

2020 BULKERS

2020 Bulkera Ltd.
Q2 2021 Results presentation
August 11, 2021



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Key events during the second quarter of 2021:

- Net profit of US\$17.1 million, EPS of US\$0.77
- Achieved average time charter equivalent earnings of approximately US\$39,500 per day, gross
- Declared total cash distributions and dividends of US\$0.75 per share for the months of April – June 2021
- Entered into a 19-23 month time charter with Koch for Bulk Shenzhen (index linked + scrubber benefit)

Subsequent events:

- Achieved time charter equivalent earnings quarter to date in the third quarter of approximately US\$40,100 per day, gross
- Declared a cash distribution of US\$0.26 per share for the month of July
- Bulk Shenzhen involved in an accident on Yangtze river. Total costs related to incident estimated at ~US\$ 1 million, including off-hire

Key Financials Q2 2021

Income Statement

USD million, except per share data	Q2 2021
Operating Revenues	28.4
Vessel operating expenses	(4.3)
Voyage expenses and commission	(0.8)
General and administrative expenses	(0.8)
Depreciation and amortization	(2.9)
Total operating expenses	(8.8)
Operating Profit	19.6
Interest expense	(2.4)
Other financial expense	(0.1)
Total financial expense, net	(2.5)
Tax expense	-
Net Profit	17.1
Earnings per share (USD/share)	0.77

Comments

- Net profit of US\$17.1 million
- Operating profit of US\$19.6 million
- EBITDA of US\$22.5 million
- Earnings per share of 77 cents
- Operating revenues of US\$28.4 million. Average time charter equivalent earnings of approx. US\$39,500 per day, gross.
- Vessel operating expenses of US\$4.3 million. Average operating expenses of approx. US\$5,900 per day per vessel including Covid-19 related costs of approx. US\$200 per day per vessel. 728 operational vessel days for the quarter
- G&A was US\$0.8 million
- Interest expense of US\$2.4 million. The Company paid an average interest rate of 3.4% on its long-term debt during Q2

Balance Sheet Summary

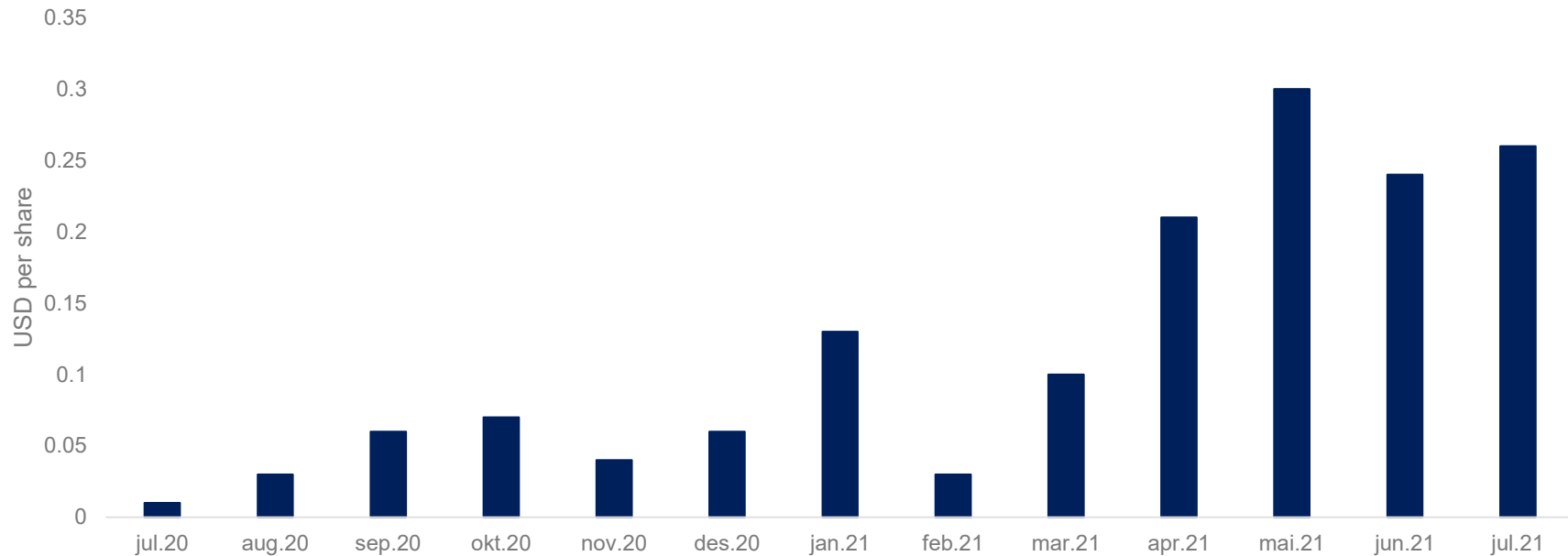
USD million	June 30, 2021
Total assets	394.4
Equity	148.1
Cash and cash equivalents	22.2
Interest bearing debt	242.7

