

CMBT Earnings Call Transcript

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Quarter: 3

Alexander Saverys: Good afternoon and welcome to the Cmb.Tech's Earnings Conference Call for the Third Quarter of 2025. My name is Alexander Saverys, and I'm joined by my colleagues, Ludovic Saverys, Enya Derkinderen and Joris Daman. We have the usual topics we want to discuss with you today, starting with our financials and the highlights of the quarter. We will then move to the Marine division market update, and we will close with the conclusion and Q&A.; I would like to start with the financial highlights and will therefore hand over to our CFO, Ludovic.

Ludovic Saverys: Thanks, Alex. If you move to the next slide, this is the typical overview of our company now post Golden Zhoushan merger. We have roughly \$11 billion worth of assets on the water and being constructed over 250 ships. And we'll go further towards the metrics at a later time in the slide deck. But if you move to the next slide, Alex, you'll see that we finished the quarter with a result of roughly \$17 million of net profit. Our EBITDA stood at \$238 million, where we end the quarter with ample liquidity. We have more than \$555 million worth of liquidity in the company. The contract backlog stayed the same, which means that we added a little bit compared to the natural attrition we have quarter-on-quarter. The CapEx right now sits at \$1.6 billion and our equity on total assets, book equity for the bond covenants still sits below -- above the 30.4%. We had a pretty active quarter, obviously, apart from finishing the merger with Golden Zhoushan, but the Board has decided to declare an interim dividend of \$0.05 per share, which is going to be payable early January. Our CapEx program is now fully funded. Happy to say that we have signed all new loan agreements on the remaining CapEx and the equity component has been covered by own liquidity and sale of assets. Contract backlog mentioned still hovering around \$3 billion, but we definitely took a big step forward again in our rejuvenation of the fleet where we took delivery of 7 newbuild vessels, which have been announced in our trading update. We delivered 2 ships in Q3. But more importantly, we will generate another capital gain of roughly \$50 million on the delivery of the VLCC Dalma, the Capesize Battersea and Zhoushan and the Suezmax Sofia in Q4. And on top of that, we just announced the order of a multipurpose accommodation service vessel, which is similar to our CSOV, but in a bigger format, but Alex will discuss that at a later stage. Moving towards the coming quarters. We're quite excited with the timing acquisition of Golden Zhoushan, a big increase in spot exposure on dry bulk, which is happening at the right moment. It's playing out well. We have 55,000 shipping days in '26 from which roughly 47,000 is spot. With a big focus on large tankers and large dry bulk, we're perfectly positioned to enjoy the good markets that we have today. Moving to the next slide. Here, we've made a simple assumption. If the market today would continue going forward, we would show what the free cash flow capacity is at current rates. This is a pure assumption, but you could see that at today's rates, we would add another \$600 million of liquidity over a year, on top of the \$420 million that we anticipate to pay back on the bonds and on the bridge financing. Happy to say, by the way, that we'll reduce the bridge by another \$300 million by end of this quarter. But this slide shows that with the spot exposure and the good market we have, we can generate meaningful free cash flow growing the operational leverage of the company. And if people sometimes don't like to spread out over a year, you can easily filter this into quarter-by-quarter. And this would mean at today's market that we would add \$250 million free cash flow per quarter, which is, I think, is a pretty strong sign of our operational leverage. I'll move the floor back to Alex on the various marine divisions we have.

