TORM

Leading product tanker operator turning record earnings into shareholder distributions

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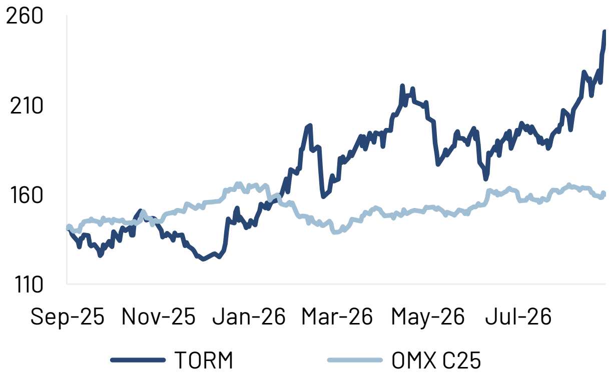
Key Financials and Valuation

Share price



YTD	97.6%	1 year:	74.9%
1 month:	26.0%	3 years:	33.8%

Note: We apply closing price from 20 Sep 2026. Source: S&P Capital IQ.

Financials

USDm	2024	2025	2026E	2027E
TCE income	1,135	910	1,620	1,206
TCE Growth	4.7%	-19.8%	78.0%	-25.5%
EBITDA	844	578	1,082	657
EBITDA-%	54.1%	43.1%	N/A	N/A
Net income	612	286	776	424
Net debt	954	845	711	711
Market value	1,874	2,025	3,938	3,938
EV/Sales (x)	1.7	2.0	N/A	N/A
EV/EBITDA (x)	3.3	5.1	4.3	7.1
EV/EBIT (x)	4.1	8.6	5.4	11.3
P/E (x)	3.1	7.1	5.1	9.3

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; EV/Sales and EBITDA-% are based on total revenue.

Guidance 2026E

	TORM	Consensus
TCE income	1,400 – 1,600	1,620
TCE growth-%	54% - 76%	78%
EBITDA	1,000 – 1,200	1,082
EBIT	N/A	859
Net income	N/A	776

Note: Guidance is from TORM's Q2 2026 report. Consensus from S&P Capital IQ.

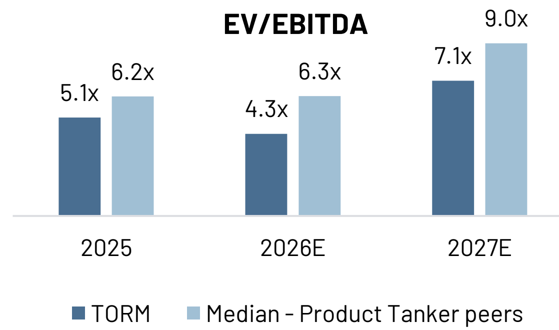
Valuation Perspectives

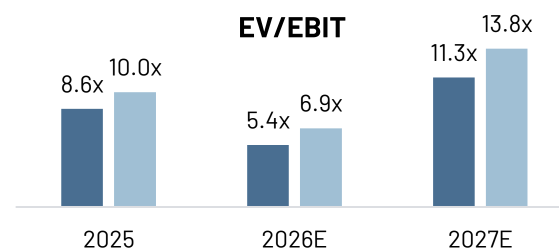
TORM trades at a discount to product tanker peers across forward earnings multiples. Based on 2026E consensus estimates, TORM trades at 4,3x EV/EBITDA compared with a peer median of 6,3x, representing a 31% discount. The discount is narrower on EV/EBIT, where TORM trades at 5,4x compared with the peer median of 6,9x, or a 21% discount. On P/E, TORM trades at 5,1x compared with the peer median of 7,3x, representing a 31% discount.

The discount remains visible in 2027E. TORM trades at 7,1x EV/EBITDA compared with a peer median of 9,0x, a 22% discount, while its P/E of 9,3x compares with the peer median of 16,7x, a 44% discount.TORM also stands out on shareholder distributions. The estimated 2026E dividend yield of 15,2% is among the highest in the peer group with a peer median of 11,3%.

