



2020 BULKERS LTD

RESULTS FOR THE FOURTH QUARTER OF 2019

Hamilton, Bermuda, February 11, 2020

2020 Bulkera Ltd (2020) ("2020 Bulkera" or the "Company"), today announced its unaudited financial and operating results for the three months and year ended December 31, 2019.

Key events during the fourth quarter of 2019

- The Company reported net profit of US\$1.2 million and EBITDA of US\$3.5 million for the fourth quarter of 2019. The results include a non-cash write off of US\$0.8 million of deferred financing fees relating to the cancellation of the term loan facility for Bulk Seoul and Bulk Shanghai, as well as a non-cash expense of US\$0.3 million related to the Company's share option program.
- Achieved average time charter equivalent earnings of approximately US\$24,100, gross per day
- The Company initiated payment of monthly dividends and paid US\$0.055 per share and US\$0.08 per share in November and December, respectively
- In October 2019, the Company entered into an 11-13 month index-linked timecharter for Bulk Shanghai with ST Shipping, a 100% owned subsidiary of Glencore
- In October 2019, the Company entered into a sale and leaseback arrangement with Ocean Yield for the Bulk Seoul and Bulk Shanghai.
- In October 2019, the Company entered into an 11-13 month index-linked timecharter for Bulk Shenzhen with ST Shipping, a 100% owned subsidiary of Glencore
- On October 30, 2019, the Company took delivery of the 208,000 dwt Newcastlemax, Bulk Seoul. Upon departing New Times shipyard, the Bulk Seoul commenced a 23-25 month time charter with Koch Industries.
- On November 6, 2019, the Company took delivery of the 208,000 dwt Newcastlemax, Bulk Shanghai. Upon departing New Times shipyard, the Bulk Shanghai commenced the 11-13 month index-linked timecharter with ST Shipping, a 100% owned subsidiary of Glencore.

Subsequent Events

- The Board of Directors on February 10, 2020, declared a cash dividend of US\$0.03 per share for the month of January 2020.
- In January 2020, the Company paid dividends of US\$0.04 per share for the month of December, 2019
- Achieved average timecharter equivalent earnings quarter to date in the first quarter, of approximately US\$16,500.
- On January 6, the Company took delivery of the 208,000 dwt Newcastlemax, Bulk Shenzhen. Upon departing New Times Shipyard, the Bulk Shenzhen commenced a 11-13 month time charter with ST Shipping, a 100% owned subsidiary of Glencore.
- On January 21, the Company took delivery of the 208,000 dwt Newcastlemax, Bulk Sydney. Upon departing New Times Shipyard, the Bulk Sydney commenced a 36 month index-linked timecharter with Koch Industries

Management discussion and analysis

Consolidated Statements of Operations

Three months ended December 31, 2019

Operating revenues were US\$6.9 million for the three months ended December 31, 2019 (US\$ nil in Q4 2018). The increase compared to the three months ended December 31, 2018 is driven by the vessels “Bulk Sandefjord” and “Bulk Santiago” being in operations for the full quarter and “Bulk Seoul” and “Bulk Shanghai” commencing their first time charter contracts in early November 2019.

Total operating expenses were US\$4.4 million for the three months ended December 31, 2019 (US\$0.5 million in Q4 2018). Total operating expenses consists of vessel operating expenses, voyage expenses, general and administrative expenses and depreciation and amortization.

Vessel operating expenses were US\$1.8 million and US\$nil for the three months ended December 31, 2019 and 2018, respectively. The increase compared to the three months ended December 31, 2018 is due to two vessels in operations for the full quarter and two vessels commencing operations during the fourth quarter of 2019.

Voyage expenses were US\$0.2 million for the three months ended December 31, 2019 (US\$ nil for Q4, 2018). The increase compared to the three months ended December 31, 2018 is due to commission, and expenses incurred between delivery of Bulk Shanghai from the yard and delivery on time charter.

