

Initiated 2026-10-04 · Price \$50.05 (as of 2026-10-02 close, StockAnalysis) · Mkt cap \$1.51bn · Energy / oil & gas shipping (tankers, shuttle, LNG) · Model: verified

Rating: Sell — Conviction: Medium

TEN is earning record money: H1 2026 TCE was \$43,503 per vessel-day, up 41%, on Hormuz-driven ton-mile dislocation. The stock prices much of that strength lasting, while \$2.23bn of newbuild payments (1.5x market cap) fall due over 2026–29. At mid-cycle rates those ships don't earn a 9.4% cost of capital, so the base case sits well below the price; only a multi-year extension of today's disruption reaches it.

Conviction tests (3a-v-c): T1 pass (Sell at both +1pp and -1pp: base -69% / -36%) · T2 pass (Gordon -65%, exit -42%) · T3 pass · T4 fail — a possible 30–40% minority-stake sale in ~20 vessels (Q2 call; November strategy meeting) could mark the fleet near management's ~\$4.9bn value, which the model can't express

MODEL VALUE RANGE VS PRICE



Business overview

TEN owns a diversified fleet of 62 operating vessels: crude tankers (VLCC to aframax), product tankers, DP2 shuttle tankers and LNG carriers. With 19 newbuilds still due, the pro forma fleet is 81 (Q2 call, 2026-09-11). Management cites 52 vessels on time charter, 23 with spot or profit-share upside, and ~\$3.5bn of forward contracted revenue. Earnings turn on three variables. The first is spot and profit-share TCE: profit-share revenue was \$71mm in H1 2026 against \$46mm for all of FY2025. The second is fleet days as the 26-ship, ~\$3.1bn renewal program delivers. The third is the gap between TCE and fixed vessel opex of ~\$10,300 per day. FY2025 revenue was \$798.7mm; H1 2026 alone was \$551.4mm.

Competition

The listed comparables that matter are International Seaways (INSW, mixed crude and product), DHT (VLCC) and Scorpio Tankers (STNG, product). On the same TTM EV/EBITDA definition (StockAnalysis, 2026-10-02) they trade at 7.38x, 7.03x and 4.02x. All sit on near-peak trailing earnings. Pressure shows up in spot rates, not share. Suezmax TD20 swung from the low WS180s to WS260 in a single week in early September 2026 (Affinity Tanker Weekly, 2026-09-04), showing how fast the spot fleet reprices. BIMCO puts the crude-tanker orderbook at 14.1% of the fleet, highest since 2016 (Argus, via search summary; date unconfirmed). The 2026 Hormuz disruption remains the main support cited by brokers and management; Brent eased to ~\$99.7 on 2026-10-02 on a G7 stock release (macro log).

Bull case

1. **Disruption persists** — Hormuz rerouting keeps spot and profit-share TCE near H1 2026 levels through 2027; with opex fixed per day, margin holds near 60%. Plays out if the Gulf disruption lasts beyond 2027 and the orderbook is absorbed by scrapping of the old fleet. *Model: rev_growth, ebitda_margin*
2. **Contracted growth** — 19 newbuilds, mostly shuttle and LNG on long charters, lift fleet days by ~30% into 2028–29 at locked-in rates, while old suezmaxes are sold at a profit (\$100mm for two 2006-built ships in Aug 2026). Plays out if deliveries stay on schedule. *Model: rev_growth, ebitda_margin*
3. **Multiple converges with peers** — a younger, more contracted fleet earns a steadier multiple (8.5x Y5 EBITDA). Plays out if the family-control discount narrows (minority-stake deal, larger dividend). *Model: exit_ev_ebitda*

Bear case

1. **Rates normalize** — the disruption fades just as the crude orderbook delivers, so TCE falls toward the 2021 trough, when the EBITDA margin was 21%. Plays out if Gulf flows normalize in 2027 and newbuild deliveries arrive into a flat oil-demand market. *Model: rev_growth, ebitda_margin*
2. **The capex wall** — \$723mm in 2027 and \$1,127mm in 2028 of contracted newbuild payments come due whatever the rates are, financed by debt on top of \$2.10bn already outstanding. At mid-cycle returns that spending does not earn its cost of capital. Plays out under base or bear rates. *Model: capex_pct_rev, exit_ev_ebitda*
3. **Claims ahead of the common** — \$287mm of 9.25%/9.50% preferreds plus a non-controlling interest sit between the asset value and common holders, and family control raises the required return. Plays out in any scenario where asset values fall. *Model: market.other_claims, wacc*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA, model basis (mkt cap – cash + debt + prefs/NCI; EBITDA ex vessel-sale gains)	8.45x FY2025 · 6.36x LTM	FY2021–25 EBITDA \$116–481mm	n/a on this basis	Model; 20-F, 6-K H1 2026
EV/EBITDA, TTM (aggregator definition)	6.07x	n/a (unverified)	INSW 7.38x · DHT 7.03x · STNG 4.02x	StockAnalysis, 2026-10-02
P/B (aggregator)	0.73x	n/a (unverified)	INSW 2.53x · DHT 2.87x · STNG 1.08x	StockAnalysis, 2026-10-02
Forward P/E (aggregator consensus)	13.3x (trailing 5.1x)	n/a	INSW 12.3x · STNG 12.7x · DHT 7.7x	StockAnalysis, 2026-10-02

