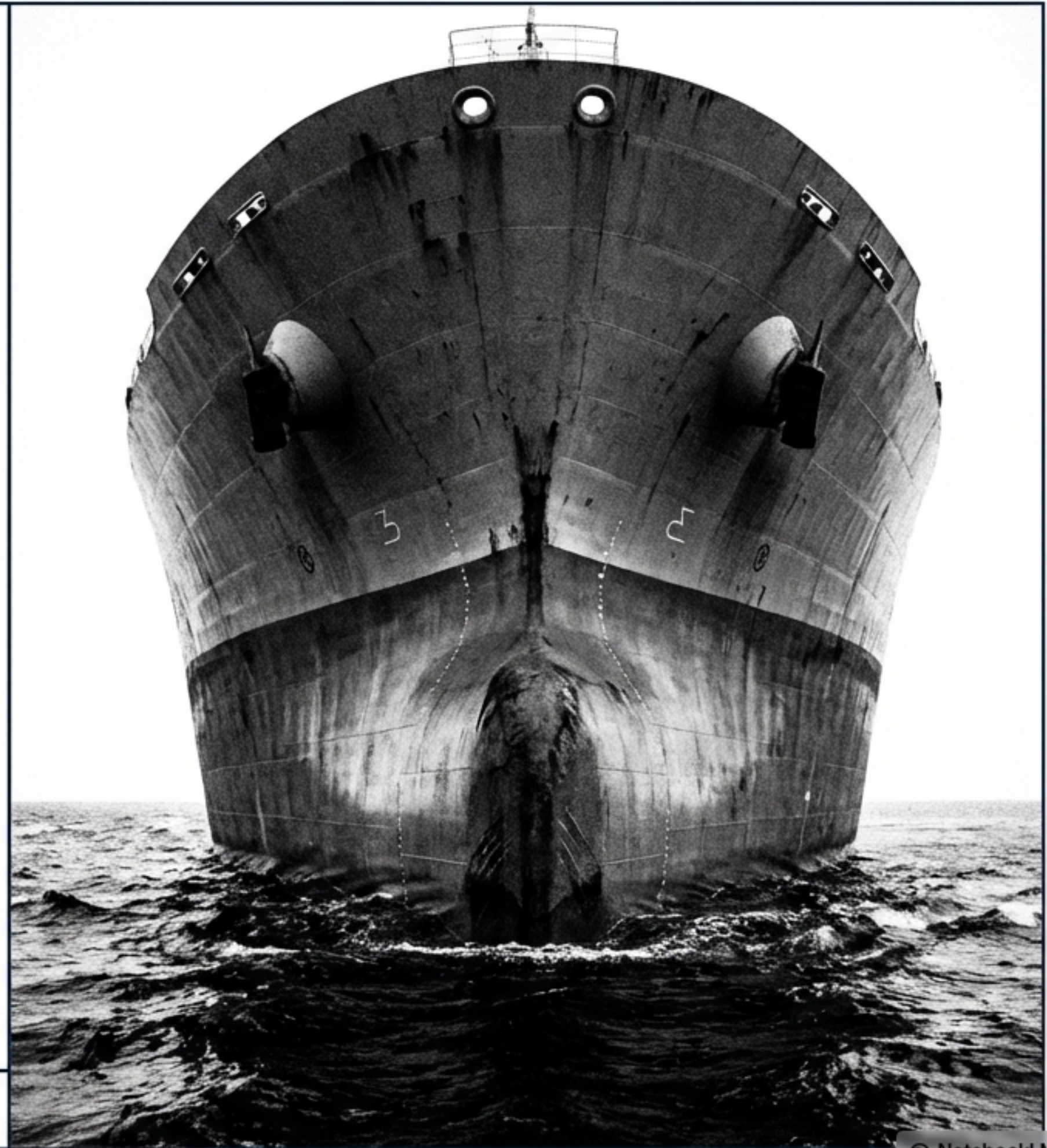


DHT Holdings (DHT): The Discipline of Alpha in a Commodity Market

A structural analysis of unit economics, capital allocation, and the 2026 supply inflection.

