

# Concordia Maritime: Discounted tanker pearl

- Earnings expanding on larger fleet and stronger markets; EBITDA +180% y/y in 2015e
- Positive market outlook; the tide has turned and we expect tanker earnings to remain firm
- Discounted tanker bet; Target increased to SEK 25 (20)

## Earnings expanding on larger fleet and stronger markets

CCOR reported EBITDA of SEK 82m for 1q15; up almost 60% y/y on a market turnaround as its fleet of 10x P-MAXes sailed in around USD 20,000 per day relative to USD 16,000 per day one year ago. We expect EBITDA to expand further in 2q on the back of a continued strong market and see further growth in 2h15 owing to the addition of a chartered-in Suezmax and the delivery of one IMO2MAX newbuilding in April and one in 4q.

## Positive market outlook; the tide has turned

We repeat our positive view on the product tanker market. Market indices suggest that MRs have sailed in around USD 22,000 per day YTD; backed by a firm crude tanker market and high refinery throughout. Going forward, we expect a further globalization of product trades to add significantly demand as low cost producers in the MEG and USG gain further market shares, resulting in more long-haul trades. Meanwhile, newbuilding contracting remains slow and the backlog is shrinking. We estimate that net fleet growth through 2017 of ~14% will be more than outpaced by ~18% demand growth and see the potential for continued firm product tanker rates.

## Discounted tanker bet; Target increased to SEK 25 (20)

We estimate NAV, given its current fleet, of SEK 27. However, while product tanker earnings have lifted off, ship values remain unaffected. We argue this is about to change and see the potential for a significant NAV expansion. We set our target to SEK 25 (20), reflecting 8x 2016 EBITDA and 10x 2016 earnings. Trading at EV/EBITDA 2015/2016 9x/7x and at P/NAV 0.65x we find CCOR attractively priced and repeat Buy.

**Buy**

Target SEK 25 (20)

Price SEK 18

Date:

5-Jun-15

**Financial analyst:**

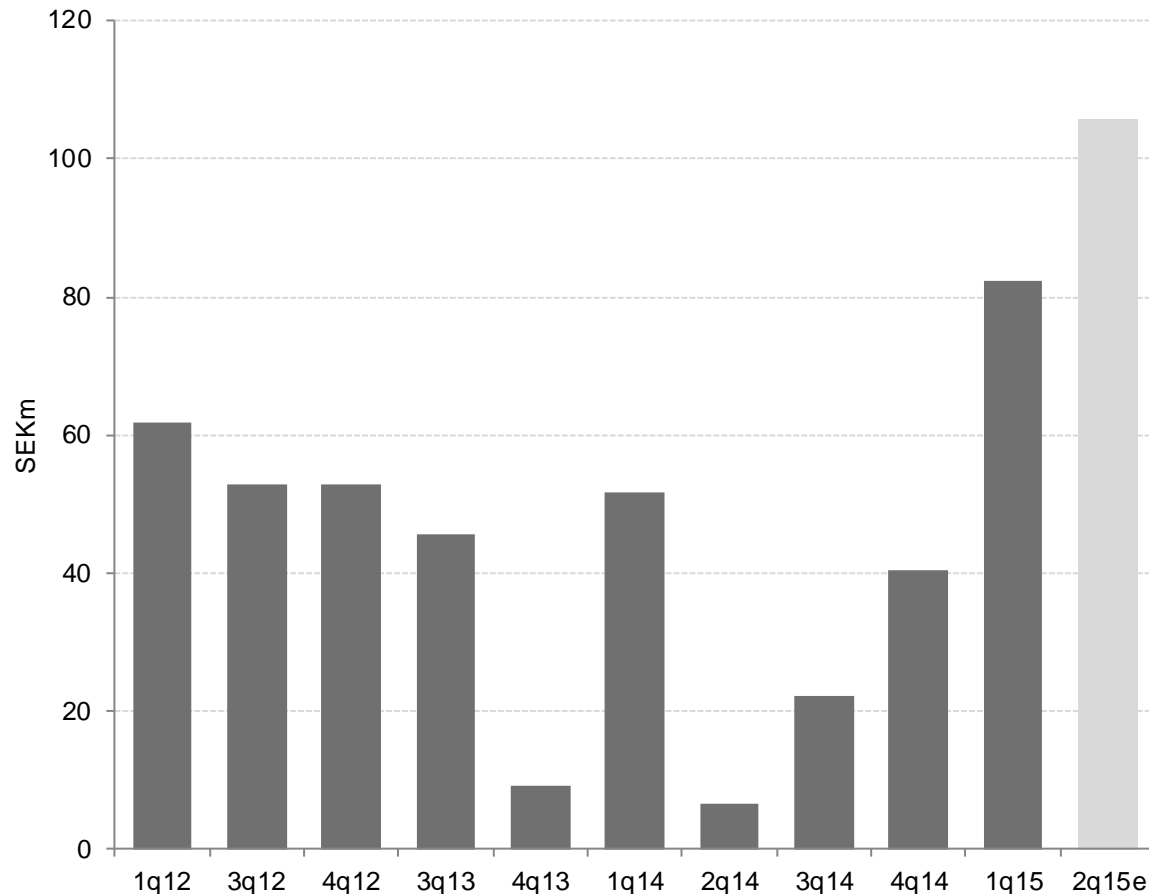
Erik Folkesson

+47 23 23 82 57

[erik.folkesson@swedbank.no](mailto:erik.folkesson@swedbank.no)

# CCOR earnings expanding on fleet additions and market turnaround

CCOR EBITDA and SWN 2q15 estimate

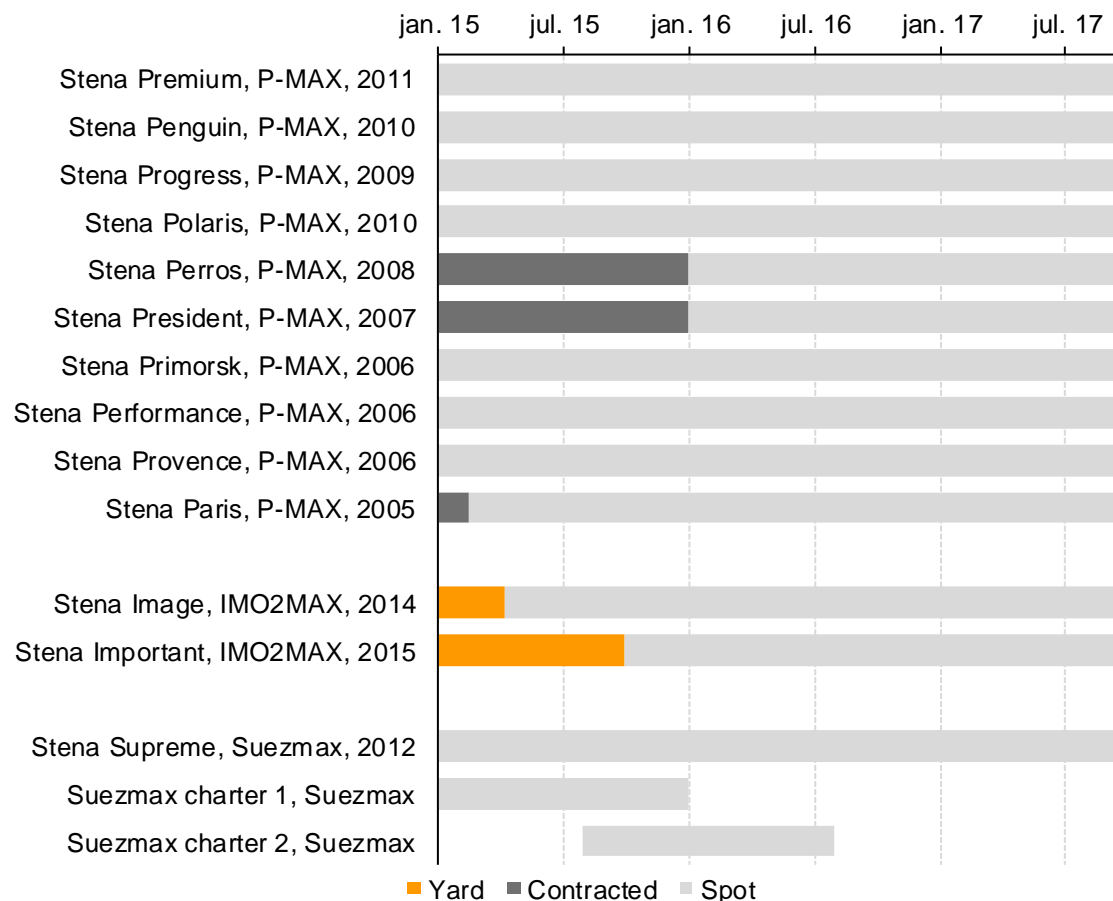


## Comments

- Market turnaround started 3q14
- Suezmax tanker chartered in for one year on a 50% basis from 1q15, deal is deep in the money
- 1st IMO2MAX newbuilding delivered April 2015
- Another 50% Suezmax charter to be delivered to CCOR in August 2015
- 2nd IMO2MAX to be delivered 4q15

# Well positioned for continued firm tanker markets with 86% spot capacity for 2015, 100% for 2016

## CCOR fleet and employment



## Comments

- **P-MAX**
  - Wide-beam MR, larger cargo intake and higher earnings potential
  - 10x in fleet. 2x on TC to Stena Bulk, 8x commercially operated by Stena Bulk, Stena Weco and Exxon. Trading both clean and dirty products
  - Spot income of USD 19,600 per day in 1q15; ~10% short of MR earnings achieved by top performing peers
- **IMO2MAX**
  - MR IMO 2
  - 2x NBs; one delivered in April, 2nd unit to follow in 4q15
  - Commercially operated by Stena Weco
- **Suezmaxes**
  - 1x owned vessel, commercially operated by Stena Sonangol. 1q15 TCE USD 44,200 per day; best in class
  - 2x chartered-in vessels, on a joint basis together with Stena Bulk. Charter agreements believed to be deep in the money

# Earnings expanding heavily on market turnaround; attractive earnings multiples

## P&L and balance sheet items, pricing

### Profit and loss

SEKm	2012	2013	2014	2015e	2016e	2017e
Total revenues	543	468	451	797	861	883
Operating expenses	274	263	275	395	403	384
SG&A	41	60	55	63	63	63
<b>EBITDA</b>	<b>228</b>	<b>145</b>	<b>121</b>	<b>340</b>	<b>395</b>	<b>437</b>
Ordinary depreciation	151	144	145	191	204	204
Impairment / (sales gains)	411	0	-80	0	0	0
<b>EBIT</b>	<b>-334</b>	<b>0</b>	<b>56</b>	<b>148</b>	<b>191</b>	<b>233</b>
Net financial items	-36	-39	-40	-54	-60	-54
Associated companies	0	0	0	0	0	0
Non recurring	0	0	0	0	0	0
<b>Pretax profit</b>	<b>-369</b>	<b>-39</b>	<b>16</b>	<b>94</b>	<b>132</b>	<b>179</b>
Minority interest	0	0	0	0	0	0
Tax	-13	-10	-8	-9	-12	-12
<b>Net profit</b>	<b>-356</b>	<b>-29</b>	<b>8</b>	<b>85</b>	<b>120</b>	<b>167</b>

### Rate assumptions (USD per day)

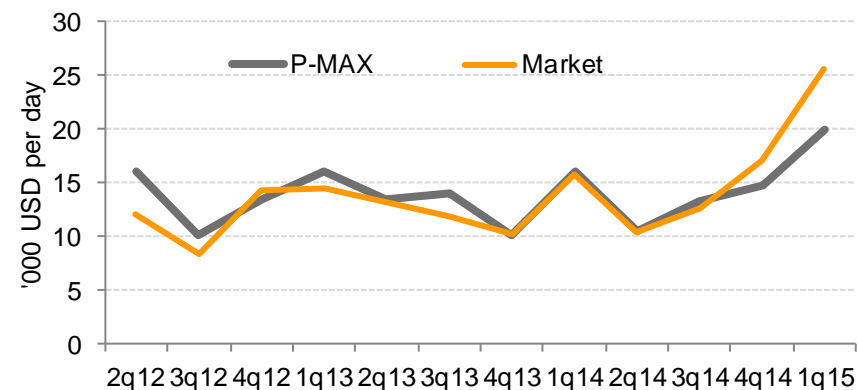
P-MAX spot earnings	13,625	13,375	13,600	19,875	20,625	22,000
MR				19,167	19,625	21,000
Suezmax			23,000	37,500	33,750	31,875

Rec. EPS (SEK/share)	-7.5	-0.6	-1.5	1.8	2.5	3.5
P/E	n.m.	n.m.	n.m.	10.1	7.2	5.2
EV/EBITDA	9.7	16.3	22.8	9.0	7.1	5.6
Yield	5 %	0 %	0 %	3 %	3 %	5 %
ROE	-25 %	-2 %	1 %	5 %	6 %	8 %
P/B	0.3	0.4	0.5	0.5	0.4	0.4

