

# 2020 BULKERS



2020 Bulkera Ltd.

Third Quarter 2020 Results  
12 November, 2020

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# Highlights

## Key events during the third quarter of 2020:

- Net profit of US\$4.8 million, EPS of US\$0.22
- Achieved average time charter equivalent earnings of approximately US\$22,100 per day, gross
- Declared total cash distributions of US\$0.1 per share for the months of July - September
- Extended time charter for Bulk Shanghai for a period of 6-8 months from October 2020 at a fixed rate of US\$18,000 per day, gross, as well as a share of the fuel savings generated from the scrubber

## Subsequent events:

- Declared a cash distribution of US\$0.07 per share for the month of October, payable on or about November 27
- Achieved time charter equivalent earnings quarter to date in the fourth quarter of approximately US\$21,700 per day
- Transferred the Company's shares from Oslo Axess to Oslo Børs on November 2

## Income Statement

USD million, except per share data	Q3 2020
<b>Operating Revenues</b>	<b>15.7</b>
Vessel operating expenses	(3.9)
Voyage expenses	(0.3)
G&A	(0.9)
Depreciation	(2.9)
<b>Total operating expenses</b>	<b>(8.0)</b>
<b>Operating Profit</b>	<b>7.7</b>
Interest expense, net of cap. interest	(2.8)
Other financial expense	(0.1)
<b>Total financial expense, net</b>	<b>(2.9)</b>
<b>Tax expense</b>	<b>-</b>
<b>Net Profit</b>	<b>4.8</b>
Earnings per share (USD/share)	0.22

## Comments

- Net profit of US\$4.8 million
- Operating profit of US\$7.7 million
- EBITDA of US\$10.6 million
- Earnings per share of 22 cents
- Operating revenues of US\$15.7 million. Average time charter equivalent earnings of approx. US\$22,100 per day, gross.
- Vessel operating expenses of US\$3.9 million. Average operating expenses of approx. US\$5,300 per day per ship including Covid-19 related costs of approx. US\$350 per day per ship.
- 736 operational ship days for the quarter
- G&A includes a non-cash share option cost of US\$0.1 million and US\$ 0.1 million in costs incurred for the transfer from Oslo Axess to Oslo Børs
- Interest expense of US\$2.8 million

