2020 BULKERS LTD

RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF 2019

Hamilton, Bermuda, August 13, 2019

2020 Bulkers Ltd (2020) (“2020 Bulkers” or the “Company”), announces its unaudited financial and operating results for the three and six months ended June 30, 2019.

Key events during the first half of 2019

- The Company reported net losses of US$1.0 million and US$2.4 million for the three and six months ended June 30, 2019, respectively.

- In February, the Company signed a US$240 million bank facility for the financing of its eight 208,000 dwt Newcastlemax newbuildings

- During the first half of 2019, the Company raised new equity through private placements with gross proceeds of US$73.2 million

- In April the Company entered into a timecharter with Koch Supply and Trading for Bulk Sandefjord for a duration of 12-15 months at US$19,525 per day, gross

- In April the Company entered into a timecharter with Koch Supply and Trading for Bulk Santiago for a duration of 12-16 months at US$22,250 per day, gross

Subsequent Events

- In July, the Company entered into a US$5.5 million RCF to be utilized for working capital purposes

- On July 12, 2019, the Company´s shares were listed on the Oslo Axess under the ticker symbol “2020”

- In July, the timecharters for Bulk Sandefjord and Bulk Santiago were transferred to Bulk Santiago and Bulk Seoul, respectively

- In July, the Company entered into a new three-year index-linked timecharter for Bulk Sandefjord with Koch Supply & Trading

- In July, the Company was informed that the deliveries of Bulk Santiago, Bulk Seoul, Bulk Shanghai, Bulk Shenzhen and Bulk Sydney were advanced by approximately eight months relative to the original delivery schedule

- On August 7, 2019 the Company took delivery of the 208,000 dwt Newcastlemax, Bulk Sandefjord. Upon departing New Times Shipyard, the Bulk Sandefjord commenced the three-year index-linked charter with Koch Industries.

First Half and Second Quarter 2019 Financial Performance & Operating Results

Consolidated Statements of Operations

Three months ended June 30, 2019

No operating revenues were reported for the three months ended June 30, 2019 (US$ nil in Q2 2018) as no vessels had been delivered and commenced operations.

Total operating expenses were US$1.0 million for the three months ended June 30, 2019 (US$47.7 thousand in Q2 2018). Total operating expenses consists of general and administrative expenses and depreciation and amortization.

Total general and administrative expenses were US$1.0 million for the three months ended June 30, 2019 (US$47.7 thousand in Q2 2018). The increased costs compared to the three months ended June 30, 2018 relate to salaries, professional fees and a non-cash share option cost of US$0.5 million.

Six months ended June 30, 2019

No operating revenues were reported for the six months ended June 30, 2019 (US$ Nil for the six months ended June 30, 2018) as no vessels had been delivered and commenced operations.

Total operating expenses were US$2.4 million for the six months ended June 30, 2019 (US$0.1 million for the six months ended June 30, 2018). Total operating expenses consists of general and administrative expenses and depreciation and amortization.

Total general and administrative expenses were US$2.4 million for the six months ended June 30, 2019 (US$0.1 million for the six months ended June 30, 2018). The increased costs relate to salaries, professional fees, non-cash share option cost of US$1.0 million and one-off cost in connection with the listing of the Company's shares on Oslo Axess.

Consolidated Balance Sheet

In 2018, the Company completed private placements of 7,919,906 ordinary shares of US$1.00 par value each raising gross proceeds of US$54.17 million. During the six months ended June 30, 2019 the Company completed two private placements and issued a total of 8,100,000 ordinary shares of US$1.00 par value each raising gross proceeds of US$73.2 million.

The Company has total assets of US$139.4 million as of June 30, 2019, (December 31, 2018: US$68.8 million). The increase in total assets of the Company is primarily driven by cash and cash equivalents from the proceeds from the private placements which is primarily used to pay instalments on the eight newbuildings under construction at New Times Shipyard.

As of June 30, 2019, equity was US$138.5 million which corresponds to an equity ratio of 99.4%. As of December 31, 2018, equity was US$68.3 million which corresponds to an equity ratio of 99.3%.

