

## 3Q24 Results Presentation

06 November 2024



## **DISCLAIMER AND FORWARD-LOOKING STATEMENTS**

The preparation of interim financial statements requires Stainless Tankers ASA's (the "Company", "we" or "our") management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

This presentation includes forward-looking statements which are based on management's current expectations and projections about future events. All statements other than statements of historical facts included herein, including statements regarding our future financial position, market outlook and future economic projections and assumptions and risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. Words such as "believe", "expect", "anticipate", "may", "assume", "plan", "intend", "will", "should", "estimate", "risk" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements and readers of this presentation should not place undue reliance on these forward-looking statements. For additional information on risk factors related to the Company and its business, reference is made to our information document dated 27 April 2023.

Although management believes that the expectations reflected in the forward-looking statements are reasonable, we cannot assure that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we nor any other persons assume responsibility for the accuracy and completeness of the forward-looking statements. Any forward-looking statement speaks only as of the date which such statement is made, and we undertake no obligation to update any of these statements after the date of this presentation.



# Agenda

**Highlights**

**Chemical Tanker Rates & Outlook**

**Financial Review**

**Q&A**

**Appendix - 3Q 2024 Financial Statements**

# Highlights



## NAV performance

3Q24 NAV currently estimated at \$7.53 per share (NOK 82.5) after cumulative dividend paid of \$1.04 per share (NOK 11). NAV Total Return since inception including dividends is 76%



## 3Q24 Results

EBITDA of \$10.2m and net income of \$4.7m on net revenue of \$17.2m, earnings impacted by the weaker 3Q24 pool TCE at \$21.4k per day



## Market Rates

3Q24 pool TCE at \$21.4k per day and weakened to c.\$19k/day in October.

Continue to expect rates to recover to \$21k/day in December, aided by seasonal demand growth



## Low Capacity Growth

Annual fleet growth of approximately ~2.5% over next two years compared to projected demand growth of ~3%



## 3Q24 Dividend

The Company declared a \$3.71m dividend<sup>1</sup>, \$0.275/share (c. NOK 3/share), an annualised yield of 22% on invested equity, payable on or about November 15<sup>th</sup>