Alexander Saverys: Yes. Thank you, Ludovic. I want to take you through our 5 divisions and the markets in which they operate and what has happened in Q3 and is happening right now in Q4. You can see our usual slide with the 5 main markets we operate in, the tankers, dry bulk, containers, chemicals and the offshore markets. You see that we are still positive on tankers, positive on dry bulk, positive on the offshore market. We are cautious since a couple of quarters already on containers and on chemicals. And that has to do with the fundamental supply-demand numbers. If I start with the divisions where we're a little bit more cautious, containers and chemicals, you can see the demand numbers for 2025 in containers were positive, but are expected to be quite flat or even down a little bit in 2026, combined by a huge order book in containers, 32% and the fact that we are expecting gradual unwinding of the rerouting away from the Red Sea, so that ships would go through the Red Sea again, which represents today between 10% and 12% in ton miles. We think container markets will have a difficult time next year and probably also the year thereafter. Same can be said for chemical tankers, be it to a lesser extent. Supply-demand is a little bit overweight in terms of the number of ships coming on stream. So we're also a little bit cautious on the chemical tankers. As you know, our 2 divisions Delphis and Bochem are mainly covered by time charters and have very little spot exposure. If we turn to the other segments, starting with dry bulk, which is by far our biggest exposure today. We see that there was an increase in tonne-mile demand growth for Capesizes this year of 0.8%. So not very meaningful, but still positive, expected to ramp up next year to close to 3%, combined with a supply figure where only 9% of the fleet is on order, where the fleet is also aging, 32% of the Capes is 15 years and plus, we believe that supply demand fundamentals on dry bulk are actually very strong. On tankers, we are seeing demand growth this year, next year in tonne-mile. We see that the fleet is growing, but because of all the inefficiencies that we are seeing in the market, and I'll talk about that in a minute, we still believe that definitely, in the short term, the supply-demand figures look very good for tankers. Last but not least, on the offshore, offshore wind, but also offshore oil and gas. We have seen the offshore wind markets grow even though some projects have been postponed. But therefore offshore supply vessels, there has been a lot of extra demand for the oil and gas from the oil and gas market. So we are seeing offshore wind vessels going into the oil and gas market and supply-demand fundamentals definitely in that market are also positive. I'd like to zoom in to Bocimar and maybe go back one slide. You see here one of the vessels from Golden Zhoushan that has been renamed to the Mineral Sakura. So our renaming program is in full swing. We are keeping the Golden Zhoushan or the Golden prefix for our Panamaxs, but are renaming all our Capesizes and Newcastlemaxs to Mineral prefixes. We have 3 large divisions in dry bulk, our Newcastlemaxs, our Capesizes and our Kamsarmaxs, Panamaxs. And we focus on the Newcastlemaxs first, what have they done in Q3. We achieved a TCE of \$29,500. And in Q4 to date, we are at close to \$34,000. On our Capes, the number for Q3 is \$20,500 going up in this quarter at \$26,200. You can see that we've already fixed quite a substantial amount of ships for Q4, but that number could still go up a little bit if the current markets stay strong. On the Kamsarmaxs and Panamaxs, definitely a positive surprise for this year. We have seen rates better than anticipated. We achieved rates around \$13,500 in Q3, but that's already up in Q4 to \$17,000. Main drivers for dry bulk when we look at all the indicators, a lot of them are green. It's positive on the China steel mill utilization. It's positive on soybean imports to China. Brazil iron ore exports there are also very good. And of course, the dry bulk fleet supply is growing, but we are seeing definitely in the larger segments, more demand growth than supply growth of vessels. Sorry for that, just was a bit too quick. Zooming in on the demand of iron ore, coal, grain and bauxite. You can see that all numbers are positive, expected positive for '26 and '27, except for coal, but we believe definitely for the larger sizes that iron ore and bauxite are compensating or overcompensating the less demand for coal. Watch the space on grain as well. Not really a big driver for Capesizes, but important for our Panamaxs. The numbers there are very positive. And with the recent lease agreement on tariffs between China and the U.S., we're expecting that demand hopefully to continue on the tonne-mile side. If we look at the number of ships on order compared to the existing fleet, you can see that in 2026 and 2027, we are going to add some Capesizes to the market. But all in all, including '28, the order book to fleet is only 9%. The number for Panamaxs is 14% order book to fleet, but also there, with the demand figure, I think supply-demand should be balanced and definitely looking positive for that market. An important

