b>	<b>-14</b>	<b>-26</b>	<b>83</b>	<b>190</b>	<b>131</b>	<b>275</b>	<b>418</b>	<b>633</b>	<b>689</b>
Changes in working capital	-1	-8	0	-21	-43	-2	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>273</b>	<b>418</b>	<b>633</b>	<b>689</b>
Capex	-474	-396	-144	-329	-347	-64	-17	-17	-21
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	-2	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>-62</b>	<b>-17</b>	<b>-17</b>	<b>-21</b>
Repayment of debt	129	-29	75	113	144	-254	-140	-109	-101
Proceeds from debt	374	152	161	988	768	171	0	0	0
Dividends paid	0	0	0	0	-5	-8	-100	-413	-563
New equity	418	50	50	0	0	0	0	0	0
Other	-387	-152	-164	-1,004	-804	-2	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>-92</b>	<b>-240</b>	<b>-522</b>	<b>-664</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>119</b>	<b>161</b>	<b>93</b>	<b>4</b>
Cash balance	208	182	259	205	118	237	398	491	495
<b>Free cash flow</b>	<b>-412</b>	<b>-47</b>	<b>-44</b>	<b>-156</b>	<b>-191</b>	<b>211</b>	<b>401</b>	<b>616</b>	<b>667</b>



# Cleaves Securities

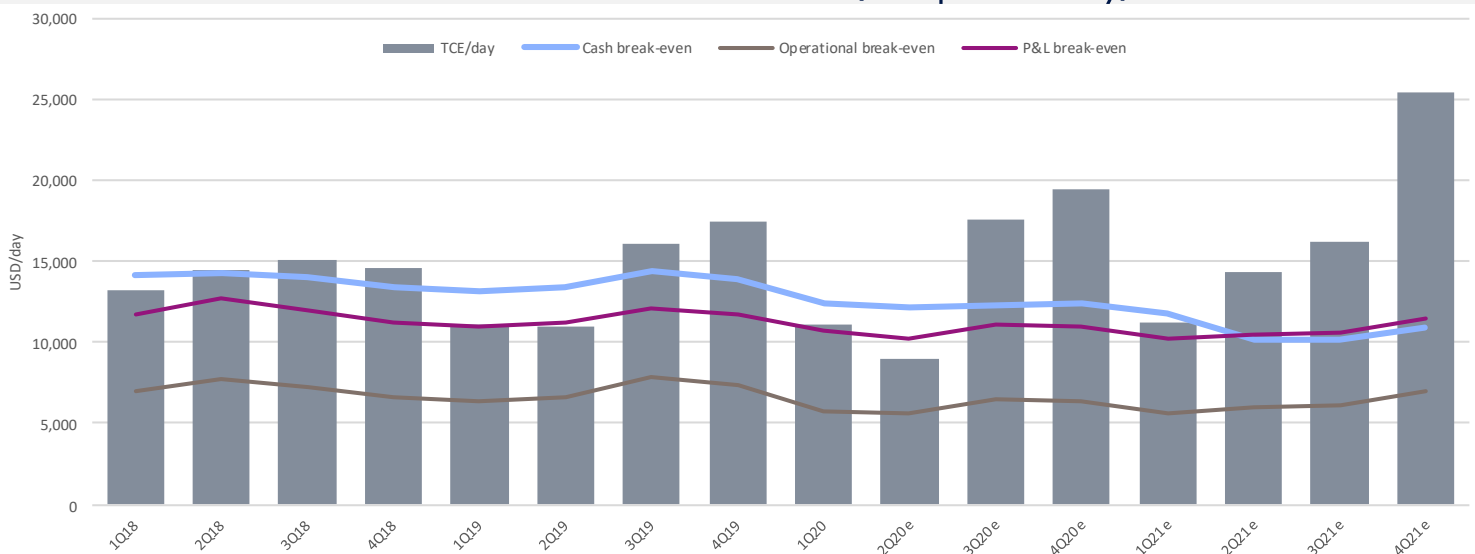
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

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	7	7	7	7
Share price, end (USD)	3	5	11	9	12	7	7	7	7
<b>Market Cap.</b>	<b>133</b>	<b>289</b>	<b>722</b>	<b>847</b>	<b>1,135</b>	<b>637</b>	<b>650</b>	<b>663</b>	<b>663</b>
NIBD	779	764	762	1,231	1,458	1,252	950	747	643
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>1,889</b>	<b>1,600</b>	<b>1,411</b>	<b>1,306</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				14.5		4.5	2.3	1.3	1.2
P/E (adj.)				14.5		4.5	2.3	1.3	1.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	0.6	1.3	2.2	1.3	1.4	1.0	0.8	0.7	0.6
EV/Sales	3.9	4.7	4.5	3.2	3.2	2.9	2.0	1.4	1.2
EV/EBITDA			12.2	8.8	13.1	5.3	3.3	2.0	1.7
EV/EBIT			38.2	15.7	35.2	8.6	4.6	2.5	2.1
P/B	0.1	0.3	0.7	0.6	0.7	0.4	0.4	0.3	0.3
FCF yield	-311%	-16%	-6%	-18%	-17%	33%	62%	93%	101%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.4%	1.2%	15.3%	62.2%	84.8%
Return on equity (ROE)	-40.4%	-14.9%	-0.9%	3.8%	-1.0%	8.4%	15.1%	25.5%	28.6%
Return on capital employed (ROCE)	-22.3%	-6.1%	2.1%	4.8%	2.5%	7.5%	12.5%	20.9%	23.8%
Return on assets (ROA)	-21.2%	-7.7%	-0.5%	1.9%	-0.5%	4.2%	8.3%	14.9%	17.1%
Sales growth	59%	-5%	49%	96%	26%	-22%	22%	30%	6%
EBITDA margin	-147%	-12%	37%	36%	24%	56%	63%	69%	70%
EBIT margin	-182%	-49%	12%	20%	9%	34%	45%	55%	57%
Net margin	-196%	-69%	-3%	9%	-2%	22%	36%	49%	51%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.4%	7.6%	8.8%	9.4%
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%	51%	55%	58%	60%
Leverage ratio	48%	48%	49%	50%	52%	49%	45%	42%	40%
NIBD / EBITDA (past 1y)	-2.3	-28.0	6.3	5.2	7.4	3.5	1.9	1.1	0.9
Operating cash flow/NIBD	0.0	0.0	0.1	0.1	0.1	0.2	0.4	0.8	1.1
Net interest coverage ratio (EBIT)						4.5	6.8	10.6	12.3
Current ratio	1.5	8.1	1.4	1.3	0.9	1.2	1.8	2.0	2.0
Adj. equity ratio						38%	53%	64%	69%
Operating assets	1,943	1,816	1,872	2,808	3,112	3,064	2,943	2,821	2,704
Operating liabilities	38	23	31	60	112	140	140	140	140
Net operating assets	1,905	1,793	1,842	2,748	3,001	2,924	2,802	2,681	2,564

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)



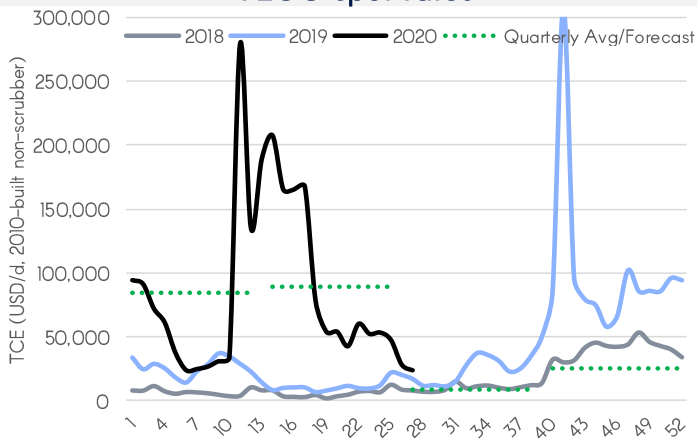


### Oil Tanker Companies

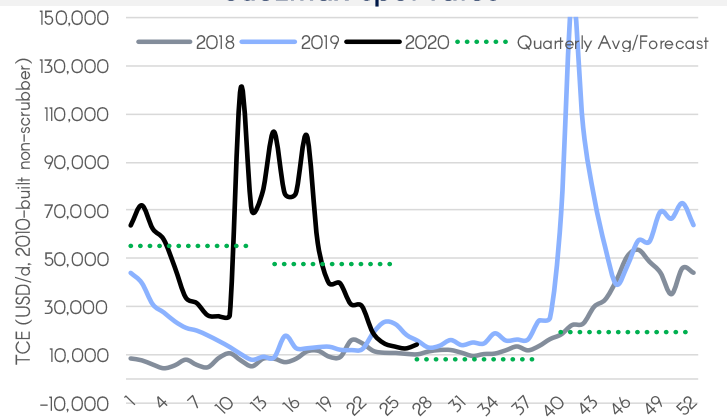


### Earnings

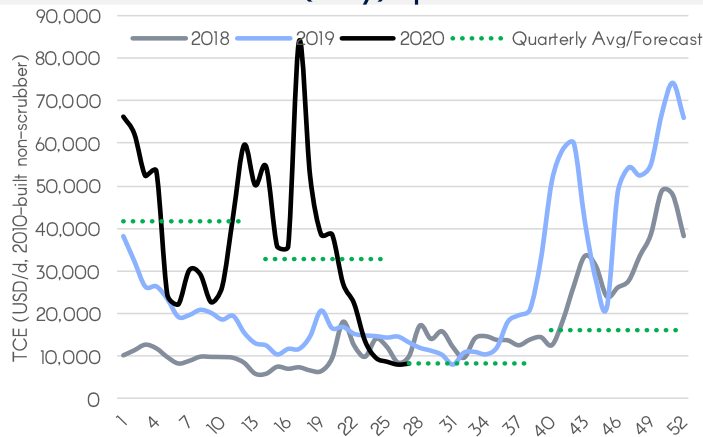
#### VLCC spot rates



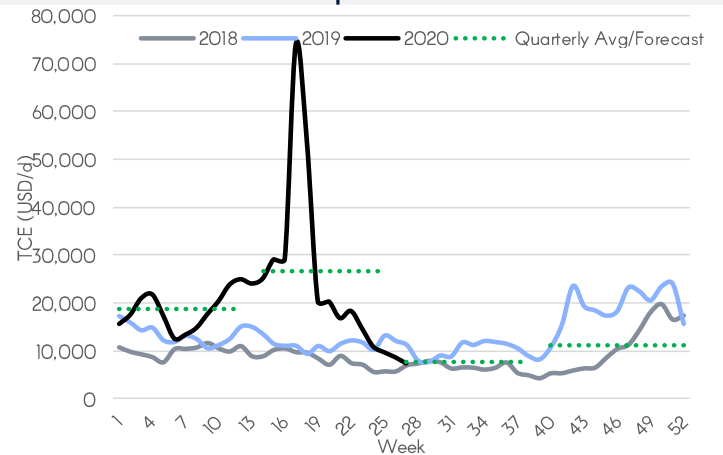
#### Suezmax spot rates



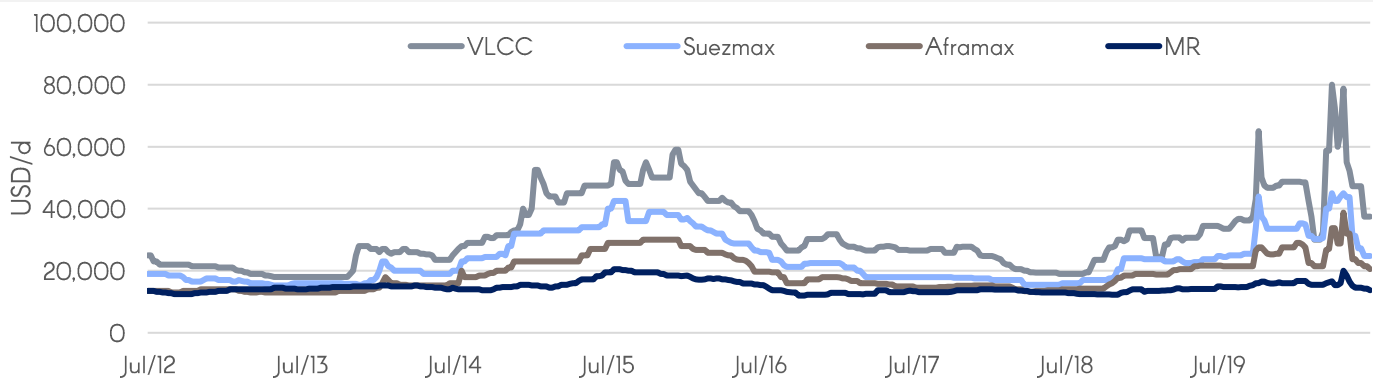
#### Aframax (dirty) spot rates



#### MR spot rates



#### Timecharter rates





Low financial leverage, low pricing and support from scrap prices leaves ADS already fairly priced amidst market weakness

ADS-NO

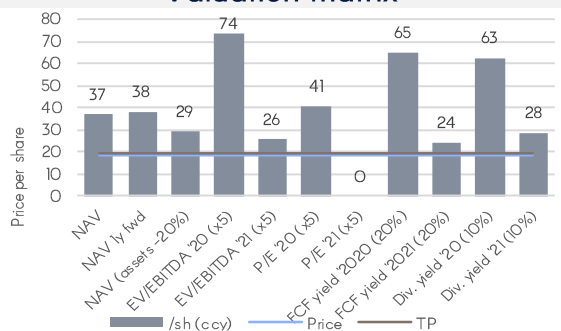
HOLD/NI9

## ADS Crude Carriers

### Share price vs target price

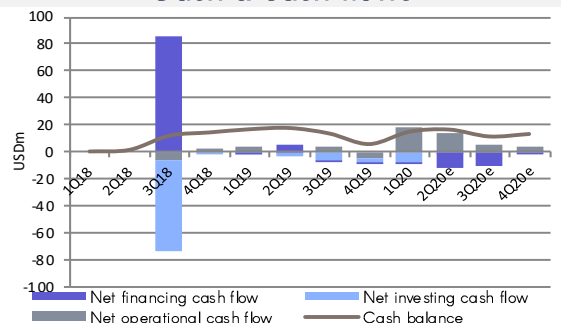


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	51	26	51	57
EBITDA (adj.)	39	14	39	45
EBIT (adj.)	23	-2	23	28
PTP (adj.)	20	-4	20	26
Net earnings (adj.)	20	-4	20	26
EPS (adj.)	0.86	-0.19	0.87	1.11
DPS	0.67	0.30	1.06	1.74
USDm	2020E	2021E	2022E	2023E
Fwd NAV	93	96	158	192
Adj. equity ratio	75%	75%	83%	86%
FCF yield	69%	26%	79%	91%
Dividend yield	33%	15%	53%	87%
EV/EBITDA	1.5	3.8	1.1	0.9
P/E (adj.)	2.3		2.3	1.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	41	12	37	43
Free cash flow	32	12	37	43
Net cash flow	7	5	12	2
TCE/day	49,009	24,792	48,162	53,512
Cash break-even	13,423	13,036	13,041	13,050
Liquidity	14	19	31	33
Property & Equip. (incl. NBs)	66	49	33	16
Total equity	58	47	42	28
Total assets	90	78	74	59
Interest bearing debt	27	27	27	27
Net interest bearing debt	13	8	-4	-6
Market Cap.	47	47	47	47

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



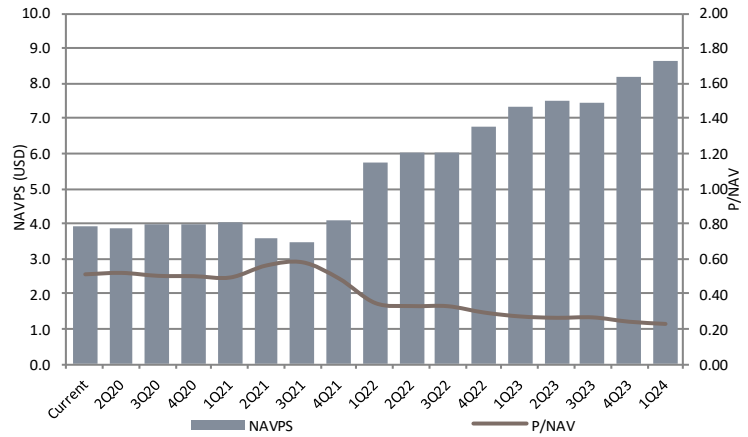


## Company Valuation

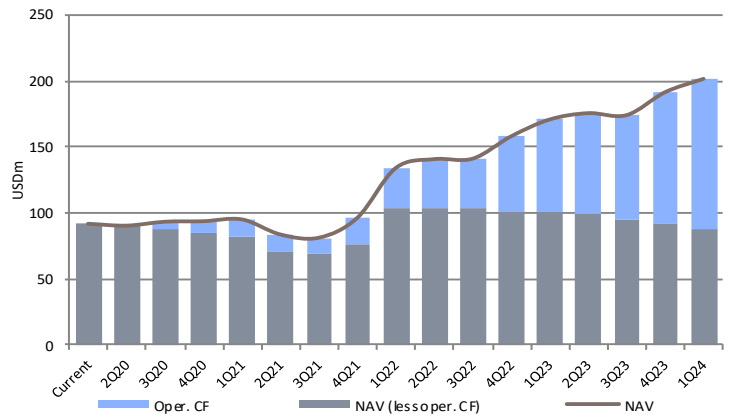
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	77	97	57
Contract value	0	3	2
Other	8	8	5
<b>GAV</b>	<b>85</b>	<b>109</b>	<b>64</b>
Net debt	-21	-15	-15
Capex	0	-1	-1
Other	-2	-2	-2
<b>Equity</b>	<b>62</b>	<b>92</b>	<b>47</b>
Shares	23	23	23
<b>Equity/sh</b>	<b>2.67</b>	<b>3.91</b>	<b>1.99</b>
lcl CCY	25.0	36.8	18.7
USDNOK		9.4	
P/Equity	0.75	0.51	1.00
EV/GAV	0.75	0.59	1.00
Adj. Total Assets	104	124	83
Adj. Equity Ratio	60%	74%	56%
<b>Fair Value</b>	<b>NOK</b>	<b>19</b>	<b>4%</b>
	<b>USD</b>	<b>2.1</b>	

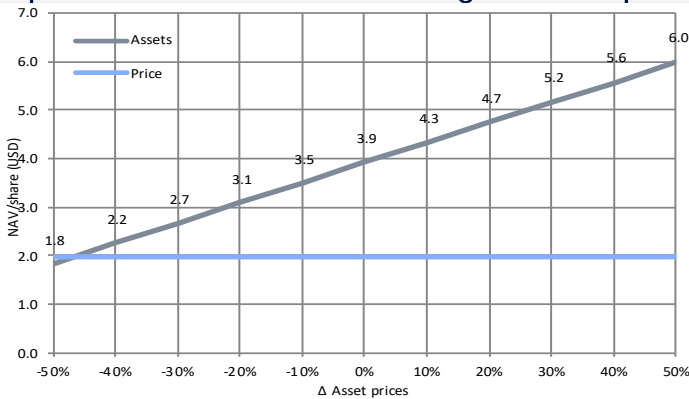
### Quarterly forward NAV & P/NAV



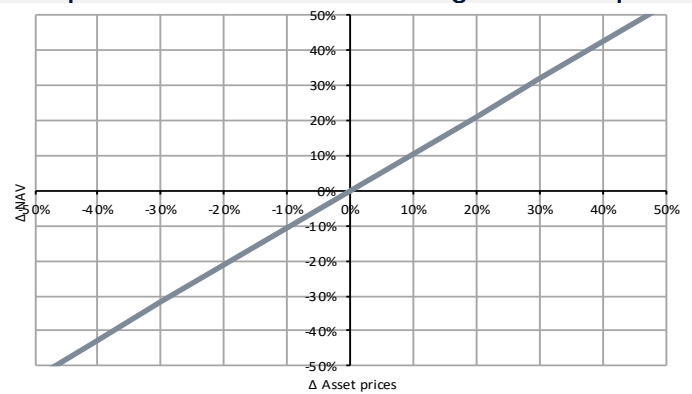
### Quarterly forward NAV decomposition



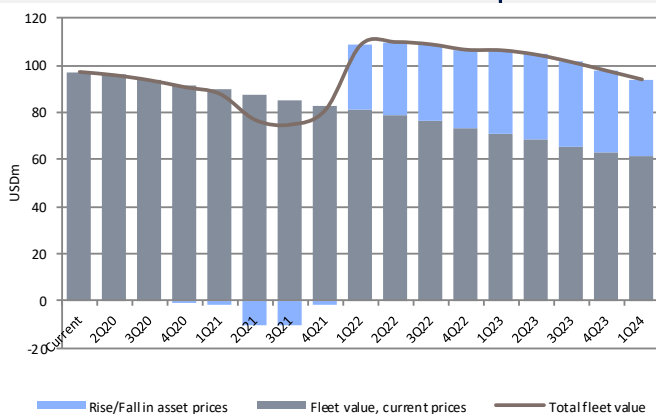
### Impact on NAV/sh from % change in asset prices



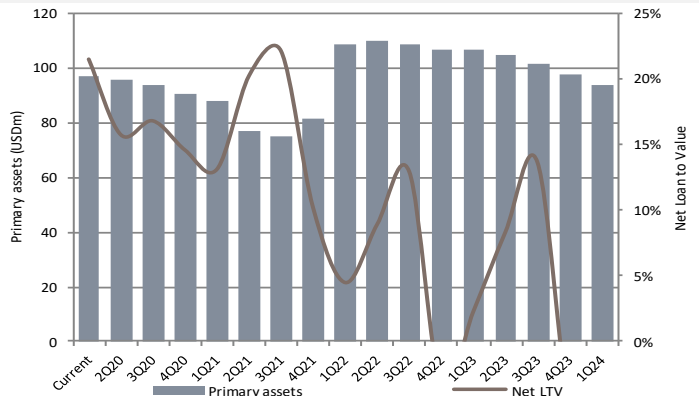
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition

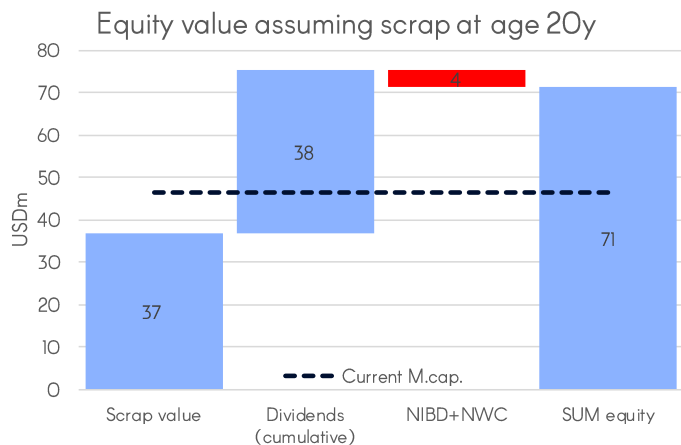


### Forward fleet value & net loan to value

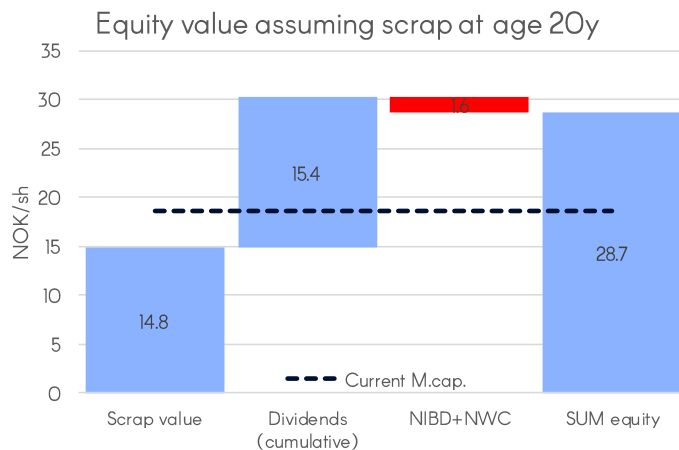




## Equity value on our forecast and assuming scrap



## Equity value on our forecast and assuming scrap



## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	4.8	18.7	17.1	17.3				
EBITDA (adj.)	2.4	15.7	14.1	14.4				
EBIT (adj.)	1.1	11.6	10.0	10.2				
PTP (adj.)	0.6	10.8	9.2	9.2				
Net earnings (adj.)	0.6	10.8	9.2	9.6				
EPS (adj.)	0.03	0.46	0.39	0.41				
DPS	0.02	0.30	0.25	0.44				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	4.8	18.7	17.1	17.3				
Opex & G&A	2.4	3.0	3.0	2.9				
Depreciation	1.3	4.1	4.1	4.2				
Net finance	0.5	0.8	0.7	1.0				
Taxes & Minorities	-	-	-	-0.4				

### Other

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	17,462	71,008	66,194	67,054				
Utilization	100.0%	96.3%	94.5%					
Fleet days	273	273	273					
Cash break-even	10,630	13,744	13,621					
Liquidity	18	16	17					
Interest bearing debt	36	37	32					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	51	26	51	57	49	21	24	52	2	5	27	4	
EBITDA (adj.)	39	14	39	45	37	9	12	40	2	5	27	4	
EBIT (adj.)	23	-2	23	28	21	-7	-4	24	2	5	27	4	
PTP (adj.)	20	-4	20	26	18	-9	-6	22	2	5	27	4	
Net earnings (adj.)	20	-4	20	26	18	-9	-6	22	2	5	27	4	
EPS (adj.)	0.86	-0.19	0.87	1.11	0.77	-0.40	-0.26	0.94	0.09	0.21	1.13	0.18	
DPS	0.67	0.30	1.06	1.74	0.39	0.21	0.29	0.95	0.28	0.10	0.76	0.79	
DPS (NOK)	6.26	2.85	9.95	16.35	3.87	2.06	2.93	9.45	2020E	2021E	2022E	2023E	
									TCE revenue	2	5	27	4
									Opex & G&A	-0	-0	-0	-0
									Depreciation	0	0	0	0
									Net finance	0	0	0	0
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	41	12	37	43	34	7	10	38	6	5	27	4
Free cash flow	32	12	37	43	25	7	10	38	7	5	27	4
Net cash flow	7	5	12	2	7	2	3	16	0	2	9	-14
TCE/day	49,009	24,792	48,162	53,512	49,121	19,997	22,955	49,284	-112	4,795	#####	4,228
Cash break-even	13,423	13,036	13,041	13,050	13,274	12,964	12,972	12,981	149	72	69	69
Liquidity	14	19	31	33	14	16	19	35	0	3	12	-3
Property & Equip. (incl. NBs)	66	49	33	16	74	58	41	25	-9	-9	-9	-9
Total equity	58	47	42	28	63	48	35	35	-4	-2	7	-8
Total assets	90	78	74	59	102	88	75	75	-12	-10	-1	-16
Interest bearing debt	27	27	27	27	27	27	27	27	0	-	-	-
Net interest bearing debt	13	8	-4	-6	13	11	8	-8	-0	-3	-12	3
Market Cap.	47	47	47	47	54	54	54	54	-8	-8	-8	-8
Enterprise value	60	55	43	41	67	65	62	46	-8	-10	-19	-5
Capex	8	-	-	-	9	-	-	-	-1	-	-	-
Utilization	96%	97%	97%	97%	93%	97%	97%	97%	3%	0%	0%	0%
Fleet days	1,098	1,095	1,095	1,095	1,098	1,095	1,095	1,095	-	-	-	-

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	93	96	158	192	96	88	108	161	-3	8	50	31
Adj. equity ratio	75%	75%	83%	86%	71%	69%	73%	80%	4%	6%	10%	6%
FCF yield	69%	26%	79%	91%	47%	13%	19%	71%	22%	13%	60%	21%
Dividend yield	33%	15%	53%	87%	17%	9%	13%	41%	17%	6%	40%	47%
EV/EBITDA	1.5	3.8	1.1	0.9	1.8	7.0	5.0	1.1	-0.3	-3.2	-3.9	-0.2
P/E (adj.)	2.3		2.3	1.8	3.0			2.5	-0.7	#####	#####	-0.7



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	5	2	7	19	17	9	7	8	3
Operational costs	-2	-3	-3	-3	-3	-3	-3	-3	-3
EBITDA	2	-1	4	16	14	6	4	5	0
Depreciation/Amortization	-1	-1	-3	-4	-4	-4	-4	-4	-4
EBIT	1	-2	0	12	10	2	0	1	-4
Net financials	-1	-1	-1	-1	-1	-1	-1	-1	-1
PTP	1	-3	0	11	9	1	-1	0	-5
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	1	-3	0	11	9	1	-1	0	-5
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	1	-3	0	11	9	1	-1	0	-5
EPS	0.03	-0.12	-0.02	0.46	0.39	0.04	-0.03	0.01	-0.20
EPS (adj.)	0.03	-0.12	-0.02	0.46	0.39	0.04	-0.03	0.01	-0.20
DPS	0.04	0.02	0.00	0.09	0.30	0.25	0.03	0.11	0.15
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	17	13	5	14	16	11	13	14	10
Other current assets	14	7	16	12	12	12	12	12	12
Total current assets	31	20	21	26	28	23	25	26	22
Property & equip. (incl. NBs)	68	79	82	77	74	70	66	61	57
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	68	79	82	77	74	70	66	61	57
TOTAL ASSETS	99	99	103	104	102	92	90	87	79
Total equity	57	54	54	62	65	60	58	56	48
Short-term debt	0	0	0	0	0	0	0	0	0
Other current liabilities	5	9	13	5	5	5	5	5	5
Total current liabilities	5	9	13	5	5	5	5	5	5
Long-term debt	36	36	37	37	32	28	27	27	27
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	36	36	37	37	32	28	27	27	27
TOTAL EQUITY & LIABILITIES	99	99	103	104	102	92	90	87	79
Working capital, receivables	6	0	13	0	0	0	0	0	0
Working capital, payables	4	2	12	3	3	3	3	3	3
Net working capital	2	-2	2	-3	-3	-3	-3	-3	-3
Interest bearing debt	36	36	37	37	32	28	27	27	27
Liquidity	18	14	7	16	17	12	14	15	11
Net interest bearing debt	18	22	30	21	15	16	13	12	16
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	1	-3	0	11	9	1	-1	0	-5
Depreciation	1	1	3	4	4	4	4	4	4
Other	0	1	0	0	0	0	0	0	0
Cash earnings	2	-1	3	15	13	5	3	4	-1
Changes in working capital	-3	5	-8	4	0	0	0	0	0
Net operational cash flow	-1	4	-5	19	13	5	3	4	-1
Capex	-3	-7	-2	-8	-1	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	-3	-7	-2	-8	-1	0	0	0	0
Repayment of debt	-30	0	0	0	-4	-4	-1	-1	0
Proceeds from debt	38	0	0	0	0	0	0	0	0
Dividends paid	-1	-1	0	-2	-7	-6	-1	-3	-4
New equity	0	0	0	0	0	0	0	0	0
Other	-2	-1	0	0	0	0	0	0	0
Net financing cash flow	4	-1	0	-2	-11	-10	-2	-3	-4
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	1	-4	-8	9	2	-5	2	1	-4
Cash balance	17	13	5	14	16	11	13	14	10
Free cash flow	-4	-3	-8	11	13	5	3	4	-1



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales				8	20	51	26	51	57
Operational costs				-5	-11	-12	-12	-12	-12
EBITDA				3	9	39	14	39	45
Depreciation/Amortization				-2	-7	-17	-17	-17	-17
EBIT	—	—	—	1	2	23	-2	23	28
Net financials				-1	-3	-3	-2	-2	-2
PTP	—	—	—	0	-1	20	-4	20	26
Taxes/Minorities				0	0	0	0	0	0
Net earnings	—	—	—	0	-1	20	-4	20	26
Non-recurring items				0	0	0	0	0	0
Net earnings (adj.)	—	—	—	0	-1	20	-4	20	26
EPS				0.00	-0.04	0.86	-0.19	0.87	1.11
EPS (adj.)				0.00	-0.04	0.86	-0.19	0.87	1.11
DPS				0.00	0.06	0.67	0.30	1.06	1.74
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	—	—	14	5	13	17	29	31
Other current assets				11	16	12	12	12	12
Total current assets	—	—	—	24	21	25	29	41	43
Property & equip. (incl. NBs)	—	—	—	68	82	66	49	33	16
Other non-current assets				0	0	0	0	0	0
Total non-current assets	—	—	—	68	82	66	49	33	16
TOTAL ASSETS	—	—	—	92	103	90	78	74	59
Total equity	—	—	—	56	54	58	47	42	28
Short-term debt	—	—	—	0	0	0	0	0	0
Other current liabilities				6	13	5	5	5	5
Total current liabilities	—	—	—	6	13	5	5	5	5
Long-term debt	—	—	—	30	37	27	27	27	27
Other non-current liabilities				0	0	0	0	0	0
Total non-current liabilities	—	—	—	30	37	27	27	27	27
TOTAL EQUITY & LIABILITIES	—	—	—	92	103	90	78	74	59
Working capital, receivables				4	13	0	0	0	0
Working capital, payables	—	—	—	6	12	3	3	3	3
Net working capital				-2	2	-3	-3	-3	-3
Interest bearing debt				30	37	27	27	27	27
Liquidity				14	7	14	19	31	33
Net interest bearing debt				16	30	13	8	-4	-6
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	—	—	0	-1	20	-4	20	26
Depreciation				2	7	17	17	17	17
Other				0	0	0	0	0	0
Cash earnings				2	7	37	12	37	43
Changes in working capital	—	—	—	-5	-6	4	0	0	0
Net operational cash flow	—	—	—	-3	0	41	12	37	43
Capex	—	—	—	-68	-13	-8	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	0	0	0	0	0	0
Other				0	0	0	0	0	0
Net investing cash flow	—	—	—	-68	-13	-8	0	0	0
Repayment of debt	—	—	—	30	8	-9	-1	0	0
Proceeds from debt	—	—	—	—	—	0	0	0	0
Dividends paid	—	—	—	0	-2	-16	-7	-25	-41
New equity	—	—	—	57	0	0	0	0	0
Other	—	—	—	-2	-2	0	0	0	0
Net financing cash flow	—	—	—	85	4	-25	-7	-25	-41
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				14	-8	7	5	12	2
Cash balance				14	5	13	17	29	31
Free cash flow				-71	-13	32	12	37	43



# Cleaves Securities

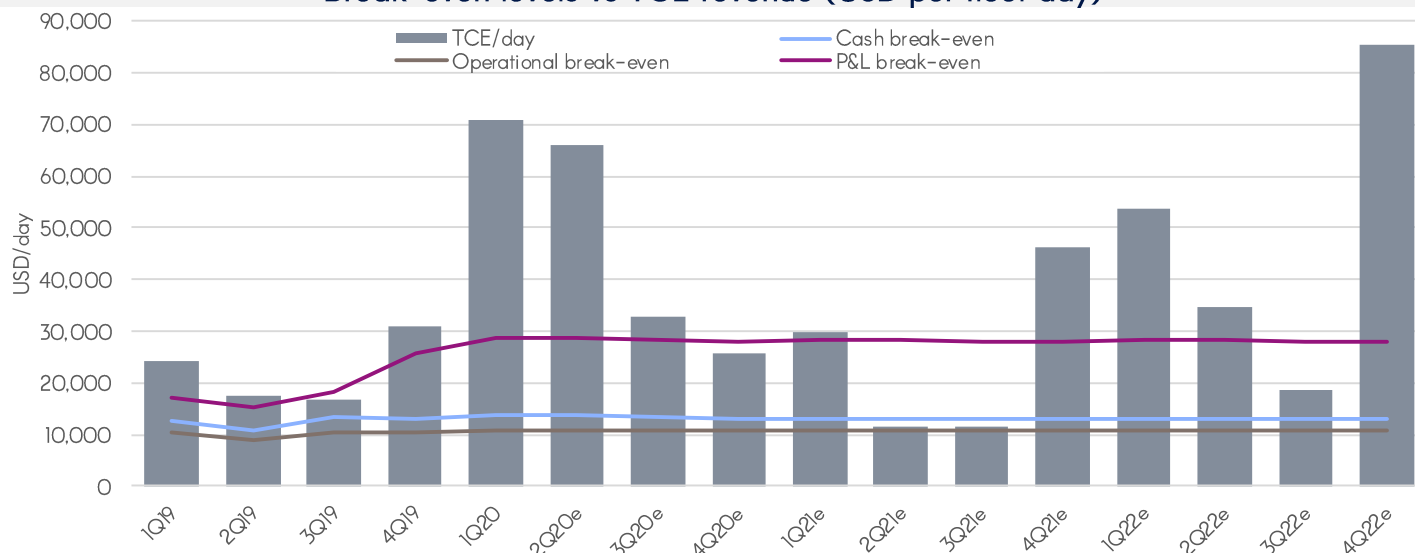
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	—	23	23	23	23	23	23
Share price, avg (USD)				2	2	2	2	2	2
Share price, end (USD)	—	—	—	2	3	2	2	2	2
<b>Market Cap.</b>				<b>53</b>	<b>77</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
NIBD				16	30	13	8	-4	-6
Minorities	—	—	—	0	0	0	0	0	0
<b>Enterprise value</b>				<b>69</b>	<b>106</b>	<b>60</b>	<b>55</b>	<b>43</b>	<b>41</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)						2.3		2.3	1.8
P/E (adj.)						2.3		2.3	1.8
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	0.9	1.8	0.9	0.8
EV/Sales				8.7	5.3	1.2	2.1	0.8	0.7
EV/EBITDA				25.0	11.8	1.5	3.8	1.1	0.9
EV/EBIT				75.9	63.5	2.6		1.9	1.4
P/B				0.9	1.4	0.8	1.0	1.1	1.7
FCF yield				-135%	-16%	69%	26%	79%	91%
Dividend yield				0.0%	2.0%	33.5%	15.2%	53.2%	87.4%
Return on equity (ROE)				0.2%	-1.8%	34.7%	-9.5%	48.2%	94.4%
Return on capital employed (ROCE)				1.3%	2.0%	32.1%	-3.8%	59.0%	129.3%
Return on assets (ROA)				0.1%	-0.9%	22.4%	-5.7%	27.6%	44.0%
Sales growth					154%	157%	-49%	94%	11%
EBITDA margin				35%	45%	77%	55%	77%	79%
EBIT margin				11%	8%	45%	-8%	44%	50%
Net margin				1%	-5%	39%	-17%	40%	46%
Net interest rate				0.0%	0.0%	20.9%	27.9%	-61.1%	-41.2%
Tax rate				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio				61%	52%	65%	60%	57%	47%
Leverage ratio				39%	48%	35%	40%	43%	53%
NIBD / EBITDA (past 1y)				5.7	3.3	0.3	0.6	-0.1	-0.1
Operating cash flow/NIBD				-0.2	0.0	3.0	1.4	-9.7	-7.5
Net interest coverage ratio (EBITDA)						14.2	6.2	16.9	19.3
Current ratio				3.8	1.7	5.3	6.3	8.9	9.3
Adj. equity ratio						75%	75%	83%	86%
Operating assets				78	96	76	60	43	27
Operating liabilities				6	13	5	5	5	5
Net operating assets				72	83	71	55	38	22

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)

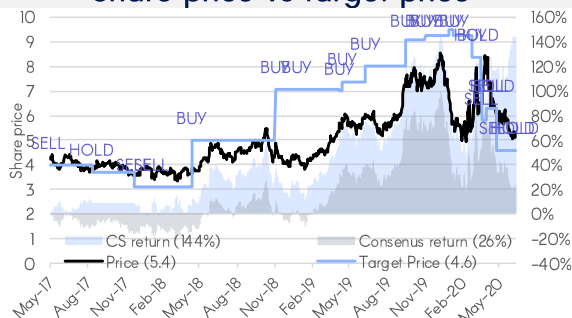


VLCC pure-play with a large fleet on the water. Exposed to the expected market weakness

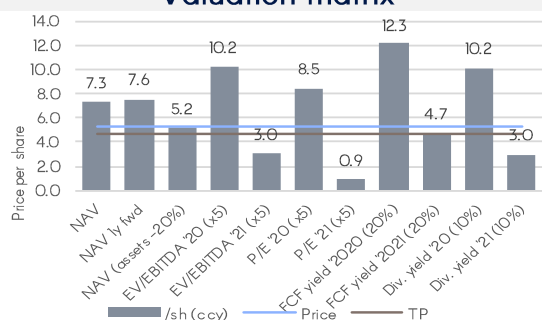
DHT-US HOLD/\$4.6

DHT Holdings

### Share price vs target price

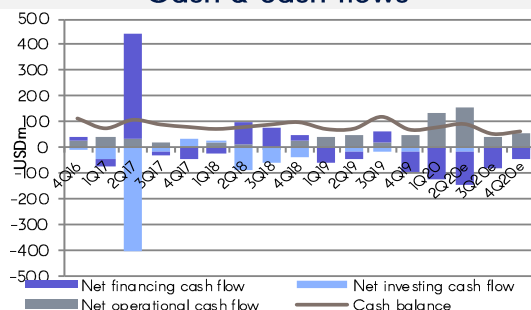


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	509	278	485	554
EBITDA (adj.)	415	185	393	461
EBIT (adj.)	293	63	271	340
PTP (adj.)	250	27	237	309
Net earnings (adj.)	248	27	236	309
EPS (adj.)	1.69	0.18	1.61	2.11
DPS	1.02	0.30	0.70	1.34
USDm	2020E	2021E	2022E	2023E
Fwd NAV	1,096	1,116	2,007	2,401
Adj. equity ratio	62%	62%	77%	81%
FCF yield	46%	18%	44%	53%
Dividend yield	19%	6%	13%	25%
EV/EBITDA	3.3	6.8	2.6	1.7
P/E (adj.)	3.2	29.5	3.3	2.5

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	386	148	358	431
Free cash flow	362	138	348	421
Net cash flow	-7	88	179	159
TCE/day	52,876	29,070	50,765	58,004
Cash break-even	24,208	26,464	19,685	19,303
Liquidity	61	149	328	487
Property & Equip. (incl. NBs)	1,504	1,393	1,281	1,169
Total equity	1,020	1,003	1,136	1,249
Total assets	1,704	1,680	1,748	1,795
Interest bearing debt	633	627	561	495
Net interest bearing debt	573	478	233	8
Market Cap.	788	787	787	787

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

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	61.2	152.5	191	197				
EBITDA (adj.)	38.0	128.4	168	167				
EBIT (adj.)	10.3	98.1	138	142				
PTP (adj.)	-3.5	85.2	127	129				
Net earnings (adj.)	-3.5	84.8	126	131				
EPS (adj.)	-0.02	0.58	0.86	0.85				
DPS	0.02	0.35	0.29	0.50				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	61.2	152.5	191.1	197.1				
Opex & G&A	23.2	24.1	23.0	30.3				
Depreciation	27.7	30.3	30.3	25.1				
Net finance	13.8	12.8	10.8	13.0				
Taxes & Minorities	0.1	0.4	0.8	-2.3				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	48	131	157					
Free cash flow	30	128	141					
Net cash flow	2	8	12					
TCE/day	26,446	64,383	78,636	81,106				
Utilization	94.1%	96.4%	98.9%					
Fleet days	2,457	2,457	2,457					
Cash break-even	21,750	20,531	21,086					
Liquidity	71	76	88					
Interest bearing debt	906	781	704					
Net interest bearing debt	835	705	616					



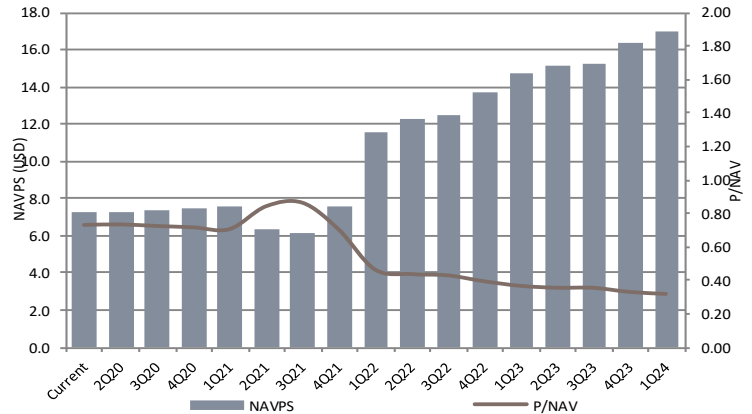


## Company Valuation

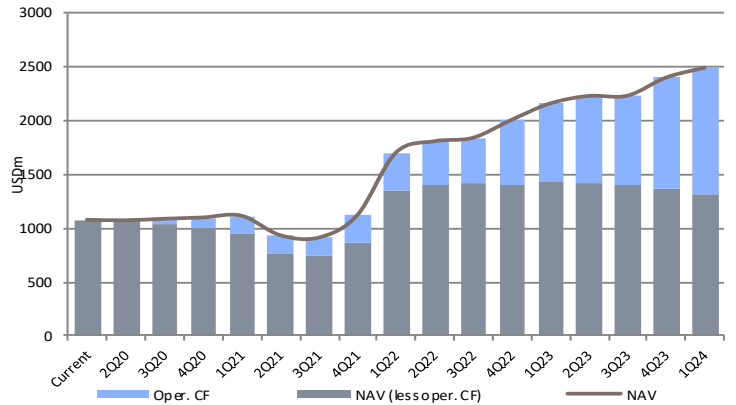
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,575	1,580	1,318
Contract value	0	27	23
Other	120	120	100
<b>GAV</b>	<b>1,695</b>	<b>1,727</b>	<b>1,440</b>
Net debt	-705	-600	-600
Capex	0	-22	-22
Other	-31	-31	-31
<b>Equity</b>	<b>959</b>	<b>1,074</b>	<b>787</b>
Shares (diluted)	147	147	147
<b>Equity/sh</b>	<b>6.53</b>	<b>7.32</b>	<b>5.36</b>
lcl CCY	6.53	7.32	5.36
<b>P/Equity</b>	<b>0.82</b>	<b>0.73</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.85</b>	<b>0.83</b>	<b>1.00</b>
Adj. Total Assets	1,790	1,795	1,533
Adj. Equity Ratio	54%	60%	51%
<b>Fair Value</b>	<b>USD</b>	<b>4.6</b>	<b>-13%</b>

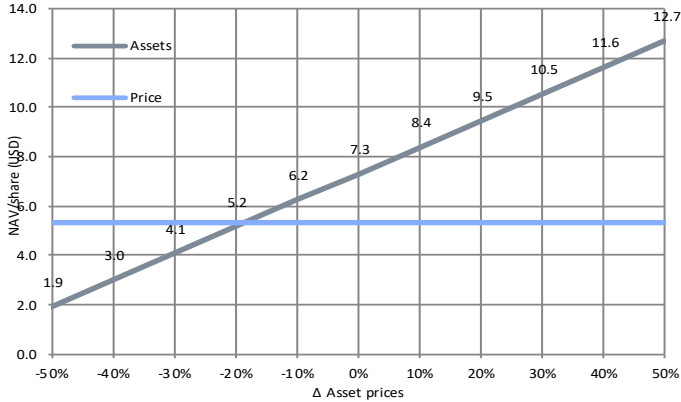
### Quarterly forward NAV & P/NAV



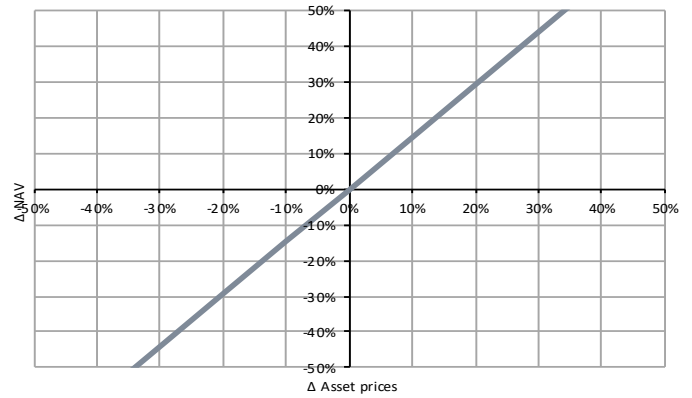
### Quarterly forward NAV decomposition



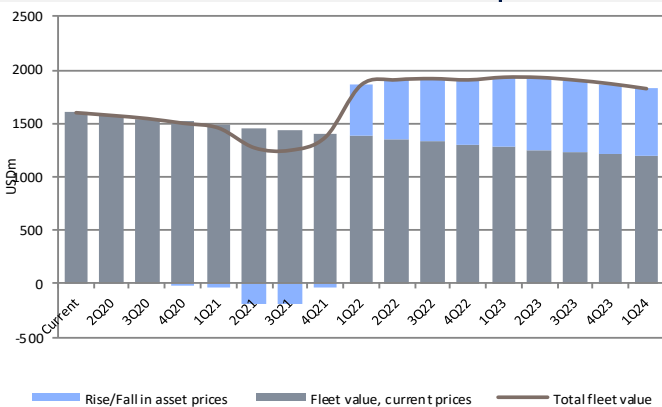
### Impact on NAV/sh from % change in asset prices



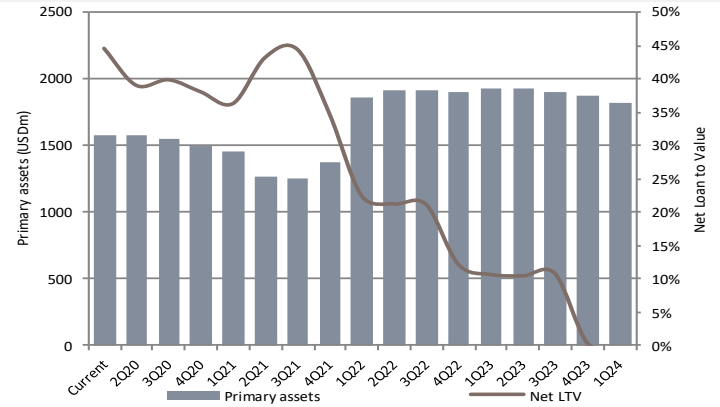
### % Impact on NAV from % change in asset prices



### 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	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	509	278	485	554	497	235	248	511	12	43	237	44	
EBITDA (adj.)	415	185	393	461	403	142	155	418	12	43	237	44	
EBIT (adj.)	293	63	271	340	281	21	34	296	12	43	237	44	
PTP (adj.)	250	27	237	309	236	-17	1	267	14	44	236	42	
Net earnings (adj.)	248	27	236	309	234	-17	1	267	14	44	236	42	
EPS (adj.)	1.69	0.18	1.61	2.11	1.59	-0.12	0.01	1.82	0.10	0.30	1.61	0.29	
DPS	1.02	0.30	0.70	1.34	1.28	0.19	0.18	0.75	-0.26	0.11	0.52	0.58	
									2020E	2021E	2022E	2023E	
									TCE revenue	12	43	237	44
									Opex & G&A	-	-	-	0
									Depreciation	-	-	-	-
									Net finance	-2	-1	1	1
									Taxes & Minorities	0	0	0	-0

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	386	148	358	431	372	104	122	388	14	44	236	42
Free cash flow	362	138	348	421	348	95	113	379	14	44	236	42
Net cash flow	-7	88	179	159	-0	-23	20	202	-6	111	160	-43
TCE/day	52,876	29,070	50,765	58,004	51,617	24,595	25,893	53,301	1,259	4,475	24,872	4,704
Cash break-even	24,208	26,464	19,685	19,303	24,432	32,594	19,534	19,152	-224	-6,130	151	151
Liquidity	61	149	328	487	67	44	63	266	-6	105	265	221
Property & Equip. (incl. NBs)	1,504	1,393	1,281	1,169	1,504	1,393	1,281	1,169	-	-	-	-
Total equity	1,020	1,003	1,136	1,249	967	923	897	1,053	53	80	240	196
Total assets	1,704	1,680	1,748	1,795	1,711	1,575	1,483	1,574	-6	105	265	221
Interest bearing debt	633	627	561	495	692	602	536	470	-59	25	25	25
Net interest bearing debt	573	478	233	8	625	558	473	205	-53	-80	-240	-196
Market Cap.	788	787	787	787	836	835	835	835	-48	-48	-48	-48
Enterprise value	1,360	1,265	1,020	795	1,462	1,393	1,308	1,039	-101	-128	-288	-244

### Valuation

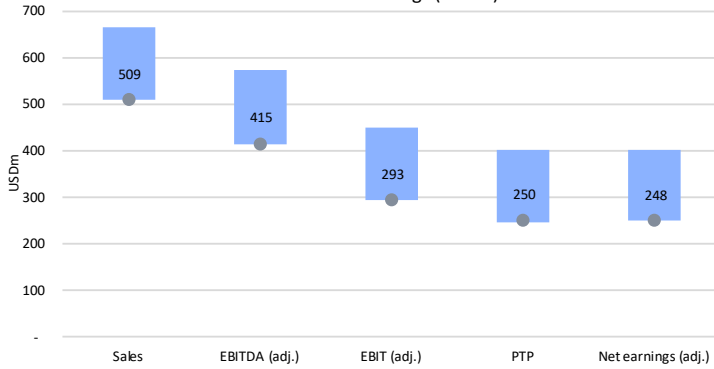
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	1,096	1,116	2,007	2,401	1,062	940	1,297	2,086	33	176	710	315
Adj. equity ratio	62%	62%	77%	81%	59%	59%	69%	80%	3%	3%	8%	1%
FCF yield	46%	18%	44%	53%	42%	11%	13%	45%	4%	6%	31%	8%
Dividend yield	19%	6%	13%	25%	22%	3%	3%	13%	-4%	2%	10%	12%
EV/EBITDA	3.3	6.8	2.6	1.7	3.6	9.8	8.4	2.5	-0.3	-3.0	-5.8	-0.8
P/E (adj.)	3.2	29.5	3.3	2.5	3.6			3.1	-0.4	#####	#####	-0.6



## Our Estimates vs Consensus

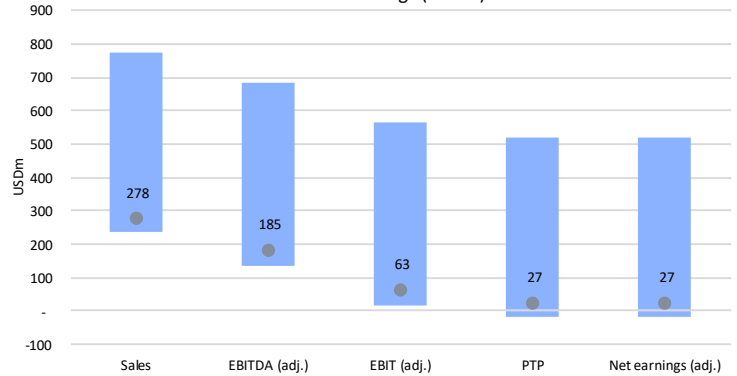
### Profit & Loss, year I

CS vs consensus range (2020E)

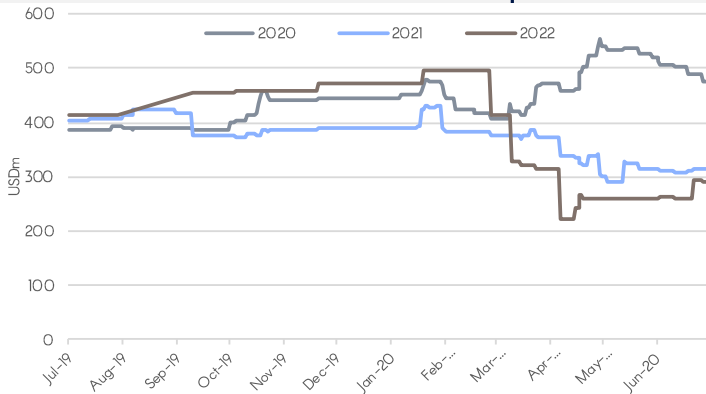


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



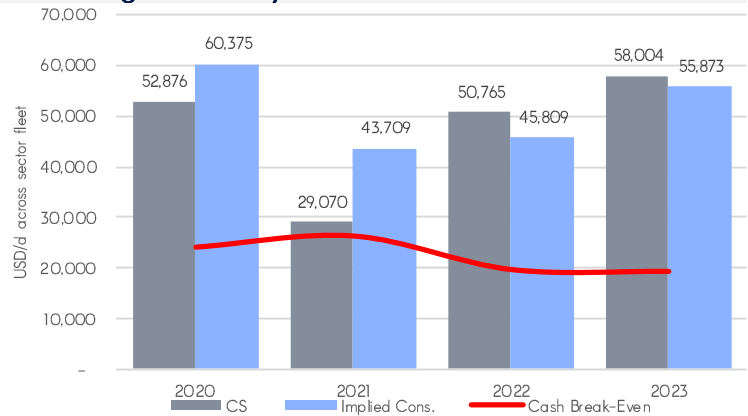
### Target price vs share price (past 1y)



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	509	581	-72	-12%	
Opex + G&A	94	107	-13	-12%	
Depreciation	122	124	-2	-1%	
Net finance	43	66	-23	-35%	
Taxes & Minorities	1	-27	29	-105%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	278	418	-140	-33%	
Opex + G&A	93	103	-11	-10%	
Depreciation	122	113	9	8%	
Net finance	36	55	-18	-33%	
Taxes & Minorities	0	-21	22	-101%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	61	59	142	153	191	77	88	94	35
Operational costs	-23	-23	-25	-24	-23	-23	-23	-23	-23
EBITDA	38	36	116	128	168	53	65	71	12
Depreciation/Amortization	-28	-30	-31	-30	-30	-31	-31	-30	-30
EBIT	10	6	86	98	138	23	34	41	-19
Net financials	-21	-16	-10	-25	-11	-10	-10	-9	-9
PTP	-10	-9	76	73	127	13	25	32	-28
Taxes/Minorities	0	0	0	0	-1	0	0	0	0
Net earnings	-11	-9	76	72	126	13	25	32	-28
Non-recurring items	7	2	0	13	0	0	0	0	0
Net earnings (adj.)	-4	-8	76	85	126	13	25	32	-28
EPS	-0.07	-0.07	0.52	0.49	0.86	0.09	0.17	0.22	-0.19
EPS (adj.)	-0.02	-0.06	0.52	0.58	0.86	0.09	0.17	0.22	-0.19
DPS	0.08	0.02	0.05	0.32	0.35	0.29	0.06	0.11	0.15
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	71	115	67	76	88	51	61	102	79
Other current assets	86	88	151	131	131	131	131	131	131
Total current assets	157	204	218	207	219	182	192	233	210
Property & equip. (incl. NBs)	1,631	1,620	1,601	1,575	1,561	1,533	1,504	1,477	1,449
Other non-current assets	5	5	8	8	8	8	8	8	8
Total non-current assets	1,635	1,625	1,609	1,583	1,569	1,541	1,513	1,485	1,457
TOTAL ASSETS	1,793	1,828	1,827	1,790	1,788	1,723	1,704	1,718	1,667
Total equity	849	837	932	959	1,034	1,004	1,020	1,035	986
Short-term debt	97	100	100	103	74	165	132	146	161
Other current liabilities	25	29	30	29	29	29	29	29	29
Total current liabilities	122	129	130	131	102	194	160	175	190
Long-term debt	808	848	751	678	630	503	502	485	469
Other non-current liabilities	14	14	14	22	22	22	22	22	22
Total non-current liabilities	822	863	765	700	652	525	524	507	491
TOTAL EQUITY & LIABILITIES	1,793	1,828	1,827	1,790	1,788	1,723	1,704	1,718	1,667
Working capital, receivables	42	55	108	122	122	122	122	122	122
Working capital, payables	21	24	24	20	20	20	20	20	20
Net working capital	21	31	84	103	103	103	103	103	103
Interest bearing debt	906	949	851	781	704	669	633	632	630
Liquidity	71	115	67	76	88	51	61	102	79
Net interest bearing debt	835	833	784	705	616	617	573	530	551
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-11	-9	76	72	126	13	25	32	-28
Depreciation	28	30	31	30	30	31	31	30	30
Other	11	4	-1	15	0	0	0	0	0
Cash earnings	28	24	106	118	157	43	55	62	3
Changes in working capital	19	-3	-56	13	0	0	0	0	0
Net operational cash flow	48	22	50	131	157	43	55	62	3
Capex	-18	-14	-20	-3	-16	-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	-18	-14	-20	-3	-16	-2	-2	-2	-2
Repayment of debt	-17	-16	-80	-72	-77	-35	-35	-2	-2
Proceeds from debt	0	55	10	0	0	0	0	0	0
Dividends paid	-11	-3	-7	-47	-51	-42	-8	-17	-21
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	-28	37	-78	-119	-128	-78	-44	-18	-23
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	2	44	-48	8	12	-37	9	41	-23
Cash balance	71	115	67	76	88	51	61	102	79
Free cash flow	30	8	30	128	141	41	53	59	0



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	296	291	242	214	348	509	278	485	554
Operational costs	-82	-166	-102	-94	-93	-94	-93	-93	-93
EBITDA	214	125	140	120	254	415	185	393	461
Depreciation/Amortization	-79	-84	-97	-103	-116	-122	-122	-122	-122
EBIT	135	41	43	16	139	293	63	271	340
Net financials	-30	-31	-37	-63	-65	-56	-36	-34	-30
PTP	105	9	7	-47	74	237	27	237	309
Taxes/Minorities	0	0	0	0	0	-1	0	0	0
Net earnings	105	9	7	-47	74	236	27	236	309
Non-recurring items	0	0	0	0	0	13	0	0	0
Net earnings (adj.)	105	9	7	-47	74	248	27	236	309
EPS	1.13	0.10	0.05	-0.33	0.50	1.60	0.18	1.61	2.11
EPS (adj.)	1.13	0.10	0.05	-0.33	0.50	1.69	0.18	1.61	2.11
DPS	0.53	0.71	0.16	0.08	0.20	1.02	0.30	0.70	1.34
<b>Balance Sheet (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Cash & short-term investments	167	109	77	95	67	61	149	328	487
Other current assets	51	69	90	98	151	131	131	131	131
Total current assets	218	179	167	193	218	192	280	459	618
Property & equip. (incl. NBs)	1,203	1,222	1,559	1,666	1,604	1,504	1,393	1,281	1,169
Other non-current assets	3	3	4	4	5	8	8	8	8
Total non-current assets	1,206	1,225	1,563	1,671	1,609	1,513	1,401	1,289	1,177
TOTAL ASSETS	1,424	1,404	1,730	1,864	1,827	1,704	1,680	1,748	1,795
Total equity	738	685	926	862	932	1,020	1,003	1,136	1,249
Short-term debt	32	58	65	94	101	132	98	106	109
Other current liabilities	21	17	18	30	29	29	29	29	29
Total current liabilities	53	74	83	124	130	160	126	135	138
Long-term debt	630	644	721	873	753	502	529	455	386
Other non-current liabilities	3	0	0	5	12	22	22	22	22
Total non-current liabilities	633	644	722	878	765	524	551	477	408
TOTAL EQUITY & LIABILITIES	1,424	1,404	1,730	1,864	1,827	1,704	1,680	1,748	1,795
Working capital, receivables	40	34	42	60	108	122	122	122	122
Working capital, payables	12	12	17	23	23	20	20	20	20
Net working capital	28	23	25	38	85	103	103	103	103
Interest bearing debt	662	701	786	967	854	633	627	561	495
Liquidity	167	109	77	95	67	61	149	328	487
Net interest bearing debt	496	592	709	872	786	573	478	233	8
<b>Cash Flow (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net income	105	9	7	-47	74	236	27	236	309
Depreciation	79	84	97	103	116	122	122	122	122
Other	11	96	20	26	20	15	0	0	0
Cash earnings	195	189	124	82	210	373	148	358	431
Changes in working capital	-14	5	-22	-28	-54	13	0	0	0
Net operational cash flow	182	194	102	54	156	386	148	358	431
Capex	-145	-236	-298	-235	-54	-24	-10	-10	-10
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	27	22	111	46	0	0	0	0	0
Other	-7	0	0	0	1	0	0	0	0
Net investing cash flow	-126	-213	-187	-188	-53	-24	-10	-10	-10
Repayment of debt	-6	55	93	168	-98	-220	-132	-66	-66
Proceeds from debt	99	219	200	617	65	0	125	0	0
Dividends paid	-49	-66	-23	-11	-29	-149	-44	-103	-196
New equity	0	0	0	0	0	0	0	0	0
Other	-99	-247	-218	-622	-68	0	0	0	0
Net financing cash flow	-56	-38	53	152	-130	-369	-50	-169	-262
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	0	-57	-32	18	-28	-7	88	179	159
Cash balance	167	109	77	95	67	61	149	328	487
Free cash flow	56	-19	-85	-134	103	362	138	348	421



# Cleaves Securities

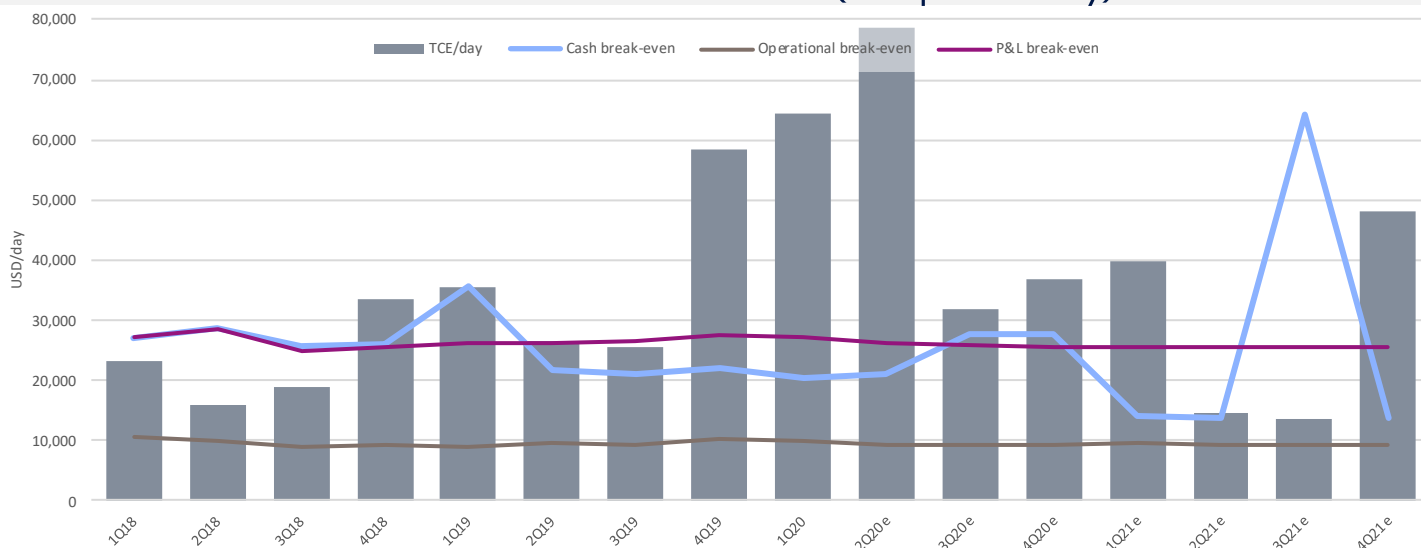
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	93	93	142	143	147	147	147	147	147
Share price, avg (USD)	8	5	4	4	6	6	5	5	5
Share price, end (USD)	8	4	4	4	8	5	5	5	5
<b>Market Cap.</b>	<b>752</b>	<b>387</b>	<b>511</b>	<b>559</b>	<b>1,216</b>	<b>788</b>	<b>787</b>	<b>787</b>	<b>787</b>
NIBD	496	592	709	872	786	573	478	233	8
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,247</b>	<b>979</b>	<b>1,220</b>	<b>1,432</b>	<b>2,002</b>	<b>1,360</b>	<b>1,265</b>	<b>1,020</b>	<b>795</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	7.1	41.8	77.4		16.5	3.3	29.5	3.3	2.5
P/E (adj.)	7.1	41.8	77.4		16.5	3.2	29.5	3.3	2.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.5	1.3	2.1	2.6	3.5	1.5	2.8	1.6	1.4
EV/Sales	4.2	3.4	5.0	6.7	5.8	2.7	4.6	2.1	1.4
EV/EBITDA	5.8	7.8	8.7	12.0	7.9	3.3	6.8	2.6	1.7
EV/EBIT	9.2	24.2	28.2	87.9	14.4	4.6	20.0	3.8	2.3
P/B	1.0	0.6	0.6	0.6	1.3	0.8	0.8	0.7	0.6
FCF yield	7%	-5%	-17%	-24%	8%	46%	18%	44%	53%
Dividend yield	6.5%	17.2%	4.6%	2.1%	2.4%	18.9%	5.6%	13.1%	24.9%
Return on equity (ROE)	14.3%	1.4%	0.7%	-5.4%	7.9%	23.1%	2.7%	20.8%	24.8%
Return on capital employed (ROCE)	11.0%	3.2%	2.6%	0.9%	8.1%	18.4%	4.3%	19.8%	27.0%
Return on assets (ROA)	7.4%	0.7%	0.4%	-2.5%	4.0%	13.8%	1.6%	13.5%	17.2%
Sales growth	192%	-2%	-17%	-11%	62%	46%	-45%	75%	14%
EBITDA margin	72%	43%	58%	56%	73%	82%	67%	81%	83%
EBIT margin	46%	14%	18%	8%	40%	58%	23%	56%	61%
Net margin	36%	3%	3%	-22%	21%	46%	10%	49%	56%
Net interest rate	6.8%	5.9%	5.7%	6.2%	7.0%	7.6%	7.9%	15.2%	376.1%
Tax rate	0.1%	1.0%	1.9%	-0.2%	0.2%	0.6%	0.7%	0.0%	0.0%
Equity ratio	52%	49%	54%	46%	51%	60%	60%	65%	70%
Leverage ratio	48%	51%	46%	54%	49%	40%	40%	35%	30%
NIBD / EBITDA (past 1y)	2.3	4.7	5.1	7.3	3.1	1.4	2.6	0.6	0.0
Operating cash flow/NIBD	0.4	0.3	0.1	0.1	0.2	0.7	0.3	1.5	51.5
Net interest coverage ratio (EBITDA)	6.4	3.6	3.5	2.2	4.6	9.6	4.9	11.1	14.7
Current ratio	4.1	2.4	2.0	1.6	1.7	1.2	2.2	3.4	4.5
Adj. equity ratio						62%	62%	77%	81%
Operating assets	1,257	1,294	1,653	1,769	1,760	1,644	1,532	1,420	1,308
Operating liabilities	23	17	18	35	41	51	51	51	51
Net operating assets	1,234	1,277	1,635	1,734	1,719	1,593	1,481	1,369	1,258

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)



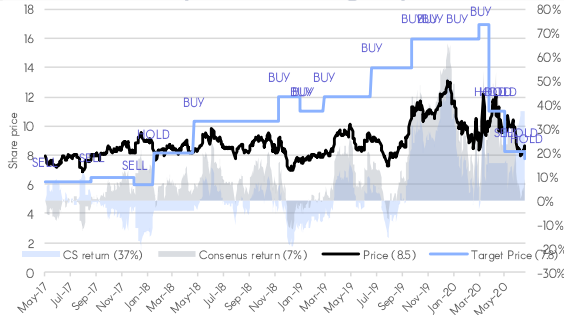


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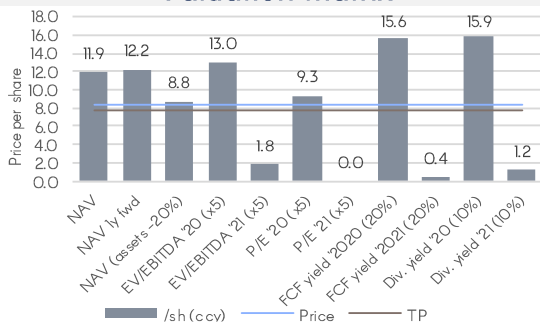
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### Share price vs target price