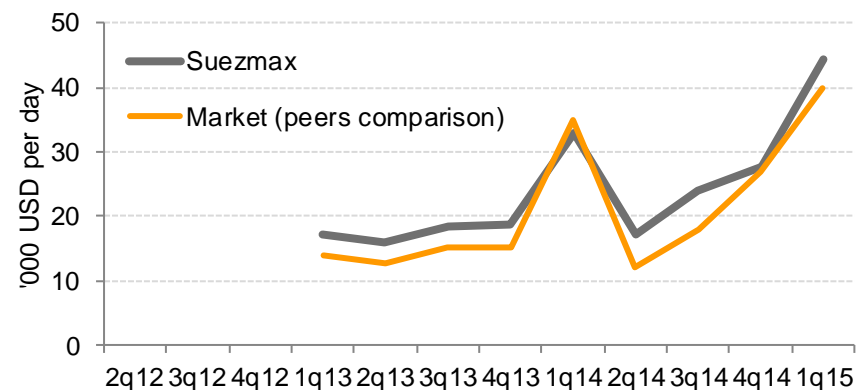
### Selected balance sheet items:

Cash and cash equivalents	144	106	137	249	260	472
Tangible assets	3111	3016	3336	3870	3703	3499
Total assets	3481	3407	3716	4387	4230	4239
Interest bearing debt	1993	1994	2039	2452	2197	2068
Shareholders equity	1331	1292	1575	1825	1923	2061

## P-MAX earnings vs market\*



## Suezmax earnings vs market



# Valuation: We estimate NAV SEK 27. Target set to SEK 25

## CCOR NAV

Vessel	Type	Built	Standard ship	Premium	Break-up
Stena Premium	P-MAX (ice class 1B)	2011	29.0	3.8	32.8
Stena Penguin	P-MAX (ice class 1A)	2010	27.0	3.7	30.7
Stena Progress	P-MAX (ice class 1B)	2009	25.1	3.6	28.7
Stena Polaris	P-MAX (ice class 1A)	2010	27.0	3.7	30.7
Stena Perros	P-MAX (ice class 1B)	2008	23.2	3.5	26.7
Stena President	P-MAX (ice class 1B)	2007	21.3	3.4	24.7
Stena Primorsk	P-MAX (ice class 1B)	2006	19.4	3.3	22.7
Stena Performance	P-MAX (ice class 1B)	2006	19.4	3.3	22.7
Stena Provence	P-MAX (ice class 1B)	2006	19.4	3.3	22.7
Stena Paris	P-MAX (ice class 1B)	2005	17.5	3.1	20.6
Stena Supreme	Suezmax	2012	64.8		64.8
Stena Image	IMO2MAX	2014	40.5		40.5
Stena Important	IMO2MAX	2015	40.5		40.5
<b>Sum owned vessels (USDm)</b>			<b>374</b>	<b>35</b>	<b>409</b>
<b>Sum owned vessels (SEKm)</b>					<b>3391</b>
+ Value of charter portfolio					81
+ Cash					189
+ Net other assets					158
- Capital expenditures (including dry docking)					-192
- Interest bearing debt					-2,353
<b>Net Asset Value</b>					<b>1273</b>
SEK per share					26.7
Price					18.0

## CCOR NAV

- Valuation of P-MAXes based on standard-type MR prices, plus premium for larger cargo intake qualities that should enable higher earnings (yet to be seen)
- IMO2MAXes, Suezmax valuation based on current broker quotes
- Charter portfolio valuation reflects spread between our market expectations and charter-in rates over the remaining term of the charter agreements
- Balance sheet items reflect our end-2q15 estimates

## Target set to SEK 25

- 8x 2016 EBITDA: SEK 25
- NAV, assuming 10% higher ship values: SEK 33; 20% discount due to specialized assets: SEK 26
- 10x 2016 earnings: SEK 25
- We set our target to SEK 25 (20) to reflect mid-cyclical multiples and fair break-up values, as well as a certain discount due to poor liquidity in the share

# Tanker peers pricing table

Company	Crcny	Price (local crcny)	Target	Upside	Rating	Mkt cap USDm	EV 2015 USDm	EV/EBITDA		P/E (rec)		Div yield		NAV	P / NAV
								2015	2016	2015	2016	2015	2016		
<i>Crude tankers</i>															
<b>Frontline</b>	NOK	22	10	-53 %	Reduce	549	1,025	6.0x	10.8x	6.6x	64.8x	0 %	0 %	9	2.4
<b>Frontline 2012</b>	NOK	46	60	30 %	Buy	1,434	2,217	12.0x	10.1x	15.2x	8.0x	30 %	3 %	45	1.0
<b>Tanker Investments</b>	NOK	98	140	42 %	Buy	468	926	6.4x	5.6x	5.1x	5.3x	0 %	0 %	119	0.8
<b>DHT Holdings</b>	USD	8.0	12.5	57 %	Buy	736	1,253	7.8x	6.3x	14.9x	7.0x	4 %	9 %	7.8	1.0
<b>OSG</b>	USD	4.4	5.5	25 %	Buy	2,326	3,280	8.0x	6.1x	12.1x	8.8x	0 %	0 %	3.5	1.3
Crude tankers median				30 %				7.8x	7.8x	14.9x	8.0x	4 %	3 %		
<i>Product and chemical tankers</i>															
<b>Stolt-Nielsen</b>	NOK	139	180	29 %	Buy	1,006	2,842	7.1x	7.3x	8.3x	9.2x	6 %	6 %	225	0.6
<b>Odfjell</b>	NOK	24.3	24	-1 %	Neutral	246	1,270	10.5x	8.7x	n.m.	30.7x	0 %	0 %	29	0.8
<b>Concordia Maritime</b>	SEK	18.0	25	39 %	Buy	104	369	9.0x	7.1x	10.1x	7.2x	3 %	3 %	27	0.7
<b>Scorpio Tankers</b>	USD	9.5	11.5	21 %	Buy	1,718	3,431	10.5x	8.7x	9.8x	7.8x	4 %	4 %	9.5	1.0
Product and chemical tankers median				25 %				10.5x	7.3x	10.0x	7.8x	3 %	3 %		

# Product tankers: The tide has turned, solid earnings here to stay

- Product tanker earnings at multi-year highs; theoretical ROCE in the 16% region
- Globalization of product trades leading to higher product tanker demand
- Slow newbuilding contracting; orderbook to be consumed by additional demand

## Product tanker earnings at multi-year highs

MR have sailed in around USD 22,000 per day in spot markets YTD; the highest since 2008 owing to support from a very busy crude tanker market, encouraging refinery margins and increasing refinery throughput. We find that given current secondhand prices and spot earnings, the theoretical ROCE for an MR investment is in the 16% region; the best in over ten years.

## Globalization of product trades leading to higher product tanker demand

Refinery capacity in the MEG increases, resulting in a hike in refined petroleum products exports from the region. The MEG, together with the USG, are likely to become global suppliers of petroleum products due to their new and efficient capacity and feedstock advantage. The result is likely to be that more petroleum products will be shipped longer distances as demand arises in new regions, while older and inefficient refineries in OECD countries are likely to be closed down. Meanwhile, product balances around the world grow increasingly different, also adding to trade.

## Slow newbuilding contracting; orderbook to be consumed by additional demand

The orderbook for product tankers (>10k dwt) stands at 18% of the fleet, however very few orders are added to the orderbook and the backlog is thus shrinking. We estimate net fleet growth of 14% through 2017, and demand growth of close to 18% in the same period. Consequently, underlying fundamentals are tightening and we expect earnings to remain at current levels throughout our forecast period.

Date:  
5-Jun-15

### Financial analyst:

Erik Folkeson

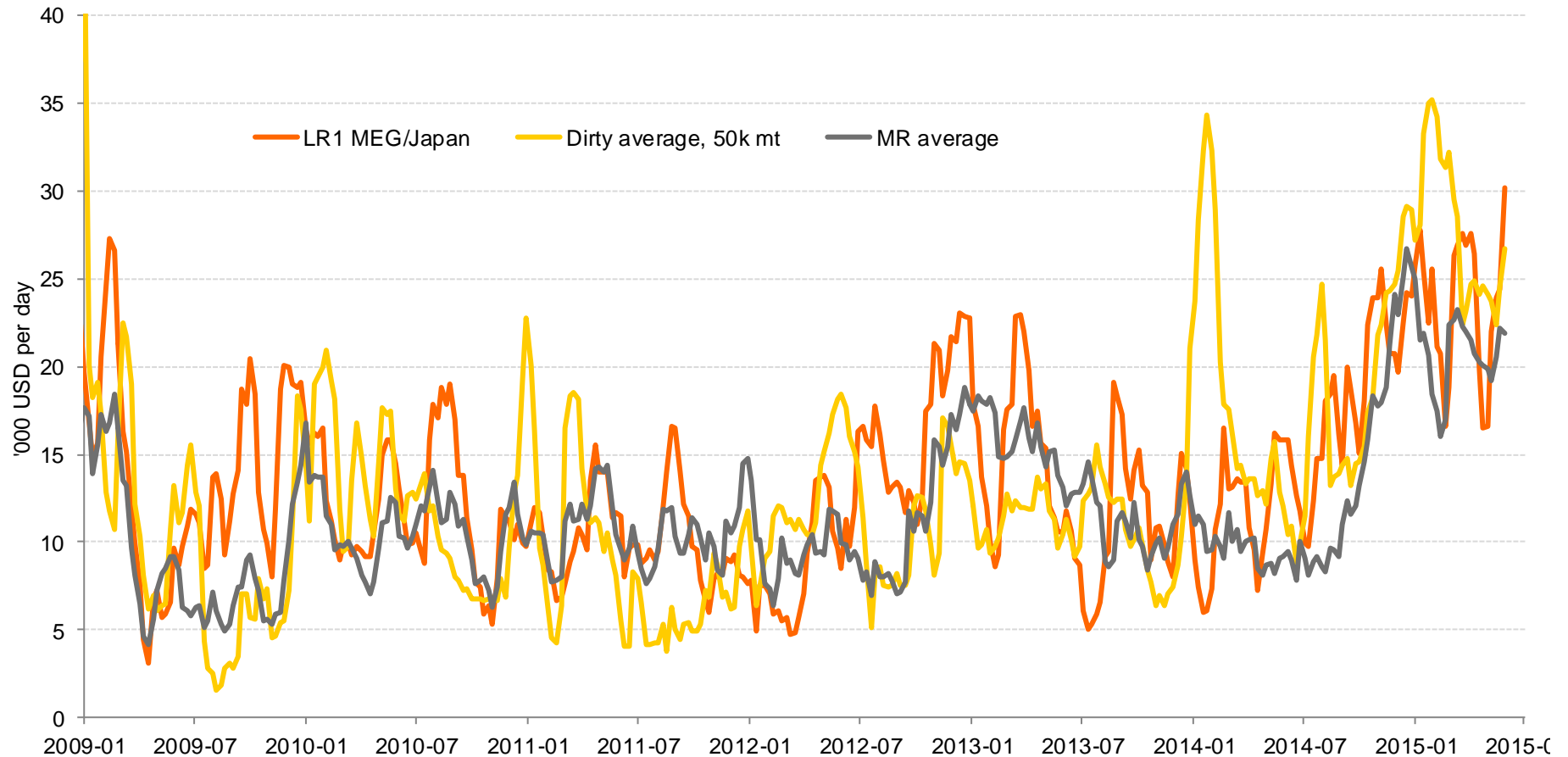
+47 23 23 82 57

[erik.folkeson@swedbank.no](mailto:erik.folkeson@swedbank.no)

