Q1 2026 Earnings Call

Company Participants

- Andreas Konialidis, Deputy Chief Executive Officer & Chief Commercial Officer
- Brian Gallagher, Director of Investor Relations & Business Development
- Gerasimos Kalogiratos, Chief Executive Officer
- Niovi Iasemidi, Chief Financial Officer

Other Participants

- Eirik Haavaldsen, Analyst, Pareto Securities
- Frode Morkedal, Analyst, Clarksons Securities

Presentation

Operator

(Starts Abruptly), and welcome to the Capital Tankers Q1 2026 Earnings Call. Please note that this event is being recorded. At this time, all participants are in listen-only mode. We will open the line for questions following the prepared remarks. (Operator Instructions)

I will now turn the call over to today's host, Brian Gallagher, Head of Investor Relations. Brian, please go ahead.

Brian Gallagher {BIO 24310482 <GO>}

Thank you, and welcome to Capital Tankers first quarter 2026 financial results presentation. Before we begin, please note that today's discussion will include forward-looking statements. Actual results may differ materially from those expressed or implied. For full details, please refer to our disclaimer slide on slide 2 in the main presentation. As a reminder, we'll be referring to supporting slides on the webcast, which are also available on our website as we go through today's presentation.

With that, we should get started with an introduction to the management team on the call today. My name is Brian Gallagher, Head of Investor Relations, and with me today are Ms. Niovi Iasemidi, our CFO; alongside Mr. Andreas Konialidis, our Deputy CEO and Head of Chartering, and finally our Chief Executive Officer, Jerry Kalogiratos, who will join the call later. Niovi and I will run through the main slides before we open to Q&A, where both Andreas and Jerry will join us.

So starting on slide 4, Capital Tankers today is an ultra-modern 30 vessel platform across the VLCC, Suezmax, Aframax, and LR2 segments, split between 12 VLCCs, 10 Suezmax, and 8 Aframax/LR2 vessels. Twelve of these vessels are sailing in total, 18 of these vessels are newbuildings on order, with an additional 13 option vessels that we can call on at sponsor cost through to the year-end of 2026. After that, we have the right of first refusal. There is a fleet -- this is a fleet built deliberately around the most fuel-efficient and emissions advantaged designs in the market, which are LNG dual-fuel and scrubber-fitted across the majority of the book.

We listed the company on Euronext Growth Oslo on March 17 earlier this year in what was one of the largest shipping IPOs in two decades. It was multiple times oversubscribed, raising $500 million at offer, and we are advancing plans to uplist to the Oslo Main Board and the US listing in due course, subject to regulatory and corporate approvals.

On this slide, there are four pillars. Firstly, an ultra-modern fleet; secondly, a high specification dual fuel and scrubber-fitted fleet; thirdly, strong tanker market fundamentals, and lastly, a commitment to shareholder returns. This is how we frame the equity story. The meaningful spot charter exposure in this strong rate environment with increasing earnings days as a result of the contracted fleet growth, as well as the embedded growth optionality, is, we believe, a clearly differentiated proposition for investors in the tanker space.

With that introduction over, I'd like to now highlight on slide 5, the key highlights. Drilling into the quarter, the headlines are pretty straightforward but positive. On the IPO and fleet expansion size, we raised $454 million of net proceeds, including the overallotment. We took delivery of six vessels during the quarter and another six since the quarter end, bringing the sailing fleet, as I mentioned before, to 12 tankers on the water today.

On the financing side, we drew $137 million of new debt during the quarter. We've drawn a further $241 million since quarter-end and have secured funding for another $314 million that Niovi will go through later. Commercially, we have delivered fleet-wide TCE of $97,000 per quarter -- sorry per day for the quarter and $162,000 per day for the post-listing period. We secured a one-year time charter on our only VLCC at $100,000 per day, and we've already booked 73% of available Q2 fleet days at over $146,000 per day.

Adjusted EBITDA was just over $25 million for the quarter, with net income coming in at $23 million and $14 million for the post-listing period. This has given us a quarter EPS of $0.21 per share, and we've declared our first dividend today at NOK0.50 per share for the post-listing period. So, in summary, across every dimension, fleet, financing, commercial and shareholder returns, we are executing in line and often ahead of schedule.

With that, I'll now hand over to Niovi Iasemidi, our CFO, to take us through the financial highlights.

