

## True inflation for the first time in 15 years

*Driven by both higher input costs and booming order intake for container vessels and gas carriers – newbuild prices are (almost) back at 2008-peaks. This is pushing return requirements upwards – at a point in time where we should be starting to replace the ageing vessels that do not fit well in an EEXI/CII world from 2023. The stage is set for 2023 – and with the tragic invasion of Ukraine we see an additional demand increase of 5 – 10% for product tankers. We raise our estimates and see 35 – 40% upside for Hafnia and Scorpio Tankers. BUY ahead of Q1 reports next month.*

### Ship value inflation for the first time since 2007

For the first time in 15 years, we have seen a consistent increase in newbuild prices. Shipyard orderbooks are filled up with container and gas carriers, while rising input costs and reduced yard capacity also push prices higher. As a consequence, MRs are now quoted above USD 40m for the first time since 2009 – and some 15% above the last 10Y average. This is pushing return requirements upwards, with the 10%-return rate now closing in on USD 19,000/day – a level which would imply sub 4x P/E and +20% ROE for incumbent Hafnia.

### ...and spot rates are surging – ahead of schedule

Meanwhile, product tanker spot rates have had an encouraging start to 2022. LRs saw early Q1 tightness, with several regions experiencing strong demand and vessel shortness. MRs have since stolen the show, and again it is encouraging to see strong demand and vessel tightness in both the Atlantic and Pacific at the same time. Seaborne transportation demand should be back to pre-COVID levels imminently, and with a ~5% orderbook and rapidly ageing fleet scrapping activity will remain high – and net fleet growth low.

### Altered Russian product exports could mean 200x new MRs

The tragic invasion of Ukraine is putting ~1.2mbd of Russian product exports to NW Europe under pressure. A likely new destination is South America, and in turn this will push more US volumes to Europe. This would mean a big boost to tonne-miles, with 1.2mbd ~4% of total volumes – and the new distance about five times as great. While still early it could require as many as 200x incremental MR tankers – or roughly 10% of the total MR/Handy fleet (6% of total product tankers). This is most likely one reason for the MR strength we now see, and we have raised our 2022 estimates 5 – 15%, seeing double digit demand growth this year.

### HAFNI: Just getting started – TP up to NOK 36 (29)

With the rare combination of decent leverage and low cash break-evens Hafnia is now in a very comfortable situation. We could see dividends return after Q1, with Q2 guidance set to be solid. Current NAV of NOK 29 will become 36 by YE'22, and we see no reason for any discount here. TP up to NOK 36 (29), and we reiterate our BUY / top tanker pick rating.

### STNG: Now leverage is working with them – TP up to USD 30 (22)

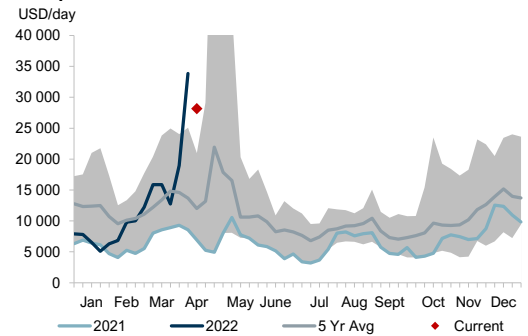
We raise our TP to USD 30 (22) ahead of the Q1 release early next month. Scorpio's heavy debt burden should now be working in their favour, and we expect firm Q2 guidance from the eco-fleet with (mostly) scrubbers to give an initial taste of the potential. Reiterate BUY.

## Sector

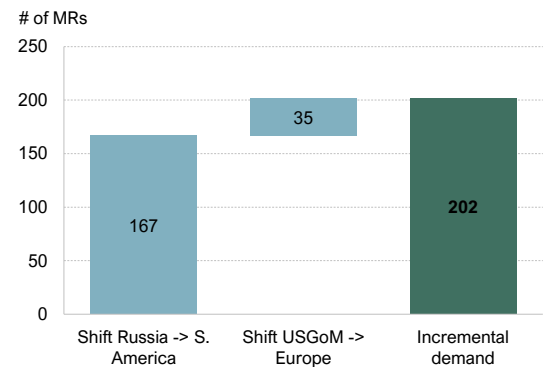
## Shipping

Ticker	Last Price	Total return		EV/EBITDA		P/NAV	EV/GAV
		1M%	YTD	2022e	2023e		
Ave. Crude tanker		12 %	33 %	7.8x	4.0x	1.04x	1.01x
HAFNIA	25.4	13 %	46 %	6.1x	4.5x	0.89x	0.95x
STNG	22.2	16 %	75 %	6.7x	5.0x	0.88x	0.96x
Ave. Clean tanker		14 %	60 %	6.4x	4.7x	0.89x	0.95x

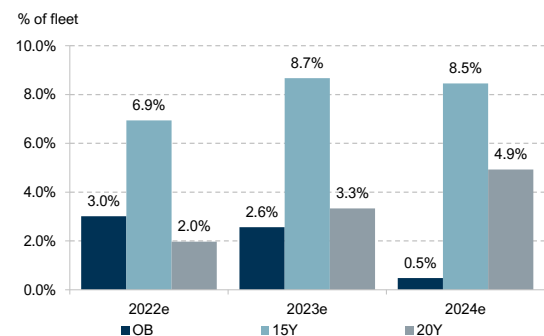
### MR spot rates



### Incremental MR demand (potential)



### Product tanker fleet ageing



### Analysts

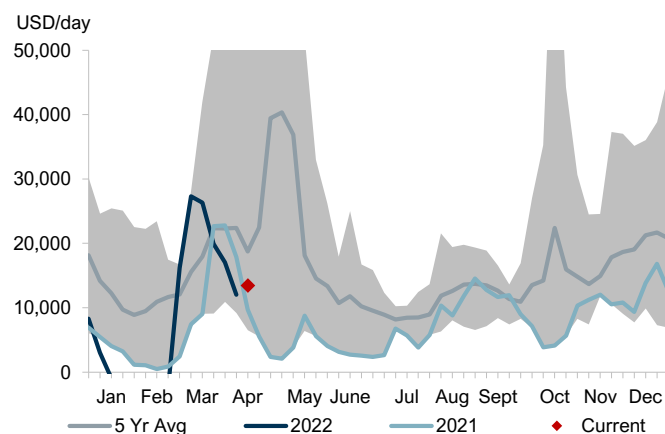
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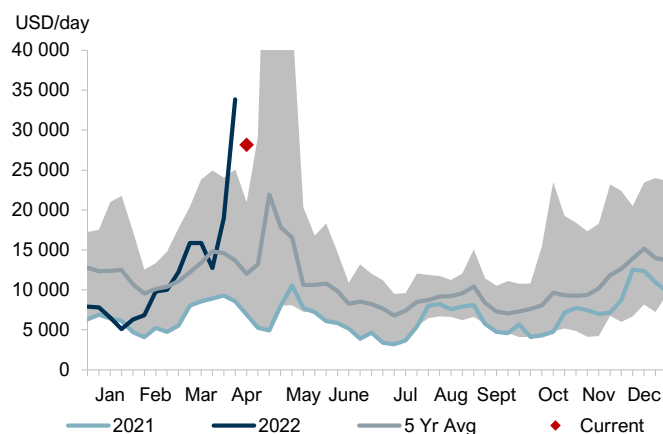
### MR rates surging with product inventories falling rapidly

While LR-rates showed promising signs at the beginning of the year, we have seen the smaller vessels reach levels not seen since the April 2020 storage mayhem. As of the end of last week, MRs were on average earning USD ~30k/day – and virtually all major regions were seeing strong levels.

LR2 spot rates



MR spot rates



Source: Pareto Securities, Shipping Intelligence

Global product inventories (on land) are down 75m vs. a year ago, with all regions drawing sharply. Middle distillates are particularly low, with the main five regions showing a 53m barrel drop in stocks vs. a year ago, and 38mbd (15%) lower than the pre-COVID (2017 – 19) averages.

#### Latest reported product inventory levels

	Light Distillates				Middle Distillates				Fuel Oil			
	mmb	w-o-w	y-o-y	vs 2017-19 av	mmb	w-o-w	y-o-y	vs 2017-19 av	mmb	w-o-w	y-o-y	vs 2017-19 av
<b>US</b>	233.1	-3.6	-1.8	-9.9	146.3	-3.4	-34.1	-22.9	28.2	-0.6	-3.1	-4.5
PADD 1	55.5	-0.8	-8.0	-8.3	33.8	-0.7	-22.7	-14.7	4.7	-0.3	-2.1	-2.8
PADD 2	53.8	-2.9	5.3	-2.8	35.7	-1.6	1.2	-3.7	1.0	0.0	-0.2	-0.3
PADD 3	86.0	-0.1	3.3	2.8	51.5	-0.8	-11.5	-1.9	18.4	-0.2	0.3	-0.4
PADD 4	7.7	-0.2	-0.8	0.0	4.5	0.2	-0.1	-0.1	0.2	0.0	0.0	0.0
PADD 5	30.1	0.3	-1.4	-1.5	20.8	-0.5	-1.0	-2.5	3.9	0.0	-1.2	-1.1
<b>ARA</b>	13.9	0.7	0.4	1.3	18.4	0.0	-5.2	-4.9	6.3	0.6	-5.3	-1.0
<b>Singapore</b>	11.1	-1.6	-3.7	-4.0	7.6	0.6	-5.8	-4.6	19.6	-0.8	-4.4	-3.0
<b>Japan</b>	17.3	-0.3	-3.1	-3.3	22.8	0.5	-5.6	-4.3	9.2	-0.1	-2.4	-2.6
<b>Fujairah</b>	4.9	1.5	-1.1	-3.5	1.2	-0.7	-1.9	-1.4	11.0	0.3	1.0	-0.7
<b>Total 5</b>	280.3	-3.4	-9.2	-19.4	196.4	-3.0	-52.7	-38.2	74.4	-0.7	-14.2	-11.9
<b>WOS</b>	247.0	-3.0	-1.3	-8.6	164.8	-3.4	-39.4	-27.8	34.6	0.0	-8.4	-5.5
<b>EoS</b>	33.3	-0.4	-7.9	-10.8	31.6	0.4	-13.3	-10.3	39.8	-0.7	-5.8	-6.3

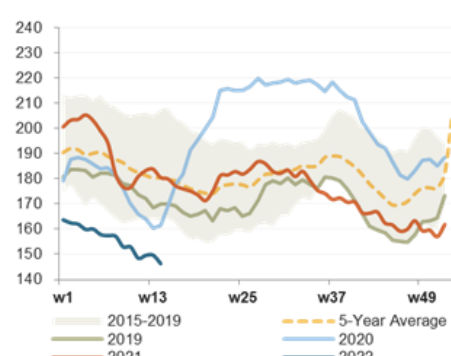
Source: FGE

Middle distillate (diesel) inventories are at alarmingly low levels both in the Atlantic and Asia. In Singapore we are at the lowest levels since late 2013. The four main regions that FGE monitors are now at their lowest overall number since 2005.

