

# 2020 BULKERS

2020 Bulkera Ltd.  
Q1 2021 Results presentation  
April 28, 2021





---

This presentation (the "**Presentation**") has been prepared by 2020 Bulkera Ltd. (the "**Company**") and is made April 28, 2021 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 first quarter of 2021:**

- Net profit of US\$5.8 million, EPS of US\$0.26
- Achieved average time charter equivalent earnings of approximately US\$23,900 per day, gross
- Declared total cash distributions of US\$0.26 per share for the months of January – March 2021
- Converted the index linked time charters for Bulk Sao Paulo and Bulk Santos to fixed time charters at US\$27,200, gross, plus scrubber benefit, for the remainder of 2021
- Entered into an 18-24 month time charter with Koch for Bulk Shanghai (index linked + scrubber benefit)

**Subsequent events:**

- Achieved time charter equivalent earnings quarter to date in the second quarter of approximately US\$33,700 per day, gross
- Entered into 19 – 23 month time charter with Koch for Bulk Shenzhen (index linked + scrubber benefit)

# Key Financials Q1 2021

## Income Statement

USD million, except per share data	Q1 2021
<b>Operating Revenues</b>	<b>17.0</b>
Vessel operating expenses	(4.1)
Voyage expenses and commission	(1.0)
General and administrative expenses	(0.8)
Depreciation and amortization	(2.9)
<b>Total operating expenses</b>	<b>(8.8)</b>
<b>Operating Profit</b>	<b>8.2</b>
Interest expense	(2.4)
<b>Total financial expense, net</b>	<b>(2.4)</b>
<b>Tax expense</b>	<b>-</b>
<b>Net Profit</b>	<b>5.8</b>
Earnings per share (USD/share)	0.26

## Comments

- Net profit of US\$5.8 million
- Operating profit of US\$8.2 million
- EBITDA of US\$11.1 million
- Earnings per share of 26 cents
- Operating revenues of US\$17.0 million. Average time charter equivalent earnings of approx. US\$23,900 per day, gross.
- Vessel operating expenses of US\$4.1 million. Average operating expenses of approx. US\$5,600 per day per vessel including Covid-19 related costs of approx. US\$600 per day per vessel. 720 operational vessel days for the quarter
- G&A was US\$0.8 million
- Interest expense of US\$2.4 million. Currently, the Company is paying an average interest rate of 3.6% on its long-term debt

## Balance Sheet Summary

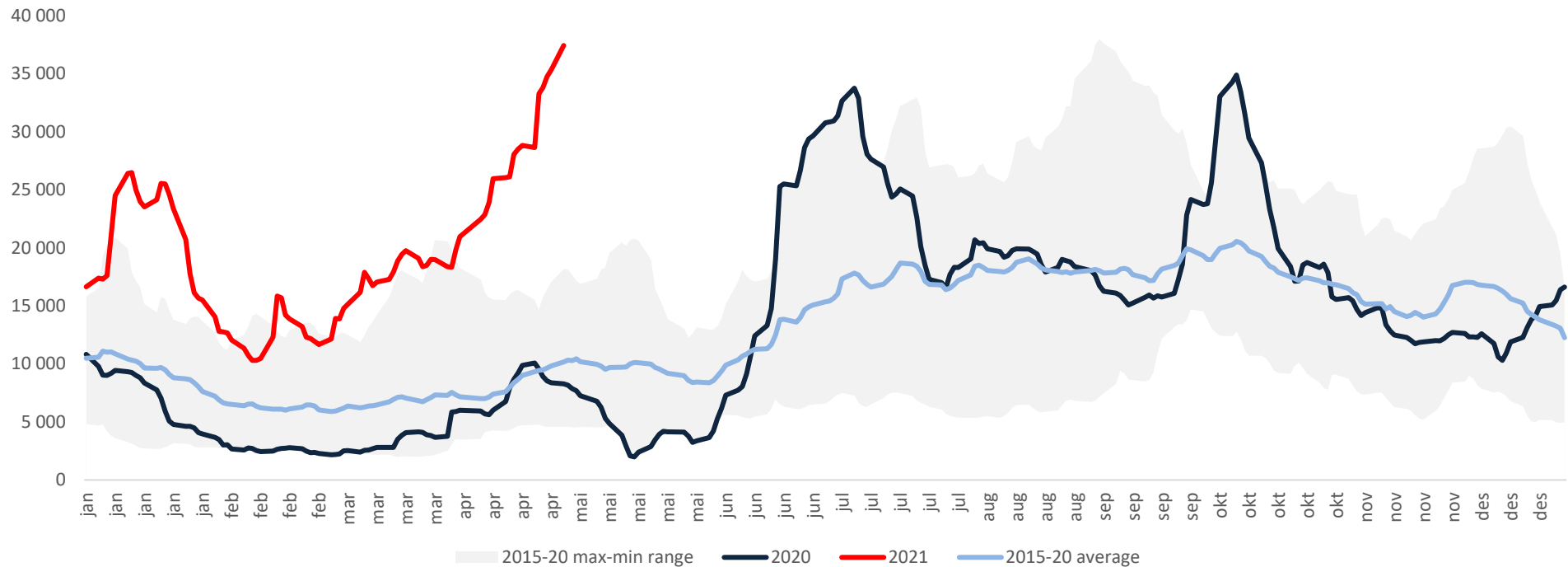
USD million	March 31, 2021
Total assets	395.2
Equity	144.5
Cash and cash equivalents	20.2
Interest bearing debt	246.4

