



# KBC BOLERO WEBINAR

## NOVEMBER 2021



# FORWARD LOOKING STATEMENTS

Matters discussed in this presentation may constitute forward-looking statements under U.S. federal securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect the Company's current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including, without limitation, the delivery of vessels, the outlook for tanker shipping rates, general industry conditions future operating results of the Company's vessels, capital expenditures, expansion and growth opportunities, bank borrowings, financing activities and other such matters, are forward-looking statements. Although the Company believes that its expectations stated in this presentation are based on reasonable assumptions, actual results may differ from those projected in the forward-looking statements. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their obligations to us, the strength of the world economies and currencies, general market conditions, including changes in tanker vessel charter hire rates and vessel values, changes in demand for tankers, changes in our vessel operating expenses, including dry-docking, crewing and insurance costs, or actions taken by regulatory authorities, ability of customers of our pools to perform their obligations under charter contracts on a timely basis, potential liability from future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists. We undertake no obligation to publicly update or revise any forward looking statement contained in this presentation, whether as a result of new information, future events or otherwise, except as required by law. In light of the risks, uncertainties and assumptions, the forward looking events discussed in this presentation might not occur, and our actual results could differ materially from those anticipated in these forward-looking statements.



# PRESENTING TEAM



Hugo De Stoop  
**CEO**



Brian Gallagher  
**Head of IR**

# AGENDA

1. Euronav – our company
2. The large crude tanker business
3. Financials
4. Current market outlook -  
Fundamentals
5. Current market outlook -  
short term catalysts
6. Conclusion
7. Sustainability @ Euronav





# 1. OUR COMPANY



# EURONAV - WORLD'S LARGEST PUBLICLY LISTED TANKER PLATFORM



## Euronav at a glance



Diversified fleet of 48 VLCCs<sup>1</sup>, 30 suezmaxes<sup>1</sup>, 2 FSOs<sup>3</sup> and 2 ULCCs

Listed on NYSE and Euronext Brussels with a current market cap of \$~2.3 bn<sup>2</sup> and a free float of 95%

Contracted revenue backlog of \$~640m, equating to ~50% of net debt



HQ Antwerp

## Robust financial structure



<sup>1</sup> Including newbuilds, JV & TC-in

<sup>2</sup> Market capitalization as of 1 November 2021

<sup>3</sup> Floating Storage and Offloading Unit (JV)

## Diversified and attractive fleet

Type	# of vessels	Avg. age	Built life
VLCC	48	6.6 yr.	25 yr.
Suezmax	30	11.7 yr.	25 yr.
FSO	2	19.3 yr.	40 yr.
ULCC	2	18.7 yr.	40 yr.

## Focus - largest two crude tanker categories



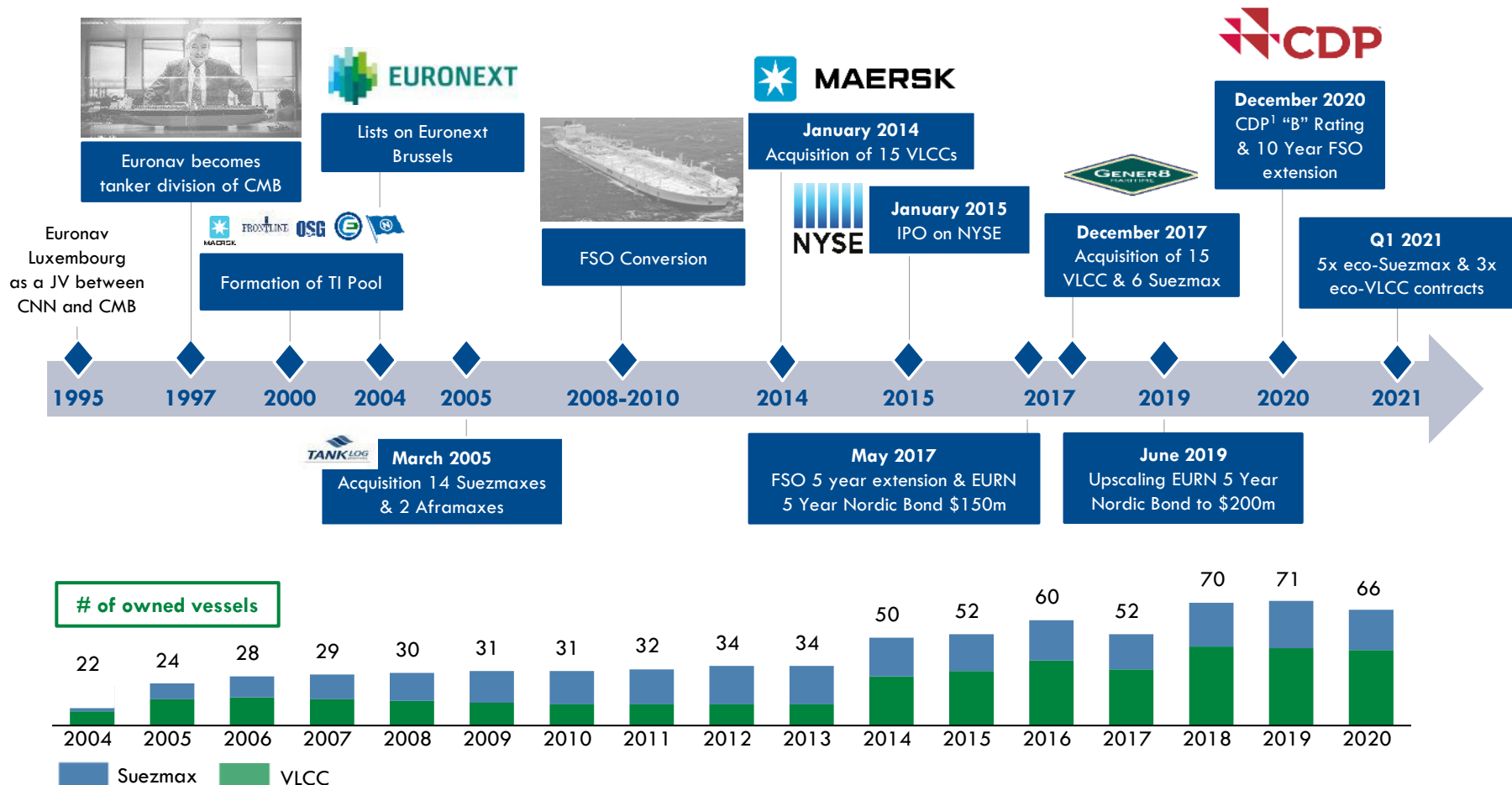
VLCC 330m length  
2m bbls capacity









Suezmax 275m length  
1m bbls capacity



# HISTORY — BASED IN BELGIUM & NEARLY 20 YEARS OF FLEET EXPANSION



# INTEGRATED PLATFORM - CLEAR FOCUS, LOW COSTS & HIGH OPERATIONAL LEVERAGE

<b>Best in class operational Structure</b>	<ul style="list-style-type: none"><li>Fully integrated tanker platform</li><li>Low cash breakevens VLCC \$11.1k for 2021</li></ul>	
<b>World's largest VLCC &amp; Suezmax fleet</b>	<ul style="list-style-type: none"><li>Core VLCC fleet 6.7 years old</li><li>45x VLCC &amp; 22x Suez 100% Japan/Korea</li></ul>	
<b>Contracted Revenue</b>	<ul style="list-style-type: none"><li>FSO to 2032 + extension potential</li><li>4x Suez to '25 1x VLCC to '23 + Short TC</li></ul>	
<b>Fleet renewal with eco-vessels</b>	<ul style="list-style-type: none"><li>5x Suezmax &amp; 3x VLCC due 22 &amp; 23</li><li>Eco-vessels with latest emission tech</li></ul>	
<b>Strong Balance sheet</b>	<ul style="list-style-type: none"><li>LTV lower than 50%</li><li>2-year liquidity focus ~\$790m today</li></ul>	
<b>Shareholder Focus</b>	<ul style="list-style-type: none"><li>\$1.23bn cash dividends since 2004</li><li>17% Div Yld &amp; \$2.40 total rtn since 1.1.20</li></ul>	



# LEVERAGE WHICH TRANSLATES TO STRONG RETURNS IN UPCYCLE

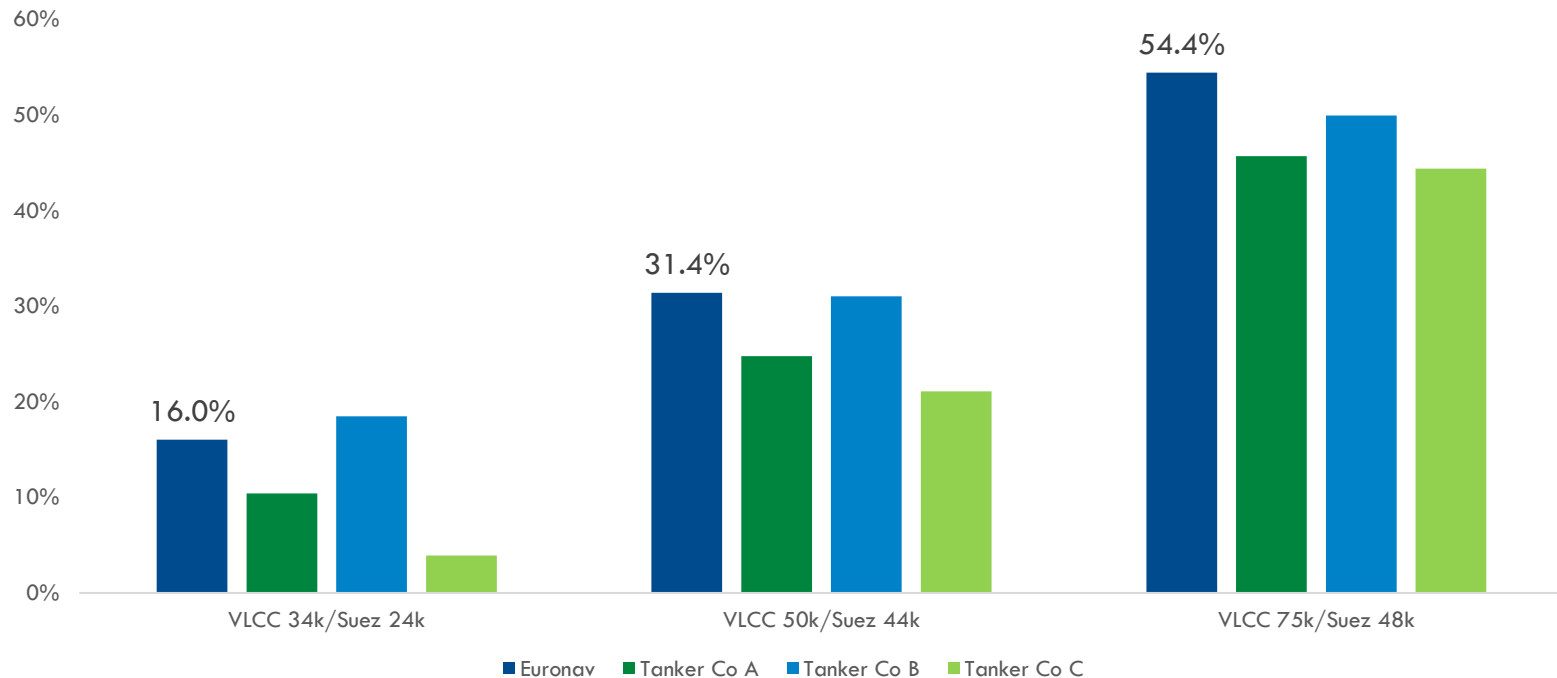
Free cashflow yields @ 1 November 2021

Euronav  
FCF p/share

**\$1.69**

**\$3.31**

**\$5.74**



Source: Clarksons Research 22 Sept 2021 and based on share prices at close 1 November 2021