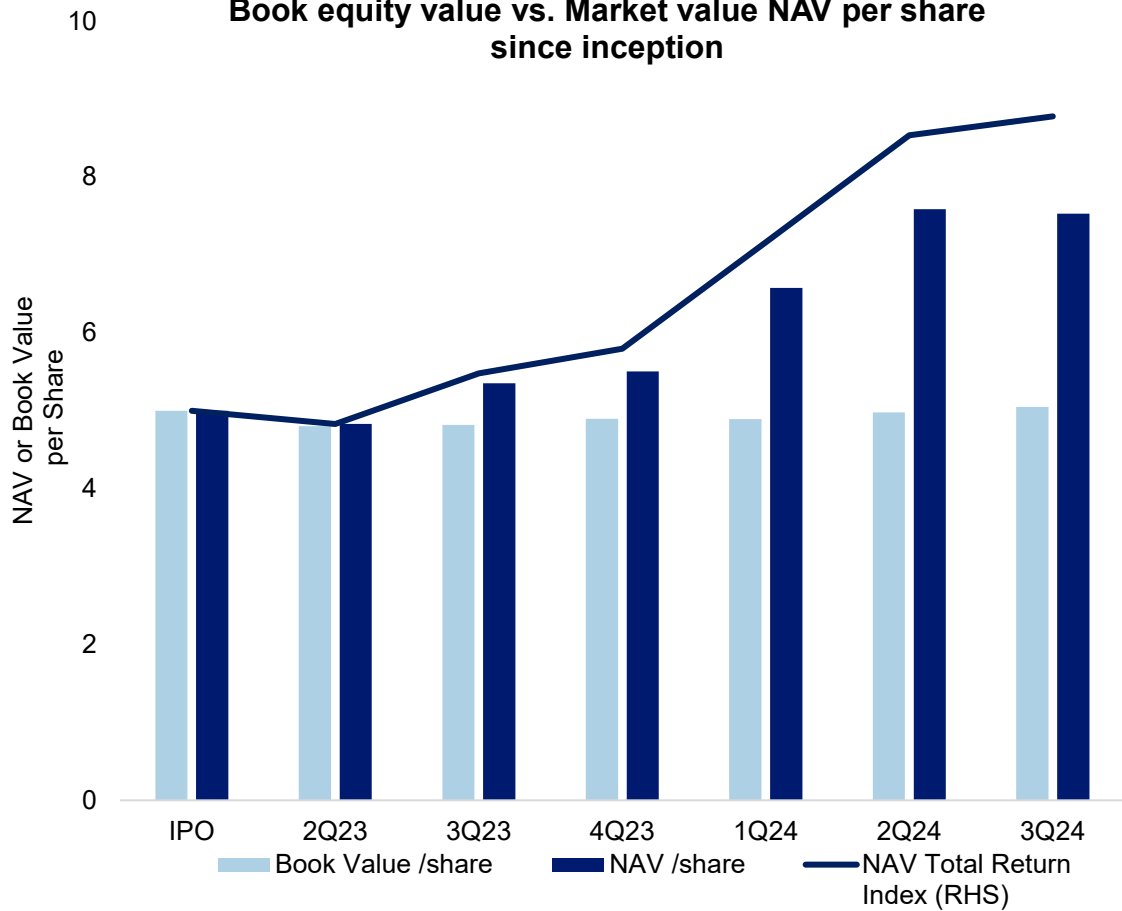
## 2025 Outlook

We remain positive and expect earnings and dividends to remain stable in coming quarters