## Comments

- Shareholders' equity of US\$144.5 million
- Interest bearing debt decreased from US\$250 million to US\$246.4 million during the quarter reflecting scheduled repayments during the quarter
- Cash flow from operations was US\$9.0 million in Q1 2021
- Cash distributions in total of US\$26 cent per share declared for the months of January, February and March
- Solid liquidity position with US\$20.2 million of cash.

# Capesize rates have had the strongest start to the year since 2010

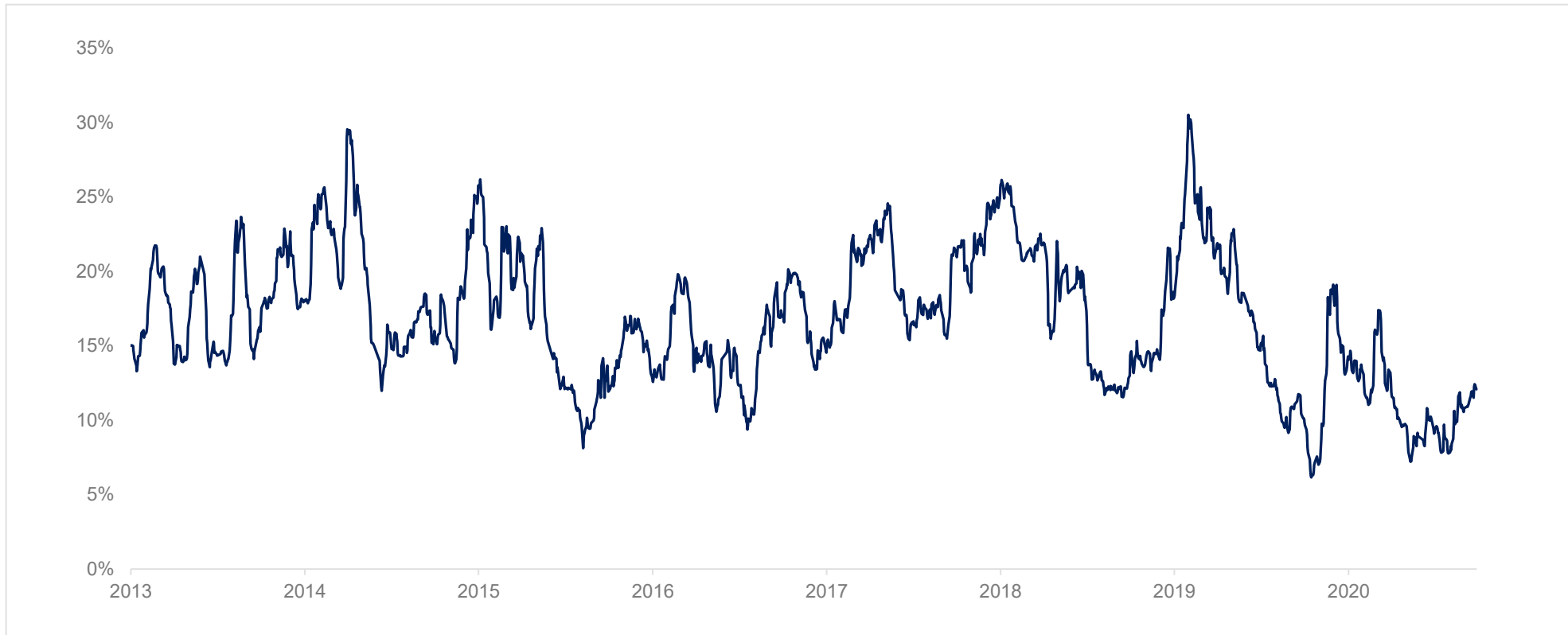
2020 **BULKERS**