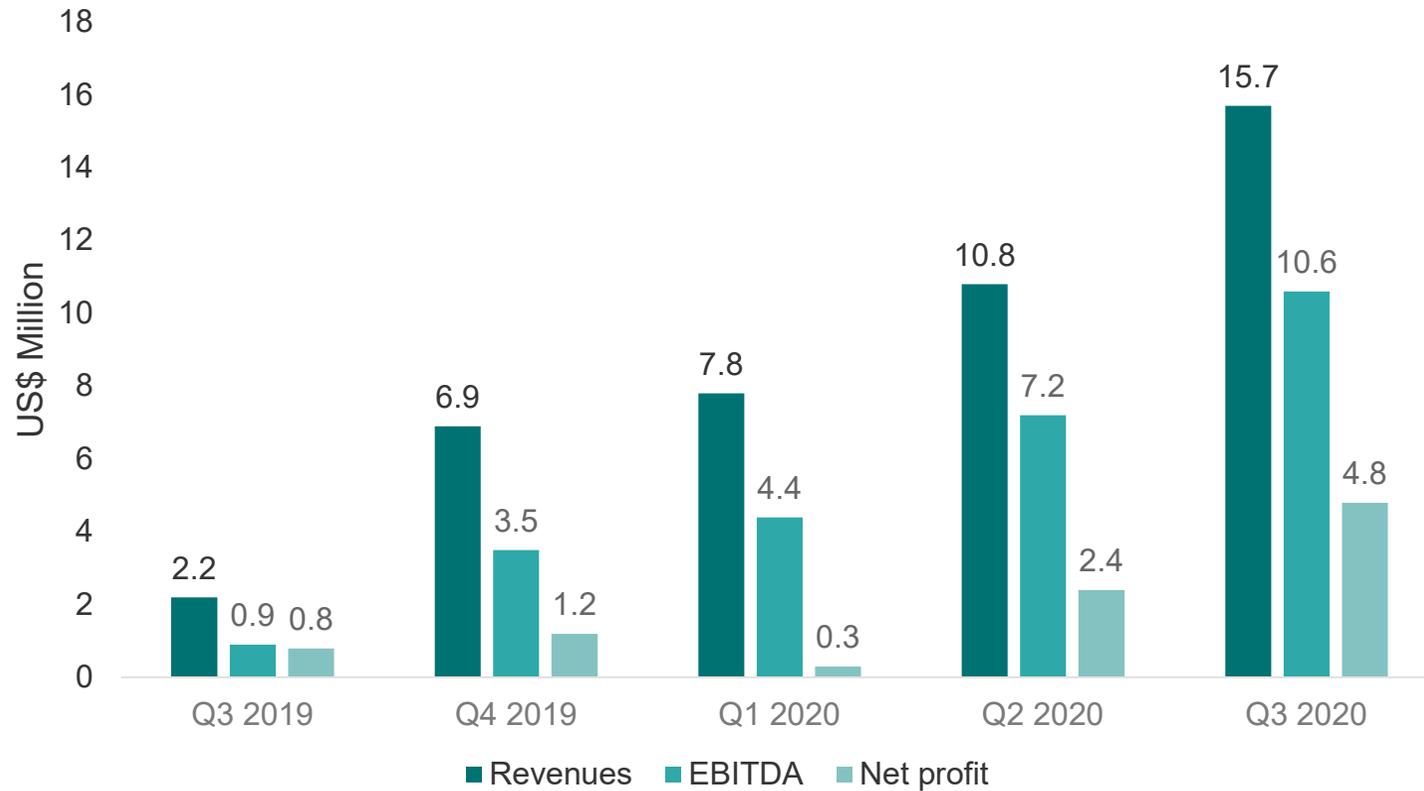
## Balance Sheet Summary

USD million	September 30, 2020
Total assets	397.9
Equity	141.6
Cash and cash equivalents	19.4
Interest bearing debt	253.8

## Comments

- Equity of US\$141.6 million
- Interest bearing debt decreased from US\$257.6 million to US\$253.8 million during the quarter reflecting scheduled repayments during the quarter
- Cash flow from operations was US\$7.3 million in Q3 2020
- Solid liquidity position with US\$19.4 million of cash.

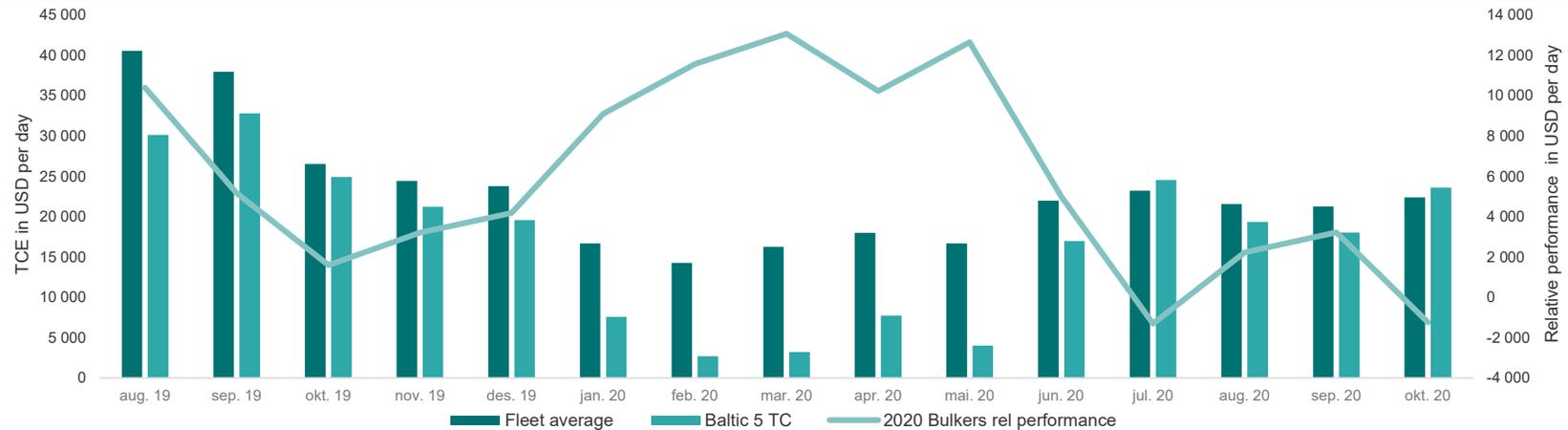
# Key financials since delivery of first vessel in August 2019