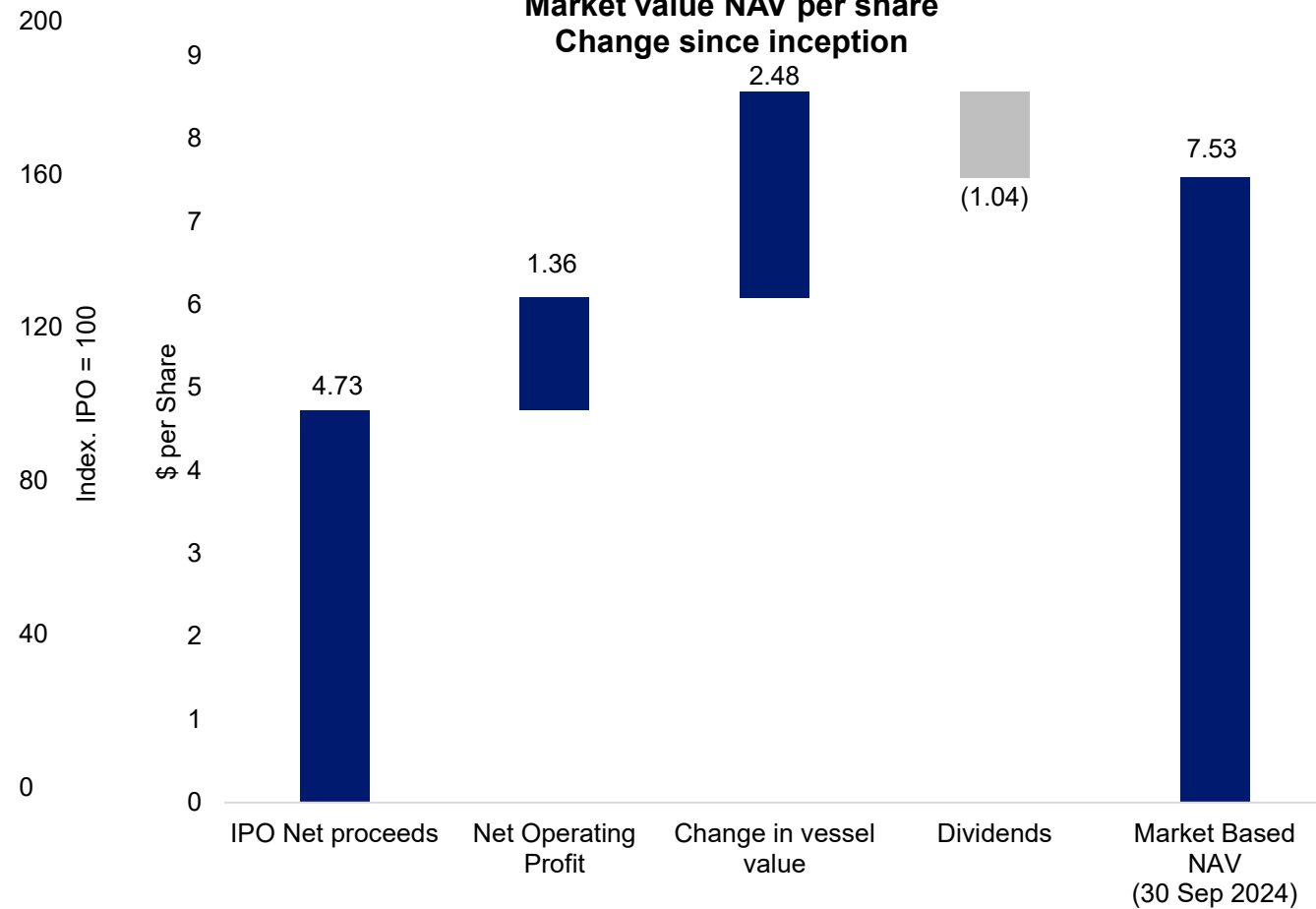
1. STST will make dividend distributions in the form of return of paid-in-capital

