

# 2020 BULKERS

2020 Bulkers Ltd.  
Company Presentation  
12 January 2021



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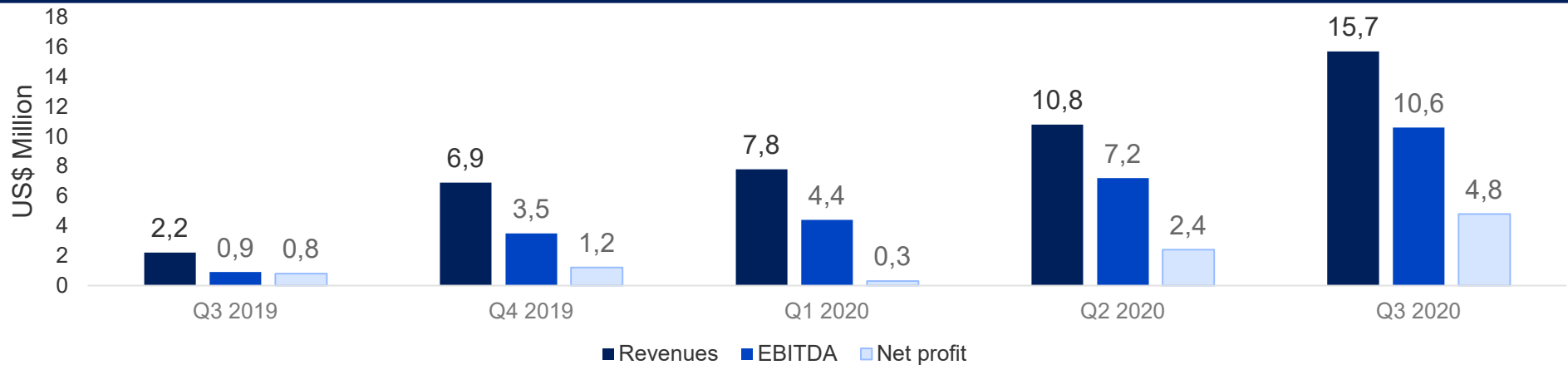
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# Profitable every quarter following delivery of the first vessel

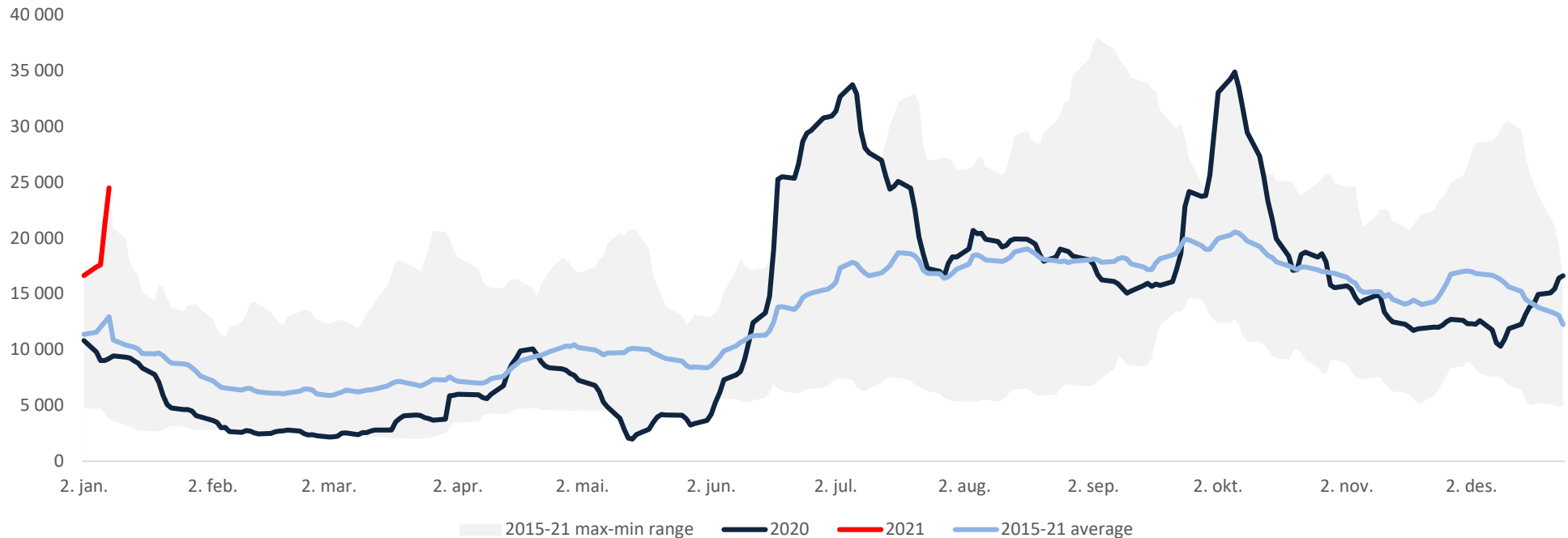
2020 Bulkers has been profitable every quarter since delivery of the first vessel in August 2019