Currently, TORM trades at an estimated 5% premium to its reported NAV of USD 36,50 per share. The market value of TORM's fleet increased to USD 4.056m, approximately 39% above its carrying value, as second-hand vessel prices followed freight rates higher during the quarter.

The increase in EV/EBITDA from 4,3x in 2026E to 7,1x in 2027E shows that consensus already assumes a significant normalisation in freight rates next year. The shares are therefore not priced on the assumption that current earnings will continue.





Investment Case - Strong cash generation in a supportive freight market

Key Investment Reasons

- Record quarter across every line. TCE earnings of USD 512m, EBITDA of USD 416m and net profit of USD 338m. The strongest quarter in TORM's history
- Balance sheet at its strongest in the cycle. Net loan-to-value of 22.4% (29.3% at end-2025)
- Refining capacity continues to move away from consumption to the Middle East, India and China making importing regions dependent on longer-haul barrels
- TORM's integrated platform is a structural moat. Scale, speed, and cost efficiency support superior 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's fleet expansion increases future capacity, but if freight rates and vessel values normalize before the new ships are delivered projected earnings could disappoint while the value of the vessel itself decreases.
- 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 large shareholders Brookfield Corporation (11.1%, held via Njord Luxco) and Hafnia (18.2%). Its fleet comprises 97 vessels across LR2 (22), LR1 (10), and MR (65) segments, growing to 103 vessels after deliveries through 2028 and 109 vessels in 2029. 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 second time this year and now expects TCE earnings of USD 1,400-1,600m and EBITDA of USD 1,000-1,200m. The midpoint of guidance implies approximately USD 40,000 per day on the remaining 10,271 open days, broadly consistent with the USD 38,606 per day on the 73% of Q3 days already covered.

Q2 also demonstrated the value of TORM's integrated operating platform. The MR fleet achieved USD 57,040 per day, close to the LR1 average, taking cumulative MR outperformance relative to peers. However, the USD 59,301-per-day fleet-wide rate achieved in Q2 was supported by exceptional geopolitical disruption.

Disruption around the Strait of Hormuz has increased waiting times, increased the war premium and has lengthened routes, also given shifts in refining capacity, continue to support tonne-mile demand. At the same time, the clean-product fleet has contracted by approximately 5% this year as LR2 vessels have moved into crude trading. This supports current high rates with plenty of demand but could reverse if the relative economics of crude and clean-product transportation change.

TORM declared a Q2 dividend of USD 2.40 per share, equivalent to 73% of net profit and a total distribution of USD 246m, broadly matching quarterly free cash flow. The dividend is a variable claim on spot earnings rather than a fixed payout: quarterly distributions over the last five quarters have ranged from USD 0.40 to USD 2.40 per share. The policy is consistent, but the amount will decline when freight rates and free cash flow weaken.

The balance sheet provides meaningful protection against this cyclicality. Net loan-to-value declined to 22.4% from 29.3% at year-end 2025, while net interest-bearing debt stood at USD 715m against available liquidity of USD 804m. TORM also secured USD 217m of financing for ten vessels after quarter-end.

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. We believe pure-play product tanker peers are most comparable to TORM based on fleet composition, customer base, and trading patterns. TORM operated 97 vessels at the end of Q2 2026, comprising 22 LR2s, 10 LR1s and 65 MRs. The fleet is expected to grow to 103 vessels following the delivery of recently acquired resale vessels through 2028, and to 109 vessels when the six newbuildings scheduled for 2029 are included.

Product-tanker peers: Hafnia Ltd., with approximately 103 owned vessels and around 180 commercially operated vessels, and Scorpio Tankers Inc., with approximately 67 owned or leased vessels, are the most directly comparable peers because of their dedicated product-tanker exposure. All three companies operate primarily in the spot market through integrated commercial platforms and are exposed to the same underlying trends in refined-product trade flows, fleet age and newbuilding supply.

International Seaways Inc. operates a more diversified fleet of approximately 70 vessels across crude and product tankers, including VLCCs, Suezmaxes and MRs. Although it is not a pure product-tanker company, it provides exposure to the same "dirty-up" dynamics that have reduced effective clean-product capacity during the disruption around the Strait of Hormuz. It therefore remains a relevant valuation and operating benchmark.

