

Oil Tankers and Dry Bulk Update

12th Annual Capital Link Greek Shipping Forum

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Head of Research

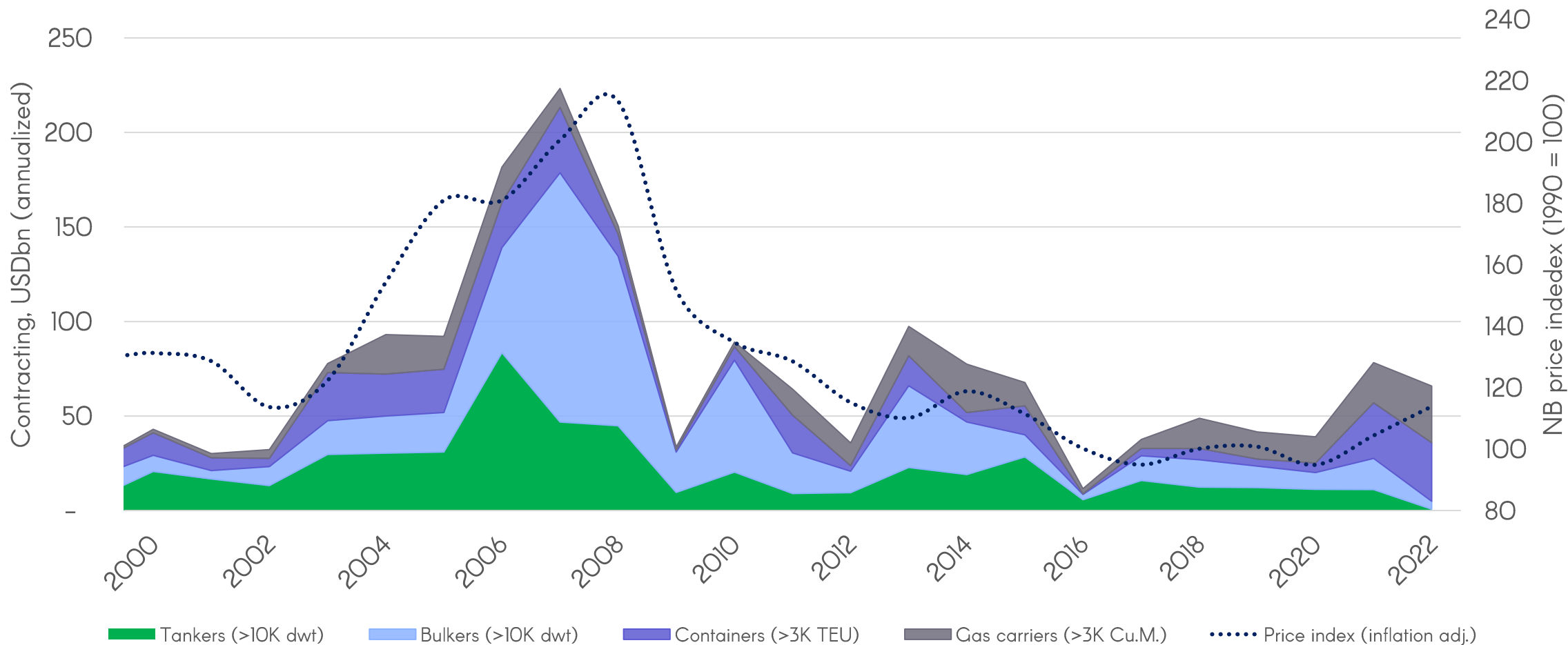
Capital Investments:	Prolonged period of underinvestment could lead to the 2020s being one of the best decades in a long time
Dry Bulk:	Strong fundamentals, record low orderbook, and further upside ahead
Oil Tankers:	Improving fundamentals could see our oil tanker share index up by 86% by 2H24E
Top Stock Picks:	2020 Bulkers, Golden Ocean, Genco, Okeanis, DHT, & Frontline



Capital Investments: Newbuild Contracting

A prolonged period of underinvestment in shipping could lead to the 2020s being one of the best decades in a long time

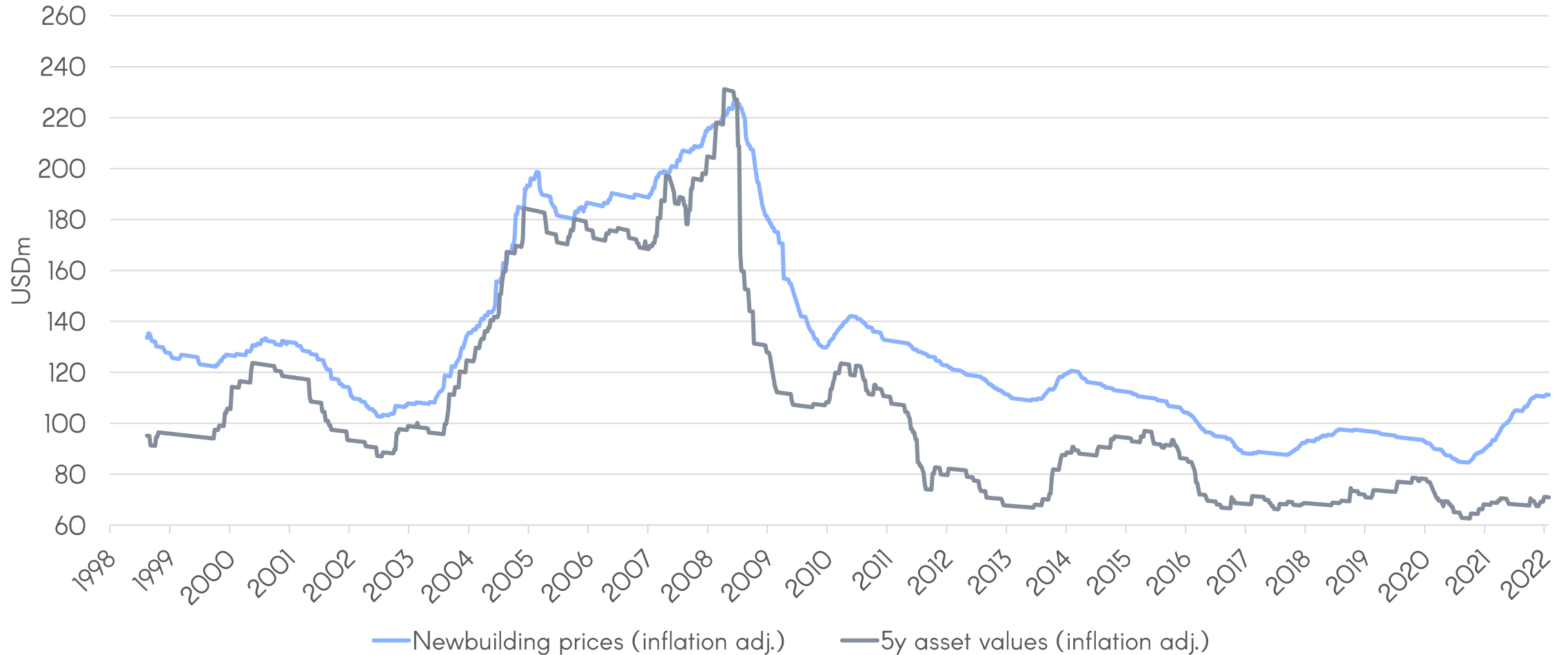
Newbuild contracting per year vs Cleaves' newbuild price index