# CUMULATIVE RECYCLE VALUE OF EURONAV – STEEL VALUE OF OVER \$8 PER SHARE



Scrap value = \$605/ldt



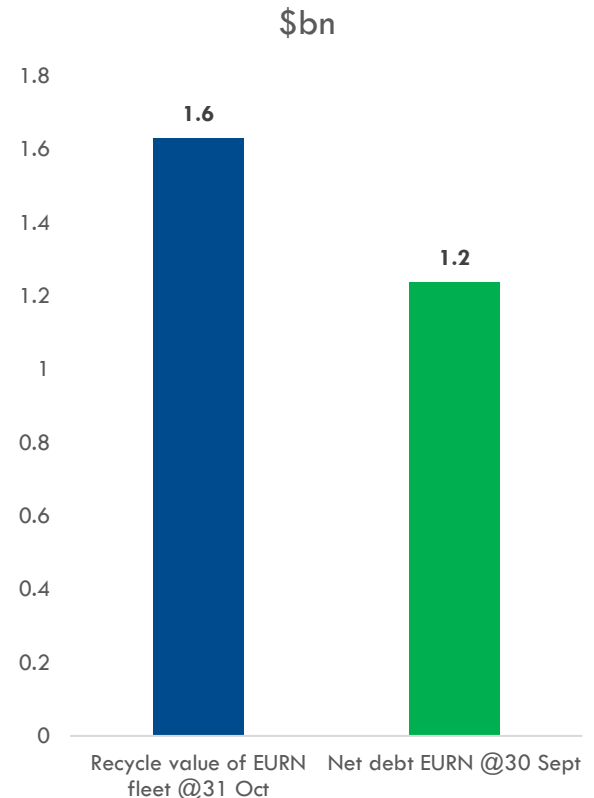
Fleet weight = 17.3 m DWT



Total Value = \$1.63bn



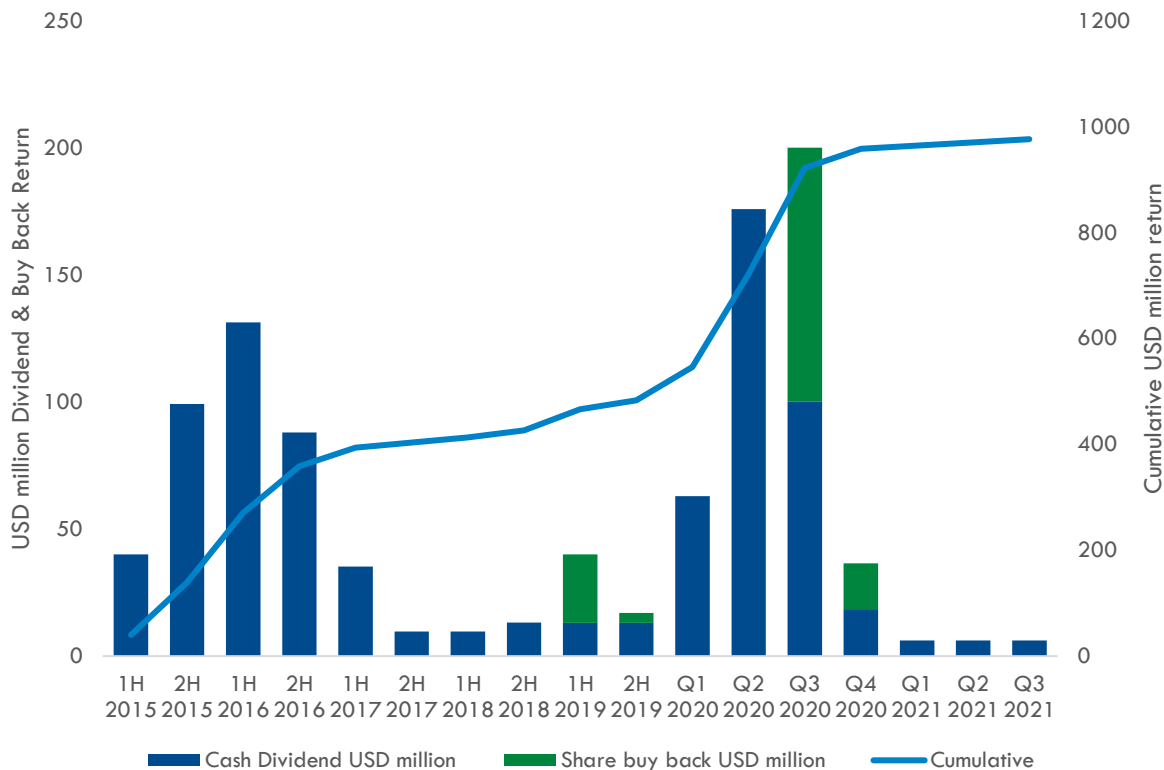
EURN share = \$8.06 per share



# EURONAV PROVEN RECORD IN RETURNS TO SHAREHOLDERS

**\$976m or 42% of current market cap returned since US listing in 2015**

**Shareholder returns in DNA**



**\$1229 million**  
returned in cash  
dividends since  
2004 Euronext listing



**\$169 million** distributed  
as share buy backs



**\$1.4bn** in total returned  
equal to **\$6.45** per share in  
current share price



**No dilution to shareholders**  
- All equity issuance at  
Premium



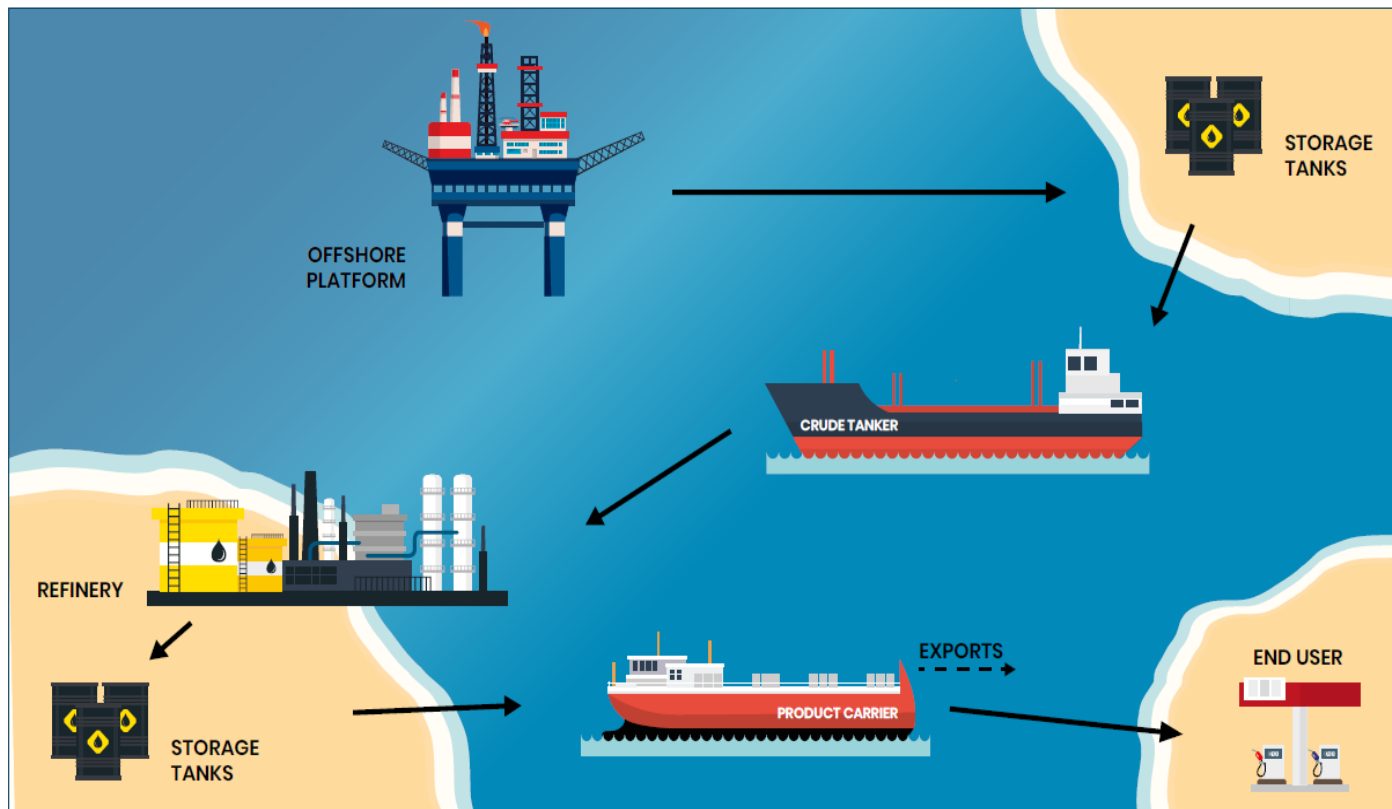


## 2. THE CRUDE TANKER BUSINESS



# BASICS OF THE TANKER VALUE CHAIN

Where do Crude tankers sit within the Value chain?



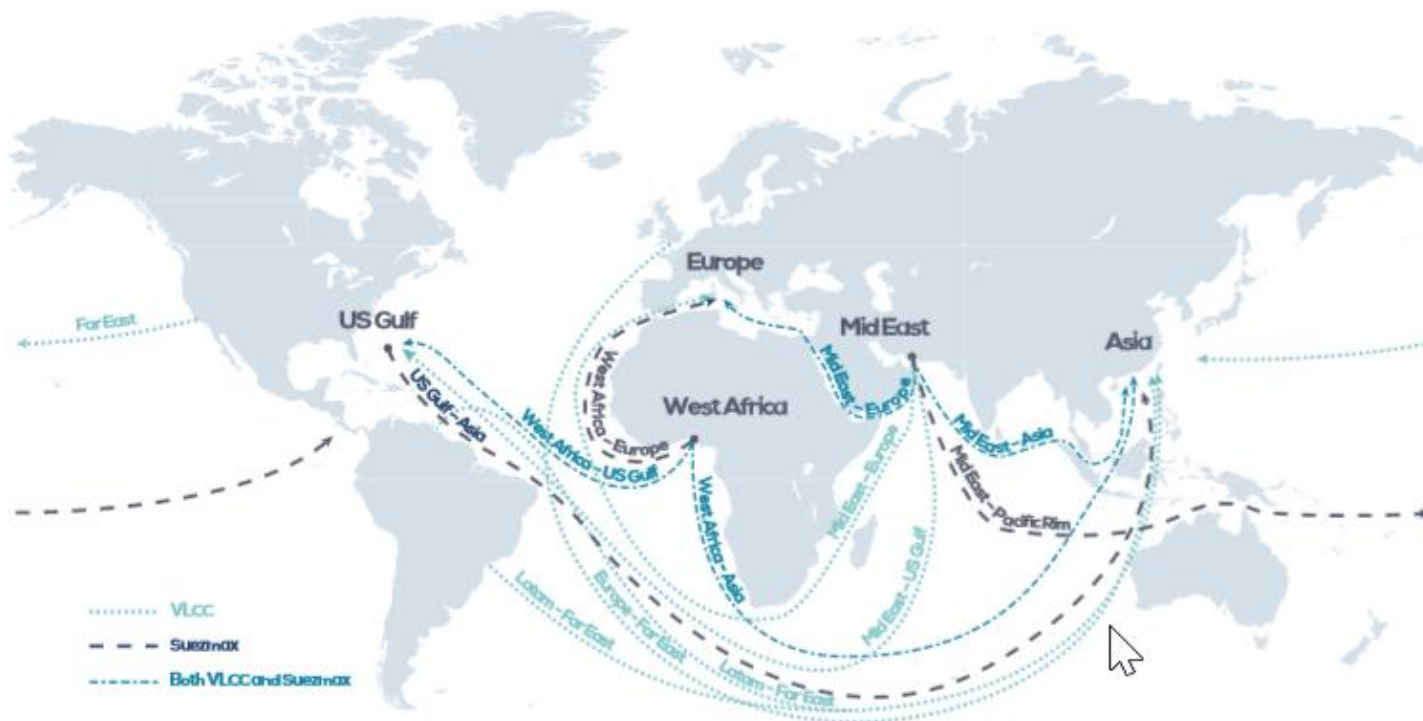
<https://www.euronav.com/en/investors/company-news-reports/special-reports/basics-of-the-tanker-shipping-market/>



# WHAT WE DO - LONG HAUL TRANSPORTATION IN COMMODITISED MARKET

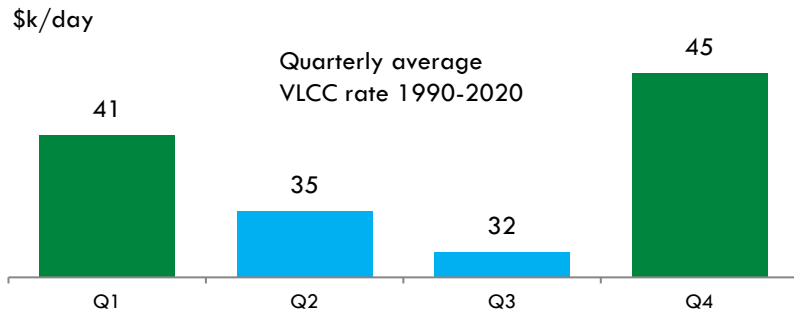
The world's largest, independent quoted crude tanker operator

