

# 2020 BULKERS

2020 Bulkera Ltd.

Third Quarter 2020 Results  
12 November, 2020





---

This presentation (the "**Presentation**") has been prepared by 2020 Bulkera Ltd. (the "**Company**") and is made 12 November, 2020 solely for information purposes. The Presentation does not constitute any recommendation to buy, sell or otherwise transact with any securities issued by the Company.

No representation, warranty or undertaking, express or implied, is made by the Company and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. The Company shall have no responsibility or liability whatsoever (for negligence or otherwise) for any loss arising from the use by any person or entity of the information set forth in the Presentation. All information set forth in the Presentation may change materially and without notice. In making the Presentation public the Company undertakes no obligation to provide additional information or to make updates thereto. The information set forth in the Presentation should be considered in the context of the circumstances prevailing at the date hereof and has not been and will not be updated to reflect material developments which may occur after such date unless specifically stated in such update(s).

Matters discussed in the Presentation include "forward looking statements". "Forward looking statements" are statements that are not historical facts and are usually identified by words such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" etc. These "forward looking statements" reflect the Company's beliefs, intentions and current expectations concerning, among other things, the Company's results, financial condition, liquidity position, prospects, growth and strategies. "Forward looking statements" include statements regarding: objectives, goals, strategies, outlook and growth prospects, future plans, events or performance and potential for future growth, liquidity, capital resources and capital expenditures, economic outlook and industry trends, developments in the Company's market, the impact of regulatory initiatives and the strength of the Company's competitors. "Forward looking statements" involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The "forward looking statements" included herein are based upon various assumptions, many of which, in turn, are based upon further assumptions. This includes, without limitation, the Company's review of historical operating trends, data contained in the Company's records and data available from third parties. Although the Company believes that these assumptions were reasonable when the relevant statements were made, they are inherently subject to significant known and unknown risks, uncertainties, contingencies and other factors which are difficult or impossible to predict and which are beyond the Company's control. "Forward looking statements" are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors which are inherent thereto could cause the actual results of operation, financial condition and liquidity position of the Company or the industry in which it operates to differ materially from those results which, expressed or implied, are contained herein. No representation to the effect that at any of the "forward looking statements" or forecasts will come to pass or that any forecasted result will be achieved are made.

The Presentation and the information contained herein does not constitute or form a part of and should not be construed as an offer for sale or subscription or of solicitation or invitation of any offer to subscribe for or purchase any securities issued by the Company.