Niovi Iasemidi

Thank you, Brian. Good morning or afternoon to everyone listening in today. It's a privilege to host our first earnings call as a public company reporting against the expectations we set at our IPO just over two months ago.

Let me turn to the income statement on slide 7. Before we walk through the numbers, a brief framing note on how the financial statements are presented. Capital Tankers only became a separately reporting entity at IPO on March 17th. For that reason, the income statement is presented in two columns. First, a full Q1 column covering January 9th, the day of the company's incorporation, to March 31st; and second, a post-listing period column covering March 17th to March 31st. This is the period for which the company has been listed and against which the maiden dividend has been declared.

The income statement reflects the strong rate environment combined with our accelerating fleet ramp-up. Total revenues were $34.9 million for Q1 and $17.1 million post-listing. Next on voyage expenses, TCE revenue came in at $27.6 million for Q1 and $14.6 million post-listing. Vessel operating expenses were $2.4 million, depreciation amortization $3 million, SG&A $0.2 million, and other income $1.1 million. The resulting net income was $23.1 million for the quarter and $14.1 million post-listed. Adjusted EBITDA was $25.7 million and $14.6 million, respectively. EPS came at $0.21 for Q1 on weighted average shares of 111.4 million and $0.11 post-listing on weighted average shares of 131.1 million. The fleetwide TCE was $97,300 per day for the quarter and $162,300 per day post-listing. This is a clean read on the earnings part of the platform as new vessels came online into an exceptionally firm market. In summary, we have delivered robust profitability, and our maiden dividend of NOK0.50 per share, equivalent to roughly 51% of post-listing net income, is consistent with the shareholder return commitment we made at IPO.

Moving on to the balance sheet on slide 8. Our balance sheet has emerged from the IPO in great shape, as set out on March 31st, 2026. On the asset side, vessels of $614 million, vessels under construction of $794 billion, restricted cash of $3 million bring the total non-current assets of $1.4 billion. Cash and equivalents, excluding restricted, were $405 million, plus other current assets of $26 million, bring us total assets of $1.8 billion.

On the equity and liability side, we have total shareholders' equity of $1.6 billion. Long-term borrowings net of current $205 million and current borrowings and other liabilities $27.5 million, total $1.8 billion. There are a number of key takeaways here. There's a strong equity base of $1.6 billion, strong liquidity of $408 million in cash and equivalents, total assets of $1.8 billion, supporting a fleet of six sailing and 24 under construction vessels as of the end of the quarter. There is conservative leverage with only $218 million of total debt and the net cash position of $190 million.

Let's now look at the sailing fleet and vessels under construction on Slide 9. Our fleet today on a fully delivery basis comprises 30 vessels totaling approximately 6.2 million deadweight tons across VLCC, Suezmax, Aframax and LR2 segments. The average age is just 1.1 years, making our fleet among the youngest in our peer group. 23 of the 30 vessels, 77% of total, are Dual Fuel, MTO are scrubber-fitted. This gives us a structural fuel cost and emission advantage.

Importantly, the chart at the right shows that our available days build up steadily quarter after quarter as vessels deliver, providing a clear path to materially increasing cash generation through 2026, '27 and '28. By the end of the fourth quarter of this year, our fleet will include 17 tanker vessels sailing, which is 57% of our total fleet.

Now, let me go through our options on 13 additional vessels on slide 10. These 13 option vessels, 11 VLCCs and 2 Suezmax tankers or scrubber-fitted, represent very attractive embedded value for us. The 11 VLCCs delivered between February and November 2028, and are contracted at prices between $119 million and $120 million per vessel. In addition, the two Suezmaxes delivered in May and September '28 from Hyundai in South Korea and are offered at $89.5 million each on a delivery basis. Total acquisition cost of the options is at $1.5 billion. We can exercise any and up to all of these options through December 31st, 2026, at the contract prices indicated here, plus any financing costs incurred by the sponsor. Thereafter, we retain a right of first refusal. The estimated amounts payable at the declaration deadline at the end of the year amount to $311 million plus financing costs. On indicative broker valuations as of earlier this month, the value of these 13 options sits at approximately $170 million above contract cost. That's roughly NOK11.8 per share. This is pure optionality available to our shareholders.