General and administrative expenses were US\$1.4 million for the three months ended December 31, 2019 (US\$0.5 million in Q4 2018). The increase compared to the three months ended December 31, 2018 relate to salaries, professional fees and a non-cash share option cost of US\$0.3 million.

Depreciation and amortization were US\$1.0 million for the three months ended December 31, 2019 (US\$ nil in Q4 2018). The increase compared to the three months ended December 31, 2018 relate to depreciation on vessels delivered during Q3 and Q4, 2019.

Total financial expenses, net, were US\$1.2 million for the three months ending December 31, 2019 (US\$ nil for Q4, 2018). The principal items in the fourth quarter were:

- Interest expense of US\$0.5 million, net of US\$1.2 million capitalized
- Write off deferred loan costs relating to the cancelled term loan financing on the Bulk Seoul and Bulk Shanghai following the sale and leaseback transaction with Ocean Yield
- Interest income of US\$0.1 million

Twelve months ended December 31, 2019

Operating revenues were US\$9.1 million for the twelve months ended December 31, 2019 (US\$ nil for 2018). The increase compared to the twelve months ended December 31, 2018 is driven by the vessels “Bulk Sandefjord”, “Bulk Santiago”, “Bulk Seoul” and “Bulk Shanghai” commencing their first time charter contracts in the second half of 2019.

Total operating expenses were US\$8.2 million for the twelve months ended December 31, 2019 (US\$0.8 million for 2018).

Vessel operating expenses were US\$2.1 million for the twelve months ended December 31, 2019 (US\$ nil for 2018). The increase compared to the twelve months ended December 31, 2018 is due to the four vessels commencing operations in the second half of 2019.

Voyage expenses were US\$0.2 million for the twelve months ended December 31, 2019 (US\$ nil for 2018). The increase compared to the twelve months ended December 31, 2018 is due to commission, and expenses incurred between delivery of Bulk Shanghai from the yard and delivery on time charter.

General and administrative expenses were US\$4.7 million for the twelve months ended December 31, 2019 (US\$0.8 million for 2018). The increase compared to the twelve months ended December 31, 2018 relate to salaries, professional fees, a non-cash share option cost of US\$1.6 million and one-off costs relating to listing of the company’s shares on the Oslo Axess.

Depreciation and amortization were US\$1.2 million for the twelve months ended December 31, 2019 (US\$ nil for 2018). The increase compared to the twelve months ended December 31, 2018 relate to depreciation on vessels delivered during Q3 and Q4 2019.

Total financial expenses, net were US\$1.2 million for the twelve months ending December 31, 2019 (US\$ nil for 2018). Please see analysis for the fourth quarter 2019 which also is valid for the twelve months ending December 31, 2019.

Consolidated Balance Sheet

The Company has total assets of US\$283.1 million as of December 31, 2019, (December 31, 2018: US\$68.8 million). The increase in total assets of the Company is primarily driven by cash and cash equivalents from proceeds from the two private placements completed and financing and delivery of four vessels from New Times Shipyard.

As of December 31, 2019, equity was US\$138.1 million which corresponds to an equity ratio of 48.8%. As of December 31, 2018, equity was US\$68.3 million which corresponds to an equity ratio of 99.3%.

Total liabilities as of December 31, 2019, were US\$145.0 million (December 31, 2018: US\$0.5 million). The increase is primarily attributable to two draw downs on the term loan facility and the sale lease back financing of “Bulk Seoul” and “Bulk Shanghai”.

Consolidated Statement of Cash Flows

Three months ended December 31, 2019

Net cash provided by operating activities was US\$5.1 million for the three months ended December 31, 2019 (US\$0.2 million negative in Q4 2018). The improved cash flow compared to the three months ended December 31, 2018 is due to earnings from two vessels in operations for the full quarter and two vessels commencing operations during Q4 2019.

Net cash used in investing activities was US\$2.1 million for the three months ended December 31, 2019 (US\$21.2 million in Q4 2018). The Company paid delivery instalments of US\$60.8 million for Bulk Seoul and Bulk Shanghai during Q4, 2019 which was financed through the sale lease-back transactions completed during Q4, 2019 (Classified as non-cash in the Consolidated Statement of Cash Flows). In Q4 2018, the Company paid scheduled instalments of US\$21.2 million on newbuildings under construction.

