TORM

High profits largely locked in for 2026



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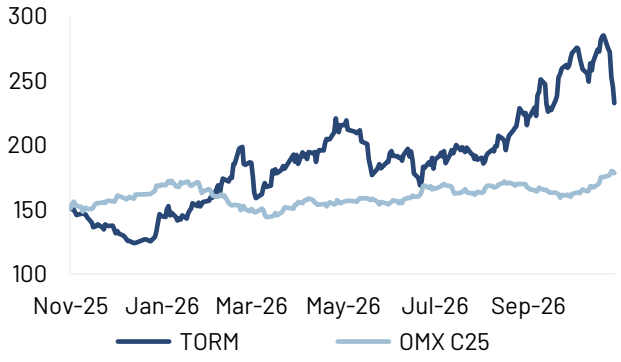
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HC ANDERSEN CAPITAL

Key Financials and Valuation

Share price



YTD	106.2%	1 year:	57.6%
1 month:	-13.2%	3 years:	13.4%

Note: We apply closing price from 6 Nov 2026. Source: S&P Capital IQ.

Financials

USDm	2024	2025	2026E	2027E
TCE income	1,135	910	N/A	N/A
TCE Growth	4.7%	-19.8%	N/A	N/A
EBITDA	851	578	1,468	995
EBITDA-%	54.6%	43.1%	N/A	N/A
Net income	612	286	1,149	703
Net debt	954	845	692	692
Market value	1,874	2,025	3,560	3,560
EV/Sales (x)	1.7	2.0	N/A	N/A
EV/EBITDA (x)	3.3	5.1	2.9	4.2
EV/EBIT (x)	4.1	8.6	3.5	5.6
P/E (x)	3.1	7.1	3.1	5.1

2026E and 2027E are based on consensus. Multiples are estimated from S&P Capital IQ. Net debt is total debt less cash, excluding restricted cash and loan receivables. EBITDA-%'s are based on full revenue not TCE.

Guidance 2026E

USDm	TORM	Consensus
TCE income	1,750 – 1,900	1,848
TCE growth-%	92% – 109%	103%
EBITDA	1,350 – 1,500	1,468
EBIT	N/A	1,220
Net income	N/A	1,149

Note: Guidance is from TORM's Q3 2026 report. Consensus from S&P Capital IQ.

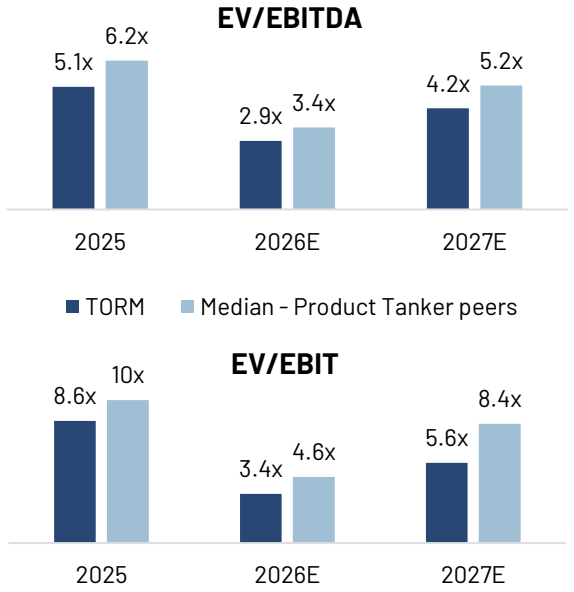
Valuation Perspectives

TORM trades at a discount to product-tanker peers across forward earnings multiples. Based on 2026E consensus estimates, TORM trades at 2.9x EV/EBITDA compared with a peer median of 3.4x, representing a 16% discount. The discount is wider on EV/EBIT, where TORM trades at 3.5x and a peer median of 4.6x, representing a 25% discount. On P/E, TORM trades at 3.1x compared with the peer median of 4.8x.

The discount remains visible in 2027E. TORM trades at 4.2x EV/EBITDA compared with a peer median of 5.2x, a 19% discount, while its P/E of 5.1x compares with the peer median of 8.6x. TORM also stands out on shareholder distributions: the 2026E dividend yield of 5.7% is among the highest in the peer group.

TORM now trades at an estimated discount of approximately 12% to its reported NAV of USD 39.60 per share, having traded at a premium at the time of our Q2 update. The market value of TORM's fleet increased to USD 4,333m, approximately 53% above its carrying value, as second-hand vessel prices increased alongside freight rates.