Main shipping routes of the Euronav fleet

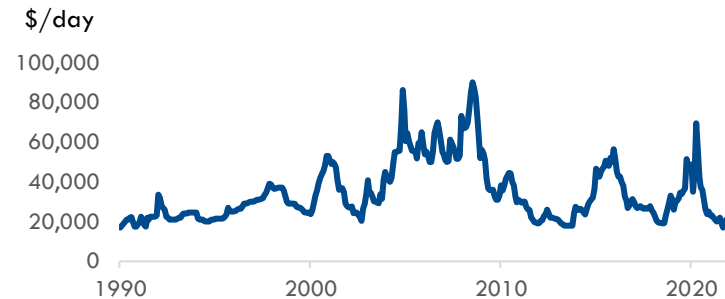


# TANKER MARKETS - HIGHLY CYCLICAL, FRAGMENTED AND SEASONAL

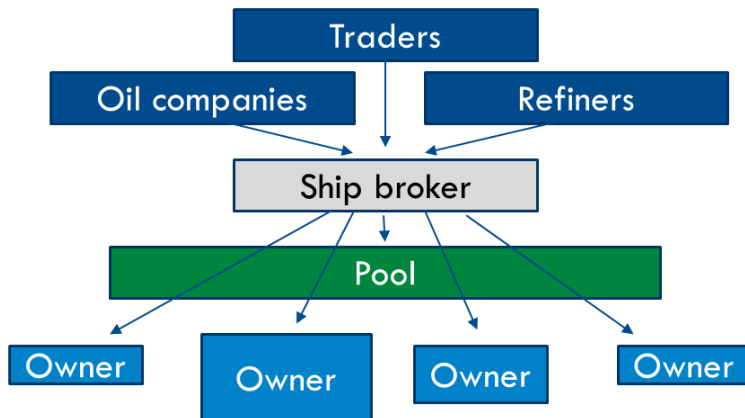
## Seasonal industry



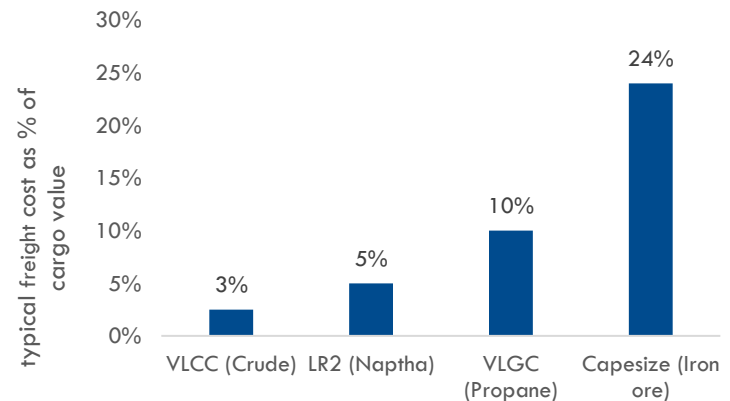
## Cyclical industry



## Few customers, lots of suppliers

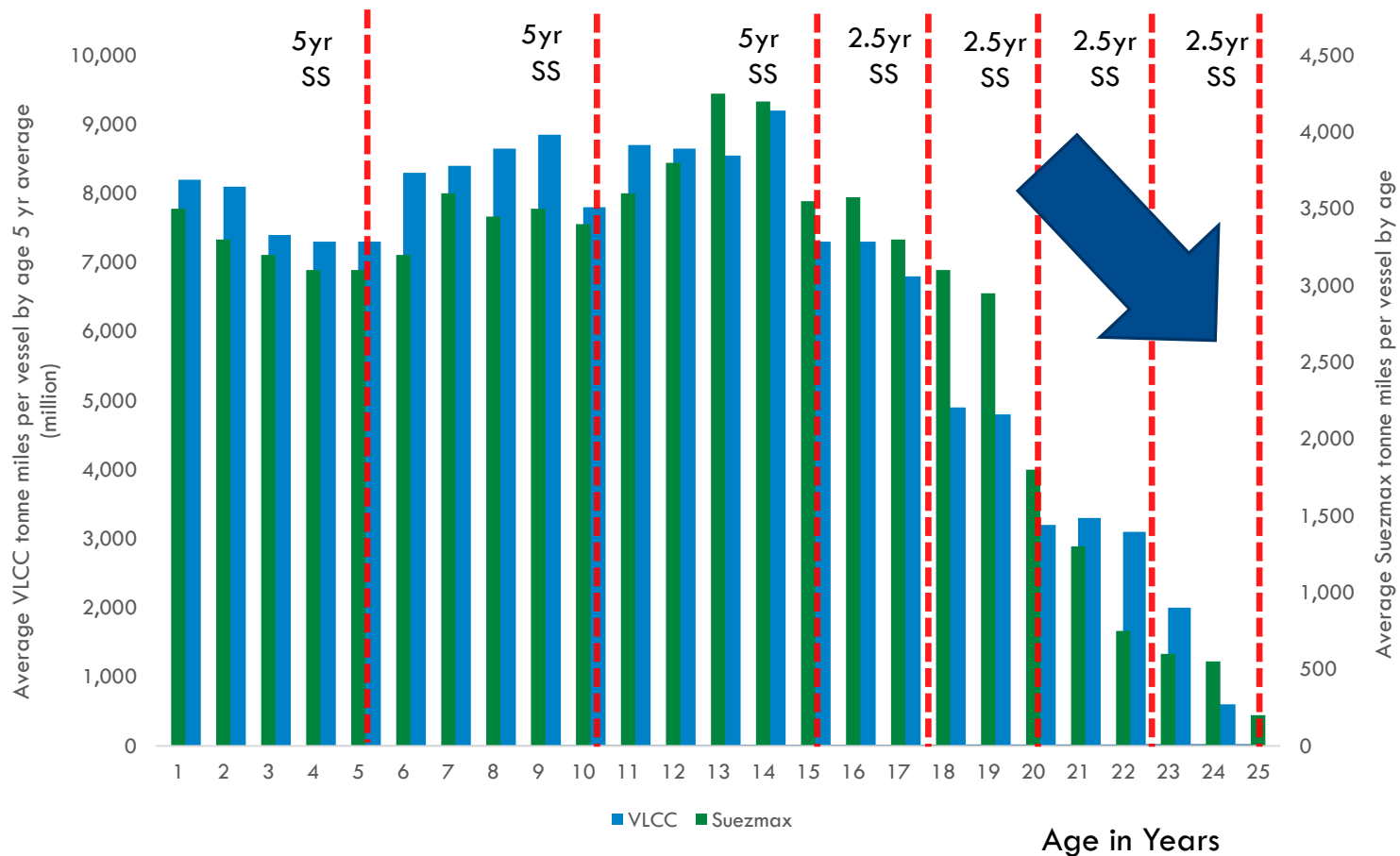


## Freight cost small as % of cargo value



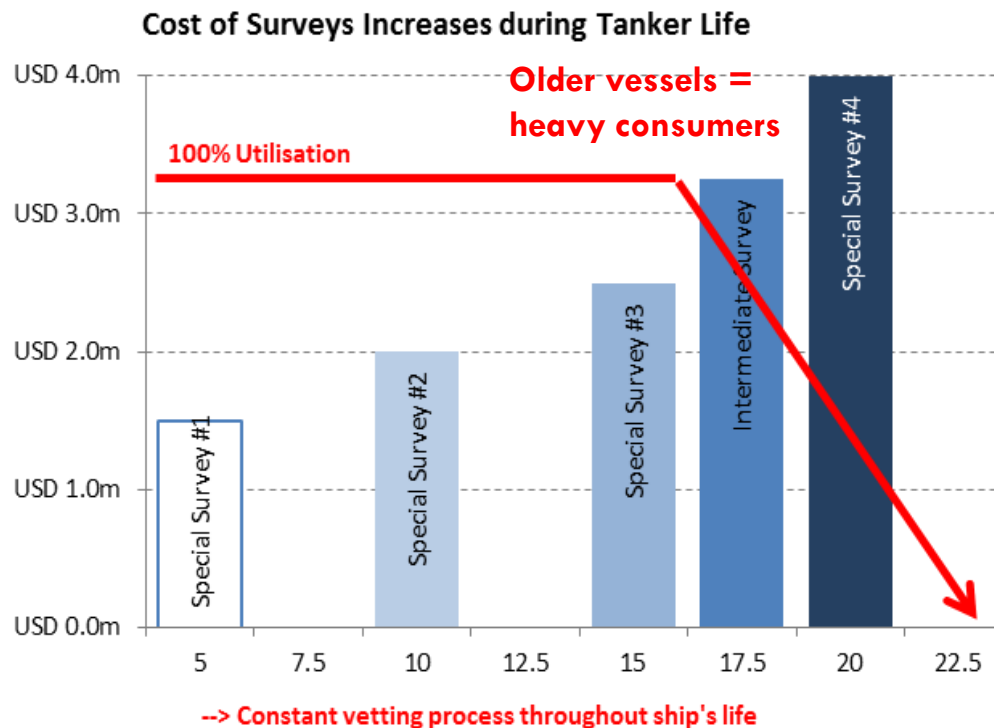
# VESSEL UTILISATION

## - REDUCES QUICKLY POST 15 YEARS AGE



# HIGHLY REGULATED SHIPPING SECTOR ASSETS USEFUL LIFE 15-20 YEARS ONLY

## Older tonnage comes under increasing pressure



## Owners dilemma

Increased opex from  
IMO 2020 regs

Volatile steel/scrap  
price

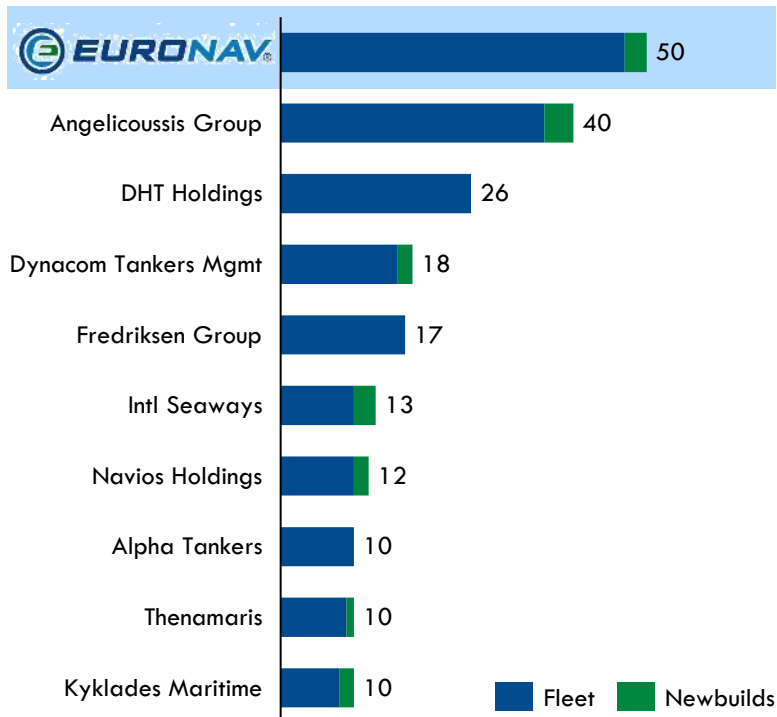
Lower cash earnings for  
older vessels

Ballast water capex  
\$1.5m from Sept 19

# ~50% OF VLCC FLEET CONTROLLED BY TOP 15 OWNERS STILL ROOM FOR CONSOLIDATION

## Top 10 independent tanker platforms globally

# of UL/VLCC tankers (including newbuilds)

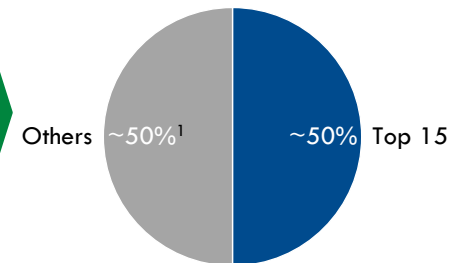


## Fragmented market

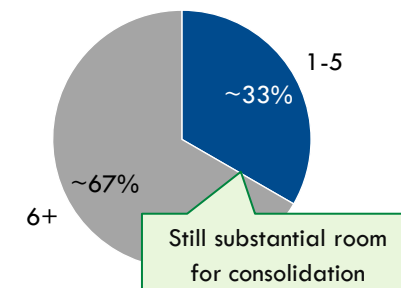
50% of the fleet controlled by top 15 players

1/3 of fleet held by players owning 1-5 vessels

UL/VLCC market share



Operators by # of vessels owned





# TIME CHARTER — LIMITED LIQUIDITY & OPPORTUNITY

% fleet TC

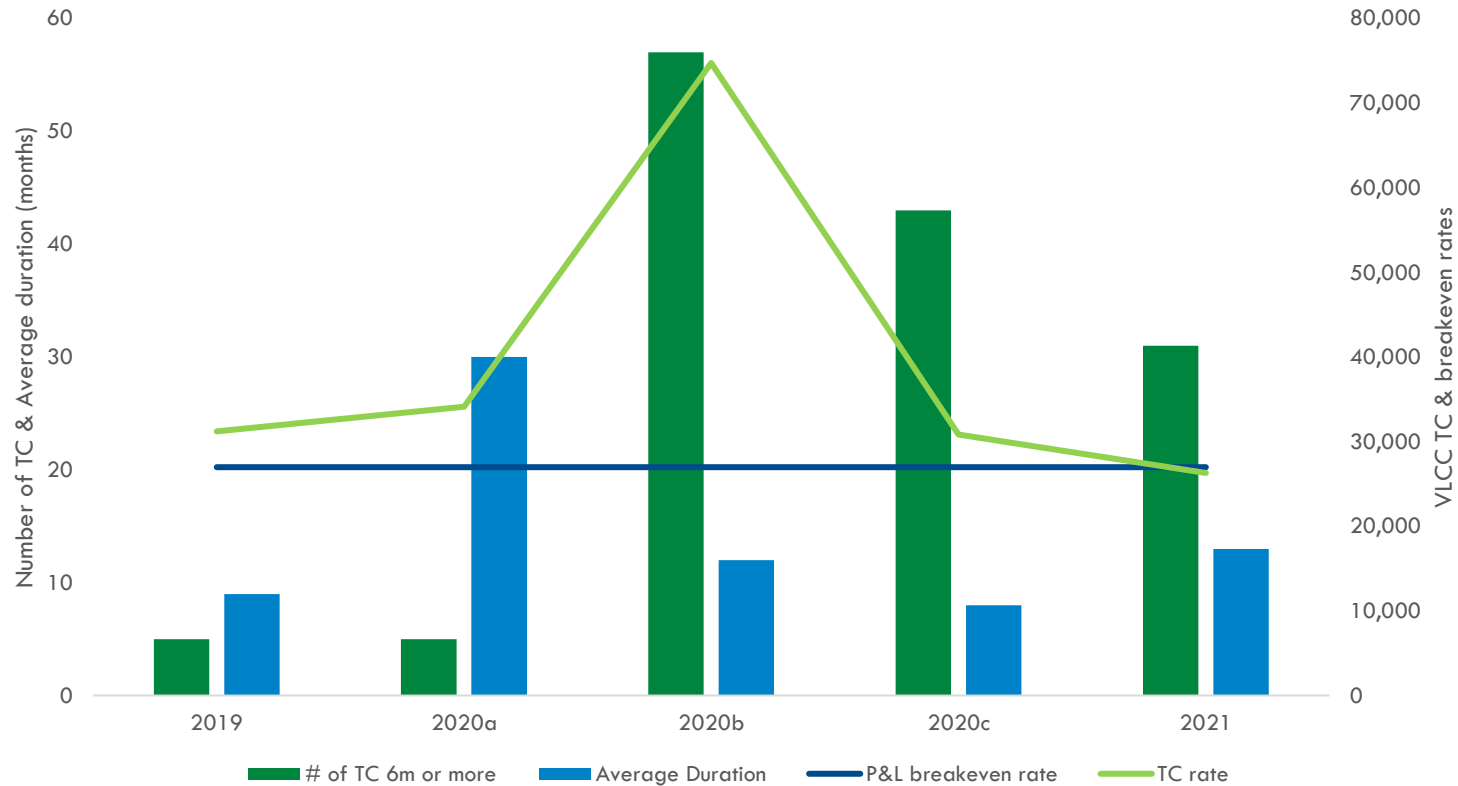
0.7%

0.6%

6.8%

5.1%

3.7%



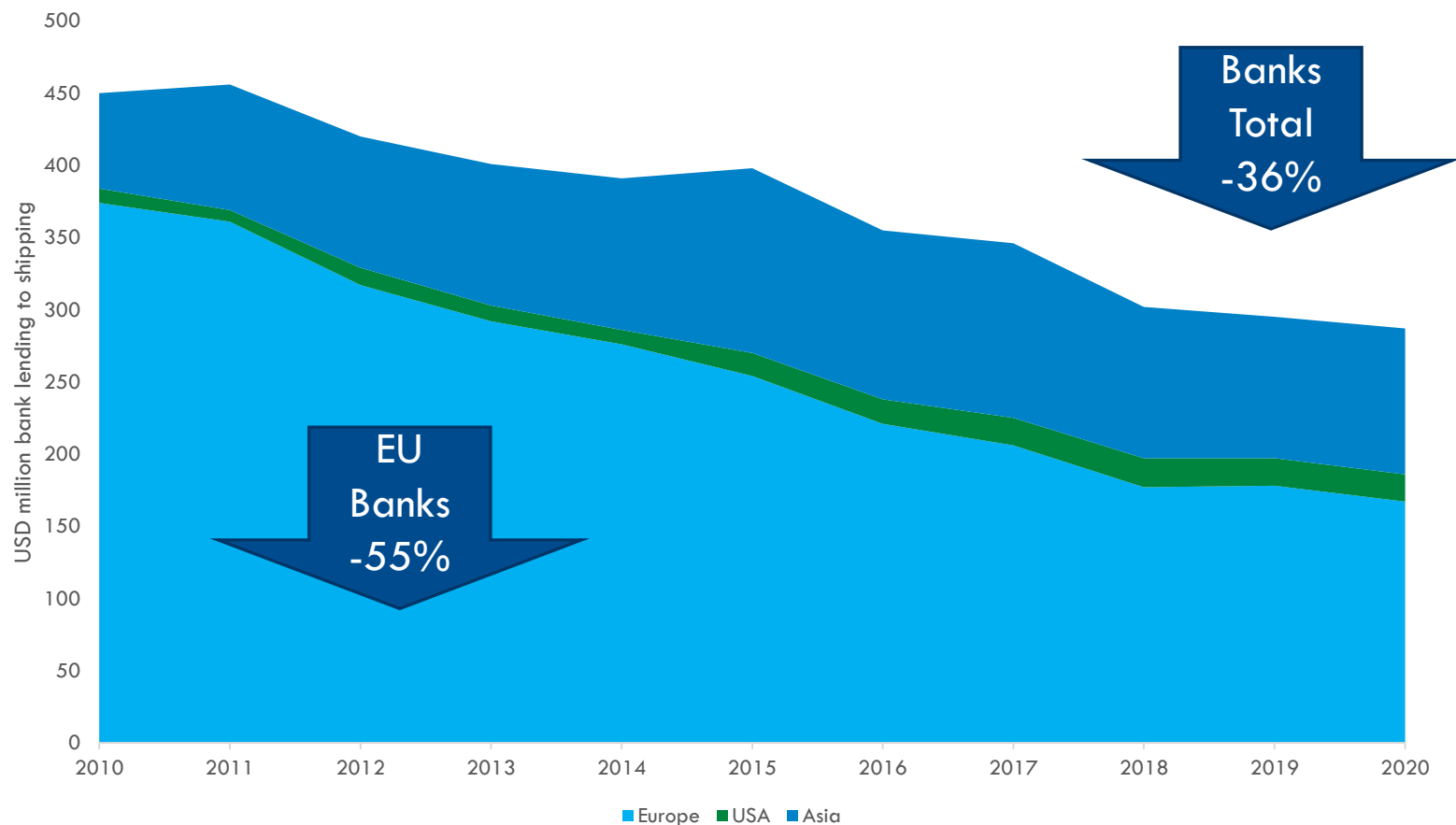


### 3. FINANCIALS



# BANK LENDING TO SHIPPING — IN STRUCTURAL DECLINE

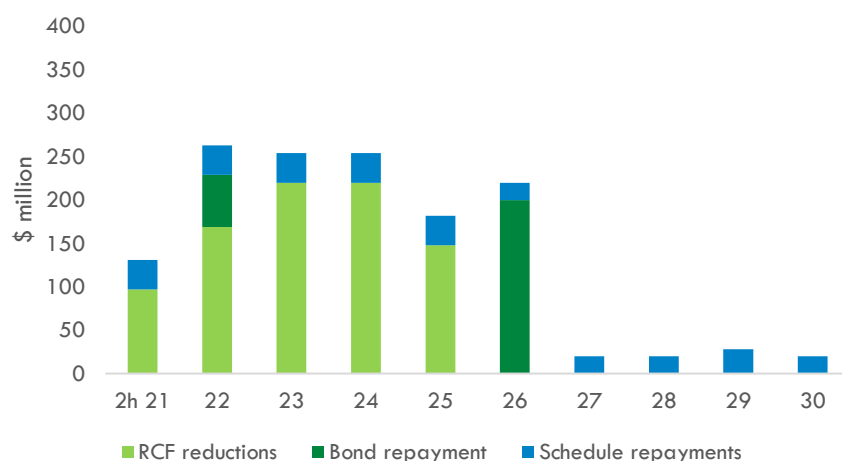
Global banks lending to shipping fallen by \$150bn in last decade



Source: Petrofin

# STRONG ACCESS TO FINANCING AT ATTRACTIVE TERMS

## Repayment schedule and RCF reductions \$m



\* Expect to refinance 2026 balloon (\$609m) ahead of maturity

## Highlights

- Credit margins between 1.50% and 2.35%
- Most of the bank debt is revolving, and secured within comfortable LTV levels
- Strong relationships with the leading international shipping banks in addition to access to ECA financing
- Access to short term financing of up to €150 million through Treasury Notes Program
- Sale and leaseback transactions also used to finance vessels, current outstanding amount of \$65m

## Backed by diverse banking group



## Covenants

Liquidity (>\$50m) and cash (>\$30m)	\$905m and \$183m (Q2'21)
Equity ratio (minimum 30%)	56% (Q2'21)
Working Capital (positive)	\$808m (Q2'21)

# STRATEGY TO INCREASE SUSTAINABILITY-LINKED FINANCING

## Ship financing – The future



- Early adoption of sustainability-linked loans – one of the first in the industry with \$713m sustainability-linked loan announced in September 2020
- AER (annual efficiency ratio) KPI with target reduction in emissions stricter than the objectives of the IMO and Poseidon Principles
- Annual reduction above the agreed trajectory results in 5 basis point reduction in interest rate
- Failure to meet the target means penalty of 5 bps in interest rate per annum
- Independently measured and verified by third party verifier
- Latest €80m sustainability linked unsecured facility concluded with a range of commercial banks and the support of Gigarant<sup>1</sup> at an attractive rate (Libor + 1.5%)

1/3 of Euronav's overall funding now sustainability linked

<sup>1</sup> Founded in 2009, Gigarant NV provides governmental guarantees in order to facilitate access to bank financing as well as to optimize financial structures, thus supporting the Flemish economic fabric.