2020 Bulkers has been profitable every quarter since delivery of the first vessel in August 2019

## Commercial update

### Commercial performance relative to Baltic 5TC index



### Balanced charter composition with solid counterparts

Ship name	Delivery	Charterer	Rate	Charter expiry
Bulk Sandefjord	Aug 19	Koch	14 378 + scrubber benefit until Dec 20. Index linked + scrubber benefit thereafter	Aug 22
Bulk Santiago	Sep 19	Koch	19 525 until Dec 20, index linked + scrubber benefit thereafter	Nov 21 - Jan 22
Bulk Seoul	Oct 19	Koch	22 250 until Dec 20, index linked + scrubber benefit thereafter	Dec 21 - Feb 22
Bulk Shanghai	Nov 19	Glencore	18 000 + scrubber benefit	Mar 21 - Jun 21
Bulk Shenzhen	Jan 20	Glencore	21 919	Dec 20
Bulk Sydney	Jan 20	Koch	14 002 + scrubber benefit until Dec 20. Index linked thereafter + scrubber benefit thereafter	Jan 23
Bulk Sao Paulo	Jun 20	Glencore	Index linked + scrubber benefit	Jun 23
Bulk Santos	Jun 20	Glencore	Index linked + Scrubber benefit	Jun 23

## Attractive cash breakeven gives downside resilience

### Cash breakeven

- Operating cash breakeven estimated at approximately US\$14,400 per day for 2021, including budget for Covid-19 related costs
- Based on achieved premium versus a standard capesize and current forward fuel spreads, we would expect to earn USD 14,400 per day as long as standard capesize rates are above USD 10,000 per day
- We expect to reduce our cash breakeven further by taking some fixed charter coverage for parts of 2021

### 2020 Bulkercs CBE vs historical capesize rates

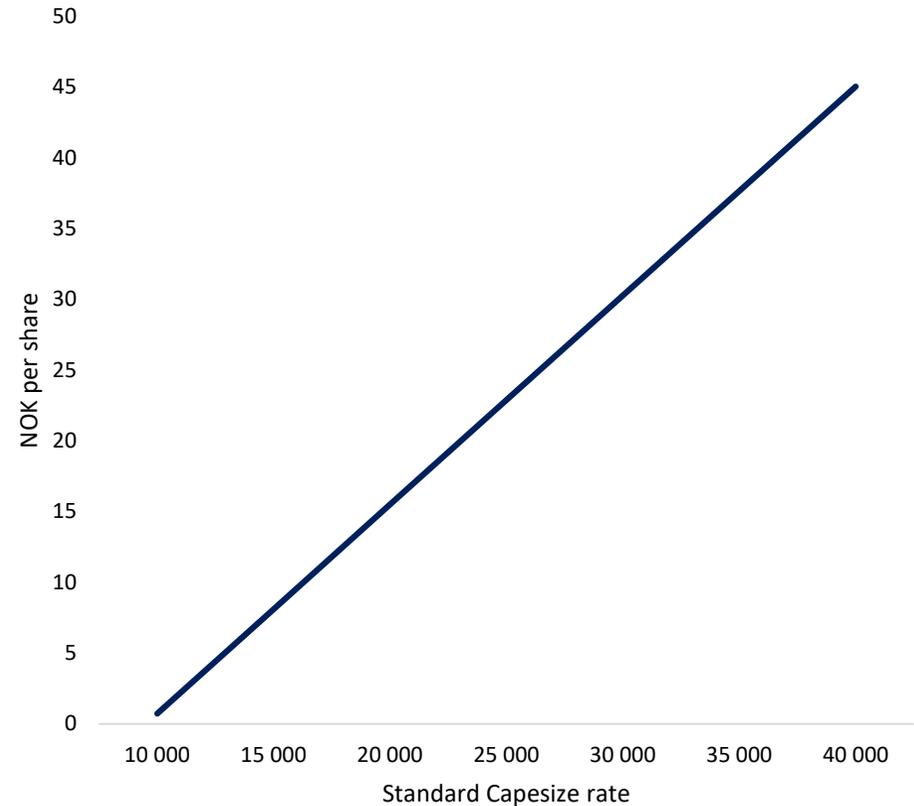


# We are focused on returning cash to shareholders

## Cash distributions

- Monthly cash distributions resumed following delivery of last newbuilding in June 2020
- Cash distributions of US\$0.1 per share declared for the months of July – September 2020
- Cash distribution of US\$0.07 per share declared for the month of October 2020
- 2020 Bulkercs has a strategy to pay out the majority of operating free cash flow after debt service as monthly cash distributions