Comments

- Shareholders' equity of US\$148.1 million
- Interest bearing debt decreased from US\$246.4 million to US\$242.7 million during the quarter reflecting scheduled repayments during the quarter
- Cash flow from operations was US\$20.0 million in Q2 2021
- Cash distributions in total of US\$75 cent per share was declared for the months of April, May and June
- Solid liquidity position with US\$22.2 million of cash.

Dividends and cash distributions

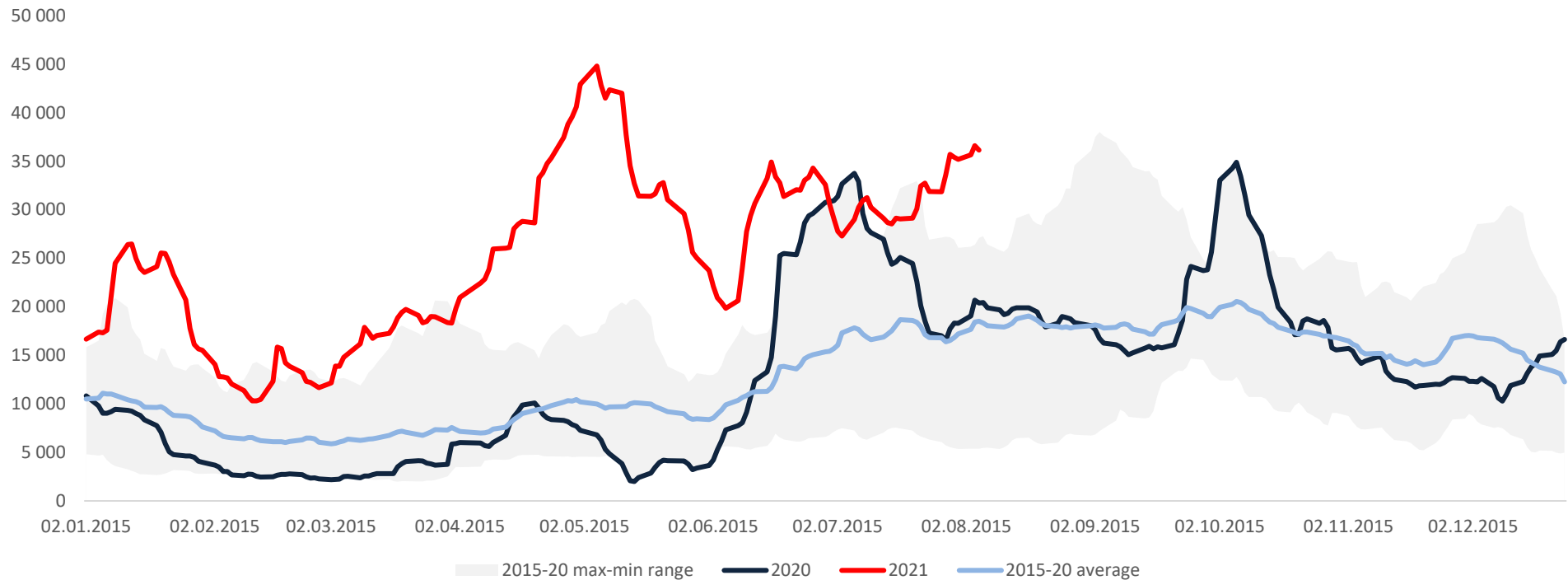
Monthly dividends and cash distributions



- 2020 Bulkera has returned free cash flow to shareholders on a monthly basis for 13 consecutive months
- Q2 dividends and cash distributions of US\$ 0.75 per share equals ~24% annualized yield*
- 2020 Bulkera has to date returned 27% of total paid-in equity to shareholders

