

9 November, 2016

Q3 report

Concordia Maritime AB

Neutral (reiterated)

Target price: SEK 16.0

Share price: SEK 15.0

All set for market dip

- Coverage cushion leads to outperformance of spot markets
- Enhanced liquidity situation
- Neutral repeated as markets edge lower

Coverage cushion leads to outperformance of spot markets

CCOR recorded EBITDA of SEK 51m for 3q16; down 45% q/q, however well ahead of spot markets thanks to charter agreements entered into at a higher point in the cycle. In addition to three well-paying time charters, the company has a pair of consecutive voyage charters rolling off at year-end. We understand that discussions are ongoing with the target of renewing the contracts, hence we expect spot market outperformance to continue also in a fundamentally weaker 2017.

Enhanced liquidity situation

CCOR has freed up USD 35m following a pair of sale and leaseback agreements with Japanese counterparts. We find these moves prudent in light of our market view, however with an enhanced cash position the company will be enabled to take on growth opportunities in a low point of the cycle. At end-3q16 the company had SEK ~400m in available liquidity (USD 44m), and with the USD 35m net proceeds from its sale and leaseback transaction, CCOR could theoretically survive as many as four years with earnings at trough levels (product tankers USD 12,500/day), which differentiates it from many of its peers with considerably shorter liquidity runways.

Neutral repeated as markets edge lower

We repeat our Neutral recommendation on CCOR on our view that fleet growth will exceed demand growth in a 12-24m perspective and cause rates and asset values to edge lower. We estimate NAV of SEK 25 per share; and set our target to SEK 16, reflecting trough pricing of the company's assets.

Key figures (SEKm)	2013	2014	2015	2016e	2017e	2018e
Net sales	468	451	810	884	689	725
EBITDA	145	121	407	283	119	210
EBIT	0.3	-23.8	210	47.5	-98.1	-7.8
Earnings before tax	-39.1	16.3	174	-8.2	-125	-33.8
EPS (recurring)	-0.61	-1.50	3.64	0.05	-2.63	-0.71
EPS (earnings per share)	-0.61	0.18	3.64	0.07	-2.63	-0.71
Dividend per share	0.00	0.00	0.50	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%
Net sales-Growth	-13.9%	-3.6%	79.6%	9.2%	-22.0%	5.2%
EPS-Growth (recurring)	nm	nm	nm	-98.7%	nm	nm
EBITDA-margin	30.9%	26.8%	50.3%	32.0%	17.3%	28.9%
EBIT-margin	0.1%	-5.3%	25.9%	5.4%	-14.2%	-1.1%
Net debt/EBITDA ratio	13.05	15.72	4.56	4.87	6.59	3.05
EV/Sales	5.23	5.58	3.44	2.37	2.18	1.87
EV/EBITDA	16.9	20.8	6.8	7.4	12.6	6.5
EV/EBIT	nm	nm	13.3	44.2	nm	nm
P/E (recurring)	nm	nm	5.4	nm	nm	nm
P/E	nm	nm	5.4	nm	nm	nm
FCF-yield	-2.9%	69.8%	-8.8%	76.3%	82.9%	20.6%
FCF / Net Profit	33.0%	5116.7%	-47.2%	16054.7%	-473.2%	-437.4%

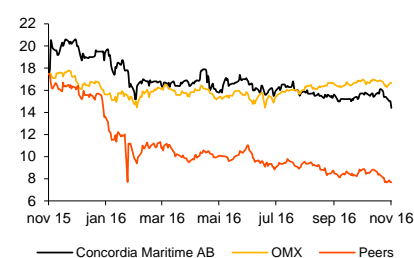
Note: EBIT, EBITDA is excl. income from associated comp and non-recurring items.

Source: Swedbank Research, Factset and Concordia Maritime AB

Estimate changes

	2016e	2017e	2018e
Net sales	2.8%	-1.1%	-1.1%
EBIT	-16.7%	nm	nm
EPS (recurring)	-86.2%	nm	nm

Performance



	-1m	-3m	-12m
Absolute	-4.5%	-5.7%	-13.8%
vs. OMX	-3.6%	-9.2%	-8.6%
Rel. peers	8.3%	17.3%	93.3%
High	16.1	16.1	20.6
Low	15.0	15.0	15.0

Shipping (Oslo)

Date for prices	8 nov 2016 17:30
Date for input-data	9 nov 2016
Next report	31 januar 2017

Reuters/Bloomberg	CCORb.ST/CCORB SE
No of shares (m)	48
Avg. turnover(SEKm)	0.41
Free float (%)	47.7%

Mcap(SEKm)	716
Mcap(EURm)	72
EV(SEKm)	2 096

BV/share 2016e	39.45
P/BV 2016e	0.38

ROE 2016e	0.2%
ROCE 2016e	1.4%
ROIC 2016e	1.4%
Equity ratio 2016e	47.2%

CAGR Net sales 2015-18	-3.6%
CAGR EBT 2015-18	nm
CAGR EPS 2015-18	nm

Source: Swedbank Research, Factset

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Soft 3q, but ahead of the market

CCOR reported daily TCE income for its product tankers of USD 14,500 per day; down from the USD 19,500/day 2q average, but well ahead of the USD ~10,000/day market benchmark for the period. Underlying results were slightly on the soft side relative to our expectations.

3q down q/q on softer spot markets

SEK 51m EBITDA for 3q; down 45% q/q on softer markets

CCOR recorded EBITDA of SEK 51m for 3q; down from the SEK 92m achieved in 2q on a USD 5,000 per day correction in daily product tanker TCEs. The company's Suezmax Stena Supreme sailed in USD 20,100 per day; in line with our USD 19,800/day estimate, but down from the USD 33,600/day 2q average and thus accounting for SEK 10.5m of the EBITDA dip.