Middle distillate stocks globally



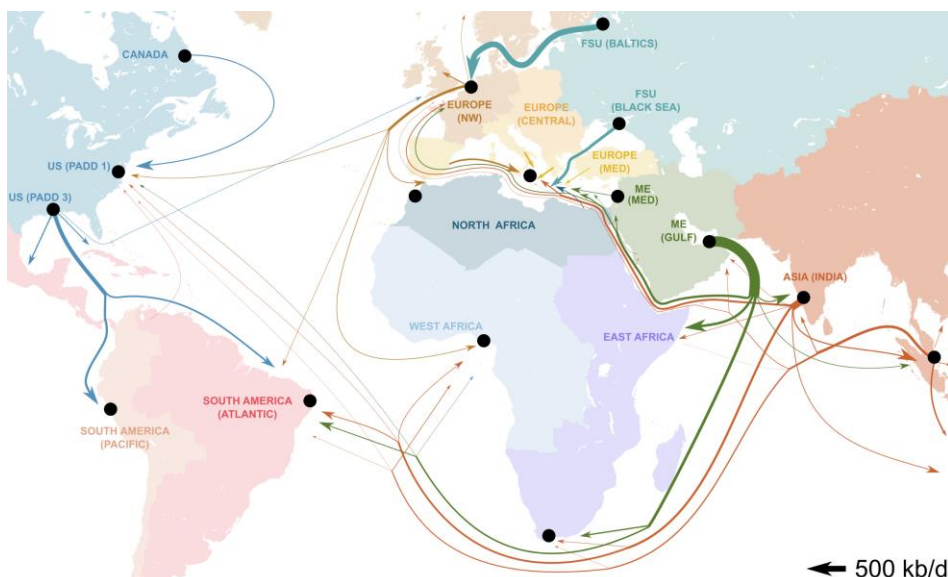
Middle distillate stocks in the US



Source: FGE, EIA

While we so far see that Russian gasoil cargoes have not been refused by European buyers, this is bound to happen over time. Europe is today short ~1mbd of gasoil/diesel, down from 1.2mbd in 2021. Russia has been the by far largest supplier with ~0.75mbd, with Saudi Arabia second at 0.17mbd. The largest trade flows in the gasoil market are seen below.

**Main gasoil/diesel trade flows in 2021**

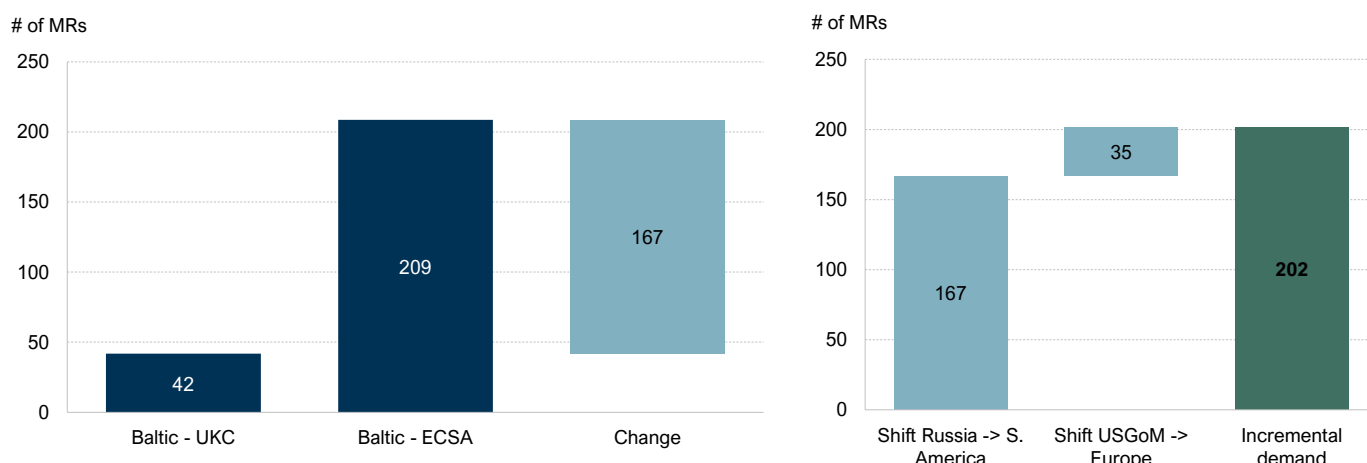


Source: FGE

So, what could Europe do? And what will Russia do? The diesel surplus in the Middle East is estimated to go from 0.2mbd in 2021 to 0.6mbd by 2023 as new refineries start up – and this can clearly head towards Europe. Asia Pacific (incl. India) is already net long gasoil by ~0.5mbd, so volumes are not going to go East (nor are Russian volumes).

**A likely scenario is that US volumes that today are sent to Latin America will be sent to Europe, and Russian volumes that today go to Europe will be shipped to Latin America. This can impact as much as 1mbd+ – which would imply a massive tonne-mile impact on 3-4% of overall product tanker volumes.**

**Incremental MRs needed to satisfy changed patterns of 1.2mbd of Russian refined product exports**



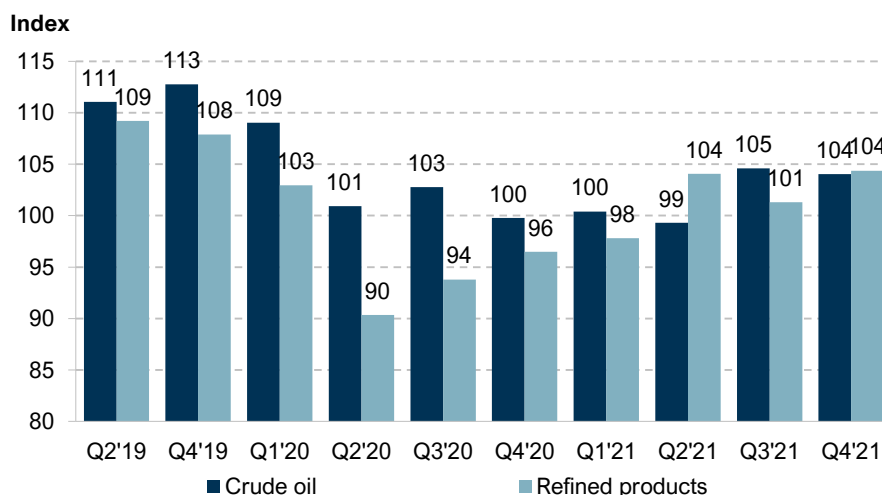
Source: FGE, Shipping Intelligence, Pareto Securities

**Assuming 1.2mbd needs to be diverted here we estimate that an incremental ~200x MR/Handysize tanker equivalents could be needed. This is equal to ~10% of that fleet, and in dwt it would be roughly 6% of the total product tanker fleet – including newbuilds.**

This is added demand to what is already a recovering market. Q4 demand was up near 10% y/y, and almost back to pre-COVID levels. Q1 will show another positive development. With Russian volumes still in the air the market will need time to normalize, but with the above-

mentioned backdrop in place we should be well above pre-COVID levels by Q3 for product tanker demand.

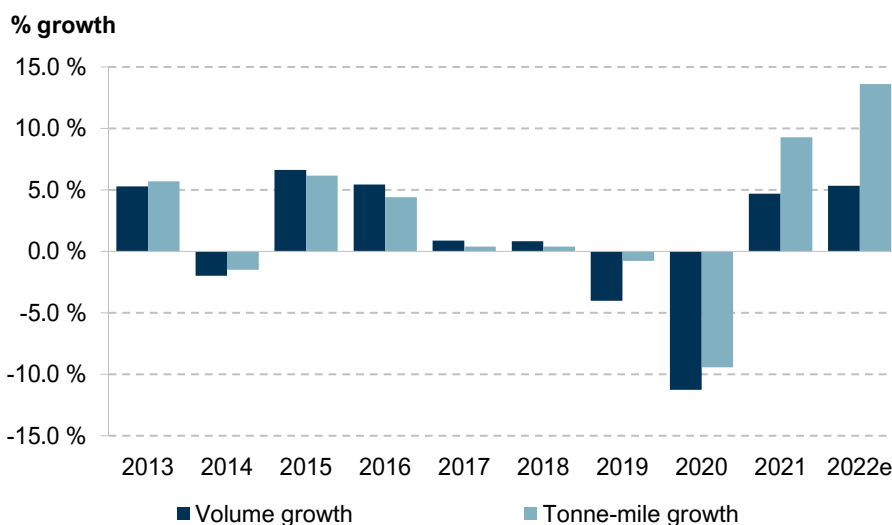
**Shipping Intelligence' Seaborne trade indicator, Crude oil and refined products**



Source: Shipping Intelligence

As estimated by Shipping Intelligence, volumes will then be growing at a roughly similar pace this year as last. However, tonne-miles will grow much faster, and we believe there is upside to these numbers based on the Russia-implications alone.

**Volume vs. tonne-mile growth; refined product tankers**



Source: Shipping Intelligence

As we explained in the section above, we believe the rapidly rising newbuild prices (and thus increased return requirements) and genuine lack of newbuild capacity will result in low ordering activity going forward. With the orderbooks already at a low point both on absolute and relative basis – and consistent scrapping activity despite firmer markets – we expect no net fleet growth in 2023 and 2024.

