

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

EURN.BR - Q4 2019 Euronav NV Earnings Call

EVENT DATE/TIME: JANUARY 30, 2020 / 1:00PM GMT



## CORPORATE PARTICIPANTS

**Brian Gallagher** *Euronav NV - Head of IR & Communications*

**Hugo De Stoop** *Euronav NV - CEO*

**Lieve Logghe** *Euronav NV - CFO*

**Rustin Edwards** *Euronav NV - Head of Fuel Oil procurement*

## CONFERENCE CALL PARTICIPANTS

**Amit Singh Mehrotra** *Deutsche Bank AG, Research Division - Director and Senior Research Analyst*

**Benjamin Joel Nolan** *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

**Espen Landmark Fjermestad** *Fearnley Securities AS, Research Division - Equity Analyst*

**Manuel Garcia;Managing Director;Anchorage Capital**

**Michael Webber** *Webber Research & Advisory LLC - Managing Partner of Export Infrastructure*

**Omar Mostafa Nokta** *Clarksons Platou Securities, Inc., Research Division - Head of Shipping Research & Analyst*

**Randall Giveans** *Jefferies LLC, Research Division - VP,Senior Analyst & Group Head of Energy Maritime Shipping*

**Sean Edmund Morgan** *Evercore ISI Institutional Equities, Research Division - Analyst*

## PRESENTATION

### Operator

Hello, and welcome to the Euronav Q4 2019 Earnings Conference Call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Head of Investor Relations, Brian Gallagher. Please go ahead.

---

**Brian Gallagher** - *Euronav NV - Head of IR & Communications*

Thank you. Good morning and afternoon to everyone, and thanks for joining Euronav's Q4 2019 Earnings Call.

Before I start, I would like to say a few words. The information discussed on this call is based on the information as of today, Thursday, the 30th of January 2020, and may contain forward-looking statements that involve risks and uncertainties.

Forward-looking statements reflect current views with respect to future events and financial performance, and may include statements concerning plans, objectives, goals, strategies, future events, performance, underlying assumptions and other statements, which are not statements of historical facts.

All forward-looking statements attributable to the company or to the persons acting on its behalf are expressly qualified in their entirety by reference to the risks, uncertainties and other factors discussed in the company's filings with SEC, which are available free of charge on SEC's website at [www.sec.gov](http://www.sec.gov) and on our own company's website at [www.euronav.com](http://www.euronav.com).

You should not place undue reliance on forward-looking statements. Each forward-looking statements speaks only as of the date of the particular statement, and the company undertakes no obligation to publicly update or revise any forward-looking statements. Actual results may differ materially from these forward-looking statements. Please take a moment to read our safe harbor statement on Page 2 of the slide presentation.

With that, I will now pass on to Hugo De Stoop, our Chief Executive, to start with the agenda slide on Slide 3. Hugo, over to you.



**Hugo De Stoop** - Euronav NV - CEO

Thank you very much, Brian. I'm very pleased to introduce our new CFO, Lieve Logghe, who is with us for the first time on this call, and I'm equally pleased to have Rustin Edwards with us, who is our Head of Fuel Procurement.

I will run through the Q4 highlights before passing on to Lieve, who will provide a financial review of the income statement and balance sheet. We will then together, look at the current themes in the tanker market and take your questions at the end of our prepared remarks.

Let's turn to Slide 4. Q4 saw the strong freight markets we've been expecting through most of 2019. The underlying fundamentals have been the key driver behind the remarkable rate increases we saw in Q4.

The demand coming from the refineries was strong, as they returned from a prolonged period of maintenance and preparation for IMO 2020. During the quarter, demand growth running at an annualized rate was more than 1.5 million barrels per day. Of course, a number of exceptional factors drove the spot market to very high rates during October. But on average, the rates for both VLCCs and Suezmax were the highest seen for the quarter since 2008. This elevated rate environment has continued into 2020, which is yet another sign that the fundamentals of our markets have improved as normally rates softened over the Christmas holiday period.

On another note, we are pleased to confirm that Euronav will adopt the new Belgian corporate code in 2020, allowing us to pay dividends on a quarterly basis. This will permit us to better align the cash flows from our business with our shareholders.

In addition, today, we announced our proposal to pay \$0.29 dividend per share covering the second half of 2019. This will bring the total dividend for the year at \$0.35 per share. This is, indeed, 80% of our net income after adjusting for capital gains. In addition to dividends, in fact, Euronav bought back the equivalent of \$30 million worth of shares. So in fact, just for the year 2019, we are returning to our shareholders, \$105 million or almost \$0.50 per share.

The good news is that the first quarter of 2020 so far is even stronger than Q4 2019. We have booked around 60% of the quarter at close to \$90,000 per day for VLCCs and \$57,000 per day for Suezmax.

Recently, rates have softened, but are still at decent levels to around \$45,000 per day for VLCCs. The sentiment has shifted for the moment, much because of the outbreak of a respiratory virus to coronavirus in China. The full macroeconomic impact is still being assessed at the moment.

With that, I will pass on to Lieve, who will run through the financials.

**Lieve Logghe** - Euronav NV - CFO

Thank you, Hugo. I'm very excited to join Euronav, and I look forward to meeting most of the people present in the call in the near future. Let us have a look at the P&L. The operational leverage of our business is clearly illustrated in Slide 5. Euronav booked a spectacular profit in Q4 amounting to \$160 million compared to a breakeven result in Q4 last year with a similar cost base.

Moreover, capital gain was realized on the sale and leaseback of 3 of our older VLCCs just before year-end. We sold those ships at \$23 million above their book values. In accordance with IFRS 16, a capital gain of \$9.3 million will be booked, as it represents the portion related to the rights retained in the underlying assets by the buyer at the end of the lease.

The remainder of the \$23 million will be recognized over the leasing periods. The Euronav balance sheet remains strong and robust, as shown in Slide 6. Leverage on mark to book values remains in the mid 40%, which leaves a lot of flexibility.

Our cash position at year-end was \$297 million, which is slightly more than prior years as it was augmented at year-end, thanks to the sale and leaseback.

Euronav has no outstanding CapEx when it comes to new buildings, whilst in 2020, we will take 60 ships through their regular survey in dry dock. 6 of those ships will require installations of ballast water treatment system.

I will now pass back to Rustin to run through current issues, starting with the fuel spreads post IMO 2020.