* Based on closing price of NOK 112.5 as of Aug 10, 2021

Capesize rates year to date are the strongest in a decade



- Year to date Capesize rates are the strongest in 10 years, with rates 250% above the same period in 2020
- Strong iron ore volumes with YTD Brazilian exports +11% while Australian exports are flat YoY
- Global coal exports + 6% YoY
- Modest 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

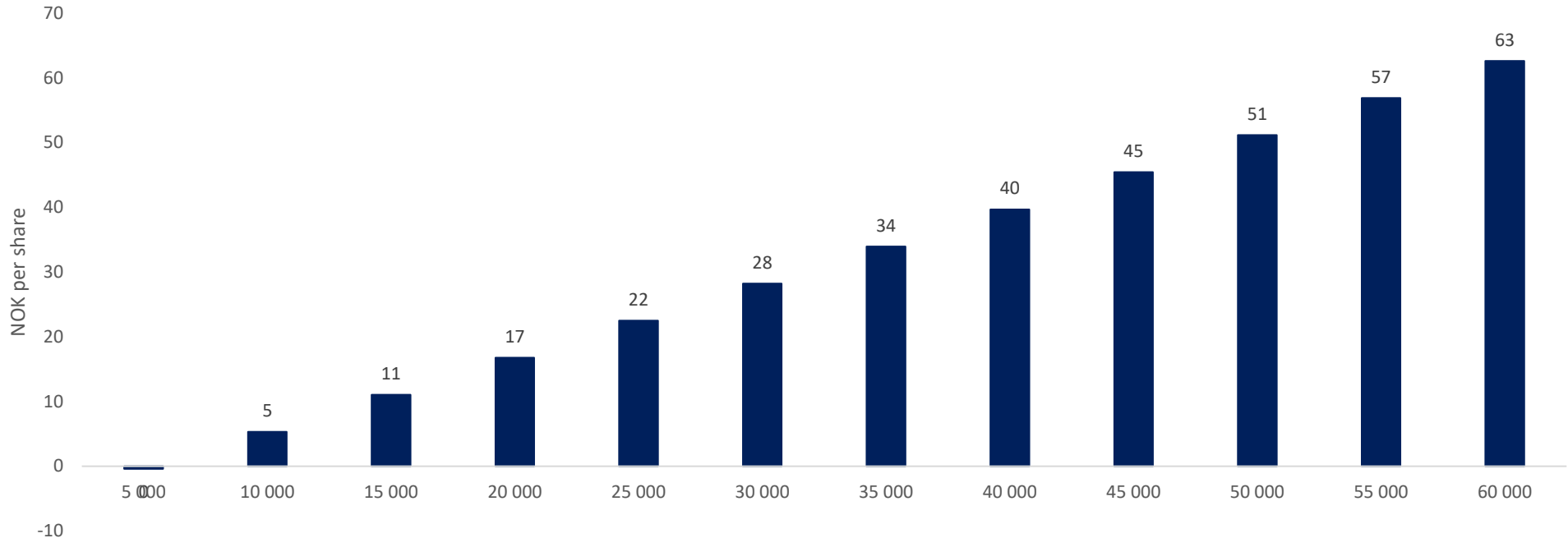


Historical average freight costs of 16% vs spot iron ore prices would imply standard capesize rates of US\$ 42,000 per day

Historical peak freight costs of 31% vs spot iron ore prices would imply standard capesize rates of US\$ 167,000 per day