Model-implied value range (from `model-summary.json` ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$0.00 · Base \$23.24 · Bull \$114.75 per share, i.e. implied returns of –100.0% / –53.6% / +129.3% vs \$50.05. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits ~30% of the way from base to bull: the market prices years of above-mid-cycle rates. The bear case floors at \$0 because, at trough TCE, the 2027–28 payments push FCF deeply negative (–\$998mm in 2028).

Re-rating. The two base methods differ by more than 10%. The **exit method (\$29.14)** uses 7.5x Y5 EBITDA. That is an 11% de-rating against today's 8.45x on FY2025 EBITDA, but an 18% re-rating against 6.36x on LTM EBITDA. The **Gordon method (\$17.33)**, at a 9.4% WACC and 0% growth, implies only ~4.3x Y5 EBITDA. The gap is the exit method embedding the higher terminal multiple.

Balance sheet: net leverage 3.9x FY2025 EBITDA (model), 3.0x on LTM. Gross debt \$2.10bn, all secured vessel-level bank debt, partly swapped at a 3.13% fixed rate. EBITDA/interest 3.2x. Liquidity: \$484mm of cash, time deposits and HTM securities (2026-06-30). Nearest material maturity: \$250.4mm current portion. The maturity schedule was not retrieved, and the model assumes 2030. Ratings: none found.

Model note: Built and LibreOffice-verified (3,207 formula cells match). EBITDA is computed from filed statements (revenue less voyage, charter-hire, vessel opex and G&A). It excludes vessel-sale gains (\$37.9mm in H1 2026). Capex is dollar-anchored to the 6-K newbuild payment schedule, net of assumed sale proceeds. FY0 net debt is at 2026-06-30 while Y1 is calendar 2026, so H1 2026 cash flow counts twice; net H1 FCF was small (operating \$281mm vs capex \$304mm before sales). Unverified inputs: none flagged **est**. The debt coupon (6.0%) and 2030 maturity are judgments that don't move value. Assumptions without basis: none. Scenario consistency: all OK. No EPS guidance exists; base 2027 EPS (\$8.33) is well above the ~\$3.8 implied by the 13.3x forward P/E, so the call rests on capex and terminal value, not a gloomier earnings view. No tail sensitivity run: no customer is shown ≥50% of revenue, and the bear case is already floored at \$0.