number to highlight is the average vessel age. As you can see, both Panamax and Capesizes are at historical highs in terms of average age, which always bodes well for potential scrapping. The next 3 slides are providing you more information on the Brazil iron ore trade, the Australia iron ore trade and the Guinea iron ore and bauxite trade. On all 3, I can say that we are at 5-year highs in terms of output. You can see the numbers there on the slide. And we've basically tried as well to highlight the seasonality. Seasonality in the Atlantic Basin in Australia and for Guinea is dependent on rain. The rainy season usually in Brazil and Australia is in the first quarter. However, in Guinea, that's usually in the third and fourth quarters. So we see that the Guinea season can actually help our markets because when Australia and Brazil are down, they are up. And actually, in the rainy season of Guinea this year, it was less than expected. So we saw some good outputs regardless of the rainy season. The key takeaway here from this slide and from the Australia slide and from the Guinea slide is that we are seeing volumes up, volumes at 5-year highs and seasonality in Q4 and Q1 actually supportive. I'd like to talk about our tankers, Euronav, our Tanker division and crude oil transportation. We have a trading fleet of 10 VLCCs with another 4 ECO VLCCs on order. Some of the pictures that you have seen during this presentation highlight the new VLCC that we took delivery of a couple of weeks ago, the Atrebatas. We have another 4 coming in the following weeks and months. We achieved \$30,500 in Q3. So far in Q4, we are at \$68,000 with 78% fixed. We believe that number can still go up, the fixings and the bookings that we have done in recent days and in the coming weeks are looking very promising. We sold 1 older ship, the Dalma, which generated a capital gain of \$26 million. We've extended 1 ship by year, the Donoussa, and then we delivered 2 vessels to the new owners in Q3, the Hakata and Hakone. On the Suezmaxes, we have 17 vessels on the water. We have another 2 ships coming in the fleet next year at the end of Q1. We sold 1 Suezmax, the Sofia, which was delivered in Q4. And the rates we achieved in Q3 was strong, was \$48,000. And Q4 quarter-to-date, we are close to \$60,000. But again, there, we still have some days to fix. So there is upside to that number. When we look at the main drivers and the main indicators, we see that a lot of indicators are positive. And also on the tanker fleet supply year-on-year, it's still a moderate fleet growth. But let's look at what's coming. Zooming in on the demand, you can see that the forecasts are that there will still be an oversupply of oil in the coming months and quarters. That leads to more storage, that leads to more oil on the water, that leads to definitely, in the short term, better rates. Because if we look at the supply of vessels, you see that this year, there's been very little new ships coming on the water, but it's starting to creep up. So next year, '26 and in '27, we will see more Suezmaxes and VLCCs come to the market. If you look at the average age of the fleet, this new supply should definitely be manageable. So in the very short term, maybe even medium term, we are still bullish on rates for tankers. What happens thereafter, a lot will depend on how many more tankers will be ordered and added to the order book. We are not at the single-digit numbers anymore. For the VLCCs, we're at 15% order book to fleet and Suezmax is 20%. So it's not what it used to be, but I would say that the short to medium term, things are still looking very good. And also the age of the fleet is supportive. On containers, we can be quite brief. As you know, the exposure we have on containers is limited. Actually, it's 0. We have fixed all our ships to 4 vessels on the water to CMA CGM and then we have 1 ship coming next year on a 15-year charter. The market on containers has weakened. You can see the SCFI, which reflects the freight rates for containers paid. It has slipped down and is now at a level which is the lowest of the past 2 years. The high order book, more than 30% of ships on order, plus the Red Sea situation, which will unwind, lead us to being quite cautious on the supply side. Demand should also be lower next year. So container markets could be up for a bit of a rough patch. Chemical tankers. There, our spot exposure is also very limited. We have a couple of ships operating in a spool. So that's basically our spot exposure. All the rest is time chartered. We still have quite an interesting order book coming with all ships having been fixed. We have one more chemical tanker that has already been christened, but that will deliver soon coming to our fleet. Next year, we'll have 2 product tankers coming to the fleet, which are fully fixed. And then we have our ships in '28 and '29 that were fixed to MOL that will come later. But -- so our spot exposure on chemicals is relatively limited. It's a less volatile market, but it has come off its very high levels of last year and the year before, but we are still at very healthy levels. And then I'll finish with WindCat, the offshore wind division. Some of you might have seen in our press release but also in a separate WindCat press release that we ordered a new CSOV, an enlarged version of the CSOV, which we call an MP-ASV,

and I'll say something about that in a second. But maybe first zooming in on our going concern business. We have our CTVs, we have our CSOVs. We took delivery already of 1 CSOV. That ship has been fixed on a very short-term period for business in oil and gas in Australia. It already gave us earnings in the third quarter of \$27,000. The fourth quarter rates are going up to \$118,000 with most of the days already fixed. We have ordered this new multipurpose accommodation service vessel, which I will discuss in a second. And then looking at our CTVs. You can see that the seasonally strong Q3, we achieved good rates of close to \$3,500 a day on average. The slower period in Q4, our TCE sits at \$2,800. Here, you have a render of the newest newbuilding order for Cmb.Tech. So we ordered 1 ship with another options for 5 vessels. It is based on our existing CSOV design for the 120 passengers on board, but we've upsized it to 150 to even 190 passengers on board. It will have a permanent gangway connection, which is better for oil and gas projects. It will be larger, so positive for our charters. When we look at the market, it will be the only vessel type that can truly operate between oil and gas on the one hand and the offshore wind on the other. Our existing ships are already suited to do that, but this one will be even better suited. We have 100-tonne subsea crane, which is installed. And when we look at where that ship will compete, we see that the flotel markets for oil and gas is one market that we will target. And when we look at designated ships for that market that also have the crane capability, we see that there's actually not that many vessels on the water and that are being built for this. Our markets are everywhere. But clearly, one of the markets that will be interesting and something to follow is the Brazilian oil and gas market where we see more than 30 FPSOs entering service in the next 2 to 3 years, which will need a lot of support vessels coming there. The reasoning behind this is that we want to trade in the 2 markets. Eventually, the ship will end up in offshore wind. But as long as the offshore wind is a little bit quieter, we can also go to oil and gas. And with this newbuilding or with this newest addition to our fleet, we can end the part of the presentation and go to the Q&A.;

Enya Derkinderen: [Operator Instructions] The first one is Frode Morkedal.