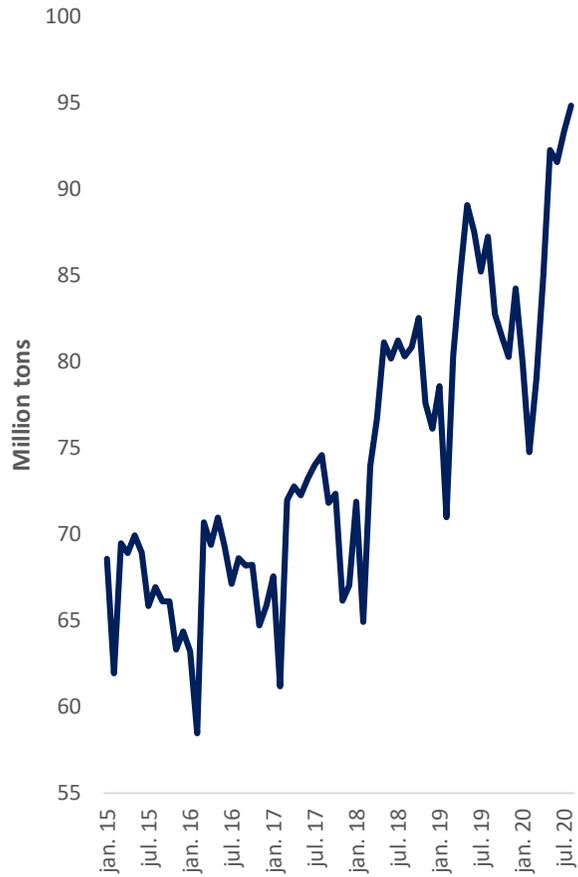
## Indicative free cash available for distribution in 2021



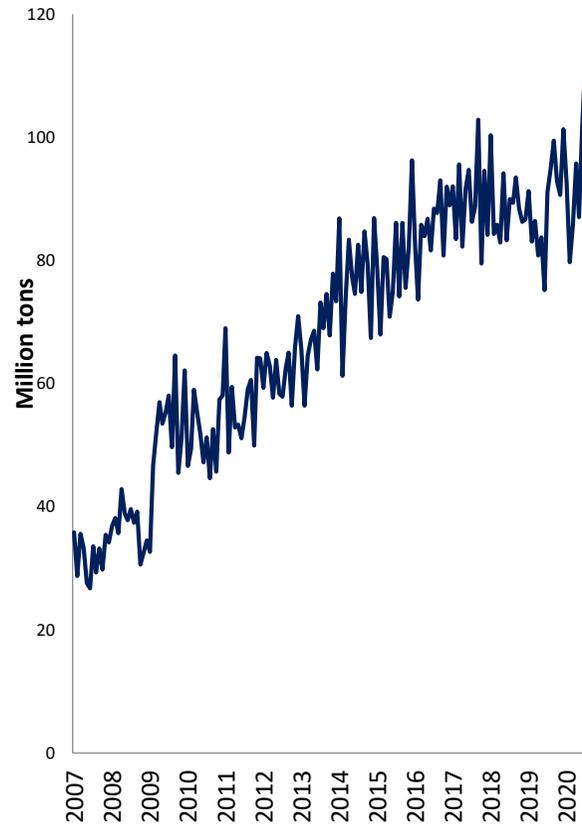
Calculations: Company, based on budgets, chartering status and fuel spreads as of 11 November. Actual results may vary

