



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

## Shipping Quarterly: A Mixed Picture

### Shipping Coverage

| Ticker              | Last  |        | New   |        | Old  |  |
|---------------------|-------|--------|-------|--------|------|--|
|                     | Price | Rating | TP    | Rating | TP   |  |
| 2020 NO             | 58.6  | BUY    | 111.0 | BUY    | 93.0 |  |
| BULK NO             | 127   | BUY    | 147   | BUY    | 145  |  |
| DSX US              | 1.42  | BUY    | 3.0   | BUY    | 2.8  |  |
| EGLE US             | 16.9  | BUY    | 26.0  | BUY    | 23.8 |  |
| GNK US              | 7.3   | BUY    | 15.0  | BUY    | 14.0 |  |
| GOGL US             | 3.8   | BUY    | 8.1   | BUY    | 7.8  |  |
| SALT US             | 14.3  | BUY    | 20.0  | BUY    | 20.0 |  |
| SBLK US             | 6.7   | BUY    | 14.0  | BUY    | 13.0 |  |
| <b>Dry Bulk</b>     |       |        |       |        |      |  |
| ADSCME NO           | 18.8  | HOLD   | 19.0  | BUY    | 20.0 |  |
| DHT US              | 5.1   | HOLD   | 4.6   | SELL   | 4.6  |  |
| EURN US             | 8.7   | HOLD   | 7.5   | HOLD   | 8.0  |  |
| FRO US              | 6.7   | SELL   | 4.0   | SELL   | 4.2  |  |
| HAFNIA NO           | 14.1  | HOLD   | 12.0  | SELL   | 11.0 |  |
| HUNT NO             | 3.3   | HOLD   | 3.0   | SELL   | 2.8  |  |
| INSW US             | 15.2  | HOLD   | 14.0  | HOLD   | 16.0 |  |
| NAT US              | 3.6   | SELL   | 1.5   | SELL   | 1.4  |  |
| OET NO              | 57    | SELL   | 40.0  | SELL   | 34.0 |  |
| TNK US              | 10.8  | BUY    | 14.0  | HOLD   | 12.0 |  |
| <b>Oil Tankers</b>  |       |        |       |        |      |  |
| ALNG NO             | 1.1   | SELL   | 0.5   | SELL   | 0.9  |  |
| FLNG NO             | 60.5  | BUY    | 95    | BUY    | 96   |  |
| GLOG US             | 2.7   | BUY    | 3.2   | BUY    | 4.2  |  |
| <b>LNG Carriers</b> |       |        |       |        |      |  |
| AVANCE NO           | 29.3  | SELL   | 24.0  | SELL   | 22.0 |  |
| BWLPG NO            | 44.6  | HOLD   | 45.0  | SELL   | 37.0 |  |
| LPG US              | 9.0   | SELL   | 7.8   | SELL   | 6.3  |  |
| <b>LPG Carriers</b> |       |        |       |        |      |  |

**Dry Bulk:** Our [earlier](#) outlined Base Case is playing out before our eyes, with strong Chinese demand for dry bulk as the economy is normalizing and authorities are adding stimuli. Chinese steel production has reached a new all-time-highs, and inventories of steel and iron ore have fallen. With Brazil exporting iron ore at all-time-high levels, our only near-term concern is a potential Chinese import ban on Australian coal. We expect seasonal factors could weigh on dry bulk in 1Q21E, but nevertheless see consecutive annual gains until at least 2023E amidst the lowest orderbook on record. The segment remains our top pick within shipping, and we forecast our share index +126% over the next year & +190% over two years.

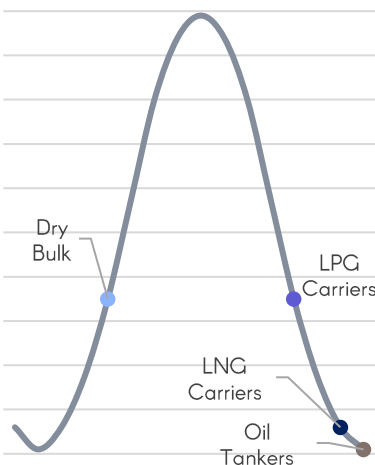
**Oil Tankers:** The year has so far been in the spirit of the Greek god Janus, with oil supply far outpacing demand from January to April, before reversing the roles thereafter. As [expected](#), oil tanker spot rates are now hovering around opex amidst a rout in oil supply concurrent with an oil inventory destocking cycle. We look towards 3Q21E for the cyclical trough and see significant improvements thereafter, supported by the lowest orderbook since 1996 and strong demand growth. Before then, we could see some short-lived gains during 4Q20E. We forecast our oil tanker share index +10% in 4Q20E -17% by 3Q21E and potentially +160% by 2024E

**LNG Carriers:** An active Hurricane season has impacted US LNG exports negatively in 3Q20, but rising natural gas prices at import destinations and contango in the natural gas future curves leave us optimistic towards 4Q20E. Thereafter, we expect LNG Carrier earnings to stay low amidst healthy fleet growth and limited demand growth until a potential super-cycle develops from 2024E.

**LPG Carriers:** VLGC earnings came in far above our forecast for 3Q20, mainly due to fleet inefficiencies tying up tonnage. We do however see downside risk to earnings as we enter 1Q21E amidst lower US LPG exports and subdued volumes from other export sources. Fleet growth is though expected to become negligible from 2021E, supporting rising fleet utilization into 2022E and beyond. We see our VLGC share index -30% by 1Q21E, but +144% by year end 2022E.

**Capital allocation:** We do limited changes to our optimal portfolio since our last [Shipping Quarterly](#). We now allocate 50% towards Dry Bulk (50%), 8% towards Oil Tankers (0%), 12% towards LNG Carriers (11%), 0% towards VLGCs (18%) & 30% held in cash / balanced against short positions (21%). Our recommendations have outperformed the shipping market by 521% since 2014, returning 105%. We are still ranked #1 globally on shipping equity research by Bloomberg.

### Shipping Cycles

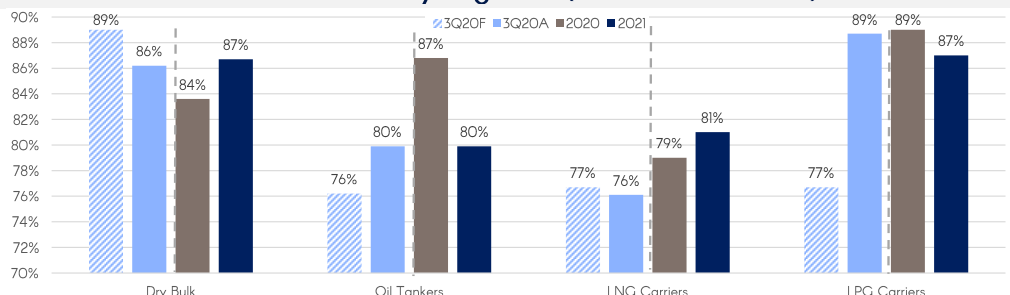


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### Fleet utilization by segment (actuals vs forecast)



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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## Our Universe at a Glance

| Company                        | Sector | Return ly   | Rec. | Target |            |              | P/NAV        |             |             | EV/GAV      | adj. equity | EV/EBITDA   |             |             | Dividend yield |            |            |
|--------------------------------|--------|-------------|------|--------|------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|------------|------------|
|                                |        |             |      | Price  | Last Price | Target/Price | Now          | ly fwd      | ε           |             |             | 2020        | 2021        | 2022        | 2020           | 2021       | 2022       |
| ADSCME NO                      | Oil    | -16%        | HOLD | 19.0   | 18.8       | 1%           | 0.71         | 0.68        | 0.04        | 0.49        | 126%        | 0.2         | 3.0         | 0.4         | 29%            | 4%         | 11%        |
| DHT US                         | Oil    | -18%        | HOLD | 4.6    | 5.1        | -11%         | 0.86         | 0.82        | 0.14        | 0.91        | 61%         | 3.0         | 7.8         | 2.8         | 24%            | 3%         | 5%         |
| EURN US                        | Oil    | -10%        | HOLD | 7.5    | 8.7        | -13%         | 0.92         | 0.89        | 0.16        | 1.00        | 48%         | 3.2         | 12.2        | 3.5         | 22%            | 1%         | 4%         |
| FRO US                         | Oil    | -30%        | SELL | 4.0    | 6.7        | -40%         | 1.19         | 1.32        | 0.28        | 1.06        | 29%         | 4.6         | 14.9        | 5.4         | 27%            | 1%         | 5%         |
| HAFNIA NO                      | Oil    |             | HOLD | 12.0   | 14.1       | -15%         | 0.53         | 0.58        | 0.19        | 0.79        | 41%         | 5.4         | 18.7        | 5.4         | 17%            | 0%         | 0%         |
| HUNT NO                        | Oil    | -35%        | HOLD | 3.0    | 3.3        | -8%          | 0.69         | 0.69        | 0.21        | 0.86        | 46%         | 5.5         | 8.2         | 3.9         | 0%             | 0%         | 10%        |
| INSW US                        | Oil    | -41%        | HOLD | 14.0   | 15.2       | -8%          | 0.52         | 0.62        | 0.13        | 0.71        | 56%         | 3.6         | 16.6        | 3.5         | 2%             | 2%         | 4%         |
| NAT US                         | Oil    | -6%         | SELL | 1.5    | 3.6        | -58%         | 1.37         | 1.60        | 0.19        | 1.18        | 43%         | 4.7         | 19.0        | 4.4         | 12%            | 1%         | 4%         |
| OET NO                         | Oil    | -30%        | SELL | 40.0   | 56.8       | -30%         | 0.64         | 0.80        | 0.35        | 0.90        | 27%         | 5.5         | 9.1         | 4.8         | 20%            | 0%         | 3%         |
| TNK US                         | Oil    | -33%        | BUY  | 14.0   | 10.8       | 30%          | 0.39         | 0.45        | 0.15        | 0.68        | 50%         | 2.5         | 10.6        | 2.0         | 0%             | 0%         | 0%         |
| <b>Average, Oil Tankers</b>    |        | <b>-24%</b> |      |        |            | <b>-15%</b>  | <b>0.78</b>  | <b>0.85</b> | <b>0.18</b> | <b>0.86</b> | <b>53%</b>  | <b>3.8</b>  | <b>12.0</b> | <b>3.6</b>  | <b>15%</b>     | <b>1%</b>  | <b>5%</b>  |
| 2020 NO                        | Dry    | -25%        | BUY  | 111    | 59         | 89%          | 0.83         | 0.48        | 0.25        | 0.93        | 39%         | 10.3        | 4.9         | 3.1         | 8%             | 28%        | 46%        |
| BULK NO                        | Dry    |             | BUY  | 147    | 119        | 24%          | 1.59         | 0.90        | 0.17        | 1.33        | 52%         | 7.7         | 3.6         | 2.0         | 10%            | 17%        | 28%        |
| DSX US                         | Dry    | -59%        | BUY  | 3.0    | 1.4        | 111%         | 0.63         | 0.36        | 0.32        | 0.89        | 25%         |             | 3.5         | 1.3         | 0%             | 0%         | 36%        |
| EGLE US                        | Dry    | -48%        | BUY  | 26.0   | 16.9       | 54%          | 0.94         | 0.56        | 0.31        | 0.98        | 25%         | 12.0        | 4.2         | 2.4         | 0%             | 0%         | 19%        |
| GNK US                         | Dry    | -22%        | BUY  | 15.0   | 7.3        | 105%         | 0.78         | 0.47        | 0.18        | 0.89        | 43%         |             | 2.4         | 1.0         | 4%             | 10%        | 26%        |
| GOGL US                        | Dry    | -35%        | BUY  | 8.1    | 3.8        | 115%         | 0.89         | 0.49        | 0.27        | 0.96        | 30%         | 19.7        | 4.0         | 2.2         | 4%             | 18%        | 37%        |
| SALT US                        | Dry    | -79%        | BUY  | 20.0   | 14.3       | 40%          | 0.48         | 0.30        | 0.26        | 0.81        | 33%         | 35.2        | 6.1         | 3.2         | 2%             | 3%         | 17%        |
| SBLK US                        | Dry    | -38%        | BUY  | 14.0   | 6.7        | 108%         | 0.97         | 0.51        | 0.33        | 0.99        | 28%         | 7.0         | 3.0         | 1.8         | 1%             | 2%         | 66%        |
| <b>Average, Dry Bulk</b>       |        | <b>-44%</b> |      |        |            | <b>81%</b>   | <b>0.89</b>  | <b>0.51</b> | <b>0.26</b> | <b>0.97</b> | <b>34%</b>  | <b>15.3</b> | <b>4.0</b>  | <b>2.1</b>  | <b>4%</b>      | <b>10%</b> | <b>35%</b> |
| ALNG NO                        | LNG    | -74%        | SELL | 0.5    | 1.1        | -52%         | -2.10        |             | 3.24        | 1.09        | -3%         | 11.2        | 12.8        | 15.9        | 0%             | 0%         | 0%         |
| FLNG NO                        | LNG    | -38%        | BUY  | 95     | 61         | 57%          | 0.43         |             | 0.29        | 0.81        | 32%         | 13.1        | 9.4         | 14.3        | 2%             | 0%         | 0%         |
| GLOG US                        | LNG    | -79%        | BUY  | 3.2    | 2.7        | 19%          | 0.79         |             | 0.94        | 1.16        | 9%          | 9.3         | 8.0         | 8.2         | 5%             | 9%         | 15%        |
| <b>Average, LNG Carriers</b>   |        | <b>-64%</b> |      |        |            | <b>8%</b>    | <b>-0.29</b> |             | <b>1.49</b> | <b>1.02</b> | <b>13%</b>  | <b>11.2</b> | <b>10.1</b> | <b>12.8</b> | <b>2%</b>      | <b>3%</b>  | <b>5%</b>  |
| AVANCE NO                      | LPG    | -26%        | SELL | 24     | 29         | -18%         | 0.61         | 1.10        | 0.25        | 0.85        | 35%         | 5.0         | 5.7         | 3.9         | 12%            | 10%        | 14%        |
| BWLPG NO                       | LPG    | -12%        | HOLD | 45     | 45         | 1%           | 0.58         | 0.99        | 0.16        | 0.78        | 48%         | 4.0         | 5.3         | 3.6         | 18%            | 10%        | 11%        |
| LPG US                         | LPG    | -25%        | SELL | 7.8    | 9.0        | -14%         | 0.53         | 0.85        | 0.15        | 0.72        | 54%         | 5.1         | 5.4         | 3.5         | 0%             | 6%         | 10%        |
| <b>Average, LPG Carriers</b>   |        | <b>-21%</b> |      |        |            | <b>-10%</b>  | <b>0.58</b>  | <b>0.98</b> | <b>0.19</b> | <b>0.78</b> | <b>46%</b>  | <b>4.7</b>  | <b>5.5</b>  | <b>3.7</b>  | <b>10%</b>     | <b>8%</b>  | <b>11%</b> |
| <b>Average of all segments</b> |        | <b>-38%</b> |      |        |            | <b>16%</b>   | <b>0.49</b>  | <b>0.78</b> | <b>0.53</b> | <b>0.91</b> | <b>36%</b>  | <b>8.8</b>  | <b>7.9</b>  | <b>5.6</b>  | <b>8%</b>      | <b>6%</b>  | <b>14%</b> |

## Indicative Reporting Schedule

| Company   | Indicative* Reporting Schedule | Sector | TCE Revenue |           |           |          | Cleaves vs Cons. |           | EBITDA    |          |         | Cleaves vs Cons. |           | Net Profit |  |  | Cleaves vs Cons. |  |
|-----------|--------------------------------|--------|-------------|-----------|-----------|----------|------------------|-----------|-----------|----------|---------|------------------|-----------|------------|--|--|------------------|--|
|           |                                |        | Cleaves     | Consensus | Last year | vs Cons. | Cleaves          | Consensus | Last year | vs Cons. | Cleaves | Consensus        | Last year | vs Cons.   |  |  |                  |  |
| SALT US   | 23-Oct/20                      | Dry    | 51          | 46        | 63        | 10%      | 13               | 9         | 22        | 43%      | -8      | -12              | -2        | 4          |  |  |                  |  |
| LPG US    | 01-Nov/20                      | LPG    |             |           |           |          |                  |           |           |          |         |                  |           |            |  |  |                  |  |
| GNK US    | 04-Nov/20                      | Dry    | 57          | 54        | 61        | 7%       | 26               | 23        | 11        | 14%      | 6       | 1                | -15       | 4          |  |  |                  |  |
| EURN US   | 05-Nov/20                      | Oil    | 222         | 229       | 140       | -3%      | 155              | 155       | 90        | 0%       | 62      | 61               | -23       | 2          |  |  |                  |  |
| BULK NO   | 05-Nov/20                      | Dry    | 37          | 36        | 39        | 1%       | 24               | 23        | 34        | 1%       | 11      | 10               | 20        | 0          |  |  |                  |  |
| GLOG US   | 06-Nov/20                      | LNG    | 143         | 155       | n.a.      | -8%      | 93               | 104       | 114       | -11%     | -9      | -4               | -14       | -5         |  |  |                  |  |
| EGLE US   | 06-Nov/20                      | Dry    | 48          | 47        | 55        | 4%       | 12               | 13        | 26        | -9%      | -10     | -9               | -5        | -1         |  |  |                  |  |
| INSW US   | 06-Nov/20                      | Oil    | 88          | 88        | 66        | 0%       | 46               | 45        | 20        | 3%       | 24      | 20               | -11       | 4          |  |  |                  |  |
| DHT US    | 09-Nov/20                      | Oil    | 111         | 112       | 59        | -1%      | 87               | 86        | 36        | 2%       | 47      | 45               | -9        | 2          |  |  |                  |  |
| 2020 NO   | 12-Nov/20                      | Dry    | 16          | 15        | n.a.      | 6%       | 11               | 11        | 1         | 7%       | 6       | 5                | 1         | 1          |  |  |                  |  |
| OET NO    | 12-Nov/20                      | Oil    | 46          | 49        | 22        | -5%      | 35               | 35        | 14        | -1%      | 15      | 14               | -3        | 1          |  |  |                  |  |
| TNK US    | 13-Nov/20                      | Oil    | 102         | 126       | 95        | -19%     | 35               | 50        | 27        | -29%     | -6      | 9                | -20       | -15        |  |  |                  |  |
| BWLPG NO  | 13-Nov/20                      | LPG    | 112         | 112       | 185       | -1%      | 77               | 66        | 160       | 15%      | 29      | 18               | 117       | 11         |  |  |                  |  |
| SBLK US   | 16-Nov/20                      | Dry    | 162         | 159       | 181       | 2%       | 97               | 81        | 61        | 21%      | 44      | 35               | 6         | 9          |  |  |                  |  |
| ADSCME NO | 18-Nov/20                      | Oil    | 11          | 10        | 2         | 6%       | 8                | 7         | -1        | 8%       | 3       | 2                | -3        | 1          |  |  |                  |  |
| HAFNIA NO | 20-Nov/20                      | Oil    | 110         | 125       | n.a.      | -12%     | 37               | 57        | 49        | -35%     | -14     | 10               | -11       | -24        |  |  |                  |  |
| ALNG NO   | 20-Nov/20                      | LNG    | 7           | 6         | 6         | 21%      | 4                | 3         | 7         | 37%      | -2      | -4               | -1        | 1          |  |  |                  |  |
| NAT US    | 25-Nov/20                      | Oil    | 44          | 40        | n.a.      | 9%       | 23               | 18        | 13        | 31%      | -2      | -4               | -14       | 3          |  |  |                  |  |
| HUNT NO   | 26-Nov/20                      | Oil    | 35          | 37        | n.a.      | -7%      | 31               | 32        | 0         | -4%      | 22      | 24               | -2        | -2         |  |  |                  |  |
| AVANCE NO | 27-Nov/20                      | LPG    | 32          | 33        | 54        | -6%      | 20               | 23        | 43        | -13%     | 4       | 5                | 25        | -1         |  |  |                  |  |
| FRO US    | 30-Nov/20                      | Oil    | 194         | 185       | 94        | 5%       | 137              | 126       | 43        | 8%       | 82      | 71               | -10       | 11         |  |  |                  |  |
| GOGL US   | 30-Nov/20                      | Dry    | 137         | 128       | 162       | 8%       | 70               | 57        | 77        | 22%      | 30      | 16               | 37        | 14         |  |  |                  |  |
| FLNG NO   | 30-Nov/20                      | LNG    | 32          | 35        | 29        | -9%      | 22               | 23        | 22        | -5%      | -3      | -3               | 0         | 0          |  |  |                  |  |
| DSX US    | 02-Dec/20                      | Dry    | 43          | 41        | 50        | 6%       | 14               | 12        | 20        | 17%      | -4      | -6               | 2         | 2          |  |  |                  |  |

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



## Cleaves' Scorecard

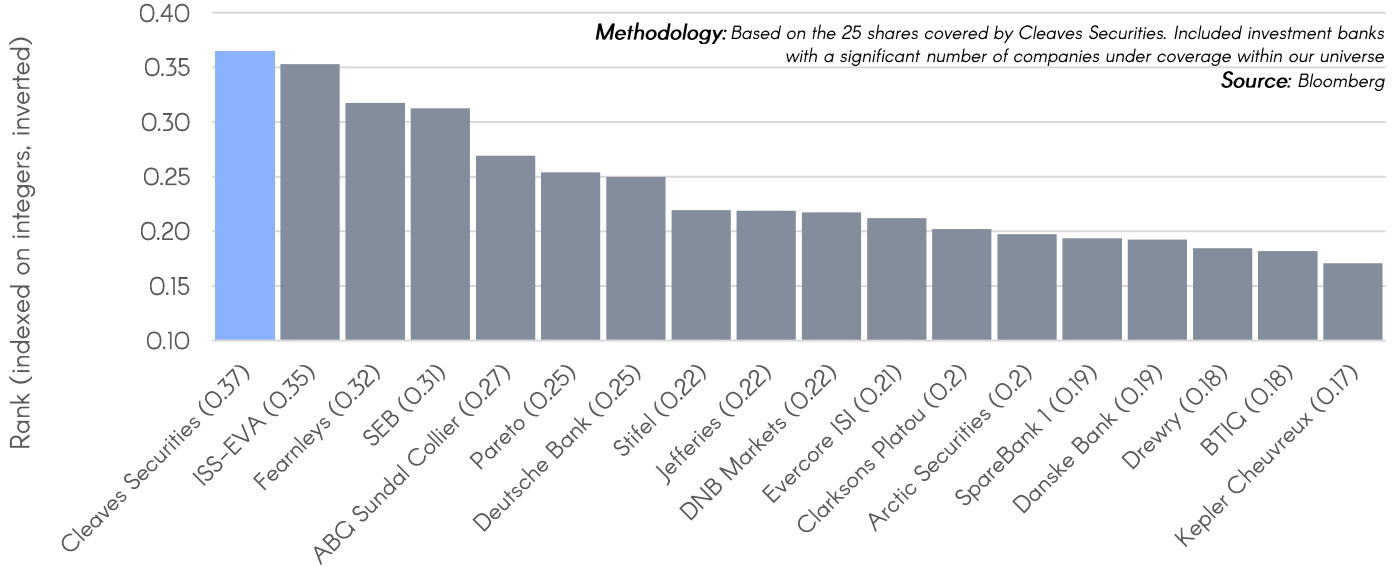
What did we forecast, and what happened?

| 2020-Q3             | Actual value | $\Delta q/q$ | Cleaves' $\Delta$ -forecast | Comment                                                                                                                                                                                                                                                                                                                                                           |
|---------------------|--------------|--------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Dry Bulk</b>     |              |              |                             | <b>Lower demand growth than expected</b>                                                                                                                                                                                                                                                                                                                          |
| Supply              | 905          | 1.1%         | 1.1%                        | Actual supply growth in 3Q20 was spot-on our forecast, but demand disappointed despite steel production and iron ore exports exceeding our expectations. The tonnage supply overhang was more profound in 3Q, but earnings so far in 4Q has met our optimistic expectations. Asset prices rose in 3Q, as expected, but share prices have been lagging.            |
| Demand              | 780          | 6.9%         | 10.5%                       |                                                                                                                                                                                                                                                                                                                                                                   |
| Fleet utilization   | 86.2%        | 4.7%p        | 7.5%p                       |                                                                                                                                                                                                                                                                                                                                                                   |
| Spot rates          | 1,519        | 94%          | 181%                        |                                                                                                                                                                                                                                                                                                                                                                   |
| Asset prices        | 122          | 3%           | 3%                          |                                                                                                                                                                                                                                                                                                                                                                   |
| Share index         | 91           | 6%           | 54%                         |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Oil Tankers</b>  |              |              |                             |                                                                                                                                                                                                                                                                                                                                                                   |
| Supply              | 595          | 1.1%         | 0.9%                        | Fleet supply came in in-line with our forecast, and so did the massive rout in oil tanker demand in the wake of OPEC+ supply cuts and the ongoing net inventory destocking cycle. Asset prices fell even more than we had expected, while share prices fell similar to our forecast.                                                                              |
| Demand              | 475          | -14.5%       | -18.5%                      |                                                                                                                                                                                                                                                                                                                                                                   |
| Fleet utilization   | 79.9%        | -14.5%p      | -18.2%p                     |                                                                                                                                                                                                                                                                                                                                                                   |
| Spot rates          | 11,006       | -74%         | -82%                        |                                                                                                                                                                                                                                                                                                                                                                   |
| Asset prices        | 130          | -5%          | -1%                         |                                                                                                                                                                                                                                                                                                                                                                   |
| Share index         | 183          | -14%         | -13%                        |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>LNG Carriers</b> |              |              |                             | <b>Close to expectations</b>                                                                                                                                                                                                                                                                                                                                      |
| Supply              | 92,267       | 1.6%         | 2.3%                        | Our forecast for 3Q20 was very much met by actual developments. With both fleet supply and demand growth slightly lower, fleet utilization came in only marginally below our forecast. Spot rates rose in 3Q20, as we had predicted                                                                                                                               |
| Demand              | 70,215       | 5.1%         | 6.7%                        |                                                                                                                                                                                                                                                                                                                                                                   |
| Fleet utilization   | 76.1%        | 2.5%p        | 3.1%p                       |                                                                                                                                                                                                                                                                                                                                                                   |
| Spot rates          | 41,115       | 19%          | 24%                         |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>LPG Carriers</b> |              |              |                             | <b>Missed the mark due to fleet inefficiencies</b>                                                                                                                                                                                                                                                                                                                |
| Supply              | 24,595       | 1.0%         | 1.0%                        | Our supply growth forecast was spot-on actuals for the quarter, but our demand forecast wasn't even close to the implied actuals despite being correct on our forecasts for significantly lower US LPG exports and OPEC oil production in the quarter. Spot rates held up remarkably well on the back of fleet inefficiencies, but share prices stayed depressed. |
| Demand              | 21,824       | 3.2%         | -10.8%                      |                                                                                                                                                                                                                                                                                                                                                                   |
| Fleet utilization   | 88.7%        | 1.9%p        | -10.1%p                     |                                                                                                                                                                                                                                                                                                                                                                   |
| Spot rates          | 39,680       | 19%          | -63%                        |                                                                                                                                                                                                                                                                                                                                                                   |
| Asset prices        | 67           | -5%          | -7%                         |                                                                                                                                                                                                                                                                                                                                                                   |
| Share index         | 49           | 14%          | 6%                          |                                                                                                                                                                                                                                                                                                                                                                   |
| <b>All Shipping</b> |              |              |                             |                                                                                                                                                                                                                                                                                                                                                                   |



## Investment Bank Ranking in Shipping Equity Research

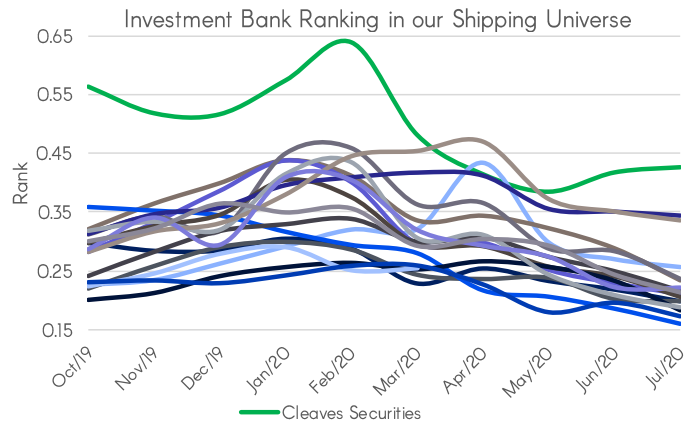
### Investment Bank Ranking in our Shipping Universe



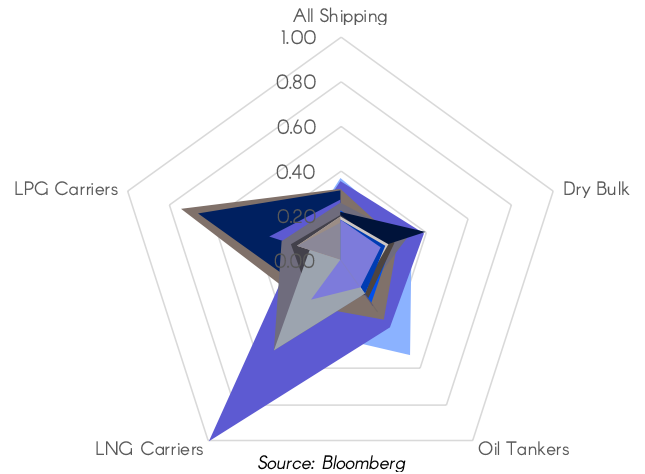
### Detailed Ranking

| 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 9               | #2 of 9             | 3%                  | -26%           | -27% | -29%  |
| BULK NO      | BUY    |                       |                     |                     |                |      |       |
| DSX US       | BUY    | #4 of 8               | #2 of 8             | -17%                | 30%            | -18% | -59%  |
| EGLE US      | BUY    | #5 of 9               | #1 of 9             | -48%                | 59%            | -23% | -48%  |
| GNK US       | BUY    | #1 of 9               | #2 of 9             | -6%                 | -15%           | -22% | -30%  |
| GOGL US      | BUY    | #5 of 15              | #1 of 15            | -29%                | 25%            | -25% | -48%  |
| SALT US      | BUY    | #2 of 11              | #2 of 11            | -25%                | -40%           | -72% | -79%  |
| SB US        |        |                       |                     |                     | 0%             | -28% | -46%  |
| SBLK US      | BUY    | #3 of 11              | #1 of 11            | -18%                | 54%            | -25% | -49%  |
| Dry Bulk     |        | #3 of 9               | #2 of 9             | -20%                | 2%             | -34% | -46%  |
| ADSCME NO    | HOLD   | #1 of 3               | #1 of 3             | 22%                 | -14%           | -14% | -14%  |
| DHT US       | HOLD   | #1 of 15              | #2 of 15            | 29%                 | 21%            | -8%  | -16%  |
| EURN US      | HOLD   | #2 of 21              | #1 of 21            | 0%                  | 9%             | -12% | -17%  |
| FRO US       | SELL   | #5 of 19              | #2 of 19            | -8%                 | 35%            | -17% | -29%  |
| HUNT NO      | HOLD   | #2 of 9               | #2 of 9             | -12%                | 33%            | -26% | -41%  |
| INSW US      | HOLD   | #2 of 12              | #1 of 12            | 10%                 | 26%            | -30% | -40%  |
| NAT US       | SELL   | #2 of 9               | #1 of 9             | 31%                 | 41%            | 2%   | -11%  |
| OET NO       | SELL   | #1 of 5               | #1 of 5             | -26%                | -31%           | -31% | -33%  |
| TNK US       | BUY    | #2 of 8               | #1 of 8             | 29%                 | 40%            | -14% | -37%  |
| Oil Tankers  |        | #2 of 11              | #1 of 11            | 10%                 | 10%            | -17% | -27%  |
| ALNG NO      | SELL   | #1 of 4               | #1 of 4             | 32%                 | -74%           | -74% | -74%  |
| FLNG NO      | BUY    | #2 of 13              | #1 of 13            | -40%                | 83%            | -34% | -89%  |
| GLOG US      | BUY    | #5 of 13              | #1 of 13            | -75%                | 54%            | -59% | -102% |
| LNG Carriers |        | #3 of 10              | #1 of 10            | -28%                | 69%            | -36% | -72%  |
| AVANCE NO    | SELL   | #5 of 14              | #2 of 14            | -29%                | 31%            | -17% | -43%  |
| BWLPG NO     | HOLD   | #8 of 14              | #2 of 14            | -40%                | 84%            | -1%  | -37%  |
| LPG US       | SELL   | #2 of 9               | #2 of 9             | 6%                  | 11%            | -22% | -47%  |
| LPG Carriers |        | #5 of 12              | #2 of 12            | -21%                | 37%            | -10% | -40%  |
| All Shipping |        | #1 of 10              | #1 of 10            | -8%                 | 8%             | -26% | -39%  |

### Historical Ranking (monthly averages)



### Ranking by Segment



- Cleaves Securities (0.37)
- ISS-EVA (0.35)
- Fearnleys (0.32)
- SEB (0.31)
- ABC Sundal Collier (0.27)
- Pareto (0.25)
- Deutsche Bank (0.25)
- Stifel (0.22)
- Jefferies (0.22)
- DNB Markets (0.22)
- Evercore ISI (0.21)
- Clarksons Platou (0.21)
- Arctic Securities (0.20)
- SpareBank 1 (0.19)
- Danske Bank (0.19)
- Drewry (0.18)
- BTIG (0.18)
- Kepler Cheuvreux (0.17)

<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"

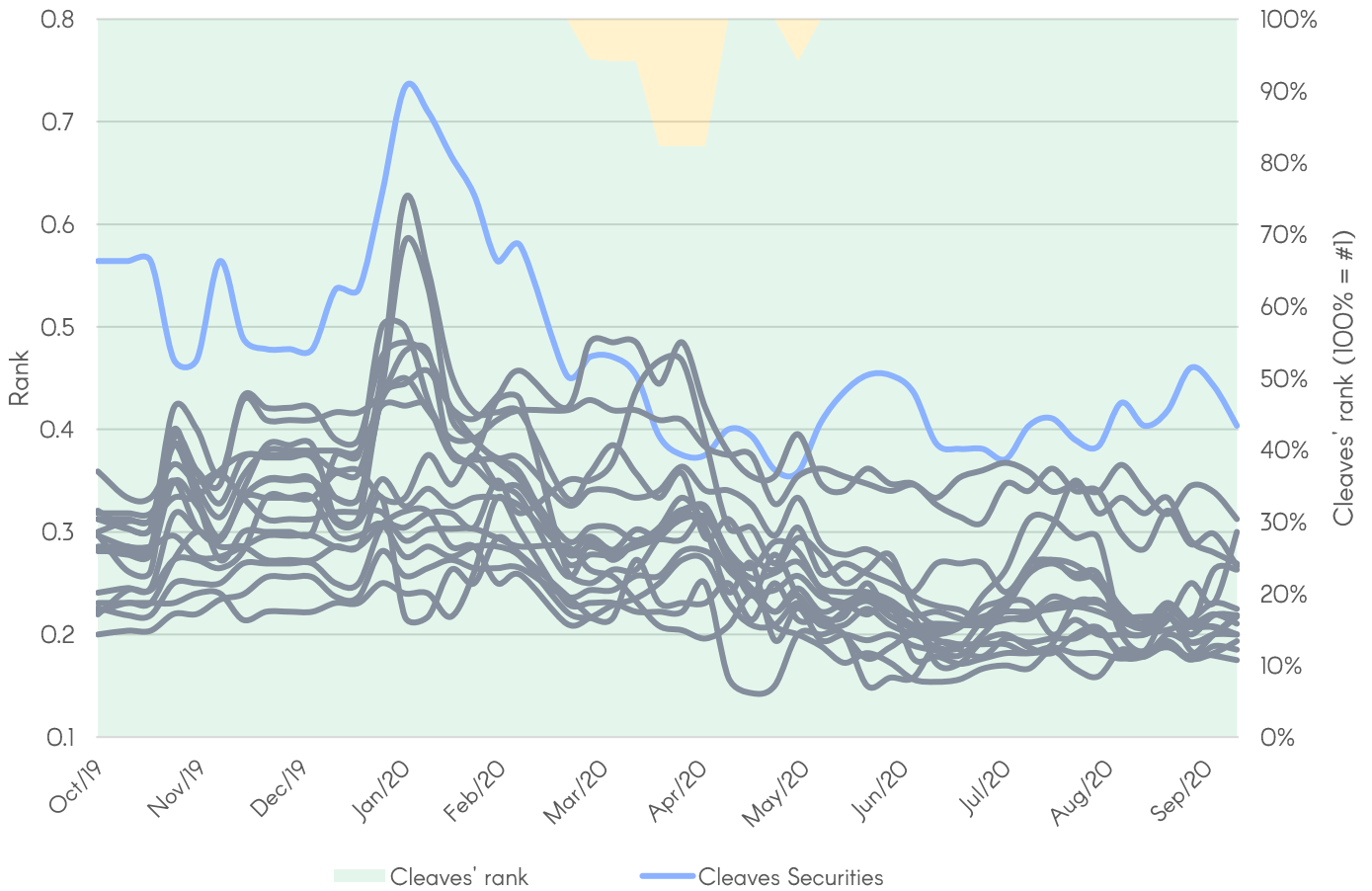


# Cleaves Securities

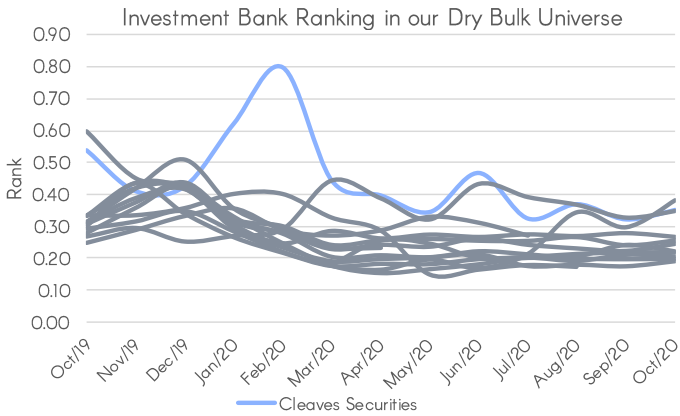
Shipping Quarterly: A Mixed Picture

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

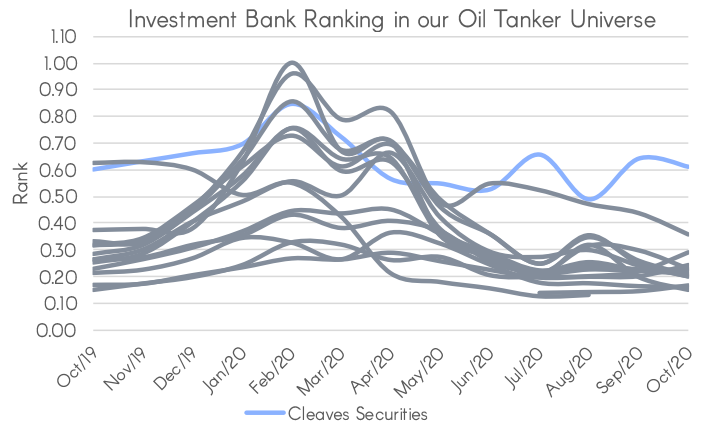
## Historical Ranking (weekly)



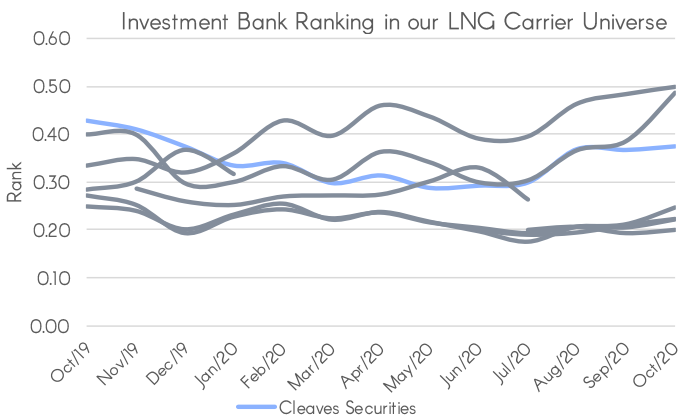
### Ranking in our Dry Bulk Universe (monthly)



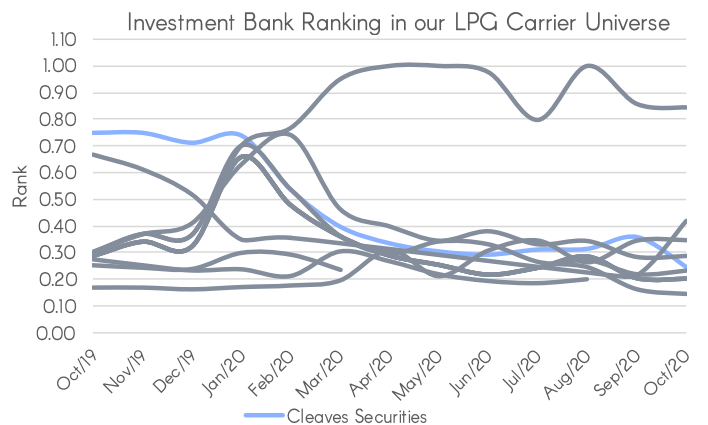
### Ranking in our Oil Tanker Universe (monthly)



### Ranking in our LNG Carrier Universe (monthly)



### Ranking in our LPG Carrier Universe (monthly)

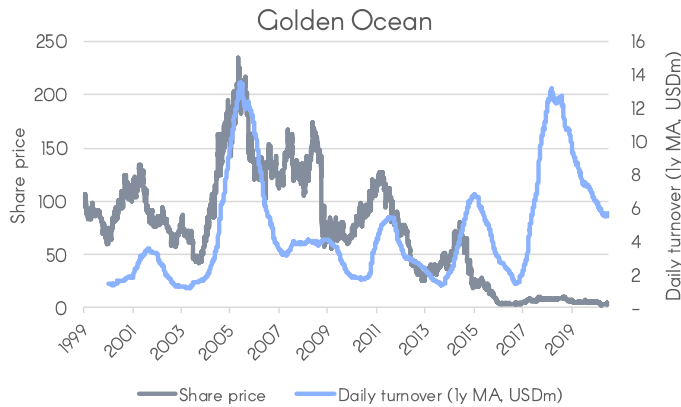




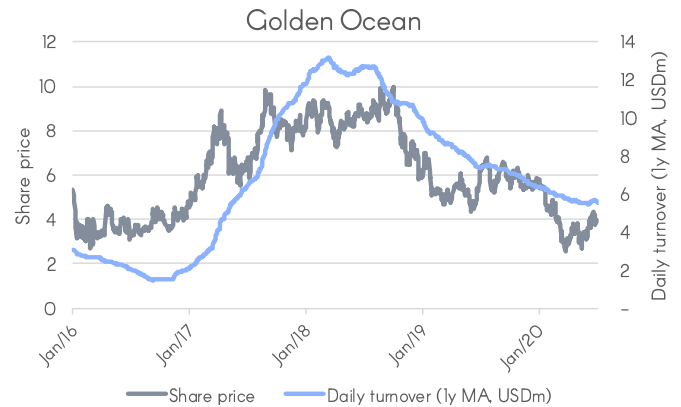


## Capital Flows in Shipping Equities

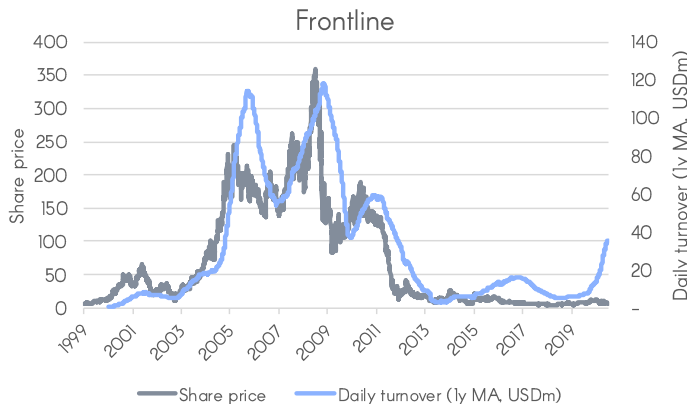
### Golden Ocean long-term turnover vs share price



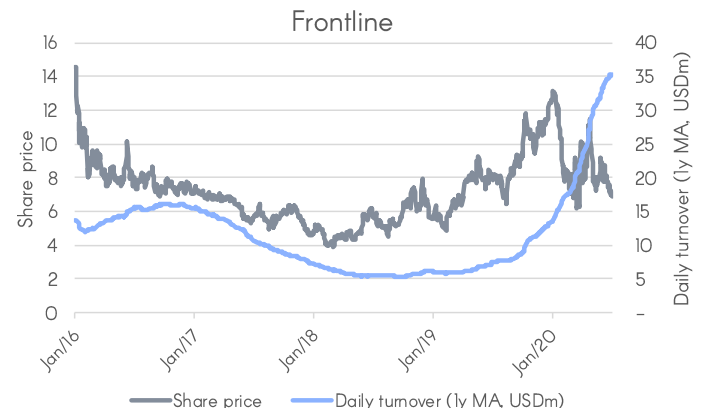
### Golden Ocean medium-term turnover vs share price



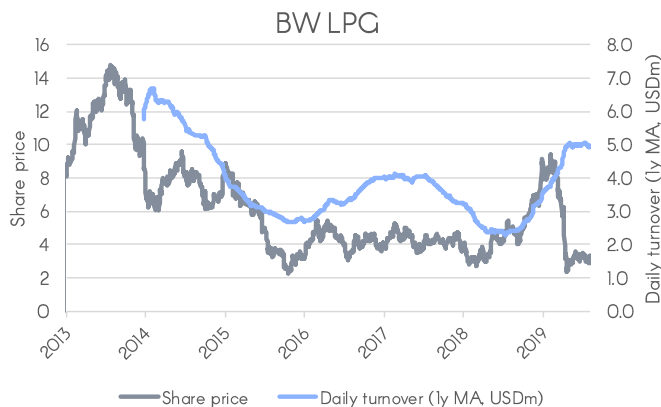
### Frontline long-term turnover vs share price



### Frontline medium-term turnover vs share price



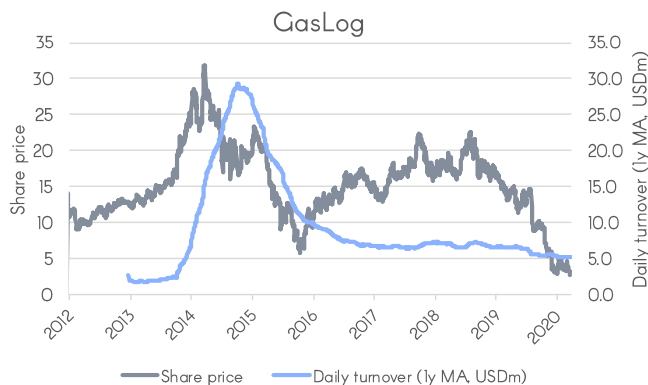
### BW LPG long-term turnover vs share price



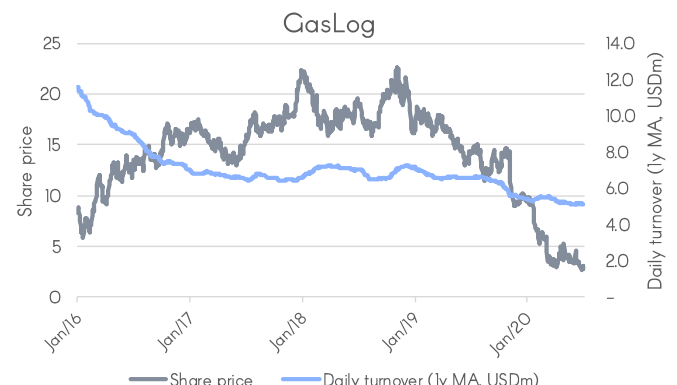
### BW LPG medium-term turnover vs share price



### GasLog long-term turnover vs share price



### GasLog medium-term turnover vs share price





## Dry Bulk: Top Pick in Our Shipping Universe

### The quarter in review

Net supply growth of 1.1% q/q (5.5% y/y) in 3Q20 was spot-on our [forecast from July](#). Gross deliveries of 9.2m dwt compares with our 10.1m dwt forecast, while the 3.6m dwt scrapped was above our 2.4m dwt forecast as breakers were more active than expected despite the negative impact from COVID-19. Another positive in the quarter was the extremely low 1.2m dwt newbuildings ordered (vs our 6.7m dwt forecast), the second lowest number on our record going back to 1Q 1996. The only lower datapoint was 3Q 2016 at 0.2m dwt, but the Baltic Dry Index was then 736 vs 1,518 in 3Q20. Thus, the orderbook fell 1.0%p q/q and now stands at only 6.5% of the fleet, constituting the lowest level on our record going back to 1996 and far below the historical average of 25%.

| mDWT                              |              |              | New          | Old          |               |              |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|
|                                   | 2019-Q3      | 2020-Q2      | 2020-Q3      | 2020-Q3      | Δ             | Δ %          |
| Deliveries <sup>1</sup>           | 10.8         | 15.8         | 9.2          | 10.1         | (0.9)         | -9%          |
| Scrapping <sup>1</sup>            | (1.0)        | (3.5)        | (3.6)        | (2.4)        | (1.2)         | 49%          |
| Contracting <sup>1</sup>          | 8.7          | 3.6          | 1.2          | 6.7          | (5.5)         | -83%         |
| Other <sup>1</sup>                | (11.7)       | 7.8          | 3.9          | 4.1          | (0.2)         | -5%          |
| <b>Supply<sup>2</sup></b>         | <b>858</b>   | <b>896</b>   | <b>905</b>   | <b>906</b>   | <b>(0.5)</b>  | <b>-0.1%</b> |
| Δ q/q                             |              |              | 1.1%         | 1.1%         |               |              |
| Δ y/y                             |              |              | 5.5%         | 5.6%         |               |              |
| <b>Demand<sup>2</sup></b>         | <b>758</b>   | <b>729</b>   | <b>780</b>   | <b>806</b>   | <b>(25.6)</b> | <b>-3.2%</b> |
| Δ q/q                             |              |              | 6.9%         | 10.5%        |               |              |
| Δ y/y                             |              |              | 2.9%         | 6.3%         |               |              |
| <b>Utilization<sup>2</sup></b>    | <b>88.3%</b> | <b>81.4%</b> | <b>86.2%</b> | <b>88.9%</b> | <b>-2.8%</b>  |              |
| BDI <sup>2</sup> (Index)          | 2,030        | 783          | 1,519        | 2,204        | (685)         | -31%         |
| Cape, spot <sup>2</sup> (TCE/d)   | 29,365       | 9,932        | 20,708       | 31,147       | (10,439)      | -34%         |
| Pana, spot <sup>2</sup> (TCE/d)   | 16,014       | 6,054        | 11,783       | 17,209       | (5,426)       | -32%         |
| Supra, spot <sup>2</sup> (TCE/d)  | 12,511       | 5,484        | 9,916        | 16,523       | (6,608)       | -40%         |
| Handy, spot <sup>2</sup> (TCE/d)  | 8,415        | 3,255        | 7,147        | 12,119       | (4,973)       | -41%         |
| Asset prices <sup>2</sup> (Index) | 130          | 118          | 122          | 122          | (1)           | -1%          |
| Cape, 5y <sup>2</sup> (USDm)      | 31           | 27           | 30           | 30           | -             | 0%           |
| Pana, 5y <sup>2</sup> (USDm)      | 20           | 18           | 17           | 18           | (0.5)         | -3%          |
| Supra, 5y <sup>2</sup> (USDm)     | 17           | 16           | 16           | 16           | -             | 0%           |
| Handy, 5y <sup>2</sup> (USDm)     | 16           | 15           | 15           | 15           | -             | 0%           |
| Orderbook <sup>2</sup>            | 97           | 77           | 64           | 64           | 0             | 0%           |
| Share Index <sup>2</sup>          | 138          | 85           | 91           | 131          | (41)          | -31%         |

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

We estimate demand growth of 6.9% q/q (2.9% y/y) in the quarter, far below our 10.5% q/q forecast (6.3% y/y). Chinese steel production reached new all-time-highs throughout May to August, and Brazilian iron ore exports have been rapidly ramping up from June to reach the second highest level on record in September. Despite this, our estimated demand growth (deduced from spot rates) came in below our forecast due to a larger tonnage overhang than expected. As we have entered 4Q20, this



tonnage overhang is now gone and has been replaced with the expected tonnage deficit, driving spot rates to levels we expected to be reached already in 3Q20. So far in October, we have in example seen Capesize spot rates reach \$35k/d, the second highest level since January 2014, only surpassed by September 2019.

The net effect was a fleet utilization of 86.2% in the quarter (88.9% forecast), +4.7%p q/q and -2.2%p y/y. Thus, the Baltic Dry Index averaged 1,519 in the quarter (+94% q/q, -25% y/y), below our 2,204 [forecast from July](#). Capesizes averaged \$21k/d in the quarter (+108% q/q, -29% y/y), missing our \$31k/d forecast.

Our dry bulk asset price index came in at 122 (+3% q/q, -7% y/y), similar to our forecast for the quarter, while our dry bulk share index averaged 91 (+6% q/q, -34% y/y), 31% below our [July forecast](#) of 131.

## Market outlook

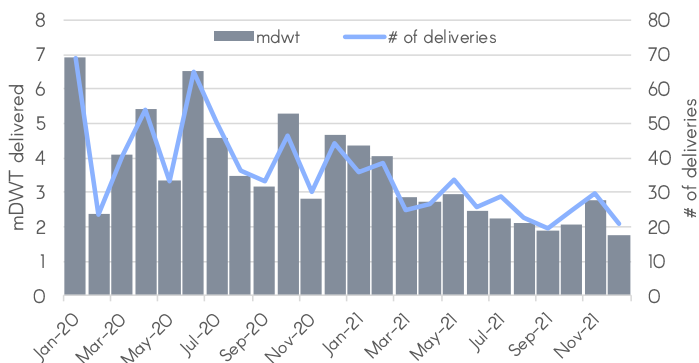
### Supply

The dry bulk orderbook continues to contract, now at only 6.5% of the fleet. 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 retrofiting leads to an expected 4.6% growth in the dry bulk fleet's carrying capacity in 2020 and an expected 5.9% net fleet growth y/y at year-end 2020. This would mark the highest 12-month net fleet growth since 2Q 2013.

However, the vast majority of the fleet growth for 2020 is behind us, and seasonally 4Q is usually the yearly low for deliveries as owners are pushing delivery into 1Q to get a better "timestamp" on their asset. Of course, if earnings are high enough this seasonal effect might be mitigated, but the causality would then more than compensate. Looking at the current orderbook, 11.6m dwt is scheduled to enter the fleet in 4Q20. Deducting our assumed slippage of 15% in addition to 2.5% cancellations, we forecast that 9.6m dwt will be delivered in 4Q20E (20% of the total for 2020E).

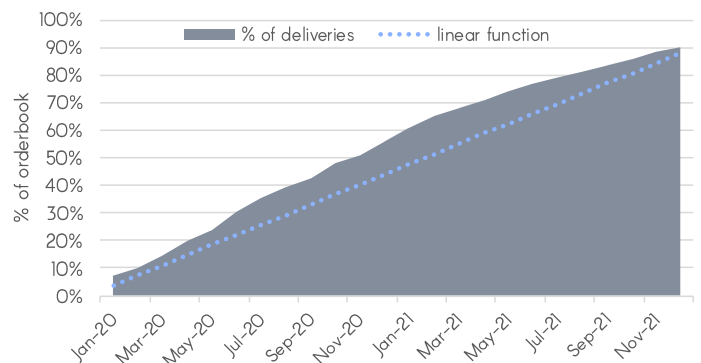
### Dry bulk vessel deliveries

Monthly overview of dry bulk deliveries



### Dry bulk orderbook delivery schedule

Cumulative dry bulk delivery schedule



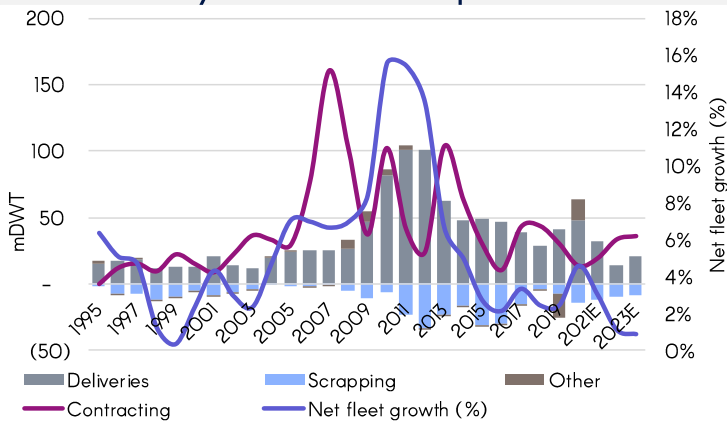


Newbuild ordering so in the first nine months of 2020 has been only 8.1m dwt, the lowest level over a nine-month period since 1Q 2017. We expect that uncertainty over future regulations and technology could keep ordering unusually low going forward as well.

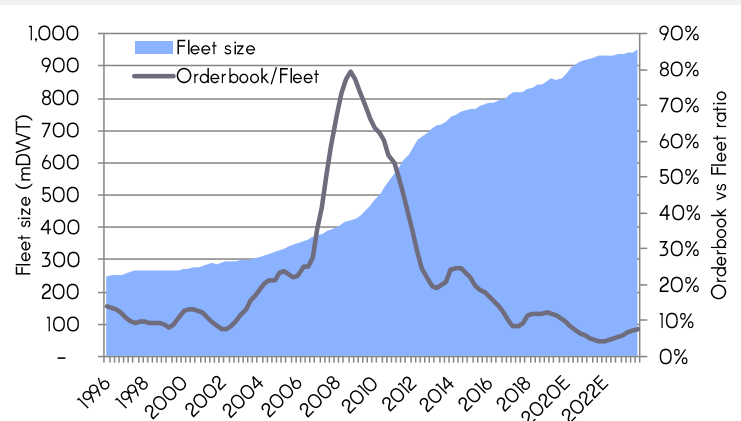
Our forecast of net supply growth of 4.6% for the full year 2020E would be the highest level since 2014. However, we expect fleet growth of 3.1% in 2021E and only 1.1% in 2022E, with significantly improvements in fleet utilization as a result. Given the historically low orderbook, very limited demand 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 1-3% fleet growth in 2023-25E despite a strong earnings environment.

### Dry bulk fleet developments



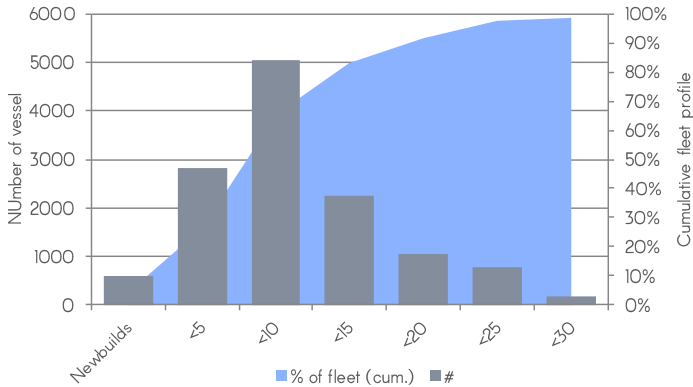
### Orderbook vs fleet



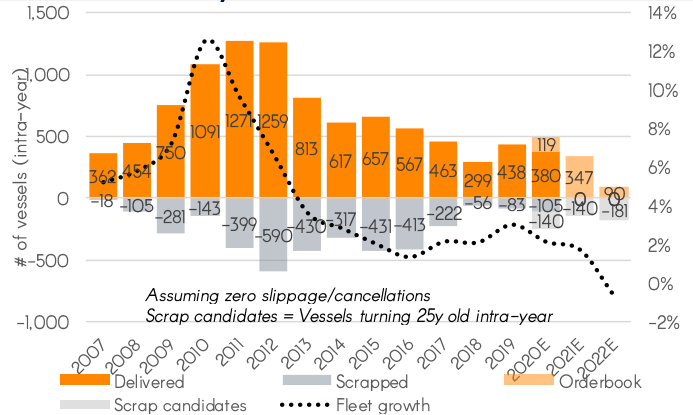


## Detailed Supply Side

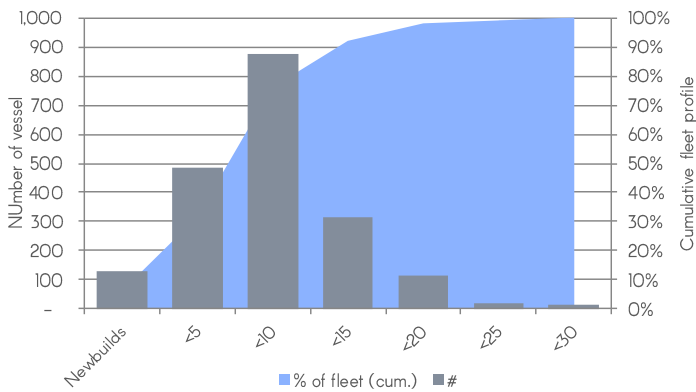
**Dry Bulk: Fleet profile**



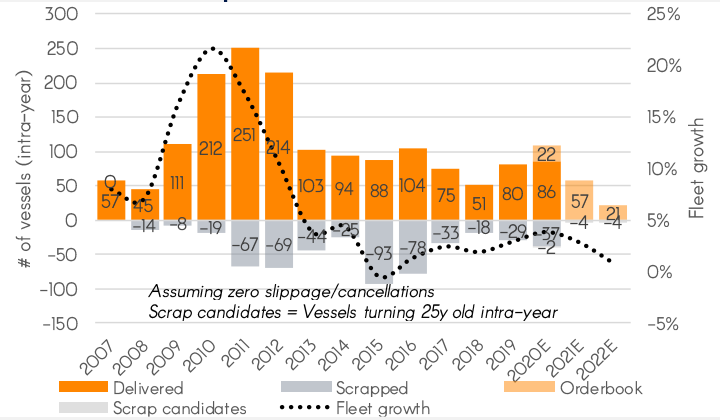
**Dry Bulk: Fleet evolution**



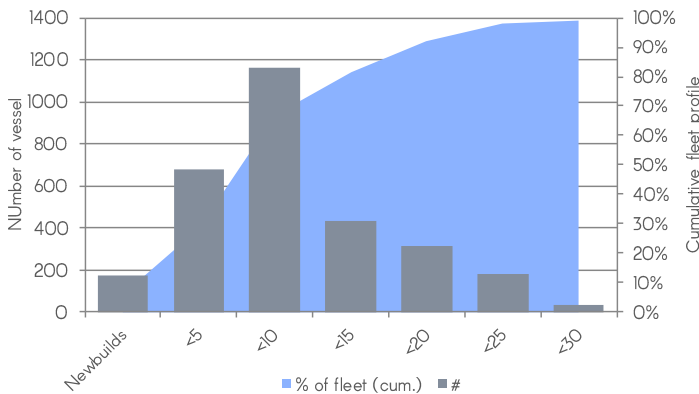
**Capesize: Fleet profile**



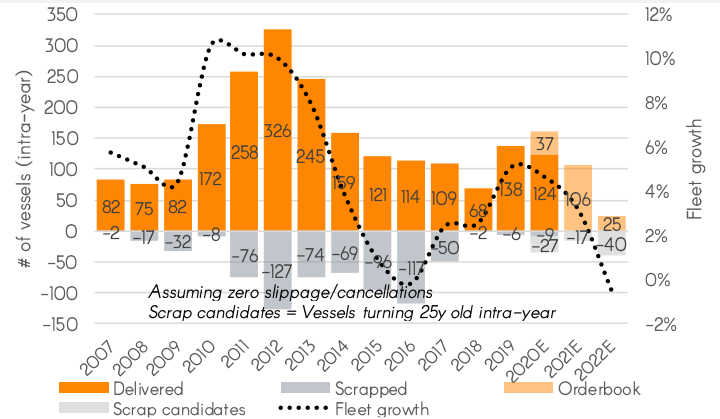
**Capesize: Fleet evolution**



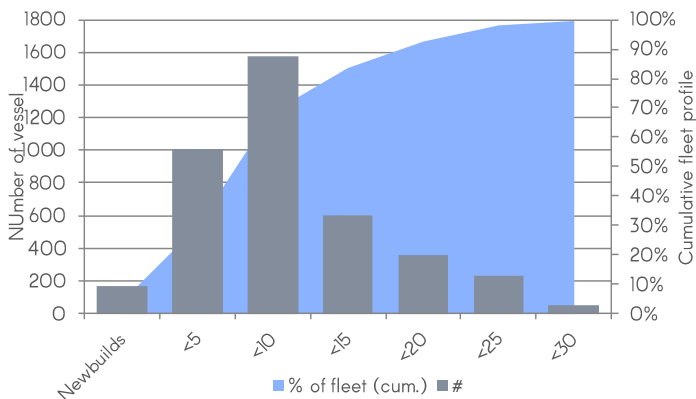
**Panamax: Fleet profile**



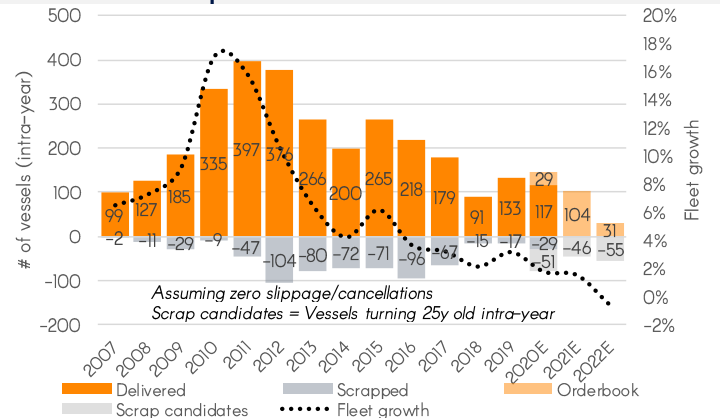
**Panamax: Fleet evolution**



**Supramax: Fleet profile**



**Supramax: Fleet evolution**





### Demand

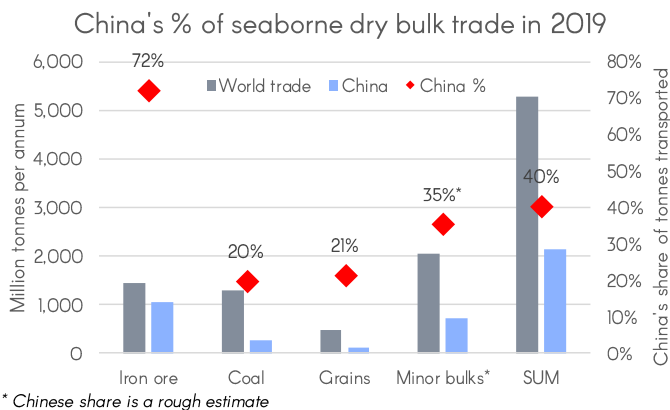
#### China

Constituting approximately 40% of all demand for seaborne transportation of dry bulk commodities, China is pivotal for demand growth going forward.

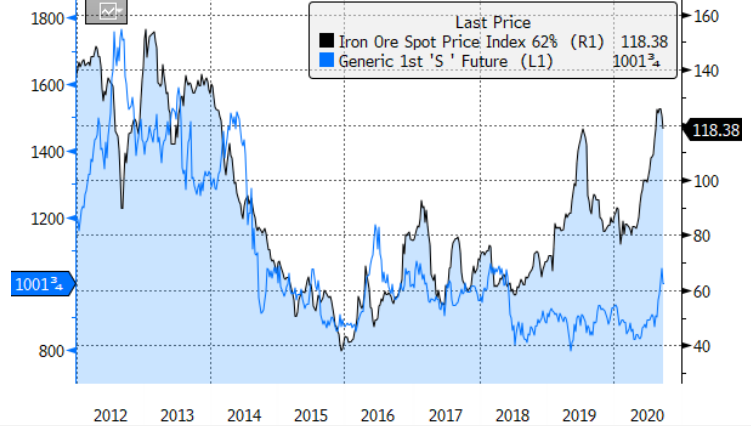
After a weak 1H20, impacted by Chinese New Year and the COVID-19 outbreak, activity has picked up significantly in China. Our [Base Case scenario from April](#) is playing out before our eyes, with all-time-high Chinese steel production and a significant draw on domestic commodity inventories as the global market has been undersupplied. This is exemplified by iron ore prices at their highest levels since 2014, and soybean prices at a two-year-high.

Chinese steel production reached 92mt in May and 95mt in August, beating the previous all-time-high of 89mt from May 2019. Iron ore inventories in Chinese ports are currently around 120mt, -26% since the highs in 2018. The ratio between steel output and port inventories are now -47% since the 2018 highs and at levels not seen since the lows of 2013 and 2015.

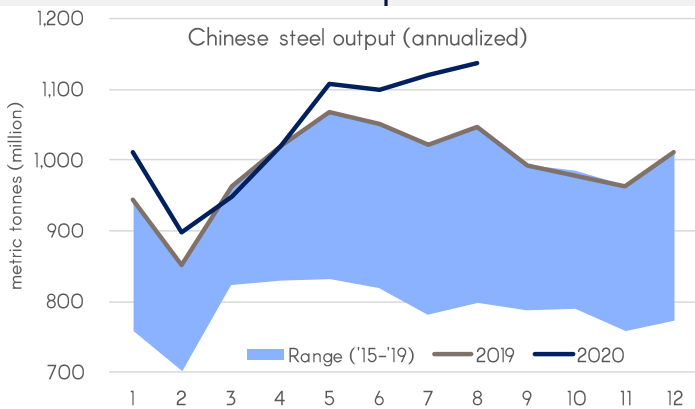
#### World seaborne dry bulk trade 2019E



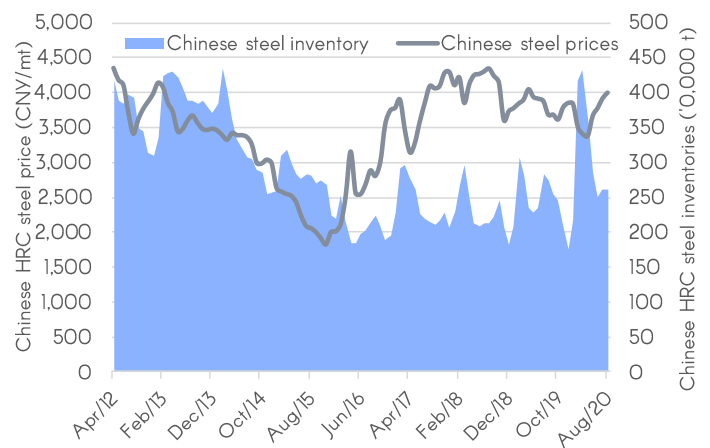
#### Iron ore & soybean spot prices



#### Chinese steel production

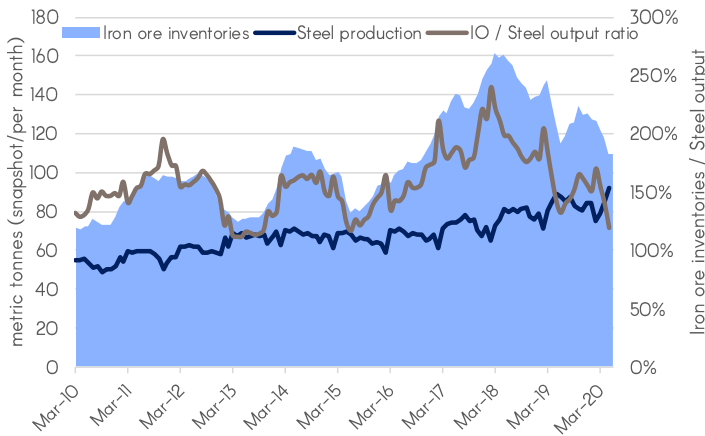


#### Chinese steel inventories & prices

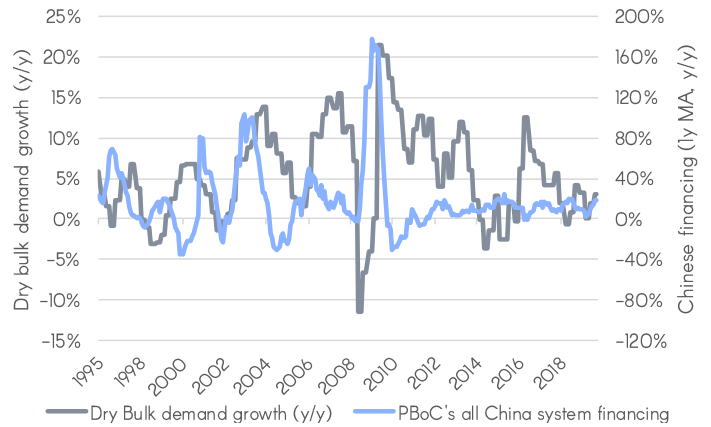




### Chinese iron ore stockpiles

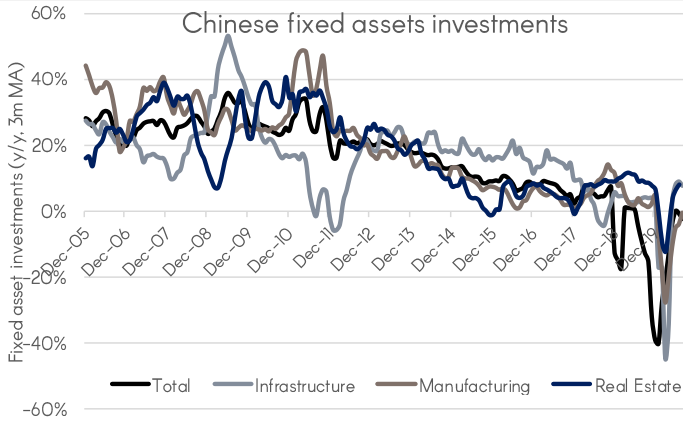


### Dry bulk demand vs Chinese finance growth

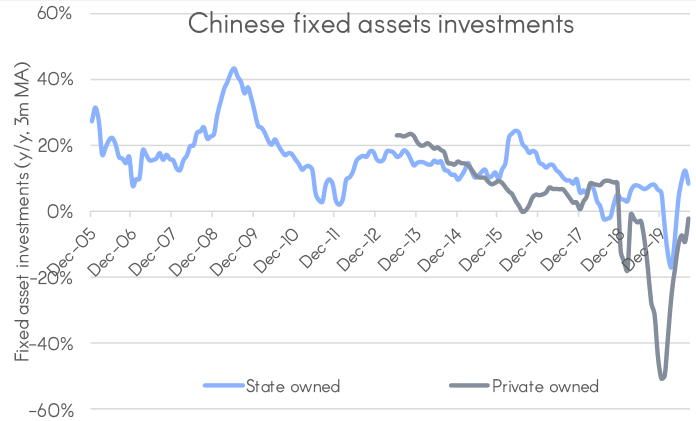


We expect that Chinese authorities' stimuli efforts will continue into 2021E and believe that a net restocking cycle will follow as soon as the global commodity markets finds a new equilibrium at a higher supply level. This could be highly supportive for dry bulk shipping.

### Chinese fixed assets investments



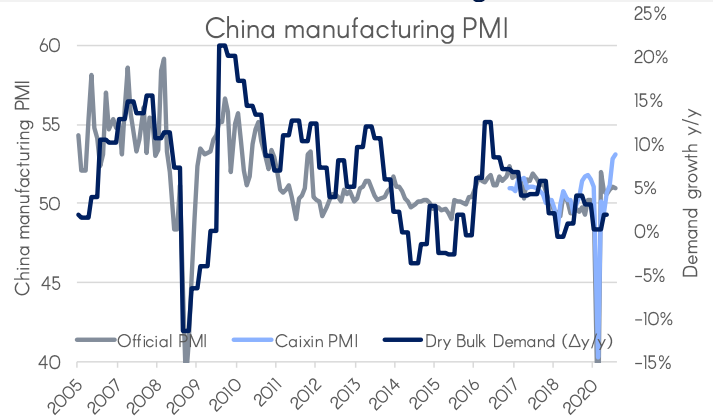
### Chinese fixed assets investments



### Chinese new export orders PMI



### Chinese manufacturing PMI



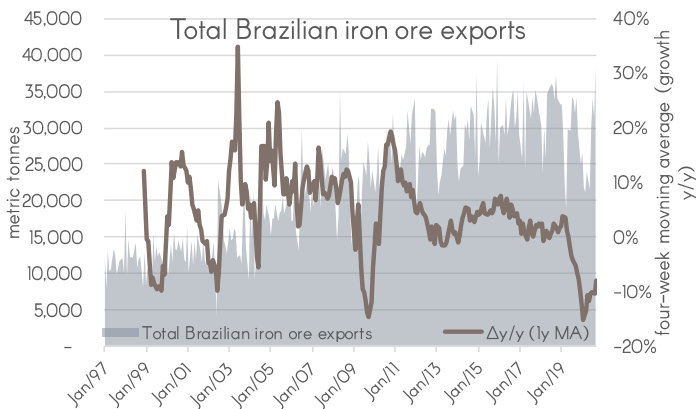


### Iron ore:

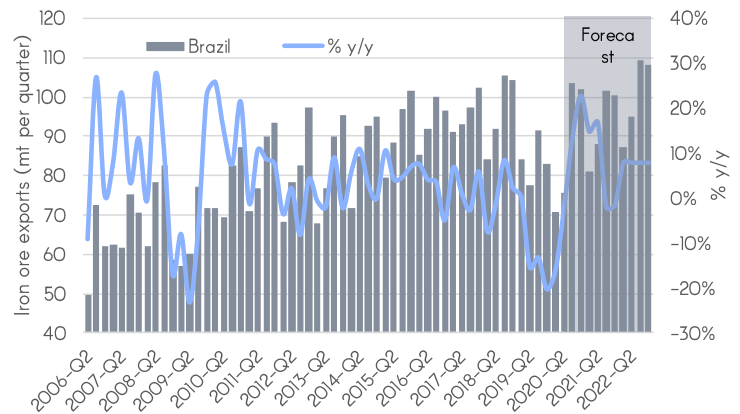
After a very weak start to the year, impacted by unusually deep seasonality and with COVID-19 adding further stress, seaborne iron ore export levels have recovered very well so far in 2H20.

After exporting a mere 71mt in 1Q20 and 76mt in 2Q20, Brazilian iron ore exports in 3Q20 reached 103mt, and we forecast 102mt iron ore exports for 4Q20E (unchanged). Looking further afield, we forecast Brazil to increase iron ore exports to 371mt in 2021E (+5.5% y/y) and 400mt in 2022E (+8% y/y) as the industry normalizes in the aftermath of the January 2019 dam collapse and COVID-19 related mining closures in 2020.

### Brazilian iron ore exports (monthly)

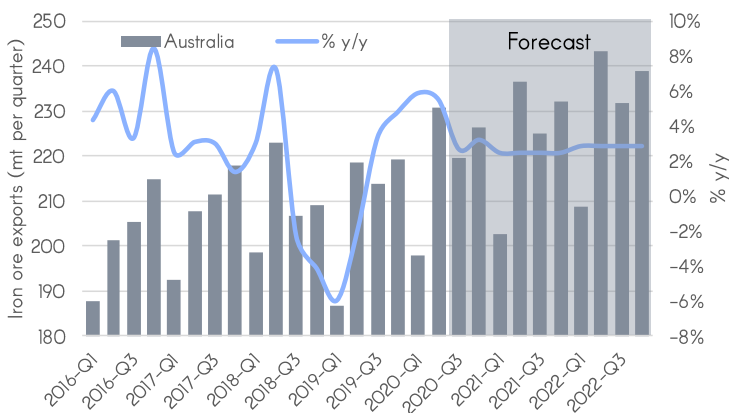


### Brazilian iron ore exports (quarterly)

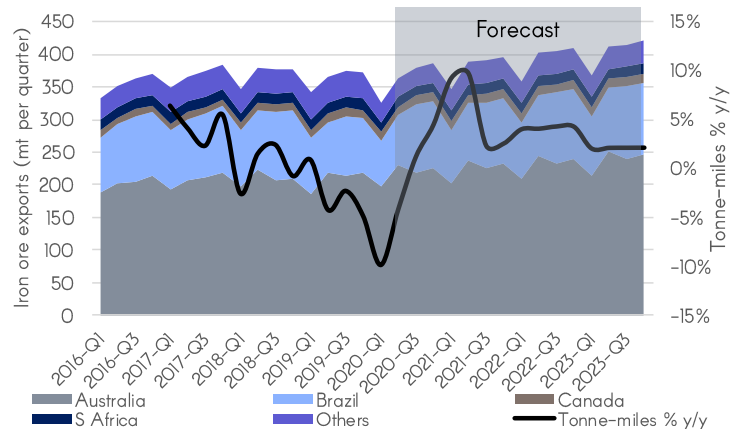


Looking towards **Australia**, iron ore exports amounted to 198mt in 1Q20 and 231mt in 2Q20, leaving the 1H20 6% higher than 1H19 which was more negatively affect by the cyclone season. We forecast 220mt exported in 3Q20E and another 226mt in 4Q20E, leaving the total for 2020E at 875mt (+4% y/y). Amidst strong demand from China, we forecast that Australian iron ore exports could reach 897mt in 2021E (+3% y/y) and 923mt in 2022E (+3% y/y).

### Australian iron ore exports (quarterly)



### Seaborne iron ore exports (quarterly)



Together with smaller seaborne exporters like Canada and South Africa, we forecast the global seaborne iron ore trade to rise 0% in 2020E, 5% in 2021E and 4% in 2022E in terms of volume transported. In terms of tonne-miles, the respective numbers are -2%, +6% and +4%.





### Coal:

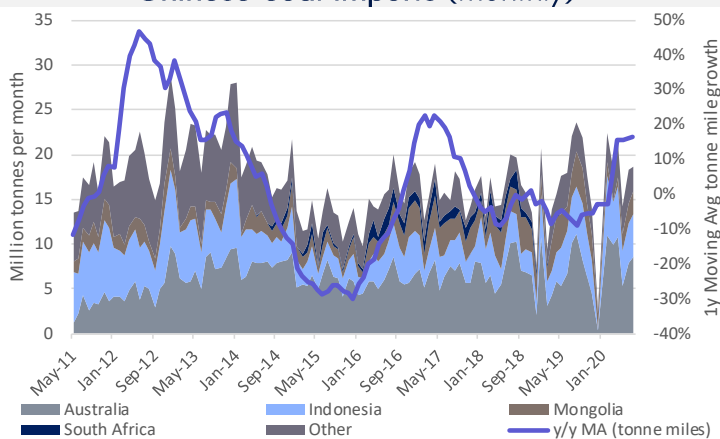
We continue to see headwinds for global coal consumption but expect that the demand for higher calorific coal could offset the lower consumption somewhat in terms of demand for seaborne transportation.

With gas prices at current low levels, we have seen an accelerating move away from thermal coal and towards cleaner energy sources in 2020. Coking coal is also negatively affected as COVID-19 has put pressure on steel production in many regions.

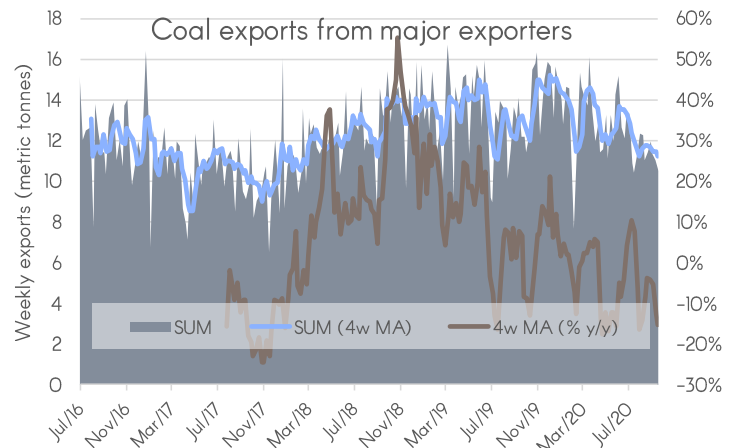
Europe for instance is expected to import 27% less thermal coal and 18% less coking coal in 2020E, according to Shipping Intelligence Network, far outpacing the expected global decline of 8% and 10%, respectively.

On a tonne-mile basis, we expect seaborne coal transportation to decline 9% y/y in 2020E, before recouping some of the losses in 2021E at a 5% y/y growth. After another 3% growth in 2022E, we expect zero growth for the foreseeable future.

### Chinese coal imports (monthly)



### Coal exports from major exporters (weekly)



### Other commodities:

For major **agricultural** products, we forecast a demand growth of 4% in 2020E and 1% in 2021E. The Brazilian soybean harvest has been at record levels, and Chinese demand has absorbed this in addition to US volumes picking up in 2H20. Strong North African demand for grains is also highly supportive this year. Also, Australian agricultural production is expected to rise 64% y/y, representing the second largest harvest in a decade.

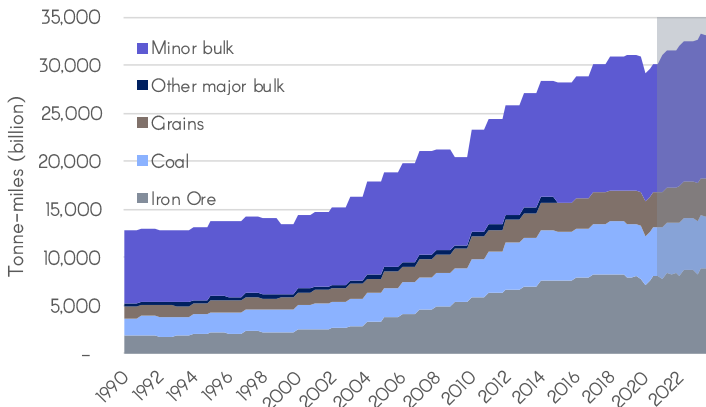
For other **minor dry bulk commodities**, we expect -5% demand growth in 2020E and +7% in 2021E, similar to Shipping Intelligence Networks' forecast. Steel products have been particularly hard hit this year in the wake of COVID-19, expected -11% y/y in 2020. Furthermore, forest products are affected, projected -6% in 2020E. Nickel ore exports are also heavily down in 2020E to 47mt (-29% y/y from 66mt in 2019), but mainly due to Indonesia's export ban



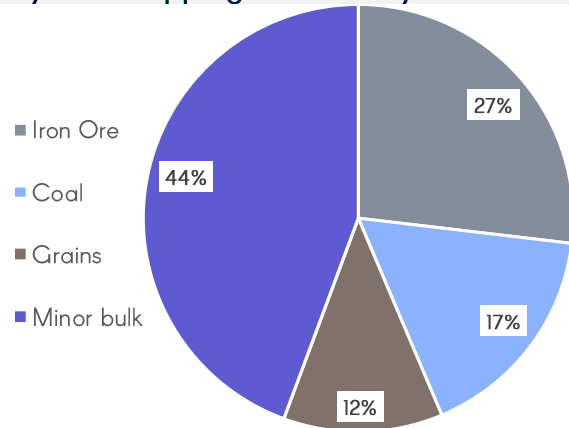
### Total dry bulk demand:

We forecast overall dry bulk demand growth of 3.6% y/y in 2020E, 6.3% in 2021E, 3.1% in 2022E and 2.0% in 2023E. This compares with 1.9% in 2019 and is largely below the historical average growth rate of 5.1% as the immense historical growth in Chinese demand abates. However, despite China moving towards cleaner fuel and an expected plateauing of steel production, we still see demand growth for iron ore and coal from substitution of domestic produce to superior quality 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.

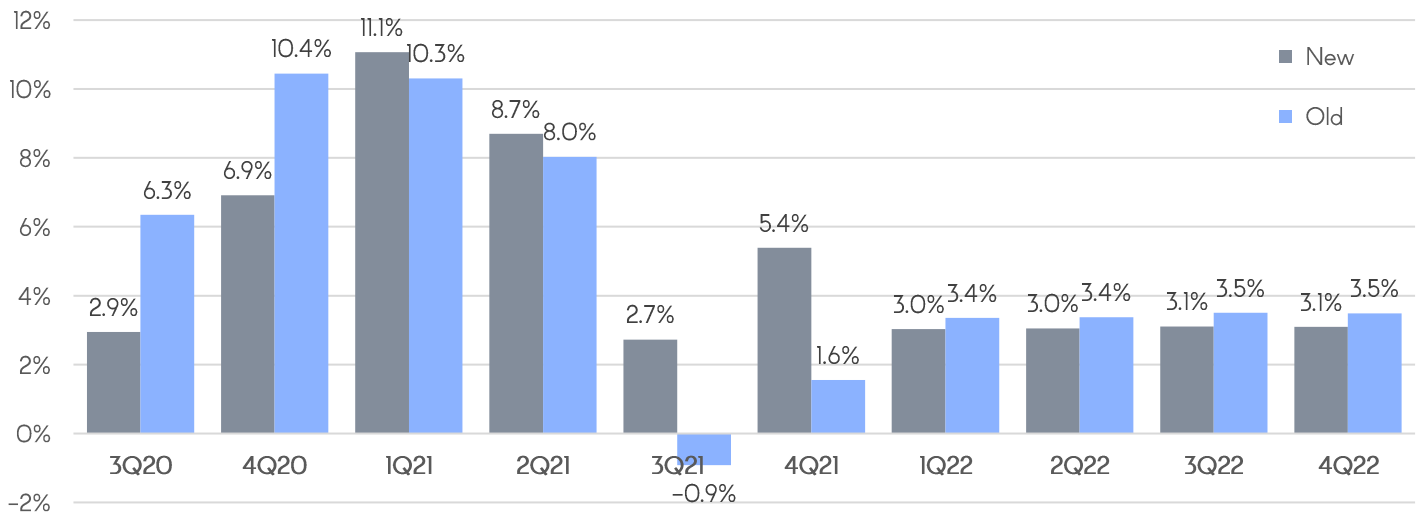
### Historical dry bulk shipping demand



### Dry bulk shipping demand by commodity (2020E)



### Dry bulk demand growth (y/y) forecast per quarter: New vs old





### Fleet utilization:

Combining the supply and demand sides of the equation leads us to forecast fleet utilization of 84.0% in 2020E (-0.8%p y/y), 86.7% in 2021E and 88.3% in 2022E.

Our fleet utilization forecast implies the Baltic Dry Index to average 1,268 in 2020E (-6% y/y), Capesizes to average \$16.5k/d (-8% y/y), Panamaxes to average \$10.1k/d (-8% y/y) and Supramaxes to average \$9.2k/d (-8% y/y).

The dry bulk fleet utilization is seemingly very close to an inflection point, exemplified by recent multi-year high spikes in Capesize spot rates in both 3Q19 and now in October. With the lowest orderbook on record, very little demand growth is needed to push dry bulk earnings into super-cycle territory. We remain highly optimistic for the coming years and retain the dry bulk segment as our top pick within our shipping universe

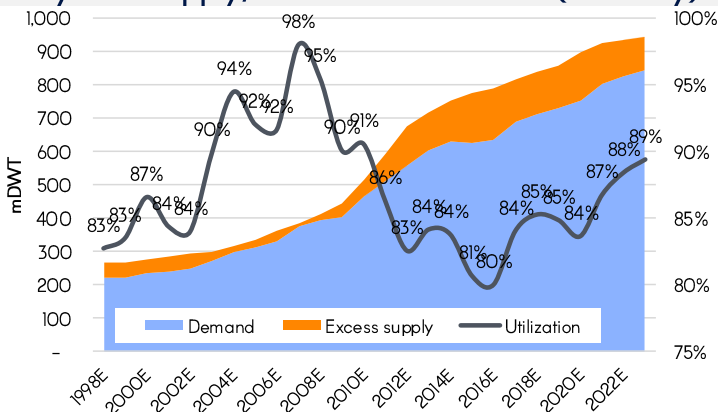
### Overview of our estimate changes

Delta table: Dry bulk shipping forecast summary

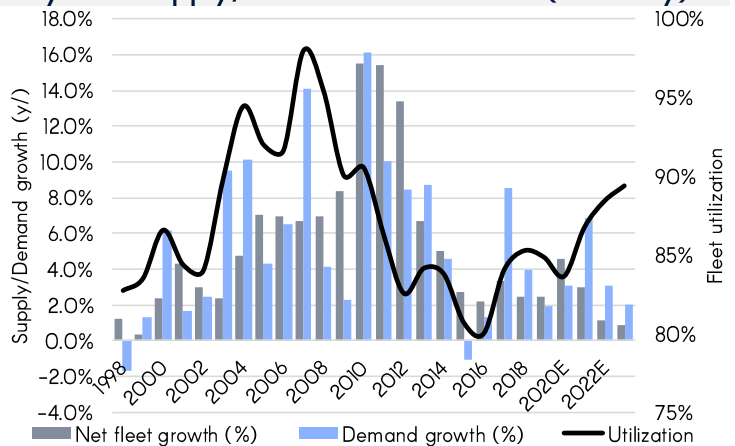
| $\Delta$ y/y     | 2020E  | 2021E | 2022E  | 2023E  | Average            | 2020E   | 2021E  | 2022E  | 2023E  |
|------------------|--------|-------|--------|--------|--------------------|---------|--------|--------|--------|
| Supply           | 4.6%   | 3.0%  | 1.1%   | 0.9%   | Baltic Dry Index   | 1,166   | 1,700  | 2,165  | 2,434  |
| Supply, old      | 4.6%   | 3.0%  | 1.1%   | 2.0%   | BDI, old           | 1,525   | 1,599  | 2,117  | 2,308  |
| $\Delta$         | 0.0%p  | 0.0%p | 0.0%p  | -1.2%p | $\Delta$           | (360)   | 101    | 48     | 126    |
| Demand           | 3.1%   | 6.8%  | 3.1%   | 2.0%   | Capesize spot      | 14,708  | 22,440 | 30,544 | 35,238 |
| Demand, old      | 4.8%   | 4.4%  | 3.4%   | 2.9%   | Capesize spot, old | 20,589  | 20,582 | 29,633 | 32,957 |
| $\Delta$         | -1.7%p | 2.4%p | -0.4%p | -0.9%p | $\Delta$           | (5,881) | 1,859  | 912    | 2,281  |
| Utilization      | 83.6%  | 86.7% | 88.4%  | 89.4%  | Capesize 5y        | 29.5    | 40.5   | 47.3   | 52.0   |
| Utilization, old | 85.0%  | 86.2% | 88.3%  | 89.0%  | Capesize 5y, old   | 29.5    | 40.5   | 46.6   | 50.7   |
| $\Delta$         | -1.4%p | 0.5%p | 0.2%p  | 0.4%p  | $\Delta$           | -       | 0.0    | 0.6    | 1.4    |
|                  |        |       |        |        | Share Index        | 100     | 183    | 241    | 283    |
|                  |        |       |        |        | Share Index, old   | 121     | 248    | 320    | 368    |
|                  |        |       |        |        | $\Delta$           | -17%    | -26%   | -25%   | -23%   |

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

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

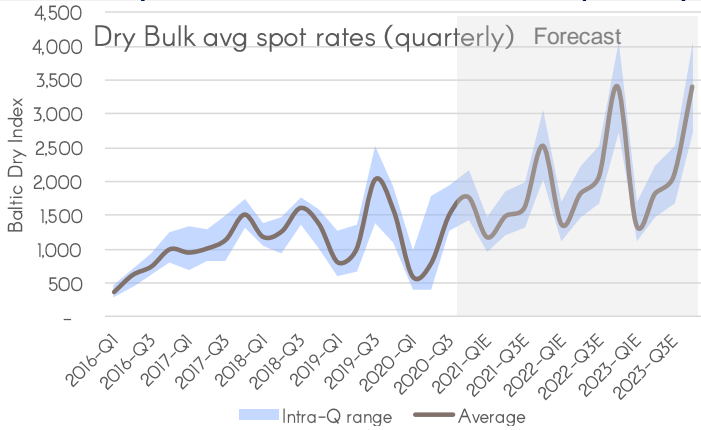


### Dry bulk supply/demand & utilization (annually)

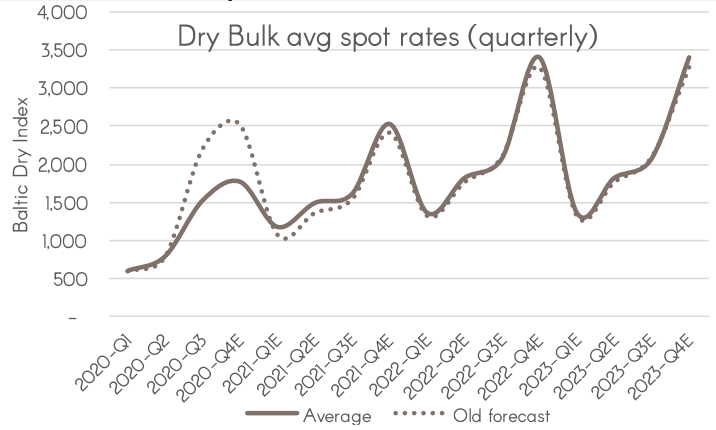




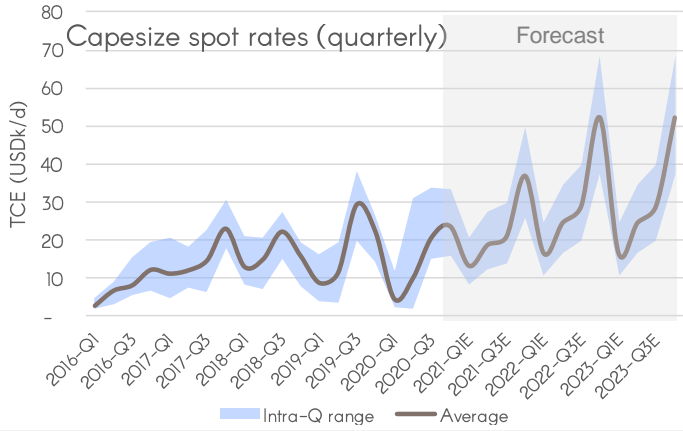
### Baltic Dry Index: Historical & forecast (quarterly)



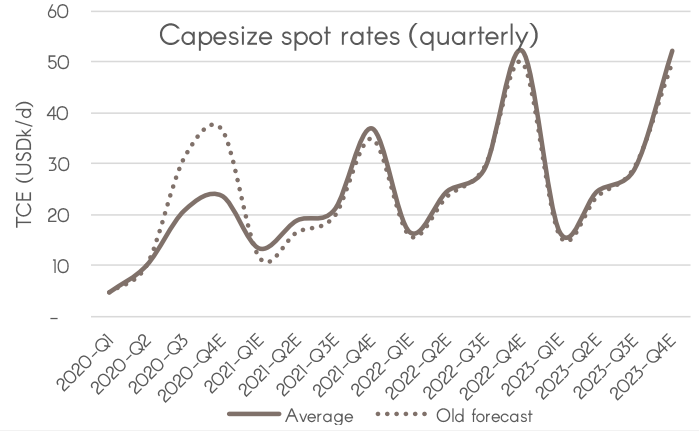
### Baltic Dry Index: New vs old forecast



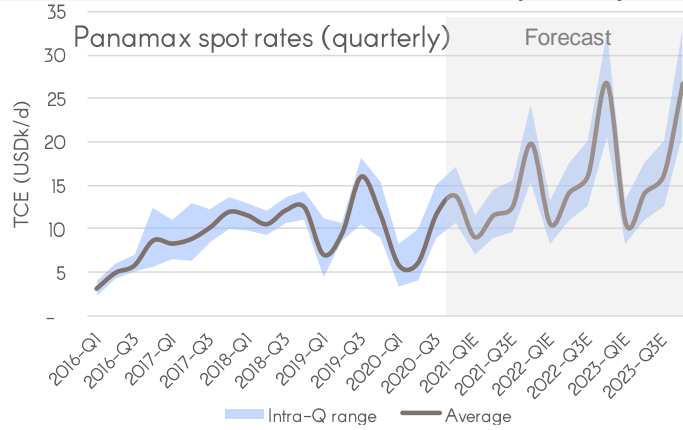
### Capesize: Historical & forecast (quarterly)



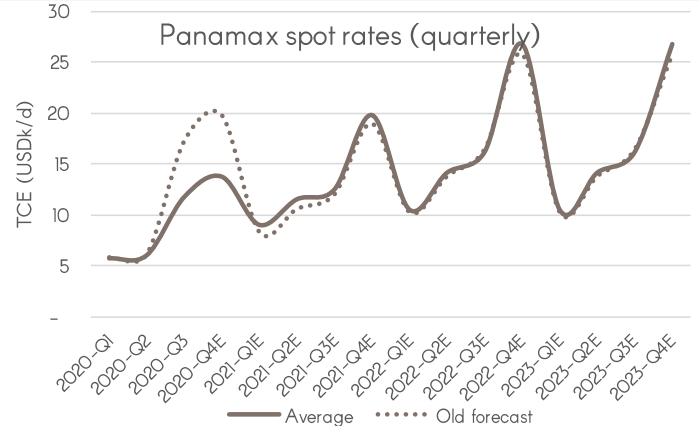
### Capesize: New vs old forecast



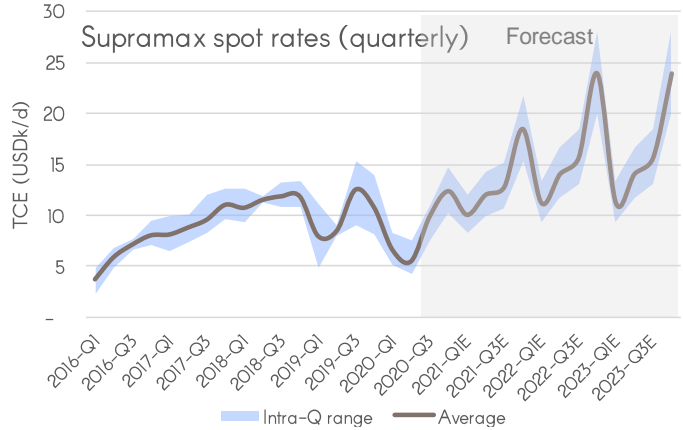
### Panamax: Historical & forecast (quarterly)



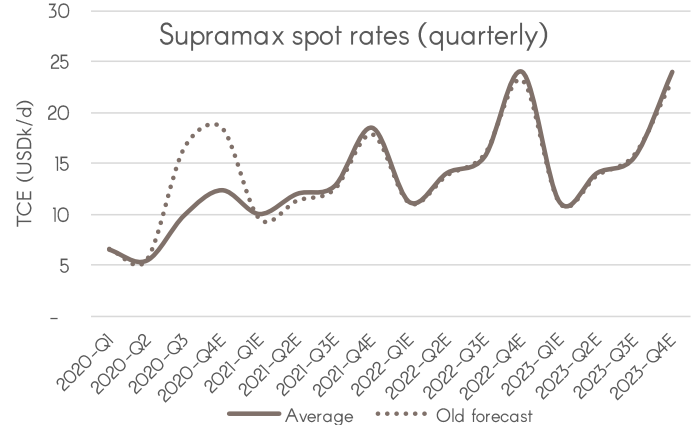
### Panamax: New vs old forecast



### Supramax: Historical & forecast (quarterly)



### Supramax: New vs old forecast





# Cleaves Securities

Shipping Quarterly: A Mixed Picture

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

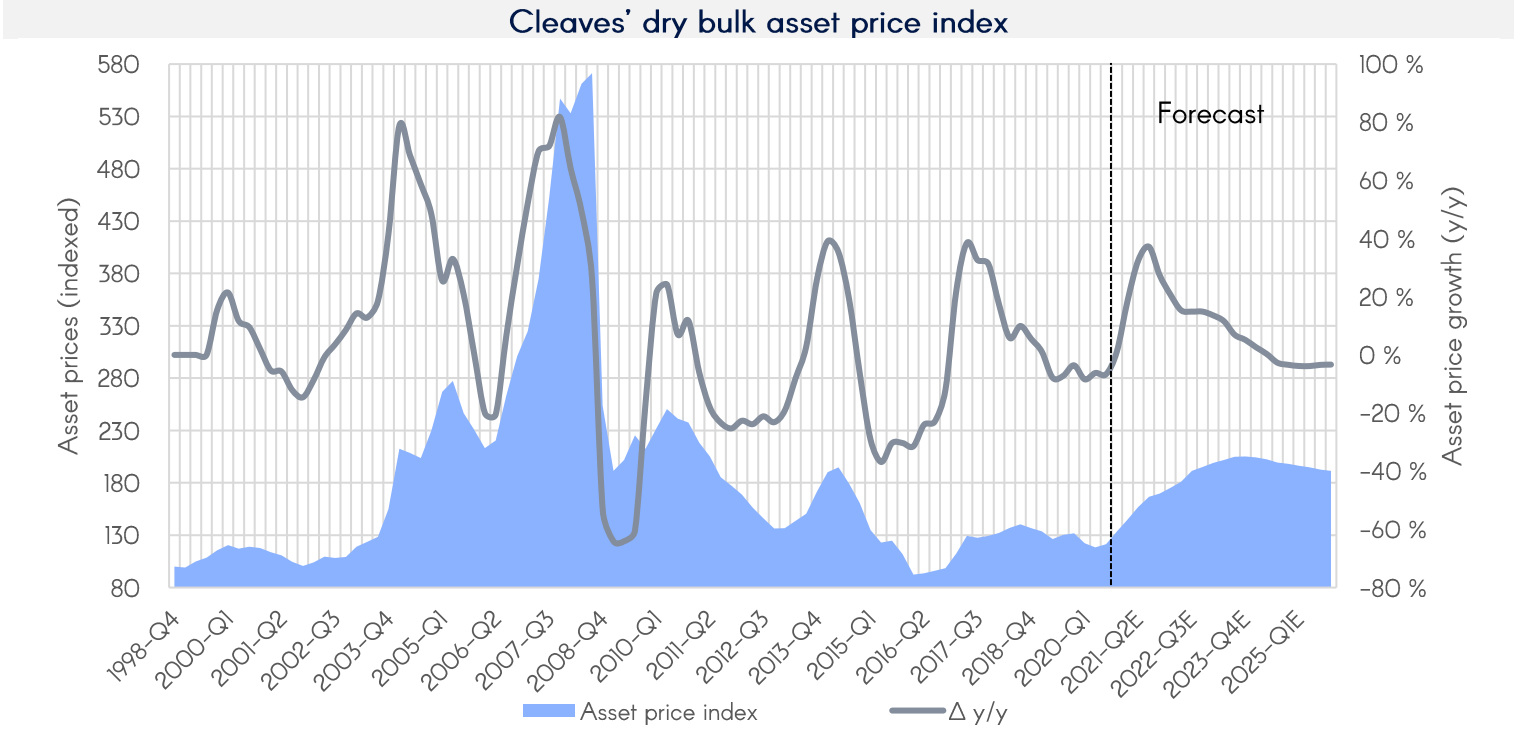
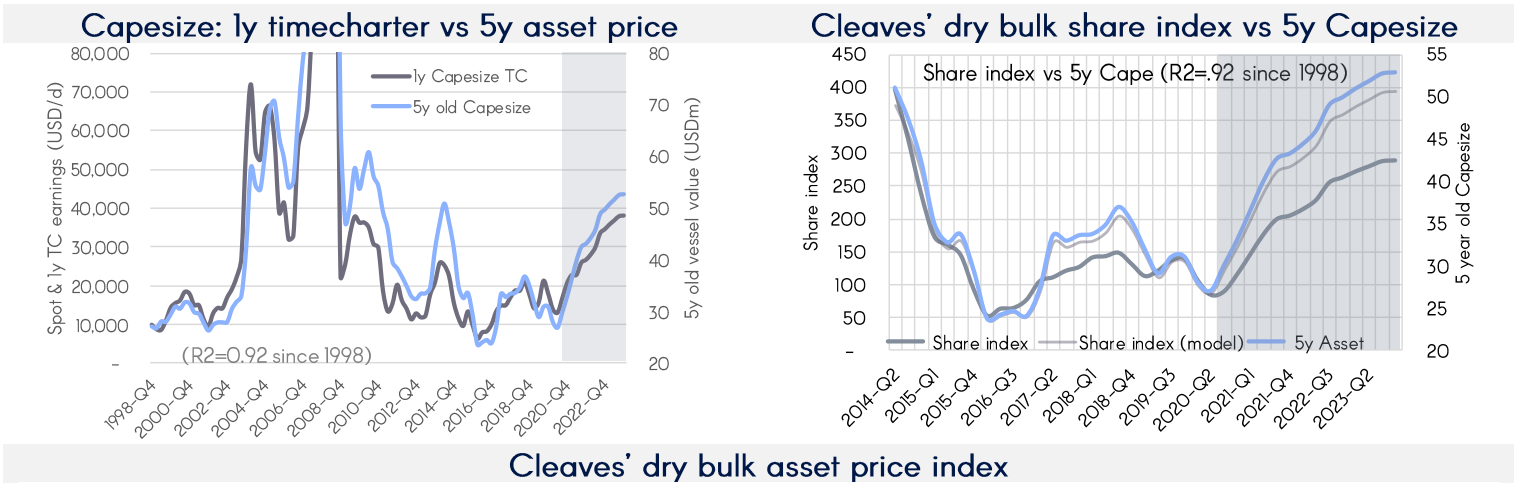
## Asset & share prices

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 +40% in one year and +60% in two years. Given the forward-looking nature of share and asset prices, and the historically relationship between the two:

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

we believe that our dry bulk share index could rally +126% in one year and +190% in two years from current levels.

After two Black Swan events represented by Vale's dam collapse in January 2019 and the COVID-19 outbreak in 2020, we believe the time is finally here for a substantial recovery in dry bulk fortunes.



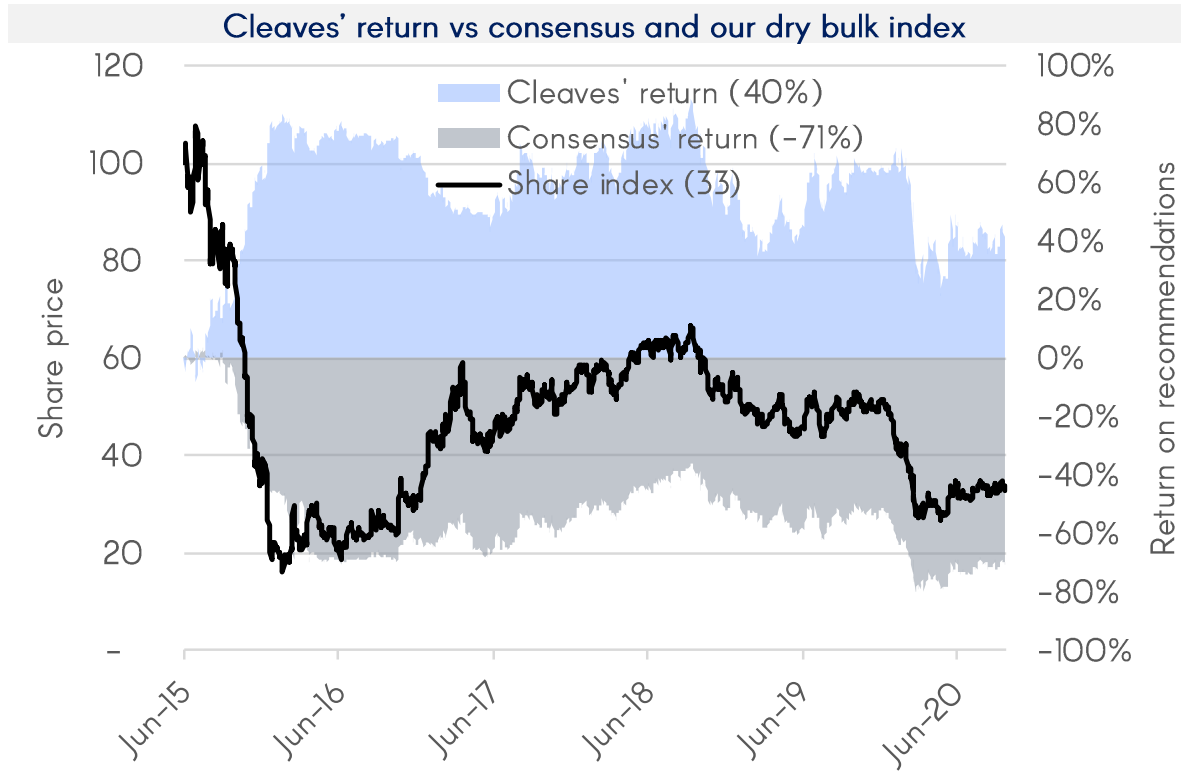


# Cleaves Securities

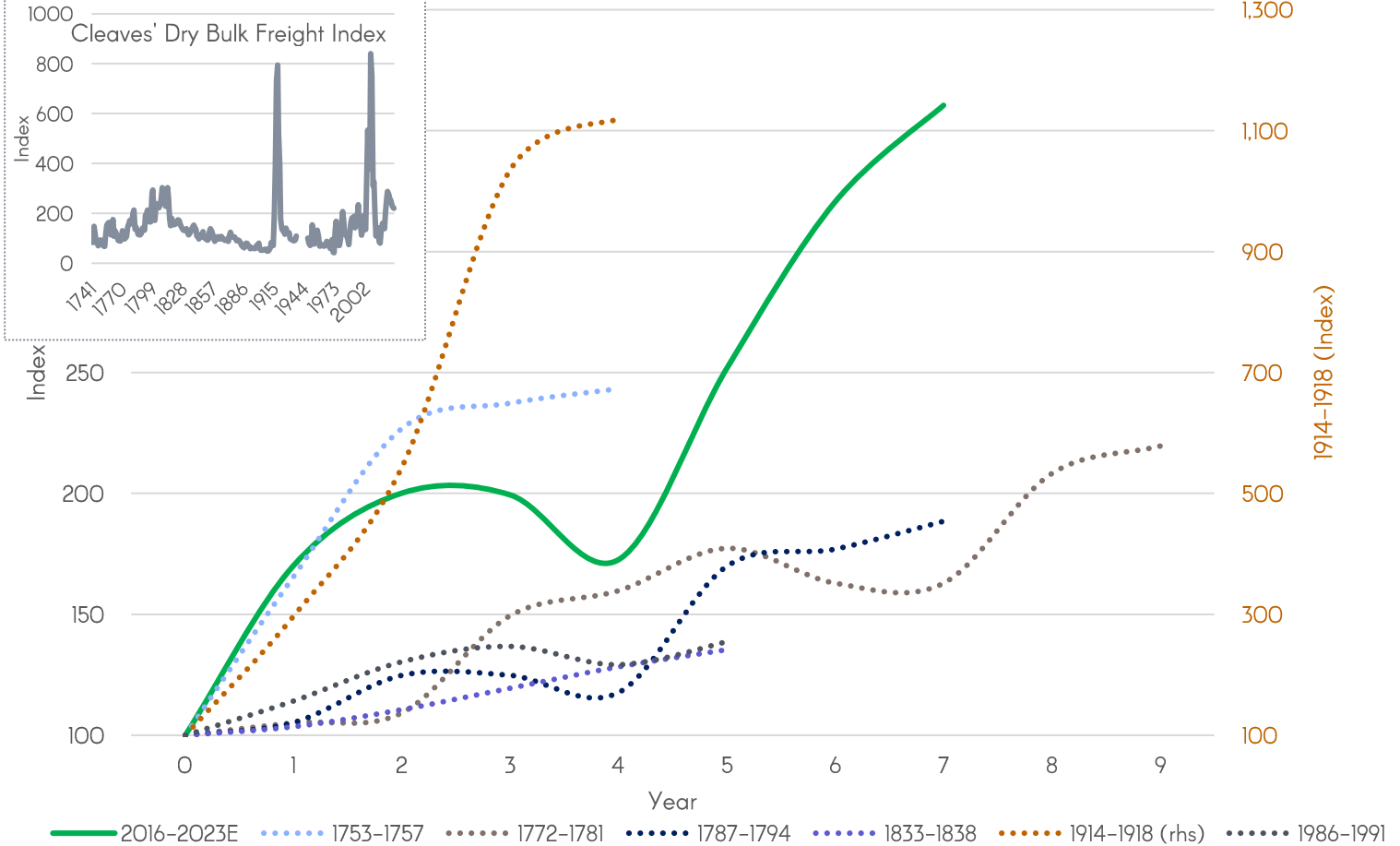
Shipping Quarterly: A Mixed Picture

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

Since we resumed coverage of dry bulk shipping shares in 2014, we have had a 40% return on our recommendations vs the market at -67% & consensus at -71%.

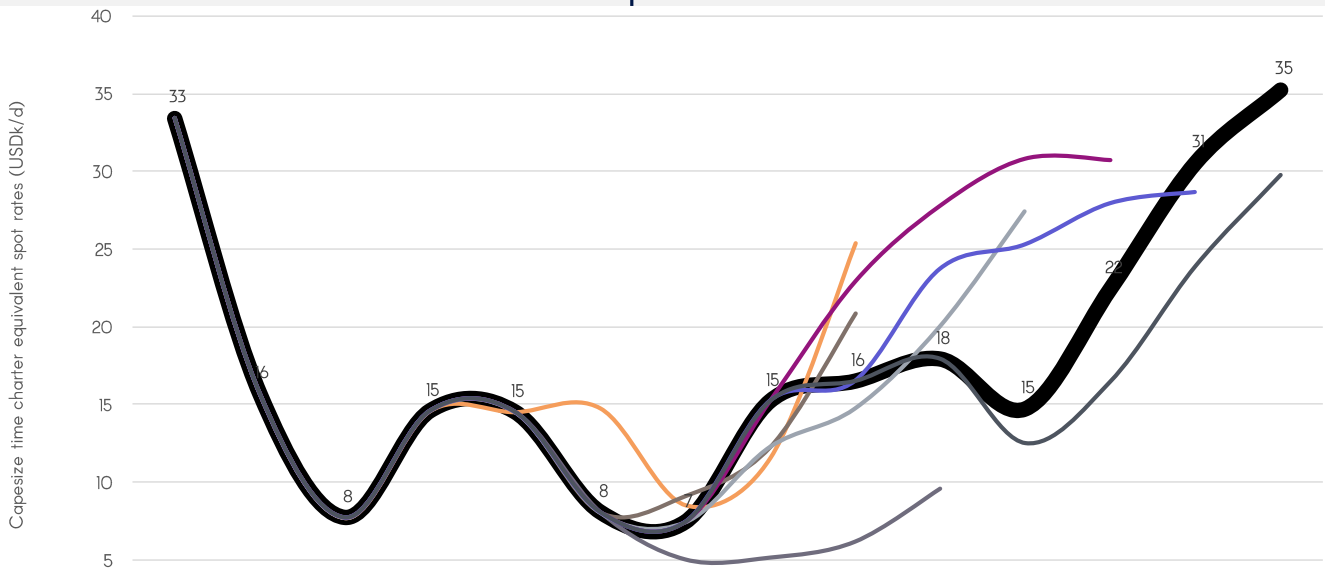


### Some of the longest dry bulk shipping cycles since 1741





### 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 | 14,708 | 22,440 | 30,544 | 35,238 |
| 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 |        |
| Jan-20           | 33,406 | 15,699 | 7,717 | 14,578 | 14,515 | 8,074  | 7,421 | 15,215 | 16,494 | 17,915 | 12,495 | 16,467 | 23,885 | 29,739 |







## Asset Valuation

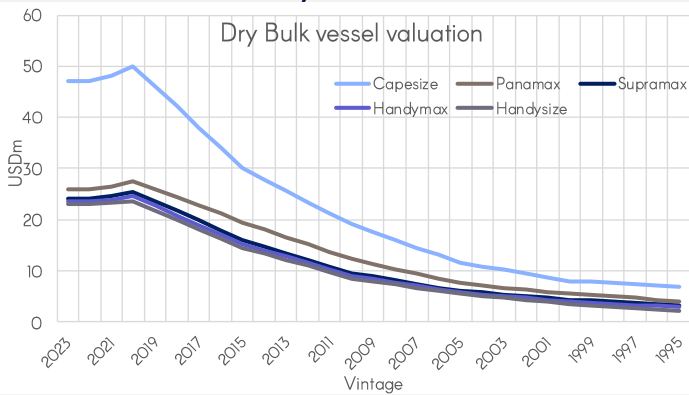
### Asset valuation overview

| Summary                                   | Capesize      | Panamax       | Supramax      | Handymax      | Handysize     |
|-------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>NB</b>                                 | 47.0          | 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          | 19.5          | 16.0          | 15.3          | 14.5          |
| <b>10y</b>                                | 19.0          | 12.3          | 9.5           | 9.0           | 8.5           |
| <b>15y</b>                                | 11.5          | 7.5           | 6.0           | 5.8           | 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>19,386</b> | <b>12,908</b> | <b>11,893</b> | <b>11,262</b> | <b>10,644</b> |

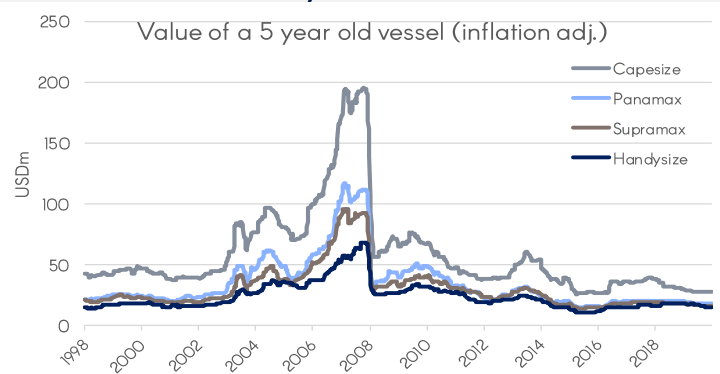
### Changes to our asset valuation

| Changes       | Capesize | Panamax | Supramax | Handymax | Handysize |
|---------------|----------|---------|----------|----------|-----------|
| <b>NB</b>     | -1.0     | 0.0     | 0.0      | 0.0      | 0.0       |
| <b>resale</b> | 0.0      | 0.0     | 0.0      | 0.0      | 0.0       |
| <b>5y</b>     | 0.0      | 2.0     | 0.0      | 0.0      | 0.0       |
| <b>10y</b>    | 0.0      | 1.3     | 0.0      | 0.0      | 0.0       |
| <b>15y</b>    | 0.0      | 0.5     | 0.5      | 0.3      | 0.0       |
| <b>20y</b>    | 0.0      | 0.0     | 0.0      | 0.0      | 0.0       |
| <b>scrap</b>  | 0.0      | 0.0     | 0.0      | 0.0      | 0.0       |

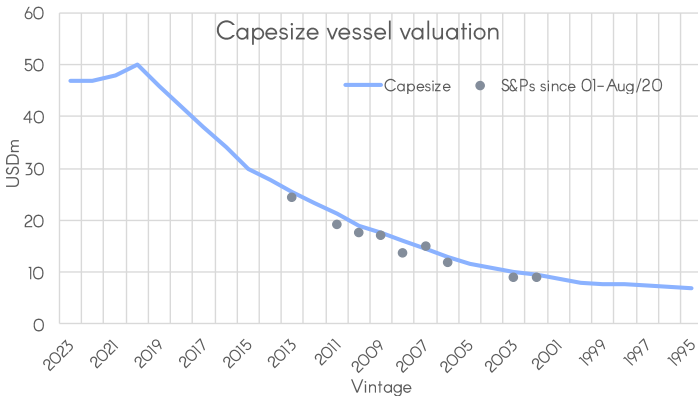
### Historical 5y old vessel values



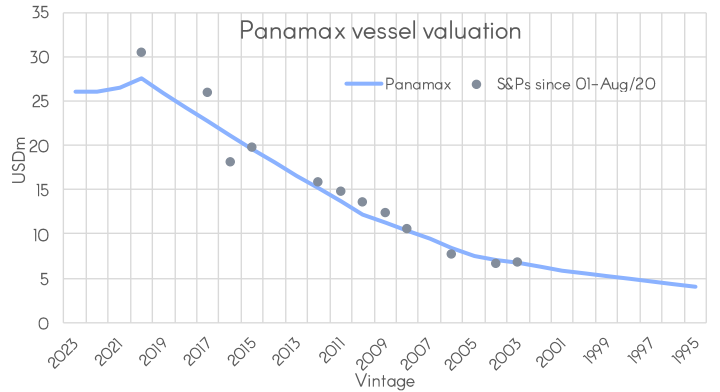
### Historical 5y old vessel values



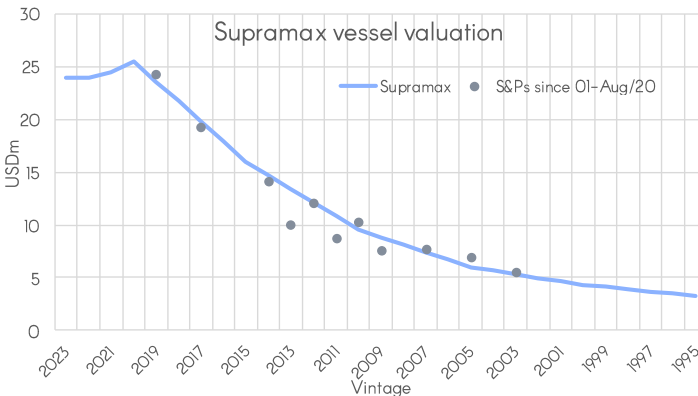
### Capesize valuation vs recent S&Ps



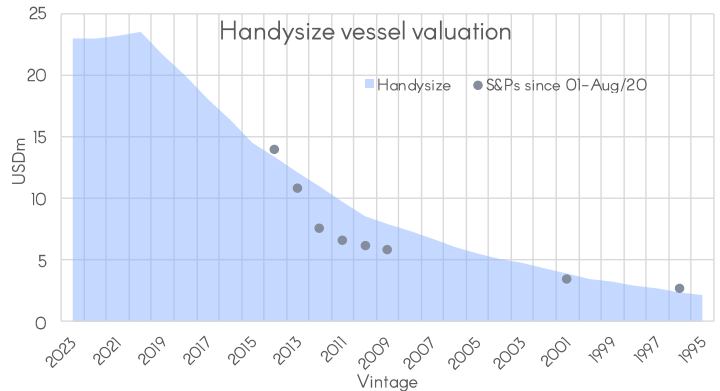
### Pana-/Kamsarmax valuation vs recent S&Ps



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



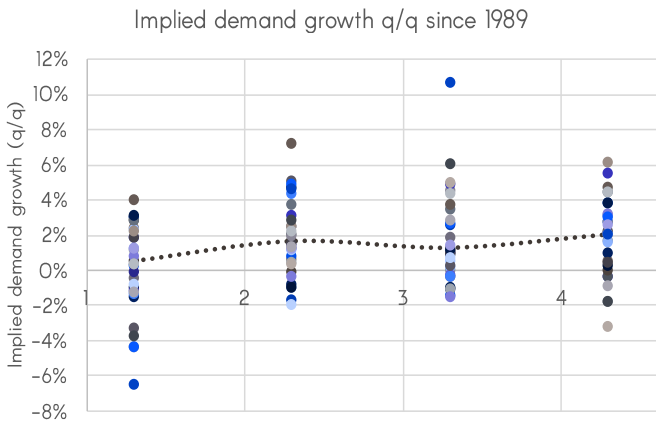
### Handysize valuation vs recent S&Ps



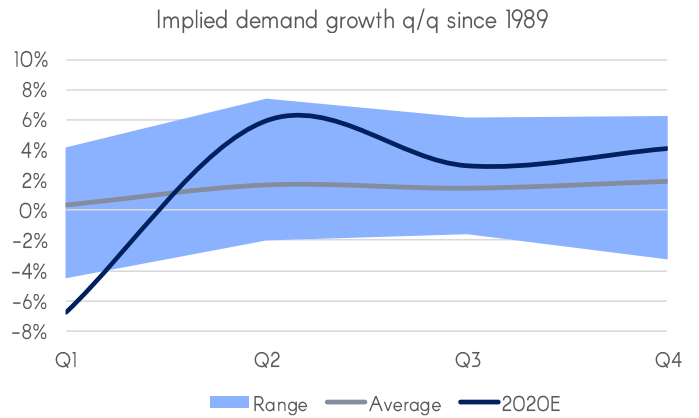


### Dry Bulk Seasonality

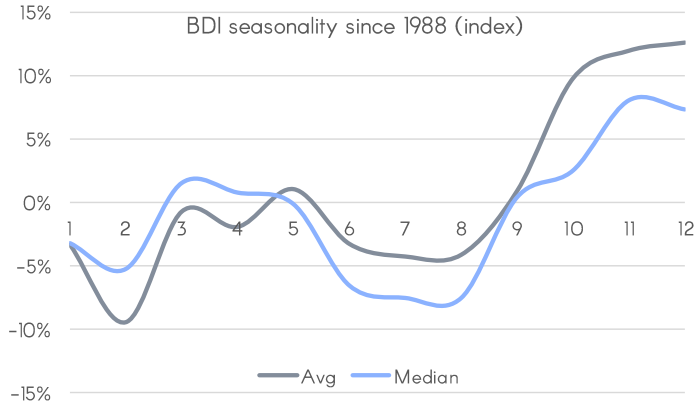
#### Historically strong demand growth in 2Q/4Q



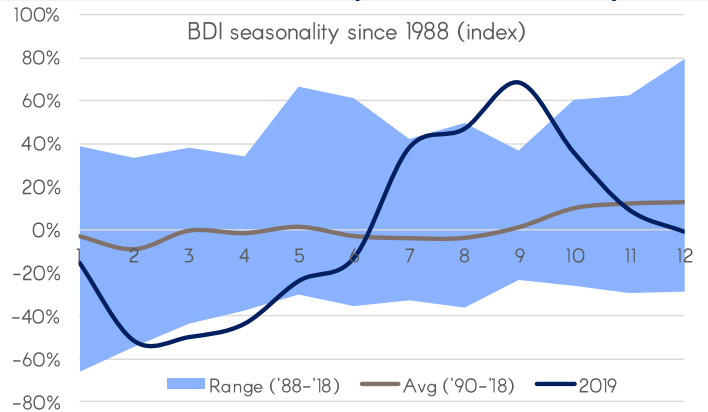
#### Historic demand growth vs 2019E



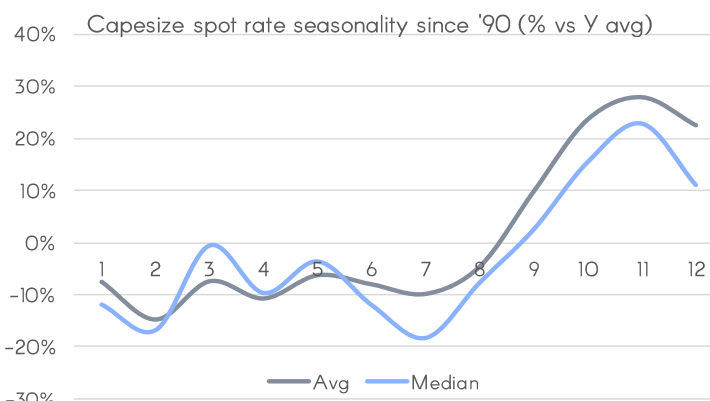
#### Historical Baltic Dry Index seasonality



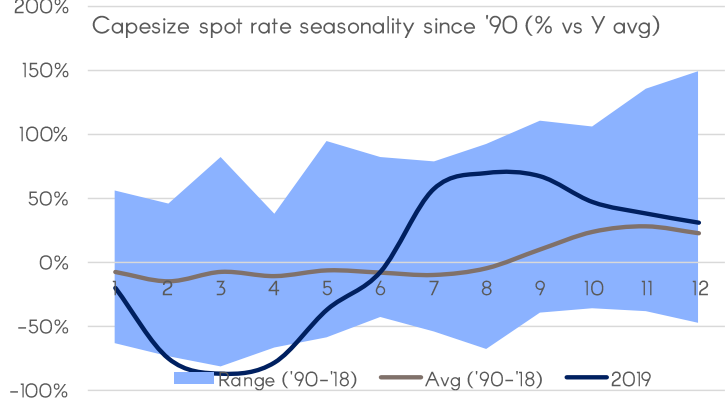
#### Historical Baltic Dry Index seasonality



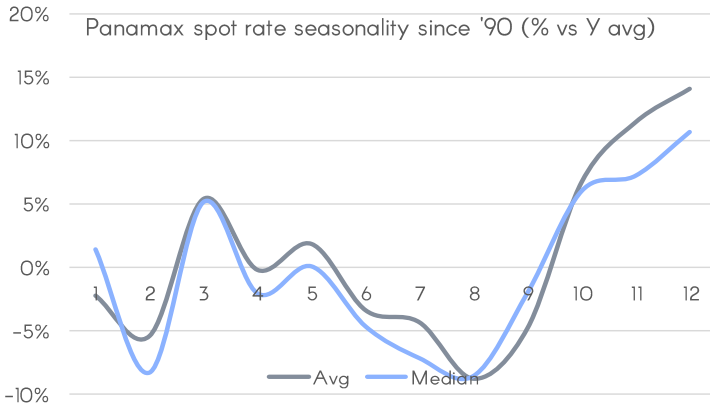
#### Historical Capesize spot rate seasonality



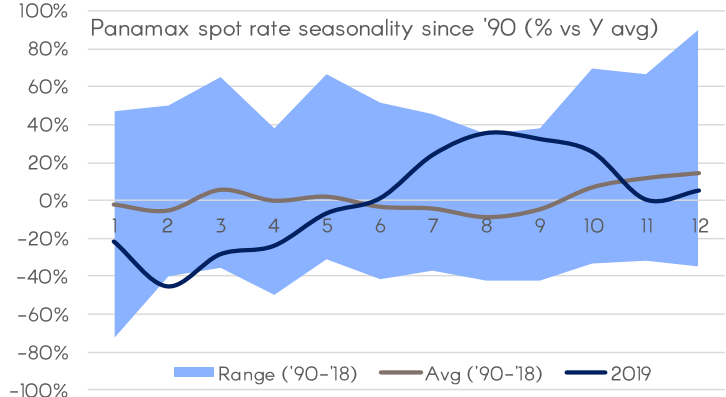
#### Historical Capesize spot rate seasonality



#### Historical Panamax spot rate seasonality



#### Historical Panamax spot rate seasonality





# Econometric Overview

| Category                   | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>Supply/Demand (MTW)</b> |      |      |      |      |      |      |      |      |      |      |
| Demand                     | 10   | 6    | 5    | 8    | 12   | 15   | 17   | 19   | 21   | 23   |
| Supply                     | 20   | 24   | 25   | 28   | 32   | 35   | 38   | 41   | 44   | 47   |
| Utilization                | 85%  | 86%  | 84%  | 86%  | 88%  | 85%  | 83%  | 81%  | 79%  | 78%  |
| B/O (Index)                | 1354 | 1592 | 1201 | 1401 | 1475 | 1592 | 1317 | 1429 | 1588 | 1733 |
| Case seat (TCE/4)          | 629  | 733  | 504  | 582  | 638  | 704  | 769  | 834  | 900  | 965  |
| Para seat (TCE/4)          | 1188 | 1433 | 1008 | 1168 | 1265 | 1362 | 1459 | 1556 | 1653 | 1750 |
| Hand seat (TCE/4)          | 1881 | 2266 | 1612 | 1776 | 1894 | 2002 | 2110 | 2218 | 2326 | 2434 |
| Sum seat (USDn)            | 3757 | 4432 | 3224 | 3624 | 3895 | 4166 | 4428 | 4696 | 4958 | 5249 |
| Hand seat (USDn)           | 611  | 733  | 504  | 582  | 638  | 704  | 769  | 834  | 900  | 965  |
| OB                         | 13%  | 26%  | 24%  | 24%  | 24%  | 25%  | 26%  | 27%  | 28%  | 29%  |
| OB/Feed                    | 15%  | 26%  | 24%  | 24%  | 24%  | 25%  | 26%  | 27%  | 28%  | 29%  |
| <b>Low case</b>            |      |      |      |      |      |      |      |      |      |      |
| Demand                     | 10   | 6    | 5    | 8    | 12   | 15   | 17   | 19   | 21   | 23   |
| Supply                     | 20   | 24   | 25   | 28   | 32   | 35   | 38   | 41   | 44   | 47   |
| Utilization                | 85%  | 86%  | 84%  | 86%  | 88%  | 85%  | 83%  | 81%  | 79%  | 78%  |
| B/O (Index)                | 1354 | 1592 | 1201 | 1401 | 1475 | 1592 | 1317 | 1429 | 1588 | 1733 |
| Case seat (TCE/4)          | 629  | 733  | 504  | 582  | 638  | 704  | 769  | 834  | 900  | 965  |
| Para seat (TCE/4)          | 1188 | 1433 | 1008 | 1168 | 1265 | 1362 | 1459 | 1556 | 1653 | 1750 |
| Hand seat (TCE/4)          | 1881 | 2266 | 1612 | 1776 | 1894 | 2002 | 2110 | 2218 | 2326 | 2434 |
| Sum seat (USDn)            | 3757 | 4432 | 3224 | 3624 | 3895 | 4166 | 4428 | 4696 | 4958 | 5249 |
| Hand seat (USDn)           | 611  | 733  | 504  | 582  | 638  | 704  | 769  | 834  | 900  | 965  |
| OB                         | 13%  | 26%  | 24%  | 24%  | 24%  | 25%  | 26%  | 27%  | 28%  | 29%  |
| OB/Feed                    | 15%  | 26%  | 24%  | 24%  | 24%  | 25%  | 26%  | 27%  | 28%  | 29%  |

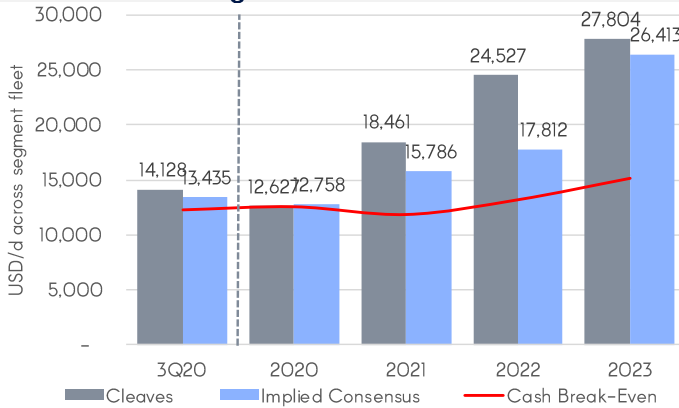


## Peer Group

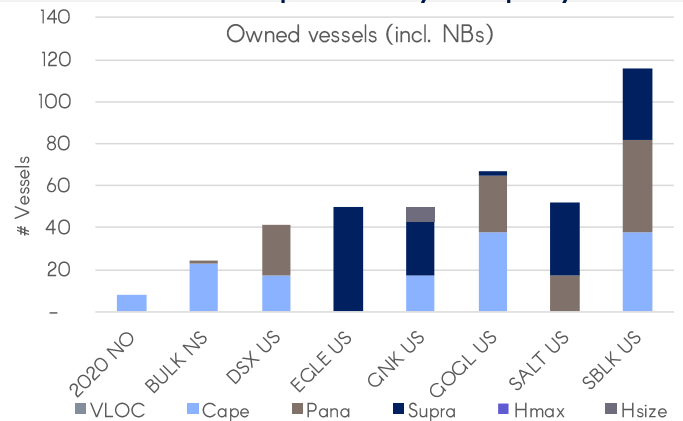
| Company        | M.cap      | Turnover | Return ly   | Rec. | Target Price | Last Price | Target/Price | NAV /sh | P/NAV Now   | P/NAV ly fwd | $\epsilon$  | EV/GAV      | adj. equity | $\tau$      |
|----------------|------------|----------|-------------|------|--------------|------------|--------------|---------|-------------|--------------|-------------|-------------|-------------|-------------|
| 2020 NO        | 141        | 0.1      | -25%        | BUY  | 111          | 58.6       | 89%          | 71      | 0.83        | 0.48         | 2.47        | 0.93        | 39%         | 1.00        |
| BULK NO        | 387        |          |             | BUY  | 147          | 119.0      | 24%          | 75      | 1.59        | 0.90         | 1.72        | 1.33        | 52%         | 0.67        |
| DSX US         | 127        | 0.4      | -59%        | BUY  | 3.0          | 1.4        | 111%         | 2.2     | 0.63        | 0.36         | 3.25        | 0.89        | 25%         | 0.89        |
| EGL E US       | 186        | 1.1      | -48%        | BUY  | 26.0         | 16.9       | 54%          | 17.9    | 0.94        | 0.56         | 3.11        | 0.98        | 25%         | 1.00        |
| GNK US         | 306        | 1.1      | -22%        | BUY  | 15.0         | 7.3        | 105%         | 9.4     | 0.78        | 0.47         | 1.76        | 0.89        | 43%         | 1.00        |
| GOGL US        | 542        | 4.1      | -35%        | BUY  | 8.1          | 3.8        | 115%         | 4.2     | 0.89        | 0.49         | 2.66        | 0.96        | 30%         | 0.98        |
| SALT US        | 177        | 3.2      | -79%        | BUY  | 20.0         | 14.3       | 40%          | 29.5    | 0.48        | 0.30         | 2.58        | 0.81        | 33%         | 1.00        |
| SBLK US        | 647        | 2.8      | -38%        | BUY  | 14.0         | 6.7        | 108%         | 6.9     | 0.97        | 0.51         | 3.26        | 0.99        | 28%         | 1.00        |
| <b>Average</b> | <b>314</b> |          | <b>-44%</b> |      |              |            | <b>81%</b>   |         | <b>0.89</b> | <b>0.51</b>  | <b>2.60</b> | <b>0.97</b> | <b>34%</b>  | <b>0.94</b> |
| <b>Median</b>  | <b>246</b> |          | <b>-44%</b> |      |              |            | <b>81%</b>   |         | <b>0.89</b> | <b>0.51</b>  | <b>2.60</b> | <b>0.97</b> | <b>34%</b>  | <b>0.94</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        | 10.3        | 4.9        | 3.1        | 2.3        | 8.2         | 2.7        | 1.6        | 1.3        | 8%             | 28%        | 46%        | 57%        | -69%       | 43%        | 67%        | 82%         |
| BULK NO        | 7.7         | 3.6        | 2.0        | 1.4        | 26.7        | 4.7        | 2.5        | 2.0        | 10%            | 17%        | 28%        | 39%        | 18%        | 31%        | 47%        | 59%         |
| DSX US         |             | 3.5        | 1.3        | 0.5        |             | 3.7        | 1.0        | 0.7        | 0%             | 0%         | 36%        | 66%        | 24%        | 68%        | 129%       | 178%        |
| EGL E US       | 12.0        | 4.2        | 2.4        | 1.6        |             | 4.3        | 1.9        | 1.5        | 0%             | 0%         | 19%        | 32%        | -14%       | 41%        | 76%        | 92%         |
| GNK US         |             | 2.4        | 1.0        | 0.3        | 39.9        | 2.8        | 1.6        | 1.3        | 4%             | 10%        | 26%        | 38%        | 23%        | 52%        | 81%        | 100%        |
| GOGL US        | 19.7        | 4.0        | 2.2        | 1.4        | 17.5        | 2.7        | 1.5        | 1.2        | 4%             | 18%        | 37%        | 58%        | 23%        | 55%        | 86%        | 107%        |
| SALT US        | 35.2        | 6.1        | 3.2        | 2.3        |             | 6.2        | 1.9        | 1.4        | 2%             | 3%         | 17%        | 33%        | 55%        | 30%        | 74%        | 92%         |
| SBLK US        | 7.0         | 3.0        | 1.8        | 1.5        | 11.0        | 2.1        | 1.3        | 1.0        | 1%             | 2%         | 66%        | 95%        | 25%        | 66%        | 97%        | 113%        |
| <b>Average</b> | <b>15.3</b> | <b>4.0</b> | <b>2.1</b> | <b>1.4</b> | <b>20.7</b> | <b>3.6</b> | <b>1.7</b> | <b>1.3</b> | <b>4%</b>      | <b>10%</b> | <b>35%</b> | <b>52%</b> | <b>11%</b> | <b>48%</b> | <b>82%</b> | <b>103%</b> |
| <b>Median</b>  | <b>15.3</b> | <b>4.0</b> | <b>2.1</b> | <b>1.4</b> | <b>20.7</b> | <b>3.6</b> | <b>1.7</b> | <b>1.3</b> | <b>4%</b>      | <b>10%</b> | <b>35%</b> | <b>52%</b> | <b>11%</b> | <b>48%</b> | <b>82%</b> | <b>103%</b> |

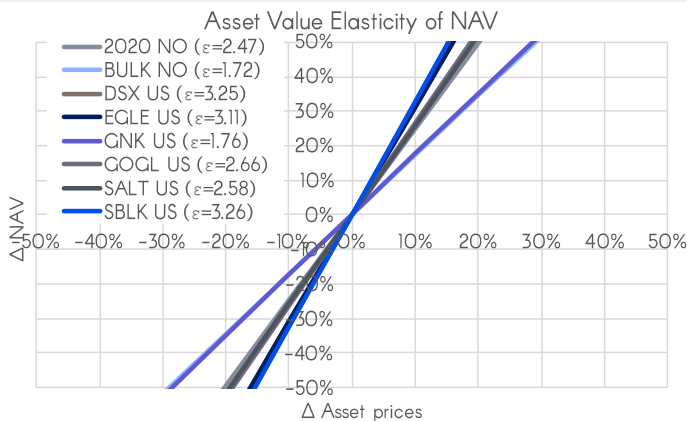
### Cleaves' average TCE/d forecast vs consensus



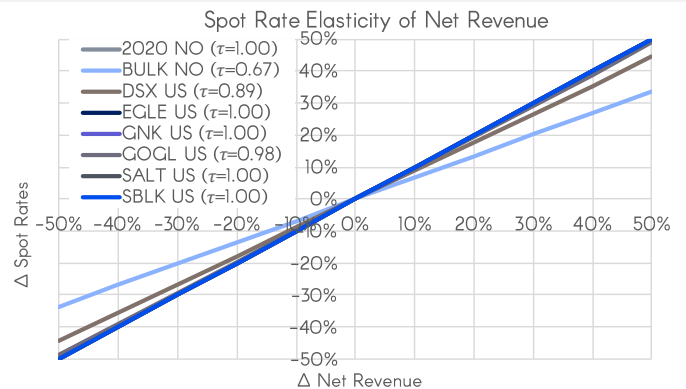
### Fleet composition by company



### Financial leverage ( $\epsilon$ )



### Operational leverage ( $\tau$ )



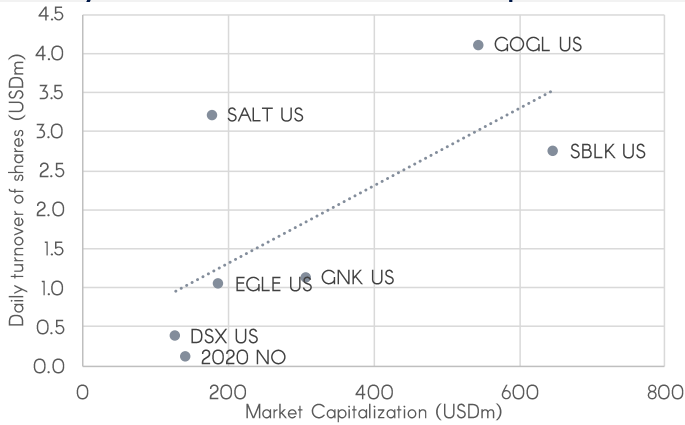


# Cleaves Securities

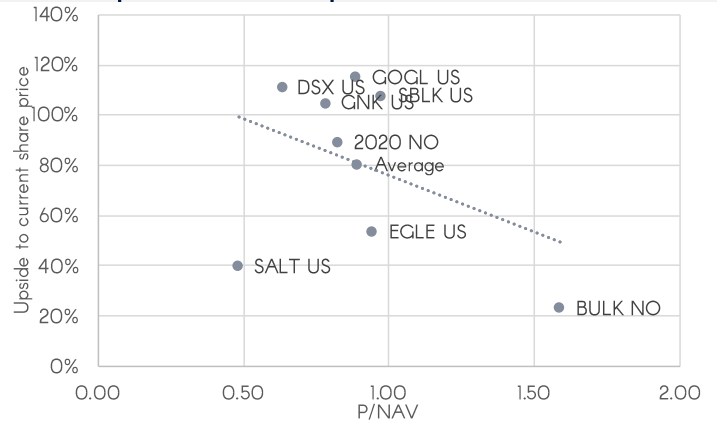
Shipping Quarterly: A Mixed Picture

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

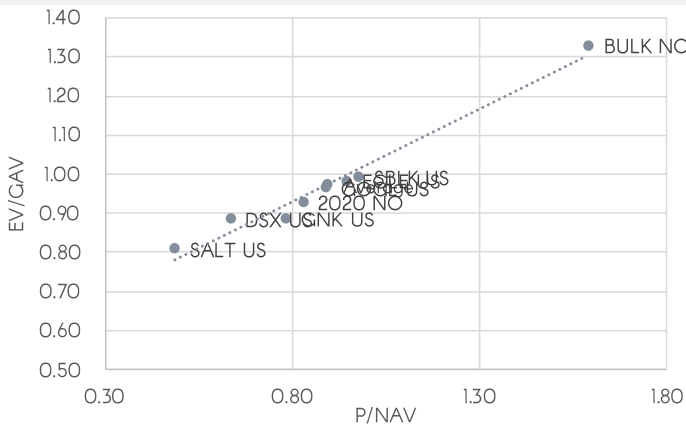
Daily share turnover vs market capitalization



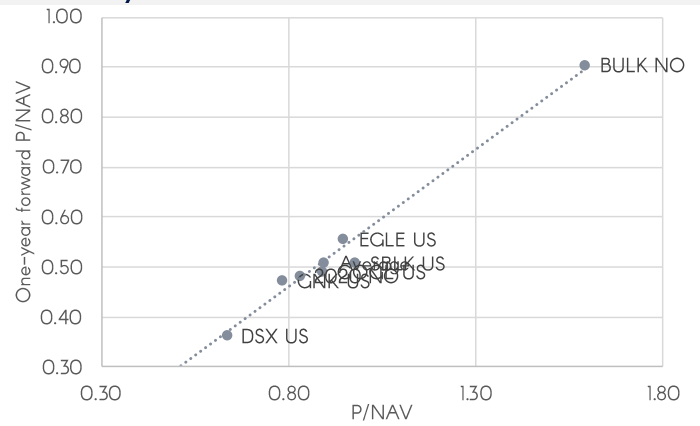
Upside to share price current P/NAV



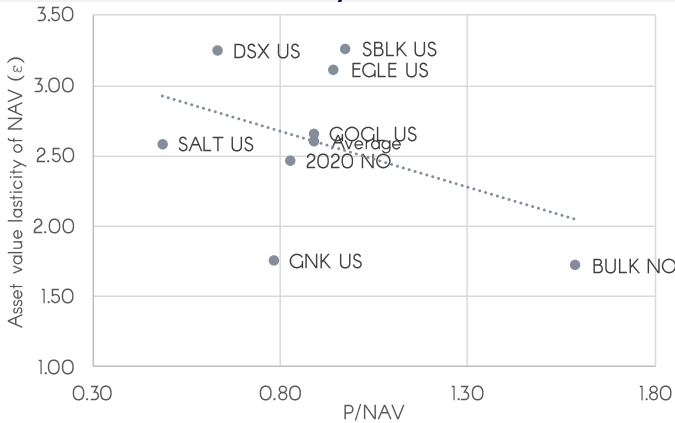
EV/GAV vs P/NAV



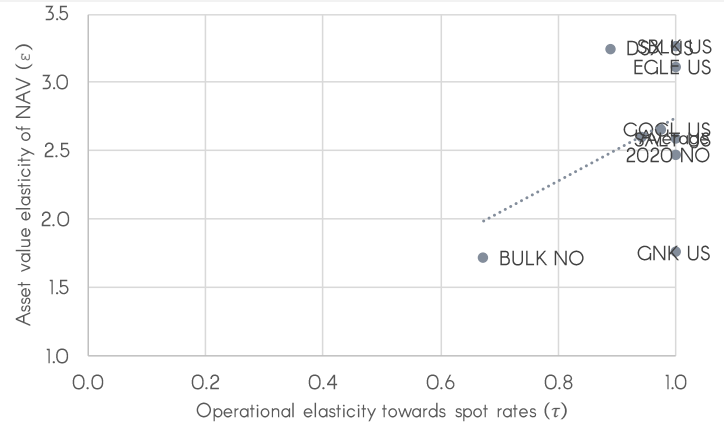
One-year forward P/NAV vs current P/NAV



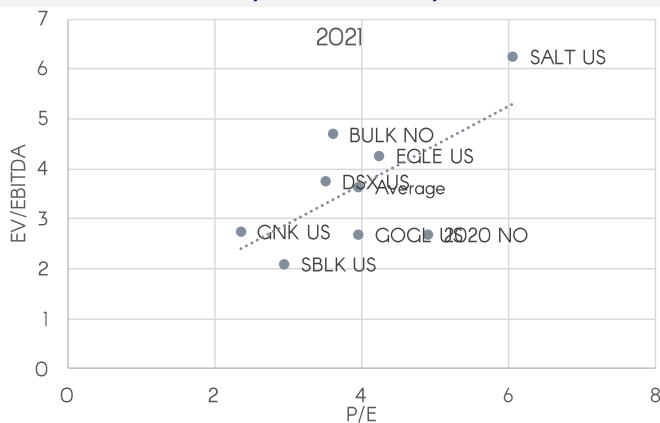
Asset value elasticity of NAV vs P/NAV



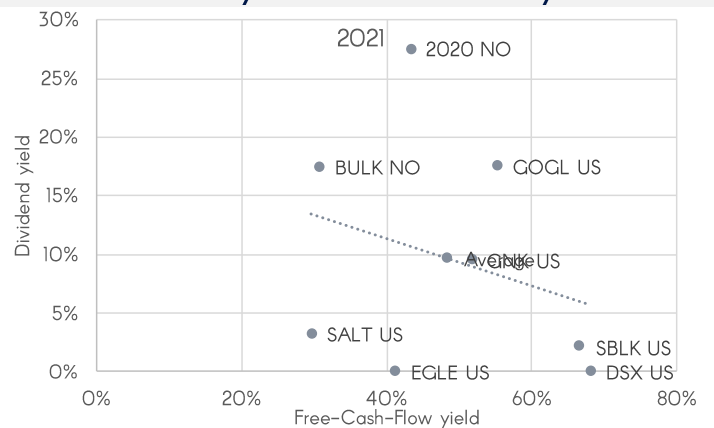
Elasticities: NAV vs net revenue



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 |      |      |      |
|---------|-------------|------|------|-------|--------|------|------|------|------|------|------|------|------------|------|------|------|
| USDm    | 2020        | 2021 | 2022 | 2023  | 2020   | 2021 | 2022 | 2023 | 2020 | 2021 | 2022 | 2023 | 2020       | 2021 | 2022 | 2023 |
| 2020 NO | 51          | 87   | 120  | 138   | 36     | 70   | 103  | 121  | 26   | 59   | 92   | 110  | 17         | 52   | 85   | 104  |
| BULK NO | 120         | 186  | 255  | 295   | 67     | 133  | 202  | 242  | 27   | 93   | 162  | 202  | 14         | 82   | 153  | 193  |
| DSX US  | 163         | 217  | 309  | 352   | 45     | 106  | 199  | 242  | -1   | 59   | 152  | 195  | -29        | 34   | 129  | 173  |
| EGLE US | 197         | 270  | 302  | 329   | 52     | 127  | 178  | 206  | 2    | 77   | 128  | 156  | -35        | 44   | 97   | 128  |
| GNK US  | 219         | 314  | 380  | 426   | 94     | 190  | 272  | 316  | 29   | 128  | 210  | 255  | 8          | 111  | 196  | 244  |
| GOGL US | 451         | 629  | 818  | 915   | 195    | 356  | 522  | 616  | 84   | 248  | 414  | 508  | 31         | 202  | 372  | 470  |
| SALT US | 180         | 235  | 286  | 313   | 36     | 105  | 167  | 193  | -13  | 59   | 120  | 146  | -50        | 28   | 93   | 126  |
| SBLK US | 527         | 779  | 998  | 1,115 | 273    | 518  | 726  | 836  | 132  | 377  | 584  | 695  | 59         | 314  | 527  | 642  |
| Average | 238         | 340  | 433  | 485   | 100    | 201  | 296  | 347  | 36   | 137  | 233  | 283  | 2          | 108  | 206  | 260  |
| Median  | 188         | 253  | 305  | 341   | 59     | 130  | 200  | 242  | 26   | 85   | 157  | 198  | 11         | 67   | 141  | 183  |

### Balance Sheet

| BS      | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |      | Total Assets |       |       |       | Total Equity |       |       |       |
|---------|-------------------------------|-------|-------|-------|-----------|------|------|------|--------------|-------|-------|-------|--------------|-------|-------|-------|
| USDm    | 2020                          | 2021  | 2022  | 2023  | 2020      | 2021 | 2022 | 2023 | 2020         | 2021  | 2022  | 2023  | 2020         | 2021  | 2022  | 2023  |
| 2020 NO | 372                           | 364   | 355   | 344   | 19        | 26   | 40   | 60   | 395          | 394   | 399   | 408   | 142          | 156   | 176   | 199   |
| BULK NO | 499                           | 463   | 432   | 399   | 58        | 87   | 139  | 193  | 584          | 576   | 597   | 618   | 359          | 374   | 417   | 460   |
| DSX US  | 759                           | 712   | 683   | 636   | 88        | 132  | 218  | 330  | 885          | 882   | 940   | 1,005 | 441          | 481   | 570   | 665   |
| EGLE US | 857                           | 824   | 780   | 736   | 89        | 130  | 200  | 260  | 1,012        | 1,020 | 1,046 | 1,062 | 454          | 498   | 558   | 626   |
| GNK US  | 1,081                         | 1,034 | 982   | 920   | 169       | 224  | 320  | 450  | 1,333        | 1,341 | 1,385 | 1,453 | 862          | 944   | 1,061 | 1,188 |
| GOGL US | 2,275                         | 2,178 | 2,082 | 1,974 | 163       | 268  | 429  | 589  | 2,726        | 2,733 | 2,798 | 2,850 | 1,374        | 1,481 | 1,649 | 1,806 |
| SALT US | 1,244                         | 1,220 | 1,183 | 1,145 | 61        | 59   | 89   | 30   | 1,404        | 1,379 | 1,372 | 1,275 | 788          | 811   | 873   | 940   |
| SBLK US | 2,883                         | 2,759 | 2,634 | 2,514 | 159       | 419  | 520  | 546  | 3,162        | 3,298 | 3,275 | 3,181 | 1,592        | 1,893 | 1,974 | 1,976 |
| Average | 1,246                         | 1,194 | 1,141 | 1,084 | 101       | 168  | 244  | 307  | 1,438        | 1,453 | 1,477 | 1,481 | 751          | 829   | 910   | 983   |
| Median  | 969                           | 929   | 881   | 828   | 89        | 131  | 209  | 295  | 1,172        | 1,181 | 1,209 | 1,168 | 621          | 654   | 721   | 802   |

### Cash Flow

| CF      | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|---------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
| USDm    | 2020               | 2021 | 2022 | 2023 | 2020           | 2021 | 2022 | 2023 | 2020          | 2021 | 2022 | 2023 | 2021   | 2022   | 2021     | 2022   |
| 2020 NO | 27                 | 63   | 96   | 115  | -96            | 61   | 94   | 115  | -2            | 7    | 14   | 20   | 30,684 | 42,212 | 13,265   | 13,125 |
| BULK NO | 56                 | 122  | 192  | 233  | 69             | 119  | 183  | 226  | 12            | 29   | 52   | 54   | 21,347 | 29,028 | 9,854    | 9,714  |
| DSX US  | 29                 | 87   | 181  | 226  | 30             | 86   | 163  | 226  | -40           | 44   | 86   | 112  |        | 22,654 | 15,987   | 16,003 |
| EGLE US | 7                  | 94   | 147  | 178  | -27            | 76   | 141  | 171  | 30            | 41   | 70   | 60   | 13,447 | 16,490 | 10,445   | 21,258 |
| GNK US  | 55                 | 173  | 258  | 305  | 71             | 158  | 248  | 305  | 7             | 55   | 96   | 130  | 16,429 | 21,222 | 10,907   | 10,743 |
| GOGL US | 151                | 310  | 480  | 578  | 126            | 299  | 467  | 578  | 58            | 105  | 160  | 160  | 19,122 | 25,071 | 11,362   | 12,052 |
| SALT US | -12                | 75   | 140  | 172  | 97             | 52   | 131  | 163  | 16            | -2   | 30   | -59  | 13,306 | 17,000 | 11,733   | 12,863 |
| SBLK US | 225                | 456  | 669  | 784  | 163            | 439  | 652  | 762  | 34            | 260  | 101  | 26   | 17,594 | 22,537 | 10,941   | 9,722  |
| Average | 67                 | 172  | 270  | 324  | 54             | 161  | 260  | 318  | 14            | 68   | 76   | 63   | 18,847 | 24,527 | 11,812   | 13,185 |
| Median  | 42                 | 108  | 187  | 230  | 70             | 102  | 173  | 226  | 14            | 43   | 78   | 57   | 17,594 | 22,596 | 11,151   | 12,458 |



## Company Financials (quarterly)

### Profit & Loss

| P&L     | TCE Revenue |      |      |      | EBITDA |      |      |      | EBIT |      |      |      | Net Profit |      |      |      |
|---------|-------------|------|------|------|--------|------|------|------|------|------|------|------|------------|------|------|------|
|         | 3Q20        | 4Q20 | 1Q21 | 2Q21 | 3Q20   | 4Q20 | 1Q21 | 2Q21 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q20       | 4Q20 | 1Q21 | 2Q21 |
| USDm    |             |      |      |      |        |      |      |      |      |      |      |      |            |      |      |      |
| 2020 NO | 16          | 17   | 13   | 18   | 11     | 13   | 9    | 14   | 9    | 10   | 6    | 11   | 6          | 8    | 4    | 10   |
| BULK NO | 37          | 43   | 29   | 39   | 24     | 30   | 16   | 26   | 13   | 20   | 6    | 16   | 11         | 17   | 3    | 13   |
| DSX US  | 43          | 43   | 37   | 44   | 14     | 13   | 9    | 17   | 3    | 2    | -3   | 5    | -5         | -9   | -1   |      |
| EGLE US | 48          | 67   | 52   | 63   | 12     | 28   | 16   | 26   | -1   | 15   | 4    | 14   | -10        | 7    | -5   | 6    |
| GNK US  | 57          | 79   | 53   | 68   | 26     | 48   | 23   | 37   | 11   | 32   | 7    | 22   | 6          | 27   | 3    | 18   |
| GOGL US | 137         | 165  | 101  | 128  | 70     | 94   | 42   | 68   | 42   | 67   | 15   | 41   | 30         | 55   | 4    | 29   |
| SALT US | 51          | 65   | 47   | 55   | 13     | 28   | 13   | 22   | 1    | 16   | 1    | 10   | -8         | 8    | -7   | 2    |
| SBLK US | 162         | 172  | 129  | 168  | 97     | 107  | 69   | 104  | 62   | 72   | 33   | 69   | 44         | 55   | 17   | 53   |
| Average | 69          | 81   | 58   | 73   | 33     | 45   | 24   | 39   | 17   | 29   | 9    | 23   | 11         | 21   | 1    | 16   |
| Median  | 49          | 66   | 50   | 59   | 19     | 29   | 16   | 26   | 10   | 18   | 6    | 15   | 6          | 13   | 3    | 11   |

### Balance Sheet

| BS      | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |      | Total Assets |       |       |       | Total Equity |       |       |       |
|---------|-------------------------------|-------|-------|-------|-----------|------|------|------|--------------|-------|-------|-------|--------------|-------|-------|-------|
|         | 3Q20                          | 4Q20  | 1Q21  | 2Q21  | 3Q20      | 4Q20 | 1Q21 | 2Q21 | 3Q20         | 4Q20  | 1Q21  | 2Q21  | 3Q20         | 4Q20  | 1Q21  | 2Q21  |
| USDm    |                               |       |       |       |           |      |      |      |              |       |       |       |              |       |       |       |
| 2020 NO | 375                           | 372   | 370   | 368   | 17        | 19   | 19   | 20   | 397          | 395   | 393   | 392   | 140          | 142   | 144   | 146   |
| BULK NO | 505                           | 499   | 490   | 481   | 45        | 58   | 58   | 62   | 575          | 584   | 575   | 569   | 350          | 359   | 355   | 355   |
| DSX US  | 768                           | 759   | 734   | 727   | 94        | 88   | 94   | 92   | 900          | 885   | 866   | 856   | 444          | 441   | 433   | 434   |
| EGLE US | 865                           | 857   | 847   | 837   | 83        | 89   | 85   | 92   | 1,014        | 1,012 | 998   | 995   | 447          | 454   | 449   | 455   |
| GNK US  | 1,093                         | 1,081 | 1,069 | 1,057 | 150       | 169  | 158  | 168  | 1,327        | 1,333 | 1,311 | 1,309 | 837          | 862   | 858   | 874   |
| GOGL US | 2,300                         | 2,275 | 2,251 | 2,227 | 129       | 163  | 131  | 151  | 2,716        | 2,726 | 2,669 | 2,665 | 1,334        | 1,374 | 1,339 | 1,361 |
| SALT US | 1,310                         | 1,244 | 1,232 | 1,230 | 35        | 61   | 56   | 51   | 1,445        | 1,404 | 1,388 | 1,381 | 781          | 788   | 781   | 783   |
| SBLK US | 2,914                         | 2,883 | 2,852 | 2,821 | 126       | 159  | 151  | 179  | 3,160        | 3,162 | 3,124 | 3,120 | 1,538        | 1,592 | 1,608 | 1,659 |
| Average | 1,266                         | 1,246 | 1,231 | 1,219 | 85        | 101  | 94   | 102  | 1,442        | 1,438 | 1,416 | 1,411 | 734          | 751   | 746   | 758   |
| Median  | 979                           | 969   | 958   | 947   | 88        | 89   | 90   | 92   | 1,170        | 1,172 | 1,154 | 1,152 | 614          | 621   | 615   | 619   |

### Cash Flow

| CF      | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|---------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
|         | 3Q20               | 4Q20 | 1Q21 | 2Q21 | 3Q20           | 4Q20 | 1Q21 | 2Q21 | 3Q20          | 4Q20 | 1Q21 | 2Q21 | 4Q20   | 1Q21   | 4Q20     | 1Q21   |
| USDm    |                    |      |      |      |                |      |      |      |               |      |      |      |        |        |          |        |
| 2020 NO | 9                  | 11   | 7    | 12   | 9              | 11   | 6    | 12   | 1             | 2    | 0    | 1    | 23,958 | 18,480 | 13,319   | 13,393 |
| BULK NO | 21                 | 27   | 13   | 23   | 16             | 22   | 12   | 22   | 22            | 14   | 0    | 3    | 20,482 | 13,447 | 7,373    | 9,948  |
| DSX US  | 9                  | 8    | 4    | 12   | 15             | 6    | 17   | 8    | -8            | -5   | 6    | -3   | 11,869 | 10,482 | 12,483   | 25,717 |
| EGLE US | 3                  | 19   | 8    | 18   | -7             | 15   | 5    | 16   | -16           | 6    | -4   | 7    | 12,732 | 10,196 | 10,752   | 10,379 |
| GNK US  | 21                 | 43   | 18   | 33   | 41             | 40   | 15   | 29   | 7             | 19   | -11  | 10   | 16,421 | 11,363 | 10,976   | 11,008 |
| GOGL US | 57                 | 82   | 30   | 56   | 55             | 80   | 28   | 53   | 25            | 35   | -33  | 20   | 19,732 | 12,603 | 11,958   | 10,313 |
| SALT US | 4                  | 20   | 5    | 14   | 1              | 75   | 5    | 5    | -34           | 26   | -5   | -5   | 13,557 | 10,189 | 19,413   | 11,058 |
| SBLK US | 79                 | 90   | 52   | 89   | 70             | 86   | 48   | 84   | 19            | 33   | -8   | 28   | 15,339 | 11,904 | 11,871   | 11,928 |
| Average | 25                 | 38   | 17   | 32   | 25             | 42   | 17   | 29   | 2             | 16   | -7   | 8    | 16,761 | 12,333 | 12,268   | 12,968 |
| Median  | 15                 | 24   | 10   | 20   | 15             | 31   | 13   | 19   | 4             | 16   | -4   | 5    | 15,880 | 11,634 | 11,914   | 11,033 |



## Oil Tankers: The Year of Janus

### The quarter in review

Net supply growth of 1.1% q/q in 3Q20 was similar to our [forecast from July](#), with y/y growth at 3.8%. Gross deliveries of 4.7m dwt was below our 8.4m forecast, offset by only 0.9m dwt scrapped vs our 3.5m dwt forecast. Newbuild contracting remains very low at 3.1m dwt in the quarter, close to our 3.7m dwt forecast. Thus, the orderbook nudged further down during the quarter, standing at only 7.9% of the fleet, the lowest level since December 1996.

We estimate a massive 14.5% demand contraction q/q in the quarter (vs our -18.5% forecast from [July](#)), but +1.3% y/y. The net effect was a fleet utilization of 79.9% (76.2% forecast), -14.5%p q/q and -2.0%p y/y. Thus, oil tanker earnings averaged \$11k/d in the quarter (-74% q/q, -18% y/y), slightly above our \$8k/d [forecast from July](#), with VLCCs averaging \$24k/d (-73% q/q, -7% y/y) vs our \$9k/d forecast from [July](#).

| mDWT                               |              |              | New          | Old          |              |             |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
|                                    | 2019-Q3      | 2020-Q2      | 2020-Q3      | 2020-Q3      | Δ            | Δ %         |
| Deliveries <sup>1</sup>            | 6.1          | 3.9          | 4.7          | 8.4          | (3.7)        | -44%        |
| Scrapping <sup>1</sup>             | (0.5)        | (0.1)        | (0.9)        | (3.5)        | 2.6          | -75%        |
| Contracting <sup>1</sup>           | 5.5          | 5.2          | 3.1          | 3.7          | (0.5)        | -14%        |
| <b>Supply<sup>2</sup></b>          | <b>573</b>   | <b>589</b>   | <b>595</b>   | <b>594</b>   | <b>0.7</b>   | <b>0.1%</b> |
| Δ q/q                              |              |              | 1.1%         | 0.9%         | 0.1%p        |             |
| Δ y/y                              |              |              | 3.8%         | 3.7%         | 0.1%p        |             |
| <b>Demand<sup>2</sup></b>          | <b>469</b>   | <b>556</b>   | <b>475</b>   | <b>453</b>   | <b>22.3</b>  | <b>4.9%</b> |
| Δ q/q                              |              |              | -14.5%       | -18.5%       | 4.0%p        |             |
| Δ y/y                              |              |              | 1.3%         | -3.5%        | 4.8%p        |             |
| <b>Utilization<sup>2</sup></b>     | <b>81.9%</b> | <b>94.4%</b> | <b>79.9%</b> | <b>76.2%</b> | <b>3.7%p</b> |             |
| Oil Tankers <sup>2</sup> (TCE/d)   | 13,427       | 41,979       | 11,006       | 7,557        | 3,449        | 46%         |
| VLCC, spot <sup>2</sup> (TCE/d)    | 25,504       | 88,907       | 23,711       | 8,864        | 14,847       | 167%        |
| Suezmax, spot <sup>2</sup> (TCE/d) | 16,602       | 47,275       | 12,229       | 8,119        | 4,110        | 51%         |
| Aframax, spot <sup>2</sup> (TCE/d) | 14,748       | 32,624       | 8,698        | 8,354        | 344          | 4%          |
| MR, spot <sup>2</sup> (TCE/d)      | 10,045       | 26,688       | 9,062        | 7,763        | 1,300        | 17%         |
| Asset prices <sup>2</sup> (Index)  | 132          | 137          | 130          | 135          | (5)          | -4%         |
| VLCC, 5y <sup>2</sup> (USDm)       | 67           | 69           | 65           | 69           | (4.0)        | -6%         |
| Suezmax, 5y <sup>2</sup> (USDm)    | 47           | 47           | 45           | 47           | (2.5)        | -5%         |
| Aframax, 5y <sup>2</sup> (USDm)    | 36           | 38           | 36           | 37           | (1.0)        | -3%         |
| MR, 5y <sup>2</sup> (USDm)         | 27           | 28           | 27           | 27           | (0.5)        | -2%         |
| OB <sup>2</sup>                    | 55           | 51           | 49           | 50           | (1.5)        | -3%         |
| Share Index <sup>2</sup>           | 175          | 213          | 183          | 185          | (3)          | -1%         |

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

Second-hand values continued to slide, with our oil tanker asset index down 9% since 1Q20 to 130 in 3Q20 (4% below our forecast for 3Q). In example, we now assess a VLCC resale at \$88m (-15% since the peak in April), a 5y old at \$62.5m (-13%), a 10y old \$40.5m (-20%) and a 15y old at \$28m (-22%). We see another 7% downside to our asset price index towards the expected trough in 3Q21E. Please see [Asset Valuation](#) for further details





Our oil tanker share index averaged 183 in the quarter (-14% q/q, +5% y/y), very close to our 185 [forecast from July](#). We forecast the share index to average 181 in 4Q20, 10% above current pricing.

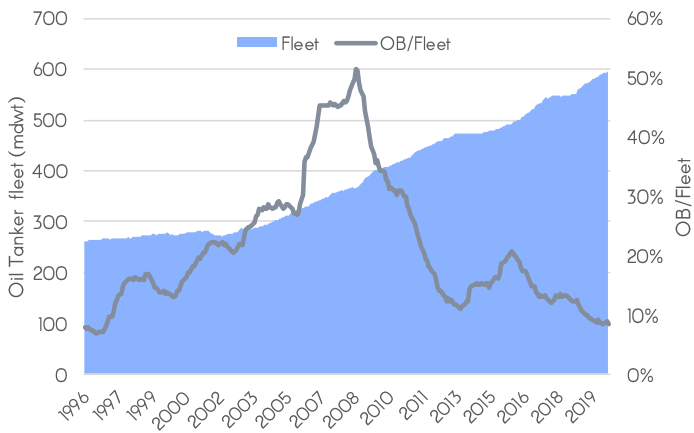
## Market outlook

### Supply

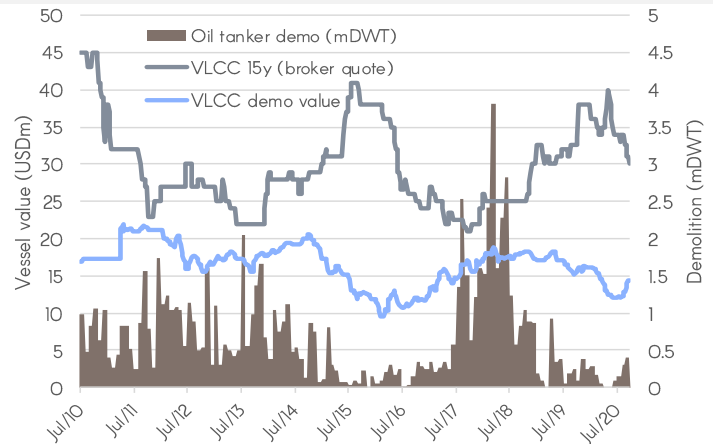
With a very sobering level of newbuild contracting in recent quarters despite stellar earnings, the orderbook has fallen to very low levels. We expect that uncertainty over future regulations and technology could keep ordering below modelled levels going forward as well. The orderbook currently constitutes 7.9% of the fleet on the water, levels not seen since December 1996.

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 4m dwt scrapped in 2020, 12m dwt in 2021 and 9m dwt in 2022. This compares with 20m dwt scrapped in the last earnings trough in 2018.

### Orderbook vs fleet

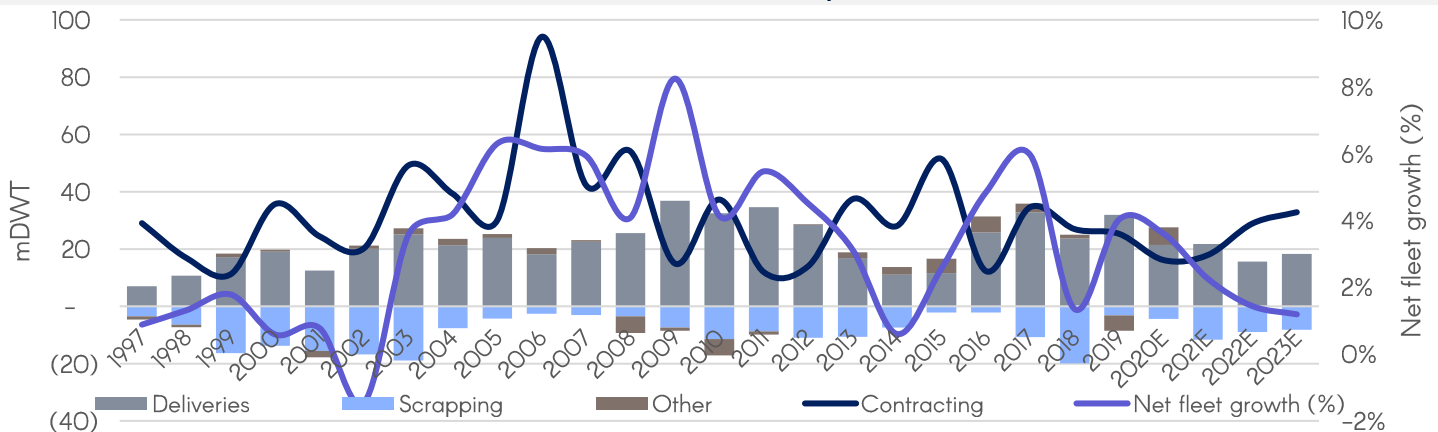


### VLCC scrapping vs scrap value



In sum, we forecast net supply growth of 3.6% in 2020E, 2.2% in 2021E and only 1.4% in 2022E and 1.2% in 2023E.

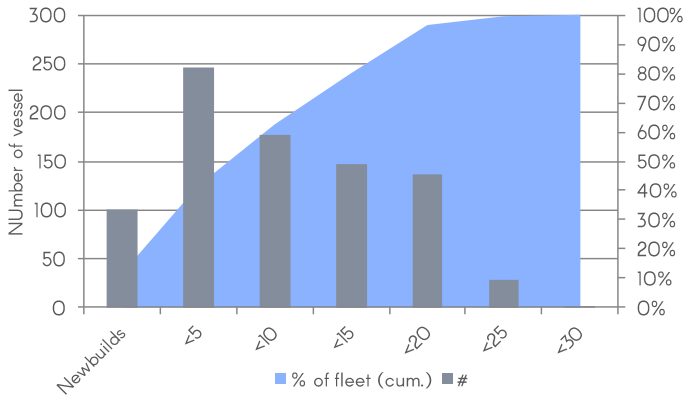
### Oil tanker fleet developments



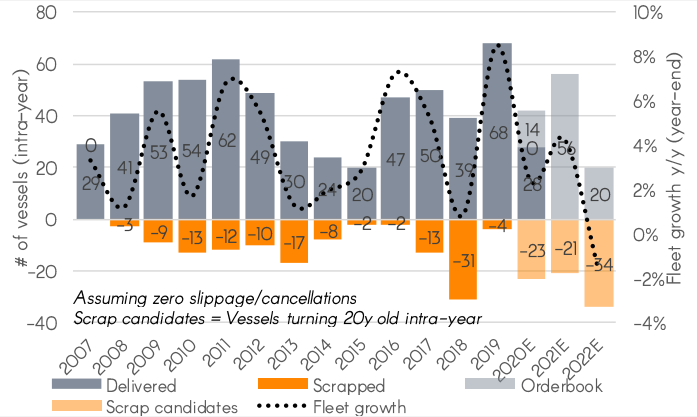


## Detailed Supply Side

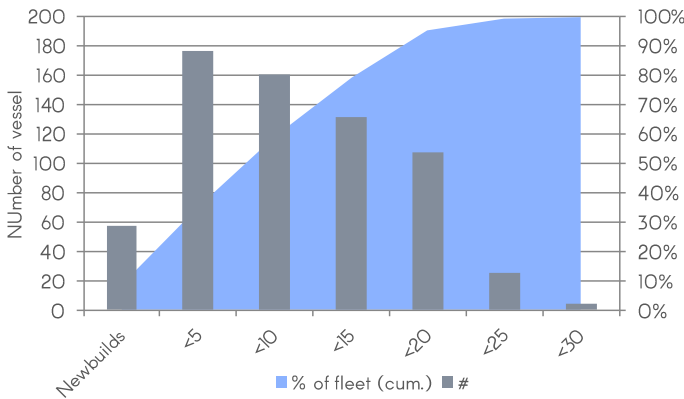
### VLCC: Fleet profile



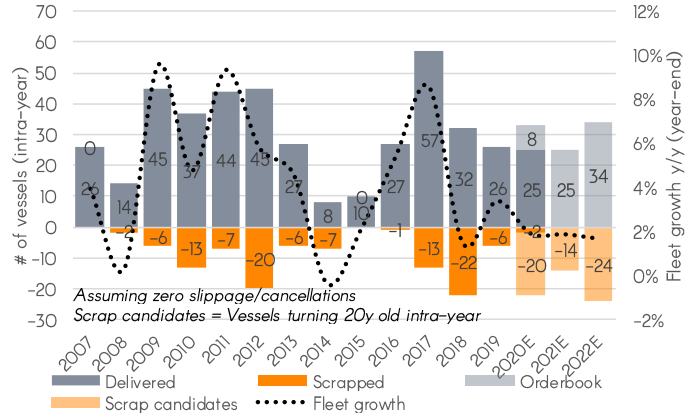
### VLCC: Fleet evolution



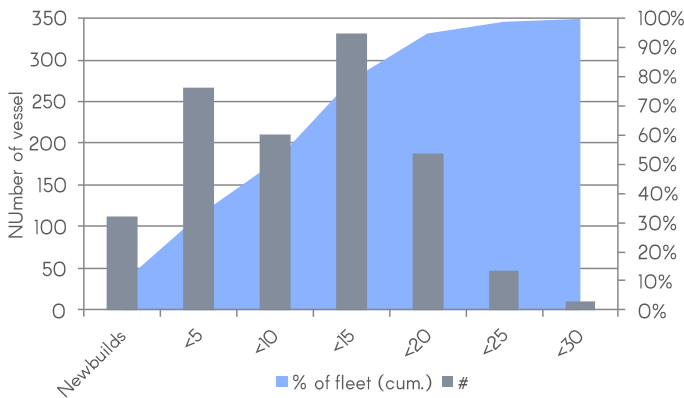
### Suezmax: Fleet profile



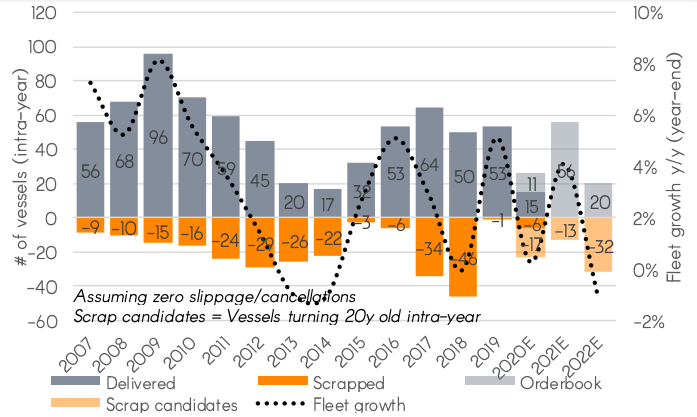
### Suezmax: Fleet evolution



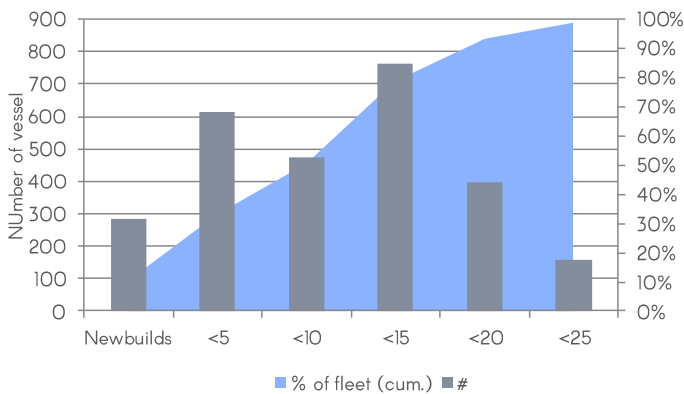
### Aframax/LR2: Fleet profile



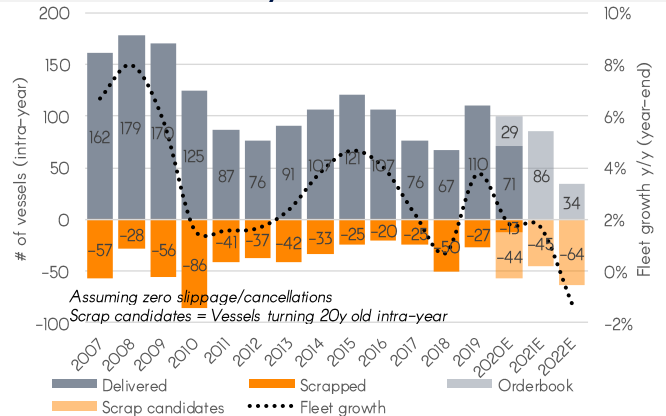
### Aframax/LR2: Fleet evolution



### MR & Handysize: Fleet profile



### MR & Handysize: Fleet evolution





### Demand

After correctly predicting the collapse in oil tanker demand after OPEC+ came to an agreement in April (link [1](#), [2](#), [3](#)), we are now well into the expected oil inventory destocking period with coinciding low oil supply. This has led to oil tanker spot rates around operational costs, as expected.

With an ongoing second wave of COVID-19 outbreak in many developed economies threatening a return to stricter lockdown regimes, world oil demand growth hangs in the balance. We estimate a net stocking of 1,194m bbl of oil during the first six months of 2020, with 281m bbl net destocked during 3Q20. Thus, there is still a significant overhang of oil inventories likely to be drawn before oil supply can return to parity with oil demand. According to EIA, world oil demand is expected to be 95.9m bpd during October vs world oil supply at 92.7m bpd. Thus, another 97m bbl should be net drawn from inventory in October. At that pace, the oil tanker market will experience the negative effects of net destocking until medio-2021.

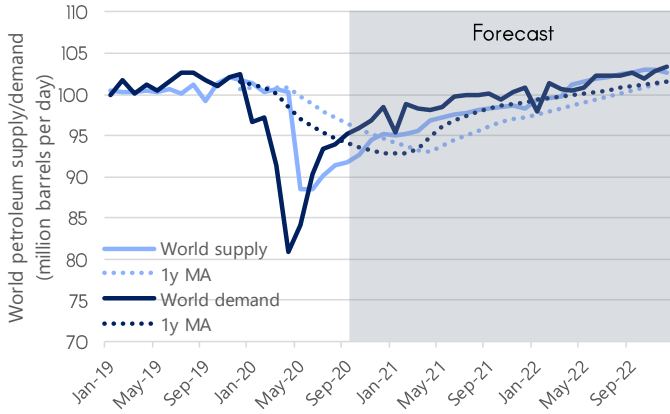
We now forecast oil demand to average 92.8m bpd in 2020E (vs our 92.5m bpd [forecast from July](#)) with oil supply forecast to average 94.6m bpd (vs 94.8m bpd). This year has been in the spirit of the Greek god Janus, divided between January–April with average supply at 100.7m bpd vs demand at 91.5m bpd, and May–December with average expected supply at 91.6m bpd and demand at 93.5m bpd. For 2021E, we now forecast world oil demand to average 99.1m bpd (vs our [previous forecast](#) of 99.7m bpd) and oil supply to average 97.2m bpd (vs 97.4m bpd). This leads to a gradual net destocking of inventories to 2019–levels by year–end 2021E. For 2022E, we forecast both world oil demand and supply to average 101.6m bpd.

Floating storage peaked in May at 12% of the global oil tanker fleet. At the time of writing, 90 VLCCs, 33 Suezmaxes, 27 Aframaxs in addition to 92 other vessels are tied up in floating storage, according to Shipping Intelligence Network. This represents 7% of the global oil tanker fleet. We expect a continued unwinding of floating storage back to normalized levels around 2% of the fleet during 1H21E.

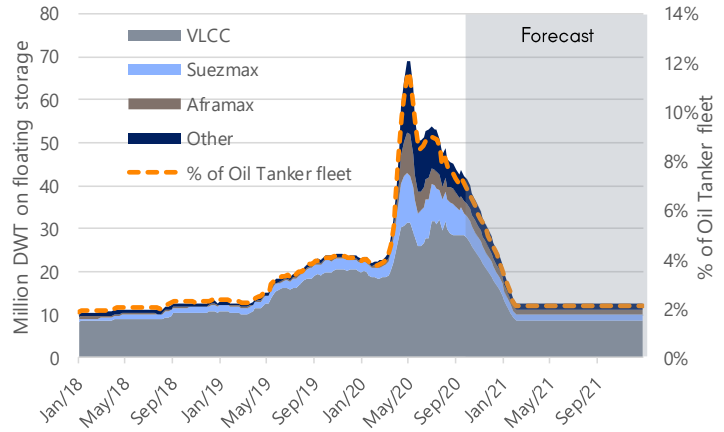
There is always the risk that a sudden negative oil demand shift due to COVID-19 throws the crude oil and oil product curves back into steep contango. In such a scenario, oil supply cannot recover as soon, and the destocking cycle will be postponed and potentially prolonged. Although such a scenario would be supportive of floating storage in the short term, the negative implications for the medium term will likely outweigh any short-term gains.



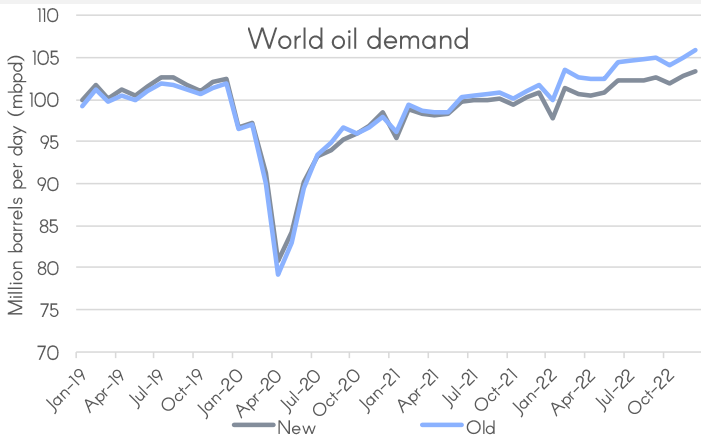
### World oil supply & demand



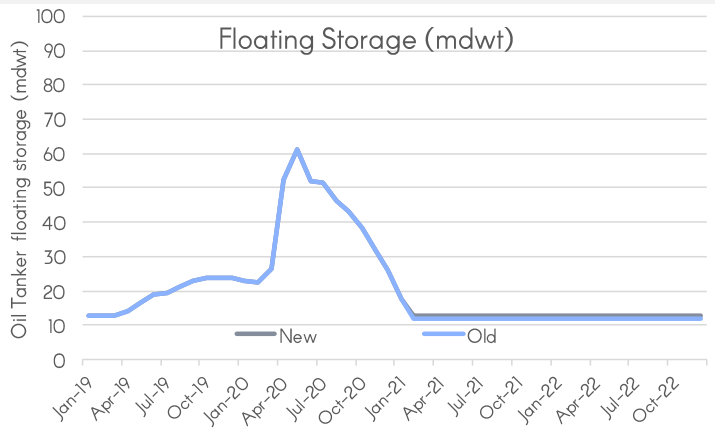
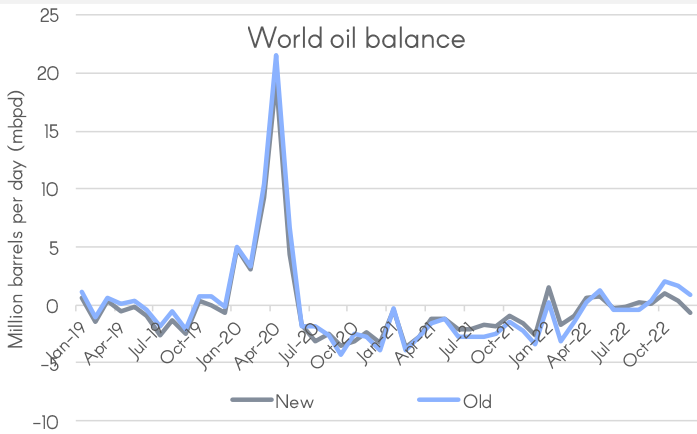
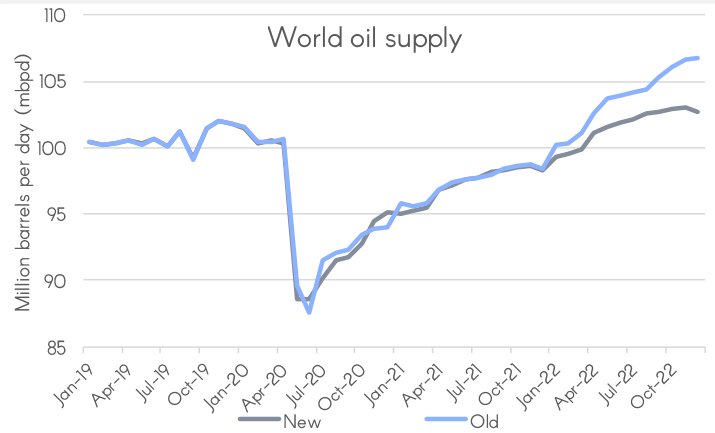
### Oil Tankers on floating storage



### World oil demand: Changes to our forecast



### World oil supply: Changes to our forecast



Looking at the bigger picture, we forecast oil tanker demand to contract 5.9% in 2021E as the need for seaborne oil transportation is negatively affected by lower oil supply and destocking of oil inventories. However, we forecast a massive 8.8% demand growth in 2022E as oil supply increases rapidly against the destocking cycle potentially unwinding towards the end of 2021E.

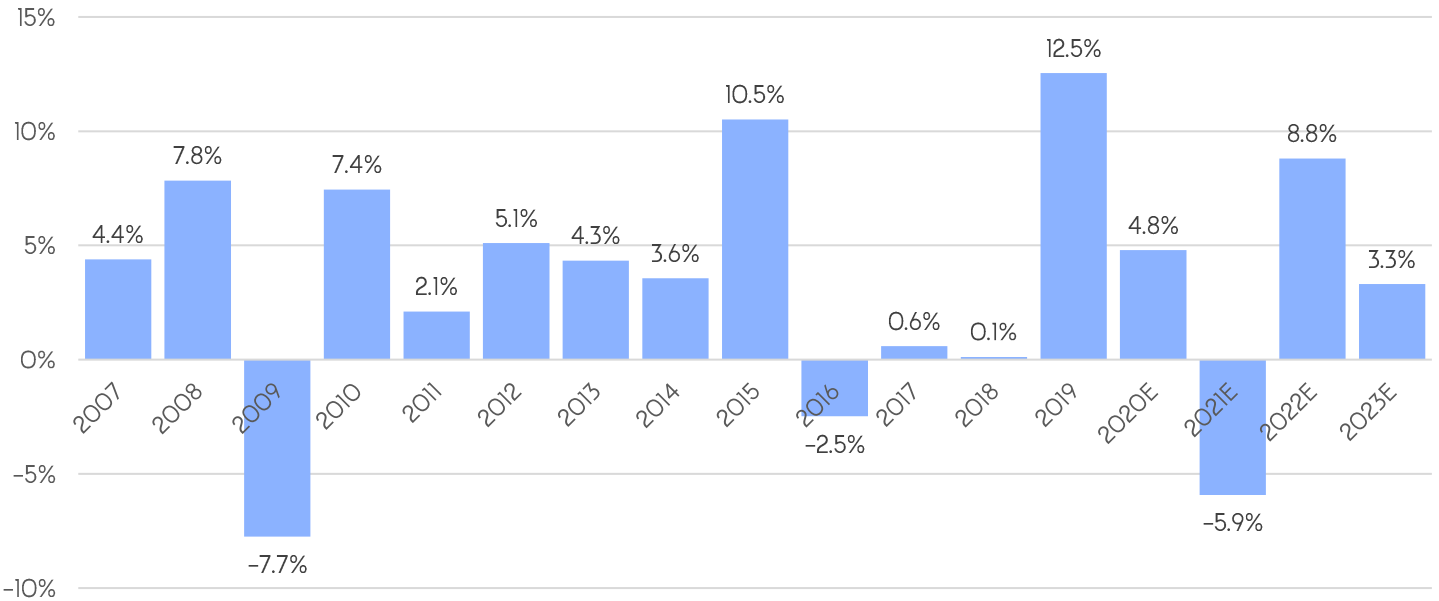


# Cleaves Securities

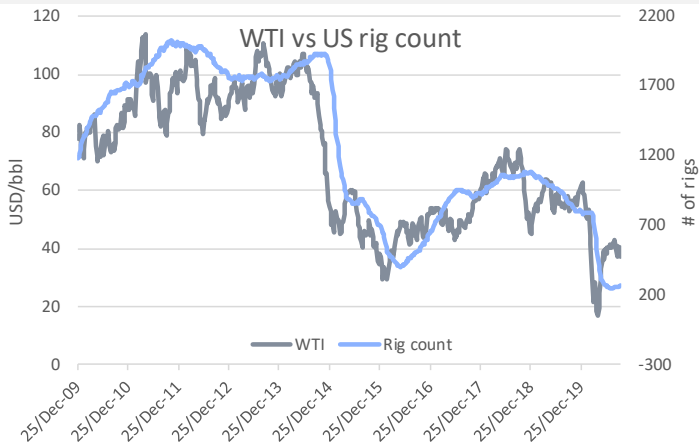
Shipping Quarterly: A Mixed Picture

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

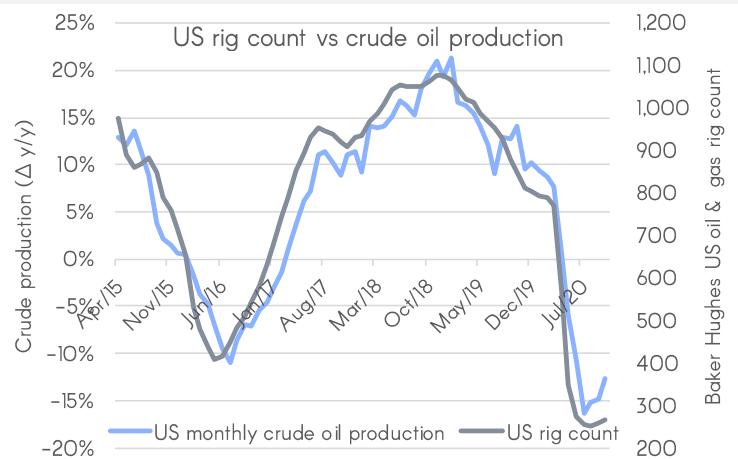
## Oil Tanker demand growth (intra-year averages)



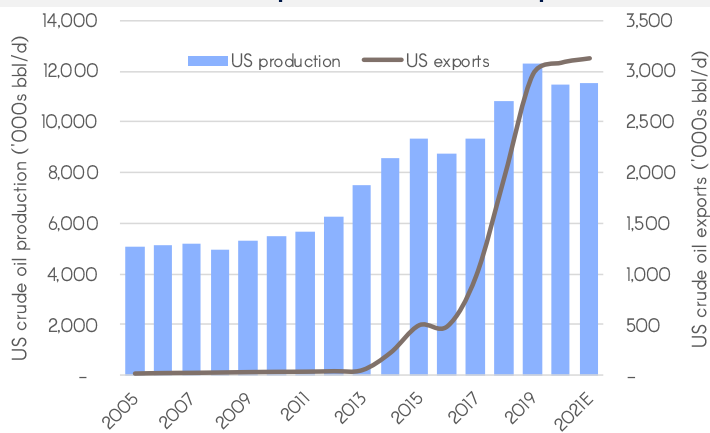
## WTI oil price closely correlated with US rig count



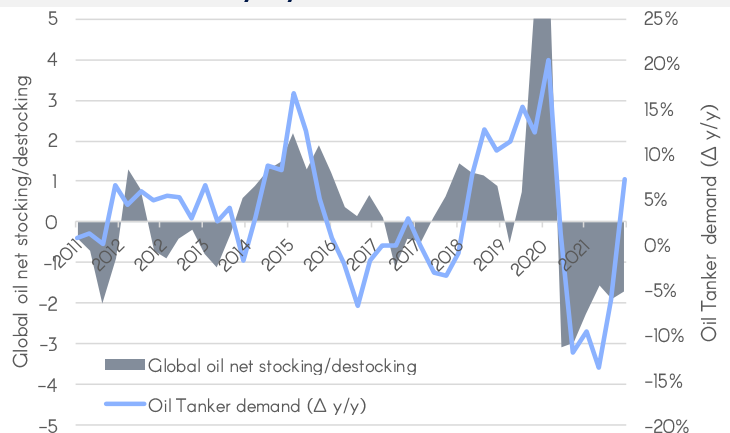
## US oil production closely correlated with rig count



## 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 86.8% in 2020E (+1.0%p y/y), 79.9% in 2021E and 85.7% in 2022E.

Our fleet utilization forecast implies VLCCs to average \$54k/d in 2020E (+31% y/y) and \$20k/d in 2021E, Suezmaxes to average \$32k/d (+2% y/y) and \$16k/d, and MRs to average \$16k/d (+17% y/y) and \$10k/d, respectively.

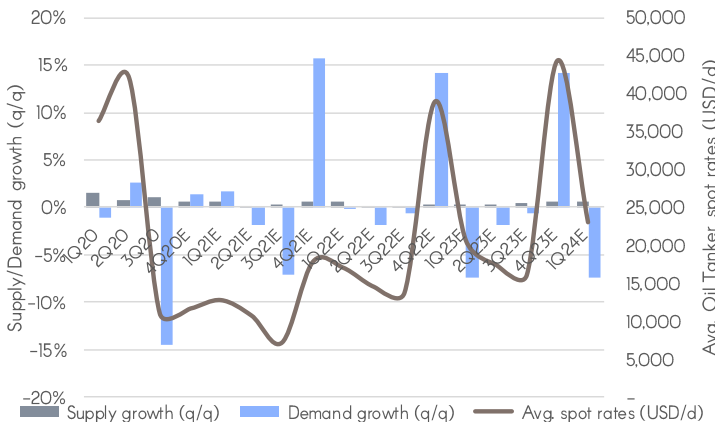
### Overview of our estimate changes

Delta table: Oil Tanker forecast summary

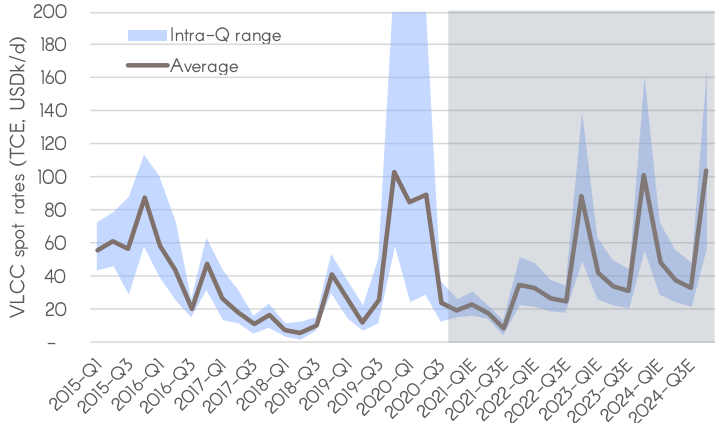
| $\Delta$ y/y       | 2020E | 2021E  | 2022E  | 2023E  | Average spot rate         | 2020E  | 2021E   | 2022E   | 2023E   |
|--------------------|-------|--------|--------|--------|---------------------------|--------|---------|---------|---------|
| <b>Supply</b>      | 3.6%  | 2.2%   | 1.4%   | 1.2%   | <b>VLCC, base case</b>    | 54,090 | 20,353  | 42,842  | 51,821  |
| Supply, old        | 3.5%  | 2.2%   | 1.0%   | 1.7%   | old                       | 51,969 | 23,041  | 49,204  | 56,990  |
| $\Delta$           | 0.1%p | 0.1%p  | 0.4%p  | -0.5%p | $\Delta$                  | 2,121  | (2,688) | (6,363) | (5,168) |
| <b>Demand</b>      | 4.8%  | -5.9%  | 8.8%   | 3.3%   | <b>Suezmax, base case</b> | 32,330 | 15,573  | 30,165  | 35,991  |
| Demand, old        | 4.2%  | -5.5%  | 9.9%   | 3.3%   | old                       | 32,335 | 17,317  | 34,293  | 39,345  |
| $\Delta$           | 0.6%p | -0.4%p | -1.1%p | 0.0%p  | $\Delta$                  | (4)    | (1,744) | (4,128) | (3,354) |
| <b>Utilization</b> | 86.8% | 79.9%  | 85.7%  | 87.5%  | <b>MR, base case</b>      | 16,121 | 10,153  | 14,831  | 16,699  |
| Utilization, old   | 86.4% | 79.9%  | 87.0%  | 88.4%  | old                       | 16,127 | 10,712  | 16,155  | 17,774  |
| $\Delta$           | 0.4%p | 0.0%p  | -1.3%p | -0.9%p | $\Delta$                  | (6)    | (559)   | (1,324) | (1,075) |
| <b>Asset Index</b> | 134   | 121    | 155    | 184    | <b>Share Index</b>        | 199    | 160     | 296     | 413     |
| Asset Index, old   | 138   | 124    | 181    | 195    | Share Index, old          | 203    | 164     | 403     | 458     |
| $\Delta$           | -3%   | -2%    | -15%   | -6%    | $\Delta$                  | -2%    | -2%     | -27%    | -10%    |

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

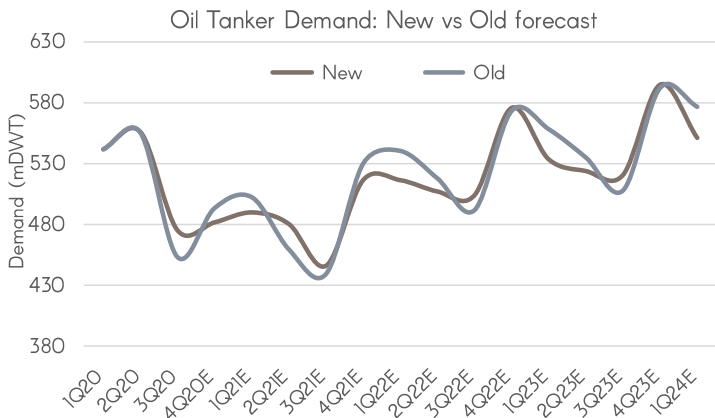
### Oil tanker supply/demand & spot rates (quarterly)



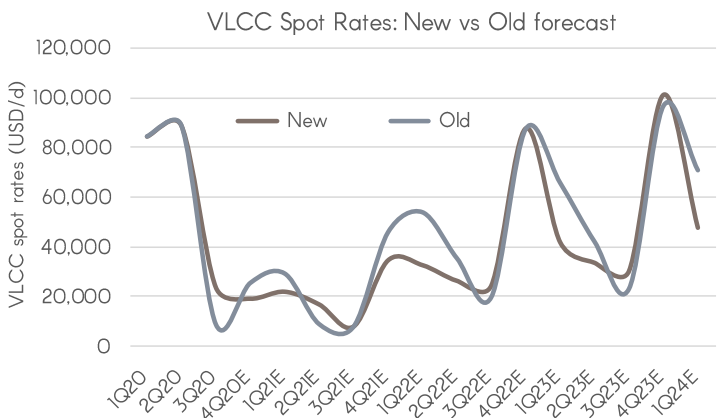
### VLCC spot rates: Historical & forecast (quarterly)



### Oil tanker demand forecast: New vs old (quarterly)



### VLCC spot rate forecast: New vs old (quarterly)



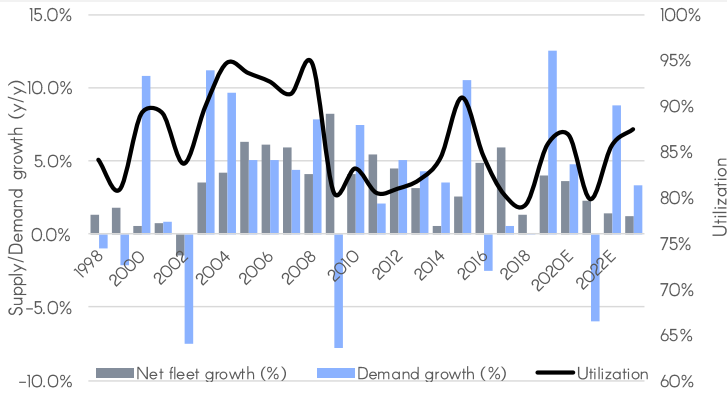


# Cleaves Securities

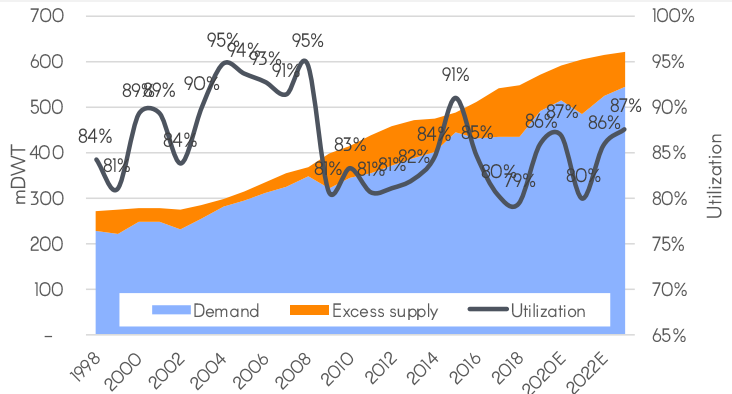
Shipping Quarterly: A Mixed Picture

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

Oil tanker supply/demand & utilization (annually)



Oil tanker supply/demand & utilization (annually)



## Asset & share prices

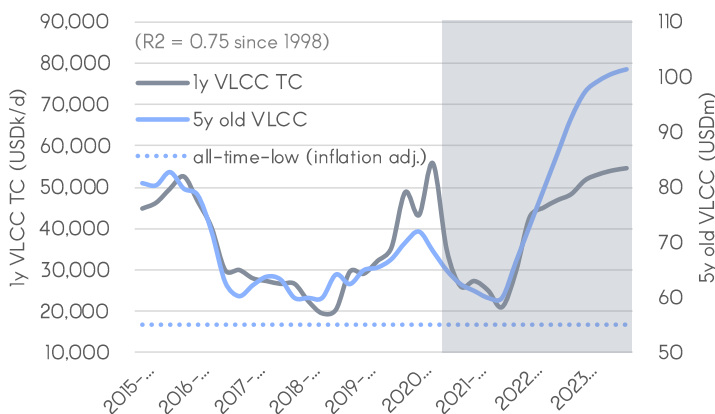
Asset values troughed in 2018 and our oil tanker asset price index since rose 25% to the quarterly peak in 1Q20. Since then, our asset value index is down 13%, and we see the potential for another 7% downside to the expected mid-2021E through before potentially rising 62% by year-end 2023E.