## Strong performance driven by

- Modern fleet of fuel efficient Newcastlemax vessels with scrubbers, earning a significant premium to standard Capesize vessels
- Low cash breakeven driven by attractive financing and low G&A costs
- Proactive risk management. We protected downside through adding fixed charter coverage in early 2020

# The Capesize market is off to a strong start in 2021



- Year to date Capesize rates are the strongest seen since 2015
- Market is supported by strong iron ore volumes with YTD Brazilian exports +15% and Australian exports +19% YoY
- Strong coal exports out of USG and USEC
- Staggered Lunar Holidays in China may contribute to a stronger than usual first quarter
- Lower fleet growth in 2021 with orderbook of 16 million DWT, compared to 25 million DWT delivered in 2020

## We are positioned to take advantage of a stronger spot market

Ship name	Built	Charterer	Rate	Charter expiry
Bulk Sandefjord	Aug 19	Koch	Index linked + scrubber benefit	Aug 22
Bulk Santiago	Sep 19	Koch	Index linked + scrubber benefit	Nov 21 - Jan 22
Bulk Seoul	Oct 19	Koch	Index linked + scrubber benefit	Dec 21 - Feb 22
Bulk Shanghai	Nov 19	Glencore	18500 gross + scrubber benefit	Mar-Jul 21
Bulk Shenzhen	Jan 20	Koch	Brazil Round Voyage, etimated TCE USD 18,500 net	Apr 21
Bulk Sydney	Jan 20	Koch	Index linked + scrubber benefit	Jan 23
Bulk Sao Paulo	May 20	Glencore	Index linked + scrubber benefit	May-Jul 23
Bulk Santos	Jun 20	Glencore	Index linked + scrubber benefit	May-Jul 23

### Q1 2021

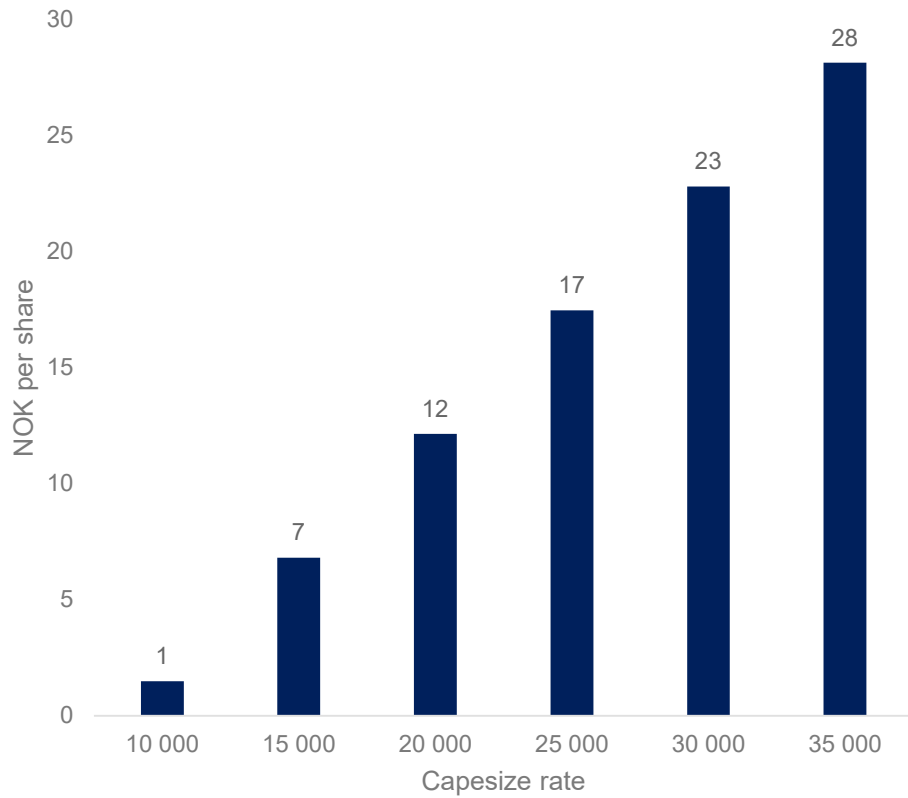
- 6 vessels on index linked vessels with scrubber profit share
- 2 vessels fixed at approximately US\$18,500 per day, with additional scrubber share for one vessel
- Operating cash breakeven estimated at US\$12,900 per day for vessels trading on index linked charters

