

2020 BULKERS



2020 Bulkiers Ltd.

SEB Nordic Seminar - Copenhagen

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2020 Bulkiers - Overview

- **Dry bulk shipping company listed in Oslo since July 2019**
- **Fleet of 8x «Eco-design» Newcastlemax dry bulk vessels**
 - Low fuel consumption, large cargo intake vs standard Capesize
 - Exhaust gas cleaning systems installed
- **Robust capital structure with low cash break-even**
- **Free cash flow paid as monthly dividends**
 - November 2020 dividend of NOK 0,73 per share with 4 of 8 ships delivered

Our fleet

High Performing assets with favorable environmental footprint

2020 Bulkera fleet vs standard Capesize¹⁾

- 15 % larger cargo intake vs standard Capesize
- 20 % lower fuel consumption vs standard Capesize
- All vessels fitted with exhaust gas scrubbers



Benefits of 2020 Bulkera fleet vs Standard Capesize

- 30% reduction in CO² emissions per ton transported
- 90% reduction in SO_x emissions per ton transported
- 80% reduction in particulate matter emissions
- Proven earnings premium versus standard Capesize

Employment status

Name	Built/Delivery	Charter terms	Charterer
Bulk Sandefjord	August, 2019	3 years index-linked time charter with share of scrubber profit	Koch Supply & Trading
Bulk Santiago	September, 2019	USD 19,525 per day to Dec 2020, then 11-13 mths index linked w scrubber profit	Koch Supply & Trading
Bulk Seoul	October, 2019	USD 22,250 per day to Jan 2021, then 11-13 mths index linked w scrubber profit	Koch Supply & Trading
Bulk Shanghai	November, 2019	11-13 months index-linked time charter with share of scrubber profit	ST Shipping (Glencore)
Bulk Shenzhen	January, 2020	11-13 months index-linked time charter with share of scrubber profit	ST Shipping (Glencore)
Bulk Sydney	January, 2020	3 years index-linked time charter with share of scrubber profit	Koch Supply & Trading
Bulk Sao Paulo	April, 2020		
Bulk Santos	May, 2020		

7,25 ship years on the water in 2020

(1) Baltic Exchange Capesize reference vessel

Where in the cycle is dry bulk shipping?

