

Concordia Maritime AB

Equity Research – Monday, February 23, 2015

Shipping (Oslo)

Date for prices: 23 februar 2015 17:30
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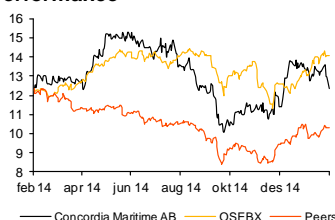
Recommendation: Buy
Target Price: 20.00 SEK

Share price: 12.4 SEK
Average turnover: 0.46 SEKm
Reuter Ticker: CCORB.SE
Bloomberg Ticker: CCORB SE

Market cap: 589 SEKm
Enterprise value: 2,710 SEKm
No of shares (millions): 48
Free float: 47.7%

Next report: 28 april 2015

Performance



	-1m	-3m	-12m
Absolute	-8.2%	10.8%	2.5%
vs. OMX	-15.2%	-3.7%	-16.9%
Rel. peers	-8.6%	-2.7%	22.6%
High	13.6	13.9	15.3
Low	12.4	10.8	10.1

BV/share 2015e	32.2
CAGR Net sales 2014-17	nm
ROE 2015e	-1.0%
P/BV 2015e	0.4
CAGR EBT 2014-17	nm
ROCE 2015e	0.7%
Equity ratio 2015e	39.3%
CAGR EPS 2014-17	nm
ROIC 2015e	0.7%

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Positioning for higher tanker earnings

Stronger crude tanker markets, lower oil product prices and higher MEG product exports should impact product tanker markets positively despite fleet growth increasing to 5.3% from 3.3% in 2014. We expect Concordia Maritime's operating results to improve y/y in 2015 and repeat Buy, tp SEK 20 (+60%).

- **4q14 behind:** CCOR reported EBITDA of SEK 41m (+SEK 32m y/y) for 4q14, SEK 20m lower than our estimate on weaker DPP earnings
- **Higher fleet growth:** While 2014 net fleet growth ended at only 3.3% (SWN est 4.6%), fleet growth estimates are revised up to 5.3% for 2015
- **Continued recovery, higher estimates:** We argue that demand should outpace supply and see operating results ahead of 2014, but still expect a volatile year. YTD spot markets have been surprisingly strong, leading to an upward revision of estimates
- **Increasing exposure:** CCOR has increased its exposure to crude markets with the charter-in contracts for 2x Suezmaxes on 50% basis
- **Valuation support, Buy repeated:** We set our target to 0.75x NAV (SEK 20) and see CCOR attractively priced on more normalized markets (2016), when its two IMO2MAXes have been delivered.

Estimate revisions	2014			2015e			2016e		
	new	old	chg	new	old	chg	new	old	chg
Net sales	451	456	-1%	664	536	24%	817	727	12%
EBIT	-23.8	-217	-10%	26.1	-2.2	1287%	161	146	10%
Earnings before tax	-63.7	-55.3	-15%	-26.2	-35.7	27%	106	108	-1%
EPS (recurring)	-150	-128	-17%	-0.76	-0.91	17%	2.02	2.10	-4%
Dividend per share	0.00	0.00	na	0.00	0.50	na	0.50	0.50	na
Net debt	1,901	1,608	18%	2,120	1,856	14%	1,861	1,638	14%

Key figures (SEKm)	2011	2012	2013	2014	2015e	2016e
Net sales	560	543	468	451	664	816
EBITDA	560	228	145	121	212	359
EBIT	0.0	77.5	0.3	-23.8	26.1	161
Earnings before tax	0.0	41.6	-39.1	-63.7	-26.2	106
EPS (recurring)	0.00	-7.46	-0.61	-1.50	-0.76	2.02
EPS (earnings per share)	0.00	-7.46	-0.61	0.18	-0.76	2.02
Dividend per share	0.00	0.50	0.00	0.00	0.00	0.50
Dividend yield	0.0%	4.9%	0.0%	0.0%	0.0%	4.0%
Net sales-Growth	nm	-2.9%	-13.9%	-3.6%	47.1%	22.9%
EPS-Growth (recurring)	na	nm	nm	nm	nm	nm
EBITDA-margin	100.0%	42.0%	30.9%	26.8%	32.0%	44.1%
EBIT-margin	0.0%	14.3%	0.1%	-5.3%	3.9%	19.7%
Net debt/EBITDA ratio	3.02	8.11	13.05	15.71	9.98	5.18
EV/Sales	4.12	4.29	5.23	5.58	4.08	3.00
EV/EBITDA	4.1	10.2	16.9	20.8	12.8	6.8
EV/EBIT	nm	30.1	nm	nm	nm	15.2
P/E (recurring)	nm	nm	nm	nm	nm	6.1
P/E	nm	nm	nm	nm	nm	6.1
FCF-yield	0.0%	-51.8%	-2.9%	65.7%	-37.1%	43.9%
FCF / Net Profit	nm	-456.2%	55.7%	-725.4%	1349.7%	222.4%

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4q14 behind

Concordia Maritime reported EBITDA of SEK 41m for 4q14; SEK 20m below our SEK 61m estimate as its fleet of 10x P-MAX tankers sailed in only USD 14,700 per day on average (SWN est. USD 19,000 per day); by that underperforming market indices. Meanwhile, its Suezmax (trading in the Stena Sonangol pool) sailed in USD 27,000 per day; in line with peers, but somewhat softer than expected.