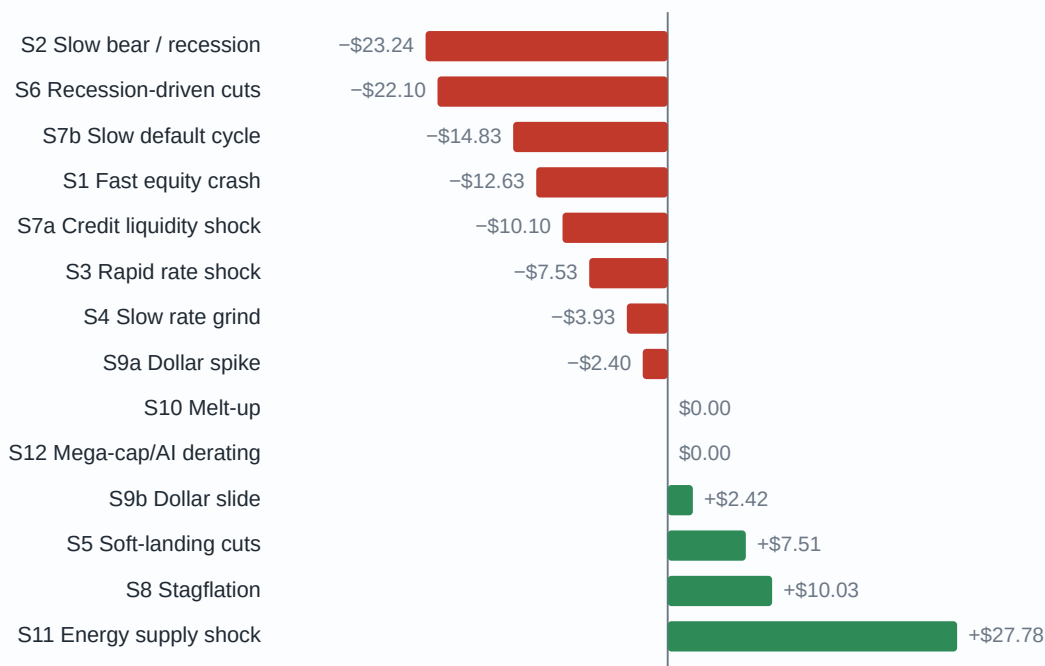
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	High-beta small cap de-rates; charter income unaffected over weeks	Med	–\$12.63
S2 Slow bear / recession	–	Oil demand falls, ton-miles and spot TCE drop; time charters cushion part. Floors at \$0 like the bear case	High	–\$23.24
S3 Rapid rate shock	–	Higher discount rate on a levered, capex-heavy equity	Low	–\$7.53
S4 Slow rate grind	–	Funding cost of the \$2.2bn newbuild program rises	Low	–\$3.93
S5 Soft-landing cuts	+	Steady oil demand, lower discount rate	Low	+\$7.51
S6 Recession-driven cuts	–	Recessionary demand drop outweighs lower rates	High	–\$22.10
S7a Credit liquidity shock	–	Ship-finance spreads gap; equity de-rates	Med	–\$10.10
S7b Slow default cycle	–	Banks pull back from ship finance just as 2027–28 payments fall due	Med	–\$14.83
S8 Stagflation	+	Supply-led inflation comes with disrupted energy trade and longer voyages; opex and rates offset part	Med	+\$10.03
S9a Dollar spike	±	USD revenue vs partly EUR costs, against weaker non-US oil demand	Low	–\$2.40
S9b Dollar slide	±	Mirror of S9a	Low	+\$2.42
S10 Melt-up	0	No material effect, not modeled	Low	+\$0.00
S11 Energy supply shock	+	Rerouted crude ties up ships and spikes spot TCE on the ~37% spot/profit-share fleet. The only scenario that takes value to the price	High	+\$27.78
S12 Mega-cap/AI derating	0	No material effect, not modeled	Low	+\$0.00

Currently active/on watch per the playbook: S3 partially active; S8, S10, S11 on watch (state.md). S11 is the live driver of today's rates.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: Q3/Q4 2026 TCE holds at or above the H1 level (\$43.5k/day) into 2027 fixtures; or the minority-stake sale is done at a valuation that marks the fleet well above book, with proceeds cutting the debt needed for 2027–28 payments. **Downgrades if:** n/a for a Sell. **Conviction falls** if spot TCE drops below ~\$35k/day while the 2027 payments (\$723mm) are still unfinanced.

Watch items

- **W1:** TCE per vessel-day for Q3 2026 — $\geq$ \$43.5k sustains bull 1; $<$ \$35k confirms the base path — Q3 6-K — 2026-11-19 — *Model: rev_growth, ebitda_margin*
- **W2:** Minority-investor structure for ~20 vessels — announced valuation vs book and use of proceeds — November strategy meeting / 6-K — Q4 2026 — *Model: none (T4 event)*
- **W3:** Financing of the 2027 newbuild payments (\$723.0mm) — new facility amounts and margins; net debt/LTM EBITDA vs 3.0x — Q3 6-K or 20-F FY2026 — 2026-11 / 2027-04 — *Model: capex_pct_rev*
- **W4:** Redemption of the \$120mm 9.25% Series E preferred floated on the Q2 call — 6-K or press release — open — *Model: none (changes other_claims)*

Sources

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- TEN 20-F FY2025 income statement (R4), acc. 0001193125-26-144027 — <https://www.sec.gov/Archives/edgar/data/1166663/000119312526144027/R4.htm> — accessed 2026-10-04

- TEN 20-F FY2025 balance sheet (R2) — <https://www.sec.gov/Archives/edgar/data/1166663/000119312526144027/R2.htm> — accessed 2026-10-04
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- TEN 6-K H1 2026 interim statements (R2, R4, commitments note), acc. 0001193125-26-394366 — <https://www.sec.gov/Archives/edgar/data/1166663/000119312526394366/d67788d6k.htm> — accessed 2026-10-04
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- StockAnalysis statistics: TEN, INSW, STNG, DHT (2026-10-02 close) — <https://stockanalysis.com/stocks/ten/statistics/> — accessed 2026-10-04
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- logs/macro-2026-10.md (10Y 5.28%, Brent ~\$99.7, 2026-10-02)

Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.