Capital Investments: Second-Hand Prices

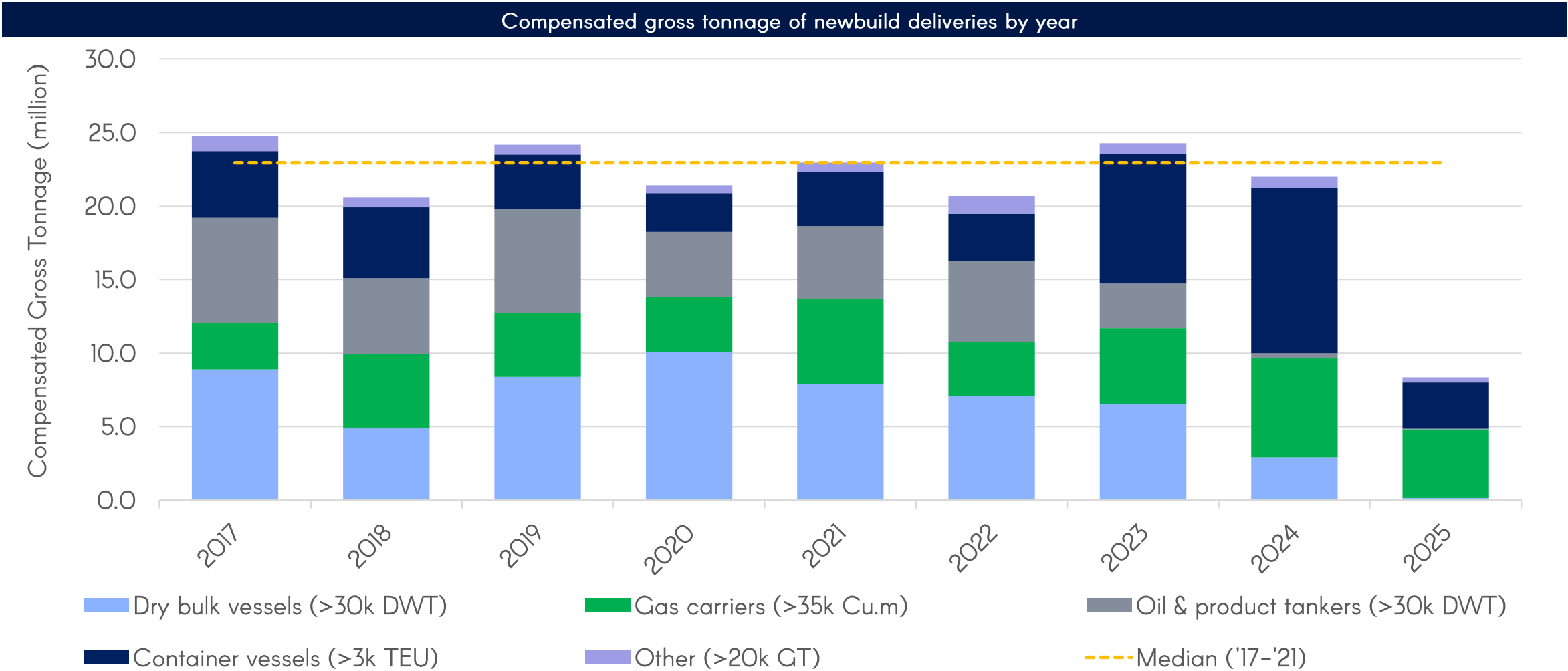
Second-hand asset prices are close to all-time-low, adjusted for inflation

VLCC newbuilding & 5-year-old vessel values (inflation adjusted)



Capital Investments: Yard Capacity

Except for some berths at Japanese yards, yard capacity looks very tight throughout 2024E