Our dividend potential is significant

Balance of 2021 Indicative dividend capacity (annual run-rate)¹⁾



2 vessels fixed at US\$27,255, gross + scrubber profit share for Q2-Q4 2021

6 vessels on index-linked time charters with scrubber profit share

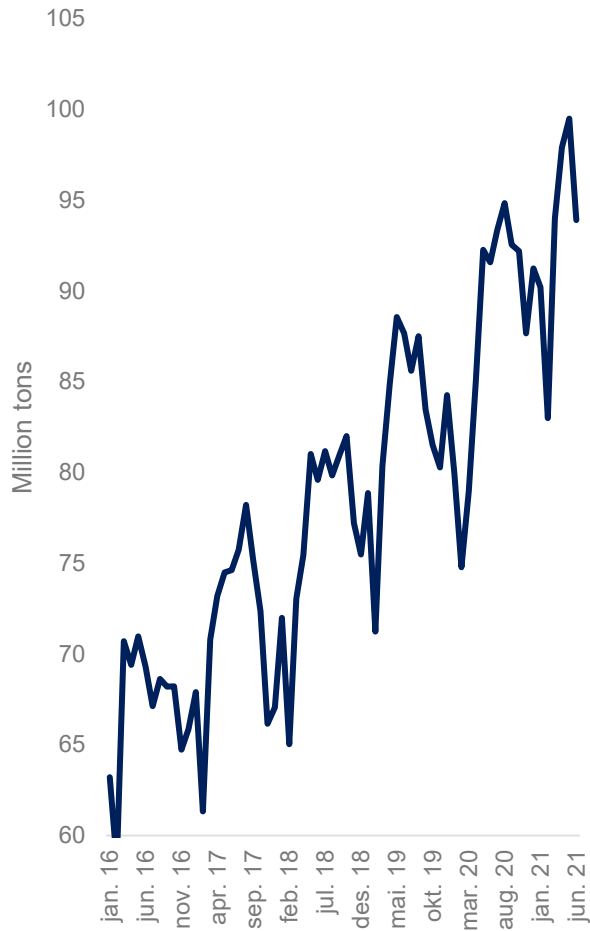
Balance of 2021 Capesize FFA curve is ~US\$ 37,000 per day²⁾

¹⁾ Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Actual results may deviate. Costs related to Bulk Shenzhen incident not factored in