# Market update

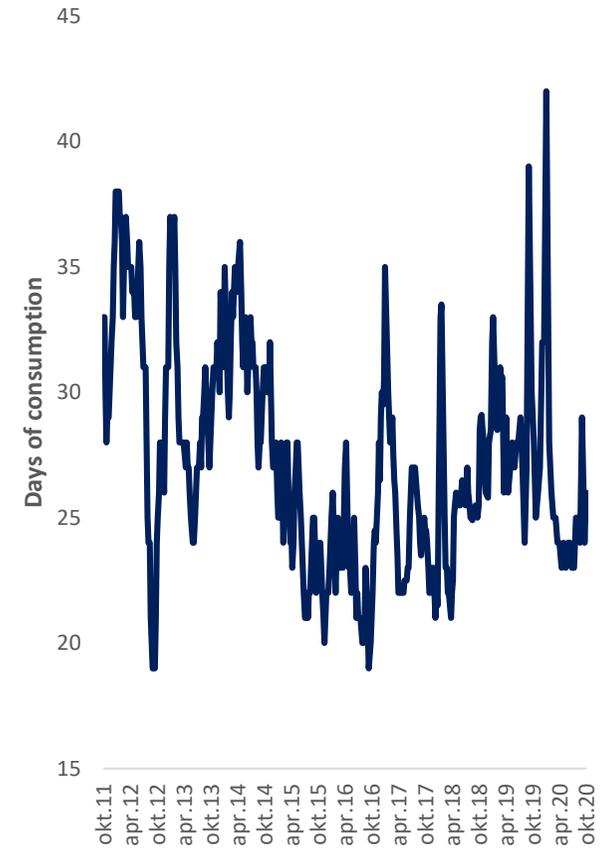
## China steel production



## China iron ore imports



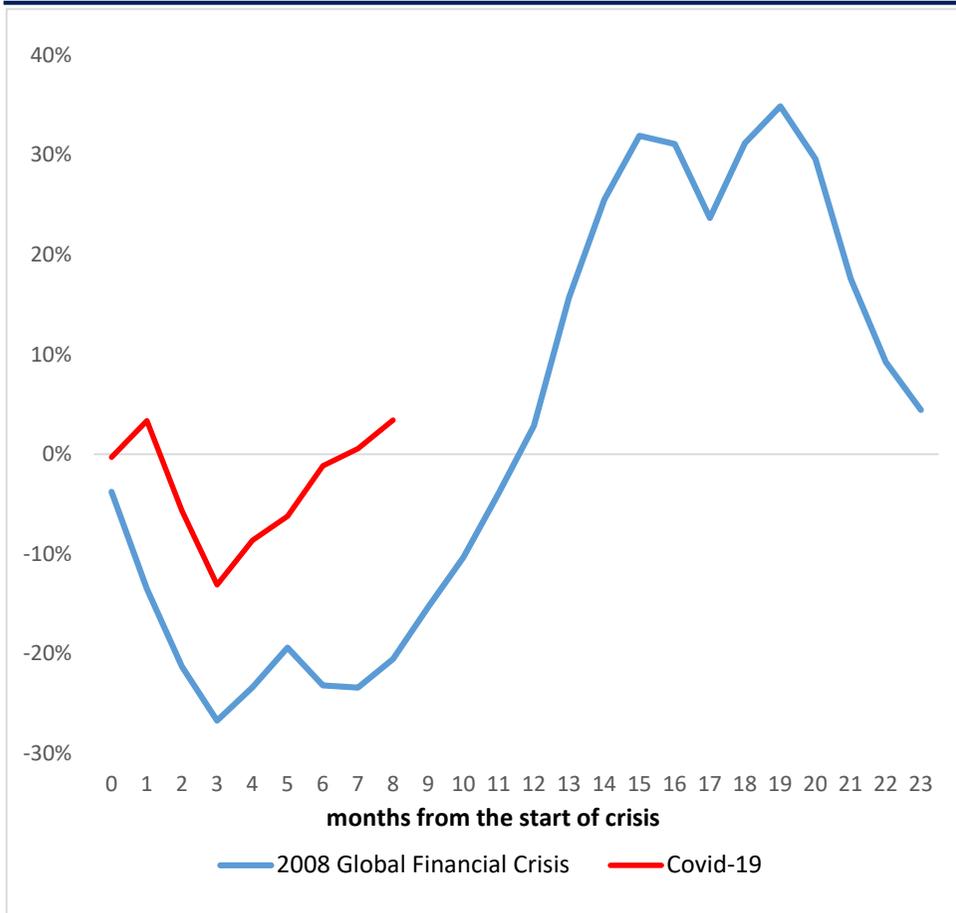
## China steel mill's iron ore stocks



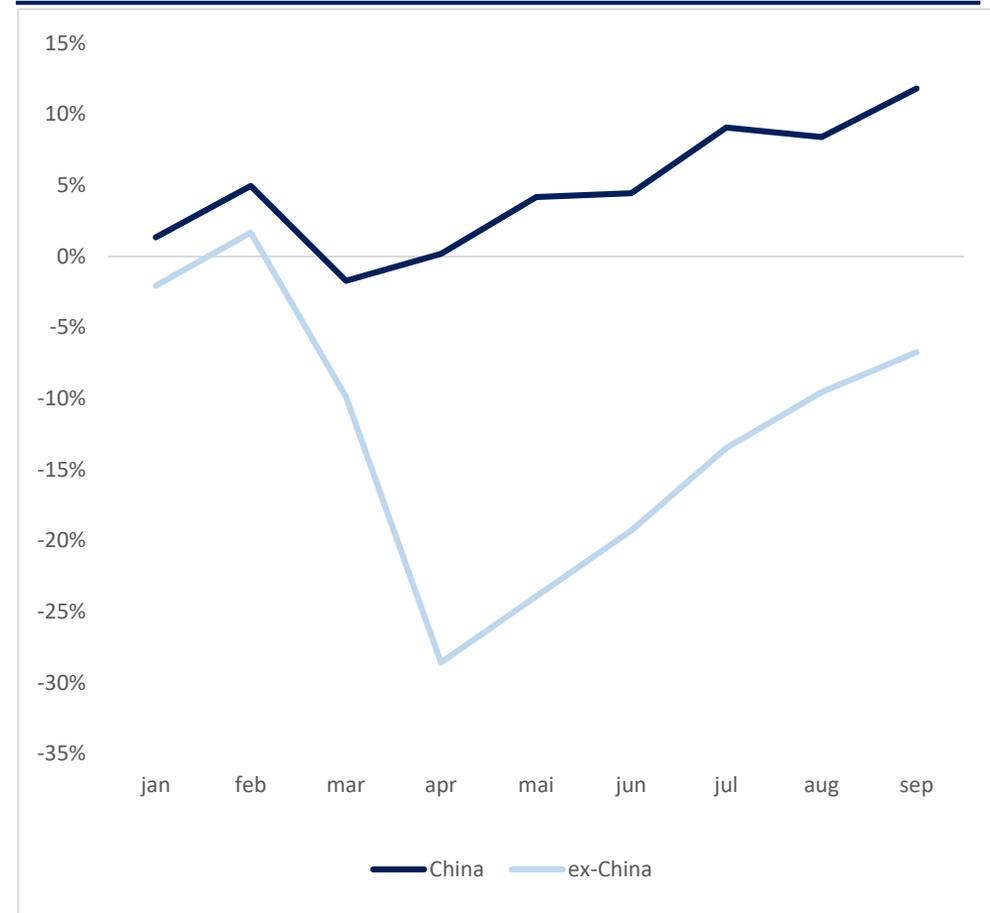