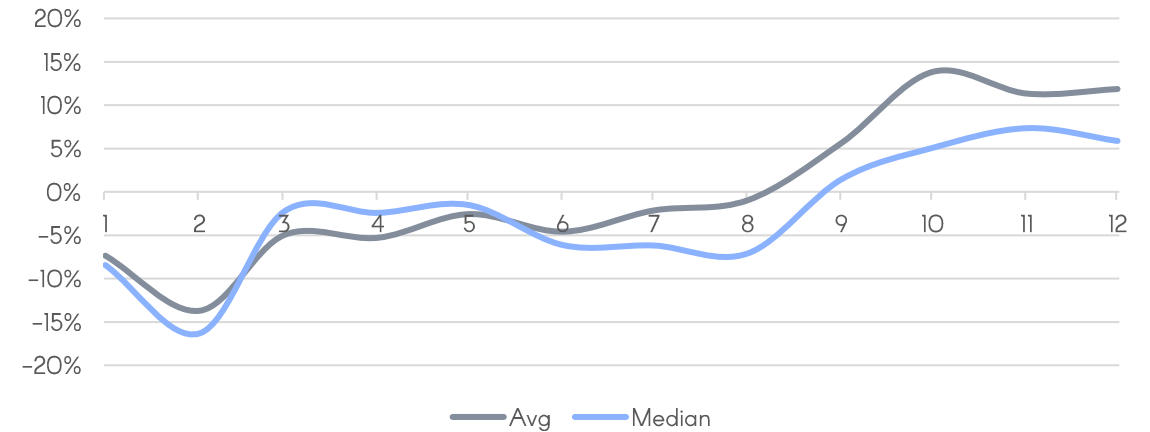


Dry Bulk: Demand

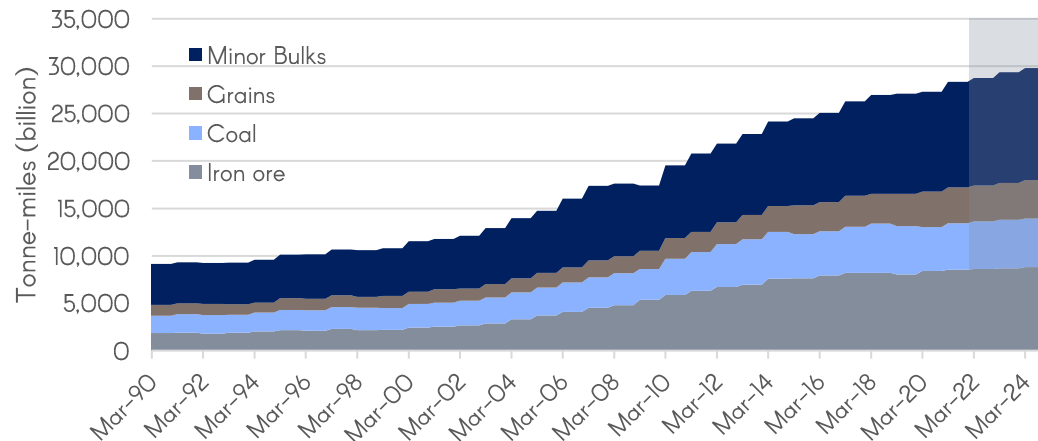
Key takes

- A lot of moving parts in the near term
- Seasonal tailwinds ahead
- Increased demand for most bulk commodities going forward

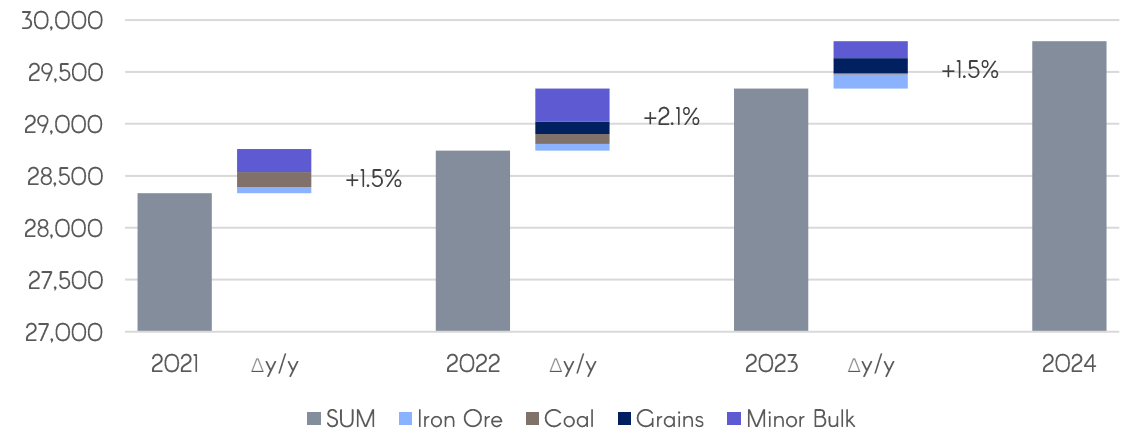
Baltic Dry Index seasonality since 1985



Steady growth in demand for dry bulk shipping



Steady growth in demand for dry bulk shipping



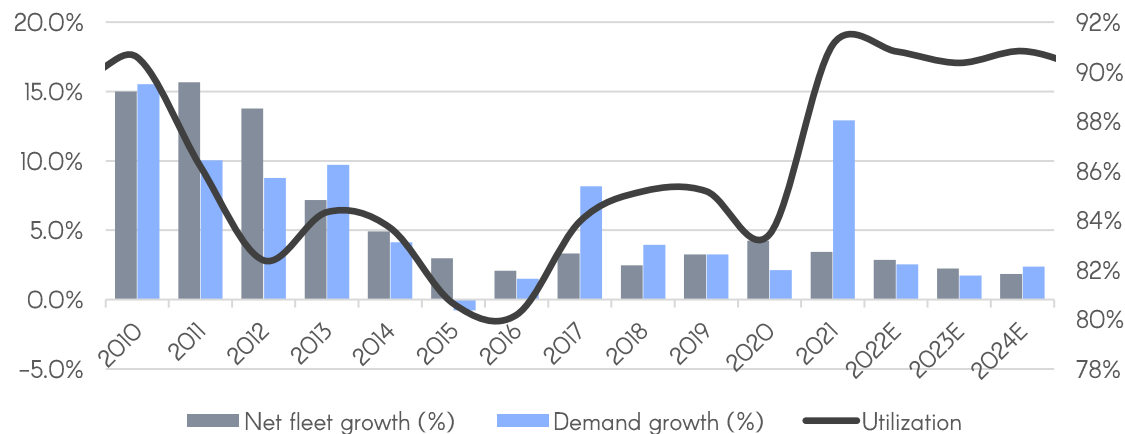
Dry Bulk: Supply and Market Balance

Extremely favorable supply dynamics

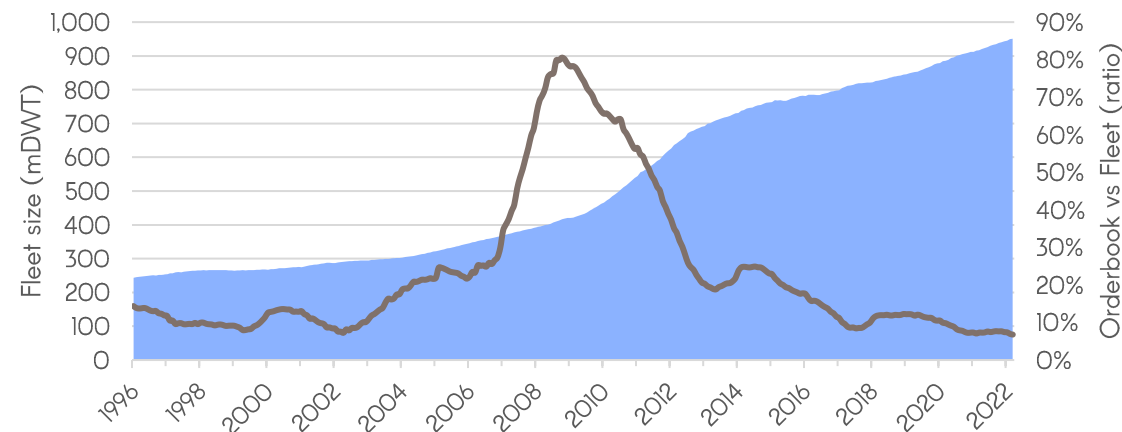
Key takes

- Orderbook is the lowest on record
- Still see large upside in values for larger vessels
- Our dry bulk share index could rise 38% by 4Q23E