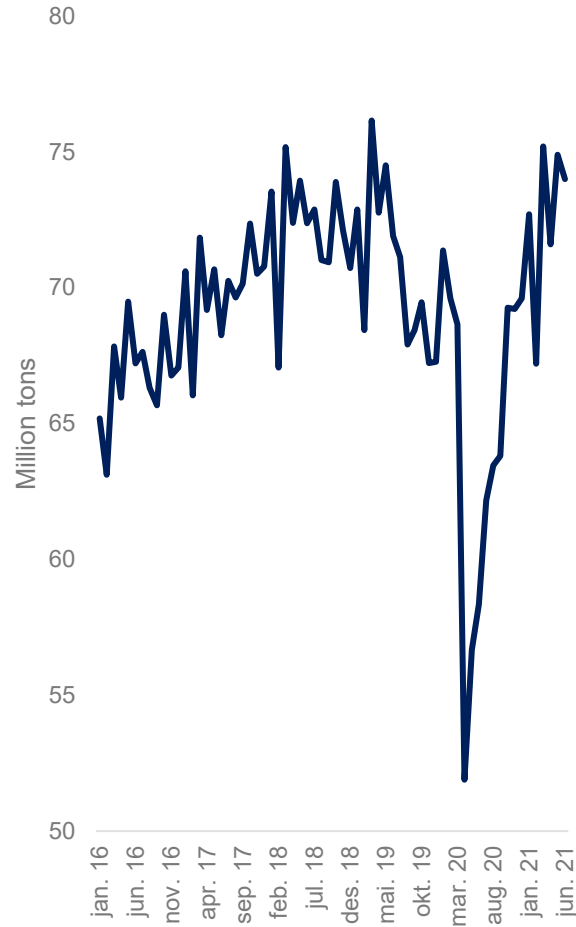
²⁾ As of 10 August 2021

Steel demand

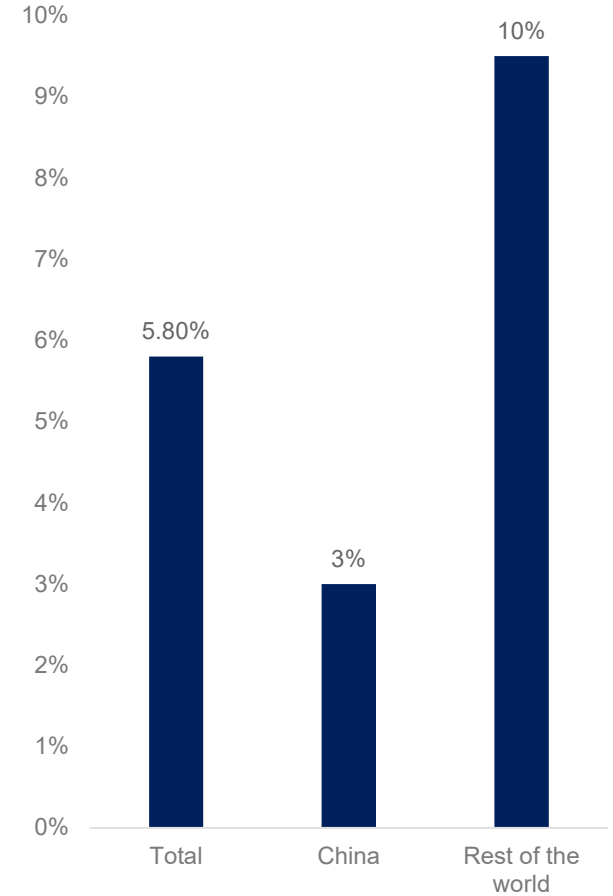
China monthly steel production



World ex-China steel output

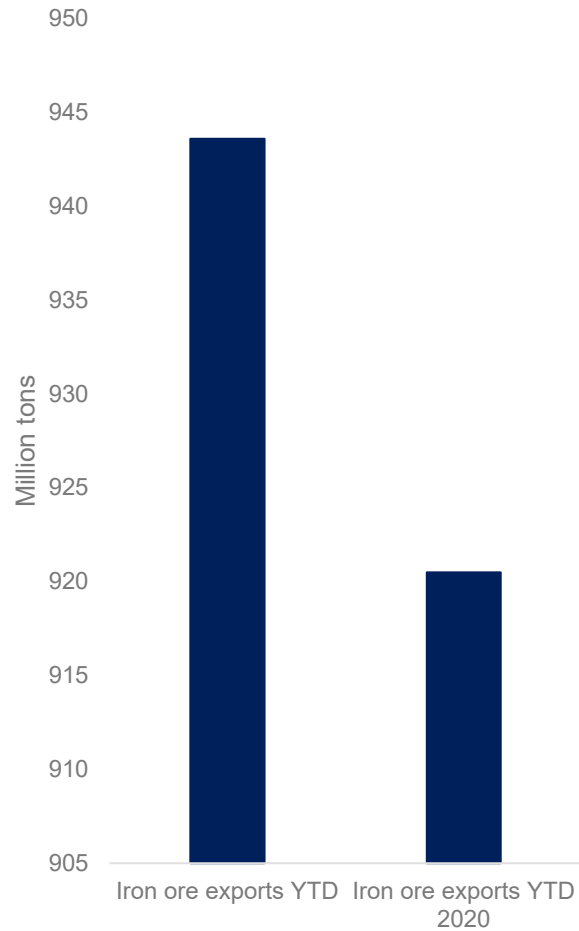


2021 Expected growth in steel demand

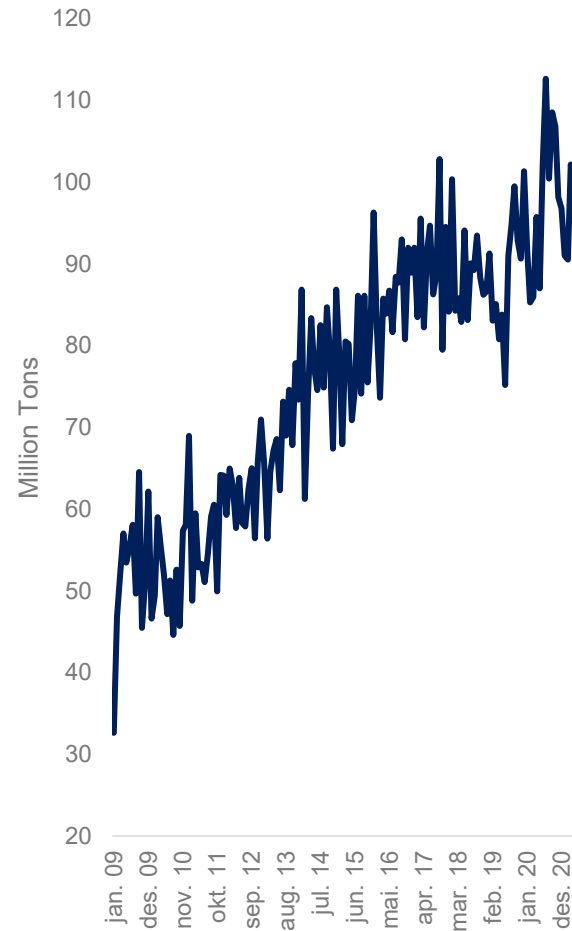


Sources: Arrow shipbroking group, World Steel Association

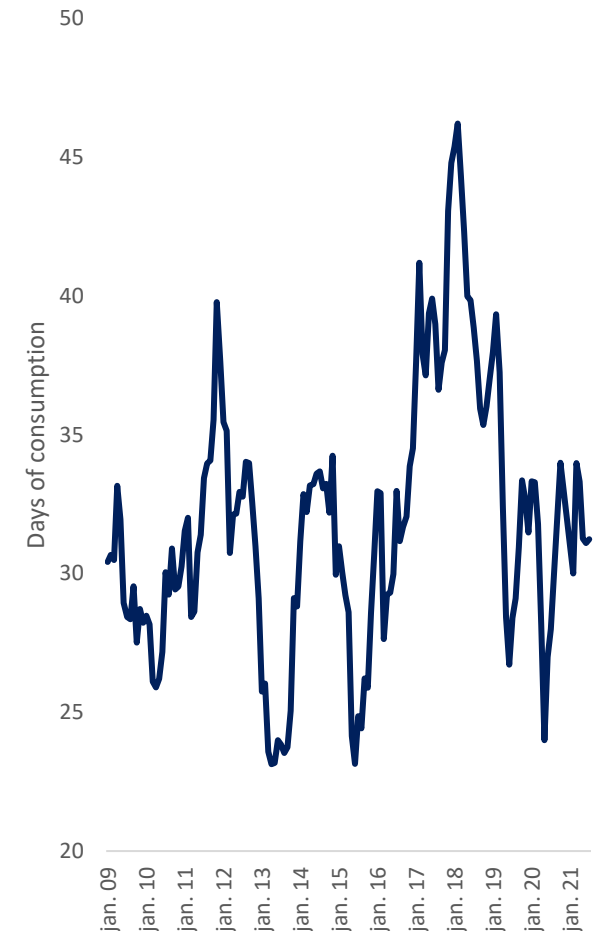
Global iron ore exports