Sources: Shipping intelligence network, Arrow shipbroking group

# Steel production is recovering

**Global steel production is back above pre-Covid levels**



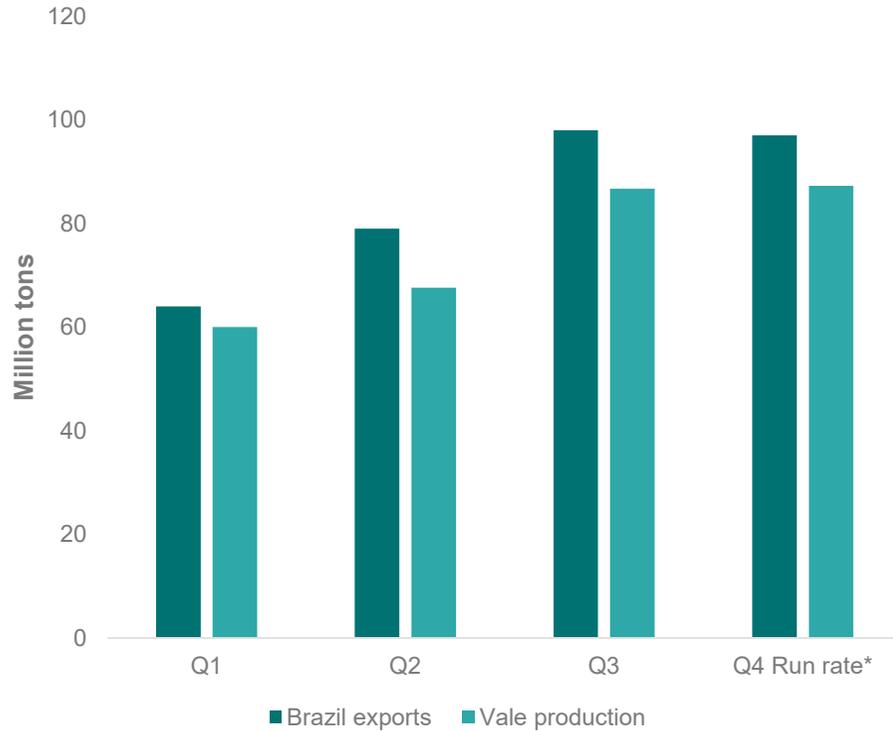
**China leading the recovery, rest of world is accelerating**