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

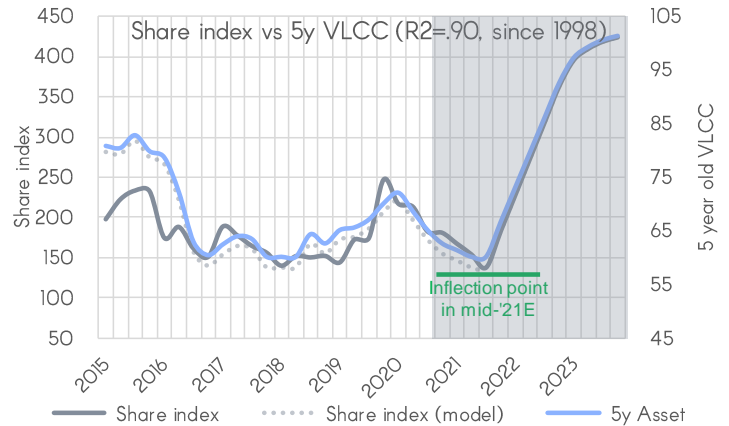
$$P_{shares} = f[P_{5y VLCC}] = f[1y TC_{5y VLCC}] = f[E(1y fwd spot revenue_{5y VLCC})], R^2 = 0.90 \text{ since 1998}$$

we believe that our oil tanker share index could decline 17% over the next year before potentially rising 214% by 2024E from the mid-2021E trough.

VLCC: 1y timecharter vs 5y asset price

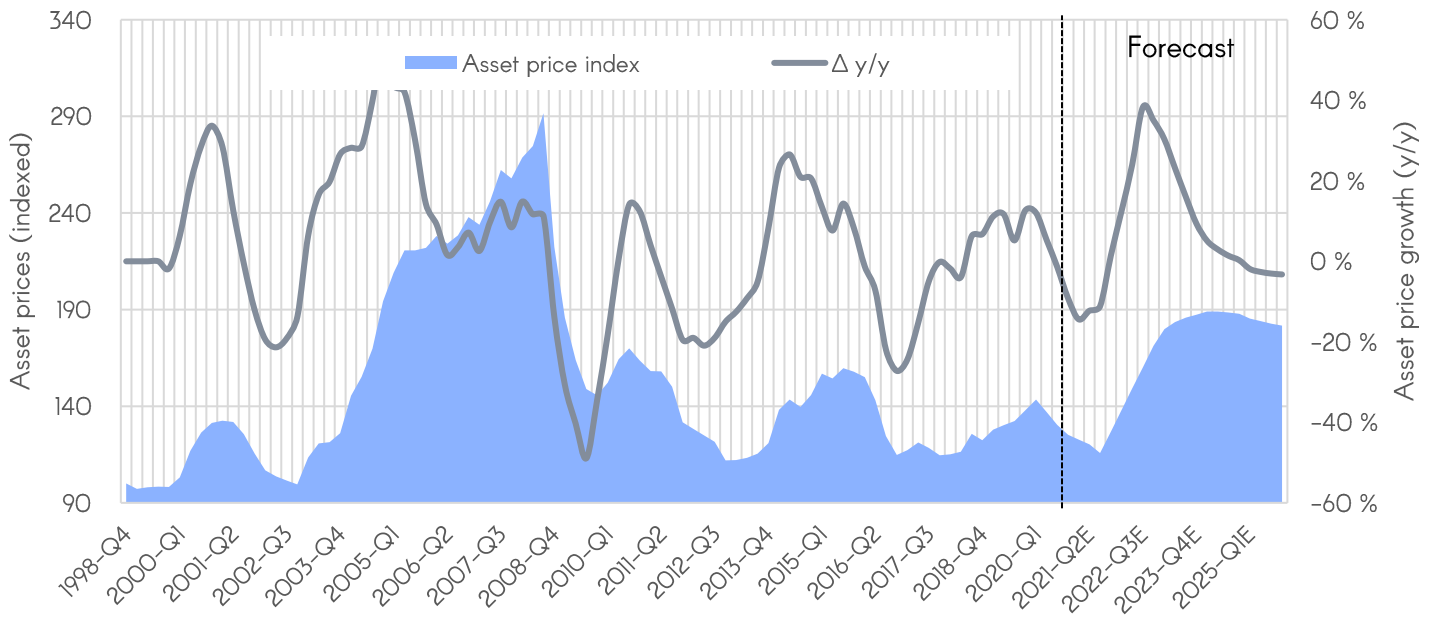


Cleaves' oil tanker share index vs 5y VLCC



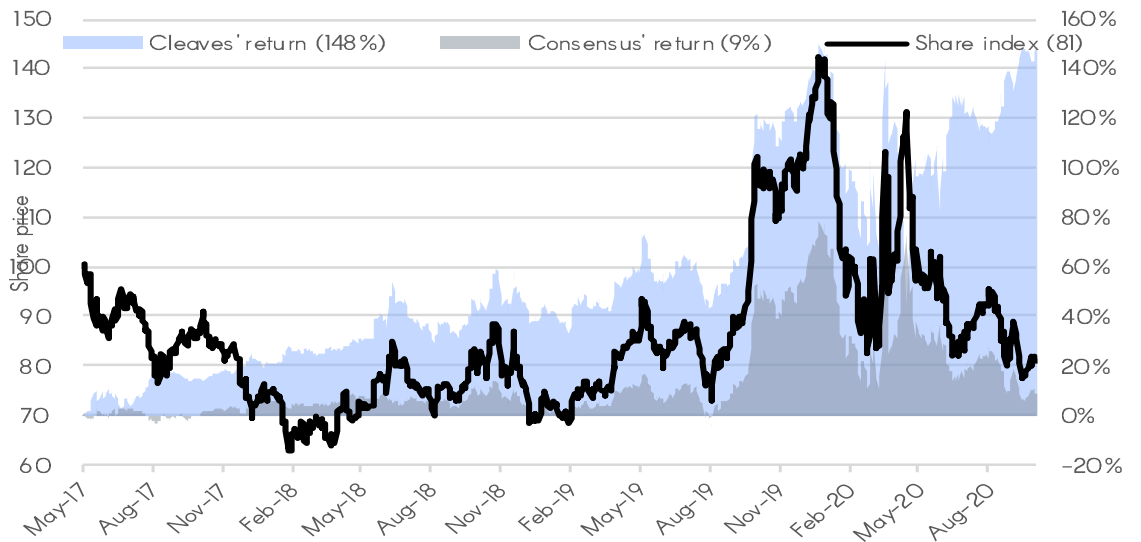


### Cleaves' oil tanker asset price index



Since we reinitiated coverage on Oil Tankers in May 2017, we have a 148% return on our recommendations vs the market at -19% and consensus at +9%.

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





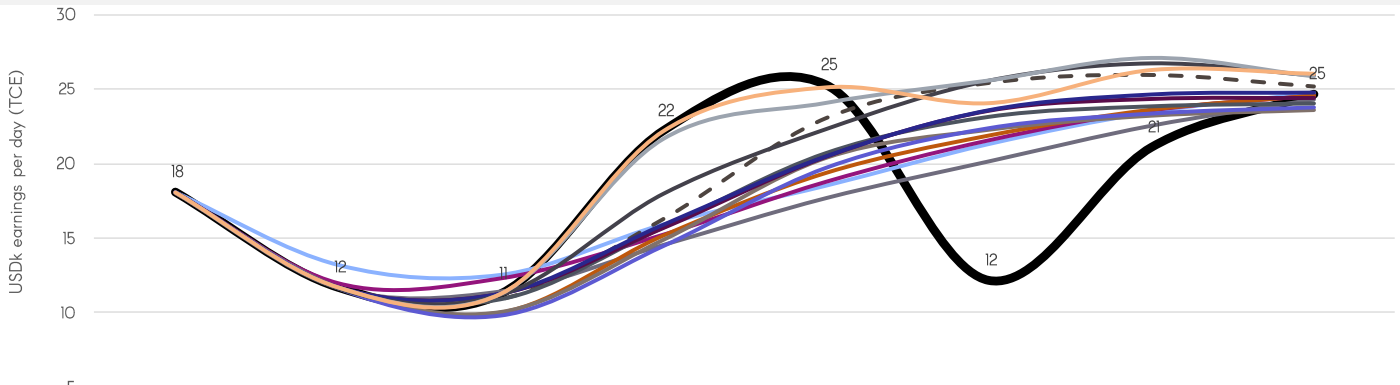


# Cleaves Securities

Shipping Quarterly: A Mixed Picture

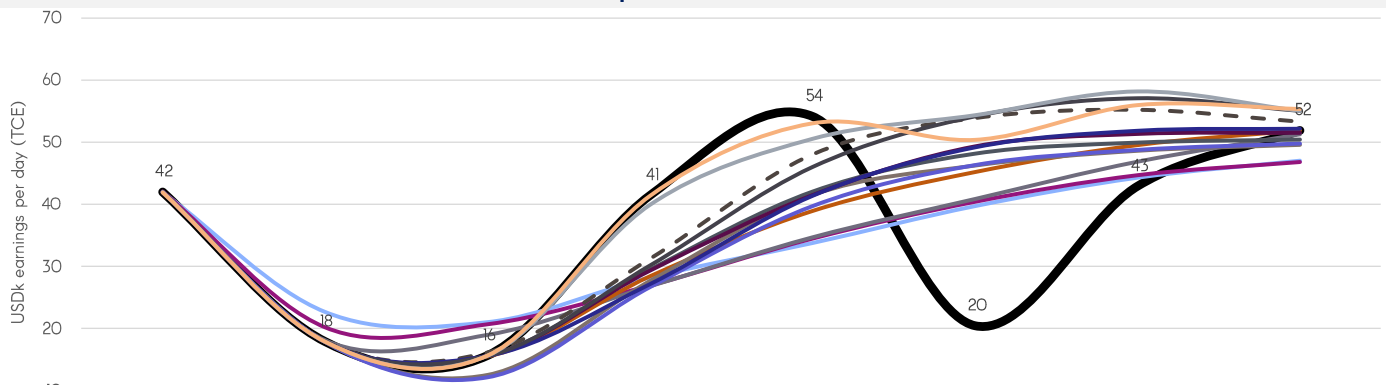
$$f(\lambda) = a_0 + \beta_1 \lambda^T, R^2 \approx 1$$

## 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 | 25,245 | 12,119 | 21,048 | 24,613 |
| 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 |
| Jan-20           | 18,047 | 11,655 | 11,216 | 22,168 | 25,111 | 24,049 | 26,278 | 26,029 |

## 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 | 54,090 | 20,353 | 42,842 | 51,821 |
| 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 |
| Jan-20           | 41,908 | 17,794 | 15,561 | 41,364 | 53,075 | 50,400 | 56,015 | 55,386 |





## Asset Valuation

### Asset valuation overview

| Summary | VLCC | Suezmax | Aframax | LR2  | LRI  | MR   | SR   |
|---------|------|---------|---------|------|------|------|------|
| NB      | 85.5 | 56.0    | 46.5    | 48.5 | 42.5 | 34.0 | 32.0 |
| resale  | 88.0 | 57.5    | 48.0    | 50.0 | 43.5 | 35.0 | 33.0 |
| 5y      | 62.5 | 43.0    | 34.5    | 36.0 | 30.0 | 25.5 | 23.0 |
| 10y     | 40.5 | 29.0    | 22.5    | 23.5 | 19.0 | 16.5 | 14.0 |
| 15y     | 28.0 | 20.5    | 15.0    | 16.0 | 12.0 | 10.5 | 8.5  |
| 20y     | 20.8 | 13.1    | 9.6     | 10.1 | 7.6  | 7.1  | 5.1  |
| scrap   | 14.8 | 7.9     | 6.1     | 6.1  | 4.7  | 4.3  | 2.9  |

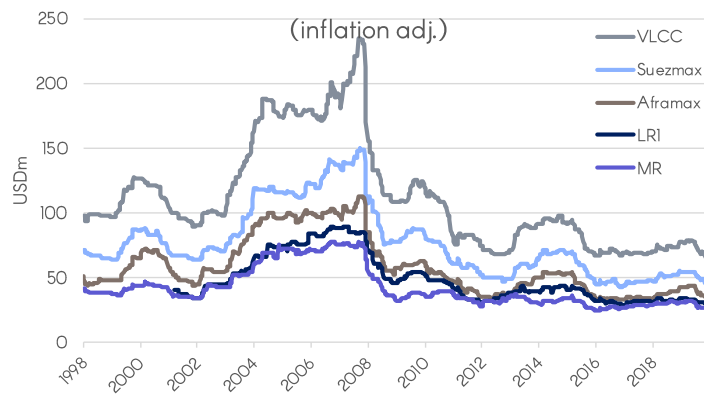
All prices are excluding scrubbers

|           |        |        |        |        |        |        |        |
|-----------|--------|--------|--------|--------|--------|--------|--------|
| NB parity | 30,300 | 22,243 | 18,768 | 19,297 | 17,250 | 14,757 | 13,510 |
|-----------|--------|--------|--------|--------|--------|--------|--------|

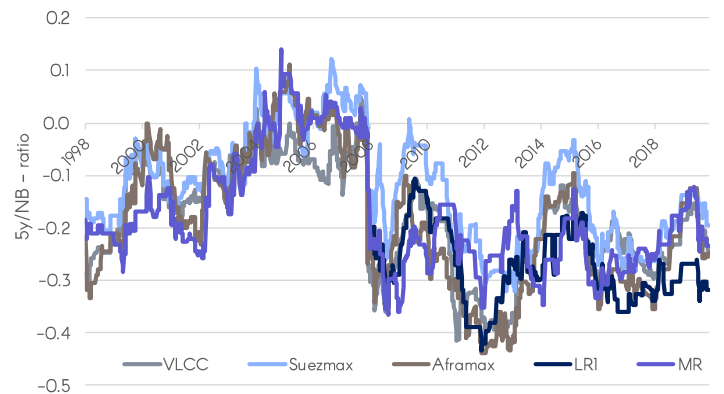
### Changes to asset valuation overview

| Changes | VLCC | Suezmax | Aframax | LR2  | LRI  | MR   | SR   |
|---------|------|---------|---------|------|------|------|------|
| NB      | -3.0 | -2.0    | -2.0    | -2.0 | -0.5 | 0.0  | 0.0  |
| resale  | -3.0 | -3.0    | -2.0    | -2.0 | -1.5 | -0.5 | -0.5 |
| 5y      | -3.5 | -2.0    | -2.0    | -2.0 | -2.0 | -1.0 | -1.0 |
| 10y     | -4.0 | -2.0    | -2.5    | -2.5 | -0.5 | -1.0 | -1.0 |
| 15y     | -2.5 | -0.5    | -0.5    | -0.5 | 0.5  | 0.0  | -0.5 |
| 20y     | -0.7 | -0.4    | 0.7     | 0.7  | 0.8  | 1.8  | 1.5  |
| scrap   | 2.1  | 1.1     | 0.9     | 0.9  | 0.6  | 0.6  | 0.4  |

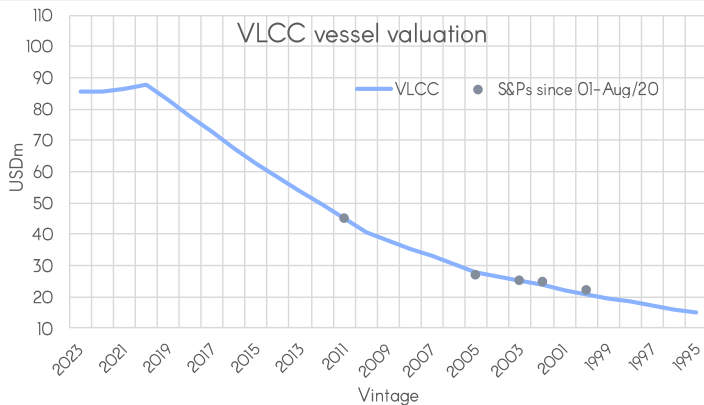
### Historical 5y old vessel values



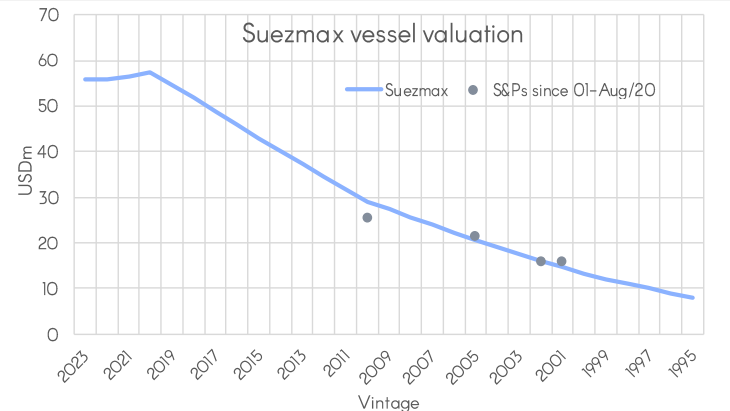
### Historical price ratio, 5y/newbuild



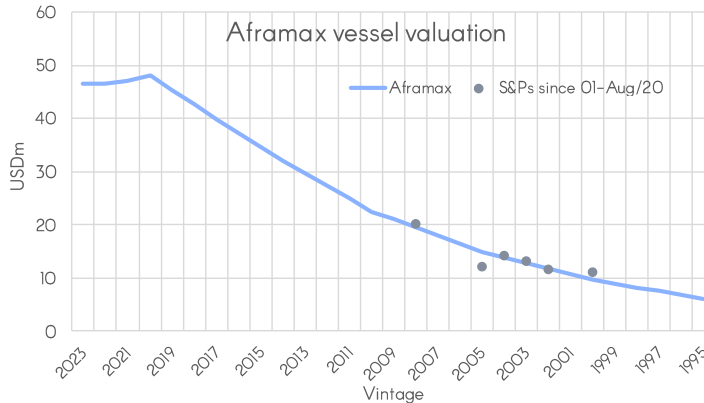
### VLCC valuation vs recent S&P



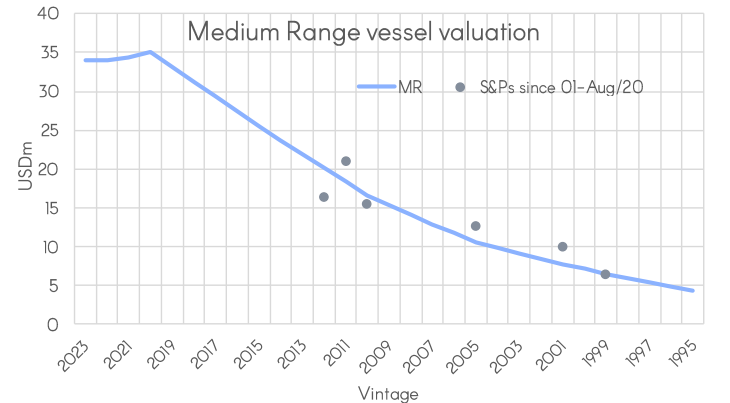
### Suezmax valuation vs recent S&P



### 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)        | 42.3 | 43.5 | 44.3 | 45.2 | 46.6 |
| Time-spread against 1m |      | 1.1  | 1.9  | 2.8  | 4.3  |

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

|         |  |     |      |      |       |
|---------|--|-----|------|------|-------|
| VLCC    |  | 1.0 | 0.4  | -2.7 | -13.7 |
| Suezmax |  | 0.6 | -0.2 | -3.5 | -12.7 |

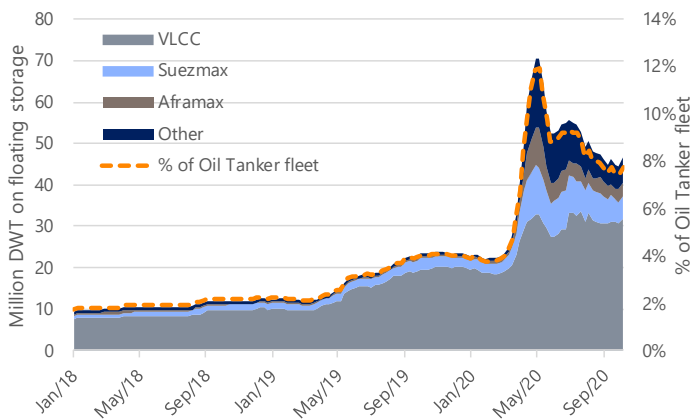
#### Required Brent fwd price for VLCC break-even

|                        | 1m   | 4m   | 7m   | 1y   | 2y   |
|------------------------|------|------|------|------|------|
| Brent (USD/bbl)        | 42.3 | 43.0 | 44.1 | 46.4 | 53.1 |
| Time-spread against 1m |      | 0.6  | 1.7  | 4.1  | 10.8 |

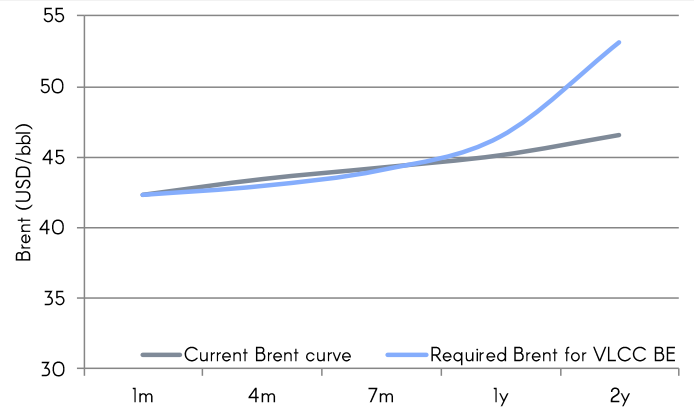
#### Required tanker rates for storage to break-even

|         |  |        |        |        |        |
|---------|--|--------|--------|--------|--------|
| VLCC    |  | 25,674 | 22,278 | 17,647 | 12,765 |
| Suezmax |  | 12,226 | 10,609 | 8,403  | 6,078  |

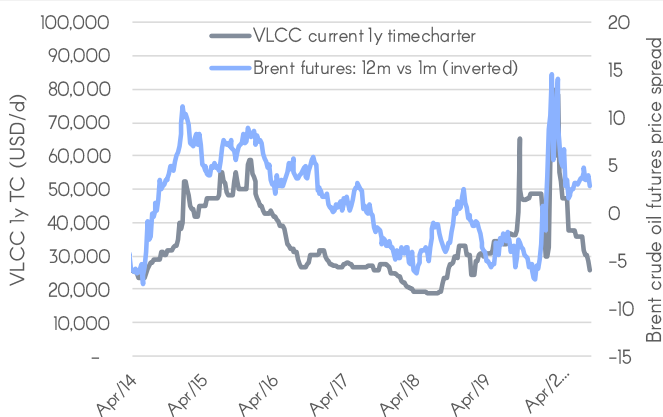
#### Oil Tanker floating storage



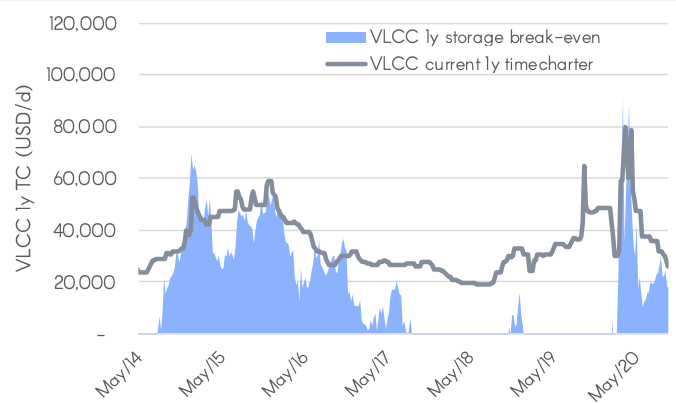
#### VLCC floating storage economics



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



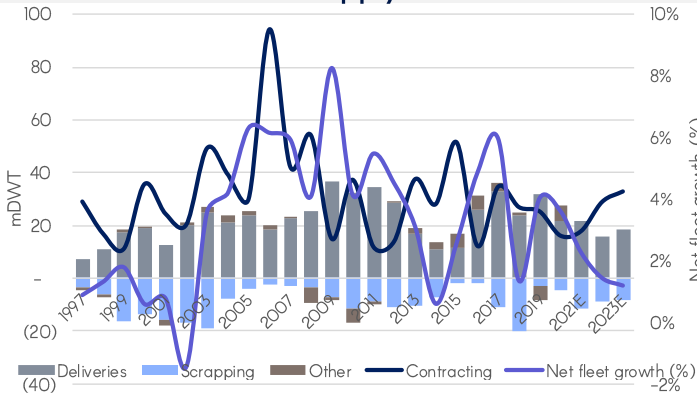
#### VLCC 1y floating storage breakeven vs 1y TC



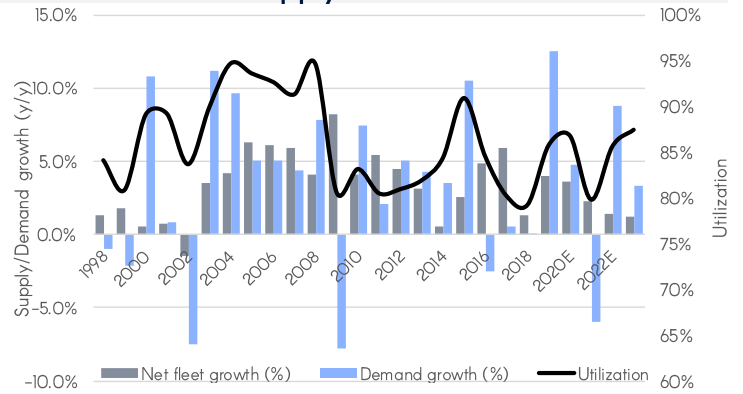


### Market Fundamentals & Forecasts

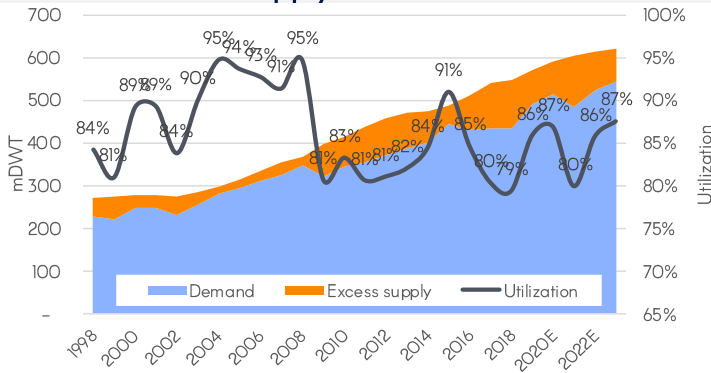
#### Supply



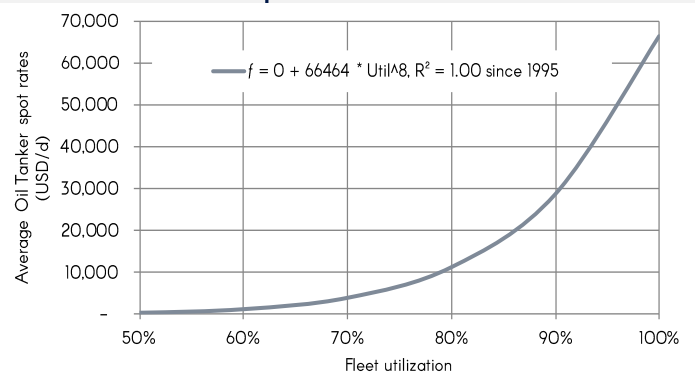
#### Supply/Demand



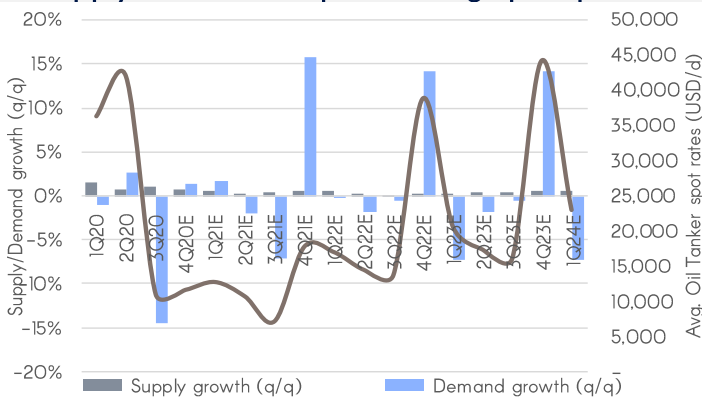
#### Supply/Demand



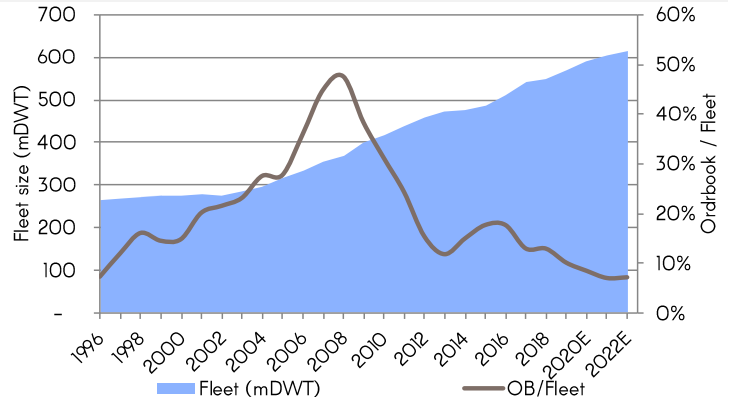
#### Econometrics: Spot rates vs fleet utilization



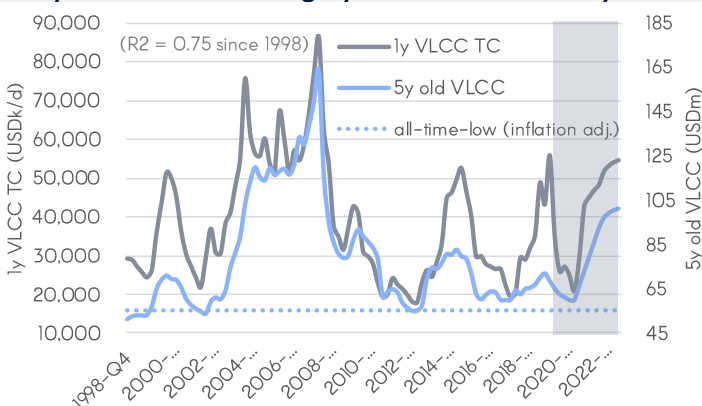
#### Supply/Demand & spot earnings per quarter



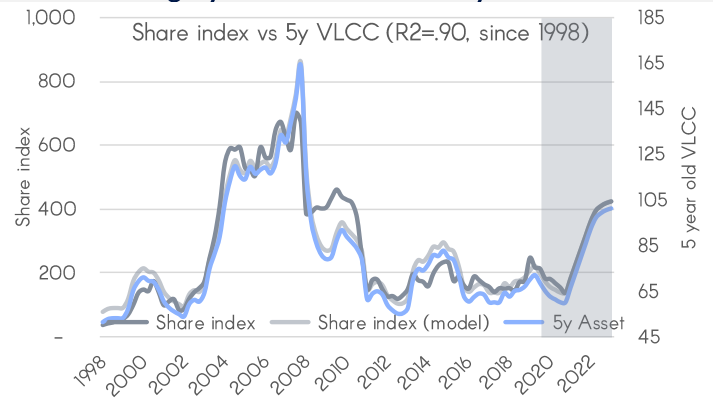
#### Orderbook vs fleet



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



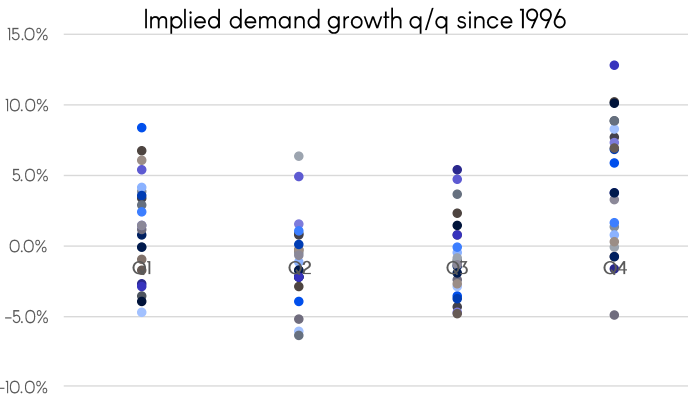
#### Shares highly correlated with 5y vessel values



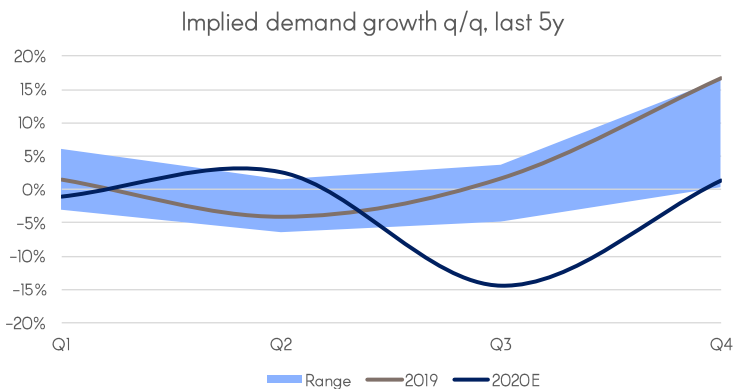


### Seasonality

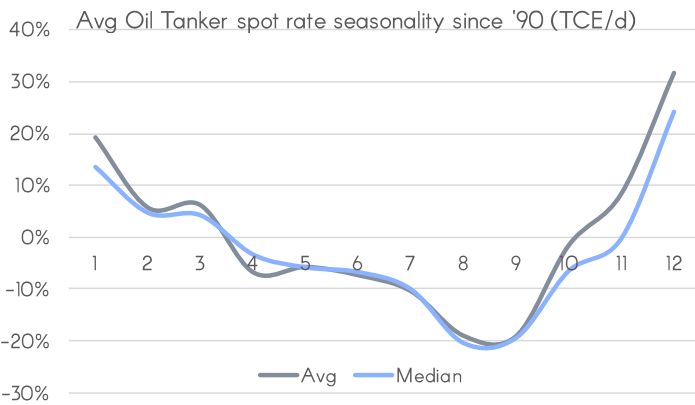
#### Historically strong demand growth in 4Q



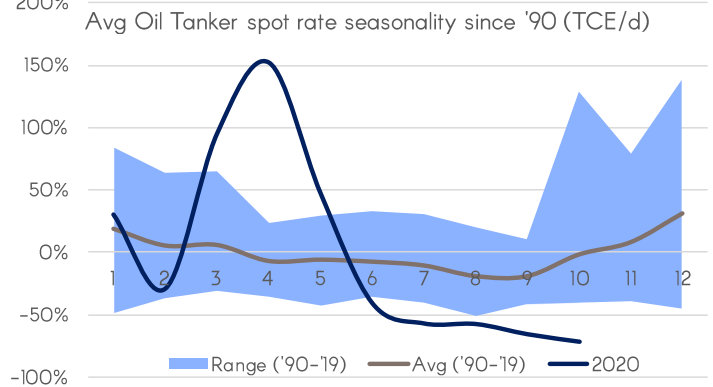
#### Historic demand growth vs 2019E



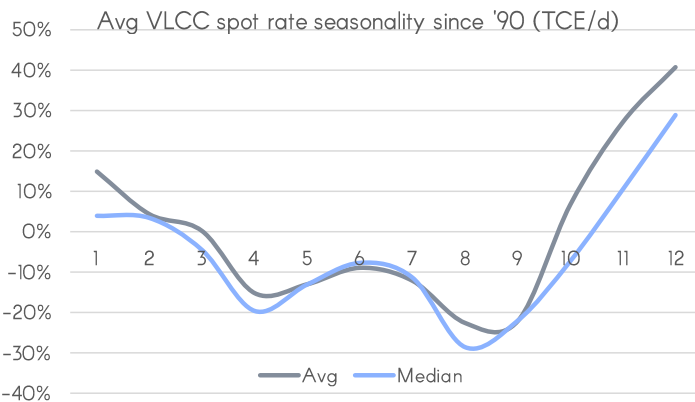
#### Historical Oil Tanker avg. spot rate seasonality



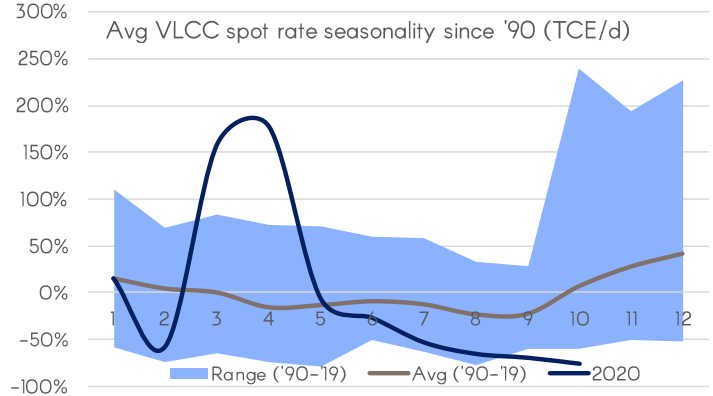
#### Historical Oil Tanker avg. spot rate seasonality



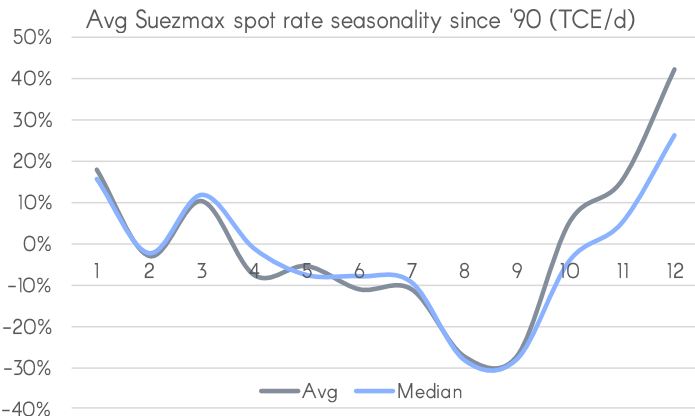
#### Historical VLCC spot rate seasonality



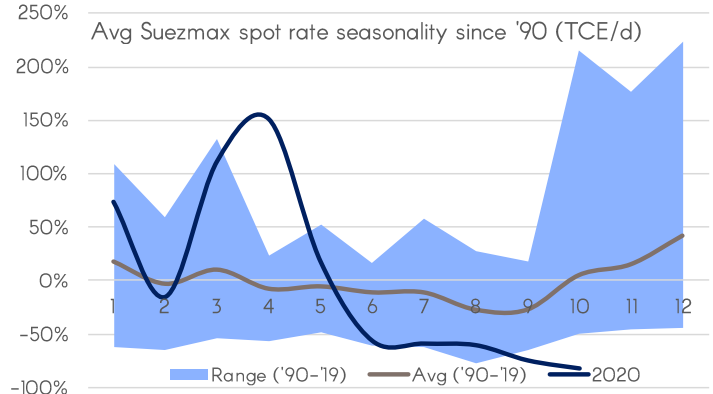
#### Historical VLCC spot rate seasonality



#### Historical Suezmax spot rate seasonality

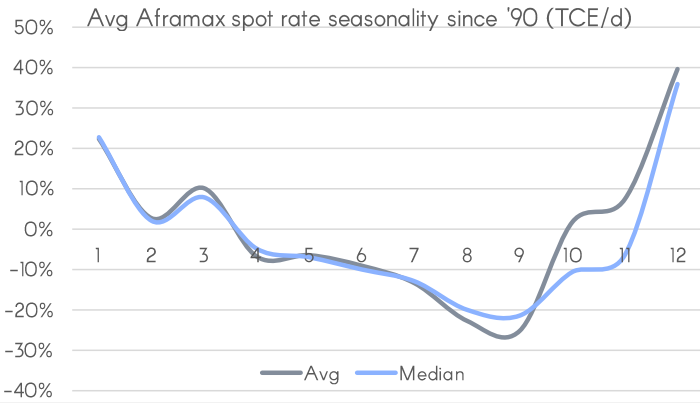


#### Historical Suezmax spot rate seasonality

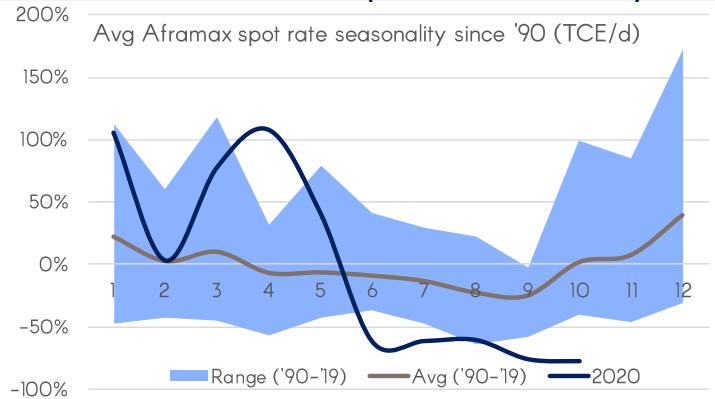




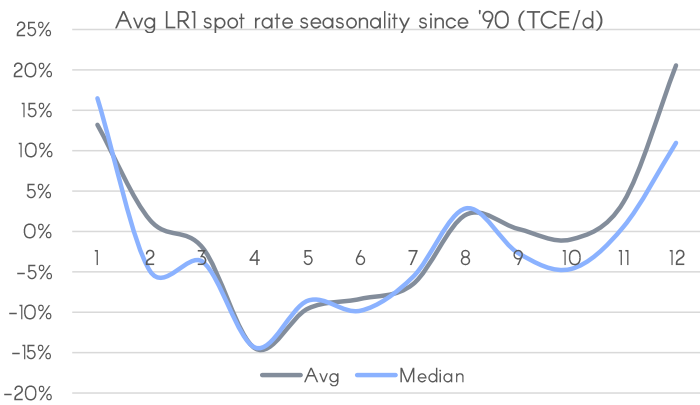
### Historical Aframax spot rate seasonality



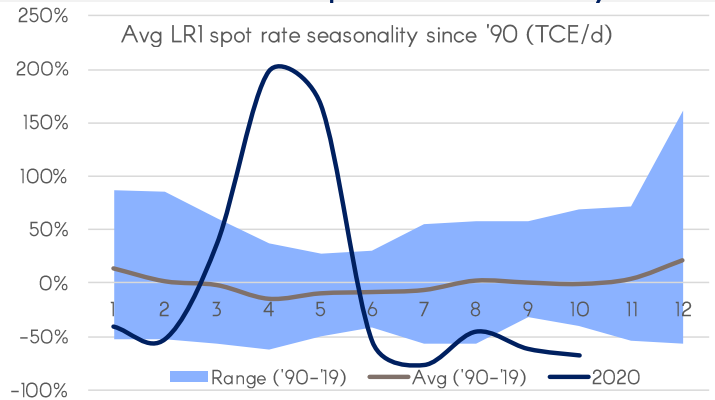
### Historical Aframax spot rate seasonality



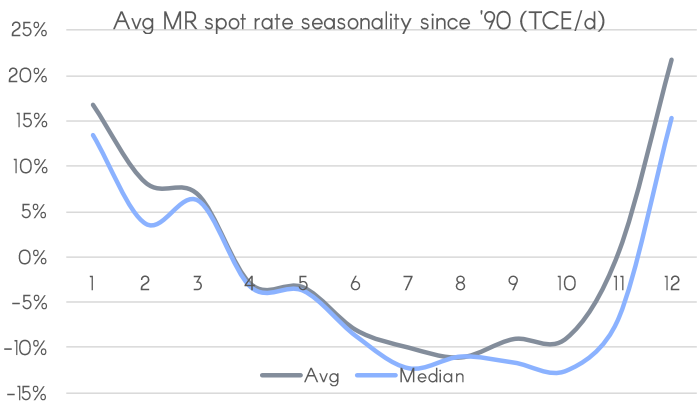
### Historical LRI spot rate seasonality



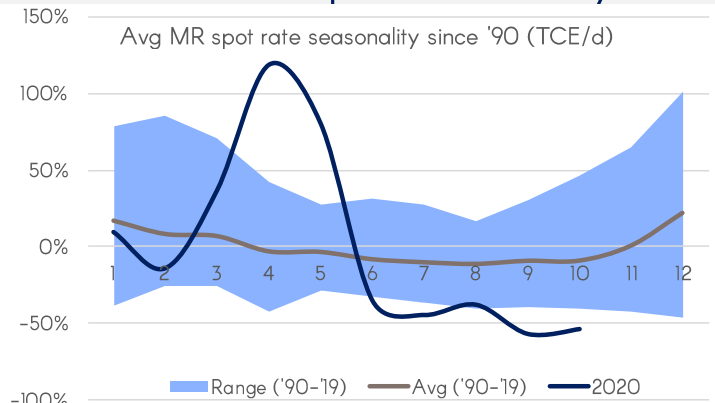
### Historical LRI spot rate seasonality



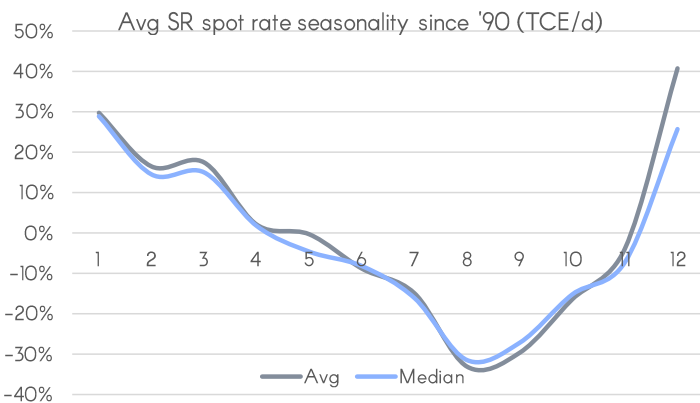
### Historical MR spot rate seasonality



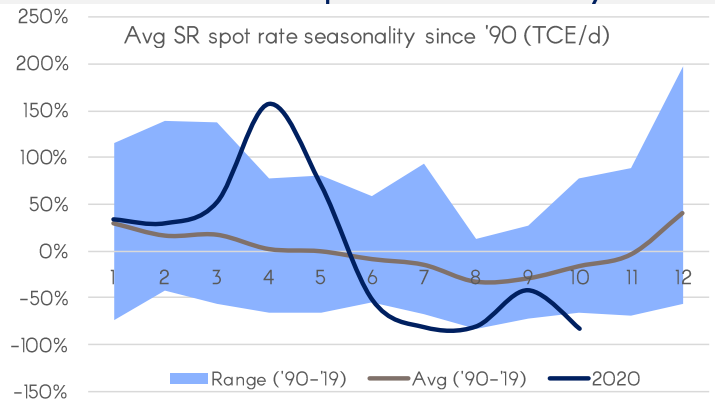
### Historical MR spot rate seasonality



### Historical SR spot rate seasonality



### Historical SR spot rate seasonality



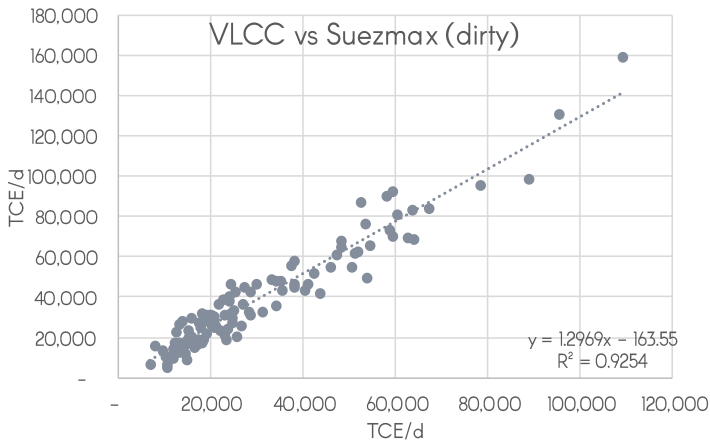


## Product Tanker Dynamics

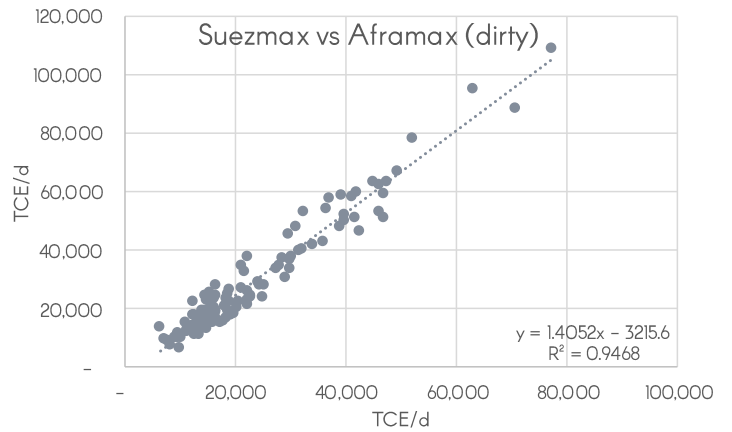
Oil Tanker spot earnings correlation matrix (quarterly since 1990)

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

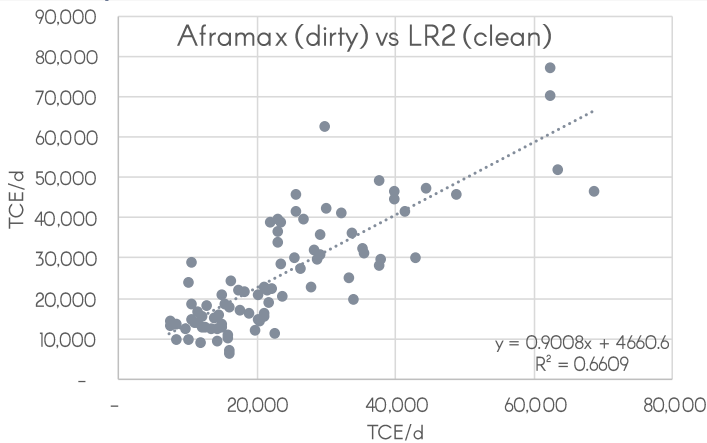
Spot rate correlation: VLCC vs Suezmax



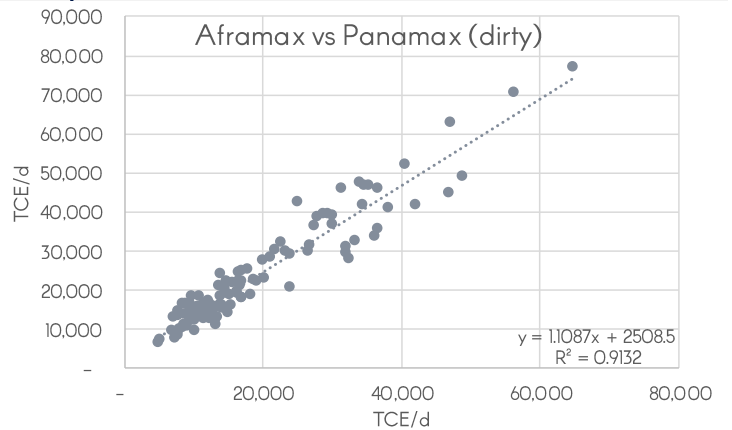
Spot rate correlation: Suezmax vs Aframax



Spot rate correlation: Aframax vs LR2



Spot rate correlation: Aframax vs Panamax

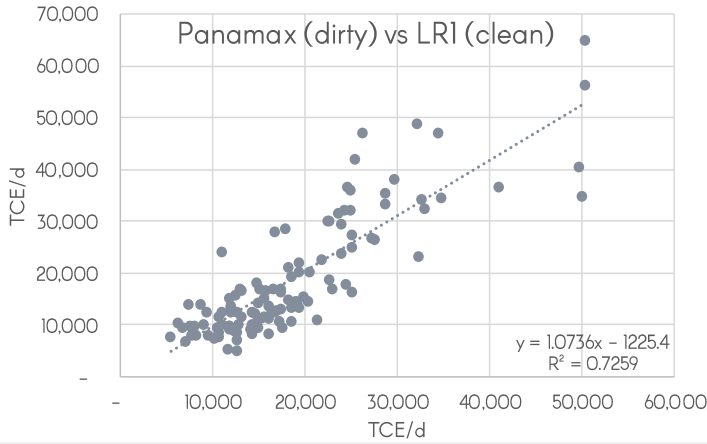




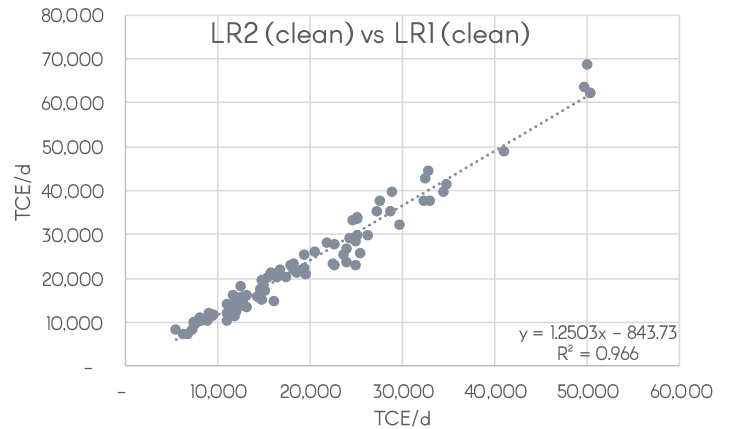


### Product Tanker Dynamics (continued)

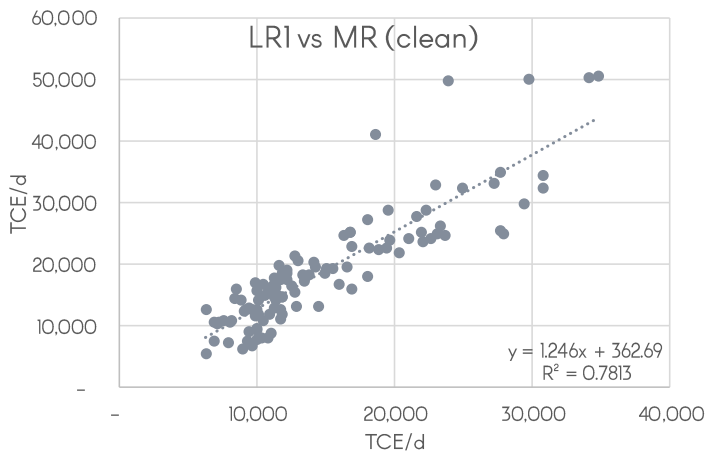
#### Spot rate correlation: Panamax vs LRI



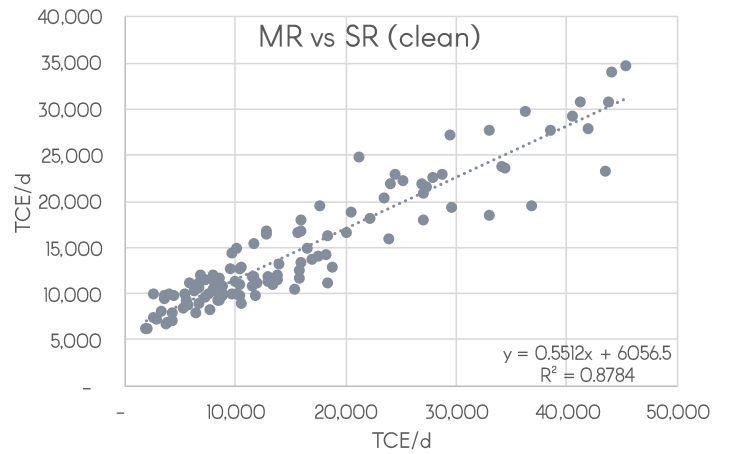
#### Spot rate correlation: LR2 vs LRI



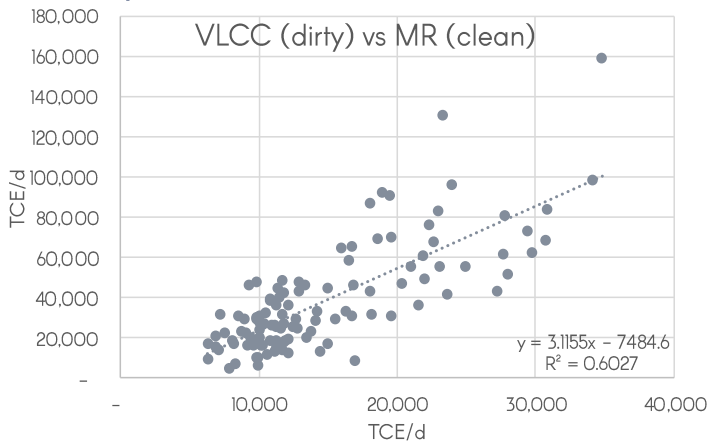
#### Spot rate correlation: LRI vs MR



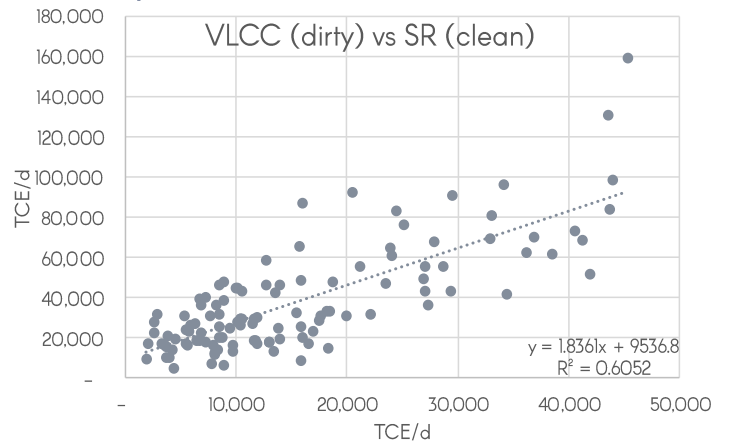
#### Spot rate correlation: MR vs SR



#### Spot rate correlation: VLCC vs MR



#### Spot rate correlation: VLCC vs SR





# Cleaves Securities

## Shipping Quarterly: A Mixed Picture

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

# Econometric Overview

| Supply/Demand (USDM)         | 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>                | 9      | 7      | 11     | 16     | 19     | 12     | 20     | 25     | 21     | 24     | 18     | 22     | 26     | 37     | 32     | 35     | 28     | 17     | 11     | 12     | 26     | 33     | 24     | 32     | 32     | 21     | 22     | 16     | 18     |        |
| <b>Demand</b>                | 9      | (6)    | (3)    | (6)    | (14)   | (16)   | (17)   | (19)   | (8)    | (4)    | (3)    | (2)    | (4)    | (7)    | (11)   | (9)    | (11)   | (11)   | (7)    | (2)    | (2)    | (2)    | (2)    | (2)    | (2)    | (1)    | (1)    | (0)    | (0)    |        |
| <b>Supply/Demand</b>         | 0      | (1)    | (1)    | (1)    | 1      | 1      | 1      | 2      | 2      | 1      | 1      | 1      | 2      | 1      | 1      | 1      | 0      | 0      | 3      | 3      | 5      | 6      | 6      | 6      | 6      | 5      | 4      | 2      | 3      |        |
| <b>Supply</b>                | 13     | 29     | 17     | 17     | 36     | 24     | 20     | 49     | 39     | 30     | 34     | 42     | 54     | 15     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     | 14     |        |
| <b>Demand</b>                | 267    | 270    | 275    | 275    | 277    | 279    | 275    | 285    | 297    | 315    | 335    | 354    | 369    | 399    | 416    | 439    | 458    | 473    | 475    | 488    | 511    | 542    | 549    | 571    | 591    | 605    | 613    | 621    | 628    |        |
| <b>Supply/Demand</b>         | 304%   | 0.9%   | 1.3%   | 1.8%   | 0.6%   | 0.6%   | 0.9%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   | 1.5%   |        |
| <b>Utilization</b>           | 84%    | 86%    | 84%    | 81%    | 89%    | 89%    | 84%    | 90%    | 95%    | 94%    | 93%    | 91%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    | 95%    |
| <b>Oil Tankers (TCEd)</b>    | 16,589 | 20,175 | 16,736 | 12,306 | 27,563 | 27,802 | 16,397 | 29,047 | 44,444 | 40,162 | 36,391 | 32,769 | 43,115 | 12,734 | 15,537 | 12,007 | 12,589 | 13,656 | 17,930 | 31,056 | 18,047 | 11,655 | 11,216 | 22,168 | 25,245 | 12,119 | 21,048 | 24,613 | 28,673 | 32,553 |
| <b>VLCC, spot (TCEd)</b>     | 20,175 | 16,736 | 12,306 | 27,563 | 27,802 | 16,397 | 29,047 | 44,444 | 40,162 | 36,391 | 32,769 | 43,115 | 12,734 | 15,537 | 12,007 | 12,589 | 13,656 | 17,930 | 31,056 | 18,047 | 11,655 | 11,216 | 22,168 | 25,245 | 12,119 | 21,048 | 24,613 | 28,673 | 32,553 |        |
| <b>Suezmax, spot (TCEd)</b>  | 22,886 | 16,334 | 16,334 | 55,440 | 38,823 | 23,293 | 52,453 | 69,389 | 44,864 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 | 54,517 |
| <b>MR, spot (TCEd)</b>       | 16,334 | 55,440 | 45,506 | 33,865 | 19,765 | 41,648 | 69,389 | 44,864 | 25,543 | 23,669 | 21,468 | 14,278 | 9,176  | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 | 10,692 |
| <b>VLCC, 5y (USDm)</b>       | 51     | 53     | 53     | 66     | 66     | 66     | 61     | 61     | 116    | 119    | 119    | 126    | 142    | 85     | 62     | 54     | 45     | 56     | 74     | 81     | 68     | 62     | 62     | 62     | 62     | 62     | 62     | 62     | 62     | 62     |
| <b>Suezmax, 5y (USDm)</b>    | 37     | 36     | 36     | 44     | 45     | 45     | 44     | 48     | 62     | 65     | 65     | 68     | 71     | 44     | 44     | 39     | 31     | 29     | 39     | 46     | 48     | 49     | 49     | 49     | 49     | 49     | 49     | 49     | 49     | 49     |
| <b>MR, 5y (USDm)</b>         | 26     | 25     | 25     | 33     | 33     | 33     | 33     | 33     | 44     | 44     | 44     | 47     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     | 50     |
| <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    | 107    |
| <b>Share Index</b>           | 7%     | 12%    | 16%    | 14%    | 15%    | 20%    | 22%    | 23%    | 28%    | 28%    | 38%    | 45%    | 48%    | 38%    | 31%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    |
| <b>Sum during period</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    | 107    |
| <b>Average during period</b> | 7%     | 12%    | 16%    | 14%    | 15%    | 20%    | 22%    | 23%    | 28%    | 28%    | 38%    | 45%    | 48%    | 38%    | 31%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    | 24%    |

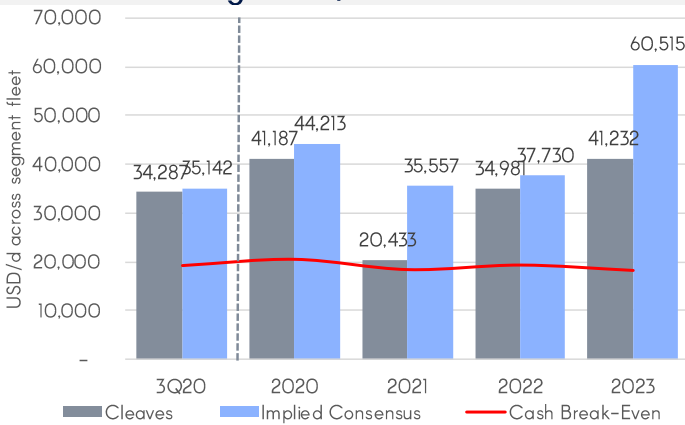


## Peer Group

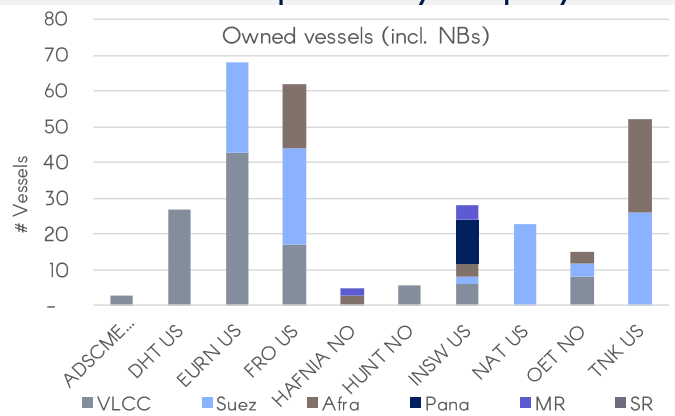
| Company   | M.cap | Turnover | Return ly | Rec. | Target Price | Last Price | Target/Price | NAV /sh | Now  | P/NAV ly fwd | $\epsilon$ | EV/GAV | adj. equity | $\tau$ |
|-----------|-------|----------|-----------|------|--------------|------------|--------------|---------|------|--------------|------------|--------|-------------|--------|
| ADSCME NO | 48    | 0.2      | -16%      | HOLD | 19           | 18.8       | 1%           | 26      | 0.71 | 0.68         | 0.38       | 0.49   | 126%        | 1.00   |
| DHT US    | 878   | 15.9     | -18%      | HOLD | 4.6          | 5.1        | -11%         | 5.9     | 0.86 | 0.82         | 1.36       | 0.91   | 61%         | 0.77   |
| EURN US   | 1,905 | 14.7     | -10%      | HOLD | 7.5          | 8.7        | -13%         | 9.4     | 0.92 | 0.89         | 1.57       | 1.00   | 48%         | 0.81   |
| FRO US    | 1,319 | 15.5     | -30%      | SELL | 4.0          | 6.7        | -40%         | 5.6     | 1.19 | 1.32         | 2.82       | 1.06   | 29%         | 0.91   |
| HAFNIA NO | 565   | 0.2      |           | HOLD | 12           | 14.1       | -15%         | 27      | 0.53 | 0.58         | 1.93       | 0.79   | 41%         | 0.96   |
| HUNT NO   | 204   | 0.6      | -35%      | HOLD | 3.0          | 3.3        | -8%          | 5       | 0.69 | 0.69         | 2.07       | 0.86   | 46%         | 0.85   |
| INSW US   | 425   | 3.5      | -41%      | HOLD | 14.0         | 15.2       | -8%          | 29.4    | 0.52 | 0.62         | 1.25       | 0.71   | 56%         | 0.92   |
| NAT US    | 533   | 13.3     | -6%       | SELL | 1.5          | 3.6        | -58%         | 2.6     | 1.37 | 1.60         | 1.87       | 1.18   | 43%         | 1.00   |
| OET NO    | 202   | 0.3      | -30%      | SELL | 40           | 56.8       | -30%         | 89      | 0.63 | 0.80         | 3.50       | 0.90   | 27%         | 0.54   |
| TNK US    | 363   | 8.8      | -33%      | BUY  | 14.0         | 10.8       | 30%          | 27.9    | 0.39 | 0.45         | 1.51       | 0.68   | 50%         | 0.93   |
| Average   | 644   |          | -24%      |      |              |            | -15%         |         | 0.78 | 0.85         | 1.83       | 0.86   | 53%         | 0.87   |
| Median    | 479   |          | -30%      |      |              |            | -12%         |         | 0.70 | 0.74         | 1.72       | 0.88   | 47%         | 0.92   |

| Company   | EV/EBITDA |      |      | P/E  |      |      | Dividend yield |      |      | FCF yield |      |      |
|-----------|-----------|------|------|------|------|------|----------------|------|------|-----------|------|------|
|           | 2020      | 2021 | 2022 | 2020 | 2021 | 2022 | 2020           | 2021 | 2022 | 2020      | 2021 | 2022 |
| ADSCME NO | 0.2       | 3.0  | 0.4  | 2.4  |      | 11.1 | 29%            | 4%   | 11%  | 175%      | 4%   | 21%  |
| DHT US    | 3.0       | 7.8  | 2.8  | 3.1  |      | 4.5  | 24%            | 3%   | 5%   | 48%       | 14%  | 35%  |
| EURN US   | 3.2       | 12.2 | 3.5  | 3.5  |      | 5.3  | 22%            | 1%   | 4%   | 41%       | -1%  | 35%  |
| FRO US    | 4.6       | 14.9 | 5.4  | 2.7  |      | 4.2  | 27%            | 1%   | 5%   | -5%       | 1%   | 35%  |
| HAFNIA NO | 5.4       | 18.7 | 5.4  | 4.5  |      | 6.5  | 17%            | 0%   | 0%   | 43%       | 9%   | 38%  |
| HUNT NO   | 5.5       | 8.2  | 3.9  | 3.2  | 7.8  | 2.8  | 0%             | 0%   | 10%  | -96%      | 23%  | 46%  |
| INSW US   | 3.6       | 16.6 | 3.5  | 3.0  |      | 4.0  | 2%             | 2%   | 4%   | 44%       | 4%   | 41%  |
| NAT US    | 4.7       | 19.0 | 4.4  | 7.4  |      | 7.3  | 12%            | 1%   | 4%   | 23%       | -4%  | 14%  |
| OET NO    | 5.5       | 9.1  | 4.8  | 2.0  | 9.9  | 2.2  | 20%            | 0%   | 3%   | -23%      | 33%  | 68%  |
| TNK US    | 2.5       | 10.6 | 2.0  | 1.8  |      | 2.3  | 0%             | 0%   | 0%   | 132%      | 8%   | 77%  |
| Average   | 3.8       | 12.0 | 3.6  | 3.3  | 8.8  | 5.0  | 15%            | 1%   | 5%   | 38%       | 9%   | 41%  |
| Median    | 3.8       | 12.0 | 3.6  | 3.3  | 8.8  | 5.0  | 15%            | 1%   | 5%   | 38%       | 9%   | 41%  |

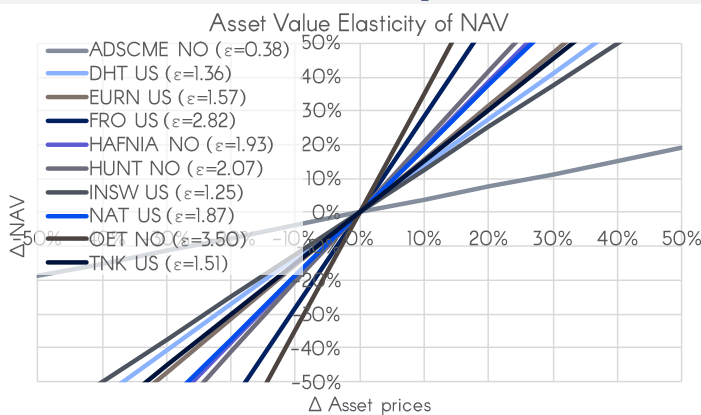
### Cleaves' average TCE/d forecast vs consensus



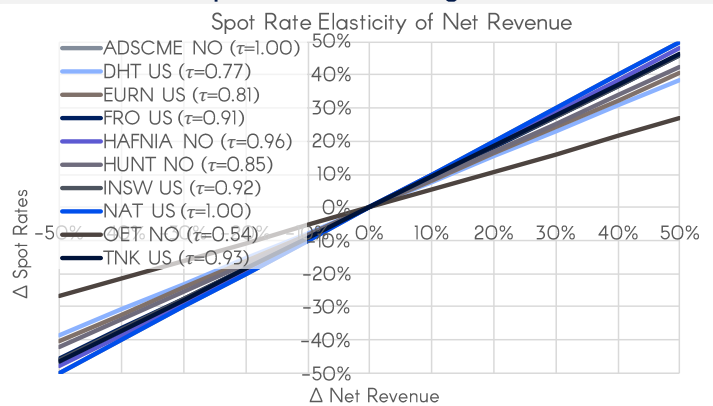
### Fleet composition by company



### Financial leverage ( $\epsilon$ )

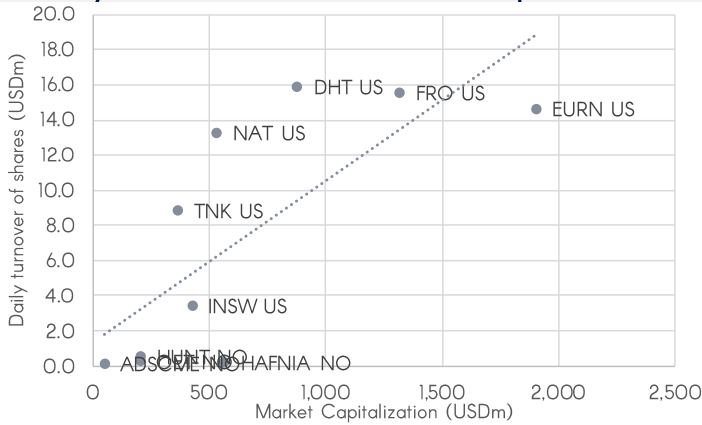


### Operational leverage ( $\tau$ )

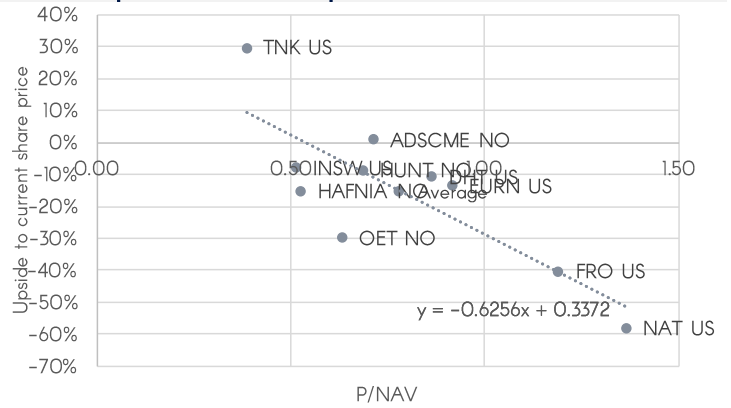




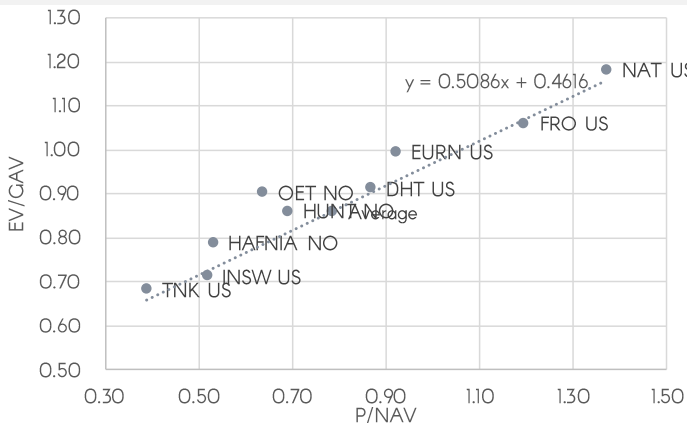
### Daily share turnover vs market capitalization



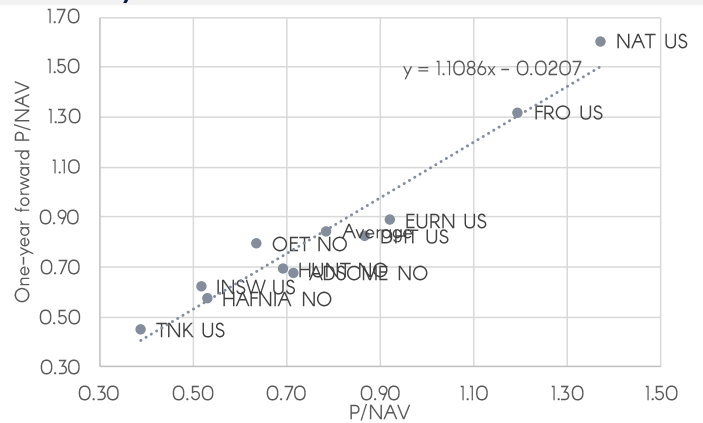
### Upside to share price current P/NAV



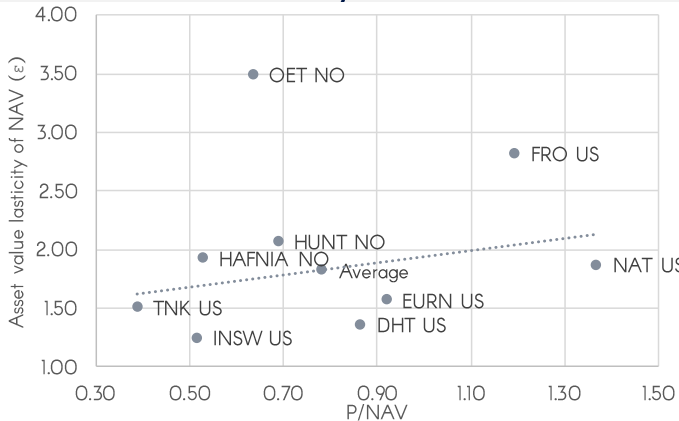
### EV/GAV vs P/NAV



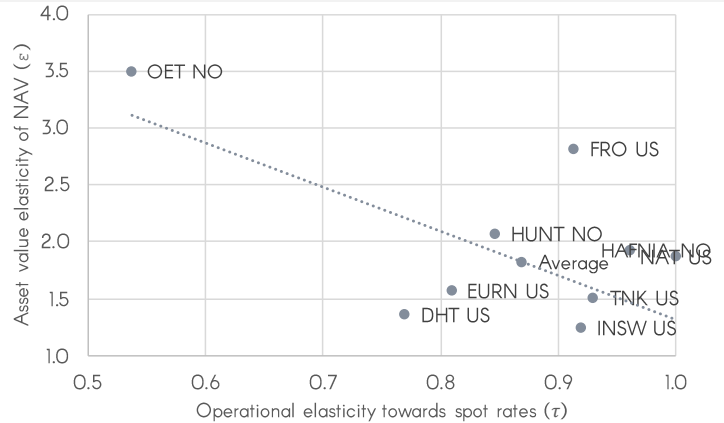
### One-year forward P/NAV vs current P/NAV



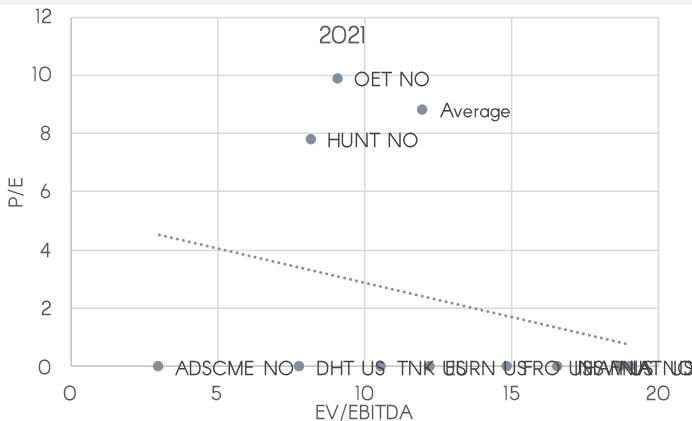
### Asset value elasticity of NAV vs P/NAV



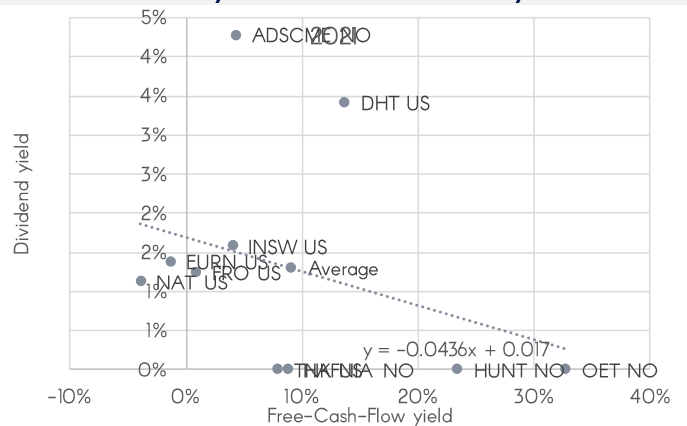
### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA



### Dividend yield vs free cash flow yield





## Company Financials (annually)

### Profit & Loss

| P&L       | TCE Revenue |      |      |       | EBITDA |      |      |      | EBIT |      |      |      | Net Profit |      |      |      |
|-----------|-------------|------|------|-------|--------|------|------|------|------|------|------|------|------------|------|------|------|
|           | 2020        | 2021 | 2022 | 2023  | 2020   | 2021 | 2022 | 2023 | 2020 | 2021 | 2022 | 2023 | 2020       | 2021 | 2022 | 2023 |
| USDm      |             |      |      |       |        |      |      |      |      |      |      |      |            |      |      |      |
| ADSCME NO | 47          | 7    | 15   | 18    | 37     | 3    | 11   | 14   | 23   | -3   | 5    | 8    | 20         | -3   | 4    | 7    |
| DHT US    | 545         | 256  | 441  | 524   | 448    | 158  | 343  | 427  | 325  | 37   | 222  | 305  | 284        | 8    | 195  | 282  |
| EURN US   | 1,151       | 518  | 944  | 1,122 | 873    | 241  | 676  | 854  | 552  | -77  | 387  | 565  | 503        | -136 | 333  | 516  |
| FRO US    | 920         | 440  | 753  | 871   | 701    | 224  | 538  | 655  | 561  | 73   | 384  | 502  | 493        | 2    | 316  | 438  |
| HAFNIA NO | 611         | 388  | 580  | 655   | 326    | 95   | 286  | 361  | 171  | -62  | 129  | 204  | 125        | -107 | 86   | 165  |
| HUNT NO   | 110         | 77   | 123  | 144   | 97     | 59   | 105  | 126  | 81   | 38   | 83   | 104  | 65         | 26   | 73   | 95   |
| INSW US   | 411         | 199  | 337  | 395   | 233    | 50   | 192  | 250  | 158  | -27  | 114  | 172  | 141        | -37  | 107  | 169  |
| NAT US    | 254         | 127  | 266  | 319   | 171    | 43   | 177  | 230  | 105  | -22  | 107  | 159  | 72         | -53  | 73   | 128  |
| OET NO    | 233         | 156  | 224  | 265   | 186    | 105  | 173  | 214  | 144  | 59   | 127  | 168  | 102        | 20   | 92   | 136  |
| TNK US    | 602         | 319  | 521  | 610   | 334    | 78   | 287  | 375  | 216  | -41  | 168  | 257  | 172        | -82  | 134  | 229  |
| Average   | 488         | 249  | 420  | 492   | 341    | 106  | 279  | 351  | 234  | -2   | 173  | 244  | 198        | -36  | 141  | 216  |

### Balance Sheet

| BS        | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |       | Total Assets |       |       |       | Total Equity |       |       |       |
|-----------|-------------------------------|-------|-------|-------|-----------|------|------|-------|--------------|-------|-------|-------|--------------|-------|-------|-------|
|           | 2020                          | 2021  | 2022  | 2023  | 2020      | 2021 | 2022 | 2023  | 2020         | 2021  | 2022  | 2023  | 2020         | 2021  | 2022  | 2023  |
| USDm      |                               |       |       |       |           |      |      |       |              |       |       |       |              |       |       |       |
| ADSCME NO | 17                            | 11    | 6     | 0     | 48        | 48   | 52   | 54    | 73           | 68    | 67    | 63    | 60           | 54    | 54    | 49    |
| DHT US    | 1,497                         | 1,385 | 1,273 | 1,161 | 73        | 156  | 348  | 513   | 1,703        | 1,674 | 1,755 | 1,807 | 1,120        | 1,097 | 1,244 | 1,362 |
| EURN US   | 3,043                         | 2,930 | 2,641 | 2,352 | 255       | 282  | 715  | 1,054 | 3,992        | 3,907 | 4,051 | 4,101 | 2,446        | 2,286 | 2,547 | 2,706 |
| FRO US    | 3,325                         | 3,315 | 3,170 | 3,024 | 155       | 162  | 453  | 559   | 3,915        | 3,913 | 4,058 | 4,018 | 1,633        | 1,619 | 1,872 | 2,039 |
| HAFNIA NO | 2,089                         | 1,933 | 1,804 | 1,647 | 78        | 58   | 202  | 286   | 2,569        | 2,393 | 2,409 | 2,335 | 1,138        | 1,031 | 1,116 | 1,211 |
| HUNT NO   | 591                           | 569   | 547   | 526   | 38        | 62   | 113  | 163   | 645          | 648   | 678   | 706   | 276          | 302   | 356   | 407   |
| INSW US   | 1,257                         | 1,203 | 1,137 | 1,060 | 153       | 133  | 221  | 315   | 1,725        | 1,652 | 1,674 | 1,690 | 1,097        | 1,054 | 1,146 | 1,244 |
| NAT US    | 850                           | 819   | 816   | 745   | 95        | 47   | 124  | 269   | 999          | 920   | 993   | 1,068 | 589          | 531   | 584   | 679   |
| OET NO    | 1,196                         | 1,150 | 1,105 | 1,059 | 22        | 33   | 75   | 112   | 1,266        | 1,231 | 1,227 | 1,219 | 401          | 421   | 506   | 539   |
| TNK US    | 1,620                         | 1,513 | 1,406 | 1,300 | 189       | 176  | 372  | 523   | 2,035        | 1,915 | 2,005 | 2,049 | 1,176        | 1,094 | 1,228 | 1,379 |
| Average   | 1,548                         | 1,483 | 1,391 | 1,287 | 110       | 116  | 268  | 385   | 1,892        | 1,832 | 1,892 | 1,905 | 994          | 949   | 1,065 | 1,162 |

### Cash Flow

| CF        | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|-----------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
|           | 2020               | 2021 | 2022 | 2023 | 2020           | 2021 | 2022 | 2023 | 2020          | 2021 | 2022 | 2023 | 2021   | 2022   | 2021     | 2022   |
| USDm      |                    |      |      |      |                |      |      |      |               |      |      |      |        |        |          |        |
| ADSCME NO | 41                 | 2    | 10   | 13   | 83             | 2    | 10   | 13   | 41            | 0    | 5    | 1    | 21,050 | 42,889 | 14,807   | 14,833 |
| DHT US    | 441                | 129  | 316  | 403  | 424            | 119  | 306  | 394  | 6             | 83   | 193  | 164  | 26,753 | 45,993 | 13,605   | 19,409 |
| EURN US   | 810                | 182  | 622  | 805  | 721            | -23  | 622  | 805  | 35            | 28   | 433  | 339  | 20,782 | 39,701 | 20,626   | 18,950 |
| FRO US    | 625                | 153  | 469  | 592  | -60            | 12   | 461  | 584  | -22           | 7    | 291  | 105  | 19,027 | 32,183 | 21,388   | 21,029 |
| HAFNIA NO | 291                | 49   | 244  | 323  | 243            | 49   | 215  | 323  | -14           | -20  | 144  | 84   | 11,298 | 16,862 | 14,283   | 14,216 |
| HUNT NO   | 77                 | 48   | 94   | 116  | -196           | 48   | 94   | 116  | -15           | 24   | 51   | 50   | 30,142 | 47,889 | 20,689   | 20,308 |
| INSW US   | 194                | 40   | 184  | 246  | 187            | 17   | 173  | 246  | 19            | -20  | 88   | 94   | 16,739 | 28,785 | 21,086   | 20,210 |
| NAT US    | 135                | 13   | 143  | 199  | 123            | -21  | 76   | 199  | 34            | -48  | 77   | 145  | 15,573 | 30,165 | 16,100   | 19,837 |
| OET NO    | 137                | 66   | 137  | 181  | -47            | 66   | 137  | 181  | 7             | 11   | 42   | 38   | 25,924 | 37,115 | 25,782   | 28,194 |
| TNK US    | 344                | 36   | 252  | 347  | 414            | 25   | 240  | 335  | 96            | -13  | 196  | 150  | 17,045 | 28,232 | 16,677   | 16,791 |
| Average   | 310                | 72   | 247  | 323  | 189            | 29   | 234  | 320  | 19            | 5    | 152  | 117  | 20,433 | 34,981 | 18,504   | 19,378 |



## Company Financials (quarterly estimates)

### Profit & Loss

| P&L       | TCE Revenue |      |      |      | EBITDA |      |      |      | EBIT |      |      |      | Net Profit |      |      |      |
|-----------|-------------|------|------|------|--------|------|------|------|------|------|------|------|------------|------|------|------|
|           | 3Q20        | 4Q20 | 1Q21 | 2Q21 | 3Q20   | 4Q20 | 1Q21 | 2Q21 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q20       | 4Q20 | 1Q21 | 2Q21 |
| USDm      |             |      |      |      |        |      |      |      |      |      |      |      |            |      |      |      |
| ADSCME NO | 11          | 1    | 2    | 1    | 8      | 0    | 1    | 0    | 4    | -2   | -1   | -1   | 3          | -2   | -1   | -1   |
| DHT US    | 111         | 78   | 80   | 51   | 87     | 54   | 56   | 27   | 56   | 24   | 26   | -4   | 47         | 16   | 19   | -11  |
| EURN US   | 222         | 141  | 135  | 111  | 155    | 72   | 67   | 42   | 76   | -7   | -12  | -38  | 62         | -21  | -27  | -53  |
| FRO US    | 194         | 137  | 117  | 94   | 137    | 79   | 62   | 42   | 100  | 43   | 25   | 5    | 82         | 25   | 8    | -13  |
| HAFNIA NO | 110         | 101  | 100  | 90   | 37     | 27   | 27   | 17   | -2   | -12  | -12  | -22  | -14        | -24  | -23  | -33  |
| HUNT NO   | 35          | 26   | 21   | 18   | 31     | 22   | 16   | 13   | 26   | 16   | 11   | 8    | 22         | 12   | 8    | 5    |
| INSW US   | 88          | 68   | 54   | 44   | 46     | 27   | 17   | 6    | 27   | 8    | -2   | -13  | 24         | 5    | -5   | -15  |
| NAT US    | 44          | 30   | 33   | 27   | 23     | 10   | 13   | 6    | 6    | -7   | -3   | -10  | -2         | -15  | -11  | -18  |
| OET NO    | 46          | 44   | 39   | 37   | 35     | 31   | 26   | 24   | 25   | 20   | 15   | 13   | 15         | 9    | 5    | 3    |
| TNK US    | 102         | 93   | 94   | 70   | 35     | 26   | 32   | 9    | 6    | -3   | 3    | -20  | -6         | -14  | -8   | -31  |
| Average   | 96          | 72   | 67   | 54   | 59     | 35   | 32   | 19   | 32   | 8    | 5    | -8   | 23         | -1   | -3   | -17  |

### Balance Sheet

| BS        | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |      | Total Assets |       |       |       | Total Equity |       |       |       |
|-----------|-------------------------------|-------|-------|-------|-----------|------|------|------|--------------|-------|-------|-------|--------------|-------|-------|-------|
|           | 3Q20                          | 4Q20  | 1Q21  | 2Q21  | 3Q20      | 4Q20 | 1Q21 | 2Q21 | 3Q20         | 4Q20  | 1Q21  | 2Q21  | 3Q20         | 4Q20  | 1Q21  | 2Q21  |
| USDm      |                               |       |       |       |           |      |      |      |              |       |       |       |              |       |       |       |
| ADSCME NO | 44                            | 17    | 15    | 14    | 33        | 48   | 48   | 47   | 86           | 73    | 72    | 70    | 63           | 60    | 59    | 57    |
| DHT US    | 1,525                         | 1,497 | 1,469 | 1,441 | 115       | 73   | 107  | 110  | 1,773        | 1,703 | 1,710 | 1,684 | 1,135        | 1,120 | 1,128 | 1,104 |
| EURN US   | 3,078                         | 3,043 | 3,168 | 3,089 | 281       | 255  | 238  | 203  | 4,054        | 3,992 | 4,101 | 3,987 | 2,517        | 2,446 | 2,413 | 2,354 |
| FRO US    | 3,350                         | 3,325 | 3,360 | 3,322 | 197       | 155  | 132  | 201  | 3,983        | 3,915 | 3,928 | 3,959 | 1,649        | 1,633 | 1,628 | 1,611 |
| HAFNIA NO | 2,123                         | 2,089 | 2,050 | 2,011 | 98        | 78   | 102  | 65   | 2,623        | 2,569 | 2,554 | 2,478 | 1,162        | 1,138 | 1,115 | 1,082 |
| HUNT NO   | 596                           | 591   | 585   | 580   | 31        | 38   | 45   | 50   | 644          | 645   | 647   | 646   | 264          | 276   | 284   | 289   |
| INSW US   | 1,316                         | 1,257 | 1,243 | 1,230 | 132       | 153  | 140  | 116  | 1,763        | 1,725 | 1,698 | 1,661 | 1,094        | 1,097 | 1,091 | 1,074 |
| NAT US    | 867                           | 850   | 846   | 829   | 100       | 95   | 82   | 73   | 1,021        | 999   | 981   | 957   | 606          | 589   | 577   | 557   |
| OET NO    | 1,204                         | 1,196 | 1,185 | 1,173 | 24        | 22   | 21   | 33   | 1,276        | 1,266 | 1,254 | 1,254 | 392          | 401   | 406   | 409   |
| TNK US    | 1,646                         | 1,620 | 1,593 | 1,566 | 185       | 189  | 199  | 185  | 2,058        | 2,035 | 2,018 | 1,978 | 1,190        | 1,176 | 1,168 | 1,138 |
| Average   | 1,575                         | 1,548 | 1,551 | 1,526 | 120       | 110  | 111  | 108  | 1,928        | 1,892 | 1,896 | 1,868 | 1,007        | 994   | 987   | 968   |

### Cash Flow

| CF        | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|-----------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
|           | 3Q20               | 4Q20 | 1Q21 | 2Q21 | 3Q20           | 4Q20 | 1Q21 | 2Q21 | 3Q20          | 4Q20 | 1Q21 | 2Q21 | 4Q20   | 1Q21   | 4Q20     | 1Q21   |
| USDm      |                    |      |      |      |                |      |      |      |               |      |      |      |        |        |          |        |
| ADSCME NO | 7                  | 0    | 1    | 0    | 32             | 25   | 1    | 0    | 14            | 15   | 0    | 0    | 15,688 | 21,503 | 14,950   | 14,859 |
| DHT US    | 78                 | 46   | 49   | 19   | 75             | 44   | 46   | 17   | -23           | -42  | 34   | 3    | 32,567 | 33,951 | 19,654   | 13,663 |
| EURN US   | 142                | 58   | 53   | 26   | 142            | 13   | -152 | 26   | 1             | -27  | -17  | -34  | 23,163 | 22,352 | 22,912   | 22,827 |
| FRO US    | 118                | 62   | 45   | 24   | 107            | 50   | -27  | 24   | -44           | -43  | -22  | 69   | 23,209 | 20,659 | 21,554   | 21,883 |
| HAFNIA NO | 25                 | 15   | 16   | 6    | 5              | 10   | 16   | 6    | -50           | -21  | 24   | -36  | 11,621 | 11,816 | 13,522   | 14,411 |
| HUNT NO   | 27                 | 18   | 13   | 10   | -79            | 18   | 13   | 10   | 14            | 7    | 7    | 5    | 40,794 | 32,931 | 20,204   | 21,220 |
| INSW US   | 42                 | 24   | 14   | 4    | 23             | 65   | 8    | -2   | 4             | 21   | -13  | -24  | 23,423 | 18,147 | 28,886   | 21,217 |
| NAT US    | 15                 | 2    | 5    | -2   | 4              | 2    | -6   | -2   | -32           | -5   | -13  | -8   | 14,816 | 16,635 | 16,140   | 16,285 |
| OET NO    | 25                 | 21   | 17   | 14   | -40            | 18   | 17   | 14   | -5            | -2   | -1   | 12   | 28,845 | 26,297 | 27,365   | 26,061 |
| TNK US    | 24                 | 15   | 22   | -1   | 21             | 12   | 19   | -4   | 13            | 4    | 10   | -13  | 18,842 | 19,932 | 16,756   | 16,873 |
| Average   | 50                 | 26   | 23   | 10   | 29             | 26   | -7   | 9    | -11           | -9   | 1    | -3   | 23,297 | 22,422 | 20,194   | 18,930 |



## LNG Carriers: Quarterly Strength, Then Headwinds

### The quarter in review

Net supply growth of 1.6% q/q (4.6% y/y) in 3Q20 was below our 2.5% [forecast from July](#), mainly as deliveries slipped into 4Q and 1Q. Gross deliveries of 1.7m cbm in the quarter was below our forecast (2.3m), while zero vessels scrapped compares with our 68k cbm forecast. Newbuild contracting surged in the quarter, including 1.7m cbm ordered towards Arctic LNG 2 Trains 1-3 with expected delivery between 2023 and 2026. Total contracting in the quarter was 2.8m cbm (vs our 1.1m cbm forecast). The orderbook thus grew from 20.4m cbm (22.5% of fleet) as of end 2Q20 to 21.3m cbm (23.0% of fleet) as of now.

We estimate demand growth q/q at 5.1% (vs our 6.8% forecast), but -4.4% y/y. Demand in the quarter was negatively impacted by an active hurricane season in the US Gulf, disrupting US LNG exports.

The net effect was a fleet utilization of 76.1% (76.7% forecast), +2.5%p q/q & -7.2%p y/y. The average spot earnings for a TFDE vessel was \$41k/d in the quarter, just 4% below our forecast (+19% q/q, -37% y/y), while MEGl/XDF spot rates of \$53k/d was only 1% below our forecast (+21% q/q, -30% y/y).

| kcbm                                     | 2019-Q3       | 2020-Q2       | New<br>2020-Q3 | Old<br>2020-Q3 | $\Delta$       | $\Delta$ %   |
|------------------------------------------|---------------|---------------|----------------|----------------|----------------|--------------|
| Deliveries <sup>1</sup>                  | 2,631         | 1,775         | 1,744          | 2,319          | (576)          | -25%         |
| Scrapping <sup>1</sup>                   | -             | (260)         | -              | (68)           | 68             | -100%        |
| Contracting <sup>1</sup>                 | 1,254         | 522           | 2,770          | 1,080          | 1,690          | 156%         |
| Other <sup>1</sup>                       | (127)         | (0)           | (274)          | (167)          | (107)          |              |
| <b>Supply<sup>2</sup></b>                | <b>88,223</b> | <b>90,797</b> | <b>92,267</b>  | <b>92,881</b>  | <b>(614)</b>   | <b>-0.7%</b> |
| $\Delta$ q/q                             |               |               | 1.6%           | 2.5%           |                |              |
| $\Delta$ y/y                             |               |               | 4.6%           | 5.4%           |                |              |
| <b>Demand<sup>2</sup></b>                | <b>73,468</b> | <b>66,817</b> | <b>70,215</b>  | <b>71,261</b>  | <b>(1,045)</b> | <b>-1.5%</b> |
| $\Delta$ q/q                             |               |               | 5.1%           | 6.8%           |                |              |
| $\Delta$ y/y                             |               |               | -4.4%          | -2.9%          |                |              |
| <b>Utilization<sup>2</sup></b>           | <b>83.3%</b>  | <b>73.6%</b>  | <b>76.1%</b>   | <b>76.7%</b>   | <b>-0.6%p</b>  |              |
| Steam turbine, spot <sup>2</sup> (TCE/a) | 42,769        | 23,269        | 27,923         | 24,015         | 3,908          | 16%          |
| TFDE, spot <sup>2</sup> (TCE/d)          | 65,269        | 34,615        | 41,115         | 42,869         | (1,753)        | -4%          |
| MEGl/XDF, spot <sup>2</sup> (TCE/d)      | 74,808        | 43,500        | 52,500         | 51,876         | 624            | 1%           |

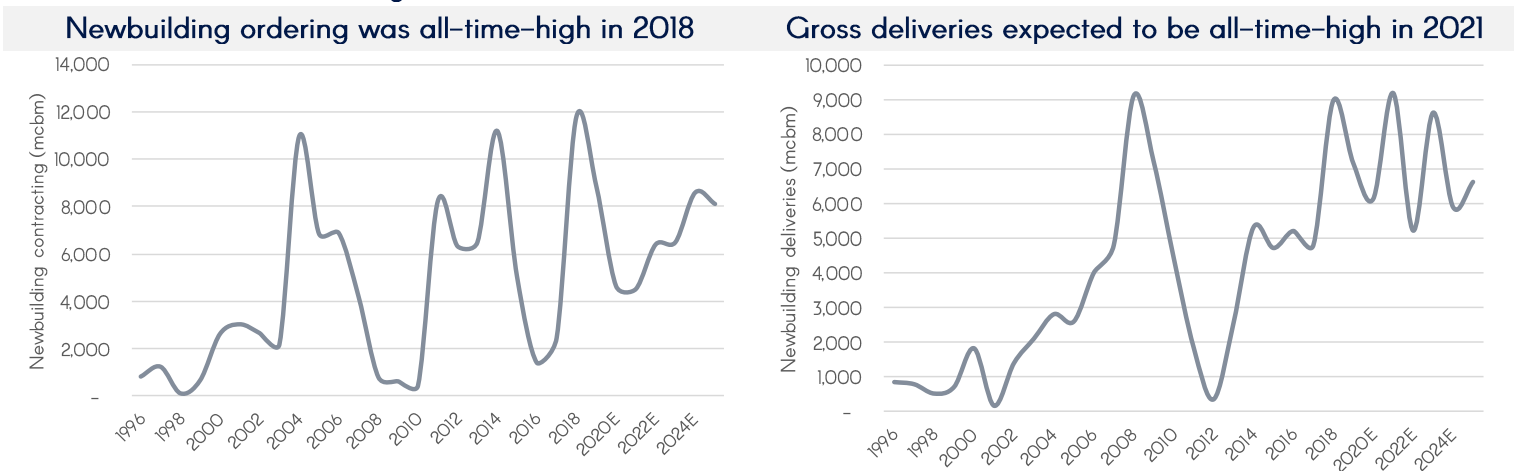
<sup>1</sup>Sum during period <sup>2</sup>Average during period



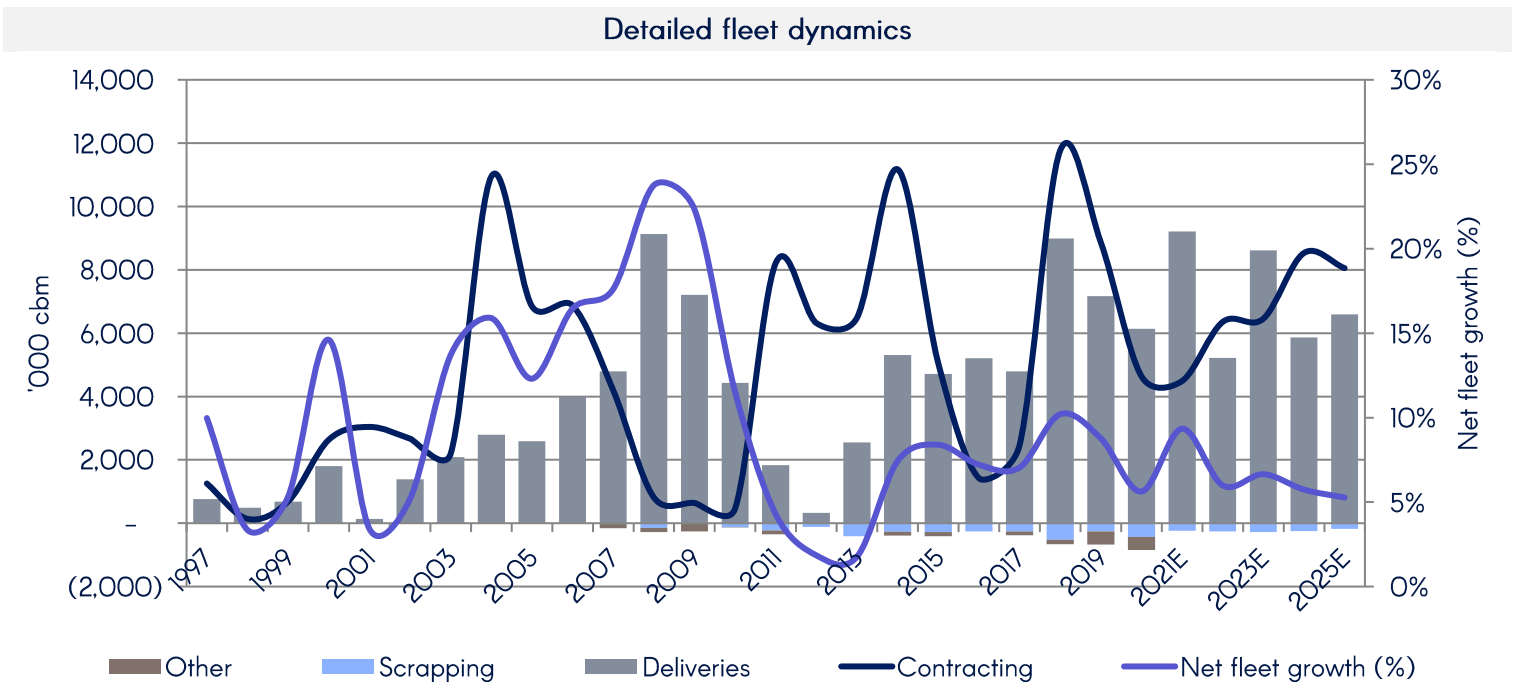
### Market outlook

#### Supply

With a combined 21m cbm of LNG Carrier newbuildings having been contracted in 2018 & 2019 combined (vs current fleet at 92m 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 6% 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.



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.





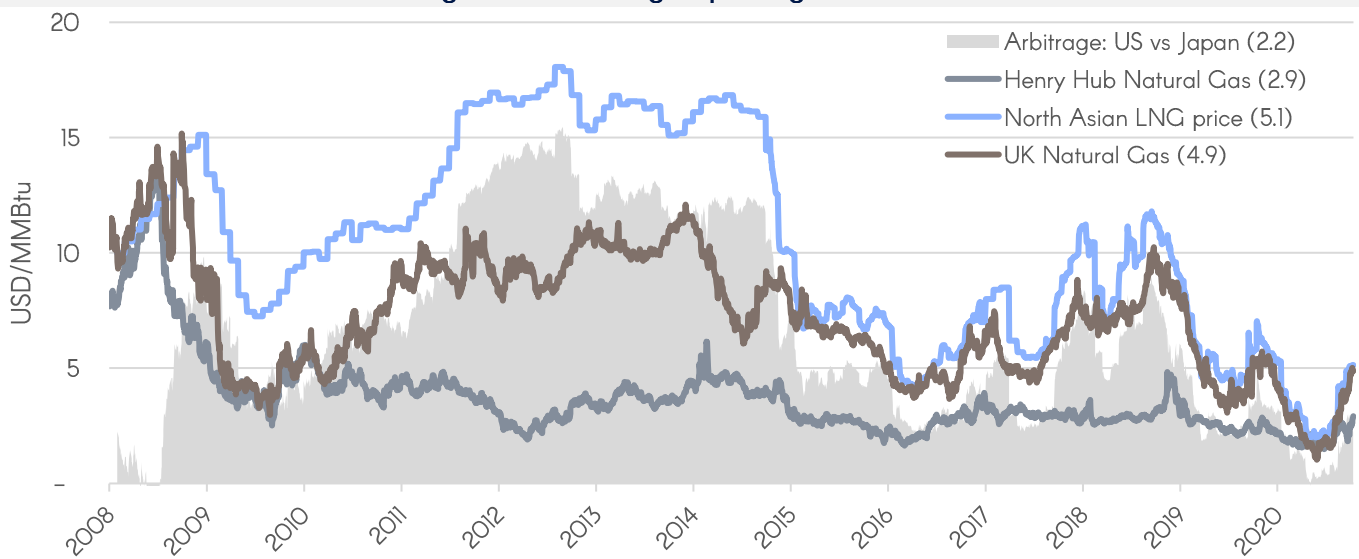


### Demand

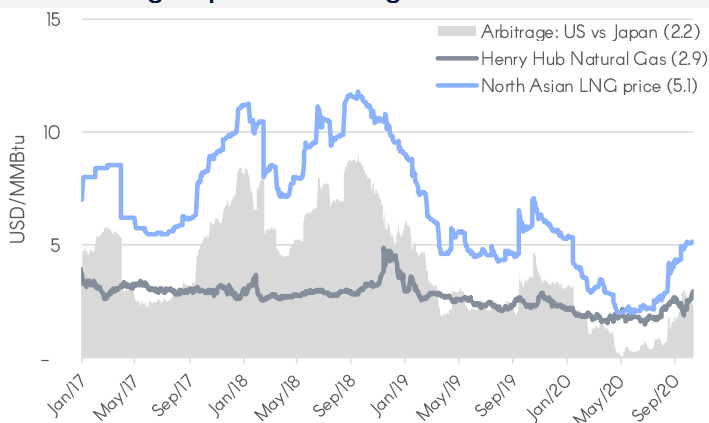
Demand growth for LNG disappointed significantly in 2019, impacted by a decline in average mile per cbm of LNG transported and lower demand in the Far East. The latter was affected by a myriad of events, including warmer than expected weather and the restart of nuclear capacity in Japan. The weak demand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

The situation has however changed so far in 2H20, with LNG prices rising significantly in the Far East and Europe while US natural gas prices have remained low. The La Niña weather pattern is officially underway in the Pacific, expected to bring about an unusually cold winter in the Northern Hemisphere. This will likely drive demand for heating, and thus natural gas consumption. This is also evident in the prompt dated contango structure in the natural gas futures curve at major importers and in the US. This contango could lend near term support to floating storage and slow steaming.

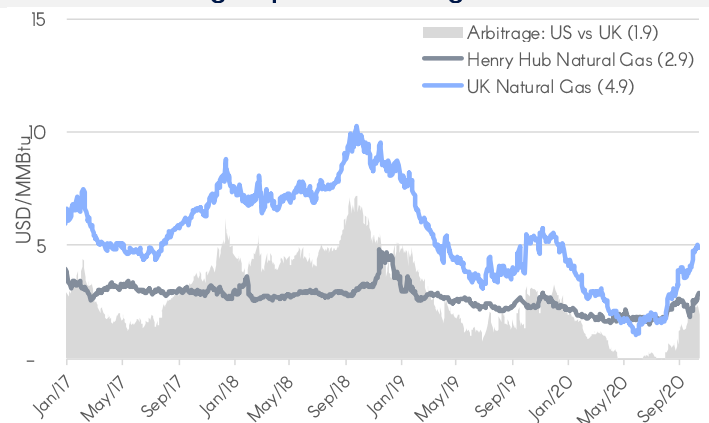
### Regional natural gas pricing since 2008



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



### Natural gas price arbitrage: US vs UK



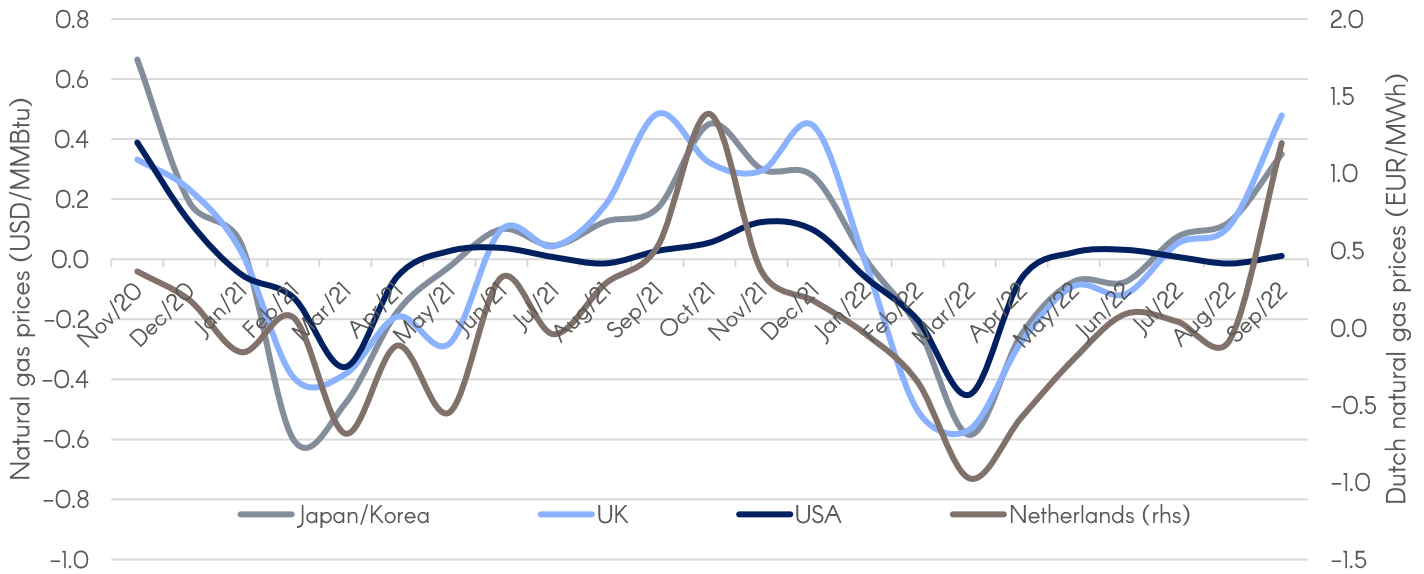


# Cleaves Securities

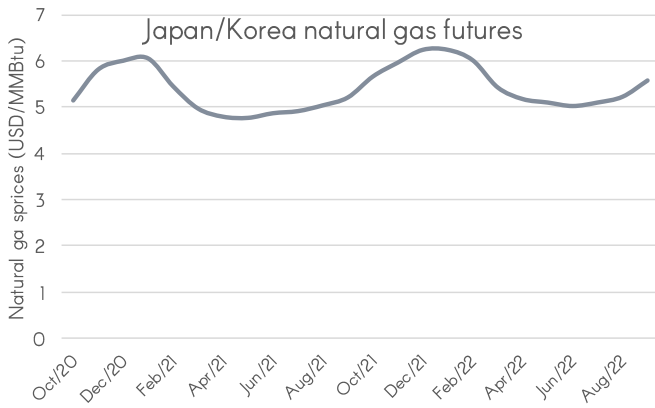
Shipping Quarterly: A Mixed Picture

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

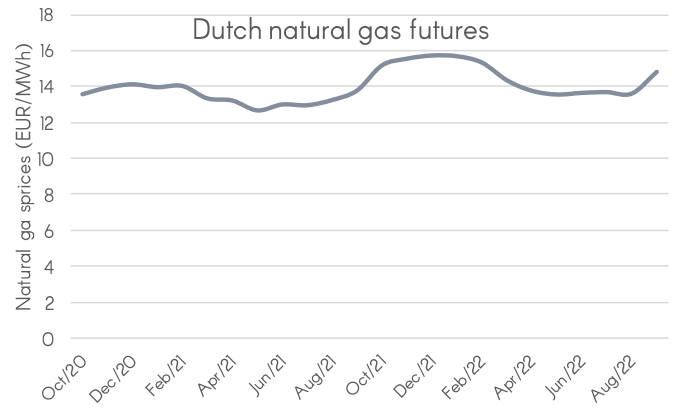
## Natural gas futures curve: $\Delta$ m/m



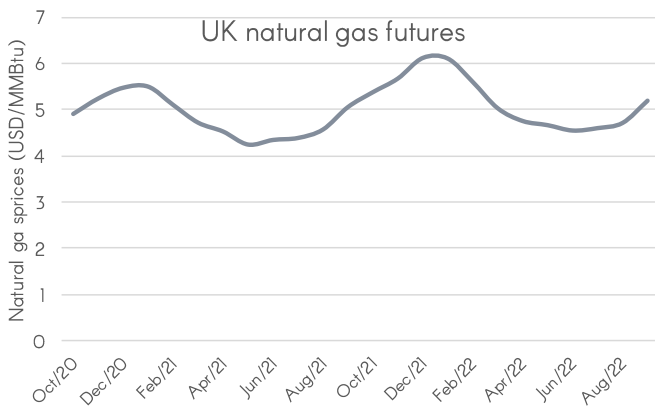
### Natural gas futures curve: Japan/Korea



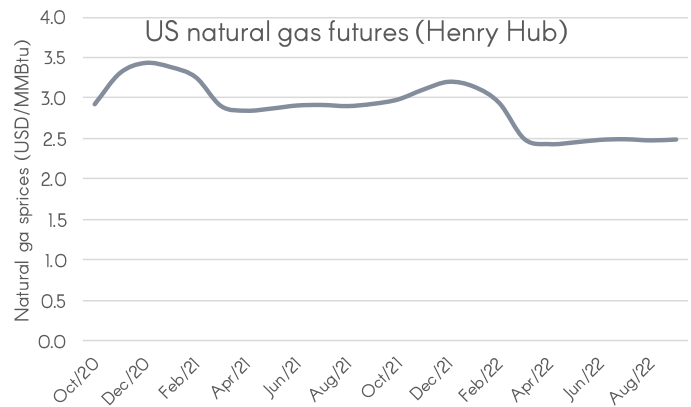
### Natural gas futures curve: Netherlands



### Natural gas futures curve: United Kingdom



### Natural gas futures curve: USA



Looking at the bigger picture, we keep our demand forecast for 2020E close to unchanged from [July](#) at  $-0.2\%$  y/y ( $-0.3\%$  previously). This is down 9%p from our [January](#) forecast due to the COVID-19 outbreak and subsequent collapse in global energy prices. We expect that demand in 2020E troughed at 249bn cubic miles in August ( $-3\%$  y/y), before recovering to 325bn cubic miles by December ( $+10\%$  y/y).

Breaking it down, we forecast LNG exports to total 800m cbm in 2020E ( $+2.9\%$  y/y), with average miles at 4,212 ( $+3.3\%$  y/y). Thus, total weighted cubic mile



# Cleaves Securities

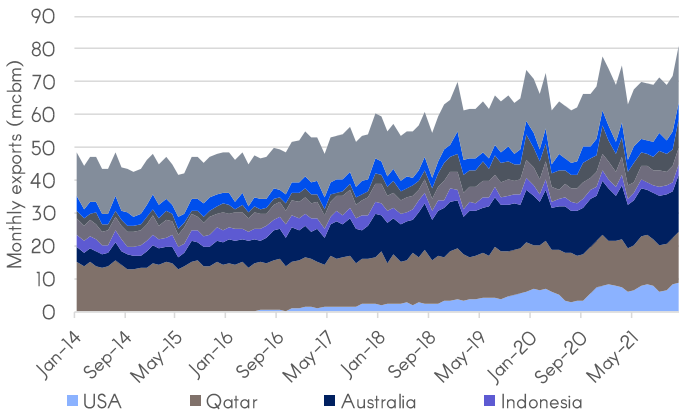
Shipping Quarterly: A Mixed Picture

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

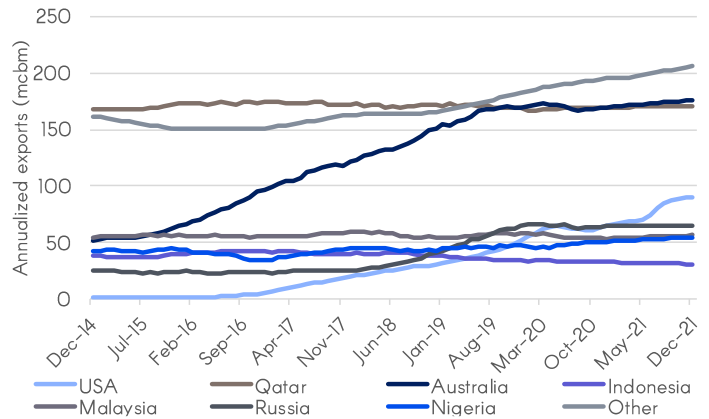
demand rises 6.2% y/y in 2020E from 3,172bn to 3,368bn. This can be separated into 1H20 with 8.2% y/y cubic mile demand growth and 2H20E with 4.2% y/y demand growth.

Looking towards 2021E, we forecast LNG exports to rise to 826m cbm (+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).

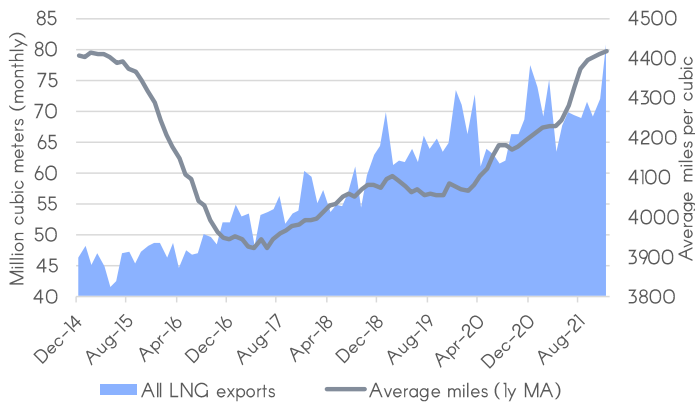
### Global LNG exports by country (monthly)



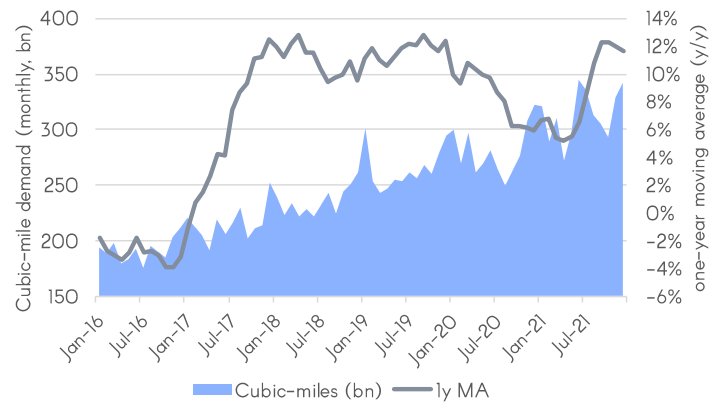
### Global LNG exports by country (annualized)



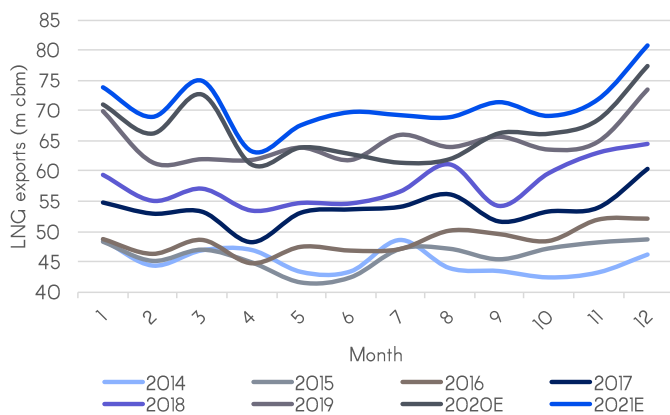
### Global LNG exports & average miles



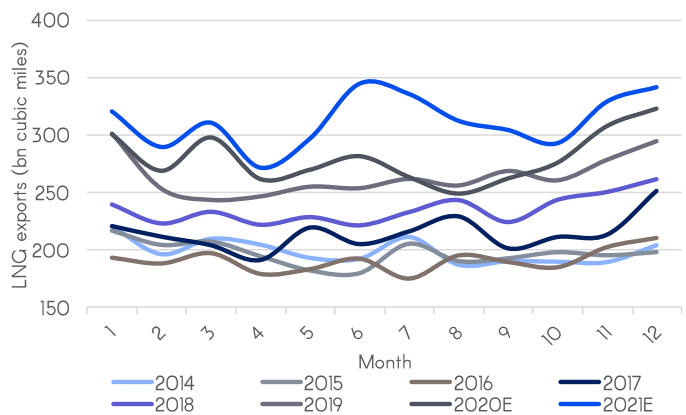
### Global LNG exports (bn cubic miles)



### Global LNG exports (monthly, m cbm)



### Global LNG exports (monthly, bn cubic miles)

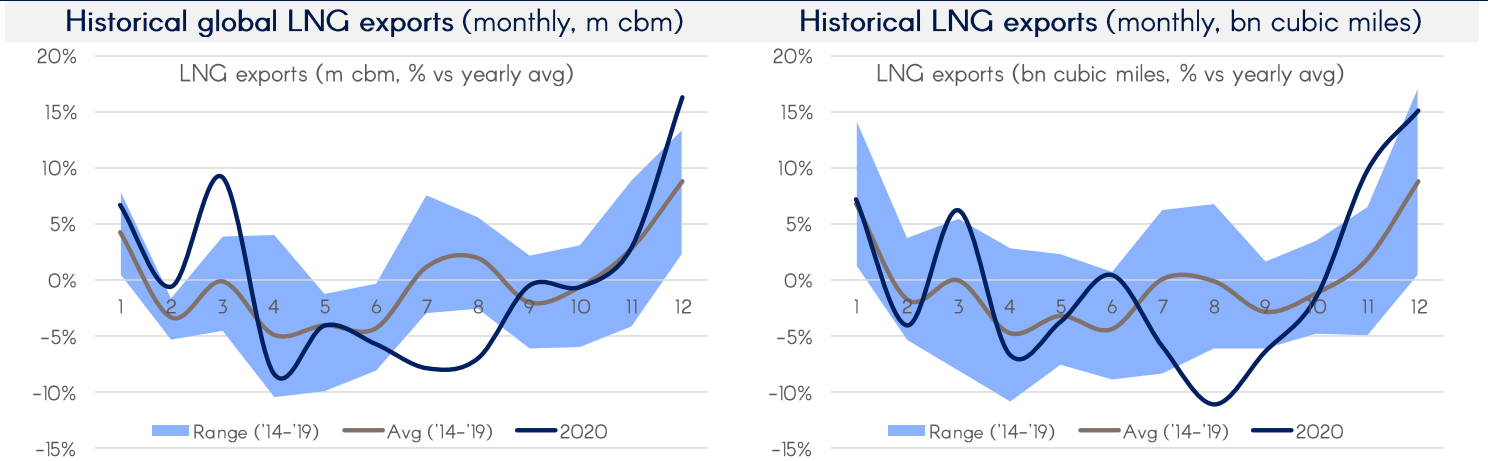




# Cleaves Securities

Shipping Quarterly: A Mixed Picture

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



Looking at the change in expected **new liquefaction projects** from January until 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 174mtpa (-21%) 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 33mtpa since January, implying that the expansion plans have not been cancelled, just postponed.



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

#### New liquefaction projects

| mtpa               | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
| Under construction | 23   | 5    | 17   | 14   | 7    | 37   | 17   | 0    | 0    | 0    | 118 |
| FEED process       | 0    | 0    | 2    | 6    | 128  | 94   | 104  | 31   | 13   | 0    | 378 |
| Proposed           | 0    | 0    | 1    | 3    | 40   | 48   | 94   | 46   | 44   | 39   | 315 |
| SUM                | 23   | 5    | 20   | 23   | 174  | 179  | 215  | 77   | 57   | 39   | 811 |

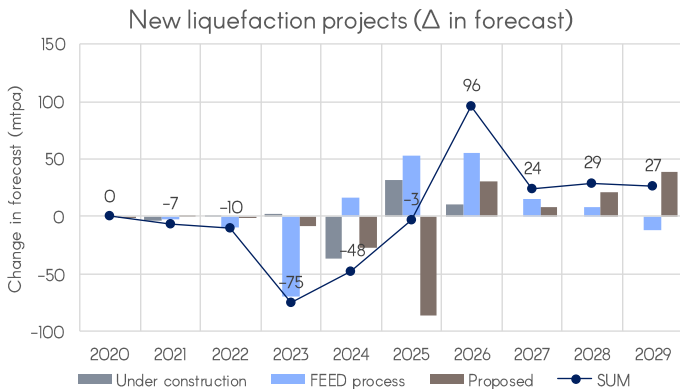
| Old, Jan 2020      | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
| Under construction | 23   | 8    | 16   | 11   | 44   | 5    | 7    | 0    | 0    | 0    | 114 |
| FEED process       | 0    | 3    | 11   | 75   | 111  | 42   | 49   | 16   | 6    | 12   | 325 |
| Proposed           | 0    | 0    | 3    | 11   | 67   | 135  | 63   | 38   | 23   | 0    | 340 |
| SUM                | 23   | 11   | 30   | 98   | 222  | 181  | 119  | 53   | 29   | 12   | 778 |

| Change             | 2020 | 2021 | 2022 | 2023  | 2024  | 2025  | 2026 | 2027 | 2028 | 2029  | SUM |
|--------------------|------|------|------|-------|-------|-------|------|------|------|-------|-----|
| Under construction | 0.0  | -3.8 | 1.3  | 2.5   | -37.3 | 31.3  | 10.4 | 0.0  | 0.0  | 0.0   | 4   |
| FEED process       | 0.0  | -2.9 | -9.5 | -69.6 | 16.9  | 52.4  | 54.7 | 15.1 | 7.8  | -12.0 | 53  |
| Proposed           | -0.2 | 0.2  | -1.5 | -8.4  | -27.2 | -86.6 | 30.9 | 8.5  | 20.8 | 38.7  | -25 |
| SUM                | -0.2 | -6.6 | -9.7 | -75.5 | -47.6 | -2.8  | 96.0 | 23.6 | 28.6 | 26.7  | 33  |

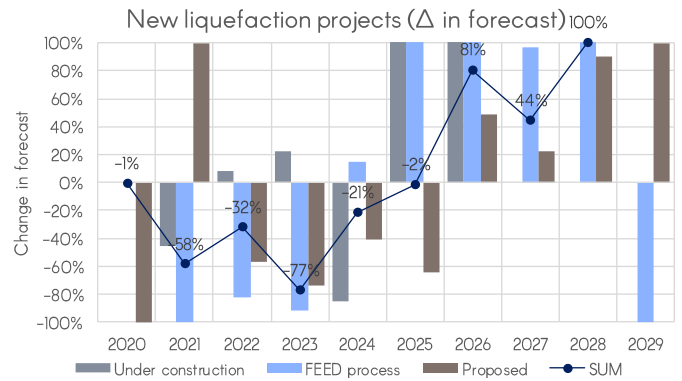
| Change             | 2020  | 2021  | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029  | SUM |
|--------------------|-------|-------|------|------|------|------|------|------|------|-------|-----|
| Under construction | 0%    | -46%  | 8%   | 23%  | -85% | 602% | 158% | 0%   | 0%   | 0%    | 4%  |
| FEED process       | 0%    | -100% | -83% | -92% | 15%  | 126% | 111% | 96%  | 142% | -100% | 16% |
| Proposed           | -100% | 100%  | -57% | -74% | -41% | -64% | 49%  | 23%  | 90%  | 100%  | -7% |
| SUM                | -1%   | -58%  | -32% | -77% | -21% | -2%  | 81%  | 44%  | 100% | 223%  | 4%  |

Source: Shipping Intelligence Network, Cleaves

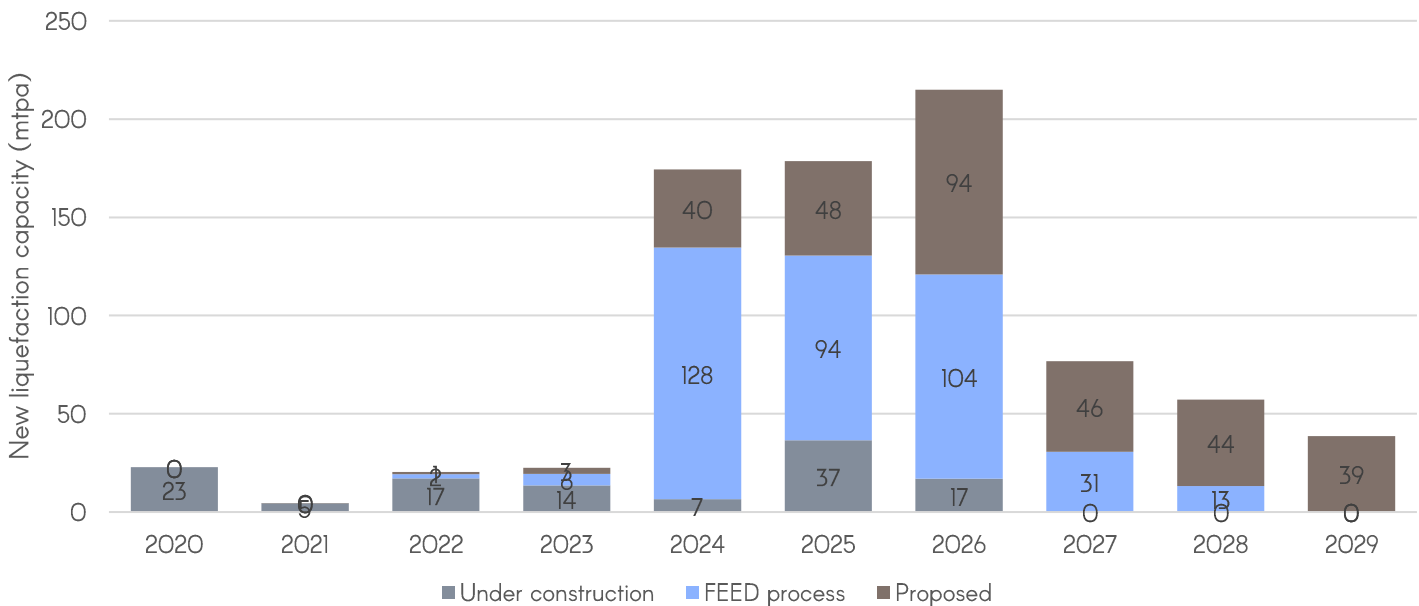
#### Change in our forecast since January (mtpa)



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



#### New liquefaction projects





There has been limited change since our July report, with the most noteworthy a postponement of capacity from 2024E until 2026E. We also notice that 25mtpa of capacity has been moved from “proposed” to “FEED process” for 2025E.

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

| New liquefaction projects |      |      |      |      |      |      |      |      |      |      |     |
|---------------------------|------|------|------|------|------|------|------|------|------|------|-----|
| mtpa                      | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction        | 23   | 5    | 17   | 14   | 7    | 37   | 17   | 0    | 0    | 0    | 118 |
| FEED process              | 0    | 0    | 2    | 6    | 128  | 94   | 104  | 31   | 13   | 0    | 378 |
| Proposed                  | 0    | 0    | 1    | 3    | 40   | 48   | 94   | 46   | 44   | 39   | 315 |
| SUM                       | 23   | 5    | 20   | 23   | 174  | 179  | 215  | 77   | 57   | 39   | 811 |

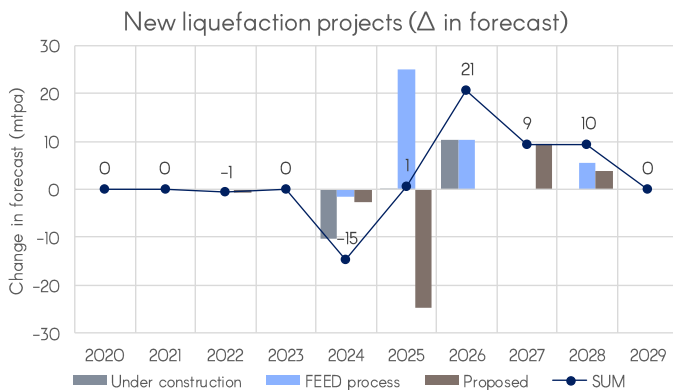
| Old, July 2020     |      |      |      |      |      |      |      |      |      |      |     |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
| mtpa               | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 23   | 5    | 17   | 14   | 17   | 36   | 7    | 0    | 0    | 0    | 118 |
| FEED process       | 0    | 0    | 2    | 6    | 129  | 69   | 94   | 31   | 8    | 0    | 338 |
| Proposed           | 0    | 0    | 2    | 3    | 43   | 73   | 94   | 37   | 40   | 39   | 330 |
| SUM                | 23   | 5    | 21   | 23   | 189  | 178  | 194  | 67   | 48   | 39   | 786 |

| Change             |      |      |      |      |       |       |      |      |      |      |     |
|--------------------|------|------|------|------|-------|-------|------|------|------|------|-----|
| mtpa               | 2020 | 2021 | 2022 | 2023 | 2024  | 2025  | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 0.0  | 0.0  | 0.0  | 0.0  | -10.4 | 0.2   | 10.4 | 0.0  | 0.0  | 0.0  | 0   |
| FEED process       | 0.0  | 0.0  | 0.0  | 0.0  | -1.4  | 25.1  | 10.3 | 0.0  | 5.5  | 0.0  | 40  |
| Proposed           | 0.0  | 0.0  | -0.7 | 0.0  | -2.7  | -24.6 | 0.0  | 9.4  | 4.0  | 0.0  | -15 |
| SUM                | 0.0  | 0.0  | -0.7 | 0.0  | -14.5 | 0.7   | 20.7 | 9.4  | 9.5  | 0.0  | 25  |

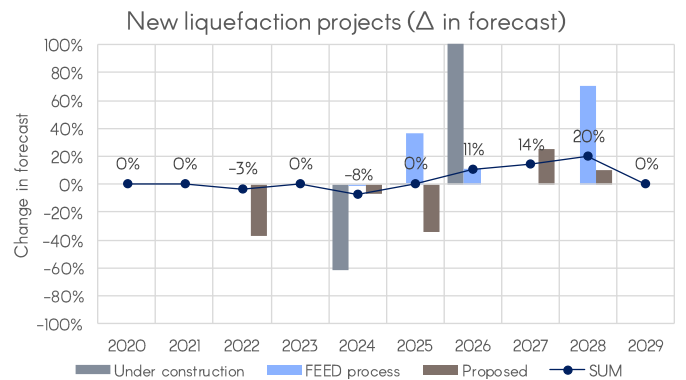
| Change             |      |      |      |      |      |      |      |      |      |      |     |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
| %                  | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 0%   | 0%   | 0%   | 0%   | -61% | 1%   | 158% | 0%   | 0%   | 0%   | 0%  |
| FEED process       | 0%   | 0%   | 0%   | 0%   | -1%  | 36%  | 11%  | 0%   | 71%  | 0%   | 12% |
| Proposed           | 0%   | 0%   | -37% | 0%   | -6%  | -34% | 0%   | 26%  | 10%  | 0%   | -4% |
| SUM                | 0%   | 0%   | -3%  | 0%   | -8%  | 0%   | 11%  | 14%  | 20%  | 0%   | 3%  |

Source: Shipping Intelligence Network, Cleaves

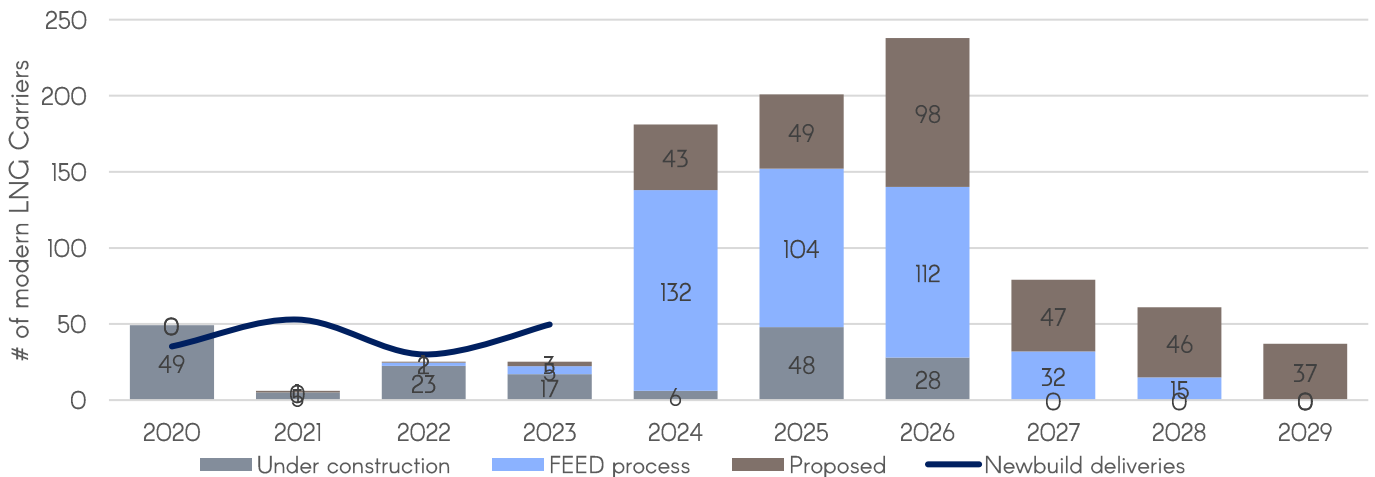
### Change in our forecast since July (mtpa)



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



### New liquefaction projects & newbuild delivers (measures in # of LNG Carriers)



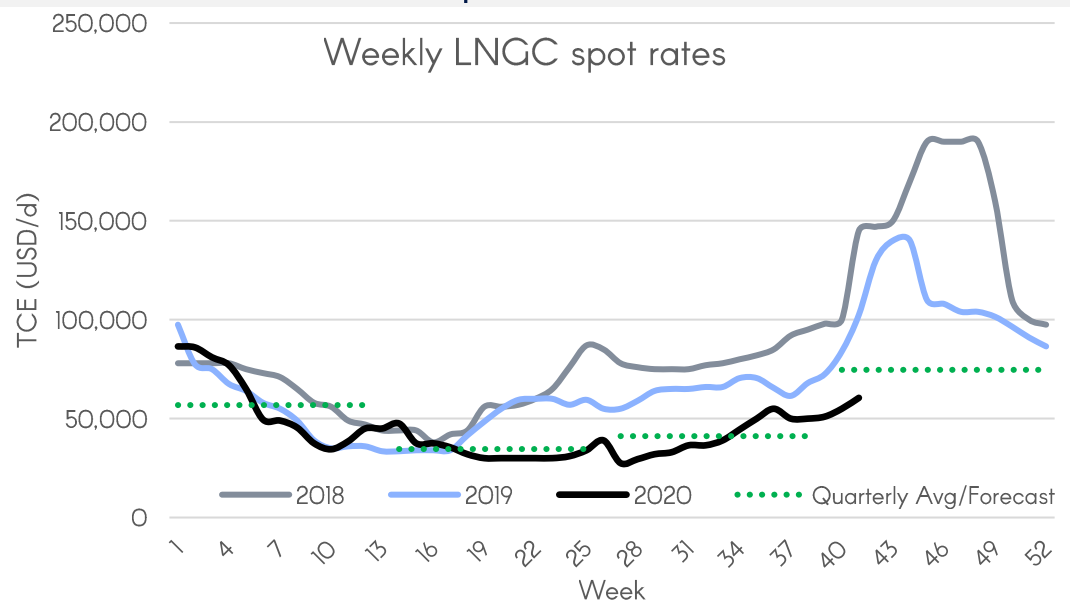


### Fleet utilization

We expect fleet utilization to fall 5%p y/y in 2020E as supply and demand growth for gas falters. Against the aforementioned 9% net fleet growth in 2021E and 6% in 2022E, representing a total of 14.4m cbm of new shipping capacity, we only see demand growth similar to ~5.4m cbm from new liquefaction capacity if all stars align perfectly. Our demand forecast is however positively impacted by rising sailing distances and improving regional price differentials, and the net effect is for LNG Carrier demand growth of 12% in 2021E and 3% in 2022E. Thus, the resulting LNG Carrier fleet utilization falls from 84% in 2019 to 79% in 2020E, 81% in 2021E and 79% in 2022E.

| Delta table: LNG shipping forecast summary |        |       |        |       | Average spot rate |        |        |        |        |
|--------------------------------------------|--------|-------|--------|-------|-------------------|--------|--------|--------|--------|
| $\Delta$ y/y                               | 2020E  | 2021E | 2022E  | 2023E |                   | 2020E  | 2021E  | 2022E  | 2023E  |
| Supply growth                              | 5.6%   | 9.3%  | 6.0%   | 6.7%  | MEGI/XDF          | 62,426 | 66,799 | 59,936 | 52,453 |
| Supply, old                                | 6.0%   | 9.0%  | 7.0%   | 5.0%  | old               | 60,133 | 60,072 | 51,864 | 49,499 |
| $\Delta$                                   | -0.3%p | 0.4%p | -1.0%p | 1.6%p | $\Delta$          | 2,292  | 6,728  | 8,072  | 2,954  |
| Demand growth                              | -0.2%  | 12.0% | 3.0%   | 3.7%  | TFDE              | 51,831 | 57,958 | 51,095 | 43,612 |
| Demand, old                                | -0.3%  | 9.1%  | 3.0%   | 3.7%  | old               | 50,091 | 51,064 | 42,857 | 40,491 |
| $\Delta$                                   | 0.1%p  | 2.9%p | 0.0%p  | 0.0%p | $\Delta$          | 1,740  | 6,894  | 8,238  | 3,121  |
| Utilization                                | 79%    | 81%   | 79%    | 77%   | Turbine 150k      | 36,733 | 39,104 | 32,498 | 25,890 |
| Utilization, old                           | 79%    | 79%   | 76%    | 75%   | old               | 33,577 | 32,826 | 26,423 | 25,199 |
| $\Delta$                                   | 0.4%p  | 2.2%p | 2.8%p  | 1.6%p | $\Delta$          | 3,155  | 6,278  | 6,075  | 690    |

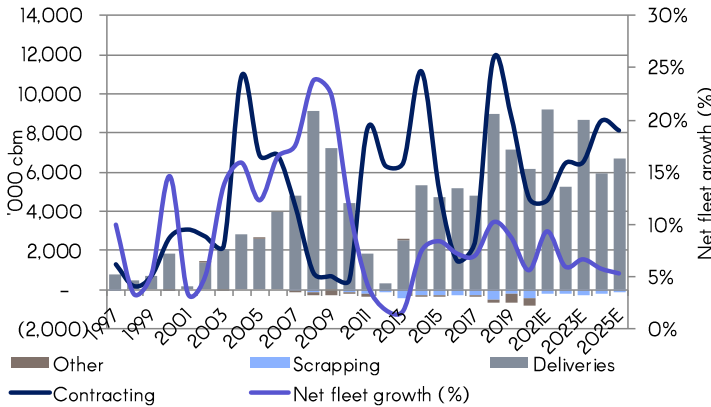
### LNG Carrier spot rates (TFDE-basis)



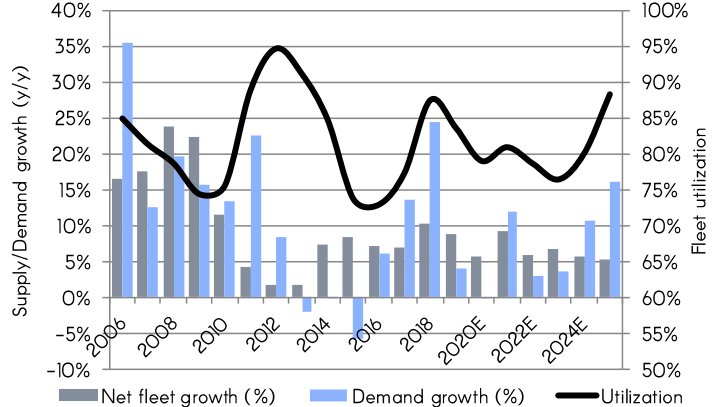


### Market Fundamentals & Forecasts

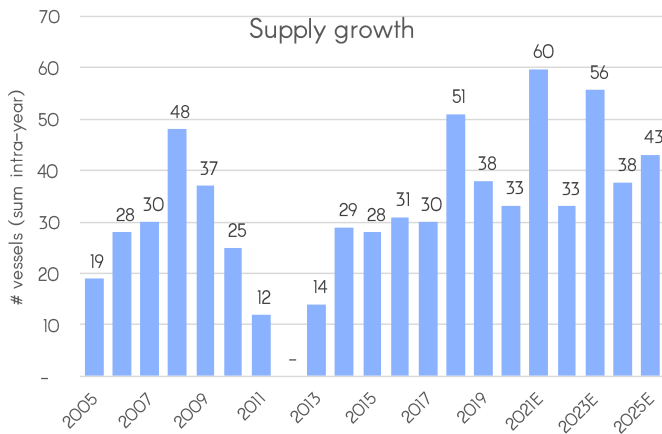
#### LNG Carrier supply dynamics



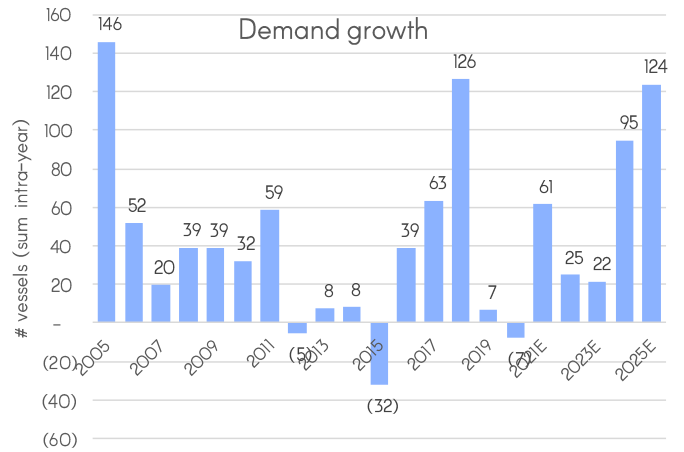
#### LNG Carrier supply/demand dynamics



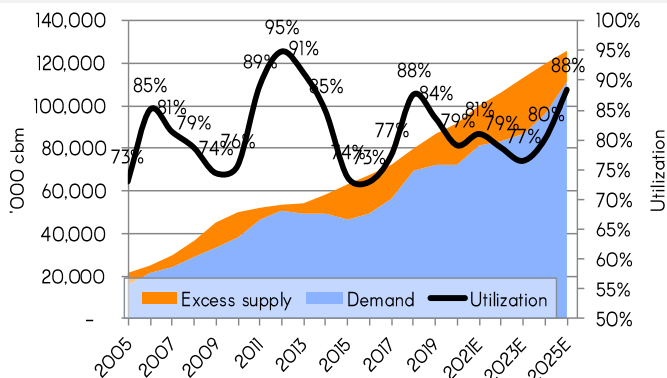
#### Net fleet supply growth per annum (# of vessels)



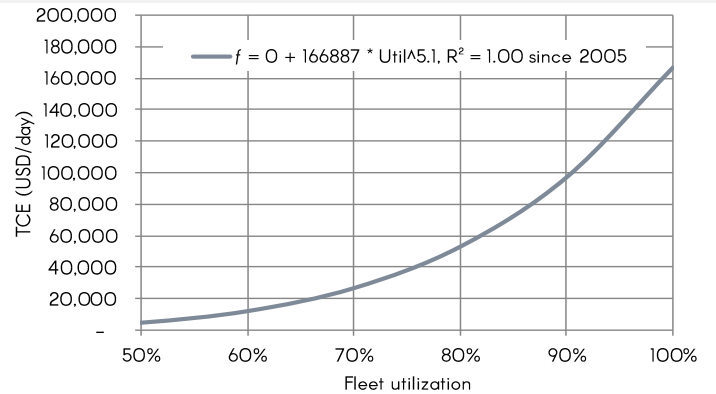
#### Demand growth per annum (# of vessels)



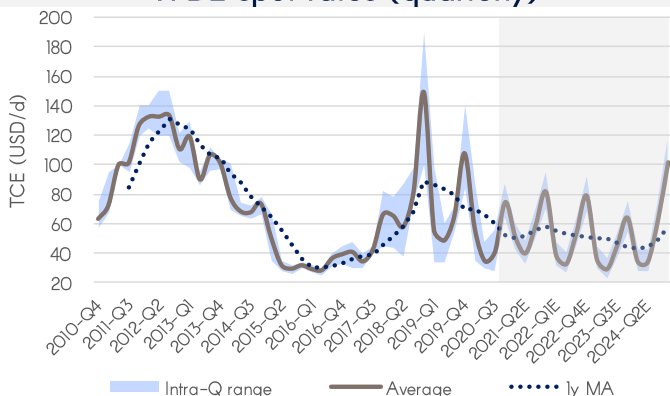
#### LNG Carrier supply/demand dynamics



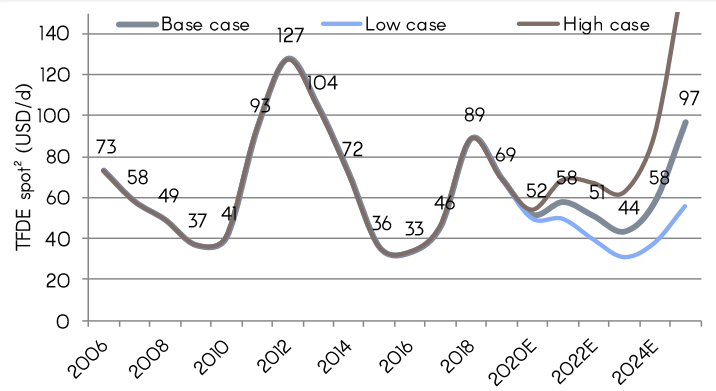
#### Econometrics: Spot rates vs fleet utilization



#### TFDE spot rates (quarterly)



#### LNG Carrier spot rates







## Econometric Overview

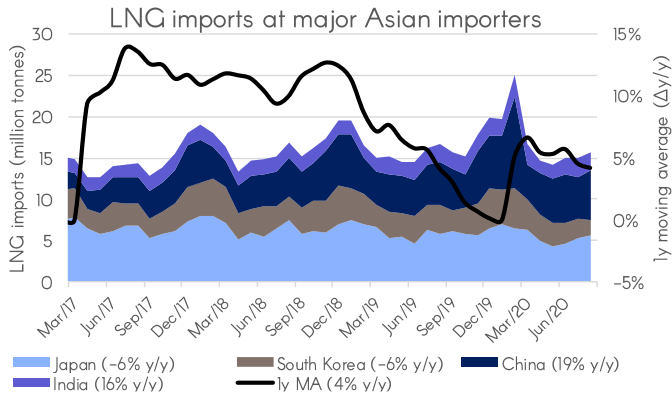
| Category                       | 1996 | 1997  | 1998 | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021   | 2022   | 2023   | 2024   | 2025  |
|--------------------------------|------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|-------|
| Supply/Demand (0000 dwt)       | 2241 | 2330  | 2828 | 2735  | 2722  | 5315  | 7831  | 7530  | 11352 | 17463 | 22551 | 21003 | 18723 | 9377  | 5189  | 6772  | 12528 | 17404 | 20255 | 23287 | 22799 | 19748 | 18348 | 20535 | 21485 | 17854  | 17353  | 14501  | 18653  |       |
| OB/Flt <sup>1</sup>            | 23%  | 22%   | 25%  | 23%   | 20%   | 40%   | 54%   | 45%   | 59%   | 82%   | 89%   | 78%   | 51%   | 22%   | 10%   | 13%   | 24%   | 33%   | 35%   | 40%   | 34%   | 27%   | 23%   | 24%   | 23%   | 20%    | 17%    | 12%    | 15%    |       |
| Low case                       | 824  | 741   | 490  | 684   | 1802  | 137   | 1376  | 2085  | 2793  | 2582  | 3994  | 4797  | 9134  | 7215  | 4434  | 1830  | 323   | 2539  | 534   | 4714  | 5207  | 4795  | 8992  | 7172  | 6242  | 9604   | 4878   | 8288   | 5461   | 7479  |
| Deliveries                     | (27) | (27)  | -    | (3)   | (3)   | -     | -     | (1)   | (1)   | -     | (1)   | (29)  | (145) | (264) | (188) | (225) | (122) | (412) | (269) | (281) | (257) | (475) | (592) | (255) | (435) | (235)  | (255)  | (275)  | (244)  | (177) |
| Contracting                    | 9349 | 1254  | 137  | 686   | 2635  | 3040  | -     | 2193  | 10346 | 0     | 6375  | 4199  | 814   | 640   | 461   | 8215  | 639   | 6487  | 1174  | 5047  | 1481  | 2460  | 1169  | 8889  | 4547  | 4034   | 7335   | 7095   | 6481   | 5278  |
| Supply                         | 9806 | 10784 | 1145 | 11739 | 15454 | 15914 | 14636 | 16342 | 19288 | 21661 | 25225 | 28466 | 34715 | 44394 | 50091 | 52233 | 53398 | 54138 | 58158 | 63046 | 67593 | 72355 | 78737 | 86733 | 91633 | 100171 | 106471 | 118200 | 129471 |       |
| Δ V/V <sup>2</sup>             | 10%  | 10%   | 3%   | 5%    | 15%   | 3%    | 5%    | 14%   | 16%   | 12%   | 16%   | 18%   | 20%   | 22%   | 12%   | 4%    | 2%    | 2%    | 7%    | 8.4%  | 7.2%  | 7.0%  | 10.2% | 8.8%  | 5.6%  | 8.5%   | 9.2%   | 6.0%   | 5.8%   | 5.3%  |
| Utilization <sup>3</sup>       |      |       |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |        |        |        |       |
| TTDE spot <sup>4</sup> (USD/d) | 2241 | 2330  | 2828 | 2735  | 2722  | 5315  | 7831  | 7530  | 11352 | 17463 | 22551 | 21003 | 18723 | 9377  | 5189  | 6772  | 12528 | 17404 | 20255 | 23287 | 22799 | 19748 | 18348 | 20535 | 21485 | 17854  | 17353  | 14501  | 18653  |       |
| OB/Flt <sup>1</sup>            | 23%  | 22%   | 25%  | 23%   | 20%   | 40%   | 54%   | 45%   | 59%   | 82%   | 89%   | 78%   | 51%   | 22%   | 10%   | 13%   | 24%   | 33%   | 35%   | 40%   | 34%   | 27%   | 23%   | 24%   | 23%   | 20%    | 17%    | 12%    | 15%    |       |
| High case                      | 824  | 741   | 490  | 684   | 1802  | 137   | 1376  | 2085  | 2793  | 2582  | 3994  | 4797  | 9134  | 7215  | 4434  | 1830  | 323   | 2539  | 534   | 4714  | 5207  | 4795  | 8992  | 7172  | 6242  | 9604   | 4878   | 8288   | 5461   | 7479  |
| Deliveries                     | (27) | (27)  | -    | (3)   | (3)   | -     | -     | (1)   | (1)   | -     | (1)   | (29)  | (145) | (264) | (188) | (225) | (122) | (412) | (269) | (281) | (257) | (475) | (592) | (255) | (435) | (235)  | (255)  | (275)  | (244)  | (177) |
| Contracting                    | 9349 | 1254  | 137  | 686   | 2635  | 3040  | -     | 2193  | 10346 | 0     | 6375  | 4199  | 814   | 640   | 461   | 8215  | 639   | 6487  | 1174  | 5047  | 1481  | 2460  | 1169  | 8889  | 4547  | 4034   | 7335   | 7095   | 6481   | 5278  |
| Supply                         | 9806 | 10784 | 1145 | 11739 | 15454 | 15914 | 14636 | 16342 | 19288 | 21661 | 25225 | 28466 | 34715 | 44394 | 50091 | 52233 | 53398 | 54138 | 58158 | 63046 | 67593 | 72355 | 78737 | 86733 | 91633 | 100171 | 106471 | 118200 | 129471 |       |
| Δ V/V <sup>2</sup>             | 10%  | 10%   | 3%   | 5%    | 15%   | 3%    | 5%    | 14%   | 16%   | 12%   | 16%   | 18%   | 20%   | 22%   | 12%   | 4%    | 2%    | 2%    | 7%    | 8.4%  | 7.2%  | 7.0%  | 10.2% | 8.8%  | 5.6%  | 8.5%   | 9.2%   | 6.0%   | 5.8%   | 5.3%  |
| Utilization <sup>3</sup>       |      |       |      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |        |        |        |       |
| TTDE spot <sup>4</sup> (USD/d) | 2241 | 2330  | 2828 | 2735  | 2722  | 5315  | 7831  | 7530  | 11352 | 17463 | 22551 | 21003 | 18723 | 9377  | 5189  | 6772  | 12528 | 17404 | 20255 | 23287 | 22799 | 19748 | 18348 | 20535 | 21485 | 17854  | 17353  | 14501  | 18653  |       |
| OB/Flt <sup>1</sup>            | 23%  | 22%   | 25%  | 23%   | 20%   | 40%   | 54%   | 45%   | 59%   | 82%   | 89%   | 78%   | 51%   | 22%   | 10%   | 13%   | 24%   | 33%   | 35%   | 40%   | 34%   | 27%   | 23%   | 24%   | 23%   | 20%    | 17%    | 12%    | 15%    |       |

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

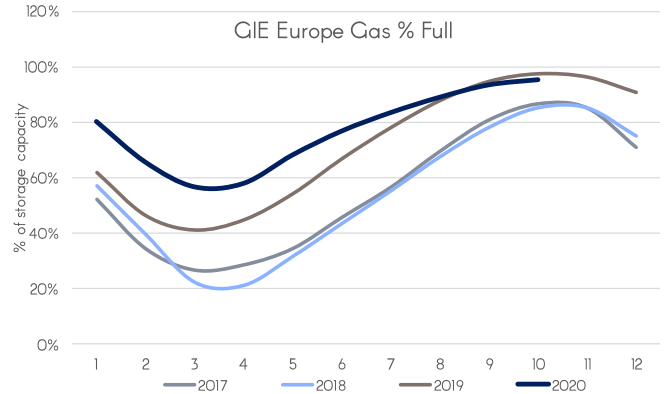


### Market Snapshots

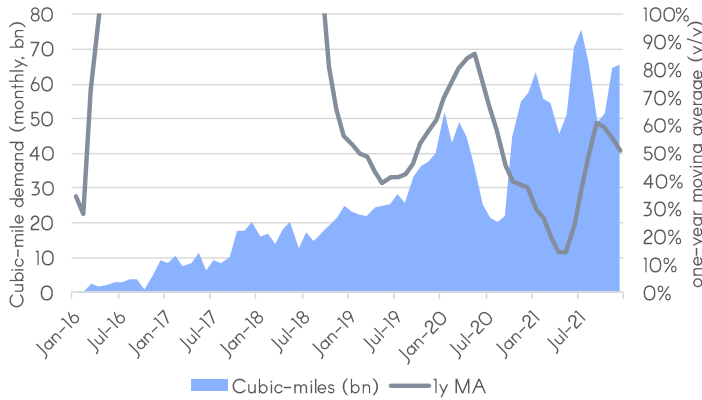
#### Major Asian LNG imports



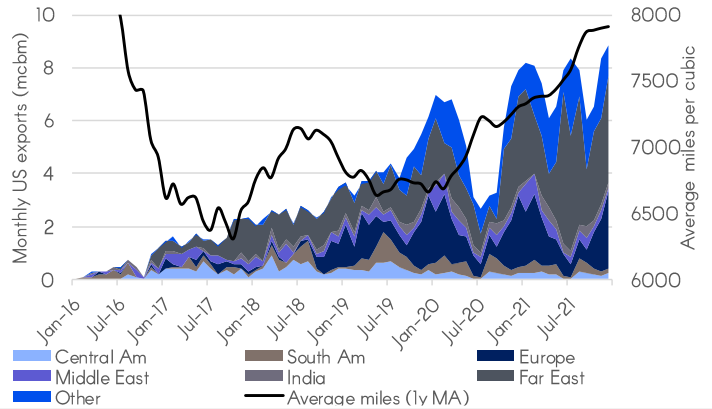
#### European LNG inventories: % of capacity



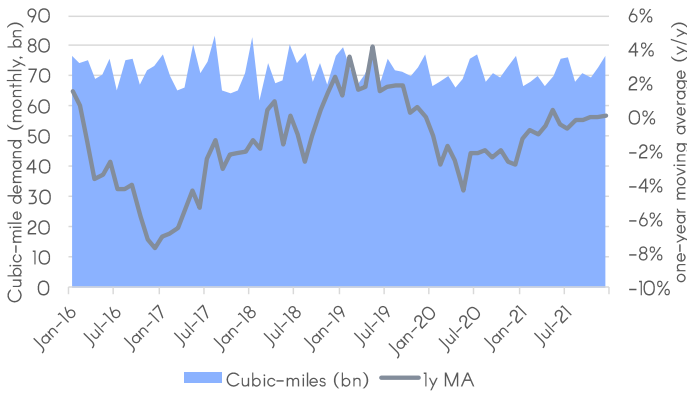
#### US LNG exports



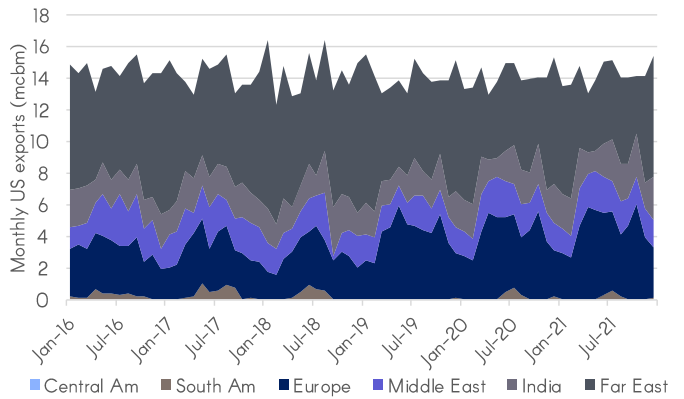
#### US LNG exports by import destination



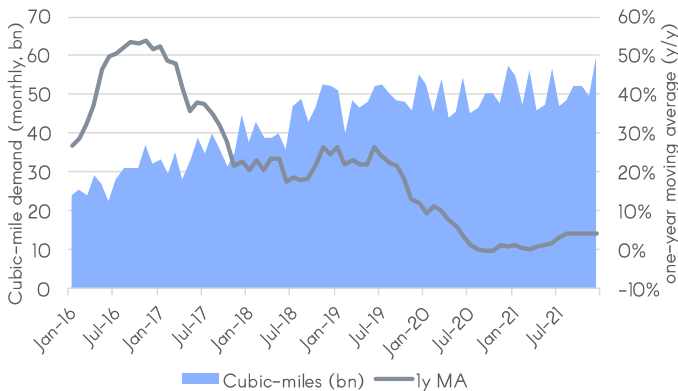
#### Qatari LNG exports



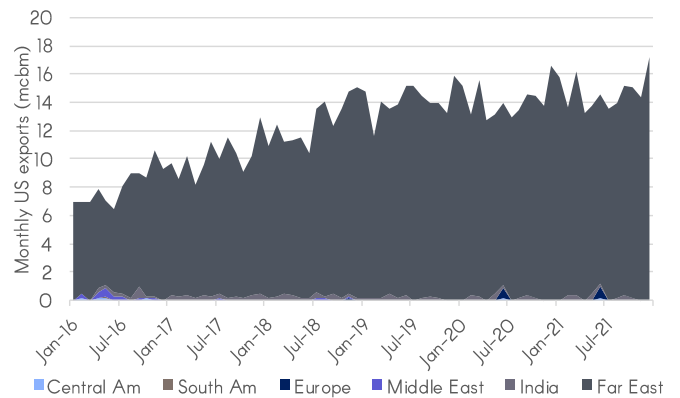
#### Qatari LNG exports by import destination



#### Australian LNG exports



#### Australian LNG exports by import destination



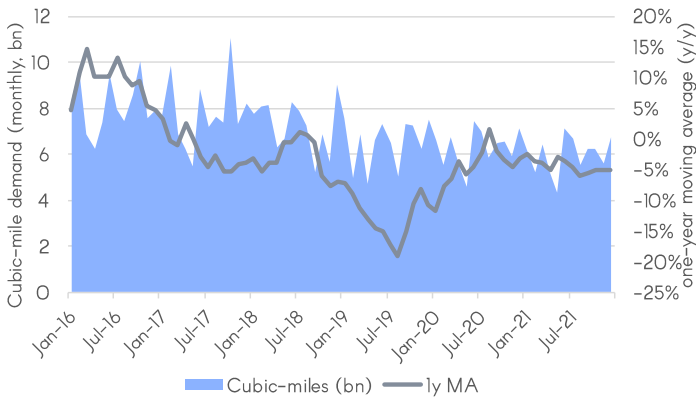


# Cleaves Securities

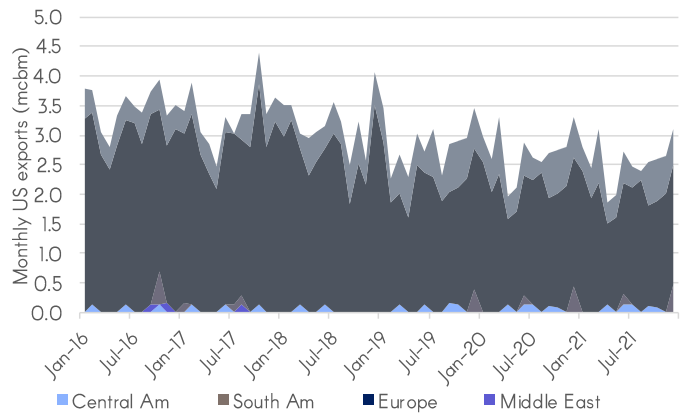
Shipping Quarterly: A Mixed Picture

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

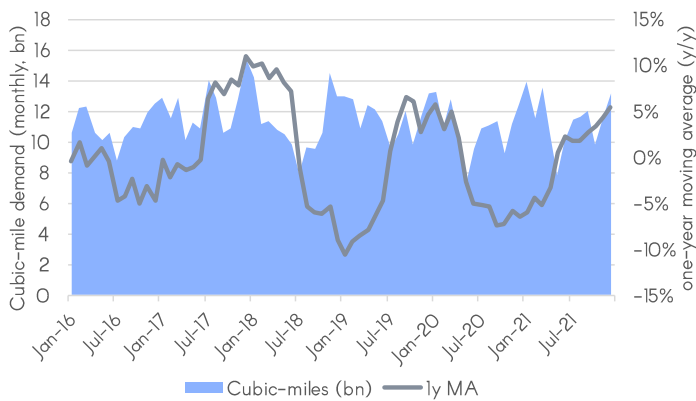
### Indonesian LNG exports



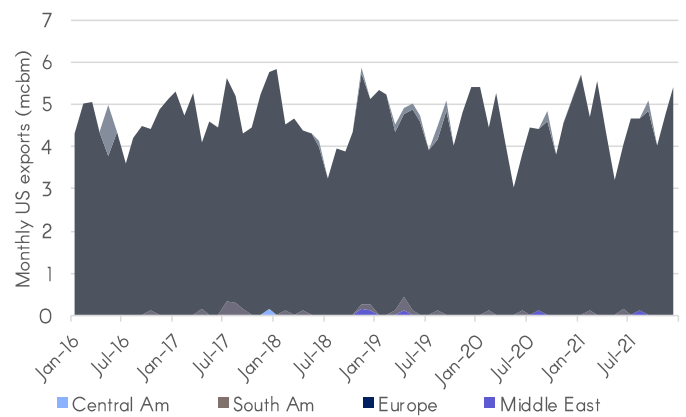
### Indonesian LNG exports by import destination



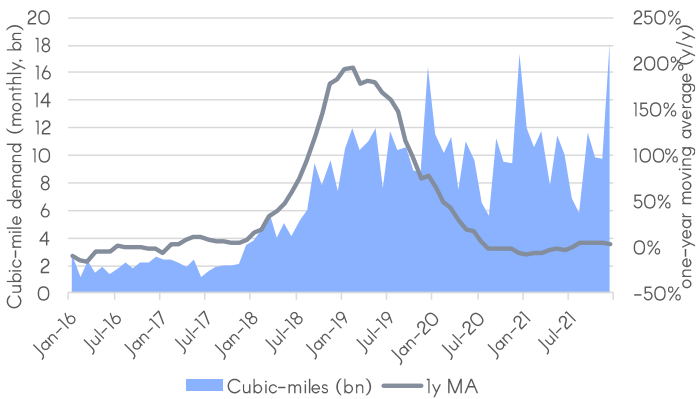
### Malaysian LNG exports



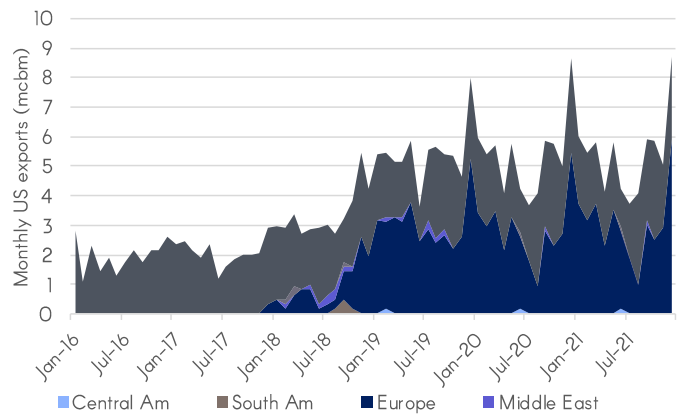
### Malaysian LNG exports by import destination



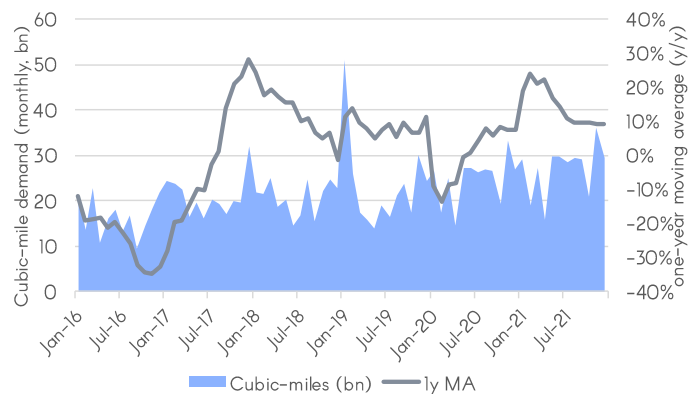
### Russian LNG exports



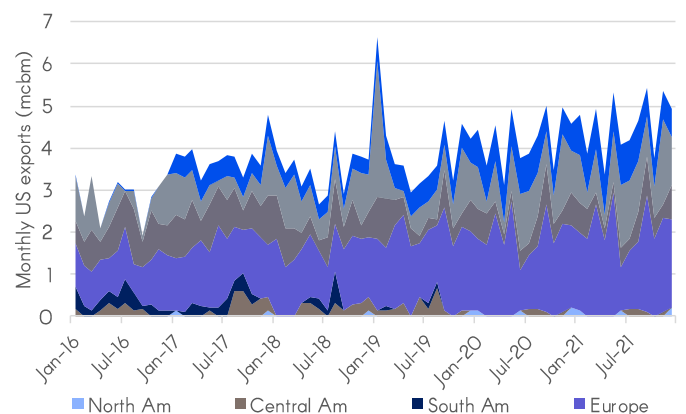
### Russian LNG exports by import destination



### Nigerian LNG exports



### Nigerian LNG exports by import destination





### Liquefaction projects under construction

| Liquefaction projects under construction |               |                   |                 |                      |                             |         |
|------------------------------------------|---------------|-------------------|-----------------|----------------------|-----------------------------|---------|
| Project                                  | Country       | Expected start up | Output (mt/pta) | Required vessels (#) | Required vessels (kcbm/pta) | 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                       |         |
| Yamal LNG Train 4                        | Russia        | 2020              | 1.0             | 1                    | 0.174                       |         |
| Portovaya LNG (FSU)                      | Russia        | 2020              | 1.5             | 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                       |         |
| LNG Canada                               | Canada        | 2025              | 14.0            | 14                   | 2.436                       |         |
| Mozambique LNG                           | Mozambique    | 2025              | 13.1            | 17                   | 2.958                       |         |
| Nigeria LNG Train 7                      | Nigeria       | 2025              | 4.2             | 5                    | 0.870                       |         |
| Golden Pass LNG Train 1                  | United States | 2025              | 5.2             | 12                   | 2.088                       |         |
| Arctic LNG 2 Train 3                     | Russia        | 2026              | 6.6             | 5                    | 0.870                       |         |
| Golden Pass LNG Train 2                  | United States | 2026              | 5.2             | 12                   | 2.088                       |         |
| Golden Pass LNG Train 3                  | United States | 2026              | 5.2             | 11                   | 1.914                       |         |
| SUM                                      |               |                   | 118             | 173                  | 30.6                        |         |

### New liquefaction capacity: Summary tables

| New liquefaction projects |      |      |      |      |      |      |      |      |      |      |     |
|---------------------------|------|------|------|------|------|------|------|------|------|------|-----|
| mtpta                     | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction        | 23   | 5    | 17   | 14   | 7    | 37   | 17   | 0    | 0    | 0    | 118 |
| FEED process              | 0    | 0    | 2    | 6    | 128  | 94   | 104  | 31   | 13   | 0    | 378 |
| Proposed                  | 0    | 0    | 1    | 3    | 40   | 48   | 94   | 46   | 44   | 39   | 315 |
| SUM                       | 23   | 5    | 20   | 23   | 174  | 179  | 215  | 77   | 57   | 39   | 811 |

| Old, July 2020     |      |      |      |      |      |      |      |      |      |      |     |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
|                    | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 23   | 5    | 17   | 14   | 17   | 36   | 7    | 0    | 0    | 0    | 118 |
| FEED process       | 0    | 0    | 2    | 6    | 129  | 69   | 94   | 31   | 8    | 0    | 338 |
| Proposed           | 0    | 0    | 2    | 3    | 43   | 73   | 94   | 37   | 40   | 39   | 330 |
| SUM                | 23   | 5    | 21   | 23   | 189  | 178  | 194  | 67   | 48   | 39   | 786 |

| Change             |      |      |      |      |       |       |      |      |      |      |     |
|--------------------|------|------|------|------|-------|-------|------|------|------|------|-----|
|                    | 2020 | 2021 | 2022 | 2023 | 2024  | 2025  | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 0.0  | 0.0  | 0.0  | 0.0  | -10.4 | 0.2   | 10.4 | 0.0  | 0.0  | 0.0  | 0   |
| FEED process       | 0.0  | 0.0  | 0.0  | 0.0  | -1.4  | 25.1  | 10.3 | 0.0  | 5.5  | 0.0  | 40  |
| Proposed           | 0.0  | 0.0  | -0.7 | 0.0  | -2.7  | -24.6 | 0.0  | 9.4  | 4.0  | 0.0  | -15 |
| SUM                | 0.0  | 0.0  | -0.7 | 0.0  | -14.5 | 0.7   | 20.7 | 9.4  | 9.5  | 0.0  | 25  |

| Change             |      |      |      |      |      |      |      |      |      |      |     |
|--------------------|------|------|------|------|------|------|------|------|------|------|-----|
|                    | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction | 0%   | 0%   | 0%   | 0%   | -61% | 1%   | 158% | 0%   | 0%   | 0%   | 0%  |
| FEED process       | 0%   | 0%   | 0%   | 0%   | -1%  | 36%  | 11%  | 0%   | 71%  | 0%   | 12% |
| Proposed           | 0%   | 0%   | -37% | 0%   | -6%  | -34% | 0%   | 26%  | 10%  | 0%   | -4% |
| SUM                | 0%   | 0%   | -3%  | 0%   | -8%  | 0%   | 11%  | 14%  | 20%  | 0%   | 3%  |

| New liquefaction projects: LNG Carrier demand |      |      |      |      |      |      |      |      |      |      |     |
|-----------------------------------------------|------|------|------|------|------|------|------|------|------|------|-----|
| mcbm of shipping pa                           | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction                            | 9    | 1    | 4    | 3    | 1    | 8    | 5    | 0    | 0    | 0    | 31  |
| FEED process                                  | 0    | 0    | 0    | 1    | 23   | 18   | 19   | 6    | 3    | 0    | 70  |
| Proposed                                      | 0    | 0    | 0    | 1    | 8    | 9    | 17   | 8    | 8    | 6    | 57  |
| SUM                                           | 9    | 1    | 4    | 4    | 32   | 35   | 41   | 14   | 11   | 6    | 157 |

| # of modern vessels |      |      |      |      |      |      |      |      |      |      |     |
|---------------------|------|------|------|------|------|------|------|------|------|------|-----|
|                     | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | SUM |
| Under construction  | 49   | 5    | 23   | 17   | 6    | 48   | 28   | 0    | 0    | 0    | 176 |
| FEED process        | 0    | 0    | 2    | 5    | 132  | 104  | 112  | 32   | 15   | 0    | 402 |
| Proposed            | 0    | 1    | 1    | 3    | 43   | 49   | 98   | 47   | 46   | 37   | 325 |
| SUM                 | 49   | 6    | 25   | 25   | 181  | 201  | 238  | 79   | 61   | 37   | 903 |
| Newbuild deliveries | 35   | 53   | 30   | 50   |      |      |      |      |      |      |     |

Source: Cleaves Securities, Shipping Intelligence Network



### 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 (kcbm/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                      |
| Western (FLNG)                                                          | Canada          | 2024              | 0.5            | 2                    | 0.348                      |
| Bear Head LNG                                                           | Canada          | 2024              | 8.0            | 8                    | 1.392                      |
| NewAge Congo (FLNG)                                                     | Congo           | 2024              | 1.0            | 1                    | 0.174                      |
| Leviathan (FLNG)                                                        | Israel          | 2024              | 4.5            | 5                    | 0.870                      |
| Energia Costa Azul LNG Liquefaction                                     | Mexico          | 2024              | 2.4            | 3                    | 0.522                      |
| Puerto Libertad LNG                                                     | Mexico          | 2024              | 4.0            | 3                    | 0.522                      |
| Amigo LNG Train 1                                                       | Mexico          | 2024              | 3.9            | 4                    | 0.696                      |
| Daru Island (FLNG)                                                      | Papua N. Guinea | 2024              | 1.5            | 2                    | 0.348                      |
| Obsky LNG                                                               | Russia          | 2024              | 4.8            | 5                    | 0.870                      |
| Baltic LNG                                                              | Russia          | 2024              | 13.0           | 10                   | 1.740                      |
| Port Arthur LNG                                                         | United States   | 2024              | 13.5           | 14                   | 2.436                      |
| Driftwood LNG 1                                                         | United States   | 2024              | 5.5            | 6                    | 1.044                      |
| Driftwood LNG 2                                                         | United States   | 2024              | 5.5            | 6                    | 1.044                      |
| 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                      |
| Plaquemines LNG                                                         | United States   | 2024              | 10.0           | 10                   | 1.740                      |
| Plaquemines LNG Phase 2                                                 | United States   | 2024              | 10.0           | 10                   | 1.740                      |
| Magnolia LNG Trains 1-2                                                 | United States   | 2024              | 4.4            | 4                    | 0.696                      |
| Commonwealth LNG                                                        | United States   | 2024              | 8.4            | 9                    | 1.566                      |
| Port Delfin 1 (FLNG)                                                    | United States   | 2024              | 3.3            | 4                    | 0.696                      |
| Rio Grande LNG Phase 1                                                  | United States   | 2024              | 16.2           | 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                      |
| Alaska LNG                                                              | United States   | 2025              | 20.0           | 20                   | 3.480                      |
| Driftwood LNG 3                                                         | United States   | 2025              | 5.5            | 6                    | 1.044                      |
| 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                      |
| Corpus Christi LNG Train 10                                             | United States   | 2025              | 1.4            | 2                    | 0.348                      |
| Freeport LNG Train 4                                                    | United States   | 2025              | 5.1            | 5                    | 0.870                      |
| Texas LNG                                                               | United States   | 2025              | 2.0            | 4                    | 0.696                      |
| Annova LNG                                                              | United States   | 2025              | 6.5            | 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                      |
| 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                      |
| Gulf LNG Phase 1                                                        | United States   | 2026              | 5.8            | 5                    | 0.870                      |
| Main Pass (FLNG)                                                        | United States   | 2026              | 24.0           | 24                   | 4.176                      |
| Rio Grande LNG Phase 2                                                  | United States   | 2026              | 10.8           | 16                   | 2.784                      |
| Pointe LNG                                                              | United States   | 2026              | 6.0            | 6                    | 1.044                      |
| G2 Net Zero LNG                                                         | United States   | 2026              | 13.0           | 13                   | 2.262                      |
| Lake Charles LNG Train 1                                                | United States   | 2026              | 5.5            | 5                    | 0.870                      |
| Cameron LNG Trains 4-5                                                  | United States   | 2026              | 10.0           | 9                    | 1.566                      |
| 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                      |
| Lake Charles LNG Train 3                                                | United States   | 2028              | 5.5            | 5                    | 0.870                      |
| SUM                                                                     |                 |                   | 378            | 403                  | 70.0                       |

Source: Cleaves Securities, Shipping Intelligence Network



### Proposed liquefaction projects

| Proposed liquefaction projects |                 |                   |                |                      |                            |  |
|--------------------------------|-----------------|-------------------|----------------|----------------------|----------------------------|--|
| Project                        | Country         | Expected start up | Output (mt/ya) | Required vessels (#) | Required vessels (kcbm/ya) |  |
| Nacala (FLNG)                  | Mozambique      | 2021              | 0.2            | 1                    | 0.174                      |  |
| WesPac LNG                     | Canada          | 2022              | 0.8            | 1                    | 0.090                      |  |
| 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                      |  |
| Tallaganda/Bunyip (FLNG)       | Australia       | 2024              | 1.5            | 2                    | 0.348                      |  |
| Queensland Curtis LNG Train 3  | Australia       | 2024              | 3.5            | 4                    | 0.696                      |  |
| AC LNG Canada                  | Canada          | 2024              | 13.5           | 14                   | 2.436                      |  |
| Djibouti (FLNG)                | Djibouti        | 2024              | 3.0            | 3                    | 0.522                      |  |
| Donggi Senoro LNG Phase 2      | Indonesia       | 2024              | 0.7            | 1                    | 0.130                      |  |
| Palendag/Dabakan (FLNG)        | Philippines     | 2024              | 1.5            | 2                    | 0.348                      |  |
| Vladivostok LNG                | Russia          | 2024              | 1.5            | 2                    | 0.348                      |  |
| Black Sea LNG                  | Russia          | 2024              | 0.5            | 2                    | 0.080                      |  |
| 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                      |  |
| Coral South 2 (FLNG)           | Mozambique      | 2025              | 3.4            | 4                    | 0.696                      |  |
| Pandora (FLNG)                 | Papua N. Guinea | 2025              | 1.0            | 1                    | 0.174                      |  |
| Jordan Cove LNG                | United States   | 2025              | 7.8            | 8                    | 1.392                      |  |
| Port Delfin 2 (FLNG)           | United States   | 2025              | 3.3            | 4                    | 0.696                      |  |
| Driftwood LNG 4                | United States   | 2025              | 5.5            | 6                    | 1.044                      |  |
| Delta LNG Phase 2              | United States   | 2025              | 10.0           | 10                   | 1.740                      |  |
| Vaca Muerta LNG                | Argentina       | 2026              | 5.0            | 5                    | 0.870                      |  |
| Arnhem/Pinhoer (FLNG)          | Australia       | 2026              | 1.5            | 2                    | 0.348                      |  |
| Orca Trains 1-6 (FLNG)         | Canada          | 2026              | 24.0           | 24                   | 4.176                      |  |
| Cedar (FLNG)                   | Canada          | 2026              | 4.0            | 4                    | 0.696                      |  |
| Energie Saguenay LNG           | Canada          | 2026              | 11.0           | 11                   | 1.914                      |  |
| 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                      |  |
| 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                      |  |
| Driftwood LNG 5                | United States   | 2026              | 5.5            | 6                    | 1.044                      |  |
| 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                      |  |
| Papua LNG                      | Papua N. Guinea | 2027              | 5.4            | 5                    | 0.870                      |  |
| Galveston Bay LNG              | United States   | 2027              | 16.5           | 17                   | 2.958                      |  |
| Avocet 1 (FLNG)                | United States   | 2027              | 4.0            | 4                    | 0.696                      |  |
| 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 LNG                   | Tanzania        | 2028              | 10.0           | 10                   | 1.740                      |  |
| Tanzania Block 1 (FLNG)        | Tanzania        | 2028              | 2.0            | 2                    | 0.348                      |  |
| Port Delfin 4 (FLNG)           | United States   | 2028              | 3.3            | 4                    | 0.696                      |  |
| Avocet 2 (FLNG)                | United States   | 2028              | 4.0            | 4                    | 0.696                      |  |
| Kitimat LNG Phase 1            | Canada          | 2029              | 12.0           | 10                   | 1.740                      |  |
| Arctic LNG 3                   | Russia          | 2029              | 20.0           | 20                   | 3.480                      |  |
| Arctic LNG 1 Train 3           | Russia          | 2029              | 6.7            | 7                    | 1.218                      |  |
| Discovery LNG                  | Canada          | 2030              | 20.0           | 20                   | 3.480                      |  |
| PNG LNG Expansion              | Papua N. Guinea | 2030              | 2.7            | 3                    | 0.522                      |  |
| Greater Sunrise LNG            | Timor-Leste     | 2030              | 8.0            | 8                    | 1.392                      |  |
| Kitimat LNG Phase 2            | Canada          | 2032              | 6.0            | 5                    | 0.870                      |  |
| SUM                            |                 |                   | 352            | 364                  | 62.8                       |  |

Source: Cleaves Securities, Shipping Intelligence Network

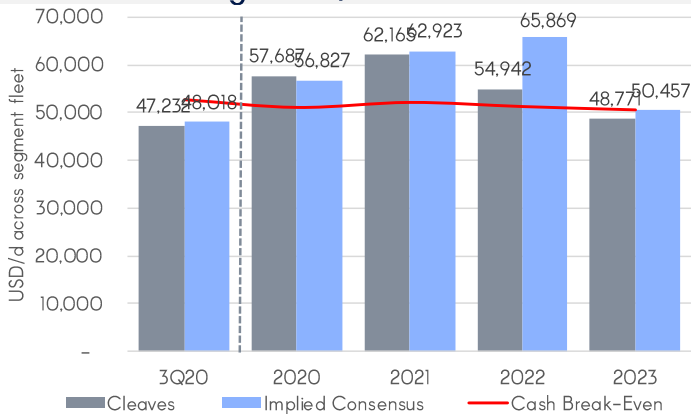


## Peer Group

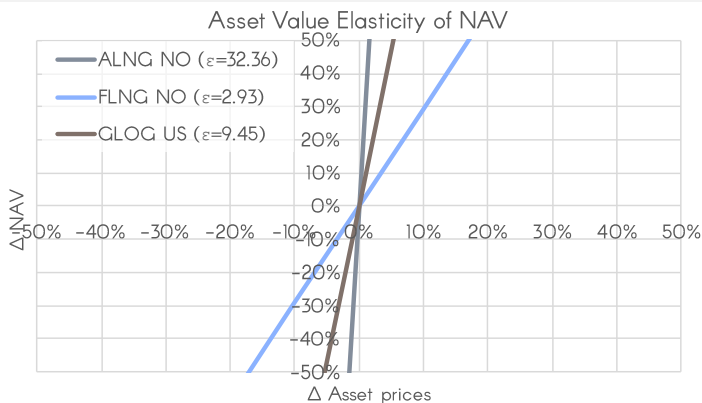
| Company | M.cap | Turnover | Return ly | Rec. | Target Price | Last Price | Target/Price | NAV /sh | P/NAV Now | P/NAV 1y fwd | ε     | EV/GAV | adj. equity | τ    |
|---------|-------|----------|-----------|------|--------------|------------|--------------|---------|-----------|--------------|-------|--------|-------------|------|
| ALNG NO | 15    | 0.0      | -74%      | SELL | 0.5          | 1.1        | -52%         | (1)     | -2.10     | -2.21        | 32.36 | 1.09   | -3%         | 1.00 |
| FLNG NO | 354   | 0.6      | -38%      | BUY  | 95           | 60.5       | 57%          | 140     | 0.43      | 0.42         | 2.93  | 0.81   | 32%         | 0.76 |
| GLOG US | 255   | 1.7      | -79%      | BUY  | 3.2          | 2.7        | 19%          | 3.4     | 0.79      | 0.93         | 9.45  | 0.88   | 9%          | 0.33 |
| Average | 208   | 1        | -64%      |      |              |            | 8%           |         | -0.29     | -0.29        | 14.91 | 0.93   | 13%         | 0.70 |
| Median  | 255   | 1        | -74%      |      |              |            | 19%          |         | 0.43      | 0.42         | 9.45  | 0.88   | 9%          | 0.76 |

| Company | EV/EBITDA |      |      | P/E  |      |      | Dividend yield |      |      | FCF yield |      |      |
|---------|-----------|------|------|------|------|------|----------------|------|------|-----------|------|------|
|         | 2020      | 2021 | 2022 | 2020 | 2021 | 2022 | 2020           | 2021 | 2022 | 2020      | 2021 | 2022 |
| ALNG NO | 11.2      | 12.8 | 15.9 |      |      |      | 0%             | 0%   | 0%   | 54%       | 52%  | 31%  |
| FLNG NO | 13.1      | 9.4  | 14.3 | 11.3 | 8.9  |      | 2%             | 0%   | 0%   | -173%     | -41% | 12%  |
| GLOG US | 9.3       | 8.0  | 8.2  | 4.7  | 3.4  | 7.0  | 5%             | 9%   | 15%  | -263%     | -10% | 82%  |
| Average | 11.2      | 10.1 | 12.8 | 8.0  | 6.2  | 7.0  | 2%             | 3%   | 5%   | -127%     | 0%   | 42%  |
| Median  | 11.2      | 10.1 | 12.8 | 8.0  | 6.2  | 7.0  | 2%             | 3%   | 5%   | -127%     | 0%   | 42%  |

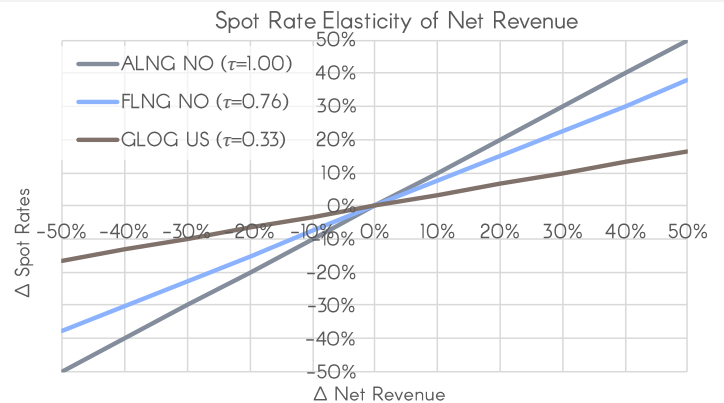
### Cleaves' average TCE/d forecast vs consensus



### Financial leverage (ε)

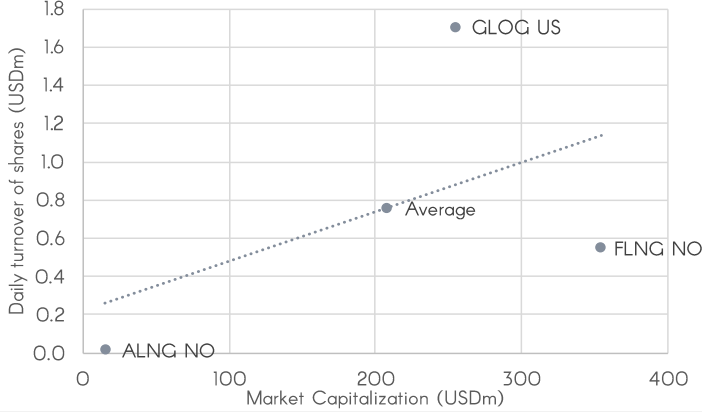


### Operational leverage (τ)

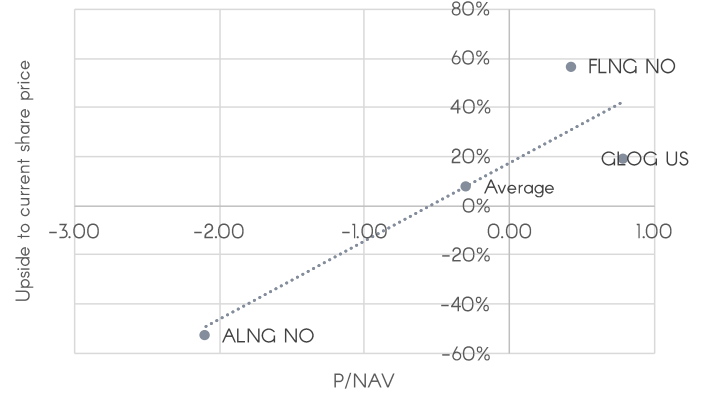




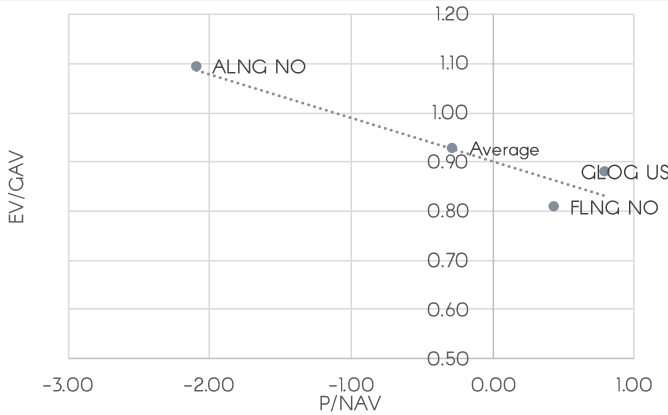
### Daily share turnover vs market capitalization



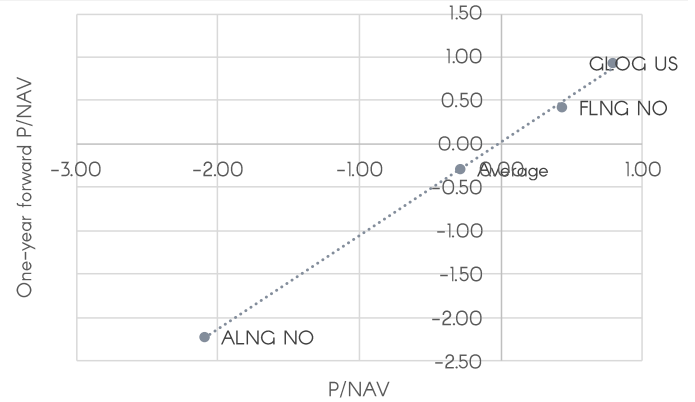
### Upside to share price current P/NAV



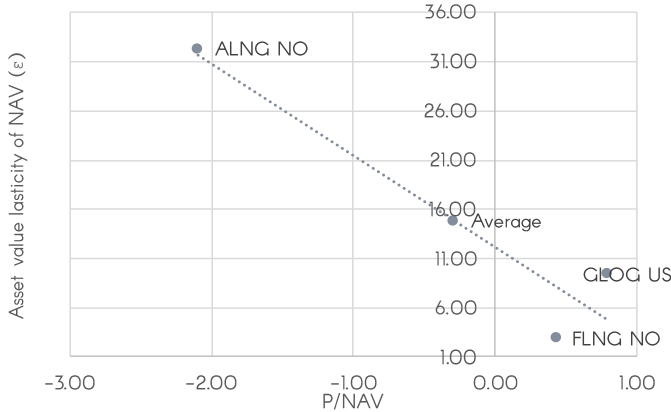
### EV/GAV vs P/NAV



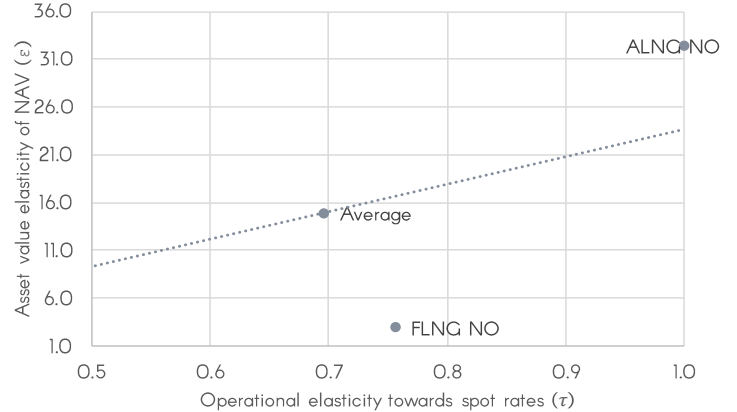
### One-year forward P/NAV vs current P/NAV



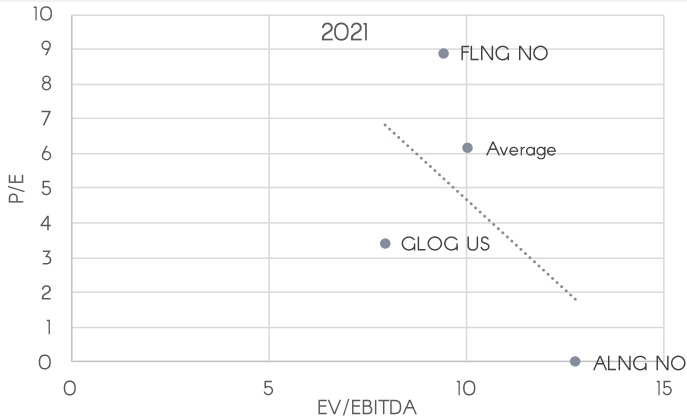
### Asset value elasticity of NAV vs P/NAV



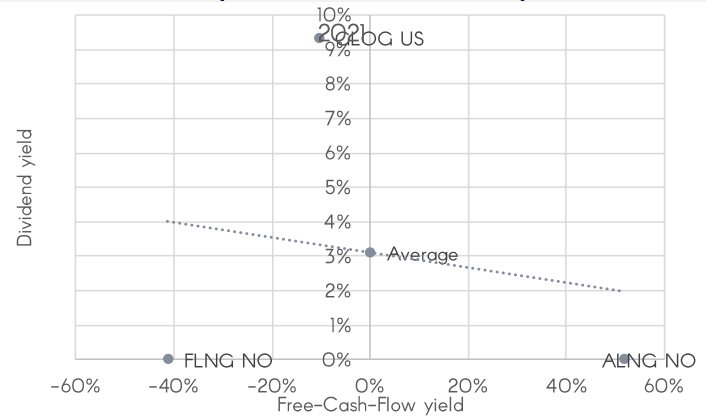
### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA



### Dividend yield vs free cash flow yield





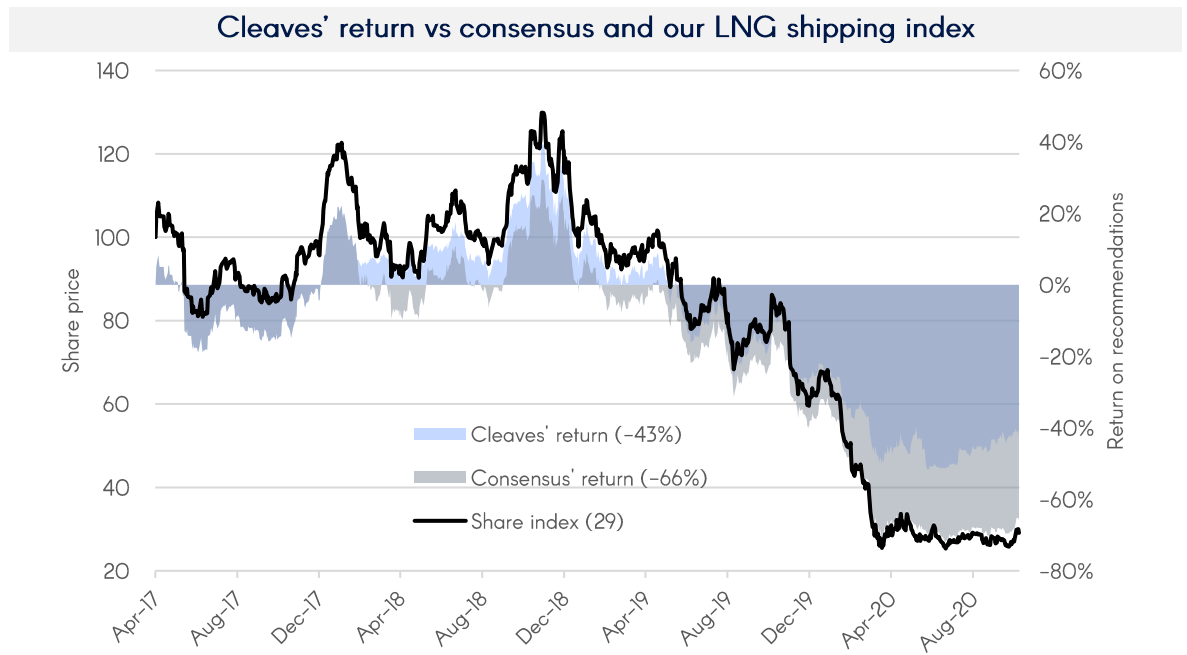


# Cleaves Securities

Shipping Quarterly: A Mixed Picture

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

Since our re-initiation of LNG shipping early 2017, we have generated a -43% loss on our recommendations vs the market at -71% and consensus at -66%.