# NAV performance since inception

Book equity value vs. Market value NAV per share since inception



Market value NAV per share Change since inception

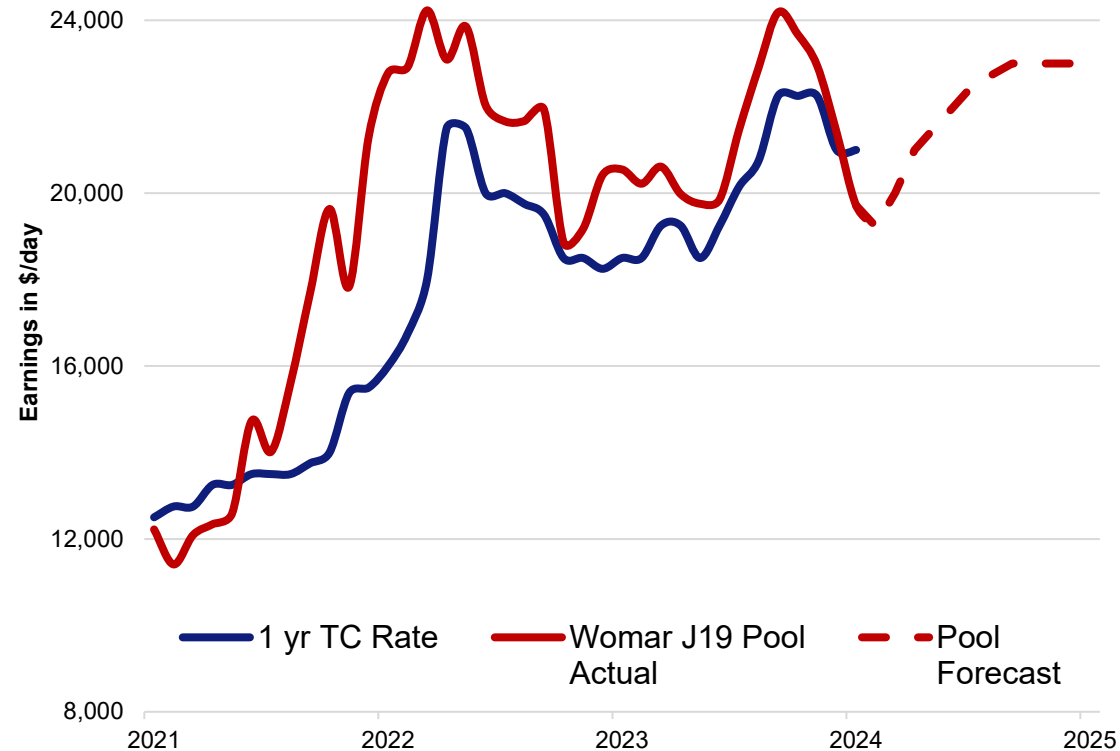


- Since inception, market NAV/share increased to \$7.53 after cumulative dividend paid of \$1.035/ share or \$13.97m
- NAV Total Return\* of c.76% since inception and 2.9% in 3Q24