- Year to date Capesize rates are the strongest in 10 years, with rates 270% above the same period in 2020
- The market is supported by strong iron ore volumes with YTD Brazilian exports +15% and Australian exports +3% YoY
- Increased coal trade, including some coal exports out of USG and USEC
- Lower fleet growth in 2021 with orderbook of 18 million DWT, compared to 25 million DWT delivered in 2020

## Still, freight costs are low relative to commodity prices

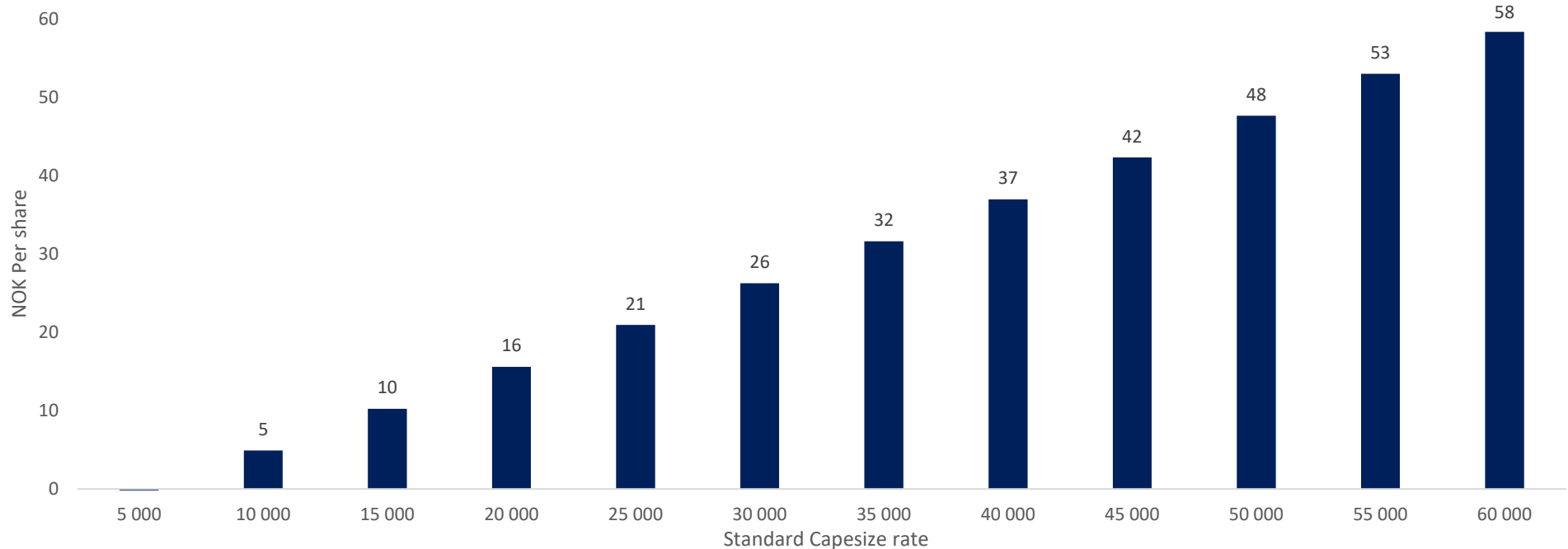
Brazil-China freight cost as a % of Brasil origin iron ore prices