---

**Rustin Edwards** - Euronav NV - Head of Fuel Oil procurement

Good afternoon. The development of the fuel markets leading into and after the IMO 2020 transition have been remarkable. High-sulfur fuel oil was looking to follow the predictions of most analysts in November, as high-sulfur fuel oil crack was steadily dropping, collapsing flow minus \$30 per barrel, and the high-sulfur fuel market structure moved to a \$45 per mt ton contango for calendar 2020.

Very-low sulfur fuel conversely increasing value on a wholesale basis, especially as shipping companies began the work to supply ships with compliant fuel in late November.

December, however, painted a much different picture than what people were expecting, and that picture continues to develop today. The upper left chart shows that in early December, high sulfur fuel oil commenced to rally with the [front-month] crack moving from a minus USD 30 per barrel to minus \$17 per barrel of a high from the last week. The market structures put contango at the backwardation and remains in backwardation. The upper right chart shows that the very-low sulfur fuel oil predictably started the rally in early December, spiking in early January as shippers scrambled to get compliant fuel bunker of supply to their ships. And it has started to reach a market equilibrium as in the initial panic buying has waned and now very-low sulfur fuel supply/demand has steadied out. Why such an diverging story?

The refinery sector is very efficient, setting up and executing the transition into IMO 2020. Refineries were able to find alternative crude slates that dramatically reduced their high-sulfur fuel oil yields. As an example, the U.S. Gulf Coast refining system retooled in Q3 to bring in high-sulfur fuel oil for full destruction, increasing coke utilization and moving out light sea crudes in the process.

The Indian refining sector also played a part as well, ramping up the refining of high sulfur fuel oil into distillates.

So in the end, the Russian refining system, which was long high-sulfur fuel oil found a home for the fuel that they produce and has been shipping large parcels into the U.S. Gulf Coast and the Middle East refineries long high-sulfur fuel oil have also a taker in the Indian refiners for the residual that was not going to be consumed by the scrubber fit investments.

Very-low sulfur fuel oil has been well supplied in most market regions, resulting in a steady supply of compliant fuel, although with a variety of specifications, depending on the blend.

Price-wise, the spread between the high-sulfur fuel oil and very-low sulfur fuel oil has been volatile, as can be seen in the chart on the lower left. It had a spike in the end of December and in the beginning of January, up to \$320 per ton, but is now coming off as the stronger-than-expected high-sulfur fuel oil market has moved the spread into an average of \$225 a ton on the [props]. The calendar 2020 spread is now at a \$195 per ton, and the calendar '21 is marked around \$145 a ton.

The forward market is showing a continued squeezing of the high-sulfur fuel oil versus low- sulfur fuel oil spread as higher demand for high-sulfur fuel oil is substituting the current very-low sulfur fuel demand, and as can be seen in the bottom right chart.

From a price perspective, Euronav has been insulated from these market moves from the stocks that we have on the Oceania, which were purchased at \$47 of high-sulfur fuel oil in early 2019.

Some of the predictive quality issues from the transition have materialized in the very-low sulfur fuel oil market. There has been quality issues as blenders were more focusing on meeting a sulfur specification rather than the holistic fuel oil quality. Assaulting fallout seems to be the majority of issues but also some performance specifications are becoming problematic. Blenders had been mixing large amounts of distillates into the very-low sulfur fuel oil, which results in a very low viscosity fuel oil, which can be used for a short duration, but for most ships require a special

handling if being used at load over a long voyage. This has prompted Platts to start enforcing a minimum viscosity requirement for the merchantability of very-low sulfur fuel oil traded in the market on closed window process in Houston, Rotterdam, Singapore. Euronav again has been protected from this as we have our known quality in hand that we have tested, and we've been having negligible impact to our operations.

We continue to being able to have our vessels perform their charters to our customers safely and efficiently as we always have.

---

**Brian Gallagher** - Euronav NV - Head of IR & Communications

Thank you, Rustin, for that thorough run through and -- through the fuel spread issues and Euronav's positioning within it. This is Brian Gallagher, Head of Investor Relations, at Euronav. And I'd now like to move on to Slide 8 in the presentation deck.

On our website and in the press release today, we have highlighted that Euronav has today given an update on the IMO webinar from September, so investors can assess how our outlook has progressed and how it compares to what we said on September 5 last year.

One feature we did highlight as a potential driver was the development of China looking to produce compliant low-sulfur fuel oil. Earlier this month, China announced that it was taking away a levy and VAT duties on the domestic production of low-sulfur fuel oil. We believe this is a very important development. Over the next 12 months, around 1 million barrels per day production of this new compliant fuel could come into play. This output is important, but it's also important to stress that it will not be available on the world's markets to buy, but only available to Chinese shippers.

However, this potential increase in compliant fuel availability is material and something we highlighted 5 months ago. This is also given in more detail on Slide 8.

Moving on to Slide 9. In the large tanker shipping vessel market, supply is everything and is a key variable to focus upon. 2020 will again see sustained levels of disruption, which we highlighted in this slide.

42 vessels are due for delivery during this year, which is a headwind, but if the IEA demand forecast is correct for 1.2 million barrels per day, we estimate this will require 36 VLCCs itself to meet this increased demand.

Beyond that, the Iranian vessels, IMO-related storage, long-term storage, for COSCO VLCCs and VLCCs leaving the fleet for retrofits, will, on an annualized basis, take out around about 120 VLCCs over the course of 2020, as you see on Slide 9.

In addition, 28 VLCCs will reach their 20th anniversary during this year and will require a special survey on which the owner will have to make significant potential capital investments in a vessel with a limited addressable market. It is very encouraging that 3 such VLCCs have already, this calendar year, gone to the scrapyard despite base of high freight rates.

As the slide shows, over 70 vessels in all, including these 28 will be aged over 20 years during 2020. That is more than the current order book of 64 VLCCs according to Clarksons.

Finally, there's a lot of speculation regarding the 26 COSCO VLCCs which have been out of action since October. We would like to make 2 points here. These ships are all anchored in the Far East, and it will take time for them to return to the global fleet as and when sanctions are lifted.

So this will not be an income deterrent. Secondly, it's highly likely the return will coincide with Phase 1 of the U.S.-China trade deal announced recently, meaning that some of these vessels will be absorbed into this trade accord.