Capesize Time charter Earnings¹⁾ since 2000

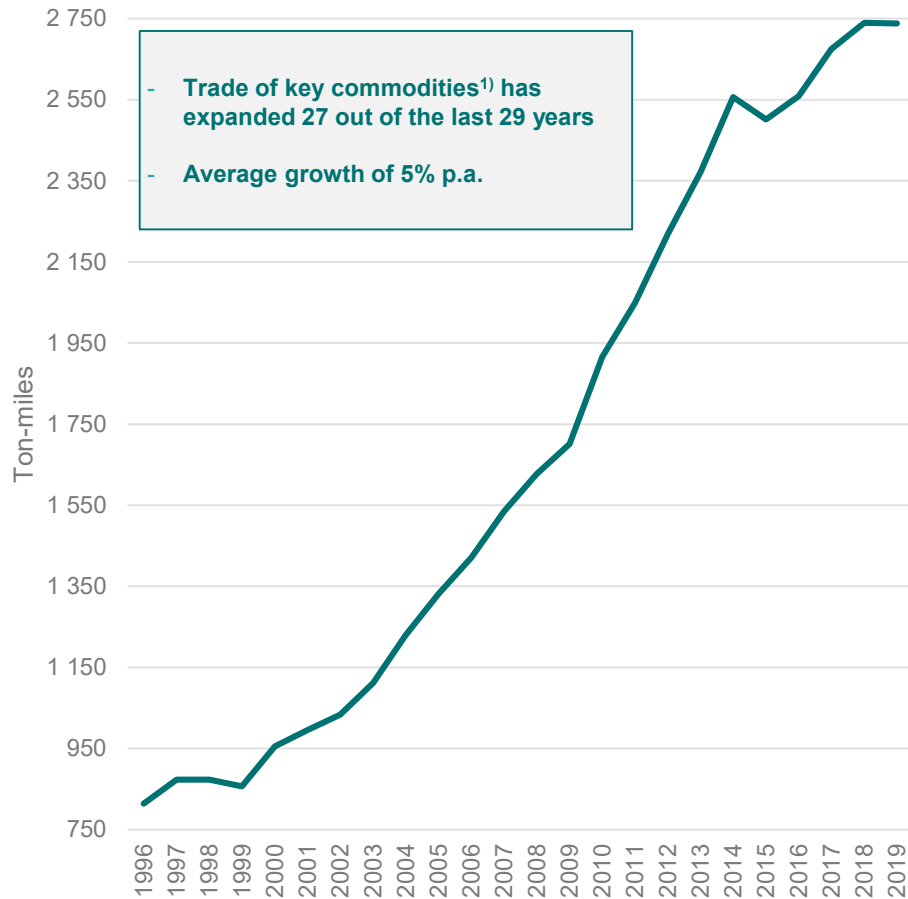


- Earnings are recovering from decade lows
- Still 110% upside to average rates since 2000

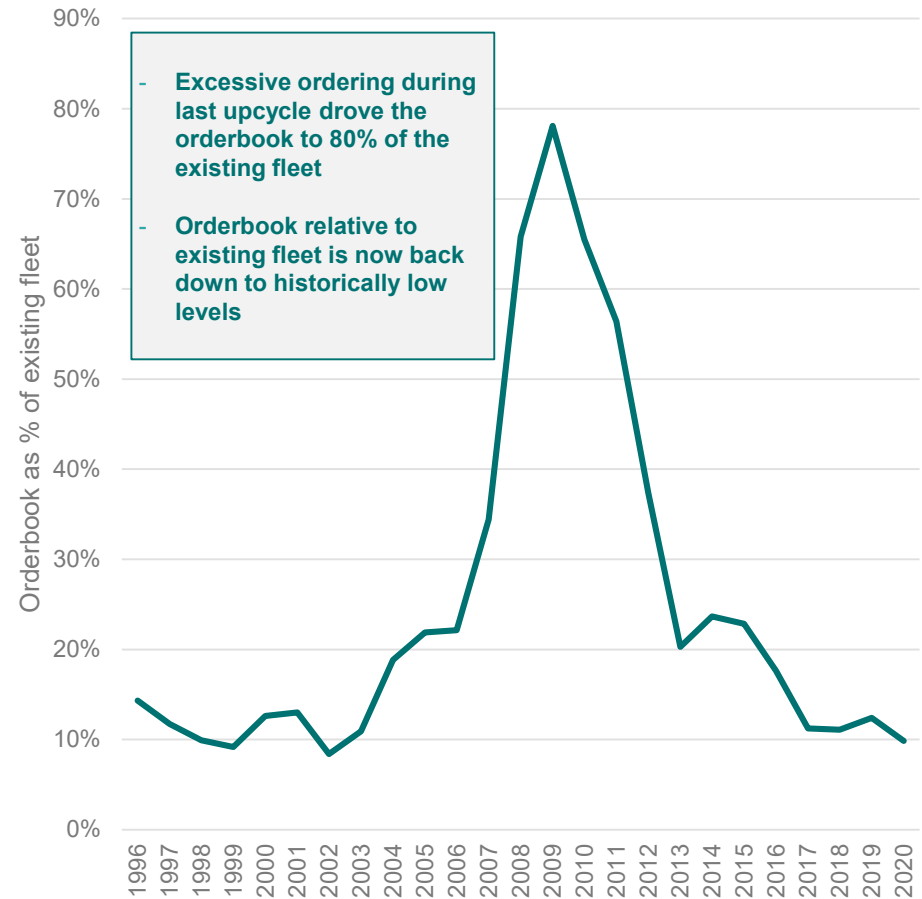
1) 1-year TC rates for Capesize
Source Clarksons Research Services

Why has drybulk shipping been through a recession?

Demand was not the problem...