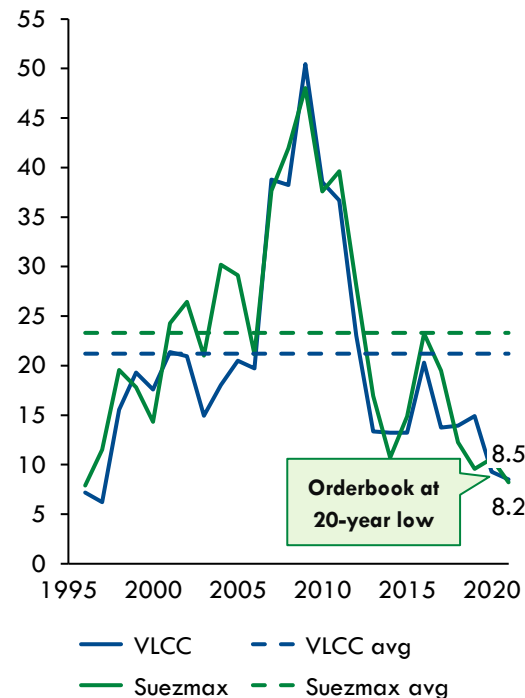
## 4. CURRENT MARKET OUTLOOK FUNDAMENTALS



# STRONG SUPPLY DYNAMICS - LOW ORDERBOOK, AGEING FLEET & LIMITED YARD CAPACITY

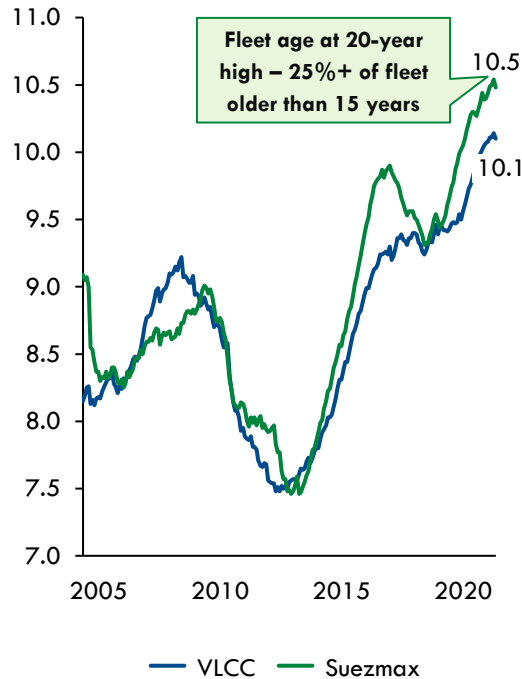
## Orderbook/fleet ratio

Orderbook % of fleet



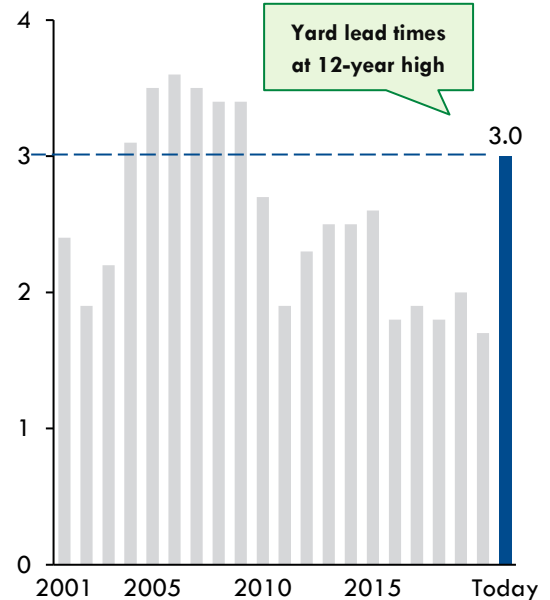
## Age profile

Avg. age (years)



## Yard lead times (VLCC)

Years

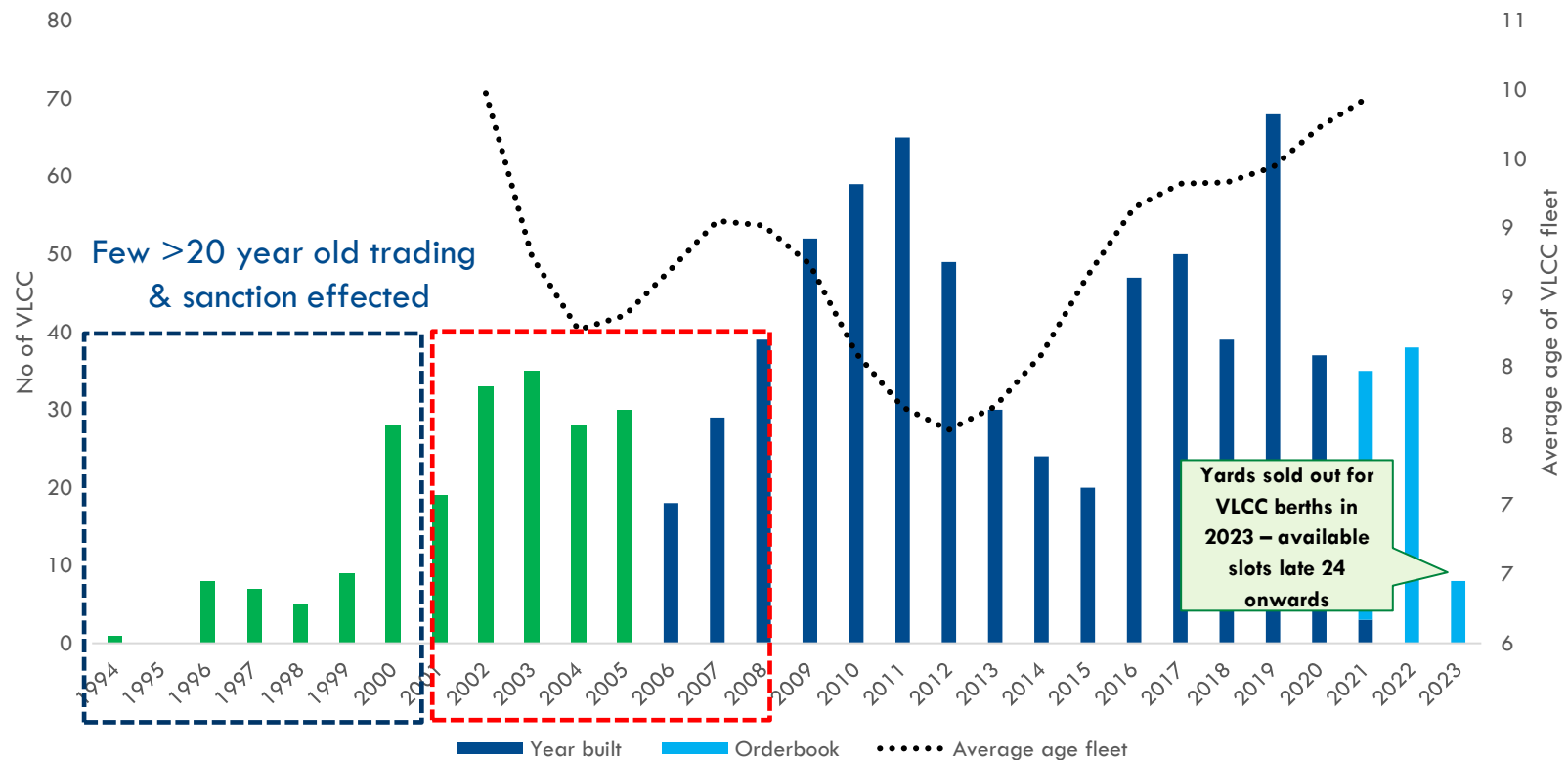


# RECYCLING CANDIDATES FOR NEXT 5 YEARS ABOUT 2.8X OF CURRENT ORDERBOOK

25% VLCC fleet > 15 years

Average fleet age = 10 years  
Back to level not seen since 2002

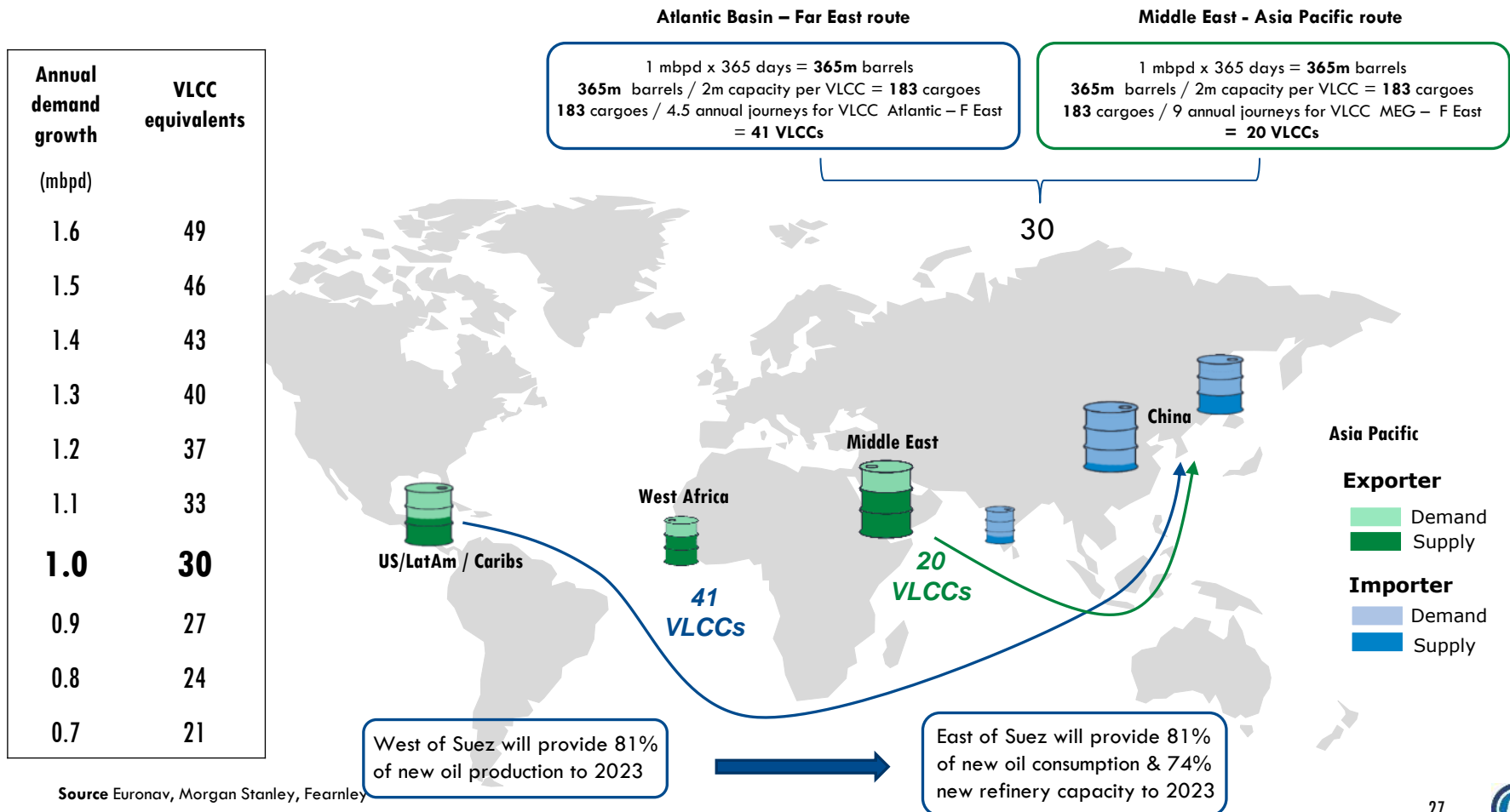
Orderbook 9%



EEXI to impact 12-20 year  
old vessels most

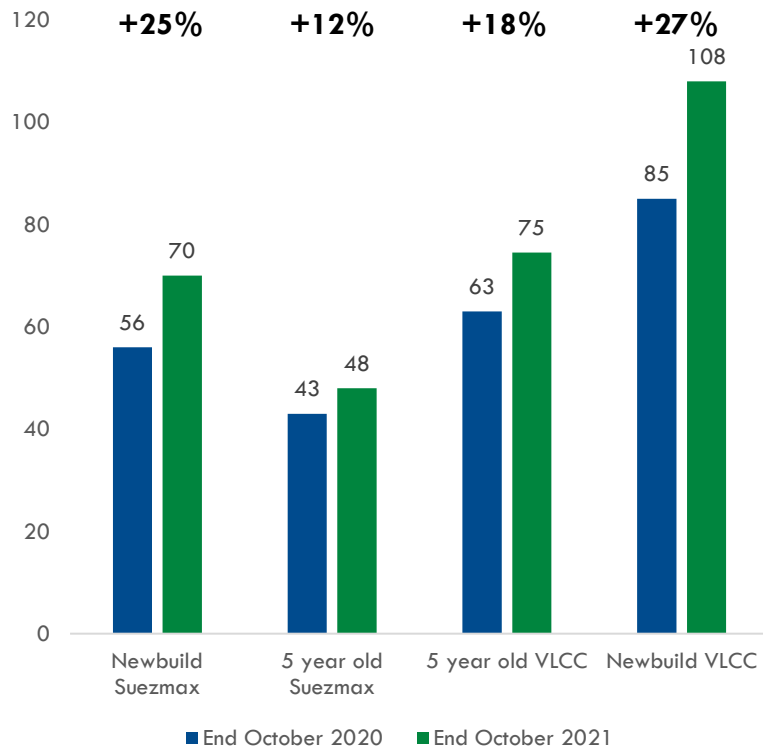
# TON MILES – KEY DRIVER OF TANKER MARKETS

**Demand growth all from Far East – key for tankers is where supply is sourced from**



# ASSET PRICES — PRICING IN RECOVERY

Asset prices rising on expectation of soon market recovery



Asset prices tend to be a lead indicator for time charter rates



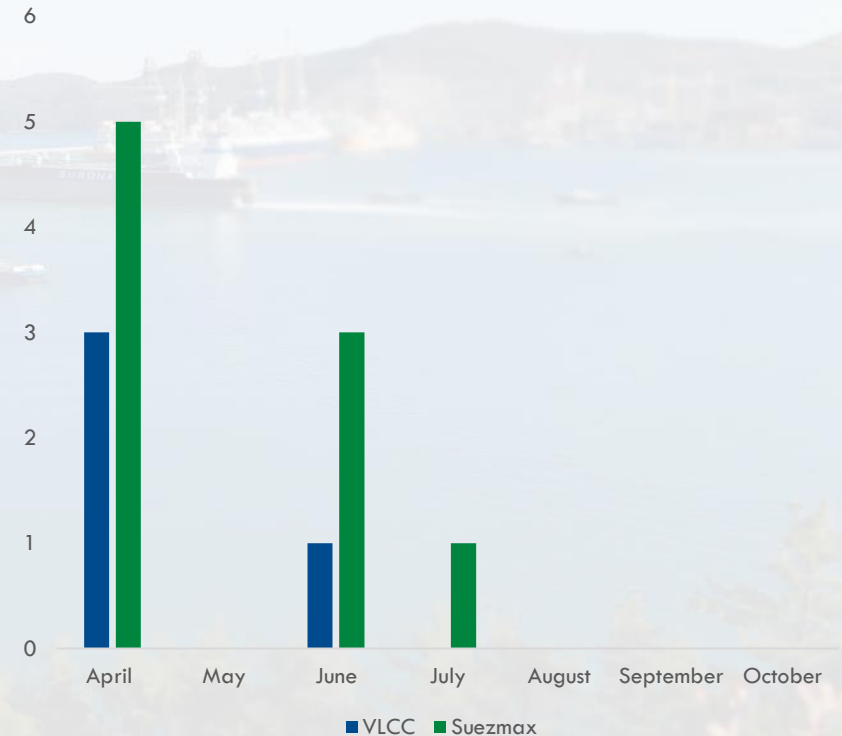
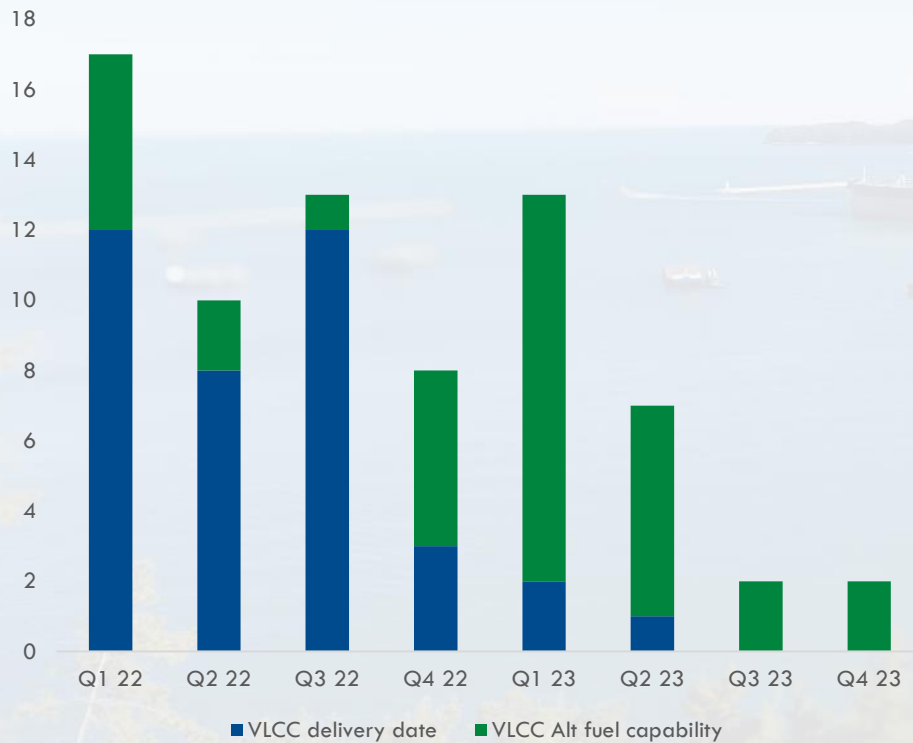
Source: Clarksons