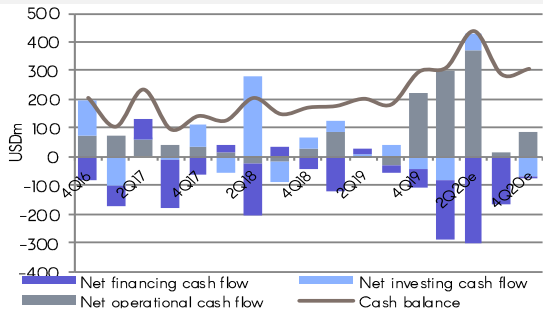


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2033E
Net sales	1,074	589	1,097	1,254
EBITDA (adj.)	795	303	822	977
EBIT (adj.)	468	-23	525	680
PTP (adj.)	412	-102	450	611
Net earnings (adj.)	411	-102	450	611
EPS (adj.)	1.87	-0.46	2.04	2.78
DPS	1.59	0.12	1.04	2.15
USDm	2020E	2021E	2022E	2033E
Fwd NAV	2,681	2,625	4,627	5,461
Adj. equity ratio	64%	62%	75%	80%
FCF yield	37%	1%	40%	49%
Dividend yield	19%	1%	12%	25%
EV/EBITDA	3.5	9.8	3.0	2.1
P/E (adj.)	4.5		4.1	3.0

### Key numbers

USDm	2020E	2021E	2022E	2033E
Net operational cash flow	776	224	747	909
Free cash flow	688	19	747	909
Net cash flow	10	82	396	324
TCE/day	43,162	22,968	44,912	51,331
Cash break-even	23,825	19,930	18,977	18,374
Liquidity	307	390	786	1,109
Property & Equip. (incl. NBs)	2,961	2,840	2,543	2,246
Total equity	2,413	2,285	2,506	2,645
Total assets	3,948	3,910	4,009	4,035
Interest bearing debt	1,420	1,509	1,387	1,275
Net interest bearing debt	1,112	1,119	601	166
Market Cap.	1,859	1,859	1,859	1,859

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

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	132.5	384.0	419.6	424.0				
EBITDA (adj.)	62.8	312.9	350.5	358.4				
EBIT (adj.)	-21.9	230.6	269.0	272.7				
PTP (adj.)	-40.6	217.9	253.8	256.7				
Net earnings (adj.)	-39.0	217.3	253.1	257.2				
EPS (adj.)	-0.18	0.99	1.15	1.20				
DPS	0.00	1.10	0.46	0.93				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	132.5	384.0	419.6	424.0				
Opex & G&A	69.7	71.1	69.1	65.6				
Depreciation	84.7	82.3	81.5	85.7				
Net finance	18.7	12.7	15.2	16.0				
Taxes & Minorities	-1.6	0.6	0.8	-0.5				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	-1	302	371					
Free cash flow	7	222	430					
Net cash flow	25	15	126					
TCE/day	21,750	61,270	67,903	68,621				
Fleet days	6,279	6,461	6,370					
Cash break-even	24,556	23,987	23,967					
Liquidity	204	312	438					
Interest bearing debt	1,807	1,540	1,478					
Net interest bearing debt	1,603	1,227	1,039					



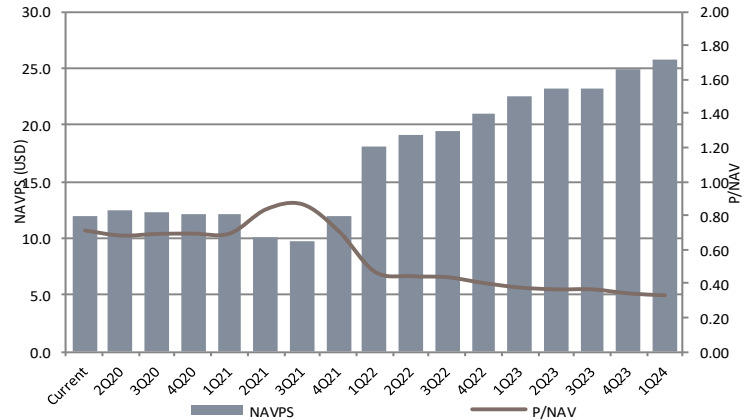


## Company Valuation

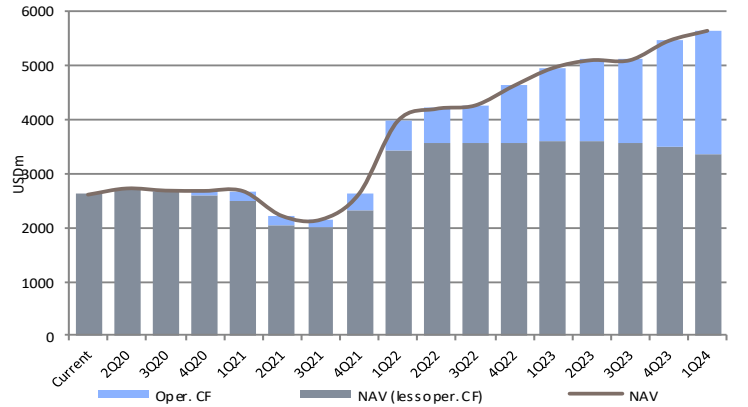
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	3,196	3,425	2,780
Contract value	0	47	38
Other	580	528	429
<b>GAV</b>	<b>3,776</b>	<b>4,000</b>	<b>3,247</b>
Net debt	-1,227	-1,098	-1,098
Capex	0	-273	-273
Other	-16	-16	-16
<b>Equity</b>	<b>2,533</b>	<b>2,612</b>	<b>1,859</b>
Shares	220	220	220
<b>Equity/sh</b>	<b>11.51</b>	<b>11.87</b>	<b>8.45</b>
incl CCY	11.51	11.87	8.45
<b>P/Equity</b>	<b>0.73</b>	<b>0.71</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.86</b>	<b>0.81</b>	<b>1.00</b>
Adj. Total Assets	4,188	4,417	3,772
Adj. Equity Ratio	60%	59%	49%
<b>Fair Value</b>	<b>USD</b>	<b>7.8</b>	<b>-8%</b>

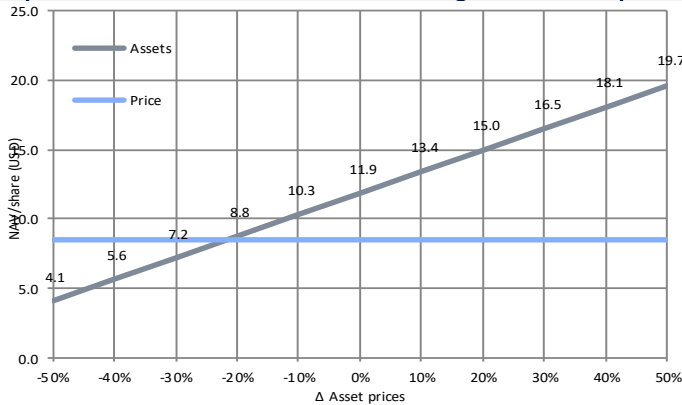
### Quarterly forward NAV & P/NAV



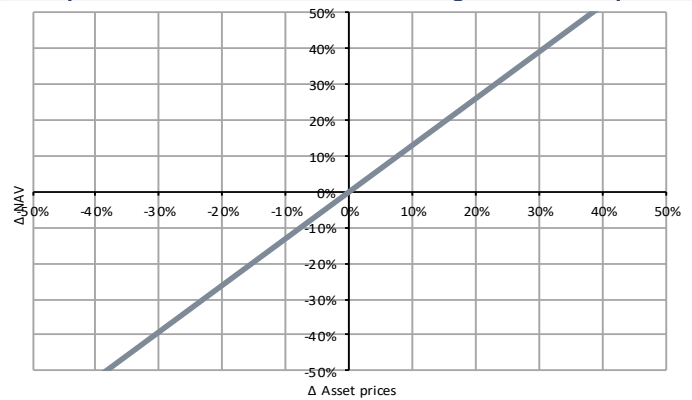
### Quarterly forward NAV decomposition



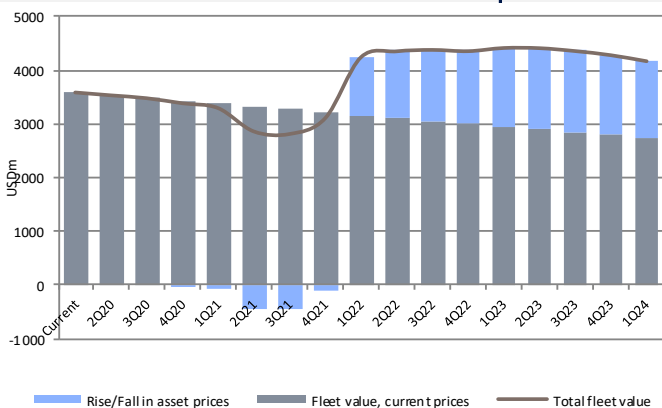
### Impact on NAV/sh from % change in asset prices



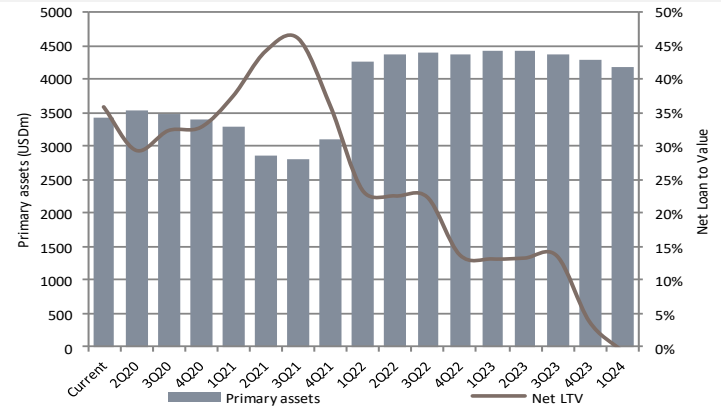
### % Impact on NAV from % change in asset prices



### 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	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net sales	1,074	589	1,097	1,254	1,030	467	550	1,157	44	122	547	97
EBITDA (adj.)	795	303	822	977	751	181	275	880	43	122	547	97
EBIT (adj.)	468	-23	525	680	422	-148	-26	580	46	125	550	100
PTP (adj.)	412	-102	450	611	366	-227	-101	511	46	125	550	100
Net earnings (adj.)	411	-102	450	611	365	-227	-101	511	46	125	550	100
EPS (adj.)	1.87	-0.46	2.04	2.78	1.66	-1.03	-0.46	2.32	0.21	0.57	2.50	0.46
DPS	1.59	0.12	1.04	2.15	1.61	0.12	0.21	1.10	-0.02	-	0.83	1.05
									2020E	2021E	2022E	2023E
								TCE revenue	44	122	547	97
								Opex & G&A	1	-	-	-0
								Depreciation	-2	-3	-3	-3
								Net finance	-0	-	-	-
								Taxes & Minorities	-0	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	776	224	747	909	732	102	200	811	44	122	547	97
Free cash flow	688	19	747	909	644	-103	200	811	43	122	547	97
Net cash flow	10	82	396	324	-37	-40	32	458	47	122	364	-134
TCE/day	43,162	22,968	44,912	51,331	41,657	18,178	22,468	47,229	1,505	4,789	22,444	4,101
Cash break-even	23,825	19,930	18,977	18,374	23,879	19,930	18,977	18,374	-54	-	-	-
Liquidity	307	390	786	1,109	260	220	253	711	47	169	533	399
Property & Equip. (incl. NBs)	2,961	2,840	2,543	2,246	2,958	2,834	2,533	2,233	3	6	9	13
Total equity	2,413	2,285	2,506	2,645	2,363	2,110	1,963	2,233	50	175	543	412
Total assets	3,948	3,910	4,009	4,035	3,898	3,734	3,466	3,623	50	175	543	412
Interest bearing debt	1,420	1,509	1,387	1,275	1,420	1,509	1,387	1,275	-	-	-	-
Net interest bearing debt	1,112	1,119	601	166	1,160	1,289	1,135	565	-47	-169	-533	-399
Market Cap.	1,859	1,859	1,859	1,859	2,150	2,150	2,150	2,150	-290	-290	-290	-290
Enterprise value	2,971	2,979	2,461	2,025	3,309	3,438	3,284	2,714	-338	-460	-824	-689

### Valuation

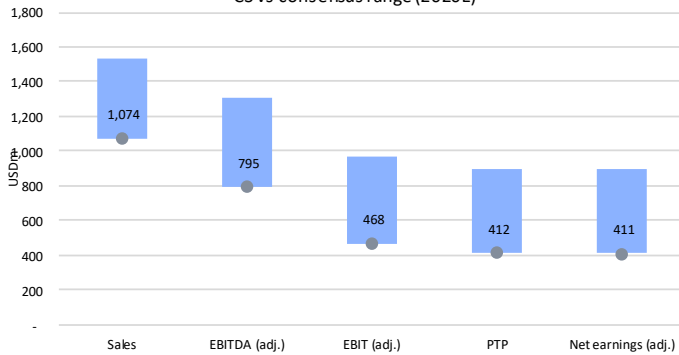
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	2,681	2,625	4,627	5,461	2,728	2,326	3,115	4,857	-47	299	1,513	604
Adj. equity ratio	64%	62%	75%	80%	64%	59%	67%	78%	0%	3%	8%	2%
FCF yield	37%	1%	40%	49%	30%	-5%	9%	38%	7%	6%	31%	11%
Dividend yield	19%	1%	12%	25%	16%	1%	2%	11%	2%	0%	10%	14%
EV/EBITDA	3.5	9.8	3.0	2.1	4.1	19.0	12.0	3.1	-0.6	-9.2	-9.0	-1.0
P/E (adj.)	4.5		4.1	3.0	5.9			4.2	-1.4	#####	#####	-1.2



## Our Estimates vs Consensus

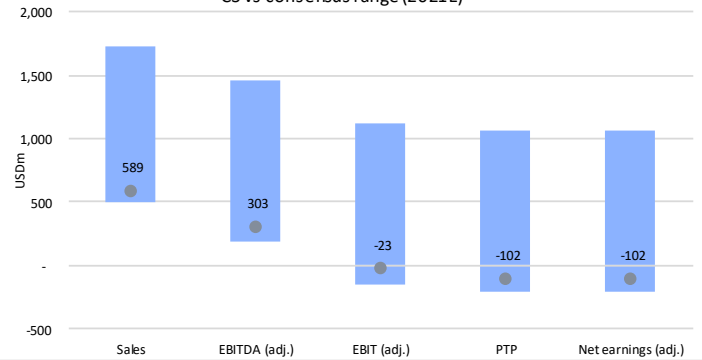
### Profit & Loss, year I

CS vs consensus range (2020E)

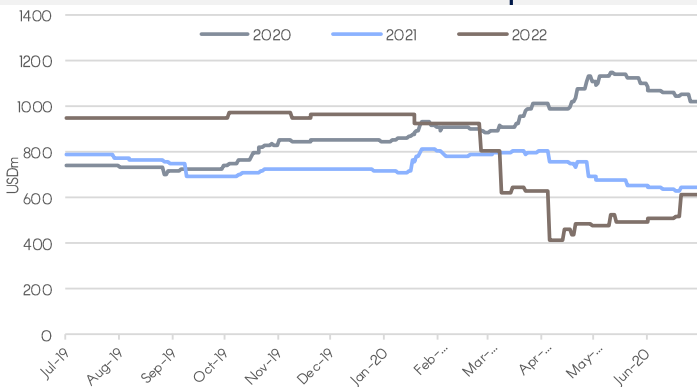


### Profit & Loss, year II

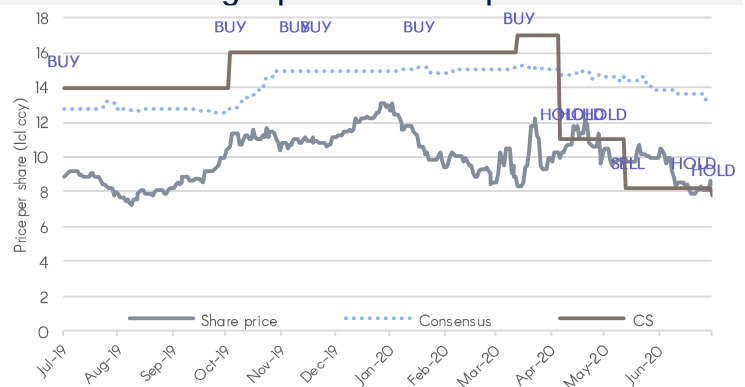
CS vs consensus range (2021E)



### Consensus EBITDA development



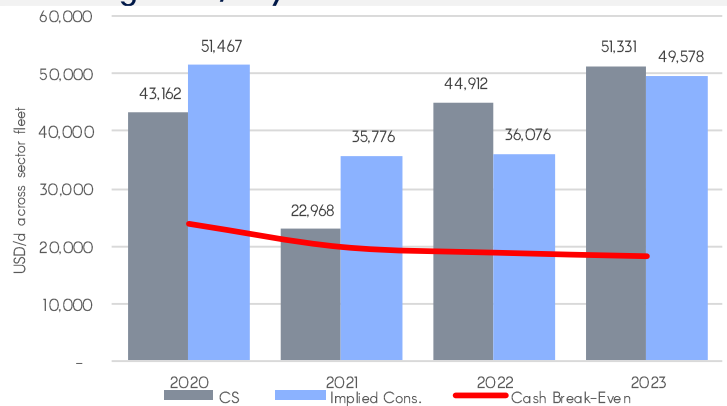
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	1,074	1,280	-207	-16%	
Opex + G&A	279	256	23	9%	
Depreciation	327	375	-48	-13%	
Net finance	56	54	2	3%	
Taxes & Minorities	1	-30	31	-105%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	589	917	-328	-36%	
Opex + G&A	286	274	12	4%	
Depreciation	326	351	-25	-7%	
Net finance	79	47	31	66%	
Taxes & Minorities	0	-2	2	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	132	140	320	384	420	97	173	176	71
Operational costs	-68	-50	-58	-59	-33	-69	-70	-69	-72
EBITDA	64	90	262	325	387	29	103	106	-1
Depreciation/Amortization	-85	-85	-84	-82	-82	-82	-82	-82	-82
EBIT	-20	5	178	242	306	-53	21	25	-82
Net financials	-20	-27	-17	-16	-15	-14	-14	-19	-20
PTP	-40	-22	161	226	290	-67	7	6	-102
Taxes/Minorities	2	-1	0	-1	-1	0	0	0	0
Net earnings	-39	-23	161	226	290	-67	7	6	-102
Non-recurring items	0	-9	-9	-8	-37	0	0	0	0
Net earnings (adj.)	-39	-32	151	217	253	-67	7	6	-102
EPS	-0.18	-0.10	0.73	1.03	1.32	-0.31	0.03	0.03	-0.46
EPS (adj.)	-0.18	-0.14	0.69	0.99	1.15	-0.31	0.03	0.03	-0.46
DPS	0.06	0.00	0.06	0.00	1.10	0.46	0.03	0.03	0.03
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	204	184	297	312	438	288	307	319	259
Other current assets	413	468	505	500	500	500	500	500	500
Total current assets	617	651	802	812	938	788	807	819	759
Property & equip. (incl. NBs)	3,416	3,332	3,238	3,196	3,055	2,974	2,961	3,084	3,003
Other non-current assets	83	82	124	180	180	180	180	180	180
Total non-current assets	3,499	3,414	3,363	3,376	3,236	3,154	3,141	3,265	3,183
TOTAL ASSETS	4,116	4,065	4,165	4,188	4,174	3,942	3,948	4,083	3,942
Total equity	2,195	2,158	2,312	2,533	2,581	2,413	2,413	2,413	2,304
Short-term debt	299	244	221	247	253	241	241	246	245
Other current liabilities	104	103	95	100	100	100	100	100	100
Total current liabilities	403	347	316	348	353	342	341	346	345
Long-term debt	1,507	1,550	1,524	1,292	1,225	1,173	1,179	1,310	1,278
Other non-current liabilities	10	11	13	15	15	15	15	15	15
Total non-current liabilities	1,518	1,561	1,537	1,307	1,240	1,188	1,194	1,325	1,293
TOTAL EQUITY & LIABILITIES	4,116	4,065	4,165	4,188	4,174	3,942	3,948	4,083	3,942
Working capital, receivables	390	222	289	492	492	492	492	492	492
Working capital, payables	88	102	76	99	99	99	99	99	99
Net working capital	301	120	213	393	393	393	393	393	393
Interest bearing debt	1,807	1,793	1,745	1,540	1,478	1,414	1,420	1,555	1,523
Liquidity	204	184	297	312	438	288	307	319	259
Net interest bearing debt	1,603	1,610	1,448	1,227	1,039	1,126	1,112	1,236	1,264
<b>Cash Flow (USDm)</b>									
Net income	-39	-23	161	226	290	-67	7	6	-102
Depreciation	85	85	84	82	82	82	82	82	82
Other	-2	-11	-12	-6	0	0	0	0	0
Cash earnings	44	51	233	302	371	14	89	87	-21
Changes in working capital	-45	-83	-14	0	0	0	0	0	0
Net operational cash flow	-1	-33	219	302	371	14	89	87	-21
Capex	-1	0	-3	-101	0	0	-68	-205	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	7	38	0	21	59	0	0	0	0
Other	3	2	-39	0	0	0	0	0	0
Net investing cash flow	8	39	-43	-79	59	0	-68	-205	0
Repayment of debt	34	-14	-175	-362	-62	-63	-60	-60	-32
Proceeds from debt	0	0	0	155	0	0	65	196	0
Dividends paid	-13	0	-13	0	-242	-101	-7	-7	-7
New equity	0	0	0	0	0	0	0	0	0
Other	-3	-11	124	0	0	0	0	0	0
Net financing cash flow	18	-26	-63	-207	-304	-164	-1	129	-39
Currency effect	0	-1	0	0	0	0	0	0	0
Net cash flow	25	-20	113	15	126	-150	19	11	-60
Cash balance	204	184	297	312	438	288	307	319	259
Free cash flow	7	7	176	222	430	14	21	-118	-21



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	775	625	451	459	788	1,074	589	1,097	1,254
Operational costs	-213	-189	-209	-262	-255	-231	-286	-276	-276
EBITDA	562	436	242	196	533	843	303	822	977
Depreciation/Amortization	-210	-228	-229	-271	-338	-327	-326	-297	-297
EBIT	352	208	13	-75	196	516	-23	525	680
Net financials	4	-4	-13	-35	-83	-59	-79	-75	-69
PTP	356	204	0	-110	113	457	-102	450	611
Taxes/Minorities	-6	0	1	0	-1	-1	0	0	0
<b>Net earnings</b>	<b>350</b>	<b>204</b>	<b>1</b>	<b>-110</b>	<b>112</b>	<b>455</b>	<b>-102</b>	<b>450</b>	<b>611</b>
Non-recurring items	0	0	0	0	0	-45	0	0	0
<b>Net earnings (adj.)</b>	<b>350</b>	<b>204</b>	<b>1</b>	<b>-110</b>	<b>112</b>	<b>411</b>	<b>-102</b>	<b>450</b>	<b>611</b>
EPS	2.20	1.28	0.01	-0.50	0.51	2.07	-0.46	2.04	2.78
EPS (adj.)	2.20	1.28	0.01	-0.50	0.51	1.87	-0.46	2.04	2.78
DPS	0.87	1.36	0.28	0.10	0.12	1.59	0.12	1.04	2.15
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	132	207	144	173	297	307	390	786	1,109
Other current assets	243	167	137	348	505	500	500	500	500
<b>Total current assets</b>	<b>375</b>	<b>373</b>	<b>281</b>	<b>521</b>	<b>802</b>	<b>807</b>	<b>890</b>	<b>1,286</b>	<b>1,609</b>
Property & equip. (incl. NBs)	2,383	2,470	2,337	3,522	3,238	2,961	2,840	2,543	2,246
Other non-current assets	283	203	194	84	124	180	180	180	180
<b>Total non-current assets</b>	<b>2,666</b>	<b>2,674</b>	<b>2,530</b>	<b>3,606</b>	<b>3,363</b>	<b>3,141</b>	<b>3,020</b>	<b>2,723</b>	<b>2,426</b>
<b>TOTAL ASSETS</b>	<b>3,041</b>	<b>3,047</b>	<b>2,811</b>	<b>4,127</b>	<b>4,165</b>	<b>3,948</b>	<b>3,910</b>	<b>4,009</b>	<b>4,035</b>
<b>Total equity</b>	<b>1,906</b>	<b>1,888</b>	<b>1,846</b>	<b>2,261</b>	<b>2,312</b>	<b>2,413</b>	<b>2,285</b>	<b>2,506</b>	<b>2,645</b>
Short-term debt	100	119	97	199	221	241	190	213	216
Other current liabilities	79	70	61	88	95	100	100	100	100
<b>Total current liabilities</b>	<b>180</b>	<b>189</b>	<b>159</b>	<b>287</b>	<b>316</b>	<b>341</b>	<b>290</b>	<b>313</b>	<b>316</b>
Long-term debt	952	966	801	1,570	1,524	1,179	1,320	1,175	1,059
Other non-current liabilities	3	3	5	10	13	15	15	15	15
<b>Total non-current liabilities</b>	<b>955</b>	<b>970</b>	<b>806</b>	<b>1,580</b>	<b>1,537</b>	<b>1,194</b>	<b>1,334</b>	<b>1,190</b>	<b>1,074</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3,041</b>	<b>3,047</b>	<b>2,811</b>	<b>4,127</b>	<b>4,165</b>	<b>3,948</b>	<b>3,910</b>	<b>4,009</b>	<b>4,035</b>
Working capital, receivables	36	39	33	65	289	492	492	492	492
Working capital, payables	62	56	51	80	76	99	99	99	99
<b>Net working capital</b>	<b>-26</b>	<b>-17</b>	<b>-19</b>	<b>-15</b>	<b>213</b>	<b>393</b>	<b>393</b>	<b>393</b>	<b>393</b>
Interest bearing debt	1,052	1,086	899	1,769	1,745	1,420	1,509	1,387	1,275
Liquidity	132	207	144	173	297	307	390	786	1,109
<b>Net interest bearing debt</b>	<b>921</b>	<b>879</b>	<b>755</b>	<b>1,595</b>	<b>1,448</b>	<b>1,112</b>	<b>1,119</b>	<b>601</b>	<b>166</b>
<b>Cash Flow (USDm)</b>									
Net income	350	204	1	-110	112	455	-102	450	611
Depreciation	210	228	229	271	338	327	326	297	297
Other	-52	-32	-41	-45	-12	-6	0	0	0
<b>Cash earnings</b>	<b>508</b>	<b>400</b>	<b>189</b>	<b>115</b>	<b>437</b>	<b>776</b>	<b>224</b>	<b>747</b>	<b>909</b>
Changes in working capital	-58	38	22	-115	-165	0	0	0	0
<b>Net operational cash flow</b>	<b>451</b>	<b>438</b>	<b>211</b>	<b>1</b>	<b>272</b>	<b>776</b>	<b>224</b>	<b>747</b>	<b>909</b>
Capex	-360	-343	-178	-238	-8	-169	-205	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	113	223	97	27	86	80	0	0	0
Other	41	19	41	401	-34	48	0	0	0
<b>Net investing cash flow</b>	<b>-206</b>	<b>-101</b>	<b>-40</b>	<b>190</b>	<b>44</b>	<b>-89</b>	<b>-205</b>	<b>0</b>	<b>0</b>
Repayment of debt	-445	-38	-191	-136	-259	-547	-156	-122	-112
Proceeds from debt	931	—	—	—	—	220	246	0	0
Dividends paid	-138	-217	-44	-23	-26	-350	-26	-229	-473
New equity	237	—	—	—	—	0	0	0	0
Other	-951	-6	0	-2	93	48	0	0	0
<b>Net financing cash flow</b>	<b>-365</b>	<b>-261</b>	<b>-235</b>	<b>-160</b>	<b>-191</b>	<b>-677</b>	<b>63</b>	<b>-351</b>	<b>-585</b>
Currency effect	-2	-1	1	-1	-1	0	0	0	0
<b>Net cash flow</b>	<b>-122</b>	<b>75</b>	<b>-63</b>	<b>29</b>	<b>124</b>	<b>10</b>	<b>82</b>	<b>396</b>	<b>324</b>
Cash balance	132	207	144	173	297	307	390	786	1,109
<b>Free cash flow</b>	<b>245</b>	<b>338</b>	<b>171</b>	<b>191</b>	<b>316</b>	<b>688</b>	<b>19</b>	<b>747</b>	<b>909</b>



# Cleaves Securities

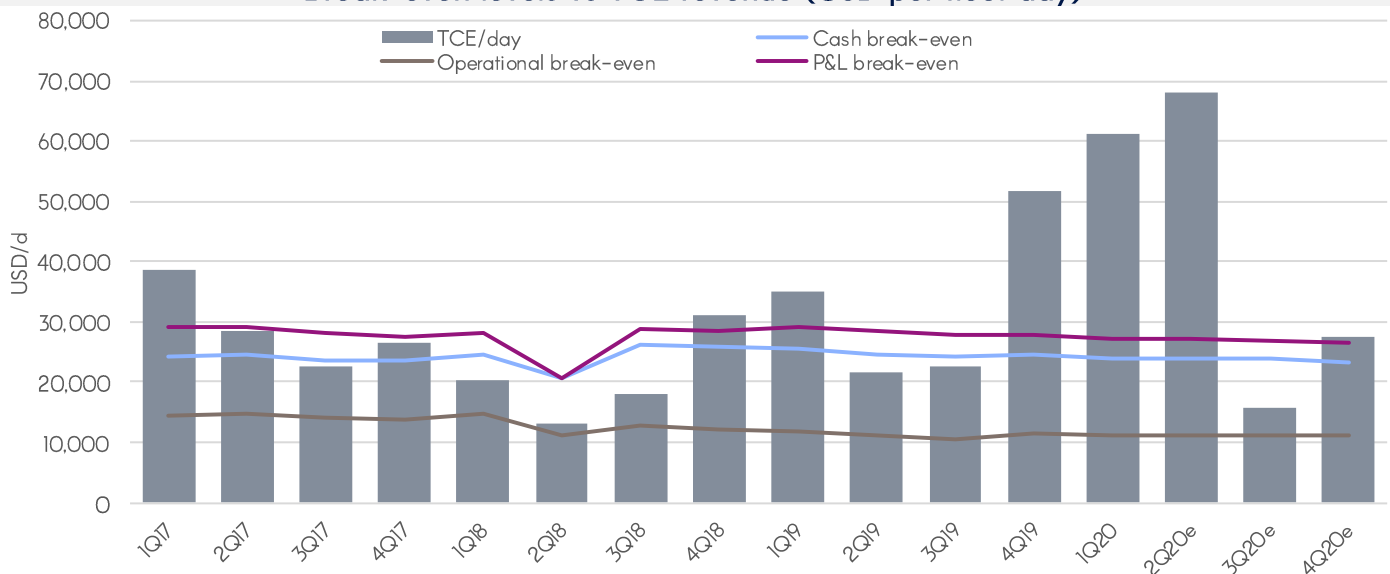
Shipping Quarterly: Hydrocarbons Are Out of Favour

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Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	159	159	159	220	220	220	220	220	220
Share price, avg (USD)	14	9	8	9	9	9	8	8	8
Share price, end (USD)	14	8	9	7	13	8	8	8	8
<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>1,859</b>	<b>1,859</b>	<b>1,859</b>	<b>1,859</b>
NIBD	921	879	755	1,595	1,448	1,112	1,119	601	166
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>2,971</b>	<b>2,979</b>	<b>2,461</b>	<b>2,025</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	6.2	6.2			24.6	4.1		4.1	3.0
P/E (adj.)	6.2	6.2			24.6	4.5		4.1	3.0
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	2.8	2.0	3.3	3.3	3.5	1.7	3.2	1.7	1.5
EV/Sales	4.0	3.4	4.9	6.8	5.3	2.8	5.1	2.2	1.6
EV/EBITDA	5.5	4.9	9.2	15.9	7.9	3.5	9.8	3.0	2.1
EV/EBIT	8.8	10.3			21.5	5.8		4.7	3.0
P/B	1.1	0.7	0.8	0.7	1.2	0.8	0.8	0.7	0.7
FCF yield	11%	27%	12%	13%	11%	37%	1%	40%	49%
Dividend yield	6.3%	17.1%	3.0%	1.5%	0.9%	18.8%	1.4%	12.3%	25.4%
Return on equity (ROE)	18.4%	10.8%	0.1%	-4.9%	4.9%	18.9%	-4.5%	17.9%	23.1%
Return on capital employed (ROCE)	12.5%	7.5%	0.5%	-1.9%	5.2%	14.9%	-0.7%	17.2%	24.7%
Return on assets (ROA)	11.5%	6.7%	0.0%	-2.7%	2.7%	11.5%	-2.6%	11.2%	15.2%
Sales growth	118%	-19%	-28%	2%	72%	36%	-45%	86%	14%
EBITDA margin	73%	70%	54%	43%	68%	78%	51%	75%	78%
EBIT margin	45%	33%	3%	-16%	25%	48%	-4%	48%	54%
Net margin	45%	33%	0%	-24%	14%	42%	-17%	41%	49%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	7.1%	7.0%	12.5%	41.6%
Tax rate	1.6%	-0.1%	-54.32.0%	-0.2%	0.5%	0.3%	0.0%	0.0%	0.0%
Equity ratio	63%	62%	66%	55%	56%	61%	58%	63%	66%
Leverage ratio	37%	38%	34%	45%	44%	39%	42%	37%	34%
NIBD / EBITDA (past ly)	1.6	2.0	3.1	8.1	2.7	1.3	3.7	0.7	0.2
Operating cash flow/NIBD	0.5	0.5	0.3	0.0	0.2	0.7	0.2	1.2	5.5
Net interest coverage ratio (EBITDA/Net interest)						10.7	3.8	11.0	14.2
Current ratio	2.1	2.0	1.8	1.8	2.5	2.4	3.1	4.1	5.1
Adj. equity ratio						64%	62%	75%	80%
Operating assets	2,909	2,840	2,667	3,954	3,868	3,587	3,467	3,169	2,872
Operating liabilities	83	73	66	98	108	115	115	115	115
Net operating assets	2,827	2,767	2,601	3,856	3,760	3,472	3,351	3,054	2,757

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)





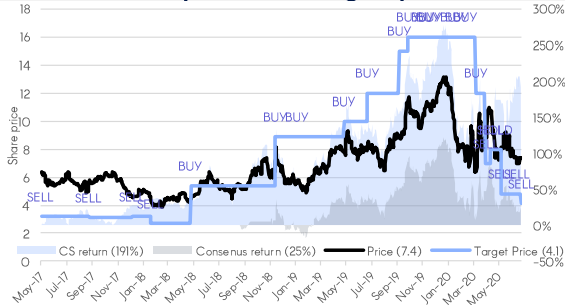
Stock listed since 1989 & with Fredriksen as main sponsor, this large oil tanker play is the most tradable name amongst peers

FRO-US

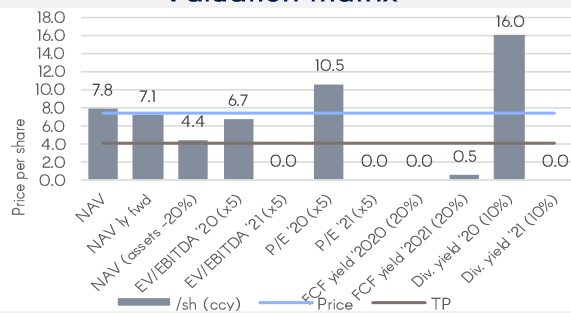
SELL/\$4.1

Frontline

### Share price vs target price

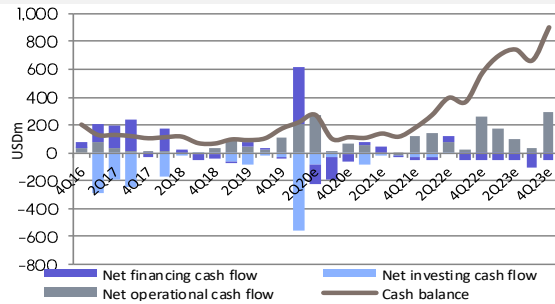


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	900	479	833	921
EBITDA (adj.)	668	254	607	694
EBIT (adj.)	516	94	446	534
PTP (adj.)	417	-7	345	440
Net earnings (adj.)	417	-7	345	440
EPS (adj.)	2.11	-0.04	1.75	2.23
DPS	1.60	-	-	0.29
USDm	2020E	2021E	2022E	2023E
Fwd NAV	1,462	1,296	3,015	3,539
Adj. equity ratio	39%	36%	57%	63%
FCF yield	-9%	1%	32%	40%
Dividend yield	22%	0%	0%	4%
EV/EBITDA	5.2	13.7	5.0	3.6
P/E (adj.)	3.5		4.3	3.3

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	565	153	506	601
Free cash flow	-127	20	465	593
Net cash flow	-53	69	393	329
TCE/day	38,972	20,927	35,655	39,428
Cash break-even	23,104	23,368	22,885	22,580
Liquidity	124	194	587	916
Property & Equip. (incl. NBV)	3,295	3,268	3,148	2,996
Total equity	1,604	1,597	1,943	2,326
Total assets	3,900	3,943	4,216	4,392
Interest bearing debt	2,151	2,201	2,129	1,922
Net interest bearing debt	2,027	2,007	1,542	1,006
Market Cap.	1,469	1,469	1,469	1,469

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

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

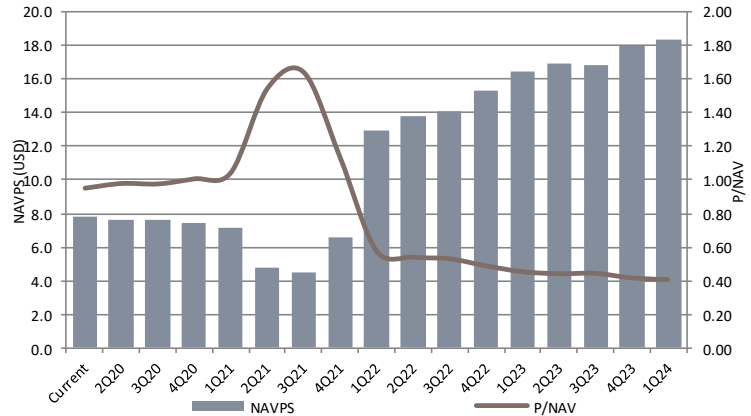


## Company Valuation

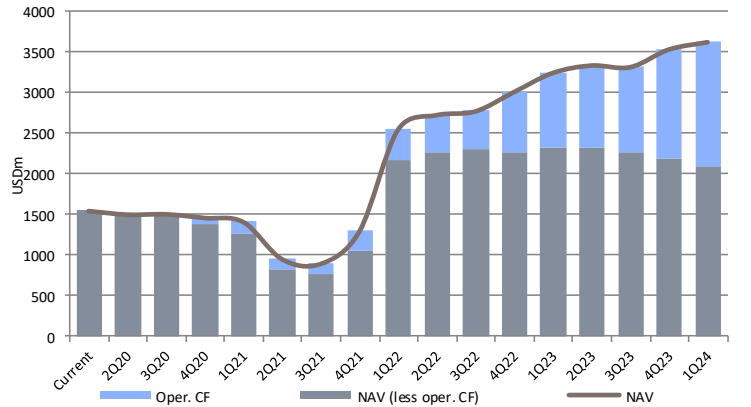
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	3,286	3,426	3,356
Contract value	0	60	59
Other	368	368	361
<b>GAV</b>	<b>3,654</b>	<b>3,855</b>	<b>3,776</b>
Net debt	-2,018	-1,881	-1,881
Capex	0	-282	-282
Other	-145	-145	-145
<b>Equity</b>	<b>1,492</b>	<b>1,547</b>	<b>1,469</b>
Shares	198	198	198
<b>Equity/sh</b>	<b>7.55</b>	<b>7.83</b>	<b>7.43</b>
lcl CCY	7.55	7.83	7.43
<b>P/Equity</b>	<b>0.98</b>	<b>0.95</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.03</b>	<b>0.98</b>	<b>1.00</b>
Adj. Total Assets	3,998	4,138	4,068
Adj. Equity Ratio	37%	37%	36%
<b>Fair Value</b>	<b>USD</b>	<b>4.1</b>	<b>-45%</b>
	<b>NOK</b>	<b>32</b>	

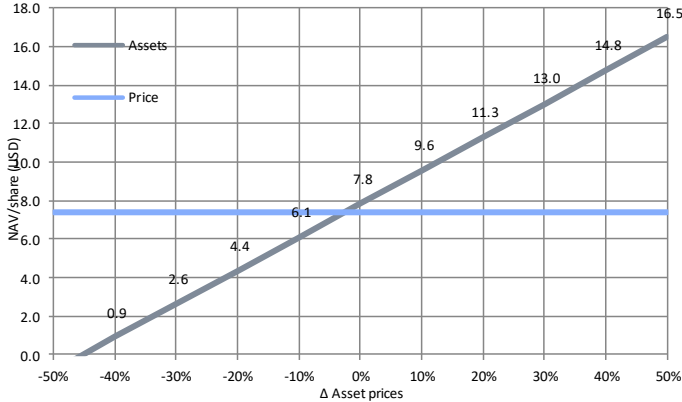
### Quarterly forward NAV & P/NAV



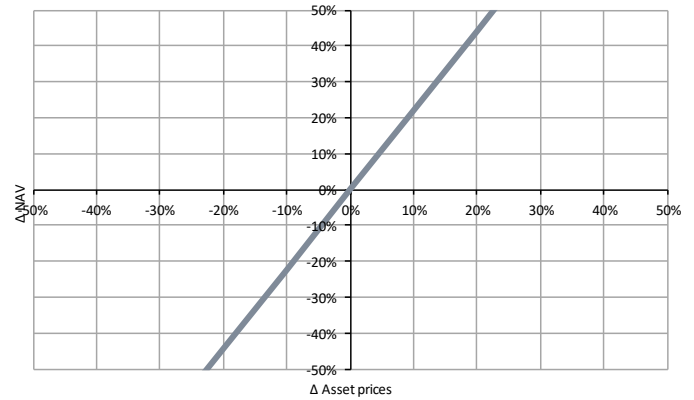
### Quarterly forward NAV decomposition



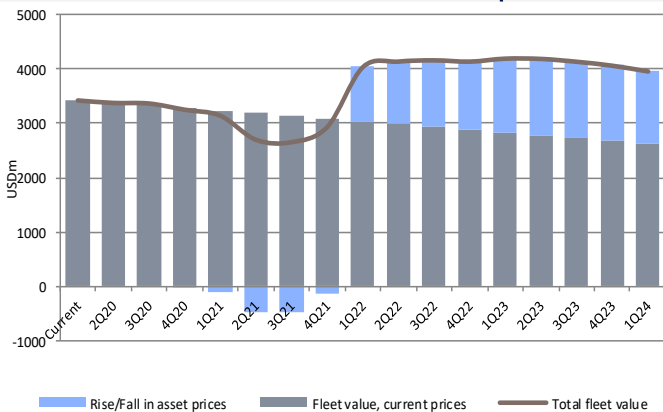
### Impact on NAV/sh from % change in asset prices



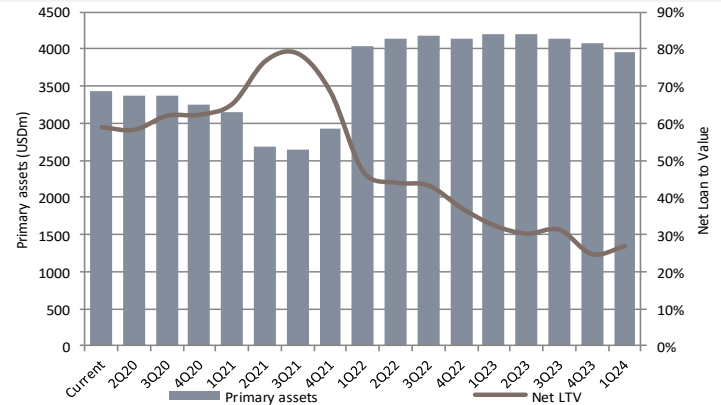
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	102.7	288.5	356.3	341.2				
EBITDA (adj.)	55.2	234.2	298.1	274.0				
EBIT (adj.)	26.8	201.9	258.0	233.3				
PTP (adj.)	4.0	179.7	232.1	212.2				
Net earnings (adj.)	4.1	179.7	232.2	211.7				
EPS (adj.)	0.02	0.91	1.17	1.08				
DPS	-	0.70	0.51	0.80				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	102.7	288.5	356.3	341.2				
Opex & G&A	47.6	54.4	58.2	67.2				
Depreciation	28.3	32.3	40.1	40.8				
Net finance	22.8	22.2	25.9	21.1				
Taxes & Minorities	-0.1	0.0	-0.1	0.5				

### Other

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	43	205	275					
Free cash flow	-42	-358	187					
Net cash flow	-5	54	54					
TCE/day	21,713	50,326	62,143	59,515				
Fleet days	4,732	5,733	5,733					
Cash break-even	21,287	22,383	23,457					
Liquidity	92	231	285					
Interest bearing debt	1,863	2,249	2,255					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	900	479	833	921	869	406	467	858	32	73	366	63	
EBITDA (adj.)	668	254	607	694	637	182	241	631	32	72	366	63	
EBIT (adj.)	516	94	446	534	484	21	80	470	32	73	366	63	
PTP (adj.)	417	-7	345	440	371	-99	-40	356	45	92	385	84	
Net earnings (adj.)	417	-7	345	440	371	-99	-40	356	45	92	385	84	
EPS (adj.)	2.11	-0.04	1.75	2.23	1.88	-0.50	-0.20	1.80	0.23	0.46	1.95	0.43	
DPS	1.60	-	-	0.29	1.64	-	-	0.30	-0.04	-	-	-0.01	
DPS (NOK)	12.54	-	-	2.25	11.234	0	0	2.1					
									2020E	2021E	2022E	2023E	
									TCE revenue	32	73	366	63
									Opex & G&A	-0	0	0	0
									Depreciation	-0	-0	-0	-0
									Net finance	-13	-19	-19	-21
									Taxes & Minorities	-0	-0	-0	0

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	565	153	506	601	510	61	121	517	55	92	385	84
Free cash flow	-127	20	465	593	-261	-72	80	509	133	92	385	84
Net cash flow	-53	69	393	329	-87	-25	31	290	34	94	362	39
TCE/day	38,972	20,927	35,655	39,428	38,441	17,768	19,972	36,646	531	3,158	15,683	2,782
Cash break-even	23,104	23,368	22,885	22,580	21,554	22,122	21,668	21,439	1,550	1,246	1,216	1,141
Liquidity	124	194	587	916	90	65	96	386	34	128	491	530
Property & Equip. (incl. NB)	3,295	3,268	3,148	2,996	3,674	3,647	3,527	3,375	-379	-379	-379	-379
Total equity	1,604	1,597	1,943	2,326	1,543	1,444	1,405	1,701	61	153	538	625
Total assets	3,900	3,943	4,216	4,392	4,228	4,177	4,087	4,225	-329	-234	129	168
Interest bearing debt	2,151	2,201	2,129	1,922	2,563	2,610	2,561	2,401	-412	-409	-432	-480
Net interest bearing debt	2,027	2,007	1,542	1,006	2,473	2,545	2,465	2,016	-446	-538	-923	-1,009
Market Cap.	1,469	1,469	1,469	1,469	1,595	1,595	1,595	1,595	-127	-127	-127	-127
Enterprise value	3,496	3,476	3,011	2,475	4,068	4,140	4,060	3,611	-573	-664	-1,049	-1,136

### Valuation

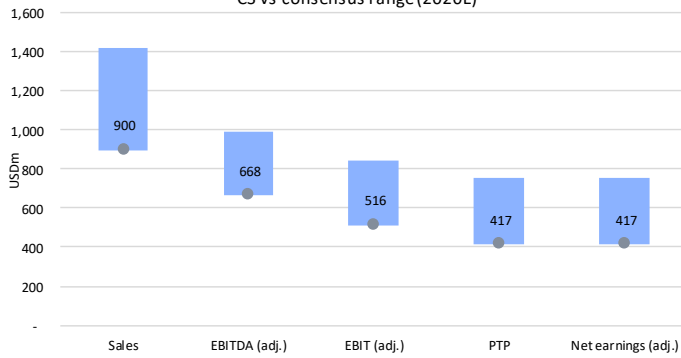
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	1,462	1,296	3,015	3,539	1,559	1,089	1,809	3,159	-98	206	1,206	380
Adj. equity ratio	39%	36%	57%	63%	37%	29%	40%	56%	2%	7%	17%	8%
FCF yield	-9%	1%	32%	40%	-16%	-5%	5%	32%	8%	6%	27%	8%
Dividend yield	22%	0%	0%	4%	20%	0%	0%	4%	1%	0%	0%	0%
EV/EBITDA	5.2	13.7	5.0	3.6	6.3	22.8	16.8	5.7	-1.2	-9.1	-11.9	-2.2
P/E (adj.)	3.5		4.3	3.3	4.3			4.5	-0.8	#####	#####	-1.1



## Our Estimates vs Consensus

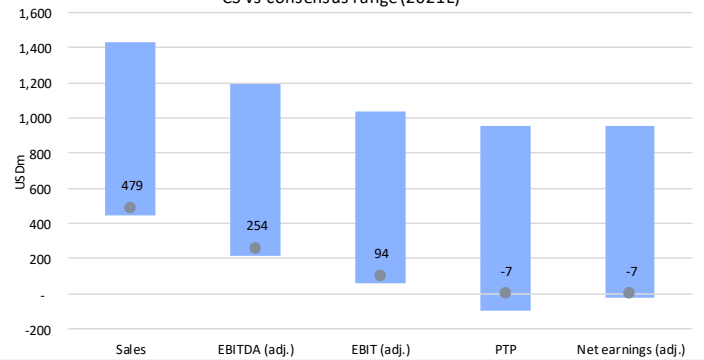
### Profit & Loss, year I

CS vs consensus range (2020E)

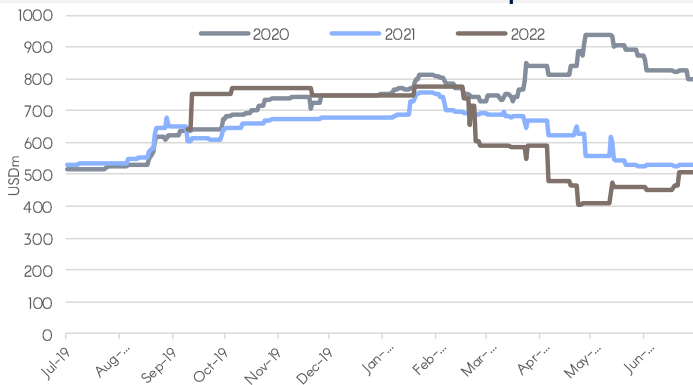


### Profit & Loss, year II

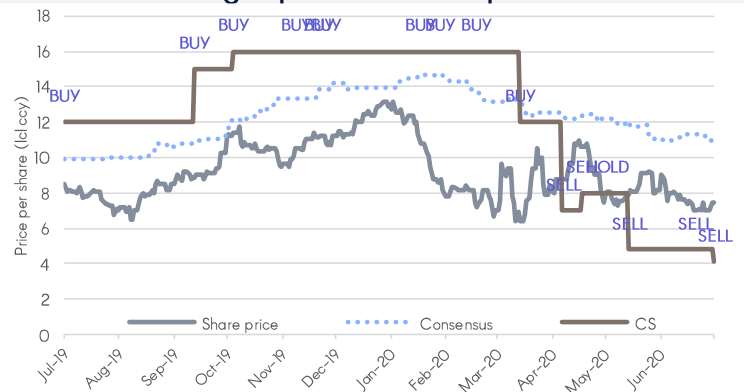
CS vs consensus range (2021E)



### Consensus EBITDA development



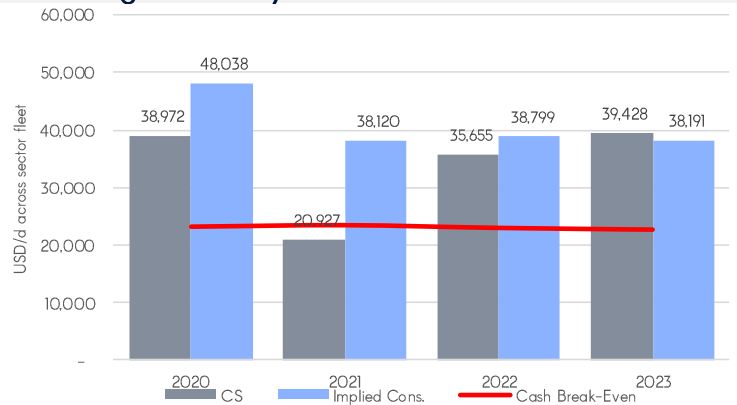
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	900	1,110	-209	-19%	
Opex + G&A	232	309	-77	-25%	
Depreciation	153	160	-7	-5%	
Net finance	99	112	-13	-11%	
Taxes & Minorities	-0	-26	26	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	479	873	-394	-45%	
Opex + G&A	225	342	-117	-34%	
Depreciation	160	145	16	11%	
Net finance	101	101	0	0%	
Taxes & Minorities	-0	-4	4	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	103	94	224	289	356	101	155	144	70
Operational costs	-48	-52	-60	-48	-55	-60	-60	-58	-55
EBITDA	55	42	164	241	301	41	95	86	15
Depreciation/Amortization	-28	-30	-32	-32	-40	-40	-40	-40	-40
EBIT	27	12	132	208	261	1	55	46	-25
Net financials	-26	-22	-23	-43	-26	-26	-25	-25	-25
PTP	1	-10	109	165	235	-25	30	21	-51
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	1	-10	109	165	235	-25	30	21	-51
Non-recurring items	3	-1	7	14	-3	0	0	0	0
Net earnings (adj.)	4	-11	116	180	232	-25	30	21	-51
EPS	0.01	-0.05	0.55	0.84	1.19	-0.13	0.15	0.11	-0.26
EPS (adj.)	0.02	-0.06	0.59	0.91	1.17	-0.13	0.15	0.11	-0.26
DPS	0.00	0.00	0.10	0.39	0.70	0.51	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	91	104	174	219	273	100	112	107	138
Other current assets	203	213	274	281	281	281	281	281	281
Total current assets	294	317	448	500	554	381	393	388	419
Property & equip. (incl. NBs)	2,632	2,625	2,626	3,286	3,334	3,328	3,295	3,340	3,307
Other non-current assets	244	647	623	213	213	213	213	213	213
Total non-current assets	2,875	3,271	3,249	3,498	3,547	3,541	3,507	3,553	3,519
TOTAL ASSETS	3,169	3,588	3,698	3,998	4,100	3,922	3,900	3,941	3,939
Total equity	1,215	1,380	1,510	1,604	1,701	1,575	1,604	1,626	1,575
Short-term debt	148	423	727	505	451	526	552	508	509
Other current liabilities	90	103	121	136	136	136	136	136	136
Total current liabilities	238	526	848	640	587	662	688	644	645
Long-term debt	1,715	1,682	1,338	1,745	1,804	1,676	1,599	1,662	1,709
Other non-current liabilities	1	1	1	9	9	9	9	9	9
Total non-current liabilities	1,716	1,683	1,339	1,753	1,813	1,685	1,607	1,671	1,718
TOTAL EQUITY & LIABILITIES	3,169	3,588	3,698	3,998	4,100	3,922	3,900	3,941	3,939
Working capital, receivables	0	0	146	0	0	0	0	0	0
Working capital, payables	0	0	109	0	0	0	0	0	0
Net working capital	0	0	37	0	0	0	0	0	0
Interest bearing debt	1,863	2,105	2,066	2,249	2,255	2,203	2,151	2,171	2,219
Liquidity	92	109	177	231	285	113	124	120	151
Net interest bearing debt	1,771	1,996	1,888	2,018	1,969	2,090	2,027	2,051	2,068
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	1	-10	109	165	235	-25	30	21	-51
Depreciation	28	30	32	32	40	40	40	40	40
Other	3	10	7	18	0	0	0	0	0
Cash earnings	32	30	148	216	275	15	70	62	-10
Changes in working capital	11	-2	-37	-11	0	0	0	0	0
Net operational cash flow	43	28	111	205	275	15	70	62	-10
Capex	-88	-19	-30	-561	-88	-34	-7	-86	-7
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	0	0	0	0	0
Other	2	0	0	-2	0	0	0	0	0
Net investing cash flow	-86	-19	-29	-563	-88	-34	-7	-86	-7
Repayment of debt	28	-31	-45	-59	-100	-52	-52	-52	-52
Proceeds from debt	0	0	0	544	105	0	0	71	100
Dividends paid	0	0	-20	-77	-138	-102	0	0	0
New equity	9	42	47	6	0	0	0	0	0
Other	0	-3	3	-2	0	0	0	0	0
Net financing cash flow	37	7	-13	412	-133	-154	-52	20	48
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-5	17	69	54	54	-173	12	-4	31
Cash balance	91	104	174	219	273	100	112	107	138
Free cash flow	-42	10	82	-358	187	-19	63	-24	-17



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	349	593	387	364	562	900	479	833	921
Operational costs	-9	-274	-442	-159	-204	-222	-225	-226	-227
EBITDA	340	319	-55	205	357	678	254	607	694
Depreciation/Amortization	-53	-141	-142	-123	-118	-153	-160	-160	-160
EBIT	287	177	-196	83	240	526	94	446	534
Net financials	-32	-60	-68	-91	-99	-120	-101	-101	-93
PTP	256	118	-264	-8	140	405	-7	345	440
Taxes/Minorities	-101	-1	-1	-1	0	0	0	0	0
Net earnings	155	117	-265	-9	140	406	-7	345	440
Non-recurring items	0	0	0	0	0	11	0	0	0
Net earnings (adj.)	155	117	-265	-9	140	417	-7	345	440
EPS	0.99	0.69	-1.56	-0.05	0.71	2.05	-0.04	1.75	2.23
EPS (adj.)	0.99	0.69	-1.56	-0.05	0.71	2.11	-0.04	1.75	2.23
DPS	0.25	0.97	0.30	0.00	0.10	1.60	0.00	0.00	0.29
<b>Balance Sheet (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Cash & short-term investments	265	202	104	66	174	112	181	574	903
Other current assets	203	181	217	242	274	281	281	281	281
Total current assets	467	384	322	308	448	393	462	855	1,184
Property & equip. (incl. NBs)	2,150	2,322	2,673	2,620	3,056	3,295	3,268	3,148	2,996
Other non-current assets	266	261	139	150	193	213	213	213	213
Total non-current assets	2,416	2,583	2,812	2,770	3,249	3,507	3,481	3,361	3,208
TOTAL ASSETS	2,883	2,966	3,134	3,078	3,698	3,900	3,943	4,216	4,392
Total equity	1,446	1,500	1,188	1,164	1,510	1,604	1,597	1,943	2,326
Short-term debt	147	124	156	132	727	552	392	451	531
Other current liabilities	95	59	66	82	121	136	136	136	136
Total current liabilities	242	183	222	214	848	688	528	587	666
Long-term debt	1,192	1,281	1,723	1,698	1,338	1,599	1,809	1,678	1,391
Other non-current liabilities	3	3	1	1	1	9	9	9	9
Total non-current liabilities	1,195	1,284	1,724	1,699	1,339	1,607	1,817	1,687	1,400
TOTAL EQUITY & LIABILITIES	2,883	2,966	3,134	3,078	3,698	3,900	3,943	4,216	4,392
Working capital, receivables	103	102	125	141	146	0	0	0	0
Working capital, payables	68	49	60	78	109	0	0	0	0
Net working capital	35	53	66	63	37	0	0	0	0
Interest bearing debt	1,340	1,405	1,879	1,831	2,066	2,151	2,201	2,129	1,922
Liquidity	265	203	105	68	177	124	194	587	916
Net interest bearing debt	1,075	1,201	1,774	1,763	1,888	2,027	2,007	1,542	1,006
<b>Cash Flow (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net income	155	117	-265	-9	140	406	-7	345	440
Depreciation	53	141	142	123	118	153	160	160	160
Other	5	43	252	-29	26	18	0	0	0
Cash earnings	212	302	129	85	284	576	153	506	601
Changes in working capital	-5	-16	2	-39	-4	-11	0	0	0
Net operational cash flow	207	286	130	46	280	565	153	506	601
Capex	-787	-622	-714	-216	-196	-690	-134	-41	-8
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	515	217	0	0	0	0	0	0	0
Other	-188	9	-9	17	5	10	0	0	0
Net investing cash flow	-459	-396	-723	-199	-191	-693	-134	-41	-8
Repayment of debt	114	125	568	116	-59	-262	-207	-207	-207
Proceeds from debt	—	—	—	—	—	649	257	135	0
Dividends paid	-39	-165	-51	0	-20	-317	0	0	-57
New equity	0	98	0	0	98	6	0	0	0
Other	145	-10	-23	0	0	10	0	0	0
Net financing cash flow	220	49	494	116	20	74	50	-72	-264
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-32	-62	-98	-37	109	-53	69	393	329
Cash balance	265	202	104	66	174	121	191	584	912
Free cash flow	-252	-110	-592	-153	90	-127	20	465	593



# Cleaves Securities

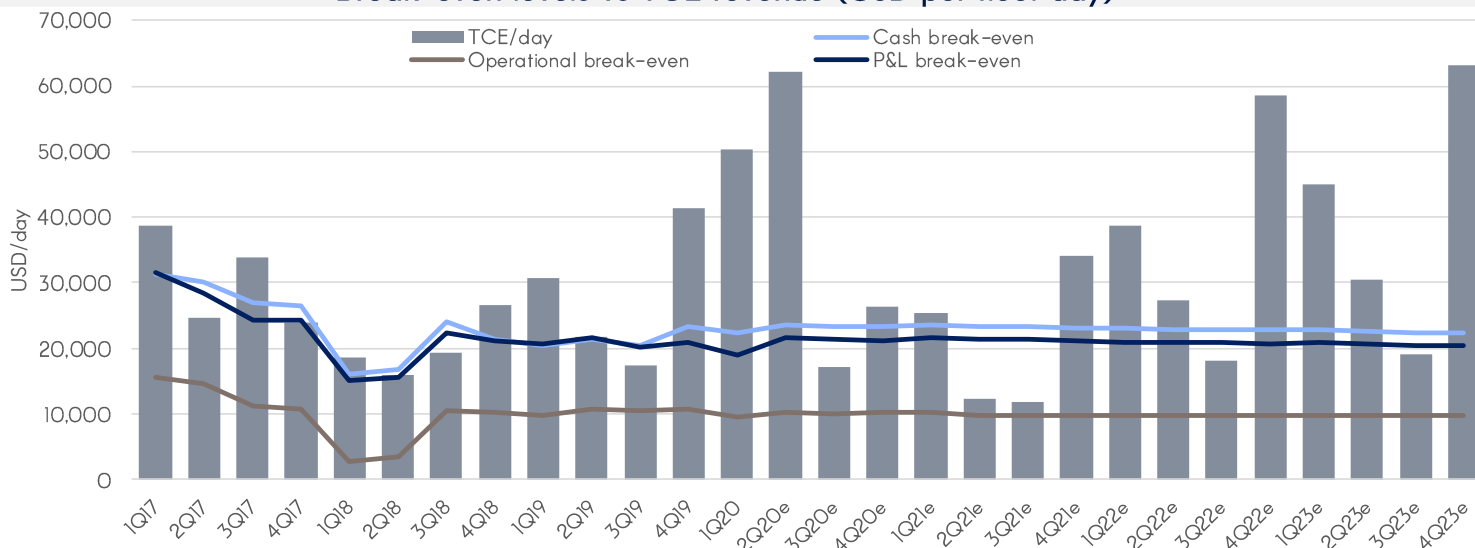
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	156	170	170	170	197	198	198	198	198
Share price, avg (USD)	14	8	6	5	8	8	7	7	7
Share price, end (USD)	15	7	5	6	13	7	7	7	7
<b>Market Cap.</b>	<b>2,338</b>	<b>1,207</b>	<b>779</b>	<b>939</b>	<b>2,532</b>	<b>1,469</b>	<b>1,469</b>	<b>1,469</b>	<b>1,469</b>
NIBD	1,075	1,201	1,774	1,763	1,888	2,027	2,007	1,542	1,006
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>3,413</b>	<b>2,409</b>	<b>2,553</b>	<b>2,701</b>	<b>4,420</b>	<b>3,496</b>	<b>3,476</b>	<b>3,011</b>	<b>2,475</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	15.1	10.3			18.1	3.6		4.3	3.3
P/E (adj.)	15.1	10.3			18.1	3.5		4.3	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	2.0	2.0	2.6	4.5	1.6	3.1	1.8	1.6
EV/Sales	9.8	4.1	6.6	7.4	7.9	3.9	7.3	3.6	2.7
EV/EBITDA	10.0	7.6		13.2	12.4	5.2	13.7	5.0	3.6
EV/EBIT	11.9	13.6		32.7	18.5	6.7	37.0	6.7	4.6
P/B	1.6	0.8	0.7	0.8	1.7	0.9	0.9	0.8	0.6
FCF yield	-11%	-9%	-76%	-16%	4%	-9%	1%	32%	40%
Dividend yield	1.7%	13.6%	6.6%	0.0%	0.8%	21.6%	0.0%	0.0%	3.9%
Return on equity (ROE)	10.7%	7.8%	-22.3%	-0.8%	9.3%	25.3%	-0.5%	17.8%	18.9%
Return on capital employed (ROCE)	11.4%	6.6%	-6.6%	2.8%	7.0%	14.5%	2.6%	12.8%	16.0%
Return on assets (ROA)	5.4%	3.9%	-8.5%	-0.3%	3.8%	10.4%	-0.2%	8.2%	10.0%
Sales growth	153%	70%	-35%	-6%	54%	60%	-47%	74%	11%
EBITDA margin	97%	54%	-14%	56%	64%	75%	53%	73%	75%
EBIT margin	82%	30%	-51%	23%	43%	58%	20%	54%	58%
Net margin	44%	20%	-68%	-2%	25%	45%	-2%	41%	48%
Net interest rate	1.6%	4.7%	3.9%	5.3%	5.0%	4.9%	5.0%	6.5%	9.3%
Tax rate	0.1%	0.3%	-0.1%	-3.9%	0.2%	0.0%	0.0%	0.0%	0.0%
Equity ratio	50%	51%	38%	38%	41%	41%	41%	46%	53%
Leverage ratio	50%	49%	62%	62%	59%	59%	59%	54%	47%
NIBD / EBITDA (past 1y)	3.2	3.8	-32.5	8.6	5.3	3.0	7.9	2.5	1.5
Operating cash flow/NIBD	0.2	0.2	0.1	0.0	0.1	0.3	0.1	0.3	0.6
Net interest coverage ratio (EBITDA)	19.3	5.6	-0.8	2.2	3.8	6.8	2.5	6.0	7.4
Current ratio	1.9	2.1	1.4	1.4	0.5	0.6	0.9	1.5	1.8
Adj. equity ratio						39%	36%	57%	63%
Operating assets	2,619	2,763	3,029	3,010	3,520	3,776	3,749	3,629	3,477
Operating liabilities	98	62	67	83	122	144	144	144	144
Net operating assets	2,521	2,701	2,962	2,927	3,399	3,631	3,605	3,485	3,332

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)



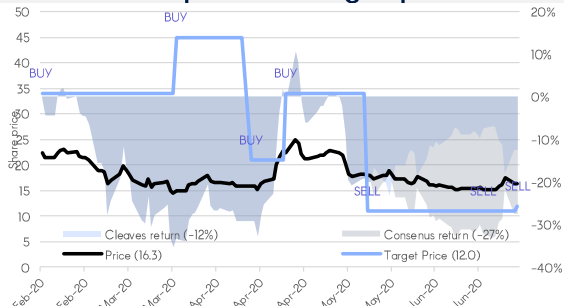
An oil product tanker behemoth, but elastic towards changing earnings and asset prices

HAFNIA-  
NO

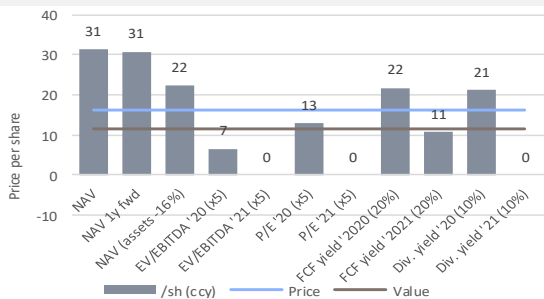
SELL/NI2

Hafnia

### Share price vs target price

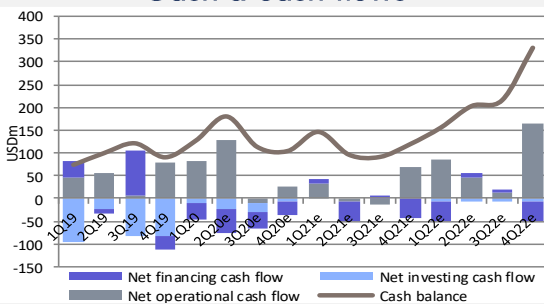


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	589	416	642	708
EBITDA (adj.)	312	138	363	430
EBIT (adj.)	157	-18	206	272
PTP (adj.)	103	-70	157	227
Net earnings (adj.)	101	-72	155	226
EPS (adj.)	0.27	-0.19	0.42	0.61
DPS	0.22	-	-	-
USDm	2020E	2021E	2022E	2023E
Fwd NAV	1,184	929	1,665	1,967
Adj. equity ratio	44%	39%	55%	62%
FCF yield	27%	13%	44%	60%
Dividend yield	13%	0%	0%	0%
EV/EBITDA	6.1	13.5	4.3	2.8
P/E (adj.)	6.3		4.1	2.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	229	84	312	383
Free cash flow	170	84	280	383
Net cash flow	14	15	211	214
TCE/day	17,013	11,992	18,486	20,415
Cash break-even	13,288	13,956	13,880	13,767
Liquidity	105	121	332	546
Property & Equip. (incl. NB)	2,094	1,938	1,813	1,656
Total equity	1,108	1,036	1,191	1,417
Total assets	2,630	2,489	2,575	2,632
Interest bearing debt	1,407	1,338	1,269	1,100
Net interest bearing debt	1,302	1,218	938	554
Market Cap.	642	642	642	642