\* NAV Total Return calculated on a per share basis since IPO assuming dividends reinvested

# Rate recovery expected in the short term

## Womar net pool earnings and market time charter rates

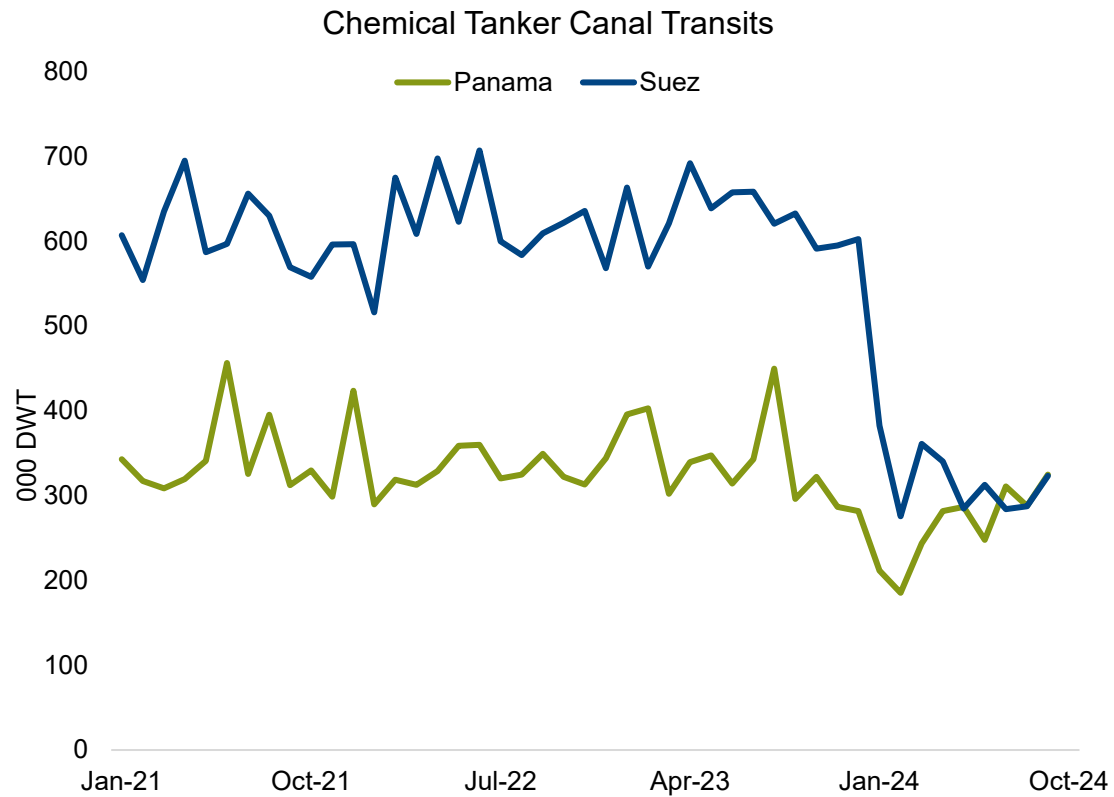


## Highlights

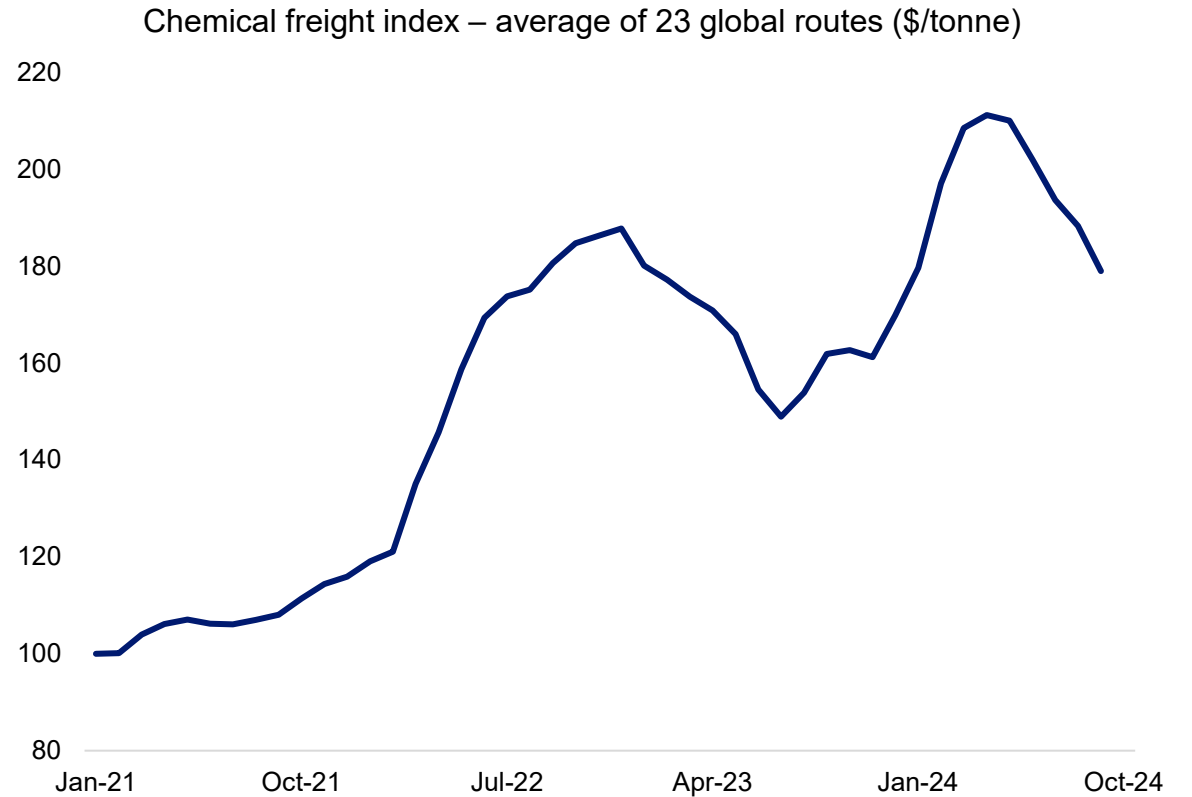
- 3Q24 net pool TCE of \$21.4k/day, was in line with budget (\$21k/day). 1-yr market time charter rates fell to \$21k/day in August and remained flat in September
- The market weakened, partly in sympathy with the tanker market, due to the negative impact of OPEC product cuts and Libyan outages with several crude tankers switching to product service
- The reversal of the OPEC cuts from November and seasonal demand strength should contribute to higher rates over the winter. Further, the pool has repositioned vessels to increase exposure to the stronger markets East of Suez.
- We and Womar expect rates to recover to c.\$21k/day in December and the Womar pool forecast for 2025 is \$22k-\$24k/day