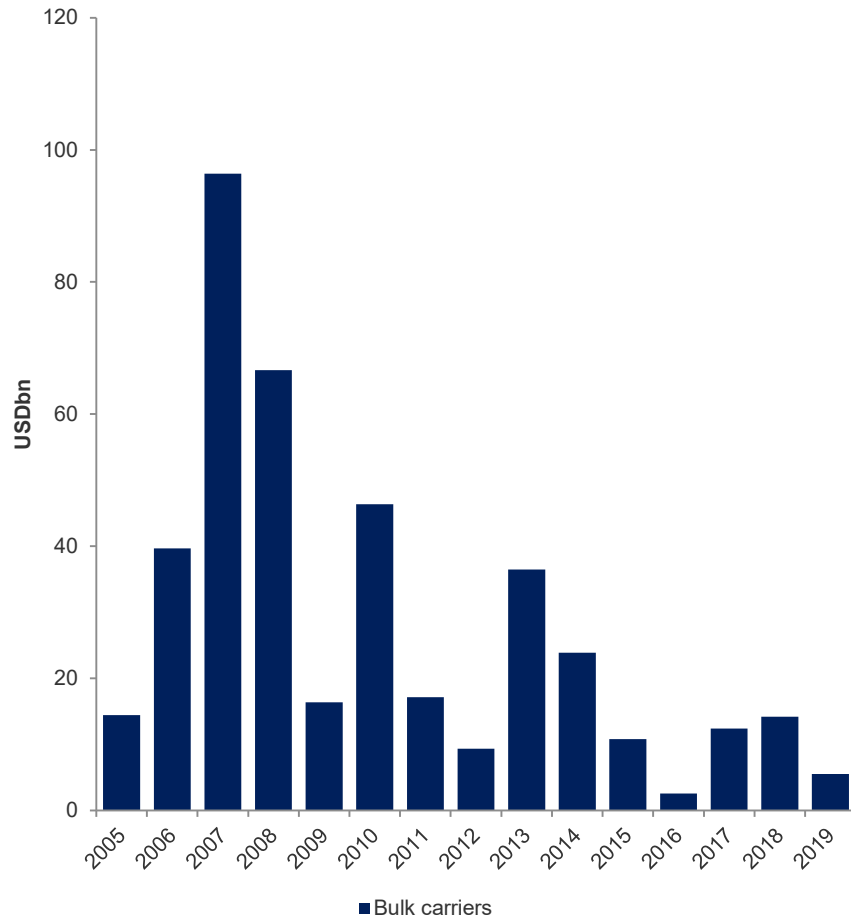
...but the industry ordered too many ships



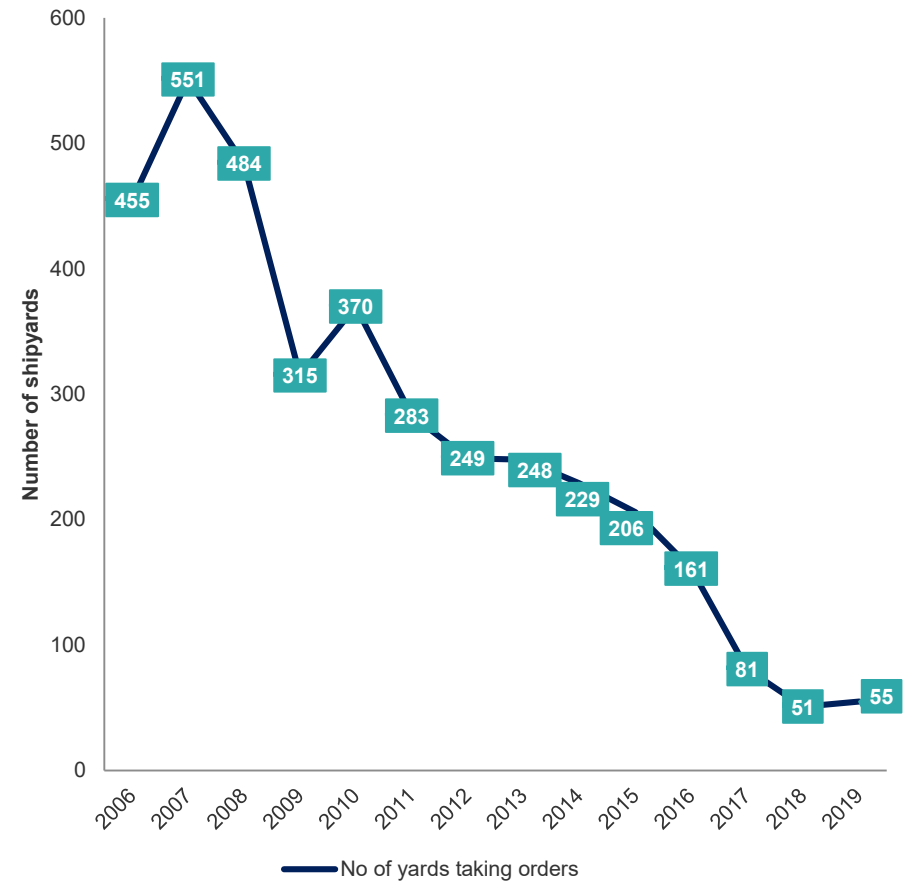
1) Aggregate ton miles for key commodities transported on Capesize vessels
Source: Clarksons Research Services