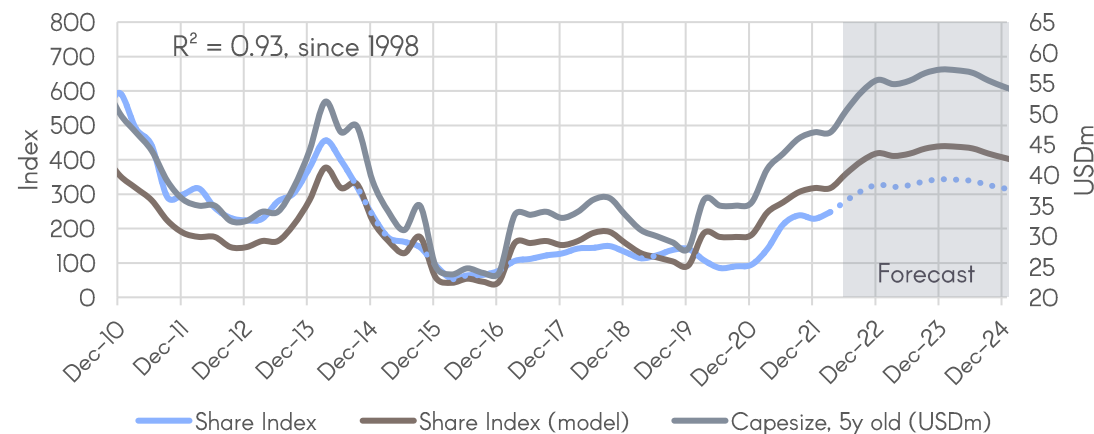
... and limited fleet growth...



Record-low orderbook...



...leading to rising asset prices and rising share prices



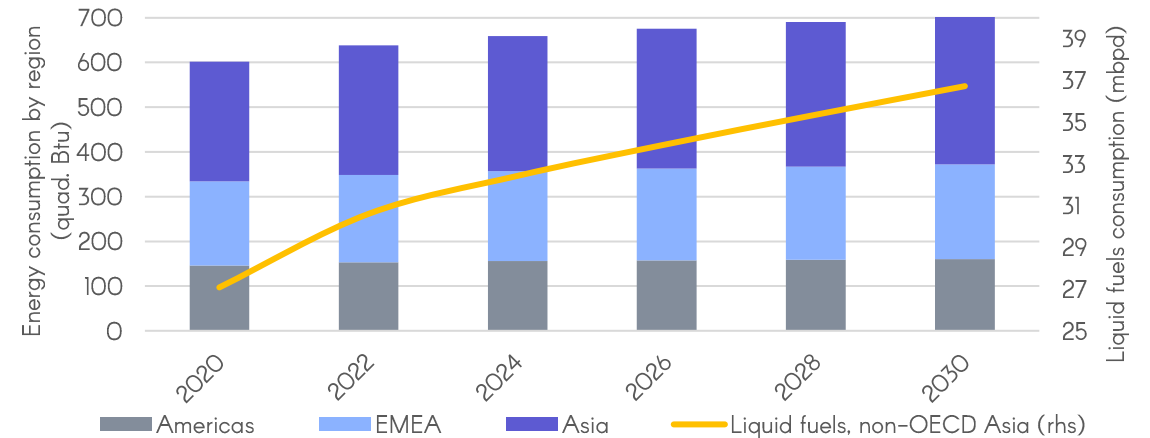
Oil Tankers: Long-Term Demand Dynamics

Supported by increased energy consumption in developing Asian economies, demand for oil tankers will continue to grow.

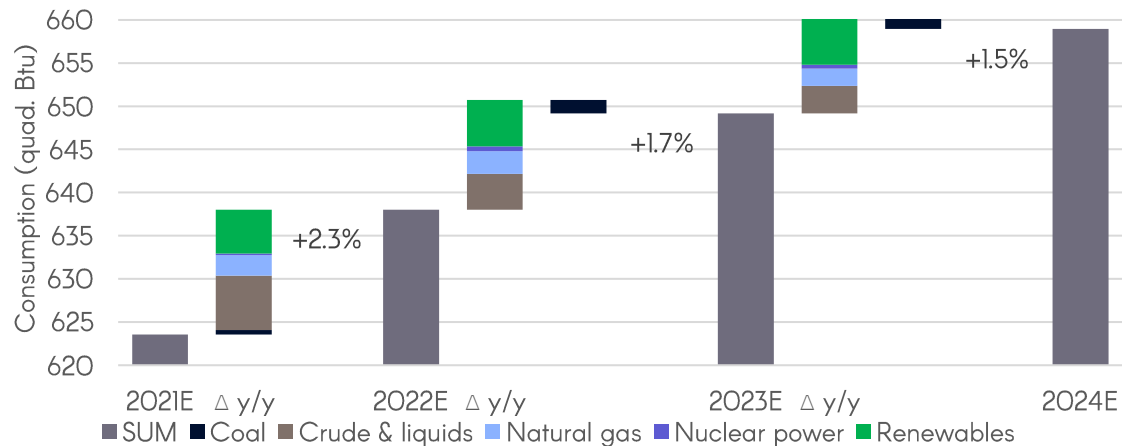
Key takes

- Across the 2020s, the world's total energy consumption is expected to rise by 17%, or 104×10^{15} British thermal units
- The green shift is happening, but the world still needs oil & gas
- Asia leads growth in liquid fuels consumption but has limited increases in crude oil production