Frode Morkedal: This is Frode from Clarksons. First, I wanted to ask you about IMO. They delayed the carbon pricing by a year at least. So what's your verdict on this? And have you seen any change, I guess, in terms of let's say, interest or demand for dual fuel technology after that?

Alexander Saverys: Yes. Thanks, Frode. I think it's a question many people have. Well, first on the delay, whether it's going to be a 1-year delay, 2 years delay or 3 years delay, we don't know. We have, of course, not based our strategy on the IMO coming to fruition in 2028. It definitely helps our business case. But our strategy on dual-fuel engines is based on finding like-minded partners to charter these vessels and use the technology to decarbonize. We have the EU legislation, which is in place, which is definitely supportive. IMO would have been a very nice to have. It's not a must-have for strategy and for our plans. Our opinion on whether eventually, they will find an agreement on the IMO level is that we don't know. But we do see that after the failure of IMO, there's a lot more discussion between countries on a bilateral basis to see what can be done on certain trade lanes, say, Australia to China, for instance, or trades that are linked to Europe. So the last word has definitely not been said, but it will not change anything to our strategy.

Frode Morkedal: Okay. Fair enough. One question on your, let's say, investment philosophy. So you ordered a few large CSOVs, I guess, you can call it. But how do you think about opportunities in other segments like dry bulk and tankers? Are you looking to invest more there or maybe trim or sell in those segments?

Alexander Saverys: Well, I think we've invested already a lot over the last 2, 3 years at the right time, I would say. We will always look opportunistically at newbuildings. But today, clearly, we think newbuildings are quite pricey. That doesn't mean we would not order if it's the right value and if we believe that it will create value for us and our balance sheet can take it. You just saw that we ordered this extra wind vessel, which is really an offshore vessel. We think there's very good value there. We think this is also something Cmb.Tech can perfectly do even if we have more options that we can declare going forward. So -- but that's on the newbuilding side. On the secondhand, you have seen, and we will continue to do that, that we're clearing out our older vessels, because we just think rates are very good and the prices for secondhand tonnage are at a level where we're rather sellers than buyers. We still have a couple of older vessels. Don't be surprised if we clear them out. But then there will come a point where we're very satisfied with the age profile of our ship, and we're very satisfied of

basically staying on the market and enjoying the good markets.

Frode Morkedal: Okay. Last question on the dividend. So this is the \$0.05 second quarter in a row. So that makes it tempting to think this is some type of minimum level going forward? Or should investors expect dividends are flexible going forward?

Ludovic Saverys: I think, Alex, I'll take it. We have a fully discretionary dividend policy. I think we've been pretty clear that every quarter, the Board will decide what we'll do with the cash that we have. And it's fair to say that with the meaningful cash flow generation that we are seeing in Q4, that we're expecting in Q1, that there will definitely be a further look at how to reward the shareholders, whether that's share buyback, whether that's dividends, whether that's an accelerated clearing out of some of the bonds. Some people have mentioned the bridge financing or just reducing leverage. I think it's -- these markets, the way we positioned ourselves in there so that it goes very fast. And that I don't think we're there to say minimum dividends. We don't say maximum dividends. We're there to balance between rewarding shareholders and strengthening our balance sheet to be positioned for opportunities when they present themselves, whether it's organically or through M&A.;

Enya Derkinderen: And moving on, Eirik Haavaldsen. You can now unmute and ask your question, please.

Eirik Haavaldsen: This is Eirik from Pareto. Just following up a little bit on the S&P; because you have -- you haven't -- I mean, do you have a sort of target list of the vessels you could dispose of? I'm thinking especially on the tanker side now where S&P; markets are interesting, but the cash flows are also fantastic, right? So how do you balance that short-term cash flow versus potentially realizing some of these elevated asset values?

Alexander Saverys: It all depends on the price. But I think, Eirik, you will agree with me if you're getting north of \$50 million for 18-, 19-year-old VLCCs, there's a good case to say that you should sell. Other people might say, no, keep it on the spot market and trade it out for another year. We are more in the first camp. I think tonnage, which is older than 15 years old at current valuations, and again, it will depend on the bid, and it will depend on the price. We are more sellers than keeping it in our fleet. That doesn't mean we will do it at any cost.