---

**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

# Key Financials Q3 2020

## 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

# Key Financials Q3 2020

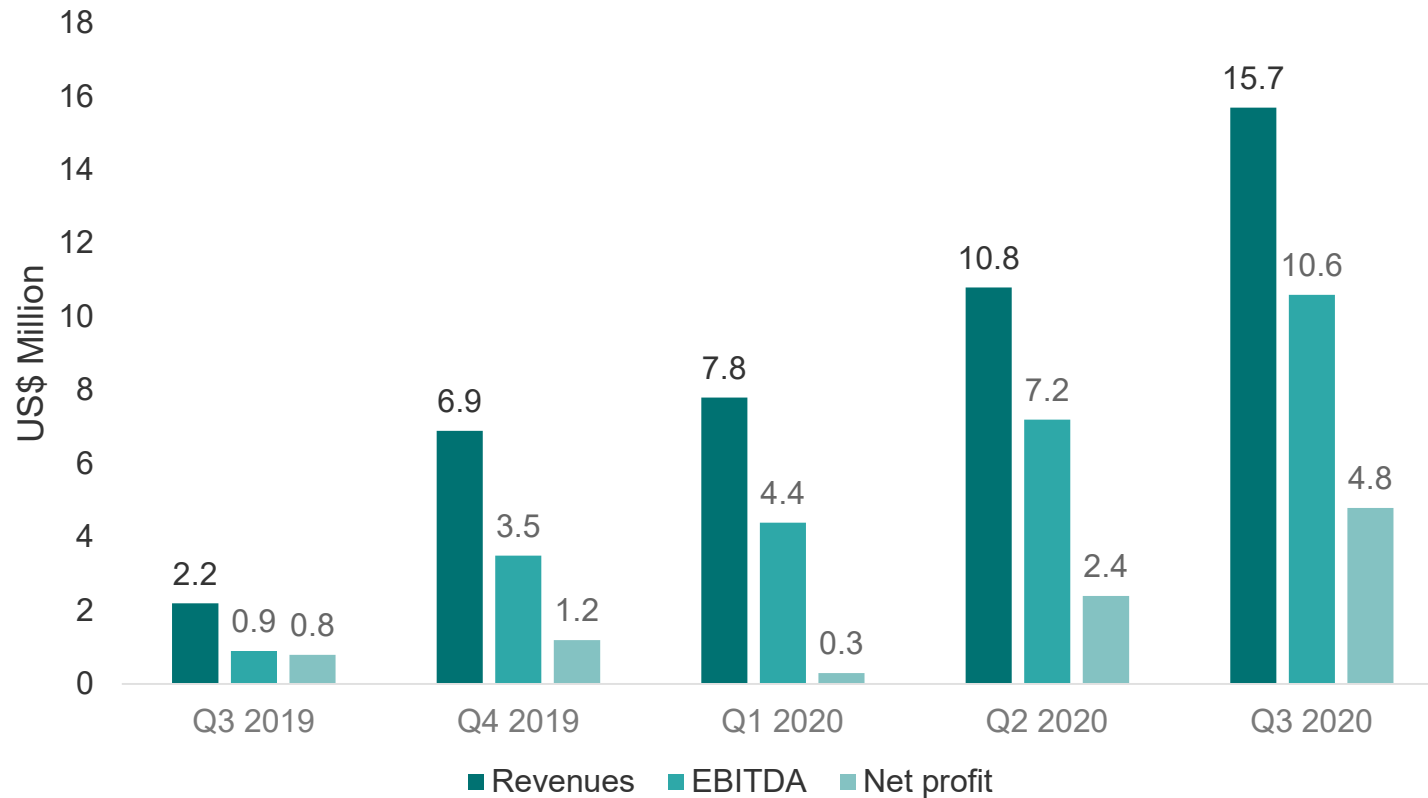
## Balance Sheet Summary

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

## Comments

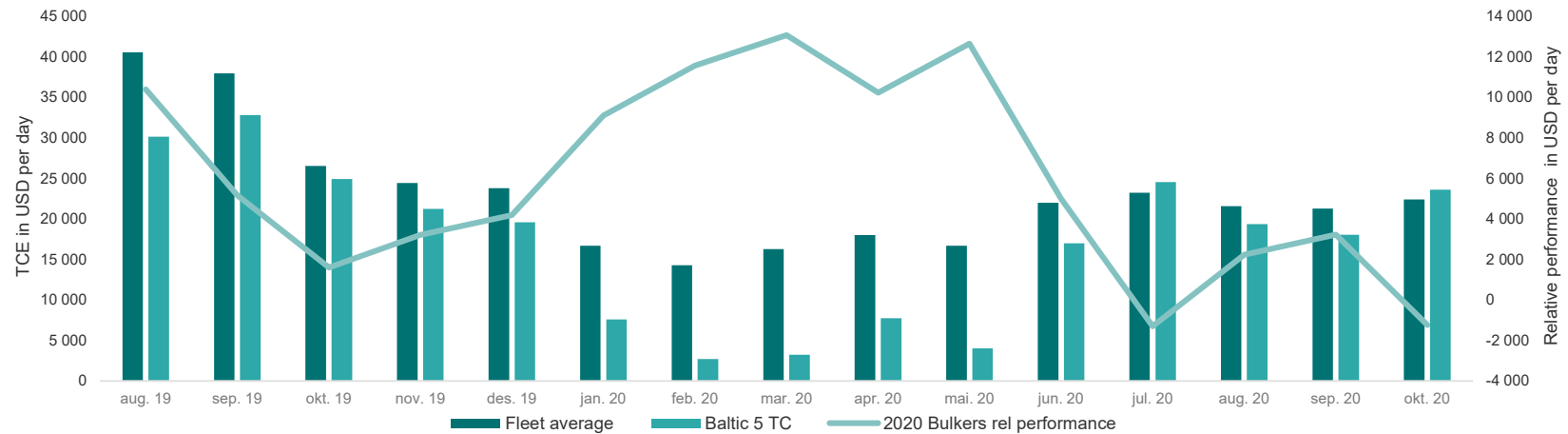
- Equity of US\$141.6 million
- Interest bearing debt decreased from US\$257.6 million to US\$253.8 million during the quarter reflecting scheduled repayments during the quarter
- Cash flow from operations was US\$7.3 million in Q3 2020
- Solid liquidity position with US\$19.4 million of cash.