NYSE: DHT | MARKET CAP: ~\$2.62B | DIVIDEND POLICY: 100% OF NET INCOME



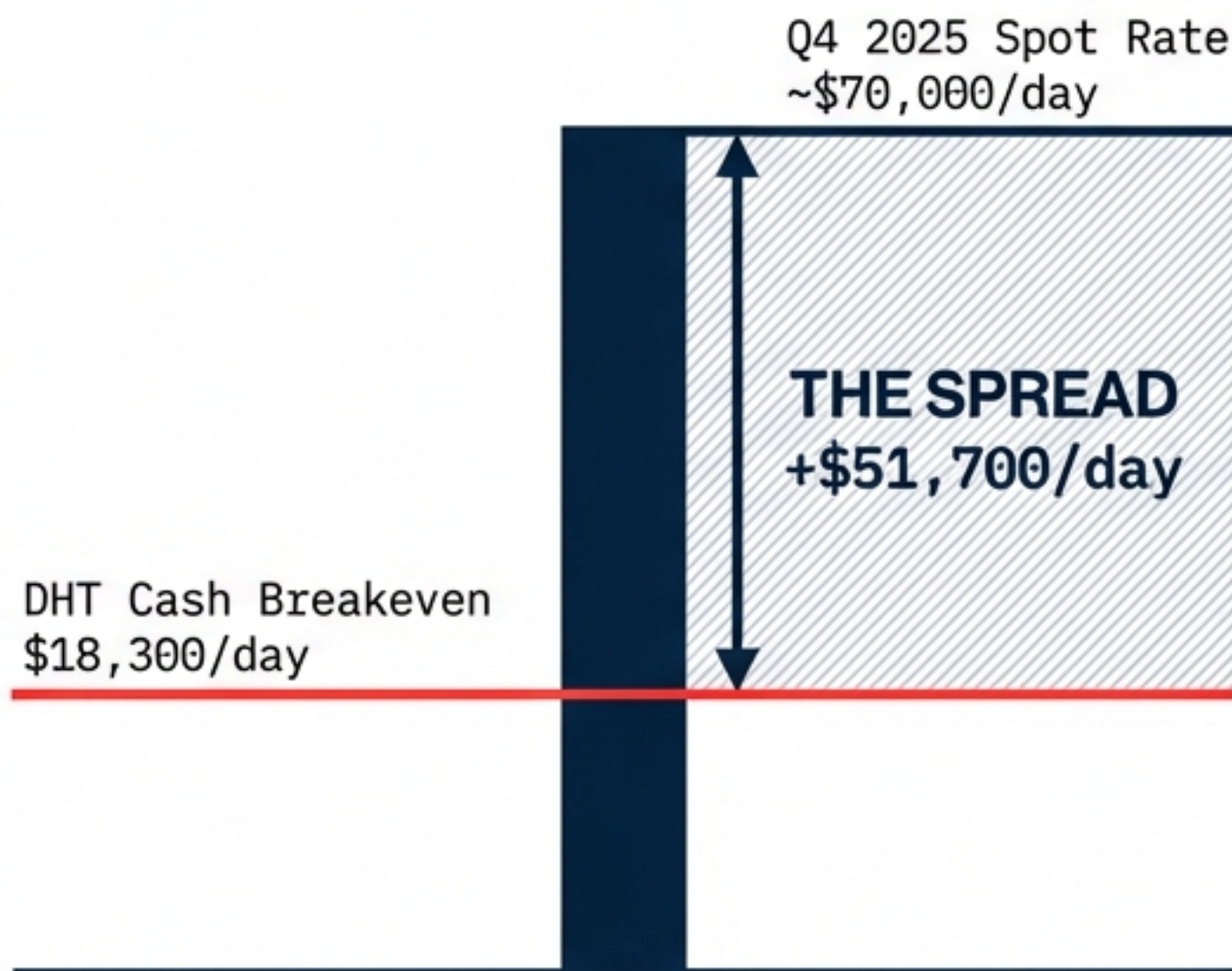
The Investment Paradox: Durable Returns in a Hostile Sector

The Constraint

The Commodity Trap

Crude shipping is price-taking, highly fragmented, and violently mean-reverting. Brand equity and switching costs are non-existent.