### Q2 - Q4 2021

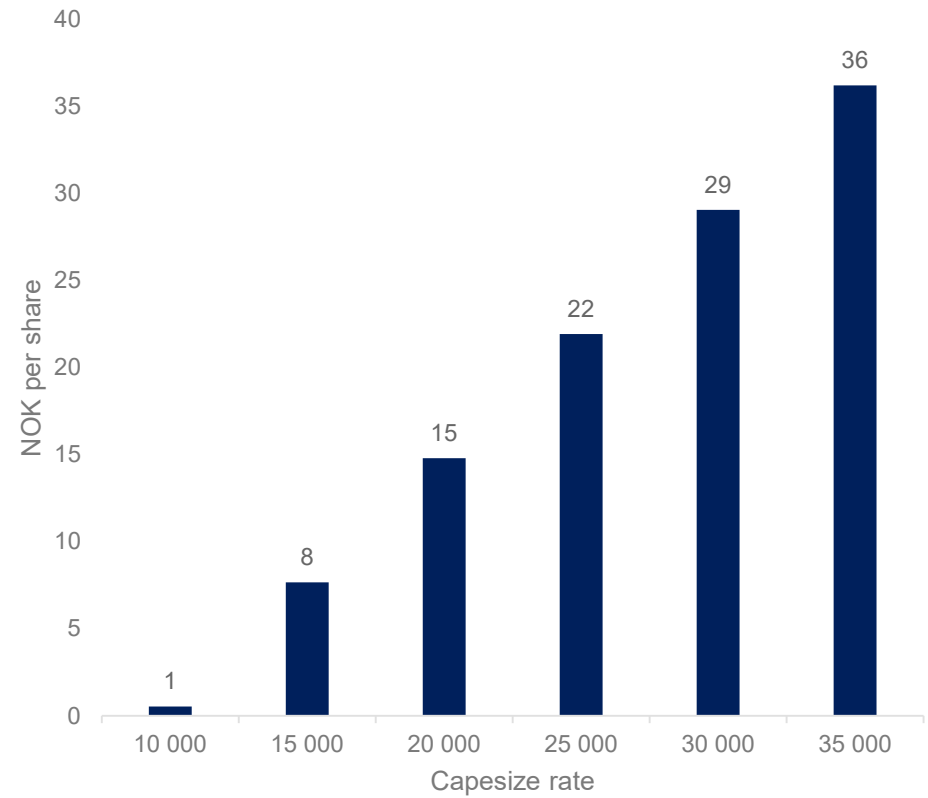
- All 8 vessels exposed to the spot market from April-July
- Estimated cash breakeven of US\$14,400 per day with all vessels trading spot

# Our dividend potential is significant

**Q1 2021 Indicative dividend capacity (annual run rate)**



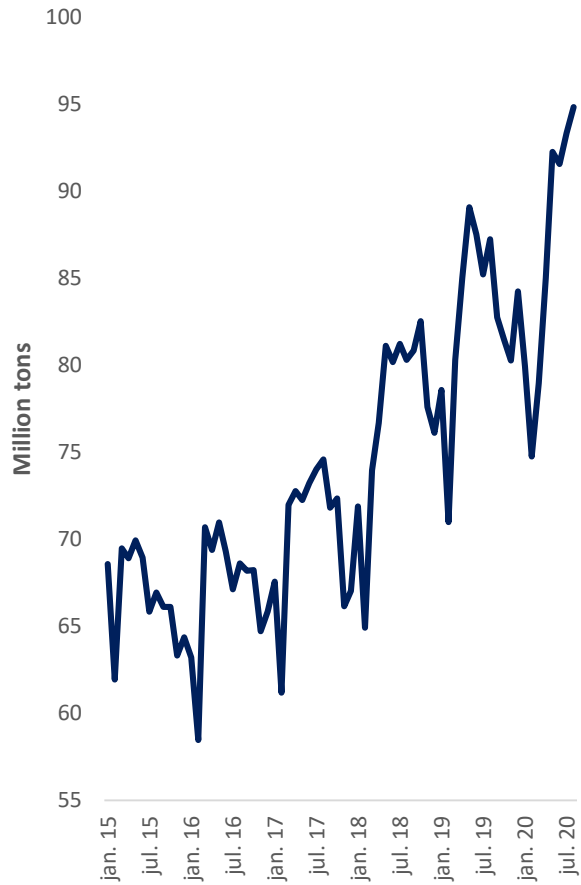
**Q2-Q4 2021 Indicative dividend capacity (annual run-rate)**



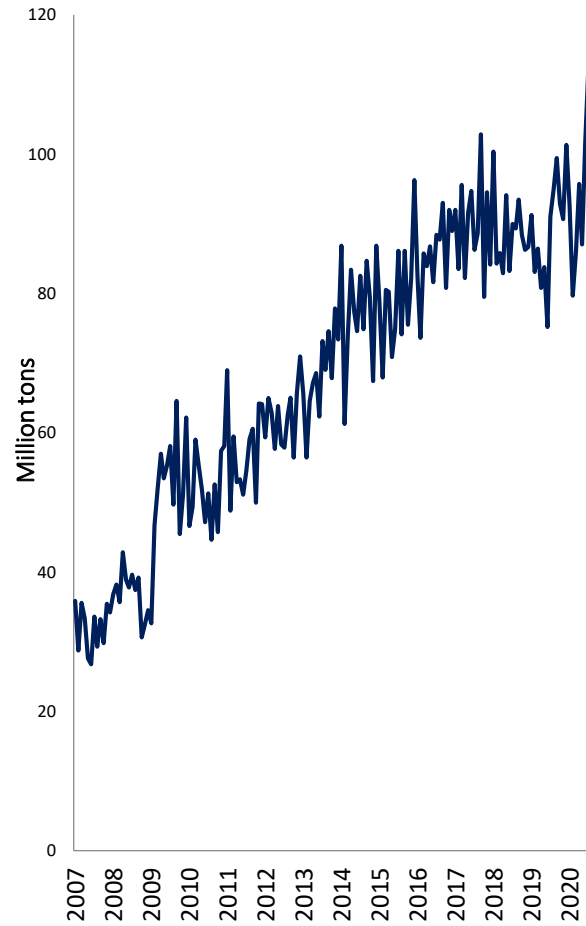
Indicative calculations. Actual results may vary