Now moving on to Slide 10 and the share liquidity and a big change for Euronav during Q4 2019. On Slide 10, we focus on share liquidity, which is something that investors have correctly focused upon for a long period of time. Euronav is now the most liquid share in the large tanker space with around about \$50 million worth of value traded each day on average in our shares year-to-date. This is across 2 exchanges, with a market cap over \$2 billion and trading liquidity, meeting many of our investor thresholds, this will allow investors to participate in what Euronav will be at the early inning of a sustained tanker cycle.



With those remarks, I'll now pass back to our Chief Executive, Hugo De Stoop, for an executive summary.

Hugo, over to you.

---

**Hugo De Stoop** - Euronav NV - CEO

Thank you, Brian. We are now on Slide 11. Euronav maintains a very constructive stance on the tanker cycle for the next years to come, with all of our traffic lights showing green or green amber. As mentioned, 2020 has started strongly. And whilst we can continue to expect volatility in freight rates throughout the period, we believe that rates will be strong on averages. While markets will, however, and, as always, be influenced by external geopolitical and macroeconomic factors, which are hard to predict, but we believe that the fundamental pillars present today should enable the industry to cope with those with much more flexibility than what we have had in the last decade.

The order book for large tankers is a 25-year low. Vessel ordering remains limited and the age profile of the world fleet is very constructive. In addition, the recent Phase 1 of the U.S.-China trade agreement should support our markets as an important feature of the deal itself is about export of energy into China.

With that, I conclude our prepared remarks, and I pass back to the operator. Thank you.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) And the first question comes from Randy Giveans with Jefferies LLC.

---

**Randall Giveans** - Jefferies LLC, Research Division - VP, Senior Analyst & Group Head of Energy Maritime Shipping

And yes, congrats on the new role, Lieve, the last CFO left you with a pretty low bar. So I'm sure you'll do better than him. So just...

---

**Lieve Logghe** - Euronav NV - CFO

We'll try our best. Thank you.

---

**Hugo De Stoop** - Euronav NV - CEO

We definitely improved somewhat much better than the previous year, so I can tell you that.

---

**Randall Giveans** - Jefferies LLC, Research Division - VP, Senior Analyst & Group Head of Energy Maritime Shipping

For sure, for sure. All right. So a quick question on the LSFO that you bought forward. How much of an impact has that kind of prepurchase fuel had on your time charter equivalent in the fourth quarter and especially in the first quarter-to-date? And then what's the plan kind of going forward with that LSFO that you still have? Is it solely going to be used on Euronav vessels? Or are you going to kind of take advantage of the high prices and sell it to third parties now?



**Hugo De Stoop** - Euronav NV - CEO

Well, Randy, that's a very good question, but it's a little bit the questions early in the first part, which is impossible to answer. And the reason why it's impossible to answer is because as -- I mean, in the presentation, and you've heard Rustin, there's been quite a lot of volatility in the price of LSFO, in the price of HSFO. And obviously, these are the 2 products that we compare ourselves because when we purchase this LSFO sort of early and middle of last year, it was at a price. It seemed, at that time, very attractive and which seems has been even more attractive. But in order to quantify exactly the advantage, you would need to look at the market almost on a daily basis, and you are not fixing ships on a daily basis, so you can only compare to averages.

And as I said, the average so far is probably too early to tell because we have started the quarter on relatively high spreads. And the spread was made of a relatively high LSFO price. So you know the price at which we have acquired our LSFO, we have repeatedly said on many occasions, that was \$448. So at times during the quarter so far, so during the month of January, it was up to \$150 lower than the peaks that we have seen. But then who has bought that material at that peak? That's a little bit the question. And the same goes if you want to compare us to the guys equipped with the scrubber while it depends when they bought their own fuel and at what price it was at that time.

So I think we will have to wait until the end of the quarter to see the real difference that we have with our peers. And as you know, our peers have a mixed fleet, fleet with scrubbers, fleet without scrubbers, and I think that at that time, we'll be able to say, okay, our advantage was so much on average for the quarter compared to nonscrubber ships and/or disadvantage because, for sure, there will be some disadvantage. And pricing will be so much, and then we'll be able to see going forward, whether the strategy continues to make sense, if we need to buy more because there is continuously arbitrage in the market depending on where you buy the LSFO, or whether we need to look more seriously at a scrubber strategy, which we have said for a long time now that we continue to assess the benefits of, and we will decide when we see some sort of stability in the market.

To answer the second part of your question very quickly, yes, that fuel is only for us. Sorry, guys, we're very selfish.

---

**Randall Giveans** - Jefferies LLC, Research Division - VP, Senior Analyst & Group Head of Energy Maritime Shipping

Noted. All right. And then, I guess, just following up on kind of the new dividend policy. Obviously, the 80% of net income going forward, how do share repurchases kind of factor into that? Like you mentioned, you purchased a bunch in 2019. Share price has obviously pulled back here in the last month. So how do you view share repurchases in accordance with the 80% dividend payout policy?

---

**Hugo De Stoop** - Euronav NV - CEO

Yes. So 2 things to mention there. Thank you for asking the question, that gives us the opportunity to clarify. 80% is the total return to shareholders, and we consider share repurchase as a part of return to shareholders. So you have seen that in -- sorry, in 2019, we far exceeded our policy because we are returning 80% of our P&L. And in addition, we have done \$30 million worth of share repurchase. It doesn't mean that we will always do that. We have indicated a target and the targets -- the word target was precisely chosen because that's what we are aiming at. But obviously, if we can do more, we will do more. I think that the big change in '20 is the fact that we can distribute dividends on a quarter-per-quarter basis, which, quite frankly, is an advantage for the investors because as opposed to what we have done in the past, we're looking 1 quarter at a time. In the past, we were more looking at the year, and so the -- some of the profits were compensating some of the losses. Going forward, that's not going to be the case. You look at the quarter, you distribute -- you have a target of 80% for that quarter, you distribute it, and if the next quarter, you do a loss, then you only have a fixed dividend, but you don't get back what you have already distributed. So I think that's a significant advantage in a volatile market, and it gets our results closer to the shareholders.

Then, of course, on share repurchase, I think the philosophy of this company has always been the same, which is we don't rush to buy back our shares. So if there is a weakness in the share price, I think that we want to see a little bit whether it's a temporary weakness or whether it's more permanent. And if it's more permanent, then obviously we are thinking very seriously about it. We can come back on that. But at the moment, the weakness in the share price is pretty recent. We were actually quite upbeat about the share price performance in the latter part of last year, and certainly, in the first 10 days, 2 weeks in January, where we're finally getting a share price that was above our NAV, which is always our objective.