# Cleaves Securities

Shipping Quarterly: A Mixed Picture

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

## Detailed changes to our supply/demand balance

| New Demand/Supply ('000 cbm)    |        |        |        |        |        |        |         |         |         |         |         |
|---------------------------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|---------|
| Base case                       | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021    | 2022    | 2023    | 2024    | 2025    |
| Deliveries <sup>1</sup>         | 4,714  | 5,207  | 4,795  | 8,992  | 7,172  | 6,137  | 9,209   | 5,219   | 8,645   | 5,920   | 6,661   |
| Scrapping <sup>1</sup>          | (281)  | (257)  | (260)  | (524)  | (255)  | (435)  | (235)   | (255)   | (275)   | (244)   | (177)   |
| Other <sup>1</sup>              | (126)  | 0      | (125)  | (137)  | (418)  | (414)  | 0       | (0)     | 0       | 0       | 0       |
| Contracting <sup>1</sup>        | 5,047  | 1,421  | 2,460  | 11,769 | 8,869  | 4,651  | 4,534   | 6,430   | 6,500   | 8,609   | 8,134   |
| Supply <sup>2</sup>             | 63,046 | 67,593 | 72,355 | 79,737 | 86,733 | 91,613 | 100,171 | 106,171 | 113,250 | 119,791 | 126,167 |
| Δ y/y                           | 8.4%   | 7.2%   | 7.0%   | 10.2%  | 8.8%   | 5.6%   | 9.3%    | 6.0%    | 6.7%    | 5.8%    | 5.3%    |
| Demand <sup>2</sup>             | 46,552 | 49,366 | 56,052 | 69,796 | 72,593 | 72,469 | 81,147  | 83,580  | 86,671  | 96,017  | 111,488 |
| Δ y/y                           | -5.7%  | 6.0%   | 13.5%  | 24.5%  | 4.0%   | -0.2%  | 12.0%   | 3.0%    | 3.7%    | 10.8%   | 16.1%   |
| Utilization <sup>2</sup>        | 74%    | 73%    | 77%    | 88%    | 84%    | 79%    | 81%     | 79%     | 77%     | 80%     | 88%     |
| Steam spot <sup>2</sup> (USD/d) | 27,314 | 20,088 | 28,596 | 52,000 | 47,695 | 36,733 | 39,104  | 32,498  | 25,890  | 39,309  | 77,818  |
| TFDE spot <sup>2</sup> (USD/d)  | 36,038 | 33,470 | 46,058 | 88,692 | 69,337 | 51,831 | 57,958  | 51,095  | 43,612  | 58,163  | 96,672  |
| MEGI spot <sup>2</sup> (USD/d)  | -      | -      | -      | -      | 81,915 | 62,426 | 66,799  | 59,936  | 52,453  | 67,004  | 105,514 |
| OB <sup>2</sup>                 | 25,287 | 22,799 | 19,748 | 18,348 | 20,636 | 21,483 | 19,150  | 17,179  | 16,980  | 16,644  | 18,704  |
| OB/Fleet <sup>2</sup>           | 40%    | 34%    | 27%    | 23%    | 24%    | 23%    | 19%     | 16%     | 15%     | 14%     | 15%     |

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

| Old Demand/Supply ('000 cbm)    |        |        |        |        |        |        |        |         |         |         |         |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| Base case                       | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022    | 2023    | 2024    | 2025    |
| Deliveries <sup>1</sup>         | 4,714  | 5,207  | 4,795  | 8,992  | 7,172  | 6,241  | 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

| Δ Demand/Supply ('000 cbm)      |      |      |      |      |       |       |       |         |       |         |          |
|---------------------------------|------|------|------|------|-------|-------|-------|---------|-------|---------|----------|
| Base case                       | 2015 | 2016 | 2017 | 2018 | 2019  | 2020  | 2021  | 2022    | 2023  | 2024    | 2025     |
| Deliveries <sup>1</sup>         | -    | -    | -    | -    | -     | (103) | 222   | (1,604) | 3,837 | 1,247   | 701      |
| Scrapping <sup>1</sup>          | -    | -    | -    | -    | -     | 72    | 19    | 26      | 15    | (11)    | (16)     |
| Other <sup>1</sup>              | -    | (0)  | -    | -    | (162) | (269) | (0)   | (0)     | 0     | 0       | 0        |
| Contracting <sup>1</sup>        | -    | -    | 0    | 6    | (7)   | 1,775 | 356   | 476     | (172) | 2,255   | 707      |
| Supply <sup>2</sup>             | 290  | 290  | 290  | 290  | 127   | (158) | 173   | (814)   | 894   | 3,080   | 4,054    |
| Δ y/y                           | 0.0% | 0.0% | 0.0% | 0.0% | -0.2% | -0.3% | 0.4%  | -1.0%   | 1.6%  | 1.9%    | 0.7%     |
| Demand <sup>2</sup>             | 214  | 212  | 224  | 253  | 107   | 211   | 2,314 | 2,357   | 2,432 | 744     | 1,002    |
| Δ y/y                           | 0.0% | 0.0% | 0.0% | 0.0% | -0.2% | 0.1%  | 2.9%  | 0.0%    | 0.0%  | -2.3%   | 0.1%     |
| Utilization <sup>2</sup>        | 0%   | 0%   | 0%   | 0%   | 0%    | 0%    | 2%    | 3%      | 2%    | -1%     | -2%      |
| Steam spot <sup>2</sup> (USD/d) | -    | -    | -    | -    | -     | 3,155 | 6,278 | 6,075   | 690   | (9,046) | (14,292) |
| TFDE spot <sup>2</sup> (USD/d)  | -    | -    | -    | -    | -     | 1,740 | 6,894 | 8,238   | 3,121 | (8,692) | (14,292) |
| MEGI spot <sup>2</sup> (USD/d)  | -    | -    | -    | -    | -     | 2,292 | 6,728 | 8,072   | 2,954 | (8,858) | (14,458) |
| OB <sup>2</sup>                 | -    | -    | 0    | 0    | 4     | 1,172 | 2,998 | 4,000   | 3,945 | 1,703   | 2,080    |
| OB/Fleet <sup>2</sup>           | 0%   | 0%   | 0%   | 0%   | 0%    | 1%    | 3%    | 4%      | 3%    | 1%      | 1%       |

<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%   | -2%  | 2%   | -24%  | 80%   | 27%  | 12%   |
| Scrapping <sup>1</sup>          | 0%   | 0%   | 0%   | 0%   | 0%   | -14% | -8%  | -9%   | -5%   | 5%   | 10%   |
| Other <sup>1</sup>              | 0%   | -97% | 0%   | 0%   | 64%  | 186% | -5%  | -561% | -241% | 10%  | -122% |
| Contracting <sup>1</sup>        | 0%   | 0%   | 0%   | 0%   | 0%   | 62%  | 9%   | 8%    | -3%   | 35%  | 10%   |
| Supply <sup>2</sup>             | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | -1%   | 1%    | 3%   | 3%    |
| Δ y/y                           | 0%   | 0%   | 0%   | 0%   | -3%  | -6%  | 4%   | -14%  | 33%   | 49%  | 15%   |
| Demand <sup>2</sup>             | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 3%   | 3%    | 3%    | 1%   | 1%    |
| Δ y/y                           | 1%   | -1%  | 0%   | 0%   | -5%  | -4%  | 32%  | -1%   | 0%    | -18% | 1%    |
| Utilization <sup>2</sup>        | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 3%   | 4%    | 2%    | -2%  | -2%   |
| Steam spot <sup>2</sup> (USD/d) | 0%   | 0%   | 0%   | 0%   | 0%   | 9%   | 19%  | 23%   | 3%    | -19% | -16%  |
| TFDE spot <sup>2</sup> (USD/d)  | 0%   | 0%   | 0%   | 0%   | 0%   | 3%   | 14%  | 19%   | 8%    | -13% | -13%  |
| MEGI spot <sup>2</sup> (USD/d)  | 0%   | 0%   | 0%   | 0%   | 0%   | 4%   | 11%  | 16%   | 6%    | -12% | -12%  |
| OB <sup>2</sup>                 | 0%   | 0%   | 0%   | 0%   | 0%   | 6%   | 19%  | 30%   | 30%   | 11%  | 13%   |
| OB/Fleet <sup>2</sup>           | 0%   | 0%   | 0%   | 0%   | 0%   | 6%   | 18%  | 31%   | 29%   | 9%   | 9%    |

<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 | 34          | 31   | 27   | 23   | 22     | 19   | 15   | 11   | 9    | 6    | 2    | -1   | -4         | -5   | -8   | -11  |
| FLNG NO | 166         | 254  | 187  | 143  | 124    | 188  | 121  | 77   | 81   | 118  | 47   | 3    | 31         | 40   | -31  | -74  |
| GLOG US | 645         | 725  | 693  | 644  | 456    | 514  | 477  | 427  | 277  | 313  | 271  | 216  | 55         | 74   | 37   | -11  |
| Average | 282         | 337  | 302  | 270  | 201    | 240  | 204  | 172  | 122  | 146  | 107  | 72   | 27         | 36   | -1   | -32  |
| Median  | 166         | 254  | 187  | 143  | 124    | 188  | 121  | 77   | 81   | 118  | 47   | 3    | 31         | 40   | -8   | -11  |

### 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   | 313   | 300   | 10        | -1   | -15  | -32  | 352          | 329   | 302   | 272   | 103          | 98    | 90    | 80    |
| FLNG NO | 2,133                         | 2,319 | 2,245 | 2,171 | 133       | 172  | 199  | 133  | 2,287        | 2,511 | 2,464 | 2,324 | 835          | 875   | 844   | 770   |
| GLOG US | 5,315                         | 5,416 | 5,242 | 5,031 | 202       | 194  | 97   | 163  | 5,863        | 5,956 | 5,687 | 5,541 | 1,581        | 1,632 | 1,630 | 1,551 |
| Average | 2,595                         | 2,687 | 2,600 | 2,501 | 115       | 122  | 94   | 88   | 2,834        | 2,932 | 2,818 | 2,712 | 840          | 869   | 855   | 800   |
| Median  | 2,133                         | 2,319 | 2,245 | 2,171 | 133       | 172  | 97   | 133  | 2,287        | 2,511 | 2,464 | 2,324 | 835          | 875   | 844   | 770   |

### 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 | 9                  | 8    | 5    | 2    | 8              | 8    | 5    | 2    | -13           | -11  | -14  | -17  | 55,640 | 49,051 | 57,262   | 56,126 |
| FLNG NO | 67                 | 111  | 43   | 0    | -613           | -146 | 43   | 0    | 4             | 39   | 27   | -66  | 71,166 | 59,936 | 44,869   | 44,408 |
| GLOG US | 187                | 275  | 242  | 201  | -671           | -27  | 210  | 201  | -62           | -8   | -96  | 65   | 59,689 | 55,839 | 53,967   | 52,907 |
| Average | 88                 | 131  | 96   | 68   | -425           | -55  | 86   | 68   | -24           | 6    | -28  | -6   | 62,165 | 54,942 | 52,033   | 51,147 |
| Median  | 67                 | 111  | 43   | 2    | -613           | -27  | 43   | 2    | -13           | -8   | -14  | -17  | 59,689 | 55,839 | 53,967   | 52,907 |

## Company Financials (quarterly estimates)

### Profit & Loss

| P&L     | TCE Revenue |      |      |      | EBITDA |      |      |      | EBIT |      |      |      | Net Profit |      |      |      |
|---------|-------------|------|------|------|--------|------|------|------|------|------|------|------|------------|------|------|------|
|         | 3Q20        | 4Q20 | 1Q21 | 2Q21 | 3Q20   | 4Q20 | 1Q21 | 2Q21 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q20       | 4Q20 | 1Q21 | 2Q21 |
| USDm    |             |      |      |      |        |      |      |      |      |      |      |      |            |      |      |      |
| ALNG NO | 7           | 10   | 7    | 5    | 4      | 7    | 4    | 2    | 1    | 4    | 1    | -1   | -2         | 1    | -2   | -4   |
| FLNG NO | 32          | 72   | 55   | 44   | 22     | 57   | 40   | 27   | 10   | 43   | 24   | 9    | -3         | 26   | 6    | -10  |
| GLOG US | 143         | 191  | 162  | 162  | 93     | 140  | 112  | 109  | 47   | 92   | 63   | 60   | -9         | 29   | 3    | 3    |
| Average | 60          | 91   | 75   | 70   | 39     | 68   | 52   | 46   | 19   | 46   | 29   | 23   | -5         | 19   | 2    | -3   |
| Median  | 32          | 72   | 55   | 44   | 22     | 57   | 40   | 27   | 10   | 43   | 24   | 9    | -3         | 26   | 3    | -4   |

### Balance Sheet

| BS      | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |      | Total Assets |       |       |       | Total Equity |       |       |       |
|---------|-------------------------------|-------|-------|-------|-----------|------|------|------|--------------|-------|-------|-------|--------------|-------|-------|-------|
|         | 3Q20                          | 4Q20  | 1Q21  | 2Q21  | 3Q20      | 4Q20 | 1Q21 | 2Q21 | 3Q20         | 4Q20  | 1Q21  | 2Q21  | 3Q20         | 4Q20  | 1Q21  | 2Q21  |
| USDm    |                               |       |       |       |           |      |      |      |              |       |       |       |              |       |       |       |
| ALNG NO | 341                           | 338   | 335   | 332   | 11        | 10   | 7    | 1    | 356          | 352   | 345   | 337   | 102          | 103   | 101   | 97    |
| FLNG NO | 2,019                         | 2,133 | 2,245 | 2,356 | 106       | 133  | 136  | 124  | 2,146        | 2,287 | 2,401 | 2,501 | 809          | 835   | 841   | 831   |
| GLOG US | 5,073                         | 5,315 | 5,266 | 5,368 | 150       | 202  | 158  | 164  | 5,570        | 5,863 | 5,771 | 5,878 | 1,557        | 1,581 | 1,579 | 1,578 |
| Average | 2,478                         | 2,595 | 2,615 | 2,685 | 89        | 115  | 100  | 96   | 2,690        | 2,834 | 2,839 | 2,905 | 823          | 840   | 841   | 836   |
| Median  | 2,019                         | 2,133 | 2,245 | 2,356 | 106       | 133  | 136  | 124  | 2,146        | 2,287 | 2,401 | 2,501 | 809          | 835   | 841   | 831   |

### Cash Flow

| CF      | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|---------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
|         | 3Q20               | 4Q20 | 1Q21 | 2Q21 | 3Q20           | 4Q20 | 1Q21 | 2Q21 | 3Q20          | 4Q20 | 1Q21 | 2Q21 | 4Q20   | 1Q21   | 4Q20     | 1Q21   |
| USDm    |                    |      |      |      |                |      |      |      |               |      |      |      |        |        |          |        |
| ALNG NO | 1                  | 4    | 1    | 0    | 1              | 4    | 1    | 0    | -4            | -1   | -4   | -5   | 59,735 | 48,819 | 58,092   | 58,037 |
| FLNG NO | 9                  | 41   | 22   | 8    | -543           | -88  | -106 | -121 | -10           | 27   | 2    | -12  | 82,985 | 69,231 | 41,289   | 45,928 |
| GLOG US | 37                 | 77   | 51   | 53   | -160           | -213 | 51   | -98  | -23           | 52   | -44  | 6    | 66,691 | 56,288 | 42,707   | 63,630 |
| Average | 15                 | 41   | 25   | 20   | -234           | -99  | -18  | -73  | -12           | 26   | -15  | -4   | 69,804 | 58,113 | 47,363   | 55,865 |
| Median  | 9                  | 41   | 22   | 8    | -160           | -88  | 1    | -98  | -10           | 27   | -4   | -5   | 66,691 | 56,288 | 42,707   | 58,037 |



## LPG Carriers: Remarkably Strong

### The quarter in review

Net VLGC supply growth of 1.0% q/q in 3Q20 was similar to our 1.0% [forecast from July](#), with y/y growth at 8.0%. Gross deliveries of 253k cbm was below our forecast (339k), while zero vessels scrapped was also below our 96k cbm forecast. With contracting in the quarter slightly higher than expected at 342k cbm (230k cbm forecast), the VLGC orderbook grew by 89k cbm in the quarter, now standing at 11.5% of the fleet (20% historical average).

We estimate a 3.2% demand growth q/q, far above our -10.8% forecast, despite US LPG exports being down 8.5% q/q and OPEC crude oil production -6.2% q/q in the quarter. Our demand model is based on a tonne-mile weighted average of global seaborne LPG exports. Entering available actual data for 3Q20 returns a -12.5% q/q demand contraction for the quarter, even lower than our -10.8% forecast. However, our estimated 3.2% demand growth for the quarter is deduced from realized spot rates, which were remarkably strong in the quarter. Fleet inefficiencies from slow steaming, an elevated docking schedule and more Cape of Good Hope voyages were some of the major reasons for the strong spot rates, in addition to a rising LPG price differential between the US and the Far East.

The net effect in the quarter was a fleet utilization of 88.7% (76.7% forecast), +1.9%p q/q and -3.4%p y/y. The average spot earnings for a VLGC of \$40k/d in the quarter was a massive 224% above our \$12k/d [forecast from July](#) (+19% q/q, -26% y/y) for the reasons explained above. A three-year-old VLGC averaged around \$67m in the quarter (\$65m forecast) -5% q/q and -5% y/y. Our VLGC share index averaged +14% q/q and -17% y/y to 49, close to our 45 forecast despite the stronger earnings environment. The share index currently stands at 60, and we forecast a 51 average in 4Q20E and 42 average in 1Q21E, falling in concert with lower expected earnings.

|                                 | 2019-Q3       | 2020-Q2       | New<br>2020-Q3 | Old<br>2020-Q3 | $\Delta$      | $\Delta$ %   |
|---------------------------------|---------------|---------------|----------------|----------------|---------------|--------------|
| kcbm                            |               |               |                |                |               |              |
| Deliveries <sup>1</sup>         | 240           | 331           | 253            | 339            | (86)          | -25%         |
| Scrapping <sup>1</sup>          | -             | -             | -              | (96)           | 96            | -100%        |
| Contracting <sup>1</sup>        | 692           | 84            | 342            | 230            | 112           | 48%          |
| <b>Supply<sup>2</sup></b>       | <b>22,769</b> | <b>24,342</b> | <b>24,595</b>  | <b>24,585</b>  | <b>10</b>     | <b>0.0%</b>  |
| $\Delta$ q/q                    |               |               | 1.0%           | 1.0%           | 0.0%          |              |
| $\Delta$ y/y                    |               |               | 8.0%           | 8.0%           | 0.0%          |              |
| <b>Demand<sup>2</sup></b>       | <b>20,968</b> | <b>21,142</b> | <b>21,824</b>  | <b>18,865</b>  | <b>2,959</b>  | <b>15.7%</b> |
| $\Delta$ q/q                    |               |               | 3.2%           | -10.8%         | 14.0%         |              |
| $\Delta$ y/y                    |               |               | 4.1%           | -10.0%         | 14.1%         |              |
| <b>Utilization<sup>2</sup></b>  | <b>92.1%</b>  | <b>86.9%</b>  | <b>88.7%</b>   | <b>76.7%</b>   | <b>12.0%p</b> |              |
| VLGC, spot <sup>2</sup> (TCE/d) | 53,585        | 33,381        | 39,680         | 12,260         | 27,420        | 224%         |
| VLGC, 3y <sup>2</sup> (USDm)    | 71            | 70            | 67             | 65             | 1.6           | 2%           |
| Share index <sup>2</sup>        | 58            | 43            | 49             | 45             | 4             | 8%           |

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



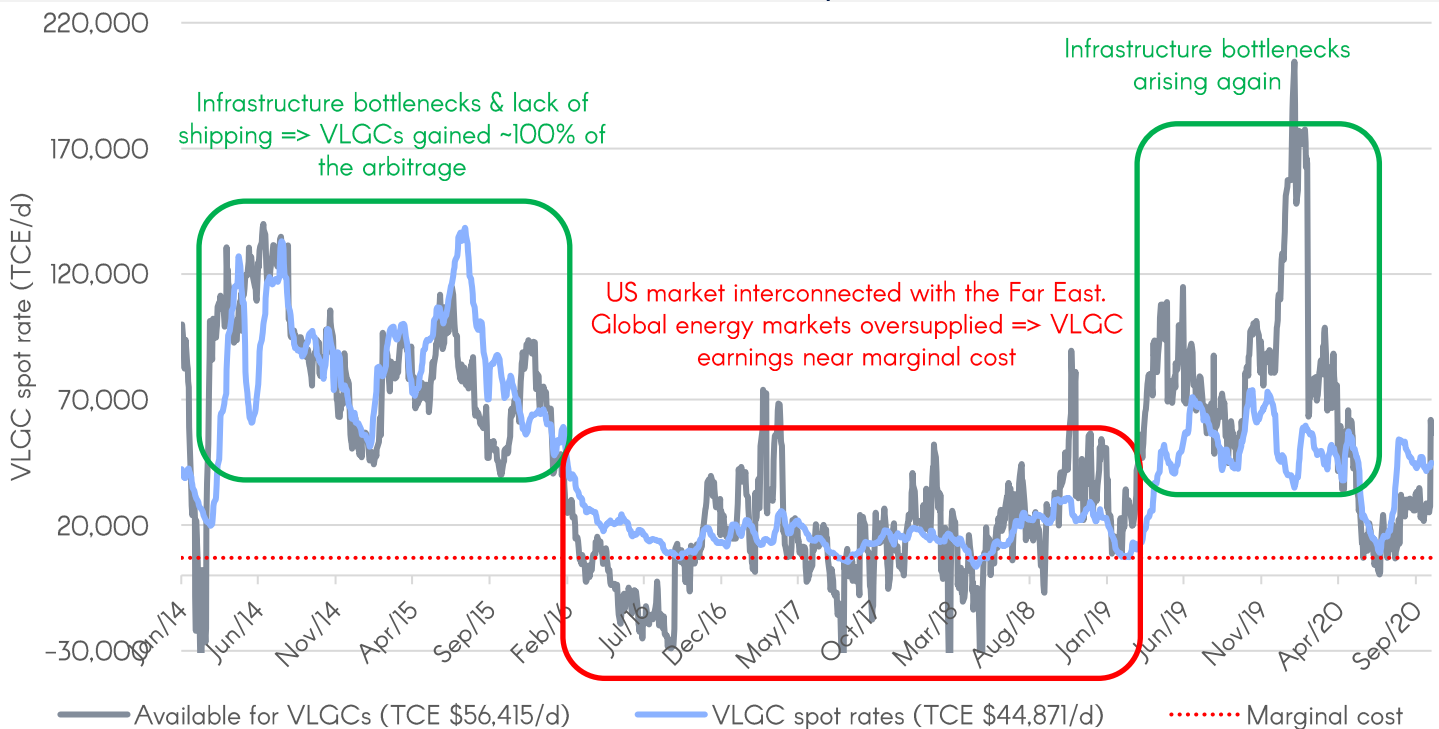
### Brief history

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.

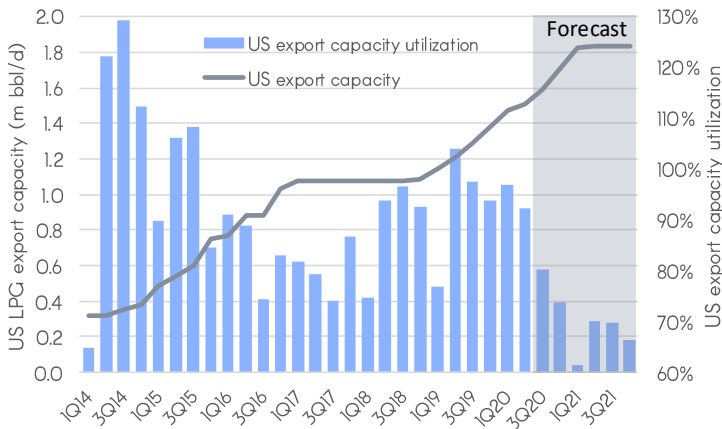
During this period, waterborne LPG export capacity was a bottleneck, and the VLGCs on the water were able to capture close to 100% of the huge price differential between export markets such as US/Middle East and the main importers. Then followed a period from 2016 where a massive increase in US export 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.

### VLGC rates vs theoretical from price differential

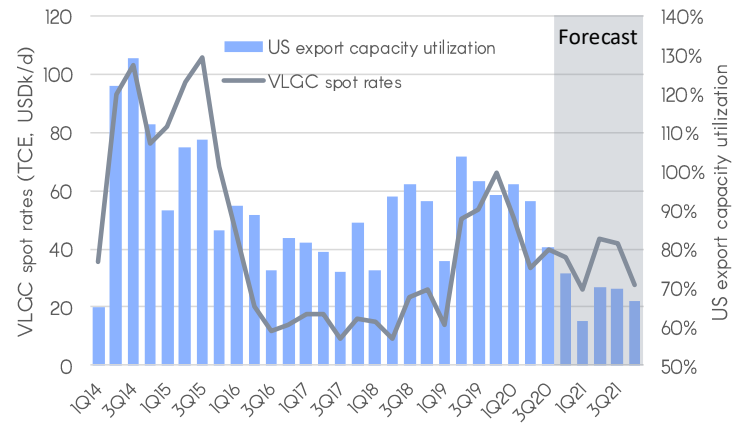




### US LPG seaborne export capacity & utilization



### US export capacity utilization vs VLGC spot rates



## Market outlook

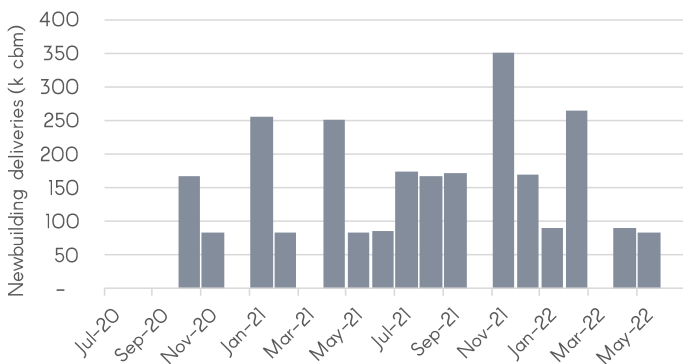
### Supply

With only 0.7m cbm of VLGC newbuildings having been ordered so far in 2020 vs gross deliveries at 1.5m cbm, the orderbook has contracted from 15.8% of the fleet at the beginning of the year to 11.5% at present. This is much lower than the historical average of 20%, and means that only moderate [demand](#) growth is needed to improve [fleet utilization](#).

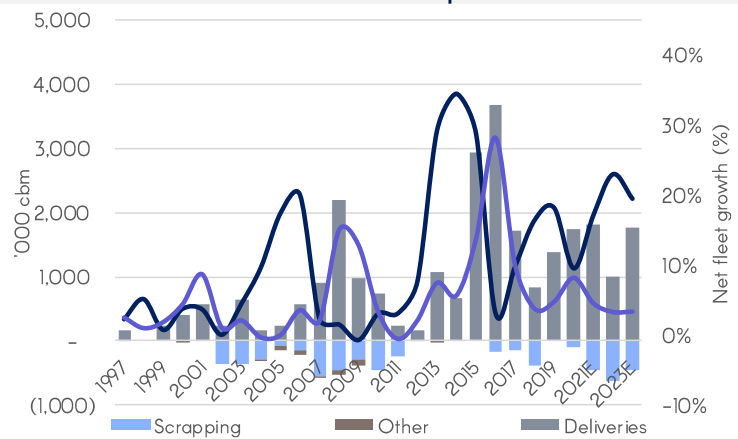
For 2020E, we forecast net supply growth at a substantial 8.1%, marginally higher than our 7.7% demand growth forecast. The majority of deliveries are however already behind us, with only 258k cbm expected for the remainder of the year. Looking further afield, we see a 4.5% net supply growth in 2021E, 3.2% in 2022E and 3.3% in 2023E.

### VLGC monthly delivery schedule

Monthly overview of VLGC delivery schedule

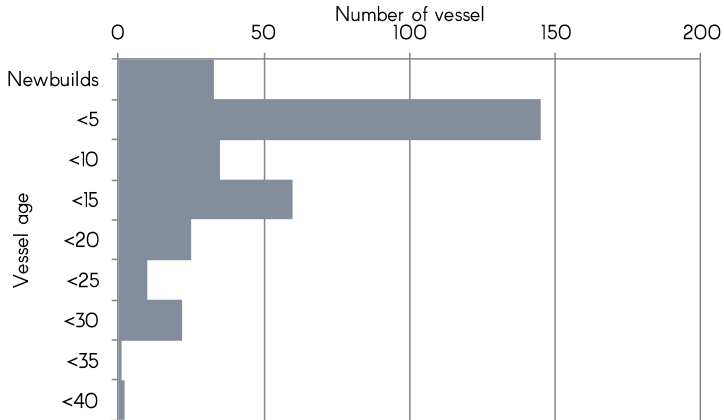


### VLGC fleet developments

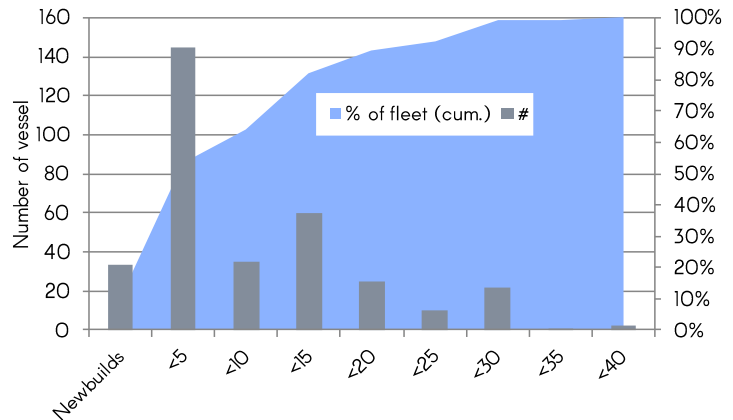




### VLGC fleet distribution by age



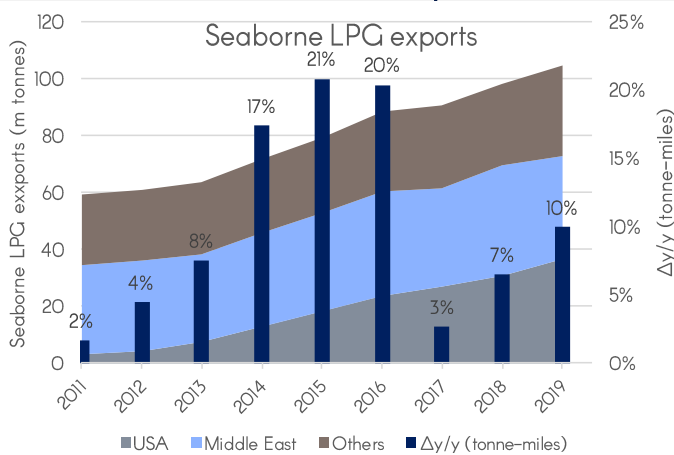
### VLGC distribution by age



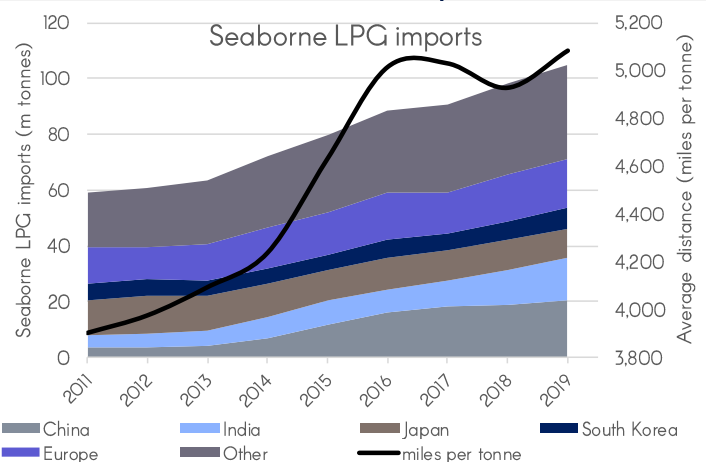
### Demand

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 Middle Eastern exports made up 53% of all seaborne volumes in 2011 and the US a mere 5%, the split is now around 32% ME and 39% 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 what the tonne picture initially paints.

### Seaborne LPG exports



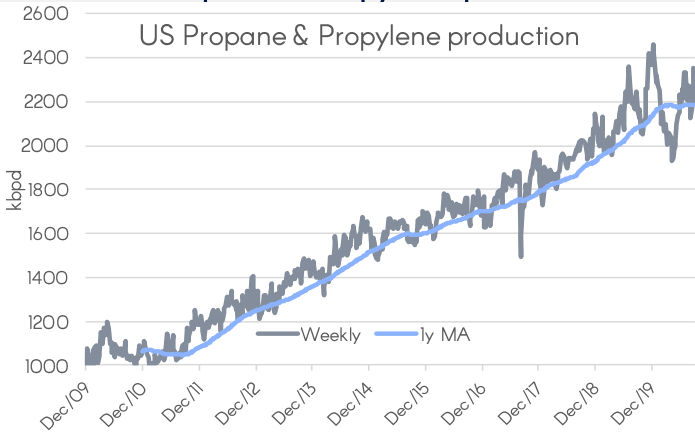
### Seaborne LPG imports



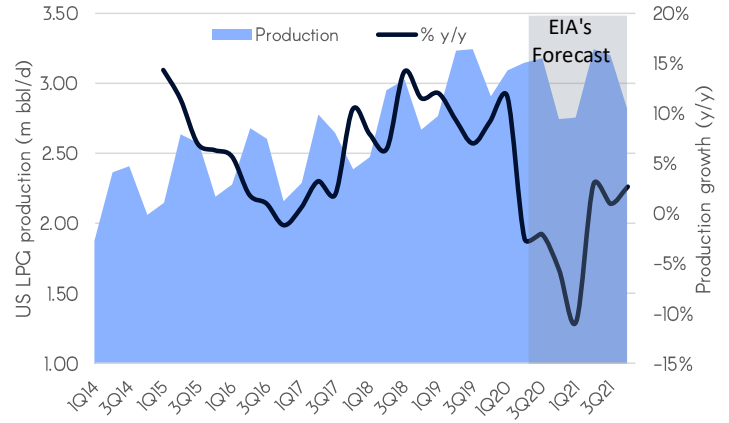
Looking ahead, we expect Middle Eastern exports to decrease 5.8% y/y in 2020E to 34mt with a +5.0% reversal in 2021E to 36mt. This is down from the peak LPG exports of 39mt in 2018. The single most important demand growth driver for LPG shipping demand is US LPG exports, where we forecast volumes to rise 14% y/y in 2020E. The large y/y growth rate hides the fact that 1H20E enjoyed 31% growth over 1H19, while 2H20E is on track for a 1% y/y decline vs 2H19. This negative trend is expected to continue into 1H21E, with US LPG exports -14% y/y in 1H21E, -1% y/y in 2H21E and -8% y/y for the full year 2021E. We expect seaborne LPG exports from other sources to contract 4.7% in 2020E and rise 8.6% in 2021E.



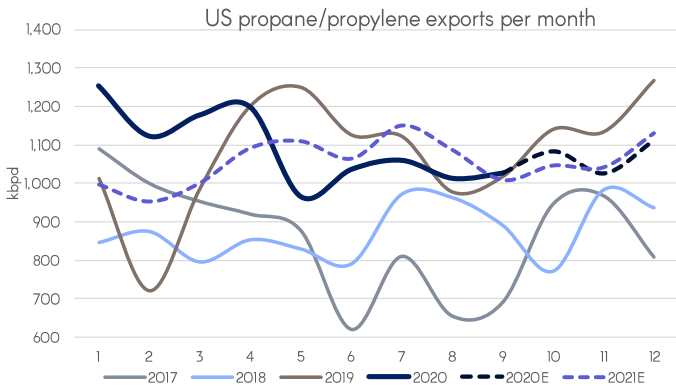
### US Propane & Propylene production



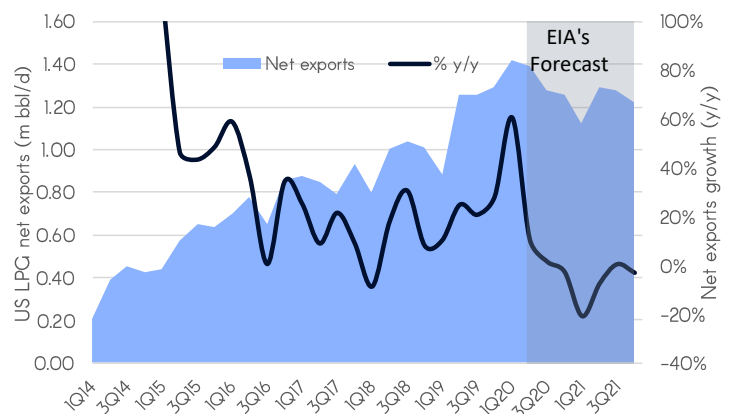
### US LPG production & EIA's forecast



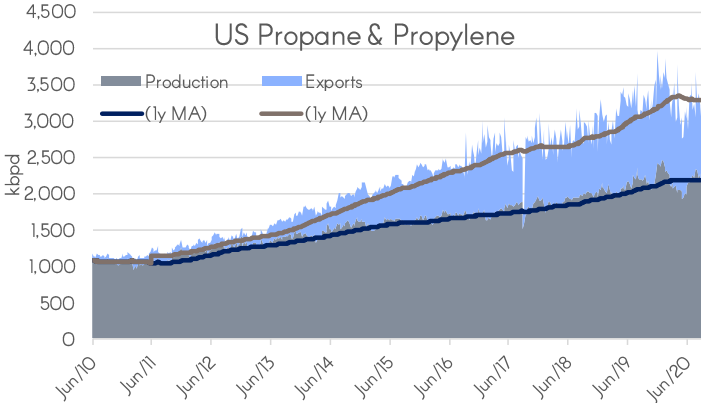
### US Propane & Propylene exports



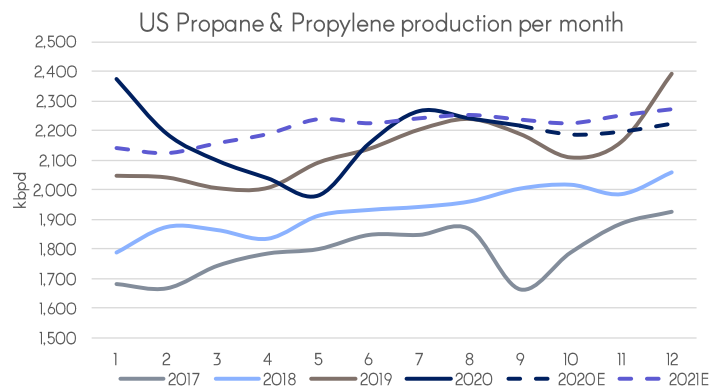
### US Propane net exports & EIA's forecast



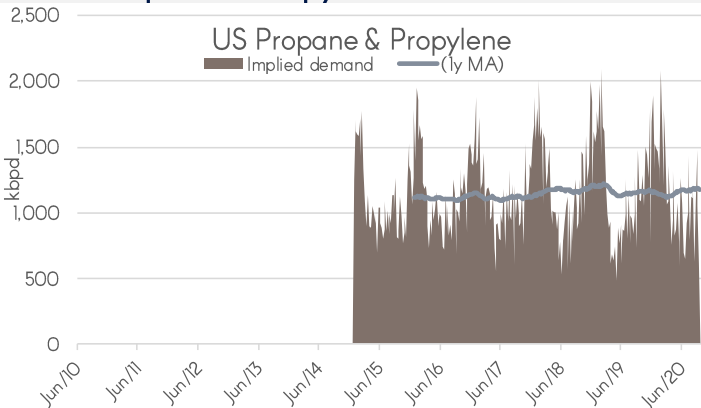
### US Propane & Propylene production/exports



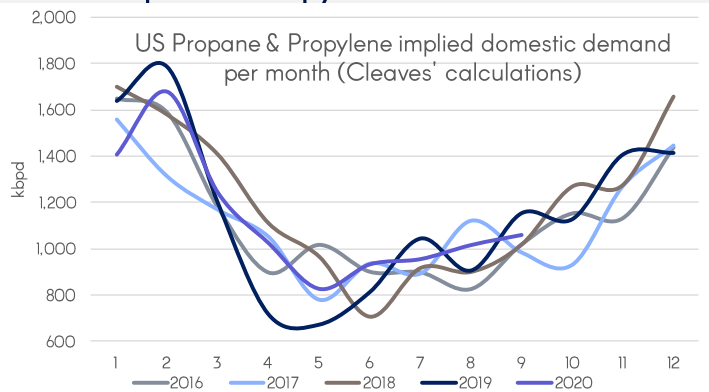
### US Propane & Propylene production



### US Propane & Propylene: Domestic demand



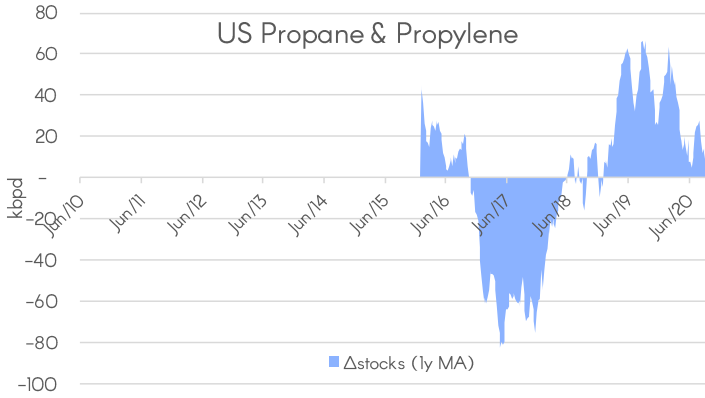
### US Propane & Propylene: Domestic demand



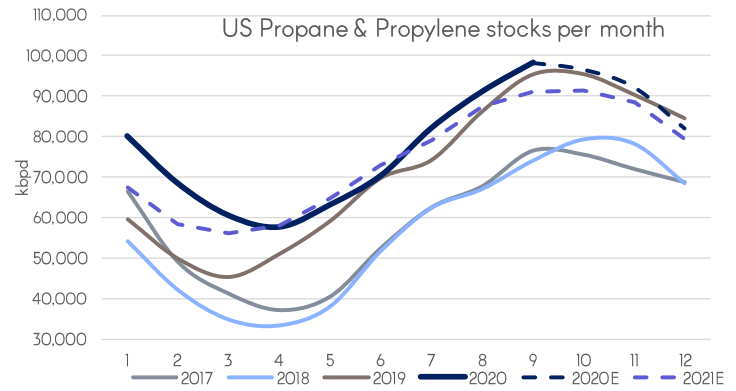




### US Propane & Propylene: Net inventory $\Delta$ y/y

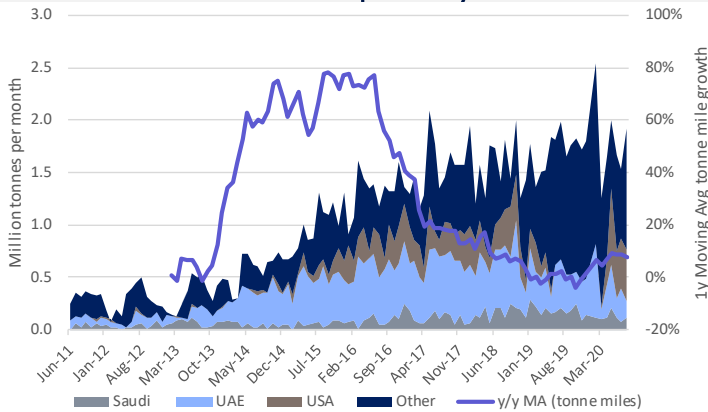


### US Propane & Propylene: Inventory

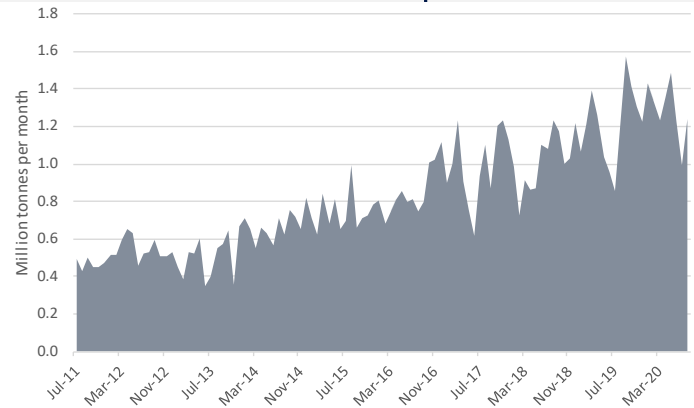


On the LPG demand side, we believe in a general increase in global energy demand in addition to a preference for LPG and LNG over coal and oil. The latter is evident in the massive increase of imports into China and India in recent years, which again can be viewed as proxies for a wider movement in developing economies at present and in the future. A positive development since April 2020 is the resumption of Chinese LPG imports from the US, after the trade war led China to import zero US LPG from May 2019. The resurgence of this tonne-mile heavy trade is welcomed news for VLGC owners, especially with volumes averaging a very strong 0.48mt per month since April vs the previous peak monthly average of 0.29mt in 2018.

### Chinese LPG imports by source



### Indian LPG imports



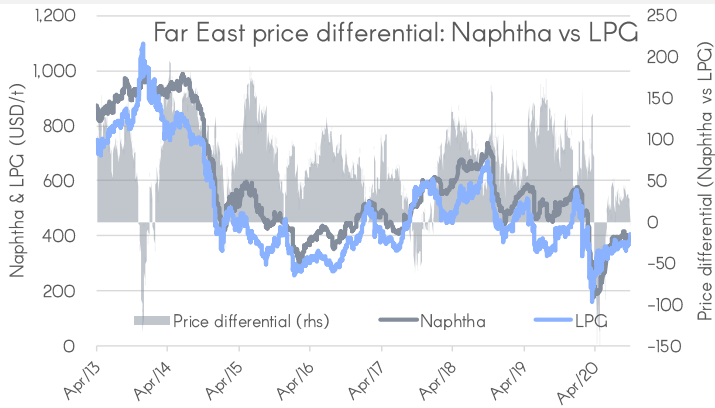
In addition to a general move towards LPG as a cleaner and energy rich fuel for the retail market, another important driver for LPG demand is the relative pricing towards other energy sources, and especially naphtha which many crackers can use interchangeably to a certain degree. This effect is even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

In our analysis, we find that a switch from naphtha to LPG in the Far East occurs at around a \$50-100 price differential. At the time of writing, the price differential stands at -\$6/t, and we would likely need higher oil prices for the situation to swing in favour of LPG consumption.

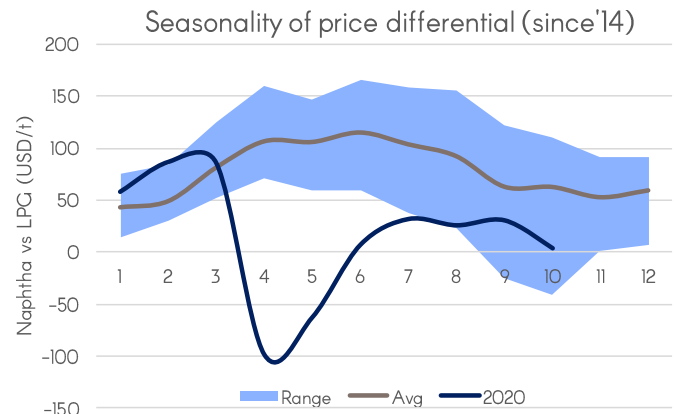


Looking to historical patterns, the price differential tends to rise in April and stay elevated throughout August. This fits well with the seasonal spike in demand and shipping earnings we have observed historically. This seasonality has however been highly diluted in recent years by the ramp-up in US exports, and this year's COVID-19 outbreak means seasonality has diminished further in importance for 2020E. Please see the section on [Seasonality](#) below for additional details.

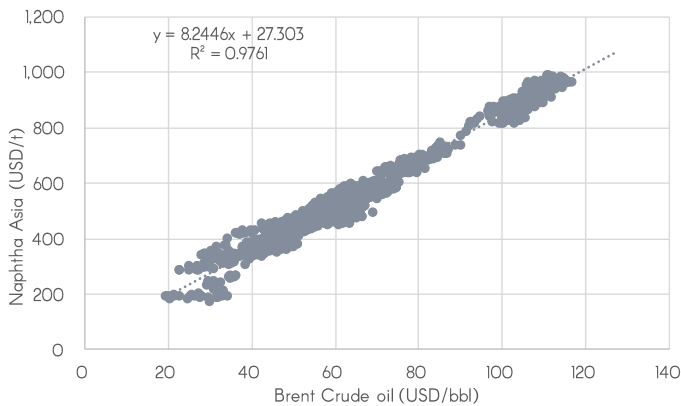
### Far Eastern feedstock switch occurs ~\$50-100



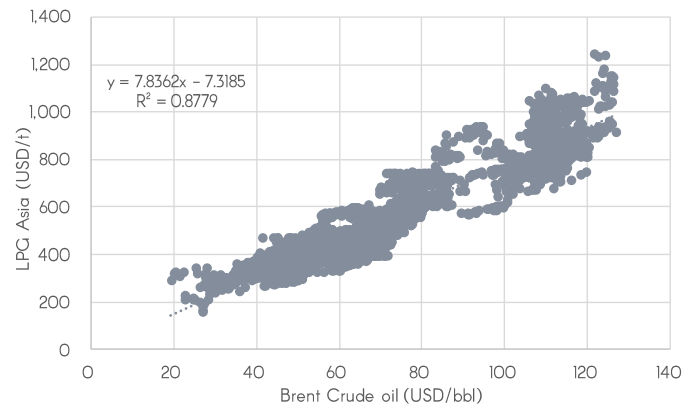
### Seasonality of Far Eastern price differential



### Correlation: Far East naphtha vs Brent Crude



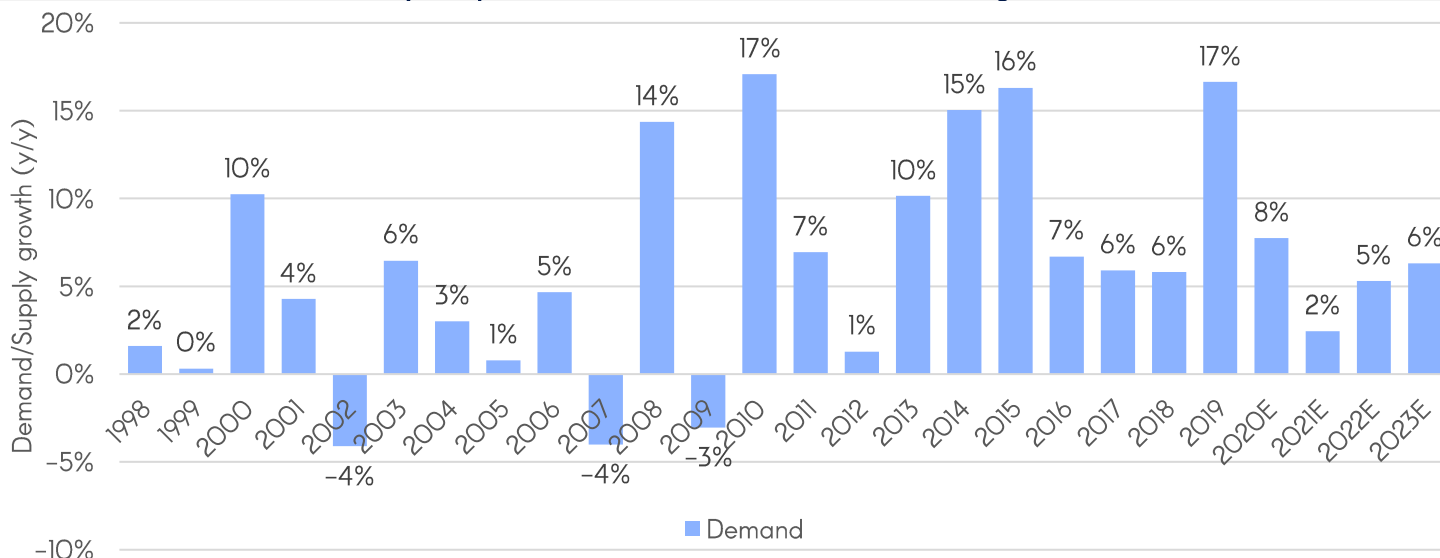
### Correlation: Far East LPG vs Brent Crude





In sum, we forecast demand growth of 7.7% y/y in 2020E, 2.4% in 2021E, 5.3% in 2022E and 6.3% in 2023E.

Historically (implied) and Cleaves' VLGC demand growth forecast



### Fleet utilization

After a massive surge in fleet utilization from 80.0% in 2018 to 89.1% in 2019, we expect close to flat fleet utilization for 2020E at 88.8%. Against our 8.1% net fleet growth forecast in 2020E, we see demand growth of 7.7%, with average spot rates of \$40k/d vs 46k/d in 2019. Demand growth y/y in 2021E at 2.4% vs expected net supply growth of 4.5% leads to a further deterioration of VLGC spot rates to a potential \$35k/d average. We expect 1Q21E to be the weakest quarter with average spot rates at \$26k/d with potential troughs towards \$18k/d and peaks around \$33k/d.

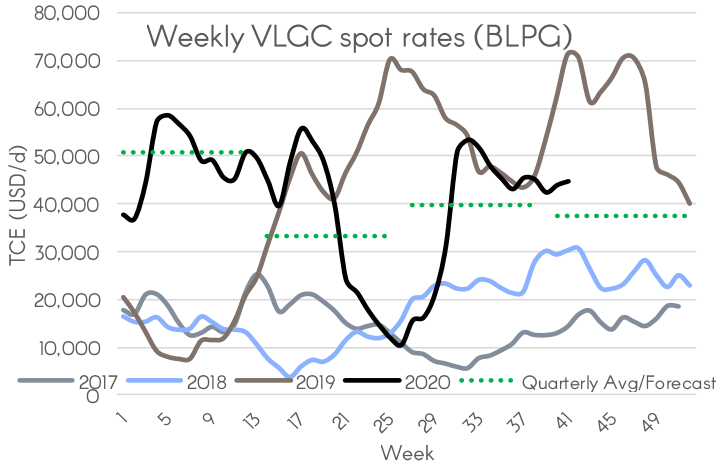
Looking further afield, we expect that a conservative newbuild contracting in 2020E and 2021E will lead to a manageable fleet growth of 3-4% in 2022E-2023E. Against a forecast demand growth of 5% in 2022E and 6% in 2023E, we expect consecutive improvements y/y.

Delta table: VLGC Carrier forecast summary

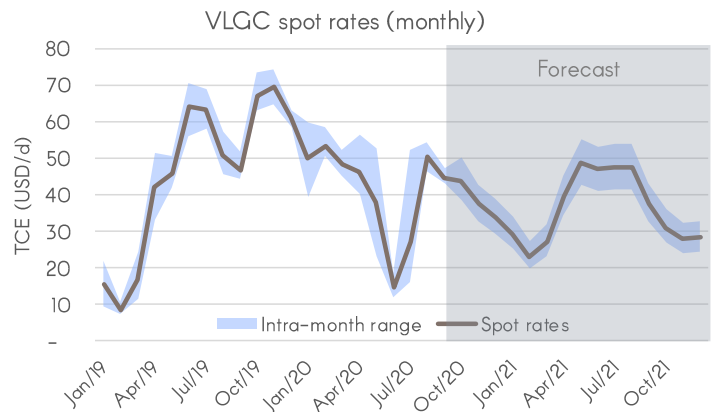
| $\Delta$ y/y     | 2020E | 2021E | 2022E | 2023E | Avg spot    | 2020E  | 2021E  | 2022E  | 2023E   |
|------------------|-------|-------|-------|-------|-------------|--------|--------|--------|---------|
| Supply           | 8%    | 4%    | 3%    | 3%    | VLGC spot   | 40,266 | 34,791 | 41,185 | 51,680  |
| Supply, old      | 8%    | 4%    | 3%    | 2%    | old         | 28,362 | 19,850 | 38,054 | 57,085  |
| $\Delta$         | 0%    | 1%    | 1%    | 2%    | $\Delta$    | 11,904 | 14,941 | 3,131  | (5,405) |
| Demand           | 8%    | 2%    | 5%    | 6%    | VLGC 3y     | 69     | 70     | 78     | 78      |
| Demand, old      | 1%    | 1%    | 11%   | 7%    | old         | 68     | 67     | 78     | 81      |
| $\Delta$         | 6%    | 1%    | -5%   | -1%   | $\Delta$    | 1.5    | 3.6    | 0.6    | (3.7)   |
| Utilization      | 89%   | 87%   | 89%   | 91%   | Share index | 55     | 58     | 89     | 92      |
| Utilization, old | 84%   | 81%   | 88%   | 93%   | old         | 51     | 56     | 92     | 103     |
| $\Delta$         | 5%    | 6%    | 1%    | -1%   | $\Delta$    | 7%     | 4%     | -3%    | -11%    |



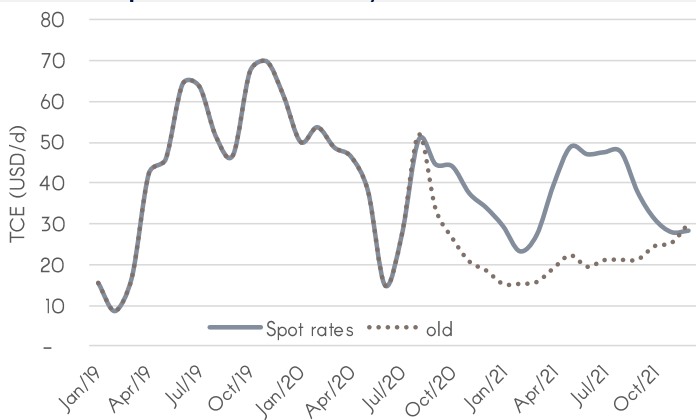
### VLGC spot rates: Historical & forecast



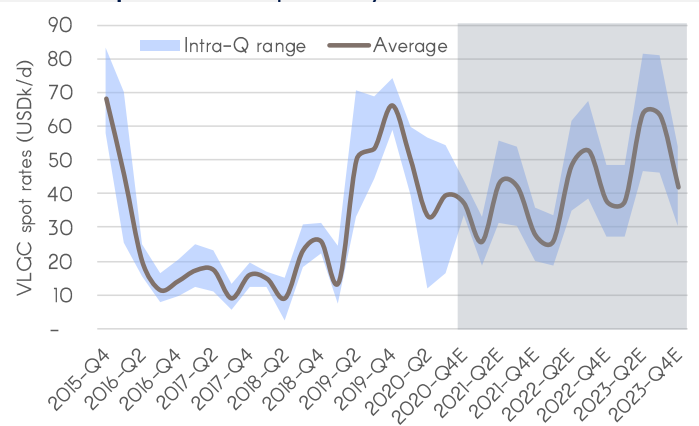
### VLGC spot rates (monthly): Historical & forecast



### VLGC spot rates (monthly): New vs Old forecast



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

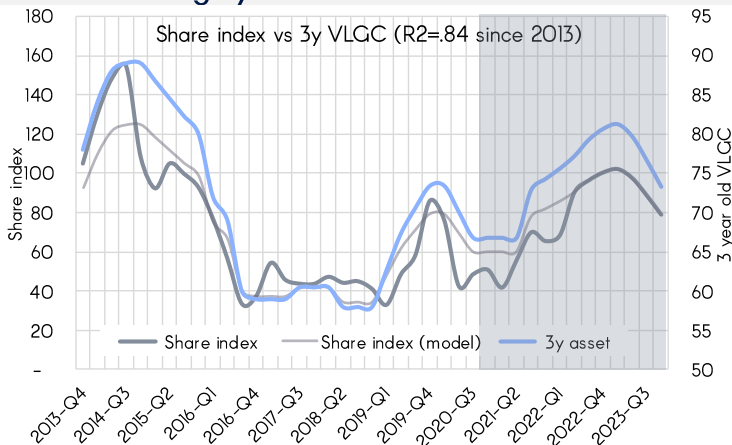


### Share index

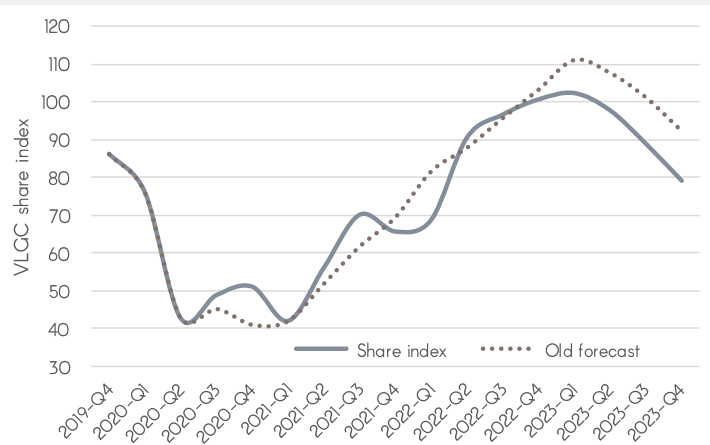
Our VLGC share index currently stands at 60 after a 44% rout since the peak in January. With spot rates holding up remarkably well in 2H20E against a significant decline in LPG exports, share prices have shown modest gains. One could also argue that they have for some time been lower than one would otherwise expect in such a strong earnings environment.

We believe our VLGC share index could slide into 1Q21E in concert with falling spot rates, with our share index potentially averaging 51 in 4Q20E (-15% from current levels) and 42 (-30%) in 1Q21E. From the expected 1Q21E trough, we believe our share index could rally 144% by year end 2022E.

### Shares highly correlated with vessel values

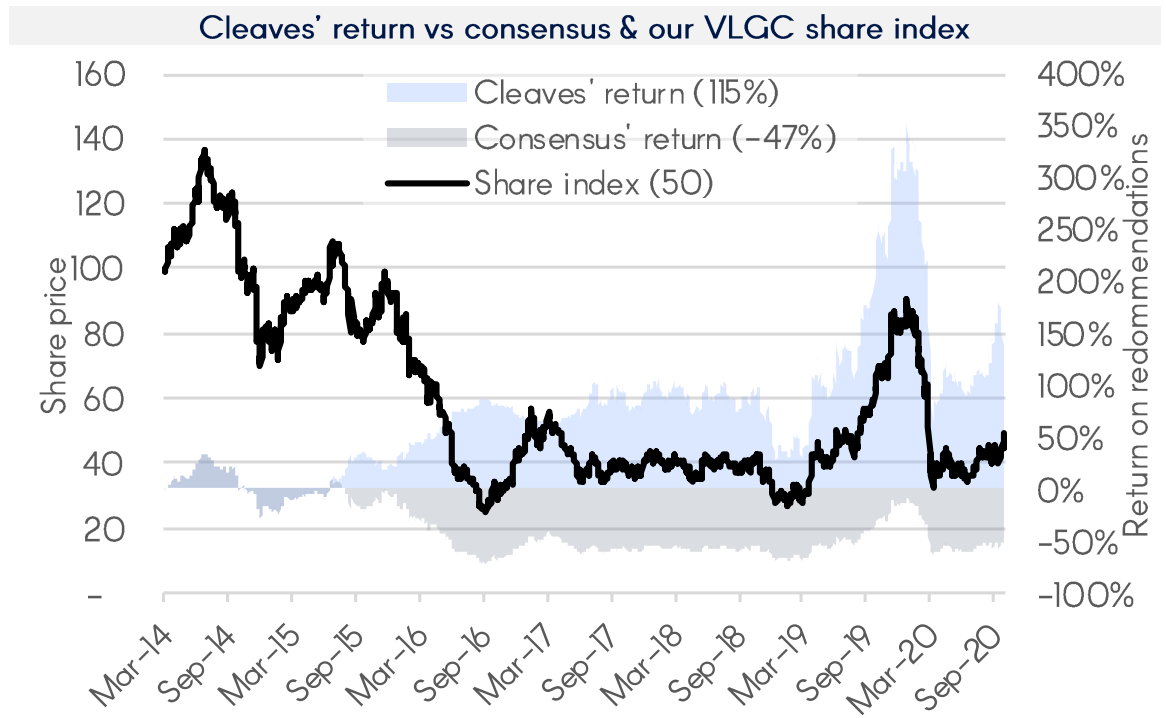


### Cleaves' VLGC share index

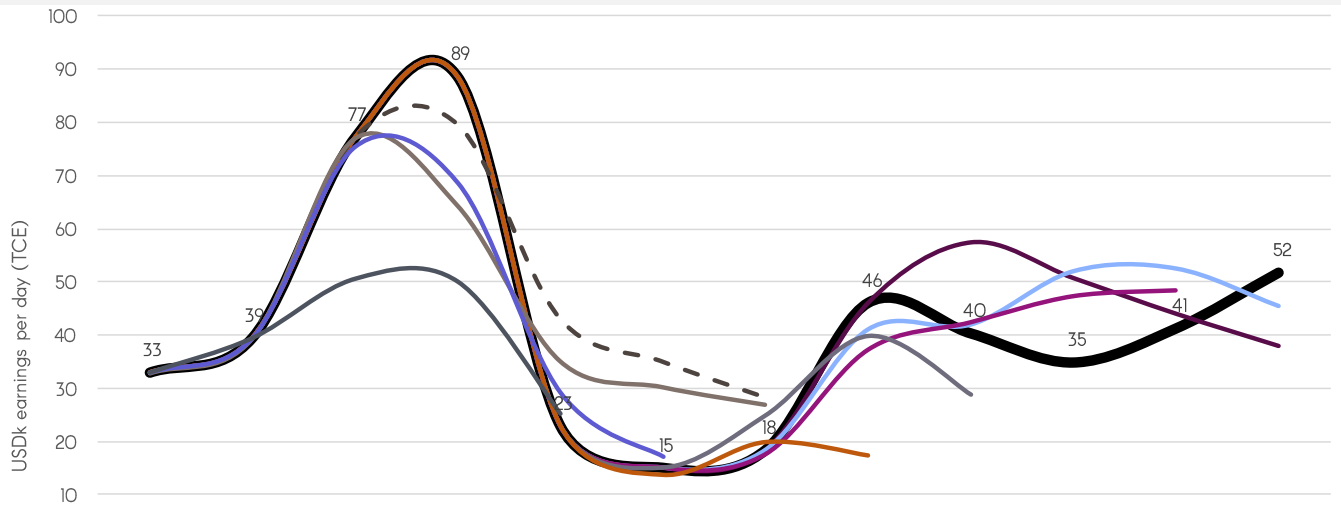




Since we started covering VLGC shipping shares in 2014, we have 115% return on our recommendations vs the market at -50% & consensus at -53%.



### 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 | 40,266 | 34,791 | 41,185 | 51,680 |
| 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 |        |        |        |        |        |        |        |

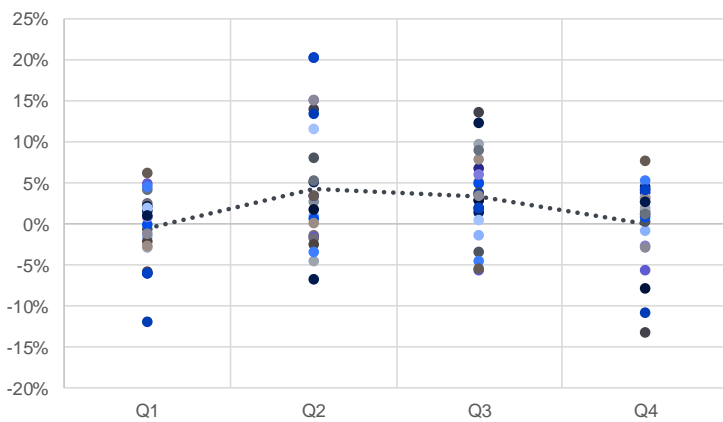


### Seasonality

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.

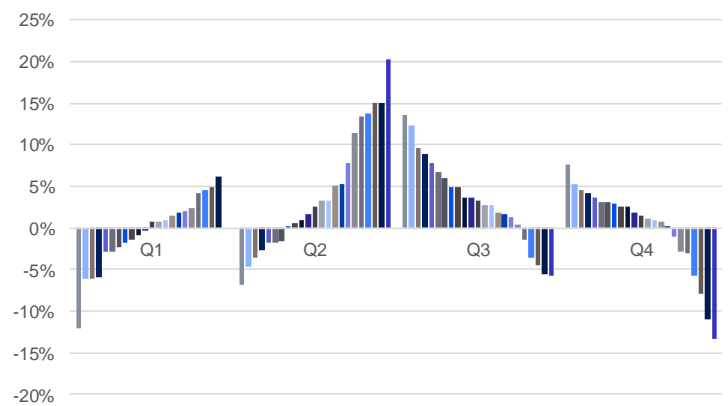
#### Historically strong demand growth in 2Q/3Q

Implied q/q demand growth since 1997



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

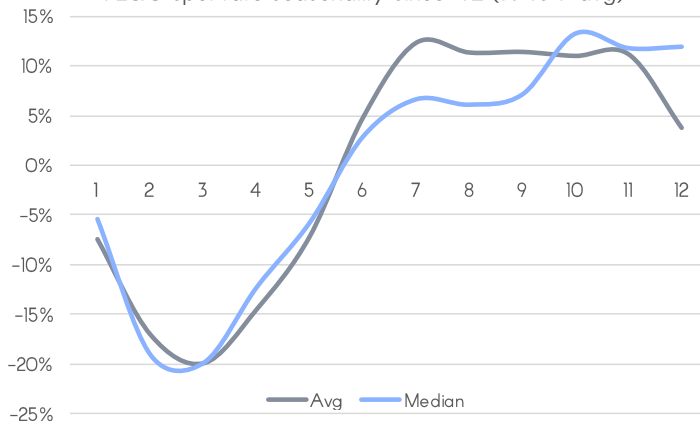
Implied q/q demand growth since 1997



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.

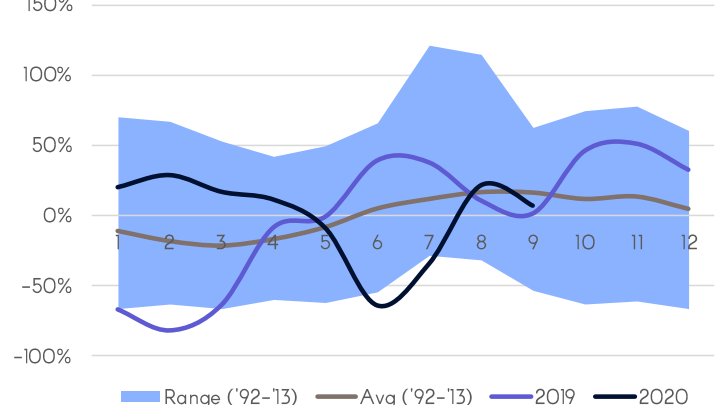
#### Historical VLGC spot rate seasonality

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: A Mixed Picture

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

## Changes to our econometric model

| New Demand/Supply ('000 cbm)       |        |        |        |        |        |        |        |        |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Base case                          | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   |
| Deliveries <sup>1</sup>            | 162    | 1,073  | 669    | 2,935  | 3,688  | 1,730  | 829    | 1,394  | 1,753  | 1,805  | 992    | 1,761  |
| Scrapping <sup>1</sup>             | -      | -      | -      | -      | (161)  | (154)  | (391)  | -      | (96)   | (468)  | (627)  | (464)  |
| Other <sup>1</sup>                 | 0      | (0)    | -      | -      | -      | -      | -      | -      | -      | -      | -      | -      |
| Contracting <sup>1</sup>           | 913    | 3,271  | 3,857  | 3,232  | 417    | 1,151  | 1,879  | 2,067  | 1,121  | 1,951  | 2,596  | 2,212  |
| Supply <sup>2</sup>                | 11,446 | 12,292 | 12,979 | 14,760 | 18,933 | 20,811 | 21,574 | 22,588 | 24,426 | 25,518 | 26,337 | 27,197 |
| Δ y/y                              | 2.0%   | 7.4%   | 5.6%   | 13.7%  | 28.3%  | 9.9%   | 3.7%   | 4.7%   | 8.1%   | 4.5%   | 3.2%   | 3.3%   |
| Demand <sup>2</sup>                | 9,794  | 10,788 | 12,410 | 14,433 | 15,399 | 16,307 | 17,254 | 20,124 | 21,682 | 22,211 | 23,389 | 24,862 |
| Δ y/y                              | 1.3%   | 10.1%  | 15.0%  | 16.3%  | 6.7%   | 5.9%   | 5.8%   | 16.6%  | 7.7%   | 2.4%   | 5.3%   | 6.3%   |
| Utilization <sup>2</sup>           | 86%    | 88%    | 96%    | 98%    | 81%    | 78%    | 80.0%  | 89.1%  | 88.8%  | 87.0%  | 88.8%  | 91.4%  |
| Spot rate <sup>2</sup> (USD/day)   | 32,890 | 39,437 | 77,070 | 88,508 | 22,859 | 14,990 | 18,326 | 46,009 | 40,266 | 34,791 | 41,885 | 51,680 |
| VLGC value, 3y <sup>2</sup> (USDm) | 71     | 73     | 88     | 83     | 65     | 60     | 59     | 69     | 69     | 70     | 78     | 78     |
| Share index <sup>2</sup>           | -      | -      | 135    | 98     | 51     | 47     | 45     | 57     | 55     | 58     | 89     | 92     |
| OB <sup>2</sup>                    | 1,454  | 2,490  | 6,524  | 6,776  | 4,602  | 2,617  | 3,243  | 3,158  | 2,981  | 3,194  | 4,162  | 5,263  |
| OB/Fleet <sup>2</sup>              | 13%    | 20%    | 50%    | 46%    | 24%    | 13%    | 15%    | 14%    | 12%    | 13%    | 16%    | 19%    |

<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  | 1,751  | 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

| Δ Demand/Supply ('000 cbm)         |      |      |       |       |       |       |       |       |        |        |       |         |
|------------------------------------|------|------|-------|-------|-------|-------|-------|-------|--------|--------|-------|---------|
| Base case                          | 2012 | 2013 | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020   | 2021   | 2022  | 2023    |
| Deliveries <sup>1</sup>            | -    | -    | -     | -     | (175) | (351) | -     | (84)  | 3      | 24     | 273   | 412     |
| Scrapping <sup>1</sup>             | -    | -    | -     | -     | -     | -     | -     | -     | 96     | -      | -     | -       |
| Other <sup>1</sup>                 | 0    | (0)  | -     | -     | -     | -     | -     | -     | -      | -      | -     | -       |
| Contracting <sup>1</sup>           | -    | -    | (22)  | (169) | -     | -     | 0     | (784) | 290    | 405    | (129) | (396)   |
| Supply <sup>2</sup>                | 0    | (0)  | 0     | (0)   | (44)  | (505) | (526) | (610) | (583)  | (476)  | (357) | 42      |
| Δ y/y                              | 0.0% | 0.0% | 0.0%  | 0.0%  | -0.3% | -2.4% | 0.0%  | -0.3% | 0.3%   | 0.5%   | 0.5%  | 1.5%    |
| Demand <sup>2</sup>                | 0    | (0)  | 0     | (0)   | (34)  | (395) | (421) | (543) | 748    | 1,077  | (29)  | (265)   |
| Δ y/y                              | 0.0% | 0.0% | 0.0%  | 0.0%  | -0.2% | -2.3% | 0.0%  | -0.3% | 6.5%   | 1.5%   | -5.5% | -1.0%   |
| Utilization <sup>2</sup>           | 0%   | 0%   | 0%    | 0%    | 0%    | 0%    | 0%    | 0.0%  | 5.1%   | 5.7%   | 1.1%  | -1.1%   |
| Spot rate <sup>2</sup> (USD/day)   | -    | -    | -     | -     | -     | -     | -     | -     | 11,904 | 14,941 | 3,131 | (5,405) |
| VLGC value, 3y <sup>2</sup> (USDm) | -    | -    | -     | -     | -     | -     | -     | -     | 2      | 4      | 1     | (4)     |
| Share index <sup>2</sup>           | -    | -    | -     | -     | -     | -     | -     | -     | 3      | 2      | (3)   | (11)    |
| OB <sup>2</sup>                    | -    | -    | (263) | (541) | (673) | (213) | (169) | (605) | (775)  | (364)  | (424) | (1,172) |
| OB/Fleet <sup>2</sup>              | 0%   | 0%   | -2%   | -4%   | -3%   | -1%   | 0%    | -2%   | -3%    | -1%    | -1%   | -4%     |

<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%   | -5%  | -17% | 0%   | -6%  | 0%   | 1%   | 38%  | 31%  |
| Scrapping <sup>1</sup>             |       |       |      |      | 0%   | 0%   | 0%   |      | -50% | 0%   | 0%   | 0%   |
| Other <sup>1</sup>                 | ##### | ##### |      |      |      |      |      |      |      |      |      |      |
| Contracting <sup>1</sup>           | 0%    | 0%    | -1%  | -5%  | 0%   | 0%   | 0%   | -27% | 35%  | 26%  | -5%  | -15% |
| Supply <sup>2</sup>                | 0%    | 0%    | 0%   | 0%   | 0%   | -2%  | -2%  | -3%  | -2%  | -2%  | -1%  | 0%   |
| Δ y/y                              | 0%    | 0%    | 0%   | 0%   | -1%  | -20% | 0%   | -5%  | 4%   | 14%  | 19%  | 89%  |
| Demand <sup>2</sup>                | 0%    | 0%    | 0%   | 0%   | 0%   | -2%  | -2%  | -3%  | 4%   | 5%   | 0%   | -1%  |
| Δ y/y                              | 0%    | 0%    | 0%   | 0%   | -3%  | -28% | 0%   | -2%  | 501% | 154% | -51% | -14% |
| Utilization <sup>2</sup>           | 0%    | 0%    | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 6%   | 7%   | 1%   | -1%  |
| Spot rate <sup>2</sup> (USD/day)   | 0%    | 0%    | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 42%  | 75%  | 8%   | -9%  |
| VLGC value, 3y <sup>2</sup> (USDm) | 0%    | 0%    | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 2%   | 5%   | 1%   | -5%  |
| Share index <sup>2</sup>           |       |       | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 7%   | 4%   | -3%  | -11% |
| OB <sup>2</sup>                    | 0%    | 0%    | -4%  | -7%  | -13% | -8%  | -5%  | -16% | -21% | -10% | -9%  | -18% |
| OB/Fleet <sup>2</sup>              | 0%    | 0%    | -4%  | -7%  | -13% | -5%  | -3%  | -14% | -19% | -9%  | -8%  | -18% |

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



## Asset Valuation

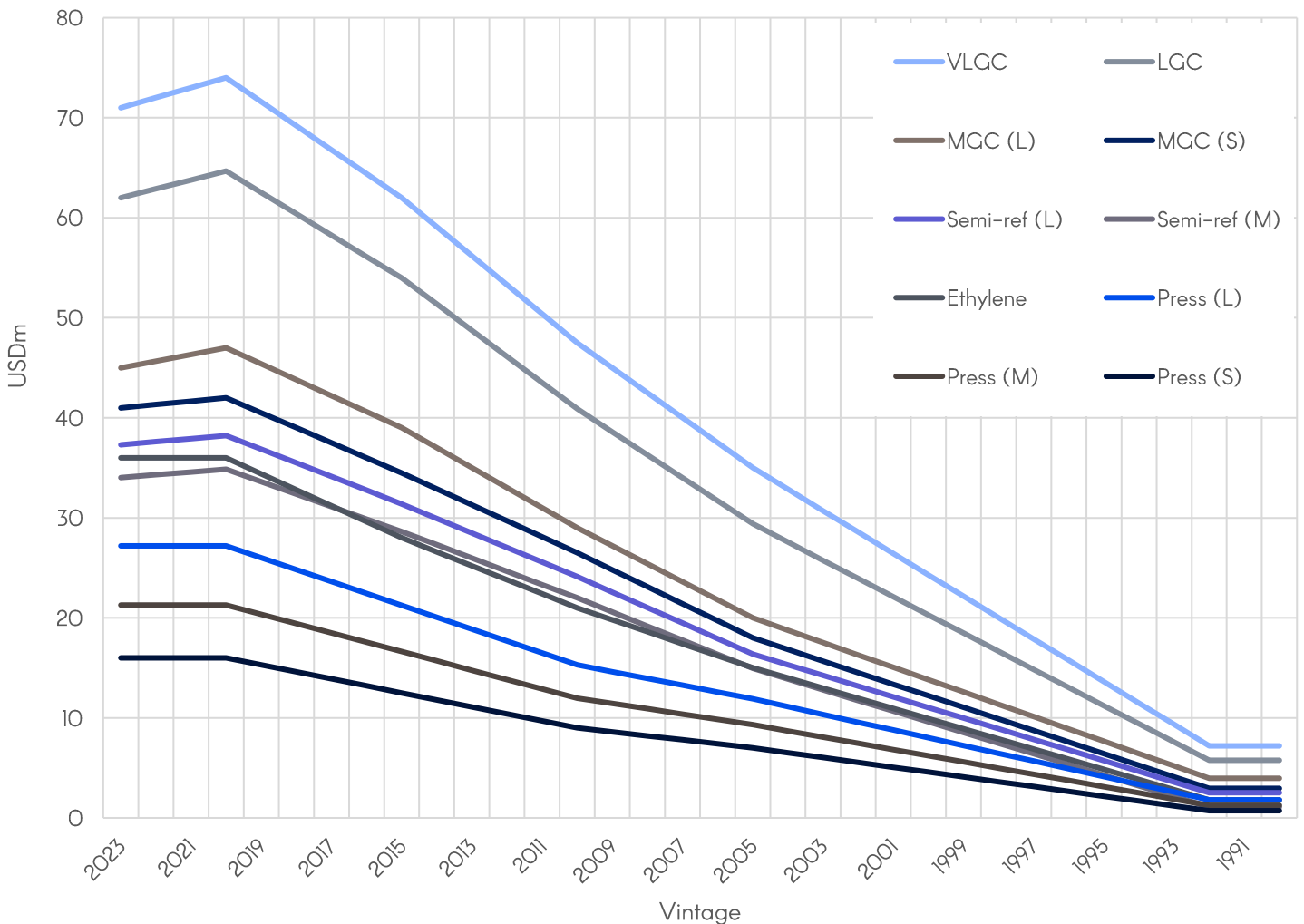
Asset valuation overview

| 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 | 62.0 | 45.0    | 41.0    | 37.3         | 34.0         | 36.0     | 27.2      | 21.3      | 16.0      |
| <b>resale</b> | 74.0 | 64.7 | 47.0    | 42.0    | 38.2         | 34.9         | 36.0     | 27.2      | 21.3      | 16.0      |
| <b>5y</b>     | 62.0 | 54.0 | 39.0    | 34.5    | 31.4         | 28.6         | 28.0     | 21.3      | 16.6      | 12.5      |
| <b>10y</b>    | 47.5 | 40.9 | 29.0    | 26.5    | 24.1         | 22.0         | 21.0     | 15.3      | 12.0      | 9.0       |
| <b>15y</b>    | 35.0 | 29.4 | 20.0    | 18.0    | 16.4         | 14.9         | 15.0     | 11.9      | 9.3       | 7.0       |
| <b>20y</b>    | 24.3 | 20.3 | 13.8    | 12.2    | 11.0         | 9.6          | 9.9      | 8.0       | 6.2       | 4.6       |
| <b>scrap</b>  | 13.6 | 11.2 | 7.7     | 6.4     | 5.7          | 4.3          | 4.8      | 4.1       | 3.1       | 2.2       |

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>     | 0.0  | -1.3 | -1.0    | 1.0     | 0.9          | 0.8          | 1.0      | 0.0       | 0.0       | 0.0       |
| <b>resale</b> | 1.0  | -0.7 | -1.0    | 0.0     | 0.0          | 0.0          | -1.0     | 0.0       | 0.0       | 0.0       |
| <b>5y</b>     | 2.0  | 0.5  | 0.0     | 0.0     | 0.0          | 0.0          | 0.0      | 0.0       | 0.0       | 0.0       |
| <b>10y</b>    | 1.5  | 0.3  | 0.0     | 0.0     | 0.0          | 0.0          | 0.0      | 0.0       | 0.0       | 0.0       |
| <b>15y</b>    | 3.0  | 1.3  | 0.0     | 0.0     | 0.0          | 0.0          | 0.0      | 0.0       | 0.0       | 0.0       |
| <b>20y</b>    | 2.3  | 1.2  | 0.3     | 0.2     | 0.2          | 0.1          | 0.1      | 0.1       | 0.1       | 0.0       |
| <b>scrap</b>  | 1.7  | 1.1  | 0.5     | 0.4     | 0.4          | 0.2          | 0.3      | 0.2       | 0.2       | 0.1       |

Asset valuation overview





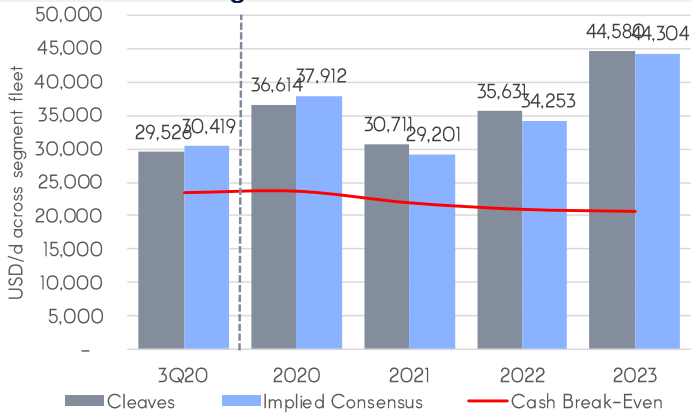


## Peer Group

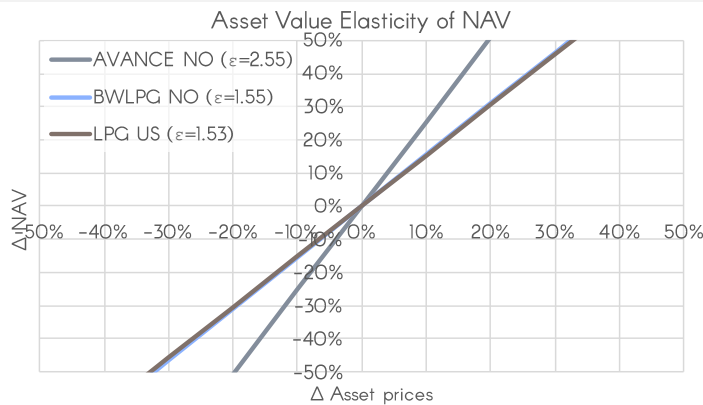
| Company   | M.cap | Turnover | Return<br>1y | Target<br>Rec. | Target<br>Price | Last<br>Price | Target/<br>Price | NAV<br>/sh | P/NAV |        |            | EV/<br>GAV | adj.<br>equity | $\tau$ |
|-----------|-------|----------|--------------|----------------|-----------------|---------------|------------------|------------|-------|--------|------------|------------|----------------|--------|
|           |       |          |              |                |                 |               |                  |            | Now   | 1y fwd | $\epsilon$ |            |                |        |
| AVANCE NO | 205   | 2.4      | -26%         | SELL           | 24              | 29.3          | -18%             | 48         | 0.61  | 1.10   | 2.55       | 0.85       | 35%            | 0.85   |
| BWLPG NO  | 685   | 2.6      | -12%         | HOLD           | 45              | 44.6          | 1%               | 77         | 0.58  | 0.99   | 1.55       | 0.78       | 48%            | 0.87   |
| LPG US    | 460   | 3.9      | -25%         | SELL           | 7.8             | 9.0           | -14%             | 16.9       | 0.53  | 0.85   | 1.53       | 0.72       | 54%            | 0.91   |
| Average   | 450   | 3.0      | -21%         |                |                 |               | -10%             |            | 0.57  | 0.98   | 1.87       | 0.78       | 46%            | 0.88   |
| Median    | 460   | 2.6      | -25%         |                |                 |               | -14%             |            | 0.58  | 0.99   | 1.55       | 0.78       | 48%            | 0.87   |

| Company   | EV/EBITDA |      |      | P/E  |      |      | Dividend yield |      |      | FCF yield |      |      |
|-----------|-----------|------|------|------|------|------|----------------|------|------|-----------|------|------|
|           | 2020      | 2021 | 2022 | 2020 | 2021 | 2022 | 2020           | 2021 | 2022 | 2020      | 2021 | 2022 |
| AVANCE NO | 5.0       | 5.7  | 3.9  | 5.8  | 5.7  | 3.2  | 12%            | 10%  | 14%  | 42%       | -1%  | 27%  |
| BWLPG NO  | 4.0       | 5.3  | 3.6  | 3.3  | 6.6  | 3.8  | 18%            | 10%  | 11%  | 60%       | 25%  | 45%  |
| LPG US    | 5.1       | 5.4  | 3.5  | 6.7  | 8.0  | 4.2  | 0%             | 6%   | 10%  | 31%       | 25%  | 37%  |
| Average   | 4.7       | 5.5  | 3.7  | 5.3  | 6.8  | 3.8  | 10%            | 8%   | 11%  | 45%       | 16%  | 36%  |
| Median    | 4.7       | 5.5  | 3.7  | 5.3  | 6.8  | 3.8  | 10%            | 8%   | 11%  | 45%       | 16%  | 36%  |

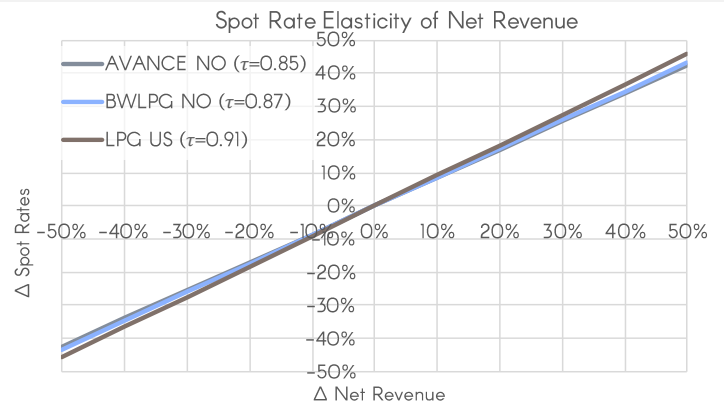
### Cleaves' average TCE/d forecast vs consensus



### Financial leverage ( $\epsilon$ )

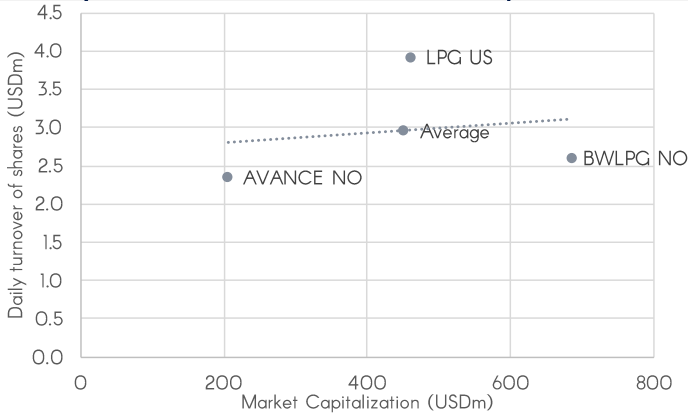


### Operational leverage ( $\tau$ )

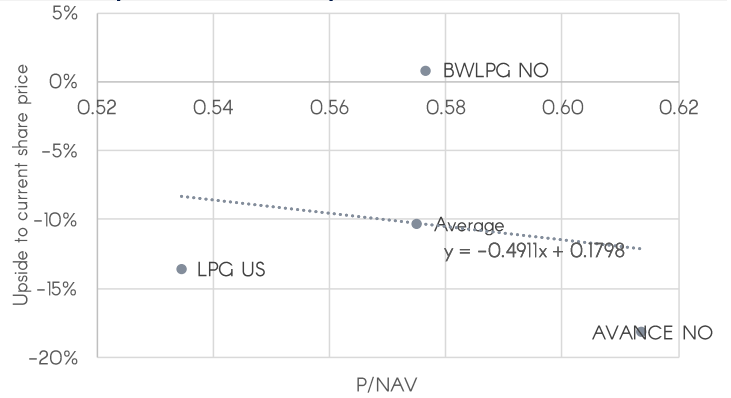




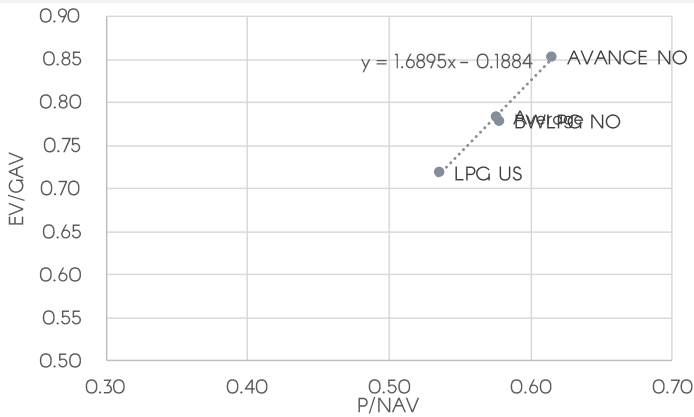
### Daily share turnover vs market capitalization



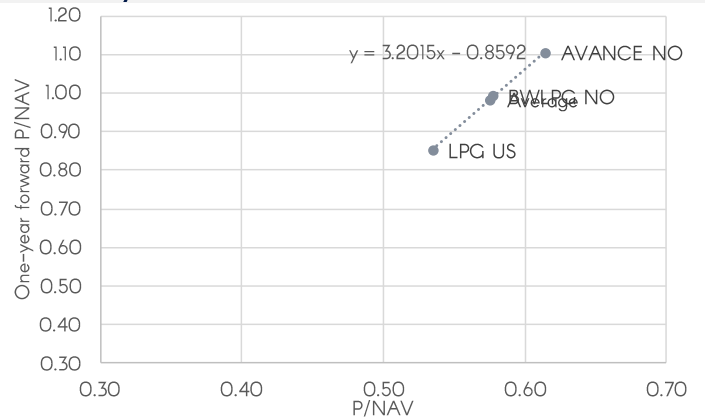
### Upside to share price current P/NAV



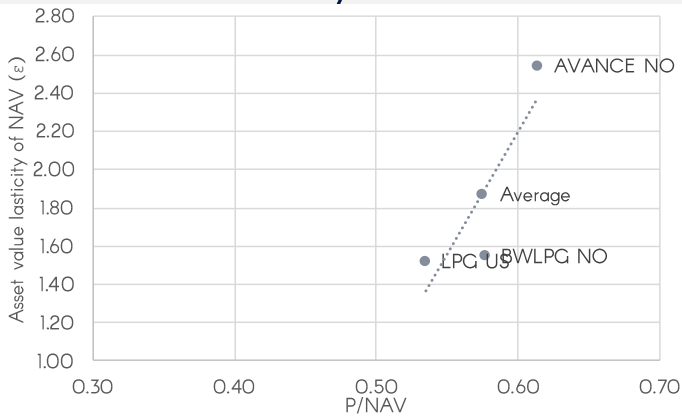
### EV/GAV vs P/NAV



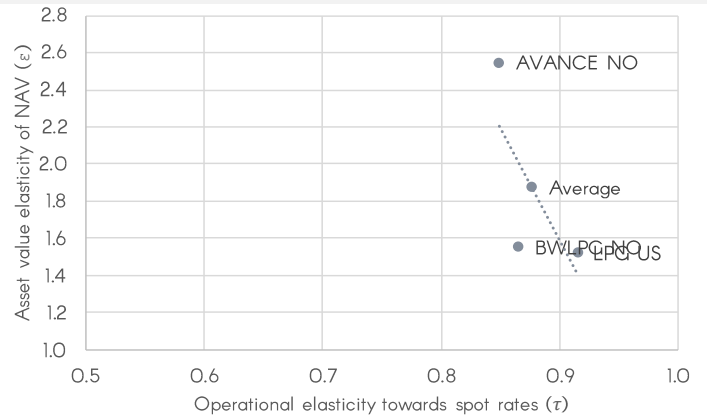
### One-year forward P/NAV vs current P/NAV



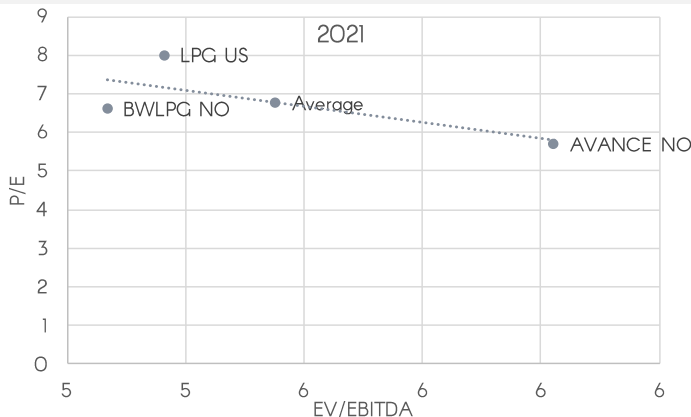
### Asset value elasticity of NAV vs P/NAV



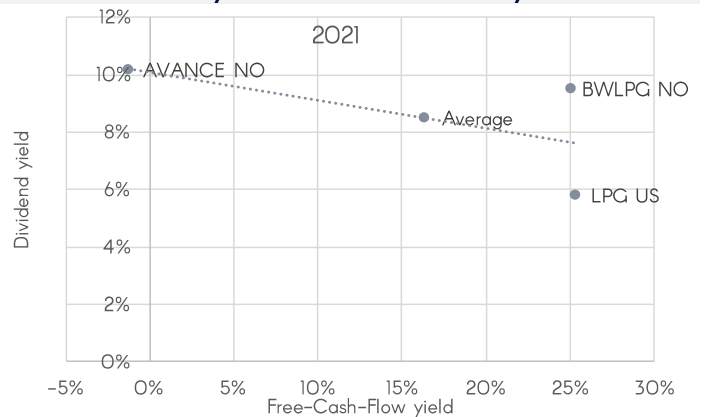
### Elasticities: NAV vs net revenue



### P/E vs EV/EBITDA

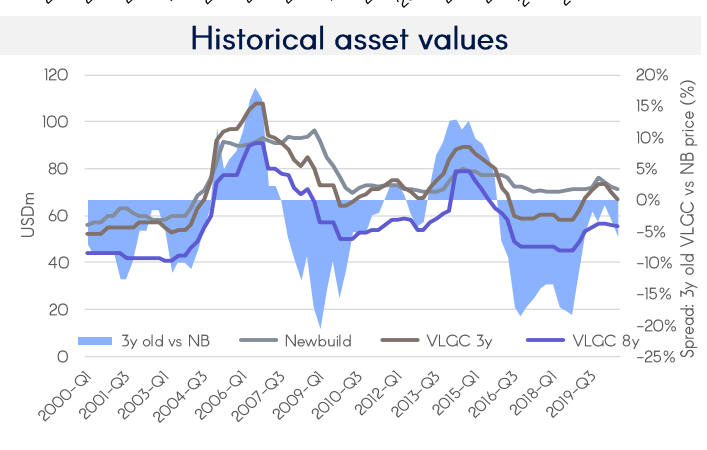
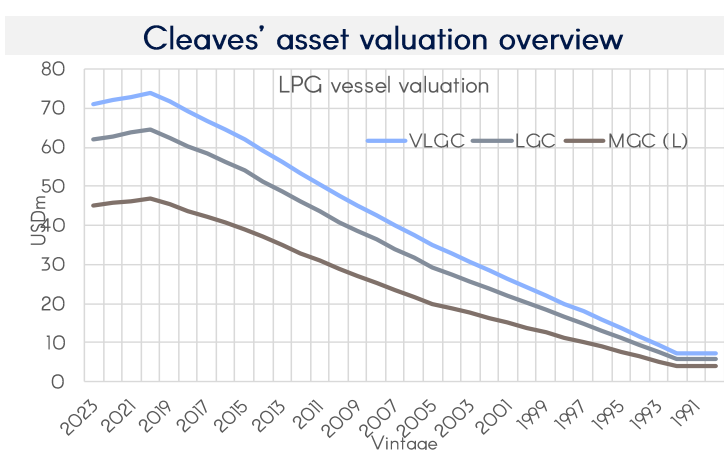
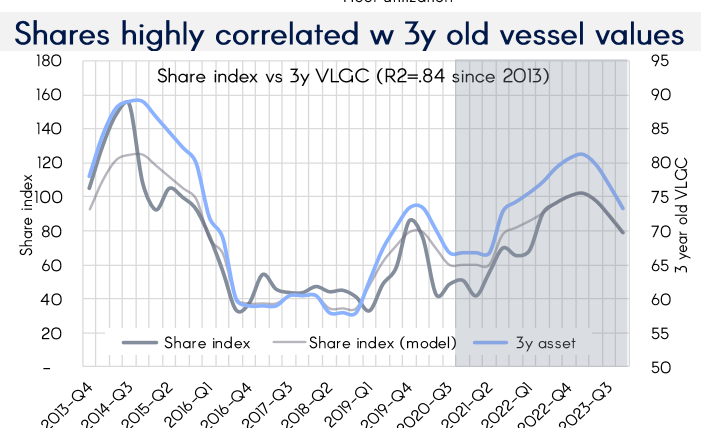
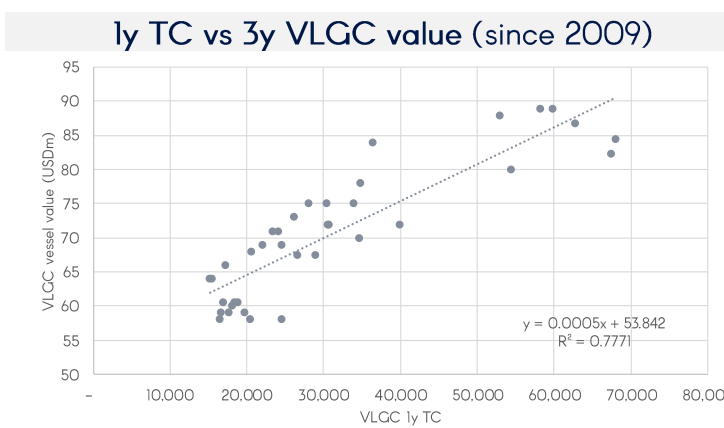
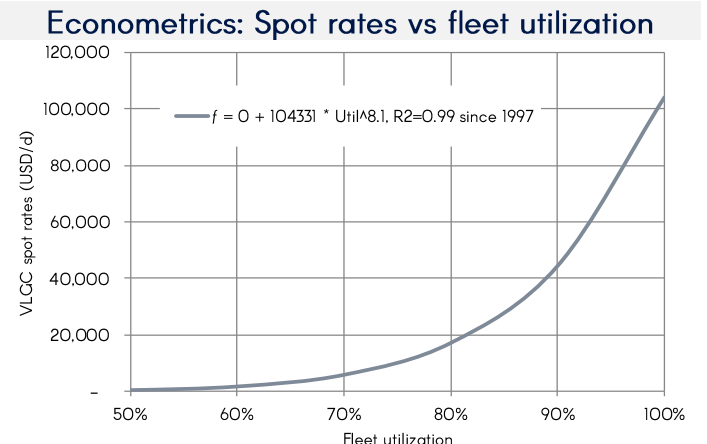
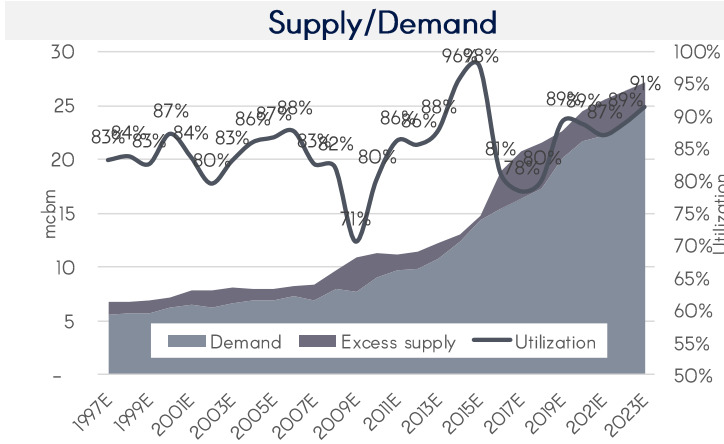
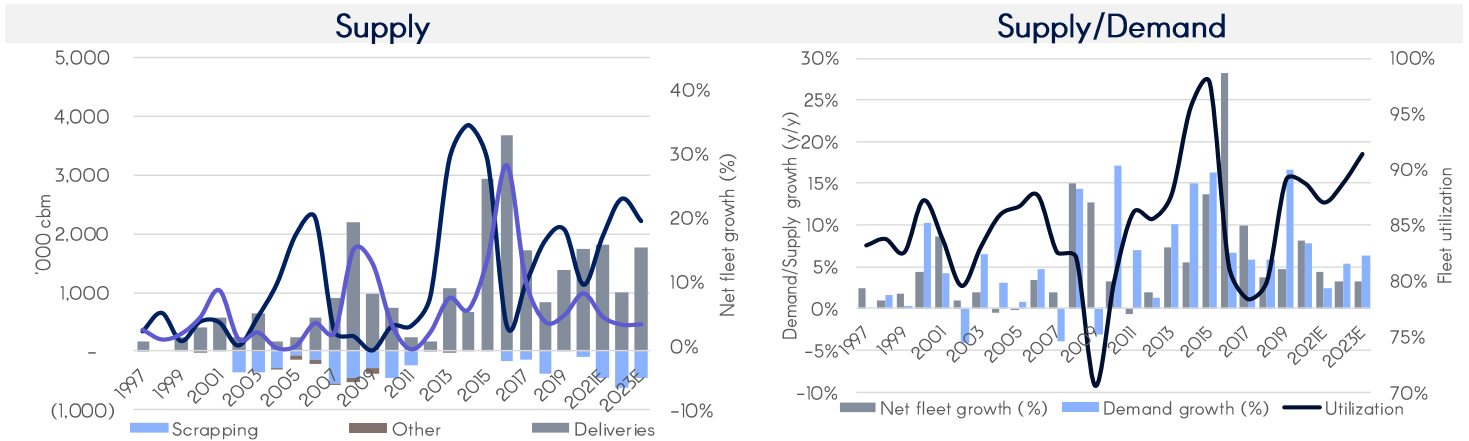


### Dividend yield vs free cash flow yield





### Market Fundamentals & Forecasts





# Econometric Overview

|                                           | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   |     |
|-------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|
| <b>Demand/Supply ('000 cbm)</b>           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |
| Deliveries <sup>1</sup>                   | 158    | -      | 240    | 398    | 567    | 241    | 646    | 161    | 225    | 575    | 904    | 2,206  | 975    | 733    | 244    | 162    | 1,073  | 669    | 2,935  | 3,688  | 1,730  | 829    | 1,394  | 1,753  | 1,805  | 992    | 1,781  | 2,484  | 2,392  |     |
| Scrapings <sup>1</sup>                    | -      | -      | (0)    | (0)    | 0      | (360)  | (372)  | (300)  | (76)   | (157)  | (546)  | (453)  | (304)  | (461)  | (241)  | 0      | (0)    | -      | -      | (161)  | (154)  | (391)  | -      | (98)   | (468)  | (627)  | (464)  | (75)   | (157)  |     |
| Other <sup>1</sup>                        | 0      | 640    | 189    | 490    | 479    | 0      | 568    | 1,137  | 1,985  | 2,271  | 325    | 242    | 10,945 | 11,297 | 413    | 913    | 3,271  | 3,657  | 3,232  | 417    | 1,151  | 1,879  | 2,067  | 1,241  | 2,837  | 4,388  | 3,552  | 1,933  | 1,730  |     |
| Contracting <sup>1</sup>                  | 324    | 6,714  | 6,892  | 7,192  | 7,812  | 7,888  | 8,045  | 8,008  | 8,000  | 8,279  | 8,437  | 9,704  | 10,945 | 11,297 | 11,223 | 11,446 | 12,292 | 12,979 | 14,760 | 18,533 | 20,811 | 21,574 | 22,588 | 24,426 | 26,518 | 26,532 | 27,637 | 30,910 | 33,009 |     |
| Supply <sup>1</sup>                       | 6,714  | 6,773  | 6,892  | 7,192  | 7,812  | 7,888  | 8,045  | 8,008  | 8,000  | 8,279  | 8,437  | 9,704  | 10,945 | 11,297 | 11,223 | 11,446 | 12,292 | 12,979 | 14,760 | 18,533 | 20,811 | 21,574 | 22,588 | 24,426 | 26,518 | 26,532 | 27,637 | 30,910 | 33,009 |     |
| Δ V/V                                     | 2%     | 1%     | 2%     | 4%     | 9%     | 1%     | 2%     | 0%     | 0%     | 3%     | 2%     | 15%    | 13%    | 2%     | -1%    | 2%     | 7%     | 6%     | 14%    | 28%    | 10%    | 4%     | 5%     | 8%     | 4%     | 3%     | 2%     | 4%     | 5%     |     |
| Demand <sup>2</sup>                       | 5,585  | 5,674  | 5,691  | 6,275  | 6,543  | 6,275  | 6,543  | 6,275  | 6,543  | 6,275  | 6,967  | 7,967  | 7,724  | 9,043  | 9,670  | 9,794  | 10,788 | 12,410 | 14,433 | 15,399 | 16,307 | 17,254 | 20,124 | 21,818 | 22,909 | 24,726 | 26,941 | 27,973 | 29,189 |     |
| Δ V/V                                     | 2%     | 0%     | 0%     | 10%    | 4%     | -4%    | 4%     | -4%    | 3%     | 1%     | 5%     | -4%    | 14%    | -3%    | 7%     | 1%     | 10%    | 15%    | 16%    | 7%     | 8%     | 6%     | 6%     | 6%     | 6%     | 6%     | 6%     | 6%     | 4%     |     |
| Utilization <sup>3</sup>                  | 83%    | 84%    | 83%    | 87%    | 84%    | 80%    | 83%    | 86%    | 87%    | 89%    | 83%    | 82%    | 71%    | 80%    | 86%    | 86%    | 88%    | 98%    | 98%    | 81%    | 78%    | 80%    | 89%    | 89%    | 87%    | 87%    | 89%    | 91%    | 86%    | 81% |
| Spot rate <sup>2</sup> (USD/day)          | 23,855 | 24,974 | 22,284 | 34,860 | 28,495 | 16,888 | 23,358 | 31,102 | 33,076 | 37,547 | 23,031 | 24,797 | 6,482  | 18,533 | 32,937 | 32,890 | 39,437 | 77,070 | 88,508 | 22,859 | 14,990 | 18,326 | 46,009 | 40,266 | 34,791 | 41,185 | 51,680 | 32,832 | 19,429 |     |
| 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  | 6,524  | 6,776  | 83     | 60     | 59     | 69     | 69     | 55     | 58     | 89     | 92     | 64     | 52  |
| Share Index <sup>4</sup>                  | 4%     | 9%     | 13%    | 13%    | 12%    | 10%    | 7%     | 18%    | 36%    | 53%    | 56%    | 32%    | 14%    | 7%     | 9%     | 13%    | 20%    | 50%    | 46%    | 24%    | 13%    | 15%    | 14%    | 12%    | 13%    | 16%    | 19%    | 16%    | 11%    | 11% |
| OB/Fleet                                  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |
| High case                                 | 1997   | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   |     |
| Deliveries <sup>1</sup>                   | 158    | -      | 240    | 398    | 567    | 241    | 646    | 161    | 225    | 575    | 904    | 2,206  | 975    | 733    | 244    | 162    | 1,073  | 669    | 2,935  | 3,688  | 1,730  | 829    | 1,394  | 1,753  | 1,805  | 992    | 1,781  | 2,484  | 2,392  |     |
| Scrapings <sup>1</sup>                    | -      | -      | (0)    | (0)    | 0      | (360)  | (372)  | (300)  | (76)   | (157)  | (546)  | (453)  | (304)  | (461)  | (241)  | 0      | (0)    | -      | -      | (161)  | (154)  | (391)  | -      | (98)   | (468)  | (627)  | (464)  | (75)   | (157)  |     |
| Other <sup>1</sup>                        | 0      | 640    | 189    | 490    | 479    | 0      | 568    | 1,137  | 1,985  | 2,271  | 325    | 242    | 10,945 | 11,297 | 413    | 913    | 3,271  | 3,657  | 3,232  | 417    | 1,151  | 1,879  | 2,067  | 1,241  | 2,837  | 4,388  | 3,552  | 1,933  | 1,730  |     |
| Contracting <sup>1</sup>                  | 324    | 6,714  | 6,892  | 7,192  | 7,812  | 7,888  | 8,045  | 8,008  | 8,000  | 8,279  | 8,437  | 9,704  | 10,945 | 11,297 | 11,223 | 11,446 | 12,292 | 12,979 | 14,760 | 18,533 | 20,811 | 21,574 | 22,588 | 24,426 | 26,518 | 26,532 | 27,637 | 30,910 | 33,009 |     |
| Supply <sup>1</sup>                       | 6,714  | 6,773  | 6,892  | 7,192  | 7,812  | 7,888  | 8,045  | 8,008  | 8,000  | 8,279  | 8,437  | 9,704  | 10,945 | 11,297 | 11,223 | 11,446 | 12,292 | 12,979 | 14,760 | 18,533 | 20,811 | 21,574 | 22,588 | 24,426 | 26,518 | 26,532 | 27,637 | 30,910 | 33,009 |     |
| Δ V/V                                     | 2%     | 1%     | 2%     | 4%     | 9%     | 1%     | 2%     | 0%     | 0%     | 3%     | 2%     | 15%    | 13%    | 2%     | -1%    | 2%     | 7%     | 6%     | 14%    | 28%    | 10%    | 4%     | 5%     | 8%     | 4%     | 3%     | 2%     | 4%     | 5%     |     |
| Demand <sup>2</sup>                       | 5,585  | 5,674  | 5,691  | 6,275  | 6,543  | 6,275  | 6,543  | 6,275  | 6,543  | 6,275  | 6,967  | 7,967  | 7,724  | 9,043  | 9,670  | 9,794  | 10,788 | 12,410 | 14,433 | 15,399 | 16,307 | 17,254 | 20,124 | 21,818 | 22,909 | 24,726 | 26,941 | 27,973 | 29,189 |     |
| Δ V/V                                     | 2%     | 0%     | 0%     | 10%    | 4%     | -4%    | 4%     | -4%    | 3%     | 1%     | 5%     | -4%    | 14%    | -3%    | 7%     | 1%     | 10%    | 15%    | 16%    | 7%     | 8%     | 6%     | 6%     | 6%     | 6%     | 6%     | 6%     | 6%     | 4%     |     |
| Utilization <sup>3</sup>                  | 83%    | 84%    | 83%    | 87%    | 84%    | 80%    | 83%    | 86%    | 87%    | 89%    | 83%    | 82%    | 71%    | 80%    | 86%    | 86%    | 88%    | 98%    | 98%    | 81%    | 78%    | 80%    | 89%    | 89%    | 87%    | 87%    | 89%    | 91%    | 86%    | 81% |
| Spot rate <sup>2</sup> (USD/day)          | 23,855 | 24,974 | 22,284 | 34,860 | 28,495 | 16,888 | 23,358 | 31,102 | 33,076 | 37,547 | 23,031 | 24,797 | 6,482  | 18,533 | 32,937 | 32,890 | 39,437 | 77,070 | 88,508 | 22,859 | 14,990 | 18,326 | 46,009 | 40,266 | 34,791 | 41,185 | 51,680 | 32,832 | 19,429 |     |
| 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  | 6,524  | 6,776  | 83     | 60     | 59     | 69     | 69     | 55     | 58     | 89     | 92     | 64     | 52  |
| Share Index <sup>4</sup>                  | 4%     | 9%     | 13%    | 13%    | 12%    | 10%    | 7%     | 18%    | 36%    | 53%    | 56%    | 32%    | 14%    | 7%     | 9%     | 13%    | 20%    | 50%    | 46%    | 24%    | 13%    | 15%    | 14%    | 12%    | 13%    | 16%    | 19%    | 16%    | 11%    | 11% |
| OB/Fleet                                  |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |     |
| Sum during period / Average during period | 4%     | 9%     | 13%    | 13%    | 12%    | 10%    | 7%     | 18%    | 36%    | 53%    | 56%    | 32%    | 14%    | 7%     | 9%     | 13%    | 20%    | 50%    | 46%    | 24%    | 13%    | 15%    | 14%    | 12%    | 13%    | 16%    | 19%    | 16%    | 11%    | 14% |



## 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 | 146         | 139  | 180  | 224  | 99     | 95   | 132  | 176  | 58   | 56   | 86   | 130  | 35         | 36   | 64   | 110  |
| BWLPG NO  | 540         | 422  | 483  | 606  | 397    | 284  | 355  | 478  | 244  | 131  | 202  | 325  | 207        | 104  | 179  | 306  |
| LPG US    | 301         | 267  | 310  | 375  | 182    | 154  | 204  | 275  | 114  | 87   | 136  | 208  | 69         | 58   | 109  | 182  |
| Average   | 329         | 276  | 325  | 402  | 226    | 178  | 230  | 310  | 139  | 91   | 142  | 221  | 104        | 66   | 117  | 199  |
| Median    | 301         | 267  | 310  | 375  | 182    | 154  | 204  | 275  | 114  | 87   | 136  | 208  | 69         | 58   | 109  | 182  |

### 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 | 744                           | 782   | 791   | 745   | 97        | 77   | 108  | 167  | 867          | 886   | 926   | 939   | 414          | 429   | 465   | 522   |
| BWLPG NO  | 1,801                         | 1,734 | 1,605 | 1,476 | 80        | 61   | 146  | 279  | 2,413        | 2,326 | 2,283 | 2,288 | 1,221        | 1,259 | 1,362 | 1,522 |
| LPG US    | 1,395                         | 1,336 | 1,275 | 1,207 | 177       | 221  | 308  | 434  | 1,698        | 1,684 | 1,709 | 1,768 | 1,017        | 1,048 | 1,111 | 1,206 |
| Average   | 1,313                         | 1,284 | 1,224 | 1,143 | 118       | 120  | 187  | 294  | 1,660        | 1,632 | 1,639 | 1,665 | 884          | 912   | 980   | 1,084 |
| Median    | 1,395                         | 1,336 | 1,275 | 1,207 | 97        | 77   | 146  | 279  | 1,698        | 1,684 | 1,709 | 1,768 | 1,017        | 1,048 | 1,111 | 1,206 |

### 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 | 109                | 75   | 110  | 156  | 87             | -3   | 55   | 156  | 38            | -20  | 30   | 59   | 29,623 | 33,925 | 22,209   | 20,907 |
| BWLPG NO  | 399                | 256  | 331  | 459  | 415            | 171  | 307  | 435  | -25           | -19  | 85   | 133  | 30,383 | 34,912 | 21,529   | 21,245 |
| LPG US    | 173                | 125  | 176  | 250  | 142            | 116  | 170  | 250  | 75            | 44   | 86   | 127  | 32,127 | 38,056 | 22,058   | 20,772 |
| Average   | 227                | 152  | 206  | 288  | 215            | 95   | 178  | 280  | 29            | 2    | 67   | 107  | 30,711 | 35,631 | 21,932   | 20,975 |
| Median    | 173                | 125  | 176  | 250  | 142            | 116  | 170  | 250  | 38            | -19  | 85   | 127  | 30,383 | 34,912 | 22,058   | 20,907 |

## Company Financials (quarterly estimates)

### Profit & Loss

| P&L       | TCE Revenue |      |      |      | EBITDA |      |      |      | EBIT |      |      |      | Net Profit |      |      |      |
|-----------|-------------|------|------|------|--------|------|------|------|------|------|------|------|------------|------|------|------|
|           | 3Q20        | 4Q20 | 1Q21 | 2Q21 | 3Q20   | 4Q20 | 1Q21 | 2Q21 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q20       | 4Q20 | 1Q21 | 2Q21 |
| USDm      |             |      |      |      |        |      |      |      |      |      |      |      |            |      |      |      |
| AVANCE NO | 32          | 36   | 27   | 41   | 20     | 25   | 16   | 30   | 9    | 15   | 7    | 21   | 4          | 10   | 2    | 16   |
| BWLPG NO  | 112         | 116  | 83   | 127  | 77     | 81   | 48   | 92   | 38   | 43   | 10   | 54   | 29         | 35   | 3    | 47   |
| LPG US    | 61          | 73   | 52   | 83   | 32     | 44   | 23   | 49   | 15   | 28   | 7    | 32   | 7          | 20   | -1   | 25   |
| Average   | 68          | 75   | 54   | 84   | 43     | 50   | 29   | 57   | 21   | 28   | 8    | 36   | 14         | 21   | 1    | 29   |
| Median    | 61          | 73   | 52   | 83   | 32     | 44   | 23   | 49   | 15   | 28   | 7    | 32   | 7          | 20   | 2    | 25   |

### Balance Sheet

| BS        | Property & Equip. (incl. NBs) |       |       |       | Liquidity |      |      |      | Total Assets |       |       |       | Total Equity |       |       |       |
|-----------|-------------------------------|-------|-------|-------|-----------|------|------|------|--------------|-------|-------|-------|--------------|-------|-------|-------|
|           | 3Q20                          | 4Q20  | 1Q21  | 2Q21  | 3Q20      | 4Q20 | 1Q21 | 2Q21 | 3Q20         | 4Q20  | 1Q21  | 2Q21  | 3Q20         | 4Q20  | 1Q21  | 2Q21  |
| USDm      |                               |       |       |       |           |      |      |      |              |       |       |       |              |       |       |       |
| AVANCE NO | 743                           | 744   | 742   | 740   | 104       | 97   | 85   | 90   | 874          | 867   | 853   | 857   | 409          | 414   | 410   | 425   |
| BWLPG NO  | 1,824                         | 1,801 | 1,784 | 1,767 | 84        | 80   | 44   | 70   | 2,440        | 2,413 | 2,361 | 2,369 | 1,202        | 1,221 | 1,206 | 1,252 |
| LPG US    | 1,410                         | 1,395 | 1,381 | 1,366 | 155       | 177  | 178  | 205  | 1,691        | 1,698 | 1,685 | 1,697 | 997          | 1,017 | 1,016 | 1,041 |
| Average   | 1,326                         | 1,313 | 1,302 | 1,291 | 114       | 118  | 102  | 122  | 1,668        | 1,660 | 1,633 | 1,641 | 869          | 884   | 878   | 906   |
| Median    | 1,410                         | 1,395 | 1,381 | 1,366 | 104       | 97   | 85   | 90   | 1,691        | 1,698 | 1,685 | 1,697 | 997          | 1,017 | 1,016 | 1,041 |

### Cash Flow

| CF        | Net Operational CF |      |      |      | Free Cash Flow |      |      |      | Net Cash Flow |      |      |      | TCE/d  |        | Cash B/E |        |
|-----------|--------------------|------|------|------|----------------|------|------|------|---------------|------|------|------|--------|--------|----------|--------|
|           | 3Q20               | 4Q20 | 1Q21 | 2Q21 | 3Q20           | 4Q20 | 1Q21 | 2Q21 | 3Q20          | 4Q20 | 1Q21 | 2Q21 | 4Q20   | 1Q21   | 4Q20     | 1Q21   |
| USDm      |                    |      |      |      |                |      |      |      |               |      |      |      |        |        |          |        |
| AVANCE NO | 20                 | 19   | 11   | 25   | 41             | 9    | 3    | 17   | 20            | -7   | -13  | 6    | 31,786 | 23,521 | 22,873   | 22,715 |
| BWLPG NO  | 71                 | 73   | 41   | 85   | 56             | 58   | 20   | 64   | -10           | -4   | -35  | 25   | 33,635 | 24,052 | 23,791   | 21,809 |
| LPG US    | 24                 | 37   | 16   | 41   | 22             | 35   | 14   | 39   | 9             | 22   | 1    | 27   | 34,116 | 24,628 | 22,414   | 22,437 |
| Average   | 39                 | 43   | 23   | 51   | 40             | 34   | 12   | 40   | 6             | 4    | -15  | 19   | 33,179 | 24,067 | 23,026   | 22,321 |
| Median    | 24                 | 37   | 16   | 41   | 41             | 35   | 14   | 39   | 9             | -4   | -13  | 25   | 33,635 | 24,052 | 22,873   | 22,437 |



## 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         | 0.17   | -    |  |
| sigma                           | 0.3446      | 0.3529   | 0.4027       | 0.4116 | -    |  |
| E(r) 1y                         | 11%         | 126%     | 37%          | 10%    | 0.1% |  |
| Sharpe Ratio                    | 0.31        | 3.57     | 0.92         | 0.24   | -    |  |
| Beta                            | 1.03        | 1.28     | 1.90         | 2.08   | -    |  |
| E(r) 2y                         | 121%        | 190%     | 37%          | 68%    | 0.2% |  |

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    | 0.02     | 0.03        | 0.03         | 0.03  |
| Dry Bulk          | 0.02    | 0.12     | 0.05        | 0.05         | 0.05  |
| Oil Tankers       | 0.03    | 0.05     | 0.12        | 0.05         | 0.04  |
| LNG Carriers      | 0.03    | 0.05     | 0.05        | 0.16         | 0.06  |
| VLGCs             | 0.03    | 0.05     | 0.04        | 0.06         | 0.17  |

| Correlation matrix |         |          |             |              |       |
|--------------------|---------|----------|-------------|--------------|-------|
| (R <sup>2</sup> )  | S&P 500 | Dry Bulk | Oil Tankers | LNG Carriers | VLGCs |
| S&P 500            | 1.00    | 0.06     | 0.16        | 0.19         | 0.14  |
| Dry Bulk           | 0.06    | 1.00     | 0.16        | 0.12         | 0.15  |
| Oil Tankers        | 0.16    | 0.16     | 1.00        | 0.14         | 0.14  |
| LNG Carriers       | 0.16    | 0.12     | 0.14        | 1.00         | 0.23  |
| VLGCs              | 0.14    | 0.15     | 0.14        | 0.23         | 1.00  |

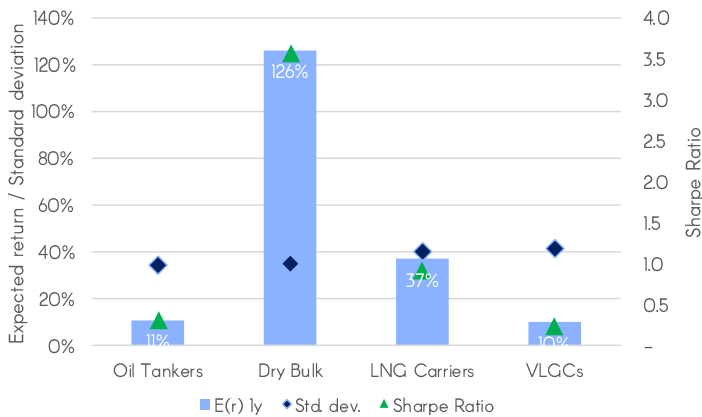


The last step is to calculate the efficient frontier, summarized in the table below.

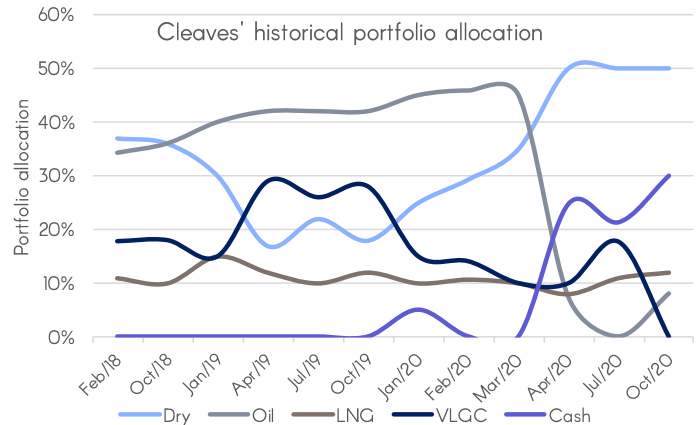
|         | Portfolios |      |      |      |      |      |      |      |      |      |      |      |      |
|---------|------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Weights | #1         | #2   | #3   | #4   | #5   | #6   | #7   | #8   | #9   | #10  | #11  | #12  | #13  |
| Oil     | 0%         | 10%  | 20%  | 30%  | 20%  | 10%  | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   |
| Dry     | 0%         | 12%  | 23%  | 35%  | 55%  | 74%  | 94%  | 96%  | 98%  | 100% | 100% | 100% | 100% |
| LNG     | 0%         | 6%   | 12%  | 18%  | 14%  | 10%  | 6%   | 4%   | 2%   | 0%   | 0%   | 0%   | 0%   |
| VLGC    | 100%       | 72%  | 45%  | 17%  | 11%  | 6%   | 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  | 10%        | 25%  | 41%  | 56%  | 77%  | 99%  | 121% | 122% | 124% | 126% | 126% | 126% | 126% |
| sigma   | 0.41       | 0.34 | 0.29 | 0.27 | 0.28 | 0.30 | 0.33 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 | 0.34 |
| Sharpe  | 0.24       | 0.74 | 1.41 | 2.08 | 2.81 | 3.32 | 3.62 | 3.63 | 3.64 | 3.65 | 3.65 | 3.65 | 3.65 |

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 VLGCs as can be seen in the graph below. Next, we calculate portfolio #7 which is the “Optimal Portfolio” which maximizes the Sharpe Ratio. Lastly, we solve for the portfolio with the highest return, which is 100% allocation towards the Dry Bulk segment in portfolio #13. The intermediate portfolios are intended to produce a smooth efficient frontier in the graph below.

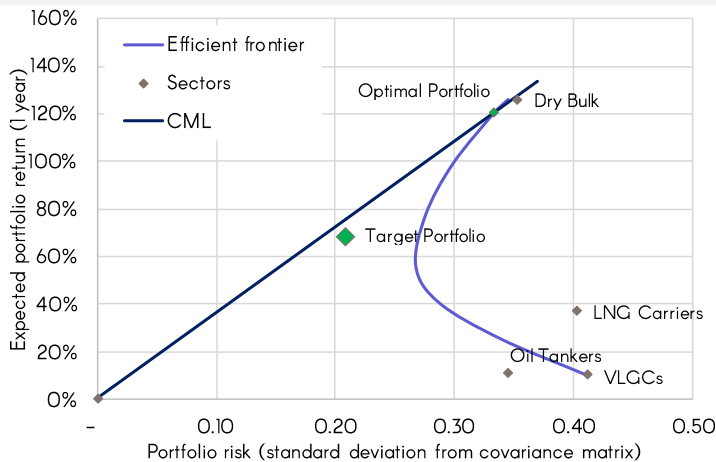
### Segment details



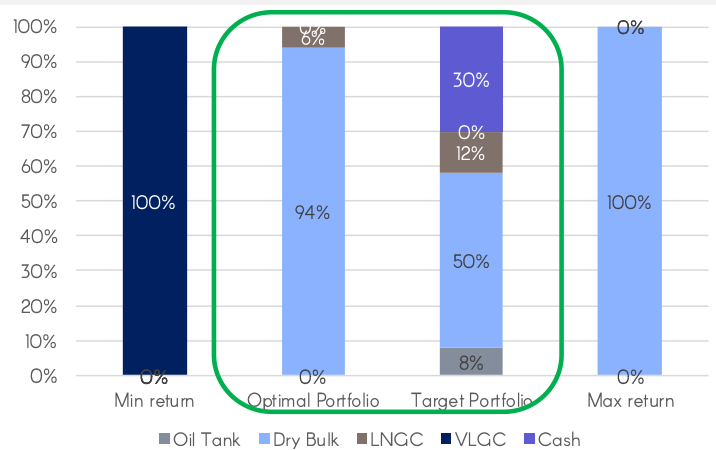
### Historical allocation per segment



### Portfolio optimization



### Portfolio allocation between segments





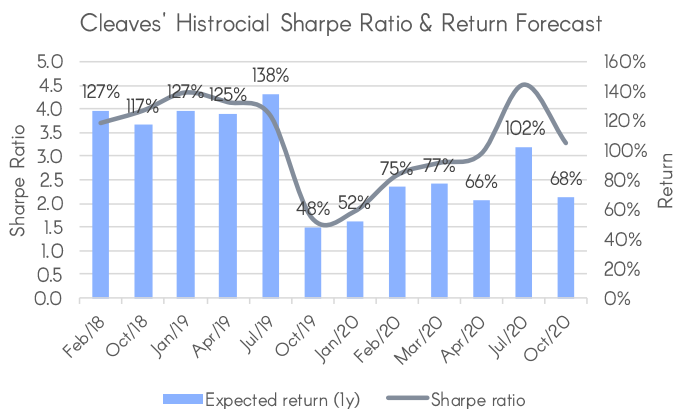
The attentive reader has noticed the “Target Portfolio” in the graphs above deviates somewhat from the model generated optimal portfolio. There are several reasons:

- 1) The model suggests a 94% 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) We allocate 12% towards LNG Carriers with a special focus on potential positive share price movements during 4Q20. Flex LNG is the most attractive investment.
- 3) We opportunistically allocate 8% towards Oil Tankers, geared towards the imminent seasonally strong winter market (aprox. Oct-Feb). We expect to unwind this position within months.
- 4) We end up with 30% in cash, mainly due to the lack of investment opportunities under the long-only approach. The pragmatic investor could however look towards short opportunities.

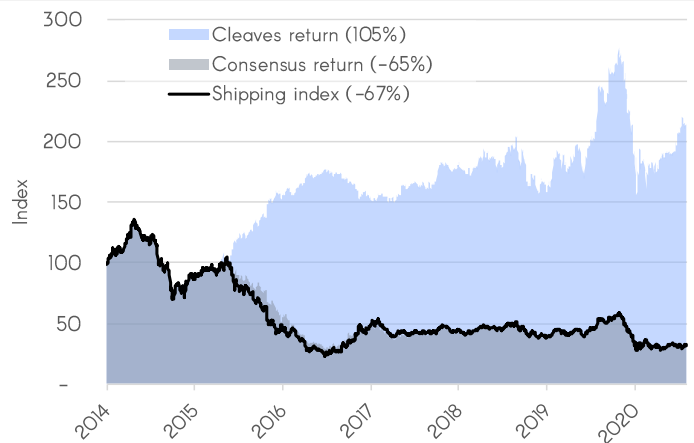
Thus, we have adjusted our allocation as per the “Target Portfolio” in the graphs above, but leave it to our readers to find the correct capital allocation for themselves.

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 6.21x since 2014.

### Historical portfolio: Sharpe ratio & expected return



### Shipping share index: Cleaves vs Consensus





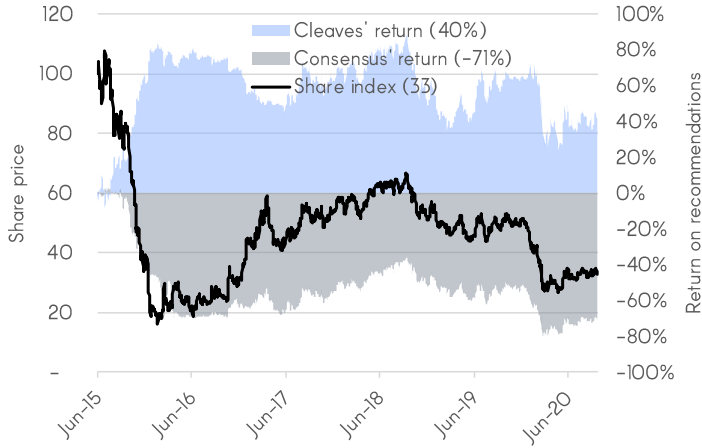


# Cleaves Securities

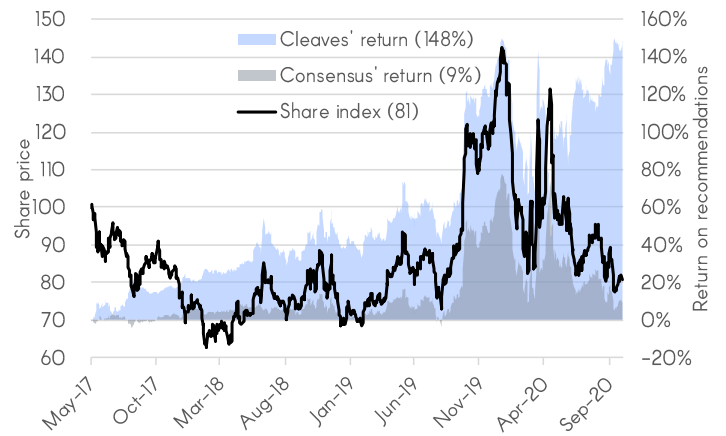
Shipping Quarterly: A Mixed Picture

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

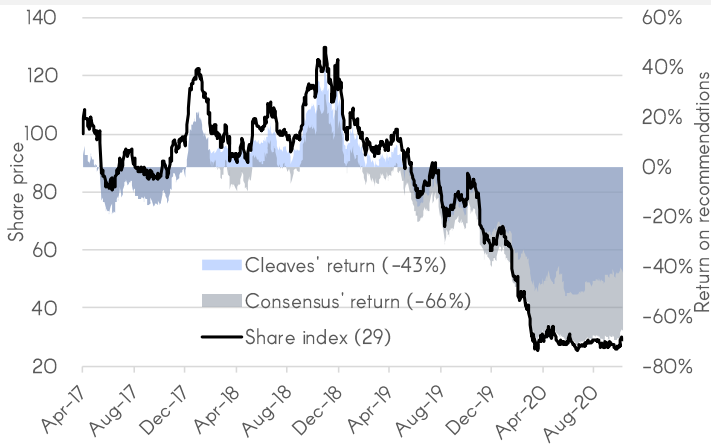
### Dry Bulk share index: Cleaves vs Consensus



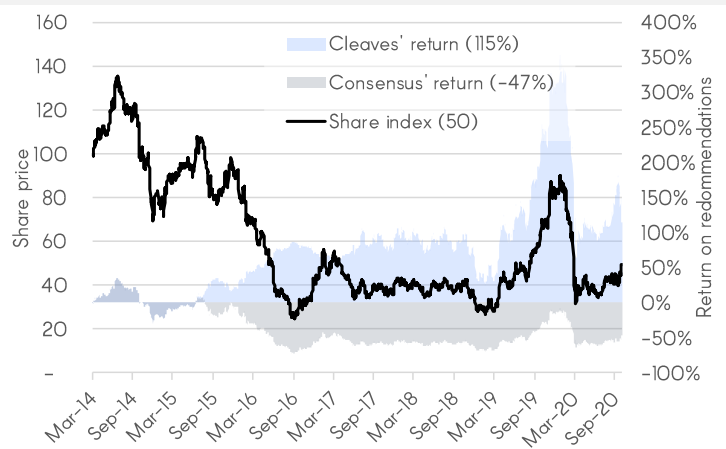
### Oil Tanker share index: Cleaves vs Consensus



### LNG Carrier share index: Cleaves vs Consensus



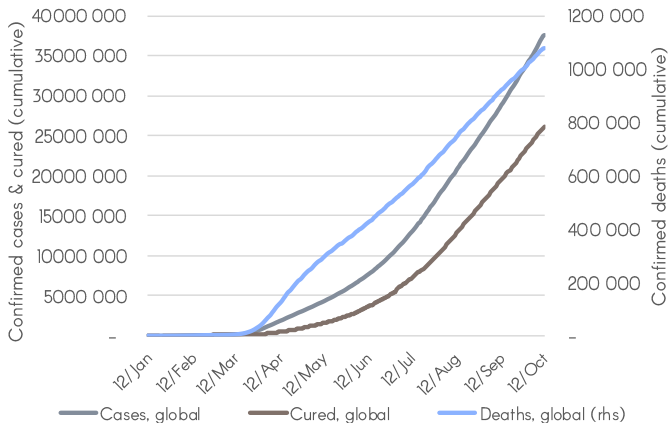
### VLGC share index: Cleaves vs Consensus



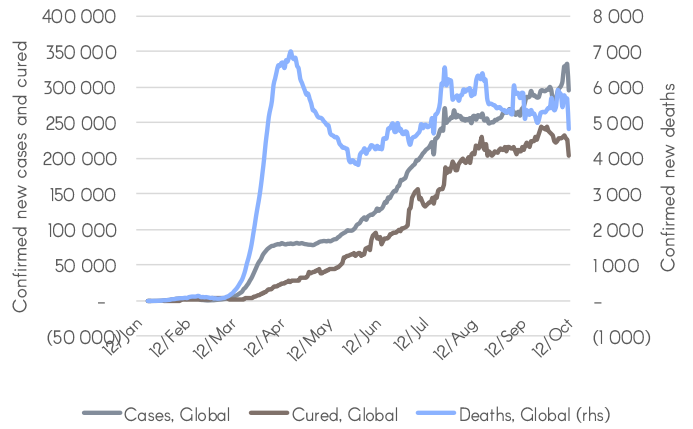


### Coronavirus Monitor (COVID-19)

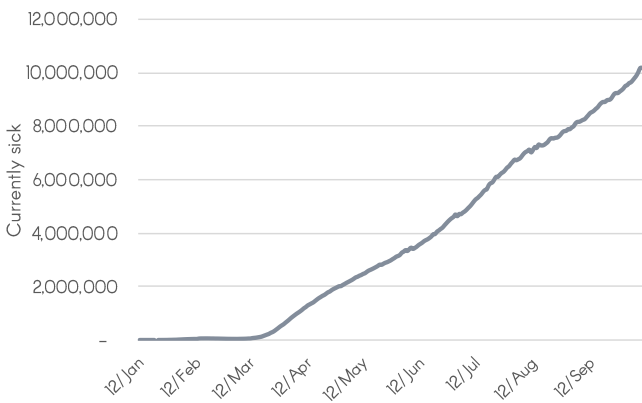
#### Infected, cured & dead, globally (cumulative)



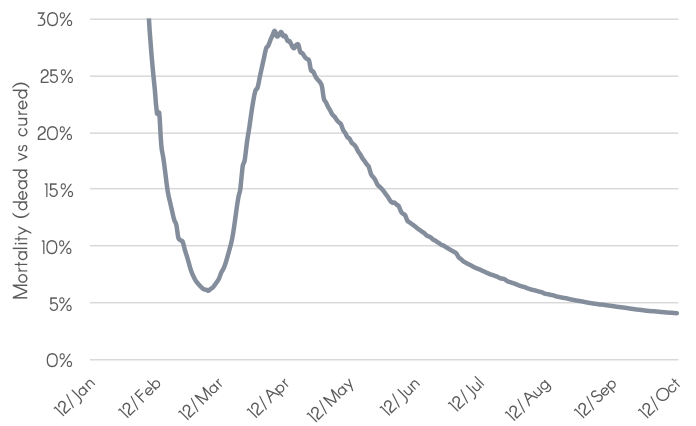
#### New infected, cured & dead globally (1w MA)



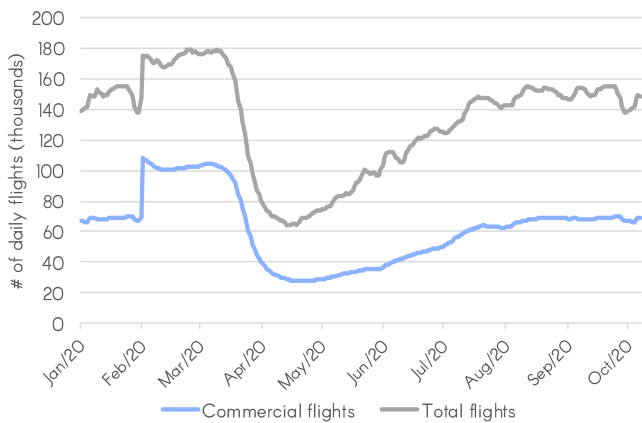
#### Currently infected globally



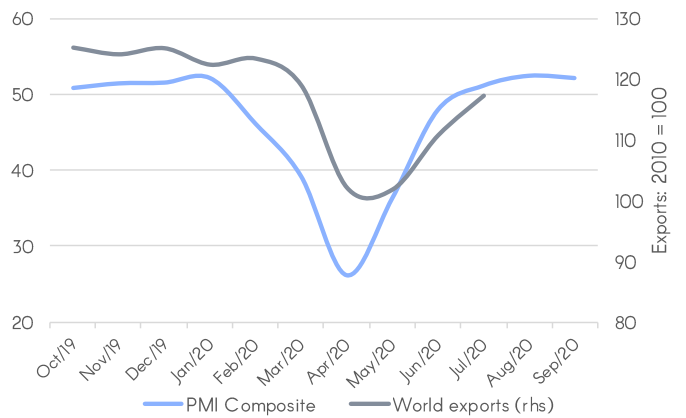
#### Mortality (dead vs cured)



#### Flight tracking statistics (7-day MA)



#### Confidence and trade



Source: Bloomberg Newsroom

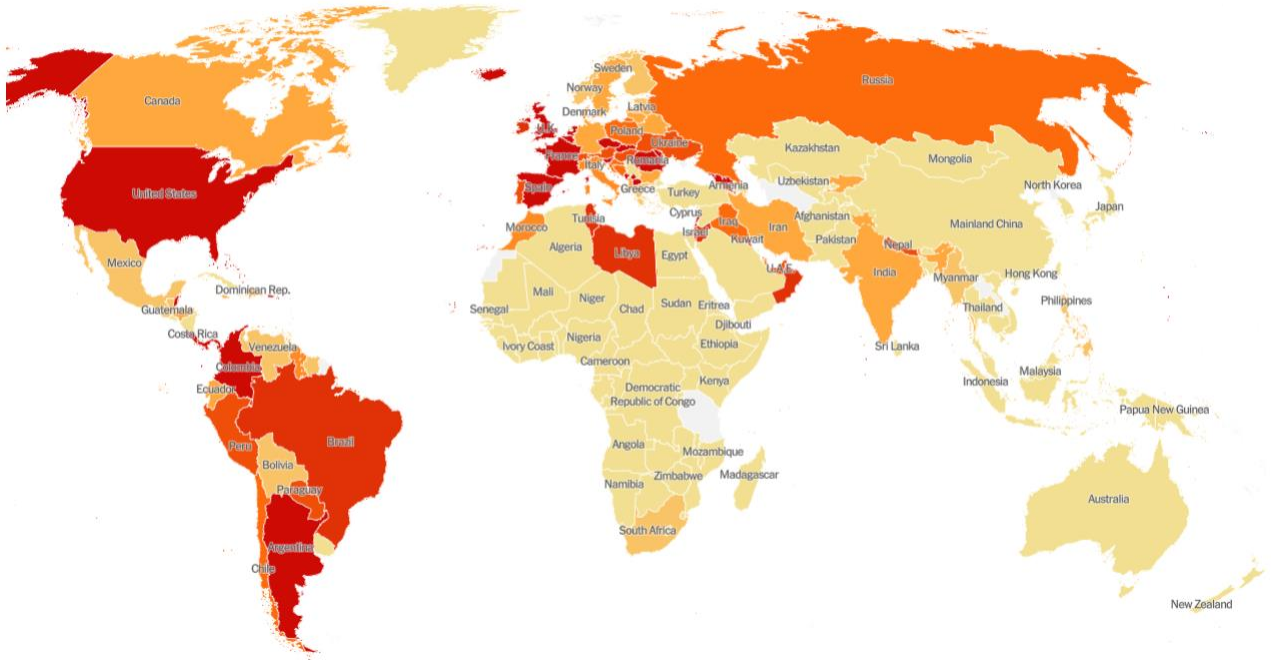
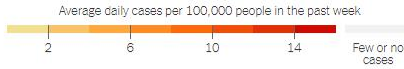


# Cleaves Securities

Shipping Quarterly: A Mixed Picture

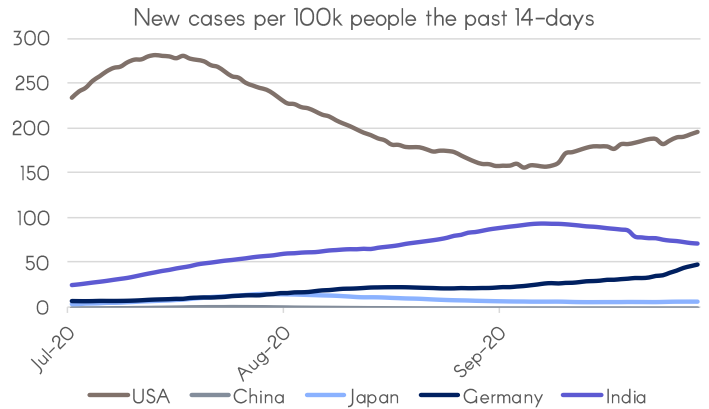
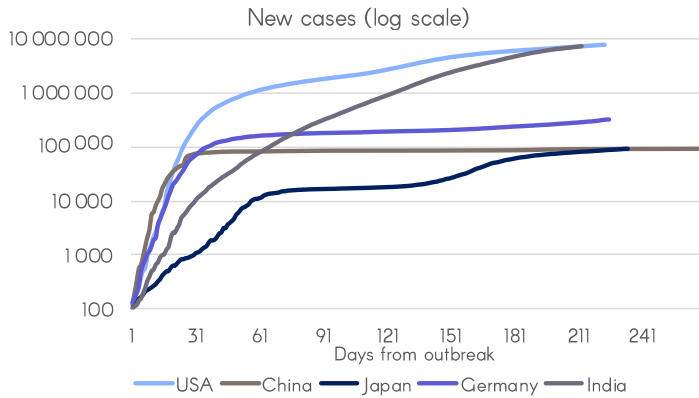
$$f(\lambda) = a_0 + \beta_1 \lambda^x, R^2 \approx 1$$

## Current COVID-19 Hot Spots

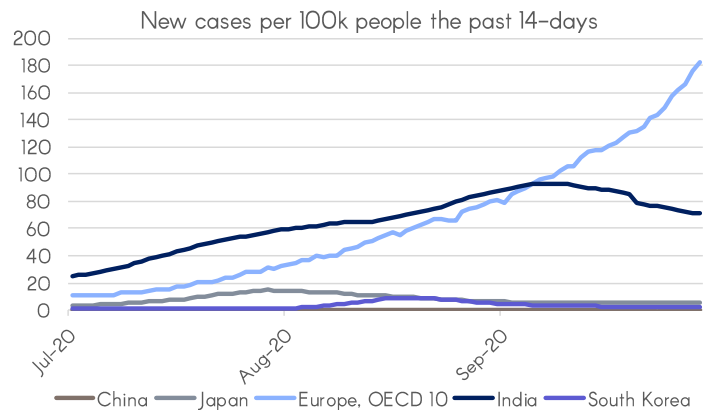
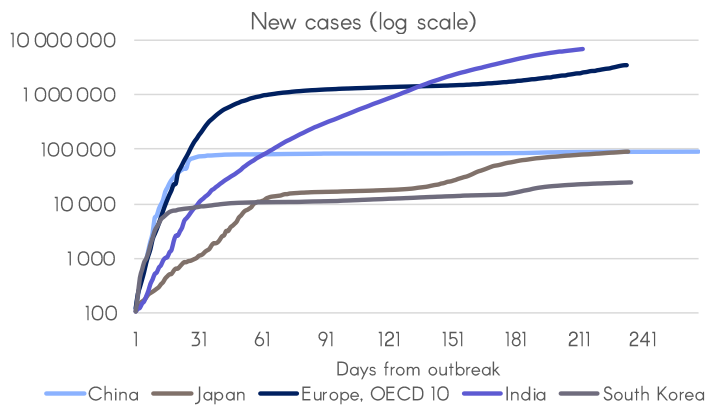


Source: The New York Times: [Covid World Map](#)

## Top 5 Gross Domestic Product



## Major Commodity Importers



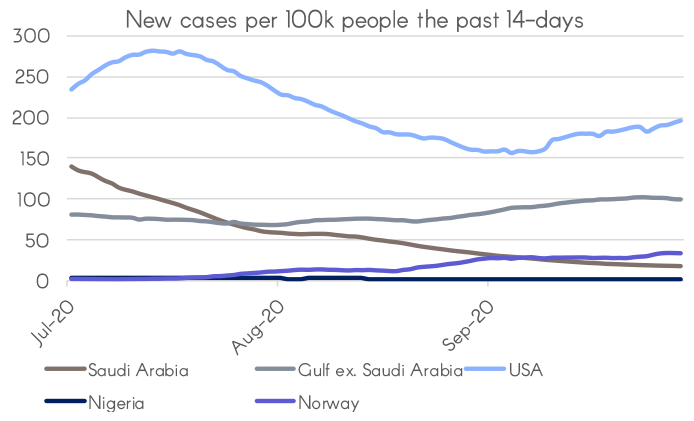
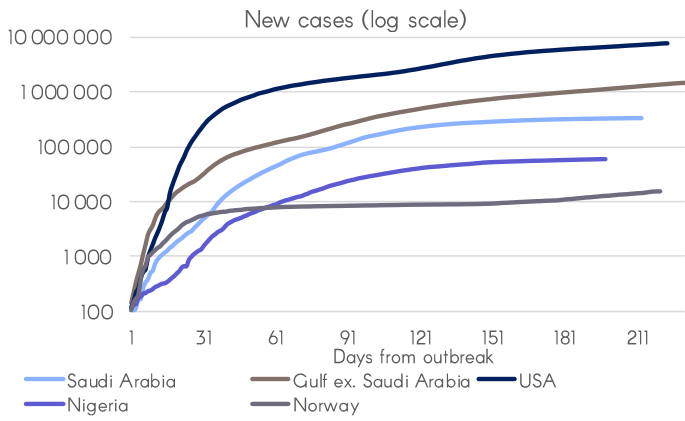
## Major Crude Oil Exporters



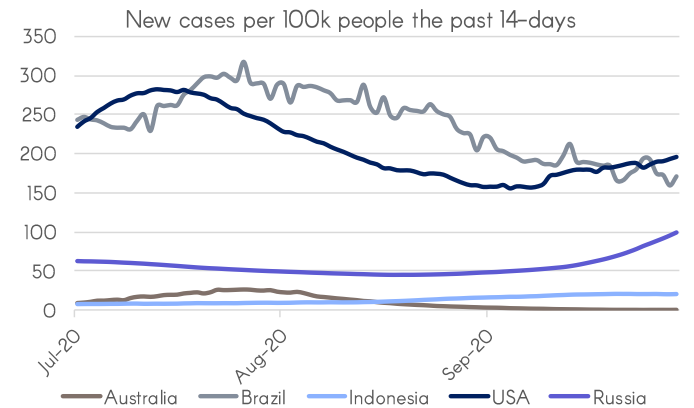
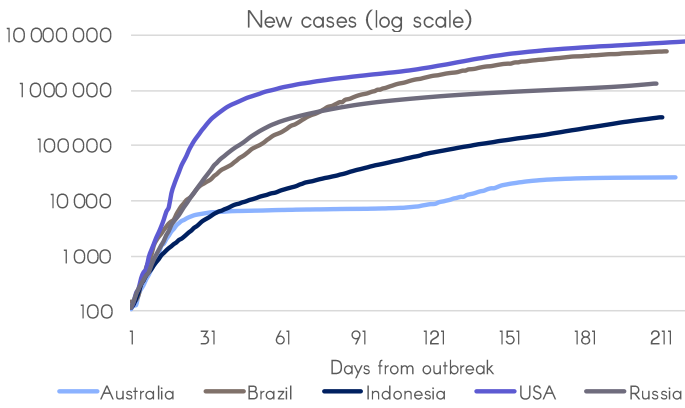
# Cleaves Securities

## Shipping Quarterly: A Mixed Picture

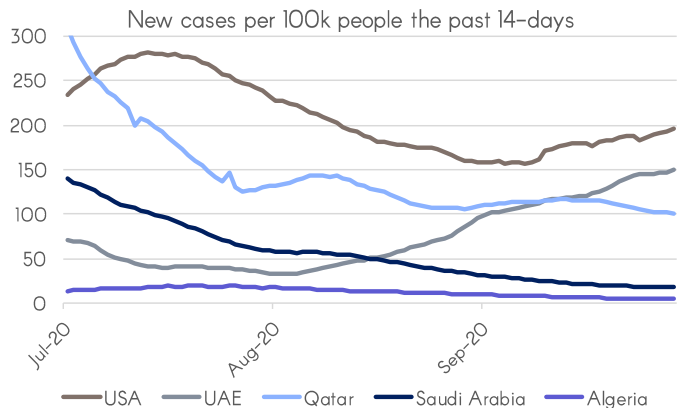
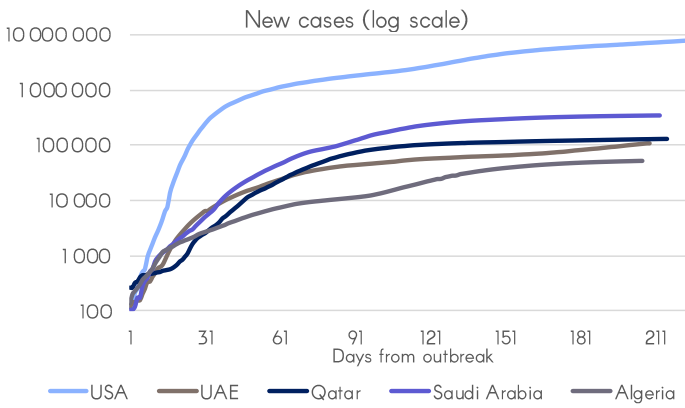
$$f(x) = a_0 + \beta_1 x^2, R^2 \approx 1$$



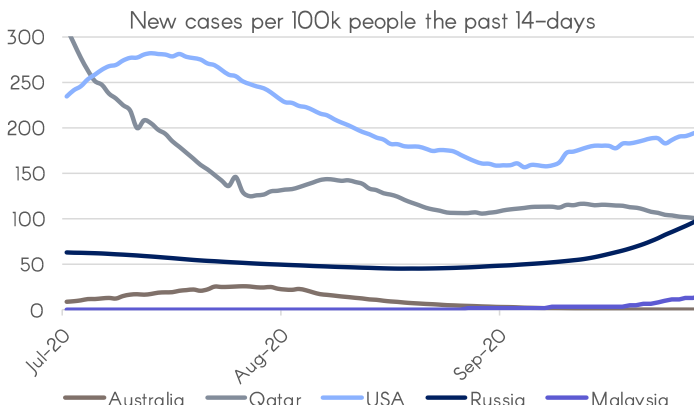
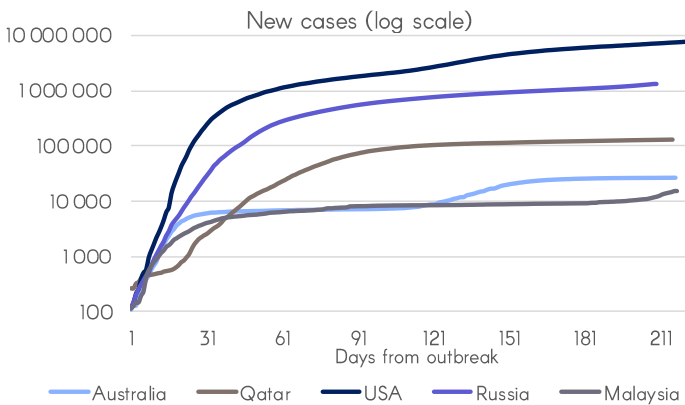
### Major Dry Bulk Exporters



### Major LPG Exporters



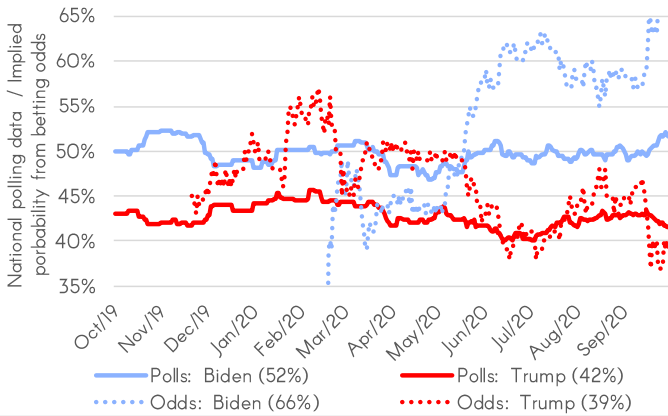
### Major LNG Exporters



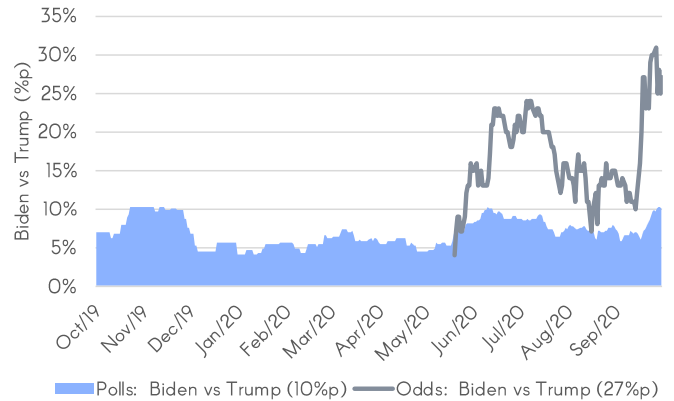


## US Election Monitor

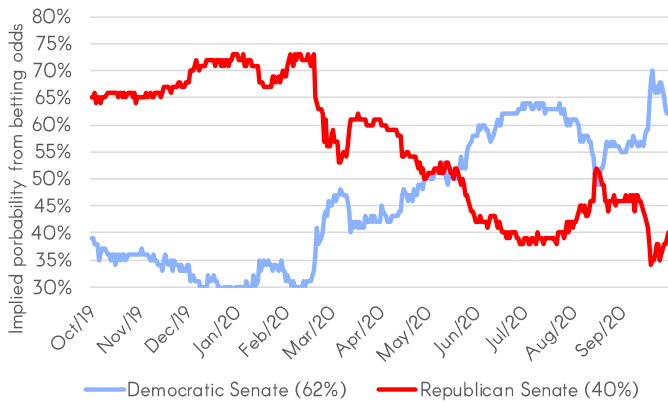
### Biden vs Trump: Historical polls and odds



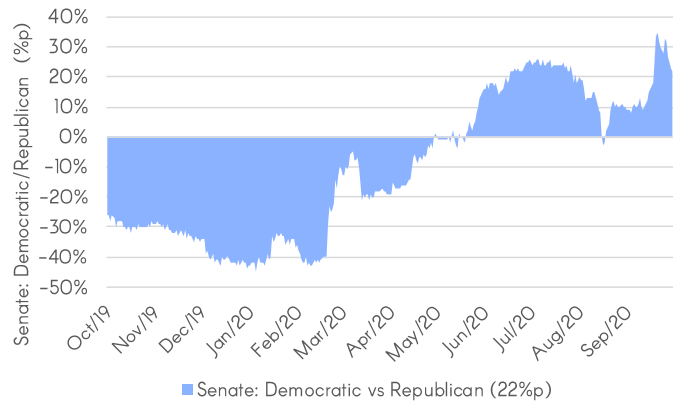
### Biden vs Trump: Historical polls and odds



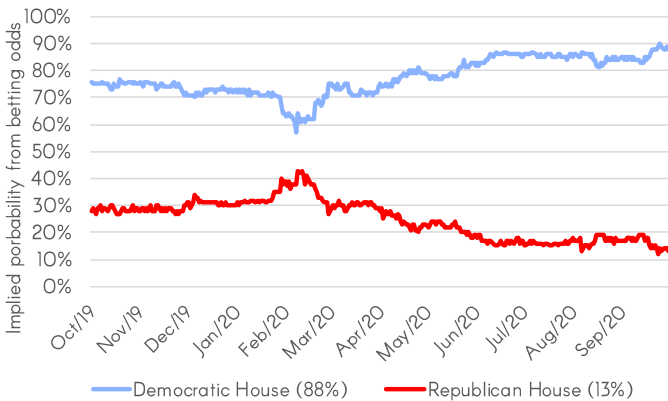
### Probability of winning the Senate



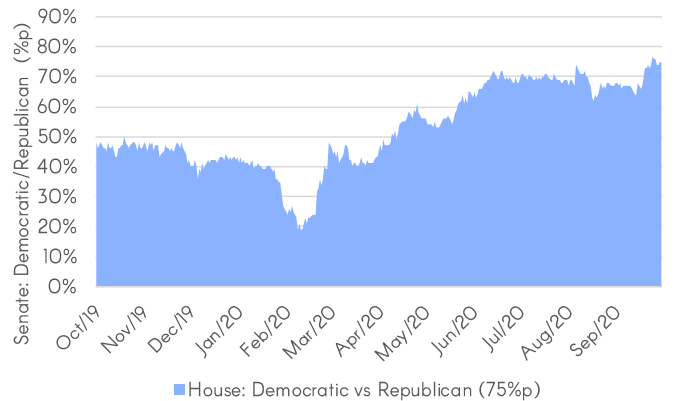
### Probability of winning the Senate



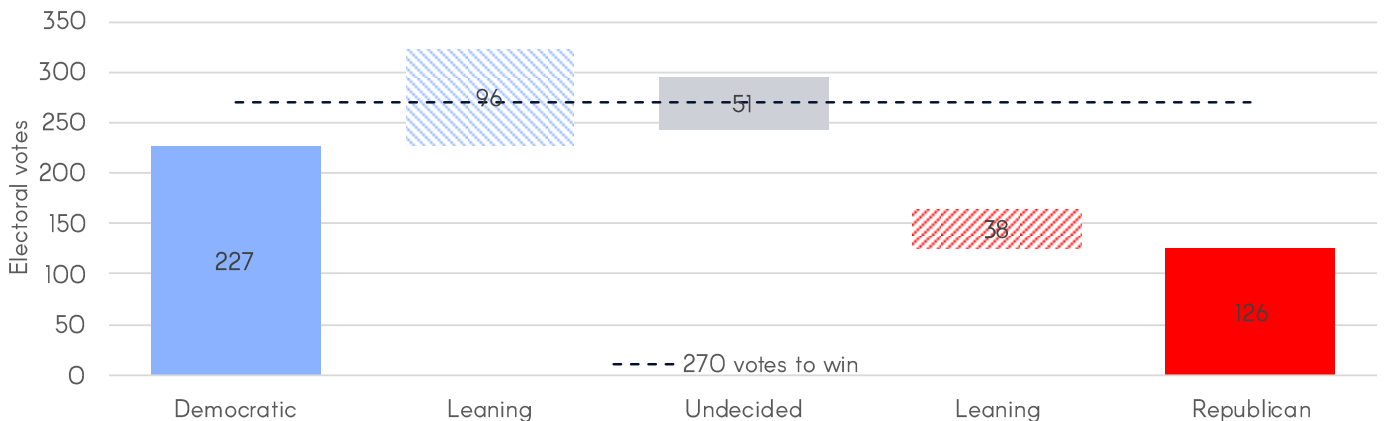
### Probability of winning the House



### Probability of winning the House



### Electoral votes: The balance between Biden and Trump



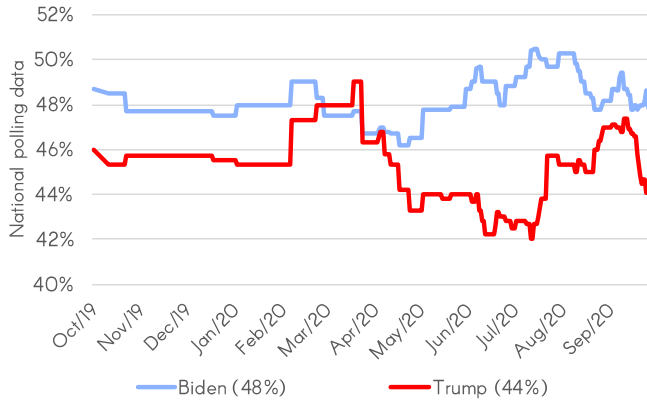


# Cleaves Securities

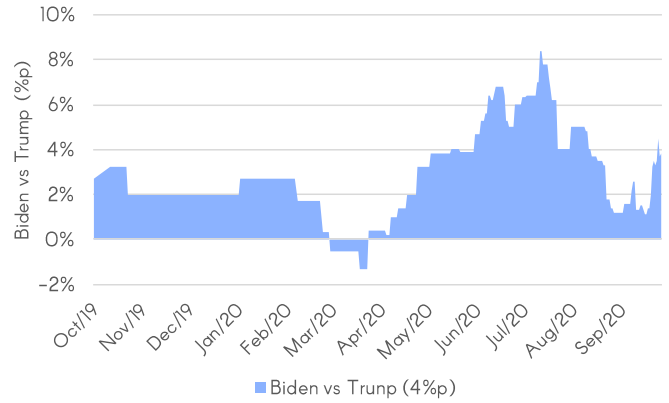
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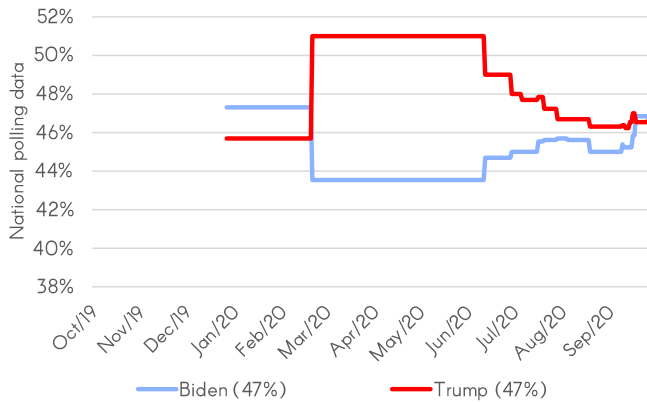
### Florida (29 votes): Biden vs Trump



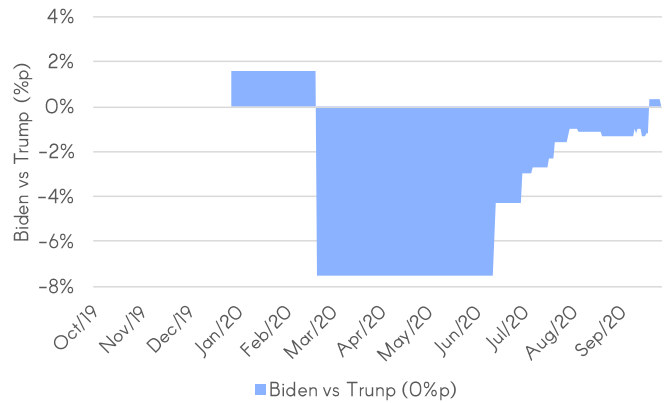
### Florida (29 votes): Biden vs Trump



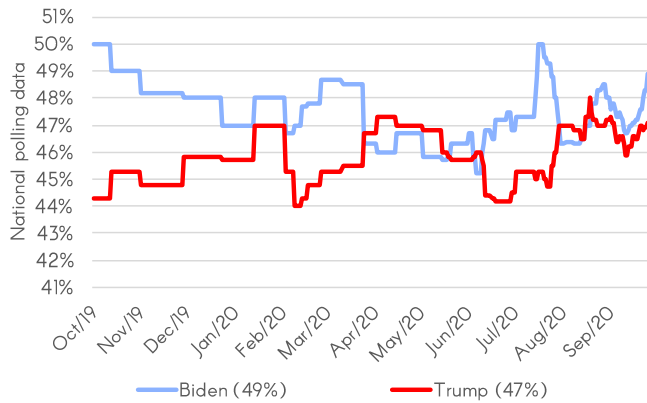
### Georgia (16 votes): Biden vs Trump



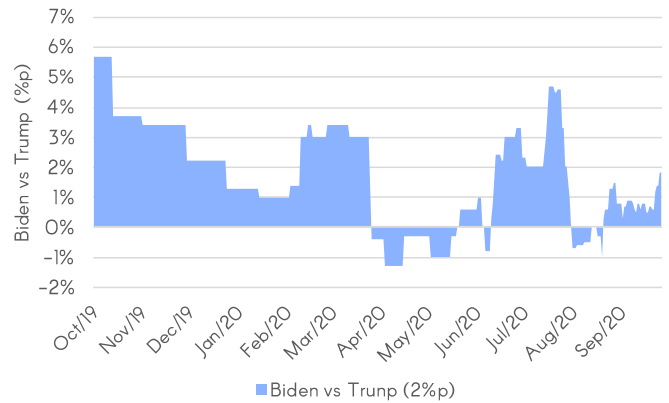
### Georgia (16 votes): Biden vs Trump



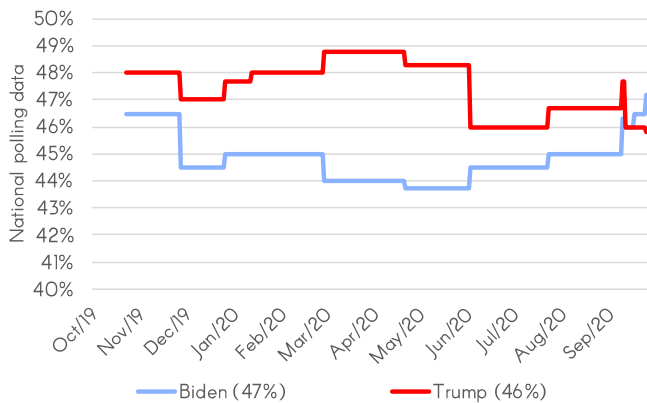
### North Carolina (15 votes): Biden vs Trump



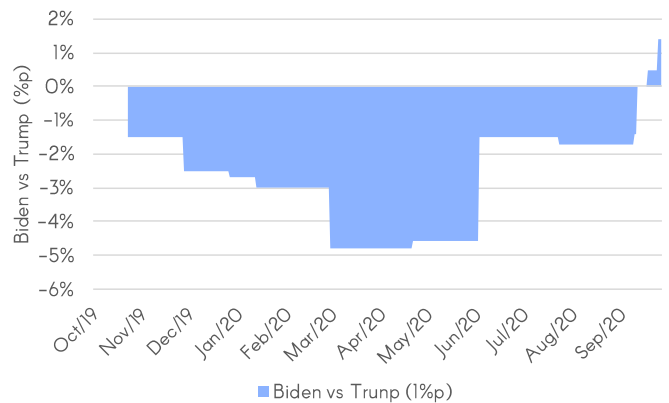
### North Carolina (15 votes): Biden vs Trump



### Iowa (6 votes): Biden vs Trump



### Iowa (6 votes): Biden vs Trump





## Company Reports

### Our universe at a glance

| Company                        | Sector | Return<br>ly | Target<br>Rec. | Last<br>Price | Target/<br>Price | P/NAV       |              |             | EV/<br>GAV  | adj.<br>equity | EV/EBITDA  |             |             | Dividend yield |            |            |            |
|--------------------------------|--------|--------------|----------------|---------------|------------------|-------------|--------------|-------------|-------------|----------------|------------|-------------|-------------|----------------|------------|------------|------------|
|                                |        |              |                |               |                  | Now         | ly fwd       | ε           |             |                | 2020       | 2021        | 2022        | 2020           | 2021       | 2022       |            |
| ADSCME NO                      | Oil    | -16%         | HOLD           | 19.0          | 18.8             | 1%          | 0.71         | 0.68        | 0.04        | 0.49           | 126%       | 0.2         | 3.0         | 0.4            | 29%        | 4%         | 11%        |
| DHT US                         | Oil    | -18%         | HOLD           | 4.6           | 5.1              | -11%        | 0.86         | 0.82        | 0.14        | 0.91           | 61%        | 3.0         | 7.8         | 2.8            | 24%        | 3%         | 5%         |
| EURN US                        | Oil    | -10%         | HOLD           | 7.5           | 8.7              | -13%        | 0.92         | 0.89        | 0.16        | 1.00           | 48%        | 3.2         | 12.2        | 3.5            | 22%        | 1%         | 4%         |
| FRO US                         | Oil    | -30%         | SELL           | 4.0           | 6.7              | -40%        | 1.19         | 1.32        | 0.28        | 1.06           | 29%        | 4.6         | 14.9        | 5.4            | 27%        | 1%         | 5%         |
| HAFNIA NO                      | Oil    |              | HOLD           | 12.0          | 14.1             | -15%        | 0.53         | 0.58        | 0.19        | 0.79           | 41%        | 5.4         | 18.7        | 5.4            | 17%        | 0%         | 0%         |
| HUNT NO                        | Oil    | -35%         | HOLD           | 3.0           | 3.3              | -8%         | 0.69         | 0.69        | 0.21        | 0.86           | 46%        | 5.5         | 8.2         | 3.9            | 0%         | 0%         | 10%        |
| INSW US                        | Oil    | -41%         | HOLD           | 14.0          | 15.2             | -8%         | 0.52         | 0.62        | 0.13        | 0.71           | 56%        | 3.6         | 16.6        | 3.5            | 2%         | 2%         | 4%         |
| NAT US                         | Oil    | -6%          | SELL           | 1.5           | 3.6              | -58%        | 1.37         | 1.60        | 0.19        | 1.18           | 43%        | 4.7         | 19.0        | 4.4            | 12%        | 1%         | 4%         |
| OET NO                         | Oil    | -30%         | SELL           | 40.0          | 56.8             | -30%        | 0.63         | 0.80        | 0.35        | 0.90           | 27%        | 5.5         | 9.1         | 4.8            | 20%        | 0%         | 3%         |
| TNK US                         | Oil    | -33%         | BUY            | 14.0          | 10.8             | 30%         | 0.39         | 0.45        | 0.15        | 0.68           | 50%        | 2.5         | 10.6        | 2.0            | 0%         | 0%         | 0%         |
| <b>Average, Oil Tankers</b>    |        | <b>-24%</b>  |                |               |                  | <b>-15%</b> | <b>0.78</b>  | <b>0.85</b> | <b>0.18</b> | <b>0.86</b>    | <b>53%</b> | <b>3.8</b>  | <b>12.0</b> | <b>3.6</b>     | <b>15%</b> | <b>1%</b>  | <b>5%</b>  |
| 2020 NO                        | Dry    | -25%         | BUY            | 111           | 59               | 89%         | 0.83         | 0.48        | 0.25        | 0.93           | 39%        | 10.3        | 4.9         | 3.1            | 8%         | 28%        | 46%        |
| BULK NO                        | Dry    |              | BUY            | 147           | 119              | 24%         | 1.59         | 0.90        | 0.17        | 1.33           | 52%        | 7.7         | 3.6         | 2.0            | 10%        | 17%        | 28%        |
| DSX US                         | Dry    | -59%         | BUY            | 3.0           | 1.4              | 111%        | 0.63         | 0.36        | 0.32        | 0.89           | 25%        |             | 3.5         | 1.3            | 0%         | 0%         | 36%        |
| EGLE US                        | Dry    | -48%         | BUY            | 26.0          | 16.9             | 54%         | 0.94         | 0.56        | 0.31        | 0.98           | 25%        | 12.0        | 4.2         | 2.4            | 0%         | 0%         | 19%        |
| GNK US                         | Dry    | -22%         | BUY            | 15.0          | 7.3              | 105%        | 0.78         | 0.47        | 0.18        | 0.89           | 43%        |             | 2.4         | 1.0            | 4%         | 10%        | 26%        |
| GOGL US                        | Dry    | -35%         | BUY            | 8.1           | 3.8              | 115%        | 0.89         | 0.49        | 0.27        | 0.96           | 30%        | 19.7        | 4.0         | 2.2            | 4%         | 18%        | 37%        |
| SALT US                        | Dry    | -79%         | BUY            | 20.0          | 14.3             | 40%         | 0.48         | 0.30        | 0.26        | 0.81           | 33%        | 35.2        | 6.1         | 3.2            | 2%         | 3%         | 17%        |
| SBLK US                        | Dry    | -38%         | BUY            | 14.0          | 6.7              | 108%        | 0.97         | 0.51        | 0.33        | 0.99           | 28%        | 7.0         | 3.0         | 1.8            | 1%         | 2%         | 66%        |
| <b>Average, Dry Bulk</b>       |        | <b>-44%</b>  |                |               |                  | <b>81%</b>  | <b>0.89</b>  | <b>0.51</b> | <b>0.26</b> | <b>0.97</b>    | <b>34%</b> | <b>15.3</b> | <b>4.0</b>  | <b>2.1</b>     | <b>4%</b>  | <b>10%</b> | <b>35%</b> |
| ALNG NO                        | LNG    | -74%         | SELL           | 0.5           | 1.1              | -52%        | -2.10        |             | 3.24        | 1.09           | -3%        | 11.2        | 12.8        | 15.9           | 0%         | 0%         | 0%         |
| FLNG NO                        | LNG    | -38%         | BUY            | 95            | 61               | 57%         | 0.43         |             | 0.29        | 0.81           | 32%        | 13.1        | 9.4         | 14.3           | 2%         | 0%         | 0%         |
| GLOG US                        | LNG    | -79%         | BUY            | 3.2           | 2.7              | 19%         | 0.79         |             | 0.94        | 1.16           | 9%         | 9.3         | 8.0         | 8.2            | 5%         | 9%         | 15%        |
| <b>Average, LNG Carriers</b>   |        | <b>-64%</b>  |                |               |                  | <b>8%</b>   | <b>-0.29</b> |             | <b>1.49</b> | <b>1.02</b>    | <b>13%</b> | <b>11.2</b> | <b>10.1</b> | <b>12.8</b>    | <b>2%</b>  | <b>3%</b>  | <b>5%</b>  |
| AVANCE NO                      | LPG    | -26%         | SELL           | 24            | 29               | -18%        | 0.61         | 1.10        | 0.25        | 0.85           | 35%        | 5.0         | 5.7         | 3.9            | 12%        | 10%        | 14%        |
| BWLPG NO                       | LPG    | -12%         | HOLD           | 45            | 45               | 1%          | 0.58         | 0.99        | 0.16        | 0.78           | 48%        | 4.0         | 5.3         | 3.6            | 18%        | 10%        | 11%        |
| LPG US                         | LPG    | -25%         | SELL           | 7.8           | 9.0              | -14%        | 0.53         | 0.85        | 0.15        | 0.72           | 54%        | 5.1         | 5.4         | 3.5            | 0%         | 6%         | 10%        |
| <b>Average, LPG Carriers</b>   |        | <b>-21%</b>  |                |               |                  | <b>-10%</b> | <b>0.57</b>  | <b>0.98</b> | <b>0.19</b> | <b>0.78</b>    | <b>46%</b> | <b>4.7</b>  | <b>5.5</b>  | <b>3.7</b>     | <b>10%</b> | <b>8%</b>  | <b>11%</b> |
| <b>Average of all segments</b> |        | <b>-38%</b>  |                |               |                  | <b>16%</b>  | <b>0.49</b>  | <b>0.78</b> | <b>0.53</b> | <b>0.91</b>    | <b>36%</b> | <b>8.8</b>  | <b>7.9</b>  | <b>5.6</b>     | <b>8%</b>  | <b>6%</b>  | <b>14%</b> |

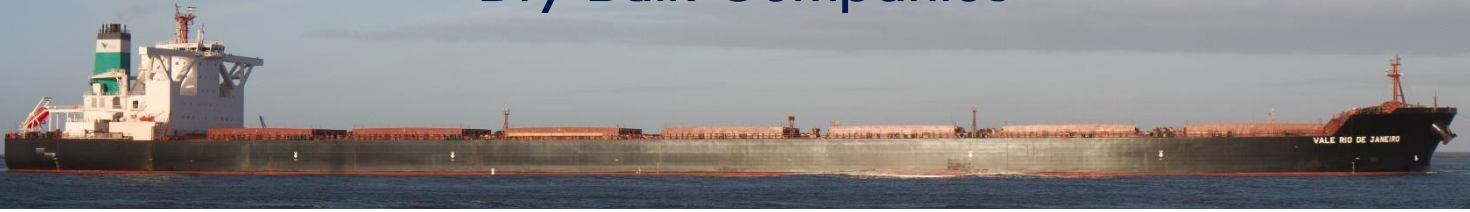
### Indicative quarterly reporting schedule

| Company   | Indicative*<br>Reporting<br>Schedule | Sector | TCE Revenue |           |           | Cleaves<br>vs<br>Cons. |         | EBITDA    |           |       | Cleaves<br>vs<br>Cons. |           | Net Profit |       |  | Cleaves<br>vs<br>Cons. |  |
|-----------|--------------------------------------|--------|-------------|-----------|-----------|------------------------|---------|-----------|-----------|-------|------------------------|-----------|------------|-------|--|------------------------|--|
|           |                                      |        | Cleaves     | Consensus | Last year | Cons.                  | Cleaves | Consensus | Last year | Cons. | Cleaves                | Consensus | Last year  | Cons. |  |                        |  |
| SALT US   | 23-Oct/20                            | Dry    | 51          | 46        | 63        | 10%                    | 13      | 9         | 22        | 43%   | -8                     | -12       | -2         | 4     |  |                        |  |
| LPG US    | 01-Nov/20                            | LPG    |             |           |           |                        |         |           |           |       |                        |           |            |       |  |                        |  |
| GNK US    | 04-Nov/20                            | Dry    | 57          | 54        | 61        | 7%                     | 26      | 23        | 11        | 14%   | 6                      | 1         | -15        | 4     |  |                        |  |
| EURN US   | 05-Nov/20                            | Oil    | 222         | 229       | 140       | -3%                    | 155     | 155       | 90        | 0%    | 62                     | 61        | -23        | 2     |  |                        |  |
| BULK NO   | 05-Nov/20                            | Dry    | 37          | 36        | 39        | 1%                     | 24      | 23        | 34        | 1%    | 11                     | 10        | 20         | 0     |  |                        |  |
| GLOG US   | 06-Nov/20                            | LNG    | 143         | 155       | n.a.      | -8%                    | 93      | 104       | 114       | -11%  | -9                     | -4        | -14        | -5    |  |                        |  |
| EGLE US   | 06-Nov/20                            | Dry    | 48          | 47        | 55        | 4%                     | 12      | 13        | 26        | -9%   | -10                    | -9        | -5         | -1    |  |                        |  |
| INSW US   | 06-Nov/20                            | Oil    | 88          | 88        | 66        | 0%                     | 46      | 45        | 20        | 3%    | 24                     | 20        | -11        | 4     |  |                        |  |
| DHT US    | 09-Nov/20                            | Oil    | 111         | 112       | 59        | -1%                    | 87      | 86        | 36        | 2%    | 47                     | 45        | -9         | 2     |  |                        |  |
| 2020 NO   | 12-Nov/20                            | Dry    | 16          | 15        | n.a.      | 6%                     | 11      | 11        | 1         | 7%    | 6                      | 5         | 1          | 1     |  |                        |  |
| OET NO    | 12-Nov/20                            | Oil    | 46          | 49        | 22        | -5%                    | 35      | 35        | 14        | -1%   | 15                     | 14        | -3         | 1     |  |                        |  |
| TNK US    | 13-Nov/20                            | Oil    | 102         | 126       | 95        | -19%                   | 35      | 50        | 27        | -29%  | -6                     | 9         | -20        | -15   |  |                        |  |
| BWLPG NO  | 13-Nov/20                            | LPG    | 112         | 112       | 185       | -1%                    | 77      | 66        | 160       | 15%   | 29                     | 18        | 117        | 11    |  |                        |  |
| SBLK US   | 16-Nov/20                            | Dry    | 162         | 159       | 181       | 2%                     | 97      | 81        | 61        | 21%   | 44                     | 35        | 6          | 9     |  |                        |  |
| ADSCME NO | 18-Nov/20                            | Oil    | 11          | 10        | 2         | 6%                     | 8       | 7         | -1        | 8%    | 3                      | 2         | -3         | 1     |  |                        |  |
| HAFNIA NO | 20-Nov/20                            | Oil    | 110         | 125       | n.a.      | -12%                   | 37      | 57        | 49        | -35%  | -14                    | 10        | -11        | -24   |  |                        |  |
| ALNG NO   | 20-Nov/20                            | LNG    | 7           | 6         | 6         | 21%                    | 4       | 3         | 7         | 37%   | -2                     | -4        | -1         | 1     |  |                        |  |
| NAT US    | 25-Nov/20                            | Oil    | 44          | 40        | n.a.      | 9%                     | 23      | 18        | 13        | 31%   | -2                     | -4        | -14        | 3     |  |                        |  |
| HUNT NO   | 26-Nov/20                            | Oil    | 35          | 37        | n.a.      | -7%                    | 31      | 32        | 0         | -4%   | 22                     | 24        | -2         | -2    |  |                        |  |
| AVANCE NO | 27-Nov/20                            | LPG    | 32          | 33        | 54        | -6%                    | 20      | 23        | 43        | -13%  | 4                      | 5         | 25         | -1    |  |                        |  |
| FRO US    | 30-Nov/20                            | Oil    | 194         | 185       | 94        | 5%                     | 137     | 126       | 43        | 8%    | 82                     | 71        | -10        | 11    |  |                        |  |
| GOGL US   | 30-Nov/20                            | Dry    | 137         | 128       | 162       | 8%                     | 70      | 57        | 77        | 22%   | 30                     | 16        | 37         | 14    |  |                        |  |
| FLNG NO   | 30-Nov/20                            | LNG    | 32          | 35        | 29        | -9%                    | 22      | 23        | 22        | -5%   | -3                     | -3        | 0          | 0     |  |                        |  |
| DSX US    | 02-Dec/20                            | Dry    | 43          | 41        | 50        | 6%                     | 14      | 12        | 20        | 17%   | -4                     | -6        | 2          | 2     |  |                        |  |

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

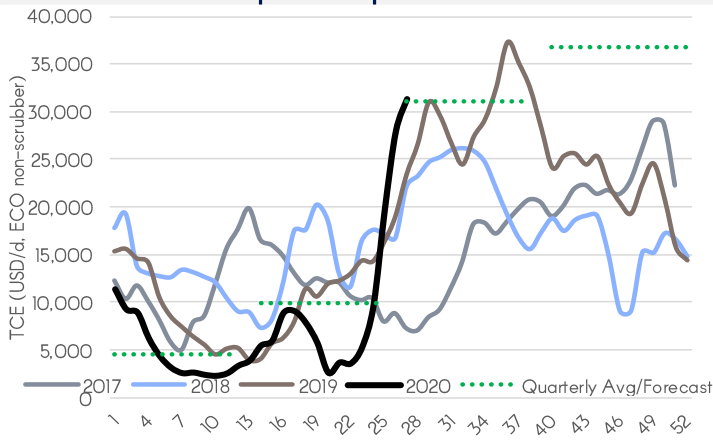


### Dry Bulk Companies

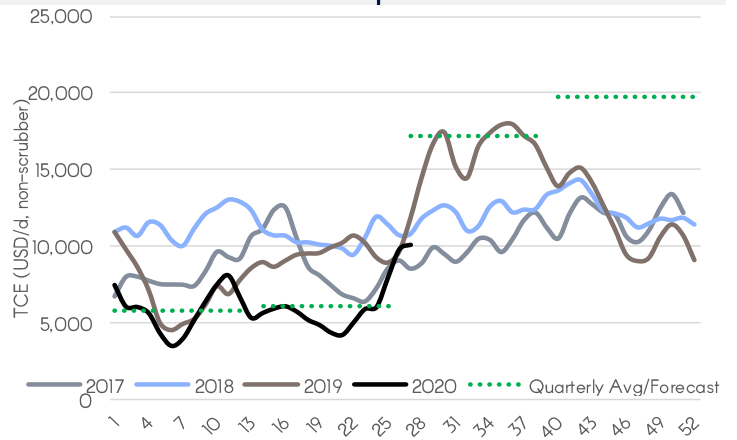


### Earnings

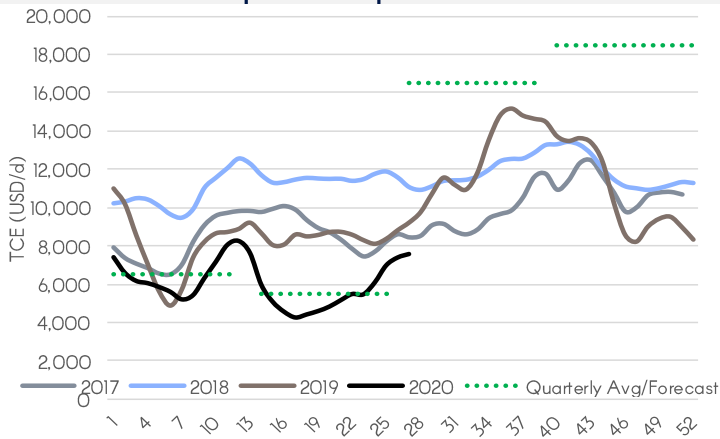
#### Capesize spot rates



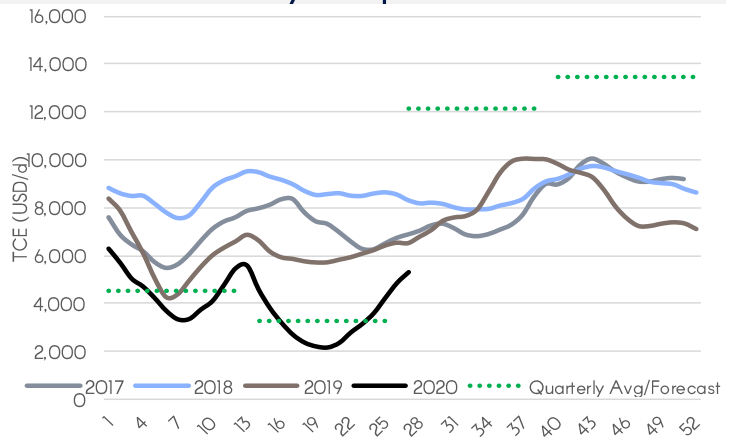
#### Panamax spot rates



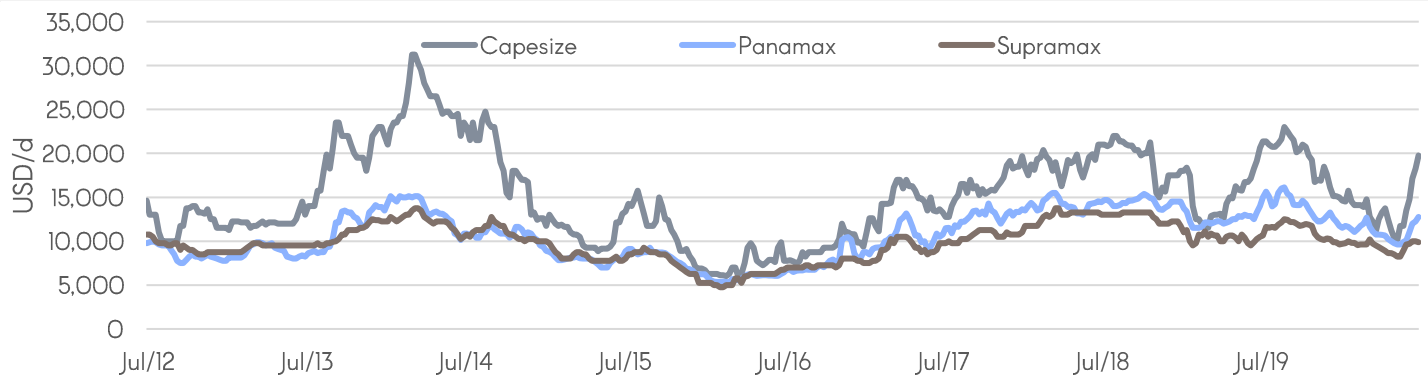
#### Supramax spot rates



#### Handysize spot rates



#### Timecharter rates





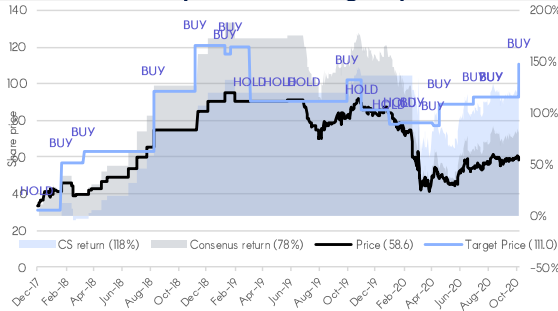


## 2020-NO

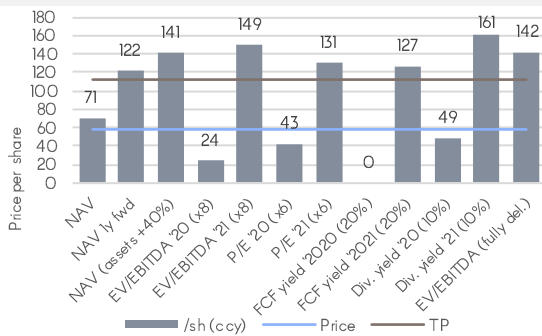
## BUY/NIII

## 2020 Bulkers

### Share price vs target price

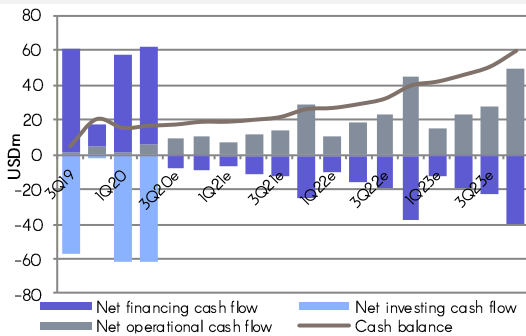


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

Joakim Hannisdahl  
Head of Research  
jh@cleaves.no

### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 51    | 87    | 120   | 138   |
| EBITDA (adj.)       | 36    | 70    | 103   | 121   |
| EBIT (adj.)         | 26    | 59    | 92    | 110   |
| PTP (adj.)          | 17    | 52    | 85    | 104   |
| Net earnings (adj.) | 17    | 52    | 85    | 104   |
| EPS (adj.)          | 0.77  | 2.35  | 3.85  | 4.70  |
| DPS                 | 0.46  | 1.75  | 2.94  | 3.62  |
| Fwd NAV             | 202   | 353   | 476   | 568   |
| Adj. equity ratio   | 44%   | 60%   | 68%   | 73%   |
| FCF yield           | -69%  | 43%   | 67%   | 82%   |
| Dividend yield      | 8%    | 28%   | 46%   | 57%   |
| EV/EBITDA           | 10.3  | 4.9   | 3.1   | 2.3   |
| P/E (adj.)          | 8.2   | 2.7   | 1.6   | 1.3   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 27     | 63     | 96     | 115    |
| Free cash flow                | -96    | 61     | 94     | 115    |
| Net cash flow                 | -2     | 7      | 14     | 20     |
| TCE/day                       | 19,517 | 30,684 | 42,212 | 48,717 |
| Cash break-even               | 13,941 | 13,265 | 13,125 | 12,983 |
| Liquidity                     | 19     | 26     | 40     | 60     |
| Property & Equip. (incl. NBs) | 372    | 364    | 355    | 344    |
| Total equity                  | 142    | 156    | 176    | 199    |
| Total assets                  | 395    | 394    | 399    | 408    |
| Interest bearing debt         | 246    | 231    | 216    | 201    |
| Net interest bearing debt     | 227    | 205    | 176    | 141    |
| Market Cap.                   | 141    | 141    | 141    | 141    |
| Enterprise value              | 367    | 345    | 317    | 282    |

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

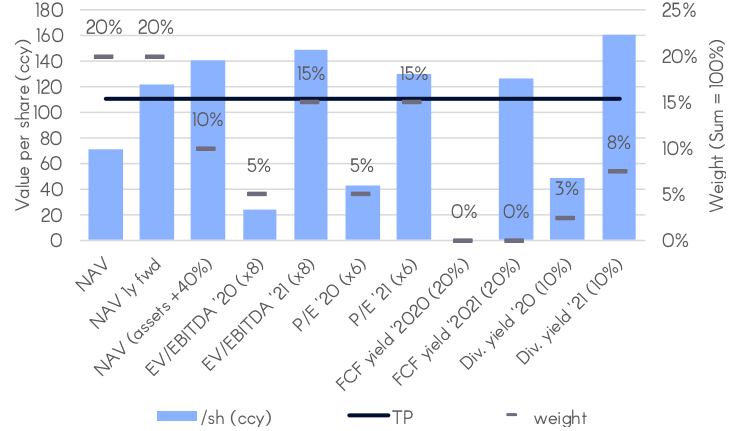


## Company Valuation

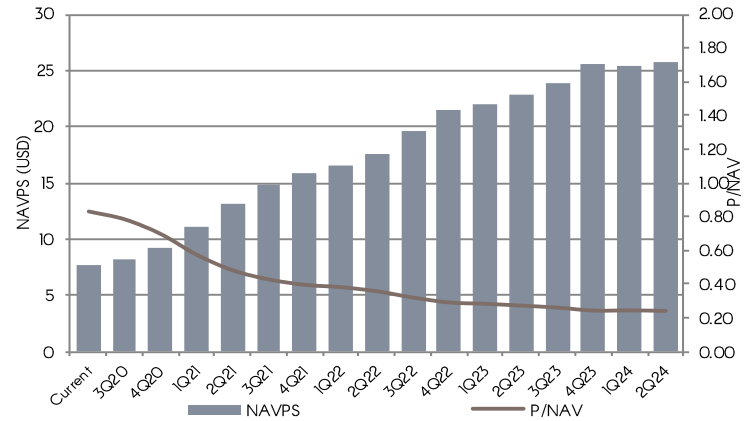
### Valuation & target price

| Valuation         |             |                 |             |
|-------------------|-------------|-----------------|-------------|
| USDm              | Book Value  | Net Asset Value | Market cap. |
| Primary assets    | 378         | 420             | 390         |
| Contract value    | 0           | -10             | -9          |
| Other             | 3           | 3               | 3           |
| <b>GAV</b>        | <b>381</b>  | <b>413</b>      | <b>384</b>  |
| Net debt          | -237        | -237            | -237        |
| Capex             | 0           | 0               | 0           |
| Other             | -7          | -7              | -7          |
| <b>Equity</b>     | <b>138</b>  | <b>170</b>      | <b>141</b>  |
| Shares            | 22          | 22              | 22          |
| <b>Equity/sh</b>  | <b>6.22</b> | <b>7.67</b>     | <b>6.34</b> |
| 1cl CCY           | 57.49       | 70.91           | 58.60       |
| USDNOK            |             | 9.24            |             |
| P/Equity          | 1.02        | 0.83            | 1.00        |
| EV/GAV            | 1.01        | 0.93            | 1.00        |
| Adj. Total Assets | 399         | 441             | 411         |
| Adj. Equity Ratio | 35%         | 39%             | 34%         |
| <b>Fair Value</b> | <b>NOK</b>  | <b>111</b>      | <b>90%</b>  |
|                   | <b>USD</b>  | <b>12.0</b>     |             |

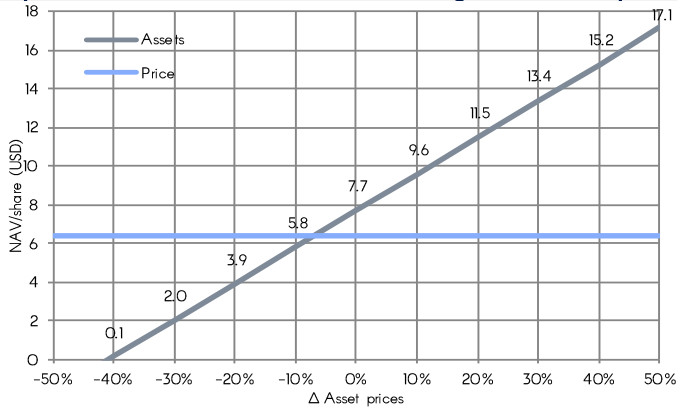
### Weighted valuation matrix



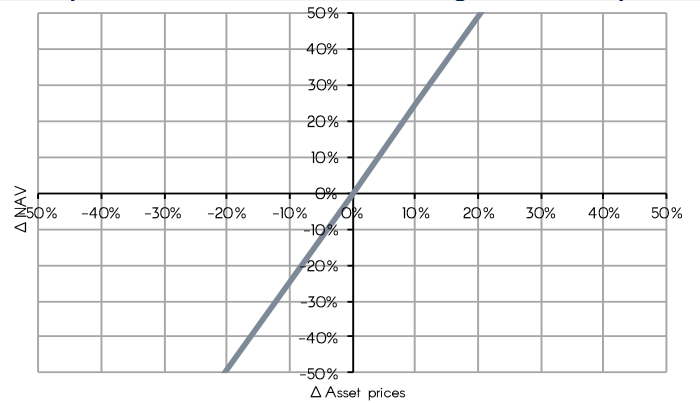
### Quarterly forward NAV & P/NAV



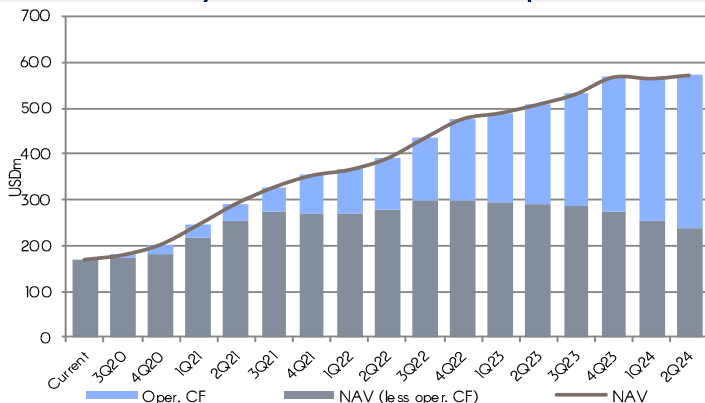
### Impact on NAV/sh from % change in asset prices