Limited capacity growth expected in the years ahead

Dry bulk Newbuild contracts¹⁾



Number of active shipyards²⁾



(1) For vessels larger than 20,000 dwt

(2) With at least one order larger than 1,000 GT on order, includes merchant and ship-shaped offshore vessels

Source: Clarkson Research Services Limited

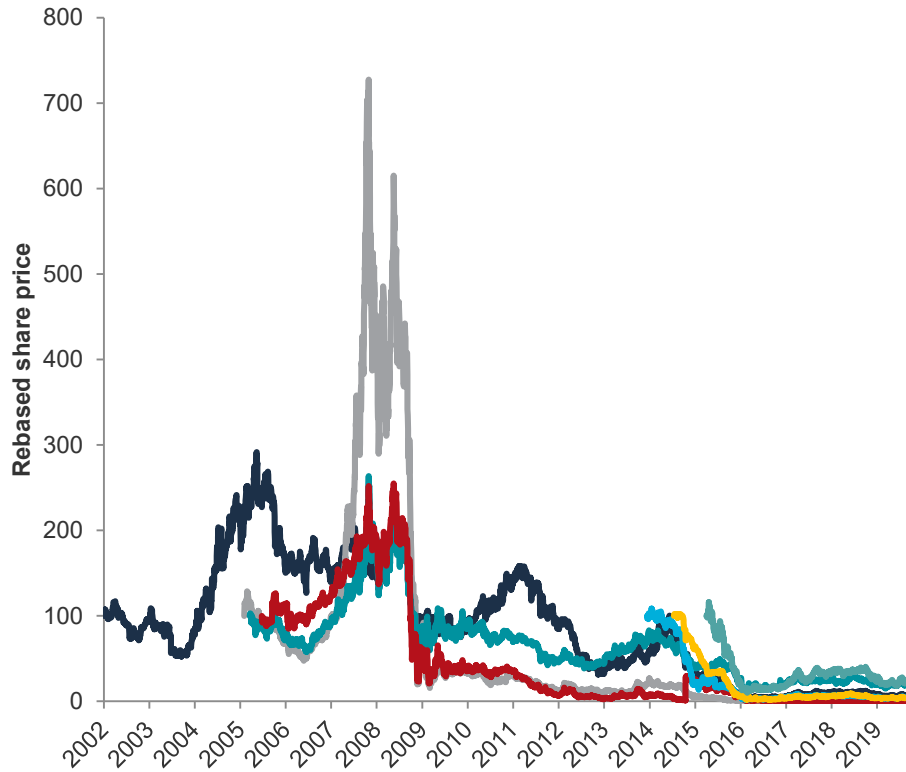
New emission regulations for shipping from Jan 1st 2020