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

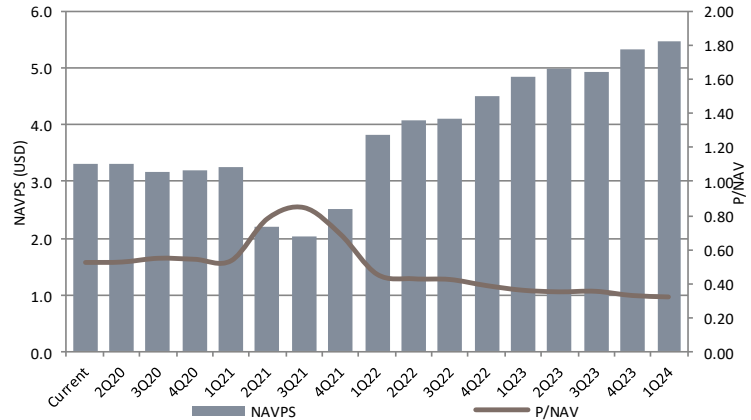


## Company Valuation

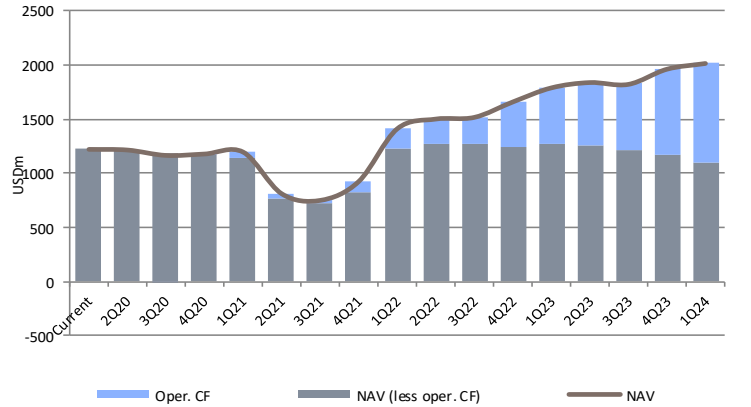
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,163	2,214	1,708
Contract value	0	-2	-1
Other	343	343	264
<b>GAV</b>	<b>2,505</b>	<b>2,555</b>	<b>1,970</b>
Net debt	-1,338	-1,250	-1,250
Capex	0	-49	-49
Other	-30	-30	-30
<b>Equity</b>	<b>1,137</b>	<b>1,226</b>	<b>642</b>
Shares	370	370	370
<b>Equity/sh</b>	<b>3.07</b>	<b>3.31</b>	<b>1.73</b>
lcl CCY	29.03	31.31	16.38
USDNOK		9.45	
P/Equity	0.56	0.52	1.00
EV/GAV	0.79	0.77	1.00
Adj. Total Assets	2,722	2,773	2,266
Adj. Equity Ratio	42%	44%	28%
<b>Fair Value</b>	<b>NOK</b>	<b>11.6</b>	<b>-29%</b>
	<b>USD</b>	<b>1.2</b>	

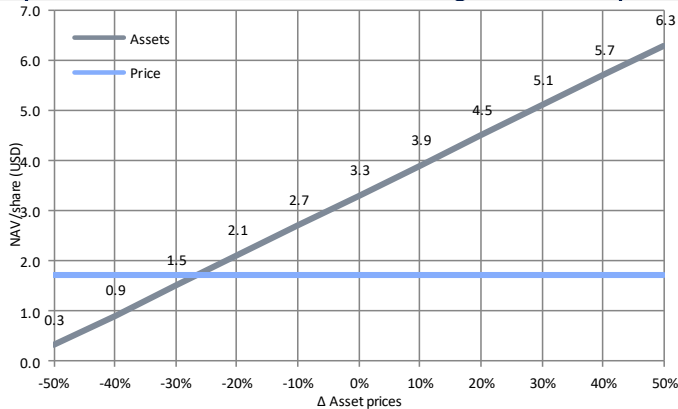
### Quarterly forward NAV & P/NAV



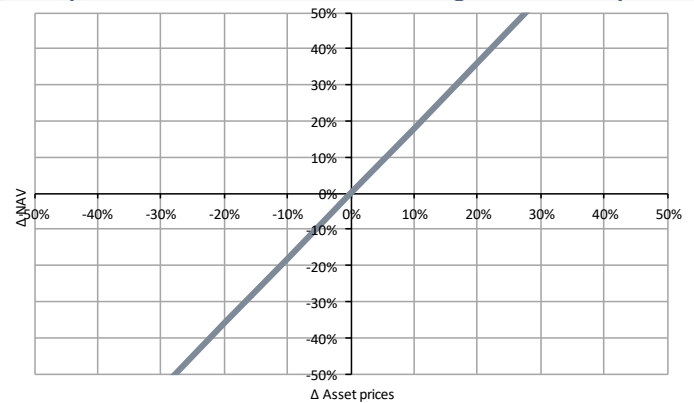
### Quarterly forward NAV decomposition



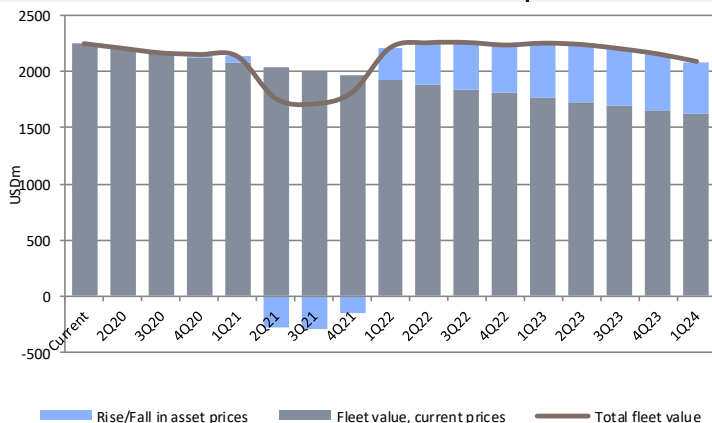
### Impact on NAV/sh from % change in asset prices



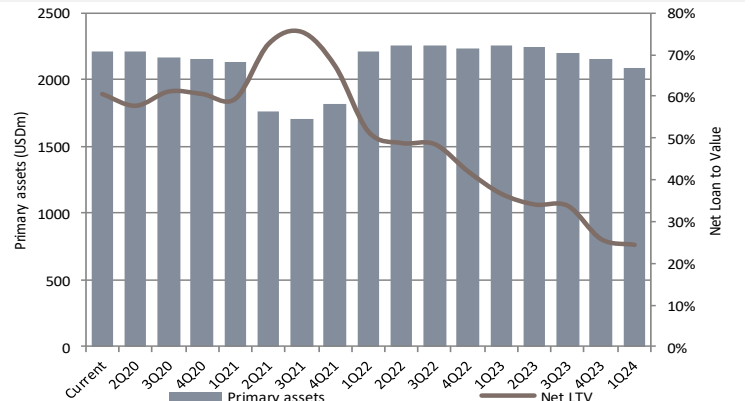
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	118.0	193.5	209.9	222.4				
EBITDA (adj.)	57.6	123.3	142.1	155.0				
EBIT (adj.)	26.3	84.7	103.3	118.4				
PTP (adj.)	12.0	72.2	89.6	103.4				
Net earnings (adj.)	12.0	71.8	89.1	105.3				
EPS (adj.)	0.03	0.19	0.24	0.29				
DPS	-	0.11	0.06	0.14				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	118.0	193.5	209.9	222.4				
Opex & G&A	60.4	70.1	67.7	67.4				
Depreciation	31.3	38.6	38.8	36.6				
Net finance	14.3	12.5	13.7	15.0				
Taxes & Minorities	0.0	0.4	0.5	-1.9				

### CF & BS

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	57	82	128					
Free cash flow	34	72	105					
Net cash flow	26	37	53					
TCE/day	14,855	22,433	24,309	25,762				
Cash break-even	9,577	13,442	13,193					
Liquidity	101	128	181					
Interest bearing debt	1,380	1,467	1,454					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	589	416	642	708	666	365	406	666	-77	51	236	43	
EBITDA (adj.)	312	138	363	430	392	90	130	390	-80	48	233	40	
EBIT (adj.)	157	-18	206	272	241	-62	-22	237	-84	44	229	35	
PTP (adj.)	103	-70	157	227	184	-114	-73	190	-80	44	230	38	
Net earnings (adj.)	101	-72	155	226	184	-114	-73	190	-82	42	228	36	
EPS (adj.)	0.27	-0.19	0.42	0.61	0.50	-0.31	-0.20	0.51	-0.22	0.11	0.62	0.10	
DPS	0.22	-	-	-	0.27	-	-	0.04	-0.04	-	-	-0.04	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-77	51	236	43
									Opex & G&A	3	3	3	3
									Depreciation	5	5	5	5
									Net finance	-4	-0	-2	-3
									Taxes & Minorities	2	2	2	2

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	229	84	312	383	335	37	80	342	-106	47	233	41
Free cash flow	170	84	280	383	245	37	50	342	-75	47	230	41
Net cash flow	14	15	211	214	14	-20	-3	230	-1	35	214	-16
TCE/day	17,013	11,992	18,486	20,415	19,213	10,511	11,673	19,145	-2,200	1,481	6,813	1,269
Cash break-even	13,288	13,956	13,880	13,767	15,432	12,155	12,016	11,754	-2,145	1,802	1,864	2,013
Liquidity	105	121	332	546	106	86	83	313	-1	34	249	233
Property & Equip. (incl. NB)	2,094	1,938	1,813	1,656	2,250	2,099	1,975	1,822	-156	-160	-162	-167
Total equity	1,108	1,036	1,191	1,417	1,203	1,089	1,016	1,191	-95	-53	176	227
Total assets	2,630	2,489	2,575	2,632	2,634	2,462	2,336	2,413	-4	27	240	219
Interest bearing debt	1,407	1,338	1,269	1,100	1,316	1,259	1,205	1,108	91	79	64	-8
Net interest bearing debt	1,302	1,218	938	554	1,210	1,173	1,122	795	92	45	-185	-240
Market Cap.	642	642	642	642	646	646	646	646	-4	-4	-4	-4
Enterprise value	1,944	1,859	1,579	1,196	1,856	1,819	1,768	1,441	87	41	-189	-245

### Valuation

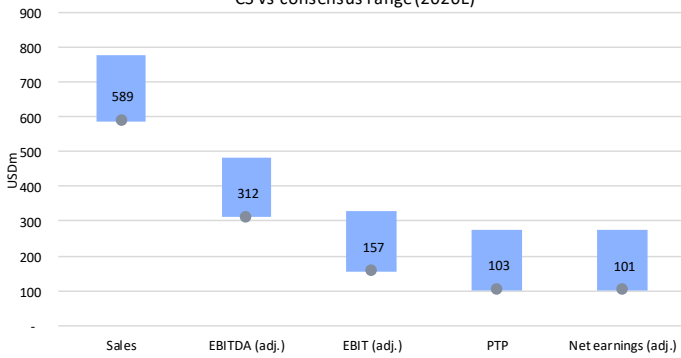
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	1,184	929	1,665	1,967	1,171	809	1,040	1,765	13	120	625	202
Adj. equity ratio	44%	39%	55%	62%	45%	37%	44%	59%	-1%	2%	11%	3%
FCF yield	27%	13%	44%	60%	38%	6%	8%	53%	-11%	7%	36%	7%
Dividend yield	13%	0%	0%	0%	15%	0%	0%	2%	-2%	0%	0%	-2%
EV/EBITDA	6.1	13.5	4.3	2.8	4.7	20.2	13.6	3.7	1.4	-6.8	-9.2	-0.9
P/E (adj.)	6.3		4.1	2.8	3.5			3.4	2.8	#####	#####	-0.6



## Our Estimates vs Consensus

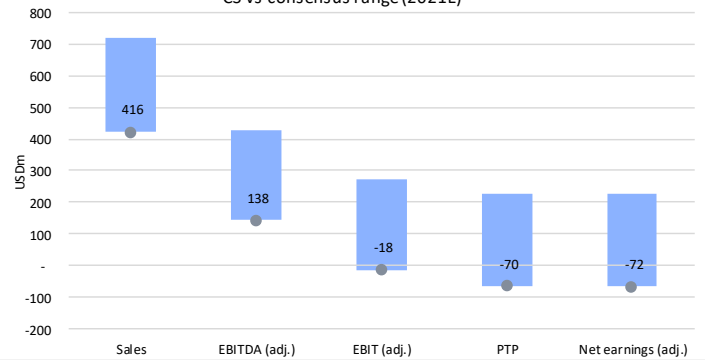
### Profit & Loss, year I

CS vs consensus range (2020E)

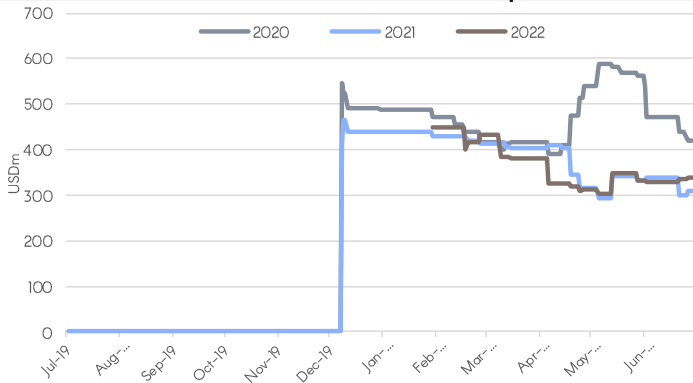


### Profit & Loss, year II

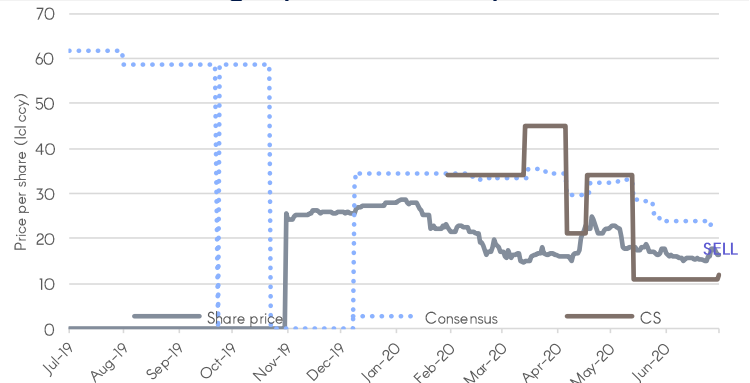
CS vs consensus range (2021E)



### Consensus EBITDA development



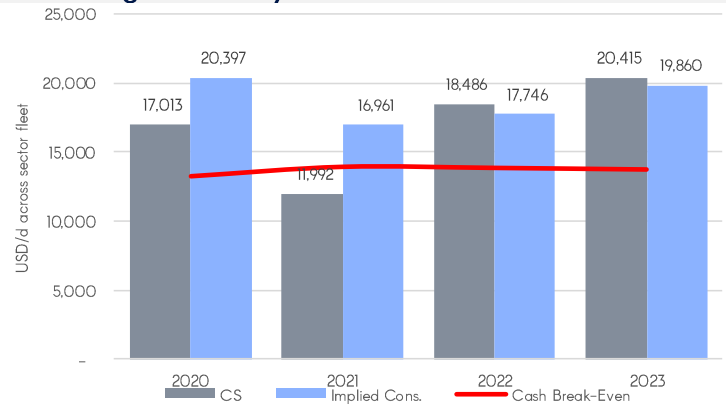
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	589	707	-117	-17%	
Opex + G&A	277	288	-11	-4%	
Depreciation	155	155	0	0%	
Net finance	53	50	3	7%	
Taxes & Minorities	2	1	1	255%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	416	589	-172	-29%	
Opex + G&A	278	279	-1	0%	
Depreciation	156	155	2	1%	
Net finance	52	45	7	17%	
Taxes & Minorities	2	1	1	232%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	118	107	157	193	210	75	111	117	75
Operational costs	-59	-57	-62	-64	-68	-69	-70	-69	-69
EBITDA	59	49	95	130	142	6	41	48	6
Depreciation/Amortization	-31	-34	-37	-39	-39	-39	-39	-39	-39
EBIT	28	15	58	91	103	-33	2	9	-33
Net financials	-16	-26	-15	-13	-14	-14	-14	-13	-13
PTP	12	-10	43	78	90	-47	-12	-4	-46
Taxes/Minorities	0	0	-1	0	0	0	0	0	0
Net earnings	12	-11	42	77	89	-47	-12	-5	-47
Non-recurring items	0	0	0	-5	0	0	0	0	0
Net earnings (adj.)	12	-10	43	72	89	-47	-12	-5	-47
EPS	0.03	-0.03	0.11	0.21	0.24	-0.13	-0.03	-0.01	-0.13
EPS (adj.)	0.03	-0.03	0.12	0.19	0.24	-0.13	-0.03	-0.01	-0.13
DPS	0.00	0.00	0.00	0.06	0.11	0.06	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	101	122	92	128	181	114	105	147	97
Other current assets	188	218	243	257	257	257	257	257	257
Total current assets	289	341	335	385	438	371	362	404	354
Property & equip. (incl. NBs)	2,077	2,130	2,182	2,163	2,147	2,128	2,094	2,055	2,016
Other non-current assets	117	154	164	174	174	174	174	174	174
Total non-current assets	2,194	2,283	2,346	2,337	2,321	2,302	2,268	2,229	2,190
TOTAL ASSETS	2,483	2,624	2,681	2,722	2,759	2,673	2,630	2,633	2,544
Total equity	1,014	1,003	1,119	1,140	1,190	1,120	1,108	1,103	1,056
Short-term debt	231	240	213	189	218	215	209	208	213
Other current liabilities	79	83	107	93	93	93	93	93	93
Total current liabilities	311	322	320	282	312	308	302	301	306
Long-term debt	1,149	1,289	1,235	1,278	1,236	1,223	1,198	1,207	1,160
Other non-current liabilities	9	10	8	21	21	21	21	21	21
Total non-current liabilities	1,158	1,299	1,243	1,299	1,257	1,244	1,220	1,229	1,182
TOTAL EQUITY & LIABILITIES	2,483	2,624	2,681	2,722	2,759	2,673	2,630	2,633	2,544
Working capital, receivables	188	218	240	257	257	257	257	257	257
Working capital, payables	79	83	107	85	85	85	85	85	85
Net working capital	109	136	134	172	172	172	172	172	172
Interest bearing debt	1,380	1,528	1,448	1,467	1,454	1,438	1,407	1,415	1,373
Liquidity	101	122	92	128	181	114	105	147	97
Net interest bearing debt	1,280	1,406	1,357	1,338	1,273	1,323	1,302	1,268	1,276
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	12	-11	42	77	89	-47	-12	-5	-47
Depreciation	31	34	37	39	39	39	39	39	39
Other	2	11	3	2	0	0	0	0	0
Cash earnings	46	35	82	118	128	-8	27	34	-8
Changes in working capital	11	-29	-2	-36	0	0	0	0	0
Net operational cash flow	57	5	81	82	128	-8	27	34	-8
Capex	-42	-90	-82	-10	-23	-20	-6	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	10	0	0	0	0	0	0	0
Other	19	-3	-1	-1	0	0	0	0	0
Net investing cash flow	-23	-84	-82	-10	-23	-20	-6	0	0
Repayment of debt	-2	-463	-121	-79	-36	-36	-36	-42	-42
Proceeds from debt	0	569	21	78	23	20	6	50	0
Dividends paid	0	0	0	-21	-39	-22	0	0	0
New equity	0	0	72	0	0	0	0	0	0
Other	-6	-6	0	-13	0	0	0	0	0
Net financing cash flow	-8	100	-29	-35	-52	-39	-30	8	-42
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	26	21	-31	37	53	-67	-9	42	-50
Cash balance	101	122	92	128	181	114	105	147	97
Free cash flow	34	-78	-2	72	105	-28	21	34	-8



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales		302	346	368	514	589	416	642	708
Operational costs		-409	-262	-299	-237	-271	-278	-278	-279
EBITDA		-107	84	69	277	318	138	363	430
Depreciation/Amortization		-60	-54	-57	-132	-155	-156	-157	-157
EBIT	—	-166	30	12	146	163	-18	206	272
Net financials		-20	-27	-32	-73	-54	-52	-49	-45
PTP	—	-187	3	-20	73	109	-70	157	227
Taxes/Minorities		0	0	0	-1	-2	-2	-2	-2
Net earnings	—	-187	3	-20	72	107	-72	155	226
Non-recurring items		0	0	0	0	-5	0	0	0
Net earnings (adj.)	—	-187	3	-20	72	101	-72	155	226
EPS					0.19	0.29	-0.19	0.42	0.61
EPS (adj.)					0.19	0.27	-0.19	0.42	0.61
DPS					0.00	0.22	0.00	0.00	0.00
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	37	41	52	92	105	121	332	546
Other current assets		64	72	87	243	257	257	257	257
Total current assets	—	101	113	139	335	362	377	588	802
Property & equip. (incl. NBs)	—	1,042	1,106	1,172	2,312	2,094	1,938	1,813	1,656
Other non-current assets		0	1	3	34	174	174	174	174
Total non-current assets	—	1,042	1,107	1,175	2,346	2,268	2,112	1,987	1,830
TOTAL ASSETS	—	1,142	1,220	1,314	2,681	2,630	2,489	2,575	2,632
Total equity	—	367	398	571	1,119	1,108	1,036	1,191	1,417
Short-term debt	—	69	158	77	213	209	164	166	188
Other current liabilities		39	45	49	107	93	93	93	93
Total current liabilities	—	108	203	126	320	302	257	259	281
Long-term debt	—	661	614	613	1,235	1,198	1,174	1,103	912
Other non-current liabilities		6	5	4	8	21	21	21	21
Total non-current liabilities	—	667	619	617	1,243	1,220	1,196	1,125	933
TOTAL EQUITY & LIABILITIES	—	1,142	1,220	1,314	2,681	2,630	2,489	2,575	2,632
Working capital, receivables		64	72	87	240	257	257	257	257
Working capital, payables	—	39	45	49	107	85	85	85	85
Net working capital		24	27	38	134	172	172	172	172
Interest bearing debt		730	772	690	1,448	1,407	1,338	1,269	1,100
Liquidity		37	41	52	92	105	121	332	546
Net interest bearing debt		693	731	638	1,357	1,302	1,218	938	554
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	-187	3	-20	72	107	-72	155	226
Depreciation		60	54	57	132	155	156	157	157
Other		196	0	8	22	2	0	0	0
Cash earnings		69	57	45	225	265	84	312	383
Changes in working capital	—	13	-1	-15	-36	-36	0	0	0
Net operational cash flow	—	81	56	30	189	229	84	312	383
Capex	—	-112	-118	-17	-279	-58	0	-32	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	0	0	0	10	0	0	0	0
Other		60	0	0	-17	6	0	0	0
Net investing cash flow	—	-52	-118	-17	-285	-59	0	-32	0
Repayment of debt	—	-15	41	-47	60	-187	-169	-169	-169
Proceeds from debt	—	—	—	—	—	126	100	100	0
Dividends paid	—	0	0	0	0	-83	0	0	0
New equity	—	0	0	0	0	0	0	0	0
Other		-2	25	45	42	6	0	0	0
Net financing cash flow	—	-17	66	-2	102	-156	-69	-69	-169
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow		12	4	11	6	14	15	211	214
Cash balance					92	105	121	332	546
Free cash flow		30	-62	13	-97	170	84	280	383



# Cleaves Securities

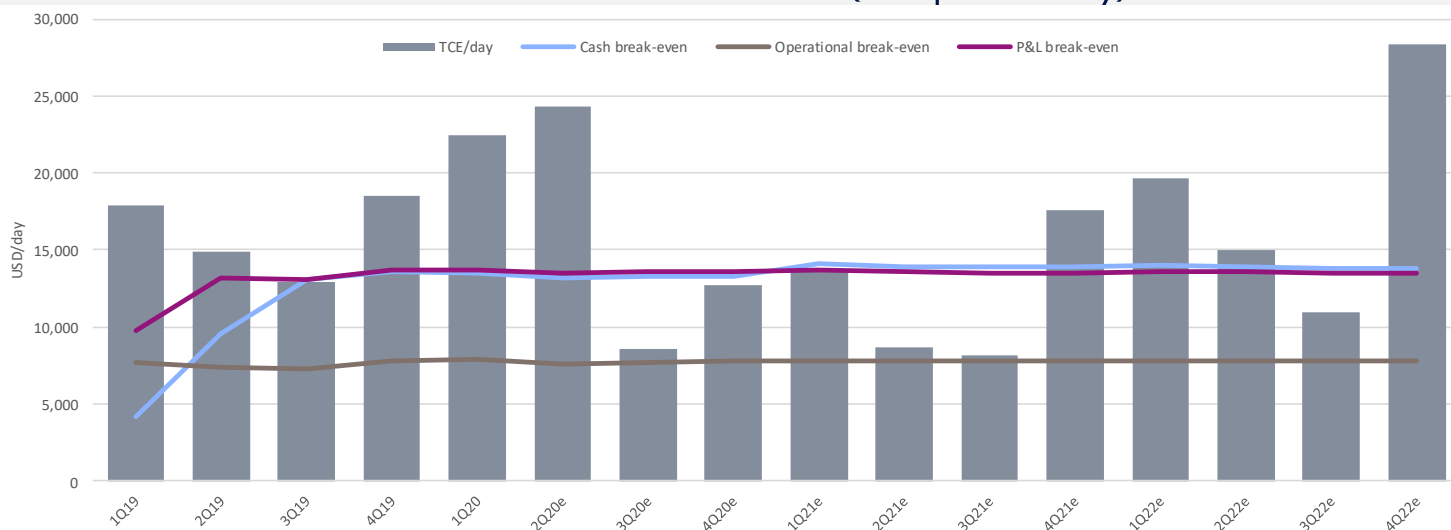
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	—	—	370	370	370	370	370
Share price, avg (USD)	—	—	—	—	3	2	2	2	2
Share price, end (USD)	—	—	—	—	3	2	2	2	2
<b>Market Cap.</b>					<b>1,149</b>	<b>642</b>	<b>642</b>	<b>642</b>	<b>642</b>
NIBD	—	693	731	638	1,357	1,302	1,218	938	554
Minorities	—	0	0	0	0	0	0	0	0
<b>Enterprise value</b>					<b>2,505</b>	<b>1,944</b>	<b>1,859</b>	<b>1,579</b>	<b>1,196</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)					16.0	6.0		4.1	2.8
P/E (adj.)					16.0	6.3		4.1	2.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					2.2	1.1	1.5	1.0	0.9
EV/Sales					4.9	3.3	4.5	2.5	1.7
EV/EBITDA					9.0	6.1	13.5	4.3	2.8
EV/EBIT					17.2	11.9		7.7	4.4
P/B					1.0	0.6	0.6	0.5	0.5
FCF yield					-8%	27%	13%	44%	60%
Dividend yield					0.0%	12.9%	0.0%	0.0%	0.0%
Return on equity (ROE)		-50.9%	0.7%	-3.5%	6.4%	9.6%	-7.0%	13.0%	15.9%
Return on capital employed (ROCE)		-15.7%	2.6%	1.0%	5.9%	6.8%	-0.8%	9.7%	13.8%
Return on assets (ROA)		-16.3%	0.2%	-1.5%	2.7%	4.1%	-2.9%	6.0%	8.6%
Sales growth			15%	6%	40%	15%	-29%	54%	10%
EBITDA margin		-35%	24%	19%	54%	54%	33%	57%	61%
EBIT margin		-55%	9%	3%	28%	28%	-4%	32%	38%
Net margin		-62%	1%	-5%	14%	18%	-17%	24%	32%
Net interest rate		2.7%	3.6%	4.9%	4.9%	4.2%	4.3%	5.2%	8.0%
Tax rate		0.0%	0.7%	-0.1%	1.4%	1.6%	-2.6%	1.2%	0.8%
Equity ratio		32%	33%	43%	42%	42%	42%	46%	54%
Leverage ratio		68%	67%	57%	58%	58%	58%	54%	46%
NIBD / EBITDA (past 1y)		-6.5	8.7	9.2	4.9	4.1	8.8	2.6	1.3
Operating cash flow/NIBD		0.1	0.1	0.0	0.1	0.2	0.1	0.3	0.7
Net interest coverage ratio (EBITDA)		-5.6	3.2	2.2	4.1	5.8	2.6	7.4	9.6
Current ratio		0.9	0.6	1.1	1.0	1.2	1.5	2.3	2.9
Adj. equity ratio						44%	39%	55%	62%
Operating assets		1,105	1,178	1,262	2,590	2,525	2,369	2,244	2,086
Operating liabilities		45	50	53	115	115	115	115	115
Net operating assets		1,060	1,128	1,209	2,475	2,410	2,254	2,129	1,972

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)



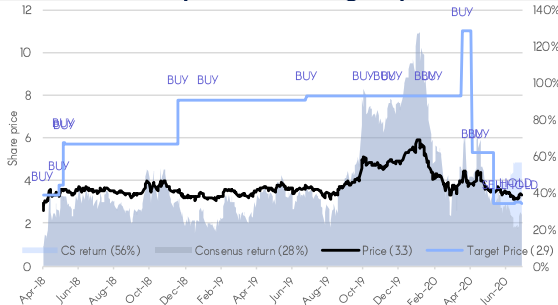


VLCC pure-play with full scrubber coverage. Prudent strategy of fixing out some vessels for term ahead of market weakness

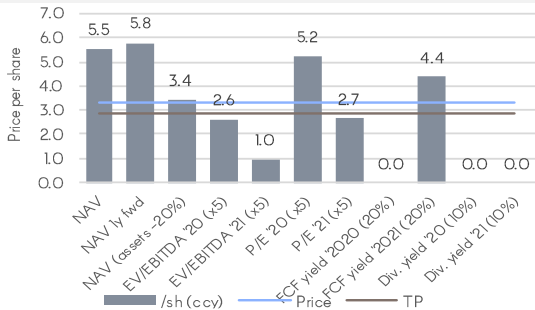
## HUNT-NO HOLD/N2.9

## Hunter Group

### Share price vs target price

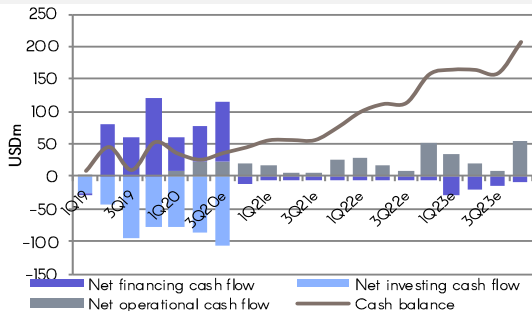


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	112	85	136	149
EBITDA (adj.)	97	66	117	130
EBIT (adj.)	81	45	95	109
PTP (adj.)	65	33	85	99
Net earnings (adj.)	65	33	85	99
EPS (adj.)	0.11	0.06	0.14	0.17
DPS	-	-	0.00	0.08
USDm	2020E	2021E	2022E	2023E
Fwd NAV	359	358	703	816
Adj. equity ratio	49%	51%	68%	73%
FCF yield	-95%	26%	51%	58%
Dividend yield	0%	0%	1%	23%
EV/EBITDA	5.4	7.2	3.2	2.3
P/E (adj.)	3.2	6.2	2.4	2.1

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	76	54	106	121
Free cash flow	-196	54	106	121
Net cash flow	-8	31	81	50
TCE/day	61,799	33,298	53,162	58,512
Cash break-even	21,108	21,205	20,823	20,540
Liquidity	44	75	157	207
Property & Equip. (incl. NBs)	589	568	547	525
Total equity	276	310	393	445
Total assets	650	659	719	748
Interest bearing debt	368	345	321	297
Net interest bearing debt	324	269	164	91
Market Cap.	207	207	207	207

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

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	0.2	20.2	31.4	31.3				
EBITDA (adj.)	0.0	18.0	28.4	27.5				
EBIT (adj.)	0.0	15.4	25.1	24.0				
PTP (adj.)	1.2	11.8	20.9	20.2				
Net earnings (adj.)	1.1	11.8	20.9	20.3				
EPS (adj.)	0.002	0.020	0.035	0.033				
DPS	-	-	-	0.01				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	0.2	20.2	31.4	31.3				
Opex & G&A	0.1	2.2	3.1	3.7				
Depreciation	-	2.5	3.3	3.5				
Net finance	-1.2	3.7	4.1	3.9				
Taxes & Minorities	0.1	-	-	-0.1				

### CF & BS

2Q20 Preview USDm					Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	1	8	24					
Free cash flow	-42	-70	-63					
Net cash flow	37	-17	-10					
TCE/day	#DIV/O!	69,865	80,320	79,905				
Utilization	100.0%	96.7%	100.0%					
Fleet days	-	299	391					
Cash break-even	#DIV/O!	19,699	23,106					
Liquidity	45	35	26					
Interest bearing debt	0	233	286					



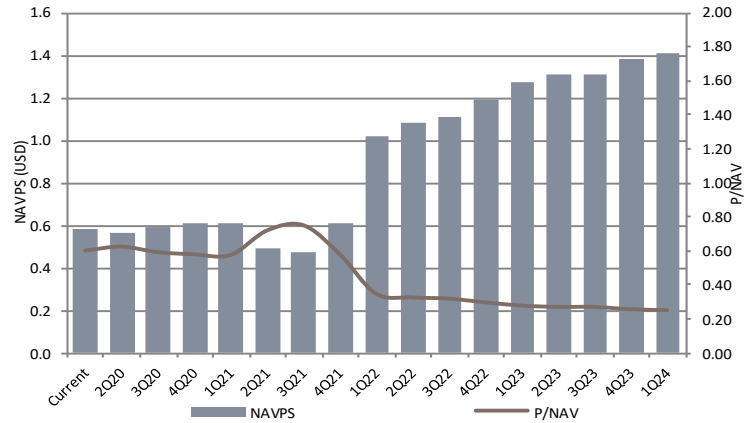


## Company Valuation

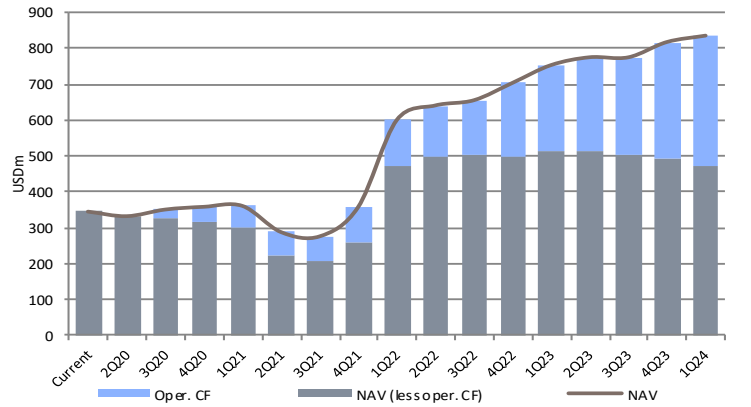
### Valuation & target price

Valuation				
USDm	Book Value	Net Asset Value	Market cap.	
Primary assets	410	658	529	
Contract value	0	39	32	
Other	11	11	9	
<b>GAV</b>	<b>421</b>	<b>708</b>	<b>569</b>	
Net debt	-198	-169	-169	
Capex	0	-193	-193	
Other	0	0	0	
<b>Equity</b>	<b>223</b>	<b>346</b>	<b>207</b>	
Shares	590	590	590	
<b>Equity/sh</b>	<b>0.38</b>	<b>0.59</b>	<b>0.35</b>	
lcl CCY	3.58	5.55	3.32	
USDNOK		9.5		
P/Equity	0.93	0.60	1.00	
EV/GAV	1.35	0.80	1.00	
Adj. Total Assets	461	709	580	
<b>Adj. Equity Ratio</b>	<b>48%</b>	<b>49%</b>	<b>36%</b>	
<b>Fair Value</b>	<b>NOK</b>	<b>2.9</b>	<b>-13%</b>	
	<b>USD</b>	<b>0.30</b>		

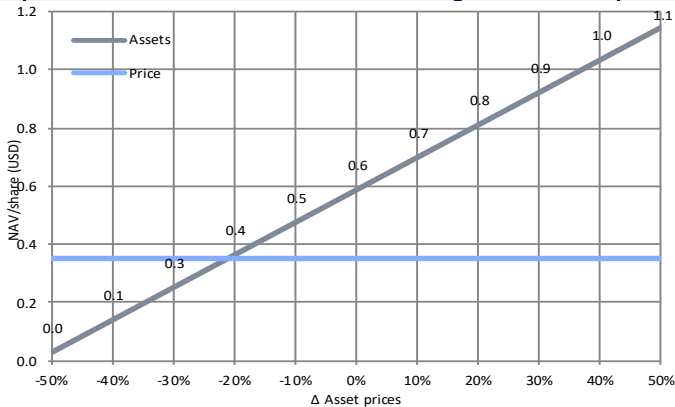
### Quarterly forward NAV & P/NAV



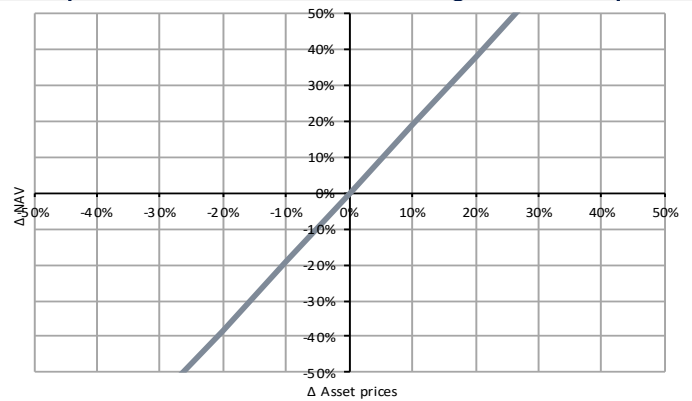
### Quarterly forward NAV decomposition



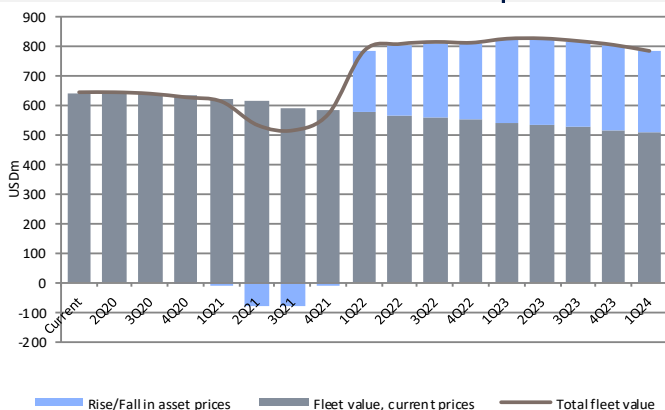
### Impact on NAV/sh from % change in asset prices



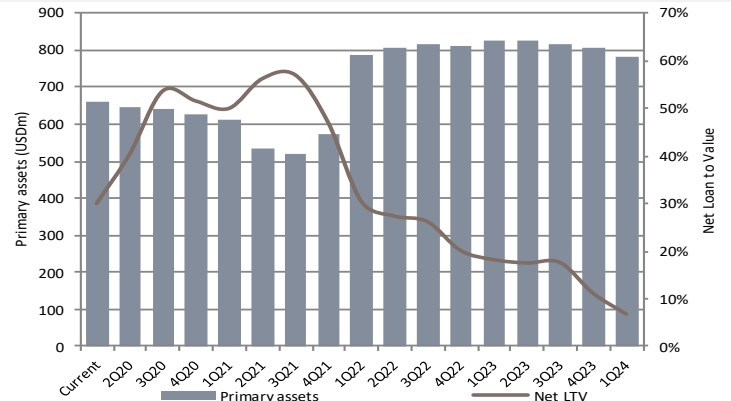
### % Impact on NAV from % change in asset prices



### 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	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	112	85	136	149	111	72	70	138	1	13	66	11	
EBITDA (adj.)	97	66	117	130	96	53	50	119	2	13	66	11	
EBIT (adj.)	81	45	95	109	75	29	26	94	6	16	69	15	
PTP (adj.)	65	33	85	99	57	9	8	78	9	24	77	21	
Net earnings (adj.)	65	33	85	99	57	9	8	78	9	24	77	21	
EPS (adj.)	0.11	0.06	0.14	0.17	0.10	0.02	0.01	0.13	0.02	0.04	0.13	0.04	
DPS	-	-	0.00	0.08	0.03	0.00	0.01	0.01	-0.03	-0.00	-0.01	0.07	
									2020E	2021E	2022E	2023E	
									TCE revenue	1	13	66	11
									Opex & G&A	-1	0	0	0
									Depreciation	-4	-3	-3	-3
									Net finance	-3	-8	-7	-7
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	76	54	106	121	77	34	33	102	-1	21	74	18
Free cash flow	-196	54	106	121	-192	34	31	102	-4	21	75	18
Net cash flow	-8	31	81	50	-2	3	-4	75	-6	28	85	-25
TCE/day	61,799	33,298	53,162	58,512	61,189	28,311	27,191	53,899	610	4,987	25,971	4,613
Cash break-even	21,108	21,205	20,823	20,540	21,756	26,070	26,222	22,414	-648	-4,865	-5,399	-1,874
Liquidity	44	75	157	207	50	53	50	125	-6	22	107	82
Property & Equip. (incl. NBs)	589	568	547	525	583	558	535	510	7	10	12	15
Total equity	276	310	393	445	248	254	257	330	28	55	136	116
Total assets	650	659	719	748	641	620	593	643	8	40	127	105
Interest bearing debt	368	345	321	297	390	362	332	310	-22	-17	-11	-13
Net interest bearing debt	324	269	164	91	340	309	282	186	-16	-40	-118	-95
Market Cap.	207	207	207	207	209	209	209	209	-2	-2	-2	-2
Enterprise value	530	476	371	297	549	518	491	395	-19	-42	-121	-97

### Valuation

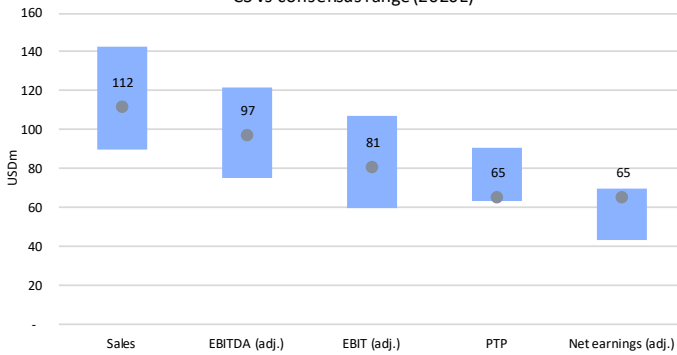
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	359	358	703	816	330	277	420	702	29	81	283	114
Adj. equity ratio	49%	51%	68%	73%	46%	43%	56%	69%	3%	7%	13%	4%
FCF yield	-95%	26%	51%	58%	-92%	16%	15%	49%	-3%	10%	36%	9%
Dividend yield	0%	0%	1%	23%	9%	1%	2%	3%	-9%	-1%	-2%	20%
EV/EBITDA	5.4	7.2	3.2	2.3	5.7	9.7	9.7	3.3	-0.3	-2.5	-6.6	-1.0
P/E (adj.)	3.2	6.2	2.4	2.1	3.7	22.7	26.2	2.7	-0.5	-16.4	-23.7	-0.6



## Our Estimates vs Consensus

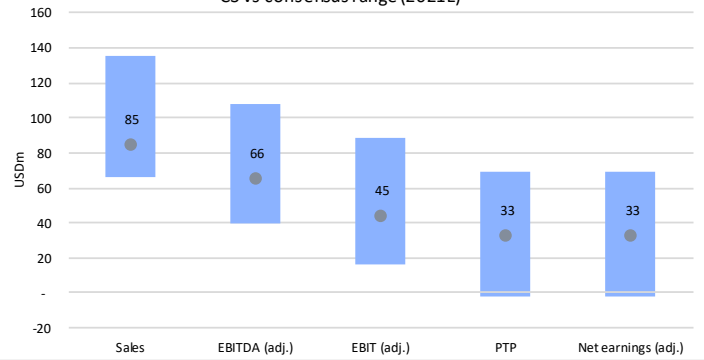
### Profit & Loss, year I

CS vs consensus range (2020E)

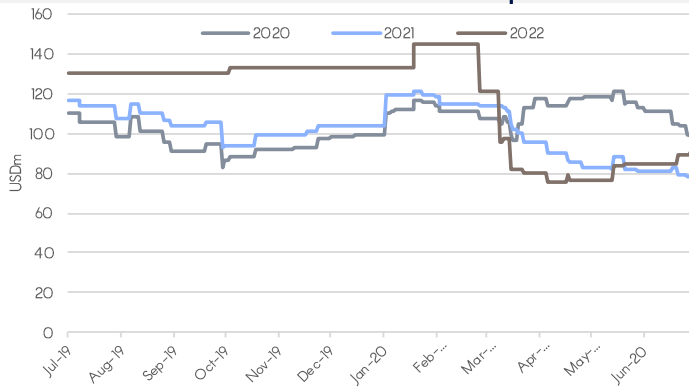


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



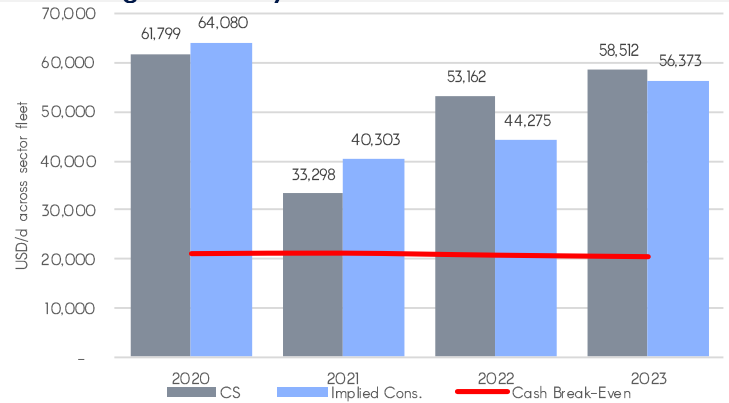
### Target price vs share price



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

2020	CS	Consensus	Diff.	Diff.
TCE revenue	112	116	-4	-4%
Opex + G&A	14	17	-3	-16%
Depreciation	16	17	-0	-2%
Net finance	16	12	4	33%
Taxes & Minorities	0	8	-8	-100%
2021	CS	Consensus	Diff.	Diff.
TCE revenue	85	103	-18	-17%
Opex + G&A	19	24	-5	-20%
Depreciation	21	21	0	2%
Net finance	11	19	-7	-39%
Taxes & Minorities	0	2	-2	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	0	0	10	20	31	32	28	25	14
Operational costs	0	0	11	-2	-3	-4	-5	-5	-5
EBITDA	0	0	21	18	28	27	24	20	9
Depreciation/Amortization	0	0	-2	-3	-3	-5	-5	-5	-5
EBIT	0	0	19	15	25	22	18	15	4
Net financials	1	-1	-3	-4	-4	-4	-4	-3	-3
PTP	1	-2	16	12	21	18	14	12	1
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	1	-2	16	12	21	18	14	12	1
Non-recurring items	0	0	-12	0	0	0	0	0	0
Net earnings (adj.)	1	-2	4	12	21	18	14	12	1
EPS	0.00	0.00	0.03	0.02	0.04	0.03	0.02	0.02	0.00
EPS (adj.)	0.00	0.00	0.01	0.02	0.04	0.03	0.02	0.02	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	45	10	52	35	26	36	44	55	56
Other current assets	0	1	8	16	16	16	16	16	16
Total current assets	45	11	61	51	41	52	60	71	72
Property & equip. (incl. NBs)	152	247	334	410	494	595	589	584	579
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	152	247	334	410	494	595	589	584	579
TOTAL ASSETS	197	258	395	461	535	647	650	655	650
Total equity	197	195	211	223	244	262	276	288	289
Short-term debt	0	1	6	8	197	81	24	24	24
Other current liabilities	0	3	3	5	5	5	5	5	5
Total current liabilities	0	5	9	13	203	87	29	29	29
Long-term debt	0	59	174	225	89	298	345	339	333
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	59	174	225	89	298	345	339	333
TOTAL EQUITY & LIABILITIES	197	258	395	461	535	647	650	655	650
Working capital, receivables	0	0	7	0	0	0	0	0	0
Working capital, payables	0	1	3	5	5	5	5	5	5
Net working capital	0	-1	4	-5	-5	-5	-5	-5	-5
Interest bearing debt	0	60	180	233	286	379	368	362	356
Liquidity	45	10	52	35	26	36	44	55	56
Net interest bearing debt	-45	50	128	198	261	343	324	307	301
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	1	-2	16	12	21	18	14	12	1
Depreciation	0	0	2	3	3	5	5	5	5
Other	0	0	-13	0	0	0	0	0	0
Cash earnings	1	-2	5	14	24	23	20	17	6
Changes in working capital	0	2	-7	-6	0	0	0	0	0
Net operational cash flow	1	0	-1	8	24	23	20	17	6
Capex	-43	-95	-122	-79	-87	-106	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	46	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	-43	-95	-76	-79	-87	-106	0	0	0
Repayment of debt	0	0	0	0	-2	-122	-64	-6	-6
Proceeds from debt	0	60	120	53	55	215	53	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	79	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net financing cash flow	79	60	120	53	53	93	-11	-6	-6
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	37	-35	43	-17	-10	10	9	11	0
Cash balance	45	10	52	35	26	36	44	55	56
Free cash flow	-42	-95	-78	-70	-63	-83	20	17	6



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales		0	0	0	23	112	85	136	149
Operational costs		-1	-93	-23	-3	-14	-19	-19	-19
EBITDA		-1	-93	-22	20	97	66	117	130
Depreciation/Amortization		0	0	0	-2	-16	-21	-21	-21
EBIT	-2	-1	-93	-22	18	81	45	95	109
Net financials	0	0	2	27	-2	-16	-11	-10	-10
PTP	-2	-1	-91	5	16	65	33	85	99
Taxes/Minorities	0	0	-6	-38	0	0	0	0	0
Net earnings	-2	-1	-96	-33	16	65	33	85	99
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-2	-1	-96	-33	16	65	33	85	99
EPS	-0.21	-0.39	-0.73	-0.08	0.03	0.11	0.06	0.14	0.17
EPS (adj.)	-0.21	-0.39	-0.73	-0.08	0.03	0.11	0.06	0.14	0.17
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	0	0	279	304	52	44	75	157	207
Other current assets	0	0	46	217	8	16	16	16	16
Total current assets	0	0	326	521	61	60	91	173	222
Property & equip. (incl. NBs)	0	0	28	493	334	589	568	547	525
Other non-current assets	17	17	95	0	0	0	0	0	0
Total non-current assets	17	17	123	493	334	589	568	547	525
TOTAL ASSETS	17	18	449	1,014	395	650	659	719	748
Total equity	7	7	415	1,012	211	276	310	393	445
Short-term debt	1	1	4	0	6	24	8	9	12
Other current liabilities	1	0	19	2	3	5	5	5	5
Total current liabilities	1	1	22	2	9	29	13	15	17
Long-term debt	0	0	12	0	174	345	336	311	286
Other non-current liabilities	8	9	0	0	0	0	0	0	0
Total non-current liabilities	8	9	12	0	174	345	336	311	286
TOTAL EQUITY & LIABILITIES	17	18	449	1,014	395	650	659	719	748
Working capital, receivables		0	41	1	7	0	0	0	0
Working capital, payables	0	0	12	1	3	5	5	5	5
Net working capital		0	30	0	4	-5	-5	-5	-5
Interest bearing debt	1	1	15	0	180	368	345	321	297
Liquidity	0	0	279	304	52	44	75	157	207
Net interest bearing debt	1	1	-264	-304	128	324	269	164	91
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	-2	-1	-96	-33	16	65	33	85	99
Depreciation		0	0	0	2	16	21	21	21
Other		0	64	29	-13	0	0	0	0
Cash earnings	-2	-1	-32	-3	5	81	54	106	121
Changes in working capital	0	0	6	-5	-5	-6	0	0	0
Net operational cash flow	-2	-1	-26	-8	0	76	54	106	121
Capex	—	0	-6	-483	-313	-272	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	46	0	0	0	0
Other	-2	0	-51	-215	25	0	0	0	0
Net investing cash flow	-2	0	-56	-698	-242	-272	0	0	0
Repayment of debt	1	0	-10	-1	180	-188	-24	-24	-24
Proceeds from debt	—	0	0	0	—	375	0	0	0
Dividends paid	0	0	0	0	0	0	0	-1	-47
New equity	—	—	385	745	79	0	0	0	0
Other	2	1	-14	-13	0	0	0	0	0
Net financing cash flow	3	1	361	731	259	188	-24	-25	-71
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow		0	279	25	17	-8	31	81	50
Cash balance	0	0	279	304	52	44	75	157	207
Free cash flow	-3	-1	-82	-706	-242	-196	54	106	121



# Cleaves Securities

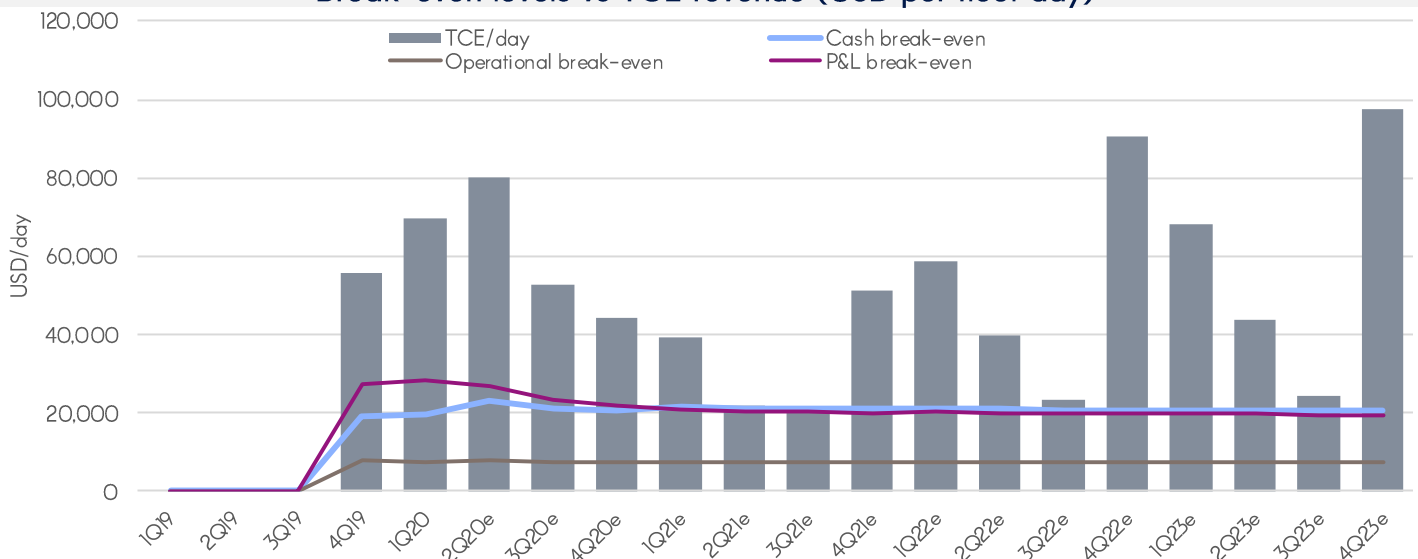
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	8	2	131	385	575	590	590	590	590
Share price, avg (USD)	1	0	0	0	0	0	0	0	0
Share price, end (USD)	0	1	0	0	1	0	0	0	0
<b>Market Cap.</b>	<b>2</b>	<b>2</b>	<b>37</b>	<b>143</b>	<b>358</b>	<b>207</b>	<b>207</b>	<b>207</b>	<b>207</b>
NIBD	1	1	-264	-304	128	324	269	164	91
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>3</b>	<b>2</b>	<b>-227</b>	<b>-161</b>	<b>486</b>	<b>530</b>	<b>476</b>	<b>371</b>	<b>297</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)					22.5	3.2	6.2	2.4	2.1
P/E (adj.)					22.5	3.2	6.2	2.4	2.1
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					15.8	1.8	2.4	1.5	1.4
EV/Sales					21.4	4.7	5.6	2.7	2.0
EV/EBITDA			2.4	7.2	24.1	5.4	7.2	3.2	2.3
EV/EBIT			2.4	7.2	26.6	6.5	10.7	3.9	2.7
P/B	0.3	0.2	0.1	0.1	1.7	0.7	0.7	0.5	0.5
FCF yield	-170%	-90%	-221%	-493%	-67%	-95%	26%	51%	58%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	22.9%
Return on equity (ROE)	-22.0%	-12.3%	-23.2%	-3.2%	7.6%	23.6%	10.7%	21.6%	22.3%
Return on capital employed (ROCE)	-19.5%	-10.4%	-61.7%	-3.1%	5.4%	13.5%	7.7%	17.1%	20.3%
Return on assets (ROA)	-9.6%	-4.8%	-21.5%	-3.2%	4.0%	10.0%	5.0%	11.8%	13.3%
Sales growth			1067%	378%	5129%	391%	-24%	60%	10%
EBITDA margin		-9946%	-102385%	-5103%	89%	87%	77%	86%	87%
EBIT margin		-10097%	-102392%	-5103%	80%	73%	52%	70%	73%
Net margin		-10777%	-105855%	-7474%	70%	58%	39%	62%	66%
Net interest rate	0.0%	0.0%	0.0%	0.0%	3.1%	4.9%	4.2%	6.3%	10.7%
Tax rate	0.0%	0.0%	-4.8%	59.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	43%	39%	92%	100%	54%	43%	47%	55%	60%
Leverage ratio	57%	61%	8%	0%	46%	57%	53%	45%	40%
NIBD / EBITDA (past 1y)		-1.0	2.8	13.7	6.3	3.3	4.1	1.4	0.7
Operating cash flow/NIBD	-2.3	-1.3	0.1	0.0	0.0	0.2	0.2	0.6	1.3
Net interest coverage ratio (EBIT)					5.2	6.1	5.8	11.2	13.5
Current ratio	0.4	0.1	14.7	329.5	6.7	2.1	6.8	11.8	13.1
Adj. equity ratio						49%	51%	68%	73%
Operating assets	17	17	170	710	342	605	584	563	541
Operating liabilities	9	10	19	2	3	5	5	5	5
Net operating assets	8	8	151	708	339	600	579	557	536

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)



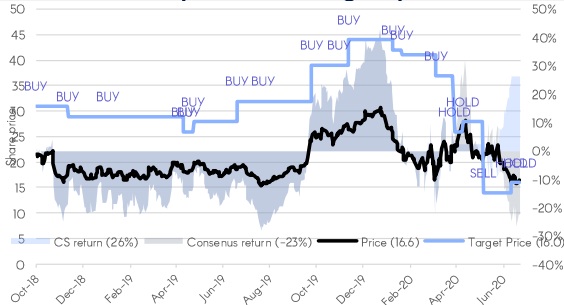


## INSW-US

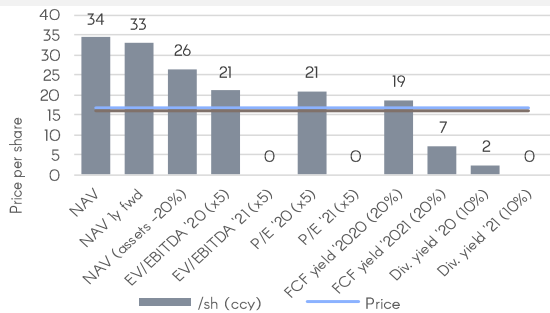
## HOLD/\$16

## International Seaways

### Share price vs target price

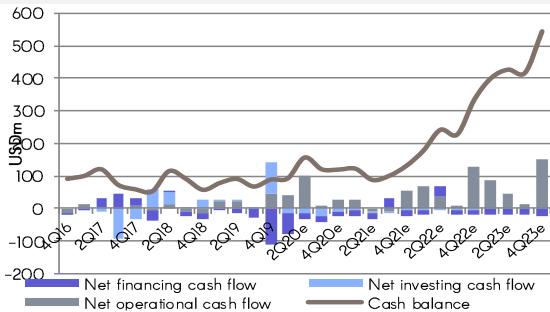


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	395	233	409	460
EBITDA (adj.)	217	75	255	306
EBIT (adj.)	144	1	181	232
PTP (adj.)	120	-16	165	219
Net earnings (adj.)	120	-16	165	219
EPS (adj.)	4.16	-0.55	5.71	7.60
DPS	0.24	-	-	0.06
USDm	2020E	2021E	2022E	2023E
Fwd NAV	951	899	1,485	1,741
Adj. equity ratio	59%	59%	71%	77%
FCF yield	23%	9%	46%	61%
Dividend yield	1%	0%	0%	0%
EV/EBITDA	4.4	12.2	2.7	1.3
P/E (adj.)	4.0	-	2.9	2.2

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	170	58	238	293
Free cash flow	108	42	222	293
Net cash flow	-13	12	202	210
TCE/day	31,347	18,514	33,003	37,154
Cash break-even	22,315	21,129	20,431	21,102
Liquidity	120	132	334	544
Property & Equip. (incl. NB)	1,316	1,258	1,201	1,127
Total equity	1,101	1,085	1,250	1,467
Total assets	1,759	1,714	1,858	1,994
Interest bearing debt	598	568	548	466
Net interest bearing debt	478	436	214	-77
Market Cap.	478	478	478	478

Source: Cleaves, Bloomberg, Clarksons SIN, company data

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



## Quarterly Review

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	62.5	119.7	147.4	146.2				
EBITDA (adj.)	12.4	69.1	104.3	98.6				
EBIT (adj.)	-6.4	50.8	86.0	79.6				
PTP (adj.)	-15.0	43.6	79.6	78.5				
Net earnings (adj.)	-15.0	43.6	79.6	74.3				
EPS (adj.)	-0.51	1.51	2.76	2.51				
DPS	-	0.06	0.12	0.06				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	62.5	119.7	147.4	146.2				
Opex & G&A	50.1	50.6	43.1	47.7				
Depreciation	18.8	18.3	18.3	18.9				
Net finance	8.6	7.2	6.4	1.1				
Taxes & Minorities	-	-	-	4.2				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	20	38	98					
Free cash flow	26	23	83					
Net cash flow	13	-40	64					
TCE/day	17,562	37,334	45,994	45,637				
Cash break-even	20,815	25,533	21,410					
Liquidity	92	93	157					
Interest bearing debt	825	651	633					



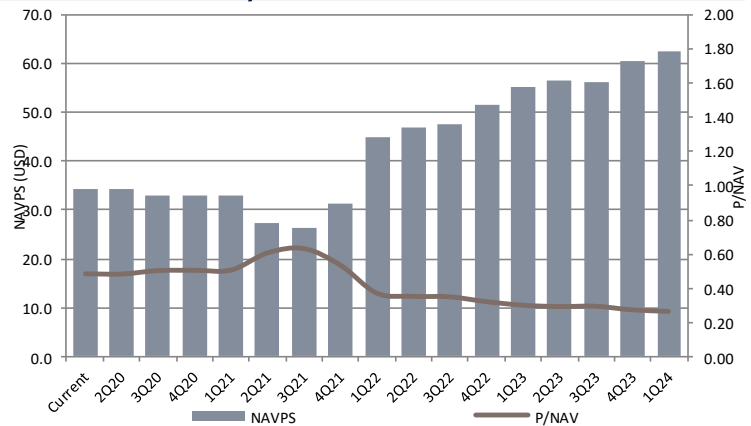


## Company Valuation

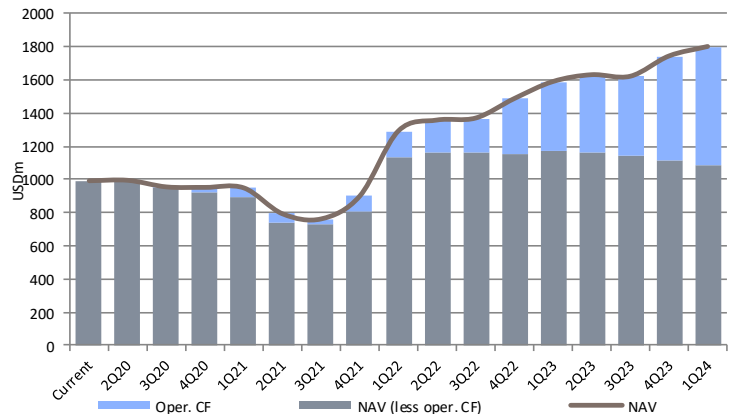
### Valuation

Valuation	Book Value	Net Asset Value	Market cap.
<b>USDm</b>			
Primary assets	1,324	1,154	760
Contract value	0	60	39
Other	290	290	191
<b>GAV</b>	<b>1,615</b>	<b>1,504</b>	<b>991</b>
Net debt	-558	-462	-462
Capex	0	-24	-24
Other	-27	-27	-27
<b>Equity</b>	<b>1,030</b>	<b>991</b>	<b>478</b>
Shares	29	29	29
<b>Equity/sh</b>	<b>35.7</b>	<b>34.4</b>	<b>16.6</b>
lcl CCY	35.7	34.4	16.6
<b>P/Equity</b>	<b>0.46</b>	<b>0.48</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.61</b>	<b>0.66</b>	<b>1.00</b>
Adj. Total Assets	1,741	1,570	1,177
Adj. Equity Ratio	59%	63%	41%
<b>Fair Value</b>	<b>USD</b>	<b>16</b>	<b>-4%</b>

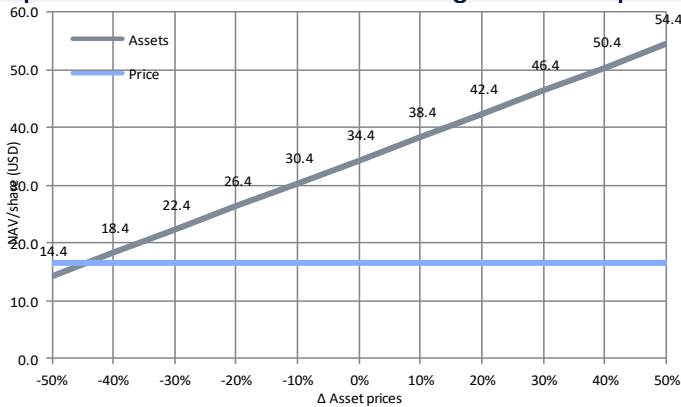
### Quarterly forward NAV & P/NAV



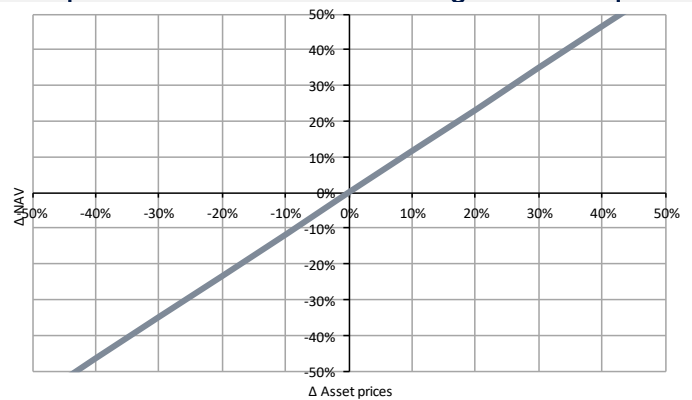
### Quarterly forward NAV decomposition



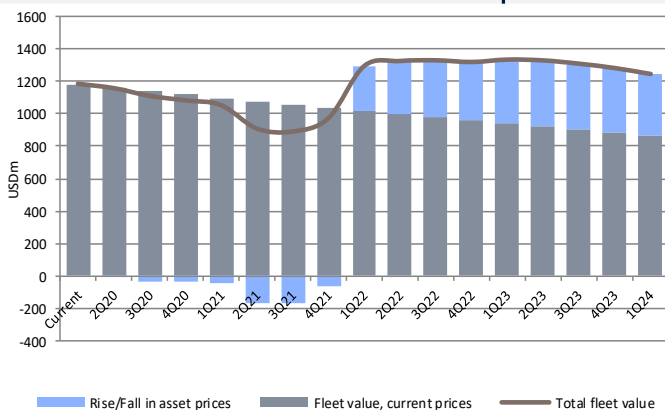
### Impact on NAV/sh from % change in asset prices



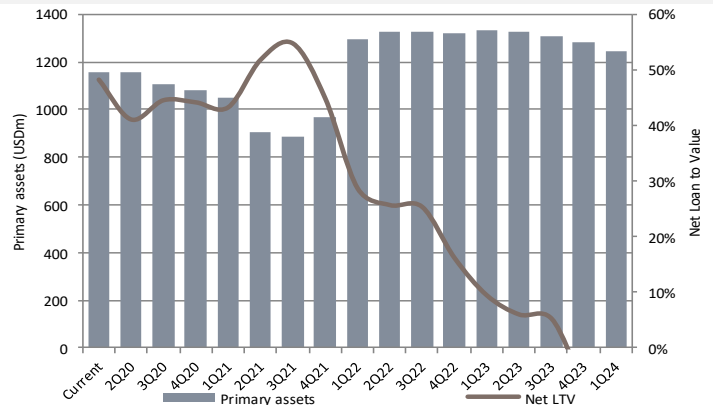
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	395	233	409	460	370	185	214	428	25	49	195	33	
EBITDA (adj.)	217	75	255	306	189	23	56	269	28	52	198	36	
EBIT (adj.)	144	1	181	232	116	-51	-17	195	28	52	198	36	
PTP (adj.)	120	-16	165	219	92	-68	-34	183	28	52	198	36	
Net earnings (adj.)	120	-16	165	219	92	-68	-34	183	28	52	198	36	
EPS (adj.)	4.16	-0.55	5.71	7.60	3.20	-2.36	-1.17	6.34	0.96	1.81	6.87	1.26	
DPS	0.24	-	-	0.06	1.37	-	-	0.54	-1.13	-	-	-0.48	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	25	49	195	33
									Opex & G&A	-3	-4	-4	-4
									Depreciation	-0	-0	-	-
									Net finance	0	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	170	58	238	293	142	6	40	257	28	52	198	36
Free cash flow	108	42	222	293	128	-14	20	257	-21	56	202	36
Net cash flow	-13	12	202	210	-25	-44	0	159	12	56	202	50
TCE/day	31,347	18,514	33,003	37,154	29,676	14,646	17,271	34,428	1,671	3,868	15,731	2,725
Cash break-even	22,315	21,129	20,431	21,102	22,905	21,416	20,724	21,395	-590	-287	-293	-293
Liquidity	120	132	334	544	108	64	65	224	12	68	269	320
Property & Equip. (incl. NB)	1,316	1,258	1,201	1,127	1,268	1,214	1,159	1,085	48	45	42	42
Total equity	1,101	1,085	1,250	1,467	1,040	972	939	1,106	60	113	311	361
Total assets	1,759	1,714	1,858	1,994	1,699	1,601	1,547	1,633	60	113	311	361
Interest bearing debt	598	568	548	466	598	568	548	466	-	-	-	-
Net interest bearing debt	478	436	214	-77	490	504	484	242	-12	-68	-269	-320
Market Cap.	478	478	478	478	621	621	621	621	-143	-143	-143	-143
Enterprise value	956	914	692	401	1,111	1,125	1,105	863	-155	-211	-413	-463

### Valuation

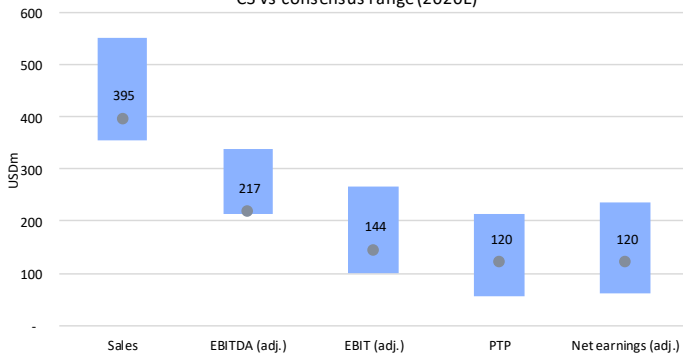
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	951	899	1,485	1,741	834	665	861	1,374	118	234	624	367
Adj. equity ratio	59%	59%	71%	77%	56%	51%	59%	72%	3%	7%	12%	4%
FCF yield	23%	9%	46%	61%	21%	-2%	3%	41%	2%	11%	43%	20%
Dividend yield	1%	0%	0%	0%	6%	0%	0%	2%	-5%	0%	0%	-2%
EV/EBITDA	4.4	12.2	2.7	1.3	5.8	49.4	19.6	3.2	-1.4	-37.2	-16.8	-1.9
P/E (adj.)	4.0		2.9	2.2	6.7			3.4	-2.8	#####	#####	-1.2