The Wedge



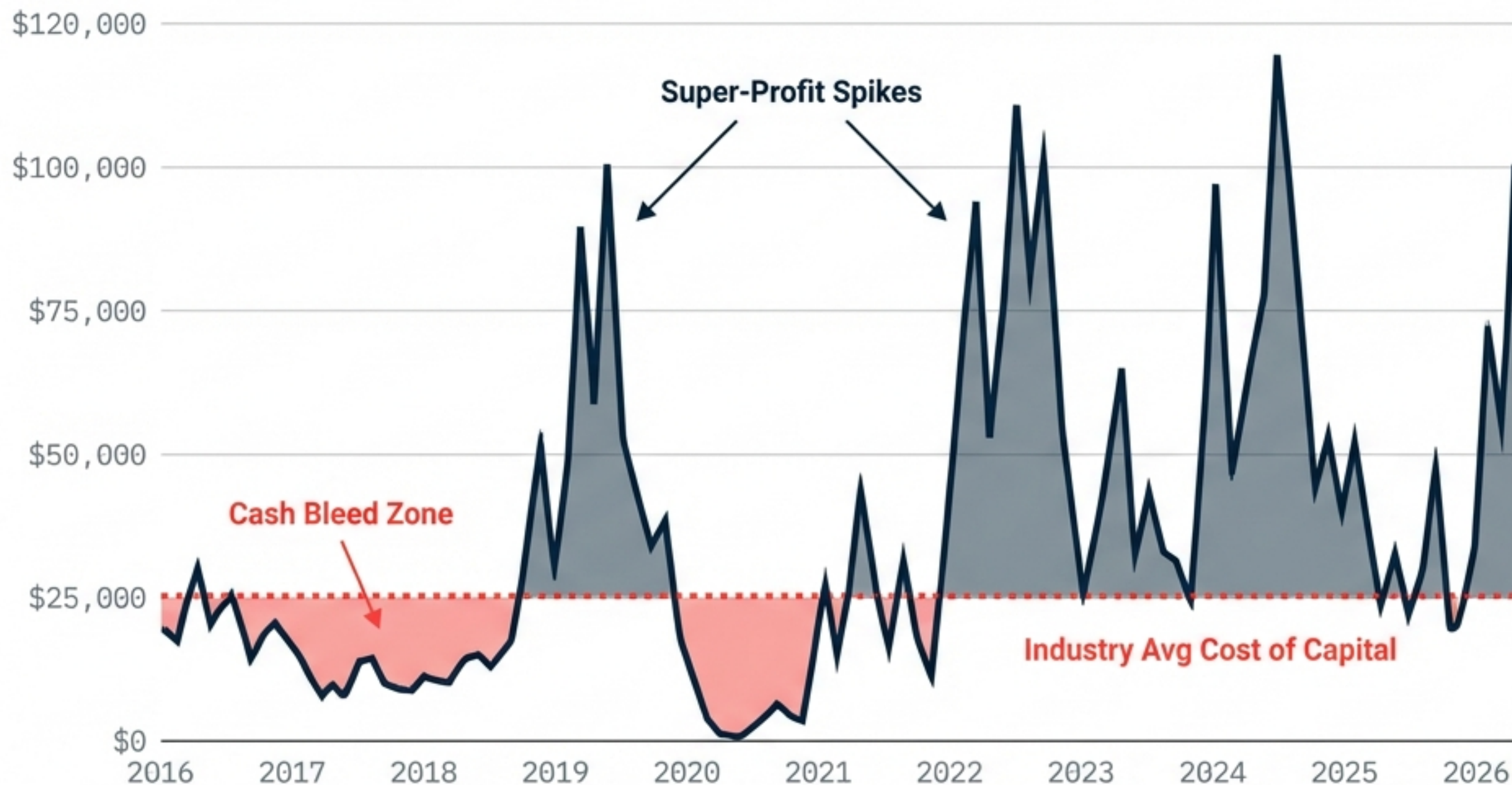
The Advantage

The Mathematical Edge

DHT generates alpha through absolute cost leadership and counter-cyclical asset trading.

THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate.

Macro Reality: Survival is the Only Competitive Advantage



Rate Sensitivity:

A 1% surplus in vessel capacity can collapse rates below operating costs. A 1% deficit sends earnings soaring.