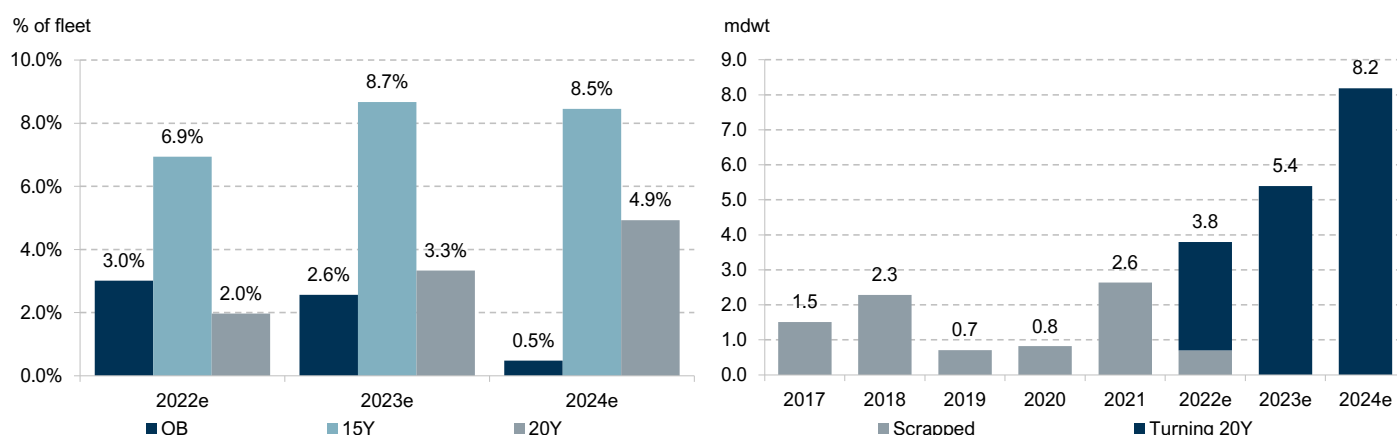
Specifically, we peg the current orderbook at around 5% of the existing fleet. Near 9m dwt are on order against a fleet of 150m, and of those 150m around 30% consist of vessels above the age of 15. We also have more vessels above the age of 20Y than on order. This means the next two years are de-risked in terms of fleet growth, and gross numbers indicate 3% in 2022 and 3% in 2023.

Average scrapping ages for the vessel categories have been 20 – 25Y in recent years, so the 20Y mark is certainly a relevant metric to look at. We think increased scrap prices and new IMO regulations coming, coupled with poor returns recently, will tempt many owners to sell their vessels for demolition. The 15Y mark is more of an unwritten rule in the industry, when many major charterers will consider a vessel unfit for trading. We are seeing signs of

increased scrapping happening already, with 58x vessels (2% of fleet) being removed in 2021 – and plenty to take from in the years to come.

### Product tankers: Orderbook vs. vessels turning 15Y and 20Y

### Historical demolition activity vs. vessels turning 20Y old 2022-24e



Source: Pareto Securities, Shipping Intelligence

### Product tankers: Fleet and orderbook profile

CLEAN TANKERS		Total fleet	Vessel age				Delivered 2022	Orderbook			Total orderbook	% of existing fleet		
			20Y +	15 - 19	5 - 14	0 - 4		2022	2023	Later		OB	20Y+	15Y+
LR2	# of ships	378	16	48	226	88	6	13	21	6	40	10.6%	4.2%	16.9%
85 - 125k dwt	mdwt	41.6	1.6	5.2	24.9	9.8	0.7	1.5	2.4	0.7	4.6	11.1%	3.9%	16.4%
LR1	# of ships	377	10	99	220	48	0	0	0	0	0	0.0%	2.7%	28.9%
55 - 85k dwt	mdwt	27.7	0.7	7.2	16.3	3.6	0.0	0.0	0.0	0.0	0.0	0.0%	2.6%	28.5%
MR	# of ships	1 548	83	324	880	261	14	37	35	2	74	4.8%	5.4%	26.3%
40 - 55k dwt	mdwt	74.7	3.8	15.0	43.0	12.9	0.7	1.8	1.7	0.1	3.7	4.9%	5.1%	25.1%
Handy	# of ships	398	63	154	162	19	2	5	1	0	6	1.5%	15.8%	54.5%
20 - 40k dwt	mdwt	14.6	2.2	5.7	6.1	0.7	0.2	0.2	0.0	0.0	0.2	1.4%	15.1%	53.8%
<b>Total fleet</b>	# of ships	<b>2 701</b>	172	625	1 488	416	20	50	56	8	120	4.4%	6.4%	29.5%
20 - 125k dwt	mdwt	158.6	8.4	33.0	90.2	27.0	1.4	3.4	4.1	0.8	8.5	5.4%	5.3%	26.1%

Source: Shipping Intelligence

We have revised our 2022 estimates up by 5-15% for product tankers, and now expect standard MRs to average USD 16,500/day in Q2. No changes to 2023 and 2024.

### Product tanker estimates

Rate estimates													
USD/day	2017	2018	2019	2020	2021	2022e	2023e	2024e		Q1'22	Q2'22	Q3'22	Q4'22
LR2	10 000	11 000	22 000	29 375	12 750	21 250	28 500	30 000		12 000	20 000	22 500	30 500
LR1	8 250	8 500	15 250	22 625	11 500	19 000	22 000	25 000		12 000	17 500	19 500	27 000
MR	10 250	9 000	13 750	18 000	11 250	17 125	19 000	21 000		11 500	16 500	18 000	22 500
Hsize product	7 500	6 750	14 500	16 500	10 000	15 375	17 500	19 000		11 000	13 500	15 000	22 000

Source: Pareto Securities, FGE, IEA, Shipping Intelligence

We revise our estimates for the two names we follow. We prefer to focus on earnings, where HAFNI stands out with a lower cash break-even.

### Tanker peers: Pareto universe

TANKERS	Share price	NAV/ share	# shares (mill.)	Market			P/E		EV/EBITDA		Return on Equity		Dividend yield	
				cap	P/NAV	EV/GAV	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e
DHT HOLDINGS	\$6.2	\$6.5	166.1	1 022	0.94x	0.96x	17.6x	4.6x	6.1x	2.8x	6%	20%	3%	13%
EURONAV	\$12.2	\$12.6	201.7	2 456	0.97x	0.98x	16.3x	4.7x	7.7x	4.1x	8%	24%	5%	17%
FRONTLINE	\$9.1	\$7.1	203.2	1 854	1.29x	1.10x	8.6x	3.5x	8.8x	4.5x	12%	28%	1%	11%
HAFNIA LTD.	kr 25.4	kr 29	469.4	1 353	0.89x	0.95x	5.7x	4.0x	6.1x	4.5x	17%	20%	8%	12%
HUNTER GROUP	kr 3.3	kr 3.2	596.5	220	1.03x	1.02x	12.0x	4.5x	9.4x	4.9x	10%	27%	14%	14%
INTERNATIONAL SEAWAYS	\$21.3	\$23	50.3	1 072	0.91x	0.96x	9.1x	3.3x	7.1x	3.7x	10%	22%	1%	1%
OKEANIS ECO TANKERS	kr 98	kr 94	32.4	361	1.04x	1.01x	7.4x	3.4x	8.6x	5.1x	13%	24%	4%	18%
SCORPIO TANKERS	\$22.2	\$25	54.8	1 217	0.88x	0.96x	13.1x	6.4x	6.7x	5.0x	5%	10%	2%	2%
Average Tankers				9 554	0.99x	0.99x	11.8x	4.4x	7.4x	4.2x	10%	22%	4%	11%

Source: Pareto Securities

Using YE'22 NAVs with an assumed 10% uptick in asset values – an increase that given our analysis might be too modest – we see HAFNI NAV reaching NOK 36 and STNG USD 33. With superior dividend pay-outs we raise our TP in HAFNI to 36 (29) and highlight it as our top pick in tankers. We also adjust our TP in STNG to USD 30 (22), believing that a small discount is warranted given the lower dividend potential and higher leverage.

## Asset inflation for the first time in a decade

Since the financial crisis in 2008 – 09, ship values have experienced a trend of asset deflation with struggling yards not able to mark up prices. After the pandemic, the tables have turned – just as it has for so many other commodity-related industries. Fuelled by a seemingly never-ending flurry of orders for containers and gas carriers, and general inflation in steel, equipment and salaries, yards are now quoting newbuilding slots at levels not seen since 2009. With a more confident shipbuilding industry that also can see the need for “tomorrow’s vessels” and still commodity price inflation we believe the trend is likely to continue, and that the shipping community now needs to adapt to a new situation over the coming years.

### MR: Broker quotes

MR newbuilding prices (2012-22)



MR resale prices (2012-22)



MR 5Y old prices (2012-22)



MR 10Y old prices (2012-22)



Source: Pareto Securities, Shipping Intelligence

At the same time, scrap values are also topping 10Y highs and approaching all-time high levels. We have now seen tankers sold for scrap to Asian buyers for more than USD 700/ldt – effectively new records. An MR is thus well above USD 7m.

Meanwhile – due to still low TC-rates but more importantly increasing focus on vessel emissions – a 15Y old vessel still struggles. The ratio of 15Y old to scrap is close to the lowest point in 20 years. In any ‘normal’ tanker cycle that ratio should start to move quickly. Emission regulations that will make older ships less desired by blue-chip customers do however complicate this story somewhat.