## Our Estimates vs Consensus

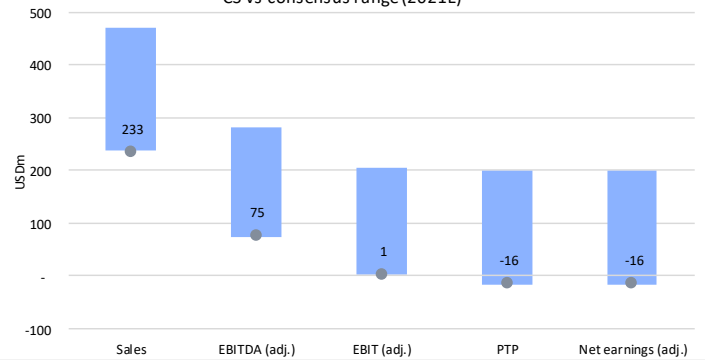
### Profit & Loss, year I

CS vs consensus range (2020E)

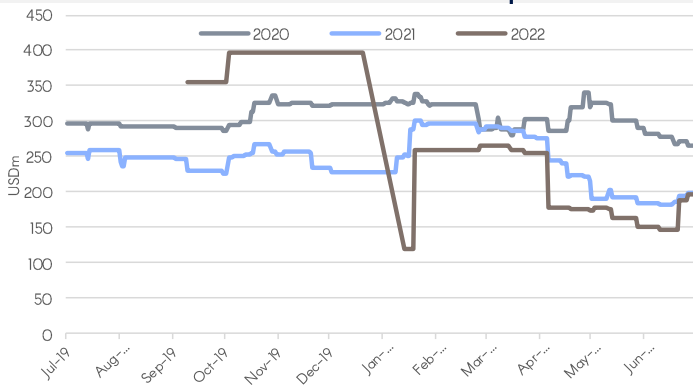


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



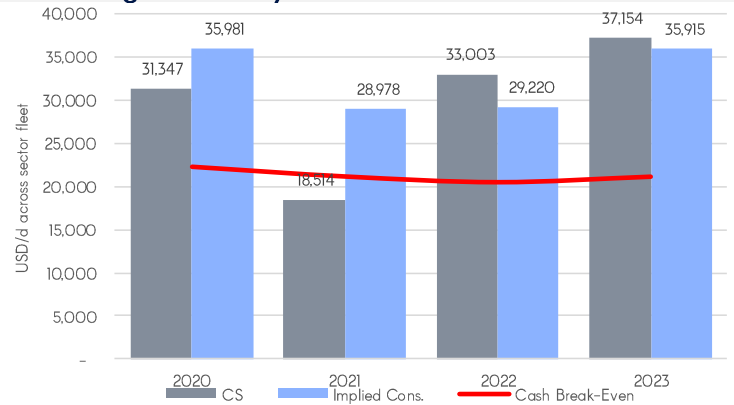
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	395	454	454	-58	-13%
Opex + G&A	179	188	188	-10	-5%
Depreciation	73	87	87	-14	-16%
Net finance	24	47	47	-23	-50%
Taxes & Minorities	0	-25	-25	25	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	233	365	365	-132	-36%
Opex + G&A	158	167	167	-9	-5%
Depreciation	74	89	89	-16	-17%
Net finance	17	27	27	-10	-38%
Taxes & Minorities	0	-8	-8	8	-100%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	92	68	90	93	157	121	120	123	88
Other current assets	91	88	98	122	122	122	122	122	122
<b>Total current assets</b>	<b>183</b>	<b>157</b>	<b>187</b>	<b>216</b>	<b>280</b>	<b>243</b>	<b>243</b>	<b>245</b>	<b>211</b>
Property & equip. (incl. NBs)	1,292	1,268	1,316	1,324	1,321	1,326	1,316	1,302	1,287
Other non-current assets	391	404	251	201	201	201	201	201	201
<b>Total non-current assets</b>	<b>1,682</b>	<b>1,672</b>	<b>1,566</b>	<b>1,525</b>	<b>1,521</b>	<b>1,527</b>	<b>1,517</b>	<b>1,503</b>	<b>1,488</b>
<b>TOTAL ASSETS</b>	<b>1,865</b>	<b>1,829</b>	<b>1,754</b>	<b>1,741</b>	<b>1,801</b>	<b>1,770</b>	<b>1,759</b>	<b>1,748</b>	<b>1,699</b>
<b>Total equity</b>	<b>995</b>	<b>982</b>	<b>1,022</b>	<b>1,030</b>	<b>1,108</b>	<b>1,094</b>	<b>1,101</b>	<b>1,109</b>	<b>1,080</b>
Short-term debt	69	64	83	92	77	79	83	83	81
Other current liabilities	36	33	31	40	40	40	40	40	40
<b>Total current liabilities</b>	<b>106</b>	<b>98</b>	<b>114</b>	<b>133</b>	<b>118</b>	<b>120</b>	<b>123</b>	<b>123</b>	<b>121</b>
Long-term debt	756	737	609	559	556	537	515	496	478
Other non-current liabilities	9	11	8	20	20	20	20	20	20
<b>Total non-current liabilities</b>	<b>764</b>	<b>749</b>	<b>617</b>	<b>578</b>	<b>576</b>	<b>556</b>	<b>535</b>	<b>515</b>	<b>497</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,865</b>	<b>1,829</b>	<b>1,754</b>	<b>1,741</b>	<b>1,801</b>	<b>1,770</b>	<b>1,759</b>	<b>1,748</b>	<b>1,699</b>
Working capital, receivables	84	79	88	108	108	108	108	108	108
Working capital, payables	34	30	15	33	33	33	33	33	33
<b>Net working capital</b>	<b>50</b>	<b>49</b>	<b>73</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>75</b>
Interest bearing debt	825	802	692	651	633	616	598	578	558
Liquidity	92	68	90	93	157	121	120	123	88
<b>Net interest bearing debt</b>	<b>733</b>	<b>733</b>	<b>602</b>	<b>558</b>	<b>476</b>	<b>495</b>	<b>478</b>	<b>456</b>	<b>470</b>
<b>Cash Flow (USDm)</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>	<b>1Q20</b>	<b>2Q20E</b>	<b>3Q20E</b>	<b>4Q20E</b>	<b>1Q21E</b>	<b>2Q21E</b>
Net income	-17	-11	16	33	80	-10	7	8	-29
Depreciation	19	19	19	18	18	18	18	18	18
Other	-5	-7	18	7	0	0	0	0	0
<b>Cash earnings</b>	<b>-3</b>	<b>1</b>	<b>53</b>	<b>59</b>	<b>98</b>	<b>8</b>	<b>25</b>	<b>27</b>	<b>-10</b>
Changes in working capital	23	-1	-8	-20	0	0	0	0	0
<b>Net operational cash flow</b>	<b>20</b>	<b>0</b>	<b>44</b>	<b>38</b>	<b>98</b>	<b>8</b>	<b>25</b>	<b>27</b>	<b>-10</b>
Capex	-2	-5	-27	-16	-15	-24	-8	-4	-4
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	9	7	0	0	0	0	0	0	0
Other	0	1	122	0	0	0	0	0	0
<b>Net investing cash flow</b>	<b>6</b>	<b>3</b>	<b>95</b>	<b>-15</b>	<b>-15</b>	<b>-24</b>	<b>-8</b>	<b>-4</b>	<b>-4</b>
Repayment of debt	-13	-29	-113	-31	-18	-18	-18	-20	-20
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	-2	-2	-3	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	-30	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-13</b>	<b>-29</b>	<b>-113</b>	<b>-63</b>	<b>-19</b>	<b>-21</b>	<b>-18</b>	<b>-20</b>	<b>-20</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>13</b>	<b>-26</b>	<b>26</b>	<b>-40</b>	<b>64</b>	<b>-36</b>	<b>-1</b>	<b>2</b>	<b>-34</b>
Cash balance	92	68	90	93	157	121	120	123	88
<b>Free cash flow</b>	<b>26</b>	<b>3</b>	<b>140</b>	<b>23</b>	<b>83</b>	<b>-15</b>	<b>17</b>	<b>22</b>	<b>-14</b>



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	476	385	275	243	340	395	233	409	460
Operational costs						-176	-158	-154	-155
EBITDA						219	75	255	306
Depreciation/Amortization						-73	-74	-74	-74
EBIT	176	6	-108	-55	55	146	1	181	232
Net financials	-3	-24	2	-35	-56	-37	-17	-16	-13
PTP	173	-18	-106	-89	-1	109	-16	165	219
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	173	-18	-106	-89	-1	109	-16	165	219
Non-recurring items	0	0	0	0	0	11	0	0	0
Net earnings (adj.)	173	-18	-106	-89	-1	120	-16	165	219
EPS		-0.62	-3.65	-3.05	-0.03	3.80	-0.55	5.71	7.60
EPS (adj.)		-0.62	-3.65	-3.05	-0.03	4.16	-0.55	5.71	7.60
DPS		6.92	0.00	0.00	0.00	0.24	0.00	0.00	0.06
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	309	92	60	58	90	120	132	334	544
Other current assets	88	79	72	109	98	122	122	122	122
Total current assets	397	171	132	168	187	243	254	457	666
Property & equip. (incl. NBs)	1,240	1,100	1,105	1,331	1,326	1,316	1,258	1,201	1,127
Other non-current assets	393	392	428	350	240	201	201	201	201
Total non-current assets	1,633	1,492	1,533	1,681	1,566	1,517	1,459	1,402	1,328
TOTAL ASSETS	2,030	1,663	1,664	1,849	1,754	1,759	1,714	1,858	1,994
Total equity	1,384	1,180	1,086	1,010	1,022	1,101	1,085	1,250	1,467
Short-term debt	6	6	24	52	83	83	60	70	74
Other current liabilities	42	39	23	24	31	40	40	40	40
Total current liabilities	48	45	47	75	114	123	101	110	115
Long-term debt	589	433	529	759	609	515	508	479	392
Other non-current liabilities	9	4	3	4	8	20	20	20	20
Total non-current liabilities	598	438	532	763	617	535	528	498	412
TOTAL EQUITY & LIABILITIES	2,030	1,663	1,664	1,849	1,754	1,759	1,714	1,858	1,994
Working capital, receivables	78	68	61	98	88	108	108	108	108
Working capital, payables	19	16	9	10	15	33	33	33	33
Net working capital	59	52	53	88	73	75	75	75	75
Interest bearing debt	595	440	553	811	692	598	568	548	466
Liquidity	309	92	60	58	90	120	132	334	544
Net interest bearing debt	286	348	493	752	602	478	436	214	-77
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	173	-18	-106	-89	-1	109	-16	165	219
Depreciation						73	74	74	74
Other						7	0	0	0
Cash earnings	204	109	14	25	77	190	58	238	293
Changes in working capital	19	8	4	-38	11	-20	0	0	0
Net operational cash flow	223	117	17	-12	87	170	58	238	293
Capex	-1	-3	-174	-150	-37	-62	-16	-16	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	17	0	18	169	16	0	0	0	0
Other	98	27	19	104	129	3	0	0	0
Net investing cash flow	114	24	-137	124	108	-62	-16	-16	0
Repayment of debt	-6	-155	102	-64	-162	-83	-80	-70	-82
Proceeds from debt	—	—	—	—	—	0	50	50	0
Dividends paid	-200	-202	0	0	0	-7	0	0	-2
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	-4	-1	-1	3	0	0	0
Net financing cash flow	-206	-357	98	-64	-163	-121	-30	-20	-84
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	131	-217	-21	47	33	-13	12	202	210
Cash balance		92	60	58	90	77	88	291	500
Free cash flow	337	140	-119	111	195	108	42	222	293



# Cleaves Securities

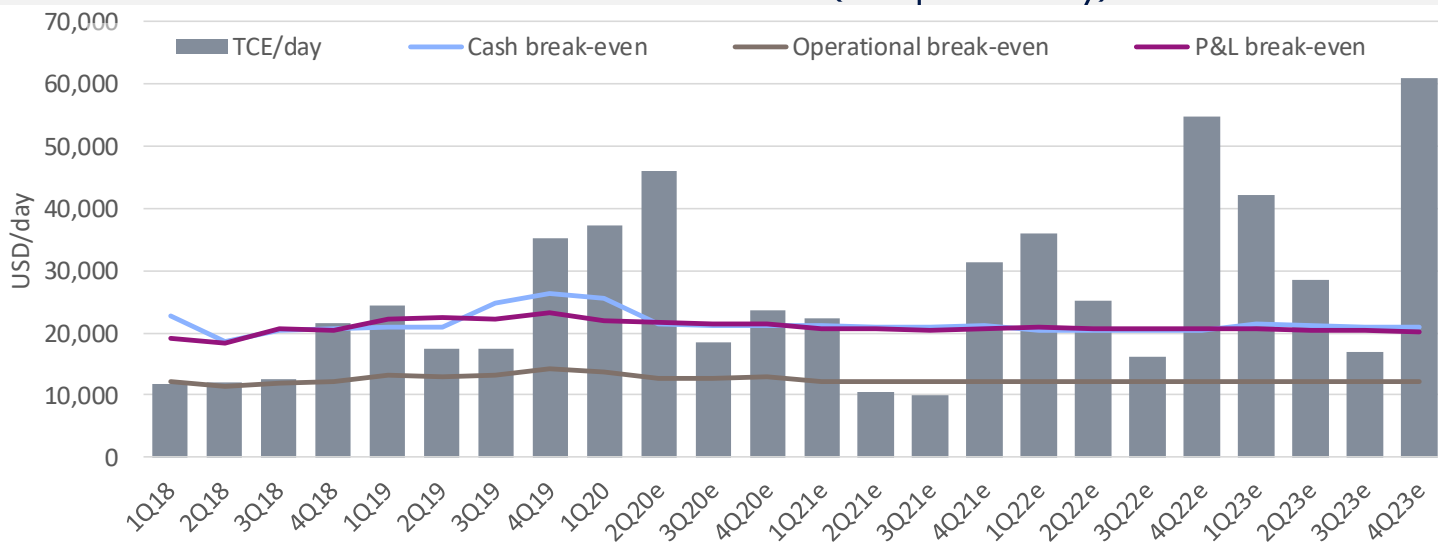
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	29	29	29	29	29	29	29	29
Share price, avg (USD)		14	19	19	20	18	17	17	17
Share price, end (USD)	—	14	18	17	30	17	17	17	17
<b>Market Cap.</b>		<b>410</b>	<b>537</b>	<b>491</b>	<b>871</b>	<b>478</b>	<b>478</b>	<b>478</b>	<b>478</b>
NIBD	286	348	493	752	602	478	436	214	-77
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>956</b>	<b>914</b>	<b>692</b>	<b>401</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)						4.4		2.9	2.2
P/E (adj.)						4.0		2.9	2.2
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	1.2	2.0	1.2	1.0
EV/Sales		2.0	3.7	5.1	4.3	2.4	3.9	1.7	0.9
EV/EBITDA						4.4	12.2	2.7	1.3
EV/EBIT					26.7	6.5		3.8	1.7
P/B		0.3	0.5	0.5	0.9	0.4	0.4	0.4	0.3
FCF yield		34%	-22%	23%	22%	23%	9%	46%	61%
Dividend yield		49.3%	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.4%
Return on equity (ROE)	12.5%	-1.5%	-9.8%	-8.8%	-0.1%	9.9%	-1.5%	13.2%	14.9%
Return on capital employed (ROCE)	10.6%	0.4%	-6.9%	-3.2%	3.5%	9.4%	0.1%	12.5%	16.9%
Return on assets (ROA)	8.5%	-1.1%	-6.4%	-4.8%	0.0%	6.2%	-0.9%	8.9%	11.0%
Sales growth	37%	-19%	-29%	-12%	40%	16%	-41%	75%	13%
EBITDA margin						55%	32%	62%	66%
EBIT margin	37%	2%	-39%	-22%	16%	37%	1%	44%	50%
Net margin	36%	-5%	-39%	-37%	0%	28%	-7%	40%	48%
Net interest rate	15.0%	11.4%	8.4%	8.0%	11.0%	9.1%	8.6%	17.1%	-42.7%
Tax rate	0.1%	-2.5%	0.0%	0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	68%	71%	65%	55%	58%	63%	63%	67%	74%
Leverage ratio	32%	29%	35%	45%	42%	37%	37%	33%	26%
NIBD / EBITDA (past 1y)						2.2	5.8	0.8	-0.3
Operating cash flow/NIBD	0.8	0.3	0.0	0.0	0.1	0.4	0.1	1.1	-3.8
Net interest coverage ratio (EBITDA)						5.0	2.0	6.9	9.3
Current ratio	8.2	3.8	2.8	2.2	1.6	2.0	2.5	4.1	5.8
Adj. equity ratio						59%	59%	71%	77%
Operating assets	1,712	1,571	1,594	1,731	1,603	1,622	1,565	1,507	1,433
Operating liabilities	51	43	26	28	39	60	60	60	60
Net operating assets	1,661	1,527	1,568	1,703	1,564	1,562	1,505	1,447	1,373

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)





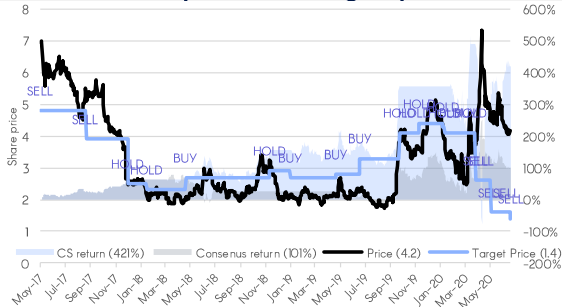
Significantly overpriced vs peers and NAV. Historically priced on dividend yield, but unsustainable without exponential share growth

NAT-US

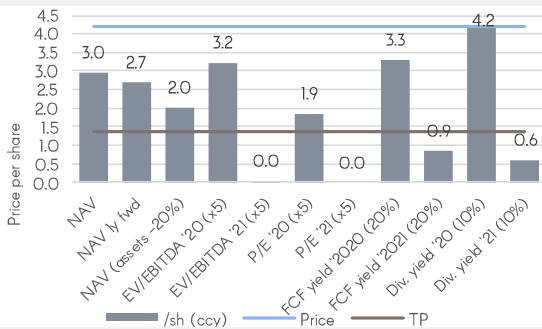
SELL/\$1.4

## Nordic American Tankers

### Share price vs target price

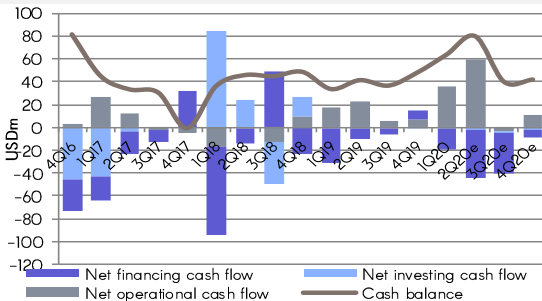


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	239	141	279	320
EBITDA (adj.)	155	58	197	237
EBIT (adj.)	87	-10	128	169
PTP (adj.)	55	-40	101	145
Net earnings (adj.)	55	-40	101	145
EPS (adj.)	0.37	-0.27	0.68	0.99
DPS	0.42	0.06	0.28	0.32
USDm	2020E	2021E	2022E	2023E
Fwd NAV	406	361	763	952
Adj. equity ratio	50%	49%	69%	75%
FCF yield	16%	4%	27%	35%
Dividend yield	10%	1%	7%	8%
EV/EBITDA	5.9	15.4	3.9	2.6
P/E (adj.)	11.3		6.1	4.2

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	103	28	169	214
Free cash flow	97	25	169	214
Net cash flow	-5	-10	89	146
TCE/day	29,717	17,317	34,293	39,345
Cash break-even	16,617	16,431	20,762	15,215
Liquidity	56	46	135	281
Property & Equip. (incl. NB)	841	775	707	638
Total equity	567	518	578	676
Total assets	970	894	915	992
Interest bearing debt	359	333	293	272
Net interest bearing debt	303	286	158	-9
Market Cap.	615	615	615	615

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

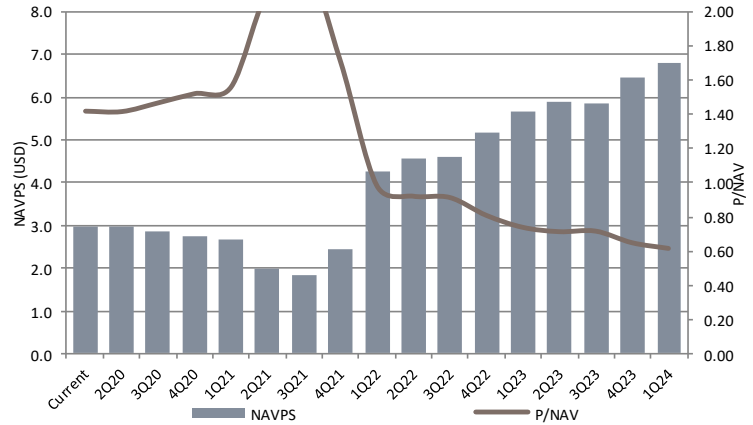


## Company Valuation

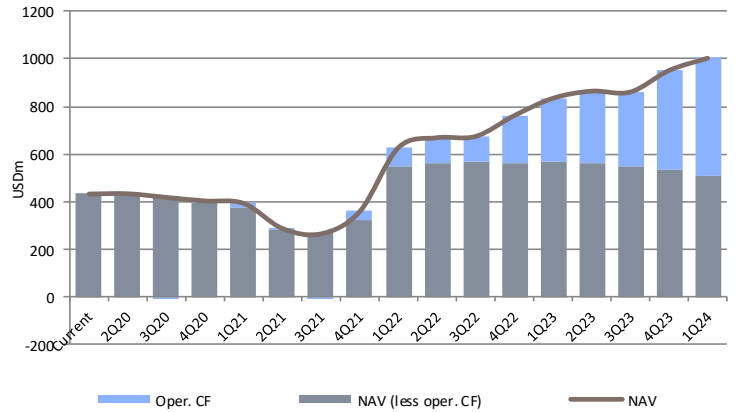
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	887	688	845
Contract value	0	11	13
Other	68	89	109
<b>GAV</b>	<b>955</b>	<b>787</b>	<b>968</b>
Net debt	-313	-313	-313
Capex	0	-1	-1
Other	-39	-39	-39
<b>Equity</b>	<b>604</b>	<b>435</b>	<b>615</b>
Shares	147	147	147
<b>Equity/sh</b>	<b>4.10</b>	<b>2.95</b>	<b>4.18</b>
lcl CCY	4.10	2.95	4.18
P/Equity	1.02	1.41	1.00
EV/GAV	1.01	1.23	1.00
Adj. Total Assets	1,038	838	996
Adj. Equity Ratio	58%	52%	62%
<b>Fair Value</b>	<b>USD</b>	<b>1.4</b>	<b>-67%</b>

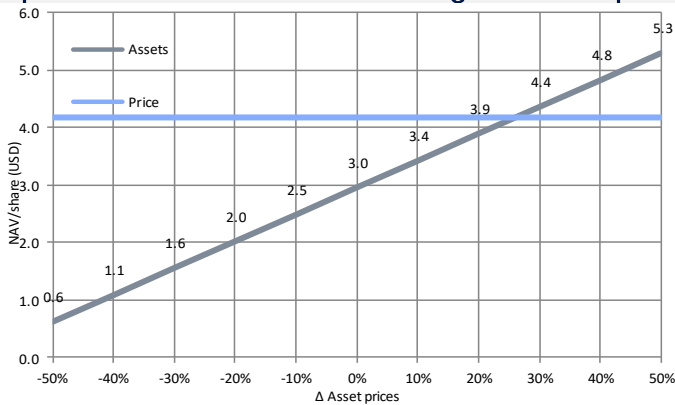
### Quarterly forward NAV & P/NAV



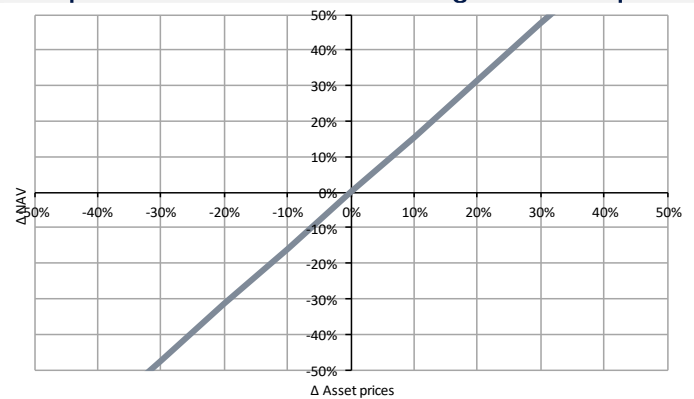
### Quarterly forward NAV decomposition



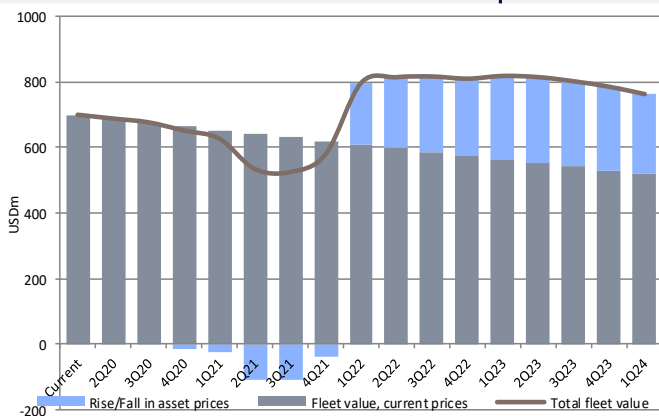
### Impact on NAV/sh from % change in asset prices



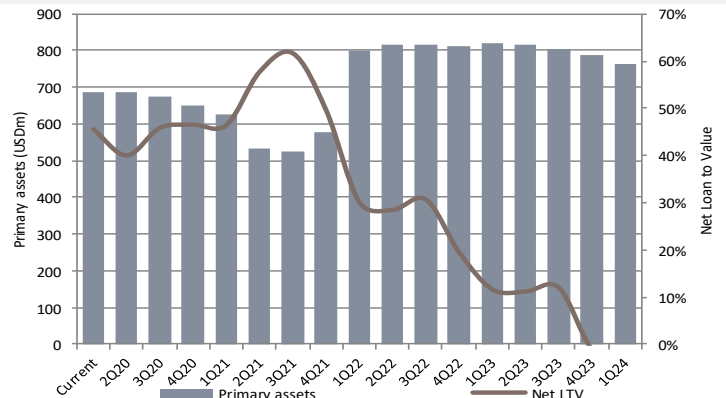
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value







## Quarterly Preview

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	30.7	86.2	88.6	87.8				
EBITDA (adj.)	10.8	64.7	68.1	67.3				
EBIT (adj.)	-4.9	47.6	51.0	49.1				
PTP (adj.)	-15.0	39.5	42.9	42.3				
Net earnings (adj.)	-15.0	39.5	42.9	42.4				
EPS (adj.)	-0.11	0.27	0.29	0.29				
DPS	0.01	0.14	0.20	0.18				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	30.7	86.2	88.6	87.8				
Opex & G&A	19.8	21.5	20.5	20.5				
Depreciation	15.7	17.1	17.1	18.1				
Net finance	10.1	8.1	8.1	6.8				
Taxes & Minorities	-	-	-	-0.1				

### CF & BS

2Q20 Preview USDm					Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	23	36	60					
Free cash flow	22	35	60					
Net cash flow	13	16	18					
TCE/day	14,823	44,100	43,630	43,247				
Utilization	98.8%	93.4%	97.0%					
Fleet days	2,093	2,093	2,093					
Liquidity	49	78	96					
Interest bearing debt	410	391	369					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	239	141	279	320	241	111	139	295	-3	30	141	25	
EBITDA (adj.)	155	58	197	237	160	31	58	215	-5	27	138	23	
EBIT (adj.)	87	-10	128	169	92	-37	-10	147	-5	27	138	22	
PTP (adj.)	55	-40	101	145	60	-66	-38	119	-5	26	139	26	
Net earnings (adj.)	55	-40	101	145	60	-66	-38	119	-5	26	139	26	
EPS (adj.)	0.37	-0.27	0.68	0.99	0.41	-0.45	-0.26	0.81	-0.04	0.18	0.94	0.17	
DPS	0.42	0.06	0.28	0.32	0.36	0.04	0.06	0.25	0.06	0.02	0.22	0.07	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-3	30	141	25
									Opex & G&A	2	3	3	3
									Depreciation	0	0	0	0
									Net finance	0	1	-1	-3
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	103	28	169	214	108	2	30	188	-5	26	139	26
Free cash flow	97	25	169	214	105	-1	30	188	-8	27	139	26
Net cash flow	-5	-10	89	146	9	-28	19	131	-14	18	70	15
TCE/day	29,717	17,317	34,293	39,345	30,046	13,664	16,982	36,175	-329	3,653	17,311	3,170
Cash break-even	16,617	16,431	20,762	15,215	16,374	15,516	16,236	15,307	243	915	4,526	-92
Liquidity	56	46	135	281	71	42	62	192	-14	4	73	89
Property & Equip. (incl. NB)	841	775	707	638	838	773	704	636	3	2	2	2
Total equity	567	518	578	676	582	509	463	546	-14	9	115	130
Total assets	970	894	915	992	981	888	839	901	-11	6	76	91
Interest bearing debt	359	333	293	272	356	335	332	311	3	-2	-39	-39
Net interest bearing debt	303	286	158	-9	285	293	271	119	17	-6	-112	-128
Market Cap.	615	615	615	615	660	660	660	660	-44	-44	-44	-44
Enterprise value	918	902	774	607	945	952	930	779	-27	-50	-157	-172

### Valuation

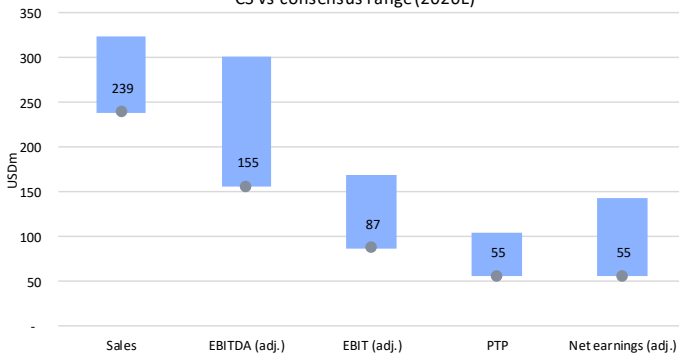
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	406	361	763	952	444	333	481	818	-39	28	282	133
Adj. equity ratio	50%	49%	69%	75%	53%	47%	56%	70%	-2%	2%	13%	5%
FCF yield	16%	4%	27%	35%	16%	0%	5%	28%	0%	4%	23%	6%
Dividend yield	10%	1%	7%	8%	8%	1%	1%	5%	2%	1%	5%	2%
EV/EBITDA	5.9	15.4	3.9	2.6	5.9	30.5	15.9	3.6	-0.0	-15.0	-12.0	-1.1
P/E (adj.)	11.3		6.1	4.2	11.0			5.5	0.2	#####	#####	-1.3



## Our Estimates vs Consensus

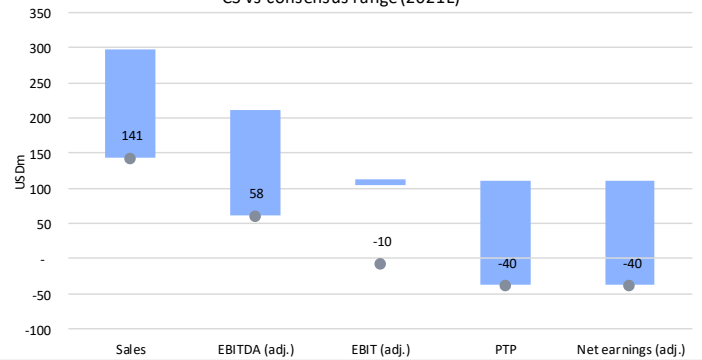
### Profit & Loss, year I

CS vs consensus range (2020E)

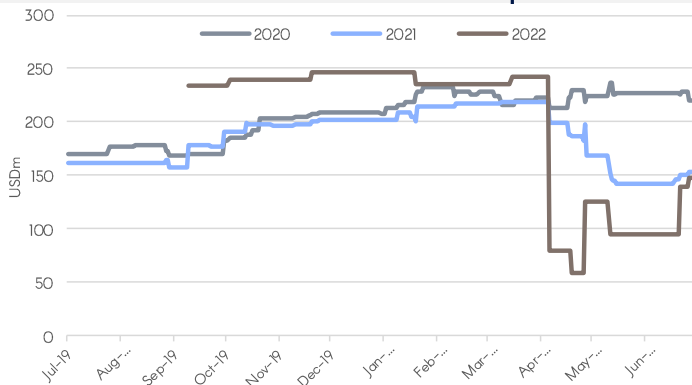


### Profit & Loss, year II

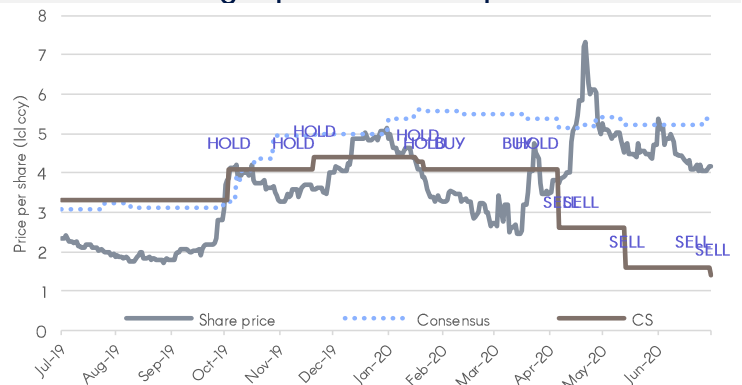
CS vs consensus range (2021E)



### Consensus EBITDA development



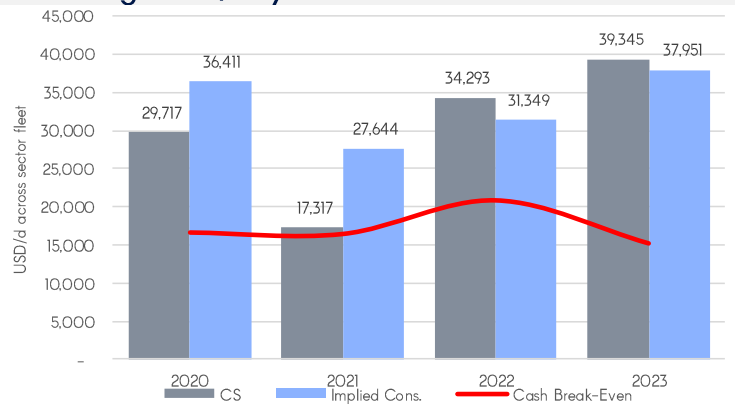
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	239	292	-54	-18%	
Opex + G&A	83	72	11	16%	
Depreciation	69	101	-33	-32%	
Net finance	32	42	-10	-24%	
Taxes & Minorities	0	-32	32	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	141	225	-84	-37%	
Opex + G&A	83	72	10	14%	
Depreciation	69	44	24	54%	
Net finance	30	57	-27	-47%	
Taxes & Minorities	0	3	-3	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	31	32	59	86	89	25	39	43	17
Operational costs	-20	-19	-21	-21	-20	-21	-21	-21	-21
EBITDA	11	13	38	65	68	4	18	22	-4
Depreciation/Amortization	-16	-16	-16	-17	-17	-17	-17	-17	-17
EBIT	-5	-3	21	48	51	-13	1	6	-21
Net financials	-10	-11	-9	-8	-8	-8	-8	-8	-8
PTP	-15	-14	13	40	43	-21	-7	-2	-29
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-15	-14	13	40	43	-21	-7	-2	-29
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-15	-14	13	40	43	-21	-7	-2	-29
EPS	-0.11	-0.10	0.09	0.27	0.29	-0.14	-0.05	-0.01	-0.19
EPS (adj.)	-0.11	-0.10	0.09	0.27	0.29	-0.14	-0.05	-0.01	-0.19
DPS	0.03	0.01	0.02	0.07	0.14	0.20	0.01	0.01	0.03
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	42	37	49	64	81	41	43	50	28
Other current assets	58	62	81	85	85	85	85	85	85
Total current assets	100	99	129	149	165	125	127	134	113
Property & equip. (incl. NBs)	923	910	900	887	872	856	841	825	808
Other non-current assets	5	3	2	1	1	1	1	1	1
Total non-current assets	928	913	902	889	873	858	842	826	810
TOTAL ASSETS	1,028	1,012	1,031	1,038	1,039	983	970	961	922
Total equity	583	569	595	604	626	576	567	564	531
Short-term debt	20	20	24	36	25	26	28	29	27
Other current liabilities	19	23	35	43	43	43	43	43	43
Total current liabilities	39	43	59	79	67	69	70	71	69
Long-term debt	390	385	376	355	344	338	331	325	321
Other non-current liabilities	15	15	0	1	1	1	1	1	1
Total non-current liabilities	406	400	376	355	345	339	332	326	322
TOTAL EQUITY & LIABILITIES	1,028	1,012	1,031	1,038	1,039	983	970	961	922
Working capital, receivables	38	35	47	51	51	51	51	51	51
Working capital, payables	13	16	20	4	4	4	4	4	4
Net working capital	25	19	27	47	47	47	47	47	47
Interest bearing debt	410	405	400	391	369	364	359	354	348
Liquidity	49	48	62	78	94	54	56	63	41
Net interest bearing debt	361	357	338	313	275	310	303	290	307
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-15	-14	13	40	43	-21	-7	-2	-29
Depreciation	16	16	16	17	17	17	17	17	17
Other	22	3	-22	-1	0	0	0	0	0
Cash earnings	23	5	7	56	60	-4	10	15	-12
Changes in working capital	0	0	0	-20	0	0	0	0	0
Net operational cash flow	23	5	7	36	60	-4	10	15	-12
Capex	0	0	-2	0	-2	-2	-2	-1	-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	0	0	0	0	0	0	0	0
Net investing cash flow	0	0	-1	0	-2	-2	-2	-1	-1
Repayment of debt	-6	-6	-6	-9	-21	-5	-5	-5	-5
Proceeds from debt	0	0	0	0	0	0	0	0	0
Dividends paid	-4	-1	-3	-10	-21	-29	-1	-2	-4
New equity	0	0	0	0	0	0	0	0	0
Other	0	1	17	0	0	0	0	0	0
Net financing cash flow	-10	-6	8	-19	-42	-35	-7	-7	-10
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	13	-1	13	16	16	-40	2	7	-22
Cash balance	42	37	49	64	81	41	43	50	28
Free cash flow	22	5	5	35	58	-5	9	14	-12



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	287	231	155	124	175	239	141	279	320
Operational costs	-76	-87	-230	-102	-80	-83	-83	-83	-83
EBITDA	211	144	-75	22	96	155	58	197	237
Depreciation/Amortization	-83	-91	-101	-61	-64	-69	-69	-69	-69
EBIT	128	53	-176	-39	32	87	-10	128	169
Net financials	-11	-11	-21	-49	-42	-32	-30	-27	-24
PTP	117	42	-196	-88	-10	55	-40	101	145
Taxes/Minorities	-3	-47	-9	-8	0	0	0	0	0
<b>Net earnings</b>	<b>115</b>	<b>-4</b>	<b>-205</b>	<b>-95</b>	<b>-10</b>	<b>55</b>	<b>-40</b>	<b>101</b>	<b>145</b>
Non-recurring items	0	0	0	0	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>115</b>	<b>-4</b>	<b>-205</b>	<b>-95</b>	<b>-10</b>	<b>55</b>	<b>-40</b>	<b>101</b>	<b>145</b>
EPS	1.29	-0.04	-1.44	-0.67	-0.07	0.37	-0.27	0.68	0.99
EPS (adj.)	1.29	-0.04	-1.44	-0.67	-0.07	0.37	-0.27	0.68	0.99
DPS	1.38	1.23	0.38	0.07	0.10	0.42	0.06	0.28	0.32
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	30	82	58	49	49	43	33	122	267
Other current assets	88	82	69	64	81	85	85	85	85
<b>Total current assets</b>	<b>118</b>	<b>164</b>	<b>127</b>	<b>113</b>	<b>129</b>	<b>127</b>	<b>118</b>	<b>206</b>	<b>352</b>
Property & equip. (incl. NBs)	963	1,058	936	954	900	841	775	707	638
Other non-current assets	164	128	78	4	2	1	1	1	1
<b>Total non-current assets</b>	<b>1,126</b>	<b>1,186</b>	<b>1,014</b>	<b>958</b>	<b>902</b>	<b>842</b>	<b>777</b>	<b>708</b>	<b>640</b>
<b>TOTAL ASSETS</b>	<b>1,245</b>	<b>1,350</b>	<b>1,141</b>	<b>1,071</b>	<b>1,031</b>	<b>970</b>	<b>894</b>	<b>915</b>	<b>992</b>
<b>Total equity</b>	<b>881</b>	<b>871</b>	<b>711</b>	<b>602</b>	<b>595</b>	<b>567</b>	<b>518</b>	<b>578</b>	<b>676</b>
Short-term debt	0	0	0	19	24	28	17	22	23
Other current liabilities	21	22	25	18	35	43	43	43	43
<b>Total current liabilities</b>	<b>21</b>	<b>22</b>	<b>25</b>	<b>36</b>	<b>59</b>	<b>70</b>	<b>60</b>	<b>64</b>	<b>65</b>
Long-term debt	330	443	389	418	376	331	315	272	250
Other non-current liabilities	13	15	16	15	0	1	1	1	1
<b>Total non-current liabilities</b>	<b>343</b>	<b>457</b>	<b>405</b>	<b>433</b>	<b>376</b>	<b>332</b>	<b>316</b>	<b>272</b>	<b>251</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,245</b>	<b>1,350</b>	<b>1,141</b>	<b>1,071</b>	<b>1,031</b>	<b>970</b>	<b>894</b>	<b>915</b>	<b>992</b>
Working capital, receivables	43	38	45	42	47	51	51	51	51
Working capital, payables	21	22	14	9	20	4	4	4	4
<b>Net working capital</b>	<b>22</b>	<b>17</b>	<b>31</b>	<b>34</b>	<b>27</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
Interest bearing debt	330	443	389	437	400	359	333	293	272
Liquidity	30	82	58	49	62	56	46	135	281
<b>Net interest bearing debt</b>	<b>300</b>	<b>361</b>	<b>330</b>	<b>387</b>	<b>338</b>	<b>303</b>	<b>286</b>	<b>158</b>	<b>-9</b>
<b>Cash Flow (USDm)</b>									
Net income	115	-4	-205	-95	-10	55	-40	101	145
Depreciation	83	91	101	61	64	69	69	69	69
Other	-7	34	122	26	-8	-1	0	0	0
<b>Cash earnings</b>	<b>190</b>	<b>121</b>	<b>18</b>	<b>-8</b>	<b>46</b>	<b>123</b>	<b>28</b>	<b>169</b>	<b>214</b>
Changes in working capital	-16	7	14	-8	7	-20	0	0	0
<b>Net operational cash flow</b>	<b>174</b>	<b>128</b>	<b>32</b>	<b>-16</b>	<b>53</b>	<b>103</b>	<b>28</b>	<b>169</b>	<b>214</b>
Capex	-123	-138	-38	-5	-3	-5	-3	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	90	0	0	0	0	0
Other	-74	-49	-9	0	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-197</b>	<b>-187</b>	<b>-47</b>	<b>85</b>	<b>-2</b>	<b>-5</b>	<b>-3</b>	<b>0</b>	<b>0</b>
Repayment of debt	80	117	-55	-78	-35	-41	-26	-64	-21
Proceeds from debt	80	117	0	0	300	0	0	25	0
Dividends paid	-123	-126	-54	-10	-14	-62	-9	-41	-47
New equity	0	120	104	13	18	0	0	0	0
Other	-85	-117	-13	-2	-307	0	0	0	0
<b>Net financing cash flow</b>	<b>-48</b>	<b>111</b>	<b>-19</b>	<b>-78</b>	<b>-38</b>	<b>-103</b>	<b>-35</b>	<b>-80</b>	<b>-68</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-71</b>	<b>52</b>	<b>-34</b>	<b>-9</b>	<b>12</b>	<b>-5</b>	<b>-10</b>	<b>89</b>	<b>146</b>
Cash balance	30	82	48	49	49	43	34	122	268
<b>Free cash flow</b>	<b>-23</b>	<b>-59</b>	<b>-15</b>	<b>69</b>	<b>51</b>	<b>97</b>	<b>25</b>	<b>169</b>	<b>214</b>



# Cleaves Securities

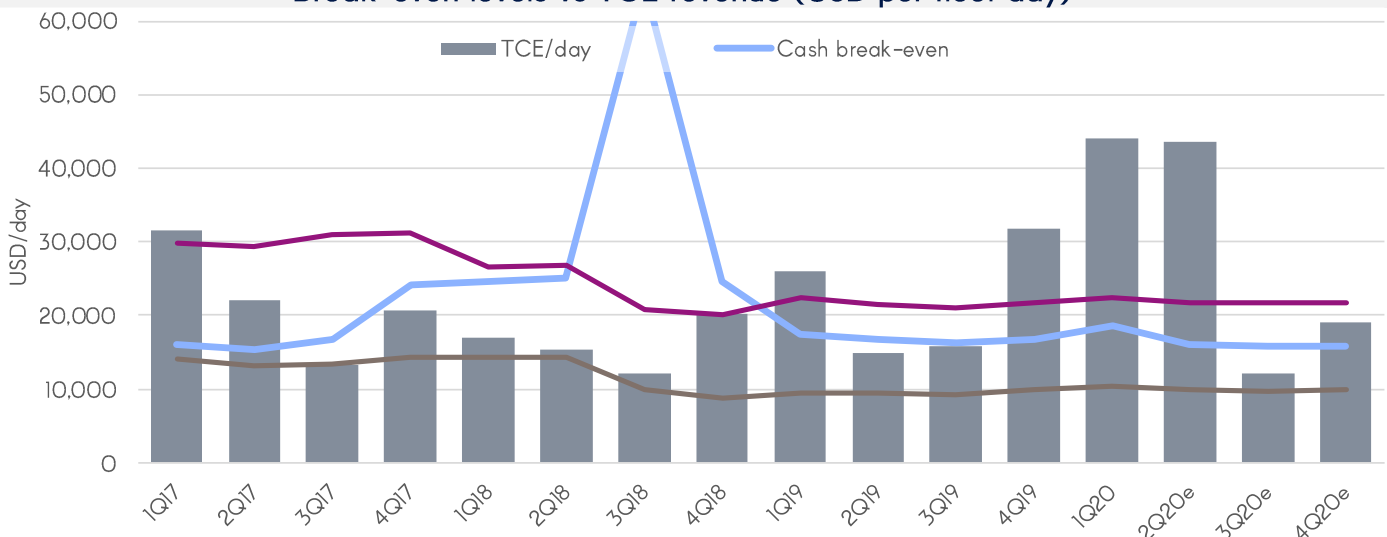
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	89	102	142	142	147	147	147	147	147
Share price, avg (USD)	13	12	6	2	3	4	4	4	4
Share price, end (USD)	15	8	2	2	5	4	4	4	4
<b>Market Cap.</b>	<b>1,374</b>	<b>849</b>	<b>349</b>	<b>284</b>	<b>724</b>	<b>615</b>	<b>615</b>	<b>615</b>	<b>615</b>
NIBD	300	361	330	387	338	303	286	158	-9
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,674</b>	<b>1,210</b>	<b>680</b>	<b>671</b>	<b>1,063</b>	<b>918</b>	<b>902</b>	<b>774</b>	<b>607</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	12.0					11.3		6.1	4.2
P/E (adj.)	12.0					11.3		6.1	4.2
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	4.8	3.7	2.3	2.3	4.1	2.6	4.4	2.2	1.9
EV/Sales	5.8	5.2	4.4	5.4	6.1	3.8	6.4	2.8	1.9
EV/EBITDA	7.9	8.4		30.4	11.1	5.9	15.4	3.9	2.6
EV/EBIT	13.1	22.7			33.2	10.6		6.0	3.6
P/B	1.6	1.0	0.5	0.5	1.2	1.1	1.2	1.1	0.9
FCF yield	-2%	-7%	-4%	24%	7%	16%	4%	27%	35%
Dividend yield	9.0%	14.8%	15.5%	3.5%	2.0%	10.0%	1.5%	6.7%	7.6%
Return on equity (ROE)	13.0%	-0.5%	-28.8%	-15.8%	-1.7%	9.6%	-7.8%	17.4%	21.5%
Return on capital employed (ROCE)	10.8%	4.3%	-16.9%	-3.9%	3.4%	10.0%	-1.3%	17.4%	25.3%
Return on assets (ROA)	9.2%	-0.3%	-18.0%	-8.9%	-1.0%	5.6%	-4.5%	11.0%	14.6%
Sales growth	89%	-19%	-33%	-20%	41%	36%	-41%	98%	15%
EBITDA margin	73%	62%	-49%	18%	55%	65%	41%	70%	74%
EBIT margin	45%	23%	-114%	-31%	18%	36%	-7%	46%	53%
Net margin	40%	-2%	-133%	-77%	-6%	23%	-29%	36%	45%
Net interest rate	3.6%	3.1%	6.2%	8.9%	11.4%	10.5%	10.2%	17.3%	-280.4%
Tax rate	0.1%	0.2%	0.0%	-0.1%	-0.7%	0.0%	0.0%	0.0%	0.0%
Equity ratio	71%	65%	62%	56%	58%	59%	58%	63%	68%
Leverage ratio	29%	35%	38%	44%	42%	41%	42%	37%	32%
NIBD / EBITDA (past 1y)	1.4	2.5	-4.4	17.5	3.5	1.9	4.9	0.8	0.0
Operating cash flow/NIBD	0.6	0.4	0.1	0.0	0.2	0.3	0.1	1.1	-25.1
Net interest coverage ratio (EBITDA)	19.4	12.9	-3.7	0.6	2.5	4.9	2.0	7.2	10.0
Current ratio	5.7	7.6	5.0	3.1	2.2	1.8	2.0	3.2	5.4
Adj. equity ratio						50%	49%	69%	75%
Operating assets	1,215	1,268	1,083	1,022	969	913	848	779	711
Operating liabilities	34	36	41	33	36	43	43	43	43
Net operating assets	1,181	1,232	1,042	989	934	870	804	736	667

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)



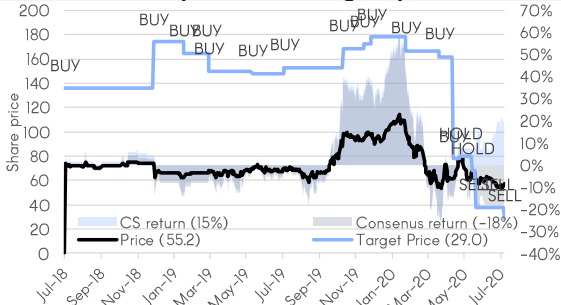


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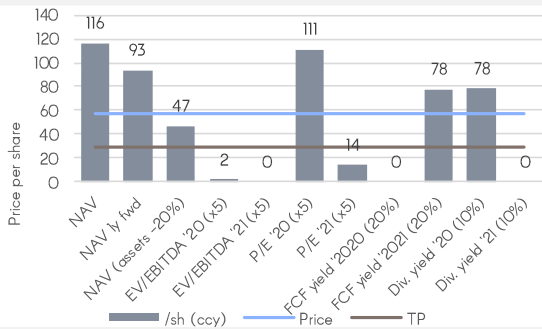
SELL/N29

## Okeanis Eco Tankers

### Share price vs target price

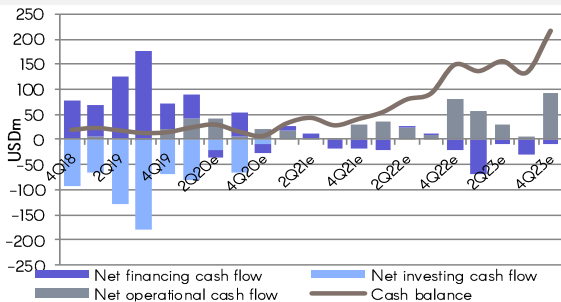


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	213	153	243	280
EBITDA (adj.)	167	102	192	229
EBIT (adj.)	125	58	148	185
PTP (adj.)	77	10	103	142
Net earnings (adj.)	77	10	103	142
EPS (adj.)	2.36	0.31	3.13	4.32
DPS	0.83	-	-	2.36
USDm	2020E	2021E	2022E	2023E
Fwd NAV	339	302	877	1,045
Adj. equity ratio	28%	26%	52%	58%
FCF yield	-35%	27%	73%	93%
Dividend yield	14%	0%	0%	39%
EV/EBITDA	6.2	9.6	4.3	3.1
P/E (adj.)	2.6	19.9	1.9	1.4

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	109	54	147	186
Free cash flow	-69	54	147	186
Net cash flow	-7	34	108	68
TCE/day	39,602	25,348	40,348	46,514
Cash break-even	28,529	27,178	29,775	21,690
Liquidity	6	40	148	216
Property & Equip. (incl. NB)	1,196	1,152	1,108	1,064
Total equity	391	401	504	569
Total assets	1,258	1,248	1,312	1,336
Interest bearing debt	833	813	774	734
Net interest bearing debt	827	773	626	518
Market Cap.	200	200	200	200

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

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	14.4	73.4	64.6	65.1				
EBITDA (adj.)	8.3	63.3	53.3	53.9				
EBIT (adj.)	3.8	53.3	43.3	43.9				
PTP (adj.)	-3.6	41.1	32.0	32.7				
Net earnings (adj.)	-3.6	41.1	32.0	32.7				
EPS (adj.)	-0.11	1.26	0.97	1.00				
DPS	-	0.49	0.34	0.35				
<b>Implied, line by line</b>	<b>2Q19</b>	<b>1Q20</b>	<b>Cleaves</b>	<b>Consensus</b>	<b>Cleaves</b>	<b>Cons.</b>	<b>Cleaves</b>	<b>Cons.</b>
TCE revenue	14.4	73.4	64.6	65.1				
Opex & G&A	6.1	10.2	11.3	11.1				
Depreciation	4.5	10.0	10.0	10.0				
Net finance	7.4	12.2	11.3	11.2				
Taxes & Minorities	-	-	-	-				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	4	41	42					
Free cash flow	-125	-40	20					
Net cash flow	-5	9	6					
TCE/day	20,712	56,185	48,802	49,142				
Utilization	97.2%	100.0%	97.0%					
Fleet days	716	1,362	1,365					
Cash break-even	25,374	22,903	31,126					
Liquidity	17	23	29					
Interest bearing debt	516	793	796					



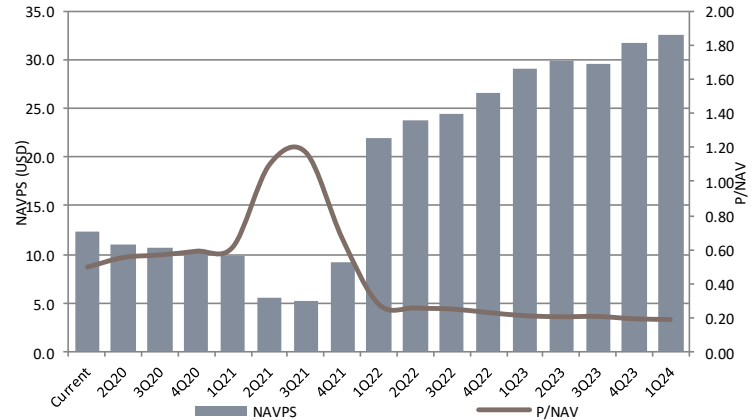


## Company Valuation

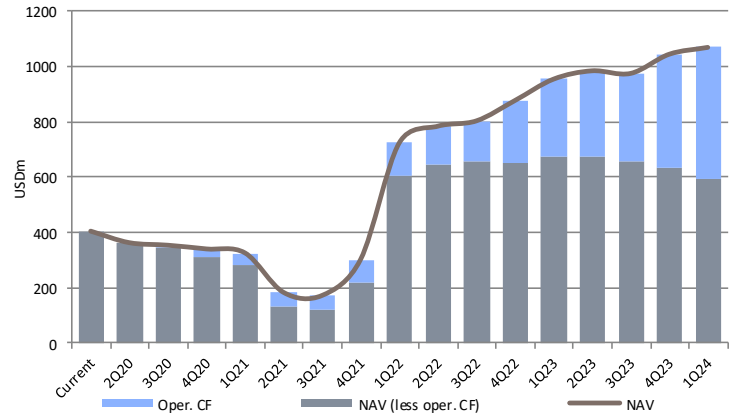
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,131	1,204	1,008
Contract value	0	16	13
Other	32	32	27
<b>GAV</b>	<b>1,163</b>	<b>1,252</b>	<b>1,048</b>
Net debt	-771	-740	-740
Capex	0	-98	-98
Other	-10	-10	-10
<b>Equity</b>	<b>382</b>	<b>404</b>	<b>200</b>
Shares	33	33	33
<b>Equity/sh</b>	<b>11.62</b>	<b>12.28</b>	<b>6.08</b>
lcl CCY	109.7	115.9	57.4
USDNOK		9.4	
P/Equity	0.52	0.50	1.00
EV/GAV	0.90	0.84	1.00
Adj. Total Assets	1,209	1,282	1,086
Adj. Equity Ratio	32%	32%	18%
<b>Fair Value</b>	<b>NOK</b>	<b>29</b>	<b>-49%</b>
	<b>USD</b>	<b>3.1</b>	

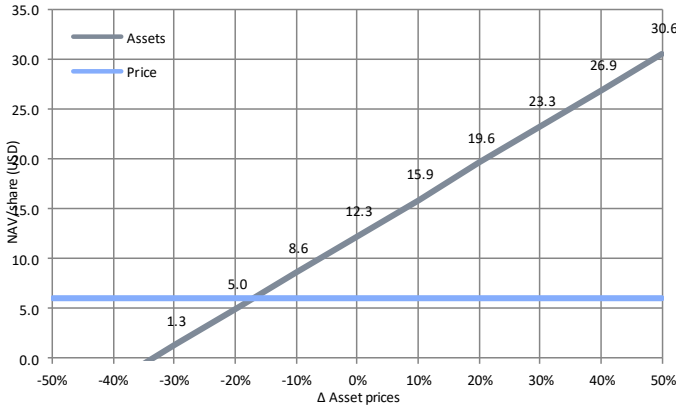
### Quarterly forward NAV & P/NAV



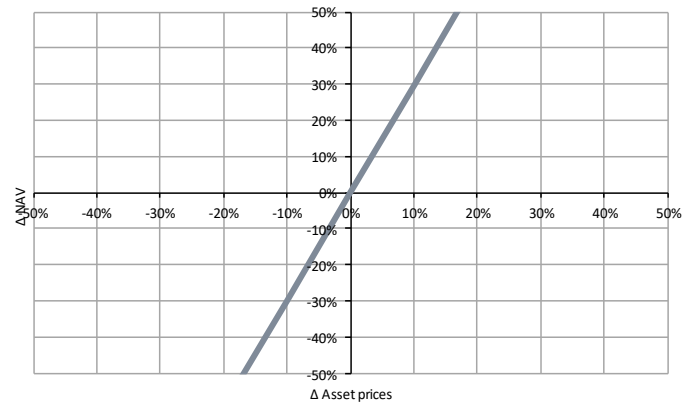
### Quarterly forward NAV decomposition



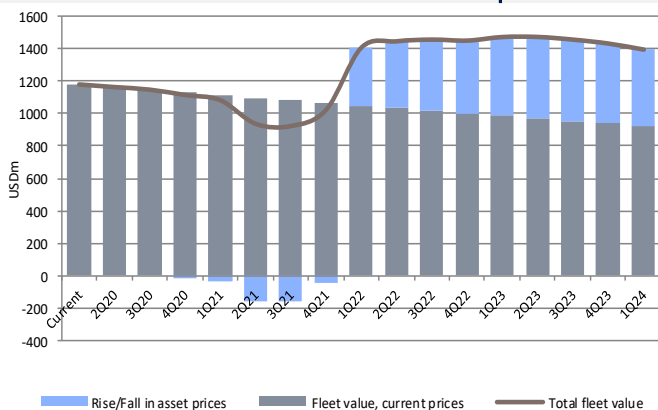
### Impact on NAV/sh from % change in asset prices



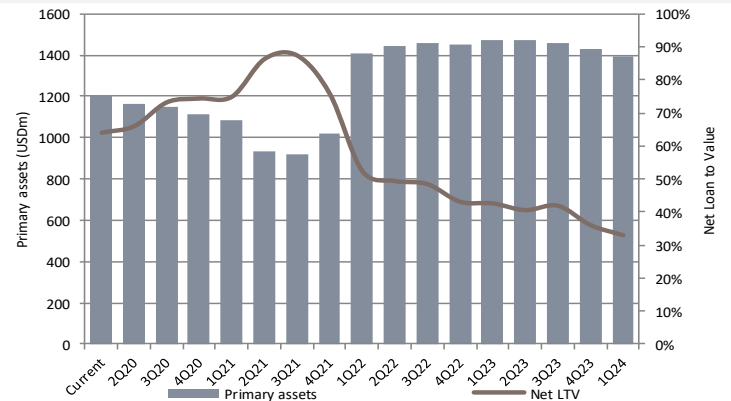
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	213	153	243	280	215	139	152	263	-2	14	91	17	
EBITDA (adj.)	167	102	192	229	169	88	101	212	-2	14	91	17	
EBIT (adj.)	125	58	148	185	127	44	57	168	-2	14	91	17	
PTP (adj.)	77	10	103	142	80	-4	12	125	-2	14	91	17	
Net earnings (adj.)	77	10	103	142	80	-4	12	125	-2	14	91	17	
EPS (adj.)	2.36	0.31	3.13	4.32	2.43	-0.12	0.36	3.80	-0.07	0.43	2.77	0.52	
DPS	0.83	-	-	2.36	0.87	-	-	1.10	-0.04	-	-	1.26	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-2	14	91	17
									Opex & G&A	-	-	-	-
									Depreciation	-	-	-	-
									Net finance	-	-	-	-
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	109	54	147	186	112	40	56	169	-2	14	91	17
Free cash flow	-69	54	147	186	-67	40	56	169	-2	14	91	17
Net cash flow	-7	34	108	68	-6	20	17	92	-1	14	91	-24
TCE/day	39,602	25,348	40,348	46,514	40,173	23,014	25,230	43,567	-571	2,333	15,118	2,947
Cash break-even	28,529	27,178	29,775	21,690	28,529	27,178	29,775	21,690	-	-	-	-
Liquidity	6	40	148	216	7	27	44	136	-1	13	104	80
Property & Equip. (incl. NB)	1,196	1,152	1,108	1,064	1,196	1,152	1,108	1,064	-	-	-	-
Total equity	391	401	504	569	392	388	400	489	-1	13	104	80
Total assets	1,258	1,248	1,312	1,336	1,259	1,235	1,208	1,256	-1	13	104	80
Interest bearing debt	833	813	774	734	833	813	774	734	-	-	-	-
Net interest bearing debt	827	773	626	518	826	786	730	597	1	-13	-104	-80
Market Cap.	200	200	200	200	189	189	189	189	11	11	11	11
Enterprise value	1,027	973	826	718	1,015	975	919	786	12	-2	-93	-68

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	339	302	877	1,045	341	215	477	954	-2	87	400	91
Adj. equity ratio	28%	26%	52%	58%	28%	20%	37%	55%	0%	6%	15%	2%
FCF yield	-35%	27%	73%	93%	-35%	21%	30%	90%	1%	6%	44%	3%
Dividend yield	14%	0%	0%	39%	15%	0%	0%	19%	-2%	0%	0%	20%
EV/EBITDA	6.2	9.6	4.3	3.1	6.0	11.1	9.1	3.7	0.2	-1.5	-4.8	-0.6
P/E (adj.)	2.6	19.9	1.9	1.4	2.4		15.8	1.5	0.2	#####	-13.9	-0.1

### Various

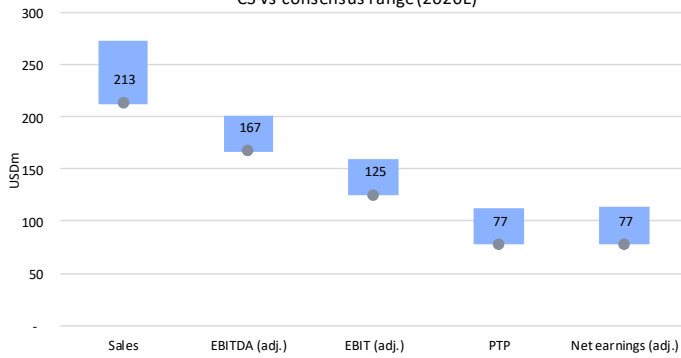
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-7,048	-7,235	-7,235	-7,235	-7,048	-7,235	-7,235	-7,235	-	-	-	-
G&A/day	-1,055	-966	-966	-966	-1,055	-966	-966	-966	-	-	-	-
Depreciation/day	-7,416	-7,092	-7,092	-7,092	-7,416	-7,092	-7,092	-7,092	-	-	-	-
Net interest/day	-8,142	-7,678	-7,293	-6,929	-8,142	-7,678	-7,293	-6,929	-	-	-	-
Amort./day	-12,283	-11,298	-14,280	-6,560	-12,283	-11,298	-14,280	-6,560	-	-	-	-



## Our Estimates vs Consensus

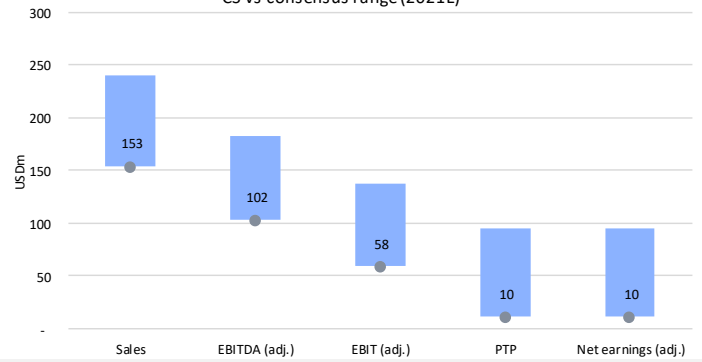
### Profit & Loss, year I

CS vs consensus range (2020E)

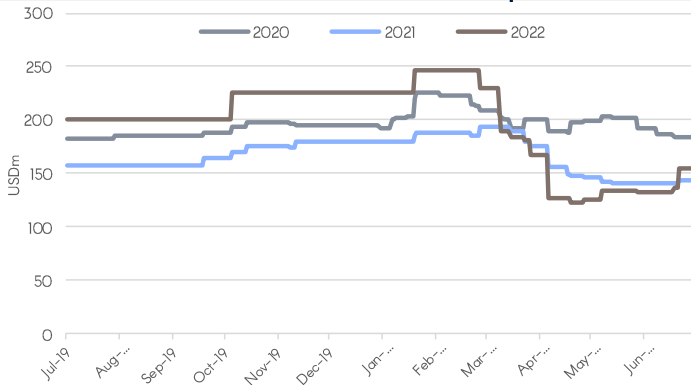


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



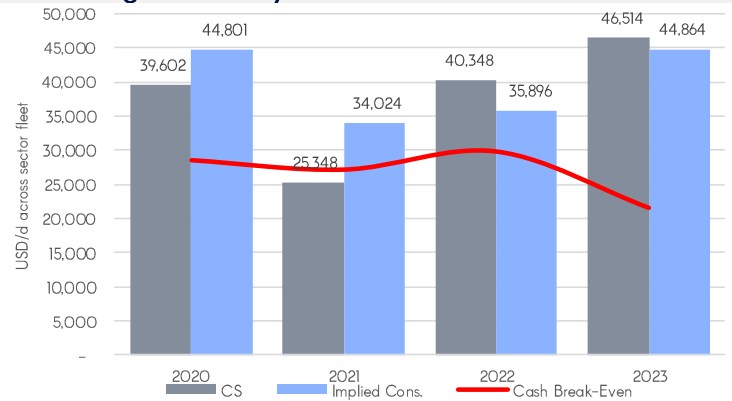
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	213	213	241	-28	-12%
Opex + G&A	46	46	57	-11	-20%
Depreciation	42	42	42	0	0%
Net finance	47	47	47	1	2%
Taxes & Minorities	0	0	-1	1	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	153	153	205	-52	-26%
Opex + G&A	51	51	61	-10	-16%
Depreciation	44	44	45	-1	-2%
Net finance	48	48	46	2	4%
Taxes & Minorities	0	0	0	0	#DIV/0!