# Chinese demand is strong, inventories are low

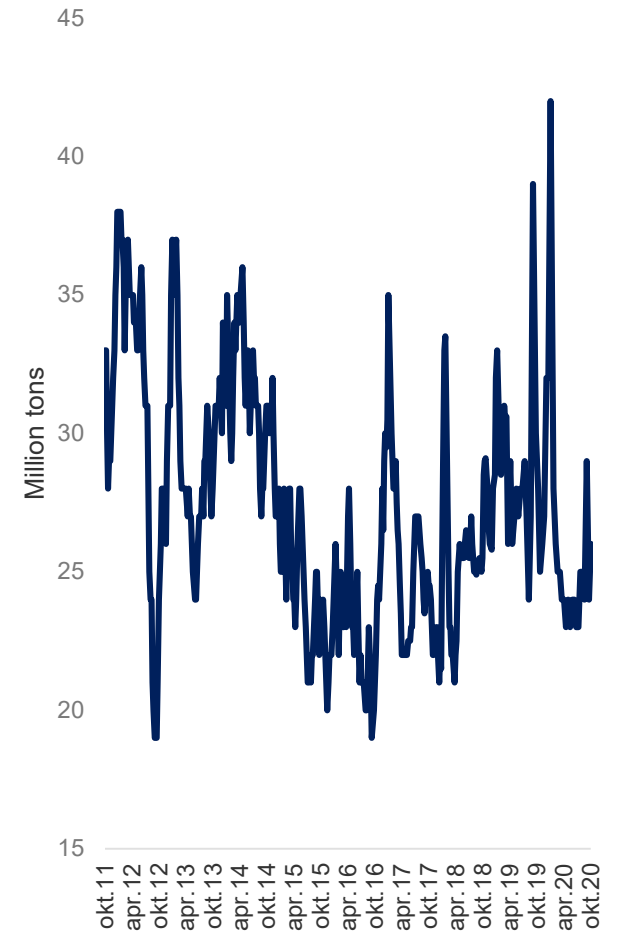
**China steel production**



**China iron ore imports**



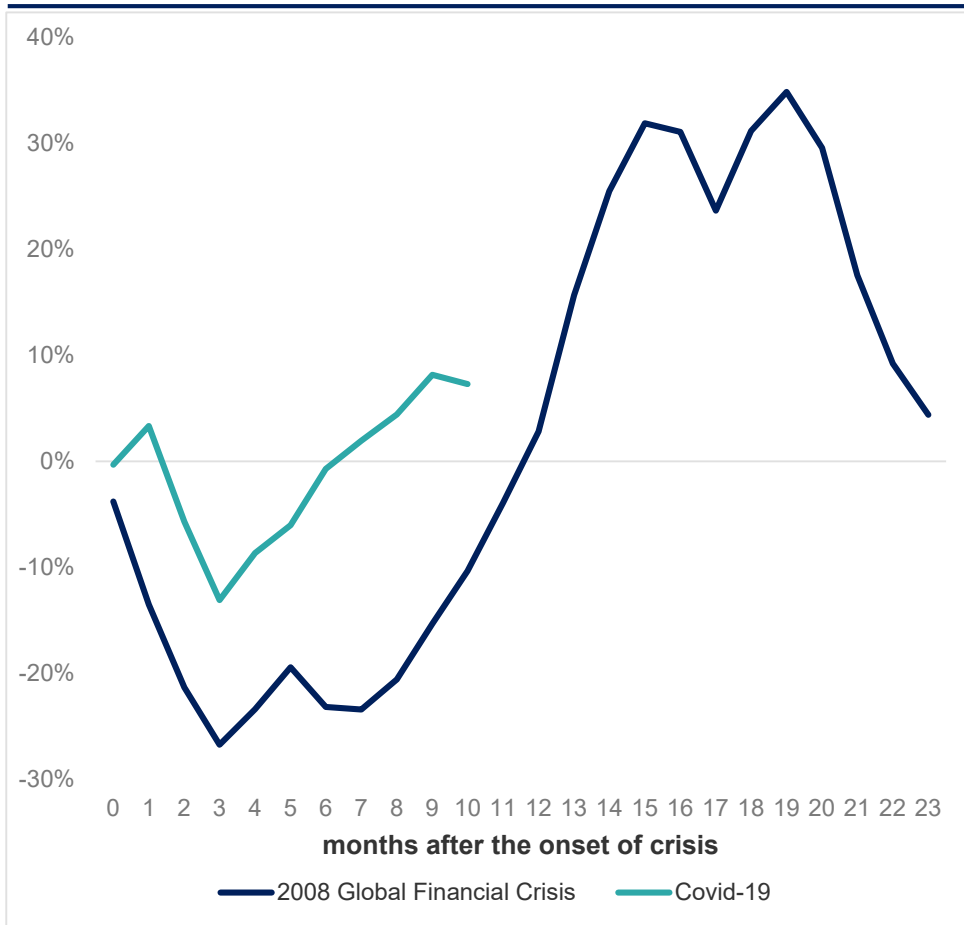
**China steel mill's iron ore stocks**



Sources: Shipping intelligence network, Arrow shipbroking group