The underlying net loss was SEK 23m for the quarter, however the reversal of a previously recognized tax charge reduced the reported net loss to SEK 11m.

CCOR 3q16 deviation table

SEKm	3q15	2q16	Actual 3q16a	SFS est. 3q16e	Dev.
Total revenues	210	239	215	185	30
Operating expenses	88	134	153	115	38
SG&A	14	14	12	16	-4
EBITDA	108	92	51	55	-4
Ordinary depreciation	47	57	61	62	-2
Impairment / (sales gains)	0	0	0	0	0
EBIT	61	35	-10	-8	-2
Net financial items	-8	-12	-13	-9	-3
Non recurring	0	-10	0	0	0
Pretax profit	52	12	-22	-17	-5
Minority interest	0	0	0	0	0
Tax	0	0	12	0	12
Net profit	52	12	-11	-17	7
EPS	1.10	0.26	-0.22	-0.36	0.14
EPS adj.	1.10	0.48	-0.47	-0.36	-0.11
Product tanker TCE earnings	19 900	19 500	14 500	15 000	-500

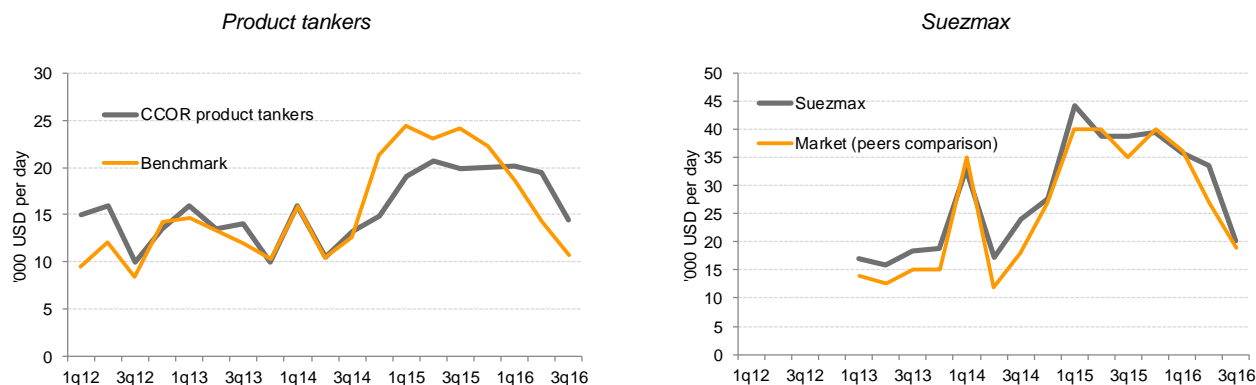
Source: SWN, CCOR

Product tanker TCE income of USD 14,500 per day versus spot markets of USD 10,000 per day

Outperforming market benchmarks

CCOR's 12.5 product tankers sailed in USD 14,500 per day in 3q; well ahead of spot market benchmarks of USD 10,000 per day owing to its 3 vessels on TCs at USD ~20,000 per day and 3 vessels on consecutive voyage charters earnings a premium to the market.

CCOR TCE income vs market benchmarks



Source: SWN, Clarkson, peers (TTIL, FRO, NAT, TNK, EURN)

Fleet profile intact

CCOR has sold and chartered back one IMO2MAX and its Suezmax tanker, freeing up USD 35m in cash. Going forward, we expect it to renew the existing P-MAX consecutive voyage charters, and estimate that the company will continue to outperform spot market benchmarks as long as it continues to operate within its chartering strategy.

60% charter coverage for its P-MAXes

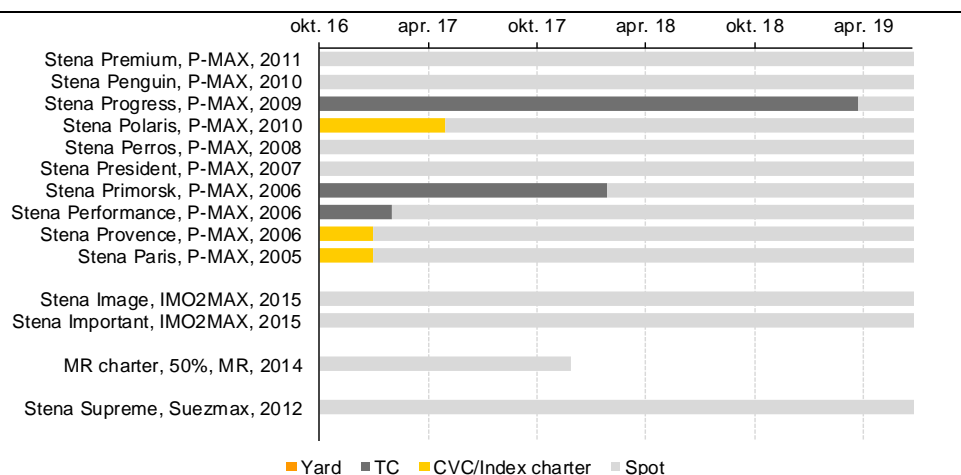
CVCs to be rolled further

Concordia operates a fleet of 13.5 vessels, including two units that are bareboat chartered, and an MR product tanker chartered on a joint basis with Stena Bulk.

Of its 10 P-MAX vessels three units are placed on profitable time charters in the USD 20,000 per day region through 2017, reflecting markets one year ago. Current TC markets for product tankers have dipped to USD ~12,000 per day for MRs and USD ~14,500 per day for LR1s, hence a repeat of CCOR's current charters seem unlikely in today's markets.

Another three P-MAXes are employed on consecutive voyage charters originally rolling off this winter. However, we understand that the vessels are fully utilized in niche trades, and expect the company to agree with its counterpart to renew the contracts at terms that should continue to produce above-market results.