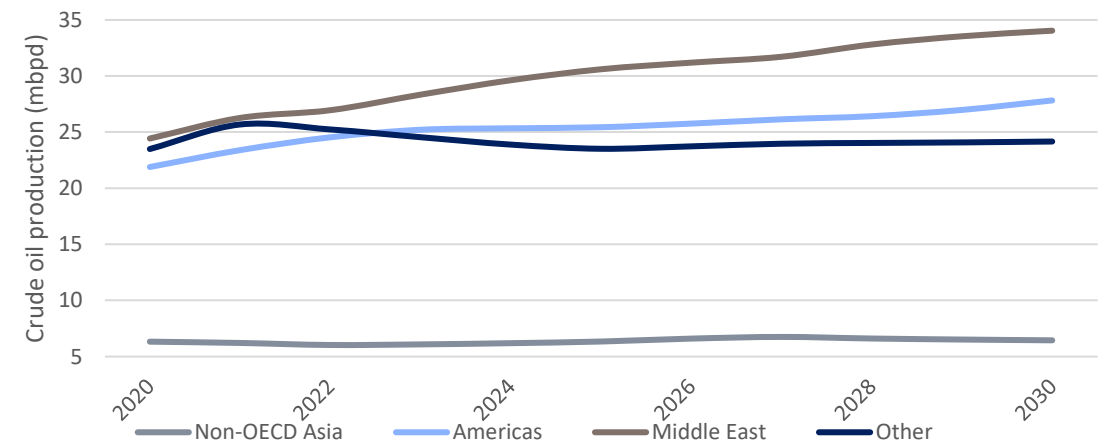
Most growth in energy consumption is expected to occur in non-OECD Asia



... in support, oil & natural gas production will continue to grow ...



... but growth in crude oil production will occur in other regions.



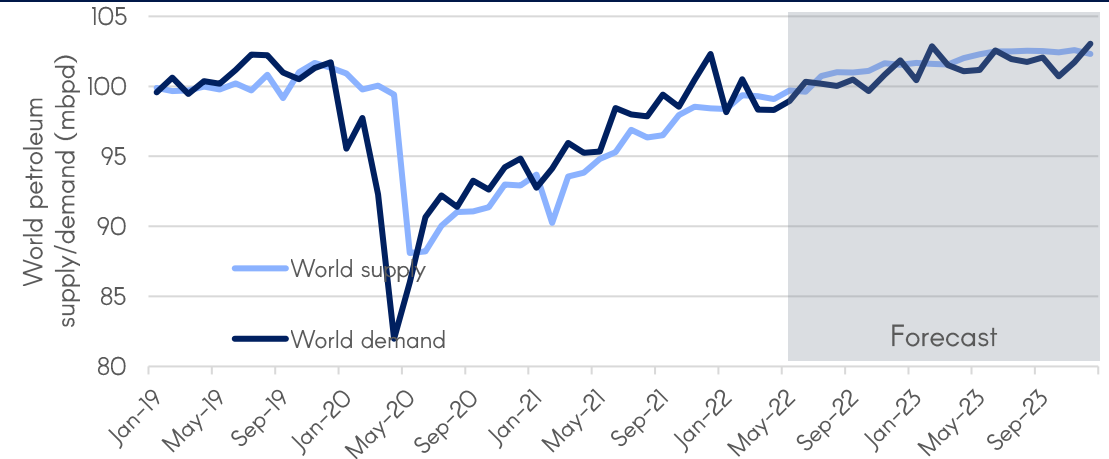
Oil Tankers: Medium-Term Demand Dynamics

Supply disruptions are causing near-term headwinds, but demand fundamentals are improving.

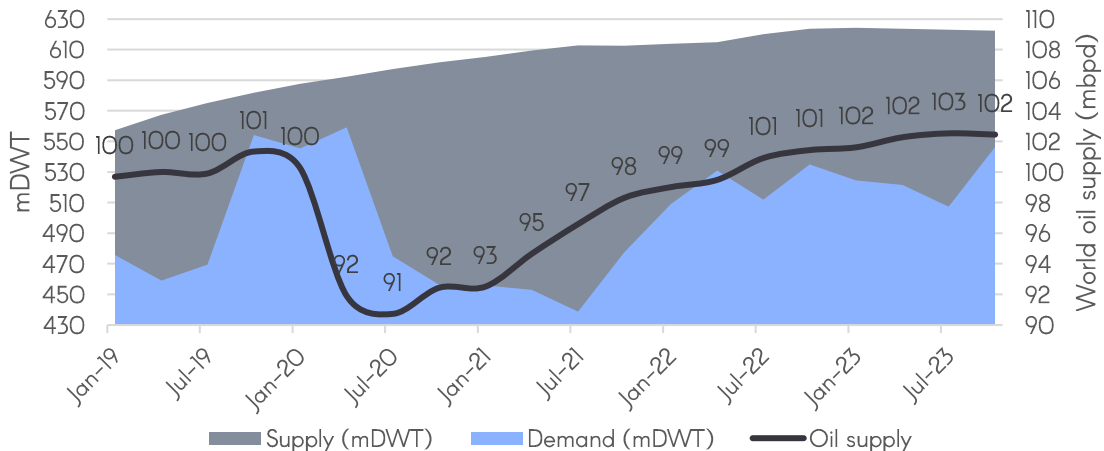
Key takes

- Global oil supply to hit pre-pandemic levels by end-2022E, meanwhile, tanker demand/supply balance has changed
- US grabbing market shares
- Upcoming inventory stocking cycle could be massive