So we're disappointed about what's going on at the moment, but we also understand that there are exceptional circumstances around here. And that's true for everyone.

So before deploying some capital and share repurchase, I think that we see -- we need to see how long and how deep it will go, because if you buy today, and maybe tomorrow, it will be weaker, or maybe tomorrow, it's going to be stronger. But if it's stronger tomorrow, then it was just a temporary weakness. If it's deeper tomorrow, then you better wait before deploying your capital.

---

**Operator**

The next question comes from Mike Webber with Webber Research Advisory.

---

**Michael Webber** - *Webber Research & Advisory LLC - Managing Partner of Export Infrastructure*

I wanted to touch base first on the impact of initial versus subsequent loadings of different blended fuels. It's a little bit early to see an impact yet, but I'm just curious. We're hearing some rumblings that it's causing an issue, and it's going to be a bit unpredictable. But I'm curious, as you look at Q2 and maybe Q3, do you think those issues could create a measurable impact in terms of available tonnage? And how do you think the sector ends up responding to that?

---

**Hugo De Stoop** - *Euronav NV - CEO*

I think it's a bit early to tell. I mean it's true that what we are seeing -- the material that we are seeing in the market is a mix of straight runs that have been accumulated over the year '19, that was certainly the case for us. But as you know, there were a number of ships out there with LSFO material waiting to be consumed after the deadline of 31st of December.

I think going forward, you will continue to see a number of refineries producing straight runs of LSFO, that shouldn't be a problem. Then you're going to have probably more material hitting the market that are the result of a blend. And indeed, our experience in the past has showed us that you need to be extremely prudent with those blends. If the seller -- and you want to get as close as possible to the people who are mixing it, basically, who are blending it, but if the seller has demonstrated to you that this product has been blending in a very similar way that in the past, it has been sold in the market, and there were no issue, then you can be confident that the chances are there will be no issue. But I agree with you that Q2 and Q3 may see a little bit more untested material, and we can only advise people, that -- starting with ourselves, to be prudent on what they buy. Obviously, everything that we have on the Oceania has been thoroughly tested. We have mentioned that many times, and we're good to go for at least Q1, Q2, and probably a little bit more than that. Anything else that you want to add, Rustin?

---

**Rustin Edwards** - *Euronav NV - Head of Fuel Oil procurement*

Well, just on the quality issues that are existing in the market today, I mean, there are a lot of issues around stability that have popped up. It's been reported in a lot of the different industry publications as well as from the different testing societies, such as VPS and Lloyd's. And that seems to be the predominant of the biggest problems we're seeing where people are just blending for a sulfur and not blending for quality. Hopefully, as time goes on, people will get better at what they're doing, and the stability issues should go away. But as cost is always a big drivers to the blenders' P&L, maybe not.

---

**Michael Webber** - *Webber Research & Advisory LLC - Managing Partner of Export Infrastructure*

Okay. No, that's helpful. I appreciate that. It's not an easy question to tackle. Just as a follow-up, Hugo, just with respect to the fuel hedge, and what we're looking at right now in terms of, it's a bit of an exogenous demand shock in terms of coronavirus kind of layered on the Chinese New Year, is there a scenario where we see prices collapsed to the point where you would consider re-upping that fuel hedge and extending it further? And how realistic do you think that is?





---

**Hugo De Stoop** - *Euronav NV - CEO*

I mean you know us. I think we can call ourselves very opportunistic. We have a team that is fully dedicated to fuel at the moment, and Rustin is heading the team. And we are in the markets, not only in front of the screen, but we are also talking to people outside. And as I mentioned earlier, on the first question, we see quite a lot of arbitrage from time-to-time. Certainly, the markets are behaving very differently between the Far East, Singapore and the Atlantic, specifically in Rotterdam. So yes, yes, why not? I think that we might do it in a slightly different way because the first time when we did last year, our objective was to fill up the ship here. It's going to be more opportunistic around 1 cargo at a time and make sure that when we buy that cargo, we are as good as possible of consuming that cargo. So we are not taking sort of time risks that are unnecessary.

---

**Michael Webber** - *Webber Research & Advisory LLC - Managing Partner of Export Infrastructure*

Right. And would it be fair to assume you need to be near your original cost basis? It's a question that wasn't really pertinent in -- earlier in January, just given the severe discounting we've seen since it's going to come back on the radar?

---

**Hugo De Stoop** - *Euronav NV - CEO*

Well, we're still very far from the \$448 that we are reporting, don't forget that the \$448 we have reported is including a lot of extra cost to deliver the material to set up -- I mean, to clean up the ship in order to make sure it wasn't contaminated. So the real cost of the fuel itself is probably lower than that. So we are very far from hitting those territories for sure, but rest assured, I mean, we are paying attention.

---

**Operator**

The next question comes from Jon Chappell with Evercore.

---

**Sean Edmund Morgan** - *Evercore ISI Institutional Equities, Research Division - Analyst*

This is Sean Morgan on for Jon today. So we know it's obviously pretty early and difficult to gauge the impact of coronavirus. But as part of TI, your major VLCC operator, do you think there's any impact on your business so far? And have you seen any impact on chartering or any disruptions to the port in terms of loading or unloading?

---

**Hugo De Stoop** - *Euronav NV - CEO*

The short answer is no. But why don't I take this opportunity a little bit to share our view on the coronavirus. I mean first of all, it's bad news. Let's not pretend that it's anything else than bad news. And it's especially a disaster for those who are affected. So let's think about them for a minute. The impact is definitely uncertain. In the short term, it's negative. It's certainly not positive, but that's in the short term. In the long term, I guess that everybody is convinced that it will be contained. So to a certain extent, you want those measures to be as strong as possible, so that the virus is contained as quickly as possible. And I mean, believe us, it may take time. It may take a little bit of time, but it will be contained.

The third point that is very important to mention is that Euronav business model is to be able to weather all the storms because we know that there is always something that can affect us or that can affect our margins. That is completely unpredictable. And I think that the model has demonstrated its strength in the past and will continue in the future. So that's probably the only assessment that we can do at the moment. But there's always the sort of a long-term positive sides to it. First of all, if you think about what happened in just the first initial days of the year, there was a pretty big heat-up on the values of vessels. I mean VLCCs have been exchanged at \$107 million, and you compare that to \$90 million that you can get at the shipyard, 14 months down the road, that's \$40,000 per day of profit, \$40,000 per day above your OpEx, so \$70,000 TCE that you need to print on average for 14 months to justify that price. But I think those prices were probably exacerbated by the excitement around the rate, but quite frankly we don't believe that they were justifiable.