CCOR fleet and employment



Source: SWN, CCOR

Neutral repeated

We argue that the tanker market will struggle with increasing oversupply through 2017 and expect rates to remain at low levels. In such a scenario we see further downside to valuation and repeat Neutral, although CCOR stands out positively among peers with a much longer liquidity runway.

Crude tanker fleet utilization to dip to the low 80%s

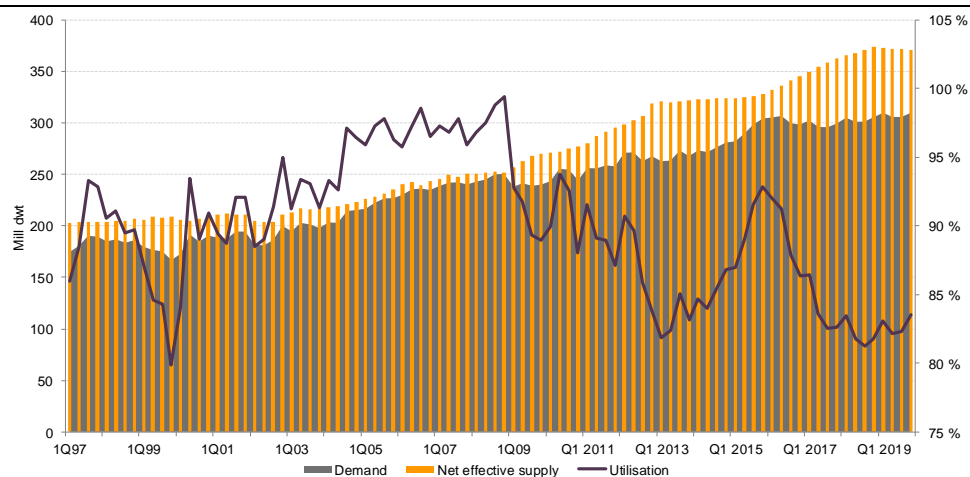
Challenging market outlook

We expect the crude tanker market balance to widen significantly on a combination of:

1. **Greater fleet growth.** We estimate that the crude tanker fleet will expand by 5% in 2017; following a 6% increase in 2016
2. **Destocking of inventories.** We expect oil inventories to draw, reducing the need for imported crude and products. At the same time, fleet productivity should increase as destocking frees up space at terminals and allows for ships until recently have been in a forced tonnage situation to offload
3. **Slowing growth rate for crude oil supply.** Reduced OPEC spare capacity, few new FIDs in non-OPEC regions, declining rig counts and potentially a OPEC cut should cause seaborne volumes of crude oil to slow

Consequently, the tanker fleet utilization looks to drop from around 90% in 1h16 to the very low 80%s in 2018. On that note we expect rates for both crude and product tankers to disappoint greatly relative to 2015 and 2016 averages, and we argue that the slow 2h16 markets are just the start of a longer downturn.

Crude tanker fleet utilization



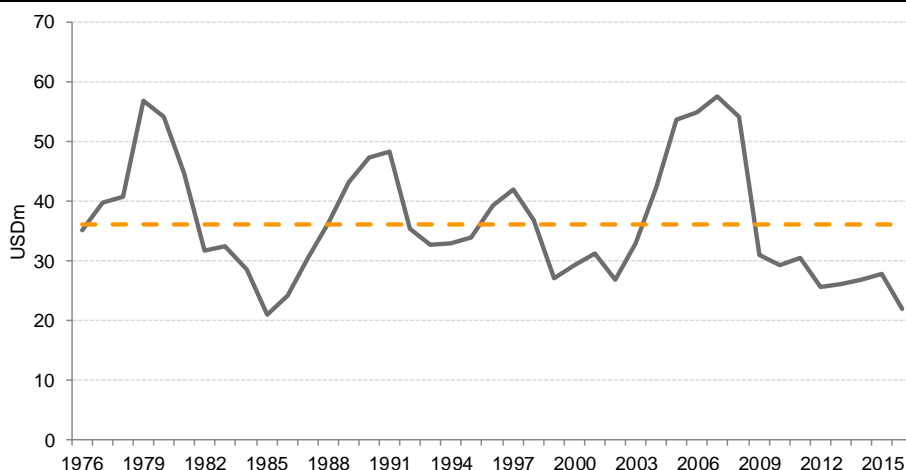
Source: SWN

5-yr old MRs down 25% y/y

Asset values under pressure

Brokers indicate that a five year-old MR is worth USD 20m in today's markets; 25% down from year-ago levels and ~10% lower since the end of June. USD 22m is also the lowest since early 2003, or close to an all-time low if adjusting for inflation.

With earnings likely to remain at trough levels through next year we argue that there is still another 10% downside to asset values for modern tankers.

Asset values, 5-yr Medium Range product tanker, adjusted for inflation

Source: Clarkson, SWN

Break-up NAV at SEK 25 per share**Neutral repeated**

We estimate NAV, based on break-up valuations for the company's fleet, of SEK 25 per share. For the company's P-MAXes we assume the price of a modern MR product tanker, and then we add the net present value of an estimated USD 2,000 per day outperformance over the remaining lifetime of each vessel.

We understand that sale and leaseback transactions are made at levels above market, which is then being reflected in higher bareboat hire, which offsets a positive cash contribution in our NAV estimate.

CCOR NAV (end-4q16 estimates. Cash proceeds from Stena Image included in cash, sales gains from the Supreme as a positive capex element)

	Vessels	Avg age	SEKm	SEK/share
P-MAX fleet	10	8.8	1969	41.3
IMO2MAX (owned)	1	1	291	6.1
Suezmax (owned)	0	0	0	0.0
Total	11	10	2260	47.4
+ Value of charter portfolio			-35	-0.7
+ Cash			351	7.3
+ Net other assets			25	0.5
- Capital expenditures (including dry docking)			502	10.5
- Interest bearing debt			-1910	-40.0
= Net Asset Value			1192	25.0

Source: SWN

With the prospects that asset values are to edge lower before improving, we repeat Neutral on CCOR with target SEK 16, or 0.8x its trough NAV.