Total liabilities as of June 30, 2019, were US$0.9 million (December 31, 2018: US$0.5 million). The increase is mainly attributable to the recognition of a liability for the office lease.

Consolidated Statement of Cash Flows

Three months ended June 30, 2019

Net cash used in operating activities was US$0.4 million for the three months ended June 30, 2019 (US$0.1 million in Q2 2018). The increase is due to higher cash operating expenses.

Net cash used in investing activities was US$66.9 million for the three months ended June 30, 2019 (US$9.1 million in Q2 2018). The investing activities primarily relate to instalments on the eight newbuildings under construction at New Times Shipyard.

Net cash provided by financing activities was US$67.1 million during the three months ended June 30, 2019 (US$9.0 million in Q2 2018) and relate to the private placement completed in May 2019.

Six months ended June 30, 2019

Net cash flow used in operating activities was US$1.1 million for the six months ended June 30, 2019 (US$0.2 million for the six months ended June 30, 2018). The increase is due to higher cash operating expenses.

Net cash flow used in investment activities was US$67.2 million for the six months ended June 30, 2019 (US$27.1 million for the six months ended June 30, 2018). The investing activities relate mainly to instalments on the eight newbuildings under construction at New Times Shipyard.

Net cash flow provided by financing activities was US$68.5 million for the six months ended June 30, 2019 (US$22.0 million for the six months ended June 30, 2018). The financing cashflows relate to two and eight private placements completed during the first six months of 2019 and 2018, respectively.

As of June 30, 2019, the Company's cash and cash equivalents amounted to US$0.3 million (December 31, 2018: US$0.3 million).

Outstanding shares

As of June 30, 2019, the Company had a share capital of US$22,170,906 divided into 22,170,906 shares at par value of US$1.00 each.

Corporate Development and Financing

The Board is excited about 2020 Bulkers entering operations with the delivery of Bulk Sandefjord on August 7, 2019. On departure from New Times Shipyard, the vessel commenced a three-year index-linked timecharter with Koch Supply & Trading. The dayrate at commencement was approximately US$35,000 per day, gross, reflecting the additional cargo capacity and lower fuel consumption compared to a standard Capesize vessel. The timecharter equivalent earnings for the vessel will be re-set on a biweekly basis, with reference to the Baltic 5TC Index. As the IMO low sulphur regulations take effect on January 1, 2020, the vessel will also earn a majority of the economic benefit of being scrubber fitted and thus allowed to operate on HFO.

Out of the remaining newbuild program of seven vessels, five more vessels are expected to be delivered within the next five months, and the final two vessels by May 2020.

During the first half of 2019, 2020 Bulkers raised a total of US$73.2 million in equity. As at June 30, 2019 the Company has 22,170,906 ordinary shares of US$1.00 par value each issued and outstanding. The Company also signed a US$240 million bank facility, as well as entered into US$5.5 million working capital facility with the Company´s largest shareholder. The Company has paid all pre-delivery instalments due to the shipyard and will cover the final yard instalment for each ship by drawing down on the US$240 million credit facility as well as cash at hand.

The low administration cost and attractive debt financing of the Company gives a strong foundation for paying dividends to shareholders in the future. At the current rates for Capesize vessels, the Company´s spot vessels would generate significant free cash flow above the estimated cash breakeven of US$14,500 per day. Based on the additional premium earned by the Company´s Newcastlemax vessels, compared to a standard Capesize, the Company can be expected to earn its cash breakeven level as long as the Baltic 5TC index is above US$9,250 per day. The Capesize market, measured by one year timecharter rates, has been above this level 95% of the time over the last 30 years.

The Board is of the view that 2020 Bulkers has a robust capital structure and a cash-breakeven level that gives adequate downside protection through the cycle as well as the potential for significant dividend payments. The Company has recently received proposals from financing institutions for financing arrangement that could free up additional equity in the short to medium term. This equity could potentially be returned to shareholders in the form of share buybacks or dividends.

2020 Bulkers´ shares started trading on the Oslo Axess on July 12, 2019. Now that the Company is publicly listed, the Company´s management will have an increased focus on broadening the shareholder base and increasing the trading in the Company´s shares.