The second potential positive news is that, as Brian said, there are 28 ships turning 20 years, 20 years old in 2020. I think that we are making the decision to recycle them a little bit easier if the market goes through a more difficult times for a few months because if these will demonstrate that the market is still volatile, and if you want to invest a lot of money to pass that survey, you better make sure that you're going to have a return for your buck. 2 weeks ago or even last week, there was a couple of reports pretending that 46 COSCO ships were going to return to the market. Well, first of all, it's 26, that's the only number of ships that have been idle. Believe me, with the virus, they are unlikely to come back very soon.

The next point is probably that if we look at other terrible viruses that had spread out in the past, what we know for sure is that once it's contained and things go back to normal, they don't go back to normal. There is a huge stimulus usually made by China, but also by other economies to try to catch back a little bit what has been lost during the period. And so if you predict that it may take a few weeks or a few months, what you have today is a fantastic Q1. I mean no matter what the rest of the quarter will be, it will be a great Q1. Then you will have the summer, which is never the period for which we count to make the year. And then chances are, we're back in winter with a super strong market. So depending on how things turn out, it should be a great year.

And as far as capital markets are concerned, I mean this is a purpose of the call, this is a fantastic entry point in tanker shipping companies. And with Euronav, of course, you have a guarantee to be paid because we just announced we're going to pay a dividend. We have announced that we will pay quarterly dividend, so we're going to be paid for '19, you're going to be paid for '20. So you're going to be paid for to wait until there is the upside. And if that upside is not as quickly coming, as I just expressed, you are in a company with a super strong balance sheet that can weather any storm. So yes, it is a terrible news. Yes, it is completely unexpected, but quite frankly, if I was an investor and I was attracted by the sector, I know where I would put my money.

---

**Sean Edmund Morgan** - *Evercore ISI Institutional Equities, Research Division - Analyst*

Okay, great. So it sounds like a pretty comprehensive answer, but no disruption so far. So I guess, we'll continue to monitor that. You did mention in your response, the COSCO ships, so I guess that kind of is a good lead into my second question. Supply is obviously an important driver to the cycle. Of those 120 vessels from Slide 9 -- or Page 9 that are out of trading, what's the base case return number you guys are thinking in terms of those 120 vessels that will return sometime this year? Like what's your base case?

---

**Brian Gallagher** - *Euronav NV - Head of IR & Communications*

Well, Sean, it's Brian Gallagher here. And I think what we want to try and get across with the slide here is to say that this disruption is, as it says on the slide, going to be constrained and probably sustained. The 26 ships, as Hugo said in his remarks as well, we would expect to see some flowback of those. There potentially will also be some flow back from ships, which have been driven by and motivated by IMO-motivated storage, but apart from that, it's very difficult to see the other categories of those ships coming back. The VLCC retrofit is an annualized number based on consensus figures of 96 Vs to go and be retrofitted over this year. So I think the only real element we would see about 120 of those COSCO ships, and, of course, that is wound up with the U.S.-China Phase 1 deal and the fact that they're positioned in the Far East. And as Hugo said as well several times in this call already, we don't expect those ships to return back to the market very quickly as and when they are given permission to do so. So that would be the only real moving part we would see out of the 120.

---

**Sean Edmund Morgan** - *Evercore ISI Institutional Equities, Research Division - Analyst*

Okay, great. So about 75% of those will remain out for the year. All right. That's all I have.

---

**Operator**

And the next question comes from Chris Wetherbee with Citi.

---



**Unidentified Analyst**

[James] on for Chris. I wanted to touch on the scrubber installations in your -- I think you called out 16, wanted to get a sense of when those 16 vessels might be returning to the market? And if there might be another wave of scrubber installations on the back of that as well?

---

**Hugo De Stoop - Euronav NV - CEO**

Well, that's a very similar question to the one we just answered. But so the 16 is an annualized number. So in fact, it's close to 100 ships that have order scrubbers, and that needs to be scrubber fitted. So they will go in the yard and will return from the yard after the retrofit, which, on average, we understand is 35 to 40 days. That's the figure that we got from the market, obviously, not from our own experience. And then who knows, I mean, it depends where the spread is going. I mean there's, I suppose, a lot of people like us who are waiting to see where the spreads stabilize in order to take their decisions, but [we are busier] than they were last year. And so things should get better and better. And then the total number of retrofit will depend on where the spreads have got.

---

**Unidentified Analyst**

Got it. And then in terms of dry docking, I think you called out 16 vessels that will be dry docked in 2020, what level of off-hire should we expect for that? And then what would that be relative to what you experienced in 2019?

---

**Hugo De Stoop - Euronav NV - CEO**

I mean 2019, it was a very light year. We only had one, and well, there's almost 2 dry docks. I mean 1 was over the year-end. So nothing to compare 1 year with the other. In 2020, 16 ships, on average, they say VLCCs, it's 21 days, Suezmaxes are a little bit quicker, 18, 19 days. But 6 of those 16 ships will require ballast water treatment system to be installed. And so we are likely to take 4 to 5 additional days compared to a normal dry dock to do that.

---

**Operator**

And the next question comes from Ben Nolan with Stifel.

---

**Benjamin Joel Nolan - Stifel, Nicolaus & Company, Incorporated, Research Division - MD**

So I had a -- first of all, just sort of given the outlook that Brian laid out with the green lights and amber and so forth, I'm curious how you think about asset values here? I mean obviously, you're optimistic with respect to the current market and the outlook and everything else. Do you feel that's appropriately reflected in asset values? Or would you potentially be buyers of assets in this market?

---

**Hugo De Stoop - Euronav NV - CEO**

Well, we've partially answered the question earlier with -- when I mentioned that \$107 million, when you compare that to brand new ship that you can order in current shipyard at \$90 million. It's very difficult to justify, and that's a little bit the nature of the market at the moment. If you look at the TCE, if you look at the historical asset value performance versus the spot market, then we should probably be a little bit higher than what we are today. But that's not really how it's going to play out this time because the yards are, I wouldn't say pretty empty, but the order book is pretty low, as you know, and as we mentioned in the presentation, which means that we are unlikely to see any inflation in the prices of new buildings. So that will probably anchor down the potential increase in values of the secondhand tonnage. So we will always have a premium to pay when the market is good because -- well, the asset is on the water and ready to earn immediately. But nevertheless, it's going to be tracked by the fact that the first berth available for new buildings are 14 or 15 months down the road. And so you just made the calculation that I just did for you.