Liquidity runway of 4 years in trough markets**Solid liquidity position**

At end-3q16 the company had SEK 401m in available liquidity, of which SEK 305m in cash and the balance in drawing facilities. The sale and leasebacks will release SEK ~315m in additional liquidity, totaling around SEK ~715m.

We estimate that CCOR enjoys a liquidity runway of around four years in trough markets with product tanker earnings in the USD 12,500 region, which we consider to be a contract adjusted trough earnings environment. Hence, we conclude that CCOR enjoys a very comfortable liquidity situation in a longer market slump.

Key estimate and assumptions

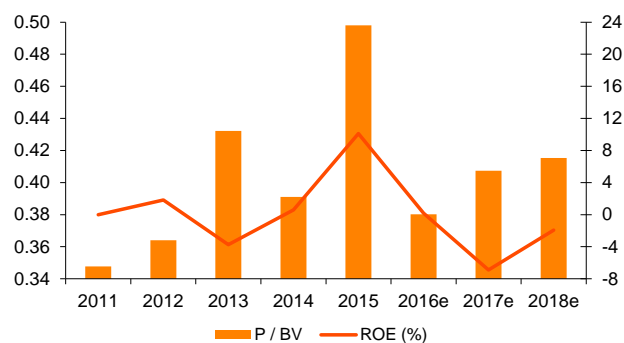
CCOR key estimates and assumptions

Profit and loss									
SEKm	2014	2015	2016e	2017e	2018e	1q16	2q16	3q16	4q16e
Total revenues	451	810	884	689	725	264	239	215	166
Operating expenses	275	339	545	518	465	143	134	153	116
SG&A	55	64	56	52	50	17	14	12	13
EBITDA	121	407	283	119	210	103	92	51	38
Ordinary depreciation	145	197	236	218	218	59	57	61	60
EBIT	56	210	47	-98	-8	44	35	-10	-22
Net financial items	-40	-35	-45	-27	-26	-11	-12	-13	-9
Pretax profit	16	174	-8	-125	-34	33	12	-22	-31
Tax	-8	-1	12	0	0	0	0	12	0
Net profit	8	174	3	-125	-34	33	12	-11	-31
EPS	0.18	3.64	0.07	-2.63	-0.71	0.70	0.26	-0.23	-0.66
DPS	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet, operations and assumptions									
	2014	2015e	2016e	2017e	2017e	1q16	2q16	3q16	4q16e
Average TCE assumptions (USD per day)									
Product tanker TCE earnings	13 600	20 375	16 938	15 375	17 500	19 500	19 500	14 500	14 250
Suezmax spot earnings	25 400	40 350	28 000	17 325	18 375	35 800	33 600	20 100	22 500
Average yearly fleet size									
P-MAX	9.9	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
IMO2MAX/MR	0.0	0.8	2.5	2.5	2.3	1.0	1.8	2.5	2.5
Suezmax	1.0	1.6	1.4	1.0	1.0	1.8	2.0	1.8	1.5
Selected balance sheet items									
SEKm	2014	2015	2016e	2017e	2018e	1q16	2q16	3q16	4q16e
Cash and cash equivalents	137	274	351	593	611	359	291	305	351
Current assets	380	545	574	816	834	625	533	529	574
Fixed assets	3336	3810	3418	2699	2518	3683	3811	3811	3418
Total assets	3716	4355	3992	3515	3352	4308	4344	4339	3992
Current liabilities	309	357	378	378	378	383	416	378	378
Long-term liabilities	1832	2129	1730	1379	1250	2064	2028	2046	1730
Shareholders equity	1575	1869	1883	1758	1724	1862	1901	1915	1883
Total liabilities and equity	3716	4355	3992	3515	3352	4308	4344	4339	3992

Source: SWN

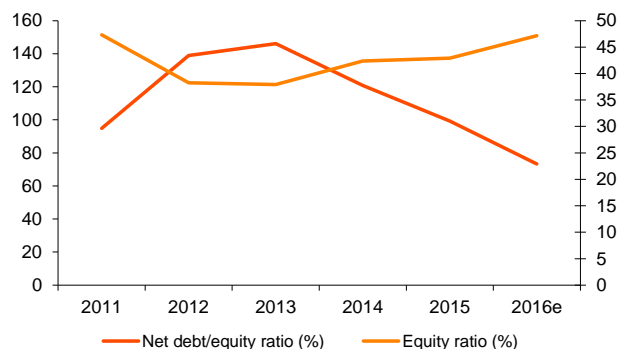
Company description

ROE vs. P/BV



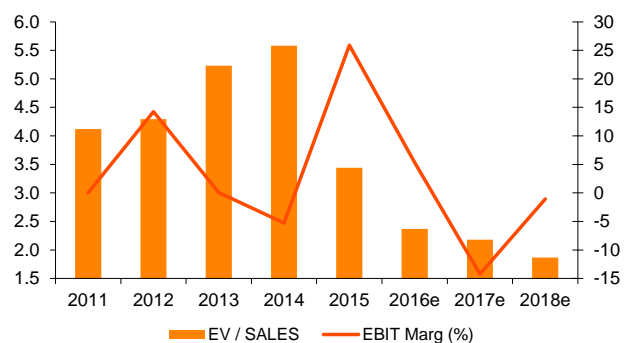
Source: Swedbank Research and Concordia Maritime AB