# Steel production is recovering to pre Covid-19 levels

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



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

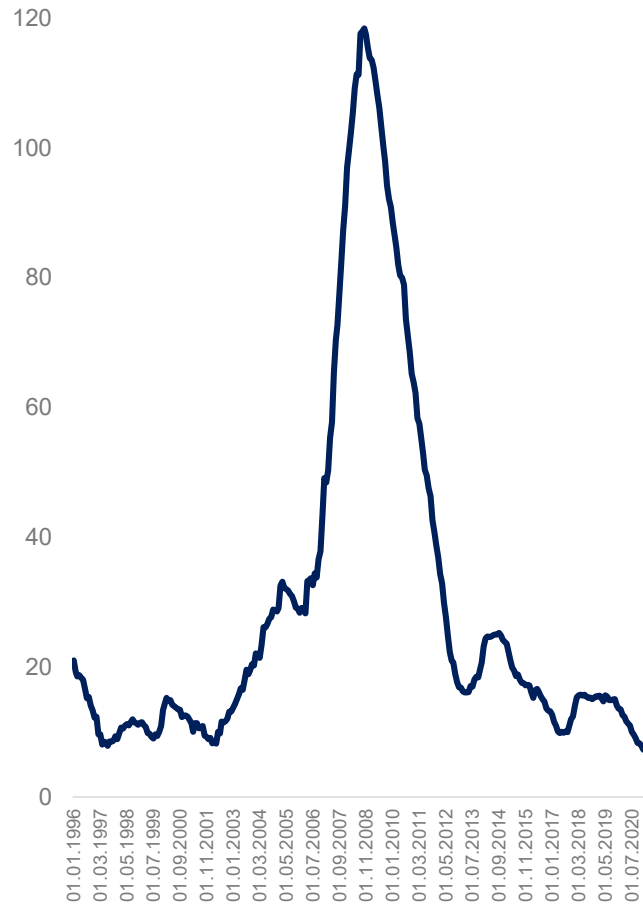


Source: Arrow shipbroking group