# CONTRACTING OF NEW VESSELS - BOTH GREEN AND LEAN

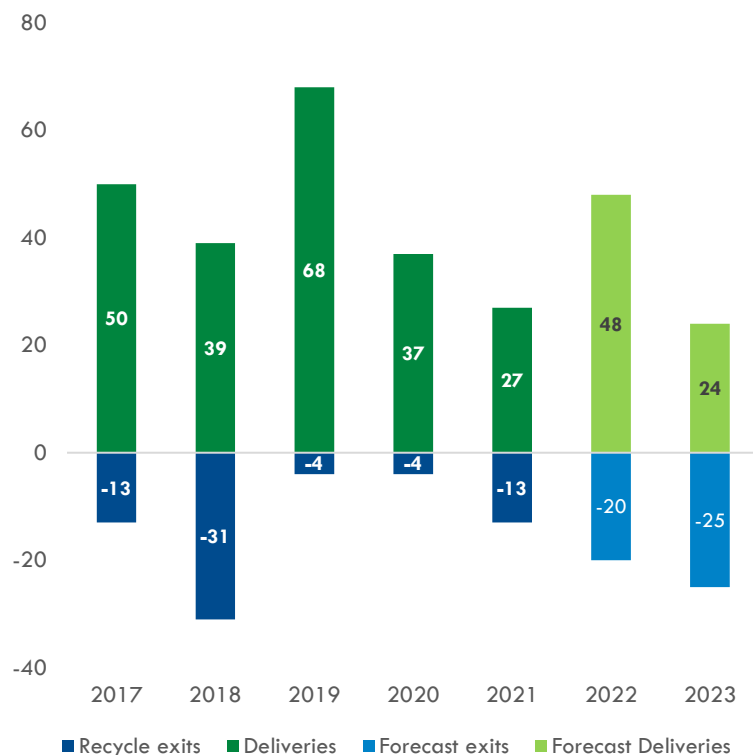
New tonnage has alternative fuels

Ordering at lowest level since 1995

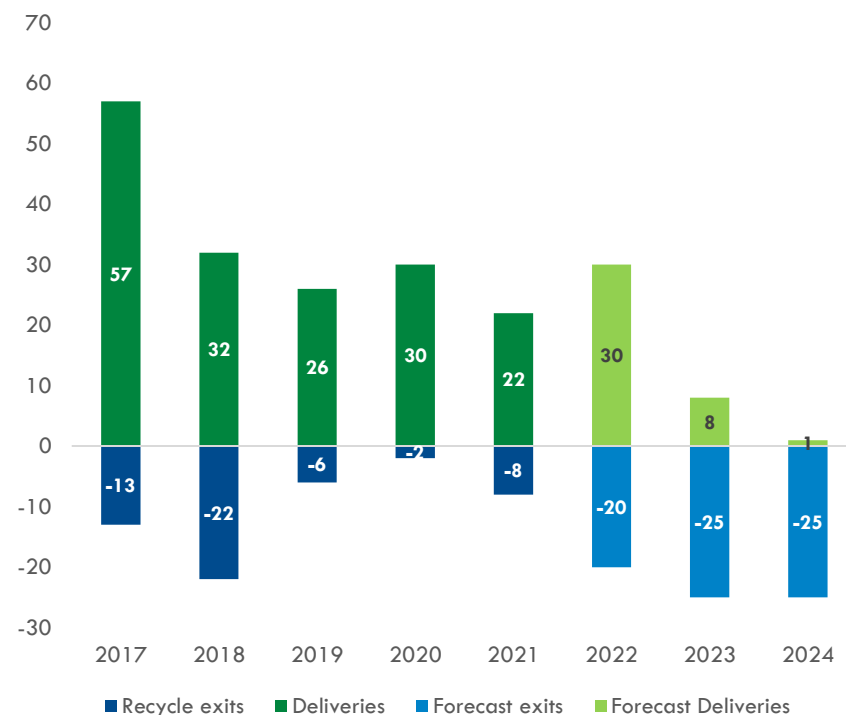


# DELIVERY SCHEDULE – LIMITED POST 22

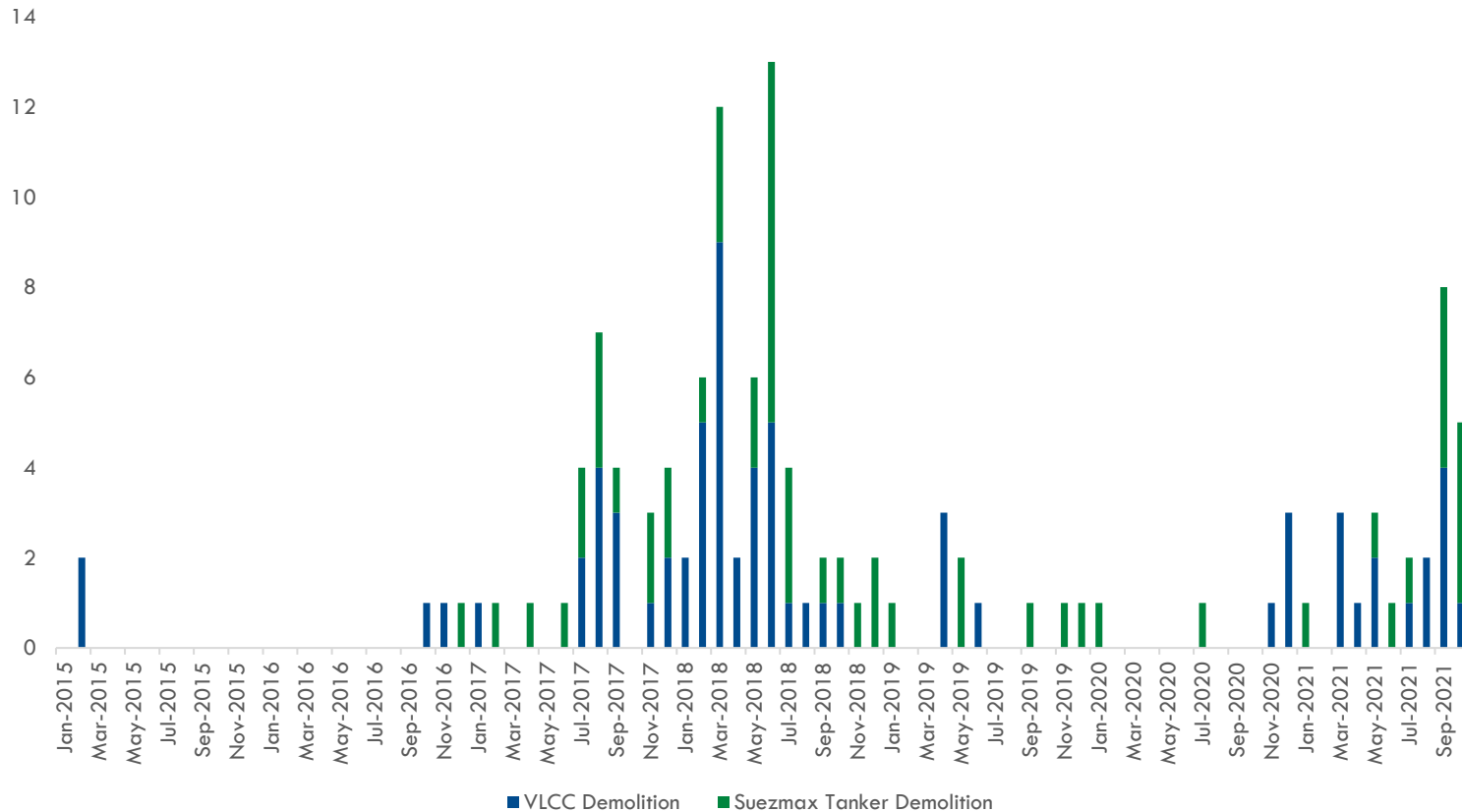
**VLCC Delivery Schedule**



**Suezmax Delivery Schedule**

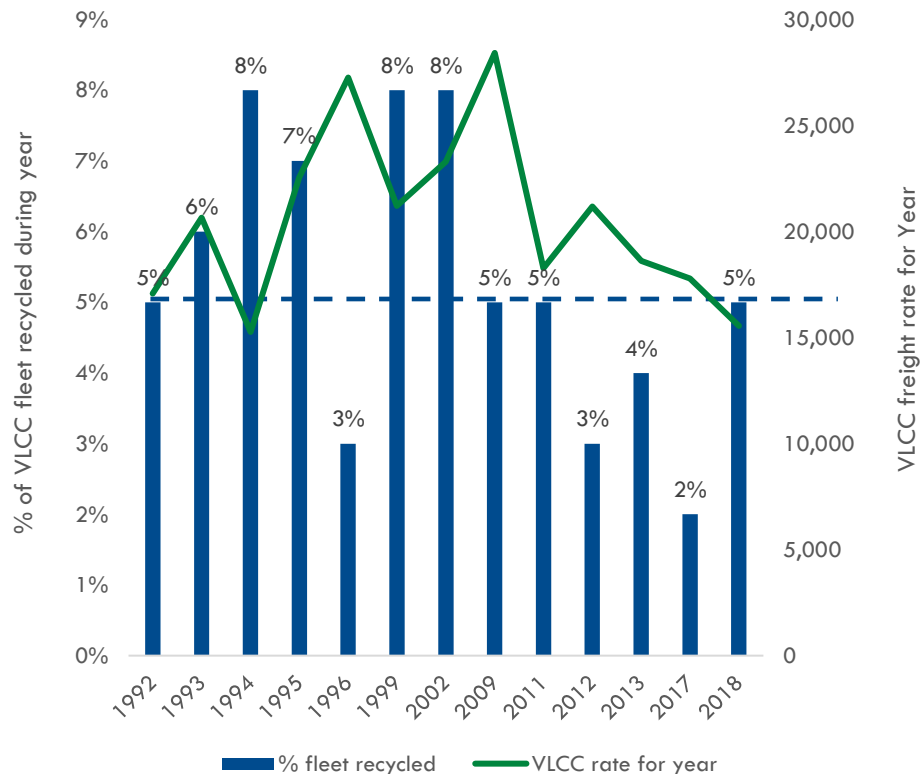


# RECYCLING — HAS STARTED — AT HIGHEST LEVEL IN 3.5 YEARS

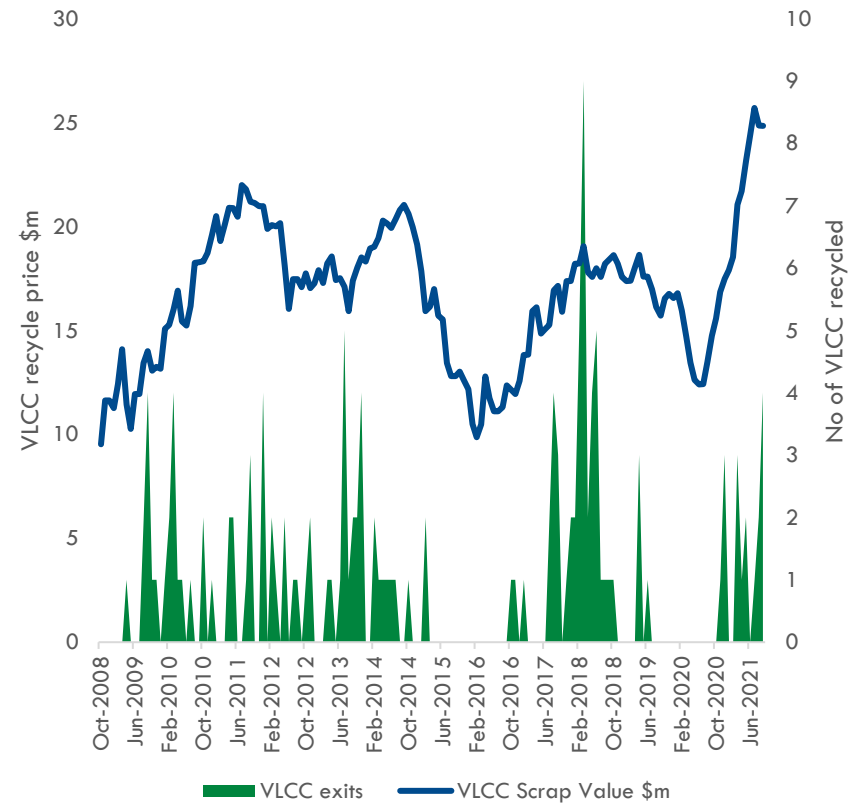


# RECYCLING – UNUSUAL PATTERN THIS CYCLE

History: Rates below Breakeven = 5% of fleet recycles

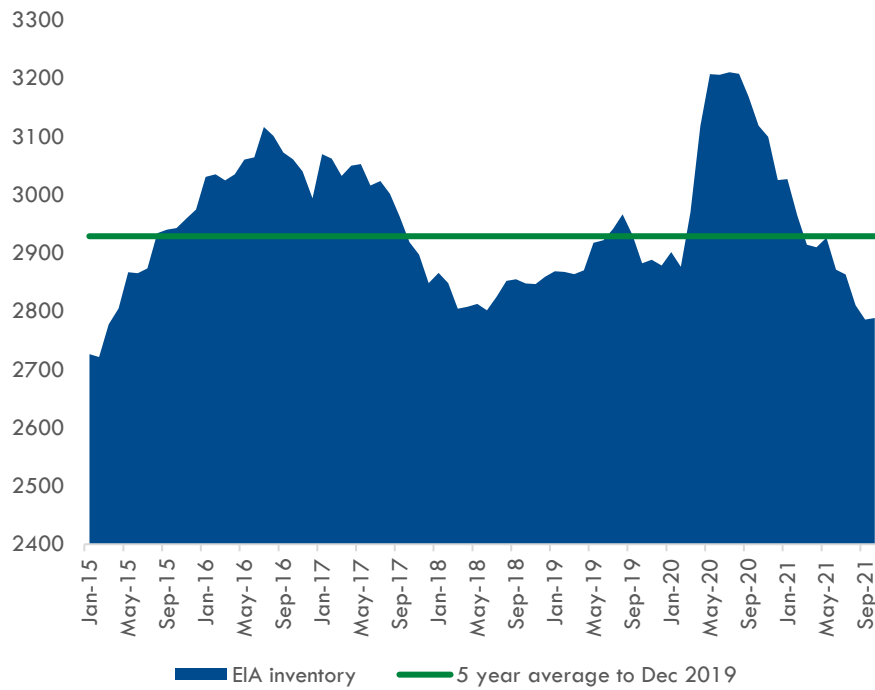


History: Higher prices acted as catalyst for recycling

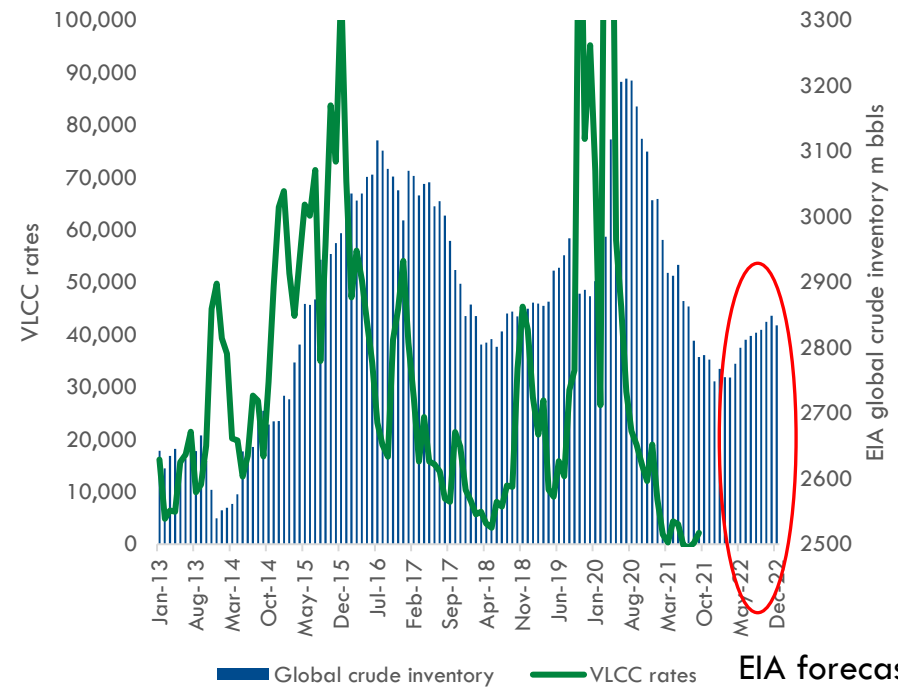


# INVENTORY MATTERS — AND WILL START TO REBUILD IN 2022

## Global oil inventory well below 5 yr average



## Inventory builds good for tanker market



EIA forecast  
stock rebuild  
2022

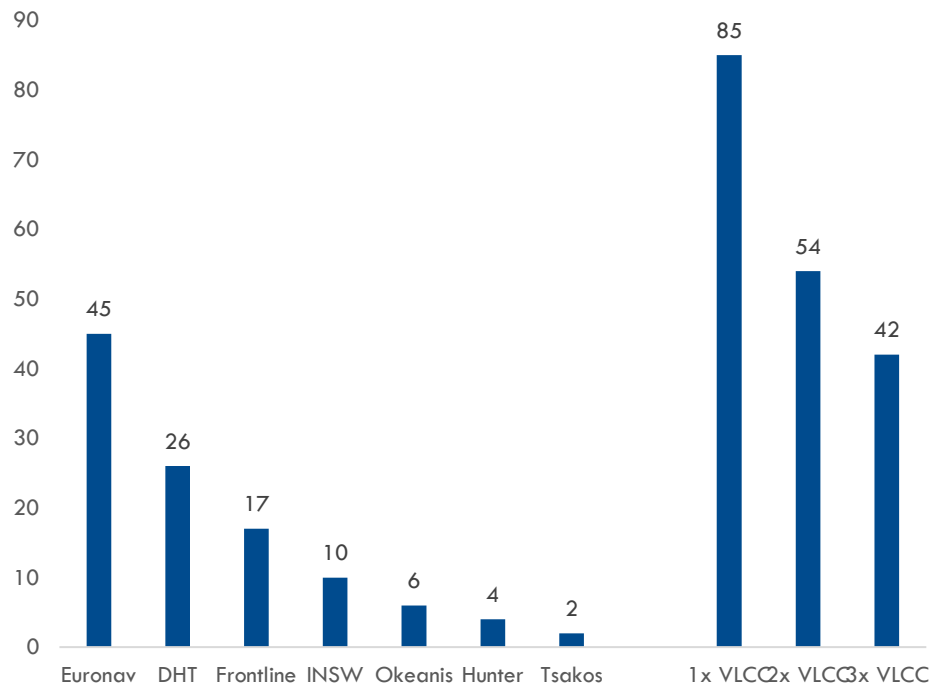


# CONSOLIDATION IN LARGE TANKER MARKET – MORE IMPACTFUL IF FROM BOTTOM UP NOT TOP DOWN

## Tanker Sector Highly Fragmented

VLCCs in Listed Hands

1-3x VLCCs per owner



Source: Clarksons

110 or 13%

181 or 21%

## Herfindahl Hirschmann Index

A market with an HHI of less than 1,500 is considered a competitive marketplace, an HHI of 1,500 to 2,500 is moderately concentrated, and an HHI of 2,500 or greater is highly concentrated.

Calculated by taking each firm's market share and then squaring that figure as whole number.

Perfect Competition	= Zero