Other than that, I think we have already seen a pretty nice uptick compared to the bottom of the market. So we don't expect to see much more, and quite frankly, for the prompt super-modern sort of resale of new deliveries is likely to go down. Are we buyers? I think that we are opportunistic. And so it depends on -- some of those ships are called ships for shares. And so it depends where your share price is trading. I mean obviously, we're not happy at all with our share price at the moment. But if we were to create at NAV or above NAV, would we exchange that for a ship at NAV, why not? Our purpose is still to consolidate. When it comes to a cash payment, then we need to be more conservative than the numbers we've seen so far this year.

---

**Benjamin Joel Nolan** - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Okay. That's very thorough. I appreciate that, Hugo. And then just as my follow-up, in the past, particularly in the Suezmaxes, you guys have taken time charter coverage, market's pretty good. Have you been at all active in that? Or any thoughts on potentially doing so?

---

**Hugo De Stoop** - *Euronav NV - CEO*

The volume of time charter contracts that are available in the market is very thin. So that you don't have so many opportunities. And in fact, you probably have less opportunities in the last 3 months or 4 months, simply because the market has been extremely volatile, extremely volatile on the way up. I was quickly going to the \$100,000 a day, very little distraction over the Christmas holiday. And then suddenly, a massive drop. So I think that everybody is looking at each other in the eyes and thinking, on one side, this is too high and on the other side, this is too low. And that's what we call the bid offer spread. And we need to see a little bit more stability. And I know it's asking a lot for our markets because most of the time, we don't see that, but at least some visibility. And I think that some of the events affecting the market at the moment, and we spoke a lot about the virus. It's just too unpredictable. So careful to start signing long-term contracts.

---

**Operator**

And the next question comes from Greg Lewis with BTIG.

The next question comes from Amit Mehrotra with Deutsche Bank.

---

**Amit Singh Mehrotra** - *Deutsche Bank AG, Research Division - Director and Senior Research Analyst*

Hugo, so I guess there were some trade reports 10 days ago or so that Euronav was carrying out inquiries with scrubber suppliers. I just wanted to know if you can expand on that, either confirm or deny that. And then I understand the spread has come in. I think that's obviously clear. But maybe one of the issues can be because the price of crude oil is down over 15% since January. So I want to understand your thinking around scrubbers. You kind of alluded to it a little bit earlier, but I would like you to expand on it because in the premium that's currently being achieved, there is a sizable premium, at least on a TCE basis for scrubber-fitted vessels. And the fact of the matter is the spread could just be a reflection of some transitory reduction in the input costs and can kind of widen that back out. So it would be great to just get your perspective on that.

---

**Hugo De Stoop** - *Euronav NV - CEO*

Yes. No, absolutely. So the first part of the question is whether or not we're going to sell scrubbers and the answer is the same, as we have mentioned since September last year. We're not against scrubber. We're not pro scrubber. But we're certainly against speculative investment because we are speculative enough in our traditional business, I would say. So we are looking at the market. We look at the price of HSFO. We look at the forward curve of LSFO, and then we look at the time that it would take to install a scrubber. We want to minimize the time as much as possible.

The only way to minimize the time is to be prepared. How do you prepare yourself? Well, you make the planning for the ship. Certainly, the ships are going to dry dock because, obviously, you don't want to take ship out of the trading fleet when the margin is good. And in order to do that, you need to go and contact dry docks, shipyards. You need to go and contact the scrubber manufacturers, and you probably need to go and

contact some consultants, who are specialized and who've gained the experience, so that if you decide to do it, it's going to be done in a very smooth way. So it's totally normal that the market is talking about Euronav engaging with scrubber specialists. And I'm sure and I would be pleased to hear that you continue to hear that because that's absolutely true. We're taking the matter very seriously just to minimize the time that it would take us to install in case we see an economic benefit, and also in case we can, to the extent possible, lock in that economic benefit and de-speculate the investment.

As far as the second part of your question, maybe I should give the word to Rustin, but I will maybe introduce. The spread has nothing to do with the oil price. The movement of each individual pricing -- of each individual product, sorry, has to do with the oil price, but the spread has nothing to do with the oil price, no.

---

**Rustin Edwards** - Euronav NV - Head of Fuel Oil procurement

Well, in relation to the value of high-sulfur fuel oil, and it has appreciated greatly in value versus crude, and that was happening even before the sell-off in the crude over the last 2 weeks. Again, if you look at the back of the high-sulfur fuel crack and the prompt in December, it was minus \$0.30 at the end of December, minus \$0.20, last week or even yesterday, it was pricing around minus \$0.17 and \$0.25. So in that case, it is the relative value that high sulfur has appreciated in value, and it's not -- it has very little to do with the actual flat pricing with it on crude. Has more to do with the actual...

---

**Amit Singh Mehrotra** - Deutsche Bank AG, Research Division - Director and Senior Research Analyst

So do you have a fundamental view that the price of high-sulfur fuel oil is going up when half of demand for high-sulfur fuel oil is going away?

---

**Hugo De Stoop** - Euronav NV - CEO

Yes. So the answer is yes. And everybody around the table is saying, yes, but maybe we should tell you a little bit more because in your question, you implied that half of the demand is going away. And that's maybe where we defer because -- in our opinions, of course.

---

**Rustin Edwards** - Euronav NV - Head of Fuel Oil procurement

Well, so you've had a fair amount of high-sulfur fuel that's been destroyed through refineries switching to crude slates. You have -- also have a fair amount of demand that's increased from the high-sulfur feedstock side from refineries, especially in the U.S. Gulf Coast and India where the refineries are fully utilizing cokers to destroy high-sulfur fuel made distillates. Part of the reason why the distillate crack has been weak -- has weakened is the fact that the cokers are being fully used destroying high-sulfur fuel and producing distillate, which is feeding into the 0.5 in the low-sulfur markets.

On the third side, on a forward view, you have a fair amount of residual destruction capacity coming online in Asia, with all the new RDS program that's going to be coming online from the PRC refineries out of South Korea. And they're going to need feedstock as well. Their feedstock is going to be again high-sulfur straight run. So when you start having that extra demand pull come into the market, you could see more appreciation in high-sulfur cracks, especially in Q3 and Q4 of this year.