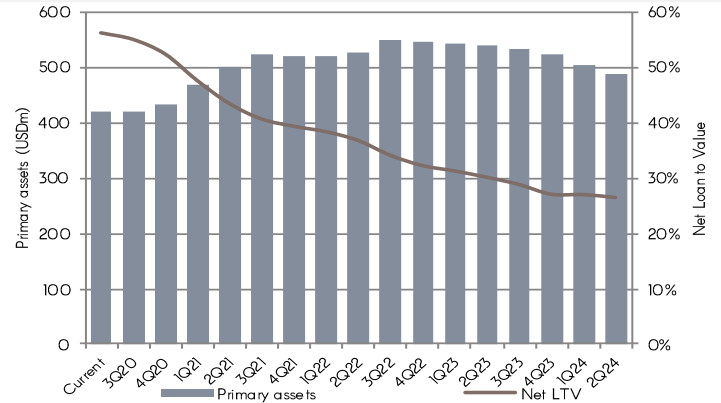
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

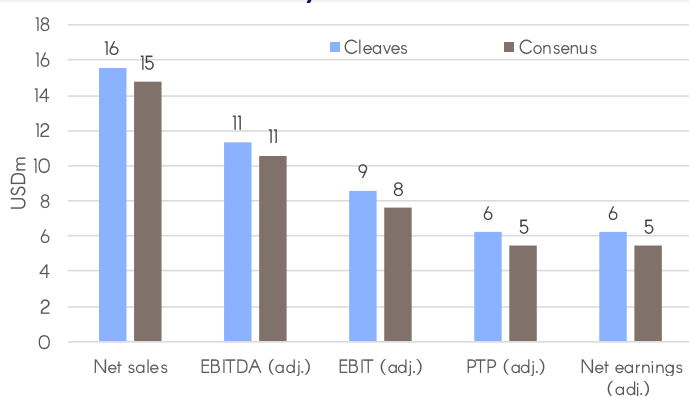
### P&L

| 3Q20 Preview<br>USDm  |      |      | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|------|------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19 | 2Q20 | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 2.2  | 10.3 | 15.6    | 14.8      |            |       |            |       |
| EBITDA (adj.)         | 0.9  | 6.9  | 11.4    | 10.6      |            |       |            |       |
| EBIT (adj.)           | 0.8  | 4.7  | 8.6     | 7.6       |            |       |            |       |
| PTP (adj.)            | 0.8  | 2.4  | 6.2     | 5.5       |            |       |            |       |
| Net earnings (adj.)   | 0.8  | 2.4  | 6.2     | 5.5       |            |       |            |       |
| EPS (adj.)            | 0.03 | 0.11 | 0.28    | 0.24      |            |       |            |       |
| DPS                   | 0.14 | 0.10 | 0.10    |           |            |       |            |       |
| Implied, line by line | 3Q19 | 2Q20 | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 2.2  | 10.3 | 15.6    | 14.8      |            |       |            |       |
| Opex & G&A            | 1.3  | 3.4  | 4.2     | 4.2       |            |       |            |       |
| Depreciation          | 0.1  | 2.2  | 2.8     | 3.0       |            |       |            |       |
| Net finance           | 0.0  | 2.3  | 2.4     | 2.1       |            |       |            |       |
| Taxes & Minorities    | -    | -    | -       | -         |            |       |            |       |

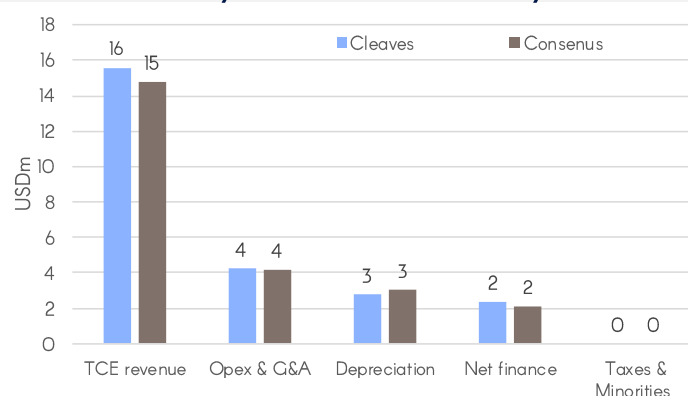
### CF & BS

| 3Q20 Preview<br>USDm      |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 1      | 6      | 9       |           |            |       |            |       |
| Free cash flow            | -56    | -56    | 9       |           |            |       |            |       |
| Net cash flow             | 4      | 1      | 1       |           |            |       |            |       |
| TCE/day                   | 34,921 | 17,637 | 21,828  | 20,661    |            |       |            |       |
| Fleet days                | 65     | 584    | 736     |           |            |       |            |       |
| Cash break-even           | 20,000 | 14,384 | 13,996  |           |            |       |            |       |
| Liquidity                 | 5      | 16     | 17      |           |            |       |            |       |
| Interest bearing debt     | 63     | 253    | 249     |           |            |       |            |       |

### Quarterly Pre-/Review



### Quarterly Pre-/Review: Line by line





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 51    | 87    | 120   | 138   | 55    | 80    | 109   | 116   | -5                 | 7     | 10    | 22    |    |
| EBITDA (adj.)            | 36    | 70    | 103   | 121   | 39    | 62    | 91    | 98    | -4                 | 8     | 12    | 24    |    |
| EBIT (adj.)              | 26    | 59    | 92    | 110   | 30    | 51    | 80    | 87    | -4                 | 8     | 12    | 23    |    |
| PTP (adj.)               | 17    | 52    | 85    | 104   | 19    | 41    | 70    | 78    | -2                 | 12    | 15    | 27    |    |
| Net earnings (adj.)      | 17    | 52    | 85    | 104   | 19    | 41    | 70    | 78    | -2                 | 12    | 15    | 27    |    |
| EPS (adj.)               | 0.77  | 2.35  | 3.85  | 4.70  | 0.86  | 1.83  | 3.17  | 3.50  | -0.09              | 0.52  | 0.69  | 1.20  |    |
| DPS                      | 0.46  | 1.75  | 2.94  | 3.62  | 0.95  | 1.61  | 2.82  | 3.12  | -0.50              | 0.13  | 0.13  | 0.51  |    |
| DPS (NOK)                | 4.22  | 16.14 | 27.21 | 33.49 | 8.99  | 15.25 | 26.61 | 29.45 |                    |       |       |       |    |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -5    | 7     | 10    | 22 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -1    | -2    | -2    | -2 |
|                          |       |       |       |       |       |       |       |       | Depreciation       | 0     | 0     | 0     | 0  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -2    | -4    | -3    | -3 |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 27     | 63     | 96     | 115    | 28     | 51     | 81     | 88     | -0     | 12    | 16    | 27    |
| Free cash flow                | -96    | 61     | 94     | 115    | -95    | 51     | 81     | 88     | -1     | 10    | 13    | 27    |
| Net cash flow                 | -2     | 7      | 14     | 20     | -8     | 4      | 7      | 8      | 6      | 3     | 7     | 12    |
| TCE/day                       | 19,517 | 30,684 | 42,212 | 48,717 | 21,551 | 28,269 | 38,528 | 40,997 | -2,034 | 2,415 | 3,684 | 7,720 |
| Cash break-even               | 13,941 | 13,265 | 13,125 | 12,983 | 14,504 | 13,876 | 13,719 | 13,561 | -562   | -611  | -594  | -578  |
| Liquidity                     | 19     | 26     | 40     | 60     | 13     | 17     | 24     | 31     | 6      | 9     | 16    | 29    |
| Property & Equip. (incl. NBs) | 372    | 364    | 355    | 344    | 372    | 361    | 350    | 340    | 1      | 3     | 5     | 5     |
| Total equity                  | 142    | 156    | 176    | 199    | 136    | 141    | 149    | 157    | 6      | 14    | 27    | 42    |
| Total assets                  | 395    | 394    | 399    | 408    | 389    | 382    | 378    | 375    | 6      | 12    | 21    | 33    |
| Interest bearing debt         | 246    | 231    | 216    | 201    | 249    | 237    | 226    | 214    | -3     | -6    | -10   | -13   |
| Net interest bearing debt     | 227    | 205    | 176    | 141    | 236    | 220    | 202    | 183    | -9     | -16   | -26   | -41   |
| Market Cap.                   | 141    | 141    | 141    | 141    | 128    | 128    | 128    | 128    | 12     | 12    | 12    | 12    |
| Enterprise value              | 367    | 345    | 317    | 282    | 364    | 348    | 330    | 311    | 4      | -3    | -13   | -29   |

### Valuation

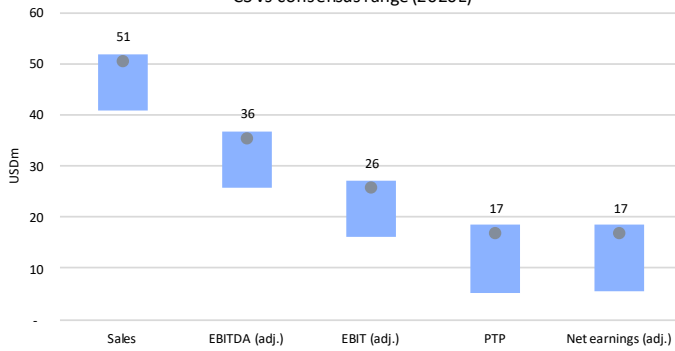
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 202   | 353   | 476   | 568   | 205   | 331   | 446   | 498   | -3     | 23    | 30    | 69    |
| Adj. equity ratio        | 44%   | 60%   | 68%   | 73%   | 45%   | 58%   | 66%   | 70%   | 0%     | 2%    | 2%    | 4%    |
| FCF yield                | -69%  | 43%   | 67%   | 82%   | -74%  | 40%   | 63%   | 69%   | 6%     | 3%    | 4%    | 13%   |
| Dividend yield           | 8%    | 28%   | 46%   | 57%   | 16%   | 28%   | 49%   | 54%   | -8%    | 0%    | -2%   | 3%    |
| EV/EBITDA                | 10.3  | 4.9   | 3.1   | 2.3   | 9.3   | 5.6   | 3.6   | 3.2   | 1.1    | -0.7  | -0.6  | -0.9  |
| P/E (adj.)               | 8.2   | 2.7   | 1.6   | 1.3   | 6.7   | 3.2   | 1.8   | 1.7   | 1.5    | -0.5  | -0.2  | -0.3  |



## Our Estimates vs Consensus

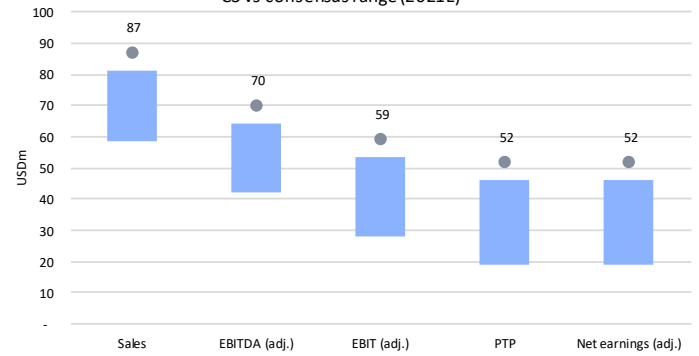
### Profit & Loss, year I

CS vs consensus range (2020E)

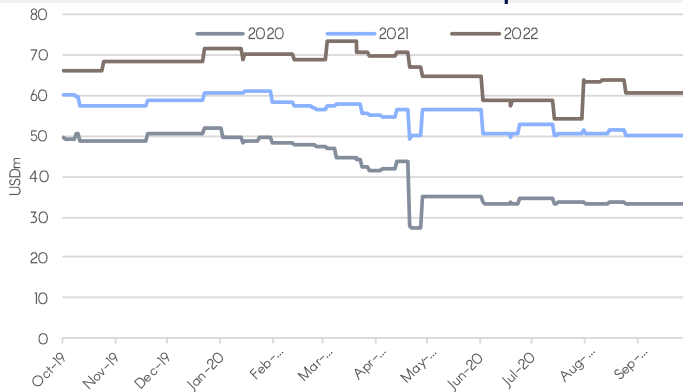


### Profit & Loss, year II

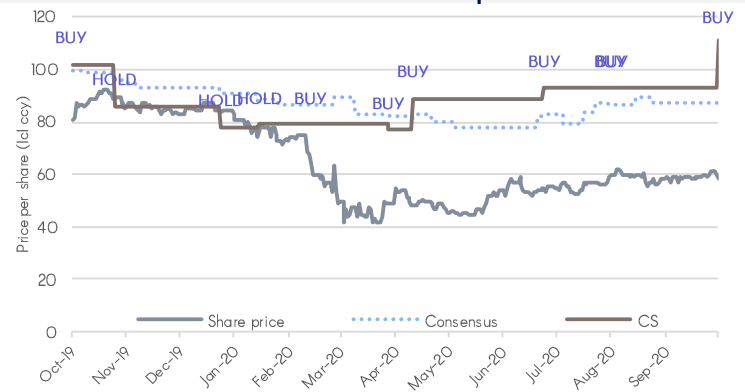
CS vs consensus range (2021E)



### Consensus EBITDA development



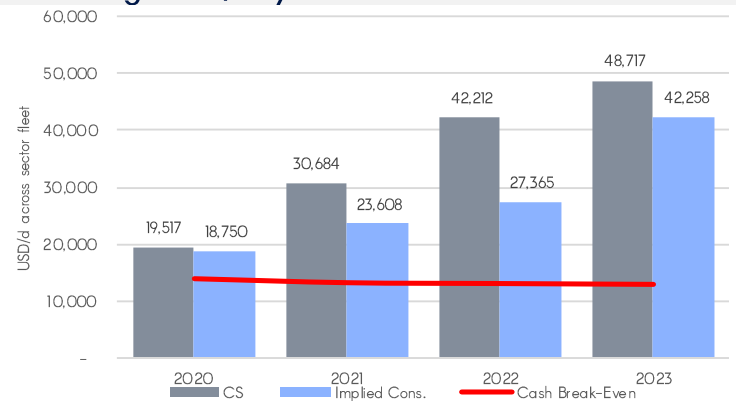
### Fair value vs share price



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

|                    | 2020 | CS | Consensus | Diff. | Diff.   |
|--------------------|------|----|-----------|-------|---------|
| TCE revenue        | 51   | 49 | 49        | 2     | 4%      |
| Opex + G&A         | 15   | 15 | 15        | -0    | -1%     |
| Depreciation       | 10   | 10 | 10        | -1    | -6%     |
| Net finance        | 9    | 9  | 9         | 0     | 3%      |
| Taxes & Minorities | 0    | -0 | -0        | 0     | -100%   |
|                    | 2021 | CS | Consensus | Diff. | Diff.   |
| TCE revenue        | 87   | 67 | 67        | 20    | 30%     |
| Opex + G&A         | 17   | 17 | 17        | 0     | 0%      |
| Depreciation       | 11   | 13 | 13        | -2    | -14%    |
| Net finance        | 7    | 7  | 7         | -0    | -1%     |
| Taxes & Minorities | 0    | 0  | 0         | 0     | #DIV/0! |

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





# Cleaves Securities

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

| Profit & Loss (USDm)          | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|-------------------------------|------|------|------|------|-------|-------|-------|-------|-------|
| Net sales                     | 2    | 7    | 8    | 10   | 16    | 17    | 13    | 18    | 21    |
| Operational costs             | -1   | -3   | -3   | -3   | -4    | -4    | -4    | -4    | -4    |
| EBITDA                        | 1    | 4    | 4    | 7    | 11    | 13    | 9     | 14    | 16    |
| Depreciation/Amortization     | 0    | -1   | -2   | -2   | -3    | -3    | -3    | -3    | -3    |
| EBIT                          | 1    | 3    | 3    | 5    | 9     | 10    | 6     | 11    | 14    |
| Net financials                | 0    | -1   | -2   | -2   | -2    | -2    | -2    | -2    | -2    |
| PTP                           | 1    | 1    | 0    | 2    | 6     | 8     | 4     | 10    | 12    |
| Taxes/Minorities              | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | 1    | 1    | 0    | 2    | 6     | 8     | 4     | 10    | 12    |
| Non-recurring items           | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | 1    | 1    | 0    | 2    | 6     | 8     | 4     | 10    | 12    |
| EPS                           | 0.03 | 0.06 | 0.01 | 0.11 | 0.28  | 0.37  | 0.19  | 0.43  | 0.53  |
| EPS (adj.)                    | 0.03 | 0.06 | 0.01 | 0.11 | 0.28  | 0.37  | 0.19  | 0.43  | 0.53  |
| DPS                           | 0.00 | 0.14 | 0.07 | 0.00 | 0.10  | 0.29  | 0.12  | 0.31  | 0.39  |
| Balance Sheet (USDm)          | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Cash & short-term investments | 4    | 20   | 15   | 16   | 17    | 19    | 19    | 20    | 21    |
| Other current assets          | 2    | 3    | 3    | 4    | 4     | 4     | 4     | 4     | 4     |
| Total current assets          | 6    | 23   | 18   | 20   | 21    | 23    | 23    | 24    | 25    |
| Property & equip. (incl. NBs) | 196  | 258  | 319  | 378  | 375   | 372   | 370   | 368   | 366   |
| Other non-current assets      | 2    | 2    | 1    | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets      | 199  | 260  | 320  | 378  | 375   | 373   | 371   | 368   | 366   |
| TOTAL ASSETS                  | 205  | 283  | 338  | 399  | 397   | 395   | 393   | 392   | 392   |
| Total equity                  | 140  | 138  | 137  | 138  | 140   | 142   | 144   | 146   | 149   |
| Short-term debt               | 8    | 8    | 12   | 15   | 11    | 11    | 12    | 12    | 11    |
| Other current liabilities     | 2    | 5    | 4    | 5    | 5     | 5     | 5     | 5     | 5     |
| Total current liabilities     | 9    | 13   | 15   | 20   | 16    | 17    | 17    | 17    | 17    |
| Long-term debt                | 56   | 132  | 186  | 238  | 239   | 234   | 230   | 226   | 223   |
| Other non-current liabilities | 0    | 0    | 0    | 2    | 2     | 2     | 2     | 2     | 2     |
| Total non-current liabilities | 56   | 132  | 186  | 241  | 241   | 237   | 232   | 228   | 225   |
| TOTAL EQUITY & LIABILITIES    | 205  | 283  | 338  | 399  | 397   | 395   | 393   | 392   | 392   |
| Working capital, receivables  | 1    | 1    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Working capital, payables     | 1    | 3    | 1    | 1    | 1     | 1     | 1     | 1     | 1     |
| Net working capital           | 0    | -3   | -1   | -1   | -1    | -1    | -1    | -1    | -1    |
| Interest bearing debt         | 63   | 140  | 197  | 253  | 249   | 246   | 242   | 238   | 235   |
| Liquidity                     | 5    | 20   | 15   | 16   | 17    | 19    | 19    | 20    | 21    |
| Net interest bearing debt     | 59   | 120  | 182  | 237  | 232   | 227   | 223   | 218   | 213   |
| Cash Flow (USDm)              | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Net income                    | 1    | 1    | 0    | 2    | 6     | 8     | 4     | 10    | 12    |
| Depreciation                  | 0    | 1    | 2    | 2    | 3     | 3     | 3     | 3     | 3     |
| Other                         | 0    | 1    | -2   | 0    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                 | 1    | 3    | 0    | 5    | 9     | 11    | 7     | 12    | 15    |
| Changes in working capital    | 0    | 2    | 1    | 1    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow     | 1    | 5    | 2    | 6    | 9     | 11    | 7     | 12    | 15    |
| Capex                         | -57  | -2   | -62  | -62  | 0     | 0     | -1    | -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       | -57  | -2   | -62  | -62  | 0     | 0     | -1    | -1    | -1    |
| Repayment of debt             | 0    | -6   | -2   | -3   | -4    | -4    | -4    | -4    | -4    |
| Proceeds from debt            | 59   | 22   | 59   | 60   | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                | 0    | -3   | -2   | 0    | -5    | -6    | -3    | -7    | -9    |
| New equity                    | 1    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other                         | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow       | 60   | 13   | 56   | 57   | -8    | -9    | -6    | -11   | -12   |
| Currency effect               | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | 4    | 16   | -5   | 1    | 1     | 2     | 0     | 1     | 2     |
| Cash balance                  | 4    | 20   | 15   | 16   | 17    | 19    | 19    | 20    | 21    |
| Free cash flow                | -56  | 3    | -61  | -56  | 9     | 11    | 6     | 12    | 14    |



# Cleaves Securities

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

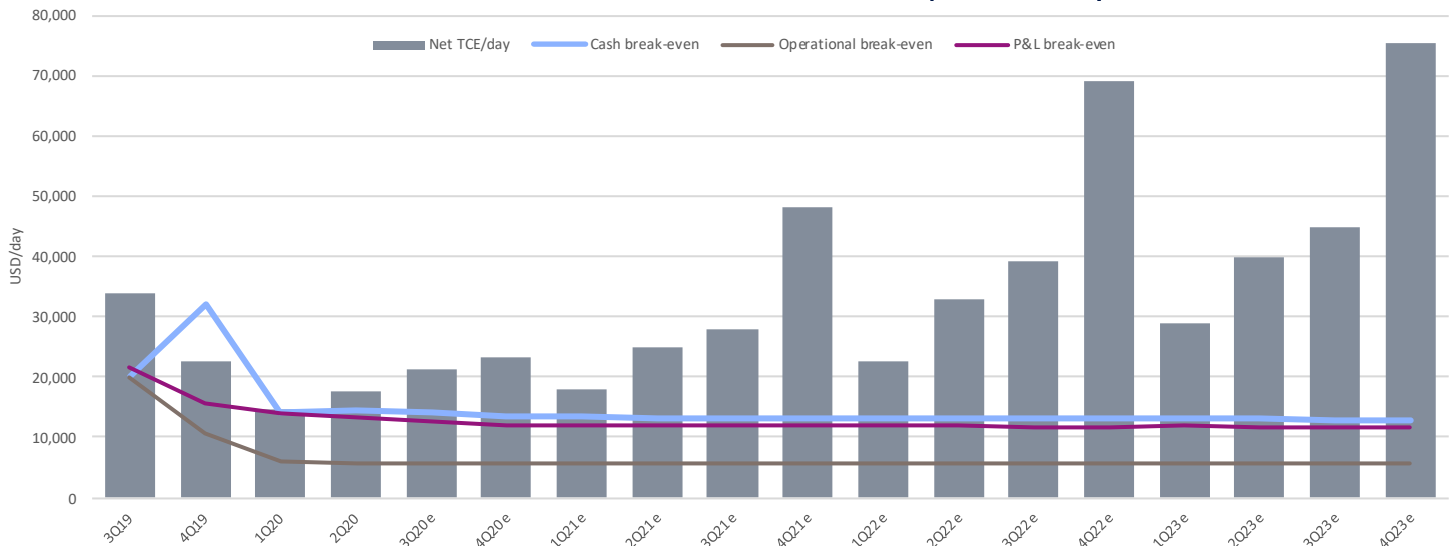
| Profit & Loss (USDm)          | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|------|------|------|-------|-------|-------|-------|-------|-------|
| Net sales                     |      |      | 0    | 0     | 9     | 51    | 87    | 120   | 138   |
| Operational costs             |      |      | 0    | -1    | -7    | -15   | -17   | -17   | -17   |
| EBITDA                        |      |      | 0    | -1    | 2     | 36    | 70    | 103   | 121   |
| Depreciation/Amortization     |      |      | 0    | 0     | -1    | -10   | -11   | -11   | -11   |
| EBIT                          | —    | —    | 0    | -1    | 1     | 26    | 59    | 92    | 110   |
| Net financials                |      |      | 0    | 0     | -1    | -9    | -7    | -7    | -6    |
| PTP                           | —    | —    | 0    | -1    | 0     | 17    | 52    | 85    | 104   |
| Taxes/Minorities              |      |      | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | —    | —    | 0    | -1    | 0     | 17    | 52    | 85    | 104   |
| Non-recurring items           |      |      | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | —    | —    | 0    | -1    | 0     | 17    | 52    | 85    | 104   |
| EPS                           |      |      |      | -0.05 | -0.02 | 0.77  | 2.35  | 3.85  | 4.70  |
| EPS (adj.)                    |      |      |      | -0.05 | -0.02 | 0.77  | 2.35  | 3.85  | 4.70  |
| DPS                           |      |      |      | 0.00  | 0.14  | 0.46  | 1.75  | 2.94  | 3.62  |
| Balance Sheet (USDm)          | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | —    | —    | 6    | 0     | 20    | 19    | 26    | 40    | 60    |
| Other current assets          |      |      | 0    | 0     | 3     | 4     | 4     | 4     | 4     |
| Total current assets          | —    | —    | 6    | 0     | 23    | 23    | 30    | 44    | 64    |
| Property & equip. (incl. NBs) | —    | —    | 9    | 68    | 258   | 372   | 364   | 355   | 344   |
| Other non-current assets      |      |      | 0    | 0     | 2     | 0     | 0     | 0     | 0     |
| Total non-current assets      | —    | —    | 9    | 68    | 260   | 373   | 364   | 356   | 345   |
| TOTAL ASSETS                  | —    | —    | 15   | 69    | 283   | 395   | 394   | 399   | 408   |
| Total equity                  | —    | —    | 15   | 68    | 138   | 142   | 156   | 176   | 199   |
| Short-term debt               | —    | —    | 0    | 0     | 8     | 11    | 10    | 10    | 10    |
| Other current liabilities     |      |      | 0    | 0     | 5     | 5     | 5     | 5     | 5     |
| Total current liabilities     | —    | —    | 0    | 0     | 13    | 17    | 15    | 15    | 15    |
| Long-term debt                | —    | —    | 0    | 0     | 132   | 234   | 221   | 206   | 192   |
| Other non-current liabilities |      |      | 0    | 0     | 0     | 2     | 2     | 2     | 2     |
| Total non-current liabilities | —    | —    | 0    | 0     | 132   | 237   | 224   | 209   | 194   |
| TOTAL EQUITY & LIABILITIES    | —    | —    | 15   | 69    | 283   | 395   | 394   | 399   | 408   |
| 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   | 246   | 231   | 216   | 201   |
| Liquidity                     |      |      | 6    | 0     | 20    | 19    | 26    | 40    | 60    |
| Net interest bearing debt     |      |      | -6   | 0     | 120   | 227   | 205   | 176   | 141   |
| Cash Flow (USDm)              | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | —    | —    | 0    | -1    | 0     | 17    | 52    | 85    | 104   |
| Depreciation                  |      |      | 0    | 0     | 1     | 10    | 11    | 11    | 11    |
| Other                         |      |      | 0    | 0     | 2     | -2    | 0     | 0     | 0     |
| Cash earnings                 |      |      | 0    | -1    | 3     | 25    | 63    | 96    | 115   |
| Changes in working capital    | —    | —    | 0    | 0     | 2     | 3     | 0     | 0     | 0     |
| Net operational cash flow     | —    | —    | 0    | -1    | 5     | 27    | 63    | 96    | 115   |
| Capex                         | —    | —    | -9   | -59   | -125  | -124  | -2    | -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  | -124  | -2    | -3    | 0     |
| Repayment of debt             | —    | —    | 0    | 0     | 81    | -12   | -15   | -15   | -15   |
| Proceeds from debt            | —    | —    | 0    | 0     | 86    | 119   | 0     | 0     | 0     |
| Dividends paid                | —    | —    | 0    | 0     | -3    | -12   | -39   | -65   | -80   |
| New equity                    | —    | —    | 15   | 54    | 64    | 0     | 0     | 0     | 0     |
| Other                         |      |      | 0    | 0     | -86   | 0     | 0     | 0     | 0     |
| Net financing cash flow       | —    | —    | 15   | 54    | 141   | 95    | -54   | -80   | -95   |
| Currency effect               | —    | —    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 |      |      | 6    | -6    | 20    | -2    | 7     | 14    | 20    |
| Cash balance                  |      |      | 6    | 0     | 20    | 19    | 26    | 40    | 60    |
| Free cash flow                |      |      | -9   | -60   | -121  | -96   | 61    | 94    | 115   |



| 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>141</b> | <b>141</b> | <b>141</b> | <b>141</b> |
| NIBD                               |      |      | -6    | 0          | 120        | 227        | 205        | 176        | 141        |
| Minorities                         | —    | —    | 0     | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Enterprise value</b>            |      |      |       | <b>139</b> | <b>341</b> | <b>367</b> | <b>345</b> | <b>317</b> | <b>282</b> |
| Key Figures & Ratios               | 2015 | 2016 | 2017  | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     |      |      |       |            |            | 8.2        | 2.7        | 1.6        | 1.3        |
| P/E (adj.)                         |      |      |       |            |            | 8.2        | 2.7        | 1.6        | 1.3        |
| P/CE                               | 0.0  | 0.0  | 0.0   | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| P/Sales                            |      |      |       |            | 24.8       | 2.8        | 1.6        | 1.2        | 1.0        |
| EV/Sales                           |      |      |       |            | 38.3       | 7.3        | 4.0        | 2.6        | 2.0        |
| EV/EBITDA                          |      |      |       |            |            | 10.3       | 4.9        | 3.1        | 2.3        |
| EV/EBIT                            |      |      |       |            |            | 14.2       | 5.8        | 3.4        | 2.6        |
| P/B                                |      |      |       | 2.0        | 1.6        | 1.0        | 0.9        | 0.8        | 0.7        |
| FCF yield                          |      |      |       | -43%       | -55%       | -69%       | 43%        | 67%        | 82%        |
| Dividend yield                     |      |      |       | 0.0%       | 1.4%       | 8.4%       | 27.5%      | 46.4%      | 57.2%      |
| Return on equity (ROE)             |      |      | -0.7% | -1.0%      | -0.3%      | 12.1%      | 33.6%      | 48.6%      | 52.2%      |
| Return on capital employed (ROCE)  |      |      | -1.2% | -1.0%      | 0.3%       | 7.0%       | 16.5%      | 26.2%      | 32.4%      |
| Return on assets (ROA)             |      |      | -0.7% | -1.0%      | -0.1%      | 4.3%       | 13.2%      | 21.4%      | 25.5%      |
| Sales growth                       |      |      |       |            |            | 468%       | 72%        | 38%        | 15%        |
| EBITDA margin                      |      |      |       |            | 24%        | 70%        | 81%        | 86%        | 88%        |
| EBIT margin                        |      |      |       |            | 10%        | 51%        | 68%        | 77%        | 80%        |
| Net margin                         |      |      |       |            | -4%        | 34%        | 60%        | 71%        | 75%        |
| Net interest rate                  |      |      | 0.0%  | 0.0%       | 0.4%       | 3.7%       | 3.5%       | 3.8%       | 4.4%       |
| Tax rate                           |      |      | 0.0%  | -0.5%      | -33.3%     | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| Equity ratio                       |      |      | 99%   | 99%        | 49%        | 36%        | 39%        | 44%        | 49%        |
| Leverage ratio                     |      |      | 1%    | 1%         | 51%        | 64%        | 61%        | 56%        | 51%        |
| NIBD / EBITDA (past 1y)            |      |      | 57.8  | 0.4        | 57.1       | 6.4        | 2.9        | 1.7        | 1.2        |
| Operating cash flow/NIBD           |      |      | 0.0   | 2.1        | 0.0        | 0.1        | 0.3        | 0.5        | 0.8        |
| Net interest coverage ratio (EBIT) |      |      |       |            | 4.2        | 4.2        | 9.8        | 15.4       | 19.4       |
| Current ratio                      |      |      | 56.7  | 1.2        | 1.8        | 1.4        | 2.0        | 2.9        | 4.3        |
| Adj. equity ratio                  |      |      |       |            |            | 44%        | 60%        | 68%        | 73%        |
| Operating assets                   |      |      | 9     | 69         | 263        | 377        | 368        | 360        | 349        |
| Operating liabilities              |      |      | 0     | 0          | 5          | 8          | 8          | 8          | 8          |
| Net operating assets               |      |      | 9     | 68         | 258        | 369        | 360        | 352        | 341        |

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)







## Fleet Positioning

Live satellite data as of  
13/10/2020 18:35 CET





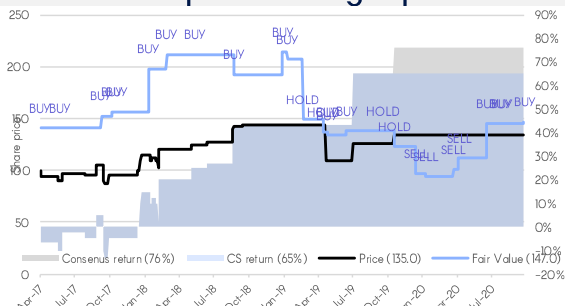
GoodBulk is a well-run company with low debt and massive cash distributions. No share liquidity means our TP is important, our rating less so

## BULK-NO

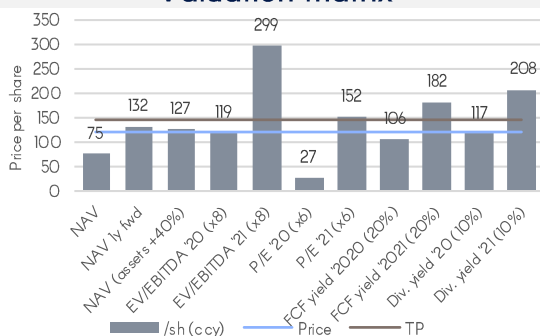
## BUY/NI47

## GoodBulk

### Share price vs target price

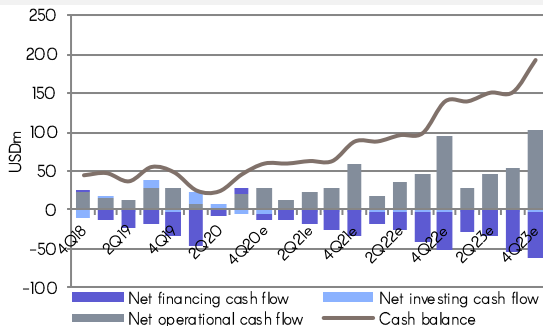


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 120   | 186   | 255   | 295   |
| EBITDA (adj.)       | 67    | 133   | 202   | 242   |
| EBIT (adj.)         | 27    | 93    | 162   | 202   |
| PTP (adj.)          | 14    | 82    | 153   | 193   |
| Net earnings (adj.) | 14    | 82    | 153   | 193   |
| EPS (adj.)          | 0.48  | 2.75  | 5.08  | 6.43  |
| DPS                 | 1.27  | 2.25  | 3.63  | 5.01  |

| USDm              | 2020E | 2021E | 2022E | 2023E |
|-------------------|-------|-------|-------|-------|
| Fwd NAV           | 323   | 531   | 752   | 968   |
| Adj. equity ratio | 59%   | 72%   | 81%   | 86%   |
| FCF yield         | 18%   | 31%   | 47%   | 59%   |
| Dividend yield    | 10%   | 17%   | 28%   | 39%   |
| EV/EBITDA         | 7.7   | 3.6   | 2.0   | 1.4   |
| P/E (adj.)        | 26.7  | 4.7   | 2.5   | 2.0   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 56     | 122    | 192    | 233    |
| Free cash flow                | 69     | 119    | 183    | 226    |
| Net cash flow                 | 12     | 29     | 52     | 54     |
| TCE/day                       | 14,065 | 21,347 | 29,028 | 33,550 |
| Cash break-even               | 10,070 | 9,854  | 9,714  | 9,573  |
| Liquidity                     | 58     | 87     | 139    | 193    |
| Property & Equip. (incl. NBs) | 499    | 463    | 432    | 399    |
| Total equity                  | 359    | 374    | 417    | 460    |
| Total assets                  | 584    | 576    | 597    | 618    |
| Interest bearing debt         | 207    | 184    | 162    | 140    |
| Net interest bearing debt     | 148    | 97     | 23     | -53    |
| Market Cap.                   | 386    | 386    | 386    | 386    |

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

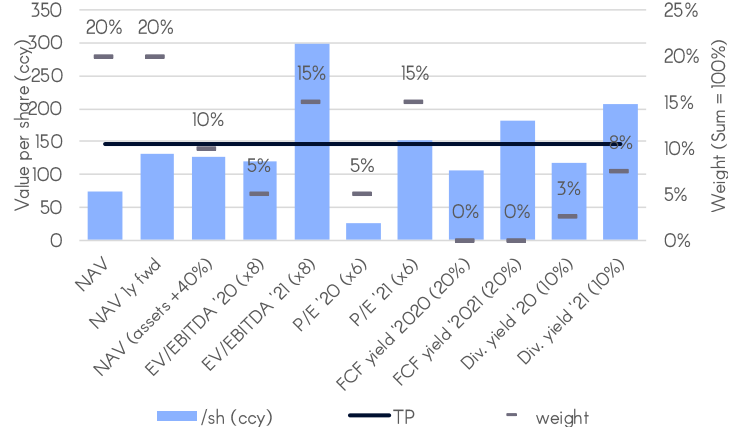


## Company Valuation

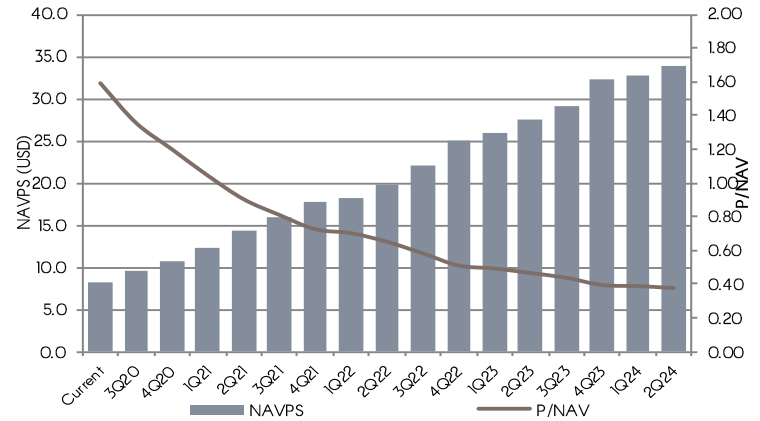
### Valuation & target price

| Valuation         |             |                 |             |  |
|-------------------|-------------|-----------------|-------------|--|
| USDm              | Book Value  | Net Asset Value | Market cap. |  |
| Primary assets    | 510         | 419             | 557         |  |
| Contract value    | 0           | -5              | -6          |  |
| Other             | 20          | 20              | 27          |  |
| <b>GAV</b>        | <b>530</b>  | <b>434</b>      | <b>577</b>  |  |
| Net debt          | -178        | -178            | -178        |  |
| Capex             | 0           | 0               | 0           |  |
| Other             | -12         | -12             | -12         |  |
| <b>Equity</b>     | <b>340</b>  | <b>244</b>      | <b>386</b>  |  |
| Shares            | 30          | 30              | 30          |  |
| <b>Equity/sh</b>  | <b>11.3</b> | <b>8.1</b>      | <b>12.9</b> |  |
| lcl CCY           | 104.6       | 75.0            | 119.0       |  |
| USDNOK            |             | 9.24            |             |  |
| P/Equity          | 1.14        | 1.59            | 1.00        |  |
| EV/GAV            | 1.09        | 1.33            | 1.00        |  |
| Adj. Total Assets | 559         | 467             | 605         |  |
| Adj. Equity Ratio | 61%         | 52%             | 64%         |  |
| <b>Fair Value</b> | <b>NOK</b>  | <b>147</b>      | <b>24%</b>  |  |
|                   | <b>USD</b>  | <b>16</b>       |             |  |

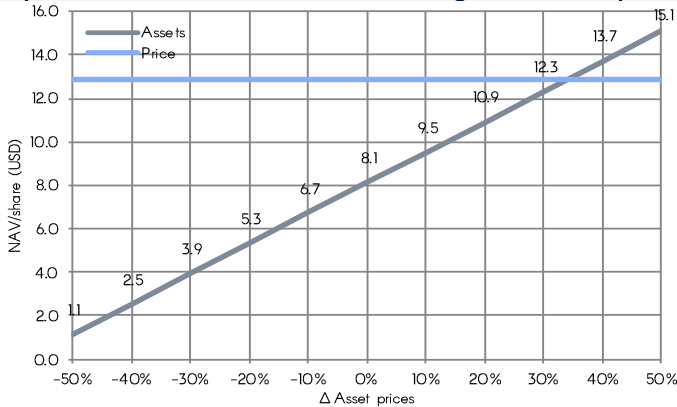
### Weighted valuation Matrix



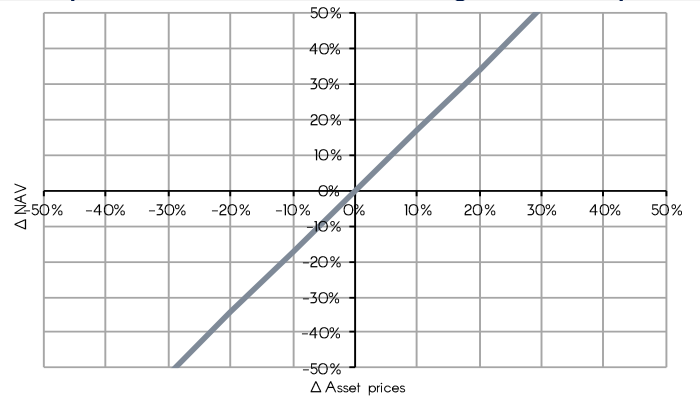
### Quarterly forward NAV & P/NAV



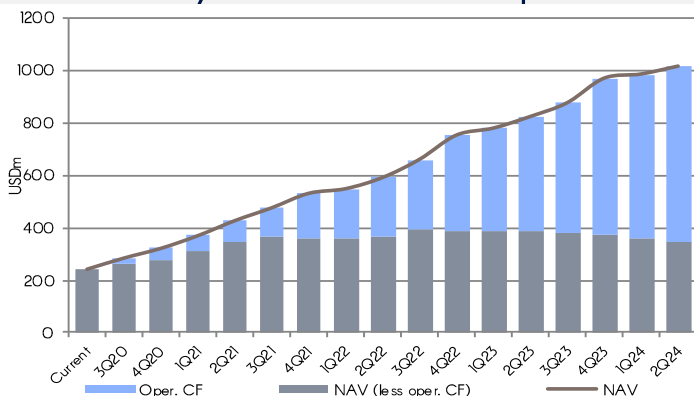
### Impact on NAV/sh from % change in asset prices



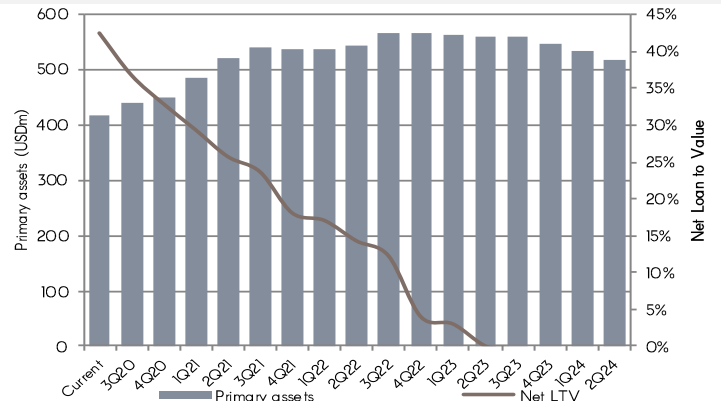
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

| P&L                   |      |       |         |           |            |       |            |       |  |
|-----------------------|------|-------|---------|-----------|------------|-------|------------|-------|--|
| 3Q20 Preview<br>USDm  |      |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |  |
|                       | 3Q19 | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |  |
| Net sales             | 44.9 | 17.9  | 36.8    | 36.4      |            |       |            |       |  |
| EBITDA (adj.)         | 30.0 | 5.1   | 23.5    | 23.2      |            |       |            |       |  |
| EBIT (adj.)           | 19.3 | -5.0  | 13.4    | 13.2      |            |       |            |       |  |
| PTP (adj.)            | 16.1 | -7.9  | 10.5    | 10.2      |            |       |            |       |  |
| Net earnings (adj.)   | 16.1 | -7.9  | 10.5    | 10.2      |            |       |            |       |  |
| EPS (adj.)            | 0.54 | -0.26 | 0.35    | 0.44      |            |       |            |       |  |
| DPS                   | 0.83 | -     | 0.28    | n.a.      |            |       |            |       |  |
| Implied, line by line | 3Q19 | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |  |
| TCE revenue           | 44.9 | 17.9  | 36.8    | 36.4      |            |       |            |       |  |
| Opex & G&A            | 14.9 | 12.8  | 13.3    | 13.2      |            |       |            |       |  |
| Depreciation          | 10.7 | 10.1  | 10.1    | 10.0      |            |       |            |       |  |
| Net finance           | 3.2  | 2.9   | 2.9     | 3.0       |            |       |            |       |  |
| Taxes & Minorities    | -    | -     | -       | -         |            |       |            |       |  |

| CF & BS                   |        |        |         |           |            |       |            |       |  |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|--|
| 3Q20 Preview<br>USDm      |        |        |         |           | Actuals vs |       | Actuals vs |       |  |
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |  |
| Net operational cash flow | 27     | 0      | 21      |           |            |       |            |       |  |
| Free cash flow            | 38     | 7      | 16      |           |            |       |            |       |  |
| Net cash flow             | 19     | -1     | 22      |           |            |       |            |       |  |
| TCE/day                   | 18,531 | 8,399  | 17,410  | 17,183    |            |       |            |       |  |
| Fleet days                | 2,423  | 2,218  | 2,208   |           |            |       |            |       |  |
| Cash break-even           | 10,458 | 10,762 | 7,357   |           |            |       |            |       |  |
| Liquidity                 | 54     | 23     | 45      |           |            |       |            |       |  |
| Interest bearing debt     | 233    | 201    | 207     |           |            |       |            |       |  |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 120   | 186   | 255   | 295   | 138   | 172   | 248   | 276   | -18                | 14    | 7     | 19    |    |
| EBITDA (adj.)            | 67    | 133   | 202   | 242   | 85    | 119   | 195   | 223   | -18                | 14    | 7     | 19    |    |
| EBIT (adj.)              | 27    | 93    | 162   | 202   | 44    | 79    | 155   | 183   | -18                | 14    | 7     | 19    |    |
| PTP (adj.)               | 14    | 82    | 153   | 193   | 32    | 68    | 145   | 174   | -18                | 14    | 7     | 19    |    |
| Net earnings (adj.)      | 14    | 82    | 153   | 193   | 32    | 68    | 145   | 174   | -18                | 14    | 7     | 19    |    |
| EPS (adj.)               | 0.48  | 2.75  | 5.08  | 6.43  | 1.08  | 2.28  | 4.83  | 5.80  | -0.59              | 0.47  | 0.25  | 0.63  |    |
| DPS                      | 1.27  | 2.25  | 3.63  | 5.01  | 1.69  | 1.88  | 3.49  | 4.69  | -0.42              | 0.36  | 0.14  | 0.32  |    |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |    |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -18   | 14    | 7     | 19 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -     | -     | -     | -  |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -     | -     | -     | -  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -     | -     | -     | -  |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 56     | 122    | 192    | 233    | 74     | 108    | 185    | 214    | -18    | 14    | 7     | 19    |
| Free cash flow                | 69     | 119    | 183    | 226    | 86     | 104    | 176    | 207    | -18    | 14    | 7     | 19    |
| Net cash flow                 | 12     | 29     | 52     | 54     | 17     | 26     | 49     | 44     | -5     | 3     | 3     | 9     |
| TCE/day                       | 14,065 | 21,347 | 29,028 | 33,550 | 16,172 | 19,733 | 28,182 | 31,388 | -2,107 | 1,614 | 846   | 2,162 |
| Cash break-even               | 10,070 | 9,854  | 9,714  | 9,573  | 10,070 | 9,854  | 9,714  | 9,573  | -      | -     | -     | -     |
| Liquidity                     | 58     | 87     | 139    | 193    | 64     | 89     | 138    | 182    | -5     | -2    | 1     | 11    |
| Property & Equip. (incl. NBs) | 499    | 463    | 432    | 399    | 499    | 463    | 432    | 399    | -      | -     | -     | -     |
| Total equity                  | 359    | 374    | 417    | 460    | 364    | 376    | 416    | 449    | -5     | -2    | 1     | 11    |
| Total assets                  | 584    | 576    | 597    | 618    | 589    | 578    | 596    | 607    | -5     | -2    | 1     | 11    |
| Interest bearing debt         | 207    | 184    | 162    | 140    | 207    | 184    | 162    | 140    | -      | -     | -     | -     |
| Net interest bearing debt     | 148    | 97     | 23     | -53    | 143    | 95     | 24     | -43    | 5      | 2     | -1    | -11   |
| Market Cap.                   | 386    | 386    | 386    | 386    | 396    | 396    | 396    | 396    | -9     | -9    | -9    | -9    |
| Enterprise value              | 535    | 484    | 409    | 333    | 539    | 491    | 420    | 353    | -4     | -7    | -10   | -20   |

### Valuation

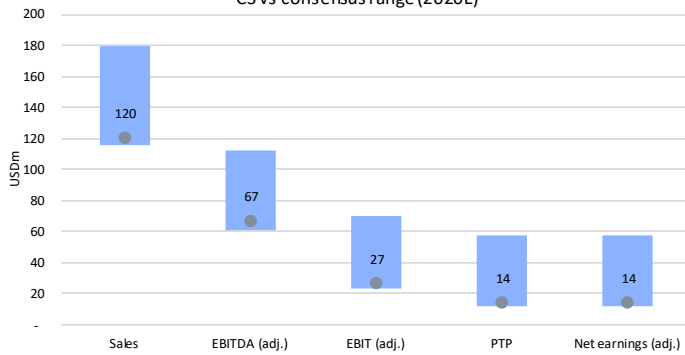
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 323   | 531   | 752   | 968   | 336   | 516   | 738   | 922   | -13    | 15    | 14    | 46    |
| Adj. equity ratio        | 59%   | 72%   | 81%   | 86%   | 60%   | 72%   | 80%   | 85%   | -1%    | 1%    | 0%    | 1%    |
| FCF yield                | 18%   | 31%   | 47%   | 59%   | 22%   | 26%   | 44%   | 52%   | -4%    | 4%    | 3%    | 6%    |
| Dividend yield           | 10%   | 17%   | 28%   | 39%   | 13%   | 14%   | 26%   | 36%   | -3%    | 3%    | 2%    | 3%    |
| EV/EBITDA                | 7.7   | 3.6   | 2.0   | 1.4   | 6.2   | 4.1   | 2.2   | 1.6   | 1.5    | -0.5  | -0.1  | -0.2  |
| P/E (adj.)               | 26.7  | 4.7   | 2.5   | 2.0   | 12.3  | 5.8   | 2.7   | 2.3   | 14.5   | -1.1  | -0.2  | -0.3  |



## Our Estimates vs Consensus

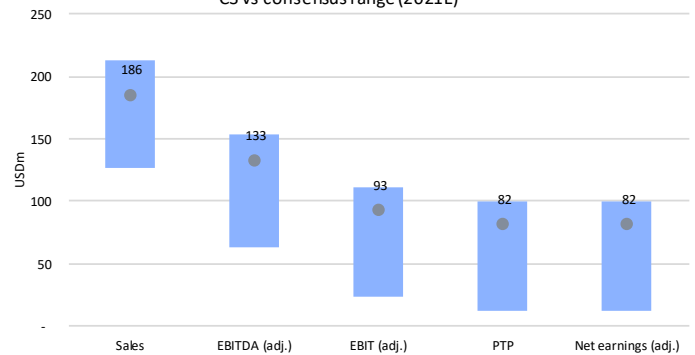
### Profit & Loss, year I

CS vs consensus range (2020E)

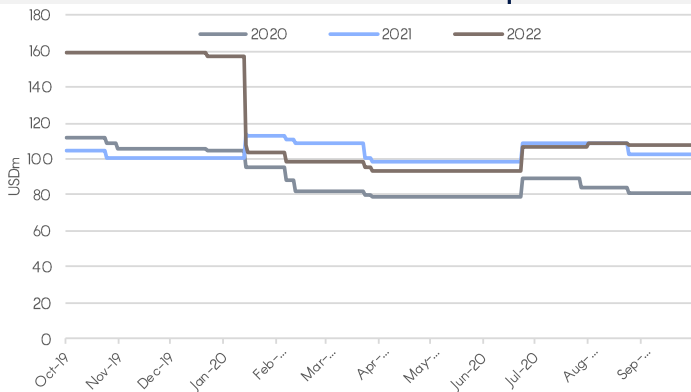


### Profit & Loss, year II

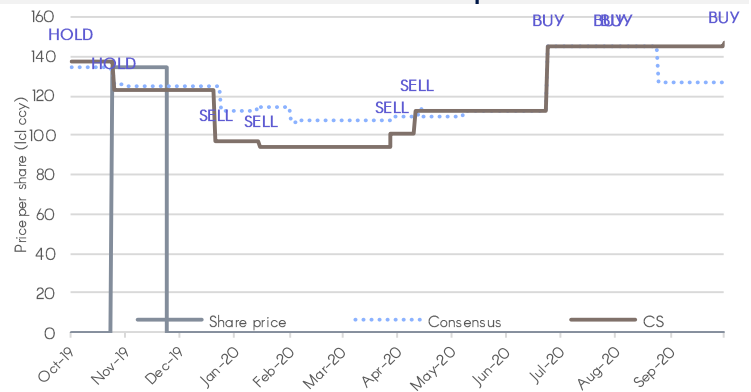
CS vs consensus range (2021E)



### Consensus EBITDA development



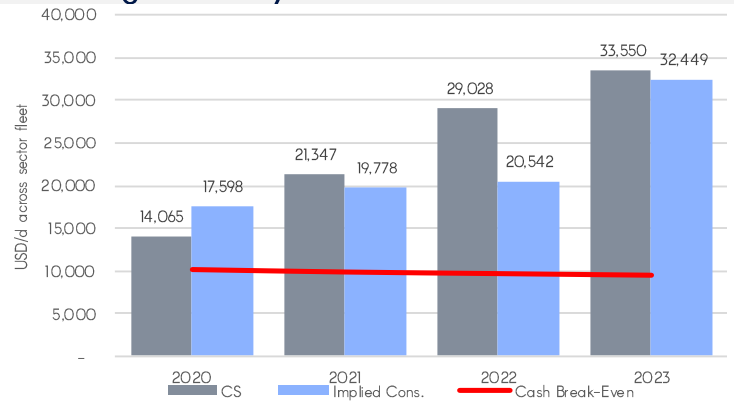
### Fair value vs share price



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

|                    | 2020 | CS  | Consensus | Diff.   | Diff. |
|--------------------|------|-----|-----------|---------|-------|
| TCE revenue        | 120  | 151 | -30       | -20%    |       |
| Opex + G&A         | 53   | 70  | -17       | -24%    |       |
| Depreciation       | 40   | 40  | 0         | 0%      |       |
| Net finance        | 12   | 11  | 1         | 8%      |       |
| Taxes & Minorities | 0    | 0   | 0         | #DIV/O! |       |
|                    | 2021 | CS  | Consensus | Diff.   | Diff. |
| TCE revenue        | 186  | 173 | 14        | 8%      |       |
| Opex + G&A         | 53   | 70  | -17       | -25%    |       |
| Depreciation       | 40   | 41  | -1        | -2%     |       |
| Net finance        | 11   | 11  | 0         | 0%      |       |
| Taxes & Minorities | 0    | 0   | 0         | #DIV/O! |       |

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





# Cleaves Securities

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

|                                       | 3Q19       | 4Q19       | 1Q20       | 2Q20       | 3Q20E      | 4Q20E      | 1Q21E      | 2Q21E      | 3Q21E      |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Profit &amp; Loss (USDm)</b>       |            |            |            |            |            |            |            |            |            |
| Net sales                             | 45         | 45         | 22         | 18         | 37         | 43         | 29         | 39         | 43         |
| Operational costs                     | -11        | -21        | -14        | -11        | -13        | -13        | -13        | -13        | -13        |
| EBITDA                                | 34         | 25         | 8          | 7          | 24         | 30         | 16         | 26         | 30         |
| Depreciation/Amortization             | -11        | -11        | -10        | -10        | -10        | -10        | -10        | -10        | -10        |
| EBIT                                  | 23         | 14         | -2         | -3         | 13         | 20         | 6          | 16         | 20         |
| Net financials                        | -3         | -3         | -3         | -3         | -3         | -3         | -3         | -3         | -3         |
| PTP                                   | 20         | 11         | -5         | -6         | 11         | 17         | 3          | 13         | 17         |
| Taxes/Minorities                      | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net earnings</b>                   | <b>20</b>  | <b>11</b>  | <b>-5</b>  | <b>-6</b>  | <b>11</b>  | <b>17</b>  | <b>3</b>   | <b>13</b>  | <b>17</b>  |
| Non-recurring items                   | -4         | 6          | 0          | -2         | 0          | 0          | 0          | 0          | 0          |
| <b>Net earnings (adj.)</b>            | <b>16</b>  | <b>17</b>  | <b>-5</b>  | <b>-8</b>  | <b>11</b>  | <b>17</b>  | <b>3</b>   | <b>13</b>  | <b>17</b>  |
| EPS                                   | 0.66       | 0.36       | -0.17      | -0.19      | 0.35       | 0.57       | 0.10       | 0.43       | 0.57       |
| EPS (adj.)                            | 0.54       | 0.58       | -0.17      | -0.26      | 0.35       | 0.57       | 0.10       | 0.43       | 0.57       |
| DPS                                   | 0.41       | 0.83       | 0.98       | 0.00       | 0.00       | 0.28       | 0.21       | 0.43       | 0.69       |
| <b>Balance Sheet (USDm)</b>           |            |            |            |            |            |            |            |            |            |
| Cash & short-term investments         | 54         | 47         | 23         | 23         | 45         | 58         | 58         | 62         | 62         |
| Other current assets                  | 25         | 27         | 33         | 26         | 26         | 26         | 26         | 26         | 26         |
| <b>Total current assets</b>           | <b>79</b>  | <b>74</b>  | <b>56</b>  | <b>49</b>  | <b>71</b>  | <b>85</b>  | <b>85</b>  | <b>88</b>  | <b>88</b>  |
| Property & equip. (incl. NBs)         | 564        | 552        | 516        | 510        | 505        | 499        | 490        | 481        | 472        |
| Other non-current assets              | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Total non-current assets</b>       | <b>564</b> | <b>552</b> | <b>516</b> | <b>510</b> | <b>505</b> | <b>499</b> | <b>490</b> | <b>481</b> | <b>472</b> |
| <b>TOTAL ASSETS</b>                   | <b>643</b> | <b>626</b> | <b>572</b> | <b>559</b> | <b>575</b> | <b>584</b> | <b>575</b> | <b>569</b> | <b>560</b> |
| <b>Total equity</b>                   | <b>397</b> | <b>384</b> | <b>346</b> | <b>340</b> | <b>350</b> | <b>359</b> | <b>355</b> | <b>355</b> | <b>352</b> |
| Short-term debt                       | 38         | 38         | 32         | 32         | 35         | 34         | 33         | 33         | 34         |
| Other current liabilities             | 9          | 13         | 12         | 13         | 13         | 13         | 13         | 13         | 13         |
| <b>Total current liabilities</b>      | <b>47</b>  | <b>51</b>  | <b>44</b>  | <b>45</b>  | <b>48</b>  | <b>47</b>  | <b>46</b>  | <b>46</b>  | <b>47</b>  |
| Long-term debt                        | 195        | 187        | 177        | 169        | 172        | 173        | 168        | 162        | 156        |
| Other non-current liabilities         | 5          | 3          | 6          | 5          | 5          | 5          | 5          | 5          | 5          |
| <b>Total non-current liabilities</b>  | <b>200</b> | <b>191</b> | <b>183</b> | <b>175</b> | <b>177</b> | <b>178</b> | <b>174</b> | <b>168</b> | <b>162</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>643</b> | <b>626</b> | <b>572</b> | <b>559</b> | <b>575</b> | <b>584</b> | <b>575</b> | <b>569</b> | <b>560</b> |
| Working capital, receivables          | 25         | 24         | 22         | 15         | 15         | 15         | 15         | 15         | 15         |
| Working capital, payables             | 3          | 8          | 5          | 6          | 6          | 6          | 6          | 6          | 6          |
| <b>Net working capital</b>            | <b>21</b>  | <b>16</b>  | <b>17</b>  | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   |
| Interest bearing debt                 | 233        | 226        | 209        | 201        | 207        | 207        | 201        | 196        | 190        |
| Liquidity                             | 54         | 47         | 23         | 23         | 45         | 58         | 58         | 62         | 62         |
| <b>Net interest bearing debt</b>      | <b>179</b> | <b>179</b> | <b>186</b> | <b>178</b> | <b>162</b> | <b>148</b> | <b>143</b> | <b>134</b> | <b>128</b> |
| <b>Cash Flow (USDm)</b>               |            |            |            |            |            |            |            |            |            |
| Net income                            | 20         | 11         | -5         | -6         | 11         | 17         | 3          | 13         | 17         |
| Depreciation                          | 11         | 11         | 10         | 10         | 10         | 10         | 10         | 10         | 10         |
| Other                                 | -4         | 6          | 0          | -2         | 0          | 0          | 0          | 0          | 0          |
| <b>Cash earnings</b>                  | <b>27</b>  | <b>28</b>  | <b>5</b>   | <b>2</b>   | <b>21</b>  | <b>27</b>  | <b>13</b>  | <b>23</b>  | <b>27</b>  |
| Changes in working capital            | 0          | -1         | 3          | -2         | 0          | 0          | 0          | 0          | 0          |
| <b>Net operational cash flow</b>      | <b>27</b>  | <b>27</b>  | <b>8</b>   | <b>0</b>   | <b>21</b>  | <b>27</b>  | <b>13</b>  | <b>23</b>  | <b>27</b>  |
| Capex                                 | -1         | -2         | -3         | -4         | -5         | -5         | -1         | -1         | -1         |
| Other investments                     | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Proceeds from sales                   | 12         | 0          | 18         | 11         | 0          | 0          | 0          | 0          | 0          |
| Other                                 | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net investing cash flow</b>        | <b>11</b>  | <b>-2</b>  | <b>15</b>  | <b>7</b>   | <b>-5</b>  | <b>-5</b>  | <b>-1</b>  | <b>-1</b>  | <b>-1</b>  |
| Repayment of debt                     | -7         | -8         | -17        | -8         | -194       | 0          | -6         | -6         | -6         |
| Proceeds from debt                    | 0          | 0          | 0          | 0          | 200        | 0          | 0          | 0          | 0          |
| Dividends paid                        | -12        | -25        | -30        | 0          | 0          | -8         | -6         | -13        | -21        |
| 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>-20</b> | <b>-32</b> | <b>-46</b> | <b>-8</b>  | <b>6</b>   | <b>-8</b>  | <b>-12</b> | <b>-19</b> | <b>-26</b> |
| Currency effect                       | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net cash flow</b>                  | <b>19</b>  | <b>-8</b>  | <b>-24</b> | <b>-1</b>  | <b>22</b>  | <b>14</b>  | <b>0</b>   | <b>3</b>   | <b>0</b>   |
| Cash balance                          | 54         | 47         | 23         | 23         | 45         | 58         | 58         | 62         | 62         |
| <b>Free cash flow</b>                 | <b>38</b>  | <b>25</b>  | <b>23</b>  | <b>7</b>   | <b>16</b>  | <b>22</b>  | <b>12</b>  | <b>22</b>  | <b>26</b>  |



| Profit & Loss (USDm)          | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|------|------|------|------|------|-------|-------|-------|-------|
| Net sales                     |      |      |      | 132  | 144  | 120   | 186   | 255   | 295   |
| Operational costs             |      |      |      | -45  | -54  | -51   | -53   | -53   | -53   |
| EBITDA                        |      |      | 13   | 87   | 90   | 69    | 133   | 202   | 242   |
| Depreciation/Amortization     |      |      | -8   | -36  | -43  | -40   | -40   | -40   | -40   |
| EBIT                          | —    | —    | 5    | 51   | 47   | 29    | 93    | 162   | 202   |
| Net financials                |      |      | -2   | -13  | -13  | -12   | -11   | -10   | -9    |
| PTP                           | —    | —    | 3    | 38   | 34   | 17    | 82    | 153   | 193   |
| Taxes/Minorities              |      |      | 0    | 0    | 0    | 0     | 0     | 0     | 0     |
| Net earnings                  | —    | —    | 3    | 38   | 34   | 17    | 82    | 153   | 193   |
| Non-recurring items           |      |      | 0    | 0    | 0    | -2    | 0     | 0     | 0     |
| Net earnings (adj.)           | —    | —    | 3    | 38   | 34   | 14    | 82    | 153   | 193   |
| EPS                           |      |      | 0.18 | 1.26 | 1.12 | 0.55  | 2.75  | 5.08  | 6.43  |
| EPS (adj.)                    |      |      | 0.18 | 1.26 | 1.12 | 0.48  | 2.75  | 5.08  | 6.43  |
| DPS                           |      |      | 0.00 | 0.52 | 1.92 | 1.27  | 2.25  | 3.63  | 5.01  |
| Balance Sheet (USDm)          | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | —    | —    | 20   | 43   | 47   | 58    | 87    | 139   | 193   |
| Other current assets          |      |      | 21   | 31   | 27   | 26    | 26    | 26    | 26    |
| Total current assets          | —    | —    | 41   | 74   | 74   | 85    | 113   | 165   | 219   |
| Property & equip. (incl. NBs) | —    | —    | —    | —    | —    | 499   | 463   | 432   | 399   |
| Other non-current assets      |      |      |      |      |      | 0     | 0     | 0     | 0     |
| Total non-current assets      | —    | —    | 245  | 603  | 552  | 499   | 463   | 432   | 399   |
| TOTAL ASSETS                  | —    | —    | 286  | 677  | 626  | 584   | 576   | 597   | 618   |
| Total equity                  | —    | —    | 194  | 417  | 384  | 359   | 374   | 417   | 460   |
| Short-term debt               | —    | —    | 0    | 23   | 38   | 34    | 24    | 30    | 31    |
| Other current liabilities     |      |      | 7    | 9    | 13   | 13    | 13    | 13    | 13    |
| Total current liabilities     | —    | —    | 7    | 33   | 51   | 47    | 37    | 43    | 44    |
| Long-term debt                | —    | —    | 85   | 226  | 187  | 173   | 161   | 132   | 108   |
| Other non-current liabilities |      |      | 0    | 2    | 3    | 5     | 5     | 5     | 5     |
| Total non-current liabilities | —    | —    | 85   | 227  | 191  | 178   | 166   | 138   | 113   |
| TOTAL EQUITY & LIABILITIES    | —    | —    | 286  | 677  | 626  | 584   | 576   | 597   | 618   |
| Working capital, receivables  |      |      | 18   | 29   | 25   | 15    | 15    | 15    | 15    |
| Working capital, payables     | —    | —    | 2    | 9    | 3    | 6     | 6     | 6     | 6     |
| Net working capital           |      |      | 16   | 21   | 22   | 9     | 9     | 9     | 9     |
| Interest bearing debt         |      |      | 85   | 249  | 226  | 207   | 184   | 162   | 140   |
| Liquidity                     |      |      | 20   | 43   | 47   | 58    | 87    | 139   | 193   |
| Net interest bearing debt     |      |      | 65   | 206  | 179  | 148   | 97    | 23    | -53   |
| Cash Flow (USDm)              | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E | 2023E |
| Net income                    | —    | —    | 3    | 38   | 34   | 17    | 82    | 153   | 193   |
| Depreciation                  |      |      | 8    | 36   | 43   | 40    | 40    | 40    | 40    |
| Other                         |      |      | 1    | -5   | 3    | -2    | 0     | 0     | 0     |
| Cash earnings                 |      |      | 12   | 68   | 80   | 55    | 122   | 192   | 233   |
| Changes in working capital    | —    | —    | -14  | -9   | 3    | 1     | 0     | 0     | 0     |
| Net operational cash flow     | —    | —    | -2   | 60   | 83   | 56    | 122   | 192   | 233   |
| Capex                         | —    | —    | -161 | -256 | -4   | -16   | -4    | -9    | -7    |
| 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    | 12    | -4    | -9    | -7    |
| Repayment of debt             | —    | —    | 86   | 162  | -24  | -219  | -22   | -22   | -22   |
| Proceeds from debt            | —    | —    | 86   | —    | —    | 200   | 0     | 0     | 0     |
| Dividends paid                | —    | —    | 0    | -16  | -58  | -38   | -67   | -109  | -150  |
| New equity                    | —    | —    | 83   | 42   | 0    | 0     | 0     | 0     | 0     |
| Other                         |      |      | -90  | -4   | -6   | 2     | 0     | 0     | 0     |
| Net financing cash flow       | —    | —    | 165  | 185  | -88  | -57   | -90   | -131  | -173  |
| Currency effect               | —    | —    | 0    | 0    | 0    | 0     | 0     | 0     | 0     |
| Net cash flow                 |      |      | -3   | 24   | 4    | 12    | 29    | 52    | 54    |
| Cash balance                  |      | 23   | 20   | 43   | 47   | 58    | 87    | 139   | 193   |
| Free cash flow                |      |      | -168 | -161 | 92   | 69    | 119   | 183   | 226   |

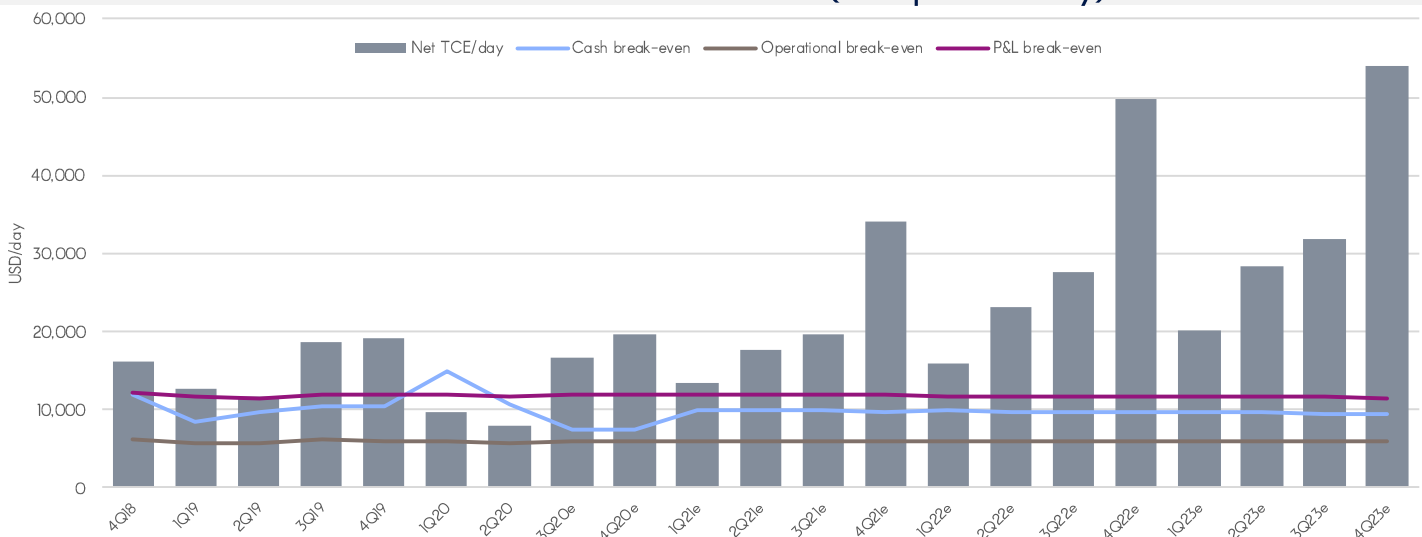




| Share Data & Valuation (USDm)      | 2015 | 2016 | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
|------------------------------------|------|------|------------|------------|------------|------------|------------|------------|------------|
| Shares outstanding, end            | —    | —    | 17         | 30         | 30         | 30         | 30         | 30         | 30         |
| Share price, avg (USD)             |      |      | 10         | 13         | 13         | 13         | 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>386</b> | <b>386</b> | <b>386</b> | <b>386</b> |
| NIBD                               |      |      | 65         | 206        | 179        | 148        | 97         | 23         | -53        |
| Minorities                         | —    | —    | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Enterprise value</b>            |      |      | <b>261</b> | <b>727</b> | <b>620</b> | <b>535</b> | <b>484</b> | <b>409</b> | <b>333</b> |
| Key Figures & Ratios               | 2015 | 2016 | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     |      |      | 62.1       | 13.8       | 13.1       | 23.4       | 4.7        | 2.5        | 2.0        |
| P/E (adj.)                         |      |      | 62.1       | 13.8       | 13.1       | 26.7       | 4.7        | 2.5        | 2.0        |
| 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        | 3.2        | 2.1        | 1.5        | 1.3        |
| EV/Sales                           |      |      |            | 5.5        | 4.3        | 4.4        | 2.6        | 1.6        | 1.1        |
| EV/EBITDA                          |      |      | 20.0       | 8.4        | 6.9        | 7.7        | 3.6        | 2.0        | 1.4        |
| EV/EBIT                            |      |      | 53.7       | 14.3       | 13.3       | 18.7       | 5.2        | 2.5        | 1.7        |
| P/B                                |      |      | 1.0        | 1.2        | 1.1        | 1.1        | 1.0        | 0.9        | 0.8        |
| FCF yield                          |      |      | -86%       | -31%       | 21%        | 18%        | 31%        | 47%        | 59%        |
| Dividend yield                     |      |      | 0.0%       | 3.0%       | 13.0%      | 9.8%       | 17.4%      | 28.2%      | 38.9%      |
| Return on equity (ROE)             |      |      | 1.6%       | 9.1%       | 8.8%       | 4.6%       | 22.1%      | 36.5%      | 42.0%      |
| Return on capital employed (ROCE)  |      |      | 1.9%       | 8.1%       | 8.3%       | 5.6%       | 19.9%      | 36.9%      | 49.6%      |
| Return on assets (ROA)             |      |      | 1.1%       | 5.6%       | 5.4%       | 2.8%       | 14.3%      | 25.5%      | 31.2%      |
| Sales growth                       |      |      |            |            | 9%         | -17%       | 55%        | 37%        | 16%        |
| EBITDA margin                      |      |      |            | 66%        | 62%        | 57%        | 72%        | 79%        | 82%        |
| EBIT margin                        |      |      |            | 38%        | 32%        | 24%        | 50%        | 64%        | 68%        |
| Net margin                         |      |      |            | 29%        | 23%        | 14%        | 44%        | 60%        | 66%        |
| Net interest rate                  |      |      | 0.0%       | 0.0%       | 0.0%       | 8.1%       | 11.4%      | 43.2%      | -16.1%     |
| Tax rate                           |      |      | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| Equity ratio                       |      |      | 68%        | 62%        | 61%        | 61%        | 65%        | 70%        | 74%        |
| Leverage ratio                     |      |      | 32%        | 38%        | 39%        | 39%        | 35%        | 30%        | 26%        |
| NIBD / EBITDA (past 1y)            |      |      | 5.0        | 2.4        | 2.0        | 2.1        | 0.7        | 0.1        | -0.2       |
| Operating cash flow/NIBD           |      |      | 0.0        | 0.3        | 0.5        | 0.4        | 1.3        | 8.5        | -4.4       |
| Net interest coverage ratio (EBIT) |      |      |            |            |            | 5.7        | 12.0       | 20.6       | 28.3       |
| Current ratio                      |      |      | 5.5        | 2.3        | 1.5        | 1.8        | 3.1        | 3.9        | 4.9        |
| Adj. equity ratio                  |      |      |            |            |            | 59%        | 72%        | 81%        | 86%        |
| Operating assets                   |      |      | 266        | 634        | 579        | 525        | 489        | 458        | 425        |
| Operating liabilities              |      |      | 7          | 11         | 16         | 18         | 18         | 18         | 18         |
| Net operating assets               |      |      | 259        | 623        | 563        | 507        | 471        | 440        | 407        |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:41 CET





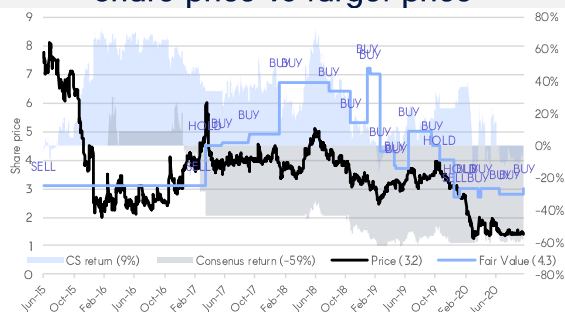
Low operational risk from extensive charter backlog. Strong cash flow potential despite high G&A

DSX-US

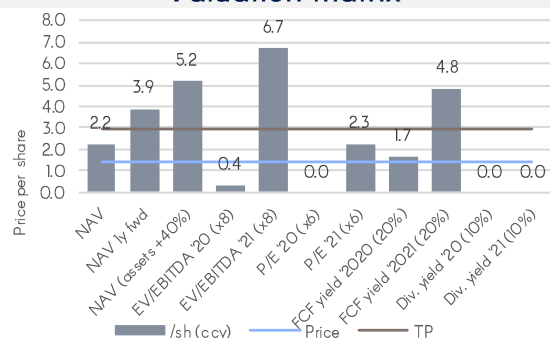
BUY/\$3.0

Diana Shipping

### Share price vs target price

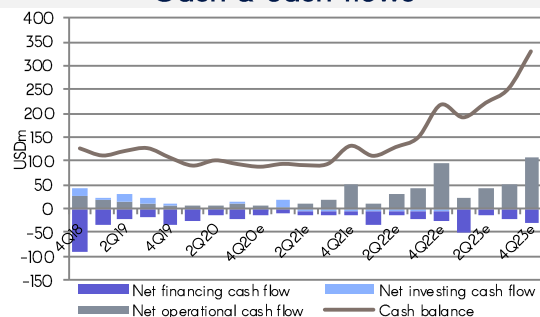


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 163   | 217   | 309   | 352   |
| EBITDA (adj.)       | 45    | 106   | 199   | 242   |
| EBIT (adj.)         | -1    | 59    | 152   | 195   |
| PTP (adj.)          | -29   | 34    | 129   | 173   |
| Net earnings (adj.) | -29   | 34    | 129   | 173   |
| EPS (adj.)          | -0.33 | 0.38  | 1.44  | 1.94  |
| DPS                 | -     | -     | 0.51  | 0.94  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 233   | 449   | 681   | 884   |
| Adj. equity ratio   | 34%   | 53%   | 65%   | 72%   |
| FCF yield           | 24%   | 68%   | 129%  | 178%  |
| Dividend yield      | 0%    | 0%    | 36%   | 66%   |
| EV/EBITDA           |       | 3.5   | 1.3   | 0.5   |
| P/E (adj.)          |       | 3.7   | 1.0   | 0.7   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 29     | 87     | 181    | 226    |
| Free cash flow                | 30     | 86     | 163    | 226    |
| Net cash flow                 | -40    | 44     | 86     | 112    |
| TCE/day                       | 11,790 | 15,756 | 22,654 | 25,866 |
| Cash break-even               | 14,699 | 15,987 | 16,003 | 21,010 |
| Liquidity                     | 88     | 132    | 218    | 330    |
| Property & Equip. (incl. NBs) | 759    | 712    | 683    | 636    |
| Total equity                  | 441    | 481    | 570    | 665    |
| Total assets                  | 885    | 882    | 940    | 1,005  |
| Interest bearing debt         | 420    | 378    | 346    | 316    |
| Net interest bearing debt     | 332    | 246    | 128    | -14    |
| Market Cap.                   | 127    | 127    | 127    | 127    |

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

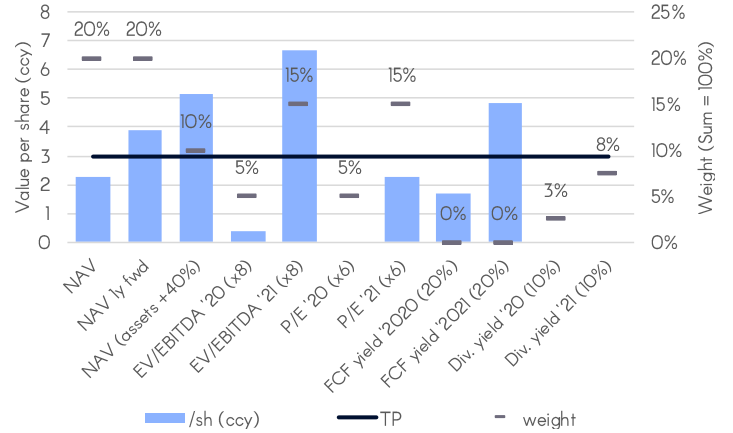


## Company Valuation

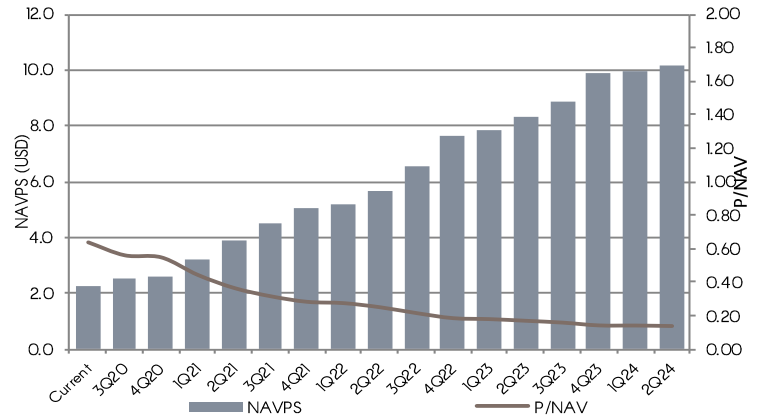
### Valuation & target price

| Valuation         |             |                 |             |  |
|-------------------|-------------|-----------------|-------------|--|
| USDm              | Book Value  | Net Asset Value | Market cap. |  |
| Primary assets    | 785         | 651             | 576         |  |
| Contract value    | 0           | -47             | -42         |  |
| Other             | 38          | 38              | 34          |  |
| <b>GAV</b>        | <b>823</b>  | <b>642</b>      | <b>568</b>  |  |
| Net debt          | -353        | -353            | -353        |  |
| Capex             | 0           | 0               | 0           |  |
| Other             | -24         | -89             | -89         |  |
| <b>Equity</b>     | <b>447</b>  | <b>200</b>      | <b>127</b>  |  |
| Shares            | 89          | 89              | 89          |  |
| <b>Equity/sh</b>  | <b>5.01</b> | <b>2.24</b>     | <b>1.42</b> |  |
| ICL CCY           | 5.01        | 2.24            | 1.42        |  |
| <br>              |             |                 |             |  |
| <b>P/Equity</b>   | <b>0.28</b> | <b>0.63</b>     | <b>1.00</b> |  |
| <b>EV/GAV</b>     | <b>0.69</b> | <b>0.89</b>     | <b>1.00</b> |  |
| <br>              |             |                 |             |  |
| Adj. Total Assets | 925         | 790             | 716         |  |
| Adj. Equity Ratio | 48%         | 25%             | 18%         |  |
| <b>Fair Value</b> | <b>USD</b>  | <b>3.0</b>      | <b>108%</b> |  |

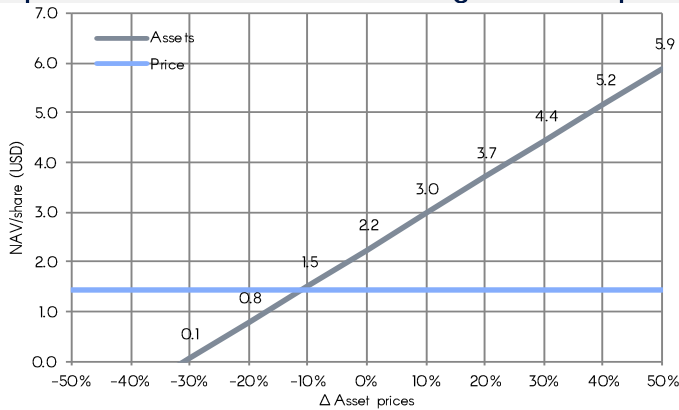
### Valuation Matrix



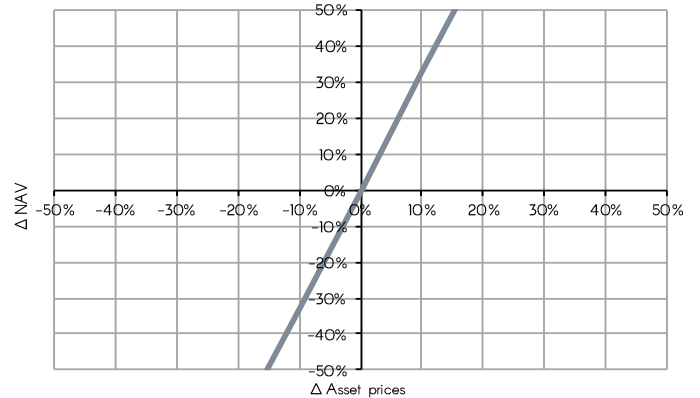
### Quarterly forward NAV & P/NAV



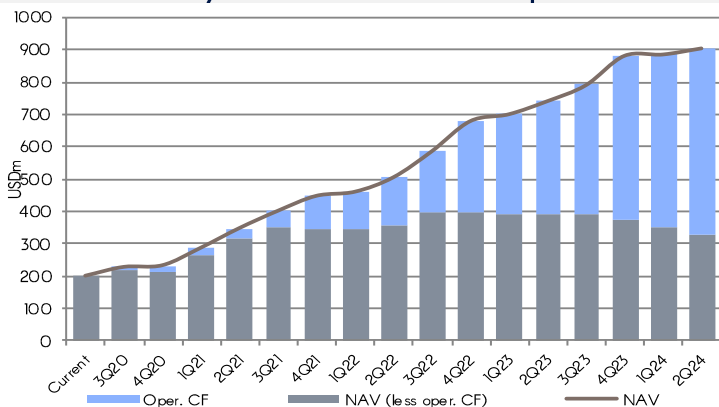
### Impact on NAV/sh from % change in asset prices



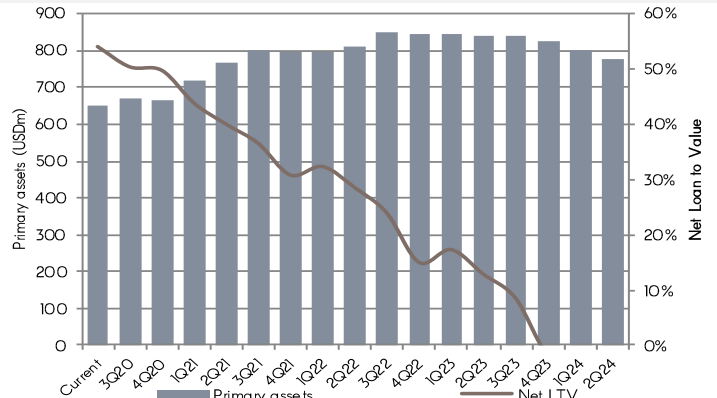
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm  | 3Q20 |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19 | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 50.2 | 37.1  | 42.9    | 40.7      |            |       |            |       |
| EBITDA (adj.)         | 20.6 | 9.1   | 14.4    | 12.3      |            |       |            |       |
| EBIT (adj.)           | 8.5  | -2.6  | 2.7     | 0.6       |            |       |            |       |
| PTP (adj.)            | 0.6  | -10.2 | -4.1    | -5.6      |            |       |            |       |
| Net earnings (adj.)   | 0.6  | -10.2 | -4.1    | -5.9      |            |       |            |       |
| EPS (adj.)            | 0.01 | -0.11 | -0.05   | -0.07     |            |       |            |       |
| DPS                   | -    | -     | -       | -         |            |       |            |       |
| Implied, line by line | 3Q19 | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 50.2 | 37.1  | 42.9    | 40.7      |            |       |            |       |
| Opex & G&A            | 29.7 | 28.0  | 28.5    | 28.3      |            |       |            |       |
| Depreciation          | 12.1 | 11.7  | 11.7    | 11.7      |            |       |            |       |
| Net finance           | 7.9  | 7.6   | 6.8     | 6.2       |            |       |            |       |
| Taxes & Minorities    | -    | -     | -       | 0.3       |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm  | 3Q20   |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day               | 13,964 | 11,050 | 11,906  | 11,272    |            |       |            |       |
| Utilization           | 97.8%  | 92.4%  | 98.0%   |           |            |       |            |       |
| Fleet days            | 4,027  | 3,731  | 3,680   |           |            |       |            |       |
| Cash break-even       | 13,663 | 15,088 | 15,303  |           |            |       |            |       |
| Liquidity             | 127    | 102    | 94      |           |            |       |            |       |
| Interest bearing debt | 486    | 454    | 432     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 163   | 217   | 309   | 352   | 183   | 218   | 317   | 350   | -20                | -2    | -8    | 3     |    |
| EBITDA (adj.)            | 45    | 106   | 199   | 242   | 65    | 104   | 202   | 234   | -19                | 2     | -4    | 7     |    |
| EBIT (adj.)              | -1    | 59    | 152   | 195   | 19    | 58    | 156   | 188   | -20                | 1     | -4    | 7     |    |
| PTP (adj.)               | -29   | 34    | 129   | 173   | -10   | 32    | 132   | 165   | -19                | 2     | -3    | 8     |    |
| Net earnings (adj.)      | -29   | 34    | 129   | 173   | -10   | 32    | 132   | 165   | -19                | 2     | -3    | 8     |    |
| EPS (adj.)               | -0.33 | 0.38  | 1.44  | 1.94  | -0.11 | 0.36  | 1.48  | 1.85  | -0.22              | 0.02  | -0.04 | 0.09  |    |
| DPS                      | -     | -     | 0.51  | 0.94  | -     | -     | 0.53  | 0.93  | -                  | -     | -0.02 | 0.01  |    |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |    |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -20   | -2    | -8    | 3  |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -1    | -4    | -5    | -5 |
|                          |       |       |       |       |       |       |       |       | Depreciation       | 1     | 1     | 1     | 1  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -1    | -1    | -1    | -1 |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 29     | 87     | 181    | 226    | 47     | 84     | 184    | 217    | -18    | 3     | -3    | 8     |
| Free cash flow                | 30     | 86     | 163    | 226    | 53     | 84     | 184    | 217    | -23    | 2     | -21   | 8     |
| Net cash flow                 | -40    | 44     | 86     | 112    | -15    | 41     | 105    | 105    | -25    | 2     | -18   | 7     |
| TCE/day                       | 11,790 | 15,756 | 22,654 | 25,866 | 12,883 | 15,233 | 22,093 | 24,375 | -1,093 | 523   | 561   | 1,491 |
| Cash break-even               | 14,699 | 15,987 | 16,003 | 21,010 | 13,281 | 15,831 | 15,589 | 20,337 | 1,419  | 156   | 414   | 674   |
| Liquidity                     | 88     | 132    | 218    | 330    | 93     | 134    | 239    | 343    | -4     | -2    | -20   | -13   |
| Property & Equip. (incl. NBs) | 759    | 712    | 683    | 636    | 761    | 715    | 669    | 623    | -3     | -3    | 14    | 13    |
| Total equity                  | 441    | 481    | 570    | 665    | 462    | 500    | 590    | 679    | -22    | -20   | -21   | -14   |
| Total assets                  | 885    | 882    | 940    | 1,005  | 904    | 899    | 957    | 1,016  | -19    | -17   | -18   | -11   |
| Interest bearing debt         | 420    | 378    | 346    | 316    | 420    | 378    | 346    | 316    | 0      | 0     | 0     | 0     |
| Net interest bearing debt     | 332    | 246    | 128    | -14    | 328    | 244    | 107    | -27    | 5      | 2     | 21    | 13    |
| Market Cap.                   | 127    | 127    | 127    | 127    | 137    | 137    | 137    | 137    | -11    | -11   | -11   | -11   |
| Enterprise value              | 459    | 373    | 255    | 113    | 465    | 381    | 245    | 110    | -6     | -9    | 10    | 3     |

### Valuation

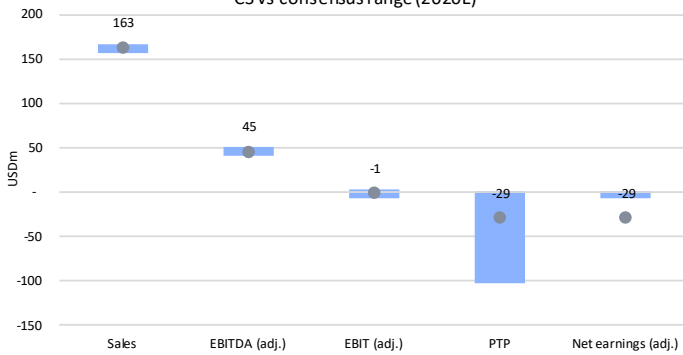
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 233   | 449   | 681   | 884   | 310   | 494   | 745   | 921   | -77    | -46   | -63   | -37   |
| Adj. equity ratio        | 34%   | 53%   | 65%   | 72%   | 41%   | 55%   | 67%   | 73%   | -7%    | -3%   | -2%   | -1%   |
| FCF yield                | 24%   | 68%   | 129%  | 178%  | 39%   | 61%   | 134%  | 158%  | -15%   | 7%    | -5%   | 20%   |
| Dividend yield           | 0%    | 0%    | 36%   | 66%   | 0%    | 0%    | 35%   | 60%   | 0%     | 0%    | 1%    | 6%    |
| EV/EBITDA                |       | 3.5   | 1.3   | 0.5   |       | 3.7   | 1.2   | 0.5   | #####  | -0.1  | 0.1   | -0.0  |
| P/E (adj.)               |       | 3.7   | 1.0   | 0.7   |       | 4.3   | 1.0   | 0.8   | #####  | -0.6  | -0.1  | -0.1  |



## Our Estimates vs Consensus

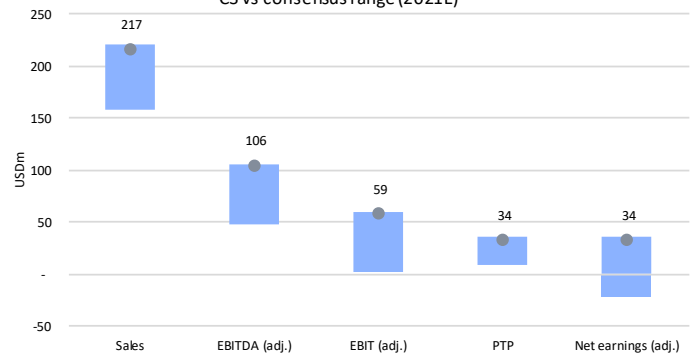
### Profit & Loss, year I

CS vs consensus range (2020E)

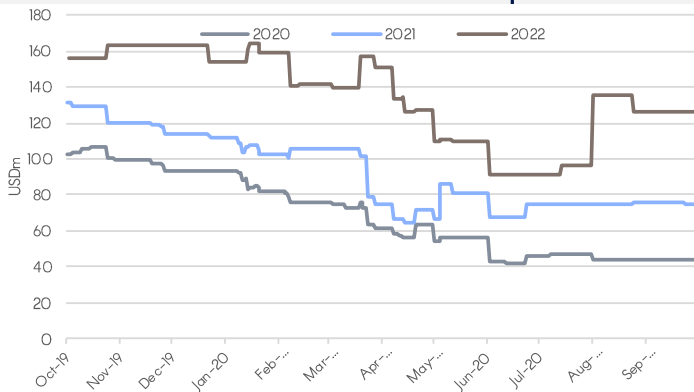


### Profit & Loss, year II

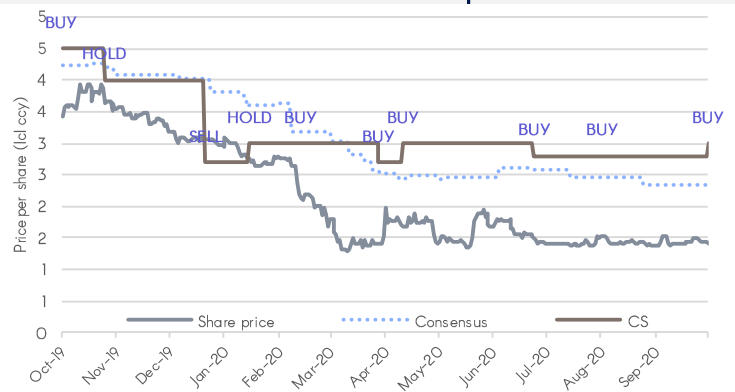
CS vs consensus range (2021E)



### Consensus EBITDA development



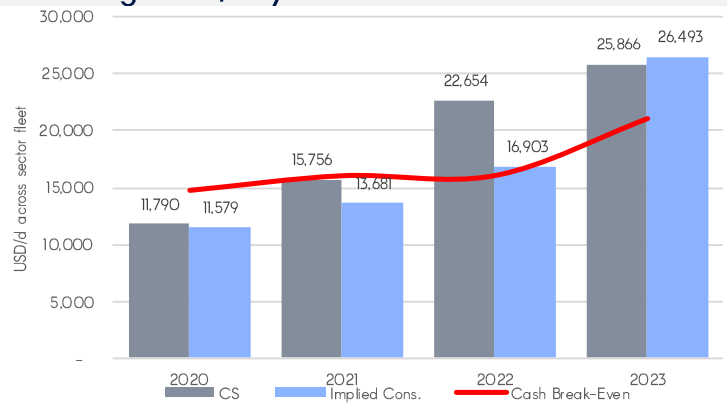
### Fair value vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 163  | 160 | 160       | 3     | 2%    |
| Opex + G&A         | 117  | 117 | 117       | 1     | 1%    |
| Depreciation       | 47   | 46  | 46        | 0     | 1%    |
| Net finance        | 28   | 90  | 90        | -62   | -69%  |
| Taxes & Minorities | 0    | -63 | -63       | 63    | -100% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 217  | 188 | 188       | 29    | 15%   |
| Opex + G&A         | 111  | 113 | 113       | -2    | -2%   |
| Depreciation       | 47   | 42  | 42        | 5     | 12%   |
| Net finance        | 25   | 7   | 7         | 18    | 244%  |
| Taxes & Minorities | 0    | 21  | 21        | -21   | -100% |

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





# Cleaves Securities

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

|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 50    | 47    | 40    | 37    | 43    | 43    | 37    | 44    | 50    |
| Operational costs               | -30   | -41   | -125  | -31   | -29   | -29   | -28   | -27   | -27   |
| EBITDA                          | 20    | 6     | -85   | 6     | 14    | 13    | 9     | 17    | 23    |
| Depreciation/Amortization       | -12   | -12   | -12   | -12   | -12   | -12   | -12   | -12   | -12   |
| EBIT                            | 8     | -6    | -97   | -5    | 3     | 2     | -3    | 5     | 11    |
| Net financials                  | -6    | -8    | -6    | -6    | -5    | -5    | -5    | -5    | -5    |
| PTP                             | 2     | -14   | -103  | -11   | -3    | -4    | -8    | 1     | 6     |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | 2     | -14   | -103  | -11   | -3    | -4    | -8    | 1     | 6     |
| Non-recurring items             | -1    | 10    | 93    | 1     | -1    | -1    | -1    | -1    | -1    |
| Net earnings (adj.)             | 1     | -4    | -10   | -10   | -4    | -5    | -9    | -1    | 5     |
| EPS                             | 0.02  | -0.15 | -1.15 | -0.12 | -0.03 | -0.04 | -0.09 | 0.01  | 0.07  |
| EPS (adj.)                      | 0.01  | -0.05 | -0.12 | -0.11 | -0.05 | -0.06 | -0.10 | -0.01 | 0.05  |
| 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   | 127   | 107   | 91    | 102   | 94    | 88    | 94    | 92    | 94    |
| Other current assets            | 17    | 30    | 24    | 29    | 29    | 29    | 29    | 29    | 29    |
| Total current assets            | 144   | 137   | 114   | 130   | 122   | 117   | 123   | 120   | 123   |
| Property & equip. (incl. NBs)   | 938   | 904   | 804   | 785   | 768   | 759   | 734   | 727   | 719   |
| Other non-current assets        | 30    | 30    | 26    | 9     | 9     | 9     | 9     | 9     | 9     |
| Total non-current assets        | 968   | 934   | 830   | 795   | 778   | 768   | 743   | 736   | 729   |
| TOTAL ASSETS                    | 1,112 | 1,071 | 944   | 925   | 900   | 885   | 866   | 856   | 852   |
| Total equity                    | 604   | 570   | 458   | 447   | 444   | 441   | 433   | 434   | 440   |
| Short-term debt                 | 0     | 40    | 0     | 0     | 10    | 13    | 6     | 7     | 9     |
| Other current liabilities       | 0     | 25    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total current liabilities       | 0     | 65    | 0     | 0     | 10    | 13    | 6     | 7     | 9     |
| Long-term debt                  | 486   | 435   | 465   | 454   | 422   | 408   | 403   | 392   | 379   |
| Other non-current liabilities   | 23    | 1     | 21    | 24    | 24    | 24    | 24    | 24    | 24    |
| Total non-current liabilities   | 508   | 436   | 487   | 478   | 446   | 432   | 427   | 415   | 403   |
| TOTAL EQUITY & LIABILITIES      | 1,112 | 1,071 | 944   | 925   | 900   | 885   | 866   | 856   | 852   |
| Working capital, receivables    | 0     | 13    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Working capital, payables       | 0     | 23    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net working capital             | 0     | -9    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Interest bearing debt           | 486   | 475   | 465   | 454   | 432   | 420   | 409   | 399   | 388   |
| Liquidity                       | 127   | 107   | 91    | 102   | 94    | 88    | 94    | 92    | 94    |
| Net interest bearing debt       | 358   | 368   | 375   | 353   | 338   | 332   | 315   | 307   | 294   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 2     | -14   | -103  | -11   | -3    | -4    | -8    | 1     | 6     |
| Depreciation                    | 12    | 12    | 12    | 12    | 12    | 12    | 12    | 12    | 12    |
| Other                           | -2    | 7     | 99    | 4     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 12    | 5     | 7     | 4     | 9     | 8     | 4     | 12    | 18    |
| Changes in working capital      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 12    | 5     | 7     | 4     | 9     | 8     | 4     | 12    | 18    |
| Capex                           | 0     | 0     | 0     | 0     | -2    | -2    | -5    | -5    | -5    |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 0     | 8     | 0     | 18    | 0     | 0     |
| Other                           | 12    | 6     | -1    | -1    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | 12    | 6     | -1    | -1    | 5     | -2    | 13    | -5    | -5    |
| Repayment of debt               | 0     | 0     | 0     | 0     | -22   | -11   | -60   | -10   | -15   |
| Proceeds from debt              | 0     | 0     | 0     | 0     | 0     | 0     | 48    | 0     | 5     |
| Dividends paid                  | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -19   | -32   | -23   | -13   | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -19   | -32   | -23   | -13   | -22   | -11   | -11   | -10   | -10   |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 5     | -21   | -17   | -10   | -8    | -5    | 6     | -3    | 3     |
| Cash balance                    | 127   | 107   | 91    | 102   | 94    | 88    | 94    | 92    | 94    |
| Free cash flow                  | 24    | 11    | 6     | 3     | 15    | 6     | 17    | 8     | 13    |





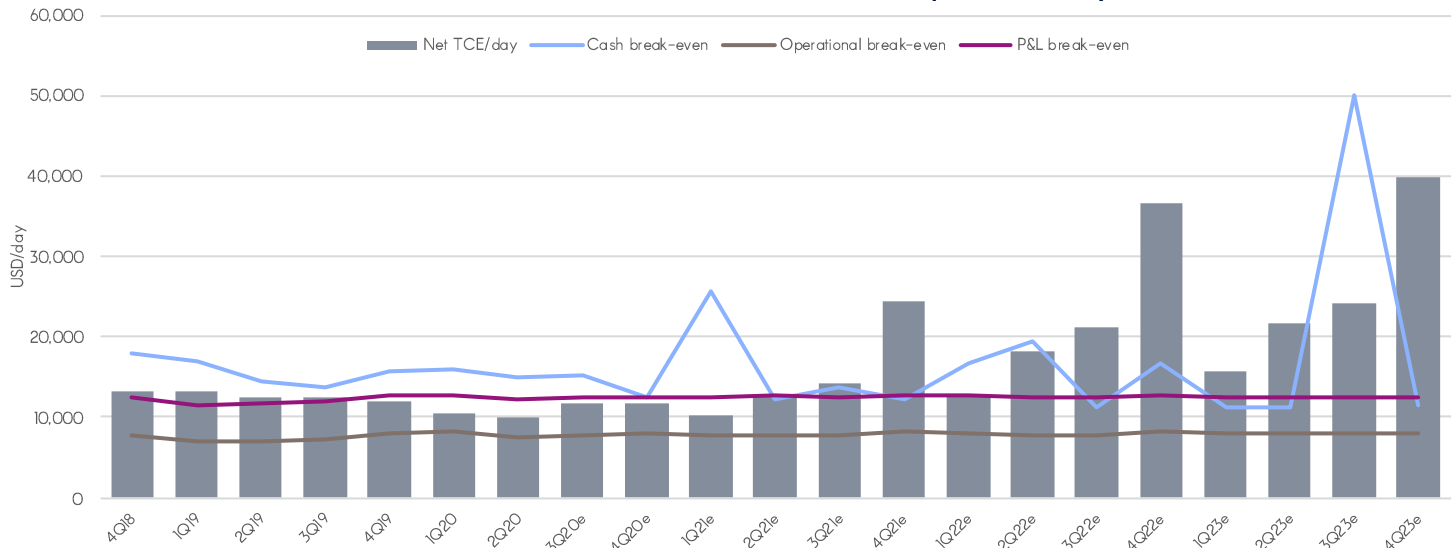
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     | 142   | 100   | 153   | 219   | 207   | 163   | 217   | 309   | 352   |
| Operational costs             | -114  | -107  | -550  | -128  | -141  | -214  | -111  | -110  | -111  |
| EBITDA                        | 28    | -7    | -397  | 90    | 67    | -51   | 106   | 199   | 242   |
| Depreciation/Amortization     | -76   | -82   | -87   | -52   | -49   | -47   | -47   | -47   | -47   |
| EBIT                          | -48   | -89   | -484  | 38    | 18    | -98   | 59    | 152   | 195   |
| Net financials                | -15   | -76   | -28   | -22   | -28   | -22   | -19   | -17   | -16   |
| PTP                           | -63   | -164  | -512  | 17    | -11   | -120  | 40    | 135   | 179   |
| Taxes/Minorities              | -2    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | -65   | -164  | -512  | 17    | -11   | -120  | 40    | 135   | 179   |
| Non-recurring items           | -4    | -6    | -6    | -6    | -6    | 91    | -6    | -6    | -6    |
| Net earnings (adj.)           | -69   | -170  | -517  | 11    | -16   | -29   | 34    | 129   | 173   |
| EPS                           | -0.78 | -1.94 | -4.82 | 0.16  | -0.12 | -1.34 | 0.44  | 1.51  | 2.00  |
| EPS (adj.)                    | -0.83 | -2.01 | -4.88 | 0.10  | -0.18 | -0.33 | 0.38  | 1.44  | 1.94  |
| DPS                           | 0.07  | 0.07  | 0.05  | 0.06  | 0.06  | 0.00  | 0.00  | 0.51  | 0.94  |
| Balance Sheet (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | 172   | 98    | 40    | 127   | 107   | 88    | 132   | 218   | 330   |
| Other current assets          | 22    | 17    | 99    | 15    | 30    | 29    | 29    | 29    | 29    |
| Total current assets          | 194   | 115   | 139   | 142   | 137   | 117   | 161   | 247   | 359   |
| Property & equip. (incl. NBs) | 1,441 | 1,404 | 1,076 | 1,014 | 904   | 759   | 712   | 683   | 636   |
| Other non-current assets      | 203   | 149   | 32    | 32    | 30    | 9     | 9     | 9     | 9     |
| Total non-current assets      | 1,643 | 1,553 | 1,108 | 1,046 | 934   | 768   | 722   | 693   | 646   |
| TOTAL ASSETS                  | 1,837 | 1,669 | 1,247 | 1,188 | 1,071 | 885   | 882   | 940   | 1,005 |
| Total equity                  | 1,218 | 1,057 | 625   | 628   | 570   | 441   | 481   | 570   | 665   |
| Short-term debt               | 41    | 65    | 61    | 96    | 40    | 13    | 52    | 50    | 39    |
| Other current liabilities     | 18    | 13    | 20    | 29    | 25    | 0     | 0     | 0     | 0     |
| Total current liabilities     | 59    | 78    | 80    | 125   | 65    | 13    | 52    | 50    | 39    |
| Long-term debt                | 559   | 533   | 541   | 434   | 435   | 408   | 326   | 296   | 277   |
| Other non-current liabilities | 1     | 1     | 1     | 1     | 1     | 24    | 24    | 24    | 24    |
| Total non-current liabilities | 560   | 534   | 542   | 435   | 436   | 432   | 349   | 320   | 301   |
| TOTAL EQUITY & LIABILITIES    | 1,837 | 1,669 | 1,247 | 1,188 | 1,071 | 885   | 882   | 940   | 1,005 |
| Working capital, receivables  | 11    | 12    | 11    | 9     | 13    | 0     | 0     | 0     | 0     |
| Working capital, payables     | 15    | 12    | 16    | 24    | 23    | 0     | 0     | 0     | 0     |
| Net working capital           | -5    | -1    | -5    | -16   | -9    | 0     | 0     | 0     | 0     |
| Interest bearing debt         | 600   | 598   | 601   | 531   | 475   | 420   | 378   | 346   | 316   |
| Liquidity                     | 172   | 98    | 40    | 127   | 107   | 88    | 132   | 218   | 330   |
| Net interest bearing debt     | 428   | 500   | 561   | 404   | 368   | 332   | 246   | 128   | -14   |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | -65   | -164  | -512  | 17    | -11   | -120  | 40    | 135   | 179   |
| Depreciation                  | 76    | 82    | 87    | 52    | 49    | 47    | 47    | 47    | 47    |
| Other                         | 17    | 69    | 447   | 6     | 28    | 102   | 0     | 0     | 0     |
| Cash earnings                 | 29    | -13   | 22    | 74    | 66    | 29    | 87    | 181   | 226   |
| Changes in working capital    | -5    | -8    | 1     | 6     | -16   | 0     | 0     | 0     | 0     |
| Net operational cash flow     | 24    | -21   | 23    | 80    | 50    | 29    | 87    | 181   | 226   |
| Capex                         | -156  | -51   | -126  | -3    | -3    | -5    | -18   | -18   | 0     |
| Other investments             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales           | 0     | 0     | 13    | 15    | 41    | 8     | 18    | 0     | 0     |
| Other                         | 0     | 10    | -40   | 88    | 0     | -97   | 0     | 0     | 0     |
| Net investing cash flow       | -156  | -42   | -152  | 99    | 38    | 1     | 0     | -18   | 0     |
| Repayment of debt             | 120   | -3    | 2     | -70   | -57   | -34   | -96   | -94   | -166  |
| Proceeds from debt            | 441   | 39    | 57    | 100   | 44    | 0     | 53    | 63    | 136   |
| Dividends paid                | -6    | -6    | -6    | -6    | -6    | 0     | 0     | -46   | -84   |
| New equity                    | —     | 0     | 77    | 0     | 1     | 0     | 0     | 0     | 0     |
| Other                         | -451  | -40   | -57   | -118  | -94   | -97   | 0     | 0     | 0     |
| Net financing cash flow       | 104   | -9    | 74    | -94   | -111  | -70   | -42   | -77   | -114  |
| Currency effect               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | -28   | -72   | -55   | 86    | -23   | -40   | 44    | 86    | 112   |
| Cash balance                  | 172   | 98    | 40    | 127   | 107   | 67    | 111   | 197   | 309   |
| Free cash flow                | -132  | -63   | -129  | 179   | 88    | 30    | 86    | 163   | 226   |



| 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      | 1     | 1     | 1       |
| Share price, end (USD)             | 4     | 3      | 4      | 3     | 3     | 1      | 1     | 1     | 1       |
| Market Cap.                        | 359   | 256    | 432    | 330   | 284   | 127    | 127   | 127   | 127     |
| NIBD                               | 428   | 500    | 561    | 404   | 368   | 332    | 246   | 128   | -14     |
| Minorities                         | 0     | 0      | 0      | 0     | 0     | 0      | 0     | 0     | 0       |
| Enterprise value                   | 787   | 756    | 993    | 734   | 651   | 459    | 373   | 255   | 113     |
| Key Figures & Ratios               | 2015  | 2016   | 2017   | 2018  | 2019  | 2020E  | 2021E | 2022E | 2023E   |
| P/E (reported)                     |       |        |        | 19.9  |       |        | 3.2   | 0.9   | 0.7     |
| P/E (adj.)                         |       |        |        | 30.5  |       |        | 3.7   | 1.0   | 0.7     |
| 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   | 2.8    | 1.7   | 0.8   | 0.3     |
| EV/EBITDA                          | 28.0  |        |        | 8.1   | 9.8   |        | 3.5   | 1.3   | 0.5     |
| EV/EBIT                            |       |        |        | 19.2  | 37.0  |        | 6.4   | 1.7   | 0.6     |
| 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%   | 24%    | 68%   | 129%  | 178%    |
| Dividend yield                     | 1.6%  | 2.3%   | 1.3%   | 1.7%  | 2.0%  | 0.0%   | 0.0%  | 35.9% | 66.0%   |
| Return on equity (ROE)             | -5.3% | -15.5% | -81.9% | 2.6%  | -1.8% | -27.2% | 8.2%  | 23.6% | 26.9%   |
| Return on capital employed (ROCE)  | -2.9% | -5.7%  | -40.8% | 3.7%  | 1.9%  | -12.7% | 8.1%  | 21.8% | 29.9%   |
| Return on assets (ROA)             | -3.5% | -9.8%  | -41.0% | 1.4%  | -1.0% | -13.5% | 4.5%  | 14.3% | 17.8%   |
| Sales growth                       | -14%  | -29%   | 53%    | 43%   | -5%   | -21%   | 33%   | 43%   | 14%     |
| EBITDA margin                      | 20%   | -7%    | -259%  | 41%   | 32%   | -31%   | 49%   | 64%   | 69%     |
| EBIT margin                        | -34%  | -88%   | -316%  | 17%   | 9%    | -60%   | 27%   | 49%   | 55%     |
| Net margin                         | -46%  | -164%  | -334%  | 8%    | -5%   | -74%   | 18%   | 44%   | 51%     |
| Net interest rate                  | 3.6%  | 4.4%   | 4.7%   | 7.6%  | 8.0%  | 6.6%   | 7.7%  | 13.4% | -111.3% |
| 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%   | 50%    | 54%   | 61%   | 66%     |
| Leverage ratio                     | 34%   | 37%    | 50%    | 47%   | 47%   | 50%    | 46%   | 39%   | 34%     |
| NIBD / EBITDA (past 1y)            | 15.2  | -71.5  | -1.4   | 4.5   | 5.5   | -6.5   | 2.3   | 0.6   | -0.1    |
| Operating cash flow/NIBD           | 0.1   | 0.0    | 0.0    | 0.2   | 0.1   | 0.1    | 0.4   | 1.4   | -15.9   |
| Net interest coverage ratio (EBIT) | 1.8   | -0.3   | -14.9  | 3.0   | 2.3   | -2.3   | 5.6   | 11.6  | 15.3    |
| Current ratio                      | 3.3   | 1.5    | 1.7    | 1.1   | 2.1   | 9.3    | 3.1   | 4.9   | 9.2     |
| Adj. equity ratio                  |       |        |        |       |       | 34%    | 53%   | 65%   | 72%     |
| Operating assets                   | 1,665 | 1,571  | 1,206  | 1,061 | 943   | 797    | 750   | 721   | 674     |
| Operating liabilities              | 19    | 14     | 21     | 30    | 26    | 24     | 24    | 24    | 24      |
| Net operating assets               | 1,647 | 1,557  | 1,186  | 1,031 | 917   | 773    | 726   | 697   | 651     |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:47 CET





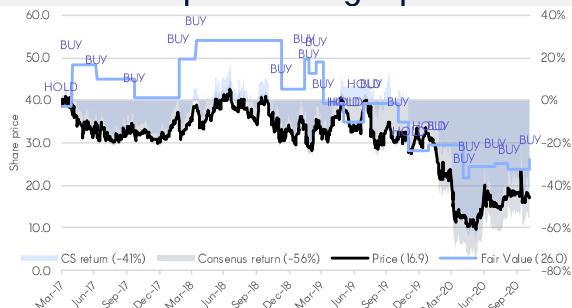
Pure-play on Supramaxes with large scrubber penetration. Lower operational elasticity and higher financial elasticity than many peers

## EGLE-US

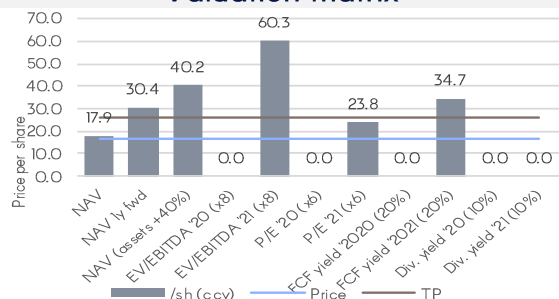
BUY/\$26

## Eagle Bulk

### Share price vs target price

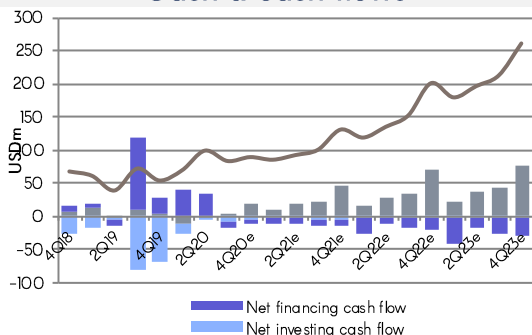


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 197   | 270   | 302   | 329   |
| EBITDA (adj.)       | 52    | 127   | 178   | 206   |
| EBIT (adj.)         | 2     | 77    | 128   | 156   |
| PTP (adj.)          | -35   | 44    | 97    | 128   |
| Net earnings (adj.) | -35   | 44    | 97    | 128   |
| EPS (adj.)          | -2.43 | 3.96  | 8.81  | 11.59 |
| DPS                 | -     | -     | 3.28  | 5.45  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 251   | 418   | 567   | 695   |
| Adj. equity ratio   | 31%   | 44%   | 54%   | 61%   |
| FCF yield           | -14%  | 41%   | 76%   | 92%   |
| Dividend yield      | 0%    | 0%    | 19%   | 32%   |
| EV/EBITDA           | 12.0  | 4.2   | 2.4   | 1.6   |
| P/E (adj.)          |       | 4.3   | 1.9   | 1.5   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 7      | 94     | 147    | 178    |
| Free cash flow                | -27    | 76     | 141    | 171    |
| Net cash flow                 | 30     | 41     | 70     | 60     |
| TCE/day                       | 9,467  | 13,447 | 16,490 | 18,009 |
| Cash break-even               | 10,375 | 10,445 | 21,258 | 11,143 |
| Liquidity                     | 89     | 130    | 200    | 260    |
| Property & Equip. (incl. NBs) | 857    | 824    | 780    | 736    |
| Total equity                  | 454    | 498    | 558    | 626    |
| Total assets                  | 1,012  | 1,020  | 1,046  | 1,062  |
| Interest bearing debt         | 519    | 483    | 448    | 397    |
| Net interest bearing debt     | 430    | 353    | 249    | 137    |
| Market Cap.                   | 186    | 186    | 186    | 186    |

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

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

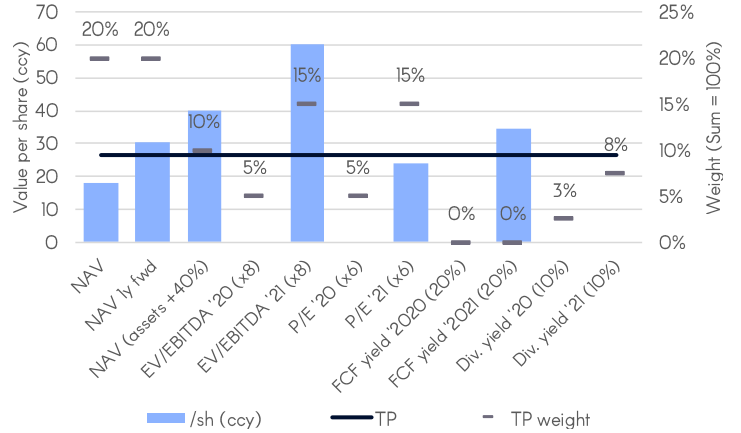


## Company Valuation

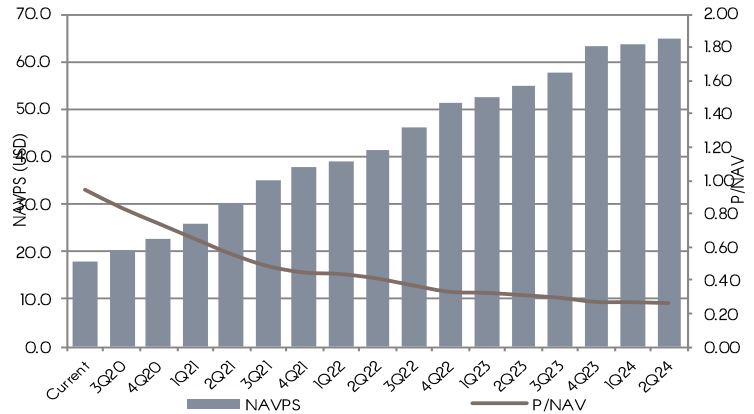
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 868          | 614             | 603          |
| Contract value    | 0            | 0               | 0            |
| Other             | 38           | 38              | 37           |
| <b>GAV</b>        | <b>906</b>   | <b>652</b>      | <b>640</b>   |
| Net debt          | -438         | -438            | -438         |
| Capex             | 0            | -6              | -6           |
| Other             | -11          | -11             | -11          |
| <b>Equity</b>     | <b>457</b>   | <b>197</b>      | <b>186</b>   |
| Shares            | 11           | 11              | 11           |
| <b>Equity/sh</b>  | <b>41.51</b> | <b>17.92</b>    | <b>16.89</b> |
| Incl CCY          | 41.51        | 17.92           | 16.89        |
| <br>              |              |                 |              |
| P/Equity          | 0.41         | 0.94            | 1.00         |
| EV/GAV            | 0.71         | 0.98            | 1.00         |
| <br>              |              |                 |              |
| Adj. Total Assets | 1,032        | 778             | 768          |
| Adj. Equity Ratio | 44%          | 25%             | 24%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>26.3</b>     | <b>56%</b>   |

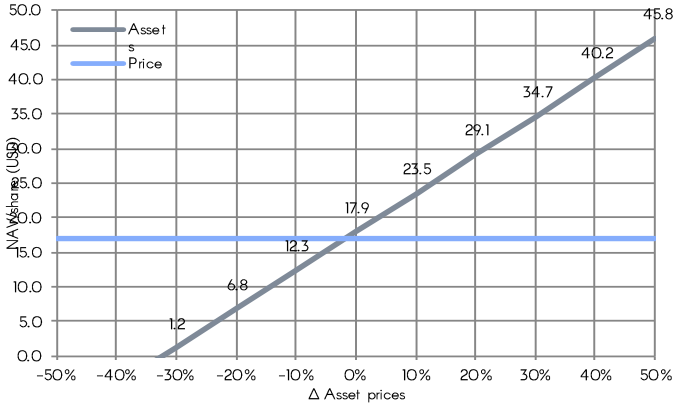
### Valuation Matrix



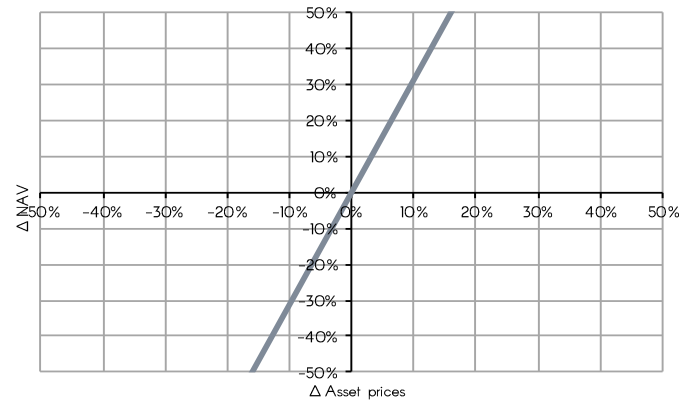
### Quarterly forward NAV & P/NAV



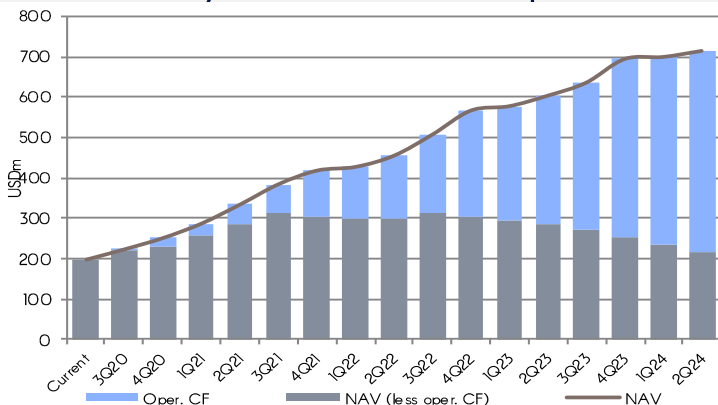
### Impact on NAV/sh from % change in asset prices



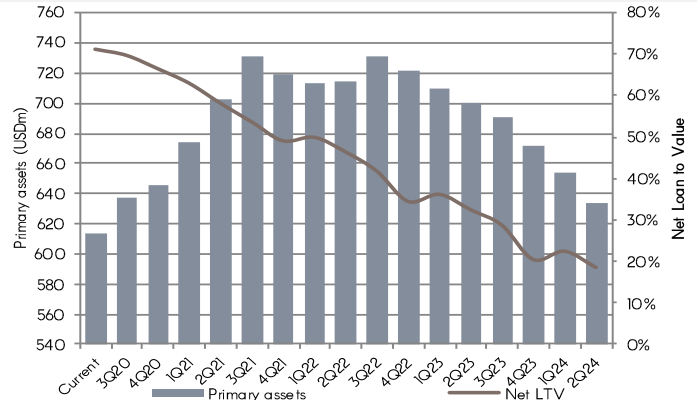
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 197   | 270   | 302   | 329   | 267   | 252   | 297   | 309   | -70                | 18    | 5     | 20    |    |
| EBITDA (adj.)            | 52    | 127   | 178   | 206   | 104   | 110   | 168   | 180   | -52                | 17    | 10    | 25    |    |
| EBIT (adj.)              | 2     | 77    | 128   | 156   | 54    | 60    | 118   | 131   | -52                | 17    | 10    | 25    |    |
| PTP (adj.)               | -35   | 44    | 97    | 128   | 16    | 24    | 84    | 100   | -51                | 19    | 13    | 27    |    |
| Net earnings (adj.)      | -35   | 44    | 97    | 128   | 16    | 24    | 84    | 100   | -51                | 19    | 13    | 27    |    |
| EPS (adj.)               | -2.43 | 3.96  | 8.81  | 11.59 | 0.20  | 0.32  | 1.10  | 1.31  | -2.62              | 3.65  | 7.71  | 10.28 |    |
| DPS                      | -     | -     | 3.28  | 5.45  | -     | -     | 0.40  | 0.64  | -                  | -     | 2.88  | 4.81  |    |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |    |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -70   | 18    | 5     | 20 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -18   | 1     | -5    | -5 |
|                          |       |       |       |       |       |       |       |       | Depreciation       | 0     | 0     | 0     | 0  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -1    | -3    | -2    | -2 |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 7      | 94     | 147    | 178    | 53     | 74     | 134    | 150    | -46    | 19    | 13    | 27    |
| Free cash flow                | -27    | 76     | 141    | 171    | 15     | 55     | 128    | 144    | -42    | 22    | 13    | 27    |
| Net cash flow                 | 30     | 41     | 70     | 60     | 52     | 20     | 62     | 43     | -22    | 22    | 8     | 17    |
| TCE/day                       | 9,467  | 13,447 | 16,490 | 18,009 | 12,778 | 13,223 | 16,218 | 16,925 | -3,311 | 224   | 272   | 1,084 |
| Cash break-even               | 10,375 | 10,445 | 21,258 | 11,143 | 11,189 | 11,101 | 21,690 | 11,557 | -815   | -656  | -433  | -414  |
| Liquidity                     | 89     | 130    | 200    | 260    | 111    | 131    | 193    | 236    | -22    | -1    | 7     | 24    |
| Property & Equip. (incl. NBs) | 857    | 824    | 780    | 736    | 861    | 830    | 787    | 743    | -4     | -6    | -6    | -7    |
| Total equity                  | 454    | 498    | 558    | 626    | 505    | 529    | 582    | 634    | -51    | -31   | -24   | -8    |
| Total assets                  | 1,012  | 1,020  | 1,046  | 1,062  | 1,050  | 1,039  | 1,058  | 1,057  | -39    | -19   | -12   | 5     |
| Interest bearing debt         | 519    | 483    | 448    | 397    | 503    | 468    | 433    | 382    | 15     | 15    | 15    | 15    |
| Net interest bearing debt     | 430    | 353    | 249    | 137    | 392    | 338    | 240    | 145    | 37     | 16    | 8     | -8    |
| Market Cap.                   | 186    | 186    | 186    | 186    | 162    | 162    | 162    | 162    | 24     | 24    | 24    | 24    |
| Enterprise value              | 616    | 539    | 435    | 323    | 554    | 500    | 402    | 307    | 61     | 40    | 32    | 16    |

### Valuation

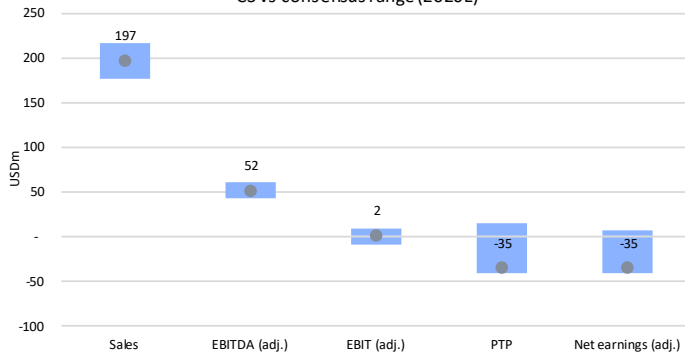
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 251   | 418   | 567   | 695   | 300   | 433   | 574   | 657   | -49    | -15   | -7    | 38    |
| Adj. equity ratio        | 31%   | 44%   | 54%   | 61%   | 35%   | 46%   | 55%   | 61%   | -4%    | -1%   | -1%   | 1%    |
| FCF yield                | -14%  | 41%   | 76%   | 92%   | 9%    | 34%   | 79%   | 89%   | -24%   | 7%    | -3%   | 3%    |
| Dividend yield           | 0%    | 0%    | 19%   | 32%   | 0%    | 0%    | 19%   | 30%   | 0%     | 0%    | 0%    | 2%    |
| EV/EBITDA                | 12.0  | 4.2   | 2.4   | 1.6   | 5.4   | 4.5   | 2.4   | 1.7   | 6.6    | -0.3  | 0.0   | -0.1  |
| P/E (adj.)               |       | 4.3   | 1.9   | 1.5   | 10.2  | 6.6   | 1.9   | 1.6   | #####  | -2.4  | -0.0  | -0.2  |



## Our Estimates vs Consensus

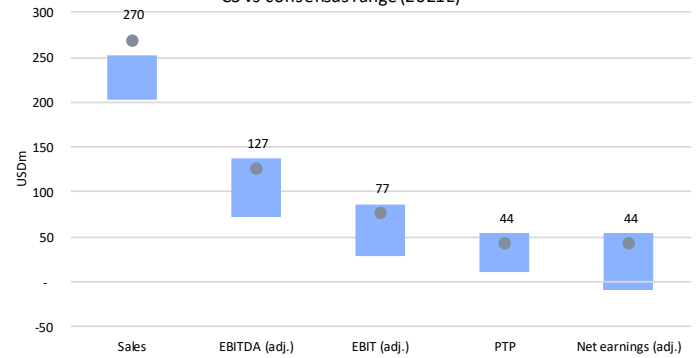
### Profit & Loss, year I

CS vs consensus range (2020E)

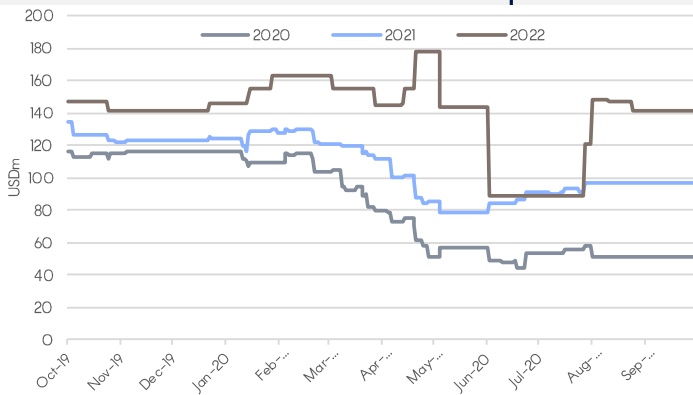


### Profit & Loss, year II

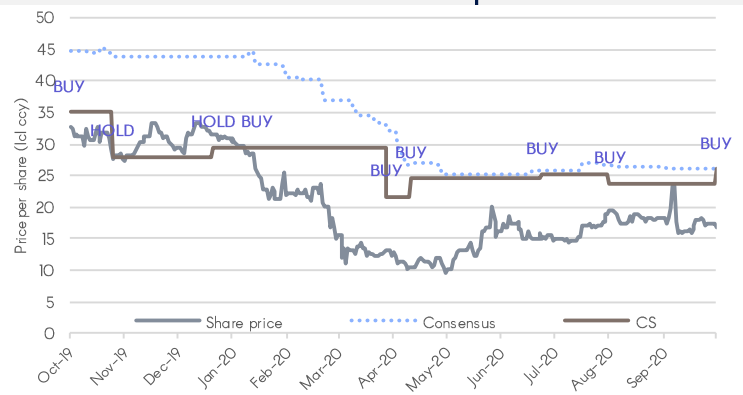
CS vs consensus range (2021E)



### Consensus EBITDA development



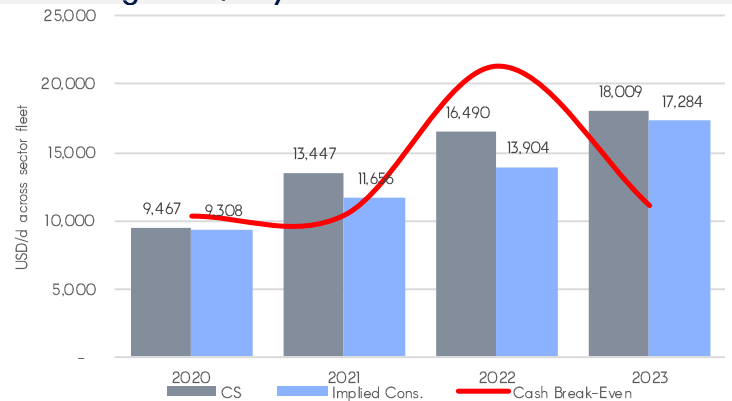
### Fair value vs share price



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

|                    | 2020 | CS | Consensus | Diff. | Diff. |
|--------------------|------|----|-----------|-------|-------|
| TCE revenue        | 197  |    | 193       | 3     | 2%    |
| Opex + G&A         | 145  |    | 143       | 2     | 2%    |
| Depreciation       | 50   |    | 50        | -0    | -1%   |
| Net finance        | 37   |    | 20        | 17    | 86%   |
| Taxes & Minorities | 0    |    | 7         | -7    | -100% |
|                    | 2021 | CS | Consensus | Diff. | Diff. |
| TCE revenue        | 270  |    | 234       | 36    | 15%   |
| Opex + G&A         | 143  |    | 137       | 5     | 4%    |
| Depreciation       | 50   |    | 42        | 8     | 20%   |
| Net finance        | 33   |    | 23        | 11    | 47%   |
| Taxes & Minorities | 0    |    | 13        | -13   | -100% |

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





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm  | 3Q19  | 2Q20  | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       |       |       | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 54.7  | 33.6  | 48.4    | 46.5      |            |       |            |       |
| EBITDA (adj.)         | 14.9  | 1.9   | 11.8    | 13.0      |            |       |            |       |
| EBIT (adj.)           | 4.9   | -10.6 | -0.7    | -1.9      |            |       |            |       |
| PTP (adj.)            | -5.3  | -20.5 | -9.7    | 3.7       |            |       |            |       |
| Net earnings (adj.)   | -5.3  | -20.5 | -9.7    | -8.7      |            |       |            |       |
| EPS (adj.)            | -0.07 | -1.99 | -0.88   | -0.78     |            |       |            |       |
| DPS                   | -     | -     | -       | -         |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 54.7  | 33.6  | 48.4    | 46.5      |            |       |            |       |
| Opex & G&A            | 39.8  | 31.7  | 36.6    | 33.5      |            |       |            |       |
| Depreciation          | 10.1  | 12.5  | 12.5    | 14.9      |            |       |            |       |
| Net finance           | 10.2  | 9.9   | 8.9     | -5.6      |            |       |            |       |
| Taxes & Minorities    | -     | -     | -       | 12.4      |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 10     | -3     | 3       |           |            |       |            |       |
| Free cash flow            | -71    | -7     | -7      |           |            |       |            |       |
| Net cash flow             | 36     | 26     | -16     |           |            |       |            |       |
| TCE/day                   | 10,746 | 6,625  | 9,234   | 8,875     |            |       |            |       |
| Utilization               | 93.1%  | 97.8%  | 93.1%   |           |            |       |            |       |
| Fleet days                | 5,087  | 5,075  | 5,244   |           |            |       |            |       |
| Cash break-even           | 10,277 | 10,187 | 10,365  |           |            |       |            |       |
| Liquidity                 | 72     | 99     | 83      |           |            |       |            |       |
| Interest bearing debt     | 440    | 536    | 527     |           |            |       |            |       |





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 55    | 50    | 48    | 34    | 48    | 67    | 52    | 63    | 68    |
| Operational costs               | -39   | -42   | -38   | -32   | -37   | -39   | -36   | -36   | -37   |
| EBITDA                          | 16    | 8     | 10    | 2     | 12    | 28    | 16    | 26    | 31    |
| Depreciation/Amortization       | -10   | -11   | -12   | -13   | -13   | -13   | -13   | -13   | -13   |
| EBIT                            | 6     | -3    | -2    | -11   | -1    | 15    | 4     | 14    | 19    |
| Net financials                  | -10   | -8    | -1    | -10   | -9    | -9    | -8    | -8    | -8    |
| PTP                             | -5    | -11   | -4    | -20   | -10   | 7     | -5    | 6     | 10    |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -5    | -11   | -4    | -20   | -10   | 7     | -5    | 6     | 10    |
| Non-recurring items             | -1    | 0     | -8    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -5    | -11   | -11   | -20   | -10   | 7     | -5    | 6     | 10    |
| EPS                             | -0.06 | -0.16 | -0.05 | -1.99 | -0.88 | 0.60  | -0.43 | 0.50  | 0.93  |
| EPS (adj.)                      | -0.07 | -0.16 | -0.16 | -1.99 | -0.88 | 0.60  | -0.43 | 0.50  | 0.93  |
| 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   | 72    | 54    | 69    | 99    | 83    | 89    | 85    | 92    | 100   |
| Other current assets            | 41    | 47    | 55    | 42    | 42    | 42    | 42    | 42    | 42    |
| Total current assets            | 112   | 101   | 124   | 140   | 125   | 131   | 127   | 134   | 142   |
| Property & equip. (incl. NBs)   | 752   | 856   | 876   | 868   | 865   | 857   | 847   | 837   | 831   |
| Other non-current assets        | 106   | 45    | 26    | 24    | 24    | 24    | 24    | 24    | 24    |
| Total non-current assets        | 858   | 902   | 902   | 892   | 889   | 881   | 871   | 861   | 855   |
| TOTAL ASSETS                    | 970   | 1,002 | 1,026 | 1,032 | 1,014 | 1,012 | 998   | 995   | 996   |
| Total equity                    | 492   | 482   | 477   | 457   | 447   | 454   | 449   | 455   | 465   |
| Short-term debt                 | 42    | 49    | 51    | 52    | 48    | 50    | 50    | 50    | 50    |
| Other current liabilities       | 38    | 53    | 42    | 36    | 36    | 36    | 36    | 36    | 36    |
| Total current liabilities       | 80    | 102   | 92    | 88    | 84    | 86    | 86    | 86    | 86    |
| Long-term debt                  | 398   | 418   | 456   | 484   | 479   | 469   | 460   | 451   | 443   |
| Other non-current liabilities   | 0     | 0     | 0     | 3     | 3     | 3     | 3     | 3     | 3     |
| Total non-current liabilities   | 398   | 418   | 457   | 487   | 482   | 472   | 463   | 454   | 446   |
| TOTAL EQUITY & LIABILITIES      | 970   | 1,002 | 1,026 | 1,032 | 1,014 | 1,012 | 998   | 995   | 996   |
| Working capital, receivables    | 34    | 36    | 34    | 29    | 29    | 29    | 29    | 29    | 29    |
| Working capital, payables       | 34    | 48    | 35    | 28    | 28    | 28    | 28    | 28    | 28    |
| Net working capital             | 0     | -12   | -2    | 1     | 1     | 1     | 1     | 1     | 1     |
| Interest bearing debt           | 440   | 467   | 507   | 536   | 527   | 519   | 510   | 501   | 492   |
| Liquidity                       | 72    | 59    | 72    | 99    | 83    | 89    | 85    | 92    | 100   |
| Net interest bearing debt       | 369   | 408   | 435   | 438   | 444   | 430   | 425   | 409   | 392   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -5    | -11   | -4    | -20   | -10   | 7     | -5    | 6     | 10    |
| Depreciation                    | 10    | 11    | 12    | 13    | 13    | 13    | 13    | 13    | 13    |
| Other                           | -4    | -1    | -7    | 12    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 2     | -1    | 2     | 4     | 3     | 19    | 8     | 18    | 23    |
| Changes in working capital      | 9     | 4     | -14   | -7    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 10    | 3     | -12   | -3    | 3     | 19    | 8     | 18    | 23    |
| Capex                           | -90   | -70   | -19   | -4    | -10   | -5    | -3    | -2    | -6    |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 7     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 1     | 2     | 4     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -82   | -68   | -15   | -4    | -10   | -5    | -3    | -2    | -6    |
| Repayment of debt               | -5    | -9    | -6    | -11   | -9    | -9    | -9    | -9    | -9    |
| Proceeds from debt              | 113   | 34    | 48    | 45    | 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                           | -1    | -2    | -1    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 107   | 24    | 41    | 33    | -9    | -9    | -9    | -9    | -9    |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 36    | -42   | 13    | 26    | -16   | 6     | -4    | 7     | 8     |
| Cash balance                    | 72    | 54    | 69    | 99    | 83    | 89    | 85    | 92    | 100   |
| Free cash flow                  | -71   | -65   | -27   | -7    | -7    | 15    | 5     | 16    | 17    |



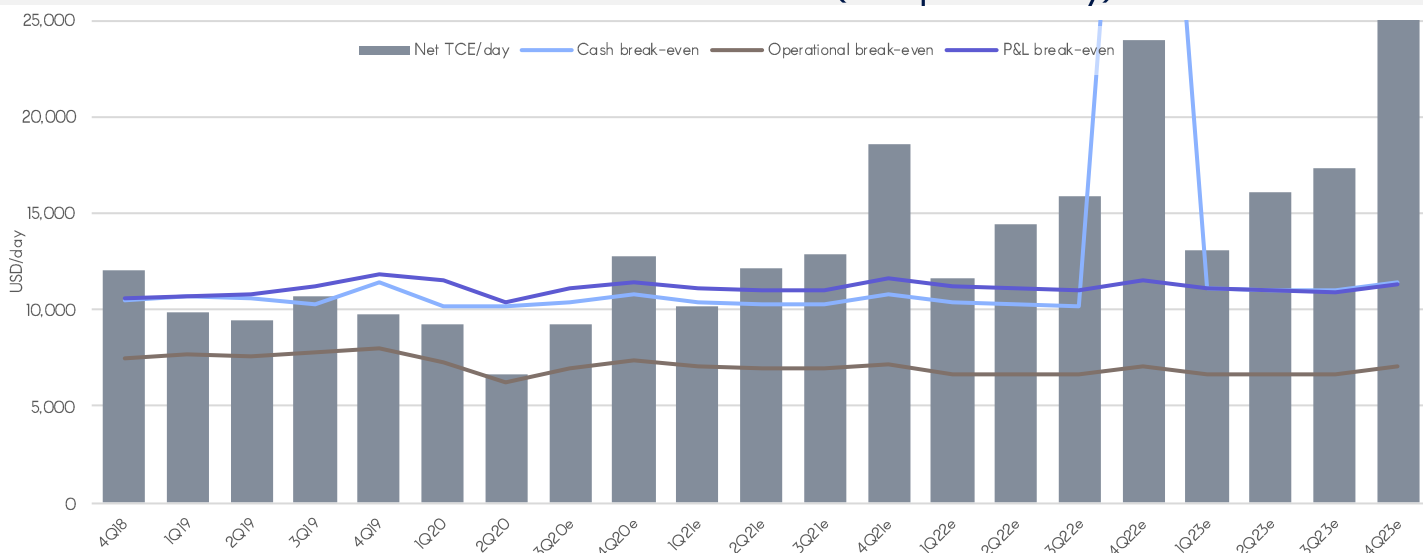
|                                 | 2015   | 2016  | 2017  | 2018 | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|--------|-------|-------|------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |        |       |       |      |       |       |       |       |       |
| Net sales                       | 80     | 82    | 174   | 231  | 205   | 197   | 270   | 302   | 329   |
| Operational costs               | -173   | -245  | -141  | -155 | -155  | -145  | -143  | -123  | -123  |
| EBITDA                          | -93    | -162  | 34    | 75   | 50    | 51    | 127   | 178   | 206   |
| Depreciation/Amortization       | -43    | -39   | -34   | -38  | -41   | -50   | -50   | -50   | -50   |
| EBIT                            | -136   | -201  | 0     | 38   | 9     | 1     | 77    | 128   | 156   |
| Net financials                  | -13    | -22   | -44   | -25  | -31   | -28   | -33   | -31   | -28   |
| PTP                             | -148   | -224  | -44   | 13   | -22   | -27   | 44    | 97    | 128   |
| Taxes/Minorities                | 0      | 0     | 0     | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -148   | -224  | -44   | 13   | -22   | -27   | 44    | 97    | 128   |
| Non-recurring items             | 0      | 0     | 0     | 0    | 0     | -8    | 0     | 0     | 0     |
| Net earnings (adj.)             | -148   | -224  | -44   | 13   | -22   | -35   | 44    | 97    | 128   |
| EPS                             | -78.76 | -4.65 | -0.62 | 0.18 | -0.30 | -2.32 | 3.96  | 8.81  | 11.59 |
| EPS (adj.)                      | -78.76 | -4.65 | -0.62 | 0.18 | -0.30 | -2.43 | 3.96  | 8.81  | 11.59 |
| DPS                             | 0.00   | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  | 0.00  | 3.28  | 5.45  |
| <b>Balance Sheet (USDm)</b>     |        |       |       |      |       |       |       |       |       |
| Cash & short-term investments   | 25     | 77    | 56    | 67   | 54    | 89    | 130   | 200   | 260   |
| Other current assets            | 16     | 28    | 49    | 51   | 47    | 42    | 42    | 42    | 42    |
| Total current assets            | 41     | 104   | 105   | 118  | 101   | 131   | 172   | 242   | 301   |
| Property & equip. (incl. NBs)   | 734    | 568   | 690   | 683  | 836   | 857   | 824   | 780   | 736   |
| Other non-current assets        | 12     | 15    | 13    | 45   | 66    | 24    | 24    | 24    | 24    |
| Total non-current assets        | 746    | 582   | 703   | 728  | 902   | 881   | 848   | 804   | 760   |
| TOTAL ASSETS                    | 787    | 686   | 808   | 846  | 1,002 | 1,012 | 1,020 | 1,046 | 1,062 |
| Total equity                    | 518    | 400   | 461   | 480  | 482   | 454   | 498   | 558   | 626   |
| Short-term debt                 | 16     | 0     | 4     | 29   | 49    | 50    | 33    | 40    | 43    |
| Other current liabilities       | 22     | 26    | 27    | 34   | 53    | 36    | 36    | 36    | 36    |
| Total current liabilities       | 38     | 26    | 31    | 63   | 102   | 86    | 69    | 76    | 79    |
| Long-term debt                  | 226    | 256   | 314   | 302  | 302   | 469   | 450   | 408   | 354   |
| Other non-current liabilities   | 5      | 4     | 3     | 2    | 117   | 3     | 3     | 3     | 3     |
| Total non-current liabilities   | 230    | 260   | 316   | 304  | 418   | 472   | 453   | 411   | 357   |
| TOTAL EQUITY & LIABILITIES      | 787    | 686   | 808   | 846  | 1,002 | 1,012 | 1,020 | 1,046 | 1,062 |
| Working capital, receivables    | 13     | 16    | 31    | 36   | 36    | 29    | 29    | 29    | 29    |
| Working capital, payables       | 19     | 19    | 21    | 26   | 48    | 28    | 28    | 28    | 28    |
| Net working capital             | -7     | -3    | 10    | 10   | -12   | 1     | 1     | 1     | 1     |
| Interest bearing debt           | 241    | 256   | 318   | 331  | 351   | 519   | 483   | 448   | 397   |
| Liquidity                       | 25     | 77    | 56    | 67   | 59    | 89    | 130   | 200   | 260   |
| Net interest bearing debt       | 216    | 179   | 261   | 264  | 291   | 430   | 353   | 249   | 137   |
| <b>Cash Flow (USDm)</b>         |        |       |       |      |       |       |       |       |       |
| Net income                      | -148   | -224  | -44   | 13   | -22   | -27   | 44    | 97    | 128   |
| Depreciation                    | 43     | 39    | 34    | 38   | 41    | 50    | 50    | 50    | 50    |
| Other                           | 56     | 139   | 32    | 2    | -6    | 5     | 0     | 0     | 0     |
| Cash earnings                   | -50    | -46   | 22    | 52   | 13    | 28    | 94    | 147   | 178   |
| Changes in working capital      | 6      | 0     | -15   | -7   | 9     | -22   | 0     | 0     | 0     |
| Net operational cash flow       | -44    | -45   | 7     | 45   | 22    | 7     | 94    | 147   | 178   |
| Capex                           | -2     | -22   | -177  | -44  | -202  | -37   | -17   | -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  | -33   | -17   | -6    | -6    |
| Repayment of debt               | 20     | 24    | 36    | 12   | 131   | -35   | -35   | -235  | -52   |
| Proceeds from debt              | 40     | 75    | 324   | 16   | —     | 93    | 0     | 200   | 0     |
| Dividends paid                  | 0      | 0     | 0     | 0    | 0     | 0     | 0     | -36   | -60   |
| 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   | 56    | -35   | -71   | -112  |
| Currency effect                 | 0      | 0     | 0     | 0    | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -15    | 52    | -20   | 22   | -19   | 30    | 41    | 70    | 60    |
| Cash balance                    | 25     | 77    | 56    | 67   | 54    | 83    | 125   | 194   | 254   |
| Free cash flow                  | -34    | -55   | -148  | 14   | -147  | -27   | 76    | 141   | 171   |



| Share Data & Valuation (USDm)      | 2015       | 2016       | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Shares outstanding, end            | 2          | 48         | 70         | 71         | 72         | 11         | 11         | 11         | 11         |
| Share price, avg (USD)             | 156        | 12         | 5          | 5          | 5          | 10         | 17         | 17         | 17         |
| Share price, end (USD)             | 70         | 6          | 4          | 5          | 5          | 17         | 17         | 17         | 17         |
| <b>Market Cap.</b>                 | <b>133</b> | <b>281</b> | <b>315</b> | <b>328</b> | <b>329</b> | <b>186</b> | <b>186</b> | <b>186</b> | <b>186</b> |
| NIBD                               | 216        | 179        | 261        | 264        | 291        | 430        | 353        | 249        | 137        |
| 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>616</b> | <b>539</b> | <b>435</b> | <b>323</b> |
| Key Figures & Ratios               | 2015       | 2016       | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     |            |            |            | 26.0       |            |            | 4.3        | 1.9        | 1.5        |
| P/E (adj.)                         |            |            |            | 26.0       |            |            | 4.3        | 1.9        | 1.5        |
| P/CE                               | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| P/Sales                            | 1.7        | 3.4        | 1.8        | 1.4        | 1.6        | 0.9        | 0.7        | 0.6        | 0.6        |
| EV/Sales                           | 4.4        | 5.6        | 3.3        | 2.6        | 3.0        | 3.1        | 2.0        | 1.4        | 1.0        |
| EV/EBITDA                          |            |            | 17.2       | 7.8        | 12.4       | 12.0       | 4.2        | 2.4        | 1.6        |
| EV/EBIT                            |            |            |            | 15.7       | 65.8       |            | 7.0        | 3.4        | 2.1        |
| P/B                                | 0.3        | 0.7        | 0.7        | 0.7        | 0.7        | 0.4        | 0.4        | 0.3        | 0.3        |
| FCF yield                          | -25%       | -19%       | -47%       | 4%         | -45%       | -14%       | 41%        | 76%        | 92%        |
| Dividend yield                     | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 19.4%      | 32.3%      |
| Return on equity (ROE)             | -28.6%     | -55.8%     | -9.5%      | 2.6%       | -4.5%      | -6.0%      | 8.8%       | 17.4%      | 20.4%      |
| Return on capital employed (ROCE)  | -18.5%     | -34.7%     | 0.0%       | 5.1%       | 1.2%       | 0.2%       | 9.1%       | 15.9%      | 20.4%      |
| Return on assets (ROA)             | -18.9%     | -32.6%     | -5.4%      | 1.5%       | -2.2%      | -2.7%      | 4.3%       | 9.3%       | 12.0%      |
| Sales growth                       | -40%       | 3%         | 112%       | 32%        | -11%       | -4%        | 37%        | 12%        | 9%         |
| EBITDA margin                      | -116%      | -197%      | 19%        | 33%        | 24%        | 26%        | 47%        | 59%        | 63%        |
| EBIT margin                        | -169%      | -244%      | 0%         | 16%        | 5%         | 1%         | 29%        | 42%        | 47%        |
| Net margin                         | -185%      | -271%      | -25%       | 5%         | -11%       | -14%       | 16%        | 32%        | 39%        |
| Net interest rate                  | 5.5%       | 12.1%      | 11.2%      | 9.8%       | 10.5%      | 8.3%       | 9.5%       | 12.5%      | 20.6%      |
| Tax rate                           | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| Equity ratio                       | 66%        | 58%        | 57%        | 57%        | 48%        | 45%        | 49%        | 53%        | 59%        |
| Leverage ratio                     | 34%        | 42%        | 43%        | 43%        | 52%        | 55%        | 51%        | 47%        | 41%        |
| NIBD / EBITDA (past 1y)            | -2.3       | -1.1       | 7.8        | 3.5        | 5.8        | 8.4        | 2.8        | 1.4        | 0.7        |
| Operating cash flow/NIBD           | -0.2       | -0.3       | 0.0        | 0.2        | 0.1        | 0.0        | 0.3        | 0.6        | 1.3        |
| Net interest coverage ratio (EBIT) | -7.8       | -7.4       | 1.1        | 2.9        | 1.6        | 1.4        | 3.8        | 5.7        | 7.3        |
| Current ratio                      | 1.1        | 4.1        | 3.4        | 1.9        | 1.0        | 1.5        | 2.5        | 3.2        | 3.8        |
| Adj. equity ratio                  |            |            |            |            |            | 31%        | 44%        | 54%        | 61%        |
| Operating assets                   | 762        | 610        | 752        | 768        | 943        | 923        | 890        | 846        | 802        |
| Operating liabilities              | 27         | 30         | 30         | 36         | 170        | 39         | 39         | 39         | 39         |
| Net operating assets               | 735        | 580        | 723        | 732        | 773        | 884        | 851        | 807        | 763        |

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

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





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:56 CET



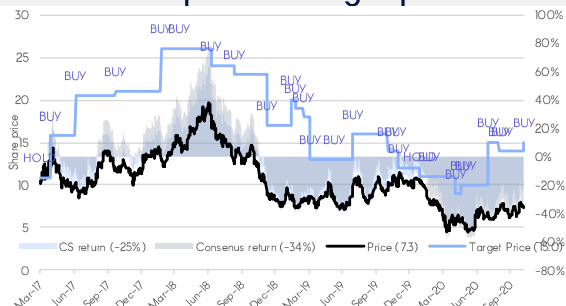


## GNK-US

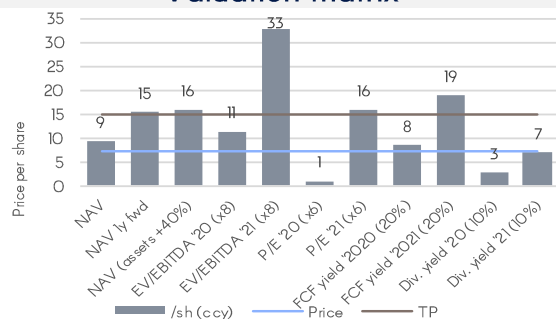
BUY/\$15

## Genco Shipping

Share price vs target price

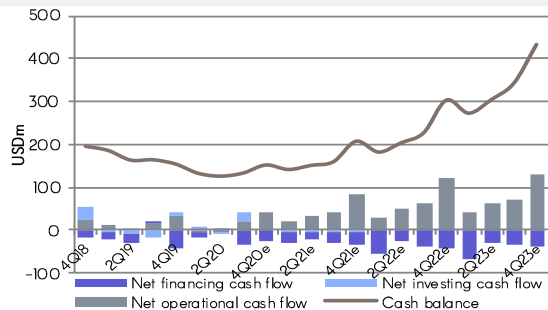


Valuation matrix



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Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 219   | 314   | 380   | 426   |
| EBITDA (adj.)       | 94    | 190   | 272   | 316   |
| EBIT (adj.)         | 29    | 128   | 210   | 255   |
| PTP (adj.)          | 8     | 111   | 196   | 244   |
| Net earnings (adj.) | 8     | 111   | 196   | 244   |
| EPS (adj.)          | 0.18  | 2.65  | 4.69  | 5.83  |
| DPS                 | 0.28  | 0.70  | 1.89  | 2.78  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 505   | 789   | 1,073 | 1,334 |
| Adj. equity ratio   | 52%   | 66%   | 77%   | 83%   |
| FCF yield           | 23%   | 52%   | 81%   | 100%  |
| Dividend yield      | 4%    | 10%   | 26%   | 38%   |
| EV/EBITDA           |       | 2.4   | 1.0   | 0.3   |
| P/E (adj.)          |       | 2.8   | 1.6   | 1.3   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 55     | 173    | 258    | 305    |
| Free cash flow                | 71     | 158    | 248    | 305    |
| Net cash flow                 | 7      | 55     | 96     | 130    |
| TCE/day                       | 11,187 | 16,429 | 21,222 | 23,742 |
| Cash break-even               | 10,793 | 10,907 | 10,743 | 23,595 |
| Liquidity                     | 169    | 224    | 320    | 450    |
| Property & Equip. (incl. NBs) | 1,081  | 1,034  | 982    | 920    |
| Total equity                  | 862    | 944    | 1,061  | 1,188  |
| Total assets                  | 1,333  | 1,341  | 1,385  | 1,453  |
| Interest bearing debt         | 441    | 368    | 294    | 235    |
| Net interest bearing debt     | 272    | 144    | -26    | -215   |
| Market Cap.                   | 306    | 306    | 306    | 306    |

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

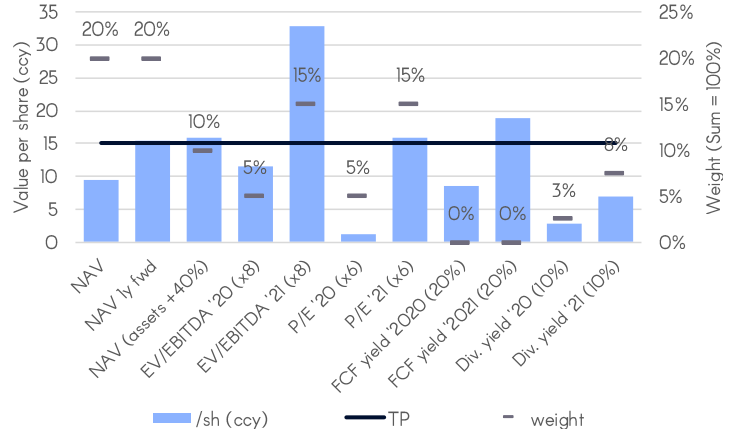


## Company Valuation

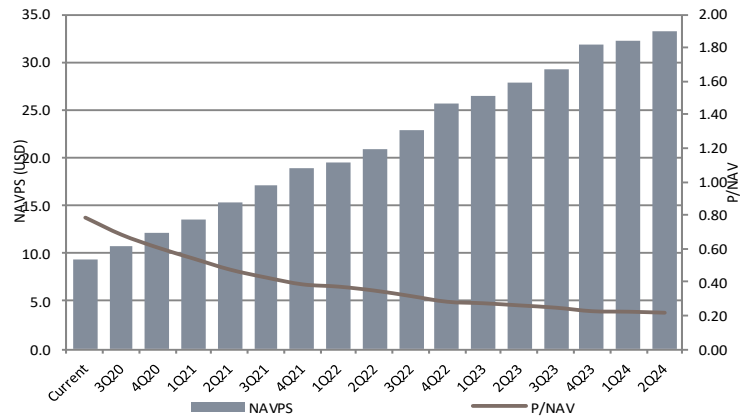
### Valuation & target price

| Valuation         |              |                 |             |
|-------------------|--------------|-----------------|-------------|
| USDm              | Book Value   | Net Asset Value | Market cap. |
| Primary assets    | 1,129        | 687             | 608         |
| Contract value    | 0            | 0               | 0           |
| Other             | 59           | 59              | 53          |
| <b>GAV</b>        | <b>1,188</b> | <b>746</b>      | <b>661</b>  |
| Net debt          | -349         | -349            | -349        |
| Capex             | 0            | 0               | 0           |
| Other             | -6           | -6              | -6          |
| <b>Equity</b>     | <b>833</b>   | <b>391</b>      | <b>306</b>  |
| Shares            | 42           | 42              | 42          |
| <b>Equity/sh</b>  | <b>19.92</b> | <b>9.35</b>     | <b>7.31</b> |
| Incl CCY          | 19.92        | 9.35            | 7.31        |
| <br>              |              |                 |             |
| <b>P/Equity</b>   | <b>0.37</b>  | <b>0.78</b>     | <b>1.00</b> |
| <b>EV/GAV</b>     | <b>0.56</b>  | <b>0.89</b>     | <b>1.00</b> |
| <br>              |              |                 |             |
| Adj. Total Assets | 1,355        | 913             | 834         |
| Adj. Equity Ratio | 61%          | 43%             | 37%         |
| <b>Fair Value</b> | <b>USD</b>   | <b>15.1</b>     | <b>106%</b> |

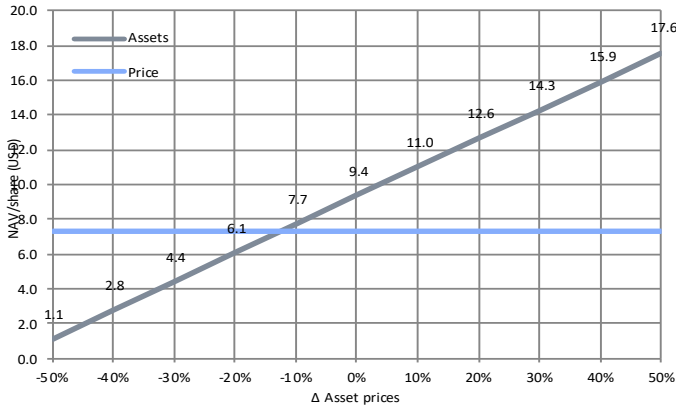
### Valuation Matrix



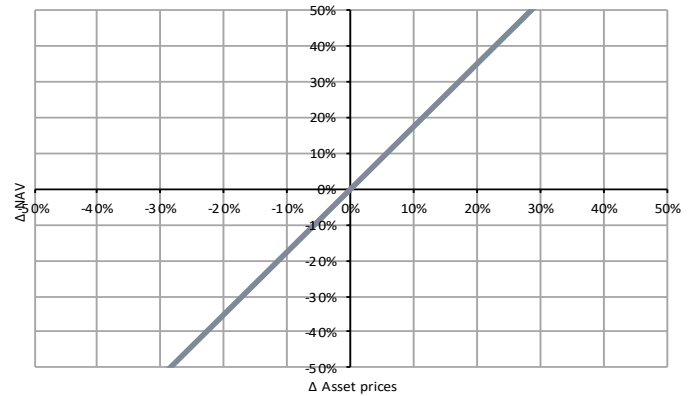
### Quarterly forward NAV & P/NAV



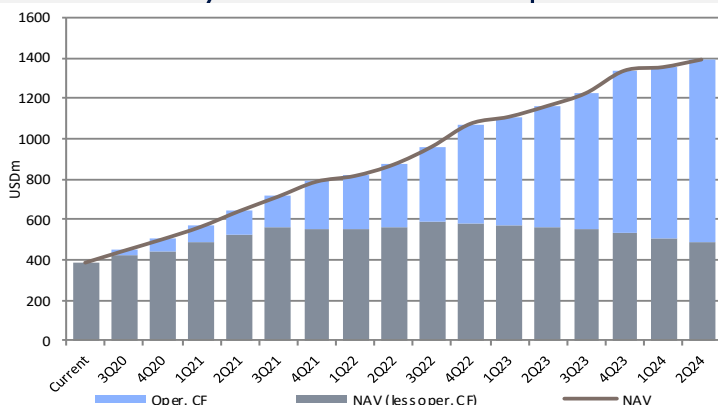
### Impact on NAV/sh from % change in asset prices



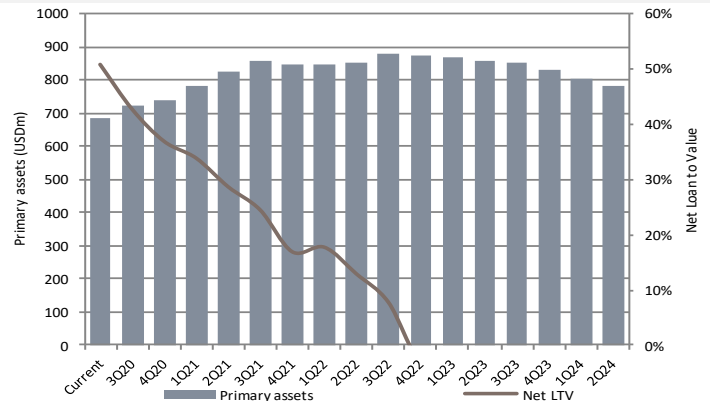
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm         |             |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 60.8        | 32.5        | 57.4           | 53.8             |                |              |                |              |
| EBITDA (adj.)                | 22.6        | 2.8         | 26.0           | 22.8             |                |              |                |              |
| EBIT (adj.)                  | 4.4         | -13.1       | 10.6           | 6.7              |                |              |                |              |
| PTP (adj.)                   | -2.4        | -18.2       | 5.6            | -0.7             |                |              |                |              |
| Net earnings (adj.)          | -2.4        | -18.2       | 5.6            | 1.1              |                |              |                |              |
| EPS (adj.)                   | -0.06       | -0.44       | 0.13           | 0.03             |                |              |                |              |
| DPS                          | 0.50        | 0.02        | 0.07           | 0.02             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 60.8        | 32.5        | 57.4           | 53.8             |                |              |                |              |
| Opex & G&A                   | 38.2        | 29.7        | 31.4           | 31.1             |                |              |                |              |
| Depreciation                 | 18.2        | 15.9        | 15.4           | 16.0             |                |              |                |              |
| Net finance                  | 6.8         | 5.1         | 5.0            | 7.4              |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | -1.9             |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 14     | -5     | 21      |           |            |       |            |       |
| Free cash flow            | -4     | -11    | 41      |           |            |       |            |       |
| Net cash flow             | 1      | -7     | 7       |           |            |       |            |       |
| TCE/day                   | 12,012 | 6,646  | 11,931  | 11,192    |            |       |            |       |
| Utilization               | 87.8%  | 96.5%  | 96.8%   |           |            |       |            |       |
| Fleet days                | 5,766  | 5,072  | 4,968   |           |            |       |            |       |
| Cash break-even           | 10,701 | 10,535 | 11,018  |           |            |       |            |       |
| Liquidity                 | 166    | 143    | 150     |           |            |       |            |       |
| Interest bearing debt     | 515    | 492    | 459     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 219   | 314   | 380   | 426   | 300   | 303   | 371   | 397   | -81                | 11    | 10    | 29    |    |
| EBITDA (adj.)            | 94    | 190   | 272   | 316   | 166   | 165   | 253   | 278   | -72                | 24    | 19    | 38    |    |
| EBIT (adj.)              | 29    | 128   | 210   | 255   | 98    | 99    | 186   | 212   | -69                | 29    | 23    | 43    |    |
| PTP (adj.)               | 8     | 111   | 196   | 244   | 74    | 79    | 170   | 199   | -66                | 32    | 26    | 45    |    |
| Net earnings (adj.)      | 8     | 111   | 196   | 244   | 74    | 79    | 170   | 199   | -66                | 32    | 26    | 45    |    |
| EPS (adj.)               | 0.18  | 2.65  | 4.69  | 5.83  | 1.77  | 1.89  | 4.07  | 4.77  | -1.58              | 0.77  | 0.62  | 1.07  |    |
| DPS                      | 0.28  | 0.70  | 1.89  | 2.78  | 0.76  | 1.06  | 1.61  | 2.33  | -0.48              | -0.36 | 0.28  | 0.44  |    |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |    |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -81   | 11    | 10    | 29 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -9    | -13   | -9    | -9 |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -4    | -5    | -5    | -5 |
|                          |       |       |       |       |       |       |       |       | Net finance        | -2    | -3    | -2    | -2 |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 55     | 173    | 258    | 305    | 127    | 145    | 237    | 266    | -72    | 27    | 21    | 40    |
| Free cash flow                | 71     | 158    | 248    | 305    | 145    | 145    | 237    | 266    | -74    | 12    | 11    | 40    |
| Net cash flow                 | 7      | 55     | 96     | 130    | 52     | 28     | 96     | 109    | -45    | 28    | -0    | 21    |
| TCE/day                       | 11,187 | 16,429 | 21,222 | 23,742 | 15,340 | 15,665 | 20,692 | 22,141 | -4,153 | 764   | 530   | 1,601 |
| Cash break-even               | 10,793 | 10,907 | 10,743 | 23,595 | 11,326 | 11,725 | 11,371 | 24,195 | -532   | -818  | -628  | -600  |
| Liquidity                     | 169    | 224    | 320    | 450    | 214    | 241    | 337    | 446    | -45    | -17   | -18   | 4     |
| Property & Equip. (incl. NBs) | 1,081  | 1,034  | 982    | 920    | 1,076  | 1,010  | 943    | 877    | 5      | 24    | 39    | 43    |
| Total equity                  | 862    | 944    | 1,061  | 1,188  | 908    | 942    | 1,045  | 1,147  | -46    | 2     | 16    | 42    |
| Total assets                  | 1,333  | 1,341  | 1,385  | 1,453  | 1,382  | 1,344  | 1,373  | 1,415  | -49    | -2    | 12    | 38    |
| Interest bearing debt         | 441    | 368    | 294    | 235    | 433    | 359    | 286    | 227    | 8      | 8     | 8     | 8     |
| Net interest bearing debt     | 272    | 144    | -26    | -215   | 219    | 118    | -51    | -220   | 53     | 25    | 26    | 5     |
| Market Cap.                   | 306    | 306    | 306    | 306    | 271    | 271    | 271    | 271    | 34     | 34    | 34    | 34    |
| Enterprise value              | 578    | 449    | 280    | 91     | 491    | 389    | 220    | 52     | 87     | 60    | 60    | 39    |

### Valuation

| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 505   | 789   | 1,073 | 1,334 | 577   | 812   | 1,083 | 1,286 | -71    | -24   | -10   | 48    |
| Adj. equity ratio        | 52%   | 66%   | 77%   | 83%   | 55%   | 67%   | 77%   | 83%   | -3%    | 0%    | 0%    | 1%    |
| FCF yield                | 23%   | 52%   | 81%   | 100%  | 54%   | 54%   | 87%   | 98%   | -30%   | -2%   | -6%   | 2%    |
| Dividend yield           | 4%    | 10%   | 26%   | 38%   | 12%   | 16%   | 25%   | 36%   | -8%    | -7%   | 1%    | 2%    |
| EV/EBITDA                |       | 2.4   | 1.0   | 0.3   | 9.3   | 2.4   | 0.9   | 0.2   | #####  | 0.0   | 0.2   | 0.1   |
| P/E (adj.)               | 39.9  | 2.8   | 1.6   | 1.3   | 3.7   | 3.4   | 1.6   | 1.4   | 36.3   | -0.7  | -0.0  | -0.1  |

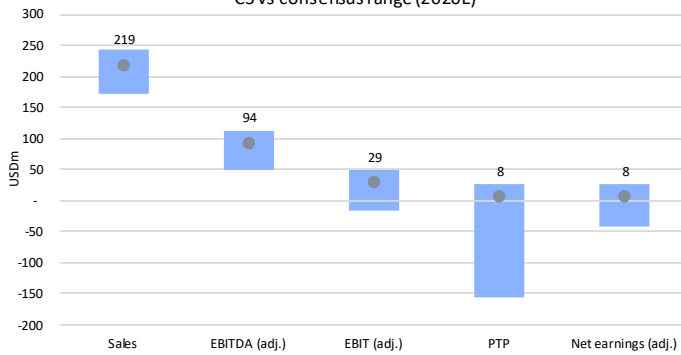




## Our Estimates vs Consensus

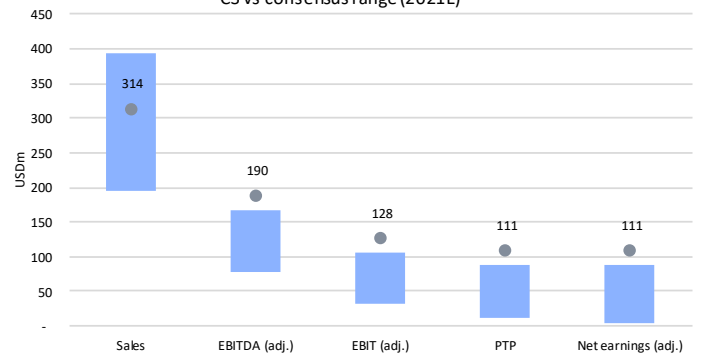
### Profit & Loss, year I

CS vs consensus range (2020E)

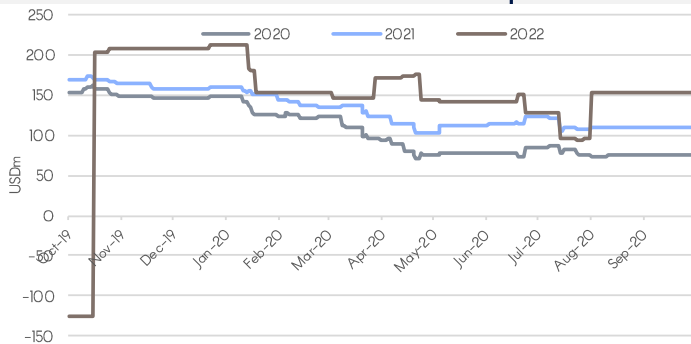


### Profit & Loss, year II

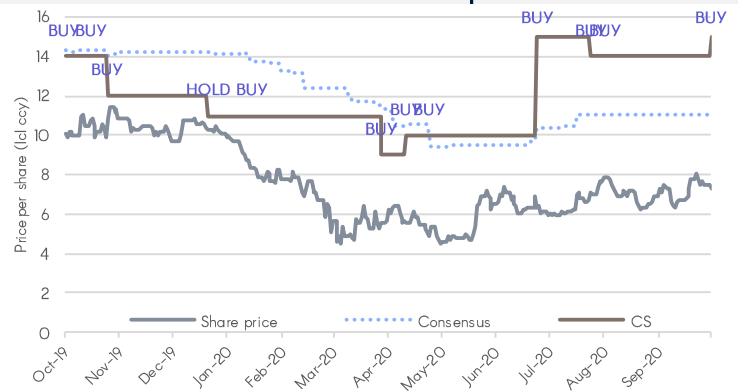
CS vs consensus range (2021E)



### Consensus EBITDA development



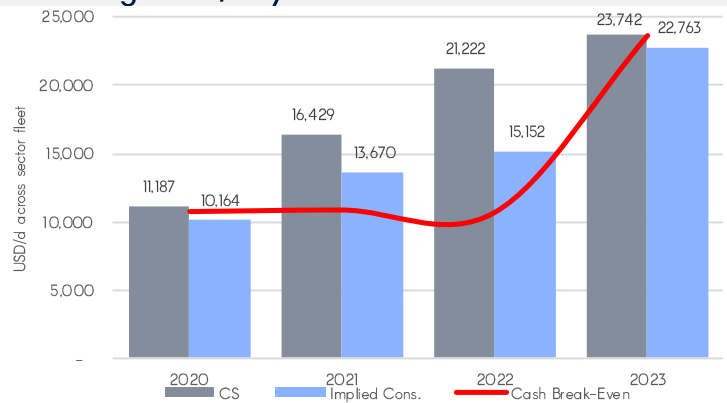
### Fair value vs share price



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

|                    | 2020 | CS | Consensus | Diff. | Diff. |
|--------------------|------|----|-----------|-------|-------|
| TCE revenue        | 219  |    | 199       | 20    | 10%   |
| Opex + G&A         | 125  |    | 122       | 3     | 2%    |
| Depreciation       | 64   |    | 63        | 1     | 2%    |
| Net finance        | 22   |    | 77        | -55   | -72%  |
| Taxes & Minorities | 0    |    | -54       | 54    | -100% |
|                    | 2021 | CS | Consensus | Diff. | Diff. |
| TCE revenue        | 314  |    | 262       | 53    | 20%   |
| Opex + G&A         | 125  |    | 152       | -27   | -18%  |
| Depreciation       | 62   |    | 51        | 11    | 21%   |
| Net finance        | 17   |    | 12        | 5     | 43%   |
| Taxes & Minorities | 0    |    | 10        | -10   | -100% |

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





|                                       | 3Q19         | 4Q19         | 1Q20         | 2Q20         | 3Q20E        | 4Q20E        | 1Q21E        | 2Q21E        | 3Q21E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit &amp; Loss (USDm)</b>       |              |              |              |              |              |              |              |              |              |
| Net sales                             | 61           | 63           | 50           | 33           | 57           | 79           | 53           | 68           | 75           |
| Operational costs                     | -50          | -38          | -146         | -30          | -31          | -31          | -31          | -31          | -31          |
| <b>EBITDA</b>                         | <b>10</b>    | <b>26</b>    | <b>-96</b>   | <b>3</b>     | <b>26</b>    | <b>48</b>    | <b>23</b>    | <b>37</b>    | <b>44</b>    |
| Depreciation/Amortization             | -18          | -18          | -18          | -16          | -15          | -15          | -15          | -15          | -15          |
| <b>EBIT</b>                           | <b>-8</b>    | <b>8</b>     | <b>-113</b>  | <b>-13</b>   | <b>11</b>    | <b>32</b>    | <b>7</b>     | <b>22</b>    | <b>28</b>    |
| Net financials                        | -7           | -7           | -7           | -5           | -5           | -5           | -4           | -4           | -4           |
| PTP                                   | -15          | 1            | -120         | -18          | 6            | 27           | 3            | 18           | 24           |
| Taxes/Minorities                      | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings</b>                   | <b>-15</b>   | <b>1</b>     | <b>-120</b>  | <b>-18</b>   | <b>6</b>     | <b>27</b>    | <b>3</b>     | <b>18</b>    | <b>24</b>    |
| Non-recurring items                   | 12           | 2            | 113          | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings (adj.)</b>            | <b>-2</b>    | <b>3</b>     | <b>-7</b>    | <b>-18</b>   | <b>6</b>     | <b>27</b>    | <b>3</b>     | <b>18</b>    | <b>24</b>    |
| EPS                                   | -0.35        | 0.02         | -2.88        | -0.44        | 0.13         | 0.65         | 0.07         | 0.42         | 0.57         |
| EPS (adj.)                            | -0.06        | 0.07         | -0.17        | -0.44        | 0.13         | 0.65         | 0.07         | 0.42         | 0.57         |
| DPS                                   | 0.00         | 0.50         | 0.17         | 0.02         | 0.02         | 0.07         | 0.16         | 0.03         | 0.21         |
| <b>Balance Sheet (USDm)</b>           |              |              |              |              |              |              |              |              |              |
| Cash & short-term investments         | 166          | 156          | 134          | 128          | 135          | 154          | 143          | 153          | 161          |
| Other current assets                  | 75           | 67           | 93           | 83           | 83           | 83           | 83           | 83           | 83           |
| <b>Total current assets</b>           | <b>241</b>   | <b>223</b>   | <b>228</b>   | <b>211</b>   | <b>218</b>   | <b>237</b>   | <b>226</b>   | <b>236</b>   | <b>245</b>   |
| Property & equip. (incl. NBs)         | 1,307        | 1,305        | 1,139        | 1,129        | 1,093        | 1,081        | 1,069        | 1,057        | 1,046        |
| Other non-current assets              | 14           | 0            | 14           | 15           | 15           | 15           | 15           | 15           | 15           |
| <b>Total non-current assets</b>       | <b>1,321</b> | <b>1,306</b> | <b>1,153</b> | <b>1,144</b> | <b>1,108</b> | <b>1,096</b> | <b>1,084</b> | <b>1,073</b> | <b>1,061</b> |
| <b>TOTAL ASSETS</b>                   | <b>1,562</b> | <b>1,529</b> | <b>1,381</b> | <b>1,355</b> | <b>1,327</b> | <b>1,333</b> | <b>1,311</b> | <b>1,309</b> | <b>1,305</b> |
| <b>Total equity</b>                   | <b>998</b>   | <b>978</b>   | <b>851</b>   | <b>833</b>   | <b>837</b>   | <b>862</b>   | <b>858</b>   | <b>874</b>   | <b>889</b>   |
| Short-term debt                       | 70           | 71           | 75           | 80           | 74           | 75           | 76           | 76           | 75           |
| Other current liabilities             | 49           | 56           | 42           | 30           | 30           | 30           | 30           | 30           | 30           |
| <b>Total current liabilities</b>      | <b>119</b>   | <b>128</b>   | <b>117</b>   | <b>110</b>   | <b>104</b>   | <b>105</b>   | <b>106</b>   | <b>106</b>   | <b>105</b>   |
| Long-term debt                        | 445          | 423          | 413          | 412          | 385          | 366          | 347          | 328          | 311          |
| Other non-current liabilities         | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Total non-current liabilities</b>  | <b>445</b>   | <b>423</b>   | <b>413</b>   | <b>412</b>   | <b>385</b>   | <b>366</b>   | <b>347</b>   | <b>328</b>   | <b>311</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>1,562</b> | <b>1,529</b> | <b>1,381</b> | <b>1,355</b> | <b>1,327</b> | <b>1,333</b> | <b>1,311</b> | <b>1,309</b> | <b>1,305</b> |
| Working capital, receivables          | 43           | 41           | 44           | 36           | 36           | 36           | 36           | 36           | 36           |
| Working capital, payables             | 41           | 50           | 34           | 24           | 24           | 24           | 24           | 24           | 24           |
| <b>Net working capital</b>            | <b>2</b>     | <b>-9</b>    | <b>10</b>    | <b>12</b>    | <b>12</b>    | <b>12</b>    | <b>12</b>    | <b>12</b>    | <b>12</b>    |
| Interest bearing debt                 | 515          | 494          | 488          | 492          | 459          | 441          | 423          | 404          | 386          |
| Liquidity                             | 166          | 162          | 149          | 143          | 150          | 169          | 158          | 168          | 176          |
| <b>Net interest bearing debt</b>      | <b>349</b>   | <b>332</b>   | <b>338</b>   | <b>349</b>   | <b>309</b>   | <b>272</b>   | <b>264</b>   | <b>237</b>   | <b>210</b>   |
| <b>Cash Flow (USDm)</b>               |              |              |              |              |              |              |              |              |              |
| Net income                            | -15          | 1            | -120         | -18          | 6            | 27           | 3            | 18           | 24           |
| Depreciation                          | 18           | 18           | 18           | 16           | 15           | 15           | 15           | 15           | 15           |
| Other                                 | 1            | 1            | 115          | 2            | 0            | 0            | 0            | 0            | 0            |
| <b>Cash earnings</b>                  | <b>4</b>     | <b>20</b>    | <b>12</b>    | <b>0</b>     | <b>21</b>    | <b>43</b>    | <b>18</b>    | <b>33</b>    | <b>39</b>    |
| Changes in working capital            | 10           | 11           | -16          | -5           | 0            | 0            | 0            | 0            | 0            |
| <b>Net operational cash flow</b>      | <b>14</b>    | <b>31</b>    | <b>-4</b>    | <b>-5</b>    | <b>21</b>    | <b>43</b>    | <b>18</b>    | <b>33</b>    | <b>39</b>    |
| Capex                                 | -14          | -12          | -9           | -7           | -3           | -3           | -4           | -4           | -4           |
| Other investments                     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Proceeds from sales                   | 0            | 21           | 15           | 0            | 23           | 0            | 0            | 0            | 0            |
| Other                                 | -4           | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net investing cash flow</b>        | <b>-18</b>   | <b>9</b>     | <b>6</b>     | <b>-6</b>    | <b>20</b>    | <b>-3</b>    | <b>-4</b>    | <b>-4</b>    | <b>-4</b>    |
| Repayment of debt                     | -17          | -23          | -18          | -19          | -33          | -18          | -18          | -18          | -18          |
| Proceeds from debt                    | 22           | 0            | 11           | 24           | 0            | 0            | 0            | 0            | 0            |
| Dividends paid                        | 0            | -21          | -7           | -1           | -1           | -3           | -7           | -1           | -9           |
| 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>5</b>     | <b>-44</b>   | <b>-14</b>   | <b>5</b>     | <b>-33</b>   | <b>-21</b>   | <b>-25</b>   | <b>-20</b>   | <b>-27</b>   |
| Currency effect                       | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net cash flow</b>                  | <b>1</b>     | <b>-4</b>    | <b>-13</b>   | <b>-7</b>    | <b>7</b>     | <b>19</b>    | <b>-11</b>   | <b>10</b>    | <b>9</b>     |
| Cash balance                          | 166          | 156          | 134          | 128          | 135          | 154          | 143          | 153          | 161          |
| <b>Free cash flow</b>                 | <b>-4</b>    | <b>40</b>    | <b>2</b>     | <b>-11</b>   | <b>41</b>    | <b>40</b>    | <b>15</b>    | <b>29</b>    | <b>36</b>    |



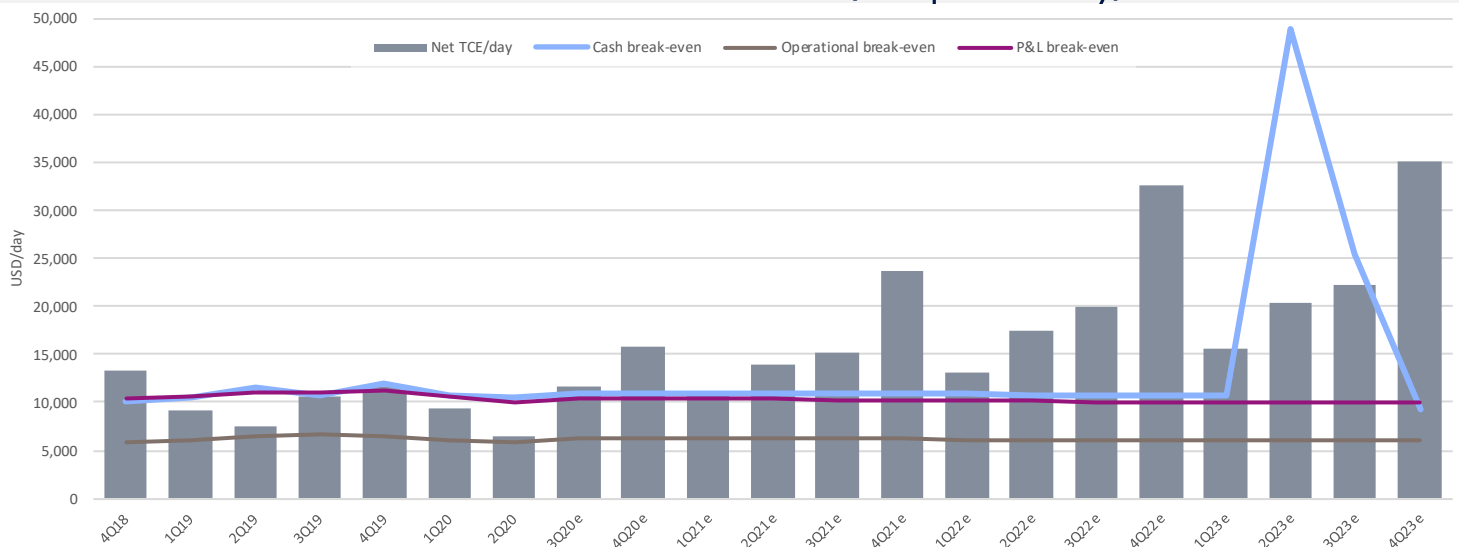
|                                 | 2015   | 2016   | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |        |        |       |       |       |       |       |       |       |
| Net sales                       | 134    | 122    | 184   | 253   | 216   | 219   | 314   | 380   | 426   |
| Operational costs               | -247   | -233   | -142  | -183  | -172  | -238  | -125  | -109  | -109  |
| EBITDA                          | -113   | -110   | 42    | 69    | 44    | -20   | 190   | 272   | 316   |
| Depreciation/Amortization       | -80    | -76    | -72   | -69   | -73   | -64   | -62   | -62   | -62   |
| EBIT                            | -193   | -186   | -30   | 1     | -28   | -84   | 128   | 210   | 255   |
| Net financials                  | -60    | -31    | -29   | -33   | -28   | -22   | -17   | -14   | -11   |
| PTP                             | -253   | -217   | -59   | -33   | -56   | -106  | 111   | 196   | 244   |
| Taxes/Minorities                | 58     | -1     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -195   | -218   | -59   | -33   | -56   | -106  | 111   | 196   | 244   |
| Non-recurring items             | 0      | 0      | 0     | 0     | 0     | 113   | 0     | 0     | 0     |
| Net earnings (adj.)             | -195   | -218   | -59   | -33   | -56   | 8     | 111   | 196   | 244   |
| EPS                             | -26.74 | -29.61 | -1.70 | -0.79 | -1.34 | -2.53 | 2.65  | 4.69  | 5.83  |
| EPS (adj.)                      | -26.74 | -29.61 | -1.70 | -0.79 | -1.34 | 0.18  | 2.65  | 4.69  | 5.83  |
| DPS                             | 0.00   | 0.00   | 0.00  | 0.00  | 0.50  | 0.28  | 0.70  | 1.89  | 2.78  |
| <b>Balance Sheet (USDm)</b>     |        |        |       |       |       |       |       |       |       |
| Cash & short-term investments   | 121    | 133    | 174   | 197   | 156   | 154   | 209   | 305   | 435   |
| Other current assets            | 51     | 39     | 43    | 73    | 67    | 83    | 83    | 83    | 83    |
| Total current assets            | 173    | 173    | 217   | 270   | 223   | 237   | 292   | 388   | 518   |
| Property & equip. (incl. NBs)   | 1,529  | 1,368  | 1,280 | 1,357 | 1,297 | 1,081 | 1,034 | 982   | 920   |
| Other non-current assets        | 13     | 28     | 24    | 0     | 9     | 15    | 15    | 15    | 15    |
| Total non-current assets        | 1,542  | 1,396  | 1,304 | 1,357 | 1,306 | 1,096 | 1,049 | 997   | 935   |
| TOTAL ASSETS                    | 1,715  | 1,569  | 1,521 | 1,627 | 1,529 | 1,333 | 1,341 | 1,385 | 1,453 |
| Total equity                    | 1,106  | 1,030  | 975   | 1,053 | 978   | 862   | 944   | 1,061 | 1,188 |
| Short-term debt                 | 579    | 5      | 24    | 66    | 71    | 75    | 59    | 68    | 68    |
| Other current liabilities       | 29     | 24     | 28    | 36    | 56    | 30    | 30    | 30    | 30    |
| Total current liabilities       | 608    | 29     | 52    | 102   | 128   | 105   | 89    | 98    | 99    |
| Long-term debt                  | 1      | 510    | 493   | 472   | 423   | 366   | 308   | 226   | 166   |
| Other non-current liabilities   | 0      | 0      | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 1      | 510    | 493   | 472   | 423   | 366   | 308   | 226   | 166   |
| TOTAL EQUITY & LIABILITIES      | 1,715  | 1,569  | 1,521 | 1,627 | 1,529 | 1,333 | 1,341 | 1,385 | 1,453 |
| Working capital, receivables    | 11     | 10     | 13    | 52    | 41    | 36    | 36    | 36    | 36    |
| Working capital, payables       | 27     | 23     | 23    | 29    | 50    | 24    | 24    | 24    | 24    |
| Net working capital             | -17    | -13    | -10   | 23    | -9    | 12    | 12    | 12    | 12    |
| Interest bearing debt           | 580    | 515    | 518   | 539   | 494   | 441   | 368   | 294   | 235   |
| Liquidity                       | 141    | 142    | 182   | 202   | 162   | 169   | 224   | 320   | 450   |
| Net interest bearing debt       | 440    | 373    | 336   | 336   | 332   | 272   | 144   | -26   | -215  |
| <b>Cash Flow (USDm)</b>         |        |        |       |       |       |       |       |       |       |
| Net income                      | -195   | -218   | -59   | -33   | -56   | -106  | 111   | 196   | 244   |
| Depreciation                    | 80     | 76     | 72    | 69    | 73    | 64    | 62    | 62    | 62    |
| Other                           | 52     | 90     | 20    | 56    | 19    | 117   | 0     | 0     | 0     |
| Cash earnings                   | -64    | -52    | 33    | 92    | 36    | 76    | 173   | 258   | 305   |
| Changes in working capital      | 8      | 2      | -9    | -26   | 24    | -21   | 0     | 0     | 0     |
| Net operational cash flow       | -56    | -50    | 24    | 66    | 60    | 55    | 173   | 258   | 305   |
| Capex                           | -67    | -1     | -1    | -243  | -50   | -22   | -15   | -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     |
| Net investing cash flow         | -57    | 7      | 17    | -195  | -23   | 16    | -15   | -9    | 0     |
| Repayment of debt               | 158    | -65    | -4    | 32    | -56   | -88   | -73   | -73   | -311  |
| Proceeds from debt              | 302    | 400    | 0     | 568   | 22    | 35    | 0     | 0     | 251   |
| Dividends paid                  | 0      | 0      | 0     | 0     | -21   | -12   | -29   | -79   | -116  |
| New equity                      | 0      | —      | —     | 110   | —     | 0     | 0     | 0     | 0     |
| Other                           | -310   | -280   | -1    | -583  | -22   | -113  | 0     | 0     | 0     |
| Net financing cash flow         | 151    | 55     | -6    | 127   | -77   | -64   | -102  | -153  | -176  |
| Currency effect                 | 0      | 0      | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 38     | 12     | 36    | -2    | -41   | 7     | 55    | 96    | 130   |
| Cash balance                    | 121    | 150    | 185   | 197   | 156   | 163   | 218   | 314   | 444   |
| Free cash flow                  | -113   | -43    | 41    | -129  | 37    | 71    | 158   | 248   | 305   |



| 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      | 7     | 7      | 7     |
| Share price, end (USD)             | 15     | 7      | 13    | 8     | 11    | 7      | 7     | 7      | 7     |
| Market Cap.                        | 109    | 54     | 460   | 329   | 443   | 306    | 306   | 306    | 306   |
| NIBD                               | 440    | 373    | 336   | 336   | 332   | 272    | 144   | -26    | -215  |
| Minorities                         | 0      | 0      | 0     | 0     | 0     | 0      | 0     | 0      | 0     |
| Enterprise value                   | 548    | 428    | 796   | 665   | 776   | 578    | 449   | 280    | 91    |
| Key Figures & Ratios               | 2015   | 2016   | 2017  | 2018  | 2019  | 2020E  | 2021E | 2022E  | 2023E |
| P/E (reported)                     |        |        |       |       |       |        | 2.8   | 1.6    | 1.3   |
| P/E (adj.)                         |        |        |       |       |       | 39.9   | 2.8   | 1.6    | 1.3   |
| P/CE                               | 0.0    | 0.0    | 0.0   | 0.0   | 0.0   | 0.0    | 0.0   | 0.0    | 0.0   |
| P/Sales                            | 0.8    | 0.4    | 2.5   | 1.3   | 2.0   | 1.4    | 1.0   | 0.8    | 0.7   |
| EV/Sales                           | 4.1    | 3.5    | 4.3   | 2.6   | 3.6   | 2.6    | 1.4   | 0.7    | 0.2   |
| EV/EBITDA                          |        |        | 18.9  | 9.6   | 17.5  |        | 2.4   | 1.0    | 0.3   |
| EV/EBIT                            |        |        |       |       |       |        | 3.5   | 1.3    | 0.4   |
| P/B                                | 0.1    | 0.1    | 0.5   | 0.3   | 0.5   | 0.4    | 0.3   | 0.3    | 0.3   |
| FCF yield                          | -104%  | -79%   | 9%    | -39%  | 8%    | 23%    | 52%   | 81%    | 100%  |
| Dividend yield                     | 0.0%   | 0.0%   | 0.0%  | 0.0%  | 4.7%  | 3.8%   | 9.5%  | 25.9%  | 38.0% |
| Return on equity (ROE)             | -17.6% | -21.1% | -6.0% | -3.1% | -5.7% | -12.3% | 11.8% | 18.5%  | 20.5% |
| Return on capital employed (ROCE)  | -12.5% | -13.6% | -2.3% | 0.0%  | -2.2% | -7.4%  | 11.8% | 20.3%  | 26.2% |
| Return on assets (ROA)             | -11.4% | -13.9% | -3.9% | -2.0% | -3.7% | -7.9%  | 8.3%  | 14.2%  | 16.8% |
| Sales growth                       | -36%   | -8%    | 51%   | 37%   | -14%  | 1%     | 44%   | 21%    | 12%   |
| EBITDA margin                      | -85%   | -90%   | 23%   | 28%   | 21%   | -9%    | 60%   | 71%    | 74%   |
| EBIT margin                        | -144%  | -152%  | -16%  | 0%    | -13%  | -38%   | 41%   | 55%    | 60%   |
| Net margin                         | -146%  | -178%  | -32%  | -13%  | -26%  | -48%   | 35%   | 52%    | 57%   |
| Net interest rate                  | 4.6%   | 7.6%   | 9.1%  | 9.8%  | 9.6%  | 7.8%   | 11.8% | -54.1% | -5.1% |
| 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%   | 65%    | 70%   | 77%    | 82%   |
| Leverage ratio                     | 35%    | 34%    | 36%   | 35%   | 36%   | 35%    | 30%   | 23%    | 18%   |
| NIBD / EBITDA (past 1y)            | -3.9   | -3.4   | 8.0   | 4.8   | 7.5   | -14.0  | 0.8   | -0.1   | -0.7  |
| Operating cash flow/NIBD           | -0.1   | -0.1   | 0.1   | 0.2   | 0.2   | 0.2    | 1.2   | -10.1  | -1.4  |
| Net interest coverage ratio (EBIT) | -5.7   | -3.9   | 1.4   | 2.1   | 1.4   | -0.9   | 11.2  | 19.7   | 29.0  |
| Current ratio                      | 0.3    | 6.0    | 4.1   | 2.7   | 1.7   | 2.3    | 3.3   | 4.0    | 5.3   |
| Adj. equity ratio                  |        |        |       |       |       | 52%    | 66%   | 77%    | 83%   |
| Operating assets                   | 1,574  | 1,400  | 1,316 | 1,425 | 1,367 | 1,164  | 1,117 | 1,065  | 1,003 |
| Operating liabilities              | 29     | 24     | 28    | 36    | 56    | 30     | 30    | 30     | 30    |
| Net operating assets               | 1,545  | 1,376  | 1,288 | 1,389 | 1,310 | 1,134  | 1,087 | 1,035  | 973   |

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

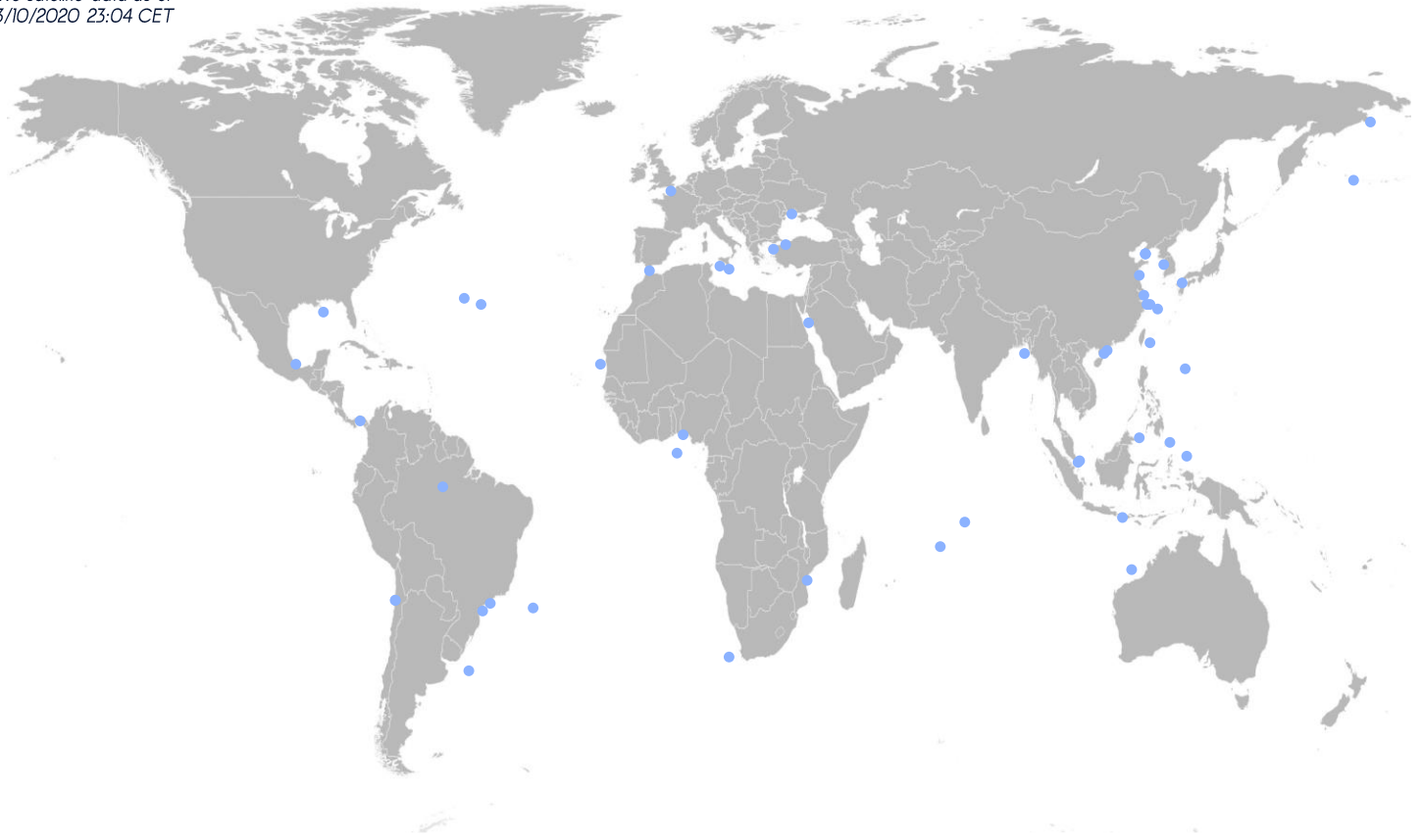
## Break-even levels vs TCE revenue (USD per fleet day)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:04 CET

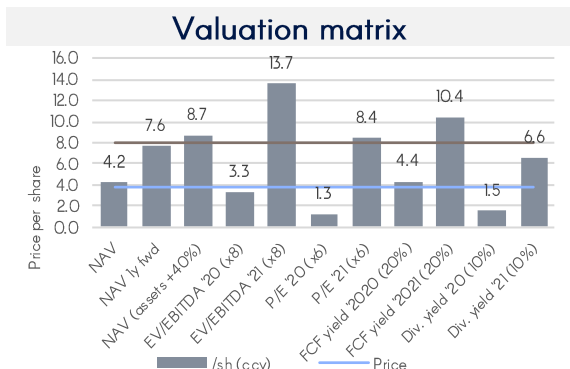
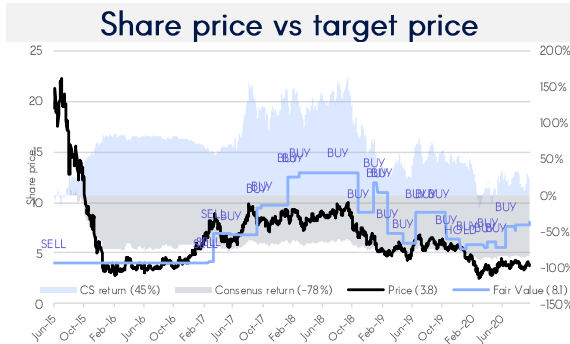