MR: Scrap value (2001-22)



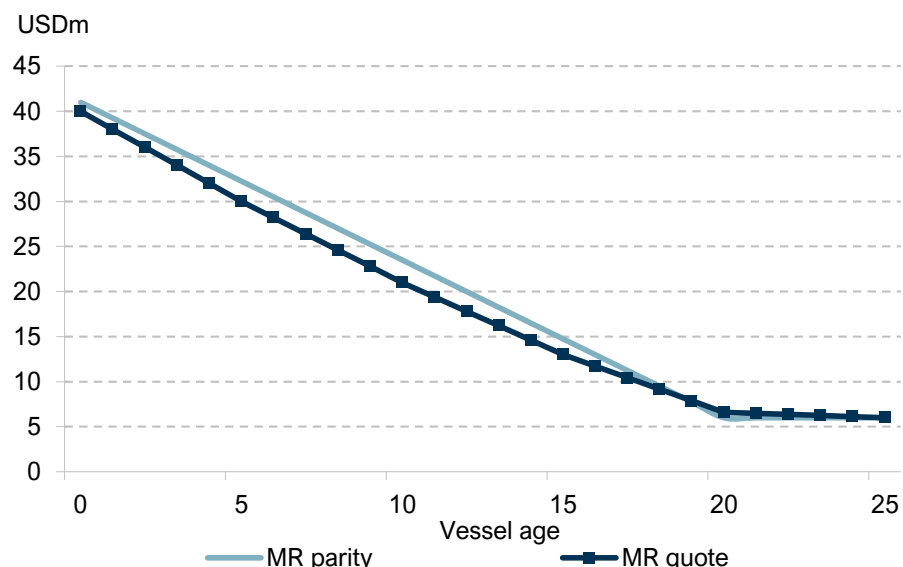
MR: Value of 15Y old vessel vs. scrap value



Source: Pareto Securities, Shipping Intelligence

The result is a newbuild parity curve above second-hand quotes. Below we use newbuilding price of USD 41m and scrap value of 6m to show the curve for an MR.

**MR: Broker quotes vs. NB-parity curve**

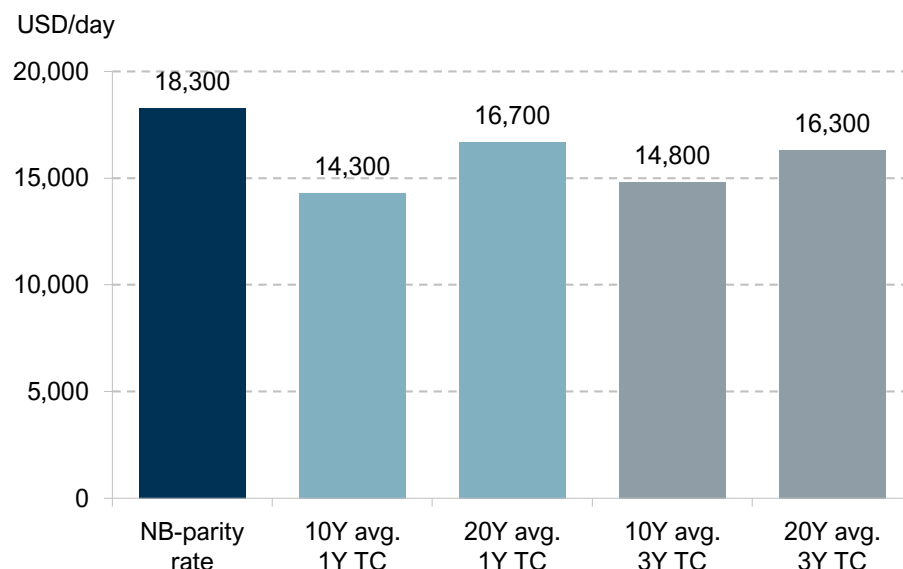


Source: Pareto Securities, Various shipbrokers

The implications of this as we see it are 1) limited ordering going forward, and 2) increased scrapping – which of course are both good for the supply-demand balance. This also comes as new IMO regulations are incoming from 2023, which will require a large portion of the fleet to slow down and/or invest in costly upgrades.

**Arguing for 1) limited ordering activity can be done by pointing to filled up yards with limited availability for years to come, but a simple calculation should suffice. At recent quotes of USD 41m for an MR, an owner would need USD 18.3k/day every day in order to justify a 10% return, assuming a 25-year lifetime. This is some 25 – 30% above 10Y average 1Y and 3Y TC rates, and ~10% above the corresponding 20-year averages.**

**MR: NB-parity<sup>1</sup> rate vs. historical average TC rates**



Source: Pareto Securities | <sup>1</sup> Price: USD 41m, lifetime: 25 years, WACC: 10%

**Even if someone were to do the math and find it worthwhile to order vessels, they will struggle to get anything with delivery before 2024 – 25. With rates already above parity-rates, the next two years will in our view be good for owners of modern eco-tankers (in particular).**

## Just getting started

*With the rare combination of decent leverage and low cash break-evens Hafnia is now in a very comfortable situation. We could see dividends return after Q1, with Q2 guidance set to be solid. Current NAV of NOK 29 will become 36 by YE'22, and we see no reason for any discount here. TP up to NOK 36 (29), and we reiterate our BUY / top tanker pick rating*

### Q1 report to show numbers back in black

Hafnia will report Q1 next month, and we expect an EBITDA of USD 83m and EPS of USD 0.04, a marked improvement vs. Q4 (47m / -0.02). However, with rates improving sharply in March we look forward to the Q2 guidance, where we have raised our MR estimates to ~USD 16,000/day (12,500). Hafnia has gone through with two large acquisitions recently, both already deep in the money and generating substantial cashflows. While leverage is high it is also cheap, and we thus see dividends now returning.

### Raising 2022 numbers markedly

With strong Q2/Q3 rates, for MRs in particular, we have raised our 2022 EBITDA by 20% to USD 529m. This should also mean an EPS of USD 0.5, with HAFNI just before Easter generating monthly EPS of ~NOK 1 on our numbers. +/- USD 1,000/day is now near USD 0.1/share/year of EPS, with Hafnia's fleet now the largest in the industry. We believe some older vessels could be sold now that new ones have been bought, possibly lowering the ~62% LTV a little. No rush though, with HAFNI still enjoying an industry-low break-even of ~USD 14,000/day.

### NAV moving up rapidly – BUY TP NOK 36 (29)

Our NAV of NOK 29 will continue to grow, both due to decent run-rate earnings and steadily upwards moving asset values. Meanwhile, Hafnia has the rare combination of decent leverage and low cash break-evens, thanks to its unique BW Group debt terms. This means ample dividends, which should now arrive sooner rather than later. At sub 4x P/E, +20% ROE (2023e) we find the wide discount to NAV striking. Hafnia has outperformed peers over the past few years, and we believe they will continue to do so. We raise our TP to NOK 36 which implies YE'22 NAV with 10% higher asset values and see no reason why the stock should trade at a discount. BUY reiterated.

USDm	2020	2021	2022e	2023e	2024e
Revenues	646	426	905	1 021	1 127
EBITDA	368	150	529	637	738
EBIT	199	(7)	294	395	497
EPS	0.40	(0.15)	0.50	0.71	0.94
EPS adj	0.44	(0.14)	0.50	0.71	0.94
DPS	0.21	-	0.22	0.36	0.47
EV/EBITDA	5.0	12.5	6.1	4.5	3.3
EV/EBIT	9.3	-	10.9	7.2	4.8
P/E adj	4.2	-	5.7	4.0	3.0
P/B	0.60	0.66	0.85	0.77	0.69
ROE (%)	13.1	-	17.3	20.1	23.9
Div yield (%)	11.4	-	7.5	12.4	16.5
Net debt	1 150	1 148	1 867	1 489	1 062

Source: Pareto Securities

Target price (USD)	4.10	▲	BUY
Share price (USD)	2.87	–	HOLD
		▼	SELL

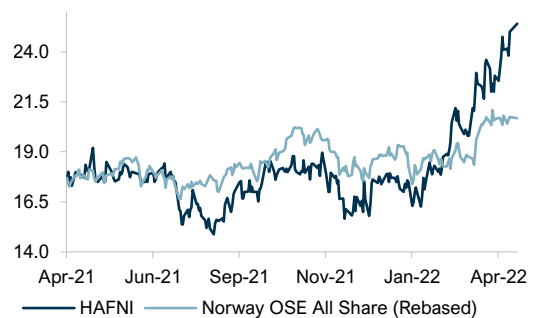
### Forecast changes

%	2022e	2023e	2024e
Revenues	11	-	-
EBITDA	20	-	-
EBIT adj	44	-	-
EPS reported	63	-	-
EPS adj	63	-	-

Source: Pareto Securities

Ticker	HAFNI.OL, HAFNI NO
Sector	Shipping
Shares fully diluted (m)	469.4
Market cap (USDm)	1 347
Net debt (USDm)	1 867
Minority interests (USDm)	0
Enterprise value 22e (USDm)	3 214
Free float (%)	30

### Performance



Source: FactSet

### Analysts

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## HAFNI: Q1'22 and forward estimates

Hafnia		Actual			Q1'22e vs.		PAS est.		Cons. est.		PAS vs. Cons.	
		Q1'21	Q4'21	Q1'22e	Cons.	Cons.	2022e	2023e	2022e	2023e	2022e	2023e
Revenues	USDm	105	119	169	174	(3)%	905	1 021	932	1 114	(3)%	(8)%
Operating costs	"	(68)	(72)	(86)	(90)	-	(381)	(391)	(532)	(580)	(28)%	(33)%
<b>EBITDA adj. incl. Assoc</b>	<b>USDm</b>	<b>37</b>	<b>47</b>	<b>83</b>	<b>84</b>	<b>(1)%</b>	<b>529</b>	<b>637</b>	<b>400</b>	<b>534</b>	<b>32%</b>	<b>19%</b>
EBIT	"	(2)	6	29	-	-	294	395	-	-	-	-
<b>EBIT adj.</b>	<b>USDm</b>	<b>(0)</b>	<b>6</b>	<b>29</b>	<b>27</b>	<b>10%</b>	<b>294</b>	<b>395</b>	<b>230</b>	<b>315</b>	<b>28%</b>	<b>25%</b>
Pre-tax profit	"	(15)	(6)	17	-	-	237	340	-	-	-	-
Net profit (reported)	"	(16)	(8)	16	-	-	232	334	-	-	-	-
<b>Net profit (adjusted)</b>	<b>USDm</b>	<b>(13)</b>	<b>(7)</b>	<b>16</b>	<b>17</b>	<b>(7)%</b>	<b>232</b>	<b>334</b>	<b>151</b>	<b>269</b>	<b>54%</b>	<b>24%</b>
<b>EPS (adjusted)</b>	<b>USD/share</b>	<b>(0.03)</b>	<b>(0.02)</b>	<b>0.04</b>	<b>0.04</b>	<b>(17)%</b>	<b>0.50</b>	<b>0.71</b>	<b>0.34</b>	<b>0.55</b>	<b>47%</b>	<b>29%</b>
Dividend per share	"	-	-	0.02	-	-	0.22	0.36	0.14	0.29	-	23%
Net debt	USDm	1 192	1 231	2 059	-	-	1 867	1 489	-	-	n.a.	n.a.
CAPEX	"	(9)	(4)	(4)	-	-	(15)	(20)	-	-	n.a.	n.a.
<b>Spot rates</b>		<b>Q1'21</b>	<b>Q4'21</b>	<b>Q1'22e</b>	<b>Cons.</b>	<b>Cons.</b>	<b>2022e</b>	<b>2023e</b>				
LR2 rates	USD/day	27 664	21 293	21 150	-	-	22 818	28 500				
LR1 rates	"	10 898	12 560	14 866	-	-	19 717	22 000				
MR rates	"	11 754	12 942	16 024	-	-	18 173	19 000				
Handsize rates	"	9 174	12 402	15 465	-	-	16 491	17 500				