- New IMO regulations took effect on January 1st 2020
- Maximum SO_x (Sulphur Oxide) emissions from shipping to be reduced from 3.5% to 0.5%
- Three ways for a ship owner to comply:
 1. **Install exhaust gas scrubbers**
 - Enables ship to keep running on relatively cheaper HFO
 - Current Capex of around USD 2,5 million for a Newcastlemax newbuilding. Significantly more expensive for retrofits
 - Payback time of approximately one year on a newbuilding
 - More complicated for retrofits and may need to take ship out of service
 - Reduces particulate matter emissions by 80%
 2. **Run ships on compliant Low Sulphur Fuel**
 - Easiest way to comply, as well as the only way to comply without significant Capex to owner
 - 0.5% compliant fuel is today priced 100% higher than traditional 3.5% fuel¹⁾
 - May require increased engine maintenance given unstable blends
 3. **Burn LNG as fuel**
 - Significant Capex (adds around 20% to newbuilding cost)
 - LNG currently priced in line with HFO, cannot justify the additional capex

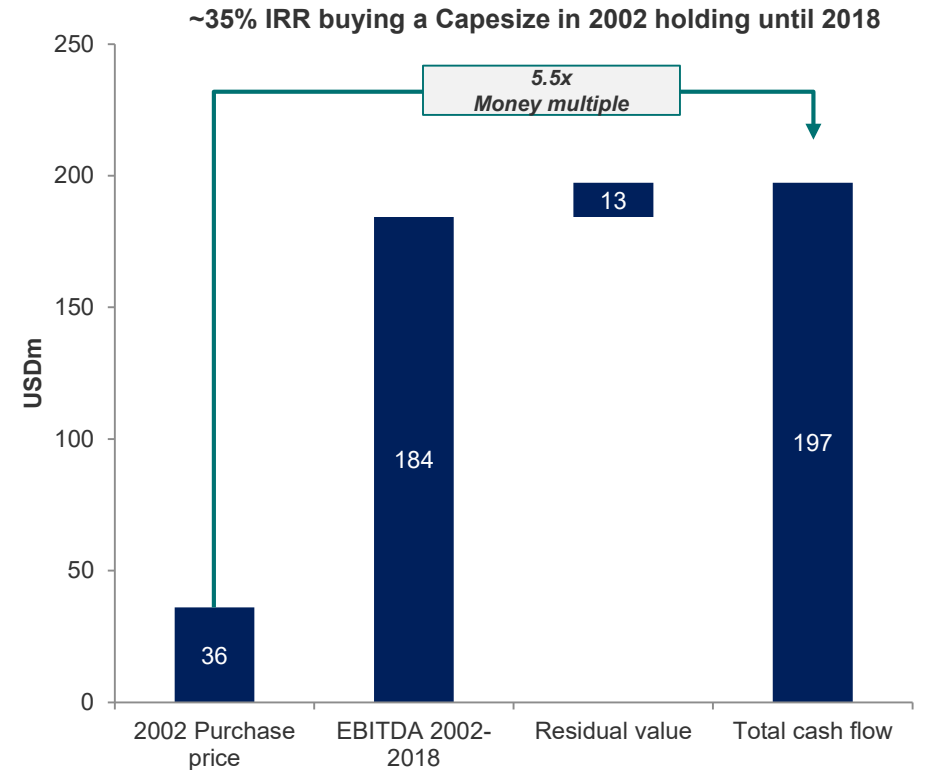
1) Bunker prices in Singapore on 7 January 2020

Even if you get the cycle right - A new business model is needed for listed dry bulk companies

Significant value destruction in shipping stocks historically...



...however the underlying business was good



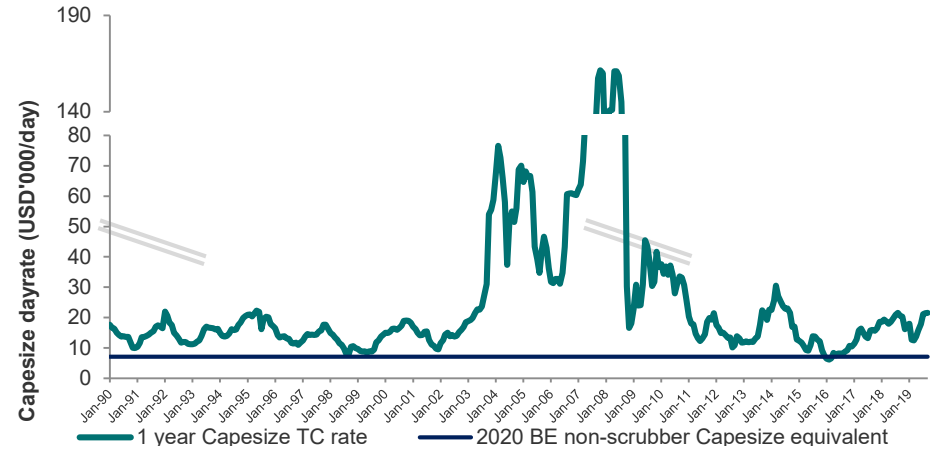
2020 Bulkers with strong focus on capital discipline, low cash break-even and dividends. Strong alignment with shareholders