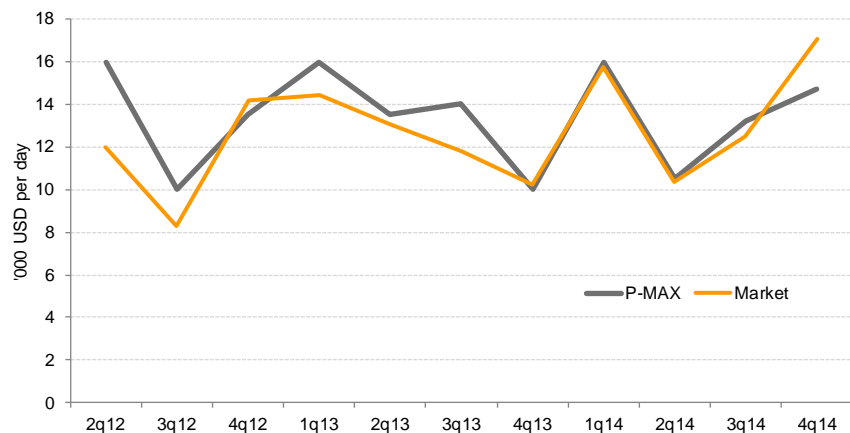
CCOR4q14 deviation table

SEKm	4q13	3q14	Actual 4q14e	SFS est. 4q14e	Dev.
Total revenues	96	104	126	150	-25
Operating expenses	63	70	69	74	-5
SG&A	24	12	17	15	1
EBITDA	9	22	41	61	-21
Ordinary depreciation	36	36	38	39	-1
Impairment / (sales gains)	0	0	0	0	0
EBIT	-27	-14	2	22	-20
Net financial items	-8	-9	-15	-9	-6
Associated companies	0	0	0	0	0
Non recurring	0	0	0	0	0
Pretax profit	-35	-23	-13	14	-26
Minority interest	0	0	0	0	0
Tax	-4	-4	-4	-2	-2
Net profit	-31	-27	-17	12	-28
EPS	-0.65	-0.57	-0.35	0.24	-0.59
EPS adj.	-0.65	-0.57	-0.35	0.24	-0.59
P-MAX spot earnings	10,000	13,200	14,667	19,000	-4,333

Source: Swedbank, FactSet consensus, CCOR

CCOR's 10x P-MAXes sailed in approximately USD 14,700 per day relative to our USD 19,000 per day estimate. The deviation is explained by softer than expected performance in dirty trades, partly due to our expectations being based on average earnings for Panamaxes trading dirty products, which could be a too optimistic measure given the smaller size of P-MAXes relative to this benchmark. The company forms a 4x vessel pool with Stena Bulk and charters 2x of its P-MAXes to Stena Bulk for this purpose. Finally, ExxonMobil has extended the consecutive voyage charter with CCOR for 2x P-MAXes, which will remain in Exxon's trading program until July.

CCOR, P-MAX earnings vs market*



*) Market: 60% Clarkson's MR average index, 40% Clarkson's Dirty Panamax average, Sept-Nov

Source: Swedbank, CCOR, Clarkson

In the Suezmax segment CCOR has increased its exposure with 2x 50% charters of Suezmaxes trading in the Stena Sonangol pool. The pool tends to outperform peers, how-

ever in 4q CCOR's Suezmax trading in Stena Sonangol earned USD 27,000 per day, which is more or less in line with peers.

Better outlook for 1q15; utilization is key

Concordia explains that so far 2015, P-MAX earnings have been at par with, or better than the market, indicating dayrates in excess of USD 20,000 per day so far 1q15. Consequently, we make no changes to our 1q15 earnings estimates and expect the P-MAX fleet to sail in USD 22,500 per day on average.

The company targets laden ratios of 70%, however fleet utilization was short of this target in periods during 2014. So far 2015, the company explains that it exceeds this target.

Going forward, CCOR will continue to hunt for niche trades and partners that allow it to maximize its fleet utilization. During 2014 we find that the P-MAXes underperformed the market; hence the company does not get any credit for the enhanced cargo intake qualities of the vessels relative to normal MR tonnage.

We expect the P-MAXes to beat the market in 2015, owing to recent initiatives like the pool cooperation with Stena Bulk, as well as the extension of the ExxonMobil relationship.

CCOR, fleet and employment

Vessel name	Type	Built	DWT	Ownership	Shipyard	Employment	Flag
Stena Premium	P-MAX	2011	65,200	100 %	Brodosplit	Stena Weco	Bermuda
Stena Penguin	P-MAX	2010	65,200	100 %	Brodosplit	CCOR/Stena Bulk pool	Bermuda
Stena Progress	P-MAX	2009	65,200	100 %	Brodosplit	Stena Weco	Bermuda
Stena Polaris	P-MAX	2010	65,200	100 %	Brodosplit	CVC to ExxonMobil	Bermuda
Stena Perros	P-MAX	2008	65,200	100 %	Brodosplit	TC to Stena Bulk, CCOR/Stena Bulk pool	Bermuda
Stena President	P-MAX	2007	65,200	100 %	Brodosplit	TC to Stena Bulk, CCOR/Stena Bulk pool	Bermuda
Stena Primorsk	P-MAX	2006	65,200	100 %	Brodosplit	CCOR/Stena Bulk pool	UK
Stena Performance	P-MAX	2006	65,200	100 %	Brodosplit	Stena Weco	Bermuda
Stena Provence	P-MAX	2006	65,200	100 %	Brodosplit	CVC to ExxonMobil	Bermuda
Stena Paris	P-MAX	2005	65,200	100 %	Brodosplit	Stena Weco	Bermuda
Stena Supreme	Suezmax	2012	146,700	100 %	Samsung H.I.	Stena Sonangol	Bermuda
Unnamed Suezmax 1	Suezmax			50%, TC-in		Stena Sonangol	
Unnamed Suezmax 2	Suezmax			50%, TC-in		Stena Sonangol	
Newbuildings:							
Stena Image	IMO2MAX	2014	50,000	100 %	Guangzhou Shipyard	To be operated by Stena Weco	-
Stena Important	IMO2MAX	2015	50,000	100 %	Guangzhou Shipyard	To be operated by Stena Weco	-

Source: Swedbank, CCOR

2015 estimates revised up

We increase our 2015 earnings estimates and expect the company to report a net loss of SEK 0.76 per share (SEK 0.91):

- Stronger than expected start to the year for both P-MAXes and Suezmaxes
- Currency effects
- Chartering of 2x Suezmaxes on a 50% basis has a positive impact on estimates by around USD 2,000 per day in the second half

CCOR, changes to estimates

Estimate revisions	2014			2015e			2016e		
	new	old	chg	new	old	chg	new	old	chg
Net sales	451	456	-1%	664	536	24%	817	727	12%
EBIT	-23.8	-21.7	-10%	26.1	-2.2	1287%	161	146	10%
Earnings before tax	-63.7	-55.3	-15%	-26.2	-35.7	27%	106	108	-1%
EPS (recurring)	-1.50	-1.28	-17%	-0.76	-0.91	17%	2.02	2.10	-4%
Dividend per share	0.00	0.00	na	0.00	0.50	na	0.50	0.50	na
Net debt	1,901	1,608	18%	2,120	1,856	14%	1,861	1,638	14%

Source: Swedbank,

Upward revision of fleet growth estimates

We find that the product and chemical tanker fleet expanded by only 3.3% in 2014; well short of our 4.6% net fleet growth estimate.