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	14	22	49	73	65	30	45	42	28
Operational costs	-6	-7	-11	-10	-11	-11	-13	-12	-13
EBITDA	8	14	39	63	53	19	32	30	15
Depreciation/Amortization	-5	-7	-9	-10	-10	-11	-11	-11	-11
EBIT	4	7	30	53	43	8	21	19	4
Net financials	-7	-10	-12	-12	-11	-12	-12	-12	-12
PTP	-4	-3	18	41	32	-4	8	7	-8
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-4	-3	18	41	32	-4	8	7	-8
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-4	-3	18	41	32	-4	8	7	-8
EPS	-0.11	-0.10	0.54	1.26	0.97	-0.13	0.26	0.21	-0.24
EPS (adj.)	-0.11	-0.10	0.54	1.26	0.97	-0.13	0.26	0.21	-0.24
DPS	0.00	0.00	0.00	0.00	0.49	0.34	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	17	12	13	23	29	15	6	31	42
Other current assets	15	17	29	51	51	51	51	51	51
Total current assets	32	29	42	74	80	66	57	83	93
Property & equip. (incl. NBs)	824	998	1,064	1,131	1,143	1,199	1,196	1,185	1,174
Other non-current assets	4	6	4	4	4	4	4	4	4
Total non-current assets	828	1,004	1,068	1,135	1,147	1,203	1,200	1,189	1,178
TOTAL ASSETS	860	1,033	1,111	1,209	1,227	1,269	1,258	1,272	1,272
Total equity	328	324	342	382	398	383	391	398	390
Short-term debt	31	39	49	71	47	52	55	56	52
Other current liabilities	16	26	36	33	33	33	33	33	33
Total current liabilities	47	65	85	104	81	85	88	89	86
Long-term debt	485	644	684	723	748	801	778	785	796
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	485	644	684	723	748	802	779	785	796
TOTAL EQUITY & LIABILITIES	860	1,033	1,111	1,209	1,227	1,269	1,258	1,272	1,272
Working capital, receivables	9	8	25	42	42	42	42	42	42
Working capital, payables	14	22	18	23	23	23	23	23	23
Net working capital	-5	-13	6	19	19	19	19	19	19
Interest bearing debt	516	683	733	793	796	853	833	841	848
Liquidity	17	12	13	23	29	15	6	31	42
Net interest bearing debt	499	671	719	771	767	838	827	809	806
<b>Cash Flow (USDm)</b>									
Net income	-4	-3	18	41	32	-4	8	7	-8
Depreciation	5	7	9	10	10	11	11	11	11
Other	0	0	1	11	0	0	0	0	0
Cash earnings	1	4	28	62	42	7	19	18	3
Changes in working capital	3	-5	-6	-21	0	0	0	0	0
Net operational cash flow	4	-1	22	41	42	7	19	18	3
Capex	-128	-176	-73	-77	-22	-67	-8	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	-1	-4	2	-4	0	0	0	0	0
Net investing cash flow	-129	-180	-71	-81	-22	-67	-8	0	0
Repayment of debt	-5	-7	-10	-10	-20	-20	-20	-18	-18
Proceeds from debt	113	180	60	71	22	77	0	25	25
Dividends paid	0	0	0	0	-16	-11	0	0	0
New equity	15	0	0	0	0	0	0	0	0
Other	-4	3	0	-12	0	0	0	0	0
Net financing cash flow	120	176	50	49	-14	46	-20	7	7
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-5	-5	2	9	6	-14	-9	25	11
Cash balance	17	12	13	23	29	15	6	31	42
Free cash flow	-125	-181	-48	-40	20	-61	11	18	3



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	0	0		22	102	213	153	243	280
Operational costs				-10	-32	-46	-51	-51	-51
EBITDA				12	70	167	102	192	229
Depreciation/Amortization				-7	-25	-42	-44	-44	-44
EBIT	—	—	—	4	46	125	58	148	185
Net financials				-7	-34	-47	-48	-45	-43
PTP	—	—	—	-3	11	77	10	103	142
Taxes/Minorities				0	0	0	0	0	0
Net earnings	—	—	—	-3	11	77	10	103	142
Non-recurring items				0	0	0	0	0	0
Net earnings (adj.)	—	—	—	-3	11	77	10	103	142
EPS				-0.10	0.35	2.36	0.31	3.13	4.32
EPS (adj.)				-0.10	0.35	2.36	0.31	3.13	4.32
DPS				0.00	0.00	0.83	0.00	0.00	2.36
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	—	—	—	18	13	6	40	148	216
Other current assets				12	29	51	51	51	51
Total current assets	—	—	—	30	42	57	91	199	267
Property & equip. (incl. NBs)	—	—	—	635	1,064	1,196	1,152	1,108	1,064
Other non-current assets				4	4	4	4	4	4
Total non-current assets	—	—	—	638	1,068	1,200	1,156	1,112	1,068
TOTAL ASSETS	—	—	—	668	1,111	1,258	1,248	1,312	1,336
Total equity	—	—	—	316	342	391	401	504	569
Short-term debt	—	—	—	22	49	55	42	42	47
Other current liabilities				12	36	33	33	33	33
Total current liabilities	—	—	—	34	85	88	75	75	80
Long-term debt	—	—	—	318	684	778	771	733	687
Other non-current liabilities				0	0	0	0	0	0
Total non-current liabilities	—	—	—	318	684	779	771	733	687
TOTAL EQUITY & LIABILITIES	—	—	—	668	1,111	1,258	1,248	1,312	1,336
Working capital, receivables				6	25	42	42	42	42
Working capital, payables	—	—	—	9	18	23	23	23	23
Net working capital				-3	6	19	19	19	19
Interest bearing debt				340	733	833	813	774	734
Liquidity				18	13	6	40	148	216
Net interest bearing debt				322	719	827	773	626	518
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	—	—	—	-3	11	77	10	103	142
Depreciation				7	25	42	44	44	44
Other				1	3	11	0	0	0
Cash earnings				5	39	130	54	147	186
Changes in working capital	—	—	—	-7	-1	-21	0	0	0
Net operational cash flow	—	—	—	-2	39	109	54	147	186
Capex	—	—	—	-192	0	-174	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	0	0	0	0	0	0
Other				2	-446	0	0	0	0
Net investing cash flow	—	—	—	-190	-446	-178	0	0	0
Repayment of debt	—	—	—	84	400	-70	-70	-89	-41
Proceeds from debt	—	—	—	100	456	170	50	50	0
Dividends paid	—	—	—	0	0	-27	0	0	-78
New equity	—	—	—	126	15	0	0	0	0
Other				-99	-470	0	0	0	0
Net financing cash flow	—	—	—	210	402	62	-20	-39	-118
Currency effect	—	—	—	0	0	0	0	0	0
Net cash flow				18	-5	-7	34	108	68
Cash balance				18	13	6	40	148	216
Free cash flow				-192	-407	-69	54	147	186



# Cleaves Securities

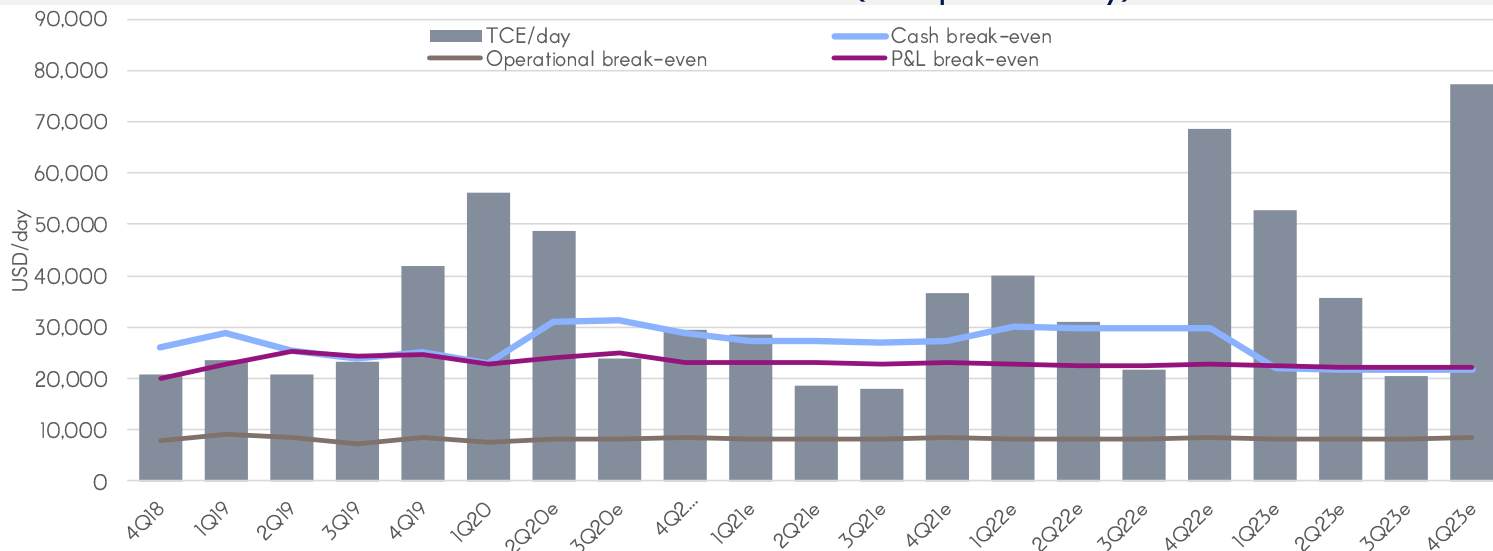
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	—	—	—	31	33	33	33	33	33
Share price, avg (USD)				8	8	7	6	6	6
Share price, end (USD)	—	—	—	8	12	6	6	6	6
<b>Market Cap.</b>				<b>241</b>	<b>398</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
NIBD				322	719	827	773	626	518
Minorities	—	—	—	0	0	0	0	0	0
<b>Enterprise value</b>				<b>563</b>	<b>1,117</b>	<b>1,027</b>	<b>973</b>	<b>826</b>	<b>718</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)					35.0	2.6	19.9	1.9	1.4
P/E (adj.)					35.0	2.6	19.9	1.9	1.4
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				11.2	3.9	0.9	1.3	0.8	0.7
EV/Sales				26.1	11.0	4.8	6.4	3.4	2.6
EV/EBITDA				48.3	15.9	6.2	9.6	4.3	3.1
EV/EBIT					24.4	8.2	16.9	5.6	3.9
P/B				0.8	1.2	0.5	0.5	0.4	0.4
FCF yield				-80%	-102%	-35%	27%	73%	93%
Dividend yield				0.0%	0.0%	13.6%	0.0%	0.0%	38.8%
Return on equity (ROE)				-1.0%	3.3%	19.8%	2.5%	20.4%	25.0%
Return on capital employed (ROCE)				0.7%	4.3%	10.3%	4.9%	13.1%	17.1%
Return on assets (ROA)				-0.5%	1.0%	6.2%	0.8%	7.8%	10.6%
Sales growth					373%	109%	-28%	59%	15%
EBITDA margin				54%	69%	78%	67%	79%	82%
EBIT margin				20%	45%	59%	38%	61%	66%
Net margin				-14%	11%	36%	7%	42%	51%
Net interest rate				0.0%	0.0%	5.6%	6.2%	7.2%	8.3%
Tax rate				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio				47%	31%	31%	32%	38%	43%
Leverage ratio				53%	69%	69%	68%	62%	57%
NIBD / EBITDA (past 1y)				27.6	10.2	5.0	7.6	3.3	2.3
Operating cash flow/NIBD				0.0	0.1	0.1	0.1	0.2	0.4
Net interest coverage ratio (EBITDA)						3.6	2.1	4.2	5.3
Current ratio				0.9	0.5	0.7	1.2	2.7	3.3
Adj. equity ratio						28%	26%	52%	58%
Operating assets				647	1,094	1,248	1,204	1,160	1,116
Operating liabilities				12	36	33	33	33	33
Net operating assets				635	1,058	1,215	1,171	1,127	1,083

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)

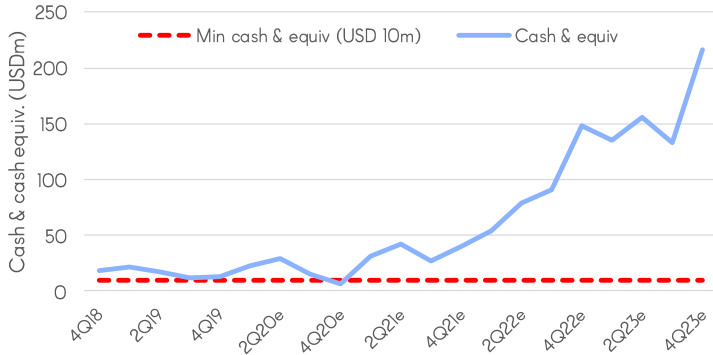




## Debt Covenants Overview

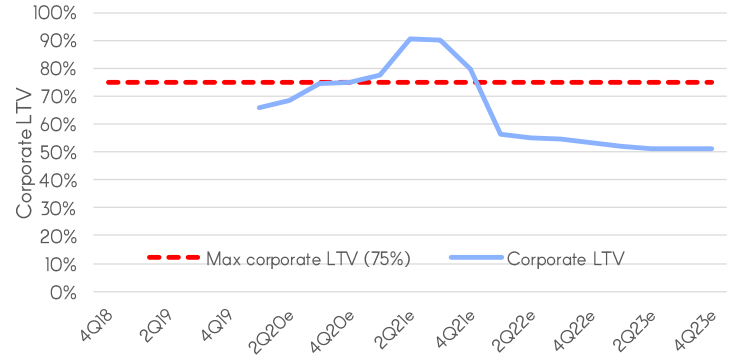
### Minimum cash covenant

Min cash & equiv (USD 10m)



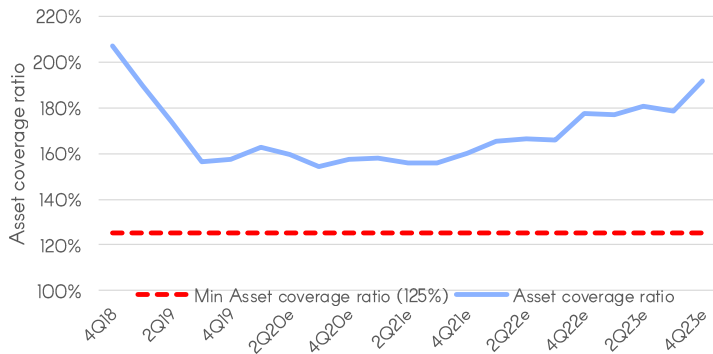
### Maximum corporate LTV covenant

Max corporate LTV (75%)



### Minimum asset coverage ratio covenant

Min Asset coverage ratio (125%)



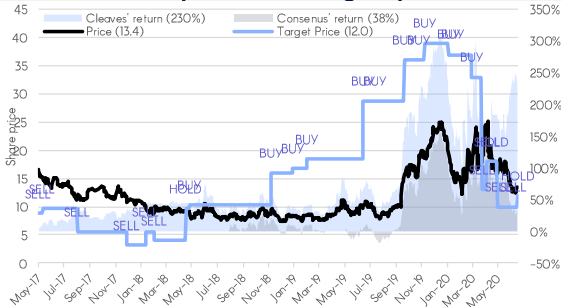


## TNK-US

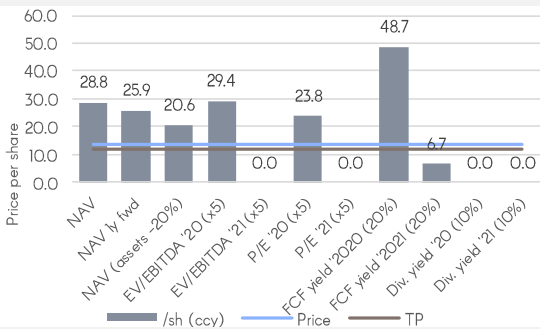
## HOLD/\$12

## Teekay Tankers

### Share price vs target price

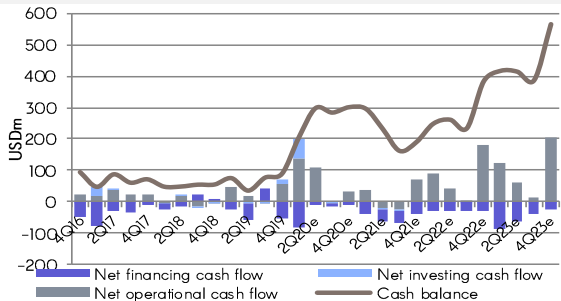


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2020E	2021E	2022E	2033E
Net sales	593	344	582	661
EBITDA (adj.)	322	102	348	427
EBIT (adj.)	207	-12	234	312
PTP (adj.)	160	-58	200	286
Net earnings (adj.)	160	-58	200	286
EPS (adj.)	4.74	-1.73	5.95	8.51
DPS	-	-	-	3.28

USDm	2020E	2021E	2022E	2033E
Fwd NAV	894	788	1,552	1,894
Adj. equity ratio	45%	46%	65%	72%
FCF yield	72%	10%	67%	86%
Dividend yield	0%	0%	0%	24%
EV/EBITDA	3.4	10.1	2.1	1.1
P/E (adj.)	2.8	-	2.3	1.6

### Key numbers

USDm	2020E	2021E	2022E	2033E
Net operational cash flow	274	57	315	400
Free cash flow	327	45	303	389
Net cash flow	213	-111	193	182
TCE/day	29,558	18,375	31,624	35,924
Cash break-even	18,693	23,034	20,267	19,294
Liquidity	304	193	386	567
Property & Equip. (incl. NB)	1,599	1,496	1,393	1,290
Total equity	1,146	1,088	1,288	1,464
Total assets	2,245	2,031	2,121	2,199
Interest bearing debt	927	771	661	564
Net interest bearing debt	623	578	275	-4
Market Cap.	452	452	452	452

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

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	109.6	222.7	182.1	245.7				
EBITDA (adj.)	35.7	152.8	114.8	147.8				
EBIT (adj.)	5.1	123.2	86.2	119.4				
PTP (adj.)	-12.5	111.4	78.0	114.3				
Net earnings (adj.)	-12.5	110.8	78.0	102.1				
EPS (adj.)	-0.05	3.29	2.32	3.03				
DPS	-	-	-	0.11				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	109.6	222.7	182.1	245.7				
Opex & G&A	73.9	69.8	67.3	97.9				
Depreciation	30.7	29.6	28.6	28.4				
Net finance	17.6	11.8	8.2	5.1				
Taxes & Minorities	-	0.7	-	12.2				

### CF & BS

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	18	139	107					
Free cash flow	12	201	104					
Net cash flow	-40	116	94					
TCE/day	21,006	42,819	36,792	49,639				
Utilization	94.0%	99.4%	97.1%					
Fleet days	5,551	5,229	5,096					
Cash break-even	23,628	22,246	17,732					
Liquidity	37	207	301					
Interest bearing debt	1,054	956	946					

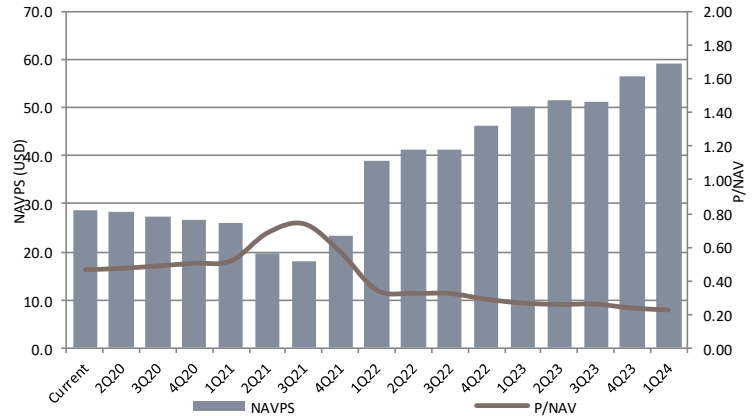


## Company Valuation

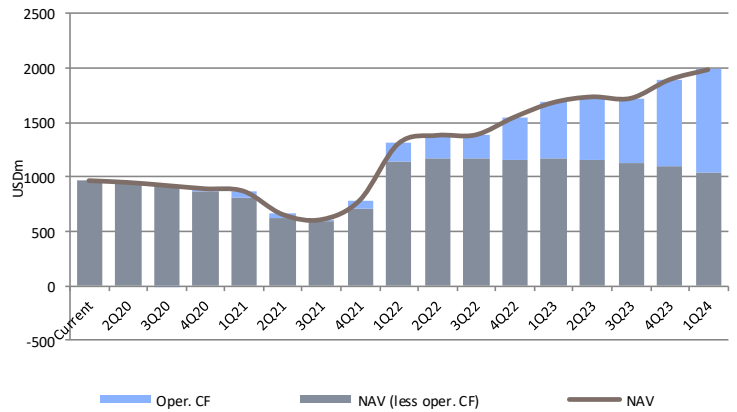
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,676	1,374	951
Contract value	0	71	49
Other	230	230	159
<b>GAV</b>	<b>1,907</b>	<b>1,676</b>	<b>1,159</b>
Net debt	-749	-643	-643
Capex	0	0	0
Other	-65	-65	-65
<b>Equity</b>	<b>1,092</b>	<b>968</b>	<b>452</b>
Shares	34	34	34
<b>Equity/sh</b>	<b>32.51</b>	<b>28.82</b>	<b>13.44</b>
1cl CCY	32.51	28.82	13.44
P/Equity	0.41	0.47	1.00
EV/GAV	0.61	0.69	1.00
Adj. Total Assets	2,225	1,923	1,499
Adj. Equity Ratio	49%	50%	30%
<b>Fair Value</b>	<b>USD</b>	<b>11.8</b>	<b>-12%</b>

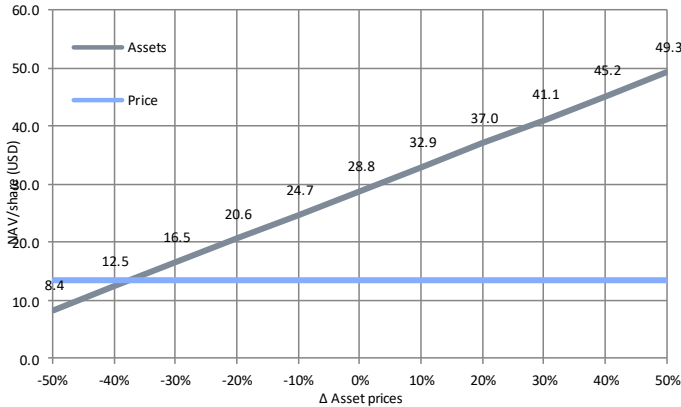
### Quarterly forward NAV & P/NAV



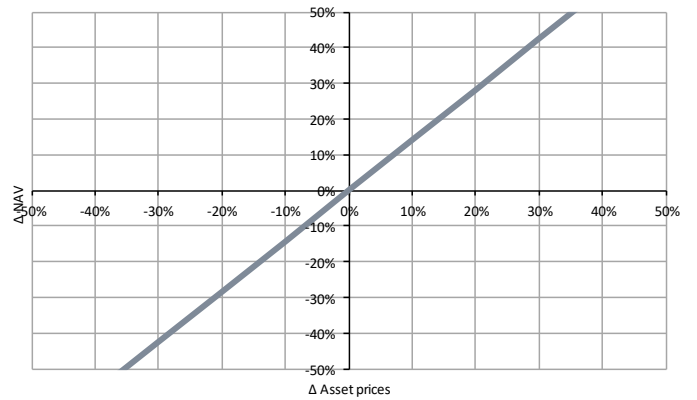
### Quarterly forward NAV decomposition



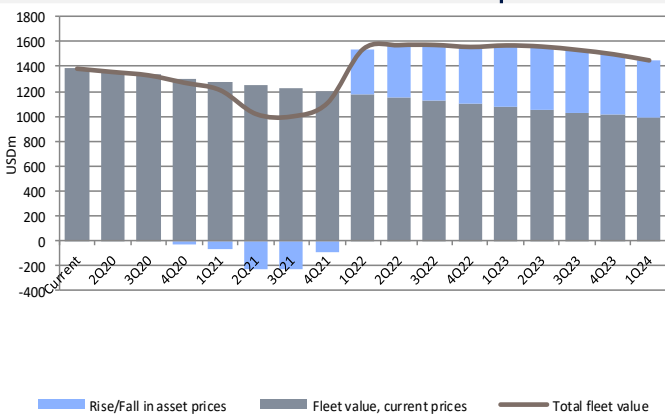
### Impact on NAV/sh from % change in asset prices



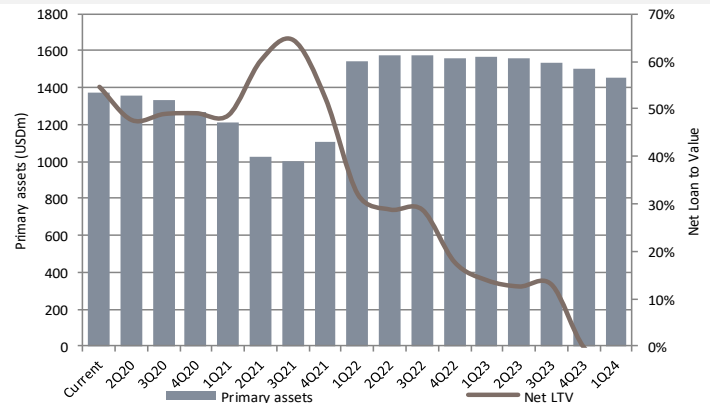
### % Impact on NAV from % change in asset prices



### 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	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	593	344	582	661	585	286	335	636	8	58	248	26	
EBITDA (adj.)	322	102	348	427	315	44	100	400	7	59	248	26	
EBIT (adj.)	207	-12	234	312	200	-71	-15	286	7	59	248	26	
PTP (adj.)	160	-58	200	286	157	-114	-57	252	3	56	257	34	
Net earnings (adj.)	160	-58	200	286	156	-114	-57	252	3	56	257	34	
EPS (adj.)	4.74	-1.73	5.95	8.51	4.65	-3.40	-1.70	7.50	0.09	1.68	7.65	1.01	
DPS	-	-	-	3.28	0.62	-	-	1.70	-0.62	-	-	1.58	
									2020E	2021E	2022E	2023E	
									TCE revenue	8	58	248	26
									Opex & C&A	1	-1	-1	-1
									Depreciation	-	-	-	-
									Net finance	3	2	-9	-8
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	274	57	315	400	268	0	57	366	6	56	257	34
Free cash flow	327	45	303	389	256	-11	46	355	71	56	257	34
Net cash flow	213	-111	193	182	-32	-10	36	201	245	-101	157	-19
TCE/day	29,558	18,375	31,624	35,924	29,371	15,284	18,152	34,449	187	3,091	13,472	1,475
Cash break-even	18,693	23,034	20,267	19,294	18,825	25,126	20,513	19,686	-132	-2,092	-247	-393
Liquidity	304	193	386	567	60	49	85	286	244	144	301	281
Property & Equip. (incl. NB)	1,599	1,496	1,393	1,290	1,646	1,543	1,440	1,337	-47	-47	-47	-47
Total equity	1,146	1,088	1,288	1,464	1,122	1,007	950	1,145	25	81	338	319
Total assets	2,245	2,031	2,121	2,199	2,093	1,980	1,913	2,011	152	51	208	189
Interest bearing debt	927	771	661	564	776	777	767	670	151	-6	-106	-106
Net interest bearing debt	623	578	275	-4	716	728	682	384	-93	-150	-407	-388
Market Cap.	452	452	452	452	554	554	554	554	-102	-102	-102	-102
Enterprise value	1,075	1,030	727	448	1,271	1,282	1,236	938	-196	-252	-509	-490

### Valuation

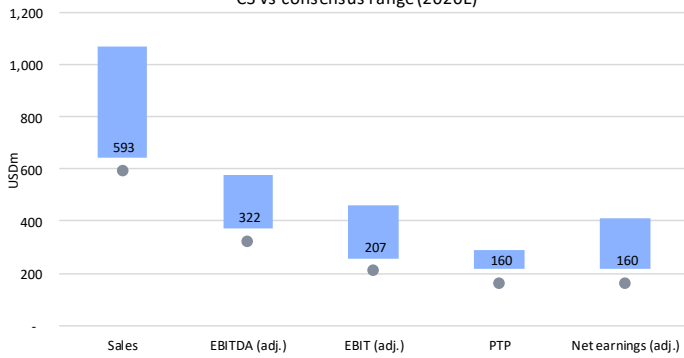
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	894	788	1,552	1,894	750	506	797	1,461	144	283	755	433
Adj. equity ratio	45%	46%	65%	72%	44%	34%	45%	63%	1%	11%	20%	9%
FCF yield	72%	10%	67%	86%	46%	-2%	8%	64%	26%	12%	59%	22%
Dividend yield	0%	0%	0%	24%	4%	0%	0%	10%	-4%	0%	0%	14%
EV/EBITDA	3.4	10.1	2.1	1.1	4.1	29.3	12.4	2.3	-0.7	-19.2	-10.3	-1.3
P/E (adj.)	2.8		2.3	1.6	3.5			2.2	-0.7	#####	#####	-0.6



## Our Estimates vs Consensus

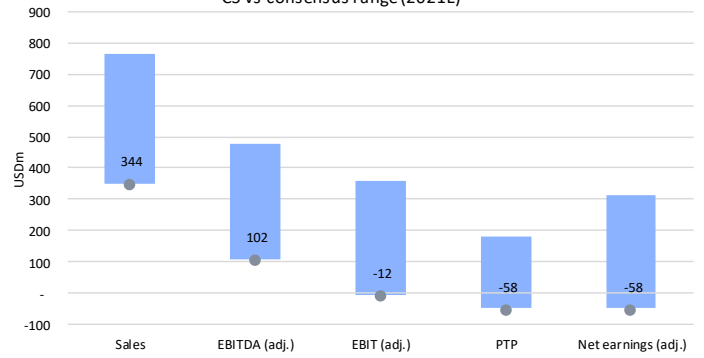
### Profit & Loss, year I

CS vs consensus range (2020E)

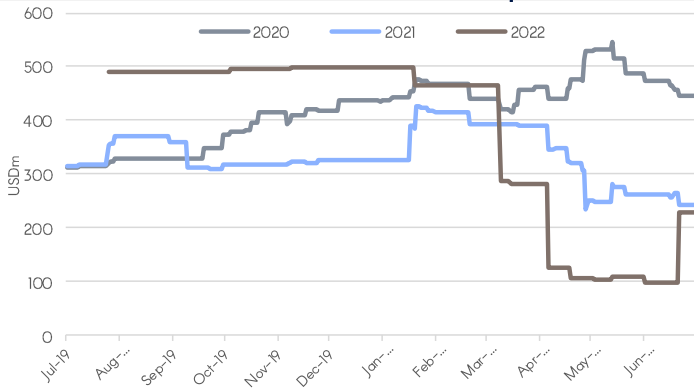


### Profit & Loss, year II

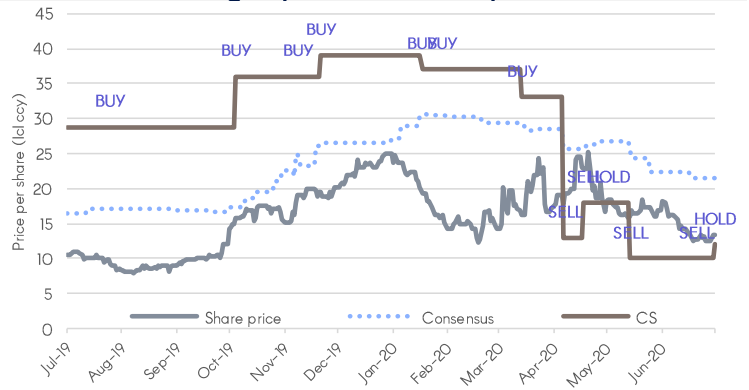
CS vs consensus range (2021E)



### Consensus EBITDA development



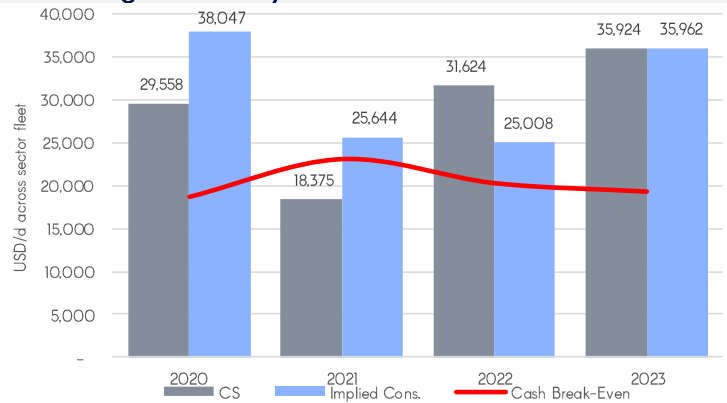
### Target price vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	593	763	-170	-22%	
Opex + G&A	270	318	-47	-15%	
Depreciation	116	118	-2	-2%	
Net finance	46	82	-36	-44%	
Taxes & Minorities	1	-38	39	-102%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	344	480	-136	-28%	
Opex + G&A	242	237	5	2%	
Depreciation	115	98	16	17%	
Net finance	46	96	-50	-52%	
Taxes & Minorities	0	-24	24	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	110	95	201	223	182	79	109	110	51
Operational costs	-74	-68	-79	-73	-67	-67	-67	-62	-60
EBITDA	36	27	122	150	115	12	42	48	-10
Depreciation/Amortization	-31	-32	-32	-30	-29	-29	-29	-29	-29
EBIT	5	-5	90	120	86	-17	14	20	-38
Net financials	-19	-15	-14	-13	-8	-14	-13	-12	-12
PTP	-14	-20	76	108	78	-30	1	8	-51
Taxes/Minorities	0	0	-13	-1	0	0	0	0	0
<b>Net earnings</b>	<b>-14</b>	<b>-20</b>	<b>63</b>	<b>107</b>	<b>78</b>	<b>-30</b>	<b>1</b>	<b>8</b>	<b>-51</b>
Non-recurring items	2	-1	17	4	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>-13</b>	<b>-21</b>	<b>80</b>	<b>111</b>	<b>78</b>	<b>-30</b>	<b>1</b>	<b>8</b>	<b>-51</b>
EPS	-0.05	-0.07	0.23	3.17	2.32	-0.90	0.03	0.23	-1.51
EPS (adj.)	-0.05	-0.08	0.30	3.29	2.32	-0.90	0.03	0.23	-1.51
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	35	77	89	203	297	283	301	295	231
Other current assets	193	185	332	292	292	292	292	292	292
<b>Total current assets</b>	<b>228</b>	<b>262</b>	<b>421</b>	<b>495</b>	<b>589</b>	<b>575</b>	<b>592</b>	<b>587</b>	<b>523</b>
Property & equip. (incl. NBs)	1,857	1,836	1,750	1,676	1,650	1,625	1,599	1,573	1,547
Other non-current assets	69	72	58	53	53	53	53	53	53
<b>Total non-current assets</b>	<b>1,925</b>	<b>1,909</b>	<b>1,808</b>	<b>1,730</b>	<b>1,704</b>	<b>1,678</b>	<b>1,652</b>	<b>1,627</b>	<b>1,601</b>
<b>TOTAL ASSETS</b>	<b>2,154</b>	<b>2,170</b>	<b>2,229</b>	<b>2,225</b>	<b>2,293</b>	<b>2,253</b>	<b>2,245</b>	<b>2,214</b>	<b>2,124</b>
<b>Total equity</b>	<b>946</b>	<b>926</b>	<b>990</b>	<b>1,097</b>	<b>1,175</b>	<b>1,145</b>	<b>1,146</b>	<b>1,154</b>	<b>1,103</b>
Short-term debt	153	193	135	125	151	151	141	142	146
Other current liabilities	117	103	144	120	120	120	120	120	120
<b>Total current liabilities</b>	<b>270</b>	<b>295</b>	<b>280</b>	<b>245</b>	<b>272</b>	<b>271</b>	<b>261</b>	<b>262</b>	<b>266</b>
Long-term debt	901	911	909	831	795	786	786	746	703
Other non-current liabilities	37	38	51	52	52	52	52	52	52
<b>Total non-current liabilities</b>	<b>939</b>	<b>948</b>	<b>960</b>	<b>883</b>	<b>846</b>	<b>837</b>	<b>838</b>	<b>798</b>	<b>754</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,154</b>	<b>2,170</b>	<b>2,229</b>	<b>2,225</b>	<b>2,293</b>	<b>2,253</b>	<b>2,245</b>	<b>2,214</b>	<b>2,124</b>
Working capital, receivables	131	105	145	159	159	159	159	159	159
Working capital, payables	116	103	131	107	107	107	107	107	107
<b>Net working capital</b>	<b>15</b>	<b>2</b>	<b>15</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>
Interest bearing debt	1,054	1,103	1,044	956	946	937	927	888	849
Liquidity	37	79	92	207	301	287	304	298	235
<b>Net interest bearing debt</b>	<b>1,017</b>	<b>1,024</b>	<b>952</b>	<b>749</b>	<b>646</b>	<b>650</b>	<b>623</b>	<b>589</b>	<b>614</b>
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	-14	-20	63	107	78	-30	1	8	-51
Depreciation	31	32	32	30	29	29	29	29	29
Other	-15	-9	-25	2	0	0	0	0	0
<b>Cash earnings</b>	<b>1</b>	<b>3</b>	<b>70</b>	<b>139</b>	<b>107</b>	<b>-1</b>	<b>30</b>	<b>36</b>	<b>-22</b>
Changes in working capital	17	-5	-15	0	0	0	0	0	0
<b>Net operational cash flow</b>	<b>18</b>	<b>-2</b>	<b>55</b>	<b>139</b>	<b>107</b>	<b>-1</b>	<b>30</b>	<b>36</b>	<b>-22</b>
Capex	-6	-1	-4	-1	-3	-3	-3	-3	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	20	61	0	0	0	0	0
Other	0	0	0	2	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-6</b>	<b>-1</b>	<b>16</b>	<b>62</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>
Repayment of debt	-167	-56	-56	-564	-10	-10	-10	-39	-39
Proceeds from debt	115	100	0	479	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-52</b>	<b>44</b>	<b>-56</b>	<b>-85</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-39</b>	<b>-39</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-40</b>	<b>42</b>	<b>14</b>	<b>116</b>	<b>94</b>	<b>-14</b>	<b>17</b>	<b>-5</b>	<b>-64</b>
Cash balance	35	77	89	203	297	283	301	295	231
<b>Free cash flow</b>	<b>12</b>	<b>-2</b>	<b>70</b>	<b>201</b>	<b>104</b>	<b>-4</b>	<b>27</b>	<b>34</b>	<b>-25</b>



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	494	497	354	395	542	593	344	582	661
Operational costs	-233	-296	-252	-269	-294	-274	-242	-234	-235
EBITDA	261	201	102	126	248	319	102	348	427
Depreciation/Amortization	-74	-104	-100	-119	-124	-116	-115	-115	-115
EBIT	187	97	1	7	124	203	-12	234	312
Net financials	-8	-29	-59	-50	-62	-47	-46	-34	-26
PTP	180	68	-58	-43	61	157	-58	200	286
Taxes/Minorities	0	0	0	-9	-20	-1	0	0	0
Net earnings	180	68	-58	-53	41	156	-58	200	286
Non-recurring items	-3	0	0	0	0	4	0	0	0
Net earnings (adj.)	177	68	-58	-53	41	160	-58	200	286
EPS	9.21	3.41	-1.73	-12.51	0.15	4.63	-1.73	5.95	8.51
EPS (adj.)	9.07	3.41	-1.73	-12.51	0.15	4.74	-1.73	5.95	8.51
DPS	0.78	2.35	0.62	1.92	0.00	0.00	0.00	0.00	3.28
<b>Balance Sheet (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Cash & short-term investments	96	94	71	55	89	301	190	383	564
Other current assets	183	164	105	171	332	292	292	292	292
Total current assets	280	258	177	226	421	592	481	674	856
Property & equip. (incl. NBs)	1,768	1,605	1,738	1,884	1,770	1,599	1,496	1,393	1,290
Other non-current assets	122	101	283	52	39	53	53	53	53
Total non-current assets	1,890	1,706	2,021	1,935	1,808	1,652	1,549	1,446	1,344
TOTAL ASSETS	2,169	1,964	2,197	2,161	2,229	2,245	2,031	2,121	2,199
Total equity	877	933	1,007	947	990	1,146	1,088	1,288	1,464
Short-term debt	174	171	174	127	135	141	144	137	139
Other current liabilities	116	85	63	71	144	120	120	120	120
Total current liabilities	290	256	237	198	280	261	264	257	259
Long-term debt	991	762	927	984	909	786	627	524	425
Other non-current liabilities	12	14	27	33	51	52	52	52	52
Total non-current liabilities	1,002	776	954	1,016	960	838	678	576	476
TOTAL EQUITY & LIABILITIES	2,169	1,964	2,197	2,161	2,229	2,245	2,031	2,121	2,199
Working capital, receivables	28	34	19	41	145	159	159	159	159
Working capital, payables	79	43	42	52	131	107	107	107	107
Net working capital	-50	-9	-23	-11	15	52	52	52	52
Interest bearing debt	1,165	933	1,101	1,111	1,044	927	771	661	564
Liquidity	97	95	73	57	92	304	193	386	567
Net interest bearing debt	1,067	838	1,028	1,054	952	623	578	275	-4
<b>Cash Flow (USDm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net income	180	68	-58	-53	41	156	-58	200	286
Depreciation	74	104	100	119	124	116	115	115	115
Other	-69	5	31	-79	-52	2	0	0	0
Cash earnings	184	177	74	-13	114	274	57	315	400
Changes in working capital	-17	30	7	6	4	0	0	0	0
Net operational cash flow	167	207	80	-7	118	274	57	315	400
Capex	-848	-9	-5	-6	-12	-9	-12	-12	-12
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	11	28	52	1	20	61	0	0	0
Other	-45	4	31	1	0	-3	0	0	0
Net investing cash flow	-882	22	79	-4	8	53	-12	-12	-12
Repayment of debt	452	-236	-324	-237	-153	-593	-156	-110	-97
Proceeds from debt	689	906	233	81	57	479	0	0	0
Dividends paid	-15	-47	-21	-8	0	0	0	0	-110
New equity	242	8	14	0	0	0	0	0	0
Other	-719	-922	-80	160	7	-3	0	0	0
Net financing cash flow	649	-291	-178	-3	-90	-114	-156	-110	-207
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-66	-62	-19	-15	36	213	-111	193	182
Cash balance	96	94	71	55	89	302	191	384	565
Free cash flow	-715	228	159	-12	126	327	45	303	389



# Cleaves Securities

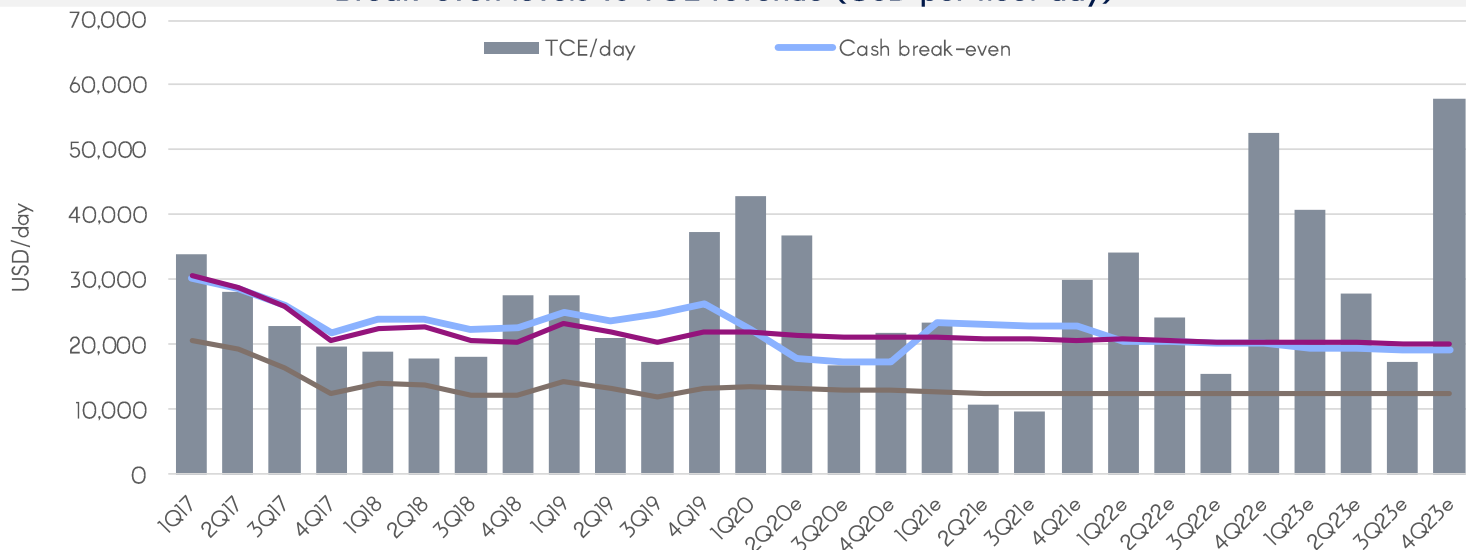
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	20	20	34	4	269	34	34	34	34
Share price, avg (USD)	53	26	15	9	11	15	13	13	13
Share price, end (USD)	55	18	11	7	24	13	13	13	13
<b>Market Cap.</b>	<b>1,073</b>	<b>360</b>	<b>375</b>	<b>31</b>	<b>6,443</b>	<b>452</b>	<b>452</b>	<b>452</b>	<b>452</b>
NIBD	1,067	838	1,028	1,054	952	623	578	275	-4
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>2,141</b>	<b>1,198</b>	<b>1,404</b>	<b>1,085</b>	<b>7,395</b>	<b>1,075</b>	<b>1,030</b>	<b>727</b>	<b>448</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	6.0	5.3				2.9		2.3	1.6
P/E (adj.)	6.1	5.3				2.8		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	2.2	0.7	1.1	0.1	11.9	0.8	1.3	0.8	0.7
EV/Sales	4.3	2.4	4.0	2.7	13.7	1.8	3.0	1.2	0.7
EV/EBITDA	8.2	6.0	13.8	8.6	29.8	3.4	10.1	2.1	1.1
EV/EBIT	11.4	12.4			59.7	5.3		3.1	1.4
P/B	1.2	0.4	0.4	0.0	6.5	0.4	0.4	0.4	0.3
FCF yield	-67%	63%	42%	-38%	2%	72%	10%	67%	86%
Dividend yield	1.4%	13.0%	5.5%	25.8%	0.0%	0.0%	0.0%	0.0%	24.4%
Return on equity (ROE)	20.5%	7.3%	-5.8%	-5.5%	4.2%	13.6%	-5.3%	15.5%	19.5%
Return on capital employed (ROCE)	9.6%	5.5%	0.1%	0.4%	6.4%	11.5%	-0.7%	15.0%	21.4%
Return on assets (ROA)	8.3%	3.5%	-2.6%	-2.4%	1.9%	6.9%	-2.9%	9.4%	13.0%
Sales growth	107%	-3%	-29%	12%	37%	9%	-42%	69%	14%
EBITDA margin	53%	40%	29%	32%	46%	54%	30%	60%	65%
EBIT margin	38%	19%	0%	2%	23%	34%	-4%	40%	47%
Net margin	36%	14%	-16%	-13%	8%	26%	-17%	34%	43%
Net interest rate	1.6%	3.6%	3.0%	5.6%	6.9%	8.8%	8.3%	14.7%	-966.0%
Tax rate	0.0%	0.0%	0.0%	-21.8%	32.7%	0.4%	0.0%	0.0%	0.0%
Equity ratio	40%	47%	46%	44%	44%	51%	54%	61%	67%
Leverage ratio	60%	53%	54%	56%	56%	49%	46%	39%	33%
NIBD / EBITDA (past 1y)	4.1	4.2	10.1	8.4	3.8	2.0	5.6	0.8	0.0
Operating cash flow/NIBD	0.2	0.2	0.1	0.0	0.1	0.4	0.1	1.1	-112.0
Net interest coverage ratio (EBITDA)	15.0	6.7	3.3	2.1	3.8	5.8	2.1	8.6	12.4
Current ratio	1.0	1.0	0.7	1.1	1.5	2.3	1.8	2.6	3.3
Adj. equity ratio						45%	46%	65%	72%
Operating assets	2,072	1,869	2,122	2,101	2,134	1,938	1,835	1,732	1,629
Operating liabilities	127	99	90	103	196	172	172	172	172
Net operating assets	1,945	1,771	2,032	1,997	1,939	1,766	1,663	1,560	1,457

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)



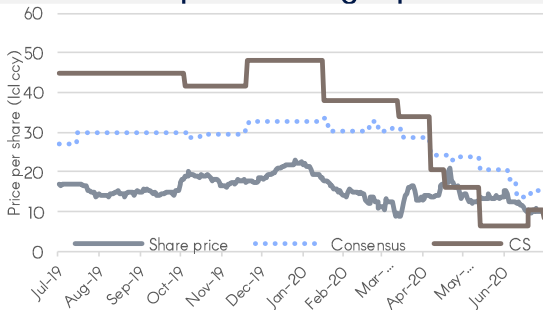


## TNP-US

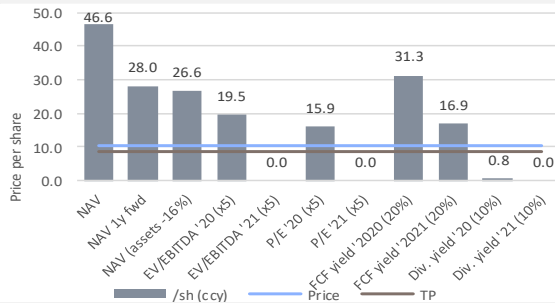
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## Tsakos Energy Navigation

Share price vs target price

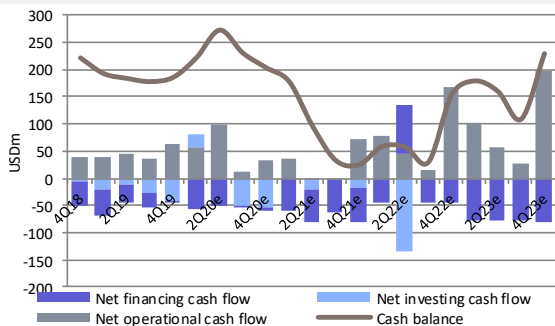


Valuation matrix



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Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	541	429	635	695
EBITDA (adj.)	312	199	402	477
EBIT (adj.)	168	48	245	319
PTP (adj.)	64	-49	153	235
Net earnings (adj.)	61	-49	148	228
EPS (adj.)	3.27	-2.57	7.73	11.90
DPS	0.08	-	-	0.10
USDm	2020E	2021E	2022E	2023E
Fwd NAV	564	456	1,239	1,545
Adj. equity ratio	26%	26%	50%	63%
FCF yield	61%	33%	87%	198%
Dividend yield	1%	0%	0%	1%
EV/EBITDA	4.4	6.6	2.8	1.6
P/E (adj.)	3.2	-	1.3	0.9

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	202	102	304	386
Free cash flow	120	65	170	386
Net cash flow	5	-178	129	75
TCE/day	23,810	18,467	27,022	30,355
Cash break-even	20,192	21,664	18,543	23,643
Liquidity	216	37	166	241
Property & Equip. (incl. NB)	2,700	2,586	2,564	2,406
Total equity	1,528	1,520	1,709	1,975
Total assets	3,137	2,845	2,952	2,868
Interest bearing debt	1,425	1,182	1,141	832
Net interest bearing debt	1,209	1,144	974	590
Market Cap.	195	195	195	195

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

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	108.8	146.2	183.9	180.7				
EBITDA (adj.)	53.3	88.0	128.2	123.7				
EBIT (adj.)	19.0	53.1	92.1	88.4				
PTP (adj.)	-13.4	26.4	66.1	66.0				
Net earnings (adj.)	-12.6	25.7	63.9	69.0				
EPS (adj.)	-0.72	1.43	3.34	3.11				
DPS	-	0.08	-					
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	108.8	146.2	183.9	180.7				
Opex & G&A	55.6	58.2	55.7	57.0				
Depreciation	34.3	34.8	36.1	35.2				
Net finance	32.4	26.7	26.0	22.4				
Taxes & Minorities	-0.8	0.8	2.1	-3.0				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	45	57	110					
Free cash flow	33	80	110					
Net cash flow	1	23	61					
TCE/day	19,347	26,312	32,708	32,142				
Utilization	96.6%	93.5%	95.0%					
Fleet days	5,824	5,943	5,917					
Cash break-even	18,471	20,955	20,201					
Liquidity	193	234	295					
Interest bearing debt	1,532	1,481	1,433					

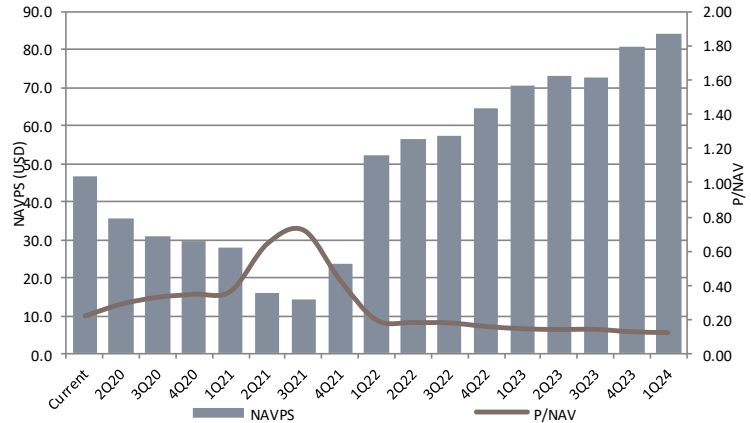


## Company Valuation

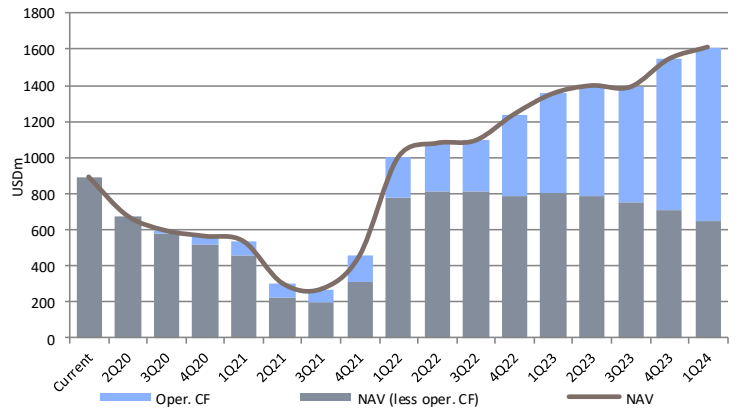
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,705	2,394	1,745
Contract value	0	44	32
Other	134	134	97
<b>GAV</b>	<b>2,838</b>	<b>2,572</b>	<b>1,874</b>
Net debt	-1,247	-1,149	-1,149
Capex	0	-276	-276
Other	-149	-255	-255
<b>Equity</b>	<b>1,442</b>	<b>892</b>	<b>195</b>
Shares	19	19	19
<b>Equity/sh</b>	<b>75.38</b>	<b>46.63</b>	<b>10.20</b>
lcl CCY	75.38	46.63	10.20
P/Equity	0.14	0.22	1.00
EV/GAV	0.66	0.73	1.00
Adj. Total Assets	3,160	2,849	2,200
Adj. Equity Ratio	46%	31%	9%
<b>Fair Value</b>	<b>USD</b>	<b>8.5</b>	<b>-17%</b>

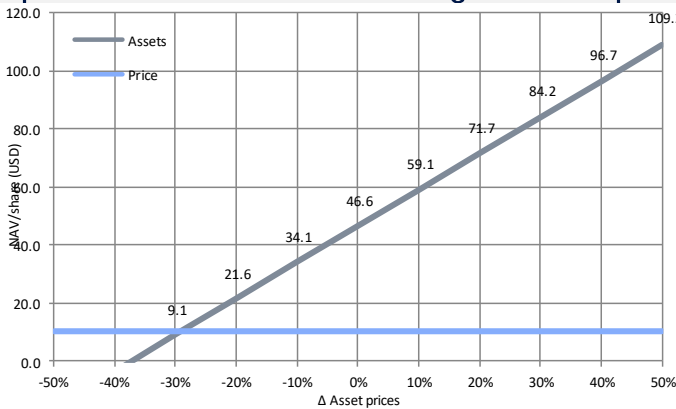
### Quarterly forward NAV & P/NAV



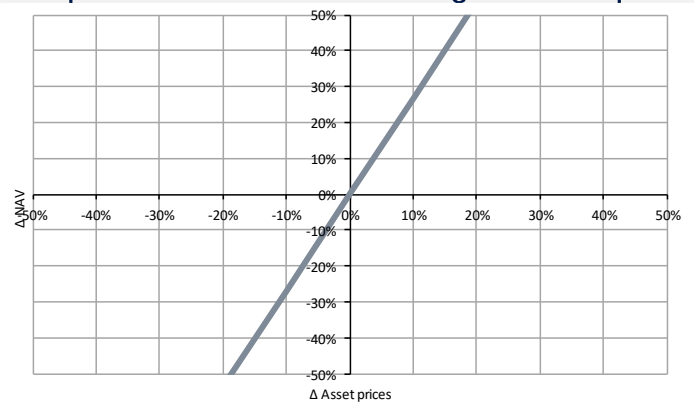
### Quarterly forward NAV decomposition



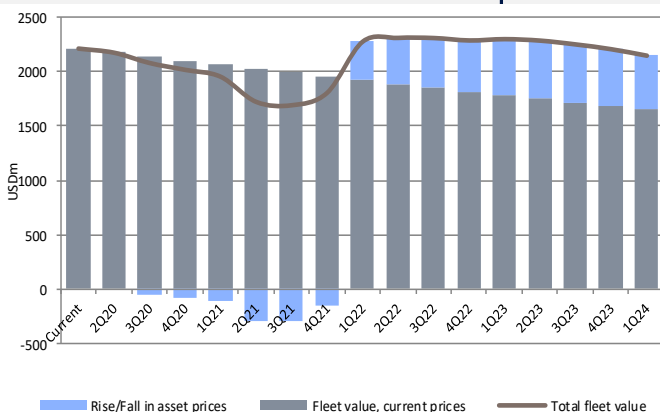
### Impact on NAV/sh from % change in asset prices



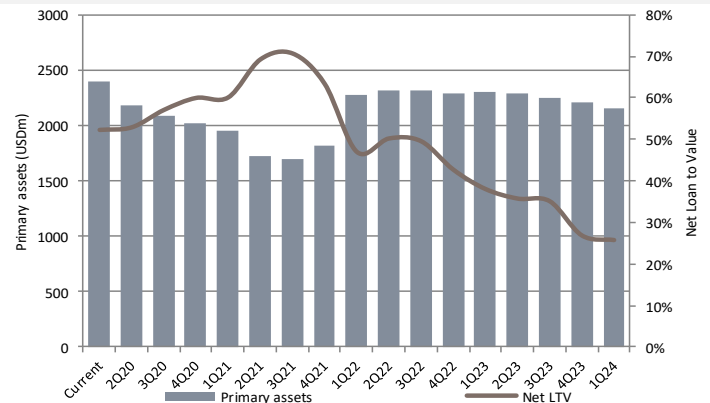
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value



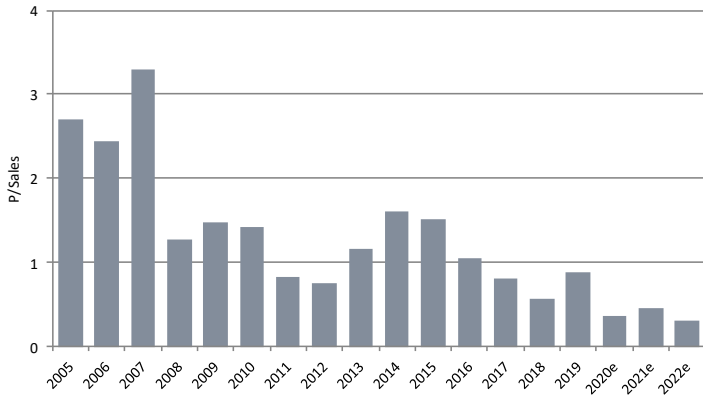


# Cleaves Securities

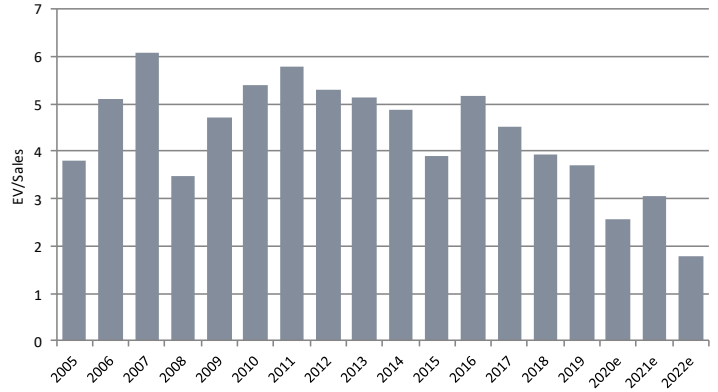
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

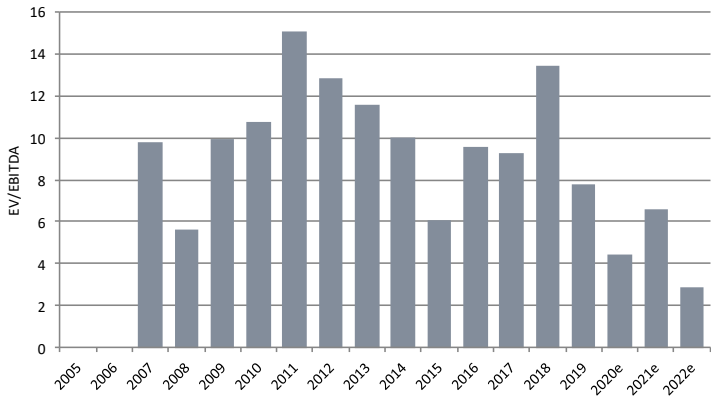
### P/Sales



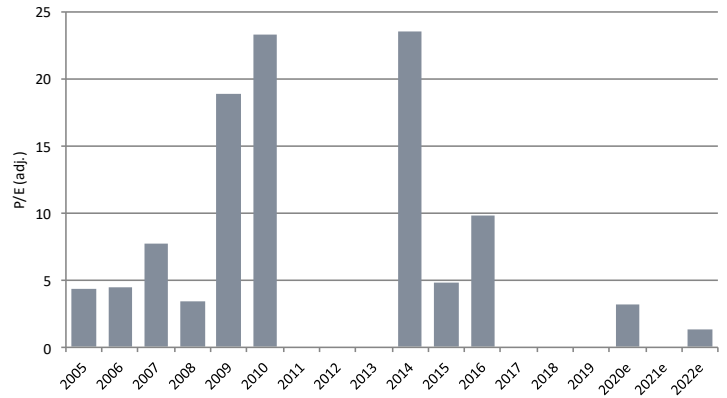
### EV/Sales



### EV/EBITDA



### P/E (adj.)





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	541	429	635	695	569	419	444	680	-28	11	191	15	
EBITDA (adj.)	312	199	402	477	344	190	213	464	-32	9	189	14	
EBIT (adj.)	168	48	245	319	197	38	55	304	-29	10	191	15	
PTP (adj.)	64	-49	153	235	79	-70	-49	209	-16	21	203	26	
Net earnings (adj.)	61	-49	148	228	80	-70	-48	210	-19	21	196	18	
EPS (adj.)	3.27	-2.57	7.73	11.90	4.20	-3.65	-2.53	10.96	-0.92	1.08	10.26	0.93	
DPS	0.08	-	-	0.10	0.25	-	-	0.50	-0.18	-	-	-0.40	
									<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	
									TCE revenue	-28	11	191	15
									Opex & G&A	4	2	2	2
									Depreciation	-3	-2	-2	-2
									Net finance	-13	-11	-12	-11
									Taxes & Minorities	3	1	6	8

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	202	102	304	386	264	119	146	407	-63	-18	158	-21
Free cash flow	120	65	170	386	123	81	13	407	-3	-17	156	-21
Net cash flow	5	-178	129	75	34	-173	32	100	-29	-6	96	-25
TCE/day	23,810	18,467	27,022	30,355	24,985	18,011	18,882	29,635	-1,175	457	8,140	720
Cash break-even	20,192	21,664	18,543	23,643	21,334	22,649	18,707	25,769	-1,142	-985	-164	-2,126
Liquidity	216	37	166	241	231	59	91	191	-16	-21	75	50
Property & Equip. (incl. NB)	2,700	2,586	2,564	2,406	2,710	2,596	2,571	2,411	-10	-9	-6	-5
Total equity	1,528	1,520	1,709	1,975	1,585	1,552	1,540	1,777	-56	-32	169	198
Total assets	3,137	2,845	2,952	2,868	3,182	2,895	2,902	2,842	-45	-50	50	26
Interest bearing debt	1,425	1,182	1,141	832	1,471	1,217	1,236	939	-46	-35	-95	-107
Net interest bearing debt	1,209	1,144	974	590	1,240	1,158	1,145	748	-31	-14	-170	-157
Market Cap.	195	195	195	195	254	254	254	254	-59	-59	-59	-59
Enterprise value	1,380	1,316	1,141	749	1,474	1,393	1,380	984	-93	-77	-240	-235

### Valuation

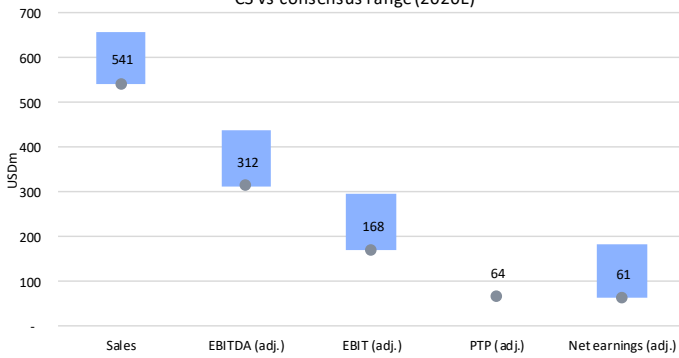
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	564	456	1,239	1,545	466	283	741	1,577	98	173	498	-32
Adj. equity ratio	26%	26%	50%	63%	23%	17%	35%	60%	3%	8%	15%	4%
FCF yield	61%	33%	87%	198%	48%	32%	5%	160%	13%	1%	82%	38%
Dividend yield	1%	0%	0%	1%	2%	0%	0%	4%	-1%	0%	0%	-3%
EV/EBITDA	4.4	6.6	2.8	1.6	4.3	7.3	6.5	2.1	0.1	-0.7	-3.6	-0.6
P/E (adj.)	3.2		1.3	0.9	3.2			1.2	0.0	#####	#####	-0.4



## Our Estimates vs Consensus

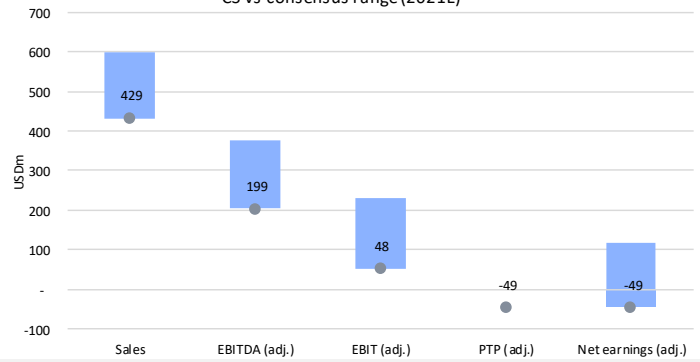
### Profit & Loss, year I

CS vs consensus range (2020E)

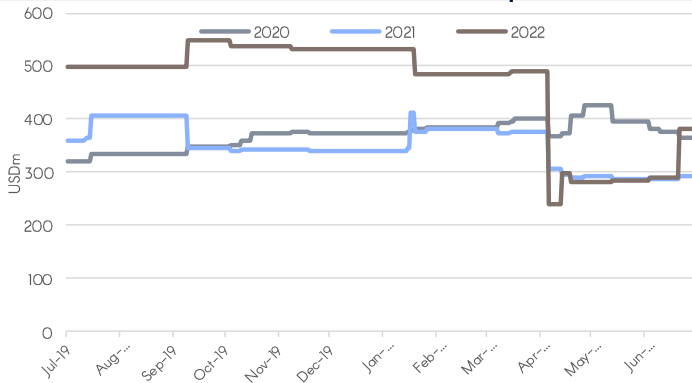


### Profit & Loss, year II

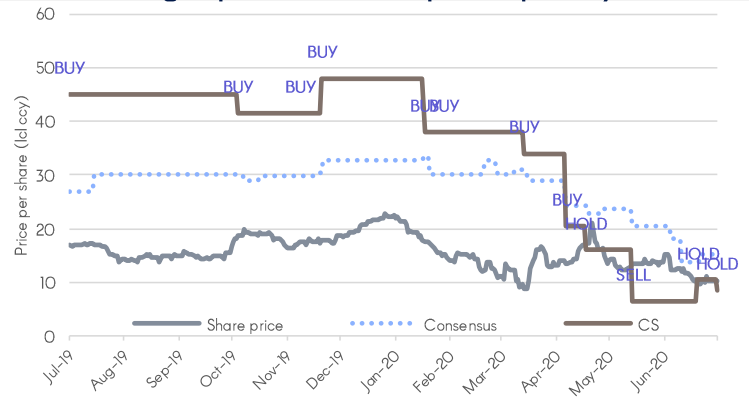
CS vs consensus range (2021E)



### Consensus EBITDA development



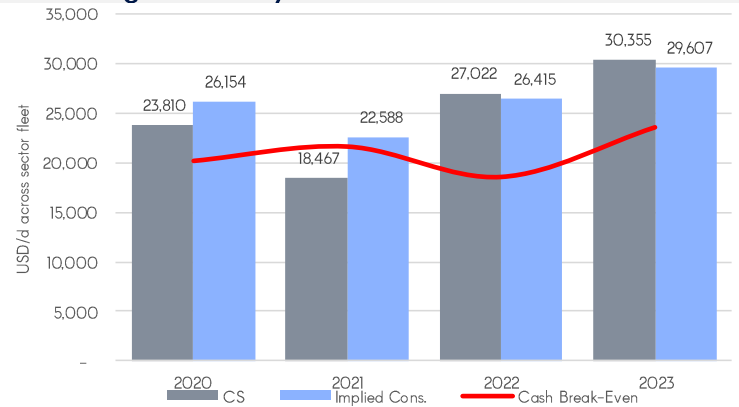
### Target price vs share price (past 1y)



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	541	594	-53	-9%	
Opex + G&A	229	228	1	0%	
Depreciation	144	142	1	1%	
Net finance	105	161	-56	-35%	
Taxes & Minorities	3	-58	60	-105%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	429	525	-96	-18%	
Opex + G&A	230	232	-2	-1%	
Depreciation	151	148	3	2%	
Net finance	98	191	-93	-49%	
Taxes & Minorities	-0	-82	82	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	109	101	146	146	184	95	116	117	79
Operational costs	-56	-55	-84	-57	-56	-57	-58	-57	-57
EBITDA	53	46	63	90	128	37	58	60	22
Depreciation/Amortization	-34	-35	-35	-35	-36	-36	-37	-38	-38
EBIT	19	12	27	55	92	1	21	23	-16
Net financials	-19	-21	-14	-33	-16	-16	-16	-15	-14
PTP	0	-10	13	22	76	-14	6	8	-30
Taxes/Minorities	1	0	0	-1	-2	0	0	0	1
<b>Net earnings</b>	<b>0</b>	<b>-10</b>	<b>13</b>	<b>21</b>	<b>74</b>	<b>-14</b>	<b>6</b>	<b>7</b>	<b>-29</b>
Non-recurring items	-13	-10	11	4	-10	-10	-10	-10	-10
<b>Net earnings (adj.)</b>	<b>-13</b>	<b>-20</b>	<b>24</b>	<b>26</b>	<b>64</b>	<b>-24</b>	<b>-5</b>	<b>-3</b>	<b>-40</b>
EPS	0.02	-0.53	0.69	1.18	3.87	-0.73	0.29	0.39	-1.54
EPS (adj.)	-0.72	-1.10	1.26	1.43	3.34	-1.26	-0.24	-0.15	-2.07
DPS	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	183	177	185	221	271	229	203	177	96
Other current assets	195	203	212	193	193	193	193	193	193
<b>Total current assets</b>	<b>378</b>	<b>380</b>	<b>397</b>	<b>414</b>	<b>465</b>	<b>423</b>	<b>396</b>	<b>370</b>	<b>289</b>
Property & equip. (incl. NBs)	2,747	2,717	2,716	2,705	2,669	2,682	2,700	2,662	2,643
Other non-current assets	39	39	41	41	41	41	41	41	41
<b>Total non-current assets</b>	<b>2,787</b>	<b>2,756</b>	<b>2,757</b>	<b>2,746</b>	<b>2,710</b>	<b>2,723</b>	<b>2,741</b>	<b>2,703</b>	<b>2,684</b>
<b>TOTAL ASSETS</b>	<b>3,165</b>	<b>3,136</b>	<b>3,154</b>	<b>3,160</b>	<b>3,174</b>	<b>3,146</b>	<b>3,137</b>	<b>3,073</b>	<b>2,973</b>
<b>Total equity</b>	<b>1,443</b>	<b>1,460</b>	<b>1,472</b>	<b>1,464</b>	<b>1,537</b>	<b>1,523</b>	<b>1,528</b>	<b>1,536</b>	<b>1,506</b>
Short-term debt	193	193	243	205	208	212	217	211	212
Other current liabilities	157	114	111	200	200	200	200	200	200
<b>Total current liabilities</b>	<b>350</b>	<b>306</b>	<b>354</b>	<b>404</b>	<b>408</b>	<b>412</b>	<b>417</b>	<b>410</b>	<b>412</b>
Long-term debt	1,339	1,336	1,313	1,276	1,225	1,217	1,207	1,153	1,091
Other non-current liabilities	33	33	15	15	15	15	15	15	15
<b>Total non-current liabilities</b>	<b>1,372</b>	<b>1,370</b>	<b>1,328</b>	<b>1,291</b>	<b>1,240</b>	<b>1,231</b>	<b>1,222</b>	<b>1,168</b>	<b>1,106</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>3,165</b>	<b>3,136</b>	<b>3,154</b>	<b>3,160</b>	<b>3,184</b>	<b>3,166</b>	<b>3,167</b>	<b>3,114</b>	<b>3,024</b>
Working capital, receivables	70	70	53	53	53	53	53	53	53
Working capital, payables	39	39	87	87	87	87	87	87	87
<b>Net working capital</b>	<b>31</b>	<b>31</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>
Interest bearing debt	1,532	1,529	1,556	1,481	1,433	1,429	1,425	1,364	1,303
Liquidity	193	187	198	234	284	242	216	190	109
<b>Net interest bearing debt</b>	<b>1,339</b>	<b>1,343</b>	<b>1,358</b>	<b>1,247</b>	<b>1,149</b>	<b>1,186</b>	<b>1,209</b>	<b>1,174</b>	<b>1,194</b>
<b>Cash Flow (USDm)</b>									
Net income	0	-10	13	21	74	-14	6	7	-29
Depreciation	34	35	35	35	36	36	37	38	38
Other	11	12	15	1	-10	-10	-10	-10	-10
<b>Cash earnings</b>	<b>45</b>	<b>37</b>	<b>63</b>	<b>57</b>	<b>100</b>	<b>12</b>	<b>32</b>	<b>35</b>	<b>-2</b>
Changes in working capital	0	0	0	0	0	0	0	0	0
<b>Net operational cash flow</b>	<b>45</b>	<b>37</b>	<b>63</b>	<b>57</b>	<b>100</b>	<b>12</b>	<b>32</b>	<b>35</b>	<b>-2</b>
Capex	-12	-27	-42	23	0	-50	-55	0	-19
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>-12</b>	<b>-27</b>	<b>-42</b>	<b>23</b>	<b>0</b>	<b>-50</b>	<b>-55</b>	<b>0</b>	<b>-19</b>
Repayment of debt	-33	-25	0	-119	-48	-48	-48	-61	-61
Proceeds from debt	0	0	0	66	0	44	44	0	0
Dividends paid	0	0	0	0	-1	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	-3	0	0	0	0	0
<b>Net financing cash flow</b>	<b>-33</b>	<b>-25</b>	<b>0</b>	<b>-57</b>	<b>-49</b>	<b>-4</b>	<b>-4</b>	<b>-61</b>	<b>-61</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>1</b>	<b>-16</b>	<b>21</b>	<b>23</b>	<b>51</b>	<b>-42</b>	<b>-27</b>	<b>-26</b>	<b>-81</b>
Cash balance	183	177	185	221	271	229	203	177	96
<b>Free cash flow</b>	<b>33</b>	<b>9</b>	<b>21</b>	<b>80</b>	<b>100</b>	<b>-38</b>	<b>-22</b>	<b>35</b>	<b>-20</b>