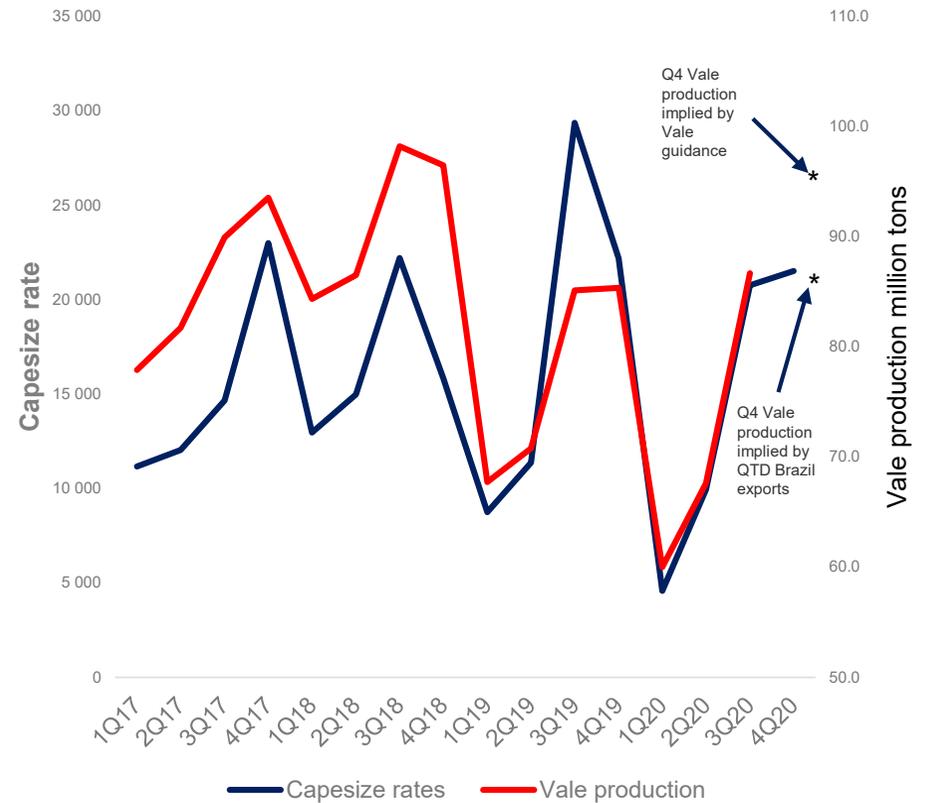
Source: Arrow shipbroking group

## Brazilian exports ramping up

### Vale Production and Brazil exports ramping up



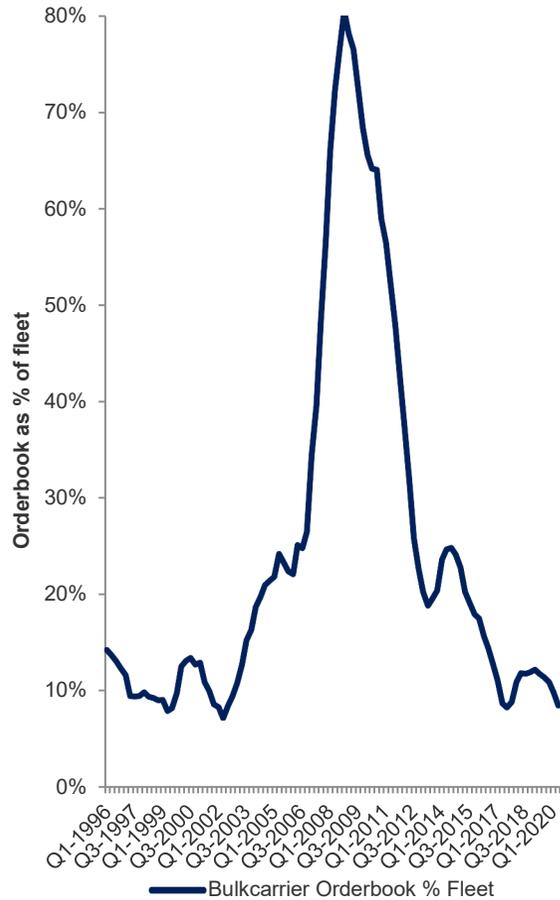
### Strong correlation between Vale exports and rates historically