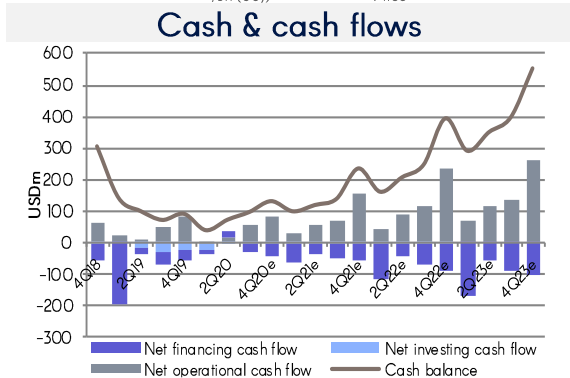
## GOGL-US

BUY/\$8.1

## Golden Ocean



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### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 451   | 629   | 818   | 915   |
| EBITDA (adj.)       | 195   | 356   | 522   | 616   |
| EBIT (adj.)         | 84    | 248   | 414   | 508   |
| PTP (adj.)          | 31    | 202   | 372   | 470   |
| Net earnings (adj.) | 31    | 202   | 372   | 470   |
| EPS (adj.)          | 0.21  | 1.40  | 2.58  | 3.26  |
| DPS                 | 0.15  | 0.66  | 1.41  | 2.17  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 773   | 1,397 | 1,986 | 2,493 |
| Adj. equity ratio   | 36%   | 53%   | 63%   | 70%   |
| FCF yield           | 23%   | 55%   | 86%   | 107%  |
| Dividend yield      | 4%    | 18%   | 37%   | 58%   |
| EV/EBITDA           | 19.7  | 4.0   | 2.2   | 1.4   |
| P/E (adj.)          | 17.5  | 2.7   | 1.5   | 1.2   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 151    | 310    | 480    | 578    |
| Free cash flow                | 126    | 299    | 467    | 578    |
| Net cash flow                 | 58     | 105    | 160    | 160    |
| TCE/day                       | 13,772 | 19,122 | 25,071 | 28,756 |
| Cash break-even               | 12,320 | 11,362 | 12,052 | 12,302 |
| Liquidity                     | 163    | 268    | 429    | 589    |
| Property & Equip. (incl. NBs) | 2,275  | 2,178  | 2,082  | 1,974  |
| Total equity                  | 1,374  | 1,481  | 1,649  | 1,806  |
| Total assets                  | 2,726  | 2,733  | 2,798  | 2,850  |
| Interest bearing debt         | 1,239  | 1,140  | 1,036  | 931    |
| Net interest bearing debt     | 1,076  | 872    | 607    | 343    |
| Market Cap.                   | 542    | 542    | 542    | 542    |

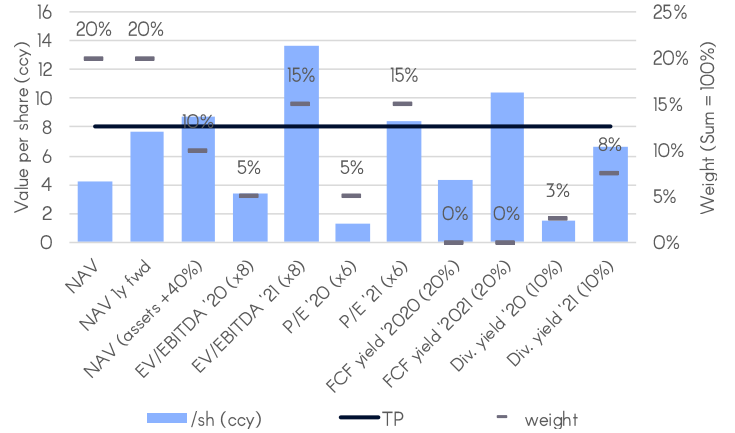


## Company Valuation

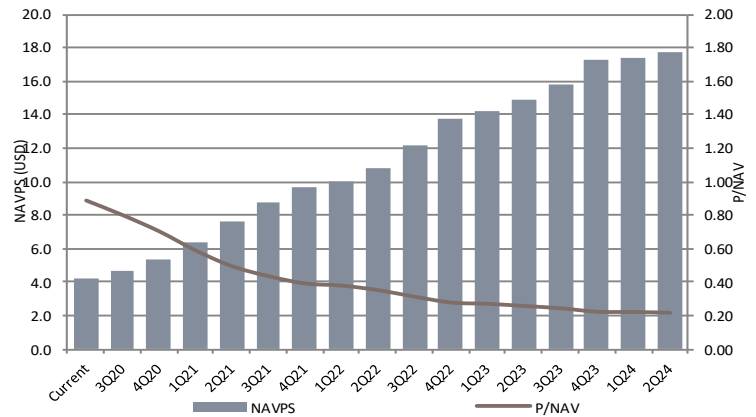
### Valuation & target price

| Valuation                |              |                 |              |
|--------------------------|--------------|-----------------|--------------|
| USDm                     | Book Value   | Net Asset Value | Market cap.  |
| Primary assets           | 2,324        | 1,623           | 1,565        |
| Contract value           | 0            | 8               | 8            |
| Other                    | 287          | 287             | 277          |
| <b>GAV</b>               | <b>2,612</b> | <b>1,919</b>    | <b>1,850</b> |
| Net debt                 | -1,195       | -1,195          | -1,195       |
| Capex                    | 0            | 0               | 0            |
| Other                    | -113         | -113            | -113         |
| <b>Equity</b>            | <b>1,304</b> | <b>611</b>      | <b>542</b>   |
| Shares                   | 144          | 144             | 144          |
| <b>Equity/sh</b>         | <b>9.04</b>  | <b>4.23</b>     | <b>3.76</b>  |
| lcl CCY                  | 9.04         | 4.23            | 3.76         |
| <br>                     |              |                 |              |
| <b>P/Equity</b>          | <b>0.42</b>  | <b>0.89</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>            | <b>0.71</b>  | <b>0.96</b>     | <b>1.00</b>  |
| <br>                     |              |                 |              |
| Adj. Total Assets        | 2,716        | 2,014           | 1,957        |
| <b>Adj. Equity Ratio</b> | <b>48%</b>   | <b>30%</b>      | <b>28%</b>   |
| <b>Fair Value</b>        | <b>USD</b>   | <b>8.1</b>      | <b>114%</b>  |
|                          | <b>NOK</b>   | <b>74.4</b>     |              |

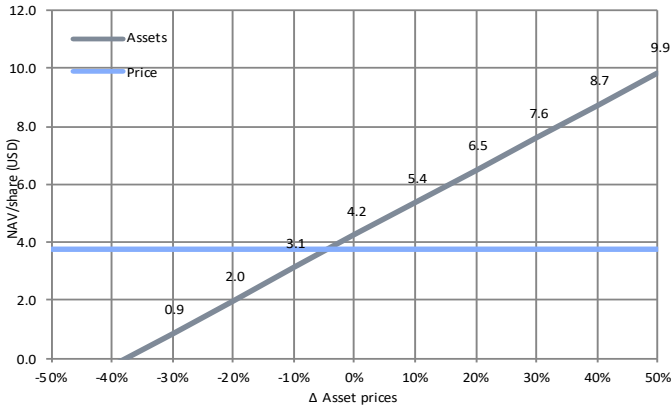
### Valuation Matrix



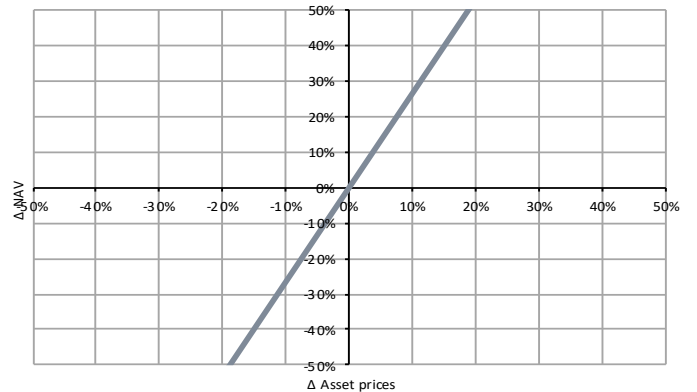
### Quarterly forward NAV & P/NAV



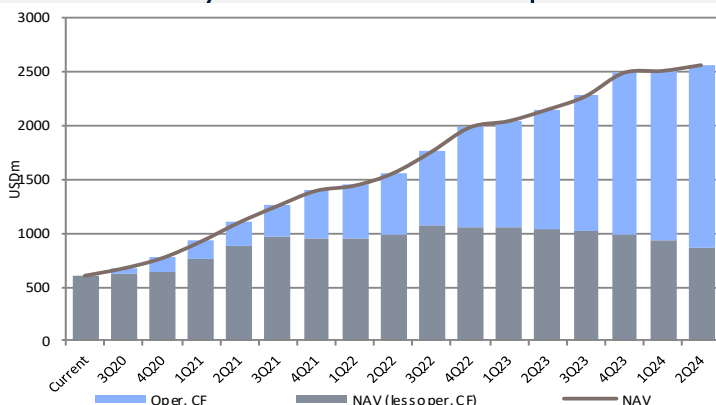
### Impact on NAV/sh from % change in asset prices



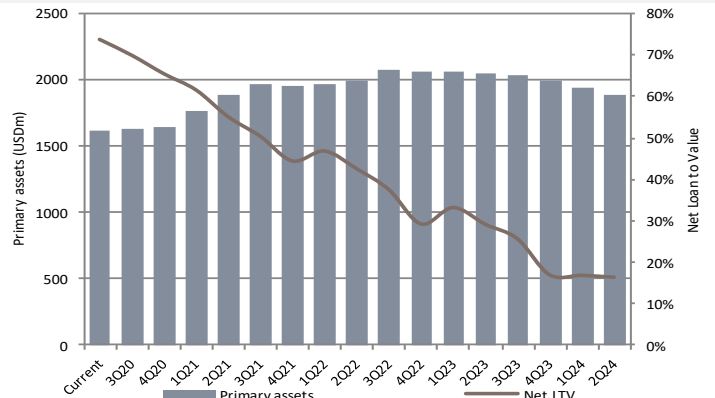
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm         | 3Q20        |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 161.7       | 67.2        | 137.4          | 127.7            |                |              |                |              |
| EBITDA (adj.)                | 77.8        | 14.6        | 69.7           | 57.3             |                |              |                |              |
| EBIT (adj.)                  | 54.5        | -12.5       | 42.4           | 29.6             |                |              |                |              |
| PTP (adj.)                   | 42.9        | -26.3       | 29.9           | 23.1             |                |              |                |              |
| Net earnings (adj.)          | 42.8        | -26.3       | 29.9           | 16.1             |                |              |                |              |
| EPS (adj.)                   | 0.30        | -0.18       | 0.21           | 0.11             |                |              |                |              |
| DPS                          | 0.15        | -           | 0.10           | 0.01             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 161.7       | 67.2        | 137.4          | 127.7            |                |              |                |              |
| Opex & G&A                   | 83.9        | 52.6        | 67.7           | 70.4             |                |              |                |              |
| Depreciation                 | 23.3        | 27.0        | 27.3           | 27.7             |                |              |                |              |
| Net finance                  | 11.6        | 13.8        | 12.5           | 6.5              |                |              |                |              |
| Taxes & Minorities           | 0.0         | 0.0         | -              | 7.0              |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q20   |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 46     | 16     | 57      |           |            |       |            |       |
| Free cash flow            | 14     | 14     | 55      |           |            |       |            |       |
| Net cash flow             | -24    | 34     | 25      |           |            |       |            |       |
| TCE/day                   | 19,151 | 8,482  | 16,254  |           |            |       |            |       |
| Utilization               | 97.3%  | 96.8%  | 97.0%   |           |            |       |            |       |
| Fleet days                | 8,674  | 8,179  | 8,716   |           |            |       |            |       |
| Cash break-even           | 12,472 | 11,998 | 11,527  |           |            |       |            |       |
| Liquidity                 | 87     | 104    | 129     |           |            |       |            |       |
| Interest bearing debt     | 1,328  | 1,299  | 1,269   |           |            |       |            |       |





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |              |              |              |     |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------------|--------------|--------------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E        | 2022E        | 2023E        |     |
| Net sales                | 451   | 629   | 818   | 915   | 506   | 590   | 823   | 876   | -54                | 39           | -5           | 39           |     |
| EBITDA (adj.)            | 195   | 356   | 522   | 616   | 222   | 296   | 500   | 555   | -28                | 61           | 22           | 61           |     |
| EBIT (adj.)              | 84    | 248   | 414   | 508   | 106   | 180   | 383   | 439   | -22                | 68           | 30           | 69           |     |
| PTP (adj.)               | 31    | 202   | 372   | 470   | 49    | 124   | 332   | 392   | -18                | 78           | 40           | 78           |     |
| Net earnings (adj.)      | 31    | 202   | 372   | 470   | 49    | 124   | 332   | 392   | -18                | 78           | 40           | 78           |     |
| EPS (adj.)               | 0.21  | 1.40  | 2.58  | 3.26  | 0.34  | 0.86  | 2.30  | 2.72  | -0.12              | 0.54         | 0.28         | 0.54         |     |
| DPS                      | 0.15  | 0.66  | 1.41  | 2.17  | 0.14  | 0.77  | 1.22  | 1.89  | 0.02               | -0.11        | 0.18         | 0.29         |     |
|                          |       |       |       |       |       |       |       |       | <b>2020E</b>       | <b>2021E</b> | <b>2022E</b> | <b>2023E</b> |     |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | -54          | 39           | -5           | 39  |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -27          | -21          | -27          | -22 |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -6           | -8           | -8           | -8  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -4           | -9           | -10          | -9  |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | 0            | -            | -            | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |       |       |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E  |
| Net operational cash flow     | 151    | 310    | 480    | 578    | 159    | 240    | 448    | 508    | -8     | 70    | 32    | 70     |
| Free cash flow                | 126    | 299    | 467    | 578    | 131    | 226    | 438    | 508    | -5     | 73    | 29    | 70     |
| Net cash flow                 | 58     | 105    | 160    | 160    | 66     | 65     | 158    | 132    | -8     | 39    | 2     | 29     |
| TCE/day                       | 13,772 | 19,122 | 25,071 | 28,756 | 15,407 | 17,949 | 25,262 | 27,593 | -1,636 | 1,173 | -190  | 1,163  |
| Cash break-even               | 12,320 | 11,362 | 12,052 | 12,302 | 12,556 | 11,774 | 14,321 | 14,499 | -236   | -413  | ##### | -2,197 |
| Liquidity                     | 163    | 268    | 429    | 589    | 186    | 251    | 409    | 541    | -22    | 17    | 19    | 48     |
| Property & Equip. (incl. NBs) | 2,275  | 2,178  | 2,082  | 1,974  | 2,257  | 2,155  | 2,048  | 1,932  | 18     | 23    | 34    | 42     |
| Total equity                  | 1,374  | 1,481  | 1,649  | 1,806  | 1,409  | 1,422  | 1,577  | 1,697  | -35    | 59    | 72    | 109    |
| Total assets                  | 2,726  | 2,733  | 2,798  | 2,850  | 2,827  | 2,790  | 2,842  | 2,857  | -101   | -57   | -44   | -7     |
| Interest bearing debt         | 1,239  | 1,140  | 1,036  | 931    | 1,297  | 1,248  | 1,144  | 1,039  | -58    | -108  | -108  | -108   |
| Net interest bearing debt     | 1,076  | 872    | 607    | 343    | 1,111  | 996    | 735    | 498    | -35    | -125  | -127  | -156   |
| Market Cap.                   | 542    | 542    | 542    | 542    | 597    | 597    | 597    | 597    | -55    | -55   | -55   | -55    |
| Enterprise value              | 1,618  | 1,414  | 1,150  | 885    | 1,709  | 1,594  | 1,332  | 1,096  | -90    | -180  | -182  | -211   |

### Valuation

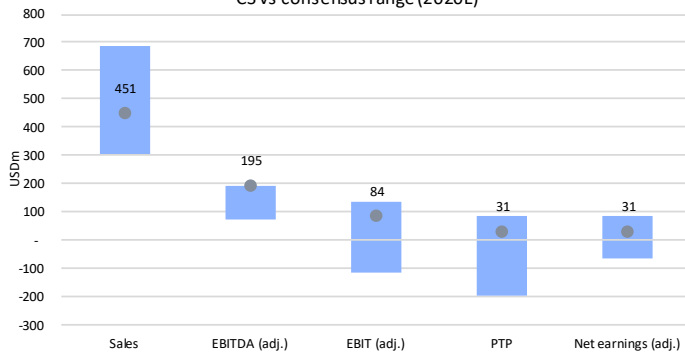
| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 773   | 1,397 | 1,986 | 2,493 | 853   | 1,344 | 1,933 | 2,325 | -80    | 53    | 53    | 168   |
| Adj. equity ratio        | 36%   | 53%   | 63%   | 70%   | 38%   | 50%   | 60%   | 67%   | -1%    | 3%    | 3%    | 4%    |
| FCF yield                | 23%   | 55%   | 86%   | 107%  | 22%   | 38%   | 73%   | 85%   | 1%     | 17%   | 13%   | 22%   |
| Dividend yield           | 4%    | 18%   | 37%   | 58%   | 3%    | 19%   | 30%   | 46%   | 1%     | -1%   | 8%    | 12%   |
| EV/EBITDA                | 19.7  | 4.0   | 2.2   | 1.4   | 14.5  | 5.4   | 2.7   | 2.0   | 5.1    | -1.4  | -0.5  | -0.5  |
| P/E (adj.)               | 17.5  | 2.7   | 1.5   | 1.2   | 12.3  | 4.8   | 1.8   | 1.5   | 5.2    | -2.1  | -0.3  | -0.4  |



## Our Estimates vs Consensus

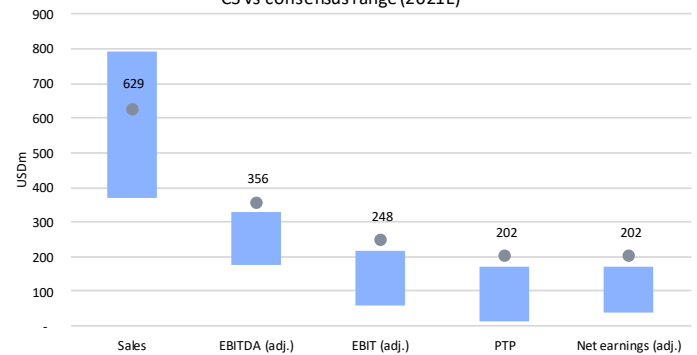
### Profit & Loss, year I

CS vs consensus range (2020E)

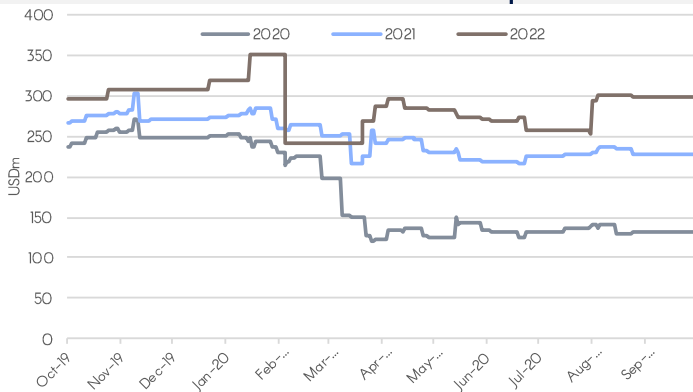


### Profit & Loss, year II

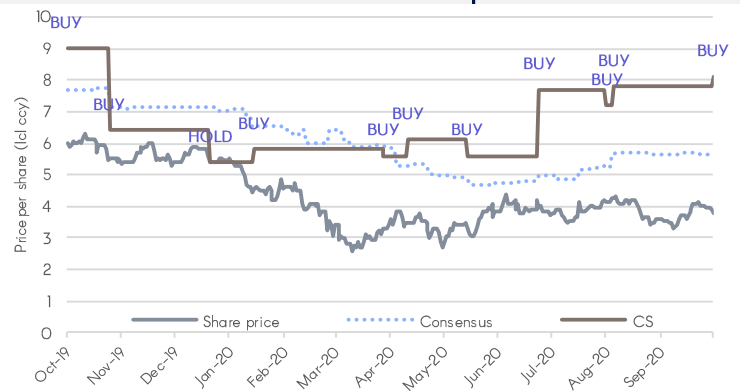
CS vs consensus range (2021E)



### Consensus EBITDA development



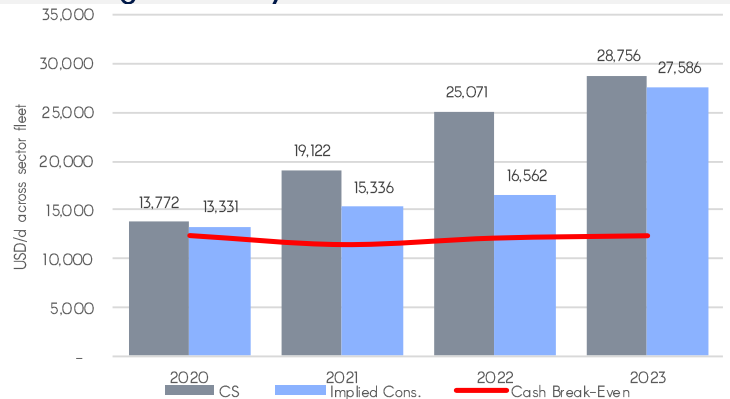
### Fair value vs share price



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

|                    | 2020 | CS | Consensus | Diff. | Diff. |
|--------------------|------|----|-----------|-------|-------|
| TCE revenue        | 451  |    | 437       | 14    | 3%    |
| Opex + G&A         | 256  |    | 305       | -48   | -16%  |
| Depreciation       | 111  |    | 154       | -43   | -28%  |
| Net finance        | 53   |    | 96        | -43   | -45%  |
| Taxes & Minorities | 0    |    | -107      | 107   | -100% |
|                    | 2021 | CS | Consensus | Diff. | Diff. |
| TCE revenue        | 629  |    | 504       | 125   | 25%   |
| Opex + G&A         | 272  |    | 276       | -3    | -1%   |
| Depreciation       | 108  |    | 112       | -4    | -4%   |
| Net finance        | 46   |    | 42        | 4     | 11%   |
| Taxes & Minorities | 0    |    | -9        | 9     | -100% |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 162   | 184   | 81    | 67    | 137   | 165   | 101   | 128   | 151   |
| Operational costs               | -85   | -115  | -170  | -60   | -68   | -71   | -59   | -60   | -70   |
| EBITDA                          | 77    | 69    | -89   | 7     | 70    | 94    | 42    | 68    | 80    |
| Depreciation/Amortization       | -23   | -24   | -29   | -27   | -27   | -27   | -27   | -27   | -27   |
| EBIT                            | 53    | 46    | -118  | -20   | 42    | 67    | 15    | 41    | 53    |
| Net financials                  | -17   | -5    | -43   | -21   | -13   | -12   | -12   | -12   | -11   |
| PTP                             | 37    | 41    | -161  | -41   | 30    | 55    | 4     | 29    | 42    |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | 37    | 41    | -161  | -41   | 30    | 55    | 4     | 29    | 42    |
| Non-recurring items             | 6     | -5    | 133   | 15    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | 43    | 36    | -27   | -26   | 30    | 55    | 4     | 29    | 42    |
| EPS                             | 0.25  | 0.28  | -1.12 | -0.29 | 0.21  | 0.38  | 0.02  | 0.20  | 0.29  |
| EPS (adj.)                      | 0.30  | 0.25  | -0.19 | -0.18 | 0.21  | 0.38  | 0.02  | 0.20  | 0.29  |
| DPS                             | 0.10  | 0.15  | 0.05  | 0.00  | 0.00  | 0.10  | 0.27  | 0.05  | 0.14  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 69    | 89    | 36    | 70    | 95    | 130   | 97    | 117   | 137   |
| Other current assets            | 204   | 184   | 193   | 147   | 147   | 147   | 147   | 147   | 147   |
| Total current assets            | 274   | 273   | 229   | 218   | 242   | 277   | 244   | 264   | 284   |
| Property & equip. (incl. NBs)   | 2,348 | 2,341 | 2,334 | 2,324 | 2,300 | 2,275 | 2,251 | 2,227 | 2,202 |
| Other non-current assets        | 314   | 352   | 240   | 174   | 174   | 174   | 174   | 174   | 174   |
| Total non-current assets        | 2,662 | 2,693 | 2,574 | 2,498 | 2,474 | 2,449 | 2,425 | 2,401 | 2,376 |
| TOTAL ASSETS                    | 2,935 | 2,966 | 2,803 | 2,716 | 2,716 | 2,726 | 2,669 | 2,665 | 2,661 |
| Total equity                    | 1,495 | 1,513 | 1,345 | 1,304 | 1,334 | 1,374 | 1,339 | 1,361 | 1,382 |
| Short-term debt                 | 116   | 120   | 428   | 417   | 270   | 309   | 356   | 338   | 318   |
| Other current liabilities       | 112   | 114   | 121   | 113   | 113   | 113   | 113   | 113   | 113   |
| Total current liabilities       | 228   | 233   | 549   | 530   | 383   | 422   | 469   | 451   | 431   |
| Long-term debt                  | 1,212 | 1,219 | 909   | 882   | 999   | 931   | 862   | 854   | 847   |
| Other non-current liabilities   | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 1,212 | 1,219 | 909   | 882   | 999   | 931   | 862   | 854   | 847   |
| TOTAL EQUITY & LIABILITIES      | 2,935 | 2,966 | 2,803 | 2,716 | 2,716 | 2,726 | 2,669 | 2,665 | 2,661 |
| Working capital, receivables    | 0     | 74    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Working capital, payables       | 0     | 57    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net working capital             | 0     | 17    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Interest bearing debt           | 1,328 | 1,339 | 1,337 | 1,299 | 1,269 | 1,239 | 1,218 | 1,192 | 1,166 |
| Liquidity                       | 87    | 104   | 85    | 104   | 129   | 163   | 131   | 151   | 171   |
| Net interest bearing debt       | 1,241 | 1,235 | 1,252 | 1,195 | 1,141 | 1,076 | 1,087 | 1,041 | 995   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 37    | 41    | -161  | -41   | 30    | 55    | 4     | 29    | 42    |
| Depreciation                    | 23    | 24    | 29    | 27    | 27    | 27    | 27    | 27    | 27    |
| Other                           | 6     | -3    | 130   | 12    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 66    | 61    | -2    | -2    | 57    | 82    | 30    | 56    | 69    |
| Changes in working capital      | -20   | 23    | -3    | 18    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 46    | 84    | -5    | 16    | 57    | 82    | 30    | 56    | 69    |
| Capex                           | -12   | -23   | -17   | -7    | -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                           | -20   | 1     | -1    | 5     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -32   | -22   | -18   | -2    | -3    | -3    | -3    | -3    | -3    |
| Repayment of debt               | -23   | -178  | -41   | -39   | -30   | -30   | -319  | -26   | -26   |
| Proceeds from debt              | 0     | 164   | 36    | 0     | 0     | 0     | 297   | 0     | 0     |
| Dividends paid                  | -14   | -21   | -7    | 0     | 0     | -15   | -38   | -7    | -20   |
| New equity                      | 0     | 1     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -1    | -4    | 0     | 58    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -38   | -38   | -12   | 20    | -30   | -45   | -60   | -33   | -46   |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -24   | 24    | -35   | 34    | 25    | 35    | -33   | 20    | 20    |
| Cash balance                    | 69    | 89    | 36    | 70    | 95    | 130   | 97    | 117   | 137   |
| Free cash flow                  | 14    | 62    | -22   | 14    | 55    | 80    | 28    | 53    | 66    |



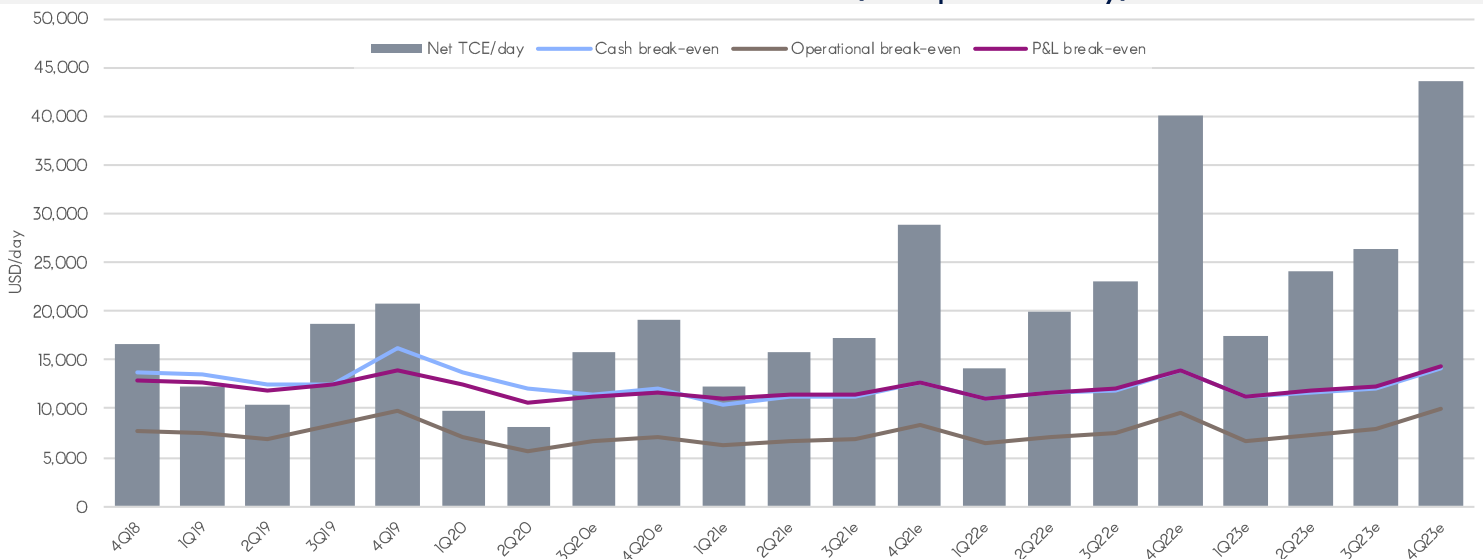
|                                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 112   | 167   | 341   | 494   | 521   | 451   | 629   | 818   | 915   |
| Operational costs               | -294  | -174  | -213  | -257  | -326  | -369  | -272  | -296  | -299  |
| EBITDA                          | -182  | -7    | 128   | 237   | 195   | 82    | 356   | 522   | 616   |
| Depreciation/Amortization       | -53   | -63   | -78   | -92   | -94   | -111  | -108  | -108  | -108  |
| EBIT                            | -235  | -70   | 50    | 145   | 101   | -28   | 248   | 414   | 508   |
| Net financials                  | 14    | -58   | -52   | -60   | -63   | -89   | -46   | -42   | -38   |
| PTP                             | -221  | -128  | -2    | 85    | 37    | -117  | 202   | 372   | 470   |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -221  | -128  | -2    | 85    | 37    | -117  | 202   | 372   | 470   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | 148   | 0     | 0     | 0     |
| Net earnings (adj.)             | -221  | -128  | -2    | 85    | 37    | 31    | 202   | 372   | 470   |
| EPS                             | -6.39 | -1.21 | -0.02 | 0.59  | 0.26  | -0.82 | 1.40  | 2.58  | 3.26  |
| EPS (adj.)                      | -6.39 | -1.21 | -0.02 | 0.59  | 0.26  | 0.21  | 1.40  | 2.58  | 3.26  |
| DPS                             | 0.00  | 0.00  | 0.00  | 0.45  | 0.32  | 0.15  | 0.66  | 1.41  | 2.17  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 103   | 213   | 309   | 305   | 89    | 130   | 234   | 395   | 555   |
| Other current assets            | 101   | 87    | 135   | 156   | 184   | 147   | 147   | 147   | 147   |
| Total current assets            | 204   | 300   | 445   | 461   | 273   | 277   | 382   | 542   | 703   |
| Property & equip. (incl. NBs)   | 1,488 | 1,759 | 2,215 | 2,406 | 2,341 | 2,275 | 2,178 | 2,082 | 1,974 |
| Other non-current assets        | 481   | 303   | 211   | 84    | 352   | 174   | 174   | 174   | 174   |
| Total non-current assets        | 1,969 | 2,062 | 2,426 | 2,490 | 2,693 | 2,449 | 2,352 | 2,256 | 2,148 |
| TOTAL ASSETS                    | 2,173 | 2,362 | 2,870 | 2,951 | 2,966 | 2,726 | 2,733 | 2,798 | 2,850 |
| Total equity                    | 1,159 | 1,239 | 1,494 | 1,524 | 1,513 | 1,374 | 1,481 | 1,649 | 1,806 |
| Short-term debt                 | 36    | 5     | 115   | 477   | 120   | 309   | 255   | 290   | 243   |
| Other current liabilities       | 44    | 39    | 67    | 64    | 114   | 113   | 113   | 113   | 113   |
| Total current liabilities       | 80    | 44    | 182   | 542   | 233   | 422   | 368   | 403   | 356   |
| Long-term debt                  | 926   | 1,071 | 1,186 | 879   | 1,219 | 931   | 885   | 746   | 688   |
| Other non-current liabilities   | 9     | 8     | 8     | 7     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 934   | 1,079 | 1,194 | 886   | 1,219 | 931   | 885   | 746   | 688   |
| TOTAL EQUITY & LIABILITIES      | 2,173 | 2,362 | 2,870 | 2,951 | 2,966 | 2,726 | 2,733 | 2,798 | 2,850 |
| Working capital, receivables    | 25    | 33    | 44    | 56    | 74    | 0     | 0     | 0     | 0     |
| Working capital, payables       | 20    | 21    | 30    | 34    | 57    | 0     | 0     | 0     | 0     |
| Net working capital             | 4     | 12    | 14    | 21    | 17    | 0     | 0     | 0     | 0     |
| Interest bearing debt           | 962   | 1,076 | 1,301 | 1,356 | 1,339 | 1,239 | 1,140 | 1,036 | 931   |
| Liquidity                       | 103   | 213   | 317   | 326   | 104   | 163   | 268   | 429   | 589   |
| Net interest bearing debt       | 859   | 863   | 984   | 1,031 | 1,235 | 1,076 | 872   | 607   | 343   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -221  | -128  | -2    | 85    | 37    | -117  | 202   | 372   | 470   |
| Depreciation                    | 53    | 63    | 78    | 92    | 94    | 111   | 108   | 108   | 108   |
| Other                           | 153   | 40    | 19    | 34    | 10    | 142   | 0     | 0     | 0     |
| Cash earnings                   | -15   | -24   | 95    | 210   | 141   | 135   | 310   | 480   | 578   |
| Changes in working capital      | 0     | 1     | 1     | -24   | 18    | 15    | 0     | 0     | 0     |
| Net operational cash flow       | -15   | -23   | 95    | 187   | 159   | 151   | 310   | 480   | 578   |
| Capex                           | -519  | -268  | -160  | -158  | -44   | -29   | -11   | -13   | 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   | -113  | 0     | 0     | 0     |
| Net investing cash flow         | 113   | -175  | -19   | -141  | -73   | -25   | -11   | -13   | 0     |
| Repayment of debt               | -34   | 104   | -94   | 23    | -237  | -139  | -397  | -104  | -349  |
| Proceeds from debt              | 216   | 142   | 75    | 270   | 390   | 36    | 297   | 0     | 245   |
| Dividends paid                  | 0     | 0     | 0     | -65   | -47   | -22   | -95   | -203  | -313  |
| New equity                      | 0     | 205   | 123   | 0     | 1     | 0     | 0     | 0     | 0     |
| Other                           | -220  | -143  | -75   | -273  | -402  | -113  | 0     | 0     | 0     |
| Net financing cash flow         | -37   | 309   | 29    | -45   | -295  | -68   | -195  | -307  | -418  |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 60    | 110   | 105   | 1     | -209  | 58    | 105   | 160   | 160   |
| Cash balance                    | 103   | 213   | 309   | 305   | 89    | 147   | 252   | 412   | 573   |
| Free cash flow                  | 98    | -198  | 76    | 45    | 85    | 126   | 299   | 467   | 578   |



| 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>542</b>   | <b>542</b>   | <b>542</b>   | <b>542</b> |
| NIBD                               | 859          | 863          | 984          | 1,031        | 1,235        | 1,076        | 872          | 607          | 343        |
| 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>1,618</b> | <b>1,414</b> | <b>1,150</b> | <b>885</b> |
| Key Figures & Ratios               | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E      |
| P/E (reported)                     |              |              |              | 10.5         | 22.5         |              | 2.7          | 1.5          | 1.2        |
| P/E (adj.)                         |              |              |              | 10.5         | 22.5         | 17.5         | 2.7          | 1.5          | 1.2        |
| P/CE                               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0        |
| P/Sales                            | 1.6          | 3.0          | 3.4          | 1.8          | 1.6          | 1.2          | 0.9          | 0.7          | 0.6        |
| EV/Sales                           | 9.3          | 8.2          | 6.3          | 3.9          | 4.0          | 3.6          | 2.2          | 1.4          | 1.0        |
| EV/EBITDA                          |              |              | 16.7         | 8.1          | 10.7         | 19.7         | 4.0          | 2.2          | 1.4        |
| EV/EBIT                            |              |              | 42.8         | 13.2         | 20.6         |              | 5.7          | 2.8          | 1.7        |
| P/B                                | 0.2          | 0.4          | 0.8          | 0.6          | 0.6          | 0.4          | 0.4          | 0.3          | 0.3        |
| FCF yield                          | 53%          | -40%         | 7%           | 5%           | 10%          | 23%          | 55%          | 86%          | 107%       |
| Dividend yield                     | 0.0%         | 0.0%         | 0.0%         | 7.3%         | 5.6%         | 4.1%         | 17.5%        | 37.4%        | 57.8%      |
| Return on equity (ROE)             | -19.1%       | -10.3%       | -0.2%        | 5.5%         | 2.5%         | -8.5%        | 13.6%        | 22.5%        | 26.0%      |
| Return on capital employed (ROCE)  | -11.9%       | -3.4%        | 2.1%         | 5.8%         | 3.7%         | -1.2%        | 10.5%        | 18.3%        | 23.6%      |
| Return on assets (ROA)             | -10.2%       | -5.4%        | -0.1%        | 2.9%         | 1.3%         | -4.3%        | 7.4%         | 13.3%        | 16.5%      |
| Sales growth                       | 79%          | 49%          | 104%         | 45%          | 5%           | -13%         | 39%          | 30%          | 12%        |
| EBITDA margin                      | -162%        | -4%          | 38%          | 48%          | 37%          | 18%          | 57%          | 64%          | 67%        |
| EBIT margin                        | -209%        | -42%         | 15%          | 29%          | 19%          | -6%          | 39%          | 51%          | 55%        |
| Net margin                         | -197%        | -76%         | -1%          | 17%          | 7%           | -26%         | 32%          | 45%          | 51%        |
| Net interest rate                  | 3.3%         | 5.3%         | 6.1%         | 7.3%         | 4.8%         | 4.8%         | 5.3%         | 6.9%         | 11.1%      |
| Tax rate                           | -0.1%        | 0.1%         | -2.4%        | 0.3%         | 0.6%         | -0.1%        | 0.0%         | 0.0%         | 0.0%       |
| Equity ratio                       | 53%          | 52%          | 52%          | 52%          | 51%          | 50%          | 54%          | 59%          | 63%        |
| Leverage ratio                     | 47%          | 48%          | 48%          | 48%          | 49%          | 50%          | 46%          | 41%          | 37%        |
| NIBD / EBITDA (past 1y)            | -4.7         | -126.4       | 7.7          | 4.3          | 6.3          | 13.1         | 2.4          | 1.2          | 0.6        |
| Operating cash flow/NIBD           | 0.0          | 0.0          | 0.1          | 0.2          | 0.1          | 0.1          | 0.4          | 0.8          | 1.7        |
| Net interest coverage ratio (EBIT) | -6.4         | -0.1         | 2.1          | 3.2          | 3.3          | 1.6          | 7.7          | 12.4         | 16.2       |
| Current ratio                      | 2.5          | 6.9          | 2.4          | 0.9          | 1.2          | 0.7          | 1.0          | 1.3          | 2.0        |
| Adj. equity ratio                  |              |              |              |              |              | 36%          | 53%          | 63%          | 70%        |
| Operating assets                   | 2,021        | 2,095        | 2,498        | 2,579        | 2,803        | 2,563        | 2,465        | 2,370        | 2,261      |
| Operating liabilities              | 52           | 47           | 75           | 71           | 114          | 113          | 113          | 113          | 113        |
| Net operating assets               | 1,969        | 2,048        | 2,423        | 2,507        | 2,689        | 2,450        | 2,352        | 2,257        | 2,148      |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:13 CET





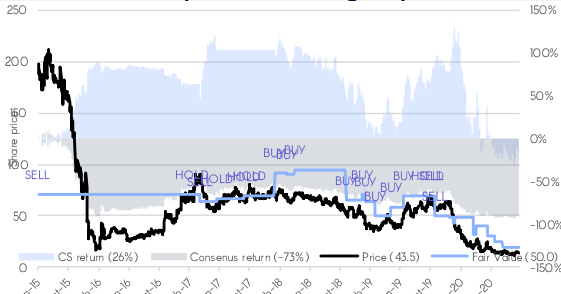
Selling off dry bulk vessels to finance new wind turbine vessel venture. Also shareholder of STNG

SALT-US

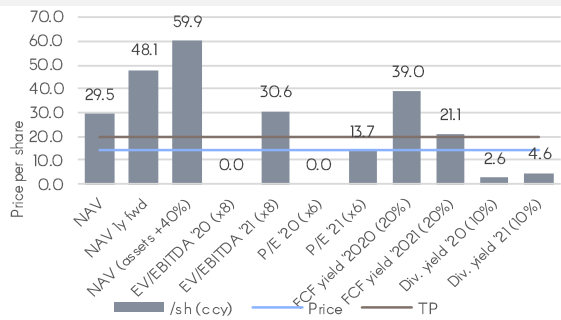
BUY/\$20

## Scorpio Bulkers

### Share price vs target price

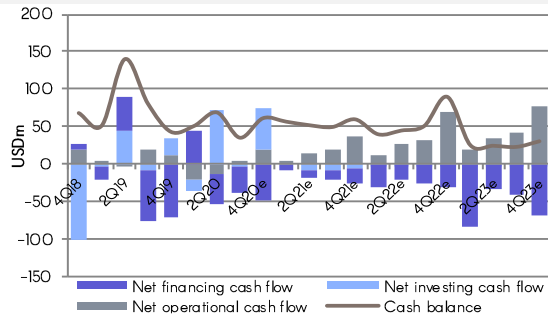


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 180   | 235   | 286   | 313   |
| EBITDA (adj.)       | 36    | 105   | 167   | 193   |
| EBIT (adj.)         | -13   | 59    | 120   | 146   |
| PTP (adj.)          | -50   | 28    | 93    | 126   |
| Net earnings (adj.) | -50   | 28    | 93    | 126   |
| EPS (adj.)          | -5.23 | 2.29  | 7.52  | 10.14 |
| DPS                 | 0.35  | 0.46  | 2.50  | 4.72  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 464   | 697   | 892   | 1,021 |
| Adj. equity ratio   | 43%   | 55%   | 64%   | 75%   |
| FCF yield           | 55%   | 30%   | 74%   | 92%   |
| Dividend yield      | 2%    | 3%    | 17%   | 33%   |
| EV/EBITDA           | 35.2  | 6.1   | 3.2   | 2.3   |
| P/E (adj.)          |       | 6.2   | 1.9   | 1.4   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | -12    | 75     | 140    | 172    |
| Free cash flow                | 97     | 52     | 131    | 163    |
| Net cash flow                 | 16     | -2     | 30     | -59    |
| TCE/day                       | 8,963  | 13,306 | 17,000 | 18,602 |
| Cash break-even               | 15,887 | 11,733 | 12,863 | 21,104 |
| Liquidity                     | 61     | 59     | 89     | 30     |
| Property & Equip. (incl. NBs) | 1,244  | 1,220  | 1,183  | 1,145  |
| Total equity                  | 788    | 811    | 873    | 940    |
| Total assets                  | 1,404  | 1,379  | 1,372  | 1,275  |
| Interest bearing debt         | 570    | 522    | 452    | 289    |
| Net interest bearing debt     | 509    | 463    | 363    | 259    |
| Market Cap.                   | 177    | 177    | 177    | 177    |

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

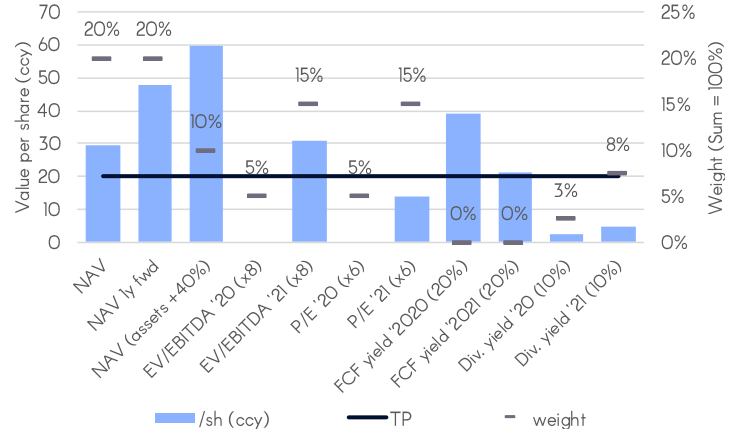


## Company Valuation

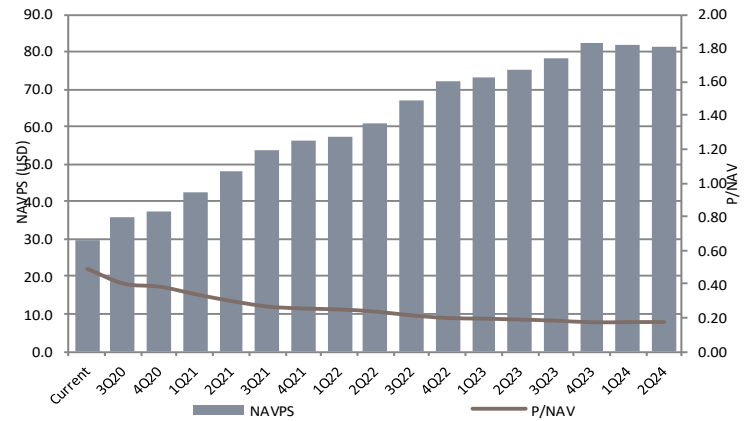
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,320        | 943             | 762          |
| Contract value    | 0            | 0               | 0            |
| Other             | 55           | 37              | 30           |
| <b>GAV</b>        | <b>1,375</b> | <b>980</b>      | <b>792</b>   |
| Net debt          | -584         | -584            | -584         |
| Capex             | 0            | -30             | -30          |
| Other             | -1           | -1              | -1           |
| <b>Equity</b>     | <b>789</b>   | <b>365</b>      | <b>177</b>   |
| Shares            | 12           | 12              | 12           |
| <b>Equity/sh</b>  | <b>63.73</b> | <b>29.46</b>    | <b>14.27</b> |
| ICL CCY           | 63.73        | 29.46           | 14.27        |
| <br>              |              |                 |              |
| P/Equity          | 0.22         | 0.48            | 1.00         |
| EV/GAV            | 0.58         | 0.81            | 1.00         |
| <br>              |              |                 |              |
| Adj. Total Assets | 1,488        | 1,111           | 930          |
| Adj. Equity Ratio | 53%          | 33%             | 19%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>20.0</b>     | <b>40%</b>   |

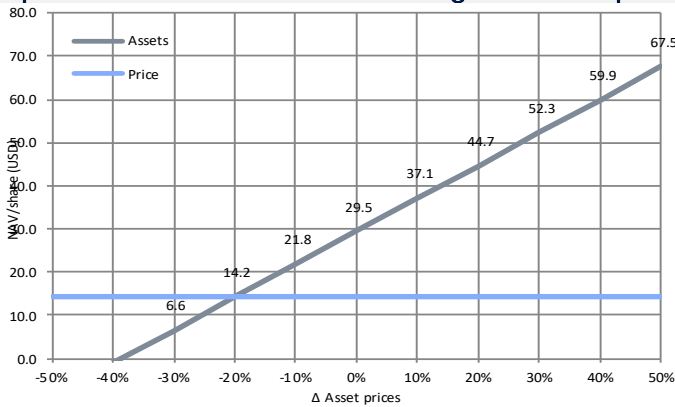
### Valuation Matrix



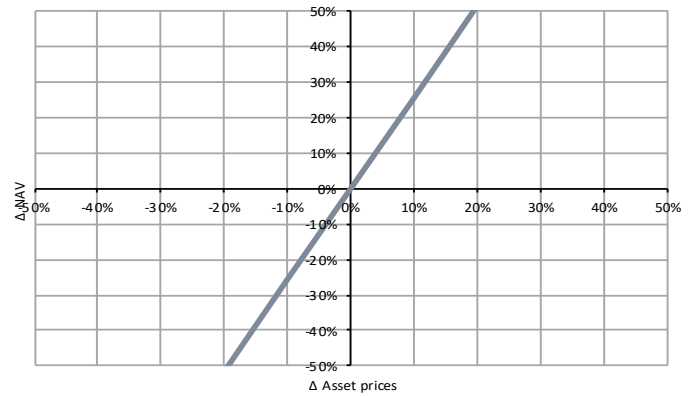
### Quarterly forward NAV & P/NAV



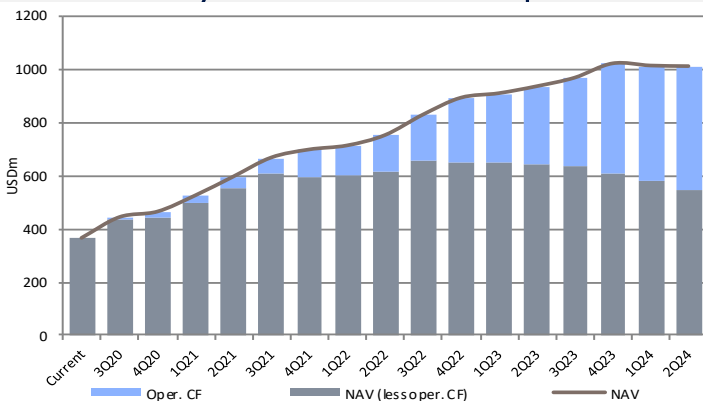
### Impact on NAV/sh from % change in asset prices



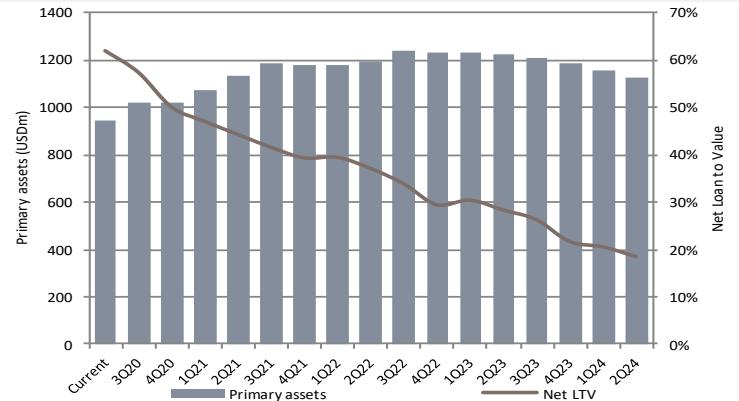
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value







## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm         | 3Q20        |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 62.7        | 24.7        | 50.5           | 45.8             |                |              |                |              |
| EBITDA (adj.)                | 22.1        | -8.8        | 13.3           | 9.3              |                |              |                |              |
| EBIT (adj.)                  | 8.6         | -21.5       | 0.8            | -3.8             |                |              |                |              |
| PTP (adj.)                   | -3.7        | -31.4       | -8.0           | -14.0            |                |              |                |              |
| Net earnings (adj.)          | -3.7        | -31.4       | -8.0           | -12.4            |                |              |                |              |
| EPS (adj.)                   | -0.51       | -2.61       | -0.65          | -1.04            |                |              |                |              |
| DPS                          | 0.20        | 0.05        | 0.05           | 0.05             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 62.7        | 24.7        | 50.5           | 45.8             |                |              |                |              |
| Opex & G&A                   | 40.6        | 33.5        | 37.2           | 36.5             |                |              |                |              |
| Depreciation                 | 13.5        | 12.7        | 12.5           | 13.1             |                |              |                |              |
| Net finance                  | 12.3        | 9.9         | 8.8            | 10.2             |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | -1.6             |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q20 |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19 | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 18   | -14    | 4       |           |            |       |            |       |
| Free cash flow            | 8    | 59     | 1       |           |            |       |            |       |
| Net cash flow             | -59  | 18     | -34     |           |            |       |            |       |
| TCE/day                   |      | 4,834  | 9,984   | 9,057     |            |       |            |       |
| Utilization               |      |        | 96.2%   |           |            |       |            |       |
| Fleet days                |      | 5,111  | 5,060   |           |            |       |            |       |
| Cash break-even           |      | 12,104 | 16,195  |           |            |       |            |       |
| Liquidity                 | 80   | 68     | 35      |           |            |       |            |       |
| Interest bearing debt     | 817  | 652    | 618     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |                    | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E              | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 180   | 235   | 286   | 313   | 209   | 245   | 299   | 307                | -30    | -10   | -13   | 6     |
| EBITDA (adj.)            | 36    | 105   | 167   | 193   | 66    | 111   | 177   | 184                | -30    | -6    | -10   | 9     |
| EBIT (adj.)              | -13   | 59    | 120   | 146   | 16    | 60    | 126   | 133                | -29    | -2    | -6    | 13    |
| PTP (adj.)               | -50   | 28    | 93    | 126   | -22   | 28    | 97    | 111                | -29    | 1     | -4    | 15    |
| Net earnings (adj.)      | -50   | 28    | 93    | 126   | -22   | 28    | 97    | 111                | -29    | 1     | -4    | 15    |
| EPS (adj.)               | -5.23 | 2.29  | 7.52  | 10.14 | -2.84 | 2.32  | 8.09  | 9.27               | -2.39  | -0.04 | -0.58 | 0.88  |
| DPS                      | 0.35  | 0.46  | 2.50  | 4.72  | 0.35  | 0.80  | 2.77  | 4.52               | -      | -0.34 | -0.28 | 0.21  |
|                          |       |       |       |       |       |       |       |                    | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |       |       |       | TCE revenue        | -30    | -10   | -13   | 6     |
|                          |       |       |       |       |       |       |       | Opex & G&A         | -0     | -4    | -3    | -2    |
|                          |       |       |       |       |       |       |       | Depreciation       | -1     | -4    | -4    | -4    |
|                          |       |       |       |       |       |       |       | Net finance        | -0     | -2    | -2    | -2    |
|                          |       |       |       |       |       |       |       | Taxes & Minorities | -      | -     | -     | -     |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | -12    | 75     | 140    | 172    | 17     | 79     | 148    | 162    | -29    | -4    | -8    | 11    |
| Free cash flow                | 97     | 52     | 131    | 163    | 70     | 56     | 138    | 152    | 26     | -4    | -7    | 11    |
| Net cash flow                 | 16     | -2     | 30     | -59    | 29     | -2     | 35     | -66    | -13    | 0     | -5    | 7     |
| TCE/day                       | 8,963  | 13,306 | 17,000 | 18,602 | 10,345 | 13,055 | 16,670 | 17,114 | -1,383 | 251   | 330   | 1,488 |
| Cash break-even               | 15,887 | 11,733 | 12,863 | 21,104 | 13,759 | 11,381 | 12,351 | 20,060 | 2,128  | 352   | 512   | 1,044 |
| Liquidity                     | 61     | 59     | 89     | 30     | 74     | 72     | 107    | 41     | -13    | -13   | -18   | -11   |
| Property & Equip. (incl. NBs) | 1,244  | 1,220  | 1,183  | 1,145  | 1,299  | 1,271  | 1,230  | 1,189  | -55    | -51   | -47   | -44   |
| Total equity                  | 788    | 811    | 873    | 940    | 817    | 835    | 899    | 956    | -29    | -24   | -26   | -15   |
| Total assets                  | 1,404  | 1,379  | 1,372  | 1,275  | 1,473  | 1,443  | 1,437  | 1,330  | -68    | -64   | -65   | -55   |
| Interest bearing debt         | 570    | 522    | 452    | 289    | 610    | 562    | 492    | 328    | -40    | -40   | -40   | -40   |
| Net interest bearing debt     | 509    | 463    | 363    | 259    | 536    | 490    | 385    | 287    | -26    | -27   | -22   | -28   |
| Market Cap.                   | 177    | 177    | 177    | 177    | 175    | 175    | 175    | 175    | 1      | 1     | 1     | 1     |
| Enterprise value              | 686    | 640    | 540    | 435    | 711    | 665    | 560    | 463    | -25    | -25   | -20   | -27   |

### Valuation

| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 464   | 697   | 892   | 1,021 | 514   | 714   | 929   | 1,022 | -50    | -17   | -37   | -2    |
| Adj. equity ratio        | 43%   | 55%   | 64%   | 75%   | 44%   | 54%   | 63%   | 73%   | -1%    | 1%    | 1%    | 2%    |
| FCF yield                | 55%   | 30%   | 74%   | 92%   | 40%   | 32%   | 79%   | 86%   | 15%    | -2%   | -5%   | 6%    |
| Dividend yield           | 2%    | 3%    | 17%   | 33%   | 2%    | 5%    | 19%   | 31%   | 0%     | -2%   | -1%   | 2%    |
| EV/EBITDA                | 35.2  | 6.1   | 3.2   | 2.3   | 14.5  | 6.0   | 3.2   | 2.5   | 20.8   | 0.1   | 0.1   | -0.3  |
| P/E (adj.)               |       | 6.2   | 1.9   | 1.4   |       | 6.3   | 1.8   | 1.6   | #####  | -0.1  | 0.1   | -0.2  |

### Various

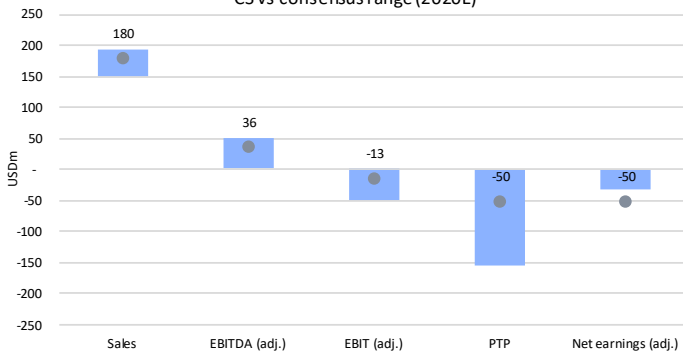
| Estimate changes<br>USDm |        |        |        |         |        |        |        |         | Change |       |       |       |
|--------------------------|--------|--------|--------|---------|--------|--------|--------|---------|--------|-------|-------|-------|
|                          | 2020E  | 2021E  | 2022E  | 2023E   | 2020E  | 2021E  | 2022E  | 2023E   | 2020E  | 2021E | 2022E | 2023E |
| Opex/day (excl. TC-in)   | -5,126 | -5,191 | -5,191 | -5,191  | -5,129 | -5,213 | -5,213 | -5,213  | 4      | 22    | 22    | 22    |
| G&A/day                  | -1,453 | -1,748 | -1,920 | -1,967  | -1,366 | -1,513 | -1,616 | -1,633  | -87    | -235  | -304  | -334  |
| Depreciation/day         | -2,451 | -2,625 | -2,778 | -2,778  | -2,469 | -2,688 | -2,836 | -2,836  | 18     | 63    | 59    | 59    |
| Net interest/day         | -1,831 | -1,706 | -1,601 | -1,217  | -1,829 | -1,723 | -1,625 | -1,265  | -2     | 17    | 24    | 48    |
| Amort./day               | -6,973 | -2,730 | -4,152 | -12,729 | -4,908 | -2,569 | -3,897 | -11,950 | #####  | -161  | -254  | -779  |



## Our Estimates vs Consensus

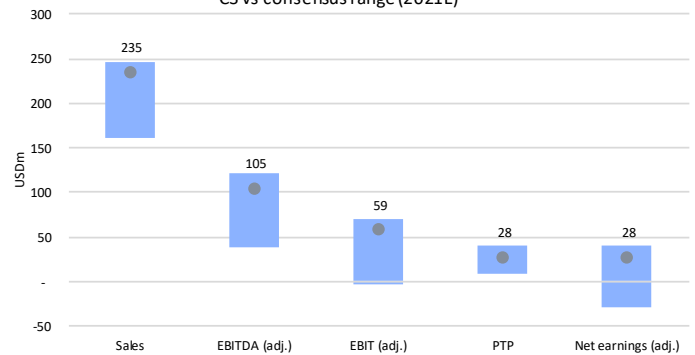
### Profit & Loss, year I

CS vs consensus range (2020E)

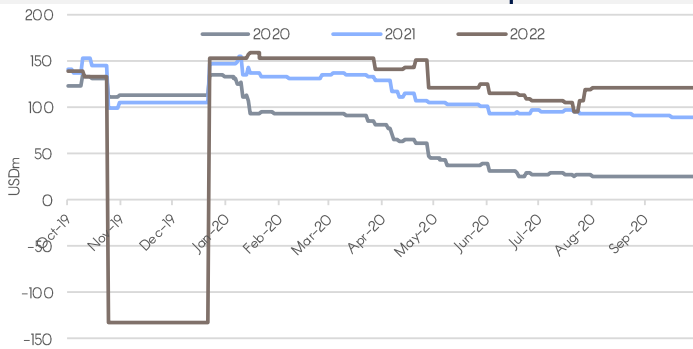


### Profit & Loss, year II

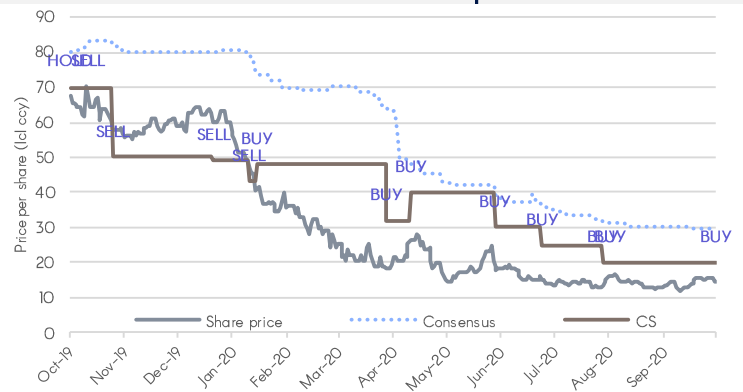
CS vs consensus range (2021E)



### Consensus EBITDA development



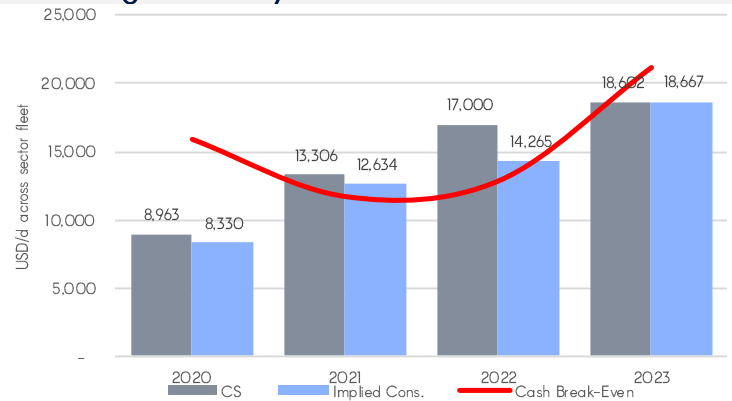
### Fair value vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 180  | 167 | 13        | 8%    |       |
| Opex + G&A         | 143  | 142 | 1         | 1%    |       |
| Depreciation       | 50   | 51  | -1        | -2%   |       |
| Net finance        | 37   | 95  | -57       | -61%  |       |
| Taxes & Minorities | 0    | -62 | 62        | -100% |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 235  | 223 | 12        | 5%    |       |
| Opex + G&A         | 130  | 133 | -3        | -3%   |       |
| Depreciation       | 47   | 47  | -0        | -1%   |       |
| Net finance        | 30   | 17  | 13        | 77%   |       |
| Taxes & Minorities | 0    | 18  | -18       | -100% |       |

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





|                                 | 3Q19  | 4Q19  | 1Q20   | 2Q20   | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|--------|--------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |        |        |       |       |       |       |       |
| Net sales                       | 63    | 57    | 39     | 25     | 51    | 65    | 47    | 55    | 58    |
| Operational costs               | -40   | -64   | -53    | -34    | -37   | -36   | -34   | -34   | -32   |
| EBITDA                          | 22    | -7    | -13    | -9     | 13    | 28    | 13    | 22    | 26    |
| Depreciation/Amortization       | -14   | -13   | -12    | -13    | -13   | -12   | -11   | -12   | -12   |
| EBIT                            | 9     | -21   | -26    | -21    | 1     | 16    | 1     | 10    | 14    |
| Net financials                  | -11   | 36    | -99    | -24    | -9    | -8    | -8    | -8    | -8    |
| PTP                             | -2    | 15    | -125   | -45    | -8    | 8     | -7    | 2     | 7     |
| Taxes/Minorities                | 0     | 0     | 0      | 0      | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -2    | 15    | -125   | -45    | -8    | 8     | -7    | 2     | 7     |
| Non-recurring items             | -2    | -21   | 106    | 14     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -4    | -6    | -19    | -31    | -8    | 8     | -7    | 2     | 7     |
| EPS                             | -0.27 | 2.08  | -17.21 | -17.21 | -0.65 | 0.66  | -0.53 | 0.19  | 0.53  |
| EPS (adj.)                      | -0.51 | -0.87 | -2.62  | -2.61  | -0.65 | 0.66  | -0.53 | 0.19  | 0.53  |
| DPS                             | 0.20  | 0.20  | 0.20   | 0.05   | 0.05  | 0.05  | 0.05  | 0.05  | 0.10  |
| <b>Balance Sheet (USDm)</b>     |       |       |        |        |       |       |       |       |       |
| Cash & short-term investments   | 80    | 43    | 50     | 68     | 35    | 61    | 56    | 51    | 49    |
| Other current assets            | 23    | 23    | 31     | 21     | 21    | 21    | 21    | 21    | 21    |
| Total current assets            | 103   | 65    | 81     | 90     | 56    | 82    | 77    | 73    | 70    |
| Property & equip. (incl. NBs)   | 1,416 | 1,272 | 1,208  | 1,320  | 1,310 | 1,244 | 1,232 | 1,230 | 1,227 |
| Other non-current assets        | 239   | 328   | 285    | 79     | 79    | 79    | 79    | 79    | 79    |
| Total non-current assets        | 1,655 | 1,600 | 1,493  | 1,398  | 1,389 | 1,322 | 1,311 | 1,308 | 1,305 |
| TOTAL ASSETS                    | 1,758 | 1,666 | 1,574  | 1,488  | 1,445 | 1,404 | 1,388 | 1,381 | 1,375 |
| Total equity                    | 893   | 875   | 751    | 789    | 781   | 788   | 781   | 783   | 788   |
| Short-term debt                 | 66    | 74    | 69     | 103    | 78    | 81    | 83    | 86    | 82    |
| Other current liabilities       | 48    | 50    | 43     | 45     | 45    | 45    | 45    | 45    | 45    |
| Total current liabilities       | 114   | 124   | 113    | 148    | 123   | 126   | 128   | 131   | 127   |
| Long-term debt                  | 751   | 654   | 704    | 549    | 540   | 489   | 478   | 466   | 459   |
| Other non-current liabilities   | 0     | 13    | 6      | 1      | 1     | 1     | 1     | 1     | 1     |
| Total non-current liabilities   | 751   | 667   | 711    | 550    | 541   | 490   | 479   | 467   | 460   |
| TOTAL EQUITY & LIABILITIES      | 1,758 | 1,666 | 1,574  | 1,488  | 1,445 | 1,404 | 1,388 | 1,381 | 1,375 |
| Working capital, receivables    | 11    | 6     | 22     | 14     | 14    | 14    | 14    | 14    | 14    |
| Working capital, payables       | 48    | 49    | 43     | 45     | 45    | 45    | 45    | 45    | 45    |
| Net working capital             | -37   | -42   | -21    | -30    | -30   | -30   | -30   | -30   | -30   |
| Interest bearing debt           | 817   | 728   | 774    | 652    | 618   | 570   | 561   | 552   | 541   |
| Liquidity                       | 80    | 43    | 50     | 68     | 35    | 61    | 56    | 51    | 49    |
| Net interest bearing debt       | 737   | 686   | 723    | 584    | 583   | 509   | 505   | 501   | 492   |
| <b>Cash Flow (USDm)</b>         |       |       |        |        |       |       |       |       |       |
| Net income                      | -2    | 15    | -125   | -45    | -8    | 8     | -7    | 2     | 7     |
| Depreciation                    | 14    | 13    | 12     | 13     | 13    | 12    | 11    | 12    | 12    |
| Other                           | 0     | -23   | 106    | 6      | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 12    | 6     | -7     | -26    | 4     | 20    | 5     | 14    | 18    |
| Changes in working capital      | 6     | 6     | -14    | 11     | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 18    | 12    | -21    | -14    | 4     | 20    | 5     | 14    | 18    |
| Capex                           | 0     | 0     | -15    | -23    | -3    | 0     | 0     | -9    | -9    |
| Other investments               | 0     | 0     | 0      | 0      | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 37    | 0      | 53     | 0     | 55    | 0     | 0     | 0     |
| Other                           | -9    | -14   | 0      | 43     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -9    | 23    | -14    | 72     | -3    | 54    | 0     | -9    | -9    |
| Repayment of debt               | -119  | -77   | -34    | -153   | -36   | -48   | -9    | -9    | -11   |
| Proceeds from debt              | 58    | 7     | 79     | 31     | 2     | 0     | 0     | 0     | 0     |
| Dividends paid                  | -1    | -1    | -1     | -1     | -1    | -1    | -1    | -1    | -1    |
| New equity                      | 0     | 0     | 0      | 82     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -5    | 0     | 0      | 0      | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -68   | -72   | 43     | -41    | -35   | -49   | -10   | -10   | -12   |
| Currency effect                 | 0     | 0     | 0      | 0      | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -59   | -38   | 8      | 18     | -34   | 26    | -5    | -5    | -3    |
| Cash balance                    | 80    | 43    | 50     | 68     | 35    | 61    | 56    | 51    | 49    |
| Free cash flow                  | 8     | 34    | -36    | 59     | 1     | 75    | 5     | 5     | 10    |



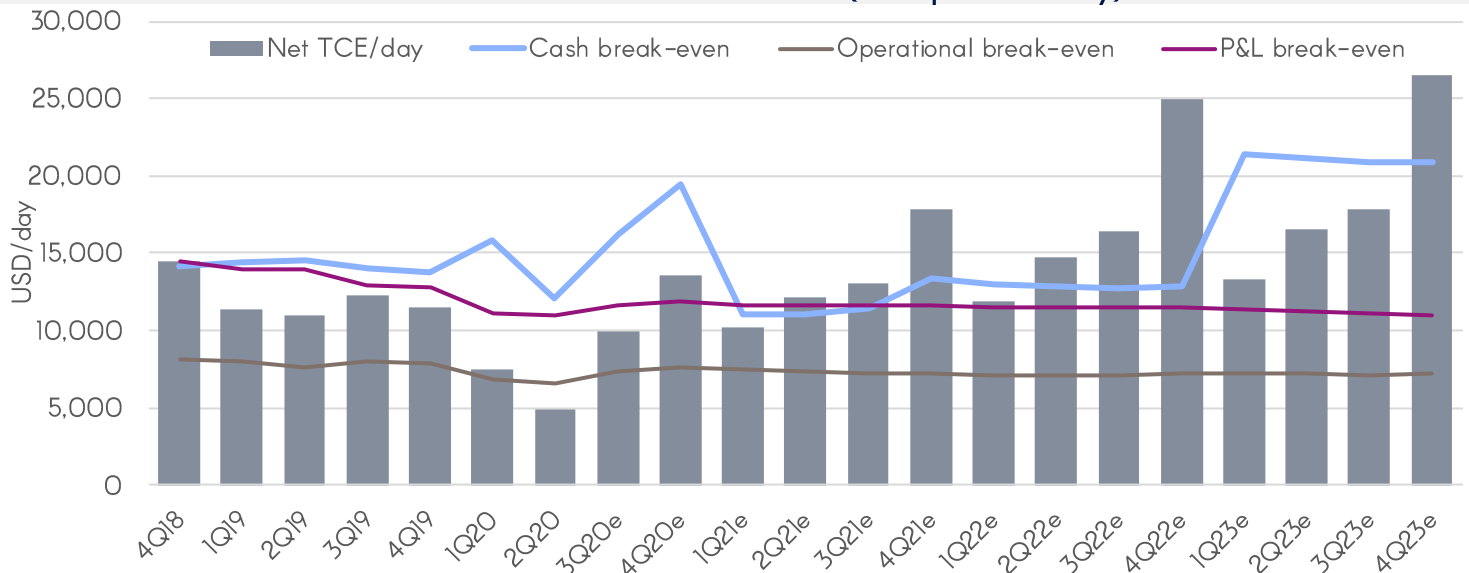
| Profit & Loss (USDm)          | 2015    | 2016   | 2017  | 2018  | 2019  | 2020E  | 2021E | 2022E | 2023E |
|-------------------------------|---------|--------|-------|-------|-------|--------|-------|-------|-------|
| Net sales                     |         |        |       |       |       | 180    | 235   | 286   | 313   |
| Operational costs             |         |        |       |       |       | -160   | -130  | -119  | -120  |
| EBITDA                        |         |        |       |       |       | 19     | 105   | 167   | 193   |
| Depreciation/Amortization     |         |        |       |       |       | -50    | -47   | -47   | -47   |
| EBIT                          | -492    | -101   | -26   | 43    | -21   | -30    | 59    | 120   | 146   |
| Net financials                | -19     | -24    | -34   | -56   | 66    | -140   | -30   | -27   | -20   |
| PTP                           | -511    | -125   | -60   | -13   | 45    | -170   | 28    | 93    | 126   |
| Taxes/Minorities              | 0       | 0      | 0     | 0     | 0     | 0      | 0     | 0     | 0     |
| Net earnings                  | -511    | -125   | -60   | -13   | 45    | -170   | 28    | 93    | 126   |
| Non-recurring items           | 0       | 0      | 0     | 0     | 0     | 119    | 0     | 0     | 0     |
| Net earnings (adj.)           | -511    | -125   | -60   | -13   | 45    | -50    | 28    | 93    | 126   |
| EPS                           | -178.06 | -16.58 | -7.97 | -1.78 | 6.16  | -34.40 | 2.29  | 7.52  | 10.14 |
| EPS (adj.)                    | -178.06 | -16.58 | -7.97 | -1.78 | 6.16  | -5.23  | 2.29  | 7.52  | 10.14 |
| DPS                           | 0.00    | 0.00   | 0.20  | 0.85  | 0.79  | 0.35   | 0.46  | 2.50  | 4.72  |
| Balance Sheet (USDm)          | 2015    | 2016   | 2017  | 2018  | 2019  | 2020E  | 2021E | 2022E | 2023E |
| Cash & short-term investments | 200     | 102    | 69    | 67    | 43    | 61     | 59    | 89    | 30    |
| Other current assets          | 192     | 14     | 14    | 17    | 23    | 21     | 21    | 21    | 21    |
| Total current assets          | 393     | 115    | 83    | 84    | 65    | 82     | 80    | 110   | 51    |
| Property & equip. (incl. NBs) | 1,053   | 1,414  | 1,541 | 1,508 | 1,272 | 1,244  | 1,220 | 1,183 | 1,145 |
| Other non-current assets      | 28      | 18     | 19    | 112   | 328   | 79     | 79    | 79    | 79    |
| Total non-current assets      | 1,080   | 1,432  | 1,561 | 1,620 | 1,600 | 1,322  | 1,299 | 1,261 | 1,224 |
| TOTAL ASSETS                  | 1,473   | 1,547  | 1,643 | 1,704 | 1,666 | 1,404  | 1,379 | 1,372 | 1,275 |
| Total equity                  | 935     | 957    | 917   | 861   | 875   | 788    | 811   | 873   | 940   |
| Short-term debt               | 108     | 13     | 48    | 138   | 74    | 81     | 85    | 95    | 84    |
| Other current liabilities     | 17      | 11     | 10    | 14    | 50    | 45     | 45    | 45    | 45    |
| Total current liabilities     | 125     | 25     | 59    | 153   | 124   | 126    | 130   | 139   | 129   |
| Long-term debt                | 414     | 566    | 667   | 690   | 654   | 489    | 437   | 358   | 205   |
| Other non-current liabilities | 0       | 0      | 0     | 0     | 13    | 1      | 1     | 1     | 1     |
| Total non-current liabilities | 414     | 566    | 667   | 690   | 667   | 490    | 438   | 359   | 206   |
| TOTAL EQUITY & LIABILITIES    | 1,473   | 1,547  | 1,643 | 1,704 | 1,666 | 1,404  | 1,379 | 1,372 | 1,275 |
| Working capital, receivables  | 0       | 0      | 4     | 4     | 6     | 14     | 14    | 14    | 14    |
| Working capital, payables     | 16      | 10     | 10    | 14    | 49    | 45     | 45    | 45    | 45    |
| Net working capital           | -16     | -10    | -6    | -10   | -42   | -30    | -30   | -30   | -30   |
| Interest bearing debt         | 522     | 579    | 716   | 829   | 728   | 570    | 522   | 452   | 289   |
| Liquidity                     | 200     | 102    | 69    | 67    | 43    | 61     | 59    | 89    | 30    |
| Net interest bearing debt     | 321     | 478    | 647   | 761   | 686   | 509    | 463   | 363   | 259   |
| Cash Flow (USDm)              | 2015    | 2016   | 2017  | 2018  | 2019  | 2020E  | 2021E | 2022E | 2023E |
| Net income                    | -511    | -125   | -60   | -13   | 45    | -170   | 28    | 93    | 126   |
| Depreciation                  |         |        |       |       |       | 50     | 47    | 47    | 47    |
| Other                         |         |        |       |       |       | 111    | 0     | 0     | 0     |
| Cash earnings                 | -36     | -46    | 17    | 68    | 34    | -9     | 75    | 140   | 172   |
| Changes in working capital    | 1       | -7     | 3     | 2     | 2     | -4     | 0     | 0     | 0     |
| Net operational cash flow     | -35     | -52    | 20    | 70    | 36    | -12    | 75    | 140   | 172   |
| Capex                         | -876    | -408   | -217  | -22   | 0     | -42    | -23   | -9    | -9    |
| Other investments             | 0       | 0      | 0     | 0     | 0     | 0      | 0     | 0     | 0     |
| Proceeds from sales           | 189     | 173    | 44    | 0     | 84    | 107    | 0     | 0     | 0     |
| Other                         | 31      | 0      | 0     | -101  | -33   | -17    | 0     | 0     | 0     |
| Net investing cash flow       | -656    | -235   | -173  | -122  | 52    | 109    | -23   | -9    | -9    |
| Repayment of debt             | 427     | 62     | 135   | 110   | -102  | -272   | -48   | -70   | -214  |
| Proceeds from debt            | 490     | 247    | 288   | 469   | 307   | 112    | 0     | 0     | 50    |
| Dividends paid                | 0       | 0      | -2    | -6    | -6    | -3     | -6    | -31   | -59   |
| New equity                    | 218     | 128    | 0     | 0     | —     | 82     | 0     | 0     | 0     |
| Other                         | -516    | -248   | -301  | -523  | -311  | -17    | 0     | 0     | 0     |
| Net financing cash flow       | 619     | 189    | 120   | 51    | -113  | -81    | -54   | -101  | -222  |
| Currency effect               | 0       | 0      | 0     | 0     | 0     | 0      | 0     | 0     | 0     |
| Net cash flow                 | -72     | -99    | -33   | -1    | -25   | 16     | -2    | 30    | -59   |
| Cash balance                  | 200     | 102    | 69    | 67    | 43    | 59     | 57    | 87    | 28    |
| Free cash flow                | -691    | -288   | -153  | -52   | 88    | 97     | 52    | 131   | 163   |



| 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         | 14         | 14         | 14         |
| Share price, end (USD)               | 92         | 47         | 69           | 51           | 64           | 14         | 14         | 14         | 14         |
| <b>Market Cap.</b>                   | <b>264</b> | <b>353</b> | <b>515</b>   | <b>366</b>   | <b>462</b>   | <b>177</b> | <b>177</b> | <b>177</b> | <b>177</b> |
| NIBD                                 | 321        | 478        | 647          | 761          | 686          | 509        | 463        | 363        | 259        |
| 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>686</b> | <b>640</b> | <b>540</b> | <b>435</b> |
| Key Figures & Ratios                 | 2015       | 2016       | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                       |            |            |              |              | 10.3         |            | 6.2        | 1.9        | 1.4        |
| P/E (adj.)                           |            |            |              |              | 10.3         |            | 6.2        | 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                              |            |            |              |              |              | 1.0        | 0.8        | 0.6        | 0.6        |
| EV/Sales                             |            |            |              |              |              | 3.8        | 2.7        | 1.9        | 1.4        |
| EV/EBITDA                            |            |            |              |              |              | 35.2       | 6.1        | 3.2        | 2.3        |
| EV/EBIT                              |            |            |              | 26.0         |              |            | 10.9       | 4.5        | 3.0        |
| P/B                                  | 0.3        | 0.4        | 0.6          | 0.4          | 0.5          | 0.2        | 0.2        | 0.2        | 0.2        |
| FCF yield                            | -262%      | -81%       | -30%         | -14%         | 19%          | 55%        | 30%        | 74%        | 92%        |
| Dividend yield                       | 0.0%       | 0.0%       | 0.3%         | 1.7%         | 1.2%         | 1.8%       | 3.2%       | 17.5%      | 33.1%      |
| Return on equity (ROE)               | -54.7%     | -13.0%     | -6.5%        | -1.5%        | 5.1%         | -21.5%     | 3.5%       | 10.7%      | 13.4%      |
| Return on capital employed (ROCE)    | -39.1%     | -7.0%      | -1.6%        | 2.7%         | -1.4%        | -2.4%      | 4.7%       | 9.9%       | 12.5%      |
| Return on assets (ROA)               | -34.7%     | -8.1%      | -3.6%        | -0.7%        | 2.7%         | -12.1%     | 2.1%       | 6.8%       | 9.9%       |
| Sales growth                         |            |            |              |              |              |            | 31%        | 22%        | 9%         |
| EBITDA margin                        |            |            |              |              |              | 11%        | 45%        | 58%        | 62%        |
| EBIT margin                          |            |            |              |              |              | -17%       | 25%        | 42%        | 47%        |
| Net margin                           |            |            |              |              |              | -94%       | 12%        | 33%        | 40%        |
| Net interest rate                    | 0.0%       | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 7.3%       | 6.6%       | 7.4%       | 7.9%       |
| 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%          | 56%        | 59%        | 64%        | 74%        |
| Leverage ratio                       | 37%        | 38%        | 44%          | 49%          | 47%          | 44%        | 41%        | 36%        | 26%        |
| NIBD / EBITDA (past ly)              |            |            |              |              |              | 26.2       | 4.4        | 2.2        | 1.3        |
| Operating cash flow/NIBD             | -0.1       | -0.1       | 0.0          | 0.1          | 0.1          | 0.0        | 0.2        | 0.4        | 0.7        |
| Net interest coverage ratio (EBITDA) |            |            |              |              |              | 0.5        | 3.5        | 6.2        | 9.4        |
| Current ratio                        | 3.2        | 4.7        | 1.4          | 0.6          | 0.5          | 0.7        | 0.6        | 0.8        | 0.4        |
| Adj. equity ratio                    |            |            |              |              |              | 43%        | 55%        | 64%        | 75%        |
| Operating assets                     | 1,273      | 1,445      | 1,575        | 1,636        | 1,623        | 1,316      | 1,292      | 1,255      | 1,217      |
| Operating liabilities                | 17         | 11         | 10           | 14           | 62           | 46         | 46         | 46         | 46         |
| Net operating assets                 | 1,256      | 1,434      | 1,564        | 1,622        | 1,561        | 1,270      | 1,246      | 1,209      | 1,171      |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:20 CET





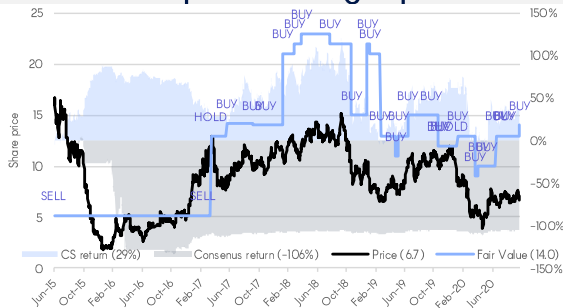
Significant earnings power and discount to NAV makes Star Bulk a cash cow with improving fortunes

SBLK-US

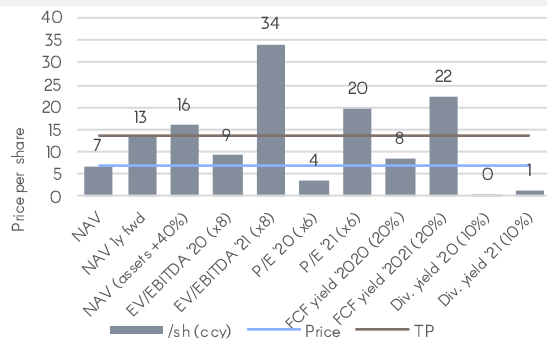
BUY/\$14

Star Bulk

### Share price vs target price

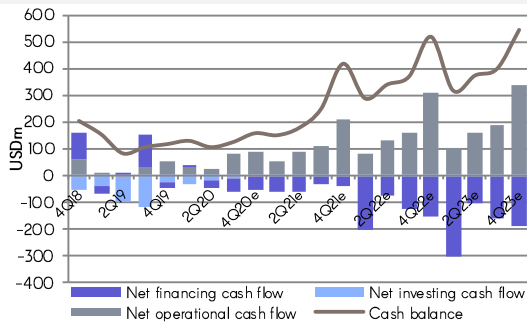


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 527   | 779   | 998   | 1,115 |
| EBITDA (adj.)       | 273   | 518   | 726   | 836   |
| EBIT (adj.)         | 132   | 377   | 584   | 695   |
| PTP (adj.)          | 59    | 314   | 527   | 642   |
| Net earnings (adj.) | 59    | 314   | 527   | 642   |
| EPS (adj.)          | 0.61  | 3.21  | 5.28  | 6.42  |
| DPS                 | 0.05  | 0.14  | 4.49  | 6.40  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 877   | 1,647 | 2,389 | 3,033 |
| Adj. equity ratio   | 36%   | 54%   | 65%   | 72%   |
| FCF yield           | 25%   | 66%   | 97%   | 113%  |
| Dividend yield      | 1%    | 2%    | 66%   | 95%   |
| EV/EBITDA           | 7.0   | 3.0   | 1.8   | 1.5   |
| P/E (adj.)          | 11.0  | 2.1   | 1.3   | 1.0   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 225    | 456    | 669    | 784    |
| Free cash flow                | 163    | 439    | 652    | 762    |
| Net cash flow                 | 34     | 260    | 101    | 26     |
| TCE/day                       | 12,261 | 17,594 | 22,537 | 25,193 |
| Cash break-even               | 12,135 | 10,941 | 9,722  | 9,587  |
| Liquidity                     | 159    | 419    | 520    | 546    |
| Property & Equip. (incl. NBs) | 2,883  | 2,759  | 2,634  | 2,514  |
| Total equity                  | 1,592  | 1,893  | 1,974  | 1,976  |
| Total assets                  | 3,162  | 3,298  | 3,275  | 3,181  |
| Interest bearing debt         | 1,458  | 1,294  | 1,189  | 1,093  |
| Net interest bearing debt     | 1,299  | 875    | 669    | 547    |
| Market Cap.                   | 647    | 660    | 674    | 674    |

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



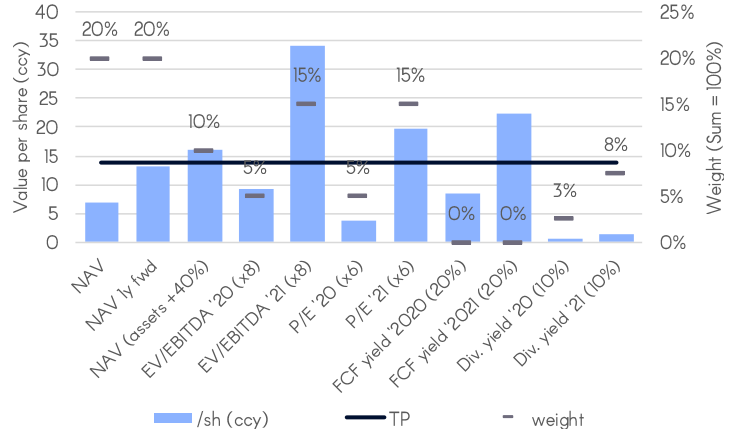


## Company Valuation

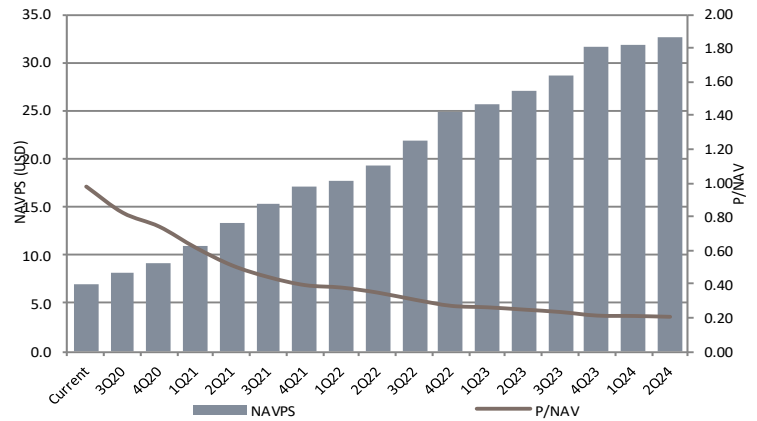
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 2,940        | 2,168           | 2,151        |
| Contract value    | 0            | 1               | 1            |
| Other             | 120          | 120             | 120          |
| <b>GAV</b>        | <b>3,060</b> | <b>2,289</b>    | <b>2,272</b> |
| Net debt          | -1,455       | -1,455          | -1,455       |
| Capex             | 0            | -8              | -8           |
| Other             | -112         | -162            | -162         |
| <b>Equity</b>     | <b>1,494</b> | <b>664</b>      | <b>647</b>   |
| Shares            | 96           | 96              | 96           |
| <b>Equity/sh</b>  | <b>15.55</b> | <b>6.92</b>     | <b>6.73</b>  |
| lcl CCY           | 15.55        | 6.92            | 6.73         |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.43</b>  | <b>0.97</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.74</b>  | <b>0.99</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 3,167        | 2,395           | 2,378        |
| Adj. Equity Ratio | 47%          | 28%             | 27%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>13.7</b>     | <b>104%</b>  |

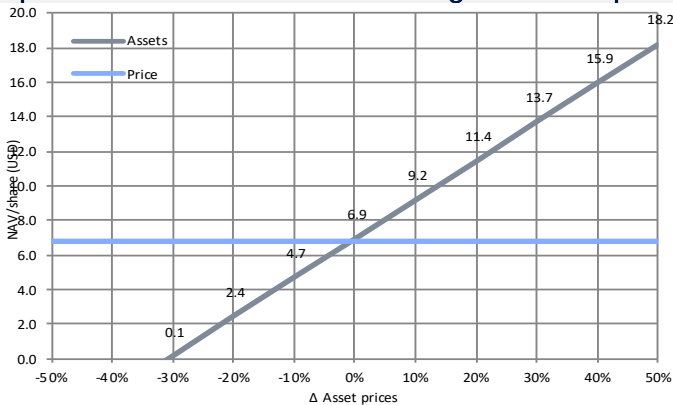
### Valuation Matrix



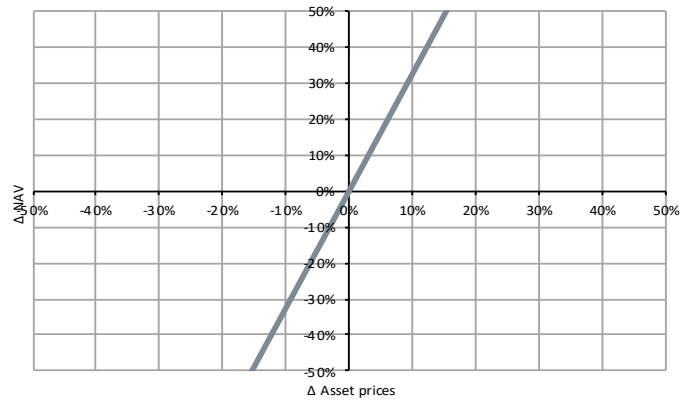
### Quarterly forward NAV & P/NAV



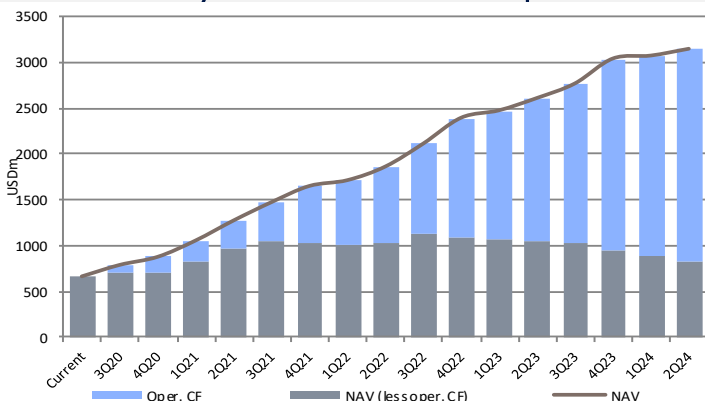
### Impact on NAV/sh from % change in asset prices



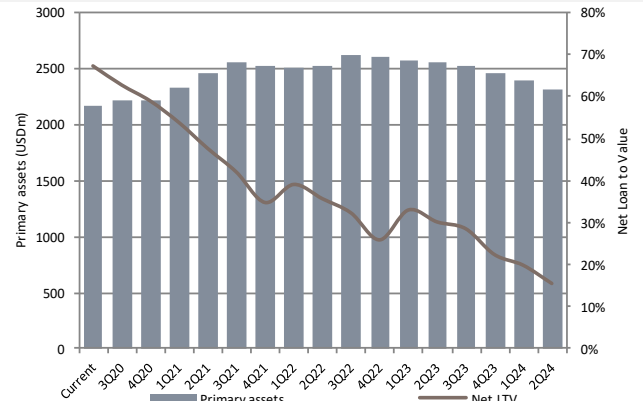
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm  | 3Q19  | 2Q20  | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       |       |       | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 180.9 | 86.4  | 162.5   | 158.7     |            |       |            |       |
| EBITDA (adj.)         | 78.3  | 25.0  | 97.3    | 80.6      |            |       |            |       |
| EBIT (adj.)           | 46.1  | -10.3 | 61.9    | 48.3      |            |       |            |       |
| PTP (adj.)            | 23.5  | -28.5 | 44.1    | 27.1      |            |       |            |       |
| Net earnings (adj.)   | 23.5  | -28.4 | 44.1    | 34.9      |            |       |            |       |
| EPS (adj.)            | 0.25  | -0.30 | 0.46    | 0.29      |            |       |            |       |
| DPS                   | 0.05  | -     | -       | 0.06      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 180.9 | 86.4  | 162.5   | 158.7     |            |       |            |       |
| Opex & G&A            | 102.6 | 61.3  | 65.2    | 78.1      |            |       |            |       |
| Depreciation          | 32.2  | 35.3  | 35.3    | 32.2      |            |       |            |       |
| Net finance           | 22.6  | 18.2  | 17.8    | 21.3      |            |       |            |       |
| Taxes & Minorities    | 0.0   | -0.0  | -       | -7.8      |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 28     | 23     | 79      |           |            |       |            |       |
| Free cash flow            | -94    | 7      | 70      |           |            |       |            |       |
| Net cash flow             | 28     | -24    | 19      |           |            |       |            |       |
| TCE/day                   | 16,014 | 8,097  | 14,479  | 14,139    |            |       |            |       |
| Utilization               | 86.5%  | 97.7%  | 99.0%   |           |            |       |            |       |
| Fleet days                | 13,057 | 10,916 | 11,335  |           |            |       |            |       |
| Cash break-even           | 14,435 | 12,107 | 12,179  |           |            |       |            |       |
| Liquidity                 | 107    | 107    | 126     |           |            |       |            |       |
| Interest bearing debt     | 1,591  | 1,561  | 1,510   |           |            |       |            |       |



## Estimate Changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |                    | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E              | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 527   | 779   | 998   | 1,115 | 643   | 782   | 1,017 | 1,077              | -117   | -3    | -19   | 39    |
| EBITDA (adj.)            | 273   | 518   | 726   | 836   | 361   | 490   | 699   | 749                | -88    | 28    | 27    | 87    |
| EBIT (adj.)              | 132   | 377   | 584   | 695   | 222   | 351   | 560   | 611                | -90    | 26    | 24    | 84    |
| PTP (adj.)               | 59    | 314   | 527   | 642   | 143   | 279   | 494   | 550                | -84    | 35    | 33    | 92    |
| Net earnings (adj.)      | 59    | 314   | 527   | 642   | 143   | 279   | 494   | 550                | -84    | 35    | 33    | 92    |
| EPS (adj.)               | 0.61  | 3.21  | 5.28  | 6.42  | 1.48  | 2.85  | 4.95  | 5.50               | -0.87  | 0.36  | 0.33  | 0.92  |
| DPS                      | 0.05  | 0.14  | 4.49  | 6.40  | 0.08  | 1.03  | 4.16  | 5.62               | -0.03  | -0.88 | 0.34  | 0.78  |
|                          |       |       |       |       |       |       |       |                    | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |       |       |       | TCE revenue        | -117   | -3    | -19   | 39    |
|                          |       |       |       |       |       |       |       | Opex & G&A         | -28    | -32   | -45   | -48   |
|                          |       |       |       |       |       |       |       | Depreciation       | 2      | 3     | 3     | 3     |
|                          |       |       |       |       |       |       |       | Net finance        | -7     | -9    | -9    | -8    |
|                          |       |       |       |       |       |       |       | Taxes & Minorities | -0     | -     | -     | -     |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 225    | 456    | 669    | 784    | 273    | 418    | 633    | 689    | -49    | 38    | 36    | 95    |
| Free cash flow                | 163    | 439    | 652    | 762    | 211    | 401    | 616    | 667    | -49    | 38    | 36    | 95    |
| Net cash flow                 | 34     | 260    | 101    | 26     | 119    | 161    | 93     | 4      | -86    | 99    | 8     | 22    |
| TCE/day                       | 12,261 | 17,594 | 22,537 | 25,193 | 14,283 | 16,806 | 21,834 | 23,137 | -2,023 | 789   | 703   | 2,056 |
| Cash break-even               | 12,135 | 10,941 | 9,722  | 9,587  | 12,283 | 10,763 | 10,510 | 10,416 | -148   | 178   | -788  | -830  |
| Liquidity                     | 159    | 419    | 520    | 546    | 244    | 405    | 499    | 503    | -86    | 14    | 21    | 43    |
| Property & Equip. (incl. NBs) | 2,883  | 2,759  | 2,634  | 2,514  | 2,895  | 2,773  | 2,651  | 2,534  | -11    | -14   | -17   | -20   |
| Total equity                  | 1,592  | 1,893  | 1,974  | 1,976  | 1,673  | 1,853  | 1,935  | 1,922  | -81    | 39    | 39    | 54    |
| Total assets                  | 3,162  | 3,298  | 3,275  | 3,181  | 3,310  | 3,349  | 3,321  | 3,207  | -147   | -51   | -46   | -27   |
| Interest bearing debt         | 1,458  | 1,294  | 1,189  | 1,093  | 1,496  | 1,356  | 1,246  | 1,146  | -38    | -62   | -57   | -52   |
| Net interest bearing debt     | 1,299  | 875    | 669    | 547    | 1,252  | 950    | 747    | 643    | 48     | -76   | -78   | -96   |
| Market Cap.                   | 647    | 660    | 674    | 674    | 637    | 650    | 663    | 663    | 10     | 10    | 10    | 10    |
| Enterprise value              | 1,946  | 1,535  | 1,343  | 1,221  | 1,889  | 1,600  | 1,411  | 1,306  | 57     | -66   | -68   | -86   |

### Valuation

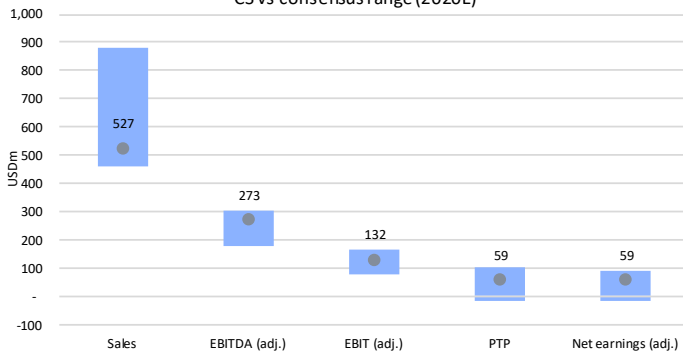
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 877   | 1,647 | 2,389 | 3,033 | 1,018 | 1,679 | 2,425 | 2,919 | -141   | -31   | -36   | 113   |
| Adj. equity ratio        | 36%   | 54%   | 65%   | 72%   | 38%   | 53%   | 64%   | 69%   | -3%    | 1%    | 1%    | 2%    |
| FCF yield                | 25%   | 66%   | 97%   | 113%  | 33%   | 62%   | 93%   | 101%  | -8%    | 5%    | 4%    | 13%   |
| Dividend yield           | 1%    | 2%    | 66%   | 95%   | 1%    | 15%   | 62%   | 85%   | 0%     | -13%  | 4%    | 10%   |
| EV/EBITDA                | 7.0   | 3.0   | 1.8   | 1.5   | 5.3   | 3.3   | 2.0   | 1.7   | 1.7    | -0.3  | -0.2  | -0.3  |
| P/E (adj.)               | 11.0  | 2.1   | 1.3   | 1.0   | 4.5   | 2.3   | 1.3   | 1.2   | 6.5    | -0.2  | -0.1  | -0.2  |



## Our Estimates vs Consensus

### Profit & Loss, year I

CS vs consensus range (2020E)

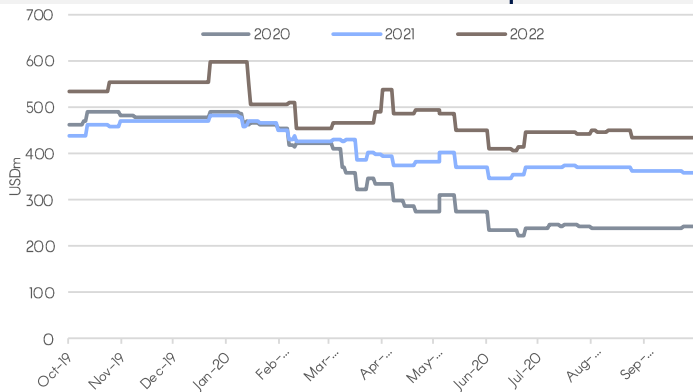


### Profit & Loss, year II

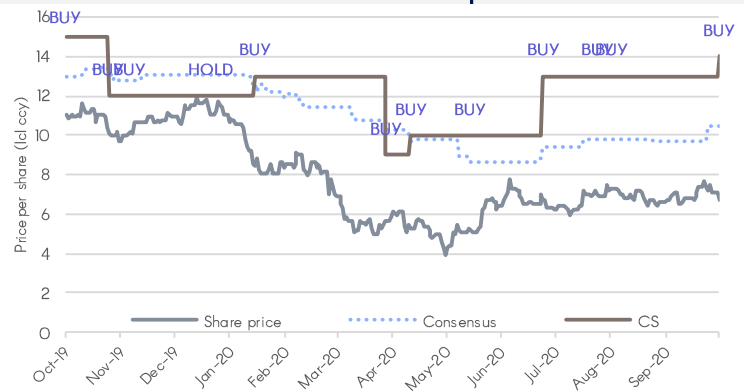
CS vs consensus range (2021E)



### Consensus EBITDA development



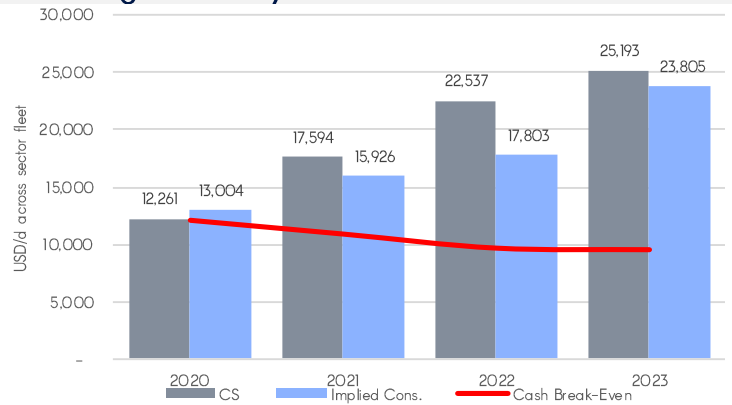
### Fair value vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 527  | 558 | -32       | -6%   |       |
| Opex + G&A         | 254  | 317 | -63       | -20%  |       |
| Depreciation       | 141  | 124 | 17        | 14%   |       |
| Net finance        | 73   | 76  | -3        | -3%   |       |
| Taxes & Minorities | -0   | 0   | -0        | -133% |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 779  | 705 | 74        | 10%   |       |
| Opex + G&A         | 260  | 344 | -84       | -24%  |       |
| Depreciation       | 141  | 128 | 13        | 10%   |       |
| Net finance        | 63   | 37  | 26        | 69%   |       |
| Taxes & Minorities | 0    | 26  | -26       | -100% |       |

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





|                                       | 3Q19         | 4Q19         | 1Q20         | 2Q20         | 3Q20E        | 4Q20E        | 1Q21E        | 2Q21E        | 3Q21E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit &amp; Loss (USDm)</b>       |              |              |              |              |              |              |              |              |              |
| Net sales                             | 181          | 185          | 106          | 86           | 162          | 172          | 129          | 168          | 186          |
| Operational costs                     | -120         | -106         | -47          | -69          | -65          | -65          | -60          | -64          | -65          |
| <b>EBITDA</b>                         | <b>61</b>    | <b>79</b>    | <b>58</b>    | <b>17</b>    | <b>97</b>    | <b>107</b>   | <b>69</b>    | <b>104</b>   | <b>121</b>   |
| Depreciation/Amortization             | -32          | -32          | -35          | -35          | -35          | -35          | -35          | -35          | -35          |
| <b>EBIT</b>                           | <b>29</b>    | <b>46</b>    | <b>23</b>    | <b>-18</b>   | <b>62</b>    | <b>72</b>    | <b>33</b>    | <b>69</b>    | <b>86</b>    |
| Net financials                        | -23          | -23          | -21          | -26          | -18          | -17          | -16          | -16          | -15          |
| PTP                                   | 6            | 24           | 3            | -44          | 44           | 55           | 17           | 53           | 70           |
| Taxes/Minorities                      | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings</b>                   | <b>6</b>     | <b>24</b>    | <b>3</b>     | <b>-44</b>   | <b>44</b>    | <b>55</b>    | <b>17</b>    | <b>53</b>    | <b>70</b>    |
| Non-recurring items                   | 18           | 19           | -14          | 16           | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings (adj.)</b>            | <b>23</b>    | <b>42</b>    | <b>-11</b>   | <b>-28</b>   | <b>44</b>    | <b>55</b>    | <b>17</b>    | <b>53</b>    | <b>70</b>    |
| EPS                                   | 0.06         | 0.25         | 0.03         | -0.46        | 0.46         | 0.57         | 0.18         | 0.54         | 0.71         |
| EPS (adj.)                            | 0.25         | 0.44         | -0.12        | -0.30        | 0.46         | 0.57         | 0.18         | 0.54         | 0.71         |
| DPS                                   | 0.00         | 0.05         | 0.05         | 0.00         | 0.00         | 0.00         | 0.02         | 0.02         | 0.02         |
| <b>Balance Sheet (USDm)</b>           |              |              |              |              |              |              |              |              |              |
| Cash & short-term investments         | 107          | 118          | 130          | 107          | 126          | 159          | 151          | 179          | 250          |
| Other current assets                  | 142          | 148          | 167          | 117          | 117          | 117          | 117          | 117          | 117          |
| <b>Total current assets</b>           | <b>249</b>   | <b>266</b>   | <b>297</b>   | <b>224</b>   | <b>242</b>   | <b>276</b>   | <b>268</b>   | <b>296</b>   | <b>367</b>   |
| Property & equip. (incl. NBs)         | 2,955        | 2,967        | 2,969        | 2,940        | 2,914        | 2,883        | 2,852        | 2,821        | 2,790        |
| Other non-current assets              | 12           | 6            | 4            | 4            | 4            | 4            | 4            | 4            | 4            |
| <b>Total non-current assets</b>       | <b>2,967</b> | <b>2,973</b> | <b>2,972</b> | <b>2,943</b> | <b>2,918</b> | <b>2,887</b> | <b>2,856</b> | <b>2,824</b> | <b>2,793</b> |
| <b>TOTAL ASSETS</b>                   | <b>3,216</b> | <b>3,239</b> | <b>3,270</b> | <b>3,167</b> | <b>3,160</b> | <b>3,162</b> | <b>3,124</b> | <b>3,120</b> | <b>3,160</b> |
| <b>Total equity</b>                   | <b>1,524</b> | <b>1,544</b> | <b>1,539</b> | <b>1,494</b> | <b>1,538</b> | <b>1,592</b> | <b>1,608</b> | <b>1,659</b> | <b>1,727</b> |
| Short-term debt                       | 182          | 202          | 232          | 220          | 209          | 216          | 219          | 216          | 215          |
| Other current liabilities             | 96           | 108          | 135          | 104          | 104          | 104          | 104          | 104          | 104          |
| <b>Total current liabilities</b>      | <b>278</b>   | <b>311</b>   | <b>366</b>   | <b>325</b>   | <b>313</b>   | <b>320</b>   | <b>324</b>   | <b>320</b>   | <b>319</b>   |
| Long-term debt                        | 1,409        | 1,380        | 1,359        | 1,341        | 1,301        | 1,242        | 1,185        | 1,133        | 1,106        |
| Other non-current liabilities         | 5            | 3            | 6            | 7            | 7            | 7            | 7            | 7            | 7            |
| <b>Total non-current liabilities</b>  | <b>1,414</b> | <b>1,384</b> | <b>1,364</b> | <b>1,349</b> | <b>1,309</b> | <b>1,250</b> | <b>1,193</b> | <b>1,141</b> | <b>1,114</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>3,216</b> | <b>3,239</b> | <b>3,270</b> | <b>3,167</b> | <b>3,160</b> | <b>3,162</b> | <b>3,124</b> | <b>3,120</b> | <b>3,160</b> |
| Working capital, receivables          | 0            | 110          | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Working capital, payables             | 0            | 90           | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net working capital</b>            | <b>0</b>     | <b>20</b>    | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Interest bearing debt                 | 1,591        | 1,583        | 1,590        | 1,561        | 1,510        | 1,458        | 1,404        | 1,349        | 1,321        |
| Liquidity                             | 107          | 125          | 130          | 107          | 126          | 159          | 151          | 179          | 250          |
| <b>Net interest bearing debt</b>      | <b>1,484</b> | <b>1,458</b> | <b>1,460</b> | <b>1,455</b> | <b>1,385</b> | <b>1,299</b> | <b>1,253</b> | <b>1,171</b> | <b>1,072</b> |
| <b>Cash Flow (USDm)</b>               |              |              |              |              |              |              |              |              |              |
| Net income                            | 6            | 24           | 3            | -44          | 44           | 55           | 17           | 53           | 70           |
| Depreciation                          | 32           | 32           | 35           | 35           | 35           | 35           | 35           | 35           | 35           |
| Other                                 | -10          | -3           | -3           | 8            | 0            | 0            | 0            | 0            | 0            |
| <b>Cash earnings</b>                  | <b>28</b>    | <b>53</b>    | <b>34</b>    | <b>-1</b>    | <b>79</b>    | <b>90</b>    | <b>52</b>    | <b>89</b>    | <b>105</b>   |
| Changes in working capital            | 0            | 0            | -2           | 24           | 0            | 0            | 0            | 0            | 0            |
| <b>Net operational cash flow</b>      | <b>28</b>    | <b>53</b>    | <b>32</b>    | <b>23</b>    | <b>79</b>    | <b>90</b>    | <b>52</b>    | <b>89</b>    | <b>105</b>   |
| Capex                                 | -147         | -43          | -34          | -17          | -10          | -4           | -4           | -4           | -4           |
| Other investments                     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Proceeds from sales                   | 24           | 12           | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Other                                 | 1            | 4            | 2            | 1            | 0            | 0            | 0            | 0            | 0            |
| <b>Net investing cash flow</b>        | <b>-121</b>  | <b>-26</b>   | <b>-32</b>   | <b>-16</b>   | <b>-10</b>   | <b>-4</b>    | <b>-4</b>    | <b>-4</b>    | <b>-4</b>    |
| Repayment of debt                     | -103         | -154         | -97          | -73          | -55          | -52          | -54          | -55          | -28          |
| Proceeds from debt                    | 228          | 148          | 107          | 42           | 4            | 0            | 0            | 0            | 0            |
| Dividends paid                        | 0            | -5           | -5           | 0            | 0            | 0            | -2           | -2           | -2           |
| New equity                            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Other                                 | -4           | -13          | -1           | 1            | 0            | 0            | 0            | 0            | 0            |
| <b>Net financing cash flow</b>        | <b>121</b>   | <b>-23</b>   | <b>5</b>     | <b>-31</b>   | <b>-51</b>   | <b>-52</b>   | <b>-56</b>   | <b>-57</b>   | <b>-30</b>   |
| Currency effect                       | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net cash flow</b>                  | <b>28</b>    | <b>3</b>     | <b>5</b>     | <b>-24</b>   | <b>19</b>    | <b>33</b>    | <b>-8</b>    | <b>28</b>    | <b>71</b>    |
| Cash balance                          | 107          | 118          | 130          | 107          | 126          | 159          | 151          | 179          | 250          |
| <b>Free cash flow</b>                 | <b>-94</b>   | <b>27</b>    | <b>0</b>     | <b>7</b>     | <b>70</b>    | <b>86</b>    | <b>48</b>    | <b>84</b>    | <b>101</b>   |



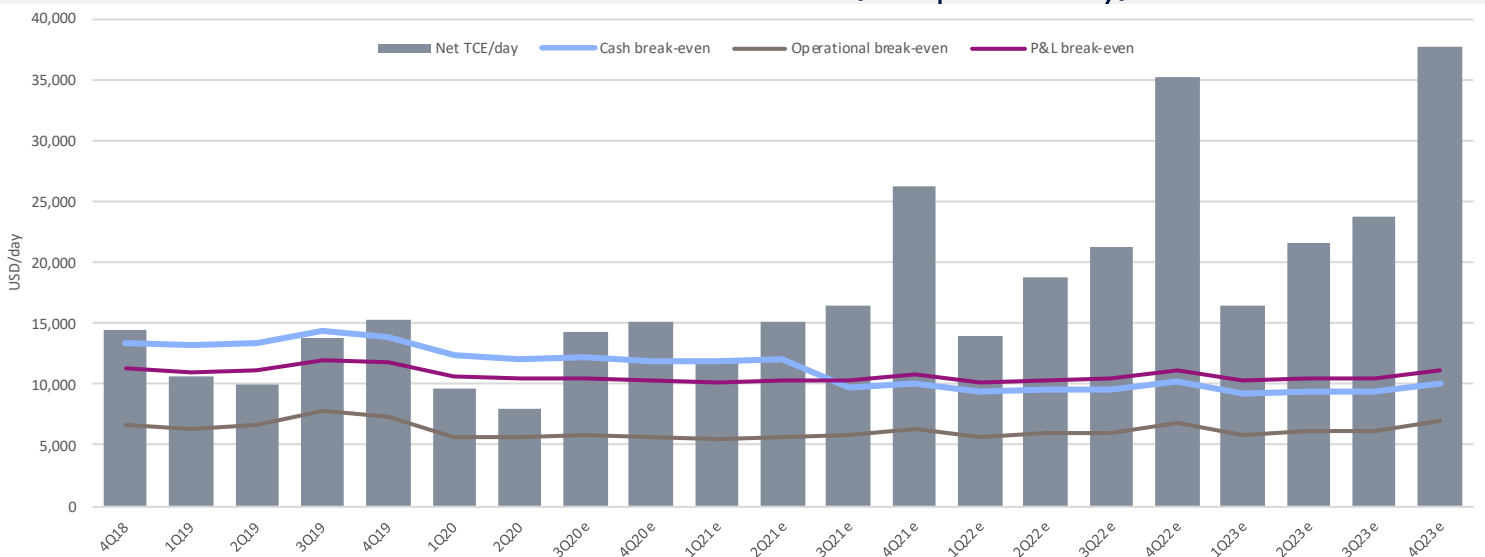
|                                 | 2015   | 2016  | 2017  | 2018   | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|--------|-------|-------|--------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |        |       |       |        |       |       |       |       |       |
| Net sales                       | 161    | 156   | 267   | 530    | 598   | 527   | 779   | 998   | 1,115 |
| Operational costs               | -505   | -184  | -146  | -295   | -400  | -247  | -260  | -272  | -279  |
| EBITDA                          | -344   | -27   | 121   | 235    | 198   | 279   | 518   | 726   | 836   |
| Depreciation/Amortization       | -82    | -82   | -83   | -103   | -124  | -141  | -141  | -141  | -141  |
| EBIT                            | -426   | -109  | 39    | 132    | 74    | 139   | 377   | 584   | 695   |
| Net financials                  | -33    | -45   | -48   | -73    | -90   | -82   | -63   | -57   | -52   |
| PTP                             | -458   | -154  | -10   | 58     | -16   | 57    | 314   | 527   | 642   |
| Taxes/Minorities                | 0      | 0     | 0     | 0      | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -458   | -154  | -10   | 58     | -16   | 57    | 314   | 527   | 642   |
| Non-recurring items             | 0      | 0     | 0     | 0      | 0     | 2     | 0     | 0     | 0     |
| Net earnings (adj.)             | -458   | -154  | -10   | 58     | -16   | 59    | 314   | 527   | 642   |
| EPS                             | -10.46 | -2.72 | -0.15 | 0.63   | -0.17 | 0.60  | 3.21  | 5.28  | 6.42  |
| EPS (adj.)                      | -10.46 | -2.72 | -0.15 | 0.63   | -0.17 | 0.61  | 3.21  | 5.28  | 6.42  |
| DPS                             | 0.00   | 0.00  | 0.00  | 0.00   | 0.05  | 0.05  | 0.14  | 4.49  | 6.40  |
| <b>Balance Sheet (USDm)</b>     |        |       |       |        |       |       |       |       |       |
| Cash & short-term investments   | 208    | 182   | 258   | 205    | 118   | 159   | 419   | 520   | 546   |
| Other current assets            | 44     | 47    | 55    | 94     | 148   | 117   | 117   | 117   | 117   |
| Total current assets            | 252    | 228   | 313   | 299    | 266   | 276   | 536   | 637   | 663   |
| Property & equip. (incl. NBs)   | 1,885  | 1,772 | 1,824 | 2,716  | 2,966 | 2,883 | 2,759 | 2,634 | 2,514 |
| Other non-current assets        | 27     | 11    | 9     | 7      | 7     | 4     | 4     | 4     | 4     |
| Total non-current assets        | 1,913  | 1,783 | 1,833 | 2,723  | 2,973 | 2,887 | 2,762 | 2,638 | 2,518 |
| TOTAL ASSETS                    | 2,165  | 2,012 | 2,146 | 3,022  | 3,239 | 3,162 | 3,298 | 3,275 | 3,181 |
| Total equity                    | 1,135  | 1,037 | 1,088 | 1,520  | 1,544 | 1,592 | 1,893 | 1,974 | 1,976 |
| Short-term debt                 | 132    | 6     | 189   | 167    | 202   | 216   | 194   | 195   | 202   |
| Other current liabilities       | 35     | 22    | 30    | 56     | 108   | 104   | 104   | 104   | 104   |
| Total current liabilities       | 167    | 28    | 219   | 223    | 311   | 320   | 298   | 299   | 306   |
| Long-term debt                  | 860    | 945   | 838   | 1,275  | 1,380 | 1,242 | 1,100 | 995   | 892   |
| Other non-current liabilities   | 3      | 1     | 1     | 4      | 3     | 7     | 7     | 7     | 7     |
| Total non-current liabilities   | 863    | 946   | 838   | 1,279  | 1,384 | 1,250 | 1,108 | 1,002 | 899   |
| TOTAL EQUITY & LIABILITIES      | 2,165  | 2,012 | 2,146 | 3,022  | 3,239 | 3,162 | 3,298 | 3,275 | 3,181 |
| Working capital, receivables    | 25     | 27    | 38    | 66     | 110   | 0     | 0     | 0     | 0     |
| Working capital, payables       | 24     | 17    | 20    | 38     | 90    | 0     | 0     | 0     | 0     |
| Net working capital             | 1      | 10    | 17    | 28     | 20    | 0     | 0     | 0     | 0     |
| Interest bearing debt           | 991    | 951   | 1,027 | 1,442  | 1,583 | 1,458 | 1,294 | 1,189 | 1,093 |
| Liquidity                       | 212    | 187   | 265   | 211    | 125   | 159   | 419   | 520   | 546   |
| Net interest bearing debt       | 779    | 764   | 762   | 1,231  | 1,458 | 1,299 | 875   | 669   | 547   |
| <b>Cash Flow (USDm)</b>         |        |       |       |        |       |       |       |       |       |
| Net income                      | -458   | -154  | -10   | 58     | -16   | 57    | 314   | 527   | 642   |
| Depreciation                    | 82     | 82    | 83    | 103    | 124   | 141   | 141   | 141   | 141   |
| Other                           | 363    | 47    | 10    | 29     | 23    | 5     | 0     | 0     | 0     |
| Cash earnings                   | -14    | -26   | 83    | 190    | 131   | 203   | 456   | 669   | 784   |
| Changes in working capital      | -1     | -8    | 0     | -21    | -43   | 22    | 0     | 0     | 0     |
| Net operational cash flow       | -15    | -33   | 83    | 169    | 89    | 225   | 456   | 669   | 784   |
| Capex                           | -474   | -396  | -144  | -329   | -347  | -65   | -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    | 7     | 0     | 0     | 0     |
| Net investing cash flow         | -398   | -13   | -127  | -325   | -280  | -62   | -17   | -17   | -21   |
| Repayment of debt               | 129    | -29   | 75    | 113    | 144   | -277  | -164  | -104  | -96   |
| Proceeds from debt              | 374    | 152   | 161   | 988    | 768   | 153   | 0     | 0     | 0     |
| Dividends paid                  | 0      | 0     | 0     | 0      | -5    | -5    | -14   | -446  | -641  |
| New equity                      | 418    | 50    | 50    | 0      | 0     | 0     | 0     | 0     | 0     |
| Other                           | -387   | -152  | -164  | -1,004 | -804  | 7     | 0     | 0     | 0     |
| Net financing cash flow         | 534    | 20    | 122   | 97     | 104   | -129  | -178  | -551  | -737  |
| Currency effect                 | 0      | 0     | 0     | 0      | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 122    | -26   | 78    | -60    | -88   | 34    | 260   | 101   | 26    |
| Cash balance                    | 208    | 182   | 259   | 205    | 118   | 151   | 412   | 513   | 539   |
| Free cash flow                  | -412   | -47   | -44   | -156   | -191  | 163   | 439   | 652   | 762   |



| 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>647</b>   | <b>660</b>   | <b>674</b>   | <b>674</b>   |
| NIBD                               | 779        | 764          | 762          | 1,231        | 1,458        | 1,299        | 875          | 669          | 547          |
| 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>1,946</b> | <b>1,535</b> | <b>1,343</b> | <b>1,221</b> |
| Key Figures & Ratios               | 2015       | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                     |            |              |              | 14.5         |              | 11.3         | 2.1          | 1.3          | 1.0          |
| P/E (adj.)                         |            |              |              | 14.5         |              | 11.0         | 2.1          | 1.3          | 1.0          |
| P/CE                               | 0.0        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| P/Sales                            | 0.8        | 1.9          | 2.7          | 1.6          | 1.9          | 1.2          | 0.8          | 0.7          | 0.6          |
| EV/Sales                           | 5.7        | 6.7          | 5.6          | 3.9          | 4.3          | 3.7          | 2.0          | 1.3          | 1.1          |
| EV/EBITDA                          |            |              | 12.2         | 8.8          | 13.1         | 7.0          | 3.0          | 1.8          | 1.5          |
| EV/EBIT                            |            |              | 38.2         | 15.7         | 35.2         | 14.0         | 4.1          | 2.3          | 1.8          |
| P/B                                | 0.1        | 0.3          | 0.7          | 0.6          | 0.7          | 0.4          | 0.3          | 0.3          | 0.3          |
| FCF yield                          | -311%      | -16%         | -6%          | -18%         | -17%         | 25%          | 66%          | 97%          | 113%         |
| Dividend yield                     | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.4%         | 0.7%         | 2.1%         | 66.2%        | 95.1%        |
| Return on equity (ROE)             | -40.4%     | -14.9%       | -0.9%        | 3.8%         | -1.0%        | 3.6%         | 16.6%        | 26.7%        | 32.5%        |
| Return on capital employed (ROCE)  | -22.3%     | -6.1%        | 2.1%         | 4.8%         | 2.5%         | 4.8%         | 13.6%        | 22.1%        | 27.5%        |
| Return on assets (ROA)             | -21.2%     | -7.7%        | -0.5%        | 1.9%         | -0.5%        | 1.8%         | 9.5%         | 16.1%        | 20.2%        |
| Sales growth                       | 54%        | -3%          | 71%          | 98%          | 13%          | -12%         | 48%          | 28%          | 12%          |
| EBITDA margin                      | -213%      | -17%         | 45%          | 44%          | 33%          | 53%          | 67%          | 73%          | 75%          |
| EBIT margin                        | -264%      | -70%         | 15%          | 25%          | 12%          | 26%          | 48%          | 59%          | 62%          |
| Net margin                         | -284%      | -99%         | -4%          | 11%          | -3%          | 11%          | 40%          | 53%          | 58%          |
| Net interest rate                  | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 5.6%         | 7.2%         | 8.5%         | 9.6%         |
| 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%          | 50%          | 57%          | 60%          | 62%          |
| Leverage ratio                     | 48%        | 48%          | 49%          | 50%          | 52%          | 50%          | 43%          | 40%          | 38%          |
| NIBD / EBITDA (past ly)            | -2.3       | -28.0        | 6.3          | 5.2          | 7.4          | 4.6          | 1.7          | 0.9          | 0.7          |
| Operating cash flow/NIBD           | 0.0        | 0.0          | 0.1          | 0.1          | 0.1          | 0.2          | 0.5          | 1.0          | 1.4          |
| Net interest coverage ratio (EBIT) |            |              |              |              |              | 3.8          | 8.3          | 12.7         | 15.9         |
| Current ratio                      | 1.5        | 8.1          | 1.4          | 1.3          | 0.9          | 0.9          | 1.8          | 2.1          | 2.2          |
| Adj. equity ratio                  |            |              |              |              |              | 36%          | 54%          | 65%          | 72%          |
| Operating assets                   | 1,943      | 1,816        | 1,872        | 2,808        | 3,112        | 3,003        | 2,878        | 2,754        | 2,634        |
| Operating liabilities              | 38         | 23           | 31           | 60           | 112          | 112          | 112          | 112          | 112          |
| Net operating assets               | 1,905      | 1,793        | 1,842        | 2,748        | 3,001        | 2,891        | 2,766        | 2,642        | 2,522        |

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

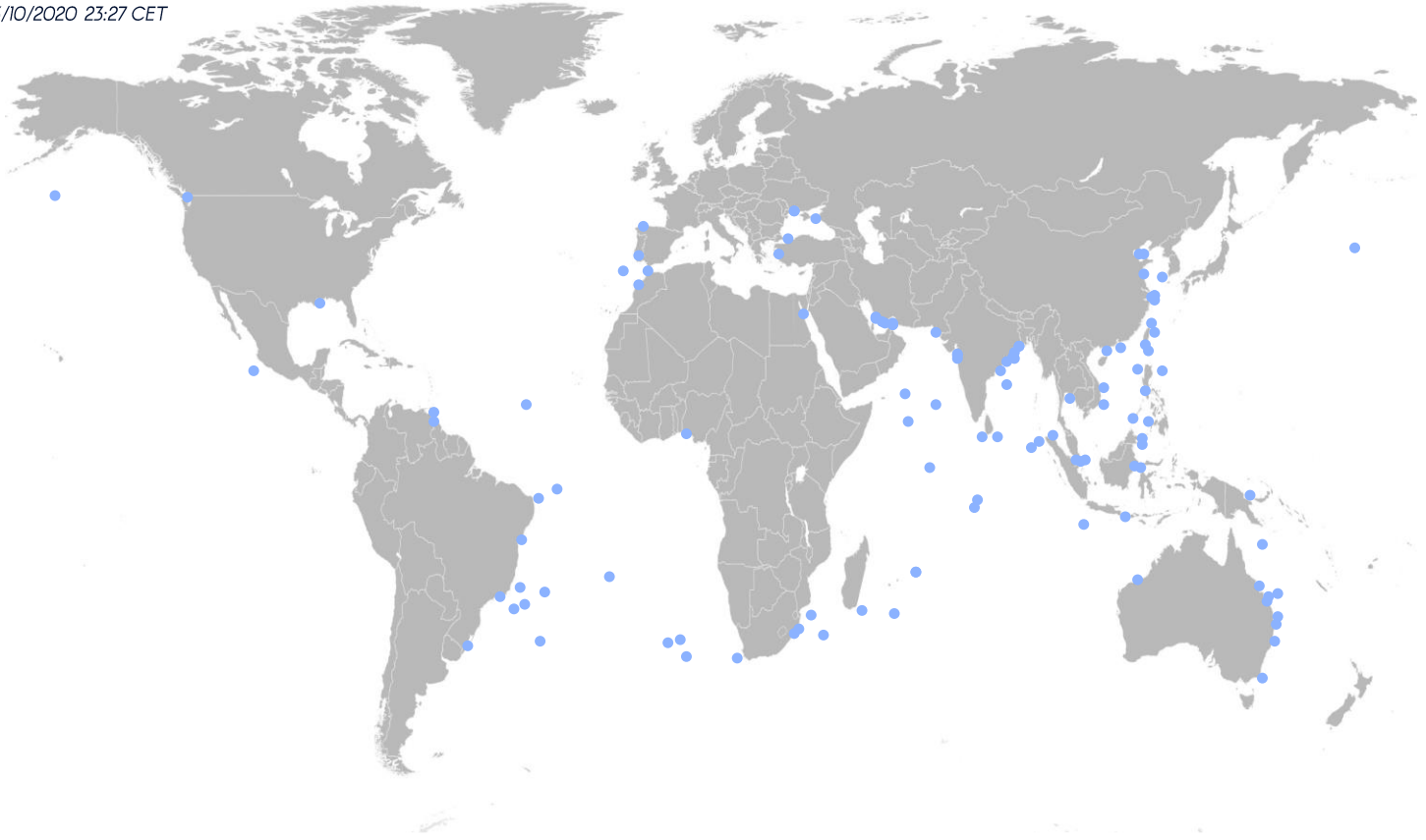
## Break-even levels vs TCE revenue (USD per fleet day)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:27 CET





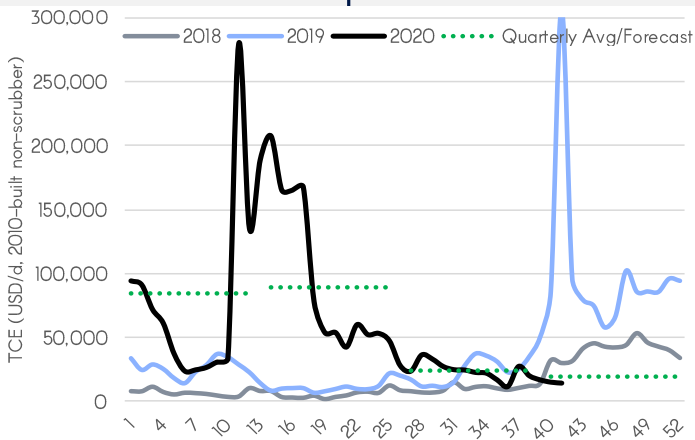


## Oil Tanker Companies

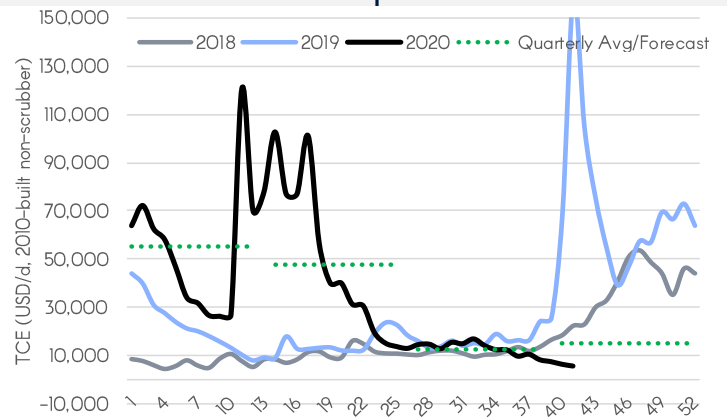


## Earnings

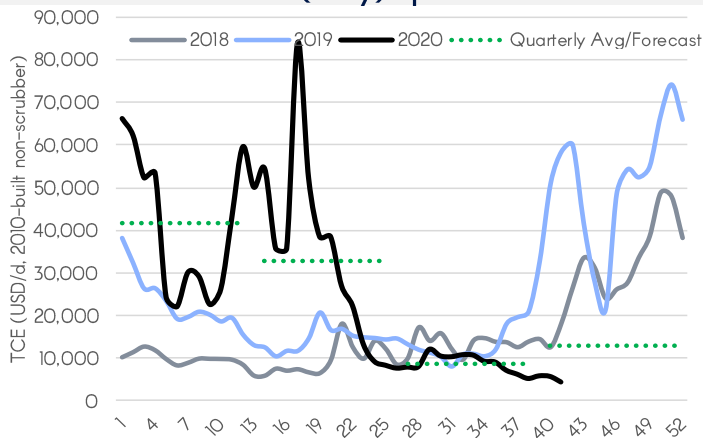
### VLCC spot rates



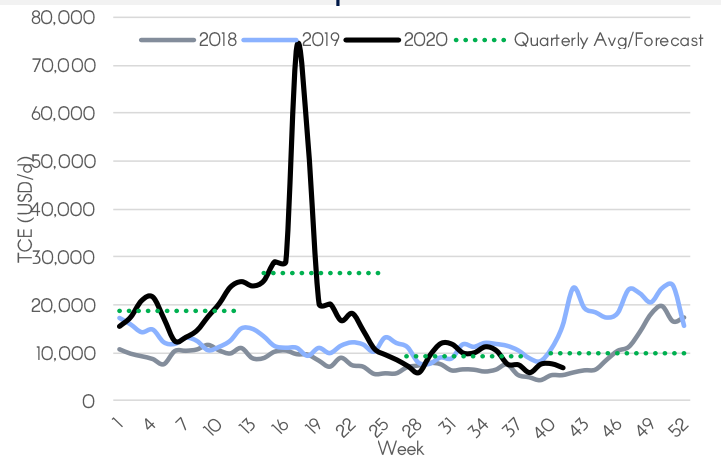
### Suezmax spot rates



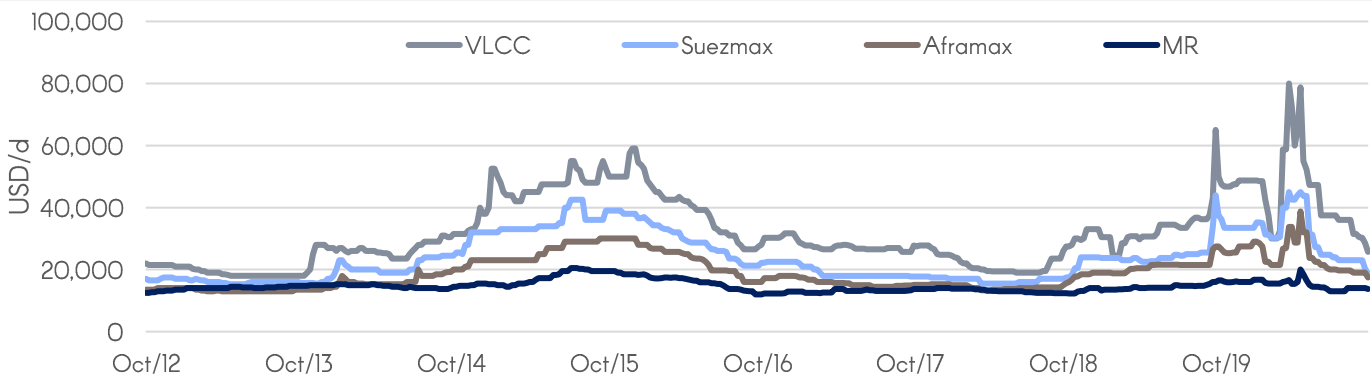
### Aframax (dirty) spot rates



### MR spot rates



### Timecharter rates





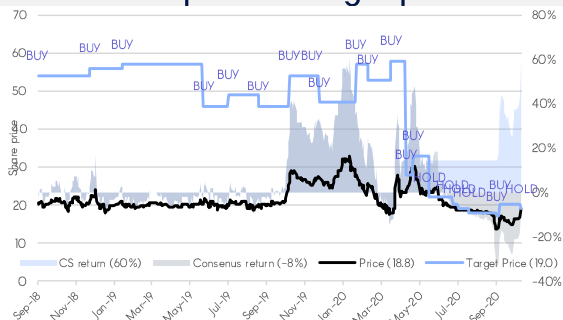
Divestment of vessels could release discount to NAV, but we fear a change in business strategy and potential vessel acquisitions

## ADS-NO

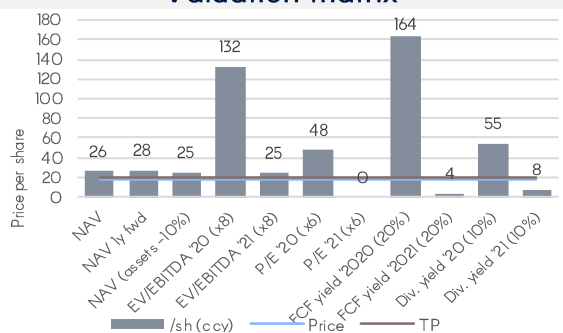
## HOLD/NI9

## ADS Crude Carriers

### Share price vs target price

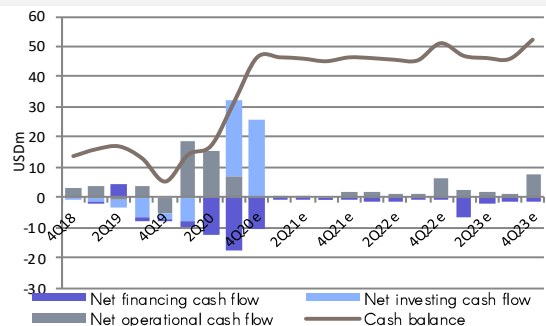


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 47    | 7     | 15    | 18    |
| EBITDA (adj.)       | 37    | 3     | 11    | 14    |
| EBIT (adj.)         | 23    | -3    | 5     | 8     |
| PTP (adj.)          | 20    | -3    | 4     | 7     |
| Net earnings (adj.) | 20    | -3    | 4     | 7     |
| EPS (adj.)          | 0.87  | -0.15 | 0.18  | 0.31  |
| DPS                 | 0.59  | 0.09  | 0.22  | 0.50  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 71    | 73    | 90    | 103   |
| Adj. equity ratio   | 84%   | 85%   | 87%   | 89%   |
| FCF yield           | 175%  | 4%    | 21%   | 27%   |
| Dividend yield      | 29%   | 4%    | 11%   | 24%   |
| EV/EBITDA           | 0.2   | 3.0   | 0.4   | 0.2   |
| P/E (adj.)          | 2.4   |       | 11.1  | 6.6   |

### Key numbers

| USDm                          | 2020E     | 2021E     | 2022E     | 2023E     |
|-------------------------------|-----------|-----------|-----------|-----------|
| Net operational cash flow     | 41        | 2         | 10        | 13        |
| Free cash flow                | 83        | 2         | 10        | 13        |
| Net cash flow                 | 41        | 0         | 5         | 1         |
| TCE/day                       | 49,310    | 21,050    | 42,889    | 51,184    |
| Cash break-even               | 13,995    | 14,807    | 14,833    | 14,857    |
| <b>Liquidity</b>              | <b>48</b> | <b>48</b> | <b>52</b> | <b>54</b> |
| Property & Equip. (incl. NBs) | 17        | 11        | 6         | 0         |
| Total equity                  | 60        | 54        | 54        | 49        |
| Total assets                  | 73        | 68        | 67        | 63        |
| Interest bearing debt         | 9         | 9         | 9         | 9         |
| Net interest bearing debt     | -39       | -39       | -43       | -45       |
| Market Cap.                   | 48        | 48        | 48        | 48        |

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

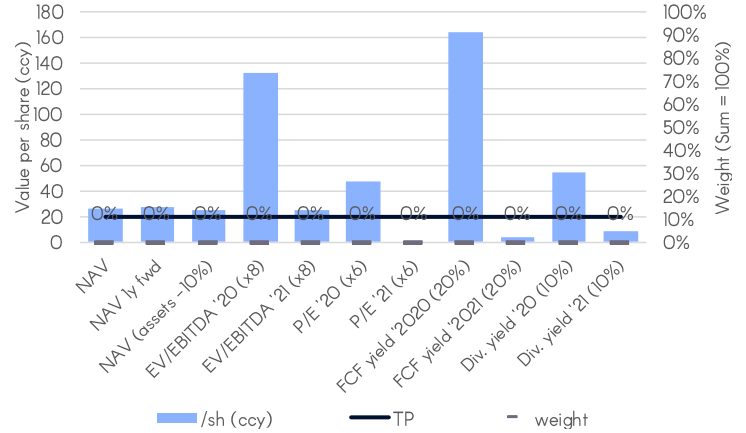


## Company Valuation

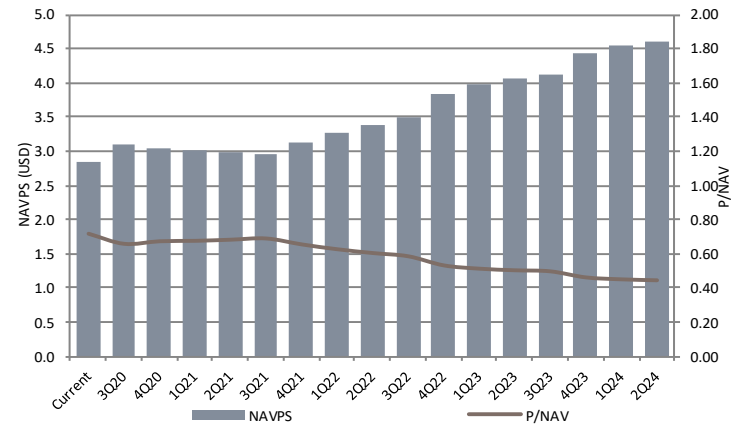
### Valuation & target price

| Valuation         |             |                 |             |
|-------------------|-------------|-----------------|-------------|
| USDm              | Book Value  | Net Asset Value | Market cap. |
| Primary assets    | 73          | 25              | 12          |
| Contract value    | 0           | 4               | 2           |
| Other             | 8           | 8               | 4           |
| <b>GAV</b>        | <b>81</b>   | <b>37</b>       | <b>18</b>   |
| Net debt          | -14         | 33              | 33          |
| Capex             | 0           | 0               | 0           |
| Other             | -3          | -3              | -3          |
| <b>Equity</b>     | <b>64</b>   | <b>67</b>       | <b>48</b>   |
| Shares            | 23          | 23              | 23          |
| <b>Equity/sh</b>  | <b>2.73</b> | <b>2.85</b>     | <b>2.04</b> |
| Icl CCY           | 25.2        | 26.3            | 18.8        |
| USDNOK            |             | 9.2             |             |
| P/Equity          | 0.75        | 0.71            | 1.00        |
| EV/GAV            | 0.23        | 0.49            | 1.00        |
| Adj. Total Assets | 101         | 53              | 40          |
| Adj. Equity Ratio | 63%         | 126%            | 119%        |
| <b>Fair Value</b> | <b>NOK</b>  | <b>19</b>       | <b>2%</b>   |
|                   | <b>USD</b>  | <b>2.1</b>      |             |

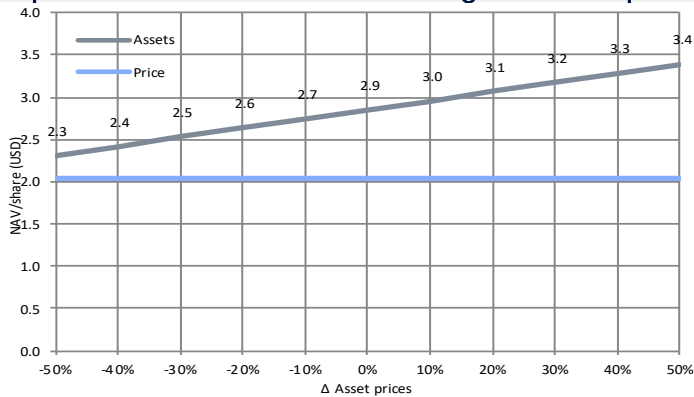
### Valuation matrix



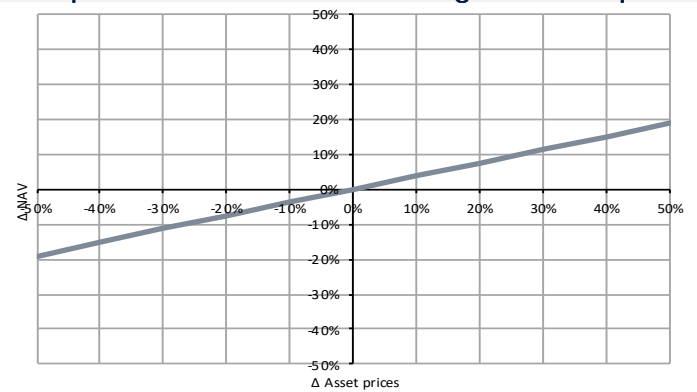
### Quarterly forward NAV & P/NAV



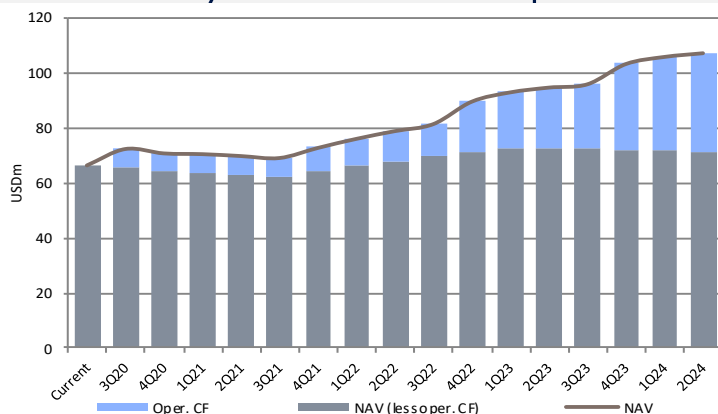
### Impact on NAV/sh from % change in asset prices



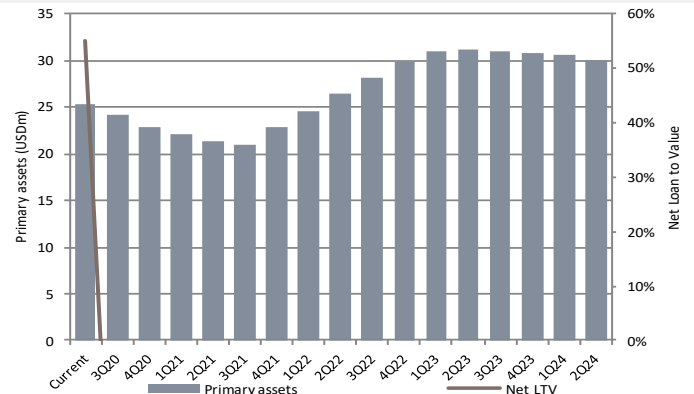
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm  | 3Q19  | 2Q20 | 3Q20    |            | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|------|---------|------------|------------|-------|------------|-------|
|                       |       |      | Cleaves | Consensus* | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 2.1   | 16.5 | 10.6    | 10.0       |            |       |            |       |
| EBITDA (adj.)         | -0.8  | 13.6 | 7.7     | 7.1        |            |       |            |       |
| EBIT (adj.)           | -2.1  | 9.5  | 3.6     | 3.0        |            |       |            |       |
| PTP (adj.)            | -2.9  | 8.6  | 2.9     | 2.2        |            |       |            |       |
| Net earnings (adj.)   | -2.9  | 8.6  | 2.9     | 2.2        |            |       |            |       |
| EPS (adj.)            | -0.12 | 0.37 | 0.13    | 0.10       |            |       |            |       |
| DPS                   | -     | 0.18 | 0.02    | 0.46       |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20 | Cleaves | Consensus* | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 2.1   | 16.5 | 10.6    | 10.0       |            |       |            |       |
| Opex & G&A            | 2.9   | 2.9  | 2.9     | 2.9        |            |       |            |       |
| Depreciation          | 1.3   | 4.1  | 4.1     | 4.2        |            |       |            |       |
| Net finance           | 0.8   | 0.9  | 0.7     | 0.8        |            |       |            |       |
| Taxes & Minorities    | -     | -    | -       | -          |            |       |            |       |

\* Note that consensus consists of Cleaves Securities and Arctic Securities only

### Other

| 3Q20 Preview<br>USDm  | 3Q19   | 2Q20   | 3Q20    |            | Actuals vs |       | Actuals vs |       |
|-----------------------|--------|--------|---------|------------|------------|-------|------------|-------|
|                       |        |        | Cleaves | Consensus* | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day               | 16,803 | 64,268 | 46,274  | 43,729     |            |       |            |       |
| Utilization           | 46.0%  | 94.1%  | 85.3%   |            |            |       |            |       |
| Fleet days            | 276    | 273    | 268     |            |            |       |            |       |
| Cash break-even       | 13,438 | 13,868 | 13,417  |            |            |       |            |       |
| Liquidity             | 14     | 19     | 33      |            |            |       |            |       |
| Interest bearing debt | 36     | 33     | 19      |            |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |      |       | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|-------|-------|------|-------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020  | 2021  | 2022 | 2023  | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 47    | 7     | 15    | 18    | 50    | 17    | 34   | 38    | -2                 | -10   | -19   | -20   |     |
| EBITDA (adj.)            | 37    | 3     | 11    | 14    | 39    | 9     | 26   | 30    | -2                 | -6    | -15   | -16   |     |
| EBIT (adj.)              | 23    | -3    | 5     | 8     | 23    | -2    | 15   | 19    | -1                 | -1    | -10   | -11   |     |
| PTP (adj.)               | 20    | -3    | 4     | 7     | 21    | -4    | 13   | 17    | -0                 | 0     | -9    | -10   |     |
| Net earnings (adj.)      | 20    | -3    | 4     | 7     | 21    | -4    | 13   | 17    | -0                 | 0     | -9    | -10   |     |
| EPS (adj.)               | 0.87  | -0.15 | 0.18  | 0.31  | 0.88  | -0.16 | 0.55 | 0.72  | -0.02              | 0.01  | -0.37 | -0.41 |     |
| DPS                      | 0.59  | 0.09  | 0.22  | 0.50  | 1.23  | 0.21  | 0.73 | 1.13  | -0.64              | -0.13 | -0.51 | -0.64 |     |
| DPS (NOK)                | 5.45  | 0.81  | 2.02  | 4.57  | 11.24 | 1.96  | 6.62 | 10.35 |                    |       |       |       |     |
|                          |       |       |       |       |       |       |      |       | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |       |       |      |       | TCE revenue        | -2    | -10   | -19   | -20 |
|                          |       |       |       |       |       |       |      |       | Opex & G&A         | -1    | -4    | -4    | -4  |
|                          |       |       |       |       |       |       |      |       | Depreciation       | -1    | -6    | -6    | -6  |
|                          |       |       |       |       |       |       |      |       | Net finance        | -0    | -1    | -1    | -1  |
|                          |       |       |       |       |       |       |      |       | Taxes & Minorities | -     | -     | -     | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 41     | 2      | 10     | 13     | 42     | 7      | 24     | 28     | -2     | -5     | -14    | -15    |
| Free cash flow                | 83     | 2      | 10     | 13     | 59     | 7      | 24     | 28     | 24     | -5     | -14    | -15    |
| Net cash flow                 | 41     | 0      | 5      | 1      | 12     | 2      | 7      | 1      | 29     | -2     | -2     | -0     |
| TCE/day                       | 49,310 | 21,050 | 42,889 | 51,184 | 50,056 | 24,664 | 48,070 | 53,477 | -746   | -3,614 | -5,182 | -2,293 |
| Cash break-even               | 13,995 | 14,807 | 14,833 | 14,857 | 13,690 | 13,785 | 13,798 | 13,811 | 304    | 1,022  | 1,034  | 1,047  |
| Liquidity                     | 48     | 48     | 52     | 54     | 19     | 21     | 28     | 29     | 29     | 27     | 24     | 24     |
| Property & Equip. (incl. NBs) | 17     | 11     | 6      | 0      | 41     | 30     | 19     | 8      | -25    | -19    | -13    | -8     |
| Total equity                  | 60     | 54     | 54     | 49     | 45     | 37     | 33     | 23     | 15     | 18     | 21     | 26     |
| Total assets                  | 73     | 68     | 67     | 63     | 71     | 62     | 58     | 48     | 3      | 6      | 9      | 15     |
| Interest bearing debt         | 9      | 9      | 9      | 9      | 19     | 19     | 19     | 19     | -10    | -10    | -10    | -10    |
| Net interest bearing debt     | -39    | -39    | -43    | -45    | 0      | -2     | -9     | -10    | -39    | -36    | -34    | -34    |
| Market Cap.                   | 48     | 48     | 48     | 48     | 43     | 43     | 43     | 43     | 4      | 4      | 4      | 4      |
| Enterprise value              | 9      | 9      | 4      | 3      | 43     | 41     | 34     | 33     | -34    | -32    | -30    | -30    |
| Capex                         | 8      | -      | -      | -      | 8      | -      | -      | -      | -      | -      | -      | -      |
| Utilization                   | 89%    | 97%    | 97%    | 97%    | 94%    | 97%    | 97%    | 97%    | -5%    | 0%     | 0%     | 0%     |
| Fleet days                    | 931    | 365    | 365    | 365    | 1,006  | 730    | 730    | 730    | -75    | -365   | -365   | -365   |

### Valuation

| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 71    | 73    | 90    | 103   | 75    | 79    | 126   | 149   | -4     | -6    | -36   | -45   |
| Adj. equity ratio        | 84%   | 85%   | 87%   | 89%   | 75%   | 76%   | 83%   | 86%   | 9%     | 9%    | 4%    | 3%    |
| FCF yield                | 175%  | 4%    | 21%   | 27%   | 137%  | 17%   | 55%   | 64%   | 37%    | -13%  | -35%  | -38%  |
| Dividend yield           | 29%   | 4%    | 11%   | 24%   | 67%   | 12%   | 39%   | 61%   | -38%   | -7%   | -29%  | -37%  |
| EV/EBITDA                | 0.2   | 3.0   | 0.4   | 0.2   | 1.1   | 4.4   | 1.3   | 1.1   | -0.9   | -1.4  | -0.9  | -0.9  |
| P/E (adj.)               | 2.4   |       | 11.1  | 6.6   | 2.1   |       | 3.3   | 2.6   | 0.3    | ##### | 7.8   | 4.0   |



| Profit & Loss (USDm)          | 3Q19  | 4Q19  | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|-------------------------------|-------|-------|------|------|-------|-------|-------|-------|-------|
| Net sales                     | 2     | 7     | 19   | 17   | 11    | 1     | 2     | 1     | 1     |
| Operational costs             | -3    | -3    | -3   | -3   | -3    | -1    | -1    | -1    | -1    |
| EBITDA                        | -1    | 4     | 16   | 14   | 8     | 0     | 1     | 0     | 0     |
| Depreciation/Amortization     | -1    | -3    | -4   | -4   | -4    | -2    | -1    | -1    | -1    |
| EBIT                          | -2    | 0     | 12   | 9    | 4     | -2    | -1    | -1    | -2    |
| Net financials                | -1    | -1    | -1   | -1   | -1    | 0     | 0     | 0     | 0     |
| PTP                           | -3    | 0     | 11   | 9    | 3     | -2    | -1    | -1    | -2    |
| Taxes/Minorities              | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | -3    | 0     | 11   | 9    | 3     | -2    | -1    | -1    | -2    |
| Non-recurring items           | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | -3    | 0     | 11   | 9    | 3     | -2    | -1    | -1    | -2    |
| EPS                           | -0.12 | -0.02 | 0.46 | 0.37 | 0.13  | -0.09 | -0.04 | -0.05 | -0.08 |
| EPS (adj.)                    | -0.12 | -0.02 | 0.46 | 0.37 | 0.13  | -0.09 | -0.04 | -0.05 | -0.08 |
| DPS                           | 0.02  | 0.00  | 0.09 | 0.30 | 0.18  | 0.02  | 0.02  | 0.02  | 0.02  |
| Balance Sheet (USDm)          | 3Q19  | 4Q19  | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Cash & short-term investments | 13    | 5     | 14   | 17   | 32    | 46    | 46    | 46    | 45    |
| Other current assets          | 7     | 16    | 12   | 10   | 10    | 10    | 10    | 10    | 10    |
| Total current assets          | 20    | 21    | 26   | 27   | 42    | 57    | 57    | 56    | 55    |
| Property & equip. (incl. NBs) | 79    | 82    | 77   | 73   | 44    | 17    | 15    | 14    | 13    |
| Other non-current assets      | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets      | 79    | 82    | 77   | 73   | 44    | 17    | 15    | 14    | 13    |
| TOTAL ASSETS                  | 99    | 103   | 104  | 101  | 86    | 73    | 72    | 70    | 68    |
| Total equity                  | 54    | 54    | 62   | 64   | 63    | 60    | 59    | 57    | 55    |
| Short-term debt               | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other current liabilities     | 9     | 13    | 5    | 4    | 4     | 4     | 4     | 4     | 4     |
| Total current liabilities     | 9     | 13    | 5    | 4    | 4     | 4     | 4     | 4     | 4     |
| Long-term debt                | 36    | 37    | 37   | 33   | 19    | 9     | 9     | 9     | 9     |
| Other non-current liabilities | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities | 36    | 37    | 37   | 33   | 19    | 9     | 9     | 9     | 9     |
| TOTAL EQUITY & LIABILITIES    | 99    | 103   | 104  | 101  | 86    | 73    | 72    | 70    | 68    |
| Working capital, receivables  | 0     | 13    | 0    | 6    | 6     | 6     | 6     | 6     | 6     |
| Working capital, payables     | 2     | 12    | 3    | 1    | 1     | 1     | 1     | 1     | 1     |
| Net working capital           | -2    | 2     | -3   | 5    | 5     | 5     | 5     | 5     | 5     |
| Interest bearing debt         | 36    | 37    | 37   | 33   | 19    | 9     | 9     | 9     | 9     |
| Liquidity                     | 14    | 7     | 16   | 19   | 33    | 48    | 48    | 47    | 46    |
| Net interest bearing debt     | 22    | 30    | 21   | 14   | -14   | -39   | -39   | -38   | -37   |
| Cash Flow (USDm)              | 3Q19  | 4Q19  | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Net income                    | -3    | 0     | 11   | 9    | 3     | -2    | -1    | -1    | -2    |
| Depreciation                  | 1     | 3     | 4    | 4    | 4     | 2     | 1     | 1     | 1     |
| Other                         | 1     | 0     | 0    | 1    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                 | -1    | 3     | 15   | 13   | 7     | 0     | 1     | 0     | 0     |
| Changes in working capital    | 5     | -8    | 4    | 2    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow     | 4     | -5    | 19   | 15   | 7     | 0     | 1     | 0     | 0     |
| Capex                         | -7    | -2    | -8   | 0    | 0     | 0     | 0     | 0     | 0     |
| Other investments             | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales           | 0     | 0     | 0    | 0    | 26    | 26    | 0     | 0     | 0     |
| Other                         | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow       | -7    | -2    | -8   | 0    | 25    | 26    | 0     | 0     | 0     |
| Repayment of debt             | 0     | 0     | 0    | -4   | -14   | -10   | 0     | 0     | 0     |
| Proceeds from debt            | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                | -1    | 0     | -2   | -7   | -4    | -1    | -1    | -1    | -1    |
| New equity                    | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other                         | -1    | 0     | 0    | -1   | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow       | -1    | 0     | -2   | -12  | -18   | -11   | -1    | -1    | -1    |
| Currency effect               | 0     | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | -4    | -8    | 9    | 3    | 14    | 15    | 0     | 0     | -1    |
| Cash balance                  | 13    | 5     | 14   | 17   | 32    | 46    | 46    | 46    | 45    |
| Free cash flow                | -3    | -8    | 11   | 15   | 32    | 25    | 1     | 0     | 0     |



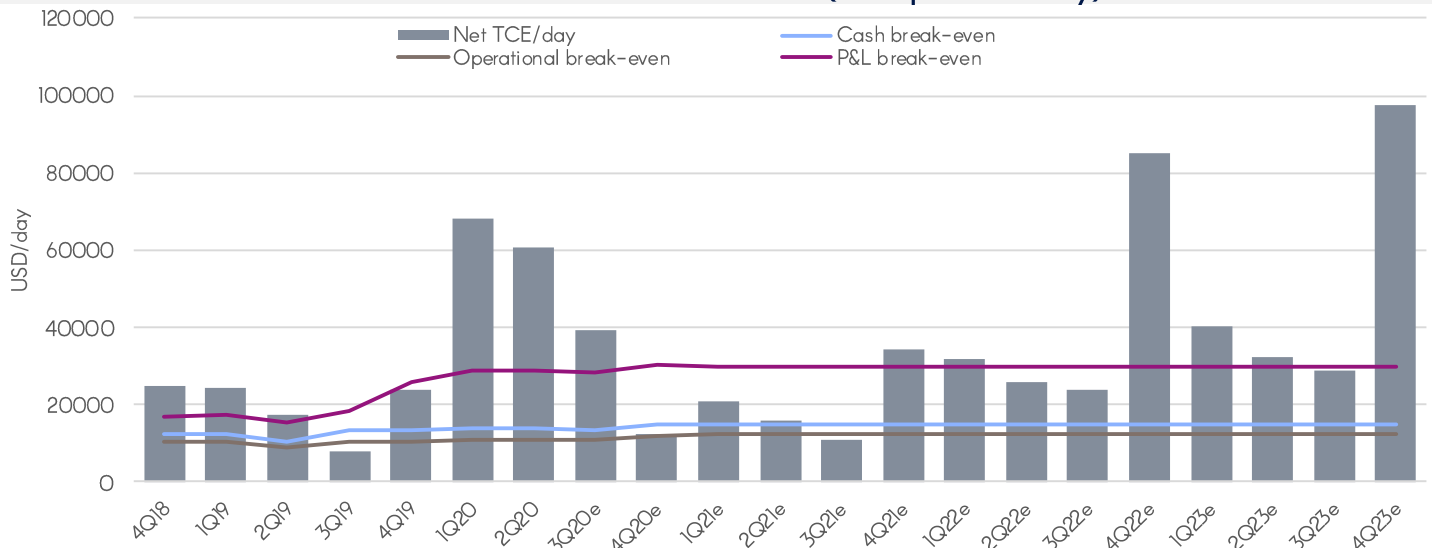
| Profit & Loss (USDm)          | 2015 | 2016 | 2017 | 2018 | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|------|------|------|------|-------|-------|-------|-------|-------|
| Net sales                     |      |      |      | 8    | 20    | 47    | 7     | 15    | 18    |
| Operational costs             |      |      |      | -5   | -11   | -10   | -5    | -5    | -5    |
| EBITDA                        |      |      |      | 3    | 9     | 37    | 3     | 11    | 14    |
| Depreciation/Amortization     |      |      |      | -2   | -7    | -14   | -6    | -6    | -6    |
| EBIT                          | —    | —    | —    | 1    | 2     | 23    | -3    | 5     | 8     |
| Net financials                |      |      |      | -1   | -3    | -3    | -1    | -1    | -1    |
| PTP                           | —    | —    | —    | 0    | -1    | 20    | -3    | 4     | 7     |
| Taxes/Minorities              |      |      |      | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | —    | —    | —    | 0    | -1    | 20    | -3    | 4     | 7     |
| Non-recurring items           |      |      |      | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | —    | —    | —    | 0    | -1    | 20    | -3    | 4     | 7     |
| EPS                           |      |      |      | 0.00 | -0.04 | 0.87  | -0.15 | 0.18  | 0.31  |
| EPS (adj.)                    |      |      |      | 0.00 | -0.04 | 0.87  | -0.15 | 0.18  | 0.31  |
| DPS                           |      |      |      | 0.00 | 0.06  | 0.59  | 0.09  | 0.22  | 0.50  |
| Balance Sheet (USDm)          | 2015 | 2016 | 2017 | 2018 | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | —    | —    | —    | 14   | 5     | 46    | 46    | 51    | 52    |
| Other current assets          |      |      |      | 11   | 16    | 10    | 10    | 10    | 10    |
| Total current assets          | —    | —    | —    | 24   | 21    | 57    | 57    | 61    | 62    |
| Property & equip. (incl. NBs) | —    | —    | —    | 68   | 82    | 17    | 11    | 6     | 0     |
| Other non-current assets      |      |      |      | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets      | —    | —    | —    | 68   | 82    | 17    | 11    | 6     | 0     |
| TOTAL ASSETS                  | —    | —    | —    | 92   | 103   | 73    | 68    | 67    | 63    |
| Total equity                  | —    | —    | —    | 56   | 54    | 60    | 54    | 54    | 49    |
| Short-term debt               | —    | —    | —    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other current liabilities     |      |      |      | 6    | 13    | 4     | 4     | 4     | 4     |
| Total current liabilities     | —    | —    | —    | 6    | 13    | 4     | 4     | 4     | 4     |
| Long-term debt                | —    | —    | —    | 30   | 37    | 9     | 9     | 9     | 9     |
| Other non-current liabilities |      |      |      | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities | —    | —    | —    | 30   | 37    | 9     | 9     | 9     | 9     |
| TOTAL EQUITY & LIABILITIES    | —    | —    | —    | 92   | 103   | 73    | 68    | 67    | 63    |
| Working capital, receivables  |      |      |      | 4    | 13    | 6     | 6     | 6     | 6     |
| Working capital, payables     | —    | —    | —    | 6    | 12    | 1     | 1     | 1     | 1     |
| Net working capital           |      |      |      | -2   | 2     | 5     | 5     | 5     | 5     |
| Interest bearing debt         |      |      |      | 30   | 37    | 9     | 9     | 9     | 9     |
| Liquidity                     |      |      |      | 14   | 7     | 48    | 48    | 52    | 54    |
| Net interest bearing debt     |      |      |      | 16   | 30    | -39   | -39   | -43   | -45   |
| Cash Flow (USDm)              | 2015 | 2016 | 2017 | 2018 | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | —    | —    | —    | 0    | -1    | 20    | -3    | 4     | 7     |
| Depreciation                  |      |      |      | 2    | 7     | 14    | 6     | 6     | 6     |
| Other                         |      |      |      | 0    | 0     | 1     | 0     | 0     | 0     |
| Cash earnings                 |      |      |      | 2    | 7     | 35    | 2     | 10    | 13    |
| Changes in working capital    | —    | —    | —    | -5   | -6    | 6     | 0     | 0     | 0     |
| Net operational cash flow     | —    | —    | —    | -3   | 0     | 41    | 2     | 10    | 13    |
| Capex                         | —    | —    | —    | -68  | -13   | -8    | 0     | 0     | 0     |
| Other investments             | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales           | —    | —    | —    | 0    | 0     | 51    | 0     | 0     | 0     |
| Other                         |      |      |      | 0    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow       | —    | —    | —    | -68  | -13   | 43    | 0     | 0     | 0     |
| Repayment of debt             | —    | —    | —    | 30   | 8     | -28   | 0     | 0     | 0     |
| Proceeds from debt            | —    | —    | —    | —    | —     | 0     | 0     | 0     | 0     |
| Dividends paid                | —    | —    | —    | 0    | -2    | -14   | -2    | -5    | -12   |
| New equity                    | —    | —    | —    | 57   | 0     | 0     | 0     | 0     | 0     |
| Other                         |      |      |      | -2   | -2    | 0     | 0     | 0     | 0     |
| Net financing cash flow       | —    | —    | —    | 85   | 4     | -42   | -2    | -5    | -12   |
| Currency effect               | —    | —    | —    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 |      |      |      | 14   | -8    | 41    | 0     | 5     | 1     |
| Cash balance                  |      |      |      | 14   | 5     | 46    | 46    | 51    | 52    |
| Free cash flow                |      |      |      | -71  | -13   | 83    | 2     | 10    | 13    |



| 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>48</b> | <b>48</b> | <b>48</b> | <b>48</b> |
| NIBD                                 |      |      |      | 16        | 30         | -39       | -39       | -43       | -45       |
| Minorities                           | —    | —    | —    | 0         | 0          | 0         | 0         | 0         | 0         |
| <b>Enterprise value</b>              |      |      |      | <b>69</b> | <b>106</b> | <b>9</b>  | <b>9</b>  | <b>4</b>  | <b>3</b>  |
| Key Figures & Ratios                 | 2015 | 2016 | 2017 | 2018      | 2019       | 2020E     | 2021E     | 2022E     | 2023E     |
| P/E (reported)                       |      |      |      |           |            | 2.4       |           | 11.1      | 6.6       |
| P/E (adj.)                           |      |      |      |           |            | 2.4       |           | 11.1      | 6.6       |
| P/CE                                 | 0.0  | 0.0  | 0.0  | 0.0       | 0.0        | 0.0       | 0.0       | 0.0       | 0.0       |
| P/Sales                              |      |      |      | 6.7       | 3.8        | 1.0       | 6.4       | 3.1       | 2.6       |
| EV/Sales                             |      |      |      | 8.7       | 5.3        | 0.2       | 1.2       | 0.3       | 0.2       |
| EV/EBITDA                            |      |      |      | 25.0      | 11.8       | 0.2       | 3.0       | 0.4       | 0.2       |
| EV/EBIT                              |      |      |      | 75.9      | 63.5       | 0.4       |           | 0.8       | 0.4       |
| P/B                                  |      |      |      | 0.9       | 1.4        | 0.8       | 0.9       | 0.9       | 1.0       |
| FCF yield                            |      |      |      | -135%     | -16%       | 175%      | 4%        | 21%       | 27%       |
| Dividend yield                       |      |      |      | 0.0%      | 2.0%       | 29.0%     | 4.3%      | 10.7%     | 24.3%     |
| Return on equity (ROE)               |      |      |      | 0.2%      | -1.8%      | 33.8%     | -6.4%     | 8.0%      | 14.6%     |
| Return on capital employed (ROCE)    |      |      |      | 1.3%      | 2.0%       | 107.8%    | -16.2%    | 50.6%     | 171.1%    |
| Return on assets (ROA)               |      |      |      | 0.1%      | -0.9%      | 27.6%     | -5.1%     | 6.4%      | 11.5%     |
| Sales growth                         |      |      |      |           | 154%       | 136%      | -84%      | 104%      | 19%       |
| EBITDA margin                        |      |      |      | 35%       | 45%        | 78%       | 40%       | 70%       | 75%       |
| EBIT margin                          |      |      |      | 11%       | 8%         | 49%       | -34%      | 34%       | 45%       |
| Net margin                           |      |      |      | 1%        | -5%        | 43%       | -46%      | 28%       | 40%       |
| Net interest rate                    |      |      |      | 0.0%      | 0.0%       | -7.0%     | -2.3%     | -2.1%     | -2.0%     |
| Tax rate                             |      |      |      | 0.0%      | 0.0%       | 0.0%      | 0.0%      | 0.0%      | 0.0%      |
| Equity ratio                         |      |      |      | 61%       | 52%        | 82%       | 80%       | 80%       | 79%       |
| Leverage ratio                       |      |      |      | 39%       | 48%        | 18%       | 20%       | 20%       | 21%       |
| NIBD / EBITDA (past 1y)              |      |      |      | 5.7       | 3.3        | -1.0      | -13.1     | -4.1      | -3.3      |
| Operating cash flow/NIBD             |      |      |      | -0.2      | 0.0        | -1.1      | -0.1      | -0.2      | -0.3      |
| Net interest coverage ratio (EBITDA) |      |      |      |           |            | 13.7      | 3.3       | 11.9      | 15.1      |
| Current ratio                        |      |      |      | 3.8       | 1.7        | 13.0      | 13.0      | 14.1      | 14.4      |
| Adj. equity ratio                    |      |      |      |           |            | 84%       | 85%       | 87%       | 89%       |
| Operating assets                     |      |      |      | 78        | 96         | 26        | 20        | 15        | 9         |
| Operating liabilities                |      |      |      | 6         | 13         | 4         | 4         | 4         | 4         |
| Net operating assets                 |      |      |      | 72        | 83         | 21        | 16        | 10        | 5         |

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)







## Fleet Positioning

Live satellite data as of  
13/10/2020 21:49 CET





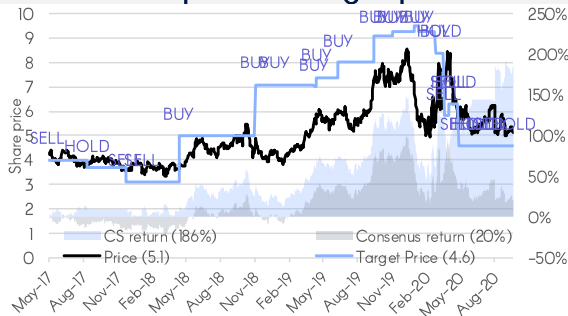
VLCC pure-play with a large fleet on the water. Very strong balance sheet. Well positioned ahead of next cyclical expansion

## DHT-US

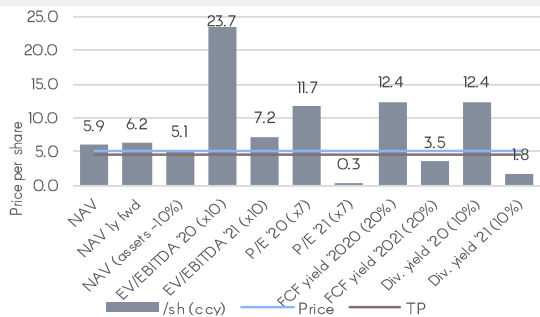
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## DHT Holdings

### Share price vs target price

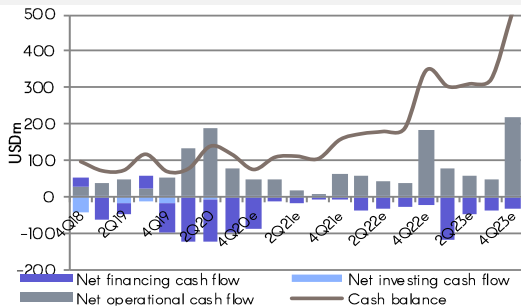


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 545   | 256   | 441   | 524   |
| EBITDA (adj.)       | 448   | 158   | 343   | 427   |
| EBIT (adj.)         | 325   | 37    | 222   | 305   |
| PTP (adj.)          | 285   | 8     | 195   | 282   |
| Net earnings (adj.) | 284   | 8     | 195   | 282   |
| EPS (adj.)          | 1.87  | 0.04  | 1.14  | 1.66  |
| DPS                 | 1.33  | 0.18  | 0.28  | 0.96  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 1,101 | 1,196 | 1,874 | 2,294 |
| Adj. equity ratio   | 65%   | 67%   | 79%   | 84%   |
| FCF yield           | 48%   | 14%   | 35%   | 45%   |
| Dividend yield      | 24%   | 3%    | 5%    | 19%   |
| EV/EBITDA           | 3.0   | 7.8   | 2.8   | 1.8   |
| P/E (adj.)          | 3.1   |       | 4.5   | 3.1   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 441    | 129    | 316    | 403    |
| Free cash flow                | 424    | 119    | 306    | 394    |
| Net cash flow                 | 6      | 83     | 193    | 164    |
| TCE/day                       | 56,590 | 26,753 | 45,993 | 54,730 |
| Cash break-even               | 20,676 | 13,605 | 19,409 | 19,036 |
| Liquidity                     | 73     | 156    | 348    | 513    |
| Property & Equip. (incl. NBs) | 1,497  | 1,385  | 1,273  | 1,161  |
| Total equity                  | 1,120  | 1,097  | 1,244  | 1,362  |
| Total assets                  | 1,703  | 1,674  | 1,755  | 1,807  |
| Interest bearing debt         | 524    | 517    | 451    | 385    |
| Net interest bearing debt     | 451    | 361    | 103    | -127   |
| Market Cap.                   | 875    | 875    | 875    | 875    |

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

| 3Q20 Preview<br>USDm  |       |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 58.9  | 202.7 | 111     | 112       |            |       |            |       |
| EBITDA (adj.)         | 36.0  | 178.0 | 87      | 86        |            |       |            |       |
| EBIT (adj.)           | 6.3   | 147.2 | 56      | 54        |            |       |            |       |
| PTP (adj.)            | -7.9  | 136.6 | 47      | 45        |            |       |            |       |
| Net earnings (adj.)   | -7.9  | 136.4 | 47      | 45        |            |       |            |       |
| EPS (adj.)            | -0.06 | 0.93  | 0.28    | 0.28      |            |       |            |       |
| DPS                   | 0.05  | 0.48  | 0.18    | 0.17      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 58.9  | 202.7 | 111.2   | 112.1     |            |       |            |       |
| Opex & G&A            | 22.9  | 24.8  | 24.1    | 26.4      |            |       |            |       |
| Depreciation          | 29.7  | 30.8  | 30.7    | 31.5      |            |       |            |       |
| Net finance           | 14.2  | 10.6  | 9.3     | 9.7       |            |       |            |       |
| Taxes & Minorities    | 0.0   | 0.2   | 0.1     | -0.5      |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day                   | 25,451 | 83,253 | 46,155  | 46,535    |            |       |            |       |
| Utilization               | 93.2%  | 99.1%  | 97.0%   |           |            |       |            |       |
| Fleet days                | 2,484  | 2,457  | 2,484   |           |            |       |            |       |
| Cash break-even           | 20,983 | 21,745 | 20,775  |           |            |       |            |       |
| Liquidity                 | 115    | 138    | 115     |           |            |       |            |       |
| Interest bearing debt     | 949    | 719    | 578     |           |            |       |            |       |
| Net interest bearing debt | 833    | 582    | 463     |           |            |       |            |       |

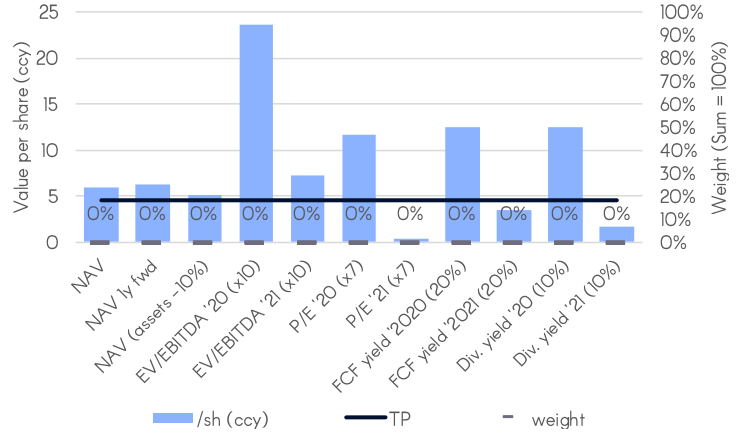


## Company Valuation

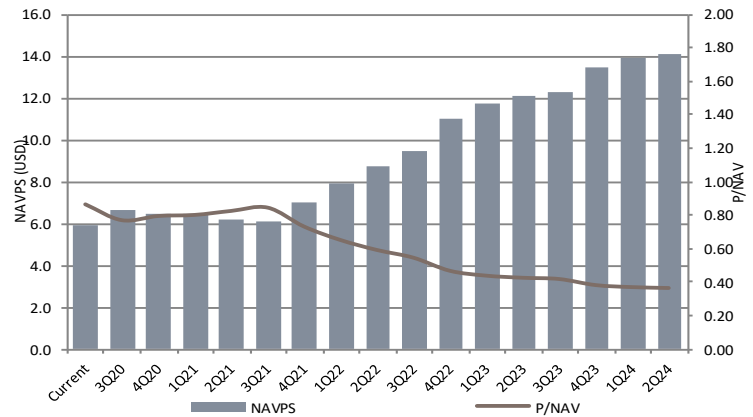
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,553        | 1,379           | 1,256        |
| Contract value    | 0            | 38              | 34           |
| Other             | 117          | 117             | 106          |
| <b>GAV</b>        | <b>1,670</b> | <b>1,534</b>    | <b>1,397</b> |
| Net debt          | -582         | -457            | -457         |
| Capex             | 0            | -22             | -22          |
| Other             | -43          | -43             | -43          |
| <b>Equity</b>     | <b>1,045</b> | <b>1,012</b>    | <b>875</b>   |
| Shares (diluted)  | 170          | 170             | 170          |
| <b>Equity/sh</b>  | <b>6.14</b>  | <b>5.95</b>     | <b>5.14</b>  |
| lcl CCY           | 6.14         | 5.95            | 5.14         |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.84</b>  | <b>0.86</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.84</b>  | <b>0.91</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 1,824        | 1,651           | 1,527        |
| Adj. Equity Ratio | 57%          | 61%             | 57%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>4.6</b>      | <b>-11%</b>  |

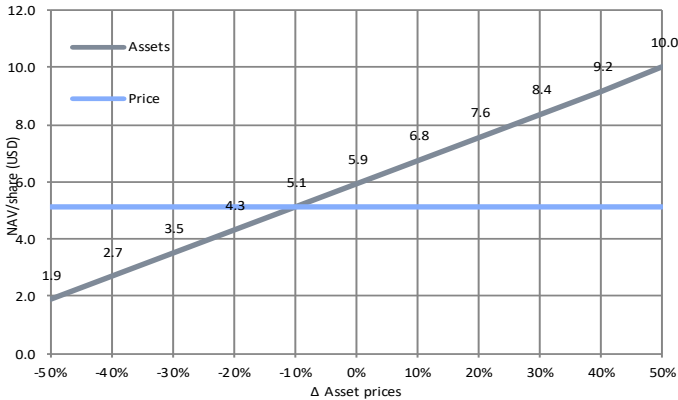
### Valuation Matrix



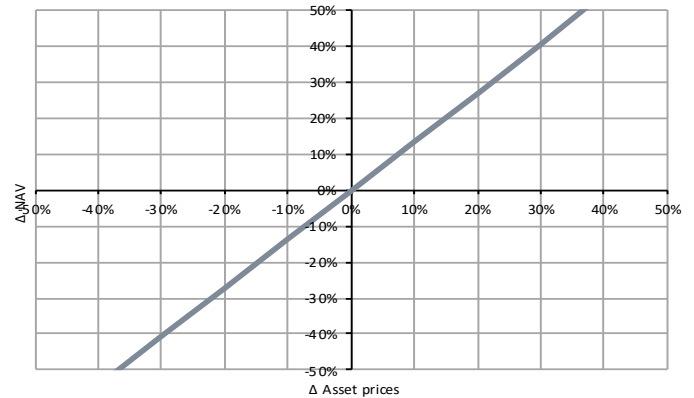
### Quarterly forward NAV & P/NAV



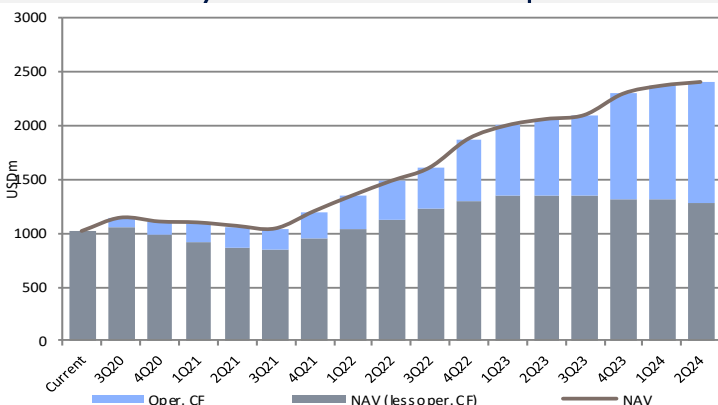
### Impact on NAV/sh from % change in asset prices



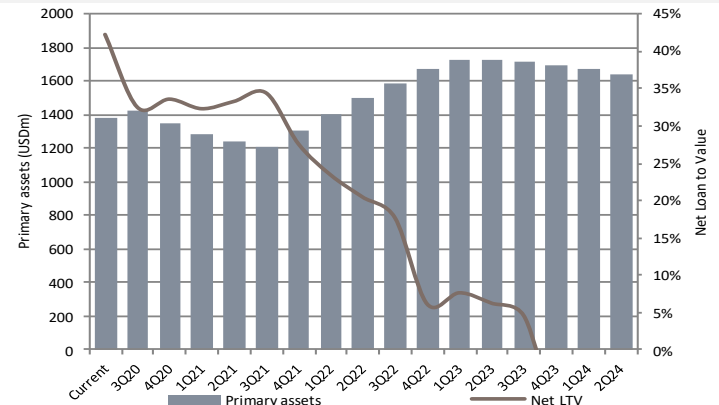
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |      |      |      | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|------|------|------|------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021 | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 545   | 256   | 441   | 524   | 538  | 277  | 485  | 554  | 7                  | -21   | -44   | -30   |     |
| EBITDA (adj.)            | 448   | 158   | 343   | 427   | 445  | 184  | 392  | 461  | 3                  | -26   | -49   | -34   |     |
| EBIT (adj.)              | 325   | 37    | 222   | 305   | 323  | 63   | 270  | 340  | 3                  | -26   | -49   | -34   |     |
| PTP (adj.)               | 285   | 8     | 195   | 282   | 279  | 26   | 236  | 309  | 5                  | -19   | -41   | -27   |     |
| Net earnings (adj.)      | 284   | 8     | 195   | 282   | 278  | 26   | 236  | 309  | 6                  | -18   | -41   | -27   |     |
| EPS (adj.)               | 1.87  | 0.04  | 1.14  | 1.66  | 1.89 | 0.18 | 1.61 | 2.10 | -0.02              | -0.13 | -0.46 | -0.45 |     |
| DPS                      | 1.33  | 0.18  | 0.28  | 0.96  | 1.15 | 0.30 | 0.70 | 1.34 | 0.19               | -0.12 | -0.42 | -0.37 |     |
|                          |       |       |       |       |      |      |      |      | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |      |      |      |      | TCE revenue        | 7     | -21   | -44   | -30 |
|                          |       |       |       |       |      |      |      |      | Opex & G&A         | 4     | 4     | 4     | 4   |
|                          |       |       |       |       |      |      |      |      | Depreciation       | 0     | -     | -     | -   |
|                          |       |       |       |       |      |      |      |      | Net finance        | -3    | -7    | -7    | -7  |
|                          |       |       |       |       |      |      |      |      | Taxes & Minorities | -1    | -0    | -0    | -0  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |       |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E | 2022E  | 2023E  |
| Net operational cash flow     | 441    | 129    | 316    | 403    | 415    | 148    | 357    | 430    | 26     | -18   | -41    | -27    |
| Free cash flow                | 424    | 119    | 306    | 394    | 391    | 138    | 348    | 421    | 32     | -18   | -41    | -27    |
| Net cash flow                 | 6      | 83     | 193    | 164    | 3      | 87     | 179    | 159    | 3      | -4    | 13     | 5      |
| TCE/day                       | 56,590 | 26,753 | 45,993 | 54,730 | 55,936 | 28,993 | 50,707 | 57,981 | 653    | ##### | -4,714 | -3,251 |
| Cash break-even               | 20,676 | 13,605 | 19,409 | 19,036 | 24,208 | 26,464 | 19,685 | 19,303 | -3,532 | ##### | -276   | -267   |
| Liquidity                     | 73     | 156    | 348    | 513    | 70     | 158    | 337    | 495    | 3      | -2    | 12     | 17     |
| Property & Equip. (incl. NBs) | 1,497  | 1,385  | 1,273  | 1,161  | 1,504  | 1,393  | 1,281  | 1,169  | -8     | -8    | -8     | -8     |
| Total equity                  | 1,120  | 1,097  | 1,244  | 1,362  | 1,030  | 1,012  | 1,145  | 1,258  | 89     | 85    | 99     | 104    |
| Total assets                  | 1,703  | 1,674  | 1,755  | 1,807  | 1,714  | 1,689  | 1,757  | 1,804  | -11    | -15   | -2     | 3      |
| Interest bearing debt         | 524    | 517    | 451    | 385    | 633    | 627    | 561    | 495    | -110   | -110  | -110   | -110   |
| Net interest bearing debt     | 451    | 361    | 103    | -127   | 563    | 469    | 224    | -0     | -112   | -108  | -121   | -127   |
| Market Cap.                   | 875    | 875    | 875    | 875    | 807    | 806    | 806    | 806    | 68     | 69    | 69     | 69     |
| Enterprise value              | 1,325  | 1,236  | 977    | 748    | 1,370  | 1,275  | 1,030  | 805    | -44    | -39   | -52    | -57    |

### Valuation

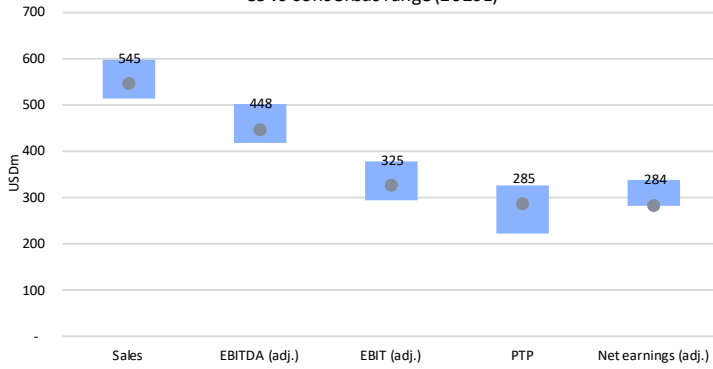
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 1,101 | 1,196 | 1,874 | 2,294 | 999   | 1,129 | 2,017 | 2,390 | 102    | 67    | -143  | -96   |
| Adj. equity ratio        | 65%   | 67%   | 79%   | 84%   | 59%   | 62%   | 77%   | 81%   | 6%     | 5%    | 2%    | 2%    |
| FCF yield                | 48%   | 14%   | 35%   | 45%   | 49%   | 17%   | 43%   | 52%   | 0%     | -3%   | -8%   | -7%   |
| Dividend yield           | 24%   | 3%    | 5%    | 19%   | 21%   | 5%    | 13%   | 24%   | 3%     | -2%   | -7%   | -6%   |
| EV/EBITDA                | 3.0   | 7.8   | 2.8   | 1.8   | 3.1   | 6.9   | 2.6   | 1.7   | -0.1   | 0.9   | 0.2   | 0.0   |
| P/E (adj.)               | 3.1   |       | 4.5   | 3.1   | 2.9   | 31.1  | 3.4   | 2.6   | 0.2    | ##### | 1.1   | 0.5   |



## Our Estimates vs Consensus

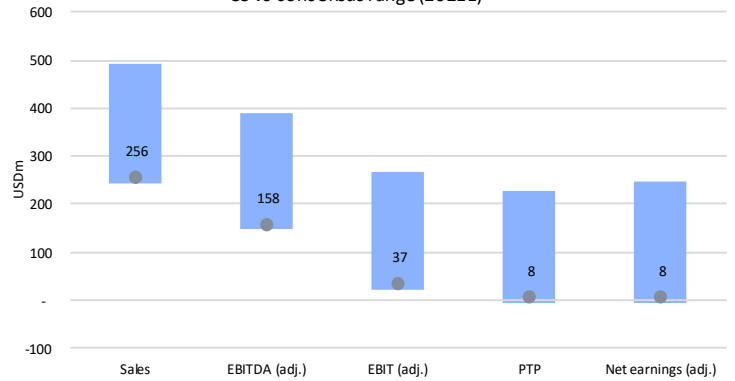
### Profit & Loss, year I

CS vs consensus range (2020E)

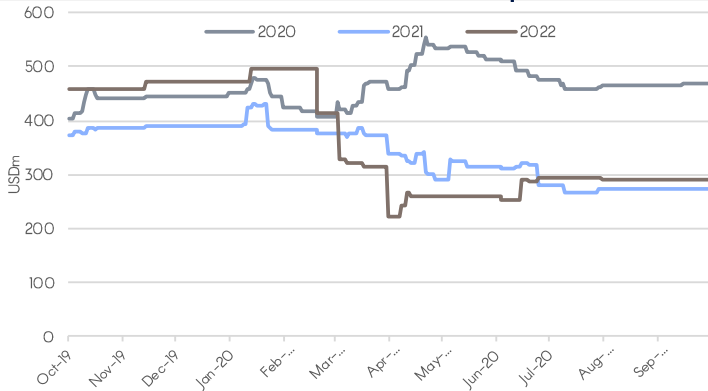


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



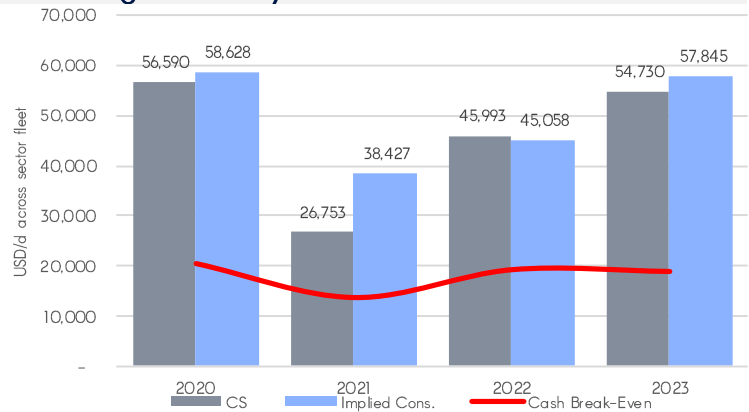
### Target price vs share price (past ly)



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 545  | 565 | 565       | -20   | -3%   |
| Opex + G&A         | 97   | 96  | 96        | 1     | 1%    |
| Depreciation       | 122  | 125 | 125       | -2    | -2%   |
| Net finance        | 41   | 53  | 53        | -12   | -23%  |
| Taxes & Minorities | 1    | -18 | -18       | 18    | -104% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 256  | 367 | 367       | -111  | -30%  |
| Opex + G&A         | 97   | 94  | 94        | 3     | 3%    |
| Depreciation       | 122  | 108 | 108       | 13    | 12%   |
| Net finance        | 29   | 55  | 55        | -25   | -47%  |
| Taxes & Minorities | 0    | -11 | -11       | 11    | -100% |

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





| Profit & Loss (USDm)          | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     | 59    | 142   | 153   | 203   | 111   | 78    | 80    | 51    | 32    |
| Operational costs             | -23   | -25   | -24   | -25   | -24   | -24   | -24   | -24   | -24   |
| EBITDA                        | 36    | 116   | 128   | 178   | 87    | 54    | 56    | 27    | 8     |
| Depreciation/Amortization     | -30   | -31   | -30   | -31   | -31   | -31   | -30   | -30   | -31   |
| EBIT                          | 6     | 86    | 98    | 147   | 56    | 24    | 26    | -4    | -23   |
| Net financials                | -16   | -10   | -25   | -11   | -9    | -8    | -7    | -7    | -7    |
| PTP                           | -9    | 76    | 73    | 136   | 47    | 16    | 19    | -11   | -30   |
| Taxes/Minorities              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | -9    | 76    | 72    | 136   | 47    | 16    | 19    | -11   | -30   |
| Non-recurring items           | 2     | 0     | 13    | 1     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | -8    | 76    | 85    | 136   | 47    | 16    | 19    | -11   | -30   |
| EPS                           | -0.07 | 0.52  | 0.49  | 0.52  | 0.28  | 0.09  | 0.11  | -0.06 | -0.18 |
| EPS (adj.)                    | -0.06 | 0.52  | 0.58  | 0.93  | 0.28  | 0.09  | 0.11  | -0.06 | -0.18 |
| DPS                           | 0.02  | 0.05  | 0.32  | 0.35  | 0.48  | 0.19  | 0.06  | 0.07  | 0.02  |
| Balance Sheet (USDm)          | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Cash & short-term investments | 115   | 67    | 76    | 138   | 115   | 73    | 107   | 110   | 103   |
| Other current assets          | 88    | 151   | 131   | 124   | 124   | 124   | 124   | 124   | 124   |
| Total current assets          | 204   | 218   | 207   | 261   | 238   | 197   | 231   | 233   | 227   |
| Property & equip. (incl. NBs) | 1,620 | 1,601 | 1,575 | 1,553 | 1,525 | 1,497 | 1,469 | 1,441 | 1,413 |
| Other non-current assets      | 5     | 8     | 8     | 10    | 10    | 10    | 10    | 10    | 10    |
| Total non-current assets      | 1,625 | 1,609 | 1,583 | 1,563 | 1,535 | 1,506 | 1,479 | 1,451 | 1,423 |
| TOTAL ASSETS                  | 1,828 | 1,827 | 1,790 | 1,824 | 1,773 | 1,703 | 1,710 | 1,684 | 1,649 |
| Total equity                  | 837   | 932   | 959   | 1,045 | 1,135 | 1,120 | 1,128 | 1,104 | 1,071 |
| Short-term debt               | 100   | 100   | 103   | 72    | 59    | 7     | 21    | 36    | 51    |
| Other current liabilities     | 29    | 30    | 29    | 37    | 37    | 37    | 37    | 37    | 37    |
| Total current liabilities     | 129   | 130   | 131   | 109   | 96    | 43    | 58    | 73    | 88    |
| Long-term debt                | 848   | 751   | 678   | 647   | 519   | 517   | 501   | 484   | 468   |
| Other non-current liabilities | 14    | 14    | 22    | 23    | 23    | 23    | 23    | 23    | 23    |
| Total non-current liabilities | 863   | 765   | 700   | 670   | 542   | 540   | 524   | 507   | 491   |
| TOTAL EQUITY & LIABILITIES    | 1,828 | 1,827 | 1,790 | 1,824 | 1,773 | 1,703 | 1,710 | 1,684 | 1,649 |
| Working capital, receivables  | 55    | 108   | 122   | 117   | 117   | 117   | 117   | 117   | 117   |
| Working capital, payables     | 24    | 24    | 20    | 17    | 17    | 17    | 17    | 17    | 17    |
| Net working capital           | 31    | 84    | 103   | 100   | 100   | 100   | 100   | 100   | 100   |
| Interest bearing debt         | 949   | 851   | 781   | 719   | 578   | 524   | 522   | 520   | 519   |
| Liquidity                     | 115   | 67    | 76    | 138   | 115   | 73    | 107   | 110   | 103   |
| Net interest bearing debt     | 833   | 784   | 705   | 582   | 463   | 451   | 415   | 410   | 416   |
| Cash Flow (USDm)              | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
| Net income                    | -9    | 76    | 72    | 136   | 47    | 16    | 19    | -11   | -30   |
| Depreciation                  | 30    | 31    | 30    | 31    | 31    | 31    | 30    | 30    | 31    |
| Other                         | 4     | -1    | 15    | 4     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                 | 24    | 106   | 118   | 170   | 78    | 46    | 49    | 19    | 1     |
| Changes in working capital    | -3    | -56   | 13    | 16    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow     | 22    | 50    | 131   | 187   | 78    | 46    | 49    | 19    | 1     |
| Capex                         | -14   | -20   | -3    | -10   | -2    | -2    | -2    | -2    | -2    |
| Other investments             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                         | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow       | -14   | -20   | -3    | -10   | -2    | -2    | -2    | -2    | -2    |
| Repayment of debt             | -16   | -80   | -72   | -77   | -141  | -54   | -2    | -2    | -2    |
| Proceeds from debt            | 55    | 10    | 0     | 14    | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                | -3    | -7    | -47   | -52   | -82   | -32   | -11   | -13   | -3    |
| New equity                    | 0     | 0     | 0     | 0     | 125   | 0     | 0     | 0     | 0     |
| Other                         | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow       | 37    | -78   | -119  | -115  | -98   | -86   | -12   | -14   | -5    |
| Currency effect               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | 44    | -48   | 8     | 62    | -23   | -42   | 34    | 3     | -7    |
| Cash balance                  | 115   | 67    | 76    | 138   | 115   | 73    | 107   | 110   | 103   |
| Free cash flow                | 8     | 30    | 128   | 177   | 75    | 44    | 46    | 17    | -2    |



|                                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 296   | 291   | 242   | 214   | 348   | 545   | 256   | 441   | 524   |
| Operational costs               | -82   | -166  | -102  | -94   | -93   | -97   | -97   | -97   | -97   |
| EBITDA                          | 214   | 125   | 140   | 120   | 254   | 448   | 158   | 343   | 427   |
| Depreciation/Amortization       | -79   | -84   | -97   | -103  | -116  | -122  | -122  | -122  | -122  |
| EBIT                            | 135   | 41    | 43    | 16    | 139   | 325   | 37    | 222   | 305   |
| Net financials                  | -30   | -31   | -37   | -63   | -65   | -54   | -29   | -27   | -23   |
| PTP                             | 105   | 9     | 7     | -47   | 74    | 271   | 8     | 195   | 282   |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | -1    | 0     | 0     | 0     |
| Net earnings                    | 105   | 9     | 7     | -47   | 74    | 271   | 8     | 195   | 282   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | 13    | 0     | 0     | 0     |
| Net earnings (adj.)             | 105   | 9     | 7     | -47   | 74    | 284   | 8     | 195   | 282   |
| EPS                             | 1.13  | 0.10  | 0.05  | -0.33 | 0.50  | 1.38  | 0.04  | 1.14  | 1.66  |
| EPS (adj.)                      | 1.13  | 0.10  | 0.05  | -0.33 | 0.50  | 1.87  | 0.04  | 1.14  | 1.66  |
| DPS                             | 0.53  | 0.71  | 0.16  | 0.08  | 0.20  | 1.33  | 0.18  | 0.28  | 0.96  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 167   | 109   | 77    | 95    | 67    | 73    | 156   | 348   | 513   |
| Other current assets            | 51    | 69    | 90    | 98    | 151   | 124   | 124   | 124   | 124   |
| Total current assets            | 218   | 179   | 167   | 193   | 218   | 197   | 279   | 472   | 636   |
| Property & equip. (incl. NBs)   | 1,203 | 1,222 | 1,559 | 1,666 | 1,604 | 1,497 | 1,385 | 1,273 | 1,161 |
| Other non-current assets        | 3     | 3     | 4     | 4     | 5     | 10    | 10    | 10    | 10    |
| Total non-current assets        | 1,206 | 1,225 | 1,563 | 1,671 | 1,609 | 1,506 | 1,395 | 1,283 | 1,171 |
| TOTAL ASSETS                    | 1,424 | 1,404 | 1,730 | 1,864 | 1,827 | 1,703 | 1,674 | 1,755 | 1,807 |
| Total equity                    | 738   | 685   | 926   | 862   | 932   | 1,120 | 1,097 | 1,244 | 1,362 |
| Short-term debt                 | 32    | 58    | 65    | 94    | 101   | 7     | 67    | 67    | 60    |
| Other current liabilities       | 21    | 17    | 18    | 30    | 29    | 37    | 37    | 37    | 37    |
| Total current liabilities       | 53    | 74    | 83    | 124   | 130   | 43    | 103   | 104   | 97    |
| Long-term debt                  | 630   | 644   | 721   | 873   | 753   | 517   | 450   | 384   | 325   |
| Other non-current liabilities   | 3     | 0     | 0     | 5     | 12    | 23    | 23    | 23    | 23    |
| Total non-current liabilities   | 633   | 644   | 722   | 878   | 765   | 540   | 473   | 407   | 348   |
| TOTAL EQUITY & LIABILITIES      | 1,424 | 1,404 | 1,730 | 1,864 | 1,827 | 1,703 | 1,674 | 1,755 | 1,807 |
| Working capital, receivables    | 40    | 34    | 42    | 60    | 108   | 117   | 117   | 117   | 117   |
| Working capital, payables       | 12    | 12    | 17    | 23    | 23    | 17    | 17    | 17    | 17    |
| Net working capital             | 28    | 23    | 25    | 38    | 85    | 100   | 100   | 100   | 100   |
| Interest bearing debt           | 662   | 701   | 786   | 967   | 854   | 524   | 517   | 451   | 385   |
| Liquidity                       | 167   | 109   | 77    | 95    | 67    | 73    | 156   | 348   | 513   |
| Net interest bearing debt       | 496   | 592   | 709   | 872   | 786   | 451   | 361   | 103   | -127  |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 105   | 9     | 7     | -47   | 74    | 271   | 8     | 195   | 282   |
| Depreciation                    | 79    | 84    | 97    | 103   | 116   | 122   | 122   | 122   | 122   |
| Other                           | 11    | 96    | 20    | 26    | 20    | 19    | 0     | 0     | 0     |
| Cash earnings                   | 195   | 189   | 124   | 82    | 210   | 413   | 129   | 316   | 403   |
| Changes in working capital      | -14   | 5     | -22   | -28   | -54   | 29    | 0     | 0     | 0     |
| Net operational cash flow       | 182   | 194   | 102   | 54    | 156   | 441   | 129   | 316   | 403   |
| Capex                           | -145  | -236  | -298  | -235  | -54   | -18   | -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   | -18   | -10   | -10   | -10   |
| Repayment of debt               | -6    | 55    | 93    | 168   | -98   | -345  | -7    | -66   | -66   |
| Proceeds from debt              | 99    | 219   | 200   | 617   | 65    | 14    | 0     | 0     | 0     |
| Dividends paid                  | -49   | -66   | -23   | -11   | -29   | -212  | -30   | -48   | -164  |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 125   | 0     | 0     | 0     |
| Other                           | -99   | -247  | -218  | -622  | -68   | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -56   | -38   | 53    | 152   | -130  | -418  | -36   | -114  | -230  |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 0     | -57   | -32   | 18    | -28   | 6     | 83    | 193   | 164   |
| Cash balance                    | 167   | 109   | 77    | 95    | 67    | 73    | 156   | 348   | 513   |
| Free cash flow                  | 56    | -19   | -85   | -134  | 103   | 424   | 119   | 306   | 394   |