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	456	375	416	405	472	541	429	635	695
Operational costs	-162	-172	-213	-286	-246	-227	-230	-233	-218
EBITDA	294	203	202	119	225	313	199	402	477
Depreciation/Amortization	-106	-113	-139	-147	-139	-144	-151	-156	-158
EBIT	188	90	63	-28	86	170	48	245	319
Net financials	-30	-33	-54	-73	-72	-80	-57	-51	-43
PTP	158	56	9	-101	14	90	-8	194	276
Taxes/Minorities	0	-1	-2	2	1	-3	0	-5	-8
<b>Net earnings</b>	<b>158</b>	<b>56</b>	<b>8</b>	<b>-99</b>	<b>15</b>	<b>87</b>	<b>-8</b>	<b>189</b>	<b>268</b>
Non-recurring items	-13	-16	-24	-34	-43	-26	-41	-41	-41
<b>Net earnings (adj.)</b>	<b>145</b>	<b>40</b>	<b>-16</b>	<b>-133</b>	<b>-28</b>	<b>61</b>	<b>-49</b>	<b>148</b>	<b>228</b>
EPS	9.06	3.33	0.44	-5.66	0.80	4.62	-0.43	9.86	14.03
EPS (adj.)	8.29	2.38	-0.94	-7.59	-1.47	3.27	-2.57	7.73	11.90
DPS	1.91	2.41	2.31	2.54	2.59	0.08	0.00	0.00	0.10
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	290	188	190	205	185	203	24	153	228
Other current assets	163	171	115	113	212	193	193	193	193
<b>Total current assets</b>	<b>452</b>	<b>358</b>	<b>304</b>	<b>318</b>	<b>397</b>	<b>396</b>	<b>217</b>	<b>346</b>	<b>421</b>
Property & equip. (incl. NBs)	2,425	2,894	3,030	2,846	2,716	2,700	2,586	2,564	2,406
Other non-current assets	24	26	39	42	41	41	41	41	41
<b>Total non-current assets</b>	<b>2,448</b>	<b>2,919</b>	<b>3,069</b>	<b>2,888</b>	<b>2,757</b>	<b>2,741</b>	<b>2,627</b>	<b>2,605</b>	<b>2,447</b>
<b>TOTAL ASSETS</b>	<b>2,901</b>	<b>3,278</b>	<b>3,374</b>	<b>3,205</b>	<b>3,154</b>	<b>3,137</b>	<b>2,845</b>	<b>2,952</b>	<b>2,868</b>
<b>Total equity</b>	<b>1,415</b>	<b>1,417</b>	<b>1,508</b>	<b>1,507</b>	<b>1,472</b>	<b>1,528</b>	<b>1,520</b>	<b>1,709</b>	<b>1,975</b>
Short-term debt	320	288	226	161	243	217	212	208	220
Other current liabilities	82	105	113	94	111	200	200	200	200
<b>Total current liabilities</b>	<b>402</b>	<b>393</b>	<b>339</b>	<b>254</b>	<b>354</b>	<b>417</b>	<b>411</b>	<b>408</b>	<b>420</b>
Long-term debt	1,081	1,466	1,526	1,435	1,313	1,207	970	932	612
Other non-current liabilities	3	1	1	9	15	15	15	15	15
<b>Total non-current liabilities</b>	<b>1,084</b>	<b>1,467</b>	<b>1,527</b>	<b>1,444</b>	<b>1,328</b>	<b>1,222</b>	<b>985</b>	<b>947</b>	<b>626</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,901</b>	<b>3,278</b>	<b>3,374</b>	<b>3,205</b>	<b>3,154</b>	<b>3,167</b>	<b>2,916</b>	<b>3,064</b>	<b>3,021</b>
Working capital, receivables	60	57	44	56	53	53	53	53	53
Working capital, payables	63	87	91	83	87	87	87	87	87
<b>Net working capital</b>	<b>-3</b>	<b>-30</b>	<b>-47</b>	<b>-28</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>	<b>-34</b>
Interest bearing debt	1,400	1,754	1,752	1,596	1,556	1,425	1,182	1,141	832
Liquidity	305	198	203	221	198	216	37	166	241
<b>Net interest bearing debt</b>	<b>1,095</b>	<b>1,556</b>	<b>1,549</b>	<b>1,375</b>	<b>1,358</b>	<b>1,209</b>	<b>1,144</b>	<b>974</b>	<b>590</b>
<b>Cash Flow (USDm)</b>									
Net income	158	56	8	-99	15	87	-8	189	268
Depreciation	106	113	139	147	139	144	151	156	158
Other	-21	-14	3	64	18	-29	-41	-41	-41
<b>Cash earnings</b>	<b>243</b>	<b>155</b>	<b>149</b>	<b>112</b>	<b>172</b>	<b>202</b>	<b>102</b>	<b>304</b>	<b>386</b>
Changes in working capital	-9	15	21	-38	12	0	0	0	0
<b>Net operational cash flow</b>	<b>234</b>	<b>170</b>	<b>171</b>	<b>74</b>	<b>184</b>	<b>202</b>	<b>102</b>	<b>304</b>	<b>386</b>
Capex	-218	-576	-293	-17	-102	-82	-37	-135	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	43	0	52	17	0	0	0	0	0
Other	0	0	0	0	0	2	0	0	0
<b>Net investing cash flow</b>	<b>-175</b>	<b>-576</b>	<b>-242</b>	<b>0</b>	<b>-102</b>	<b>-82</b>	<b>-37</b>	<b>-135</b>	<b>0</b>
Repayment of debt	-15	366	-3	-156	-63	-263	-243	-174	-309
Proceeds from debt	227	778	397	353	494	153	0	133	0
Dividends paid	-33	-40	-40	-44	-49	-1	0	0	-2
New equity	0	0	11	5	17	0	0	0	0
Other	-151	-799	-289	-213	-504	2	0	0	0
<b>Net financing cash flow</b>	<b>28</b>	<b>304</b>	<b>76</b>	<b>-56</b>	<b>-105</b>	<b>-115</b>	<b>-243</b>	<b>-41</b>	<b>-311</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>88</b>	<b>-102</b>	<b>5</b>	<b>18</b>	<b>-23</b>	<b>5</b>	<b>-178</b>	<b>129</b>	<b>75</b>
Cash balance	290	188	190	221	185	190	11	140	215
<b>Free cash flow</b>	<b>60</b>	<b>-406</b>	<b>-71</b>	<b>74</b>	<b>82</b>	<b>120</b>	<b>65</b>	<b>170</b>	<b>386</b>



# Cleaves Securities

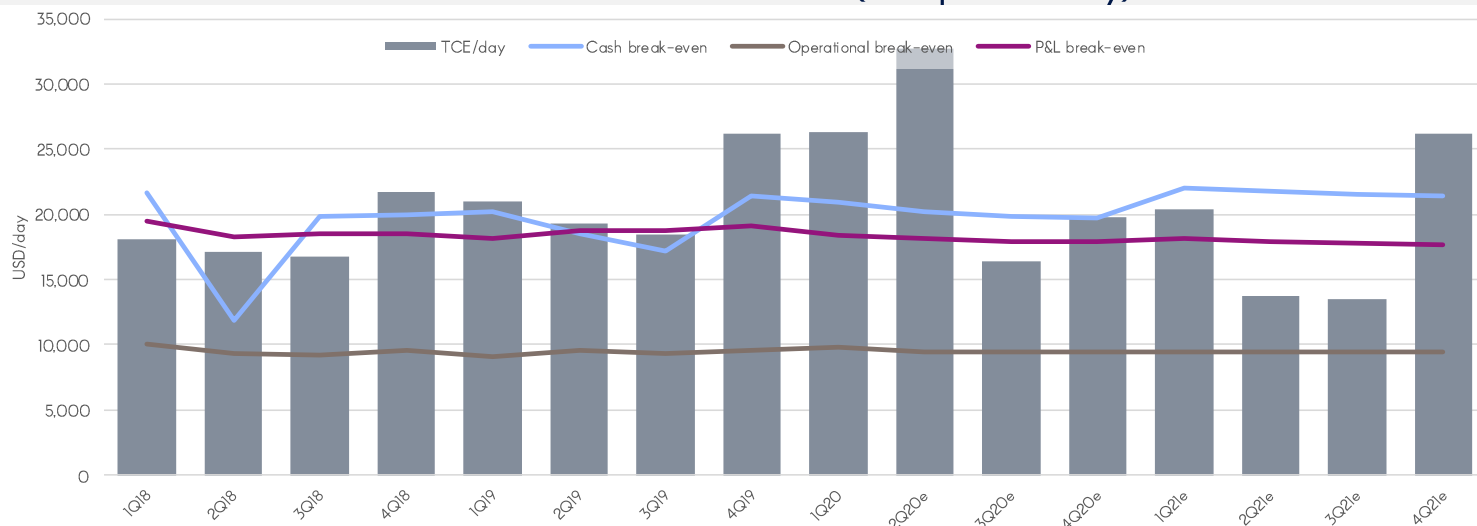
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	17	17	17	18	19	19	19	19	19
Share price, avg (USD)	42	27	23	17	16	12	10	10	10
Share price, end (USD)	40	23	20	13	22	10	10	10	10
<b>Market Cap.</b>	<b>692</b>	<b>393</b>	<b>338</b>	<b>233</b>	<b>415</b>	<b>195</b>	<b>195</b>	<b>195</b>	<b>195</b>
NIBD	1,095	1,556	1,549	1,375	1,358	1,209	1,144	974	590
Minorities	12	12	14	12	21	24	23	29	36
<b>Enterprise value</b>	<b>1,775</b>	<b>1,936</b>	<b>1,873</b>	<b>1,596</b>	<b>1,752</b>	<b>1,380</b>	<b>1,316</b>	<b>1,141</b>	<b>749</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	4.4	7.0	44.3		27.4	2.2		1.0	0.7
P/E (adj.)	4.8	9.8				3.2		1.3	0.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.5	1.0	0.8	0.6	0.9	0.4	0.5	0.3	0.3
EV/Sales	3.9	5.2	4.5	3.9	3.7	2.6	3.1	1.8	1.1
EV/EBITDA	6.0	9.5	9.2	13.5	7.8	4.4	6.6	2.8	1.6
EV/EBIT	9.4	21.6	29.5		20.4	8.1	27.2	4.6	2.3
P/B	0.5	0.3	0.2	0.2	0.3	0.1	0.1	0.1	0.1
FCF yield	9%	-103%	-21%	32%	20%	61%	33%	87%	198%
Dividend yield	4.8%	10.3%	11.8%	19.1%	11.9%	0.7%	0.0%	0.0%	1.0%
Return on equity (ROE)	11.3%	4.0%	0.5%	-6.6%	1.0%	5.8%	-0.6%	11.2%	13.8%
Return on capital employed (ROCE)	7.5%	3.0%	2.1%	-1.0%	3.0%	6.3%	1.9%	9.5%	13.2%
Return on assets (ROA)	5.5%	1.7%	0.2%	-3.1%	0.5%	2.8%	-0.3%	6.4%	9.4%
Sales growth	25%	-36%	11%	-3%	17%	15%	-21%	48%	9%
EBITDA margin	64%	54%	49%	29%	48%	58%	46%	63%	69%
EBIT margin	41%	24%	15%	-7%	18%	31%	11%	39%	46%
Net margin	35%	15%	2%	-25%	3%	16%	-2%	30%	39%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	5.0%	5.3%	7.3%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	49%	43%	45%	47%	47%	49%	53%	58%	69%
Leverage ratio	51%	57%	55%	53%	53%	51%	47%	42%	31%
NIBD / EBITDA (past 1y)	3.7	7.7	7.7	11.6	6.0	3.9	5.7	2.4	1.2
Operating cash flow/NIBD	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.3	0.7
Net interest coverage ratio (EBITDA)						4.9	3.5	7.8	11.1
Current ratio	1.1	0.9	0.9	1.2	1.1	0.9	0.5	0.8	1.0
Adj. equity ratio						26%	25%	49%	62%
Operating assets	2,596	3,080	3,171	2,985	2,956	2,921	2,807	2,785	2,627
Operating liabilities	86	106	114	103	126	215	215	215	215
Net operating assets	2,510	2,974	3,057	2,882	2,830	2,707	2,593	2,571	2,413

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)





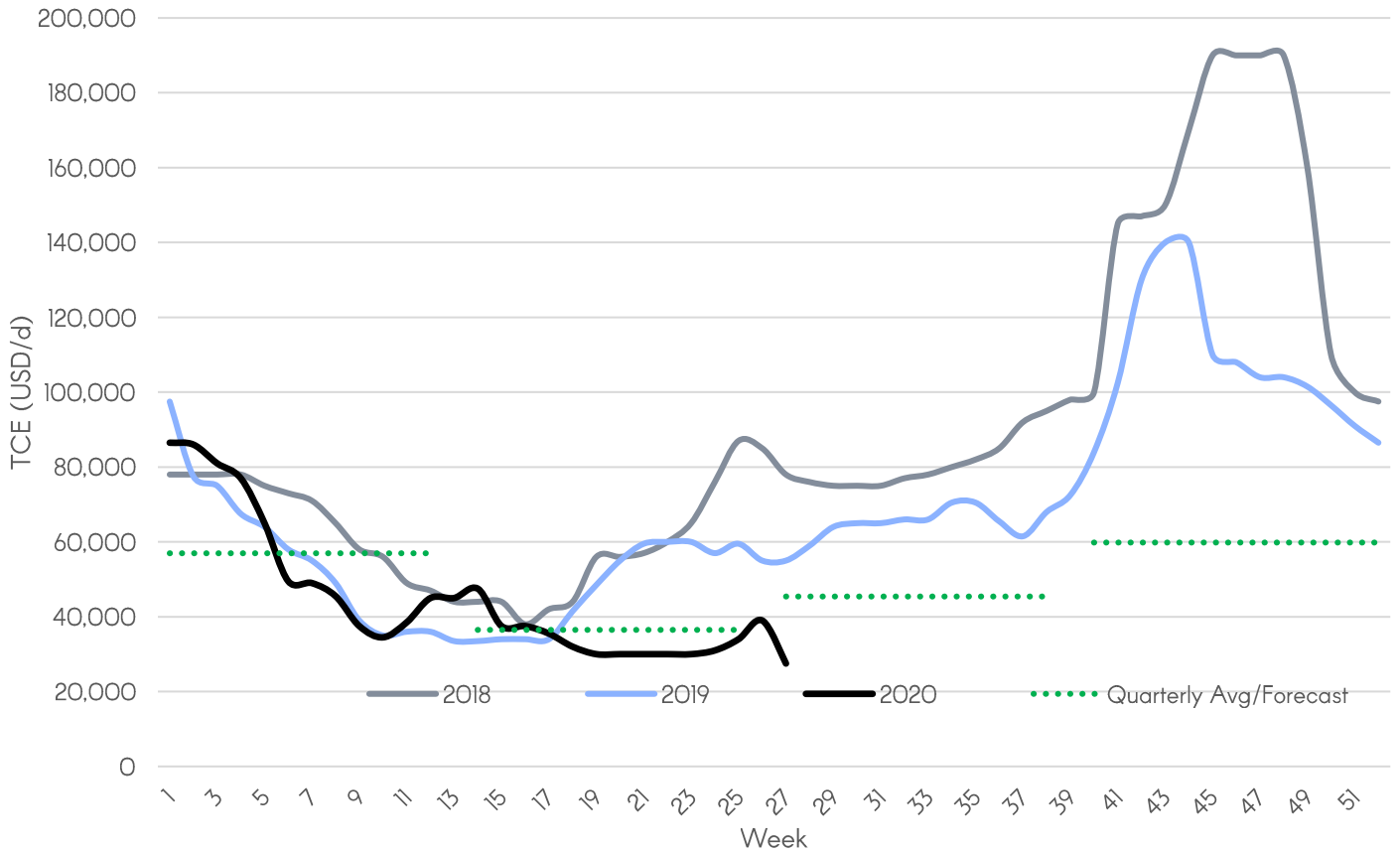


## LNG Carrier Companies



## Earnings

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





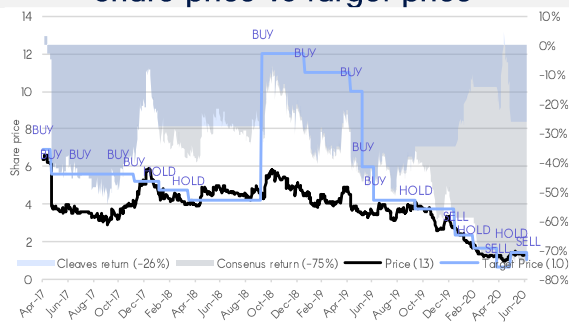
Successfully refinanced debt, but cash break-even is still high. With a challenging market ahead, maintaining liquidity will be key

ALNG-NO

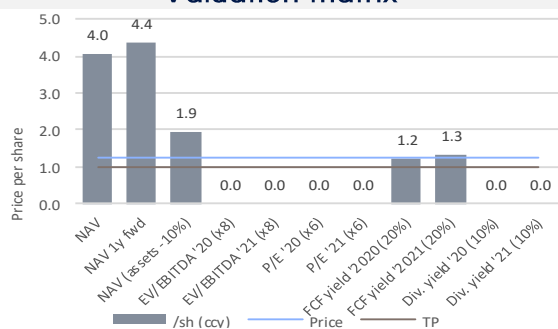
SELL/NI.O

## Awilco LNG

### Share price vs target price

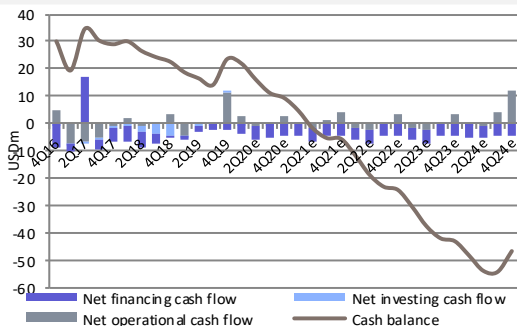


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	33	27	23	22
EBITDA (adj.)	20	15	10	9
EBIT (adj.)	7	2	-3	-4
PTP (adj.)	-6	-9	-13	-13
Net earnings (adj.)	-6	-9	-13	-13
EPS (adj.)	-0.04	-0.07	-0.10	-0.10
DPS	-	-	-	-
USDm	2020E	2021E	2022E	2023E
Fwd NAV	63	59	51	41
Adj. equity ratio	0	0	0	0
FCF yield	19%	21%	0%	-1%
Dividend yield	0%	0%	0%	0%
EV/EBITDA	12.5	16.8	24.6	27.2
P/E (adj.)				

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	4	4	-0	-0
Free cash flow	3	4	-0	-0
Net cash flow	-14	-15	-19	-19
TCE/day	46,810	49,022	41,143	38,872
Cash break-even	60,236	57,824	56,686	55,532
Liquidity	9	-6	-25	-43
Property & Equip. (incl. NBs)	338	325	312	299
Total equity	102	93	80	67
Total assets	353	326	294	262
Interest bearing debt	243	224	205	187
Net interest bearing debt	234	230	230	230
Market Cap.	18	18	18	18
Enterprise value	251	248	248	248

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

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	2.7	12.9	4.9	5.9				
EBITDA (adj.)	-0.7	9.9	1.8	2.9				
EBIT (adj.)	-4.0	6.8	-1.4	-0.3				
PTP (adj.)	-8.6	2.7	-4.4	-3.7				
Net earnings (adj.)	-8.6	2.7	-4.4	-3.5				
EPS (adj.)	-0.06	0.02	-0.03	-0.02				
DPS	-	-	-	-				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	2.7	12.9	4.9	5.9				
Opex & G&A	3.4	3.0	3.1	3.0				
Depreciation	3.3	3.1	3.2	3.2				
Net finance	4.6	4.1	3.0	3.4				
Taxes & Minorities	-	-	-	-0.2				

### Other

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	0	2	-1					
Free cash flow	-0	-2	-1					
Net cash flow	-3	-2	-6					
TCE/day	26,737	70,978	29,200	35,135				
Utilization	56.0%	100.0%	92.0%					
Fleet days	182	182	182					
Cash break-even	59,978	64,728	59,052					
Liquidity	16	22	16					
Interest bearing debt	264	257	252					

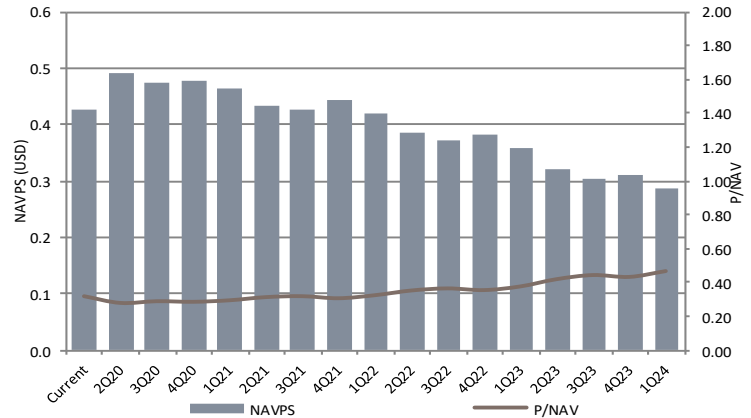


## Company Valuation

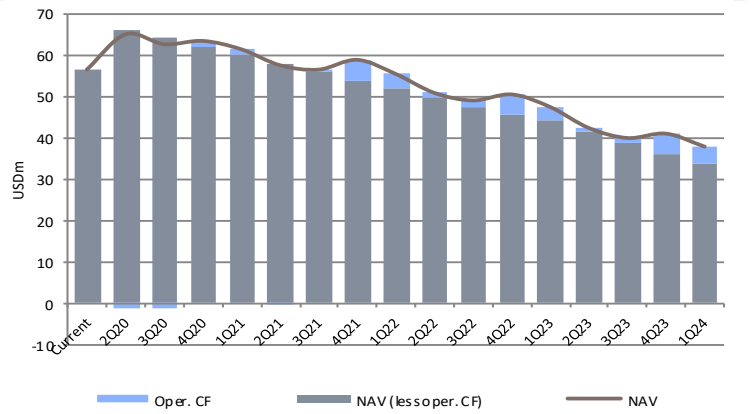
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	347	294	256
Contract value	0	0	0
Other	6	6	5
<b>GAV</b>	<b>353</b>	<b>300</b>	<b>261</b>
Net debt	-235	-235	-235
Capex	0	0	0
Other	-8	-8	-8
<b>Equity</b>	<b>110</b>	<b>57</b>	<b>18</b>
Shares	133	133	133
<b>Equity/sh</b>	<b>0.83</b>	<b>0.43</b>	<b>0.13</b>
lcl CCY	7.84	4.04	1.27
P/Equity	0.16	0.31	1.00
EV/GAV	0.74	0.87	1.00
Adj. Total Assets	376	322	284
Adj. Equity Ratio	29%	18%	6%
<b>Fair Value</b>	<b>NOK</b>	<b>1.0</b>	<b>-20%</b>
	<b>USD</b>	<b>0.11</b>	

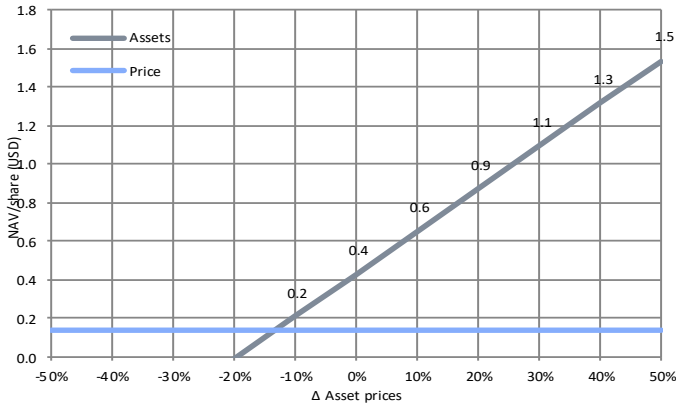
### Quarterly forward NAV & P/NAV



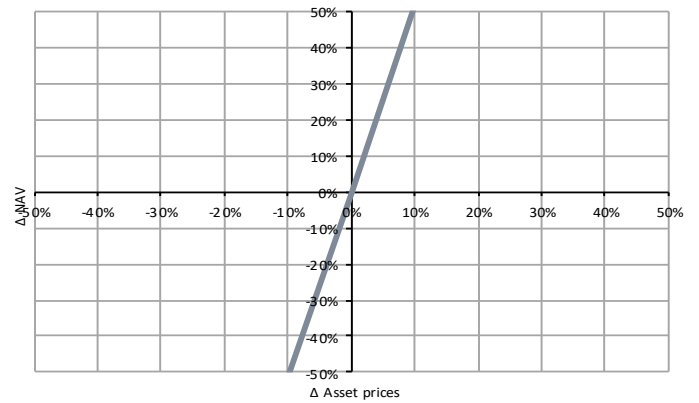
### Quarterly forward NAV decomposition



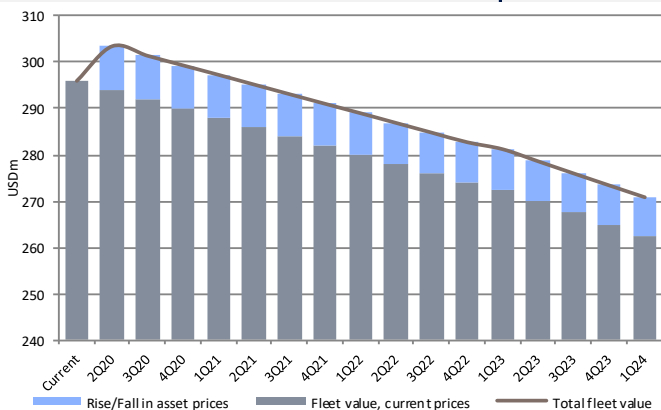
### Impact on NAV/sh from % change in asset prices



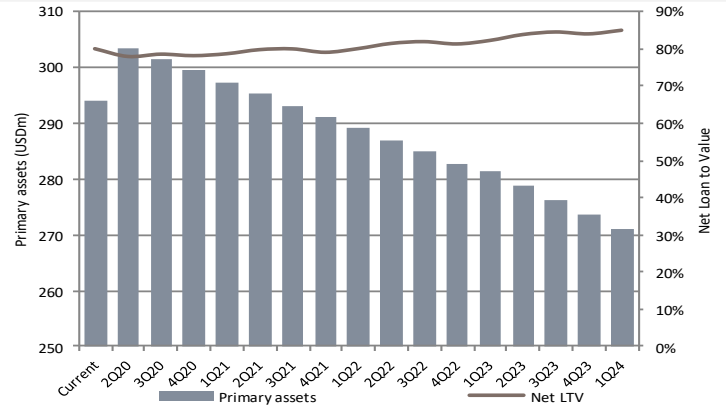
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net sales	33	27	23	22	31	22	22	35	2	5	0	-14
EBITDA (adj.)	20	15	10	9	18	10	10	23	2	5	0	-13
EBIT (adj.)	7	2	-3	-4	5	-3	-3	9	2	5	1	-13
PTP (adj.)	-6	-9	-13	-13	-7	-14	-14	0	1	5	1	-13
Net earnings (adj.)	-6	-9	-13	-13	-7	-14	-14	0	1	5	1	-13
EPS (adj.)	-0.04	-0.07	-0.10	-0.10	-0.05	-0.11	-0.10	0.00	0.01	0.04	0.00	-0.10
DPS	-	-	-	-	-	-	-	-	-	-	-	-
									2020E	2021E	2022E	2023E
									1.7	4.8	0.2	-13.7
									-0.2	-0.2	-0.2	-0.2
									-0.3	-0.2	-0.2	-0.3
									1.1	-0.0	-0.0	-0.0
									-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	4	4	-0	-0	6	-1	-0	13	-3	5	0	-13
Free cash flow	3	4	-0	-0	6	-1	-0	13	-3	5	0	-13
Net cash flow	-14	-15	-19	-19	-11	-20	-19	-5	-4	5	0	-13
TCE/day	46,810	49,022	41,143	38,872	45,844	40,261	40,658	63,182	966	8,761	485	-24,310
Cash break-even	60,236	57,824	56,686	55,532	59,001	58,063	56,921	55,769	1,235	-239	-235	-237
Liquidity	9	-6	-25	-43	13	-7	-26	-32	-4	1	2	-12
Property & Equip. (incl. NBs)	338	325	312	299	-	-13	-26	-39	338	338	338	338
Total equity	102	93	80	67	101	86	73	73	1	6	7	-6
Total assets	353	326	294	262	367	334	301	283	-13	-8	-7	-20
Interest bearing debt	243	224	205	187	243	224	206	187	-0	-0	-0	-0
Net interest bearing debt	234	230	230	230	230	231	232	219	3	-2	-2	12
Market Cap.	18	18	18	18	15	15	15	15	3	3	3	3
Enterprise value	251	248	248	248	245	247	247	234	6	1	1	14
Capex	0	-	-	-	-	-	-	-	0	-	-	-
Utilization	94%	87%	82%	88%	92%	87%	82%	88%	2%	0%	0%	0%
Fleet days	732	730	730	730	732	730	730	730	-	-	-	-

### Valuation

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	63	59	51	41	63	53	44	48	1	6	6	-7
Adj. equity ratio	0	0	0	0	19%	18%	16%	19%	1%	2%	3%	-1%
FCF yield	19%	21%	0%	-1%	42%	-8%	-3%	88%	-23%	29%	3%	-89%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
EV/EBITDA	12.5	16.8	24.6	27.2	13.4	25.4	25.6	10.3	-1.0	-8.6	-1.0	16.8
P/E (adj.)								64.8	#VALUE!	#VALUE!	#VALUE!	#VALUE!

### Various

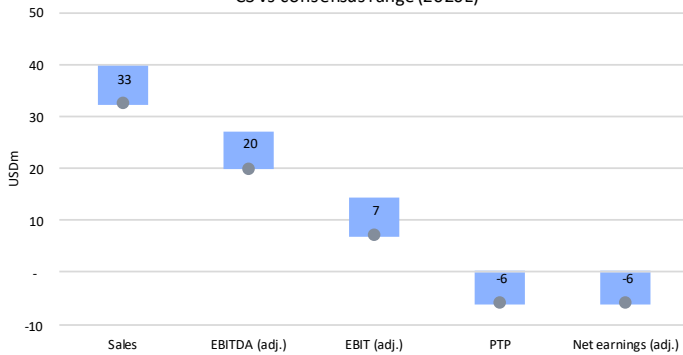
Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-11,978	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	22	-	-	-
G&A/day	-4,908	-5,072	-5,143	-5,198	-5,184	-5,308	-5,375	-5,432	276	235	232	234
Depreciation/day	-17,462	-17,575	-17,547	-17,555	-17,871	-17,864	-17,862	-18,011	410	289	315	455
Net interest/day	-17,735	-15,065	-13,855	-12,646	-16,201	-15,068	-13,859	-12,650	-1,534	3	3	4
Amort./day	-25,616	-25,687	-25,687	-25,687	-25,616	-25,687	-25,687	-25,687	-	-	-	-



## Our Estimates vs Consensus

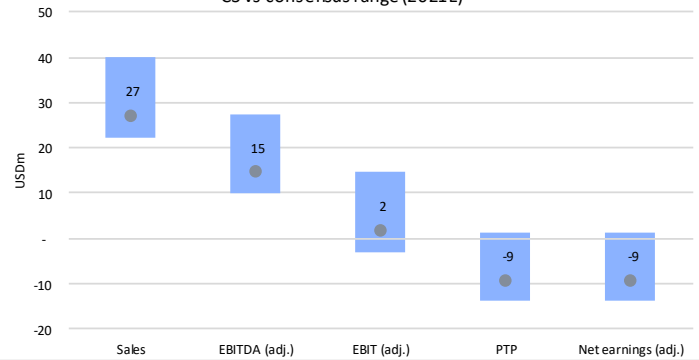
### Profit & Loss, year I

CS vs consensus range (2020E)

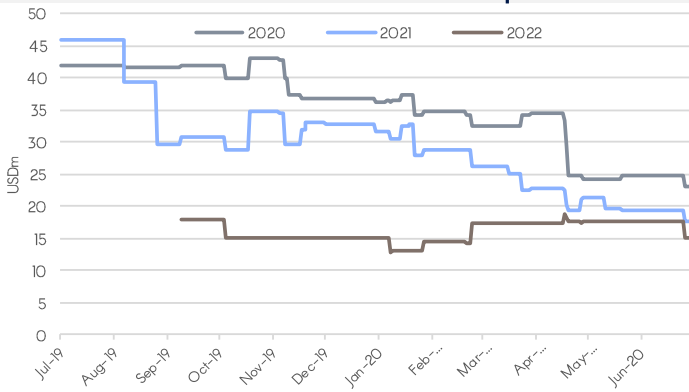


### Profit & Loss, year II

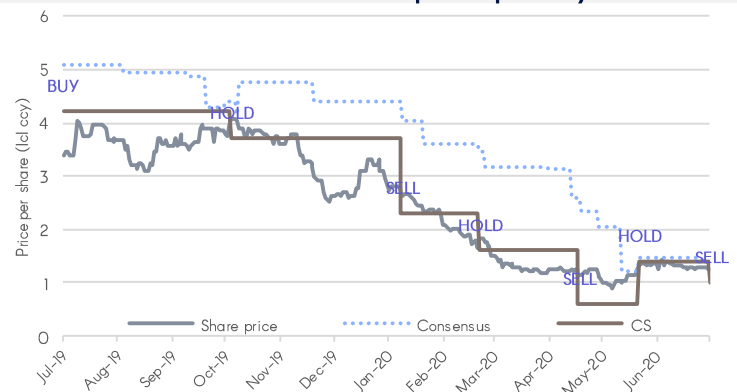
CS vs consensus range (2021E)



### Consensus EBITDA development



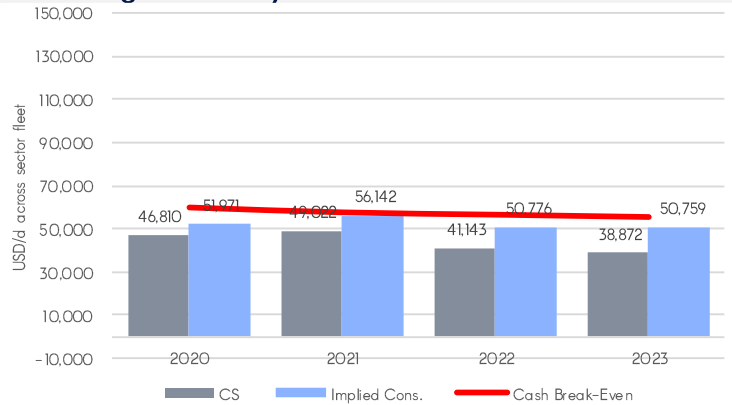
### Fair value vs share price past ly



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	33	36	-4	-10%	
Opex + G&A	12	13	-1	-6%	
Depreciation	13	12	1	9%	
Net finance	13	14	-1	-6%	
Taxes & Minorities	0	0	0	#DIV/O!	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	27	31	-4	-13%	
Opex + G&A	12	14	-1	-8%	
Depreciation	13	11	2	14%	
Net finance	11	12	-1	-11%	
Taxes & Minorities	0	0	0	#DIV/O!	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	3	11	16	13	5	6	9	6	4
Operational costs	-3	-4	-3	-3	-3	-3	-3	-3	-3
EBITDA	0	7	13	10	2	3	6	3	1
Depreciation/Amortization	-3	-3	-3	-3	-3	-3	-3	-3	-3
EBIT	-3	4	10	7	-1	-1	3	0	-2
Net financials	-5	-5	-5	-4	-3	-3	-3	-3	-3
PTP	-9	-1	5	3	-4	-3	0	-3	-5
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-9	-1	5	3	-4	-3	0	-3	-5
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-9	-1	5	3	-4	-3	0	-3	-5
EPS	-0.06	-0.01	0.04	0.02	-0.03	-0.03	0.00	-0.02	-0.04
EPS (adj.)	-0.06	-0.01	0.04	0.02	-0.03	-0.03	0.00	-0.02	-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	16	14	24	22	16	11	9	5	-2
Other current assets	14	10	4	7	7	7	7	7	7
Total current assets	30	24	27	28	23	18	16	11	5
Property & equip. (incl. NBs)	356	353	350	347	344	341	338	334	331
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	356	353	350	347	344	341	338	334	331
TOTAL ASSETS	387	377	377	376	367	358	353	346	336
Total equity	104	103	107	110	106	102	102	99	94
Short-term debt	264	262	260	19	19	19	19	19	19
Other current liabilities	18	12	9	8	8	8	8	8	8
Total current liabilities	283	274	270	27	27	27	27	27	27
Long-term debt	0	0	0	238	234	229	224	220	215
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	239	234	229	225	220	215
TOTAL EQUITY & LIABILITIES	387	377	377	376	367	358	353	346	336
Working capital, receivables	4	2	1	4	4	4	4	4	4
Working capital, payables	7	4	2	1	1	1	1	1	1
Net working capital	-3	-2	-1	3	3	3	3	3	3
Interest bearing debt	264	262	260	257	252	248	243	238	234
Liquidity	16	14	24	22	16	11	9	5	-2
Net interest bearing debt	248	248	237	235	236	237	234	234	235
<b>Cash Flow (USDm)</b>									
Net income	-9	-1	5	3	-4	-3	0	-3	-5
Depreciation	3	3	3	3	3	3	3	3	3
Other	0	0	0	4	0	0	0	0	0
Cash earnings	-5	2	8	10	-1	0	3	0	-2
Changes in working capital	6	-3	4	-7	0	0	0	0	0
Net operational cash flow	0	0	11	2	-1	0	3	0	-2
Capex	-1	0	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	-1	0	0	0	0	0	0	0	0
Repayment of debt	-2	-2	-2	-256	-5	-5	-5	-5	-5
Proceeds from debt	0	0	0	263	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	-10	0	0	0	0	0
Net financing cash flow	-2	-2	-2	-4	-5	-5	-5	-5	-5
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-3	-3	9	-2	-6	-5	-2	-5	-6
Cash balance	16	14	24	22	16	11	9	5	-2
Free cash flow	0	-1	12	-2	-1	0	3	0	-2



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales					34	33	27	23	22
Operational costs					-8	-12	-12	-13	-13
EBITDA	4	13	2	22	25	20	15	10	9
Depreciation/Amortization	-17	-13	-12	-13	-13	-13	-13	-13	-13
EBIT	-12	0	-11	9	12	7	2	-3	-4
Net financials	-24	-23	-21	-21	-20	-13	-11	-10	-9
PTP	-36	-23	-32	-11	-8	-6	-9	-13	-13
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-36	-23	-32	-11	-8	-6	-9	-13	-13
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	-36	-23	-32	-11	-8	-6	-9	-13	-13
EPS	-0.54	-0.34	-0.24	-0.09	-0.06	-0.04	-0.07	-0.10	-0.10
EPS (adj.)	-0.54	-0.34	-0.24	-0.09	-0.06	-0.04	-0.07	-0.10	-0.10
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	17	30	29	23	24	9	-6	-25	-43
Other current assets	6	6	7	9	4	7	7	7	7
Total current assets	23	36	36	31	27	16	1	-18	-37
Property & equip. (incl. NBs)	—	372	—	—	—	338	325	312	299
Other non-current assets		0				0	0	0	0
Total non-current assets	423	372	364	362	350	338	325	312	299
TOTAL ASSETS	445	408	400	394	377	353	326	294	262
Total equity	156	133	127	116	107	102	93	80	67
Short-term debt	35	14	3	267	260	19	137	171	147
Other current liabilities	4	3	4	11	9	8	8	8	8
Total current liabilities	39	16	6	278	270	27	145	179	155
Long-term debt	251	259	264	0	0	224	87	35	40
Other non-current liabilities	0	0	2	0	0	0	0	0	0
Total non-current liabilities	251	259	266	0	0	225	87	35	40
TOTAL EQUITY & LIABILITIES	445	408	400	394	377	353	326	294	262
Working capital, receivables	4	2	4	4	1	4	4	4	4
Working capital, payables	0	1	0	1	2	1	1	1	1
Net working capital	4	1	4	3	-1	3	3	3	3
Interest bearing debt	286	273	267	267	260	243	224	205	187
Liquidity	17	30	29	23	24	9	-6	-25	-43
Net interest bearing debt	268	243	238	244	237	234	230	230	230
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	-36	-23	-32	-11	-8	-6	-9	-13	-13
Depreciation	17	13	12	13	13	13	13	13	13
Other	36	30	22	22	21	4	0	0	0
Cash earnings	16	20	3	23	26	11	4	0	0
Changes in working capital	-4	0	-1	3	4	-7	0	0	0
Net operational cash flow	12	20	2	27	29	4	4	0	0
Capex	0	0	-2	-11	-1	0	0	0	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	18	32	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0
Net investing cash flow	18	32	-2	-11	-1	0	0	0	0
Repayment of debt	-11	-14	-6	-3	-8	-270	-19	-19	-19
Proceeds from debt	—	0	0	0	0	263	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	—	—	27	0	0	0	0	0	0
Other	-22	-25	-22	-19	-20	0	0	0	0
Net financing cash flow	-33	-39	-1	-22	-27	-18	-19	-19	-19
Currency effect	—	0	0	0	0	0	0	0	0
Net cash flow		13	-1	-6	1	-14	-15	-19	-19
Cash balance	17	30	29	23	24	9	-6	-25	-43
Free cash flow	29	52	0	15	28	3	4	0	0





# Cleaves Securities

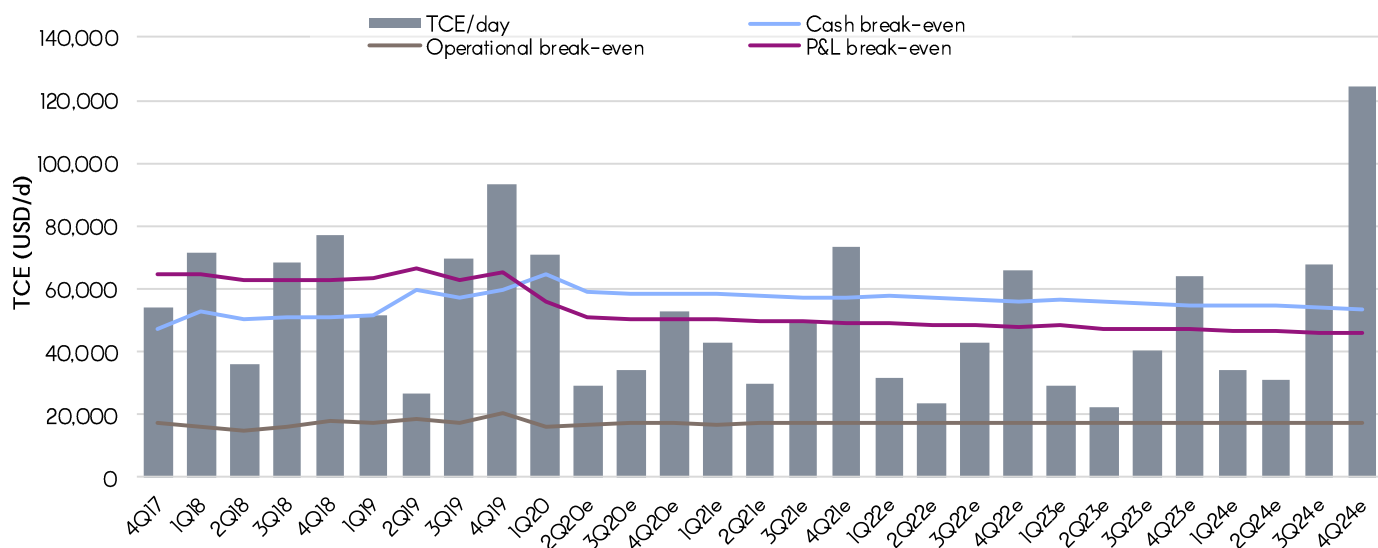
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	68	68	133	133	133	133	133	133	133
Share price, avg (USD)	1	1	1	0	0	0	0	0	0
Share price, end (USD)	0	1	1	1	0	0	0	0	0
<b>Market Cap.</b>	<b>30</b>	<b>54</b>	<b>82</b>	<b>76</b>	<b>48</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
NIBD	268	243	238	244	237	234	230	230	230
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>298</b>	<b>297</b>	<b>319</b>	<b>320</b>	<b>285</b>	<b>251</b>	<b>248</b>	<b>248</b>	<b>248</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
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					1.4	0.5	0.7	0.8	0.8
EV/Sales					8.5	7.7	9.1	11.0	11.4
EV/EBITDA	69.6	22.4		14.3	11.3	12.5	16.8	24.6	27.2
EV/EBIT				33.9	23.5	34.0			
P/B	0.2	0.4	0.6	0.7	0.4	0.2	0.2	0.2	0.3
FCF yield	98%	96%	0%	20%	59%	19%	21%	0%	-1%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Return on equity (ROE)	-23.3%	-17.2%	-25.0%	-9.9%	-7.7%	-5.5%	-9.8%	-16.1%	-19.3%
Return on capital employed (ROCE)	-2.9%	0.1%	-2.9%	2.6%	3.5%	2.2%	0.6%	-0.9%	-1.2%
Return on assets (ROA)	-8.1%	-5.6%	-8.0%	-2.9%	-2.2%	-1.6%	-2.8%	-4.4%	-4.9%
Sales growth						-3%	-16%	-17%	-4%
EBITDA margin					75%	62%	54%	45%	42%
EBIT margin					36%	23%	7%	-12%	-17%
Net margin					-25%	-17%	-33%	-57%	-60%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%	4.8%	4.4%	4.0%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	35%	33%	32%	29%	28%	29%	28%	27%	25%
Leverage ratio	65%	67%	68%	71%	72%	71%	72%	73%	75%
NIBD / EBITDA (past 1y)	62.6	18.3	140.6	10.9	9.4	11.6	15.6	22.9	25.2
Operating cash flow/NIBD	0.0	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Net interest coverage ratio (EBITDA)						1.6	1.3	1.0	1.0
Current ratio	0.6	2.2	5.6	0.1	0.1	0.6	0.0	-0.1	-0.2
Adj. equity ratio						20%	20%	19%	17%
Operating assets	428	378	371	371	354	344	331	319	306
Operating liabilities	4	3	6	11	10	9	9	9	9
Net operating assets	424	376	365	360	344	335	323	310	297

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)



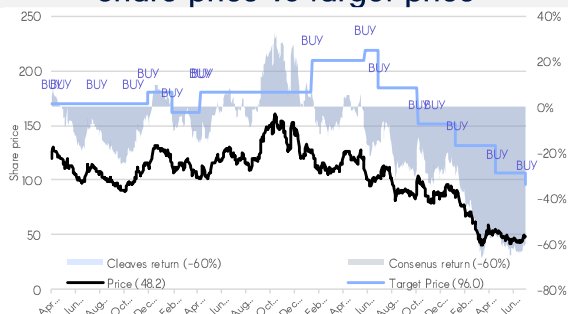


## FLNG-NO

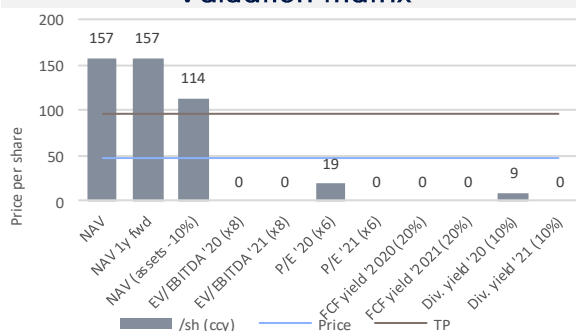
## BUY/N96

## Flex LNG

### Share price vs target price

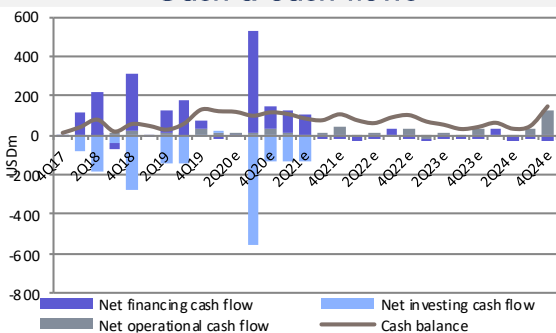


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	161	215	167	158
EBITDA (adj.)	115	143	93	85
EBIT (adj.)	69	69	16	8
PTP (adj.)	18	-12	-65	-72
Net earnings (adj.)	18	-12	-65	-72
EPS (adj.)	0.34	-0.22	-1.21	-1.32
DPS	0.10	-	-	-
USDm	2020E	2021E	2022E	2023E
Fwd NAV	898	891	827	763
Adj. equity ratio	38%	35%	34%	33%
FCF yield	-224%	-71%	4%	2%
Dividend yield	2%	0%	0%	0%
EV/EBITDA	13.6	12.3	18.8	20.5
P/E (adj.)	15.2			

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	60	62	12	5
Free cash flow	-620	-195	12	5
Net cash flow	-14	-10	-4	-61
TCE/day	66,866	65,994	51,988	49,685
Cash break-even	50,279	47,009	46,542	46,180
Liquidity	115	105	101	40
Property & Equip. (incl. NBs)	2,131	2,314	2,237	2,160
Total equity	828	816	751	679
Total assets	2,265	2,438	2,357	2,219
Interest bearing debt	1,399	1,584	1,568	1,502
Net interest bearing debt	1,284	1,479	1,467	1,462
Market Cap.	276	276	276	276

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

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	17.9	37.0	26.4	28.4				
EBITDA (adj.)	11.2	27.9	17.0	18.2				
EBIT (adj.)	4.9	19.3	7.6	9.6				
PTP (adj.)	-1.7	9.3	-2.2	-1.3				
Net earnings (adj.)	-1.7	9.3	-2.2	#N/A Re				
EPS (adj.)	-0.03	0.17	-0.04	#N/A Re				
DPS	-	-	-	0.01				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	17.9	37.0	26.4	28.4				
Opex & G&A	6.7	9.1	9.5	10.3				
Depreciation	6.3	8.6	9.3	8.5				
Net finance	6.6	10.0	9.9	10.9				
Taxes & Minorities	-	-0.0	-	#VALUE!				

### CF & BS

2Q20 Preview USDm	2Q20		2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	46,266	67,740	49,564	53,318				
Utilization	100.0%	100.0%	97.7%					
Fleet days	387	546	546					
Cash break-even	49,680	54,192	54,609					
Liquidity	26	121	117					
Interest bearing debt	567	771	761					

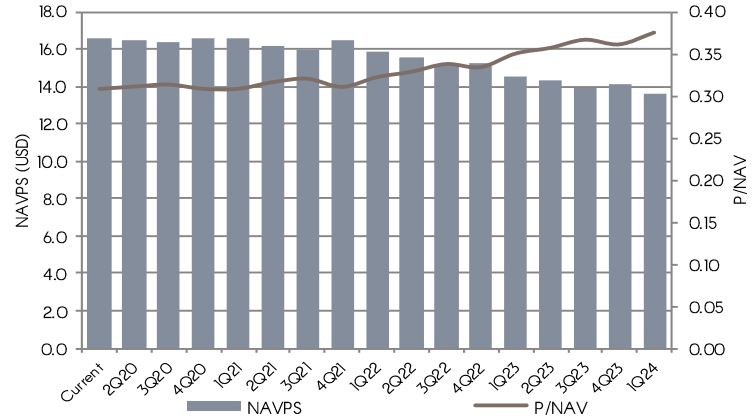


## Company Valuation

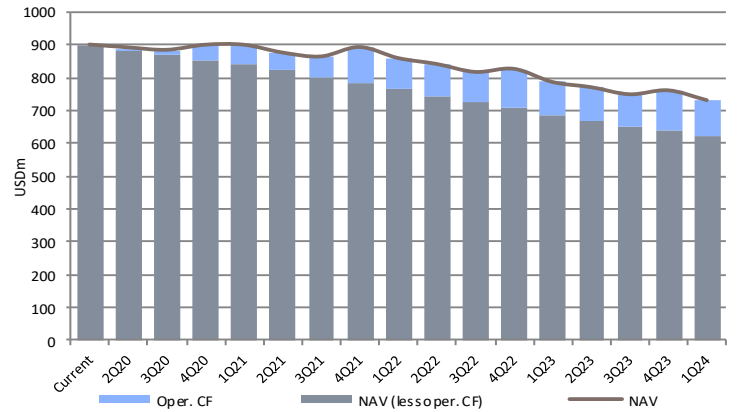
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,488	2,483	1,869
Contract value	0	22	17
Other	16	16	12
<b>GAV</b>	<b>1,504</b>	<b>2,521</b>	<b>1,898</b>
Net debt	-650	-650	-650
Capex	0	-937	-937
Other	-35	-35	-35
<b>Equity</b>	<b>819</b>	<b>899</b>	<b>276</b>
Shares	54	54	54
Equity/sh	15.14	16.61	5.10
Icl CCY	143.03	156.98	48.22
P/Equity	0.34	0.31	1.00
EV/GAV	1.26	0.75	1.00
Adj. Total Assets	1,628	2,623	2,009
Adj. Equity Ratio	50%	34%	14%
<b>Fair Value</b>	<b>NOK</b>	<b>96</b>	<b>99%</b>
	<b>USD</b>	<b>10</b>	

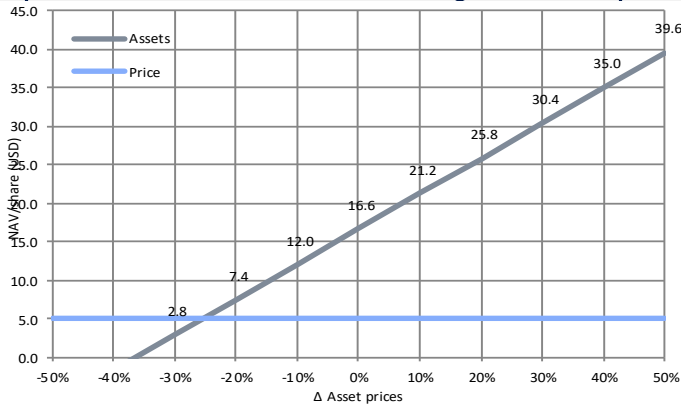
### Quarterly forward NAV & P/NAV



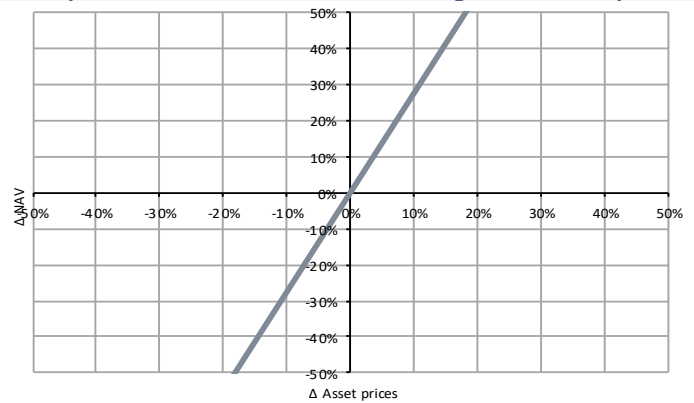
### Quarterly forward NAV decomposition



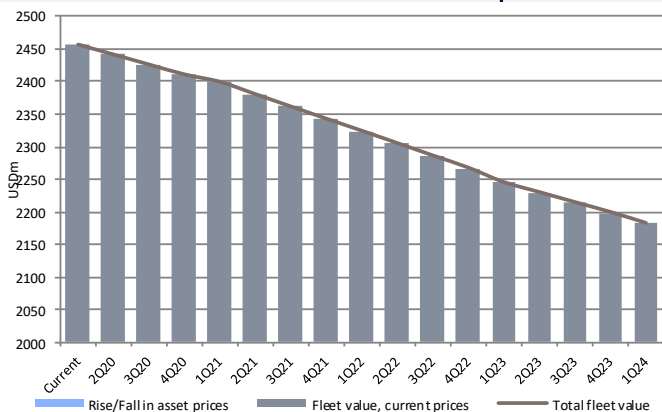
### Impact on NAV/sh from % change in asset prices



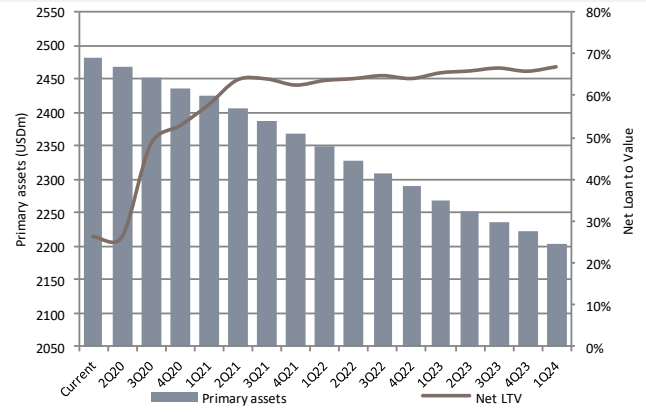
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	
Net sales	161	215	167	158	161	204	218	269	1	11	-52	-111	
EBITDA (adj.)	115	143	93	85	118	143	156	207	-4	0	-63	-122	
EBIT (adj.)	69	69	16	8	72	68	79	130	-3	0	-63	-122	
PTP (adj.)	18	-12	-65	-72	16	-18	-8	45	2	6	-57	-116	
Net earnings (adj.)	18	-12	-65	-72	16	-18	-8	45	2	6	-57	-116	
EPS (adj.)	0.34	-0.22	-1.21	-1.32	0.29	-0.33	-0.14	0.83	0.04	0.11	-1.06	-2.15	
DPS	0.10	-	-	-	0.32	0.09	0.56	-	-0.22	-0.09	-0.56	-	
									2020E	2021E	2022E	2023E	
									TCE revenue	1	11	-52	-111
									Opex & G&A	5	11	12	12
									Depreciation	-0	-0	-0	-0
									Net finance	-6	-6	-6	-5
									Taxes & Minorities	-0	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Net operational cash flow	60	62	12	5	62	57	70	122	-2	6	-58	-117
Free cash flow	-620	-195	12	5	-618	-200	70	122	-2	6	-58	-117
Net cash flow	-14	-10	-4	-61	-44	-20	23	56	30	10	-27	-117
TCE/day	66,866	65,994	51,988	49,685	76,832	57,669	52,722	62,875	-9,966	8,325	-734	-13,190
Cash break-even	50,279	47,009	46,542	46,180	45,399	45,738	45,260	44,865	4,880	1,271	1,281	1,315
Liquidity	115	105	101	40	85	66	89	145	30	40	12	-105
Property & Equip. (incl. NBs)	2,131	2,314	2,237	2,160	2,131	2,313	2,236	2,158	0	1	1	2
Total equity	828	816	751	679	838	815	777	822	-10	1	-26	-142
Total assets	2,265	2,438	2,357	2,219	2,231	2,394	2,340	2,319	34	44	17	-99
Interest bearing debt	1,399	1,584	1,568	1,502	1,370	1,556	1,540	1,474	29	28	28	28
Net interest bearing debt	1,284	1,479	1,467	1,462	1,285	1,490	1,451	1,329	-1	-12	16	133
Market Cap.	276	276	276	276	268	268	268	268	8	8	8	8
Enterprise value	1,560	1,755	1,743	1,738	1,553	1,759	1,720	1,597	7	-4	24	141
Capex	680	257	-	-	680	257	-	-	-	-	-	-
Utilization	86%	68%	69%	68%	69%	74%	86%	88%	16%	-6%	-18%	-20%
Fleet days	2,840	4,655	4,745	4,745	3,023	4,655	4,745	4,745	-183	-	-	-

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	898	891	827	763	1,036	1,023	1,009	1,056	-138	-131	-182	-293
Adj. equity ratio	38%	35%	34%	33%	43%	39%	39%	41%	-4%	-4%	-5%	-8%
FCF yield	-224%	-71%	4%	2%	-230%	-75%	26%	46%	6%	4%	-22%	-44%
Dividend yield	2%	0%	0%	0%	7%	2%	11%	0%	-5%	-2%	-11%	0%
EV/EBITDA	13.6	12.3	18.8	20.5	13.1	12.3	11.0	7.7	0.5	-0.0	7.8	12.8
P/E (adj.)	15.2				16.9			6.0	-1.8	#VALUE!	#VALUE!	#VALUE!