However, the missing deliveries for 2014 seem to have been pushed into 2015 and 2016, and more orders have been added following conversions of certain bulkier orders into LR1s and LR2s in particular, leading to increased net fleet growth estimates for 2015, 2016 and 2017.

Product and chemical tanker net fleet growth estimates

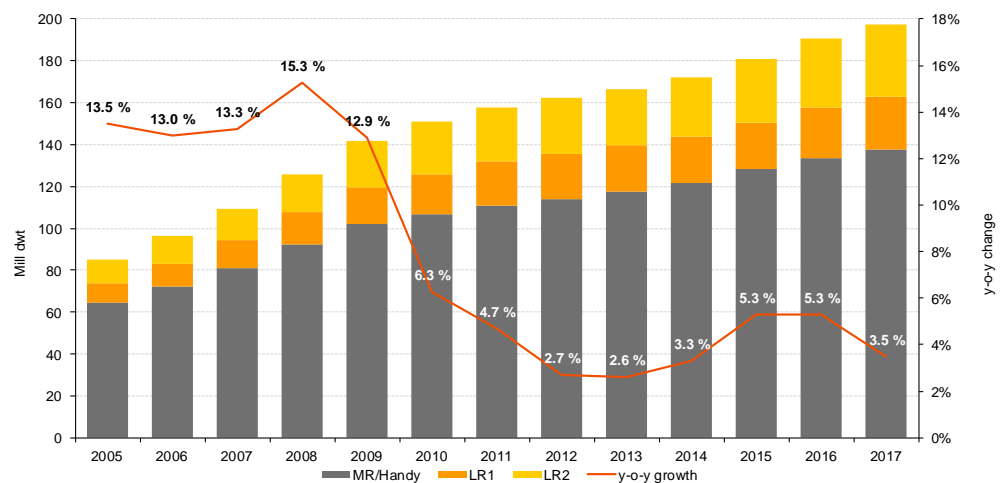
	Intermediate 10-20k dwt	Handy 20-35k dwt	MR 35-60k dwt	LR1 60-80k dwt	LR2 80k dwt+	Total	Des-14 est
Current fleet (mDWT)	17.8	9.6	81.7	22.2	28.0	159.3	
<i>Fleet growth per year, net</i>							
2015	1.6 %	0.9 %	7.4 %	0.2 %	8.8 %	5.3 %	5.1 %
2016	1.8 %	5.4 %	5.0 %	7.5 %	8.2 %	5.3 %	4.7 %
2017	0.3 %	5.1 %	2.8 %	6.0 %	4.6 %	3.5 %	3.2 %
Fleet, end-2017 (mDWT)	18.5	10.7	93.7	25.3	34.5	182.7	
<i>% change from today</i>	3.7 %	11.5 %	15 %	14 %	23 %	15 %	14 %

Source: Swedbank, Clarkson

We increase our net fleet growth estimate for 2015 from 5.1% to 5.3%, and from 4.7% to 5.3% for 2016. Net fleet growth from today to end-2017 looks to hit 15% now relative to 14% end-2014.

We adjust orderbooks for further slippage, as well as a small portion of cancellations (10% of the total orderbook).

Product and chemical tanker net fleet growth



Source: Swedbank, Clarkson

We note that while net fleet growth in the MR segment slows after 2015, LR1 and LR2 fleets will grow massively in the next two years. Some of these vessels are likely to trade crude and dirty trades and will not compete on the product tanker market; hence net effective fleet growth could be somewhat less than shown above.

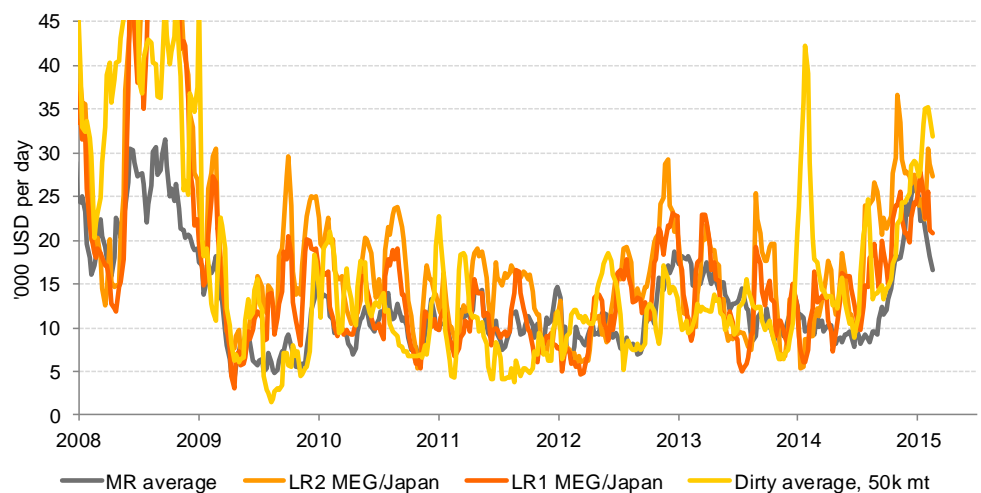
Product tankers leaving a solid winter in their wake

MR earnings have averaged USD 22,500 per day over the last three months, according to shipbrokers Clarksons, the strongest since 2008/2009.

The end of last year was in great contrast to the first six months of the year when earnings disappointed greatly, owing to refinery maintenance, LRs cleaning up and entering the product trade, slower Atlantic trades due to the severe North American winter, as well as sluggish vegoil volumes.

Towards the end of last year factors such as a soaring crude tanker market, slower net effective fleet growth, lower oil prices, refineries coming back and increase MEG product exports impacted the market positively, resulting in product tanker earnings reaching multi-year highs.

Product tanker spot earnings



Source: Clarkson

Product earnings are contracting at the moment, but from very encouraging levels. LR2s still sail in USD 27,500 per day on the MEG/Japan route, while dirty cargoes bring in more than USD 30,000 per day, according to Clarksons.