Now, let me turn to our commercial performance and guidance on slide 11. Starting with the first quarter of '26, the table on the left shows our actual TCEs [ph]. The VLCC came in at around $68,500 per day over 50 available days. As disclosed, we have fixed our sole VLCC at this point at a one-year time charter expiring in February 2027 at the gross rate of $100,000 per day. The reduced TCE here for the first quarter reflects the balance leg of the vessel from the secure to delivery range under the time chart.

Our Suezmax spot TCE rate for Q1 was around $162,000 per day over 53 days. Aframax accelerator tools came in at a spot TCE rate of $86,300 per day over 181 days, giving a fleet TCE of $97,300 per day on 284 available days. On the right-hand side, we set our Q2 2026 bookings. The VLCC, which is on time charter, is at the TCE of $98,600 per day on 100% of available days. The Suezmax fleet is at $185,300 per day on 73% of available days. The Aframax/LR2 fleet is at $130,800 per day on 69% of available days, and fleet TCE across the spot and the fixed VLCC comes to $146,300 per day on 73% of available days.

At the bottom, we see how the fleet available days build up from Q2 2026 through Q4 2028. We start with 3,800 days this year, we go up to 7,600 days in 2027, and we reach 10,500 days in 2028. This is meaningful operating leverage into what we view as a continuing strong rate environment. Even with the recent moderation in the spot market, our second quarter is shaping up particularly well. If we were to assume for a second that we put away all the remaining available days for the second quarter at the current one-year time charter rate for Suezmax and Aframax. Our second quarter EBITDA [ph] would be expected to exceed $110 million basis the OpEx and SG&A assumptions we described during our IPO.

Moving on now to slide 12, we give you an update on the fleet financing. As at the end of March, our outstanding debt of $218 million bore SOFR plus a weighted average margin of 144 basis points, evidence both of the quality of our assets and the strength of our lender relationships. The fleet gross NPV at the end of the quarter stood at around 34%, and we showed the net cash position of $190 million. We have made considerable progress securing additional financing for the new building fleet, which you can see in the table on the left. We have also secured $314 million of undrawn debt.

Moving on to slide 13, we look at the funding of our fleet expansion from a broader perspective, a higher level. As of March 31st, on a pro forma basis, we had $1.9 billion on new building CapEx remaining. We expect to fund this through a combination of cash and debt. At the end of the quarter, we had $408 million cash on hand. We have drawn and secured $555 million of debt and expect to raise around $1.1 billion more. At current market values, this reflects gross leverage of just 49%, calculated against fleet fair market value last week. By these conservative assumptions, we are left with $145 million of excess funding without needing to deploy a cent of our operating cash flow. As you can see, between cash already on the balance sheet, debt drawn, debt secured, and conservative financing assumptions for the remaining newbuilds, the program is funded with close to $150 million excess cash. That brings us to section three of the tanker market, an important part of our spot operating fleet.

I will hand the floor to Brian to walk us through it.

Brian Gallagher {BIO 24310482 <GO>}

Thank you, Niovi. It's been a period of very extreme volatility with geopolitics entwined within the tanker business like never before. And it was into this environment that we've launched ourselves as a public company.

On slide 15, I want to really focus upon the Suezmax and Aframax rates, which were already at an innovative stage before recent geopolitics. The general freight background was there actually very constructive before February 28th. We focused on the spot performance of these two sectors because that's where most of our spot exposure is at the present time, given our VLCC is on a one-year time charter. Two points stand out from this slide. Firstly, freight rates for the Suez and Aframax space have continued to be elevated against their long-run averages even before and after the recent geopolitical step-up of recent weeks. Both segments are operating in multiples of their long-run Q1 and Q2 averages since 1990, as slide 15 shows.

Secondly, our fleet shows strong relative performance compared to our peers and the numbers that Niovi has just run through. Despite taking delivery of vessels into a period of extreme volatility, often with very long ballast legs as our new buildings have delivered in the east primarily, our chartering desk has delivered a solid commercial performance on both Suezmax and Aframax, a function of nimble decision making, deep customer relationships and the underlying quality of the assets. We've not been simply riding the market, we've been extracting more than our fair share.

On slide 16, we focus on, obviously, the key variable at the moment, the Strait of Hormuz. The disruption around the Strait of Hormuz has been one of the defining themes of the quarter and, of course, recent years. The impact on global oil flows is substantial. Hormuz accounts for roughly a quarter of all seaborne oil trade. But what we have observed is, there's been a very affirmative action taken by both buyers and producers to offset the disruption that has been equally as swift. The waterfall on slide 16 begins with a pre-disruption Strait of Hormuz flow of 20.3 million barrels per day, which represents the baseline volume of crude and condensate that transits through the chokepoint before any disruption or was traded before trading it through it.