### Various

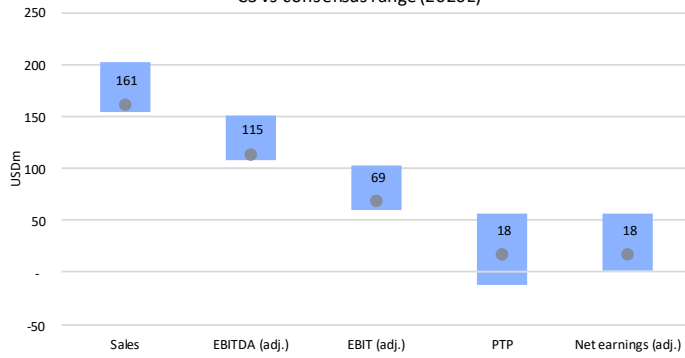
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-13,953	-14,000	-14,000	-14,000	-11,500	-11,500	-11,500	-11,500	-2,453	-2,500	-2,500	-2,500
G&A/day	-2,637	-1,563	-1,550	-1,566	-2,592	-1,610	-1,593	-1,609	-45	47	43	43
Depreciation/day	-16,241	-15,891	-16,239	-16,239	-15,296	-15,974	-16,320	-16,320	-945	83	81	81
Net interest/day	-17,913	-17,241	-17,081	-16,703	-18,719	-18,423	-18,257	-17,845	805	1,182	1,176	1,142
Amort./day	-15,776	-14,204	-13,911	-13,911	-12,589	-14,204	-13,911	-13,911	-3,187	-	-	-



## Our Estimates vs Consensus

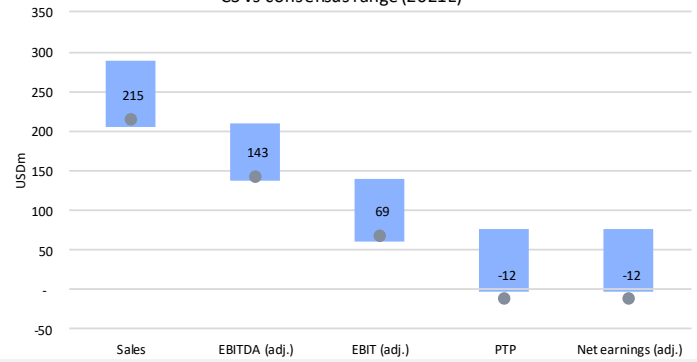
### Profit & Loss, year I

CS vs consensus range (2020E)

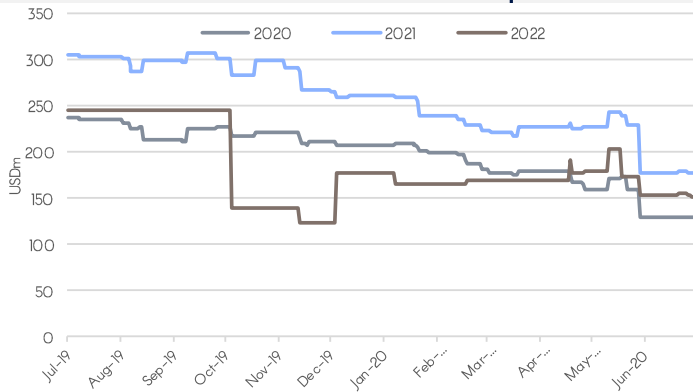


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



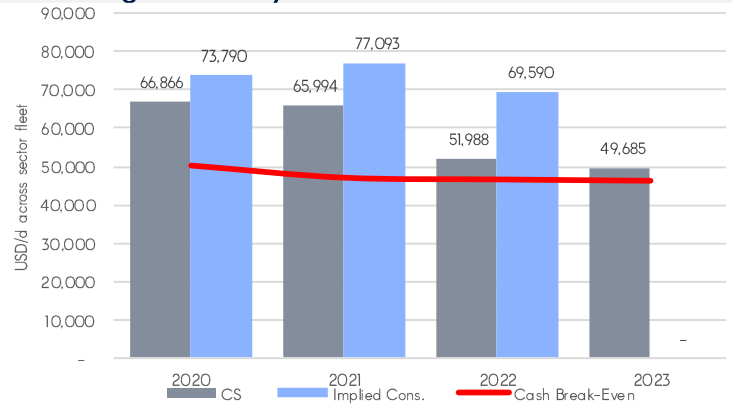
### Fair value vs share price past ly



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	161	178	-17	-9%	
Opex + G&A	47	49	-2	-4%	
Depreciation	46	51	-5	-10%	
Net finance	51	60	-9	-15%	
Taxes & Minorities	-0	-8	8	-100%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	215	251	-36	-14%	
Opex + G&A	72	73	-1	-1%	
Depreciation	74	77	-3	-4%	
Net finance	80	63	17	28%	
Taxes & Minorities	0	-0	0	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	18	29	52	37	26	34	64	47	35
Operational costs	-7	-7	-10	-9	-9	-12	-16	-17	-18
EBITDA	11	22	42	28	17	22	48	30	16
Depreciation/Amortization	-6	-8	-9	-9	-9	-12	-15	-17	-18
EBIT	5	14	33	19	8	9	33	13	-2
Net financials	-9	-14	-9	-34	-10	-13	-17	-19	-20
PTP	-4	0	24	-15	-2	-4	15	-5	-22
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-4	0	24	-15	-2	-4	15	-5	-22
Non-recurring items	2	4	-2	24	0	0	0	0	0
Net earnings (adj.)	-2	5	22	9	-2	-4	15	-5	-22
EPS	-0.07	0.01	0.44	-0.27	-0.04	-0.07	0.28	-0.10	-0.41
EPS (adj.)	-0.03	0.09	0.41	0.17	-0.04	-0.07	0.28	-0.10	-0.41
DPS	0.00	0.00	0.10	0.10	0.00	0.00	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	26	57	129	121	117	98	115	107	83
Other current assets	10	17	15	19	19	19	19	19	19
Total current assets	36	73	144	140	137	117	134	126	103
Property & equip. (incl. NBs)	1,368	1,505	1,497	1,488	1,479	2,018	2,131	2,242	2,352
Other non-current assets	0	0	1	0	0	0	0	0	0
Total non-current assets	1,368	1,506	1,497	1,488	1,479	2,018	2,131	2,242	2,352
TOTAL ASSETS	1,404	1,579	1,641	1,628	1,615	2,135	2,265	2,368	2,455
Total equity	820	821	839	819	817	813	828	823	800
Short-term debt	30	34	35	36	34	35	35	35	34
Other current liabilities	17	21	23	38	38	38	38	38	38
Total current liabilities	47	55	58	74	72	73	73	73	72
Long-term debt	537	703	744	735	727	1,249	1,365	1,473	1,583
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	537	703	744	735	727	1,249	1,365	1,473	1,583
TOTAL EQUITY & LIABILITIES	1,404	1,579	1,641	1,628	1,615	2,135	2,265	2,368	2,455
Working capital, receivables	2	2	3	2	2	2	2	2	2
Working capital, payables	2	1	1	3	3	3	3	3	3
Net working capital	0	1	2	-1	-1	-1	-1	-1	-1
Interest bearing debt	567	737	779	771	761	1,284	1,399	1,508	1,617
Liquidity	26	57	129	121	117	98	115	107	83
Net interest bearing debt	540	681	650	650	643	1,186	1,284	1,401	1,533
<b>Cash Flow (USDm)</b>									
Net income	-4	0	24	-15	-2	-4	15	-5	-22
Depreciation	6	8	9	9	9	12	15	17	18
Other	2	0	-1	31	0	0	0	0	0
Cash earnings	5	8	32	25	7	8	31	12	-4
Changes in working capital	5	-5	5	-11	0	0	0	0	0
Net operational cash flow	9	3	37	14	7	8	31	12	-4
Capex	-146	-145	0	0	0	-551	-129	-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
Net investing cash flow	-146	-145	0	0	0	-551	-129	-129	-129
Repayment of debt	-6	-353	-9	-63	-11	-11	-11	-17	-17
Proceeds from debt	124	525	49	49	0	534	126	125	126
Dividends paid	0	0	-5	-5	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	118	172	35	-20	-11	523	115	109	109
Currency effect	0	0	0	-2	0	0	0	0	0
Net cash flow	-19	30	73	-8	-3	-20	17	-8	-23
Cash balance	26	57	129	121	117	98	115	107	83
Free cash flow	-137	-142	37	8	7	-543	-98	-117	-132



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales					114	161	215	167	158
Operational costs					-30	-47	-72	-74	-74
EBITDA		-1	-13	46	84	115	143	93	85
Depreciation/Amortization		0	0	-17	-29	-46	-74	-77	-77
EBIT	-2	-1	-13	29	55	69	69	16	8
Net financials	0	0	2	-17	-38	-75	-80	-81	-79
PTP	-2	-2	-10	12	17	-6	-12	-65	-72
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	-2	-2	-10	12	17	-6	-12	-65	-72
Non-recurring items	0	0	0	0	0	24	0	0	0
Net earnings (adj.)	-2	-2	-10	12	17	18	-12	-65	-72
EPS	-0.18	-0.13	-0.28	0.22	0.31	-0.11	-0.22	-1.21	-1.32
EPS (adj.)	-0.18	-0.13	-0.28	0.22	0.31	0.34	-0.22	-1.21	-1.32
DPS	0.00	0.00	0.00	0.00	0.10	0.10	0.00	0.00	0.00
Balance Sheet (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	4	1	10	55	129	115	105	101	40
Other current assets	0	0	8	5	15	19	19	19	19
Total current assets	4	2	18	60	144	134	124	120	59
Property & equip. (incl. NBs)	211	212	667	1,234	1,497	2,131	2,314	2,237	2,160
Other non-current assets	0	0	0	0	1	0	0	0	0
Total non-current assets	211	212	667	1,234	1,497	2,131	2,314	2,237	2,160
TOTAL ASSETS	215	214	685	1,294	1,641	2,265	2,438	2,357	2,219
Total equity	208	206	520	827	839	828	816	751	679
Short-term debt	0	0	0	23	35	35	23	29	30
Other current liabilities	1	1	4	12	23	38	38	38	38
Total current liabilities	1	1	4	35	58	73	61	67	68
Long-term debt	7	7	160	432	744	1,365	1,561	1,539	1,472
Other non-current liabilities	0	0	0	0	0	0	0	0	0
Total non-current liabilities	7	7	160	432	744	1,365	1,561	1,539	1,472
TOTAL EQUITY & LIABILITIES	215	214	685	1,294	1,641	2,265	2,438	2,357	2,219
Working capital, receivables		0	1	1		2	2	2	2
Working capital, payables	0	1	0	0	1	3	3	3	3
Net working capital		-1	1	1		-1	-1	-1	-1
Interest bearing debt	7	7	160	455	779	1,399	1,584	1,568	1,502
Liquidity	4	1	10	55	129	115	105	101	40
Net interest bearing debt	3	6	150	400	650	1,284	1,479	1,467	1,462
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	-2	-2	-10	12	17	-6	-12	-65	-72
Depreciation		0	0	17	29	46	74	77	77
Other		0	-2	0	2	31	0	0	0
Cash earnings	-2	-2	-13	29	47	71	62	12	5
Changes in working capital	0	1	-5	7	-1	-11	0	0	0
Net operational cash flow	-3	-1	-18	36	47	60	62	12	5
Capex	0	-1	-6	-232	-292	-680	-257	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	-72	-352	0	0	0	0	0
Net investing cash flow	0	-1	-78	-584	-292	-680	-257	0	0
Repayment of debt	0	0	-117	299	324	-95	-66	-66	-66
Proceeds from debt	—	0	0	585	698	708	251	50	0
Dividends paid	0	0	0	0	-5	-5	0	0	0
New equity	0	0	221	295	—	0	0	0	0
Other	0	0	0	-585	-698	0	0	0	0
Net financing cash flow	0	0	104	594	319	608	185	-16	-66
Currency effect	—	—	0	0	0	-2	0	0	0
Net cash flow			9	45	74	-14	-10	-4	-61
Cash balance	4	1	10	55	129	115	105	101	40
Free cash flow	-3	-2	-95	-549	-245	-620	-195	12	5





# Cleaves Securities

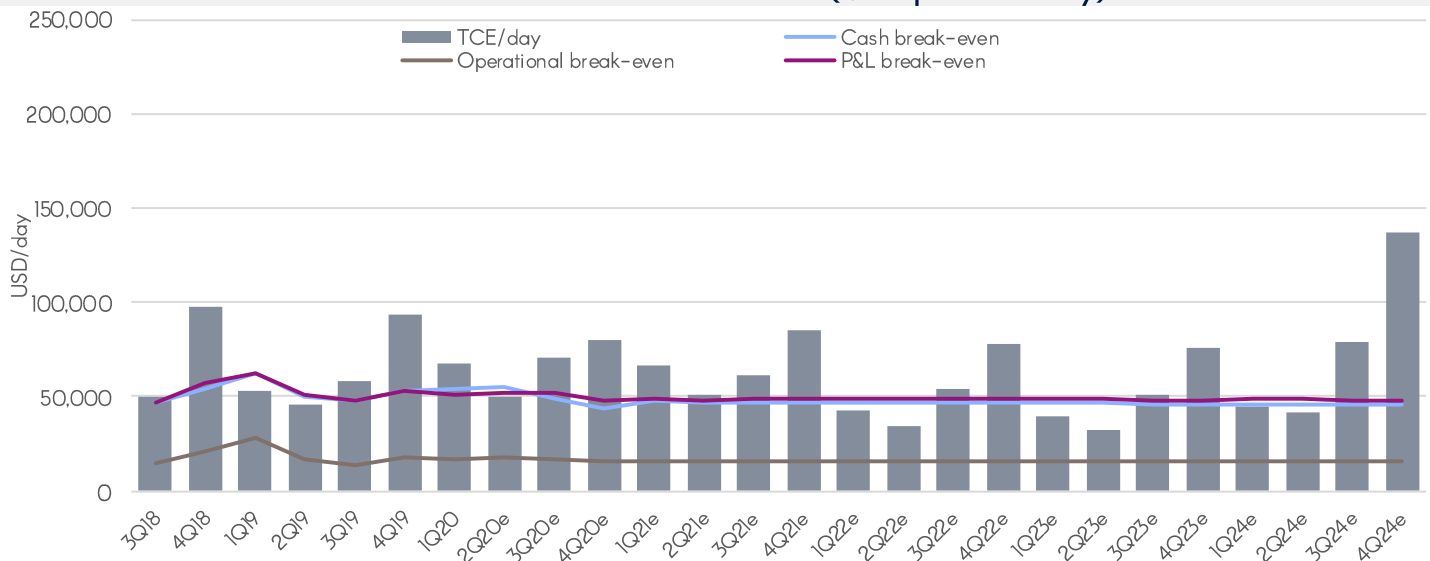
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	14	14	37	54	54	54	54	54	54
Share price, avg (USD)	10	10	11	13	11	6	5	5	5
Share price, end (USD)	11	12	16	14	10	5	5	5	5
<b>Market Cap.</b>	<b>160</b>	<b>163</b>	<b>582</b>	<b>765</b>	<b>559</b>	<b>276</b>	<b>276</b>	<b>276</b>	<b>276</b>
NIBD	3	6	150	400	650	1,284	1,479	1,467	1,462
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>163</b>	<b>169</b>	<b>732</b>	<b>1,165</b>	<b>1,209</b>	<b>1,560</b>	<b>1,755</b>	<b>1,743</b>	<b>1,738</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)				65.0	32.9				
P/E (adj.)				65.0	32.9	15.2			
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales					4.9	1.7	1.3	1.7	1.7
EV/Sales					10.6	9.7	8.2	10.5	11.0
EV/EBITDA				25.1	14.4	13.6	12.3	18.8	20.5
EV/EBIT				40.2	22.0	22.7	25.6		
P/B	0.8	0.8	1.1	0.9	0.7	0.3	0.3	0.4	0.4
FCF yield	-2%	-1%	-16%	-72%	-44%	-224%	-71%	4%	2%
Dividend yield	0.0%	0.0%	0.0%	0.0%	1.0%	2.0%	0.0%	0.0%	0.0%
Return on equity (ROE)	-1.2%	-0.9%	-2.0%	1.4%	2.0%	-0.7%	-1.4%	-8.7%	-10.5%
Return on capital employed (ROCE)	-1.1%	-0.7%	-1.9%	2.4%	3.7%	3.3%	3.0%	0.7%	0.4%
Return on assets (ROA)	-1.2%	-0.8%	-1.5%	0.9%	1.0%	-0.3%	-0.5%	-2.8%	-3.2%
Sales growth						42%	33%	-23%	-5%
EBITDA margin					74%	71%	66%	56%	53%
EBIT margin					48%	43%	32%	9%	5%
Net margin					15%	-4%	-5%	-39%	-45%
Net interest rate	0.0%	0.0%	0.0%	0.0%	5.2%	3.9%	5.4%	5.5%	5.4%
Tax rate	-0.3%	0.1%	-0.2%	-0.1%	1.1%	0.4%	0.0%	0.0%	0.0%
Equity ratio	96%	96%	76%	64%	51%	37%	33%	32%	31%
Leverage ratio	4%	4%	24%	36%	49%	63%	67%	68%	69%
NIBD / EBITDA (past ly)		-3.7	-11.9	8.6	7.8	11.2	10.4	15.8	17.3
Operating cash flow/NIBD	-0.9	-0.2	-0.1	0.1	0.1	0.0	0.0	0.0	0.0
Net interest coverage ratio (EBIT)					2.5	2.3	1.8	1.1	1.1
Current ratio	6.5	1.4	4.0	1.7	2.5	1.8	2.0	1.8	0.9
Adj. equity ratio						38%	35%	34%	33%
Operating assets	212	213	675	1,239	1,512	2,150	2,333	2,256	2,179
Operating liabilities	1	1	4	12	23	38	38	38	38
Net operating assets	211	212	670	1,227	1,489	2,112	2,295	2,218	2,141

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 somewhat bridges the trough

GLOG-NO

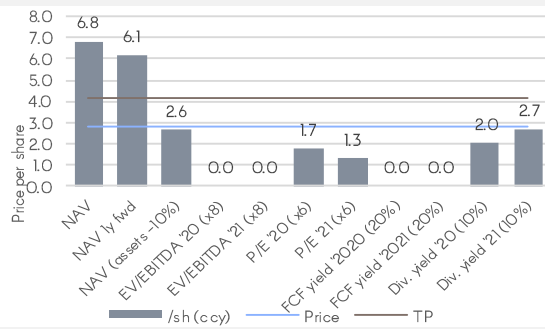
BUY/\$4.2

GasLog

### Share price vs target price

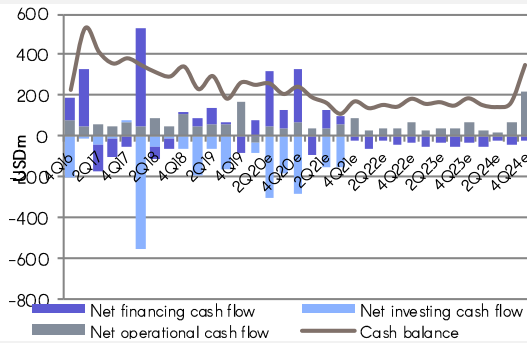


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	647	698	665	656
EBITDA (adj.)	453	482	446	436
EBIT (adj.)	272	283	235	219
PTP (adj.)	83	69	23	14
Net earnings (adj.)	23	17	-31	-40
EPS (adj.)	0.29	0.21	-0.39	-0.50
DPS	0.20	0.27	0.37	0.56
USDm	2020E	2021E	2022E	2023E
Fwd NAV	511	490	466	441
Adj. equity ratio	0	0	0	0
FCF yield	-321%	-38%	76%	78%
Dividend yield	7%	10%	13%	20%
EV/EBITDA	8.9	8.6	9.0	8.9
P/E (adj.)	9.6	13.2		

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	113	216	179	176
Free cash flow	-725	-85	171	176
Net cash flow	-21	-73	13	2
TCE/day	62,672	57,404	53,664	52,905
Cash break-even	54,556	48,458	43,902	43,403
Liquidity	243	170	183	185
Property & Equip. (incl. NBs)	5,319	5,422	5,219	5,003
Total equity	1,590	1,586	1,525	1,439
Total assets	5,917	5,946	5,757	5,542
Interest bearing debt	4,055	4,089	3,960	3,832
Net interest bearing debt	3,812	3,919	3,777	3,646
Market Cap.	226	226	226	226
Enterprise value	4,038	4,145	4,003	3,872
Capex	843	302	8	-

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

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	151.0	158.4	153.2	159.4				
EBITDA (adj.)	106.5	113.8	105.9	107.3				
EBIT (adj.)	65.2	72.3	62.2	58.3				
PTP (adj.)	17.8	31.7	15.3	17.1				
Net earnings (adj.)	2.3	19.6	-1.5	-0.6				
EPS (adj.)	0.03	0.24	-0.02	-0.01				
DPS	0.15	0.05	0.05	0.05				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	151.0	158.4	153.2	159.4				
Opex & G&A	44.5	44.7	47.3	52.2				
Depreciation	41.4	41.5	43.7	49.0				
Net finance	47.4	40.6	46.9	41.2				
Taxes & Minorities	15.5	12.0	16.8	17.7				

### CF & BS

2Q20 Preview USDm	2Q19	1Q20	2Q20		Actuals vs		Actuals vs	
			Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	56	-30	42					
Free cash flow	-13	-85	-268					
Net cash flow	65	-12	6					
TCE/day	63,375	70,411	59,776	62,199				
Utilization	97.0%	88.3%	95.5%					
Fleet days	2,457	2,548	2,685					
Cash break-even	47,084	65,434	45,661					
Liquidity	296	252	258					
Interest bearing debt	3,266	3,446	3,691					

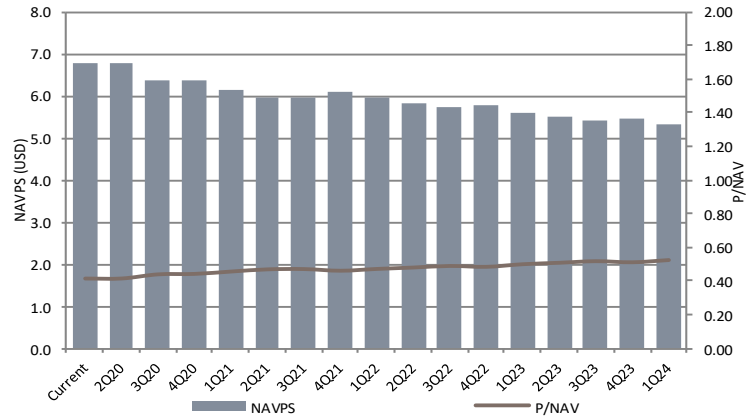


## Company Valuation

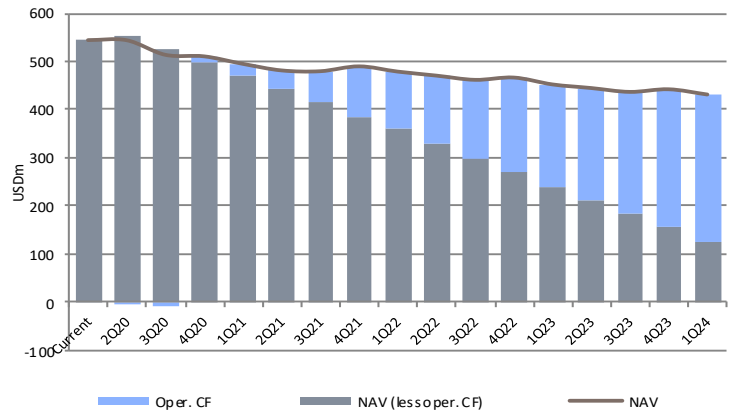
Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	2,402	3,343	3,805
Contract value	0	-2	66
Other	328	328	-488
<b>GAV</b>	<b>2,730</b>	<b>3,668</b>	<b>3,383</b>
Net debt	-1,914	-1,880	-1,914
Capex	0	-1,085	-1,085
Other	-207	-158	-158
<b>Equity</b>	<b>610</b>	<b>546</b>	<b>226</b>
Shares	81	81	81
<b>Equity/sh</b>	<b>7.57</b>	<b>6.77</b>	<b>2.81</b>
ICL CCY	7.57	6.77	2.81
<b>P/Equity</b>	<b>0.37</b>	<b>0.41</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>1.24</b>	<b>0.92</b>	<b>1.00</b>
Adj. Total Assets	2,915	3,856	4,318
Adj. Equity Ratio	21%	14%	5%
<b>Fair Value</b>	<b>USD</b>	<b>4.2</b>	<b>49%</b>

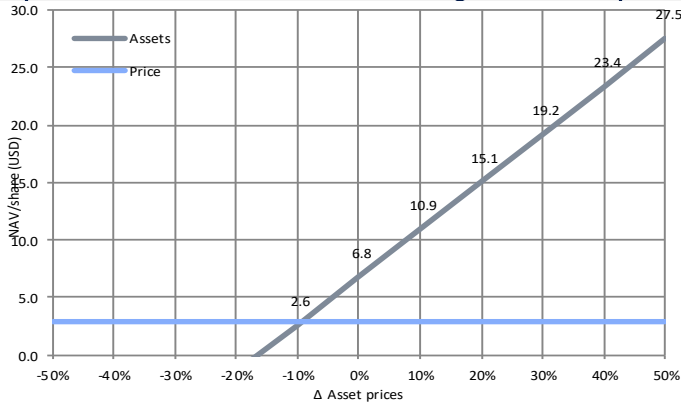
Quarterly forward NAV & P/NAV



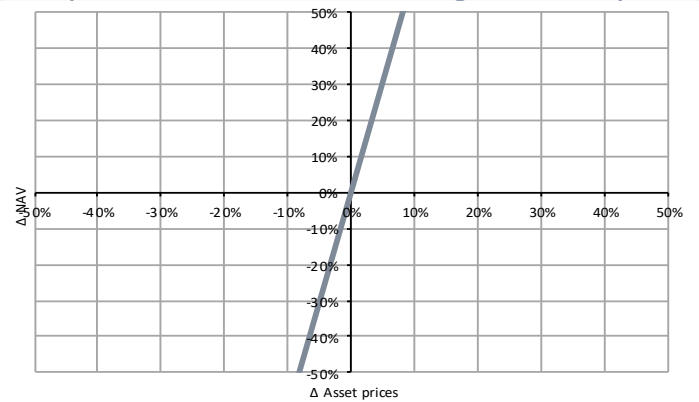
Quarterly forward NAV decomposition



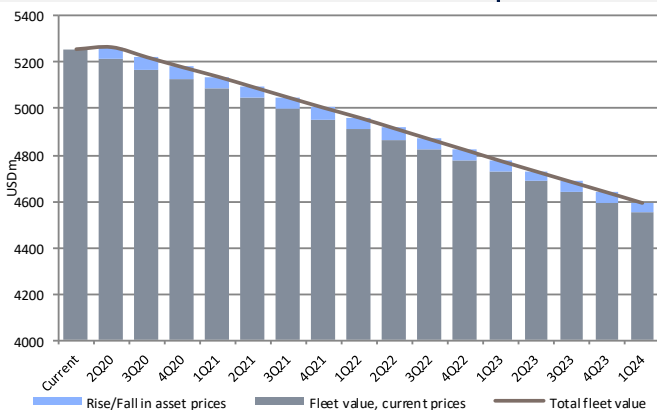
Impact on NAV/sh from % change in asset prices



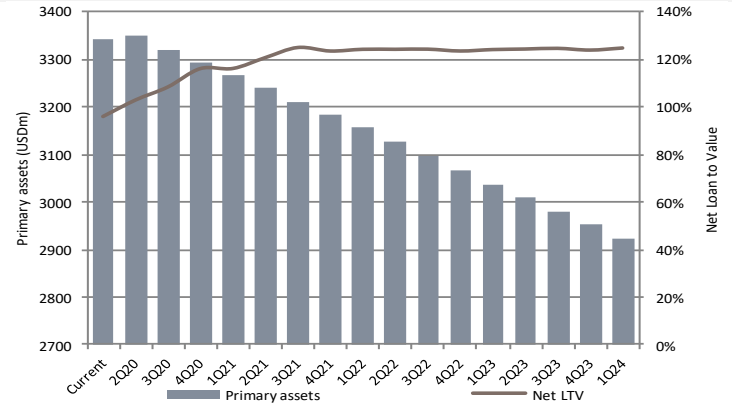
% Impact on NAV from % change in asset prices



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	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net sales	647	698	665	656	657	691	711	770	-10	6	-45	-114
EBITDA (adj.)	453	482	446	436	454	467	482	541	-1	15	-36	-105
EBIT (adj.)	272	283	235	219	269	260	264	317	3	23	-29	-98
PTP (adj.)	83	69	23	14	71	43	49	109	11	26	-26	-95
Net earnings (adj.)	23	17	-31	-40	10	10	17	77	13	7	-49	-118
EPS (adj.)	0.29	0.21	-0.39	-0.50	0.13	0.12	0.21	0.96	0.16	0.09	-0.60	-1.46
DPS	0.20	0.27	0.37	0.56	0.60	0.60	0.60	0.82	-0.40	-0.33	-0.23	-0.26
									2020E	2021E	2022E	2023E
								TCE revenue	-10	6	-45	-114
								Opex & G&A	-9	-9	-9	-9
								Depreciation	-4	-8	-7	-7
								Net finance	-8	-3	-3	-3
								Taxes & Minorities	-2	19	23	23

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	113	216	179	176	195	217	235	301	-82	-0	-55	-125
Free cash flow	-725	-85	171	176	-691	-22	203	301	-35	-63	-32	-125
Net cash flow	-21	-73	13	2	-147	-31	26	106	126	-42	-13	-103
TCE/day	62,672	57,404	53,664	52,905	61,170	56,873	57,303	62,061	1,503	531	-3,638	-9,155
Cash break-even	54,556	48,458	43,902	43,403	55,950	129,638	70,376	44,352	-1,394	-81,180	#####	-949
Liquidity	243	170	183	185	117	86	112	217	126	84	71	-32
Property & Equip. (incl. NBs)	5,319	5,422	5,219	5,003	5,332	5,364	5,178	4,954	-12	58	41	48
Total equity	1,590	1,586	1,525	1,439	1,612	1,573	1,542	1,553	-22	12	-17	-114
Total assets	5,917	5,946	5,757	5,542	5,777	5,779	5,619	5,501	139	167	138	41
Interest bearing debt	4,055	4,089	3,960	3,832	3,944	3,984	3,856	3,727	111	105	105	105
Net interest bearing debt	3,812	3,919	3,777	3,646	3,828	3,898	3,744	3,509	-16	21	33	137
Market Cap.	226	226	226	226	416	416	416	416	-190	-190	-190	-190
Enterprise value	4,038	4,145	4,003	3,872	4,243	4,314	4,160	3,925	-205	-169	-156	-53
Capex	843	302	8	-	886	239	32	-	-43	63	-24	-
Utilization	93%	97%	97%	97%	96%	97%	97%	97%	-3%	0%	0%	0%
Fleet days	11,121	12,504	12,775	12,775	11,166	12,504	12,775	12,775	-46	-	-	-

### Valuation

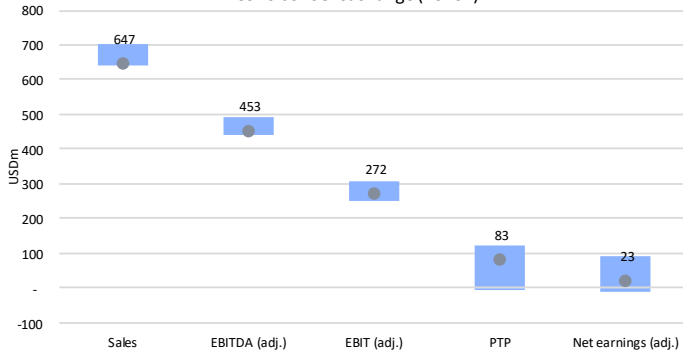
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	511	490	466	441	493	470	504	562	18	20	-38	-121
Adj. equity ratio	0	0	0	0	11%	10%	11%	12%	0%	0%	-1%	-3%
FCF yield	-321%	-38%	76%	78%	-166%	-5%	49%	72%	-155%	-32%	27%	6%
Dividend yield	7%	10%	13%	20%	12%	12%	12%	16%	-5%	-2%	1%	4%
EV/EBITDA	8.9	8.6	9.0	8.9	9.3	9.2	8.6	7.3	-0.4	-0.6	0.3	1.6
P/E (adj.)	9.6	13.2			40.1	42.0	24.1	5.4	-30.4	-28.9	#VALUE!	#VALUE!



## Our Estimates vs Consensus

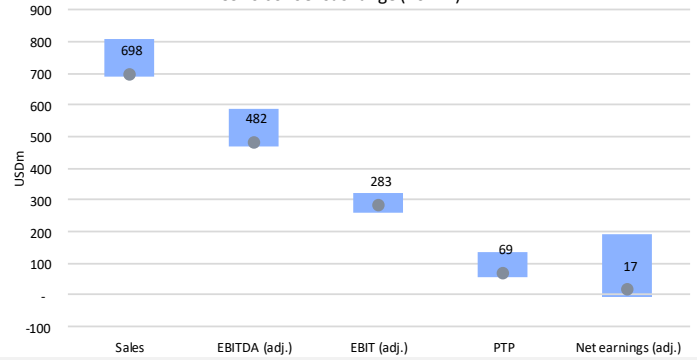
### Profit & Loss, year I

CS vs consensus range (2020E)

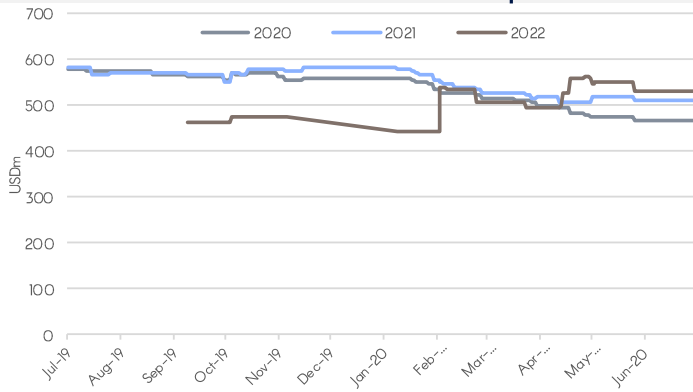


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



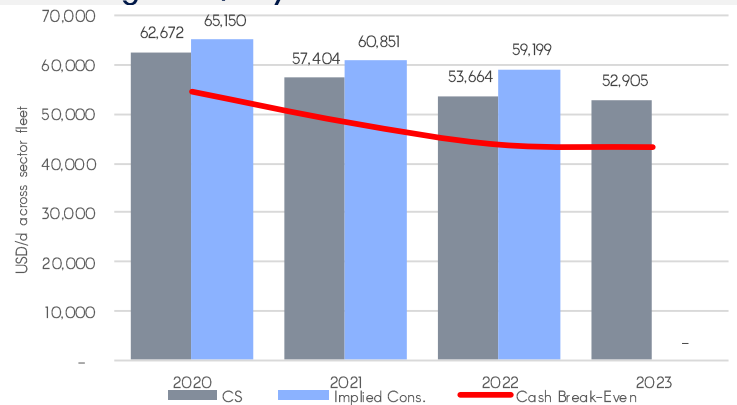
### Fair value vs share price past ly



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	647	673	673	-26	-4%
Opex + G&A	194	207	207	-13	-6%
Depreciation	181	190	190	-9	-5%
Net finance	189	227	227	-38	-17%
Taxes & Minorities	59	21	21	38	177%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	698	740	740	-42	-6%
Opex + G&A	215	229	229	-14	-6%
Depreciation	199	218	218	-18	-8%
Net finance	214	202	202	12	6%
Taxes & Minorities	52	32	32	20	62%

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	151	159	178	158	153	144	192	155	156
Operational costs	-45	-45	-216	-45	-47	-50	-52	-51	-53
EBITDA	107	114	-38	114	106	94	139	104	103
Depreciation/Amortization	-41	-43	-44	-41	-44	-46	-49	-48	-49
EBIT	65	70	-82	72	62	48	90	56	54
Net financials	-76	-62	-38	-112	-47	-50	-52	-52	-53
PTP	-11	9	-120	-39	15	-2	37	3	1
Taxes/Minorities	-15	-22	70	-12	-17	-12	-18	-14	-10
Net earnings	-26	-14	-50	-51	-2	-14	19	-10	-9
Non-recurring items	28	17	57	71	0	0	0	0	0
Net earnings (adj.)	2	3	7	20	-2	-14	19	-10	-9
EPS	-0.32	-0.17	-0.62	-0.64	-0.02	-0.17	0.24	-0.13	-0.11
EPS (adj.)	0.03	0.04	0.09	0.24	-0.02	-0.17	0.24	-0.13	-0.11
DPS	0.15	0.15	0.53	0.05	0.05	0.05	0.05	0.12	0.05
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	296	184	264	252	259	207	243	190	163
Other current assets	89	64	52	68	68	68	68	68	68
Total current assets	385	247	316	321	328	275	311	259	231
Property & equip. (incl. NBs)	4,672	4,819	4,652	4,675	4,942	5,079	5,319	5,271	5,373
Other non-current assets	246	253	255	286	286	286	286	286	286
Total non-current assets	4,918	5,072	4,907	4,961	5,228	5,365	5,605	5,557	5,659
TOTAL ASSETS	5,302	5,319	5,223	5,282	5,555	5,640	5,917	5,815	5,890
Total equity	1,882	1,841	1,650	1,564	1,593	1,575	1,590	1,570	1,557
Short-term debt	206	217	265	224	228	234	238	231	232
Other current liabilities	101	92	173	157	157	157	157	157	157
Total current liabilities	307	309	438	381	385	391	395	388	390
Long-term debt	3,060	3,098	3,088	3,222	3,463	3,560	3,817	3,743	3,829
Other non-current liabilities	53	71	48	114	114	114	114	114	114
Total non-current liabilities	3,113	3,169	3,136	3,336	3,577	3,674	3,932	3,857	3,944
TOTAL EQUITY & LIABILITIES	5,302	5,319	5,223	5,282	5,555	5,640	5,917	5,815	5,890
Working capital, receivables	28	32	18	39	39	39	39	39	39
Working capital, payables	17	22	28	39	39	39	39	39	39
Net working capital	11	10	-10	0	0	0	0	0	0
Interest bearing debt	3,266	3,315	3,352	3,446	3,691	3,793	4,055	3,974	4,062
Liquidity	296	184	264	252	259	207	243	190	163
Net interest bearing debt	2,970	3,132	3,089	3,194	3,432	3,587	3,812	3,784	3,899
<b>Cash Flow (USDm)</b>									
Net income	-26	-14	-50	-51	-2	-14	19	-10	-9
Depreciation	41	43	44	41	44	46	49	48	49
Other	67	28	127	67	0	0	0	0	0
Cash earnings	82	58	121	57	42	33	69	38	40
Changes in working capital	-26	-4	43	-87	0	0	0	0	0
Net operational cash flow	56	55	164	-30	42	33	69	38	40
Capex	-36	-190	-33	-60	-310	-184	-290	0	-151
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	10	0	0	0	0	0	0	0
Other	-33	11	25	5	0	0	0	0	0
Net investing cash flow	-69	-169	-7	-55	-310	-184	-290	0	-151
Repayment of debt	132	-72	81	128	-28	-81	-28	-81	-360
Proceeds from debt	0	130	0	0	273	184	290	0	449
Dividends paid	-12	-12	-43	-4	-4	-4	-4	-10	-4
New equity	0	0	0	0	34	0	0	0	0
Other	-43	-35	-120	-48	0	0	0	0	0
Net financing cash flow	78	10	-81	76	275	99	258	-91	84
Currency effect	0	0	-3	-2	0	0	0	0	0
Net cash flow	65	-105	73	-12	7	-52	36	-53	-27
Cash balance	296	184	264	252	259	207	243	190	163
Free cash flow	-13	-114	157	-85	-268	-151	-221	38	-111



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	415	466	525	618	669	647	698	665	656
Operational costs	-154	-166	-170	-173	-377	-194	-215	-220	-220
EBITDA	261	300	355	446	291	453	482	446	436
Depreciation/Amortization	-107	-123	-137	-153	-168	-181	-199	-211	-217
EBIT	154	177	218	293	123	272	283	235	219
Net financials	-101	-149	-133	-166	-239	-261	-214	-212	-205
PTP	54	28	84	126	-116	11	69	23	14
Taxes/Minorities	-43	-50	-69	-79	15	-59	-52	-54	-54
<b>Net earnings</b>	<b>11</b>	<b>-21</b>	<b>16</b>	<b>48</b>	<b>-101</b>	<b>-48</b>	<b>17</b>	<b>-31</b>	<b>-40</b>
Non-recurring items	-7	-10	-10	-10	-10	71	0	0	0
<b>Net earnings (adj.)</b>	<b>3</b>	<b>-32</b>	<b>5</b>	<b>38</b>	<b>-111</b>	<b>23</b>	<b>17</b>	<b>-31</b>	<b>-40</b>
EPS	0.13	-0.27	0.19	0.59	-1.24	-0.59	0.21	-0.39	-0.50
EPS (adj.)	0.04	-0.39	0.07	0.47	-1.37	0.29	0.21	-0.39	-0.50
DPS	0.56	0.56	0.56	0.99	0.98	0.20	0.27	0.37	0.56
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	303	227	384	343	264	243	170	183	185
Other current assets	95	43	33	96	52	68	68	68	68
<b>Total current assets</b>	<b>398</b>	<b>270</b>	<b>417</b>	<b>439</b>	<b>316</b>	<b>311</b>	<b>239</b>	<b>251</b>	<b>254</b>
Property & equip. (incl. NBs)	3,579	3,985	3,939	4,483	4,630	5,319	5,422	5,219	5,003
Other non-current assets	63	260	279	253	277	286	286	286	286
<b>Total non-current assets</b>	<b>3,641</b>	<b>4,245</b>	<b>4,218</b>	<b>4,736</b>	<b>4,907</b>	<b>5,605</b>	<b>5,708</b>	<b>5,505</b>	<b>5,288</b>
<b>TOTAL ASSETS</b>	<b>4,040</b>	<b>4,515</b>	<b>4,635</b>	<b>5,175</b>	<b>5,223</b>	<b>5,917</b>	<b>5,946</b>	<b>5,757</b>	<b>5,542</b>
<b>Total equity</b>	<b>1,508</b>	<b>1,510</b>	<b>1,763</b>	<b>1,983</b>	<b>1,650</b>	<b>1,590</b>	<b>1,586</b>	<b>1,525</b>	<b>1,439</b>
Short-term debt	637	153	186	527	265	238	304	333	285
Other current liabilities	97	109	109	142	173	157	157	157	157
<b>Total current liabilities</b>	<b>734</b>	<b>263</b>	<b>295</b>	<b>669</b>	<b>438</b>	<b>395</b>	<b>461</b>	<b>490</b>	<b>442</b>
Long-term debt	1,738	2,719	2,575	2,507	3,088	3,817	3,785	3,627	3,547
Other non-current liabilities	60	24	2	15	48	114	114	114	114
<b>Total non-current liabilities</b>	<b>1,797</b>	<b>2,743</b>	<b>2,577</b>	<b>2,522</b>	<b>3,136</b>	<b>3,932</b>	<b>3,900</b>	<b>3,741</b>	<b>3,661</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>4,040</b>	<b>4,515</b>	<b>4,635</b>	<b>5,175</b>	<b>5,223</b>	<b>5,917</b>	<b>5,946</b>	<b>5,757</b>	<b>5,542</b>
Working capital, receivables	23	18	8	9	18	39	39	39	39
Working capital, payables	12	7	12	12	28	39	39	39	39
<b>Net working capital</b>	<b>10</b>	<b>10</b>	<b>-4</b>	<b>-3</b>	<b>-10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest bearing debt	2,374	2,872	2,761	3,035	3,352	4,055	4,089	3,960	3,832
Liquidity	366	227	384	343	264	243	170	183	185
<b>Net interest bearing debt</b>	<b>2,009</b>	<b>2,645</b>	<b>2,377</b>	<b>2,692</b>	<b>3,089</b>	<b>3,812</b>	<b>3,919</b>	<b>3,777</b>	<b>3,646</b>
<b>Cash Flow (USDm)</b>									
Net income	11	-21	16	48	-101	-48	17	-31	-40
Depreciation	107	123	137	153	168	181	199	211	217
Other	36	147	69	80	248	67	0	0	0
<b>Cash earnings</b>	<b>154</b>	<b>249</b>	<b>222</b>	<b>281</b>	<b>316</b>	<b>200</b>	<b>216</b>	<b>179</b>	<b>176</b>
Changes in working capital	8	8	2	3	2	-87	0	0	0
<b>Net operational cash flow</b>	<b>162</b>	<b>257</b>	<b>224</b>	<b>284</b>	<b>317</b>	<b>113</b>	<b>216</b>	<b>179</b>	<b>176</b>
Capex	-728	-762	-82	-674	-480	-843	-302	-8	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	0	0	10	0	0	0	0
Other	24	-10	8	-19	26	0	0	0	0
<b>Net investing cash flow</b>	<b>-704</b>	<b>-771</b>	<b>-75</b>	<b>-693</b>	<b>-443</b>	<b>-839</b>	<b>-302</b>	<b>-8</b>	<b>0</b>
Repayment of debt	502	505	-118	292	358	-9	-1,193	-454	-129
Proceeds from debt	606	—	—	—	—	747	1,228	325	0
Dividends paid	-45	-45	-45	-80	-79	-16	-22	-30	-45
New equity	173	0	1	1	0	34	0	0	0
Other	-602	-20	170	155	-229	0	0	0	0
<b>Net financing cash flow</b>	<b>634</b>	<b>440</b>	<b>7</b>	<b>368</b>	<b>50</b>	<b>707</b>	<b>13</b>	<b>-159</b>	<b>-174</b>
Currency effect	-1	-1	1	0	-3	-2	0	0	0
<b>Net cash flow</b>	<b>91</b>	<b>-76</b>	<b>157</b>	<b>-41</b>	<b>-79</b>	<b>-21</b>	<b>-73</b>	<b>13</b>	<b>2</b>
Cash balance	303	227	384	343	264	243	170	183	185
<b>Free cash flow</b>	<b>-542</b>	<b>-515</b>	<b>149</b>	<b>-409</b>	<b>-126</b>	<b>-725</b>	<b>-85</b>	<b>171</b>	<b>176</b>





# Cleaves Securities

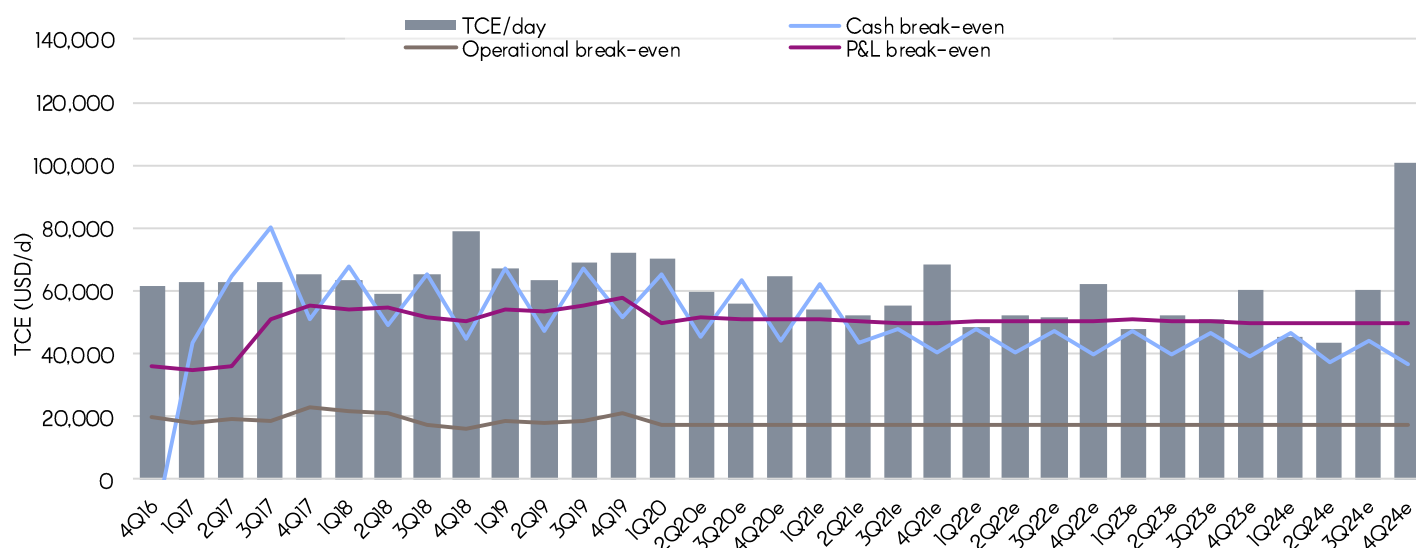
Shipping Quarterly: Hydrocarbons Are Out of Favour

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Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	80	81	81	81	81	81	81	81	81
Share price, avg (USD)	16	13	16	19	14	4	3	3	3
Share price, end (USD)	8	16	22	16	10	3	3	3	3
<b>Market Cap.</b>	<b>668</b>	<b>1,297</b>	<b>1,796</b>	<b>1,331</b>	<b>792</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>226</b>
NIBD	2,009	2,645	2,377	2,692	3,089	3,812	3,919	3,777	3,646
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>2,677</b>	<b>3,942</b>	<b>4,173</b>	<b>4,023</b>	<b>3,880</b>	<b>4,038</b>	<b>4,145</b>	<b>4,003</b>	<b>3,872</b>
<b>Key Figures &amp; Ratios</b>	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	61.7			27.9			13.2		
P/E (adj.)				35.4		9.6	13.2		
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.6	2.8	3.4	2.2	1.2	0.3	0.3	0.3	0.3
EV/Sales	6.4	8.5	7.9	6.5	5.8	6.2	5.9	6.0	5.9
EV/EBITDA	10.3	13.2	11.8	9.0	13.3	8.9	8.6	9.0	8.9
EV/EBIT	17.3	22.3	19.2	13.8	31.5	14.8	14.6	17.0	17.7
P/B	0.7	1.4	2.0	1.5	1.2	0.4	0.4	0.5	0.8
FCF yield	-81%	-40%	8%	-31%	-16%	-321%	-38%	76%	78%
Dividend yield	6.7%	3.5%	2.5%	6.0%	10.0%	7.1%	9.6%	13.1%	20.0%
Return on equity (ROE)	1.1%	-2.3%	1.7%	5.4%	-14.6%	-8.0%	3.2%	-7.4%	-14.2%
Return on capital employed (ROCE)	4.4%	4.3%	5.3%	6.3%	2.6%	5.0%	5.1%	4.4%	4.3%
Return on assets (ROA)	0.3%	-0.5%	0.3%	0.9%	-1.9%	-0.8%	0.3%	-0.5%	-0.7%
Sales growth	26%	12%	13%	18%	8%	-3%	8%	-5%	-1%
EBITDA margin	63%	64%	68%	72%	44%	70%	69%	67%	66%
EBIT margin	37%	38%	41%	47%	18%	42%	41%	35%	33%
Net margin	3%	-5%	3%	8%	-15%	-7%	2%	-5%	-6%
Net interest rate	4.6%	0.0%	0.0%	0.0%	0.0%	5.0%	5.5%	5.6%	5.6%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	37%	33%	38%	38%	32%	27%	27%	26%	26%
Leverage ratio	63%	67%	62%	62%	68%	73%	73%	74%	74%
NIBD / EBITDA (past ly)	7.7	8.8	6.7	6.0	10.6	8.4	8.1	8.5	8.4
Operating cash flow/NIBD	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0
Net interest coverage ratio (EBIT)	2.8					2.4	2.3	2.1	2.1
Current ratio	0.5	1.0	1.4	0.7	0.7	0.8	0.5	0.5	0.6
Adj. equity ratio						9%	8%	8%	8%
Operating assets	3,674	4,288	4,251	4,832	4,959	5,674	5,776	5,574	5,357
Operating liabilities	157	133	111	157	221	271	271	271	271
Net operating assets	3,517	4,155	4,140	4,675	4,738	5,402	5,505	5,302	5,085

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)



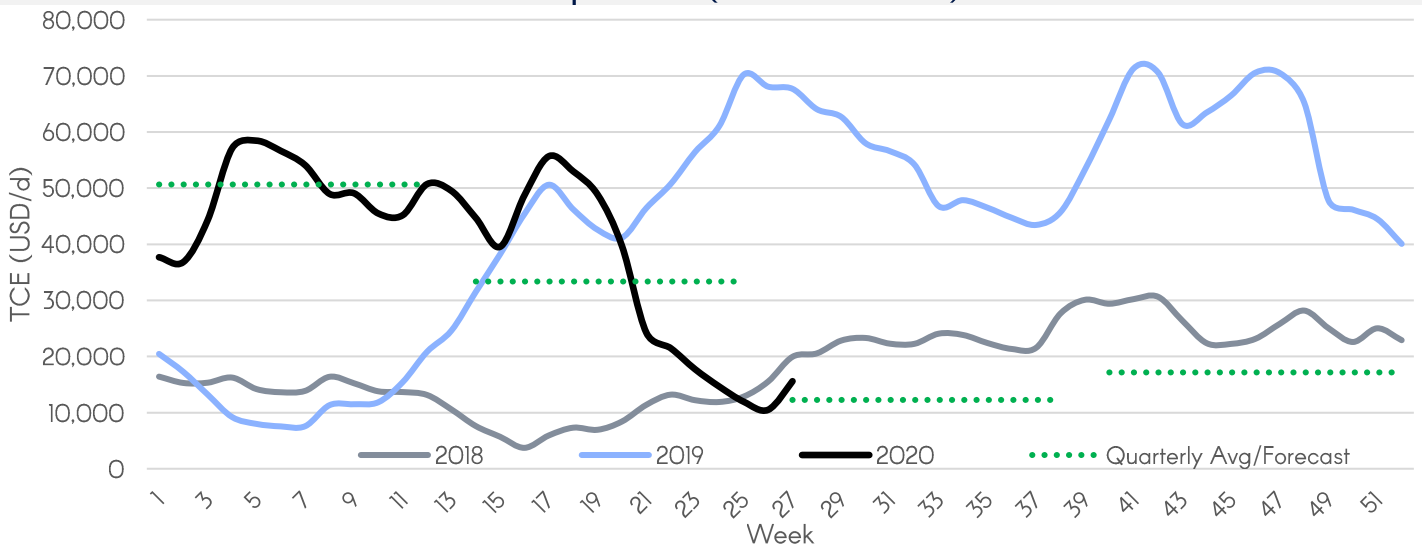


## LPG Carriers



## Earnings

VLGC spot rates (Baltic LPG Index)



VLGC one-year timecharter rates

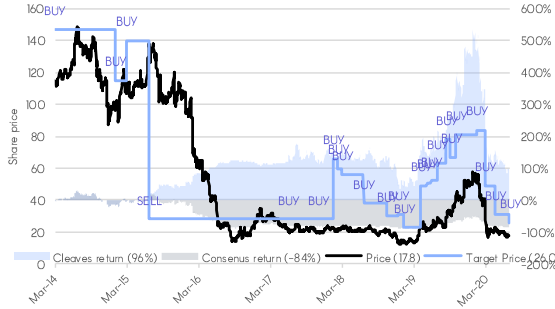


## AVANCE- NO

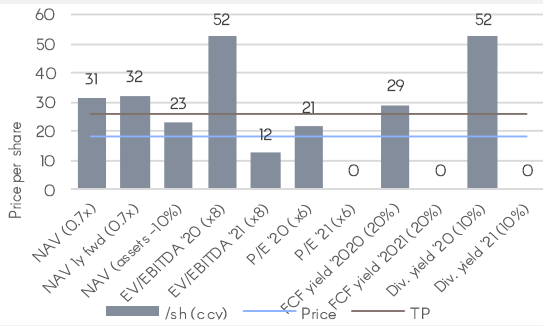
BUY/N26

## Avance Gas

### Share price vs target price

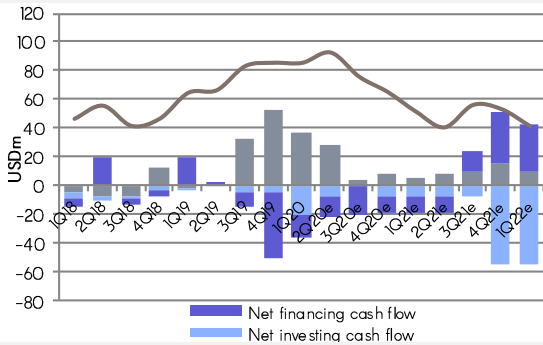


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	138	108	200	259
EBITDA (adj.)	90	61	147	207
EBIT (adj.)	49	19	100	159
PTP (adj.)	24	-4	73	134
Net earnings (adj.)	24	-4	73	134
EPS (adj.)	0.38	-0.06	1.13	2.08
DPS	0.55	-	0.29	0.93
USDm	2020E	2021E	2022E	2023E
Fwd NAV	303	382	585	675
Adj. equity ratio	39%	43%	53%	58%
FCF yield	33%	-33%	54%	149%
Dividend yield	29%	0%	15%	49%
EV/EBITDA	5.4	8.6	3.2	1.7
P/E (adj.)	5.0		1.7	0.9

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	77	38	121	182
Free cash flow	40	-40	66	182
Net cash flow	-20	-12	75	78
TCE/day	31,097	21,378	35,186	45,668
Cash break-even	22,595	21,976	21,091	20,834
Liquidity	66	54	129	206
Property & Equip. (incl. NBs)	758	794	801	753
Total equity	386	382	436	510
Total assets	857	881	963	993
Interest bearing debt	429	457	485	441
Net interest bearing debt	364	403	356	234
Market Cap.	122	122	122	122

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

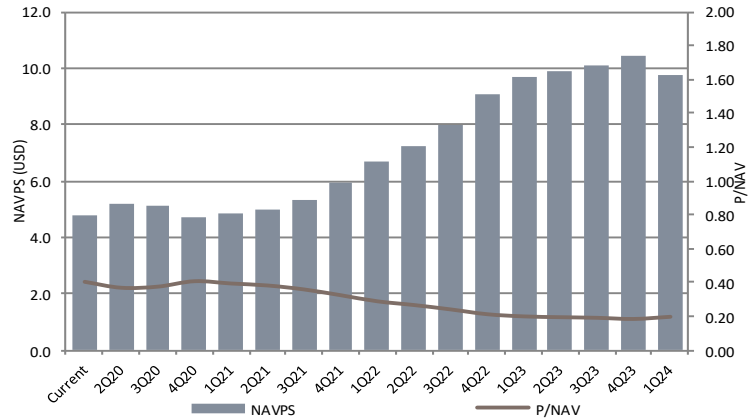


## Company Valuation

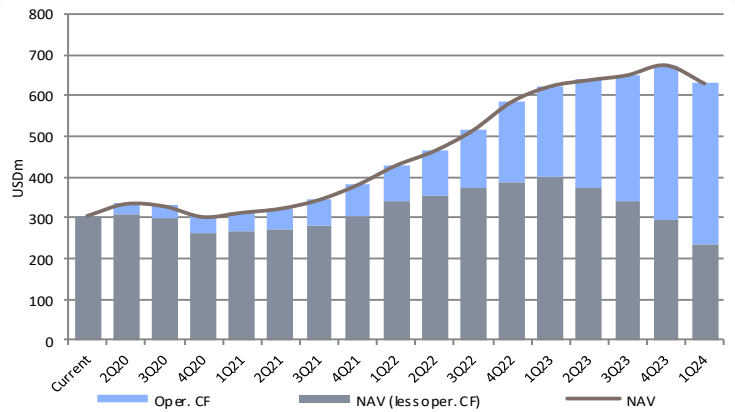
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	773	816	639
Contract value	0	17	13
Other	18	18	14
<b>GAV</b>	<b>791</b>	<b>851</b>	<b>667</b>
Net debt	-371	-371	-371
Capex	0	-147	-147
Other	-26	-26	-26
<b>Equity</b>	<b>394</b>	<b>306</b>	<b>122</b>
Shares	65	65	65
<b>Equity/sh</b>	<b>6.10</b>	<b>4.74</b>	<b>1.89</b>
1cl CCY	57.54	44.75	17.81
P/Equity	0.31	0.40	1.00
EV/GAV	0.84	0.78	1.00
Adj. Total Assets	893	935	759
Adj. Equity Ratio	44%	33%	16%
<b>Fair Value</b>	<b>NOK</b>	<b>26</b>	<b>45%</b>
	<b>USD</b>	<b>2.7</b>	

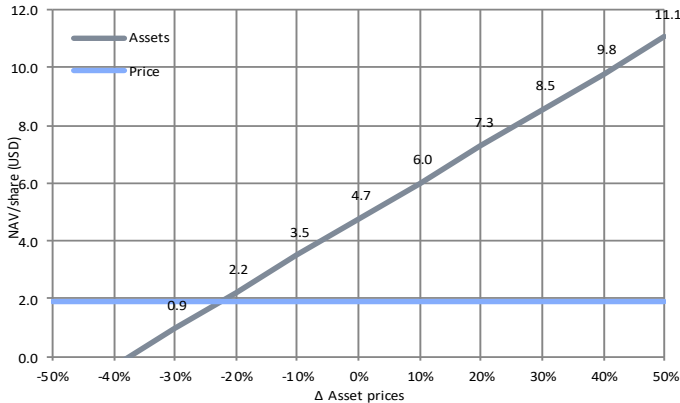
### Quarterly forward NAV & P/NAV



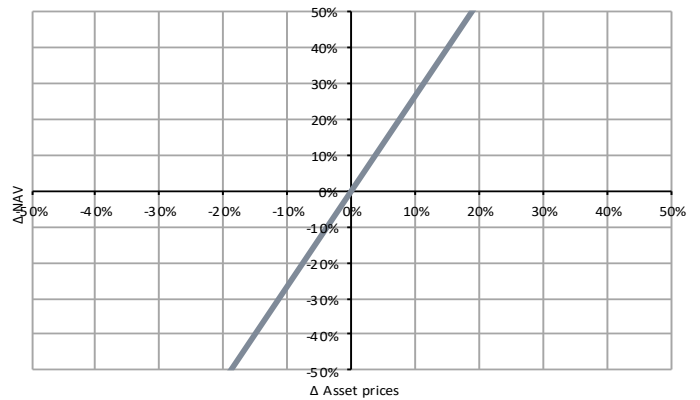
### Quarterly forward NAV decomposition



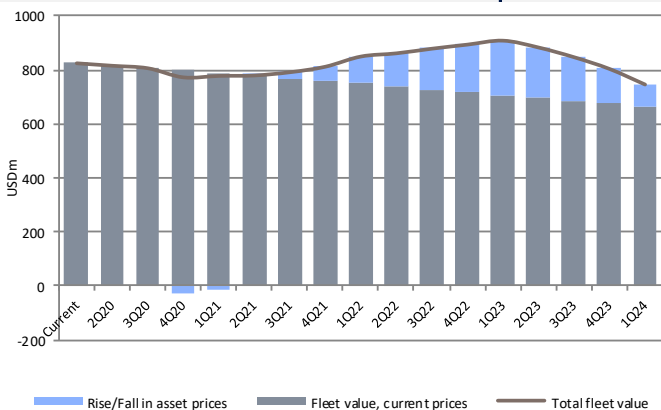
### Impact on NAV/sh from % change in asset prices



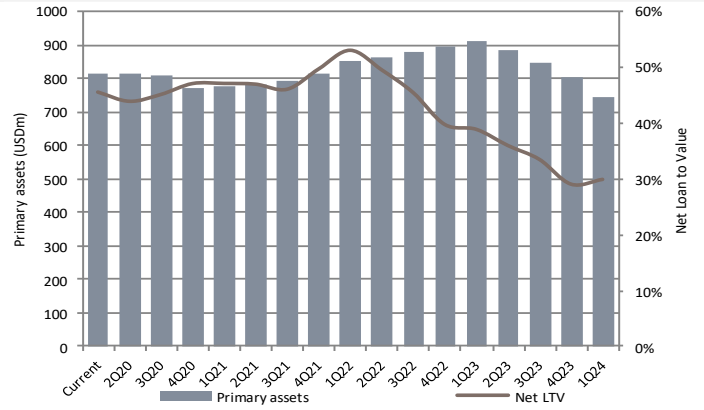
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	40.4	44.1	46.4	50.6				
EBITDA (adj.)	28.4	31.7	34.8	30.1				
EBIT (adj.)	18.2	21.4	24.4	20.4				
PTP (adj.)	9.8	15.2	18.3	14.1				
Net earnings (adj.)	9.8	15.2	18.3	13.6				
EPS (adj.)	0.15	0.24	0.28	0.21				
DPS	-	0.12	0.14	0.04				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	40.4	44.1	46.4	50.6				
Opex & G&A	12.0	12.3	11.6	20.6				
Depreciation	10.2	10.4	10.4	9.7				
Net finance	8.3	6.2	6.1	6.3				
Taxes & Minorities	-	-	-	0.5				

### CF & BS

2Q20 Preview USDm					Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	32,825	46,757	39,864	43,465				
Utilization	96.7%	74.0%	91.4%					
Fleet days	1,274	1,274	1,274					
Cash break-even	20,357	23,157	22,585					
Liquidity	67	86	93					
Interest bearing debt	509	457	451					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net sales	138	108	200	259	126	109	138	159	12	-1	62	100
EBITDA (adj.)	90	61	147	207	79	61	85	107	11	-0	62	100
EBIT (adj.)	49	19	100	159	38	19	38	59	11	-0	62	100
PTP (adj.)	24	-4	73	134	14	-3	11	34	11	-1	62	100
Net earnings (adj.)	24	-4	73	134	14	-3	11	34	11	-1	62	100
EPS (adj.)	0.38	-0.06	1.13	2.08	0.22	-0.05	0.17	0.53	0.16	-0.01	0.96	1.55
DPS	0.55	-	0.29	0.93	0.56	0.12	0.24	0.38	-0.00	-0.12	0.05	0.55
DPS (NOK)	5.23	-	2.74	8.74	5.722	1.229	2.466	3.9				
							TCE revenue		12	-1	62	100
							Opex & G&A		1	-0	-0	-0
							Depreciation		-0	-0	-0	-0
							Net finance		0	0	-0	-0
							Taxes & Minorities		-0	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	77	38	121	182	55	39	58	82	21	-1	62	100
Free cash flow	40	-40	66	182	24	-39	4	82	16	-1	62	100
Net cash flow	-20	-12	75	78	-41	-14	20	13	21	2	55	64
TCE/day	31,097	21,378	35,186	45,668	27,687	21,628	24,261	28,088	3,410	-250	10,925	17,580
Cash break-even	22,595	21,976	21,091	20,834	22,388	21,929	21,121	20,870	207	47	-30	-36
Liquidity	66	54	129	206	45	31	51	64	21	23	78	142
Property & Equip. (incl. NBs)	758	794	801	753	753	789	796	748	5	5	5	5
Total equity	386	382	436	510	389	378	373	383	-3	4	63	127
Total assets	857	881	963	993	848	870	897	863	9	11	66	130
Interest bearing debt	429	457	485	441	424	457	489	445	5	0	-4	-4
Net interest bearing debt	364	403	356	234	379	426	438	381	-16	-23	-82	-146
Market Cap.	122	122	122	122	144	144	144	144	-22	-22	-22	-22
Enterprise value	485	525	478	356	524	570	582	525	-38	-45	-104	-169

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	303	382	585	675	336	374	441	504	-33	7	145	171
Adj. equity ratio	39%	43%	53%	58%	42%	43%	46%	51%	-3%	0%	7%	7%
FCF yield	33%	-33%	54%	149%	16%	-27%	3%	57%	16%	-6%	52%	92%
Dividend yield	29%	0%	15%	49%	25%	5%	11%	17%	5%	-5%	5%	32%
EV/EBITDA	5.4	8.6	3.2	1.7	6.6	9.3	6.8	4.9	-1.2	-0.7	-3.6	-3.2
P/E (adj.)	5.0		1.7	0.9	10.4		13.4	4.2	-5.4	#####	-11.7	-3.3

### Various

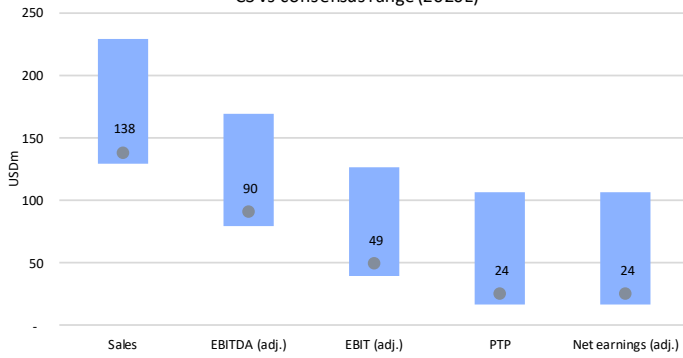
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Opex/day (excl. TC-in)	-8,162	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-8,000	-162	-	-	-
G&A/day	-1,096	-1,100	-990	-1,000	-1,120	-1,121	-1,008	-1,019	25	21	18	18
Depreciation/day	-8,082	-8,112	-8,160	-8,160	-8,083	-8,113	-8,161	-8,161	1	1	1	1
Net interest/day	-4,750	-4,407	-4,566	-4,299	-4,680	-4,339	-4,578	-4,317	-70	-68	12	18
Amort./day	-8,587	-8,469	-7,535	-7,535	-8,587	-8,469	-7,535	-7,535	-	-	-	-



## Our Estimates vs Consensus

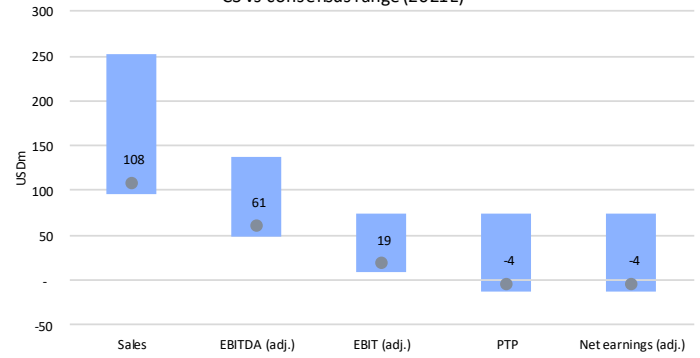
### Profit & Loss, year I

CS vs consensus range (2020E)

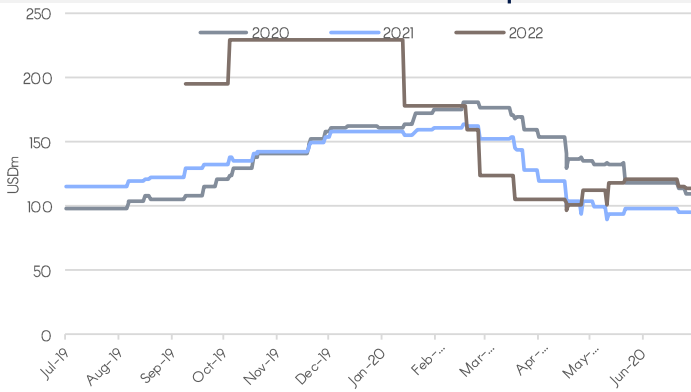


### Profit & Loss, year II

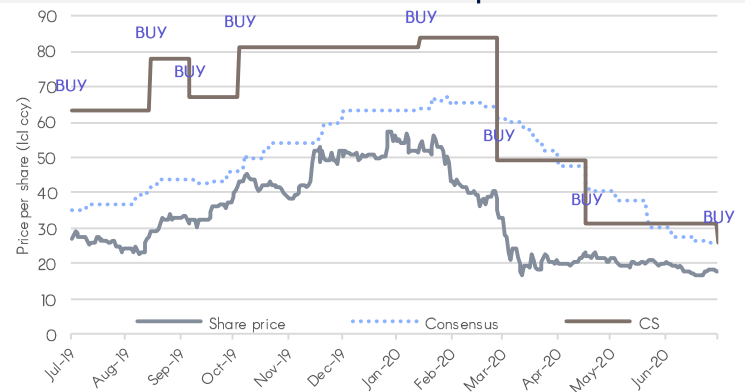
CS vs consensus range (2021E)



### Consensus EBITDA development



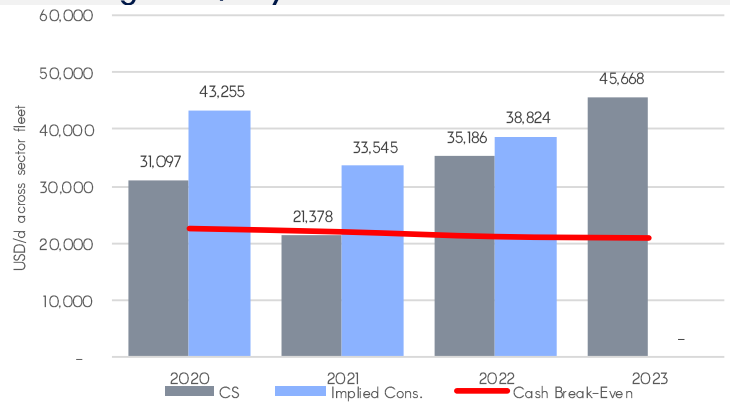
### Fair value vs share price



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	138	192	192	-54	-28%
Opex + G&A	47	83	83	-35	-43%
Depreciation	41	42	42	-1	-2%
Net finance	24	23	23	1	6%
Taxes & Minorities	0	-0	-0	0	-100%
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	108	170	170	-62	-36%
Opex + G&A	47	75	75	-28	-37%
Depreciation	42	48	48	-6	-12%
Net finance	23	15	15	8	53%
Taxes & Minorities	0	0	0	0	#DIV/0!