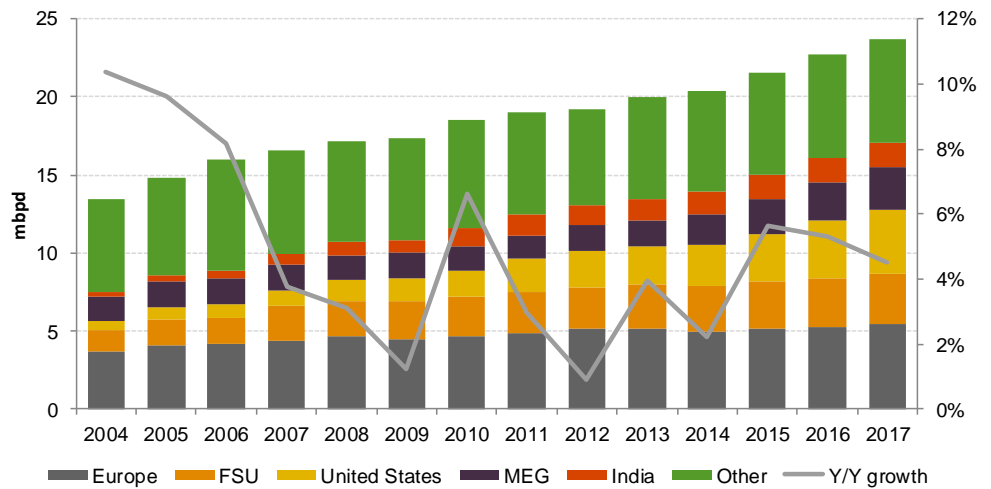
Going forward, we expect a continued volatile market, and warn that troughs can be deep. However, average earnings should well exceed 2014, owing to reasons mentioned above. We expect MRs to sail in USD 16,750 per day on spot markets in 2015; up from USD 13,500 per day in 2014. We expect a continued recovery in 2016 and estimate average day rates of USD 18,125 on a slow-down in supply growth and a further reallocation of refineries as more MEG capacity comes on.

More product trade in sight

Preliminary data show that global exports of clean petroleum products exports increased by 2% y/y in 2014. However, volume growth was sluggish in the first six months of the year, if not negative, while the second half saw the return of refineries after heavy maintenance, increasing Saudi Arabia exports and overall increase in trade owing to lower oil prices and higher oil consumption.

Given the rate hike in the second half and seemingly more volume on the market, the current run rate in refined product trade is arguably higher than the global seaborne market for petroleum products of 20.4 mbpd last year.

Total trade, petroleum products, by exporter



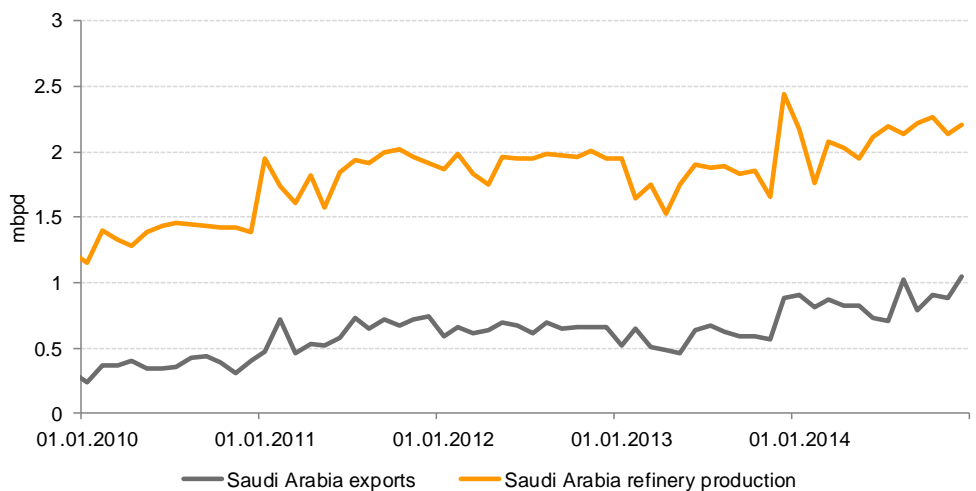
Source: Clarkson, Swedbank, various

For 2014 we estimate that demand rose by around 3.5% on a y/y basis; although y/y growth was higher in the second half of the year. Looking into 2015 we expect volumes to increase 5.5%, and we argue that we should see ton mile demand growth in excess of this level as sailing distances increase due to the MEG becoming a larger supplier following the start-up of more refining capacity.

We argue that the most significant driver for product tanker demand will be increasing MEG and USG petroleum product exports. With great expansion of MEG refining capacity, making the region significantly long middle distillates, as well as increasing condensate production in the US, cheap volumes from these two regions will displace local refining capacity in Europe and OECD Asia in particular. In addition, increasing demand from Asia, Africa and Latin America should take on much of the increasing output of refined products from these two key regions.

We find that Saudi Arabia refinery output rose 14% y/y in 2014, or by 260,000 bbls/day. Petroleum products exports increased 44% to 860,000 bbls/day.