## Key financials since delivery of first vessel in August 2019



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

## 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 Bulkers CBE vs historical capesize rates



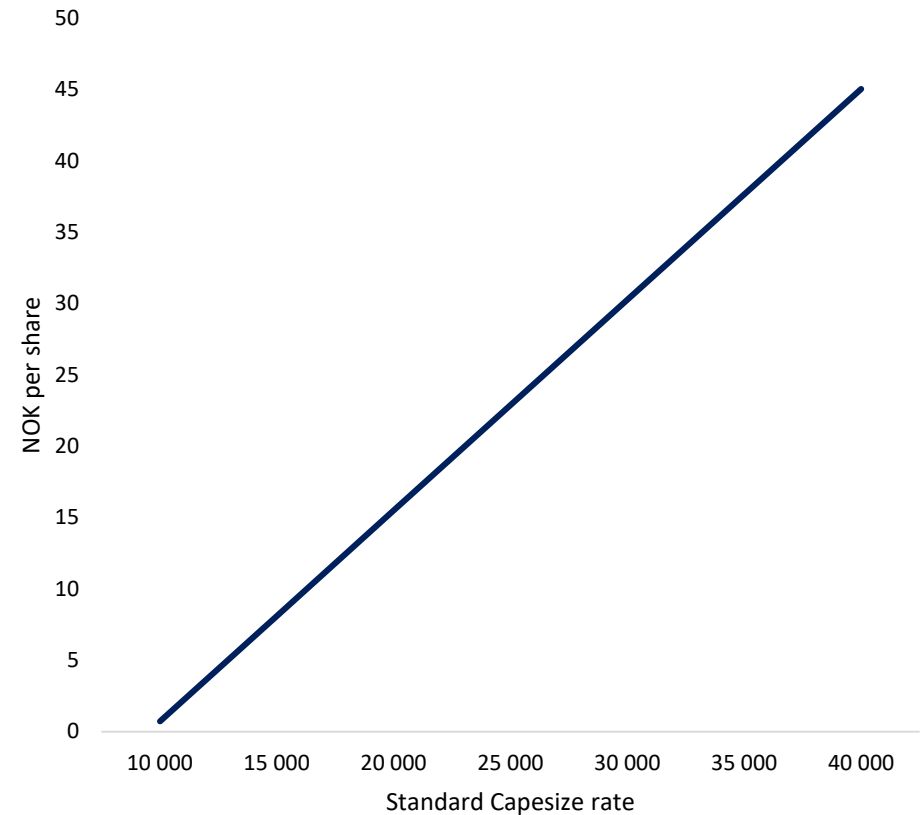


# We are focused on returning cash to shareholders

## 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

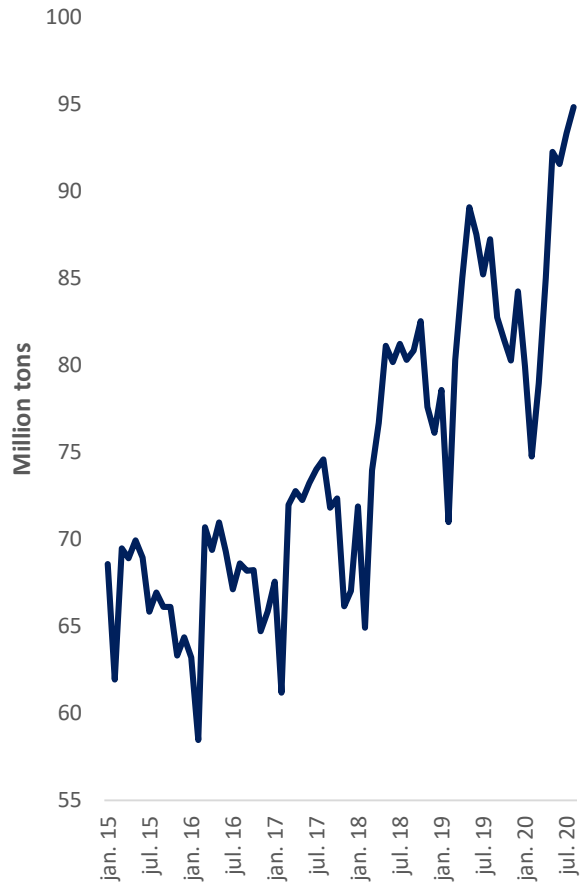
## Indicative free cash available for distribution in 2021