The increase in EV/EBITDA from 2.9x in 2026E to 4.2x in 2027E shows that consensus already assumes a significant normalization in freight rates next year, with EBITDA expected to decline by approximately 32%. The shares are therefore not priced on the assumption that current earnings will continue.



Investment Case - Strong cash generation in a still supportive freight market

Key Investment Reasons

- Earnings visibility for 2026 is high. Guidance has been raised four times to EBITDA of USD 1,350-1,500m, with 88% of the year's days fixed.
- Balance sheet remains strong as the fleet renews. Net loan-to-value of 25.9% (29.3% at end-2025) with newbuildings already committed.
- The continued shift in refining capacity towards the Middle East and Asia supports longer product-trade routes, as mature consumption centers increasingly depend on imported refined products.
- TORM's integrated One TORM platform provides a moat. Fleet scale, agile deployment and cost efficiency support strong execution across the cycle.

Key Investment Risks

- High dividends are cyclical. Distributions will fall with rates.
- The earnings are geopolitical. A reopening of the Strait of Hormuz and calm in the Red Sea would remove much of the inefficiency premium quickly.
- Investment at elevated vessel prices creates capital-allocation risk. TORM has committed USD 609m to resale and newbuilding vessels; if freight rates and vessel values normalise before delivery, returns could disappoint.
- Long-term demand and trade policy remain key uncertainties. Slower oil-demand growth, tariffs, efficiency gains, and electrification could weaken refined-product trade over time.

Company description: TORM is a leading international owner and operator of product tankers, transporting refined oil products globally. TORM is listed on Nasdaq Copenhagen and Nasdaq US with Hafnia (18.9%) as its largest shareholder, after Brookfield sold its remaining stake (held via Njord Luxco) in October. Its fleet comprises 95 vessels across LR2 (22), LR1 (9), and MR (64) segments, growing to 101 vessels after deliveries through 2028 and 109 vessels in 2030, plus eight LR2s in a joint venture. TORM operates an integrated commercial and technical platform (One TORM) that optimizes fleet deployment across spot and time charter markets. The company has a 135+ year heritage in shipping.

Investment case: TORM has upgraded its 2026 guidance for the fourth time this year and now expects TCE earnings of USD 1,750-1,900m and EBITDA of USD 1,350-1,500m. The midpoint implies approximately USD 79,000 per day on the remaining 4,060 open days, in line with the USD 78,419 per day already covered on 53% of Q4 days. With 88% of the year fixed or realized, a change of USD 1,000 per day moves EBITDA by only about USD 4m.

Q3 earnings declined from the exceptional record level in Q2 but remained strong. Fleet-wide TCE fell to USD 40,102 per day from USD 59,301, while net profit declined to USD 199m from USD 338m. LR2s earned USD 52,575 per day, compared with USD 36,137 for MRs. TORM attributes the strong market partly to disruption around the Strait of Hormuz. Gulf crude is increasingly transported by shuttle tankers and through ship-to-ship transfers, absorbing vessel capacity, while Gulf product exports remain below half of pre-conflict levels. With approximately two-thirds of LR2s trading crude, TORM estimates that clean-product capacity is 4% lower than at the start of the year. This supports rates but could reverse as Gulf trade normalizes.

TORM declared a Q3 dividend of USD 1.35 per share, corresponding to 75% of net profit excluding non-recurring items and a total distribution of USD 139m. The distribution was covered approximately 1.8x by quarterly free cash flow of USD 256m. The dividend is inherently variable and primarily dependent on product-tanker freight rates, which drive TORM's earnings and free cash flow. Product-tanker rates are also influenced by developments in the crude-tanker market, particularly LR2 vessels switch between clean-product and crude trades. TORM has no direct exposure to dry-bulk freight rates.

The balance sheet continues to provide a meaningful buffer against cyclicality. Net loan-to-value increased from 22.4% in Q2 to 25.9% in Q3, partly reflecting committed capital expenditure on acquired vessels and newbuildings, but remained below the 29.3% reported at year-end 2025. Net interest-bearing debt stood at USD 697m, while available liquidity totaled USD 799m, comprising USD 449m of cash and USD 350m of undrawn committed credit facilities.