# Sharp increase in product tanker spot earnings

MR avg, YTD: USD 21,000 per day; +115% y/y

## Product tanker spot earnings



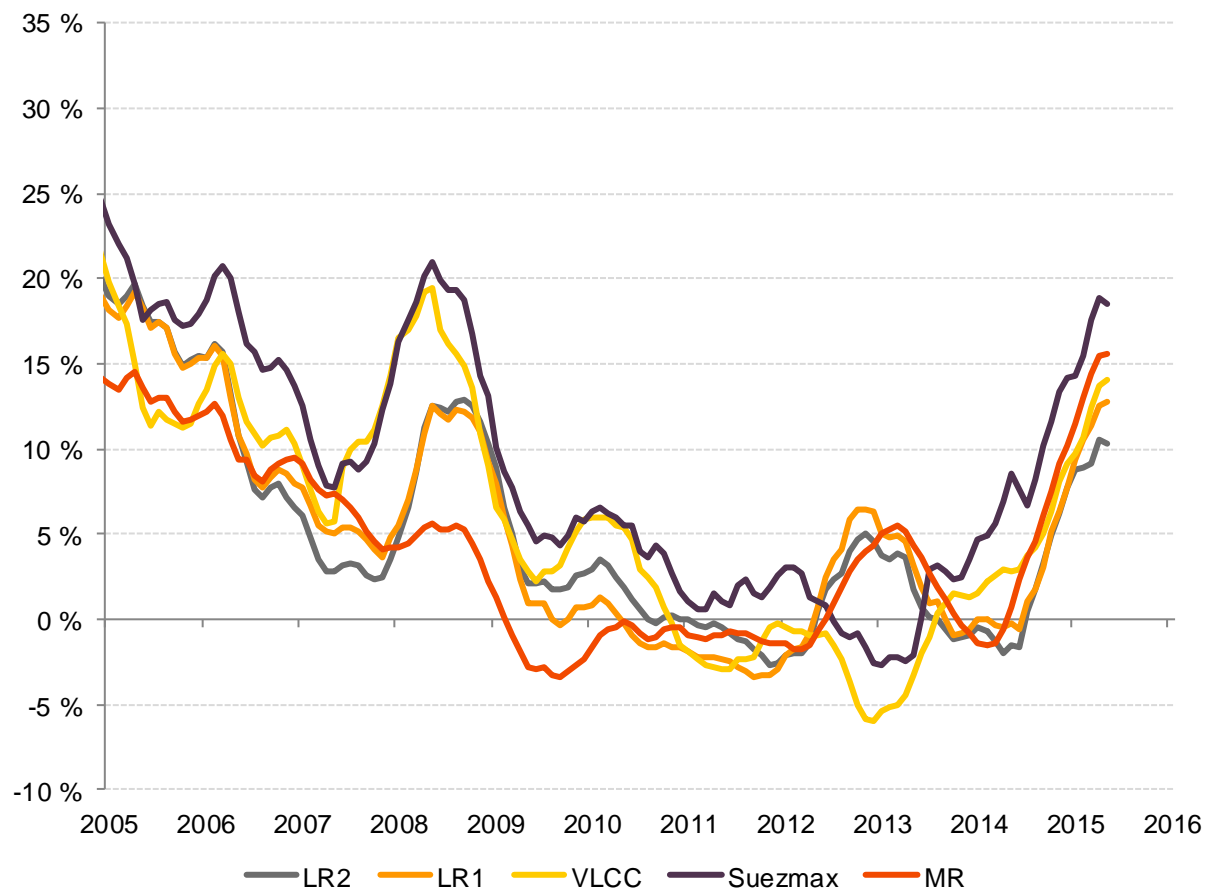
Source: Clarkson



## Return rates are more than comfortable: ROCE 10-15%

We estimate ROCE, given investment in a 5-yr old MR, of 16% given current spot markets

**ROCE, tankers. Spot vs 5-yr secondhand**



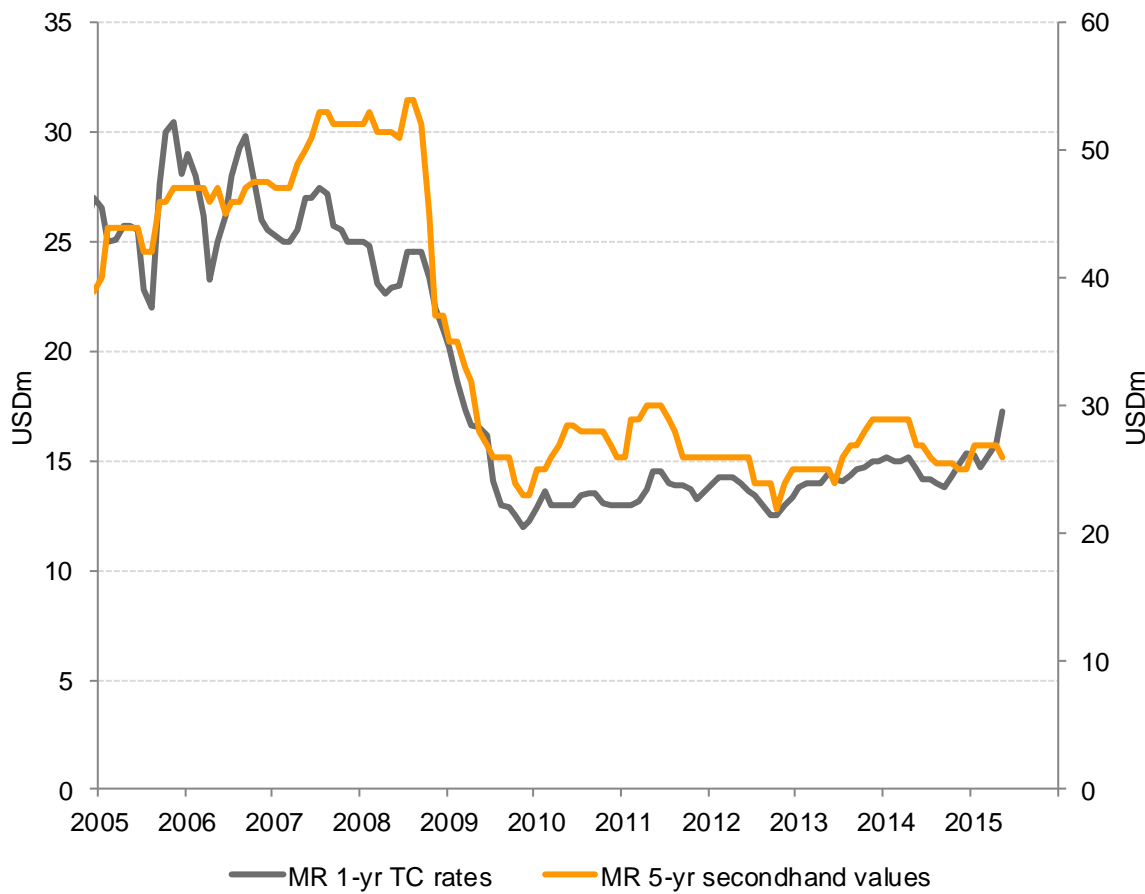
**Comments**

- MRs the 2nd most profitable tanker segment YTD
- Over time, Suezmax crude tankers offer the best return rates
- Given current MR values and our positive market outlook, today is an attractive entry point for product tanker investments

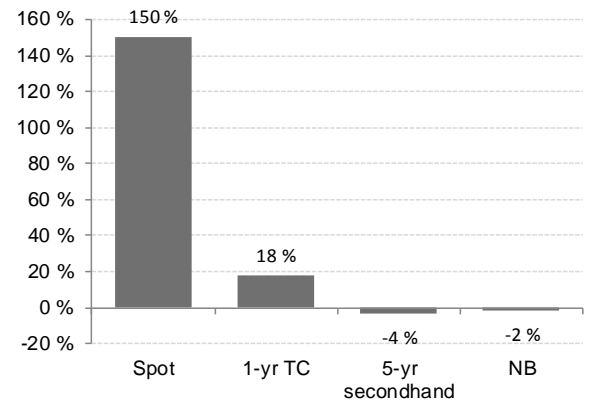
Source: Clarkson, Swedbank

# MR TC rates shooting upwards on soaring spot markets, but so far no reaction to secondhand values

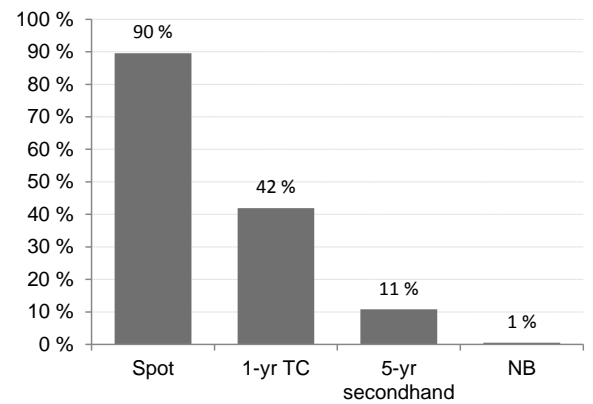
MR, 1-yr TC vs 5-yr old secondhand



MR, y/y change



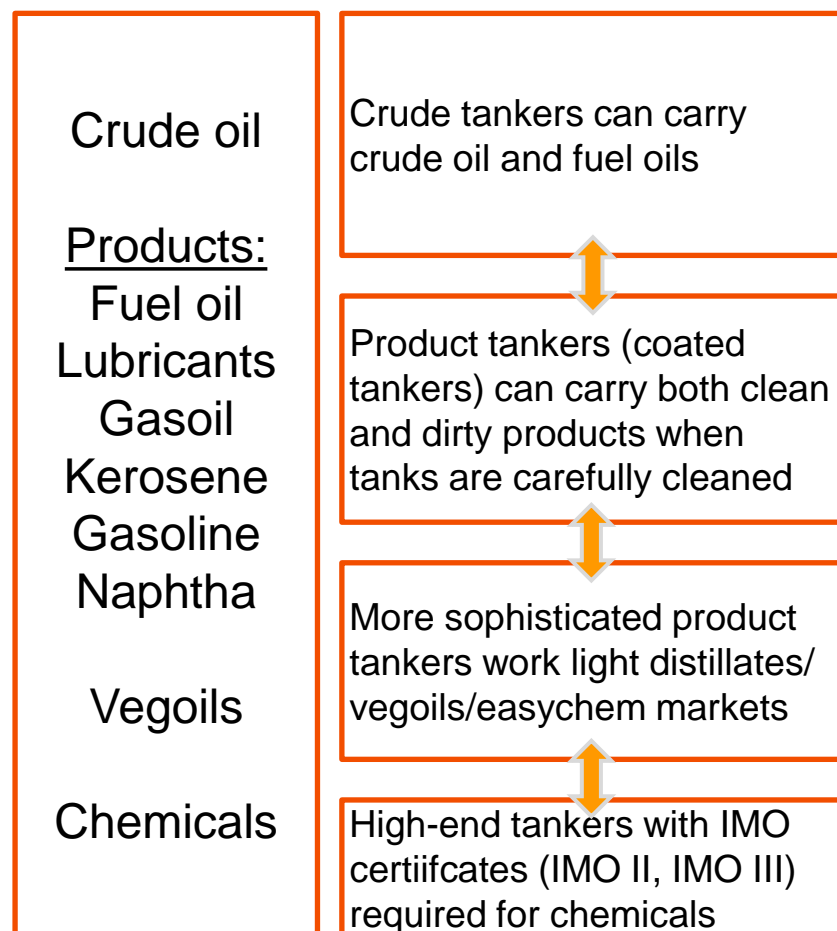
LR1, y/y change



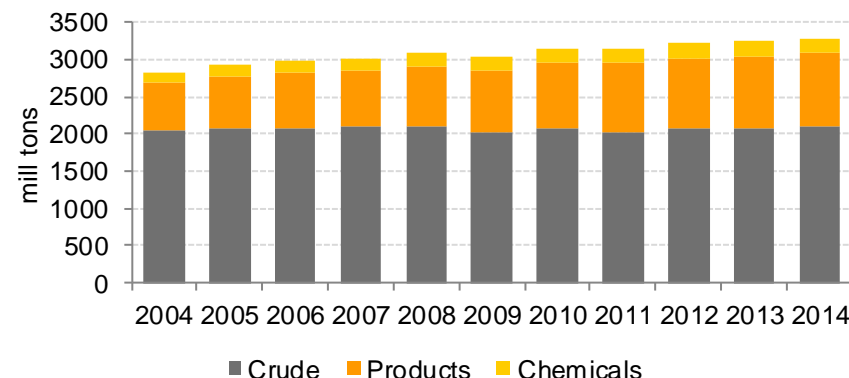
Source: Clarkson

# Tanker market and fleet overview: Products taking up a larger part of total petroleum shipping markets

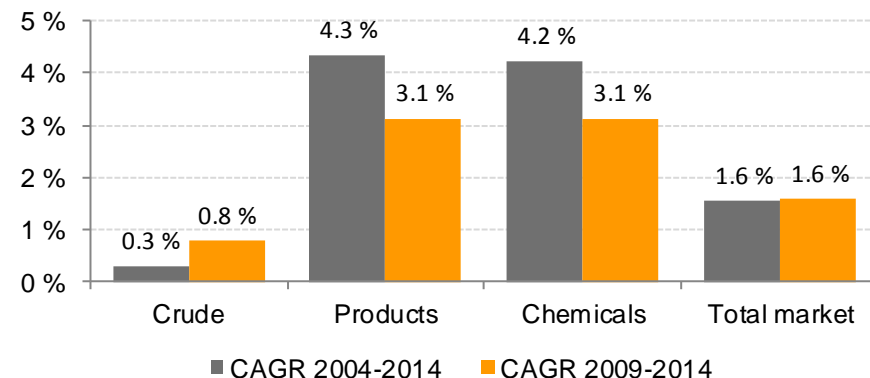
## Tanker market segments



## World seaborne liquid bulk volumes



## Growth, tanker volumes



# More refined products on the water while fleet growth slows

## Triggers for the market improvement YTD

### 1. Support from crude tanker markets

- Crude tanker earnings at multi-year highs owing to slowing fleet growth, crude overproduction, stockbuilding and longer trades as more oil flows from the West to the East
- Fewer ships cleaning up and entering clean trades; crude rather attracting clean vessels

### 2. Higher refinery production

- Global refinery production ticking upwards due to encouraging refining margins and rising end-user demand for refined products