---

**Amit Singh Mehrotra** - Deutsche Bank AG, Research Division - Director and Senior Research Analyst

Okay. All right. I'll move on. I mean I'll take it off-line. Maybe I have to get smarter on it. But if you just take a line chart of crude oil prices against the line chart of the spread average in 2020, it's like a 90% correlation since July of last year. It's like the 2 lines are basically on top of each other. But anyways, maybe I have to get smarter on it. I'm clearly not an energy analyst.



Hugo, the other question I had is just maybe more philosophical. It's interesting because like you and maybe like one other company in the space actually had these capital structures that are sustainable, low breakevens, it gives you a lot of options where you can pay down debt and kind of get to a net debt-neutral position. You can issue dividends in the hope that you get credit for that in the equity markets and your currency appreciates. So I want to check your temperature on kind of your philosophy on capital because you're generating a lot of cash flow, but you're deciding to focus on dividends instead of basically getting to a net debt-neutral position, which would obviously further lower your breakevens and possibly even help your currency relative to NAV. So if you can just expand on that? And what does Euronav's capital structure look like 12, 18 months from now? Is it basically at the current LTV levels? Or just help us think about your philosophy there?

---

**Hugo De Stoop** - Euronav NV - CEO

Yes, thank you. Well, I'm a little bit surprised by the question because I hope that our capital structure, certainly the leverage when it's mark-to-book and not mark-to-market. That's very dangerous, of course. And capital allocation has been clearly communicated to the market. So we want to be between 40% and 50%.

---

**Amit Singh Mehrotra** - Deutsche Bank AG, Research Division - Director and Senior Research Analyst

Well, it's clear. But you said that you can do between dividends and share buybacks. I'm just trying to understand like what is the ends to the mean? What is the means to the end, so to speak?

---

**Hugo De Stoop** - Euronav NV - CEO

I think that -- well, when we speak to shareholders, and then, obviously, we take this feedback home. We clearly see that people want to -- want us to return capital, especially for this kind of business where the cash generation is just huge when the market is high. So you take that home and then you decide what percentage you want to return to the market. That's the first decision that you need to take, and why did we take 80%? Well, relatively similar to the last time we did 80%, we saw that with the depreciation policy that we have, and the 20% that we reserve, we have enough to not only renew the fleet, but also to add more on an organic way. So that's the philosophy between -- behind the 80%. And we can be more generous when the market permits, and we've demonstrated that in 2019.

As far as the choice between dividends and share buyback, I think that it's pretty clear. You need to pay dividends. I mean there's a lot of people who are asking for the dividends. And then -- so let's say that this is 50% of the 80%, so not 40%, but a real 50% of net profit that will probably always be returned as dividends. And then with the remaining 30%, we can probably play between share buyback and dividends. And as I just mentioned on an earlier question, I think when it comes to share buyback, we should not rush into a decision. I mean you should not -- every time the share is weak, then you intervene. And the reason why you shouldn't do that, maybe something we didn't explain, is simply because a lot of time, you cannot do that. I mean the full month of January, we are in a closed period. So there's nothing we can do there.

And so if the market anticipates you to overreact every time there is a weakness in the share price, then when you don't do it, they're going to start wondering why you're not doing it immediately. Especially because in Belgium, we need to declare that within 7 days. So we are, I think, a very stable company. We're a group of people with a lot of experience. I think we've demonstrated that way we do share buyback. It's a real opportunity. It's really creating value for the shareholders. And we will continue to have that philosophy. So now we have been -- we have seen share price weakness for the last, maybe, 10 days or 10 sessions, not even as a matter of fact. Let's see where the market takes us. Let's see how capital markets react to this virus and the continuous flow of news that we're going to receive. And let's see what happens to the tanker market and to the tanker values to really see where we are compared to the NAV. So it's all the kind of analysis that we are doing. And in the meantime, people know that we are dedicated to return a certain amount of capital, and a big portion of that capital will be dividends.



**Amit Singh Mehrotra** - Deutsche Bank AG, Research Division - Director and Senior Research Analyst

And Brian, just -- yes, no. I get it. And Brian, just to confirm, the dividend that you're going to pay in May is going to reflect the first quarter plus what you just declared this morning for the 2019. So will you get like a double benefit in the month of May? Is that right?

---

**Hugo De Stoop** - Euronav NV - CEO

Correct.

---

**Operator**

And the next question comes from Omar Nokta with Clarksons.

---

**Omar Mostafa Nokta** - Clarksons Platou Securities, Inc., Research Division - Head of Shipping Research & Analyst

Covered, obviously, a lot of ground, but I just wanted to follow up, maybe on just a couple of things. The JV to buy those 2 Suezmaxes at the end of last year was seemingly timed quite well. And you used the word opportunistic earlier in your comments, as you think about Euronav in general. But when you think of the company going forward, do you see yourselves doing these types of investments a bit more. And when it comes to, say, acquiring older tonnage, do you prefer to do that, in say, a JV format and then maybe keeping the overall Euronav platform available for more modern sort of high inspections?

---

**Hugo De Stoop** - Euronav NV - CEO

No. Clearly, that's not the case. I mean it was opportunistic because someone had an option and required the capital to exercise that option. It's as simple as that. We had the capital. We liked the partner. We know them for a long time. We've been working with them -- a bit on different business, but certainly through the pool. So we have no problem entering into a joint venture with those guys, a bit [tough], a bit [rich] by the way. And the opportunity was clearly in their hands, not in ours. When they were looking for a partner that could execute that deal very quickly because I think that when they approach us, there was less than 6 weeks before the expiry of the option. They clearly found a partner that could act prompt in. That's why we call it opportunistic. Would we have done that on our own or our own balance sheet despite the age of the asset? Yes, of course. We need to be opportunistic, especially at a time when we have at least 2 Suezmax, which are slightly older, reaching 15 years of age. That's the age where we ought to dispose them because of their age profile. At the time when we are very confident that the market is going to be rewarding, then it makes a lot of sense to replace one old ship with another one, that is slightly less old. In this case, 2 years younger, just to be able to benefit from those 2 years. So that's a little bit of philosophy, but it's not -- it's certainly not a policy of saying when it's too old, we will park them in joint venture. And when it's young enough, we will put them in our platform. Because the reality is that it is the platform who [has spoke] to the ships, together with a partner. In other words, it's the platform who is commercially managing those ships. We provided the capital. We provide this. We provide that. So no, it's opportunistic. And we are happy about it.

