

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

| P&L | | Actual | | | Q3'23e | | Deviation | |
|------------------------------|---------------|--------------|--------------|--------------|--------------|---------------|------------------|----------------|
| | | 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 |
| TFDE rates | USD/day | 73,200 | 81,100 | 82,400 | - | 83,300 | - | (1)% |

Comments

- 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
- 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

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