Net debt/equity ratio vs. equity/assets ratio



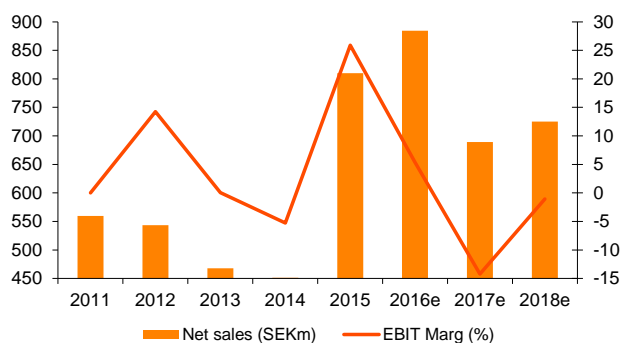
Source: Swedbank Research and Concordia Maritime AB

EBIT-margin vs. EV/Net sales



Source: Swedbank Research and Concordia Maritime AB

Net sales and EBIT-margin



Source: Swedbank Research and Concordia Maritime AB

Other company information

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IR	Ola Helgesson
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Phone	+46 31 85 50 00
Address	406 19 Gothenburg, Sweden

Source: Concordia Maritime AB

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

Source: Arena, Oslo Børs VPS and Concordia Maritime AB

Income statement – Quarterly data

Quarterly data (SEKm)	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016e	Q1 2017e	Q2 2017e	Q3 2017e
Net Sales	218	264	239	215	166	185	168	161
EBITDA	117	103	91.5	50.9	37.5	43.6	25.8	17.7
EBITA	57.7	44.4	35.0	-9.8	-22.1	-10.8	-28.6	-36.7
EBIT	57.7	44.4	35.0	-9.8	-22.1	-10.8	-28.6	-36.7
Non recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating earning	57.7	44.4	35.0	-9.8	-22.1	-10.8	-28.6	-36.7
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	-7.8	-11.0	-12.3	-23.0	-9.4	-7.3	-6.1	-7.0
Earnings before tax (reported)	49.9	33.4	22.7	-32.8	-31.5	-18.1	-34.7	-43.7
Earnings before tax (recurring)	49.9	33.4	22.7	-22.4	-31.5	-18.1	-34.7	-43.7
Tax	-0.5	0.0	0.0	11.6	0.0	0.0	0.0	0.0
Minority share in net earnings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings (reported)	49.4	33.4	22.7	-21.2	-31.5	-18.1	-34.7	-43.7
Net earnings (recurring)	49.4	33.4	22.7	-14.5	-31.5	-18.1	-34.7	-43.7
Net earnings (adjusted excl. goodwill depr.)	49.4	33.4	22.7	-14.5	-31.5	-18.1	-34.7	-43.7
EPS (recurring)	1.03	0.70	0.48	-0.47	-0.66	-0.38	-0.73	-0.92
EPS (reported)	1.03	0.70	0.26	-0.23	-0.66	-0.38	-0.73	-0.92
Tax rate	1.0%	0.0%	0.0%	35.4%	0.0%	0.0%	0.0%	0.0%
Growth	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016e	Q1 2017e	Q2 2017e	Q3 2017e
Net sales	73.1%	47.8%	17.0%	2.7%	-23.6%	-29.9%	-29.7%	-25.2%
EBITDA	189.9%	25.8%	-7.9%	-52.9%	-68.0%	-57.8%	-71.8%	-65.3%
EBITA	nm	13.8%	-33.1%	nm	nm	nm	nm	nm
EBIT	nm	13.8%	-33.1%	nm	nm	nm	nm	nm
Earnings before tax (recurring)	nm	18.9%	-48.4%	nm	nm	nm	nm	nm
EPS (recurring)	nm	18.9%	-48.4%	nm	nm	nm	nm	nm
EPS (reported)	nm	18.9%	-72.0%	nm	nm	nm	nm	nm

Source: Swedbank Research, Factset and Concordia Maritime AB

Income statement – Yearly data

Income Statement (SEKm)	2011	2012	2013	2014	2015	2016e	2017e	2018e
Net Sales	560	543	468	451	810	884	689	725
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating expenses	0.0	-315	-323	-330	-403	-601	-570	-515
Cost of goods sold	0.0	-315	-323	-330	-403	-601	-570	-515
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	560	228	145	121	407	283	119	210
Depreciation (tangible fixed assets)	0.0	-151	-144	-145	-197	-236	-217	-217
EBITA	560	77.5	0.3	-23.8	210	47.5	-98.1	-7.8
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	77.5	0.3	-23.8	210	47.5	-98.1	-7.8
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	80.0	0.0	0.0	0.0	0.0
Operating earning	0.0	77.5	0.3	56.2	210	47.5	-98.1	-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 interest income	0.0	-35.9	-39.4	-39.9	-35.3	-45.3	-27.3	-26.0
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	-10.4	0.0	0.0
Earnings before tax (reported)	0.0	41.6	-39.1	16.3	174	-8.2	-125	-33.8
Earnings before tax (recurring)	0.0	41.6	-39.1	-63.7	174	2.2	-125	-33.8
Tax on earnings for the year	0.0	-13.4	-10.0	-7.9	-0.5	11.6	0.0	0.0
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	28.2	-49.1	8.4	174	3.4	-125	-33.8
Adjustments	0.0	0.0	0.0	-80.0	0.0	10.4	0.0	0.0
Net earnings (recurring)	0.0	28.2	-49.1	-32.8	174	-0.9	-125	-33.8
Net earnings (adjusted excl. goodwill depr.)	0.0	41.6	-39.1	-63.7	174	2.2	-125	-33.8
EPS (recurring)	0.00	-7.46	-0.61	-1.50	3.64	0.05	-2.63	-0.71
EPS (reported)	0.00	-7.46	-0.61	0.18	3.64	0.07	-2.63	-0.71
Tax rate	nm	32.2%	nm	48.5%	0.3%	nm	0.0%	0.0%