Historical average freight costs of 16% vs spot iron ore prices would imply standard capesize rates of US\$50,000 per day

## Our dividend potential is significant

May-December 2021 Indicative dividend capacity (annual run-rate)<sup>1)</sup>



2 vessels fixed at US\$27,200, gross + scrubber profit share for Q2-Q4 2021

6 vessels on index linked time charters with scrubber profit share

May-December 2021 Capesize FFA curve is ~US\$30,000 per day<sup>2)</sup>

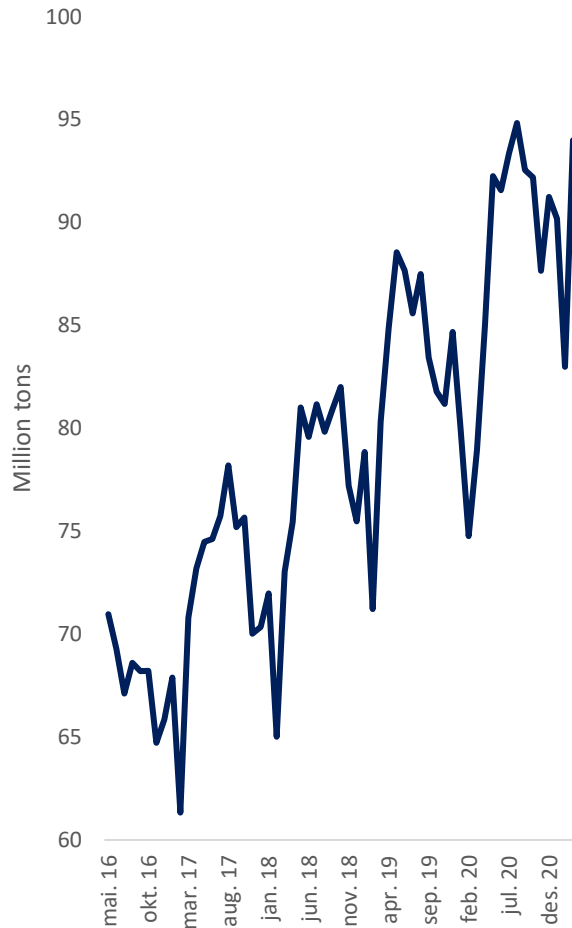
<sup>1)</sup> Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Actual results may deviate