### 3. Trade globalization; low cost producers gaining a larger market share

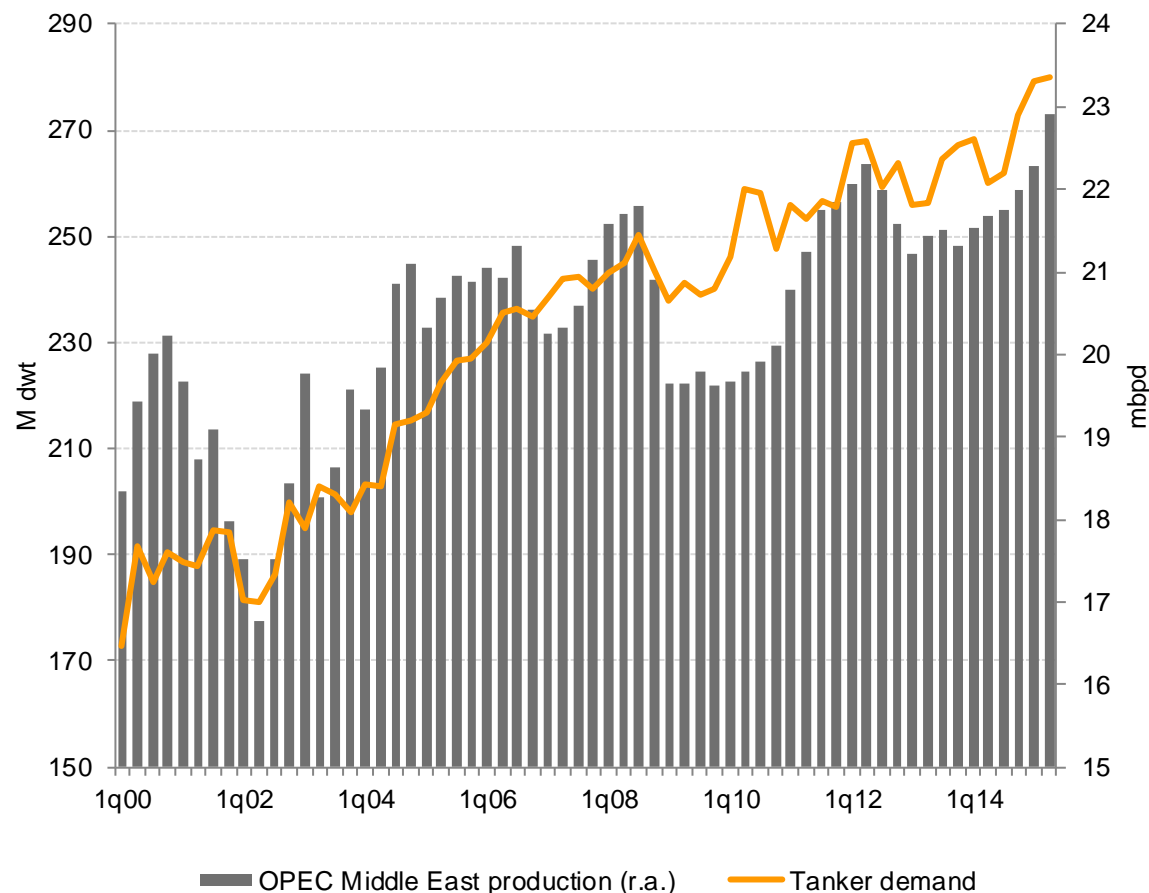
- Increased MEG and US exports of refined products due to refinery capacity expansions and cost advantage
- Increasing oil demand in areas with refinery underinvestment
- Regional product imbalances and arbitrages

### 4. Tanker fleet expansion slowing; few newbuilding orders being placed

- Tanker fleet growth (crude+products) of ~10% from 2014 to 2017. Product tanker fleet expanding 14% against an increase in demand of close to 18% in the same period.

# Support from crude tankers: Crude tanker earnings soaring on all time high demand

OPEC Middle East crude oil production vs crude tanker demand



Comments

- Saudi Arabia pumps more than 10 mbpd; the highest on record
- Saudi exports at 10-yr high in March; up 7% m/m to 7.9 mbpd.
- OPEC Middle East production at 23 mbpd; the highest on record
  - Record high Saudi production
  - Iraq output increasing: Exports of 3 mbpd in March; the highest since 2007
- Tanker demand at all-time high levels as crude overproduction persists
- Multi-year high crude tanker markets as a result

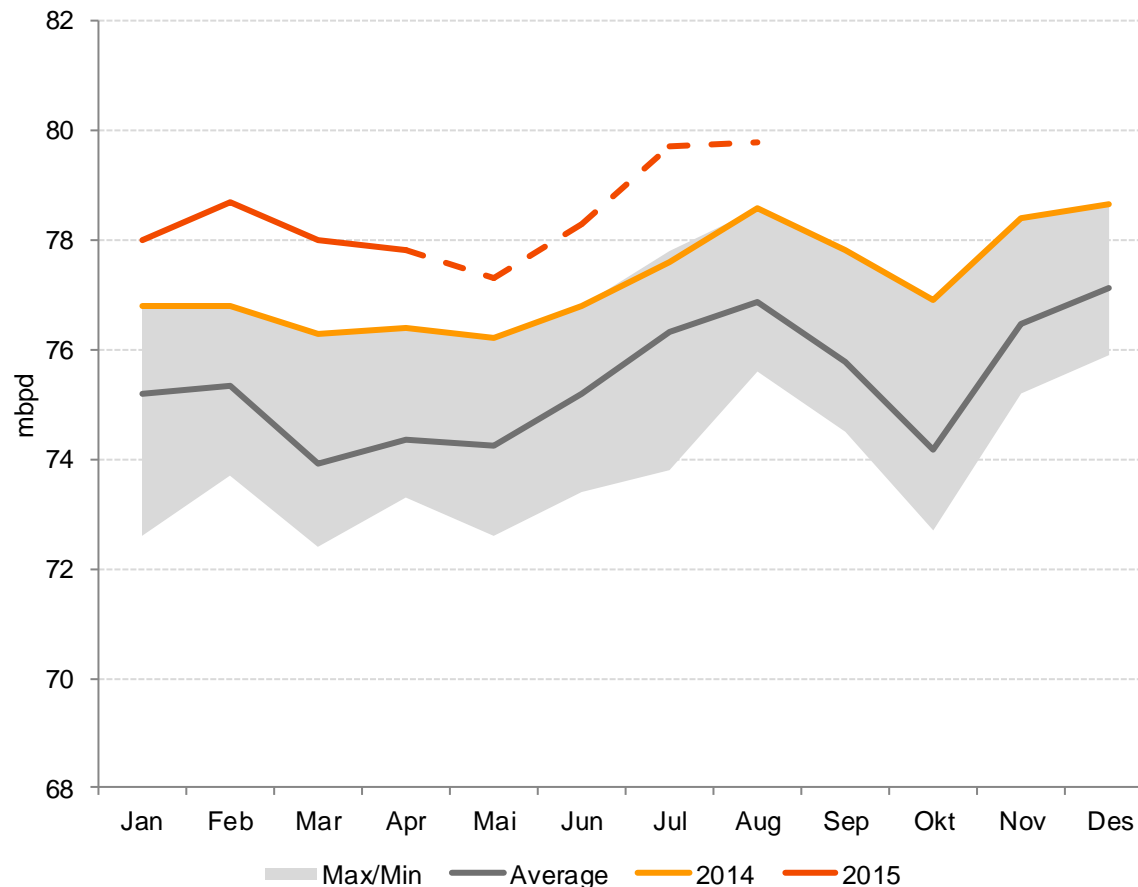
Source: SWN, IEA

# Refinery production at all time high levels – and now refiners are expected to boost production to meet summer demand

## Global refinery crude throughput

## Comments

- Crude throughput is up 1.4 mbpd y/y YTD
- Greatest gains seen in Europe, non-OECD Asia (excluding China), Latin America and OECD America
- Spring maintenance deferred to take advantage of strong refining margins



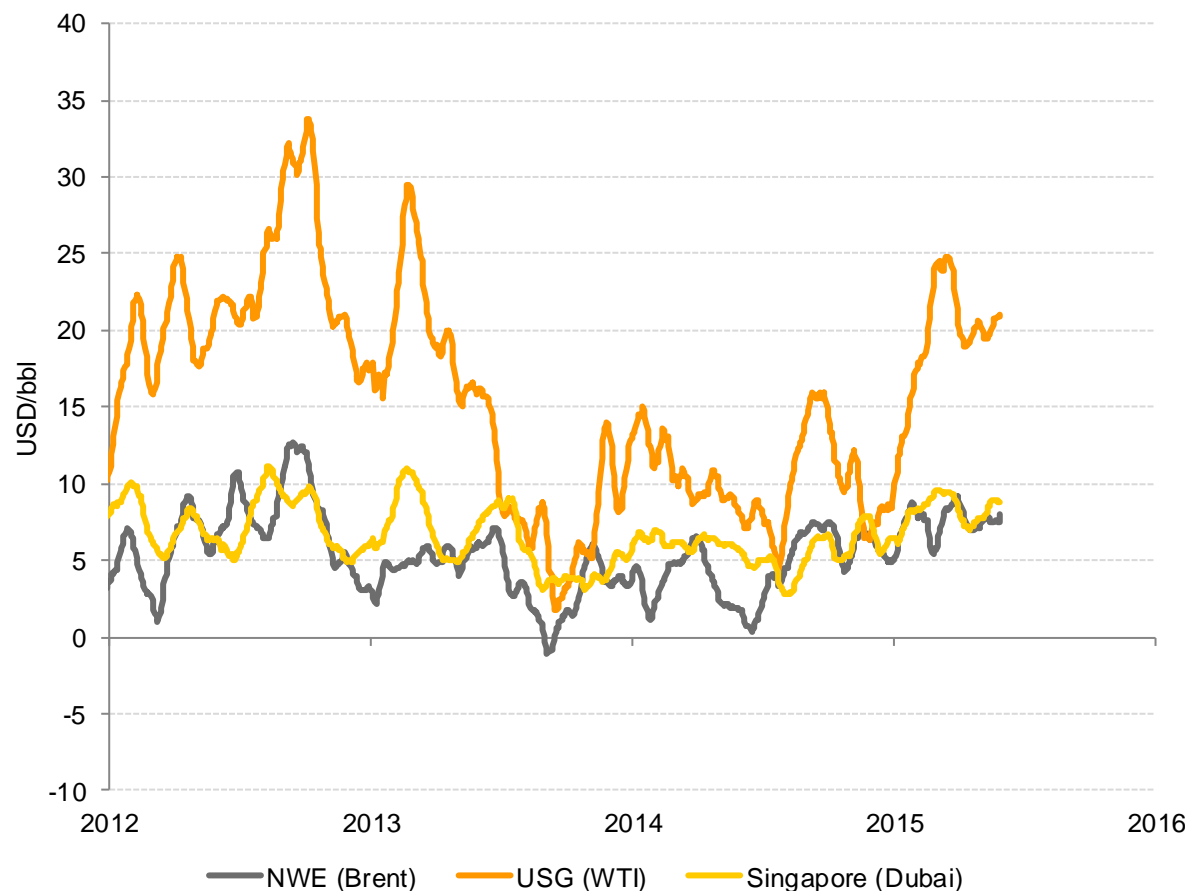
Source: IEA

## Refining margins at comfortable levels – indicates healthy end-user demand and continued firm refinery production

### Global refining margins

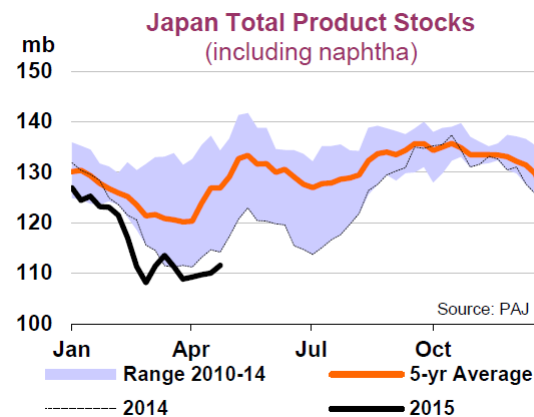
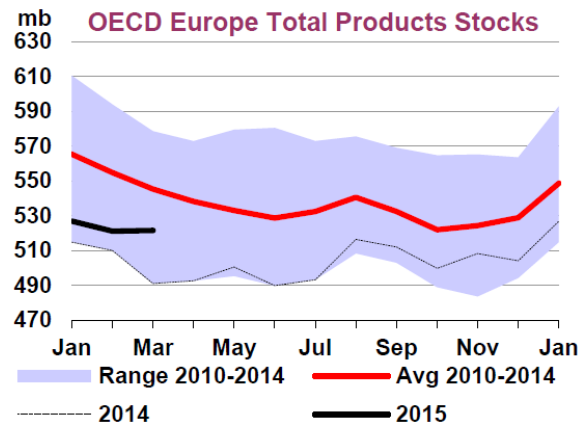
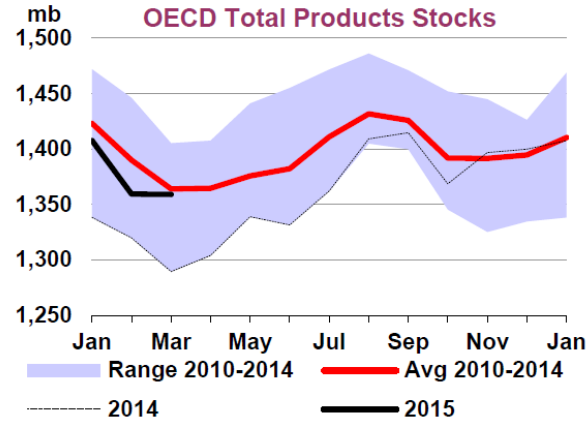
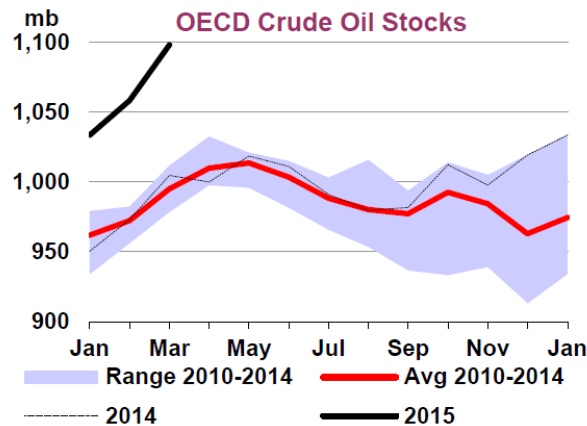
### Comments