Source: Pareto Securities, Bloomberg

## HAFNI: NAV development

Valuation assets	# of ships own.	Avg. age years	Avg. size	Value per unit (USDm)	Value total (USDm)	Implied total	Implied per unit	Value total, USDm	YE'22
LR2	6.0x	3.0	115.0k	53.8	323	311	52	LR2	309
LR1	34.0x	10.2	74.7k	24.3	826	797	23	LR1	775
MR	41.0x	7.8	50.3k	24.6	1 010	974	24	MR	955
Handysize	11.0x	11.4	39.4k	17.2	189	183	17	Handysize	179
MR Chem	6.0x	6.3	49.1k	30.6	184	177	30	MR Chem	176
Handy Chem	18.0x	6.9	38.5k	29.5	531	512	28	Handy Chem	504
Stainless Chem	8.0x	5.5	25.2k	32.5	260	251	31	Stainless Chem	260
<b>Value of fleet</b>	<b>124x</b>	<b>5.8</b>			<b>3 323</b>	<b>3 204</b>		<b>Value of fleet</b>	<b>3 475</b>
Other assets, net	USDm				177	177		Other assets	207
JV at book values (incl. receivable)	"				75	75		JV at book values (in	75
<b>Gross values</b>	<b>"</b>				<b>3 575</b>	<b>3 382</b>		<b>Gross values</b>	<b>3 758</b>
Net interest bearing debt Q4'21 pro-forma	"				1 638	1 638		NIBD Q4e	1 833
Remaining capex, Scorpio fleet	"				(414)	(414)		Remaining capex	-
<b>Net asset value</b>	<b>"</b>				<b>1 523</b>	<b>1 330</b>		<b>Net asset value</b>	<b>1 925</b>
No. of shares (mill.)	#				469.4	469.4		No. of shares (mill.)	469.4
NAV / share	USD				3.2	2.8		NAV/share (USD)	4.10
<b>NAV per share</b>	<b>NOK</b>				<b>29</b>	<b>25</b>		<b>NAV/share (NOK)</b>	<b>36.3</b>
<b>P/NAV</b>	x				<b>0.87x</b>				
<b>EV/GAV</b>	"				<b>0.96x</b>				

LTV 61.8%

LTV at YE 52.8%

Source: Pareto Securities

<b>PROFIT &amp; LOSS (fiscal year) (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Revenues</b>	<b>208</b>	<b>203</b>	<b>527</b>	<b>646</b>	<b>426</b>	<b>905</b>	<b>1 021</b>	<b>1 127</b>
<b>EBITDA</b>	<b>84</b>	<b>76</b>	<b>321</b>	<b>368</b>	<b>150</b>	<b>529</b>	<b>637</b>	<b>738</b>
Depreciation & amortisation	(54)	(64)	(132)	(169)	(157)	(235)	(241)	(241)
<b>EBIT</b>	<b>30</b>	<b>12</b>	<b>188</b>	<b>199</b>	<b>(7)</b>	<b>294</b>	<b>395</b>	<b>497</b>
Net interest	(26)	(31)	(63)	(45)	(41)	(56)	(55)	(48)
Other financial items	(1)	(1)	(10)	(2)	(3)	-	-	-
<b>Profit before taxes</b>	<b>3</b>	<b>(20)</b>	<b>73</b>	<b>151</b>	<b>(51)</b>	<b>237</b>	<b>340</b>	<b>448</b>
Taxes	(0)	(0)	(1)	(3)	(4)	(5)	(5)	(5)
Minority interest	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>3</b>	<b>(20)</b>	<b>72</b>	<b>149</b>	<b>(55)</b>	<b>232</b>	<b>334</b>	<b>443</b>
EPS reported		(0.07)	0.21	0.40	(0.15)	0.50	0.71	0.94
<b>EPS adjusted</b>		<b>(0.04)</b>	<b>0.24</b>	<b>0.44</b>	<b>(0.14)</b>	<b>0.50</b>	<b>0.71</b>	<b>0.94</b>
DPS	-	-	0.06	0.21	-	0.22	0.36	0.47
<b>BALANCE SHEET (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Tangible non current assets	1 106	1 172	2 312	2 206	2 085	3 234	3 012	2 791
Other non-current assets	1	3	34	57	83	89	96	105
Other current assets	72	87	243	180	243	273	293	313
Cash & equivalents	41	52	92	101	100	140	290	488
<b>Total assets</b>	<b>1 220</b>	<b>1 314</b>	<b>2 681</b>	<b>2 544</b>	<b>2 511</b>	<b>3 736</b>	<b>3 691</b>	<b>3 697</b>
Total equity	398	571	1 119	1 148	1 112	1 577	1 744	1 966
Interest-bearing non-current debt	614	613	1 238	1 128	1 083	1 842	1 614	1 385
Interest-bearing current debt	158	77	213	179	248	248	248	248
Other Debt	50	53	115	89	68	68	84	98
<b>Total liabilities &amp; equity</b>	<b>1 220</b>	<b>1 314</b>	<b>2 684</b>	<b>2 544</b>	<b>2 511</b>	<b>3 736</b>	<b>3 691</b>	<b>3 697</b>
<b>CASH FLOW (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Cash earnings	83	26	213	315	110	462	569	675
Change in working capital	(1)	34	(38)	36	(44)	(30)	(20)	(20)
Cash flow from investments	(143)	(12)	(296)	(47)	(36)	(1 384)	(20)	(20)
Cash flow from financing	66	(37)	126	(295)	(31)	993	(379)	(437)
Net cash flow	4	11	6	9	(1)	40	149	199
<b>VALUATION (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Share price (USD end)</b>	<b>6.3</b>	<b>5.7</b>	<b>3.11</b>	<b>1.87</b>	<b>1.97</b>	<b>2.87</b>	<b>2.87</b>	<b>2.87</b>
Number of shares end period	-	343	370	370	370	469	469	469
Net interest bearing debt	-	638	1 360	1 150	1 148	1 867	1 489	1 062
<b>Enterprise value</b>	<b>-</b>	<b>2 602</b>	<b>2 511</b>	<b>1 841</b>	<b>1 879</b>	<b>3 214</b>	<b>2 836</b>	<b>2 409</b>
EV/Sales	-	12.8	4.8	2.8	4.4	3.6	2.8	2.1
<b>EV/EBITDA</b>	<b>-</b>	<b>34.0</b>	<b>7.8</b>	<b>5.0</b>	<b>12.5</b>	<b>6.1</b>	<b>4.5</b>	<b>3.3</b>
EV/EBIT	-	-	13.3	9.3	-	10.9	7.2	4.8
P/E reported	-	-	15.1	4.6	-	5.7	4.0	3.0
<b>P/E adjusted</b>	<b>-</b>	<b>-</b>	<b>13.2</b>	<b>4.2</b>	<b>-</b>	<b>5.7</b>	<b>4.0</b>	<b>3.0</b>
P/B	-	3.4	1.0	0.6	0.7	0.9	0.8	0.7
<b>FINANCIAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
ROE adjusted (%)	0.7	-	9.7	14.5	-	17.3	20.1	23.9
Dividend yield (%)	-	-	1.8	11.4	-	7.5	12.4	16.5
EBITDA margin (%)	40.4	37.7	60.9	56.9	35.2	58.4	62.4	65.5
EBIT margin (%)	14.4	6.0	35.8	30.7	-	32.4	38.7	44.1
NIBD/EBITDA	-	8.34	4.24	3.13	7.65	3.53	2.34	1.44
EBITDA/Net interest	3.21	2.45	4.39	8.19	3.61	9.38	11.47	15.25