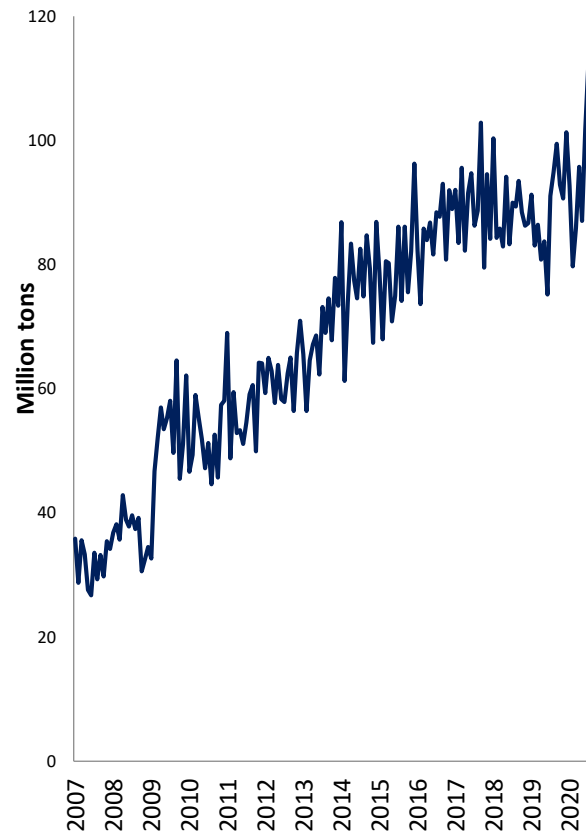
Calculations: Company, based on budgets, chartering status and fuel spreads as of 11 November. Actual results may vary