- Refining margins improving
  - NWE YTD: USD 7.55 PER BBL; +100%
  - US Gulf YTD: USD 19.5 per bbl; +80%
  - Singapore YTD: USD 8.30 per bbl; +30%
- Higher product cracks a result of
  - Lower feedstock prices/oversupply of feedstock
  - Healthy end-user demand



# IEA: Product stocks below average levels. Should continue to support margins and product trades in the short run

## IEA inventory data

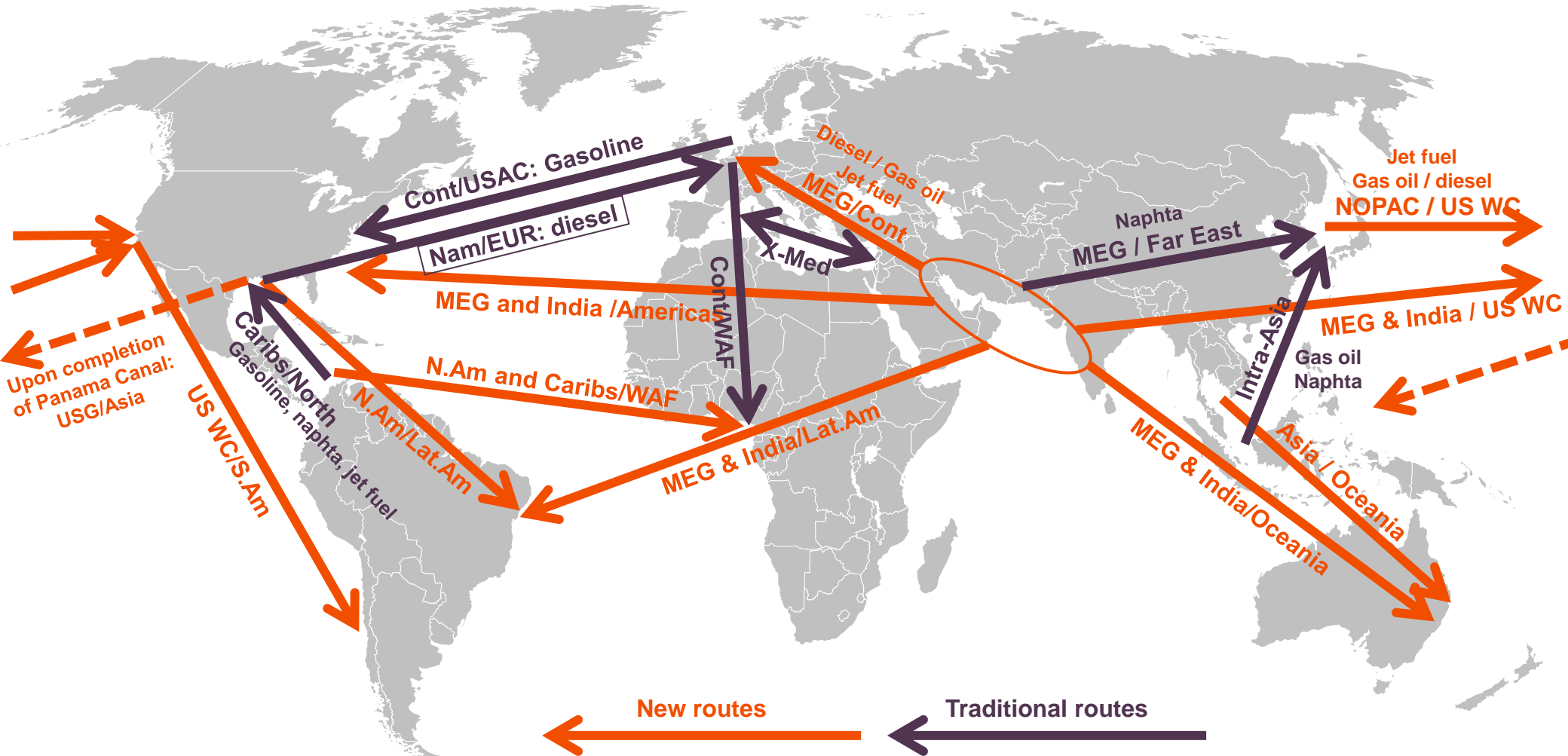


## Comments

- Huge build-up of crude inventories, particularly in the United States
- Europe and OECD Asia product inventories well below historical averages
- Europe forecasted to suffer from deeper middle distillate deficit this summer – stocks to need replenishment



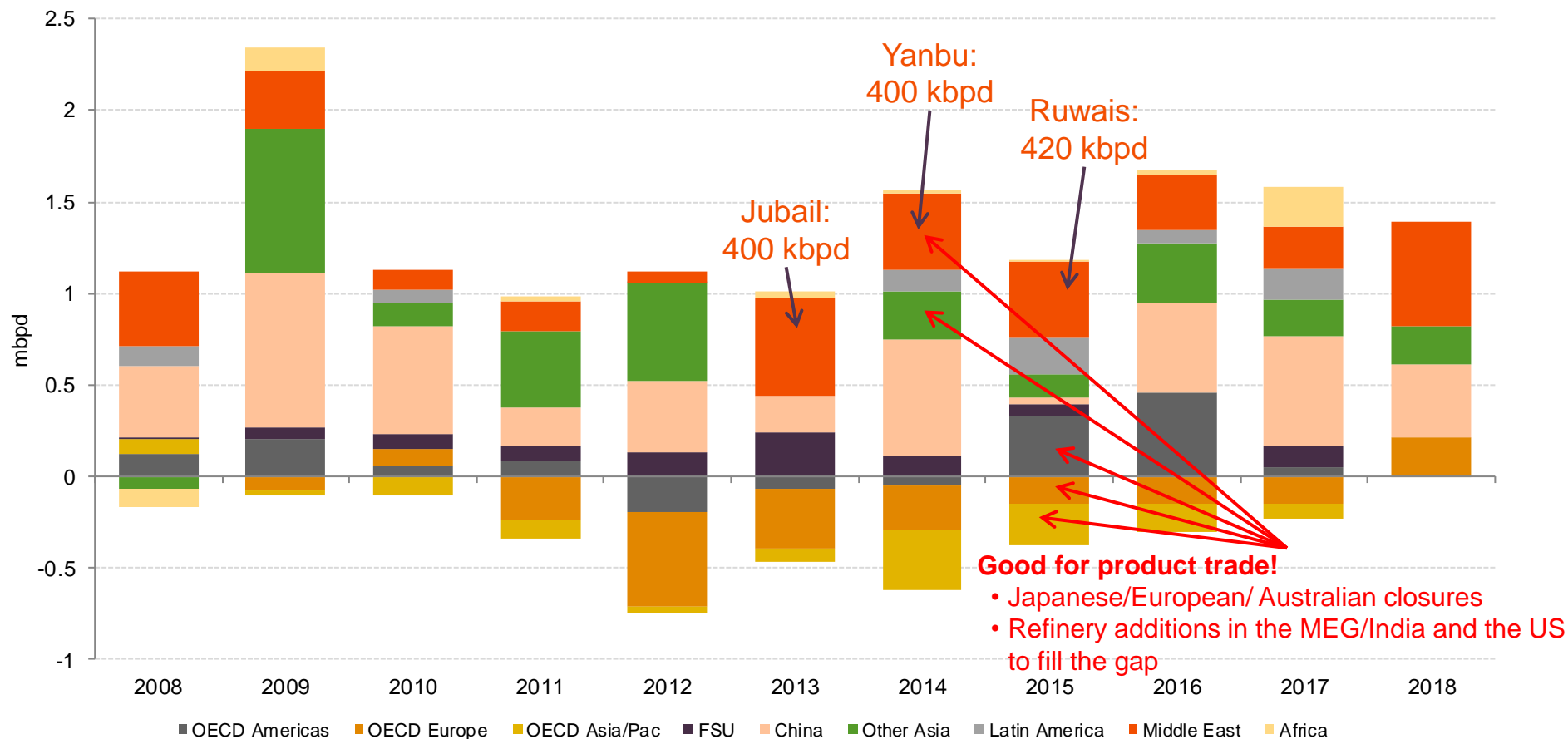
# Trade globalization: Low cost producers will take larger market shares; supporting product tanker demand



# Huge refinery additions in the MEG and Asia through 2018

Meanwhile, European, Australian and Japanese plants are closing down, generating higher product tanker demand as demand does not go away

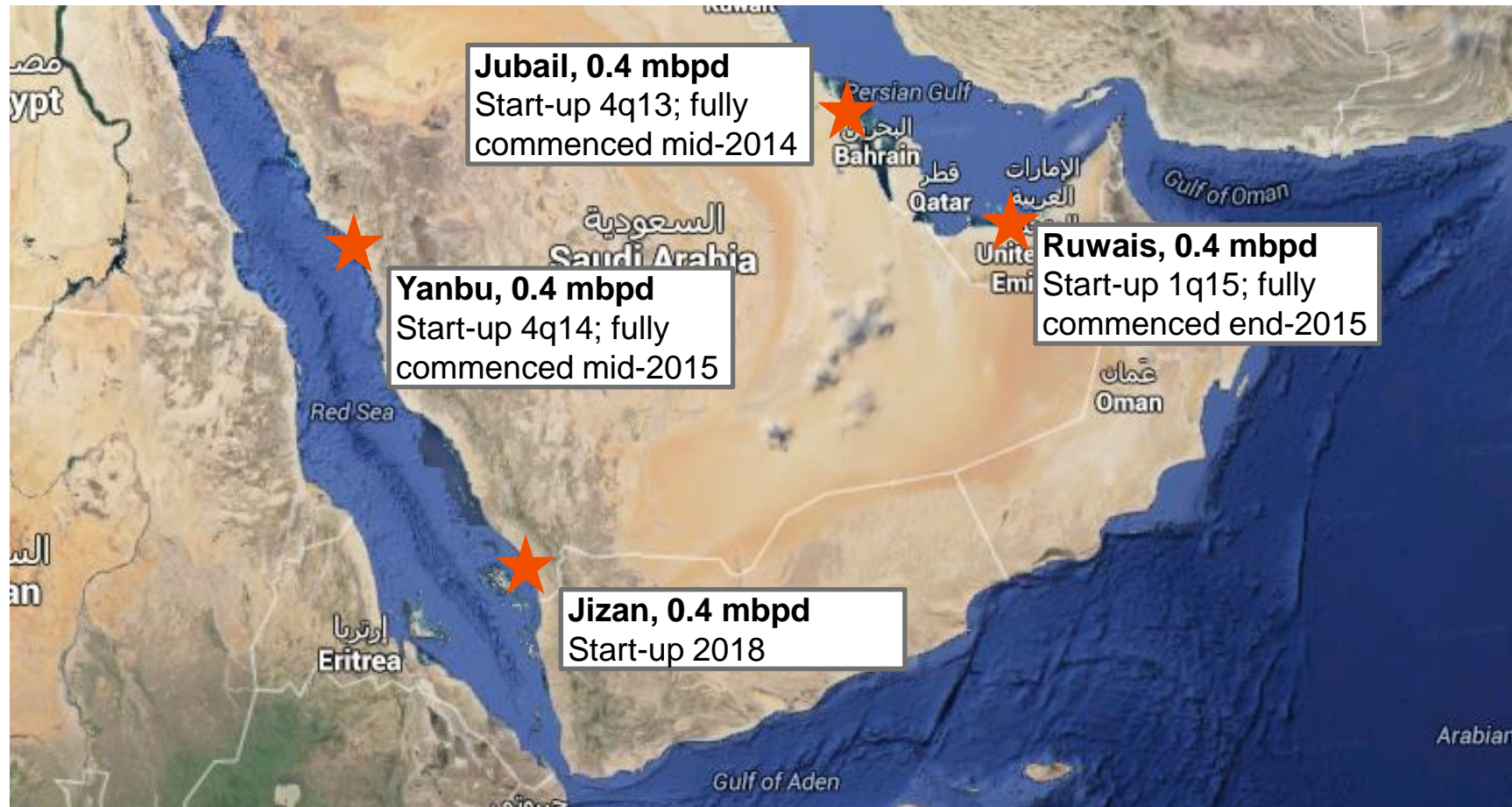
## Changes in refinery capacity (crude distillation capacity)