<sup>2)</sup> As of 27 April 2021

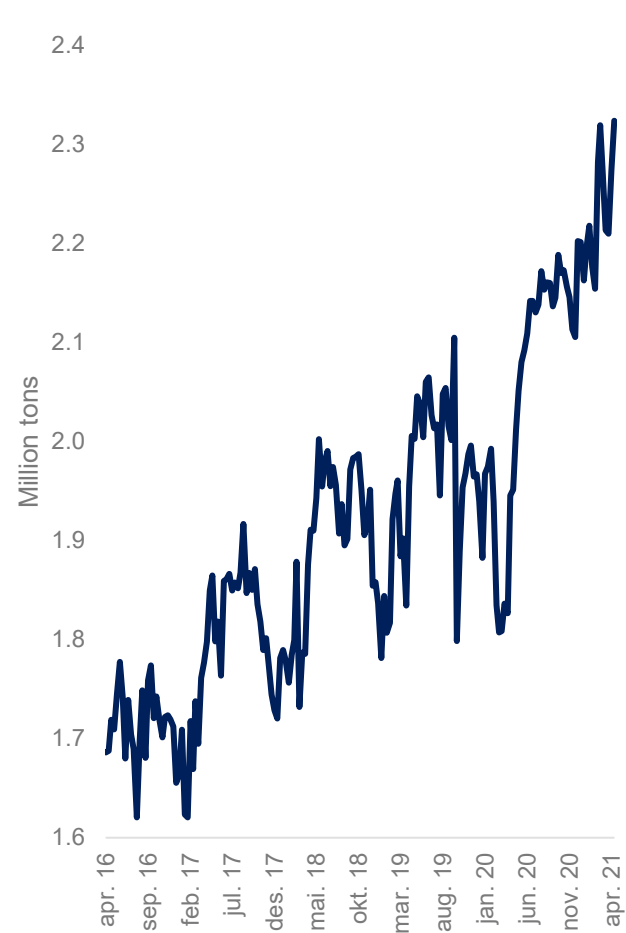


# Steel production is accelerating

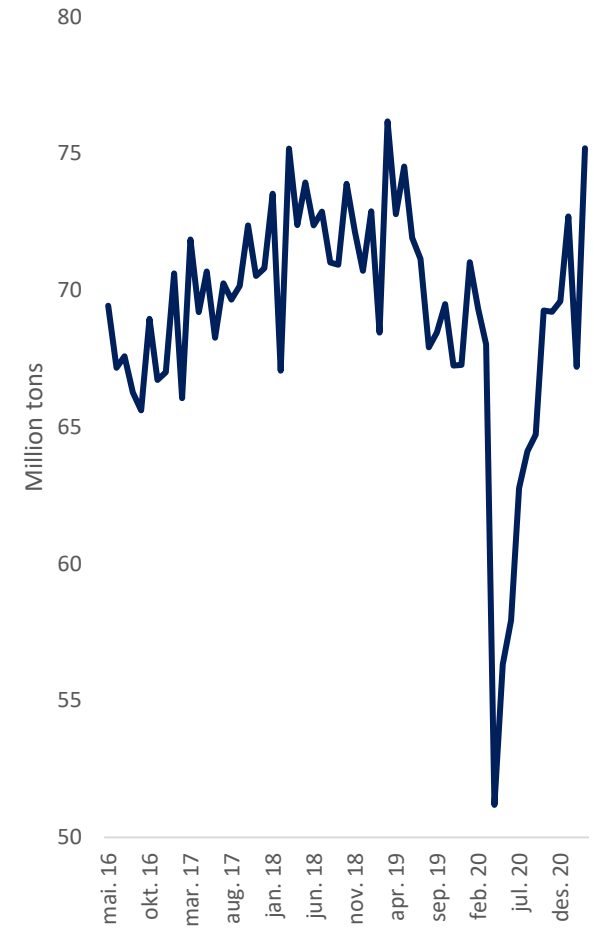
## China monthly steel production



## CISA