Net cash provided by financing activities was US\$12.7 million during the three months ended December 31, 2019 (US\$20.2 million in Q4 2018). The Company received proceeds from the sale lease back transactions completed during Q4, 2019 which was primarily used to pay delivery instalments for Bulk Seoul and Bulk Shanghai (Classified as non-cash in the Consolidated Statement of Cash Flows). Net proceeds received from the sale lease-back transaction was US\$21.6 million. In Q4 2018, the Company completed three private placements providing total proceeds of US\$20.2 million.

Twelve months ended December 31, 2019

Net cash provided from operating activities was US\$5.1 million for the twelve months ended December 31, 2019 (US\$0.5 million used in operating activities for 2018). The improved cash flow compared to the twelve months ended December 31, 2018 is due to earnings from two

vessels commencing operations during Q3 2019 and two vessels commencing operations during Q4, 2019.

Net cash used in investing activities was US\$126.3 million for the twelve months ended December 31, 2019 (US\$59.5 million for 2018). The Company paid delivery instalments of US\$121.0 million for “Bulk Sandefjord”, “Bulk Santiago”, “Bulk Seoul” and “Bulk Shanghai” during the twelve months ended December 31, 2019 in addition to instalments of US\$65.7 million and US\$59.5 million for all newbuilds during both periods presented, respectively. The delivery instalments for Bulk Seoul and Bulk Shanghai are presented as non-cash in the Consolidated Statement of Cash Flows.

Net cash provided by financing activities was US\$141.1 million during the twelve months ended December 31, 2019 (US\$54.2 million for 2018). The Company received proceeds, net of loan costs, of US\$59.1 million from two draw downs on the term loan facility as well as net proceeds of US\$21.6 million from the sale lease back financing and two private placements raising net proceeds of US\$63.6 million completed during the twelve months ended December 31, 2019. The Company completed eight private placements during the twelve months ended December 31, 2018 raising net proceeds of US\$54.2 million.

As of December 31, 2019, the Company’s cash and cash equivalents and restricted cash amounted to US\$20.2 million (December 31, 2018: US\$0.3 million).

Outstanding shares

As of December 31, 2019, the Company had a share capital of US\$22,170,906 divided into 22,170,906 shares at par value of US\$1.00 each.

Corporate Development and Financing

The Board is pleased that the Company achieved its second consecutive quarterly net profit in the fourth quarter of 2019.

Including today’s dividend announcement, the Company has since its first dividend was announced in November 2019, declared a total of US\$0.205 in dividends per share. The Company remains committed to pay out the majority of any free cash flow generated on a monthly basis.

The Company has a solid funding situation with a cash position of approximately US\$19 million as of February 7 as well as US\$60 million of committed bank financing to cover the final yard instalments for the remaining two newbuildings.

Cash breakeven for the fleet, which includes expected general and administrative expenses, operating costs and debt service is estimated at US\$14,500 per ship per day for 2020. Taking into account the fixed time-charter coverage for Bulk Seoul and Bulk Santiago, the breakeven rate for the vessels that are currently unfixed or trading on index-linked charters is estimated at US\$12,500 per ship per day.

The Company currently has around US\$243 million of net debt and remaining capex, corresponding to approximately US\$30 million per ship. Based on the amortization profile of the debt and lease financing, debt will be repaid with approximately US\$15 million per year once all ships are delivered, corresponding to an annual average debt reduction US\$1.85 million per ship per year following delivery.

Newbuilding program

Due to travel restrictions imposed following the Corona virus outbreak in China, New Times Shipyard announced force majeure, effective February 5, as the majority of their labor force has not yet been able to return after the Chinese New Year Celebrations. Prior to the force majeure declaration the construction of the remaining two newbuildings was approximately one month ahead of the contractual delivery schedule, hence the development over the next month will dictate whether the vessels will be delayed versus the original delivery date.