Peer Group - Product tanker peers

TORM's peer group consists of listed shipping companies with significant exposure to the international transportation of refined petroleum products. Pure-play product-tanker companies are the most comparable to TORM based on fleet composition, customer base and trading patterns. At the end of Q3 2026, TORM operated 95 vessels, comprising 22 LR2s, nine LR1s and 64 MRs. Assuming no further vessel disposals, TORM's wholly owned fleet is expected to increase to 101 vessels following the delivery of six recently acquired resale vessels through 2028 and to 109 vessels following the delivery of eight MR newbuildings scheduled for 2029–2030. In addition, TORM will have a 50% interest in eight LR2 newbuildings through a joint venture.

Hafnia, with approximately 103 owned vessels and around 180 commercially operated vessels, and Scorpio Tankers, with approximately 74 owned or leased vessels, are TORM's most directly comparable peers because of their dedicated product-tanker exposure. TORM, Hafnia and Scorpio Tankers operate primarily in the spot market through integrated commercial platforms and are exposed to similar underlying trends in refined-product trade flows, fleet age and newbuilding supply.

International Seaways operates a more diversified fleet of approximately 70 vessels across the crude- and product-tanker markets, including VLCCs, Suezmaxes and MRs. Although International Seaways is not a pure-play product-tanker company, the company's fleet is exposed to the same LR2 switching dynamics, whereby vessels move from clean-product into crude trades and reduce effective clean-product capacity. International Seaways therefore remains a relevant valuation and operating benchmark.

Ardmore Shipping, with approximately 23 MR and chemical tankers, and d'Amico International Shipping, with an estimated fleet of 27–28 MR and LR1 vessels, are smaller, more specialized operators. Although their fleet scale differs materially from TORM's, both companies serve similar end markets and provide useful reference points for MR-segment performance.

Peer group

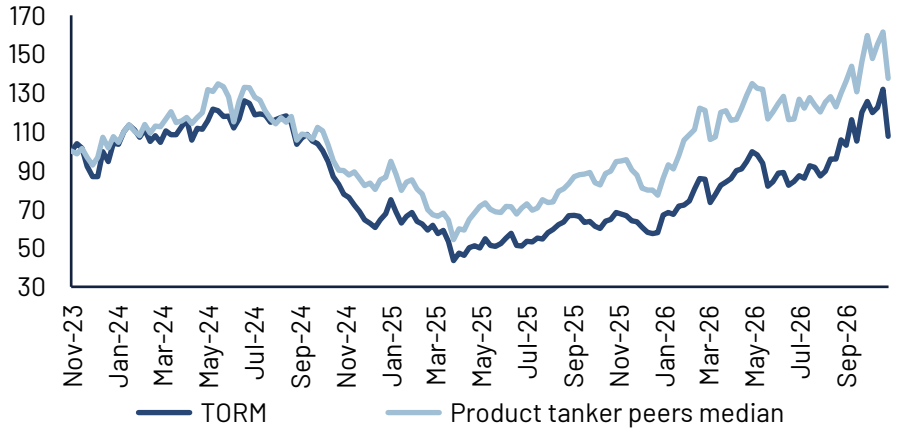
Company	Price (local)	Total return YTD	Market cap (DKKm)	EV (DKKm)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBIT 2025	EV/EBIT 2026E	Div yield 2025	Div yield 2026E	EBIT margin (%) 3-yr avg	EBIT margin (%) LTM
Hafnia Ltd.	NOK 87.5	81.0%	31,031	35,352	6.7	5.2	10.0	6.2	7.4%	6.4%	34.1%	22.1%
Scorpio Tankers Inc.	USD 80.8	61.7%	25,170	14,981	6.2	2.3	9.8	2.3	3.2%	2.0%	50.7%	48.5%
Ardmore Shipping Corp.	USD 17.4	77.1%	4,772	4,873	5.6	3.4	13.5	4.4	2.8%	N/A	33.4%	28.6%
International Seaways Inc.	USD 98.0	130.7%	33,621	35,320	7.3	3.4	12.4	4.6	1.0%	4.0%	50.0%	60.1%
d'Amico Intl Shipping S.A.	EUR 8.1	67.4%	7,190	6,801	4.9	5.4	7.5	7.7	4.8%	3.6%	37.9%	37.9%
Median - Product tanker peers		**77.1%**	**25,170**	**14,981**	**6.2**	**3.4**	**10.0**	**4.6**	**3.2%**	**3.8%**	**37.9%**	**37.9%**
TORM plc	**DKK 232.4**	**106.2%**	**23,870**	**28,294**	**5.1**	**2.9**	**8.6**	**3.5**	**10.1%**	**5.7%**	**41.1%**	**41.1%**
Premium (+) / Discount (-) to peers					*-18.4%*	*-16.0%*	*-14.6%*	*-25.5%*				

Note: data from 06/11/2026
Note: EBIT margin-% is calculated on the full revenue not TCE income basis.