Source: Swedbank Research, Factset and Concordia Maritime AB

Balance sheet & Cash flow

Balance sheet (SEKm)	2011	2012	2013	2014	2015	2016e	2017e	2018e
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	3 433	3 111	3 016	3 336	3 810	3 418	2 699	2 518
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	3.4	1.1	9.4	0.8	0.0	0.1	0.1	0.1
Total fixed assets	3 436	3 113	3 026	3 336	3 810	3 418	2 699	2 518
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current receivables	80.5	127	193	243	271	223	223	223
cash and short term investments	128	144	106	137	274	350	593	611
Total current assets	322	368	381	380	545	574	816	834
Total assets	3 758	3 481	3 407	3 716	4 355	3 992	3 515	3 352
Shareholders' equity	1 778	1 331	1 292	1 575	1 869	1 883	1 758	1 724
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	1 802	1 970	1 863	1 832	2 129	1 730	1 379	1 250
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	13.0	23.4	131	207	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	147	147	120	102	357	378	378	378
Total shareholder's eq. and liabilities	3 758	3 481	3 407	3 716	4 355	3 992	3 515	3 352
Net debt	1 687	1 849	1 888	1 902	1 855	1 380	786	639
Capital employed	3 465	3 180	3 180	3 477	3 724	3 263	2 544	2 363
Invested capital	3 366	3 091	3 089	3 476	3 724	3 263	2 544	2 362
Invested capital (excl Goodwill)	3 366	3 091	3 089	3 476	3 724	3 263	2 544	2 362
Change interest-bearing net debt	1 687	162	39.1	14.2	-46.8	-475	-594	-148
Net debt/equity ratio	94.9%	138.9%	146.1%	120.8%	99.3%	73.3%	44.7%	37.1%
Equity ratio	47.3%	38.2%	37.9%	42.4%	42.9%	47.2%	50.0%	51.4%
Cash flow (SEKm)	2011	2012	2013	2014	2015	2016e	2017e	2018e
Operating earnings	0.0	77.5	0.3	56.2	210	47.5	-98.1	-7.8
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	-80.5	-46.2	-66.6	-49.6	-28.5	48.2	0.0	0.0
Cash flow from ongoing operations	0.0	168	36.4	145	377	293	92.1	184
Investments in tangible fixed assets	0.0	-419	-52.6	285	-459	254	501	-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	-251	-16.2	430	-82.0	546	594	148
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	-251	-16.2	430	-82.0	546	594	148
Dividends to shareholders	0.0	-47.7	-23.9	0.0	0.0	-23.9	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	315	1.7	-389	197	-454	-351	-129
Other sales	0.0	-0.3	0.0	0.0	0.0	-10.4	0.0	0.0
Change in liquid assets	0.0	16.2	-38.4	40.9	115	58.3	242	18.2
Cash flow drivers	2011	2012	2013	2014	2015	2016e	2017e	2018e
D+A / Sales	na	na	na	na	na	na	na	na
Capex / Sales	0.0%	77.1%	11.2%	-63.2%	56.7%	-28.7%	-72.7%	5.0%
Working capital / Sales	14.4%	23.3%	41.3%	53.8%	33.5%	25.2%	32.4%	30.8%
Tax rate	nm	32.2%	nm	48.5%	0.3%	nm	0.0%	0.0%