Chinese iron ore imports



Chinese iron ore inventories

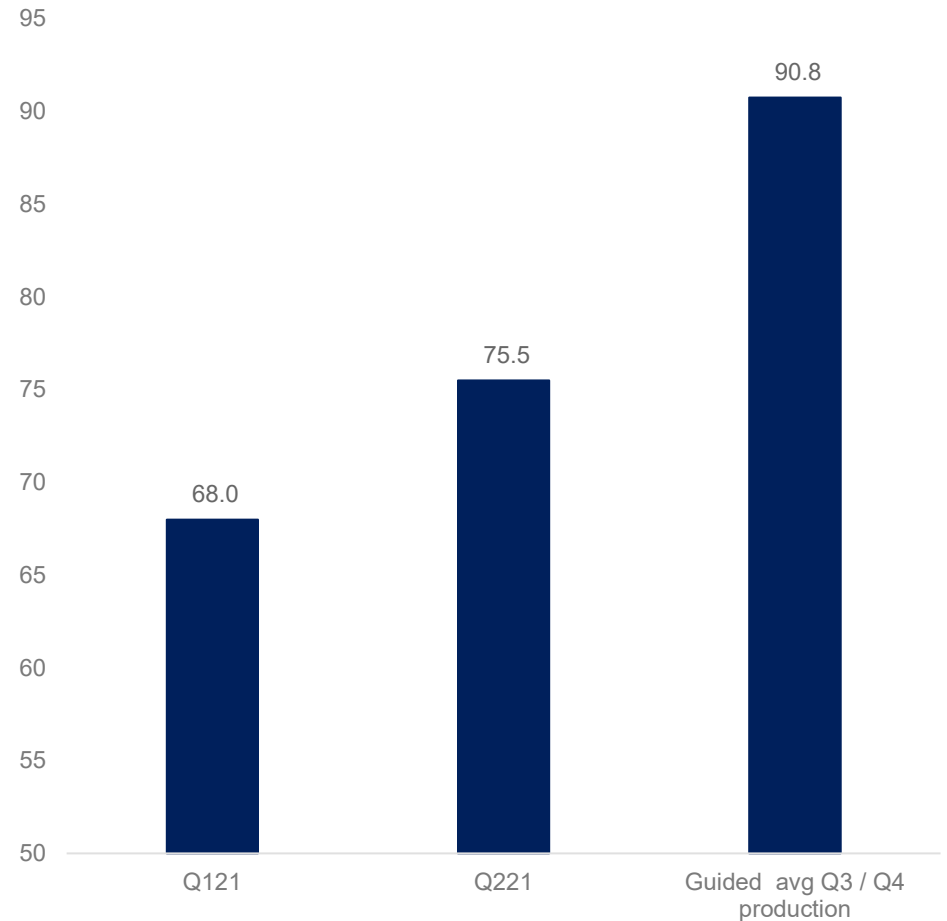


Vale guides for increased production volumes in 2H 2021

Increased Vale production in 2H to drive capesize demand

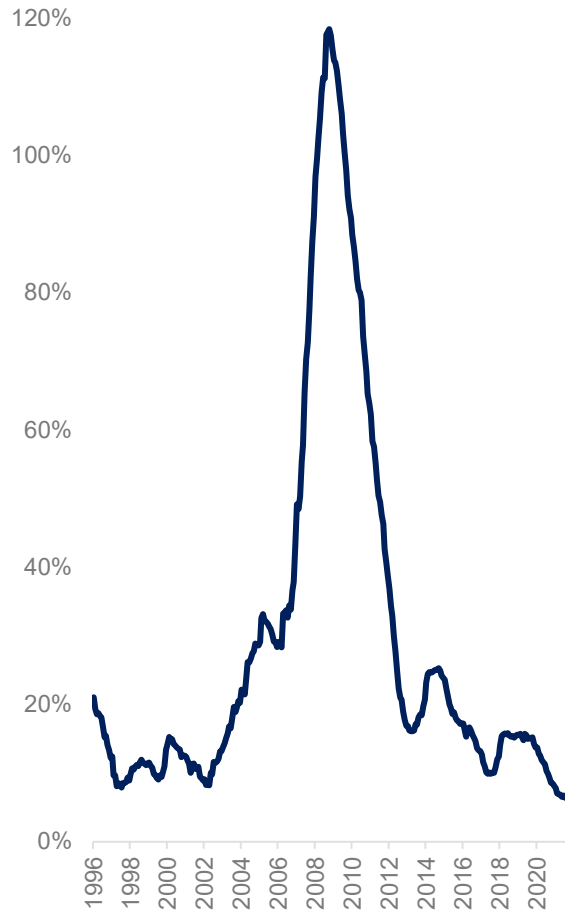
- The correlation between quarterly Vale iron ore production and Brazilian iron ore exports has been 96% over the last 12 months, suggesting that each incremental ton Vale produces is exported
- Vale produced 75.5 million tons of iron ore in Q2 2021 and is guiding for 91 million tons of iron ore production per quarter in 2H 2021
- Assuming incremental Brazilian iron ore displaces Australian iron ore exports to China, the potential incremental export volumes in 2H would require 49 incremental Capesize vessels
- The current orderbook of Capesize and larger dry bulk vessels for delivery between now and year end 2021 consists of only 32 vessels

