Soft Q3 – DPS of USD 0.41 (12% yield) – risk to long-term estimates

Cool delivered a soft Q3 with EBITDA adj. of USD 63m (2-4% below cons.) and TCE rates of USD 82,400/day. EPS adj. ended at USD 0.47 vs. PAS and cons. at USD 0.51 – 0.55. DPS was kept flat q/q at USD 0.41 for 12% running yield. Nothing new on the newbuilds or the vessel trading spot (we await the presentation at 14:00 CET). We see Q4 EPS flattish q/q around USD 0.48 (vs. USD 0.50 previously and cons. at USD 0.56). NAV stands at NOK ~200/sh but 3Y TCs for TFDEs at USD 80k/day and newbuilds at USD 100k/day still imply ~15% downside to cons. 2024-25 EPS. With a wave of newbuilds coming now, there is risk to long-term estimates here.

Q3 deviation

		Actual		Q3'23e		Deviation		
P&L		Q3'22	Q2'23	Q3'23	Cons.	Pareto	vs. Cons.	vs. PAS
Revenues	USDm	66	90	93	90	93	3%	(0)%
Operating costs	"	(15)	(26)	(26)	(25)	(25)	-	-
EBITDA adj.	"	42	60	63	65	64	(4)%	(2)%
EBIT	"	36	46	48	-	50	-	-
EBIT adj.	"	29	41	44	48	45	(9)%	(3)%
Pre-tax profit	"	36	45	39	31	32	-	-
Net profit (reported)	"	36	45	39	-	32	-	-
Net profit (adjusted)	"	20	24	25	31	27	(19)%	(7)%
EPS (adjusted)	USD/sh	0.51	0.45	0.47	0.55	0.51	(15)%	(7)%
Dividend per share	"	-	0.41	0.41	0.43	0.40	(5)%	2%
Net debt	USDm	583	751	890	n.a.	843	-	6%
Spot rates		Q3'22	Q2'23	Q3'23	Cons.	Pareto	vs. Cons.	vs. PAS

81,100

Comments

TFDE rates

Cool delivered EBITDA adj. of USD 63m (ex. USD 4.5m in amortization of intangible assets), slightly below PAS and cons. at USD 64 – 65m. TCE rates of USD 82,400/day was 1% below our expectations with higher opex (USD 1m) dragging down results as well

83,300

(1)%

82,400

- Other items were mostly in line and adj. for USD 9m in other financials, EPS adj. ended at USD 0.47 7% below us and 15% below cons.
- DPS was kept flat q/q at USD 0.41 for 12% yield. With four straight quarters of DPS of USD 0.40 0.41, Cool is establishing a track-record
- No word on the newbuilds ('continues to be in discussions with multiple potential charterers') or the vessel trading spot. NAV stands at around NOK ~200 per share (0.75x NAV)
- No guidance for Q3 either (presentation to be released later) but we see EPS flattish q/q around USD 0.48 (vs. USD 0.50 previously and cons. at USD 0.56). As such, a soft report with no news on the open tonnage
- Current 3Y TCs have come down to USD 80k/day for TFDEs. At this level (and still assuming USD 100k/day for the newbuilds), we see 2024 25e EPS of USD 1.9 and 2.2 some 15% below cons. Even though the wave of newbuilds coming is predominantly committed, quarterly deliveries are still moving from 8x in 2022 23 to 21x in 2024 26 and we argue there is risk to long-term estimates here
- · Call at 14:00 CET we will revert with comments

USD/day

73,200

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