Based on the contractual delivery date, the Company is expected to have approximately 2,680 operational ship days equal to 7.25 ships trading in 2020.

Commercial update

The Company achieved average time charter equivalent earnings of approximately US\$24,100 per day, gross, in the fourth quarter of 2019, of which the Company's vessel trading on index-linked time-charter earned approximately US\$27,700 per day, gross, and the Company's vessel on fixed charter earned approximately US\$20,600 per day. The Baltic 5TC Capesize Index averaged US\$22,184 per day in Q4 2019.

So far this quarter, the Company has achieved timecharter equivalent earnings of approximately US\$16,000 per day. The Baltic 5TC Capesize Index has averaged US\$6,600 per day in the same period.

Chartering update

2020 Bulk carriers has two vessels trading on fixed rate timecharters, as well as four vessels trading on index-linked timecharters. All the concluded charters represent a significant earnings premium to a standard Capesize vessel driven by the additional cargo intake and lower fuel consumption. Charterers are also paying a premium to reflect the economic benefit of our vessels' scrubbers. The Company continues to see strong interest from first class charterers for the two open vessels and is continuously evaluating chartering proposals, including fixed and index-linked time charters, as well as cargo contracts directly with mining companies.

As of today, the Company has fixed employment for approximately 81% of its total 2608 operating days for the remainder of the year, of which 641 days are fixed at an average TCE rate of US\$20,902 per day and 1,967 days are linked to the development in the Capesize spot market or currently unchartered.

The current delivery schedule and chartering status is summarized in the table below:

Ship name	Delivery	Charterer	Rate US\$	Charter expiry
Bulk Sandefjord	Aug-19	Koch	Index linked	Aug-22
Bulk Santiago	Sep-19	Koch	19,525 until Dec 2020, index linked thereafter	Nov 21 - Jan 22
Bulk Seoul	Oct-19	Koch	22,250 until Dec 2020, index linked thereafter	Dec 21 - Feb 22
Bulk Shanghai	Nov-19	Glencore	Index linked	Oct 20 - Dec 20
Bulk Shenzhen	Jan-20	Glencore	Index linked	Dec 20 - Jan 21
Bulk Sydney	Jan-20	Koch	Index linked	Jan-23
Bulk Sao Paulo	Apr-20			
Bulk Santos	May-20			

Market commentary

The Baltic Capesize index today stands at US\$2,588 per day having averaged US\$6,600 per day so far this quarter. The first quarter of the year is normally a weak period for the capesize market, as bad weather in Brazil and Australia has a negative impact on export volumes from these two key production regions for iron ore. The seasonal weakness has been exacerbated this year as Vale is conducting maintenance and inspection on several mines. Vale's most recent guidance for sales of 70 million tons of iron ore in the first quarter and full year sales volumes of 345 million tons implies that Vale's sales during the last three quarters of the year will be approximately 22 million tons higher than during the first quarter, corresponding to approximately 125 incremental standard Capesize cargoes per quarter. Historically, there has been a strong correlation between Vale's iron ore sales, total Brazilian iron ore exports and Capesize earnings, and thus a recovery in Capesize rates may be expected assuming Vale meets its sales guidance. A scenario of recovering rates is currently also reflected in the FFA market, where the third and fourth quarter for a standard Capesize without a scrubber is trading around USD 17,000 per day.

Chinese steel production ended 2019 on a strong note with December 2019 showing an 11% increase compared to December 2018. For 2019 as a whole, Chinese steel production grew by 7% year over year. It is expected that the Corona virus may have a negative impact on Chinese industrial production for some period, however, historically China has responded with stimulus efforts following periods of economic setback.

Chinese Iron ore inventories, which has been through a destocking cycle since early 2018 are currently around 1,5 months of consumption, which is in line with the lowest levels seen in recent years. A potential restocking would likely have a positive impact on the Capesize market.