The first mitigation bucket on slide 17, we have named the physical rerouting, has clawed back around about 7.3 million barrels per day through four distinct levers you see on slide 17. After these workarounds, sorry -- slide 16, after these workarounds, the residual unmet supply, the remaining Hormuz supply loss in the middle, falls to 13 million barrels per day, still a very large gap relative to global balances. But that's not the end of the story. The second mitigation bucket, temporary stock effects, as we've labeled on the slide, reduced another 6.8 million barrels per day by drawing on inventories rather than flowing molecules. Netting all of these counteractions against the original shock, the chart shows that the residual call on onshore stocks is actually totaling 6.2 million barrels per day. The portion of the shortfall that must ultimately be met by drawing down on land-based commercial inventories.

The headline takeaway from the slide is exactly what the subtitle suggests. Although Hormuz disruption is unambiguously substantial in scale, the combination of pipeline reroutes, coordination of SPR releases, and the unusually large volumes of Russian and Iranian crude already in floating storage has meant that the market has had, since February 28, a credible and fairly swift toolkit with which to absorb most of its initial 20 million barrels per day hit. This has left, therefore, roughly 30% of the original flow as a true call on onshore stocks, and crucially, the reroutings that absorb the other 70% are themselves by definition ton-mile additive and positive for tanker operators such as ourselves.

We continue to monitor the situation closely and remain confident that whatever path geopolitics takes, the underlying ton-mile demands created by these reroutings will support tanker earnings into the second half of the year. With that, I'm going to move now onto what we will believe is a sustained trend, however, and wherever the world stabilizes, an impact on crude tanker markets going forward.

Slide 17 makes the point that whenever the world normalizes, crude inventories will have to rise. Both commercial and strategic consideration, energy security and security of supply, in particular, argue for a meaningful rebuild from current levels. Historically, periods of inventory build in the crude market have been associated with elevated tanker rate cycles, as we show on the left of this slide, and the scale of any potential build that we look on the right-hand side is potentially very large. To frame that magnitude, the current Inventories of around 3.2 billion to 3.5 billion barrels are already 600 million to 900 million barrels below pre-pandemic norms, and a return to 2016 or early 2020 commercial and strategic levels of approximately 4.8 billion barrels would imply a restocking requirement of over a million -- a billion barrels in total, roughly 2 million barrels of VLCC capacity per cargo. That translates into about 500 cargoes, seven to nine voyages that a VLCC would actively take in a year. That's the equivalent of 55 to 71 VLCCs that would be absorbed for a full 12 months just on this inventory rebuild. So even partial realization of that scenario would be a significant tailwind for the market.

Moving now to summarize the supportive tanker market background on slide 18. We try to bring the different threads together here on a structural basis. Yes, the order book has expanded, and we're aware of that, but it is more than offset by the aging fleet rolling off, and with the share of global crude fleet accelerating in terms of age and those approaching 20 years of age, as we show in the middle of this chart. These older vessels carry structurally lower utilization as they gain in age.

Laid on top of this is consolidation amongst the owners within the segment that we have seen at a scale not previously recorded over the last 30 years to 40 years. So net-net structural demand is intact, effective vessel supply is constrained, and the fundamentals continue to support a multi-year constructive rate environment. Capital Tankers are ideally positioned for this scenario.

With that, I'll hand the conclusion slide and closing remarks over to our Chief Executive, Jerry Kalogiratos.

Gerasimos Kalogiratos

Thank you, Brian and Niovi. Putting it all together against the four pillars of the equity story, and despite a stub first quarter, we have delivered concrete progress since our IPO. Moving from six tankers in the water during the IPO less than two months ago to 12 sailing vessels today, fixing our sole VLCC for the moment on an attractive one year time charter rate of $100,000 per day, booking 73% of our second quarter spot days and again very attractive average TCE of more than $146,000 per day, making substantial progress in drawing and securing financing for our the water fleet as well as our newbuilds; and finally declaring our maiden dividend for the post-listing period of NOK0.50 per share for effectively 14 days of operations as a public company.

