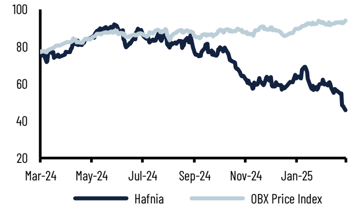
HAFNIA

Market: Euronext Oslo & NYSE | Ticker: HAFNI | Share price (NOK): 45.8 | Market cap (NOK): 22.8bn | Net debt (NOK): 10.5bn | Enterprise value (NOK): 33.3bn

Share information



Ytd	-24.7%	1 year:	-41.4%
1 month:	-23.8%	3 year:	124.3%

Note: *We apply the closing price from 03 March 2025
Index rebased to 04.03.2024. Source: S&P Capital IQ

Financials

(USDm)	2023	2024	2025E*
TCE Income	1,366.6	1,391.3	966
TCE growth	*1.5%*	*1.8%*	*-31%*
EBITDA	1,012.9	992.3	564
EBITDA margin	*74.1%*	*71.3%*	*58%*
Net income	793.3	774.0	357
Net income margin	*58.0%*	*27.0%*	*37%*
Cash	222.5	195.3	N/A
Interest-bearing debt	1,292.4	1,122.2	N/A

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

Valuation multiples

	2023	2024	2025E*
P/S (x)	2.6	1.9	2.8
EV/Sales (x)	3.5	2.5	3.1
EV/EBITDA (x)	4.7	3.5	5.3
EV/EBIT (x)	5.6	4.4	8.4
P/E (x)	4.4	3.5	5.5
P/NAV (x)**	0.9	0.7	0.6
Div yield (%)	14.5	21.7	12.2

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 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 despite recent normalization, as renewed sanctions on an additional 183 dark-fleet vessels push demand back into the open market. Hafnia expects additional sanctions to largely offset the newbuild orderbook in terms of dwt. Despite sanctions mostly impacting tankers, product tanker markets can benefit from reduced crude cannibalization, which has been observed YTD 2025.

Hafnia has a strong balance sheet with a low loan-to-value (LTV) of around 23%, which can support ongoing high total payout ratios (dividend plus share buyback), which was 83% FY2024. Hafnia's current discount to net asset value (NAV) has led it to favour share buybacks in the near-term. However, analysts still forecast dividend yields of 13% and 14% for 2025E and 2026E, respectively.

Looking at the peer group below, Hafnia trades in around its peer group average earnings multiples, but with a discount on P/E and with around the highest dividend yield forecasts for 2025E and 2026E. Hafnia's self-reported NAV reflects a current P/NAV around 0.6x significantly below historical levels.

Key investment reasons

Hafnia maintains plans to return significant cash to shareholders via dividends and/or share buybacks with a total payout ratio of 83% FY2024. A low leverage ratio LTV supports high ongoing payout ratios, while current share prices trading below NAV enable Hafnia to buy back its own shares at a discount to net asset value.

Product tanker rates remain slightly above historical averages, and additional sanctions on crude vessels in Q4 2024 have reduced the crude tanker cannibalization of product tanker markets, positively impacting the product tanker rate outlook. 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, 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 being pro-oil.

A dirty-clean switch in 2024, where crude tankers step into the clean product trade cannibalizing the product tanker market, may continue if the crude market does not strengthen. This trend negatively impacted product tanker rates in 2024 and while cannibalization has normalized, it may impact rates again in 2025.

There is a risk that an orderbook above expected scrapping leads to vessel supply growth outpacing demand growth. Environmental regulations and aging fleets may increase scrapping from very low levels, however, this has not yet materialized.

Peer group

Company	Price (local)	Total return YTD	Market cap (USDm)	EV (USDm)	EV/EBITDA FY2025	EV/EBITDA FY2026	EV/EBIT FY2025	EV/EBIT FY2026	P/E FY2025	P/E FY2026	Div yield FY2025	Div yield FY2026
TORM	DKK 125.2	-9.5%	1,715	2,467	4.1	4.2	6.2	7.6	7.8	12.6	14.4%	14.6%
Scorpio Tankers	USD 39.4	-20.8%	1,837	2,292	4.3	4.2	6.5	5.1	6.7	5.2	4.2%	4.7%
Ardmore Shipping Corporation	USD 9.2	-23.9%	371	0,396	5.3	5.2	9.1	6.5	9.9	5.4	3.3%	8.9%
International Seaways	USD 33	-8.3%	1,621	2,173	5.4	4.1	8.9	5.8	8.1	6.4	11.2%	15.6%
d'Amico International Shipping	EUR 3.7	-8.2%	462	0,545	3.6	4.5	5.4	7.0	5.7	9.0	7.0%	5.3%
Median		**-9.5%**	**1,621**	**510**	**4.3**	**4.2**	**6.5**	**6.5**	**7.8**	**6.4**	**7.0%**	**8.9%**
Hafnia	**NOK 45.8**	**-24.7%**	**2,042**	**2,986**	**5.3**	**5.3**	**8.4**	**8.3**	**5.5**	**5.2**	**12.7%**	**14.2%**

Note: Data from 03/03/2025

Source: S&P Capital IQ

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 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.