It is estimated that 205 Capesize vessels have been fitted with scrubbers so far, with another 330 vessels expected to undergo retrofitting by year end. The offhire time related to these

retrofitings will continue to reduce the effective supply of vessels. The Corona virus outbreak is causing delays at Chinese repair yards, which may also delay the scheduled retrofits.

Drybulk fleet development

The global drybulk fleet stands at 884 million dwt as of February 1, 2020, up from 849 million dwt on February 1, 2019.

The current orderbook for drybulk vessels currently stands at 9.10% of the existing fleet, down from 12.35% in February 2019.

A total of 711.38k dwt has been ordered year to date (Jan-20), significantly less than the 3.97 million dwt ordered during the same period in 2019 (Jan-19).

A total of 1.27 mill dwt has been scrapped year to date (Jan-20), compared to 0.49 million dwt for the same period in 2019 (Jan-19).

Accelerated scrapping of less fuel efficient ships has been seen following a sharp increase in fuel costs for ships without scrubbers after the IMO 2020 regulations took effect on January 1 2020. According to Clarksons data 9 Capesize vessels have been confirmed sold for scrap so far this year. Additionally, 15 capesize are believed to be in the process of being sold for scrap. This compares to 28 Capesize being scrapped during all of 2020. As approximately 70% of the capsize fleet is made up of non-eco ships, with higher fuel consumption, continued elevated scrapping levels may be expected, which eventually will have a positive effect on the supply and demand balance.

Outlook

2020 Bulkera has a robust financial structure with moderate financial leverage and a solid cash position. Our operating cashbreakeven, which is estimated at approximately US\$14,500 per day is significantly lower than the current one year timecharter assement for a scrubber fitted Newcastlemax, which is currently in excess of US\$20,000 per day.

The Company will continue its strong capital discipline, and will remain focused on returning the majority of free cash flow to shareholders as dividends.

Invitation to webcast and conference call Q4 2019 results

2020 Bulkera Ltd. will release its financial results for the fourth quarter of 2019 on Tuesday, February 11, 2020. A conference call and webcast will be held at 3:00 PM CET. The earnings report and presentation will be available from the Investor Relations section on www.2020bulkera.com on the same day.

In order to listen to the presentation, you may do one of the following:

Listen-only webcast (including the slide presentation):

<https://edge.media-server.com/mmc/p/a88tkx23> or you can click the “Webcast” link on www.2020bulk.com/investor-relations/

Conference Call:

Dial in details, Participants:

Conference ID:..... 1464628

Standard International: +44 (0) 2071 928000

Norway (local): 23 96 02 64

Norway (toll free): 800 518 74

UK (local): 0844 571 8892

UK (toll free): 0800 376 7922

US (local):..... 1631 510 7495

US (toll free): 1866 966 1396

Participants will be asked for their full name & Conference ID.

We advise you to dial-in 10 minutes prior to the call to avoid delays.

There will be a Q&A session after the presentation.

Forward-Looking Statements

This announcement includes forward looking statements. Forward looking statements are, typically, statements that do not reflect historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although 2020 Bulk Ltd. believes that these assumptions are reasonable, they are, by their nature, uncertain and subject to significant known and unknown risks, contingencies and other factors which are difficult or impossible to predict and which are beyond our control. Such risks, uncertainties, contingencies and other factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements included herein.

The information, opinions and forward-looking statements contained in this announcement speak only as of the date hereof and are subject to change without notice.

About 2020 Bulkera Ltd.

2020 Bulkera Limited is a limited liability company incorporated in Bermuda on 26 September 2017. The Company's shares are traded in Oslo under the ticker "2020".

2020 Bulkera is an international owner and operator of large drybulk vessels. The Company currently has six Newcastlemax drybulk vessels in operations and two Newcastlemax drybulk vessels under construction at New Times Shipyard in China. The remaining newbuildings are expected to be delivered from the Yard in April and May 2020.

February 11, 2020

Board of Directors

2020 Bulkera Ltd.

Hamilton, Bermuda