Saudi Arabia refinery production and petroleum products exports

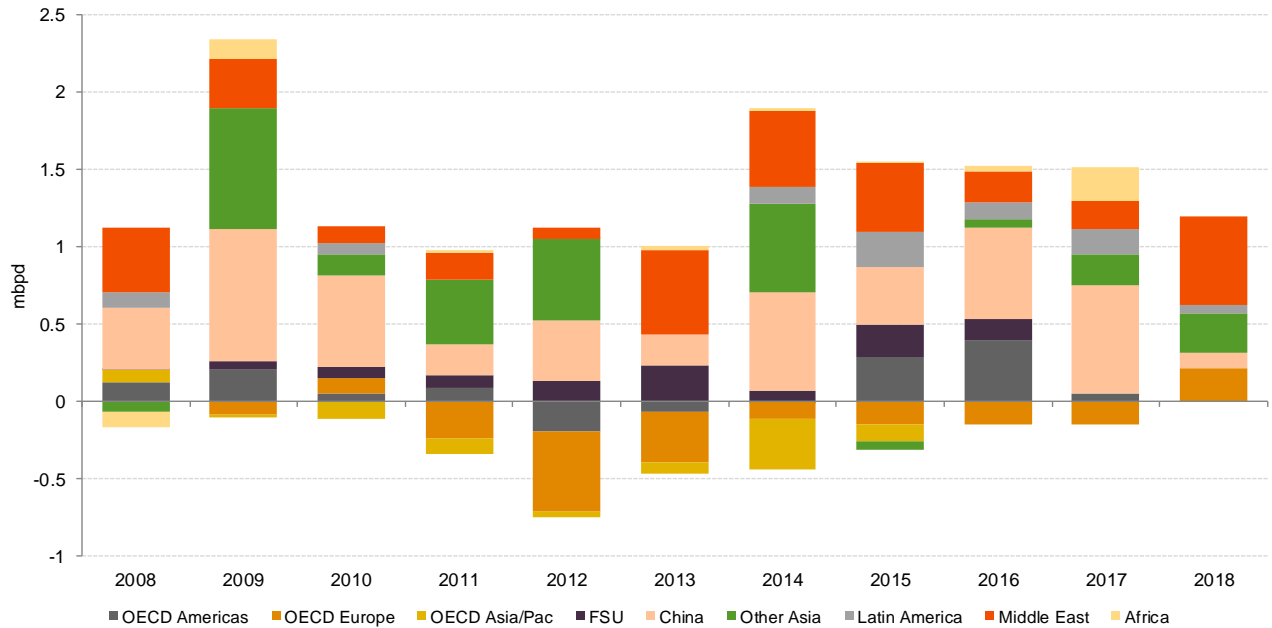


Source: JODI

The increase in both refinery production and exports came as a result of greater refining production capacity following the start-up of Satorp's Jubail refinery in late 2013. With two new megacomplexes coming on as we speak, the expansion of the Ruwais refinery in Abu

Dhabi (415,000 bbls/day), as well as the Aramco/Sinopec Yanbu refinery, also with capacity of 400,000 bbls/day, the Middle East long position in refined products will continue to increase. We expect the MEG to export as much as 2.7 mbpd by end-2017; up another 0.5 mbpd from end-2014.

World refinery production, additions and closures



Source: IEA, Swedbank, BP

We argue that global product tanker demand could expand by 19% by end-2017; outpacing supply side growth of 15%. However, with accelerated fleet growth in 2015 and 2016, the recovery is fragile and could be more volatile than in a scenario with more modest supply side growth. Nevertheless, we expect MR earnings to average USD 16,750 in 2015, and then USD 18,125 per day in 2016, assuming no large changes in the supply side.

Buy, target SEK 20 repeated

We repeat our Buy recommendation on CCOR with target SEK 20, reflecting our view that the company should trade at a 25% discount to its NAV of SEK 26 to adjust for poor liquidity in the share as well as specialized assets.

We base our NAV on break-up values for normal tanker tonnage, and add a premium of USD 1,250 per day for the P-MAXes relative to a standard MR type vessel.

CCOR NAV

Vessel	Type	Built	Standard ship	Premium	Break-up
Stena Premium	P-MAX (ice class 1B)	2011	30.7	3.2	33.9
Stena Penguin	P-MAX (ice class 1A)	2010	28.7	3.1	31.8
Stena Progress	P-MAX (ice class 1B)	2009	26.7	3.0	29.7
Stena Polaris	P-MAX (ice class 1A)	2010	28.7	3.1	31.8
Stena Perros	P-MAX (ice class 1B)	2008	24.7	2.9	27.6
Stena President	P-MAX (ice class 1B)	2007	22.7	2.8	25.5
Stena Primorsk	P-MAX (ice class 1B)	2006	20.7	2.7	23.4
Stena Performance	P-MAX (ice class 1B)	2006	20.7	2.7	23.4
Stena Provence	P-MAX (ice class 1B)	2006	20.7	2.7	23.4
Stena Paris	P-MAX (ice class 1B)	2005	18.8	2.6	21.3
Stena Supreme	Suezmax	2012	45.6		45.6
Stena Image	IMO2MAX	2014	39.6		39.6
Stena Important	IMO2MAX	2015	39.9		39.9
Sum owned vessels (USDm)			368	29	397
Sum owned vessels (SEKm)					3350
+ Cash					157
+ Net other assets					140
- Capital expenditures (including dry docking)					-396
- Interest bearing debt					-1,990
Net Asset Value					1261
SEK per share					26.4
Price					12.8
P/NAV					0.5x

Source: IEA, Swedbank, BP

Pricing is attractive in a normalized earnings scenario, however in the short term we consider CCOR more of a recovery play rather than a cash flow play.

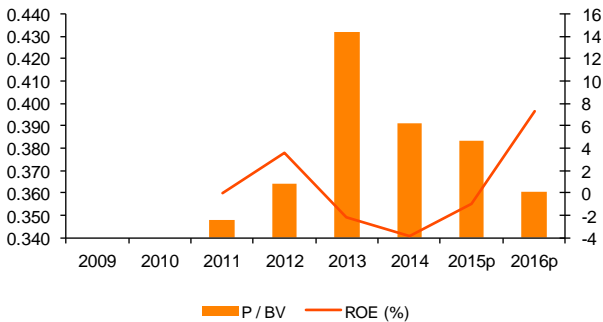
CCOR key estimates and ratios

SEKm	2011	2012	2013	2014	2015e	2016e
Total revenues	560	543	468	451	664	817
EBITDA	243	228	145	121	213	360
Impairment / (sales gains)	0	411	0	-80	0	0
EBIT	108	-334	0	56	26	161
Pretax profit	76	-369	-39	16	-26	107
Net profit	85	-356	-29	8	-36	97
Recurring net profit	85	55	-29	-72	-36	97
P-MAX spot earnings (USD/day)		13,625	13,375	13,600	17,063	19,250
EV/EBITDA	8.7x	9.7x	16.3x	20.7x	12.8x	6.9x
Yield	9 %	5 %	0 %	0 %	4 %	4 %
ROE	5 %	-25 %	-2 %	1 %	-2 %	6 %
P/B	0.3x	0.3x	0.4x	0.4x	0.4x	0.4x

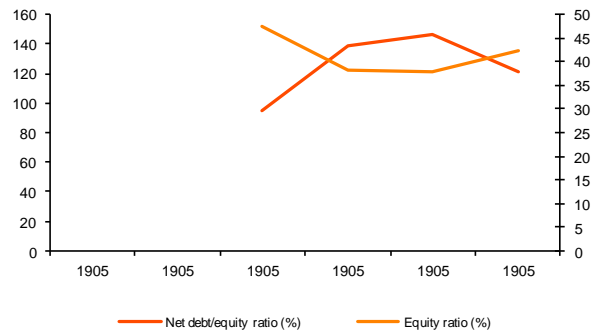
Source: IEA, Swedbank, BP

Company Information

ROE vs. P/BV



Net debt/equity ratio vs. equity/assets ratio



Other company information

CEO	Kim Ullman
CFO	Anna Forsham
IR	Anna Forsham
Homepage	http://www.concordiamaritime.com/
Phone	+46 31 85 50 00
Address	406 19 Gothenburg, Sweden