VLCC sector	= 260
Containers	= 8,048
Monopoly	= 10,000





## 5. CURRENT MARKET OUTLOOK CATALYSTS



# SHORT TERM CATALYSTS GAINING TRACTION

## Recycling

15x VLCCs recycled in 2021 - 4 in Sept



## Fuel switching

High fuel prices to trigger 500k-1m bpd switch to crude this winter



## Output converting to exports

Persian Gulf export 550k bpd Sept 2021



## Post-COVID demand recovery

IEA forecast 3.3m bpd growth in 2022

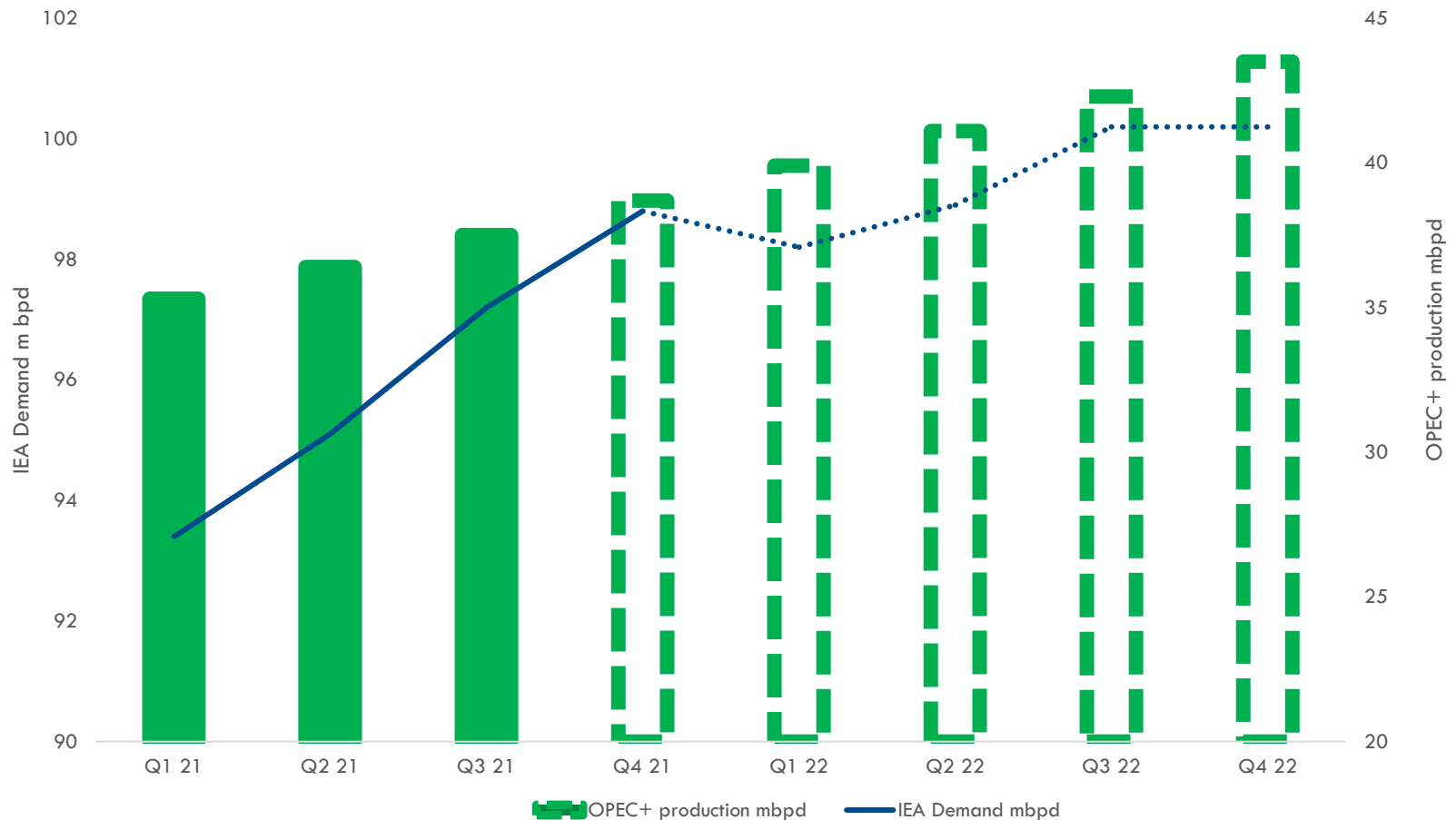


## Global crude inventory

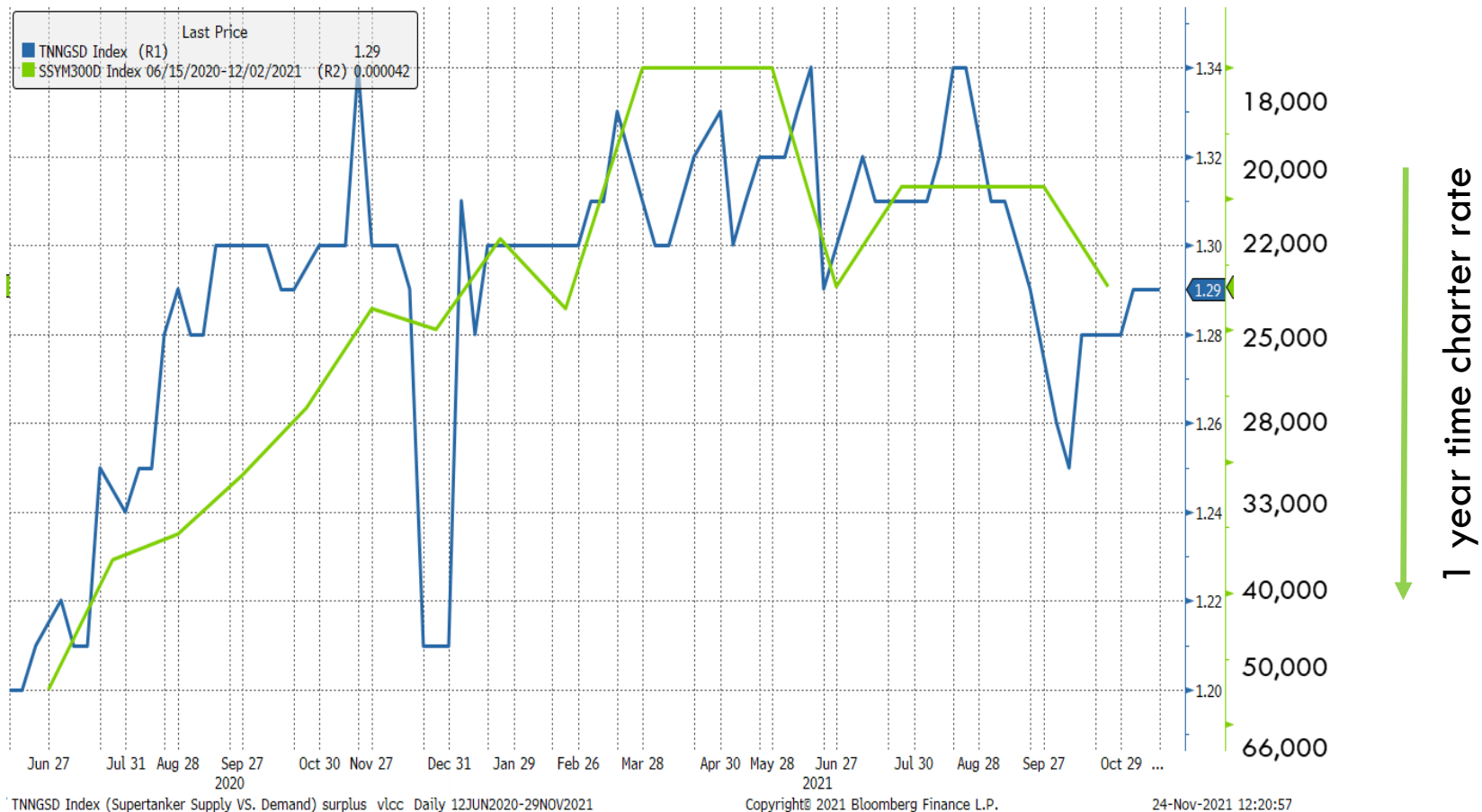
Well below 5 year averages; build up required 2022 onwards



# IMPROVING DEMAND & SUPPLY DYNAMICS SUPPORTED BY SHORT TERM CATALYSTS



# SHORT TERM SURPLUS TONNAGE IMPROVING - BUT SPORADIC STILL

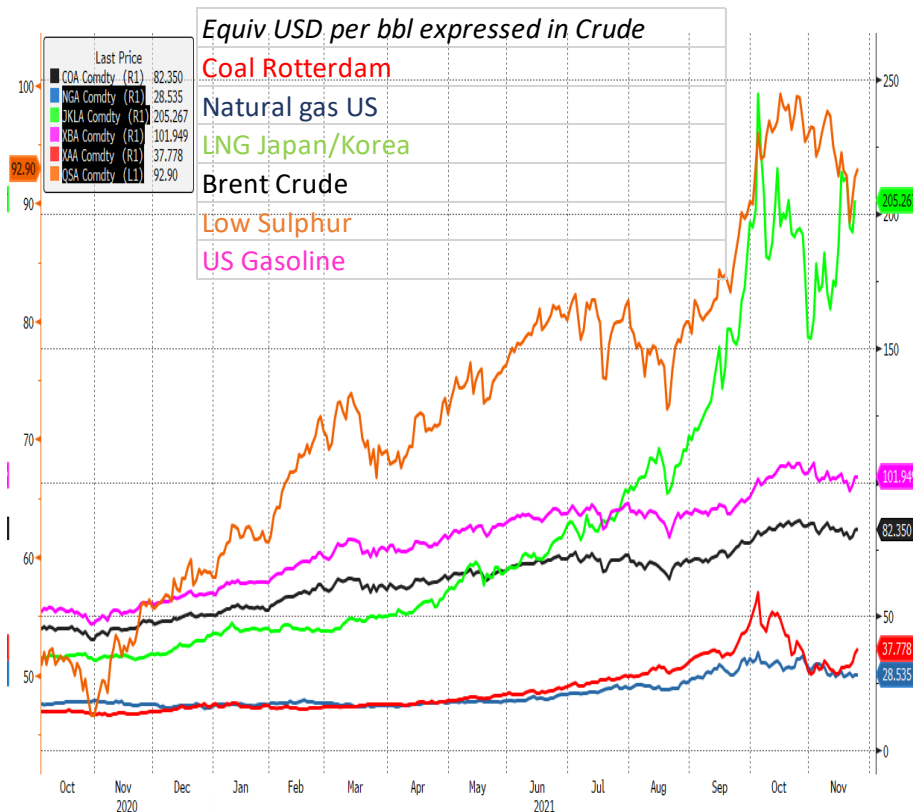




# SWITCH TO OIL FROM OTHER FOSSIL SOURCES FOR ENERGY COULD BE AROUND 0.75M BPD

Fuel price surges = crude relatively cheap

Estimated boost of 750k bpd over winter



COF2 Comdty (BRENT CRUDE FUTR Jan22) energy price comp Daily 05OCT2020-24NOV2021

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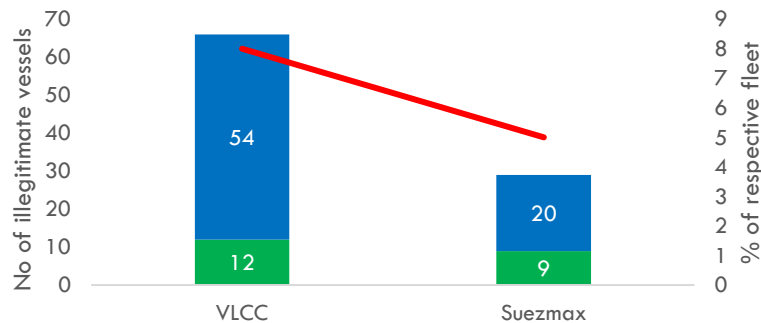
24-Nov-2021 15:23:26

Region	Fuel	Switch to	Volume kbd
EU	Resid Fuel Oil	Crude	80
Japan	Resid Fuel Oil	Crude	250
Other Asia	Resid Fuel Oil	Crude	170
Brazil	Resid Fuel Oil	Crude	50
EU	Gasoil	Crude	20
Other Asia	Gasoil	Crude	80
EU	LPG	Crude	13
EU	Resid Fuel Oil	Crude	7
Other Asia	LPG	Crude	53
Other Asia	Resid Fuel Oil	Crude	27
Power Burn			550
Industrial			100
Refining			100
Total			750