Source: IEA

# The Middle East Gulf: Refinery capacity expansions to fuel world markets as the region's long position increases

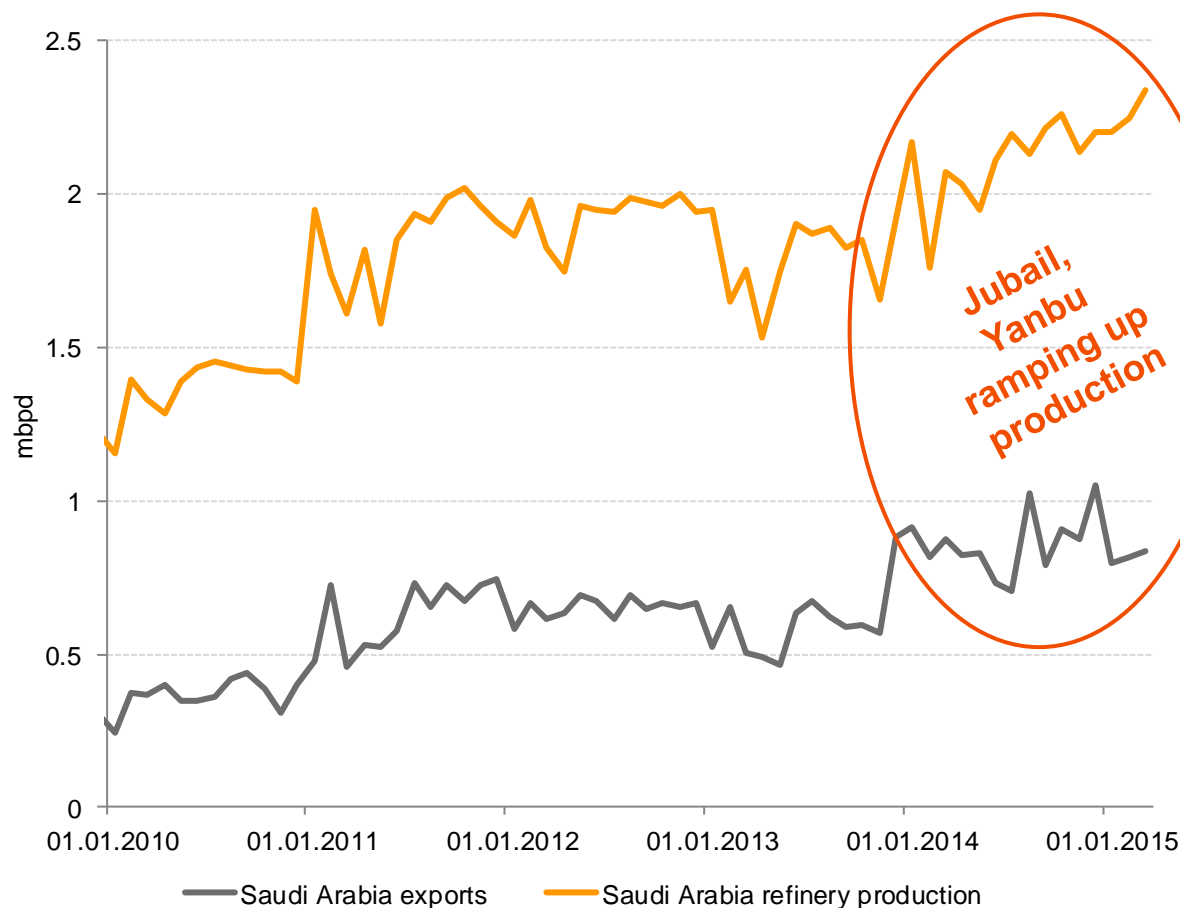
## Key MEG refinery additions, 2013-2018



# MEG refinery additions to fully employ LR2 orderbook

New MEG refining capacity directed at international markets

## Saudi Arabia refinery production and product exports



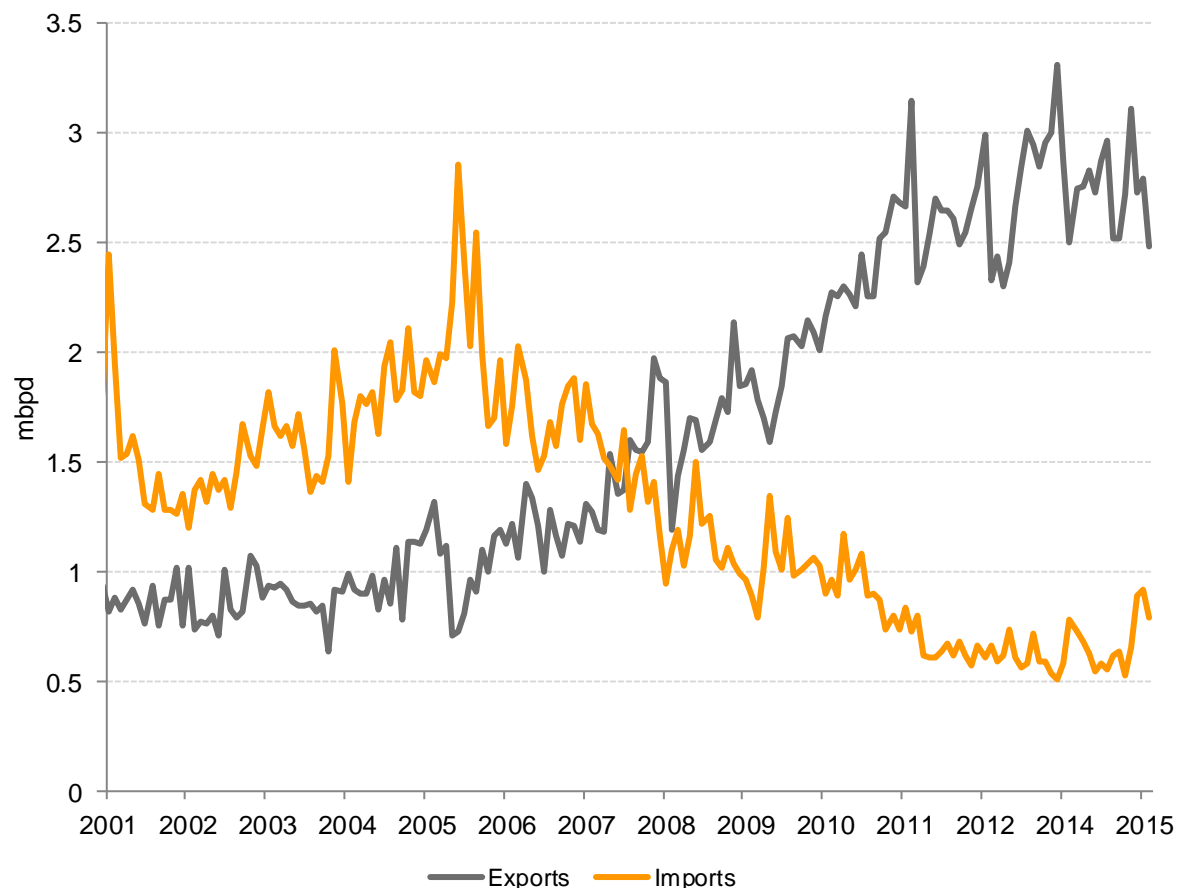
## Comments

- Saudi Arabia refinery output increasing steadily on refinery expansions
  - Production up 300,000 bbls per day (17%) in 2014
  - Production 400,000 bbls per day higher 4q14 relative to 4q13
  - SATORP's new Jubail facility said to be operating at 80% of capacity (320,000 bbls per day) since June; full capacity reached in August
- Saudi Arabia product exports rose 260,000 bbls/day, or 44% y/y
- In addition, refinery additions should lead to higher India exports as well
- We expect the MEG and India's product exports to increase 750k bbls/day by end-2017
  - Abt 50% of refinery additions
  - **Generates demand for 67x LR2s (orderbook: 70x units)**

## US exports increasing, but a slow-down was seen in 2014

Volumes fell on a year on year basis in the second half of 2014; so far 2015 volumes are flat y/y

### US imports and exports, finished petroleum products



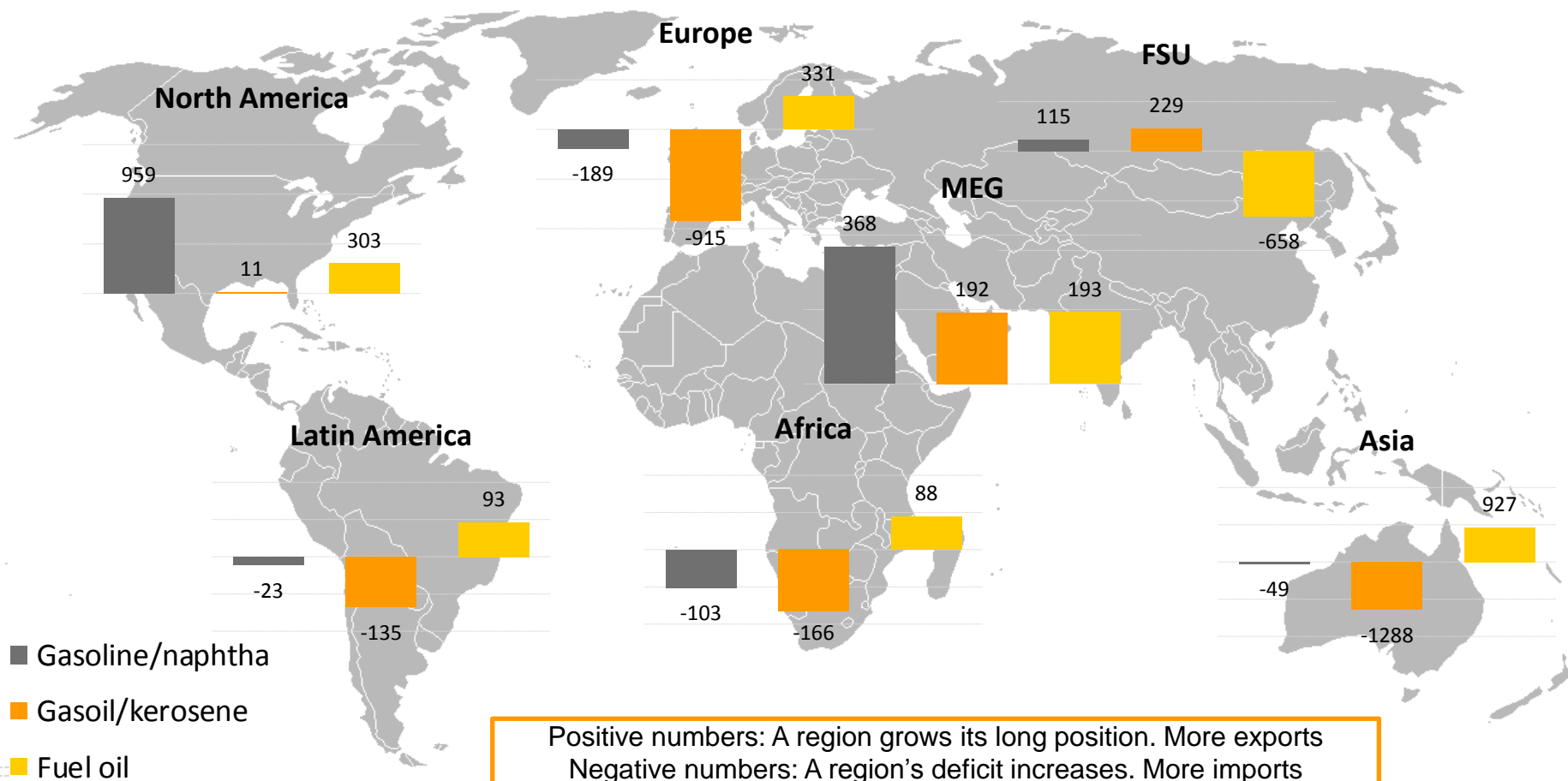
### Comments:

- 2014 exports, finished petroleum products: 2,8 mbpd (flat y/y)
  - 1H: +10% y/y
  - 2H: -8% y/y
- **Export growth potential:**
  - Condensate exports: ~350,000 bbls/day following investments in splitters
  - Refinery upgrades: ~300,000 bbls/day
  - Higher utilization of US refineries: ~300,000 bbls/day
  - Less US demand increase: ~100,000 bbls/day per year
  - Increased US oversupply: ~650,000 bbls/day by 2017
- Requires demand for 35x LR1s
  - Orderbook 40x units

## Increasing differences in product balances

Europe, Asia, Africa, LatAm need to fill growing middle distillates deficits. Likely sources: MEG, FSU, North America. Fuel oil surplus to be further processed to middle distillates?