Shareholders

	Votes	Capital
Stena Sessan Rederi AB	72.8%	52.3%
Fjärde AP-fonden	3.7%	6.4%
Svenska Handelsbanken	1.6%	2.8%
Stig Andersson	1.3%	2.4%
Avanza Pension Försäkring AB	1.3%	2.3%
Upland Securities	0.5%	0.9%
J Morgan Chase	0.5%	0.9%
Foreign shareholders	na	na
Free float	27.2%	47.7%
Votes/Share - A/B	0	na

Quarterly P&L estimates

Quarterly data (SEKm)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015e	Q2 2015e	Q3 2015e	Q4 2015e
Net Sales	135	86.2	104	126	193	132	154	185
EBITDA	51.7	6.5	22.3	40.5	92.8	24.4	37.1	58.1
EBITA	15.9	-27.8	-14.0	2.1	50.1	-21.5	-10.3	7.8
EBIT	15.9	-27.8	-14.0	2.1	50.1	-21.5	-10.3	7.8
Non recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating earning	15.9	-27.8	-14.0	2.1	50.1	-21.5	-10.3	7.8
Earnings from shares in associated comp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-5.7	-10.1	-9.2	-14.9	-12.7	-12.4	-13.7	-13.4
Earnings before tax (reported)	10.2	-37.9	-23.2	-12.8	37.3	-33.9	-24.1	-5.6
Earnings before tax (recurring)	-1.1	-35.1	-23.2	-12.8	37.3	-33.9	-24.1	-5.6
Tax	-2.0	2.0	4.0	3.9	2.5	2.5	2.5	2.5
Minority share in net earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings (reported)	8.2	-35.9	-19.2	-8.9	39.8	-31.4	-21.6	-3.1
Net earnings (recurring)	0.6	-31.1	-19.2	-8.9	39.8	-31.4	-21.6	-3.1
Net earnings (adjusted excl. goodwill depr.)	0.6	-31.1	-19.2	-8.9	39.8	-31.4	-21.6	-3.1
EPS (recurring)	0.26	-0.84	-0.57	-0.35	0.73	-0.76	-0.56	-0.17
EPS (reported)	0.26	0.84	-0.57	-0.35	0.73	-0.76	-0.56	-0.17
Tax rate	19.6%	5.3%	17.2%	30.5%	-6.7%	7.4%	10.4%	44.5%

Recurring EPS excludes or normalises gains/losses on equity investments, asset sales/writedowns and currency positions and is based on long-term tax rates. Other valuation measures are based on such recurring earnings

Annual P&L estimates & Balance sheet

Income Statement	2009	2010	2011	2012	2013	2014	2015e	2016e
Net Sales	0.0	0.0	560	543	468	451	664	816
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating expenses	0.0	0.0	0.0	-315	-323	-330	-451	-456
Cost of goods sold	0.0	0.0	0.0	-315	-323	-330	-451	-456
R&D expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Administration expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.0	0.0	560	228	145	121	212	359
Depreciation (tangible fixed assets)	0.0	0.0	0.0	-151	-144	-145	-186	-198
EBITA	0.0	0.0	560	77.5	0.3	-23.8	26.1	161
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development and amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.0	0.0	0.0	77.5	0.3	-23.8	26.1	161
Write-downs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital gain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring expenses and provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating earning	0.0	0.0	0.0	77.5	0.3	-23.8	26.1	161
Earnings from shares in associated comp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest income	0.0	0.0	0.0	-35.9	-39.4	-39.9	-52.3	-54.7
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial income and expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax (reported)	0.0	0.0	0.0	41.6	-39.1	-63.7	-26.2	106
Earnings before tax (recurring)	0.0	0.0	0.0	41.6	-39.1	-63.7	-26.2	106
Tax on earnings for the year	0.0	0.0	0.0	13.4	10.0	7.9	10.0	10.0
Minority share in net earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings (reported)	0.0	0.0	0.0	55.0	-29.1	-55.8	-16.2	116
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings (recurring)	0.0	0.0	0.0	55.0	-29.1	-55.8	-16.2	116
Net earnings (adjusted excl. goodwill depr.)	0.0	0.0	0.0	55.0	-29.1	-55.8	-16.2	96.3
Balance sheet	2009	2010	2011	2012	2013	2014	2015e	2016e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tangible fixed assets	0.0	0.0	3,433	3,111	3,016	3,336	3,518	3,356
Shares in associated companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other fixed assets	0.0	0.0	3.4	1.1	9.4	0.8	0.8	0.8
Total fixed assets	0.0	0.0	3,436	3,113	3,026	3,336	3,519	3,357
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current receivables	0.0	0.0	80.5	127	193	243	243	243
cash and short term investments	0.0	0.0	128	144	106	137	150	192
Total current assets	0.0	0.0	322	368	381	380	393	435
Total assets	0.0	0.0	3,758	3,481	3,407	3,716	3,912	3,792
Shareholders' equity	0.0	0.0	1,778	1,331	1,292	1,575	1,538	1,635
Minority holdings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term interest bearing liabilities	0.0	0.0	1,802	1,970	1,863	1,988	2,220	2,004
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current interest bearing liabilities	0.0	0.0	13.0	23.4	131	50.0	50.0	50.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	147	147	120	77.2	77.2	77.2
Total shareholder's eq. and liabilities	0.0	0.0	3,758	3,481	3,407	3,716	3,912	3,792