Source: JP Morgan

# IRAN — WILD CARD FOR TANKERS?

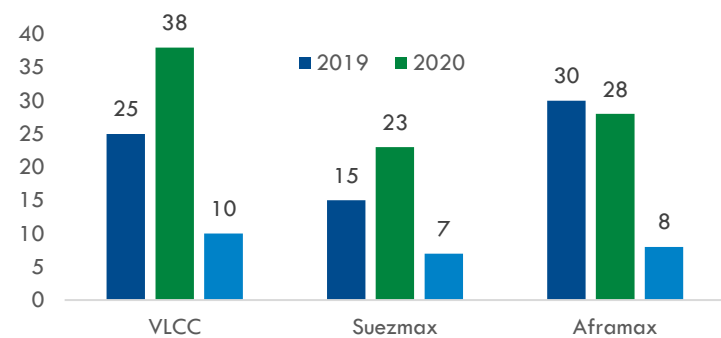
## Illicit trade 8% VLCC & 5% Suexmax fleet



Source: Gibsons

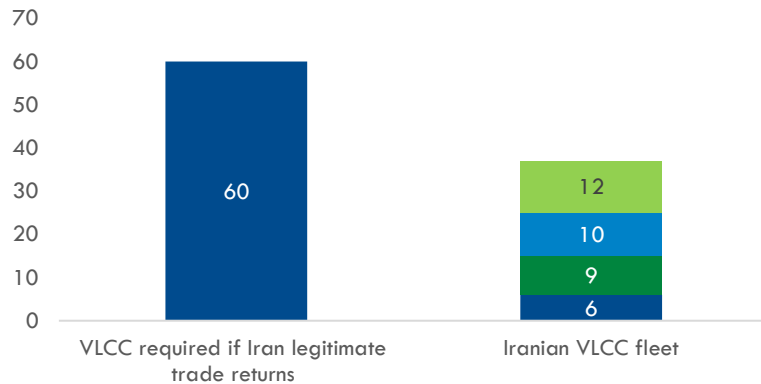
Venezuela Iran % of fleet

## Older tonnage – illicit trade not recycled



Source: Gibsons, Lloyds List

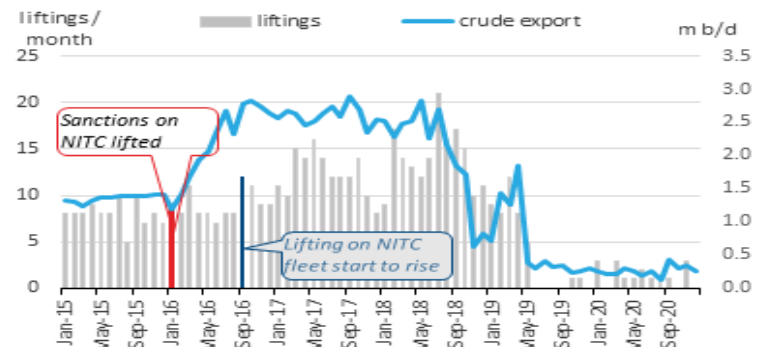
## Legitimization of Iran should be beneficial



Source: Clarksons

## Took 9 months for Iran fleet to return

### NITC VLCC liftings and Iranian crude exports



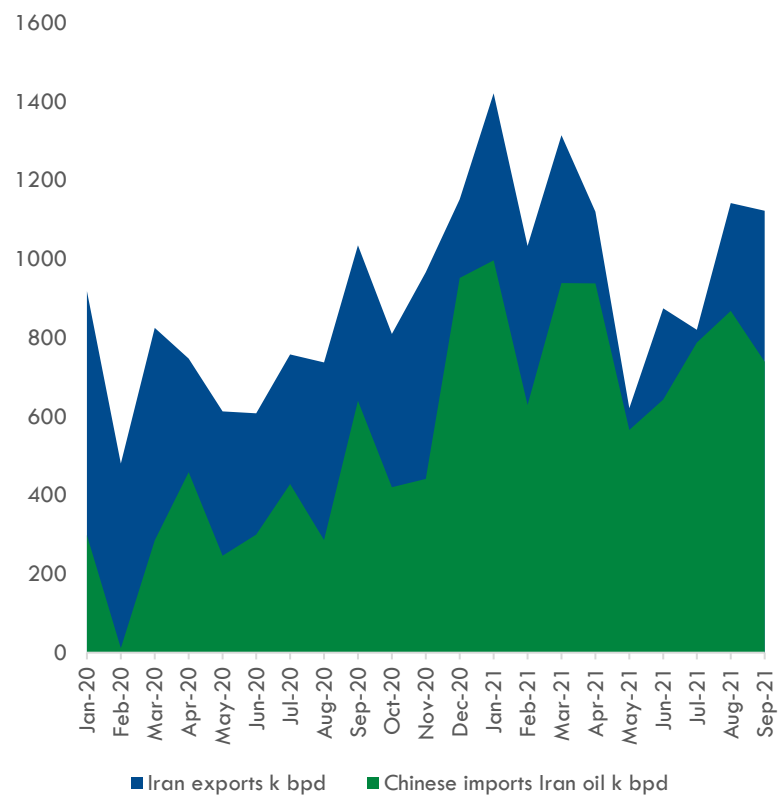
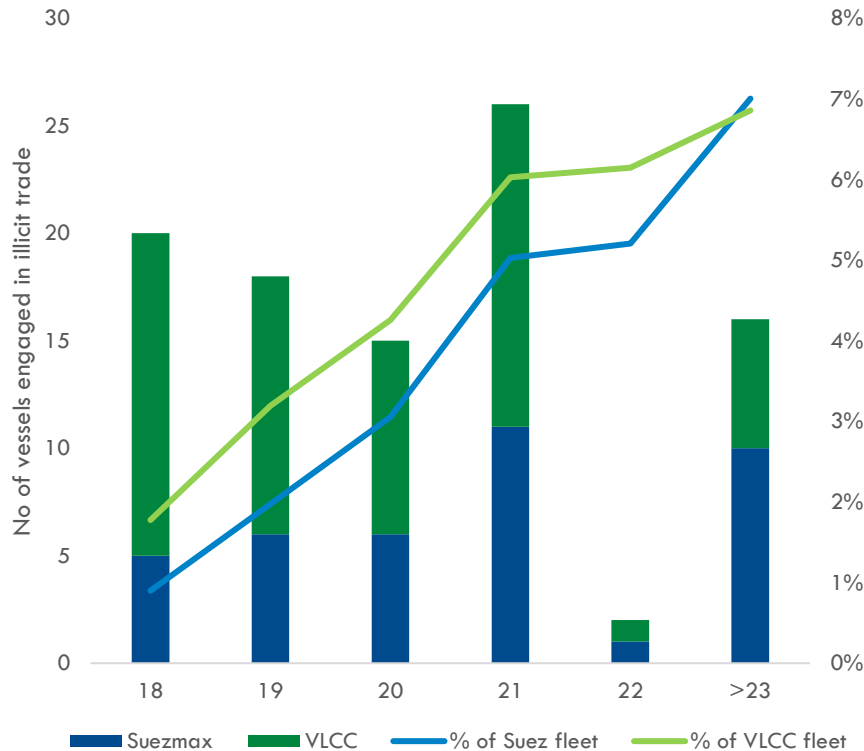
Source: Refinitiv, Cargo tracking, IEA



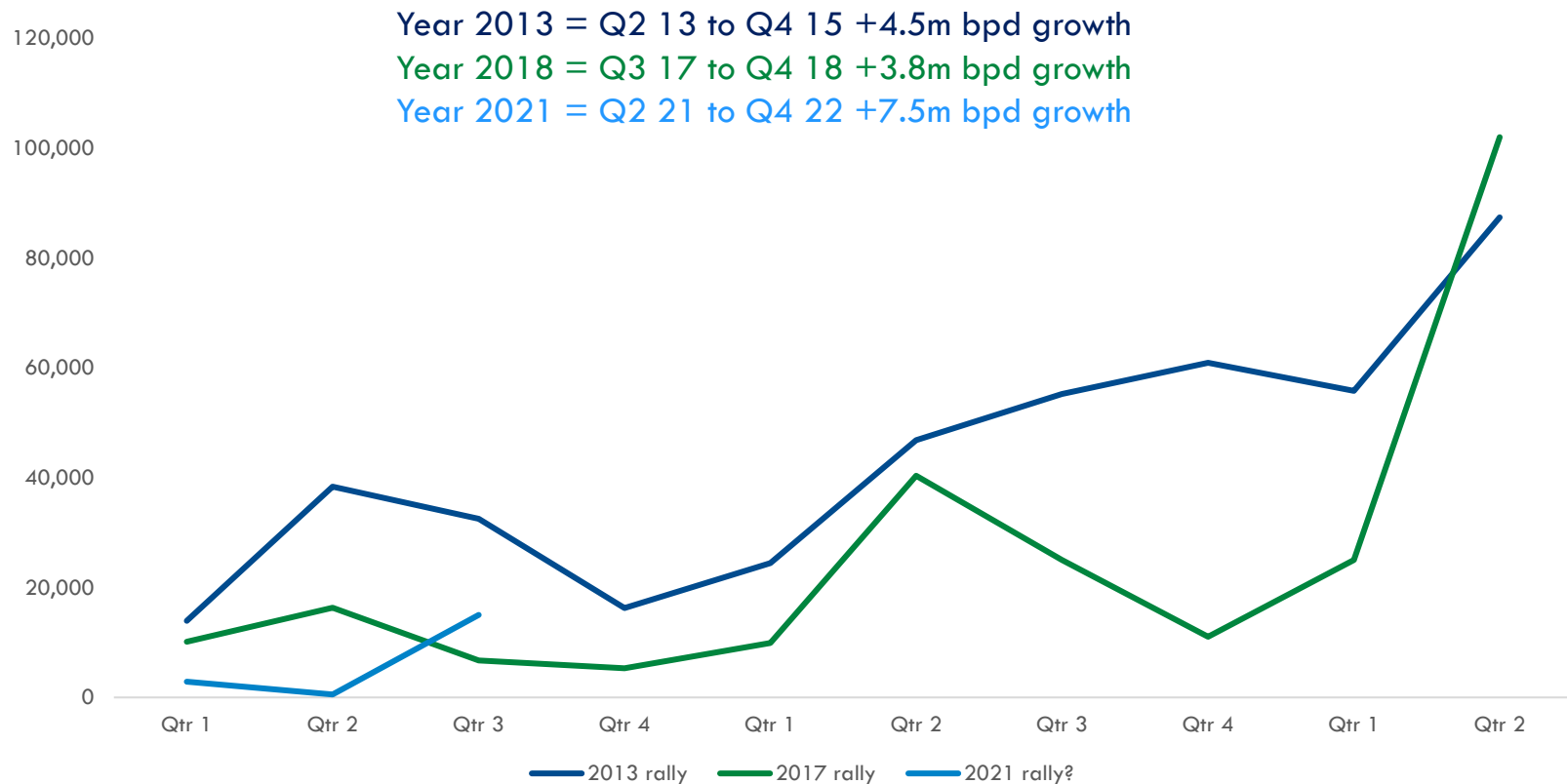
# IRAN – STRUCTURAL AND OPERATIONAL IMPLICATIONS FOR TANKER MARKET

**Structural – Older tonnage under exit pressure**

**Operational – c. 1m bpd to return to commercial**



# SUSTAINED PRODUCTION GROWTH LEADS TO IMPROVED TANKER RATES HISTORICALLY





## 6. CONCLUSION



# OUTLOOK THROUGH THE MARKET TROUGH



## Demand for Oil

Continued Post Covid recovery gaining traction & higher demand

Upgrade



## Supply of Oil

OPEC+ production tapering finally translating into export growth

Upgrade



## Ton miles

Feature anticipated to drive markets next year as Far East growth kicks in

No Change



## Vessel Supply

Medium term metrics very constructive but some fleet growth in 2022

No Change



## Euronav Balance sheet

Leverage remains below target level & fleet reinvestment

No Change

Change  
from Q2 21





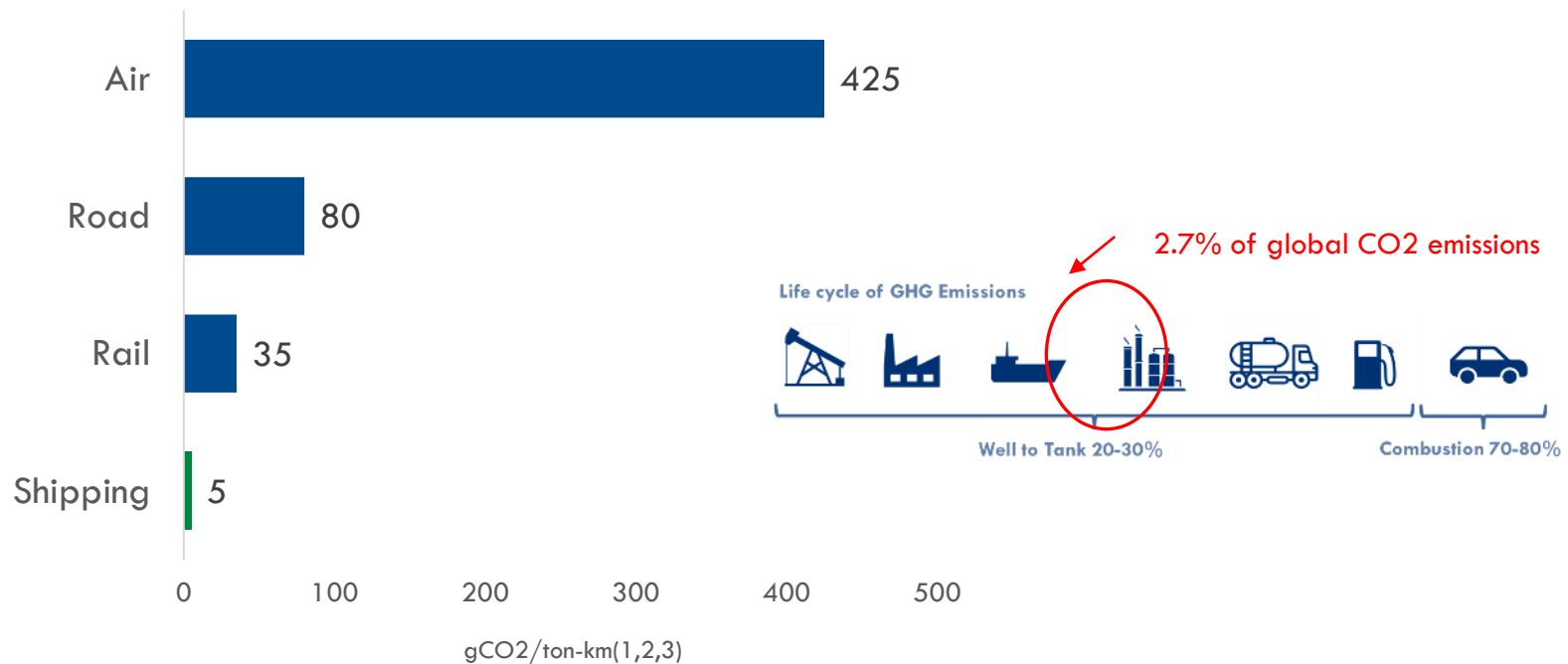
Sustainability

## 7. SUSTAINABILITY



# SHIPPING'S POSITIONING ON EMISSIONS IN STRONG RELATIVE POSITION

## SHIPPING – LOW RELATIVE EMISSIONS



Source: IMO GHG study 2009. Notes: 1) Energy-efficient transport is much dependent on the load factor, vehicle efficiency and cargo type; heavier cargo and larger vehicles will improve the cargo/vehicle weight ratio, resulting in better CO<sub>2</sub>/ton-km values; 2) Air = Boeing 747, Road = Truck > 40 ton, Rail = 3-4 hp / short-ton, Shipping = Average of very large container vessel (3 gCO<sub>2</sub>/ton-km), oil tanker (6), bulk carrier (8); 3) Estimations assuming current energy mix