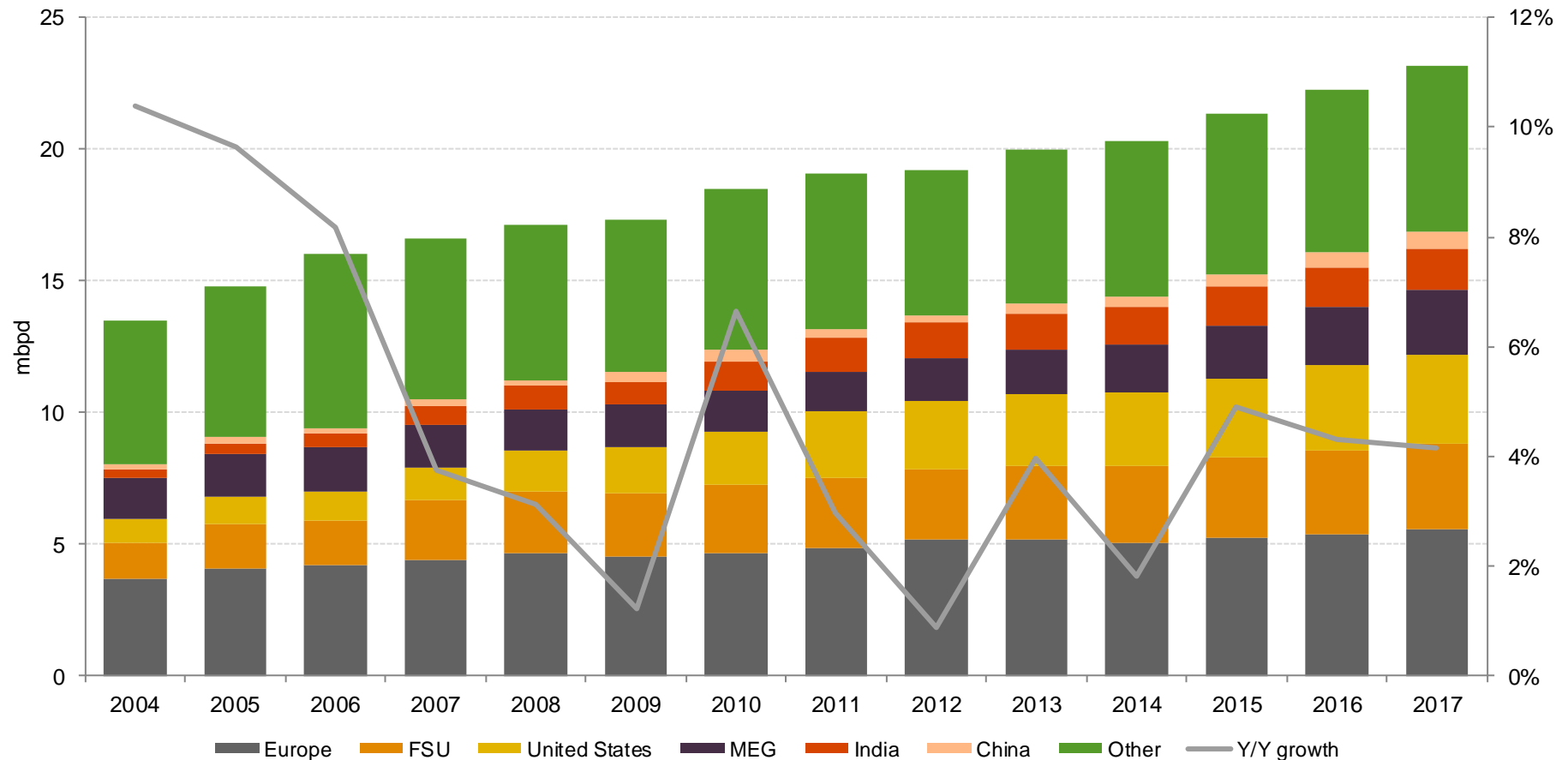
Changes in product balances, 2014-2018e, '000 bbls per day



Source: IEA

# We expect MEG and US exports to increase, boosting overall seaborne volume growth to around 5%

## Petroleum product trades by exporters



Source: Clarkson, Swedbank

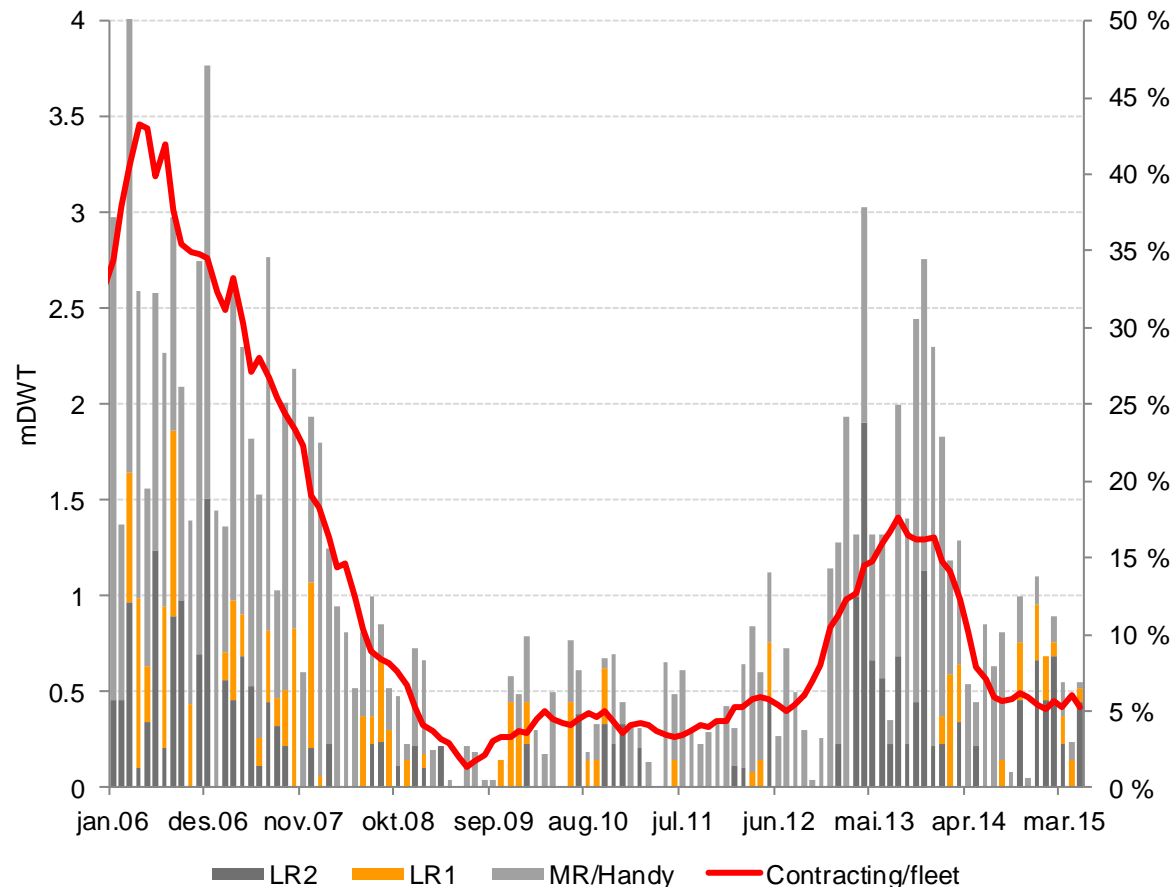


# Newbuilding contracting at relatively low levels

## Product tanker contracting

## Comments

- Few recent newbuilding contracts
- Owners in general reluctant to add to order books
- Still a feeling that too much has been ordered
- Lead time, new tankers: ~2 years
- Newbuilding prices trending downwards on limited interest for offshore and dry bulk newbuildings, as well as still slow tanker contracting

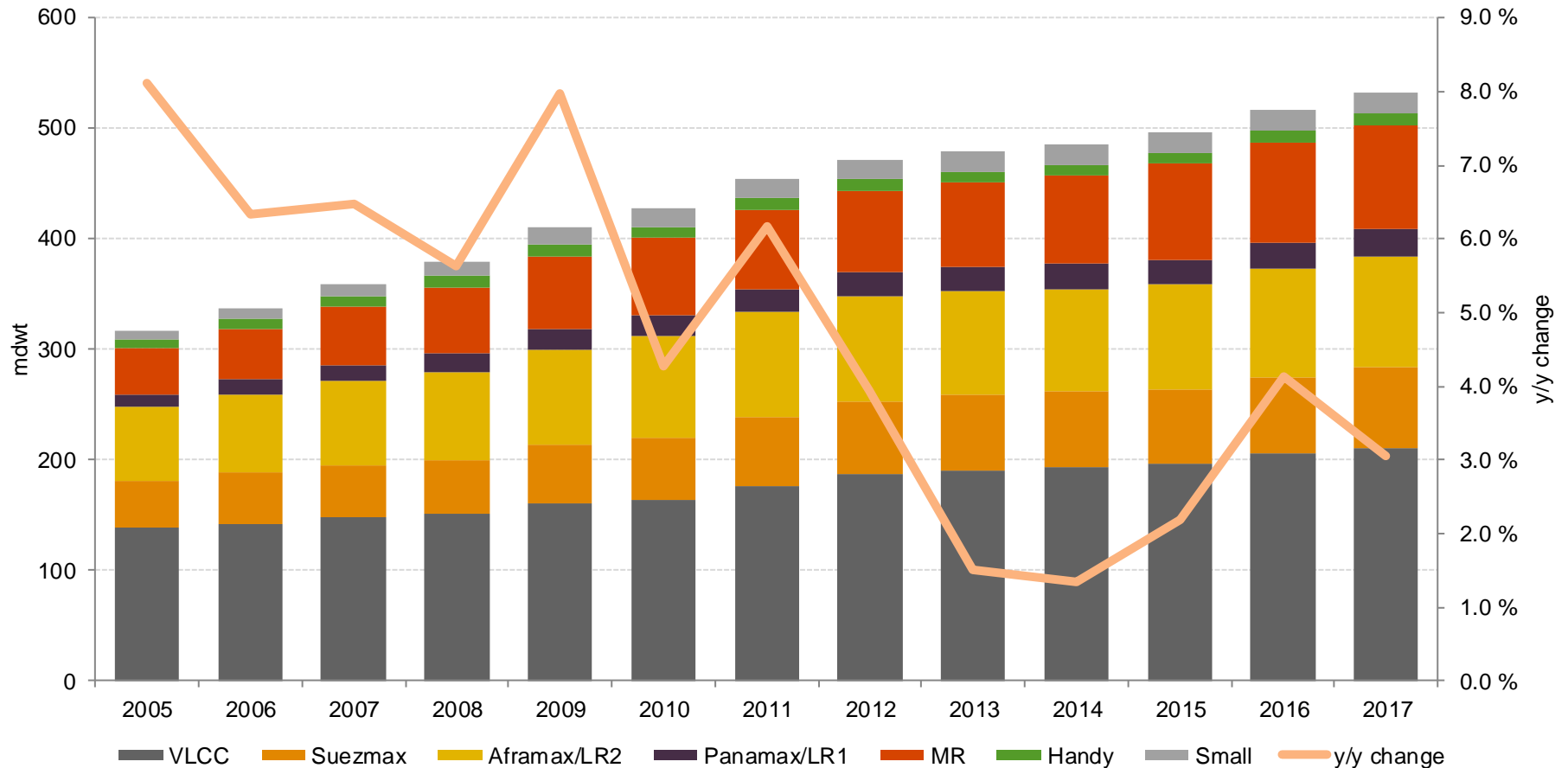


Source:



# Tankers in general: Fleet growth under control. We estimate 2% net fleet growth in 2015, then 4% in 2016

Fleet growth, crude and product tankers, vessels larger than 10k dwt



Source: Clarkson, SWN

## Product tankers: 14% net fleet growth expected in the 2015-2017 period. LR2 fleet expanding the most

### Product tankers net fleet growth

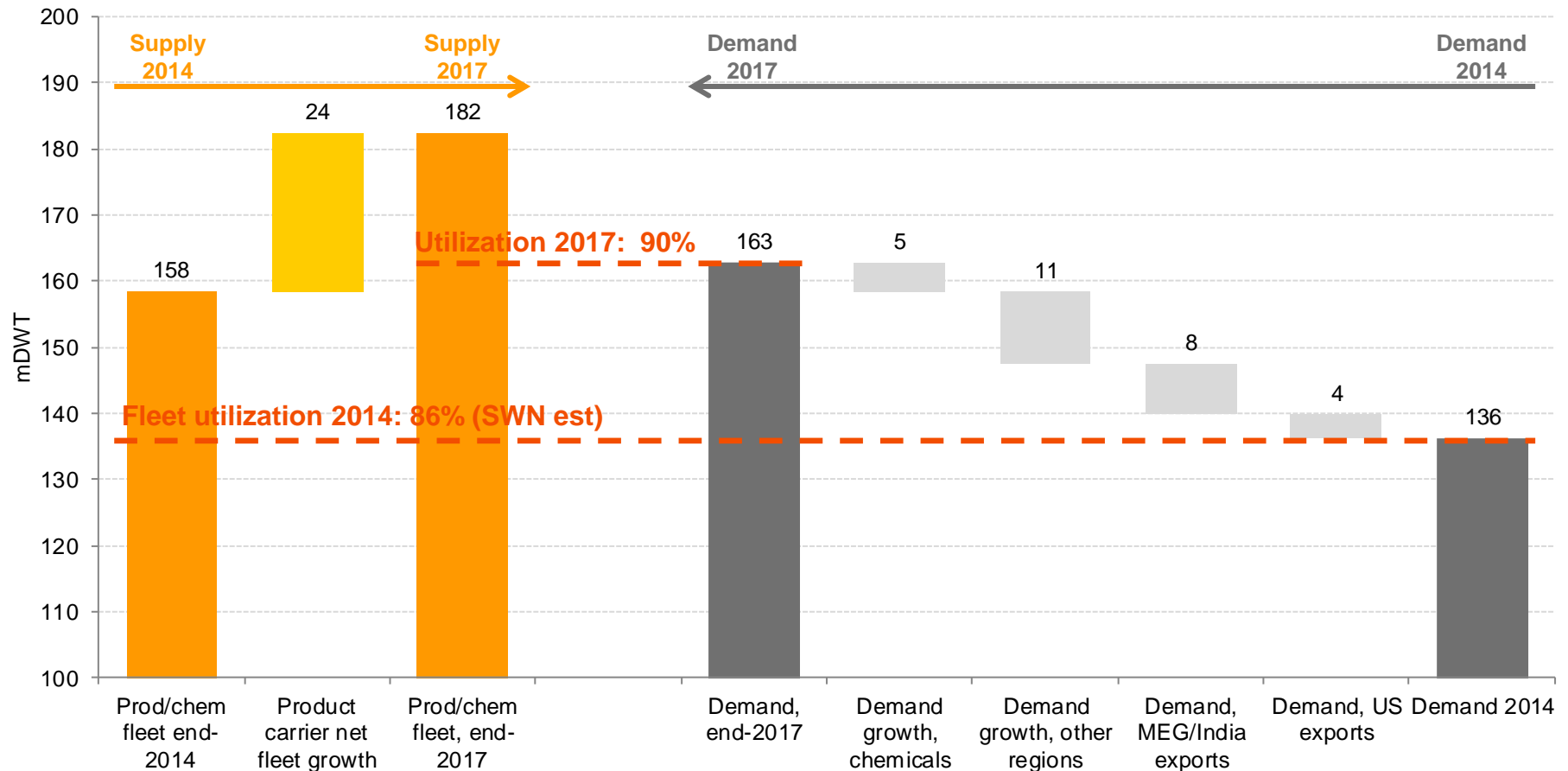
	Intermediate 10-20k dwt	Handy 20-35k dwt	MR 35-60k dwt	LR1 60-80k dwt	LR2 80k dwt+	Total
<i>Fleet growth per year, net</i>						
2011	5.2 %	3.4 %	3.4 %	9.3 %	3.9 %	4.7 %
2012	3.0 %	-1.5 %	2.2 %	3.3 %	2.7 %	2.7 %
2013	0.9 %	-1.9 %	4.0 %	1.9 %	1.1 %	2.6 %
2014	0.5 %	-2.7 %	5.6 %	0.0 %	4.0 %	3.3 %
<b>Current fleet (mDWT)</b>	<b>17.8</b>	<b>9.6</b>	<b>81.7</b>	<b>22.2</b>	<b>28.0</b>	<b>159.3</b>
<b>Orderbook</b>	<b>1.4</b>	<b>2.3</b>	<b>14.0</b>	<b>2.4</b>	<b>8.0</b>	<b>28.1</b>
Orderbook/fleet	8 %	24 %	17 %	11 %	29 %	18 %
<i>Fleet growth per year, net</i>						
2015	1.6 %	0.9 %	7.4 %	-0.4 %	8.8 %	5.2 %
2016	1.8 %	5.4 %	5.0 %	5.1 %	8.2 %	5.2 %
2017	0.3 %	5.1 %	2.8 %	3.8 %	4.6 %	3.5 %
<b>Fleet, end-2017 (mDWT)</b>	<b>18.5</b>	<b>10.7</b>	<b>93.7</b>	<b>24.1</b>	<b>34.5</b>	<b>181.5</b>
% change from today	3.7 %	11.5 %	15 %	9 %	23 %	14 %

Source:

# We expect the market balance to tighten through 2017

Key drivers are US and MEG exports (volumes and distances)

## Supply and demand growth and market balance, product and chemical carriers



Source: Swedbank various

## The market has moved ahead of expectations, we expect a continued firm product tanker market for the next 36 months

### Swedbank TCE assumptions, tankers

	2011	2012	2013	2014	2015	2016	2017	Long-term
VLCC	18,200	20,000	19,000	27,500	48,125	45,000	40,000	36,000
Suezmax	14,800	15,900	14,200	25,375	38,750	33,750	30,000	30,000
Aframax	13,800	10,000	12,200	22,500	33,750	24,500	25,000	25,000
LR2	13,420	14,172	13,683	17,500	24,250	27,500	26,000	26,000
LR1	12,375	12,750	12,125	15,375	20,875	21,500	24,000	22,000
MR	13,125	12,250	13,875	13,125	19,750	19,625	21,000	18,000

## Company specific disclaimer

### Price target methodology and risks;

Our share price target is based on a combination of a DCF and NAV valuation. The main risks to our price target include changes in global shipping demand patterns and transportation routes as well as fleet supply developments. The shipping industry is correlated to macroeconomic cycles.

### Critical assumptions;

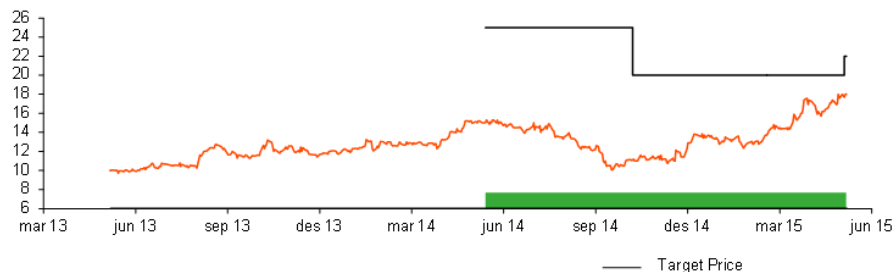
Earnings forecasts are highly sensitive to fleet TCE earnings assumptions.

### Planned updates;

Swedbank Large Corporates & Institutions plans to update the recommendation to the company when;

- The price target is achieved or
- When new accounting figures are released or
- If any material news on the company or on the industry is released

## Share price, rating history and target price 12 m fwd (SEK)



### Sources of information;

The sources have been;

- Annual reports from the company
- Quarterly reports from the company
- Presentation from the company
- Prospectuses from the company
- Reuters
- Bloomberg

### Share ownership

Swedbank may have holdings in the companies described herein as a result of market making operations and/or underlying shares as a result of derivatives trading. Swedbank may buy or sell such shares both for own account, and as a principal agent. Due to internal professional secrecy such holdings are not known to others outside the department which carries out the operations.

Analyst Erik Folkesson owns 0 Shares in Concordia Maritime AB.  
Employees in Swedbank own 0 Shares in Concordia Maritime AB.  
Details of stock holdings are updated once a week.

Employees in Swedbank may have indirect ownership in the companies described herein as a result of investments in securities' funds or similar. Swedbank's tied agents (hereunder employees of tied agents) may have holdings in the companies described herein.

Source:

## General disclaimer

### Recommendation structure and definitions

Swedbank Large Corporates & Institutions Equity Research department operates with 5 recommendation categories based on expected absolute return for the security 12 months forward. The absolute return includes share appreciation and dividend yield combined.

Strong Buy:	The absolute return is estimated to be in excess of 15%
Buy:	The absolute return is estimated between 5% and 25%
Neutral:	The absolute return is estimated between 0% and 10%
Reduce:	The absolute return is estimated between 5% and -10%
Sell:	The absolute return is estimated to be less than -5%
Share price target	All share price targets are based on a 12 month horizon

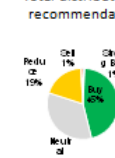
### Model for value evaluation

Swedbank Large Corporates & Institutions Equity Research department bases the recommendations on a variety of standard valuation models. Shares are commonly valued on a DCF-basis, except financial companies. Price-to-book value relative to long term historical empirical averages and/or relative to Return on equity are commonly deployed as are Net Asset Value models for companies with liquid markets for their assets. Shorter-term considerations are often included in the form of relative Price-to-Earnings ratios and Enterprise Value-to-Earnings before amortization, depreciation, interest and taxes.

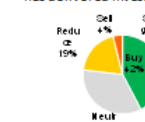
### Recommendation at the 5 juni 2015

	No of shares	Part of total	Part of MCAP
Strong Buy	1	1%	0%
Buy	52	45%	47%
Neutral	39	34%	21%
Reduce	22	19%	25%
Sell	1	1%	0%

### Total distribution of recommendations



### Distribution of recommendations for Companies that Swedbank has delivered investment services



### Information barriers

Swedbank relies on information barriers ("Chinese walls") to control the flow of information contained in one or more areas within Swedbank, into other areas or units within Swedbank. Swedbank is organised in accordance with relevant legislation and in accordance with the guidelines given by the Norwegian Securities Dealers Association. The analyst(s) involved in the preparation of this report has not at the same time been involved in corporate assignments for companies described by him or her.

### Analyst certification

I/we hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I/we also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report. Analyst compensation may relate to the revenues of Swedbank as a whole.

### Disclosures

This document has been prepared by Swedbank Large Corporates & Institutions Norway Branch, an investment banking firm domiciled in Norway, under the supervision of The Financial Supervisory Authority of Norway (Finansilsynet), and member of The Oslo Stock Exchange. This document has been prepared in accordance with the guidelines from the Norwegian Securities Dealers Association. Swedbank AB disseminates this document produced by Swedbank Large Corporates & Institutions Norway Branch. Swedbank AB has not altered the document. Swedbank AB is under the supervision of The Swedish Financial Supervisory Authority (Finansinspektionen). This document is being distributed in the United States by Swedbank First Securities LLC ("Swedbank LLC"), which accepts responsibility for its contents - any United States institutional investor receiving the report, who wishes to obtain further information or to effect a transaction in any security discussed in the report, should do so only through Swedbank LLC. Swedbank LLC is a U.S. broker-dealer, registered with the Securities and Exchange Commission, and is a member of the Financial Industry Regulatory Authority. <http://www.swedbank.com/disclosure/index.htm>. Swedbank AS disseminates this report in Estonia. Swedbank AS is under the supervision of the Estonian Financial Supervisory Authority (Finantsinspeksioon). "Swedbank" AB disseminates the report in Lithuania. "Swedbank" AB is under the supervision of the Lithuanian Financial Supervisory Authority (Lietuvos Respublikos vertybiniu popieriu komisija) in Lithuania. Swedbank AS disseminates this report in Latvia. Swedbank AS is under the supervision of the Latvian Financial Supervisory Authority (Finansu un kapitāla tirgus komisija). In no instances is the report altered before dissemination.

### Additional disclaimer

This document is intended for use only by those investors to whom it is made available by Swedbank and no part of this report may be reproduced in any manner, or used other than as intended, without the prior written permission of Swedbank. The information contained in this document has been taken from sources deemed to be reliable. Swedbank makes every effort to use reliable, comprehensive information but we do not represent that such information is accurate or complete and it should not be relied on as such. Any opinions expressed herein reflect our judgement at this date and are subject to change. Swedbank has no obligation to notice changes of judgements or opinions expressed herein. The opinions contained herein are based on numerous assumptions as described in the document. Different assumptions could result in materially different results. Furthermore, the assumptions may not be realized. This document does not provide individually tailored investment advice and all recipients of this document are advised to seek the advice of a financial advisor before deciding on an investment or an investment strategy. Swedbank accept no liability whatsoever for any direct, indirect or consequential loss arising from the use of this document or its contents. This document does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The distribution of this document may be restricted by law in certain jurisdictions and person into whose possession this document comes should inform themselves about, and observe, any such restriction. Any failure to comply with these restrictions may constitute a violation of the laws of any such jurisdiction. Swedbank shall not have any responsibility for any such violations.