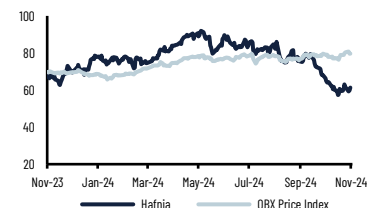


Share information



Ytd	-12.7%	1 year:	-13.0%
1 month:	-10.1%	3 year:	268.1%

Note: *We apply the closing price from 27 November 2024 Index rebased to 27.11.2023. Source: S&P Capital IQ

Financials

(USDm)	2022	2023	2024E*
TCE Income	1,346.7	1,366.6	1,492
TCE growth	234%	1.5%	9%
EBITDA	1,006.9	1,012.9	1,062
EBITDA margin	74.8%	74.1%	71%
Net income	751.6	793.3	780
Net income margin	55.8%	58.0%	56%
Cash	174.4	222.5	N/A
Interest-bearing debt	1,775.3	1,292.4	N/A

Note: *Consensus analyst estimates from S&P Capital IQ. Margins calculated against TCE income.

Valuation multiples

	2022	2023	2024E*
P/S (x)	1.4	1.3	2.7
EV/Sales (x)	2.3	1.7	2.9
EV/EBITDA (x)	4.2	4.5	4.2
EV/EBIT (x)	5.3	5.7	5.2
P/E (x)	3.3	4.4	4.9
P/NAV (x)**	0.8	0.9	0.6
Div yield (%)	15.6	14.5	20.7

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 S&P Capital IQ. **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 the NYSE, as of April 2024. 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 markets have structurally shifted following the war in Ukraine, as altered trade flows increased industry ton-miles. Ton miles remain elevated, with persisting sanctions on Russia, the Red Sea situation, and low clean petroleum products (CPP) inventories.

Hafnia trades in the spot market, periodically taking longer-term cover contracts. Hafnia retains its positive market outlook driven by growing oil supply and demand forecasts and with increasing ton-miles as Eastern refineries service more Western customers. Additionally, low on-land inventories, and an orderbook that remains low on a short-term basis and still low net of vessels over 20 years old, despite increasing recently (orderbook 20% fleet).

Hafnia has returned sizeable dividends since 2022 (around USD 1.5bn) and can continue to do so as markets remain supportive. A falling loan-to-value (LTV) led Hafnia to increase its dividend payout ratio to 90% in Q3 2024. Hafnia will distribute capital via dividends and share buybacks moving forward, particularly as its current valuation is below its net asset value (P/NAV<1). Analysts forecast dividend yields of 17% and 16% for 2025E and 2026E, respectively (9M 2024 dividends totaled USD 577m).

Looking at the peer group below, Hafnia trades in line with its peer group average, with among the highest dividend yield forecasts for 2024E and 2025E. Hafnia's self-reported NAV reflects a current P/NAV around 0.6x significantly below historical levels.

Key investment reasons

Hafnia has generated large cash flows in recent years as strong market conditions have supported earnings and, in turn, strong dividends. Ongoing strong markets, despite easing somewhat in H2 2024, and a low loan-to-value (LTV) <20% Q3 2024, can support high payout ratios (dividends & buybacks) of 90% and above. Hafnia announced a USD 100m buyback in connection with Q3 2024.

Product tanker rates remain significantly above historical averages, and while rates remain volatile, due to high utilization, the market structure remains supportive. Ongoing ton mile growth can be driven by returning Chinese demand growth, refinery closures in Europe, and rising overall oil and CPP supply in 2025.

While the product tanker orderbook has grown, limited shipyard capacity delays new order deliveries to 2027/2028, slowing fleet growth. Increased scrapping could materialize if rates decline, and as tighter environmental regulations pressure older vessels.

Key investment risks

Hafnia operates in volatile markets with spot rates prone to significant fluctuations. Analysts still expect a stronger winter market, however, this has not yet materialized. A demand shock or shift in the market, such as an end to the Russian-Ukraine war and sanctions on Russia or the re-opening of the Red Sea would likely reduce forward analyst estimates.

A dirty-clean switch in 2024 where larger crude tankers cannibalize part of the product tanker market may continue if the crude market does not strengthen. This trend may reverse as Saudi Arabia plans to ramp up crude exports from December 2024.

There is a risk that an orderbook in excess of expected scrapping leads to vessel supply growth outpacing demand growth. Environmental regulations and aging fleets may increase scrapping from very low levels, however, uncertainty remains.

Peer group

Company	Price (local)	Total return YTD	Market cap (USDm)	Latest net debt (USDm)	EV/EBITDA		EV/EBIT		P/E		Div yield	
					FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2025	FY2026
TORM plc	DKK 149.1	-12.5%	2,034	798	4.2	4.1	5.1	5.2	4.2	4.7	20.2%	15.3%
Scorpio Tankers Inc.	USD 50.7	-14.6%	2,397	612	4.7	5.1	6.1	6.8	5.9	5.9	3.2%	4.3%
Ardmore Shipping Corporation	USD 11.4	-15.2%	479	-18	4.2	4.3	5.3	5.5	5.2	5.2	6.5%	5.8%
International Seaways, Inc.	USD 39.6	-5.1%	1,949	510	4.0	4.8	4.9	6.3	4.4	5.6	16.8%	15.9%
d'Amico International Shipping	EUR 4.1	-21.5%	511	87	3.8	5.7	4.9	8.6	4.0	7.4	6.6%	5.7%
Median		-14.6%	1,949	510	4.2	4.8	5.1	6.3	4.4	5.6	6.6%	5.8%
Hafnia Limited	NOK 61.3	-0.8%	2,834	887	4.7	5.6	5.9	7.4	4.4	5.7	17.0%	15.8%
Premium (+) / Discount (-) to peers					11.9%	16.7%	15.7%	17.5%	0.0%	1.8%		

Note: Data from 28/11/2024

Source: S&P Capital IQ

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 from CapitalIQ. 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: 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 utilization. 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.