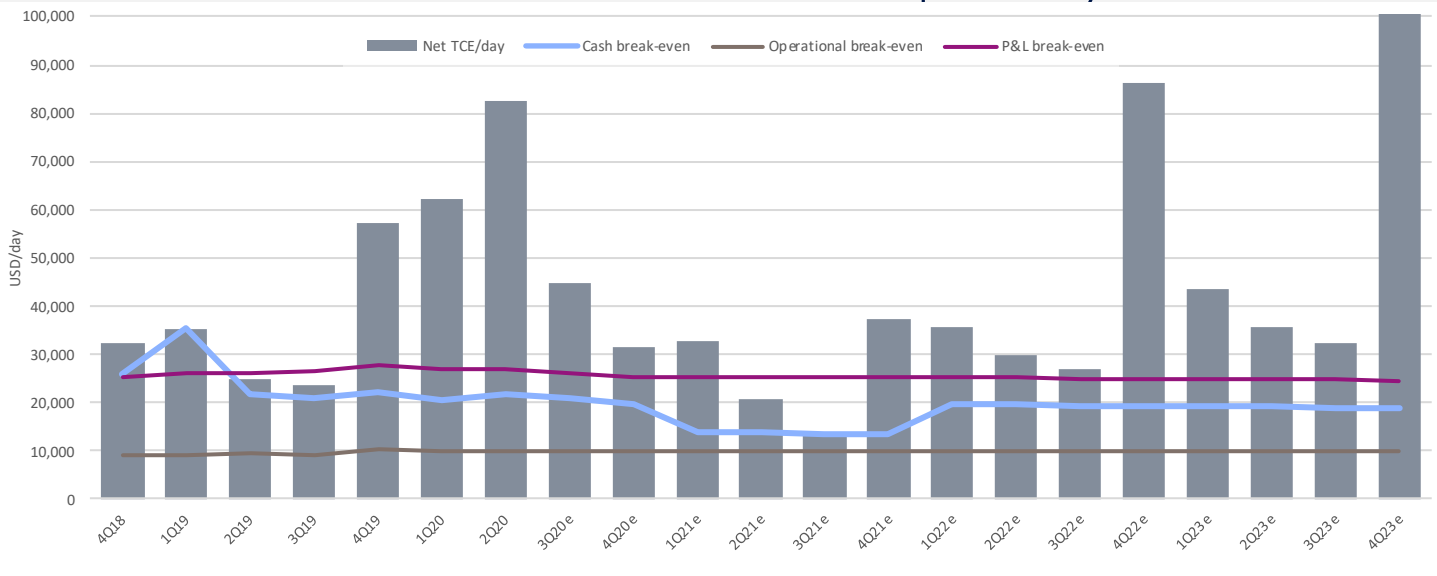




| Share Data & Valuation (USDm)      | 2015         | 2016       | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E      | 2023E      |
|------------------------------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Shares outstanding, end            | 93           | 93         | 142          | 143          | 147          | 170          | 170          | 170        | 170        |
| 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>875</b>   | <b>875</b>   | <b>875</b> | <b>875</b> |
| NIBD                               | 496          | 592        | 709          | 872          | 786          | 451          | 361          | 103        | -127       |
| 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>1,325</b> | <b>1,236</b> | <b>977</b> | <b>748</b> |
| Key Figures & Ratios               | 2015         | 2016       | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E      | 2023E      |
| P/E (reported)                     | 7.1          | 41.8       | 77.4         |              | 16.5         | 3.2          |              | 4.5        | 3.1        |
| P/E (adj.)                         | 7.1          | 41.8       | 77.4         |              | 16.5         | 3.1          |              | 4.5        | 3.1        |
| 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          | 1.6          | 3.4          | 2.0        | 1.7        |
| EV/Sales                           | 4.2          | 3.4        | 5.0          | 6.7          | 5.8          | 2.4          | 4.8          | 2.2        | 1.4        |
| EV/EBITDA                          | 5.8          | 7.8        | 8.7          | 12.0         | 7.9          | 3.0          | 7.8          | 2.8        | 1.8        |
| EV/EBIT                            | 9.2          | 24.2       | 28.2         | 87.9         | 14.4         | 4.1          | 33.6         | 4.4        | 2.4        |
| 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%           | 48%          | 14%          | 35%        | 45%        |
| Dividend yield                     | 6.5%         | 17.2%      | 4.6%         | 2.1%         | 2.4%         | 24.2%        | 3.4%         | 5.5%       | 18.7%      |
| Return on equity (ROE)             | 14.3%        | 1.4%       | 0.7%         | -5.4%        | 7.9%         | 24.2%        | 0.7%         | 15.6%      | 20.7%      |
| Return on capital employed (ROCE)  | 11.0%        | 3.2%       | 2.6%         | 0.9%         | 8.1%         | 20.8%        | 2.5%         | 16.5%      | 24.8%      |
| Return on assets (ROA)             | 7.4%         | 0.7%       | 0.4%         | -2.5%        | 4.0%         | 15.9%        | 0.4%         | 11.1%      | 15.6%      |
| Sales growth                       | 192%         | -2%        | -17%         | -11%         | 62%          | 57%          | -53%         | 72%        | 19%        |
| EBITDA margin                      | 72%          | 43%        | 58%          | 56%          | 73%          | 82%          | 62%          | 78%        | 81%        |
| EBIT margin                        | 46%          | 14%        | 18%          | 8%           | 40%          | 60%          | 14%          | 50%        | 58%        |
| Net margin                         | 36%          | 3%         | 3%           | -22%         | 21%          | 50%          | 3%           | 44%        | 54%        |
| Net interest rate                  | 6.8%         | 5.9%       | 5.7%         | 6.2%         | 7.0%         | 9.0%         | 8.4%         | 27.5%      | -19.2%     |
| Tax rate                           | 0.1%         | 1.0%       | 1.9%         | -0.2%        | 0.2%         | 0.2%         | 0.3%         | 0.0%       | 0.0%       |
| Equity ratio                       | 52%          | 49%        | 54%          | 46%          | 51%          | 66%          | 66%          | 71%        | 75%        |
| Leverage ratio                     | 48%          | 51%        | 46%          | 54%          | 49%          | 34%          | 34%          | 29%        | 25%        |
| NIBD / EBITDA (past 1y)            | 2.3          | 4.7        | 5.1          | 7.3          | 3.1          | 1.0          | 2.3          | 0.3        | -0.3       |
| Operating cash flow/NIBD           | 0.4          | 0.3        | 0.1          | 0.1          | 0.2          | 1.0          | 0.4          | 3.1        | -3.2       |
| Net interest coverage ratio (EBIT) | 6.4          | 3.6        | 3.5          | 2.2          | 4.6          | 11.0         | 5.2          | 12.1       | 17.5       |
| Current ratio                      | 4.1          | 2.4        | 2.0          | 1.6          | 1.7          | 4.5          | 2.7          | 4.5        | 6.6        |
| Adj. equity ratio                  |              |            |              |              |              | 65%          | 67%          | 79%        | 84%        |
| Operating assets                   | 1,257        | 1,294      | 1,653        | 1,769        | 1,760        | 1,625        | 1,513        | 1,401      | 1,289      |
| Operating liabilities              | 23           | 17         | 18           | 35           | 41           | 60           | 60           | 60         | 60         |
| Net operating assets               | 1,234        | 1,277      | 1,635        | 1,734        | 1,719        | 1,565        | 1,453        | 1,341      | 1,230      |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 21:57 CET



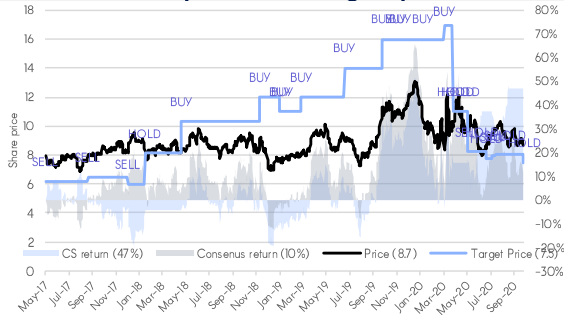


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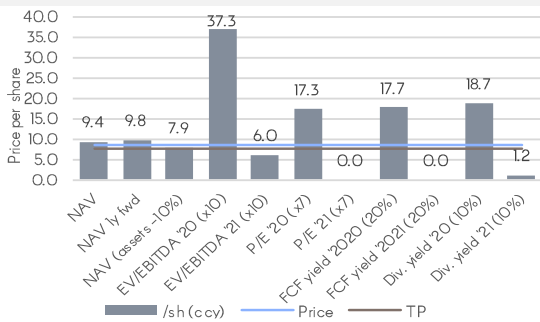
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### Share price vs target price

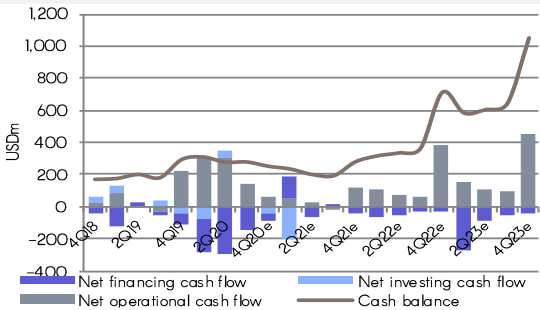


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 1,151 | 518   | 944   | 1,122 |
| EBITDA (adj.)       | 873   | 241   | 676   | 854   |
| EBIT (adj.)         | 552   | -77   | 387   | 565   |
| PTP (adj.)          | 505   | -136  | 333   | 516   |
| Net earnings (adj.) | 503   | -136  | 333   | 516   |
| EPS (adj.)          | 2.33  | -0.67 | 1.63  | 2.53  |
| DPS                 | 1.81  | 0.12  | 0.35  | 1.75  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 2,150 | 2,268 | 3,770 | 4,634 |
| Adj. equity ratio   | 58%   | 58%   | 71%   | 77%   |
| FCF yield           | 41%   | -1%   | 35%   | 46%   |
| Dividend yield      | 22%   | 1%    | 4%    | 20%   |
| EV/EBITDA           | 3.2   | 12.2  | 3.5   | 2.3   |
| P/E (adj.)          | 3.5   |       | 5.3   | 3.4   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 810    | 182    | 622    | 805    |
| Free cash flow                | 721    | -23    | 622    | 805    |
| Net cash flow                 | 35     | 28     | 433    | 339    |
| TCE/day                       | 48,966 | 20,782 | 39,701 | 47,232 |
| Cash break-even               | 23,229 | 20,626 | 18,950 | 18,349 |
| Liquidity                     | 255    | 282    | 715    | 1,054  |
| Property & Equip. (incl. NBs) | 3,043  | 2,930  | 2,641  | 2,352  |
| Total equity                  | 2,446  | 2,286  | 2,547  | 2,706  |
| Total assets                  | 3,992  | 3,907  | 4,051  | 4,101  |
| Interest bearing debt         | 1,385  | 1,461  | 1,343  | 1,234  |
| Net interest bearing debt     | 1,131  | 1,178  | 628    | 180    |
| Market Cap.                   | 1,766  | 1,766  | 1,766  | 1,766  |

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

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



## Quarterly Preview

### P&L

| 3Q20 Preview<br>USDm         |             |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 140.0       | 404.4       | 222.3          | 228.5            |                |              |                |              |
| EBITDA (adj.)                | 74.1        | 332.6       | 155.2          | 155.3            |                |              |                |              |
| EBIT (adj.)                  | -10.5       | 253.1       | 75.8           | 78.5             |                |              |                |              |
| PTP (adj.)                   | -30.4       | 245.9       | 62.4           | 59.0             |                |              |                |              |
| Net earnings (adj.)          | -31.8       | 245.2       | 62.3           | 60.7             |                |              |                |              |
| EPS (adj.)                   | -0.14       | 1.14        | 0.31           | 0.29             |                |              |                |              |
| DPS                          | 0.06        | 0.47        | 0.24           | 0.24             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 140.0       | 404.4       | 222.3          | 228.5            |                |              |                |              |
| Opex & G&A                   | 65.9        | 71.8        | 67.0           | 73.2             |                |              |                |              |
| Depreciation                 | 84.6        | 79.5        | 79.5           | 76.9             |                |              |                |              |
| Net finance                  | 19.9        | 7.2         | 13.3           | 19.5             |                |              |                |              |
| Taxes & Minorities           | 1.4         | 0.7         | 0.2            | -1.7             |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      |        |        |         |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day                   | 23,068 | 71,833 | 37,177  | 38,217    |            |       |            |       |
| Utilization               |        | 91.0%  | 97.0%   |           |            |       |            |       |
| Fleet days                | 6,256  | 6,188  | 6,164   |           |            |       |            |       |
| Cash break-even           | 24,601 | 24,187 | 21,341  |           |            |       |            |       |
| Liquidity                 | 184    | 280    | 281     |           |            |       |            |       |
| Interest bearing debt     | 1,793  | 1,420  | 1,375   |           |            |       |            |       |
| Net interest bearing debt | 1,610  | 1,140  | 1,094   |           |            |       |            |       |

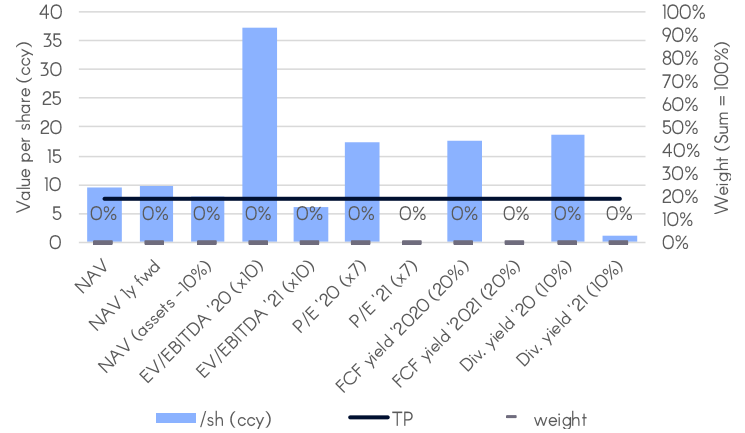


## Company Valuation

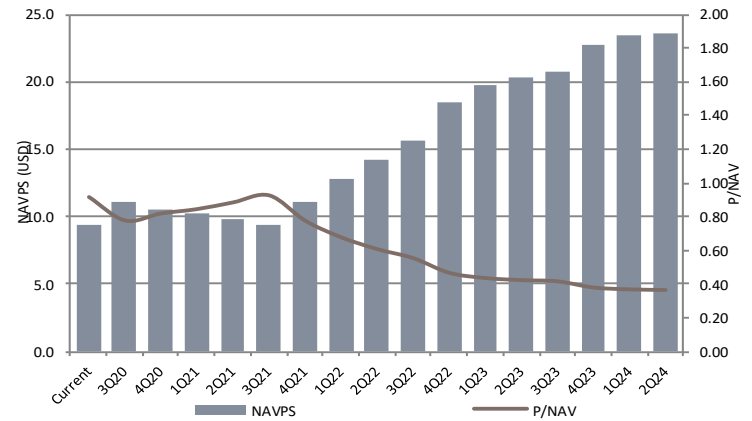
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 3,157        | 3,021           | 2,888        |
| Contract value    | 0            | 46              | 44           |
| Other             | 550          | 454             | 434          |
| <b>GAV</b>        | <b>3,707</b> | <b>3,521</b>    | <b>3,366</b> |
| Net debt          | -1,140       | -1,334          | -1,334       |
| Capex             | 0            | -250            | -250         |
| Other             | -16          | -16             | -16          |
| <b>Equity</b>     | <b>2,551</b> | <b>1,921</b>    | <b>1,766</b> |
| Shares            | 204          | 204             | 204          |
| <b>Equity/sh</b>  | <b>12.51</b> | <b>9.42</b>     | <b>8.66</b>  |
| ICL CCY           | 12.51        | 9.42            | 8.66         |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.69</b>  | <b>0.92</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.91</b>  | <b>0.96</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 4,132        | 3,996           | 3,863        |
| Adj. Equity Ratio | 62%          | 48%             | 46%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>7.5</b>      | <b>-14%</b>  |

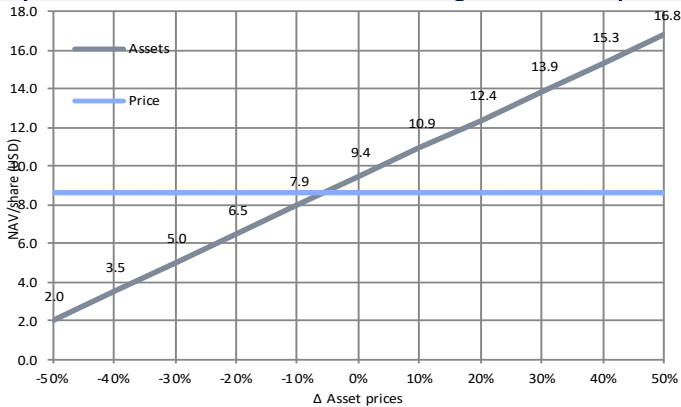
### Valuation Matrix



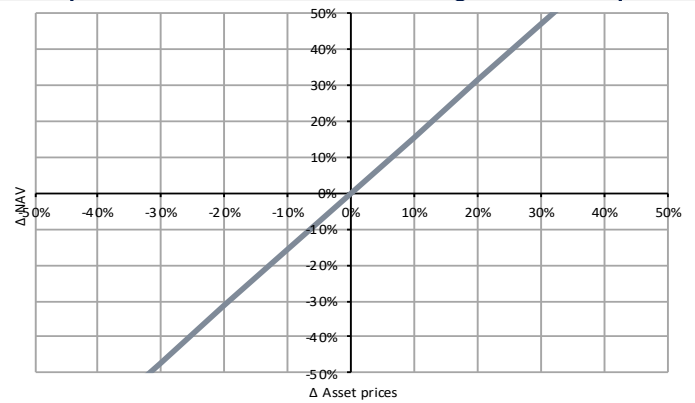
### Quarterly forward NAV & P/NAV



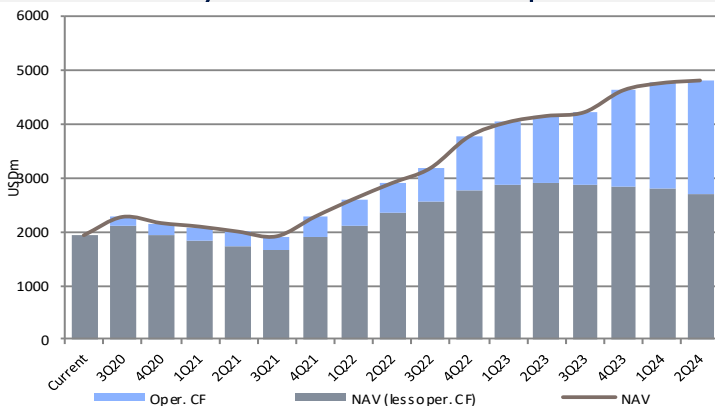
### Impact on NAV/sh from % change in asset prices



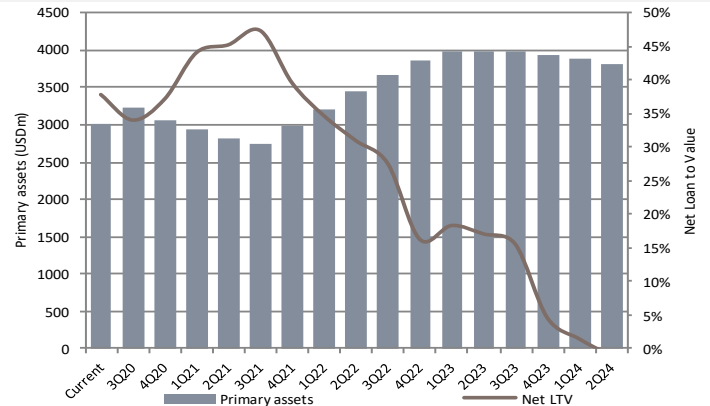
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |              |              |              |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------------|--------------|--------------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020  | 2021  | 2022  | 2023  | 2020E              | 2021E        | 2022E        | 2023E        |
| Net sales                | 1,151 | 518   | 944   | 1,122 | 1,141 | 589   | 1,097 | 1,254 | 10                 | -70          | -153         | -131         |
| EBITDA (adj.)            | 873   | 241   | 676   | 854   | 862   | 303   | 822   | 977   | 11                 | -62          | -145         | -123         |
| EBIT (adj.)              | 552   | -77   | 387   | 565   | 535   | -23   | 524   | 680   | 17                 | -54          | -137         | -115         |
| PTP (adj.)               | 505   | -136  | 333   | 516   | 480   | -102  | 450   | 611   | 25                 | -34          | -116         | -95          |
| Net earnings (adj.)      | 503   | -136  | 333   | 516   | 478   | -102  | 450   | 611   | 25                 | -34          | -116         | -95          |
| EPS (adj.)               | 2.33  | -0.67 | 1.63  | 2.53  | 2.17  | -0.46 | 2.04  | 2.78  | 0.16               | -0.20        | -0.41        | -0.25        |
| DPS                      | 1.81  | 0.12  | 0.35  | 1.75  | 2.03  | 0.12  | 1.04  | 2.15  | -0.21              | -            | -0.69        | -0.40        |
|                          |       |       |       |       |       |       |       |       | <b>2020E</b>       | <b>2021E</b> | <b>2022E</b> | <b>2023E</b> |
|                          |       |       |       |       |       |       |       |       | 10                 | -70          | -153         | -131         |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -1           | -8           | -8           |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -6           | -8           | -8           |
|                          |       |       |       |       |       |       |       |       | Net finance        | -8           | -20          | -21          |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | 0            | -0           | -            |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |        |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E | 2023E |
| Net operational cash flow     | 810    | 182    | 622    | 805    | 844    | 224    | 747    | 909    | -34    | -42    | -124  | -103  |
| Free cash flow                | 721    | -23    | 622    | 805    | 755    | 19     | 747    | 909    | -34    | -42    | -124  | -103  |
| Net cash flow                 | 35     | 28     | 433    | 339    | -18    | 82     | 396    | 324    | 53     | -54    | 37    | 16    |
| TCE/day                       | 48,966 | 20,782 | 39,701 | 47,232 | 45,908 | 22,962 | 44,906 | 51,329 | 3,058  | -2,180 | ##### | ##### |
| Cash break-even               | 23,229 | 20,626 | 18,950 | 18,349 | 23,825 | 19,930 | 18,977 | 18,374 | -596   | 696    | -28   | -26   |
| Liquidity                     | 255    | 282    | 715    | 1,054  | 279    | 361    | 757    | 1,081  | -24    | -79    | -42   | -26   |
| Property & Equip. (incl. NBs) | 3,043  | 2,930  | 2,641  | 2,352  | 2,961  | 2,840  | 2,543  | 2,246  | 82     | 90     | 98    | 106   |
| Total equity                  | 2,446  | 2,286  | 2,547  | 2,706  | 2,385  | 2,257  | 2,478  | 2,616  | 61     | 29     | 70    | 90    |
| Total assets                  | 3,992  | 3,907  | 4,051  | 4,101  | 3,920  | 3,881  | 3,980  | 4,006  | 72     | 26     | 71    | 95    |
| Interest bearing debt         | 1,385  | 1,461  | 1,343  | 1,234  | 1,420  | 1,509  | 1,387  | 1,275  | -34    | -48    | -44   | -41   |
| Net interest bearing debt     | 1,131  | 1,178  | 628    | 180    | 1,140  | 1,148  | 630    | 194    | -10    | 31     | -2    | -14   |
| Market Cap.                   | 1,766  | 1,766  | 1,766  | 1,766  | 2,154  | 2,154  | 2,154  | 2,154  | -388   | -388   | -388  | -388  |
| Enterprise value              | 2,897  | 2,945  | 2,394  | 1,946  | 3,295  | 3,302  | 2,784  | 2,348  | -398   | -357   | -390  | -402  |

### Valuation

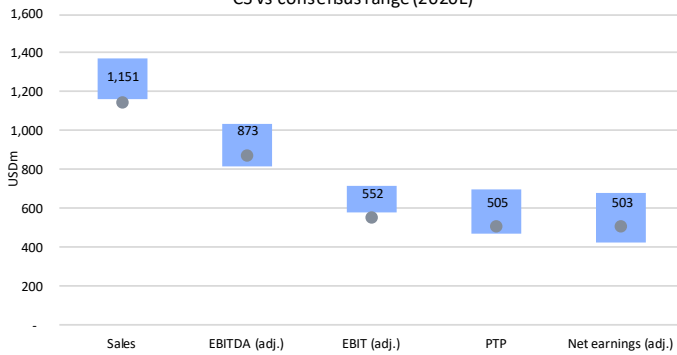
| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |        |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E  | 2023E |
| Fwd NAV                  | 2,150 | 2,268 | 3,770 | 4,634 | 2,524 | 2,752 | 4,812 | 5,631 | -374   | -484  | -1,043 | -997  |
| Adj. equity ratio        | 58%   | 58%   | 71%   | 77%   | 62%   | 63%   | 76%   | 80%   | -4%    | -5%   | -5%    | -3%   |
| FCF yield                | 41%   | -1%   | 35%   | 46%   | 35%   | 1%    | 35%   | 42%   | 6%     | -2%   | 1%     | 3%    |
| Dividend yield           | 22%   | 1%    | 4%    | 20%   | 21%   | 1%    | 11%   | 22%   | 1%     | 0%    | -7%    | -2%   |
| EV/EBITDA                | 3.2   | 12.2  | 3.5   | 2.3   | 3.6   | 10.9  | 3.4   | 2.4   | -0.4   | 1.3   | 0.2    | -0.1  |
| P/E (adj.)               | 3.5   |       | 5.3   | 3.4   | 4.5   |       | 4.8   | 3.5   | -1.0   | ##### | 0.5    | -0.1  |



## Our Estimates vs Consensus

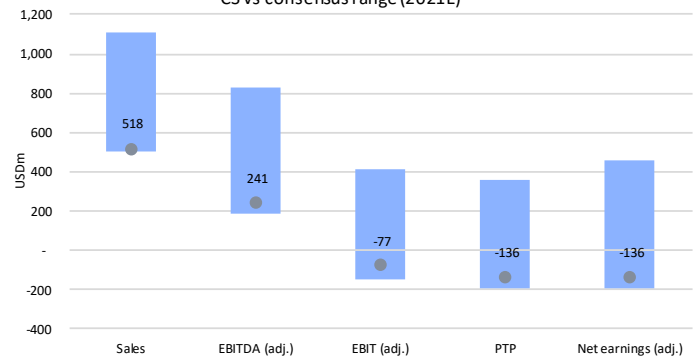
### Profit & Loss, year I

CS vs consensus range (2020E)

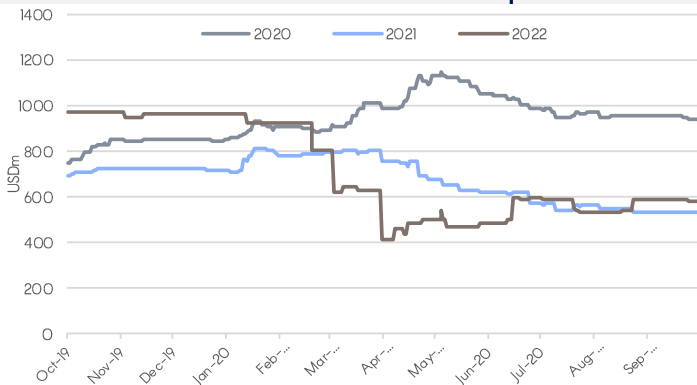


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



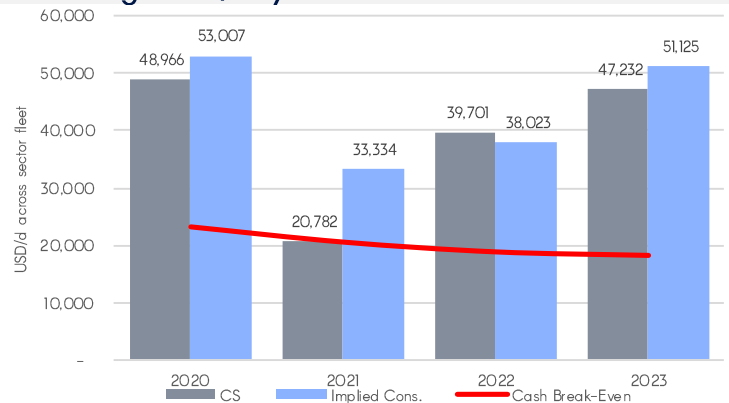
### Target price vs share price



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

|                    | 2020  | CS    | Consensus | Diff. | Diff. |
|--------------------|-------|-------|-----------|-------|-------|
| TCE revenue        | 1,151 | 1,246 | -95       | -8%   |       |
| Opex + G&A         | 278   | 301   | -23       | -8%   |       |
| Depreciation       | 321   | 308   | 13        | 4%    |       |
| Net finance        | 47    | 62    | -15       | -24%  |       |
| Taxes & Minorities | 1     | 19    | -17       | -92%  |       |
|                    | 2021  | CS    | Consensus | Diff. | Diff. |
| TCE revenue        | 518   | 832   | -313      | -38%  |       |
| Opex + G&A         | 278   | 302   | -25       | -8%   |       |
| Depreciation       | 318   | 365   | -47       | -13%  |       |
| Net finance        | 59    | 39    | 20        | 50%   |       |
| Taxes & Minorities | 0     | -19   | 19        | -100% |       |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 140   | 320   | 384   | 404   | 222   | 141   | 135   | 111   | 64    |
| Operational costs               | -50   | -58   | -59   | -55   | -67   | -68   | -67   | -69   | -70   |
| EBITDA                          | 90    | 262   | 325   | 350   | 155   | 72    | 67    | 42    | -6    |
| Depreciation/Amortization       | -85   | -84   | -82   | -79   | -79   | -79   | -79   | -79   | -79   |
| EBIT                            | 5     | 178   | 242   | 270   | 76    | -7    | -12   | -38   | -85   |
| Net financials                  | -27   | -17   | -16   | -10   | -13   | -14   | -15   | -15   | -15   |
| PTP                             | -22   | 161   | 226   | 260   | 62    | -21   | -27   | -53   | -100  |
| Taxes/Minorities                | -1    | 0     | -1    | -1    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -23   | 161   | 226   | 260   | 62    | -21   | -27   | -53   | -100  |
| Non-recurring items             | -9    | -9    | -8    | -14   | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -32   | 151   | 217   | 245   | 62    | -21   | -27   | -53   | -100  |
| EPS                             | -0.10 | 0.73  | 1.03  | 1.03  | 0.31  | -0.10 | -0.13 | -0.26 | -0.49 |
| EPS (adj.)                      | -0.14 | 0.69  | 0.99  | 1.14  | 0.31  | -0.10 | -0.13 | -0.26 | -0.49 |
| DPS                             | 0.00  | 0.06  | 0.00  | 1.10  | 0.47  | 0.24  | 0.03  | 0.03  | 0.03  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 184   | 297   | 312   | 280   | 281   | 255   | 238   | 203   | 196   |
| Other current assets            | 468   | 505   | 500   | 568   | 568   | 568   | 568   | 568   | 568   |
| Total current assets            | 651   | 802   | 812   | 849   | 850   | 823   | 806   | 772   | 764   |
| Property & equip. (incl. NBs)   | 3,332 | 3,238 | 3,196 | 3,157 | 3,078 | 3,043 | 3,168 | 3,089 | 3,009 |
| Other non-current assets        | 82    | 124   | 180   | 126   | 126   | 126   | 126   | 126   | 126   |
| Total non-current assets        | 3,414 | 3,363 | 3,376 | 3,283 | 3,204 | 3,169 | 3,295 | 3,215 | 3,136 |
| TOTAL ASSETS                    | 4,065 | 4,165 | 4,188 | 4,132 | 4,054 | 3,992 | 4,101 | 3,987 | 3,900 |
| Total equity                    | 2,158 | 2,312 | 2,533 | 2,551 | 2,517 | 2,446 | 2,413 | 2,354 | 2,248 |
| Short-term debt                 | 244   | 221   | 247   | 180   | 223   | 218   | 217   | 209   | 217   |
| Other current liabilities       | 103   | 95    | 100   | 146   | 146   | 146   | 146   | 146   | 146   |
| Total current liabilities       | 347   | 316   | 348   | 325   | 369   | 363   | 363   | 355   | 362   |
| Long-term debt                  | 1,550 | 1,524 | 1,292 | 1,241 | 1,152 | 1,167 | 1,310 | 1,263 | 1,275 |
| Other non-current liabilities   | 11    | 13    | 15    | 15    | 15    | 15    | 15    | 15    | 15    |
| Total non-current liabilities   | 1,561 | 1,537 | 1,307 | 1,256 | 1,168 | 1,182 | 1,325 | 1,278 | 1,290 |
| TOTAL EQUITY & LIABILITIES      | 4,065 | 4,165 | 4,188 | 4,132 | 4,054 | 3,992 | 4,101 | 3,987 | 3,900 |
| Working capital, receivables    | 222   | 289   | 492   | 568   | 568   | 568   | 568   | 568   | 568   |
| Working capital, payables       | 102   | 76    | 99    | 145   | 145   | 145   | 145   | 145   | 145   |
| Net working capital             | 120   | 213   | 393   | 424   | 424   | 424   | 424   | 424   | 424   |
| Interest bearing debt           | 1,793 | 1,745 | 1,540 | 1,420 | 1,375 | 1,385 | 1,527 | 1,472 | 1,492 |
| Liquidity                       | 184   | 297   | 312   | 280   | 281   | 255   | 238   | 203   | 196   |
| Net interest bearing debt       | 1,610 | 1,448 | 1,227 | 1,140 | 1,094 | 1,131 | 1,289 | 1,269 | 1,296 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -23   | 161   | 226   | 260   | 62    | -21   | -27   | -53   | -100  |
| Depreciation                    | 85    | 84    | 82    | 79    | 79    | 79    | 79    | 79    | 79    |
| Other                           | -11   | -12   | -6    | 0     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 51    | 233   | 302   | 339   | 142   | 58    | 53    | 26    | -21   |
| Changes in working capital      | -83   | -14   | 0     | -31   | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | -33   | 219   | 302   | 308   | 142   | 58    | 53    | 26    | -21   |
| Capex                           | 0     | -3    | -101  | -24   | 0     | -45   | -205  | 0     | 0     |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 38    | 0     | 21    | 59    | 0     | 0     | 0     | 0     | 0     |
| Other                           | 2     | -39   | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | 39    | -43   | -79   | 35    | 0     | -45   | -205  | 0     | 0     |
| Repayment of debt               | -14   | -175  | -362  | -62   | -45   | -56   | -54   | -54   | -31   |
| Proceeds from debt              | 0     | 0     | 155   | 0     | 0     | 65    | 196   | 0     | 50    |
| Dividends paid                  | 0     | -13   | 0     | -236  | -96   | -50   | -6    | -6    | -6    |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -11   | 124   | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -26   | -63   | -207  | -298  | -141  | -40   | 135   | -60   | 13    |
| Currency effect                 | -1    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -20   | 113   | 15    | 46    | 1     | -27   | -17   | -34   | -8    |
| Cash balance                    | 184   | 297   | 312   | 280   | 281   | 255   | 238   | 203   | 196   |
| Free cash flow                  | 7     | 176   | 222   | 344   | 142   | 13    | -152  | 26    | -21   |





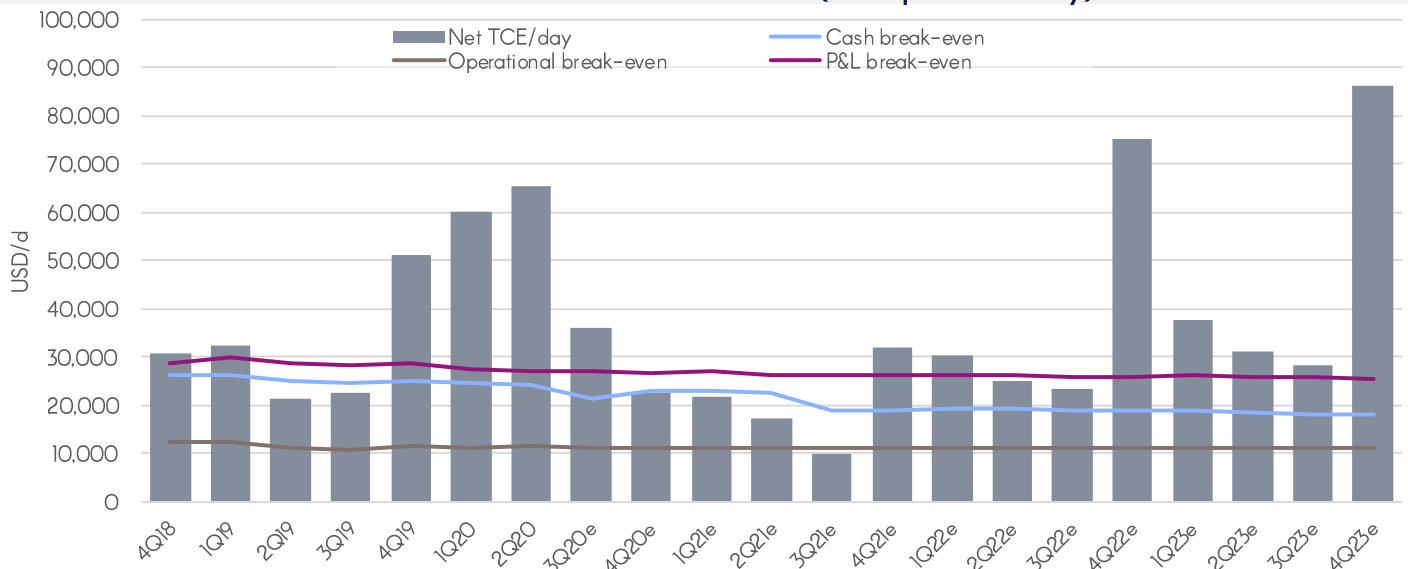
|                                       | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit &amp; Loss (USDm)</b>       |              |              |              |              |              |              |              |              |              |
| Net sales                             | 775          | 625          | 451          | 459          | 788          | 1,151        | 518          | 944          | 1,122        |
| Operational costs                     | -213         | -189         | -209         | -262         | -255         | -249         | -278         | -267         | -268         |
| EBITDA                                | 562          | 436          | 242          | 196          | 533          | 902          | 241          | 676          | 854          |
| Depreciation/Amortization             | -210         | -228         | -229         | -271         | -338         | -321         | -318         | -289         | -289         |
| EBIT                                  | 352          | 208          | 13           | -75          | 196          | 581          | -77          | 387          | 565          |
| Net financials                        | 4            | -4           | -13          | -35          | -83          | -53          | -59          | -54          | -49          |
| PTP                                   | 356          | 204          | 0            | -110         | 113          | 528          | -136         | 333          | 516          |
| 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>526</b>   | <b>-136</b>  | <b>333</b>   | <b>516</b>   |
| Non-recurring items                   | 0            | 0            | 0            | 0            | 0            | -23          | 0            | 0            | 0            |
| <b>Net earnings (adj.)</b>            | <b>350</b>   | <b>204</b>   | <b>1</b>     | <b>-110</b>  | <b>112</b>   | <b>503</b>   | <b>-136</b>  | <b>333</b>   | <b>516</b>   |
| EPS                                   | 2.20         | 1.28         | 0.01         | -0.50        | 0.51         | 2.25         | -0.67        | 1.63         | 2.53         |
| EPS (adj.)                            | 2.20         | 1.28         | 0.01         | -0.50        | 0.51         | 2.33         | -0.67        | 1.63         | 2.53         |
| DPS                                   | 0.87         | 1.36         | 0.28         | 0.10         | 0.12         | 1.81         | 0.12         | 0.35         | 1.75         |
| <b>Balance Sheet (USDm)</b>           |              |              |              |              |              |              |              |              |              |
| Cash & short-term investments         | 132          | 207          | 144          | 173          | 297          | 255          | 282          | 715          | 1,054        |
| Other current assets                  | 243          | 167          | 137          | 348          | 505          | 568          | 568          | 568          | 568          |
| <b>Total current assets</b>           | <b>375</b>   | <b>373</b>   | <b>281</b>   | <b>521</b>   | <b>802</b>   | <b>823</b>   | <b>851</b>   | <b>1,284</b> | <b>1,623</b> |
| Property & equip. (incl. NBs)         | 2,383        | 2,470        | 2,337        | 3,522        | 3,238        | 3,043        | 2,930        | 2,641        | 2,352        |
| Other non-current assets              | 283          | 203          | 194          | 84           | 124          | 126          | 126          | 126          | 126          |
| <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>3,169</b> | <b>3,056</b> | <b>2,767</b> | <b>2,478</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>3,992</b> | <b>3,907</b> | <b>4,051</b> | <b>4,101</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>2,446</b> | <b>2,286</b> | <b>2,547</b> | <b>2,706</b> |
| Short-term debt                       | 100          | 119          | 97           | 199          | 221          | 218          | 184          | 205          | 207          |
| Other current liabilities             | 79           | 70           | 61           | 88           | 95           | 146          | 146          | 146          | 146          |
| <b>Total current liabilities</b>      | <b>180</b>   | <b>189</b>   | <b>159</b>   | <b>287</b>   | <b>316</b>   | <b>363</b>   | <b>329</b>   | <b>351</b>   | <b>353</b>   |
| Long-term debt                        | 952          | 966          | 801          | 1,570        | 1,524        | 1,167        | 1,277        | 1,137        | 1,027        |
| 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>1,182</b> | <b>1,292</b> | <b>1,152</b> | <b>1,042</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>3,992</b> | <b>3,907</b> | <b>4,051</b> | <b>4,101</b> |
| Working capital, receivables          | 36           | 39           | 33           | 65           | 289          | 568          | 568          | 568          | 568          |
| Working capital, payables             | 62           | 56           | 51           | 80           | 76           | 145          | 145          | 145          | 145          |
| <b>Net working capital</b>            | <b>-26</b>   | <b>-17</b>   | <b>-19</b>   | <b>-15</b>   | <b>213</b>   | <b>424</b>   | <b>424</b>   | <b>424</b>   | <b>424</b>   |
| Interest bearing debt                 | 1,052        | 1,086        | 899          | 1,769        | 1,745        | 1,385        | 1,461        | 1,343        | 1,234        |
| Liquidity                             | 132          | 207          | 144          | 173          | 297          | 255          | 282          | 715          | 1,054        |
| <b>Net interest bearing debt</b>      | <b>921</b>   | <b>879</b>   | <b>755</b>   | <b>1,595</b> | <b>1,448</b> | <b>1,131</b> | <b>1,178</b> | <b>628</b>   | <b>180</b>   |
| <b>Cash Flow (USDm)</b>               |              |              |              |              |              |              |              |              |              |
| Net income                            | 350          | 204          | 1            | -110         | 112          | 526          | -136         | 333          | 516          |
| Depreciation                          | 210          | 228          | 229          | 271          | 338          | 321          | 318          | 289          | 289          |
| 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>841</b>   | <b>182</b>   | <b>622</b>   | <b>805</b>   |
| Changes in working capital            | -58          | 38           | 22           | -115         | -165         | -31          | 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>810</b>   | <b>182</b>   | <b>622</b>   | <b>805</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          | 29           | 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         | -524         | -170         | -118         | -108         |
| Proceeds from debt                    | 931          | —            | —            | —            | —            | 220          | 246          | 0            | 0            |
| Dividends paid                        | -138         | -217         | -44          | -23          | -26          | -382         | -24          | -72          | -358         |
| New equity                            | 237          | —            | —            | —            | —            | 0            | 0            | 0            | 0            |
| Other                                 | -951         | -6           | 0            | -2           | 93           | 29           | 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>-686</b>  | <b>51</b>    | <b>-190</b>  | <b>-466</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>35</b>    | <b>28</b>    | <b>433</b>   | <b>339</b>   |
| Cash balance                          | 132          | 207          | 144          | 173          | 297          | 332          | 360          | 793          | 1,132        |
| <b>Free cash flow</b>                 | <b>245</b>   | <b>338</b>   | <b>171</b>   | <b>191</b>   | <b>316</b>   | <b>721</b>   | <b>-23</b>   | <b>622</b>   | <b>805</b>   |



| Share Data & Valuation (USDm)        | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Shares outstanding, end              | 159          | 159          | 159          | 220          | 220          | 204          | 204          | 204          | 204          |
| Share price, avg (USD)               | 14           | 9            | 8            | 9            | 9            | 9            | 9            | 9            | 9            |
| Share price, end (USD)               | 14           | 8            | 9            | 7            | 13           | 9            | 9            | 9            | 9            |
| <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>1,766</b> | <b>1,766</b> | <b>1,766</b> | <b>1,766</b> |
| NIBD                                 | 921          | 879          | 755          | 1,595        | 1,448        | 1,131        | 1,178        | 628          | 180          |
| 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>2,897</b> | <b>2,945</b> | <b>2,394</b> | <b>1,946</b> |
| Key Figures & Ratios                 | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                       | 6.2          | 6.2          |              |              | 24.6         | 3.4          |              | 5.3          | 3.4          |
| P/E (adj.)                           | 6.2          | 6.2          |              |              | 24.6         | 3.5          |              | 5.3          | 3.4          |
| 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          | 1.5          | 3.4          | 1.9          | 1.6          |
| EV/Sales                             | 4.0          | 3.4          | 4.9          | 6.8          | 5.3          | 2.5          | 5.7          | 2.5          | 1.7          |
| EV/EBITDA                            | 5.5          | 4.9          | 9.2          | 15.9         | 7.9          | 3.2          | 12.2         | 3.5          | 2.3          |
| EV/EBIT                              | 8.8          | 10.3         |              |              | 21.5         | 5.0          |              | 6.2          | 3.4          |
| P/B                                  | 1.1          | 0.7          | 0.8          | 0.7          | 1.2          | 0.7          | 0.8          | 0.7          | 0.7          |
| FCF yield                            | 11%          | 27%          | 12%          | 13%          | 11%          | 41%          | -1%          | 35%          | 46%          |
| Dividend yield                       | 6.3%         | 17.1%        | 3.0%         | 1.5%         | 0.9%         | 21.6%        | 1.4%         | 4.1%         | 20.2%        |
| Return on equity (ROE)               | 18.4%        | 10.8%        | 0.1%         | -4.9%        | 4.9%         | 21.5%        | -6.0%        | 13.1%        | 19.1%        |
| Return on capital employed (ROCE)    | 12.5%        | 7.5%         | 0.5%         | -1.9%        | 5.2%         | 16.5%        | -2.3%        | 12.4%        | 20.0%        |
| Return on assets (ROA)               | 11.5%        | 6.7%         | 0.0%         | -2.7%        | 2.7%         | 13.2%        | -3.5%        | 8.2%         | 12.6%        |
| Sales growth                         | 118%         | -19%         | -28%         | 2%           | 72%          | 46%          | -55%         | 82%          | 19%          |
| EBITDA margin                        | 73%          | 70%          | 54%          | 43%          | 68%          | 78%          | 46%          | 72%          | 76%          |
| EBIT margin                          | 45%          | 33%          | 3%           | -16%         | 25%          | 50%          | -15%         | 41%          | 50%          |
| Net margin                           | 45%          | 33%          | 0%           | -24%         | 14%          | 46%          | -26%         | 35%          | 46%          |
| Net interest rate                    | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 6.5%         | 6.5%         | 11.6%        | 37.1%        |
| Tax rate                             | 1.6%         | -0.1%        | -5432.0%     | -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          | 4.9          | 0.9          | 0.2          |
| Operating cash flow/NIBD             | 0.5          | 0.5          | 0.3          | 0.0          | 0.2          | 0.7          | 0.2          | 1.0          | 4.5          |
| Net interest coverage ratio (EBITDA) |              |              |              |              |              | 12.3         | 3.1          | 9.3          | 12.8         |
| Current ratio                        | 2.1          | 2.0          | 1.8          | 1.8          | 2.5          | 2.3          | 2.6          | 3.7          | 4.6          |
| Adj. equity ratio                    |              |              |              |              |              | 58%          | 58%          | 71%          | 77%          |
| Operating assets                     | 2,909        | 2,840        | 2,667        | 3,954        | 3,868        | 3,679        | 3,566        | 3,277        | 2,988        |
| Operating liabilities                | 83           | 73           | 66           | 98           | 108          | 161          | 161          | 161          | 161          |
| Net operating assets                 | 2,827        | 2,767        | 2,601        | 3,856        | 3,760        | 3,518        | 3,405        | 3,116        | 2,827        |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:10 CET





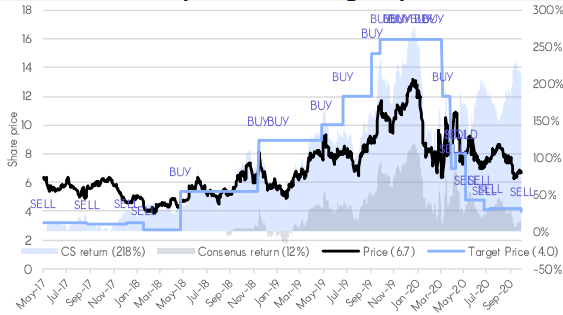
Stock listed since 1989 & with Fredriksen as main sponsor, this large oil tanker play is on of the most tradable name amongst peers

FRO-US

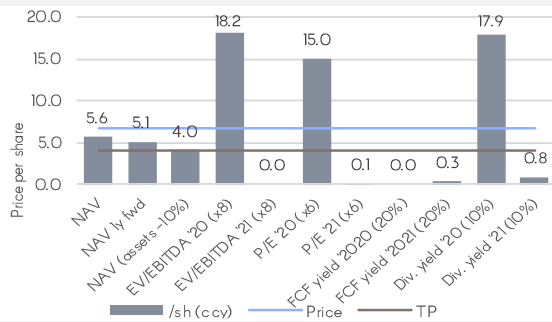
SELL/\$4.0

Frontline

### Share price vs target price

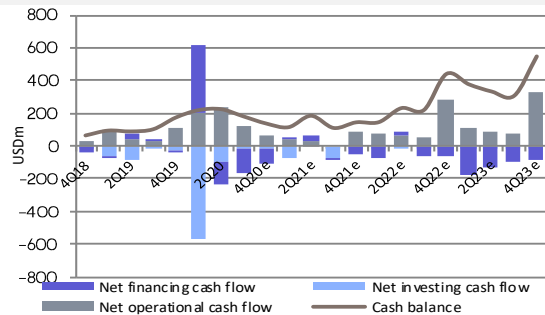


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 920   | 440   | 753   | 871   |
| EBITDA (adj.)       | 701   | 224   | 538   | 655   |
| EBIT (adj.)         | 561   | 73    | 384   | 502   |
| PTP (adj.)          | 493   | 2     | 316   | 439   |
| Net earnings (adj.) | 493   | 2     | 316   | 438   |
| EPS (adj.)          | 2.47  | 0.01  | 1.60  | 2.22  |
| DPS                 | 1.79  | 0.08  | 0.32  | 1.37  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 1,232 | 1,218 | 2,571 | 3,206 |
| Adj. equity ratio   | 35%   | 35%   | 54%   | 62%   |
| FCF yield           | -5%   | 1%    | 35%   | 44%   |
| Dividend yield      | 27%   | 1%    | 5%    | 21%   |
| EV/EBITDA           | 4.6   | 14.9  | 5.4   | 4.0   |
| P/E (adj.)          | 2.7   |       | 4.2   | 3.0   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 625    | 153    | 469    | 592    |
| Free cash flow                | -60    | 12     | 461    | 584    |
| Net cash flow                 | -22    | 7      | 291    | 105    |
| TCE/day                       | 39,542 | 19,027 | 32,183 | 37,227 |
| Cash break-even               | 21,534 | 21,388 | 21,029 | 20,816 |
| Liquidity                     | 155    | 162    | 453    | 559    |
| Property & Equip. (incl. NBs) | 3,325  | 3,315  | 3,170  | 3,024  |
| Total equity                  | 1,633  | 1,619  | 1,872  | 2,039  |
| Total assets                  | 3,915  | 3,913  | 4,058  | 4,018  |
| Interest bearing debt         | 2,160  | 2,171  | 2,064  | 1,857  |
| Net interest bearing debt     | 2,005  | 2,010  | 1,611  | 1,298  |
| Market Cap.                   | 1,319  | 1,319  | 1,319  | 1,319  |

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

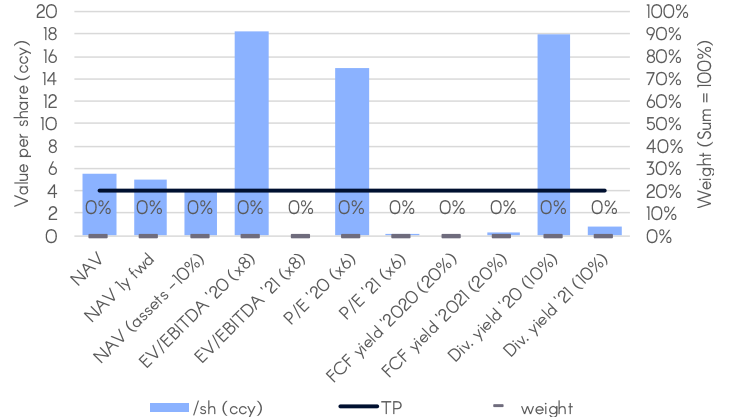


## Company Valuation

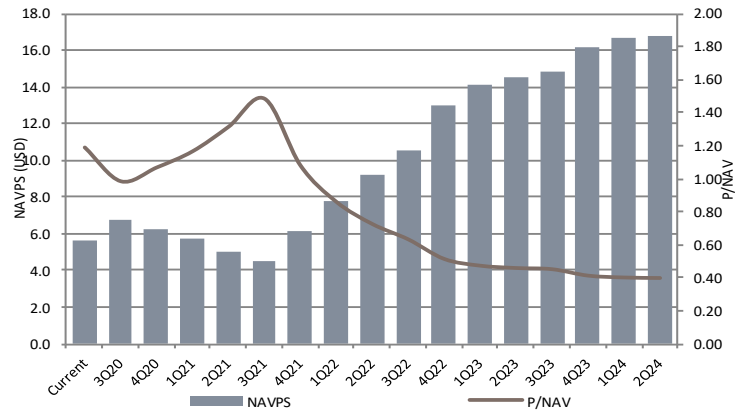
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 3,375        | 3,120           | 3,309        |
| Contract value    | 0            | 68              | 72           |
| Other             | 323          | 323             | 343          |
| <b>GAV</b>        | <b>3,698</b> | <b>3,511</b>    | <b>3,724</b> |
| Net debt          | -2,022       | -2,121          | -2,121       |
| Capex             | 0            | -161            | -161         |
| Other             | -123         | -123            | -123         |
| <b>Equity</b>     | <b>1,553</b> | <b>1,106</b>    | <b>1,319</b> |
| Shares            | 198          | 198             | 198          |
| <b>Equity/sh</b>  | <b>7.86</b>  | <b>5.59</b>     | <b>6.67</b>  |
| Icl CCY           | 7.86         | 5.59            | 6.67         |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.85</b>  | <b>1.19</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>1.01</b>  | <b>1.06</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 4,052        | 3,796           | 3,986        |
| Adj. Equity Ratio | 38%          | 29%             | 33%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>4.0</b>      | <b>-40%</b>  |
|                   | <b>NOK</b>   | <b>37.2</b>     |              |

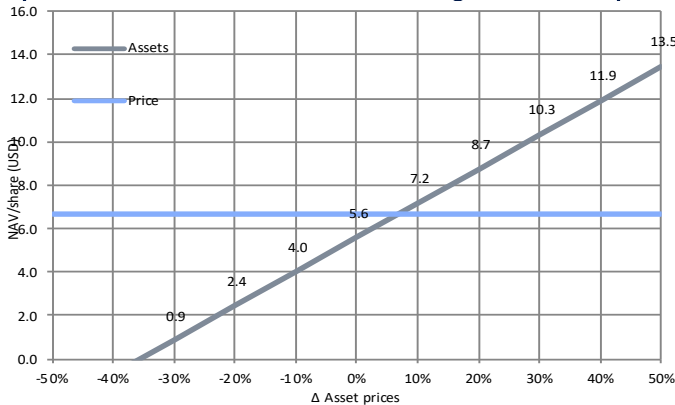
### Valuation Matrix



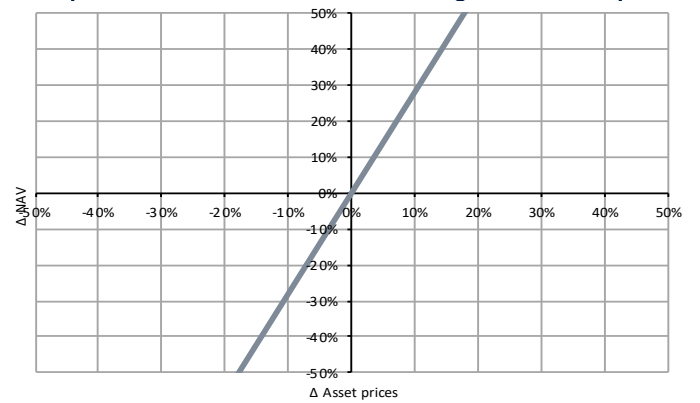
### Quarterly forward NAV & P/NAV



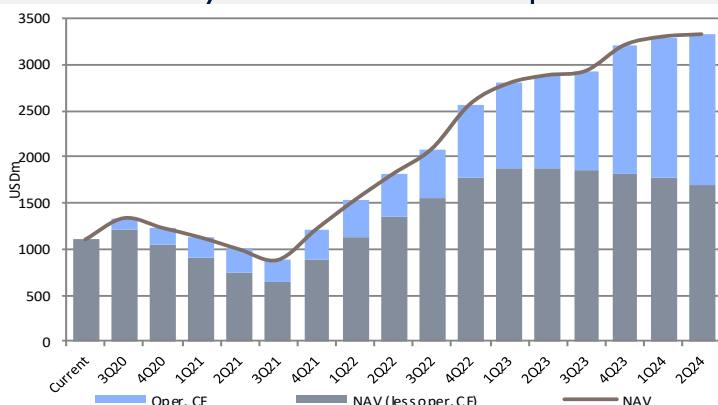
### Impact on NAV/sh from % change in asset prices



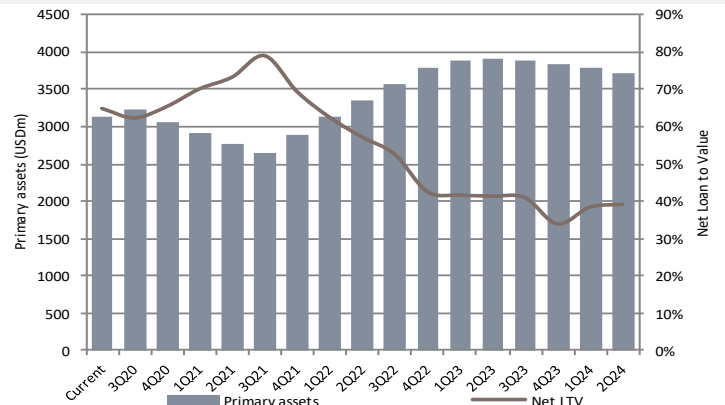
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

| 3Q20 Preview<br>USDm         |             |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 94.2        | 301.1       | 193.9          | 185.3            |                |              |                |              |
| EBITDA (adj.)                | 41.9        | 254.1       | 136.6          | 126.3            |                |              |                |              |
| EBIT (adj.)                  | 12.1        | 219.7       | 100.0          | 94.3             |                |              |                |              |
| PTP (adj.)                   | -10.6       | 201.6       | 81.9           | 73.6             |                |              |                |              |
| Net earnings (adj.)          | -10.6       | 201.6       | 81.9           | 70.7             |                |              |                |              |
| EPS (adj.)                   | -0.06       | 1.02        | 0.41           | 0.37             |                |              |                |              |
| DPS                          | 0.10        | 0.50        | 0.21           | 0.26             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 94.2        | 301.1       | 193.9          | 185.3            |                |              |                |              |
| Opex & G&A                   | 52.2        | 47.0        | 57.3           | 59.1             |                |              |                |              |
| Depreciation                 | 29.8        | 34.4        | 36.5           | 32.0             |                |              |                |              |
| Net finance                  | 22.7        | 18.1        | 18.2           | 20.6             |                |              |                |              |
| Taxes & Minorities           | 0.0         | 0.0         | 0.0            | 3.0              |                |              |                |              |

### Other

| 3Q20 Preview<br>USDm      |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 28     | 241    | 118     |           |            |       |            |       |
| Free cash flow            | 10     | 142    | 107     |           |            |       |            |       |
| Net cash flow             | 17     | 10     | -44     |           |            |       |            |       |
| TCE/day                   | 17,347 | 51,703 | 32,929  | 31,476    |            |       |            |       |
| Fleet days                | 5,428  | 5,824  | 5,888   |           |            |       |            |       |
| Cash break-even           | 20,471 | 20,584 | 21,616  |           |            |       |            |       |
| Liquidity                 | 109    | 241    | 197     |           |            |       |            |       |
| Interest bearing debt     | 2,105  | 2,263  | 2,212   |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |                    |      | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|--------------------|------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020  | 2021  | 2022               | 2023 | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 920   | 440   | 753   | 871   | 937   | 478   | 832                | 921  | -17    | -38   | -79   | -50   |
| EBITDA (adj.)            | 701   | 224   | 538   | 655   | 705   | 253   | 606                | 694  | -5     | -29   | -68   | -38   |
| EBIT (adj.)              | 561   | 73    | 384   | 502   | 553   | 94    | 447                | 534  | 7      | -21   | -62   | -33   |
| PTP (adj.)               | 493   | 2     | 316   | 439   | 454   | -7    | 346                | 441  | 39     | 9     | -30   | -3    |
| Net earnings (adj.)      | 493   | 2     | 316   | 438   | 454   | -7    | 346                | 441  | 39     | 9     | -30   | -3    |
| EPS (adj.)               | 2.47  | 0.01  | 1.60  | 2.22  | 2.30  | -0.04 | 1.75               | 2.23 | 0.17   | 0.05  | -0.15 | -0.01 |
| DPS                      | 1.79  | 0.08  | 0.32  | 1.37  | 1.79  | -     | 1.09               | 2.05 | 0.01   | 0.08  | -0.77 | -0.67 |
| DPS (NOK)                | 16.59 | 0.77  | 2.93  | 12.69 | 12.99 | 0     | 7.924              | 14.9 | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |       |       | TCE revenue        |      | -17    | -38   | -79   | -50   |
|                          |       |       |       |       |       |       | Opex & G&A         |      | -12    | -9    | -11   | -11   |
|                          |       |       |       |       |       |       | Depreciation       |      | -12    | -9    | -6    | -6    |
|                          |       |       |       |       |       |       | Net finance        |      | -31    | -30   | -32   | -30   |
|                          |       |       |       |       |       |       | Taxes & Minorities |      | 0      | -0    | -0    | -0    |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 625    | 153    | 469    | 592    | 602    | 152    | 505    | 600    | 23     | 1      | -36    | -8     |
| Free cash flow                | -60    | 12     | 461    | 584    | -90    | 19     | 464    | 592    | 31     | -7     | -3     | -8     |
| Net cash flow                 | -22    | 7      | 291    | 105    | -53    | 69     | 177    | -19    | 30     | -62    | 115    | 125    |
| TCE/day                       | 39,542 | 19,027 | 32,183 | 37,227 | 40,534 | 20,883 | 35,624 | 39,416 | -992   | -1,856 | -3,441 | -2,189 |
| Cash break-even               | 21,534 | 21,388 | 21,029 | 20,816 | 23,104 | 23,369 | 22,885 | 22,580 | -1,570 | -1,980 | -1,856 | -1,765 |
| Liquidity                     | 155    | 162    | 453    | 559    | 125    | 193    | 370    | 351    | 30     | -31    | 83     | 208    |
| Property & Equip. (incl. NBs) | 3,325  | 3,315  | 3,170  | 3,024  | 3,296  | 3,270  | 3,151  | 3,000  | 29     | 45     | 18     | 24     |
| Total equity                  | 1,633  | 1,619  | 1,872  | 2,039  | 1,606  | 1,598  | 1,728  | 1,765  | 27     | 20     | 143    | 274    |
| Total assets                  | 3,915  | 3,913  | 4,058  | 4,018  | 3,901  | 3,944  | 4,002  | 3,832  | 14     | -31    | 56     | 187    |
| Interest bearing debt         | 2,160  | 2,171  | 2,064  | 1,857  | 2,151  | 2,201  | 2,129  | 1,922  | 9      | -30    | -65    | -65    |
| Net interest bearing debt     | 2,005  | 2,010  | 1,611  | 1,298  | 2,027  | 2,008  | 1,759  | 1,571  | -22    | 2      | -148   | -273   |
| Market Cap.                   | 1,319  | 1,319  | 1,319  | 1,319  | 1,493  | 1,493  | 1,493  | 1,493  | -174   | -174   | -174   | -174   |
| Enterprise value              | 3,323  | 3,328  | 2,929  | 2,617  | 3,519  | 3,500  | 3,252  | 3,064  | -196   | -173   | -322   | -447   |

### Valuation

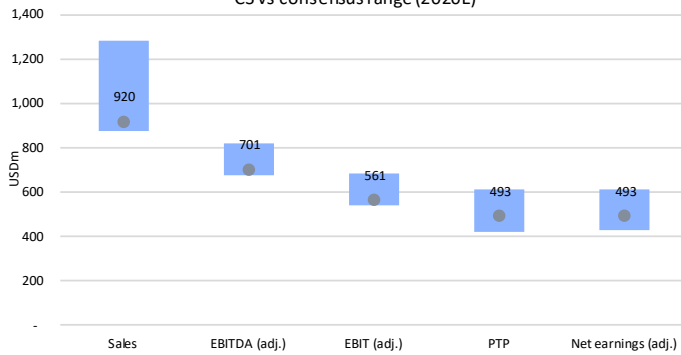
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 1,232 | 1,218 | 2,571 | 3,206 | 1,317 | 1,390 | 3,139 | 3,630 | -85    | -172  | -568  | -424  |
| Adj. equity ratio        | 35%   | 35%   | 54%   | 62%   | 36%   | 37%   | 58%   | 64%   | -1%    | -3%   | -4%   | -2%   |
| FCF yield                | -5%   | 1%    | 35%   | 44%   | -6%   | 1%    | 31%   | 40%   | 2%     | 0%    | 4%    | 5%    |
| Dividend yield           | 27%   | 1%    | 5%    | 21%   | 24%   | 0%    | 14%   | 27%   | 3%     | 1%    | -10%  | -7%   |
| EV/EBITDA                | 4.6   | 14.9  | 5.4   | 4.0   | 4.9   | 13.8  | 5.4   | 4.4   | -0.3   | 1.0   | 0.1   | -0.4  |
| P/E (adj.)               | 2.7   |       | 4.2   | 3.0   | 3.3   |       | 4.3   | 3.4   | -0.6   | ##### | -0.1  | -0.4  |



## Our Estimates vs Consensus

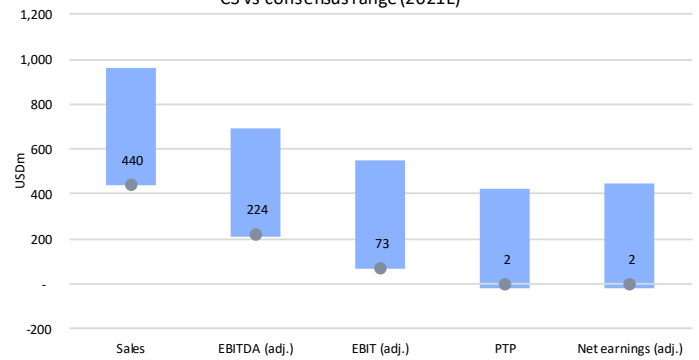
### Profit & Loss, year I

CS vs consensus range (2020E)

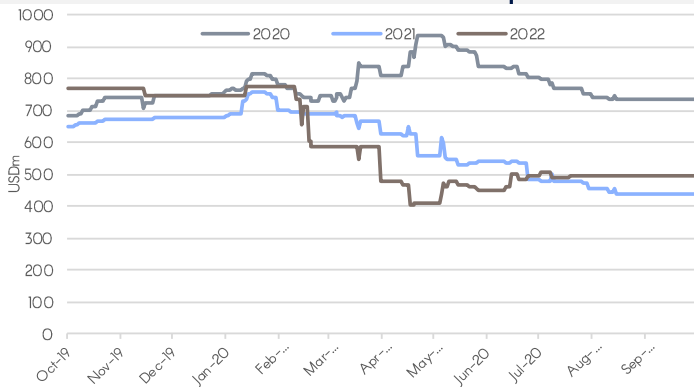


### Profit & Loss, year II

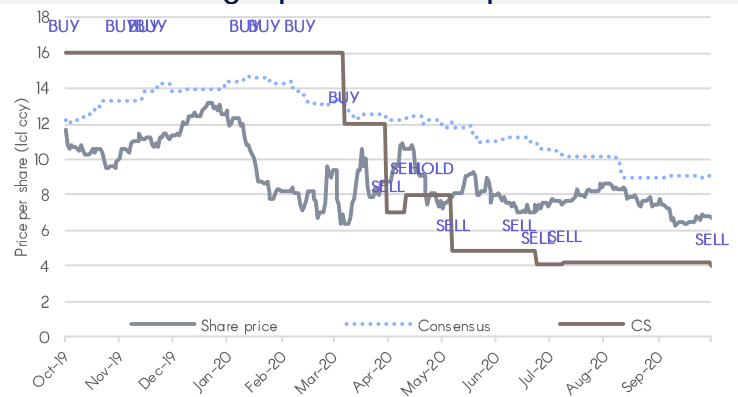
CS vs consensus range (2021E)



### Consensus EBITDA development



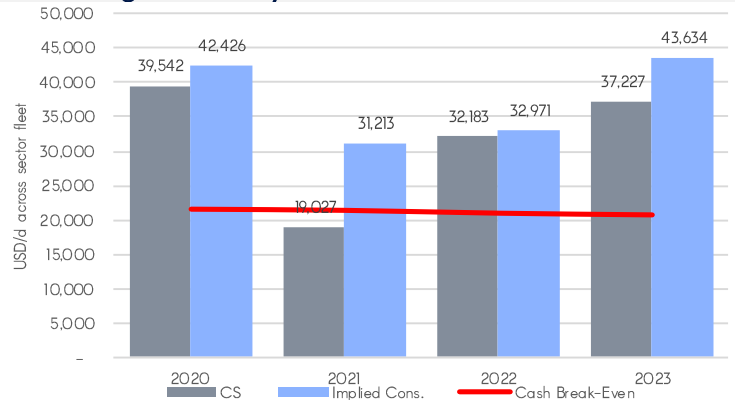
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 920  | 987 | 987       | -67   | -7%   |
| Opex + G&A         | 220  | 252 | 252       | -33   | -13%  |
| Depreciation       | 140  | 129 | 129       | 11    | 8%    |
| Net finance        | 68   | 97  | 97        | -29   | -30%  |
| Taxes & Minorities | 0    | 6   | 6         | -6    | -99%  |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 440  | 721 | 721       | -281  | -39%  |
| Opex + G&A         | 216  | 281 | 281       | -66   | -23%  |
| Depreciation       | 151  | 124 | 124       | 26    | 21%   |
| Net finance        | 71   | 90  | 90        | -19   | -21%  |
| Taxes & Minorities | 0    | 11  | 11        | -11   | -100% |

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







|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 94    | 224   | 289   | 301   | 194   | 137   | 117   | 94    | 68    |
| Operational costs               | -52   | -60   | -48   | -41   | -57   | -57   | -55   | -52   | -54   |
| EBITDA                          | 42    | 164   | 241   | 260   | 137   | 79    | 62    | 42    | 14    |
| Depreciation/Amortization       | -30   | -32   | -32   | -34   | -37   | -37   | -37   | -37   | -38   |
| EBIT                            | 12    | 132   | 208   | 226   | 100   | 43    | 25    | 5     | -24   |
| Net financials                  | -22   | -23   | -43   | -26   | -18   | -18   | -17   | -18   | -18   |
| PTP                             | -10   | 109   | 165   | 200   | 82    | 25    | 8     | -13   | -42   |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -10   | 109   | 165   | 200   | 82    | 25    | 8     | -13   | -42   |
| Non-recurring items             | -1    | 7     | 19    | 2     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -11   | 116   | 184   | 202   | 82    | 25    | 8     | -13   | -42   |
| EPS                             | -0.05 | 0.55  | 0.84  | 1.01  | 0.41  | 0.13  | 0.04  | -0.07 | -0.21 |
| EPS (adj.)                      | -0.06 | 0.59  | 0.91  | 1.02  | 0.41  | 0.13  | 0.04  | -0.07 | -0.21 |
| DPS                             | 0.00  | 0.10  | 0.39  | 0.70  | 0.50  | 0.21  | 0.06  | 0.02  | 0.00  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 104   | 174   | 219   | 225   | 181   | 139   | 116   | 185   | 111   |
| Other current assets            | 213   | 274   | 281   | 244   | 244   | 244   | 244   | 244   | 244   |
| Total current assets            | 317   | 448   | 500   | 468   | 425   | 382   | 360   | 429   | 355   |
| Property & equip. (incl. NBs)   | 2,625 | 2,626 | 3,286 | 3,375 | 3,350 | 3,325 | 3,360 | 3,322 | 3,352 |
| Other non-current assets        | 647   | 623   | 213   | 208   | 208   | 208   | 208   | 208   | 208   |
| Total non-current assets        | 3,271 | 3,249 | 3,498 | 3,583 | 3,558 | 3,533 | 3,568 | 3,530 | 3,560 |
| TOTAL ASSETS                    | 3,588 | 3,698 | 3,998 | 4,052 | 3,983 | 3,915 | 3,928 | 3,959 | 3,915 |
| Total equity                    | 1,380 | 1,510 | 1,604 | 1,666 | 1,649 | 1,633 | 1,628 | 1,611 | 1,569 |
| Short-term debt                 | 423   | 727   | 505   | 550   | 551   | 583   | 547   | 558   | 560   |
| Other current liabilities       | 103   | 121   | 136   | 116   | 116   | 116   | 116   | 116   | 116   |
| Total current liabilities       | 526   | 848   | 640   | 666   | 667   | 700   | 664   | 674   | 676   |
| Long-term debt                  | 1,682 | 1,338 | 1,745 | 1,713 | 1,660 | 1,576 | 1,630 | 1,667 | 1,663 |
| Other non-current liabilities   | 1     | 1     | 9     | 6     | 6     | 6     | 6     | 6     | 6     |
| Total non-current liabilities   | 1,683 | 1,339 | 1,753 | 1,720 | 1,667 | 1,583 | 1,636 | 1,673 | 1,670 |
| TOTAL EQUITY & LIABILITIES      | 3,588 | 3,698 | 3,998 | 4,052 | 3,983 | 3,915 | 3,928 | 3,959 | 3,915 |
| Working capital, receivables    | 0     | 146   | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Working capital, payables       | 0     | 109   | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net working capital             | 0     | 37    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Interest bearing debt           | 2,105 | 2,066 | 2,249 | 2,263 | 2,212 | 2,160 | 2,177 | 2,225 | 2,223 |
| Liquidity                       | 109   | 177   | 231   | 241   | 197   | 155   | 132   | 201   | 128   |
| Net interest bearing debt       | 1,996 | 1,888 | 2,018 | 2,022 | 2,014 | 2,005 | 2,044 | 2,024 | 2,095 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -10   | 109   | 165   | 200   | 82    | 25    | 8     | -13   | -42   |
| Depreciation                    | 30    | 32    | 32    | 34    | 37    | 37    | 37    | 37    | 38    |
| Other                           | 10    | 7     | 18    | -1    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 30    | 148   | 216   | 233   | 118   | 62    | 45    | 24    | -4    |
| Changes in working capital      | -2    | -37   | -11   | 8     | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 28    | 111   | 205   | 241   | 118   | 62    | 45    | 24    | -4    |
| Capex                           | -19   | -30   | -561  | -126  | -11   | -11   | -72   | 0     | -67   |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 27    | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0     | 0     | -2    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -19   | -29   | -563  | -99   | -11   | -11   | -72   | 0     | -67   |
| Repayment of debt               | -31   | -45   | -59   | -100  | -52   | -52   | -52   | -52   | -52   |
| Proceeds from debt              | 0     | 0     | 544   | 106   | 0     | 0     | 69    | 100   | 50    |
| Dividends paid                  | 0     | -20   | -77   | -138  | -99   | -41   | -13   | -4    | 0     |
| New equity                      | 42    | 47    | 6     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -3    | 3     | -2    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 7     | -13   | 412   | -132  | -151  | -93   | 5     | 44    | -2    |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 17    | 69    | 54    | 10    | -44   | -43   | -22   | 69    | -73   |
| Cash balance                    | 104   | 174   | 219   | 225   | 181   | 139   | 116   | 185   | 111   |
| Free cash flow                  | 10    | 82    | -358  | 142   | 107   | 50    | -27   | 24    | -72   |



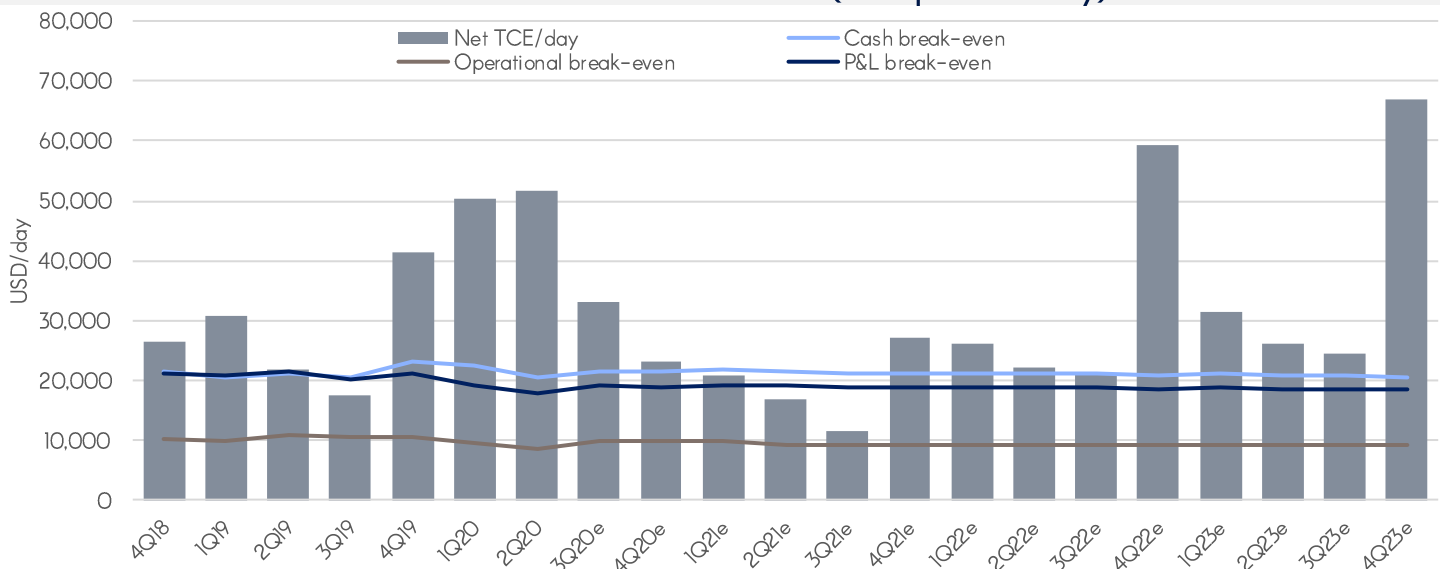
|                                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 349   | 593   | 387   | 364   | 562   | 920   | 440   | 753   | 871   |
| Operational costs               | -9    | -274  | -442  | -159  | -204  | -204  | -216  | -215  | -216  |
| EBITDA                          | 340   | 319   | -55   | 205   | 357   | 717   | 224   | 538   | 655   |
| Depreciation/Amortization       | -53   | -141  | -142  | -123  | -118  | -140  | -151  | -154  | -154  |
| EBIT                            | 287   | 177   | -196  | 83    | 240   | 577   | 73    | 384   | 502   |
| Net financials                  | -32   | -60   | -68   | -91   | -99   | -105  | -71   | -69   | -63   |
| PTP                             | 256   | 118   | -264  | -8    | 140   | 472   | 2     | 316   | 439   |
| Taxes/Minorities                | -101  | -1    | -1    | -1    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | 155   | 117   | -265  | -9    | 140   | 472   | 2     | 316   | 438   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | 21    | 0     | 0     | 0     |
| Net earnings (adj.)             | 155   | 117   | -265  | -9    | 140   | 493   | 2     | 316   | 438   |
| EPS                             | 0.99  | 0.69  | -1.56 | -0.05 | 0.71  | 2.39  | 0.01  | 1.60  | 2.22  |
| EPS (adj.)                      | 0.99  | 0.69  | -1.56 | -0.05 | 0.71  | 2.47  | 0.01  | 1.60  | 2.22  |
| DPS                             | 0.25  | 0.97  | 0.30  | 0.00  | 0.10  | 1.79  | 0.08  | 0.32  | 1.37  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 265   | 202   | 104   | 66    | 174   | 139   | 146   | 437   | 542   |
| Other current assets            | 203   | 181   | 217   | 242   | 274   | 244   | 244   | 244   | 244   |
| Total current assets            | 467   | 384   | 322   | 308   | 448   | 382   | 389   | 681   | 786   |
| Property & equip. (incl. NBs)   | 2,150 | 2,322 | 2,673 | 2,620 | 3,056 | 3,325 | 3,315 | 3,170 | 3,024 |
| Other non-current assets        | 266   | 261   | 139   | 150   | 193   | 208   | 208   | 208   | 208   |
| Total non-current assets        | 2,416 | 2,583 | 2,812 | 2,770 | 3,249 | 3,533 | 3,523 | 3,378 | 3,232 |
| TOTAL ASSETS                    | 2,883 | 2,966 | 3,134 | 3,078 | 3,698 | 3,915 | 3,913 | 4,058 | 4,018 |
| Total equity                    | 1,446 | 1,500 | 1,188 | 1,164 | 1,510 | 1,633 | 1,619 | 1,872 | 2,039 |
| Short-term debt                 | 147   | 124   | 156   | 132   | 727   | 583   | 400   | 461   | 543   |
| Other current liabilities       | 95    | 59    | 66    | 82    | 121   | 116   | 116   | 116   | 116   |
| Total current liabilities       | 242   | 183   | 222   | 214   | 848   | 700   | 516   | 577   | 659   |
| Long-term debt                  | 1,192 | 1,281 | 1,723 | 1,698 | 1,338 | 1,576 | 1,772 | 1,604 | 1,314 |
| Other non-current liabilities   | 3     | 3     | 1     | 1     | 1     | 6     | 6     | 6     | 6     |
| Total non-current liabilities   | 1,195 | 1,284 | 1,724 | 1,699 | 1,339 | 1,583 | 1,778 | 1,610 | 1,321 |
| TOTAL EQUITY & LIABILITIES      | 2,883 | 2,966 | 3,134 | 3,078 | 3,698 | 3,915 | 3,913 | 4,058 | 4,018 |
| 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 | 2,160 | 2,171 | 2,064 | 1,857 |
| Liquidity                       | 265   | 203   | 105   | 68    | 177   | 155   | 162   | 453   | 559   |
| Net interest bearing debt       | 1,075 | 1,201 | 1,774 | 1,763 | 1,888 | 2,005 | 2,010 | 1,611 | 1,298 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 155   | 117   | -265  | -9    | 140   | 472   | 2     | 316   | 438   |
| Depreciation                    | 53    | 141   | 142   | 123   | 118   | 140   | 151   | 154   | 154   |
| Other                           | 5     | 43    | 252   | -29   | 26    | 17    | 0     | 0     | 0     |
| Cash earnings                   | 212   | 302   | 129   | 85    | 284   | 628   | 153   | 469   | 592   |
| Changes in working capital      | -5    | -16   | 2     | -39   | -4    | -3    | 0     | 0     | 0     |
| Net operational cash flow       | 207   | 286   | 130   | 46    | 280   | 625   | 153   | 469   | 592   |
| Capex                           | -787  | -622  | -714  | -216  | -196  | -709  | -141  | -8    | -8    |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 515   | 217   | 0     | 0     | 0     | 27    | 0     | 0     | 0     |
| Other                           | -188  | 9     | -9    | 17    | 5     | 16    | 0     | 0     | 0     |
| Net investing cash flow         | -459  | -396  | -723  | -199  | -191  | -685  | -141  | -8    | -8    |
| Repayment of debt               | 114   | 125   | 568   | 116   | -59   | -263  | -207  | -207  | -207  |
| Proceeds from debt              | —     | —     | —     | —     | —     | 650   | 219   | 100   | 0     |
| Dividends paid                  | -39   | -165  | -51   | 0     | -20   | -355  | -16   | -63   | -271  |
| New equity                      | 0     | 98    | 0     | 0     | 98    | 6     | 0     | 0     | 0     |
| Other                           | 145   | -10   | -23   | 0     | 0     | 16    | 0     | 0     | 0     |
| Net financing cash flow         | 220   | 49    | 494   | 116   | 20    | 37    | -5    | -170  | -479  |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -32   | -62   | -98   | -37   | 109   | -22   | 7     | 291   | 105   |
| Cash balance                    | 265   | 202   | 104   | 66    | 174   | 152   | 159   | 450   | 555   |
| Free cash flow                  | -252  | -110  | -592  | -153  | 90    | -60   | 12    | 461   | 584   |



| 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>1,319</b> | <b>1,319</b> | <b>1,319</b> | <b>1,319</b> |
| NIBD                               | 1,075        | 1,201        | 1,774        | 1,763        | 1,888        | 2,005        | 2,010        | 1,611        | 1,298        |
| 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>3,323</b> | <b>3,328</b> | <b>2,929</b> | <b>2,617</b> |
| Key Figures & Ratios               | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                     | 15.1         | 10.3         |              |              | 18.1         | 2.8          |              | 4.2          | 3.0          |
| P/E (adj.)                         | 15.1         | 10.3         |              |              | 18.1         | 2.7          |              | 4.2          | 3.0          |
| 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          | 1.4          | 3.0          | 1.8          | 1.5          |
| EV/Sales                           | 9.8          | 4.1          | 6.6          | 7.4          | 7.9          | 3.6          | 7.6          | 3.9          | 3.0          |
| EV/EBITDA                          | 10.0         | 7.6          | 13.2         | 12.4         | 4.6          | 14.9         | 5.4          | 4.0          | 4.0          |
| EV/EBIT                            | 11.9         | 13.6         |              | 32.7         | 18.5         | 5.8          | 45.6         | 7.6          | 5.2          |
| P/B                                | 1.6          | 0.8          | 0.7          | 0.8          | 1.7          | 0.8          | 0.8          | 0.7          | 0.6          |
| FCF yield                          | -11%         | -9%          | -76%         | -16%         | 4%           | -5%          | 1%           | 35%          | 44%          |
| Dividend yield                     | 1.7%         | 13.6%        | 6.6%         | 0.0%         | 0.8%         | 26.9%        | 1.2%         | 4.7%         | 20.6%        |
| Return on equity (ROE)             | 10.7%        | 7.8%         | -22.3%       | -0.8%        | 9.3%         | 28.9%        | 0.1%         | 16.9%        | 21.5%        |
| Return on capital employed (ROCE)  | 11.4%        | 6.6%         | -6.6%        | 2.8%         | 7.0%         | 15.9%        | 2.0%         | 11.0%        | 15.0%        |
| Return on assets (ROA)             | 5.4%         | 3.9%         | -8.5%        | -0.3%        | 3.8%         | 12.1%        | 0.1%         | 7.8%         | 10.9%        |
| Sales growth                       | 153%         | 70%          | -35%         | -6%          | 54%          | 64%          | -52%         | 71%          | 16%          |
| EBITDA margin                      | 97%          | 54%          | -14%         | 56%          | 64%          | 78%          | 51%          | 71%          | 75%          |
| EBIT margin                        | 82%          | 30%          | -51%         | 23%          | 43%          | 63%          | 17%          | 51%          | 58%          |
| Net margin                         | 44%          | 20%          | -68%         | -2%          | 25%          | 51%          | 1%           | 42%          | 50%          |
| Net interest rate                  | 1.6%         | 4.7%         | 3.9%         | 5.3%         | 5.0%         | 3.8%         | 3.5%         | 4.3%         | 4.9%         |
| 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%          | 42%          | 41%          | 46%          | 51%          |
| Leverage ratio                     | 50%          | 49%          | 62%          | 62%          | 59%          | 58%          | 59%          | 54%          | 49%          |
| NIBD / EBITDA (past 1y)            | 3.2          | 3.8          | -32.5        | 8.6          | 5.3          | 2.8          | 9.0          | 3.0          | 2.0          |
| Operating cash flow/NIBD           | 0.2          | 0.2          | 0.1          | 0.0          | 0.1          | 0.3          | 0.1          | 0.3          | 0.5          |
| Net interest coverage ratio (EBIT) | 19.3         | 5.6          | -0.8         | 2.2          | 3.8          | 9.4          | 3.2          | 7.8          | 10.4         |
| Current ratio                      | 1.9          | 2.1          | 1.4          | 1.4          | 0.5          | 0.5          | 0.8          | 1.2          | 1.2          |
| Adj. equity ratio                  |              |              |              |              |              | 35%          | 35%          | 54%          | 62%          |
| Operating assets                   | 2,619        | 2,763        | 3,029        | 3,010        | 3,520        | 3,760        | 3,751        | 3,605        | 3,460        |
| Operating liabilities              | 98           | 62           | 67           | 83           | 122          | 123          | 123          | 123          | 123          |
| Net operating assets               | 2,521        | 2,701        | 2,962        | 2,927        | 3,399        | 3,638        | 3,628        | 3,483        | 3,337        |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:38 CET





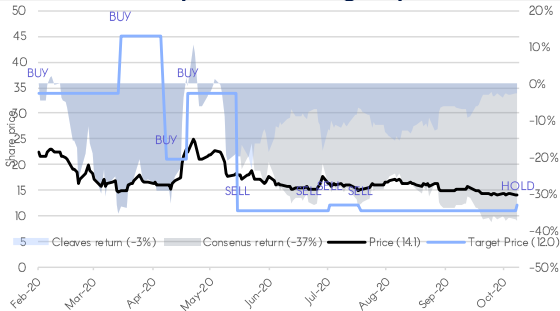
An oil product tanker behemoth, but elastic towards potential falling earnings and asset prices

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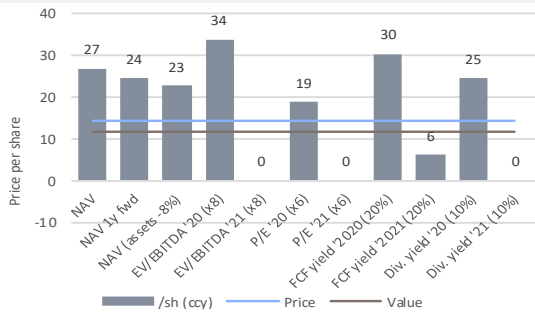
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### Share price vs target price

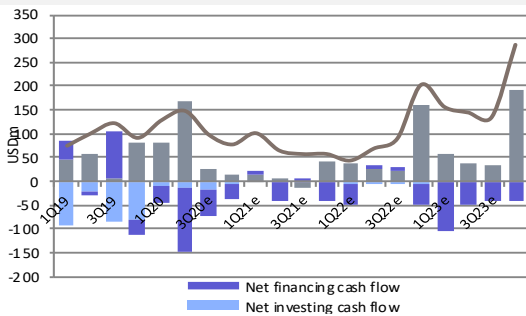


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 611   | 388   | 580   | 655   |
| EBITDA (adj.)       | 326   | 95    | 286   | 361   |
| EBIT (adj.)         | 171   | -62   | 129   | 204   |
| PTP (adj.)          | 127   | -105  | 89    | 167   |
| Net earnings (adj.) | 125   | -107  | 86    | 165   |
| EPS (adj.)          | 0.34  | -0.29 | 0.23  | 0.45  |
| DPS                 | 0.27  | -     | 0.00  | 0.19  |

| USDm              | 2020E | 2021E | 2022E | 2023E |
|-------------------|-------|-------|-------|-------|
| Fwd NAV           | 1,069 | 910   | 1,429 | 1,745 |
| Adj. equity ratio | 43%   | 40%   | 53%   | 61%   |
| FCF yield         | 43%   | 9%    | 38%   | 57%   |
| Dividend yield    | 17%   | 0%    | 0%    | 12%   |
| EV/EBITDA         | 5.4   | 18.7  | 5.4   | 3.6   |
| P/E (adj.)        | 4.5   |       | 6.5   | 3.4   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 291    | 49     | 244    | 323    |
| Free cash flow                | 243    | 49     | 215    | 323    |
| Net cash flow                 | -14    | -20    | 144    | 84     |
| TCE/day                       | 17,664 | 11,298 | 16,862 | 19,058 |
| Cash break-even               | 16,814 | 14,283 | 14,216 | 14,119 |
| Liquidity                     | 78     | 58     | 202    | 286    |
| Property & Equip. (incl. NBs) | 2,089  | 1,933  | 1,804  | 1,647  |
| Total equity                  | 1,138  | 1,031  | 1,116  | 1,211  |
| Total assets                  | 2,569  | 2,393  | 2,409  | 2,335  |
| Interest bearing debt         | 1,335  | 1,266  | 1,197  | 1,028  |
| Net interest bearing debt     | 1,257  | 1,208  | 995    | 742    |
| Market Cap.                   | 565    | 565    | 565    | 565    |

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

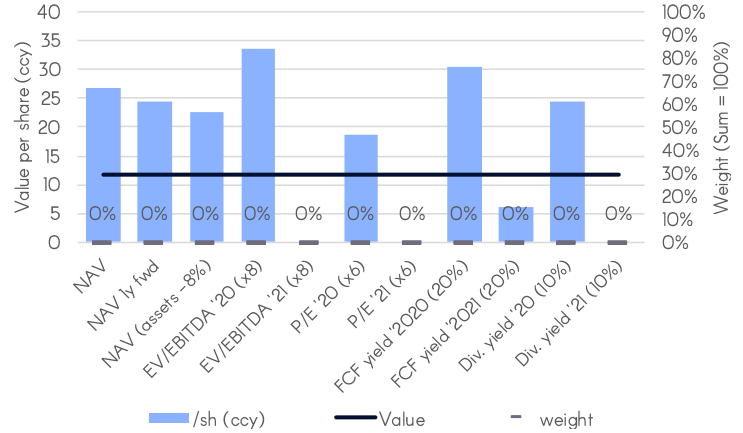


## Company Valuation

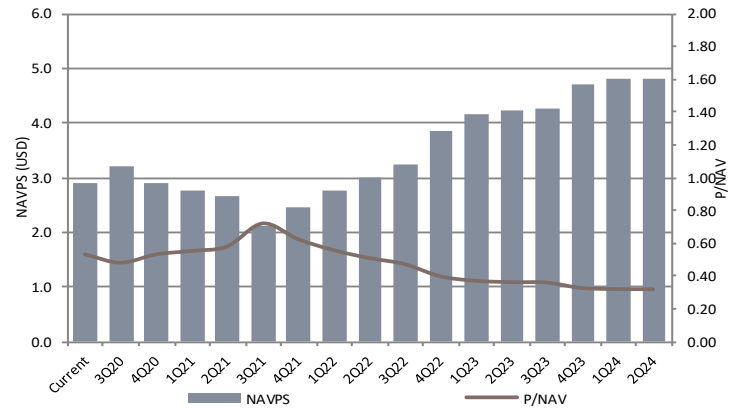
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 2,142        | 2,065           | 1,631        |
| Contract value    | 0            | 16              | 12           |
| Other             | 328          | 328             | 259          |
| <b>GAV</b>        | <b>2,470</b> | <b>2,409</b>    | <b>1,903</b> |
| Net debt          | -1,234       | -1,273          | -1,273       |
| Capex             | 0            | -40             | -40          |
| Other             | -25          | -25             | -25          |
| <b>Equity</b>     | <b>1,212</b> | <b>1,070</b>    | <b>565</b>   |
| Shares            | 370          | 370             | 370          |
| <b>Equity/sh</b>  | <b>3.27</b>  | <b>2.89</b>     | <b>1.53</b>  |
| lcl CCY           | 30.25        | 26.73           | 14.10        |
| USDNOK            |              | 9.24            |              |
| <b>P/Equity</b>   | <b>0.47</b>  | <b>0.53</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.77</b>  | <b>0.79</b>     | <b>1.00</b>  |
| Adj. Total Assets | 2,692        | 2,615           | 2,181        |
| Adj. Equity Ratio | 45%          | 41%             | 26%          |
| <b>Fair Value</b> | <b>NOK</b>   | <b>11.8</b>     | <b>-16%</b>  |
|                   | <b>USD</b>   | <b>1.3</b>      |              |

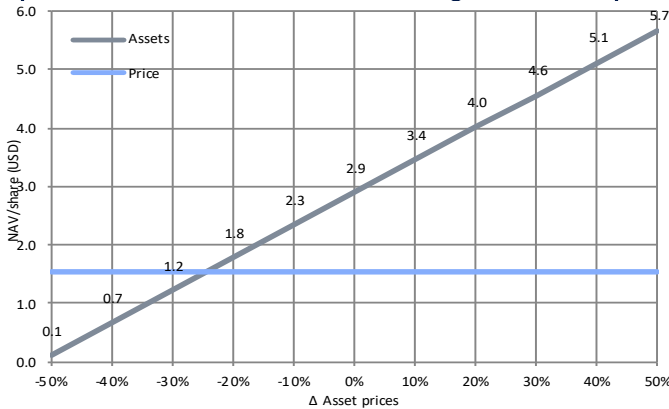
### Valuation Matrix



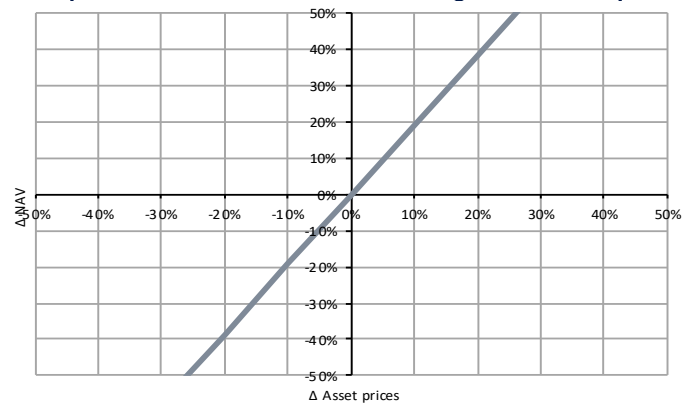
### Quarterly forward NAV & P/NAV



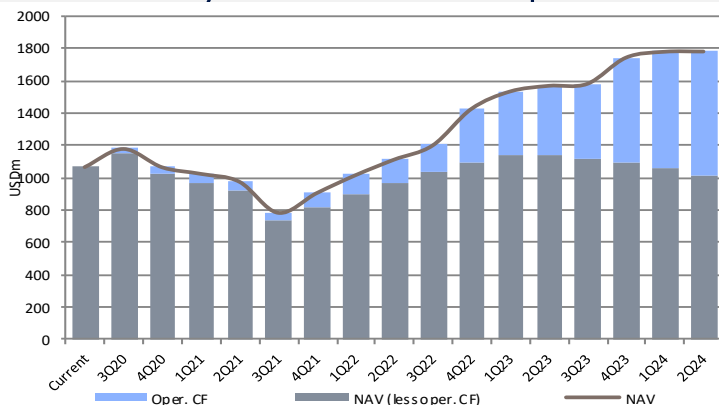
### Impact on NAV/sh from % change in asset prices



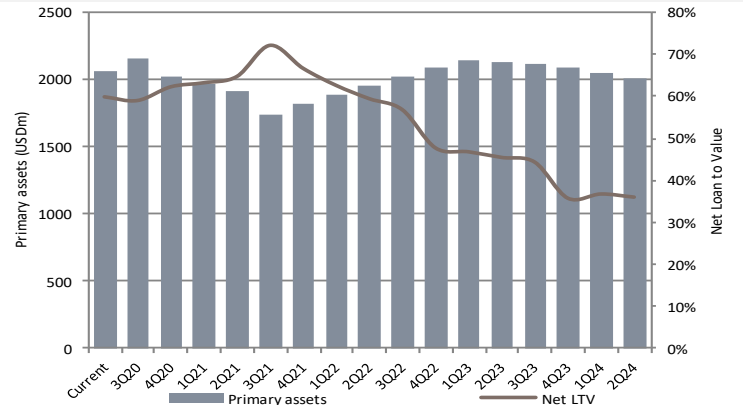
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

| 3Q20 Preview<br>USDm  | 3Q19  | 2Q20  | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       |       |       | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 106.7 | 206.9 | 109.9   | 124.7     |            |       |            |       |
| EBITDA (adj.)         | 45.1  | 138.8 | 37.0    | 56.6      |            |       |            |       |
| EBIT (adj.)           | 11.0  | 99.9  | -2.1    | 20.9      |            |       |            |       |
| PTP (adj.)            | -9.7  | 91.7  | -13.5   | 8.6       |            |       |            |       |
| Net earnings (adj.)   | -10.1 | 91.1  | -14.1   | 9.6       |            |       |            |       |
| EPS (adj.)            | -0.03 | 0.25  | -0.04   | 0.02      |            |       |            |       |
| DPS                   | -     | 0.10  | -       | 0.01      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 106.7 | 206.9 | 109.9   | 124.7     |            |       |            |       |
| Opex & G&A            | 61.7  | 68.1  | 72.9    | 68.0      |            |       |            |       |
| Depreciation          | 34.0  | 38.9  | 39.1    | 35.8      |            |       |            |       |
| Net finance           | 20.8  | 8.2   | 11.4    | 12.3      |            |       |            |       |
| Taxes & Minorities    | 0.4   | 0.6   | 0.5     | -1.0      |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 5      | 169    | 25      |           |            |       |            |       |
| Free cash flow            | -78    | 156    | 5       |           |            |       |            |       |
| Net cash flow             | 21     | 20     | -50     |           |            |       |            |       |
| TCE/day                   | 12,928 | 23,970 | 12,632  | 14,328    |            |       |            |       |
| Cash break-even           | 20,046 | 19,944 | 13,416  |           |            |       |            |       |
| Liquidity                 | 122    | 148    | 98      |           |            |       |            |       |
| Interest bearing debt     | 1,528  | 1,382  | 1,366   |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |              |              |              |     |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|--------------|--------------|--------------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E        | 2022E        | 2023E        |     |
| Net sales                | 611   | 388   | 580   | 655   | 581   | 416   | 642   | 708   | 29                 | -28          | -62          | -53          |     |
| EBITDA (adj.)            | 326   | 95    | 286   | 361   | 304   | 138   | 363   | 430   | 22                 | -43          | -77          | -68          |     |
| EBIT (adj.)              | 171   | -62   | 129   | 204   | 149   | -18   | 207   | 273   | 22                 | -44          | -78          | -70          |     |
| PTP (adj.)               | 127   | -105  | 89    | 167   | 95    | -70   | 158   | 229   | 32                 | -35          | -69          | -62          |     |
| Net earnings (adj.)      | 125   | -107  | 86    | 165   | 94    | -72   | 156   | 227   | 31                 | -35          | -70          | -62          |     |
| EPS (adj.)               | 0.34  | -0.29 | 0.23  | 0.45  | 0.25  | -0.19 | 0.42  | 0.61  | 0.08               | -0.09        | -0.19        | -0.17        |     |
| DPS                      | 0.27  | -     | 0.00  | 0.19  | 0.22  | -     | -     | -     | 0.04               | -            | 0.00         | 0.19         |     |
|                          |       |       |       |       |       |       |       |       | <b>2020E</b>       | <b>2021E</b> | <b>2022E</b> | <b>2023E</b> |     |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | 29           | -28          | -62          | -53 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | 8            | 15           | 15           | 15  |
|                          |       |       |       |       |       |       |       |       | Depreciation       | 0            | 0            | 1            | 1   |
|                          |       |       |       |       |       |       |       |       | Net finance        | -10          | -9           | -8           | -8  |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | 0            | 0            | 0            | 0   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |       |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E  | 2023E  |
| Net operational cash flow     | 291    | 49     | 244    | 323    | 221    | 84     | 312    | 383    | 70     | -35   | -69    | -61    |
| Free cash flow                | 243    | 49     | 215    | 323    | 162    | 84     | 312    | 383    | 81     | -35   | -97    | -61    |
| Net cash flow                 | -14    | -20    | 144    | 84     | 6      | 15     | 243    | 214    | -20    | -35   | -99    | -130   |
| TCE/day                       | 17,664 | 11,298 | 16,862 | 19,058 | 16,788 | 11,991 | 18,486 | 20,415 | 876    | -694  | -1,624 | -1,357 |
| Cash break-even               | 16,814 | 14,283 | 14,216 | 14,119 | 13,288 | 13,956 | 13,880 | 13,767 | 3,526  | 326   | 336    | 352    |
| Liquidity                     | 78     | 58     | 202    | 286    | 98     | 113    | 356    | 570    | -20    | -55   | -153   | -284   |
| Property & Equip. (incl. NBs) | 2,089  | 1,933  | 1,804  | 1,647  | 2,094  | 1,938  | 1,782  | 1,626  | -5     | -5    | 22     | 21     |
| Total equity                  | 1,138  | 1,031  | 1,116  | 1,211  | 1,100  | 1,028  | 1,184  | 1,411  | 38     | 3     | -69    | -200   |
| Total assets                  | 2,569  | 2,393  | 2,409  | 2,335  | 2,622  | 2,481  | 2,568  | 2,626  | -53    | -88   | -160   | -291   |
| Interest bearing debt         | 1,335  | 1,266  | 1,197  | 1,028  | 1,407  | 1,338  | 1,269  | 1,100  | -72    | -72   | -72    | -72    |
| Net interest bearing debt     | 1,257  | 1,208  | 995    | 742    | 1,310  | 1,226  | 913    | 530    | -53    | -18   | 81     | 212    |
| Market Cap.                   | 565    | 565    | 565    | 565    | 606    | 606    | 606    | 606    | -41    | -41   | -41    | -41    |
| Enterprise value              | 1,822  | 1,773  | 1,559  | 1,307  | 1,915  | 1,831  | 1,519  | 1,136  | -93    | -59   | 40     | 171    |

### Valuation

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 1,069 | 910   | 1,429 | 1,745 | 1,030 | 946   | 1,706 | 1,991 | 40     | -35   | -277  | -246  |
| Adj. equity ratio        | 43%   | 40%   | 53%   | 61%   | 40%   | 39%   | 55%   | 62%   | 2%     | 1%    | -3%   | -1%   |
| FCF yield                | 43%   | 9%    | 38%   | 57%   | 27%   | 14%   | 52%   | 63%   | 16%    | -5%   | -13%  | -6%   |
| Dividend yield           | 17%   | 0%    | 0%    | 12%   | 14%   | 0%    | 0%    | 0%    | 4%     | 0%    | 0%    | 12%   |
| EV/EBITDA                | 5.4   | 18.7  | 5.4   | 3.6   | 6.2   | 13.3  | 4.2   | 2.6   | -0.8   | 5.5   | 1.3   | 1.0   |
| P/E (adj.)               | 4.5   |       | 6.5   | 3.4   | 6.5   |       | 3.9   | 2.7   | -2.0   | ##### | 2.7   | 0.8   |

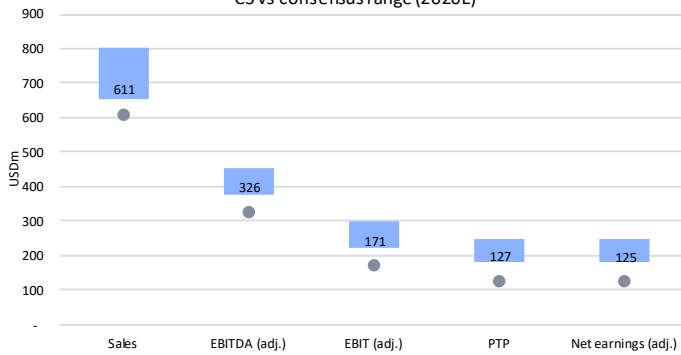




## Our Estimates vs Consensus

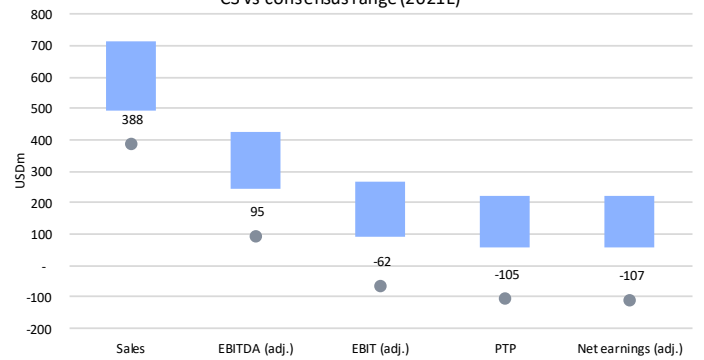
### Profit & Loss, year I

CS vs consensus range (2020E)

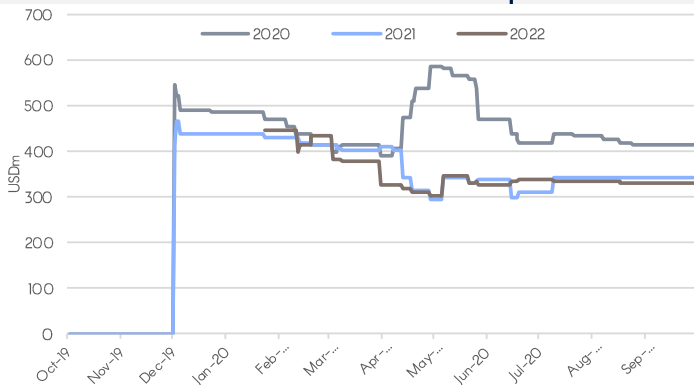


### Profit & Loss, year II

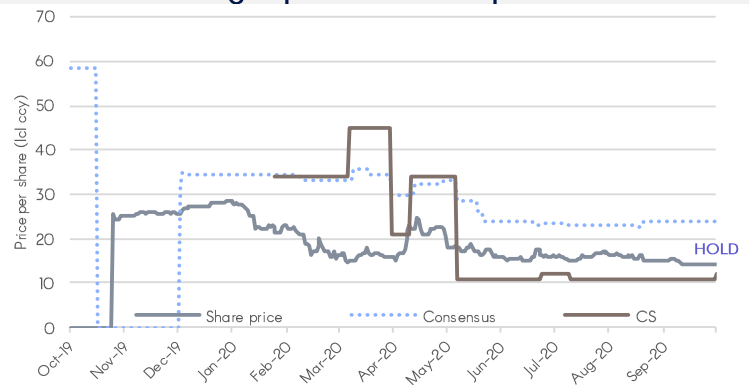
CS vs consensus range (2021E)



### Consensus EBITDA development



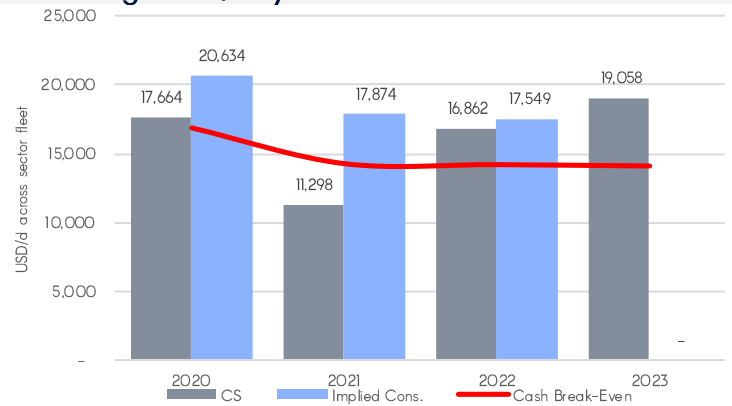
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 611  | 714 | -103      | -14%  |       |
| Opex + G&A         | 285  | 299 | -15       | -5%   |       |
| Depreciation       | 156  | 155 | 1         | 0%    |       |
| Net finance        | 43   | 37  | 7         | 19%   |       |
| Taxes & Minorities | 2    | 1   | 1         | 175%  |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 388  | 614 | -226      | -37%  |       |
| Opex + G&A         | 293  | 272 | 21        | 8%    |       |
| Depreciation       | 156  | 155 | 2         | 1%    |       |
| Net finance        | 43   | 45  | -2        | -4%   |       |
| Taxes & Minorities | 2    | 1   | 2         | 259%  |       |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 107   | 157   | 193   | 207   | 110   | 101   | 100   | 90    | 70    |
| Operational costs               | -57   | -62   | -64   | -61   | -73   | -73   | -73   | -73   | -74   |
| EBITDA                          | 49    | 95    | 130   | 146   | 37    | 27    | 27    | 17    | -4    |
| Depreciation/Amortization       | -34   | -37   | -39   | -39   | -39   | -39   | -39   | -39   | -39   |
| EBIT                            | 15    | 58    | 91    | 107   | -2    | -12   | -12   | -22   | -43   |
| Net financials                  | -26   | -15   | -13   | -9    | -11   | -11   | -11   | -11   | -11   |
| PTP                             | -10   | 43    | 78    | 98    | -14   | -23   | -23   | -33   | -54   |
| Taxes/Minorities                | 0     | -1    | 0     | -1    | -1    | -1    | -1    | -1    | -1    |
| Net earnings                    | -11   | 42    | 77    | 98    | -14   | -24   | -23   | -33   | -54   |
| Non-recurring items             | 0     | 0     | -5    | -7    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -10   | 43    | 72    | 91    | -14   | -24   | -23   | -33   | -54   |
| EPS                             | -0.03 | 0.11  | 0.21  | 0.21  | -0.04 | -0.06 | -0.06 | -0.09 | -0.15 |
| EPS (adj.)                      | -0.03 | 0.12  | 0.19  | 0.25  | -0.04 | -0.06 | -0.06 | -0.09 | -0.15 |
| DPS                             | 0.00  | 0.00  | 0.06  | 0.10  | 0.10  | 0.00  | 0.00  | 0.00  | 0.00  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 122   | 92    | 128   | 148   | 98    | 78    | 102   | 65    | 58    |
| Other current assets            | 218   | 243   | 257   | 229   | 229   | 229   | 229   | 229   | 229   |
| Total current assets            | 341   | 335   | 385   | 377   | 328   | 307   | 331   | 294   | 287   |
| Property & equip. (incl. NBs)   | 2,130 | 2,182 | 2,163 | 2,142 | 2,123 | 2,089 | 2,050 | 2,011 | 1,972 |
| Other non-current assets        | 154   | 164   | 174   | 173   | 173   | 173   | 173   | 173   | 173   |
| Total non-current assets        | 2,283 | 2,346 | 2,337 | 2,315 | 2,296 | 2,262 | 2,223 | 2,184 | 2,145 |
| TOTAL ASSETS                    | 2,624 | 2,681 | 2,722 | 2,692 | 2,623 | 2,569 | 2,554 | 2,478 | 2,432 |
| Total equity                    | 1,003 | 1,119 | 1,140 | 1,215 | 1,162 | 1,138 | 1,115 | 1,082 | 1,028 |
| Short-term debt                 | 240   | 213   | 189   | 217   | 215   | 208   | 207   | 212   | 211   |
| Other current liabilities       | 83    | 107   | 93    | 73    | 73    | 73    | 73    | 73    | 73    |
| Total current liabilities       | 322   | 320   | 282   | 290   | 288   | 282   | 281   | 285   | 284   |
| Long-term debt                  | 1,289 | 1,235 | 1,278 | 1,165 | 1,151 | 1,127 | 1,136 | 1,089 | 1,098 |
| Other non-current liabilities   | 10    | 8     | 21    | 23    | 23    | 23    | 23    | 23    | 23    |
| Total non-current liabilities   | 1,299 | 1,243 | 1,299 | 1,188 | 1,173 | 1,149 | 1,158 | 1,111 | 1,120 |
| TOTAL EQUITY & LIABILITIES      | 2,624 | 2,681 | 2,722 | 2,692 | 2,623 | 2,569 | 2,554 | 2,478 | 2,432 |
| Working capital, receivables    | 218   | 240   | 257   | 223   | 223   | 223   | 223   | 223   | 223   |
| Working capital, payables       | 83    | 107   | 85    | 71    | 71    | 71    | 71    | 71    | 71    |
| Net working capital             | 136   | 134   | 172   | 151   | 151   | 151   | 151   | 151   | 151   |
| Interest bearing debt           | 1,528 | 1,448 | 1,467 | 1,382 | 1,366 | 1,335 | 1,343 | 1,301 | 1,308 |
| Liquidity                       | 122   | 92    | 128   | 148   | 98    | 78    | 102   | 65    | 58    |
| Net interest bearing debt       | 1,406 | 1,357 | 1,338 | 1,234 | 1,267 | 1,257 | 1,241 | 1,236 | 1,250 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -11   | 42    | 77    | 98    | -14   | -24   | -23   | -33   | -54   |
| Depreciation                    | 34    | 37    | 39    | 39    | 39    | 39    | 39    | 39    | 39    |
| Other                           | 11    | 3     | 2     | 10    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 35    | 82    | 118   | 146   | 25    | 15    | 16    | 6     | -15   |
| Changes in working capital      | -29   | -2    | -36   | 22    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 5     | 81    | 82    | 169   | 25    | 15    | 16    | 6     | -15   |
| Capex                           | -90   | -82   | -10   | -9    | -20   | -6    | 0     | 0     | 0     |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 10    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -3    | -1    | -1    | -4    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -84   | -82   | -10   | -13   | -20   | -6    | 0     | 0     | 0     |
| Repayment of debt               | -463  | -121  | -79   | -98   | -36   | -36   | -42   | -42   | -42   |
| Proceeds from debt              | 569   | 21    | 78    | 0     | 20    | 6     | 50    | 0     | 50    |
| Dividends paid                  | 0     | 0     | -21   | -39   | -39   | 0     | 0     | 0     | 0     |
| New equity                      | 0     | 72    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -6    | 0     | -13   | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 100   | -29   | -35   | -136  | -55   | -30   | 8     | -42   | 8     |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 21    | -31   | 37    | 20    | -50   | -21   | 24    | -36   | -7    |
| Cash balance                    | 122   | 92    | 128   | 148   | 98    | 78    | 102   | 65    | 58    |
| Free cash flow                  | -78   | -2    | 72    | 156   | 5     | 10    | 16    | 6     | -15   |



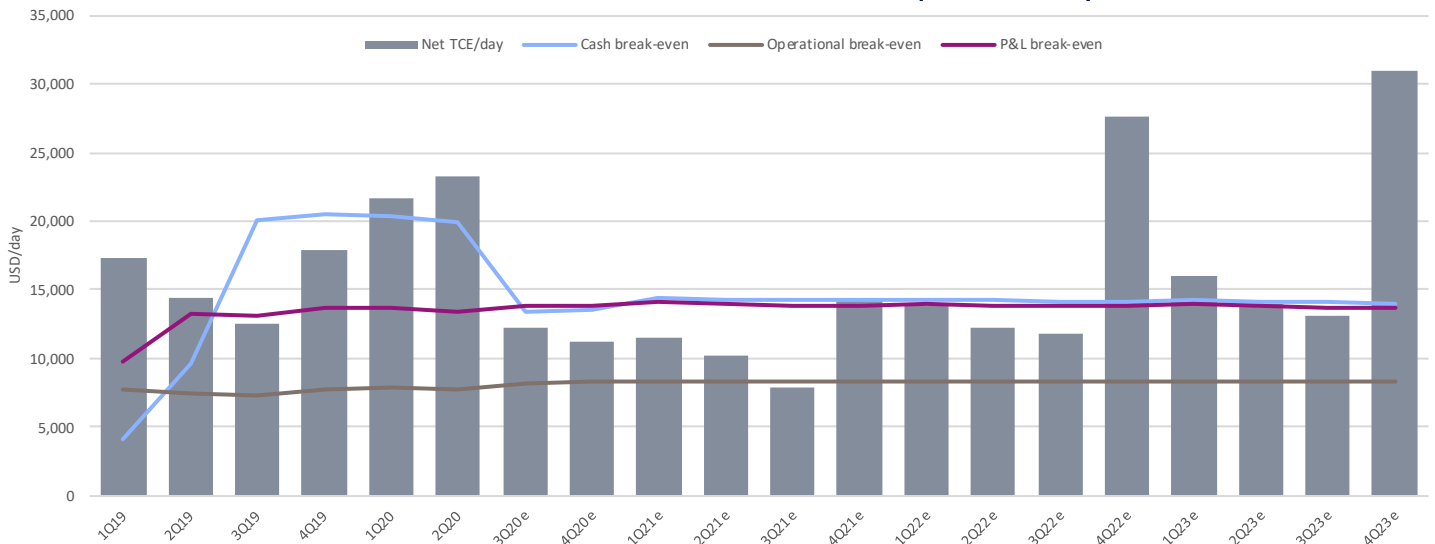
| Profit & Loss (USDm)          | 2015 | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     |      | 302   | 346   | 368   | 514   | 611   | 388   | 580   | 655   |
| Operational costs             |      | -409  | -262  | -299  | -237  | -271  | -293  | -294  | -294  |
| EBITDA                        |      | -107  | 84    | 69    | 277   | 340   | 95    | 286   | 361   |
| Depreciation/Amortization     |      | -60   | -54   | -57   | -132  | -156  | -156  | -157  | -158  |
| EBIT                          | —    | -166  | 30    | 12    | 146   | 184   | -62   | 129   | 204   |
| Net financials                |      | -20   | -27   | -32   | -73   | -45   | -43   | -41   | -37   |
| PTP                           | —    | -187  | 3     | -20   | 73    | 139   | -105  | 89    | 167   |
| Taxes/Minorities              |      | 0     | 0     | 0     | -1    | -2    | -2    | -2    | -2    |
| Net earnings                  | —    | -187  | 3     | -20   | 72    | 137   | -107  | 86    | 165   |
| Non-recurring items           |      | 0     | 0     | 0     | 0     | -12   | 0     | 0     | 0     |
| Net earnings (adj.)           | —    | -187  | 3     | -20   | 72    | 125   | -107  | 86    | 165   |
| EPS                           |      |       |       |       | 0.19  | 0.31  | -0.29 | 0.23  | 0.45  |
| EPS (adj.)                    |      |       |       |       | 0.19  | 0.34  | -0.29 | 0.23  | 0.45  |
| DPS                           |      |       |       |       | 0.00  | 0.27  | 0.00  | 0.00  | 0.19  |
| Balance Sheet (USDm)          | 2015 | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | —    | 37    | 41    | 52    | 92    | 78    | 58    | 202   | 286   |
| Other current assets          |      | 64    | 72    | 87    | 243   | 229   | 229   | 229   | 229   |
| Total current assets          | —    | 101   | 113   | 139   | 335   | 307   | 287   | 432   | 515   |
| Property & equip. (incl. NBs) | —    | 1,042 | 1,106 | 1,172 | 2,312 | 2,089 | 1,933 | 1,804 | 1,647 |
| Other non-current assets      |      | 0     | 1     | 3     | 34    | 173   | 173   | 173   | 173   |
| Total non-current assets      | —    | 1,042 | 1,107 | 1,175 | 2,346 | 2,262 | 2,106 | 1,977 | 1,819 |
| TOTAL ASSETS                  | —    | 1,142 | 1,220 | 1,314 | 2,681 | 2,569 | 2,393 | 2,409 | 2,335 |
| Total equity                  | —    | 367   | 398   | 571   | 1,119 | 1,138 | 1,031 | 1,116 | 1,211 |
| Short-term debt               | —    | 69    | 158   | 77    | 213   | 208   | 164   | 166   | 188   |
| Other current liabilities     |      | 39    | 45    | 49    | 107   | 73    | 73    | 73    | 73    |
| Total current liabilities     | —    | 108   | 203   | 126   | 320   | 282   | 237   | 239   | 261   |
| Long-term debt                | —    | 661   | 614   | 613   | 1,235 | 1,127 | 1,102 | 1,031 | 840   |
| Other non-current liabilities |      | 6     | 5     | 4     | 8     | 23    | 23    | 23    | 23    |
| Total non-current liabilities | —    | 667   | 619   | 617   | 1,243 | 1,149 | 1,125 | 1,054 | 863   |
| TOTAL EQUITY & LIABILITIES    | —    | 1,142 | 1,220 | 1,314 | 2,681 | 2,569 | 2,393 | 2,409 | 2,335 |
| Working capital, receivables  |      | 64    | 72    | 87    | 240   | 223   | 223   | 223   | 223   |
| Working capital, payables     | —    | 39    | 45    | 49    | 107   | 71    | 71    | 71    | 71    |
| Net working capital           |      | 24    | 27    | 38    | 134   | 151   | 151   | 151   | 151   |
| Interest bearing debt         |      | 730   | 772   | 690   | 1,448 | 1,335 | 1,266 | 1,197 | 1,028 |
| Liquidity                     |      | 37    | 41    | 52    | 92    | 78    | 58    | 202   | 286   |
| Net interest bearing debt     |      | 693   | 731   | 638   | 1,357 | 1,257 | 1,208 | 995   | 742   |
| Cash Flow (USDm)              | 2015 | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | —    | -187  | 3     | -20   | 72    | 137   | -107  | 86    | 165   |
| Depreciation                  |      | 60    | 54    | 57    | 132   | 156   | 156   | 157   | 158   |
| Other                         |      | 196   | 0     | 8     | 22    | 12    | 0     | 0     | 0     |
| Cash earnings                 |      | 69    | 57    | 45    | 225   | 305   | 49    | 244   | 323   |
| Changes in working capital    | —    | 13    | -1    | -15   | -36   | -14   | 0     | 0     | 0     |
| Net operational cash flow     | —    | 81    | 56    | 30    | 189   | 291   | 49    | 244   | 323   |
| Capex                         | —    | -112  | -118  | -17   | -279  | -44   | 0     | -29   | 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   | 13    | 0     | 0     | 0     |
| Net investing cash flow       | —    | -52   | -118  | -17   | -285  | -48   | 0     | -29   | 0     |
| Repayment of debt             | —    | -15   | 41    | -47   | 60    | -248  | -169  | -169  | -169  |
| Proceeds from debt            | —    | —     | —     | —     | —     | 103   | 100   | 100   | 0     |
| Dividends paid                | —    | 0     | 0     | 0     | 0     | -98   | 0     | -2    | -70   |
| New equity                    | —    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                         |      | -2    | 25    | 45    | 42    | 13    | 0     | 0     | 0     |
| Net financing cash flow       | —    | -17   | 66    | -2    | 102   | -257  | -69   | -71   | -239  |
| Currency effect               | —    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 |      | 12    | 4     | 11    | 6     | -14   | -20   | 144   | 84    |
| Cash balance                  |      |       |       |       | 92    | 78    | 58    | 202   | 286   |
| Free cash flow                |      | 30    | -62   | 13    | -97   | 243   | 49    | 215   | 323   |



| 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>565</b>   | <b>565</b>   | <b>565</b>   | <b>565</b>   |
| NIBD                               |      | 693    | 731   | 638   | 1,357        | 1,257        | 1,208        | 995          | 742          |
| Minorities                         | —    | 0      | 0     | 0     | 0            | 0            | 0            | 0            | 0            |
| <b>Enterprise value</b>            |      |        |       |       | <b>2,505</b> | <b>1,822</b> | <b>1,773</b> | <b>1,559</b> | <b>1,307</b> |
| Key Figures & Ratios               | 2015 | 2016   | 2017  | 2018  | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                     |      |        |       |       | 16.0         | 4.1          |              | 6.5          | 3.4          |
| P/E (adj.)                         |      |        |       |       | 16.0         | 4.5          |              | 6.5          | 3.4          |
| P/CE                               | 0.0  | 0.0    | 0.0   | 0.0   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| P/Sales                            |      |        |       |       | 2.2          | 0.9          | 1.5          | 1.0          | 0.9          |
| EV/Sales                           |      |        |       |       | 4.9          | 3.0          | 4.6          | 2.7          | 2.0          |
| EV/EBITDA                          |      |        |       |       | 9.0          | 5.4          | 18.7         | 5.4          | 3.6          |
| EV/EBIT                            |      |        |       |       | 17.2         | 9.9          |              | 12.1         | 6.4          |
| P/B                                |      |        |       |       | 1.0          | 0.5          | 0.5          | 0.5          | 0.5          |
| FCF yield                          |      |        |       |       | -8%          | 43%          | 9%           | 38%          | 57%          |
| Dividend yield                     |      |        |       |       | 0.0%         | 17.4%        | 0.0%         | 0.3%         | 12.4%        |
| Return on equity (ROE)             |      | -50.9% | 0.7%  | -3.5% | 6.4%         | 12.0%        | -10.4%       | 7.7%         | 13.6%        |
| Return on capital employed (ROCE)  |      | -15.7% | 2.6%  | 1.0%  | 5.9%         | 7.7%         | -2.8%        | 6.1%         | 10.4%        |
| Return on assets (ROA)             |      | -16.3% | 0.2%  | -1.5% | 2.7%         | 5.3%         | -4.5%        | 3.6%         | 7.1%         |
| Sales growth                       |      |        | 15%   | 6%    | 40%          | 19%          | -36%         | 49%          | 13%          |
| EBITDA margin                      |      | -35%   | 24%   | 19%   | 54%          | 56%          | 24%          | 49%          | 55%          |
| EBIT margin                        |      | -55%   | 9%    | 3%    | 28%          | 30%          | -16%         | 22%          | 31%          |
| Net margin                         |      | -62%   | 1%    | -5%   | 14%          | 22%          | -28%         | 15%          | 25%          |
| Net interest rate                  |      | 2.7%   | 3.6%  | 4.9%  | 4.9%         | 3.8%         | 3.6%         | 4.1%         | 5.0%         |
| Tax rate                           |      | 0.0%   | 0.7%  | -0.1% | 1.4%         | 1.5%         | -2.1%        | 2.4%         | 1.3%         |
| Equity ratio                       |      | 32%    | 33%   | 43%   | 42%          | 44%          | 43%          | 46%          | 52%          |
| Leverage ratio                     |      | 68%    | 67%   | 57%   | 58%          | 56%          | 57%          | 54%          | 48%          |
| NIBD / EBITDA (past 1y)            |      | -6.5   | 8.7   | 9.2   | 4.9          | 3.7          | 12.7         | 3.5          | 2.1          |
| Operating cash flow/NIBD           |      | 0.1    | 0.1   | 0.0   | 0.1          | 0.2          | 0.0          | 0.2          | 0.4          |
| Net interest coverage ratio (EBIT) |      | -5.6   | 3.2   | 2.2   | 4.1          | 7.1          | 2.2          | 7.0          | 9.8          |
| Current ratio                      |      | 0.9    | 0.6   | 1.1   | 1.0          | 1.1          | 1.2          | 1.8          | 2.0          |
| Adj. equity ratio                  |      |        |       |       |              | 43%          | 40%          | 53%          | 61%          |
| Operating assets                   |      | 1,105  | 1,178 | 1,262 | 2,590        | 2,491        | 2,335        | 2,206        | 2,049        |
| Operating liabilities              |      | 45     | 50    | 53    | 115          | 96           | 96           | 96           | 96           |
| Net operating assets               |      | 1,060  | 1,128 | 1,209 | 2,475        | 2,395        | 2,239        | 2,110        | 1,953        |

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

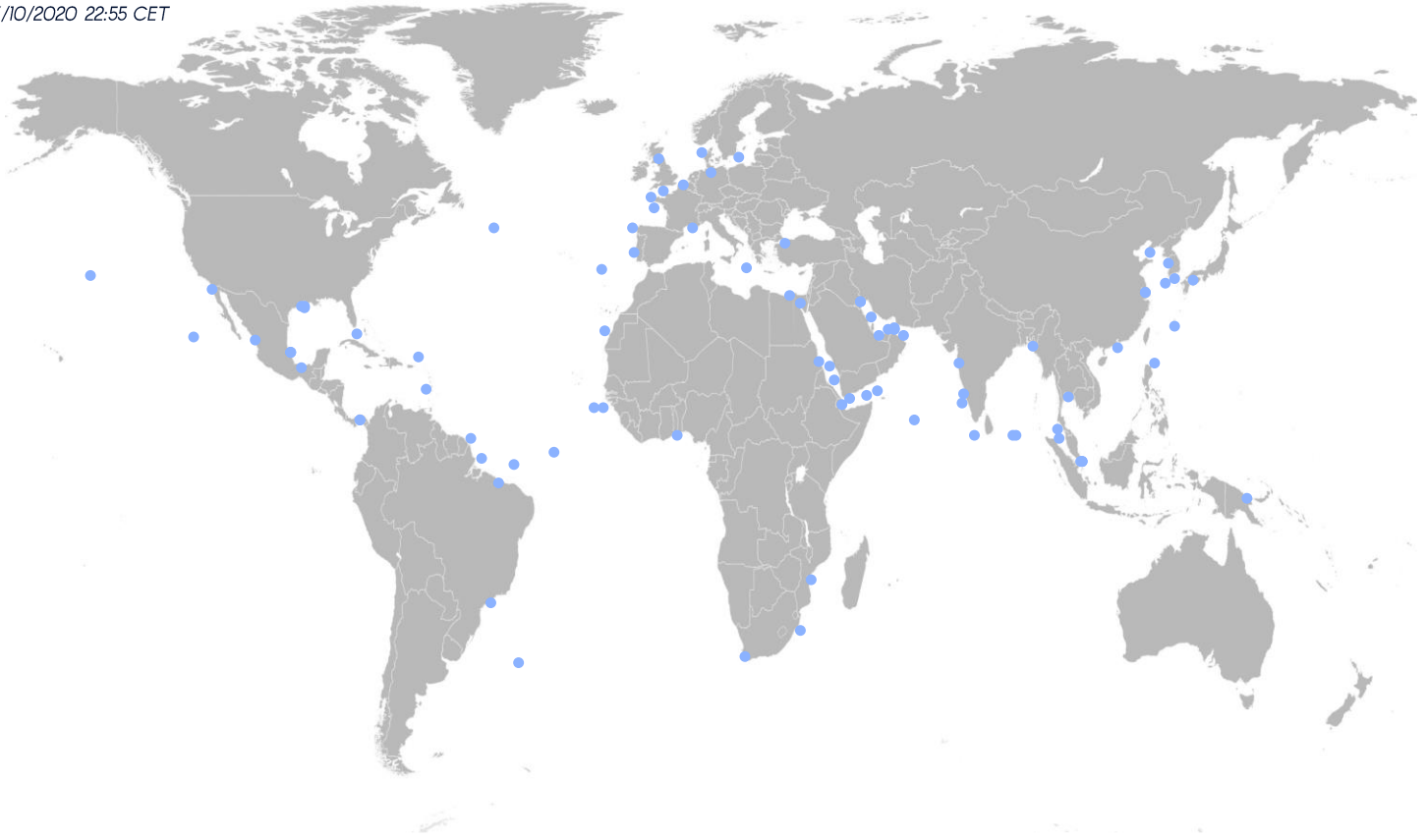
## Break-even levels vs TCE revenue (USD per fleet day)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:55 CET





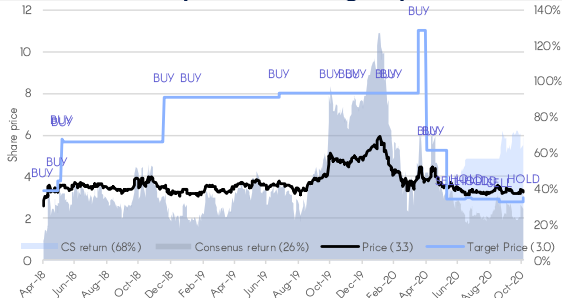
VLCC pure-play with full scrubber coverage. Prudent strategy of fixing out some vessels for term ahead of market weakness

## HUNT-NO

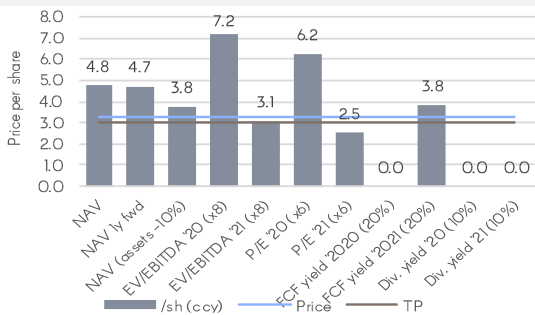
## HOLD/N3.0

## Hunter Group

### Share price vs target price

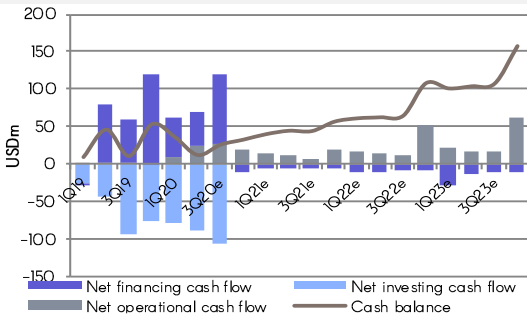


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 110   | 77    | 123   | 144   |
| EBITDA (adj.)       | 97    | 59    | 105   | 126   |
| EBIT (adj.)         | 81    | 38    | 83    | 104   |
| PTP (adj.)          | 65    | 26    | 73    | 95    |
| Net earnings (adj.) | 65    | 26    | 73    | 95    |
| EPS (adj.)          | 0.11  | 0.05  | 0.13  | 0.16  |
| DPS                 | -     | -     | 0.03  | 0.07  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 311   | 358   | 628   | 758   |
| Adj. equity ratio   | 46%   | 51%   | 66%   | 72%   |
| FCF yield           | -96%  | 23%   | 46%   | 57%   |
| Dividend yield      | 0%    | 0%    | 10%   | 21%   |
| EV/EBITDA           | 5.5   | 8.2   | 3.9   | 2.7   |
| P/E (adj.)          | 3.2   | 7.8   | 2.8   | 2.2   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 77     | 48     | 94     | 116    |
| Free cash flow                | -196   | 48     | 94     | 116    |
| Net cash flow                 | -15    | 24     | 51     | 50     |
| TCE/day                       | 61,545 | 30,142 | 47,889 | 56,184 |
| Cash break-even               | 22,549 | 20,689 | 20,308 | 20,025 |
| Liquidity                     | 38     | 62     | 113    | 163    |
| Property & Equip. (incl. NBs) | 591    | 569    | 547    | 526    |
| Total equity                  | 276    | 302    | 356    | 407    |
| Total assets                  | 645    | 648    | 678    | 706    |
| Interest bearing debt         | 366    | 342    | 319    | 295    |
| Net interest bearing debt     | 328    | 281    | 206    | 133    |
| Market Cap.                   | 204    | 204    | 204    | 204    |

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

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



## Quarterly Pre-/Review

| 3Q20 Preview<br>USDm  |        |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|--------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19   | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 0.1    | 29.3  | 34.7    | 37.2      |            |       |            |       |
| EBITDA (adj.)         | -0.2   | 26.5  | 30.9    | 32.3      |            |       |            |       |
| EBIT (adj.)           | -0.2   | 23.2  | 25.9    | 27.3      |            |       |            |       |
| PTP (adj.)            | -1.7   | 18.8  | 21.7    | 23.9      |            |       |            |       |
| Net earnings (adj.)   | -1.6   | 18.8  | 21.7    | 23.9      |            |       |            |       |
| EPS (adj.)            | -0.003 | 0.033 | 0.038   | 0.037     |            |       |            |       |
| DPS                   | -      | -     | -       | 0.00      |            |       |            |       |
| Implied, line by line | 3Q19   | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 0.1    | 29.3  | 34.7    | 37.2      |            |       |            |       |
| Opex & G&A            | 0.3    | 2.8   | 3.8     | 4.9       |            |       |            |       |
| Depreciation          | 0.0    | 3.3   | 5.0     | 5.0       |            |       |            |       |
| Net finance           | 1.4    | 4.3   | 4.2     | 3.5       |            |       |            |       |
| Taxes & Minorities    | -0.1   | -     | -       | -         |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      |         |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|---------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19    | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 0       | 24     | 27      |           |            |       |            |       |
| Free cash flow            | -95     | -65    | -79     |           |            |       |            |       |
| Net cash flow             | -35     | -18    | 14      |           |            |       |            |       |
| TCE/day                   | #DIV/0! | 75,500 | 60,020  | 64,360    |            |       |            |       |
| Utilization               | 100.0%  | 100.0% | 92.9%   |           |            |       |            |       |
| Fleet days                | -       | 388    | 590     |           |            |       |            |       |
| Cash break-even           | #DIV/0! | 29,753 | 20,543  |           |            |       |            |       |
| Liquidity                 | 10      | 17     | 31      |           |            |       |            |       |
| Interest bearing debt     | 60      | 284    | 377     |           |            |       |            |       |

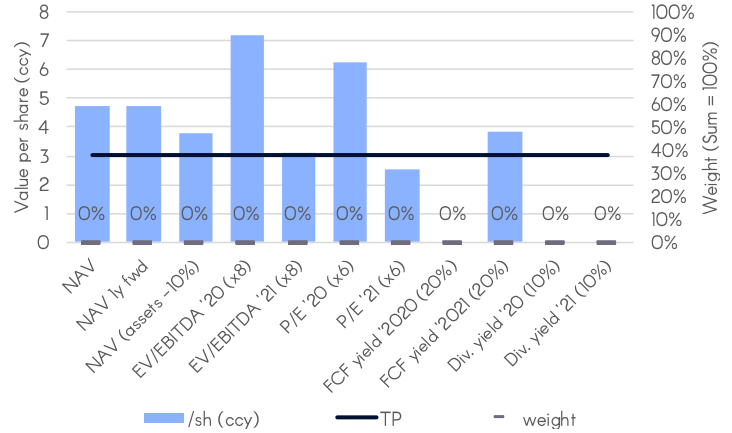


## Company Valuation

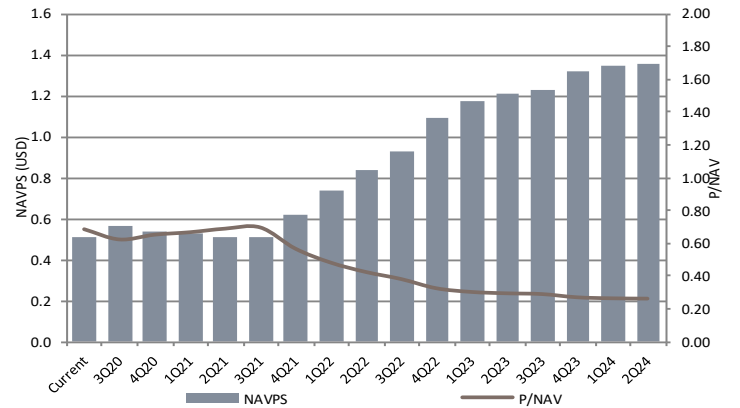
### Valuation & target price

| Valuation         |             |                 |             |
|-------------------|-------------|-----------------|-------------|
| USDm              | Book Value  | Net Asset Value | Market cap. |
| Primary assets    | 495         | 612             | 527         |
| Contract value    | 0           | 37              | 32          |
| Other             | 14          | 14              | 12          |
| <b>GAV</b>        | <b>509</b>  | <b>663</b>      | <b>571</b>  |
| Net debt          | -267        | -262            | -262        |
| Capex             | 0           | -105            | -105        |
| Other             | 0           | 0               | 0           |
| <b>Equity</b>     | <b>242</b>  | <b>296</b>      | <b>204</b>  |
| Shares            | 575         | 575             | 575         |
| <b>Equity/sh</b>  | <b>0.42</b> | <b>0.51</b>     | <b>0.35</b> |
| lcl CCY           | 3.89        | 4.75            | 3.28        |
| USDNOK            |             | 9.2             |             |
| <b>P/Equity</b>   | <b>0.84</b> | <b>0.69</b>     | <b>1.00</b> |
| <b>EV/GAV</b>     | <b>1.12</b> | <b>0.86</b>     | <b>1.00</b> |
| Adj. Total Assets | 529         | 646             | 562         |
| Adj. Equity Ratio | 46%         | 46%             | 36%         |
| <b>Fair Value</b> | <b>NOK</b>  | <b>3.0</b>      | <b>-7%</b>  |
|                   | <b>USD</b>  | <b>0.33</b>     |             |

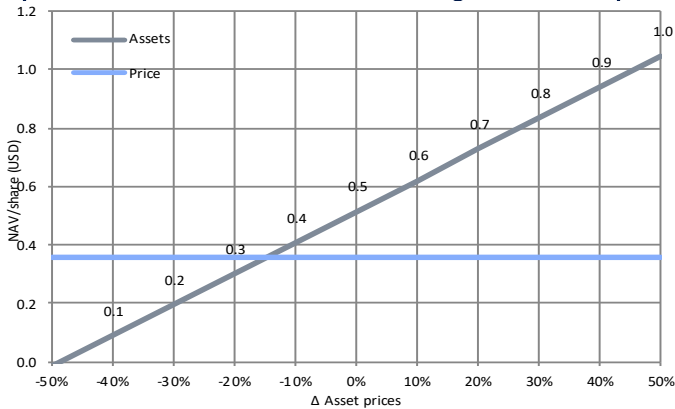
### Valuation Matrix



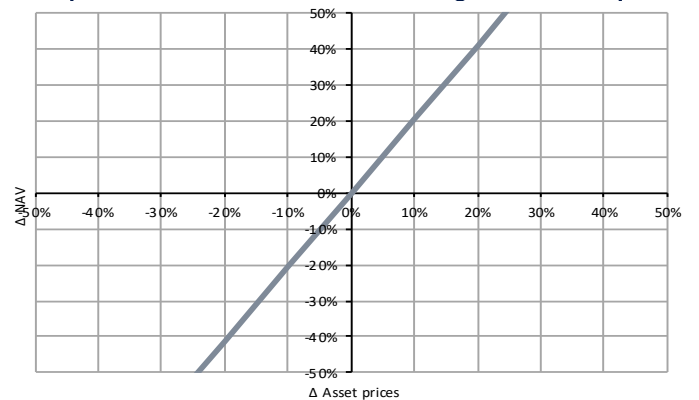
### Quarterly forward NAV & P/NAV



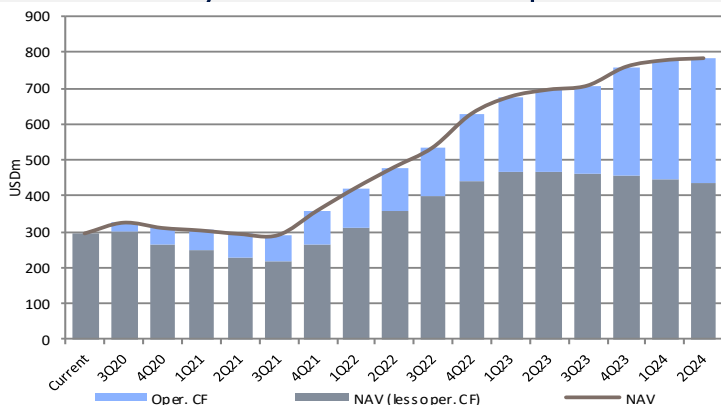
### Impact on NAV/sh from % change in asset prices



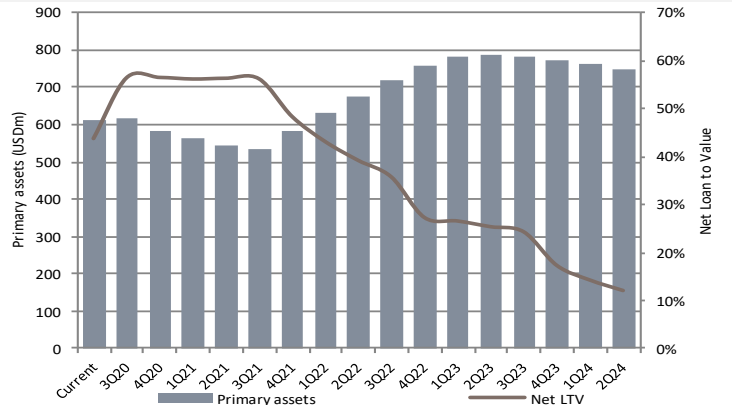
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value







## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |      |      |      | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|------|------|------|------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021 | 2022 | 2023 | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 110   | 77    | 123   | 144   | 117  | 85   | 136  | 149  | -6     | -8    | -13   | -6    |
| EBITDA (adj.)            | 97    | 59    | 105   | 126   | 103  | 66   | 116  | 130  | -6     | -6    | -12   | -4    |
| EBIT (adj.)              | 81    | 38    | 83    | 104   | 86   | 44   | 95   | 109  | -6     | -6    | -12   | -4    |
| PTP (adj.)               | 65    | 26    | 73    | 95    | 70   | 33   | 85   | 99   | -6     | -6    | -12   | -4    |
| Net earnings (adj.)      | 65    | 26    | 73    | 95    | 70   | 33   | 85   | 99   | -6     | -6    | -12   | -4    |
| EPS (adj.)               | 0.11  | 0.05  | 0.13  | 0.16  | 0.12 | 0.06 | 0.14 | 0.17 | -0.01  | -0.01 | -0.02 | -0.00 |
| DPS                      | -     | -     | 0.03  | 0.07  | -    | -    | 0.05 | 0.08 | -      | -     | -0.02 | -0.00 |
|                          |       |       |       |       |      |      |      |      | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |      |      |      |      | -6     | -8    | -13   | -6    |
|                          |       |       |       |       |      |      |      |      | -1     | -1    | -1    | -1    |
|                          |       |       |       |       |      |      |      |      | -0     | 0     | -     | -     |
|                          |       |       |       |       |      |      |      |      | -      | -     | -     | -     |
|                          |       |       |       |       |      |      |      |      | -      | -     | -     | -     |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 77     | 48     | 94     | 116    | 83     | 54     | 106    | 121    | -6     | -6     | -12    | -4     |
| Free cash flow                | -196   | 48     | 94     | 116    | -190   | 54     | 106    | 121    | -6     | -6     | -12    | -4     |
| Net cash flow                 | -15    | 24     | 51     | 50     | -9     | 31     | 53     | 50     | -6     | -6     | -2     | -0     |
| TCE/day                       | 61,545 | 30,142 | 47,889 | 56,184 | 63,662 | 33,171 | 53,070 | 58,477 | -2,117 | -3,029 | -5,182 | -2,293 |
| Cash break-even               | 22,549 | 20,689 | 20,308 | 20,025 | 22,752 | 21,189 | 20,808 | 20,525 | -203   | -500   | -500   | -500   |
| Liquidity                     | 38     | 62     | 113    | 163    | 43     | 74     | 127    | 177    | -6     | -12    | -14    | -14    |
| Property & Equip. (incl. NBs) | 591    | 569    | 547    | 526    | 590    | 569    | 547    | 526    | 0      | 0      | 0      | 0      |
| Total equity                  | 276    | 302    | 356    | 407    | 282    | 314    | 369    | 421    | -6     | -12    | -14    | -14    |
| Total assets                  | 645    | 648    | 678    | 706    | 651    | 660    | 691    | 720    | -6     | -12    | -14    | -14    |
| Interest bearing debt         | 366    | 342    | 319    | 295    | 366    | 342    | 319    | 295    | -      | -      | -      | -      |
| Net interest bearing debt     | 328    | 281    | 206    | 133    | 323    | 268    | 192    | 119    | 6      | 12     | 14     | 14     |
| Market Cap.                   | 204    | 204    | 204    | 204    | 237    | 237    | 237    | 237    | -33    | -33    | -33    | -33    |
| Enterprise value              | 532    | 485    | 410    | 337    | 560    | 506    | 429    | 356    | -28    | -21    | -19    | -19    |

### Valuation

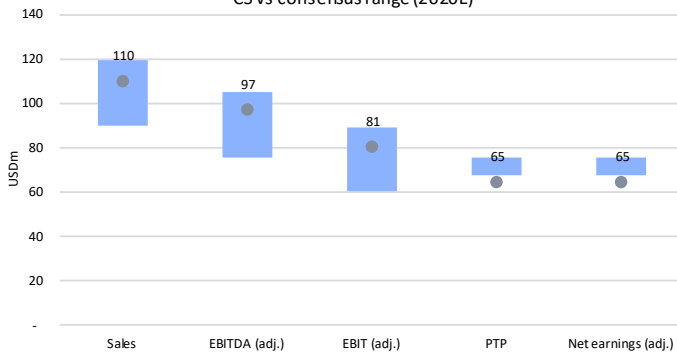
| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 311   | 358   | 628   | 758   | 319   | 380   | 734   | 838   | -8     | -22   | -106  | -80   |
| Adj. equity ratio        | 46%   | 51%   | 66%   | 72%   | 46%   | 52%   | 69%   | 74%   | -1%    | -1%   | -3%   | -2%   |
| FCF yield                | -96%  | 23%   | 46%   | 57%   | -80%  | 23%   | 45%   | 51%   | -16%   | 1%    | 2%    | 6%    |
| Dividend yield           | 0%    | 0%    | 10%   | 21%   | 0%    | 0%    | 12%   | 20%   | 0%     | 0%    | -3%   | 1%    |
| EV/EBITDA                | 5.5   | 8.2   | 3.9   | 2.7   | 5.4   | 7.7   | 3.7   | 2.7   | 0.0    | 0.5   | 0.2   | -0.1  |
| P/E (adj.)               | 3.2   | 7.8   | 2.8   | 2.2   | 3.4   | 7.3   | 2.8   | 2.4   | -0.2   | 0.5   | -0.0  | -0.2  |



## Our Estimates vs Consensus

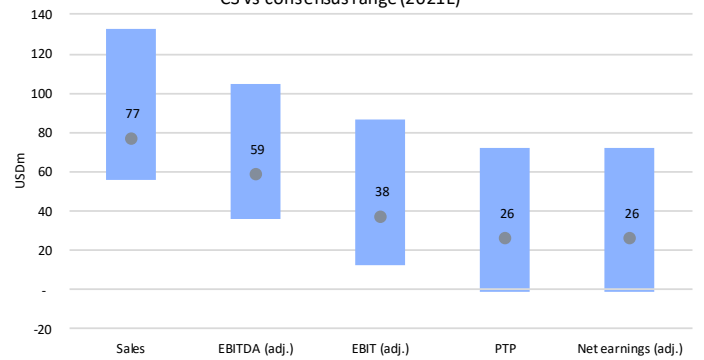
### Profit & Loss, year I

CS vs consensus range (2020E)

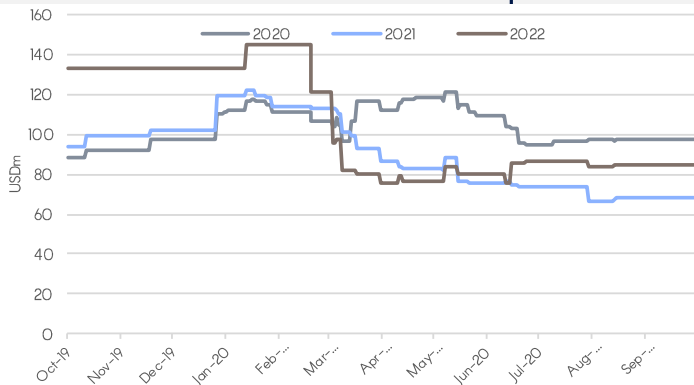


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



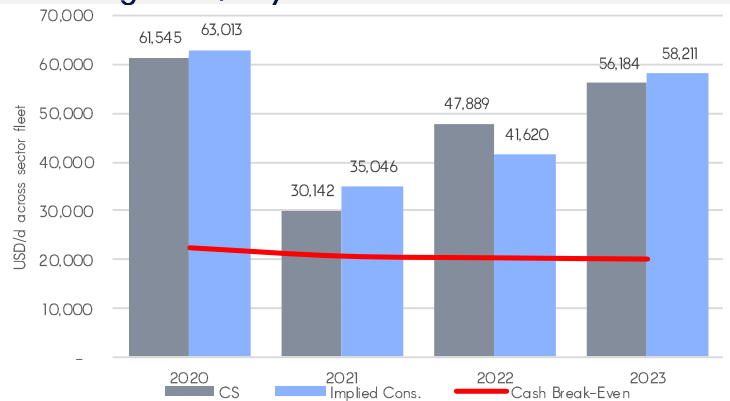
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff.   |
|--------------------|------|-----|-----------|-------|---------|
| TCE revenue        | 110  | 110 | 113       | -3    | -2%     |
| Opex + G&A         | 13   | 13  | 16        | -2    | -14%    |
| Depreciation       | 16   | 16  | 16        | 0     | 3%      |
| Net finance        | 16   | 16  | 11        | 5     | 44%     |
| Taxes & Minorities | 0    | 0   | 0         | 0     | #DIV/O! |
|                    | 2021 | CS  | Consensus | Diff. | Diff.   |
| TCE revenue        | 77   | 77  | 90        | -13   | -14%    |
| Opex + G&A         | 18   | 18  | 21        | -4    | -16%    |
| Depreciation       | 22   | 22  | 21        | 0     | 1%      |
| Net finance        | 11   | 11  | 19        | -8    | -42%    |
| Taxes & Minorities | 0    | 0   | 0         | 0     | #DIV/O! |

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





|                                 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|------|------|------|------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |      |      |      |      |       |       |       |       |       |
| Net sales                       | 0    | 10   | 20   | 29   | 35    | 26    | 21    | 18    | 13    |
| Operational costs               | 0    | 11   | -2   | -3   | -4    | -5    | -4    | -4    | -5    |
| EBITDA                          | 0    | 21   | 18   | 26   | 31    | 22    | 16    | 13    | 8     |
| Depreciation/Amortization       | 0    | -2   | -3   | -3   | -5    | -5    | -5    | -5    | -5    |
| EBIT                            | 0    | 19   | 15   | 23   | 26    | 16    | 11    | 8     | 3     |
| Net financials                  | -1   | -3   | -4   | -4   | -4    | -4    | -3    | -3    | -3    |
| PTP                             | -2   | 16   | 12   | 19   | 22    | 12    | 8     | 5     | 0     |
| Taxes/Minorities                | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -2   | 16   | 12   | 19   | 22    | 12    | 8     | 5     | 0     |
| Non-recurring items             | 0    | -12  | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -2   | 4    | 12   | 19   | 22    | 12    | 8     | 5     | 0     |
| EPS                             | 0.00 | 0.03 | 0.02 | 0.03 | 0.04  | 0.02  | 0.01  | 0.01  | 0.00  |
| EPS (adj.)                      | 0.00 | 0.01 | 0.02 | 0.03 | 0.04  | 0.02  | 0.01  | 0.01  | 0.00  |
| 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   | 10   | 52   | 35   | 11   | 25    | 32    | 39    | 44    | 43    |
| Other current assets            | 1    | 8    | 16   | 23   | 23    | 23    | 23    | 23    | 23    |
| Total current assets            | 11   | 61   | 51   | 34   | 48    | 54    | 62    | 66    | 66    |
| Property & equip. (incl. NBs)   | 247  | 334  | 410  | 495  | 596   | 591   | 585   | 580   | 574   |
| Other non-current assets        | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets        | 247  | 334  | 410  | 495  | 596   | 591   | 585   | 580   | 575   |
| TOTAL ASSETS                    | 258  | 395  | 461  | 529  | 644   | 645   | 647   | 646   | 641   |
| Total equity                    | 195  | 211  | 223  | 242  | 264   | 276   | 284   | 289   | 289   |
| Short-term debt                 | 1    | 6    | 8    | 15   | 81    | 24    | 24    | 24    | 24    |
| Other current liabilities       | 3    | 3    | 5    | 3    | 3     | 3     | 3     | 3     | 3     |
| Total current liabilities       | 5    | 9    | 13   | 18   | 85    | 27    | 27    | 27    | 27    |
| Long-term debt                  | 59   | 174  | 225  | 269  | 296   | 342   | 337   | 331   | 325   |
| Other non-current liabilities   | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 59   | 174  | 225  | 269  | 296   | 342   | 337   | 331   | 325   |
| TOTAL EQUITY & LIABILITIES      | 258  | 395  | 461  | 529  | 644   | 645   | 647   | 646   | 641   |
| Working capital, receivables    | 0    | 7    | 0    | 12   | 12    | 12    | 12    | 12    | 12    |
| Working capital, payables       | 1    | 3    | 5    | 3    | 3     | 3     | 3     | 3     | 3     |
| Net working capital             | -1   | 4    | -5   | 9    | 9     | 9     | 9     | 9     | 9     |
| Interest bearing debt           | 60   | 180  | 233  | 284  | 377   | 366   | 360   | 354   | 348   |
| Liquidity                       | 10   | 52   | 35   | 17   | 31    | 38    | 45    | 50    | 49    |
| Net interest bearing debt       | 50   | 128  | 198  | 267  | 346   | 328   | 315   | 305   | 299   |
| <b>Cash Flow (USDm)</b>         |      |      |      |      |       |       |       |       |       |
| Net income                      | -2   | 16   | 12   | 19   | 22    | 12    | 8     | 5     | 0     |
| Depreciation                    | 0    | 2    | 3    | 3    | 5     | 5     | 5     | 5     | 5     |
| Other                           | 0    | -13  | 0    | 4    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | -2   | 5    | 14   | 27   | 27    | 18    | 13    | 10    | 5     |
| Changes in working capital      | 2    | -7   | -6   | -3   | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 0    | -1   | 8    | 24   | 27    | 18    | 13    | 10    | 5     |
| Capex                           | -95  | -122 | -79  | -88  | -106  | 0     | 0     | 0     | 0     |
| Other investments               | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0    | 46   | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -95  | -76  | -79  | -88  | -106  | 0     | 0     | 0     | 0     |
| Repayment of debt               | 0    | 0    | 0    | -4   | -122  | -64   | -6    | -6    | -6    |
| Proceeds from debt              | 60   | 120  | 53   | 51   | 215   | 53    | 0     | 0     | 0     |
| Dividends paid                  | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| New equity                      | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 60   | 120  | 53   | 47   | 93    | -11   | -6    | -6    | -6    |
| Currency effect                 | 0    | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -35  | 43   | -17  | -18  | 14    | 7     | 7     | 5     | 0     |
| Cash balance                    | 10   | 52   | 35   | 11   | 25    | 32    | 39    | 44    | 43    |
| Free cash flow                  | -95  | -78  | -70  | -65  | -79   | 18    | 13    | 10    | 5     |



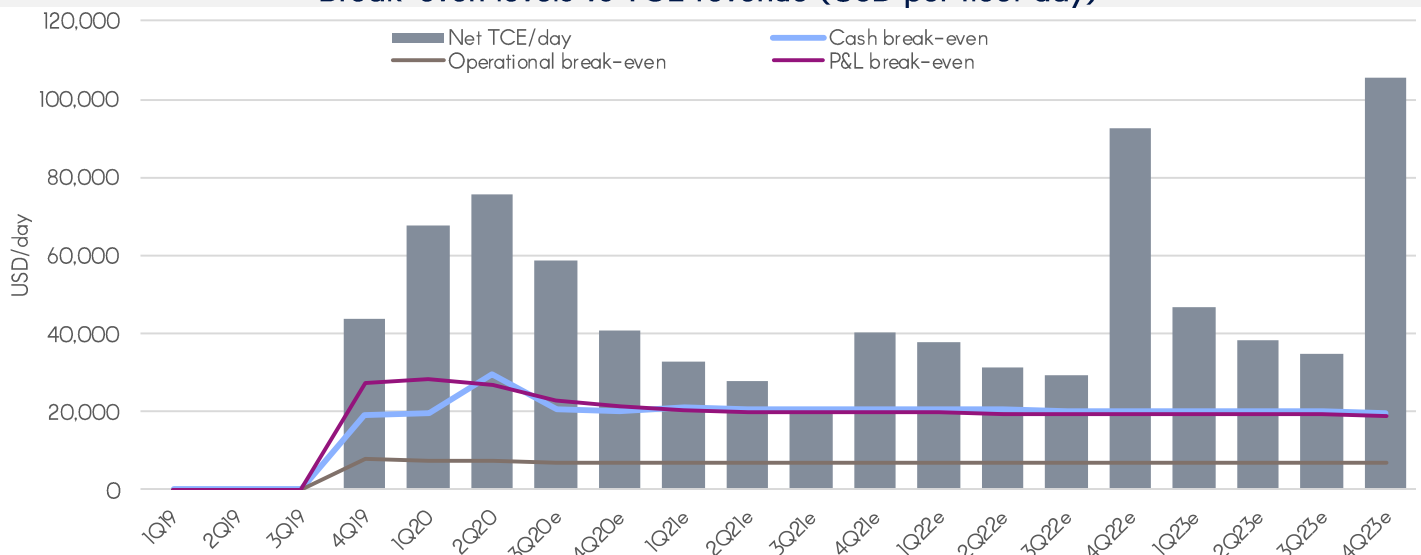
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019 | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| Net sales                     |       | 0     | 0     | 0     | 23   | 110   | 77    | 123   | 144   |
| Operational costs             |       | -1    | -93   | -23   | -3   | -13   | -18   | -18   | -18   |
| EBITDA                        |       | -1    | -93   | -22   | 20   | 97    | 59    | 105   | 126   |
| Depreciation/Amortization     |       | 0     | 0     | 0     | -2   | -16   | -22   | -22   | -22   |
| EBIT                          | -2    | -1    | -93   | -22   | 18   | 81    | 38    | 83    | 104   |
| Net financials                | 0     | 0     | 2     | 27    | -2   | -16   | -11   | -10   | -10   |
| PTP                           | -2    | -1    | -91   | 5     | 16   | 65    | 26    | 73    | 95    |
| Taxes/Minorities              | 0     | 0     | -6    | -38   | 0    | 0     | 0     | 0     | 0     |
| Net earnings                  | -2    | -1    | -96   | -33   | 16   | 65    | 26    | 73    | 95    |
| Non-recurring items           | 0     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | -2    | -1    | -96   | -33   | 16   | 65    | 26    | 73    | 95    |
| EPS                           | -0.21 | -0.39 | -0.73 | -0.08 | 0.03 | 0.11  | 0.05  | 0.13  | 0.16  |
| EPS (adj.)                    | -0.21 | -0.39 | -0.73 | -0.08 | 0.03 | 0.11  | 0.05  | 0.13  | 0.16  |
| DPS                           | 0.00  | 0.00  | 0.00  | 0.00  | 0.00 | 0.00  | 0.00  | 0.03  | 0.07  |
| Balance Sheet (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019 | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | 0     | 0     | 279   | 304   | 52   | 32    | 56    | 107   | 157   |
| Other current assets          | 0     | 0     | 46    | 217   | 8    | 23    | 23    | 23    | 23    |
| Total current assets          | 0     | 0     | 326   | 521   | 61   | 54    | 79    | 130   | 179   |
| Property & equip. (incl. NBs) | 0     | 0     | 28    | 493   | 334  | 591   | 569   | 547   | 526   |
| Other non-current assets      | 17    | 17    | 95    | 0     | 0    | 0     | 0     | 0     | 0     |
| Total non-current assets      | 17    | 17    | 123   | 493   | 334  | 591   | 569   | 548   | 526   |
| TOTAL ASSETS                  | 17    | 18    | 449   | 1,014 | 395  | 645   | 648   | 678   | 706   |
| Total equity                  | 7     | 7     | 415   | 1,012 | 211  | 276   | 302   | 356   | 407   |
| Short-term debt               | 1     | 1     | 4     | 0     | 6    | 24    | 8     | 9     | 12    |
| Other current liabilities     | 1     | 0     | 19    | 2     | 3    | 3     | 3     | 3     | 3     |
| Total current liabilities     | 1     | 1     | 22    | 2     | 9    | 27    | 11    | 13    | 15    |
| Long-term debt                | 0     | 0     | 12    | 0     | 174  | 342   | 334   | 309   | 283   |
| Other non-current liabilities | 8     | 9     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Total non-current liabilities | 8     | 9     | 12    | 0     | 174  | 342   | 334   | 309   | 283   |
| TOTAL EQUITY & LIABILITIES    | 17    | 18    | 449   | 1,014 | 395  | 645   | 648   | 678   | 706   |
| Working capital, receivables  |       | 0     | 41    | 1     | 7    | 12    | 12    | 12    | 12    |
| Working capital, payables     | 0     | 0     | 12    | 1     | 3    | 3     | 3     | 3     | 3     |
| Net working capital           |       | 0     | 30    | 0     | 4    | 9     | 9     | 9     | 9     |
| Interest bearing debt         | 1     | 1     | 15    | 0     | 180  | 366   | 342   | 319   | 295   |
| Liquidity                     | 0     | 0     | 279   | 304   | 52   | 38    | 62    | 113   | 163   |
| Net interest bearing debt     | 1     | 1     | -264  | -304  | 128  | 328   | 281   | 206   | 133   |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019 | 2020E | 2021E | 2022E | 2023E |
| Net income                    | -2    | -1    | -96   | -33   | 16   | 65    | 26    | 73    | 95    |
| Depreciation                  |       | 0     | 0     | 0     | 2    | 16    | 22    | 22    | 22    |
| Other                         |       | 0     | 64    | 29    | -13  | 4     | 0     | 0     | 0     |
| Cash earnings                 | -2    | -1    | -32   | -3    | 5    | 85    | 48    | 94    | 116   |
| Changes in working capital    | 0     | 0     | 6     | -5    | -5   | -9    | 0     | 0     | 0     |
| Net operational cash flow     | -2    | -1    | -26   | -8    | 0    | 77    | 48    | 94    | 116   |
| Capex                         | —     | 0     | -6    | -483  | -313 | -273  | 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 | -273  | 0     | 0     | 0     |
| Repayment of debt             | 1     | 0     | -10   | -1    | 180  | -190  | -24   | -24   | -24   |
| Proceeds from debt            | —     | 0     | 0     | 0     | —    | 371   | 0     | 0     | 0     |
| Dividends paid                | 0     | 0     | 0     | 0     | 0    | 0     | 0     | -19   | -43   |
| 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  | 181   | -24   | -43   | -67   |
| Currency effect               | —     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Net cash flow                 |       | 0     | 279   | 25    | 17   | -15   | 24    | 51    | 50    |
| Cash balance                  | 0     | 0     | 279   | 304   | 52   | 38    | 62    | 113   | 163   |
| Free cash flow                | -3    | -1    | -82   | -706  | -242 | -196  | 48    | 94    | 116   |



| Share Data & Valuation (USDm)      | 2015   | 2016    | 2017     | 2018   | 2019  | 2020E | 2021E | 2022E | 2023E |
|------------------------------------|--------|---------|----------|--------|-------|-------|-------|-------|-------|
| Shares outstanding, end            | 8      | 2       | 131      | 385    | 575   | 575   | 575   | 575   | 575   |
| 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     |
| Market Cap.                        | 2      | 2       | 37       | 143    | 358   | 204   | 204   | 204   | 204   |
| NIBD                               | 1      | 1       | -264     | -304   | 128   | 328   | 281   | 206   | 133   |
| Minorities                         | 0      | 0       | 0        | 0      | 0     | 0     | 0     | 0     | 0     |
| Enterprise value                   | 3      | 2       | -227     | -161   | 486   | 532   | 485   | 410   | 337   |
| Key Figures & Ratios               | 2015   | 2016    | 2017     | 2018   | 2019  | 2020E | 2021E | 2022E | 2023E |
| P/E (reported)                     |        |         |          |        | 22.5  | 3.2   | 7.8   | 2.8   | 2.2   |
| P/E (adj.)                         |        |         |          |        | 22.5  | 3.2   | 7.8   | 2.8   | 2.2   |
| P/CE                               | 0.0    | 0.0     | 0.0      | 0.0    | 0.0   | 0.0   | 0.0   | 0.0   | 0.0   |
| P/Sales                            |        |         |          |        | 15.8  | 1.8   | 2.6   | 1.7   | 1.4   |
| EV/Sales                           |        |         |          |        | 21.4  | 4.8   | 6.3   | 3.3   | 2.3   |
| EV/EBITDA                          |        |         | 2.4      | 7.2    | 24.1  | 5.5   | 8.2   | 3.9   | 2.7   |
| EV/EBIT                            |        |         | 2.4      | 7.2    | 26.6  | 6.6   | 12.9  | 4.9   | 3.2   |
| P/B                                | 0.3    | 0.2     | 0.1      | 0.1    | 1.7   | 0.7   | 0.7   | 0.6   | 0.5   |
| FCF yield                          | -170%  | -90%    | -221%    | -493%  | -67%  | -96%  | 23%   | 46%   | 57%   |
| Dividend yield                     | 0.0%   | 0.0%    | 0.0%     | 0.0%   | 0.0%  | 0.0%  | 0.0%  | 9.5%  | 21.2% |
| Return on equity (ROE)             | -22.0% | -12.3%  | -23.2%   | -3.2%  | 7.6%  | 23.4% | 8.7%  | 20.5% | 23.3% |
| Return on capital employed (ROCE)  | -19.5% | -10.4%  | -61.7%   | -3.1%  | 5.4%  | 13.4% | 6.4%  | 14.8% | 19.3% |
| Return on assets (ROA)             | -9.6%  | -4.8%   | -21.5%   | -3.2%  | 4.0%  | 10.0% | 4.0%  | 10.7% | 13.4% |
| Sales growth                       |        |         | 1067%    | 378%   | 5129% | 386%  | -30%  | 59%   | 17%   |
| EBITDA margin                      |        | -9946%  | -102385% | -5103% | 89%   | 88%   | 77%   | 85%   | 88%   |
| EBIT margin                        |        | -10097% | -102392% | -5103% | 80%   | 73%   | 49%   | 68%   | 73%   |
| Net margin                         |        | -10777% | -105855% | -7474% | 70%   | 59%   | 34%   | 59%   | 66%   |
| Net interest rate                  | 0.0%   | 0.0%    | 0.0%     | 0.0%   | 3.1%  | 4.9%  | 4.0%  | 5.0%  | 7.2%  |
| 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%   | 52%   | 58%   |
| Leverage ratio                     | 57%    | 61%     | 8%       | 0%     | 46%   | 57%   | 53%   | 48%   | 42%   |
| NIBD / EBITDA (past ly)            |        | -1.0    | 2.8      | 13.7   | 6.3   | 3.4   | 4.8   | 2.0   | 1.1   |
| Operating cash flow/NIBD           | -2.3   | -1.3    | 0.1      | 0.0    | 0.0   | 0.2   | 0.2   | 0.5   | 0.9   |
| Net interest coverage ratio (EBIT) |        |         |          |        | 5.2   | 6.1   | 5.2   | 10.1  | 13.1  |
| Current ratio                      | 0.4    | 0.1     | 14.7     | 329.5  | 6.7   | 2.0   | 6.9   | 10.3  | 12.0  |
| Adj. equity ratio                  |        |         |          |        |       | 46%   | 51%   | 66%   | 72%   |
| Operating assets                   | 17     | 17      | 170      | 710    | 342   | 608   | 586   | 565   | 543   |
| Operating liabilities              | 9      | 10      | 19       | 2      | 3     | 3     | 3     | 3     | 3     |
| Net operating assets               | 8      | 8       | 151      | 708    | 339   | 604   | 583   | 561   | 540   |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:08 CET



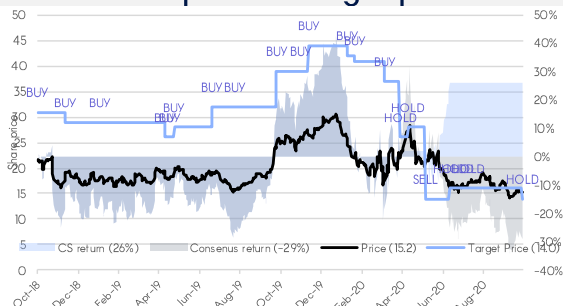


## INSW-US

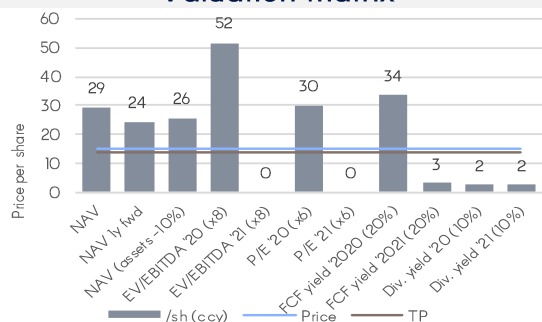
## HOLD/\$14

## International Seaways

### Share price vs target price

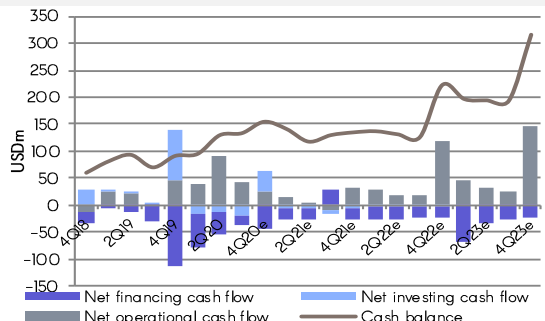


### Valuation matrix



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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           | 411   | 199   | 337   | 395   |
| EBITDA (adj.)       | 233   | 50    | 192   | 250   |
| EBIT (adj.)         | 158   | -27   | 114   | 172   |
| PTP (adj.)          | 141   | -37   | 107   | 169   |
| Net earnings (adj.) | 141   | -37   | 107   | 169   |
| EPS (adj.)          | 4.98  | -1.31 | 3.82  | 6.04  |
| DPS                 | 0.24  | 0.24  | 0.53  | 2.53  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 731   | 738   | 1,144 | 1,397 |
| Adj. equity ratio   | 54%   | 55%   | 68%   | 76%   |
| FCF yield           | 44%   | 4%    | 41%   | 58%   |
| Dividend yield      | 2%    | 2%    | 4%    | 17%   |
| EV/EBITDA           | 3.6   | 16.6  | 3.5   | 2.0   |
| P/E (adj.)          | 3.0   |       | 4.0   | 2.5   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 194    | 40     | 184    | 246    |
| Free cash flow                | 187    | 17     | 173    | 246    |
| Net cash flow                 | 19     | -20    | 88     | 94     |
| TCE/day                       | 32,902 | 16,739 | 28,785 | 33,762 |
| Cash break-even               | 24,093 | 21,086 | 20,210 | 20,879 |
| Liquidity                     | 153    | 133    | 221    | 315    |
| Property & Equip. (incl. NBs) | 1,257  | 1,203  | 1,137  | 1,060  |
| Total equity                  | 1,097  | 1,054  | 1,146  | 1,244  |
| Total assets                  | 1,725  | 1,652  | 1,674  | 1,690  |
| Interest bearing debt         | 570    | 540    | 470    | 388    |
| Net interest bearing debt     | 417    | 406    | 249    | 73     |
| Market Cap.                   | 425    | 425    | 425    | 425    |

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

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



## Quarterly Review

| 3Q20 Preview<br>USDm  | 3Q20  |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 65.8  | 135.3 | 88.4    | 88.5      |            |       |            |       |
| EBITDA (adj.)         | 14.6  | 90.8  | 46.0    | 44.9      |            |       |            |       |
| EBIT (adj.)           | -4.3  | 71.9  | 27.1    | 28.0      |            |       |            |       |
| PTP (adj.)            | -12.2 | 68.2  | 23.5    | 19.7      |            |       |            |       |
| Net earnings (adj.)   | -12.2 | 68.2  | 23.5    | 19.7      |            |       |            |       |
| EPS (adj.)            | -0.42 | 2.44  | 0.84    | 0.75      |            |       |            |       |
| DPS                   | -     | 0.06  | 0.06    | 0.06      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 65.8  | 135.3 | 88.4    | 88.5      |            |       |            |       |
| Opex & G&A            | 51.2  | 44.5  | 42.3    | 43.6      |            |       |            |       |
| Depreciation          | 19.0  | 18.9  | 19.0    | 16.9      |            |       |            |       |
| Net finance           | 7.8   | 3.7   | 3.5     | 8.2       |            |       |            |       |
| Taxes & Minorities    | -     | 0.0   | 0.0     | 0.0       |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q20   |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | -0     | 89     | 42      |           |            |       |            |       |
| Free cash flow            | 3      | 77     | 23      |           |            |       |            |       |
| Net cash flow             | -26    | 34     | 4       |           |            |       |            |       |
| TCE/day                   | 17,530 | 41,743 | 29,108  | 29,142    |            |       |            |       |
| Utilization               | 96.2%  | 93.4%  | 89.8%   |           |            |       |            |       |
| Fleet days                | 3,902  | 3,470  | 3,312   |           |            |       |            |       |
| Cash break-even           | 24,902 | 21,258 | 20,695  |           |            |       |            |       |
| Liquidity                 | 68     | 128    | 132     |           |            |       |            |       |
| Interest bearing debt     | 802    | 629    | 611     |           |            |       |            |       |



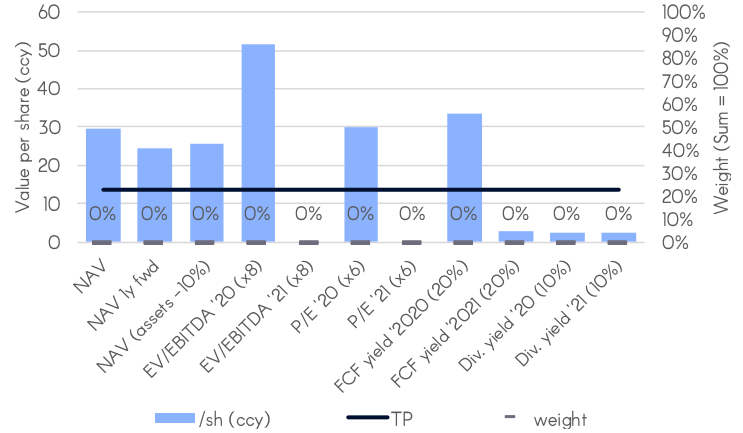


## Company Valuation

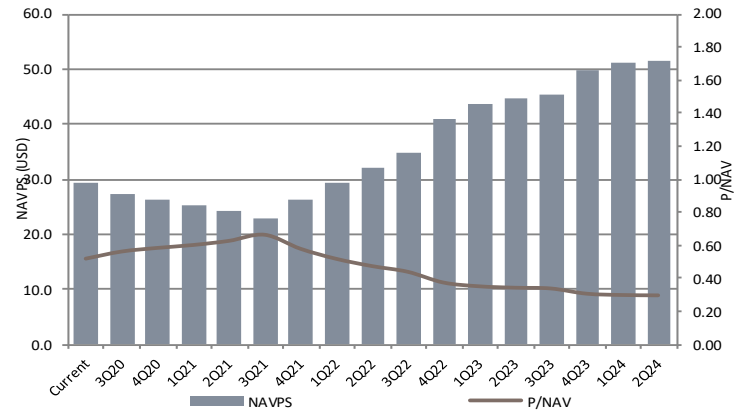
### Valuation

| Valuation         | Book Value   | Net Asset Value | Market cap. |
|-------------------|--------------|-----------------|-------------|
| <b>USDm</b>       |              |                 |             |
| Primary assets    | 1,316        | 1,031           | 735         |
| Contract value    | 0            | 71              | 50          |
| Other             | 286          | 286             | 204         |
| <b>GAV</b>        | <b>1,601</b> | <b>1,387</b>    | <b>989</b>  |
| Net debt          | -501         | -501            | -501        |
| Capex             | 0            | -10             | -10         |
| Other             | -29          | -54             | -54         |
| <b>Equity</b>     | <b>1,072</b> | <b>823</b>      | <b>425</b>  |
| Shares            | 28           | 28              | 28          |
| <b>Equity/sh</b>  | <b>38.3</b>  | <b>29.4</b>     | <b>15.2</b> |
| lcl CCY           | 38.3         | 29.4            | 15.2        |
| <br>              |              |                 |             |
| P/Equity          | 0.40         | 0.52            | 1.00        |
| EV/GAV            | 0.62         | 0.71            | 1.00        |
| <br>              |              |                 |             |
| Adj. Total Assets | 1,759        | 1,474           | 1,178       |
| Adj. Equity Ratio | 61%          | 56%             | 36%         |
| <b>Fair Value</b> | <b>USD</b>   | <b>14</b>       | <b>-9%</b>  |

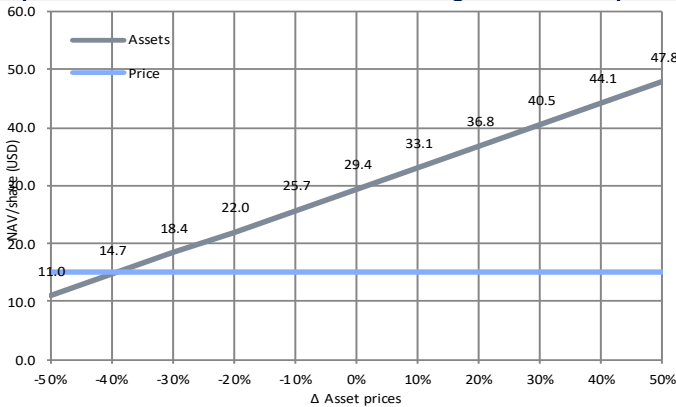
### Valuation Matrix



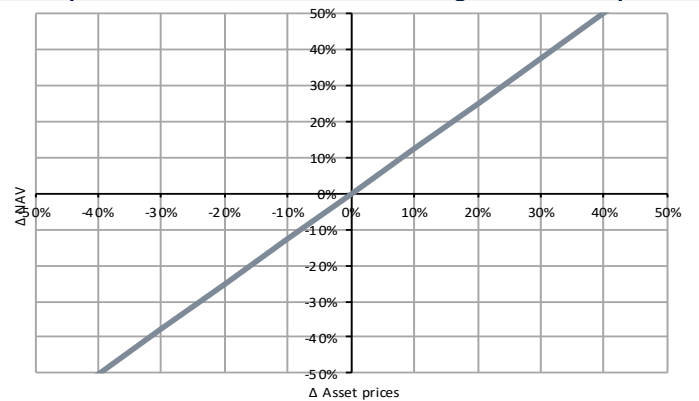
### Quarterly forward NAV & P/NAV



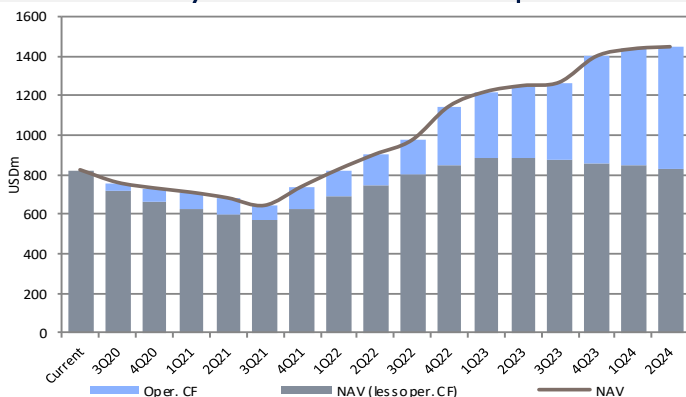
### Impact on NAV/sh from % change in asset prices



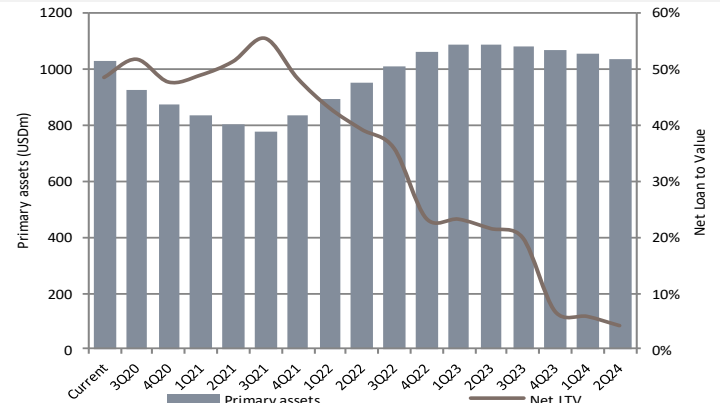
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |       |      |      | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|------|-------|------|------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021  | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 411   | 199   | 337   | 395   | 407  | 233   | 409  | 460  | 4                  | -34   | -72   | -65   |     |
| EBITDA (adj.)            | 233   | 50    | 192   | 250   | 229  | 75    | 255  | 306  | 4                  | -25   | -63   | -56   |     |
| EBIT (adj.)              | 158   | -27   | 114   | 172   | 156  | 2     | 181  | 233  | 2                  | -29   | -67   | -60   |     |
| PTP (adj.)               | 141   | -37   | 107   | 169   | 132  | -15   | 165  | 220  | 8                  | -21   | -58   | -51   |     |
| Net earnings (adj.)      | 141   | -37   | 107   | 169   | 132  | -15   | 165  | 220  | 8                  | -21   | -58   | -51   |     |
| EPS (adj.)               | 4.98  | -1.31 | 3.82  | 6.04  | 4.58 | -0.53 | 5.73 | 7.63 | 0.40               | -0.78 | -1.90 | -1.59 |     |
| DPS                      | 0.24  | 0.24  | 0.53  | 2.53  | 0.24 | -     | -    | 0.06 | 0.00               | 0.24  | 0.53  | 2.47  |     |
|                          |       |       |       |       |      |       |      |      | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |      |       |      |      | TCE revenue        | 4     | -34   | -72   | -65 |
|                          |       |       |       |       |      |       |      |      | Opex & G&A         | -1    | -9    | -9    | -9  |
|                          |       |       |       |       |      |       |      |      | Depreciation       | 2     | 4     | 4     | 4   |
|                          |       |       |       |       |      |       |      |      | Net finance        | -6    | -7    | -9    | -9  |
|                          |       |       |       |       |      |       |      |      | Taxes & Minorities | 0     | -0    | 0     | 0   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 194    | 40     | 184    | 246    | 182    | 58     | 238    | 293    | 13     | -17    | -54    | -47    |
| Free cash flow                | 187    | 17     | 173    | 246    | 120    | 58     | 238    | 293    | 67     | -41    | -66    | -47    |
| Net cash flow                 | 19     | -20    | 88     | 94     | -1     | 28     | 218    | 209    | 20     | -47    | -130   | -116   |
| TCE/day                       | 32,902 | 16,739 | 28,785 | 33,762 | 32,346 | 18,489 | 32,984 | 37,147 | 556    | -1,750 | -4,199 | -3,384 |
| Cash break-even               | 24,093 | 21,086 | 20,210 | 20,879 | 22,315 | 21,129 | 20,431 | 21,102 | 1,778  | -43    | -221   | -223   |
| Liquidity                     | 153    | 133    | 221    | 315    | 132    | 160    | 378    | 588    | 21     | -27    | -157   | -273   |
| Property & Equip. (incl. NBs) | 1,257  | 1,203  | 1,137  | 1,060  | 1,316  | 1,243  | 1,170  | 1,097  | -59    | -40    | -32    | -37    |
| Total equity                  | 1,097  | 1,054  | 1,146  | 1,244  | 1,113  | 1,098  | 1,263  | 1,481  | -16    | -44    | -117   | -237   |
| Total assets                  | 1,725  | 1,652  | 1,674  | 1,690  | 1,772  | 1,726  | 1,871  | 2,008  | -47    | -75    | -198   | -318   |
| Interest bearing debt         | 570    | 540    | 470    | 388    | 598    | 568    | 548    | 466    | -29    | -29    | -79    | -79    |
| Net interest bearing debt     | 417    | 406    | 249    | 73     | 466    | 408    | 170    | -121   | -49    | -2     | 78     | 194    |
| Market Cap.                   | 425    | 425    | 425    | 425    | 473    | 473    | 473    | 473    | -48    | -48    | -48    | -48    |
| Enterprise value              | 841    | 831    | 673    | 498    | 939    | 881    | 643    | 352    | -98    | -50    | 30     | 146    |

### Valuation

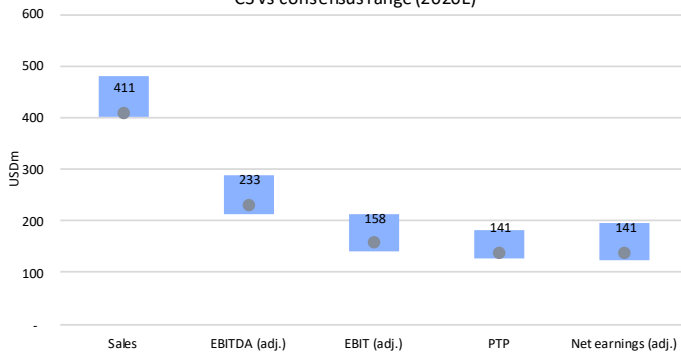
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 731   | 738   | 1,144 | 1,397 | 876   | 904   | 1,493 | 1,740 | -145   | -167  | -350  | -343  |
| Adj. equity ratio        | 54%   | 55%   | 68%   | 76%   | 57%   | 59%   | 71%   | 77%   | -3%    | -4%   | -3%   | -1%   |
| FCF yield                | 44%   | 4%    | 41%   | 58%   | 25%   | 12%   | 50%   | 62%   | 19%    | -8%   | -10%  | -4%   |
| Dividend yield           | 2%    | 2%    | 4%    | 17%   | 1%    | 0%    | 0%    | 0%    | 0%     | 2%    | 4%    | 16%   |
| EV/EBITDA                | 3.6   | 16.6  | 3.5   | 2.0   | 4.1   | 11.8  | 2.5   | 1.2   | -0.4   | 4.8   | 1.0   | 0.8   |
| P/E (adj.)               | 3.0   |       | 4.0   | 2.5   | 3.6   |       | 2.9   | 2.1   | -0.6   | ##### | 1.1   | 0.4   |



## Our Estimates vs Consensus

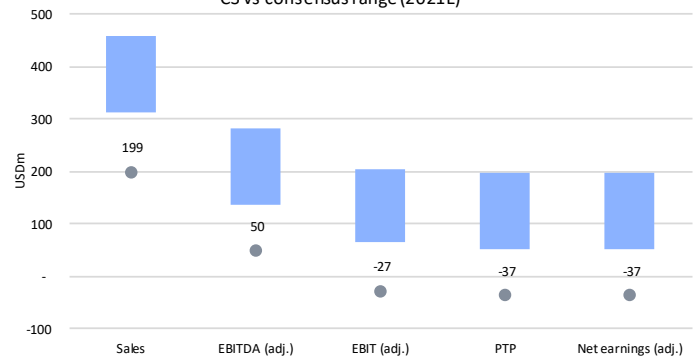
### Profit & Loss, year I

CS vs consensus range (2020E)

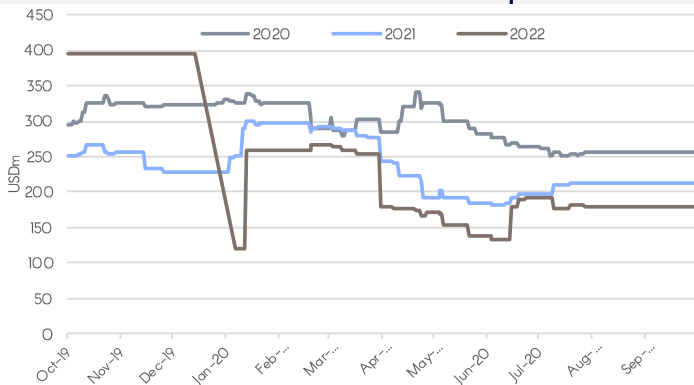


### Profit & Loss, year II

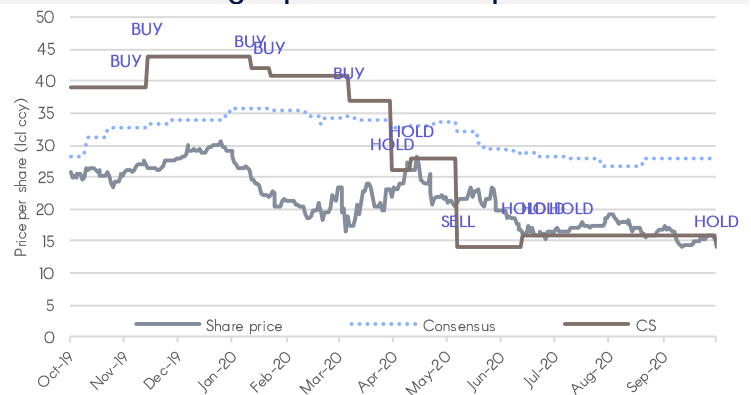
CS vs consensus range (2021E)



### Consensus EBITDA development



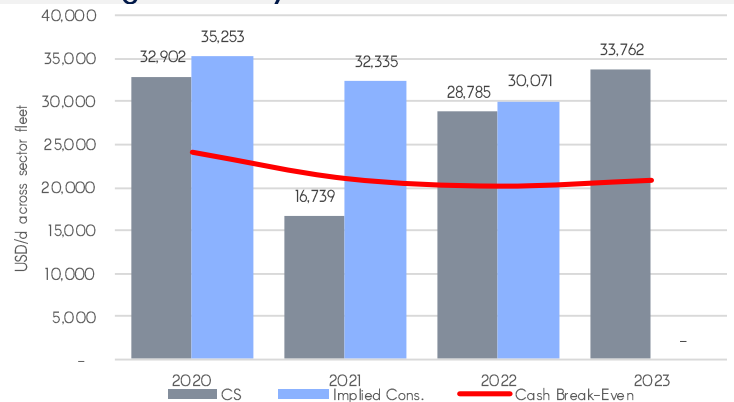
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 411  | 440 | 440       | -29   | -7%   |
| Opex + G&A         | 178  | 183 | 183       | -5    | -3%   |
| Depreciation       | 75   | 80  | 80        | -5    | -6%   |
| Net finance        | 18   | 24  | 24        | -7    | -28%  |
| Taxes & Minorities | 0    | -2  | -2        | 2     | -100% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 199  | 385 | 385       | -186  | -48%  |
| Opex + G&A         | 149  | 173 | 173       | -24   | -14%  |
| Depreciation       | 77   | 74  | 74        | 3     | 4%    |
| Net finance        | 10   | 28  | 28        | -18   | -65%  |
| Taxes & Minorities | -0   | -6  | -6        | 6     | -100% |

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





| Balance Sheet (USDm)                  | 3Q19         | 4Q19         | 1Q20         | 2Q20         | 3Q20E        | 4Q20E        | 1Q21E        | 2Q21E        | 3Q21E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Cash & short-term investments         | 68           | 90           | 93           | 128          | 132          | 153          | 140          | 116          | 128          |
| Other current assets                  | 88           | 98           | 122          | 114          | 114          | 114          | 114          | 114          | 114          |
| <b>Total current assets</b>           | <b>157</b>   | <b>187</b>   | <b>216</b>   | <b>242</b>   | <b>246</b>   | <b>267</b>   | <b>254</b>   | <b>230</b>   | <b>242</b>   |
| Property & equip. (incl. NBs)         | 1,268        | 1,316        | 1,324        | 1,316        | 1,316        | 1,257        | 1,243        | 1,230        | 1,216        |
| Other non-current assets              | 404          | 251          | 201          | 201          | 201          | 201          | 201          | 201          | 201          |
| <b>Total non-current assets</b>       | <b>1,672</b> | <b>1,566</b> | <b>1,525</b> | <b>1,517</b> | <b>1,517</b> | <b>1,458</b> | <b>1,445</b> | <b>1,431</b> | <b>1,418</b> |
| <b>TOTAL ASSETS</b>                   | <b>1,829</b> | <b>1,754</b> | <b>1,741</b> | <b>1,759</b> | <b>1,763</b> | <b>1,725</b> | <b>1,698</b> | <b>1,661</b> | <b>1,660</b> |
| <b>Total equity</b>                   | <b>982</b>   | <b>1,022</b> | <b>1,030</b> | <b>1,072</b> | <b>1,094</b> | <b>1,097</b> | <b>1,091</b> | <b>1,074</b> | <b>1,042</b> |
| Short-term debt                       | 64           | 83           | 92           | 92           | 83           | 88           | 89           | 88           | 87           |
| Other current liabilities             | 33           | 31           | 40           | 39           | 39           | 39           | 39           | 39           | 39           |
| <b>Total current liabilities</b>      | <b>98</b>    | <b>114</b>   | <b>133</b>   | <b>131</b>   | <b>122</b>   | <b>126</b>   | <b>127</b>   | <b>126</b>   | <b>125</b>   |
| Long-term debt                        | 737          | 609          | 559          | 537          | 528          | 482          | 461          | 442          | 473          |
| Other non-current liabilities         | 11           | 8            | 20           | 19           | 19           | 19           | 19           | 19           | 19           |
| <b>Total non-current liabilities</b>  | <b>749</b>   | <b>617</b>   | <b>578</b>   | <b>556</b>   | <b>548</b>   | <b>501</b>   | <b>480</b>   | <b>461</b>   | <b>492</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>1,829</b> | <b>1,754</b> | <b>1,741</b> | <b>1,759</b> | <b>1,763</b> | <b>1,725</b> | <b>1,698</b> | <b>1,661</b> | <b>1,660</b> |
| Working capital, receivables          | 79           | 88           | 108          | 103          | 103          | 103          | 103          | 103          | 103          |
| Working capital, payables             | 30           | 15           | 33           | 29           | 29           | 29           | 29           | 29           | 29           |
| <b>Net working capital</b>            | <b>49</b>    | <b>73</b>    | <b>75</b>    | <b>73</b>    | <b>73</b>    | <b>73</b>    | <b>73</b>    | <b>73</b>    | <b>73</b>    |
| Interest bearing debt                 | 802          | 692          | 651          | 629          | 611          | 570          | 550          | 530          | 560          |
| Liquidity                             | 68           | 90           | 93           | 128          | 132          | 153          | 140          | 116          | 128          |
| <b>Net interest bearing debt</b>      | <b>733</b>   | <b>602</b>   | <b>558</b>   | <b>501</b>   | <b>479</b>   | <b>417</b>   | <b>410</b>   | <b>413</b>   | <b>431</b>   |
| <b>Cash Flow (USDm)</b>               | <b>3Q19</b>  | <b>4Q19</b>  | <b>1Q20</b>  | <b>2Q20</b>  | <b>3Q20E</b> | <b>4Q20E</b> | <b>1Q21E</b> | <b>2Q21E</b> | <b>3Q21E</b> |
| Net income                            | -11          | 16           | 33           | 64           | 24           | 5            | -5           | -15          | -30          |
| Depreciation                          | 19           | 19           | 18           | 19           | 19           | 19           | 19           | 19           | 19           |
| Other                                 | -7           | 18           | 7            | -3           | 0            | 0            | 0            | 0            | 0            |
| <b>Cash earnings</b>                  | <b>1</b>     | <b>53</b>    | <b>59</b>    | <b>80</b>    | <b>42</b>    | <b>24</b>    | <b>14</b>    | <b>4</b>     | <b>-10</b>   |
| Changes in working capital            | -1           | -8           | -20          | 9            | 0            | 0            | 0            | 0            | 0            |
| <b>Net operational cash flow</b>      | <b>0</b>     | <b>44</b>    | <b>38</b>    | <b>89</b>    | <b>42</b>    | <b>24</b>    | <b>14</b>    | <b>4</b>     | <b>-10</b>   |
| Capex                                 | -5           | -27          | -16          | -25          | -20          | -8           | -6           | -6           | -6           |
| Other investments                     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Proceeds from sales                   | 7            | 0            | 0            | 14           | 0            | 49           | 0            | 0            | 0            |
| Other                                 | 1            | 122          | 0            | -1           | 0            | 0            | 0            | 0            | 0            |
| <b>Net investing cash flow</b>        | <b>3</b>     | <b>95</b>    | <b>-15</b>   | <b>-13</b>   | <b>-20</b>   | <b>40</b>    | <b>-6</b>    | <b>-6</b>    | <b>-6</b>    |
| Repayment of debt                     | -29          | -113         | -31          | -20          | -18          | -42          | -20          | -20          | -20          |
| Proceeds from debt                    | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 50           |
| Dividends paid                        | 0            | 0            | -2           | -2           | -2           | -2           | -2           | -2           | -2           |
| New equity                            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Other                                 | 0            | 0            | -30          | -21          | 0            | 0            | 0            | 0            | 0            |
| <b>Net financing cash flow</b>        | <b>-29</b>   | <b>-113</b>  | <b>-63</b>   | <b>-43</b>   | <b>-19</b>   | <b>-43</b>   | <b>-22</b>   | <b>-22</b>   | <b>28</b>    |
| Currency effect                       | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net cash flow</b>                  | <b>-26</b>   | <b>26</b>    | <b>-40</b>   | <b>34</b>    | <b>4</b>     | <b>21</b>    | <b>-13</b>   | <b>-24</b>   | <b>12</b>    |
| Cash balance                          | 68           | 90           | 93           | 128          | 132          | 153          | 140          | 116          | 128          |
| <b>Free cash flow</b>                 | <b>3</b>     | <b>140</b>   | <b>23</b>    | <b>77</b>    | <b>23</b>    | <b>65</b>    | <b>8</b>     | <b>-2</b>    | <b>-16</b>   |