Ardmore Shipping Corp., with approximately 26 MR and chemical tankers, and d'Amico International Shipping S.A., with an estimated fleet of around 31 to 33 MR and LR1 vessels, are smaller and more specialised operators. Although their fleet scale differs materially from TORM's, they serve similar end markets and provide useful reference points for MR-segment performance.

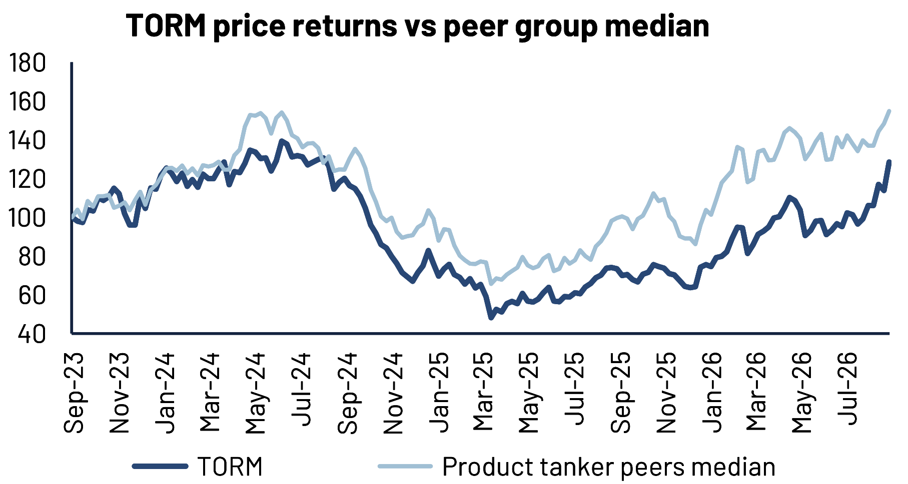
Peer group

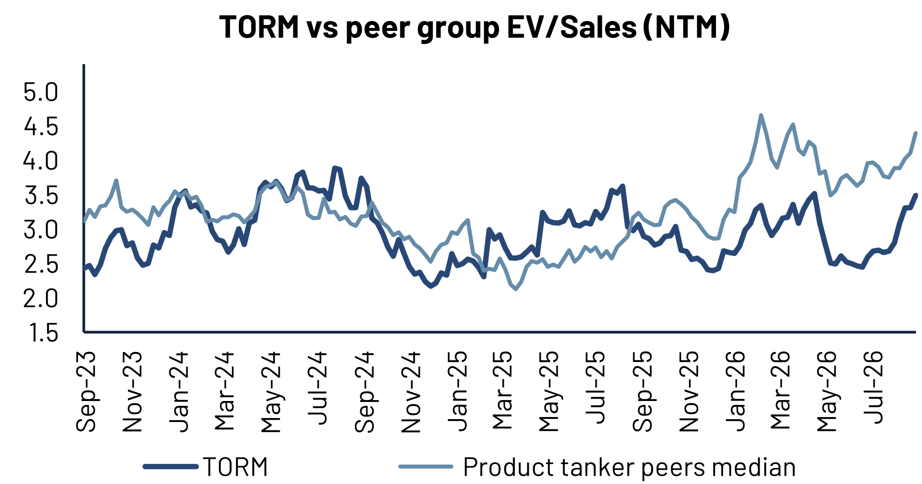
Company	Price (local)	Total return YTD	Market cap (DKKm)	EV (DKKm)	EV/EBITDA 2025	EV/EBITDA 2026E	EV/EBIT 2025	EV/EBIT 2026E	Div yield 2025	Div yield 2026E	EBIT margin (%) 3-yr avg	EBIT margin (%) LTM
Hafnia Ltd.	NOK 93.9	94.3%	32,457	36,666	6.7	6.3	10.0	8.0	7.4%	6.0%	32.7%	22.1%
Scorpio Tankers Inc.	USD 87.2	74.5%	25,844	18,608	6.2	3.9	9.8	4.1	3.2%	1.9%	46.2%	46.7%
Ardmore Shipping Corp.	USD 19.1	93.7%	5,073	4,987	5.6	4.5	13.5	6.1	2.8%	N/A	31.2%	28.5%
International Seaways Inc.	USD 111.2	161.6%	35,890	37,476	7.3	6.3	12.4	6.9	1.0%	3.5%	47.6%	55.4%
d'Amico Intl Shipping S.A.	EUR 8.4	74.3%	7,488	7,371	4.9	6.6	7.5	8.6	4.8%	3.5%	39.3%	37.9%
Median - Product tanker peers		**93.7%**	**25,844**	**18,608**	**6.2**	**6.3**	**10.0**	**6.9**	**3.2%**	**3.5%**	**39.3%**	**37.9%**
TORM plc	**DKK 250.8**	**122.5%**	**25,674**	**30,248**	**5.1**	**4.3**	**8.6**	**5.4**	**10.1%**	**5.3%**	**39.1%**	**39.1%**
Premium (+) / Discount (-) to peers					*-17.8%*	*-31.5%*	*-14.6%*	*-21.4%*				