daily steel output



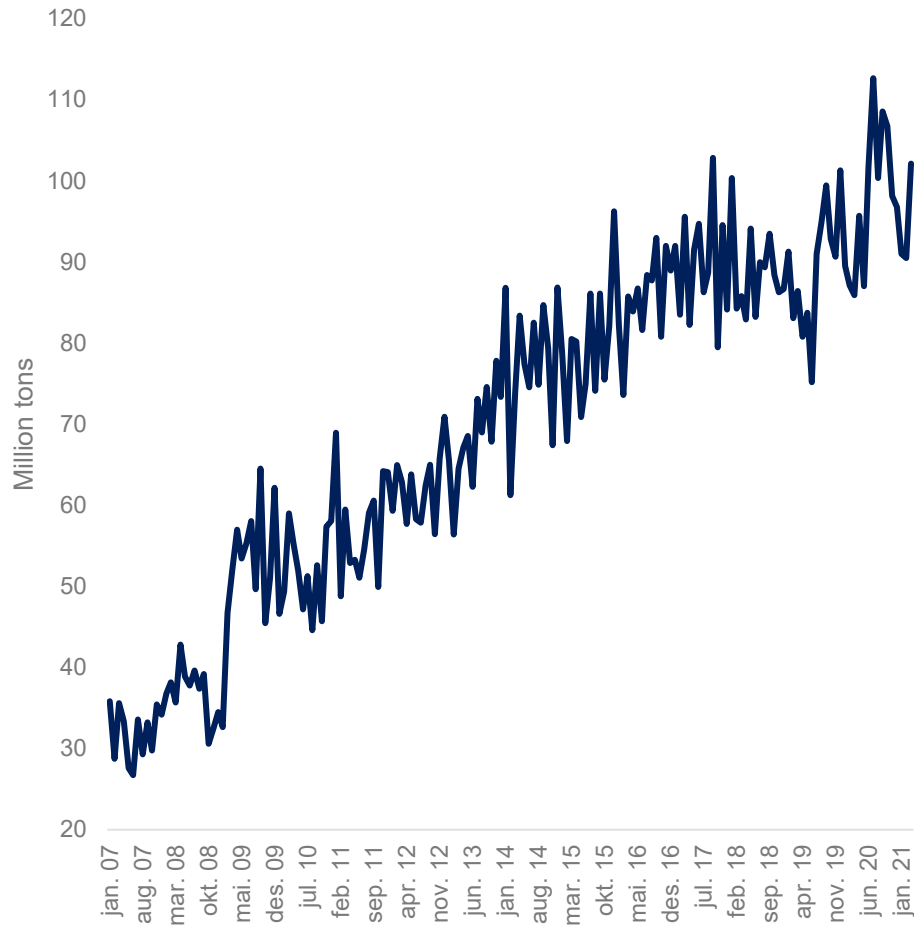
## World ex-China steel output



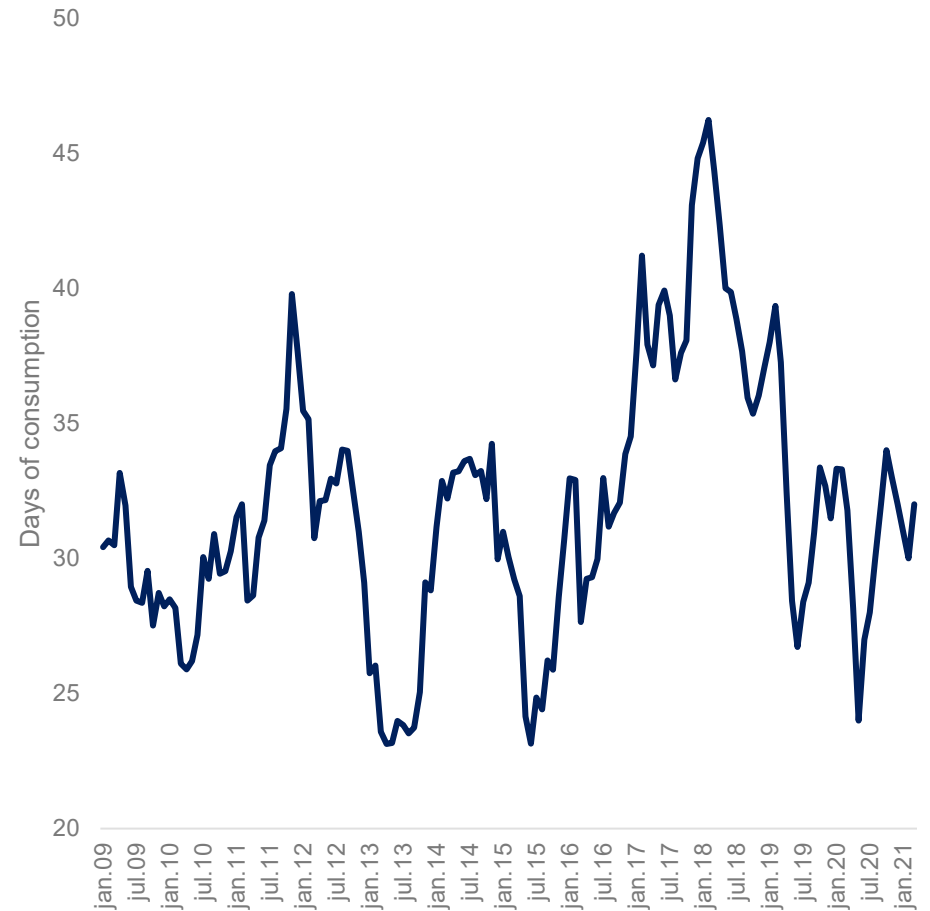
Sources: Shipping intelligence network, Arrow shipbroking group