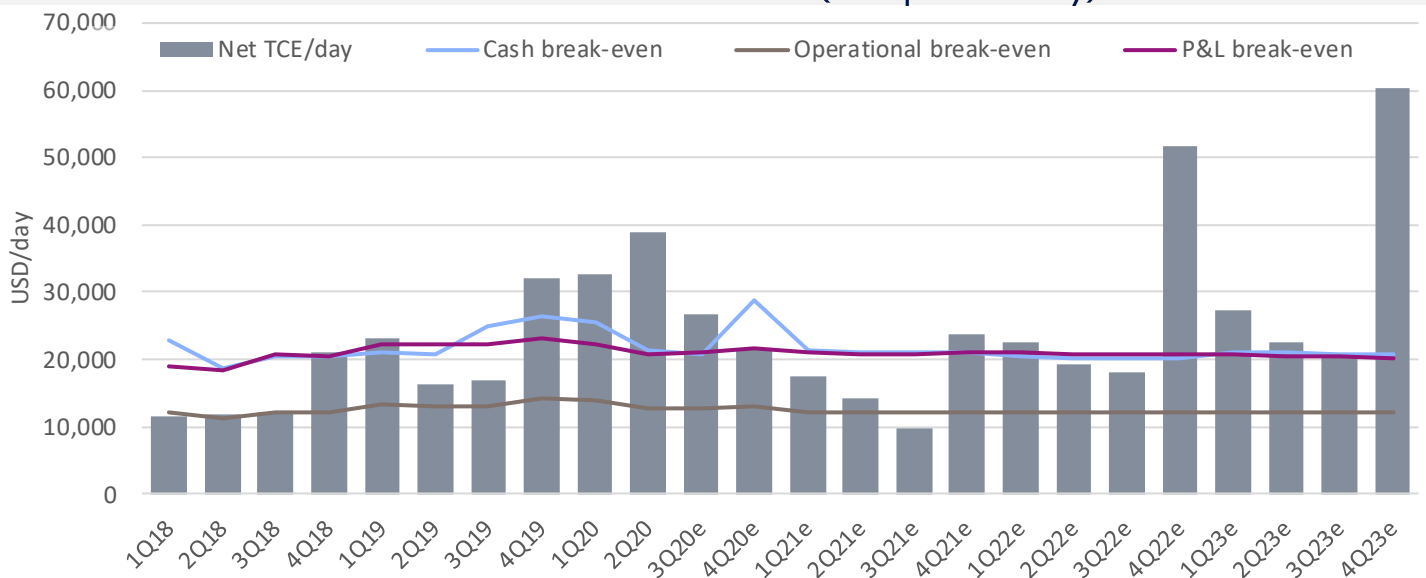
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     | 476   | 385   | 275   | 243   | 340   | 411   | 199   | 337   | 395   |
| Operational costs             |       |       |       |       |       | -179  | -149  | -145  | -146  |
| EBITDA                        |       |       |       |       |       | 232   | 50    | 192   | 250   |
| Depreciation/Amortization     |       |       |       |       |       | -75   | -77   | -77   | -77   |
| EBIT                          | 176   | 6     | -108  | -55   | 55    | 157   | -27   | 114   | 172   |
| Net financials                | -3    | -24   | 2     | -35   | -56   | -31   | -10   | -7    | -3    |
| PTP                           | 173   | -18   | -106  | -89   | -1    | 126   | -37   | 107   | 169   |
| Taxes/Minorities              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | 173   | -18   | -106  | -89   | -1    | 126   | -37   | 107   | 169   |
| Non-recurring items           | 0     | 0     | 0     | 0     | 0     | 14    | 0     | 0     | 0     |
| Net earnings (adj.)           | 173   | -18   | -106  | -89   | -1    | 141   | -37   | 107   | 169   |
| EPS                           |       | -0.62 | -3.65 | -3.05 | -0.03 | 4.47  | -1.31 | 3.82  | 6.04  |
| EPS (adj.)                    |       | -0.62 | -3.65 | -3.05 | -0.03 | 4.98  | -1.31 | 3.82  | 6.04  |
| DPS                           |       | 6.92  | 0.00  | 0.00  | 0.00  | 0.24  | 0.24  | 0.53  | 2.53  |
| Balance Sheet (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | 309   | 92    | 60    | 58    | 90    | 153   | 133   | 221   | 315   |
| Other current assets          | 88    | 79    | 72    | 109   | 98    | 114   | 114   | 114   | 114   |
| Total current assets          | 397   | 171   | 132   | 168   | 187   | 267   | 247   | 335   | 429   |
| Property & equip. (incl. NBs) | 1,240 | 1,100 | 1,105 | 1,331 | 1,326 | 1,257 | 1,203 | 1,137 | 1,060 |
| 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 | 1,458 | 1,404 | 1,338 | 1,261 |
| TOTAL ASSETS                  | 2,030 | 1,663 | 1,664 | 1,849 | 1,754 | 1,725 | 1,652 | 1,674 | 1,690 |
| Total equity                  | 1,384 | 1,180 | 1,086 | 1,010 | 1,022 | 1,097 | 1,054 | 1,146 | 1,244 |
| Short-term debt               | 6     | 6     | 24    | 52    | 83    | 88    | 62    | 71    | 76    |
| Other current liabilities     | 42    | 39    | 23    | 24    | 31    | 39    | 39    | 39    | 39    |
| Total current liabilities     | 48    | 45    | 47    | 75    | 114   | 126   | 100   | 110   | 115   |
| Long-term debt                | 589   | 433   | 529   | 759   | 609   | 482   | 478   | 399   | 312   |
| Other non-current liabilities | 9     | 4     | 3     | 4     | 8     | 19    | 19    | 19    | 19    |
| Total non-current liabilities | 598   | 438   | 532   | 763   | 617   | 501   | 497   | 418   | 331   |
| TOTAL EQUITY & LIABILITIES    | 2,030 | 1,663 | 1,664 | 1,849 | 1,754 | 1,725 | 1,652 | 1,674 | 1,690 |
| Working capital, receivables  | 78    | 68    | 61    | 98    | 88    | 103   | 103   | 103   | 103   |
| Working capital, payables     | 19    | 16    | 9     | 10    | 15    | 29    | 29    | 29    | 29    |
| Net working capital           | 59    | 52    | 53    | 88    | 73    | 73    | 73    | 73    | 73    |
| Interest bearing debt         | 595   | 440   | 553   | 811   | 692   | 570   | 540   | 470   | 388   |
| Liquidity                     | 309   | 92    | 60    | 58    | 90    | 153   | 133   | 221   | 315   |
| Net interest bearing debt     | 286   | 348   | 493   | 752   | 602   | 417   | 406   | 249   | 73    |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | 173   | -18   | -106  | -89   | -1    | 126   | -37   | 107   | 169   |
| Depreciation                  |       |       |       |       |       | 75    | 77    | 77    | 77    |
| Other                         |       |       |       |       |       | 4     | 0     | 0     | 0     |
| Cash earnings                 | 204   | 109   | 14    | 25    | 77    | 205   | 40    | 184   | 246   |
| Changes in working capital    | 19    | 8     | 4     | -38   | 11    | -11   | 0     | 0     | 0     |
| Net operational cash flow     | 223   | 117   | 17    | -12   | 87    | 194   | 40    | 184   | 246   |
| Capex                         | -1    | -3    | -174  | -150  | -37   | -69   | -23   | -12   | 0     |
| Other investments             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales           | 17    | 0     | 18    | 169   | 16    | 62    | 0     | 0     | 0     |
| Other                         | 98    | 27    | 19    | 104   | 129   | -1    | 0     | 0     | 0     |
| Net investing cash flow       | 114   | 24    | -137  | 124   | 108   | -7    | -23   | -12   | 0     |
| Repayment of debt             | -6    | -155  | 102   | -64   | -162  | -111  | -80   | -70   | -82   |
| Proceeds from debt            | —     | —     | —     | —     | —     | 0     | 50    | 0     | 0     |
| Dividends paid                | -200  | -202  | 0     | 0     | 0     | -7    | -7    | -15   | -71   |
| New equity                    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                         | 0     | 0     | -4    | -1    | -1    | -1    | 0     | 0     | 0     |
| Net financing cash flow       | -206  | -357  | 98    | -64   | -163  | -168  | -37   | -85   | -153  |
| Currency effect               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | 131   | -217  | -21   | 47    | 33    | 19    | -20   | 88    | 94    |
| Cash balance                  |       | 92    | 60    | 58    | 90    | 109   | 89    | 177   | 270   |
| Free cash flow                | 337   | 140   | -119  | 111   | 195   | 187   | 17    | 173   | 246   |



| Share Data & Valuation (USDm)      | 2015  | 2016       | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
|------------------------------------|-------|------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Shares outstanding, end            | —     | 29         | 29           | 29           | 29           | 28         | 28         | 28         | 28         |
| Share price, avg (USD)             |       | 14         | 19           | 19           | 20           | 19         | 15         | 15         | 15         |
| Share price, end (USD)             | —     | 14         | 18           | 17           | 30           | 15         | 15         | 15         | 15         |
| <b>Market Cap.</b>                 |       | <b>410</b> | <b>537</b>   | <b>491</b>   | <b>871</b>   | <b>425</b> | <b>425</b> | <b>425</b> | <b>425</b> |
| NIBD                               | 286   | 348        | 493          | 752          | 602          | 417        | 406        | 249        | 73         |
| 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>841</b> | <b>831</b> | <b>673</b> | <b>498</b> |
| Key Figures & Ratios               | 2015  | 2016       | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     |       |            |              |              |              | 3.4        |            | 4.0        | 2.5        |
| P/E (adj.)                         |       |            |              |              |              | 3.0        |            | 4.0        | 2.5        |
| 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          | 1.0        | 2.1        | 1.3        | 1.1        |
| EV/Sales                           |       | 2.0        | 3.7          | 5.1          | 4.3          | 2.0        | 4.2        | 2.0        | 1.3        |
| EV/EBITDA                          |       |            |              |              |              | 3.6        | 16.6       | 3.5        | 2.0        |
| EV/EBIT                            |       |            |              |              | 26.7         | 5.4        |            | 5.9        | 2.9        |
| P/B                                |       | 0.3        | 0.5          | 0.5          | 0.9          | 0.4        | 0.4        | 0.4        | 0.3        |
| FCF yield                          |       | 34%        | -22%         | 23%          | 22%          | 44%        | 4%         | 41%        | 58%        |
| Dividend yield                     |       | 49.3%      | 0.0%         | 0.0%         | 0.0%         | 1.6%       | 1.6%       | 3.5%       | 16.7%      |
| Return on equity (ROE)             | 12.5% | -1.5%      | -9.8%        | -8.8%        | -0.1%        | 11.5%      | -3.5%      | 9.3%       | 13.6%      |
| Return on capital employed (ROCE)  | 10.6% | 0.4%       | -6.9%        | -3.2%        | 3.5%         | 10.5%      | -1.9%      | 8.3%       | 13.2%      |
| Return on assets (ROA)             | 8.5%  | -1.1%      | -6.4%        | -4.8%        | 0.0%         | 7.3%       | -2.2%      | 6.4%       | 10.0%      |
| Sales growth                       | 37%   | -19%       | -29%         | -12%         | 40%          | 21%        | -52%       | 69%        | 17%        |
| EBITDA margin                      |       |            |              |              |              | 56%        | 25%        | 57%        | 63%        |
| EBIT margin                        | 37%   | 2%         | -39%         | -22%         | 16%          | 38%        | -14%       | 34%        | 44%        |
| Net margin                         | 36%   | -5%        | -39%         | -37%         | 0%           | 31%        | -18%       | 32%        | 43%        |
| Net interest rate                  | 15.0% | 11.4%      | 8.4%         | 8.0%         | 11.0%        | 9.1%       | 7.5%       | 11.3%      | 32.7%      |
| 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%          | 64%        | 64%        | 68%        | 74%        |
| Leverage ratio                     | 32%   | 29%        | 35%          | 45%          | 42%          | 36%        | 36%        | 32%        | 26%        |
| NIBD / EBITDA (past ly)            |       |            |              |              |              | 1.8        | 8.1        | 1.3        | 0.3        |
| Operating cash flow/NIBD           | 0.8   | 0.3        | 0.0          | 0.0          | 0.1          | 0.5        | 0.1        | 0.7        | 3.4        |
| Net interest coverage ratio (EBIT) |       |            |              |              |              | 6.1        | 1.6        | 6.8        | 10.5       |
| Current ratio                      | 8.2   | 3.8        | 2.8          | 2.2          | 1.6          | 2.1        | 2.5        | 3.1        | 3.7        |
| Adj. equity ratio                  |       |            |              |              |              | 54%        | 55%        | 68%        | 76%        |
| Operating assets                   | 1,712 | 1,571      | 1,594        | 1,731        | 1,603        | 1,556      | 1,502      | 1,436      | 1,359      |
| Operating liabilities              | 51    | 43         | 26           | 28           | 39           | 58         | 58         | 58         | 58         |
| Net operating assets               | 1,661 | 1,527      | 1,568        | 1,703        | 1,564        | 1,498      | 1,444      | 1,378      | 1,301      |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:14 CET





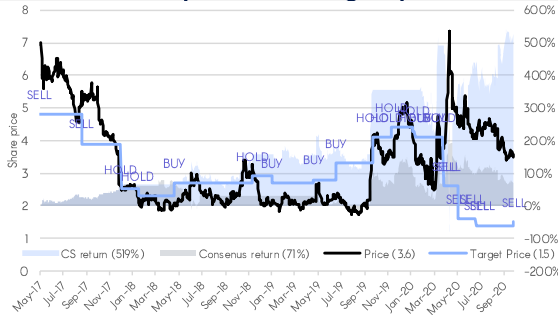
Significantly overpriced vs peers and NAV. Historically priced on dividend yield, but unsustainable without exponential share growth

## NAT-US

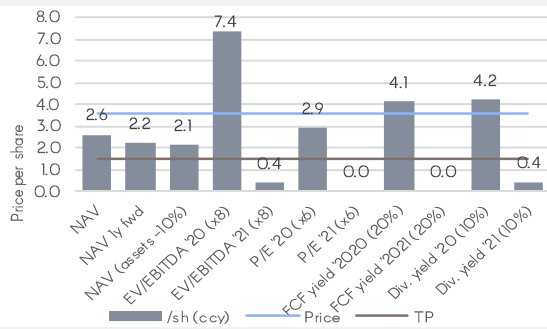
## SELL/\$1.5

## Nordic American Tankers

### Share price vs target price

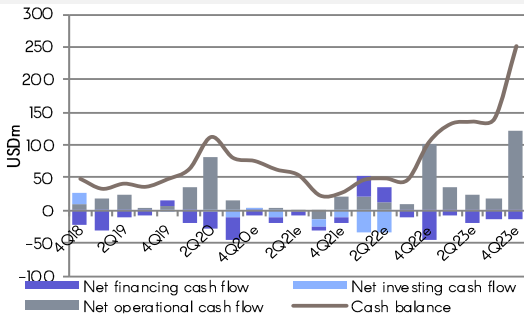


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 254   | 127   | 266   | 319   |
| EBITDA (adj.)       | 171   | 43    | 177   | 230   |
| EBIT (adj.)         | 105   | -22   | 107   | 159   |
| PTP (adj.)          | 72    | -53   | 73    | 128   |
| Net earnings (adj.) | 72    | -53   | 73    | 128   |
| EPS (adj.)          | 0.49  | -0.35 | 0.49  | 0.85  |
| DPS                 | 0.42  | 0.04  | 0.13  | 0.22  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 397   | 374   | 734   | 944   |
| Adj. equity ratio   | 49%   | 49%   | 64%   | 71%   |
| FCF yield           | 23%   | -4%   | 14%   | 37%   |
| Dividend yield      | 12%   | 1%    | 4%    | 6%    |
| EV/EBITDA           | 4.7   | 19.0  | 4.4   | 2.6   |
| P/E (adj.)          | 7.4   |       | 7.3   | 4.2   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 135    | 13     | 143    | 199    |
| Free cash flow                | 123    | -21    | 76     | 199    |
| Net cash flow                 | 34     | -48    | 77     | 145    |
| TCE/day                       | 32,373 | 15,573 | 30,165 | 35,991 |
| Cash break-even               | 16,699 | 16,100 | 19,837 | 15,482 |
| Liquidity                     | 95     | 47     | 124    | 269    |
| Property & Equip. (incl. NBs) | 850    | 819    | 816    | 745    |
| Total equity                  | 589    | 531    | 584    | 679    |
| Total assets                  | 999    | 920    | 993    | 1,068  |
| Interest bearing debt         | 360    | 339    | 360    | 339    |
| Net interest bearing debt     | 265    | 292    | 236    | 70     |
| Market Cap.                   | 533    | 533    | 533    | 533    |

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



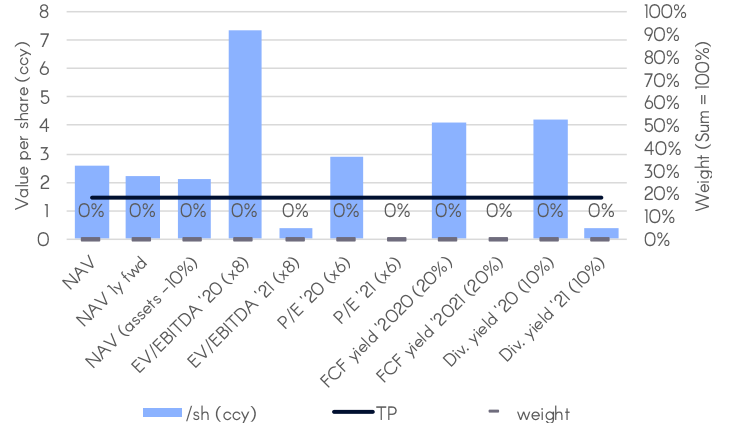


## Company Valuation

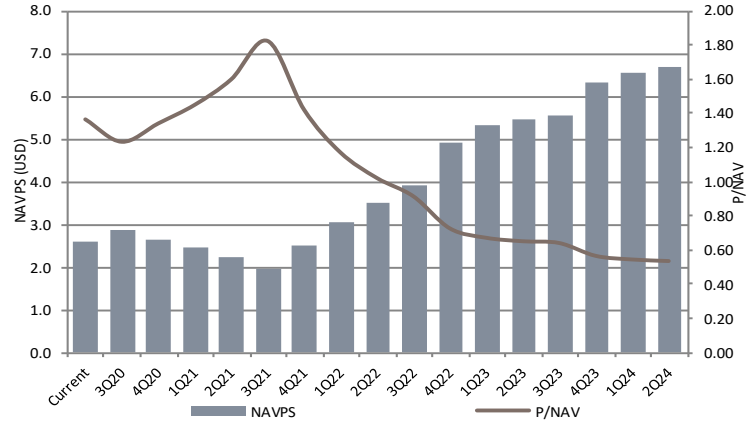
### Valuation & target price

| Valuation         |             |                 |             |
|-------------------|-------------|-----------------|-------------|
| USDm              | Book Value  | Net Asset Value | Market cap. |
| Primary assets    | 873         | 730             | 862         |
| Contract value    | 0           | 7               | 8           |
| Other             | 52          | 52              | 62          |
| <b>GAV</b>        | <b>925</b>  | <b>789</b>      | <b>932</b>  |
| Net debt          | -239        | -239            | -239        |
| Capex             | 0           | -112            | -112        |
| Other             | -48         | -48             | -48         |
| <b>Equity</b>     | <b>637</b>  | <b>390</b>      | <b>533</b>  |
| Shares            | 150         | 150             | 150         |
| <b>Equity/sh</b>  | <b>4.26</b> | <b>2.60</b>     | <b>3.56</b> |
| lcl CCY           | 4.26        | 2.60            | 3.56        |
| <b>P/Equity</b>   | <b>0.84</b> | <b>1.37</b>     | <b>1.00</b> |
| <b>EV/GAV</b>     | <b>1.01</b> | <b>1.18</b>     | <b>1.00</b> |
| Adj. Total Assets | 1,058       | 915             | 1,048       |
| Adj. Equity Ratio | 60%         | 43%             | 51%         |
| <b>Fair Value</b> | <b>USD</b>  | <b>1.5</b>      | <b>-59%</b> |

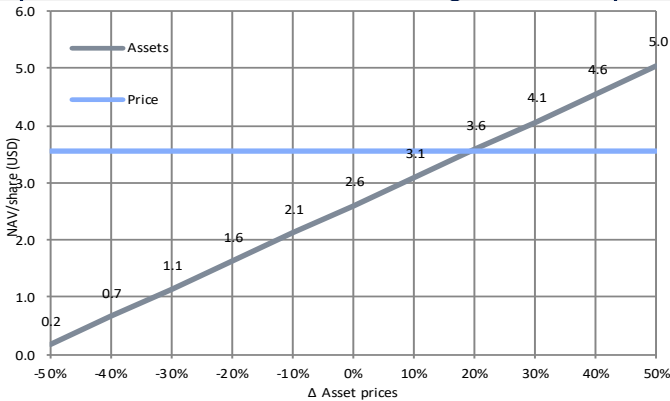
### Valuation Matrix



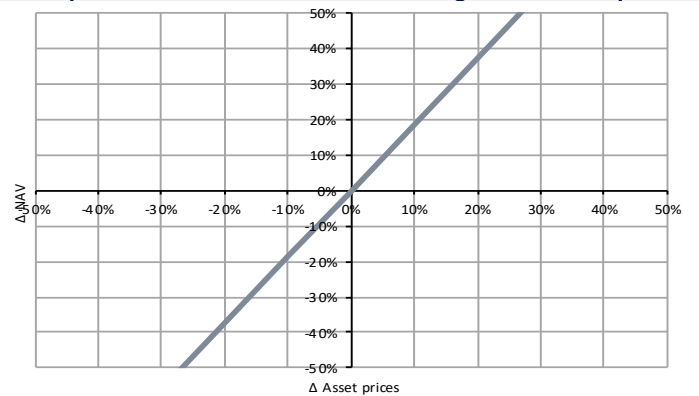
### Quarterly forward NAV & P/NAV



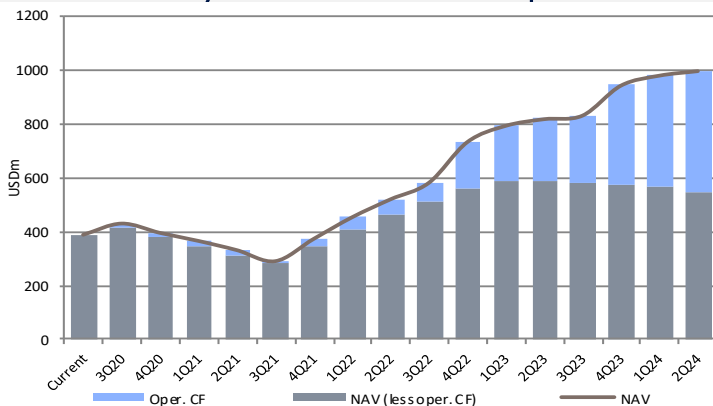
### Impact on NAV/sh from % change in asset prices



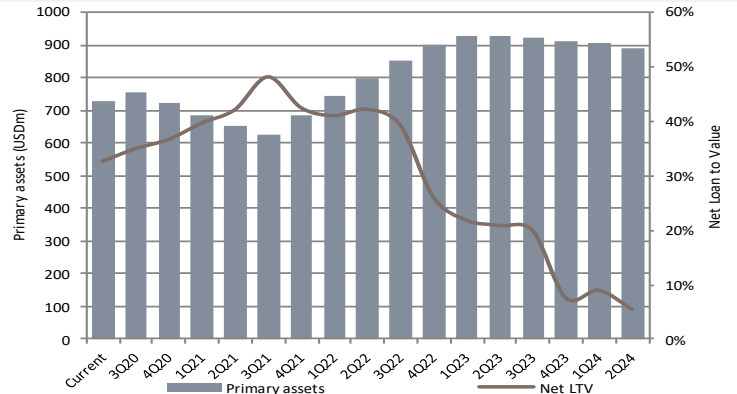
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

| 3Q20 Preview<br>USDm  | 3Q20  |      | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19  | 2Q20 | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 32.3  | 93.8 | 43.6    | 40.0      |            |       |            |       |
| EBITDA (adj.)         | 13.1  | 73.9 | 22.9    | 17.5      |            |       |            |       |
| EBIT (adj.)           | -2.9  | 57.7 | 6.5     | 6.5       |            |       |            |       |
| PTP (adj.)            | -13.7 | 49.2 | -1.7    | -9.4      |            |       |            |       |
| Net earnings (adj.)   | -13.7 | 49.2 | -1.7    | -4.2      |            |       |            |       |
| EPS (adj.)            | -0.10 | 0.33 | -0.01   | -0.04     |            |       |            |       |
| DPS                   | 0.02  | 0.20 | 0.01    | 0.06      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20 | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 32.3  | 93.8 | 43.6    | 40.0      |            |       |            |       |
| Opex & G&A            | 19.2  | 19.9 | 20.7    | 22.5      |            |       |            |       |
| Depreciation          | 16.0  | 16.3 | 16.4    | 11.0      |            |       |            |       |
| Net finance           | 10.9  | 8.5  | 8.1     | 15.9      |            |       |            |       |
| Taxes & Minorities    | -     | -    | -       | -5.2      |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm  | 3Q20   |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day               | 15,900 | 48,400 | 22,178  | 20,333    |            |       |            |       |
| Utilization           | 96.1%  | 92.6%  | 93.0%   |           |            |       |            |       |
| Fleet days            | 2,116  | 2,093  | 2,116   |           |            |       |            |       |
| Liquidity             | 48     | 131    | 100     |           |            |       |            |       |
| Interest bearing debt | 405    | 370    | 365     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |       |      |      | Change             |       |       |       |    |
|--------------------------|-------|-------|-------|-------|------|-------|------|------|--------------------|-------|-------|-------|----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021  | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |    |
| Net sales                | 254   | 127   | 266   | 319   | 248  | 141   | 279  | 320  | 6                  | -14   | -14   | -1    |    |
| EBITDA (adj.)            | 171   | 43    | 177   | 230   | 164  | 58    | 197  | 237  | 7                  | -15   | -20   | -8    |    |
| EBIT (adj.)              | 105   | -22   | 107   | 159   | 96   | -10   | 128  | 169  | 9                  | -12   | -21   | -10   |    |
| PTP (adj.)               | 72    | -53   | 73    | 128   | 64   | -39   | 101  | 145  | 8                  | -13   | -28   | -17   |    |
| Net earnings (adj.)      | 72    | -53   | 73    | 128   | 64   | -39   | 101  | 145  | 8                  | -13   | -28   | -17   |    |
| EPS (adj.)               | 0.49  | -0.35 | 0.49  | 0.85  | 0.44 | -0.27 | 0.68 | 0.99 | 0.05               | -0.08 | -0.20 | -0.13 |    |
| DPS                      | 0.42  | 0.04  | 0.13  | 0.22  | 0.42 | 0.07  | 0.28 | 0.32 | 0.00               | -0.03 | -0.14 | -0.10 |    |
|                          |       |       |       |       |      |       |      |      | 2020E              | 2021E | 2022E | 2023E |    |
|                          |       |       |       |       |      |       |      |      | TCE revenue        | 6     | -14   | -14   | -1 |
|                          |       |       |       |       |      |       |      |      | Opex & G&A         | -0    | 1     | 6     | 7  |
|                          |       |       |       |       |      |       |      |      | Depreciation       | -2    | -3    | 2     | 2  |
|                          |       |       |       |       |      |       |      |      | Net finance        | 1     | 1     | 6     | 7  |
|                          |       |       |       |       |      |       |      |      | Taxes & Minorities | -     | -     | -     | -  |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 135    | 13     | 143    | 199    | 112    | 29     | 169    | 214    | 22     | -16    | -26    | -15    |
| Free cash flow                | 123    | -21    | 76     | 199    | 112    | 29     | 169    | 214    | 11     | -50    | -93    | -15    |
| Net cash flow                 | 34     | -48    | 77     | 145    | 9      | -7     | 89     | 146    | 25     | -40    | -12    | -0     |
| TCE/day                       | 32,373 | 15,573 | 30,165 | 35,991 | 30,821 | 17,317 | 34,293 | 39,345 | 1,552  | -1,744 | -4,128 | -3,354 |
| Cash break-even               | 16,699 | 16,100 | 19,837 | 15,482 | 16,617 | 16,443 | 20,761 | 15,213 | 82     | -342   | -924   | 269    |
| Liquidity                     | 95     | 47     | 124    | 269    | 71     | 63     | 152    | 298    | 24     | -16    | -28    | -29    |
| Property & Equip. (incl. NBs) | 850    | 819    | 816    | 745    | 836    | 767    | 699    | 630    | 15     | 52     | 117    | 115    |
| Total equity                  | 589    | 531    | 584    | 679    | 577    | 527    | 587    | 685    | 13     | 4      | -3     | -6     |
| Total assets                  | 999    | 920    | 993    | 1,068  | 979    | 903    | 923    | 1,001  | 20     | 17     | 70     | 67     |
| Interest bearing debt         | 360    | 339    | 360    | 339    | 359    | 333    | 293    | 272    | 1      | 6      | 67     | 67     |
| Net interest bearing debt     | 265    | 292    | 236    | 70     | 288    | 269    | 141    | -26    | -23    | 23     | 95     | 96     |
| Market Cap.                   | 533    | 533    | 533    | 533    | 632    | 632    | 632    | 632    | -99    | -99    | -99    | -99    |
| Enterprise value              | 798    | 825    | 769    | 603    | 920    | 901    | 773    | 606    | -121   | -76    | -4     | -3     |

### Valuation

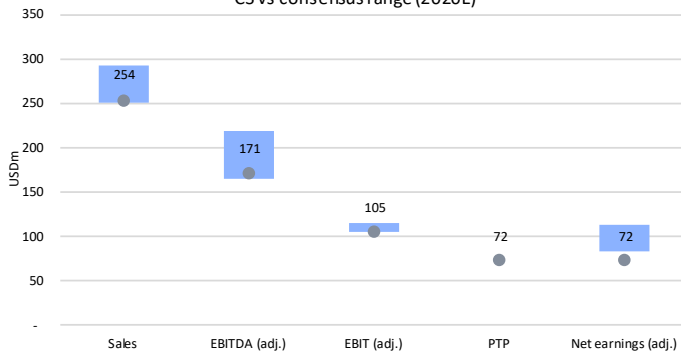
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 397   | 374   | 734   | 944   | 370   | 379   | 784   | 969   | 27     | -5    | -50   | -25   |
| Adj. equity ratio        | 49%   | 49%   | 64%   | 71%   | 48%   | 50%   | 70%   | 75%   | 1%     | -1%   | -6%   | -5%   |
| FCF yield                | 23%   | -4%   | 14%   | 37%   | 18%   | 5%    | 27%   | 34%   | 5%     | -9%   | -13%  | 3%    |
| Dividend yield           | 12%   | 1%    | 4%    | 6%    | 10%   | 2%    | 7%    | 7%    | 2%     | -1%   | -3%   | -1%   |
| EV/EBITDA                | 4.7   | 19.0  | 4.4   | 2.6   | 5.6   | 15.4  | 3.9   | 2.6   | -0.9   | 3.6   | 0.4   | 0.1   |
| P/E (adj.)               | 7.4   |       | 7.3   | 4.2   | 9.8   |       | 6.3   | 4.4   | -2.4   | ##### | 1.0   | -0.2  |



## Our Estimates vs Consensus

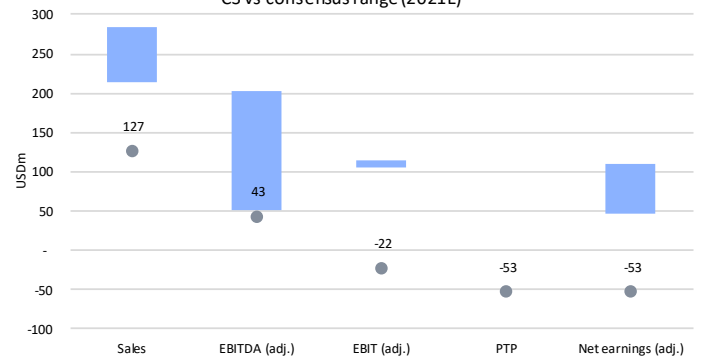
### Profit & Loss, year I

CS vs consensus range (2020E)

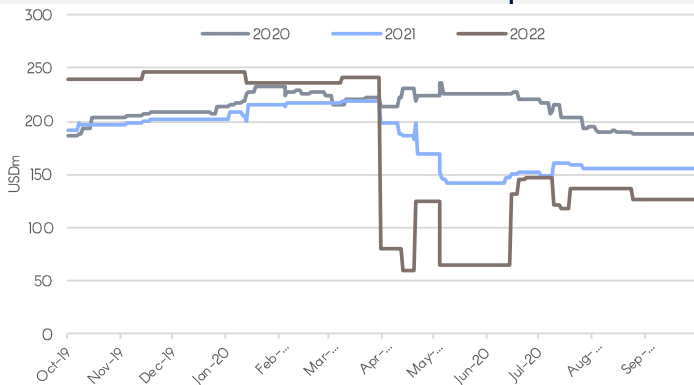


### Profit & Loss, year II

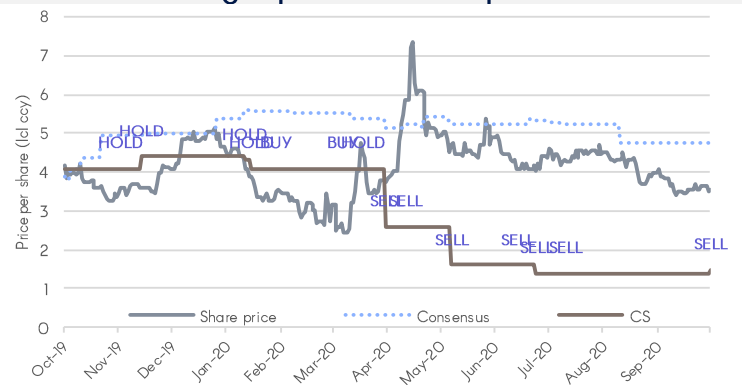
CS vs consensus range (2021E)



### Consensus EBITDA development



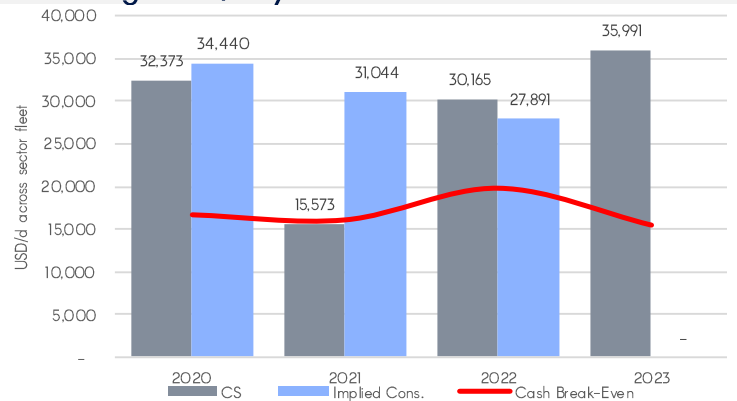
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 254  | 270 | -16       | -6%   |       |
| Opex + G&A         | 83   | 81  | 1         | 2%    |       |
| Depreciation       | 66   | 80  | -14       | -17%  |       |
| Net finance        | 33   | 14  | 19        | 134%  |       |
| Taxes & Minorities | 0    | -0  | 0         | -100% |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 127  | 253 | -126      | -50%  |       |
| Opex + G&A         | 83   | 98  | -14       | -14%  |       |
| Depreciation       | 65   | 46  | 19        | 41%   |       |
| Net finance        | 31   | 31  | -0        | 0%    |       |
| Taxes & Minorities | 0    | -2  | 2         | -100% |       |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 32    | 59    | 86    | 94    | 44    | 30    | 33    | 27    | 15    |
| Operational costs               | -19   | -21   | -21   | -20   | -21   | -21   | -21   | -21   | -21   |
| EBITDA                          | 13    | 38    | 65    | 74    | 23    | 10    | 13    | 6     | -6    |
| Depreciation/Amortization       | -16   | -16   | -17   | -16   | -16   | -16   | -16   | -16   | -16   |
| EBIT                            | -3    | 21    | 48    | 58    | 6     | -7    | -3    | -10   | -22   |
| Net financials                  | -11   | -9    | -8    | -8    | -8    | -8    | -8    | -8    | -8    |
| PTP                             | -14   | 13    | 40    | 49    | -2    | -15   | -11   | -18   | -30   |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -14   | 13    | 40    | 49    | -2    | -15   | -11   | -18   | -30   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -14   | 13    | 40    | 49    | -2    | -15   | -11   | -18   | -30   |
| EPS                             | -0.10 | 0.09  | 0.27  | 0.33  | -0.01 | -0.10 | -0.07 | -0.12 | -0.20 |
| EPS (adj.)                      | -0.10 | 0.09  | 0.27  | 0.33  | -0.01 | -0.10 | -0.07 | -0.12 | -0.20 |
| DPS                             | 0.01  | 0.02  | 0.07  | 0.14  | 0.20  | 0.01  | 0.01  | 0.01  | 0.01  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 37    | 49    | 64    | 113   | 81    | 76    | 63    | 55    | 24    |
| Other current assets            | 62    | 81    | 85    | 70    | 70    | 70    | 70    | 70    | 70    |
| Total current assets            | 99    | 129   | 149   | 182   | 151   | 146   | 133   | 125   | 94    |
| Property & equip. (incl. NBs)   | 910   | 900   | 887   | 873   | 867   | 850   | 846   | 829   | 824   |
| Other non-current assets        | 3     | 2     | 1     | 3     | 3     | 3     | 3     | 3     | 3     |
| Total non-current assets        | 913   | 902   | 889   | 875   | 870   | 853   | 848   | 832   | 827   |
| TOTAL ASSETS                    | 1,012 | 1,031 | 1,038 | 1,058 | 1,021 | 999   | 981   | 957   | 920   |
| Total equity                    | 569   | 595   | 604   | 637   | 606   | 589   | 577   | 557   | 526   |
| Short-term debt                 | 20    | 24    | 36    | 52    | 33    | 36    | 39    | 40    | 37    |
| Other current liabilities       | 23    | 35    | 43    | 49    | 49    | 49    | 49    | 49    | 49    |
| Total current liabilities       | 43    | 59    | 79    | 101   | 82    | 85    | 88    | 89    | 86    |
| Long-term debt                  | 385   | 376   | 355   | 318   | 332   | 324   | 315   | 309   | 307   |
| Other non-current liabilities   | 15    | 0     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Total non-current liabilities   | 400   | 376   | 355   | 319   | 333   | 324   | 316   | 310   | 308   |
| TOTAL EQUITY & LIABILITIES      | 1,012 | 1,031 | 1,038 | 1,058 | 1,021 | 999   | 981   | 957   | 920   |
| Working capital, receivables    | 35    | 47    | 51    | 33    | 33    | 33    | 33    | 33    | 33    |
| Working capital, payables       | 16    | 20    | 4     | 2     | 2     | 2     | 2     | 2     | 2     |
| Net working capital             | 19    | 27    | 47    | 32    | 32    | 32    | 32    | 32    | 32    |
| Interest bearing debt           | 405   | 400   | 391   | 370   | 365   | 360   | 355   | 349   | 344   |
| Liquidity                       | 48    | 62    | 78    | 131   | 100   | 95    | 82    | 73    | 42    |
| Net interest bearing debt       | 357   | 338   | 313   | 239   | 266   | 265   | 273   | 276   | 302   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -14   | 13    | 40    | 49    | -2    | -15   | -11   | -18   | -30   |
| Depreciation                    | 16    | 16    | 17    | 16    | 16    | 16    | 16    | 16    | 16    |
| Other                           | 3     | -22   | -1    | 6     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 5     | 7     | 56    | 72    | 15    | 2     | 5     | -2    | -13   |
| Changes in working capital      | 0     | 0     | -20   | 11    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 5     | 7     | 36    | 82    | 15    | 2     | 5     | -2    | -13   |
| Capex                           | 0     | -2    | -1    | -1    | -11   | 0     | -11   | 0     | -11   |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | 0     | -1    | 0     | -1    | -11   | 0     | -11   | 0     | -11   |
| Repayment of debt               | -6    | -6    | -9    | -22   | -5    | -5    | -5    | -5    | -5    |
| Proceeds from debt              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                  | -1    | -3    | -10   | -21   | -30   | -1    | -1    | -1    | -1    |
| New equity                      | 0     | 0     | 0     | 15    | 0     | 0     | 0     | 0     | 0     |
| Other                           | 1     | 17    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -6    | 8     | -19   | -28   | -35   | -7    | -7    | -7    | -7    |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -1    | 13    | 16    | 54    | -32   | -5    | -13   | -8    | -31   |
| Cash balance                    | 37    | 49    | 64    | 113   | 81    | 76    | 63    | 55    | 24    |
| Free cash flow                  | 5     | 5     | 35    | 82    | 4     | 2     | -6    | -2    | -24   |



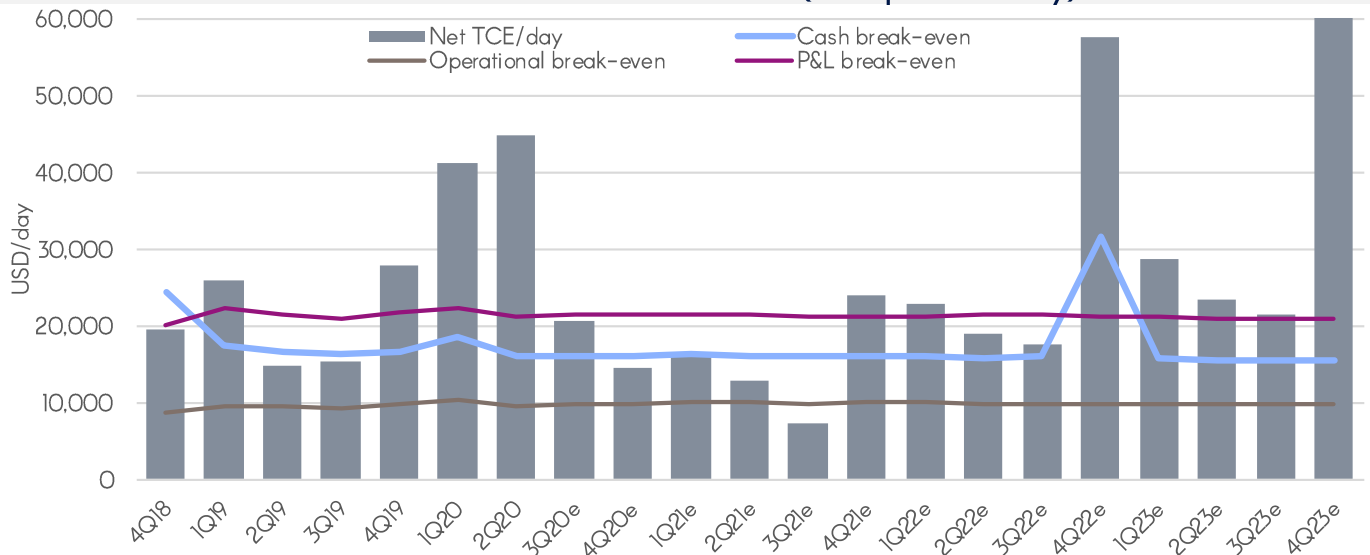
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     | 287   | 231   | 155   | 124   | 175   | 254   | 127   | 266   | 319   |
| Operational costs             | -76   | -87   | -230  | -102  | -80   | -83   | -83   | -89   | -90   |
| EBITDA                        | 211   | 144   | -75   | 22    | 96    | 171   | 43    | 177   | 230   |
| Depreciation/Amortization     | -83   | -91   | -101  | -61   | -64   | -66   | -65   | -70   | -71   |
| EBIT                          | 128   | 53    | -176  | -39   | 32    | 105   | -22   | 107   | 159   |
| Net financials                | -11   | -11   | -21   | -49   | -42   | -33   | -31   | -34   | -31   |
| PTP                           | 117   | 42    | -196  | -88   | -10   | 72    | -53   | 73    | 128   |
| Taxes/Minorities              | -3    | -47   | -9    | -8    | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | 115   | -4    | -205  | -95   | -10   | 72    | -53   | 73    | 128   |
| Non-recurring items           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | 115   | -4    | -205  | -95   | -10   | 72    | -53   | 73    | 128   |
| EPS                           | 1.29  | -0.04 | -1.44 | -0.67 | -0.07 | 0.49  | -0.35 | 0.49  | 0.85  |
| EPS (adj.)                    | 1.29  | -0.04 | -1.44 | -0.67 | -0.07 | 0.49  | -0.35 | 0.49  | 0.85  |
| DPS                           | 1.38  | 1.23  | 0.38  | 0.07  | 0.10  | 0.42  | 0.04  | 0.13  | 0.22  |
| Balance Sheet (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | 30    | 82    | 58    | 49    | 49    | 76    | 28    | 105   | 251   |
| Other current assets          | 88    | 82    | 69    | 64    | 81    | 70    | 70    | 70    | 70    |
| Total current assets          | 118   | 164   | 127   | 113   | 129   | 146   | 98    | 175   | 320   |
| Property & equip. (incl. NBs) | 963   | 1,058 | 936   | 954   | 900   | 850   | 819   | 816   | 745   |
| Other non-current assets      | 164   | 128   | 78    | 4     | 2     | 3     | 3     | 3     | 3     |
| Total non-current assets      | 1,126 | 1,186 | 1,014 | 958   | 902   | 853   | 821   | 818   | 748   |
| TOTAL ASSETS                  | 1,245 | 1,350 | 1,141 | 1,071 | 1,031 | 999   | 920   | 993   | 1,068 |
| Total equity                  | 881   | 871   | 711   | 602   | 595   | 589   | 531   | 584   | 679   |
| Short-term debt               | 0     | 0     | 0     | 19    | 24    | 36    | 20    | 25    | 26    |
| Other current liabilities     | 21    | 22    | 25    | 18    | 35    | 49    | 49    | 49    | 49    |
| Total current liabilities     | 21    | 22    | 25    | 36    | 59    | 85    | 69    | 74    | 75    |
| Long-term debt                | 330   | 443   | 389   | 418   | 376   | 324   | 319   | 335   | 313   |
| Other non-current liabilities | 13    | 15    | 16    | 15    | 0     | 1     | 1     | 1     | 1     |
| Total non-current liabilities | 343   | 457   | 405   | 433   | 376   | 324   | 320   | 336   | 314   |
| TOTAL EQUITY & LIABILITIES    | 1,245 | 1,350 | 1,141 | 1,071 | 1,031 | 999   | 920   | 993   | 1,068 |
| Working capital, receivables  | 43    | 38    | 45    | 42    | 47    | 33    | 33    | 33    | 33    |
| Working capital, payables     | 21    | 22    | 14    | 9     | 20    | 2     | 2     | 2     | 2     |
| Net working capital           | 22    | 17    | 31    | 34    | 27    | 32    | 32    | 32    | 32    |
| Interest bearing debt         | 330   | 443   | 389   | 437   | 400   | 360   | 339   | 360   | 339   |
| Liquidity                     | 30    | 82    | 58    | 49    | 62    | 95    | 47    | 124   | 269   |
| Net interest bearing debt     | 300   | 361   | 330   | 387   | 338   | 265   | 292   | 236   | 70    |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | 115   | -4    | -205  | -95   | -10   | 72    | -53   | 73    | 128   |
| Depreciation                  | 83    | 91    | 101   | 61    | 64    | 66    | 65    | 70    | 71    |
| Other                         | -7    | 34    | 122   | 26    | -8    | 5     | 0     | 0     | 0     |
| Cash earnings                 | 190   | 121   | 18    | -8    | 46    | 144   | 13    | 143   | 199   |
| Changes in working capital    | -16   | 7     | 14    | -8    | 7     | -9    | 0     | 0     | 0     |
| Net operational cash flow     | 174   | 128   | 32    | -16   | 53    | 135   | 13    | 143   | 199   |
| Capex                         | -123  | -138  | -38   | -5    | -3    | -12   | -34   | -67   | 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     |
| Net investing cash flow       | -197  | -187  | -47   | 85    | -2    | -12   | -34   | -67   | 0     |
| Repayment of debt             | 80    | 117   | -55   | -78   | -35   | -41   | -21   | -58   | -21   |
| Proceeds from debt            | 80    | 117   | 0     | 0     | 300   | 0     | 0     | 79    | 0     |
| Dividends paid                | -123  | -126  | -54   | -10   | -14   | -63   | -6    | -20   | -33   |
| New equity                    | 0     | 120   | 104   | 13    | 18    | 15    | 0     | 0     | 0     |
| Other                         | -85   | -117  | -13   | -2    | -307  | 0     | 0     | 0     | 0     |
| Net financing cash flow       | -48   | 111   | -19   | -78   | -38   | -89   | -27   | 1     | -54   |
| Currency effect               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 | -71   | 52    | -34   | -9    | 12    | 34    | -48   | 77    | 145   |
| Cash balance                  | 30    | 82    | 48    | 49    | 49    | 82    | 35    | 111   | 257   |
| Free cash flow                | -23   | -59   | -15   | 69    | 51    | 123   | -21   | 76    | 199   |



| Share Data & Valuation (USDm)        | 2015         | 2016         | 2017       | 2018       | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
|--------------------------------------|--------------|--------------|------------|------------|--------------|------------|------------|------------|------------|
| Shares outstanding, end              | 89           | 102          | 142        | 142        | 147          | 150        | 150        | 150        | 150        |
| 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>533</b> | <b>533</b> | <b>533</b> | <b>533</b> |
| NIBD                                 | 300          | 361          | 330        | 387        | 338          | 265        | 292        | 236        | 70         |
| 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>798</b> | <b>825</b> | <b>769</b> | <b>603</b> |
| Key Figures & Ratios                 | 2015         | 2016         | 2017       | 2018       | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                       | 12.0         |              |            |            |              | 7.4        |            | 7.3        | 4.2        |
| P/E (adj.)                           | 12.0         |              |            |            |              | 7.4        |            | 7.3        | 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          | 2.1        | 4.2        | 2.0        | 1.7        |
| EV/Sales                             | 5.8          | 5.2          | 4.4        | 5.4        | 6.1          | 3.1        | 6.5        | 2.9        | 1.9        |
| EV/EBITDA                            | 7.9          | 8.4          |            | 30.4       | 11.1         | 4.7        | 19.0       | 4.4        | 2.6        |
| EV/EBIT                              | 13.1         | 22.7         |            |            | 33.2         | 7.6        |            | 7.2        | 3.8        |
| P/B                                  | 1.6          | 1.0          | 0.5        | 0.5        | 1.2          | 0.9        | 1.0        | 0.9        | 0.8        |
| FCF yield                            | -2%          | -7%          | -4%        | 24%        | 7%           | 23%        | -4%        | 14%        | 37%        |
| Dividend yield                       | 9.0%         | 14.8%        | 15.5%      | 3.5%       | 2.0%         | 11.8%      | 1.1%       | 3.8%       | 6.1%       |
| Return on equity (ROE)               | 13.0%        | -0.5%        | -28.8%     | -15.8%     | -1.7%        | 12.2%      | -9.9%      | 12.5%      | 18.8%      |
| Return on capital employed (ROCE)    | 10.8%        | 4.3%         | -16.9%     | -3.9%      | 3.4%         | 12.3%      | -2.7%      | 13.0%      | 21.2%      |
| Return on assets (ROA)               | 9.2%         | -0.3%        | -18.0%     | -8.9%      | -1.0%        | 7.2%       | -5.7%      | 7.3%       | 12.0%      |
| Sales growth                         | 89%          | -19%         | -33%       | -20%       | 41%          | 45%        | -50%       | 109%       | 20%        |
| EBITDA margin                        | 73%          | 62%          | -49%       | 18%        | 55%          | 67%        | 34%        | 67%        | 72%        |
| EBIT margin                          | 45%          | 23%          | -114%      | -31%       | 18%          | 41%        | -17%       | 40%        | 50%        |
| Net margin                           | 40%          | -2%          | -133%      | -77%       | -6%          | 28%        | -41%       | 27%        | 40%        |
| Net interest rate                    | 3.6%         | 3.1%         | 6.2%       | 8.9%       | 11.4%        | 12.4%      | 10.5%      | 14.2%      | 43.8%      |
| 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%        | 59%        | 64%        |
| Leverage ratio                       | 29%          | 35%          | 38%        | 44%        | 42%          | 41%        | 42%        | 41%        | 36%        |
| NIBD / EBITDA (past ly)              | 1.4          | 2.5          | -4.4       | 17.5       | 3.5          | 1.6        | 6.7        | 1.3        | 0.3        |
| Operating cash flow/NIBD             | 0.6          | 0.4          | 0.1        | 0.0        | 0.2          | 0.5        | 0.0        | 0.6        | 2.8        |
| Net interest coverage ratio (EBITDA) | 19.4         | 12.9         | -3.7       | 0.6        | 2.5          | 5.2        | 1.4        | 5.3        | 7.5        |
| Current ratio                        | 5.7          | 7.6          | 5.0        | 3.1        | 2.2          | 1.7        | 1.4        | 2.4        | 4.3        |
| Adj. equity ratio                    |              |              |            |            |              | 49%        | 49%        | 64%        | 71%        |
| Operating assets                     | 1,215        | 1,268        | 1,083      | 1,022      | 969          | 904        | 873        | 870        | 799        |
| Operating liabilities                | 34           | 36           | 41         | 33         | 36           | 50         | 50         | 50         | 50         |
| Net operating assets                 | 1,181        | 1,232        | 1,042      | 989        | 934          | 855        | 823        | 820        | 749        |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:22 CET





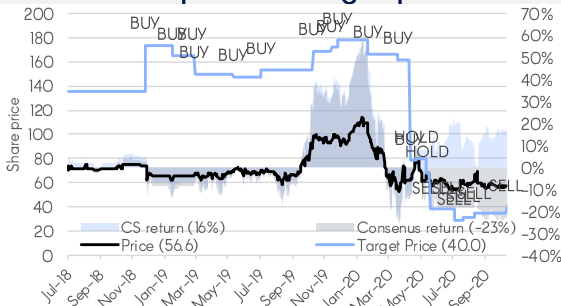


## OET-NO

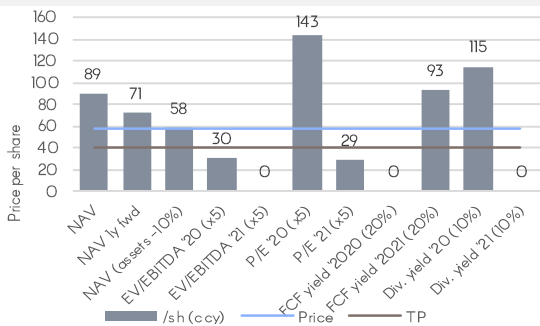
## SELL/N40

# Okeanis Eco Tankers

### Share price vs target price

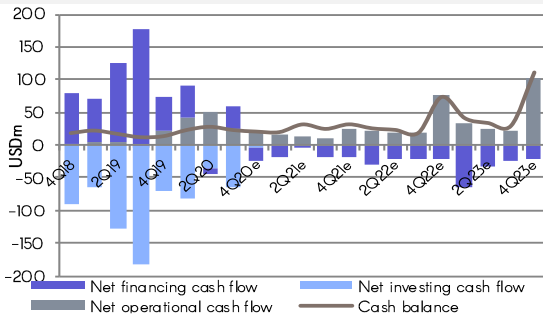


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 233   | 156   | 224   | 265   |
| EBITDA (adj.)       | 186   | 105   | 173   | 214   |
| EBIT (adj.)         | 144   | 59    | 127   | 168   |
| PTP (adj.)          | 102   | 20    | 92    | 136   |
| Net earnings (adj.) | 102   | 20    | 92    | 136   |
| EPS (adj.)          | 3.13  | 0.62  | 2.79  | 4.12  |
| DPS                 | 1.25  | -     | 0.21  | 3.14  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 312   | 350   | 803   | 1,005 |
| Adj. equity ratio   | 26%   | 30%   | 53%   | 60%   |
| FCF yield           | -23%  | 33%   | 68%   | 90%   |
| Dividend yield      | 20%   | 0%    | 3%    | 51%   |
| EV/EBITDA           | 5.5   | 9.1   | 4.8   | 3.5   |
| P/E (adj.)          | 2.0   | 9.9   | 2.2   | 1.5   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 137    | 66     | 137    | 181    |
| Free cash flow                | -47    | 66     | 137    | 181    |
| Net cash flow                 | 7      | 11     | 42     | 38     |
| TCE/day                       | 42,959 | 25,924 | 37,115 | 43,877 |
| Cash break-even               | 26,032 | 25,782 | 28,194 | 19,975 |
| Liquidity                     | 22     | 33     | 75     | 112    |
| Property & Equip. (incl. NBs) | 1,196  | 1,150  | 1,105  | 1,059  |
| Total equity                  | 401    | 421    | 506    | 539    |
| Total assets                  | 1,266  | 1,231  | 1,227  | 1,219  |
| Interest bearing debt         | 842    | 787    | 699    | 658    |
| Net interest bearing debt     | 820    | 754    | 624    | 546    |
| Market Cap.                   | 202    | 202    | 202    | 202    |

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

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



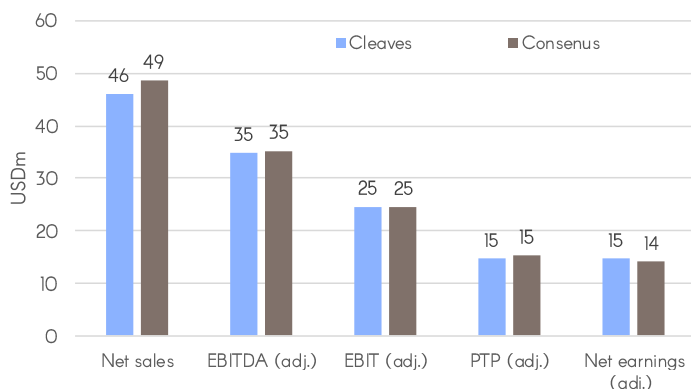
## Quarterly Pre-/Review

| 3Q20 Preview<br>USDm         |             |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 21.6        | 69.3        | 46.0           | 48.6             |                |              |                |              |
| EBITDA (adj.)                | 14.1        | 56.6        | 34.8           | 35.2             |                |              |                |              |
| EBIT (adj.)                  | 7.1         | 46.6        | 24.6           | 24.5             |                |              |                |              |
| PTP (adj.)                   | -3.2        | 37.1        | 14.6           | 15.3             |                |              |                |              |
| Net earnings (adj.)          | -3.2        | 37.1        | 14.6           | 14.0             |                |              |                |              |
| EPS (adj.)                   | -0.10       | 1.15        | 0.44           | 0.44             |                |              |                |              |
| DPS                          | -           | 0.75        | -              | 0.29             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 21.6        | 69.3        | 46.0           | 48.6             |                |              |                |              |
| Opex & G&A                   | 7.5         | 12.6        | 11.2           | 13.3             |                |              |                |              |
| Depreciation                 | 7.0         | 10.1        | 10.2           | 10.7             |                |              |                |              |
| Net finance                  | 10.3        | 9.5         | 10.0           | 9.2              |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | 1.3              |                |              |                |              |

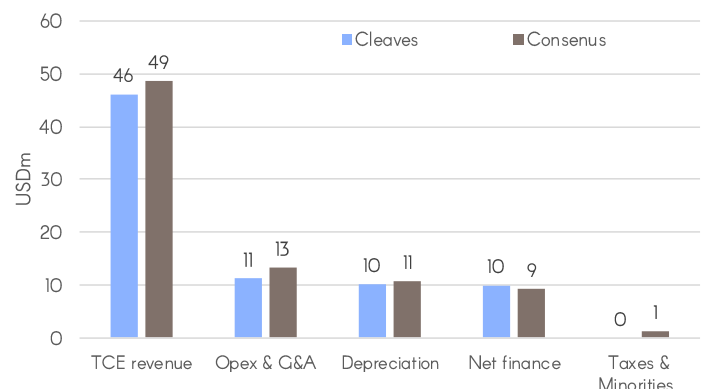
### CF & BS

| 3Q20 Preview<br>USDm      |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | -1     | 51     | 25      |           |            |       |            |       |
| Free cash flow            | -181   | 15     | -40     |           |            |       |            |       |
| Net cash flow             | -5     | 5      | -5      |           |            |       |            |       |
| TCE/day                   | 23,175 | 51,904 | 34,904  | 36,829    |            |       |            |       |
| Utilization               | 100.0% | 99.7%  | 95.5%   |           |            |       |            |       |
| Fleet days                | 1,022  | 1,365  | 1,380   |           |            |       |            |       |
| Cash break-even           | 23,702 | 25,765 | 28,096  |           |            |       |            |       |
| Liquidity                 | 12     | 29     | 24      |           |            |       |            |       |
| Interest bearing debt     | 683    | 803    | 862     |           |            |       |            |       |

### Quarterly Pre-/Review



### Quarterly Pre-/Review: Line by line



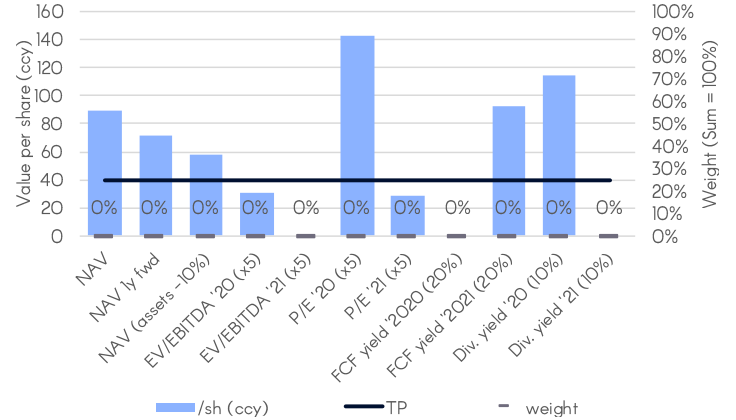


## Company Valuation

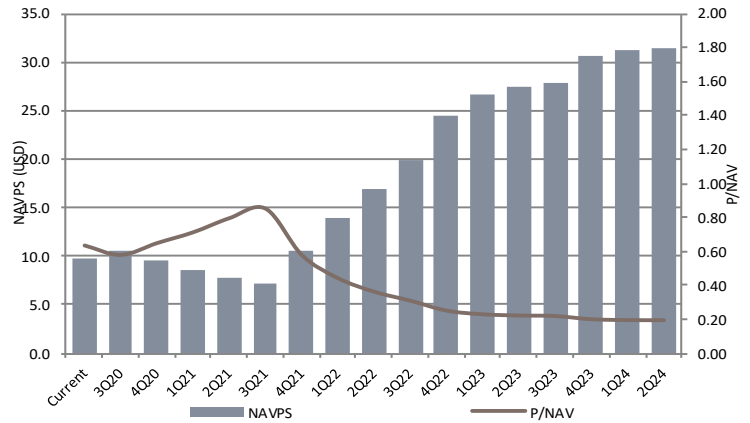
### Valuation & target price

| Valuation         | Book Value   | Net Asset Value | Market cap.  |
|-------------------|--------------|-----------------|--------------|
| <b>USDm</b>       |              |                 |              |
| Primary assets    | 1,150        | 1,114           | 1,005        |
| Contract value    | 0            | 46              | 41           |
| Other             | 31           | 31              | 28           |
| <b>GAV</b>        | <b>1,181</b> | <b>1,190</b>    | <b>1,074</b> |
| Net debt          | -774         | -798            | -798         |
| Capex             | 0            | -68             | -68          |
| Other             | -6           | -6              | -6           |
| <b>Equity</b>     | <b>402</b>   | <b>318</b>      | <b>202</b>   |
| Shares            | 33           | 33              | 33           |
| <b>Equity/sh</b>  | <b>12.21</b> | <b>9.68</b>     | <b>6.15</b>  |
| lcl CCY           | 112.8        | 89.5            | 56.8         |
| USDNOK            |              | 9.2             |              |
| P/Equity          | 0.50         | 0.63            | 1.00         |
| EV/GAV            | 0.91         | 0.90            | 1.00         |
| Adj. Total Assets | 1,227        | 1,191           | 1,082        |
| Adj. Equity Ratio | 33%          | 27%             | 19%          |
| <b>Fair Value</b> | <b>NOK</b>   | <b>40</b>       | <b>-29%</b>  |
|                   | <b>USD</b>   | <b>4.3</b>      |              |

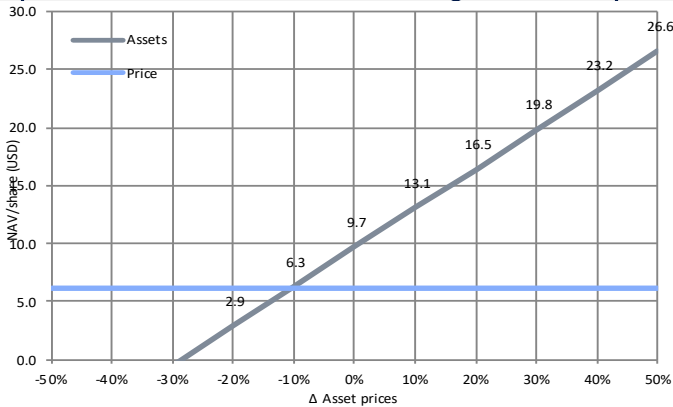
### Valuation Matrix



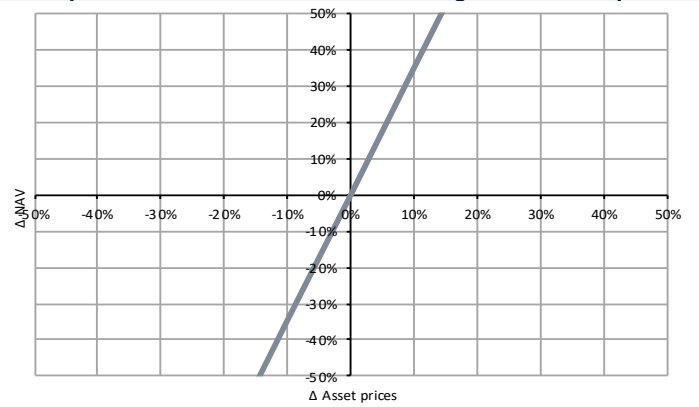
### Quarterly forward NAV & P/NAV



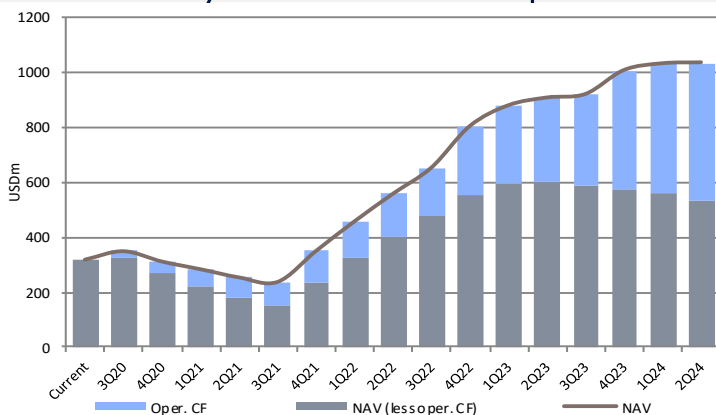
### Impact on NAV/sh from % change in asset prices



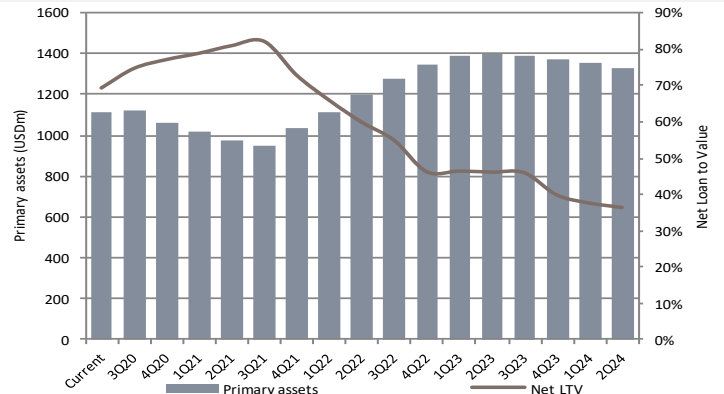
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |      |      |      | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|------|------|------|------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021 | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 233   | 156   | 224   | 265   | 227  | 160  | 235  | 275  | 5                  | -4    | -12   | -10   |     |
| EBITDA (adj.)            | 186   | 105   | 173   | 214   | 179  | 108  | 184  | 224  | 7                  | -3    | -11   | -10   |     |
| EBIT (adj.)              | 144   | 59    | 127   | 168   | 138  | 63   | 139  | 178  | 6                  | -3    | -12   | -10   |     |
| PTP (adj.)               | 102   | 20    | 92    | 136   | 91   | 18   | 98   | 141  | 11                 | 2     | -7    | -6    |     |
| Net earnings (adj.)      | 102   | 20    | 92    | 136   | 91   | 18   | 98   | 141  | 11                 | 2     | -7    | -6    |     |
| EPS (adj.)               | 3.13  | 0.62  | 2.79  | 4.12  | 2.77 | 0.55 | 2.99 | 4.30 | 0.36               | 0.07  | -0.20 | -0.18 |     |
| DPS                      | 1.25  | -     | 0.21  | 3.14  | 0.85 | -    | -    | 2.21 | 0.40               | -     | 0.21  | 0.93  |     |
|                          |       |       |       |       |      |      |      |      | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |      |      |      |      | TCE revenue        | 5     | -4    | -12   | -10 |
|                          |       |       |       |       |      |      |      |      | Opex & G&A         | -2    | -0    | -0    | -0  |
|                          |       |       |       |       |      |      |      |      | Depreciation       | 0     | 0     | 0     | 0   |
|                          |       |       |       |       |      |      |      |      | Net finance        | -5    | -6    | -5    | -4  |
|                          |       |       |       |       |      |      |      |      | Taxes & Minorities | -     | -     | -     | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |       |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E | 2022E  | 2023E  |
| Net operational cash flow     | 137    | 66     | 137    | 181    | 123    | 64     | 144    | 187    | 14     | 2     | -6     | -6     |
| Free cash flow                | -47    | 66     | 137    | 181    | -55    | 64     | 144    | 187    | 9      | 2     | -6     | -6     |
| Net cash flow                 | 7      | 11     | 42     | 38     | 16     | -6     | 55     | 74     | -9     | 17    | -14    | -36    |
| TCE/day                       | 42,959 | 25,924 | 37,115 | 43,877 | 42,560 | 26,517 | 39,095 | 45,663 | 400    | -593  | -1,979 | -1,787 |
| Cash break-even               | 26,032 | 25,782 | 28,194 | 19,975 | 26,937 | 26,757 | 29,032 | 20,736 | -905   | -975  | -838   | -761   |
| Liquidity                     | 22     | 33     | 75     | 112    | 29     | 23     | 78     | 151    | -7     | 10    | -3     | -39    |
| Property & Equip. (incl. NBs) | 1,196  | 1,150  | 1,105  | 1,059  | 1,197  | 1,151  | 1,106  | 1,060  | -1     | -1    | -1     | -1     |
| Total equity                  | 401    | 421    | 506    | 539    | 404    | 422    | 521    | 589    | -3     | -1    | -14    | -51    |
| Total assets                  | 1,266  | 1,231  | 1,227  | 1,219  | 1,281  | 1,229  | 1,239  | 1,267  | -15    | 2     | -12    | -48    |
| Interest bearing debt         | 842    | 787    | 699    | 658    | 843    | 773    | 684    | 644    | -1     | 14    | 14     | 14     |
| Net interest bearing debt     | 820    | 754    | 624    | 546    | 814    | 750    | 606    | 492    | 6      | 4     | 17     | 53     |
| Market Cap.                   | 202    | 202    | 202    | 202    | 221    | 221    | 221    | 221    | -19    | -19   | -19    | -19    |
| Enterprise value              | 1,023  | 956    | 826    | 748    | 1,035  | 972    | 828    | 714    | -13    | -15   | -2     | 34     |

### Valuation

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 312   | 350   | 803   | 1,005 | 282   | 340   | 928   | 1,082 | 30     | 10    | -125  | -77   |
| Adj. equity ratio        | 26%   | 30%   | 53%   | 60%   | 24%   | 30%   | 56%   | 62%   | 2%     | 1%    | -4%   | -2%   |
| FCF yield                | -23%  | 33%   | 68%   | 90%   | -25%  | 29%   | 65%   | 84%   | 2%     | 4%    | 3%    | 5%    |
| Dividend yield           | 20%   | 0%    | 3%    | 51%   | 13%   | 0%    | 0%    | 33%   | 8%     | 0%    | 3%    | 18%   |
| EV/EBITDA                | 5.5   | 9.1   | 4.8   | 3.5   | 5.8   | 9.0   | 4.5   | 3.2   | -0.3   | 0.1   | 0.3   | 0.3   |
| P/E (adj.)               | 2.0   | 9.9   | 2.2   | 1.5   | 2.4   | 12.2  | 2.2   | 1.6   | -0.5   | -2.3  | -0.0  | -0.1  |

### Various

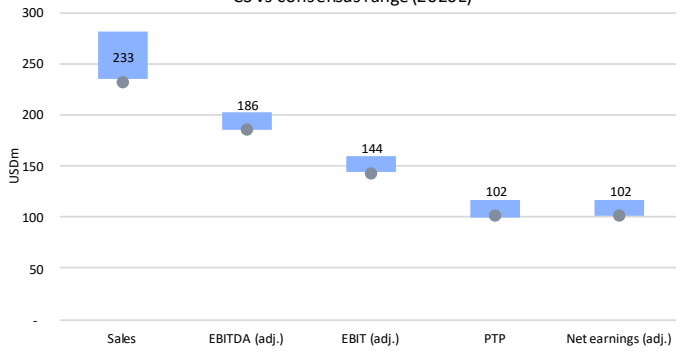
| Estimate changes<br>USDm | New     |         |         |        | Old     |         |         |        | Change |       |       |       |
|--------------------------|---------|---------|---------|--------|---------|---------|---------|--------|--------|-------|-------|-------|
|                          | 2020E   | 2021E   | 2022E   | 2023E  | 2020E   | 2021E   | 2022E   | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Opex/day (excl. TC-in)   | -6,679  | -6,759  | -6,759  | -6,759 | -7,386  | -7,235  | -7,235  | -7,235 | 707    | 476   | 476   | 476   |
| G&A/day                  | -1,568  | -1,453  | -1,449  | -1,447 | -1,125  | -1,028  | -1,028  | -1,028 | -443   | -425  | -421  | -419  |
| Depreciation/day         | -7,358  | -7,365  | -7,365  | -7,365 | -7,335  | -7,335  | -7,335  | -7,335 | -22    | -30   | -30   | -30   |
| Net interest/day         | -7,175  | -6,272  | -5,706  | -5,209 | -8,007  | -7,195  | -6,489  | -5,913 | 831    | 923   | 783   | 704   |
| Amort./day               | -10,610 | -11,298 | -14,280 | -6,560 | -10,419 | -11,298 | -14,280 | -6,560 | -191   | -     | -     | -     |



## Our Estimates vs Consensus

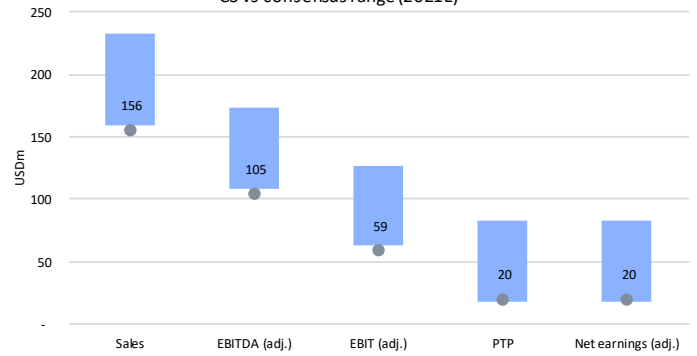
### Profit & Loss, year I

CS vs consensus range (2020E)

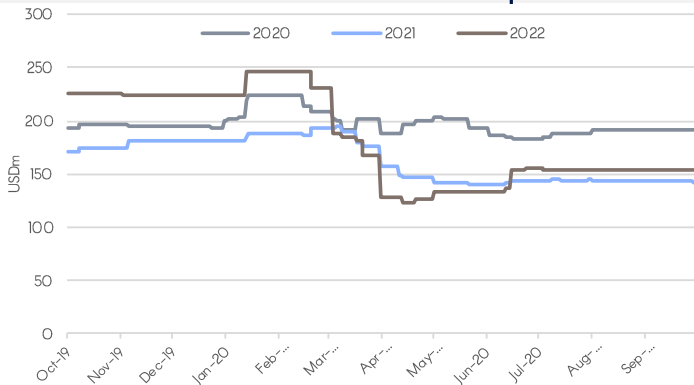


### Profit & Loss, year II

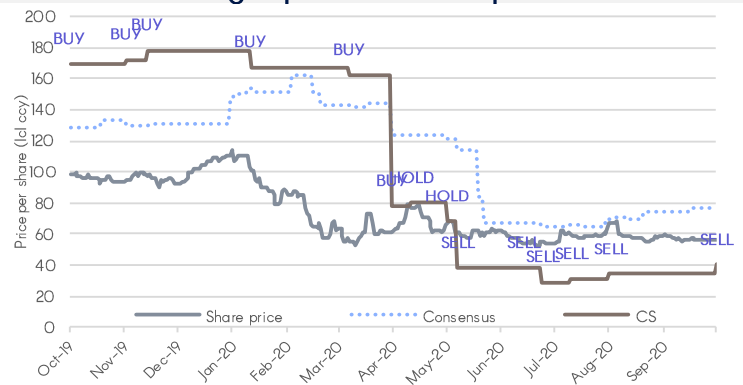
CS vs consensus range (2021E)



### Consensus EBITDA development



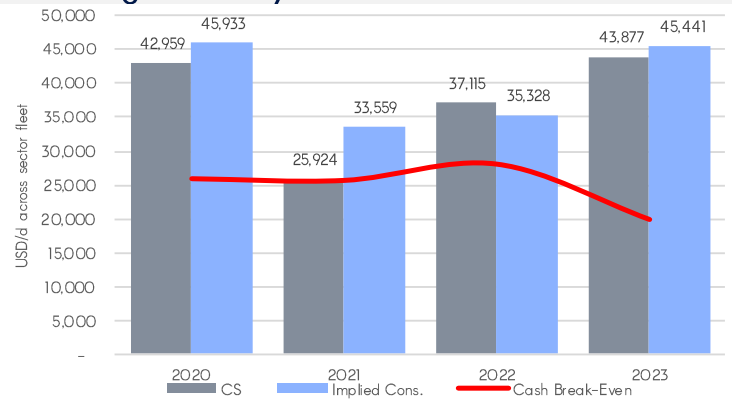
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 233  | 249 | 249       | -16   | -6%   |
| Opex + G&A         | 47   | 57  | 57        | -10   | -17%  |
| Depreciation       | 42   | 42  | 42        | -0    | 0%    |
| Net finance        | 42   | 44  | 44        | -2    | -4%   |
| Taxes & Minorities | 0    | -2  | -2        | 2     | -100% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 156  | 202 | 202       | -46   | -23%  |
| Opex + G&A         | 51   | 60  | 60        | -9    | -15%  |
| Depreciation       | 46   | 45  | 45        | 1     | 1%    |
| Net finance        | 39   | 43  | 43        | -4    | -10%  |
| Taxes & Minorities | 0    | 4   | 4         | -4    | -100% |

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





# Cleaves Securities

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

|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 22    | 49    | 73    | 69    | 46    | 44    | 39    | 37    | 33    |
| Operational costs               | -7    | -11   | -10   | -13   | -11   | -13   | -13   | -13   | -13   |
| EBITDA                          | 14    | 39    | 63    | 57    | 35    | 31    | 26    | 24    | 20    |
| Depreciation/Amortization       | -7    | -9    | -10   | -10   | -10   | -12   | -11   | -11   | -12   |
| EBIT                            | 7     | 30    | 53    | 47    | 25    | 20    | 15    | 13    | 9     |
| Net financials                  | -10   | -12   | -12   | -9    | -10   | -10   | -10   | -10   | -10   |
| PTP                             | -3    | 18    | 41    | 37    | 15    | 9     | 5     | 3     | -1    |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -3    | 18    | 41    | 37    | 15    | 9     | 5     | 3     | -1    |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -3    | 18    | 41    | 37    | 15    | 9     | 5     | 3     | -1    |
| EPS                             | -0.10 | 0.54  | 1.26  | 1.15  | 0.44  | 0.28  | 0.16  | 0.09  | -0.03 |
| EPS (adj.)                      | -0.10 | 0.54  | 1.26  | 1.15  | 0.44  | 0.28  | 0.16  | 0.09  | -0.03 |
| DPS                             | 0.00  | 0.00  | 0.00  | 0.50  | 0.75  | 0.00  | 0.00  | 0.00  | 0.00  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 12    | 13    | 23    | 28    | 23    | 20    | 20    | 31    | 24    |
| Other current assets            | 17    | 29    | 51    | 45    | 45    | 45    | 45    | 45    | 45    |
| Total current assets            | 29    | 42    | 74    | 73    | 68    | 65    | 64    | 76    | 69    |
| Property & equip. (incl. NBs)   | 998   | 1,064 | 1,131 | 1,150 | 1,204 | 1,196 | 1,185 | 1,173 | 1,162 |
| Other non-current assets        | 6     | 4     | 4     | 4     | 4     | 4     | 4     | 4     | 4     |
| Total non-current assets        | 1,004 | 1,068 | 1,135 | 1,154 | 1,209 | 1,201 | 1,189 | 1,178 | 1,166 |
| TOTAL ASSETS                    | 1,033 | 1,111 | 1,209 | 1,227 | 1,276 | 1,266 | 1,254 | 1,254 | 1,236 |
| Total equity                    | 324   | 342   | 382   | 402   | 392   | 401   | 406   | 409   | 408   |
| Short-term debt                 | 39    | 49    | 71    | 92    | 63    | 69    | 74    | 74    | 70    |
| Other current liabilities       | 26    | 36    | 33    | 22    | 22    | 22    | 22    | 22    | 22    |
| Total current liabilities       | 65    | 85    | 104   | 115   | 85    | 91    | 96    | 97    | 92    |
| Long-term debt                  | 644   | 684   | 723   | 711   | 799   | 774   | 751   | 748   | 735   |
| Other non-current liabilities   | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 644   | 684   | 723   | 711   | 800   | 774   | 751   | 748   | 735   |
| TOTAL EQUITY & LIABILITIES      | 1,033 | 1,111 | 1,209 | 1,227 | 1,276 | 1,266 | 1,254 | 1,254 | 1,236 |
| Working capital, receivables    | 8     | 25    | 42    | 32    | 32    | 32    | 32    | 32    | 32    |
| Working capital, payables       | 22    | 18    | 23    | 17    | 17    | 17    | 17    | 17    | 17    |
| Net working capital             | -13   | 6     | 19    | 15    | 15    | 15    | 15    | 15    | 15    |
| Interest bearing debt           | 683   | 733   | 793   | 803   | 862   | 842   | 825   | 822   | 805   |
| Liquidity                       | 12    | 13    | 23    | 29    | 24    | 22    | 21    | 33    | 26    |
| Net interest bearing debt       | 671   | 719   | 771   | 774   | 838   | 820   | 804   | 789   | 779   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | -3    | 18    | 41    | 37    | 15    | 9     | 5     | 3     | -1    |
| Depreciation                    | 7     | 9     | 10    | 10    | 10    | 12    | 11    | 11    | 12    |
| Other                           | 0     | 1     | 11    | 9     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 4     | 28    | 62    | 57    | 25    | 21    | 17    | 14    | 11    |
| Changes in working capital      | -5    | -6    | -21   | -6    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | -1    | 22    | 41    | 51    | 25    | 21    | 17    | 14    | 11    |
| Capex                           | -176  | -73   | -77   | -32   | -65   | -3    | 0     | 0     | 0     |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -4    | 2     | -4    | -3    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -180  | -71   | -81   | -35   | -65   | -3    | 0     | 0     | 0     |
| Repayment of debt               | -7    | -10   | -10   | -13   | -103  | -20   | -18   | -18   | -18   |
| Proceeds from debt              | 180   | 60    | 71    | 22    | 163   | 0     | 0     | 15    | 0     |
| Dividends paid                  | 0     | 0     | 0     | -16   | -25   | 0     | 0     | 0     | 0     |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 3     | 0     | -12   | -3    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 176   | 50    | 49    | -10   | 35    | -20   | -18   | -3    | -18   |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -5    | 2     | 9     | 5     | -5    | -2    | -1    | 12    | -7    |
| Cash balance                    | 12    | 13    | 23    | 28    | 23    | 20    | 20    | 31    | 24    |
| Free cash flow                  | -181  | -48   | -40   | 15    | -40   | 18    | 17    | 14    | 11    |



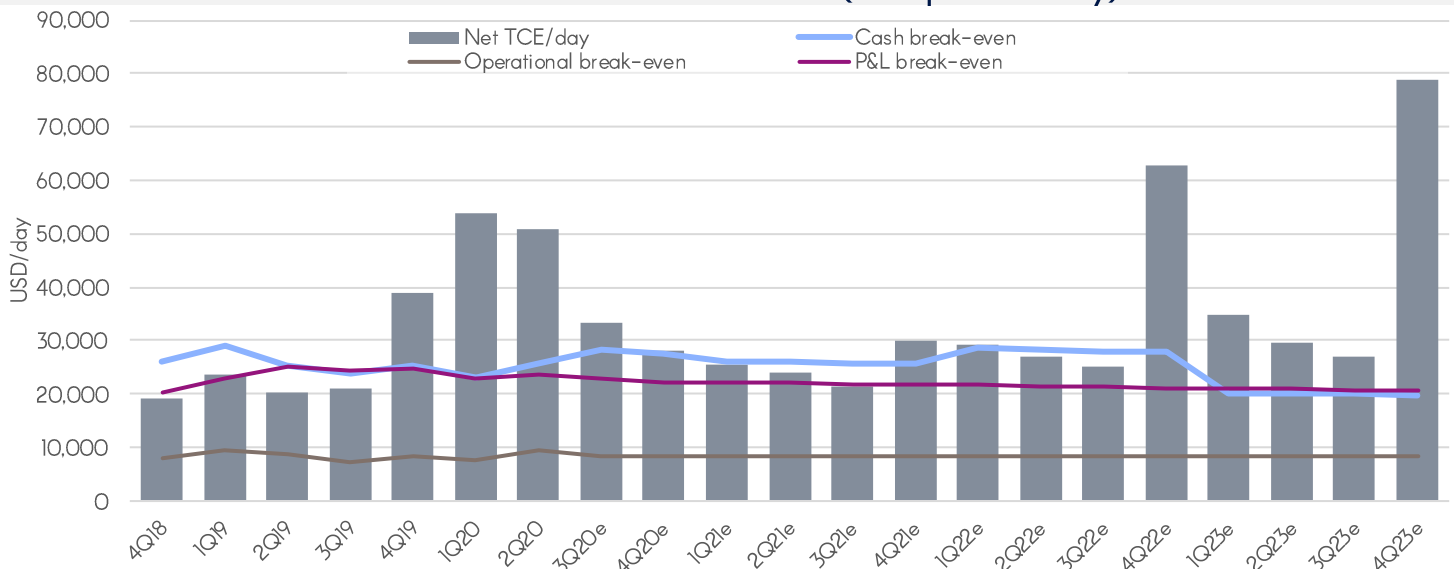
| Profit & Loss (USDm)          | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|------|------|------|-------|-------|-------|-------|-------|-------|
| Net sales                     | 0    | 0    |      | 22    | 102   | 233   | 156   | 224   | 265   |
| Operational costs             |      |      |      | -10   | -32   | -47   | -51   | -51   | -51   |
| EBITDA                        |      |      |      | 12    | 70    | 186   | 105   | 173   | 214   |
| Depreciation/Amortization     |      |      |      | -7    | -25   | -42   | -46   | -46   | -46   |
| EBIT                          | —    | —    | —    | 4     | 46    | 144   | 59    | 127   | 168   |
| Net financials                |      |      |      | -7    | -34   | -42   | -39   | -35   | -32   |
| PTP                           | —    | —    | —    | -3    | 11    | 102   | 20    | 92    | 136   |
| Taxes/Minorities              |      |      |      | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | —    | —    | —    | -3    | 11    | 102   | 20    | 92    | 136   |
| Non-recurring items           |      |      |      | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | —    | —    | —    | -3    | 11    | 102   | 20    | 92    | 136   |
| EPS                           |      |      |      | -0.10 | 0.35  | 3.13  | 0.62  | 2.79  | 4.12  |
| EPS (adj.)                    |      |      |      | -0.10 | 0.35  | 3.13  | 0.62  | 2.79  | 4.12  |
| DPS                           |      |      |      | 0.00  | 0.00  | 1.25  | 0.00  | 0.21  | 3.14  |
| Balance Sheet (USDm)          | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Cash & short-term investments | —    | —    | —    | 18    | 13    | 20    | 32    | 73    | 111   |
| Other current assets          |      |      |      | 12    | 29    | 45    | 45    | 45    | 45    |
| Total current assets          | —    | —    | —    | 30    | 42    | 65    | 76    | 118   | 156   |
| Property & equip. (incl. NBs) | —    | —    | —    | 635   | 1,064 | 1,196 | 1,150 | 1,105 | 1,059 |
| Other non-current assets      |      |      |      | 4     | 4     | 4     | 4     | 4     | 4     |
| Total non-current assets      | —    | —    | —    | 638   | 1,068 | 1,201 | 1,155 | 1,109 | 1,063 |
| TOTAL ASSETS                  | —    | —    | —    | 668   | 1,111 | 1,266 | 1,231 | 1,227 | 1,219 |
| Total equity                  | —    | —    | —    | 316   | 342   | 401   | 421   | 506   | 539   |
| Short-term debt               | —    | —    | —    | 22    | 49    | 69    | 47    | 47    | 53    |
| Other current liabilities     |      |      |      | 12    | 36    | 22    | 22    | 22    | 22    |
| Total current liabilities     | —    | —    | —    | 34    | 85    | 91    | 69    | 69    | 75    |
| Long-term debt                | —    | —    | —    | 318   | 684   | 774   | 741   | 652   | 605   |
| Other non-current liabilities |      |      |      | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities | —    | —    | —    | 318   | 684   | 774   | 741   | 652   | 605   |
| TOTAL EQUITY & LIABILITIES    | —    | —    | —    | 668   | 1,111 | 1,266 | 1,231 | 1,227 | 1,219 |
| Working capital, receivables  |      |      |      | 6     | 25    | 32    | 32    | 32    | 32    |
| Working capital, payables     | —    | —    | —    | 9     | 18    | 17    | 17    | 17    | 17    |
| Net working capital           |      |      |      | -3    | 6     | 15    | 15    | 15    | 15    |
| Interest bearing debt         |      |      |      | 340   | 733   | 842   | 787   | 699   | 658   |
| Liquidity                     |      |      |      | 18    | 13    | 22    | 33    | 75    | 112   |
| Net interest bearing debt     |      |      |      | 322   | 719   | 820   | 754   | 624   | 546   |
| Cash Flow (USDm)              | 2015 | 2016 | 2017 | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | —    | —    | —    | -3    | 11    | 102   | 20    | 92    | 136   |
| Depreciation                  |      |      |      | 7     | 25    | 42    | 46    | 46    | 46    |
| Other                         |      |      |      | 1     | 3     | 20    | 0     | 0     | 0     |
| Cash earnings                 |      |      |      | 5     | 39    | 164   | 66    | 137   | 181   |
| Changes in working capital    | —    | —    | —    | -7    | -1    | -27   | 0     | 0     | 0     |
| Net operational cash flow     | —    | —    | —    | -2    | 39    | 137   | 66    | 137   | 181   |
| Capex                         | —    | —    | —    | -192  | 0     | -177  | 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  | -184  | 0     | 0     | 0     |
| Repayment of debt             | —    | —    | —    | 84    | 400   | -146  | -70   | -89   | -41   |
| Proceeds from debt            | —    | —    | —    | 100   | 456   | 256   | 15    | 0     | 0     |
| Dividends paid                | —    | —    | —    | 0     | 0     | -41   | 0     | -7    | -103  |
| New equity                    | —    | —    | —    | 126   | 15    | 0     | 0     | 0     | 0     |
| Other                         |      |      |      | -99   | -470  | 0     | 0     | 0     | 0     |
| Net financing cash flow       | —    | —    | —    | 210   | 402   | 54    | -55   | -96   | -144  |
| Currency effect               | —    | —    | —    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 |      |      |      | 18    | -5    | 7     | 11    | 42    | 38    |
| Cash balance                  |      |      |      | 18    | 13    | 20    | 32    | 73    | 111   |
| Free cash flow                |      |      |      | -192  | -407  | -47   | 66    | 137   | 181   |



| 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>202</b>   | <b>202</b> | <b>202</b> | <b>202</b> |
| NIBD                               |      |      |      | 322        | 719          | 820          | 754        | 624        | 546        |
| Minorities                         | —    | —    | —    | 0          | 0            | 0            | 0          | 0          | 0          |
| <b>Enterprise value</b>            |      |      |      | <b>563</b> | <b>1,117</b> | <b>1,023</b> | <b>956</b> | <b>826</b> | <b>748</b> |
| Key Figures & Ratios               | 2015 | 2016 | 2017 | 2018       | 2019         | 2020E        | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     |      |      |      |            | 35.0         | 2.0          | 9.9        | 2.2        | 1.5        |
| P/E (adj.)                         |      |      |      |            | 35.0         | 2.0          | 9.9        | 2.2        | 1.5        |
| P/CE                               | 0.0  | 0.0  | 0.0  | 0.0        | 0.0          | 0.0          | 0.0        | 0.0        | 0.0        |
| P/Sales                            |      |      |      | 11.2       | 3.9          | 0.9          | 1.3        | 0.9        | 0.8        |
| EV/Sales                           |      |      |      | 26.1       | 11.0         | 4.4          | 6.1        | 3.7        | 2.8        |
| EV/EBITDA                          |      |      |      | 48.3       | 15.9         | 5.5          | 9.1        | 4.8        | 3.5        |
| EV/EBIT                            |      |      |      |            | 24.4         | 7.1          | 16.1       | 6.5        | 4.5        |
| P/B                                |      |      |      | 0.8        | 1.2          | 0.5          | 0.5        | 0.4        | 0.4        |
| FCF yield                          |      |      |      | -80%       | -102%        | -23%         | 33%        | 68%        | 90%        |
| Dividend yield                     |      |      |      | 0.0%       | 0.0%         | 20.2%        | 0.0%       | 3.5%       | 51.0%      |
| Return on equity (ROE)             |      |      |      | -1.0%      | 3.3%         | 25.5%        | 4.9%       | 18.1%      | 25.2%      |
| Return on capital employed (ROCE)  |      |      |      | 0.7%       | 4.3%         | 11.8%        | 5.1%       | 11.3%      | 15.5%      |
| Return on assets (ROA)             |      |      |      | -0.5%      | 1.0%         | 8.1%         | 1.7%       | 7.5%       | 11.1%      |
| Sales growth                       |      |      |      |            | 373%         | 128%         | -33%       | 43%        | 18%        |
| EBITDA margin                      |      |      |      | 54%        | 69%          | 80%          | 67%        | 77%        | 81%        |
| EBIT margin                        |      |      |      | 20%        | 45%          | 62%          | 38%        | 57%        | 63%        |
| Net margin                         |      |      |      | -14%       | 11%          | 44%          | 13%        | 41%        | 51%        |
| Net interest rate                  |      |      |      | 0.0%       | 0.0%         | 4.9%         | 5.2%       | 5.7%       | 5.9%       |
| Tax rate                           |      |      |      | 0.0%       | 0.0%         | 0.0%         | 0.0%       | 0.0%       | 0.0%       |
| Equity ratio                       |      |      |      | 47%        | 31%          | 32%          | 34%        | 41%        | 44%        |
| Leverage ratio                     |      |      |      | 53%        | 69%          | 68%          | 66%        | 59%        | 56%        |
| NIBD / EBITDA (past ly)            |      |      |      | 27.6       | 10.2         | 4.4          | 7.2        | 3.6        | 2.6        |
| Operating cash flow/NIBD           |      |      |      | 0.0        | 0.1          | 0.2          | 0.1        | 0.2        | 0.3        |
| Net interest coverage ratio (EBIT) |      |      |      |            |              | 4.6          | 2.7        | 4.9        | 6.6        |
| Current ratio                      |      |      |      | 0.9        | 0.5          | 0.7          | 1.1        | 1.7        | 2.1        |
| Adj. equity ratio                  |      |      |      |            |              | 26%          | 30%        | 53%        | 60%        |
| Operating assets                   |      |      |      | 647        | 1,094        | 1,240        | 1,194      | 1,149      | 1,103      |
| Operating liabilities              |      |      |      | 12         | 36           | 23           | 23         | 23         | 23         |
| Net operating assets               |      |      |      | 635        | 1,058        | 1,217        | 1,172      | 1,126      | 1,080      |

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)



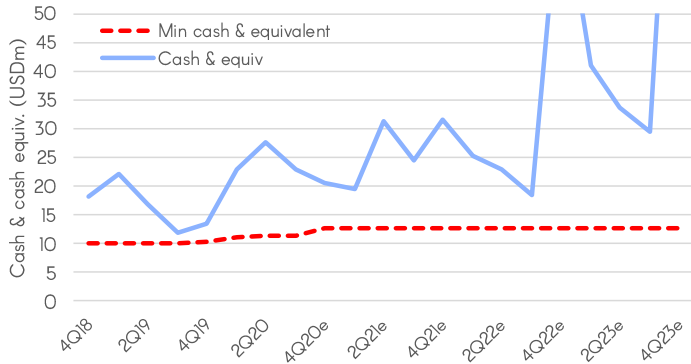




## Debt Covenants Overview

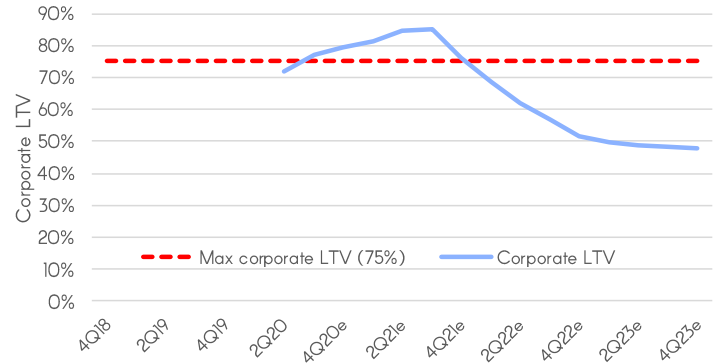
### Minimum cash covenant

Min cash & equivalent



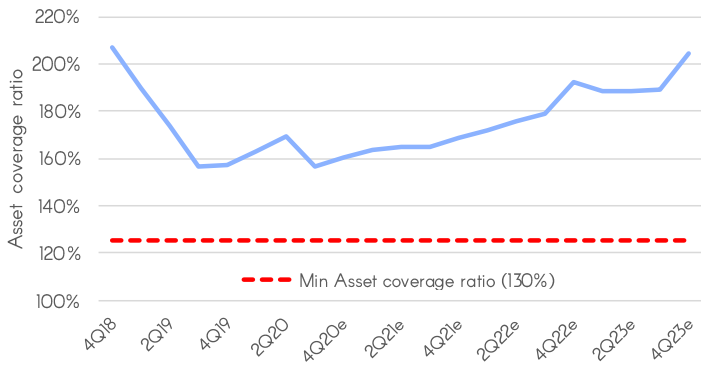
### Maximum corporate LTV covenant

Max corporate LTV (75%)



### Minimum asset coverage ratio covenant

Min Asset coverage ratio (130%)





## Fleet Positioning

Live satellite data as of  
13/10/2020 21:53 CET





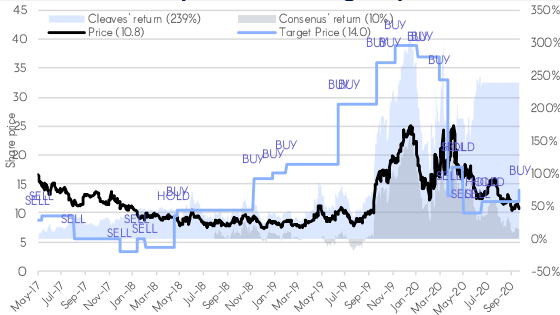
Company priced below the 2018 lows on P/NAV, but adj. equity ratio is now 50% vs 18% back then. Very robust balance sheet

## TNK-US

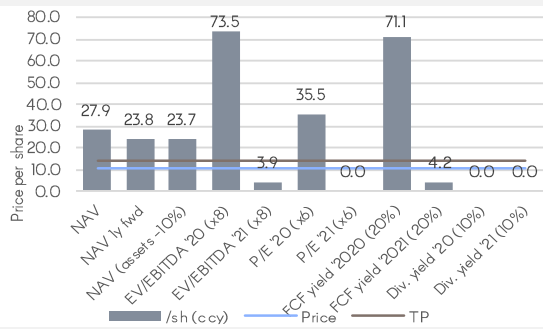
BUY/\$14

## Teekay Tankers

### Share price vs target price

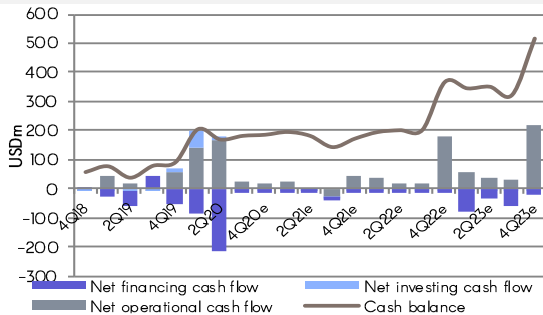


### Valuation matrix



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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 | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 602   | 319   | 521   | 610   |
| EBITDA (adj.)       | 334   | 78    | 287   | 375   |
| EBIT (adj.)         | 216   | -41   | 168   | 257   |
| PTP (adj.)          | 158   | -82   | 134   | 229   |
| Net earnings (adj.) | 172   | -82   | 134   | 229   |
| EPS (adj.)          | 5.40  | -2.82 | 4.59  | 7.85  |
| DPS                 | -     | -     | -     | 2.64  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 812   | 749   | 1,344 | 1,702 |
| Adj. equity ratio   | 49%   | 48%   | 63%   | 72%   |
| FCF yield           | 132%  | 8%    | 77%   | 107%  |
| Dividend yield      | 0%    | 0%    | 0%    | 24%   |
| EV/EBITDA           | 2.5   | 10.6  | 2.0   | 0.9   |
| P/E (adj.)          | 1.8   |       | 2.3   | 1.4   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 344    | 36     | 252    | 347    |
| Free cash flow                | 414    | 25     | 240    | 335    |
| Net cash flow                 | 96     | -13    | 196    | 150    |
| TCE/day                       | 30,019 | 17,045 | 28,232 | 33,076 |
| Cash break-even               | 19,144 | 16,677 | 16,791 | 19,936 |
| Liquidity                     | 189    | 176    | 372    | 523    |
| Property & Equip. (incl. NBs) | 1,620  | 1,513  | 1,406  | 1,300  |
| Total equity                  | 1,176  | 1,094  | 1,228  | 1,379  |
| Total assets                  | 2,035  | 1,915  | 2,005  | 2,049  |
| Interest bearing debt         | 720    | 682    | 638    | 530    |
| Net interest bearing debt     | 531    | 506    | 266    | 7      |
| Market Cap.                   | 314    | 314    | 314    | 314    |

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

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



## Quarterly Review

| 3Q20 Preview<br>USDm  |       |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 94.6  | 184.9 | 102.0   | 125.6     |            |       |            |       |
| EBITDA (adj.)         | 26.7  | 119.6 | 35.3    | 49.6      |            |       |            |       |
| EBIT (adj.)           | -4.9  | 90.1  | 5.8     | 21.3      |            |       |            |       |
| PTP (adj.)            | -21.3 | 66.7  | -5.6    | 17.5      |            |       |            |       |
| Net earnings (adj.)   | -21.3 | 81.3  | -5.6    | 9.5       |            |       |            |       |
| EPS (adj.)            | -0.08 | 2.79  | -0.19   | 0.28      |            |       |            |       |
| DPS                   | -     | -     | -       | -         |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 94.6  | 184.9 | 102.0   | 125.6     |            |       |            |       |
| Opex & G&A            | 67.9  | 65.3  | 66.6    | 76.0      |            |       |            |       |
| Depreciation          | 31.5  | 29.5  | 29.5    | 28.3      |            |       |            |       |
| Net finance           | 16.4  | 23.4  | 11.3    | 3.9       |            |       |            |       |
| Taxes & Minorities    | -     | -14.6 | -       | 8.0       |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm  |        |        |         |           | Actuals vs |       | Actuals vs |       |
|-----------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE/day               | 17,275 | 36,928 | 21,490  | 26,475    |            |       |            |       |
| Utilization           | 96.0%  | 99.1%  | 92.1%   |           |            |       |            |       |
| Fleet days            | 5,704  | 5,052  | 5,152   |           |            |       |            |       |
| Cash break-even       | 24,586 | 19,656 | 16,781  |           |            |       |            |       |
| Liquidity             | 79     | 173    | 185     |           |            |       |            |       |
| Interest bearing debt | 1,103  | 737    | 728     |           |            |       |            |       |

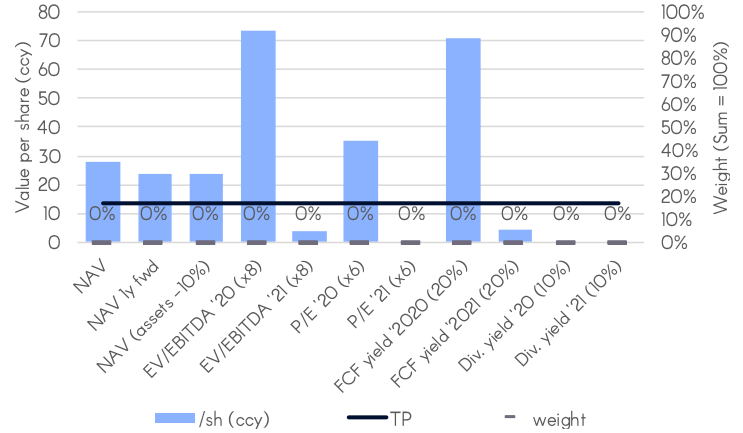


## Company Valuation

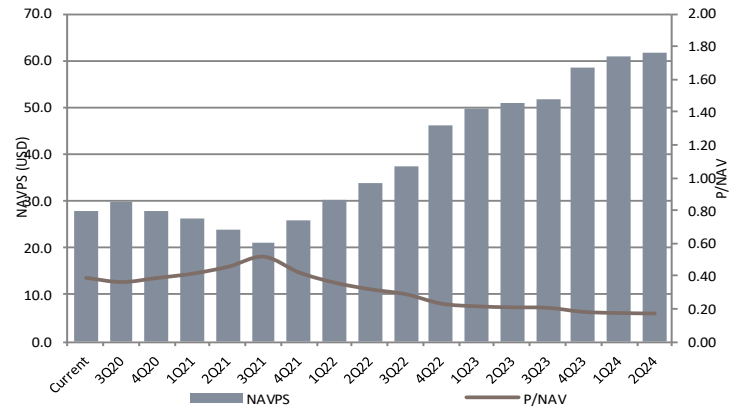
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,673        | 1,224           | 794          |
| Contract value    | 0            | 68              | 44           |
| Other             | 122          | 122             | 79           |
| <b>GAV</b>        | <b>1,795</b> | <b>1,414</b>    | <b>917</b>   |
| Net debt          | -564         | -564            | -564         |
| Capex             | 0            | 0               | 0            |
| Other             | -39          | -39             | -39          |
| <b>Equity</b>     | <b>1,191</b> | <b>811</b>      | <b>314</b>   |
| Shares            | 29           | 29              | 29           |
| <b>Equity/sh</b>  | <b>40.93</b> | <b>27.86</b>    | <b>10.78</b> |
| Incl CCY          | 40.93        | 27.86           | 10.78        |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.26</b>  | <b>0.39</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.51</b>  | <b>0.65</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 2,072        | 1,623           | 1,193        |
| Adj. Equity Ratio | 57%          | 50%             | 26%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>13.7</b>     | <b>27%</b>   |

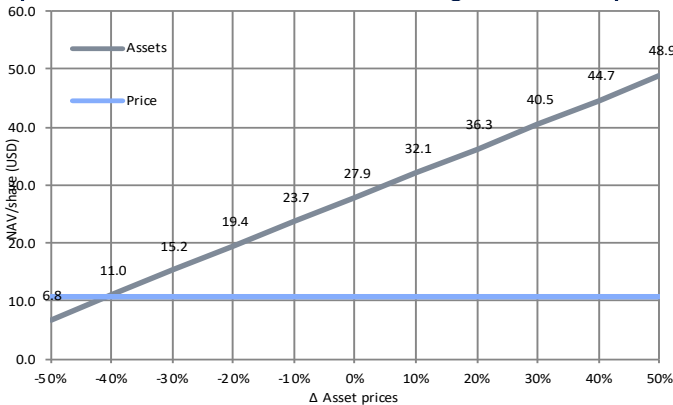
### Valuation Matrix



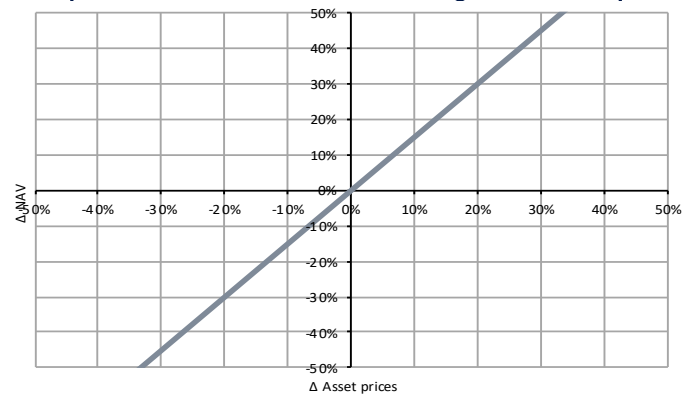
### Quarterly forward NAV & P/NAV



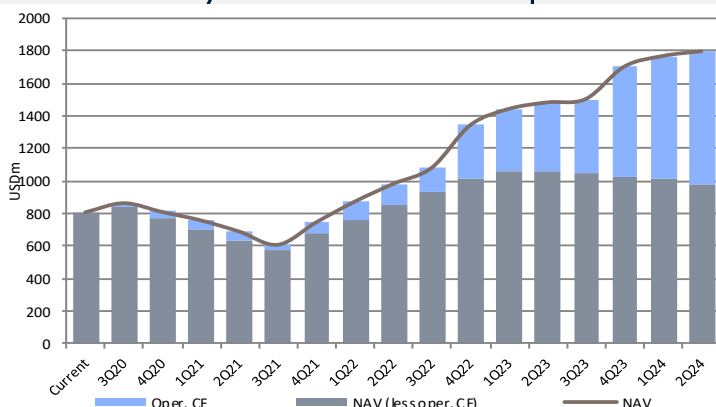
### Impact on NAV/sh from % change in asset prices



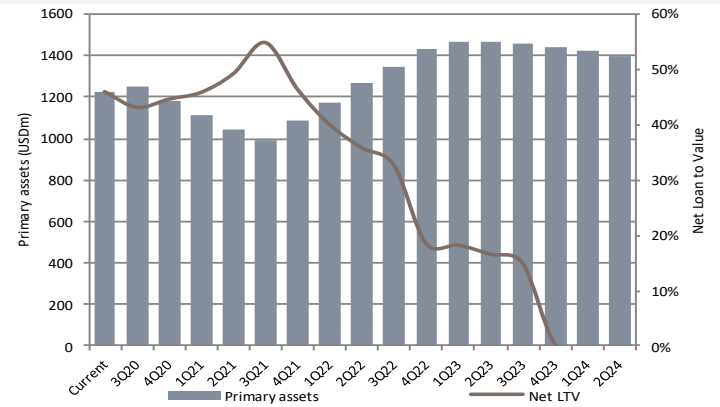
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |       |      |                    | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|------|-------|------|--------------------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021  | 2022 | 2023               | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 602   | 319   | 521   | 610   | 604  | 344   | 582  | 661                | -2     | -25   | -62   | -51   |
| EBITDA (adj.)            | 334   | 78    | 287   | 375   | 334  | 102   | 348  | 427                | -0     | -25   | -62   | -51   |
| EBIT (adj.)              | 216   | -41   | 168   | 257   | 218  | -12   | 234  | 312                | -3     | -28   | -65   | -55   |
| PTP (adj.)               | 158   | -82   | 134   | 229   | 171  | -58   | 200  | 286                | -13    | -24   | -66   | -57   |
| Net earnings (adj.)      | 172   | -82   | 134   | 229   | 171  | -58   | 200  | 286                | 1      | -24   | -66   | -57   |
| EPS (adj.)               | 5.40  | -2.82 | 4.59  | 7.85  | 5.07 | -1.73 | 5.95 | 8.51               | 0.32   | -1.09 | -1.36 | -0.65 |
| DPS                      | -     | -     | -     | 2.64  | -    | -     | -    | 3.28               | -      | -     | -     | -0.65 |
|                          |       |       |       |       |      |       |      |                    | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |      |       |      | TCE revenue        | -2     | -25   | -62   | -51   |
|                          |       |       |       |       |      |       |      | Opex & G&A         | -2     | -     | -     | -     |
|                          |       |       |       |       |      |       |      | Depreciation       | 3      | 4     | 4     | 4     |
|                          |       |       |       |       |      |       |      | Net finance        | 10     | -4    | 1     | 2     |
|                          |       |       |       |       |      |       |      | Taxes & Minorities | -15    | -     | -     | -     |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 344    | 36     | 252    | 347    | 285    | 57     | 315    | 400    | 59     | -20    | -63    | -54    |
| Free cash flow                | 414    | 25     | 240    | 335    | 338    | 45     | 303    | 389    | 76     | -20    | -63    | -54    |
| Net cash flow                 | 96     | -13    | 196    | 150    | 224    | -111   | 193    | 182    | -128   | 98     | 3      | -31    |
| TCE/day                       | 30,019 | 17,045 | 28,232 | 33,076 | 30,194 | 18,375 | 31,624 | 35,924 | -174   | -1,330 | -3,393 | -2,847 |
| Cash break-even               | 19,144 | 16,677 | 16,791 | 19,936 | 18,693 | 23,034 | 20,267 | 19,294 | 451    | -6,356 | -3,476 | 642    |
| Liquidity                     | 189    | 176    | 372    | 523    | 315    | 204    | 397    | 579    | -126   | -28    | -25    | -56    |
| Property & Equip. (incl. NBs) | 1,620  | 1,513  | 1,406  | 1,300  | 1,599  | 1,496  | 1,393  | 1,290  | 21     | 17     | 13     | 10     |
| Total equity                  | 1,176  | 1,094  | 1,228  | 1,379  | 1,157  | 1,099  | 1,299  | 1,475  | 19     | -5     | -72    | -95    |
| Total assets                  | 2,035  | 1,915  | 2,005  | 2,049  | 2,256  | 2,042  | 2,132  | 2,211  | -221   | -127   | -127   | -162   |
| Interest bearing debt         | 720    | 682    | 638    | 530    | 927    | 771    | 661    | 564    | -207   | -89    | -23    | -34    |
| Net interest bearing debt     | 531    | 506    | 266    | 7      | 612    | 567    | 264    | -15    | -81    | -61    | 2      | 22     |
| Market Cap.                   | 314    | 314    | 314    | 314    | 450    | 450    | 450    | 450    | -136   | -136   | -136   | -136   |
| Enterprise value              | 844    | 820    | 579    | 321    | 1,062  | 1,017  | 714    | 435    | -217   | -197   | -134   | -114   |

### Valuation

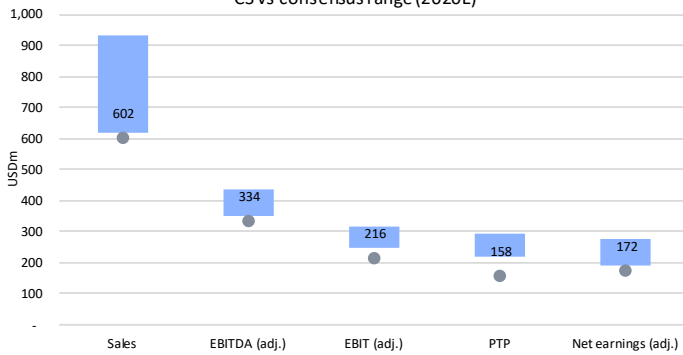
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 812   | 749   | 1,344 | 1,702 | 826   | 816   | 1,592 | 1,925 | -14    | -67   | -248  | -223  |
| Adj. equity ratio        | 49%   | 48%   | 63%   | 72%   | 43%   | 46%   | 66%   | 72%   | 6%     | 1%    | -2%   | -1%   |
| FCF yield                | 132%  | 8%    | 77%   | 107%  | 75%   | 10%   | 67%   | 86%   | 57%    | -2%   | 9%    | 20%   |
| Dividend yield           | 0%    | 0%    | 0%    | 24%   | 0%    | 0%    | 0%    | 25%   | 0%     | 0%    | 0%    | 0%    |
| EV/EBITDA                | 2.5   | 10.6  | 2.0   | 0.9   | 3.2   | 9.9   | 2.1   | 1.0   | -0.7   | 0.6   | -0.0  | -0.2  |
| P/E (adj.)               | 1.8   |       | 2.3   | 1.4   | 2.6   |       | 2.2   | 1.6   | -0.8   | ##### | 0.1   | -0.2  |



## Our Estimates vs Consensus

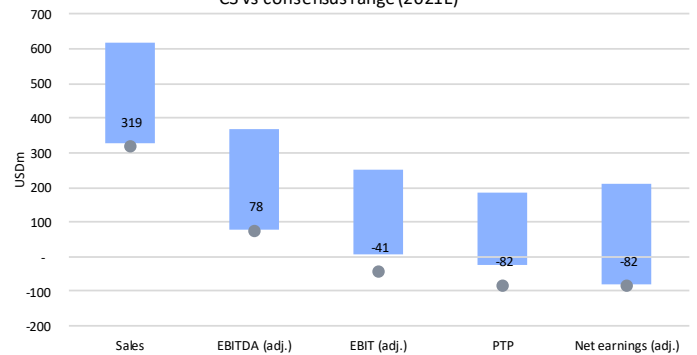
### Profit & Loss, year I

CS vs consensus range (2020E)

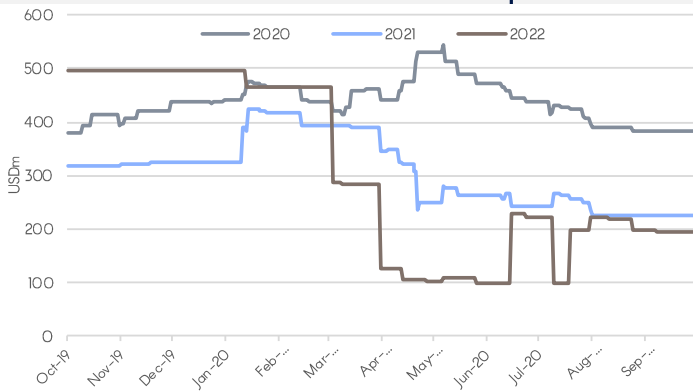


### Profit & Loss, year II

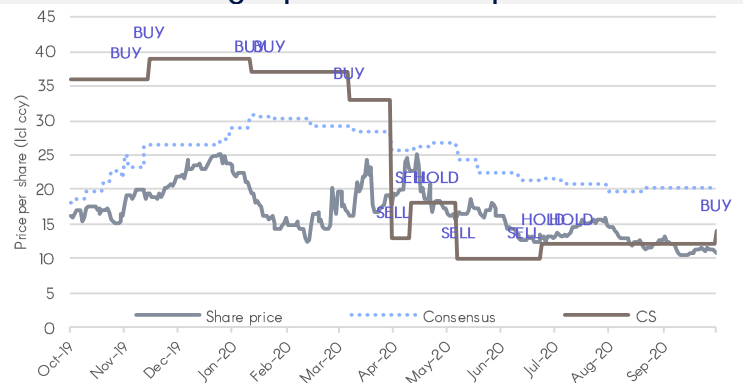
CS vs consensus range (2021E)



### Consensus EBITDA development



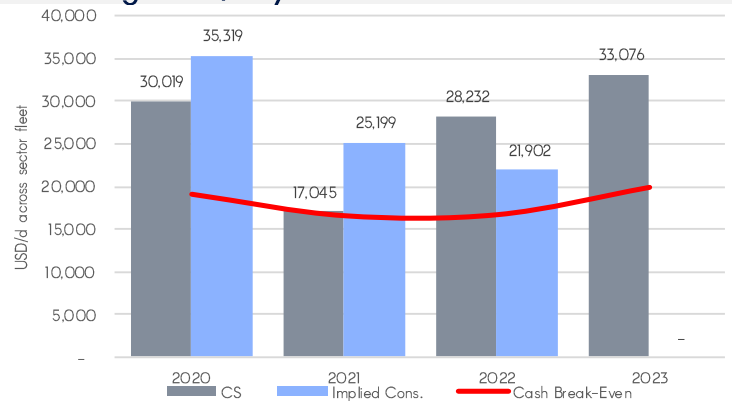
### Target price vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 602  | 709 | -106      | -15%  |       |
| Opex + G&A         | 268  | 326 | -57       | -18%  |       |
| Depreciation       | 118  | 111 | 7         | 6%    |       |
| Net finance        | 57   | 23  | 35        | 155%  |       |
| Taxes & Minorities | -14  | 24  | -38       | -158% |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 319  | 472 | -153      | -32%  |       |
| Opex + G&A         | 242  | 248 | -7        | -3%   |       |
| Depreciation       | 118  | 85  | 33        | 39%   |       |
| Net finance        | 41   | 69  | -28       | -40%  |       |
| Taxes & Minorities | 0    | -2  | 2         | -100% |       |

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





|                                       | 3Q19         | 4Q19         | 1Q20         | 2Q20         | 3Q20E        | 4Q20E        | 1Q21E        | 2Q21E        | 3Q21E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit &amp; Loss (USDm)</b>       |              |              |              |              |              |              |              |              |              |
| Net sales                             | 95           | 201          | 223          | 185          | 102          | 93           | 94           | 70           | 45           |
| Operational costs                     | -68          | -79          | -73          | -62          | -67          | -67          | -62          | -60          | -61          |
| EBITDA                                | 27           | 122          | 150          | 123          | 35           | 26           | 32           | 9            | -16          |
| Depreciation/Amortization             | -32          | -32          | -30          | -30          | -30          | -30          | -30          | -30          | -30          |
| EBIT                                  | -5           | 90           | 120          | 93           | 6            | -3           | 3            | -20          | -45          |
| Net financials                        | -15          | -14          | -13          | -9           | -11          | -11          | -10          | -11          | -11          |
| PTP                                   | -20          | 76           | 108          | 84           | -6           | -14          | -8           | -31          | -56          |
| Taxes/Minorities                      | 0            | -13          | -1           | 15           | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings</b>                   | <b>-20</b>   | <b>63</b>    | <b>107</b>   | <b>98</b>    | <b>-6</b>    | <b>-14</b>   | <b>-8</b>    | <b>-31</b>   | <b>-56</b>   |
| Non-recurring items                   | -1           | 17           | 4            | -17          | 0            | 0            | 0            | 0            | 0            |
| <b>Net earnings (adj.)</b>            | <b>-21</b>   | <b>80</b>    | <b>111</b>   | <b>81</b>    | <b>-6</b>    | <b>-14</b>   | <b>-8</b>    | <b>-31</b>   | <b>-56</b>   |
| EPS                                   | -0.07        | 0.23         | 3.17         | 3.17         | -0.19        | -0.49        | -0.26        | -1.05        | -1.93        |
| EPS (adj.)                            | -0.08        | 0.30         | 3.29         | 2.79         | -0.19        | -0.49        | -0.26        | -1.05        | -1.93        |
| 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         | 77           | 89           | 203          | 168          | 181          | 184          | 194          | 180          | 141          |
| Other current assets                  | 185          | 332          | 292          | 181          | 181          | 181          | 181          | 181          | 181          |
| <b>Total current assets</b>           | <b>262</b>   | <b>421</b>   | <b>495</b>   | <b>349</b>   | <b>362</b>   | <b>365</b>   | <b>375</b>   | <b>361</b>   | <b>322</b>   |
| Property & equip. (incl. NBs)         | 1,836        | 1,750        | 1,676        | 1,673        | 1,646        | 1,620        | 1,593        | 1,566        | 1,540        |
| Other non-current assets              | 72           | 58           | 53           | 50           | 50           | 50           | 50           | 50           | 50           |
| <b>Total non-current assets</b>       | <b>1,909</b> | <b>1,808</b> | <b>1,730</b> | <b>1,723</b> | <b>1,696</b> | <b>1,670</b> | <b>1,643</b> | <b>1,616</b> | <b>1,590</b> |
| <b>TOTAL ASSETS</b>                   | <b>2,170</b> | <b>2,229</b> | <b>2,225</b> | <b>2,072</b> | <b>2,058</b> | <b>2,035</b> | <b>2,018</b> | <b>1,978</b> | <b>1,912</b> |
| <b>Total equity</b>                   | <b>926</b>   | <b>990</b>   | <b>1,097</b> | <b>1,196</b> | <b>1,190</b> | <b>1,176</b> | <b>1,168</b> | <b>1,138</b> | <b>1,082</b> |
| Short-term debt                       | 193          | 135          | 125          | 75           | 132          | 117          | 112          | 109          | 117          |
| Other current liabilities             | 103          | 144          | 120          | 111          | 111          | 111          | 111          | 111          | 111          |
| <b>Total current liabilities</b>      | <b>295</b>   | <b>280</b>   | <b>245</b>   | <b>186</b>   | <b>243</b>   | <b>228</b>   | <b>223</b>   | <b>220</b>   | <b>228</b>   |
| Long-term debt                        | 911          | 909          | 831          | 662          | 597          | 603          | 598          | 592          | 574          |
| Other non-current liabilities         | 38           | 51           | 52           | 28           | 28           | 28           | 28           | 28           | 28           |
| <b>Total non-current liabilities</b>  | <b>948</b>   | <b>960</b>   | <b>883</b>   | <b>690</b>   | <b>625</b>   | <b>632</b>   | <b>627</b>   | <b>620</b>   | <b>602</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>2,170</b> | <b>2,229</b> | <b>2,225</b> | <b>2,072</b> | <b>2,058</b> | <b>2,035</b> | <b>2,018</b> | <b>1,978</b> | <b>1,912</b> |
| Working capital, receivables          | 105          | 145          | 159          | 120          | 120          | 120          | 120          | 120          | 120          |
| Working capital, payables             | 103          | 131          | 107          | 100          | 100          | 100          | 100          | 100          | 100          |
| <b>Net working capital</b>            | <b>2</b>     | <b>15</b>    | <b>52</b>    | <b>20</b>    | <b>20</b>    | <b>20</b>    | <b>20</b>    | <b>20</b>    | <b>20</b>    |
| Interest bearing debt                 | 1,103        | 1,044        | 956          | 737          | 728          | 720          | 710          | 701          | 691          |
| Liquidity                             | 79           | 92           | 207          | 173          | 185          | 189          | 199          | 185          | 146          |
| <b>Net interest bearing debt</b>      | <b>1,024</b> | <b>952</b>   | <b>749</b>   | <b>564</b>   | <b>543</b>   | <b>531</b>   | <b>512</b>   | <b>516</b>   | <b>545</b>   |
| <b>Cash Flow (USDm)</b>               |              |              |              |              |              |              |              |              |              |
| Net income                            | -20          | 63           | 107          | 98           | -6           | -14          | -8           | -31          | -56          |
| Depreciation                          | 32           | 32           | 30           | 30           | 30           | 30           | 30           | 30           | 30           |
| Other                                 | -9           | -25          | 4            | -23          | 0            | 0            | 0            | 0            | 0            |
| <b>Cash earnings</b>                  | <b>3</b>     | <b>70</b>    | <b>140</b>   | <b>104</b>   | <b>24</b>    | <b>15</b>    | <b>22</b>    | <b>-1</b>    | <b>-27</b>   |
| Changes in working capital            | -5           | -15          | -1           | 62           | 0            | 0            | 0            | 0            | 0            |
| <b>Net operational cash flow</b>      | <b>-2</b>    | <b>55</b>    | <b>139</b>   | <b>166</b>   | <b>24</b>    | <b>15</b>    | <b>22</b>    | <b>-1</b>    | <b>-27</b>   |
| Capex                                 | -1           | -4           | -1           | -2           | -3           | -3           | -3           | -3           | -3           |
| Other investments                     | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Proceeds from sales                   | 0            | 20           | 61           | 14           | 0            | 0            | 0            | 0            | 0            |
| Other                                 | 0            | 0            | 2            | 2            | 0            | 0            | 0            | 0            | 0            |
| <b>Net investing cash flow</b>        | <b>-1</b>    | <b>16</b>    | <b>62</b>    | <b>14</b>    | <b>-3</b>    | <b>-3</b>    | <b>-3</b>    | <b>-3</b>    | <b>-3</b>    |
| Repayment of debt                     | -56          | -56          | -699         | -284         | -9           | -9           | -10          | -10          | -10          |
| Proceeds from debt                    | 100          | 0            | 614          | 69           | 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            | -1           | 0            | 0            | 0            | 0            | 0            |
| <b>Net financing cash flow</b>        | <b>44</b>    | <b>-56</b>   | <b>-85</b>   | <b>-216</b>  | <b>-9</b>    | <b>-9</b>    | <b>-10</b>   | <b>-10</b>   | <b>-10</b>   |
| Currency effect                       | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net cash flow</b>                  | <b>42</b>    | <b>14</b>    | <b>116</b>   | <b>-36</b>   | <b>13</b>    | <b>4</b>     | <b>10</b>    | <b>-13</b>   | <b>-39</b>   |
| Cash balance                          | 77           | 89           | 203          | 168          | 181          | 184          | 194          | 180          | 141          |
| <b>Free cash flow</b>                 | <b>-2</b>    | <b>70</b>    | <b>201</b>   | <b>180</b>   | <b>21</b>    | <b>12</b>    | <b>19</b>    | <b>-4</b>    | <b>-30</b>   |





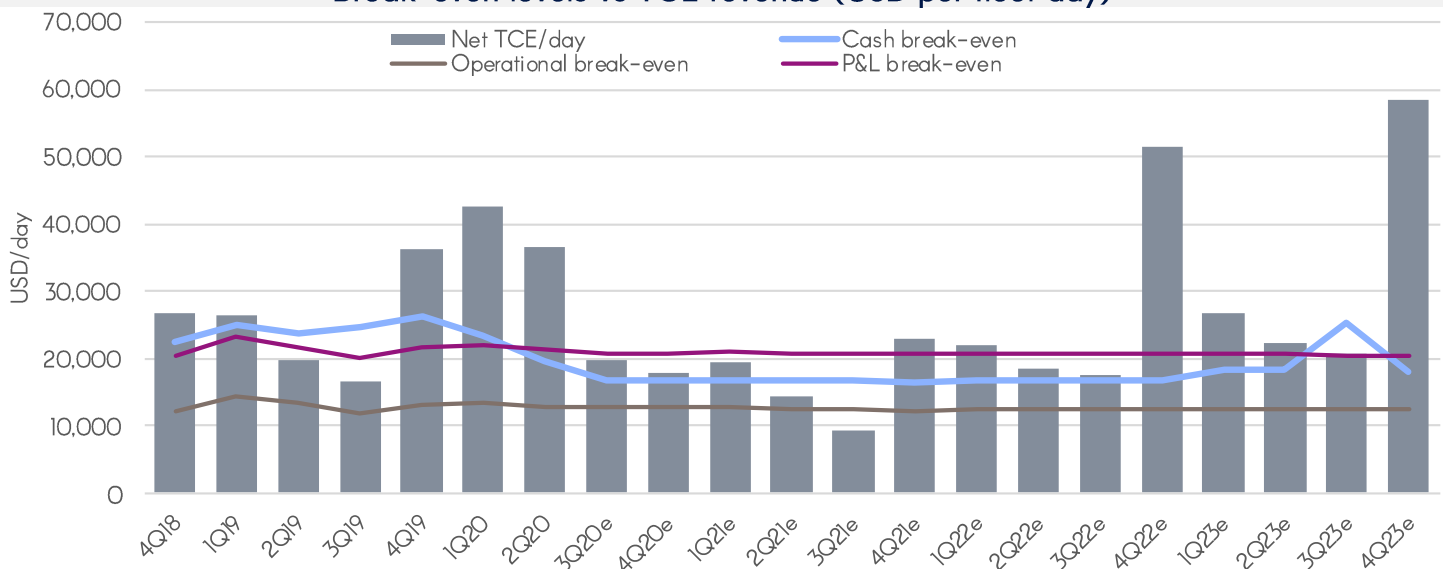
|                                 | 2015  | 2016  | 2017  | 2018   | 2019  | 2020E  | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|--------|-------|--------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |        |       |        |       |       |       |
| Net sales                       | 494   | 497   | 354   | 395    | 542   | 602    | 319   | 521   | 610   |
| Operational costs               | -233  | -296  | -252  | -269   | -294  | -269   | -242  | -234  | -235  |
| EBITDA                          | 261   | 201   | 102   | 126    | 248   | 334    | 78    | 287   | 375   |
| Depreciation/Amortization       | -74   | -104  | -100  | -119   | -124  | -118   | -118  | -118  | -118  |
| EBIT                            | 187   | 97    | 1     | 7      | 124   | 215    | -41   | 168   | 257   |
| Net financials                  | -8    | -29   | -59   | -50    | -62   | -44    | -41   | -35   | -29   |
| PTP                             | 180   | 68    | -58   | -43    | 61    | 171    | -82   | 134   | 229   |
| Taxes/Minorities                | 0     | 0     | 0     | -9     | -20   | 14     | 0     | 0     | 0     |
| Net earnings                    | 180   | 68    | -58   | -53    | 41    | 185    | -82   | 134   | 229   |
| Non-recurring items             | -3    | 0     | 0     | 0      | 0     | -13    | 0     | 0     | 0     |
| Net earnings (adj.)             | 177   | 68    | -58   | -53    | 41    | 172    | -82   | 134   | 229   |
| EPS                             | 9.21  | 3.41  | -1.73 | -12.51 | 0.15  | 5.66   | -2.82 | 4.59  | 7.85  |
| EPS (adj.)                      | 9.07  | 3.41  | -1.73 | -12.51 | 0.15  | 5.40   | -2.82 | 4.59  | 7.85  |
| DPS                             | 0.78  | 2.35  | 0.62  | 1.92   | 0.00  | 0.00   | 0.00  | 0.00  | 2.64  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |        |       |        |       |       |       |
| Cash & short-term investments   | 96    | 94    | 71    | 55     | 89    | 184    | 171   | 367   | 518   |
| Other current assets            | 183   | 164   | 105   | 171    | 332   | 181    | 181   | 181   | 181   |
| Total current assets            | 280   | 258   | 177   | 226    | 421   | 365    | 352   | 548   | 699   |
| Property & equip. (incl. NBs)   | 1,768 | 1,605 | 1,738 | 1,884  | 1,770 | 1,620  | 1,513 | 1,406 | 1,300 |
| Other non-current assets        | 122   | 101   | 283   | 52     | 39    | 50     | 50    | 50    | 50    |
| Total non-current assets        | 1,890 | 1,706 | 2,021 | 1,935  | 1,808 | 1,670  | 1,563 | 1,456 | 1,350 |
| TOTAL ASSETS                    | 2,169 | 1,964 | 2,197 | 2,161  | 2,229 | 2,035  | 1,915 | 2,005 | 2,049 |
| Total equity                    | 877   | 933   | 1,007 | 947    | 990   | 1,176  | 1,094 | 1,228 | 1,379 |
| Short-term debt                 | 174   | 171   | 174   | 127    | 135   | 117    | 138   | 129   | 130   |
| Other current liabilities       | 116   | 85    | 63    | 71     | 144   | 111    | 111   | 111   | 111   |
| Total current liabilities       | 290   | 256   | 237   | 198    | 280   | 228    | 249   | 240   | 241   |
| Long-term debt                  | 991   | 762   | 927   | 984    | 909   | 603    | 544   | 509   | 400   |
| Other non-current liabilities   | 12    | 14    | 27    | 33     | 51    | 28     | 28    | 28    | 28    |
| Total non-current liabilities   | 1,002 | 776   | 954   | 1,016  | 960   | 632    | 572   | 537   | 428   |
| TOTAL EQUITY & LIABILITIES      | 2,169 | 1,964 | 2,197 | 2,161  | 2,229 | 2,035  | 1,915 | 2,005 | 2,049 |
| Working capital, receivables    | 28    | 34    | 19    | 41     | 145   | 120    | 120   | 120   | 120   |
| Working capital, payables       | 79    | 43    | 42    | 52     | 131   | 100    | 100   | 100   | 100   |
| Net working capital             | -50   | -9    | -23   | -11    | 15    | 20     | 20    | 20    | 20    |
| Interest bearing debt           | 1,165 | 933   | 1,101 | 1,111  | 1,044 | 720    | 682   | 638   | 530   |
| Liquidity                       | 97    | 95    | 73    | 57     | 92    | 189    | 176   | 372   | 523   |
| Net interest bearing debt       | 1,067 | 838   | 1,028 | 1,054  | 952   | 531    | 506   | 266   | 7     |
| <b>Cash Flow (USDm)</b>         |       |       |       |        |       |        |       |       |       |
| Net income                      | 180   | 68    | -58   | -53    | 41    | 185    | -82   | 134   | 229   |
| Depreciation                    | 74    | 104   | 100   | 119    | 124   | 118    | 118   | 118   | 118   |
| Other                           | -69   | 5     | 31    | -79    | -52   | -20    | 0     | 0     | 0     |
| Cash earnings                   | 184   | 177   | 74    | -13    | 114   | 284    | 36    | 252   | 347   |
| Changes in working capital      | -17   | 30    | 7     | 6      | 4     | 60     | 0     | 0     | 0     |
| Net operational cash flow       | 167   | 207   | 80    | -7     | 118   | 344    | 36    | 252   | 347   |
| 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    | 75     | 0     | 0     | 0     |
| Other                           | -45   | 4     | 31    | 1      | 0     | 0      | 0     | 0     | 0     |
| Net investing cash flow         | -882  | 22    | 79    | -4     | 8     | 70     | -12   | -12   | -12   |
| Repayment of debt               | 452   | -236  | -324  | -237   | -153  | -1,000 | -38   | -44   | -108  |
| Proceeds from debt              | 689   | 906   | 233   | 81     | 57    | 683    | 0     | 0     | 0     |
| Dividends paid                  | -15   | -47   | -21   | -8     | 0     | 0      | 0     | 0     | -77   |
| New equity                      | 242   | 8     | 14    | 0      | 0     | 0      | 0     | 0     | 0     |
| Other                           | -719  | -922  | -80   | 160    | 7     | 0      | 0     | 0     | 0     |
| Net financing cash flow         | 649   | -291  | -178  | -3     | -90   | -318   | -38   | -44   | -185  |
| Currency effect                 | 0     | 0     | 0     | 0      | 0     | 0      | 0     | 0     | 0     |
| Net cash flow                   | -66   | -62   | -19   | -15    | 36    | 96     | -13   | 196   | 150   |
| Cash balance                    | 96    | 94    | 71    | 55     | 89    | 185    | 171   | 368   | 518   |
| Free cash flow                  | -715  | 228   | 159   | -12    | 126   | 414    | 25    | 240   | 335   |



| Share Data & Valuation (USDm)      | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Shares outstanding, end            | 20           | 20           | 34           | 4            | 269          | 29         | 29         | 29         | 29         |
| Share price, avg (USD)             | 53           | 26           | 15           | 9            | 11           | 14         | 11         | 11         | 11         |
| Share price, end (USD)             | 55           | 18           | 11           | 7            | 24           | 11         | 11         | 11         | 11         |
| <b>Market Cap.</b>                 | <b>1,073</b> | <b>360</b>   | <b>375</b>   | <b>31</b>    | <b>6,443</b> | <b>314</b> | <b>314</b> | <b>314</b> | <b>314</b> |
| NIBD                               | 1,067        | 838          | 1,028        | 1,054        | 952          | 531        | 506        | 266        | 7          |
| 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>844</b> | <b>820</b> | <b>579</b> | <b>321</b> |
| Key Figures & Ratios               | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     | 6.0          | 5.3          |              |              |              | 1.7        |            | 2.3        | 1.4        |
| P/E (adj.)                         | 6.1          | 5.3          |              |              |              | 1.8        |            | 2.3        | 1.4        |
| 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         | 0.5        | 1.0        | 0.6        | 0.5        |
| EV/Sales                           | 4.3          | 2.4          | 4.0          | 2.7          | 13.7         | 1.4        | 2.6        | 1.1        | 0.5        |
| EV/EBITDA                          | 8.2          | 6.0          | 13.8         | 8.6          | 29.8         | 2.5        | 10.6       | 2.0        | 0.9        |
| EV/EBIT                            | 11.4         | 12.4         |              |              | 59.7         | 3.9        |            | 3.4        | 1.2        |
| P/B                                | 1.2          | 0.4          | 0.4          | 0.0          | 6.5          | 0.3        | 0.3        | 0.3        | 0.2        |
| FCF yield                          | -67%         | 63%          | 42%          | -38%         | 2%           | 132%       | 8%         | 77%        | 107%       |
| 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%         | 15.7%      | -7.5%      | 10.9%      | 16.6%      |
| Return on capital employed (ROCE)  | 9.6%         | 5.5%         | 0.1%         | 0.4%         | 6.4%         | 12.6%      | -2.5%      | 11.3%      | 18.6%      |
| Return on assets (ROA)             | 8.3%         | 3.5%         | -2.6%        | -2.4%        | 1.9%         | 9.1%       | -4.3%      | 6.7%       | 11.2%      |
| Sales growth                       | 107%         | -3%          | -29%         | 12%          | 37%          | 11%        | -47%       | 63%        | 17%        |
| EBITDA margin                      | 53%          | 40%          | 29%          | 32%          | 46%          | 55%        | 24%        | 55%        | 62%        |
| EBIT margin                        | 38%          | 19%          | 0%           | 2%           | 23%          | 36%        | -13%       | 32%        | 42%        |
| Net margin                         | 36%          | 14%          | -16%         | -13%         | 8%           | 31%        | -26%       | 26%        | 37%        |
| Net interest rate                  | 1.6%         | 3.6%         | 3.0%         | 5.6%         | 6.9%         | 9.5%       | 8.5%       | 15.2%      | 491.8%     |
| Tax rate                           | 0.0%         | 0.0%         | 0.0%         | -21.8%       | 32.7%        | -8.1%      | 0.0%       | 0.0%       | 0.0%       |
| Equity ratio                       | 40%          | 47%          | 46%          | 44%          | 44%          | 58%        | 57%        | 61%        | 67%        |
| Leverage ratio                     | 60%          | 53%          | 54%          | 56%          | 56%          | 42%        | 43%        | 39%        | 33%        |
| NIBD / EBITDA (past 1y)            | 4.1          | 4.2          | 10.1         | 8.4          | 3.8          | 1.6        | 6.5        | 0.9        | 0.0        |
| Operating cash flow/NIBD           | 0.2          | 0.2          | 0.1          | 0.0          | 0.1          | 0.6        | 0.1        | 0.9        | 47.4       |
| Net interest coverage ratio (EBIT) | 15.0         | 6.7          | 3.3          | 2.1          | 3.8          | 6.6        | 1.8        | 7.1        | 10.4       |
| Current ratio                      | 1.0          | 1.0          | 0.7          | 1.1          | 1.5          | 1.6        | 1.4        | 2.3        | 2.9        |
| Adj. equity ratio                  |              |              |              |              |              | 49%        | 48%        | 63%        | 72%        |
| Operating assets                   | 2,072        | 1,869        | 2,122        | 2,101        | 2,134        | 1,843      | 1,736      | 1,629      | 1,523      |
| Operating liabilities              | 127          | 99           | 90           | 103          | 196          | 139        | 139        | 139        | 139        |
| Net operating assets               | 1,945        | 1,771        | 2,032        | 1,997        | 1,939        | 1,703      | 1,597      | 1,490      | 1,383      |

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

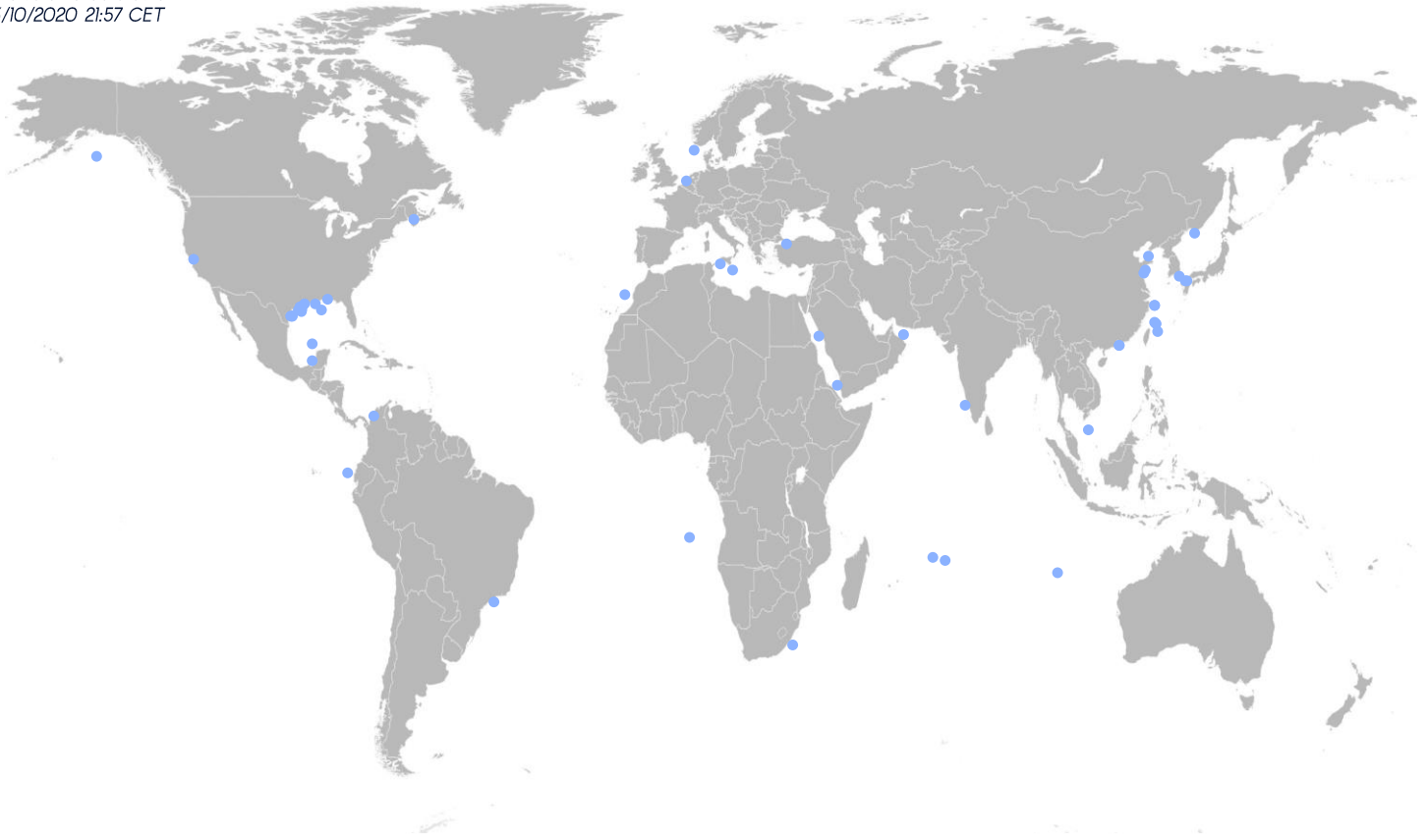
## Break-even levels vs TCE revenue (USD per fleet day)





## Fleet Positioning

Live satellite data as of  
13/10/2020 21:57 CET

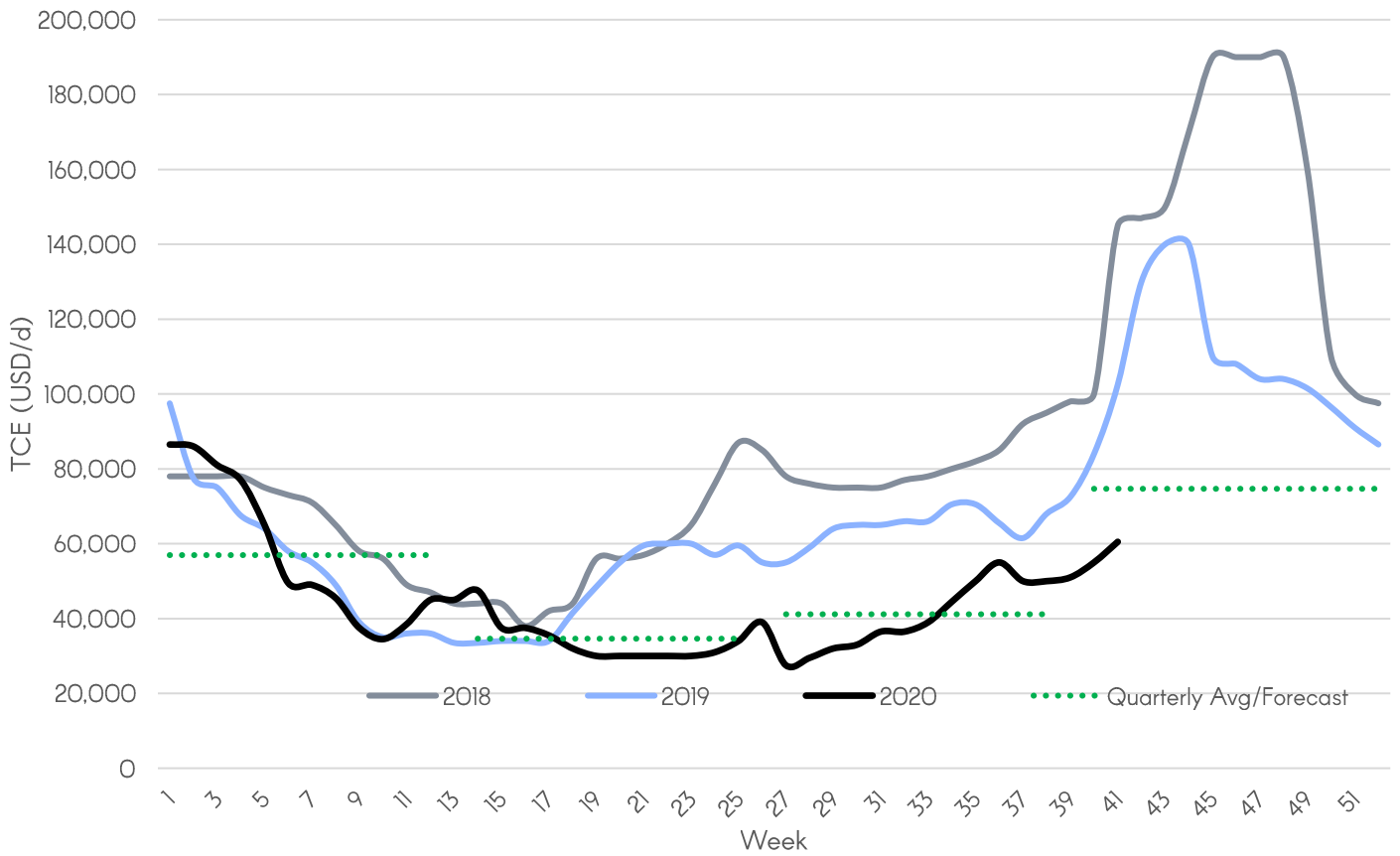


# LNG Carrier Companies



## Earnings

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





Cash break-even is too high vs our earnings forecast, leading to a negative cash position during 2021E

ALNG-NO

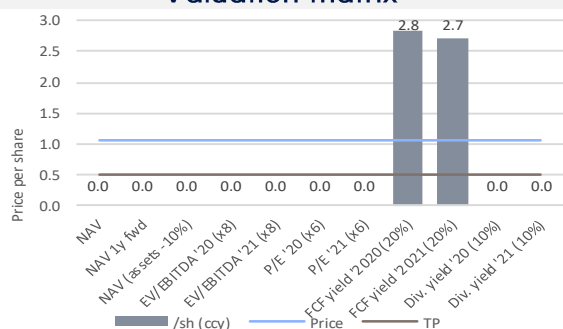
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Awilco LNG

### Share price vs target price

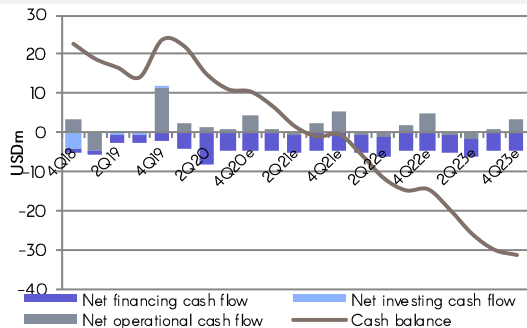


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 34    | 31    | 27    | 23    |
| EBITDA (adj.)       | 22    | 19    | 15    | 11    |
| EBIT (adj.)         | 9     | 6     | 2     | -1    |
| PTP (adj.)          | -4    | -5    | -8    | -11   |
| Net earnings (adj.) | -4    | -5    | -8    | -11   |
| EPS (adj.)          | -0.03 | -0.04 | -0.06 | -0.08 |
| DPS                 | -     | -     | -     | -     |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | -4    | -3    | -5    | -15   |
| Adj. equity ratio   | -0    | -0    | -0    | -0    |
| FCF yield           | 54%   | 52%   | 31%   | 13%   |
| Dividend yield      | 0%    | 0%    | 0%    | 0%    |
| EV/EBITDA           | 11.2  | 12.8  | 15.9  | 20.9  |
| P/E (adj.)          |       |       |       |       |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 9      | 8      | 5      | 2      |
| Free cash flow                | 8      | 8      | 5      | 2      |
| Net cash flow                 | -13    | -11    | -14    | -17    |
| TCE/day                       | 48,431 | 55,640 | 49,051 | 41,867 |
| Cash break-even               | 60,410 | 57,262 | 56,126 | 54,970 |
| Liquidity                     | 10     | -1     | -15    | -32    |
| Property & Equip. (incl. NBs) | 338    | 325    | 313    | 300    |
| Total equity                  | 103    | 98     | 90     | 80     |
| Total assets                  | 352    | 329    | 302    | 272    |
| Interest bearing debt         | 244    | 225    | 206    | 187    |
| Net interest bearing debt     | 233    | 225    | 221    | 219    |
| Market Cap.                   | 15     | 15     | 15     | 15     |
| Enterprise value              | 248    | 240    | 236    | 234    |

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

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



## Quarterly Preview

### P&L

| 3Q20 Preview<br>USDm         | 3Q20        |             | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 3Q19        | 2Q20        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 11.1        | 4.1         | 6.8            | 5.6              |                |              |                |              |
| EBITDA (adj.)                | 8.2         | 1.4         | 3.7            | 2.7              |                |              |                |              |
| EBIT (adj.)                  | 4.9         | -1.7        | 0.5            | -0.5             |                |              |                |              |
| PTP (adj.)                   | -1.4        | -5.3        | -2.5           | -3.7             |                |              |                |              |
| Net earnings (adj.)          | -1.4        | -5.3        | -2.5           | -3.7             |                |              |                |              |
| EPS (adj.)                   | -0.01       | -0.04       | -0.02          | -0.03            |                |              |                |              |
| DPS                          | -           | -           | -              | -                |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 11.1        | 4.1         | 6.8            | 5.6              |                |              |                |              |
| Opex & G&A                   | 2.9         | 2.7         | 3.1            | 2.9              |                |              |                |              |
| Depreciation                 | 3.3         | 3.1         | 3.2            | 3.2              |                |              |                |              |
| Net finance                  | 6.3         | 3.6         | 3.0            | 3.2              |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | -                |                |              |                |              |

### Other

| 3Q20 Preview<br>USDm      | 3Q20   |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | -0     | 1      | 1       |           |            |       |            |       |
| Free cash flow            | -1     | 1      | 1       |           |            |       |            |       |
| Net cash flow             | -3     | -7     | -4      |           |            |       |            |       |
| TCE/day                   | 69,500 | 23,010 | 40,000  | 33,140    |            |       |            |       |
| Utilization               | 86.7%  | 99.0%  | 92.0%   |           |            |       |            |       |
| Fleet days                | 184    | 182    | 184     |           |            |       |            |       |
| Cash break-even           | 57,130 | 60,500 | 58,318  |           |            |       |            |       |
| Liquidity                 | 14     | 15     | 11      |           |            |       |            |       |
| Interest bearing debt     | 262    | 253    | 248     |           |            |       |            |       |

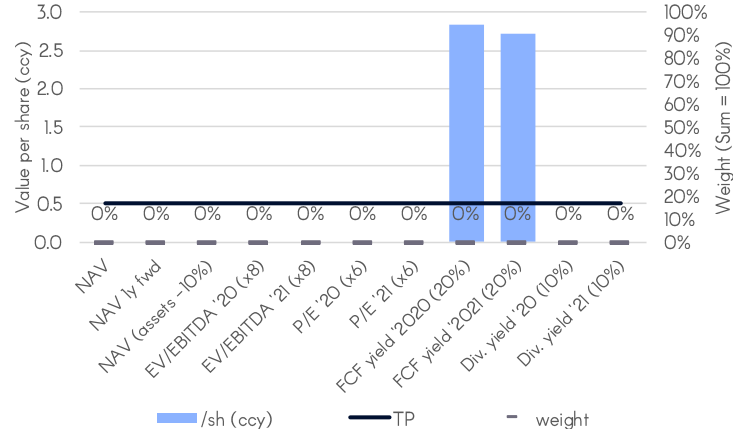


## Company Valuation

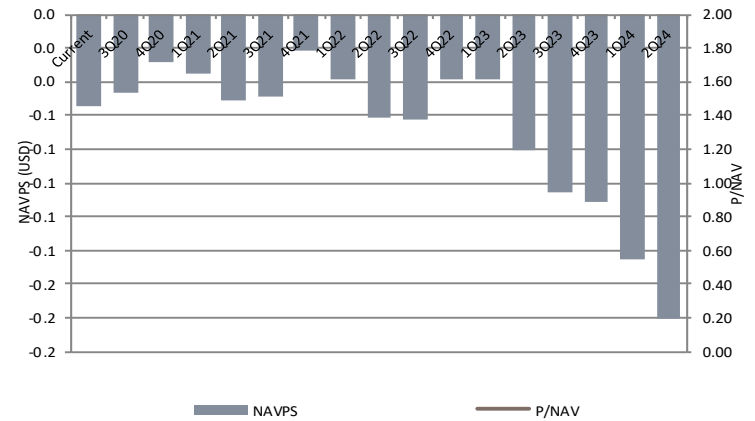
### Valuation & target price

| Valuation         |             |                 |             |
|-------------------|-------------|-----------------|-------------|
| USDm              | Book Value  | Net Asset Value | Market cap. |
| Primary assets    | 344         | 232             | 254         |
| Contract value    | 0           | 0               | 0           |
| Other             | 3           | 3               | 4           |
| <b>GAV</b>        | <b>348</b>  | <b>236</b>      | <b>258</b>  |
| Net debt          | -238        | -238            | -238        |
| Capex             | 0           | 0               | 0           |
| Other             | -5          | -5              | -5          |
| <b>Equity</b>     | <b>105</b>  | <b>-7</b>       | <b>15</b>   |
| Shares            | 133         | 133             | 133         |
| <b>Equity/sh</b>  | <b>0.79</b> | <b>-0.05</b>    | <b>0.11</b> |
| ICL CCY           | 7.30        | -0.50           | 1.05        |
| <br>              |             |                 |             |
| <b>P/Equity</b>   | <b>0.14</b> | <b>-2.10</b>    | <b>1.00</b> |
| <b>EV/GAV</b>     | <b>0.74</b> | <b>1.09</b>     | <b>1.00</b> |
| <br>              |             |                 |             |
| Adj. Total Assets | 363         | 251             | 273         |
| Adj. Equity Ratio | 29%         | -3%             | 6%          |
| <b>Fair Value</b> | <b>NOK</b>  | <b>0.50</b>     | <b>-52%</b> |
|                   | <b>USD</b>  | <b>0.05</b>     |             |

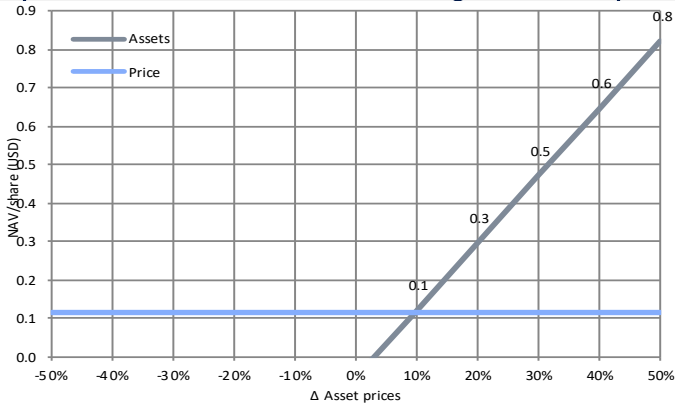
### Valuation Matrix



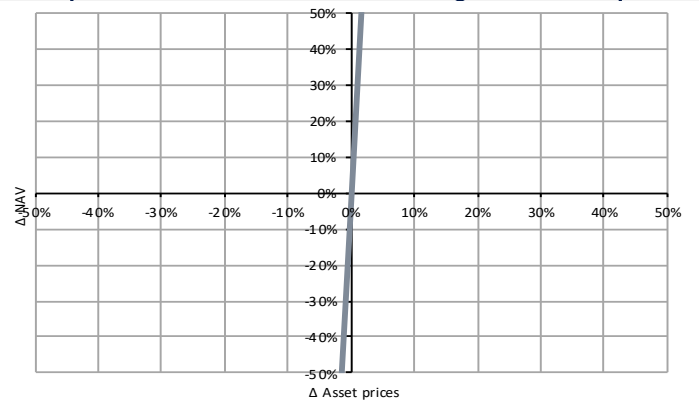
### Quarterly forward NAV & P/NAV



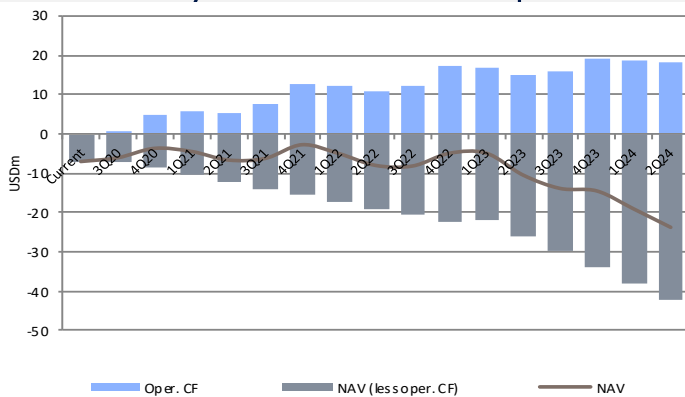
### Impact on NAV/sh from % change in asset prices



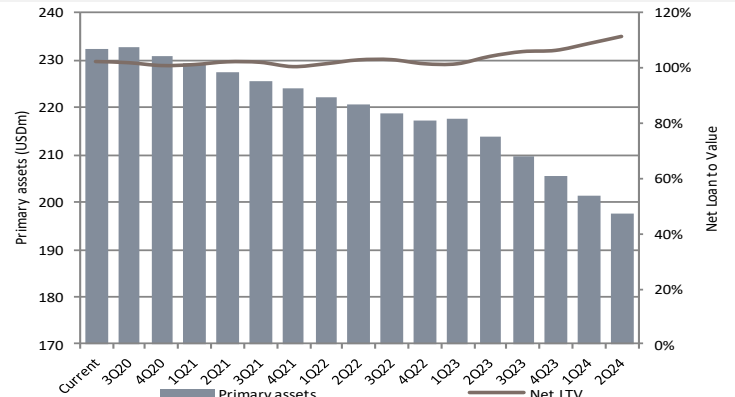
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020  | 2021  | 2022  | 2023  | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 34    | 31    | 27    | 23    | 32    | 27    | 23    | 22    | 2                  | 4     | 4     | 2     |     |
| EBITDA (adj.)            | 22    | 19    | 15    | 11    | 20    | 15    | 10    | 10    | 2                  | 4     | 4     | 2     |     |
| EBIT (adj.)              | 9     | 6     | 2     | -1    | 7     | 2     | -2    | -3    | 2                  | 4     | 4     | 2     |     |
| PTP (adj.)               | -4    | -5    | -8    | -11   | -6    | -9    | -12   | -12   | 2                  | 4     | 4     | 2     |     |
| Net earnings (adj.)      | -4    | -5    | -8    | -11   | -6    | -9    | -12   | -12   | 2                  | 4     | 4     | 2     |     |
| EPS (adj.)               | -0.03 | -0.04 | -0.06 | -0.08 | -0.05 | -0.06 | -0.09 | -0.09 | 0.02               | 0.03  | 0.03  | 0.01  |     |
| DPS                      | -     | -     | -     | -     | -     | -     | -     | -     | -                  | -     | -     | -     |     |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | 2.1   | 3.7   | 4.3   | 1.6 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -0.0  | -     | -     | -   |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -     | -     | -     | -   |
|                          |       |       |       |       |       |       |       |       | Net finance        | -     | -     | -     | -   |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | -     | -     | -     | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 9      | 8      | 5      | 2      | 6      | 4      | 0      | 0      | 2      | 4     | 4     | 2     |
| Free cash flow                | 8      | 8      | 5      | 2      | 6      | 4      | 0      | 0      | 2      | 4     | 4     | 2     |
| Net cash flow                 | -13    | -11    | -14    | -17    | -15    | -15    | -18    | -18    | 2      | 4     | 4     | 2     |
| TCE/day                       | 48,431 | 55,640 | 49,051 | 41,867 | 45,262 | 49,022 | 41,143 | 38,872 | 3,169  | 6,618 | 7,909 | 2,996 |
| Cash break-even               | 60,410 | 57,262 | 56,126 | 54,970 | 60,410 | 57,262 | 56,126 | 54,970 | -      | -     | -     | -     |
| Liquidity                     | 10     | -1     | -15    | -32    | 8      | -6     | -25    | -43    | 2      | 6     | 10    | 12    |
| Property & Equip. (incl. NBs) | 338    | 325    | 313    | 300    | 338    | 325    | 313    | 300    | -      | -     | -     | -     |
| Total equity                  | 103    | 98     | 90     | 80     | 101    | 93     | 80     | 68     | 2      | 6     | 10    | 12    |
| Total assets                  | 352    | 329    | 302    | 272    | 350    | 323    | 292    | 261    | 2      | 6     | 10    | 12    |
| Interest bearing debt         | 244    | 225    | 206    | 187    | 244    | 225    | 206    | 187    | -      | -     | -     | -     |
| Net interest bearing debt     | 233    | 225    | 221    | 219    | 235    | 231    | 231    | 231    | -2     | -6    | -10   | -12   |
| Market Cap.                   | 15     | 15     | 15     | 15     | 17     | 17     | 17     | 17     | -2     | -2    | -2    | -2    |
| Enterprise value              | 248    | 240    | 236    | 234    | 252    | 248    | 247    | 247    | -4     | -7    | -12   | -13   |
| Capex                         | 0      | -      | -      | -      | 0      | -      | -      | -      | -      | -     | -     | -     |
| Utilization                   | 96%    | 87%    | 82%    | 88%    | 96%    | 87%    | 82%    | 88%    | 0%     | 0%    | 0%    | 0%    |
| Fleet days                    | 732    | 730    | 730    | 730    | 732    | 730    | 730    | 730    | -      | -     | -     | -     |

### Valuation

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change  |         |         |         |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------|---------|---------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E   | 2021E   | 2022E   | 2023E   |
| Fwd NAV                  | -4    | -3    | -5    | -15   | 63    | 58    | 51    | 42    | -66     | -61     | -56     | -56     |
| Adj. equity ratio        | -0    | -0    | -0    | -0    | 20%   | 20%   | 19%   | 18%   | -22%    | -22%    | -22%    | -26%    |
| FCF yield                | 54%   | 52%   | 31%   | 13%   | 36%   | 25%   | 2%    | 2%    | 18%     | 27%     | 29%     | 11%     |
| Dividend yield           | 0%    | 0%    | 0%    | 0%    | 0%    | 0%    | 0%    | 0%    | 0%      | 0%      | 0%      | 0%      |
| EV/EBITDA                | 11.2  | 12.8  | 15.9  | 20.9  | 12.6  | 16.4  | 23.6  | 25.9  | -1.4    | -3.6    | -7.7    | -5.0    |
| P/E (adj.)               |       |       |       |       |       |       |       |       | #VALUE! | #VALUE! | #VALUE! | #VALUE! |

### Various

| Estimate changes<br>USDm | New     |         |         |         | Old     |         |         |         | Change |       |       |       |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------|-------|-------|-------|
|                          | 2020E   | 2021E   | 2022E   | 2023E   | 2020E   | 2021E   | 2022E   | 2023E   | 2020E  | 2021E | 2022E | 2023E |
| Opex/day (excl. TC-in)   | -11,867 | -12,000 | -12,000 | -12,000 | -11,867 | -12,000 | -12,000 | -12,000 | -      | -     | -     | -     |
| G&A/day                  | -4,356  | -4,491  | -4,563  | -4,615  | -4,356  | -4,491  | -4,563  | -4,615  | -      | -     | -     | -     |
| Depreciation/day         | -17,238 | -17,331 | -17,309 | -17,316 | -17,238 | -17,331 | -17,309 | -17,316 | -      | -     | -     | -     |
| Net interest/day         | -18,571 | -15,084 | -13,876 | -12,668 | -18,571 | -15,084 | -13,876 | -12,668 | -      | -     | -     | -     |
| Amort./day               | -25,617 | -25,687 | -25,687 | -25,687 | -25,617 | -25,687 | -25,687 | -25,687 | -      | -     | -     | -     |

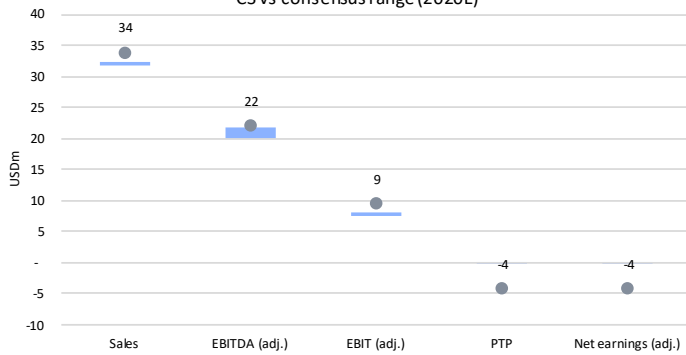




## Our Estimates vs Consensus

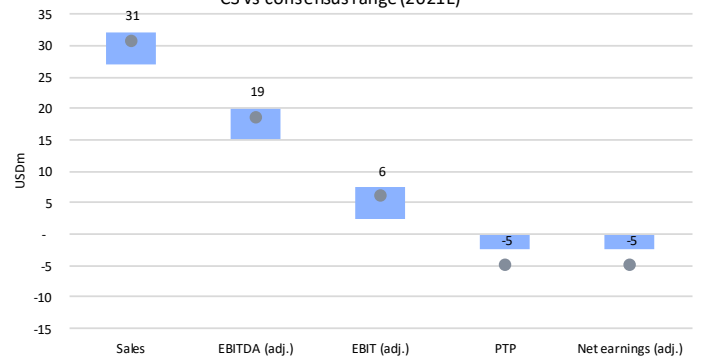
### Profit & Loss, year I

CS vs consensus range (2020E)

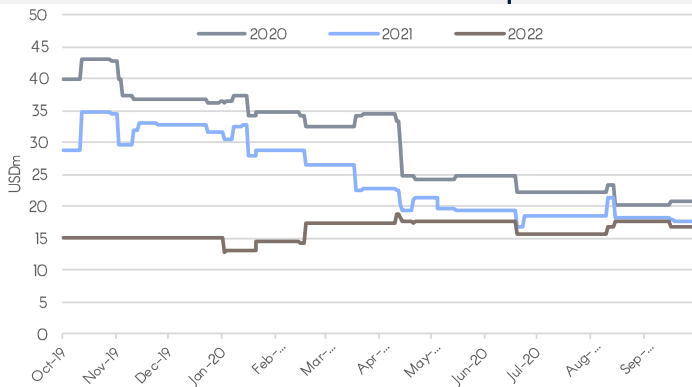


### Profit & Loss, year II

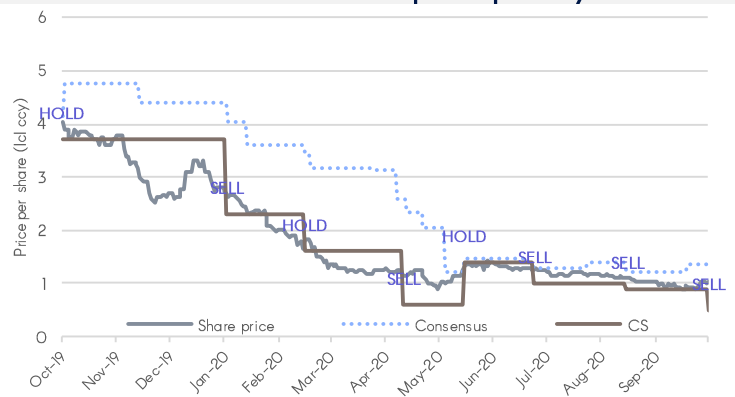
CS vs consensus range (2021E)



### Consensus EBITDA development



### Fair value vs share price past ly



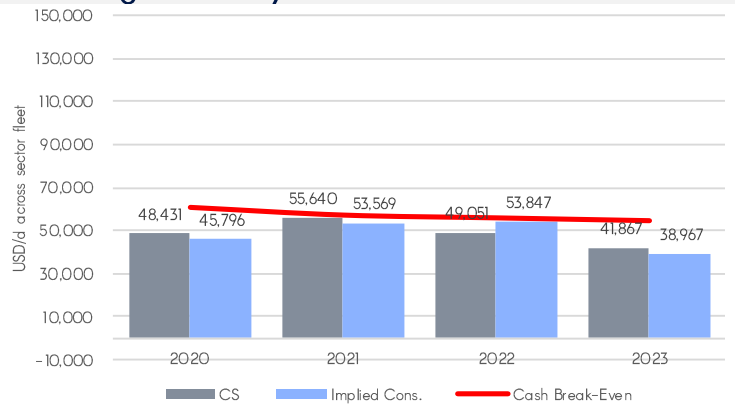
### Cleaves vs consensus: P&L break-down

|                    | 2020 | CS | Consensus | Diff. | Diff.   |
|--------------------|------|----|-----------|-------|---------|
| TCE revenue        | 34   | 32 | 32        | 2     | 6%      |
| Opex + G&A         | 12   | 11 | 11        | 0     | 4%      |
| Depreciation       | 13   | 13 | 13        | -0    | -3%     |
| Net finance        | 14   | 14 | 14        | -0    | -3%     |
| Taxes & Minorities | 0    | 0  | 0         | 0     | #DIV/O! |

|                    | 2021 | CS | Consensus | Diff. | Diff.   |
|--------------------|------|----|-----------|-------|---------|
| TCE revenue        | 31   | 30 | 30        | 1     | 4%      |
| Opex + G&A         | 12   | 12 | 12        | -0    | -1%     |
| Depreciation       | 13   | 12 | 12        | 0     | 1%      |
| Net finance        | 11   | 12 | 12        | -1    | -11%    |
| Taxes & Minorities | 0    | 0  | 0         | 0     | #DIV/O! |

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





|                                 | 3Q19  | 4Q19 | 1Q20 | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|------|------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |      |      |       |       |       |       |       |       |
| Net sales                       | 11    | 16   | 13   | 4     | 7     | 10    | 7     | 5     | 8     |
| Operational costs               | -4    | -3   | -3   | -3    | -3    | -3    | -3    | -3    | -3    |
| EBITDA                          | 7     | 13   | 10   | 1     | 4     | 7     | 4     | 2     | 5     |
| Depreciation/Amortization       | -3    | -3   | -3   | -3    | -3    | -3    | -3    | -3    | -3    |
| EBIT                            | 4     | 10   | 7    | -2    | 1     | 4     | 1     | -1    | 2     |
| Net financials                  | -5    | -5   | -4   | -4    | -3    | -3    | -3    | -3    | -3    |
| PTP                             | -1    | 5    | 3    | -5    | -2    | 1     | -2    | -4    | -1    |
| Taxes/Minorities                | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | -1    | 5    | 3    | -5    | -2    | 1     | -2    | -4    | -1    |
| Non-recurring items             | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | -1    | 5    | 3    | -5    | -2    | 1     | -2    | -4    | -1    |
| EPS                             | -0.01 | 0.04 | 0.02 | 0.02  | -0.02 | 0.01  | -0.02 | -0.03 | -0.01 |
| EPS (adj.)                      | -0.01 | 0.04 | 0.02 | -0.04 | -0.02 | 0.01  | -0.02 | -0.03 | -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   | 14    | 24   | 22   | 15    | 11    | 10    | 7     | 1     | -1    |
| Other current assets            | 10    | 4    | 7    | 4     | 4     | 4     | 4     | 4     | 4     |
| Total current assets            | 24    | 27   | 28   | 19    | 15    | 14    | 10    | 5     | 3     |
| Property & equip. (incl. NBs)   | 353   | 350  | 347  | 344   | 341   | 338   | 335   | 332   | 328   |
| Other non-current assets        | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets        | 353   | 350  | 347  | 345   | 341   | 338   | 335   | 332   | 329   |
| TOTAL ASSETS                    | 377   | 377  | 376  | 363   | 356   | 352   | 345   | 337   | 331   |
| Total equity                    | 103   | 107  | 110  | 105   | 102   | 103   | 101   | 97    | 96    |
| Short-term debt                 | 262   | 260  | 19   | 19    | 19    | 19    | 19    | 19    | 19    |
| Other current liabilities       | 12    | 9    | 8    | 5     | 5     | 5     | 5     | 5     | 5     |
| Total current liabilities       | 274   | 270  | 27   | 24    | 24    | 24    | 24    | 24    | 24    |
| Long-term debt                  | 0     | 0    | 238  | 234   | 229   | 225   | 220   | 215   | 211   |
| Other non-current liabilities   | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 0     | 0    | 239  | 234   | 230   | 225   | 220   | 216   | 211   |
| TOTAL EQUITY & LIABILITIES      | 377   | 377  | 376  | 363   | 356   | 352   | 345   | 337   | 331   |
| Working capital, receivables    | 2     | 1    | 4    | 2     | 2     | 2     | 2     | 2     | 2     |
| Working capital, payables       | 4     | 2    | 1    | 1     | 1     | 1     | 1     | 1     | 1     |
| Net working capital             | -2    | -1   | 3    | 2     | 2     | 2     | 2     | 2     | 2     |
| Interest bearing debt           | 262   | 260  | 257  | 253   | 248   | 244   | 239   | 234   | 229   |
| Liquidity                       | 14    | 24   | 22   | 15    | 11    | 10    | 7     | 1     | -1    |
| Net interest bearing debt       | 248   | 237  | 235  | 238   | 237   | 233   | 232   | 233   | 231   |
| <b>Cash Flow (USDm)</b>         |       |      |      |       |       |       |       |       |       |
| Net income                      | -1    | 5    | 3    | -5    | -2    | 1     | -2    | -4    | -1    |
| Depreciation                    | 3     | 3    | 3    | 3     | 3     | 3     | 3     | 3     | 3     |
| Other                           | 0     | 0    | 4    | 4     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 2     | 8    | 10   | 1     | 1     | 4     | 1     | 0     | 2     |
| Changes in working capital      | -3    | 4    | -7   | 0     | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 0     | 11   | 2    | 1     | 1     | 4     | 1     | 0     | 2     |
| Capex                           | 0     | 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         | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Repayment of debt               | -2    | -2   | -256 | -5    | -5    | -5    | -5    | -5    | -5    |
| Proceeds from debt              | 0     | 0    | 263  | 0     | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                  | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| New equity                      | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0     | 0    | -10  | -4    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -2    | -2   | -4   | -8    | -5    | -5    | -5    | -5    | -5    |
| Currency effect                 | 0     | 0    | 0    | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -3    | 9    | -2   | -7    | -4    | -1    | -4    | -5    | -3    |
| Cash balance                    | 14    | 24   | 22   | 15    | 11    | 10    | 7     | 1     | -1    |
| Free cash flow                  | -1    | 12   | -2   | 1     | 1     | 4     | 1     | 0     | 2     |



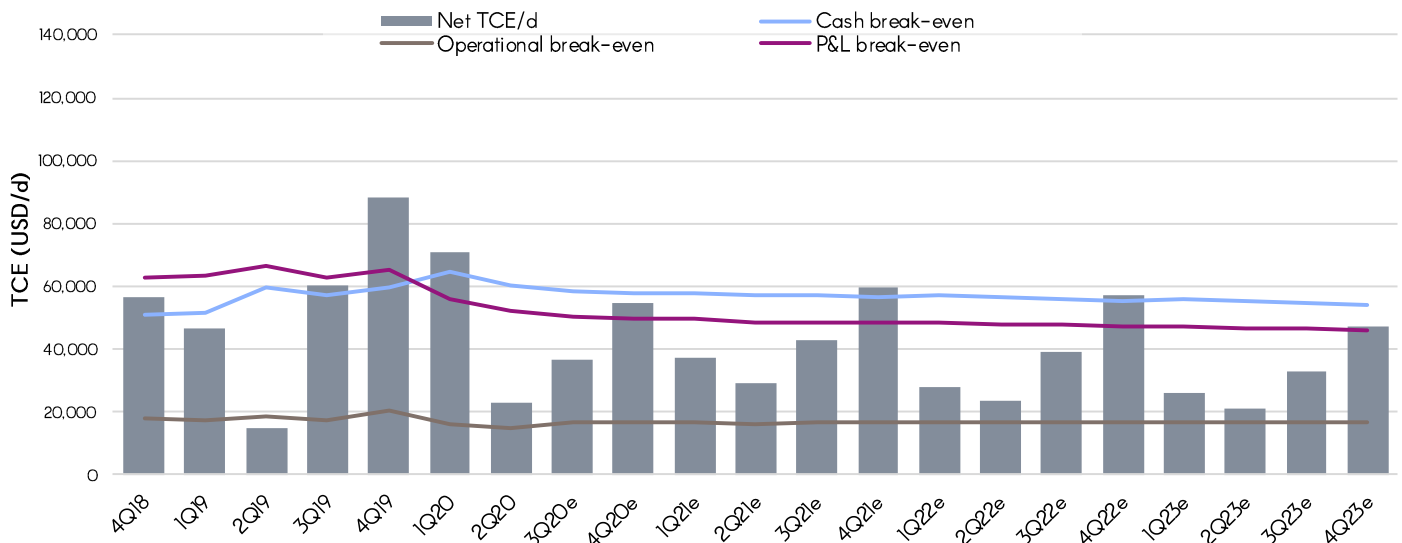
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     |       |       |       |       | 34    | 34    | 31    | 27    | 23    |
| Operational costs             |       |       |       |       | -8    | -12   | -12   | -12   | -12   |
| EBITDA                        | 4     | 13    | 2     | 22    | 25    | 22    | 19    | 15    | 11    |
| Depreciation/Amortization     | -17   | -13   | -12   | -13   | -13   | -13   | -13   | -13   | -13   |
| EBIT                          | -12   | 0     | -11   | 9     | 12    | 9     | 6     | 2     | -1    |
| Net financials                | -24   | -23   | -21   | -21   | -20   | -14   | -11   | -10   | -9    |
| PTP                           | -36   | -23   | -32   | -11   | -8    | -4    | -5    | -8    | -11   |
| Taxes/Minorities              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | -36   | -23   | -32   | -11   | -8    | -4    | -5    | -8    | -11   |
| Non-recurring items           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)           | -36   | -23   | -32   | -11   | -8    | -4    | -5    | -8    | -11   |
| EPS                           | -0.54 | -0.34 | -0.24 | -0.09 | -0.06 | 0.03  | -0.04 | -0.06 | -0.08 |
| EPS (adj.)                    | -0.54 | -0.34 | -0.24 | -0.09 | -0.06 | -0.03 | -0.04 | -0.06 | -0.08 |
| 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    | 10    | -1    | -15   | -32   |
| Other current assets          | 6     | 6     | 7     | 9     | 4     | 4     | 4     | 4     | 4     |
| Total current assets          | 23    | 36    | 36    | 31    | 27    | 14    | 3     | -11   | -28   |
| Property & equip. (incl. NBs) | —     | 372   | —     | —     | —     | 338   | 325   | 313   | 300   |
| Other non-current assets      |       | 0     |       |       |       | 0     | 0     | 0     | 0     |
| Total non-current assets      | 423   | 372   | 364   | 362   | 350   | 338   | 326   | 313   | 300   |
| TOTAL ASSETS                  | 445   | 408   | 400   | 394   | 377   | 352   | 329   | 302   | 272   |
| Total equity                  | 156   | 133   | 127   | 116   | 107   | 103   | 98    | 90    | 80    |
| Short-term debt               | 35    | 14    | 3     | 267   | 260   | 19    | 137   | 171   | 147   |
| Other current liabilities     | 4     | 3     | 4     | 11    | 9     | 5     | 5     | 5     | 5     |
| Total current liabilities     | 39    | 16    | 6     | 278   | 270   | 24    | 142   | 176   | 152   |
| Long-term debt                | 251   | 259   | 264   | 0     | 0     | 225   | 88    | 35    | 41    |
| Other non-current liabilities | 0     | 0     | 2     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities | 251   | 259   | 266   | 0     | 0     | 225   | 88    | 36    | 41    |
| TOTAL EQUITY & LIABILITIES    | 445   | 408   | 400   | 394   | 377   | 352   | 329   | 302   | 272   |
| Working capital, receivables  | 4     | 2     | 4     | 4     | 1     | 2     | 2     | 2     | 2     |
| Working capital, payables     | 0     | 1     | 0     | 1     | 2     | 1     | 1     | 1     | 1     |
| Net working capital           | 4     | 1     | 4     | 3     | -1    | 2     | 2     | 2     | 2     |
| Interest bearing debt         | 286   | 273   | 267   | 267   | 260   | 244   | 225   | 206   | 187   |
| Liquidity                     | 17    | 30    | 29    | 23    | 24    | 10    | -1    | -15   | -32   |
| Net interest bearing debt     | 268   | 243   | 238   | 244   | 237   | 233   | 225   | 221   | 219   |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | -36   | -23   | -32   | -11   | -8    | -4    | -5    | -8    | -11   |
| Depreciation                  | 17    | 13    | 12    | 13    | 13    | 13    | 13    | 13    | 13    |
| Other                         | 36    | 30    | 22    | 22    | 21    | 8     | 0     | 0     | 0     |
| Cash earnings                 | 16    | 20    | 3     | 23    | 26    | 16    | 8     | 5     | 2     |
| Changes in working capital    | -4    | 0     | -1    | 3     | 4     | -8    | 0     | 0     | 0     |
| Net operational cash flow     | 12    | 20    | 2     | 27    | 29    | 9     | 8     | 5     | 2     |
| 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   | -21   | -19   | -19   | -19   |
| Currency effect               | —     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                 |       | 13    | -1    | -6    | 1     | -13   | -11   | -14   | -17   |
| Cash balance                  | 17    | 30    | 29    | 23    | 24    | 10    | -1    | -15   | -32   |
| Free cash flow                | 29    | 52    | 0     | 15    | 28    | 8     | 8     | 5     | 2     |



| 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      |
| Market Cap.                        | 30     | 54     | 82     | 76    | 48    | 15    | 15    | 15    | 15     |
| NIBD                               | 268    | 243    | 238    | 244   | 237   | 233   | 225   | 221   | 219    |
| Minorities                         | 0      | 0      | 0      | 0     | 0     | 0     | 0     | 0     | 0      |
| Enterprise value                   | 298    | 297    | 319    | 320   | 285   | 248   | 240   | 236   | 234    |
| Key Figures & Ratios               | 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   | 0.4   | 0.5   | 0.6   | 0.6    |
| EV/Sales                           |        |        |        |       | 8.5   | 7.3   | 7.8   | 8.8   | 10.0   |
| EV/EBITDA                          | 69.6   | 22.4   |        | 14.3  | 11.3  | 11.2  | 12.8  | 15.9  | 20.9   |
| EV/EBIT                            |        |        |        | 33.9  | 23.5  | 26.3  | 39.0  |       |        |
| P/B                                | 0.2    | 0.4    | 0.6    | 0.7   | 0.4   | 0.1   | 0.2   | 0.2   | 0.2    |
| FCF yield                          | 98%    | 96%    | 0%     | 20%   | 59%   | 54%   | 52%   | 31%   | 13%    |
| 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% | -4.0% | -4.9% | -8.8% | -13.4% |
| Return on capital employed (ROCE)  | -2.9%  | 0.1%   | -2.9%  | 2.6%  | 3.5%  | 2.8%  | 1.9%  | 0.7%  | -0.5%  |
| Return on assets (ROA)             | -8.1%  | -5.6%  | -8.0%  | -2.9% | -2.2% | -1.2% | -1.5% | -2.6% | -3.9%  |
| Sales growth                       |        |        |        |       |       | 1%    | -9%   | -13%  | -13%   |
| EBITDA margin                      |        |        |        |       | 75%   | 65%   | 61%   | 55%   | 48%    |
| EBIT margin                        |        |        |        |       | 36%   | 28%   | 20%   | 8%    | -6%    |
| Net margin                         |        |        |        |       | -25%  | -12%  | -16%  | -29%  | -46%   |
| Net interest rate                  | 0.0%   | 0.0%   | 0.0%   | 0.0%  | 0.0%  | 5.8%  | 4.9%  | 4.6%  | 4.2%   |
| 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%   | 30%   | 30%   | 29%    |
| Leverage ratio                     | 65%    | 67%    | 68%    | 71%   | 72%   | 71%   | 70%   | 70%   | 71%    |
| NIBD / EBITDA (past ly)            | 62.6   | 18.3   | 140.6  | 10.9  | 9.4   | 10.6  | 12.0  | 14.9  | 19.6   |
| 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 (EBIT) |        |        |        |       |       | 1.6   | 1.7   | 1.5   | 1.2    |
| Current ratio                      | 0.6    | 2.2    | 5.6    | 0.1   | 0.1   | 0.6   | 0.0   | -0.1  | -0.2   |
| Adj. equity ratio                  |        |        |        |       |       | -2%   | -1%   | -2%   | -8%    |
| Operating assets                   | 428    | 378    | 371    | 371   | 354   | 342   | 329   | 317   | 304    |
| Operating liabilities              | 4      | 3      | 6      | 11    | 10    | 5     | 5     | 5     | 5      |
| Net operating assets               | 424    | 376    | 365    | 360   | 344   | 336   | 324   | 311   | 298    |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:18 CET



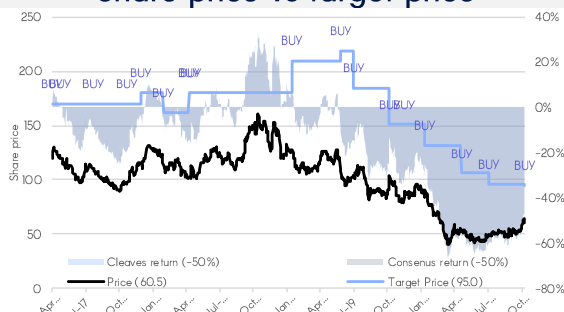


## FLNG-NO

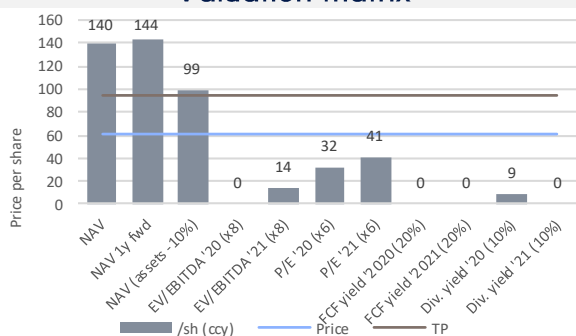
## BUY/N95

## Flex LNG

### Share price vs target price

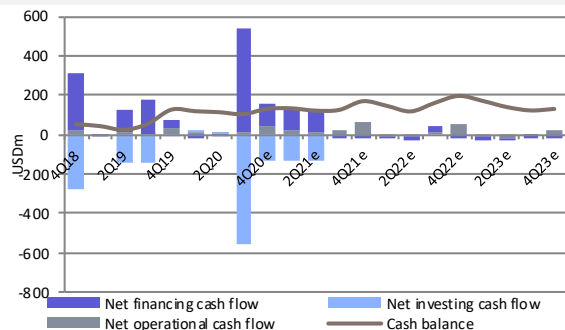


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 166   | 254   | 187   | 143   |
| EBITDA (adj.)       | 124   | 188   | 121   | 77    |
| EBIT (adj.)         | 81    | 118   | 47    | 3     |
| PTP (adj.)          | 32    | 40    | -31   | -74   |
| Net earnings (adj.) | 31    | 40    | -31   | -74   |
| EPS (adj.)          | 0.58  | 0.74  | -0.58 | -1.37 |
| DPS                 | 0.10  | -     | -     | -     |

| USDm              | 2020E | 2021E | 2022E | 2023E |
|-------------------|-------|-------|-------|-------|
| Fwd NAV           | 842   | 886   | 855   | 784   |
| Adj. equity ratio | 37%   | 35%   | 35%   | 34%   |
| FCF yield         | -173% | -41%  | 12%   | 0%    |
| Dividend yield    | 2%    | 0%    | 0%    | 0%    |
| EV/EBITDA         | 13.1  | 9.4   | 14.3  | 22.6  |
| P/E (adj.)        | 11.3  | 8.9   |       |       |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 67     | 111    | 43     | -0     |
| Free cash flow                | -613   | -146   | 43     | -0     |
| Net cash flow                 | 4      | 39     | 27     | -66    |
| TCE/day                       | 60,911 | 71,166 | 59,936 | 52,534 |
| Cash break-even               | 47,847 | 44,869 | 44,408 | 44,060 |
| Liquidity                     | 133    | 172    | 199    | 133    |
| Property & Equip. (incl. NBs) | 2,133  | 2,319  | 2,245  | 2,171  |
| Total equity                  | 835    | 875    | 844    | 770    |
| Total assets                  | 2,287  | 2,511  | 2,464  | 2,324  |
| Interest bearing debt         | 1,410  | 1,595  | 1,579  | 1,513  |
| Net interest bearing debt     | 1,277  | 1,423  | 1,380  | 1,381  |
| Market Cap.                   | 354    | 354    | 354    | 354    |

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

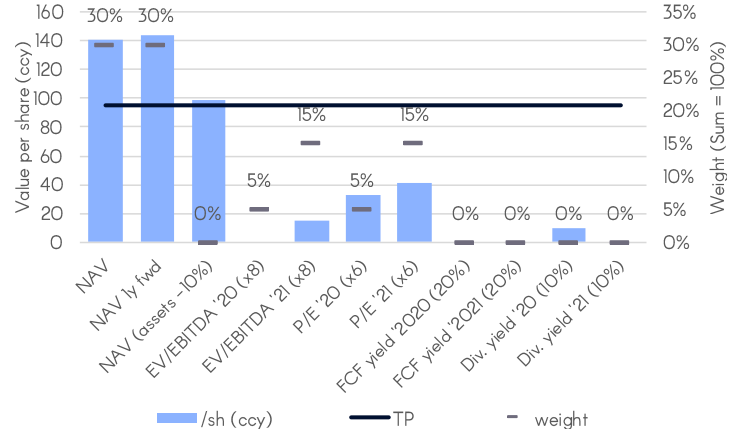


## Company Valuation

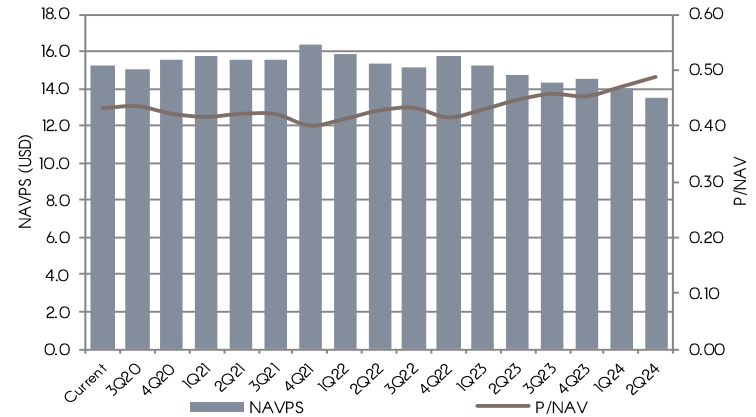
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,479        | 2,411           | 1,949        |
| Contract value    | 0            | 16              | 13           |
| Other             | 20           | 20              | 16           |
| <b>GAV</b>        | <b>1,499</b> | <b>2,446</b>    | <b>1,978</b> |
| Net debt          | -646         | -646            | -646         |
| Capex             | 0            | -937            | -937         |
| Other             | -40          | -40             | -40          |
| <b>Equity</b>     | <b>812</b>   | <b>822</b>      | <b>354</b>   |
| Shares            | 54           | 54              | 54           |
| <b>Equity/sh</b>  | <b>15.01</b> | <b>15.20</b>    | <b>6.55</b>  |
| lcl CCY           | 138.71       | 140.39          | 60.50        |
|                   |              |                 |              |
| <b>P/Equity</b>   | <b>0.44</b>  | <b>0.43</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>1.32</b>  | <b>0.81</b>     | <b>1.00</b>  |
|                   |              |                 |              |
| Adj. Total Assets | 1,616        | 2,547           | 2,086        |
| Adj. Equity Ratio | 50%          | 32%             | 17%          |
| <b>Fair Value</b> | <b>NOK</b>   | <b>95</b>       | <b>57%</b>   |
|                   | <b>USD</b>   | <b>10</b>       |              |

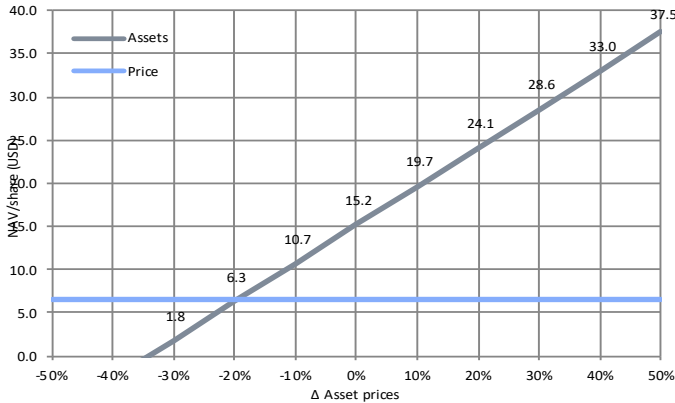
### Valuation Matrix



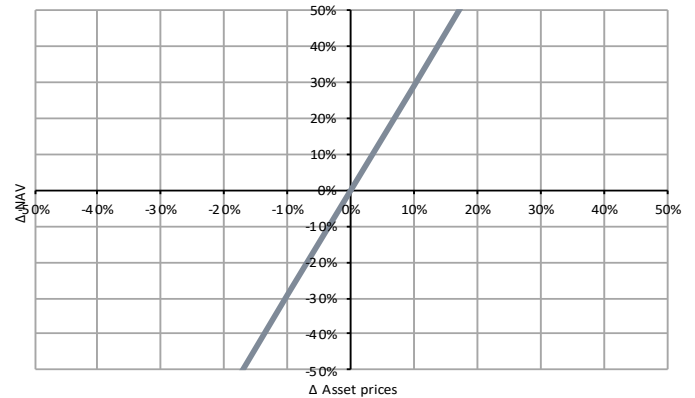
### Quarterly forward NAV & P/NAV



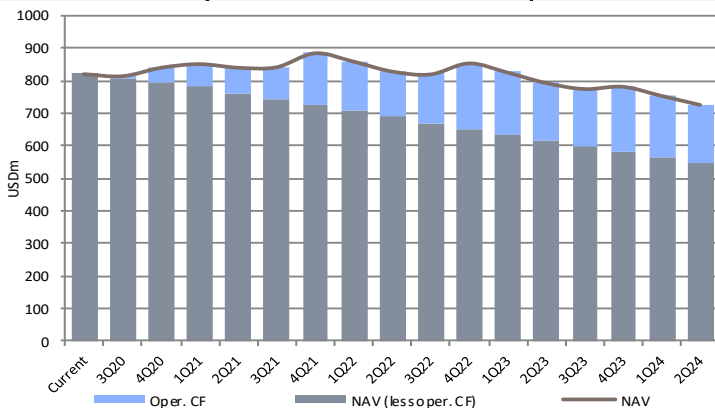
### Impact on NAV/sh from % change in asset prices



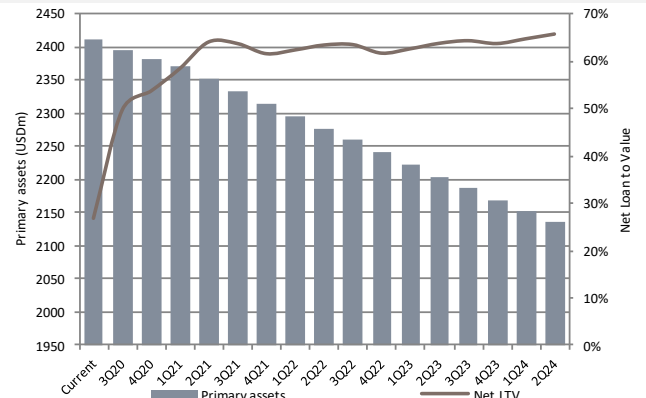
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

### P&L

| 3Q20 Preview<br>USDm  | 3Q19 | 2Q20  | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|------|-------|---------|-----------|------------|-------|------------|-------|
|                       |      |       | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 28.8 | 25.4  | 32.0    | 35.0      |            |       |            |       |
| EBITDA (adj.)         | 21.9 | 17.4  | 21.5    | 22.6      |            |       |            |       |
| EBIT (adj.)           | 14.1 | 8.8   | 9.9     | 10.8      |            |       |            |       |
| PTP (adj.)            | 4.9  | -0.7  | -3.0    | 0.6       |            |       |            |       |
| Net earnings (adj.)   | 4.9  | -0.7  | -3.0    | -2.6      |            |       |            |       |
| EPS (adj.)            | 0.09 | -0.01 | -0.06   | 0.00      |            |       |            |       |
| DPS                   | 0.10 | -     | -       | 0.05      |            |       |            |       |
| Implied, line by line | 3Q19 | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 28.8 | 25.4  | 32.0    | 35.0      |            |       |            |       |
| Opex & G&A            | 6.9  | 8.0   | 10.5    | 12.4      |            |       |            |       |
| Depreciation          | 7.8  | 8.6   | 11.6    | 11.8      |            |       |            |       |
| Net finance           | 9.2  | 9.5   | 12.9    | 10.2      |            |       |            |       |
| Taxes & Minorities    | -0.0 | 0.0   | 0.0     | 3.2       |            |       |            |       |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 3      | 4      | 9       |           |            |       |            |       |
| Free cash flow            | -142   | 4      | -543    |           |            |       |            |       |
| Net cash flow             | 30     | -5     | -10     |           |            |       |            |       |
| TCE/day                   | 58,222 | 46,588 | 46,333  | 50,772    |            |       |            |       |
| Utilization               | 100.0% | 100.0% | 100.0%  |           |            |       |            |       |
| Fleet days                | 495    | 546    | 690     |           |            |       |            |       |
| Cash break-even           | 47,999 | 49,097 | 49,016  |           |            |       |            |       |
| Liquidity                 | 57     | 116    | 106     |           |            |       |            |       |
| Interest bearing debt     | 737    | 762    | 1,295   |           |            |       |            |       |





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 166   | 254   | 187   | 143   | 161   | 215   | 167   | 158   | 5                  | 39    | 21    | -16   |     |
| EBITDA (adj.)            | 124   | 188   | 121   | 77    | 115   | 143   | 93    | 85    | 10                 | 46    | 28    | -8    |     |
| EBIT (adj.)              | 81    | 118   | 47    | 3     | 69    | 69    | 16    | 8     | 12                 | 49    | 31    | -5    |     |
| PTP (adj.)               | 32    | 40    | -31   | -74   | 18    | -12   | -65   | -72   | 13                 | 52    | 34    | -2    |     |
| Net earnings (adj.)      | 31    | 40    | -31   | -74   | 18    | -12   | -65   | -72   | 13                 | 52    | 34    | -2    |     |
| EPS (adj.)               | 0.58  | 0.74  | -0.58 | -1.37 | 0.34  | -0.22 | -1.21 | -1.32 | 0.25               | 0.95  | 0.63  | -0.04 |     |
| DPS                      | 0.10  | -     | -     | -     | 0.10  | -     | -     | -     | -                  | -     | -     | -     |     |
|                          |       |       |       |       |       |       |       |       | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |       |       |       |       | TCE revenue        | 5     | 39    | 21    | -16 |
|                          |       |       |       |       |       |       |       |       | Opex & G&A         | -5    | -7    | -8    | -8  |
|                          |       |       |       |       |       |       |       |       | Depreciation       | -2    | -3    | -3    | -3  |
|                          |       |       |       |       |       |       |       |       | Net finance        | -1    | -3    | -3    | -3  |
|                          |       |       |       |       |       |       |       |       | Taxes & Minorities | 0     | -     | -     | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  |
| Net operational cash flow     | 67     | 111    | 43     | -0     | 60     | 62     | 12     | 5      | 7      | 48     | 31     | -5     |
| Free cash flow                | -613   | -146   | 43     | -0     | -620   | -195   | 12     | 5      | 7      | 48     | 31     | -5     |
| Net cash flow                 | 4      | 39     | 27     | -66    | -14    | -10    | -4     | -61    | 18     | 48     | 31     | -5     |
| TCE/day                       | 60,911 | 71,166 | 59,936 | 52,534 | 66,866 | 65,994 | 51,988 | 49,685 | -5,954 | 5,172  | 7,948  | 2,849  |
| Cash break-even               | 47,847 | 44,869 | 44,408 | 44,060 | 50,279 | 47,009 | 46,542 | 46,180 | -2,431 | -2,140 | -2,134 | -2,120 |
| Liquidity                     | 133    | 172    | 199    | 133    | 115    | 105    | 101    | 40     | 18     | 67     | 98     | 92     |
| Property & Equip. (incl. NBs) | 2,133  | 2,319  | 2,245  | 2,171  | 2,131  | 2,314  | 2,237  | 2,160  | 2      | 5      | 8      | 11     |
| Total equity                  | 835    | 875    | 844    | 770    | 828    | 816    | 751    | 679    | 7      | 59     | 93     | 91     |
| Total assets                  | 2,287  | 2,511  | 2,464  | 2,324  | 2,265  | 2,438  | 2,357  | 2,219  | 22     | 73     | 107    | 105    |
| Interest bearing debt         | 1,410  | 1,595  | 1,579  | 1,513  | 1,399  | 1,584  | 1,568  | 1,502  | 11     | 11     | 11     | 11     |
| Net interest bearing debt     | 1,277  | 1,423  | 1,380  | 1,381  | 1,284  | 1,479  | 1,467  | 1,462  | -7     | -56    | -87    | -81    |
| Market Cap.                   | 354    | 354    | 354    | 354    | 276    | 276    | 276    | 276    | 78     | 78     | 78     | 78     |
| Enterprise value              | 1,631  | 1,778  | 1,735  | 1,735  | 1,560  | 1,755  | 1,743  | 1,738  | 71     | 23     | -8     | -3     |
| Capex                         | 680    | 257    | -      | -      | 680    | 257    | -      | -      | -0     | -      | -      | -      |
| Utilization                   | 96%    | 75%    | 62%    | 55%    | 86%    | 68%    | 69%    | 68%    | 11%    | 7%     | -7%    | -13%   |
| Fleet days                    | 2,794  | 4,655  | 4,745  | 4,745  | 2,840  | 4,655  | 4,745  | 4,745  | -46    | -      | -      | -      |

