



Evercore analyst Jonathan Chappell said the combined Euronav-Frontline would be a "truly investible" shipowner. Photo: Chris Prevolos

Combined Euronav-Frontline would be a US equities market first, Chappell says

Merger would create a \$5bn company with the potential for serious growth given the anemic tanker markets

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By [Matt Coyne](#)  in [Stamford](#)

Evercore's Jonathan Chappell believes the Euronav-Frontline merger could create something Wall Street has never seen: a shipowner that is "truly investible".

In a note published on Monday, the analyst said the biggest benefit from the combined companies — with a total fleet of more than 90 ships — would be an owner that investors can stick with through crude tanker market cycles.



Combined Euronav-Frontline tanker giant set to mop up small-fry

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"The fact that a combined [Euronav-Frontline] entity would provide a nearly \$5bn market cap at the TROUGH of a multi-year, punitive downturn, with benchmark VLCC rates just recently breaking into positive territory (and well below breakeven levels) means that a proper cyclical recovery could take the market cap well into 'mid-cap' territory," Chappell wrote.

He said the resulting company would have a solid balance sheet and could bring investors into the industry.

"[The merger could provide] a bit of a rising tide interest for smaller entities, and even potentially act as a precursor to more real consolidation of the smaller listed peers (a guy can dream)," he said.

Chappell cheered the merger last week, arguing the new company would dwarf all its competitors on a market capitalisation basis, with few other owners breaking \$1bn, even if it would not significantly consolidate the industry.

The merger was announced last week, with the response largely positive.

Dissent came from Euronav's largest shareholder, Saverys family-controlled shipowner CMB, which said its vision for the company was [a diversified owner that would play a major role in the push for decarbonisation](#).

Still, Kepler Chevreux's Anders Redigh Karlsen said the merger would [likely go forward over CMB's opposition](#).

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