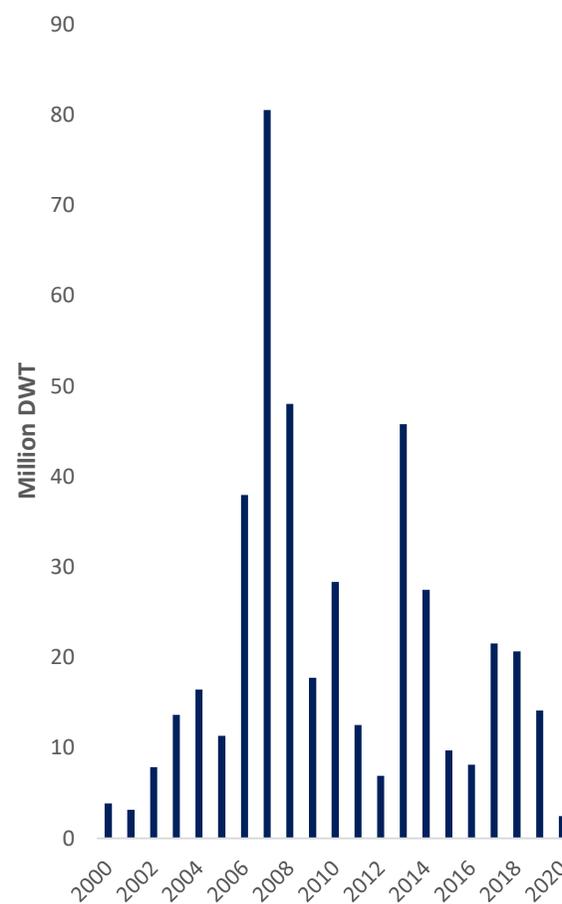
\* Q4 capesize rates are quarter to date rates  
Sources: Vale, Arrow Shipbroking Group, Oceanbolt  
Estimates: Company

## Limited supply growth on the horizon and high scrapping activity

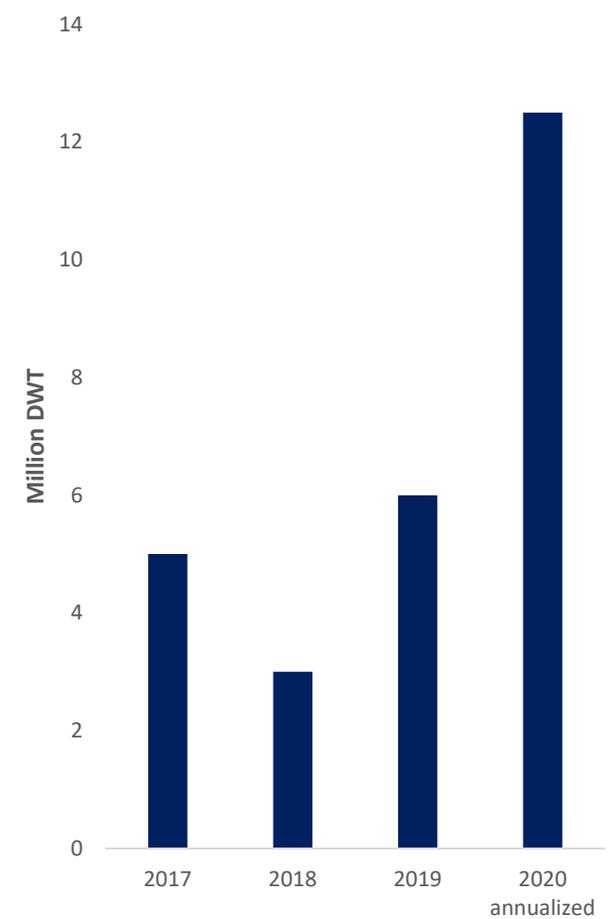
### Dry bulk orderbook as % of fleet



### Capesize bulk newbuild contracts



### Capesize scrapping<sup>(1)</sup>



(1) Drybulk vessels larger than 100,000 dwt, Source: Clarkson Research Services Limited, Arrow Shipbroking Group