Cash Flow & Key figures

Cash flow	2009	2010	2011	2012	2013	2014	2015e	2016e
Operating earnings	0.0	0.0	0.0	77.5	0.3	-23.8	26.1	161
Depreciation	na	na	na	na	na	na	na	na
Non cash items	na	na	na	na	na	na	na	na
Net Financial items	na	na	na	na	na	na	na	na
Tax paid	na	na	na	na	na	na	na	na
Cash flow before chg in working cap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	0.0	0.0	-80.5	-46.2	-66.6	-49.6	0.0	0.0
Cash flow from ongoing operations	0.0	0.0	0.0	168	36.4	120	150	295
Investments in tangible fixed assets	0.0	0.0	0.0	-419	-52.6	285	-369	-36.0
Investments in intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestitures of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	0.0	0.0	0.0	-251	-16.2	405	-219	259
Divestures of financial fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments and disposals net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow after investments	0.0	0.0	0.0	-251	-16.2	405	-219	259
Dividends to shareholders	0.0	0.0	0.0	-47.7	-23.9	0.0	0.0	0.0
New shares issues and repurchases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
change in interest bearing debt	0.0	0.0	0.0	315	1.7	-437	232	-217
Other sales	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Change in liquid assets	0.0	0.0	0.0	16.2	-38.4	-32.2	13.4	42.0

Key figures (SEK)	2009	2010	2011	2012	2013	2014	2015e	2016e
EPS (recurring)	0.00	0.00	0.00	-7.46	-0.61	-1.50	-0.76	2.02
EPS (reported)	0.00	0.00	0.00	-7.46	-0.61	0.18	-0.76	2.02
Cash flow from operations	0.0	0.0	0.0	3.5	0.8	2.5	3.1	6.2
Free cash flow	nm	nm	0.0	-5.3	-0.3	8.5	-4.6	5.4
Enterprise value (EV)	0.0	0.0	2,305	2,333	2,446	2,517	2,710	2,451
Book value (BV)	0.0	0.0	37.2	27.9	27.1	33.0	32.2	34.3
Book value (excl. goodwill)	nm	nm	37.2	27.9	27.1	33.0	32.2	34.3
Dividend	0.00	0.00	0.00	0.50	0.00	0.00	0.00	0.50
Dividend yield	0.0%	0.0%	0.0%	4.9%	0.0%	0.0%	0.0%	4.0%

Valuation	2009	2010	2011	2012	2013	2014	2015e	2016e
EV/Sales	nm	nm	4.1	4.3	5.2	5.6	4.1	3.0
EV/EBITDA	nm	nm	4.1	10.2	16.9	20.8	12.8	6.8
EV/EBIT	nm	nm	nm	30.1	nm	nm	nm	15.2
P/E (adjusted, end of period)	nm	nm	nm	nm	nm	nm	nm	6.1
P/E (adjusted, high)	nm	nm	nm	nm	nm	nm	nm	na
P/E (adjusted, low)	nm	nm	nm	nm	nm	nm	nm	na
P/E	nm	nm	nm	nm	nm	nm	nm	6.1
P/BV	nm	nm	0.35	0.36	0.43	0.39	0.38	0.36
P/BV (excl. goodwill)	nm	nm	0.35	0.36	0.43	0.39	0.38	0.36
FCF-yield	nm	nm	0.0%	-51.8%	-2.9%	65.7%	-37.1%	43.9%

P&L Drivers	2009	2010	2011	2012	2013	2014	2015e	2016e
Gross margin	nm	nm	nm	42.0%	30.9%	26.8%	32.0%	44.1%
EBITDA margin	nm	nm	100.0%	42.0%	30.9%	26.8%	32.0%	44.1%
EBIT margin	nm	nm	0.0%	14.3%	0.1%	-5.3%	3.9%	19.7%
Pre tax margin	nm	nm	0.0%	7.7%	-8.4%	-14.1%	-4.0%	13.0%
Net margin	nm	nm	0.0%	10.1%	-6.2%	-12.4%	-2.4%	14.3%
Net margin (recurring)	nm	nm	0.0%	10.1%	-6.2%	-12.4%	-2.4%	14.3%

Cash flow drivers	2009	2010	2011	2012	2013	2014	2015e	2016e
D+A / Sales	na	na	na	na	na	na	na	na
Capex / Sales	nm	nm	0.0%	77.1%	11.2%	-63.2%	55.6%	4.4%
Working capital / Sales	nm	nm	14.4%	23.3%	41.3%	53.8%	36.6%	29.8%
Tax rate	nm	nm	nm	nm	25.6%	12.4%	38.1%	nm

Capital Efficiency	2009	2010	2011	2012	2013	2014	2015e	2016e
FCF/Sales	nm	nm	0.0%	-46.2%	-3.5%	89.7%	-33.0%	31.7%
ROA	nm	nm	0.0%	2.2%	0.0%	-0.6%	0.7%	4.2%
ROCE	nm	nm	0.0%	2.3%	0.0%	-0.7%	0.7%	4.5%
ROIC	nm	nm	0.0%	2.4%	0.0%	-0.7%	0.7%	4.5%
ROE	nm	nm	0.0%	3.5%	-2.2%	-3.9%	-1.0%	7.3%
ROE (recurring)	nm	nm	0.0%	3.5%	-2.2%	-3.9%	-1.0%	7.3%

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;

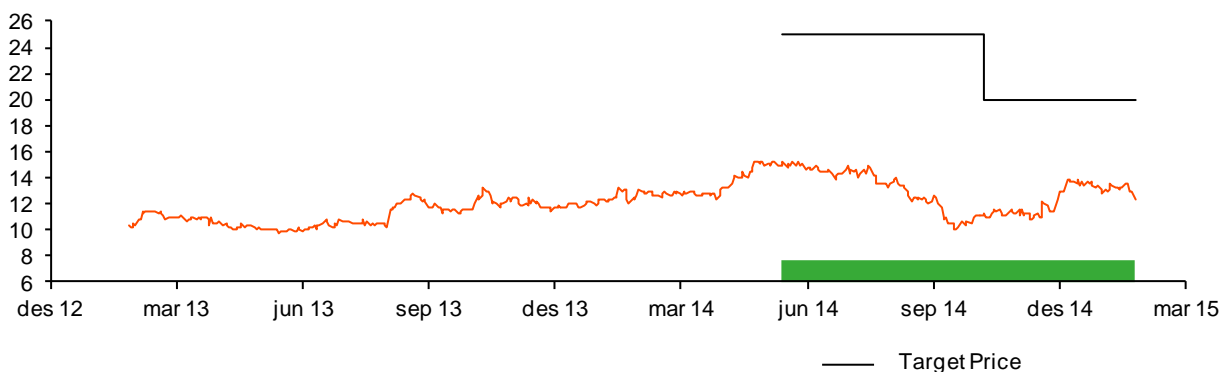
Earnings forecasts are highly sensitive to fleet TCE earnings assumptions.