# Suez Canal disruption likely to persist

## Disruptions have eased in Panama, but Suez transits remain low

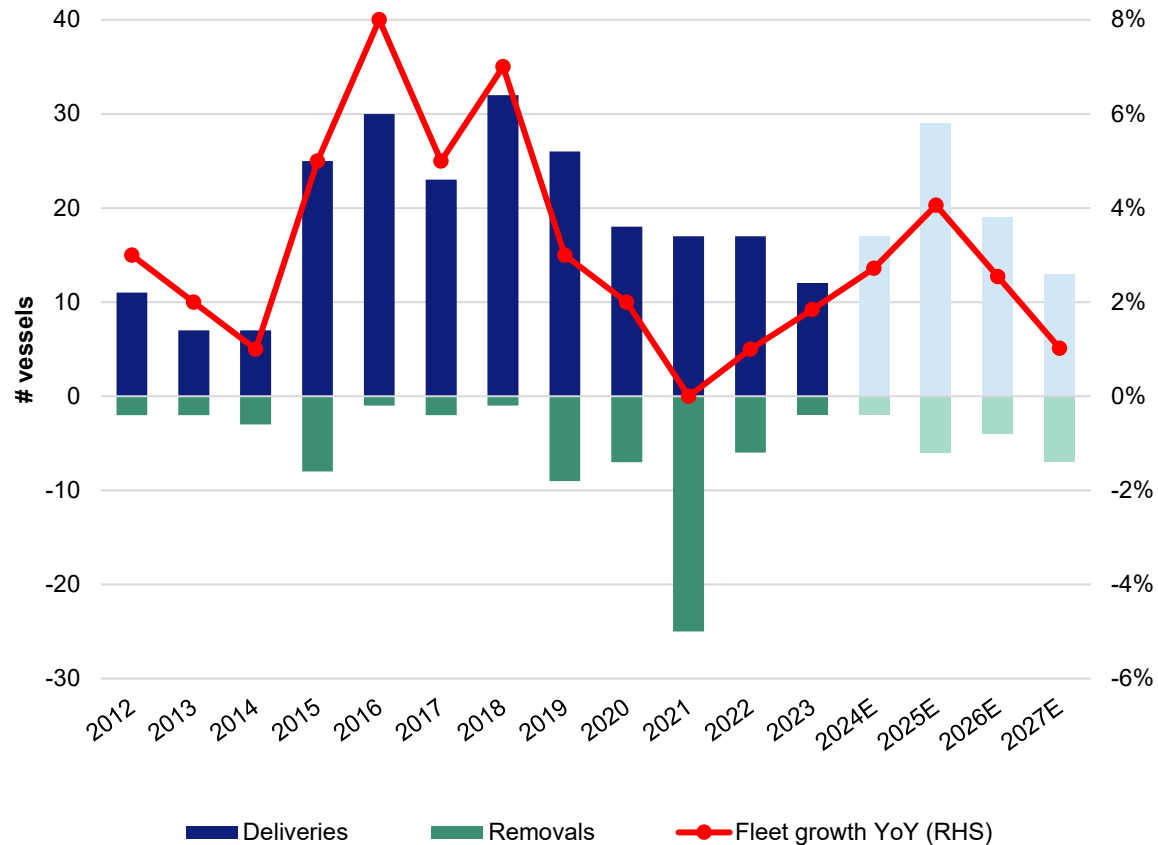


## Freight rates ease slightly from all-time highs



# Limited fleet growth supports positive outlook

## Net fleet development<sup>1</sup>



## Highlights

- The orderbook rose to 10.6% of global fleet with 20 newbuild stainless steel tanker orders YTD for delivery in 2025/26 and 13 in 2027
- 12 vessels were delivered YTD 2024 (vs. 10 last quarter). 5 vessels are expected to be delivered by end of 2024 (vs. 7 last quarter)
- Scheduled deliveries for the 10-25k DWT segment during 2025-26E period rose to 48 (vs. 43 last quarter) with another 13 expected in 2027 (vs. 2 last quarter)
- We have decreased our assumed projected removals based on the expectation of continued market strength. Only one vessel was removed in 2024 YTD vs. 4 previously forecast. 2025/26 removals forecast has been revised to 10 vessels (19 previously)
- Annual fleet growth of approximately ~2.5% to 2027 compared to projected demand growth ~3%