The overall main objective for 2020 Bulkers is to optimize shareholder returns from its eight Newcastlemax vessels by returning the maximum capital to the shareholders in the form of a high dividend yield payout. The Company intends to be disciplined in its investment strategy and has no current plans to continue to build the fleet as vessel prices and risk increases through the up-cycle. The Board will have an opportunistic approach to consolidation and M&A.

Newbuilding program

The Board is pleased with the progress of its newbuilding program at New Times Shipyard. In July, the Company announced that the delivery date for its vessels had been moved forward by a total of eight months compared to the original delivery schedule. Based on the updated delivery schedule, the Company is expected to have approximately 2,650 operational ship days, equal to 7.25 ships trading in 2020.

Chartering status

2020 Bulkers has so far entered into two fixed rate and two index-linked timecharters for its vessels. All the concluded charters represent a significant earnings premium to a standard Capesize vessel. The Company continues to see strong interest from first class charterers for the remaining vessels and is continuously evaluating chartering proposals, including fixed and index-linked time charters, as well as cargo contracts directly with mining companies. The favorable fuel consumption characteristics of the Vessels, as well as the fact that all the newbuildings will be delivered with scrubbers seems to be a significant driver behind the charterers' interest.

As of today, the Company has secured employment for approximately 84% of its total 359 operating days in the second half of 2019, of which 160 days are fixed at an average TCE rate of US$20,530 per day and 141 days are linked to the development in the Capesize spot market.

For the year 2020, the Company has secured employment for approximately 53% of its approximately 2,650 operating days, of which 676 days are fixed at an average TCE rate of US$21,000 per day and 707 days are linked to the development in the capsize spot market.

The current delivery schedule and chartering status is summarized in the table below:

Ship name	Delivery	Charterer	Rate	Duration
Bulk Sandefjord	Aug-2019	Koch	Index linked	36 months
Bulk Santiago	Sep-2019	Koch	19 525	12-15 months
Bulk Seoul	Oct-2019	Koch	22 250	12-16 months
Bulk Shanghai	Nov-2019			
Bulk Shenzhen	Jan-2020			
Bulk Sydney	Jan-2020	Koch	Index linked	36 months
Bulk Sao Paulo	Apr-2020			
Bulk Santos	May-2020			

Market commentary

During the first half of 2019, the chartering market for large drybulk vessels was negatively impacted by three isolated events that had a material effect on the shipment of iron ore.

On 25 January, a tragic accident occurred in Vale´s Southern production system in Brazil as one of its tailings dams collapsed. Additionally, during April and May, Vale´s Northern production systems in Brazil were affected by rainfall levels that were twice of the normal levels, which lead to a temporary drop in the export of Iron Ore. Lastly, Western Australia was hit by a cyclone in late March, which lead to a temporary closure of several key Iron Ore export ports.

As a consequence of the disruptions caused by these events, the Capesize spot market hit a low of US$3,500 per day in April. Although the Company at the time was of the view that the disruptions would be temporary, 2020 Bulkers decided to enter into two fixed rate timecharters to reduce the near-term risk and exposure to the then weak spot market. The timecharters were concluded at US$19,525 and US$22,250 per day when the prevailing spot market for a standard Capesize was US$3,500 and US$7,000 respectively. These charters highlight the strong performance of the Company´s Newcastlemax vessels compared to a standard Capesize and reflects the ability to enter into charters above the Company´s estimated cash breakeven at a time when the spot market was severely depressed.

Iron ore shipments out of West Australia recovered following the passing of the cyclone and the weather-related disruptions in Vale´s northern systems also normalized during the second quarter.

Vale recently announced that a total of 93 million tons of production capacity in the Southern systems had been affected following the breach of the Brumadinho Dam. Since then, the Brucutu mine, with 30 million tons of annual production capacity has restarted and further 30 million tons of production capacity is expected to restart by the end of 2019. Vale expects that the remaining 33 million tons of affected production will come back on line over the next three years. Considering the anticipated recovery of 62 million tons of capacity, combined with the restart of the Samarco mine, the continued ramp up of the S11D mine as well as the ramp up of the Minas Rias mine, 2020 Bulkers expects annual Brazilian export volumes at the end of 2020 to be 30 million tons higher than at the end of 2018.