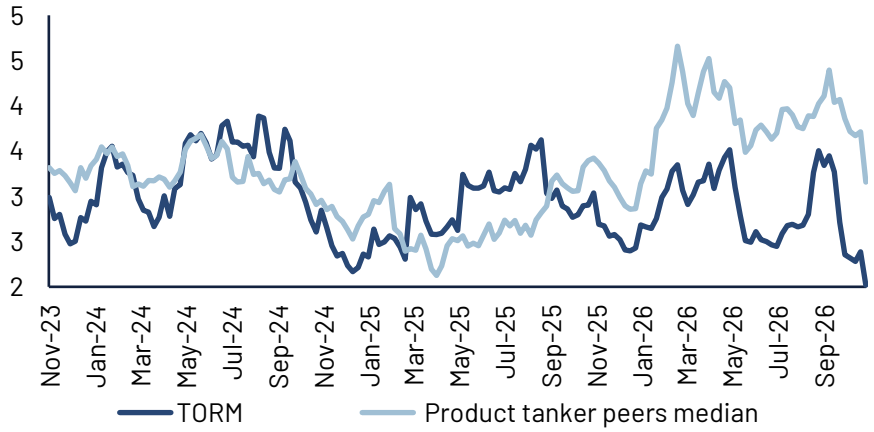
Source: S&P Capital IQ

Valuation vs. Peers

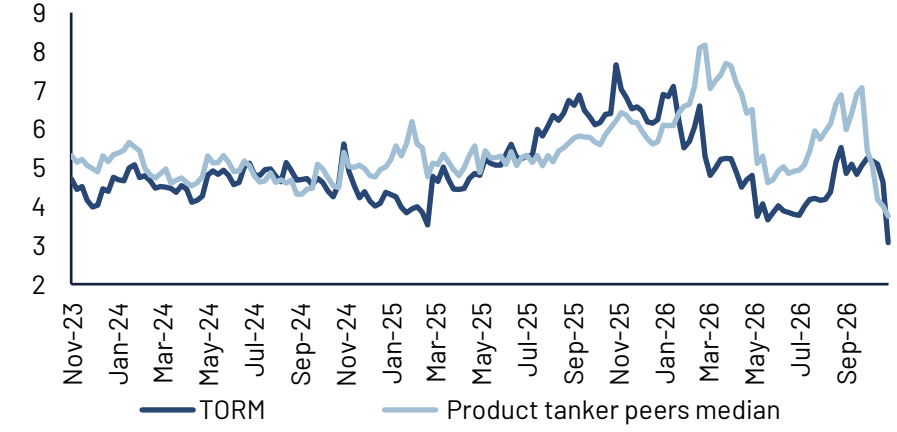
TORM price returns vs peer group median



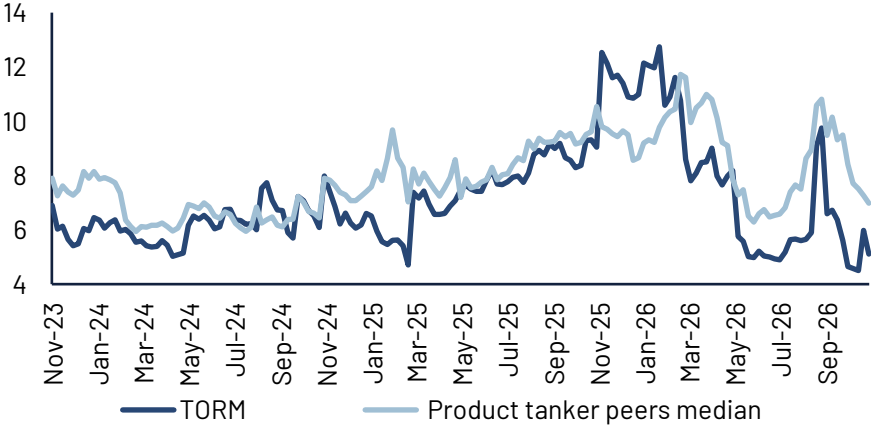
TORM vs peer group EV/Sales (NTM)