# 3Q24 Financial performance

	Select Financials	3Q24	2Q24
Fleet stats	Calendar days	828	819
	Available ship days	828	819
	<i>Vessel days under ownership %</i>	<i>100.0%</i>	<i>100.0%</i>
	Revenue ship days	821	748
	<i>Utilization %</i>	<i>99.2%</i>	<i>91.3%</i>
	Net pool TCE (\$/day)	21,387	23,831
Net time charter (\$/day)	-	15,250	
Condensed income statement (in \$'000)	(+) Net revenue	17,199	17,061
	(-) Opex	(6,372)	(6,239)
	(-) SG&A	(654)	(1,304)
	(=) EBITDA	10,173	9,519
	(-) Depreciation	(3,433)	(2,877)
	(+/-) Financial income/(expense)	(2,066)	(2,090)
	(+/-) Other income/(expense)	(7)	(12)
	Net Income	4,666	4,540
Select balance sheet items (in \$'000)	Cash and cash equivalents <sup>(1)</sup>	3,803	2,334
	Fleet book value <sup>(2)</sup>	135,501	138,835
	Fleet market value <sup>(3)</sup>	168,970	174,040
	Net outstanding loan balance <sup>(4)</sup>	76,669	79,129
	<i>Net loan outstanding to book value % <sup>(5)</sup></i>	<i>45.4%</i>	<i>45.5%</i>

## Comments and notes

- **Q3 revenue at \$17.2m, impacted by the lower pool earnings as the market weakened**
- **Utilization at 99%, up 8% from Q2, due to lower off-hire days; off-hire days in Q2 attributed to the drydocks of Orchid Madeira and Orchid Sylt**
- **During the quarter, all vessels were trading in the Womar pool**
- **Depreciation increased to \$3.4m due to lower scrap value (declining steel prices)**
- **Net income of \$4.7m, up 3% from \$4.5m in Q2**
- **Fleet market value was \$168.9m; NAV at \$101.7m or \$7.53/share (c. NOK 82.5/share)**
- **LTV based on fleet market value remained stable to 45.4% in Q3**
- **Dividend of \$3.71m, or \$0.275/share (c. NOK 3/share), to be paid on or about November 15<sup>th</sup>**

1) Excluding all restricted cash balances

2) Net book fleet value based on fleet value at purchase net of accumulated depreciation

3) Based on the valuations obtained by VesselsValue as at 30<sup>th</sup> September

4) Net outstanding loan balance comprise of loan balance outstanding not including capitalised costs LESS minimum liquidity requirement

5) LTV % is based on net outstanding loan balance LESS restricted cash per vessel DIVIDED by fleet market value, as per the facility agreement



Thank You



# Appendix - Financial statements (Income Statement)

## Consolidated statement of income statement and other comprehensive income (unaudited)

In USD	Notes	Q3 2024 (unaudited)	Q3 2023 (unaudited)	YTD 2024 (unaudited)	YTD 2023 (unaudited)
Operating revenue	6	18,188,639	11,691,880	52,187,903	18,711,035
Vessel voyage expenses	7	(989,867)	(437,549)	(2,636,807)	(853,245)
Vessel operating expenses	8	(6,371,580)	(4,950,705)	(19,052,712)	(7,605,283)
Administrative expenses	9	(718,536)	(576,175)	(2,753,418)	(1,263,327)
Other income		66,277	-	66,681	10,098
<b>EBITDA</b>		<b>10,174,933</b>	<b>5,727,452</b>	<b>27,811,648</b>	<b>8,999,278</b>
Depreciation and amortisation	11	(3,433,475)	(2,272,653)	(9,331,014)	(3,511,070)
<b>Operating result (EBIT)</b>		<b>6,741,457</b>	<b>3,454,798</b>	<b>18,480,634</b>	<b>5,488,208</b>
Financial income	10	47,914	33,193	157,809	167,862
Financial expenses	10	(2,115,030)	(1,586,990)	(6,409,913)	(2,681,664)
<b>Profit before tax (EBT)</b>		<b>4,674,342</b>	<b>1,901,001</b>	<b>12,228,531</b>	<b>2,974,406</b>
Taxes		(8,534)	(6,274)	(25,603)	(18,822)
<b>Profit and other comprehensive income for the period</b>		<b>4,665,808</b>	<b>1,894,727</b>	<b>12,202,928</b>	<b>2,955,584</b>
Attributable to:					
Equity holders of the parent company		4,665,808	1,894,727	12,202,928	2,955,584
Non-controlling interests		-	-	-	-
		4,665,808	1,894,727	12,202,928	2,955,584