Source: Company, Bloomberg, Clarkson Research Services Limited (SIN)

Downside protection and dividend potential

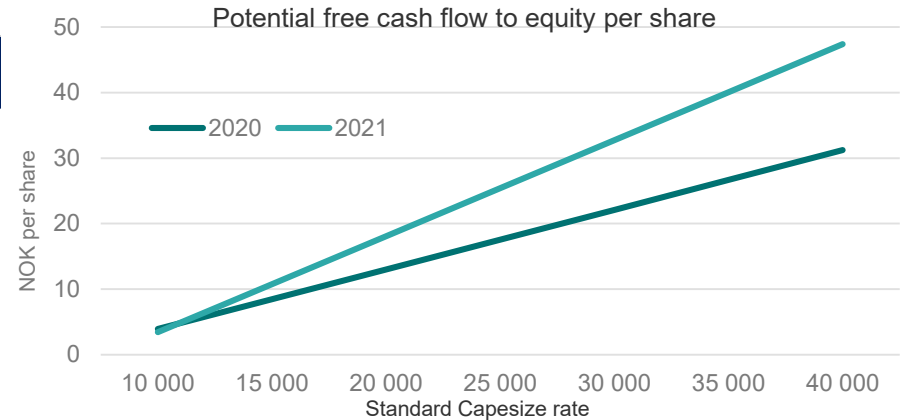
Downside protection with index linked ships covering their 2020 CBE of 14,150/day with standard Capesize rates at USD 6,475

Standard Capesize rate	6 475
38% Newcastlemax Premium (last done in the market)	2 470
75% of scrubber benefit at USD 290 per ton LSFO vs HFO	5 959
- 5% commission	(745)
Newcastlemax earnings with Capesize rate of USD 6 475 /day	14 150



Significant leverage to freight rates and fuel spreads gives good dividend potential

	2020	2021	2022
Ship operating days	2 680	2 920	2 920
Spot/index linked days	2 026	2 920	2 920
Cash breakeven (USD/ship/day)	14 142	15 016	14 957
Cash breakeven for spot/index ships (USD/ship/day)	12 096	15 016	14 957
Sensitivities cash flow per share (USD)			
Standard capesize rates +/- USD 1000 per day	0,12	0,17	0,17
HFO/LSFO spread +/- USD 50/ton	0,13	0,18	0,18



Source: Clarksons Research Services Limited
Calculations: Company

Key reasons for investing in 2020 Bulkiers

- Efficient assets with proven earnings power delivering at attractive point in the cycle.
- Based on last done index fixtures – 2020 Bulkiers earns its cash break-even when a standard Capesize earns ~USD 6,500 per day.
- Solid Balance sheet
- Significant dividend yield capacity driven by low cash break-even combined with economics of a Newcastlemax with scrubbers:
 - Return to 20 year average rates would imply > NOK 25 per share free cash flow to equity ¹⁾
- 2020 Bulkiers pays its free cash flow as monthly dividends
- Sponsors and Management are the largest shareholder with strong focus on capital discipline and shareholder alignment
- Market recovery expected in 2020:
 - Brazilian Iron Ore exports expected to recover from depressed 2019 levels after Vale's dam accident in Q1 2019
 - Likely reduction in effective supply driven by scrubber retrofits and lower speed as IMO 2020 regulations are implemented

1) Mark to market - assuming 8 Newcastlemax trading spot at Index linked charter reflecting Baltic 5TC Index + 38% with 75% share of scrubber economics based on HFO vs LSFO spread of USD 90 per ton.

Questions?