# Market update

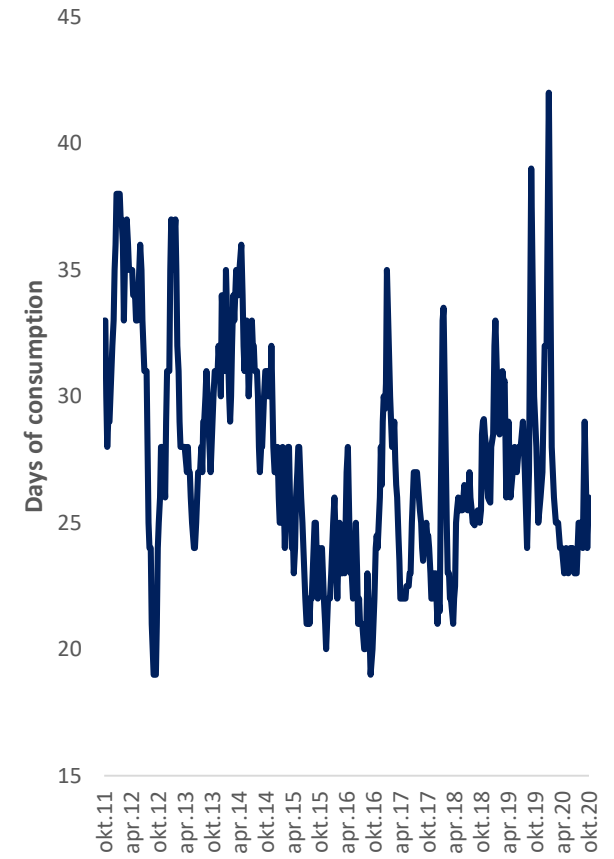
## China steel production



## China iron ore imports



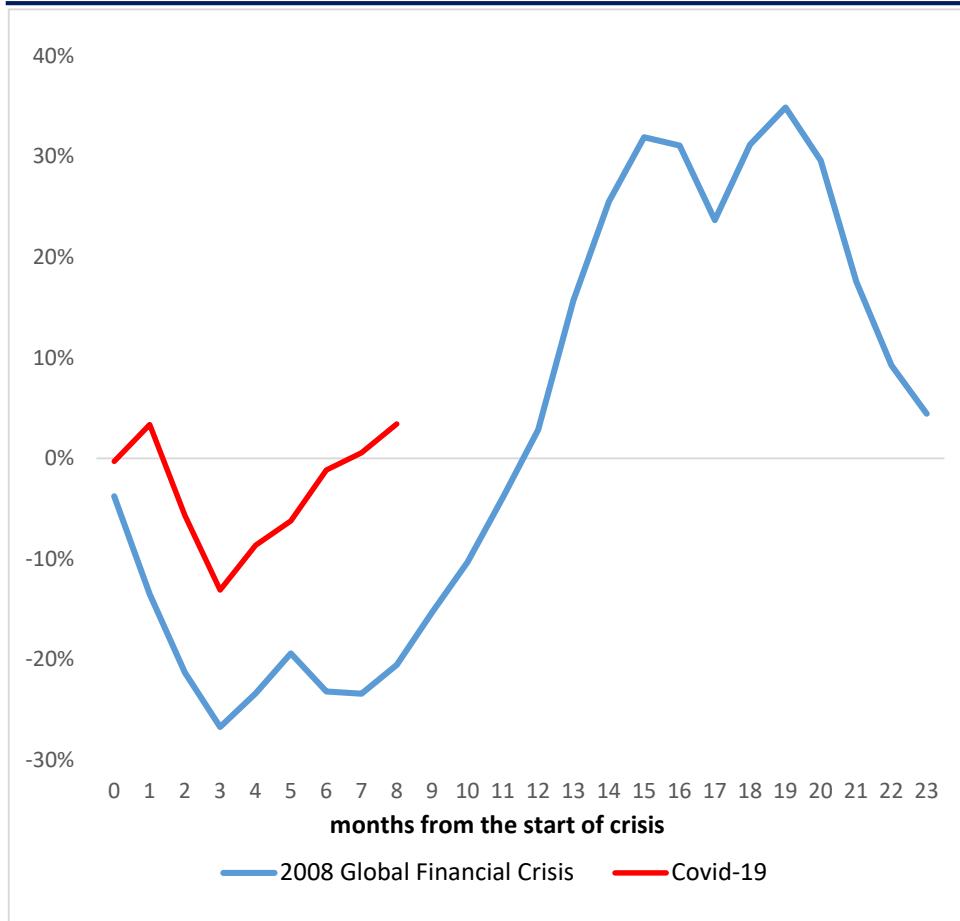