Overall, we are operating in one of the most dynamic tanker markets in the generation, trading partners shifting to day-to-day, geopolitics reshaping routes, and rate volatility creating real commercial opportunity for operators with the right fleet and the right desk. I believe we have so far navigated this remarkably well, and that has been across the commercial, the operational, and the financing front, and we're looking to build on the strong momentum as we move from just 90 fleet days for the post-listing period in the first quarter to almost 1,000 days in the second quarter and eventually to 2,700 fleet days after all our vessels have been delivered in the second quarter of 2028.

Importantly, as outlined by Niovi, the company is well capitalized for this the acquisition of the firm 30-vessel fleet and has potential funding to grow the fleet further, by, for example, exercising some of our options. And looking forward to the extent recent reports of the US-Iran dialogue and reopened Iranian flows prove accurate, who could be in the early innings of a prolonged global inventory restocking as described by Brian. But, of course, today's news flow demonstrated that this might take longer, and we might see steps backwards before real progress is made. But the point we want to leave you with is a broader one than just one geopolitical [ph] path. The long-term fundamentals of the tanker market layered on top of our young high specification dual-fuel fleet, position us well across a wide range of outcomes. We are off to the start we promised our shareholders at IPO, and we intend to keep delivering quarter by quarter.

This concludes our prepared remarks. I will now hand back to the operator to open the floor to questions. Andreas, Niovi, Brian and I will be happy to take them.

Questions And Answers

Operator

Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions) Our first question comes from Frode Morkedal from Clarksons Securities. Frode, go ahead.

Q - Frode Morkedal {BIO 15031536 <GO>}

Thank you. Hi, team. Congrats on this strong start of your listing.

A - Gerasimos Kalogiratos

Thanks, Forde.

Q - Frode Morkedal {BIO 15031536 <GO>}

First question I had is on the dividend. You paid NOK0.50 per share -- equivalent of 51% of net income, as you say here on this slide.

A - Gerasimos Kalogiratos

Yes.

Q - Frode Morkedal {BIO 15031536 <GO>}

How should we think about the dividend policy from this point onwards? Should we still think about it as a -- primarily, as a payout of free cash flow to equity under the construction period, or could we also think about the percentage of net income?

A - Gerasimos Kalogiratos

Thank you, Frode. That's a fair question. So, at IPO, as you might recall, we gave guidance that we expect to distribute a significant percentage of the cash generated by our vessels, that is after debt service, and that this ratio is expected to increase by the time we complete our firm newbuilding program. Now, of course, the first quarter was an unusual quarter in that earnings attributable to shareholders only kicked in after the listing on March 17. So there was only a short period of income generation. So in a way, the period was short and symbolic, and we decided to round up the NOK payout. This, of course, does not mean that our policy has changed. It was simply a reflection of the better-than-expected financial position that we are compared to when we started with the IPO, as well as the short quarter. And the Board and the management decided to pay out the half NOK.

Now, going forward, you should expect a similar approach by the company. And the Board will probably focus on net income as a proxy for cash flow generation, as we do believe it will be easier for investors and analysts alike to think in terms of net income rather than having a more complicated bridge to free cash flow. But -- these numbers are -- do come quite close. So we think that in the future, we will be thinking more in terms of net income rather than a free cash flow proxy.

Q - Frode Morkedal {BIO 15031536 <GO>}

Okay. That's fair. That's certainly easier to model for sure, right? So maybe 50% is a good proxy then going forward, it sounds like.

A - Gerasimos Kalogiratos

I don't -- as I was trying to say, I don't think necessarily the ratio of this quarter is going to be -- the ratio of this quarter is not going to be necessarily representative of every quarter. Again, the dividend is discretionary and decided by the Board, and the guidance of the IPO stands that there will be a lower percentage of lower payout during the construction phase and a higher payout after the initial firm fleet is delivered. But I think we -- you should expect that we, especially seeing good markets like this, we will be generous with the dividend, and we hope to build a track record over the quarters so that people know what to expect

Q - Frode Morkedal {BIO 15031536 <GO>}

Sounds good. That's good. On the market, I liked your restocking thesis. That is clearly important going forward. I totally agree. I just wanted to hear with you how you think about the timing, because whenever the Hormuz reopens, I guess, you could talk about the impact on the tank market in, let's say, at least three phases. Initially, there's a positive effect that there's more cargo than ships available, and then eventually, maybe rates were down, and then the restocking effect kicks in. Do you agree with that? And how did you think about, let's say, the timing and scale of this restocking cycle?