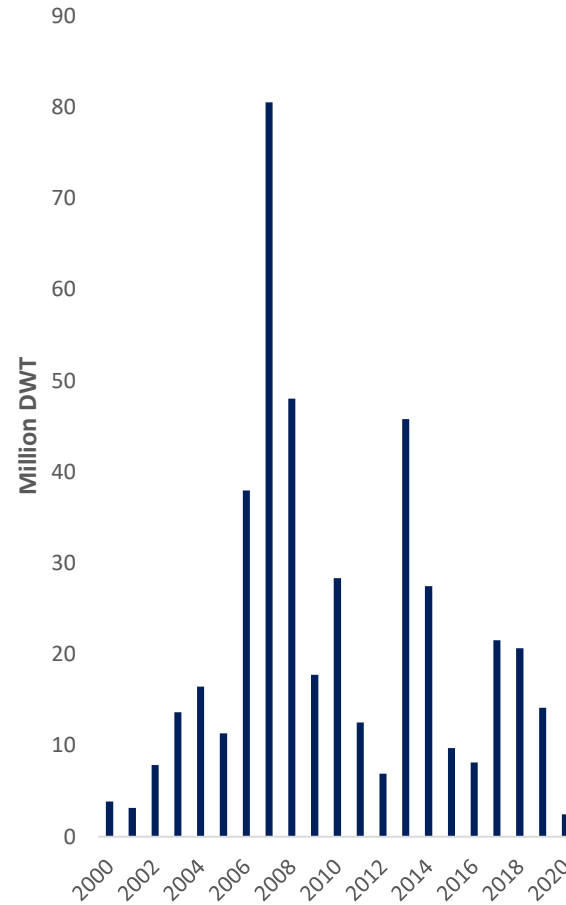


# Limited supply growth on the horizon and high scrapping activity

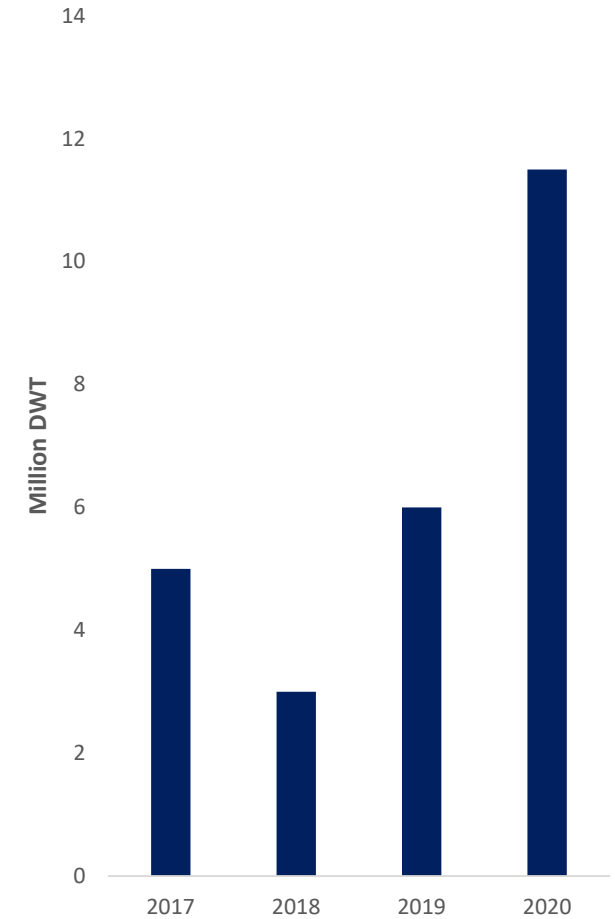
**Capesize orderbook as % of fleet**



**Capesize bulk newbuild contracts**

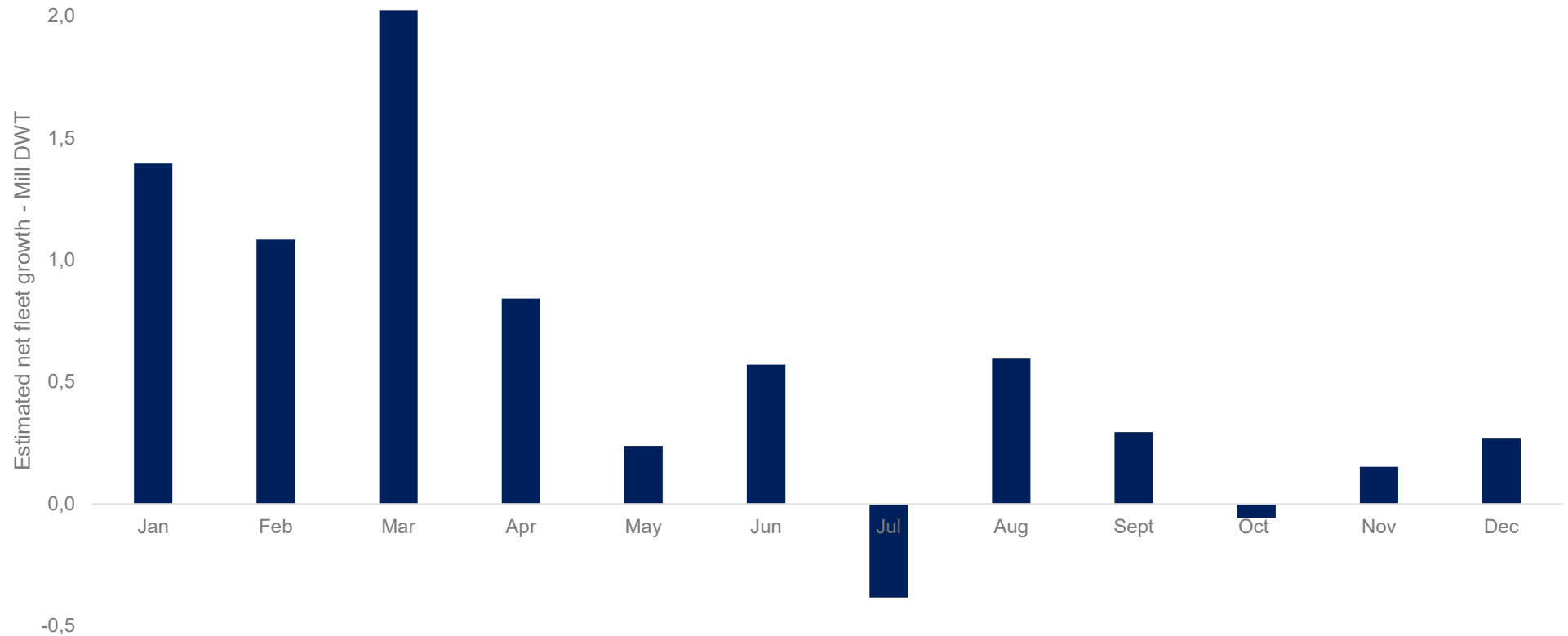


