



John Fredriksen will succeed with his merger ambitions, analysts believe. Photo: Elin Hoyland

Giant tanker merger will go ahead despite CMB opposition, analysts say

Kepler Chevreux assuming that existing investors have bought into current tanker strategy

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By [Gary Dixon](#)  in **London**

The huge merger between tanker giants Euronav and Frontline should go ahead despite opposition from the Saverys family, analysts believe.

Saverys-controlled shipowner CMB, Euronav's biggest shareholder, came out against the transaction last week, arguing for a move away from crude shipping and into ammonia and hydrogen businesses.

But CMB only owns 13% of Euronav and Kepler Chevreux's head of shipping Anders Redigh Karlsen said that, although the opposition was a "surprise", the deal will not be imperilled.

Euronav has said the supervisory board of the company unanimously supports the proposed transaction and believes it is to the benefit of all shareholders.

"We continue to believe the transaction will have the necessary support from shareholders," Karlsen added.

CMB wants to oust the Euronav board to implement its own strategy.

Kepler Chevreux understands the shareholder proposes a winding down of the tanker business.

"We continue to believe that a combination with Frontline will create a strong and interesting entity that will generate stronger earnings than as two standalone companies," Karlsen said.

"Although the opposition from CMB was surprising, we expect the transaction to move forward, but there will clearly be more noise around it than what we had anticipated when the transaction was announced," he added.

Buying into tanker story

It is not known if there are other shareholders who back CMB.

But Karlsen said: "We assume that shareholders have invested in the company acknowledging its current business plan."





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Frontline tanker giant
set to mop up small-fry**

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A combination involving nearly 150 VLCCs, suezmaxes and aframax/LR2s would have a market capitalisation of \$4.5bn at current share prices.

Clarksons Platou Securities said that if vessel values reach newbuilding parity levels, the cap could hit \$6bn.

“This is good news for investors, with likely increased trading liquidity, cost savings, and improved balance sheet terms with the enlarged entity,” the investment bank added.

“We could also see large, institutional investors finding the tanker space...investable. Higher interest and potentially increased capital flows should be good news also for other names in the tanker segment,” the company said.

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