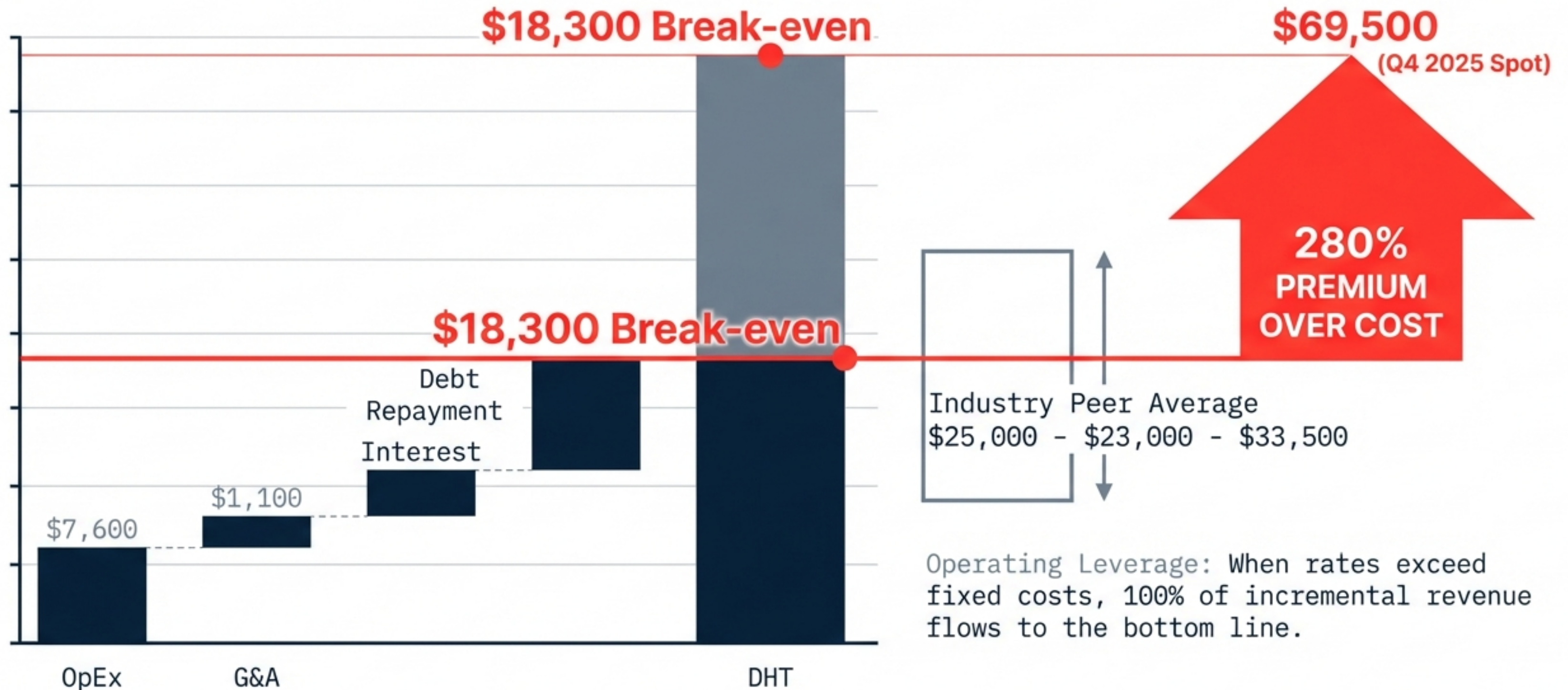
Insight:

In this environment, low leverage is not just prudent; it is an operational necessity.



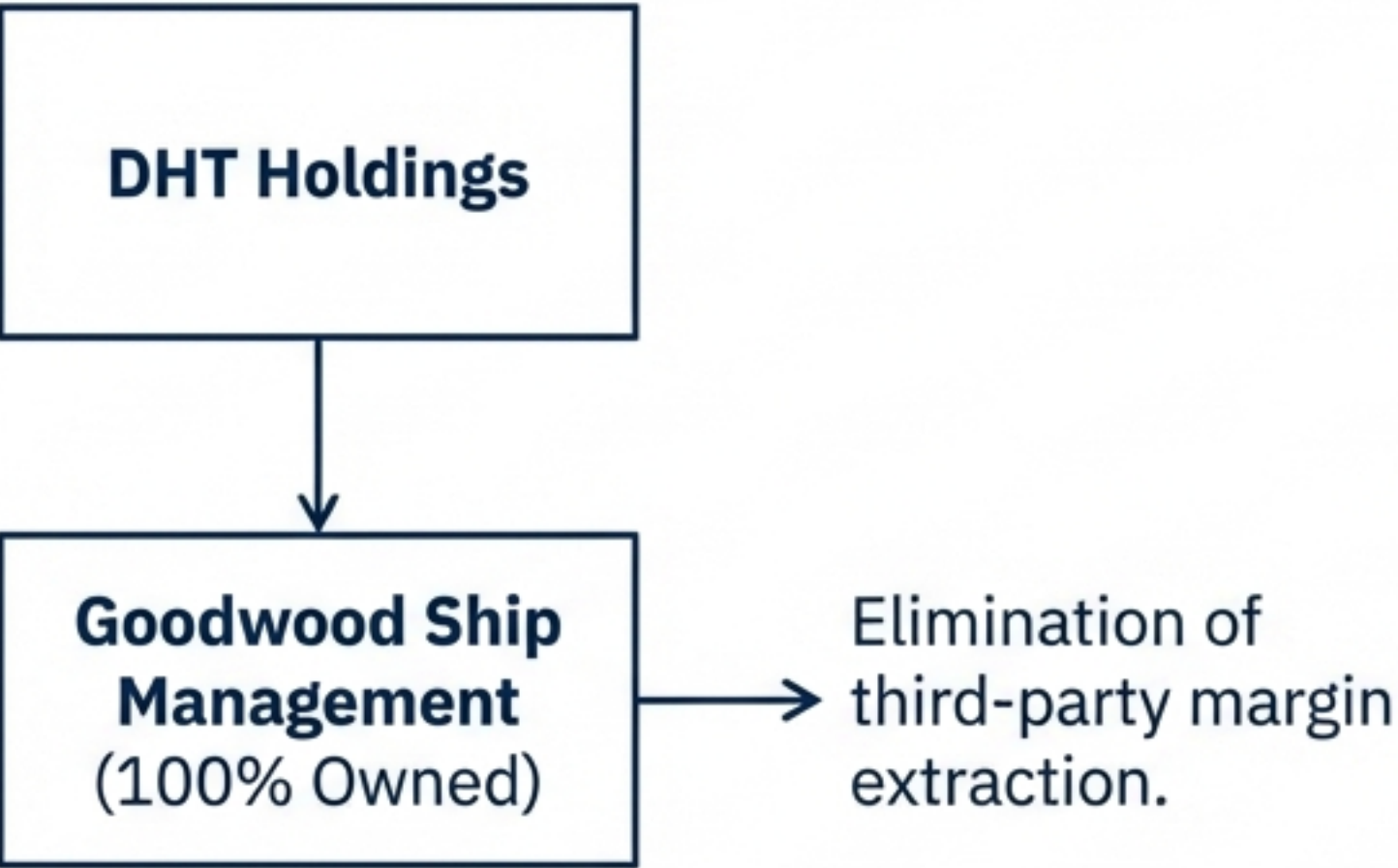
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Unit Economics: The \$18,300 Fortress