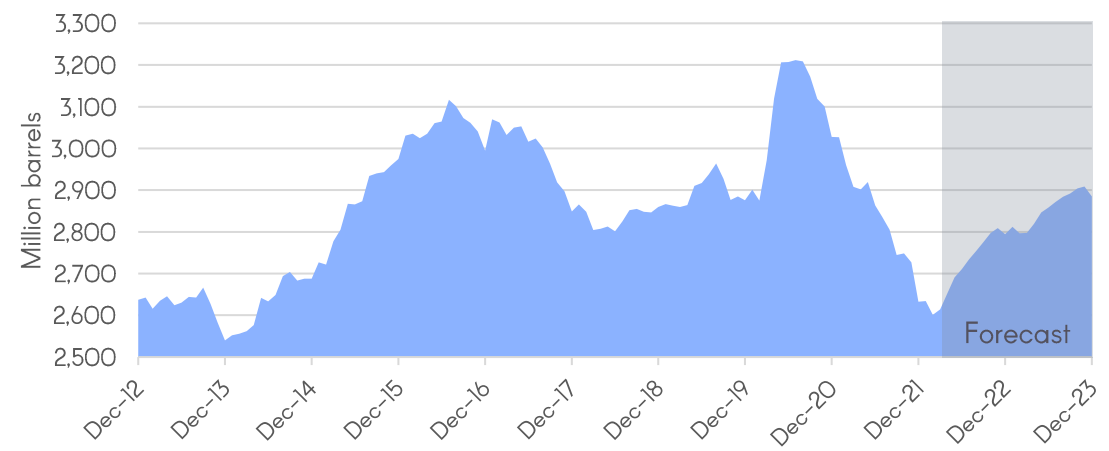
Oil markets rebalancing



Oil tanker supply/demand balance vs global oil supply



World Crude Oil & Liquid Fuels Inventory



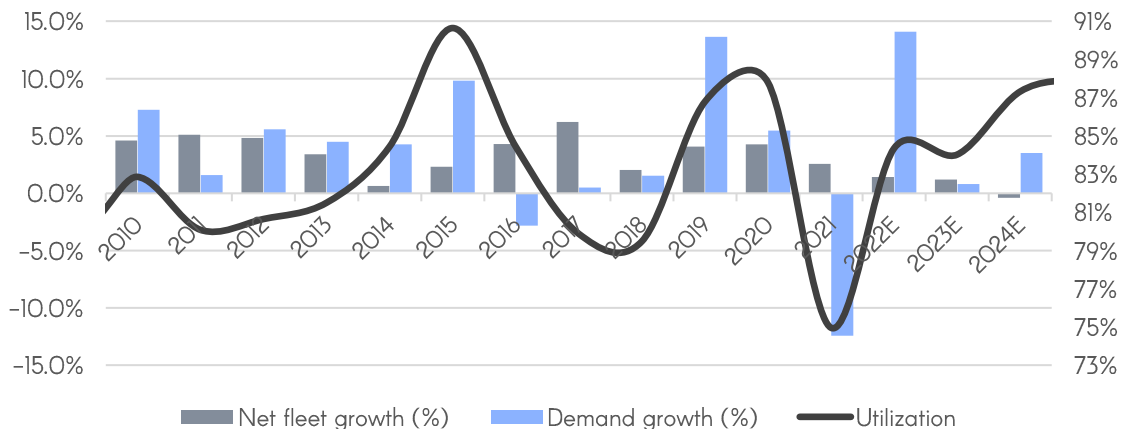
Oil Tankers: Supply and Market Balance

Extremely favorable supply dynamics

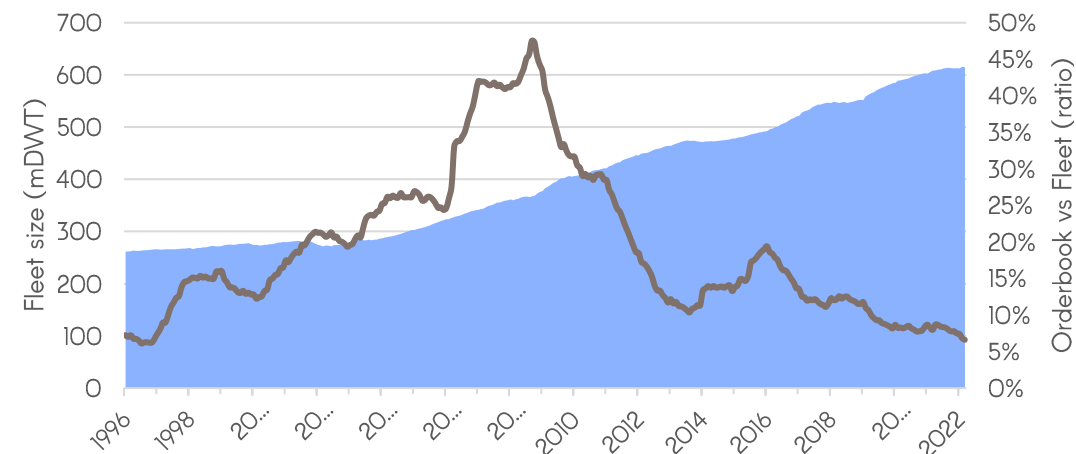
Asset prices has held up remarkably well

- Orderbook is record low
- Fleet utilization is expected to rise
- Our oil tanker share index could rise 86% by 4Q24E

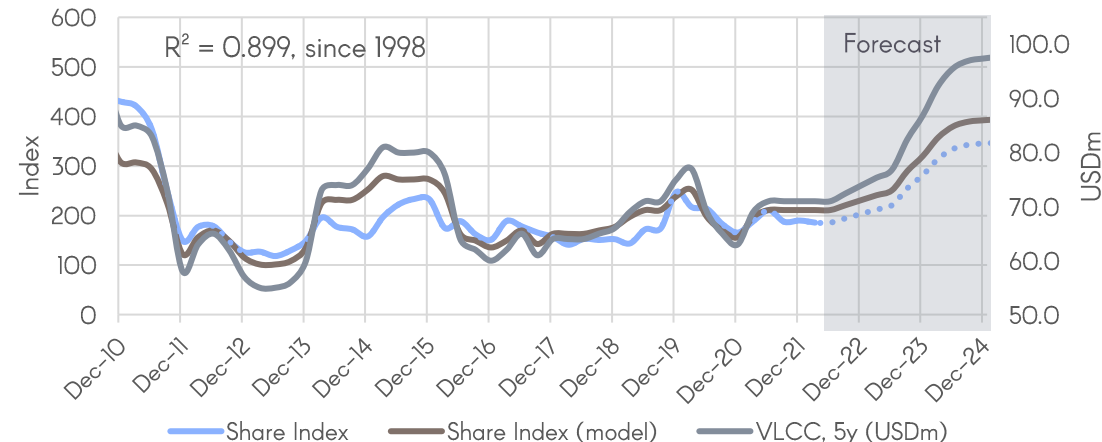
... and very low expected fleet growth...



Record-low orderbook...