TORM vs peer group EV/EBITDA (NTM)

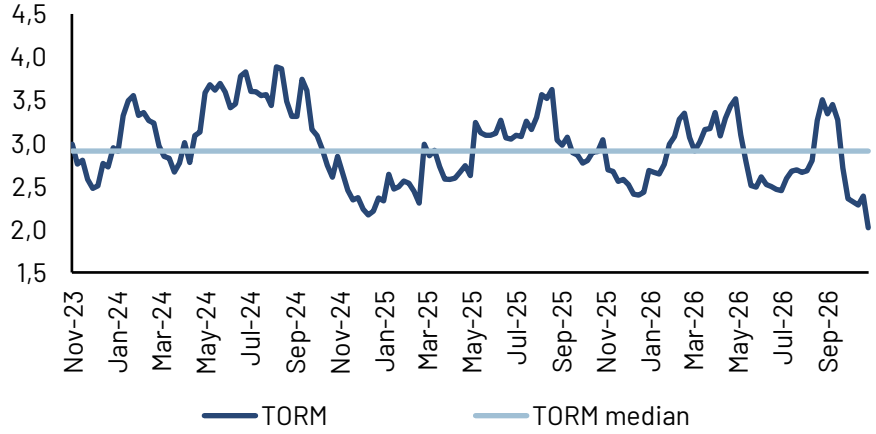


TORM vs peer group EV/EBIT (NTM)

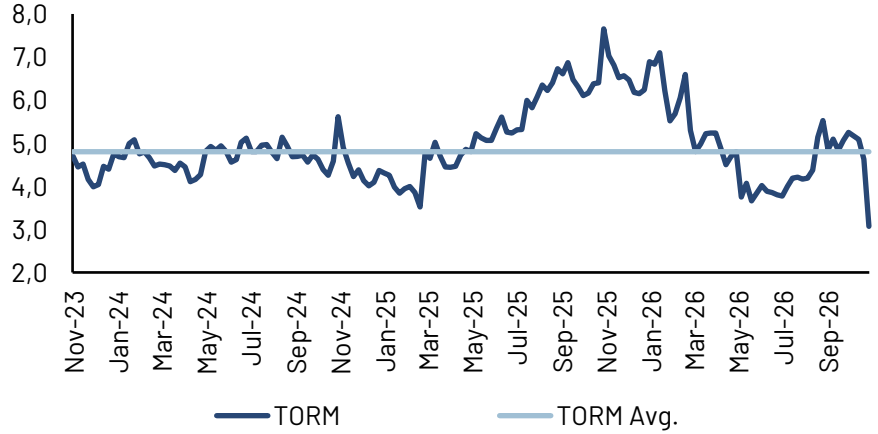


Valuation vs. Historical

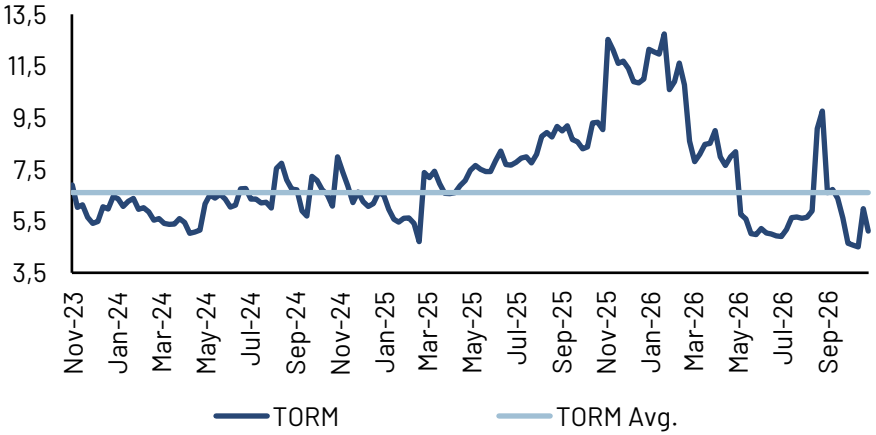
TORM vs 3-year median EV/Sales (NTM)



TORM vs 3-year median EV/EBITDA (NTM)



TORM vs 3-year median EV/EBIT (NTM)



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