A - Gerasimos Kalogiratos

Yeah, look, Frode, it's a very fair question, and I noticed a number of our peers have looked on different phased sort of opportunities and looking at that as an outlook, and I noticed yourself that Clarksons has put something out on this this afternoon as well. I think our view would be very similar to yours, and we would expect, if you like, a frenzy phase to start with, and then sort of maybe a recalibration as fleet is moved around the world and reset, and then we would then get into that traction of the inventory build. We think the inventory build won't happen quickly. We don't know this on our slide deck, but on our IPO slide deck, we did point to the fact that after Russia, we had almost an instantaneous reaction in terms of crude inventory build. So we do think that crude inventory build will kick in quickly, but we would agree with that thesis. But I think the underlying thing we would like to point investors to, and also the analysts, is that this is going to be all at elevated levels. We would expect the direction of travel to see a rate appreciation, an increase into that frenzy period as things recapitulated for straits were to open. But we would then see maybe the rates reducing as things are set, sort of reset themselves in terms of fleet locations. But that -- we would expect to be at a higher level than we would have -- we've seen in the historical numbers that we take from the databases. So in round trip, yes, we would expect to see a similar sort of phased approach. We think those phases will be relatively focused and quick. And in particular, we do believe that we'll be at an elevated rate, a rate environment for the medium term off the back [ph]

Q - Frode Morkedal {BIO 15031536 <GO>}

Great. Sounds good. Thank you. I'll turn it over.

A - Gerasimos Kalogiratos

Thanks, Frode.

Operator

Next question comes from Eirik Haavaldsen from Pareto. Eirik, go ahead.

Q - Eirik Haavaldsen {BIO 17633429 <GO>}

Yeah. Hi, guys. So obviously, three months ago feels like a lot has happened. So just wanted to understand a little bit your thinking around both the options that you have, and also, I mean, the value of prompt deliveries of vessels that are delivering now, the value there has gone up massively, right? So if you were to do something in the S&P market at the moment, what would that be if I can ask you directly?

A - Gerasimos Kalogiratos

Hi, Eirik. Well, let me start with the secondhand market. I think there have been certain data points out there, both for resale VLCCs, actually, one resale ex-Hengli has been more sold with delivery next year. Sorry, later this year, by the third quarter, in excess of $160 million. That, as you say, points to a further appreciation in for both our firm and optional fleet. Then there have been Suezmax, Korean Suezmaxes resales being discussed for delivery next year, again, at a substantial premium to where we acquired our vessels. So there have been various data points, but most of them were in excess of $95 million. So maybe delivery cost, we're talking about $97 million for 2027, and, of course, a number of secondhand vessels. So all in all, you have seen an appreciation of the in-the-water assets.

But at the same time, I think the whole curve has moved up. If you're looking to place a newbuild at an established shipyard, today probably, you're looking at second, third quarter of 2029 delivery at the earliest. In China, probably a price of around $130 million, plus or minus, and, of course, higher in Korea, with also many berths going right now to gas carriers, LNG, but also a lot of interesting VLCCs, which is taking up a lot of space.

And I, of course, understand that there have been discussions around earlier berths in yards that do not have a track record in building ships. Space sometimes can be found, but I think the bottleneck right now, the difficult part, is sourcing of pumps, main engines, especially, and equipment. And I think you will find that in reality, that pushes deliveries of vessels well into 2029. So that's just the overall given backdrop in terms of where secondhand and newbuilding market is.

Now with regard to our options, I think it is a clear differentiating factor for Capital Tankers and a strategic advantage. We have been trading as a public company only for a couple of months, and we still have seven months to go before any of these options expire. So we can be strategic about it, hence there hasn't been any rush from our side. As you saw from the prepared remarks and the deck, according to the latest appraisals that we got for these optional ships, they are by about $170 million in the money. So there is a clear value proposition, and we will consider how to take advantage of this embedded value.

As Niovi pointed out during the prepared remarks, we have about $250 million of excess cash after taking into account our firm new building program, and that is without taking into account any operational cash flows. This is mostly a result of the upsizing of the IPO. And you might recall the initial IPO amount was set in such a way, so that we cover all our firm newbuilds. So effectively, upsizing means that we have excess liquidity. So if we were to assume a 35% LTV, we can very comfortably exercise at least three of these options without really moving the needle, which would probably be the prompter VLCC deliveries, and that's without thinking about any incremental capital. Then I think also we discussed our Q2 bookings, and, of course, the increased fleet days throughout 2026 as more of our ships deliver, and everybody has their own views with regard to the market backdrop. But I think we didn't mention that it is -- with the bookings that we have in place, it's fairly easy to land in well in excess of $100 million, probably closer to $110 million EBITDA for Q2.