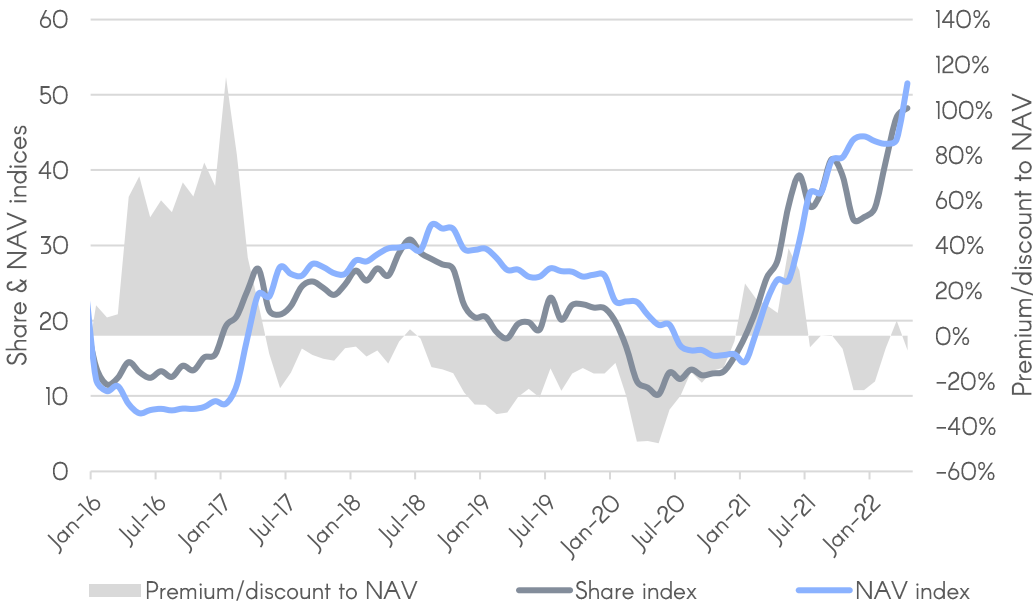
...leading to rising asset prices and rising share prices



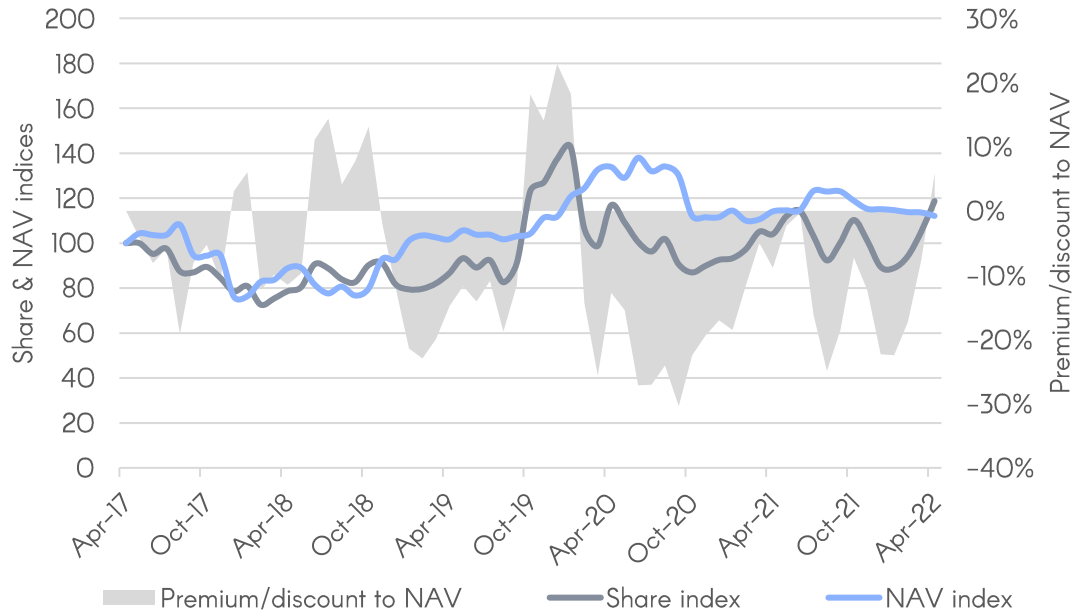
Share and NAV Indices

Still an opportunity to buy ahead of an expected surge in NAV, and by extension share prices

Cleaves' dry bulk share index & NAV index



Cleaves' oil tanker share index & NAV index



Top Stock Picks

Great opportunities ahead

Dry bulk space

- 2020 Bulkers (BUY/N212) – 77% upside
- Golden Ocean (BUY/\$23) – 72% upside
- Genco (BUY/\$37) – 63% upside

Oil tanker space

- Okeanis (BUY/N131) & DHT (BUY/\$7.8) – 37% upside
- Frontline (BUY/\$11) – 31% upside
- Hunter (BUY/N3.8) – 27% upside

Updated 3 May 19:31 CET

Company	Sector	Return 1y	Rec.	Target Price	Last Price	Target / Price	Now	P/NAV 1y fwd	ε	EV/ GAV	adj. equity
2020 NO	Dry	32%	BUY	212	120	77%	0.98	0.62	1.73	0.99	55%
BULK NO	Dry		BUY	248	82.9	199%	0.51	0.32	1.21	0.60	73%
DSX US	Dry	47%	BUY	7.5	5.1	48%	0.78	0.54	1.67	0.85	50%
EGLE US	Dry	53%	BUY	86.0	65.6	31%	1.02	0.96	1.12	0.87	76%
GNK US	Dry	44%	BUY	37.0	22.7	63%	0.93	0.73	1.13	0.94	75%
GOGL US	Dry	80%	BUY	23.0	13.3	72%	1.16	0.76	1.50	1.09	58%
HSHP NO	Dry		BUY	87.0	51.0	71%	0.84	0.48	4.61	0.97	21%
SBLK US	Dry	71%	BUY	46.0	30.1	53%	1.17	0.84	1.38	1.12	60%
Average, Dry Bulk		55%				77%	0.92	0.66	1.79	0.93	59%