Eirik Haavaldsen: And what about on the -- I mean on the modern vessels though, to lock some of them up to sort of derisk a little bit your cash flows. Is that something you're looking at?

Alexander Saverys: Yes. So a very good question, Eirik. I think we've mentioned this in previous calls as well, and we've been very open about that. If we see good levels to take some cover, we will definitely do it. We like to have 40,000 spot days. But at one point, we also want to use the market to take some cover. Keep the young vessels in our fleet, but take some TC cover. Now as we've not announced a lot of time charters, it also means that right now, both on tankers and on dry bulk, we've not been tempted by numbers that are good enough for us to take action.

Eirik Haavaldsen: Very good. And finally, should we read anything into the fact that you're not changing the prefix on the Panamax Kamsar fleets of Golden?

Alexander Saverys: No. No, it's a good question. Looking back in the CMB days, we had a CMB prefix. Look, we're very happy and proud that Golden Zhoushan is now part of our company, even though we're not using the brand name any longer, we like to respect the Golden Zhoushan history and then keep them as part of our name and our brands by keeping the Golden prefix on Panamaxes.

Enya Derkinderen: Then, Kristof Samoy, you can now unmute and ask your questions.

Kristof Samoy: Kristof Samoy from KBC Securities. A few have been addressed already. So -- but maybe first on -- to go a little bit deeper into IMO that was already touched upon. If the conditions would be right to consider newbuild ordering, would you, for sure, order ammonia or H2-ready or fitted vessels or could you nowadays also consider LNG-ready or fitted vessels? And then secondly, just with regards to the decision of the IMO, what impact does it have on your business plan for H2 industry and Infra?

Alexander Saverys: Yes. And thank you, Kristof. So we are more convinced than ever that ammonia is a very good choice to decarbonize. And the reason is not only because we are now getting very close to showing to the world that the technology actually works, but also because we have seen over the last 12 months in China and in India, tremendous evolution on increasing the availability of the green ammonia molecules and reduction in the cost of the green ammonia molecules. So on IMO, even though, as I just said, I don't think there will be a lot of movement in the next couple of years, and I hope

we will be surprised, we still think that technology and cost and availability of molecules will be the main driver to convince people like ourselves, but also partners that want to decarbonize their fleet to go for ammonia. So in short, right now, we're not looking at any LNG projects. Never say never, but our choice of fuel is still ammonia. On your second question on H2 Infra and H2 Industry, these are very small divisions. They are supporting the business we do on the development of hydrogen and ammonia engines on the Industry side, and they are trying to develop molecules, producing molecules but also sourcing molecules on the H2 Infra side. There, we have a lot of ongoing discussions with suppliers in China and India to buy molecules for our fleet of next year. Nothing we can announce yet, but as soon as we have news on that, we will definitely let you know.

Kristof Samoy: And maybe just as a follow-up, I mean any change in the attitudes or the appetite of miners to conclude long-term charters since the decision of the IMO has been made public?

Alexander Saverys: That's again a very good question, Kristof. I think there's 3 categories of people, people like us that were convinced before the IMO discussion that we should decarbonize our fleet. And we have a couple of customers, as you saw in April with the deals that we announced that will continue down that path. So people that were convinced are continuing to engage with us and continue their investments. There's another category of people, and that's still the vast majority in shipping that take a very much wait-and-see attitude and that don't do anything and basically wait to see how this will evolve. And then the category in between people that were hesitating a little bit, I think we definitely lost part of them that they are not looking at it anymore and more than the camp of wait and see. But some others still continue to engage and ask questions. So it's a little bit of everything. The conclusion for us is simple. Had the IMO decision been taken a couple of weeks ago, it would definitely have propelled our business plan to a much higher speed, but it doesn't slow down our business plan, and it doesn't change our business plan, but it would definitely have helped.

Enya Derkinderen: Then the next one is Climent Molins. You may now unmute please.

Climent Molins: This is Climent, known from Value Inestor's Edge. I wanted to start by asking about your interest expenses for the quarter. Did those include any one-offs? Or is it, let's say, a clean quarter?