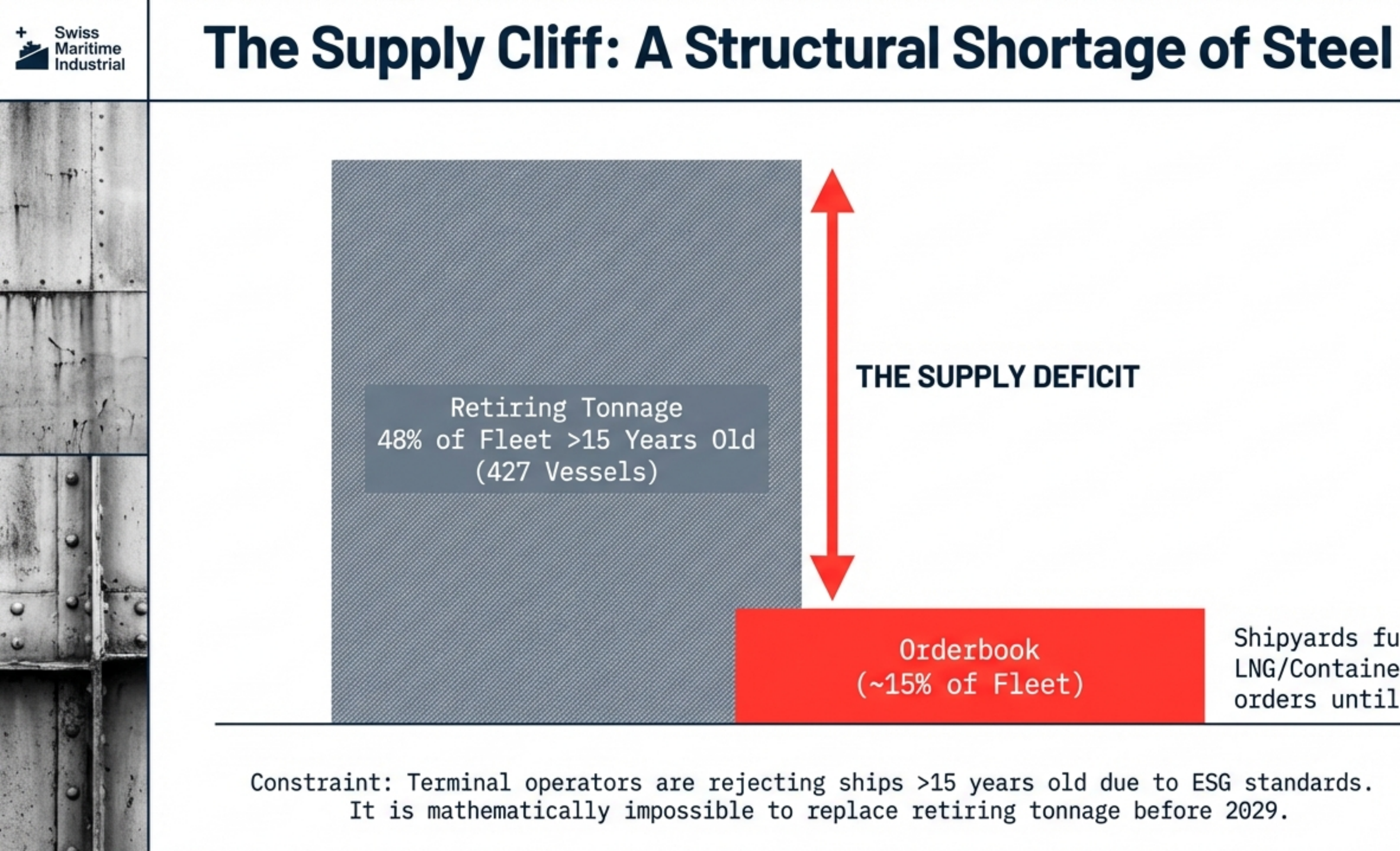
THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate.

