

## Share information



Ytd: 6.3% 1 year: 23.0%  
 1 month: 0.5% 3 year: 319.9%

Note: \*We apply the closing price from 22 March 2024  
 Index rebased to 23.03.2023. Source: Refinitiv

## Financials

(USDm)	2022	2023	2024E*
TCE Income	1,346.7	1,366.6	1,519
TCE growth	234%	1.5%	11%
EBITDA	1,006.9	1,012.9	1,030
EBITDA margin	74.8%	74.1%	68%
Net income	751.6	793.3	774
Net income margin	55.8%	58.0%	51%
Cash	174.4	141.6**	N/A
Interest-bearing debt	1,775.3	1,292.4	N/A

Note: \*Consensus analyst estimates from Refinitiv. Margins calculated against TCE Income. \*\*Hafnia also has USD 80.9m in restricted cash

## Valuation multiples

	2022	2023	2024E*
P/S (x)	1.4	1.3	2.4
EV/Sales (x)	2.3	1.7	3.1
EV/EBITDA (x)	4.2	4.5	4.5
EV/EBIT (x)	5.3	5.7	5.7
P/E (x)	3.3	4.4	4.7
P/NAV (x)**	0.8	0.9	N/A
Div yield (%)	15.6	14.5	16.0

Note: Multiples for 2022 and 2023 are based on historical numbers. \*Multiples in 2024 are based on year-end 2024 market prices and consensus estimates from Refinitiv. \*\*P/NAV based on Hafnia's self-reported NAV

## Company description

Hafnia is one of the largest owners and operators of product and chemical tankers globally. Hafnia is listed in Norway, and is also pursuing a listing in the US. It provides global freight services in the product tanker market, transporting oil products and easy chemicals. It manages seven commercial shipping pools, bringing together self-owned and externally-owned vessels, and leveraging economies of scale while reducing risk for pool participants by aggregating earnings across all vessels based on a points system.

## Investment case

Product tanker rates have remained strong since the war in Ukraine disrupted trade flows, elevating industry ton miles leading to very high vessel utilisation. Hafnia realised a record result in 2023, decreasing its debt (LTV <30%) and increasing dividends. Market rates remain historically high, with a positive near-medium term outlook which can support strong shareholder returns.

Hafnia trades in the spot market, periodically taking longer-term cover contracts. Hafnia retains its positive market outlook supported by growing oil supply and demand forecasts, with favourable ton mile effects as Eastern refineries service a growing number of Western customers, low on-land inventories in Europe, and an orderbook that remains low on net with a moderate order book of 13% projected to be largely offset by elevated scrapping due to an aging fleet.

Hafnia has returned sizeable dividends since 2022 (USD 876m) and can continue to do so in strong markets, with analysts projecting dividend yields of 16% and 14% for 2024E and 2025E, respectively, paid on a quarterly basis, following a dividend yield of 15% 2023 (USD 497m), a payout ratio of 64.1%. If Hafnia's LTV drops equal to or below 20% its payout ratio will increase to 80%.

Looking at the peer group below, at a slightly lower P/E, than its peer group average with among the highest dividend yield forecasts for 2024E and 2025E.

## Key investment reasons

Hafnia has generated large cash flows in recent years as strong market conditions have supported earnings and, in turn, strong dividends. Future shareholder returns can be supported by continued market strength, and a low and further declining loan-to-value (LTV), supporting a sizeable dividend payout ratio.

Product tanker rates remain significantly above historical levels, despite falling somewhat from 2022 highs. Rates will likely remain volatile but are supported by growing oil demand, increased ton miles, low inventories, and the Red Sea and Panama Canal impacts.

Product tanker owners face favourable vessel supply conditions, with a low net orderbook as a moderate orderbook (c. 13%), which is constrained until ~2027 by limited yard capacity, and is largely offset by forecast scrapping due to an aging fleet. New supply is also disincentivised because of high interest rates, and future green fuel availability risk.

## Key investment risks

Hafnia operates in volatile markets with spot rates prone to significant fluctuations. While structural market factors can support spot rates, a global recession that reduces oil product demand, could see rates fall significantly.

The product tanker market is affected by geopolitics, including the sanctions on Russia and conflict in the Red Sea subject to unpredictable developments. In addition, recent attacks on Russian refineries may reduce clean petroleum product supply, however, effects on mainstream trading markets may be limited, instead primarily affecting the "dark fleet".

There is a risk that a rush of new vessel orders reduces the longer-term market outlook, especially given recent increases to the orderbook. In addition, scrapping may develop slower than expected if rates remain strong, increasing the net vessel supply outlook.

## Peer group

Company	Price (local)	Total return YTD	Market cap (USDm)	Net Debt/EBITDA 2024E	Net Debt/EBITDA 2025E	EV/EBITDA 2024E	EV/EBITDA 2025E	P/E 2024E	P/E 2025E	Dividend yield 2024E	Dividend yield 2025E
Scorpio Tankers Inc	USD 73.1	20.8%	3,880	0.5x	0.5x	5.2x	8x	5.9x	6.6x	2.2%	2.2%
Torm PLC	DKK 233.2	14.2%	3,145	0.7x	1x	4.6x	5.2x	5.1x	5.9x	19.0%	15.7%
Ardmore Shipping Corp	DKK 16.7	20.1%	694	-0.5x	-1.4x	4.6x	5.7x	5.6x	7x	6.3%	5.5%
d'Amico International Shipping SA	USD 6.2	10.2%	843	0.4x	-0.2x	5x	6.5x	6.3x	9.3x	5.0%	4.3%
International Seaways Inc	USD 53.3	20.2%	2,606	0.5x	0.5x	4.6x	4.6x	5.4x	5.3x	9.9%	11.9%
<b>Average</b>		<b>17.1%</b>	<b>2,234</b>	<b>0.3x</b>	<b>0.1x</b>	<b>4.8x</b>	<b>5.6x</b>	<b>5.6x</b>	<b>6.8x</b>	<b>8.5%</b>	<b>7.9%</b>
<b>Hafnia Ltd</b>	<b>NOK 74.7</b>	<b>10.1%</b>	<b>3,609</b>	<b>0.7x</b>	<b>0.5x</b>	<b>4.5x</b>	<b>5.4x</b>	<b>4.6x</b>	<b>5.6x</b>	<b>16.0%</b>	<b>13.5%</b>

Premium (+) / Discount (-) to peers

Note: Data from 22/03/24

Source: Refinitiv

# 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 (Mean estimates) from Refinitiv. HC Andersen Capital assumes no responsibility for the correctness of the numbers in the peer group; however, considers Refinitiv a credible source of information.

## **Selected product tanker peers overview:**

Peer group overview: Hafnia's peer group consists of peers engaged in the ownership and operation of product tankers. The selected peers operate at a similar scale to Hafnia, with Torm 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 Tanker operates its vessels through commercial pools, together with other shipowners, to benefit from greater vessel utilisation. Activities are primarily positioned towards the spot market.

Torm: is an international owner and operator of product tankers, carrying refined oil products and chemicals worldwide. Torm is listed in Copenhagen and on the US Nasdaq, with a focus on the LR2, LR1, and MR vessel segments.

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.