Ludovic Saverys: Good question, Climent. There's 2 things. Obviously, when you do leverage buyouts, those bridges are somewhat more expensive. We had \$1.3 billion. We've reduced that to close to \$220 million end of quarter, but that definitely has explained our Q2 and Q3 figures of elevated interest expense. Second point there is, obviously, when we did those acquisitions, both from a Euronav point of view, but also Golden Zhoushan, we had a back financing of releveraging the fleet to be able to pay back. And those refinancings, you always incur arrangement fees with the banks. And these, you have to write off over the length of the financing. So if you refinance \$2 billion over 5 years, and you pay a percent arrangement fee, you're going to add \$4 million of interest expense every year. And as we've been doing a lot of these, these obviously are increasing the total interest expenses. That said, I think only in the last 3 weeks, we've been able to look at our total financing package where we had an average of SOFR plus 275 throughout all our financings. And we are actively working billion per billion to reduce that by 100 to 125 basis points. So this is more going to be a topic of 2026 of optimizing our financing portfolio and costs as part of, I would say, integrating the businesses and optimizing our balance sheet.

Climent Molins: That's helpful. My second question is also on the modeling side. First, should we expect G&A; to come in at around \$34 million as well in Q4. And secondly, where do you see the run rate on the G&A; front once you've realized any potential synergies from the merger with Golden Zhoushan?

Ludovic Saverys: Yes, I think it's a valid question. When you do large-scale transactions, you always incur a lot of lawyer fees, auditor fees, financial advisory fees and others. And we've been doing that 2 years in a row, doing multiple billion-dollar transactions. That has not helped our SG&A;, full stop. It is a review that we're making while we are integrating the teams, optimizing the insurance packages, the IT systems and everything like in normal M&A; processes, this will be optimized. To put the actual figure, Climent, I think it's hard to say. I think 2026, give us a couple of quarters, and you'll see those SG&A; naturally normalize, I would say.

Climent Molins: Makes sense. And final question for me. Does the \$1.57 billion in remaining

commitments include the CapEx on the recent CSOV newbuild addition?

Ludovic Saverys: No, that's a good point. So in the Q4, we'll add that. Currently, as Alex mentioned, it's 1 ship. We can't disclose the newbuild price, but somewhat higher, I would say, than your smaller CSOV. But that is going to be added to the total CapEx.

Operator: Next up is Kristoffer. You can now unmute and ask your question, please.

Kristoffer Skeie: Can you comment a bit on when the options on the CSOVs are lapsing and when is the delivery of the optional vessels? In order to declare them, would you need to see any long-term contracts in the division? Or to put it differently, what do you need to see to declare these options?

Alexander Saverys: Yes. We have a lot of time, so close to a year to declare the option. And then, of course, the options thereafter. Of course, the earlier we declare, the earlier the vessels could deliver. We're looking at deliveries in 2028 and 2029. Answer in terms of contracts, it's not a must have to have a contract to lift the option. Of course, if we get a contract straight away, we could lift the option earlier, but we can also lift without a contract.

Kristoffer Skeie: Perfect. And moving over to the Tanker division. What type of time charter levels would you need to see in order to derisk estimates here? It's sort of -- it seems like rates are starting to move up quite fast. So -- and...

Alexander Saverys: Where do you pick the 5-year -- would you pick a 5-year for modern VLCC...

Kristoffer Skeie: Probably just below 50 or something or?

Alexander Saverys: So clearly, that's not something we would do right now. I mean we can still change our mind, of course. But I think the market would need to be higher on long term, and I'm talking 5 years plus then in order to consider. So current rates are -- for us for our modern tonnage, and I stress on modern tonnage, we would need to see more.

Kristoffer Skeie: And final one for me. In terms of the bond process you had ongoing, can you just comment a bit on how you're sort of looking to refinance the bond maturing next year? And is it still only debt instrument with an equity covenant and not value just equity?

Ludovic Saverys: Yes. Great question. I think we stopped the bond process because we had much cheaper alternatives, Kristoffer. So -- in that same flow, we are anticipating paying back the bonds with our own free cash flow, sale of assets and own liquidity. We don't anticipate the bond process to be reinitiated anytime soon. It's a cheap bonds, 6.25. So we'll probably leave it run until September '26. And the way it's continuing, not just the bond but also on the bridge, we feel that we can pay this with our own means. So we don't foresee any equity issuances or debt capital markets in the coming quarters.

Operator: Then next up is Axel. You may now unmute and ask your question, please.

Axel Styrman: Three questions from me. One, how do you see potential removal of U.S. sanctions on Russian oil to influence the tanker market and the tanker rates? Second question, if the Guinea volumes on the iron ore just started replaces the Australian exports to China. How do you see this outlook, or this influencing the -- your bullish outlook on the dry bulk market on the -- for the large dry bulk carriers? And thirdly, what kind of optimal financing structure, kind of leverage are you looking for after you've taken delivery of your newbuilding program?