<b>PROFIT &amp; LOSS (fiscal year) (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
<b>Revenues</b>	<b>105</b>	<b>107</b>	<b>96</b>	<b>119</b>	<b>169</b>	<b>202</b>	<b>228</b>	<b>306</b>
<b>EBITDA</b>	<b>37</b>	<b>37</b>	<b>29</b>	<b>47</b>	<b>83</b>	<b>106</b>	<b>131</b>	<b>209</b>
Depreciation & amortisation	(39)	(39)	(38)	(41)	(54)	(60)	(60)	(60)
<b>EBIT</b>	<b>(2)</b>	<b>(2)</b>	<b>(9)</b>	<b>6</b>	<b>29</b>	<b>46</b>	<b>70</b>	<b>148</b>
Net interest	(12)	(8)	(10)	(11)	(12)	(15)	(15)	(14)
Other financial items	(1)	(1)	(0)	(1)	-	-	-	-
<b>Profit before taxes</b>	<b>(15)</b>	<b>(11)</b>	<b>(19)</b>	<b>(6)</b>	<b>17</b>	<b>31</b>	<b>55</b>	<b>134</b>
Taxes	(0)	(1)	(1)	(2)	(1)	(1)	(1)	(1)
Minority interest	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>(16)</b>	<b>(11)</b>	<b>(21)</b>	<b>(8)</b>	<b>16</b>	<b>30</b>	<b>54</b>	<b>133</b>
EPS reported	(0.04)	(0.03)	(0.06)	(0.02)	0.04	0.06	0.11	0.28
<b>EPS adjusted</b>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.06)</b>	<b>(0.02)</b>	<b>0.04</b>	<b>0.06</b>	<b>0.11</b>	<b>0.28</b>
DPS	-	-	-	-	0.02	-	0.06	0.14
<b>BALANCE SHEET (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Tangible non current assets	2 166	2 128	2 095	2 085	3 197	3 347	3 291	3 234
Other non-current assets	61	61	114	83	84	84	86	89
Other current assets	178	176	182	243	243	253	263	273
Cash & equivalents	91	86	75	100	76	120	143	140
<b>Total assets</b>	<b>2 496</b>	<b>2 451</b>	<b>2 465</b>	<b>2 511</b>	<b>3 600</b>	<b>3 805</b>	<b>3 782</b>	<b>3 736</b>
Total equity	1 142	1 131	1 113	1 112	1 396	1 418	1 471	1 577
Interest-bearing non-current debt	1 122	1 083	1 124	1 083	1 888	2 071	1 994	1 842
Interest-bearing current debt	161	160	159	248	248	248	248	248
Other Debt	71	76	70	68	68	68	68	68
<b>Total liabilities &amp; equity</b>	<b>2 496</b>	<b>2 451</b>	<b>2 465</b>	<b>2 511</b>	<b>3 600</b>	<b>3 805</b>	<b>3 782</b>	<b>3 736</b>
<b>CASH FLOW (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Cash earnings	26	29	19	37	69	89	113	190
Change in working capital	(7)	5	(17)	(24)	-	(10)	(10)	(10)
Cash flow from investments	(3)	1	(37)	3	(1 166)	(211)	(4)	(4)
Cash flow from financing	(25)	(40)	25	9	1 073	175	(77)	(179)
Net cash flow	(10)	(5)	(11)	25	(24)	44	22	(2)
<b>VALUATION (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
<b>Share price (USD end)</b>	<b>2.04</b>	<b>2.05</b>	<b>2.06</b>	<b>1.97</b>	<b>2.52</b>	<b>2.87</b>	<b>2.87</b>	<b>2.87</b>
Number of shares end period	370	370	370	370	469	469	469	469
Net interest bearing debt	1 192	1 157	1 207	1 231	2 059	2 199	2 100	1 951
P/E reported	13.5	-	-	-	-	-	14.9	5.8
<b>P/E adjusted</b>	<b>10.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.7</b>	<b>5.8</b>
P/B	0.7	0.7	0.7	0.7	0.8	1.0	0.9	0.9
<b>FINANCIAL ANALYSIS</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Dividend yield (%)	5.2	-	-	-	0.7	0.6	2.6	7.5
EBITDA margin (%)	35.2	34.8	30.4	39.5	49.2	52.6	57.4	68.3
EBIT margin (%)	-	-	-	5.0	17.3	22.7	30.8	48.5
NIBD/EBITDA	4.43	7.39	8.62	7.98	7.21	6.31	5.17	3.93
EBITDA/Net interest	6.39	4.11	3.44	3.61	4.65	5.44	6.91	9.38

## Now leverage is working with them

*[We raise our TP to USD 30 (22) ahead of the Q1 release early next month. Scorpio's heavy debt burden should now be working in their favour, and we expect firm Q2 guidance from the eco-fleet with (mostly) scrubbers to give an initial taste of the potential. Reiterate BUY.]*

### Q2 guidance to be in focus at the Q1 release

Scorpio Tankers will report Q1 numbers in early May, and while we still expect a loss-making quarter we believe our numbers are conservative. Both LR2 and MR rates have been strong during March, and the scrubber-profits could be understated by us. On average we expect TCE-rates around USD 12,750/day, but this number should increase substantially into Q2. Scorpio bit the bullet and sold all its LR1 to Hafnia and another few ships to other parties – in transactions that will reduce their heavy debt burden but also lower the operational leverage at a point in time where rates are strengthening significantly.

### Raising estimates – Q2 to be the initial taste

We have raised our Q2/Q3 rates, particularly for MRs. As such, we now expect Scorpio to deliver a substantial profit this year, and remain far ahead of consensus (where we also expect positive revisions driven by recent market strength). While a few more vessel sales could be on the cards, rates are now firmly above STNG's cash break-evens, and with (still) a fleet of more than 100 ships – all eco and most scrubber equipped – the asset base is well tilted to a pricier fuel and lower emissions environment from 2023.

### NAV moving rapidly, need earnings (which is coming) – BUY TP 30 (22)

We see current (or yesterdays?) NAV at USD 25 moving near USD 34 by YE. With still 60%+ leverage (and relatively expensive debt) STNG is clearly dependent on a sustained market recovery before any dividend payments of size could be expected. The company has done the right thing in selling assets in order to ensure that there is an asset base to capitalize from going forward recently, as painful as it has been when occurring just as market rates are improving. The earnings potential is massive in STNG if we really are heading into a 'super-cycle', with our current estimates implying EV/EBITDA ~5x on 2023e. Q2 guidance will give us the first taste, and we raise our TP to USD 30 (22), equal to 0.9x YE'22 NAV. +/- 10% on the fleet adds/subtracts near USD 7/share here, which gives a sense of the high leverage. BUY reiterated.

USDm	2020	2021	2022e	2023e	2024e
Revenues	908	537	848	913	974
EBITDA	508	150	487	582	640
EBIT	245	(91)	246	337	394
EPS	1.72	(4.28)	1.70	3.49	4.75
EPS adj	1.96	(4.19)	1.70	3.49	4.75
DPS	0.40	0.40	0.40	0.40	0.40
EV/EBITDA	6.8	24.0	6.7	5.0	3.8
EV/EBIT	14.1	-	13.3	8.6	6.1
P/E adj	5.7	-	13.1	6.4	4.7
P/B	0.29	0.38	0.64	0.59	0.53
ROE (%)	4.7	-	5.0	9.6	11.8
Div yield (%)	3.6	3.1	1.8	1.8	1.8
Net debt	2 860	2 887	2 054	1 665	1 207

Source: Pareto Securities

Target price (USD)	30	▲	BUY
Share price (USD)	22	–	HOLD
		▼	SELL

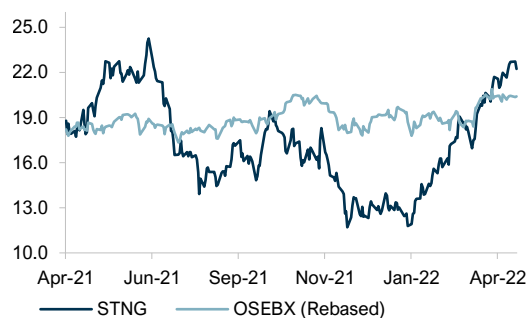
### Forecast changes

%	2022e	2023e	2024e
Revenues	8	(5)	11
EBITDA	16	(7)	20
EBIT adj	36	(11)	37
EPS reported	NM	(16)	78
EPS adj	NM	(16)	78

Source: Pareto Securities

Ticker	STNG, STNG US
Sector	Shipping
Shares fully diluted (m)	54.8
Market cap (USDm)	1 217
Net debt (USDm)	2 054
Minority interests (USDm)	0
Enterprise value 22e (USDm)	3 272
Free float (%)	79

### Performance



Source: FactSet

### Analysts

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Scorpio Tankers: Q1'22 and forward estimates, PAS vs. consensus

P&L		Actual		Q1'22e		Deviation Cons.	PAS est.		Cons est.		PAS vs. Cons	
		Q1'21	Q4'21	Cons.	Pareto		2022e	2023e	2022e	2023e	2022e	2023e
Revenues	USDm	133	148	158	150	(5)%	848	913	720	847	18%	8%
Operating costs	"	(97)	(98)	(97)	(98)	1%	(361)	(331)	(388)	(391)	(7)%	(15)%
<b>EBITDA adj.</b>	"	<b>36</b>	<b>50</b>	<b>61</b>	<b>53</b>	<b>(14)%</b>	<b>487</b>	<b>582</b>	<b>373</b>	<b>492</b>	<b>31%</b>	<b>18%</b>
EBIT	"	(25)	(10)	-	(7)	na	-	-	-	-	-	-
<b>EBIT adj.</b>	"	<b>(25)</b>	<b>(10)</b>	<b>5</b>	<b>(7)</b>	<b>na</b>	<b>246</b>	<b>337</b>	<b>142</b>	<b>265</b>	<b>74%</b>	<b>27%</b>
Pre-tax profit	"	(62)	(46)	-	(46)	-	93	191	-	-	-	-
Net profit (reported)	"	(62)	(46)	-	(46)	-	-	-	-	-	-	-
<b>Net profit (adjusted)</b>	"	<b>(59)</b>	<b>(48)</b>	<b>(43)</b>	<b>(46)</b>	<b>(7)%</b>	<b>93</b>	<b>191</b>	<b>11</b>	<b>161</b>	<b>na</b>	<b>19%</b>
<b>EPS (adjusted)</b>	<b>USD</b>	<b>(1.07)</b>	<b>(0.88)</b>	<b>(0.77)</b>	<b>(0.84)</b>	<b>(9)%</b>	<b>1.7</b>	<b>3.5</b>	<b>0.2</b>	<b>2.6</b>	<b>na</b>	<b>34%</b>
DPS	"	0.10	0.10	0.10	0.10	0%	0.40	0.40	0.40	0.40	0%	0%

Spot rates		Q1'21	Q4'21	Cons.	PAS	Cons.	2022e	2023e
LR2	USD/day	11 947	13 982	-	12 969	-	23 042	30 200
LR1	"	11 228	14 145	-	12 450	-	15 525	na
MR	"	11 281	11 597	-	12 693	-	17 873	19 500
Handymax	"	8 844	12 069	-	12 696	-	15 799	17 500