Source: Swedbank Research, Factset and Concordia Maritime AB

Key ratios and share data

Key figures (SEK)	2011	2012	2013	2014	2015	2016e	2017e	2018e
EPS (recurring)	0.00	-7.46	-0.61	-1.50	3.64	0.05	-2.63	-0.71
EPS (reported)	0.00	-7.46	-0.61	0.18	3.64	0.07	-2.63	-0.71
Cash flow from operations	0.0	3.5	0.8	3.0	7.9	6.1	0.0	0.0
Free cash flow	0.0	-5.3	-0.3	9.0	-1.7	11.4	12.4	3.1
Enterprise value (EV)	2 305	2 333	2 446	2 518	2 786	2 096	1 502	1 355
Book value (BV)	37.2	27.9	27.1	33.0	39.2	39.5	36.8	36.1
Book value (excl. goodwill)	37.2	27.9	27.1	33.0	39.2	39.5	36.8	36.1
Dividend	0.00	0.50	0.00	0.00	0.50	0.00	0.00	0.00
Dividend yield	0.0%	4.9%	0.0%	0.0%	2.6%	0.0%	0.0%	0.0%
Share data (SEK)	2011	2012	2013	2014	2015	2016e	2017e	2018e
End year price	13.0	10.2	11.7	12.9	19.5	15.0	15.0	15.0
Price year high	20.5	16.3	13.2	15.3	22.5	19.7	na	na
Price year low	12.2	9.85	9.70	10.1	12.4	14.4	na	na
No of shares (fully diluted, millions)	47.7	47.7	47.7	47.7	47.7	47.7	47.7	47.7
No of shares (average, millions)	47.7	47.7	47.7	47.7	47.7	47.7	47.7	47.7
Valuation	2011	2012	2013	2014	2015	2016e	2017e	2018e
EV/Sales	4.1	4.3	5.2	5.6	3.4	2.4	2.2	1.9
EV/EBITDA	4.1	10.2	16.9	20.8	6.8	7.4	12.6	6.5
EV/EBIT	nm	30.1	nm	nm	13.3	44.2	nm	nm
P/E (adjusted, end of period)	nm	nm	nm	nm	5.4	nm	nm	nm
P/E (adjusted, high)	nm	nm	nm	nm	6.2	nm	na	na
P/E (adjusted, low)	nm	nm	nm	nm	3.4	nm	na	na
P/E	nm	nm	nm	nm	5.4	nm	nm	nm
P/BV	0.35	0.36	0.43	0.39	0.50	0.38	0.41	0.42
P/BV (excl. goodwill)	0.35	0.36	0.43	0.39	0.50	0.38	0.41	0.42
FCF-yield	0.0%	-51.8%	-2.9%	69.8%	-8.8%	76.3%	82.9%	20.6%
Growth	2011	2012	2013	2014	2015	2016e	2017e	2018e
Net sales	nm	-2.9%	-13.9%	-3.6%	79.6%	9.2%	-22.0%	5.2%
EBITDA	nm	-59.3%	-36.5%	-16.4%	236.4%	-30.4%	-57.9%	75.7%
EBIT	na	nm	-99.6%	nm	nm	-77.4%	nm	nm
Pre tax profit (recurring)	na	nm	nm	nm	nm	-98.7%	nm	nm
EPS	na	nm	nm	nm	nm	-98.0%	nm	nm
EPS (recurring)	na	nm	nm	nm	nm	-98.7%	nm	nm
P&L Drivers	2011	2012	2013	2014	2015	2016e	2017e	2018e
Gross margin	nm	42.0%	30.9%	26.8%	50.3%	32.0%	17.3%	28.9%
EBITDA margin	100.0%	42.0%	30.9%	26.8%	50.3%	32.0%	17.3%	28.9%
EBIT margin	0.0%	14.3%	0.1%	-5.3%	25.9%	5.4%	-14.2%	-1.1%
Pre tax margin	0.0%	7.7%	-8.4%	3.6%	21.5%	-0.9%	-18.2%	-4.7%
Net margin	0.0%	5.2%	-10.5%	1.9%	21.5%	0.4%	-18.2%	-4.7%
Net margin (recurring)	0.0%	5.2%	-10.5%	-7.3%	21.5%	-0.1%	-18.2%	-4.7%
Cash flow drivers	2011	2012	2013	2014	2015	2016e	2017e	2018e
D+A / Sales	na	na	na	na	na	na	na	na
Capex / Sales	0.0%	77.1%	11.2%	-63.2%	56.7%	-28.7%	-72.7%	5.0%
Working capital / Sales	14.4%	23.3%	41.3%	53.8%	33.5%	25.2%	32.4%	30.8%
Tax rate	nm	32.2%	nm	48.5%	0.3%	nm	0.0%	0.0%
Capital Efficiency	2011	2012	2013	2014	2015	2016e	2017e	2018e
FCF/Sales	0.0%	-46.2%	-3.5%	95.3%	-10.1%	61.8%	86.1%	20.4%
ROA	0.0%	2.2%	0.0%	1.5%	4.8%	1.2%	-2.8%	-0.2%
ROCE	0.0%	2.3%	0.0%	1.7%	5.8%	1.4%	-3.4%	-0.3%
ROIC	0.0%	2.4%	0.0%	-0.7%	5.8%	1.4%	-3.4%	-0.3%
ROE	0.0%	1.8%	-3.7%	0.6%	10.1%	0.2%	-6.9%	-1.9%
ROE (recurring)	0.0%	1.8%	-3.7%	-2.3%	10.1%	0.0%	-6.9%	-1.9%
Balance sheet (SEKm)	2011	2012	2013	2014	2015	2016e	2017e	2018e
Net debt	1 687	1 849	1 888	1 902	1 855	1 380	786	639
Capital employed	3 465	3 180	3 180	3 477	3 724	3 263	2 544	2 363
Invested capital	3 366	3 091	3 089	3 476	3 724	3 263	2 544	2 362
Net debt/equity ratio	94.9%	138.9%	146.1%	120.8%	99.3%	73.3%	44.7%	37.1%
Net debt/EBITDA ratio	3.02	8.11	13.05	15.72	4.56	4.87	6.59	3.05
Equity ratio	47.3%	38.2%	37.9%	42.4%	42.9%	47.2%	50.0%	51.4%
Net interest cover	nm	2.2	0.0	1.4	5.9	1.0	neg.	neg.

Source: Swedbank Research, Factset and Concordia Maritime AB

Relative valuation

Peer group 1	Price (Local)	Market cap (SEKm)	EV/Sales			EV/EBIT			P/E (recurring)		
			2016	2017	2018	2016	2017	2018	2016	2017	2018
Ardmore Shipping Corp.	5.65 USD	1 704	4.65	3.72	3.18	22.9	17.0	11.7	15.3	14.0	6.8
d'Amico International Shipping S.A	0.29 EUR	1 236	2.26	2.36	2.34	20.8	19.8	16.1	10.3	10.4	7.7
DHT Holdings, Inc.	3.50 USD	2 944	3.24	3.56	2.93	7.9	21.1	12.4	3.9	35.0	29.2
Frontline	57.80 NOK	20 050	4.25	5.02	4.95	11.8	20.9	15.6	7.0	18.5	13.5
Nordic American Tankers Ltd	7.69 USD	7 063	4.64	4.57	4.59	16.2	19.9	21.4	16.7	48.0	nm
Scorpio Tankers Inc.	3.69 USD	5 730	4.54	4.36	3.79	21.8	18.3	11.5	41.0	12.7	6.0
Tanker Investments Ltd.	41.50 NOK	1 381	3.20	3.59	2.52	9.8	20.3	8.5	5.5	30.6	4.9
Teekay Tankers Ltd. CI A	2.18 USD	2 614	2.53	2.48	2.25	11.5	12.2	9.7	4.2	3.8	3.5
Aggr		42 722	3.66	3.71	3.32	15.3	18.7	13.4	13.0	21.6	10.2
Median		2 779	3.75	3.65	3.05	14.0	19.9	12.1	8.7	16.2	7.3
Concordia Maritime AB (Swb. es	15.00SEK	715.95	2.37	2.18	1.87	44.2	nm	nm	nm	nm	nm
Concordia Maritime AB (Consensus est.)			2.40	2.16	1.67	30.7	107.5	16.1	9.1	8.0	6.9

