



## Letter to Shareholders from the Co-CEOs

April 1, 2020

Dear Shareholder,

We are writing to you during extraordinary times. The outbreak of the Covid-19 virus is roller coasting the financial markets. In the oil market, most people were prepared for OPEC+ to cut production only to be surprised by their U-turn decision to increase supply and thereby sending the oil prices tumbling. We appreciate the challenges most industries and businesses face during spells like these.

The current dramatic swings specific to our market demonstrates what we believe always has been, and will continue to be, a highly cyclical and volatile market. And herein lies the opportunities.

We believe that our strategy is increasingly being validated. By continuing to apply strong discipline with respects to allocating capital and manage our fleet in a counter cyclical manner in combination with a keen focus on robust cash break-even levels for our ships operating in the spot market, we believe DHT to be well positioned come rain or shine.

As you have seen from our announcement today, we have entered into fixed rate time charter contracts for six of our ships. The DHT Lake (built 2004), DHT Raven (built 2004), DHT Scandinavia (built 2006), DHT Bauhinia (built 2007), DHT Edelweiss (built 2008) and DHT Lion (built 2016) will each enter one-year firm contracts at an average rate of \$67,300 per day. This equates to a combined EBIDTA contribution of about \$121 Million during the firm contract periods.

In addition to being highly profitable, these time charter contracts will reduce the cash break-even levels for our spot trading ships – now down to \$2,600 per day for the remaining three quarters of 2020. This is in our view very robust and we believe you would be hard pressed to find any public company matching this number. Cash break-even means different things to different people. In DHT it includes all true cash cost, i.e. daily OPEX, debt repayment, interest, G&A and maintenance CAPEX (e.g. dry-docks).



Following the six new contracts, we have ten ships in total on time charters. The four other ships all have durations longer than one year expiring between June 2021 and November 2022. Importantly, these four ships have average fixed base rates at about \$31,500 per day with profit sharing arrangements on top and as such take part in the current strong freight market.

We have received numerous questions from a variety of stakeholders as to how the Covid-19 virus outbreak is impacting our business. The biggest operational challenge relates to our seafarers and our ability to change crews on regular intervals. This is simply put a headache and means in many instances that the crew must stay onboard longer than planned. We are grateful for the fantastic spirit of cooperation and understanding we receive from our seafarers and their families. Please join us with praise, respect and appreciation for their efforts in ensuring our services can continue uninterrupted. The other area that could present challenges is getting supplies delivered to the ships. Thankfully, we have to date fared well in this regard reflecting on the good planning from our teams both onboard and ashore.

You should continue to expect consistency in our strategy, transparency in our communications and for us to do what we have said we are going to do. We like our current position and have all ships in the water earning money. Our balance sheet is strong and healthy, and we enjoy excellent support from our banking universe. We are focused and we work hard to create value to your shareholding by pursuing what we believe will continue to be a rewarding business plan.

Thank you for your continued interest in and support of DHT!

With best regards,

Trygve P. Munthe  
Co- CEO

Svein Moxnes Harfjeld  
Co-CEO