Vale iron ore production

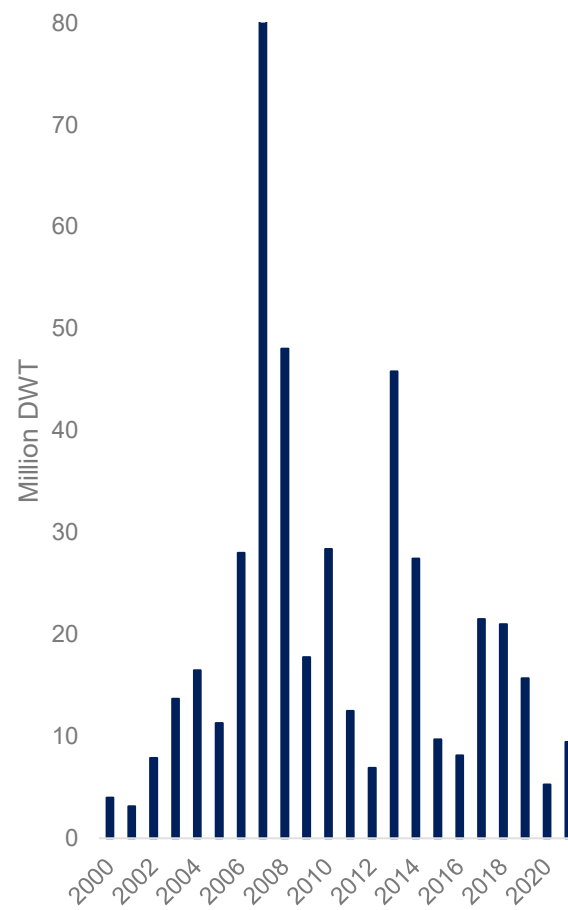


Limited supply growth on the horizon and high scrapping activity

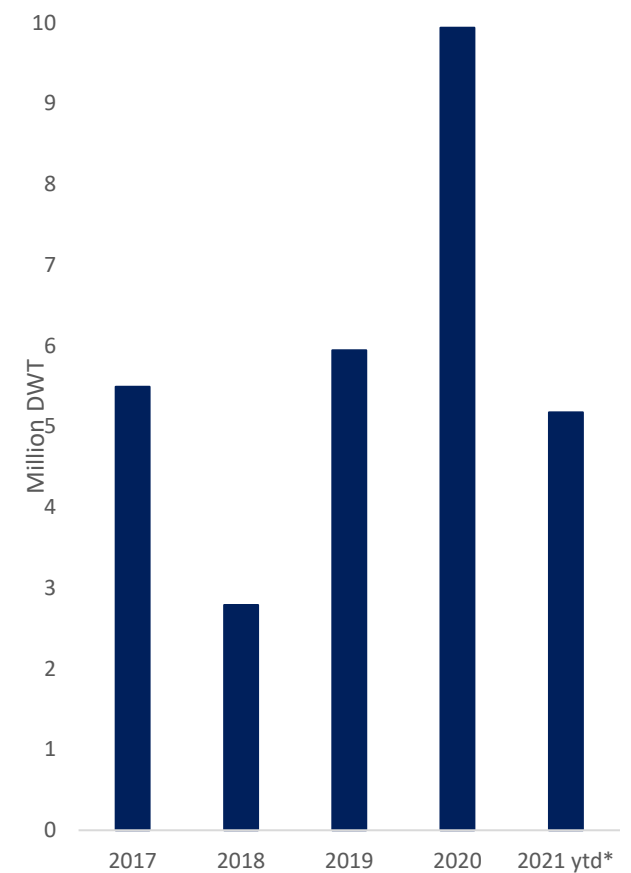
Capesize orderbook as % of fleet



Capesize bulk newbuild contracts



Capesize scrapping

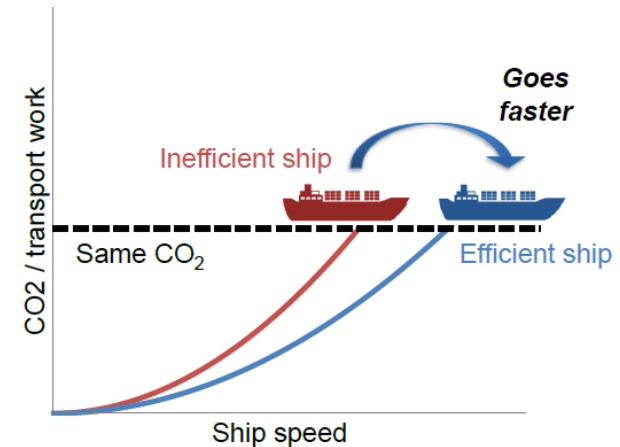


EEXI – New IMO regulations to reduce CO₂ emissions

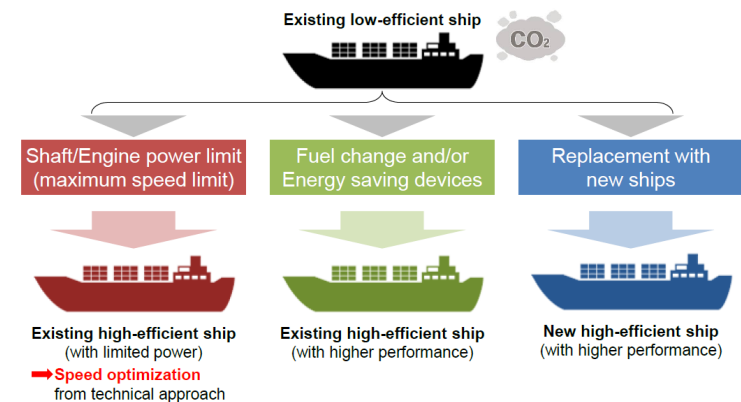
Summary

- In 2018, the IMO adopted a target to reduce CO₂ intensity from international shipping by 40% from 2008 levels by 2030
- As a consequence, the EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) is expected to be introduced by January 2023
- 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
- ABS estimates more than 80% of bulk carriers requiring improvement to become compliant

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 USD 14,500/ship/day

FFA curve implies TCE for a scrubber fitted Newcastlemax of US\$50,000 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