# Appendix - Financial statements (Balance Sheet)

## Consolidated statement of financial position (unaudited)

In USD	30 Sep 2024 (unaudited)	31 Dec 2023 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Vessels and drydocking costs	135,501,033	142,079,020
<b>Total non-current assets</b>	<b>135,501,033</b>	<b>142,079,020</b>
<b>Current assets</b>		
Trade and other receivables	9,477,366	9,248,236
Cash and cash equivalent	3,802,560	2,345,378
<b>Total current assets</b>	<b>13,279,926</b>	<b>11,593,614</b>
<b>Total assets</b>	<b>148,780,959</b>	<b>153,672,634</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	13,072,672	13,072,672
Share premium	36,776,047	46,901,047
Retained earnings	18,353,993	6,151,065
<b>Total equity</b>	<b>68,202,711</b>	<b>66,124,784</b>
<b>Non-current liabilities</b>		
Interest-bearing debt - non-current	67,528,766	74,913,770
<b>Total non-current liabilities</b>	<b>67,528,766</b>	<b>74,913,770</b>
<b>Current liabilities</b>		
Interest-bearing debt - current	9,726,247	9,736,506
Trade and other payables	3,263,495	2,381,465
Accrued taxation	59,740	34,137
Deferred income	-	481,973
<b>Total current liabilities</b>	<b>13,049,482</b>	<b>12,634,081</b>
<b>Total equity and liabilities</b>	<b>148,780,959</b>	<b>153,672,634</b>

# Appendix - Financial statements (Cash Flow Statement)

## Consolidated statement of cash flows (unaudited)

In USD	Q3 2024 (unaudited)	Q3 2023 (unaudited)	YTD 2024 (unaudited)	YTD 2023 (unaudited)
Profit and other comprehensive income for the period	9,223,260	1,901,001	12,228,531	2,974,406
Adjustments for:				
Financial income	(101,795)	-	(157,809)	-
Financial expenses	4,249,870	1,553,797	6,409,913	2,401,501
Depreciation and amortisation	6,310,735	2,272,653	9,331,014	3,511,070
<b>Cash flow from operating activities before changes in working capital</b>	<b>19,682,070</b>	<b>5,727,452</b>	<b>27,811,648</b>	<b>8,886,978</b>
<b>Changes in working capital</b>				
Increase in trade and other receivables	690,808	(1,264,267)	(229,130)	(5,935,927)
Increase in trade and other payables	(59,147)	(805,564)	882,030	1,101,495
Accrued/(Deferred) income	(8,857)	(269,461)	(481,973)	1,380
<b>Cash flow from operating activities</b>	<b>20,304,874</b>	<b>3,388,160</b>	<b>27,982,575</b>	<b>4,053,924</b>
Acquisition of vessels	-	-	(12,233)	(121,200,883)
Drydocking costs	(2,740,794)	-	(2,740,794)	-
Interest received	101,795	33,193	157,809	167,862
<b>Cash flow from investing activities</b>	<b>(2,638,999)</b>	<b>33,193</b>	<b>(2,595,218)</b>	<b>(121,033,020)</b>
Proceeds from issue of shares	-	-	-	67,103,002
Transaction related costs	-	-	-	(3,281,783)
Dividends paid	(7,087,500)	(1,687,500)	(10,125,000)	(1,687,500)
Proceeds from issue of debt	-	-	-	67,500,000
Borrowing costs	-	(49,180)	(56,096)	(1,115,619)
Repayment of debt	(5,025,000)	(3,004,375)	(7,590,000)	(5,486,875)
Interest paid on interest-bearing debt	(4,087,550)	(1,529,347)	(6,159,080)	(2,470,036)
<b>Cash flow from financing activities</b>	<b>(16,200,050)</b>	<b>(6,270,402)</b>	<b>(23,930,176)</b>	<b>120,561,188</b>
<b>Net change in cash and cash equivalents</b>	<b>1,465,826</b>	<b>(2,849,050)</b>	<b>1,457,182</b>	<b>3,582,092</b>
Cash and cash equivalents at beginning of period	2,336,734	6,431,142	2,345,378	-
<b>Cash and cash equivalents at end of period</b>	<b>3,802,560</b>	<b>3,582,092</b>	<b>3,802,560</b>	<b>3,582,092</b>