If you just take the one-year period rates and you apply it to the rest of our available days throughout 2026, probably, you will land to an EBITDA of close to $300 million. That depends on your rate assumptions, higher or lower. But that should leave also enough excess cash even after servicing our dividend commitments, as we discussed earlier on, to fund an additional two, three ships. At the same time, and I'm not saying necessarily this is the route that we're going to take, but I just wanted to highlight the flexibility that we have. We are working with sub-50% gross leverage for the reasons that we mentioned. I mean, asset values are higher, and we do have four Aframaxes that do not have any secured debt, any mortgage. So the intention overall is to remain conservative about leverage but we can use some of that headroom as bridge liquidity in this growth phase of the company, if we want to exercise some additional options.

There is also another path, if we want to monetize at least partly some of these options, that would be to sell some of these vessels back-to-back. And we discussed where values are for prompt deliveries, and where new buildings are. You can infer what would be a fair market value of a vessel delivering in, let's say 2028, but there's definitely value there. So maybe potentially selling certain of these assets, taking the profit, and recycling that into the other options that would be a way, as this would be directly a P&L item. But what I want to close with is that what we do not intend to do is issue equity in a dilutive way that is below NAV. Right now, we do not necessarily dismount what is our NAV estimate, but the market does believe, and I think it is fair to say so, our NAV is much higher from where we're trading today. So there is no incentive from our side to look at equity capital. If that changes, of course, that would be a way to fund additional options.

Sorry for the long answer, but I just wanted to give you all the different tools that we have in the toolbox as we are thinking about the options. We do still have time, but this is how we are at least thinking about it today.

Q - Eirik Haavaldsen {BIO 17633429 <GO>}

Okay. Thank you. So just to summarize for me then, your dividend is the number one priority. You will think about exercising options, but in no way use equity because you are trading far below your NAV, which I completely agree on. And then you may proceed to capitalize on the options by exercising and selling and thereby locking in profits. That's the way to think about it.

A - Brian Gallagher {BIO 24310482 <GO>}

Yeah. That's absolutely correct, Eirik.

Q - Eirik Haavaldsen {BIO 17633429 <GO>}

Thank you very much.

Operator

(Operator Instructions)

A - Brian Gallagher {BIO 24310482 <GO>}

Maybe I'll jump in there, Bart, and thank you very much. We've had one question that's come through from the floor, in terms of our feed, and I'll pass it over maybe to Jerry and to Andreas, maybe to a point. But the question is, considering the strong market and lively time charter market that we're currently engaged in, when would you seek to take some further fixed-rate TEC coverage? Jerry, do you want to have a first go at this one?

A - Gerasimos Kalogiratos

Yeah, let me answer a couple of things and maybe Andreas has more thoughts. The Capital Tankers is spot-focused, but as we demonstrated with the fixture of our first VLCC, we will not be shy to take advantage whenever the opportunity arises to lock in what we consider good term rates historically. The -- right now, the volatility and the dynamics are very much in flux, and we do believe that we have a strong market ahead. From time to time, there are opportunities that we would look at, but Andreas can correct me if I'm wrong, the period market is not very liquid right now. Is that correct?

A - Andreas Konialidis {BIO 16658433 <GO>}

Hi. Thank you, Jerry. That's correct. There has been a few transactions, notably on the VLCC side, that have been done in the last couple of weeks. But overall, there has been a notable slowdown between -- in the activity on the Suezmaxes and Aframax side. The activity around the Aframax side has been done at significant discounts to the numbers that have been achieved on the spot market. And as such, we haven't been so keen to consider them. So right now, there's a big gap between the bid and the ask on the time charter front, and that's reflected by the lack of serious activity.

A - Brian Gallagher {BIO 24310482 <GO>}

Okay. Well, thank you and thank you everybody for joining the call today. I think that really concludes all of our business. Many, many thanks for the questions. We look forward to joining you again and look forward even more to updating you between now and our next call on the progress that Capital Tankers is going to make.