# Strong iron ore fundamentals

## China iron ore imports

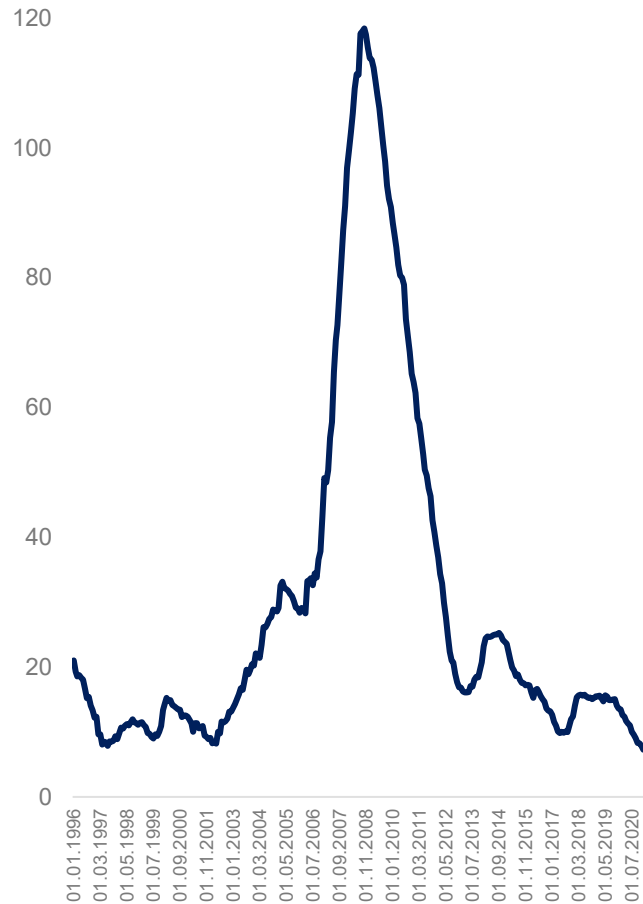
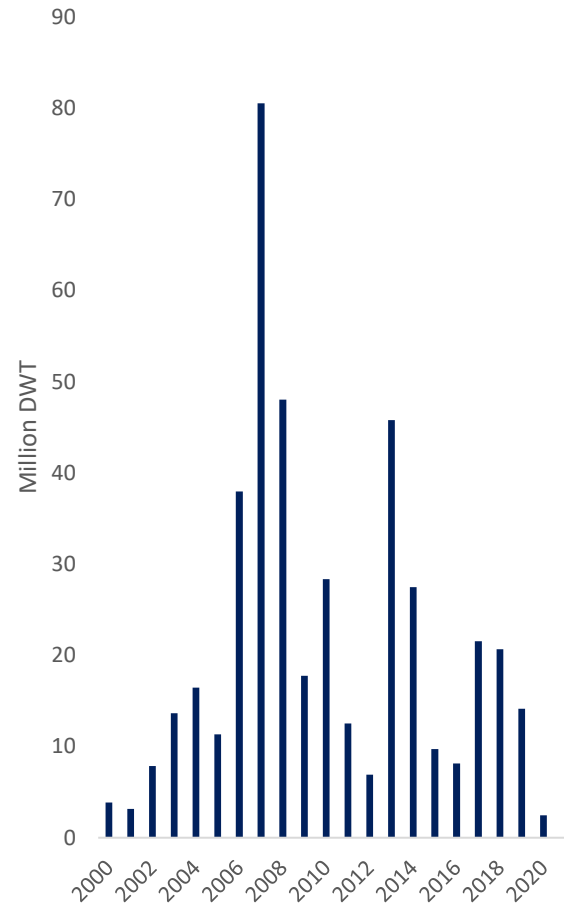
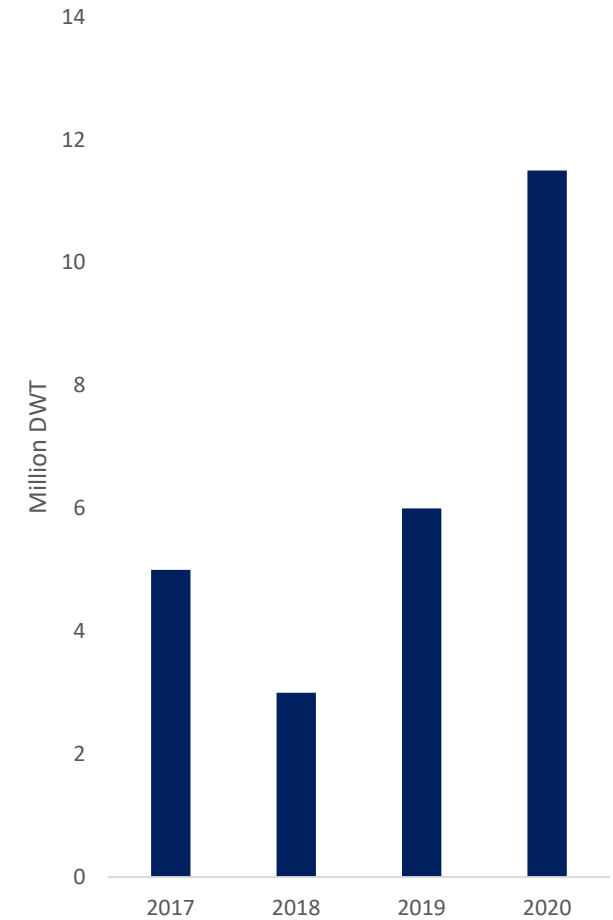