**Capesize scrapping**



# Fleet growth could turn negative during 2H 2021

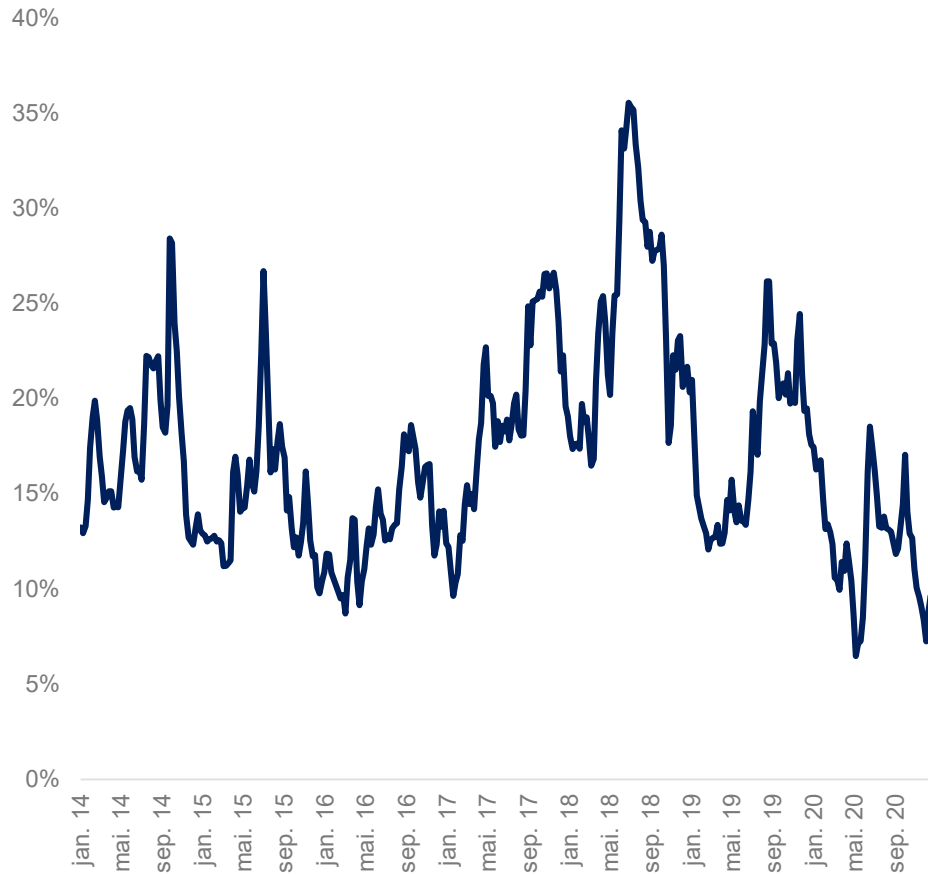
## Capesize – 2021 expected monthly net fleet growth



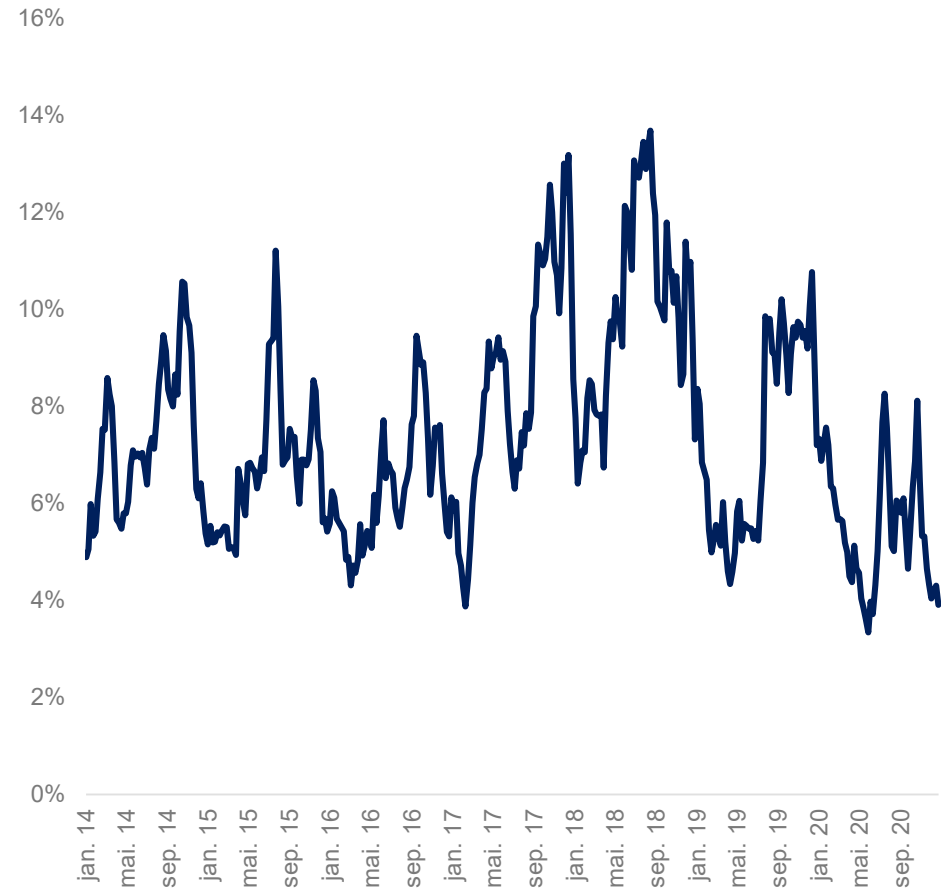
Source: Clarksons Research Services. Scrapping assumed by at same levels as 2020