The recovery in iron ore shipments out of Brazil and Australia during Q2 has led to a significant strengthening of Capesize rates. The Baltic Capesize index currently stands at a healthy US$24,400 per day, having fluctuated between US$19,800 per day and US$33,000 per day so far in the third quarter.

Iron ore shipments are expected to rise further in the months ahead as Brazilian iron ore production recovers and Chinese iron ore inventories are likely to be restocked as they are 25% lower than one year ago. Recent data indicates the restocking has started. Chinese steel production remains high and is as of June 10% higher than for the same period in 2018, with Global steel production 4.6% higher than for the same period in 2018. Although the ongoing trade-war might have a negative impact on the global economy, there are also signs that it has driven China to loosen credit policies as well as launching new infrastructure spending initiatives, which in turn may have a positive effect on steel production and iron ore demand.

During the second half of 2019 it is expected that the effective supply of global dry bulk vessels will drop as vessels enter dry-dock for scrubber-retrofitting. It is estimated that 60 Capesize have been scrubber retrofitted year to date, with another 140 expected to undergo retrofitting by year end. There are increasing reports that such retrofits are taking more time than previously assumed and there are also reports of yards having overbooked their capacity for such retrofits.

Drybulk fleet development

The global drybulk fleet stands at 860 million dwt as of 1 August 2019, up from 843 million dwt on January 1, 2019.

The current orderbook for drybulk vessels currently stands at 10.3% of the existing fleet, down from 12.45% in January 2018.

A total of 12.45 million dwt has been ordered year to date, significantly less than the 30.4 mill dwt ordered during the same period in 2018.

A total of 5.0 mill dwt has been scrapped year to date, compared to 3.0 million dwt for the same period in 2018.

At present, 15.8% of the existing drybulk fleet is currently comprised of more than 15-year-old vessels, that are generally less fuel efficient. Accelerated scrapping may be expected again post 2020, as the new IMO low-sulphur regulations take effect, requiring ships that are not scrubber-fitted or running on LNG to burn more expensive low-sulphur fuel. Several major mining companies also have restrictions on chartering vessels that are more than 15 years old.

Outlook

Bulk Santiago, Bulk Seoul and Bulk Shanghai are entering operations during the third and fourth quarter. The Company is expecting to generate solid results starting from the fourth quarter, supported by current spot rates, the charter coverage, the low cash break even and the anticipated tightening effects of the new IMO 2020 legislation. The commencement rate for Bulk Sandefjord of approximately USD 35,000 reflects a free cash flow to implicit equity market value per ship of approximately 30%. The Company is set up with the clear focus on returning capital to shareholders through dividend payments. The Board targets to declare the first dividend payment during the first quarter of 2020.

Forward-Looking Statements

This announcement includes forward looking statements. Forward looking statements are, typically, statements that do not reflect historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although 2020 Bulkers Ltd. believes that these assumptions are reasonable, they are, by their nature, uncertain and subject to significant known and unknown risks, contingencies and other factors which are difficult or impossible to predict and which are beyond our control. Such risks, uncertainties, contingencies and other factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements included herein.

The information, opinions and forward-looking statements contained in this announcement speak only as of the date hereof and are subject to change without notice.

Responsibility statement

We confirm that, to the best of our knowledge, the interim condensed consolidated financial statements for the first half year of 2019, which has been prepared in accordance with USGAAP gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the first half 2019 report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

About 2020 Bulkers Limited

2020 Bulkers Limited is a limited liability company incorporated in Bermuda on 26 September 2017. The Company's shares are traded in Oslo under the ticker "2020".

2020 Bulkers is an international owner and operator of large drybulk vessels. The Company currently has one Newcastlemax drybulk vessel in operation and seven Newcastlemax drybulk vessels under construction at New Times Shipyard in China. The remaining newbuild vessels are expected to be delivered from the Yard between September 2019 and May 2020.

August 13, 2019
The Board of Directors
2020 Bulkers Ltd.
Hamilton, Bermuda

Questions should be directed to:
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