## China steel mill's iron ore stocks



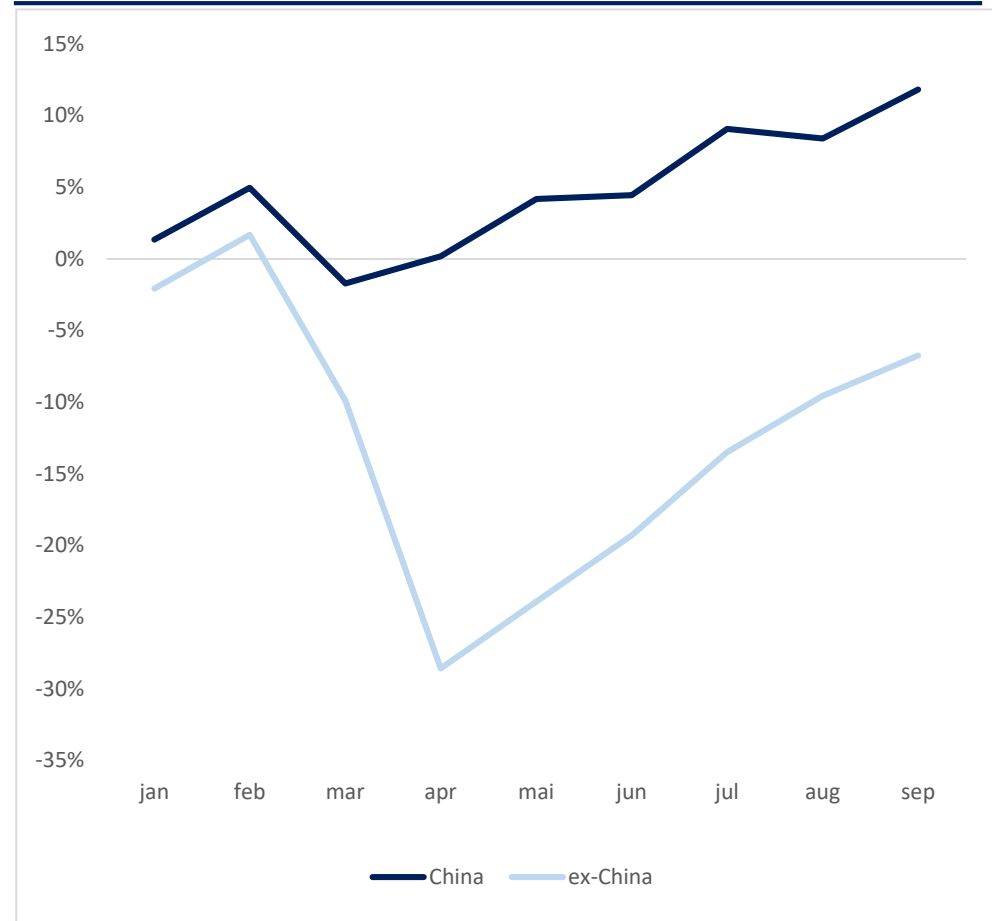
Sources: Shipping intelligence network, Arrow shipbroking group

