

TORM

Market: OMXC Large Cap

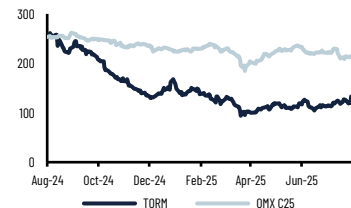
Ticker: TRMD A

Share price (DKK): 128.6

Market cap (DKK): 12.6bn

Net debt (DKK): 4.9bn

Enterprise value (DKK): 17.5bn

Share information

YTD -7.1% 1 year: -49.6%
 1 month: 13.8% 3 years: -4.9%

Note: *We apply the closing price from 15 August 2025
 Index rebased to 16 August 2024. Source: S&P Capital IQ

Financials

(USDm)	2023	2024	2025E*
TCE income	1,084	1,135	800-950
TCE growth	10.4%	4.7%	-30% to -16%
EBITDA	848	851	475-625
EBITDA margin	78%	75%	50% - 78%
Net income	648	612	N/A
Net income margin	60%	54%	N/A
Cash	296	291	N/A
Interest-bearing debt	1,069	1,239	N/A

Note: *Based on company guidance. Margins calculated against TCE income, rather than total revenue. Guidance upgraded with Q2'25 results from TCE income USD 700-900m and EBITDA 400-600m

Valuation multiples

	2023	2024	2025E*
P/S (x)	2.4	1.7	2.2
EV/Sales (x)	3.2	2.3	3.0
EV/EBITDA (x)	4.1	3.1	5.6
EV/EBIT (x)	5.0	4.0	8.0
P/E (x)	4.0	3.1	7.7
P/NAV (x)**	0.9	0.7	0.9
Div yield (%)	15.7	15.5	8.2

Note: Multiples for 2023 and 2024 are based on historical numbers. *Multiples in 2025 are based on consensus estimates from S&P Capital IQ. **P/NAV based on TORM's self reported NAV; historical dividend yields based on average share price.

Company description

TORM is a leading international owner and operator of product tankers, transporting refined oil products. TORM is listed on Nasdaq Copenhagen and on the Nasdaq US, with a wholly owned fleet of approx. 90 vessels (mostly scrubber-fitted), spanning all large product tanker vessel segments with a focus on LR2, LR1, and MR. TORM has a majority shareholder in Oaktree Capital Management (41%). TORM engages in vessel trading to ensure fleet renewal and pursue secondary market opportunities that are accretive to NAV.

Investment case

Product tanker markets face ongoing elevated ton-miles due to structural shifts following the war in Ukraine, and sanctions on Russian and dark fleet vessels. TORM operates in the spot market and tactically via longer-term coverage contracts, consistently delivering best-in-class incomes, supported by its in-house "One TORM" operating platform, combining commercial and technical management under one-roof. The One TORM platform also supports high fleet flexibility so it can adjust fleet positioning in response to market and geopolitical developments.

TORM delivered USD 485m in dividends to shareholders in connection with 2024 results (and USD 78m declared in connection with H1 2025). Despite tanker rates softening in 2025 TORM can continue returning cash to shareholders as product tanker rates remain above historical averages. Ton-miles have returned to pre-Red Sea-disruption levels geopolitics such as tariffs, sanctions, and conflict to continue driving volatility, which can present challenges and opportunities. TORM's balance sheet remains strong supported by active vessel sales in H1 2025 as part of the ongoing vessel trading and fleet optimization policy to offload vessels approaching 20yrs+ in age.

Analysts project ongoing strong dividend yields of 8% for 2025E and 2026E as cash return remains high, also among the highest level of its peers. Valuation multiples trade roughly in line with peers with among the highest dividend yields for 2025E.

Key investment reasons

TORM continues generating strong cash flow and leading return on invested capital (ROIC) among peers despite markets easing. TORM maintains its shareholders distribution policy to return quarterly dividends, presenting a strong dividend yield on an ongoing basis. A strong balance sheet may also support opportunistic vessel acquisitions if prices are attractive.

TORM expects that the product tanker market no longer benefits from the Red Sea situation, given crude tanker cannibalization, making product tankers less exposed to geopolitics. Ton mile growth can be driven by European inventory rebuild, Western refinery closures, and increasing clean petroleum product supply.

Limited shipyard capacity delays new deliveries to 2026/2027, slowing fleet growth, which may be partially offset by increased scrapping given an aging fleet, lower product tanker rates, and as environmental regulations reduce the feasibility of older vessels.