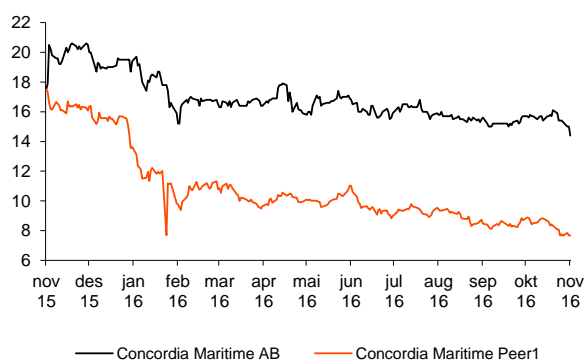
Source: Swedbank Research, Factset

Relative performance

Peer group 1	Price (Local)	Market cap (SEKm)	Absolute			vs. OMX		
			1m	3m	1y	1m	3m	1y
Ardmore Shipping Corp.	5.65 USD	1 704	-17.6%	-26.0%	-55.1%	-16.9%	-28.8%	-52.4%
d'Amico International Shipping S.A	0.29 EUR	1 236	-5.5%	-6.5%	-56.4%	-4.7%	-10.0%	-53.8%
DHT Holdings, Inc.	3.50 USD	2 944	-16.7%	-24.6%	-52.8%	-16.0%	-27.4%	-49.9%
Frontline	57.80 NOK	20 050	-3.6%	-8.3%	-54.9%	-2.8%	-11.8%	-52.1%
Nordic American Tankers Ltd	7.69 USD	7 063	-19.3%	-35.3%	-47.6%	-18.6%	-37.7%	-44.4%
Scorpio Tankers Inc.	3.69 USD	5 730	-21.2%	-26.4%	-58.0%	-20.5%	-29.2%	-55.4%
Tanker Investments Ltd.	41.50 NOK	1 381	-10.0%	-8.3%	-54.8%	-9.2%	-11.7%	-52.1%
Teekay Tankers Ltd. CI A	2.18 USD	2 614	-17.4%	-24.3%	-68.5%	-16.7%	-27.1%	-66.6%
Concordia Maritime AB	15.00SEK	716	-4.5%	-5.7%	-13.8%	-3.6%	-9.2%	-8.6%

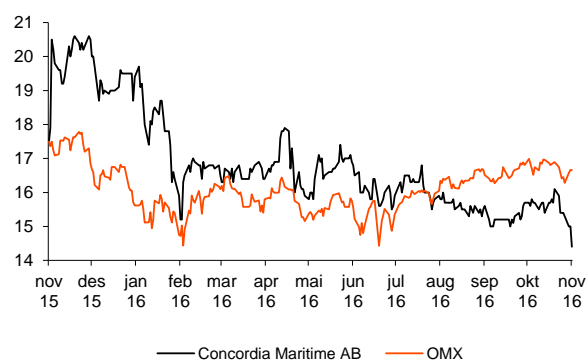
Source: Swedbank Research, Factset

Company vs. peers (SEK)



Source: Swedbank Research, Factset

Company vs. benchmarks (SEK)



Source: Swedbank Research, Factset

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;

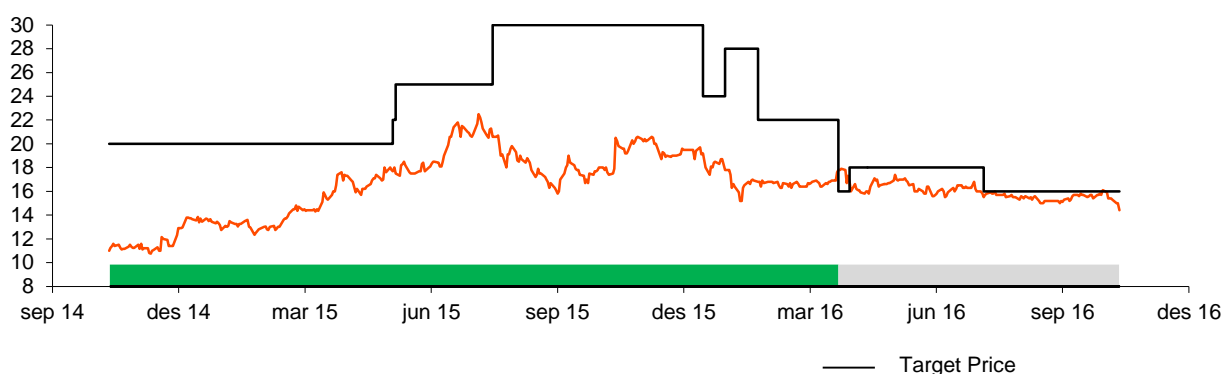
Earnings forecasts are highly sensitive to fleet TCE earnings assumptions.

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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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

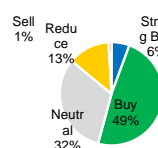
Model for value evaluation

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.

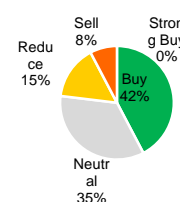
Recommendation at the 9 november 2016

	No of shares	Part of total	Part of MCAP
Strong Buy	6	6 %	8 %
Buy	52	49 %	31 %
Neutral	34	32 %	16 %
Reduce	14	13 %	37 %
Sell	1	1 %	0 %

Total distribution of recommendations



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



For Swedbank's previous recommendations please follow the link: <https://research.swedbank.se/files/RecoTrackList/RecoTrackList.pdf>

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