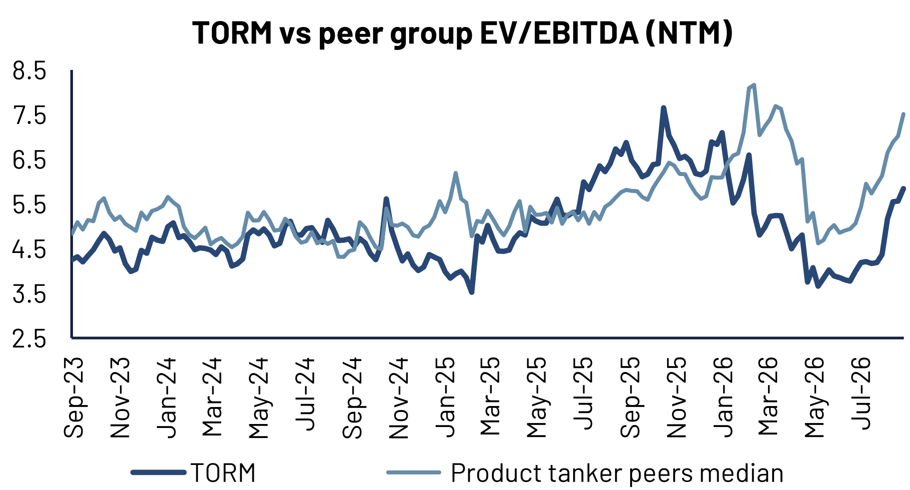
Note: data from 20/09/2026
Note: EBIT margin-% is calculated on the full revenue not TCE income basis.