Operational Intensity: Internalizing the Margin



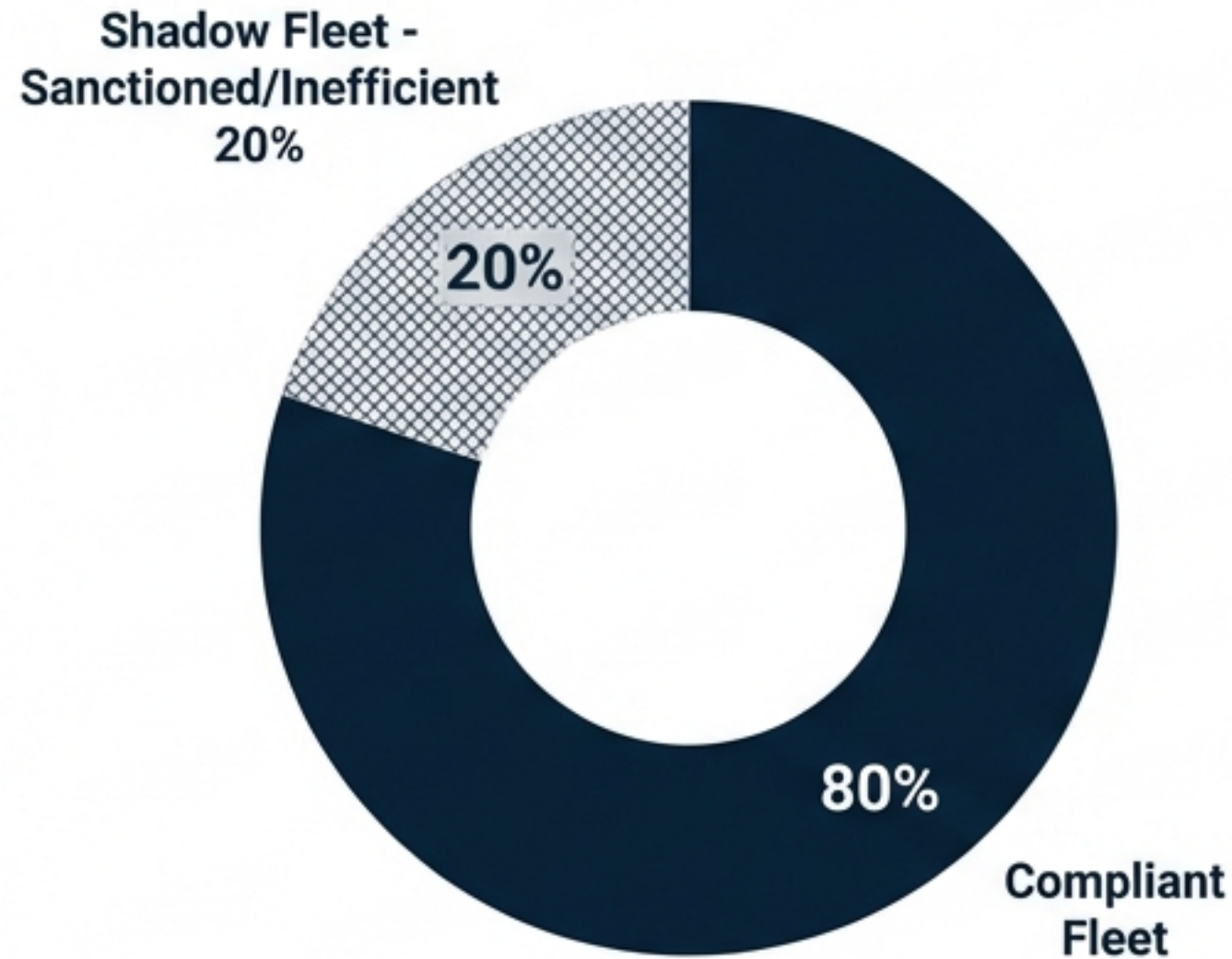
Metric	DHT	Frontline (FRO)	Int'l Seaways (INSW)
Gross Margin	~60%	~45%	~53%
ROE	19.4%	8.9%	11.4%
Structure	Pure-Play VLCC	Diversified/Levered	Diversified

DHT's "pure-play" focus and internalized technical management drive superior margins compared to diversified giants.



THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade 

Market Distortion: The Shadow Fleet & Geography



Shadow vessels operate at ~50% efficiency, effectively removing capacity.



Longer voyages + inefficient shadow fleet = **Scarcity premium** for compliant, modern operators.



The Age Arbitrage: Counter-Cyclical Execution



Step 1: The Sell

Divestiture of 2007-built vessels
(DHT China, Europe).

~\$150M Accounting Gains

Sold at Peak Secondary Prices



Step 2: The Buy

Ordered 2026 Eco-Newbuilds

\$128.5M Avg Cost

~~Current Market: \$140M~~

Value Prop: Swapping obsolete, 15-year-old steel for modern Eco-Tonnage without diluting equity. New scrubbed vessels earn \$5k-\$10k/day premium.

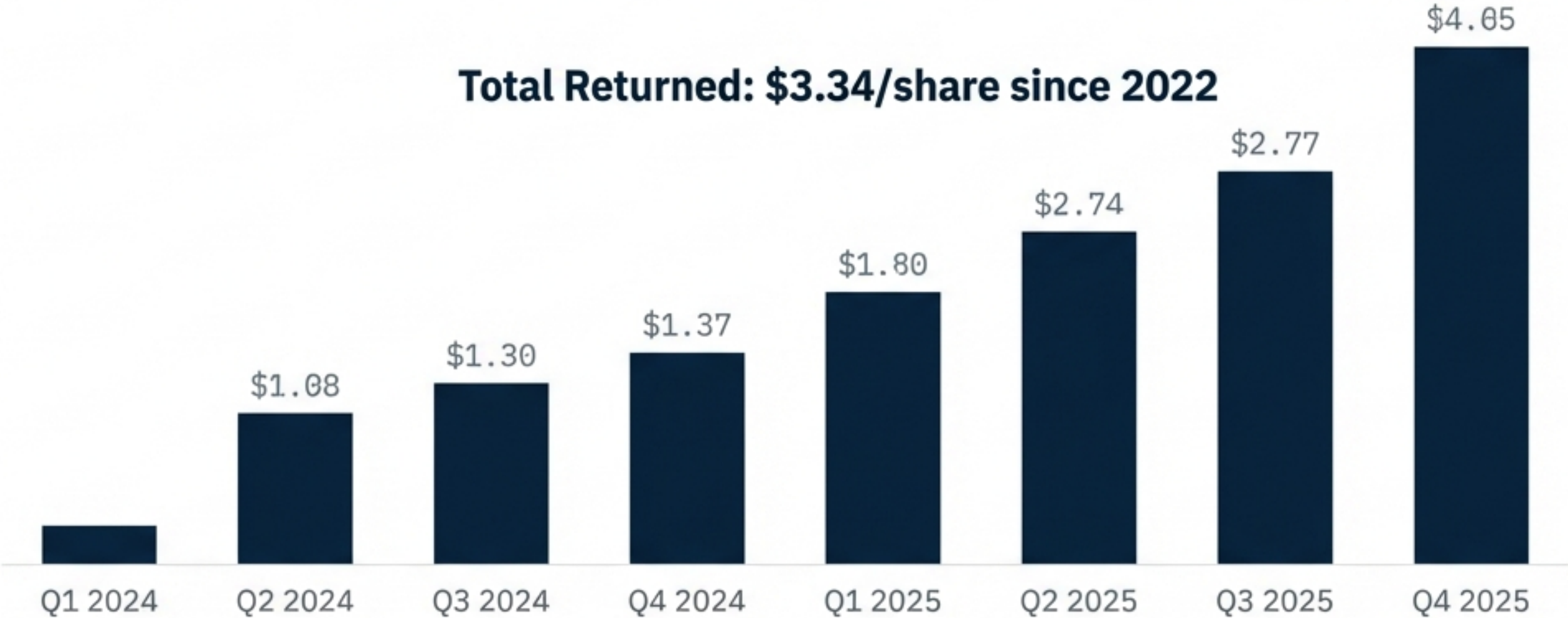
THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate.

Capital Return: The 100% Payout Discipline

Policy: 100% of ordinary net income returned to shareholders quarterly.

Cash Returned to Shareholders (Quarterly)

Total Returned: \$3.34/share since 2022



**Current
Annualized
Yield: >10%**
(Based on Q4 2025)

This policy forces management to fund operations via cash flow, preventing “empire building” during cycle peaks.

THESIS: The investment case relies on the supply-side crunch lasting longer than the market’s priced-in fade rate.