# Steel production is recovering

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

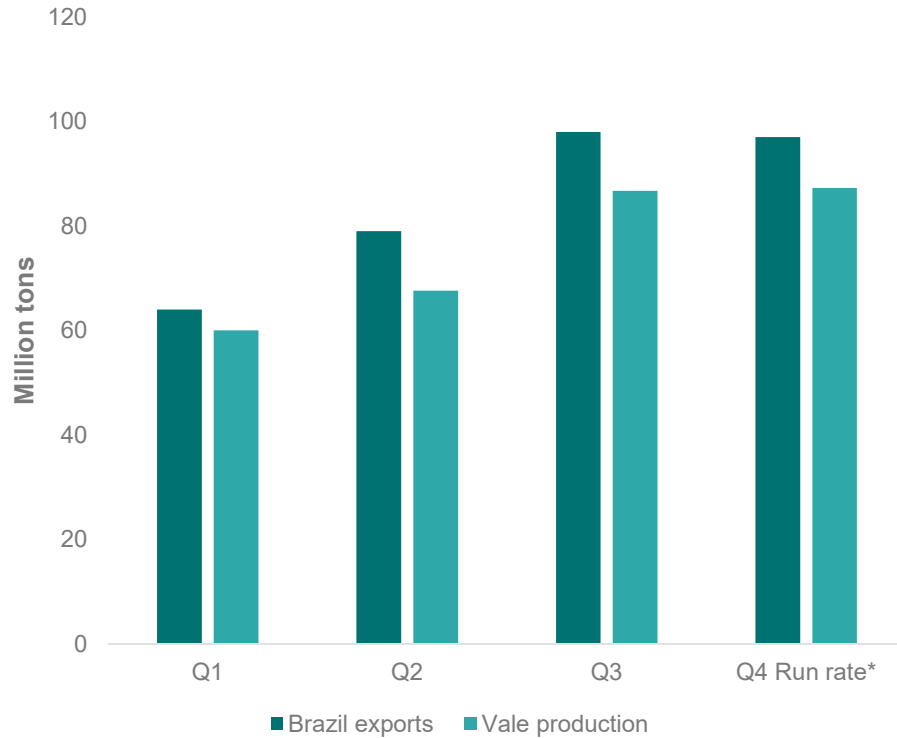


## China leading the recovery, rest of world is accelerating

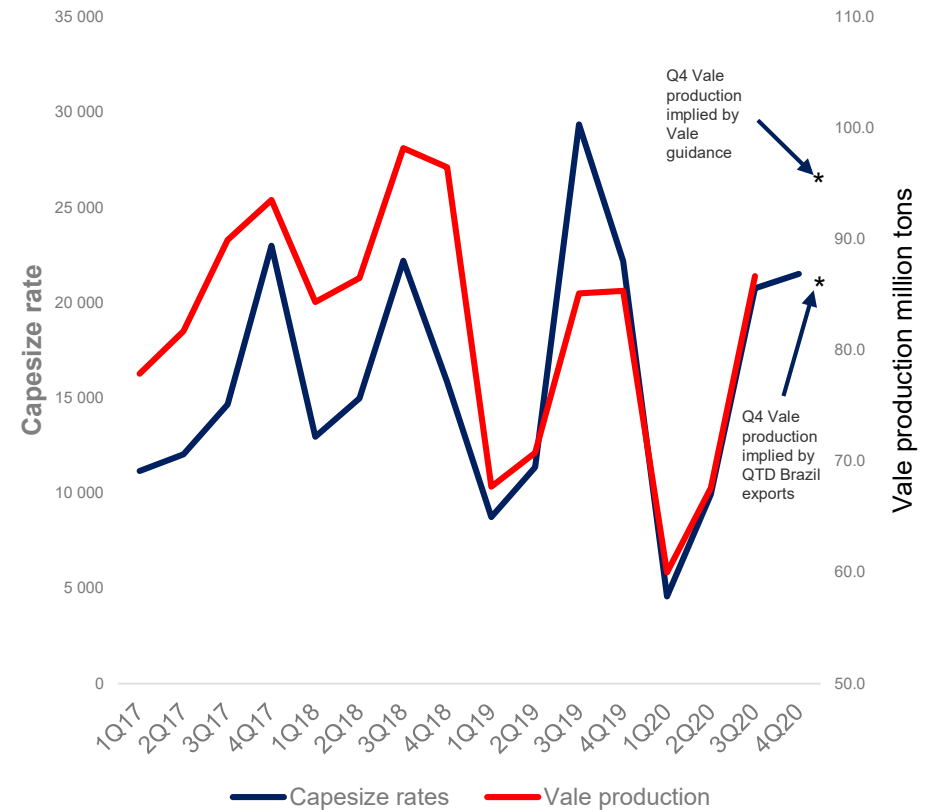


# Brazilian exports ramping up

## Vale Production and Brazil exports ramping up



## Strong correlation between Vale exports and rates historically

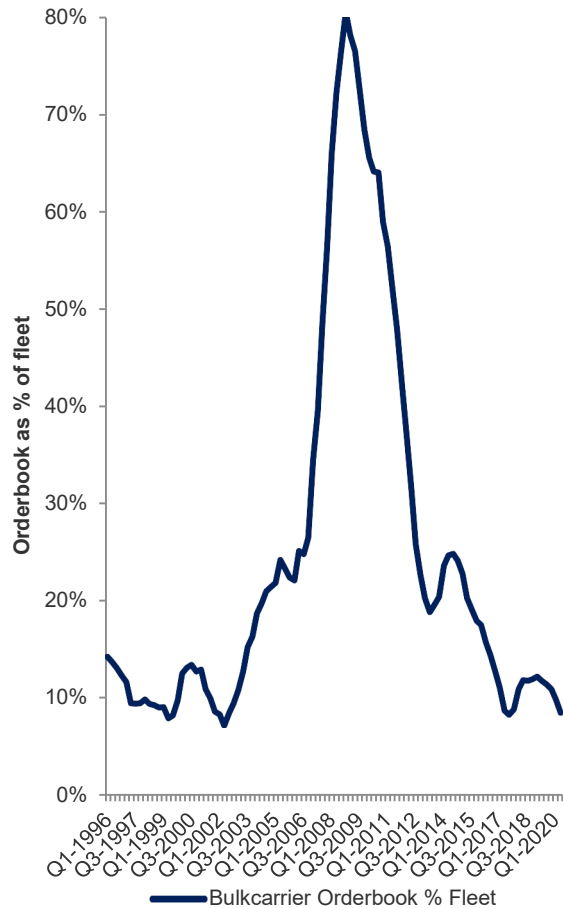


\* Q4 capesize rates are quarter to date rates  
 Sources: Vale, Arrow Shipbroking Group, Oceanbolt  
 Estimates: Company