---

**Omar Mostafa Nokta** - Clarksons Platou Securities, Inc., Research Division - Head of Shipping Research & Analyst

Okay. And maybe this is maybe a bit more open-ended question. But as you mentioned, the leverage is on the low end, and your VLCC fleet is fairly modern. And as you said that the Suezmaxes -- or a handful of Suezmaxes are on the older side. You talked about selling an older vessel and then acquiring one that's a couple of years younger. That seems a bit more tactical and near term in nature. How do you think a bit more broadly about the fleet renewal within the Suezmax segment, especially with the backdrop of uncertainty with propulsion systems going forward?

Any color on that would be helpful?





**Hugo De Stoop** - Euronav NV - CEO

It's the good news and the bad news to a certain extent because the reality is that Euronav is no different than the other players in the market. We don't know what the next technology is going to be. We don't know who's going to win this battle around different propulsion system. And so when it comes to renewing the fleet, yes, we can buy secondhand and, to a certain extent, we would be better off buying secondhand because at least they would be a couple of years older than if we buy a new building in the sense that then they will arrive to their 20-year anniversary quicker than if we buy a new building. But the reality is that we don't know what technology is going to win. And I think that despite the fact that our Suezmax fleet is a little bit older, and it's getting a little bit older than what we would like to see, we're going to be very disciplined about it, which is good for the overall market because the rest of the market is like us. I mean we cannot just go to the shipyard and order existing technology because that one we know is probably not going to thrive. And we cannot buy LNG just yet because the premium that is being asked, and that's true for Suezmax and VLCC. It's just too big for us to absorb on a speculative basis. So very happy to do that together with an all major, who believes in the technology and who benefits from selling more LNG, for instance. But on our own -- like all the other owners, we believe that the premium is too big.

---

**Operator**

And the next question comes from Espen Fjermestad with Fearnley.

---

**Espen Landmark Fjermestad** - Fearnley Securities AS, Research Division - Equity Analyst

A question on refining margins. I mean maybe it's a bit off topic, but they're quite weak at the moment for several reasons. But maybe it's a bit worrying given it tends to be a decent indicator for activity and freight. I mean the floating volumes out of Singapore will be -- unwind at some point. Is there something moving the needle positively for margins?

---

**Rustin Edwards** - Euronav NV - Head of Fuel Oil procurement

So in the first part of your question there on the floating storage, just in Singapore, a lot of that has actually been worked off into the market. And the floating stocks have been reduced greatly, mainly on demand-pull into secondary markets outside of Singapore itself that we're looking for 0.5Q in December and January. So the latest estimate, I think I read from Clarksons was that there was about 1 million tons left in floating outside of the large overhang that was developed in Q3 and Q2 of 2019. On the forward refining margins, yes, they've been under pressure here as of late. It's no question that part of that impact is due to the issues going on with China and the coronavirus outbreak. But we're also going into that time of year where we're going to start seeing refineries start going through their Q1, Q2 turnaround period. And so there will be a slump off in demand for crude.

---

**Espen Landmark Fjermestad** - Fearnley Securities AS, Research Division - Equity Analyst

That's helpful. Maybe on that last point, I mean any views on whether we're going to see another extended kind of maintenance fees in the spring? Or is it to be a more normalized one thing refiners are better prepared now?

---

**Rustin Edwards** - Euronav NV - Head of Fuel Oil procurement

From what I've seen on the data, the turnaround period this year in Q2 is not going to be as robust as it was last year. I don't have the number off the top of my head, so I do apologize, but it is not as big as it was last year.



**Hugo De Stoop** - Euronav NV - CEO

Which is normal because the refineries who had switched to LSFO, no longer need to prepare, which was cleaning up the tanks, cleaning up the piping to avoid contamination. And there's still a number of refineries, who will for the first time produce LSFO, and so for those guys, the outage may be a little bit longer. But obviously, the vast majority of the market prepared for IMO 2020 ahead of 2020. So you're only looking at a few exceptions here.

---

**Operator**

(Operator Instructions) And the next question comes from Manny Garcia with Anchorage Capital.

---

**Manuel Garcia;Managing Director;Anchorage Capital**

Two questions. Can you give some color on ordering activity for VLCCs and Suezmaxes during the fourth quarter and first quarter this year? And then also, I think last year, there's a lot of speculation and issues with scrubber installations during the dry docks. Any kind of updates or stories about that more recently?

---

**Brian Gallagher** - Euronav NV - Head of IR & Communications

Yes. This is Brian Gallagher here, 2 things here. Yes, on my latest presentations, which are not on the website for normal presentations. We'll focus on the fact that the run rate is at 12-month lows in terms of VLCC orderings. Over the last 12 months, we've had kind of 24 Vs have been ordered, which is a very, very low number in the context of the demand background. So we continue to see big reluctances in ordering as Hugo talked about earlier because of the uncertainty with regard to meeting emission standards and fuel propulsion systems to meet that. And in terms of disruption from scrubbers, obviously, we wouldn't maybe be the most obvious company to talk about on that. But there does seem to be evidence from some of our peers that the disruption is reducing modestly. And I think the numbers we're hearing is somewhere between 35 or 40 days as an off-hire in terms of getting your scrubber fitted, which is coming in from sort of a number, which is mid- to high-40s in the middle part of last year. But obviously, some of that's been driven by a less congestion and, obviously, less people looking to retrofit those scrubbers.

---

**Hugo De Stoop** - Euronav NV - CEO

I just would like to add one little note, which is side note, obviously. Most of the shipyards that have executed the retrofit of scrubbers are located in China. So at the moment, they continue to be closed down. So that could create a delay for the ships that we're looking into entering those yards, at the moment only on the ships that are currently in the yards. So that can create a delay, which is not due to the complexity of the installation or the problems that people have encountered last year. But much more to the fact that at the moment, there's a lot of travel restrictions. There's a lot of workers that went back home to celebrate the New Year and are returning to the shipyards or to the factories. So that can create further delays indeed.

---

**Operator**

And this concludes our question-and-answer session. I would like to turn the conference back over to management for any closing comments.

---

**Hugo De Stoop** - Euronav NV - CEO

Well, nothing to add. I think we have covered a lot of grounds. In any way, if you have additional questions, you know where to find us. Thank you very much. Bye-bye.



**Operator**

Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines.

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2020, Thomson Reuters. All Rights Reserved.