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	40	54	65	44	46	21	26	22	25
Operational costs	-12	-12	-11	-12	-12	-12	-12	-11	-12
EBITDA	28	43	54	32	35	10	14	11	14
Depreciation/Amortization	-10	-11	-10	-10	-10	-10	-10	-10	-10
EBIT	18	32	43	21	24	-1	4	0	3
Net financials	-8	-7	-6	-6	-6	-6	-6	-6	-6
PTP	10	25	37	15	18	-7	-2	-5	-2
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	10	25	37	15	18	-7	-2	-5	-2
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	10	25	37	15	18	-7	-2	-5	-2
EPS	0.15	0.38	0.57	0.23	0.28	-0.11	-0.03	-0.08	-0.04
EPS (adj.)	0.15	0.38	0.57	0.24	0.28	-0.11	-0.03	-0.08	-0.04
DPS	0.00	0.00	0.00	0.30	0.12	0.14	0.00	0.00	0.00
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	67	84	86	86	93	76	66	52	41
Other current assets	37	42	50	33	33	33	33	33	33
Total current assets	104	125	136	119	126	110	99	85	75
Property & equip. (incl. NBs)	774	768	763	773	771	761	758	756	753
Other non-current assets	0	0	0	0	0	0	0	0	0
Total non-current assets	774	768	763	773	771	761	758	756	753
TOTAL ASSETS	878	893	899	893	897	870	857	841	828
Total equity	349	372	411	394	404	388	386	381	379
Short-term debt	43	43	43	43	43	43	43	43	43
Other current liabilities	10	12	24	23	23	23	23	23	23
Total current liabilities	53	54	67	66	66	66	66	66	66
Long-term debt	467	456	410	414	408	397	386	375	364
Other non-current liabilities	10	12	11	19	19	19	19	19	19
Total non-current liabilities	476	468	421	433	427	416	405	394	383
TOTAL EQUITY & LIABILITIES	878	893	899	893	897	870	857	841	828
Working capital, receivables	32	33	35	25	25	25	25	25	25
Working capital, payables	3	9	23	16	16	16	16	16	16
Net working capital	29	24	12	9	9	9	9	9	9
Interest bearing debt	509	499	453	457	451	440	429	418	407
Liquidity	67	84	86	86	93	76	66	52	41
Net interest bearing debt	442	415	367	371	358	364	364	366	366
<b>Cash Flow (USDm)</b>									
Net income	10	25	37	15	18	-7	-2	-5	-2
Depreciation	10	11	10	10	10	10	10	10	10
Other	-3	0	0	1	0	0	0	0	0
Cash earnings	17	36	47	26	29	3	8	5	8
Changes in working capital	-17	-4	5	10	0	0	0	0	0
Net operational cash flow	0	32	52	36	29	3	8	5	8
Capex	0	-4	-4	-21	-8	0	-8	-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	-4	-4	-21	-8	0	-8	-8	-8
Repayment of debt	-514	-36	-46	-11	-11	-11	-11	-11	-11
Proceeds from debt	515	25	0	0	5	0	0	0	0
Dividends paid	0	0	0	-19	-8	-9	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	0	0	0	15	0	0	0	0	0
Net financing cash flow	1	-11	-46	-15	-14	-20	-11	-11	-11
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	2	17	2	0	7	-17	-11	-14	-11
Cash balance	67	84	86	86	93	76	66	52	41
Free cash flow	0	28	48	15	21	3	0	-3	0





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	265	93	54	70	174	138	108	200	259
Operational costs	-37	-100	-44	-45	-46	-47	-47	-53	-53
EBITDA	228	-7	9	25	127	90	61	147	207
Depreciation/Amortization	-31	-42	-40	-41	-42	-41	-42	-48	-48
EBIT	196	-48	-31	-16	85	49	19	100	159
Net financials	-13	-20	-24	-27	-29	-24	-23	-27	-25
PTP	183	-68	-55	-43	56	24	-4	73	134
Taxes/Minorities	0	0	0	0	0	0	0	0	0
<b>Net earnings</b>	<b>183</b>	<b>-68</b>	<b>-55</b>	<b>-43</b>	<b>56</b>	<b>24</b>	<b>-4</b>	<b>73</b>	<b>134</b>
Non-recurring items	0	0	0	0	0	0	0	0	0
<b>Net earnings (adj.)</b>	<b>183</b>	<b>-68</b>	<b>-55</b>	<b>-43</b>	<b>56</b>	<b>24</b>	<b>-4</b>	<b>73</b>	<b>134</b>
EPS	5.04	-1.07	-0.86	-0.68	0.88	0.38	-0.06	1.13	2.08
EPS (adj.)	5.04	-1.07	-0.86	-0.68	0.88	0.38	-0.06	1.13	2.08
DPS	4.74	0.51	0.00	0.00	0.00	0.55	0.00	0.29	0.93
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	70	149	62	47	86	66	54	129	206
Other current assets	81	23	22	28	50	33	33	33	33
<b>Total current assets</b>	<b>151</b>	<b>172</b>	<b>84</b>	<b>75</b>	<b>136</b>	<b>99</b>	<b>87</b>	<b>162</b>	<b>240</b>
Property & equip. (incl. NBs)	966	861	823	795	763	758	794	801	753
Other non-current assets	2	0	0	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>968</b>	<b>861</b>	<b>824</b>	<b>795</b>	<b>763</b>	<b>758</b>	<b>794</b>	<b>801</b>	<b>753</b>
<b>TOTAL ASSETS</b>	<b>1,119</b>	<b>1,033</b>	<b>908</b>	<b>871</b>	<b>899</b>	<b>857</b>	<b>881</b>	<b>963</b>	<b>993</b>
<b>Total equity</b>	<b>500</b>	<b>457</b>	<b>402</b>	<b>365</b>	<b>411</b>	<b>386</b>	<b>382</b>	<b>436</b>	<b>510</b>
Short-term debt	93	21	21	32	43	43	35	38	40
Other current liabilities	10	11	14	12	24	23	23	23	23
<b>Total current liabilities</b>	<b>103</b>	<b>32</b>	<b>35</b>	<b>44</b>	<b>67</b>	<b>66</b>	<b>57</b>	<b>61</b>	<b>63</b>
Long-term debt	508	537	467	461	410	386	423	447	401
Other non-current liabilities	8	7	5	2	11	19	19	19	19
<b>Total non-current liabilities</b>	<b>516</b>	<b>544</b>	<b>472</b>	<b>462</b>	<b>421</b>	<b>405</b>	<b>442</b>	<b>466</b>	<b>420</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,119</b>	<b>1,033</b>	<b>908</b>	<b>871</b>	<b>899</b>	<b>857</b>	<b>881</b>	<b>963</b>	<b>993</b>
Working capital, receivables	76	19	16	20	35	25	25	25	25
Working capital, payables	9	8	10	11	23	16	16	16	16
<b>Net working capital</b>	<b>67</b>	<b>11</b>	<b>6</b>	<b>9</b>	<b>12</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Interest bearing debt	601	558	488	492	453	429	457	485	441
Liquidity	70	149	62	47	86	66	54	129	206
<b>Net interest bearing debt</b>	<b>531</b>	<b>409</b>	<b>425</b>	<b>445</b>	<b>367</b>	<b>364</b>	<b>403</b>	<b>356</b>	<b>234</b>
<b>Cash Flow (USDm)</b>									
Net income	183	-68	-55	-43	56	24	-4	73	134
Depreciation	31	42	40	41	42	41	42	48	48
Other	1	54	2	2	-4	1	0	0	0
<b>Cash earnings</b>	<b>216</b>	<b>28</b>	<b>-12</b>	<b>-1</b>	<b>94</b>	<b>66</b>	<b>38</b>	<b>121</b>	<b>182</b>
Changes in working capital	-48	57	1	-5	-11	10	0	0	0
<b>Net operational cash flow</b>	<b>167</b>	<b>85</b>	<b>-12</b>	<b>-6</b>	<b>83</b>	<b>77</b>	<b>38</b>	<b>121</b>	<b>182</b>
Capex	-492	-1	-3	-12	-9	-37	-78	-55	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	13	0	0	0	0	0	0	0
<b>Net investing cash flow</b>	<b>-492</b>	<b>12</b>	<b>-3</b>	<b>-12</b>	<b>-9</b>	<b>-37</b>	<b>-78</b>	<b>-55</b>	<b>0</b>
Repayment of debt	417	-44	-72	3	-36	-44	-44	-44	-44
Proceeds from debt	450	0	0	0	540	5	72	72	0
Dividends paid	-172	-33	0	0	0	-36	0	-19	-60
New equity	0	59	—	0	—	0	0	0	0
Other	-462	0	0	0	-540	0	0	0	0
<b>Net financing cash flow</b>	<b>232</b>	<b>-18</b>	<b>-72</b>	<b>3</b>	<b>-36</b>	<b>-60</b>	<b>28</b>	<b>9</b>	<b>-104</b>
Currency effect	0	0	0	0	0	0	0	0	0
<b>Net cash flow</b>	<b>-92</b>	<b>79</b>	<b>-87</b>	<b>-15</b>	<b>39</b>	<b>-20</b>	<b>-12</b>	<b>75</b>	<b>78</b>
Cash balance	70	149	62	47	86	66	54	129	206
<b>Free cash flow</b>	<b>-324</b>	<b>97</b>	<b>-15</b>	<b>-18</b>	<b>75</b>	<b>40</b>	<b>-40</b>	<b>66</b>	<b>182</b>



# Cleaves Securities

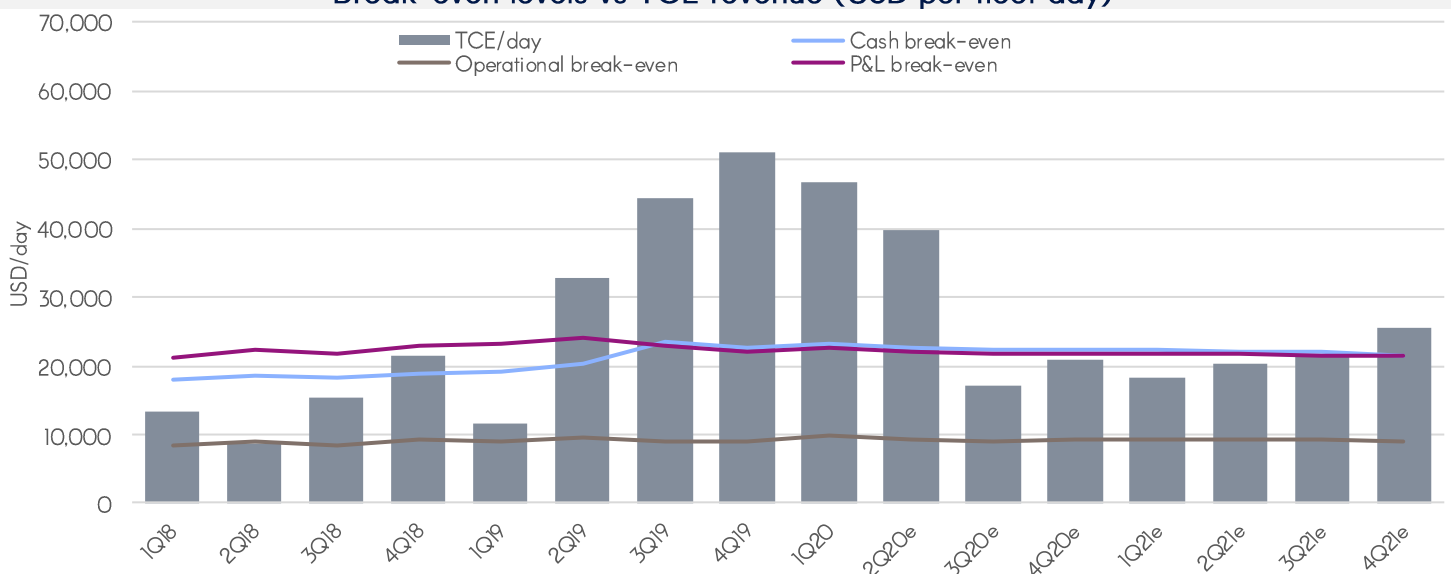
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	36	64	64	64	64	65	65	65	65
Share price, avg (USD)	12	4	3	2	3	2	2	2	2
Share price, end (USD)	12	3	3	1	6	2	2	2	2
<b>Market Cap.</b>	<b>445</b>	<b>196</b>	<b>182</b>	<b>90</b>	<b>362</b>	<b>122</b>	<b>122</b>	<b>122</b>	<b>122</b>
NIBD	531	409	425	445	367	364	403	356	234
Minorities	0	0	0	0	0	0	0	0	0
<b>Enterprise value</b>	<b>977</b>	<b>604</b>	<b>607</b>	<b>535</b>	<b>729</b>	<b>485</b>	<b>525</b>	<b>478</b>	<b>356</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	2.4				6.5	5.0		1.7	0.9
P/E (adj.)	2.4				6.5	5.0		1.7	0.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.7	2.1	3.4	1.3	2.1	0.9	1.1	0.6	0.5
EV/Sales	3.7	6.5	11.3	7.7	4.2	3.5	4.8	2.4	1.4
EV/EBITDA	4.3		64.0	21.4	5.7	5.4	8.6	3.2	1.7
EV/EBIT	5.0				8.5	9.9	27.9	4.8	2.2
P/B	0.9	0.4	0.5	0.2	0.9	0.3	0.3	0.3	0.2
FCF yield	-73%	50%	-8%	-20%	21%	33%	-33%	54%	149%
Dividend yield	38.7%	16.7%	0.0%	0.0%	0.0%	29.4%	0.0%	15.4%	49.1%
Return on equity (ROE)	36.6%	-14.9%	-13.6%	-11.9%	13.6%	6.3%	-1.1%	16.7%	26.2%
Return on capital employed (ROCE)	19.0%	-5.6%	-3.7%	-1.9%	11.0%	6.5%	2.4%	12.6%	21.3%
Return on assets (ROA)	16.4%	-6.6%	-6.0%	-5.0%	6.2%	2.8%	-0.5%	7.6%	13.5%
Sales growth	91%	-65%	-42%	29%	150%	-21%	-21%	84%	30%
EBITDA margin	86%	-7%	18%	36%	73%	66%	56%	74%	80%
EBIT margin	74%	-52%	-57%	-23%	49%	35%	17%	50%	61%
Net margin	69%	-73%	-101%	-62%	32%	18%	-4%	37%	52%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.7%	5.7%	7.5%	10.7%
Tax rate	0.0%	-0.2%	-0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Equity ratio	45%	44%	44%	42%	46%	45%	43%	45%	51%
Leverage ratio	55%	56%	56%	58%	54%	55%	57%	55%	49%
NIBD / EBITDA (past 1y)	2.3	-59.8	44.8	17.8	2.9	4.0	6.6	2.4	1.1
Operating cash flow/NIBD	0.3	0.2	0.0	0.0	0.2	0.2	0.1	0.3	0.8
Net interest coverage ratio (EBIT)						3.7	2.7	5.5	8.2
Current ratio	1.5	5.4	2.4	1.7	2.0	1.5	1.5	2.7	3.8
Adj. equity ratio						39%	43%	53%	58%
Operating assets	1,049	884	846	824	813	792	827	834	787
Operating liabilities	17	18	19	14	35	42	42	42	42
Net operating assets	1,031	866	827	809	778	750	786	792	745

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

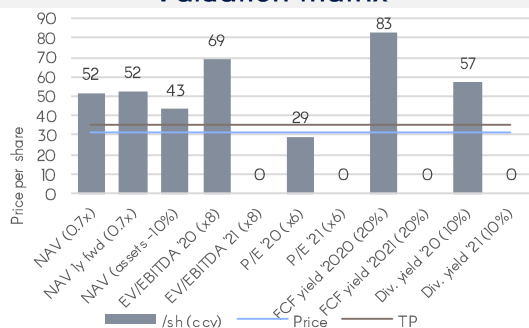
## BUY/N36

## BW LPG

### Share price vs target price

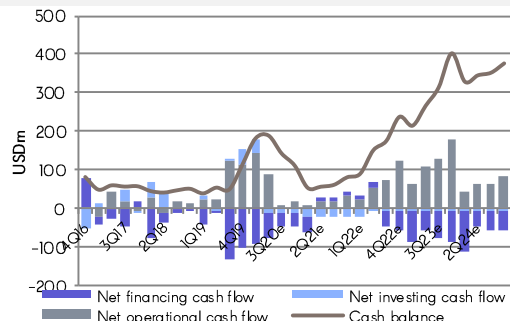


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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Head of Research  
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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	412	242	444	648
EBITDA (adj.)	262	102	305	509
EBIT (adj.)	109	-51	152	356
PTP (adj.)	74	-84	118	327
Net earnings (adj.)	73	-84	118	327
EPS (adj.)	0.52	-0.59	0.83	2.30
DPS	0.60	-	0.18	0.96
USDm	2020E	2021E	2022E	2023E
Fwd NAV	1,112	1,255	1,700	1,980
Adj. equity ratio	46%	49%	57%	64%
FCF yield	52%	-6%	48%	96%
Dividend yield	18%	0%	5%	29%
EV/EBITDA	5.7	15.3	4.5	2.0
P/E (adj.)	6.5		4.0	1.5

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	252	69	271	479
Free cash flow	250	-29	228	455
Net cash flow	15	-30	157	164
TCE/day	28,974	18,085	32,067	48,104
Cash break-even	22,858	22,904	22,825	23,792
Liquidity	110	80	236	401
Property & Equip. (incl. NBs)	1,805	1,750	1,640	1,511
Total equity	1,123	1,039	1,132	1,322
Total assets	2,451	2,366	2,412	2,448
Interest bearing debt	1,169	1,168	1,122	967
Net interest bearing debt	1,059	1,089	886	567

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

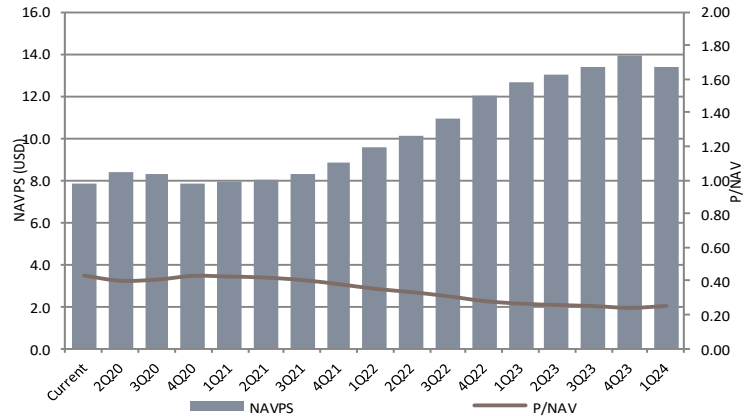


## Company Valuation

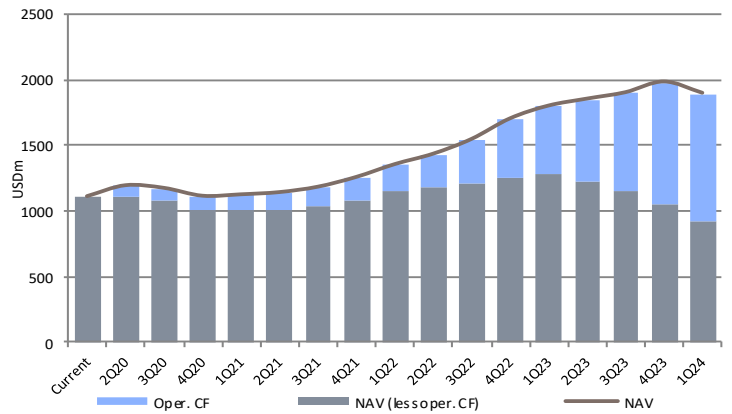
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,881	1,796	1,296
Contract value	0	39	28
Other	438	438	316
<b>GAV</b>	<b>2,319</b>	<b>2,272</b>	<b>1,640</b>
Net debt	-1,103	-1,103	-1,103
Capex	0	0	0
Other	-61	-61	-61
<b>Equity</b>	<b>1,155</b>	<b>1,109</b>	<b>476</b>
Shares	142	142	142
Equity/sh	8.14	7.81	3.35
Icl CCY	76.67	73.61	31.62
P/Equity	0.41	0.43	1.00
EV/GAV	0.71	0.72	1.00
Adj. Total Assets	2,597	2,512	2,013
Adj. Equity Ratio	44%	44%	24%
<b>Fair Value</b>	<b>NOK</b>	<b>36</b>	<b>13%</b>
	<b>USD</b>	<b>4</b>	

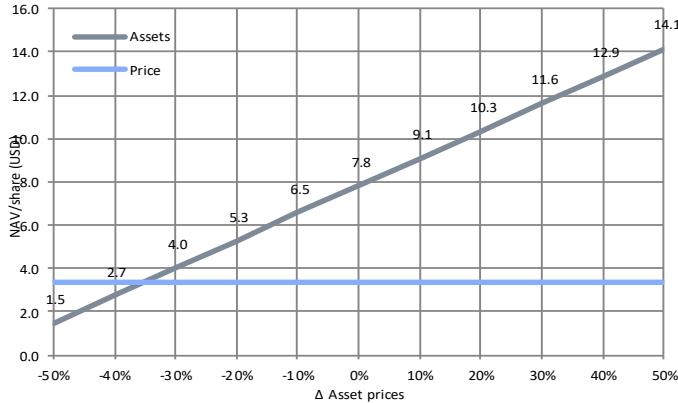
### Quarterly forward NAV & P/NAV



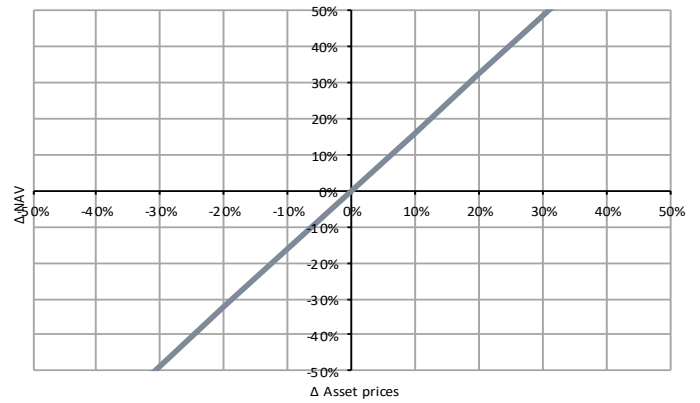
### Quarterly forward NAV decomposition



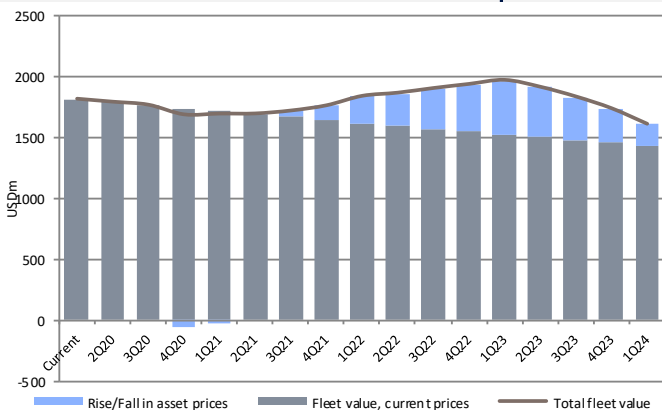
### Impact on NAV/sh from % change in asset prices



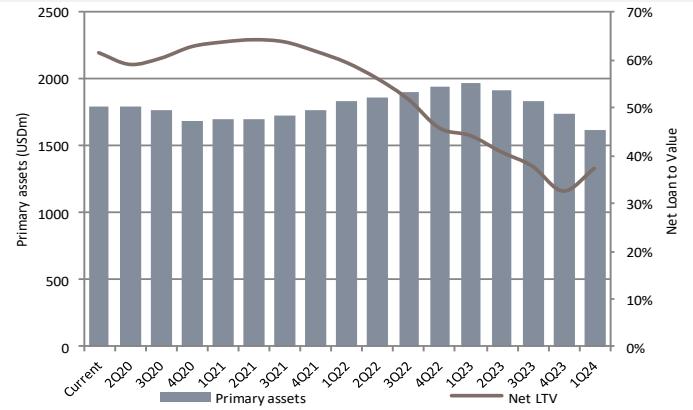
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	110.8	162.0	134.9	152.6				
EBITDA (adj.)	74.0	124.2	96.2	98.6				
EBIT (adj.)	41.9	86.1	58.0	60.4				
PTP (adj.)	26.7	77.8	48.7	57.9				
Net earnings (adj.)	26.5	77.5	48.5	48.9				
EPS (adj.)	0.19	0.55	0.34	0.35				
DPS	0.10	0.20	-	0.10				
Implied, line by line	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	110.8	162.0	134.9	152.6				
Opex & G&A	36.9	37.7	38.7	54.0				
Depreciation	32.0	38.2	38.2	38.2				
Net finance	15.2	8.3	9.3	2.5				
Taxes & Minorities	0.2	0.3	0.2	9.1				

### CF & BS

2Q20 Preview USDm			2Q20		Actuals vs		Actuals vs	
	2Q19	1Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE/day	28,809	45,256	37,539	42,473				
Utilization (incl. TCs and COAs)	92.3%	94.7%	94.0%					
Fleet days	4,169	3,778	3,822					
Cash break-even	20,283	22,802	22,867					
Liquidity	53	180	188					
Interest bearing debt	1,369	1,283	1,245					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	412	242	444	648	392	262	326	420	20	-20	118	228	
EBITDA (adj.)	262	102	305	509	249	140	205	300	12	-38	100	209	
EBIT (adj.)	109	-51	152	356	126	17	82	176	-17	-67	70	180	
PTP (adj.)	74	-84	118	327	81	-25	42	140	-7	-59	76	187	
Net earnings (adj.)	73	-84	118	327	79	-25	42	140	-6	-59	76	187	
EPS (adj.)	0.52	-0.59	0.83	2.30	0.56	-0.18	0.30	0.99	-0.04	-0.42	0.53	1.32	
DPS	0.60	-	0.18	0.96	0.94	0.14	0.30	0.54	-0.34	-0.14	-0.12	0.42	
									2020E	2021E	2022E	2023E	
									TCE revenue	20	-20	118	228
									Opex & G&A	8	18	19	19
									Depreciation	29	29	29	29
									Net finance	-10	-8	-5	-7
									Taxes & Minorities	-1	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	252	69	271	479	212	99	166	263	40	-30	105	216
Free cash flow	250	-29	228	455	200	87	153	263	50	-116	75	192
Net cash flow	15	-30	157	164	-86	21	46	72	101	-52	111	93
TCE/day	28,974	18,085	32,067	48,104	24,677	17,403	21,838	29,586	4,297	682	10,229	18,518
Cash break-even	22,858	22,904	22,825	23,792	20,635	19,944	19,553	20,316	2,223	2,960	3,272	3,477
Liquidity	110	80	236	401	26	47	93	165	84	32	143	236
Property & Equip. (incl. NBs)	1,805	1,750	1,640	1,511	1,957	1,846	1,735	1,612	-153	-96	-95	-100
Total equity	1,123	1,039	1,132	1,322	1,131	1,087	1,087	1,150	-8	-48	44	172
Total assets	2,451	2,366	2,412	2,448	2,351	2,261	2,196	2,144	99	105	216	304
Interest bearing debt	1,169	1,168	1,122	967	1,130	1,084	1,019	904	39	84	103	63
Net interest bearing debt	1,059	1,089	886	567	1,104	1,037	926	739	-45	52	-40	-173
Market Cap.	476	476	476	476	512	512	512	512	-36	-36	-36	-36
Enterprise value	1,536	1,565	1,362	1,043	1,617	1,549	1,439	1,252	-81	16	-76	-209

### Valuation

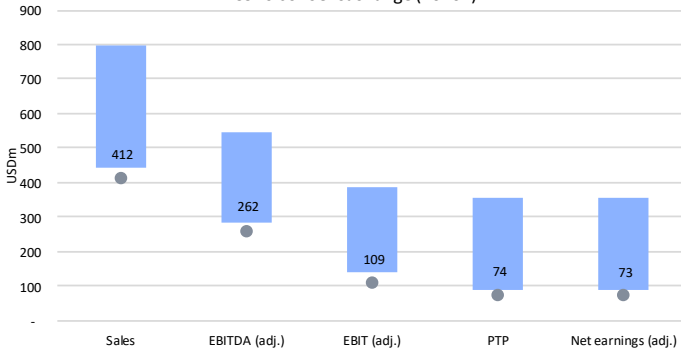
Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	1,112	1,255	1,700	1,980	1,159	1,237	1,415	1,641	-47	17	285	340
Adj. equity ratio	46%	49%	57%	64%	49%	51%	56%	62%	-3%	-3%	1%	1%
FCF yield	52%	-6%	48%	96%	39%	17%	30%	51%	13%	-23%	18%	44%
Dividend yield	18%	0%	5%	29%	26%	4%	8%	15%	-8%	-4%	-3%	14%
EV/EBITDA	5.7	15.3	4.5	2.0	6.3	11.1	7.0	4.2	-0.6	4.3	-2.5	-2.1
P/E (adj.)	6.5		4.0	1.5	6.5		12.1	3.7	0.0	#####	-8.1	-2.2



## Our Estimates vs Consensus

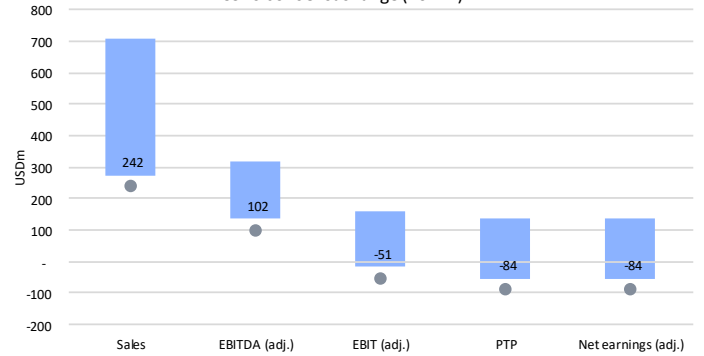
### Profit & Loss, year I

CS vs consensus range (2020E)

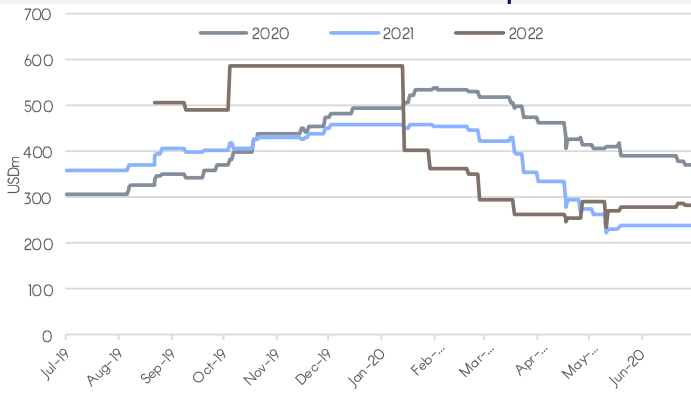


### Profit & Loss, year II

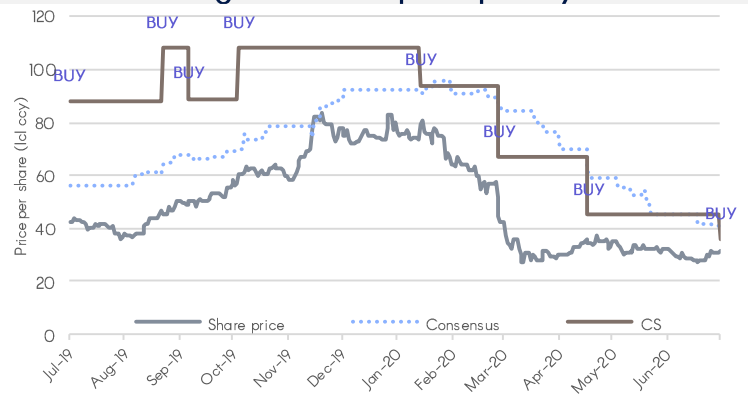
CS vs consensus range (2021E)



### Consensus EBITDA development



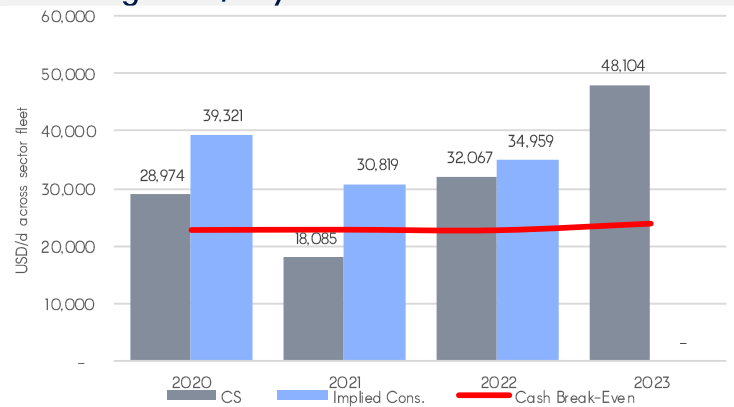
### Target vs share price past ly



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

	2020	CS	Consensus	Diff.	Diff.
TCE revenue	412	559	-147	-26%	
Opex + G&A	150	189	-39	-21%	
Depreciation	153	153	-0	0%	
Net finance	35	43	-7	-17%	
Taxes & Minorities	1	2	-1	-73%	
	2021	CS	Consensus	Diff.	Diff.
TCE revenue	242	413	-171	-41%	
Opex + G&A	140	176	-36	-20%	
Depreciation	153	154	-1	-1%	
Net finance	33	38	-4	-12%	
Taxes & Minorities	0	1	-1	-100%	

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





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net sales	111	185	192	162	135	52	64	48	59
Operational costs	-36	-25	6	-30	-39	-38	-36	-35	-35
EBITDA	75	160	197	132	96	13	28	13	24
Depreciation/Amortization	-32	-32	-31	-38	-38	-38	-38	-38	-38
EBIT	43	128	166	93	58	-25	-10	-25	-14
Net financials	-16	-11	-11	-13	-9	-9	-9	-8	-8
PTP	27	118	155	81	49	-34	-19	-34	-23
Taxes/Minorities	0	0	-2	0	0	0	0	0	0
Net earnings	26	117	154	81	49	-34	-19	-34	-23
Non-recurring items	0	-10	-44	-3	0	0	0	0	0
Net earnings (adj.)	26	107	109	77	49	-34	-19	-34	-23
EPS	0.19	0.83	1.08	0.57	0.34	-0.24	-0.13	-0.24	-0.16
EPS (adj.)	0.19	0.75	0.77	0.55	0.34	-0.24	-0.13	-0.24	-0.16
DPS	0.00	0.10	0.32	0.40	0.20	0.00	0.00	0.00	0.00
Balance Sheet (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Cash & short-term investments	53	48	112	180	188	141	110	52	56
Other current assets	173	212	276	278	278	278	278	278	278
Total current assets	226	260	388	458	466	420	388	330	334
Property & equip. (incl. NBs)	1,968	1,944	1,904	1,881	1,856	1,830	1,805	1,791	1,777
Other non-current assets	213	211	257	258	258	258	258	258	258
Total non-current assets	2,181	2,155	2,161	2,139	2,114	2,088	2,063	2,049	2,035
TOTAL ASSETS	2,408	2,415	2,549	2,597	2,580	2,508	2,451	2,379	2,369
Total equity	962	1,064	1,177	1,156	1,176	1,142	1,123	1,090	1,067
Short-term debt	160	157	191	161	167	169	172	168	169
Other current liabilities	63	50	79	120	120	120	120	120	120
Total current liabilities	223	207	270	281	287	289	292	287	289
Long-term debt	1,209	1,127	1,091	1,122	1,078	1,038	997	964	975
Other non-current liabilities	14	16	11	39	39	39	39	39	39
Total non-current liabilities	1,222	1,143	1,102	1,161	1,116	1,077	1,036	1,003	1,013
TOTAL EQUITY & LIABILITIES	2,408	2,415	2,549	2,597	2,580	2,508	2,451	2,379	2,369
Working capital, receivables	166	208	198	269	269	269	269	269	269
Working capital, payables	61	49	61	98	98	98	98	98	98
Net working capital	105	158	138	171	171	171	171	171	171
Interest bearing debt	1,369	1,284	1,282	1,283	1,245	1,207	1,169	1,132	1,144
Liquidity	53	48	112	180	188	141	110	52	56
Net interest bearing debt	1,316	1,236	1,170	1,103	1,058	1,066	1,059	1,079	1,088
Cash Flow (USDm)	2Q19	3Q19	4Q19	1Q20	2Q20E	3Q20E	4Q20E	1Q21E	2Q21E
Net income	26	117	154	81	49	-34	-19	-34	-23
Depreciation	32	32	31	38	38	38	38	38	38
Other	2	0	-55	4	0	0	0	0	0
Cash earnings	60	149	130	123	87	4	19	4	15
Changes in working capital	-37	-24	-20	19	0	0	0	0	0
Net operational cash flow	23	125	110	142	87	4	19	4	15
Capex	-7	-2	0	-7	-13	-13	-13	-25	-25
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	0	32	32	0	0	0	0	0
Other	1	7	8	10	0	0	0	0	0
Net investing cash flow	-6	5	40	36	-13	-13	-13	-25	-25
Repayment of debt	-348	-133	-91	-186	-38	-38	-38	-38	-38
Proceeds from debt	334	26	0	164	0	0	0	0	50
Dividends paid	0	-14	-46	-57	-28	0	0	0	0
New equity	0	0	0	0	0	0	0	0	0
Other	11	-14	33	-13	0	0	0	0	0
Net financing cash flow	-3	-135	-104	-92	-66	-38	-38	-38	12
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	14	-5	47	85	8	-46	-31	-58	3
Cash balance	53	48	112	180	188	141	110	52	56
Free cash flow	17	130	151	177	74	-8	7	-20	-9





# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
<b>Profit &amp; Loss (USDm)</b>									
Net sales	626	407	335	301	547	412	242	444	648
Operational costs	-196	-254	-204	-225	-92	-143	-140	-139	-139
EBITDA	430	153	131	76	455	269	102	305	509
Depreciation/Amortization	-85	-99	-127	-101	-127	-153	-153	-153	-153
EBIT	346	53	4	-24	328	117	-51	152	356
Net financials	-19	-29	-48	-48	-52	-40	-33	-34	-30
PTP	327	24	-44	-72	276	77	-84	118	327
Taxes/Minorities	-3	0	2	1	-2	-1	0	0	0
<b>Net earnings</b>	<b>324</b>	<b>24</b>	<b>-43</b>	<b>-71</b>	<b>274</b>	<b>76</b>	<b>-84</b>	<b>118</b>	<b>327</b>
Non-recurring items	0	0	0	0	0	-3	0	0	0
<b>Net earnings (adj.)</b>	<b>324</b>	<b>24</b>	<b>-43</b>	<b>-71</b>	<b>274</b>	<b>73</b>	<b>-84</b>	<b>118</b>	<b>327</b>
EPS	2.38	0.17	-0.30	-0.50	1.93	0.54	-0.59	0.83	2.30
EPS (adj.)	2.38	0.17	-0.30	-0.50	1.93	0.52	-0.59	0.83	2.30
DPS	1.88	0.74	0.00	0.00	0.42	0.60	0.00	0.18	0.96
<b>Balance Sheet (USDm)</b>									
Cash & short-term investments	94	81	57	50	112	110	80	236	401
Other current assets	107	85	219	139	276	278	278	278	278
<b>Total current assets</b>	<b>201</b>	<b>166</b>	<b>276</b>	<b>189</b>	<b>388</b>	<b>388</b>	<b>358</b>	<b>514</b>	<b>679</b>
Property & equip. (incl. NBs)	1,864	2,413	2,136	2,006	2,069	1,805	1,750	1,640	1,511
Other non-current assets	45	15	44	65	92	258	258	258	258
<b>Total non-current assets</b>	<b>1,909</b>	<b>2,428</b>	<b>2,179</b>	<b>2,071</b>	<b>2,161</b>	<b>2,063</b>	<b>2,008</b>	<b>1,898</b>	<b>1,769</b>
<b>TOTAL ASSETS</b>	<b>2,110</b>	<b>2,594</b>	<b>2,455</b>	<b>2,260</b>	<b>2,549</b>	<b>2,451</b>	<b>2,366</b>	<b>2,412</b>	<b>2,448</b>
<b>Total equity</b>	<b>1,171</b>	<b>1,117</b>	<b>1,074</b>	<b>984</b>	<b>1,177</b>	<b>1,123</b>	<b>1,039</b>	<b>1,132</b>	<b>1,322</b>
Short-term debt	120	431	265	133	191	172	190	172	181
Other current liabilities	51	65	41	40	79	120	120	120	120
<b>Total current liabilities</b>	<b>171</b>	<b>497</b>	<b>305</b>	<b>173</b>	<b>270</b>	<b>292</b>	<b>310</b>	<b>291</b>	<b>301</b>
Long-term debt	767	980	1,076	1,101	1,091	997	978	951	786
Other non-current liabilities	1	0	0	2	11	39	39	39	39
<b>Total non-current liabilities</b>	<b>768</b>	<b>980</b>	<b>1,076</b>	<b>1,103</b>	<b>1,102</b>	<b>1,036</b>	<b>1,017</b>	<b>989</b>	<b>825</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>2,110</b>	<b>2,594</b>	<b>2,455</b>	<b>2,260</b>	<b>2,549</b>	<b>2,451</b>	<b>2,366</b>	<b>2,412</b>	<b>2,448</b>
Working capital, receivables	91	64	93	98	198	269	269	269	269
Working capital, payables	44	60	40	39	61	98	98	98	98
<b>Net working capital</b>	<b>47</b>	<b>5</b>	<b>53</b>	<b>59</b>	<b>138</b>	<b>171</b>	<b>171</b>	<b>171</b>	<b>171</b>
Interest bearing debt	887	1,411	1,341	1,235	1,282	1,169	1,168	1,122	967
Liquidity	94	81	57	50	112	110	80	236	401
<b>Net interest bearing debt</b>	<b>793</b>	<b>1,330</b>	<b>1,285</b>	<b>1,185</b>	<b>1,170</b>	<b>1,059</b>	<b>1,089</b>	<b>886</b>	<b>567</b>
<b>Cash Flow (USDm)</b>									
Net income	324	24	-43	-71	274	76	-84	118	327
Depreciation	85	99	127	101	127	153	153	153	153
Other	9	58	-2	33	-66	4	0	0	0
<b>Cash earnings</b>	<b>417</b>	<b>182</b>	<b>82</b>	<b>62</b>	<b>335</b>	<b>233</b>	<b>69</b>	<b>271</b>	<b>479</b>
Changes in working capital	-11	35	-53	-15	-62	19	0	0	0
<b>Net operational cash flow</b>	<b>407</b>	<b>217</b>	<b>29</b>	<b>47</b>	<b>272</b>	<b>252</b>	<b>69</b>	<b>271</b>	<b>479</b>
Capex	-467	-230	-89	-12	-10	-45	-98	-43	-24
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	43	152	114	39	32	0	0	0
Other	-37	-46	-38	-32	15	7	0	0	0
<b>Net investing cash flow</b>	<b>-505</b>	<b>-233</b>	<b>24</b>	<b>70</b>	<b>44</b>	<b>-2</b>	<b>-98</b>	<b>-43</b>	<b>-24</b>
Repayment of debt	359	118	-67	-110	-208	-300	-151	-146	-155
Proceeds from debt	—	—	—	—	—	164	150	100	0
Dividends paid	-256	-105	0	0	-60	-86	0	-26	-136
New equity	27	0	—	—	—	0	0	0	0
Other	-8	-11	-10	-15	-6	7	0	0	0
<b>Net financing cash flow</b>	<b>122</b>	<b>3</b>	<b>-77</b>	<b>-124</b>	<b>-273</b>	<b>-234</b>	<b>-1</b>	<b>-72</b>	<b>-291</b>
Currency effect	0	0	0	0	—	0	0	0	0
<b>Net cash flow</b>	<b>24</b>	<b>-13</b>	<b>-24</b>	<b>-6</b>		<b>15</b>	<b>-30</b>	<b>157</b>	<b>164</b>
Cash balance	94	81	57	50	112	127	97	253	418
<b>Free cash flow</b>	<b>-98</b>	<b>-16</b>	<b>53</b>	<b>118</b>	<b>316</b>	<b>250</b>	<b>-29</b>	<b>228</b>	<b>455</b>



# Cleaves Securities

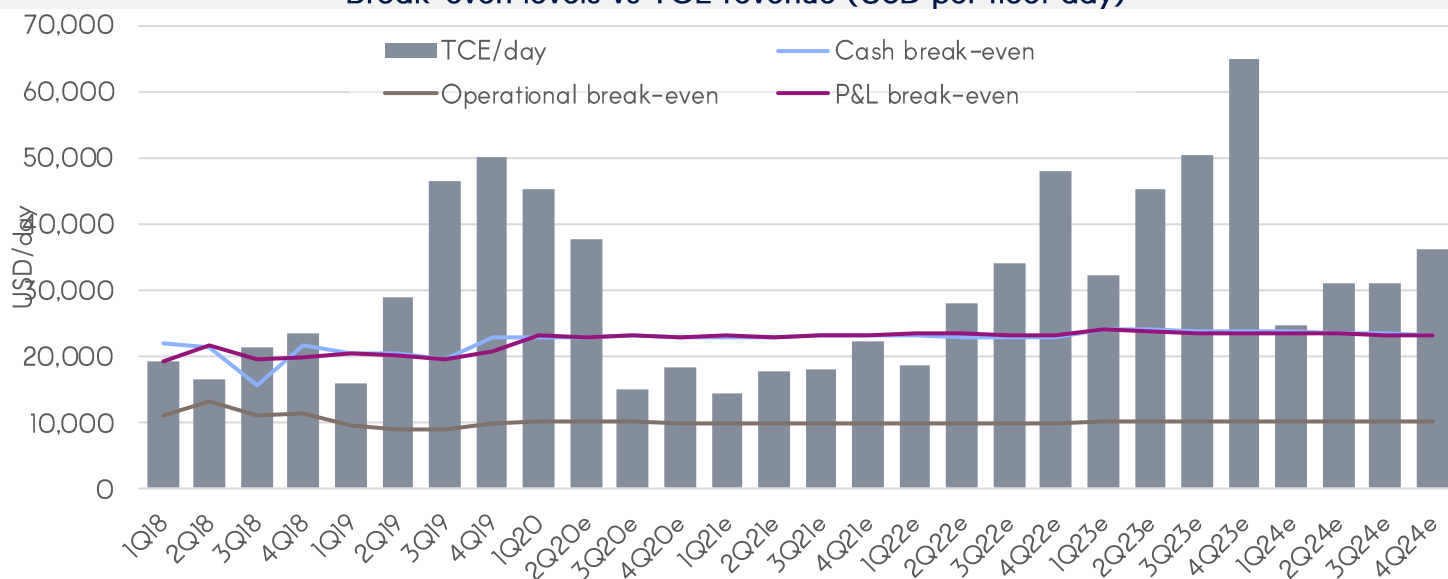
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	136	142	142	142	142	142	142	142	142
Share price, avg (USD)	6	4	4	4	5	4	3	3	3
Share price, end (USD)	8	4	5	3	8	3	3	3	3
<b>Market Cap.</b>	<b>1,129</b>	<b>598</b>	<b>670</b>	<b>424</b>	<b>1,191</b>	<b>476</b>	<b>476</b>	<b>476</b>	<b>476</b>
NIBD	793	1,330	1,285	1,185	1,170	1,059	1,089	886	567
Minorities	10	7	3	0	0	0	0	0	0
<b>Enterprise value</b>	<b>1,912</b>	<b>1,921</b>	<b>1,951</b>	<b>1,608</b>	<b>2,361</b>	<b>1,536</b>	<b>1,565</b>	<b>1,362</b>	<b>1,043</b>
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	3.5	24.6			4.3	6.2		4.0	1.5
P/E (adj.)	3.5	24.6			4.3	6.5		4.0	1.5
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	1.8	1.5	2.0	1.4	2.2	1.2	2.0	1.1	0.7
EV/Sales	3.1	4.7	5.8	5.3	4.3	3.7	6.5	3.1	1.6
EV/EBITDA	4.4	12.6	14.9	21.1	5.2	5.7	15.3	4.5	2.0
EV/EBIT	5.5	36.0			7.2	13.2		8.9	2.9
P/B	1.0	0.5	0.6	0.4	1.0	0.4	0.5	0.4	0.4
FCF yield	-9%	-3%	8%	28%	27%	52%	-6%	48%	96%
Dividend yield	22.7%	17.5%	0.0%	0.0%	5.0%	18.0%	0.0%	5.4%	28.5%
Return on equity (ROE)	27.9%	2.2%	-4.0%	-7.3%	23.3%	6.8%	-8.1%	10.4%	24.7%
Return on capital employed (ROCE)	17.6%	2.2%	0.2%	-1.1%	14.0%	5.3%	-2.4%	7.5%	18.9%
Return on assets (ROA)	15.4%	0.9%	-1.7%	-3.2%	10.7%	3.1%	-3.5%	4.9%	13.3%
Sales growth	16%	-35%	-18%	-10%	82%	-25%	-41%	83%	46%
EBITDA margin	69%	38%	39%	25%	83%	65%	42%	69%	78%
EBIT margin	55%	13%	1%	-8%	60%	28%	-21%	34%	55%
Net margin	52%	6%	-13%	-24%	50%	19%	-35%	27%	50%
Net interest rate	2.1%	2.1%	3.7%	4.3%	4.9%	4.0%	3.6%	4.5%	6.3%
Tax rate	0.2%	1.0%	-1.2%	-0.2%	0.8%	0.7%	0.0%	0.0%	0.0%
Equity ratio	55%	43%	44%	44%	46%	46%	44%	47%	54%
Leverage ratio	45%	57%	56%	56%	54%	54%	56%	53%	46%
NIBD / EBITDA (past 1y)	1.8	8.7	9.8	15.5	2.6	3.9	10.7	2.9	1.1
Operating cash flow/NIBD	0.5	0.2	0.0	0.0	0.2	0.2	0.1	0.3	0.8
Net interest coverage ratio (EBIT)	25.5	5.5	2.8	1.5	7.9	6.4	2.6	7.7	14.3
Current ratio	1.2	0.3	0.9	1.1	1.4	1.3	1.2	1.8	2.3
Adj. equity ratio						46%	49%	57%	64%
Operating assets	2,016	2,513	2,399	2,210	2,437	2,341	2,286	2,176	2,047
Operating liabilities	52	66	41	42	90	158	158	158	158
Net operating assets	1,964	2,448	2,358	2,168	2,347	2,183	2,128	2,018	1,889

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)





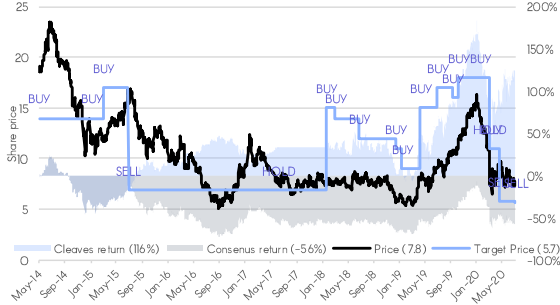
Good value on the steel, but higher cost base vs peers comparatively underscores on earnings multiples & our valuation matrix

## LPG-US

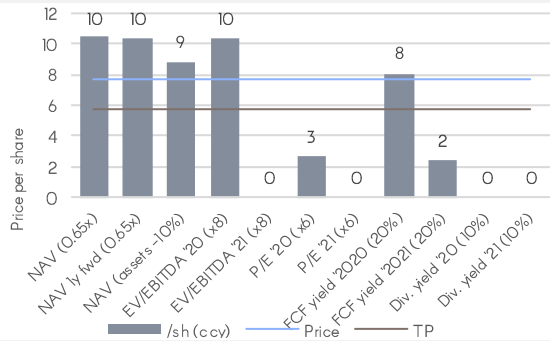
SELL/\$5.7

## Dorian LPG

### Share price vs target price

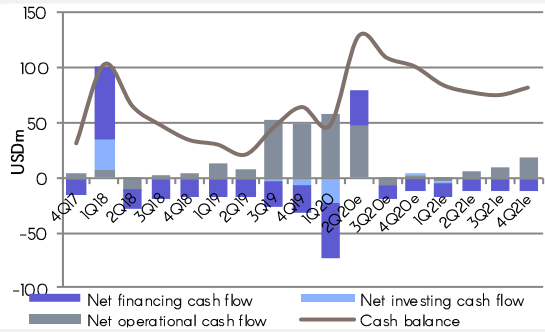


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

USDm	2020E	2021E	2022E	2023E
Net sales	252	167	288	408
EBITDA (adj.)	132	59	186	313
EBIT (adj.)	64	-8	119	246
PTP (adj.)	22	-36	93	220
Net earnings (adj.)	22	-36	93	220
EPS (adj.)	0.41	-0.70	1.84	4.33
DPS	-	-	-	-
USDm	2020E	2021E	2022E	2023E
Fwd NAV	847	1,027	1,146	1,172
Adj. equity ratio	55%	61%	65%	67%
Dividend yield	0%	0%	0%	0%
EV/EBITDA	6.9	14.7	3.9	1.4
P/E (adj.)	17.5	-	4.2	1.8

### Key numbers

USDm	2020E	2021E	2022E	2023E
Net operational cash flow	102	31	161	287
Free cash flow	82	24	155	287
Net cash flow	38	-19	116	252
TCE/day	29,736	20,133	35,342	51,885
Cash break-even	23,061	21,098	20,013	19,207
Liquidity	116	97	214	466
Property & Equip. (incl. NBs)	1,385	1,325	1,264	1,196
Total equity	970	934	1,028	1,248
Total assets	1,672	1,593	1,648	1,833
Interest bearing debt	642	599	560	525
Net interest bearing debt	526	502	347	59
Market Cap.	392	392	392	392

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

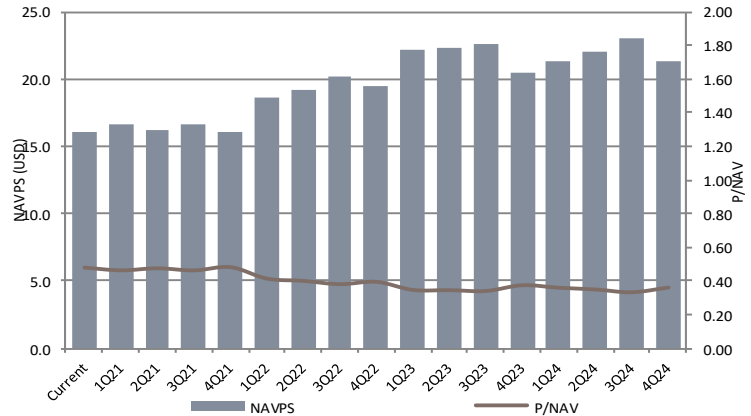


## Company Valuation

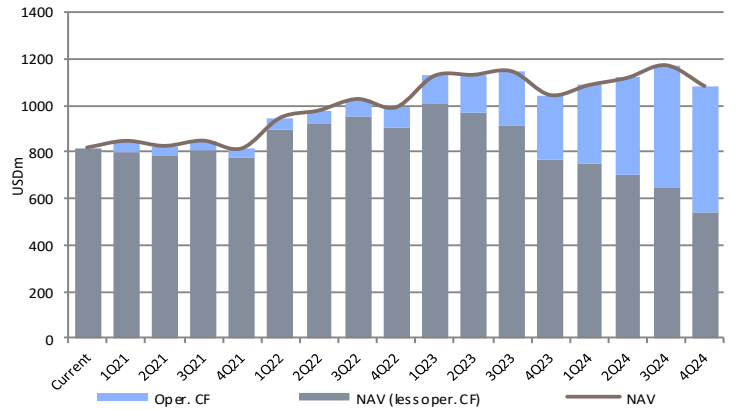
### Valuation & target price

Valuation			
USDm	Book Value	Net Asset Value	Market cap.
Primary assets	1,438	1,285	908
Contract value	0	9	6
Other	157	157	111
<b>GAV</b>	<b>1,595</b>	<b>1,451</b>	<b>1,025</b>
Net debt	-572	-572	-572
Capex	0	-15	-15
Other	-46	-46	-46
<b>Equity</b>	<b>977</b>	<b>818</b>	<b>392</b>
Shares	51	51	51
<b>Equity/sh</b>	<b>19.22</b>	<b>16.09</b>	<b>7.72</b>
lcl CCY	19.22	16.09	7.72
<b>P/Equity</b>	<b>0.40</b>	<b>0.48</b>	<b>1.00</b>
<b>EV/GAV</b>	<b>0.64</b>	<b>0.71</b>	<b>1.00</b>
Adj. Total Assets	1,672	1,519	1,142
Adj. Equity Ratio	58%	54%	34%
<b>Fair Value</b>	<b>USD</b>	<b>5.7</b>	<b>-26%</b>

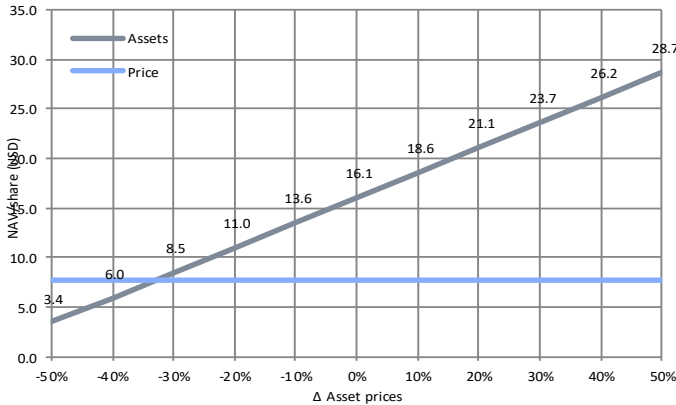
### Quarterly forward NAV & P/NAV



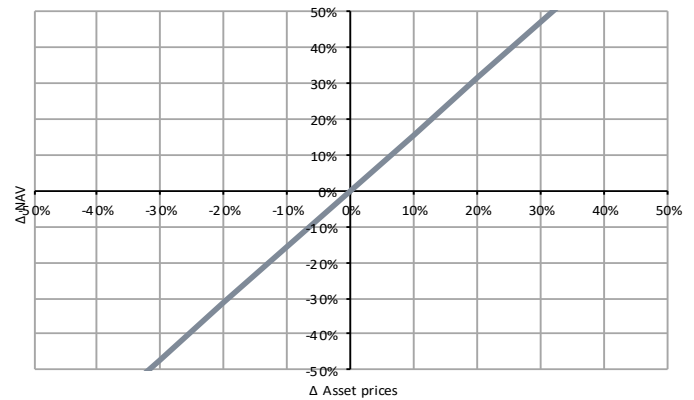
### Quarterly forward NAV decomposition



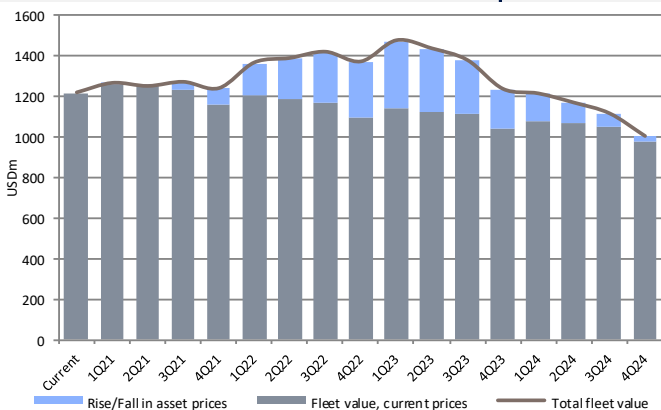
### Impact on NAV/sh from % change in asset prices



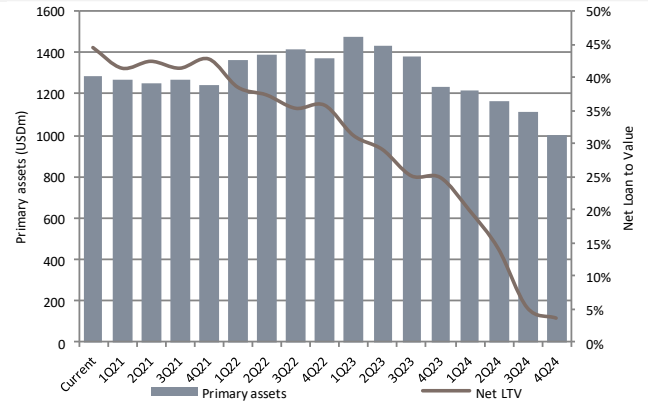
### % Impact on NAV from % change in asset prices



### Forward fleet valuation decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

### P&L

1Q21 Preview USDm			1Q21		Actuals vs		Actuals vs	
	1Q20	4Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net sales	60.8	94.3	85.8	79.4				
EBITDA (adj.)	35.9	66.1	55.0	51.9				
EBIT (adj.)	19.6	49.3	38.2	37.2				
PTP (adj.)	6.1	29.4	31.0	#N/A N/				
Net earnings (adj.)	6.1	29.4	31.0	29.9				
EPS (adj.)	0.11	0.55	0.61	0.53				
DPS	-	-	-	-				
Implied, line by line	1Q20	4Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
TCE revenue	60.8	94.3	85.8	79.4				
Opex & G&A	24.9	28.2	30.8	27.6				
Depreciation	16.3	16.8	16.8	14.7				
Net finance	13.6	19.9	7.3	#VALUE!				
Taxes & Minorities	-	-	-	#VALUE!				

### CF & BS

1Q21 Preview USDm			1Q21		Actuals vs		Actuals vs	
	1Q20	4Q20	Cleaves	Consensus	Cleaves	Cons.	Cleaves	Cons.
Net operational cash flow	9	59	48					
Free cash flow	-11	-	50					
Net cash flow	-9	-15	83					
TCE/day	29,671	47,766	38,883	35,995				
Utilization	97.9%	91.7%	97.0%					
Fleet days	2,093	2,153	2,275					
Cash break-even	24,003	24,228	23,401					
Liquidity	22	63	146					
Interest bearing debt	681	635	668					



## Estimate changes

### Profit & Loss

Estimate changes USDm	New				Old				Change				
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E	
Net sales	252	167	288	408	216	171	205	253	36	-4	84	155	
EBITDA (adj.)	132	59	186	313	104	68	101	158	28	-9	86	155	
EBIT (adj.)	64	-8	119	246	36	-0	33	90	28	-8	86	155	
PTP (adj.)	22	-36	93	220	5	-30	3	62	17	-6	90	159	
Net earnings (adj.)	22	-36	93	220	5	-30	3	62	17	-6	90	159	
EPS (adj.)	0.41	-0.70	1.84	4.33	0.10	-0.55	0.06	1.14	0.31	-0.15	1.78	3.19	
DPS	-	-	-	-	0.81	0.19	0.53	0.34	-0.81	-0.19	-0.53	-0.34	
									2020E	2021E	2022E	2023E	
									TCE revenue	36	-4	84	155
									Opex & G&A	9	5	-2	1
									Depreciation	-1	-1	-1	-1
									Net finance	11	-2	-4	-3
									Taxes & Minorities	-	-	-	-

### Cash Flows & Balance Sheet

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020	2021	2022	2023	2020E	2021E	2022E	2023E
Net operational cash flow	102	31	161	287	73	38	71	130	29	-7	89	158
Free cash flow	82	24	155	287	57	28	66	130	25	-4	88	158
Net cash flow	38	-19	116	252	-51	19	14	65	89	-38	102	187
TCE/day	29,736	20,133	35,342	51,885	27,085	20,999	25,062	32,199	2,651	-866	#####	19,687
Cash break-even	23,061	21,098	20,013	19,207	23,766	21,895	21,916	20,775	-705	-798	-1,902	-1,568
Liquidity	116	97	214	466	16	35	49	115	101	62	164	351
Property & Equip. (incl. NBs)	1,385	1,325	1,264	1,196	1,396	1,338	1,275	1,207	-11	-13	-12	-11
Total equity	970	934	1,028	1,248	944	904	879	922	27	30	149	326
Total assets	1,672	1,593	1,648	1,833	1,555	1,516	1,467	1,465	117	77	181	368
Interest bearing debt	642	599	560	525	587	588	564	519	55	11	-4	6
Net interest bearing debt	526	502	347	59	571	553	515	404	-45	-52	-168	-345
Market Cap.	392	392	392	392	507	507	507	507	-115	-115	-115	-115
Enterprise value	918	894	739	452	1,079	1,061	1,023	911	-160	-167	-283	-460

### Valuation

Estimate changes USDm									Change			
	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E	2020E	2021E	2022E	2023E
Fwd NAV	847	1,027	1,146	1,172	822	871	941	1,009	25	155	205	163
Adj. equity ratio	55%	61%	65%	67%	57%	59%	62%	65%	-3%	2%	3%	2%
Dividend yield	0%	0%	0%	0%	9%	2%	6%	4%	-9%	-2%	-6%	-4%
EV/EBITDA	6.9	14.7	3.9	1.4	10.2	15.2	10.0	5.8	-3.3	-0.5	-6.0	-4.3
P/E (adj.)	17.5		4.2	1.8	98.2			8.2	-80.7	#####	#####	-6.5



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E
Net sales	61	91	84	94	86	32	40	33	41
Operational costs	-24	-25	-26	-28	-30	-30	-30	-28	-28
EBITDA	37	66	58	67	55	1	10	5	13
Depreciation/Amortization	-16	-16	-17	-17	-17	-17	-17	-17	-17
EBIT	20	49	42	50	39	-16	-7	-12	-4
Net financials	-14	-9	-6	-20	-8	-8	-8	-7	-7
PTP	6	41	36	29	31	-24	-14	-19	-11
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	6	41	36	29	31	-24	-14	-19	-11
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	6	41	36	29	31	-24	-14	-19	-11
EPS	0.11	0.74	0.65	0.55	0.61	-0.46	-0.28	-0.38	-0.22
EPS (adj.)	0.11	0.74	0.65	0.55	0.61	-0.46	-0.28	-0.38	-0.22
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Please note that Dorian LPG has diverging accounting year. I.e. FY 2017 ended 31/03/2017</i>									
Balance Sheet (USDm)	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E
Cash & short-term investments	22	46	65	48	129	109	101	85	78
Other current assets	71	78	79	91	91	91	91	91	91
Total current assets	93	124	144	140	220	201	193	176	169
Property & equip. (incl. NBs)	1,464	1,454	1,447	1,438	1,421	1,404	1,385	1,370	1,355
Other non-current assets	62	64	67	95	95	95	95	95	95
Total non-current assets	1,526	1,518	1,514	1,532	1,516	1,499	1,480	1,465	1,450
TOTAL ASSETS	1,619	1,642	1,658	1,672	1,736	1,699	1,672	1,640	1,619
Total equity	919	954	982	977	1,008	985	970	951	940
Short-term debt	64	64	64	53	61	61	60	59	60
Other current liabilities	16	18	22	32	32	32	32	32	32
Total current liabilities	80	82	86	85	93	93	92	91	92
Long-term debt	617	602	586	582	606	594	583	571	559
Other non-current liabilities	3	4	3	28	28	28	28	28	28
Total non-current liabilities	620	606	590	610	634	622	611	599	587
TOTAL EQUITY & LIABILITIES	1,619	1,642	1,658	1,672	1,736	1,699	1,672	1,640	1,619
Working capital, receivables	4	4	3	70	70	70	70	70	70
Working capital, payables	8	10	14	14	14	14	14	14	14
Net working capital	-4	-7	-11	57	57	57	57	57	57
Interest bearing debt	681	666	650	635	668	655	642	630	619
Liquidity	22	48	66	63	144	124	116	100	93
Net interest bearing debt	659	618	584	572	524	531	526	530	526
Cash Flow (USDm)	1Q20	2Q20	3Q20	4Q20	1Q21E	2Q21E	3Q21E	4Q21E	1Q22E
Net income	6	41	36	29	31	-24	-14	-19	-11
Depreciation	16	16	17	17	17	17	17	17	17
Other	8	2	-1	16	0	0	0	0	0
Cash earnings	30	59	52	62	48	-7	2	-3	6
Changes in working capital	-22	-7	-2	-4	0	0	0	0	0
Net operational cash flow	9	52	50	59	48	-7	2	-3	6
Capex	-1	-3	-8	-8	0	0	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	1	-15	0	0	0	0	0
Net investing cash flow	-2	-3	-7	-22	0	0	2	-2	-2
Repayment of debt	-16	-16	-16	-16	-195	-13	-13	-12	-11
Proceeds from debt	0	0	0	0	227	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	-7	-9	-35	0	0	0	0	0
Net financing cash flow	-16	-23	-25	-51	33	-13	-13	-12	-11
Currency effect	0	0	0	0	0	0	0	0	0
Net cash flow	-9	26	18	-15	80	-19	-8	-17	-7
Cash balance	22	46	65	48	129	109	101	85	78
Free cash flow	-11	67	43	0	48	-7	5	-4	4



# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Profit & Loss (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net sales	82	277	164	157	156	252	167	288	408
Operational costs		-76	-85	-88	-99	-119	-106	-100	-95
EBITDA		201	79	69	57	133	61	188	313
Depreciation/Amortization		-43	-65	-65	-65	-67	-67	-67	-67
EBIT	30	158	14	4	-8	66	-6	121	246
Net financials	-5	-29	-15	-24	-43	-44	-29	-28	-26
PTP	25	130	-1	-20	-51	22	-36	93	220
Taxes/Minorities	0	0	0	0	0	0	0	0	0
Net earnings	25	130	-1	-20	-51	22	-36	93	220
Non-recurring items	0	0	0	0	0	0	0	0	0
Net earnings (adj.)	25	130	-1	-20	-51	22	-36	93	220
EPS	0.44	2.31	-0.03	-0.37	-0.92	0.41	-0.70	1.84	4.33
EPS (adj.)	0.44	2.31	-0.03	-0.37	-0.92	0.41	-0.70	1.84	4.33
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<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)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Cash & short-term investments	205	46	17	104	31	101	82	199	451
Other current assets	28	59	47	32	52	91	91	91	91
Total current assets	233	106	64	135	83	193	174	290	542
Property & equip. (incl. NBs)	819	1,668	1,604	1,539	1,479	1,385	1,325	1,264	1,196
Other non-current assets	47	69	78	62	64	95	95	95	95
Total non-current assets	866	1,737	1,682	1,601	1,543	1,480	1,419	1,358	1,291
TOTAL ASSETS	1,099	1,842	1,746	1,736	1,625	1,672	1,593	1,648	1,833
Total equity	873	986	976	959	913	970	934	1,028	1,248
Short-term debt	16	66	66	65	64	60	64	63	63
Other current liabilities	13	22	20	17	15	32	32	32	32
Total current liabilities	28	88	86	82	79	92	96	95	95
Long-term debt	185	746	684	694	632	583	535	497	462
Other non-current liabilities	13	22	0	1	1	28	28	28	28
Total non-current liabilities	198	768	684	695	633	611	563	525	490
TOTAL EQUITY & LIABILITIES	1,099	1,842	1,746	1,736	1,625	1,672	1,593	1,648	1,833
Working capital, receivables	3	2	3			70	70	70	70
Working capital, payables	11	17	12	11	11	14	14	14	14
Net working capital	-7	-14	-10			57	57	57	57
Interest bearing debt	200	813	750	759	696	642	599	560	525
Liquidity	205	46	17	104	31	116	97	214	466
Net interest bearing debt	-4	766	733	656	665	526	502	347	59
Cash Flow (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Net income	25	130	-1	-20	-51	22	-36	93	220
Depreciation		43	65	65	65	67	67	67	67
Other		17	-19	0	17	16	0	0	0
Cash earnings	44	189	45	45	31	106	31	161	287
Changes in working capital	-19	-38	7	12	-22	-4	0	0	0
Net operational cash flow	26	151	52	57	9	102	31	161	287
Capex	-315	-896	-2	0	-4	-5	-7	-6	0
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	0	3	0	0	0	0	0	0	0
Other	2	-18	0	0	0	2	2	2	0
Net investing cash flow	-312	-910	-2	0	-5	-20	-7	-6	0
Repayment of debt	70	636	-66	9	-65	-236	-43	-38	-35
Proceeds from debt	80	677	0	261	65	227	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
New equity	156	0	0	0	0	0	0	0	0
Other	-93	-712	-13	-265	-67	2	2	2	0
Net financing cash flow	214	601	-79	5	-67	-44	-43	-38	-35
Currency effect	-1	0	0	0	0	0	0	0	0
Net cash flow	-74	-158	-29	61	-63	38	-19	116	252
Cash balance	183	22	32	56	35	73	54	171	423
Free cash flow	-287	-759	50	57	4	82	24	155	287





# Cleaves Securities

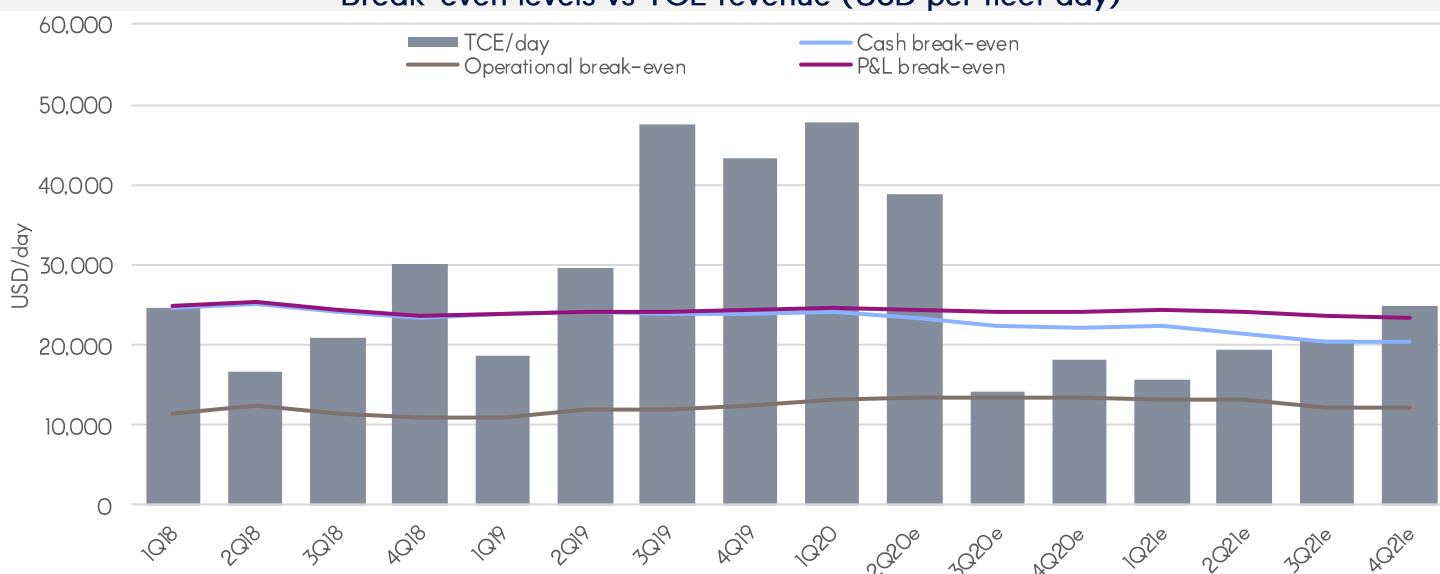
Shipping Quarterly: Hydrocarbons Are Out of Favour

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

Share Data & Valuation (USDm)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
Shares outstanding, end	58	56	55	55	55	51	51	51	51
Share price, avg (USD)	13	8	8	8	9	9	8	8	8
Share price, end (USD)	13	9	11	7	6	8	8	8	8
Market Cap.	756	528	579	413	354	392	392	392	392
NIBD	-4	766	733	656	665	526	502	347	59
Minorities	0	0	0	0	0	0	0	0	0
Enterprise value	752	1,294	1,312	1,068	1,019	918	894	739	452
Key Figures & Ratios	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E
P/E (reported)	29.9	4.1				17.5		4.2	1.8
P/E (adj.)	29.9	4.1				17.5		4.2	1.8
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales	9.2	1.9	3.5	2.6	2.3	1.6	2.3	1.4	1.0
EV/Sales	9.2	4.7	8.0	6.8	6.5	3.6	5.3	2.6	1.1
EV/EBITDA		6.4	16.6	15.4	17.8	6.9	14.7	3.9	1.4
EV/EBIT	25.0	8.2	93.7			13.9		6.1	1.8
P/B	0.9	0.5	0.6	0.4	0.4	0.4	0.4	0.4	0.3
FCF yield	-38%	-144%	9%	14%	1%	21%	6%	39%	73%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Return on equity (ROE)	2.9%	13.2%	-0.1%	-2.1%	-5.6%	2.3%	-3.8%	9.1%	17.6%
Return on capital employed (ROCE)	3.6%	9.3%	0.8%	0.2%	-0.5%	4.5%	-0.5%	9.0%	19.3%
Return on assets (ROA)	2.3%	7.0%	-0.1%	-1.2%	-3.1%	1.3%	-2.2%	5.7%	12.0%
Sales growth		238%	-41%	-4%	-1%	61%	-34%	72%	41%
EBITDA margin		73%	48%	44%	37%	53%	36%	65%	77%
EBIT margin	37%	57%	9%	2%	-5%	26%	-4%	42%	60%
Net margin	31%	47%	-1%	-13%	-33%	9%	-21%	32%	54%
Net interest rate	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	5.9%	7.9%	43.3%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Equity ratio	79%	54%	56%	55%	56%	58%	59%	62%	68%
Leverage ratio	21%	46%	44%	45%	44%	42%	41%	38%	32%
NIBD / EBITDA (past 1y)		3.8	9.3	9.5	11.6	3.9	8.2	1.8	0.2
Operating cash flow/NIBD	-5.7	0.2	0.1	0.1	0.0	0.2	0.1	0.5	4.8
Net interest coverage ratio (EBITDA)						4.3	2.1	6.8	12.2
Current ratio	8.3	1.2	0.7	1.6	1.0	2.1	1.8	3.0	5.7
Adj. equity ratio						55%	61%	65%	67%
Operating assets	861	1,745	1,678	1,607	1,559	1,520	1,460	1,399	1,332
Operating liabilities	26	44	20	18	17	60	60	60	60
Net operating assets	836	1,701	1,658	1,589	1,542	1,460	1,400	1,339	1,272

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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Ticker	Company name
2020 NO	2020 Bulkers
ALNG NO	Awilco LNG
AVANCE NO	Avance Gas
BWLPG NO	BW LPG
DSX US	Diana Shipping
EGLE US	Eagle Bulk
FLNG NO	Flex LNG
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GOGL NO	Golden Ocean
BULK NO	GoodBulk
SBLK US	Star Bulk

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Current recommendations of the Research Department (updated 7 July 2020)

Recommendation Percent

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# Cleaves Securities

Shipping Quarterly: Hydrocarbons Are Out of Favour

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

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