Source: Pareto Securities, Bloomberg

Scorpio Tankers: NAV overview and development

VALUATION ASSETS		# of units	Ave. size	Ave. age years	Value per unit (USDm)	Value total (USDm)	Implied total	Implied per unit	YE'22e
Handymax	USDm	14x	38.0k	7.9	23.9	335	320	22.9	320
MR	"	57x	50.0k	6.2	28.6	1 628	1 558	27.3	1 558
LR2	"	40x	110.9k	6.3	44.2	1 768	1 692	42.3	1 688
<b>Value of fleet</b>	<b>USDm</b>	<b>111x</b>		<b>6.4</b>		<b>3 730</b>	<b>3 570</b>		<b>3 922</b>
Other assets	"					(5)	(5)		(5)
<b>Gross values</b>	<b>USDm</b>					<b>3 725</b>	<b>3 564</b>		<b>3 917</b>
Proceeds from asset sales in H1	"					572	572		-
Net debt Q1'22e adj	"					2 919	2 919		2 078
<b>Net asset value</b>	<b>"</b>					<b>1 378</b>	<b>1 217</b>		<b>1 839</b>
# of shares	#					54.8	54.8		54.8
<b>NAV per share</b>	<b>USD</b>					<b>25.2</b>	<b>22.2</b>		<b>33.6</b>
<b>P/NAV</b>	<b>x</b>					<b>0.88x</b>			
<b>EV/GAV</b>	<b>x</b>					<b>0.96x</b>			

LTV:	63%	
+/- 10% on fleet	6.8	USD/share

Source: Pareto Securities, Various brokers

<b>PROFIT &amp; LOSS (fiscal year) (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Revenues</b>	<b>505</b>	<b>580</b>	<b>698</b>	<b>908</b>	<b>537</b>	<b>848</b>	<b>913</b>	<b>974</b>
<b>EBITDA</b>	<b>96</b>	<b>187</b>	<b>337</b>	<b>508</b>	<b>150</b>	<b>487</b>	<b>582</b>	<b>640</b>
Depreciation & amortisation	(141)	(177)	(207)	(263)	(240)	(240)	(245)	(245)
<b>EBIT</b>	<b>(45)</b>	<b>11</b>	<b>130</b>	<b>245</b>	<b>(91)</b>	<b>246</b>	<b>337</b>	<b>394</b>
Net interest	(116)	(182)	(186)	(155)	(144)	(153)	(146)	(134)
Other financial items	3	(14)	8	4	0	-	-	-
<b>Profit before taxes</b>	<b>(158)</b>	<b>(185)</b>	<b>(48)</b>	<b>94</b>	<b>(234)</b>	<b>93</b>	<b>191</b>	<b>260</b>
Taxes	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>(158)</b>	<b>(185)</b>	<b>(48)</b>	<b>94</b>	<b>(234)</b>	<b>93</b>	<b>191</b>	<b>260</b>
EPS reported	(0.73)	(0.51)	(0.92)	1.72	(4.28)	1.70	3.49	4.75
<b>EPS adjusted</b>	<b>(0.48)</b>	<b>(0.45)</b>	<b>(1.04)</b>	<b>1.96</b>	<b>(4.19)</b>	<b>1.70</b>	<b>3.49</b>	<b>4.75</b>
DPS	0.04	0.04	0.40	0.40	0.40	0.40	0.40	0.40
<b>BALANCE SHEET (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Tangible non current assets	4 145	3 998	4 706	4 810	4 606	3 830	3 610	3 390
Other non-current assets	74	99	155	81	123	123	123	123
Other current assets	93	94	101	80	55	55	55	55
Cash & equivalents	186	594	202	188	230	434	625	885
<b>Total assets</b>	<b>4 498</b>	<b>4 784</b>	<b>5 164</b>	<b>5 159</b>	<b>5 014</b>	<b>4 442</b>	<b>4 412</b>	<b>4 452</b>
Total equity	1 685	1 839	1 977	2 066	1 837	1 908	2 077	2 316
Interest-bearing non-current debt	2 604	2 498	2 701	2 687	2 649	2 021	1 822	1 624
Interest-bearing current debt	163	412	422	361	468	468	468	468
Other Debt	46	35	65	45	60	45	45	45
<b>Total liabilities &amp; equity</b>	<b>4 498</b>	<b>4 784</b>	<b>5 164</b>	<b>5 159</b>	<b>5 014</b>	<b>4 442</b>	<b>4 412</b>	<b>4 452</b>
<b>CASH FLOW (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Cash earnings	36	70	187	406	57	334	436	505
Change in working capital	6	(12)	23	14	16	(15)	-	-
Cash flow from investments	(1 019)	(50)	(773)	(170)	(59)	536	(25)	(25)
Cash flow from financing	1 064	399	172	(264)	28	(650)	(221)	(220)
Net cash flow	87	407	(391)	(15)	43	204	191	260
<b>VALUATION (USDm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Share price (USD end)</b>	<b>30.5</b>	<b>17.6</b>	<b>39.3</b>	<b>11.2</b>	<b>12.8</b>	<b>22.2</b>	<b>22.2</b>	<b>22.2</b>
Number of shares end period	316	52	57	54	55	55	55	55
Net interest bearing debt	2 581	2 317	2 920	2 860	2 887	2 054	1 665	1 207
<b>Enterprise value</b>	<b>12 206</b>	<b>3 225</b>	<b>5 154</b>	<b>3 461</b>	<b>3 588</b>	<b>3 272</b>	<b>2 882</b>	<b>2 424</b>
EV/Sales	24.2	5.6	7.4	3.8	6.7	3.9	3.2	2.5
<b>EV/EBITDA</b>	<b>-</b>	<b>17.2</b>	<b>15.3</b>	<b>6.8</b>	<b>24.0</b>	<b>6.7</b>	<b>5.0</b>	<b>3.8</b>
EV/EBIT	-	-	39.7	14.1	-	13.3	8.6	6.1
P/E reported	-	-	-	6.5	-	13.1	6.4	4.7
<b>P/E adjusted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.7</b>	<b>-</b>	<b>13.1</b>	<b>6.4</b>	<b>4.7</b>
P/B	5.7	0.5	1.1	0.3	0.4	0.6	0.6	0.5
<b>FINANCIAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
ROE adjusted (%)	-	-	-	5.3	-	5.0	9.6	11.8
Dividend yield (%)	0.1	0.2	1.0	3.6	3.1	1.8	1.8	1.8
EBITDA margin (%)	19.1	32.3	48.3	56.0	27.9	57.4	63.8	65.6
EBIT margin (%)	-	1.8	18.6	27.0	-	29.1	36.9	40.5
NIBD/EBITDA	26.75	12.37	8.67	5.63	19.28	4.22	2.86	1.89
EBITDA/Net interest	1.29	1.03	1.81	3.39	1.08	3.18	3.99	4.77

<b>PROFIT &amp; LOSS (fiscal year) (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
<b>Revenues</b>	<b>133</b>	<b>138</b>	<b>119</b>	<b>148</b>	<b>150</b>	<b>214</b>	<b>210</b>	<b>274</b>
<b>EBITDA</b>	<b>36</b>	<b>44</b>	<b>20</b>	<b>50</b>	<b>53</b>	<b>120</b>	<b>125</b>	<b>189</b>
Depreciation & amortisation	(61)	(59)	(60)	(60)	(60)	(60)	(60)	(60)
<b>EBIT</b>	<b>(25)</b>	<b>(15)</b>	<b>(40)</b>	<b>(10)</b>	<b>(7)</b>	<b>60</b>	<b>65</b>	<b>129</b>
Net interest	(34)	(36)	(36)	(38)	(38)	(38)	(38)	(38)
Other financial items	(4)	(2)	3	2	-	-	-	-
<b>Profit before taxes</b>	<b>(62)</b>	<b>(53)</b>	<b>(73)</b>	<b>(46)</b>	<b>(46)</b>	<b>22</b>	<b>26</b>	<b>91</b>
Taxes	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>(62)</b>	<b>(53)</b>	<b>(73)</b>	<b>(46)</b>	<b>(46)</b>	<b>22</b>	<b>26</b>	<b>91</b>
EPS reported	(1.14)	(0.96)	(1.34)	(0.84)	(0.84)	0.40	0.48	1.66
<b>EPS adjusted</b>	<b>(1.07)</b>	<b>(0.84)</b>	<b>(1.39)</b>	<b>(0.88)</b>	<b>(0.84)</b>	<b>0.40</b>	<b>0.48</b>	<b>1.66</b>
DPS	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>BALANCE SHEET (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Tangible non current assets	4 759	4 710	4 658	4 606	4 554	3 955	3 884	3 830
Other non-current assets	111	112	124	123	123	123	123	123
Other current assets	62	51	59	55	55	55	55	55
Cash & equivalents	270	282	192	230	164	359	373	434
<b>Total assets</b>	<b>5 202</b>	<b>5 154</b>	<b>5 034</b>	<b>5 014</b>	<b>4 895</b>	<b>4 491</b>	<b>4 434</b>	<b>4 442</b>
Total equity	2 008	1 957	1 884	1 837	1 786	1 802	1 823	1 908
Interest-bearing non-current debt	2 840	2 728	2 646	2 649	2 582	2 176	2 099	2 021
Interest-bearing current debt	312	433	464	468	468	468	468	468
Other Debt	43	36	40	60	60	45	45	45
<b>Total liabilities &amp; equity</b>	<b>5 202</b>	<b>5 154</b>	<b>5 034</b>	<b>5 014</b>	<b>4 895</b>	<b>4 491</b>	<b>4 434</b>	<b>4 442</b>
<b>CASH FLOW (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Cash earnings	14	21	(4)	26	14	82	86	151
Change in working capital	(16)	7	1	24	-	(15)	-	-
Cash flow from investments	(14)	(9)	(30)	(5)	(8)	539	10	(6)
Cash flow from financing	98	(6)	(57)	(7)	(73)	(411)	(83)	(83)
Net cash flow	82	13	(90)	38	(67)	196	14	62
<b>VALUATION (USDm)</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
<b>Share price (USD end)</b>	<b>18.5</b>	<b>22.1</b>	<b>18.5</b>	<b>12.8</b>	<b>21.4</b>	<b>22.2</b>	<b>22.2</b>	<b>22.2</b>
Number of shares end period	55	55	55	55	55	55	55	55
Net interest bearing debt	2 882	2 879	2 917	2 887	2 886	2 285	2 194	2 054
P/E reported	-	-	-	-	-	-	-	13.1
<b>P/E adjusted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.1</b>
P/B	0.5	0.6	0.5	0.4	0.7	0.7	0.7	0.6
<b>FINANCIAL ANALYSIS</b>	<b>1Q'21</b>	<b>2Q'21</b>	<b>3Q'21</b>	<b>4Q'21</b>	<b>1Q'22e</b>	<b>2Q'22e</b>	<b>3Q'22e</b>	<b>4Q'22e</b>
Dividend yield (%)	2.2	1.8	2.2	3.1	1.9	1.8	1.8	1.8
EBITDA margin (%)	27.1	32.0	16.6	33.8	35.0	56.3	59.5	69.0
EBIT margin (%)	-	-	-	-	-	28.2	30.8	47.1
NIBD/EBITDA	7.30	14.94	21.11	19.31	17.38	11.30	7.37	4.84
EBITDA/Net interest	2.84	1.52	1.12	1.08	1.16	1.61	2.27	3.18