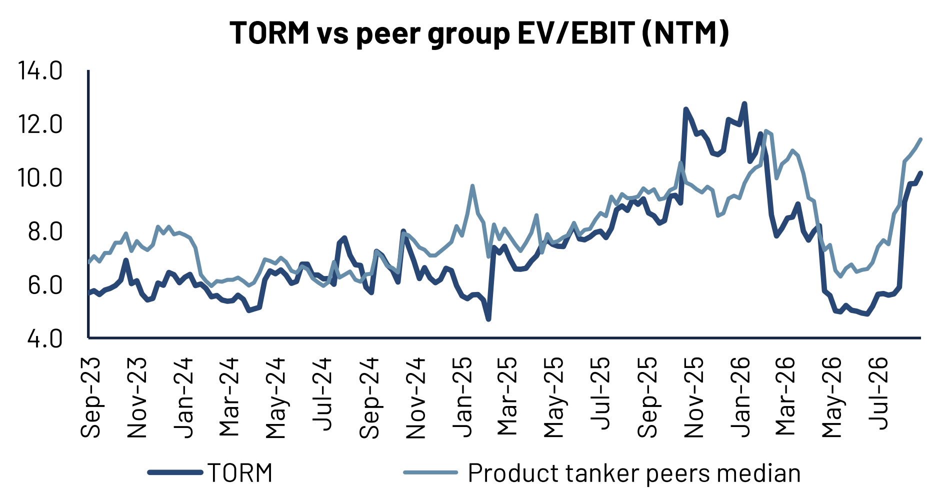
Source: S&P Capital IQ

Valuation vs. Peers









Valuation vs. Historical

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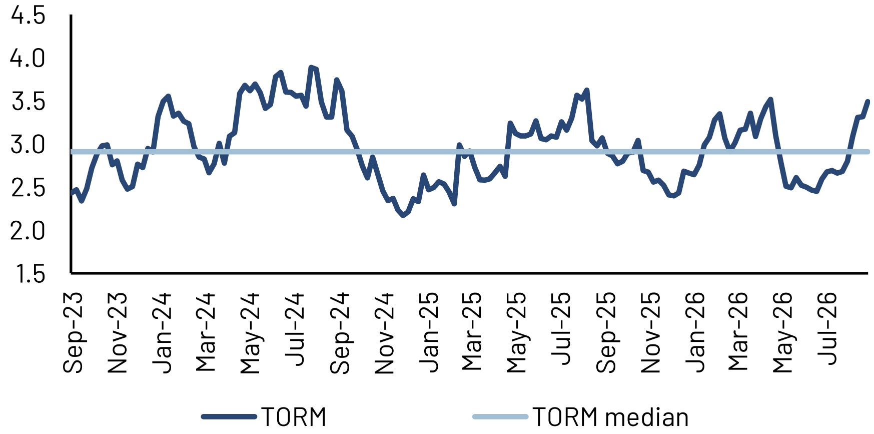
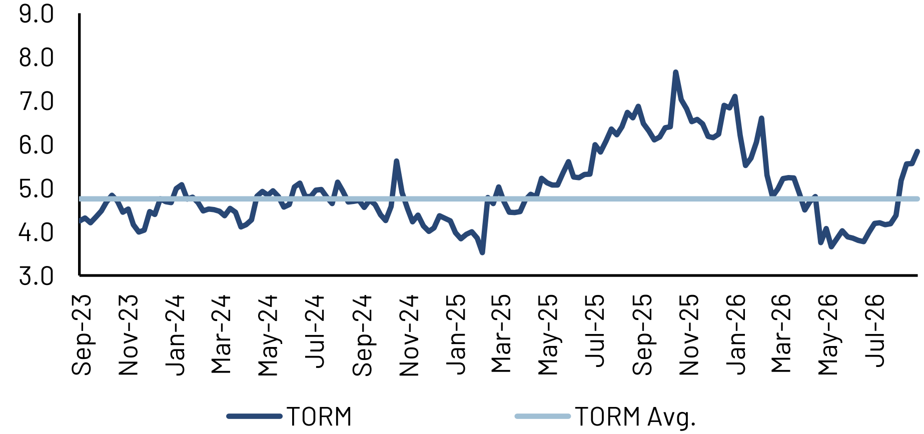
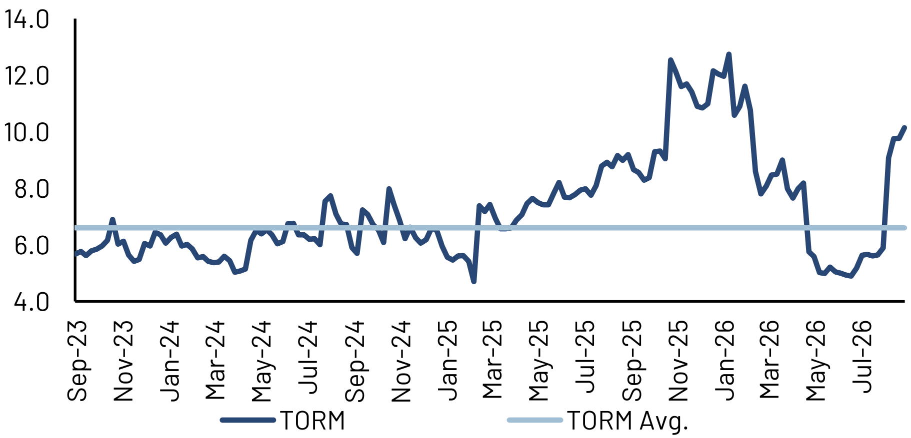
TORM vs 3-year median EV/Sales (NTM)



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



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



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