# SUSTAINABILITY MATTERS AT EURONAV

## Solid Sustainability Platform Established

## Ambition to deliver more



Sustainability Committee est '19



Dedicated Sustainability Manager



1/3 funding ESG linked

2/54 in Shipping for ESG

Sector leadership in GTZ

B score for climate work CDP

Emission targets for 2022 +

Deliver on supply chain goals

Sustainability funding leadership

Expand # of accredited ratings

Continue leadership role

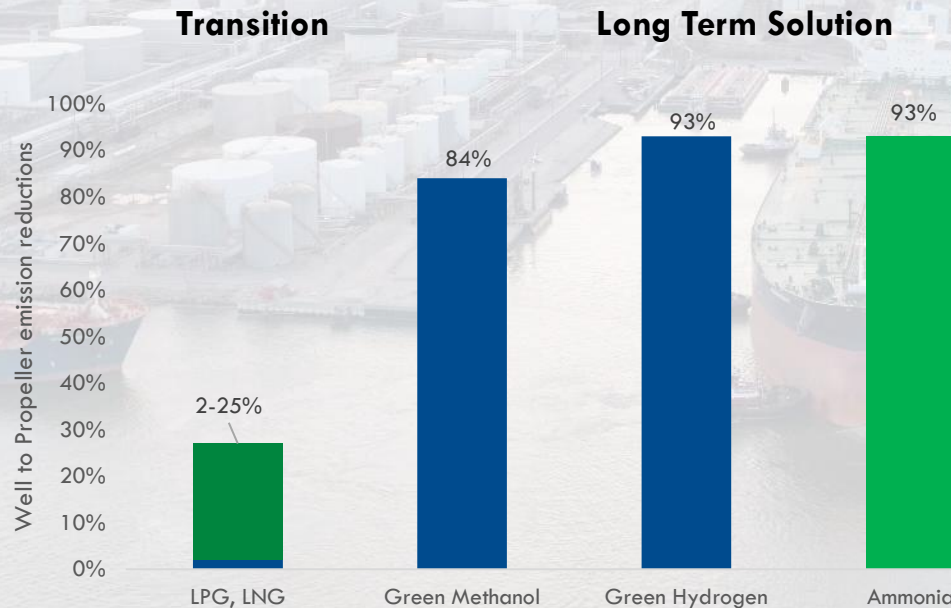
Improve CDP & expand ratings





# EURONAV - INVESTING IN LATEST TECHNOLOGY TODAY FOR TOMORROW'S WORLD

Regulatory & commercial landscape demands investment now



Transition fuels available now with gains in emissions reductions

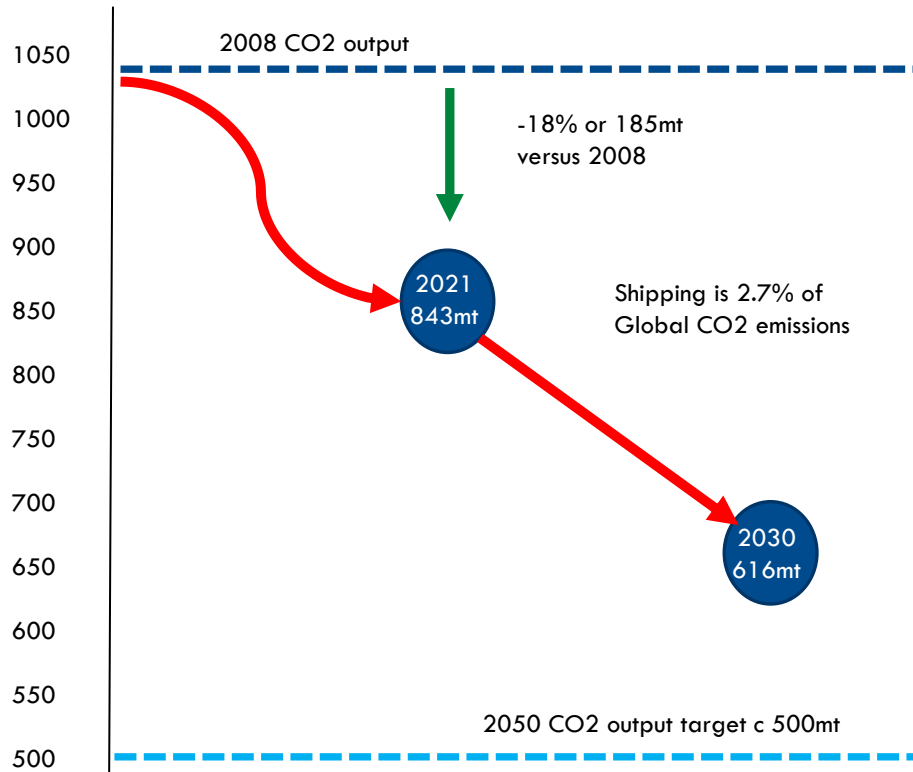
However Hydrogen & Ammonia feasibility could deliver 90%+ reductions in key GHG emissions

Investment in new technology and vessel infrastructure for optionality on fuel type for application at later date

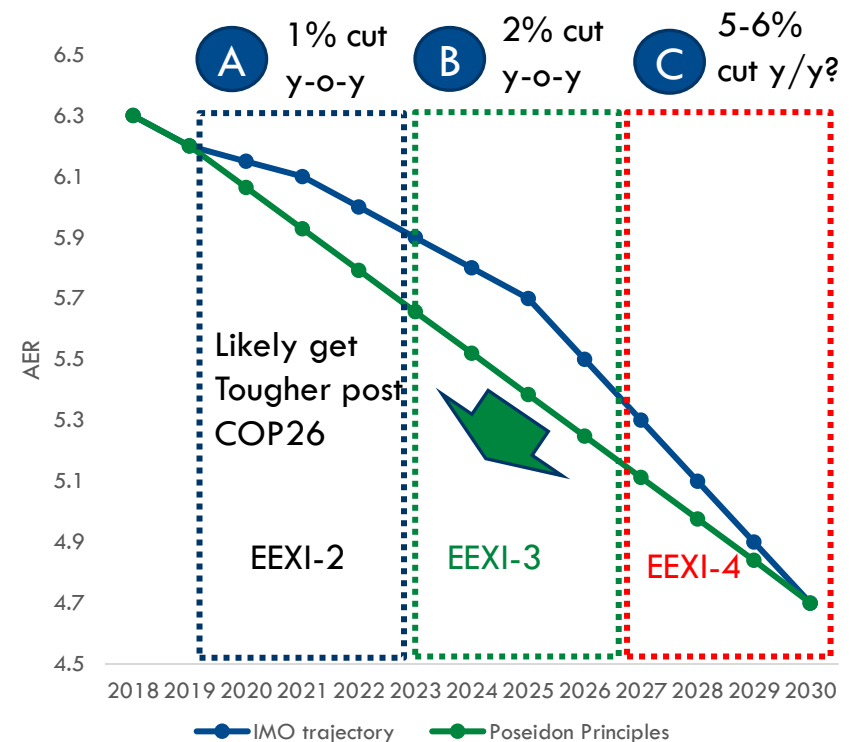
Euronav believe unlikely one "category killer" fuel but dependent on vessel size, fuel availability and technology

# EMISSIONS REGULATIONS IN PLACE WITH TOUGHER TRAJECTORY SET

## Shipping decarbonisation needs to accelerate



## Regulations will continue to get tougher to 2030





THANK YOU







# APPENDIX



# FSO'S OPERATING ON LONG-TERM CONTRACT FOR QP & TOTAL ENERGIES TO 2032

## Background

- TI Africa and TI Asia are ULCCs originally built in 2002, and converted to FSOs between 2008-2010
- Sophisticated oil processing storage platforms operating on contract to North Oil Company (Total and Qatar Petroleum JV) on the Al Shaheen oil field offshore Qatar
- Capacity to process and store approximately 2.8 million barrels of crude oil each
- Vessels and economics shared 50/50 by Euronav and International Seaways (INSW) in a joint venture
- Operations fully managed by Euronav



## Contract structure and economics

- Vessels have been on contract since 2010 with 100% uptime
- Debt free by Q3 2022, no additional capex required
- 10-year contract extension agreed and starting in Q3 2022
- \$645m additional revenue for the JV over the 10-year extension period, with annual EBITDA contribution of c \$22m per year for Euronav's 50% share (current contribution at \$36m) starting in 2022
- Inflation adjustment for Opex each year

## Annual EBITDA contribution \$m

	2020	2021	2022	2023	2024	2025-2032	Total H2'21 - 2032
FCF <sup>1</sup>	10	9	11	19	19	165	200

<sup>1</sup> Free cash flow

# ROLE OF TANKERS INTERNATIONAL POOL

**Independent entity created to offer owners and customers the advantages of a large-scale operation**

- Tankers International Pools provide a physical hedge for owners by ensuring stable and regular cash flow during volatile market conditions whilst still being able to take advantage of market upsides
- Earnings typically distributed to participants twice per month, depending on market conditions and working capital requirements across the fleet
- Pool Participants undertake to trade their qualifying vessels and receive a share of the freights in accordance with the Pool Points allotted to each of their vessels



## Market footprint



## Participants



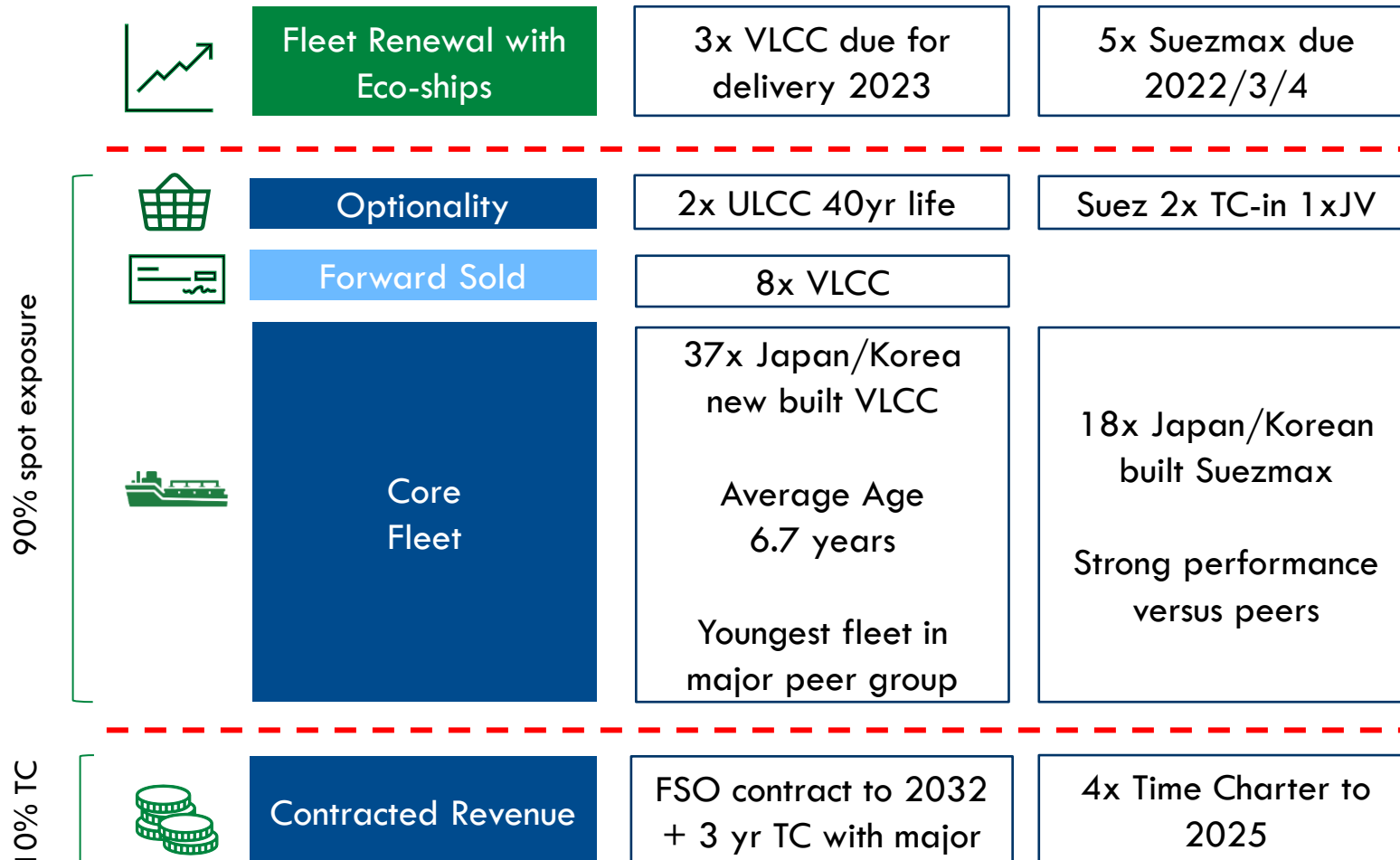
VÄRDE



Hartree®



# ROBUST PLATFORM WITH HIGH OPERATIONAL LEVERAGE

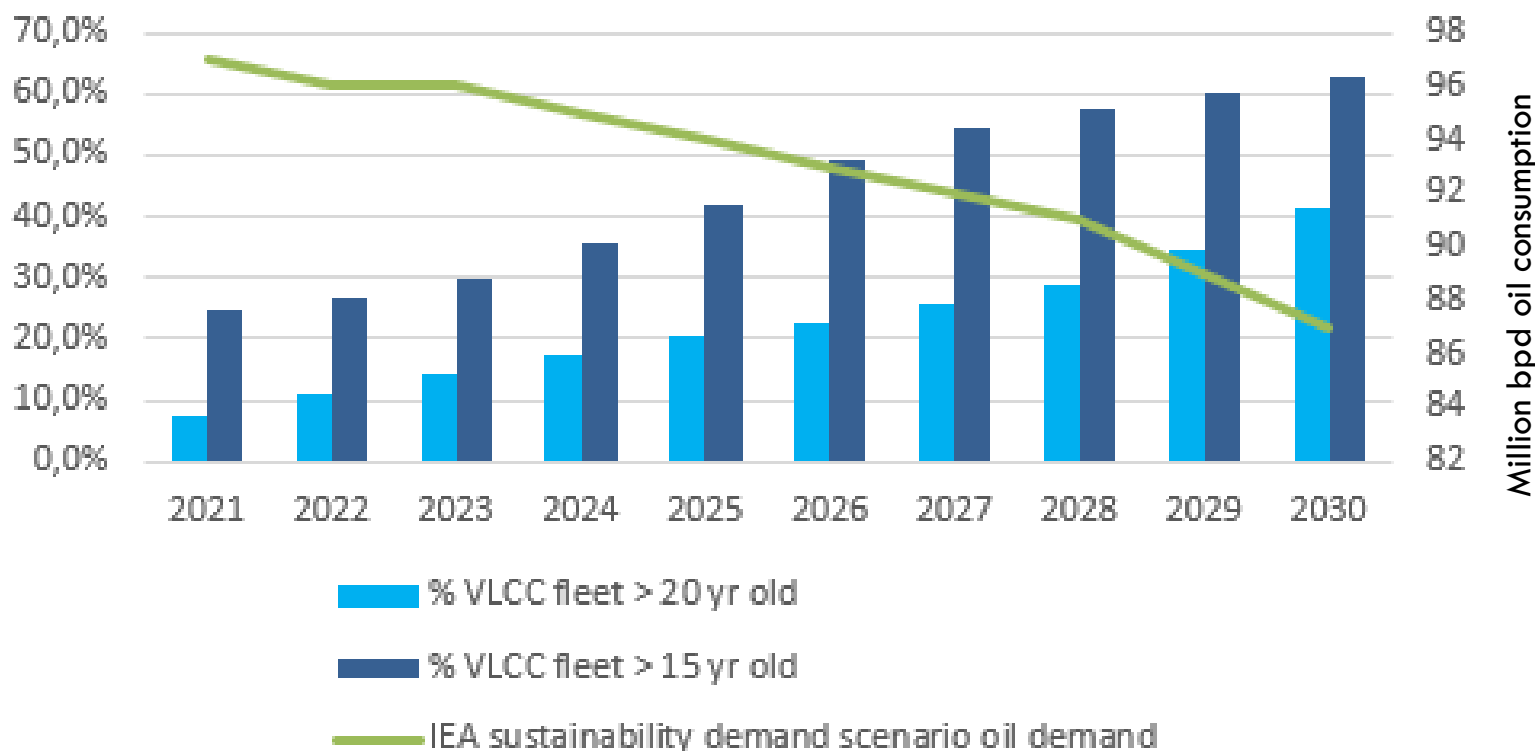




# GLOBAL VLCC FLEET RIPE FOR DOWNSIZING

## 42% OF FLEET >15 YRS BY 2025\*

Global fleet age highest since 2002 - Most aggressive oil demand scenario can be managed by fleet size adjustment



\* Includes all new buildings scheduled or under construction

# PEAK OIL DEMAND – KEY SCENARIOS (BP)

## Liquid fuels consumption

Source: BP