Planned updates;

Swedbank Large Corporates & Institutions plans to update the recommendation on 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

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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.

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General disclaimer

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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

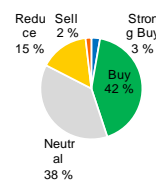
Model for value evaluation

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.

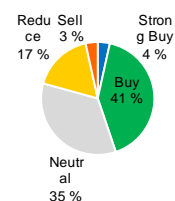
Recommendation at the 23 februar 2015

	No of shares	Part of total	Part of MCAP
Strong Buy	3	3 %	0 %
Buy	46	42 %	34 %
Neutral	41	38 %	48 %
Reduce	17	16 %	16 %
Sell	2	2 %	0 %

Total distribution of recommendations



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Relative valuation & relative performance

Peer group 1	Price (Local)	Market cap (SEKm)	EV/Sales			EV/EBIT			P/E (recurring)		
			2014	2015	2016	2014	2015	2016	2014	2015	2016
Ardmore Shipping Corp.	10.54 USD	2,303	6.73	5.59	4.15	77.9	19.2	12.7	nm	12.9	8.0
Capital Product Partners LP	9.30 USD	8,097	7.54	7.39	6.49	23.2	19.6	16.7	32.1	20.2	16.5
d'Amico International Shipping S.A.	0.48 EUR	1,915	2.74	2.08	1.86	neg.	36.5	18.3	nm	nm	11.9
Eitzen Chemical ASA	4.40 NOK	55	na	na	na	na	na	na	na	nm	29.2
Odfjell	24.00 NOK	2,097	1.28	1.24	1.14	neg.	27.0	13.7	nm	32.8	5.6
Scorpio Tankers Inc.	8.23 USD	11,272	7.95	5.44	5.72	52.2	15.7	15.4	nm	9.8	9.4
Stolt-Nielsen Ltd	126.00 NOK	8,988	1.35	1.36	1.38	15.6	12.6	11.6	16.8	9.1	7.4
Torm A/S	0.56 DKK	516	na	na	na	na	na	na	nm	nm	nm
Aggr		35,243	4.60	3.85	3.46	neg.	21.8	14.7	24.4	16.9	12.6
Median		2,200	4.73	3.76	3.00	19.4	19.4	14.6	ns	26.5	10.7
Concordia Maritime AB (Swb. est.)	12.35	589.46	5.58	4.08	3.00	nm	nm	15.2	nm	nm	6.1
Concordia Maritime AB (Consensus est.)			4.01	4.72	3.81	neg.	122.2	20.5	nm	nm	4.3

Peer group 1	Price (Local)	Market cap (SEKm)	Absolute			vs. OMX			vs. S&P 500		
			1m	3m	1y	1m	3m	1y	1m	3m	1y
Ardmore Shipping Corp.	10.54 USD	2,303	-7.4%	12.6%	3.1%	-14.5%	-2.1%	-16.5%	-11.0%	-1.9%	-29.9%
Capital Product Partners LP	9.30 USD	8,097	8.4%	30.7%	13.5%	0.1%	13.7%	-8.0%	4.2%	13.8%	-22.9%
d'Amico International Shipping S.A.	0.48 EUR	1,915	8.2%	19.3%	-28.1%	-0.1%	3.8%	-41.7%	4.0%	3.9%	-51.1%
Eitzen Chemical ASA	4.40 NOK	55	9.5%	93.8%	-41.8%	1.1%	68.5%	-52.9%	5.2%	68.8%	-60.5%
Odfjell	24.00 NOK	2,097	-5.3%	-0.4%	-39.3%	-12.6%	-13.3%	-50.8%	-9.1%	-13.2%	-58.8%
Scorpio Tankers Inc.	8.23 USD	11,272	-7.0%	9.0%	11.8%	-14.2%	-5.2%	-9.4%	-10.7%	-5.1%	-24.0%
Stolt-Nielsen Ltd	126.00 NOK	8,988	5.8%	10.5%	-30.7%	-2.4%	-3.9%	-43.8%	1.6%	-3.8%	-52.9%
Torm A/S	0.56 DKK	516	-41.5%	76.4%	-65.0%	-46.0%	53.4%	-71.6%	-43.8%	53.6%	-76.2%
Concordia Maritime AB	12.35SEK	589	-8.2%	10.8%	2.5%	-15.2%	-3.7%	-16.9%	-11.8%	-3.5%	-30.3%
OMX			8.3%	15.0%	23.4%	0.0%	0.0%	0.0%	4.1%	0.1%	-16.1%
S&P 500			4.1%	14.8%	47.1%	-3.9%	-0.1%	19.2%	-	-	-

Summary of key data

Income Statement (SEKm)	2009	2010	2011	2012	2013	2014	2015e	2016e
Net sales	0.0	0.0	560	543	468	451	664	816
Net sales growth	na	na	nm	-2.9%	-13.9%	-3.6%	47.1%	22.9%
EBITDA	0.0	0.0	560	228	145	121	212	359
EBITDA margin	na	na	100.0%	42.0%	30.9%	26.8%	32.0%	44.1%
EBIT	0.0	0.0	0.0	77.5	0.3	-23.8	26.1	161
EBIT margin	nm	nm	0.0%	14.3%	0.1%	-5.3%	3.9%	19.7%
Non recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings from shares in associated comp.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	0	0	0	-36	-39	-40	-52	-55
Earnings before tax (reported)	0.0	0.0	0.0	41.6	-39.1	-63.7	-26.2	106
Earnings to equity holders (reported)	0.0	0.0	0.0	55.0	-29.1	-55.8	-16.2	116
Earnings to equity holders (recurring)	0.0	0.0	0.0	55.0	-29.1	-55.8	-16.2	96.3
Cash flow	2009	2010	2011	2012	2013	2014	2015e	2016e
Cash flow from ongoing operations	0.0	0.0	0.0	168	36.4	120	150	295
Investments in tangible fixed assets	0.0	0.0	0.0	-419	-52.6	285	-369	-36.0
Investments in intangible fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	0.0	0.0	0.0	-251	-16.2	405	-219	259
Investments and disposals net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow after investments	0.0	0.0	0.0	-251	-16.2	405	-219	259
Financial Activities	0.0	0.0	0.0	-267	22.2	437	-232	217
Change in liquid assets	0.0	0.0	0.0	16.2	-38.4	-32.2	13.4	42.0