Updated 3 May 19:11 CET

Company	Sector	Return 1y	Rec.	Target Price	Last Price	Target / Price	Now	P/NAV 1y fwd	ε	EV/ GAV	adj. equity
DHT US	Oil	-6%	BUY	7.8	5.7	37%	0.90	0.78	1.39	0.94	65%
EURN US	Oil	32%	BUY	13.0	11.5	13%	1.05	0.94	1.73	1.08	50%
FRO US	Oil	6%	BUY	11.0	8.4	31%	1.16	1.02	2.70	1.06	33%
HUNT NO	Oil	22%	BUY	3.8	3.0	27%	0.86	0.75	1.70	0.91	53%
INSW US	Oil	27%	BUY	26.0	21.9	19%	0.73	0.88	1.63	0.86	51%
NAT US	Oil	-23%	HOLD	1.9	2.6	-27%	1.14	1.05	1.69	1.08	50%
OET NO	Oil	27%	BUY	131.0	95.5	37%	0.89	0.78	2.88	0.97	33%
TNK US	Oil	16%	BUY	20.0	16.3	23%	0.90	0.90	1.82	0.95	44%
Average, Oil Tankers		13%				20%	0.96	0.89	1.94	0.98	47%

Cleaves Shipping Fund

A Unique long/short hedge fund in shipping with the first international tranche being launched in May/June

Fund Manager Hannisdahl's shipping investments

**Joakim
Hannisdahl**

Our Fund Manager
has been ranked #1
shipping equity
analyst by Bloomberg

286%

Return on
Hannisdahl's shipping
investments since
mid-2017
(32% CAGR)

61%

Cleaves Shipping
Fund's CAGR since
inception in October
2021
(30% CAGR in USD)



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Dry Bulk:	Strong fundamentals, record low orderbook, and further upside ahead
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Top Stock Picks:	2020 Bulkers, Golden Ocean, Genco, Okeanis, DHT, & Frontline





Thank you!

Peter Michael E. Christensen, Head of Research

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Appendix: Our Shipping Company Universe at a Glance

Updated 3 May 19:48 CET

Company	Sector	Return ly	Rec.	Target Price	Last Price	Target/ Price	Now	P/NAV ly fwd	ε	EV/ GAV	adj. equity	EV/EBITDA			Dividend yield		
												2021	2022	2023	2021	2022	2023
DHT US	Oil	-6%	BUY	7.8	5.7	37%	0.90	0.78	1.39	0.94	65%	0.2	9.9	2.7	44%	1%	11%
EURN US	Oil	32%	BUY	13.0	11.5	13%	1.05	0.94	1.73	1.08	50%	0.1	18.8	4.7	33%	1%	5%
FRO US	Oil	6%	BUY	11.0	8.4	31%	1.16	1.02	2.70	1.06	33%	0.3	14.7	5.0	43%	1%	11%
HUNT NO	Oil	22%	BUY	3.8	3.0	27%	0.86	0.75	1.70	0.91	53%	0.1	12.0	4.2	35%	1%	11%
INSW US	Oil	27%	BUY	26.0	21.9	19%	0.73	0.88	1.63	0.86	51%	0.2	18.5	4.4	44%	1%	10%
NAT US	Oil	-23%	HOLD	1.9	2.6	-27%	1.14	1.05	1.69	1.08	50%	0.2	40.5	4.7	32%	2%	7%
OET NO	Oil	27%	BUY	131.0	95.5	37%	0.89	0.78	2.88	0.97	33%	0.2	12.1	5.0	44%	4%	13%
TNK US	Oil	16%	BUY	20.0	16.3	23%	0.90	0.90	1.82	0.95	44%	0.5	99.2	3.1	64%	0%	8%
Average, Oil Tankers		13%				20%	0.96	0.89	1.94	0.98	47%	0.2	28.2	4.2	42%	1%	10%
2020 NO	Dry	32%	BUY	212	120	77%	0.98	0.62	1.73	0.99	55%	0.2	4.2	2.9	27%	29%	44%
BULK NO	Dry		BUY	248	82.9	199%	0.51	0.32	1.21	0.60	73%	0.2	1.4	0.9	52%	61%	73%
DSX US	Dry	47%	BUY	7.5	5.1	48%	0.78	0.54	1.67	0.85	50%	0.0	3.3	2.0	29%	15%	21%
EGLE US	Dry	53%	BUY	86.0	65.6	31%	1.02	0.96	1.12	0.87	76%	0.1	3.5	3.1	14%	8%	6%
GNK US	Dry	44%	BUY	37.0	22.7	63%	0.93	0.73	1.13	0.94	75%	0.2	2.8	2.4	21%	17%	28%
GOGL US	Dry	80%	BUY	23.0	13.3	72%	1.16	0.76	1.50	1.09	58%	0.2	3.4	2.9	18%	20%	22%
HSHIP NO	Dry		BUY	87.0	51.0	71%	0.84	0.48	4.61	0.97	21%	0.3		7.1	46%	0%	15%
SBLK US	Dry	71%	BUY	46.0	30.1	53%	1.17	0.84	1.38	1.12	60%	0.0	3.2	2.8	20%	24%	28%
Average, Dry Bulk		55%				77%	0.92	0.66	1.79	0.93	59%	0.1	3.1	3.0	28%	22%	30%
ALNG NO	LNG	199%	HOLD	4.8	6.3	-24%	1.43	1.07	4.37	1.09	21%	6.6	7.6	12.6	0%	10%	6%
FLNG NO	LNG	201%	HOLD	170	269	-37%	1.20	1.04	2.13	1.09	44%	11.4	9.4	10.0	6%	8%	8%
Average, LNG Carriers		200%				-30%	1.31		3.25	1.09	33%	9.0	8.5	11.3	3%	9%	7%
AGAS NO	LPG	-2%	BUY	58	40	43%	0.49	0.50	1.97	0.75	46%	0.0	4.2	6.3	11%	10%	9%
BWLPG NO	LPG	7%	BUY	82	62	33%	0.61	0.54	1.28	0.74	60%	0.0	3.1	4.8	11%	11%	6%
LPG US	LPG	24%	BUY	19.0	14.9	28%	0.54	0.54	1.31	0.68	65%	0.0	3.7	6.2	7%	15%	8%
Average, LPG Carriers		9%				35%	0.55	0.53	1.52	0.72	57%	0.0	3.7	5.8	10%	12%	8%
Average of all segments		69%				25%	0.93	0.69	2.13	0.93	49%	2.4	10.9	6.1	21%	11%	14%

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Recommendation Percent

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HOLD	18%
SELL	0%

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