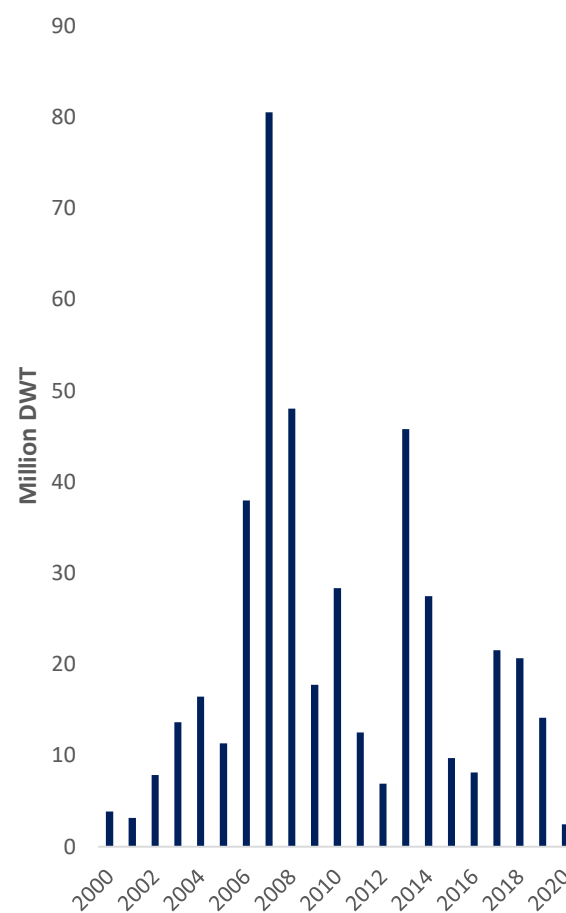


## Limited supply growth on the horizon and high scrapping activity

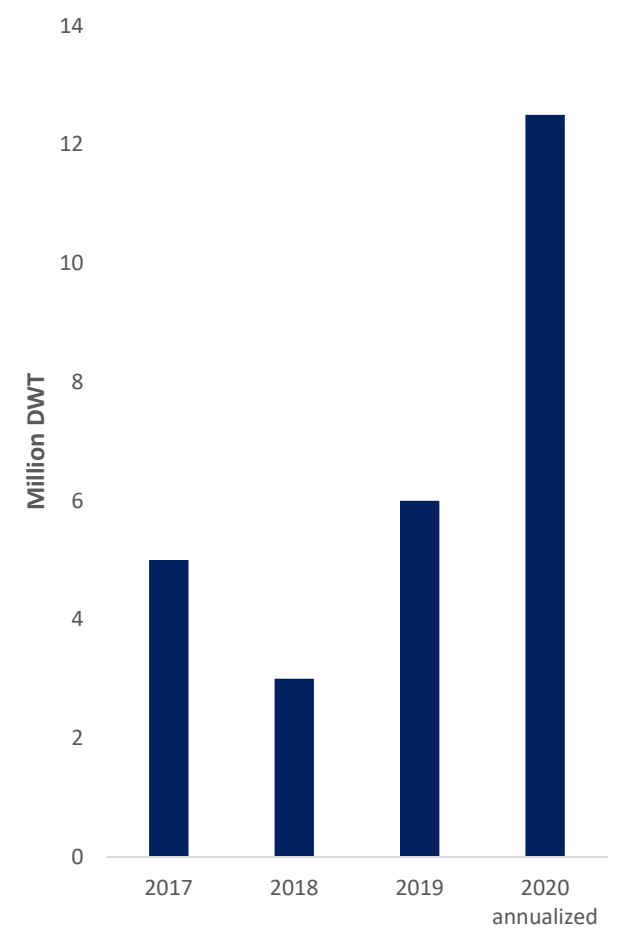
Dry bulk orderbook as % of fleet



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