Downside Protection: The Fortress Balance Sheet

<\$16
MILLION

Net Debt per Vessel (Below Scrap Value)



Leverage (Market Value Adjusted): 17.6%

Leverage (Book Value): 26.5%

Cash Position: \$79.0M

Credit Facility: SOFR + 1.32% (Peer avg: SOFR + 2.0%)

THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate

Valuation: Pricing the “Fade Rate”



P/NAV:
~1.0x

Trading near NAV
of ~\$16.33

P/Book:
~2.26x

Premium for
earnings power

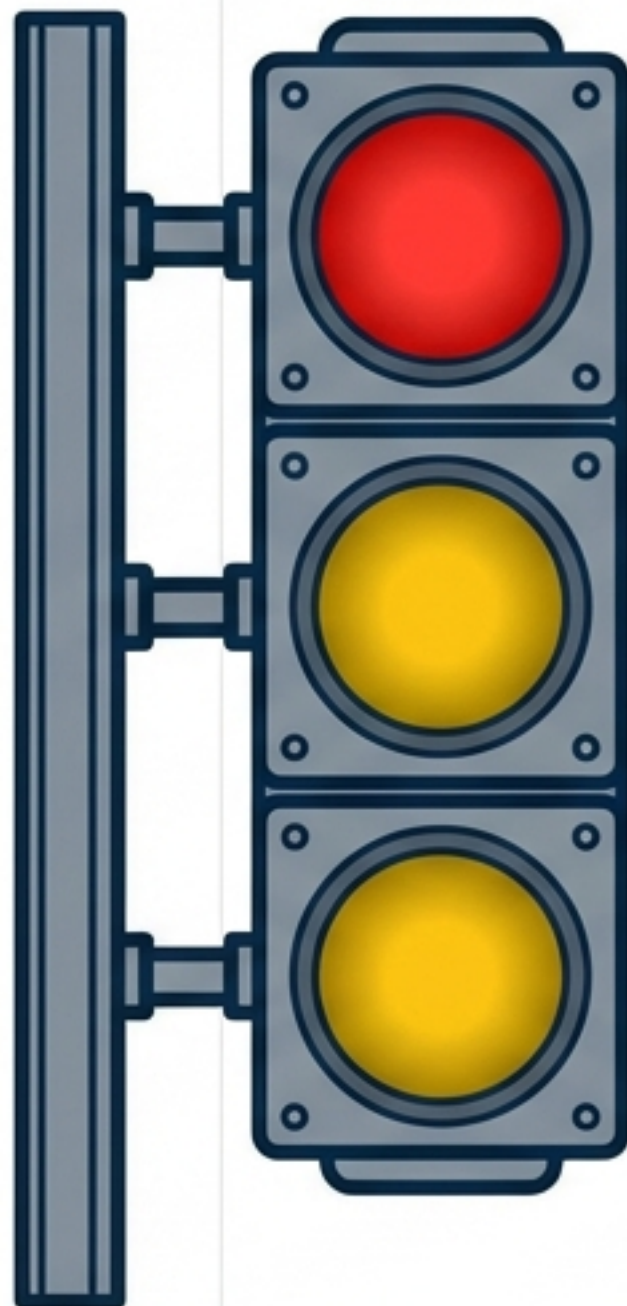
Forward
P/E:
<10x

The Tension: Market prices shipping stocks on “Peak Earnings” fears.

The Opportunity: If the supply crunch extends the cycle duration beyond consensus, the current multiple undervalues the cumulative dividend yield.

THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate.

Risk Matrix: The Threats to Alpha



Supply Glut

Late 2025 ordering spike (27 vessels in Nov '25).
Deliveries in 2028/29 could crush rates if scrapping slows.

Geopolitics

Peace in Ukraine/Middle East or normalization with
Venezuela releases the Shadow Fleet and shortens trade
routes.

China Demand

Inventory drawdown cycles or economic contraction in the
primary demand center.

THESIS: The investment case relies on the supply-side crunch lasting longer than the market's priced-in fade rate.

Governance: Partnering with Owner-Operators



ALIGNMENT

CEO/CFO hold significant equity ownership.



INCENTIVES

Vesting linked to Total Shareholder Return (TSR) & Dividend Equivalents on unvested shares.



CLEAN STRUCTURE

No material related-party transactions (Rare in shipping).



INTERNAL CONTROL

Wholly owned technical management (Goodwood).

The Verdict: A Tactical Instrument

19.4%

ROE

>10%

YIELD

\$18.3k/day

BREAK EVEN

17.6%

LEVERAGE

Investment Role: Not a “Hold Forever” compounder, but a premier vehicle for capturing the current supply-side super cycle.

Buy for the shortage. Hold for the yield. Watch the 2028 orderbook.