

TORM

Market: OMXC Large Cap

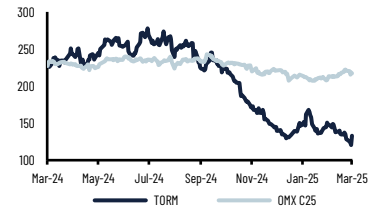
Ticker TRMD A

Share price (DKK): 132.9

Market cap (DKK): 12.9bn

Net debt (DKK): 6.7bn

Enterprise value (DKK): 19.7bn

Share information

YTD	-34.9%	1 year:	-41.5%
1 month:	-10.1%	3 years:	135.4%

Note: *We apply the closing price from 06 March 2025
Index rebased to 07 March 2024. Source: S&P Capital IQ

Financials

(USDm)	2023	2024	2025E*
TCE Income	1,084	1,135	650-950
TCE growth	10.4%	4.7%	-40% to -12%
EBITDA	848	851	350-650
EBITDA margin	78%	75%	37% - 68%
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.

Valuation multiples

	2023	2024	2025E*
P/S (x)	2.4	1.7	2.1
EV/Sales (x)	3.2	2.3	3.1
EV/EBITDA (x)	4.1	3.1	4.8
EV/EBIT (x)	5.0	4.0	7.9
P/E (x)	4.0	3.1	6.0
P/NAV (x)**	0.9	0.7	0.7
Div yield (%)	15.7	15.5	12.8

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; 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 (42%). 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 with TORM consistently delivering best-in-class incomes, supported by its in-house "One TORM" operating platform, combining commercial and technical management under one-roof. Its One TORM platform also supports high fleet flexibility so it can adjust fleet positioning in response to market and geopolitical developments.

TORM delivered a record TCE income FY2024, maintaining strong returns to shareholders, declaring USD 485m in dividends in connection with 2024. While tanker rates have softened since Q4 2024, they remain above historical levels and TORM can continue returning cash to shareholders. TORM expects ton-miles to remain high in 2025, despite uncertainty surrounding the Red Sea, which TORM expects to be net neutral to product tankers. A rising orderbook to 22% of the net fleet may also be partially offset by new OFAC sanctions, elevated scrapping, while deliveries are weighted towards 2026 and beyond.

Analysts project ongoing strong dividend yields of 13% 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 despite TORM demonstrating relative outperformance YTD.

Key investment reasons

TORM generates large cash flows as strong market conditions and TCE income have supported earnings and, in turn, large dividends since 2022. TORM has realized among the highest return on invested capital (ROIC) of its peers and can maintain a sizeable dividend payout ratio in continued strong markets.

Product tanker rates remain 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, restocking of European diesel inventories, and rising overall oil and CPP supply in 2025.

While the product tanker orderbook has grown, limited shipyard capacity delays new deliveries to 2027/2028, slowing fleet growth in the coming years. Increased scrapping could materialize if rates decline, and as tighter environmental regulations reduce the feasibility of older vessels, which could limit downside risk.

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 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 greater than expected scrapping leads to vessel supply growth outpacing demand growth. Environmental regulations, sanctions and aging fleets should increase scrapping from low levels, however, it is not guaranteed.

Peer group

Company	Price (local)	Total return YTD	Market cap (USDm)	EV (USDm)	EV/EBITDA		EV/EBIT		P/E		Div yield	
					FY2025	FY2026	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
Hafnia	NOK 47.1	-22.0%	2,159	3,129	5.3	5.5	8.2	8.7	6.1	5.5	12.3%	13.8%
Scorpio Tankers	USD 40	-19.5%	1,868	2,324	4.4	4.3	6.6	5.1	6.8	5.3	4.2%	4.6%
Ardmore Shipping Corporation	USD 9.8	-18.5%	397	422	5.7	5.6	9.7	6.9	10.6	5.8	3.1%	8.3%
International Seaways	USD 34.7	-3.6%	1,705	2,257	5.6	4.2	8.7	6.0	7.9	6.7	10.7%	14.8%
d'Amico International Shipping	EUR 3.6	-11.8%	458	543	3.6	4.6	5.7	7.8	N/A	N/A	7.2%	5.4%
Median		-18.5%	1,705	510	5.3	4.6	8.2	6.9	7.4	5.6	7.2%	8.3%
TORM	DKK 132.9	-4.0%	1,878	2,857	4.8	5.0	7.9	8.0	6.0	6.0	12.8%	12.6%

Note: Data from 06/03/2025

Source: S&P Capital IQ



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Investment Case
One-pager

1

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.