Alexander Saverys: Okay. I'll take the 2 first questions, and then maybe, Ludovic, you can comment on our finance structure. So on Ukraine, I think the easy thing to say is that before the fully fledged war started in 2022 or when you look at the effect of the war, it was definitely positive for crude oil tankers. So if we would unwind it, one might say, logically, it will be negative. In our opinion, it's way too early to say. And actually, we don't know. Maybe in theory, relief of sanctions on Russia could be negative for our market because then you unwind everything that has been put in place over the last 2 or 3 years. But in practical terms, I think there will be a lot of different levers that will play an impact on that. So the short answer to your question is we don't know what the impact will be. On Guinea cannibalizing Australian volumes because I think that's what you mean. I think 2 things need to be said there. On iron ore specifically, you have to know that the very beginning, all the volumes are going to China and are actually being transported by Chinese ships, which is taking away capacity. So it's supporting the market in general. Going forward, of course, as we see a ramp-up and there would be any cannibalization, the logical immediate effect is that you're replacing short tonne mile with long tonne mile, so the effect is relatively positive. If on top of that, you would see that the price of iron ore starts

falling, you might push out some producers that have a higher breakeven level. And again, there, we think that we'll rather stimulate the high or the long tonne mile and the short tonne mile. But all in all, cannibalization of volumes of Australian volumes and replacing them by Guinea volumes, we think it will definitely have an impact on the market. But on a net-net basis, it could actually be positive. It's on the...

Ludovic Saverys: And then Axel, on the optimal loan-to-value, I mean, we are indicating a 50% loan-to-value throughout the cycle. We're somewhat north of that. So after the full delivery newbuilding program assimilated, and most of it is going to be end '26. I think out of the \$1.5 billion, we're taking a delivery of \$1 billion worth of ships in '26. So thereafter, it's only a few ships that are on long-term charters. We're definitely targeting the 50%. But in your 50%, I think it's important to look at what is the cost of those financings where we still have some expensive leases on board. We still have bonds. We still have bridges. I think it's also the work in the next 2 quarters to take out, I would say, the more expensive debt, replace it by inexpensive financing, which is readily available for companies like us at this stage.

Axel Styrman: Just a short follow-up. Maybe you partly answered that earlier, but could we then expect a fixed payout ratio, also an explicit dividend policy different from what you have or don't have today thereafter?

Ludovic Saverys: No. I think -- no, we don't have. It's a fully discretionary dividend policy. I think while our balance sheet and our company is still in transition, I think that's an important one to say, we need to keep the flexibility to decide on every dollar that goes down on debt, M&A, newbuilds, rewarding shareholders to share buyback or dividends. So we're not going to go for a fixed payout anytime in the short future.

Enya Derkinderen: Then we have a few questions in the Q&A.; So I will ask them. The first one, is it correct that the 2026 FCF sensitivities assume \$180,000 a day in VLCC rate for the whole of 2026. If so, can you provide more color on the factors behind such an assumption?

Ludovic Saverys: Sure. It's 118, so 1-1-8 and not 180. I think this is not a projection. We are not believing that this could hold on for a year because we don't know. We are in a kind of market where it could go anyway right now. Supply-demand looks positive, like Alex mentioned, we just want to show the free cash flow capacity. If at \$118,000 a day for a full year, for VLCCs, which is relatively small in our spot exposure compared to our dry bulk, where we anticipate \$34,000 on Newcastlemaxes, where actually we're at \$44,000 right now. If you look at the market. So it's just an assumption to show the operational leverage and the free cash flow generation capacity of our company. Hence, it is strengthened by the belief that we'll be able to pay back the bridges and the bonds and our newbuild CapEx just by on cash flow. We're fixing Q4 already, deep down Q4, and we're starting to fix Q1. So Q4 and Q1, there is a good likelihood that we are hovering around elevated levels. Is it going to be 118, we don't know. But is it going to be 34 for Newcastlemaxes, we don't even know as well. This could go up.

Enya Derkinderen: Right. Then the second question, what are your expectations for the Simandou mine opening? How important is the service to the offshore oil market OSV to you going forward? There are some very old vessels in operation by competitors. What are our depreciation rates?

Alexander Saverys: Okay. So on Simandou, I think we've highlighted this already many times. That is, of course, going to be a meaningful impact as it ramps up to its full capacity of 120 million tonnes of extra iron ore. I think on the offshore market, we can be very clear. We have our CTVs for the offshore wind specifically. We have 6 CSOVs, which are a very meaningful investment of close to \$0.5 billion, where we definitely want to continue to fix them well, short term and long term. We have now one extra CSOV XL. If it is successful, if we see traction with our customers, we will definitely order more. And the last question?

Ludovic Saverys: On depreciation rates, we depreciate, I think, 20 years of scrap. Now on OSVs, the scrap is relatively light. So you can assume close to 0, but these are depreciation that we use on the offshore oil vessels.