# Current freight rates are low compared to commodity prices

**Freight costs Brazil-China as a % of cargo value**



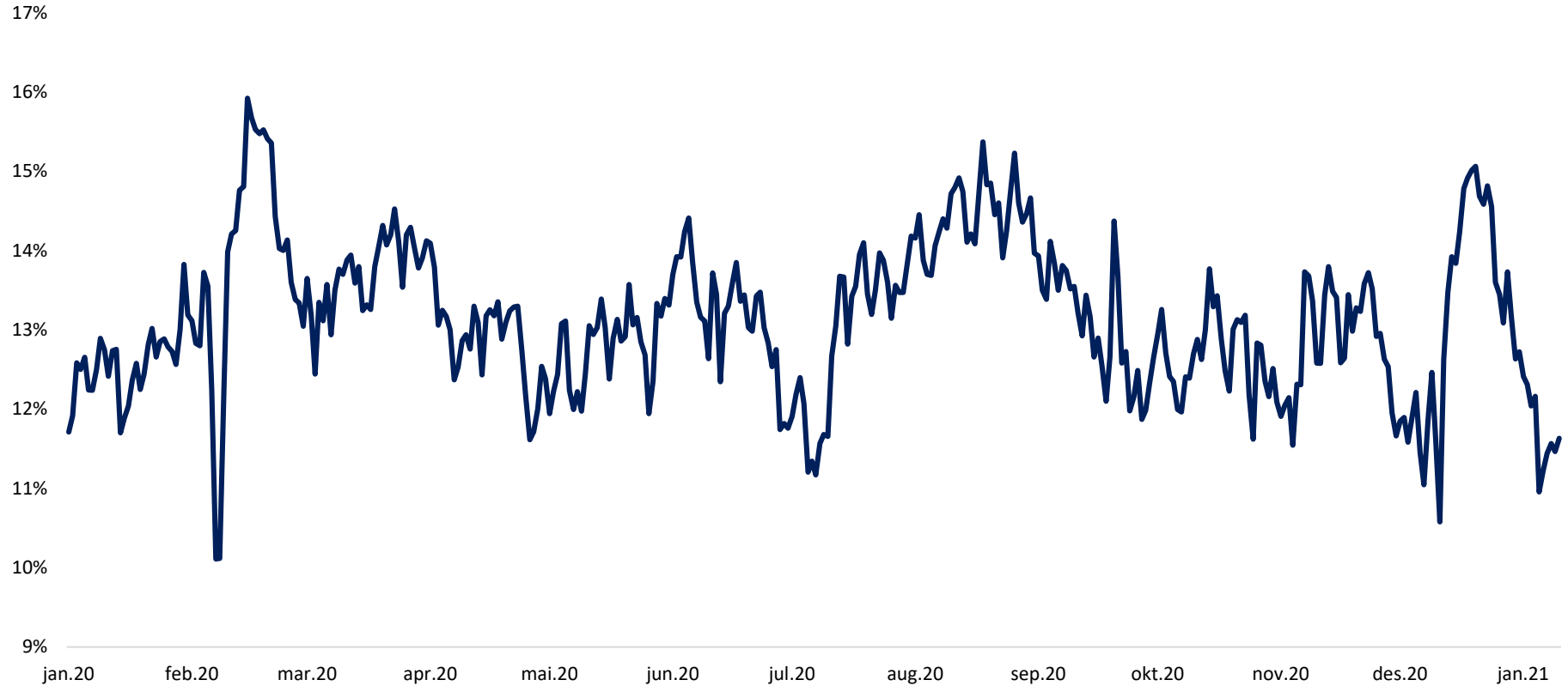
**Freight costs Australia-China as a % of cargo value**



Source: Clarksons Research Services, Arrow Shipbroking Group

# Congestion is low

Share of global Capesize fleet (DWT) in congestion



# Share of Capesize fleet in drydock is down from early 2020 levels

Share of Capesize fleet (DWT) in drydock



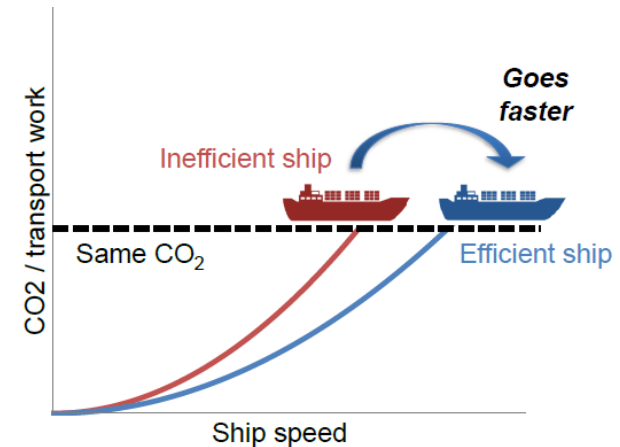
Source: Oceanbolt

## EEXI – New IMO regulations to reduce CO<sub>2</sub> emissions

### Summary

- In 2018, the IMO adopted a target to reduce CO<sub>2</sub> intensity from international shipping by 40% from 2008 levels by 2030
- As a consequence, the EEXI (Energy Efficiency Existing Ship Index) is expected to be introduced in October 2022
- EEXI sets limits to the amount of CO<sub>2</sub> that can be emitted per ton of transport supply (DWT \* nautical miles) and will be applied to all existing ships
- Non-compliant ships may comply by applying performance enhancing measures (requires a significant investment) and/or reducing the engine's power output.
- A significant part of the trading fleet may not be able to comply and may have to be retired
- The implementation of EEXI is expected to reduce the average sailing speed of the global fleet, particularly for older vessels
- Efficient ships may be favored by charterers and command a larger earnings premium following the implementation of EEXI

### Emission reduction through goal-based measure



### Alternatives for complying

