

Nasdaq Copenhagen A/S
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Company announcement no 11 2024

Danish Ship Finance A/S Trading Update for the first quarter of 2024

On 10 June 2024, it was announced that the Danish FSA had given its approval for the three majority owners of Danish Ship Finance Holding A/S – private equity firm Axcel and the two pension funds PFA and PKA – to sell their shares in Danish Ship Finance Holding A/S to Magellan Capital Holdings Ltd.

On the same day, Standard & Poor's Financial Services LLC (S&P) affirmed the rating of Danish Ship Finance A/S at 'BBB+ (Stable Outlook)'.

S&P also assigned preliminary 'BBB-/A-3' long- and short-term issuer credit ratings to Magellan Capital Holdings Ltd. as the entity intends to issue senior secured notes to partly fund the purchase of shares in Danish Ship Finance Holding A/S.

To provide further transparency, Danish Ship Finance A/S has decided to issue the present Trading Update.

In its Annual Report for 2023, Danish Ship Finance A/S guided to an anticipated robust operating performance in 2024, projecting a net profit ranging between DKK 400 million and DKK 500 million in a stable market environment.

Financial results for the first quarter of 2024

The first quarter 2024 net result for Danish Ship Finance A/S of DKK 187 million is fully satisfactory and reinforces our comfort in achieving the result guided to for the full year 2024. The positive first quarter result was underpinned by a strongly positive investment result, satisfactory albeit slightly trailing net income from lending, positive one-off effects from reversal of loan impairment charges, and well-contained operating costs.

In the first quarter of 2024, net income from investments was DKK 125 million. Net income from lending and funding was DKK 94 million.

Reversal of loan impairment charges, primarily driven by recovery on loans previously written off, impacted the result positively by DKK 77 million in the quarter. Costs and depreciation of DKK 44 million, including certain positive one-offs, were lower than expected. These favorable one-off effects are not expected to recur in the remainder of 2024.

Positive trends in lending meant that the loan book grew to DKK 32.6 billion at the end of the quarter from DKK 32.0 billion as of 31 December 2023.

The very robust credit quality of the loan book was maintained, and solvency and liquidity also remained very solid. The CET1 ratio decreased slightly to 22.9% at the end of the quarter from 23.6% as of 31 December 2023, primarily due to an increased volume of loan offers.

Result for Danish Ship Finance (DKKm)

	YTD Mar 2024
Net income, lending	97
Net income, funding	-3
Net income, investments	125
Total income	219
Costs and depreciation	-44
Loan impairment charges	77
Profit before tax	252
Tax	-65
Net profit	187
Gross lending	32,599
Total capital ratio, %	22.9

The accounting policies are unchanged from those applied in the Annual Report 2023.

The income statement as of 31 March 2024 does not include comparative figures, as Danish Ship Finance A/S has not prepared quarterly statements as of 31 March 2023 and does not intend to prepare quarterly statements on a regular basis.

Danish Ship Finance A/S has not requested permission from the Danish FSA to recognise the net profit for the period in the total capital, hence Q1 net profit is not included in the total capital as of 31 March 2024.

Outlook for 2024

We remain confident in our business for the remainder of the year. In the Annual Report 2023, we guided to a full year net profit of between DKK 400-500 million. Positive developments in the first quarter of 2024 have increased our confidence in achieving a full-year net profit at the high end of the guidance range. We do not, however, expect the positive one-off effects observed in the first quarter of 2024 to recur during the remainder of the year and caution that the first quarter result should not directly be taken as a guide for the coming quarterly results.