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## Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Bonheur	240 958	0.57 %
Pareto Bank	15 310 630	21.92 %
Selvaag Bolig	4 314 865	4.60 %
Sparebank 1 Nord-Norge	4 287 282	4.27 %
SpareBank 1 Ringerike Hadeland	100 000	0.64 %
Sparebank 1 SMN	2 036 192	1.57 %
Sparebank 1 SR-Bank	1 934 632	0.76 %
SpareBank 1 Østfold Aker shus	1 232 229	9.95 %
SpareBank 1 Østlandet	3 833 163	3.61 %
Sparebanken Møre	1 054 030	2.13 %
Sparebanken Sør	433 744	2.77 %
Sparebanken Vest	6 862 344	6.39 %
NEXT Biometrics	710 901	0.78 %
SpareBank 1 Sør-est-Norge	1 771 308	2.81 %

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
AF Gruppen	0	1 825
Aker ASA	500	2 694
Aker BP	0	25 266
Aker Carbon Capture	0	4 926
Aker Clean Hydrogen	0	140 540
Aker Horizons	0	125 848
Aker Offshore Wind	0	165 118
Aprilia Bank ASA	0	22 675
ArcticZymes Technologies	0	684
Awilco LNG	0	10 000
B2Holding AS	0	10 940
Bonheur	0	32 088
Barringer d ASA	0	650
Bouvet	0	940
BRABank	0	31 499
BW Energy	0	112 660
BW Offshore	0	16 076
Cloudberry Clean Energy	0	101 750
DNB	0	49 145
DNO	0	70 258
Elkem	0	65 067
ELOP	0	130 000
Equinor	0	2 473
Europris	0	13 708
Fjordkraft Holding	0	29 763
Flex LNG	0	1 317
Frontline	0	12 190
Gaming Innovation Group	0	25 912
Gjensidige Forsikring	0	7 746
Grieg Seafood	0	8 889

Company	Analyst holdings*	Total holdings
Huddly	0	993 173
HydrogenPro	0	39 276
Kalera	0	26 752
Kitron	0	18 336
Komplett Bank	0	209 400
Kongsberg Gruppen	0	301
KWS	75	75
Lerøy Seafood Group	0	39 363
Meltwater	0	30 700
Mer cell	0	24 863
Mowi	0	399
MPC Container Ships	0	42 995
NEXT Biometrics	0	710 901
Nordic Semiconductor	0	5 336
Norco	0	590
Norse Atlantic	0	35 000
Norsk Hydro	0	84 189
Norske Skog	0	105 499
Northern Drilling Ltd.	0	67 919
Odjell Drilling	0	28 581
Okeanis Eco Tankers	0	1 420
Orkla	0	23 183
Panoro Energy	0	26 241
Pareto Bank	0	1 340 284
Pexip Holding	0	112 083
Protector Forsikring	0	14 000
Primo	0	5 000
Quantafuel	0	2 797
REC Silicon	0	38 281
SailMar	0	2 799
Sandnes Sparebank	0	4 013
Scatec	0	30 474
Selvaag Bolig	0	3 093
Sparebank 1 Nord-Norge	0	3 350
Sparebank 1 SMN	0	13 490
Sparebank 1 SR-Bank	0	17 254
SpareBank 1 Østfold Aker shus	0	1 252
SpareBank 1 Østlandet	0	9 621
Sparebanken Sør	0	16 435
Sparebanken Vest	0	17 463
Sparebanken Øst	0	1 500
Stolt-Nielsen	0	1 817
Storbrand	0	39 798
Subsea 7	0	13 187
Telenor	0	13 602
TGS	0	600
Vow	0	9 331
Vow Green Metals	0	19 681
Vår Energi	0	33 829
Wallenius Wilhelmsen	0	2 000
XXL	0	20 523
Yara	0	18 737
Zaptec	0	15 000

This overview is updated monthly (last updated 19.04.2022).

\*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

## Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

Aker ASA	Sar tor ius-Her bst
Aker CleanHydrogen	Seagems Norway
Aker Offshore Wind	Seajacks
Aquila Bank ASA	SFL Corporation Ltd
Arcane Crypto	Shamaran Petroleum
Bar ramundi Group Pte. Ltd.	Slate European Holdings
Biomega Group AS	Smart Wir es Inc.
Bonheur	Swedencare
Boreal Holding AS	TEMPTON GmbH
BWLPG	Tier klinik Hof heimGbR
BW Offshore	Tr onder energi AS
Cabonline Group Holding AB	Vegf inans AS
Cavai AS	Vestby Logistikk Holding
Cloudberry Clean Energy	Viking ACQ 1 AS, SPAC
Dampskibsselskabet NORDEN A/S	Vår Energi
DLT	Waldorf Production UK Ltd
DNO	Waste Plastic Upcycling
Documaster AS	wheel.me
ELOP	Xeneta AS
Enapter AG	Ymber AS
Ensurge Micropower	ZTL Payment Solution AS
Enviv AS (Bookis)	
Esmailzadeh Holding	
First Camp Group AB	
Flex LNG	
FREYR Battery	
Funkwerk AG	
Global Agrarjes (Fer tiber ia group)	
Golar LNG	
GramCar Carriers	
Green Transition Holding	
Greenood	
Grøntvedt AS	
Hafslund Eco	
Hagal AS	
Halodi Robotics AS	
HKN Energy Ltd	
HMH Holding	
Ice Group	
Immunopharma	
InoBat Auto	
International Petroleum Corporation	
JP/Politikens Forlag	
Kalera	
Kebony	
Kentech Global Plc	
Keppel FELS Limited	
Kistos plc.	
KMC Properties	
Komplett ASA	
Kruse Smith	
Kvitbjørn Var me	
Lakers Holding AS	
Lerøy Sealood Group	
Lumarine AS	
Malor ama Holding AS	
Mathesa Bostadsbolaget AB	
Mer cell	
Mime Petroleum	
Modex AS	
Navios Maritime Acquisitions	
Navios Maritime Holdings	
Nordic Halibut	
Noreco	
Norlandia Health & Care Group AS	
Norwegian Block Exchange	
Odjell Oceanwind	
Otelco Corporation	
Pareto Bank	
PetroNOR E&P	
PHM Group	
Ping Petroleum UK Limited	
poLight	
Pr onof a AS	
Protector Forsikring	
Pyr um Innovations	
Quantafuel	
Saga Robotics	

This overview is updated monthly (this overview is for the period 31.03.2021–31.03.2022).

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

### Distribution of recommendations

Recommendation	% distribution
Buy	74%
Hold	24%
Sell	2%

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	81%
Hold	19%
Sell	0%

\* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

This overview is updated monthly (last updated 19.04.2022).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1% or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

Cibus Nordic Real Estate AB	Josemar ia Resources	Sedana Medical
Green Landscaping Group AB	Implantica	Studentbostäder i Norden
Hexatronix	Isol of Medical AB	Surgical Science
Hexicon	Media & Games Invest plc.	VNV Global

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Africa Energy Corp.	Media & Games Invest plc.	Shamar an Petroleum
ByggPartner i Dalarna Holding	Mentice AB	Surgical Science
Cibus Nordic Real Estate	Minesto	Tethys Oil
Isol of Medical	Saltängen Property Invest	Vostok Emerging Finance
Logistri Fastighets AB	SciBase Holding	
Magnolia Bostad	Sedana Medical	

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Residential Denmark AB	Delarka	Logistri Fastighets AB
Backaheden Fastighets AB	Fleming Properties AB	Mälarsen AB
Bonåsudd Holding AB (publ)	Halmiläten Fastighets AB (publ)	One Publicus Fastighets AB
Borglinda Fastighets AB	Korsängen Fastighets AB (publ)	Ori ga Car e AB (publ)
Bosjö Fastigheter AB	Krona Public Real Estate AB	Pr eservium Property AB

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 19.04.2022).

## Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the

2G Energy *	Inter shop Communications AG	OVH Holding AG
Biotech *	Leifheit	Pro edit Holding *
CORESTATE Capital Holding S.A.	Logwin *	PSI SOFTWARE AG *
Daldrup & Söhne	Manz AG *	PWO *
Demire	MAX Automation SE	S&T AG *
Epigenomics AG *	Mer kur Bank	SM T Schar f AG *
Gesco *	MLP *	Sur teco Group *
Ger ry Weber	Mühl Produkt & Service AG	Szyzyg AG *
GFT Technologies *	mutares	TAKKT AG
Gigasat *	Norther n Data AG	Viscom *
Heidelber g Pharma *		

\* The designated sponsor services include a contractually agreed provision of research services.

## Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

### Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return – receives compensation.

Baywa	Ger ry Weber	Mynaric
BB Biotech	Hypoport AG	mutares
CLIQ Digital	Inter shop Communications AG	Norther n Data AG
Daldrup & Söhne	Leifheit	OHB SE
Der mapharm Holding SE	MAX Automation SE	OVH Holding AG
Enapter	Mer kur Bank	Segl ried Holding AG
Express2ion Biotechnologies		

This overview is updated monthly (last updated 19.04.2022).