Key investment risks

TORM operates in volatile markets with spot rates prone to significant fluctuations, rising rapidly in 2022, but also declining in recent months. A demand shock or shift in the market, such as an end to the sanctions on Russia or the re-opening of the Red Sea, would likely reduce forward analyst estimates. Tariffs can also have an uncertain impact, despite Trump generally being pro-oil.

A dirty-clean switch following the Red Sea disruption, where crude tankers step into the clean product trade cannibalizing the product tanker market has normalized in Q2 2025 but represents ongoing risk of negative volume impacts for the product tanker market as the Red Sea avoidance continues due to conflict.

An orderbook of 21% may lead to net fleet growth exceeding demand growth, negatively impacting rates. However, the net fleet growth may be partially offset by new OFAC sanctions, elevated scrapping, an extended timeline for vessel deliveries e.g. 2026+.

Peer group

Company	Price (local)	Total return YTD	Market cap (USDm)	EV (USDm)	EV/EBITDA		EV/EBIT		Div yield	
					2025E	2026E	2025E	2026E	2025E	2026E
Hafnia Ltd.	NOK 54.7	-7.6%	2,675	3,583	6.4	6.1	10.1	9.3	8.9%	10.9%
Scorpio Tankers Inc.	USD 45	-6.9%	2,123	2,466	4.9	5.1	7.8	7.4	3.6%	3.8%
Ardmore Shipping Corp.	USD 10.7	-11.1%	433	440	5.1	4.9	9.2	9.2	2.4%	3.0%
International Seaways Inc.	USD 41.6	20.1%	2,056	2,467	6.0	5.9	9.4	8.8	7.9%	8.7%
d'Amico Intl Shipping S.A.	EUR 3.7	-1.2%	487	633	4.6	5.5	7.7	10.1	5.7%	3.7%
Median		-6.9%	2,056	2,466	5.1	5.5	9.2	9.2	5.7%	3.8%
TORM plc	DKK 128.6	-2.0%	1,977	2,741	5.6	6.4	8.0	9.4	8.2%	8.4%
Premium (+) / Discount (-) to peers					9%	15%	-13%	2%		

Note: data from 15/08/2025

Source: S&P Capital IQ

Note: Consensus data from S&P Capital IQ not available for TORM's PE. Dividend yield 2025E includes dividend declared in connection with Q1 2025 results of USD 0.4/share, and Q2 2025 of USD 0.4/share (ex. dividend date: 21 August 2025) and is not adjusted for dividends paid.

Appendix



Estimates and assumptions: The data in the peer group concerning the peer companies has not been calculated by HC Andersen Capital but is instead consensus analyst estimates S&P Capital IQ. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers S&P Capital IQ a credible source of information.

Selected product tanker peers overview:

Peer group overview: TORM's peer group consists of peers engaged in the ownership and operation of product tankers. The selected peers operate at a similar scale to TORM, with Hafnia also listed in the Nordics.

Scorpio Tankers: Scorpio Tankers is an international owner and operator of product tankers, carrying refined oil products and chemicals worldwide. Scorpio Tankers' owns a combination of LR2, MR, and Handymax tankers, with a greater share of its vessels fixed with or plans to be fitted with scrubbers. Scorpio Tankers is listed on the New York Stock Exchange (NYSE), and operates its vessels through commercial pools, together with other shipowners, to benefit from greater vessel utilization. Activities are primarily positioned towards the spot market.

Hafnia: is an international owner and operator of product tankers, carrying refined oil products and chemicals worldwide with a focus on the LR2, LR1, MR, Handy, and chemical tanker vessel segments. Hafnia is listed in Oslo, Norway, and is pursuing a listing in the US. Hafnia also operates a number of commercial shipping pools aggregating earnings across pool participants.

International Seaways Inc: is an international owner and operator of crude tanker and product tanker vessels, transporting dirty and clean petroleum products globally. The company owns or operates a fleet of over 70 vessels across crude tanker and product vessel segments, including, crude tankers: VLCC, Suezmax, Aframax, product tankers: LR2, LR1, and MR. International Seaways is listed on the New York Stock Exchange (NYSE).

Ardmore Shipping Corp: is an international owner and operator of product tankers, carrying refined oil products and chemicals worldwide. Ardmore Shipping is listed on the New York Stock Exchange (NYSE) and focuses on the MR vessel segment, also operating its vessels in commercial shipping pools.

d'Amico International Shipping SA: is an international owner and operator of product tanker vessels, transporting refined crude products globally. The company is listed on the Milan Stock Exchange and owns and charters vessels, operating over 30 vessels, across product tanker vessel segments, including LR1, MR, and Handysize.