Enya Derkinderen: And we have one more question live. So Quirijn, you can now unmute and ask your question.

Quirijn Mulder: Quirijn Mulder from ING. I have a couple of questions. My first question is with regard to the tariffs. Have you calculated what the impact was of tariffs on your company, let me say, between

1st of April and the end of September? That's my first question. And the second question is about, let me say, if you look at your fixed contracts, 295, I think 294 in that range. What do you think it will be at the end of 2025? That are my 2 questions.

Alexander Saverys: Yes. Thank you, Quirijn. I'll answer your second question first. We have the intention, of course, to increase it. I think we've been very vocal about that. We want to take more cover when markets are high. We don't have a fixed target because a lot will depend on the market and what people are willing to offer us. But we definitely want to grow our fixed contract cover. The first question on the tariffs. Apart from the effect on the market in general, with rerouting of ships and what this has had on some of our vessel fixtures, we have actually none or very little impact on tariffs. Our container ships -- container ships are the ones that are more affected are chartered out. So there it is, of course, an issue for our customer, but not directly for us. And on the 2 other segments that would call the United States or would carry goods to and from the United States, it's dry bulk and its oil. And on dry bulk, we do very little to the United States. On oil, as you know, this has been exempted. So in short, the impact of tariffs on us, on Cmb.Tech specifically, has been close to 0. Of course, the side effects on the broader market of rerouting of ships and people wanting to have Japanese or Korean built ships to go to China and vice versa for China that we have felt a little bit. But I must say that right now, the effects are very limited.

Quirijn Mulder: Does that also mean that the end of tariffs is -- does not have any impact in, let me say, 2026?

Alexander Saverys: Well, Quirijn, I think now I'm talking as a shipping player in general, tariffs are always bad. We prefer not to have any tariffs because then trade can flow freely, and that means more opportunities for our ships to trade. So again, I don't want to create the wrong impression. We are very much in favor of tariffs going away because that creates more trading opportunities for our ships. But if you go on a macro level, what has happened in the United States compared to our fleet, there the impact has been limited.

Quirijn Mulder: My final question is about the, let me say, the order ratio for the VLCC, Suezmax that is now above 12%, as I understand from your graphs. What is the delivery time of these vessels? That's mostly '26, '27. Is there anything to add to that in terms of when it is coming and what the impact might be?

Alexander Saverys: Yes. So it's 15% for VLCCs and 20% for Suezmaxes, so it's actually higher than the 12% you mentioned. '26 and '27, we don't see any meaningful capacity that can still be added to the order book. But '28, we are seeing new yards or existing yards with extra capacity still coming on stream. So that number by 2028 could still go up. That's my belief.

Ludovic Saverys: And today, Quirijn, if you would want to jump on these slots, I mean, we had 1 shipyard in China offering early slots for end '27 and begin '28. But any conventional yard, as you see in the news flow on the specific shipping news, you are starting to talk end '28 if you deliver -- if you order today, beginning '29, even 2030. So shipyards are getting filled up with the current slots. As Alex mentioned, you can have new yards, you can have new capacity coming online as well. But definitely, the traditional delivery time for VLCC and Suezmaxes are quite long now.

Enya Derkinderen: We have 2 additional questions written. So the Q4 2025 bookings for VLCCs look low versus the market rates. Can you comment on why?

Alexander Saverys: It has to do with the trips that our vessels have been doing. And I'm supposing people are referring as well to some of our peers. There's some creative bookkeeping, sometimes load to discharge or discharge to discharge. But there is also a fact that some of our vessels are slightly older and of course, are earning less than more modern vessels that are operated by our peers. We just took delivery of one very modern ship, but we still have some tonnage, which is 13 years old and which is logically then earning a little bit less because the vessels burn more fuel.

Enya Derkinderen: And then the last one, can you discuss the relationship between News and Capes historically? And going forward, will this change go forward?

Alexander Saverys: Well, the relationship is they move the same cargo. One ship is just 5 meters wider and carries 25,000 to 30,000 tonnes more. Capesizes traditionally have been the workhorse of the fleet, but Newcastlemaxes are taking this over now because it is relatively cheaper just to build a slightly bigger ship than a Capesize of 180,000. So same cargo, same trades.

Enya Derkinderen: Perfect. I think that concludes the questions.

Alexander Saverys: All right. Well, then we will close this earnings call by thanking all of you for having dialed in and looking forward to speaking to you in the following weeks, months or maybe on the next earnings call. Thank you very much.

Ludovic Saverys: Thank you. Bye-bye.