### Valuation

| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |         |         |         |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|---------|---------|---------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E   | 2022E   | 2023E   |
| Fwd NAV                  | 842   | 886   | 855   | 784   | 898   | 891   | 827   | 763   | -56    | -5      | 28      | 21      |
| Adj. equity ratio        | 37%   | 35%   | 35%   | 34%   | 38%   | 35%   | 34%   | 33%   | -2%    | 0%      | 1%      | 0%      |
| FCF yield                | -173% | -41%  | 12%   | 0%    | -224% | -71%  | 4%    | 2%    | 52%    | 29%     | 8%      | -2%     |
| Dividend yield           | 2%    | 0%    | 0%    | 0%    | 2%    | 0%    | 0%    | 0%    | 0%     | 0%      | 0%      | 0%      |
| EV/EBITDA                | 13.1  | 9.4   | 14.3  | 22.6  | 13.6  | 12.3  | 18.8  | 20.5  | -0.5   | -2.9    | -4.5    | 2.1     |
| P/E (adj.)               | 11.3  | 8.9   |       |       | 15.2  |       |       |       | -3.9   | #VALUE! | #VALUE! | #VALUE! |

### Various

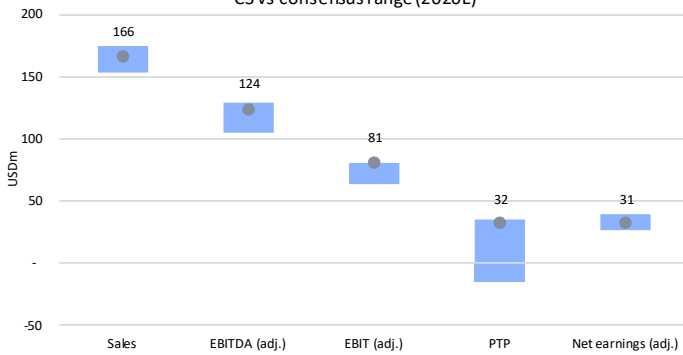
| Estimate changes<br>USDm |         |         |         |         |         |         |         |         | Change |       |       |       |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|--------|-------|-------|-------|
|                          | 2020E   | 2021E   | 2022E   | 2023E   | 2020E   | 2021E   | 2022E   | 2023E   | 2020E  | 2021E | 2022E | 2023E |
| Opex/day (excl. TC-in)   | -12,661 | -12,500 | -12,500 | -12,500 | -13,953 | -14,000 | -14,000 | -14,000 | 1,292  | 1,500 | 1,500 | 1,500 |
| G&A/day                  | -2,524  | -1,475  | -1,464  | -1,480  | -2,637  | -1,563  | -1,550  | -1,566  | 112    | 88    | 86    | 86    |
| Depreciation/day         | -15,705 | -15,232 | -15,594 | -15,594 | -16,241 | -15,891 | -16,239 | -16,239 | 536    | 659   | 645   | 645   |
| Net interest/day         | -17,751 | -16,689 | -16,533 | -16,170 | -17,913 | -17,241 | -17,081 | -16,703 | 162    | 552   | 548   | 533   |
| Amort./day               | -14,911 | -14,204 | -13,911 | -13,911 | -15,776 | -14,204 | -13,911 | -13,911 | 865    | -     | -     | -     |



## Our Estimates vs Consensus

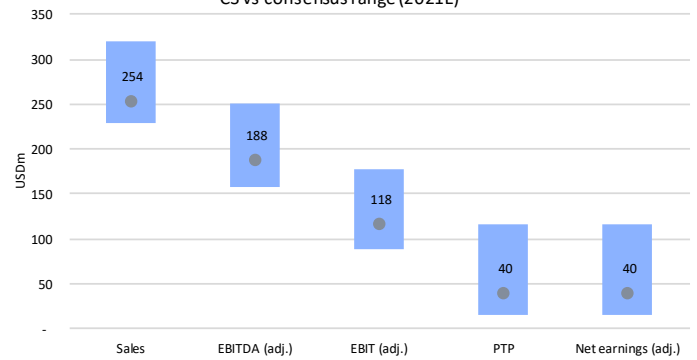
### Profit & Loss, year I

CS vs consensus range (2020E)

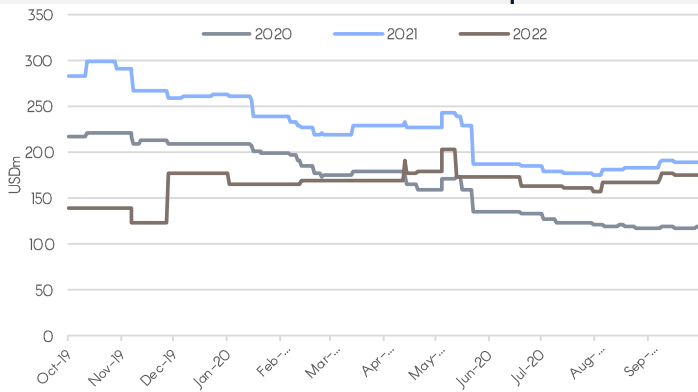


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



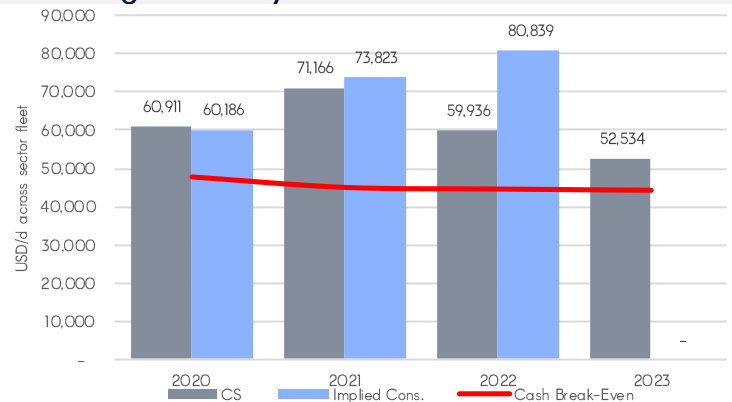
### Fair value vs share price past 1y



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 166  | 164 | 164       | 2     | 1%    |
| Opex + G&A         | 42   | 46  | 46        | -4    | -9%   |
| Depreciation       | 43   | 45  | 45        | -1    | -2%   |
| Net finance        | 49   | 70  | 70        | -21   | -30%  |
| Taxes & Minorities | 0    | -30 | -30       | 30    | -100% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 254  | 263 | 263       | -9    | -4%   |
| Opex + G&A         | 65   | 73  | 73        | -8    | -11%  |
| Depreciation       | 71   | 62  | 62        | 9     | 15%   |
| Net finance        | 78   | 66  | 66        | 12    | 18%   |
| Taxes & Minorities | 0    | 0   | 0         | -0    | -100% |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 29    | 52    | 37    | 25    | 32    | 72    | 55    | 44    | 57    |
| Operational costs               | -7    | -10   | -9    | -8    | -10   | -14   | -15   | -16   | -17   |
| EBITDA                          | 22    | 42    | 28    | 17    | 22    | 57    | 40    | 27    | 40    |
| Depreciation/Amortization       | -8    | -9    | -9    | -9    | -12   | -15   | -16   | -18   | -18   |
| EBIT                            | 14    | 33    | 19    | 9     | 10    | 43    | 24    | 9     | 22    |
| Net financials                  | -14   | -9    | -34   | -15   | -13   | -17   | -18   | -19   | -20   |
| PTP                             | 0     | 24    | -15   | -7    | -3    | 26    | 6     | -10   | 1     |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | 0     | 24    | -15   | -7    | -3    | 26    | 6     | -10   | 1     |
| Non-recurring items             | 4     | -2    | 24    | 6     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | 5     | 22    | 9     | -1    | -3    | 26    | 6     | -10   | 1     |
| EPS                             | 0.01  | 0.44  | -0.27 | -0.12 | -0.06 | 0.48  | 0.11  | -0.19 | 0.02  |
| EPS (adj.)                      | 0.09  | 0.41  | 0.17  | -0.01 | -0.06 | 0.48  | 0.11  | -0.19 | 0.02  |
| DPS                             | 0.00  | 0.10  | 0.10  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 57    | 129   | 121   | 116   | 106   | 133   | 136   | 124   | 127   |
| Other current assets            | 17    | 15    | 19    | 20    | 20    | 20    | 20    | 20    | 20    |
| Total current assets            | 73    | 144   | 140   | 136   | 126   | 154   | 156   | 144   | 148   |
| Property & equip. (incl. NBs)   | 1,505 | 1,497 | 1,488 | 1,479 | 2,019 | 2,133 | 2,245 | 2,356 | 2,338 |
| Other non-current assets        | 0     | 1     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current assets        | 1,506 | 1,497 | 1,488 | 1,479 | 2,019 | 2,133 | 2,245 | 2,356 | 2,338 |
| TOTAL ASSETS                    | 1,579 | 1,641 | 1,628 | 1,616 | 2,146 | 2,287 | 2,401 | 2,501 | 2,485 |
| Total equity                    | 821   | 839   | 819   | 812   | 809   | 835   | 841   | 831   | 833   |
| Short-term debt                 | 34    | 35    | 36    | 36    | 35    | 35    | 36    | 35    | 35    |
| Other current liabilities       | 21    | 23    | 38    | 41    | 41    | 41    | 41    | 41    | 41    |
| Total current liabilities       | 55    | 58    | 74    | 77    | 76    | 76    | 77    | 77    | 77    |
| Long-term debt                  | 703   | 744   | 735   | 726   | 1,260 | 1,375 | 1,483 | 1,593 | 1,576 |
| Other non-current liabilities   | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities   | 703   | 744   | 735   | 726   | 1,260 | 1,375 | 1,483 | 1,593 | 1,576 |
| TOTAL EQUITY & LIABILITIES      | 1,579 | 1,641 | 1,628 | 1,616 | 2,146 | 2,287 | 2,401 | 2,501 | 2,485 |
| Working capital, receivables    | 2     | 3     | 2     | 4     | 4     | 4     | 4     | 4     | 4     |
| Working capital, payables       | 1     | 1     | 3     | 1     | 1     | 1     | 1     | 1     | 1     |
| Net working capital             | 1     | 2     | -1    | 3     | 3     | 3     | 3     | 3     | 3     |
| Interest bearing debt           | 737   | 779   | 771   | 762   | 1,295 | 1,410 | 1,519 | 1,628 | 1,612 |
| Liquidity                       | 57    | 129   | 121   | 116   | 106   | 133   | 136   | 124   | 127   |
| Net interest bearing debt       | 681   | 650   | 650   | 646   | 1,189 | 1,277 | 1,383 | 1,504 | 1,484 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 0     | 24    | -15   | -7    | -3    | 26    | 6     | -10   | 1     |
| Depreciation                    | 8     | 9     | 9     | 9     | 12    | 15    | 16    | 18    | 18    |
| Other                           | 0     | -1    | 31    | 6     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 8     | 32    | 25    | 8     | 9     | 41    | 22    | 8     | 20    |
| Changes in working capital      | -5    | 5     | -11   | -4    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 3     | 37    | 14    | 4     | 9     | 41    | 22    | 8     | 20    |
| Capex                           | -145  | 0     | 0     | 0     | -551  | -129  | -129  | -129  | 0     |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -145  | 0     | 0     | 0     | -551  | -129  | -129  | -129  | 0     |
| Repayment of debt               | -353  | -9    | -63   | -9    | -11   | -11   | -17   | -17   | -17   |
| Proceeds from debt              | 525   | 49    | 49    | 0     | 543   | 126   | 125   | 126   | 0     |
| Dividends paid                  | 0     | -5    | -5    | 0     | 0     | 0     | 0     | 0     | 0     |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 172   | 35    | -20   | -9    | 533   | 115   | 109   | 109   | -17   |
| Currency effect                 | 0     | 0     | -2    | 1     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 30    | 73    | -8    | -5    | -10   | 27    | 2     | -12   | 3     |
| Cash balance                    | 57    | 129   | 121   | 116   | 106   | 133   | 136   | 124   | 127   |
| Free cash flow                  | -142  | 37    | 8     | 4     | -543  | -88   | -106  | -121  | 20    |



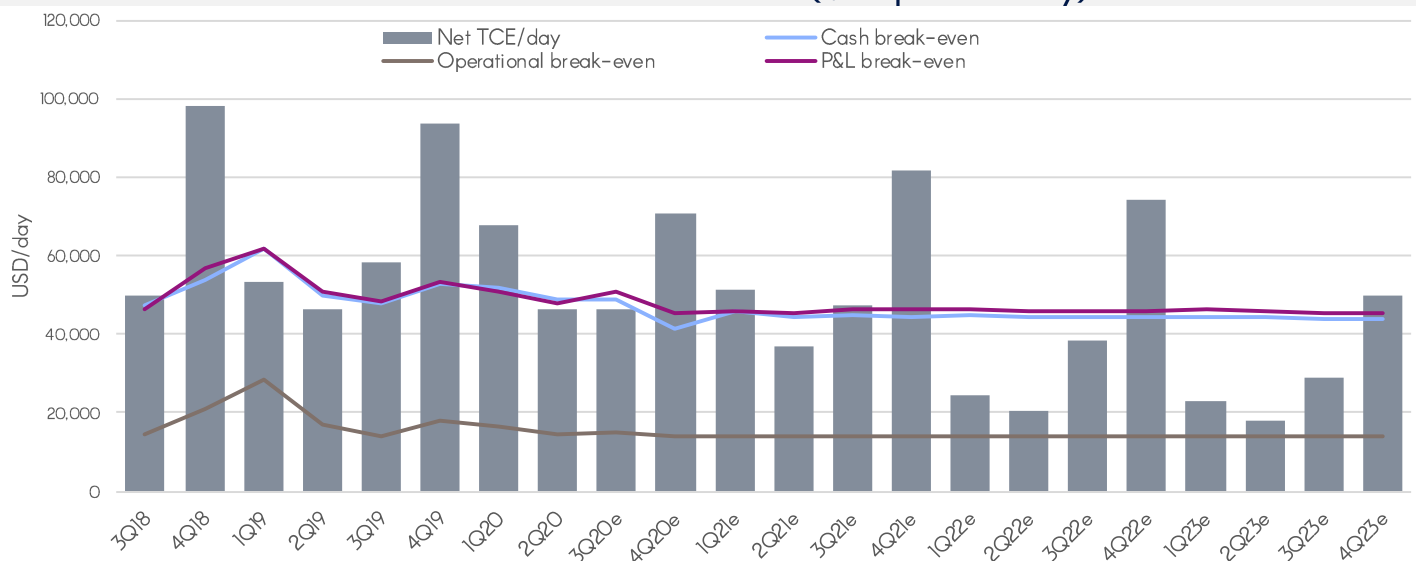
| Profit & Loss (USDm)          | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                     |       |       |       |       | 114   | 166   | 254   | 187   | 143   |
| Operational costs             |       |       |       |       | -30   | -42   | -65   | -66   | -66   |
| EBITDA                        |       | -1    | -13   | 46    | 84    | 124   | 188   | 121   | 77    |
| Depreciation/Amortization     |       | 0     | 0     | -17   | -29   | -43   | -71   | -74   | -74   |
| EBIT                          | -2    | -1    | -13   | 29    | 55    | 81    | 118   | 47    | 3     |
| Net financials                | 0     | 0     | 2     | -17   | -38   | -79   | -78   | -78   | -77   |
| PTP                           | -2    | -2    | -10   | 12    | 17    | 1     | 40    | -31   | -74   |
| Taxes/Minorities              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                  | -2    | -2    | -10   | 12    | 17    | 1     | 40    | -31   | -74   |
| Non-recurring items           | 0     | 0     | 0     | 0     | 0     | 30    | 0     | 0     | 0     |
| Net earnings (adj.)           | -2    | -2    | -10   | 12    | 17    | 31    | 40    | -31   | -74   |
| EPS                           | -0.18 | -0.13 | -0.28 | 0.22  | 0.31  | 0.02  | 0.74  | -0.58 | -1.37 |
| EPS (adj.)                    | -0.18 | -0.13 | -0.28 | 0.22  | 0.31  | 0.58  | 0.74  | -0.58 | -1.37 |
| 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   | 133   | 172   | 199   | 133   |
| Other current assets          | 0     | 0     | 8     | 5     | 15    | 20    | 20    | 20    | 20    |
| Total current assets          | 4     | 2     | 18    | 60    | 144   | 154   | 192   | 219   | 153   |
| Property & equip. (incl. NBs) | 211   | 212   | 667   | 1,234 | 1,497 | 2,133 | 2,319 | 2,245 | 2,171 |
| Other non-current assets      | 0     | 0     | 0     | 0     | 1     | 0     | 0     | 0     | 0     |
| Total non-current assets      | 211   | 212   | 667   | 1,234 | 1,497 | 2,133 | 2,319 | 2,245 | 2,171 |
| TOTAL ASSETS                  | 215   | 214   | 685   | 1,294 | 1,641 | 2,287 | 2,511 | 2,464 | 2,324 |
| Total equity                  | 208   | 206   | 520   | 827   | 839   | 835   | 875   | 844   | 770   |
| Short-term debt               | 0     | 0     | 0     | 23    | 35    | 35    | 23    | 29    | 31    |
| Other current liabilities     | 1     | 1     | 4     | 12    | 23    | 41    | 41    | 41    | 41    |
| Total current liabilities     | 1     | 1     | 4     | 35    | 58    | 76    | 64    | 70    | 72    |
| Long-term debt                | 7     | 7     | 160   | 432   | 744   | 1,375 | 1,572 | 1,550 | 1,483 |
| Other non-current liabilities | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Total non-current liabilities | 7     | 7     | 160   | 432   | 744   | 1,375 | 1,572 | 1,550 | 1,483 |
| TOTAL EQUITY & LIABILITIES    | 215   | 214   | 685   | 1,294 | 1,641 | 2,287 | 2,511 | 2,464 | 2,324 |
| Working capital, receivables  |       | 0     | 1     | 1     |       | 4     | 4     | 4     | 4     |
| Working capital, payables     | 0     | 1     | 0     | 0     | 1     | 1     | 1     | 1     | 1     |
| Net working capital           |       | -1    | 1     | 1     |       | 3     | 3     | 3     | 3     |
| Interest bearing debt         | 7     | 7     | 160   | 455   | 779   | 1,410 | 1,595 | 1,579 | 1,513 |
| Liquidity                     | 4     | 1     | 10    | 55    | 129   | 133   | 172   | 199   | 133   |
| Net interest bearing debt     | 3     | 6     | 150   | 400   | 650   | 1,277 | 1,423 | 1,380 | 1,381 |
| Cash Flow (USDm)              | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                    | -2    | -2    | -10   | 12    | 17    | 1     | 40    | -31   | -74   |
| Depreciation                  |       | 0     | 0     | 17    | 29    | 43    | 71    | 74    | 74    |
| Other                         |       | 0     | -2    | 0     | 2     | 37    | 0     | 0     | 0     |
| Cash earnings                 | -2    | -2    | -13   | 29    | 47    | 82    | 111   | 43    | 0     |
| Changes in working capital    | 0     | 1     | -5    | 7     | -1    | -15   | 0     | 0     | 0     |
| Net operational cash flow     | -3    | -1    | -18   | 36    | 47    | 67    | 111   | 43    | 0     |
| 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   | -94   | -66   | -66   | -66   |
| Proceeds from debt            | —     | 0     | 0     | 585   | 698   | 718   | 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   | 619   | 185   | -16   | -66   |
| Currency effect               | —     | —     | 0     | 0     | 0     | -2    | 0     | 0     | 0     |
| Net cash flow                 |       |       | 9     | 45    | 74    | 4     | 39    | 27    | -66   |
| Cash balance                  | 4     | 1     | 10    | 55    | 129   | 133   | 172   | 199   | 133   |
| Free cash flow                | -3    | -2    | -95   | -549  | -245  | -613  | -146  | 43    | 0     |



| 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            | 7            | 7            | 7            |
| Share price, end (USD)             | 11         | 12         | 16         | 14           | 10           | 7            | 7            | 7            | 7            |
| <b>Market Cap.</b>                 | <b>160</b> | <b>163</b> | <b>582</b> | <b>765</b>   | <b>559</b>   | <b>354</b>   | <b>354</b>   | <b>354</b>   | <b>354</b>   |
| NIBD                               | 3          | 6          | 150        | 400          | 650          | 1,277        | 1,423        | 1,380        | 1,381        |
| 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>1,631</b> | <b>1,778</b> | <b>1,735</b> | <b>1,735</b> |
| Key Figures & Ratios               | 2015       | 2016       | 2017       | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                     |            |            |            | 65.0         | 32.9         |              | 8.9          |              |              |
| P/E (adj.)                         |            |            |            | 65.0         | 32.9         | 11.3         | 8.9          |              |              |
| P/CE                               | 0.0        | 0.0        | 0.0        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| P/Sales                            |            |            |            |              | 4.9          | 2.1          | 1.4          | 1.9          | 2.5          |
| EV/Sales                           |            |            |            |              | 10.6         | 9.8          | 7.0          | 9.3          | 12.1         |
| EV/EBITDA                          |            |            |            | 25.1         | 14.4         | 13.1         | 9.4          | 14.3         | 22.6         |
| EV/EBIT                            |            |            |            | 40.2         | 22.0         | 20.2         | 15.1         | 36.7         |              |
| P/B                                | 0.8        | 0.8        | 1.1        | 0.9          | 0.7          | 0.4          | 0.4          | 0.4          | 0.5          |
| FCF yield                          | -2%        | -1%        | -16%       | -72%         | -44%         | -173%        | -41%         | 12%          | 0%           |
| Dividend yield                     | 0.0%       | 0.0%       | 0.0%       | 0.0%         | 1.0%         | 1.5%         | 0.0%         | 0.0%         | 0.0%         |
| Return on equity (ROE)             | -1.2%      | -0.9%      | -2.0%      | 1.4%         | 2.0%         | 0.2%         | 4.6%         | -3.7%        | -9.6%        |
| Return on capital employed (ROCE)  | -1.1%      | -0.7%      | -1.9%      | 2.4%         | 3.7%         | 3.8%         | 5.1%         | 2.1%         | 0.1%         |
| Return on assets (ROA)             | -1.2%      | -0.8%      | -1.5%      | 0.9%         | 1.0%         | 0.1%         | 1.6%         | -1.3%        | -3.2%        |
| Sales growth                       |            |            |            |              |              | 46%          | 53%          | -26%         | -24%         |
| EBITDA margin                      |            |            |            |              | 74%          | 75%          | 74%          | 65%          | 54%          |
| EBIT margin                        |            |            |            |              | 48%          | 49%          | 46%          | 25%          | 2%           |
| Net margin                         |            |            |            |              | 15%          | 1%           | 16%          | -17%         | -52%         |
| Net interest rate                  | 0.0%       | 0.0%       | 0.0%       | 0.0%         | 5.2%         | 3.9%         | 5.5%         | 5.7%         | 5.6%         |
| Tax rate                           | -0.3%      | 0.1%       | -0.2%      | -0.1%        | 1.1%         | 2.6%         | 0.0%         | 0.0%         | 0.0%         |
| Equity ratio                       | 96%        | 96%        | 76%        | 64%          | 51%          | 37%          | 35%          | 34%          | 33%          |
| Leverage ratio                     | 4%         | 4%         | 24%        | 36%          | 49%          | 63%          | 65%          | 66%          | 67%          |
| NIBD / EBITDA (past ly)            |            | -3.7       | -11.9      | 8.6          | 7.8          | 10.3         | 7.6          | 11.4         | 18.0         |
| Operating cash flow/NIBD           | -0.9       | -0.2       | -0.1       | 0.1          | 0.1          | 0.1          | 0.1          | 0.0          | 0.0          |
| Net interest coverage ratio (EBIT) |            |            |            |              | 2.5          | 2.5          | 2.4          | 1.5          | 1.0          |
| Current ratio                      | 6.5        | 1.4        | 4.0        | 1.7          | 2.5          | 2.0          | 3.0          | 3.1          | 2.1          |
| Adj. equity ratio                  |            |            |            |              |              | 37%          | 35%          | 35%          | 34%          |
| Operating assets                   | 212        | 213        | 675        | 1,239        | 1,512        | 2,153        | 2,340        | 2,266        | 2,192        |
| Operating liabilities              | 1          | 1          | 4          | 12           | 23           | 41           | 41           | 41           | 41           |
| Net operating assets               | 211        | 212        | 670        | 1,227        | 1,489        | 2,112        | 2,298        | 2,224        | 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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:26 CET





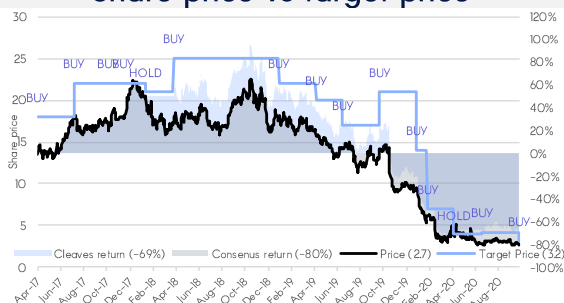
With the MLP structure in tatters, GLOG is facing same pricing reality as peers. Good backlog somewhat bridges the trough

GLOG-NO

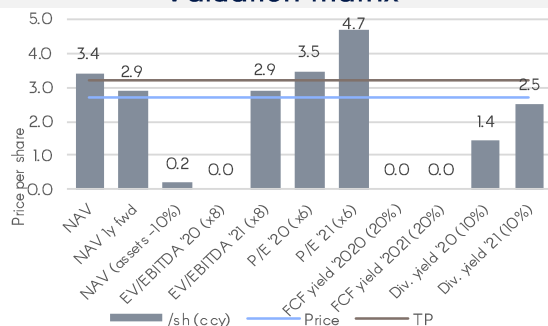
BUY/\$3.2

GasLog

### Share price vs target price

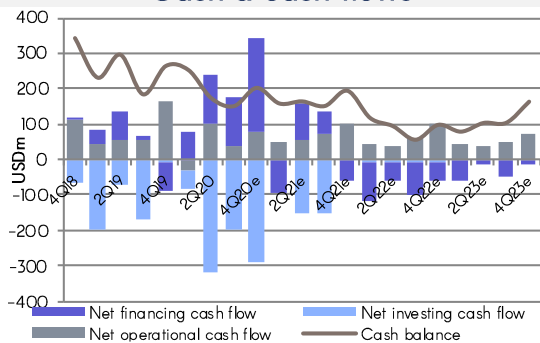


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 645   | 725   | 693   | 644   |
| EBITDA (adj.)       | 456   | 514   | 477   | 427   |
| EBIT (adj.)         | 277   | 313   | 271   | 216   |
| PTP (adj.)          | 100   | 115   | 79    | 32    |
| Net earnings (adj.) | 55    | 74    | 37    | -11   |
| EPS (adj.)          | 0.64  | 0.78  | 0.38  | -0.11 |
| DPS                 | 0.15  | 0.25  | 0.41  | 0.72  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 292   | 302   | 316   | 312   |
| Adj. equity ratio   | 0     | 0     | 0     | 0     |
| FCF yield           | -263% | -10%  | 82%   | 79%   |
| Dividend yield      | 5%    | 9%    | 15%   | 27%   |
| EV/EBITDA           | 9.3   | 8.0   | 8.2   | 8.9   |
| P/E (adj.)          | 4.7   | 3.4   | 7.0   |       |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 187    | 275    | 242    | 201    |
| Free cash flow                | -671   | -27    | 210    | 201    |
| Net cash flow                 | -62    | -8     | -96    | 65     |
| TCE/day                       | 63,720 | 59,689 | 55,839 | 51,912 |
| Cash break-even               | 44,630 | 53,967 | 52,907 | 52,288 |
| Liquidity                     | 202    | 194    | 97     | 163    |
| Property & Equip. (incl. NBs) | 5,315  | 5,416  | 5,242  | 5,031  |
| Total equity                  | 1,581  | 1,632  | 1,630  | 1,551  |
| Total assets                  | 5,863  | 5,956  | 5,687  | 5,541  |
| Interest bearing debt         | 3,985  | 4,027  | 3,760  | 3,692  |
| Net interest bearing debt     | 3,783  | 3,833  | 3,662  | 3,530  |
| Market Cap.                   | 255    | 255    | 255    | 255    |
| Enterprise value              | 4,038  | 4,088  | 3,917  | 3,784  |
| Capex                         | 861    | 302    | 32     | -      |

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

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



## Quarterly Preview

### P&L

| 3Q20 Preview<br>USDm         | 3Q19        | 2Q20        | 3Q20           |                |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              |             |             | Actuals        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 158.7       | 153.4       | 142.5          | 142.5          | 154.8            |                |              |                |              |
| EBITDA (adj.)                | 113.6       | 109.7       | 93.0           | 93.0           | 104.1            |                |              |                |              |
| EBIT (adj.)                  | 70.4        | 66.0        | 46.8           | 46.8           | 58.2             |                |              |                |              |
| PTP (adj.)                   | 25.6        | 23.2        | 1.3            | 1.3            | -1.5             |                |              |                |              |
| Net earnings (adj.)          | 3.2         | 15.1        | -9.3           | -9.3           | -4.5             |                |              |                |              |
| EPS (adj.)                   | 0.04        | 0.19        | -0.10          | -0.10          | -0.04            |                |              |                |              |
| DPS                          | 0.53        | 0.05        | -              | 0.05           | 0.05             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Actuals</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 158.7       | 153.4       | 142.5          | 142.5          | 154.8            |                |              |                |              |
| Opex & G&A                   | 45.1        | 43.8        | 49.5           | 49.5           | 50.7             |                |              |                |              |
| Depreciation                 | 43.2        | 43.6        | 46.2           | 46.2           | 45.9             |                |              |                |              |
| Net finance                  | 44.7        | 42.9        | 45.5           | 45.5           | 59.7             |                |              |                |              |
| Taxes & Minorities           | 22.4        | 8.0         | 10.5           | 10.5           | 3.0              |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |         |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Actuals | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 55     | 103    | 37      | 37      |           |            |       |            |       |
| Free cash flow            | -114   | -213   | -160    | -160    |           |            |       |            |       |
| Net cash flow             | -105   | -79    | -23     | -23     |           |            |       |            |       |
| TCE/day                   | 69,140 | 62,416 | 55,363  | 55,363  | 60,142    |            |       |            |       |
| Utilization               | 94.8%  | 91.4%  | 90.7%   | 90.7%   |           |            |       |            |       |
| Fleet days                | 2,421  | 2,689  | 2,837   | 2,837   |           |            |       |            |       |
| Cash break-even           | 67,118 | 42,221 | 50,513  | 50,513  |           |            |       |            |       |
| Liquidity                 | 184    | 173    | 150     | 150     |           |            |       |            |       |
| Interest bearing debt     | 3,315  | 3,574  | 3,715   | 3,715   |           |            |       |            |       |



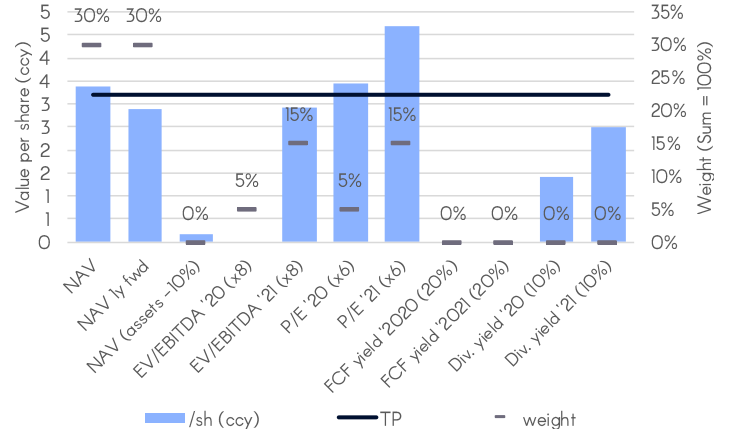


## Company Valuation

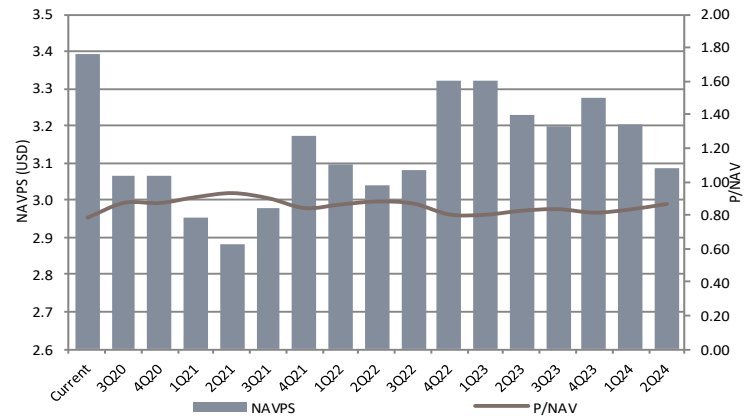
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 2,683        | 3,050           | 3,393        |
| Contract value    | 0            | 197             | 222          |
| Other             | 324          | 324             | -471         |
| <b>GAV</b>        | <b>3,007</b> | <b>3,571</b>    | <b>3,145</b> |
| Net debt          | -2,153       | -2,153          | -2,153       |
| Capex             | 0            | -788            | -788         |
| Other             | -232         | -307            | 52           |
| <b>Equity</b>     | <b>622</b>   | <b>323</b>      | <b>255</b>   |
| Shares            | 95           | 95              | 95           |
| <b>Equity/sh</b>  | <b>6.54</b>  | <b>3.39</b>     | <b>2.68</b>  |
| lcl CCY           | 6.54         | 3.39            | 2.68         |
| <b>P/Equity</b>   | <b>0.41</b>  | <b>0.79</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>1.05</b>  | <b>0.88</b>     | <b>1.00</b>  |
| Adj. Total Assets | 3,096        | 3,464           | 3,807        |
| Adj. Equity Ratio | 20%          | 9%              | 7%           |
| <b>Fair Value</b> | <b>USD</b>   | <b>3.2</b>      | <b>19%</b>   |

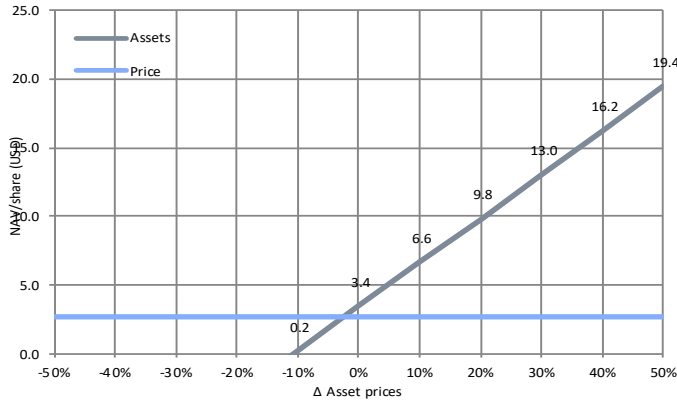
### Valuation Matrix



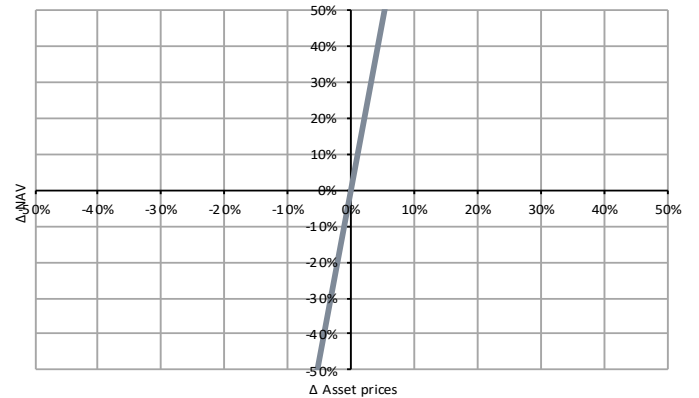
### Quarterly forward NAV & P/NAV



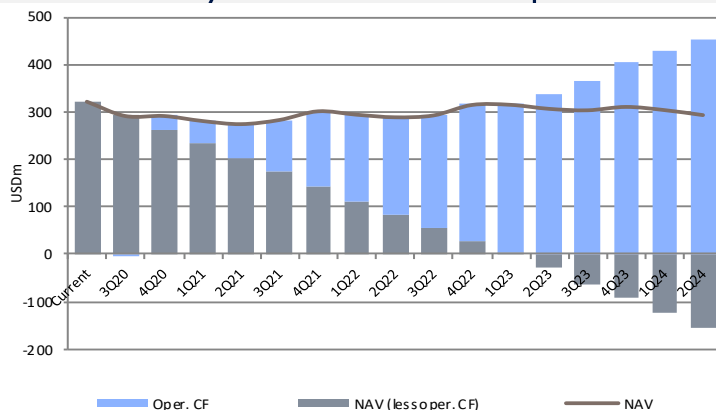
### Impact on NAV/sh from % change in asset prices



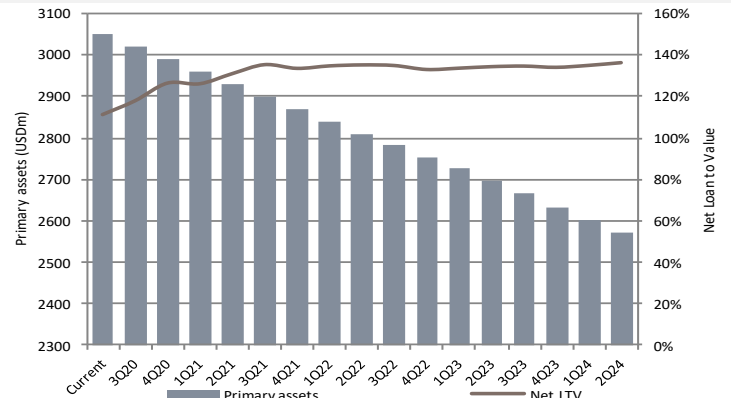
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |      |       |                    | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|------|------|-------|--------------------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021 | 2022  | 2023               | 2020E  | 2021E | 2022E | 2023E |
| Net sales                | 645   | 725   | 693   | 644   | 647  | 698  | 665   | 656                | -2     | 28    | 27    | -12   |
| EBITDA (adj.)            | 456   | 514   | 477   | 427   | 453  | 482  | 446   | 436                | 3      | 32    | 31    | -8    |
| EBIT (adj.)              | 277   | 313   | 271   | 216   | 272  | 289  | 246   | 230                | 5      | 24    | 25    | -14   |
| PTP (adj.)               | 100   | 115   | 79    | 32    | 83   | 75   | 34    | 25                 | 17     | 40    | 45    | 7     |
| Net earnings (adj.)      | 55    | 74    | 37    | -11   | 23   | 23   | -20   | -29                | 31     | 52    | 57    | 19    |
| EPS (adj.)               | 0.64  | 0.78  | 0.38  | -0.11 | 0.29 | 0.28 | -0.25 | -0.36              | 0.35   | 0.50  | 0.63  | 0.25  |
| DPS                      | 0.15  | 0.25  | 0.41  | 0.72  | 0.20 | 0.27 | 0.39  | 0.58               | -0.05  | -0.02 | 0.02  | 0.14  |
|                          |       |       |       |       |      |      |       |                    | 2020E  | 2021E | 2022E | 2023E |
|                          |       |       |       |       |      |      |       | TCE revenue        | -2     | 28    | 27    | -12   |
|                          |       |       |       |       |      |      |       | Opex & G&A         | -5     | -4    | -4    | -4    |
|                          |       |       |       |       |      |      |       | Depreciation       | -2     | 7     | 6     | 6     |
|                          |       |       |       |       |      |      |       | Net finance        | -12    | -16   | -19   | -21   |
|                          |       |       |       |       |      |      |       | Taxes & Minorities | -14    | -11   | -12   | -12   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |       |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E | 2022E | 2023E |
| Net operational cash flow     | 187    | 275    | 242    | 201    | 113    | 216    | 179    | 176    | 74     | 59    | 62    | 24    |
| Free cash flow                | -671   | -27    | 210    | 201    | -725   | -85    | 179    | 176    | 55     | 59    | 30    | 24    |
| Net cash flow                 | -62    | -8     | -96    | 65     | -21    | -73    | 20     | 1      | -41    | 65    | -116  | 64    |
| TCE/day                       | 63,720 | 59,689 | 55,839 | 51,912 | 62,672 | 57,404 | 53,664 | 52,905 | 1,048  | 2,285 | 2,175 | -993  |
| Cash break-even               | 44,630 | 53,967 | 52,907 | 52,288 | 54,556 | 48,458 | 43,902 | 43,403 | -9,927 | 5,510 | 9,005 | 8,884 |
| Liquidity                     | 202    | 194    | 97     | 163    | 243    | 170    | 190    | 191    | -41    | 24    | -92   | -28   |
| Property & Equip. (incl. NBs) | 5,315  | 5,416  | 5,242  | 5,031  | 5,319  | 5,428  | 5,228  | 5,023  | -5     | -12   | 14    | 8     |
| Total equity                  | 1,581  | 1,632  | 1,630  | 1,551  | 1,590  | 1,591  | 1,540  | 1,465  | -9     | 41    | 89    | 86    |
| Total assets                  | 5,863  | 5,956  | 5,687  | 5,541  | 5,917  | 5,952  | 5,772  | 5,568  | -53    | 4     | -86   | -27   |
| Interest bearing debt         | 3,985  | 4,027  | 3,760  | 3,692  | 4,055  | 4,089  | 3,960  | 3,832  | -70    | -62   | -201  | -139  |
| Net interest bearing debt     | 3,783  | 3,833  | 3,662  | 3,530  | 3,812  | 3,919  | 3,771  | 3,641  | -29    | -86   | -109  | -111  |
| Market Cap.                   | 255    | 255    | 255    | 255    | 226    | 226    | 226    | 226    | 29     | 29    | 29    | 29    |
| Enterprise value              | 4,038  | 4,088  | 3,917  | 3,784  | 4,038  | 4,145  | 3,997  | 3,867  | -0     | -57   | -80   | -83   |
| Capex                         | 861    | 302    | 32     | -      | 843    | 302    | -      | -      | 18     | -     | 32    | -     |
| Utilization                   | 92%    | 97%    | 97%    | 97%    | 93%    | 97%    | 97%    | 97%    | -1%    | 0%    | 0%    | 0%    |
| Fleet days                    | 11,018 | 12,504 | 12,775 | 12,775 | 11,121 | 12,504 | 12,775 | 12,775 | -103   | -     | -     | -     |

### Valuation

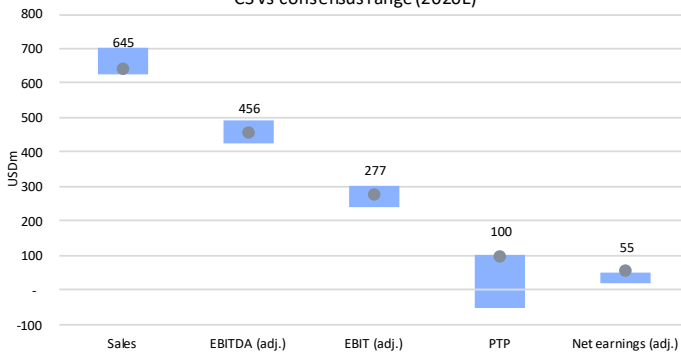
| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |         |         |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|---------|---------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E   | 2023E   |
| Fwd NAV                  | 292   | 302   | 316   | 312   | 512   | 491   | 467   | 442   | -221   | -189  | -151    | -131    |
| Adj. equity ratio        | 0     | 0     | 0     | 0     | 11%   | 10%   | 10%   | 10%   | -4%    | -4%   | -3%     | -2%     |
| FCF yield                | -263% | -10%  | 82%   | 79%   | -321% | -38%  | 79%   | 78%   | 58%    | 27%   | 3%      | 1%      |
| Dividend yield           | 5%    | 9%    | 15%   | 27%   | 7%    | 10%   | 14%   | 21%   | -2%    | 0%    | 2%      | 6%      |
| EV/EBITDA                | 9.3   | 8.0   | 8.2   | 8.9   | 8.9   | 8.6   | 9.0   | 8.9   | 0.4    | -0.6  | -0.8    | -0.0    |
| P/E (adj.)               | 4.7   | 3.4   | 7.0   |       | 9.6   | 9.9   |       |       | -5.0   | -6.5  | #VALUE! | #VALUE! |



## Our Estimates vs Consensus

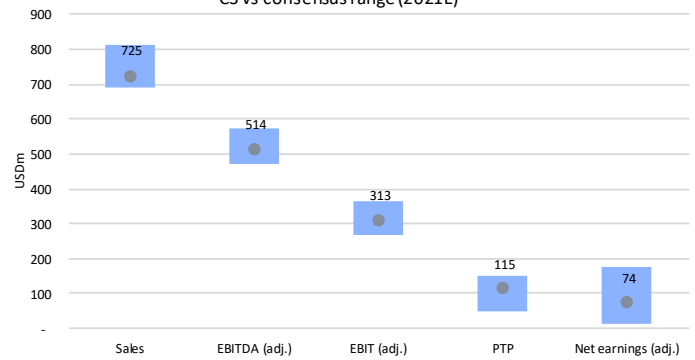
### Profit & Loss, year I

CS vs consensus range (2020E)

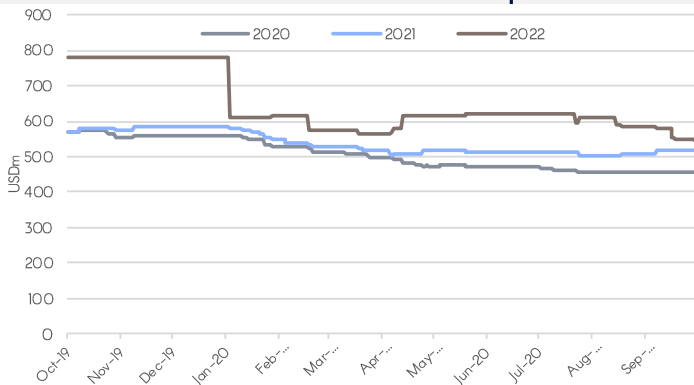


### Profit & Loss, year II

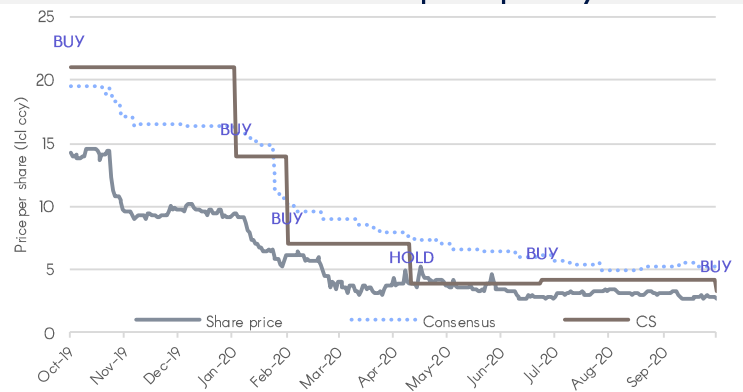
CS vs consensus range (2021E)



### Consensus EBITDA development



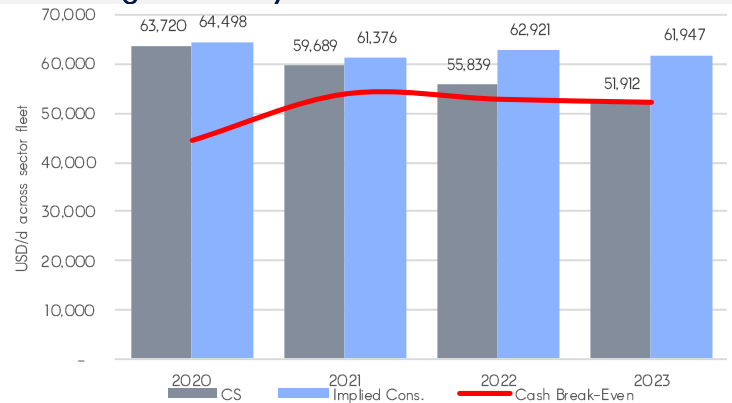
### Fair value vs share price past ly



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 645  | 645 | 653       | -8    | -1%   |
| Opex + G&A         | 189  | 189 | 198       | -9    | -4%   |
| Depreciation       | 179  | 179 | 186       | -6    | -3%   |
| Net finance        | 177  | 177 | 270       | -93   | -34%  |
| Taxes & Minorities | 45   | 45  | -28       | 73    | -261% |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 725  | 725 | 746       | -21   | -3%   |
| Opex + G&A         | 212  | 212 | 229       | -18   | -8%   |
| Depreciation       | 201  | 201 | 201       | -1    | 0%    |
| Net finance        | 198  | 198 | 222       | -24   | -11%  |
| Taxes & Minorities | 41   | 41  | 18        | 23    | 125%  |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E  | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |        |       |       |       |       |
| Net sales                       | 159   | 178   | 158   | 153   | 143    | 191   | 162   | 162   | 181   |
| Operational costs               | -45   | -216  | -45   | -67   | -50    | -51   | -51   | -52   | -54   |
| EBITDA                          | 114   | -38   | 114   | 87    | 93     | 140   | 112   | 109   | 127   |
| Depreciation/Amortization       | -43   | -44   | -41   | -44   | -46    | -48   | -48   | -49   | -51   |
| EBIT                            | 70    | -82   | 72    | 43    | 47     | 92    | 63    | 60    | 75    |
| Net financials                  | -62   | -38   | -112  | -56   | -46    | -48   | -48   | -49   | -50   |
| PTP                             | 9     | -120  | -39   | -13   | 1      | 44    | 15    | 11    | 25    |
| Taxes/Minorities                | -22   | 70    | -12   | -8    | -11    | -15   | -12   | -8    | -6    |
| Net earnings                    | -14   | -50   | -51   | -21   | -9     | 29    | 3     | 3     | 19    |
| Non-recurring items             | 17    | 57    | 71    | 36    | 0      | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | 3     | 7     | 20    | 15    | -9     | 29    | 3     | 3     | 19    |
| EPS                             | -0.17 | -0.62 | -0.64 | -0.27 | -0.10  | 0.31  | 0.03  | 0.04  | 0.20  |
| EPS (adj.)                      | 0.04  | 0.09  | 0.24  | 0.19  | -0.10  | 0.31  | 0.03  | 0.04  | 0.20  |
| DPS                             | 0.15  | 0.53  | 0.05  | 0.00  | 0.05   | 0.05  | 0.05  | 0.05  | 0.05  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |        |       |       |       |       |
| Cash & short-term investments   | 184   | 264   | 252   | 173   | 150    | 202   | 158   | 164   | 151   |
| Other current assets            | 64    | 52    | 68    | 77    | 77     | 77    | 77    | 77    | 77    |
| Total current assets            | 247   | 316   | 321   | 250   | 227    | 279   | 235   | 241   | 227   |
| Property & equip. (incl. NBs)   | 4,819 | 4,652 | 4,675 | 4,922 | 5,073  | 5,315 | 5,266 | 5,368 | 5,467 |
| Other non-current assets        | 253   | 255   | 286   | 270   | 270    | 270   | 270   | 270   | 270   |
| Total non-current assets        | 5,072 | 4,907 | 4,961 | 5,192 | 5,343  | 5,585 | 5,536 | 5,638 | 5,737 |
| TOTAL ASSETS                    | 5,319 | 5,223 | 5,282 | 5,442 | 5,570  | 5,863 | 5,771 | 5,878 | 5,965 |
| Total equity                    | 1,841 | 1,650 | 1,564 | 1,571 | 1,557  | 1,581 | 1,579 | 1,578 | 1,592 |
| Short-term debt                 | 217   | 265   | 224   | 475   | 295    | 315   | 327   | 353   | 323   |
| Other current liabilities       | 92    | 173   | 157   | 188   | 188    | 188   | 188   | 188   | 188   |
| Total current liabilities       | 309   | 438   | 381   | 663   | 483    | 502   | 515   | 541   | 510   |
| Long-term debt                  | 3,098 | 3,088 | 3,222 | 3,099 | 3,420  | 3,670 | 3,567 | 3,650 | 3,753 |
| Other non-current liabilities   | 71    | 48    | 114   | 110   | 110    | 110   | 110   | 110   | 110   |
| Total non-current liabilities   | 3,169 | 3,136 | 3,336 | 3,208 | 3,530  | 3,779 | 3,677 | 3,760 | 3,862 |
| TOTAL EQUITY & LIABILITIES      | 5,319 | 5,223 | 5,282 | 5,442 | 5,570  | 5,863 | 5,771 | 5,878 | 5,965 |
| Working capital, receivables    | 32    | 18    | 39    | 36    | 36     | 36    | 36    | 36    | 36    |
| Working capital, payables       | 22    | 28    | 39    | 37    | 37     | 37    | 37    | 37    | 37    |
| Net working capital             | 10    | -10   | 0     | -2    | -2     | -2    | -2    | -2    | -2    |
| Interest bearing debt           | 3,315 | 3,352 | 3,446 | 3,574 | 3,715  | 3,985 | 3,894 | 4,003 | 4,075 |
| Liquidity                       | 184   | 264   | 252   | 173   | 150    | 202   | 158   | 164   | 151   |
| Net interest bearing debt       | 3,132 | 3,089 | 3,194 | 3,401 | 3,565  | 3,783 | 3,737 | 3,840 | 3,925 |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |        |       |       |       |       |
| Net income                      | -14   | -50   | -51   | -21   | -9     | 29    | 3     | 3     | 19    |
| Depreciation                    | 43    | 44    | 41    | 44    | 46     | 48    | 48    | 49    | 51    |
| Other                           | 28    | 127   | 67    | 58    | 0      | 0     | 0     | 0     | 0     |
| Cash earnings                   | 58    | 121   | 57    | 80    | 37     | 77    | 51    | 53    | 70    |
| Changes in working capital      | -4    | 43    | -87   | 23    | 0      | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 55    | 164   | -30   | 103   | 37     | 77    | 51    | 53    | 70    |
| Capex                           | -190  | -33   | -60   | -315  | -197   | -290  | 0     | -151  | -151  |
| Other investments               | 0     | 0     | 0     | 0     | 0      | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 10    | 0     | 0     | 0     | 0      | 0     | 0     | 0     | 0     |
| Other                           | 11    | 25    | 5     | -1    | 0      | 0     | 0     | 0     | 0     |
| Net investing cash flow         | -169  | -7    | -55   | -316  | -197   | -290  | 0     | -151  | -151  |
| Repayment of debt               | -72   | 81    | -24   | -26   | -1,131 | -22   | -90   | -32   | -72   |
| Proceeds from debt              | 130   | 0     | 153   | 149   | 1,273  | 292   | 0     | 140   | 144   |
| Dividends paid                  | -12   | -43   | -4    | 0     | -5     | -5    | -5    | -5    | -5    |
| New equity                      | 0     | 0     | 0     | 0     | 0      | 0     | 0     | 0     | 0     |
| Other                           | -35   | -120  | -48   | 11    | 0      | 0     | 0     | 0     | 0     |
| Net financing cash flow         | 10    | -81   | 76    | 134   | 137    | 264   | -95   | 104   | 67    |
| Currency effect                 | 0     | -3    | -2    | 0     | 0      | 0     | 0     | 0     | 0     |
| Net cash flow                   | -105  | 73    | -12   | -79   | -23    | 52    | -44   | 6     | -13   |
| Cash balance                    | 184   | 264   | 252   | 173   | 150    | 202   | 158   | 164   | 151   |
| Free cash flow                  | -114  | 157   | -85   | -213  | -160   | -213  | 51    | -98   | -80   |



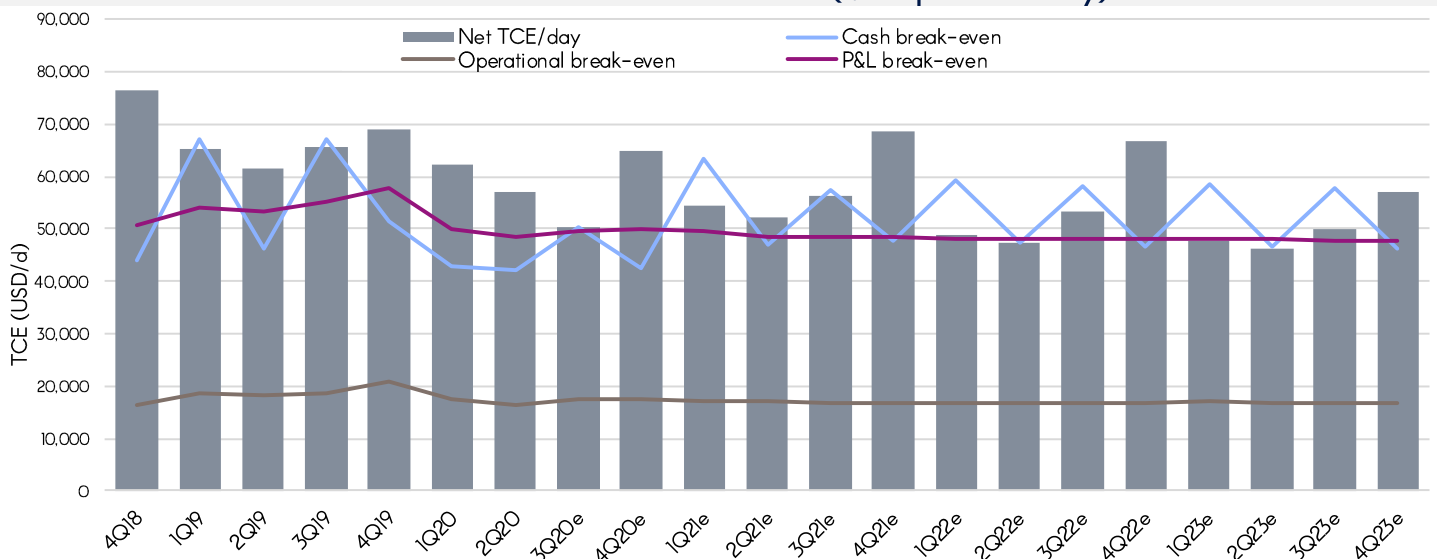
|                                       | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit &amp; Loss (USDm)</b>       |              |              |              |              |              |              |              |              |              |
| Net sales                             | 415          | 466          | 525          | 618          | 669          | 645          | 725          | 693          | 644          |
| Operational costs                     | -154         | -166         | -170         | -173         | -377         | -212         | -212         | -216         | -216         |
| EBITDA                                | 261          | 300          | 355          | 446          | 291          | 433          | 514          | 477          | 427          |
| Depreciation/Amortization             | -107         | -123         | -137         | -153         | -168         | -179         | -201         | -205         | -211         |
| EBIT                                  | 154          | 177          | 218          | 293          | 123          | 254          | 313          | 271          | 216          |
| Net financials                        | -101         | -149         | -133         | -166         | -239         | -262         | -198         | -193         | -184         |
| PTP                                   | 54           | 28           | 84           | 126          | -116         | -8           | 115          | 79           | 32           |
| Taxes/Minorities                      | -43          | -50          | -69          | -79          | 15           | -45          | -41          | -42          | -42          |
| <b>Net earnings</b>                   | <b>11</b>    | <b>-21</b>   | <b>16</b>    | <b>48</b>    | <b>-101</b>  | <b>-53</b>   | <b>74</b>    | <b>37</b>    | <b>-11</b>   |
| Non-recurring items                   | -7           | -10          | -10          | -10          | -10          | 108          | 0            | 0            | 0            |
| <b>Net earnings (adj.)</b>            | <b>3</b>     | <b>-32</b>   | <b>5</b>     | <b>38</b>    | <b>-111</b>  | <b>55</b>    | <b>74</b>    | <b>37</b>    | <b>-11</b>   |
| EPS                                   | 0.13         | -0.27        | 0.19         | 0.59         | -1.24        | -0.69        | 0.78         | 0.38         | -0.11        |
| EPS (adj.)                            | 0.04         | -0.39        | 0.07         | 0.47         | -1.37        | 0.64         | 0.78         | 0.38         | -0.11        |
| DPS                                   | 0.56         | 0.56         | 0.56         | 0.99         | 0.98         | 0.15         | 0.25         | 0.41         | 0.72         |
| <b>Balance Sheet (USDm)</b>           |              |              |              |              |              |              |              |              |              |
| Cash & short-term investments         | 303          | 227          | 384          | 343          | 264          | 202          | 194          | 97           | 163          |
| Other current assets                  | 95           | 43           | 33           | 96           | 52           | 77           | 77           | 77           | 77           |
| <b>Total current assets</b>           | <b>398</b>   | <b>270</b>   | <b>417</b>   | <b>439</b>   | <b>316</b>   | <b>279</b>   | <b>271</b>   | <b>174</b>   | <b>240</b>   |
| Property & equip. (incl. NBs)         | 3,579        | 3,985        | 3,939        | 4,483        | 4,630        | 5,315        | 5,416        | 5,242        | 5,031        |
| Other non-current assets              | 63           | 260          | 279          | 253          | 277          | 270          | 270          | 270          | 270          |
| <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>5,585</b> | <b>5,686</b> | <b>5,512</b> | <b>5,301</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>5,863</b> | <b>5,956</b> | <b>5,687</b> | <b>5,541</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>1,581</b> | <b>1,632</b> | <b>1,630</b> | <b>1,551</b> |
| Short-term debt                       | 637          | 153          | 186          | 527          | 265          | 315          | 323          | 357          | 315          |
| Other current liabilities             | 97           | 109          | 109          | 142          | 173          | 188          | 188          | 188          | 188          |
| <b>Total current liabilities</b>      | <b>734</b>   | <b>263</b>   | <b>295</b>   | <b>669</b>   | <b>438</b>   | <b>502</b>   | <b>511</b>   | <b>545</b>   | <b>503</b>   |
| Long-term debt                        | 1,738        | 2,719        | 2,575        | 2,507        | 3,088        | 3,670        | 3,704        | 3,402        | 3,377        |
| Other non-current liabilities         | 60           | 24           | 2            | 15           | 48           | 110          | 110          | 110          | 110          |
| <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>3,779</b> | <b>3,813</b> | <b>3,512</b> | <b>3,487</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>5,863</b> | <b>5,956</b> | <b>5,687</b> | <b>5,541</b> |
| Working capital, receivables          | 23           | 18           | 8            | 9            | 18           | 36           | 36           | 36           | 36           |
| Working capital, payables             | 12           | 7            | 12           | 12           | 28           | 37           | 37           | 37           | 37           |
| <b>Net working capital</b>            | <b>10</b>    | <b>10</b>    | <b>-4</b>    | <b>-3</b>    | <b>-10</b>   | <b>-2</b>    | <b>-2</b>    | <b>-2</b>    | <b>-2</b>    |
| Interest bearing debt                 | 2,374        | 2,872        | 2,761        | 3,035        | 3,352        | 3,985        | 4,027        | 3,760        | 3,692        |
| Liquidity                             | 366          | 227          | 384          | 343          | 264          | 202          | 194          | 97           | 163          |
| <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>3,783</b> | <b>3,833</b> | <b>3,662</b> | <b>3,530</b> |
| <b>Cash Flow (USDm)</b>               |              |              |              |              |              |              |              |              |              |
| Net income                            | 11           | -21          | 16           | 48           | -101         | -53          | 74           | 37           | -11          |
| Depreciation                          | 107          | 123          | 137          | 153          | 168          | 179          | 201          | 205          | 211          |
| Other                                 | 36           | 147          | 69           | 80           | 248          | 125          | 0            | 0            | 0            |
| <b>Cash earnings</b>                  | <b>154</b>   | <b>249</b>   | <b>222</b>   | <b>281</b>   | <b>316</b>   | <b>251</b>   | <b>275</b>   | <b>242</b>   | <b>201</b>   |
| Changes in working capital            | 8            | 8            | 2            | 3            | 2            | -64          | 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>187</b>   | <b>275</b>   | <b>242</b>   | <b>201</b>   |
| Capex                                 | -728         | -762         | -82          | -674         | -480         | -861         | -302         | -32          | 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           | -23          | 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>-858</b>  | <b>-302</b>  | <b>-32</b>   | <b>0</b>     |
| Repayment of debt                     | 502          | 505          | -118         | 292          | 358          | -1,204       | -243         | -582         | -267         |
| Proceeds from debt                    | 606          | —            | —            | —            | —            | 1,866        | 285          | 315          | 200          |
| Dividends paid                        | -45          | -45          | -45          | -80          | -79          | -13          | -24          | -39          | -68          |
| New equity                            | 173          | 0            | 1            | 1            | 0            | 0            | 0            | 0            | 0            |
| Other                                 | -602         | -20          | 170          | 155          | -229         | -23          | 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>611</b>   | <b>18</b>    | <b>-306</b>  | <b>-135</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>-62</b>   | <b>-8</b>    | <b>-96</b>   | <b>65</b>    |
| Cash balance                          | 303          | 227          | 384          | 343          | 264          | 202          | 194          | 97           | 163          |
| <b>Free cash flow</b>                 | <b>-542</b>  | <b>-515</b>  | <b>149</b>   | <b>-409</b>  | <b>-126</b>  | <b>-671</b>  | <b>-27</b>   | <b>210</b>   | <b>201</b>   |



| Share Data & Valuation (USDm)      | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Shares outstanding, end            | 80           | 81           | 81           | 81           | 81           | 95           | 95           | 95           | 95           |
| 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>255</b>   | <b>255</b>   | <b>255</b>   | <b>255</b>   |
| NIBD                               | 2,009        | 2,645        | 2,377        | 2,692        | 3,089        | 3,783        | 3,833        | 3,662        | 3,530        |
| 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>4,088</b> | <b>3,917</b> | <b>3,784</b> |
| Key Figures & Ratios               | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E        |
| P/E (reported)                     | 61.7         |              |              | 27.9         |              |              | 3.4          | 7.0          |              |
| P/E (adj.)                         |              |              |              | 35.4         |              | 4.7          | 3.4          | 7.0          |              |
| P/CE                               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| P/Sales                            | 1.6          | 2.8          | 3.4          | 2.2          | 1.2          | 0.4          | 0.4          | 0.4          | 0.4          |
| EV/Sales                           | 6.4          | 8.5          | 7.9          | 6.5          | 5.8          | 6.3          | 5.6          | 5.7          | 5.9          |
| EV/EBITDA                          | 10.3         | 13.2         | 11.8         | 9.0          | 13.3         | 9.3          | 8.0          | 8.2          | 8.9          |
| EV/EBIT                            | 17.3         | 22.3         | 19.2         | 13.8         | 31.5         | 15.9         | 13.1         | 14.4         | 17.5         |
| P/B                                | 0.7          | 1.4          | 2.0          | 1.5          | 1.2          | 0.4          | 0.4          | 0.4          | 0.6          |
| FCF yield                          | -81%         | -40%         | 8%           | -31%         | -16%         | -263%        | -10%         | 82%          | 79%          |
| Dividend yield                     | 6.7%         | 3.5%         | 2.5%         | 6.0%         | 10.0%        | 5.3%         | 9.3%         | 15.3%        | 26.7%        |
| Return on equity (ROE)             | 1.1%         | -2.3%        | 1.7%         | 5.4%         | -14.6%       | -8.6%        | 11.9%        | 6.3%         | -2.3%        |
| Return on capital employed (ROCE)  | 4.4%         | 4.3%         | 5.3%         | 6.3%         | 2.6%         | 4.7%         | 5.7%         | 5.1%         | 4.3%         |
| Return on assets (ROA)             | 0.3%         | -0.5%        | 0.3%         | 0.9%         | -1.9%        | -0.9%        | 1.2%         | 0.6%         | -0.2%        |
| Sales growth                       | 26%          | 12%          | 13%          | 18%          | 8%           | -3%          | 12%          | -5%          | -7%          |
| EBITDA margin                      | 63%          | 64%          | 68%          | 72%          | 44%          | 67%          | 71%          | 69%          | 66%          |
| EBIT margin                        | 37%          | 38%          | 41%          | 47%          | 18%          | 39%          | 43%          | 39%          | 34%          |
| Net margin                         | 3%           | -5%          | 3%           | 8%           | -15%         | -8%          | 10%          | 5%           | -2%          |
| Net interest rate                  | 4.6%         | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 4.7%         | 5.2%         | 5.3%         | 5.2%         |
| 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%          | 29%          | 28%          |
| Leverage ratio                     | 63%          | 67%          | 62%          | 62%          | 68%          | 73%          | 73%          | 71%          | 72%          |
| NIBD / EBITDA (past ly)            | 7.7          | 8.8          | 6.7          | 6.0          | 10.6         | 8.7          | 7.5          | 7.7          | 8.3          |
| Operating cash flow/NIBD           | 0.1          | 0.1          | 0.1          | 0.1          | 0.1          | 0.0          | 0.1          | 0.1          | 0.1          |
| Net interest coverage ratio (EBIT) | 2.8          |              |              |              |              | 2.4          | 2.6          | 2.5          | 2.3          |
| Current ratio                      | 0.5          | 1.0          | 1.4          | 0.7          | 0.7          | 0.6          | 0.5          | 0.3          | 0.5          |
| Adj. equity ratio                  |              |              |              |              |              | 5%           | 5%           | 6%           | 6%           |
| Operating assets                   | 3,674        | 4,288        | 4,251        | 4,832        | 4,959        | 5,662        | 5,763        | 5,589        | 5,378        |
| Operating liabilities              | 157          | 133          | 111          | 157          | 221          | 297          | 297          | 297          | 297          |
| Net operating assets               | 3,517        | 4,155        | 4,140        | 4,675        | 4,738        | 5,364        | 5,465        | 5,292        | 5,081        |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 22:32 CET



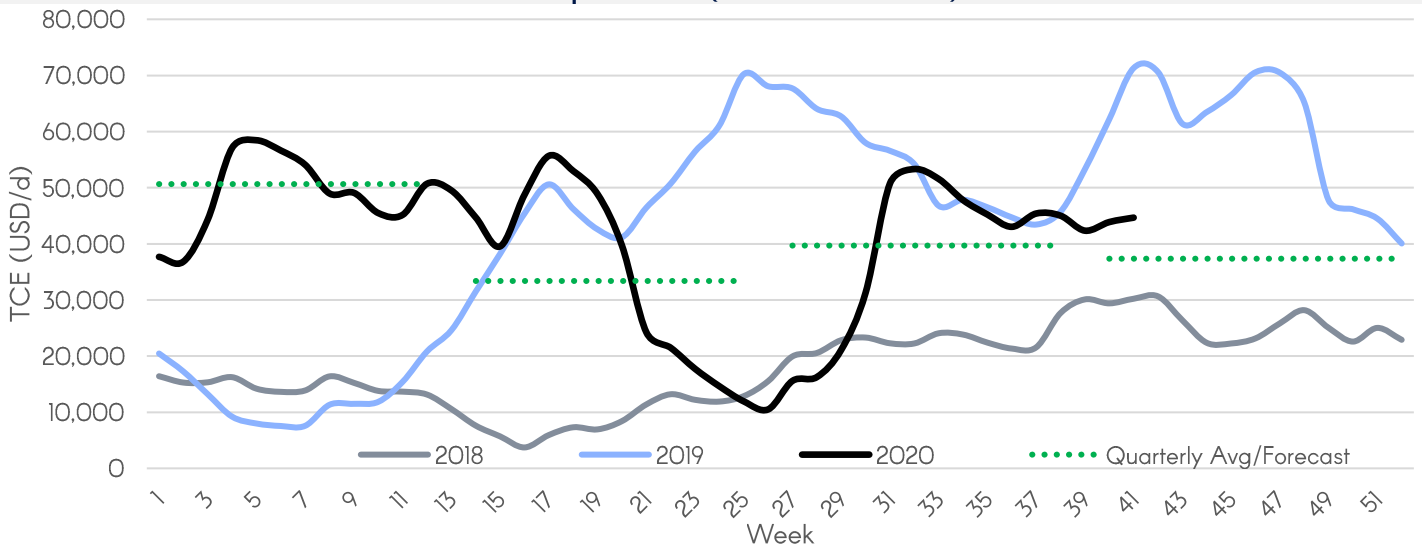


## LPG Carriers



## Earnings

VLGC spot rates (Baltic LPG Index)



VLGC one-year timecharter rates





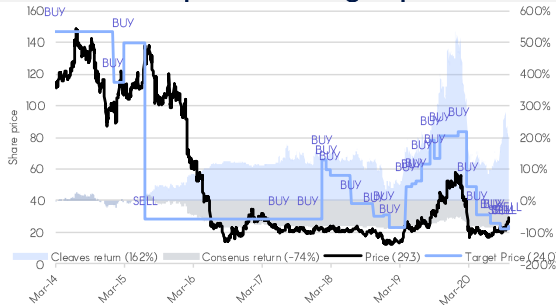


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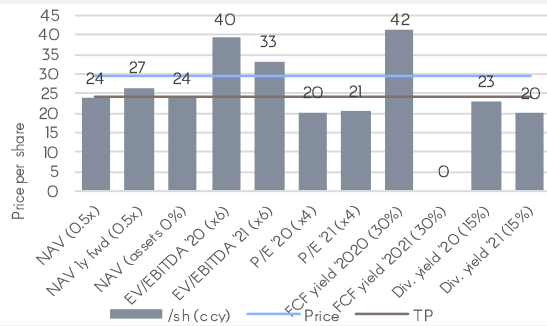
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## Avance Gas

### Share price vs target price

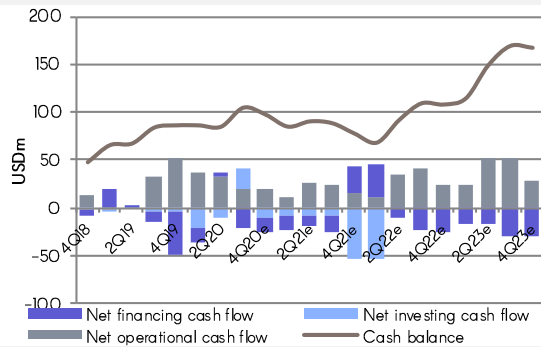


### Valuation matrix



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### Cash & cash flows



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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 146   | 139   | 180   | 224   |
| EBITDA (adj.)       | 99    | 95    | 132   | 176   |
| EBIT (adj.)         | 58    | 56    | 86    | 130   |
| PTP (adj.)          | 35    | 36    | 64    | 110   |
| Net earnings (adj.) | 35    | 36    | 64    | 110   |
| EPS (adj.)          | 0.55  | 0.56  | 1.00  | 1.70  |
| DPS                 | 0.37  | 0.32  | 0.43  | 0.81  |

| USDm              | 2020E | 2021E | 2022E | 2023E |
|-------------------|-------|-------|-------|-------|
| Fwd NAV           | 353   | 480   | 616   | 642   |
| Adj. equity ratio | 44%   | 51%   | 57%   | 61%   |
| FCF yield         | 42%   | -1%   | 27%   | 76%   |
| Dividend yield    | 12%   | 10%   | 14%   | 26%   |
| EV/EBITDA         | 5.0   | 5.7   | 3.9   | 2.4   |
| P/E (adj.)        | 5.8   | 5.7   | 3.2   | 1.9   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 109    | 75     | 110    | 156    |
| Free cash flow                | 87     | -3     | 55     | 156    |
| Net cash flow                 | 38     | -20    | 30     | 59     |
| TCE/day                       | 34,228 | 29,623 | 33,925 | 42,189 |
| Cash break-even               | 22,990 | 22,209 | 20,907 | 20,565 |
| Liquidity                     | 97     | 77     | 108    | 167    |
| Property & Equip. (incl. NBs) | 744    | 782    | 791    | 745    |
| Total equity                  | 414    | 429    | 465    | 522    |
| Total assets                  | 867    | 886    | 926    | 939    |
| Interest bearing debt         | 413    | 417    | 420    | 376    |
| Net interest bearing debt     | 316    | 339    | 312    | 209    |
| Market Cap.                   | 205    | 205    | 205    | 205    |

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

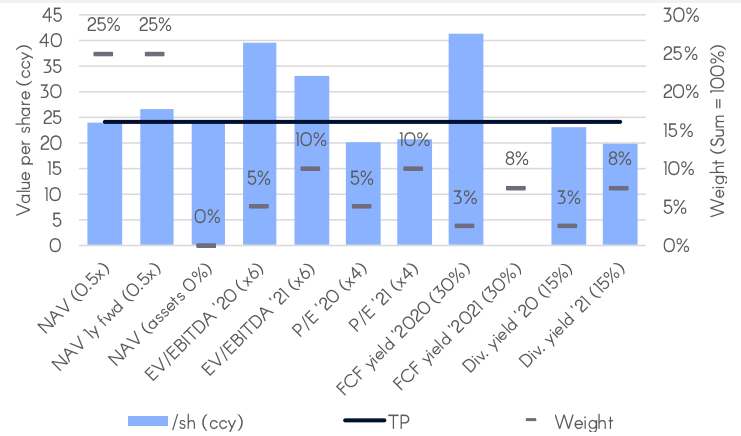


## Company Valuation

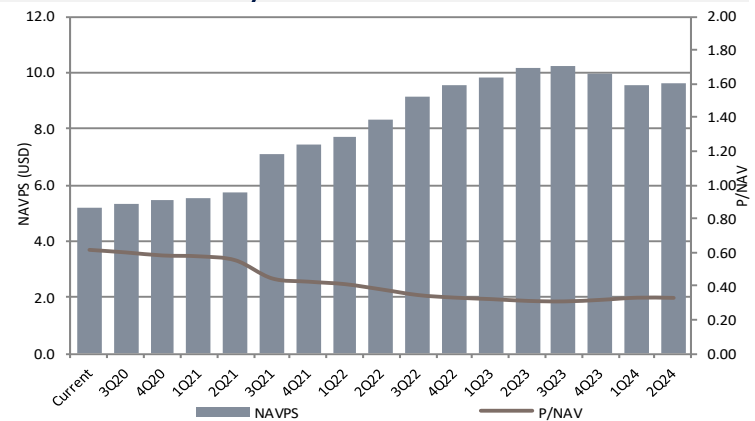
### Valuation & target price

| Valuation         |            |                 |             |
|-------------------|------------|-----------------|-------------|
| USDm              | Book Value | Net Asset Value | Market cap. |
| Primary assets    | 774        | 849             | 724         |
| Contract value    | 0          | 8               | 7           |
| Other             | 15         | 15              | 13          |
| <b>GAV</b>        | <b>790</b> | <b>873</b>      | <b>744</b>  |
| Net debt          | -361       | -361            | -361        |
| Capex             | 0          | -148            | -148        |
| Other             | -30        | -30             | -30         |
| <b>Equity</b>     | <b>399</b> | <b>334</b>      | <b>205</b>  |
| Shares            | 65         | 65              | 65          |
| Equity/sh         | 6.18       | 5.17            | 3.18        |
| lcl CCY           | 57.05      | 47.73           | 29.32       |
| <br>              |            |                 |             |
| P/Equity          | 0.51       | 0.61            | 1.00        |
| EV/GAV            | 0.94       | 0.85            | 1.00        |
| <br>              |            |                 |             |
| Adj. Total Assets | 885        | 961             | 835         |
| Adj. Equity Ratio | 45%        | 35%             | 25%         |
| <b>Fair Value</b> | <b>NOK</b> | <b>24</b>       | <b>-18%</b> |
|                   | <b>USD</b> | <b>2.6</b>      |             |

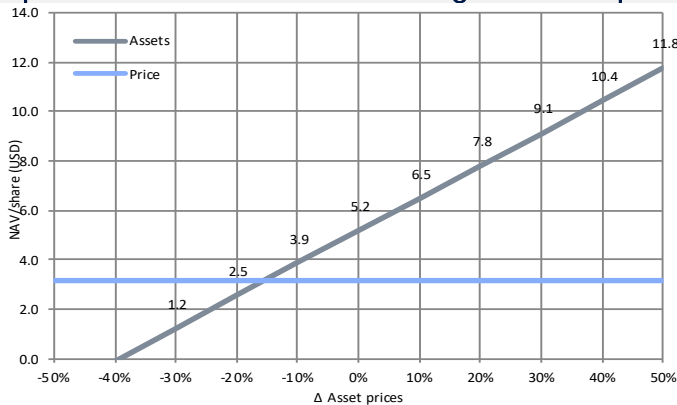
### Valuation Matrix



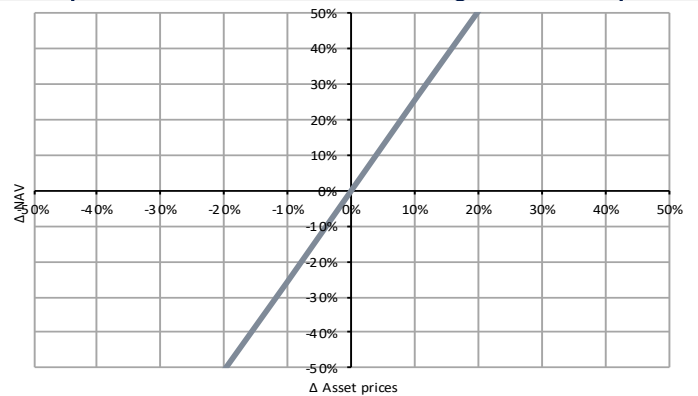
### Quarterly forward NAV & P/NAV



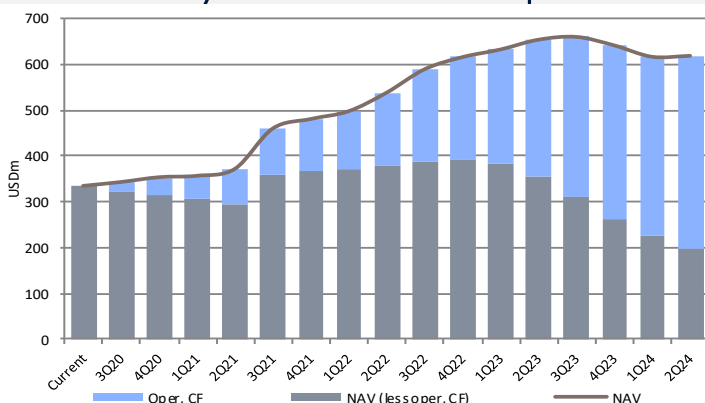
### Impact on NAV/sh from % change in asset prices



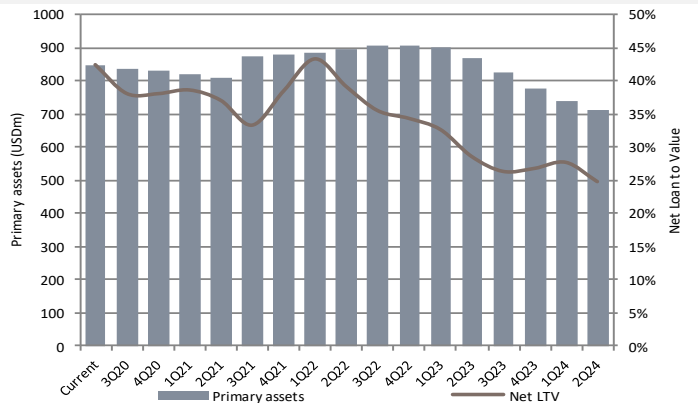
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

### P&L

| 3Q20 Preview<br>USDm         | 3Q19        | 2Q20        | 3Q20           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              |             |             | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 54.3        | 34.3        | 31.5           | 33.4             |                |              |                |              |
| EBITDA (adj.)                | 42.6        | 22.6        | 19.7           | 22.7             |                |              |                |              |
| EBIT (adj.)                  | 31.9        | 12.2        | 9.5            | 11.7             |                |              |                |              |
| PTP (adj.)                   | 24.7        | 6.6         | 3.9            | 8.9              |                |              |                |              |
| Net earnings (adj.)          | 24.7        | 6.6         | 3.9            | 4.8              |                |              |                |              |
| EPS (adj.)                   | 0.38        | 0.10        | 0.06           | 0.08             |                |              |                |              |
| DPS                          | -           | -           | 0.08           | 0.01             |                |              |                |              |
| <b>Implied, line by line</b> | <b>3Q19</b> | <b>2Q20</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 54.3        | 34.3        | 31.5           | 33.4             |                |              |                |              |
| Opex & G&A                   | 11.7        | 11.7        | 11.8           | 10.7             |                |              |                |              |
| Depreciation                 | 10.6        | 10.4        | 10.2           | 11.0             |                |              |                |              |
| Net finance                  | 7.2         | 5.7         | 5.5            | 2.8              |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | 4.1              |                |              |                |              |

### CF & BS

| 3Q20 Preview<br>USDm      | 3Q19   | 2Q20   | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           |        |        | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 32     | 33     | 20      |           |            |       |            |       |
| Free cash flow            | 28     | 22     | 41      |           |            |       |            |       |
| Net cash flow             | 17     | 25     | 20      |           |            |       |            |       |
| TCE/day                   | 44,268 | 30,860 | 27,510  | 29,128    |            |       |            |       |
| Utilization               | 95.2%  | 87.2%  | 90.9%   |           |            |       |            |       |
| Fleet days                | 1,288  | 1,274  | 1,260   |           |            |       |            |       |
| Cash break-even           | 23,348 | 22,964 | 22,967  |           |            |       |            |       |
| Liquidity                 | 84     | 85     | 104     |           |            |       |            |       |
| Interest bearing debt     | 499    | 446    | 424     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |      | Change             |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|------|--------------------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020  | 2021  | 2022  | 2023 | 2020E              | 2021E | 2022E | 2023E |
| Net sales                | 146   | 139   | 180   | 224   | 131   | 89    | 164   | 245  | 15                 | 49    | 17    | -20   |
| EBITDA (adj.)            | 99    | 95    | 132   | 176   | 84    | 46    | 115   | 196  | 15                 | 49    | 17    | -20   |
| EBIT (adj.)              | 58    | 56    | 86    | 130   | 44    | 7     | 70    | 151  | 14                 | 49    | 16    | -22   |
| PTP (adj.)               | 35    | 36    | 64    | 110   | 21    | -13   | 49    | 131  | 14                 | 49    | 16    | -22   |
| Net earnings (adj.)      | 35    | 36    | 64    | 110   | 21    | -13   | 49    | 131  | 14                 | 49    | 16    | -22   |
| EPS (adj.)               | 0.55  | 0.56  | 1.00  | 1.70  | 0.33  | -0.21 | 0.75  | 2.03 | 0.22               | 0.77  | 0.24  | -0.34 |
| DPS                      | 0.37  | 0.32  | 0.43  | 0.81  | 0.30  | -     | 0.18  | 0.84 | 0.08               | 0.32  | 0.26  | -0.03 |
| DPS (NOK)                | 3.44  | 2.98  | 3.99  | 7.48  | 2.651 | 0     | 1.571 | 7.6  | 2020E              | 2021E | 2022E | 2023E |
|                          |       |       |       |       |       |       |       |      | 15                 | 49    | 17    | -20   |
|                          |       |       |       |       |       |       |       |      | TCE revenue        |       |       |       |
|                          |       |       |       |       |       |       |       |      | Opex & G&A         | -     | -     | -     |
|                          |       |       |       |       |       |       |       |      | Depreciation       | 1     | 0     | 1     |
|                          |       |       |       |       |       |       |       |      | Net finance        | -     | 0     | 0     |
|                          |       |       |       |       |       |       |       |      | Taxes & Minorities | -     | -     | -     |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      | New    |        |        |        | Old    |        |        |        | Change |        |       |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E | 2023E  |
| Net operational cash flow     | 109    | 75     | 110    | 156    | 94     | 26     | 93     | 176    | 15     | 49     | 17    | -20    |
| Free cash flow                | 87     | -3     | 55     | 156    | 72     | -52    | 39     | 176    | 15     | 49     | 17    | -20    |
| Net cash flow                 | 38     | -20    | 30     | 59     | 28     | -49    | 30     | 78     | 10     | 29     | 0     | -18    |
| TCE/day                       | 34,228 | 29,623 | 33,925 | 42,189 | 30,953 | 18,913 | 30,743 | 45,968 | 3,275  | 10,710 | 3,182 | -3,779 |
| Cash break-even               | 22,990 | 22,209 | 20,907 | 20,565 | 22,990 | 22,208 | 20,899 | 20,557 | -      | 1      | 8     | 8      |
| Liquidity                     | 97     | 77     | 108    | 167    | 87     | 38     | 68     | 146    | 10     | 39     | 39    | 21     |
| Property & Equip. (incl. NBs) | 744    | 782    | 791    | 745    | 744    | 783    | 793    | 748    | -1     | -1     | -2    | -3     |
| Total equity                  | 414    | 429    | 465    | 522    | 404    | 391    | 428    | 505    | 9      | 38     | 37    | 17     |
| Total assets                  | 867    | 886    | 926    | 939    | 858    | 848    | 888    | 921    | 9      | 38     | 38    | 18     |
| Interest bearing debt         | 413    | 417    | 420    | 376    | 413    | 416    | 419    | 375    | -      | 1      | 1     | 1      |
| Net interest bearing debt     | 316    | 339    | 312    | 209    | 326    | 378    | 351    | 229    | -10    | -38    | -39   | -20    |
| Market Cap.                   | 205    | 205    | 205    | 205    | 173    | 173    | 173    | 173    | 32     | 32     | 32    | 32     |
| Enterprise value              | 521    | 544    | 517    | 414    | 499    | 551    | 523    | 402    | 22     | -6     | -6    | 12     |

### Valuation

| Estimate changes<br>USDm | New   |       |       |       | Old   |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 353   | 480   | 616   | 642   | 293   | 359   | 536   | 620   | 59     | 121   | 81    | 22    |
| Adj. equity ratio        | 44%   | 51%   | 57%   | 61%   | 39%   | 44%   | 54%   | 60%   | 4%     | 7%    | 3%    | 1%    |
| FCF yield                | 42%   | -1%   | 27%   | 76%   | 42%   | -30%  | 22%   | 102%  | 1%     | 29%   | 5%    | -26%  |
| Dividend yield           | 12%   | 10%   | 14%   | 26%   | 11%   | 0%    | 7%    | 32%   | 1%     | 10%   | 7%    | -6%   |
| EV/EBITDA                | 5.0   | 5.7   | 3.9   | 2.4   | 5.5   | 12.0  | 4.5   | 2.0   | -0.6   | -6.3  | -0.6  | 0.3   |
| P/E (adj.)               | 5.8   | 5.7   | 3.2   | 1.9   | 8.1   |       | 3.6   | 1.3   | -2.3   | ##### | -0.4  | 0.6   |

### Various

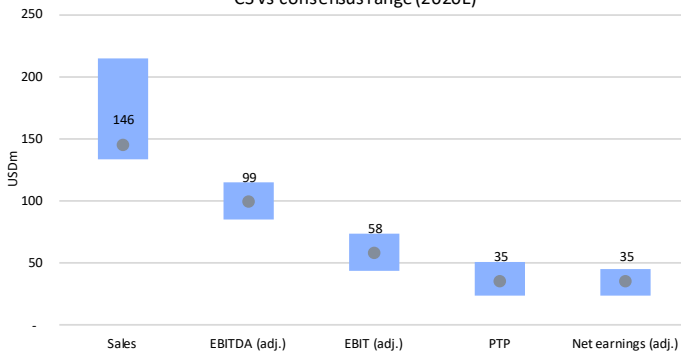
| Estimate changes<br>USDm | New    |        |        |        | Old    |        |        |        | Change |       |       |       |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
|                          | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E  | 2022E  | 2023E  | 2020E  | 2021E | 2022E | 2023E |
| Opex/day (excl. TC-in)   | -8,456 | -8,000 | -8,000 | -8,000 | -8,456 | -8,000 | -8,000 | -8,000 | -      | -     | -     | -     |
| G&A/day                  | -916   | -957   | -857   | -866   | -916   | -957   | -857   | -866   | -      | -     | -     | -     |
| Depreciation/day         | -8,127 | -8,133 | -8,356 | -8,425 | -7,987 | -8,128 | -8,178 | -8,178 | -140   | -5    | -178  | -247  |
| Net interest/day         | -4,529 | -4,143 | -4,013 | -3,662 | -4,529 | -4,142 | -4,005 | -3,654 | -      | -1    | -8    | -8    |
| Amort./day               | -9,089 | -9,109 | -8,037 | -8,037 | -9,089 | -9,109 | -8,037 | -8,037 | -      | -     | -     | -     |



## Our Estimates vs Consensus

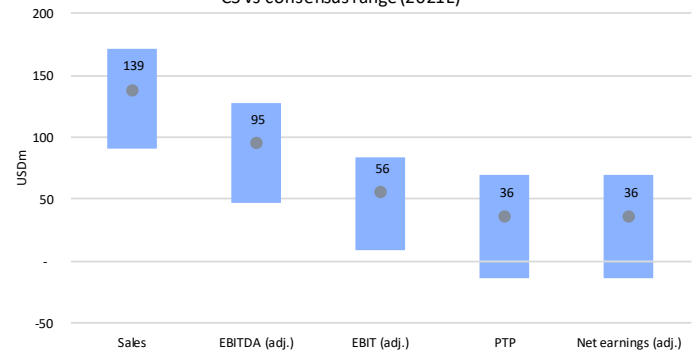
### Profit & Loss, year I

CS vs consensus range (2020E)

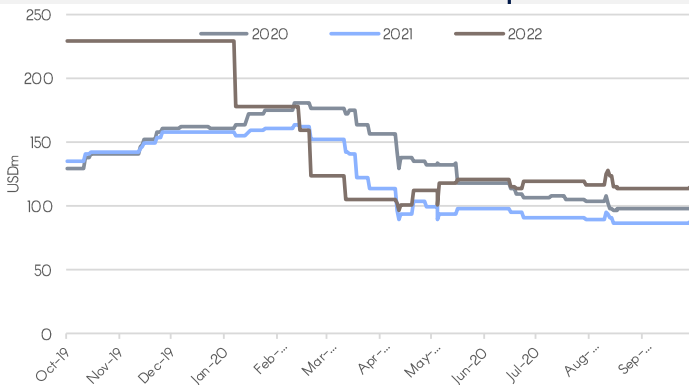


### Profit & Loss, year II

CS vs consensus range (2021E)



### Consensus EBITDA development



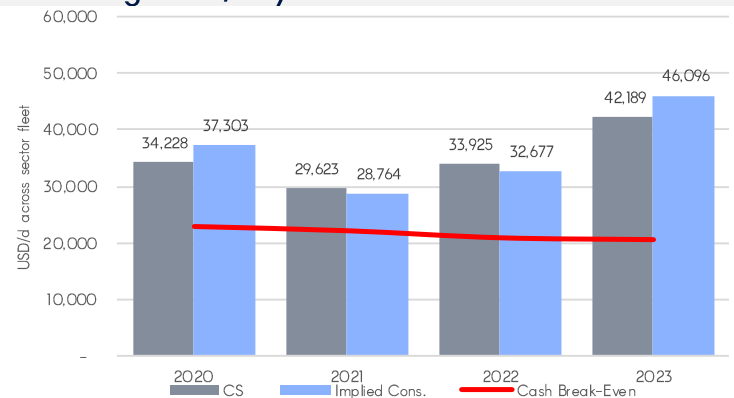
### Fair value vs share price



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

|                    | 2020 | CS  | Consensus | Diff. | Diff.   |
|--------------------|------|-----|-----------|-------|---------|
| TCE revenue        | 146  | 159 | 159       | -13   | -8%     |
| Opex + G&A         | 47   | 60  | 60        | -13   | -22%    |
| Depreciation       | 41   | 42  | 42        | -1    | -2%     |
| Net finance        | 23   | 19  | 19        | 4     | 19%     |
| Taxes & Minorities | 0    | 3   | 3         | -3    | -100%   |
|                    | 2021 | CS  | Consensus | Diff. | Diff.   |
| TCE revenue        | 139  | 135 | 135       | 4     | 3%      |
| Opex + G&A         | 43   | 46  | 46        | -3    | -6%     |
| Depreciation       | 39   | 45  | 45        | -6    | -13%    |
| Net finance        | 20   | 15  | 15        | 5     | 32%     |
| Taxes & Minorities | 0    | 0   | 0         | 0     | #DIV/0! |

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





|                                       | 3Q19       | 4Q19       | 1Q20       | 2Q20       | 3Q20E      | 4Q20E      | 1Q21E      | 2Q21E      | 3Q21E      |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Profit &amp; Loss (USDm)</b>       |            |            |            |            |            |            |            |            |            |
| Net sales                             | 54         | 65         | 44         | 34         | 32         | 36         | 27         | 41         | 40         |
| Operational costs                     | -12        | -11        | -12        | -12        | -6         | -11        | -11        | -11        | -11        |
| EBITDA                                | 43         | 54         | 32         | 23         | 26         | 25         | 16         | 30         | 29         |
| Depreciation/Amortization             | -11        | -10        | -10        | -10        | -10        | -10        | -10        | -10        | -10        |
| EBIT                                  | 32         | 43         | 21         | 12         | 15         | 15         | 7          | 21         | 20         |
| Net financials                        | -7         | -6         | -6         | -6         | -6         | -5         | -5         | -5         | -5         |
| PTP                                   | 25         | 37         | 15         | 7          | 10         | 10         | 2          | 16         | 15         |
| Taxes/Minorities                      | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net earnings</b>                   | <b>25</b>  | <b>37</b>  | <b>15</b>  | <b>7</b>   | <b>10</b>  | <b>10</b>  | <b>2</b>   | <b>16</b>  | <b>15</b>  |
| Non-recurring items                   | 0          | 0          | 0          | 0          | -6         | 0          | 0          | 0          | 0          |
| <b>Net earnings (adj.)</b>            | <b>25</b>  | <b>37</b>  | <b>15</b>  | <b>7</b>   | <b>4</b>   | <b>10</b>  | <b>2</b>   | <b>16</b>  | <b>15</b>  |
| EPS                                   | 0.38       | 0.57       | 0.23       | 0.10       | 0.15       | 0.15       | 0.02       | 0.24       | 0.23       |
| EPS (adj.)                            | 0.38       | 0.57       | 0.24       | 0.10       | 0.06       | 0.15       | 0.02       | 0.24       | 0.23       |
| DPS                                   | 0.00       | 0.00       | 0.30       | 0.00       | 0.00       | 0.08       | 0.08       | 0.01       | 0.12       |
| <b>Balance Sheet (USDm)</b>           |            |            |            |            |            |            |            |            |            |
| Cash & short-term investments         | 84         | 86         | 86         | 85         | 104        | 97         | 85         | 90         | 88         |
| Other current assets                  | 42         | 50         | 33         | 27         | 27         | 27         | 27         | 27         | 27         |
| <b>Total current assets</b>           | <b>125</b> | <b>136</b> | <b>119</b> | <b>111</b> | <b>131</b> | <b>124</b> | <b>111</b> | <b>117</b> | <b>115</b> |
| Property & equip. (incl. NBs)         | 768        | 763        | 773        | 774        | 743        | 744        | 742        | 740        | 738        |
| Other non-current assets              | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Total non-current assets</b>       | <b>768</b> | <b>763</b> | <b>773</b> | <b>774</b> | <b>743</b> | <b>744</b> | <b>742</b> | <b>740</b> | <b>738</b> |
| <b>TOTAL ASSETS</b>                   | <b>893</b> | <b>899</b> | <b>893</b> | <b>885</b> | <b>874</b> | <b>867</b> | <b>853</b> | <b>857</b> | <b>853</b> |
| <b>Total equity</b>                   | <b>372</b> | <b>411</b> | <b>394</b> | <b>399</b> | <b>409</b> | <b>414</b> | <b>410</b> | <b>425</b> | <b>432</b> |
| Short-term debt                       | 43         | 43         | 43         | 46         | 44         | 44         | 44         | 45         | 44         |
| Other current liabilities             | 12         | 24         | 23         | 21         | 21         | 21         | 21         | 21         | 21         |
| <b>Total current liabilities</b>      | <b>54</b>  | <b>67</b>  | <b>66</b>  | <b>67</b>  | <b>64</b>  | <b>65</b>  | <b>65</b>  | <b>65</b>  | <b>65</b>  |
| Long-term debt                        | 456        | 410        | 414        | 399        | 380        | 369        | 358        | 346        | 336        |
| Other non-current liabilities         | 12         | 11         | 19         | 20         | 20         | 20         | 20         | 20         | 20         |
| <b>Total non-current liabilities</b>  | <b>468</b> | <b>421</b> | <b>433</b> | <b>419</b> | <b>401</b> | <b>389</b> | <b>378</b> | <b>367</b> | <b>356</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>893</b> | <b>899</b> | <b>893</b> | <b>885</b> | <b>874</b> | <b>868</b> | <b>853</b> | <b>857</b> | <b>853</b> |
| Working capital, receivables          | 33         | 35         | 25         | 20         | 20         | 20         | 20         | 20         | 20         |
| Working capital, payables             | 9          | 23         | 16         | 11         | 11         | 11         | 11         | 11         | 11         |
| <b>Net working capital</b>            | <b>24</b>  | <b>12</b>  | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   | <b>9</b>   |
| Interest bearing debt                 | 499        | 453        | 457        | 446        | 424        | 413        | 402        | 391        | 380        |
| Liquidity                             | 84         | 86         | 86         | 85         | 104        | 97         | 85         | 90         | 88         |
| <b>Net interest bearing debt</b>      | <b>415</b> | <b>367</b> | <b>371</b> | <b>361</b> | <b>320</b> | <b>316</b> | <b>317</b> | <b>301</b> | <b>292</b> |
| <b>Cash Flow (USDm)</b>               |            |            |            |            |            |            |            |            |            |
| Net income                            | 25         | 37         | 15         | 7          | 10         | 10         | 2          | 16         | 15         |
| Depreciation                          | 11         | 10         | 10         | 10         | 10         | 10         | 10         | 10         | 10         |
| Other                                 | 0          | 0          | 1          | 11         | 0          | 0          | 0          | 0          | 0          |
| <b>Cash earnings</b>                  | <b>36</b>  | <b>47</b>  | <b>26</b>  | <b>28</b>  | <b>20</b>  | <b>19</b>  | <b>11</b>  | <b>25</b>  | <b>25</b>  |
| Changes in working capital            | -4         | 5          | 10         | 4          | 0          | 0          | 0          | 0          | 0          |
| <b>Net operational cash flow</b>      | <b>32</b>  | <b>52</b>  | <b>36</b>  | <b>33</b>  | <b>20</b>  | <b>19</b>  | <b>11</b>  | <b>25</b>  | <b>25</b>  |
| Capex                                 | -4         | -4         | -21        | -11        | -14        | -11        | -8         | -8         | -8         |
| Other investments                     | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Proceeds from sales                   | 0          | 0          | 0          | 0          | 35         | 0          | 0          | 0          | 0          |
| Other                                 | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net investing cash flow</b>        | <b>-4</b>  | <b>-4</b>  | <b>-21</b> | <b>-11</b> | <b>21</b>  | <b>-11</b> | <b>-8</b>  | <b>-8</b>  | <b>-8</b>  |
| Repayment of debt                     | -36        | -46        | -11        | -12        | -67        | -11        | -11        | -11        | -11        |
| Proceeds from debt                    | 25         | 0          | 0          | 15         | 45         | 0          | 0          | 0          | 0          |
| Dividends paid                        | 0          | 0          | -19        | 0          | 0          | -5         | -5         | -1         | -8         |
| New equity                            | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Other                                 | 0          | 0          | 15         | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net financing cash flow</b>        | <b>-11</b> | <b>-46</b> | <b>-15</b> | <b>3</b>   | <b>-22</b> | <b>-16</b> | <b>-16</b> | <b>-12</b> | <b>-19</b> |
| Currency effect                       | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| <b>Net cash flow</b>                  | <b>17</b>  | <b>2</b>   | <b>0</b>   | <b>25</b>  | <b>20</b>  | <b>-7</b>  | <b>-13</b> | <b>6</b>   | <b>-2</b>  |
| Cash balance                          | 84         | 86         | 86         | 85         | 104        | 97         | 85         | 90         | 88         |
| <b>Free cash flow</b>                 | <b>28</b>  | <b>48</b>  | <b>15</b>  | <b>22</b>  | <b>41</b>  | <b>9</b>   | <b>3</b>   | <b>17</b>  | <b>17</b>  |



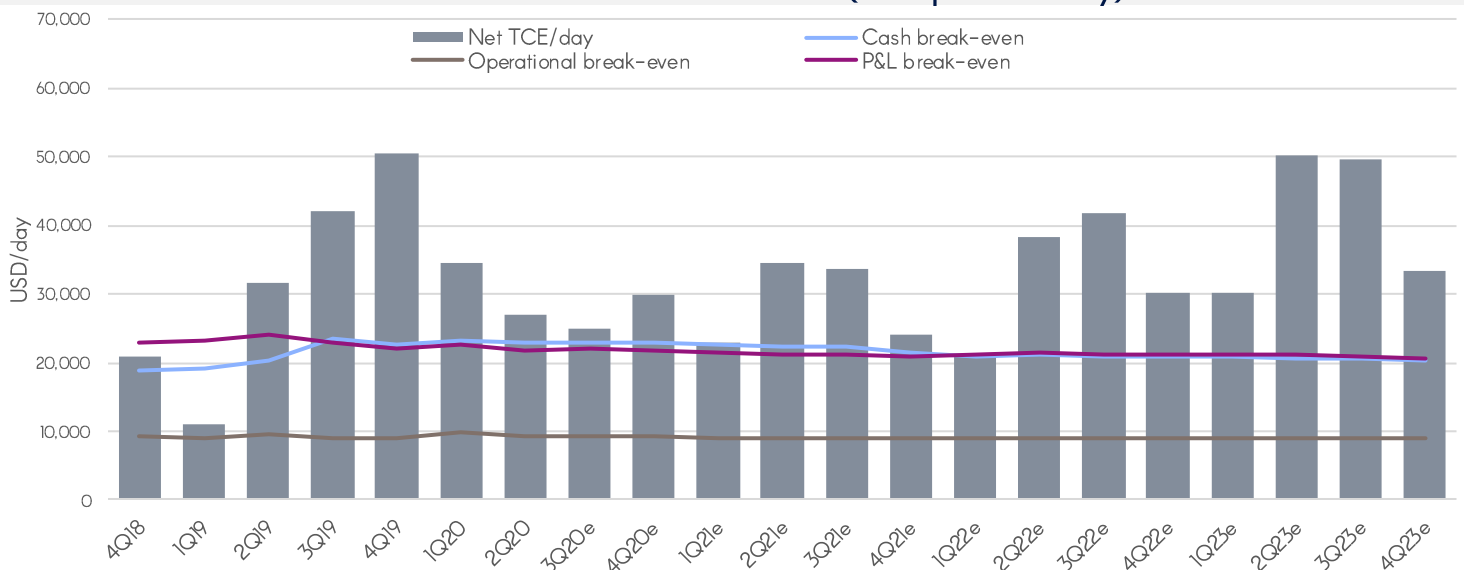
|                                 | 2015  | 2016  | 2017  | 2018  | 2019 | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|-------|------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |      |       |       |       |       |
| Net sales                       | 265   | 93    | 54    | 70    | 174  | 146   | 139   | 180   | 224   |
| Operational costs               | -37   | -100  | -44   | -45   | -46  | -41   | -43   | -48   | -49   |
| EBITDA                          | 228   | -7    | 9     | 25    | 127  | 105   | 95    | 132   | 176   |
| Depreciation/Amortization       | -31   | -42   | -40   | -41   | -42  | -41   | -39   | -46   | -46   |
| EBIT                            | 196   | -48   | -31   | -16   | 85   | 64    | 56    | 86    | 130   |
| Net financials                  | -13   | -20   | -24   | -27   | -29  | -23   | -20   | -22   | -20   |
| PTP                             | 183   | -68   | -55   | -43   | 56   | 41    | 36    | 64    | 110   |
| Taxes/Minorities                | 0     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Net earnings                    | 183   | -68   | -55   | -43   | 56   | 41    | 36    | 64    | 110   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0    | -6    | 0     | 0     | 0     |
| Net earnings (adj.)             | 183   | -68   | -55   | -43   | 56   | 35    | 36    | 64    | 110   |
| EPS                             | 5.04  | -1.07 | -0.86 | -0.68 | 0.88 | 0.64  | 0.56  | 1.00  | 1.70  |
| EPS (adj.)                      | 5.04  | -1.07 | -0.86 | -0.68 | 0.88 | 0.55  | 0.56  | 1.00  | 1.70  |
| DPS                             | 4.74  | 0.51  | 0.00  | 0.00  | 0.00 | 0.37  | 0.32  | 0.43  | 0.81  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |      |       |       |       |       |
| Cash & short-term investments   | 70    | 149   | 62    | 47    | 86   | 97    | 77    | 108   | 167   |
| Other current assets            | 81    | 23    | 22    | 28    | 50   | 27    | 27    | 27    | 27    |
| Total current assets            | 151   | 172   | 84    | 75    | 136  | 124   | 104   | 134   | 194   |
| Property & equip. (incl. NBs)   | 966   | 861   | 823   | 795   | 763  | 744   | 782   | 791   | 745   |
| Other non-current assets        | 2     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Total non-current assets        | 968   | 861   | 824   | 795   | 763  | 744   | 782   | 791   | 745   |
| TOTAL ASSETS                    | 1,119 | 1,033 | 908   | 871   | 899  | 867   | 886   | 926   | 939   |
| Total equity                    | 500   | 457   | 402   | 365   | 411  | 414   | 429   | 465   | 522   |
| Short-term debt                 | 93    | 21    | 21    | 32    | 43   | 44    | 35    | 38    | 40    |
| Other current liabilities       | 10    | 11    | 14    | 12    | 24   | 21    | 21    | 21    | 21    |
| Total current liabilities       | 103   | 32    | 35    | 44    | 67   | 65    | 56    | 59    | 61    |
| Long-term debt                  | 508   | 537   | 467   | 461   | 410  | 369   | 382   | 381   | 336   |
| Other non-current liabilities   | 8     | 7     | 5     | 2     | 11   | 20    | 20    | 20    | 20    |
| Total non-current liabilities   | 516   | 544   | 472   | 462   | 421  | 389   | 402   | 402   | 356   |
| TOTAL EQUITY & LIABILITIES      | 1,119 | 1,033 | 908   | 871   | 899  | 868   | 886   | 926   | 939   |
| Working capital, receivables    | 76    | 19    | 16    | 20    | 35   | 20    | 20    | 20    | 20    |
| Working capital, payables       | 9     | 8     | 10    | 11    | 23   | 11    | 11    | 11    | 11    |
| Net working capital             | 67    | 11    | 6     | 9     | 12   | 9     | 9     | 9     | 9     |
| Interest bearing debt           | 601   | 558   | 488   | 492   | 453  | 413   | 417   | 420   | 376   |
| Liquidity                       | 70    | 149   | 62    | 47    | 86   | 97    | 77    | 108   | 167   |
| Net interest bearing debt       | 531   | 409   | 425   | 445   | 367  | 316   | 339   | 312   | 209   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |      |       |       |       |       |
| Net income                      | 183   | -68   | -55   | -43   | 56   | 41    | 36    | 64    | 110   |
| Depreciation                    | 31    | 42    | 40    | 41    | 42   | 41    | 39    | 46    | 46    |
| Other                           | 1     | 54    | 2     | 2     | -4   | 12    | 0     | 0     | 0     |
| Cash earnings                   | 216   | 28    | -12   | -1    | 94   | 94    | 75    | 110   | 156   |
| Changes in working capital      | -48   | 57    | 1     | -5    | -11  | 15    | 0     | 0     | 0     |
| Net operational cash flow       | 167   | 85    | -12   | -6    | 83   | 109   | 75    | 110   | 156   |
| Capex                           | -492  | -1    | -3    | -12   | -9   | -57   | -78   | -55   | 0     |
| Other investments               | 0     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 0     | 0     | 0     | 0    | 35    | 0     | 0     | 0     |
| Other                           | 0     | 13    | 0     | 0     | 0    | 6     | 0     | 0     | 0     |
| Net investing cash flow         | -492  | 12    | -3    | -12   | -9   | -22   | -78   | -55   | 0     |
| Repayment of debt               | 417   | -44   | -72   | 3     | -36  | -100  | -44   | -44   | -44   |
| Proceeds from debt              | 450   | 0     | 0     | 0     | 540  | 60    | 48    | 47    | 0     |
| Dividends paid                  | -172  | -33   | 0     | 0     | 0    | -24   | -21   | -28   | -52   |
| New equity                      | 0     | 59    | —     | 0     | —    | 0     | 0     | 0     | 0     |
| Other                           | -462  | 0     | 0     | 0     | -540 | 6     | 0     | 0     | 0     |
| Net financing cash flow         | 232   | -18   | -72   | 3     | -36  | -49   | -17   | -25   | -96   |
| Currency effect                 | 0     | 0     | 0     | 0     | 0    | 0     | 0     | 0     | 0     |
| Net cash flow                   | -92   | 79    | -87   | -15   | 39   | 38    | -20   | 30    | 59    |
| Cash balance                    | 70    | 149   | 62    | 47    | 86   | 123   | 104   | 134   | 193   |
| Free cash flow                  | -324  | 97    | -15   | -18   | 75   | 87    | -3    | 55    | 156   |



| 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          | 3          | 3          | 3          | 3          |
| Share price, end (USD)             | 12         | 3          | 3          | 1          | 6          | 3          | 3          | 3          | 3          |
| <b>Market Cap.</b>                 | <b>445</b> | <b>196</b> | <b>182</b> | <b>90</b>  | <b>362</b> | <b>205</b> | <b>205</b> | <b>205</b> | <b>205</b> |
| NIBD                               | 531        | 409        | 425        | 445        | 367        | 316        | 339        | 312        | 209        |
| 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>521</b> | <b>544</b> | <b>517</b> | <b>414</b> |
| Key Figures & Ratios               | 2015       | 2016       | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     | 2.4        |            |            |            | 6.5        | 4.9        | 5.7        | 3.2        | 1.9        |
| P/E (adj.)                         | 2.4        |            |            |            | 6.5        | 5.8        | 5.7        | 3.2        | 1.9        |
| P/CE                               | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| P/Sales                            | 1.7        | 2.1        | 3.4        | 1.3        | 2.1        | 1.4        | 1.5        | 1.1        | 0.9        |
| EV/Sales                           | 3.7        | 6.5        | 11.3       | 7.7        | 4.2        | 3.6        | 3.9        | 2.9        | 1.8        |
| EV/EBITDA                          | 4.3        |            | 64.0       | 21.4       | 5.7        | 5.0        | 5.7        | 3.9        | 2.4        |
| EV/EBIT                            | 5.0        |            |            |            | 8.5        | 8.1        | 9.7        | 6.0        | 3.2        |
| P/B                                | 0.9        | 0.4        | 0.5        | 0.2        | 0.9        | 0.5        | 0.5        | 0.4        | 0.4        |
| FCF yield                          | -73%       | 50%        | -8%        | -20%       | 21%        | 42%        | -1%        | 27%        | 76%        |
| Dividend yield                     | 38.7%      | 16.7%      | 0.0%       | 0.0%       | 0.0%       | 11.7%      | 10.2%      | 13.6%      | 25.5%      |
| Return on equity (ROE)             | 36.6%      | -14.9%     | -13.6%     | -11.9%     | 13.6%      | 10.0%      | 8.4%       | 13.8%      | 21.0%      |
| Return on capital employed (ROCE)  | 19.0%      | -5.6%      | -3.7%      | -1.9%      | 11.0%      | 8.8%       | 7.3%       | 11.1%      | 17.7%      |
| Return on assets (ROA)             | 16.4%      | -6.6%      | -6.0%      | -5.0%      | 6.2%       | 4.8%       | 4.1%       | 6.9%       | 11.7%      |
| Sales growth                       | 91%        | -65%       | -42%       | 29%        | 150%       | -16%       | -5%        | 30%        | 24%        |
| EBITDA margin                      | 86%        | -7%        | 18%        | 36%        | 73%        | 72%        | 69%        | 73%        | 78%        |
| EBIT margin                        | 74%        | -52%       | -57%       | -23%       | 49%        | 44%        | 40%        | 48%        | 58%        |
| Net margin                         | 69%        | -73%       | -101%      | -62%       | 32%        | 28%        | 26%        | 36%        | 49%        |
| Net interest rate                  | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 7.2%       | 5.9%       | 7.0%       | 9.6%       |
| 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%        | 48%        | 48%        | 50%        | 56%        |
| Leverage ratio                     | 55%        | 56%        | 56%        | 58%        | 54%        | 52%        | 52%        | 50%        | 44%        |
| NIBD / EBITDA (past 1y)            | 2.3        | -59.8      | 44.8       | 17.8       | 2.9        | 3.0        | 3.6        | 2.4        | 1.2        |
| Operating cash flow/NIBD           | 0.3        | 0.2        | 0.0        | 0.0        | 0.2        | 0.3        | 0.2        | 0.4        | 0.7        |
| Net interest coverage ratio (EBIT) |            |            |            |            |            | 4.6        | 4.8        | 6.0        | 8.8        |
| Current ratio                      | 1.5        | 5.4        | 2.4        | 1.7        | 2.0        | 1.9        | 1.9        | 2.3        | 3.2        |
| Adj. equity ratio                  |            |            |            |            |            | 44%        | 51%        | 57%        | 61%        |
| Operating assets                   | 1,049      | 884        | 846        | 824        | 813        | 770        | 809        | 818        | 772        |
| Operating liabilities              | 17         | 18         | 19         | 14         | 35         | 41         | 41         | 41         | 41         |
| Net operating assets               | 1,031      | 866        | 827        | 809        | 778        | 729        | 768        | 777        | 731        |

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)







## Fleet Positioning

Live satellite data as of  
13/10/2020 22:40 CET





Expected weakness in 2021, but potentially stronger markets beyond that

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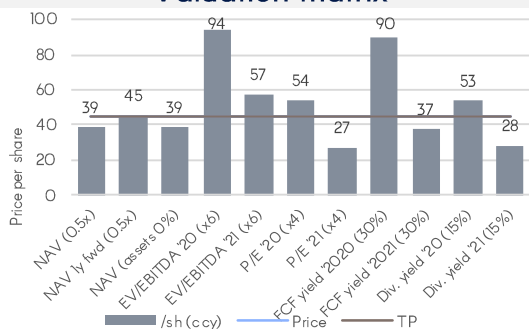
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### Share price vs target price

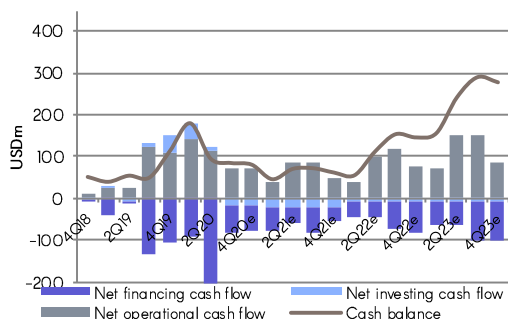


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 540   | 422   | 483   | 606   |
| EBITDA (adj.)       | 397   | 284   | 355   | 478   |
| EBIT (adj.)         | 244   | 131   | 202   | 325   |
| PTP (adj.)          | 208   | 104   | 180   | 307   |
| Net earnings (adj.) | 207   | 104   | 179   | 306   |
| EPS (adj.)          | 1.46  | 0.73  | 1.26  | 2.16  |
| DPS                 | 0.87  | 0.46  | 0.53  | 1.03  |
| USDm                | 2020E | 2021E | 2022E | 2023E |
| Fwd NAV             | 1,303 | 1,662 | 2,044 | 2,219 |
| Adj. equity ratio   | 52%   | 61%   | 69%   | 74%   |
| FCF yield           | 60%   | 25%   | 45%   | 63%   |
| Dividend yield      | 18%   | 10%   | 11%   | 21%   |
| EV/EBITDA           | 4.0   | 5.3   | 3.6   | 2.1   |
| P/E (adj.)          | 3.3   | 6.6   | 3.8   | 2.2   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 399    | 256    | 331    | 459    |
| Free cash flow                | 415    | 171    | 307    | 435    |
| Net cash flow                 | -25    | -19    | 85     | 133    |
| TCE/day                       | 37,735 | 30,383 | 34,912 | 43,875 |
| Cash break-even               | 24,092 | 21,529 | 21,245 | 21,499 |
| Liquidity                     | 80     | 61     | 146    | 279    |
| Property & Equip. (incl. NBs) | 1,801  | 1,734  | 1,605  | 1,476  |
| Total equity                  | 1,221  | 1,259  | 1,362  | 1,522  |
| Total assets                  | 2,413  | 2,326  | 2,283  | 2,288  |
| Interest bearing debt         | 1,015  | 890    | 743    | 588    |
| Net interest bearing debt     | 935    | 829    | 597    | 308    |

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

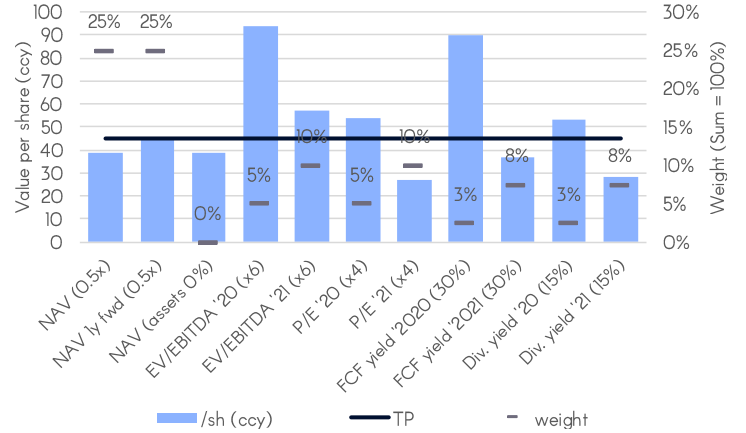


## Company Valuation

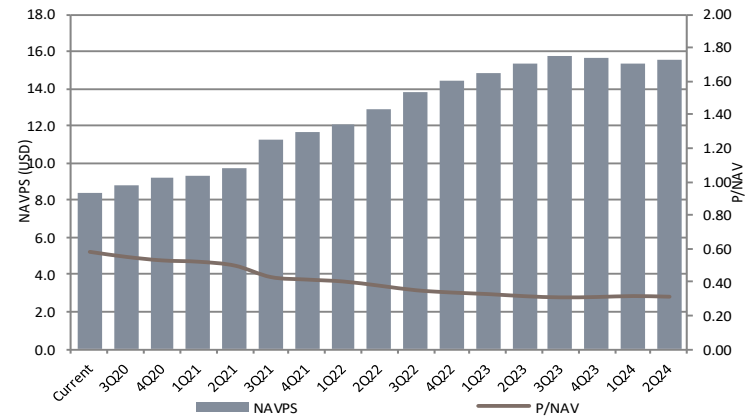
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,848        | 1,845           | 1,436        |
| Contract value    | 0            | 0               | 0            |
| Other             | 423          | 423             | 330          |
| <b>GAV</b>        | <b>2,271</b> | <b>2,268</b>    | <b>1,766</b> |
| Net debt          | -1,012       | -1,012          | -1,012       |
| Capex             | 0            | 0               | 0            |
| Other             | -69          | -69             | -69          |
| <b>Equity</b>     | <b>1,190</b> | <b>1,188</b>    | <b>686</b>   |
| Shares            | 142          | 142             | 142          |
| <b>Equity/sh</b>  | <b>8.39</b>  | <b>8.37</b>     | <b>4.83</b>  |
| Icl CCY           | 77.44        | 77.26           | 44.60        |
| <br>              |              |                 |              |
| P/Equity          | 0.58         | 0.58            | 1.00         |
| EV/GAV            | 0.78         | 0.78            | 1.00         |
| <br>              |              |                 |              |
| Adj. Total Assets | 2,474        | 2,471           | 2,062        |
| Adj. Equity Ratio | 48%          | 48%             | 33%          |
| <b>Fair Value</b> | <b>NOK</b>   | <b>45</b>       | <b>1%</b>    |
|                   | <b>USD</b>   | <b>4.9</b>      |              |

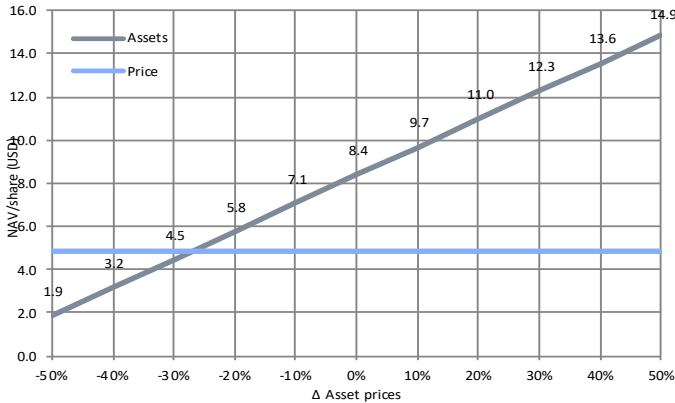
### Valuation Matrix



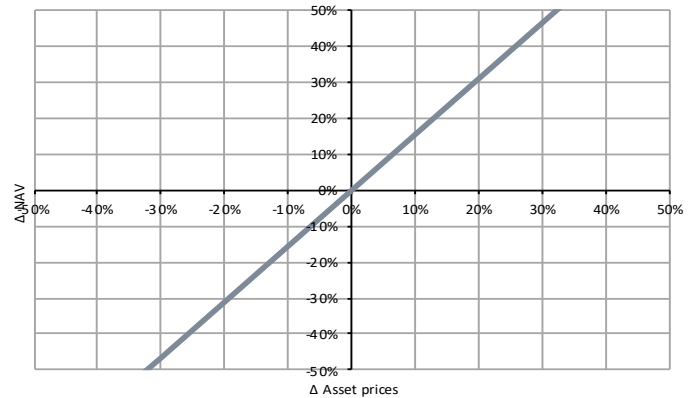
### Quarterly forward NAV & P/NAV



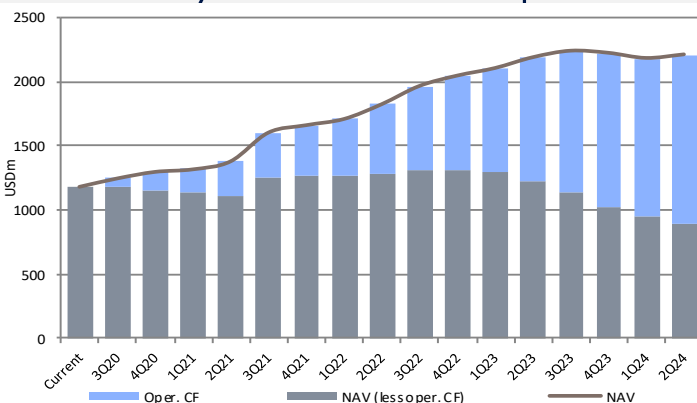
### Impact on NAV/sh from % change in asset prices



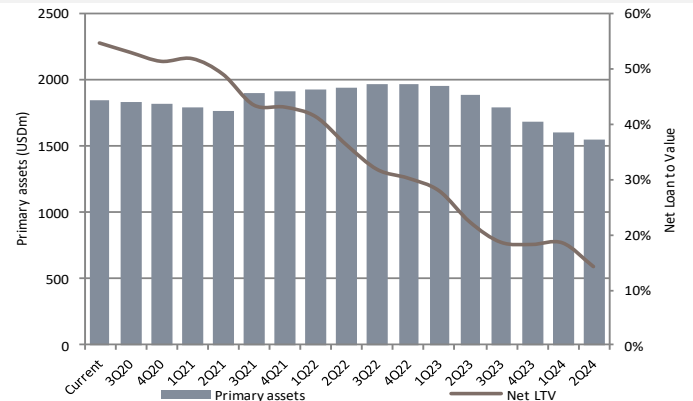
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Pre-/Review

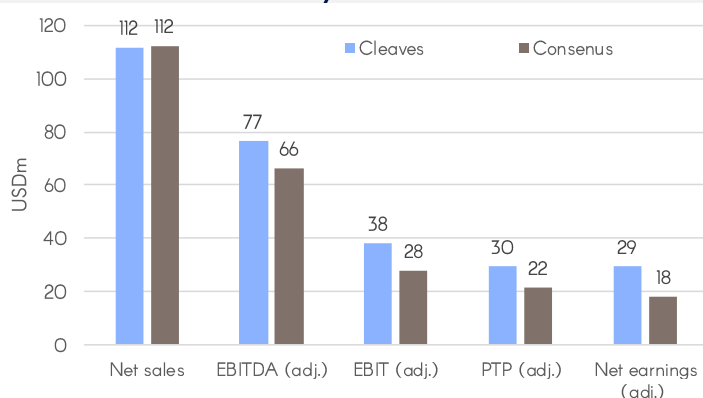
### P&L

| 3Q20 Preview<br>USDm  |       |       | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|-----------------------|-------|-------|---------|-----------|------------|-------|------------|-------|
|                       | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net sales             | 184.7 | 149.5 | 111.8   | 112.4     |            |       |            |       |
| EBITDA (adj.)         | 149.4 | 111.9 | 76.5    | 66.4      |            |       |            |       |
| EBIT (adj.)           | 117.9 | 73.8  | 38.3    | 28.0      |            |       |            |       |
| PTP (adj.)            | 107.2 | 65.4  | 29.6    | 21.5      |            |       |            |       |
| Net earnings (adj.)   | 106.8 | 65.1  | 29.4    | 18.1      |            |       |            |       |
| EPS (adj.)            | 0.75  | 0.46  | 0.21    | 0.13      |            |       |            |       |
| DPS                   | 0.32  | 0.15  | 0.12    | 0.09      |            |       |            |       |
| Implied, line by line | 3Q19  | 2Q20  | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| TCE revenue           | 184.7 | 149.5 | 111.8   | 112.4     |            |       |            |       |
| Opex & G&A            | 35.3  | 37.5  | 35.3    | 46.0      |            |       |            |       |
| Depreciation          | 31.5  | 38.2  | 38.2    | 38.4      |            |       |            |       |
| Net finance           | 10.6  | 8.4   | 8.8     | 6.5       |            |       |            |       |
| Taxes & Minorities    | 0.4   | 0.3   | 0.1     | 3.4       |            |       |            |       |

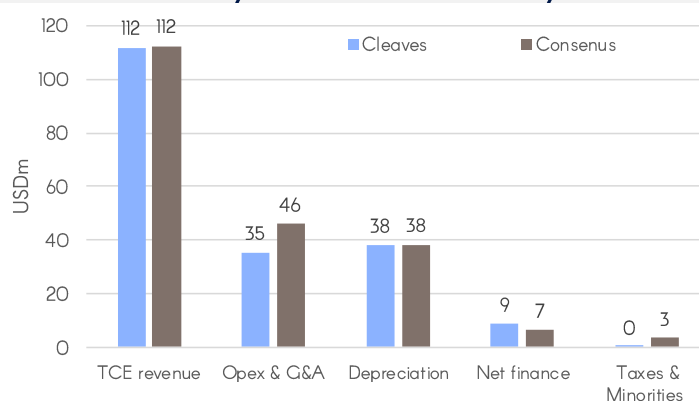
### CF & BS

| 3Q20 Preview<br>USDm             |        |        | 3Q20    |           | Actuals vs |       | Actuals vs |       |
|----------------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                                  | 3Q19   | 2Q20   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow        | 125    | 113    | 71      |           |            |       |            |       |
| Free cash flow                   | 130    | 123    | 56      |           |            |       |            |       |
| Net cash flow                    | -5     | -96    | -10     |           |            |       |            |       |
| TCE/day                          | 46,432 | 40,507 | 31,542  | 31,710    |            |       |            |       |
| Utilization (incl. TCs and COAs) | 98.1%  | 96.5%  | 94.0%   |           |            |       |            |       |
| Fleet days                       | 4,055  | 3,822  | 3,772   |           |            |       |            |       |
| Cash break-even                  | 19,483 | 23,773 | 23,883  |           |            |       |            |       |
| Liquidity                        | 48     | 94     | 84      |           |            |       |            |       |
| Interest bearing debt            | 1,284  | 1,106  | 1,060   |           |            |       |            |       |

### Quarterly Pre-/Review



### Quarterly Pre-/Review: Line by line





## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |       |      |      | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|------|-------|------|------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021  | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 540   | 422   | 483   | 606   | 488  | 268   | 451  | 667  | 51                 | 154   | 32    | -61   |     |
| EBITDA (adj.)            | 397   | 284   | 355   | 478   | 345  | 130   | 323  | 539  | 51                 | 154   | 32    | -61   |     |
| EBIT (adj.)              | 244   | 131   | 202   | 325   | 193  | -23   | 170  | 386  | 51                 | 154   | 32    | -61   |     |
| PTP (adj.)               | 208   | 104   | 180   | 307   | 158  | -53   | 143  | 364  | 50                 | 157   | 37    | -57   |     |
| Net earnings (adj.)      | 207   | 104   | 179   | 306   | 157  | -53   | 143  | 364  | 50                 | 157   | 36    | -58   |     |
| EPS (adj.)               | 1.46  | 0.73  | 1.26  | 2.16  | 1.10 | -0.37 | 1.01 | 2.57 | 0.35               | 1.10  | 0.25  | -0.41 |     |
| DPS                      | 0.87  | 0.46  | 0.53  | 1.03  | 0.85 | -     | 0.22 | 1.07 | 0.02               | 0.46  | 0.31  | -0.04 |     |
|                          |       |       |       |       |      |       |      |      | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |      |       |      |      | TCE revenue        | 51    | 154   | 32    | -61 |
|                          |       |       |       |       |      |       |      |      | Opex & G&A         | -     | -     | -     | -   |
|                          |       |       |       |       |      |       |      |      | Depreciation       | -     | -     | -     | -   |
|                          |       |       |       |       |      |       |      |      | Net finance        | 1     | -3    | -4    | -4  |
|                          |       |       |       |       |      |       |      |      | Taxes & Minorities | 0     | 0     | 1     | 1   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |       |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E | 2023E  |
| Net operational cash flow     | 399    | 256    | 331    | 459    | 349    | 100    | 296    | 517    | 50     | 157    | 36    | -58    |
| Free cash flow                | 415    | 171    | 307    | 435    | 364    | 15     | 272    | 493    | 50     | 157    | 36    | -58    |
| Net cash flow                 | -25    | -19    | 85     | 133    | -47    | 15     | 93     | 186    | 22     | -34    | -8    | -52    |
| TCE/day                       | 37,735 | 30,383 | 34,912 | 43,875 | 34,042 | 19,321 | 32,551 | 48,245 | 3,693  | 11,062 | 2,361 | -4,371 |
| Cash break-even               | 24,092 | 21,529 | 21,245 | 21,499 | 24,100 | 21,766 | 21,604 | 21,858 | -7     | -237   | -359  | -359   |
| Liquidity                     | 80     | 61     | 146    | 279    | 57     | 72     | 165    | 351    | 22     | -11    | -19   | -72    |
| Property & Equip. (incl. NBs) | 1,801  | 1,734  | 1,605  | 1,476  | 1,801  | 1,734  | 1,605  | 1,476  | -      | -      | -     | -      |
| Total equity                  | 1,221  | 1,259  | 1,362  | 1,522  | 1,173  | 1,120  | 1,232  | 1,444  | 47     | 139    | 131   | 78     |
| Total assets                  | 2,413  | 2,326  | 2,283  | 2,288  | 2,391  | 2,338  | 2,302  | 2,359  | 22     | -11    | -19   | -72    |
| Interest bearing debt         | 1,015  | 890    | 743    | 588    | 1,040  | 1,040  | 893    | 738    | -25    | -150   | -150  | -150   |
| Net interest bearing debt     | 935    | 829    | 597    | 308    | 982    | 968    | 727    | 387    | -47    | -139   | -131  | -78    |
| Market Cap.                   | 686    | 686    | 686    | 686    | 664    | 664    | 664    | 664    | 21     | 21     | 21    | 21     |
| Enterprise value              | 1,621  | 1,515  | 1,282  | 994    | 1,647  | 1,632  | 1,392  | 1,051  | -26    | -118   | -109  | -57    |

### Valuation

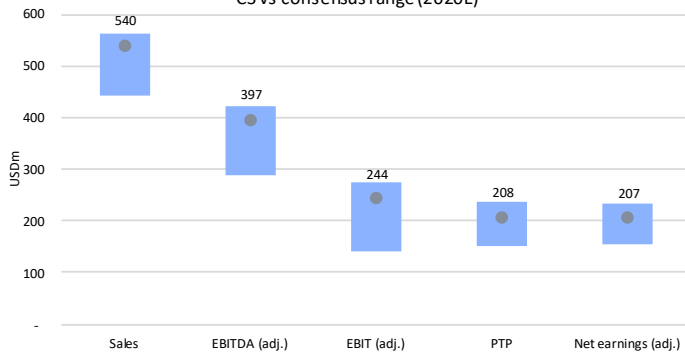
| Valuation                |       |       |       |       |       |       |       |       |        |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 1,303 | 1,662 | 2,044 | 2,219 | 1,165 | 1,339 | 1,808 | 2,126 | 137    | 323   | 236   | 93    |
| Adj. equity ratio        | 52%   | 61%   | 69%   | 74%   | 49%   | 52%   | 63%   | 70%   | 3%     | 9%    | 6%    | 4%    |
| FCF yield                | 60%   | 25%   | 45%   | 63%   | 55%   | 2%    | 41%   | 74%   | 6%     | 23%   | 4%    | -11%  |
| Dividend yield           | 18%   | 10%   | 11%   | 21%   | 18%   | 0%    | 5%    | 23%   | 0%     | 10%   | 6%    | -2%   |
| EV/EBITDA                | 4.0   | 5.3   | 3.6   | 2.1   | 4.7   | 12.6  | 4.3   | 1.9   | -0.7   | -7.2  | -0.7  | 0.1   |
| P/E (adj.)               | 3.3   | 6.6   | 3.8   | 2.2   | 4.2   |       | 4.6   | 1.8   | -0.9   | ##### | -0.8  | 0.4   |



## Our Estimates vs Consensus

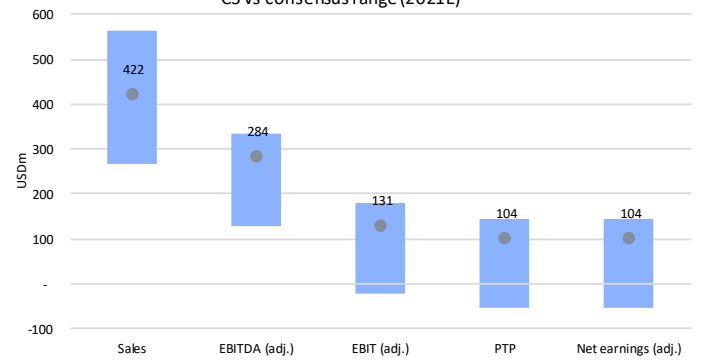
### Profit & Loss, year I

CS vs consensus range (2020E)

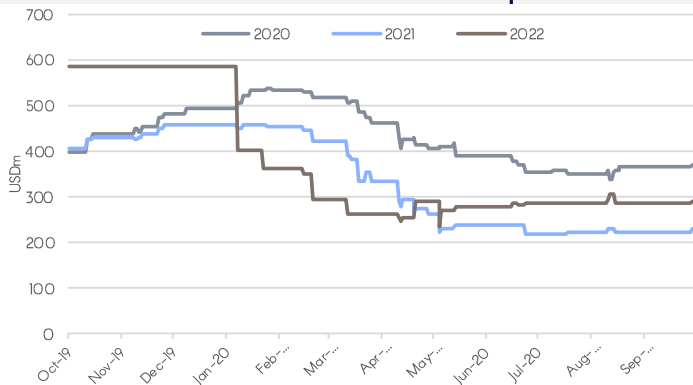


### Profit & Loss, year II

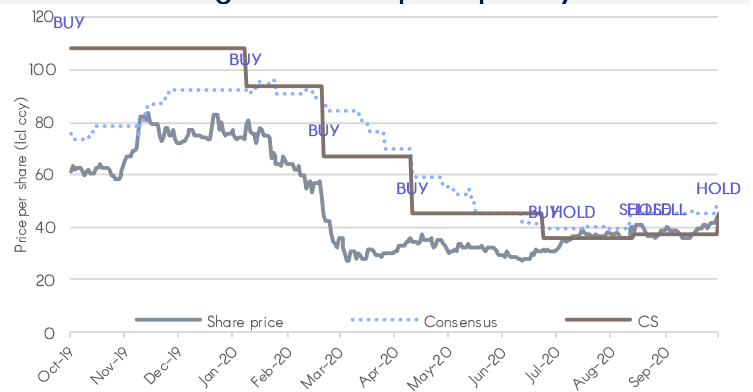
CS vs consensus range (2021E)



### Consensus EBITDA development



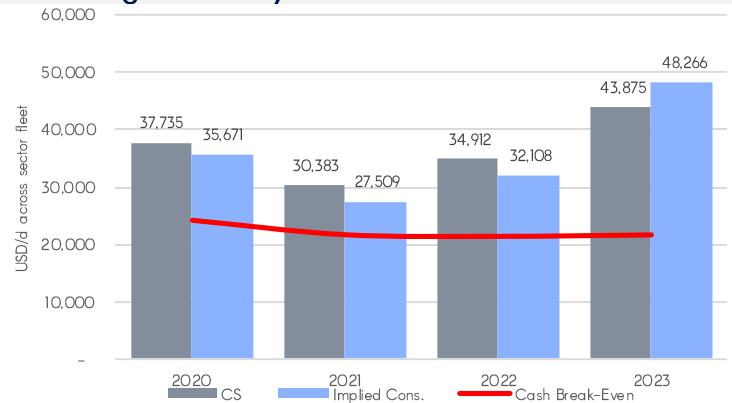
### Target vs share price past ly



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

|                    | 2020 | CS  | Consensus | Diff. | Diff. |
|--------------------|------|-----|-----------|-------|-------|
| TCE revenue        | 540  | 510 | 30        | 6%    |       |
| Opex + G&A         | 143  | 139 | 4         | 3%    |       |
| Depreciation       | 153  | 151 | 1         | 1%    |       |
| Net finance        | 36   | 30  | 6         | 19%   |       |
| Taxes & Minorities | 1    | 1   | -0        | -24%  |       |
|                    | 2021 | CS  | Consensus | Diff. | Diff. |
| TCE revenue        | 422  | 382 | 40        | 10%   |       |
| Opex + G&A         | 138  | 151 | -13       | -8%   |       |
| Depreciation       | 153  | 153 | -0        | 0%    |       |
| Net finance        | 27   | 33  | -6        | -18%  |       |
| Taxes & Minorities | 0    | 0   | 0         | 2%    |       |

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





|                                 | 3Q19  | 4Q19  | 1Q20  | 2Q20  | 3Q20E | 4Q20E | 1Q21E | 2Q21E | 3Q21E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 185   | 192   | 162   | 149   | 112   | 116   | 83    | 127   | 126   |
| Operational costs               | -25   | 6     | -30   | -41   | -31   | -35   | -35   | -35   | -35   |
| EBITDA                          | 160   | 197   | 132   | 109   | 80    | 81    | 48    | 92    | 91    |
| Depreciation/Amortization       | -32   | -31   | -38   | -38   | -38   | -38   | -38   | -38   | -38   |
| EBIT                            | 128   | 166   | 93    | 71    | 42    | 43    | 10    | 54    | 53    |
| Net financials                  | -11   | -11   | -13   | -8    | -9    | -8    | -7    | -7    | -7    |
| PTP                             | 118   | 155   | 81    | 62    | 33    | 35    | 3     | 47    | 46    |
| Taxes/Minorities                | 0     | -2    | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                    | 117   | 154   | 81    | 62    | 33    | 35    | 3     | 47    | 46    |
| Non-recurring items             | -10   | -44   | -3    | 3     | -4    | 0     | 0     | 0     | 0     |
| Net earnings (adj.)             | 107   | 109   | 77    | 65    | 29    | 35    | 3     | 47    | 46    |
| EPS                             | 0.83  | 1.08  | 0.57  | 0.44  | 0.23  | 0.25  | 0.02  | 0.33  | 0.32  |
| EPS (adj.)                      | 0.75  | 0.77  | 0.55  | 0.46  | 0.21  | 0.25  | 0.02  | 0.33  | 0.32  |
| DPS                             | 0.10  | 0.32  | 0.40  | 0.20  | 0.15  | 0.12  | 0.12  | 0.01  | 0.17  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 48    | 112   | 180   | 94    | 84    | 80    | 44    | 70    | 71    |
| Other current assets            | 212   | 276   | 278   | 293   | 293   | 293   | 293   | 293   | 293   |
| Total current assets            | 260   | 388   | 458   | 387   | 377   | 373   | 338   | 363   | 364   |
| Property & equip. (incl. NBs)   | 1,944 | 1,904 | 1,881 | 1,848 | 1,824 | 1,801 | 1,784 | 1,767 | 1,750 |
| Other non-current assets        | 211   | 257   | 258   | 239   | 239   | 239   | 239   | 239   | 239   |
| Total non-current assets        | 2,155 | 2,161 | 2,139 | 2,086 | 2,063 | 2,040 | 2,023 | 2,006 | 1,989 |
| TOTAL ASSETS                    | 2,415 | 2,549 | 2,597 | 2,474 | 2,440 | 2,413 | 2,361 | 2,369 | 2,354 |
| Total equity                    | 1,064 | 1,177 | 1,156 | 1,190 | 1,202 | 1,221 | 1,206 | 1,252 | 1,274 |
| Short-term debt                 | 157   | 191   | 161   | 170   | 170   | 173   | 169   | 171   | 171   |
| Other current liabilities       | 50    | 79    | 120   | 137   | 137   | 137   | 137   | 137   | 137   |
| Total current liabilities       | 207   | 270   | 281   | 308   | 307   | 310   | 306   | 308   | 308   |
| Long-term debt                  | 1,127 | 1,091 | 1,122 | 935   | 890   | 841   | 808   | 769   | 732   |
| Other non-current liabilities   | 16    | 11    | 39    | 41    | 41    | 41    | 41    | 41    | 41    |
| Total non-current liabilities   | 1,143 | 1,102 | 1,161 | 976   | 931   | 882   | 849   | 810   | 772   |
| TOTAL EQUITY & LIABILITIES      | 2,415 | 2,549 | 2,597 | 2,474 | 2,440 | 2,413 | 2,361 | 2,369 | 2,354 |
| Working capital, receivables    | 208   | 198   | 269   | 229   | 229   | 229   | 229   | 229   | 229   |
| Working capital, payables       | 49    | 61    | 98    | 109   | 109   | 109   | 109   | 109   | 109   |
| Net working capital             | 158   | 138   | 171   | 120   | 120   | 120   | 120   | 120   | 120   |
| Interest bearing debt           | 1,284 | 1,282 | 1,283 | 1,106 | 1,060 | 1,015 | 977   | 940   | 902   |
| Liquidity                       | 48    | 112   | 180   | 94    | 84    | 80    | 44    | 70    | 71    |
| Net interest bearing debt       | 1,236 | 1,170 | 1,103 | 1,012 | 976   | 935   | 933   | 870   | 831   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 117   | 154   | 81    | 62    | 33    | 35    | 3     | 47    | 46    |
| Depreciation                    | 32    | 31    | 38    | 38    | 38    | 38    | 38    | 38    | 38    |
| Other                           | 0     | -55   | 4     | 14    | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                   | 149   | 130   | 123   | 114   | 71    | 73    | 41    | 85    | 84    |
| Changes in working capital      | -24   | -20   | 19    | -1    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow       | 125   | 110   | 142   | 113   | 71    | 73    | 41    | 85    | 84    |
| Capex                           | -2    | 0     | -7    | -1    | -15   | -15   | -21   | -21   | -21   |
| Other investments               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales             | 0     | 32    | 32    | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | 7     | 8     | 10    | 10    | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow         | 5     | 40    | 36    | 10    | -15   | -15   | -21   | -21   | -21   |
| Repayment of debt               | -133  | -91   | -186  | -223  | -46   | -46   | -38   | -38   | -38   |
| Proceeds from debt              | 26    | 0     | 164   | 47    | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                  | -14   | -46   | -57   | -28   | -21   | -17   | -17   | -1    | -24   |
| New equity                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                           | -14   | 33    | -13   | -15   | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow         | -135  | -104  | -92   | -218  | -67   | -62   | -55   | -39   | -61   |
| Currency effect                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                   | -5    | 47    | 85    | -96   | -10   | -4    | -35   | 25    | 1     |
| Cash balance                    | 48    | 112   | 180   | 94    | 84    | 80    | 44    | 70    | 71    |
| Free cash flow                  | 130   | 151   | 177   | 123   | 56    | 58    | 20    | 64    | 63    |



|                                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Profit &amp; Loss (USDm)</b> |       |       |       |       |       |       |       |       |       |
| Net sales                       | 626   | 407   | 335   | 301   | 547   | 540   | 422   | 483   | 606   |
| Operational costs               | -196  | -254  | -204  | -225  | -92   | -138  | -138  | -128  | -128  |
| EBITDA                          | 430   | 153   | 131   | 76    | 455   | 402   | 284   | 355   | 478   |
| Depreciation/Amortization       | -85   | -99   | -127  | -101  | -127  | -153  | -153  | -153  | -153  |
| EBIT                            | 346   | 53    | 4     | -24   | 328   | 249   | 131   | 202   | 325   |
| Net financials                  | -19   | -29   | -48   | -48   | -52   | -37   | -27   | -23   | -18   |
| PTP                             | 327   | 24    | -44   | -72   | 276   | 212   | 104   | 180   | 307   |
| Taxes/Minorities                | -3    | 0     | 2     | 1     | -2    | -1    | 0     | -1    | -1    |
| Net earnings                    | 324   | 24    | -43   | -71   | 274   | 211   | 104   | 179   | 306   |
| Non-recurring items             | 0     | 0     | 0     | 0     | 0     | -4    | 0     | 0     | 0     |
| Net earnings (adj.)             | 324   | 24    | -43   | -71   | 274   | 207   | 104   | 179   | 306   |
| EPS                             | 2.38  | 0.17  | -0.30 | -0.50 | 1.93  | 1.49  | 0.73  | 1.26  | 2.16  |
| EPS (adj.)                      | 2.38  | 0.17  | -0.30 | -0.50 | 1.93  | 1.46  | 0.73  | 1.26  | 2.16  |
| DPS                             | 1.88  | 0.74  | 0.00  | 0.00  | 0.42  | 0.87  | 0.46  | 0.53  | 1.03  |
| <b>Balance Sheet (USDm)</b>     |       |       |       |       |       |       |       |       |       |
| Cash & short-term investments   | 94    | 81    | 57    | 50    | 112   | 80    | 61    | 146   | 279   |
| Other current assets            | 107   | 85    | 219   | 139   | 276   | 293   | 293   | 293   | 293   |
| Total current assets            | 201   | 166   | 276   | 189   | 388   | 373   | 354   | 439   | 573   |
| Property & equip. (incl. NBs)   | 1,864 | 2,413 | 2,136 | 2,006 | 2,069 | 1,801 | 1,734 | 1,605 | 1,476 |
| Other non-current assets        | 45    | 15    | 44    | 65    | 92    | 239   | 239   | 239   | 239   |
| Total non-current assets        | 1,909 | 2,428 | 2,179 | 2,071 | 2,161 | 2,040 | 1,972 | 1,844 | 1,715 |
| TOTAL ASSETS                    | 2,110 | 2,594 | 2,455 | 2,260 | 2,549 | 2,413 | 2,326 | 2,283 | 2,288 |
| Total equity                    | 1,171 | 1,117 | 1,074 | 984   | 1,177 | 1,221 | 1,259 | 1,362 | 1,522 |
| Short-term debt                 | 120   | 431   | 265   | 133   | 191   | 173   | 191   | 172   | 182   |
| Other current liabilities       | 51    | 65    | 41    | 40    | 79    | 137   | 137   | 137   | 137   |
| Total current liabilities       | 171   | 497   | 305   | 173   | 270   | 310   | 328   | 309   | 319   |
| Long-term debt                  | 767   | 980   | 1,076 | 1,101 | 1,091 | 841   | 699   | 571   | 406   |
| Other non-current liabilities   | 1     | 0     | 0     | 2     | 11    | 41    | 41    | 41    | 41    |
| Total non-current liabilities   | 768   | 980   | 1,076 | 1,103 | 1,102 | 882   | 740   | 611   | 447   |
| TOTAL EQUITY & LIABILITIES      | 2,110 | 2,594 | 2,455 | 2,260 | 2,549 | 2,413 | 2,326 | 2,283 | 2,288 |
| Working capital, receivables    | 91    | 64    | 93    | 98    | 198   | 229   | 229   | 229   | 229   |
| Working capital, payables       | 44    | 60    | 40    | 39    | 61    | 109   | 109   | 109   | 109   |
| Net working capital             | 47    | 5     | 53    | 59    | 138   | 120   | 120   | 120   | 120   |
| Interest bearing debt           | 887   | 1,411 | 1,341 | 1,235 | 1,282 | 1,015 | 890   | 743   | 588   |
| Liquidity                       | 94    | 81    | 57    | 50    | 112   | 80    | 61    | 146   | 279   |
| Net interest bearing debt       | 793   | 1,330 | 1,285 | 1,185 | 1,170 | 935   | 829   | 597   | 308   |
| <b>Cash Flow (USDm)</b>         |       |       |       |       |       |       |       |       |       |
| Net income                      | 324   | 24    | -43   | -71   | 274   | 211   | 104   | 179   | 306   |
| Depreciation                    | 85    | 99    | 127   | 101   | 127   | 153   | 153   | 153   | 153   |
| Other                           | 9     | 58    | -2    | 33    | -66   | 18    | 0     | 0     | 0     |
| Cash earnings                   | 417   | 182   | 82    | 62    | 335   | 381   | 256   | 331   | 459   |
| Changes in working capital      | -11   | 35    | -53   | -15   | -62   | 18    | 0     | 0     | 0     |
| Net operational cash flow       | 407   | 217   | 29    | 47    | 272   | 399   | 256   | 331   | 459   |
| Capex                           | -467  | -230  | -89   | -12   | -10   | -37   | -85   | -24   | -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    | 5     | 0     | 0     | 0     |
| Net investing cash flow         | -505  | -233  | 24    | 70    | 44    | 15    | -85   | -24   | -24   |
| Repayment of debt               | 359   | 118   | -67   | -110  | -208  | -500  | -150  | -147  | -155  |
| Proceeds from debt              | —     | —     | —     | —     | —     | 211   | 25    | 0     | 0     |
| Dividends paid                  | -256  | -105  | 0     | 0     | -60   | -123  | -65   | -75   | -146  |
| New equity                      | 27    | 0     | —     | —     | —     | 0     | 0     | 0     | 0     |
| Other                           | -8    | -11   | -10   | -15   | -6    | 5     | 0     | 0     | 0     |
| Net financing cash flow         | 122   | 3     | -77   | -124  | -273  | -439  | -190  | -222  | -301  |
| Currency effect                 | 0     | 0     | 0     | 0     | —     | 0     | 0     | 0     | 0     |
| Net cash flow                   | 24    | -13   | -24   | -6    | —     | -25   | -19   | 85    | 133   |
| Cash balance                    | 94    | 81    | 57    | 50    | 112   | 87    | 68    | 154   | 287   |
| Free cash flow                  | -98   | -16   | 53    | 118   | 316   | 415   | 171   | 307   | 435   |

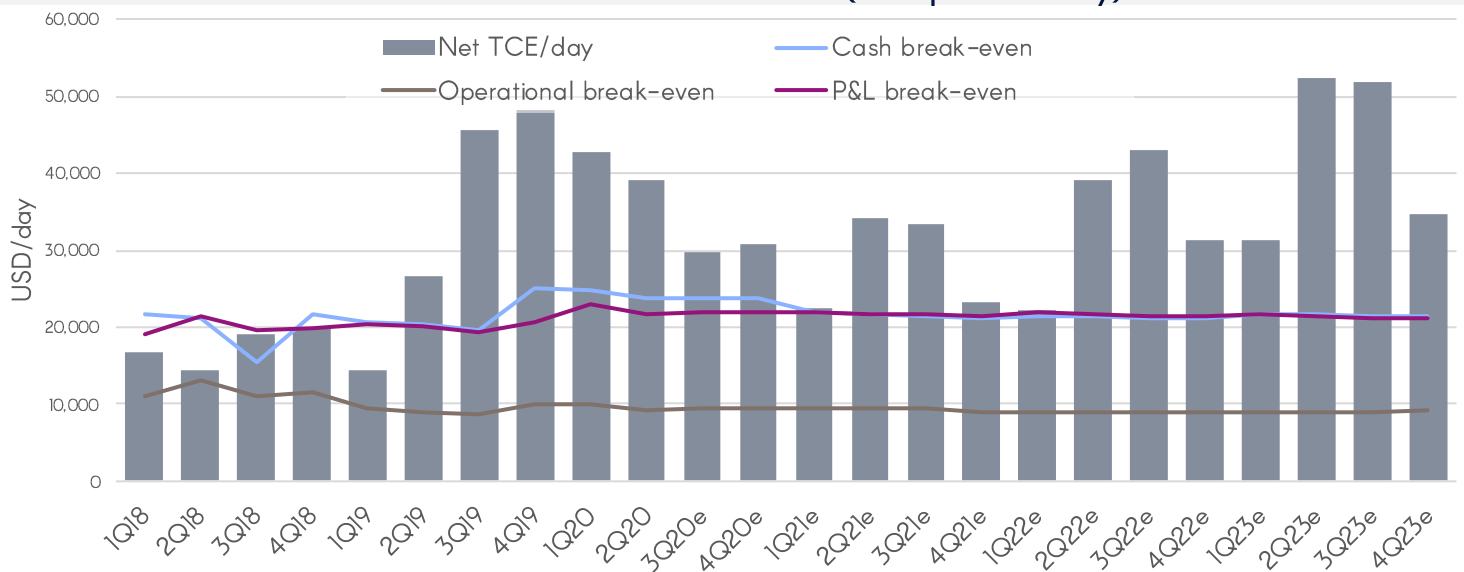




| Share Data & Valuation (USDm)      | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E      |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| Shares outstanding, end            | 136          | 142          | 142          | 142          | 142          | 142          | 142          | 142          | 142        |
| Share price, avg (USD)             | 6            | 4            | 4            | 4            | 5            | 5            | 5            | 5            | 5          |
| Share price, end (USD)             | 8            | 4            | 5            | 3            | 8            | 5            | 5            | 5            | 5          |
| <b>Market Cap.</b>                 | <b>1,129</b> | <b>598</b>   | <b>670</b>   | <b>424</b>   | <b>1,191</b> | <b>686</b>   | <b>686</b>   | <b>686</b>   | <b>686</b> |
| NIBD                               | 793          | 1,330        | 1,285        | 1,185        | 1,170        | 935          | 829          | 597          | 308        |
| 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>1,621</b> | <b>1,515</b> | <b>1,282</b> | <b>994</b> |
| Key Figures & Ratios               | 2015         | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        | 2023E      |
| P/E (reported)                     | 3.5          | 24.6         |              |              | 4.3          | 3.3          | 6.6          | 3.8          | 2.2        |
| P/E (adj.)                         | 3.5          | 24.6         |              |              | 4.3          | 3.3          | 6.6          | 3.8          | 2.2        |
| P/CE                               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0        |
| P/Sales                            | 1.8          | 1.5          | 2.0          | 1.4          | 2.2          | 1.3          | 1.6          | 1.4          | 1.1        |
| EV/Sales                           | 3.1          | 4.7          | 5.8          | 5.3          | 4.3          | 3.0          | 3.6          | 2.7          | 1.6        |
| EV/EBITDA                          | 4.4          | 12.6         | 14.9         | 21.1         | 5.2          | 4.0          | 5.3          | 3.6          | 2.1        |
| EV/EBIT                            | 5.5          | 36.0         |              |              | 7.2          | 6.5          | 11.5         | 6.3          | 3.1        |
| P/B                                | 1.0          | 0.5          | 0.6          | 0.4          | 1.0          | 0.6          | 0.5          | 0.5          | 0.5        |
| FCF yield                          | -9%          | -3%          | 8%           | 28%          | 27%          | 60%          | 25%          | 45%          | 63%        |
| Dividend yield                     | 22.7%        | 17.5%        | 0.0%         | 0.0%         | 5.0%         | 18.0%        | 9.5%         | 11.0%        | 21.4%      |
| Return on equity (ROE)             | 27.9%        | 2.2%         | -4.0%        | -7.3%        | 23.3%        | 17.3%        | 8.2%         | 13.1%        | 20.1%      |
| Return on capital employed (ROCE)  | 17.6%        | 2.2%         | 0.2%         | -1.1%        | 14.0%        | 11.6%        | 6.3%         | 10.3%        | 17.8%      |
| Return on assets (ROA)             | 15.4%        | 0.9%         | -1.7%        | -3.2%        | 10.7%        | 8.7%         | 4.5%         | 7.8%         | 13.4%      |
| Sales growth                       | 16%          | -35%         | -18%         | -10%         | 82%          | -1%          | -22%         | 14%          | 26%        |
| EBITDA margin                      | 69%          | 38%          | 39%          | 25%          | 83%          | 74%          | 67%          | 74%          | 79%        |
| EBIT margin                        | 55%          | 13%          | 1%           | -8%          | 60%          | 46%          | 31%          | 42%          | 54%        |
| Net margin                         | 52%          | 6%           | -13%         | -24%         | 50%          | 39%          | 25%          | 37%          | 51%        |
| Net interest rate                  | 2.1%         | 2.1%         | 3.7%         | 4.3%         | 4.9%         | 4.2%         | 3.9%         | 4.7%         | 7.3%       |
| Tax rate                           | 0.2%         | 1.0%         | -1.2%        | -0.2%        | 0.8%         | 0.4%         | 0.4%         | 0.4%         | 0.4%       |
| Equity ratio                       | 55%          | 43%          | 44%          | 44%          | 46%          | 51%          | 54%          | 60%          | 67%        |
| Leverage ratio                     | 45%          | 57%          | 56%          | 56%          | 54%          | 49%          | 46%          | 40%          | 33%        |
| NIBD / EBITDA (past 1y)            | 1.8          | 8.7          | 9.8          | 15.5         | 2.6          | 2.3          | 2.9          | 1.7          | 0.6        |
| Operating cash flow/NIBD           | 0.5          | 0.2          | 0.0          | 0.0          | 0.2          | 0.4          | 0.3          | 0.6          | 1.5        |
| Net interest coverage ratio (EBIT) | 25.5         | 5.5          | 2.8          | 1.5          | 7.9          | 10.3         | 8.9          | 12.8         | 21.1       |
| Current ratio                      | 1.2          | 0.3          | 0.9          | 1.1          | 1.4          | 1.2          | 1.1          | 1.4          | 1.8        |
| Adj. equity ratio                  |              |              |              |              |              | 52%          | 61%          | 69%          | 74%        |
| Operating assets                   | 2,016        | 2,513        | 2,399        | 2,210        | 2,437        | 2,333        | 2,266        | 2,137        | 2,008      |
| Operating liabilities              | 52           | 66           | 41           | 42           | 90           | 178          | 178          | 178          | 178        |
| Net operating assets               | 1,964        | 2,448        | 2,358        | 2,168        | 2,347        | 2,156        | 2,088        | 1,959        | 1,831      |

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)







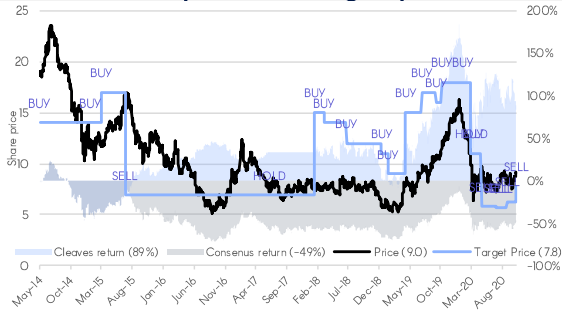
Good value on the steel, but higher cost base vs peers comparatively underscores on earnings multiples & our valuation matrix

## LPG-US

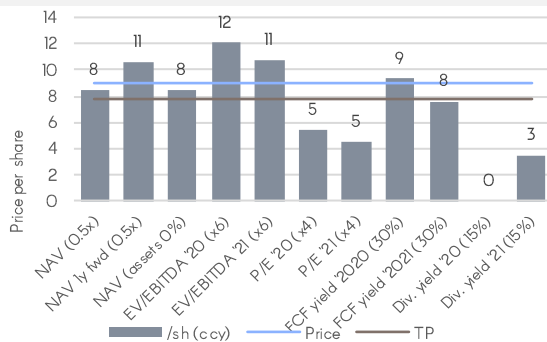
SELL/\$7.8

## Dorian LPG

### Share price vs target price

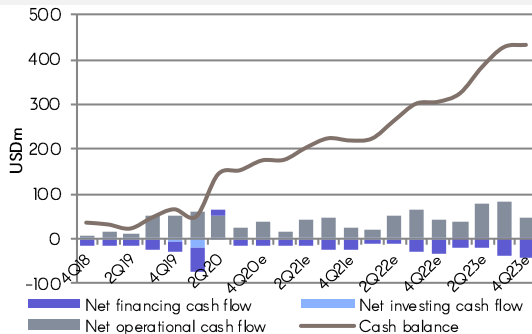


### Valuation matrix



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### Cash & cash flows



### Cleaves / Analysts

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### Key numbers

| USDm                | 2020E | 2021E | 2022E | 2023E |
|---------------------|-------|-------|-------|-------|
| Net sales           | 301   | 267   | 310   | 375   |
| EBITDA (adj.)       | 182   | 154   | 204   | 275   |
| EBIT (adj.)         | 114   | 87    | 136   | 208   |
| PTP (adj.)          | 69    | 58    | 109   | 182   |
| Net earnings (adj.) | 69    | 58    | 109   | 182   |
| EPS (adj.)          | 1.35  | 1.13  | 2.13  | 3.58  |
| DPS                 | -     | 0.52  | 0.89  | 1.72  |

| USDm              | 2020E | 2021E | 2022E | 2023E |
|-------------------|-------|-------|-------|-------|
| Fwd NAV           | 1,006 | 1,180 | 1,236 | 1,258 |
| Adj. equity ratio | 60%   | 65%   | 67%   | 69%   |
| Dividend yield    | 0%    | 6%    | 10%   | 19%   |
| EV/EBITDA         | 5.1   | 5.4   | 3.5   | 2.0   |
| P/E (adj.)        | 6.7   | 8.0   | 4.2   | 2.5   |

### Key numbers

| USDm                          | 2020E  | 2021E  | 2022E  | 2023E  |
|-------------------------------|--------|--------|--------|--------|
| Net operational cash flow     | 173    | 125    | 176    | 250    |
| Free cash flow                | 142    | 116    | 170    | 250    |
| Net cash flow                 | 75     | 44     | 86     | 127    |
| TCE/day                       | 37,879 | 32,127 | 38,056 | 47,675 |
| Cash break-even               | 23,828 | 22,058 | 20,772 | 19,958 |
| Liquidity                     | 177    | 221    | 308    | 434    |
| Property & Equip. (incl. NBs) | 1,395  | 1,336  | 1,275  | 1,207  |
| Total equity                  | 1,017  | 1,048  | 1,111  | 1,206  |
| Total assets                  | 1,698  | 1,684  | 1,709  | 1,768  |
| Interest bearing debt         | 646    | 601    | 562    | 527    |
| Net interest bearing debt     | 470    | 380    | 255    | 92     |
| Market Cap.                   | 460    | 460    | 460    | 460    |

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

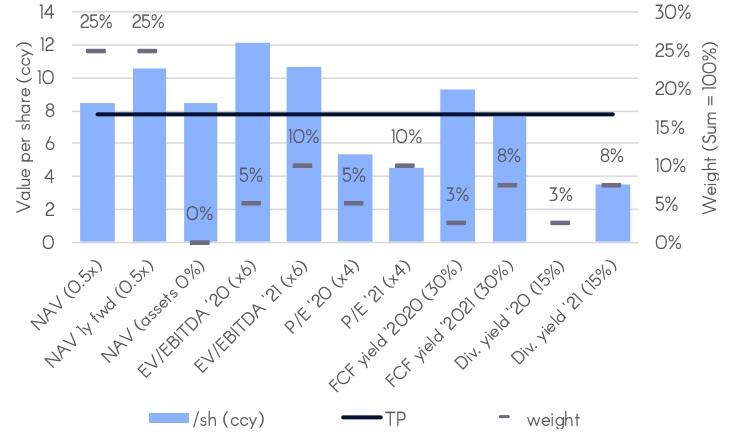


## Company Valuation

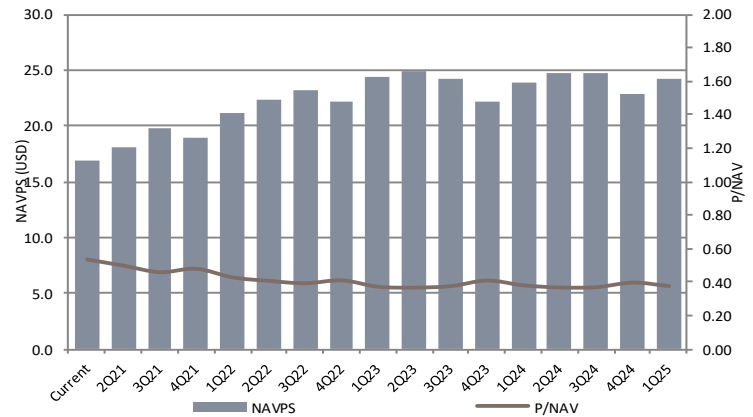
### Valuation & target price

| Valuation         |              |                 |              |
|-------------------|--------------|-----------------|--------------|
| USDm              | Book Value   | Net Asset Value | Market cap.  |
| Primary assets    | 1,425        | 1,313           | 943          |
| Contract value    | 0            | -5              | -4           |
| Other             | 115          | 115             | 82           |
| <b>GAV</b>        | <b>1,539</b> | <b>1,422</b>    | <b>1,022</b> |
| Net debt          | -526         | -526            | -526         |
| Capex             | 0            | -12             | -12          |
| Other             | -23          | -23             | -23          |
| <b>Equity</b>     | <b>990</b>   | <b>861</b>      | <b>460</b>   |
| Shares            | 51           | 51              | 51           |
| <b>Equity/sh</b>  | <b>19.40</b> | <b>16.87</b>    | <b>9.02</b>  |
| lcl CCY           | 19.40        | 16.87           | 9.02         |
| <br>              |              |                 |              |
| <b>P/Equity</b>   | <b>0.46</b>  | <b>0.53</b>     | <b>1.00</b>  |
| <b>EV/GAV</b>     | <b>0.66</b>  | <b>0.72</b>     | <b>1.00</b>  |
| <br>              |              |                 |              |
| Adj. Total Assets | 1,697        | 1,585           | 1,215        |
| Adj. Equity Ratio | 58%          | 54%             | 38%          |
| <b>Fair Value</b> | <b>USD</b>   | <b>7.8</b>      | <b>-13%</b>  |

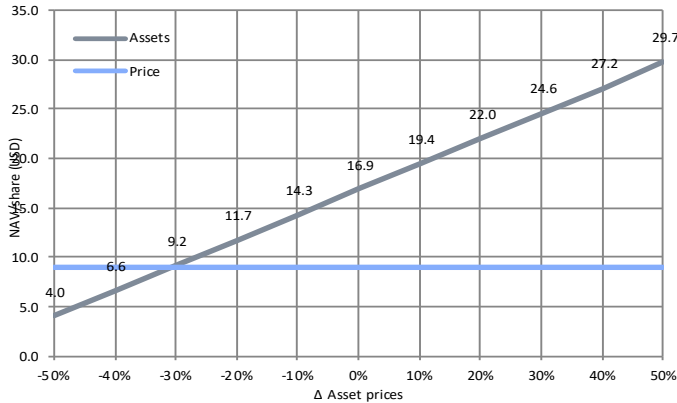
### Valuation Matrix



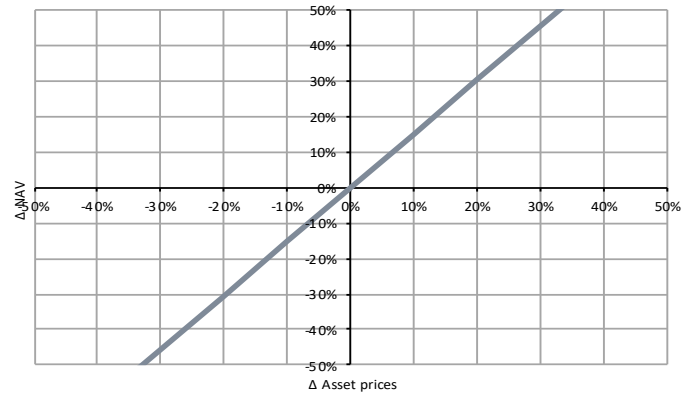
### Quarterly forward NAV & P/NAV



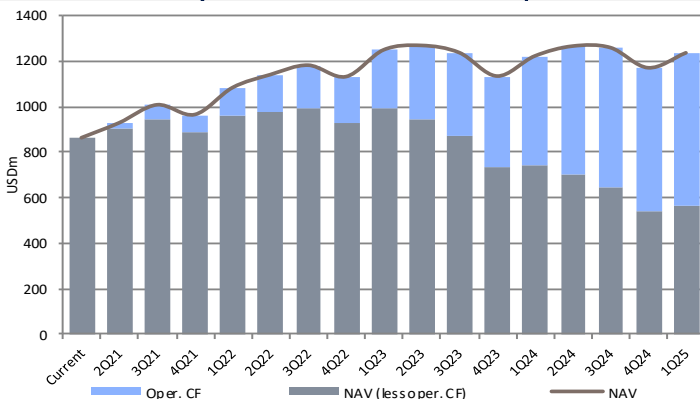
### Impact on NAV/sh from % change in asset prices



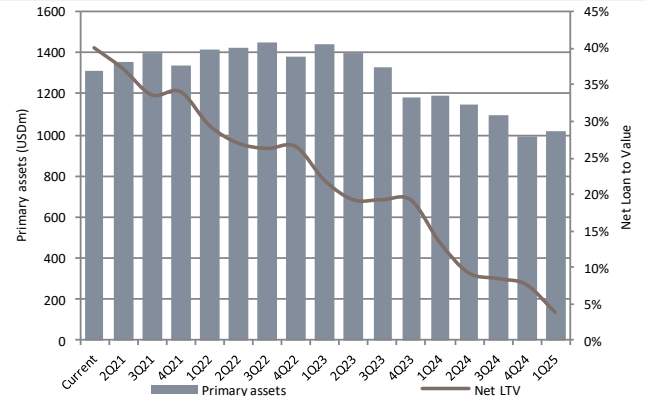
### % Impact on NAV from % change in asset prices



### Quarterly forward NAV decomposition



### Forward fleet value & net loan to value





## Quarterly Preview

### P&L

| 2Q21 Preview<br>USDm         | 2Q21        |             | 2Q21           |                  | Actuals vs     |              | Actuals vs     |              |
|------------------------------|-------------|-------------|----------------|------------------|----------------|--------------|----------------|--------------|
|                              | 2Q20        | 1Q21        | Cleaves        | Consensus        | Cleaves        | Cons.        | Cleaves        | Cons.        |
| Net sales                    | 90.8        | 72.4        | 60.8           | 61.8             |                |              |                |              |
| EBITDA (adj.)                | 65.4        | 38.9        | 32.2           | 35.3             |                |              |                |              |
| EBIT (adj.)                  | 49.0        | 22.1        | 15.3           | 21.1             |                |              |                |              |
| PTP (adj.)                   | 40.7        | 12.2        | 7.3            | 13.4             |                |              |                |              |
| Net earnings (adj.)          | 40.7        | 12.2        | 7.3            | 11.0             |                |              |                |              |
| EPS (adj.)                   | 0.74        | 0.24        | 0.14           | 0.22             |                |              |                |              |
| DPS                          | -           | -           | -              | -                |                |              |                |              |
| <b>Implied, line by line</b> | <b>2Q20</b> | <b>1Q21</b> | <b>Cleaves</b> | <b>Consensus</b> | <b>Cleaves</b> | <b>Cons.</b> | <b>Cleaves</b> | <b>Cons.</b> |
| TCE revenue                  | 90.8        | 72.4        | 60.8           | 61.8             |                |              |                |              |
| Opex & G&A                   | 25.3        | 33.4        | 28.6           | 26.5             |                |              |                |              |
| Depreciation                 | 16.5        | 16.9        | 16.9           | 14.2             |                |              |                |              |
| Net finance                  | 8.2         | 9.9         | 7.9            | 7.7              |                |              |                |              |
| Taxes & Minorities           | -           | -           | -              | 2.4              |                |              |                |              |

### CF & BS

| 2Q21 Preview<br>USDm      | 2Q21   |        | 2Q21    |           | Actuals vs |       | Actuals vs |       |
|---------------------------|--------|--------|---------|-----------|------------|-------|------------|-------|
|                           | 2Q20   | 1Q21   | Cleaves | Consensus | Cleaves    | Cons. | Cleaves    | Cons. |
| Net operational cash flow | 52     | 53     | 24      |           |            |       |            |       |
| Free cash flow            | 67     | 49     | 22      |           |            |       |            |       |
| Net cash flow             | 26     | 59     | 9       |           |            |       |            |       |
| TCE/day                   | 47,623 | 41,249 | 28,384  | 28,870    |            |       |            |       |
| Utilization               | 90.1%  | 79.9%  | 97.0%   |           |            |       |            |       |
| Fleet days                | 2,116  | 2,194  | 2,208   |           |            |       |            |       |
| Cash break-even           | 23,769 | 25,991 | 22,678  |           |            |       |            |       |
| Liquidity                 | 48     | 146    | 155     |           |            |       |            |       |
| Interest bearing debt     | 666    | 672    | 659     |           |            |       |            |       |



## Estimate changes

### Profit & Loss

| Estimate changes<br>USDm | New   |       |       |       | Old  |       |      |      | Change             |       |       |       |     |
|--------------------------|-------|-------|-------|-------|------|-------|------|------|--------------------|-------|-------|-------|-----|
|                          | 2020E | 2021E | 2022E | 2023E | 2020 | 2021  | 2022 | 2023 | 2020E              | 2021E | 2022E | 2023E |     |
| Net sales                | 301   | 267   | 310   | 375   | 267  | 167   | 288  | 408  | 34                 | 100   | 22    | -33   |     |
| EBITDA (adj.)            | 182   | 154   | 204   | 275   | 148  | 54    | 182  | 309  | 34                 | 100   | 22    | -33   |     |
| EBIT (adj.)              | 114   | 87    | 136   | 208   | 80   | -14   | 114  | 241  | 34                 | 100   | 22    | -33   |     |
| PTP (adj.)               | 69    | 58    | 109   | 182   | 35   | -43   | 87   | 216  | 34                 | 100   | 22    | -33   |     |
| Net earnings (adj.)      | 69    | 58    | 109   | 182   | 35   | -43   | 87   | 216  | 34                 | 100   | 22    | -33   |     |
| EPS (adj.)               | 1.35  | 1.13  | 2.13  | 3.58  | 0.68 | -0.84 | 1.70 | 4.23 | 0.67               | 1.97  | 0.43  | -0.65 |     |
| DPS                      | -     | 0.52  | 0.89  | 1.72  | -    | -     | -    | -    | -                  | 0.52  | 0.89  | 1.72  |     |
|                          |       |       |       |       |      |       |      |      | 2020E              | 2021E | 2022E | 2023E |     |
|                          |       |       |       |       |      |       |      |      | TCE revenue        | 34    | 100   | 22    | -33 |
|                          |       |       |       |       |      |       |      |      | Opex & G&A         | -     | -     | -     | -   |
|                          |       |       |       |       |      |       |      |      | Depreciation       | -     | -     | -     | -   |
|                          |       |       |       |       |      |       |      |      | Net finance        | -     | -     | -     | -   |
|                          |       |       |       |       |      |       |      |      | Taxes & Minorities | -     | -     | -     | -   |

### Cash Flows & Balance Sheet

| Estimate changes<br>USDm      |        |        |        |        |        |        |        |        | Change |        |       |       |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
|                               | 2020E  | 2021E  | 2022E  | 2023E  | 2020   | 2021   | 2022   | 2023   | 2020E  | 2021E  | 2022E | 2023E |
| Net operational cash flow     | 173    | 125    | 176    | 250    | 139    | 25     | 155    | 283    | 34     | 100    | 22    | -33   |
| Free cash flow                | 142    | 116    | 170    | 250    | 110    | 18     | 149    | 283    | 33     | 98     | 22    | -33   |
| Net cash flow                 | 75     | 44     | 86     | 127    | 42     | -27    | 110    | 248    | 33     | 71     | -24   | -121  |
| TCE/day                       | 37,879 | 32,127 | 38,056 | 47,675 | 33,905 | 20,097 | 35,339 | 51,884 | 3,974  | 12,031 | 2,717 | ##### |
| Cash break-even               | 23,828 | 22,058 | 20,772 | 19,958 | 23,828 | 22,058 | 20,772 | 19,958 | -      | -      | -     | -     |
| Liquidity                     | 177    | 221    | 308    | 434    | 144    | 117    | 227    | 475    | 33     | 104    | 81    | -40   |
| Property & Equip. (incl. NBs) | 1,395  | 1,336  | 1,275  | 1,207  | 1,394  | 1,333  | 1,271  | 1,204  | 1      | 3      | 3     | 3     |
| Total equity                  | 1,017  | 1,048  | 1,111  | 1,206  | 983    | 940    | 1,027  | 1,243  | 34     | 108    | 84    | -37   |
| Total assets                  | 1,698  | 1,684  | 1,709  | 1,768  | 1,664  | 1,576  | 1,624  | 1,805  | 34     | 108    | 84    | -37   |
| Interest bearing debt         | 646    | 601    | 562    | 527    | 646    | 601    | 562    | 527    | -      | -      | -     | -     |
| Net interest bearing debt     | 470    | 380    | 255    | 92     | 502    | 484    | 336    | 52     | -33    | -104   | -81   | 40    |
| Market Cap.                   | 460    | 460    | 460    | 460    | 428    | 428    | 428    | 428    | 32     | 32     | 32    | 32    |
| Enterprise value              | 930    | 840    | 715    | 553    | 931    | 912    | 764    | 480    | -1     | -72    | -49   | 72    |

### Valuation

| Estimate changes<br>USDm |       |       |       |       |       |       |       |       | Change |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|
|                          | 2020E | 2021E | 2022E | 2023E | 2020E | 2021E | 2022E | 2023E | 2020E  | 2021E | 2022E | 2023E |
| Fwd NAV                  | 1,006 | 1,180 | 1,236 | 1,258 | 860   | 1,032 | 1,146 | 1,168 | 146    | 148   | 90    | 90    |
| Adj. equity ratio        | 60%   | 65%   | 67%   | 69%   | 56%   | 62%   | 66%   | 68%   | 4%     | 3%    | 2%    | 2%    |
| Dividend yield           | 0%    | 6%    | 10%   | 19%   | 0%    | 0%    | 0%    | 0%    | 0%     | 6%    | 10%   | 19%   |
| EV/EBITDA                | 5.1   | 5.4   | 3.5   | 2.0   | 6.2   | 16.4  | 4.2   | 1.5   | -1.2   | -11.0 | -0.7  | 0.4   |
| P/E (adj.)               | 6.7   | 8.0   | 4.2   | 2.5   | 12.3  |       | 4.9   | 2.0   | -5.6   | ##### | -0.7  | 0.5   |



| Profit & Loss (USDm)                                                                     | 2Q20  | 3Q20  | 4Q20  | 1Q21  | 2Q21E | 3Q21E | 4Q21E | 1Q22E | 2Q22E |
|------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                                                                                | 91    | 84    | 94    | 72    | 61    | 73    | 52    | 83    | 78    |
| Operational costs                                                                        | -25   | -26   | -28   | -33   | -28   | -28   | -28   | -34   | -25   |
| EBITDA                                                                                   | 66    | 58    | 67    | 39    | 33    | 45    | 24    | 49    | 53    |
| Depreciation/Amortization                                                                | -16   | -17   | -17   | -17   | -17   | -17   | -17   | -17   | -17   |
| EBIT                                                                                     | 49    | 42    | 50    | 23    | 16    | 28    | 7     | 32    | 37    |
| Net financials                                                                           | -9    | -6    | -20   | -10   | -8    | -8    | -8    | -8    | -8    |
| PTP                                                                                      | 41    | 36    | 29    | 12    | 7     | 20    | -1    | 25    | 29    |
| Taxes/Minorities                                                                         | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                                                                             | 41    | 36    | 29    | 12    | 7     | 20    | -1    | 25    | 29    |
| Non-recurring items                                                                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)                                                                      | 41    | 36    | 29    | 12    | 7     | 20    | -1    | 25    | 29    |
| EPS                                                                                      | 0.74  | 0.65  | 0.58  | 0.24  | 0.14  | 0.39  | -0.02 | 0.48  | 0.56  |
| EPS (adj.)                                                                               | 0.74  | 0.65  | 0.58  | 0.24  | 0.14  | 0.39  | -0.02 | 0.48  | 0.56  |
| DPS                                                                                      | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.24  |
| Please note that Dorian LPG has diverging accounting year. i.e. FY 2017 ended 31/03/2017 |       |       |       |       |       |       |       |       |       |
| Balance Sheet (USDm)                                                                     | 2Q20  | 3Q20  | 4Q20  | 1Q21  | 2Q21E | 3Q21E | 4Q21E | 1Q22E | 2Q22E |
| Cash & short-term investments                                                            | 46    | 65    | 48    | 143   | 152   | 174   | 175   | 202   | 223   |
| Other current assets                                                                     | 78    | 79    | 91    | 73    | 73    | 73    | 73    | 73    | 73    |
| Total current assets                                                                     | 124   | 144   | 140   | 216   | 225   | 247   | 248   | 275   | 296   |
| Property & equip. (incl. NBs)                                                            | 1,454 | 1,447 | 1,438 | 1,425 | 1,410 | 1,395 | 1,381 | 1,366 | 1,351 |
| Other non-current assets                                                                 | 64    | 67    | 95    | 56    | 56    | 56    | 56    | 56    | 56    |
| Total non-current assets                                                                 | 1,518 | 1,514 | 1,532 | 1,481 | 1,466 | 1,451 | 1,437 | 1,422 | 1,407 |
| TOTAL ASSETS                                                                             | 1,642 | 1,658 | 1,672 | 1,697 | 1,691 | 1,698 | 1,685 | 1,697 | 1,703 |
| Total equity                                                                             | 954   | 982   | 977   | 990   | 997   | 1,017 | 1,016 | 1,041 | 1,057 |
| Short-term debt                                                                          | 64    | 64    | 53    | 63    | 61    | 60    | 59    | 61    | 60    |
| Other current liabilities                                                                | 18    | 22    | 32    | 24    | 24    | 24    | 24    | 24    | 24    |
| Total current liabilities                                                                | 82    | 86    | 85    | 87    | 85    | 84    | 83    | 85    | 84    |
| Long-term debt                                                                           | 602   | 586   | 582   | 610   | 598   | 586   | 575   | 561   | 551   |
| Other non-current liabilities                                                            | 4     | 3     | 28    | 11    | 11    | 11    | 11    | 11    | 11    |
| Total non-current liabilities                                                            | 606   | 590   | 610   | 620   | 609   | 597   | 585   | 572   | 562   |
| TOTAL EQUITY & LIABILITIES                                                               | 1,642 | 1,658 | 1,672 | 1,697 | 1,691 | 1,698 | 1,685 | 1,697 | 1,703 |
| Working capital, receivables                                                             | 4     | 3     | 3     | 2     | 2     | 2     | 2     | 2     | 2     |
| Working capital, payables                                                                | 10    | 14    | 14    | 12    | 12    | 12    | 12    | 12    | 12    |
| Net working capital                                                                      | -7    | -11   | -11   | -9    | -9    | -9    | -9    | -9    | -9    |
| Interest bearing debt                                                                    | 666   | 650   | 635   | 672   | 659   | 646   | 634   | 622   | 611   |
| Liquidity                                                                                | 48    | 66    | 52    | 146   | 155   | 177   | 178   | 205   | 226   |
| Net interest bearing debt                                                                | 618   | 584   | 583   | 526   | 504   | 470   | 456   | 416   | 385   |
| Cash Flow (USDm)                                                                         | 2Q20  | 3Q20  | 4Q20  | 1Q21  | 2Q21E | 3Q21E | 4Q21E | 1Q22E | 2Q22E |
| Net income                                                                               | 41    | 36    | 29    | 12    | 7     | 20    | -1    | 25    | 29    |
| Depreciation                                                                             | 16    | 17    | 17    | 17    | 17    | 17    | 17    | 17    | 17    |
| Other                                                                                    | 2     | -1    | 16    | 7     | 0     | 0     | 0     | 0     | 0     |
| Cash earnings                                                                            | 59    | 52    | 62    | 36    | 24    | 37    | 16    | 41    | 46    |
| Changes in working capital                                                               | -7    | -2    | -4    | 17    | 0     | 0     | 0     | 0     | 0     |
| Net operational cash flow                                                                | 52    | 50    | 59    | 53    | 24    | 37    | 16    | 41    | 46    |
| Capex                                                                                    | -3    | -8    | -8    | -4    | -2    | -2    | -2    | -2    | -2    |
| Other investments                                                                        | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Proceeds from sales                                                                      | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                                                                                    | 0     | 1     | -15   | 0     | 0     | 0     | 0     | 0     | 0     |
| Net investing cash flow                                                                  | -3    | -7    | -22   | -4    | -2    | -2    | -2    | -2    | -2    |
| Repayment of debt                                                                        | -16   | -16   | -16   | -45   | -13   | -13   | -12   | -12   | -10   |
| Proceeds from debt                                                                       | 0     | 0     | 0     | 55    | 0     | 0     | 0     | 0     | 0     |
| Dividends paid                                                                           | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | -12   |
| New equity                                                                               | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                                                                                    | -7    | -9    | -35   | -1    | 0     | 0     | 0     | 0     | 0     |
| Net financing cash flow                                                                  | -23   | -25   | -51   | 9     | -13   | -13   | -12   | -12   | -23   |
| Currency effect                                                                          | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                                                                            | 26    | 18    | -15   | 59    | 9     | 22    | 1     | 27    | 21    |
| Cash balance                                                                             | 46    | 65    | 48    | 143   | 152   | 174   | 175   | 202   | 223   |
| Free cash flow                                                                           | 67    | 43    | 0     | 49    | 22    | 35    | 14    | 39    | 43    |



| Profit & Loss (USDm)                                                                                                             | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
|----------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Net sales                                                                                                                        | 82    | 277   | 164   | 157   | 156   | 301   | 267   | 310   | 375   |
| Operational costs                                                                                                                |       | -76   | -85   | -88   | -99   | -117  | -111  | -105  | -98   |
| EBITDA                                                                                                                           |       | 201   | 79    | 69    | 57    | 183   | 156   | 205   | 277   |
| Depreciation/Amortization                                                                                                        |       | -43   | -65   | -65   | -65   | -67   | -68   | -68   | -68   |
| EBIT                                                                                                                             | 30    | 158   | 14    | 4     | -8    | 116   | 89    | 138   | 210   |
| Net financials                                                                                                                   | -5    | -29   | -15   | -24   | -43   | -47   | -31   | -29   | -27   |
| PTP                                                                                                                              | 25    | 130   | -1    | -20   | -51   | 69    | 58    | 109   | 182   |
| Taxes/Minorities                                                                                                                 | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings                                                                                                                     | 25    | 130   | -1    | -20   | -51   | 69    | 58    | 109   | 182   |
| Non-recurring items                                                                                                              | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net earnings (adj.)                                                                                                              | 25    | 130   | -1    | -20   | -51   | 69    | 58    | 109   | 182   |
| EPS                                                                                                                              | 0.44  | 2.31  | -0.03 | -0.37 | -0.92 | 1.35  | 1.13  | 2.13  | 3.58  |
| EPS (adj.)                                                                                                                       | 0.44  | 2.31  | -0.03 | -0.37 | -0.92 | 1.35  | 1.13  | 2.13  | 3.58  |
| DPS                                                                                                                              | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.00  | 0.52  | 0.89  | 1.72  |
| <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    | 174   | 218   | 305   | 431   |
| Other current assets                                                                                                             | 28    | 59    | 47    | 32    | 52    | 73    | 73    | 73    | 73    |
| Total current assets                                                                                                             | 233   | 106   | 64    | 135   | 83    | 247   | 291   | 378   | 505   |
| Property & equip. (incl. NBs)                                                                                                    | 819   | 1,668 | 1,604 | 1,539 | 1,479 | 1,395 | 1,336 | 1,275 | 1,207 |
| Other non-current assets                                                                                                         | 47    | 69    | 78    | 62    | 64    | 56    | 56    | 56    | 56    |
| Total non-current assets                                                                                                         | 866   | 1,737 | 1,682 | 1,601 | 1,543 | 1,451 | 1,393 | 1,331 | 1,263 |
| TOTAL ASSETS                                                                                                                     | 1,099 | 1,842 | 1,746 | 1,736 | 1,625 | 1,698 | 1,684 | 1,709 | 1,768 |
| Total equity                                                                                                                     | 873   | 986   | 976   | 959   | 913   | 1,017 | 1,048 | 1,111 | 1,206 |
| Short-term debt                                                                                                                  | 16    | 66    | 66    | 65    | 64    | 60    | 64    | 63    | 63    |
| Other current liabilities                                                                                                        | 13    | 22    | 20    | 17    | 15    | 24    | 24    | 24    | 24    |
| Total current liabilities                                                                                                        | 28    | 88    | 86    | 82    | 79    | 84    | 88    | 87    | 87    |
| Long-term debt                                                                                                                   | 185   | 746   | 684   | 694   | 632   | 586   | 537   | 499   | 464   |
| Other non-current liabilities                                                                                                    | 13    | 22    | 0     | 1     | 1     | 11    | 11    | 11    | 11    |
| Total non-current liabilities                                                                                                    | 198   | 768   | 684   | 695   | 633   | 597   | 548   | 510   | 475   |
| TOTAL EQUITY & LIABILITIES                                                                                                       | 1,099 | 1,842 | 1,746 | 1,736 | 1,625 | 1,698 | 1,684 | 1,709 | 1,768 |
| Working capital, receivables                                                                                                     | 3     | 2     | 3     |       |       | 2     | 2     | 2     | 2     |
| Working capital, payables                                                                                                        | 11    | 17    | 12    | 11    | 11    | 12    | 12    | 12    | 12    |
| Net working capital                                                                                                              | -7    | -14   | -10   |       |       | -9    | -9    | -9    | -9    |
| Interest bearing debt                                                                                                            | 200   | 813   | 750   | 759   | 696   | 646   | 601   | 562   | 527   |
| Liquidity                                                                                                                        | 205   | 46    | 17    | 104   | 31    | 177   | 221   | 308   | 434   |
| Net interest bearing debt                                                                                                        | -4    | 766   | 733   | 656   | 665   | 470   | 380   | 255   | 92    |
| Cash Flow (USDm)                                                                                                                 | 2015  | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E | 2023E |
| Net income                                                                                                                       | 25    | 130   | -1    | -20   | -51   | 69    | 58    | 109   | 182   |
| Depreciation                                                                                                                     |       | 43    | 65    | 65    | 65    | 67    | 68    | 68    | 68    |
| Other                                                                                                                            |       | 17    | -19   | 0     | 17    | 23    | 0     | 0     | 0     |
| Cash earnings                                                                                                                    | 44    | 189   | 45    | 45    | 31    | 159   | 125   | 176   | 250   |
| Changes in working capital                                                                                                       | -19   | -38   | 7     | 12    | -22   | 14    | 0     | 0     | 0     |
| Net operational cash flow                                                                                                        | 26    | 151   | 52    | 57    | 9     | 173   | 125   | 176   | 250   |
| Capex                                                                                                                            | -315  | -896  | -2    | 0     | -4    | -16   | -9    | -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     | 2     |
| Net investing cash flow                                                                                                          | -312  | -910  | -2    | 0     | -5    | -30   | -9    | -6    | 0     |
| Repayment of debt                                                                                                                | 70    | 636   | -66   | 9     | -65   | -87   | -45   | -39   | -36   |
| Proceeds from debt                                                                                                               | 80    | 677   | 0     | 261   | 65    | 55    | 0     | 0     | 0     |
| Dividends paid                                                                                                                   | 0     | 0     | 0     | 0     | 0     | 0     | -27   | -45   | -88   |
| New equity                                                                                                                       | 156   | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Other                                                                                                                            | -93   | -712  | -13   | -265  | -67   | 2     | 2     | 2     | 2     |
| Net financing cash flow                                                                                                          | 214   | 601   | -79   | 5     | -67   | -67   | -72   | -84   | -123  |
| Currency effect                                                                                                                  | -1    | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Net cash flow                                                                                                                    | -74   | -158  | -29   | 61    | -63   | 75    | 44    | 86    | 127   |
| Cash balance                                                                                                                     | 183   | 22    | 32    | 56    | 35    | 110   | 154   | 241   | 368   |
| Free cash flow                                                                                                                   | -287  | -759  | 50    | 57    | 4     | 142   | 116   | 170   | 250   |

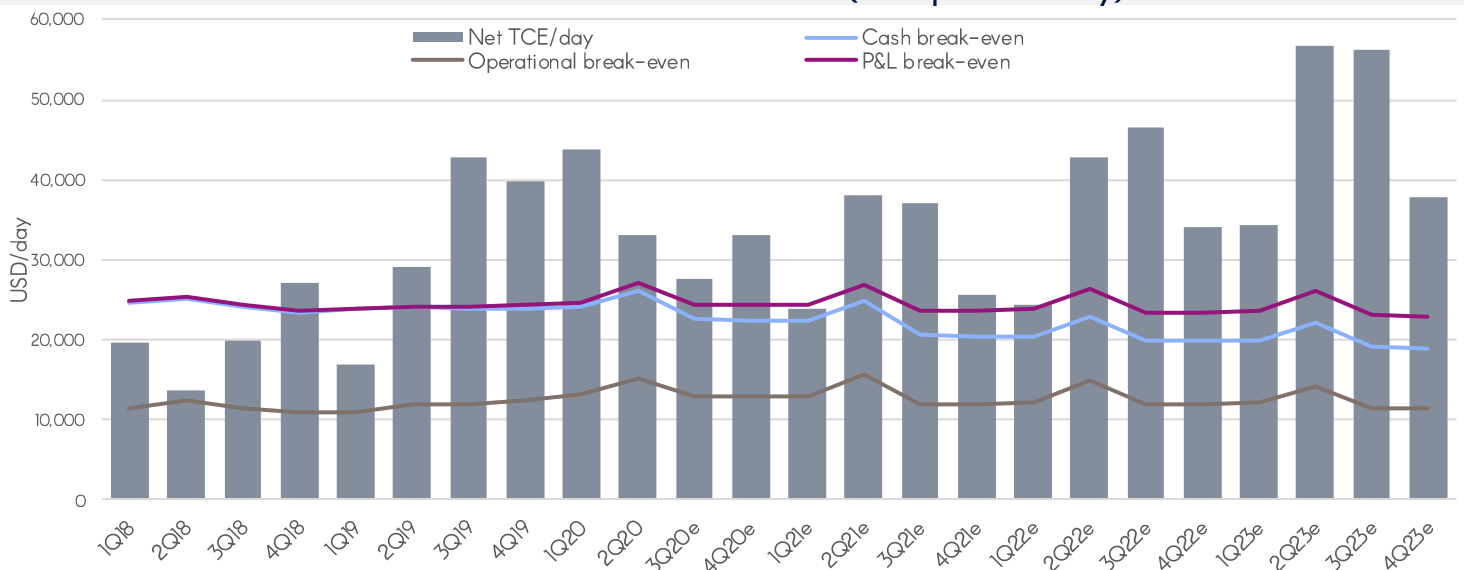




| Share Data & Valuation (USDm)      | 2015       | 2016         | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
|------------------------------------|------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Shares outstanding, end            | 58         | 56           | 55           | 55           | 55           | 51         | 51         | 51         | 51         |
| Share price, avg (USD)             | 13         | 8            | 8            | 8            | 9            | 10         | 9          | 9          | 9          |
| Share price, end (USD)             | 13         | 9            | 11           | 7            | 6            | 9          | 9          | 9          | 9          |
| <b>Market Cap.</b>                 | <b>756</b> | <b>528</b>   | <b>579</b>   | <b>413</b>   | <b>354</b>   | <b>460</b> | <b>460</b> | <b>460</b> | <b>460</b> |
| NIBD                               | -4         | 766          | 733          | 656          | 665          | 470        | 380        | 255        | 92         |
| Minorities                         | 0          | 0            | 0            | 0            | 0            | 0          | 0          | 0          | 0          |
| <b>Enterprise value</b>            | <b>752</b> | <b>1,294</b> | <b>1,312</b> | <b>1,068</b> | <b>1,019</b> | <b>930</b> | <b>840</b> | <b>715</b> | <b>553</b> |
| Key Figures & Ratios               | 2015       | 2016         | 2017         | 2018         | 2019         | 2020E      | 2021E      | 2022E      | 2023E      |
| P/E (reported)                     | 29.9       | 4.1          |              |              |              | 6.7        | 8.0        | 4.2        | 2.5        |
| P/E (adj.)                         | 29.9       | 4.1          |              |              |              | 6.7        | 8.0        | 4.2        | 2.5        |
| 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          | 1.5        | 1.7        | 1.5        | 1.2        |
| EV/Sales                           | 9.2        | 4.7          | 8.0          | 6.8          | 6.5          | 3.1        | 3.1        | 2.3        | 1.5        |
| EV/EBITDA                          |            | 6.4          | 16.6         | 15.4         | 17.8         | 5.1        | 5.4        | 3.5        | 2.0        |
| EV/EBIT                            | 25.0       | 8.2          | 93.7         |              |              | 8.0        | 9.5        | 5.2        | 2.6        |
| P/B                                | 0.9        | 0.5          | 0.6          | 0.4          | 0.4          | 0.5        | 0.4        | 0.4        | 0.4        |
| FCF yield                          | -38%       | -144%        | 9%           | 14%          | 1%           | 31%        | 25%        | 37%        | 54%        |
| Dividend yield                     | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 0.0%       | 5.8%       | 9.9%       | 19.0%      |
| Return on equity (ROE)             | 2.9%       | 13.2%        | -0.1%        | -2.1%        | -5.6%        | 6.8%       | 5.5%       | 9.8%       | 15.1%      |
| Return on capital employed (ROCE)  | 3.6%       | 9.3%         | 0.8%         | 0.2%         | -0.5%        | 7.8%       | 6.2%       | 10.1%      | 16.1%      |
| Return on assets (ROA)             | 2.3%       | 7.0%         | -0.1%        | -1.2%        | -3.1%        | 4.0%       | 3.4%       | 6.4%       | 10.3%      |
| Sales growth                       |            | 238%         | -41%         | -4%          | -1%          | 92%        | -11%       | 16%        | 21%        |
| EBITDA margin                      |            | 73%          | 48%          | 44%          | 37%          | 61%        | 58%        | 66%        | 74%        |
| EBIT margin                        | 37%        | 57%          | 9%           | 2%           | -5%          | 39%        | 33%        | 44%        | 56%        |
| Net margin                         | 31%        | 47%          | -1%          | -13%         | -33%         | 23%        | 22%        | 35%        | 49%        |
| Net interest rate                  | 0.0%       | 0.0%         | 0.0%         | 0.0%         | 0.0%         | 7.1%       | 8.2%       | 11.3%      | 29.3%      |
| 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%          | 60%        | 62%        | 65%        | 68%        |
| Leverage ratio                     | 21%        | 46%          | 44%          | 45%          | 44%          | 40%        | 38%        | 35%        | 32%        |
| NIBD / EBITDA (past 1y)            |            | 3.8          | 9.3          | 9.5          | 11.6         | 2.6        | 2.4        | 1.2        | 0.3        |
| Operating cash flow/NIBD           | -5.7       | 0.2          | 0.1          | 0.1          | 0.0          | 0.4        | 0.3        | 0.7        | 2.7        |
| Net interest coverage ratio (EBIT) |            |              |              |              |              | 5.5        | 5.0        | 7.1        | 10.2       |
| Current ratio                      | 8.3        | 1.2          | 0.7          | 1.6          | 1.0          | 2.9        | 3.3        | 4.3        | 5.8        |
| Adj. equity ratio                  |            |              |              |              |              | 60%        | 65%        | 67%        | 69%        |
| Operating assets                   | 861        | 1,745        | 1,678        | 1,607        | 1,559        | 1,521      | 1,463      | 1,401      | 1,333      |
| Operating liabilities              | 26         | 44           | 20           | 18           | 17           | 35         | 35         | 35         | 35         |
| Net operating assets               | 836        | 1,701        | 1,658        | 1,589        | 1,542        | 1,487      | 1,428      | 1,366      | 1,299      |

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)





## Fleet Positioning

Live satellite data as of  
13/10/2020 23:03 CET





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| Ticker  | Company name   |
|---------|----------------|
| 2020 NO | 2020 Bulkers   |
| DSX US  | Diana Shipping |
| EGLE US | Eagle Bulk     |
| FLNG NO | Flex LNG       |
| GLOG US | GasLog         |
| GNK US  | Genco Shipping |
| GOGL NO | Golden Ocean   |
| BULK NO | GoodBulk       |
| SBLK US | Star Bulk      |

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Current recommendations of the Research Department (updated 13 October 2020)

Recommendation Percent

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HOLD 29%

SELL 25%

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