## China iron ore inventories – days of consumption



Sources: Shipping intelligence network, Arrow shipbroking group

# Limited supply growth on the horizon and high scrapping activity

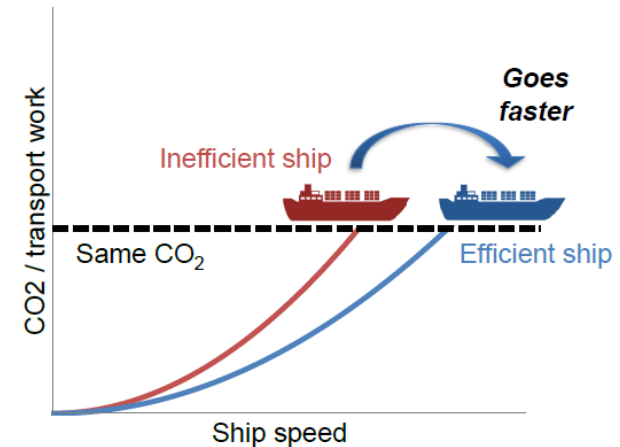
**Capesize orderbook as % of fleet****Capesize bulk newbuild contracts****Capesize scrapping**

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

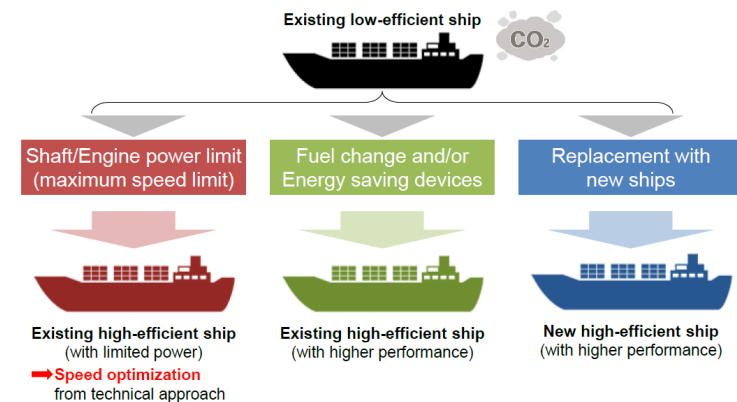
## Summary

- 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 by January 2023
- 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



*Fleet of 8 Newcastlemax vessels, average age 1 year, the most modern fleet among listed peers*

*Our index vessels earn ~ US\$50,000 per day at today's spot rates*

*2021 CBE budget of US\$14,500/ship/day*

*FFA curve implies TCE for a scrubber fitted Newcastlemax of US\$40,000 per day for rest of 2021*

*Free cash flow paid as monthly dividends*

*Most favorable supply side dynamics in more than 30 years*

*Demand expected to continue recovery as the world restarts post Covid*